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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, NOVEMBER 30, 2006 7:45 AM EST

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TERRORISM NEWS:

Wrongly Accused Man Settles Bomb Suit (AP)

By Sarah Skidmore
AP, November 30, 2006

PORTLAND, Ore. - The federal government has agreed to pay an Oregon lawyer $2 million to settle part of a lawsuit he filed after the FBI misidentified a fingerprint and wrongly arrested him in the 2004 Madrid terrorist bombings.

"The pain and torture and humiliation that this (case) has caused my family is hard to put into words," Brandon Mayfield said after the settlement was announced Wednesday.

Mayfield was arrested in May 2004 on the basis of a fingerprint found on a bag of detonators in Madrid that was mistakenly matched to him after the March 11, 2004, train bombings that killed 191 people and wounded more than 1,500. Mayfield was jailed on a material witness warrant but was released after the FBI acknowledged the fingerprint was not his.

Mayfield, who was detained for two weeks, and his wife, Mona, maintained that he was arrested because of his Muslim faith.

"We are Muslims. We are American. We are patriotic," Mona Mayfield said. "We are unhappy with the current administration stripping away our rights."

The local FBI office said it was proud of its work in the case, and disagreed Mayfield's religion was a factor because it was discovered after the fingerprint identification, said agent Robert Jordan.

"If a similar investigation was being conducted, and we were provided a fingerprint identification, we would do exactly what we did in the case of Mr. Mayfield," Jordan said. "Of course we regret what happened to Mr. Mayfield, but again, we are proud of what we did here."

The government did not admit liability or fault but issued a formal apology to Mayfield as part of the settlement, said Justice Department spokeswoman Tasia Scolinos.

The FBI has since adopted suggestions for improving its fingerprint identification process "to ensure that what happened to Mr. Mayfield does not happen again," Scolinos said.

Two internal Justice investigations cleared the FBI and prosecutors of wrongdoing, she said. A December 2005 review by the department's Office of Professional Responsibility found that federal prosecutors who handled the investigation acted appropriately.

A month later, Justice Inspector General Glenn A. Fine concluded that Mayfield's faith was not the reason the FBI began its investigation, and that the agency did not misuse provisions of the USA Patriot Act.

The government acknowledged in the settlement that it "performed covert physical searches of the Mayfield home and law office, and it also conducted electronic surveillance targeting Mr. Mayfield at both his home and law office," according to a news release from Mayfield's attorney, Elden Rosenthal.

The settlement allows Mayfield to continue to pursue his challenge of the USA Patriot Act, Rosenthal said. Mayfield claims the act violates the Fourth Amendment because it allows government searches without probable cause that a crime has been committed.

"I look forward to the day the Patriot Act is declared unconstitutional, and all citizens are safe from unwarranted arrest and searches by the federal government," Mayfield said in a statement.

FBI Settles Case Against Lawyer For $2 Million (BVND/MCT)

By Marisa Taylor
The Belleville News Democrat, November 30, 2006

WASHINGTON - Two years ago the FBI branded Oregon attorney Brandon Mayfield a terror suspect, secretly searched his house and eavesdropped on his conversations with his family and co-workers.

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On Wednesday, Justice Department officials agreed to pay Mayfield $2 million to settle one part of his lawsuit for his wrongful arrest in connection with the 2004 Madrid train bombings that killed 191 people.

Mayfield, a former Army officer, also got a formal apology. And the settlement allows him to continue his legal challenge to the USA Patriot Act, which Mayfield charges violates the Fourth Amendment by permitting government searches without demonstrating probable cause that a crime has been committed.

"The United States acknowledges that the investigation and arrest were deeply upsetting to Mr. Mayfield, to Mrs. Mayfield and to their three young children," said Tasia Scolinos, a Justice Department spokeswoman, in a prepared statement. "And the United States regrets that it mistakenly linked Mr. Mayfield to this terrorist attack."

Mayfield believed he was singled out because of his Muslim faith. FBI agents, however, insisted that his arrest was based on a faulty fingerprint identification that linked him to the attack.

Either way, Mayfield's arrest is one of the FBI's most embarrassing episodes in its five-year campaign to detect terrorist cells inside the United States.

The case also cast doubt on the accuracy of the FBI's troubled fingerprint-identification program and raised questions about sweeping anti-terror measures passed by Congress in the wake of the Sept. 11, 2001, terrorist attacks.

Mayfield, 40, was detained for two weeks after agents matched the print of his left index finger with one found on a bag of detonators connected to the Madrid attack.

Spanish authorities, however, were pursuing other suspects. They warned the FBI that their own tests hadn't matched Mayfield's fingerprints with the evidence.

Despite the conflicting reports, FBI agents received approval for "sneak and peak" searches and eavesdropping on his home and office from a secret federal court, authorized by the Foreign Intelligence Surveillance Act, Mayfield's lawsuit alleges.

On May 6, 2004, FBI agents arrested him as a material witness. While in prison for two weeks, Mayfield said, agents threatened him with the death penalty.

Mayfield said he wasn't notified of the searches or the eavesdropping until after he was released. Initially, he thought that his home had been burglarized.

Justice Department Inspector General Glenn A. Fine later found that "contrary to public speculation" the FBI didn't use new provisions of the Patriot Act for the surveillance or searches.

Instead, the report found that the Patriot Act allowed agents to share information with other law enforcement and intelligence officials.

The inspector general's office also concluded that Mayfield's religion wasn't a "sole" cause of the arrest, but likely contributed to the failure "to sufficiently reconsider the identification after legitimate questions about it were raised."

Justice Department officials deny that religion played any part in his arrest.

But Mayfield called any other conclusion "ridiculous." Agents repeatedly cited his religion and ties to the Muslim community in documents given to a federal judge to support his arrest, he said.

Mayfield said that he wouldn't have settled if he'd been barred from pursuing his constitutional challenge to the Patriot Act.

"I am happy with the settlement," he said. "It allows us to move forward with the most important thing, which is the challenge to the Patriot Act. And even though there are pitfalls, I am confident we can win those challenges."

Since the arrest, FBI officials said they've made "significant" changes to the fingerprint identification program to prevent a future mistake.

Ore. Lawyer Settles Suit Over Madrid Bombings (USAT)

By Kevin Johnson, Usa Today

USA Today, November 30, 2006

Gets $2 million, apology from U.S. government

WASHINGTON — An Oregon lawyer erroneously linked to the Madrid train bombings received a written apology and $2 million from the federal government Wednesday.

The monetary settlement involving Brandon Mayfield comes more than two years after he was detained by U.S. authorities who had misidentified a fingerprint lifted from the scene of the Madrid bombings, which killed 191 people in March 2004.

“The United States acknowledges that the investigation and arrest were deeply upsetting to Mr. Mayfield, to Mrs. Mayfield and to their three children,” the government said in a written statement.

It said the FBI has taken steps to ensure that similar errors are not repeated.

Despite the agreement, Mayfield said he would continue to press a separate legal action challenging the USA Patriot Act. He said provisions of the law, which allows the government broader surveillance authority, represented “unwarranted violations” of privacy in his case.

“The power of the government to secretly search your home or business without probable cause, under the guise of a terrorist investigation, must be stopped,” Mayfield said in a written statement.

Mayfield, a convert to Islam, also alleged that investigators went after him because of his faith. “The U.S. government targeted me and my family because of our Muslim religion,” he said.

The Justice Department said that was untrue. Spokeswoman Tasia Scolinos said the department's inspector general concluded earlier this year that Mayfield was not targeted because of his religion and found that the FBI had not misused provisions of the Patriot Act.

Investigators in the United States and in Spain were drawn to Mayfield by a fingerprint lifted from bags of detonators found at the scene of the Madrid attacks.

Investigators also learned that Mayfield had represented a member of a group of Oregon residents implicated in an effort to support the Taliban. Mayfield's legal representation involved a child-custody issue, separate from the criminal case.

The FBI said in a written statement that its fingerprint analysis had been based on a digital image of the prints provided by Spanish authorities and not the actual prints.

Mayfield was held under the material-witness law, which allows the government to detain indefinitely people who are believed to have knowledge of terrorist plots and who might flee if they are not in custody.

The government does not often issue public apologies and monetary settlements in cases of mistaken identity.

U.S. Settles Suit Filed By Ore. Lawyer (WP)

By Dan Eggen

The Washington Post, November 30, 2006

The U.S. government agreed yesterday to pay $2 million to settle a lawsuit filed by an Oregon lawyer who was arrested and jailed for two weeks in 2004 after the FBI bungled a fingerprint match and mistakenly linked him to a terrorist attack in Spain.

Under the terms of the settlement filed yesterday in U.S. District Court in Portland, the government also issued an unusual apology to Brandon Mayfield for the "suffering" caused by his wrongful arrest and imprisonment. It acknowledged that the ordeal was "deeply upsetting" to Mayfield and his family.

Mayfield will be able to continue pursuing his legal challenge to the constitutionality of the USA Patriot Act anti-terrorism law, which was used to obtain his personal records while he was under investigation.

The payment is a clear embarrassment for the FBI, which arrested Mayfield as a material witness in May 2004. FBI examiners had erroneously linked him to a partial fingerprint on a bag of detonators found after terrorists bombed commuter trains in Madrid in March, killing 191 people. The bureau compounded its error by stridently resisting the conclusions of the Spanish National Police, which notified the FBI three weeks before Mayfield was arrested that the fingerprint did not belong to him.

Mayfield's lawsuit alleged that his civil rights had been violated and that he was arrested because he is a Muslim convert who had represented some defendants in terrorism-related cases.

The settlement includes payments of $1.9 million to Mayfield and $25,000 each to his wife and three daughters, according to court documents. The amount is more than twice what the U.S. government agreed to pay earlier this year to Wen Ho Lee, a U.S. nuclear scientist who alleged that officials violated privacy laws by identifying him as a suspect in a spying investigation.

The government has also agreed to destroy all material obtained during electronic surveillance of Mayfield and clandestine searches of his home and office.

The case has become a potent symbol for civil liberties advocates who argue that it shows how easily the government can abuse its powers to detain alleged terrorism suspects under relaxed standards of probable cause.

Mayfield said in a statement yesterday that he was threatened with the death penalty while in custody, that he and his family were targeted "because of our Muslim religion," and that he looks forward "to the day when the Patriot Act is declared unconstitutional."

"The power of the government to secretly search your home or business without probable cause, under the guise of an alleged terrorist investigation, must be stopped," Mayfield said.

Justice Department spokeswoman Tasia Scolinos issued a statement emphasizing that the FBI was not aware of Mayfield's Muslim faith when he was first identified as a suspect and that investigators "did not misuse any provisions of the USA Patriot Act." Scolinos also said the FBI has implemented reforms to avoid a similar mistake in the future.

A report released in March by Justice Department Inspector General Glenn A. Fine found that although Mayfield's religion was not a factor in his initial identification, it contributed to the FBI's reluctance to reexamine its conclusions after challenges from Spanish police.

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Fine also found that the FBI used expanded powers under the Patriot Act to demand personal information about Mayfield from banks and other companies, and that the law "amplified the consequences" of the FBI's mistakes by allowing other government agencies to share flawed information.

On March 11, 2004, terrorists later linked to al-Qaeda detonated bombs on several commuter trains in Madrid. The FBI assisted Spanish police by comparing latent fingerprints found nearby on a bag of detonators against its massive fingerprint database, which includes prints from former U.S. soldiers. Mayfield served in the U.S. Army.

Two FBI examiners and a unit chief eventually narrowed the fingerprint match to Mayfield. Spanish police conducted their own analysis and concluded that the print was not Mayfield's. The FBI disputed that finding, dispatching an examiner to Madrid to press its case. Mayfield was arrested three weeks later amid media leaks about the ongoing investigation.

The FBI, which did not comment on yesterday's settlement, has repeatedly said that there were unusual similarities between Mayfield's fingerprints and the one found on the bag of detonators, which was eventually identified as belonging to an Algerian national named Ouhnane Daoud. FBI officials also have denied that Mayfield's status as a Muslim convert influenced investigators' treatment of him.

$2 Million, Apology Settle FBI Fingerprint Error Case (LAT)

By Sam Howe Verhovek, Times Staff Writer

The Los Angeles Times, November 30, 2006

SEATTLE — A misidentified fingerprint cost federal taxpayers $2 million Wednesday and led to an unusual formal apology to Brandon Mayfield, a Muslim lawyer in Oregon whom the FBI says it wrongly named as a suspect in the 2004 Madrid train bombings.

The federal government "regrets that it mistakenly linked Mr. Mayfield to this attack," according to the apology issued by the Justice Department. It added that the FBI had implemented measures to "ensure that what happened to Mr. Mayfield and the Mayfield family does not happen again."

But Mayfield, who under the settlement can still proceed with a legal challenge to the controversial Patriot Act, said the nightmare he endured could happen to someone else.

"I look forward to the day the Patriot Act is declared unconstitutional and all citizens are safe from unwarranted arrest and searches by the federal government," Mayfield said in a statement.

Mayfield was detained in May 2004 after federal officials matched his fingerprint to one found on a bag of detonators in Madrid after the March 11, 2004, commuter train bombings that killed 191 people.

Two weeks later, however, Spanish police said the print belonged to an Algerian man, and the U.S. government said it had made a mistake.

The case highlighted the error potential for fingerprint matching, which some experts say is unacceptably high.

"This is a tip-of-the-iceberg phenomenon," said Simon A. Cole, a professor of criminology, law and society at UC Irvine and author of "Suspect Identities: A History of Fingerprinting and Criminal Identification."

"The argument has always been that no two people have fingerprints exactly alike," Cole said. "But that's not what you need to have an error. What you need is for two people to have very similar fingerprints, and that's what happened here."

Michael Cherry, president of Cherry Biometrics, an identification-technology company, said misidentification problems could grow worse as the U.S. and other governments add more fingerprints to their databases.

"I really believe there are a lot more Mayfields out there," Cherry said. "We just don't know about these cases because the Spanish police don't always get to oversee them. We simply don't have an identification standard that fits with today's times."

In a report on the Mayfield case in January, the Office of the Inspector General, the Justice Department's internal watchdog, said FBI experts had overlooked "important differences" between Mayfield's prints and those of the Algerian man, and had essentially ignored information from Spanish police that pointed to the other suspect.

"We believe that the FBI laboratory's overconfidence in the skill and superiority of its examiners prevented it from taking the [Spanish report] as seriously as it should have," Inspector General Glenn A. Fine said in a summary of that report.

The Justice Department reiterated its contention that mistakes in fingerprint identification were extremely rare.

"The inspector general made suggestions for improving the FBI's fingerprint identification process, and the FBI has adopted many of those suggestions," said Tasia Scolinos, director of public affairs for the Justice Department.

Mayfield, a former Army lieutenant and a convert to Islam, said Wednesday that the government had "targeted me and my family because of our Muslim religion."

But Fine, in his report, concluded that Mayfield's faith was not the reason the FBI came after him, and he said agency officials had not misused the Patriot Act, which Congress passed after the 2001 terrorist attacks.

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President Bush and other defenders of the act say it is an important anti-terrorism tool, but critics say it has handed the government too much surveillance and wiretapping power and tramples on civil liberties. Mayfield's challenge contends the act violates the constitutional guarantee against unreasonable government searches.

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Times staff writer Lynn Marshall contributed to this report.

U.S. Will Pay $2 Million To Lawyer Wrongly Jailed (NYT)

By Eric Lichtblau

The New York Times, November 30, 2006

WASHINGTON, Nov. 29 — The federal government agreed to pay $2 million Wednesday to an Oregon lawyer wrongly jailed in connection with the 2004 terrorist bombings in Madrid, and it issued a formal apology to him and his family.

The unusual settlement caps a two-and-a-half-year ordeal that saw the lawyer, Brandon Mayfield, go from being a suspected terrorist operative to a symbol, in the eyes of his supporters, of government overzealousness in the war on terrorism.

"The United States of America apologizes to Mr. Brandon Mayfield and his family for the suffering caused" by his mistaken arrest, the government's apology began. It added that the Federal Bureau of Investigation, which erroneously linked him to the Madrid bombs through a fingerprinting mistake, had taken steps "to ensure that what happened to Mr. Mayfield and the Mayfield family does not happen again."

At an emotional news conference in Portland announcing the settlement, Mr. Mayfield said he and his wife, an Egyptian immigrant, and their three children still suffered from the scars left by the government's surveillance of him and his jailing for two weeks in May 2004.

"The horrific pain, torture and humiliation that this has caused myself and my family is hard to put into words," said Mr. Mayfield, an American-born convert to Islam and a former lieutenant in the Army.

"The days, weeks and months following my arrest," he said, "were some of the darkest we have had to endure. I personally was subject to lockdown, strip searches, sleep deprivation, unsanitary living conditions, shackles and chains, threats, physical pain and humiliation."

Fingerprint examiners at the F.B.I. erroneously linked Mr. Mayfield to the terrorist bombings in Madrid through a mistaken identification of a print taken from a plastic bag containing detonator caps that was found at the scene of the bombings. The bombings, on March 11, 2004, killed 191 people and left 2,000 injured in the deadliest terrorist attack in Europe since World War II.

Despite doubts from Spanish officials about the validity of the fingerprint match, American officials began an aggressive high-level investigation into Mr. Mayfield in the weeks after the bombings. The fact that he had represented a terrorism defendant in a child-custody case in Portland spurred further interest in him. Using expanded surveillance powers under the USA Patriot Act, the government wiretapped his conversations, conducted secret searches of his home and his law office and jailed him for two weeks as a material witness in the case before a judge threw out the case against him.

The settlement includes an unusual condition that frees the government from future liability except in one important area: Mr. Mayfield is allowed to continue a lawsuit seeking to overturn parts of the Patriot Act as a violation of the Fourth Amendment protection against unreasonable search and seizure.

Several legal experts said they considered the settlement significant because of the public apology and the substantial payment.

"You almost never see something like this," said Peter Neufeld, co-director of the Innocence Project, a legal clinic in New York City. "It's extraordinary, but the harm caused him was extraordinary. What I really think it speaks to is just how clearly the U.S. government crossed the line when it went after Mayfield."

Suzanne Spaulding, a former lawyer with the Central Intelligence Agency who specializes in national security law, said that the terms of the settlement allowing Mr. Mayfield to continue his lawsuit over the Patriot Act were also significant.

"You've got to think that the Justice Department did not want to make that concession," she said. "That and the two million dollars are further evidence that they were vulnerable and that he clearly had some significant leverage in these negotiations."

Justice Department officials said they were confident that the legal foundation of the Patriot Act, including the surveillance and search provisions challenged by Mr. Mayfield, would hold up in court.

Although the F.B.I. has acknowledged serious missteps in the case, an investigation by the Justice Department inspector general released this year concluded that the government did not misuse its expanded counterterrorism powers under the Patriot Act and that Mr. Mayfield's Muslim faith was not the reason he was initially investigated. Still, Mr. Mayfield continued to assert Wednesday that he and his family were a target "because of our Muslim religion."

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"Our freedom of religion in this country is a sacred right," he said, "and the exercise of one's beliefs in a lawful manner should never be a factor in a government's investigation of any citizen."

In Washington, the settlement was applauded by Representative John Conyers Jr., the Michigan Democrat who is expected to become the chairman of the House Judiciary Committee in January.

"The Mayfield case cries out for checks and balances on what has been, at times, an overzealous pursuit of innocent Americans," Mr. Conyers said. "I am heartened that Mr. Mayfield has received this small measure of justice."

Lawyer Wrongly Arrested In Bombings: 'We Lived In 1984' (CNN)

By Henry Schuster And Terry Frieden

CNN.com, November 30, 2006

PORTLAND, Oregon (CNN) -- The U.S. Justice Department said Wednesday it is paying $2 million and apologizing to an Oregon lawyer wrongly accused of being involved with the 2004 train bombings in Madrid, Spain.

Brandon Mayfield was arrested in Portland on a material witness warrant in May 2004, less than two months after the bombings.

According to an FBI affidavit at the time, his fingerprint was identified as being on a blue plastic bag containing detonators found in a van used by the bombers.

The FBI's fingerprint identification was wrong, however, and Mayfield was released several days later.

The bombings of four commuter trains March 11, 2004, killed 191 people and wounded more than 1,800.

Mayfield charged he was a victim of profiling because the Portland-area attorney was a Muslim convert.

He and his family later sued the U.S. government for damages.

"We lived in 1984," Mayfield told reporters Wednesday. "I'm talking about the George Orwell, frightening brave new world in which Big Brother is constantly watching you."

"I, myself, have dark memories of stifling paranoia, of being monitored, followed, watched, tracked," he said, choking back emotion.

"I've been surveilled, followed, targeted primarily because I've been an outspoken critic of this administration and doing my job to defend others who can't defend themselves, to give them their day in court, and mostly for being a Muslim."

The government refused, he said, to tell him where they put their cameras and surveillance devices, leaving his family wondering if their private conversations and intimate moments were on display.

"The days and weeks and months following my arrest were some of the hardest and darkest that myself and my family have ever had to endure," he said.

"And all because of this government's ill-conceived war on terror. ... What I really want is for this not to happen to anyone else."

Wednesday's settlement includes not only a $2 million payment and an apology, but also an agreement by the government to destroy communications intercepts conducted by the FBI against Mayfield's home and office during the investigation.

The written apology reads:

"The United States of America apologizes to Mr. Brandon Mayfield and his family for the suffering caused by the FBI's misidentification of Mr. Mayfield's fingerprint and the resulting investigation of Mr. Mayfield, including his arrest as a material witness in connection with the 2004 Madrid train bombings and the execution of search warrants and other court orders in the Mayfield family home and in Mr. Mayfield's law office."

A Justice Department statement released Wednesday said Mayfield was not targeted because of his Muslim faith and that the FBI had taken steps to improve its fingerprint identification process "to ensure that what happened to Mr. Mayfield does not happen again."

"Mr. Mayfield and his family felt it was in their best interest to get on with their lives," said Mayfield's attorney, Elden Rosenthal.

"No amount of money can compensate Mr. Mayfield for being held as a prisoner and being told he faced the death penalty [for the Madrid bombings]."

Mayfield said his suit was not about money.

"It's about regaining our civil rights, our freedom and most important, our privacy," he said.

He and his attorneys said the settlement will allow him to continue the portion of his lawsuit challenging the constitutionality of the Patriot Act.

Mayfield contends that his home was searched under provisions of the Patriot Act.

Oregon Lawyer Wrongly Arrested After Madrid Bombings Settles Lawsuit For $2 Million (AP)

By Anne M. Peterson, Associated Press

AP, November 30, 2006

PORTLAND, Ore. – A lawyer the FBI wrongly arrested after the 2004 Madrid terrorist bombings because of a misidentified fingerprint has settled part of his lawsuit against the U.S. government for $2 million.

Brandon Mayfield, who was detained for two weeks in 2004, maintained that he was arrested because of his Muslim faith.

"Not only does my detention as a material witness in the Madrid bombing underscore the fallacy that fingerprint identification is reliable, I hope the public will remember that the U.S. government also targeted me and my family because of our Muslim religion," he said in a statement Wednesday.

The local FBI office said Wednesday that it was proud of its work in the case – other than the fingerprint error.

"If a similar investigation was being conducted, and we were provided a fingerprint identification, we would do exactly what we did in the case of Mr. Mayfield," said agent Robert Jordan. "We are very proud of what we did here, but we recognize that our laboratory made a mistake."

Justice Department spokeswoman Tasia Scolinos said the FBI has since adopted suggestions for improving its fingerprint identification process "to ensure that what happened to Mr. Mayfield does not happen again."

The U.S. formally apologized to Mayfield as part of the settlement, Scolinos said.

Two internal Justice investigations cleared the FBI and prosecutors of wrongdoing, she said. A December 2005 review by the department's Office of Professional Responsibility found that federal prosecutors who handled the investigation acted appropriately.

A month later, Justice Inspector General Glenn A. Fine concluded that Mayfield's faith was not the reason the FBI began its investigation, and that the agency did not misuse provisions of the USA Patriot Act.

Mayfield was arrested in May 2004 on the basis of a fingerprint found on a bag of detonators in Madrid that was mistakenly matched to him after the March 11, 2004, train bombings that killed 191 people and wounded more than 1,500. Mayfield was jailed on a material witness warrant but was released after the FBI acknowledged the fingerprint was not his.

The government acknowledged in the settlement that it "performed covert physical searches of the Mayfield home and law office, and it also conducted electronic surveillance targeting Mr. Mayfield at both his home and law office," according to a news release from Mayfield's attorney, Elden Rosenthal.

The settlement allows Mayfield to continue to pursue his challenge of the USA Patriot Act, Rosenthal said. Mayfield claims the act violates the Fourth Amendment because it allows government searches without probable cause that a crime has been committed.

"The Patriot Act is decidedly not patriotic," Rosenthal said. "We will vigorously pursue this constitutional challenge to the highest courts in the country."

Mayfield Settles For $2 Million (OREG)

By Bryan Denson, The Oregonian

The Oregonian, November 30, 2006

A Portland-area man, who sued the U.S. over his treatment in a bombing case, tells of ordeal

Brandon Mayfield, the Portland-area lawyer wrongly linked to the deadly Madrid, Spain, train bombings of 2004, accepted a $2 million settlement Wednesday in his lawsuit against the federal government, setting up a legal showdown over the constitutionality of the USA Patriot Act.

The United States will pay the convert to Islam $1.9 million for the emotional toll he suffered from two weeks of imprisonment as a material witness to a crime he knew nothing about, with another $100,000 going to his wife and three children for their suffering.

The government also agreed to destroy all materials seized from Mayfield's home and office. And it agreed to issue the 40-year-old lawyer another apology for FBI foulups that matched him to a fingerprint found in Madrid, leading to his investigation as a possible terrorist.

At a news conference Wednesday in a downtown Portland high-rise, the lean, bespectacled lawyer likened his ordeal to an Orwellian nightmare.

"I am talking about the George Orwell frightening brave new world in which Big Brother is constantly watching you, complete with 24-hour surveillance, thought control and doublespeak," Mayfield said. "Where war means peace. Freedom is slavery. Ignorance is strength. Where torture is morality. And an act that strips you of your civil rights could be called a Patriot Act."

Mayfield and his wife, Mona, said the $2 million settlement will help pay their lawyers and put their children through college. But they said the money could never make them whole for what they described as illegal violations of their privacy.

"To this date," Mayfield said, "the government has refused to tell us where they placed their electronic listening devices and cameras, leaving myself and family to forever wonder if they were listening to our most private conversations, watching our most intimate interactions."

The Mayfields hired celebrity lawyer Gerry Spence of Wyoming, prominent Portland civil rights attorney Elden Rosenthal and Newport attorney Michele Longo Eder, to sue federal officials, contending that he was targeted because he is a Muslim. The lawsuit also challenged the constitutionality of a provision of the USA Patriot Act.

Mayfield said he would continue to pursue his challenge to key provisions of the 2001 law, including one that allows searches without requiring the government to show probable cause that a crime has been committed.

The lawyer was taken into custody by federal agents in May 2004 and detained for two weeks as a material witness in the Madrid bombings. But he acknowledged that he and his family felt they had been watched well before the arrest, including the day they found dirty shoe prints on a clean carpet in their home, a place in which shoes were never worn.

"The government agents came into my home," said Mona Mayfield. "They bugged my home. They tapped my phone lines and terrorized my family -- and simply because we're Muslim."

Robert Jordan, the special agent in charge of the FBI in Oregon, disputed the contention that Mayfield was targeted because of his faith. He pointed out that the event triggering the investigation was a fingerprint found in a bag of detonators in Madrid; only later did the FBI learn that the lawyer was Muslim.

"If the same fingerprint identification came in again, we would do the exact same thing," Jordan said. "Not only did we do nothing wrong here, but everything we did was premised on a fingerprint identification. Our investigation was extremely thorough and extremely professional."

"But the investigation," Jordan acknowledged, "was built on sand, because the investigation was predicated on this fingerprint that the (FBI) lab later determined they were wrong about."

Two weeks after Mayfield's arrest, Spanish investigators linked the fingerprint to an Algerian national. Mayfield was released from custody the same day.

The Mayfield case prompted reforms of FBI fingerprint analysis procedures, Jordan said. Agents are now more circumspect in the manner by which they take fingerprint data, which must now be corroborated by an independent investigator, he said.

Jordan publicly apologized to Mayfield when the FBI acknowledged the fingerprint error in May 2004. But Wednesday, by agreement of the government and Mayfield's lawyers, it was the U.S. Department of Justice's turn to apologize.

"The United States acknowledges that the investigation and arrest were deeply upsetting to Mr. Mayfield, to Mrs. Mayfield, and to their three young children," the Justice Department wrote, "and the United States regrets that it mistakenly linked Mr. Mayfield to this terrorist attack."

Wednesday's settlement amounts to part one of Mayfield's case against the U.S. government. The settlement allows the lawyer to continue his lawsuit challenging the constitutionality of the Patriot Act provision that put him under secret surveillance.

Prior to enactment of the Patriot Act, government agents could, under the Foreign Intelligence Surveillance Act, get a judge's approval for wiretaps and other surveillance only if they could show their primary purpose was to investigate a foreign agent as part of a matter of national security.

The Patriot Act changed that law, said Rosenthal. Government agents can now get permission for the secret surveillance by saying their investigation is partly rooted in an international terrorism case.

"Here Mr. Mayfield fell right in the cross hairs," Rosenthal said. "They were investigating the crime of international terrorism, and without presenting probable cause to anybody that Mr. Mayfield could be connected to the crime, they got all these warrants."

Mayfield is challenging the law on grounds that it violates constitutional search-and-seizure constraints.

Constitutional law professor Carl Tobias, a professor at the University of Richmond, said he was leery of a challenge to the Patriot Act on grounds that it allowed flimsy pretexts for government snooping. "But that doesn't mean you shouldn't try," he said.

Rosenthal said lawyers for Mayfield and the government will set up a briefing schedule in the next week or two. The case is expected to be argued before U.S. District Judge Ann Aiken early next year.

Spence told reporters Wednesday that the Patriot Act should worry all Americans.

"We have some secret agents," he said on a conference line from Jackson Hole, Wyo., "who file secret papers that we can never see. And they're filed in a secret proceeding, and no right is given to the citizens . . . And out of those secret papers comes a secret order. And then people come secretly to your house, and they secretly break into your house. And they secretly put in listening devices.

"So that secretly the entire lives of these people become the property -- not of us, not of the parties, not of the citizens -- but our private lives become the property of the United States government. . . . So that this becomes their asset.

"They've stolen the most sacred part of our lives."

Noelle Crombie and Lynne Palombo of The Oregonian staff contributed to this report. Bryan Denson: 503-294-7614; bryandenson@news.oregonian.com

Mayfield Settlement Still Leaves A Lot To Be Settled (POREG)

The Oregonian, November 30, 2006

It was just possible, at Wednesday afternoon's news conference to announce a partial settlement in Brandon Mayfield's case against the U.S. government, to reassure oneself that the system worked.

After all, the Beaverton attorney -- who was arrested and held and had his office and home secretly searched and monitored following a fingerprint misidentification -- is receiving $2 million and an apology from the government that abused his rights and his family.

But the experience of the case, and the procedures and the laws involved, argue that the system is still a ways from working. Just how far will be considered by another Mayfield lawsuit, challenging the constitutionality of parts of the U.S.A. Patriot Act, and new congressional judiciary committees likely to take a more challenging view of expanding claims of government power.

Mayfield, an active Muslim convert, was arrested in May 2004 after Spanish officials reported a computer match of his fingerprint with one found on a bag of detonators after a massive terrorist train bombing in Madrid. The match turned out to be false, and Spanish investigators doubted it well before the fingerprint was matched to a Moroccan militant and Mayfield was released.

But by then, Mayfield had been held for two weeks as a material witness on charges that could bring the death penalty, and his home and office were searched -- with cameras and microphones installed -- under sections of the Patriot Act allowing the government to act in secret and give him no opportunity to challenge the actions.

Mayfield's experience, pointed out his attorney Gerry Spence, was based on "secret papers that we can never see, and out of those papers came a secret order, and then people come secretly to your house, and they secretly break in."

Any government will always make mistakes, and this outcome shows that the U.S. government can still be held accountable. Robert Jordan, special agent in charge of the Portland FBI, insisted Wednesday that aside from the fingerprint misidentification, "We are very proud of what we did here."

But a cloak of secrecy makes it hard to check government power or defend citizens' rights, to know just how much Mayfield's Muslim identity overwhelmed doubts about the evidence that the Spanish raised very early in the process. It makes it impossible for Mayfield to know, even now, what the FBI learned about him and who else might know it now.

"There's a part of me that walked into the Multnomah County Detention Center," said Mayfield, "that never walked out."

You could sit in the news conference Wednesday and conclude that the system worked.

But you'd also conclude that it needs to work better.

Gonzales Pledges Warrantless Wiretaps Will Continue (KQXT)

By Jim Forsyth

KQXT-FM, San Antonio, November 30, 2006

Exclusive interview with 1200 WOAI news

The strongest defense to date of the controversial warrantless surveillance program from Attorney General Alberto Gonzales. As the Justice Department's inspector general opens an investigation into the effort, Gonzales told WOAI radio in his hometown of San Antonio that it is an 'effective and important program' and he's confident it will eventually be upheld in the courts.

The entire interview will air Thursday morning at 6:20 and 7:10 on San Antonio's First News.

Gonzales also pledged to correct any 'shortcomings' in the program that may be identified by the IG's probe.

Gonzales said the program to wiretap conversations between people in the United States and people overseas that the government suspects of being involved in terrorism is 'most definitely' continuing despite a ruling of a federal judge in Detroit that the program is unconstitutional, and loud complaints about it from Democrats in Congress. Justice Department IG Glenn Fine notified Rep. Zoe Lofgren (D-Calif) Tuesday that he has opened an investigation into the department's handling of the program, but not into whether the program itself is legal.

"Even those who have been critical of the President's authority to do this, except for maybe one person in Congress, nobody has suggested that the program stop," Gonzales said. "I think people understand that it is an effective program. The Director of the CIA has testified that it has been a very effective program in protecting America. It's for that reason, while questions have been raised about the legal authorities of the President, we do believe that the President has the authority to

authorize surveillance of the enemy at time of war, and that authority comes from the authorization by Congress to use military force which came shortly after the September 11th attacks."

Gonzales, however, rejected demands from Lofgren and other Congressional Democrats, to order Fine to probe not just the implementation of the warrantless surveillance program, but its legality as well.

"He doesn't have the expertise or authority to do that, quite frankly. It is the job for the lawyers within the Department of Justice to determine if something is legal. We have reviewed this program, and in our judgment it is lawful."

Gonzales also said the American people want the program to continue, saying 'the American people want their government to ascertain why someone in the U.S. is talking to Al-Queda.'

Gonzales declined to say whether the warrantless surveillance program will continue if the current lame duck Congress or the Democrat dominated Congress that takes office in January fails to pass legislation pushed by the White House which would grant statutory legality to the program.

"We'll continue to work with Congress," he said. "I know the next Congress will be committed to doing everything it can to protect America, and we will just work together and try to find the best way to do that. The program is important, and we're going to have to find a way to help it continue."

A Crack In The Stone Wall (NYT)

The New York Times, November 30, 2006

It was one of the more outrageous moments in the story of the Bush administration's illegal domestic wiretapping. Almost a year ago, Congressional Democrats called for a review of the Justice Department's role in the program. But the department investigators assigned to do the job were unable to proceed because the White House, at President Bush's personal direction, refused to give them the necessary security clearance.

Now the president, for reasons we can't help thinking might have something to do with this month's elections, has changed his mind. The White House will give Justice Department inspectors the required clearance, and a review will go forward.

That's all to the good, as long as the investigation is not intended to pre-empt any efforts by the new Democratic majority to conduct its own Congressional review of the wiretap program. The Justice Department inquiry will hardly do the full job.

The department's inspector general, Glenn Fine, has already said that the question of whether the program was legal is beyond his jurisdiction. Instead, he will investigate whether department employees followed the rules governing the program — rules that were established in a secret executive order signed by the president in October 2001.

Whether or not Justice Department employees followed the rules they were given may have bearing on their individual performance evaluations, but it will tell us very little else. Since the rules Mr. Bush established under his secret order will presumably stay secret, the investigation will not even help us to understand just how far from established legal standards he strayed when he authorized the government to eavesdrop on Americans' international calls and e-mail without a court-issued warrant.

The Justice Department inquiry also will do nothing to fix the biggest problem with Mr. Bush's eavesdropping program, which is that — once again — he ignored existing law and instead tried to create a system outside the law, resting on his dangerously expansive claims of executive power.

If Mr. Bush had wanted to conduct the wiretapping within the law, he could have quite easily done so, using the Foreign Intelligence Surveillance Act. That law, written after the Watergate scandal and the eavesdropping abuses of the Vietnam era, created a special court to approve applications for domestic surveillance. The court operates in secret, and has rarely denied the authorities' requests. Even in the post-9/11 era, it should have met the administration's needs. And if there was a problem, Congress had shown itself ready and willing to amend the law.

Mr. Fine, who has proved himself willing to criticize administration operations before, could still provide an important — if limited — service. He says, for instance, that he will examine how information gleaned from the wiretaps was used to pursue criminal cases. That inquiry should be useful for those who have been wondering whether the enormous amount of information collected significantly helped antiterrorism efforts, or simply complicated them with a flood of unmanageable data.

The investigation might also help Congress understand whether FISA needs updating — something the administration has been loath to discuss as long as it has been able to end-run the court. Senator Dianne Feinstein, who has introduced a bill aimed at making it easy for the government to get quick court approval of wiretaps on those suspected of terrorism or spying, has already said that nothing she has heard in secret briefings suggests that anything the administration needed could not have been conducted under FISA.

The question of the wiretap program's constitutionality is now making its way through the courts and should ultimately be decided by the Supreme Court. Congress should not be satisfied with Mr. Fine's very limited investigation. It should mount its

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own independent inquiry into how the war on terror, and American civil liberties, are being affected by an eavesdropping program about which we have been told so little.

Terrorist Case Against Denver Family Ended (DENP)

By Bruce Finley, Denver Post Staff Writer

Denver Post, November 30, 2006

A federal judge on Wednesday declared the end of the government's four-year case against a Denver Pakistani-American family once targeted by the FBI as terrorists.

Family members whose lives were turned upside down simply wept. "We've lost everything," longtime Colorado restaurateur Abdul Qayyum said.

Chief U.S. District Judge Lewis Babcock accepted plea deals with federal prosecutors who dropped and reduced immigration charges they pursued after their terrorism case fizzled against Qayyum, his daughter Saima Saima, wife Chris Warren and nephew Irfan Kamran.

Now only Haroon Rashid, Saima's husband, is jailed. Federal prosecutors dropped all charges against him, too. But Rashid, jailed for more than two years, still faces deportation after a misdemeanor assault on a gang member who hassled his family.

A federal appeals court on Nov. 20 temporarily blocked Rashid's deportation pending an appeal to the U.S. Supreme Court.

FBI agents targeted this family of naturalized U.S. citizens from the Pakistan-Afghanistan borderlands based on secret evidence after the 9/11 attacks. U.S. Attorney General John Ashcroft trumpeted the case as aggressive action against terrorists.

"When the attorney general of the United States declares your family terrorists," the result is damage "far beyond anything this court can do," defense attorney Ray Moore told Babcock during one of two emotional hearings Wednesday.

The family suffered financially as their restaurant in Castle Rock closed. Children faced teasing; mothers grew deeply depressed.

Babcock acknowledged that the long, hard case was trying on everyone involved. "Sometimes these things take too long. ... This is one of those cases where it just took time to get it right."

The immigration charges FBI agents pursued after allegations of links to al-Qaeda evaporated in 2004 involved statements family members made about a relative to get him a visa to enter the U.S. In multiple plea deals made final Wednesday, Qayyum pleaded guilty to one charge of making a false statement to a federal agent. He received a sentence of one year's probation.

And Kamran, a father of four, pleaded guilty to a petty offense after prosecutors dropped two felony charges. All charges were dropped against Warren and Saima.

"The most important thing that hurt me emotionally was when they pointed guns at my kid and he was shivering" during a raid, Kamran said.

Yet "I still haven't changed my mind about this country," he said. "I'm still positive. There are still a lot of people with good values."

Federal prosecutors defended their actions.

"I don't know if there was any excess in this case. It was done just like any other case would be," Assistant U.S. Attorney David Gaouette said.

Now defense attorneys say they're trying to make sure family members' names aren't on federal terrorist watch lists.

Alleged CIA Torture Victim Speaks Out (AP)

By Desmond Butler

AP, November 30, 2006

WASHINGTON - Khaled el-Masri, who claims the CIA kidnapped and tortured him, recounted his story on Capitol Hill on Wednesday and said he hoped he could help prevent others from suffering a similar fate.

The Kuwaiti-born German citizen said he had brought his story to Washington to encourage greater oversight of CIA activities and force the U.S. government to acknowledge what happened to him.

"I really want to raise awareness in the Congress so that they can bring some pressure to bear and make changes," el-Masri said in German after he briefed Senate aides.

A federal appeals court in Richmond, Va., heard arguments Tuesday by el-Masri's lawyers urging the judges to reinstate his lawsuit against a former CIA director, George Tenet, and others.

Discussing the case, el-Masri told reporters, "What really matters to me is that I would like to know why this was done to me, and I want an explanation and an apology."

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He added, "I think that we can all benefit from what happens in my case, including others who are still in prison in other parts of the world without the rule of law."

El-Masri alleges he was kidnapped while trying to enter Macedonia for a vacation on Dec. 31, 2003. He claims he was flown to a CIA-run prison known as the "salt pit" in Kabul, Afghanistan, where he was beaten and sodomized with an object during five months in captivity.

"The conditions that I was confronted with were not fit for a human," he told reporters. He said his food was barely edible and the water putrid.

"It was like water you left in an aquarium for years," he said. "When you took one sip, the taste stayed in your mouth for hours."

The CIA has refused to comment on el-Masri's allegations, which have put a spotlight on the intelligence agency's secret program to deliver suspected terrorists for interrogation in foreign countries. The practice has been heavily criticized by human rights groups.

El-Masri's suit was dismissed in May when a judge ruled that a trial could harm national security by revealing details about CIA activities.

El-Masri said that despite the setback, he had confidence in the courts and the U.S. justice system. He previously was denied entry into the United States when he arrived to publicize the filing of his suit last year, according to the American Civil Liberties Union, which has supported his case. In recent weeks, he was issued a visa.

ACLU lawyer Ben Wizner told the appeals court on Tuesday that el-Masri was "the public face of a publicly acknowledged program" whose basics generally have become known. Thus, the lawyer said, the case could be considered without exposing government secrets.

Justice Department lawyer Greg Katsis argued that the government properly invoked its state secrets privilege to protect information outlined in a classified affidavit that Judge T.S. Ellis III read before dismissing the suit

El-Masri's allegations also are the subject of a German parliamentary investigation that is trying to clarify when German government officials became aware of el-Masri's case and whether German security services participated in interrogations in Afghanistan.

The appeals court usually takes several weeks to issue its ruling.

Terror Watch: Showdown Over Padilla (NSWK)

By Michael Isikoff And Mark Hosenball

Newsweek, November 30, 2006

Accused terrorist Jose Padilla wants to describe how he was treated in a military brig. The government is trying to keep him quiet.

A looming court fight over claims that one-time enemy combatant Jose Padilla was “tortured” by the U.S. military is threatening to create new difficulties for one of the Bush administration’s most high-profile terrorism cases.

In a motion last week, the Justice Department asked a federal judge to block any public testimony about the circumstances of Padilla’s interrogations during the more than three years he was detained and interrogated in a military brig in South Carolina. For most of that time, Padilla, a 35-year-old Brooklyn-born U.S. citizen who was raised in Chicago, was held incommunicado, unable to meet with his lawyer or any other visitors.

Even permitting Padilla’s lawyers to raise the issue of his alleged mistreatment, prosecutors argued, may “inflame the jury” and invite “jury nullification”—the term used to describe what happens when rebellious jurors declare a defendant not guilty, no matter what the evidence, because they are so offended by the government’s conduct. (The prosecutors also say there is “not a shred of record evidence” to back up Padilla’s claims that he was tortured and asserted that the “conditions of his confinement were humane and designed to ensure his safety and security.”)

But defense lawyers are convinced that given the seriousness and the specificity of Padilla’s claims of mistreatment—many of which involve the use of aggressive interrogation techniques virtually identical to those the Pentagon has confirmed using at Guantánamo—the judge in his case, Marcia Cooke, may have little choice but to order a pretrial hearing on his allegations.

Padilla’s lawyers say they will soon file “additional material” to back up their torture claims. And if Cook grants them a hearing, it could open the door for the first time to questioning in a U.S. courtroom about controversial interrogation methods that were used against one of the most sensitive detainees in U.S. government custody. Padilla's fate is all the more important because his incarceration by the U.S. military was directly ordered from the White House by President Bush.

The matter could prove even more awkward because, according to a source close to Padilla’s defense team—who asked not to be identified talking about sensitive matters—any hearing could end up requiring the Pentagon to turn over highly

classified video and audiotapes allegedly made of Padilla's interrogation sessions at the U.S. military brig in Charleston, S.C. The content of the tapes has been the subject of recent discussion among lawyers in the case, the source said.

Cmdr. J. D. Gordon, a Pentagon spokesman, declined to comment on the existence of any secret tapes made of Padilla's interrogation sessions. "We don't comment on cases that are under litigation," he said. Asked about interrogation tapes, Anthony Natale, one of Padilla's defense lawyers, said: "It would be unlawful for me to make any comment about that matter." The court docket in Padilla's case shows that a number of recent motions have been filed in the case under seal in order to avoid public disclosure of material that remains classified.

Padilla's story first became public on June 9, 2002, when Attorney General John Ashcroft announced in a press conference from Moscow that the former Chicago gang member had been apprehended a month earlier coming into the country because he had plans to carry out a radiological "dirty bomb" attack on behalf of Al Qaeda. That same day, President Bush signed an extraordinary order declaring that Padilla, who converted to Islam while living in Florida, was "closely associated with Al Qaeda" and was "an enemy combatant" in the war on terror. Padilla was then removed from the criminal justice system, stripped of his constitutional rights—including the right to consult with his lawyer—and dispatched to the military brig.

But last year, in what was widely seen as an attempt to avoid a potentially adverse U.S. Supreme Court ruling on the constitutionality of President Bush's actions, Padilla's case was abruptly transferred back to a regular criminal court, where he was indicted on charges that he was part of a North American "jihad" cell that supported Islamic extremists overseas. The indictment made no mention of any plans to set off a "dirty bomb"; law-enforcement officials have since acknowledged that the supposed dirty-bomb attack, which was based on claims made by other Al Qaeda detainees, never got beyond the talking stage anyway.

But the Justice Department's efforts to criminally prosecute Padilla have run into repeated problems. Judge Cook dismissed the most serious conspiracy count against him, removing the possibility that he will receive a life sentence. The case took a further unexpected turn last month when Padilla's lawyers filed a highly detailed 20-page motion alleging that all the criminal charges against him should be dismissed because of "outrageous government conduct," including a claim that he was forcibly administered mind-altering drugs in an effort to get him to provide information about his alleged Al Qaeda accomplices.

Among the specific allegations made in the motion were claims that Padilla was kept in a state of "complete sensory deprivation," confined for months at a time in a "tiny cell" where the temperatures were manipulated to "extremely cold" levels and "noxious fumes" were introduced, causing his eyes and nose to run. Loud clanging noises were repeatedly heard making it impossible for him to sleep, the motion stated. Padilla himself was hooded, forced to stand in uncomfortable stress positions and kept "shackled and manacled with a belly chain," the motion further states. He was also threatened with being forcibly removed from the United States to another country, including the U.S. Naval Base at Guantánamo as well as threatened with being cut with a knife and having alcohol poured on his wounds, it says.

"Often, he had to endure multiple interrogators who would scream, shake and otherwise assault Mr. Padilla," the motion states. "Additionally, Mr. Padilla was given drugs against his will, believed to be some form of lysergic acid diethylmamide (LSD) or phencyclidine (PACP) to act as a sort of truth serum during his interrogations."

Gordon, the Pentagon spokesman, said in response: "The government in the strongest terms denies Padilla's allegations of torture—allegations made without support and without citing a shred of record evidence. It is our policy to treat all detainees humanely."

But at least some of the allegations in Padilla's motion mirror claims that were first made by FBI agents and lawyers for detainees held at Guantánamo and which were later confirmed by the U.S. military. An investigation ordered by Gen. Bantz J. Craddock, commander of the U.S. Southern Command, found last year that military interrogators at Guantánamo did in fact subject some detainees to yelling and loud noises, disrupt their sleep patterns, lower the temperatures in their cells to make them uncomfortable—all in an effort to "lower their resistance" and get them to provide interrogators with more information. The report found that in 2002, Secretary of Defense Donald Rumsfeld himself approved sleep deprivation as an authorized technique to use against one particularly high-value detainee, a Saudi prisoner named Mohammed Qahtani who was suspected of being the 20th hijacker in the 9/11 attacks. Rumsfeld also approved the use of adjusting the air conditioner to extremely cold levels in the interrogation of a second Guantánamo detainee, the report found.

It is still far from clear that, even if Judge Cook orders a hearing on Padilla's claims, it will make a difference to the outcome of his case. Prosecutors have argued that because they are not planning on using any evidence derived from Padilla's interrogations, the circumstances of how he was treated make no legal difference. Cook would essentially have to find that the treatment of Padilla "shocks the conscience" of the court—a heavy legal burden—for the case against him to be dismissed.

But defense lawyers may have hinted at the ultimate significance of their claims in a portion of their motion last month, when they referred to the "psychological damage" done to Padilla as a result of the aggressive methods used against him. Natale, Padilla's lawyer, said the defense will expand on this reference in a court filing that may be filed by the end of the week.

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One possibility is that Padilla's lawyers will ask that he be deemed incompetent to stand trial, said the source close to Padilla's defense team who declined to be identified. In court hearings and in private meetings, the source said, Padilla has shown signs of being withdrawn, unable to communicate or respond when questions about what happened to him arise. "It's almost like you're dealing with a turtle," the source said.

Federal Judge Rules Bush Executive Order Invalid (WT)

By Jerry Seper, The Washington Times

The Washington Times, November 30, 2006

President Bush lacks the constitutional authority to designate groups and persons as terrorists under a post-September 11 executive order, according to a federal judge in Los Angeles.

U.S. District Judge Audrey B. Collins, in a challenge brought by the Washington, D.C.-based Center for Constitutional Rights on behalf of the Humanitarian Law Project, said a Sept. 24, 2001, executive order naming 27 groups and persons as "specially designated global terrorists" (SDGTs) allowed no way for those designated to challenge the ruling.

In a 45-page ruling, Judge Collins said the executive order "contains no definable criteria" to constrain the president's use of it, and, as a result, "is unconstitutionally vague on its face." She said the order is subject only to Mr. Bush's "unfettered discretion."

The judge also said the order "contains no definable criteria for designating individuals and groups as SDGTs," and improperly gives the secretary of the Treasury the power to impose penalties for "mere association" with the groups.

The ruling, made public on Tuesday, came in a lawsuit in which the Humanitarian Law Project, through the Center for Constitutional Rights, sought to support the nonviolent work of two groups designated as terrorist: The Kurdistan Workers Party, the main Kurdish political party in Turkey, and the Liberation Tigers of Tamil Eelam, a rebel group fighting for a separate homeland for Tamils in Sri Lanka.

"This law gave the president unfettered authority to create blacklists, an authority President Bush then used to empower the secretary of the Treasury to impose guilt by association," said David Cole, a Center for Constitutional Rights board member.

"The court's decision confirms that even in fighting terror, unchecked executive authority and trampling on fundamental freedoms is not a permissible option," he said.

The Justice Department said the agency thought Judge Collins had erred in her decision.

Days after the September 11 attacks, Mr. Bush invoked his authority under the International Emergency Economic Powers Act and issued Executive Order 13224, declaring that the "grave acts of terrorism" and the "continuing and immediate threat of future attacks" on the United States constituted a national emergency.

He blocked all property and interests in property of 27 groups and persons, each of whom were identified as terrorists. He also authorized the secretary of the Treasury, in consultation with the secretary of state and the attorney general, to designate additional terrorist groups and persons under the order.

Judge Collins did let stand some sections of the order that penalize those who provide "services" to designated terrorist groups, including humanitarian aid and rights training.

A former Los Angeles prosecutor nominated to the federal bench in 1994 by President Clinton, Judge Collins is the first judge to declare any section of the USA Patriot Act as unconstitutional. In a January 2004 decision, she declared unconstitutional a Patriot Act provision that forbid giving advice or assistance to groups identified as foreign terrorist organizations by the U.S. government.

In that ruling, she said the provision was too vague to enforce and violated the Constitution's First and Fifth amendments, which protect freedom of speech and defendants from self-incrimination, respectively. Congress revised the act last year in response to her rulings and the case was sent back to District Court. The matter is still being litigated.

Al-Qaida Said To Be Operating In Somalia (AP)

By George Gedda

AP, November 30, 2006

Al-Qaida militants are operating with "great comfort" in Somalia, providing training and assistance to a radical military element loyal to the Islamic group that controls most of southern Somalia, a senior State Department official said Wednesday.

Jendayi Frazer, who heads the department's Africa bureau, said a priority U.S. goal is the capture of three militants wanted for the bombings of U.S. Embassies in Kenya and Tanzania in 1998 and a hotel in Kenya in 2002. The three are from Sudan, Kenya and the Camoros Islands, located off Africa's east coast.

"We're continuing to work with all sides in Somalia to try get those terrorists turned over and to prevent Somalia from becoming a safe haven," Frazer told a small group of reporters.

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She emphasized that the al-Qaida presence goes well beyond the three suspects.

The administration has looked on with anxiety as Islamic militants, operating under the umbrella of the Union of Islamic Courts (UIC), have expanded their zone of influence in the country while marginalizing a secular government that lacks authority despite the backing of the United Nations and the United States.

The secular authority, known as the transitional federal government, is based in the western Somali town of Baidoa, unable to expand its reach further.

The administration supports the creation of an African force, totaling a battalion or two, to train and protect the transition government. The goal is to establish a balance in Somalia that would convince the Islamists that a military victory is impossible, thus creating conditions for a negotiated settlement between the two.

The African Union and the Intergovernmental Authority on Development, a seven-nation East African group, originally proposed deployment of an African force in Somalia.

The Islamists said in June they had no interest in forming a government but their actions since then suggest otherwise, the administration believes. The rise of the UIC over the past six months has alarmed non-Muslim countries throughout East Africa and generated fears of armed conflict throughout the region.

From the outset, the United States has supported a dialogue between the Islamists and the transition government.

In a statement Tuesday night, the State Department said the "continued military expansion by the UIC has prevented this dialogue from moving forward and has created the need for deployment of a regional force.

"The force will deter further aggression against the transition government, create the required space for dialogue and stabilize the situation."

The only country that has volunteered troops for the African force thus far is Uganda.

HOMELAND RESPONSE:

Democrats Reject Key 9/11 Panel Suggestion (WP)

By Jonathan Weisman

The Washington Post, November 30, 2006

It was a solemn pledge, repeated by Democratic leaders and candidates over and over: If elected to the majority in Congress, Democrats would implement all of the recommendations of the bipartisan commission that examined the attacks of Sept. 11, 2001.

But with control of Congress now secured, Democratic leaders have decided for now against implementing the one measure that would affect them most directly: a wholesale reorganization of Congress to improve oversight and funding of the nation's intelligence agencies. Instead, Democratic leaders may create a panel to look at the issue and produce recommendations, according to congressional aides and lawmakers.

Because plans for implementing the commission's recommendations are still fluid, Democratic officials would not speak for the record. But aides on the House and Senate appropriations, armed services and intelligence committees confirmed this week that a reorganization of Congress would not be part of the package of homeland-security changes up for passage in the "first 100 hours" of the Democratic Congress.

"I don't think that suggestion is going anywhere," said Rep. C.W. Bill Young (R-Fla.), the chairman of the Appropriations defense subcommittee and a close ally of the incoming subcommittee chairman, Rep. John P. Murtha (D-Pa.). "That is not going to be their party position."

It may seem like a minor matter, but members of the commission say Congress's failure to change itself is anything but inconsequential. In 2004, the commission urged Congress to grant the House and Senate intelligence committees the power not only to oversee the nation's intelligence agencies but also to fund them and shape intelligence policy. The intelligence committees' gains would come at the expense of the armed services committees and the appropriations panels' defense subcommittees. Powerful lawmakers on those panels would have to give up prized legislative turf.

But the commission was unequivocal about the need.

"Of all our recommendations, strengthening congressional oversight may be among the most difficult and important," the panel wrote. "So long as oversight is governed by current congressional rules and resolutions, we believe the American people will not get the security they want and need."

Now Democrats are balking, just as Republicans did before them.

The decision will almost certainly anger commission members, as well as families of victims of the Sept. 11 attacks, many of whom have pressed hard for implementation of the recommendations.

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"The Democrats pledged to implement all the remaining 9/11 reforms, not some of them," said former representative Timothy J. Roemer (D-Ind.), who served on the commission.

Carie Lemack, whose mother was in one of the jets that hit the World Trade Center, echoed that sentiment: "It wasn't a Chinese takeout menu, the 41 recommendations. You have to do all of them."

Democratic leadership dust-ups this month severely limited the ability of House Speaker-elect Nancy Pelosi (Calif.) to implement the commission's recommendations, according to Democratic aides.

Pelosi strongly backed Murtha for House majority leader, only to see him soundly defeated by Rep. Steny H. Hoyer (Md.). That chain of events made it difficult for her to ask Murtha, a longtime ally, to relinquish control of the intelligence budget from his consolation prize, the chairmanship of the Appropriations defense subcommittee, according to Democratic sources.

Likewise, a controversy over the choice of a new chairman of the House intelligence committee proved to be a factor in the decision. The Sept. 11 commission urged Congress to do away with traditional term limits on the intelligence committees to preserve continuity and expertise, a recommendation the House implemented in 2003. But in her search for a reason to drop the committee's most senior Democrat, Jane Harman (Calif.), from the panel, Pelosi fell back on the tradition of term limits. She has decided to pass over the intelligence committee's second-ranking Democrat, Alcee L. Hastings (Fla.), as well.

To the Sept. 11 commission, the call for congressional overhaul was vital, said former New Jersey governor Thomas H. Kean (R), the commission's co-chairman. Because intelligence committee membership affords lawmakers access to classified information, only intelligence committee members can develop the expertise to watch over operations properly, he said. But because the panels do not control the budget, intelligence agencies tend to dismiss them.

"The person who controls your budget is the person you listen to," Kean said.

Those people, the appropriators, do not seem to care much, he said. The intelligence budget is a small fraction of the nearly $500 billion overseen by the armed services committees and the appropriations panels' defense subcommittees. Kean said that Sen. John McCain (R-Ariz.), an Armed Services Committee member, told the Sept. 11 commission that if his panel spends 10 minutes considering the intelligence budget, it has been a good year.

"We think this is extremely crucial," Kean said of a reorganization shifting budget authority to the intelligence committees. But, he added, there are "a lot of old bulls in both parties who just don't want to do it."

In 2004, the Senate tried to reach a compromise on the issue, proposing to create intelligence subcommittees under the House and Senate appropriations committees. The appropriators would maintain most of their power, but at least distinct panels would have to watch over intelligence spending.

The idea went nowhere in the House. To make it work, total spending on intelligence would have to be declassified, another commission recommendation that Congress has rejected. Besides, Young said, an intelligence subcommittee effectively exists in the form of the Appropriations defense subcommittee chairman and ranking member, who have taken serious interest in intelligence spending.

Democratic aides yesterday chose to talk up what they will do in the opening hours of the 110th Congress. Plans are not complete, but the incoming Democratic majority is likely to expand efforts to stop the proliferation of nuclear, chemical and biological weapons; ensure the interoperability of communications equipment so first responders can communicate more effectively; develop a comprehensive screening system for air cargo; and establish a civil-liberties board to protect the public against intelligence agencies expanding their reach.

Analysis: New Animal Rights Terror Law (UPI)

By Shaun Waterman, Upi Homeland And National Security Editor

United Press International, November 30, 2006

WASHINGTON, Nov. 29 (UPI) -- A new law that comes into force this week gives federal authorities expanded powers to prosecute animal rights militants -- as the State Department is warning that their activities eclipse terrorism as a day-to-day security problem for U.S. companies in Western Europe.

Bush signed S 3880, the Animal Enterprise Terrorism Act, without fanfare at the White House Monday morning, before flying to the Baltic for a NATO summit.

The bill is designed to make it easier for the FBI and Justice Department to wire-tap and prosecute animal rights extremists who mount campaigns of low-level criminal harassment against animal researchers both in the commercial and educational sectors.

Animal rights campaigners and their supporters say it will chill legal protest, and accuse lawmakers of ramming the bill through during the waning days of the lame-duck congress. But supporters retort that there were hearings in both the House and Senate last year and that the ACLU dropped objections to the new law after amendments it backed were incorporated by the bill's authors.

A State Department security briefing earlier this month for U.S. companies with overseas operations highlighted the threat from animal rights extremists as a major one in Western Europe and the United States.

"Although incidents related to terrorism are most likely to make the front page news, Animal Rights Extremism is what's most likely to affect your day-to-day business operations in Western Europe," read the speaker's notes for a PowerPoint presentation at the Overseas Security Advisory Council's annual briefing Nov. 15.

The presentation goes on to warn that extremist groups like the Animal Liberation Front "cause fear and distress, major property damage, and in some instances ... physical injury, and often put lives at risk."

Victims of one campaign have been assaulted with baseball bats, had their homes and cars vandalized, obscene messages painted in their street, late night telephone calls threatening the lives of their family and non-stop bullhorn protests in front of their homes.

But figures in the presentation suggest that the number of attacks in Britain and worldwide has fallen over the past two years.

The Association of the British Pharmaceutical Industry reported a drop off in the number of reports from its member companies of animal rights "incidents" -- defined to include threats, demonstrations and home visits by protestors, as well as property damage and the use of incendiary devices. From a high of 1,600 in 2004, the number fell to 1,400 last year, and only just over 400 were reported in the first half of 2006.

The association attributed this "sea change" to new legislation and an increased focus by British law enforcement, the presentation said.

Figures in the presentation from the Foundation for Biomedical Research, a U.S. advocacy group that supports medical experiments on animals, suggested that the same decline was mirrored worldwide. Their figures -- of illegal attacks by animal rights groups -- showed a drop from 100 in 2003, to 90 in 2004 and just over 80 the following year.

The presentation cautioned that the statistics "don't give the whole picture."

"Anecdotal evidence and reporting furnished by a broad cross-section of (U.S. companies) and by ... London's Metropolitan Police suggest that although street protests are down, ... site visits and autonomous acts of vandalism are on the rise throughout the region," say the speaker's notes.

Foundation for Biomedical Research President Frankie Trull told United Press International that many universities and other academic institutions in the United States had swung behind the bill after protests against one UCLA researcher culminated over the summer in an arson attack against his home.

"This is the kind of thing that we hope will now stop" because of the new law signed Monday, she said.

But Will Potter, a freelance journalist and animal rights sympathizer, said the bill would chill legitimate protest by campaigners, but not discourage real extremists.

"These people have shown that they are not going to stop doing these actions," he said, pointing out that immediately following the successful prosecution and jailing of campaigners against a research firm in New Jersey earlier this year, other militants had staged a break in a laboratory in Massachusetts, and dedicated their action to their jailed comrades in an internet communiqué.

"They will not be deterred," he said.

The new law strengthens existing federal legislation, which protects animal researchers and other businesses using animals from "physical disruption." The act signed Monday expands federal offenses under the law to cover campaigns of threats and intimidation that might financially cripple a company without any "physical disruption;" and increases penalties.

It also expands the law to cover so-called secondary and tertiary targets -- companies who do business with animal enterprises, like their bankers or stockbrokers -- and individual employees, neither of which were protected by the 1992 law.

Federal law enforcement officials say the new powers will enable them to launch investigations, including electronic surveillance of telephones, web sites and e-mail, against small groups of militants who are exploiting loopholes in the existing legislation.

Extremists "know what their rights are," according to the State Department presentation, "and as such, commit acts of nuisance that come right up to the line (of legality) without crossing it."

But it is precisely this kind of controversial, envelope-pushing -- but still legal -- campaigning tactics, like noisy but peaceful demonstrations at the homes of research company executives, which Potter says will be chilled by the new law.

"All this talk of 'terrorism' is sending a message.... It is making a lot of people very nervous," he said.

FEMA Told To Resume Storm Aid (WP)

By Spencer S. Hsu

The Washington Post, November 29, 2006

DOJ_NMG_0100021

The Bush administration unconstitutionally denied aid to tens of thousands of Gulf Coast residents displaced by hurricanes Katrina and Rita and must resume payments immediately, a federal judge ordered yesterday.

U.S. District Judge Richard J. Leon said the Federal Emergency Management Agency created a "Kafkaesque" process that began cutting off rental aid in February to victims of the 2005 storms, did not provide clear reasons for the denials, and hindered applicants' due-process rights to fix errors or appeal government mistakes.

"It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," Leon, a D.C. federal judge, wrote in a 19-page opinion.

"Free these evacuees from the 'Kafkaesque' application process they have had to endure," he wrote.

The decision again casts a spotlight on the fate of the poorest members of the diaspora created by the 2005 disasters in New Orleans and along the Louisiana and Mississippi coasts. The hurricanes forced a search for housing that was one of their least visible but most far-reaching consequences.

According to FEMA, of the 720,590 households that have received rental assistance, only 33,889 families remained eligible for aid as of Oct. 19. An additional 108,088 families, mostly homeowners, are still in FEMA-provided trailers and mobile homes. As a rule of thumb, analysts estimate each household includes nearly three people.

FEMA expects fewer than 4,700 of 2.6 million applicant families to exceed a $26,200 cap on all forms of post-disaster aid by March, when an 18-month statutory cutoff takes effect.

Advocates for storm victims say FEMA has resisted providing details about its programs to them or to applicants and has whittled down rolls by imposing obstacles to obtaining aid that is mandated under federal disaster laws. Administration defenders say that FEMA adopted tougher rules to combat fraud, and that plummeting rolls are a sign that victims have recovered and are moving on.

Yesterday, FEMA spokesman Aaron T. Walker would not say how many people are affected by Leon's decision, how much has been paid to them or how much is owed. He cited "ongoing litigation" and a possible appeal.

"FEMA's emergency sheltering initiative was conceived as a compassionate but short-term solution to shelter evacuees," Walker said in a written statement. "FEMA is considering the Court's order in consultation with the Department of Homeland Security and the Department of Justice, determining how the agency will proceed."

The case affects at least 11,000 families, said Robert W. Doggett, a lawyer with Texas Rio Grande Legal Aid. Doggett and the Public Citizen Litigation Group filed suit Aug. 31 for the Association of Community Organizations for Reform Now (ACORN), an anti-poverty group.

The case was brought on behalf of storm victims cut off beginning Feb. 22 from the smaller of two post-Katrina FEMA rental assistance programs, known as Section 403 aid.

FEMA phased out the program, under which cities such as Houston, Dallas and other public entities paid landlords directly for 60,000 apartments to house evacuees and were reimbursed by the federal government.

Instead, FEMA required evacuees to reapply for its larger Section 408 program, which provides households with rental cash for three months at a time pending recertification. Applicants must provide written proof that they made pre-hurricane rental payments and that their income had dropped or rent had increased since the storm. They also must document a plan for securing permanent housing, among other requirements. About 22,195 households still receiving rental aid transferred from the 403 program.

Leon ordered that FEMA restore benefits to evacuees who were ruled ineligible to make the switch and provide three months' payments. The agency must offer details on why applicants were cut off and how they can fix their applications or appeal FEMA's decision. Both programs expire in March.

Assuming a monthly rent of $800 for a two-bedroom apartment, the cost to extend aid if every family is located would be about $20 million.

According to Leon, FEMA issued "ambiguous and unintelligible" computer-generated denial letters that included "only a cryptic code and a phrase such as 'Ineligible-Other' " to explain why benefits were denied. Recipients were referred to a vague "Applicant Guide," which in turn referred them back to the "specific reason" in the letter.

Several evacuees told the court they received "contradictory and confusing" answers when they called FEMA for explanations. Plaintiffs "are unable to address, let alone intelligently appeal, decisions they cannot understand," Leon wrote. "Guessing by an applicant from among several explanations for ineligibility does not serve the fundamental purposes of due process."

ACORN spokesman Kevin Whelan called on FEMA to comply quickly with the ruling, adding: "It's certainly possible the new Congress will take a look at some of this."

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Judge: Resume Katrina Payments (USAT)

By Mimi Hall

USA Today, November 30, 2006

WASHINGTON — A federal judge on Wednesday ordered FEMA to resume payments to thousands who lost homes to Hurricane Katrina, calling the agency's policies confusing and "Kafkaesque."

U.S. District Judge Richard Leon found that the Federal Emergency Management Agency (FEMA) failed earlier this year to explain to aid recipients why they suddenly had to reapply or were no longer eligible for emergency assistance.

Leon ruled that FEMA's letters to evacuees explaining the process were vague and the application process confusing. He ordered FEMA to resume payments until it either allows evacuees to appeal or better explains its actions.

"It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," Leon wrote.

Charles Jackson, a spokesman for the Association of Community Organizations for Reform Now, which filed the lawsuit on behalf of the evacuees, said his group was "ecstatic" about the ruling. He said it would affect up to 11,000 families.

FEMA spokesman Aaron Walker defended the agency. By law, he said, the emergency housing assistance program is designed as a short-term solution to shelter evacuees. Those who apply and qualify can receive additional longer-term assistance through a separate program, he said.

Wednesday's ruling was the second win for Katrina evacuees this week. On Monday, a federal judge in Louisiana ruled that homeowners might be entitled to more insurance for flood damage because some policies excluding water damage were ambiguous.

FEMA Ordered To Restore Evacuees' Housing Aid (NYT)

By Shaila Dewan

The New York Times, November 30, 2006

FEMA has to restore housing assistance and pay back rent to thousands of Hurricane Katrina evacuees who had been deemed ineligible for long-term housing assistance, a federal judge ruled yesterday.

The judge, Richard J. Leon of Federal District Court for the District of Columbia, wrote that the agency also had to improve an appeals process that evacuees had long said was confusing, contradictory and amounted to an arbitrary denial of help.

"It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," Judge Leon wrote.

The suit was brought by Acorn, a housing advocacy group that runs the Katrina Survivors Association. Michael Kirkpatrick, a lawyer with Public Citizen who represented Acorn, said that as many as 11,000 families could be affected based on numbers that the Federal Emergency Management Agency provided in court papers.

A spokesman for the agency, Aaron Walker, said it had not decided whether to seek a stay of the decision.

Last spring, the agency began notifying thousands of families given emergency shelter that they did not qualify for long-term help with rent and utility payments. That surprised many families who had been given housing vouchers valid for a year.

For months, families who had lost everything struggled to understand why they had been rejected and how to appeal that decision.

In a process that Judge Leon called Kafkaesque, families received notification letters with "reason codes" instead of actual reasons, were given different information each time they called the agency help line or found that the agency had erroneously determined that their house had "insufficient damage" or that someone else in their household (often a roommate) had already applied for assistance.

Mayor Bill White of Houston, where many evacuees fled from the Gulf Coast, was so outraged that he sent building inspectors to New Orleans to certify that the evacuees' houses were uninhabitable.

"Some families were told, 'Reason for denial: Other,' and there's no explanation for what 'other' means," Mr. Kirkpatrick said.

Some families received two letters with two different codes.

The judge said that the lack of clarity deprived evacuees of their rights of due process, pointing out that the agency had conceded that thousands of families had been incorrectly ruled ineligible.

In a statement after the decision, Mr. Walker of FEMA continued defending the process, saying the agency had given applicants 60 days to appeal and had listed the requirements.

"Additionally," Mr. Walker wrote, "FEMA established a team dedicated to handling appeals on an expedited basis and initiated calls to applicants in an effort to help them understand what documentation was needed to process their case."

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The transfers of families from emergency housing to long-term help began last spring. Mayor White repeatedly persuaded the agency to delay evictions while it reviewed each family's file.

The families who managed to stay in apartments financed by the agency until the end of August are entitled to the reinstatement of rent payments and reimbursement for three months' back rent, the judge said.

All families deemed ineligible, no matter when, will receive more thorough explanations of the reasons and how to appeal their cases.

Judge Orders FEMA Payments To Katrina Victims (LAT)

By Nicole Gaouette And Ann Simmons

The Los Angeles Times, November 30, 2006

WASHINGTON -- Condemning the bureaucracy at the Federal Emergency Management Agency as "Kafkaesque," a federal judge Wednesday ordered the government to immediately resume housing payments to Gulf Coast residents who lost their homes to Hurricane Katrina.

Barely six months after Katrina ravaged the region, FEMA ended benefit payments to several thousand families still in temporary housing and unable to return to their homes.

U.S. District Judge Richard J. Leon said the agency had violated the evacuees' rights by not adequately explaining why it was ending the benefits, making it difficult for storm victims to appeal the decisions.

"It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," he wrote.

Leon ordered the agency to explain its actions, restore short-term benefits to evacuees who had been cut off and give them the two months of housing payments they would have received after payments finally stopped in August 2006. The ruling affects 11,000 families, mostly in Louisiana and Texas.

The judge cited letters from FEMA that gave contradictory explanations for decisions. He also described FEMA's practice of conveying its decisions "cryptically ... by a code or phrase" decipherable only after evacuees obtained a separate pamphlet explaining the codes.

The judge quoted one evacuee telling of her efforts to get her benefits restored:

"The reasons I have been given for the termination are not what is in the documents, and/or the reasons change each time I call," Carmen Handy wrote to the court. "Every time I call back, the person answering the call knows nothing about what the previous person told me."

FEMA's critics in Congress used the opportunity presented by the ruling to call for changes.

"While this is a victory for the thousands who lost their homes during Hurricane Katrina, it is also a reminder that the system is still in desperate need of reform," said Rep. Bennie Thompson, D-Miss., the incoming chairman of the House Homeland Security Committee, which oversees FEMA. "It is unacceptable to force overburdened victims to navigate through bureaucratic red tape to find out whether they will ever have a place to go home to."

Under FEMA's transitional housing program for victims of Hurricane Katrina and Hurricane Rita, evacuees were entitled to financial assistance either for 18 months or to a maximum of $26,200.

After Katrina hit on Aug. 29, 2005, FEMA began providing victims with short-term housing assistance. In February 2006, it attempted to transfer eligible evacuees to a longer-term assistance program, which required recipients to meet certain criteria, but denied thousands of their applications, according to Leon's ruling. After a 30-day notice period, FEMA cut their short-term benefits as well.

Stephen Bradberry, head organizer for the New Orleans chapter of the Association of Community Organizations for Reform Now, an advocacy group that filed the lawsuit, said the ruling "allows families more time to try and take care of their affairs. And it will buy more time to put pressure on the government to step up to the plate and handle its responsibilities."

FEMA press secretary Aaron Walker said the agency's "emergency sheltering initiative was conceived as a compassionate but short-term solution to shelter evacuees. By law, sheltering assistance can be provided for only a limited period of time."

He added that FEMA had always intended to transfer eligible evacuees to the long-term benefits program.

"However," he said, "some individuals and households do not qualify."

Housing advocates said the agency's decisions about eligibility were arbitrary at best.

"They classified people on the basis of what kind of aid they got and what their perceived status was going forward. If you didn't fit a category you were cut off, and the appeals process was a joke," said Sheila Crowley, president of the National Low Income Housing Coalition.

Given the scale of the disaster, she said, FEMA's 18-month limit on aid is inadequate.

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"That is predicated on the assumption that it takes a community 18 months to recover from a disaster. That doesn't apply in this case. There's still no place for people to go," Crowley said.

FEMA Ordered To Resume Katrina Payments (AP)

By Matt Apuzzo

AP, November 30, 2006

The Bush administration must immediately resume housing payments for thousands of people displaced by Hurricane Katrina, a federal judge said Wednesday, heaping more criticism on the government's handling of the 2005 disaster.

U.S. District Judge Richard J. Leon's ruling sharply criticized the Federal Emergency Management Agency for illegally cutting housing funding and subjecting storm victims to a convoluted application process he called "Kafkaesque."

It is the second court victory for Katrina victims this week. A federal judge in Louisiana said Monday that many homeowners might be entitled to more insurance money for flood damage.

In the Washington case, Leon said FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer.

FEMA, which was criticized in the wake of the storm for responding too slowly, defended itself in a statement released Wednesday night. FEMA said it sent letters outlining the program changes, explaining why some people were ineligible and describing the appeal process.

Leon, however, said those letters contained only program codes and agency jargon and didn't explain anything. Some evacuees got multiple letters with conflicting information, he said, leaving families unable to understand why their aid was being cut.

Until FEMA explains itself and allows victims to appeal, Leon said the government must keep making housing payments.

"It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," Leon wrote.

In his ruling, Leon cited statements submitted by evacuees describing the ordeal.

"The reasons I have been given for the termination are not what is in the documents and/or the reasons change each time I call," said Carmen Handy, an evacuee whose statement was cited. "Every time I call back, the person answering the call knows nothing about what the previous person told me."

Leon's ruling came in a case brought in August by the Association of Community Organizations for Reform Now, which said more than 11,000 families would be affected. FEMA did not immediately have data on how much the ruling would cost and said it was considering its legal options.

ACORN spokesman Charles D. Jackson said the agency was trying to spread word about the ruling through the scattered communities of evacuees, some of whom were left homeless by FEMA's decisions.

In Louisiana, U.S. District Judge Stanwood Duval Jr. sided with New Orleans homeowners who argued that the language in some insurance policies that excluded water damage was ambiguous. He said a suit against The Allstate Corp., The St. Paul Travelers Companies Inc. and other insurers could go forward.

Duval said the policies did not distinguish between floods caused by an act of God — such as excessive rainfall — and floods caused by an act of man, which would include the levee breaches following Katrina's landfall on Aug. 29, 2005.

If successful, this suit could cost insurers $1 billion in Louisiana alone, industry officials said, and could lead to similar suits elsewhere. Insurers pledged to appeal.

The ruling was hailed by Xavier University, a historically black college in New Orleans that was inundated by six feet of water when nearby levees gave way. Xavier sued Travelers after the company only paid for a fraction of more than $50 million in damage to the school.

"When you pay for as much insurance as you can, you never dream that this kind of a catastrophe wouldn't be covered," said school President Norman Francis. "This ruling gives us a glimmer of hope."

WAR NEWS:

Bush, Al-Maliki Meet In Jordan (USAT)

By David Jackson And Bill Nichols

USA Today, November 30, 2006

AMMAN, Jordan — President Bush and Iraqi Prime Minister Nouri al-Maliki began high-stakes talks early today, in the wake of last-minute scheduling changes and a parliamentary walkout in Baghdad.

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The two leaders had breakfast a day after the abrupt cancellation of a scheduled opening meeting that was also to have included Jordan's King Abdullah II, the host of this summit. A more formal meeting between Bush and Maliki was scheduled for later today.

Al-Maliki is under pressure at home, where 30 Iraqi lawmakers and six Cabinet members loyal to anti-U.S. Shiite cleric Muqtada al-Sadr walked out of the parliament Wednesday to protest the Bush meeting.

The Bush administration has urged al-Maliki's fledgling government to take action against militias responsible for escalating violence. Al-Maliki has struggled to exert control over security forces and reduce sectarian violence.

White House counselor Dan Bartlett said the cancellation of the three-way meeting with Bush, al-Maliki and Abdullah was not a snub. But Charles Peña, an analyst with the Independent Institute, said pressure from anti-U.S. forces in Iraq and the publication of a classified memo from national security adviser Stephen Hadley criticizing al-Maliki may have prompted the Iraqi leader to send Bush a message by skipping the meeting.

The memo is “the sort of thing that leaders get upset about,” Peña said.

White House spokesman Tony Snow would not comment on the memo, which was published in The New York Times, but did not question its authenticity. The state of Iraq “suggests Maliki is either ignorant of what is going on, misrepresenting his intentions or that his capabilities are not yet sufficient to turn his good intentions into actions,” said Hadley's memo, according to the Times.

In Iraq, the walkout by al-Sadr's bloc positions the cleric to potentially bring down al-Maliki's government in a “clever bit of political brinksmanship,” said Vali Nasr, a Shiite expert at the Naval Postgraduate School in Monterey, Calif. Al-Sadr's bloc left open the possibility of rejoining or leaving al-Maliki's coalition government, Nasr said.

In other Iraq news:

·South Korea plans to withdraw all its troops from Iraq by the end of 2007, the ruling Uri Party said today. The move needs parliamentary approval.

·Fighting broke out Wednesday between coalition forces and insurgents in Baqouba. Coalition forces killed eight al-Qaeda in Iraq insurgents in a raid near the city, the U.S. military said.

U.S.-Iraq Summit Abruptly Canceled (AP)

By Tom Raum

AP, November 30, 2006

President Bush's high-profile meeting with Prime Minister Nouri al-Maliki on Wednesday was canceled in a stunning turn of events after disclosure of U.S. doubts about the Iraqi leader's capabilities and a political boycott in Baghdad protesting his attendance.

Instead of two days of talks, Bush and al-Maliki will have breakfast and a single meeting followed by a news conference on Thursday morning, the White House said.

The abrupt cancellation was an almost unheard-of development in the high-level diplomatic circles of a U.S. president, a king and a prime minister. There was confusion — and conflicting explanations — about what happened.

Bush had been scheduled to meet in a three-way session with al-Maliki and Jordan's King Abdullah II on Wednesday night, and had rearranged his schedule to be in Amman for both days for talks aimed at reducing the spiral of violence in Iraq.

The last-minute cancellation was not announced until Bush had already come to Raghadan Palace and posed for photographs alone with the king.

White House counselor Dan Bartlett denied that the delay was a snub by al-Maliki directed at Bush or was related to the leak of a memo written by White House National Security Adviser Stephen Hadley questioning the prime minister's capacity for controlling violence in Iraq.

"Absolutely not," Bartlett said." He said the king and the prime minister had met before Bush arrived from a NATO summit in Latvia. "That negated the purpose to meet tonight together in a trilateral setting."

A senior administration official, who spoke with U.S. Ambassador to Iraq Zalmay Khalilzad, basically echoed Bartlett's account.

The Jordanians and the Iraqis jointly decided it was not the best use of time because they both would be seeing the president separately, said the official.

Members of the Jordanian and Iraqi delegations contacted Khalilzad, who called Air Force One and spoke with Bush and Secretary of State Condoleezza Rice, giving them a heads-up, the official said.

However, Redha Jawad Taqi, a senior aide of top Shiite politician Abdul-Aziz al-Hakim who also was in Amman, said the Iraqis balked at the three-way meeting after learning the king wanted to broaden the talks to include the Israeli-Palestinian conflict.

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Two senior officials traveling with al-Maliki, who spoke on condition of anonymity because of the sensitivity of the information, said the prime minister had been reluctant to travel to Jordan in the first place and decided, once in Amman, that he did not want "a third party" involved in talks about subjects specific to the U.S.-Iraqi relationship.

With Maliki already gone from the palace, Bush had an abbreviated meeting and dinner with the king before heading early to his hotel.

The cancellation came after the disclosure of a classified White House memo, written Nov. 8 by Hadley. In one particularly harsh section, Hadley asserted: "The reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions or that his capabilities are not yet sufficient to turn his good intentions into action."

Administration officials did not dispute the leaked account, saying that on balance the document was supportive of the Iraqi leader and generally portrayed him as well-meaning.

The president "has confidence in Prime Minister Maliki," said Bush spokesman Tony Snow, who added that al-Maliki "has been very aggressive in recent weeks in taking on some of the key challenges."

The memo recommended steps to strengthen the Iraqi leader's position, including possibly sending more troops to defend Baghdad and providing monetary support for moderate political candidates for Iraq's parliament.

The Iraqi prime minister also faced political pressure at home about the summit. Thirty Iraqi lawmakers and five cabinet ministers loyal to anti-American cleric Muqtada al-Sadr said they were boycotting Parliament and the government to protest al-Maliki's presence at the summit.

Bartlett said that Wednesday night's three-way meeting had always been planned as "more of a social meeting" and that Bush and Maliki on Thursday would have a "robust" meeting on their own.

The president was expected to ask the embattled Iraqi prime minister how best to train Iraqi forces faster so they can shoulder more responsibility for halting the sectarian violence and, specifically, mending a gaping Sunni-Shiite divide. There are about 140,000 U.S. troops in Iraq, and Bush is under unrelenting pressure from Democrats and many Republicans to start bringing them home.

Some analysts suggested that the memo might actually help more than damage al-Maliki, showing distance between him and Bush.

Jon Alterman, former special assistant secretary of state for Near Eastern affairs, said the memo's doubts about al-Maliki "seemed calculated to steel his spine."

"This memo reads to me more like a memo to Prime Minister al-Maliki than to President Bush," said Alterman, now with the Center for Strategic and International Studies. "It has his entire to-do list as well as a list of what he'll get if he agrees."

In Washington, Sen. Jack Reed, D-R.I., called on Bush to appoint a high-ranking special envoy to work with the Iraqi government on disbanding militias, including all Iraq's factions in the nation's political process and equitably distributing resources such as oil revenue.

"Steps have to be taken now," he said.

Bush's meeting with al-Maliki is part of a new flurry of diplomacy the administration has undertaken across the Middle East. Hadley's memo suggests that Secretary of State Rice should hold a meeting for Iraq and its neighbors in the region early next month and also that the U.S. could step up efforts to get Saudi Arabia to help. It was written just weeks before Secretary of State Dick Cheney was dispatched to Saudi Arabia.

Senior administration officials, speaking on the condition of anonymity because the document is still classified even though published, said that many of the concerns raised by Hadley have been or are being rectified in the month that has passed since his trip to Baghdad.

US Sends More Troops Into Baghdad (FT)

By Sharmila Devi, Guy Dinmore And Roula Khalaf

Financial Times, November 30, 2006

More US and Iraqi troops are to be deployed in Baghdad, US commanders said on Wednesday, in an effort to shore up the weakened Iraqi prime minister as he prepares to meet George W. Bush in Amman on Thursday.

Officials insisted that Nouri al-Maliki – who is weakened by mounting disaffection in Washington while his own government fragments – and the US president would hold long talks on Thursday morning even though a three-way summit with Jordan's King Abdullah was called off on Wednesday night.

A senior US official denied that Mr Maliki had snubbed the president following the leak to the New York Times of a memo written by Stephen Hadley, national security adviser, who expressed strong doubts about the Iraqi prime minister's intentions and ability to control sectarian violence.

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One of Mr Hadley's main recommendations in his November 8 memo was that Mr Maliki should shake up his cabinet by appointing technocrats and end his "political strategy" with Moqtada al-Sadr, the radical cleric whose militia are accused of violence against Sunni Arabs.

Mr Maliki left a political storm behind him at home. Shia lawmakers and cabinet ministers led by Mr al-Sadr suspended their participation in government institutions in protest at the summit. The boycott by the five Sadrist ministers and 30 lawmakers may not cause lasting damage but it piles the pressure on Mr Maliki.

Iraqi officials say the prime minister is looking for a faster handover of security to Iraqis and discussion on an agreement to regulate the presence of the 160,000-strong multinational forces.

In Washington, General Peter Pace, chairman of the joint chiefs of staff, said all ideas were under review but meanwhile General George Casey, commander of US forces in Iraq, had decided to send two battalions – about 1,200 troops – to the capital.

Gen Pace expressed his support for sending more Iraqi forces to Baghdad. He said the Iraqi and US political leadership was discussing where they should be drawn from and what "cultural flavour" – Shia or Sunni – the units should have in their deployment.

US officials played down suggestions of US displeasure with Mr Maliki, as the consequences of the leaked memo reverberated around their capitals.

Abdelaziz al-Hakim, one of Mr Maliki's main Shia rivals and a coalition partner, has been invited by the White House to Washington next week.

Separately, Mr Bush, dining on Wednesday night with King Abdullah, ruled out US engagement with Syria at this moment, a US official said.

Sadr Casts A Shadow Over Bush-Maliki Meeting (WP)

By Sudarsan Raghavan

The Washington Post, November 30, 2006

BAGHDAD, Nov. 29 -- When President Bush meets Iraqi Prime Minister Nouri al-Maliki in Amman, Jordan, on Thursday, it will be clear that the real power in Iraq rests with radical cleric and militia leader Moqtada al-Sadr.

In one swift maneuver Wednesday, Sadr cast a shadow over the diplomacy in Amman and issued a reminder of his growing influence in Iraq when a bloc of his party's lawmakers and cabinet members suspended their participation in the government to protest Maliki's decision to meet with Bush in Jordan.

The move raises concerns about the ability of Maliki and Iraq's fragile unity government -- beset by political paralysis, feuding rivalries and corruption -- to survive. If Sadr decides to prolong his departure from government, it could lead to deeper crisis in a nation already divided by sectarian strife.

Sadr is bringing pressure to bear on Maliki to not give in to demands by the United States on security matters. They include the U.S. drive to dismantle Iraq's Shiite militias, of which Sadr runs the largest and most violent, the Mahdi Army.

Shiite leaders, including Sadr and Maliki, want the United States to cede more operational control of Iraq's security forces. At the same time, Sadr appears to be sending a clear message to Washington, analysts and Iraqi politicians say, as tensions are growing between Sadr and U.S. military forces, which routinely stage raids inside his Baghdad stronghold of Sadr City.

"It was a way to make both Maliki and Washington understand that he holds a lot of cards," Vali Nasr, an expert on Shiite politics, said of the walkout from parliament.

Sadr's popularity and confidence are rising. The latest boost came last week, in the aftermath of a barrage of car bombs, mortars and missiles that battered the Shiite slum of Sadr City. More than 200 were killed in the attacks, the single deadliest assault against Iraqis since the U.S.-led invasion in 2003. A day after those attacks, powerful politicians allied with Sadr vowed to pull out of the government if Maliki met with Bush.

On Wednesday, they kept their promise. In a statement, the 30 lawmakers and five cabinet ministers loyal to Sadr launched the boycott. It is not clear what this will mean for the future of Iraq's government and the country.

Nasar al-Rubaie, president of Sadr's bloc in parliament, cautioned that its action did not mean it was pulling out of the government. "The suspension does not mean our withdrawal from the political process," Rubaie said.

He added that the Sadr allies would discuss in coming days how long they would stay out. "It's an indefinite suspension," he said.

Hasan Suneid, an Islamic Dawa party parliament member and close aide to Maliki, played down the significance of the Sadr bloc members' action, describing it as "a sort of protest."

"They need to show their political attitude against the meeting of Maliki and Bush," Suneid said. "The suspension is very normal for any parliament member, and it could last for three or four days."

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Whether it was intended or not, Sadr's action also could boost Maliki's influence with the U.S. president, analysts and politicians said. "This will put him in a strong position with Mr. Bush," said Saleh Mutlaq, leader of the Iraqi National Dialogue Party, the second biggest Sunni Muslim party in parliament. "Then, the pressure on Maliki to dissolve the militias will be reduced."

Maliki needs Sadr's support to survive politically. He has preferred political dialogue to military confrontation in dealing with Sadr, even as pressure mounts from U.S. generals and lawmakers for tougher action. The prospect of dismantling such militias as the Mahdi Army is becoming more difficult with every attack and every bombing by Sunni Arab insurgents, which make more Shiites turn to the Mahdi Army for protection.

Many Shiites, including such leaders as Maliki, believe the U.S. military is unfairly targeting Shiite militias instead of focusing its efforts on taking down the Sunni insurgents.

"I think the Sadr City attacks make them feel they are being targeted by the Americans," Ali Dabbagh, an Iraqi government spokesman, said of the lawmakers' pullout from the government. "They want to show they are against the Americans."

Sadr has plenty of incentives to remain inside the Iraqi government. His efforts to wage a guerrilla war to drive out the U.S. forces, including brutal confrontations in Najaf and Fallujah in 2004, nearly decimated his militia forces. Afterward, he opted for a political approach, capitalizing on the popularity he had reaped for fighting the U.S. occupiers. In government, he controls key ministries such as health and education, allowing him to build his base and his militia by channeling vital services and jobs to his supporters.

Sadr has also appeared to savor his role as political kingmaker and religious leader. He has made public comments seeking to rein in violence by what he considers rogue elements of his Mahdi Army. He is widely believed to model his movement on Lebanon's Hezbollah, which has both an armed wing and a political wing that participates in government.

He leads the second largest army in Iraq, after the U.S. military. His support ranges from southern Iraq, where Shiites dominate, to Sadr City in Baghdad. "If there's going to be a new election, he will be the biggest beneficiary," Nasr said.

If Sadr decided to remain outside and the government weakened or collapsed, it would set back U.S. efforts to bring stability to Iraq and the region, Nasr said. So would any American escalation of tensions with Sadr, he added.

"We are already bogged down with Sadr's army without even waging a war with him," Nasr said.

Dabbagh said the Bush administration needs to do more to engage Sadr and treat him as a politician rather than a militia leader.

"They want to be recognized," Dabbagh said, referring to Sadr and his followers. "They want to show they are also a player in Iraq and they should be taken care of and recognized."

Mahmoud Othman, a Kurdish legislator, warned that Bush administration officials should tread cautiously with Maliki in the wake of Sadr's boycott.

"They should be very careful," Othman said. "Before putting pressure on Maliki, the United States should give him more authority, so he will be more capable. If they pressure him too much now, it may backfire."

U.S.-Iraq Summit Put Off Until Thursday (AP)

By Tom Raum

AP, November 30, 2006

President Bush's high-profile meeting with Prime Minister Nouri al-Maliki on Wednesday was canceled in a stunning turn of events after disclosure of U.S. doubts about the Iraqi leader's capabilities and a political boycott in Baghdad protesting his attendance.

Instead of two days of talks, Bush and al-Maliki will have breakfast and a single meeting followed by a news conference on Thursday morning, the White House said.

The abrupt cancellation was an almost unheard-of development in the high-level diplomatic circles of a U.S. president, a king and a prime minister. There was confusion — and conflicting explanations — about what happened.

Bush had been scheduled to meet in a three-way session with al-Maliki and Jordan's King Abdullah II on Wednesday night, and had rearranged his schedule to be in Amman for both days for talks aimed at reducing the spiral of violence in Iraq.

The last-minute cancellation was not announced until Bush had already come to Raghadan Palace and posed for photographs alone with the king.

White House counselor Dan Bartlett denied that the delay was a snub by al-Maliki directed at Bush or was related to the leak of a memo written by White House National Security Adviser Stephen Hadley questioning the prime minister's capacity for controlling violence in Iraq.

"Absolutely not," Bartlett said." He said the king and the prime minister had met before Bush arrived from a NATO summit in Latvia. "That negated the purpose to meet tonight together in a trilateral setting."

DOJ_NMG_0100029

A senior administration official, who spoke with U.S. Ambassador to Iraq Zalmay Khalilzad, basically echoed Bartlett's account.

The Jordanians and the Iraqis jointly decided it was not the best use of time because they both would be seeing the president separately, said the official.

Members of the Jordanian and Iraqi delegations contacted Khalilzad, who called Air Force One and spoke with Bush and Secretary of State Condoleezza Rice, giving them a heads-up, the official said.

However, Redha Jawad Taqi, a senior aide of top Shiite politician Abdul-Aziz al-Hakim who also was in Amman, said the Iraqis balked at the three-way meeting after learning the king wanted to broaden the talks to include the Israeli-Palestinian conflict.

Two senior officials traveling with al-Maliki, who spoke on condition of anonymity because of the sensitivity of the information, said the prime minister had been reluctant to travel to Jordan in the first place and decided, once in Amman, that he did not want "a third party" involved in talks about subjects specific to the U.S.-Iraqi relationship.

With Maliki already gone from the palace, Bush had an abbreviated meeting and dinner with the king before heading early to his hotel.

The cancellation came after the disclosure of a classified White House memo, written Nov. 8 by Hadley. In one particularly harsh section, Hadley asserted: "The reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions or that his capabilities are not yet sufficient to turn his good intentions into action."

Administration officials did not dispute the leaked account, saying that on balance the document was supportive of the Iraqi leader and generally portrayed him as well-meaning.

The president "has confidence in Prime Minister Maliki," said Bush spokesman Tony Snow, who added that al-Maliki "has been very aggressive in recent weeks in taking on some of the key challenges."

The memo recommended steps to strengthen the Iraqi leader's position, including possibly sending more troops to defend Baghdad and providing monetary support for moderate political candidates for Iraq's parliament.

The Iraqi prime minister also faced political pressure at home about the summit. Thirty Iraqi lawmakers and five cabinet ministers loyal to anti-American cleric Muqtada al-Sadr said they were boycotting Parliament and the government to protest al-Maliki's presence at the summit.

Bartlett said that Wednesday night's three-way meeting had always been planned as "more of a social meeting" and that Bush and Maliki on Thursday would have a "robust" meeting on their own.

The president was expected to ask the embattled Iraqi prime minister how best to train Iraqi forces faster so they can shoulder more responsibility for halting the sectarian violence and, specifically, mending a gaping Sunni-Shiite divide. There are about 140,000 U.S. troops in Iraq, and Bush is under unrelenting pressure from Democrats and many Republicans to start bringing them home.

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In Washington, Sen. Jack Reed, D-R.I., called on Bush to appoint a high-ranking special envoy to work with the Iraqi government on disbanding militias, including all Iraq's factions in the nation's political process and equitably distributing resources such as oil revenue.

"Steps have to be taken now," he said.

Bush's meeting with al-Maliki is part of a new flurry of diplomacy the administration has undertaken across the Middle East. Hadley's memo suggests that Secretary of State Rice should hold a meeting for Iraq and its neighbors in the region early next month and also that the U.S. could step up efforts to get Saudi Arabia to help. It was written just weeks before Secretary of State Dick Cheney was dispatched to Saudi Arabia.

Senior administration officials, speaking on the condition of anonymity because the document is still classified even though published, said that many of the concerns raised by Hadley have been or are being rectified in the month that has passed since his trip to Baghdad.

Bush-Maliki Meeting Canceled; Lawmakers Withdraw From Posts (MCT)

By Hannah Allam And William Douglas

McClatchy Newspapers, November 30, 2006

DOJ_NMG_0100030

AMMAN, Jordan - A scheduled dinner meeting between President Bush and Iraqi Prime Minister Nouri al-Maliki was canceled Wednesday, hours after 36 Iraqi politicians loyal to militant Shiite Muslim cleric Muqtada al-Sadr withdrew from their government posts and denounced Bush as "the world's biggest evil."

The White House denied that the delay was a snub by the Iraqi leader and insisted that "robust" talks would continue as planned on Thursday, despite the political turmoil in Baghdad and the leak of an administration memo detailing U.S. concerns about Maliki's ability to control sectarian violence.

The cancellation was clearly a surprise, however, and coupled with the withdrawal of the Sadrists who are a key part of Maliki's political base, it underscored how volatile Iraq has become as violence has reached record levels.

At least 57 bodies were found scattered around Baghdad on Wednesday, and there were reports of widespread violence around the country, including a raid by Sunni insurgents on the police station in Baqouba, apparently in an effort to cement control of that city north of the capital.

The U.S. military announced the deaths of two more American soldiers: One died on Wednesday from "wounds sustained due to enemy action" in western Anbar province; the other was killed on Tuesday by a roadside bomb in northern Salahuddin province.

Meanwhile, in Washington, the high-level Iraq Study Group, co-chaired by former Secretary of State James A. Baker III and retired Democratic congressman Lee Hamilton, wrapped up three days of consultations Wednesday and announced that it will present its recommendations to Congress, the White House and the public on Dec. 6.

Experts close to the panel said the five Republican and five Democratic commissioners have reached a consensus and will present what one called "a candid, frank assessment" of the deteriorating situation in Iraq. The panel appears unlikely, however, to recommend a deadline to begin withdrawing U.S. troops from Iraq, though its final recommendation on that issue isn't known.

Administration officials were at a loss to offer a single version of why the Maliki-Bush dinner was canceled. One senior administration official insisted that the dinner had never been planned, but a schedule given to reporters traveling with the president on Tuesday listed a 7:45 p.m. meeting among Bush, Maliki and Jordan's King Abdullah II, followed by an 8:35 p.m. dinner.

Spokesmen for King Abdullah said that the schedule had been changed to give the king more time to meet with Bush on Jordanian issues. They said that Abdullah had met with Maliki earlier in the day.

Whatever the reason, the cancellation heightened the drama surrounding Thursday's planned Maliki-Bush session, which roiled Iraq's delicate political balance even before it took place.

In a stinging rebuke to Maliki, the Sadr supporters - six Shiite Cabinet ministers and 30 legislators - said that any meeting with Bush was against the will of the Iraqi people. They said their boycott of the government was open-ended.

"This is an objection to the policy of an Iraqi government that insists on importing solutions from foreign countries when all the crises we face are because of the presence of the occupation forces," said Bahaa al-Araji, one of the Sadr-allied lawmakers. "There is no need to open paths for U.S. and regional forces to get involved in our affairs, especially if it means giving these forces the authority to run our security policy."

The Sadr forces have been crucial allies for Maliki, and their decision to withdraw from the government put the prime minister, already considered weak, in the difficult position of having to reject his Iraqi supporters to avoid humiliating Bush, even as administration officials leaked a secret memo questioning Maliki's competence and leadership abilities.

White House counselor Dan Bartlett denied that the leaked document, which was published by The New York Times on Wednesday, played a role in the dinner's cancellation.

"Absolutely not," he said. "No one should read too much into this, except for the fact that they (Bush and Abdullah) had a good meeting."

The Sadrists' anti-American remarks were ominous reminders that they remain opposed to the presence of U.S. forces in Iraq. Sadr forces clashed openly with American forces twice in 2004.

Al-Araji said the Sadrists weren't out to topple Maliki's government, just to "register objections" to the meeting. The boycotting politicians would present Maliki with a set of unspecified demands upon his return from Jordan, al-Araji said.

Many Sadrists said they were infuriated by Maliki's decision to meet with Bush after recent U.S. military raids on their stronghold of Sadr City in Baghdad. They also accused Maliki of bowing to U.S. pressure with reported plans to expand the number of American troops in Baghdad.

"This is not a visit. It's a summons," said Maha Adil Mahdi, a legislator from the Sadrist bloc. "It's an insult to the people of Sadr City. They bombed the city, and people were in a sea of blood, but then when they call him, he goes."

Maliki's top aides were out of the country with the prime minister and couldn't be reached for comment.

Both U.S. and Iraqi forces appear increasingly powerless to halt the escalating insurgent and sectarian violence in Baghdad and other provinces.

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Ten civilians were injured in separate mortar attacks in the Shoala and Shurta neighborhoods, where Sunni insurgents are battling Shiite militias for supremacy.

A homemade bomb exploded at a bus stop in Baghdad, killing two Iraqi civilians and injuring four others, including two policemen, the interior ministry announced. Three car bombs were detonated in other attacks on patrols and checkpoints in the capital, killing two civilians and one policeman. Eight civilians and nine officers were wounded, police said.

Large-scale gun battles and other violence broke out in areas north of Baghdad, according to Iraqi security officials in Salahuddin province. Four policemen were killed and six were wounded in a car bombing in Tikrit, the hometown of Saddam Hussein.

In Samarra, police said, 10 carloads of gunmen ambushed a police checkpoint, killing two policemen and injuring three others. The attackers seized some police weapons, but were driven off by intervening U.S. troops. A curfew was imposed on the city shortly after the attack.

Residents of Baqouba in Diyala province said that Sunni insurgents are working to cement their control of the city, which is mostly shuttered after several days of intense fighting. As many as 50 attackers armed with mortars, machine guns and rocket-propelled grenades stormed the main police station from three sides Wednesday, Iraqi security officials said. Five gunmen were killed at the scene; no other casualties were reported.

A health ministry official in Diyala, whose name was withheld for security reasons, said the Baqouba hospital's morgue could no longer cope with the unidentified bodies that are piling up after the recent spasm of violence. Health officials on Wednesday gave local residents two days to claim 19 bodies before they were buried in unmarked graves.

The official said he's received reports of additional corpses being consumed by dogs because Baqouba's streets remain too dangerous for recovery crews.

Allam reported from Baghdad, Douglas from Amman, Jordan. Warren P. Strobel in Washington; Nancy A. Youssef in Amman; and McClatchy special correspondents Mohammed al Awsy, Shatha al Awsy, Laith Hammoudi and Zaineb Obeid in Baghdad contributed to this report. A special correspondent in Baqouba, Iraq, isn't named for security reasons.

Iraq's Premier Abruptly Skips A Bush Session (NYT)

By Sheryl Gay Stolberg And Edward Wong

The New York Times, November 30, 2006

AMMAN, Jordan, Nov. 29 — Prime Minister Nuri Kamal al-Maliki of Iraq and King Abdullah II of Jordan abruptly backed out of a meeting with President Bush on Wednesday, leaving the White House scrambling to explain why a carefully planned summit meeting had suddenly been cut from two days to one.

The decision occurred on a day that a classified White House memorandum expressing doubts about Mr. Maliki was disclosed and after Iraqi officials loyal to a powerful Shiite cleric said they were suspending participation in the Maliki government because he had ignored their request to cancel the Bush meeting entirely.

The president and Secretary of State Condoleezza Rice were already aboard Air Force One, on the way to Amman from Riga, Latvia, where they had been attending a NATO summit meeting, when they received the news by telephone from the United States ambassador to Iraq, Zalmay Khalilzad. The White House insisted Mr. Bush was not upset and had not been snubbed.

"Absolutely not," said Dan Bartlett, counselor to the president.

With the Wednesday night meeting with the king canceled, Mr. Bush and Mr. Maliki still intend to have breakfast together here Thursday. A senior White House official said that after the king and Mr. Maliki had held a productive private meeting earlier in the day, they had decided that a three-way session with Mr. Bush was not "the best use of time."

In Baghdad, the immediate effect of the walkout by officials loyal to Moktada al-Sadr, the anti-American Shiite cleric, was unclear. But the departure of the Sadr followers — 30 Parliament members and six ministers — raises questions about the viability of the fragile coalition government, made up of feuding blocs of religious Shiites, religious Sunni Arabs, Kurds and secularists.

The day's events underscore the delicate task Mr. Bush and Mr. Maliki face as they head into Thursday's meeting. As tensions rise in Iraq, friction has grown between the leaders, despite Mr. Bush's insistence that he has faith in Mr. Maliki.

Each man is under pressure at home to extract concessions from the other. Mr. Maliki is facing demands from Mr. Sadr for the Iraqi government to wrest control of security forces from the Americans, and the boycott places more pressure on the prime minister to do just that.

Mr. Bush, for his part, must demonstrate to an uneasy American public that he is taking control of the increasingly violent situation in Iraq. Democrats, triumphant in a midterm election that was widely viewed as a referendum on the war, are pressing

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for a troop withdrawal and demanding that Mr. Bush send a message to Mr. Maliki that the troops' presence is not open-ended. A bipartisan commission will make recommendations on Iraq next week.

The White House tacked the hastily planned trip to Amman onto Mr. Bush's swing through the Baltics so he could meet Mr. Maliki on safe ground. But the careful orchestration leading up to the Bush-Maliki summit meeting — including a news conference in Estonia on Tuesday where Mr. Bush promised to press the Iraqi prime minister on his strategy for stability — was upended when The New York Times published the classified assessment of Mr. Maliki in Wednesday's issue.

The document, written by the national security adviser, Stephen J. Hadley, said that while Mr. Maliki seemed to have good intentions when talking with Americans, "the reality on the streets suggests Maliki is either ignorant of what's going on, misrepresenting his intentions or that his capabilities are not yet sufficient."

Publication of the memorandum just as Mr. Bush was to see Mr. Maliki left the White House struggling to put a positive spin on the news on a day when it had hoped to highlight a decision by NATO members that would lift some restrictions on troops operating in Afghanistan.

"The president has confidence in Prime Minister Maliki," Tony Snow, the White House press secretary, told reporters in Riga, where the president's aides seemed clearly worried about how the document would affect the talks.

Later, after Mr. Maliki canceled, senior officials insisted the document had nothing to do with it. "The president and Prime Minister Maliki will have a very robust and lengthy dialogue tomorrow morning," Mr. Bartlett said in Amman, adding, "No one should read too much into this."

But it was impossible not to read some palace intrigue into the scrubbing of such a meeting, especially when it involved a White House known for its meticulous planning.

As Bush aides tried to provide an explanation for the cancellation — before conceding that Mr. Maliki and the king had called the session off — they at one point went so far as to suggest it had been put on the schedule erroneously. Mr. Snow was still talking about photo opportunities for the meeting when Air Force One landed in Amman — after Mr. Bush had already received word from the ambassador.

The president was not received warmly here. Hundreds of Jordanians held a rare sit-in at Jordan's Parliament house on Wednesday morning, while up to 500 marched through the streets Wednesday afternoon, holding banners calling Mr. Bush a criminal and a murderer. Many carried photographs of Saddam Hussein.

"We see his arrival here as an insult to the martyrs killed by U.S. weapons," said Bassim Qiswani, head of Jordan's Doctors Syndicate as he marched toward the prime minister's office. "Bush created all these problems, and now he wants the Arabs to fix them."

Mr. Bush is indeed trying to reach out to moderate Arab nations to alter the dynamic in the Middle East. He dined Wednesday night with King Abdullah, where the two leaders and their aides discussed Israeli-Palestinian relations and Syria's involvement in Lebanon.

According to a senior administration official who attended the dinner, Iraq was not a primary focus of the meal. But the king and the president also met privately; it was unclear if they discussed Iraq out of earshot of their aides.

Although Mr. Bush is under pressure to engage Syria as well as Iran in direct talks aimed at bringing stability to Iraq, the official said the president "made clear his view that this is not the time for engagement with Syria because the Syrian government always seems to see any such form of engagement as a gesture of approval, or as a way of getting off the hook for actions that it is taking."

The president's trip to Jordan comes as Secretary Rice is going to Israel on Thursday to see Prime Minister Ehud Olmert. It also comes amid a new wave of sectarian violence in Iraq. Last week, more than 200 people died in bombings and mortar strikes in a Shiite district of Baghdad, the deadliest attack since the American invasion. A bloody Shiite reprisal followed.

That prospect seemed heightened by Wednesday's boycott. At the urging of senior ayatollahs, the religious Shiite bloc that dominates the government is expected to stay together despite the walkout. But the balance of power within it would change drastically if Mr. Sadr were to prolong the walkout.

Baha al-Aaraji, a leader of the Sadr legislators, said the organization had two conditions for rejoining the government: that Mr. Maliki wrest more control of the Iraqi security forces from the Americans and increase their number, and that the government provide more electricity, gas and other basic services.

In recent months Mr. Sadr has chafed as American and British forces have been conducting more operations across the capital and southern Iraq aimed at undermining his populist militia.

Mr. Sadr, in his early 30s, is arguably the most powerful politician in Iraq because Mr. Maliki is beholden to him for his support in staving off the prime minister's Shiite rivals, and because Mr. Sadr controls a militia that, numbering in the tens of thousands, is regarded by many of the majority Shiites as a protector against Sunni extremists. Mr. Hadley's memorandum said

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that the Americans must press Mr. Maliki to “bring his political strategy with Moktada al-Sadr to closure and bring to justice” any Mahdi Army members who “do not eschew violence.”

Mr. Sadr’s mercurial nature makes it difficult to predict what will happen next. Mr. Sadr has incentives to return to the government — he is protected from American pressure by Mr. Maliki, and he is able to play the role of statesman, even meeting with foreign leaders in neighboring countries.

Bush administration officials consider Mr. Sadr to be one of the most vexing problems facing Mr. Maliki. Though American commanders have been urging the prime minister to turn against Mr. Sadr and his militia, Mr. Maliki has found it impossible to betray his Shiite compatriot. That task grows exponentially more difficult each time a car bombing by Sunni Arabs wipes out dozens of Shiites in a marketplace or mosque, spurring the Shiites to turn to the Sadr militia, called the Mahdi Army, for revenge and protection.

One Shiite official close to the Sadr organization said that the current walkout was simply stagecraft intended to play to anti-American sentiments here.

“They’re just doing that to show their supporters that they are against any deals or contact with Americans,” said the official, who spoke on the condition of anonymity because of a fear of reprisal by the Sadr loyalists. “It’s pointless. It’s just for show.”

“They will cancel their suspension in a week or so,” the official predicted. “It’s a very stupid act.”

Attacks Continue Across Iraq

BAGHDAD, Nov. 29 — Bombings across Baghdad left at least four people dead and five wounded on Wednesday, and another five were killed in Diyala Province after insurgents killed a store owner and planted a bomb in his shop, according to the Interior Ministry and the American military.

A marine was killed Wednesday in combat in Anbar Province, and a soldier was killed Tuesday by a roadside bomb in northern Iraq, the military said. The Air Force declared a pilot, Maj. Troy Gilbert, missing after his F-16 crashed northwest of Baghdad on Monday. The Air Force is conducting tests on human remains at the site.

Bush Meets Maliki, Stands Firm On Iraq (LAT)

By Peter Wallsten And Solomon Moore

The Los Angeles Times, November 30, 2006

AMMAN, JORDAN — President Bush and Iraqi Prime Minister Nouri Maliki convened for breakfast this morning, the day after an abrupt cancellation of their initial meeting embarrassed the White House and hinted at diplomatic tensions between the two countries.

The cancellation followed the disclosure of a White House memo questioning Maliki's ability to pacify his country and came after a Shiite bloc announced a boycott of the Baghdad government.

Bush and Maliki also met privately today and then held a joint news conference before the president's return to Washington. Bush and Maliki said they agreed to speed the training of Iraqi security forces, and they pledged to continue cooperation between the U.S. and Iraq to stem violence.

"I told the prime minister that our goal in Iraq is to strengthen his government and support his efforts to build a free Iraq," Bush said.

But Wednesday's developments threatened to spoil a summit that administration officials had hoped would demonstrate progress in devising strategies for stemming civil strife in Iraq.

White House officials spent the day on the defensive, insisting they had faith in Maliki despite the harsh content of the leaked memo and struggling to explain why a meeting that had been on the president's calendar for days was suddenly scrubbed.

Senior Bush aides offered at least four explanations for the cancellation — finally dispatching a more junior official to tell reporters late Wednesday that Maliki and Jordan's King Abdullah II had decided mutually that a three-way conversation was not necessary.

The Jordanian and Iraqi leaders had met earlier in the day and sent word of their decision to Bush as the president flew to Amman from a North Atlantic Treaty Organization summit in Latvia.

White House officials insisted the schedule change was not a snub in response to the memo, disclosed Wednesday by the New York Times, nor was it related, they said, to a government boycott in Iraq by Shiite legislators affiliated with anti-American cleric Muqtada Sadr.

"No one should read too much into this," said Dan Bartlett, a Bush advisor.

Bush and Abdullah met privately for 30 minutes before joining their aides for a dinner lasting more than an hour. They discussed the Israeli-Palestinian conflict, Lebanon and Syria but did not focus on Iraq, officials said.

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Despite recent assurances from Bush and his aides that the president would use his meetings in Amman to ask tough questions of Maliki about the Iraqi leader's plans to stem the violence, Bartlett said the initial gathering had been foreseen as "more of a social meeting anyways."

"Look, they were not going to be doing a full-detail discussion in a [three-way] setting about Iraq and the future of Iraq and the strategy anyway. That just wouldn't be appropriate," Bartlett said.

Still, the surprising change of plans suggested more was at work than a scheduling matter among friends.

Bush rarely deviates from plans — and officials acknowledged that they departed Latvia with the understanding that he would meet with Maliki that night.

The Jordanians and Iraqis offered different explanations for the cancellation.

A royal court source said Abdullah and Bush met longer than expected and had to cancel the meeting with Maliki. The source said Maliki could be using the delay, which was requested by Abdullah, for political advantage in calming the Sadr movement.

"The king and Maliki saw each other for an hour and a half this afternoon, and Maliki's meeting Bush tomorrow," the source said. "The king and Bush were supposed to talk for an hour and a half, but the meeting went longer because of discussion about the Palestinian issue. This was a matter of rescheduling, nothing else. It wasn't Maliki's decision."

The source suggested that Maliki might be claiming that he canceled the meeting as a way to appease hard-line Sadr supporters who have boycotted the government in protest of his meeting with Bush.

The Sadr loyalists denounced Bush as "the biggest representative of evil in the world" and his meeting with Maliki as a "provocation and insult to the feelings of the Iraqi people."

Other Iraqi politicians, however, dismissed the gesture as political posturing aimed at Sadr's militant base, millions of mostly impoverished Shiites in Baghdad and southern Iraq.

The boycott appears to fall short of Sadr's threat last week to withdraw from the government.

His movement controls 30 seats in parliament and several ministries, enough to topple the prime minister if they were to quit the government.

All told, a day that the White House had hoped might showcase Bush taking charge in Iraq just weeks after voters rebuked his policies turned ugly for the administration.

The internal memo, written Nov. 8 by national security advisor Stephen Hadley, hinted at rising tensions between Washington and Baghdad.

"His intentions seem good when he talks with Americans, and sensitive reporting suggests he is trying to stand up to the Shia hierarchy and force positive change," the memo says of Maliki, according to a text posted on the New York Times website. "But the reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions or that his capabilities are not yet sufficient to turn his good intentions into action."

The disclosure of Hadley's memo was potentially more troublesome because it appeared to contrast with what Hadley had said as recently as Tuesday: that Maliki's government was "doing pretty well in a very difficult situation."

Administration officials said the memo was a "hard look, a probing look" at the conditions in Iraq but should not be interpreted as a criticism of Maliki.

"The president has confidence in Prime Minister Maliki, and the administration is working with the prime minister to improve his capabilities in terms of dealing with the fundamental challenges in Iraq," said White House spokesman Tony Snow.

The memo was drafted about a week after Hadley visited Baghdad and the day after Republicans suffered sweeping losses in congressional elections dominated by public dissatisfaction with Bush's policies in Iraq.

The memo also suggests urging Saudi Arabia to "take a leadership role in supporting Iraq by using its influence to move Sunni populations in Iraq out of violence into politics, to cut off any public or private funding provided to the insurgents or death squads from the region and to lean on Syria to terminate its support for Baathists [followers of Saddam Hussein] and insurgent leaders."

The mention of Saudi Arabia could explain why Vice President Dick Cheney paid a surprise visit to Riyadh, the Saudi capital, last week for what Hadley called a "very confidential conversation."

Iraq Cancels Meeting After 'Ignorant' Memo (WT)

By Stephen Dinan

The Washington Times, November 30, 2006

AMMAN, Jordan -- Iraqi Prime Minister Nouri al-Maliki abruptly canceled the first round of face-to-face meetings scheduled here last night with President Bush, just hours after publication of a classified memo from the president's top security aide that says the Iraqi leader is either "ignorant," devious or incapable of governing right now.

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The White House said the events were not related, said the cancellation was not a snub, and said the two men will have enough time together this morning, when they have a working breakfast and meeting planned.

"No one should read too much into this," said Dan Bartlett, senior counselor to Mr. Bush.

The meeting had been scheduled to include Mr. Bush, Mr. al-Maliki and Jordan's King Abdullah II. Yesterday evening, though, the meeting was reduced to a one-on-one between the president and the king, who were also scheduled to have dinner later.

The cancellation and the leaked memo by National Security Adviser Stephen J. Hadley set off a day of "background" briefings by White House officials who refused to be named but tried to explain the ups and downs of diplomacy.

An administration official told reporters Mr. al-Maliki and King Abdullah, after holding their own bilateral talks, decided "they did not feel it was necessary" for Mr. Bush to meet them together. They had Zalmay Khalilzad, the U.S. ambassador to Iraq, call Mr. Bush, flying on Air Force One from Latvia, to tell him they wanted to cancel the meeting. The president agreed, the official said.

The Associated Press quoted Iraqi officials here with Mr. al-Maliki saying the Iraqi leader canceled the meeting because he didn't want King Abdullah to be a part of U.S.-Iraq discussions.

The president only recently tacked this trip on to the end of his journey to Latvia for the NATO summit, with the White House announcing last week Mr. Bush wanted face-to-face time with Mr. al-Maliki. Mr. Hadley said there "is really no substitute for the two men getting together, sitting across a table and talking face to face."

But the canceled meetings reduce the amount of face-to-face time substantially.

The memo, obtained by the New York Times and printed in yesterday's editions, offers a stark assessment of Mr. al-Maliki.

"The reality on the streets of Baghdad suggests Mr. Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action," Mr. Hadley wrote Nov. 8, after an Oct. 30 trip to Iraq to meet with Mr. al-Maliki.

That third explanation is the administration's chosen conclusion, said two senior administration officials briefing reporters in Latvia.

"This is an enormously complicated situation for which there is no cookbook answer," said one of the officials. "There is not summary judgment of Prime Minister Maliki, but instead there is a great deal of respect for the enormity and complexity of the challenge he faces."

Just how complex was underscored yesterday when Mr. al-Maliki lost part of his governing coalition.

Lawmakers and Cabinet ministers loyal to anti-U.S. cleric Muqtada al-Sadr suspended participation in parliament and the government to protest the meeting, according to wire service reports.

"This visit hijacked the will of the people during days when the sons of Iraq write their destiny with blood and not ink," the Associated Press quoted lawmakers and ministers saying in a statement which referred to Mr. Bush as a "criminal" and the "world's biggest evil."

Meanwhile, the recent upsurge in violence continued, with fighting between coalition troops and insurgents shutting down the city of Baqouba, about 35 miles northeast of Baghdad.

While Mr. al-Maliki faces fractured support in Iraq, Mr. Bush is facing his own political pressures at home.

The independent Iraq Study Group has announced it will release its recommendations for how to handle the U.S. commitment to Iraq on Monday, and key Democrats now in the majority in Congress are already raising the stakes for the report as a means to force Mr. Bush to change course.

Other top Democrats are calling on Mr. Bush to appoint a special envoy to Iraq to follow up on the specifics Mr. Bush and Mr. al-Maliki discuss today.

"They know what they have to accomplish," said Sen. Jack Reed, Rhode Island Democrat. "Somehow controlling the militias, somehow developing a more inclusive government, or a government at least who respects the minority rights of the Sunni community, somehow getting public services out to all of the people of Iraq, and it's got to be done with some type of time limits, a timetable."

On those points, he seemed to echo much of Mr. Hadley's classified memo.

The five-page memo lists nine items on which Mr. Hadley says Mr. al-Maliki should take action, including: bringing "his political strategy with Moktada al-Sadr to closure," diversify his Cabinet and his personal staff to include those who are not Shi'ite allies, expand the Iraqi army over the next nine months, and support renewal of the U.N. mandate for coalition forces to operate in Iraq.

Yesterday the senior administration officials said Mr. al-Maliki has taken steps on at least two of the nine items, including supporting this week's extension of the U.N. mandate for coalition forces.

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They said the bulk of today's conversations will be about those action items but also said Mr. al-Maliki will have some things he wants the U.S. to work on as well.

"This is not the president dictating terms," one official said. "Prime Minister Maliki is the sovereign head of state. The president respects that."

Mr. Hadley in the memo said some steps the United States could take were to have Secretary of State Condoleezza Rice hold an "Iraq-plus-neighbors" meeting to try to end Syrian and Iranian meddling, and to step up efforts to get Saudi Arabia to cut off funding to insurgents and ask Sunni Muslims in Iraq to stop sectarian violence and join the political process.

Bush, Maliki Put Off Meeting (WP)

By Michael Abramowitz And Ann Scott Tyson

The Washington Post, November 30, 2006

AMMAN, Jordan, Nov. 29-- President Bush arrived here Wednesday evening for consultations with Iraqi Prime Minister Nouri al-Maliki on how to halt the deterioration of security in his country, but their scheduled opening meeting was canceled following political turmoil in Baghdad and disclosure of U.S. doubts about Maliki's capabilities.

Iraqi lawmakers and cabinet ministers allied with Shiite cleric and militia leader Moqtada al-Sadr, a bloc that was pivotal in bringing Maliki to power in May, launched a boycott Wednesday of their governmental duties to protest Maliki's decision to meet with Bush. At the same time, relations between the U.S. and Iraqi governments were complicated by the leak of a confidential White House memo suggesting the Bush administration was close to losing confidence in Maliki's ability to deliver results.

At the Pentagon, the chairman of the Joint Chiefs of Staff said Wednesday that the U.S. military is bolstering its forces in Baghdad to deal with "unacceptable" levels of violence in Iraq.

Marine Gen. Peter Pace said that the senior U.S. commander in Iraq, Army Gen. George W. Casey Jr., is moving "a couple of battalions" to Baghdad from elsewhere in the country and is determining how many troops he can move to the capital without creating gaps in other parts of Iraq. A Pentagon official, speaking on condition of anonymity, said the battalions would replace units being rotated out of the country.

In addition, the official said, the Joint Chiefs are considering calling up 2,800 troops from four Army Reserve combat engineer battalions and sending them to Baghdad and other Iraqi cities in early January. Such a call-up could be politically sensitive, because three of the reserve battalions have already deployed, meaning some soldiers in the units could be involuntarily mobilized for a second time. Under Pentagon policy, that would require the approval of the defense secretary.

As late as Wednesday afternoon, it appeared that the White House was planning to go ahead with a three-way meeting that evening among Bush, Maliki and King Abdullah of Jordan. But when reporters showed up at the palace where the meeting was to take place, they were told by White House counselor Dan Bartlett that the session was off.

Officials later said Bush planned to meet with Maliki on Thursday morning and signaled that the focus of their talks would be on how to strengthen the capacity of the Iraqi government to quell sectarian violence.

White House officials said the cancellation had nothing to do with Maliki's political problems at home or the leak of a memo, written for Bush by national security adviser Stephen J. Hadley, that was published in Wednesday's New York Times.

Bartlett said Maliki had already had a productive meeting with Abdullah on Wednesday, and that Bush and Maliki both felt "there was not an agenda for the three for a trilateral that they felt was necessary."

"No one should read too much into this," Bartlett said.

White House press secretary Tony Snow said that "there's no snub" by Maliki.

Two senior administration officials, at a contentious background briefing with White House reporters who repeatedly challenged their explanation, said all the parties involved believed it would be more productive to have two separate meetings, one on Wednesday between Bush and Abdullah and one on Thursday between Bush and Maliki. They noted that Bush and the king had a variety of issues to discuss, including broader Middle East peace initiatives and the situation in Lebanon.

"You have one shot at dealing with the king," one senior official said.

Abdullah had made clear that he planned to use his own meeting with Bush to push for a renewed U.S. drive to address the Israeli-Palestinian dispute, which the king has described as the "core" issue in the region. White House aides said the king pressed Bush during a dinner meeting Wednesday to move faster to resolve the so-far intractable problem.

After the briefing, another senior official returned to the press center with more details about the cancellation, saying that the U.S. ambassador to Iraq, Zalmay Khalilzad, had received word in the afternoon from the Jordanians and the Iraqis that there was no need for a three-way meeting. Khalilzad called Air Force One, on its way to Amman from Latvia, with the news. This official said Bush concurred.

Administration officials insisted that the president maintains full confidence in Maliki, despite the bluntly worded Nov. 8 memo by Hadley raising pointed doubts about the prime minister's ability to curb sectarian violence.

"His intentions seem good when he talks with Americans, and sensitive reporting suggests he is trying to stand up to the Shia hierarchy and force positive change," Hadley wrote. "But the reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action."

Administration officials would not discuss the memo on the record, saying it remains classified despite its publication. One senior official said it was appropriate for Hadley, who visited Baghdad and met with Maliki several weeks ago, to raise "probing questions" about the government but said the memo did not constitute a "summary judgment" about the current Iraqi government.

Although the memo suggests several alternatives for the lack of progress by Maliki, the official said the White House has concluded that the main problem with Maliki is a "capability" issue. He said a focus of the Bush-Maliki sessions would be: "How do we increase his capability to turn his good intentions, as described in this memo, into concrete action?"

In Washington, a bipartisan panel that has spent eight months reviewing U.S. policy toward Iraq wrapped up its deliberations Wednesday and announced it will roll out its report and recommendations to President Bush and Congress on Dec. 6.

The Iraq Study Group's report, which is close to 100 pages, will offer a comprehensive look at regional political and security issues as well as the troubled U.S. deployment in Iraq, according to sources close to the panel.

"We reached a consensus, which in itself is remarkable," said one source.

But one Democratic senator questioned whether the commission would produce recommendations that would fix the Iraq situation. "The question, I think, is how much detail and specific guidance they can give and still reach a consensus," said Sen. Jack Reed (D-R.I.).

Reed called for the president to immediately appoint a special envoy to try to bring Iraqi factions to some form of reconciliation.

"I don't think we have a great deal of time," Reed said, urging Bush not to wait for the Iraq Study Group's recommendations. "I think there's still an opportunity, but that opportunity is rapidly closing on us."

At the Pentagon, an official speaking on condition of anonymity said the U.S. battalions to be shifted to Baghdad from elsewhere in Iraq would include about 1,600 soldiers from an Army brigade equipped with advanced Stryker armored vehicles. The unit, now in the northern city of Mosul, would replace departing troops from the Alaska-based 172nd Stryker Brigade.

Pace, the Joint Chiefs chairman, acknowledged that the U.S. military fell short last summer when it attempted to quell spiraling sectarian fighting in Baghdad with a significant increase in U.S. and Iraqi forces. Instead, fighting in the capital between Shiite and Sunni Muslims has soared to new extremes.

"The amount of violence in Baghdad . . . right now is not where we want to be," Pace said. "The impact of those increases has not been what we wanted it to be." Pace, however, said Iraq is not in a state of civil war because its government and security forces are "functioning."

He emphasized that Casey and Iraqi leaders have identified more Iraqi units to move to Baghdad from elsewhere in the country. But he acknowledged that this process is hampered by the sectarian and parochial nature of many Iraqi military units.

"There are some units around Iraq that, if moved to Baghdad, would not be helpful," Pace said. "If a Sunni unit somewhere else in Iraq moved into a Shia neighborhood, or a Shia unit . . . moved into a Sunni neighborhood," he said, that "is not going to help the problem." Moreover, commanders want to avoid creating a regional security vacuum by moving Iraqi troops to Baghdad, he said.

Pace denied that there are any immediate plans to pull U.S. troops wholesale out of the volatile western province of Anbar and send them to Baghdad, leaving the province -- U.S. commanders call it a Sunni insurgent stronghold -- in the hands of Iraqi forces. "Why would we want to forfeit any part of Iraq to the enemy? We don't," he said. But he said the goal "eventually" was to transfer security responsibilities in all provinces to Iraqi forces.

Pace said he is considering further U.S. troop increases in Iraq among a range of options as he reviews military strategy there, but he acknowledged the stress that would inflict on American ground forces. "If you determine to surge more today, you are taking it out of your rotation base and, therefore, using it today and not having it available for tomorrow," he said. "It's pure math."

Gen. John P. Abizaid, the top U.S. commander in the Middle East, said in congressional testimony this month that the Army and Marine Corps could rapidly shift 20,000 more troops into Iraq, but could not sustain that increase given their current size.

Pace said he and the Joint Chiefs routinely question whether the Army and Marines are large and resilient enough to handle their current missions, but indicated he had not yet recommended increasing the size of those forces.

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Experts Question Proposals In Leaked Iraq Memo (MCT)

By Jonathan S. Landay And Nancy A. Youssef

McClatchy Newspapers, November 30, 2006

WASHINGTON - It would be extremely difficult, if not impossible, to implement most of the key ideas for quelling the Iraqi civil war that are outlined in a classified Nov. 8 memo to President Bush from National Security Adviser Stephen Hadley, experts said Wednesday.

Trying to push anti-U.S. Shiite Muslim cleric Muqtada al-Sadr out of the ruling coalition led by Prime Minister Nouri al-Maliki, as the memo suggests, would be throwing gasoline on a fire, they said.

Sadr's party is the largest in parliament, with 32 seats, and Maliki became prime minister only with his support. Sadr's Mahdi Army militia controls large parts of Baghdad and southern Iraq, and many Iraqi Shiites hail him as their only protection from attacks by rival Sunni Muslims, which American and Iraqi forces have failed to stop.

"Sadr is aware of the considerable extent to which his forces ... constitute a significant part of the power in the streets, and there is no reason why he would simply want to surrender that leverage," said Paul Pillar, the former top U.S. intelligence analyst on the Middle East.

In what appeared to be a warning from Sadr to Maliki, Sadr followers suspended their participation in the government and parliament to protest Maliki's plan to meet Bush on Wednesday in Jordan. Within an hour of the statement, Jordanian officials announced that the meeting had been postponed.

Hadley's memo was leaked to The New York Times on the eve of the Bush-Maliki talks. He wrote the five-page classified document after meeting with Maliki on Oct. 30 in Baghdad.

Since then, the violence in Iraq has surged to its worst level since the 2003 U.S.-led invasion. It's been especially fierce in the capital since bombings last Thursday killed more than 200 people in Sadr City, a Shiite slum in Baghdad that the Mahdi Army controls.

In the memo, Hadley expressed doubts about Maliki's ability or willingness to go beyond the Shiite sectarian agenda and forge a unity government.

Hadley recommended steps that Maliki could take to curb the violence and measures that the United States could implement to strengthen him, including sending more forces into Baghdad.

Hadley's central suggestion was to bring Maliki's political reliance on Sadr "to closure" and pursue Mahdi Army members who "do not eschew violence."

Trying to force Sadr out of the government - in which his followers control some of the key ministries - and crack down on his militia almost certainly would lead to the government's collapse.

It also would ignite a wave of violence by his militia and supporters in Baghdad and the Shiite-dominated south, much of it probably aimed at the U.S.-led multinational force.

"Sadr is not going to rein in the Mahdi Army," said Vali Nasr of the Naval Postgraduate School, in Monterey, Calif., and the author of a new book on modern political Shiism.

Hadley suggested that Maliki overhaul his Cabinet by replacing key members of Shiite and Sunni religious parties with "nonsectarian, capable technocrats."

But the Iraqi Constitution requires that new ministers be approved by two-thirds of parliament, a vote that Sadr could block. A Cabinet shakeup also would unravel the power-sharing deal on controlling the ministries that took the religious parties months to negotiate.

"The ministries are run like fiefdoms," Nasr said. "Most ministers don't even come to Cabinet meetings."

Experts also were skeptical of a Hadley proposal that the United States provide "monetary support" for forming a new coalition of moderate Shiite, Sunni and ethnic Kurdish parliamentarians to keep Maliki in power if he's unable to cut loose from Sadr.

Several experts wondered what moderates Hadley was referring to.

Moreover, such an alliance would require Maliki to forge stronger bonds with Sadr's chief rival, Abdul-Aziz al-Hakim. He's the head of another Shiite party that belongs to the ruling coalition and whose militia maintains even closer ties to the Islamic regime of neighboring Iran than the Mahdi Army does.

Finding Sunnis to join such a grouping would be impossible, because Hakim has been a leading proponent of purging members of deposed dictator Saddam Hussein's Baath Party from the bureaucracy and the military, Nasr said.

Hakim met with Jordan's King Abdullah hours before Bush arrived in Amman, and was scheduled to travel to Washington, where he was expected to visit the White House.

DOJ_NMG_0100039

Maliki already has tried unsuccessfully to implement some of Hadley's ideas, several experts noted. These include attempts to purge the police and Interior Ministry of sectarian death squads and to disarm militias.

Phebe Marr, a leading U.S. expert on Iraq, said that some of the more modest ideas that Hadley proposed in the memo - such as appointing technocrats to the government and cleaning up the Interior Ministry - were achievable.

"I think these small steps can be done. I think Maliki is doing them. But we have very different perceptions of time and timetable," Marr said, referring to growing political pressure in the United States to withdraw troops.

As for a "spectacular breakthrough" from the Iraqi government in the near future, "forget it," she said.

Youssef reported from Amman, Jordan. Warren P. Strobel in Washington contributed to this report.

In public, top Bush administration officials have taken a very different view of Iraqi Prime Minister Nouri al-Maliki than the one expressed in a classified National Security Council memo:

Sept. 30. Army Gen. George W. Casey in Baghdad: Maliki is "a determined, courageous leader taking on some very difficult issues. ... He has an awful lot of challenges facing him, and I do believe he is very much up to the task."

Oct. 5. Secretary of State Condoleezza Rice in Baghdad: "I do think he has the strength. I think he's a very good and strong prime minister."

Oct. 24. Marine Gen. Pete Pace, the chairman of the Joint Chiefs of Staff: "I do know that Prime Minister Maliki is working very hard right now in his five-month-old government - he's working very hard to try to find those political agreements that would reconcile the needs of Sunni, Shia and Kurds so he can get on about being the unifying leader that he's trying to be."

Oct. 25. President Bush: "I do believe Prime Minister Maliki is the right man to achieve the goal in Iraq."

Nov. 8. Memo prepared by National Security Adviser Stephen J. Hadley and his aides after a visit to Baghdad: "Do we and Prime Minister Maliki share the same vision for Iraq? If so, is he able to curb those who seek Shia hegemony or the reassertion of Sunni power?

"... Despite Maliki's reassuring words, repeated reports from our commanders on the ground contributed to our concerns about Maliki's government. Reports of nondelivery of services to Sunni areas, intervention by the prime minister's office to stop military action against Shia targets and to encourage them against Sunni ones, removal of Iraq's most effective commanders on a sectarian basis and efforts to ensure Shia majorities in all ministries - when combined with the escalation of Jaish al-Mahdi's (JAM) (the Mahdi Army militia of militant Shiite cleric Muqtada al-Sadr) killings - all suggest a campaign to consolidate Shia power in Baghdad.

"... His intentions seem good when he talks with Americans, and sensitive reporting suggests he is trying to stand up to the Shia hierarchy and force positive change. But the reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action."

Nov. 28. Rice in Riga, Latvia: "I think that if you meet these leaders of the central government, you recognize the challenges that they have, you will be quite impressed with what they have achieved and continue to achieve."

Three 'More' Options For Bush And Maliki (CSM)

By Dan Murphy

The Christian Science Monitor, November 30, 2006

CAIRO

Even before President Bush was scheduled to meet Iraqi Prime Minister Nouri al-Maliki in Jordan to talk about how to stop the spiraling violence in Iraq, the administration had already made clear many of the options.

As outlined in a Nov. 8 memo from national security adviser Stephen Hadley and provided to The New York Times, as well as in discussions among key advisers to the president, the ideas from the US can be boiled down to "three mores": More troops, more money, more regional diplomacy.

The first more is what some advisers to the Iraq Study Group, led by former Secretary of State James Baker, are calling the "surge" option, essentially pouring thousands more American troops into the country in the hope that boots on the ground will translate into law and order. Baghdad, the religiously mixed capi- tal where death squads now roam, would be the principal beneficiary.

In his memo, Mr. Hadley refers to a "four brigade gap" in combat power in Baghdad, implying that US officials believe the city needs roughly 13,000 additional soldiers. While he says he hopes that local troops will be mustered to do the job, he writes that "we might also need to fill the [gap] ... with coalition forces if reliable Iraqi forces are not identified."

While that would be politically unpopular at home, with anger over the extended war in Iraq leading to the major Republican reverses in national elections this month, Bush could use his meeting with Maliki as a springboard to make this case, since Maliki himself has said he would welcome more troops and resources to pacify the country.

But Maliki, from the Shiite Islamist's Dawa Party, has also frequently complained that he has insufficient direct control of troops on the ground, arguing that it's unfair to expect him to deliver results when the US calls the shots on troop deployments.

He's expected to press Bush for more control during the summit in Amman. That's something the Hadley memo recommends - but contingent on Maliki first meeting US conditions, such as cutting off his close relations with Shiite cleric Moqtada al-Sadr, purging divisive Shiite leaders from his cabinet, and suspending the de-Baathification program designed to purge former loyalists of Saddam Hussein from the government.

While it's unclear if meeting these demands is within Maliki's power, Hadley's memo also provides reason for the US to worry about giving the prime minister more control over the Iraqi military.

It cites "repeated reports" from US generals on the ground of a failure to provide government services in Sunni Arab areas and "intervention by the prime minister's office to stop military action against Shia targets and to encourage them against Sunni ones."

That sort of behavior has fed Iraq's worsening civil war, creating the impression among Sunnis, who were a privileged class under Saddam Hussein, that they have little future in the new Iraq.

Mr. Sadr's Mahdi Army has been blamed by the US and Sunni Arab politicians for a string of sectarian atrocities in and around Baghdad, while aides to Sadr counter that the force is largely defensive and is needed because of the Iraqi government and US failure to stop terrorist attacks on Shiites.

Sadr and his supporters are fervently anti-American and have been angry at recent US offensives to curtail his militia's power. Wednesday, 30 legislators and six cabinet members loyal to Sadr said they were temporarily boycotting the government to protest the meeting between Maliki and Bush. In a statement, they described Bush as "the world's greatest evil."

Hadley's memo also says the US can help Maliki by encouraging Saudi Arabia to encourage Sunni insurgents to give up violence, and to "lean on Syria to terminate its support for Baathists and insurgent leaders." Syria has denied it is playing any role in the fighting.

Then there is the question of money. US reconstruction spending in Iraq has largely run out, and some advisers to the Iraq Study Group, as well as outside analysts like Anthony Cordesman at the Center for Strategic and International Studies in Washington, are urging that the US unveil a large aid package to act as a carrot to get Iraqi leaders of waring factions to sit at the negotiating table.

While Hadley's memo refers to providing Maliki with more money, it doesn't refer to an aid program. Instead, he appears to be advocating using US resources to try to split Maliki and other leaders described as moderate away from their Shiite power base.

The memo argues that if Maliki proves unable to take the steps the US asks of him, then the US would use money and its prestige to try to cobble together a nonsectarian parliamentary bloc that would effectively divorce Maliki from his own Dawa Party, which has close ties to Iran, and the other Islamist Shiite parties in the government.

But Malaki is not likely to abandon his Shiite political powerbase, including Sadr, says Chris Toensing, executive director of the Middle East Research and Information Project in Washington. "It's a calculus about his own protection, and for a future when the US eventually leaves," he says. Leaked memo: US suggestions for Iraq's leader

Excerpts from a memo by national security adviser Stephen Hadley that was leaked to The New York Times:

"Steps Maliki Could Take ... There is a range of actions that [Prime Minister Nouri al-Maliki] could take to improve the information he receives, demonstrate his intentions to build an Iraq for all Iraqis ...

"Compel his ministers to take small steps - such as providing health services and opening bank branches in Sunni neighborhoods - to demonstrate that his government serves all ethnic communities ... Bring his political strategy with Moktada al-Sadr to closure ... Announce plans to expand the Iraqi Army over the next nine months ... Declare the immediate suspension of suspect Iraqi police units ...

"What We Can Do to Help Maliki ... Continue to target Al Qaeda and insurgent strongholds in Baghdad to demonstrate the Shia do not need the [Mahdi Army] to protect their families ... Continue our diplomatic efforts to keep the Sunnis in the political process ... Seek ways to strengthen Maliki immediately by giving him additional control over Iraqi forces ...

"The above approach may prove difficult to execute even if Maliki has the right intentions. He may simply not have the political or security capabilities ... Pushing Maliki to take these steps without augmenting his capabilities could force him to failure ..."

Iraq Panel To Recommend Pullback Of Combat Troops (NYT)

By David E. Sanger And David S. Cloud

The New York Times, November 30, 2006

DOJ_NMG_0100041

WASHINGTON, Nov. 29 — The bipartisan Iraq Study Group reached a consensus on Wednesday on a final report that will call for a gradual pullback of the 15 American combat brigades now in Iraq but stop short of setting a firm timetable for their withdrawal, according to people familiar with the panel's deliberations.

The report, unanimously approved by the 10-member panel, led by James A. Baker III and Lee H. Hamilton, is to be delivered to President Bush next week. It is a compromise between distinct paths that the group has debated since March, avoiding a specific timetable, which has been opposed by Mr. Bush, but making it clear that the American troop commitment should not be open-ended. The recommendations of the group, formed at the request of members of Congress, are nonbinding.

A person who participated in the commission's debate said that unless the government of Prime Minister Nuri Kamal al-Maliki believed that Mr. Bush was under pressure to pull back troops in the near future, "there will be zero sense of urgency to reach the political settlement that needs to be reached."

The report recommends that Mr. Bush make it clear that he intends to start the withdrawal relatively soon, and people familiar with the debate over the final language said the implicit message was that the process should begin sometime next year.

The report leaves unstated whether the 15 combat brigades that are the bulk of American fighting forces in Iraq would be brought home, or simply pulled back to bases in Iraq or in neighboring countries. (A brigade typically consists of 3,000 to 5,000 troops.) From those bases, they would still be responsible for protecting a substantial number of American troops who would remain in Iraq, including 70,000 or more American trainers, logistics experts and members of a rapid reaction force.

As the commission wound up two and a half days of deliberation in Washington, the group said in a public statement only that a consensus had been reached and that the report would be delivered next Wednesday to President Bush, Congress and the American public. Members of the commission were warned by Mr. Baker and Mr. Hamilton not to discuss the contents of the report.

But four people involved in the debate, representing different points of view, agreed to outline its conclusions in broad terms to address what they said might otherwise be misperceptions about the findings. Some said their major concern was that the report might be too late.

"I think we've played a constructive role," one person involved in the committee's deliberations said, "but from the beginning, we've worried that this entire agenda could be swept away by events."

Even as word of the study group's conclusions began to leak out, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said two or three battalions of American troops were being sent to Baghdad from elsewhere in Iraq to assist in shoring up security there. Another Pentagon official said the additional troops for Baghdad would be drawn from a brigade in Mosul equipped with fast-moving, armored Stryker vehicles.

As described by the people involved in the deliberations, the bulk of the report by the Baker-Hamilton group focused on a recommendation that the United States devise a far more aggressive diplomatic initiative in the Middle East than Mr. Bush has been willing to try so far, including direct engagement with Iran and Syria. Initially, those contacts might be part of a regional conference on Iraq or broader Middle East peace issues, like the Israeli-Palestinian situation, but they would ultimately involve direct, high-level talks with Tehran and Damascus.

Mr. Bush has rejected such contacts until now, and he has also rejected withdrawal, declaring in Riga, Latvia, on Tuesday that while he will show flexibility, "there's one thing I'm not going to do: I'm not going to pull the troops off the battlefield before the mission is complete."

Commission members have said in recent days that they had to navigate around such declarations, or, as one said, "We had to move the national debate from whether to stay the course to how do we start down the path out."

Their report, as described by those familiar with the compromise, may give Republicans political cover to back away from parts of the president's current strategy, even if Democrats claim that the report is short on specific deadlines.

While the White House reviews its strategy options, Pentagon planners are also looking beyond the immediate reinforcements for Baghdad to the question of whether they will need to draw more on reserve units to meet troop requirements in the Iraqi capital, military officials said. In particular, the Army is considering sending about 3,000 combat engineers from reserve units.

The proposal would not increase the overall number of troops in Baghdad, but it is controversial because it would require sending units that had already been deployed to Iraq in recent years, a step National Guard officials have been trying to avoid.

The move has not been approved by the Bush administration, but the decision could be made in the coming weeks, and the first of the additional troops may begin arriving in Iraq by next spring, officials said.

American military officials said that the forces in Iraq that were being shifted to Baghdad were to take the place of the 172nd Stryker Brigade, which is returning to its base in Alaska, and that there would be no increase in American forces in the Iraqi capital. In fact, one officer said there might be a brief decrease until the adjustments were completed.

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As the Iraq Study Group finished its meetings in Washington, it heard final testimony from Senator John Kerry of Massachusetts, a Democrat who has urged a specific timeline for withdrawal, and Senator John McCain of Arizona, who has called for a significant bolstering of troops to gain control of the Iraqi capital. Two former secretaries of state, Henry A. Kissinger and George P. Shultz, also spoke to the group as it debated its final conclusions.

Although the diplomatic strategy takes up the majority of the report, it was the military recommendations that prompted the most debate, people familiar with the deliberations said. They said a draft report put together under the direction of Mr. Baker and Mr. Hamilton had collided with another, circulated by other Democrats on the commission, that included an explicit timeline calling for withdrawal of the combat brigades to be completed by the end of next year. In the end, the two proposals were blended.

If Mr. Bush adopts the recommendations, far more American training teams will be embedded with Iraqi forces, a last-ditch effort to make the Iraqi Army more capable of fighting alone. That is a step already embraced in a memorandum that Stephen J. Hadley, the national security adviser, wrote to the president this month.

"I think everyone felt good about where we ended up," one person involved in the commission's debates said after the group ended its meeting. "It is neither 'cut and run' nor 'stay the course.' "

"Those who favor immediate withdrawal will not like it," he said, but it also "deviates significantly from the president's strategy."

The report also would offer military commanders — and therefore the president — great flexibility to determine the timing and phasing of the pullback of the combat brigades.

Throughout the debates, Mr. Baker, who served as secretary of state under Mr. Bush's father and was the central figure in developing the strategy to win the 2000 Florida recount for Mr. Bush, was highly reluctant to allow a timetable for withdrawal to be included in the report, participants said.

Mr. Baker cited what Mr. Bush had also called a danger: that any firm deadline would be an invitation to insurgents and sectarian groups to bide their time until the last American troops were withdrawn, then seek to overthrow the government. But Democrats on the commission also suspected that Mr. Baker was reluctant to embarrass the president by embracing a strategy Mr. Bush had repeatedly rejected.

Committee members struggled with ways, short of a deadline, to signal to the Iraqis that Washington would not prop up the government with military forces endlessly, and that if sectarian warfare continued the pressure to withdraw American forces would become overwhelming. What they ended up with appears to be a classic Washington compromise: a report that sets no explicit timetable but, between the lines, appears to have one built in.

As one senior American military officer involved in Iraq strategy said, "The question is whether it doesn't look like a timeline to Bush, and does to Maliki."

In addition to Mr. Hamilton, a former Democratic congressman, the group includes two Democrats who are veterans of the Clinton administration, Leon E. Panetta and William J. Perry, and a Clinton adviser, Vernon E. Jordan Jr. Charles S. Robb, former Democratic governor of Virginia, and Alan K. Simpson, a former Republican senator from Wyoming, are also on the panel, along with Sandra Day O'Connor, a former Supreme Court justice who was nominated by President Reagan.

Other members includes Edwin Meese III, who served as attorney general under Mr. Reagan, and Lawrence S. Eagleburger, a former secretary of state under Mr. Bush's father. Mr. Eagleburger replaced Robert M. Gates, who resigned when he was nominated to be the next secretary of defense.

If confirmed he will have to carry out whatever change of military strategy, if any, Mr. Bush embraces.

Joint Chiefs Oppose Iraq Pullout (WT)

By Rowan Scarborough

The Washington Times, November 30, 2006

All six members of the Joint Chiefs of Staff, amid an ongoing Pentagon review of strategy for Iraq, oppose pulling out U.S. troops now, and are also against a specific withdrawal timetable, a defense source said yesterday.

"The chiefs are solid. They want victory," the source said. "There is no dissent."

The Joint Chiefs -- which includes Gen. Peter Pace, the chairman, along with a vice chairman and the heads of the Air Force, Army, Marine Corps and Navy -- have been meeting several times a week to review a list of Iraq options for President Bush.

The Pentagon has said all options are open for consideration during the far-reaching review. But on the question of withdrawal, the issue is settled in favor of Mr. Bush's position, the source said.

"We are looking at the whole spectrum of possible military actions," Gen. Pace said yesterday. "I'm not going to say to you where I am personally, nor where the chiefs are, because our responsibility is to give our best military advice."

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A Pentagon spokesman said he had no information on the chiefs' positions.

At a press conference, Gen. Pace endorsed the idea of shifting more Iraqi forces into violence-wracked Baghdad, where Shi'ite and Sunni terrorists are on a killing spree to gain control of the capital. A number of lawmakers, including Rep. Duncan Hunter, California Republican and House Armed Services Committee chairman, advocate sending more Iraqi battalions to the capital.

"I think that idea has a good amount of appeal for multiple reasons," Gen. Pace said. "Because Baghdad is extremely important to the Iraqi government, and their armed forces and their security forces are the proper long-term solution to that problem."

Gen. Pace said that putting into practice a Baghdad redeployment depends on whether Army Gen. George Casey, the top U.S. commander in Iraq, and Iraqi Prime Minister Nouri al-Maliki think they have sufficient personnel from a total force of more than 300,000.

"The question is, when they move them from where they are, what condition does that create from where they moved them," he said.

The Iraq Study Group, a bipartisan commission of former officeholders, completed work yesterday on its final report to Mr. Bush. The report will be released Wednesday, the day after Senate confirmation hearings begin for Defense Secretary-designate Robert M. Gates.

Mr. Bush is not likely to warmly embrace the study group's centerpiece proposal -- direct diplomatic engagement with U.S. adversaries Syria and Iran, which are fueling the various insurgency groups in Iraq that are killing U.S. troops and Iraqi civilians by the thousands.

Defense sources said the group, led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, decided not to call for a specific timetable to bring home troops because such an idea lacked unanimous support on the panel.

Gen. Pace told reporters that Gen. Casey has started, after a buildup in August, to put yet more U.S. troops into Baghdad.

"The impact of those [August] increases has not been what we wanted it to be," he said.

Defense officials say Gen. Casey is moving a Stryker armored-vehicle brigade from northern Iraq into Baghdad. An incoming brigade will eventually replace it in Mosul.

Gen. Pace said the Joint Chiefs review has been augmented by senior officers who have recently served in Iraq. They have compiled a list of ideas and personally discussed them with the chiefs in the "tank," the group's secure meeting place.

"We're doing our job, which is to meet multiple times a week and to talk through individual pieces of the global military environment," he said.

December is shaping up as a time of major decision-making by Mr. Bush. He will receive the study group report, more input from Gen. Pace and ideas from the National Security Council staff.

He has resisted direct talks with Syria and Iran, two U.S.-designated terrorism sponsors whom the administration thinks are using unrest in Iraq to spread violence in Lebanon and the Palestinian territories. Mr. Bush has also ruled out a direct timetable for troop pullouts. He says reductions should be based on achieving peace and on the Iraqis' ability to take control of security in more of the country's 18 provinces.

Three Options For Iraq War, But Dangers, Risks Abound (USAT)

By Susan Page And Barbara Slavin

USA Today, November 30, 2006

WASHINGTON — There is no shortage of reviews in the works on U.S. policy in Iraq — from the Pentagon to the White House to an independent commission led by former secretary of State James Baker — and each faces the same dilemma: All the options carry downsides and dangers.

Withdraw U.S. troops quickly and court chaos, the White House warns. Send more troops to secure Baghdad and strain a U.S. military that's already stretched thin, the Pentagon says. Appeal to Iran for help and hear demands that Washington in turn ease its objections to Tehran's nuclear program, diplomats predict. Divide Iraq into autonomous regions and give al-Qaeda terrorists a safe haven in Sunni territory, the administration says.

The war has become a Rubik's Cube: Move to fix one side of the puzzle and another side is upended.

As Baker's Iraq Study Group prepares to release its recommendations next Wednesday, pressure is mounting at the White House and on Capitol Hill to find new approaches and even reconsider those that have been rejected before.

A majority of voters surveyed as they left polling places in this month's elections want some or all U.S. troops withdrawn now. Democrats, who take over Congress in January, are about to have responsibility to do more than criticize.

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The task ahead is defined not only by military, diplomatic and political quandaries in Iraq but also by brewing civil wars in Lebanon and the Palestinian territories, says a key ally, King Abdullah II of Jordan. And the United States' ability to control events — to hold Iraq together, avoid a full-scale bloodbath and shape developments in the region — has diminished.

"U.S. influence in the Middle East is ebbing, largely as a result of the consequences of our decision to invade Iraq," says Richard Haass, who served as a foreign-policy adviser to President Bush and his father. "The U.S. will still have influence but will have to share it as never before with a motley crew of local forces ranging from Iran to Hamas and Hezbollah."

The Baker commission could provide bipartisan cover to take difficult steps, says Sen. Joseph Biden, D-Del., incoming chairman of the Foreign Relations Committee. "I think the president will have to listen," he says.

"We'll see their report and their ideas in due course and take a good, solid look at them," says Sean McCormack of the State Department.

The five Democrats and five Republicans on the commission finished their meetings on Wednesday. "We reached a consensus," Co-chairman Lee Hamilton told the liberal Center for American Progress late in the day.

Two top advisers to the panel, speaking on condition of anonymity because they aren't authorized to discuss its deliberations, say the group ruled out three strategies: Partition Iraq. Withdraw immediately. And stay the course.

The New York Times reported in its online edition Wednesday that the study group's final report will call for a gradual pullback of the 15 American combat brigades now in Iraq but stop short of setting a firm timetable for their withdrawal. The Times said the report will also recommend the United States use diplomacy with Iran and Syria to help stop violence in Iraq.

The Times based its reporting on members of the group who spoke on condition of anonymity. USA TODAY was not able to independently confirm the details of the report.

If there were a ready solution to Iraq's travails, policymakers presumably would have chosen it already. Instead, they are left with balancing tough trade-offs — and a sense that time is running out.

"The level of sectarian violence is 10 to 12 times higher than it was in January, and there is no sign that it is being reduced," says Anthony Cordesman of the Center for Strategic and International Studies. "Whatever the options are chosen, we have to have a degree of realism and self-honesty that we have lacked. … We need to understand that whatever we do will involve high risk and high cost."

Increasing fragmentation in Iraq and declining support for the war in the USA have eliminated ideas that might have worked a year or two ago, says former U.S. diplomat David Mack, a consultant to Baker's group. Gen. John Abizaid, commander of U.S. forces in the Middle East, told a Senate panel two weeks ago that there were four to six months left to get control of the violence in Iraq.

Zalmay Khalilzad, the U.S. ambassador to Iraq, offered a different timetable in an interview with USA TODAY on May 31. He said the Iraqi government had three to six months to turn around the situation — a period that expires today.

While the Baker commission recommendations, the Pentagon review and the National Security Council report all are being drafted in private, there's no secret about the options available as the United States faces its worst military crisis since the Vietnam War:

Sen. John McCain, R-Ariz., has proposed deploying 20,000 troops to Iraq in addition to the 140,000 already there — a step he estimates would require expanding the Army and Marine Corps by 100,000. William Kristol, an influential neoconservative, says 50,000 more troops should be dispatched to secure Baghdad without shifting U.S. forces from other parts of Iraq.

Abizaid suggests there might be a temporary increase in troop levels to bolster training of Iraqi units.

However, the Army and Marines can't sustain higher force levels for long, Abizaid says. Other than troops in South Korea, nearly every Army unit is either deployed in Iraq and Afghanistan, recovering from a deployment or preparing for one.

What's more, Abizaid says, sending more U.S. troops might reduce the pressure on Iraqis to take over their own security.

And withdrawing troops?

Sen. Carl Levin, D-Mich., the incoming chairman of the Armed Services Committee, says a phased withdrawal of U.S. troops should begin in four to six months, an approach embraced by many other Democrats. Some anti-war Democrats want faster action. Rep. John Murtha, D-Pa., says U.S. troops should be redeployed as soon as they can safely move out of Iraq.

The administration says setting a timetable or pulling out troops would embolden insurgents, increase sectarian violence and create a vacuum that Iran and Syria could exploit. "There's one thing I'm not going to do," Bush said Tuesday during a visit to Latvia. "I'm not going to pull our troops off the battlefield before the mission is complete."

Bush said he would ask Iraqi Prime Minister Nouri al-Maliki at their meeting today in Jordan to detail what stronger action he'll take to unify the government and tackle the sectarian militias blamed for the spreading violence.

The White House wants al-Maliki to offer political concessions to Sunnis and give amnesty to insurgents who are willing to lay down their arms. David Satterfield, the State Department's Iraq coordinator, told the Senate this month that the Shiite-dominated Iraqi government also should pass a law distributing oil earnings fairly, including to Sunnis.

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The American axiom that all politics is local applies in Baghdad, too. Al-Maliki won the prime minister's job last spring by one vote because of support from Shiite cleric Muqtada al-Sadr. Phebe Marr, an Iraq historian and adviser to the Iraq Study Group, asks how al-Maliki could go after al-Sadr's Mahdi Army without losing his own job.

"It's so fractured," Marr says. "The thought that there's a person who can come and give an order and have it obeyed is a great mistake." She cautions that pushing al-Maliki aside could empower competing Shiite factions that are more closely aligned with Iran.

Al-Maliki has made little progress on two critical fronts: preparing Iraqi forces to take over security operations and disbanding the Shiite militias. He's blocked U.S. efforts to arrest top members of the Mahdi Army. A joint U.S.-Iraqi operation to stabilize Baghdad, announced with fanfare when he met with Bush at the White House in July, has been a dramatic failure.

Bush's national security adviser, Stephen Hadley, wrote a classified memo this month, reported Wednesday by The New York Times, that questioned al-Maliki's intentions and ability to counter sectarian violence.

If he doesn't, U.S. troops might have to take military action against the militias in Sadr City, a sprawling Baghdad slum named for the cleric's father and home to 2 million Shiites. That step, Marr and other analysts warn, could topple the al-Maliki government and enrage Shiites across the region.

Bush administration officials are urging U.S. allies in the Arab world to help tamp the turmoil in Iraq. Vice President Cheney met last week with King Abdullah of Saudi Arabia and Bush met Wednesday with King Abdullah II of Jordan. Both could use their ties with Sunni tribal groups to encourage Sunni cooperation with al-Maliki, strengthening his political standing.

However, they have little influence with the Shiite majority or Sunni insurgents in Iraq, and the Bush administration has refused to meet with two neighbors that do. The administration has had no serious talks with Iran since 2003 and no high-level meetings with Syria since early 2005.

Baker says that policy should be reversed. "You can't fulfill the mission without talking to the neighboring countries," he said in an interview with USA TODAY in September. He has talked to Syrian Foreign Minister Walid al-Moallem and Iran's United Nations ambassador, Mohammad Javad Zarif. His commission has met twice with Syria's ambassador to the United States, Imad Mustapha.

Some experts doubt either nation could do much. Judith Yaphe, a Middle East expert at the National Defense University in Washington, D.C., says Sunni fighters are no longer dependent on Syria for financial help because they've become self-sufficient through smuggling and other criminal activities.

What's more, both countries presumably would demand something in return. "We believe we can play a constructive role," Mustapha, the Syrian ambassador, said in an interview. However, he said, "The U.S. has to respect Syrian interests in the region we live in."

Syria would like to limit a U.N. probe into the 2004 murder of former Lebanese prime minister Rafiq Hariri that may implicate senior Syrian officials.

For its part, Iran wants to end a quarter-century of U.S. economic sanctions and to win recognition of its rising role in the region. Chas Freeman, another adviser to the Iraq Study Group and a former U.S. ambassador to Saudi Arabia, predicts the Bush administration wouldn't be able to enlist Iranian support on Iraq without agreeing to broader negotiations.

Bush on Tuesday took a hard line, reiterating that talks with Iran were off-limits until it suspends its uranium enrichment program. In any case, Yaphe says, Iran probably wouldn't be willing to curtail its support for the Shiite militias.

"Talking with Iran and Syria over the fate of Iraq is not guaranteed to get the U.S. government the results it wants," she says.

There also are no guarantees that Bush will choose to change course, though his decision this month to replace Defense Secretary Donald Rumsfeld, an architect of the war, seems to open the door. Robert Gates, the former CIA director nominated to replace Rumsfeld, had been a member of the Iraq Study Group.

In a statement submitted to Congress this week in advance of his confirmation hearings, Gates endorsed diplomatic engagement with Syria and Iran.

Baker's group will publish its report next Wednesday, according to the U.S. Institute of Peace, the taxpayer-funded think tank that organized the study. The recommendations will be sent first to the White House and Congress.

Biden says he then plans "extensive hearings" exploring the range of proposals on Iraq.

Meanwhile, in Iraq, some politicians have begun hedging their bets in anticipation of a reduction in U.S. troops and influence.

Last week, al-Maliki welcomed Syria's foreign minister to Baghdad, restoring diplomatic ties between the two countries after a breach of nearly a quarter-century.

And on Monday, Iraqi President Jalal Talabani went to Iran, long Iraq's arch foe, and met with Iranian President Mahmoud Ahmadinejad. Talabani urged him to help "restore stability and security" in Iraq.

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One War, No Answers (WP)

By Dana Milbank

The Washington Post, November 30, 2006

Does anybody have a good plan for Iraq?

Not President Bush. He arrived in Jordan yesterday for a crucial meeting with Iraqi Prime Minister Nouri al-Maliki, only for the White House to discover that the Iraqi was a no-show. "It was going to be more of a social meeting anyways," Bush aide Dan Bartlett told reporters at the Raghadan Palace in Amman.

Neither does the Pentagon appear to have a solution. Gen. Pete Pace, chairman of the Joint Chiefs of Staff, called a news conference yesterday to advise the American public not to expect big conclusions from a major Iraq study he ordered. "There's not an end product," he announced.

Nor, apparently, do the Democrats have the answer. Sen. Jack Reed (R.I.), a Democratic point man on Iraq, called his own press briefing in the Capitol yesterday to call for (drum roll, please) "a high-ranking special envoy to work with the Iraqi government."

And what of the congressionally appointed Iraq Study Group? After nearly nine months of studying, the commission will finally give some recommendations next week. Its deliberations are so relaxed that its co-chairmen, James Baker and Lee Hamilton, found time on Monday to pose for an Annie Leibovitz photo shoot for Men's Vogue. (The current issue has features on "the new Bond temptress," the "Alpha Suit" and "power" wristwatches.)

Political Washington is in a state of suspended animation these days: waiting for Bob Gates to replace Donald Rumsfeld as secretary of defense, waiting for the Baker-Hamilton commission, waiting to see whether Bush will raise or lower troop levels. But with good ideas in short supply, and hopes falling that the Men's Vogue Study Group will produce a magic solution, leaders of both parties seem unable to do much more than heap blame on Maliki and argue about whether or not to call the Iraq carnage a civil war.

Yesterday's installment began when Reed, a former Army Ranger from the 82nd Airborne, hopped onto the stage in the Senate press gallery. Demanding "immediate and tangible" actions by Maliki, the senator stipulated that "the critical issue is what the Iraqi government is going to do to keep their government together, quell the violence and provide the services to the people that a government should and must provide."

Having established that, Reed made his entry into the great nomenclature debate. What's happening in Iraq, he said, "is a working definition of a civil war."

Other than his envoy suggestion, Reed had little in the way of fresh ideas for Iraq. But he made it clear that he didn't expect ideas from the Baker-Hamilton group or the Pentagon either. "I don't think we can afford to wait for the Iraqi Study Group report," Reed advised, questioning "how much detail and specific guidance they can give and still reach a consensus."

His hopes were not much higher for the Pentagon. Asked about Pace, the Joint Chiefs chairman, Reed smiled. "I think he's been extremely loyal to the secretary and the administration." Previewing the general's news conference, the senator said it "will probably be the best sort of indication of whether there is a new sense of candor or whether his position remains the same."

Pace opted for the latter. Under the watchful eye of Bryan Whitman, Rumsfeld's spokesman, he energetically offered his view that Iraq is not in a civil war but provided little other information, because "we need to be circumspect about what we say in public."

How about current efforts to increase troops in Baghdad? "That is a province of General Casey," he demurred.

Gen. John Abizaid's warning that violence must be controlled within six months? "I doubt that General Abizaid meant to pick a particular point on the calendar," Pace said.

Abizaid's caution that the military couldn't sustain a big increase of troops in Iraq? "The United States military can today and tomorrow handle any additional challenge."

Over in Amman, White House aide Bartlett was delivering the less-cheerful tidings that Maliki would be skipping the meeting that Bush had rearranged his schedule to attend -- and that the postponement to today had nothing to do with a leaked White House memo saying Maliki was either ignorant or incompetent.

"Since the king of Jordan and Prime Minister Maliki had a bilateral themselves, earlier today, everybody believed that negated the purpose for the three of them to meet tonight," Bartlett argued.

He continued this line of logic: "They had a very good conversation, and afterwards they felt, well, since we had good conversations, we addressed issues, there was not an agenda for the three for a trilateral that they felt was necessary."

No agenda? It was an odd way to characterize the Iraq war, civil or otherwise. But Bartlett and his colleagues were not the only ones feeling unhurried.

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NBC's Andrea Mitchell discovered that the Baker-Hamilton commission had taken time from its deliberations for "a class photo . . . shot by celebrity photographer Annie Leibovitz." The Washington Post's Robin Wright learned yesterday that Men's Vogue would be publishing the spread.

"Through coverage of art and architecture, travel and food, politics and finance, books and sports, custom tailoring and fine watches," the magazine's mission statement says, it "will define a new male sensibility -- smart, worldly, mature, and ready to discover more." Such as how to fix Iraq.

Mideast Turmoil Pressures Bush To Revise Tactics (WSJ)

By Yochi J. Dreazen, Cam Simpson And Mariam Fam

The Wall Street Journal, November 30, 2006

President Bush long shunned the intensive Middle East diplomacy of the 1990s. But with Iraq, Lebanon and the Palestinian territories wracked by bloody turmoil, he may have little choice but to reconsider the regional political order he once derided as a "false stability."

As Mr. Bush arrived in Jordan last night, the White House has made clear that it is open -- at least in principle -- to considering talks with longstanding rivals Syria and Iran, though it wants them to first change their behavior. Secretary of State Condoleezza Rice announced yesterday that she is meeting with Israeli Prime Minister Ehud Olmert today amid efforts to revive the moribund Israeli-Palestinian peace process that allies say the Bush administration has never really embraced. And the administration has toned down its pressure on allied authoritarian countries such as Egypt and Saudi Arabia, which it previously suggested should embrace democratic measures.

Taken together, the administration's diplomatic initiatives represent an effort to cobble together as much of the decades-old Middle East power structure as possible as a way of restoring stability to Iraq and deterring Iran.

"Without arguing that the old Middle East was perfect, it sure looks an awful lot better than the new Middle East," says Richard Haass, who headed the State Department's policy-planning staff during the Bush administration's first term. Still, Mr. Haass cautions, it will be hard to piece together the old order.

The new diplomatic initiatives are fueled primarily by the rapidly deteriorating situation in Iraq, where a worsening civil war is killing thousands of civilians. Yesterday, Pentagon officials said they are considering sending more than 3,000 new troops to Baghdad in yet another attempt to quell the violence in the capital. U.S. officials, meanwhile, are harboring growing doubts about Prime Minister Nouri al-Maliki's ability to control the situation.

Mr. Bush had planned to meet the Iraqi leader last night in a joint meeting with Jordan's King Abdullah II, but Mr. Maliki abruptly canceled the session. Iraqi officials traveling with the Iraqi leader said he wanted to meet directly with the American president, without Jordan's leader present. Mr. Maliki is also taking political heat at home for the session, with several cabinet members saying yesterday they were boycotting parliament as a protest over the planned summit. Iraqi officials may also have been angry about a U.S. memo leaked to the New York Times questioning Mr. Maliki's intentions and capabilities.

But White House spokesman Tony Snow insisted the cancellation was unrelated to the flap over the memo, and said Mr. Maliki didn't "snub" Mr. Bush. U.S. officials say Mr. Bush and Mr. Maliki will meet today as scheduled. White House officials say Mr. Bush is planning to push the Iraqi leader to detail his strategy for stemming Iraq's surging violence and reconciling the country's warring sectarian groups.

Mr. Bush said earlier on the trip that he planned to reassure Mr. Maliki that the U.S. remains committed to victory in Iraq, wouldn't withdraw troops prematurely, and is seeking ways to bolster the Iraqi premier's authority. Administration officials say one idea being considered is to give Mr. Maliki expanded authority over Iraq's security forces.

Ms. Rice, meanwhile, will head to Jerusalem and to the West Bank town of Jericho today for separate talks with Mr. Olmert and Palestinian Authority President Mahmoud Abbas. Ms. Rice will also be meeting in coming days with the foreign ministers of Saudi Arabia, Jordan and Egypt as part of a broad U.S. push to build a coalition of Sunni Muslim Arab allies to help contain Iran's Shiite Muslim regime.

Indeed, the administration is confronting a region in the midst of profound political shifts that the U.S. helped ignite -- by invading Iraq and promoting democracy -- but now finds itself largely unable to control.

The Palestinian government long led by the late Yasser Arafat's political organization is now run by the militant Islamist group Hamas, which took power in elections Mr. Bush strongly endorsed and which refuses to recognize Israel or forswear political violence. In Egypt, mounting public support for the Islamic opposition is leading the country's ruling party to back away from promises of greater democratization there. Lebanon faces growing tensions between the Western-backed government of Prime Minister Fuad Siniora and the militant Shiite movement Hezbollah, which wants a bigger role in Beirut's governing coalition. The Sunni rulers of Jordan and Saudi Arabia, meanwhile, are increasingly concerned about the growing influence of Shiite Iran.

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At the same time, powerful officials within the Bush administration will continue to resist calls to lean on Israel or to engage substantively with Syria.

The broader regional instability is being fueled by the dire situation in Iraq, where the administration is anxiously seeking a solution to the escalating cycle of sectarian bloodshed. A bipartisan commission headed by former Secretary of State James Baker III and former Rep. Lee Hamilton, seeking new strategies for dealing with the situation, will next week recommend that the U.S. expand its diplomatic outreach to Tehran and Damascus, according to people familiar with the panel's recommendations.

White House officials caution that they are deeply skeptical that either country would be willing to take constructive steps to calm the situation in Iraq, with which both share a border. "There's a combination of Iran, Syria, Hezbollah and Hamas that is trying to frustrate the dreams of the people of the region," National Security Adviser Stephen Hadley said in an interview earlier this week. And senior officials don't think Iran and Syria have much power to stabilize Iraq, even if their leaders were so inclined.

But Bush advisers do think Tehran and Damascus can make things inside Iraq much worse. "They are important in a negative way in Iraq," said a senior State Department official. "They can make things considerably worse."

U.S. officials say Syria could allow -- or even encourage -- an unimpaired flow of fighters, weapons and cash to Sunni insurgents in Iraq. Tehran could similarly step up its military and financial support for Iraq's Shiite militias or push those fighters -- who have been nurtured and financed by the Iranians for years -- to escalate their bloody campaign against Sunni targets.

Beyond Iraq, White House officials have been pushing to revive the moribund Israeli-Palestinian peace process. Formal talks between the two sides broke down several years ago, but Israeli and Palestinian officials managed to cobble together a cease-fire package in recent days that has largely ended months of bloodshed in the Gaza Strip, and Mr. Olmert this week publicly called on Palestinians to return to the negotiating table.

In part, the White House's Palestinian initiative is a response to entreaties from U.S. allies such as Britain and Saudi Arabia, which have been pressing the Bush administration for years to force momentum in the Israeli-Palestinian peace process, arguing that progress would contribute to broader regional stability. U.S.-friendly countries in the region say that if that irritant were removed, Washington would have greater diplomatic leverage with Arab leaders in trying to solve other problems, such as Iraq.

Saudi Arabia's King Abdullah asked Vice President Cheney to come to his country earlier this week to express concerns that Iraq's deterioration is destabilizing the entire region, including his own country, according to a person familiar with the closed-door session. This person says the king also reiterated his longstanding proposal for the entire Arab world to recognize Israel in exchange for a full Israeli withdrawal from lands it conquered in 1967.

Mr. Cheney's trip to Riyadh -- and the administration's apparent willingness to put its pro-democracy agenda on hold in Egypt -- indicate the administration has concluded that U.S. interests would be better served by having its traditional Arab allies remain in power, such as King Abdullah and Egyptian President Hosni Mubarak.

"If you talk about a democratic Middle East, then you might end up with Islamic forces in power, so Mubarak is better for them," says Emad Gad, a senior researcher at Cairo's Al-Ahram Center for Political and Strategic Studies. "The war in Lebanon and the elections of Hamas convinced the U.S. administration that the so-called moderate Arab regimes are more moderate than their people and more in line with U.S. policies."

Still, it is unclear how far the administration is willing to go diplomatically. U.S. officials have already ruled out easing their pressure on Tehran to abandon its nuclear program in exchange for Iranian assistance in stabilizing Iraq. Administration officials also say Mr. Bush is unlikely to press Israel to make far-reaching concessions to either Syria or the Palestinians.

Indeed, Mr. Cheney, long a skeptic of peace talks with the Palestinians, notched a bureaucratic victory earlier this week when Philip Zelikow, a top Rice aide who has been a vocal advocate of greater U.S. involvement in Israeli-Palestinian peace talks, said he would resign by the end of the year. A White House official who described himself as a friend of Mr. Zelikow said the diplomat was frustrated by the administration's reluctance to expand its diplomatic efforts in the Mideast and other key regions, and didn't see indications that would change any time soon.

Mr. Zelikow had been one of the Bush officials arguing most strongly for a new effort to restart the Israeli-Palestinian peace talks. In a keynote address Sept. 15 at a conference sponsored by a pro-Israeli Washington policy group, Mr. Zelikow said that "active policy on the Arab-Israeli dispute is an essential ingredient to forging a coalition that deals with the most dangerous problems" in the region.

Mr. Zelikow's address kicked up so much controversy in Israel and Washington that senior State Department officials had to publicly distance the Bush administration from his remarks, though a senior administration official involved in Middle East policy said that Mr. Zelikow's views are supported by several other members of Washington's top policy ranks.

Indeed, in another sign of the difficulties of the administration's attempts to return to old-fashioned Mideast diplomacy, a second senior State Department official traveling with Ms. Rice acknowledged last night that an important piece of the

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administration's plan -- creating a so-called caretaker government in the Palestinian territories to replace the one led by Hamas -- was stalled for the foreseeable future. Palestinian leaders had already declared those talks at a dead end.

Such a change is a key to starting meaningful talks, since the White House can't legally deal with Hamas because the U.S. has deemed it a terrorist organization.

Democratic Leaders Seek Special Iraq Envoy To Try To Stem The Violence (NYT)

By Carl Hulse

The New York Times, November 30, 2006

WASHINGTON, Nov. 29 — Leading Senate Democrats called Wednesday for President Bush to appoint a special envoy to work with Iraqi leaders to bring increasing violence in Iraq under control.

"Violence in Iraq has reached critical levels, and the violence is not predominantly instigated by insurgents, but is taking place between Sunnis and Shia," said Senator Harry Reid, who will become the majority leader, and four other top Senate Democrats in a letter sent to Mr. Bush. "It is our belief that coalition military action alone cannot end this violence."

The lawmakers said in the letter that the special American envoy could follow up on issues raised between Mr. Bush and Prime Minister Nuri Kamal al-Maliki of Iraq during their planned meeting on Thursday in Jordan.

Democrats also said Wednesday that a newly disclosed administration memo raising doubts about Mr. Maliki's ability to bring the turmoil under control was in some ways reassuring because it showed that some senior administration officials recognized how serious the situation had become.

" I think that was a pretty realistic appreciation of Maliki," Senator Jack Reed, Democrat of Rhode Island, told reporters on Wednesday. "And I hope it does represent a much more realistic assessment of what's going on there rather than just, you know, the slogans that we've heard for so long."

Mr. Reed helped initiate the letter, which was also signed by the incoming majority leader; Senator Richard J. Durbin of Illinois, the No. 2 Democrat; Senator Carl Levin, Democrat of Michigan and the incoming chairman of the Armed Services Committee; and Senator John D. Rockefeller IV, Democrat of West Virginia, who will become chairman of the Intelligence Committee.

"My fear is that this meeting in Amman ends just with sort of some concepts, some discussions, some photos, and Maliki goes back into Baghdad, nothing's going to get done, and months from now, precious time will have been lost," Mr. Reed said.

In their letter, the Democrats said that a special envoy with existing relationships in Iraq and elsewhere in the region could devote full attention to keeping the pressure on Mr. Maliki to try to contain the violence. They said the current American ambassador to Iraq, Zalmay Khalilzad, had too many other duties to give his full attention to such an initiative.

"A special envoy can play an indispensable role in assisting the Iraqis in finding solutions," wrote the Democrats, who are hoping that Mr. Bush will take their views more seriously now that they will control the House and Senate beginning in January.

With Mr. Bush in the Middle East and Congress out of session until next week, other Democrats were quiet Wednesday about their expectations for Mr. Bush's meeting with Mr. Maliki, which was postponed from Wednesday.

But senior aides said the disclosure of the memo by Stephen J. Hadley, the national security adviser, expressing skepticism about the prime minister's capacity to quell the violence was seen as another sign from the administration that it needed to change its thinking on Iraq.

House Democrats have scheduled an informal forum on Iraq policy for next Tuesday at which they plan to hear from foreign policy, national security and military experts. They hope that the session will help to increase the pressure on the administration for a change in strategy and consideration of a withdrawal of American forces.

In their letter, the Senate Democrats called for Mr. Bush to urge the American-backed Iraqi government to take a number of actions, including condemning the current sectarian violence, disbanding armed militias and encouraging equal treatment of all Iraqis as well as to be careful not to favor one Muslim group over another.

"We understand that all of these steps are difficult," the letter said. "We are also aware that the Iraqi government has pledged to take many of the above steps but none have been accomplished. In the meantime, our U.S. forces continue to be injured and killed."

Four American state governors — Jon S. Corzine of New Jersey; George E. Pataki of New York; Theodore R. Kulongoski of Oregon; and Jon Huntsman Jr. of Utah — on Wednesday completed a two-day trip to Iraq that had not been publicly announced.

Mr. Corzine, in a conference call with reporters, said he was surprised by how much security conditions had deteriorated in the country from his previous visits in May 2005 and December 2003 as a senator from New Jersey.

"I think it is significantly more unstable than I would have thought, and the need for additional forces, particularly Iraqi forces, is pretty obvious," Mr. Corzine said.

A Bust In Bakersville (NSWK)

By Michael Hirsh

Newsweek, November 30, 2006

Nov. 29, 2006 - The forthcoming report by James Baker's Iraq Study Group has enjoyed the biggest public buildup since the Segway. And it is likely to be just as big of a bust.

Here's why the Baker-Hamilton report is destined to land with a thud, after weeks of messianic hype. According to sources who have seen the draft report introduced this week, the group will recommend deeper engagement with Iran and Syria in hopes these countries can help us quell the violence in Iraq. But George W. Bush, who remains a true neocon believer—"It's the regime, stupid"—is very unlikely to cut deals with such evil states, except in the most foot-dragging way. In any case, with each passing week Iraq's sectarian fratricide makes these neighboring countries less and less relevant. One doesn't have to be trained by Hizbullah or the Iranian secret service to grab a few Sunnis off the street every night and shoot them in the head. But until those killings stop, the yes-it-is-a-civil war-no-it's-not-a-civil-war in Iraq will continue to rage out of control.

The James Baker-Lee Hamilton group will also recommend tackling the problem of Israeli-Palestinian peace. But this central issue of Islamist discontent no longer has much to do with the violence in Iraq, just as the violence has less and less to do with Al Qaeda. The neocon fantasists, in their headiest days, used to say that "the road to Jerusalem goes through Baghdad." This meant that somehow, in ways they could never spell out, the Israeli-Palestinian issue would be resolved after democracy was achieved in Iraq. Now Baker's thought seems to be that the road to Baghdad goes through Jerusalem. This is just as silly as the earlier idea. Take this down: the road to Baghdad goes through Iraq.

Above all, sources indicate the Baker-Hamilton group will fudge the issue of what the size of the U.S. troop presence in Iraq should be, and what a specific timetable for withdrawal should look like. This means that, almost as soon as the report comes out in early December, Iraqi Prime Minister Nuri al-Maliki will be able to ignore it, and he likely will. Prominent Democrats like Sens. Carl Levin, Jack Reed and Joseph Biden will begin to dismiss it and reintroduce their own plans. Biden, for example, plans to hold six weeks of hearings in January, after he takes over the Senate Foreign Relations Committee, that will quickly turn Baker-Hamilton into a relic of that long-ago autumn of 2006.

What's happening in Washington right now is the worst sort of cover-your-backside politics. The nation's officialdom, Republicans and Democrats both, continue to indulge in the outer-galactic notion that Iraq is "winnable" or "losable." President Bush still seems to be deluding himself that "Al Qaeda" is behind the violence in Iraq, as he said in Latvia yesterday, and this week he's supposed to meet with Maliki in Jordan in hopes he can get the Iraqi leader to crack down on the violence. This requires the pretense the Maliki doesn't owe his political life to one of the chief authors of the violence, radical cleric Moqtada al-Sadr. Assuming the Bush trip was well-thought-out strategy and not merely a political ploy—not a safe assumption—the only possible explanation for it is that the president wants to split Maliki off from Sadr, forcing him to reform his government. But that is playing with dynamite in the middle of a conflagration. And Sadr, in any case, is probably too smart to give up his political hold on Maliki: his loyalists in Parliament announced today that they would merely suspend their participation in the government.

The biggest reason why Baker-Hamilton will bust big time, however, is that while the diplomatic Baker cautiously forges consensus, the fast-moving events in Iraq are making him look as if he's standing still. Consider: out at Ft. Riley in Kansas, the U.S. Army is engaged in its biggest training of "transition teams"—advisers to be embedded in the Iraqi military—since the Vietnam war. The 11-man transition teams amount to only about 5,000 advisers so far, and some 15,000 are needed to truly professionalize the Iraqi Army, says Lt. Col. John Nagl, commander of the 1-34 Armor. In order to train up those additional U.S. advisers, President Bush must decide to stand down U.S. forces in Iraq and give the Iraqi Army the lead. That would allow regular U.S. Army battalions to park their tanks and artillery pieces, so that U.S. officers and noncoms could become advisers.

This major shift is going to occur no matter what Baker-Hamilton says. The future course of U.S. involvement is set for a long time to come: as the Iraqi Army matures beyond the five or so divisions that are now functioning, very brave American officers will join them, guiding their movements with the latest technology that effectively will give them a proxy air force. This will be a slow, painstaking process, neither cut and run nor stay the course. Just find a medium-term way to extricate yourself with your scalp intact.

Iraq is not winnable or losable. All it is, in the best case, is manageable. What's needed instead of careful consensus building in Washington is a Richard Holbrooke or a Henry Kissinger out in the field, a tough, no-nonsense negotiator who can grapple with the reality of the American failure in the region and simply seek the most honorable way out. Perhaps the best hope for this kind of adult solution now lies with Robert Gates, who served on the Baker-Hamilton group until he was named to replace Donald Rumsfeld as secretary of Defense. Gates, a longtime CIA analyst, is a true big-tent guy who has made a career out of sifting out nonsense. In his 1996 memoir, "From the Shadows: the Ultimate Insider's story of Five Presidents and How They Won the Cold War," Gates took a nonideologue's view, identifying useful elements of foreign policy from Jimmy Carter to Ronald

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Reagan. Both hawks and doves, he says, had part of the cold war equation right. "If presidents had listened only to the hawks, U.S. belligerence and aggressiveness would have been so overwhelming that the Soviets would have been afraid to undertake changes in their system, to have let down their guard at all," he wrote. "If presidents had listened only to the doves, not only would the Soviets have seen many opportunities to gain strategic military advantage and new influence in the Third World; there would have been significantly less pressure on them to change." His interpretation of the victory over the Soviet Union is that it was won through "both confrontation and conciliation, conflict and dialogue."

In the end, the most enduring legacy of the Baker-Hamilton report may be Gates himself, a philosophy of management over vision. At least that's better than what we have now.

When Should The U.S. Withdraw? Ask The Iraqis. (WSJ)

By Scott Turow

The Wall Street Journal, November 30, 2006

Now that we have a divided government, a new defense secretary and the Iraq Study Group prepared to issue its report, we appear ready to descend into a period of rancorous national debate about how long our troops should remain in Iraq. But before Americans go toe-to-toe with one another, I have a new idea. Why don't we ask the people of Iraq what they think?

I'm not a foreign-policy wonk. I am merely one of millions of Americans who despairs over the news from Baghdad, and yearns to see this country as united as we were in the days after 9/11. The Americans who opposed the Iraq invasion -- like me -- and those who fully supported our military action now find themselves in accord on two fundamental points: First, the war has not gone well. Second, we are prisoners of an ethical dilemma of our own making, crystallized in the "Pottery Barn Rule" Colin Powell reportedly invoked to President Bush: You break it, you own it. Whatever the validity of our reasons for going into Iraq, we terminated not only a despotic government but a stable, civil society. It seems selfish and unjust for us simply to leave the country in chaos, and we will be required to spend billions repairing Iraq for years to come.

But that does not resolve the question of our military presence, which is sharpened by the young Americans being killed and maimed there every day. Many foreign-policy experts believe that a large-scale American force on Iraqi soil aggravates ethnic rivalries by forcibly enhancing power differentials between those groups, thus robbing the current government of legitimacy in the eyes of many citizens. Others, including many of our generals, say that the 140,000 American troops stationed in the country are all that stand in the way of a full-scale civil war. But why attempt to resolve this as a debate among our dueling experts when we can ask the genuine authorities -- the Iraqi people? They are there. They know their country and their countrymen. And naturally, it is they who care most intensely about their future.

So here's what I propose. Our government must urge Iraqi leaders to hold an immediate plebiscite on a single question: Should American forces remain in Iraq until a stable democratic order emerges, however long that takes, or should we instead withdraw in stages over a fixed period, say, the next 12 months?

I have a guess about which way the vote will go. Since opinion-sampling began a year after the invasion, one poll after another has found that an increasing majority of Iraqis would like us to pack our gear and leave. But who knows how accurate polling is in a society like Iraq, where so many citizens have reasons to be guarded about their views? And even if the results reflected opinions at the time, it's possible that an informed national discussion might change minds. Yet if the remaining rationale for our presence in Iraq hinges on our commitment to democracy there, what possible excuse can we have for not letting the Iraqis make the ultimate choice about our occupation? If a solid majority throughout the country wants us out, then we can leave knowing that we are not deserting a people eager for our presence.

And if instead a majority of Iraqis prefer that we remain, we can revert to our own national debate about the kind of commitment we are willing to make, knowing we have an open invitation. I am not proposing that we give the people of Iraq veto power over how long Americans must fight and die on their behalf. We must fix goals for our inevitable departure. But even the Americans who believe we should depart tomorrow will have to reflect twice if the beleaguered citizens of Iraq, 150,000 of whom have already died according to their government, say the future presence of our troops will be helpful. And attacks on American soldiers will perhaps slacken if it becomes fact-established that we are invited guests, not an occupying army.

The results of the vote would probably not be the same in the various ethnic regions of Iraq. In prior opinion polls, the Kurds have overwhelmingly favored the American presence that has freed them from the menacing hand of Iraq's central government. But a split verdict may suit our aims. American troops must continue to be stationed somewhere in the region to prevent active coercion by Iraq's neighbors, especially Syria and Iran, and to respond in case the direst predictions prove out and parts of Iraq become a lawless terrorist breeding ground, like Afghanistan under the Taliban. The emerging Kurdish canton might be the ideal place for our soldiers to wait out events, while removing themselves from the cross-fire in the rest of the country.

After the blood and treasure America has expended in Iraq, all Americans should hope that a stable society emerges there, governed by people who are not actively hostile to American interests. That is an ever more distant dream at this stage. But the

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longer we remain in Iraq without considering the will of its people, the more certainly we imperil the dwindling hopes we have by breeding enduring resentments.

Mr. Turow is author, most recently, of the novella "Limitations" (Picador, 2006).

The War Last Time (NYT)

By Thomas Powers

The New York Times, November 30, 2006

South Royalton, Vt.

THE chaotic war in Iraq is the great piece of unfinished business that will soon face Robert M. Gates, President Bush's choice to replace Donald Rumsfeld as secretary of defense. He will assume the difficult charge of halting the collapse of American strategy at a moment when the president's freedom to maneuver has been curtailed by the election of Democratic majorities in both houses of Congress, and by the free-for-all sectarian killing in Iraq.

Mr. Gates arrives at the Pentagon with no background in running the immense American military establishment, no broad political constituency, and no experience fighting or managing a big ground war. What he does bring is a survivor's knowledge of how to push forward a controversial policy — President Ronald Reagan's campaign against the Sandinistas in Nicaragua in the 1980s — and a history of close association with President Bush's father. It was President George H. W. Bush who appointed Mr. Gates to his biggest job — running the Central Intelligence Agency.

Simple realism — totting up the Congressional votes the president can count on to back or oppose him — suggests that a turning point has been reached in Iraq. Getting in is over, and getting out is about to begin. I am reminded of a similar moment 41 years ago, when Lyndon Johnson was facing the bleak but imminent prospect of his South Vietnamese allies' collapse in Saigon. The year was 1965, and Johnson had just been overwhelmingly re-elected president over Senator Barry Goldwater on the oft-repeated campaign pledge not to send American boys thousands of miles away to fight a war that Asian boys ought to fight.

Johnson's advisers put it to him straight: Saigon was going to lose, Hanoi was going to win, and there wasn't much time to waste. The choice was clear: lose the war or expand the war, find a formula of words to mask failure or send more troops and increase the bet on the table. Johnson chose to expand the war.

Raising the bet was already a pattern. Just two years earlier, President John F. Kennedy had faced a similarly stark choice. The government of Ngo Dinh Diem, installed and sustained by the United States, was locked in a destructive battle with Buddhists in its own country, and though it was fighting the war erratically and ineffectively, it seemed impervious to American counsel. Even worse, from Washington's point of view, the Diem government had entered into secret conversations with the Communists. Some American officials thought a deal was in the works.

At the end of a long period of crisis, Kennedy's government backed a coup by Vietnamese generals who were being advised by a French-born C.I.A. operative named Lucien Conein. The Diem government was quickly removed and replaced, but in the process Diem and his brother were brutally murdered. The war went better for a while, and then didn't, in a pattern that repeated itself many times.

About 20 years ago, a friend and I were picking up a takeout dinner from a Vietnamese restaurant in Washington run by Tran Van Don, one of the generals who organized the 1963 coup. Tran pointed out a portly, white-haired man at a table overlooking the room, dining alone: it was his old friend, Lucien Conein. In a sense, they were both exiles. I often think about the conversations they must have had. The war that followed their coup killed 57,000 Americans and a million Vietnamese.

It was during this period, in 1968, that Robert Gates joined the C.I.A., specializing in Soviet strategic arms programs. In the early 1980s, the central intelligence chief, William Casey, picked him to be the C.I.A.'s deputy director, which won him a front row seat while the agency put a contra army into the field to bring down the Sandinista government of Nicaragua — a goal Casey and President Reagan never publicly admitted.

The contras were expensive and ineffective. The public turned against the war, and eventually Congress passed the Boland Amendment, blocking all further expenditure on the clandestine war. Then began what would be known as the Iran-contra scandal, and then ended Mr. Gates's knowledge of what his chief was up to. So Mr. Gates testified, and the Iran-contra special prosecutor, Lawrence Walsh, never managed to prove otherwise, despite years of tireless effort.

Mr. Gates kept out of trouble and earned the trust of two presidents, who both nominated him to run the C.I.A. The first time opposition was so bitter that Mr. Gates withdrew his name; the second time, he was confirmed only after drawn-out hearings in which agency professionals accused Mr. Gates of shaping intelligence to please his bosses. Three volumes of hearing records prove only that Mr. Gates knew how to answer the question that he was asked and could get the people who worked for him to do likewise.

Today the choice facing Washington is not quite as stark as the one that confronted Lyndon Johnson in 1965, but it is close. Mr. Gates has spent the last nine months working as a member of the Iraq Study Group, whose much awaited

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recommendations will be revealed next Wednesday. Getting out is the simplest remedy, but no one wants to shoulder the blame for what follows. Staying the course has already been rejected by the president. That leaves only some kind of altered or renewed effort to postpone the day of reckoning.

Defeating the insurgents is only half of the challenge; harder will be finding some way to restrain or disband the Shiite militias without bringing them into the war against us. Down that road would lie a spiraling conflict as protracted and unwinnable as the war in Vietnam. The Republicans may have lost the midterm elections, but to my ear, on the subject of Iraq, the president has never sounded ready to accept anything that might be called defeat. Iraq is not Vietnam, but we are the same. We find ourselves, at a parallel moment, militarily committed to a policy on the verge of conspicuous failure. The American people, now as then, are unsettled by the phrase "cut and run" and reluctant to put their judgment ahead of the president's.

Above all, American presidents are the same. Bad news from Baghdad and opposition at home may point to a lowering of expectations, at the very least, but I wouldn't bet on it. Presidents take failure personally, can lift their voices above the din of opponents, and can use the immense power of their office to force events in the directions they choose.

The verdict of the elections was clear. The public wants to let Iraqis handle their own troubles from here on out, while we start bringing our soldiers home. But that's not what President Bush has said he wants, so there will very likely be a series of fights over Iraq that will extend to the president's last day in office. Robert Gates is smart, quiet, dogged and loyal: a well-considered choice for defense secretary by a president determined to bring home that "coonskin on the wall," to borrow a phrase made memorable by an earlier president in a similar fix, Lyndon Johnson.

Defense Eyeing More Deployments To Iraq (AP)

By Pauline Jelinek

AP, November 30, 2006

The Pentagon is developing plans to send four more battalions to Iraq early next year, partly to boost security in Baghdad, defense officials said Wednesday. Meanwhile, a commission studying Iraq policy said it would make its report next week.

The extra combat engineer battalions of reserves, likely to be sent to Baghdad, would total about 3,500 troops, officials said. They said the units, coming from around the United States, have already done tours in Iraq but there has been no final decision on which will go.

The moves come as violence continues to rise in Baghdad, and President Bush is under growing pressure to craft an exit strategy that would withdraw a substantial number of U.S. troops from Iraq while shifting more responsibility to the Iraqi government. The Iraq Study Group, a bipartisan commission looking into Iraq war policy, said it will release its report to the president, Congress and the public on Dec. 6.

The commission, led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., is widely expected to call for regional talks as part of its recommendations, including involvement by Syria and Iran. The Bush administration has been reluctant to engage those two countries, which it says have abetted the violence in Iraq.

It remained unclear what the group would recommend regarding possible U.S. troop withdrawals. As of Tuesday, its members — five Democrats and five Republicans — were divided over the appropriate U.S. troop levels in Iraq, and whether and how to pull American forces out, according to one official close to the panel's deliberations.

A second official has said that the commission is unlikely to propose a timetable for withdrawing all U.S. troops but that some members seem to favor setting a date for an initial withdrawal, an idea that has been pushed by many congressional Democrats.

There are 139,000 U.S. troops in Iraq, with some 20,000 in and around Baghdad.

At a Pentagon press conference, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, would not say whether more troops are planned for Baghdad, but he did say that was among many ideas commanders are debating. He said there was no plan to shift all troops out of the volatile Anbar Province into Baghdad.

Pace was asked if the advice of generals is becoming less important because of the upcoming Iraq Study Group report and the fact that power in Congress has shifted to Democrats, some of whom have been critical of the war.

"This is a very complex problem, and the more 10-pound brains we can bring to bear on the problem for our nation, the better," Pace said.

The Pentagon's decisions on which reserve battalions to send to Iraq next year would depend on how long the units had already served on the battlefront, because the Pentagon is trying to not break a policy of deploying troops no longer than 24 months on the ground in Iraq. The decision-making process was described by defense officials who requested anonymity because the plans have not yet been announced.

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In addition, military leaders are shifting brigades within Iraq. The officials said they are moving a Stryker Brigade into Baghdad to help shore up security there. The 3rd Stryker Brigade, 2nd Infantry Division will move from Mosul in northern Iraq, down to Baghdad to replace a Stryker brigade that has gone home to Alaska.

Portions of the 2nd Brigade, 1st Infantry Division are moving into Iraq and heading up to Mosul to take its place, officials said.

In another development, former CIA Director Robert Gates, President Bush's nominee for defense secretary, endorsed the idea of engaging Iran and Syria for help in stabilizing increasingly violent Iraq, an opinion somewhat at odds with Bush's.

Gates made the comments in response to a questionnaire from the Senate Armed Services Committee, which is to hold a confirmation hearing next week.

"War planning should be done with the understanding that post-major combat phase of operations can be crucial," Gates said in a 65-page written response submitted to the committee Tuesday.

"If confirmed, I intend to improve the department's capabilities in this area," he said. "With the advantage of hindsight, I might have done some things differently."

Gates also appeared to subtly criticize the invasion of Iraq.

"I believe the use of pre-emptive force should be based on very strong evidence," he said.

Powell: Iraq Meets Civil War Definition (AP)

By Jim Krane

AP, November 30, 2006

Former Secretary of State Colin Powell said Wednesday at a business conference here that the war in Iraq "could be considered a civil war," the conference organizer said.

Powell made the comment during a question-and-answer session after a keynote speech, according to David Hellaby, who organized the "Leaders in Dubai Business Forum." No cameras were allowed in to record the talk, but Hellaby was present and issued a press release quoting Powell.

Powell could not be immediately reached for comment. Hellaby said Powell was leaving Dubai immediately after Wednesday's conference.

Powell's comments come in sharp contrast to those of President Bush, who said Tuesday that Iraq is not in a civil war. Bush blamed al-Qaida extremists for the daily violence there.

Bush said Iraqis had "a chance to fall apart and they didn't."

The issue has become the focus of intense political debate in the United States in recent days. Powell is a retired general who served as chairman of the Joint Chiefs of Staff, and was secretary of state during Bush's first term in office.

During his speech, Hellaby said, Powell said the Iraq war had three phases. The first, the invasion phase, went as planned. But the second phase, the military occupation, was "badly handled," Powell said, according to the conference organizer.

Mistakes during the second phase led to the third, "which could be considered a civil war," Powell told the conference, according to Hellaby.

The session was moderated by CNN International correspondent Hala Gorani, but no cameras were allowed, Hellaby said. The forum drew 2,000 business people from around the Middle East.

Is Iraq A Civil War? Scholars Say Yes. Media Debate It. (CSM)

By Linda Feldmann

The Christian Science Monitor, November 30, 2006

WASHINGTON

Bit by bit, the mainstream media are referring to the war in Iraq as a "civil war" in news coverage. NBC News took the leap on Monday. The Los Angeles Times and The New York Times have made the switch. Other news organizations are still using "sectarian conflict" or "on the verge of civil war," but are actively debating using the more loaded term, which the Bush administration still eschews.

Most scholars who study war view the Iraq situation as a civil war; the only debate is when it became one - in 2004 when the US transferred sovereignty to Iraqis, or early this year when the bombing of a Shiite mosque in Samarra sparked a wave of sectarian violence that continues? Academics cite the standard definition of civil war: groups from the same country fighting for political control, and a death toll of at least 1,000. A majority of Americans view the conflict as a civil war, polls show.

The debate over terminology seems to have sprung from the latest surge in sectarian violence, and perhaps from a greater sense of freedom among US media, after the November elections, to call the situation as they see it without being accused of political bias, analysts say.

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"It's a political debate, not a semantic debate or a theoretical debate," says David Gergen, a professor at Harvard's Kennedy School of Government and a former adviser to four US presidents of both parties. "In politics, the conventional wisdom has held for some time that if the public concludes our soldiers were in the middle of a civil war, they would think it hopeless and want to withdraw quickly."

Mr. Gergen says the administration's resistance to the term is understandable. "Calling it a civil war, in the minds of many supporters of the war, could pull the plug on all remaining support," he says.

The Bush administration, along with its British allies, is not alone is resisting the term "civil war." UN Secretary General Kofi Annan warned on Monday that Iraq was "almost there." But as UN chief, he too faces political considerations in his use of terminology. And at this delicate moment, with the US-led coalition and Middle East nations considering next steps, Mr. Annan is walking a careful line.

In the academic world, British war historian John Keegan writes in the current issue of Prospect magazine that the Iraq war does not meet his own criteria for civil war, which include "identifiability of the combatants." By Mr. Keegan's definition, there have been only five civil wars since the 17th century. By the reckoning of Molly Toft, an expert on civil wars at the Kennedy School, there have been 142 since 1940.

For the mainstream media, whose franchise on the news has been under increasing challenge, bucking the administration early on in the war would have been seen as a political statement that they were not willing to make.

"There's a tendency on the part of the mainstream media to defer to the basic definitions of the administration, and I think that's what happened here," says Chris Hanson, who teaches journalism at the University of Maryland.

The press, in an almost unconscious way, did not want to be drawn into a situation where it might be blamed for the outcome, and so has danced around flat assertions that Iraq is in civil war, he says.

"There's a nervousness about appearing to make a political decision, when in fact it should be based on reality rather than political," says Bill Kovach, a counselor at the Project for Excellence in Journalism. "But explaining all that is too difficult for most news organizations, or has been."

Since the start of the war, news organizations have preferred to describe events on the ground, rather than applying labels. But now, a growing number of news organizations are willing to change their approach, and explain why. On Monday, New York Times Executive Editor Bill Keller released a statement on the paper's decision to allow news reporters and editors to describe Iraq as being in "civil war" when they see fit.

"We expect to use the phrase sparingly and carefully, not to the exclusion of other formulations, not for dramatic effect," Mr. Keller wrote. "The main shortcoming of 'civil war' is that, like other labels, it fails to capture the complexity of what is happening on the ground. The war in Iraq is, in addition to being a civil war, an occupation, a Baathist insurgency, a sectarian conflict, a front in a war against terrorists, a scene of criminal gangsterism and a cycle of vengeance. We believe 'civil war' should not become reductionist shorthand for a war that is colossally complicated."

Similarly, The Christian Science Monitor has used a wide number of terms. Two of its news articles out of Iraq this week referred to the nation's "deepening civil war" and to "driving Iraq further into civil war." "We try to give our reporters a reasonable amount of analytical freedom to describe what they find in plain language, but not to force conclusions on readers," says Managing Editor Marshall Ingwerson. "In the end, I think our language has shifted as gradually as the situation in Iraq has evolved."

Some observers believe President Bush should accede to growing public perception and agree that Iraq is in a state of civil war - and then explain what he proposes to do. Perceptions of a "credibility gap" on Iraq have dogged the administration, and an acceptance of the public's view could help bring the public along with next steps.

"They'd be better off acknowledging the reality that it is a civil war, and then say, 'Let me tell you why we still need to stay here and fight and here's why it's still an important mission,' says Chris Gelpi, an expert on war and public opinion at Duke University.

An important aspect of the bipartisan Iraq Study Group's forthcoming recommendations will be whether the group refers to Iraq as being in civil war, says Gergen.

Majority Of Americans Believe Iraq Is In 'Civil War', Poll Finds (WSJ)

The Wall Street Journal, November 30, 2006

A majority of Americans think Iraq is in the midst of a civil war, a new Harris Interactive poll finds, and few are confident that Robert Gates's nomination as Secretary of Defense will improve the situation there.

Sixty-eight percent of U.S. adults said they believe there is a civil war in Iraq, the online poll from Nov. 13 to Nov. 20 found, compared with 14% who disagree and 18% who aren't sure.

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Mr. Bush nominated former director of the Central Intelligence Agency Mr. Gates as a successor to Donald Rumsfeld on Nov. 9.

Of 2,429 U.S. adults polled, only 13% think Mr. Gates will make the situation in Iraq better. Forty-two percent think he will make no difference and another 40% say they aren't sure of the impact.

About half of those polled would like the government to set a timetable for withdrawal of U.S. troops in Iraq, while 18% favor withdrawing all U.S. troops now and 19% favor sending more troops to stabilize the situation.

See full results of the poll: "Do you believe there is a civil war in Iraq now?"

Base: All Adults "Which of the following possible scenarios would you like to see the U.S. government undertake with regard to Iraq?"

Base: All Adults "Which of the following is closest to your opinion?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. "President Bush has recently announced that Secretary of Defense Donald Rumsfeld will be stepping down. Do you think this is a good or bad thing for the U.S.?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. "Robert Gates, the former director of the Central Intelligence Agency (CIA), has been nominated by President Bush to succeed Donald Rumsfeld as Secretary of Defense. "Do you think this will:

Base: All Adults

Methodology:

The Harris poll was conducted online within the U.S. between Nov. 13 - 20, 2006 among 2,429 adults. Figures for age, sex, race, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 2 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

Oil For Food Justice (WSJ)

The Wall Street Journal, November 30, 2006

Australia's involvement in Saddam Hussein's Oil for Food scam has been known for years. But the bright light shone this week by the Cole Commission report is nonetheless illuminating -- and a lesson for other countries.

In 2,065 pages, Sir Terence Cole and his team unmask the vast corruption in AWB Ltd., Australia's former wheat board and supplier for a time of 16% of the world's wheat. That alone is a huge public service. AWB was the single largest payer of kickbacks to Saddam. From 1999 to 2003, the company paid $221.7 million to Iraq through "transportation" fees and "after-sales-service" fees designed to evade U.N. sanctions and Australian law. Given such compliant partners, it is little wonder Saddam thought the world would never act against him.

AWB's complicity started in July 1999, when the Iraqi Grain Board asked for a $12 per metric ton "transportation" fee for the wheat AWB wanted to sell to Iraq. Under U.N. sanctions, Iraq couldn't receive foreign currency; it was allowed to sell oil and deposit the proceeds in a U.N. escrow account for the purpose of buying food. But rather than reject Baghdad's blackmail, AWB rolled over and figured out a way to pay the bribe through third parties.

Mr. Cole's report demonstrates that AWB's senior directors devised front companies to disguise the illegal fees to Saddam and evade U.N. sanctions. Then they lied about it. "At no time did AWB tell the Australian government or the United Nations of its true arrangements with Iraq," Mr. Cole wrote. Canadian and American wheat companies did complain to their governments about AWB's practices. But AWB lied to Australia's Department of Foreign Affairs and Trade, the Australian Trade Commission, the Coalition Provisional Authority in Iraq, and Paul Volcker's Oil for Food investigation.

The Australian government started to act once Mr. Volcker's probe began turning over the rocks. Apart from the U.S., no other nation has launched a full-scale, independent criminal investigation into the crimes committed as part of Oil for Food. Mr. Cole's thoroughly readable report is available at www.oilforfoodinquiry.gov.au. He has recommended 11 AWB employees, plus a BHP Billiton executive, for criminal prosecution.

Meanwhile, most other countries have done little or nothing to come clean. France, which was given preferential oil allocations, has only a lone prosecutor moving ahead, with little support from the Elysée Palace. Russia, which facilitated the oil allocations and blocked moves on the Security Council to investigate kickbacks, refused to assist Mr. Volcker, much less prosecute anyone. Ditto for China, which received huge oil allocations, and Vietnam, whose state-owned food companies paid kickbacks in exchange for business contracts.

Regarding the U.N., Mr. Cole notes that "The United Nations knew that Iraq was breaching sanctions by requiring payment of inland transport fees and surcharges or after-sales-service fees. It knew this between 1999 and 2003. . . It took no steps to publicize or warn member states of the Iraqi practices, and it took no steps to stop the practices." Mark it down as another coda to Kofi Annan's disastrous legacy as Secretary General.

Afghanistan Called 'Key Priority' For NATO (WP)

By Michael Abramowitz

The Washington Post, November 30, 2006

RIGA, Latvia, Nov. 29 -- European NATO countries pledged Wednesday to remove some of the restrictions on combat by their troops in Afghanistan, officials here said, as the alliance sought to close ranks and bring new force to bear against a resurgent Taliban militia.

At the conclusion of a summit here, leaders of the 26 NATO governments declared that attaining peace and security in Afghanistan is now the "key priority" for a grouping originally formed to confront Soviet military power in the Cold War.

The Bush administration has been pushing for more troops in Afghanistan and fewer restrictions by NATO members on how those troops could be used. President Bush has said success in Afghanistan is possible only if members accept "difficult assignments." NATO has about 33,000 troops in Afghanistan, about a third of them American.

Tensions have risen within the alliance over the refusal of Germany, France and Italy to send their forces into southern Afghanistan, focus of the alliance's battle against the Taliban militia. The increasing violence there has raised doubts about the viability of Afghan President Hamid Karzai's government.

Restrictions on use of troops has reflected a reluctance by some member countries to get involved in a war that, with suicide attacks and roadside bombs, is coming to resemble the one in Iraq more.

A statement from NATO indicated that the leaders had agreed to remove some of the "caveats" that countries had placed on the use of their troops, though exactly how much will change remained uncertain.

Though Germany, France and some others have maintained restrictions that will largely keep their troops in the relatively calm north, the Netherlands and Romania removed limits on how their troops can be used. Some other countries offered more troops and equipment for the effort, officials said.

During a news conference, NATO Secretary General Jaap de Hoop Scheffer said that about 26,000 of the troops in Afghanistan were now "more usable" in combat and noncombat operations and that all member countries had agreed their troops could be called on in a crisis by British Lt. Gen. David Richards, NATO's Afghanistan commander.

"In an emergency, they will support each other. That is the most fundamental demonstration of NATO solidarity," de Hoop Scheffer said.

U.S. officials pronounced themselves pleased with the summit. "We heard new pledges last night, so I think the commanders have a great deal to work with," said Daniel Fried, assistant secretary of state for European and Eurasian affairs, briefing reporters on board Air Force One. "The fighting season, so to speak, is going to end with the coming of winter. The NATO forces in the south did a very good job. Now you're going to see NATO trying to consolidate its battlefield gains."

Fried and other officials said the challenges facing Afghanistan are more than military, and the NATO leaders called on other countries to step up economic support and help for reconstruction. "There can be no security in Afghanistan without development, and no development without security," the communique stated.

Afghanistan was a major focus of a dinner Tuesday night for Bush and other leaders gathered for the summit here. British Prime Minister Tony Blair briefed the others on his recent trip to Afghanistan, saying the operation there is of "crucial importance to our own security. NATO's credibility is at stake here."

White House counselor Dan Bartlett described Bush as pleased with the dialogue Tuesday night. There was a "clear understanding of the stakes in Afghanistan," Bartlett said.

Unlike some recent summits, this year's NATO gathering did not focus on the immediate induction of new member countries. But the leaders' statement indicated that they might issue invitations to three Balkan nations -- Croatia, Macedonia and Albania -- at the next gathering in 2008.

They also invited Montenegro, Bosnia and Serbia to join the alliance's Partnership for Peace program, a first step toward possible NATO membership. The alliance had previously indicated it would first require greater cooperation from Serbia and Bosnia in tracking down suspected war criminals from the ethnic wars of the 1990s.

NATO also declared its 25,000-member rapid reaction force to be fully operational. The force is designed to allow NATO to respond to crises around the world on short notice.

NATO Adds To Afghan Force (WT)

By Stephen Dinan

The Washington Times, November 30, 2006

RIGA, Latvia -- NATO leaders agreed yesterday to add troops to the 32,000 already in Afghanistan, but European countries such as France and Spain retained some of the restrictions that prevent their troops from taking a more active role in the fighting.

President Bush's goals for the summit were to achieve the troop commitment, persuade other NATO members to pledge increased defense spending, gain a recognition that Afghanistan is a make-or-break fight for the future of NATO, and break down restrictions that keep some allies' troops out of the heaviest fighting in the south, where Canada, Britain, the Netherlands, the United States and Estonia bear the burden.

He won progress on all of those goals, though in varying degrees.

The final communique makes it clear that Afghanistan is the defining battle for the alliance, but it simply encourages nations to boost defense spending. Although some European nations dropped caveats to deployment, they gave no hard agreement to push more of those troops to the south where the fighting is heaviest.

"We got a good deal the last couple of days in Riga," said Daniel Fried, assistant secretary at the State Department for European and Eurasian affairs. "Some allies brought more commitments to the table. Other allies said they would, in fact, even if they kept on some of the caveats on their missions, would respond to other allies if they needed help."

He said the allies also agreed to heed any requests by the NATO commander to shift troops inside Afghanistan.

NATO Secretary-General Jaap de Hoop Scheffer said the meeting produced a consensus that Afghanistan is critical, that the alliance's military commitment there is open-ended and that progress is being made.

"It is winnable, it is being won, but it is not yet won," he said.

Britain and Canada were optimistic that other nations would take some of the brunt of fighting in southern Afghanistan, but Spain and Italy said they would refuse to deploy troops.

Mr. de Hoop Scheffer said agreements to reduce caveats that constrain troops stationed in Afghanistan will help.

"A number of nations have diminished the caveats and the result is that, as we speak, about 20,000 of the total of 32,000 NATO ... forces are now more usable than they were for NATO combat and noncombat missions," he said.

Pledges to increase forces bring NATO to 90 percent of what military commanders have requested. Members have pledged additional fighter helicopters, several infantry companies and embedded training teams to help train the Afghan army.

"We still have to work on the other 10 percent," Mr. de Hoop Scheffer said.

The NATO leaders also discussed another round of expansion, with Albania, Croatia and Macedonia the likeliest candidates, and invited Serbia, Montenegro and Bosnia-Herzegovina to take the first step toward membership.

The United States hopes that former Soviet republics Georgia and Ukraine will be given a chance to meet the requirements for NATO membership.

Nato Discord Mars Afghan Headway (FT)

By Daniel Dombey And Stephen Fidler And Farhan Bokhari

Financial Times, November 30, 2006

Nato's leaders made modest progress on Wednesday on reducing the restrictions on the use of the alliance's 32,000 troops in Afghanistan, but differences soon broke out over the scope of changes.

At the close of a two-day summit in Riga, Jaap de Hoop Scheffer, Nato's secretary-general, said the alliance had met 90 per cent of the requirements for its mission in Afghanistan – chiefly by reducing or eliminating national "caveats" or restrictions on the use of troops. Previously Nato had said it had fulfilled 85 per cent of the requirements.

"We still have to work on the other 10 per cent," Mr de Hoop Scheffer said.

Nato officials said that five to eight of the 50 specific restrictions on national troops had been eliminated, making it easier to move soldiers and equipment across different sectors in Afghanistan.

Mr de Hoop Scheffer added that he had received commitments from the leaders of all 26 Nato countries that such restrictions would be waived in the case of emergency. "An emergency is defined by one man and only one man and that is the commander [of Nato's force]," he said.

But seconds later both José Luis Rodríguez Zapatero, Spain's prime minister, and Romano Prodi, his Italian counterpart, insisted that their countries retained the right to decide when troops should be deployed.

"In emergency situations it is the Spanish command that decides," Mr Zapatero said. He added that Spain would not lift any of its restrictions on the use of its forces, since no such step was required by the troops' United Nations mandate.

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Mr Prodi said the position of Italy, France, Germany and Spain, none of which station or intend to deploy troops in the turbulent south of Afghanistan, was the same. At a separate press conference, President Jac-ques Chirac said France could consider sending its troops outside Kabul case by case.

But Nato officials said that the political signal sent by the leaders at the summit would make it near impossible for national capitals in the future to resist emergency calls by commanders in the field. “Nato’s credibility is on the line,” said Tony Blair, Britain’s prime minister. “The mission in Afghanistan is not yet won but it is winnable and indeed we are winning,” he added, echoing comments made by many other leaders.

On Wednesday night, however, a senior Pakistani official insisted that Nato needed to reach an accommodation with the insurgency. “Instead of fighting Taliban militants, foreign troops should reconcile themselves to this reality,” he said. “If the western world makes the mistake of prolonging this war, we would only see a never-ending conflict”.

In an attempt to increase the effectiveness of the battle, Nato leaders agreed to give greater emphasis to non-military efforts, backing a call by Mr Chirac to set up a “contact group” to co-ordinate policy on Afghanistan with neighbouring countries and international institutions. Mr de Hoop Scheffer hoped the European Union would provide greater co-operation after an EU Brussels summit next month.

A UK official also emphasised that Bulgaria, Spain and Macedonia were sending reinforcements to the Afgh-an-istan mission. But Nato diplomats acknowledged that the contributions were relatively small and had been decided beforehand.

US Sees Afghanistan As Test Of NATO Role (CSM)

By Howard Lafranchi

The Christian Science Monitor, November 30, 2006

RIGA, LATVIA

The question looming over NATO's summit in this Baltic country this week was essentially this: What are friends for?

With the focus on the NATO-commanded counterinsurgency operation in Afghanistan, leaders from President George Bush to Canada's Prime Minister Stephen Harper wanted to know if just a few NATO countries would continue to carry the weight and face the worst of the danger. Or, would more of NATO's 26 members help out their partners with more troops - and fewer restrictions on how their troops can be used?

"Clearly there is still work to be done" to equalize the tasks of NATO assignments, says NATO Secretary-General Jaap de Hoop Scheffer.

The answer was only partially positive. At the close of the summit Wednesday, a few countries had pledged more forces for the 33,000-troop operation, while others - in particular Germany, France, Spain, and Italy - loosened restrictions on "emergency" engagement of their forces, so that they now can be used for the evacuation of injured NATO soldiers.

The controversy over who is doing the heavy lifting - and taking the worst of the fire - in Afghanistan is not just a row among friends. NATO's operation in Afghanistan, and controversy over burden-sharing in the fight against a resurgent Taliban in particular, dominated a summit originally envisioned as a venue for furthering the alliance's transformation from a cold-war institution defending Western Europe. But the Afghanistan debate largely pushed other big issues aside, with some leaders saying that success of the NATO operation there would be crucial to the alliance's long-term worth as a global force for peace and security.

"Contributing to peace and stability in Afghanistan is a just cause vital to our collective security and our shared values," Mr. De Hoop Scheffer told leaders at Riga's closing session Wednesday. "Together with other international actors, we will stand with the Afghan people for the long term to help them build a democratic country free from terror and drugs."

Employing a cautiously optimistic tone, NATO Supreme Allied Commander Gen. James Jones said, "Many nations involved in Afghanistan reduced or eliminated many of the national restrictions imposed for the use of their forces, known as caveats, and this will now allow the commander of the mission to more effectively use troops throughout Afghanistan." Unequal share of burden?

The controversy sparked in September, when European countries rejected calls from fellow NATO countries that they send part of their forces based in relatively peaceful parts of Afghanistan to reinforce efforts in the south, where the Taliban is most active. The issue was kept alive in Riga by Canadian officials, who noted that their troops in the south have suffered 36 deaths since March, while Germany, with a slightly larger force in the country, has lost no soldiers this year.

President Bush also focused on the issue, noting in a speech at Latvia University Tuesday that "this alliance was founded on a clear principle: An attack on one is an attack on all. That principle holds true," he added, "whether the attack is on our home soil or on our forces deployed on our NATO mission abroad."

French President Jacques Chirac responded Wednesday by announcing that France would allow "case by case" emergency assignment of its troops outside Kabul. But he gave a flat " non" to calls for additional troops - offering instead some

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additional materiel, including additional helicopters. Spain said its troops could be used in "exceptional circumstances" to evacuate wounded soldiers, but not for combat.

Bush left Riga directly after the traditional group photo Wednesday for talks in Jordan with Iraqi Prime Minister Nouri al-Maliki. But the president came away from the summit "encouraged" by the substantive discussions and "the commitment to success" in Afghanistan, according to senior White House officials.

Still, the questions over deployment "caveats" and burden-sharing in Afghanistan will continue to rattle the alliance, some experts say. "Frankly, if an alliance does not face collectively and equally the central threats to its members - and by that I mean the terrorist threat and security challenges coming out of the broader Middle East today - then that alliance will not be central to their thinking," says Ronald Asmus, director of the German Marshall Fund's Transatlantic Center in Brussels. New 'pre-members'

Yet such doubts have not weakened the alliance's attractiveness to other countries. As evidence of that, NATO leaders overcame their lingering resistance and invited Montenegro, Serbia, and Bosnia and Herzegovina to become "partners" of the Euro-Atlantic Council - essentially pre-membership status. Some NATO countries, including the US, had resisted this step because they consider Serbia and Bosnia less than fully cooperative with the United Nations war crimes tribunal. They wanted to see first the arrests of two former Bosnian Serb leaders, Radovan Karadzic and Ratko Mladic, as goodwill gestures.

In the end, even the US lifted its opposition, with some officials citing as a deciding factor a letter from reformist Serbian President Boris Tadic, in which he called on NATO to send a signal of support to democratic forces in his country.

The NATO leaders' final communique does call on Serbia and Bosnia and Herzegovina to "cooperate fully" with the UN tribunal and says NATO will "closely monitor" those efforts. Rapid-reaction force

Offsetting to a certain degree the modest progress on deployments in Afghanistan was De Hoop Scheffer's declaration that NATO's new 25,000-strong rapid-reaction force is fully operational. The force, envisioned as a means of putting NATO quickly on the scene of security and humanitarian emergencies, was first tested last year in response to the Pakistan earthquake. The new force is expected to lead over time to increased flexibility and "interoperability" of forces from more than two dozen countries.

In Estonia, Bush Finds A Tax Actually To His Liking (NYT)

By Sheryl Gay Stolberg

The New York Times, November 30, 2006

RIGA, Latvia, Nov. 29 — There was much for President Bush to like about Estonia, an efficient little nation of 1.4 million people sandwiched between Russia and the Baltic Sea.

He liked Estonia's biography, the story of a young democracy that blossomed from a breakaway Baltic republic shedding the yoke of Soviet rule. He liked his Estonian counterpart, Toomas Hendrik Ilves, a reformed reporter (for Radio Free Europe) who favors bow ties and, having been raised in the United States, speaks flawless English — albeit with a faint New Jersey accent. He liked the country's paperless bureaucracy, which allows citizens to pay parking tickets with their cellphones and file their taxes over the Internet — a system the president proclaimed "the envy of all nations."

But if there was one thing about Estonia Mr. Bush really seemed to like, it was the Estonian flat tax. "I appreciate the fact that you got a flat tax, you got a tax system that's transparent and simple," the president told Mr. Ilves when the two attended a news conferences held, perhaps not coincidentally, at the National Bank of Estonia. Later, toasting Mr. Ilves at a luncheon, Mr. Bush gushed, "I am amazed to be in a country that has been able to effect a flat tax in such a positive way."

The flat tax, as it turns out, was the brainchild of the former prime minister, Mart Laar. Mr. Laar was inspired by the only economics book he had ever read, Milton Friedman's paean to capitalism, "Free to Choose." Believing, erroneously, that the flat tax had been put into practice throughout the West, Mr. Laar introduced it to Estonia. This year, the Cato Institute, a libertarian policy organization, gave Mr. Laar its "Milton Friedman Award of Freedom."

A Change of Venue

Presidential trips require the right lighting, the right mix of people, the right backdrops. For the Bush White House, which began sending out advance teams as early as August to create the perfect imagery for the president's NATO summit swing through Estonia and Latvia, that meant a hasty change of venue for a presidential speech here in Riga.

Mr. Bush was scheduled to give a major address to the Riga Conference, a kind of parallel summit meeting put on by the Latvian government that drew government officials, academics, military leaders and opinion makers from around the world to debate the state of trans-Atlantic relations while the heads of state met separately.

The conference was held in Riga's most ornate building, a grand Renaissance affair that in the 17th century was home to the Society of the Black Heads, a group of German merchants whose patron was St. Mauritius, often depicted as a Moor. His likeness is reproduced in statues and paintings throughout the building, named the Black Heads House. The building, which dates to 1334, is a great source of local pride. But its name and scantily clad black figurines proved too much for a White House intent on repairing strained relations with African-Americans.

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“They didn’t want to speak at a place called Black Heads,” said Eric Leland, co-chairman of the German Marshall Fund, an American foundation that helped the Latvians organize the event. “Just walk around here, look at all these statues.” So the speech was held at the politically neutral site of Latvia University.

Bush’s Body Language

Body language is everything when foreign leaders get together, especially when one of those leaders is Mr. Bush. Though the NATO summit meeting was mostly closed to the news media, the few snippets of video that TV journalists managed to eke out were without speech but, as the old saw goes, worth 1,000 words.

There was Mr. Bush entering the Olympic Sports Center, the convention hall that played host to the summit meeting, walking with a foreign leader of whom he is not particularly fond, President Jacques Chirac of France. Mr. Chirac is seen speaking animatedly, his right hand moving up and down. Mr. Bush, frowning as he looks in the other direction, appears to be taking a deep breath — the kind you might take when you are counting to 10 to keep yourself from saying what is really on your mind.

Later, as the leaders of the 26 member nations gathered, Mr. Bush seemed far more at ease. That, perhaps, was a fluke of the seating chart, which was arranged alphabetically by head of state. Mr. Bush landed next to his good friend Prime Minister Tony Blair of Britain. At the official photograph, where leaders were free to arrange themselves, Mr. Bush parked next to another friend, Chancellor Angela Merkel of Germany. Mr. Chirac was four leaders down the line, a safe distance away.

Dinner With Jacques (WP)

By Jackson Diehl

The Washington Post, November 30, 2006

RIGA, Latvia -- NATO's summit meeting here this week was supposed to be focused on bolstering its fight in Afghanistan and celebrating the freedom of Latvia and two other Baltic states that have made an astounding transition from captive nations under Soviet rule to democratic Western allies. So why was all the intrigue and backroom maneuvering about Vladimir Putin?

The answer to that question is a tangled diplomatic tale about the stubborn vainglory of French President Jacques Chirac and the equally implacable determination of Putin to humiliate and undermine the independent governments of former Soviet republics. It says a lot about the state of the Western alliance: the weakness of much of its present leadership and the deep confusion about how to answer the growing challenge -- some would say menace -- of Putin's Russia.

For senior officials of the Bush administration, the drama began Monday, when they abruptly learned that Chirac had -- without consulting fellow allies -- agreed with Putin on a dinner in Riga on Wednesday night, immediately after the summit's conclusion. Supposedly the intent was to celebrate the 74th birthday of the lame-duck Chirac, whose term ends next spring. But U.S. officials quickly perceived the gambit for what it was: a last attempt to needle and upstage the lame-duck American president with whom Chirac has quarreled for six years.

Bush, after all, was to deliver a speech in Riga celebrating the Baltic revolt against rule from Moscow and urging an open door at NATO for other nations trying to free themselves from Russian dominion: Georgia, Ukraine, even Belarus. And as Chirac knew, Bush was to leave Riga well before the dinner hour.

Putin had his own special interest. No Russian president has set foot in Latvia, Lithuania or Estonia since they gained independence in 1991. Moscow's policy toward those countries has featured border disputes, demands for special treatment for Russian minorities and attempts to gain control over key pieces of economic infrastructure. Nominally a Putin visit would have done an honor to Latvia's already much-honored president, Vaira Vike-Freiberga. Only Putin's intention was to insult Vike-Freiberga by relegating her to the status of third wheel at a summit dinner -- as if she were a provincial governor rather than a head of state.

As NATO technocrats bargained over the conclusions of the summit -- which ended up giving a modest boost to the Afghanistan mission and the prospects for the future acceptance of new members -- the Chirac-Putin stink bomb produced a wave of revulsion, confusion and, eventually, tactical maneuvering among the allied delegations. German Chancellor Angela Merkel was invited to attend the dinner and thus recreate the Berlin-Paris-Moscow troika that opposed Bush during the Iraq war. But she declined, citing a suddenly urgent cabinet meeting in Berlin.

U.S. officials, meanwhile, pointed out to Latvian counterparts that they need not go along with the dinner if there was no benefit for Latvia. To her credit, Vike-Freiberga -- whom Bush called "the Iron Lady of the Baltics" when he appeared with her Tuesday -- let it be known that Putin would be welcome, provided that he made time for a bilateral visit with the Latvian president.

The Russian response was entirely predictable: Putin, who was attending his own summit meeting of the Commonwealth of Independent States in nearby Minsk, Belarus, suddenly couldn't fit a stop-off in Riga into his schedule after all. Birthday-boy Chirac was relegated to accepting a cake from Vike-Freiberga, along with the usual French role of bickering over the fine points of a NATO agenda driven by the United States.

In all, a trivial tempest. But there was a lingering lesson: The Western allies have no idea what to do about Putin. Five years ago the energetic former KGB colonel was regarded as a strategic partner for NATO and its members. Now he is generally understood to be an autocratic imperialist whose political enemies suffer from a high rate of sinister poisonings. Bush and other NATO leaders aren't ready to act on that understanding, or even to state it out loud. But the idea of having the man to their summit meeting has become a little creepy -- something only a bitter French lame duck would do.

DOJ:

U.S. Attorney Buchanan Chosen For Justice Department Post (AP)

AP, November 30, 2006

PITTSBURGH - U.S. Attorney Mary Beth Buchanan was appointed acting director of the Justice Department's Office on Violence Against Women.

Buchanan will remain the lead prosecutor in the 25-county Western District of Pennsylvania, while also heading the Washington, D.C.-based office. President Bush announced the appointment Wednesday.

The office administers financial and technical assistance to communities around the country that are creating programs and policies aimed at ending domestic violence.

Buchanan became an assistant prosecutor in 1988 and specialized in white collar and child exploitation crimes before being sworn in as U.S. attorney in September 2001. She also served as the director of the Executive Office of United States Attorneys from June 2004 to June 2005.

U.S. Attorney Mary Beth Buchanan Gets National Justice Post (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, November 30, 2006

President George Bush announced yesterday that Mary Beth Buchanan, the U.S. attorney for the Western District of Pennsylvania, has been appointed to a national post within the Department of Justice.

Ms. Buchanan, 43, will serve as the acting director of the Office on Violence Against Women.

She will continue to serve as the U.S. attorney here and will split time between the two posts.

The Washington, D.C., office administers assistance -- both financial and technical -- to communities around the country that are creating programs and policies aimed at ending all forms of domestic violence. Its main mission is to encourage the use of the Violence Against Women Act, which went into effect in 1995.

Next year, Ms. Buchanan will oversee the spending of some $400 million in various program areas in the office.

Some of that will be used to provide legal assistance to victims, to pay for supervised visitation and safe exchanges for children involved in custody disputes, and to provide support for elderly victims, Ms. Buchanan said.

"Issues involving violence against women and families have been one of my most significant interests," she said. "I welcome the opportunity to be effective on a national level in addressing this problem."

She plans to focus on increasing outreach to Native American tribes and on college campuses. In addition, she hopes to target young people to educate them about the damage caused by domestic violence.

"Many of the negative actions that we see are behaviors learned at very early ages," she said.

The Office on Violence Against Women was created under former President Bill Clinton. One of the greatest achievements in its 11-year history is the creation of 15 Family Justice centers.

There, victims of domestic violence will find all of the resources and services they need to recover -- the police officers, lawyers, medical care, forensic services and counseling -- available in one place.

Centers have opened in the past year in Boston, Buffalo, N.Y., St. Louis, Tulsa, Okla., Brooklyn, N.Y., and San Antonio.

In her new role, Ms. Buchanan will travel and speak extensively.

This is Ms. Buchanan's second appointment to a national Justice Department position. She served as director of the Executive Office of United States Attorneys from June 2004 to June 2005.

Ms. Buchanan was appointed U.S. attorney in 2001. She began working in the office as an assistant prosecutor in 1988.

CORPORATE SCANDALS:

Justice Policy On Corporate Prosecutions Under Review (AP)

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By Lara Jakes Jordan, Associated Press

AP, November 30, 2006

WASHINGTON — The Justice Department is considering scaling back tough policies used to prosecute scandal-plagued corporations, legal tools criticized as unfairly pressuring companies and employees to cooperate in investigations.

The policies, used in criminal investigations of accounting firms Arthur Anderson and KPMG, could be changed as early as next week, according to people familiar with discussions among Bush administration officials and congressional leaders.

No final decisions have been made, department officials said. But the review comes as outgoing Senate Judiciary Chairman Arlen Specter, R-Pa., threatens to ease parts of the 2003 crackdown on white collar crimes in legislation he plans to file next week.

Additionally, an odd coalition of critics — from the U.S. Chamber of Commerce and the American Bar Association to former Attorney General Ed Meese and the American Civil Liberties Union — are calling for greater protections for those targeted in cases.

At issue is what has become known as the Thompson Memo, written by former Deputy Attorney General Larry Thompson. In the wake of scandals involving Enron Corp. and WorldCom Corp., it sought to coordinate prosecution tactics among the country's 94 U.S. attorneys.

The policy allows prosecutors to show leniency to companies that cooperate with investigators by refusing to pay employees legal fees and disclosing confidential discussions between company lawyers and executives targeted by the government. The memo suggests that companies not cooperating could be indicted.

"There's a general understanding that there's going to be a change that would eliminate any reliance on whether a company was paying attorney fees for employees when making the decision to charge or indict a corporation," said Brian Walsh, senior legal research fellow at the Heritage Foundation think-tank in Washington. The think-tank scheduled a discussion Thursday about the memo, led by Thompson.

Walsh, who has been briefed on some of the department's discussions, said the department might require the attorney general or the top deputy to review and approve any government access to confidential attorney-client discussions. That would take away the discretion from U.S. attorneys in the states.

That, however, "won't do enough to restore the historical protections of the attorney-client relationship," Walsh said.

Few, if any, critics take issue with the Thompson memo's overarching goals. It has helped secure hundreds of corporate fraud convictions since it was written, and is "designed to protect the American investor," department spokesman Brian Roehrkasse said.

Roehrkasse signaled that major changes are not likely, noting that waiving the confidentiality of attorney-client discussions "may very well be in the corporation's best interest."

"Doing so has allowed prosecutors to complete as expeditiously as possible their investigation while minimizing the disruptive effect a criminal investigation can have on a corporation," he said.

Jonathan Macey, a corporate governance and finance professor at Yale Law School, said the policy lets prosecutors proceed as though companies already have been proved guilty.

"If you have a situation where someone is actually innocent but they've been branded as uncooperative — it's a very scary Kafkaesque thought," Macey said.

In June, a federal judge in New York criticized the policy as it was used in a 2004 case against KPMG. Trying to cooperate with prosecutors and avoid indictment, the company cut off legal aid to 16 employees charged with setting up illegal tax shelters.

"KPMG refused to pay because the government held the proverbial gun to its head," U.S. District Judge Lewis A. Kaplan wrote. By doing so, the judge said, the government violated the employees' rights to fair trials.

On the Web

Justice Department: http://www.usdoj.gov

Shift In Corporate Prosecution Ahead (WP)

By Carrie Johnson

The Washington Post, November 30, 2006

Justice Department officials are revising controversial guidelines for criminal prosecutions of companies in response to pressure from business groups, civil liberties lobbyists and an influential lawmaker who is expected to introduce legislation on the issue early next week.

The changes, which could require local U.S. attorneys to obtain input from high-level Justice Department officials before seeking corporate indictments, could be unveiled by Deputy Attorney General Paul J. McNulty next month, according to sources briefed on the issue who spoke on condition of anonymity because the deliberations are not yet complete. The administrative

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revisions also may forbid government lawyers from forcing companies to stop paying attorney fees to employees ensnared in investigations, a move that was declared unconstitutional in June by a federal judge in New York.

Separately, Senate Judiciary Chairman Arlen Specter (R-Pa.) is drafting legislation that would bar prosecutors from forcing companies to waive their attorney-client privilege over internal documents in order to avoid criminal charges, a key part of the current guidelines. Specter, who has received support from Sen. Patrick J. Leahy (D-Vt.), could release the bill as early as Monday.

Debate about the appropriate use of prosecutorial power over business has simmered for years, reigniting in 2002 when the Justice Department charged Arthur Andersen LLP with obstruction of justice, a move that prompted partners and clients to flee and hastened the death of the audit firm.

Larry D. Thompson, then deputy attorney general, developed the guidelines in a memo the next year. After leaving government for a top legal job at PepsiCo, Thompson has quietly continued to defend his approach. In June, Thompson told the Texas bar association that his policy never was intended to force companies to waive their legal privilege except in "limited circumstances" in which prosecutors could not get information from other sources. Instead, Thompson said, companies should be prepared to cooperate with the government and turn over key facts about wrongdoing. He is to speak today at the Heritage Foundation, a conservative think tank in the District.

Some legal analysts argue that the push back is a reflection of increased confidence among business interests whose influence was devastated by the accounting scandals and resulting investor losses. In practice, they argued, debate over the Thompson memo is overblown because few government attorneys cross the line and demand confidential material to which they are not entitled.

Yet a strange-bedfellows coalition, including the National Association of Criminal Defense Lawyers, U.S. Chamber of Commerce, American Civil Liberties Union and National Association of Manufacturers, has formed to protest what it views as overly aggressive implementation of the guidelines. Peter H. Lawson, the chamber's congressional affairs director, and chief executive Thomas J. Donohue have visited top Justice Department officials repeatedly this year to make their case.

For business groups, the biggest concern is waiver of the attorney-client privilege to avoid prosecution, a move that puts sensitive documents and e-mail messages -- often involving communication with company lawyers -- into the hands of prosecutors, securities regulators and, ultimately, plaintiff lawyers who can use the waivers to obtain potentially damaging information in costly class-action lawsuits. Qwest Communications lost a bid in July to keep 220,000 documents from plaintiff attorneys after a federal appeals court ruled against the telecommunications company. Qwest had waived the attorney-client privilege over the documents to avoid criminal prosecution.

Defense lawyers and ACLU advocates, on the other hand, fear government practices that encourage businesses to point the finger at their own employees to save the companies from indictment. An ongoing prosecution of more than a dozen former KPMG officials over the marketing of tax shelters cast a spotlight on the issue after the accounting firm bent over backward to avoid indictment and helped implicate its own former executives.

In a letter earlier this year, a bipartisan group of former Justice Department officials, including attorneys general Griffin Bell and Richard L. Thornburgh; Clinton-era deputy attorney general Jamie S. Gorelick; and former solicitors general Theodore B. Olson, Kenneth W. Starr and Seth P. Waxman, called the memo "seriously flawed."

"You know you have a bad policy when people from across the spectrum are against it," said former deputy attorney general George J. Terwilliger III, who also signed the missive.

Panel Urges Relaxing Rules For Oversight (WSJ)

By Greg Ip, Kara Scannell And Deborah Solomon

The Wall Street Journal, November 30, 2006

A blue-ribbon committee on financial regulation has called for better protection of auditors, company employees and outside directors from authorities and lawsuits, as well as less-detailed rule-making and lower-key investigations.

The Committee on Capital Markets Regulation's report, to be released publicly today, is one of the most high-profile efforts to date to address concerns that excessive regulation -- much of it a response to recent corporate scandals -- is adding to corporate costs, stifling the public securities markets and causing the U.S. markets to lose business to foreign competitors.

AN ACTION PLAN

· Commentary:1 Panel chairs Glenn Hubbard and John Thornton on balancing the costs and benefits of regulation.

"The United States is losing its leading competitive position," the 148-page report says. One reason is "the growth of U.S. regulatory compliance costs and liability risk."

The committee is directed by Harvard law professor Hal Scott and co-chaired by former White House adviser Glenn Hubbard, now dean of Columbia University's business school, and John Thornton, former president at Goldman Sachs Group

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Inc. and now chairman of the Brookings Institution. The group's recommendations for the most part either parallel efforts already under way or would require a different implementation of existing laws, primarily by the Securities and Exchange Commission. Only a few would require new legislation.

Treasury Secretary Henry Paulson is likely to welcome the report; the former chief executive of Goldman Sachs already is advocating many of its recommendations and recently called for a broad re-examination of regulations and laws.

He will hear more opinions before long. Early next year, the U.S. Chamber of Commerce is expected to release its own report, and Sen. Charles Schumer, (D., N.Y.), along with New York City Mayor Michael Bloomberg, have hired McKinsey & Co. to assess market competitiveness and its impact on the city's economy. Early next year, Treasury will host a conference to discuss the regulatory, legal and accounting structure.

The group would like the President's Working Group, a coordinating group headed by Mr. Paulson and including the heads of the SEC, Federal Reserve and Commodity Futures Trading Commission, to use its report to recommend specific reforms. That would give the issue "national economic significance," said Mr. Scott.

But Mr. Paulson will also have to decide which ideas are politically viable and which are dead-on-arrival. "Obviously anything you need congressional approval for would be difficult," said Mr. Scott, such as auditor-liability caps and reduced state-federal enforcement overlap.

Mr. Hubbard said, "I'm not sure this is as horrible a political [environment] as people think. There are Democratic leaders who have been quite bold in this area," citing, for example, incoming Senate Banking Committee Chairman Christopher Dodd's (D., Conn.) role in limiting shareholder class-action lawsuits in the 1990s.

The report makes 32 recommendations, of which six relate to easing the application of Section 404 of the 2002 Sarbanes-Oxley Act governing internal company-financial controls. The SEC already plans to present new guidance on section 404 on Dec. 13. Companies have complained that the section is expensive and onerous to implement.

Other recommendations call for setting a higher bar for regulators or private litigants to go after outside auditors, independent directors and company employees, especially when they act in good faith. It also recommends Congress cap auditors' liabilities, as some European countries do.

It recommends lawyers who donate to the officials who run public pension funds be barred from representing those funds in a class-action securities lawsuit. This could be done by the Department of Labor passing a rule under pension laws, or separate legislation.

The report's overarching theme is a change in regulatory philosophy. The revised philosophy is one based more on general principles than prescriptive rules, more aware of costs as well as benefits of new rules and less intrusive. It lauds Britain's Financial Services Authority, which uses "principles"-based regulation and oversees all British financial firms, in comparison with the U.S.'s multiple federal and state banking and securities regulators.

It suggests the SEC act more like federal banking regulators, such as the Federal Reserve, which concentrate on the soundness of the financial system and less on individual acts of wrongdoing, "with less publicity surrounding enforcement actions." That would encourage securities firms to step forward when they find problems, it says.

The report also says the U.S. has fallen behind some other countries in protecting shareholders' rights. It recommends that companies be required to submit "poison pills," meant to deter hostile takeovers, to shareholder approval.

It also says companies should require directors to be elected by a majority of voting shareholders.

On the contentious issue of executive compensation, it advises no action.

The SEC, it says, should create a special staff group to measure costs and benefits of rules before they are implemented.

Group: Sarbanes-Oxley Needs To Loosen Up (USAT)

By Greg Farrell

USA Today, November 30, 2006

A group of prominent business executives and academics is planning to issue a call today for government regulators to ease up on the enforcement of the Sarbanes-Oxley Act. The group, dubbed the Committee on Capital Markets Regulation, asserts that some elements of the stringent law, which was passed in the wake of accounting meltdowns at Enron and WorldCom, have threatened the USA's leadership position in the global capital markets.

While the group has no legal standing, its recommendations are expected to be taken seriously by Congress, the business community and the Securities and Exchange Commission, which is expected to discuss the paper's contents at its public meeting Dec. 13. The reasons:

·Treasury Secretary Henry Paulson gave his blessing to the group in September, saying it was important for U.S. capital markets to remain competitive.

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·Several lawmakers, including Sen. Chuck Schumer, D-N.Y., have publicly bemoaned the fact that foreign companies have been scared away by the USA's regulatory environment and increasingly looked to London or other financial centers to list their shares.

·One of the co-chairs of the group, Columbia Business School Dean Glenn Hubbard, served as chairman of the Council of Economic Advisers under President Bush.

According to Hal Scott, the Harvard Law School professor who spearheaded the study, recent trends in litigation and regulation threaten to undermine the USA's position as the world's dominant capital market.

Scott says that 40 years ago, onerous banking regulations drove U.S. banks to London, where they helped spark the growth of the Eurobond market. He sees a similar trend with initial public offerings: Fewer than 10% of foreign companies that went public in the last year did so in the USA.

"We've got a major problem here," he says.

The solution, according to the committee, is to change the legal environment in the USA, where class-action lawyers win billions in settlements from public companies each year; ease up on Section 404 of the Sarbanes-Oxley Act, which forces even small companies to spend several million dollars to establish strong internal accounting controls; and urge the SEC to ensure its rules make sense from a cost/benefit point of view.

Jack Coffee, an expert in securities law at Columbia who consulted on the project, doesn't think over-regulation has scared away foreign issuers. Instead, he says, the threat of getting sued in U.S. courts is more of a concern.

Scott says the study was funded by the Starr Foundation, a group headed by former AIG chairman Maurice "Hank" Greenberg, and a philanthropist who didn't want to be named.

Panel To Urge Rewriting Rules To Aid Companies (NYT)

By Floyd Norris And Stephen Labaton

The New York Times, November 30, 2006

Saying it is concerned about a loss of American competitiveness, an independent committee will call today for a sweeping overhaul of securities market regulations.

It recommends making it harder for companies to be indicted by the government or sued by private lawyers, and urges policies to keep the Securities and Exchange Commission from adopting rules that impose high costs on business.

The committee, formed with the endorsement of Treasury Secretary Henry M. Paulson Jr., said the S.E.C. should be required to perform cost-benefit analyses on all rules before they were adopted. It said the S.E.C. should also take steps to rein in private securities litigation and adopt policies to shield corporate directors and auditors from some lawsuits.

With Congress soon to be under control of the Democrats, the report recommends changes that can be made without legislation. Even so, it remains unclear how much of the report will be adopted by the Treasury or the S.E.C. While the committee said its recommendations would help investors, they drew immediate criticism from one former member of the S.E.C., who said the recommendations would damage the commission and roll back needed regulation.

The report said President Bush should direct the President's Working Group on Financial Markets — composed of Mr. Paulson and the chairmen of the Federal Reserve, the S.E.C. and the Commodities Futures Trading Commission — "to examine the legal and regulatory concerns we raise and to propose whatever reforms it views necessary."

That could include permitting the group to review cost-benefit analyses before S.E.C. rules take effect, providing businesses with one more avenue of appeal against new rules they oppose.

The report also calls for relatively modest changes in the enforcement of the Sarbanes-Oxley Act and supports greater shareholder democracy by limiting antitakeover defenses of companies.

"Strong shareholder rights go hand in hand with reduced regulation or litigation, as strong shareholder rights invite greater dependence on shareholders to discipline management and directors," the report states.

The report was produced by the Committee on Capital Markets Regulation, a group co-chaired by R. Glenn Hubbard, the dean of the Columbia University Graduate School of Business, and John L. Thornton, the chairman of the Brookings Institution.

The committee has no official standing, but the identities of its leaders and its formation with an endorsement from Mr. Paulson have created an expectation that it may map out the Bush administration's final two years of strategy in capital markets. President Bush came to office talking of reduced regulation, but the Enron and WorldCom scandals led to passage of the Sarbanes-Oxley Act, which tightened regulation and established a new regulator for auditing firms, the Public Company Accounting Oversight Board.

Mr. Hubbard is a former chairman of President Bush's Council of Economic Advisers, and Mr. Thornton was president of Goldman Sachs when Mr. Paulson was its chief executive. The committee was directed by Hal S. Scott, a Harvard Law School professor.

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The Treasury has not indicated what its agenda will be. In a speech last week, Mr. Paulson said the department would set up its own roundtable on the issues next year, an indication he was not yet willing to stake out definitive positions. Nor is it clear if Christopher Cox, the S.E.C. chairman, or the other commissioners will back the proposals.

The S.EC. analyzes some costs and benefits through its Office of Economic Analysis. But the committee proposes making that more formal, establishing "an internal staff group of qualified economists and business analysts to perform a systematic cost-benefit analysis as a regular part of the rule-writing process."

A draft copy of the report was provided to The New York Times yesterday by a committee member who asked not to be identified because the committee had determined it would not be publicly disclosed until today. The committee also gave reporters an embargoed copy of the report, but this article was not based on that release.

Although many of the changes could be made without legislation, some of the provisions, like imposing limits on damages against auditing firms — a major goal of two committee members who are heads of major auditing firms — would require Congressional action.

The report calls on the Justice Department to change its policy on corporate prosecutions. That approach is contained in a memorandum by Larry Thompson, who was deputy attorney general when the corporate scandals erupted. At the moment, prosecutors, in determining whether to bring criminal charges against a company, are permitted to consider whether the company waived lawyer-client privileges to aid the government's investigation and whether the company is paying defense costs for current or former executives facing criminal charges.

Instead, the report said, the Justice Department should prohibit prosecutors from seeking waivers of lawyer-client privilege or the denial of legal fees for company officials.

In general, it said, the government should be hesitant to ever indict companies, given possible damage to innocent shareholders and to the economy, and it said the law should be changed to give Washington the power to block state indictments of accounting or financial firms.

Federal indictments of corporations should occur only "in exceptional circumstances of pervasive culpability throughout all offices and ranks," the report stated. It added that if a state wanted to bring charges against either an auditing firm or a financial firm, the Justice Department should be able to block the prosecution "on the grounds of national interest."

A major focus of the report is what the committee sees as a loss of competitiveness for American capital markets, which no longer list the bulk of new initial public offerings. The report concedes that some of the reasons for that change cannot be altered, like improved foreign markets and the fact that some offerings are from companies controlled by foreign governments. But it wants to take action on the rest.

One way would be to exempt foreign companies from Section 404 of the Sarbanes-Oxley Act, which requires audits of internal controls, if they have something similar in their home markets. For American companies, it said, the S.E.C. and the accounting oversight board should provide guidance to make application of the rule less costly, something they have promised to do.

Companies whose securities now trade in the United States generally cannot leave unless the number of American shareholders falls below 300. The committee suggested that the S.E.C. change that to omit institutional shareholders from the count, on the theory that it is individual investors who most need protection. That would make it a little easier for such companies to leave the American markets.

For foreign companies not now registered in the United States, the report suggests that the S.E.C. abandon most restrictions on leaving, so long as American investors are warned before they invest that such a departure is possible. "If foreign companies know they can leave U.S. markets, they may be more willing to come in the first place," the report states.

A focus of the report is on excessive litigation. It urges the S.E.C. to offer rules and interpretations to raise the standard of materiality needed to make an error important and therefore subject to litigation.

It suggests that companies, with shareholder approval, be permitted to divert some complaints to arbitration rather than to court, or to require that such disputes that do go to court be heard by judges rather than juries. It also urges the commission to provide protection from lawsuits for directors who rely in good faith on auditors or on corporate officials. And it suggests Congress consider limiting the liability of accounting firms, to protect them from collapse if they lose a major case.

When the committee was formed, it did not include any former S.E.C. officials. "We would not want to put people in the position who had formulated these rules in the past," Mr. Scott said. "They may have a lack of objectivity."

But those people may have influence, and at least one of them said yesterday that he was not impressed by the report.

"The report pays lip service to the need for rigorous enforcement but would dramatically diminish the effectiveness of the S.E.C., of criminal enforcement, of state attorney general enforcement and of private damage actions," said Harvey J. Goldschmid, a professor at Columbia Law School who had served as general counsel and as a member of the S.E.C. He said he had seen the final report but declined to discuss or disclose details of it.

"The recent drive for accountability and deterrence would be replaced by a world in which almost anything goes," he added. "The committee raised legitimate questions but over all their recommendations are unbalanced and unwise."

Paulson-Backed Group Seeks Reduced Business Penalties (Update2) (BLOOM)

By Jesse Westbrook And Vineeta Anand

Bloomberg, November 30, 2006

Nov. 29 (Bloomberg) -- U.S. lawmakers and regulators should reduce penalties on companies and their auditors to help American financial markets compete globally, a group of prominent executives and academics backed by Treasury Secretary Henry Paulson said.

The Committee on Capital Markets Regulation, led by former White House Economic Adviser Glenn Hubbard and former Goldman Sachs Group Inc. President John Thornton, in a report to be published tomorrow, called for a broad overhaul of securities regulation, saying the Justice Department should pursue corporate criminal indictments only as a last resort. The group's recommendations may shape the debate about how to revise the Sarbanes-Oxley Act.

``Firms must choose to come to the United States: they do not have to come," the group said in an advance copy of the 135- page report. ``It is the committee's view that in the shift of regulatory intensity, balance has been lost to the competitive disadvantage of U.S. financial markets."

Paulson has questioned whether laws like Sarbanes-Oxley, passed in the wake of corporate scandals, went too far. The Treasury secretary has been waiting for the report as he prepares meetings next year to examine the U.S. accounting and legal systems.

Members of Congress have said they are concerned the U.S. may lose its status as the world's top financial center because of costs stemming from Sarbanes-Oxley.

Sarbanes-Oxley

House Financial Services Committee Chairman Michael Oxley and Senator Paul Sarbanes, a Maryland Democrat, drafted the law in 2002 after accounting scams at Enron Corp. and WorldCom Inc. cost investors about $65 billion, according to government estimates and shareholder lawsuits.

Sarbanes-Oxley requires outside auditors to evaluate the procedures companies have in place to ensure accurate financial statements, drawing business complaints. Critics say accountants have interpreted the provision too stringently, driving up compliance fees and prompting companies to take initial public offerings overseas.

The committee headed by Hubbard and Thornton said Congress should exempt companies with market values of less than $75 million from Sarbanes-Oxley audit requirements if costs can't be brought in line with benefits. SEC Chairman Christopher Cox has said he opposes exemptions for small firms.

Representative Barney Frank, a Massachusetts Democrat who's poised to replace Oxley in January, says he supports easing the law's costs. Representative Nancy Pelosi, a California Democrat who will become House Speaker, has said she wants to reduce burdens on small companies.

Cost of Regulation

U.S. companies paid $4.36 million on average to comply with Sarbanes-Oxley in 2004, the group said.

To ensure that regulation doesn't become too expensive in the future, the group suggested the SEC periodically review its rules to make sure benefits exceed costs.

The capital markets committee says it doesn't want to emasculate Sarbanes-Oxley, which it says has ``significantly strengthened the financial reporting and governance processes for public companies." In addition to tightening accounting rules, the law stiffened penalties for corporate fraud and requires top executives to certify that company books are accurate.

To prompt overseas companies to sell shares in the U.S. and prevent domestic firms from going elsewhere, the Justice Department should stipulate that it will only pursue criminal prosecutions in instances of ``pervasive culpability throughout all offices and ranks."

Investor Confidence

Charles Niemeier, a member of the Public Accounting Oversight Board, said in an interview regulators are already working to resolve most of the committee's concerns about Sarbanes-Oxley by revising audit standards to save companies time and money.

SEC Commissioner Roel Campos, a Democrat, said in an interview that securities regulations give U.S. markets advantages over foreign rivals by boosting investor confidence.

``Foreign investors tell me every day that they invest billions of dollars in the U.S. because they feel that our system protects capital and minority shareholders better than anywhere else in the world," Campos said.

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Civil litigation presents another problem. U.S. settlements from class action lawsuits soared to $3.5 billion in 2005 from $150 million 10 years earlier, the group said. The risk of litigation has prompted insurers to charge U.S. firms six times as much as they do European companies for coverage protecting executives and directors from lawsuits.

Lawsuit Limits

The committee said Congress should limit liability for accountants by ``preventing damage awards against audit firms and their employees at a level that could destroy a firm." U.S. financial markets couldn't sustain the demise of another accounting firm after Arthur Andersen LLP went out of business following its indictment for aiding Enron's fraud, the group said.

The SEC should shield independent directors from shareholder lawsuits when board members can show decisions were based on ``good-faith reliance on an audited financial statement," the report said. Such a change would encourage more people to serve on public boards.

There is no guarantee regulators will take up the committee's recommendations. Democrats, considered less friendly to business, will take control of Congress in January and similar suggestions have been rejected before, said Damon Silvers, associate general counsel of the AFL-CIO labor federation.

The report is ``destined for the desk drawer," Silvers said in an interview. ``It's the same old stuff the business lobby has been shopping around for a generation."

Market Panel Issues Call For Relaxing Rules (LAT)

By Jonathan Peterson, Times Staff Writer

The Los Angeles Times, November 30, 2006

Post-Enron regulation has hurt competitiveness of U.S. firms, a business and academic study says.

WASHINGTON — Business lobbyists and their intellectual allies have begun a broad effort to lighten the regulatory burden of corporate America, warning that U.S. companies and the capital markets they rely on are losing the competitive battle to rivals overseas.

In the latest development, the private Committee on Capital Markets Regulation today plans to release an interim report contending that regulation, enforcement and litigation have become a weighty burden on the economy, and cite evidence that America's long-envied capital markets have lost some of their allure.

"The first conclusion is that we have a real competitiveness problem," said Hal S. Scott, a Harvard University law professor who directed the work of the panel.

The 22-member committee includes corporate chieftains and leading academics and was launched Sept. 12 with the backing of Treasury Secretary Henry M. Paulson Jr.

To make its case, the panel cites the rising prominence of private equity firms, which are increasingly buying publicly traded companies and taking them into private ownership.

The report also warns that the U.S. is losing its dominant role in initial public offerings. "As measured by value of IPOs, the U.S. share declined from 50% in 2000 to 5% in 2005," it says.

"Foreign companies are not coming here, and private companies are not going public as much as they did in the past," Scott said in an interview Wednesday. "Over time, if we don't deal with the problems, it's not just going to be foreign companies that don't want to come here but our own companies won't want to be traded here."

Such complaints aren't new, but some see a change in the nation's attitude toward big business that could give the panel's report greater currency.

Memories of fraud at Enron Corp., WorldCom Inc. and elsewhere are starting to fade, and the corporate investments held by millions of Americans through stocks, 401(k) plans and mutual funds are swelling thanks to a booming stock market.

Business leaders are also encouraged by signs that some Democrats are willing to consider working with Republicans to ease the regulatory burden.

"Right after Enron, the American business community felt they had to keep their mouths shut and not complain even when they saw poor regulation or poor management of capital markets issues," said David C. Chavern, chief legal officer of the U.S. Chamber of Commerce. "Now, people are saying just because some executives did bad things, that doesn't mean we should screw up our whole capital markets system because of it."

The new report calls on the Securities and Exchange Commission to place greater emphasis on analyzing the costs as well as the benefits of new rules. It will suggest that the SEC, the Justice Department and state regulators do a better job of coordinating their enforcement efforts so that companies aren't vulnerable to multiple attacks.

It also proposes easing of liability for independent corporate directors when companies get into trouble, and it will urge a change in the standards demanded for internal controls that were required by the Sarbanes-Oxley corporate reform law.

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The controls, used by companies to guarantee the accuracy of their financial records, have been assailed as unduly, costly and burdensome by many firms.

The group emphasizes investor protections as a "bedrock principle" of the marketplace but nonetheless concludes that the intensity of regulation has become extreme. "The evidence suggests that the balance needs to be restored," said a summary of the report that was obtained Wednesday.

Other proposals to ease red-tape burdens also are in store. The U.S. Chamber of Commerce plans next year to release its own recommendations by a panel that is being co-chaired by William M. Daley, the Democratic Commerce secretary during the Clinton administration, and A.B. Culvahouse, chairman of the O'Melveny & Myers law firm.

More narrowly, the SEC is preparing to propose guidelines next month that some fear will ease the requirements for internal controls.

The combination of developments has become a concern for shareholder-rights activists who have applauded an array of post-Enron measures and until now have been able to rely on bipartisan congressional support to uphold them.

"I'm very worried," said Barbara Roper, director of investor protection for the Consumer Federation of America. "We have a huge fight on our hands. They are very well funded and very well organized," she said of business groups.

Democrats, who won control of the House and the Senate in the midterm elections, have been careful not to alarm big business interests that have traditionally favored Republicans.

On Wednesday, Rep. Charles B. Rangel (D-N.Y.), likely to be the next chairman of the House Ways and Means Committee, said he planned to hold a bipartisan retreat with Treasury Secretary Paulson to consider cooperative approaches on such matters as taxation and trade.

And Rep. Barney Frank (D-Mass.), soon to be chairman of the House Financial Services Committee, believes that regulators can exert their discretion in implementing the Sarbanes-Oxley rules to address business concerns without having to amend the law itself.

"In a nutshell, he believes there's enough flexibility in the law to reduce some of the costly burdens — especially to small business — before any legislative remedy is sought or even thought about," said Steve Adamske, a spokesman for Frank.

The Bush administration may be an ally of some of the business proposals. In a recent speech, Paulson alluded to the nation's "complex and confusing regulatory structure and enforcement environment." Furthermore, he noted that some of the post-Enron rules, although necessary, were being implemented in a way that might create unnecessary costs and new risks to the economy.

Paulson has been closely identified with the Committee on Capital Markets Regulation, with some even referring to it as the "Paulson group." But although Paulson hailed the creation of the committee at its launch, there is no formal connection. The Treasury Department plans its own conference early next year on the concerns related to U.S. capital markets and economic competitiveness.

"Treasury is not a member of the committee nor is it working in collaboration with this committee," said Jennifer Zuccarelli, a Treasury spokeswoman. "But the department is open to hearing new ideas from respected academics and industry leaders to encourage the strength of the capital markets and uphold investor protections."

In addition to Harvard's Scott, other members of the capital markets panel include R. Glenn Hubbard, who served as chairman of the White House Council of Economic Advisors earlier in the Bush administration; John L. Thornton, chairman of the Brookings Institution and former president of investment bank Goldman Sachs; and James Rothenberg, chairman of Los Angeles-based Capital Research & Management Co., the parent of American Funds.

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Action Plan For Capital Markets (WSJ)

By R. Glenn Hubbard And John L. Thornton

The Wall Street Journal, November 30, 2006

Today, the Committee on Capital Markets Regulation will issue its first report on regulatory changes needed to maintain and improve the global competitive position of U.S. capital markets for investors. Our 135-page report offers numerous recommendations and suggestions for areas of further study -- principally for regulation, though, in some cases, for legislation. The theme is simple: To maintain and enhance the value of U.S. public markets, we must do a better job of assessing and evaluating the benefits and costs of our regulatory and legal system and strengthen the rights of shareholders.

Our 22-member committee's initial recommendations should be implemented: They represent the consensus of a diverse group of legal and finance scholars, CEOs, auditors, practicing corporate attorneys, institutional investors and investor advocates drawn from both political parties. Taken together, the proposed changes would enhance shareholder value by reducing the cost

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of capital, increasing expected firm cash flows, and reducing excessive risk aversion of corporate managers, auditors and directors. * * *

Public capital markets play a vital role in any modern economy. They offer the means for growing firms to finance investment. They allow investors' funds to flow to the most promising opportunities. And the risk-sharing, liquidity and information services provided by well functioning capital markets enhance the value of investors' assets and lower the cost of capital for firms. Legal and regulatory regimes that promote shareholder rights, accountability, disclosure and transparency are an important element in the success of capital markets and the economy as a whole.

In our column on this page late last month, we observed that U.S. capital markets are losing their competitiveness in global markets, to the detriment of investors. Our report concludes that regulatory and legal costs play a leading role in this adverse shift. And the debate over foreign listings in the U.S. is instructive.

Foreign firms still receive a benefit on average from listing in the U.S., according to evidence from economic research. But that benefit has declined in recent years. Since 2002, the average listing premium has declined 19 percentage points. Of particular interest is the variation across countries. It might be that extra regulation is harmful for firms from countries with poor corporate governance -- the cost of meeting the standards is difficult to bear by any measure. On the other hand, the new regulation might be beneficial, even for companies from countries with strong corporate governance -- but too costly relative to the benefits. In this case, the decline in listing premiums should be for firms in countries with good corporate governance (that is, who already have the benefit, but now must pay higher costs).

The report presents evidence to support the latter view. In concert with evidence on global IPOs and private equity transactions, this finding underscores the need to balance costs and benefits of regulation to maintain the global position of U.S. markets. Doing so requires examining all pieces of the puzzle to ensure that regulation enhances shareholder value by improving the incentives of corporate managers, auditors and directors while advancing shareholders' rights in the markets for corporate control.

· Sarbanes-Oxley Section 404 can be implemented more cost-effectively. Section 404 is aimed at reducing the market impact of accounting "errors" -- whether from fraud, inadvertent misstatements or omissions -- by assuring investors that public companies maintain effective controls over financial reporting. The issue is not the statute's underlying objectives, but whether the implementation approach taken by the SEC and the Public Company Accounting Oversight Board (PCAOB) strikes the right cost-benefit balance. The evidence about declining listing premiums suggests that it has not. Combined with other evidence presented in the report, this point leads us to conclude that the costs of Section 404 are substantial -- many multiples of the SEC's original estimate.

Better implementation of Section 404 can lead to a capture of benefits at a lower cost. First, reform should start by revising the materiality standards in Auditing Standard No. 2 to ensure that reviews are truly risk-based and focus on significant control weaknesses, as the SEC and the PCAOB are now acknowledging. The SEC should define materiality quantitatively and consistently with the definition of materiality in financial reporting.

Second, the SEC and PCAOB should clarify and permit greater judgment as to the auditor's role in understanding and evaluating management's assessment process. Third, consistent with the objective of focusing control review on higher-risk components of financial processes, the SEC and the PCAOB should give guidance to management and auditors to allow multiyear cycling of testing where appropriate. Fourth, small companies (under $75 million market capitalization) should either be subject to the same (revised) Section 404 requirements as large companies, or Congress should consider reshaping Section 404 for small companies by eliminating auditor attestation while providing for a reasonable form of certification of internal controls by management. Finally, we would not apply Section 404 to non-U.S. companies subject to equivalent home-country requirements.

· The U.S. litigation and enforcement system requires reform. Our enforcement system has many virtues. A vigorous system that includes civil and criminal enforcement against individual wrongdoers, including CEOs, makes financial markets safer and more competitively attractive. We do conclude, however, that our private litigation system needs modification in several important ways, and the criminal enforcement system needs better balance.

First, for private enforcement, while claims under Rule 10b-5 account for the bulk of securities litigation, considerable uncertainty exists about many of the elements of 10b-5 liability as a result of conflicting court interpretations over the years. The size and frequency of damage settlements in securities class-action suits, moreover, sets the U.S. apart from other major financial centers and is an important factor in the declining competitive position of our securities markets. The SEC should provide more guidance, using a risk-based approach. This review should include materiality, scienter (knowledge of wrongdoing), and reliance.

Second, criminal enforcement against entire companies, reflecting the experience with the (now vacated) Arthur Andersen decision, should be truly a last resort, reserved for companies that have become criminal enterprises from top to bottom. In addition, the Justice Department's Thompson Memorandum makes the decision to prosecute a firm turn in part on whether the

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firm is willing to refuse to advance legal fees to employees who are being prosecuted and waive its attorney-client privilege. A district court has held these restrictions to be unconstitutional. The Justice Department should revise its prosecutorial guidelines to prohibit federal prosecutors from seeking waivers of attorney-client privilege or the denial of legal fees to employees, officers or directors.

· Shareholder rights should be strengthened. Matters of corporate control are part of the fundamental framework of shareholder rights. And a well functioning market for corporate control is crucial to an efficient and competitive capital market. The combination of a poison pill and a staggered board raises barriers to hostile bids, impairing the market for corporate control and investors' asset values. Classified boards should be required, as a matter of course, to obtain shareholder authorization prior to the adoption of a poison pill, unless the firm is the target of a takeover. In that case, the firm should be given no more than three months to obtain shareholder authorization.

Another element of shareholder rights is the need to allow shareholders to devise private alternatives to the present costly litigation system. Such procedures might include the waiver of jury trials (a waiver already commonly made in a variety of circumstances) or arbitration (with or without class actions). This choice should be afforded for IPOs as part of an initial public offering for new companies, provided it is done by shareholder vote after the IPO. Shareholders of companies that are already public should similarly be able to amend their charters and bylaws.

In addition, we applaud the increasing number of companies that have adopted majority voting requirements. Majority voting is a cornerstone of any effective system of shareholder rights, along with the right of shareholders to vote on poison pills and alternative remedies. In a related area, the SEC should resolve the confusion over the ability of shareholders to place their own director nominees on the company's proxy (confusion created by a recent decision of the Second Circuit Court of Appeals in AFSCME v. AIG).

Finally, the SEC's new executive-compensation disclosure requirements should be rigorously assessed before assessing any policy changes toward the market for executive talent.

· Excessive gatekeeper litigation is harmful to shareholders. Gatekeepers such as auditors and directors play critical roles in monitoring corporate management on behalf of shareholders. Significant increases in potential liability for these gatekeepers in recent years can induce risk aversion behavior not in shareholders' long-term interests and possibly reduce the supply of willing and competent professionals to perform these tasks.

Audit firms play the part of ensuring the integrity of financial statements and the effectiveness of internal controls of public companies. Remedies for excessive litigation here will require congressional action. Like so many of the issues touched on by our committee, this is a complex area. Nevertheless, we recommend that Congress explore alternatives to avoid catastrophic loss and its consequences. One approach would be to set a cap on auditor liability (an approach some European countries already pursue, and which Charlie McCreevy, Commissioner for Internal Markets, has recommended for the European Union). An alternative would be to create a safe harbor for certain defined auditing practices. Preventing economic damage awards against audit firms and their employees at a level that would destroy the firm would allow insurers to re-enter this market. Insurance would allow audit firms to conduct prudent oversight with a knowable risk and create an additional source of recovery for shareholders. To ensure that investors are protected against auditor misconduct, such legislation could provide that invocation of a cap or safe harbor by an audit firm would trigger an investigation by federal regulators, who, based on their findings, may impose appropriate sanctions on the firm.

Likewise, we should not hold outside directors responsible for corporate malfeasance they cannot possibly detect. In particular, the SEC should modify Rule 176 to make an outside director's good faith reliance on an audited financial statement or an auditor's comfort letter sufficient for meeting this standard of care.

· Effective regulation requires economic analysis. While there are existing mechanisms at the SEC for applying cost-benefit analysis to proposed rules and regulations, we believe more can be done in this regard to assure that regulations are achieving the intended effects of investor protection at a cost that is sensible in the context of individual firms, the markets at large, and the economy as a whole. The SEC and self-regulatory organizations need to engage in a more risk-based process, focused explicitly on the economic costs and benefits of regulation (as is the case for the FSA in the United Kingdom) for companies and investors, while strengthening shareholder protections. In weighing the costs and benefits of new rules, regulators should assess and rely on empirical evidence to the extent possible.

· A broader policy engagement is now required. Because the competitiveness and integrity of U.S. capital markets are central to overall national economic health and investors' well being, we recommend that the president direct his Working Group on Financial Markets to evaluate these key legal and regulatory issues and formalize a process of cost-benefit analysis for capital markets regulation. This opportunity -- affecting our nation's wealth and future growth -- is one that transcends politics. And it calls for action.

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Mr. Hubbard, Dean and Russell L. Carson Professor of Finance and Economics at Columbia Business School, was chairman of the Council of Economic Advisers under George W. Bush. Mr. Thornton, chairman of the Brookings Institution, was president of Goldman Sachs. The Report of the Committee on Capital Markets Regulation, which they chair, will be released today, and can be obtained at http://www.capmktsreg.org1.

Appellate Panel Skeptical Of Grasso's Bid To Disqualify Judge From Compensation Case (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, November 30, 2006

Appellate judges reacted with skepticism Wednesday to arguments that Manhattan Supreme Court Justice Charles E. Ramos should be disqualified from hearing a state lawsuit to force former New York Stock Exchange Chairman Richard A. Grasso to return much of his $187.5 million compensation package.

Attorneys for Grasso appeared Wednesday before a four-judge panel of New York's Appellate Division, 1st Department, to appeal Ramos' refusing to recuse himself from the case and saying he would decide the reasonableness of the compensation in a bench trial.

Among other things, Grasso's attorneys argued that Ramos should have recused himself because he promised to do so before engaging in settlement discussions during which he expressed strong opinions about the case.

Justices John T. Buckley, Angela M. Mazzarelli, David B. Saxe and James M. McGuire sat on the panel for the hour-long argument.

"You are asking us to say that anytime a judge conducts settlement talks he must recuse himself," Mazzarelli told Gerson A. Zweifach, a partner at Williams & Connolly who represents Grasso.

Saxe predicted that ruling in favor of Grasso could have a "chilling effect" on trial judges' efforts to engage in settlement discussions in future cases.

Zweifach has said that, before engaging in settlement talks on May 10, 2006, Ramos promised not to preside over any subsequent trial should Grasso later object to his involvement in the case.

In an affidavit, Mark Zauderer, a partner at Flemming Zulack Williamson Zauderer who also represents Grasso, has offered a slightly different account. He said Ramos promised to reassign the case "depending on 'how far things go' with the settlement discussions."

Ramos has verified Zauderer's depiction of the conversation, and Deputy Attorney General Avi Schick said Wednesday that Ramos indicated he would recuse himself if he became "heavily involved" in talks, but insisted that they never reached that point.

Schick, who said in court documents that the parties were engaged in "brief settlement discussions," has argued that requiring judges who engage in settlement talks to recuse themselves from a subsequent trial "is not the law in this State and would wreak havoc upon the judicial process."

Robert L. Michels, an attorney for the New York Stock Exchange, stressed Wednesday that judges are encouraged under the Civil Practice Law and Rules to conduct settlement discussions.

Grasso, who was sued by Attorney General Eliot Spitzer in May 2004 under New York's not-for-profit law, declined to comment after the hearing.

In addition to the recusal request, Grasso asked the court Wednesday to hold that a central issue in the dispute -- whether his pay package was reasonable -- must be heard by a jury instead of by Ramos.

Zweifach said Grasso was "promised by the Legislature the right to a jury trial," and, by holding a bench trial on the reasonableness of his compensation, Grasso is effectively being denied a right to a jury trial on other charges.

Schick, however, said the state is seeking restitution via a constructive trust instead of damages, and that under the law Grasso is therefore not automatically entitled to a jury trial.

In addition to the issues addressed Wednesday, the Appellate Division is considering several other appeals filed by Grasso, including a challenge to Ramos' decision last month ordering Grasso to pay back what could be as much as $100 million to his former employer.

CRIMINAL LAW:

7M In U.S. Jails, On Probation Or Parole (AP)

By Kasie Hunt, Associated Press Writer

AP, November 30, 2006

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WASHINGTON — A record 7 million people - or one in every 32 American adults - were behind bars, on probation or on parole by the end of last year, according to the Justice Department. Of those, 2.2 million were in prison or jail, an increase of 2.7 percent over the previous year, according to a report released Wednesday.

More than 4.1 million people were on probation and 784,208 were on parole at the end of 2005. Prison releases are increasing, but admissions are increasing more.

Men still far outnumber women in prisons and jails, but the female population is growing faster. Over the past year, the female population in state or federal prison increased 2.6 percent while the number of male inmates rose 1.9 percent. By year's end, 7 percent of all inmates were women. The gender figures do not include inmates in local jails.

"Today's figures fail to capture incarceration's impact on the thousands of children left behind by mothers in prison," Marc Mauer, the executive director of the Sentencing Project, a Washington-based group supporting criminal justice reform, said in a statement. "Misguided policies that create harsher sentences for nonviolent drug offenses are disproportionately responsible for the increasing rates of women in prisons and jails."

From 1995 to 2003, inmates in federal prison for drug offenses have accounted for 49 percent of total prison population growth.

The numbers are from the annual report from the Justice Department's Bureau of Justice Statistics. The report breaks down inmate populations for state and federal prisons and local jails.

Racial disparities among prisoners persist. In the 25-29 age group, 8.1 percent of black men - about one in 13 - are incarcerated, compared with 2.6 percent of Hispanic men and 1.1 percent of white men. And it's not much different among women. By the end of 2005, black women were more than twice as likely as Hispanics and over three times as likely as white women to be in prison.

Certain states saw more significant changes in prison population. In South Dakota, the number of inmates increased 11 percent over the past year, more than any other state. Montana and Kentucky were next in line with increases of 10.4 percent and 7.9 percent, respectively. Georgia had the biggest decrease, losing 4.6 percent, followed by Maryland with a 2.4 percent decrease and Louisiana with a 2.3 percent drop.

Death Penalty Weighed In Beach Kidnapping, Murder (V-P)

By Tim Mcglone, The Virginian-Pilot

Virginian-Pilot, November 30, 2006

NORFOLK — The Justice Department is considering pursuing the death penalty against Tanya Y. Torrence, the 35-year-old woman charged with the kidnapping and murder of her estranged boyfriend's mother this summer.

Torrence was arraigned Wednesday in U.S. District Court on a four-count indictment that could carry a death sentence if convicted. Led to the magistrate court's podium in shackles, Torrence pleaded not guilty to the charges.

The indictment charges Torrence with murder, kidnapping, interstate kidnapping resulting in death and use of a firearm. Magistrate James E. Bradberry set a trial date of March 13.

Assistant U.S. Attorney Laura P. Tayman told the judge that she expects a decision from Washington by Jan. 23 on whether to seek the death penalty.

Torrence is accused of kidnapping 72-year-old Mary Knight from her Virginia Beach home July 1 and driving north in Knight's minivan. Along the way, Torrence shot Knight twice, killing her, according to the indictment and other court filings.

She continued driving, ending up in Philadelphia where she exchanged the handgun for crack cocaine, according to the court records. She turned herself in to police there and Knight's body was found in the minivan.

The indictment says Torrence committed the crimes "to punish her estranged boyfriend." In a confession to authorities after her arrest in Philadelphia, Torrence said the shooting was an accident.

Torrence remains jailed without bond.

The court records indicate that Torrence suffers from mental health issues, has attempted suicide in the recent past and was a daily crack cocaine user for the four months prior to her arrest.

Reach Tim McGlone at (757) 446-2343 or tim.mcglone@pilotonline.com.

Court Says Former Governor Of US State Illinois Can Avoid Jail While He Appeals Conviction (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, November 30, 2006

(AP) - CHICAGO-Former Governor George Ryan can remain free while he appeals his conviction in the corruption scandal that ruined his political career, a federal appeals court has ruled.

DOJ_NMG_0100075

The decision by the 7th U.S. Circuit Court of Appeals was issued without explanation Tuesday, but the court said if it upholds Ryan's conviction, he must go to prison immediately.

Ryan, 72, was sentenced in September to 6 1/2 years in federal prison for racketeering and fraud involving corruption when he was secretary of state in the 1990s and later governor.

U.S. District Judge Rebecca L. Pallmeyer had refused to grant bail to Ryan. But the appeals court overruled her and said Ryan may remain free while appealing his conviction. He had been due to report to prison Jan. 4.

Federal prosecutors opposed bail for Ryan, saying it was unlikely his conviction would be overturned. But Ryan's attorneys argued that jury deliberations in the case were flawed and that Ryan should be granted a new trial.

Ryan was convicted in April of steering lucrative state contracts and leases to lobbyists and friends; using state employees and tax dollars to operate his political campaigns; and sabotaging an investigation of driver's license bribery.

A spokesman for the U.S. attorney's office, Randall Samborn, said Wednesday the government had no comment on the appeals court's decision.

Also Wednesday, the state stripped Ryan of his $197,000 (â‚¬150,000) annual pension, ruling that his conviction wiped out all benefits from his 35-year career in public office.

Nonprofits Subjects Of Federal Probe Got $2.5 Million From State (AP)

By Melinda Deslatte, The Associated Press

AP, November 30, 2006

BATON ROUGE, La. (AP) — At least $2.5 million in state money was steered by New Orleans lawmakers over a 10-year period to two nonprofit agencies with family ties to U.S. Rep. William Jefferson, according to documents released by the governor's office.

The documents from the defunct Gov.'s Office of Urban Affairs show at least $1 million was given to Care Unlimited Inc. and another $1.5 million to Orleans Metropolitan Housing and Community Development Inc. The documents were subpoenaed by the Federal Bureau of Investigation and provided to The Associated Press this week by the governor's office in response to a public records request.

The FBI has declined to say what information it is seeking in the documents. But Jefferson — a New Orleans Democrat embroiled in a campaign for re-election to a ninth term — is the subject of a federal bribery probe. Jefferson has not been charged with a crime and has denied wrongdoing, but a businessman and a former Jefferson aide have pleaded guilty in the case.

The FBI documents covering allocations from January 1996 to the present, involving five nonprofit agencies, four of which had documented ties to the Jefferson family. Marie Centanni, Blanco's press secretary, said only Care Unlimited and Orleans Metropolitan Housing received funding through the Office of Urban Affairs.

The earmarks for Care Unlimited and Orleans Metropolitan Housing were added by lawmakers connected to Jefferson: his daughter, Rep. Jalila Jefferson-Bullock, and former Rep. Renee Gill Pratt, a former legislative aide to the congressman and former New Orleans City councilwoman who was hired by Care Unlimited when she lost her re-election bid. Also listed as sponsor of the add-ons in some instances was Sen. Diana Bajoie, D-New Orleans.

The nonprofit agencies themselves were tied to the congressman. One of Jefferson's brothers is chairman of the board of directors for Orleans Metropolitan Housing, and Care Unlimited was founded by another Jefferson brother.

The Office of Urban Affairs supervised grants to nonprofits in black lawmakers' districts before it was disbanded this year by Blanco. A similar office for rural nonprofit agencies also was disbanded. Both were criticized as slush funds used by the governor's office to steer dollars to lawmakers' pet projects in response to favorable votes.

Care Unlimited and Orleans Metropolitan Housing are among hundreds of pet causes added into spending bills over the years by legislators through the regular budget construction process.

But the documents given to the FBI show state funding appeared to be the only sources of income in some years for Care Unlimited and Orleans Metropolitan Housing.

The money paid for salaries and benefits, accounting services, insurance, telephone service, utilities and supplies. In the 2003-04 budget year, Orleans Metropolitan Housing paid for the company picnic with state cash, and a year earlier, state money paid for building renovations.

Care Unlimited sponsored several programs that received money through the state budget process, according to the financial documents.

The programs were described as education initiatives for pregnant teens, tutoring, career workshops for high schoolers, assistance with scholarship services and a pilot project to focus on the "broad problems of black males" to coordinate family, health, education and counseling services through local churches, schools and community agencies.

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Orleans Metropolitan Housing and Community Development was described in documents as a nonprofit that helped rehabilitate and improve housing for low- and moderate-income residents, conducting carbon monoxide testing and energy conservation education.

The phone number listed in the New Orleans phone book and on financial documents for Orleans Metropolitan Housing was disconnected. Phone numbers listed for Care Unlimited also were disconnected. Calls to the legislative district offices of Bajoie and Jefferson-Bullock weren't immediately returned Wednesday.

In July, Blanco eliminated $450,000 in the state budget that would have gone to the two nonprofits in the current 2006-07 fiscal year.

Justice Dept. Decision Not To Probe Lawmaker Raises Key Question (SCRIPPS)

By Lisa Mascaro

Scripps Howard, November 30, 2006

The Justice Department's decision not to investigate allegations that Rep. Jon Porter, R-Nev., made illegal campaign fund-raising calls from his office raises a question central to ethics reform in the new Congress: What if there's a law on the books and no one enforces it?

Experts say they know of no congressman ever being prosecuted under the law banning them from soliciting cash from their offices, a violation punishable by fines and imprisonment.

Justice Department officials have "bigger fish to fry," as one veteran Washington election-law attorney put it - pointing to the bribery of now-imprisoned former Rep. Randy "Duke" Cunningham, R-Calif., and the $90,000 allegedly found in the freezer of re-elected Rep. William Jefferson, D-La.

But ethics-reform groups say the failure to investigate less sensational allegations feeds into a culture of corruption in Washington, which Democrats have vowed to clean up in January as the party in control of Congress.

"There are a lot of rules, that have been in place for reasons, that have been ignored," said Mary Boyle, a spokeswoman for Common Cause, a political watchdog group.

In the weeks before the Nov. 7 election, a former Porter staff member claimed that the congressman made fund-raising calls from his offices in Washington and Henderson, Nev. E-mails obtained by the Las Vegas Sun showed conversations, apparently dealing with the phone calls, between the aide and other members of Porter's staff and campaign.

Porter has steadfastly denied having made the calls.

"Congressman Porter has stated, repeatedly, that he has done nothing wrong and welcomes any investigation," his spokesman, Trevor Kolego, said in a statement Tuesday.

The former Porter aide, Jim Shepard, said last week that he would try to have the matter heard by the House ethics committee, which has jurisdiction over representatives' behavior.

Kolego said Tuesday that Porter has not been contacted by the committee.

The panel does not comment on its work. But experts said they doubt that it will take up the matter, arguing that it has become "toothless" in recent years.

Gerry Hebert, executive director of Campaign Legal Center, an ethics-reform organization, said an "unholy alliance" has developed on the panel: Republican members don't go after Democrats and, in return, Democrats don't go after Republicans.

The truce dates from the late 1990s, after the committee investigated former Republican House Speaker Newt Gingrich, who ultimately resigned.

Last year the Republican leadership sent a "chilling" message, Boyle said, when it replaced committee members who investigated former House GOP leader Tom DeLay of Texas, who stepped down from his leadership post and later resigned from Congress.

Because only the committee or a member of Congress can request an investigation, outsiders have little recourse under the current climate, experts said.

Hebert's organization and others are pushing Democrats to create an independent Office of Public Integrity to investigate matters involving members of Congress.

"That's why the voters voted for reform," said Hebert, a former federal prosecutor. "It's because they see the system as being broken. Here's a chance to fix it. Matters like this will be investigated and will be dealt with."

But longtime election-law expert Jan Witold Baran calls such reforms "overkill."

He said members of Congress are well aware of the laws banning them from using their offices for campaign calls, which is why both Republicans and Democrats have so-called call rooms set up just steps from the U.S. Capitol.

For investigators who need to decide where to put limited resources, dialing for dollars from campaign offices hardly compares to the pay-to-play scandals that have rocked Capitol Hill.

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"It's not a big deal," Baran said of the Porter case. "One, he denied it. Two, making a few phone calls from a House office is not a capital crime. You've got a congressman with $90,000 in his freezer ... You've got bigger fish to fry."

Besides, "there's always a jury every two years to evaluate what someone does - that's the voters," he added.

Police Probe Has Methuen On Edge (BOS)

By Christine Mcconville, Globe Staff

The Boston Globe, November 30, 2006

Feds mum on trace of grant spending

The federal investigation into the Methuen Police Department's use of grant money is causing a lot of anguish in the city, officials say.

"It's like a cloud hanging over the city," said City Councilor Kathleen Corey Rahme. "It's really wearing on the minds and hearts of our citizens."

In shops and in city offices, everyone, it seems, has questions about who is involved and what is being investigated. There are questions, too, about how and when it will all end.

At City Hall, Mayor William Manzi III said the focus has to remain on regular city business. "Yes, the rumor mill is active, but it is incumbent on us to do our jobs," he said. "The taxpayers don't deserve any less."

According to some councilors, that's getting harder and harder to do. "It's become a circus," Councilor Deborah Quinn said of the swirling speculation, "and the morale in the Police Department is really low."

The investigation caught the public's attention this past summer, when agents from the Federal Bureau of Investigation arrived at City Hall with subpoenas. They left with records showing how the city had spent federal grant money in recent years.

City officials confirmed that a federal grand jury subpoenaed records for all federal grants given to police since 2001.

For their part, federal agencies have had nothing to say about their probe. Gail Marcinkiewicz, spokeswoman for the FBI, and Samantha Martin, spokeswoman for US Attorney Michael J. Sullivan, declined to comment.

The story heated up a couple of weeks ago when Methuen Police Chief Joseph E. Solomon launched an internal investigation to try to identify officers who are talking to the FBI or gossiping about possible indictments, according to a lawyer for the police union.

The union's lawyer called it "abuse of power."

Solomon did not return phone calls seeking comment for this article. But he issued a statement last week saying, "in no way would this department or myself interfere with any outside agencies ' investigation."

Last week, City Councilor John A. Cronin Jr. called a special meeting to discuss the legality of Solomon's investigation.

"With everything that is going on, he might not be effective as a chief anymore," Cronin told the Globe a week ago.

If Solomon has been asking officers in his department if they are talking to federal agents, "it is very, very wrong, and probably illegal," he said.

A few days later, the meeting was canceled. The city's lawyer said it was a union dispute that ought to be addressed through the grievance process.

In the meantime, some councilor questioned Cronin's motives, because his son Shaun resigned from the force in January 2004, after 17 years on the job. He sued the department soon afterward, alleging that Solomon prevented him from getting another job by criticizing him to prospective employers. The dispute is unresolved.

Quinn, who called herself "defiantly pro-blue," said Cronin's actions appear to her as a "personal vendetta." It's a charge that the elder Cronin denies.

Howard B. Lenow, the police union lawyer, said he has advised the officers not to speak about any ongoing investigations. Still, he added, "any time a chief engages in what we view as a frivolous investigation, it hurts morale."

For now, residents are just hoping for a quick resolution.

Report: Chicago Police Dept. Not Doing Enough To Stop Corruption (AP)

AP, November 30, 2006

CHICAGO - Chicago police officials are aware of corruption and misconduct in the department but aren't doing enough to stop it, according to a report from an expert on internal police affairs.

Lou Reiter, a former deputy chief of the Los Angeles Police Department, said Chicago officials have perpetuated "a practice of indifference" to corruption that "makes officers who engage in misconduct feel protected."

Reiter, who has advised about 1,000 police departments, completed his report this summer for two Bureau of Alcohol, Tobacco and Firearms agents who are suing the city of Chicago in federal court, the Chicago Tribune reported Wednesday.

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Chicago police officials contend Reiter's criticism is based on limited knowledge of the department, and doesn't consider current policy reforms aimed at blocking corruption and abuse before it becomes a problem.

Pressure on the department to deal with corruption allegations has intensified in recent months. In July, two special prosecutors released a report claiming that officers under former Chicago Police Lt. Jon Burge tortured suspects in the 1980s.

And in September, four members of the Special Operations Section were charged with robbery, kidnapping and false arrests.

The ATF agents suing the city are a husband and wife who say their careers and credibility were attacked when they tried to blow the whistle on convicted former police officer Joseph Miedzianowski.

But instead of investigating Miedzianowski, internal affairs officials targeted them, the agents claim. It took years before the FBI was able to indict Miedzianowski on drug charges; he is serving a life prison term.

As part of the couple's lawsuit, former assistant U.S. attorney Brian Netols also testified that when he tried to prosecute 18 cases of alleged police corruption, he was met with a "blue wall of silence" - officers who resisted helping with investigations of each other.

Chicago police officials acknowledge there have been problems in the past but said they are intensifying efforts to root out corruption before it starts.

"Most large law enforcement agencies are struggling to identify poor performance issues," said Assistant Deputy Supt. Deb Kirby, head of the department's Internal Affairs Division. "Most are doing it under mandates with the federal government. The Chicago Police Department is doing this on their own."

Former South Gate Treasurer Sentenced To 10 Years In Bribery Case (MERCN)

The San Jose Mercury News, November 30, 2006

LOS ANGELES - The former treasurer of the city of South Gate was sentenced Tuesday to 10 years in federal prison for extracting nearly $2 million in bribes from contractors and sharing the money with family and friends.

Albert Robles, 41, was taken into custody immediately after his sentencing. He was also ordered by U.S. District Judge Stephen V. Wilson to pay back more than $600,000 to the city in southeast Los Angeles County.

Robles was convicted in July 2005 of five counts of bribery, four counts of money laundering and 21 counts of defrauding citizens of South Gate.

Prosecutors depicted the city as a corrupt fiefdom in which Robles solicited bribes from contractors and was able to hire and fire city employees at will. The illicit money paid for everything from a seaside condo for his mother to an exclusive membership in the group operated by motivational guru Tony Robbins, authorities said.

In a rambling statement in court, Robles suggested he was guilty of arrogance and pomposity but not criminal acts.

"My activities were not illegal," he said at one point.

Prosecutors have estimated the corruption cost the city as much as $20 million.

"He turned it into a pay-to-play town," Assistant U.S. Attorney David Vaughn said outside court, alluding to a scheme in which contractors were forced to pay bribes for city business.

Much of the evidence against Robles came from a New Jersey financial consultant who offered testimony in hopes of receiving a more lenient sentence. He told jurors he frequently distributed kickbacks in the form of checks to family and friends of Robles.

Last year Robbins agreed to refund $45,000 in taxpayer money - most of what Robles spent on the membership to his organization.

Ex-Fugitive Admits Slaying Trooper And Wounding Two (NYT)

By David Staba

The New York Times, November 30, 2006

MAYVILLE, N.Y., Nov. 29 — Ralph Phillips, the police say, spent most of the spring and summer roaming along the New York-Pennsylvania line after escaping from a jail outside Buffalo in April, venturing as far as Ohio to the west and the Canadian border to the north to evade a sweeping manhunt.

On Wednesday, within five hours in courtrooms 150 miles apart, the fugitive, who became nationally known simply by his nickname, Bucky, admitted in guilty pleas to killing one New York state trooper and wounding two others during his flight.

As part of a plea agreement that prosecutors said will keep Mr. Phillips in prison for life, he admitted shooting Troopers Joseph A. Longobardo and Donald Baker Jr. with a high-powered rifle in a wooded area outside his former companion's home in rural Chautauqua County on Aug. 31. One bullet severed an artery in Trooper Longobardo's thigh; he died on Sept. 3. Trooper Baker left the hospital last week.

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After his capture, Mr. Phillips told the police that he mistook the men, who were wearing camouflaged clothes, for bounty hunters and intended to wound them, prosecutors said. In Chautauqua County, though, he did not qualify his actions. When Justice Richard C. Kloch of State Supreme Court asked a shackled Mr. Phillips if he knew the rifle's .308-caliber ammunition would most likely cause a fatal wound, he responded: "Indeed I did."

Earlier in the day, in Chemung County, Mr. Phillips also admitted to shooting Trooper Sean M. Brown with a .38 revolver during a traffic stop outside Elmira on June 10. He walked into the Chemung County Courthouse in Elmira for his morning hearing wearing a black jumpsuit unbuttoned midway down his chest, and greeted members of the news media gathered outside with a smile, saying, "Have a good day."

Mr. Phillips, 44, appeared by turns uninterested and defiant, pleading "very guilty" to possession of the stolen vehicle he was driving when approached by Trooper Brown. When Justice Peter C. Buckley asked him if any promises had been made for his admissions, Mr. Phillips said, "Oh, no, absolutely not."

When asked if he knew Trooper Brown was a police officer when he pulled over before the shooting, Mr. Phillips said, "I didn't see he was a trooper because he was tailgating me — I pulled off because I thought it was a drunk tailgating me."

"That's just him," his sister, Mitty Cornelius, said of her brother's courtroom demeanor, which seemed at times at odds with the seriousness of the charges. "That's his sense of humor, and a way to get a little jab in, probably."

But Trooper Brown's commander, Maj. Steven White of the state police, said, "He showed absolutely no remorse, like it was comical," adding, "I really don't think he cares at all about the pain he's caused to so many people."

Other than mugging with mock surprise when he entered the crowded courtroom, Mr. Phillips sounded more contrite during his Chautauqua County appearance. He had changed into a horizontally striped, two-tone gray jumpsuit.

The summer-long search for Mr. Phillips brought roadblocks and shortened tempers to the small towns of Chautauqua County, where he was raised and the search primarily centered.

As Mr. Phillips remained at large and was blamed for a series of automobile thefts and break-ins, most at hunting cabins and seasonal homes, he became something of a folk hero to some, with T-shirts bearing slogans like "Run, Bucky, Run" and "Where's Bucky?" sold at local stores and on the Internet.

Most sympathy evaporated after the shootings of Troopers Longobardo and Baker. He went on the F.B.I.'s 10 Most Wanted List, and rewards totaling $425,000 were offered for information leading to his capture.

He surrendered in a field just across the state line in Pennsylvania at sundown on Sept. 8.

The Chemung County district attorney, John R. Trice, said Mr. Phillips's lawyer, Richard W. Rich Jr., approached him with the idea of resolving the entire case. He still faces escape charges, to which he is expected to admit at a Thursday morning hearing in Buffalo, as well as possible federal weapons counts stemming from the theft of 41 guns, including the rifle used to shoot troopers Longobardo and Baker.

The most serious of the charges, aggravated murder, carries a sentence of life in prison without the possibility of parole. Mrs. Cornelius said he admitted to shooting the troopers so that the charges against his former companion, Kasey Crowe, who is charged with hindering prosecution, and their daughter, Patrina Gloss, who is accused of endangering the welfare of Mr. Phillips' grandchild, would be dropped.

"He doesn't want to see his daughter lose her child — he's not happy with what he has to do, but he's doing it for them," said Mrs. Cornelius, who accused Mrs. Crowe and Ms. Gloss of pressuring Mr. Phillips into agreeing to the deal. "I can't believe they're letting him hang like this."

Mrs. Crowe and Ms. Gloss left court without comment.

The Chautauqua County district attorney, David W. Foley, said details of the plea agreement would not be made public until after Mr. Phillips's sentencing, scheduled for December.

Ralph 'Bucky' Phillips Pleads Guilty To Murder (ALBANYTU)

By Kate Perry And Dennis Yusko, Staff Writers

Albany Times Union, November 30, 2006

Former fugitive admits killing Joseph Longobardo in second court hearing, guaranteeing life sentence

MAYVILLE -- Ralph ``Bucky'' Phillips pleaded guilty this afternoon to murdering a state trooper and attempting to murder another in August, guaranteeing he will spend the rest of his life in prison without the possibility of parole. Earlier in the day, he admitted shooting a third trooper in June.

On Aug. 31, Phillips, 44, shot and wounded Trooper Joseph Longobardo, 32, of Greenfield, who later died of his injuries, and Trooper Donald Baker Jr., 38, of Halfmoon, who was severely wounded.

Phillips had not previously been charged with shooting Longobardo and Baker.

His appearance in State Supreme Court in Chautauqua County drew many of his family members, but was noticeably more staid than his earlier hearing at another court three hours east of here.

In Chemung County Court in Elmira this morning, an impatient Phillips pleaded guilty to shooting and wounding Trooper Sean Brown on June 10 at a traffic stop near Elmira during his months-long run from the law.

As the charges were read this morning, Phillips alternately rolled his eyes, grinned, stared vacantly and looked out the window. He admitted to stealing a car and shooting the trooper with a gun he had loaded himself.

At times, Phillips sarcastically answered Chemung County Court Judge Peter C. Buckley's questions about his actions, often replying ``Indeed, I did."

When asked if the gun he used to shoot Brown was loaded, he answered, ``Very."

Phillips said on the day of the shooting, he thought a drunk was tailgating him on a Chemung County road. It was not until the car's flashing lights were turned on that Phillips realized it was a trooper.

He said he was aware Brown was a trooper when he shot him.

Brown was not in court this morning. However, at least 22 uniformed officers, including state troopers and Chemung County Sheriff's deputies as well as police in civilian clothes, provided security or attended the proceeding.

A mother and daughter from Buffalo, Wendy and Katie Gambles, arrived outside the courthouse in a Jeep with ``We love Buck Phillips" written on the windows.

Inside the courtroom after the proceedings, the women blew him kisses, and he smiled and waved to them as he left, saying something inaudible.

Back outside, the women, who described themselves as lifelong family friends of Phillips, screamed his name and he said ``I love you."

His only words to reporters were to have a nice day.

Phillips pleaded guilty to attempted aggravated murder, second-degree attempted murder charges, criminal possession of a weapon -- a .38-caliber revolver -- and criminal possession of stolen property -- a 1995 Ford Mustang.

Chemung County District Attorney John R. Trice did not comment during the proceedings nor would he elaborate on the plea deal afterward.

He told reporters he was not disappointed the case will not go to trial. He said Phillips' attorney, Richard Rich Jr., approached the DA's office with the deal.

``I talked to Trooper Brown and I believe he's satisfied because (Phillips) pleaded guilty to exactly what he did on that day," Trice said.

The judge set sentencing for Dec. 20 in Chemung County.

State Police long suspected Phillips, who escaped from an Erie County jail in April and eluded authorities for six months, ambushed Longobardo and Baker as they closed in on Phillips at the home of his ex-girlfriend in Pomfret, Chautauqua County.

In April, Phillips cut his way out of an Erie County jail in Alden with a can opener and spent months as a fugitive running from police in western New York and northern Pennsylvania.

Phillips also is suspected of stealing 41 weapons from a Chautauqua County gun shop in August.

At this afternoon's appearance before state Supreme Court Justice Richard Kloch Sr., Phillips pleaded guilty to both aggravated murder and attempted aggravated murder.

Baker and Longobardo had been sent to western New York with the State Police's Mobile Response Unit to find Phillips.

Baker returned home last week after spending months in hospitals in Pennsylvania and Albany.

The Buffalo News, citing anonymous sources, said Phillips is expected to plead guilty in Buffalo on Thursday to the jail escape and is discussing a possible federal guilty plea in the gun theft case.

Phillips became one of the FBI's 10 Most Wanted fugitives and was caught Sept. 8 in a wooded field in Pennsylvania just south of the state line, bringing to an end one of the biggest police manhunts in state history.

Since shortly after his capture, he has been held in the Chemung County Jail in Elmira.

Kate Perry can be reached at 454-5092 or by e-mail at kperry@timesunion.com

Ex-fugitive Admits Shooting NY Troopers (HC/AP)

By Carolyn Thompson And Ben Dobbin Associated Press Writers, The Associated Press

Houston Chronicle, November 30, 2006

MAYVILLE, N.Y. — An escaped convict who vowed never to be taken alive before he was captured in the biggest manhunt in New York history swaggered into court Wednesday and pleaded guilty to murdering one state trooper and wounding two others.

Asked by a judge if he knew the rifle he used was capable of killing, 44-year-old career criminal Ralph "Bucky" Phillips said: "Indeed I did."

Phillips broke out of a Buffalo-area jail in April by using an industrial can opener to cut a hole in kitchen ceiling, then became something of a folk hero as he led police along a trail of stolen cars, burglaries, sightings and shootings.

He pleaded guilty to murder for killing Joseph Longobardo and attempted murder for wounding Donald Baker Jr. as the troopers staked out his ex-girlfriend's home while searching for him Aug. 31. Longobardo's leg had to be amputated, and he died three days later.

Phillips also pleaded guilty to the attempted murder of Sean Brown, who was shot during a traffic stop near Elmira on June 10.

He is expected to get life in prison without parole when he is sentenced Dec. 20.

Phillips entered his pleas in back-to-back court appearances in Elmira and then Mayville.

He appeared upbeat as he entered the courtroom in Mayville, waving to relatives and mugging for the cameras.

"We love you Bucky!" supporters shouted when he arrived at court. "I love you, too!" he shouted back.

Mitty Cornelius, Phillips' sister, said she was not surprised by his bravado: "That's him. That's his sense of humor and a way to get a little jab in, probably."

"It was very disturbing to me to watch his mannerisms," State Police Maj. Steven White said. "My perception is that he was indifferent, demonstrated no remorse whatsoever and almost couldn't be bothered with today's proceedings."

Authorities finally closed in on Phillips near the New York-Pennsylvania line Sept. 8. He emerged from a field with his hands up, clearly worn down by the long chase.

Phillips also is expected to plead guilty on Thursday to escape.

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Ben Dobbin contributed to this report from Elmira.

Man Arrested For Allegedly Wearing Unearned Medal (MARINECT)

By John Hoellwarth, Staff writer

Marine Corps Times, November 30, 2006

A member of the Marine Corps League in St. Louis was arrested by FBI agents Tuesday evening after being photographed allegedly wearing a Navy Cross medal he doesn't rate at the league's Marine Corps ball earlier this month, according to a Fox News report.

Michael Weilbacher wore a Navy Cross, two Silver Stars and four Bronze Stars to the ball, where he told Marines he had earned the nation's second-highest valor award during drug interdictions in Colombia, according to Maj. George Dragan, the Corps' Marine for Life representative in St. Louis, who attended the ball.

This raised a red flag with Doug Sterner, who maintains a comprehensive database of every Navy Cross awarded. Sterner said that no Navy Cross has ever been awarded for actions in Colombia.

Personnel records at Marine Corps headquarters' Manpower branch show no record of Weilbacher ever serving in the Corps.

Manpower spokesman 1st Lt. Rob Dolan said, "I have more time standing on the yellow footprints than he does in the Marine Corps."

Under current law, Weilbacher faces a maximum of six months in jail and $5,000 in fines in connection with the misdemeanor charge of wearing unearned military decorations.

Legislation in the House would put more teeth into the law, making the crime a felony and doubling the maximum penalty. A version of the Stolen Valor Act was passed unanimously by the Senate in September but has been bottled up in the House Judiciary Committee, despite having attracted more than 100 co-sponsors, including five Judiciary Committee members.

Weilbacher would be unaffected by any change in the law.

After learning of Weilbacher's arrest, his congressman, Rep. Roy Blunt, R-Mo., said he would consider co-sponsoring the legislation after the next congressional session begins in January, according to Blunt's spokeswoman, Jessica Boulanger.

Kirkwood Man Charged With Impersonating A Marine (SLPD)

By Robert Patrick, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, November 30, 2006

The FBI has arrested a Kirkwood man accused of impersonating a U.S. Marine and wearing a Navy Cross and other medals he did not earn.

Michael Gerald Weilbacher, 48, of the 200 block of Horseshoe Drive was arrested by FBI agents last night, the U.S. Attorney's office said today.

In an affidavit filed in federal court, FBI Special Agent Mark Wood said that Weilbacher attended a Marine Corps Ball in St. Louis County on Nov. 11 wearing a number of medals, including the Navy Cross.

After a complaint, Wood investigated and said he discovered that Weilbacher had never been in the Marines and did not earn the medals.

Weilbacher, who is employed as a consultant, has been charged with wearing military medals without authorization, a crime punishable by 6 months in prison or a fine of $50,000, or both.

He was released on $1,000 bond today.

"Anyone who impersonates military servicemen does a dishonor to those who have made real sacrifices serving our country," U.S. Attorney Catherine Hanaway said in a prepared statement.

Tampa Men Convicted As Members Of Gambino Crime Family (WTSP)

WTSP-TV, November 30, 2006

Tampa, Florida - A federal jury in Tampa has found four men guilty of various crimes related to the Gambino Mafia family.

Ronald J. Trucchio (Ronnie One-Arm), Steven Catalano, Kevin M. McMahon, and Terry L. Scaglione were found guilty of conspiracy to violate the Racketeer Influenced and Corrupt Organizations ("RICO") statute.

The jury also found Scaglione guilty of one count of extortion. Trucchio and Catalano each face a maximum sentence of life imprisonment. McMahon and Scaglione each face a maximum sentence of twenty years' imprisonment.

Trucchio, Catalano, and McMahon are now in the custody of the U.S. Marshals Service. Scaglione remains free on bond pending his sentencing hearing.

Sentencing hearings for all four defendants have been set for March 2, 2007.

The US Attorney's Office says during the last 20 years, Catalano, McMahon, Scaglione, Trucchio were under the control of the Gambino Organized Crime Family of La Cosa Nostra in Tampa. The Gambino Crime Family is one "family" in a nationwide criminal organization commonly referred to as "La Cosa Nostra," or the "Mafia."

Federal officials say Trucchio was a captain in Family and he supervised the wide-ranging criminal activities of the crew. The crew's principal purpose was to generate money for its members and associates through the commission of various criminal acts.

The jury felt Trucchio supervised the crew that engaged in multiple acts and threats involving murder, robbery, extortion, dealing in controlled substances, interference with commerce by threats and violence, interstate travel in aid of racketeering enterprises, making extortionate extensions of credit, collection of extensions of credit by extortionate means, and interstate transportation of stolen property.

The Pinellas Resident Agency of the Tampa Field Office of the FBI, the Miami and Brooklyn-Queens Metropolitan FBI offices, the Pinellas County Sheriff's Office, the Tampa Police Department, the New York City Police Department, the Queens County District Attorney's Office, the FBI Legal Attache to Brazil, the Brazilian federal police, and Interpol coordinated this investigation.

Persistent Jury Convicts 4 Of Racketeering Charges (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, November 30, 2006

TAMPA - Ronnie One Arm came close to talking his way out of another conviction, but not close enough.

After deadlocking on whether to convict Ronald Trucchio, jurors tried again and Wednesday afternoon announced they had reached a decision:

Guilty verdicts for Trucchio and his three co-defendants, Steven Catalano, Terry Scaglione and Kevin McMahon, on charges they worked as a crew for the Gambino crime family.

Carl Whitehead, special agent in charge of the Tampa FBI, called Wednesday's verdicts "a big blow to organized crime in the Tampa area and to the Gambino family operated out of New York."

The verdicts were announced as authorities in Port St. Lucie investigated an arson fire at Catalano's home late Tuesday night. No one was injured, although Catalano's wife and four of his seven children were home at the time, officials said. Authorities said they don't know whether La Cosa Nostra was involved.

The defendants showed no reaction to the verdicts.

Asked if he wanted to talk to reporters, Scaglione said, "No, thank you," as he walked out of the courtroom, the only one of the four defendants to remain free on bail after the convictions.

Afterward, Trucchio's attorney, Joseph Corozzo Jr., had a statement for reporters: "It's unfortunate that the jurors who think my client was not guilty didn't stand strong, and that they were pressured into a verdict, because my client's not guilty of the charges."

Corozzo missed the start of the trial because he was tied up in another case. Trucchio represented himself for a few days, rather than depend on a backup attorney, who Trucchio said didn't know the case. 'I Don't Deserve To Be Here'

In one of the trial's more colorful moments, Trucchio gave an opening statement including words such as "youse." He told jurors he didn't benefit financially from any of the crimes in the case. "Not one red cent did I get, and I swear that on my other arm, should I lose the use of it."

"My hand to God, I don't deserve to be here," he said

He called prosecutors "the real godfathers."

Prosecutors said Trucchio - who has a withered arm as the result of a childhood auto accident - is a capo in the Gambino crime family who headed the crew as it committed crimes, including robbery and murder, in Florida, New York and New Jersey. Trucchio is already serving 20 years for a similar conviction in Miami.

The Gambino family once was directed by "Dapper Don" John Gotti from his Queens, N.Y., Ravenite Social Club. Trial exhibits included a photo of Trucchio outside the Ravenite standing behind Gotti and Sammy "the Bull" Gravano as they celebrated Gotti's acquittal on federal charges.

All four Tampa defendants were convicted on a charge of racketeering conspiracy. Scaglione also was convicted of extortion for his role in the crew's efforts to muscle its way into the lucrative valet parking business in the Tampa area.

Whitehead said Trucchio was thought to be among the top five members of the family "and clearly the most significant [organized crime] figure that operated crews within the Tampa area."

When asked whether the mob continues to operate here, Whitehead said he couldn't discuss open investigations. In general, though, he said, "There are other businesses we have gotten information that they might try to infiltrate, different nightclubs, things like that."

Asked whether the prosecutions had eliminated organized crime in the area, Assistant U.S. Attorney Jay Trezevant smiled and said: "Nothing's ever eliminated. We've just got to keep fighting."

Trucchio and Catalano face possible life sentences. Catiline and McMahon face up to 20 years in federal prison when they are sentenced in March. Defendant's Home Hit By Arson

Before the verdict was read, Catalano waited restlessly in the courtroom. He said his wife had called at 3 a.m. and told him about the fire. He had tried to get permission to leave court to go to his family, but he hadn't had any luck.

Catalano said authorities told him an explosive normally used by the military had been used. Police later said they had no such information. Catalano said he had no idea who would do something like that.

The fire had damaged his 10-year-old daughter's bedroom, he said, but she was sleeping with her mother in another part of the house when it happened.

Capt. Derek Foxx of the St. Lucie County Fire District said the department received a call at 11:50 p.m. Tuesday and responded to a fire at 1697 Southwest Taurus Lane. Crews found an older model Cadillac engulfed in flames.

The car was parked in the driveway, 10 to 15 feet from the open garage door. The inside of the garage was fully involved in the fire, Fox said.

Investigators determined that the fire was caused by arson of the car, which had recently been purchased by Catalano's teenage son.

Catalano's attorney, Thomas Ostrander, asked U.S. District Judge Susan Bucklew to allow his client to remain free on bail.

Trezevant argued that Catalano was a danger to the community. One witness, Billy Kaso, found a note on his truck, Trezevant said. It read, "I'm a good man. I've always gone to church. Steven."

Suggesting the note was an attempt at intimidation, Trezevant said Catalano was a danger to the community.

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Four Convicted In Mob Trial (SPT)

By Carrie Weimar

St. Petersburg Times, November 30, 2006

Early edition: A jury decided that the men were guilty of extortion and racketeering, and had ties to the Gambino organized crime family.

TAMPA — After five days of deliberation, jurors in federal court on Wednesday found Ronald “Ronnie One Arm” Trucchio and his three co-defendants guilty on all charges of racketeering and extortion in the name of the Gambino crime family.

DOJ_NMG_0100084

Trucchio and one co-defendant, Steven Catalano, face a maximum punishment of life in prison when they are sentenced March 2. Kevin McMahon and Terry Scaglione, the only Tampa defendant, could be sentenced to up to 20 years.

On Tuesday, jurors said they had reached a verdict for three of the defendants but were deadlocked on the fourth.

Court papers showed they were undecided on Trucchio, who is the alleged captain or "capo" of the Tampa crew.

"It's unfortunate that the jurors who didn't think my client was guilty did not stand strong because my client was not guilty of these charges," said Joseph Corozzo, Trucchio's New York-based attorney.

The trial began with an unusual twist when Trucchio opted to represent himself because his lawyer, Joseph Corozzo Jr., was stuck in another Mafia-related trial in New York City.

"My hand to God, I don't deserve to be here," Trucchio told jurors during his opening statement. "This is an abomination."

For almost a week, Trucchio cross-examined the government's witnesses. Corozzo took over when he arrived Oct. 30.

Despite the seriousness of the crimes alleged, there were some moments of levity during the month-long trial.

One witness, a valet parking attendant named Ian McGeehan, told jurors he thought it was a joke when he received a threatening phone call from Alite, who wanted information about the lot where he worked.

"It was almost a like a cliche," McGeehan said.

Corozzo asked him what he meant. "You mean, like the Sopranos? Gangsters from New Jersey?"

McGeehan paused.

"I don't have cable TV," he said. "It was more like Goodfellas."

The courtroom erupted in laughter.

The trial was also unusual in that the defendant accused of being the link between the New York mobsters to crimes in Tampa wasn't in the courtroom.

Prosecutors say John Alite, 44, was the crew's street boss who ran its everyday activities from Tampa. However, Alite fled the country before he was charged and is currently in a Brazilian prison fighting extradition.

Alite, a former University of Tampa student, is not being tried in absentia but faces prosecution if he returns to the United States. He has said he is innocent of all charges and is being pressured by the government because of his ties to John Gotti Jr.

The defendants were charged in the indictment with forming a criminal crew that reported to the Gambinos. Prosecutors said crew members engaged in a wide range of criminal conduct from New York to New Jersey to Florida, including murder, drug dealing, robbery and extortion.

Among the specific crimes alleged by the government are the robbery of a Sears department store in Vineland, NJ, the murder of a man inside a Queens, NY, bar and the robbery of a $25,000 Rolex from Tampa car dealer Ernie Haire following a scuffle at Thee Doll House.

Throughout the trial, defense attorneys tried to poke holes in the credibility of the government's witnesses. Many of them are convicted criminals hoping for reduced sentences in exchange for cooperating with the government. Several also admitted to being heavy drug users.

"I'm disappointed," said Bjorn Brunvand, McMahon's lawyer. He said the only evidence linking his client to the Gambinos came from two witnesses who are convicted criminals.

"Both had every reason to lie," Brunvand said.

Trucchio, Catalano and McMahon were all taken into custody. Scaglione was allowed to remain free on bond.

Throughout the trial, Assistant U.S. Attorney Jay Trezevant maintained Scaglione was not as culpable as the other defendants.

"There was very little testimony concerning physical violence engaged in or triggered by Mr. Scaglione," Trezevant said. "There was no evidence he traveled to Queens, NY, to participate in violent armed robberies or other acts. His involvement was less."

Asked if the jury's verdict purged Tampa of the mob's influence, Trezevant smiled.

"Nothing's ever eliminated," he said. "You've just got to keep fighting."

One Pleads Guilty In Gambling Ring, Four Others Expected (RRS)

By Mike Wiser, ROCKFORD REGISTER STAR

Rockford (IL) Register Star, November 30, 2006

ROCKFORD — One of nine men indicted for running a gambling ring that took bets on football and basketball games pleaded guilty Wednesday in federal court afternoon.

And Joesph Saladino's plea may be the first of several guilty pleas from men whom prosecutors allege were connected to a conspiracy that runs as far back as the 1980s.

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“There’s a total of five” guilty pleas in the works, including Saladino, said Assistant U.S. Attorney John Scully as he left Judge Philip Reinhard’s courtroom.

The other possible guilty pleas are John P. “Tiger” Frisella, Joseph F. “Pep” Fiorenza, and Joesph’s two sons, Nicholas and Rick.

Wednesday, Reinhard set Friday afternoon hearing dates for the four. Their trial was initially scheduled to start Dec. 11.

It’s still not clear what will happen with the other men who were indicted in the case. They are Charles A. Purin, Frank C. Giardono, Nick Provenzano and John F. Salamone. A tentative trial date for them has been set for Feb. 12.

All of the men, except Saladino, were indicted and arrested in early February, just days before the Super Bowl, on gambling charges.

Federal prosecutors have been characteristically tight-lipped about details of the alleged conspiracy, but court papers filed this week list some of the evidence the Justice Department plans to present if the case goes to trial.

The documents say that Frisella and Saladino had, at least by 2001, set up a “wireroom” in a Rockford apartment building at 1912 17th Ave. where they would take bookmaking calls from bettors over two telephones that were listed under the name of a woman known to Saladino.

The feds also obtained phone records that show hundreds of calls made from the men to 800 and 888 numbers.

A government wiretap that was placed on one of the phones in the wireroom was activated Nov. 26, 2001, according to court documents.

“It was immediately apparent that Joseph Saladino was involved in a sports betting business and there were ultimately several thousand conversations intercepted on this phone,” the documents read. “Some of the calls were with the defendants and other conspirators, but the majority were with bettors.”

The Justice Department is also apparently prepared to present witnesses that placed bets with the members of the alleged ring or could identify some members as people who picked up or delivered gambling payments.

Among these witnesses is a person identified only as “a family member of Charles Purin” who would testify that they helped drum up business for the bookmaking operation run by Saladino and Frisella.

Saladino, who did not file an official plea deal with the court, faces up to five years in prison and the government is seeking to seize $500,000 in assets.

His sentencing is set for March 16.

Staff writer Mike Wiser can be reached at 815-987-1377 or mwiser@rrstar.com.

Felon Loses Big-time Gamble (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), November 30, 2006

Appellate court upholds using confession at trial

That "anything you say can and will be used against you" warning, it turns out, is true.

Just ask five-time felon and Knoxville crack house manager Richard Jones Jr.

Plowing through uncharted legal terrain, the 6th U.S. Circuit Court of Appeals on Wednesday approved the use of Jones' confession against him at trial.

The ruling proved vindication for similar decisions made by Knoxville federal Judges James H. Jarvis and Tom Varlan. Both U.S. District Court judges had backed up Assistant U.S. Attorney Mike Winck's move to hold against Jones his own incriminating words in a November 2004 trial.

It was quite a gamble, as there was little case law to guide Winck.

Jones actually had been busted in August 2000 after a raid at his home. At the time, authorities counted Jones as a garden-variety dope dealer with a rather nasty criminal history that included a first-degree manslaughter conviction.

Winck wasn't assigned to the case then. Instead, former Knoxville federal prosecutor David Folmar was. Folmar struck a deal with Jones, and Jones coughed up information on his cocaine suppliers. Part of the deal included giving Jones a shot at appealing the legality of the raid on his house.

The odds on appeal usually favor the government. But Jones beat the odds, winning his appeal. Flush with victory, he chucked his plea deal altogether.

Enter Winck.

The way Winck saw it, if Jones was nullifying his plea deal, all bets were off. That was especially bad news for Jones because, by then, FBI agent Steven Fisher had unearthed evidence that Jones was not just a crack dealer - he was a dangerous mastermind of an entire operation.

Trial testimony would later show that Jones had wined and dined young men with relatively clean criminal backgrounds to lure them into the crack trade. He set them up in Knoxville crack houses, supplied them with drugs to peddle and guns to protect the trade.

Winck secured a new indictment against Jones and then rolled the dice at trial, sending Fisher to the witness stand to detail the confession Jones had made as part of the plea deal he later rejected.

Jones' attorney, James W. Bell, contended Jones was being punished for beating the government on appeal. He also argued that Winck was legally barred from using Jones' confession against him.

Winck countered that Jones "simply wanted to have his cake and eat it, too" by backing out of his plea deal but still using it as a shield to protect him against his own guilty statements to Fisher.

In its opinion, delivered by Senior Judge Gilbert S. Merritt, the 6th Circuit sided with Winck.

If Jones did not want his words to come back and haunt him, he should have been a better negotiator or kept his mouth shut, the court opined.

"If Jones wanted to prevent the government from using his statement against him, he could have attempted to negotiate a provision in the plea agreement that barred use of the statement against him after a successful appeal," Merritt wrote. "Instead, he chose to provide a statement to the government that could be used against him in the event of a successful appeal."

It has proven a costly gamble for Jones. Under the original plea deal, Jones was sentenced to 210 months. After his conviction on the new indictment, Varlan slapped him with a 420-month prison term.

The appellate opinion revealed yet another gamble Jones made in the handling of his own fate. According to the opinion, Winck offered Jones a plea deal before trial that would have netted him the original 210-month sentence. Jones turned it down.

It's unlikely the U.S. Attorney's Office will be offering up any more deals for Jones. Authorities have since revealed that Jones had threatened to attack Winck at his sentencing hearing. A jail snitch foiled the plot, and deputies with the U.S. Marshals Service kept Jones shackled and chained during the hearing.

Jamie Satterfield may be reached at 865-342-6308.

Attorneys Seek DNA Tests For Man Reputed To Be Behind Infamous Child Murders (LAW)

By R. Robin Mcdonald, Fulton County Daily Report

Fulton County (GA) Daily Report, November 30, 2006

Attorneys for convicted killer Wayne Williams, long reputed to be the man behind Atlanta's infamous child murders, are asking a Fulton County, Ga., judge for permission to perform DNA testing on 25-year-old evidence.

On Tuesday, Williams' defense lawyers John R. "Jack" Martin and Lynn H. Whatley filed a motion in Fulton County Superior Court seeking comparative DNA tests on samples of animal and human hair recovered from the bodies of 11 men and boys whose deaths were attributed to Williams.

Williams was convicted in 1982 of the murders of Jimmy Ray Payne, 21, and Nathaniel Cater, 28 -- two of 29 black men and children who were among what became known as "Atlanta's missing and murdered children" cases. (The list included one still-unsolved disappearance.) After Williams' convictions in the slayings of Payne and Cater, prosecutors closed the books on 22 other cases.

For two years, from 1979 to 1981, the bodies of 29 victims -- all of them black and all but two of them men and boys -- were found dumped throughout metro Atlanta in vacant lots and buildings, on roadsides, in gullies, in wooded areas and in the South and Chattahoochee rivers. Fear gripped Atlanta during what many regard as one of the darkest periods in the city's history.

With the discovery of each new body, authorities became increasingly desperate to identify the killer. Parents in black neighborhoods formed vigilante patrols, and many came to believe the Ku Klux Klan must be behind the killings since only blacks were slain. Mayor Maynard Jackson offered a $100,000 reward for information that might lead to an arrest. Finally, before dawn on May 22, 1981, police staking out a Chattahoochee River bridge near where one body had been found heard a splash. Seconds later, officers spotted Williams' station wagon driving slowly across the bridge. Williams was stopped, questioned, but released.

A month would pass before police finally arrested Williams, a 23-year-old self-styled talent recruiter and freelance photographer. Prosecutors would later argue that only after Williams' arrest did the string of serial slayings stop. Still, many were never satisfied that police arrested the right man. As recently as 2005, former DeKalb County police chief Louis Graham reopened an investigation into five of the deaths and declared his belief that Williams was not Atlanta's child killer.

Williams always has maintained his innocence.

Attached to the motion filed Tuesday was a statement of verification signed by Williams, who, according to Martin, is certain that DNA tests will clear him of the crimes for which he has been imprisoned since his arrest in June 1981.

"We hope to find that the DNA shows no matches," Martin said Tuesday. "Wayne's taking a risk. But he's all for it."

"I'm really more excited about this than some of the appeals," said Whatley, who has been Williams' appellate lawyer for 25 years. "We're dealing with science now."

WEB OF CIRCUMSTANTIAL INFORMATION

The human and dog hairs that Williams' defense hopes to test were part of a tightly woven web of circumstantial evidence that convicted Williams. Fabric fibers found on the victims' bodies that microscopically matched fibers found in Williams' car and home, as well as samples of human and animal hair recovered from the victims, were critical in securing Williams' conviction in what has become a landmark case in the annals of forensic science. Samples of bloodstains were recovered from the rear seat of Williams' station wagon that, according to state witnesses, matched the blood types and specific blood enzymes of two of Williams' suspected victims.

At the time Williams was tried, however, comparative DNA testing had never been used in a criminal case and the technology for testing of animal DNA did not exist. Forensic experts called by the prosecution testified that microscopic comparisons of animal hairs recovered from the bodies of Payne, Cater and nine other slaying victims were consistent with the characteristics of hairs obtained from Williams' mixed-breed German shepherd. Prosecutors argued that those comparisons strongly suggested that Williams' victims had been in close contact with him shortly before their deaths.

In addition, forensic experts testified that a microscopic comparison of two human scalp hairs recovered from 11-year-old slaying victim Patrick Baltazar were consistent with Williams' scalp hair.

"The evidence of dog hairs found either on the bodies or the clothing of both of the victims for whose murders [Williams] was convicted, as well as nine of the other alleged murders offered to prove [Williams'] identity as the person who perpetrated the murders of Mr. Payne and Mr. Cater, was powerful evidence of the defendant's guilt emphasized by the prosecution," Williams' motion acknowledged.

But, it continued, "Should DNA testing prove that the dog hairs did not come from [Williams'] dog, this circumstance would raise a reasonable probability that the defendant would have been acquitted if the results of DNA testing had been available at the time of the conviction."

"Indeed," the motion said, "if the testing shows that the animal hairs did not come from the defendant's dog but all came from the same, but some other dog or animal, then this would be powerful evidence that these terrible crimes were committed by a single perpetrator who is not Wayne Williams and who has never been brought to justice."

If DNA tests of the foreign scalp hair recovered from Baltazar's body fail to match DNA extracted from Williams' scalp hair, "this evidence would further undermine the state's case for guilt and would at least raise a reasonable probability that [Williams] would have been acquitted if the results of DNA testing had been available at the time of trial," Williams' motion said.

On Tuesday, Lyn Vaughn, a spokeswoman for Fulton County District Attorney Paul L. Howard, said Howard and his staff will review the motion "and make a determination following that review."

Russell D. Willard, a spokesman for Georgia Attorney General Thurbert Baker, said the attorney general's office will work with the Fulton DA "to assure that an appropriate response is filed."

Williams first began calling for DNA tests in 1999. That year, Whatley told The Associated Press that he was considering whether to seek a court order to run DNA tests on the bloodstains found in Williams' car. Williams told the AP, "If you want to prove Wayne Williams did this conclusively, then let's get the DNA tests."

It wasn't until Tuesday, however, that Williams' defense team initiated the legal steps required to conduct the DNA tests.

OUTSIDE INVESTIGATION

In 2005, after Graham announced he was reopening an investigation into five of the slayings that were administratively closed with Williams' 1982 conviction, the Daily Report embarked on a yearlong search for the forensic evidence in the case.

The newspaper spent months locating and then combing through trial testimony and lists of exhibits, filed numerous public records requests to confirm that evidence still existed and, eventually, determined where it was stored. The Daily Report recruited two of the top fiber experts in the country to examine magnified photographic images of fiber recovered in the investigation. Those experts concluded that, 25 years later, the fiber evidence against Williams remains compelling and credible. (Daily Report, June 30, 2006.)

The newspaper also enlisted the help of the Georgia Innocence Project and, in April, formally asked Fulton County Superior Court Chief Judge Doris L. Downs to permit the Innocence Project to conduct comparative DNA tests of the blood and hair evidence admitted during Williams' trial. Downs rejected that request, explaining that Georgia's open records law did not permit the newspaper to remove evidence from the courthouse to have it tested at a forensic lab, even under the supervision of the Innocence Project.

As chief judge, Downs handled the public records request because Williams' trial judge, Clarence Cooper, is now a U.S. District Court judge.

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However, Downs allowed a supervised inspection of the evidence by the Daily Report. On May 22 -- accompanied by Williams' defense attorneys, lawyers representing the Fulton County district attorney and the state attorney general -- the newspaper, under court supervision, located and inspected numerous forensic slides on which the animal and human hair evidence had been preserved.

Blood evidence collected in the investigation, including a blood-stained seat taken from Williams' car, couldn't be located.

After that inspection, Martin and Whatley vowed to ask for DNA tests on Williams' behalf and sought the advice of the Innocence Project in finding a qualified laboratory. At the time, Williams had a motion for reconsideration of his habeas corpus appeal pending before U.S. District Judge Beverly B. Martin (who is no relation to Jack Martin). The federal judge already had rejected Williams' appeal in a 251-page order she handed down in February. Last month, she turned down Williams' motion for reconsideration of her earlier ruling. Williams' lawyers are appealing that decision to the 11th U.S. Circuit Court of Appeals.

If the DNA tests produce no matches between Williams, his dog and evidence recovered from the victims that prosecutors directly linked to Williams at his trial, defense lawyers say they will file an extraordinary motion for a new trial based on the newly discovered evidence. "Much of the case [against Williams] was circumstantial," Jack Martin said Tuesday. "They built the case on fibers and hairs." However, if comparative DNA tests "prove he [Williams] is not guilty but innocent, then the circumstantial case starts to unravel."

State forensic experts testified that more than 100 animal hairs recovered from 11 victims were consistent with hair taken from Williams' dog. Williams' motion proposes that a representative sample of dog hairs taken from the victims, as well as samples of hairs from Williams' dog that were preserved, be tested by the forensic laboratory at the University of California at Davis, which pioneered the study of animal DNA. The forensic laboratory at the Georgia Bureau of Investigation currently does not have the capability to perform such tests, according to Williams' motion.

Williams' motion also asks the state to pay for the tests, which will cost from $150-$500 per animal hair, depending on the test.

Williams' motion also seeks a court order to locate the missing blood evidence and bloodstained car seat that were shown to jurors. According to Williams' motion, his lawyers have "endeavored without success" to locate the blood evidence and speculated that it may still be in the custody of either the Fulton County district attorney or Atlanta police.

In response to a 2005 public records request by the Daily Report, the GBI acknowledged that its forensic laboratory disposed of dated biological evidence years ago and transferred the majority of evidence attached to the Atlanta child murders to the Atlanta Police Department. Atlanta police never responded to several public records requests made by the Daily Report to document the existence of forensic evidence in the Williams case.

Defense lawyers acknowledged a risk in asking for the DNA tests. "If the dog hairs found on the victims truly match [Williams'] dog or if the scalp hair found on victim Baltazar truly matches [Williams'] hair, doubts about [Williams'] guilt would obviously vanish. However, [Williams] is so confident in his innocence that he urgently asks that this testing be done."

"Why would the state oppose this?" Martin asked Tuesday. "It seems they would be as interested in finding out the truth as anyone else."

Said Whatley: "This cloud has been on the city too long."

Meet The Genovese Crime Family's New Boss (NYS)

By Jerry Capeci

New York Sun, November 30, 2006

Less than a year after the death of legendary Mafia boss Vincent "Chin" Gigante, a cagy wiseguy who understands the wisdom of keeping a low profile has taken the reins of the powerful Genovese crime family, Gang Land has learned.

Meet Daniel Leo, 65, a reputed member of the violent, East Harlem-based Purple Gang during the 1970s who now resides in a $2 million home in Rockleigh, N.J., a town on the Palisades that boasts the highest median household income in the state, according to the 2000 census.

There is scant public record on Leo, but several top law enforcement sources told Gang Land this week that he is currently at the pinnacle of the crime family whose members and rackets surpass all the others. The officials disagree about his title.

"We're carrying him as the acting boss," a law enforcement official who has been involved in several major investigations into the family's sophisticated labor racketeering schemes said.

Two other highly placed mob busters said they were not sure about Leo's official mob rank, but agreed that Leo is a low-key and "well-respected" family leader who has beaten the system.The lawmen agreed that in the wake of Gigante's death — and after the recent prosecutions of many top Genovese mobsters — no other family gangster now has more power and influence than Leo.

"Leo is a heavyweight, a major player, and he may be the acting boss, but we don't know for sure, yet," one source said. "This is the family that didn't tell the other four families for years that Chin was really the boss and that 'Fat Tony' Salerno was merely a figurehead."

All the sources do agree that Leo has served for many years as a top official in the crime family with little fanfare.

Leo, whose two-story brick house sits on a 1-acre plot on Rockleigh Road that in the 1680s was rich Colonial Dutch farmland, also owns a condominium in Boca Raton, Fla., according to real estate records. He did not respond to a call to his home for comment.

Bank Robber Denied Further Leniency, Gets 11-year Term (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), November 30, 2006

Give a bank robber an inch, and he'll ask for a mile.

Assistant U.S. Attorney Tracy Stone argued Wednesday in U.S. District Court that he already had given serial bank robber Thomas J. Hunt Jr. a 25-year sentencing cut by dropping one of three cases against him.

Still, Hunt stood before Senior U.S. District Judge James H. Jarvis with Assistant Federal Defender Paula Voss asking for more leniency.

Hunt, who pleaded guilty to robbing a bank in Greenback and another in Maryville earlier this year, escaped as part of his plea deal a gun conviction that could have netted him an automatic 25-year prison term required by law to be stacked onto whatever other punishment he would have drawn, Stone noted.

Jarvis sided with Stone, imposing a sentence of 135 months, or just more than 11 years, which the prosecutor recommended.

Hunt, nabbed shortly after the robberies by FBI agents, told the judge he had longtime addictions to alcohol and drugs.

Man Ordered To Pay Microsoft $9.4 Million (SEAPI)

By Todd Bishop, P-I REPORTER

Seattle Post-Intelligencer, November 30, 2006

Laney also jailed for 5 years for illegal trafficking in firm's software

A former southwest Washington man was sentenced Wednesday to pay $9.4 million in restitution to Microsoft Corp. and serve five years in prison for illegal trafficking in the company's software.

Scott Laney, 35, pleaded guilty to money laundering and counterfeiting conspiracy charges. The scheme involved acquiring Microsoft programs at cut rates -- in some cases from employees who were abusing the company's internal ordering system -- and reselling them with falsified labels, documents and licenses that boosted their value.

As part of the case, Laney admitted that he and his co-conspirators sold up to $20 million of software with counterfeit labeling and licenses. Microsoft alleged that it lost at least $12.4 million. Symantec Corp. programs also were resold illegally, according to court papers, although the security software company didn't claim any restitution.

Tobias Grace, of Vancouver, Wash., who was charged with conspiring with Laney, is scheduled for sentencing Jan. 19. Laney, a resident of Battle Ground at the time he was charged, has since moved to Ogden, Utah, prosecutors said.

According to court papers, the two obtained discounted software intended for computer manufacturers or academic institutions and altered the labels to sell it near full price. In other cases, they altered server software licenses to allow for more users, boosting the price.

Businesses that bought the software often didn't know it wasn't legitimately licensed until they called for product support, prosecutors said.

Assistant U.S. Attorney Annette Hayes had asked for a long sentence against Laney. She cited a U.S. Chamber of Commerce survey estimating that U.S. businesses lose $200 billion to $250 billion over counterfeiting of products.

Judge Franklin Burgess at the U.S. District Court in Tacoma sentenced Laney. His lawyer, Richard Troberman, couldn't be reached.

The FBI, IRS and U.S. Immigration and Customs Enforcement investigated the case. Grace and Laney both were charged in August 2004.

Several former Microsoft employees have been charged separately with taking advantage of previous loopholes in the company's internal software ordering system. Microsoft says it has changed its system and procedures to prevent such abuses.

P-I reporter Todd Bishop can be reached at 206-448-8221 or toddbishop@seattlepi.com.

Man Gets 5 Years For Software Fraud (HC/AP)

The Associated Press
Houston Chronicle, November 30, 2006

TACOMA, Wash. — A 35-year-old man was sentenced Wednesday to five years in prison and $9.4 million in restitution for selling computer software with fraudulent licenses.

Scott Laney, formerly of Battle Ground, near Vancouver, and now of Ogden, Utah, was sentenced in federal court nine months after he pleaded guilty to conspiracy to traffic in counterfeit labels and computer program documentation, as well as conspiracy to engage in money laundering. His coconspirator, Tobias Grace, of Vancouver, is to be sentenced in January.

Prosecutors said the two obtained some of their software at a fraction of the retail value from Microsoft Corp. workers who exploited the company's internal ordering system. Laney and Grace created a web of companies to relabel and sell the software as if it were legitimate.

They also altered the software licenses for expensive server software to authorize more users than originally provided for, enabling them to reap a greater profit.

Microsoft said it lost $12.4 million as a result of the fraudulent activity. Several of the workers who abused the internal system have been charged and convicted in federal court.

Alabama Residents Indicted In FEMA Fraud (AP)

AP, November 30, 2006

BIRMINGHAM, Ala. (AP) — Fraud charges were announced Wednesday against 23 north Alabama residents, most accused of making false claims to get $2,000 in expedited disaster relief, with one accused of wrongly pocketing $14,749 in Federal Emergency Management Agency funds.

"Theft of disaster relief funds will be prosecuted to the fullest extent of the law," said U.S. Attorney Alice H. Martin in a statement. "I continue to ask the public to report illegal claims to law enforcement."

Fourteen of those charged are from Bessemer, including Linda Williams, accused of making false claims, theft of government money and mail fraud for allegedly receiving $14,749 in Katrina disaster relief funds she was not entitled to. Four were from Midfield, two from Birmingham, and one each from Jasper, Brighton and Homewood.

FEMA made the $2,000 available to eligible evacuees for immediate food, shelter and clothing needs.

Eligibility was based on housing needs. The damaged home had to be located in disaster areas and had to be where the applicant was living at the time of the disaster.

The charges include making false claims against the government, theft of government money or property and mail fraud for falsely claiming to be a resident of an affected area.

One Pleads Guilty In Storm Fraud Probe; 5 Others Arrested (AP)

AP, November 30, 2006

JACKSON — One man has pleaded guilty to filing a false Hurricane Katrina claim and five others have been arrested for fraud against the Federal Emergency Management Agency.

Robert A. Martin, of Gulfport, pleaded guilty to submitting a false claim for disaster assistance funds in the wake of Katrina and will be sentenced in federal court in February, the Department of Justice said Tuesday in a news release.

At the time Katrina hit the Mississippi Gulf Coast Martin was at the Harrison County Correctional Facility.

Yet, Martin received $5,864 from FEMA by providing a false address in Gulfport and claiming damage at that property.

He faces up to five years in prison and a $250,000 fine.

Five more Gulf Coast residents have been accused of defrauding FEMA. Authorities said all five provided false addresses in Gulfport or Biloxi, then made claims on those addresses.

All were indicted on Nov. 7 and arrested Tuesday.

Shirann M. Everett of Gulfport is accused of receiving $19,921.13 after filing a false claim.

The other four accused of the crime are all from Biloxi and received less than $6,000.

They are Curtis Morrow ($4,358), Carolin Morrow ($5,648), Ronald Nguyen ($4,358) and Greg J. Parish ($4,358).

They face prison sentences ranging from 40 to 80 years and fines ranging from $1 million to $1.5 million.

The arrests were made with the help of the national Hurricane Katrina Fraud Task Force, created in September 2005 after the Aug. 29, 2005, storm devastated Gulf Coast communities in Mississippi and Louisiana.

The group is designed to investigate and prosecute crimes such as charity fraud, identity theft, procurement fraud and identity theft.

Kan. Man Sentenced In Internet Sex Sting (LAT/AP)

DOJ_NMG_0100091

By Associated Press

The Los Angeles Times, November 30, 2006

KANSAS CITY, Mo. — A lawyer convicted in an Internet sex sting was sentenced Wednesday to five years in prison, capping a legal battle that challenged a common tool police use to catch sexual predators online.

Moments after a federal jury convicted Jan P. Helder Jr. in August 2005, the judge set aside the verdict and ordered him acquitted.

U.S. District Judge Dean Whipple said Helder couldn't be guilty because the person he communicated with online was actually an undercover detective in Platte County, Mo., not a 14-year-old girl as he had believed.

Defense attorneys in similar cases around the country had raised the same argument as such stings became a common tool for trapping Internet sexual predators. Whipple's ruling was believed to be the first in which the argument succeeded.

The 8th U.S. Circuit Court of Appeals in St. Louis reinstated the jury's verdict against Helder and sent the case back to Whipple for sentencing. The appeals court said the critical issue was that Helder thought he was seducing a minor, not whether the minor truly existed.

Helder, 43, of Mission Hills, will not be eligible for parole under.

Man Gets Prison Term For Threatening President George W. Bush, But Freed For Time Served (FINDLAW/AP)

By Jim Suhr, Associated Press Writer

AP, November 30, 2006

(AP) - EAST ST. LOUIS, Illinois-A mental patient who threatened to castrate President George W. Bush was sentenced to federal prison, but a judge ordered him freed because of time he has already served.

Arafat Nijmeh, 27, who is of Palestinian descent, was sentenced Tuesday to seven months in prison after pleading guilty to two counts of threatening the president.

"This would have been an interesting trial," said his attorney, John O'Gara.

He was released after U.S. District Judge David Herndon credited him with the eight months he spent in custody. Nijmeh had been jailed without bail after being declared a flight risk and a threat to society.

Nijmeh was accused of threatening to harm Bush in comments March 18 to workers at the Alton Mental Health Center and to two Secret Service agents the next day.

The indictment alleged Nijmeh told the agents his earlier threat to castrate Bush was "not too harsh, considering what he has done to my country."

O'Gara said Nijmeh is a U.S. citizen.

Secret Service agent John Brooks has testified that Nijmeh was placed in the center against his will by his mother, who said Nijmeh threatened to slice his brother's throat, crashed his car into the brother's garage and tried to hit a nephew with his car.

Brooks said Nijmeh also told a supervisory nurse at the center he was going to "make her life a living hell" and threatened to kill Jews.

Widespread County Fuel Thefts Suspected In Fairfax (WP)

By Lisa Rein

The Washington Post, November 30, 2006

They sometimes filled up their tanks in the dead of night, keying in a generic code at any of dozens of Fairfax County fuel pumps, then sticking the nozzle into the tanks of their personal cars or into drums to bring home for snowblowers or lawn mowers.

The county's auditor and several county supervisors say they suspect the abuse of fuel pumps by employees assigned government cars went on for years. They are uncertain how many workers were involved -- it could have been hundreds -- or how much fuel was stolen, inflating a monthly fuel bill that has doubled in three years because of rising prices.

But in a report that the Board of Supervisors is scheduled to receive Monday, the county is getting a handle on the scope of the fraud with help from new controls. The county auditor will report that the Fairfax fleet is on track to use close to 75,000 gallons less this year than last, and officials suspect that most of that amount was stolen.

"It was people playing games," said Supervisor Elaine N. McConnell (R-Springfield). "It was going on forever. I don't think anybody had checked on it before."

The most egregious case officials know of involved a worker in the Department of Facilities Management who was stealing diesel fuel and gasoline for more than two years. Fairfax police staked out Bryan Coup after investigating him for several months. They caught him filling up the tank of his county car one night last January and then putting diesel into large drums.

Police followed him to his home in Shady Side, where he planned to use the diesel to heat his home, officials said. Coup, 36, was fired, and he was found guilty of embezzlement in August. He made restitution for hundreds of gallons of stolen fuel, auditor John Adair said. Another employee was charged with stealing fuel, although Adair and police officials could not provide details.

The projected fuel savings in the report represent 1.87 percent of the 3.9 million gallons of fuel consumed each year by the county's fleet of 3,500 cars and trucks, including police and fire vehicles and those used by homeless-outreach and park workers. But fuel consumption started to drop as soon as the county made it harder for employees to fill up their government cars.

"Month by month, the savings are all over the place," across numerous agencies, Adair said. At first, he said, he thought that the drop might be explained by fuel conservation, but now he suspects it's the crackdown on fraud.

With about 1,300 cars, the Police Department has the largest agency fleet. But spokeswoman Mary Anne Jennings said that the large number of cars does not prove any abuse.

"I'm failing to see the connections," Jennings said. "I have not heard of any issues within the Police Department of anyone using gas for personal use."

Board Chairman Gerald E. Connolly (D) said a drop in fuel consumption by police could be a result of an effort by Chief David M. Rohrer to reduce the number of take-home cars in the department.

The possibility that employees were stealing fuel came to the attention of the board's audit committee last spring, when gas prices hit $3 a gallon. Coup and the other employee had been arrested, and some officials suspected fraud at the pump. "We wanted to be sure no one was yielding to temptation," Connolly said.

The system was open to abuse. To fill up at the 47 county pumps, employees with county cars were supposed to punch in a vehicle number, an agency number and an odometer reading. But a "miscellaneous" code could be used to obtain fuel for other equipment or if there was a problem using the code assigned to a car.

Operators of dozens, if not hundreds, of cars in each agency knew the miscellaneous code, and its use grew to 352,000 gallons in fiscal 2006, according to a September audit on the fuel program. An employee using the code could get fuel without creating a record.

Now an employee has to punch in a number that identifies the car and the employee, and the county tracks the day and the time. Only a select group of employees can use the miscellaneous code.

"The good news for taxpayers is that we're effectuating a significant saving and reversing a trend of ever-increasing fuel consumption," Connolly said. The savings this year are estimated at $184,000.

Jim Gorby, the head of the county's Department of Vehicle Services, expressed concerns about fraud as far back as 2003, when he instituted a limit of three gallons for cars using the "miscellaneous" code. However, thousands of police and fire vehicles were exempted from the limit, and the code could be typed in repeatedly, Adair said.

"Now," he said, "we at least know who's taking what fuel and when."

Ex-CIA Worker Admits Theft Of Items Pricey And Peculiar (WP)

By Fredrick Kunkle

The Washington Post, November 30, 2006

George C. Dalmas III, a CIA employee for almost 20 years, yesterday admitted to breaking into 10 homes in the McLean area about a year ago and taking valuables and curiosities.

The loot from his daylight burglaries included Camp David cuff links, a Daughters of the American Revolution pin, a gold Phi Beta Kappa necklace, Cartier hoop earrings, a Tiffany gold scarab ring, a sapphire-diamond necklace, rhinestone bracelets, a Rolex watch and even a Fauquier High School ring. He also helped himself to several antique clocks and old radios -- all treasures he told his wife he had picked up at yard sales.

Dalmas did not explain why he did what he did, and the format in Fairfax County Circuit Court for accepting his guilty plea did not really allow for it. Neither his attorney nor the prosecutor mentioned the most intriguing object of Dalmas's criminal treasure-hunting expeditions: women's panties.

Search warrants list 1,074 pairs of women's undergarments that he stole, many of which were stuffed in shopping bags inside a filing cabinet at his Fulton Avenue home in Falls Church.

"I don't profess to be that knowledgeable about ladies' undergarments," Assistant Commonwealth's Attorney Ian M. Rodway said afterward when asked to describe the evidence. "They ran the gamut from frilly things to mundane things."

Police believe Dalmas kept the undies as trophies. In fact, they believe Dalmas squirreled away everything he took. Court documents say he never tried to pawn or sell any of the jewelry or other valuable goods. Rodway described Dalmas as a packrat.

"He's as strange as you're going to find," Rodway said.

Dalmas, 48, pleaded guilty to 10 burglaries that each carry a maximum sentence of 20 years in prison. Dalmas, who has no prior criminal record, was fired from his mid-level administrative post at the CIA. Mark Mansfield, a CIA spokesman, said Dalmas joined the agency in November 1986. He was suspended without pay in February and terminated in August.

Wearing wire-rim glasses and a fastidious beard, Dalmas looked like a kindly high school science teacher when he entered the courtroom, except for the county jail jumpsuit that hung loosely on his slight frame. Dalmas kept his hands folded in front of him and addressed the judge in a thin, almost timid voice. An immaculate swept-back wing of silver hair bobbed in response to questions.

Dalmas admitted breaking into the homes beginning in October 2005. He was arrested after a McLean homeowner surprised him in her house Jan. 24, pursued his vehicle and obtained a license plate number that was tracked to him. It was the second time a resident came upon Dalmas during a break-in, the prosecutor said.

But Dalmas's attorney said he would "never harm a flea."

"He's a bright, articulate guy. He's the nicest, most gentle guy," defense attorney Gary Moliken said after the hearing.

Dalmas was driven to take things for reasons that could not be easily fathomed, especially because he grabbed many things of little value, Moliken said.

"He doesn't really touch a lot of valuable things, which I think is demonstrable that mental health issues are involved," Moliken said. "This was not driven by a need for financial gain."

Dalmas's wife and two young children have moved to the Midwest, but she remains loyal to him, Moliken said.

"She is supporting him and standing by him, and hopefully they'll get through this and resume a normal life," Moliken said. He said his client's predicament has left him depressed and at times confused.

Fairfax County Circuit Court Judge Robert W. Wooldridge Jr. set sentencing for Feb. 9.

Theoretically, Dalmas faces up to 200 years in prison, but the prosecutor and the defense attorney said he is likely to receive less, though the plea agreement did not set a recommended range of penalties.

CIVIL LAW:

KBR Agrees To Settle Army Fraud Allegations (CNN)

By Terry Frieden And Katy Byron

CNN.com, November 30, 2006

Military contractor agrees to pay $8M after Feds claimed firm overcharged U.S. Army for services in Balkans in 1999 and 2000.

WASHINGTON (CNN) -- Halliburton subsidiary KBR has agreed to pay $8 million to settle allegations the firm overcharged the U.S. Army for logistical support of military operations in the Balkans in 1999 and 2000.

The allegations involved double billing and delivery of products that did not conform to requirements for use in construction of an Army camp in Kosovo. Other claims involved inflation of prices for various goods resulting from the alleged failure to ensure competitive procurements, the Justice Department said.

"The Department of Justice remains committed to vigorously pursuing allegations of procurement abuses affecting the military," said Peter Keisler, assistant attorney general for the department's Civil Division.

The Justice Department said the settlement resolves allegations that concerned various purchase orders awarded to 10 foreign KBR subcontractors or vendors.

Company spokeswoman Melissa Norcross issued a statement noting that "the government closed its investigation without making allegations of fraud or filing a complaint."

"KBR has agreed to make a payment totaling $8 million to the government, representing an adjustment to the contracts under which KBR provided logistical support to the U.S. military in the Balkans," she said.

"Of that amount, $2.1 million was previously credited to our customer in January 2001 as the result of an internal investigation. The remaining sum will be paid directly to the U.S. Treasury because the appropriations accounts under which a contract credit could have been made have since expired."

KBR also has been the subject of investigations into military contracts it gained to support military operations in Iraq.

Halliburton (up $0.96 to $33.59, Charts) has initiated steps to spin off the KBR unit, which issued an initial public offering of stock earlier this month.

KBR (up $0.03 to $21.98, Charts) shares edged lower in afternoon trade Wednesday on the New York Stock Exchange.

Contractor KBR Settles Overbilling Claims For $8 Million (AP)

By Lara Jakes Jordan, Associated Press

AP, November 30, 2006

WASHINGTON – One of the government's largest military contractors will pay $8 million to settle six-year old claims it overcharged the Army for construction and other support services in the Balkans, the Justice Department said Wednesday.

Kellogg, Brown & Root, a subsidiary of Houston-based Halliburton Co., was accused of double-billing the government and ordering unusable products while helping build Camp Bondsteel in Kosovo, prosecutors said.

The contractor also allegedly inflated prices for some unspecified goods that were not put out for competitive bid, the department said.

Prosecutors said those incidents occurred between 1999 and 2000.

The department "remains committed to vigorously pursuing allegations of procurement abuses affecting the military," Assistant Attorney General Peter D. Keisler said in a statement.

Halliburton spokeswoman Melissa Norcross said the company was pleased with the settlement, which was reached without charges being filed.

"The government closed its investigation without making allegations of fraud or filing a complaint," Norcross said in a statement.

Halliburton Unit To Pay 8 Mln Dlrs To Settle Army Fraud Claims (AFP)

AFP, November 30, 2006

A Halliburton subsidiary, KBR, has agreed to pay the US government eight million dollars to settle fraud claims related to an Army supply contract, the Justice Department said.

The agreement follows a Justice Department probe into allegations of overcharging and other "procurement irregularities" related to KBR's billings on an Army contract for services provided in the Balkans between 1999 and 2000.

"The settlement resolves allegations under the False Claims Act that concerned various purchase orders awarded to 10 different foreign KBR subcontractors or vendors," a Justice Department statement said.

"The Department of Justice remains committed to vigorously pursuing allegations of procurement abuses affecting the military," said Peter Keisler, an assistant attorney general for the department's civil division.

Some of the allegations against KBR concerned double-billing and the delivery of "non-conforming products" by suppliers for use in the construction of Camp Bondsteel in Kosovo.

KBR is an engineering, construction and services subsidiary of the Houston-based energy firm Halliburton, which was formerly led by Vice President Dick Cheney.

Halliburton and KBR have weathered numerous contracting controversies since Halliburton was awarded a no-bid 2.4 billion dollar contract to supply the US military on the eve of the US-led invasion of Iraq in 2003.

Halliburton, Army Settle Balkans Case (HC)

By David Ivanovich, Houston Chronicle Washington Bureau

Houston Chronicle, November 30, 2006

$8 million ends the long-running billing dispute

WASHINGTON - Houston's Halliburton Co. has agreed to pay $8 million to settle a long-running dispute with the U.S. Army over alleged overbilling when providing logistical support during the conflict in the Balkans.

The agreement, announced by the Justice Department Wednesday, resolves allegations under the False Claims Act regarding purchase orders Halliburton subsidiary KBR awarded to 10 foreign subcontractors in 1999 and 2000.

KBR, which has admitted no wrongdoing, had been accused of double-billing and providing products that did not conform to the Army's specifications during construction of Camp Bondsteel, a sprawling base in Kosovo built to accommodate 5,000 troops and contractors.

The government also had alleged the company inflated prices by failing to ensure adequate competition existed when making procurements.

"The Department of Justice remains committed to vigorously pursuing allegations of procurement abuses affecting the military," Peter Keisler, assistant attorney general for the Justice Department's civil division, said in a prepared statement.

Company spokeswoman Melissa Norcross, in an e-mail, said "KBR is pleased to confirm the close of the United States' investigation into KBR's government contracting in the Balkans in 1999 and 2000."

The government closed the investigation, Norcross added, "without making allegations of fraud or filing a complaint."

The company already has paid $2.1 million and will pay another $5.9 million within the next few days.

In a recent filing with the Securities and Exchange Commission, company officials noted the disputed charges were "part of the Balkans contract under which approximately $100 million in work was done."

Justice Department officials provided few other details, while none of the several Pentagon officials contacted Wednesday could address the matter.

KBR was first awarded a contract by the Army in 1992 to provide a broad array of support services for the troops, from serving meals to operating fire departments.

When the U.S. military moved into the Balkans in 1995, KBR was ordered to build bases and provide basic services.

Two years later, the logistics contract expired, and a new agreement was awarded to another company, DynCorp.

But wanting to keep KBR in place, the Pentagon split off the Balkans operations into a new sole-source contract.

KBR eventually won back the broad logistics contract and has been building bases and providing an array of services for U.S. troops in Iraq. But the company's work there has come under repeated criticism for possible overcharges.

Such disputes, however, have not kept KBR from winning new Pentagon contracts. Earlier this month, for instance, the Army's Field and Installation Readiness Support Team awarded KBR a new contract to provide professional, administrative and management support services, according to a federal government Web site.

Neither Halliburton nor the Pentagon would provide any details about that new contract. Halliburton is in the process of spinning off KBR.

Farmer Must Pay $2 Million For False Insurance Claims (SANEWS)

By Lania Coleman, The Saginaw News

The Saginaw News (MI), November 30, 2006

BAY CITY -- Federal authorities have ordered a Bay County farmer to pay more than $2 million for false crop insurance claims.

Bli Farms, Richard Bli and the estate of his brother, James E. Bli, must repay $2,128,920 to the federal government for claims filed for their 1992, 1994 and 1995 potato crops, U.S. Attorney Stephen J. Murphy said Monday.

U.S. District Judge David M. Lawson, after a bench trial, found that Richard Bli, acting on behalf of the partnership the Bli brothers formed in 1992, knowingly violated the False Claims Act.

Lawson said Bli submitted false claims for crop insurance indemnities and false certifications of potato production for the crop years in question.

The court found that the claims were false because Bli Farms had "substantial unreported sold potato production" for the specified years.

"Had Bli Farms reported all of its 1994 sole potato production, it would have received a significantly reduced indemnity for losses on its insured potato crop," Murphy said in a statement from the Justice Department.

Bli Farms received $704,640 in crop insurance indemnities to which it was not entitled, he said.

"Under the False Claims Act, these damages are trebled, to $2,113,920," Murphy said.

The court also imposed penalties totaling $15,000.

In addition, Bli Farms and Richard Bli now face exclusion from federal programs.

"The public should not bear the cost of false or exaggerated claims for crop insurance," Murphy said. "(It's) fraud, pure and simple." v

LaNia Coleman covers law enforcement. You may reach her at 776-9690.

Treasury Ordered To Redesign Money For The Blind (LAT)

By Mima Mohammed And Moises Mendoza, Times Staff Writers

The Los Angeles Times, November 30, 2006

The Treasury Department on Wednesday began considering its response to a federal court ruling that ordered changes to paper currency so each denomination could be easily identified by blind and visually impaired people.

The ruling by U.S. District Judge James Robertson came in a lawsuit filed against the department by the American Council of the Blind, a Washington-based advocacy group. The group argued that the government's failure to differentiate among denominations amounted to illegal discrimination, and Robertson agreed.

DOJ_NMG_0100096

"We are still reviewing the court order, and the government has made no determination as to what its next step will be in this matter," said Charles Miller, a spokesman for the Justice Department's civil division.

The Treasury Department has 10 days from Tuesday's ruling to decide whether to appeal.

In his opinion, Robertson ordered the Treasury Department to consider such options as changing the size and color of banknotes for each denomination and adding tactile differences, such as foil, raised numbers or perforations, to the bills.

Other currencies, such as those of the European Union, Japan, Switzerland and Saudi Arabia, include such differences, he said, adding that the United States could have incorporated similar changes during recent redesigns that added anti-counterfeiting features.

The government has argued that doing so would prove a financial burden. But Robertson said that making one change — adding a raised numeral — would have increased the government's $4.2-billion cost of manufacturing currency over the last decade by only 5%.

"Of the more than 180 countries that issue paper currency, only the United States prints bills that are identical in size and color in all their denominations," the judge wrote.

That puts blind and low-vision individuals at the risk of being cheated if they are unable to identify the value of paper money without help from others, he said.

The issue has divided the visually impaired community, with some believing that the ruling reinforces negative stereotypes.

"We believe in solving real problems of discrimination — not in doing gimmicks that look like they solve a problem and could make things actually worse," James Gashel, executive director for strategic initiatives at the National Federation of the Blind, said Wednesday. "For a federal court to say that we are being discriminated against is simply wrong."

But the American Council of the Blind, which filed the lawsuit four years ago, was "very happy" with the ruling, said Executive Director Melanie Brunson.

"We don't see it as a negative, and we believe that it could improve opportunities for blind people," she said, enabling them to work at cash registers or as vendors.

According to the National Institutes of Health, about 3 million Americans have a visual impairment that cannot be corrected with glasses or contact lenses.

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Vendors Protest Mandated Currency Changes For Blind (WT)

By Bryce Baschuk

The Washington Times, November 30, 2006

The vending machine industry would have to spend hundreds of millions of dollars so its machines could handle new currency that blind people could use if a new ruling on U.S. bills is enforced.

U.S. District Judge James Robertson ruled Tuesday that the current bills discriminate against blind people. He ordered the Treasury Department to find a solution.

"If the government is mandated to change U.S. currency, there would be a tremendous financial impact across a number of industries, including the automated vending industry," said Jim Brinton, a director of the National Automatic Merchandising Association (NAMA), a trade association of the food and refreshment vending industry.

There are 7 million food and beverage machines in the United States, and 1.5 million of them accept both $1 and $5 bills, according to NAMA.

The vending machine industry would have to spend an estimated $200 to $300 to retrofit each machine, Mr. Brinton said.

"I couldn't afford to spend $300 per machine. I simply wouldn't be able to do it," said Mr. Brinton, who is also the president of Evergreen Food Services Inc., a vending company in Tukwila, Wash.

The American Council of the Blind filed the lawsuit against the government in 2002, saying U.S. currency should be redesigned to help blind and visually impaired people distinguish among denominations.

"We're not deliberately setting out to overturn American industries," said Melanie Brunson, executive director of the American Council of the Blind in Washington.

"We wanted the government to add accessibility [to the U.S. currency], and we wanted to make it an issue while our currency was being redesigned," she said.

Ms. Brunson couldn't say exactly what impact the decision might have on the nation's industries, but conceded that "the cost to retrofit vending machines could be somewhat substantial."

NAMA filed a brief during the trial, noting that a decision to change U.S. currency would cost the vending industry substantial amounts.

Metro officials yesterday could not estimate how much it would cost to retrofit their fare-card machines to handle new currency.

"A lot will depend on what the U.S. Treasury will do," said Stephen Taubenkibel, a representative from the Washington Metropolitan Area Transit Authority.

Metro's fare-card machines accept denominations of $1, $5, $10 and $20.

"At this point, it's too early to tell what the impact would be on our vending machines," he said.

Treasury has 10 days to file an appeal based on financial and administrative burden.

Government attorneys argued during the trial that changing the size of currency could cost up to $228 million in initial costs and $52 million annually to make currency in different sizes.

The least expensive change, adding a raised numeral, would cost $45.5 million initially and $16 million annually. The government estimated it would have to spend an additional $70 million to $90 million in public education for any changes.

The National Federation of the Blind (NFB) criticized the decision yesterday, saying it misinforms the public about the abilities of blind people. The organization of blind people has more than 50,000 members.

"This ruling puts a roadblock in the way of solving the real problem, which is the 70 percent unemployment rate among working-age blind Americans that severely limits our access to cash," said NFB President Marc Maurer. "The ruling will do nothing to alleviate that situation."

Blind people have developed ways to identify denominations by folding bills in different ways. Readily available machines identify paper money as well, the nonprofit said.

Mr. Maurer said the decision hurts public perception of blind people's capabilities.

"It argues that the blind cannot handle currency or documents in the workplace and that virtually everything must be modified for the use of the blind."

Justices Hear Cases Related To Global Warming, Banking Regulation (WSJ)

By Jess Bravin And Mark H. Anderson

The Wall Street Journal, November 30, 2006

WASHINGTON -- The Supreme Court heard arguments in two fights between the federal government and states, one a closely watched case on emissions that may cause global warming, the other a dispute over bank regulation.

The environmental case involved carbon-dioxide emissions and other "greenhouse gases" blamed by many scientists for global warming. Joined by environmental groups, Massachusetts and 11 other states have urged that the administration regulate such gases as pollutants.

Read the case docket1 in Massachusetts v. EPA, courtesy of FindLaw2.

The administration, reversing a Clinton administration opinion, argued that such emissions don't fall under the Clean Air Act's definition of pollutants -- adding that even if they did, the agency need not regulate them because of uncertainty and a preference for international action over a unilateral approach.

The states contend the law requires the Environmental Protection Agency at least to begin the formal process that could lead to regulation. A federal appeals court rejected the argument, and the Supreme Court appeared sharply divided on whether states had standing to sue over their claim.

"I thought standing requires imminent harm," said Justice Antonin Scalia. "When is the predictable cataclysm?"

Massachusetts Assistant Attorney General James Milkey, representing the states, told the court his state has been harmed by the EPA's refusal to regulate automobile emissions through, among other things, loss of land from rising oceans. "It's not so much a cataclysm as an ongoing harm," he said.

Justice Anthony Kennedy appeared to be the swing vote. The court's conservative justices appeared prepared to side with the federal government, while more moderate to liberal justices appeared ready to order additional deliberations in the case.

Deputy Solicitor General Gregory Garre told the court that "this is an extraordinarily complex area of science" in which the EPA deserves deference from federal courts on its regulatory decisions. He also cautioned that EPA regulation could have a significant economic impact.

(Massachusetts v. Environmental Protection Agency)

The bank case involved an effort by some states to assert authority over mortgage lenders that federal officials say they can pre-empt.

Michigan asked the court to strike down a federal policy that pre-empts state consumer laws for state-chartered operating subsidiaries owned by national banks but affords those banks liability protections under state law.

A win for Michigan could open the door to tougher state consumer protections, while making it costlier for banks to do business because they must meet each state's rules.

U.S. banking regulation is governed by a system in which banks themselves select which entity will regulate them -- the federal Office of the Comptroller of the Currency or a state banking agency. This dual banking oversight has led to competition between federal and state regulators seeking to sign up banks, which support the agencies' budgets with regulatory fees.

State banking regulators traditionally have charged lower fees and claimed to be more nimble in responding to local needs than their federal counterparts. But the OCC has lured banks with its power to pre-empt state laws. Federal courts have construed that power broadly, allowing the OCC to set aside state and local laws that limit automatic-teller machine fees, require additional disclosures to consumers, and impose other burdens.

But as banking companies have expanded and gotten more complex, it has become harder to tell which entities controlled by national banks remain susceptible to at least some state regulation.

Michigan maintained that its consumer-protection laws applied to state-licensed mortgage-lending subsidiaries owned by national banks. The OCC disagreed, concluding that since a national bank could engage in mortgage lending free from state oversight, so could a state-licensed operating subsidiary.

Michigan lost in the lower courts, and the Supreme Court's decision to hear the case was a surprise. When granting review, the justices hinted of broader constitutional concerns, asking attorneys to consider how the 10th Amendment, which reserves unspecified powers to the states, fits into the puzzle.

At oral arguments, the justices asked no 10th Amendment questions. Questioning Wachovia Bank attorney Robert Long, Chief Justice John Roberts suggested the bank wanted to have its cake "and eat it too," by pre-empting Michigan laws against predatory lending, while being shielded from any liability the subsidiary might incur. Mr. Long didn't dispute the liability protections of structuring the business that way, but said "managerial reasons" made the state subsidiary-national bank parent model a "useful tool of banking."

Federal Oversight Of Banks Risks Abuse, States Argue (WP)

By Tomoeh Murakami Tse

The Washington Post, November 30, 2006

All 50 states and the District of Columbia yesterday urged the Supreme Court to overturn lower court rulings that they said would give federal authorities the ability to block states from prosecuting financial institutions for predatory lending practices.

In oral arguments, the justices posed tough questions about the implications of a mortgage-lending case that could affect the way state-chartered subsidiaries of national banks are regulated. Chief Justice John G. Roberts Jr. expressed concern about the banks' apparent effort to seek immunity from state regulations, but other justices suggested that banks are stumbling under excessive regulation by being required to report to both state and federal officials.

The case, Watters v. Wachovia Bank, is the latest in a series of legal skirmishes between state officials and the banking industry. Although the case centers on the lending practices of banks, legal experts said that it has broader implications for other industries that are also regulated on both the state and federal levels, in such areas as transportation safety, civil rights and environmental protection.

At issue is whether state-chartered subsidiaries of national banks should be subject to the regulations of state governments or be solely under the purview of the federal Office of the Comptroller of the Currency.

For 35 years, states have regulated the mortgage-lending practices of state-chartered subsidiaries of national banks. The parent national banks are regulated by the OCC. In 2001, the OCC ruled that those lenders should be overseen by the federal government under the National Banking Act of 1864, not by state regulators. And in 2003, officials at North Carolina-based Wachovia decided that their state-chartered subsidiaries, which are mortgage lenders but are not themselves banks, would no longer abide by the regulations of local jurisdictions and would answer only to the OCC. Michigan protested, so Wachovia sued for release from state oversight. The bank won on the lower court levels, and Michigan appealed to the Supreme Court.

Critics of the OCC have long said the federal agency falls short in consumer protection and that it bases its regulatory decisions on maintaining the banks' safety and soundness.

In oral arguments, E. John Blanchard, who represented Michigan and whose case is supported by the 49 other states, argued that "preemption" of local authority by the OCC would prevent states from protecting their residents. "Michigan and the states want to be able to help their citizens with abusive and predatory lending complaints," he said.

A lawyer for the banking industry countered that courts have long acknowledged the primacy of federal regulators over local authorities when evaluating large banks and that this instance was no different. Bankers have also complained of the burden of excessive regulation on the local and federal levels.

"The court has recognized for a century that in that area, when national banks have powers, including incidental powers recognized by the comptroller, they generally preempt any state law," said Robert A. Long Jr., who represents Wachovia, but whose case is supported by the entire banking industry.

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Roberts said it seemed that banks wanted to be viewed as federally governed on regulation issues but state-based to shelter themselves from liability issues. "You are really trying to have your cake and eat it too," he said.

Justice John Paul Stevens questioned whether the OCC had the manpower to handle the increased responsibility it took when it preempted state law in 2001. He asked specifically how many additional investigators the OCC had hired when it took over this responsibility.

"Well, I don't have an empirical answer to that question," said Sri Srinivasan, assistant to the solicitor general of the Justice Department.

Justice David H. Souter, however, noted that banks could be forced to go through two separate rounds of inspection -- state and federal. "Regulation costs the regulated entity something," he said. "It is a burden on them."

CIVIL RIGHTS:

US Is Said To Probe Bay State Elections (BOS)

By Donovan Slack And Yvonne Abraham, Globe Staff

The Boston Globe, November 30, 2006

At issue is access by disabled voters

The US Department of Justice has launched an investigation into the state's failure to ensure that equipment for disabled voters was provided at polling places across Massachusetts during this year's elections, according to three people who spoke with federal investigators this week.

Two investigators from the voting section of the Justice Department's Civil Rights Division -- trial lawyer James "Nick" Boeving and special litigation counsel Susana Lorenzo-Giguere -- are to arrive in Boston today to begin gathering documents and conducting interviews, according to one of the two people.

Boeving is planning to inquire about the state's failure to comply with the federal Help America Vote Act, which requires that every polling place have at least one machine that allows disabled people to vote privately and independently, said Brenda Wright, managing attorney at the Boston-based National Voting Rights Institute. Wright received a call from a Department of Justice lawyer Tuesday.

Problems with access for disabled voters would be just the latest accusation to plague election officials in Massachusetts, where irregularities in four cities have been investigated in recent years. Boston agreed last year to federal monitoring after the Justice Department accused the city of failing to protect the rights of voters with limited English skills. In September's primary, workers failed to count hundreds of ballots, and in the final election some 30 polling places ran out of ballots.

"The investigating attorney appeared to be looking at the question of whether the state is in compliance with the HAVA requirements," Wright said. "They seemed to be aware of the press reports that have been fairly clear in indicating the state was not going to be in compliance, either in the primary or the general" elections.

Wright said the attorney was looking for people who had monitored polling places across the state on Election Day and that investigators would speak with advocates from voting rights and disability rights organizations. Giovanna Negretti, executive director of the voting advocacy group F;Oiste?, and another person who asked not to be named said the attorney also appeared to be interested in other election irregularities.

Justice Department spokeswoman Cynthia Magnuson would neither confirm nor deny the existence of an investigation.

The 2002 Help America Vote Act requires that states provide voting machines that are accessible to the disabled in every polling place by this year's elections. Secretary of State William F. Galvin said in October that Massachusetts would fall short in at least two-thirds of the state's 1,700 polling places.

Galvin said last night that he had not been notified of the federal probe, though he added, "I'm not surprised."

"I'm sure we'll cooperate with them as we always do," Galvin said. "We'll be happy to review with them exactly what we've done."

He said that his office has been testing various types of equipment for disabled voters and that he plans to decide which to purchase in the coming months and have them in polling places by the presidential election in 2008. Galvin said his staff has been meeting with a monitor from the Justice Department who is aware of the state's failure to meet this year's deadline.

Nearly two weeks ago, a coalition of 16 voting and civil rights groups called on Governor-elect Deval L. Patrick to appoint an independent commission to investigate Galvin's oversight of the elections. The coalition, which includes the Institute for Race and Justice at Harvard Law School, the American Civil Liberties Union of Massachusetts, and Common Cause of Massachusetts, charged that disabled and minority voters' rights have been violated repeatedly in recent years in several municipalities, including Boston and Springfield.

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"The reality here is that the vast majority of communities in the state were not at all providing the kind of accessibility that is required under HAVA," said John Bonifaz, founder and general counsel of the National Voting Rights Institute, who ran against Galvin in this year's Democratic primary. Bonifaz and others said that responsibility for compliance with federal requirements is Galvin's.

Voting problems in Massachusetts in recent years have resulted not only in the lawsuit filed by the US Department of Justice against the City of Boston regarding voters with limited English skills, but also Justice Department probes in Lowell, Lawrence, and Springfield. In September's primary, a recount in a Boston Senate district was triggered by the discovery of uncounted ballots, and, in the final election this month, some 30 Boston polling stations ran out of ballots as crowds were forced to wait.

A Harvard University elections consultant hired by Mayor Thomas M. Menino said yesterday that the Boston problems came about in part because the city's Election Department is understaffed, poorly trained, and ill-prepared to make problem-solving decisions to avert crises.

Giving his initial impressions of the Election Department in an interview with the Globe, David King said the department has "no effective mechanism for saying: 'This is priority one. This is priority two.' "

King, who is to issue a report early next year, plans a thorough investigation before making detailed recommendations in March. Still, he said numerous problems are evident.

A four-member Election Commission charged under city law with overseeing the department has not met or exerted any authority for years. There are only three members, and all are employees of the Election Department, a situation that King says makes the commission vulnerable to political pressure.

King also said that "training within the department needs to be dramatically improved."

Election Commissioner Geraldine Cuddyer, in an interview with the Globe yesterday, said the department is doing the best it can with the resources it has. She declined to comment about what happened during this month's election because Galvin's office has launched an investigation of the election.

King began reviewing documents and speaking with election employees last week.

He said task force members reported several concerns aside from ballot shortages during this month's election. They said that on Election Day, roughly 70 special touch-screen voting machines for the disabled did not record votes; that there were no Spanish-speaking workers in at least one East Boston precinct, and that several polling places in Dorchester and Roxbury were not accessible to the handicapped, King said.

Texas Seeks Approval Of Election Date (AP)

By Suzanne Gamboa, Associated Press Writer

AP, November 30, 2006

WASHINGTON — Texas is asking the Justice Department to approve Dec. 12 for a congressional runoff election - a date opposed by a Latino civil rights group because it is a religious day for many Hispanics.

The runoff between incumbent Republican Henry Bonilla and Democrat Ciro Rodriguez, a former congressman, is in Texas' 23rd congressional district, which includes portions of San Antonio. The district was redrawn after the U.S. Supreme Court ruled previous boundaries discriminated against Latino voters.

Dec. 12 is the Feast of the Virgin of Guadalupe, the patron saint of Mexico and Latin America. The League of United Latin American Citizens (LULAC) wants the election held on Dec. 19, arguing that the earlier date discriminates against Hispanic voters and benefits Bonilla, whose support among Latinos has eroded.

States like Texas that have had a history of voting discrimination against minority groups are required under federal law to get Justice Department approval, known as preclearance, of election changes or decisions.

Texas officials, who filed the date request Tuesday, said the state doesn't need federal approval because a court ordered the runoff election set for the earliest time possible.

Scott Haywood, spokesman for the Texas secretary of state, said he doesn't believe his office knew the date was a Latino holy day, but putting the runoff back another week would push the election into Hanukkah, which begins at sundown Dec. 15, and close to Christmas.

"The date ordered is fully compliant with the law," he said.

Luis Vera Jr., national counsel for LULAC and Rodriguez's campaign treasurer in the runoff, said he will ask the Justice Department to reject Dec. 12.

"The vast majority of Hispanics in South Texas are Latinos and they honor that day," Vera said. "They way it works, they go to Mass, go to work and then go to Mass. They fast. They pray. They are in church all night. ... Voting is way at the bottom of the list." Some communities also hold processions and family gatherings.

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After the district was redrawn to restore Latino voting strength, the congressional race drew eight contenders. Bonilla led with 49 percent of the vote, just under the 50 percent required to win. That prompted the runoff with Rodriguez, the next highest vote-getter at 20 percent.

Sharpton And Jesse Jackson Lead Angry Group To Site Of Deadly Police Shooting (NYT)

By Sewell Chan And Daryl Khan

The New York Times, November 30, 2006

The Revs. Jesse Jackson and Al Sharpton led relatives and community members on an angry and emotional visit yesterday morning to the Queens street where Sean Bell, an unarmed 23-year-old black man, was shot to death in a hail of police bullets early Saturday morning.

As the two civil rights leaders led their group, police officers continued searching the site for evidence yesterday, and investigators were seeking additional witnesses.

The police were trying to locate a man who may have been in Mr. Bell's car on Saturday morning and another who witnesses say was at the heart of arguments outside Club Kalua, a cabaret, with groups that included Mr. Bell. That man was last seen dressed in black and standing in front of a sport utility vehicle with silver wheels in the moments before the shooting. It is unclear what role, if any, he played, the police said.

The police described the man who may have been in Mr. Bell's car as being last seen wearing a beige jacket and running away from the shooting onto 95th Avenue, the police said.

As investigators working on the case seek the two men, the police are asking everyone arrested in the city whether they have any information about the case.

The case has attracted national attention, a fact underscored by the arrival of Mr. Jackson and by a call from Mayor Michael R. Bloomberg to Bruce S. Gordon, president and chief executive of the N.A.A.C.P., which wants the Justice Department to review whether the shooting violated federal civil rights laws. Mr. Jackson echoed that sentiment yesterday.

Mr. Gordon said the mayor, who has made fighting poverty a priority of his second term, had expressed interest in improving education and job opportunities for young black men. "I at least find his approach to be refreshing," Mr. Gordon said, "but in no way am I comforted, because this incident just points out the disparities and abuses in the system that have to be changed."

On Monday the mayor called the shooting "excessive," a characterization that Gov. George E. Pataki agreed with.

"Obviously, 50 bullets fired into or at an unarmed individual in New York is excessive force," Mr. Pataki said yesterday in a news conference broadcast by satellite from Kuwait, "but the appropriate response to that is something that I think the investigation of the mayor and the police commissioner will reveal."

Mr. Sharpton hinted yesterday that he might call for a shopping boycott to protest the shooting.

Shortly before 9 a.m., Mr. Sharpton and Mr. Jackson led elected officials and clergy members to the spot in Jamaica, Queens, where five officers fired 50 shots at Mr. Bell's car during a confrontation in which he drove into one of the officers and an unmarked police van. Two friends of Mr. Bell, Trent Benefield, 23, and Joseph Guzman, 31, were also in the car and were seriously wounded.

On Liverpool Street, at an impromptu sidewalk memorial of white carnations, red roses, candles and photographs taped to a brick wall, Mr. Bell's aunt, the Rev. Diane Shepherd-Oliver, a minister at the New Life Temple of Praise in Syracuse, called for God's help. "Pray for the policemen and the other individuals who are injured," she said.

Mr. Bell's parents, William and Valerie, and his fiancée, Nicole Paultre, whom he was to wed the day he was killed, were among those in the group.

"We appeal to people: Don't do anything disruptive or in any way contrary to the memory of Sean Bell," Mr. Sharpton said. "We do not want the world to see him as anything other than what he was. He was not violent. He was not a thug. He was not in the street. Don't use your anger to distort who he was."

Mr. Jackson said of the shooting: "This is a symbol, not an aberration. Our criminal justice system has broken down for black Americans and the young black males."

Mr. Guzman's sister, Yolanda, who has been at his bedside at Mary Immaculate Hospital, said of her brother, whom she helped raise: "He's critical. He cannot talk. He has 19 holes in him."

Mr. Guzman's companion, Ebony Browning, squeezed the hand of their son, Juan, 6, and lighted a candle and taped up a photo of Mr. Guzman. "Pray for my child and pray for my husband, too," she said.

Police Commissioner Looks Ahead, And Back (NYT)

By Patrick Healy

DOJ_NMG_0100102

The New York Times, November 30, 2006

Police Commissioner Raymond W. Kelly has overseen the streets of New York for the last five years in the style of a global warrior against terrorism. With a self-confidence that strikes some people as imperious, and some as impressive, Mr. Kelly has created a network of police officials overseas, recruited former C.I.A. officers and built a 1,000-member terror unit.

Yet over the last few days, Mr. Kelly has had to return to an earlier, less-novel role: the face of a police department involved in yet another public furor, this one a fatal shooting that has the makings of a combustible controversy involving race, politics and the police use of deadly force.

Mr. Kelly's role in the investigation and his handling of that shooting in Jamaica, Queens last Saturday, in which a young black bridegroom died, has all but been a flashback to his first tour as commissioner, in 1992 and 1993. Then, as the choice of New York's first black mayor in the aftermath of confrontations in Crown Heights, Brooklyn, Mr. Kelly took charge at a moment of considerable daily violence and raw racial emotion, in a city of metastasizing mistrust between black and Hispanic New Yorkers and police officers.

Those tensions have in some ways eased, and Mr. Kelly's relationship with police critics like the Rev. Al Sharpton is good enough that the two men talked just hours after the Queens shooting. The commissioner said in an interview: "We have an arms-length relationship, but we've dealt with each other for years, and I've always found him to be forthright. He is telling it as he sees it, and not being duplicitous in any way. I think he would say the same about me."

Mr. Kelly also took the more forceful step of putting the five officers who together fired 50 rounds in the 4 a.m. confrontation with the group of young black and Hispanic men on paid administrative leave and stripping them of their weapons.

But the return to this delicate public role as a truly local commissioner also brings new complications for Mr. Kelly, 65. He is routinely discussed in political circles as a possible candidate for mayor in 2009, something he has not ruled out, and his actions are apt to be seen as having potential political consequences.

He is also, for the moment, caught between a mayor who has called the shooting "inexplicable," an array of black leaders who want answers that Mr. Kelly has yet to deliver, and his own officers.

"This is a tough situation for everybody involved, and especially Ray," said former Mayor David N. Dinkins, who named Mr. Kelly commissioner more than a decade ago. "He's a straight arrow and I would expect the best from him. There's also a lot of people who expect a lot from Ray in this."

Mr. Kelly said that he is as comfortable as ever being the face of the police in a controversy, though he is not so cocky as to predict outcomes.

"I think you build relationships, and you can go back to other incidents perhaps where people relied on something I've said or I've done, and hopefully that's built up a certain level of trust," Mr. Kelly said. "You hope that is something that is going to play a role."

"I've always prided myself on being forthright and open with the community, and not holding very much back — what you see is what you get with me," he added.

In the hours after the shooting and since then, Mr. Kelly has been more visible than usual in his take-charge role, and it has been far from simple.

He was at the scene in Queens within hours of the shooting, and spent the day gathering details and sharing them with the mayor's office, other leaders, and Mr. Sharpton, who was designated as an adviser by the family of the slain man, Sean Bell. Mr. Kelly delivered the city's explanation of the shooting, at a news conference that night.

The next day, Sunday, Mr. Kelly took the guns from the officers.

"There were, and are, still too many unanswered questions," Mr. Kelly said in the interview. "It's a privilege to have a gun; you don't have a right to have a gun."

And on Monday, the commissioner calmly answered his critics at a private meeting with black leaders and department critics, including one who called for Mr. Kelly's resignation. He also found himself standing by as Mayor Michael R. Bloomberg described the 50 shots that killed Mr. Bell as unacceptable.

Later that day, on an NY1 News political talk show, Mr. Kelly was no longer discussing Qaeda sleeper cells and was instead trying to address all sides in the Queens case.

"The mayor is certainly entitled to his opinion," he said on NY1. "I think we need an in-depth examination of all the facts. It is unusual to have this number of shots fired."

Explaining police culture in pithy, made-for-television language is not always a skill commissioners possess, but it is a trademark of Mr. Kelly's — not to mention a political asset, said Lee Brown, who preceded Mr. Kelly as commissioner under Mr. Dinkins.

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"Ray brings, to any issue, his experience as a well-educated, well-trained, well-disciplined former marine who knows how to talk like people talk," Mr. Brown said. "When things occur, like his work with us in restoring calm in Crown Heights, you can expect him to stand on that foundation."

Mr. Kelly has earned some praise for sharing information with sometime critics like Mr. Sharpton, even if doing so made him seem unconcerned with irritating some of Mr. Sharpton's detractors in his department.

Mr. Sharpton had his own blunt way of saying what is still at stake for Mr. Kelly.

"Ray Kelly's word is seen as good in a lot of our community, but now his word is on trial," Mr. Sharpton said. "He has to come up with more definitive answers about why this young man was shot and killed in Queens. I think this is the greatest challenge of his career. It could result in Ray Kelly having a halo around his head, or the undoing of a very popular image."

But there are also skeptics, and there is anger. Complaints about Mr. Kelly this week have boiled down to this: Despite his personal touch, relations between the police and minorities remain in many ways strained, and sometimes explosive.

"Ray Kelly may be the same man who was police commissioner under Mayor Dinkins, but I think he is a different kind of commissioner today, and that worries me," said the Rev. Charles L. Norris, pastor of Bethesda Missionary Baptist Church, in Jamaica. "I'm not confident anymore that he is solving the problem."

Mr. Kelly said he has a long history inside the department and as a government official in Washington of improving the culture of agencies, combating racial profiling, and holding his own people accountable. He also said his diplomatic skills in times of crisis have not atrophied in the years that his focus has been pulled toward domestic security, an effort that is without precedent in the department.

He cited the case of Timothy Stansbury Jr., the unarmed 19-year-old who was fatally shot by a police officer in Bedford-Stuyvesant, Brooklyn, in 2004, as an instance in which, early on, he judged a shooting to be unjustified.

"In the Stansbury case, we had information because of statements from the nonshooting officers, so we put out the information," Mr. Kelly said. "We don't have enough information yet in this case. I make a determination about what to say based only on the facts."

Some observers have said that Mr. Kelly's recent reimmersion into the world of shootings and racial politics and the perceptions of police officers in southeast Queens, rather than those in Scotland Yard, may have a political payoff if he indeed runs for mayor. Mr. Kelly said he was not thinking about 2009, but declined to flatly rule out a bid. If it is not on Mr. Kelly's mind, though, his performance this week nevertheless has displayed some political prowess.

"I think the way he conducts himself in front of the press, acting as the objective conveyer of information, while still appealing to everybody to reserve judgment, shows how he would handle a city crisis, political or otherwise," said Richard Aborn, president of the Citizens Crime Commission, a nonpartisan group that monitors police policies in New York. "You can't see every police commissioner as a political candidate, but you can with Ray."

Badges, Guns And Another Unarmed Victim (NYT)

By Bob Herbert

The New York Times, November 30, 2006

This time it was 50 shots from five officers. With Amadou Diallo it was 41 shots from four officers. With Eleanor Bumpurs, an aging, overweight, disoriented grandmother, it was a pair of shotgun blasts from a single officer — inside her apartment!

The decades pass. The stories remain the same. Nathaniel Gaines Jr., a 25-year-old Navy veteran, was shot to death by a cop on a subway platform in the Bronx on the Fourth of July in 1996. The mayor at the time, Rudolph Giuliani, no softy on crime, said of the shooting: "There does not seem to be any reason for it."

On an April morning in 1973 a veteran cop named Thomas Shea pulled his service revolver and blew away a black kid on a street in Jamaica, Queens. There was no reason on God's glittering earth for that killing. The kid, Clifford Glover, was 10 years old. The cop shot him in the back.

On Thanksgiving Day in 1976 an officer named Robert Torsney fired a bullet into the head of Randolph Evans, 15, outside a housing project in Brooklyn. No one could explain that killing, either.

Yesterday, under an overcast sky and with a crush of reporters around them, the relatives and fiancée of Sean Bell visited the narrow street in Queens where he was killed in a sudden frantic fusillade of police bullets early last Saturday morning, just a few hours before he was to be married.

Mr. Bell and two friends who had attended his bachelor party at a nearby club were in his car when they were set upon by a group of undercover cops who had been staking out the club. The two friends were seriously wounded in the shooting.

Here is my first quick take on this case: If I was in my car outside a rowdy nightclub in the wee hours of the morning and someone who looked like a club patron came running toward me, screaming and waving a gun, I would immediately slam the gearshift into drive, hit the accelerator and try to get the hell out of there.

This appears to be what happened. The cops, dressed to blend in with the club crowd, were single-mindedly looking for trouble — evidence of prostitution, underage drinking, illegal guns, and so forth. They were looking so hard for criminal behavior that they seem to have imagined it where none was occurring.

One officer is said to have believed that one of Mr. Bell's companions may have had a gun. No gun was found and there is no evidence that any of the three men were armed at any time.

"It sounds to me like excessive force was used," said Mayor Michael Bloomberg, who characterized the 50-shot barrage as "unacceptable" and "inexplicable." Referring to Mr. Bell and his two friends, the mayor said, "There is no evidence that they were doing anything wrong."

The thing that is most unacceptable about this case is not the total number of shots fired, but the fact that five New York City cops were so willing to begin firing at all — willing to take the life of another human being, and maybe a number of human beings — without ever establishing that there was a good reason for doing so.

Under Mayor Bloomberg, there is a much better tone in the city with regard to police-community relations, and race relations in general. But when it comes to the Police Department, an improved tone won't count for much if policies and procedures aren't changed to prevent cops from blowing away innocent individuals with impunity.

This has gone on for far too many decades. Yet there is still no sense among public officials that big changes are necessary. The cops who killed Sean Bell and wounded his two friends haven't even been questioned yet by the police or investigators from the Queens district attorney's office. The D.A., Richard Brown, is preparing a grand jury investigation but he told me it could still be weeks before the cops are questioned.

Meanwhile, the community, which is sick of these killings, is simmering. Along with the candles and flower arrangements that have been placed at the site of the shooting were bitter signs denouncing "police murder" and, in some instances, calling for violence.

The Rev. Al Sharpton, who represents the Bell family, has publicly called for patience and calm. But he added, and I agree, that the mayor and Police Commissioner Ray Kelly have an obligation to develop effective new strategies for reining in reckless police behavior.

The crucial first step, in my opinion, is to insist that police officers, including those who are black, recognize the essential humanity of all the people they are supposed to be protecting and serving. Not everyone with dark skin is a perp.

Officer Accused Of Lying In '01 Wreck (AJC)

By S.a. Reid, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, November 30, 2006

An Atlanta narcotics officer tied to last week's deadly drug raid on a elderly woman's home was the subject of a 2002 lawsuit that said he "fabricated" the events that led to his head-on traffic collision with a motorcyclist.

That rider, Samuel T. Gulley Jr., received a $450,000 payment from the city last year to settle his claims against Officer Arthur B. Tesler, the city and the Atlanta Police Department. The civil case was dismissed from Fulton County State Court after the settlement in September 2005.

That lawsuit alleged Tesler and other unnamed officers "fabricated traffic charges against Plaintiff, ignored evidence ... and improperly initiated criminal proceedings" against Gulley to cover up the fact that Tesler was at fault in the accident that left Gulley with a broken pelvis and broken leg.

Now the credibility of Tesler and other officers involved in last week's killing is being called into question. Tesler was one of two officers who told a judge they directed a confidential informant through the process of an undercover drug buy at the house occupied by Kathryn Johnston, according to court records.

After the fatal raid, the informant told the Atlanta police internal affairs unit and a local television station that he wasn't involved in the buy that led to the shooting, and that police officers asked him to fabricate his role in the incident.

Denies allegations in lawsuit

In a phone interview, Tesler denied the allegations in the lawsuit but refused to discuss the matter in detail. He said he was aware that the city had settled the traffic case but didn't know the amount.

He refused to comment on the drug raid.

"I really don't want to comment on anything or on any other specific cases until everything is done with," he said in a telephone interview Tuesday.

Tesler is one of seven narcotics officers and one sergeant on administrative leave pending the outcome of internal, state and federal investigations into the Nov. 21 firefight between three drug officers and Johnston, who was buried Tuesday. Johnston has been identified as 88 years old by authorities but as 92 by family and friends.

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Johnston fired on the officers, wounding all three, after they broke down the front door of her Neal Street home in an attempt to serve a "no-knock" search warrant. She died from gunshots to her chest and extremities.

Gulley, who accused Tesler in the civil case, did not return calls left with his father. Steven Barnhart, his lawyer in the case, on Wednesday doubted that Gulley would be willing to talk.

In his lawsuit, Gulley said he was seriously injured when Tesler's patrol car hit his motorcycle head-on after the officer swung wide as he pulled out of a parking lot and into his southbound lane, going the wrong way, the night of May 27, 2001, on Marietta Boulevard in northwest Atlanta.

The lawsuit accused Tesler of giving an inaccurate description of the events leading up to the accident, which resulted in traffic charges against Gulley that were later dropped.

Deputy City Attorney Jerry DeLoach said Gulley's injuries and medical expenses, as well as liability issues, justified the $450,000 settlement, which shouldn't be considered an admission of guilt.

"Looking at all the facts and evidence," he said, "we thought it would be to the city's advantage and the employee's advantage if we minimized our exposure."

A police report written by Officer Jackson Christopher listed Tesler as the victim and suggested that Gulley ran into the officer's police cruiser.

Tesler's account had him pursuing a fleeing suspect when he pulled out. But Tesler didn't alert radio dispatchers to the chase because of heavy radio traffic, according to court papers. The lawsuit contradicted Tesler's account by alleging that the officer was on routine patrol and didn't have his emergency lights or siren on at impact.

Christopher issued Tesler a ticket for driving on the wrong side of the road, according to Barnhart.

The traffic citation was dropped when Christopher and Gulley failed to appear at Tesler's hearing, court papers said. Christopher was away on military duty at the time and Gulley was recovering from the wreck.

Gulley suffered serious injuries in the crash that sent him to the hospital for more than 90 days and left him with more than $90,000 in medical bills.

Based on Tesler's account, Christopher charged Gulley with driving under the influence, failure to yield to an emergency vehicle, reckless driving, driving too fast for conditions, failure to maintain lane and driving with an expired tag, Barnhart said. Christopher also was named as a defendant in the civil lawsuit.

Bbood alcohol level below legal limit

Subsequent test results showed Gulley's blood alcohol level to be below the legal limit, Barnhart said.

The city's solicitor's office abandoned the failure to yield to an emergency vehicle charge, Barnhart said. All the other charges, except driving with an expired tag, were eventually dismissed, Barnhart said.

"I think it was pretty stupid," Barnhart said, adding that the accident report didn't support the alleged violations. "The charges were clearly false. The only way to avoid liability is to say he was chasing a subject. Otherwise, he was a negligent driver himself."

Tesler received a written reprimand after an office of professional standards investigation found that he had violated department policy regarding the operation of city vehicles, according to court papers.

Atlanta police officials deferred to the FBI, the lead investigative agency in the fatal drug bust case, on questions regarding the case and his punishment. FBI officials declined to comment.

Informant In Shooting Of Elderly Woman Has String Of Drug Arrests (AJC)

By Bill Torpy, Rhonda Cook, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, November 30, 2006

The confidential informant who says police told him to lie about his role in a drug bust that led police to kill an elderly Atlanta woman is a petty criminal with a series of drug arrests in the past few years.

The informant, Alexis Antonio White, 24, has said he was told to cover the police and lie about activities at the home of Kathryn Johnston, who was killed in an exchange of gunfire with three officers who burst into her northwest Atlanta home Nov. 21.

White, whose identity was confirmed by law enforcement officials, is now in protective custody as federal, state and Fulton County officials try to sort out what happened in the raid.

White's background and honesty are likely to be taken into consideration as law enforcement agencies, led by the FBI, reach a conclusion about whether to believe the police officers or a suspected drug dealer-turned-informant.

Informants are a necessary evil in developing drug cases but they are frequently untrustworthy, said Steve Sadow, an Atlanta defense attorney who is an expert on Georgia law. He has no connection to the case.

"How do you prove he's right or wrong?" Sadow asked. "How do you prove the informant is now lying?"

He said it is important to find out if the informant was being paid by police or was working for them trying to stay out of prison.

In recent days, White, known as Alex, approached WAGA-TV and told the station that he has worked with police for four years as an informant. Records show he has been arrested at least once during that time on drug charges — last year, when he was charged with carrying 48 bags of marijuana. Police said he refused to stop his car for several blocks and his car reeked of pot.

Outside of arrest records and court documents, not much could be learned about White, who at 17 was detained after jumping the gate at a MARTA station and who was arrested later on theft and drug charges. He has been convicted of at least one cocaine-related charge and served two years' probation, records show.

A list of numerous arrests stretching back over the past seven years has him living at six different apartments.

Atlanta police in a 2001 arrest report noted White's occupation as "drug dealer." He was 19 at the time.

In that arrest, White was standing at a gas station parking lot on Bankhead Highway leaning inside a car in what appeared to be a drug transaction, according to records. The arresting officer said he recognized White from a previous drug arrest. A search found suspected crack cocaine. The man he was selling drugs to was driving a stolen car.

Police Chief Richard Pennington this week confirmed that the informant had told investigators that he was never at the house where Johnston was killed and that police asked him to lie about the events surrounding the case. Pennington said the investigation will determine if White is telling the truth.

The chief declined Wednesday to speak about White.

Seven narcotics officers and a supervisor are on administrative leave pending the investigation's outcome.

In an affidavit for a search warrant filed about an hour before the shooting, narcotics officers told a judge that an informant bought $50 worth of crack cocaine from a man named Sam at the house.

Their sworn statement was sufficient to convince a magistrate to provide them a "no-knock" search warrant, which allowed them to smash through the front door without announcing themselves first.

This week, the informant told WAGA-TV that he was never at the house, that police told him after the shooting that "you need to cover our [rear]. ... It's all on you man. ... You need to tell them about this Sam dude." According to the WAGA report, the informant said Sam didn't exist.

Bill Torpy can be reached at 404-526-7601. Rhonda Cook can be reached at 404-526-5966.

Black Panthers Hold 2nd Rally In Atl (WXIA)

WXIA-TV, November 30, 2006

The New Black Panther Party held another meeting Wednesday night. This one focused on the 14 officer involved shootings in DeKalb County.

The meeting at Atlanta's Tupac Amaru Shakur Center for the Arts went on for hours with lots of angry and frustration placed on DeKalb County police.

"They are not here to protect and serve you. They are here to kill you. Now if they kill a 92-year-old lady, then how can we stand a chance," said Yusuf Shabazz, New Black Panther Party.

Those attending the rally want a federal investigation launched into all police related shootings in DeKalb County.

They also called on DeKalb County CEO Vernon Jones to step down.

On Tuesday, the New Black Panther Party held a rally in Kathryn Johnston's northwest Atlanta neighborhood.

Johnston, who family members say was 92-years-old, was killed last week after she shot and wounded three police officers.

The officers entered Johnson's home looking for drugs based on a tip from an informant. That informant has since claimed he did not buy drugs at Johnston's home. He also claimed the officers asked him to lie.

Atlanta Police Chief Richard Pennington has asked the FBI, GBI, and U.S. Attorney's Office to investigate Johnson's shooting.

Man Admits Trying To Scare Black Families (CLPD)

The Cleveland Plain Dealer, November 30, 2006

A Cleveland man will probably spend two years in prison after admitting he helped spread mercury around a neighbor's house to scare black families out of Slavic Village.

Joseph Kuzlik, who is white, pleaded guilty Monday to conspiracy and two other charges in U.S. District Court.

Sentencing guidelines call for a prison term between 21 and 27 months when Kuzlik is sentenced in February. Kuzlik's friend David Fredericy pleaded guilty to similar charges earlier this year.

Between 2002 and 2005, Kuzlik and Fredericy yelled racial slurs and threatened black neighbors, including children, as part of a plan to drive them away from East 50th Street, prosecutors said.

In February 2005, Kuzlik, now 57, got a syringe filled with mercury, which can be toxic. Fredericy squirted the mercury on and around the house of an interracial family that lived near the two men, prosecutors said.

Second Man Admits To Conspiracy In Mercury Hate Crime (ABJ)

Akron Beacon Journal, November 30, 2006

CLEVELAND - A man accused of serving as a lookout in a scheme to use mercury to scare black families from his neighborhood pleaded guilty Monday to conspiracy and other charges.

Prosecutors said Joseph Kuzlik, 57, of Cleveland was the lookout while an accomplice spread mercury around an interracial couple's house last year.

Kuzlik, who is white, entered his pleas in U.S. District Court to conspiracy, making false statements and criminal interference with housing rights. He could face two years in prison at his sentencing in February.

David Fredericy, 50, of Cleveland, who also is white, pleaded guilty in October to similar counts.

Fredericy said he and Kuzlik wanted to drive black residents out of their Slavic Village neighborhood. The two would yell racial slurs and threaten black neighbors, Fredericy's plea agreement said.

In February 2005, Fredericy used a syringe to squirt mercury around the interracial couple's house, while Kuzlik acted as a lookout, according to the plea agreement.

The neighbors touched the liquid, which can be toxic, and brought it into their home on their shoes. The house had to be evacuated and an environmental cleanup was ordered. No one was injured.

Council Backs Mayor's Veto In Race Bias Case (LAT)

By Steve Hymon And Duke Helfand, Times Staff Writers

The Los Angeles Times, November 30, 2006

Comments by Villaraigosa suggest the fire chief may be on the way out.

The career of Los Angeles Fire Chief William Bamattre dangled in the balance Wednesday as the City Council backed away from a settlement offered to a black firefighter who accused the department of racial discrimination.

After a lengthy closed session with city attorneys, only six of the 15 council members voted to buck Mayor Antonio Villaraigosa's veto of the deal. Janice Hahn, Tom LaBonge and President Eric Garcetti joined the council's three black members in an attempt to keep the settlement in place. But at least 10 votes would have been needed to override the mayor.

Firefighter Tennie Pierce, a robust personality whom some firefighters called Big Dog, sued the city after dog food was slipped into his firehouse meal two years ago by several firefighters.

Two white captains and a Latino firefighter were punished for the incident. But Pierce, who is on administrative leave, said he was ultimately driven from his job by continuing department harassment.

The council had overwhelmingly agreed to settle the case for $2.7 million, but a public outcry prompted Villaraigosa last week to veto the agreement, leading to Wednesday's vote.

Bamattre was present throughout the closed session and was questioned repeatedly by council members over his handling of the Pierce case and other incidents in a department long plagued by allegations of insensitivity. One aide said that while the tone was respectful, there was obvious tension between the council and the chief.

Although the council action does not preclude City Atty. Rocky Delgadillo from conducting further settlement talks, for now the case is headed to court March 19.

"All I have to say is that I look forward to trying the case," said Genie Harrison, Pierce's attorney.

On Tuesday, Pierce offered a tearful appeal to the council and appeared to move several members. Even before, the members who had most consistently supported a settlement were its three African Americans — Bernard C. Parks, Jan Perry and Herb Wesson — who each had his or her own reasons.

"I think we" — the council — "blew this one," Wesson said after the vote. "The entire Fire Department will go on trial."

A visibly troubled Parks — the former Los Angeles police chief long known for his composure — said he believed that the council's action would send a message to African Americans that they cannot get justice even if they raise valid issues of harassment or racism.

He predicted that the case would end up costing the city "significant dollars" in court.

"I think it will come back to haunt the mayor and the city," he said. "The greater message is you can be dehumanized, and nobody cares. I think it was a very poor [decision] that will send shock waves through a community … that will sit back and say, 'The same old thing.' "

DOJ_NMG_0100108

Applauding the decision was Councilman Dennis Zine, who had cast the lone vote against settling because he viewed Pierce as the victim of a prank rather than discrimination and thought the payout was excessive.

"I believe we have an obligation to do what's right for the taxpayers," Zine said.

Lisa Hansen, deputy chief of staff for Councilman Jack Weiss, said her boss — a steady ally of Villaraigosa — did not vote to override the veto because he wanted more time to ascertain details of the case.

Councilwoman Wendy Greuel said she also had a "lot more questions."

"I do believe there will be some discussion of a [new] settlement but people felt they didn't have all the information available to them," she said.

Villaraigosa said the council "made the right decision," given the amount of the proposed settlement and the fact that photos had come to light showing Pierce himself participating in Fire Department hazing.

Hours before, the mayor had made cryptic comments that seemed to be paving the way for Bamattre's exit.

A Stanford graduate and one-time Dana Point mayor, Bamattre was promoted to chief in 1995 specifically to clean up the department's reputation. He has already announced his intention to retire in February 2008.

Several City Hall sources confirmed that some officials have discussed whether Bamattre should step down sooner.

When asked directly if Bamattre would still have a job Monday, Villaraigosa declined to answer. During a news conference, the mayor was also asked if the time had come for the city to have a black fire chief.

"We have a chief currently, as you all know," Villaraigosa said. "Should there be a vacancy, nothing would make me prouder than to have a department that is headed by an African American, [a] woman, [or a] Latino."

Late Wednesday, Bamattre said the mayor had not told him he could be removed from his job. "I've always planned on doing a smooth transition with the new person, when they decide to select a new person," the chief said. "I would like them to come in with a firm foundation."

He said the Pierce case showed the difficulties he has faced in rooting out harassment.

"Inside the fire station, there's a strong argument that certain pranks are OK," Bamattre said. "That's an attitude I can't subscribe to, but I can't get the organization to accept that."

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Times staff writers Sandy Banks, Patrick McGreevy and Jim Newton contributed to this report.

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(INFOBOX BELOW)

Problems persist

In 1994, after numerous complaints from female and minority firefighters, the city Personnel Department conducted an audit of the Los Angeles Fire Department. A decade later, continued complaints sparked another audit, this one by the city controller's office, which released its results in 2006. Both inquiries found widespread sexual and racial harassment and a command structure dominated by white men.

1994

· African Americans made up about 11% of the department, with Latinos accounting for approximately 24%, whites 60% and Asians or others 5%.

· White men constituted 95% of the 20 highest-ranking administrators.

· Women comprised 3% of the 3,100 uniformed department members.

· African Americans and women reported significant hostility at eight so-called kill stations, where management allegedly sent firefighters to be run out of the department.

· The department lacked comprehensive training to combat racial and sexual harassment.

2006

· African Americans made up about 12% of the department, with Latinos accounting for 29%, whites 52% and Asians or others 7%.

· White men made up 56% of the chiefs and battalion chiefs.

· Women constituted 2.7% of the 3,600 uniformed personnel.

· Nearly 90% of African American firefighters said they had been the victims of racial harassment or knew of someone who had been harassed. Among women, 80% said they were aware of or had been a victim of sexual harassment.

· The department had established training to combat racial and sexual harassment, but policies and guidelines were not being followed or enforced.

Source: City of Los Angeles. Compiled by Robert J. Lopez

The LAFD On Trial (LAT)

The Los Angeles Times, November 30, 2006

If the Tennie Pierce case goes to court, it could be good for the city -- but not because it will be cheap.

TENNIE PIERCE HAS already had his day at City Hall, testifying before the City Council about harassment and discrimination in the Los Angeles Fire Department. Now it appears that he will get his day in court — and it will be the Fire Department that is on trial.

Pierce is the black former firefighter who was fed dog food by his colleagues and sued the city, agreeing to a $2.7-million settlement that was accepted by the city attorney and approved by the City Council. But last week Mayor Antonio Villaraigosa vetoed that settlement, and on Wednesday, after two days of contentious debate, the council failed to override his veto. So it looks as if the case is headed for trial.

That's good — but not necessarily because the mayor's decision was the right one or because the incident is defensible. It's because, win or lose, the city will now get a chance to hear just how dysfunctional its Fire Department is.

A trial will air the damaging evidence that led the city attorney to recommend a settlement. And for the LAFD, a department that for decades has been plagued with racism, sexism and other types of harassment, that evidence could be embarrassing. If firefighters think sneaking dog food into someone's dinner and watching him eat is just a bad joke, what's a good one? How much dehumanizing behavior is someone supposed to endure in the name of camaraderie?

In opting to send the case to trial, the council members who sustained the mayor's veto said they did not see the dog food incident as racial harassment. Or rather, they agreed it was harassment, but they didn't see it as racial. This is a point that testimony about the incident, about the work environment at station houses and the department's subsequent investigation may clarify.

Financially, much is at stake. In similar cases, the city has wound up paying large awards to plaintiffs. In 2004, veteran police officer Richard Nagatoshi won $4.1 million after suing for racial discrimination, harassment and retaliation. In that case, as in this one, the city decided to fight instead of settle, and a jury unanimously sided with Nagatoshi.

There is also a chance that the city could prevail. But what a shame that it now must spend time and money to mount a defense of adolescent boorishness and departmental dysfunction — racial or otherwise.

Whatever happens, the real victory for the city won't come until the Fire Department changes its ways. Scathing audits have outlined the LAFD's erratic disciplinary policies, poor leadership and hostile work environment, yet those reports have failed to dislodge the frat-boy culture. Maybe a public airing of its dirty laundry will.

Some Say Cop Videos Misleading (USAT)

By William M. Welch

USA Today, November 30, 2006

Violent scenes caught on tape may not be brutality, just police doing their jobs, some say; cruiser cams may fill out picture

LOS ANGELES — A series of recent videotaped arrests is providing an unfiltered look at often physical, sometimes brutal police work, due to the broadening technology of cellphone cameras and online video viewing.

Some law enforcement experts say the technology is shedding light on a long-standing if uncomfortable fact of life: Police frequently have to use force. And society and the law expect them to do so.

“The core function of police is, they're the ones who step up and use force when it is necessary,” says Eugene O'Donnell, a former New York City police officer and prosecutor.

“The cops are doing our dirty work. And when someone puts it on camera and shoves it out there, we say, ‘Isn't this terrible.' ”

The tape of the beating of Rodney King by police in Los Angeles in 1991 had to be handed to television stations nationwide before the public saw it.

Nowadays, advances in computer technology and the advent of websites such as YouTube allow a person to post immediately a video online for millions of people to view.

In the latest videos:

·A man is seen being pepper-sprayed by officers in Venice Beach as he is put in a squad car. The incident happened last year but was posted online in November.

·An officer is seen punching a suspect in the face while a fellow officer tries to handcuff him during a struggle on a Hollywood street in August.

·A UCLA student is seen being shocked with a Taser stun gun by a campus police officer during a library ID check.

Some defense lawyers say the videos are giving the American public a glimpse into brutality they never knew existed.

“I can't see how anyone would think it would be OK to mete out punishment to someone who has been subdued and is not any threat,” says John Raphling, lawyer for the man pepper-sprayed by officers.

The videos have been shocking to some Americans, a more raw real-life police drama than they may have expected after countless hours of television cop shows.

But the videos often provide an incomplete picture of events, police and law-enforcement advocates say — sometimes failing to show the actions that led to the confrontation and a suspect's behavior.

And after all, some experts say, a police officer's job is to control violent and potentially violent people. That generally requires using a level of force just above that used by the suspect.

“Somewhere in America, cops are beating up on somebody right now. It's legal and justifiable, even though it may be offensive to watch,” says O'Donnell, professor of law and police studies at John Jay College of Criminal Justice.

Los Angeles Police Chief William Bratton says his officers were using justifiable force in subduing suspects in the Hollywood and Venice Beach incidents, even if the video strikes viewers as disturbing.

In the Venice Beach pepper-spraying, Bratton said county prosecutors examined the video and cleared officers of wrongdoing because the video showed the man was clearly combative.

“The officers showed remarkable restraint,” Bratton said.

Likewise, the officers in the Hollywood incident were cleared after a court hearing.

Some experts say the number of videos is bound to increase, as will their impact on police work and the judicial system.

In January, video captured a San Bernardino county sheriff's deputy shooting an unarmed Air Force airman after a chase in Chino, Calif. The footage appears to show the deputy firing three times as the suspect begins to comply with orders to get up from the ground. The officer was charged with attempted voluntary manslaughter.

A videotape of a Westminster, Colo., police takedown of a man after a seven-hour hostage drama drew attention when it was aired on TV and the Internet in 2005. The video appeared to show officers hitting the man after he was down.

In Inglewood, Calif., a jury last year found in favor of two police officers who filed suit claiming they were unfairly disciplined after a videotaped beating of a teenager in a confrontation at a gas station in 2002.

“Because of the technology, everybody has a camera, and everybody's ready to use it,” says Charles Whitebread, a professor of criminal procedure at the University of Southern California law school.

The impact could be especially significant in Los Angeles. The city has a long and troubled history with police, use of force, and arrest videos.

Rodney King's arrest and beating after a traffic stop, videotaped by a bystander, made nationwide news. Four officers were charged with using excessive force. Their acquittal in a 1992 trial sparked riots.

The Los Angeles Police Department is still feeling the effects of a 1999 scandal involving abuses by gang-control officers in the city's Rampart Division. The city agreed to comply with a federal court order that imposed numerous requirements for managing the force and reviewing instances of potential abuse. It is still in effect.

Connie Rice, a civil rights lawyer who headed a review panel that investigated the scandal, credits the department with improvement in dealing with the public.

“I still think LAPD has an excessive force culture,” she says. “LAPD needs to tell its officers you don't get to spray people just because they mouth off.”

Whether the actions were justified or not, the videos have hurt the reputation of police, Whitebread says.

“It may well be that there are explanations. At first blush, it's pretty rough to look at,” he says. “It can't do LAPD any good to have these videos disseminated.”

Police are well aware of the power of such images. One response has been a move by some police forces around the country to install video cameras in police cars — allowing law enforcement to have its own more complete visual record of confrontations.

O'Donnell sees videos as possibly doing some good: They may help the public decide for itself what is reasonable force and what is not.

“People become used to the idea this is the police and what they do. … That may allow people to kind of clarify misconduct from things that are not misconduct.

“People see the police acting in a way that may not be pretty but may be justifiable,” he said.

O'Donnell says the videos will also demonstrate that police are asked to bear a heavy burden in the criminal justice system, not just enforcing the law but acting as social workers with the mentally ill, the homeless and the addicted.

“It's a brutal system,” says O'Donnell, “and cops bear the brunt of that brutality.”

A Killing Without Cause (WP)

The Washington Post, November 30, 2006

FAIRFAX COUNTY police officer Deval V. Bullock is a good cop who made one disastrous mistake: Bumped by his own car door, he accidentally fired his weapon and killed an unarmed, nonviolent, non-threatening suspect during a routine arrest in January. The shooting of Salvatore J. Culosi, an optometrist under investigation for being a sports bookmaker, was unintentional. But it was also negligent; under the circumstances, Mr. Bullock should not have had his finger on the trigger, nor even aimed his weapon at Mr. Culosi. Now the Fairfax police department is recommending a slap on the wrist for Mr. Bullock -- three weeks without pay and his removal from the police SWAT team. The punishment is lenient, to say the least, but even so it is too much for the police union.

For months before this egregious shooting, an undercover police detective had been placing bets with Mr. Culosi, who had no criminal record; had never owned a firearm; and presented no threat of violence, flight or resisting arrest. It is still unclear, 10 months after the fact, why despite that profile police decided to arrest Mr. Culosi with a SWAT team, which is trained and equipped for use in dangerous situations. After Mr. Culosi's death, the police department said it would conduct a review of policies and procedures involving the use of such teams. But if there was such a review, its results have not been made public. One wonders if the SWAT team in Fairfax, lacking frequent opportunities to respond to situations involving imminent danger and threats, is deployed simply to give its officers something to do. If so, that's bad policy and bad policing.

Mr. Bullock, a 17-year veteran of the police force, was trained in firearms and tactics. He well knew that during a routine arrest, his finger should not have been on the trigger and his gun should not have been pointed at the suspect. So it is no real excuse that, in jumping from his car, the car door bounced back, striking him in the side and causing him to pull the trigger. Like people in other lines of work who make disastrous mistakes, Mr. Bullock should be held accountable for his actions, even though they were unintentional. The chief prosecutor in Fairfax, Robert F. Horan Jr., already declined to prosecute Mr. Bullock or refer the case to a grand jury, yet now police union officials howl that even a three-week suspension is unfair. It's not. It is in fact little more than symbolic discipline. But in such a case symbolism is important and well placed.

Justice For A Parent And Child (WP)

The Washington Post, November 30, 2006

FOR MORE THAN two years, Janet Miller-Jenkins has been blocked from seeing her 4-year-old daughter because of a nasty custody dispute with her ex-spouse, who has been defying a court order to allow regular visits. This week, the Virginia Court of Appeals issued an opinion that should be utterly unremarkable: It held that under federal law, Virginia courts must honor the custody orders of their sister courts in Vermont, where Ms. Miller-Jenkins and her ex were joined and where they asked a court to dissolve their union.

Yet the court's decision in Miller-Jenkins v. Miller-Jenkins is a big deal, because what's in question is a civil union, not a marriage. A lower Virginia court had refused to give effect to the Vermont courts' orders allowing Ms. Miller-Jenkins to visit her daughter, citing a state law that prohibits any recognition of civil unions or other same-sex relationships from out of state.

Legally, this case isn't hard. Morally, it's even easier. Janet and Lisa Miller-Jenkins entered a civil union in Vermont, had a child together -- Lisa is the biological mother -- and then split. After petitioning the Vermont courts to dissolve the union and make a custody determination that explicitly recognized Janet as a parent, Lisa took their child, Isabella, to Virginia and began defying the very order she had requested. The Vermont court held her in contempt, but Frederick County Circuit Judge John R. Prosser gave her sanctuary, ruling in 2004 that under Virginia law she was "the sole biological and natural parent" and that she "solely has the legal rights, privileges, duties and obligations as parent."

This was lawless, as the appeals court has now found -- it was a triumph of anti-gay politics over clear statutory command. Federal law prevents any Virginia court from interfering in an ongoing custody case in Vermont or any other state. There is no exception for gays or lesbians. The idea is to prevent parents who don't like the result they get in one state's courts from trying their luck elsewhere. Whatever hateful things Virginia law may say about civil unions are therefore irrelevant; its courts must honor the orders of that Vermont court.

Sadly, further appeals are likely, so in the immediate future her clear victory in court may not bring Janet Miller-Jenkins closer to her daughter. That's wrong. Their unlawful separation has lasted far too long already.

ANTITRUST:

Union: DOJ Delays Mittal Sale Decision (AP)

By Vicki Smith, Associated Press Writer

AP, November 30, 2006

DOJ_NMG_0100112

Department of Justice Gives Mittal Until Jan. 28 to Decide Which U.S. Mill to Sell, Union Says

MORGANTOWN, W.Va. (AP) -- The U.S. Department of Justice on Wednesday gave Mittal Steel Co. until Jan. 28 to decide which U.S. mill it will sell to settle antitrust issues over its merger with rival Arcelor SA, a union official said.

Mittal had planned to sell Canada's Dofasco Inc. as part of its merger with Arcelor, but an independent trust controlling Dofasco said earlier this month it would not allow the sale.

That forces a choice between the other tin assets, the former Weirton Steel Corp. in West Virginia's Northern Panhandle or the Sparrows Point mill in Maryland.

Though Mittal has not made a final decision, it has publicly said its first choice would be Weirton, a historically high-cost producer and the largest tin operation.

Mark Glyptis, president of the 1,200-member Independent Steelworkers Union, said the justice department has ultimate authority over any sale.

Gina Talamona, a Justice Department spokeswoman in Washington, D.C., did not immediately return a telephone message about the case.

Glyptis said the union is eager to explore all opportunities that could lead to new and stable ownership.

"If we are divested, we want to make sure we're put into the best possible situation, so life has been extremely busy" talking with potential buyers, he said. "The tenacity the employees has shown has been unprecedented."

Weirton filed for Chapter 11 bankruptcy protection in May 2003 and was sold twice in 18 months, first to Ohio-based International Steel Group Inc., then to Mittal.

Weirton still has attractive assets in both its hot end and its tin, pickling and tandem mills, and Mittal has said it has at least 10 potential buyers.

The company taking over nearby sheet steel and coated steel products maker Wheeling-Pittsburgh Corp. is among those interested. Executives with Illinois-based Esmark Inc. said they are prepared to make a cash offer for the Weirton division.

But former ISG executive Mitchell Hecht is also in the hunt. He says Mittal has ignored his offers to buy Weirton, restart the blast furnace to make pig iron and rehire several hundred workers.

Neither the union nor Mittal has named the other potential buyers.

The ISU has a successorship clause in its contract that essentially gives it veto power over a change in ownership, and Glyptis said the union will scrutinize all interested parties.

The union is eager to see business plans that secure existing jobs, encourage growth and commit to reinvestment in a mill that once employed some 13,000 people.

Glyptis said workers and Weirton-area residents tend to get excited when they read the names of potential buyers in a newspaper, but the union will support the deal that makes the best sense on many levels.

"We have an excellent steel operation in Weirton and we want the right fit for future years," he said.

Mittal is in the process of completing its $33.4 billion acquisition of Arcelor. The merger, due to be completed by April or May, will create a steel titan with close to 10 percent of global production.

CME Defends Monopoly Over Own Products (FT)

By Doug Cameron In Chicago

Financial Times, November 30, 2006

The Chicago Mercantile Exchange on Wednesday defended the monopoly in trading its own products, and said any regulatory push to change the current industry structure would be “disastrous”.

The CME has been one of the stoutest opponents of “fungibility” which would allow contracts listed by one exchange to be traded on rival platforms, arguing it would be inefficient and stifle innovation.

“I would suggest that having something like that would be kind of disastrous for the industry,” said Kim Taylor, president of clearing at the CME, during an industry conference in Chicago.

Ms Taylor said exchanges would lose the “upside” from the investment in product development which has helped spur annual growth rates of 25 per cent across a futures industry serving a wider client base of banks, institutional investors and hedge funds.

Her remarks come amid intensifying scrutiny of the derivatives business on both sides of the Atlantic, notably over the impact of exchanges such as the CME and Eurex which control their own clearinghouses. Some users claim the vertical integration creates excessive pricing power.

The Department of Justice is currently reviewing the CME’s planned $8bn purchase of the Chicago Board of Trade, and assessing any potential anticompetitive impact from its ownership of their shared clearinghouse, which accounts for 90 per cent of on-exchange US futures trades.

DOJ_NMG_0100113

The CME insists it does not expect the proposed deal to run into antitrust problems, and like other exchanges has pointed to intense competition from over-the-counter markets as well as the large investment banks which make up their main customer base.

Seven banks recently announced plans to set up a new equities trading platform in Europe in response to long-running dissatisfaction over clearing and transaction fees. The banks have indicated they could turn their attention to the derivatives' market, despite exchanges' insistence that fees have fallen while efficiencies have improved.

Ms Taylor pointed to the $2bn in savings from the common CME-CBOT clearing link established three years ago, and said some customers were forecasting $1m-$2m in annual savings from contract efficiencies released by the proposed acquisition. Clearing and transaction fees are the major contributor to rising earnings at the CME, Eurex – jointly owned by Deutsche Börse and the SWX Swiss Exchange – as they push higher trading volumes through platforms with effectively fixed costs.

Exchange leaders on both sides of the Atlantic admit they have to "educate" lawmakers amid the increased scrutiny of clearing systems, pointing to the efficiencies created by vertical integration and the competition in the sector, notably from banks.

Daniel Gisler, the outgoing head of clearing at Eurex, told the conference that allowing contacts to be traded on any exchange would be beneficial if it was extended to include banks' over-the-counter products such as swap books. "I think it's a great idea to have such a mandate…and it would be even greater if it included all the products from the banks," he said. Mr Gisler also estimated that the migration of most OTC products o exchanges could release $10bn in efficiencies from more simplified back-office processing.

US Air, Delta Aim To Coax Creditors To Their Camps In Merger Standoff (WSJ)

By Melanie Trottman And Corey Dade

The Wall Street Journal, November 30, 2006

Executives of US Airways Group Inc. and Delta Air Lines Inc. will face off in New York today in front of the major creditors who could ultimately decide whether an $8.5 billion hostile merger of the two airlines takes place.

Delta executives, who have been waging a campaign against the offer, insist they will seriously consider the proposal. But Delta also will try to bolster creditors' confidence in its own plan to take the Atlanta airline out of bankruptcy-court protection as soon as April as a standalone carrier. US Airways, Tempe, Ariz., argues that a merger would create a healthier airline with annual cost savings of $1.65 billion.

Today's meeting at an undisclosed location in Manhattan, the first direct encounter between executives of the two airlines since the hostile offer was announced Nov. 15, is expected to last several hours. US Airways Chief Executive Doug Parker, the architect of the bid, and his management team are expected to attend, along with Delta Operating Chief Jim Whitehurst and Delta Finance Chief Edward Bastian, according to people familiar with the situation. It was unclear whether Delta Chairman and CEO Gerald Grinstein would attend.

US Airways hopes to show that its plan is superior to the standalone strategy Delta expects to present to its creditors by Dec. 15, and to persuade Delta to open its books as part of due diligence on the deal, according to a US Airways spokeswoman. A person familiar with US Airways' strategy said the airline will show how it could extract the cost-saving synergies it has promised as part of the deal, and attempt to defuse worries that the merger can't pass muster with antitrust regulators. US Airways and Delta compete in many of the same markets, mostly on the East Coast. The combination of the two carriers would create the largest U.S. airline in terms of passenger traffic, at least before any assets are sold.

Delta executives believe the US Airways offer undervalues the company, which they believe will be worth about $12 billion when it emerges from bankruptcy protection, according to a person familiar with the company's internal calculations.

Delta management has the exclusive right until Feb. 15 to present a reorganization plan to creditors through the bankruptcy proceedings. It is possible that another bidder for Delta could emerge.

Key to the struggle is Delta's official committee of unsecured creditors, which represents the largest claims against the airline out of an estimated $16 billion to $18 billion total. The group of nine, which includes two U.S. Bancorp units, Delta's pilots union and Boeing Co. unit Boeing Capital Corp., wields significant influence in whether the bid succeeds. US Airways needs to win over at least a third of Delta's creditors to derail the restructuring plan.

The Air Line Pilots Association, the union representing 6,500 Delta pilots, and which holds about $3.1 billion in claims on the airline, has publicly criticized the bid. Other committee members have criticized the offer privately but said little in public.

Some creditors appear to support Delta because of their longstanding business associations with the airline. For example, Delta is a loyal customer of Boeing and currently has on order 55 new planes, worth billions of dollars. Boeing's financing arm, Boeing Capital Corp., says it holds various claims valued at a combined $117.5 million. US Airways has a strong relationship with Airbus.

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Meantime, a separate group of Delta bondholders has formed its own committee and this week hired legal counsel to pressure Delta to consider the US Airways bid or to improve Delta's treatment of smaller creditors in a restructuring plan it will file in December. The group, which includes Deutsche Bank AG, holds claims totaling roughly one third of all unsecured Delta claims, limiting its leverage at least for now.

US Airways Set To Pitch Delta Its Buyout Bid (USAT)

By Marilyn Adams

USA Today, November 30, 2006

Two weeks after proposing the biggest airline merger ever, US Airways today will make its case directly to Delta Air Lines and its creditors at a meeting in New York.

The gathering will be Delta's first face-to-face meeting with its suitor since US Airways' $8 billion hostile bid on Nov. 15 to create the world's biggest airline.

Senior executives at Delta, which is in Chapter 11 reorganization, have rebuffed the offer, saying Delta would be better off as a stand-alone carrier because a merger would be too risky. CEO Gerald Grinstein, at the time of the bid, reiterated his target for emerging from Chapter 11 in 2007.

But both Delta and its committee of unsecured creditors are obligated to study the offer, which includes $4 billion in cash and 78 million shares of US Airways stock, worth $4.5 billion at Wednesday's closing share price of $56.76. US Airways has lined up $7.2 billion in financing from Citigroup for the deal.

The merger would require approval from Delta's creditors committee, Delta's bankruptcy judge, US Airways' shareholders, the U.S. Department of Justice and the U.S. Department of Transportation.

Delta's unsecured creditors include bondholders, suppliers and Delta's pilots union, all of whose bankruptcy claims are not secured by tangible assets such as planes.

The offer's cash component is significant because unsecured creditors of a company in Chapter 11 usually receive only stock in the reorganized company as payment.

Creditors' committee lawyer Daniel Golden, of Akin Gump Strauss Hauer & Feld in New York, has said Delta and the committee will decide whether the offer is worthwhile.

Today's meeting is expected to include dozens of players from both Delta and US Airways. Attendees will include the airlines' senior management teams, along with both airlines' lawyers and financial advisers, and lawyers and advisers for Delta's creditors committee.

No decision is expected today. US Airways still seeks access to Delta's books. Opinion on the proposed merger is divided.

Bond investors are bullish. Delta's unsecured bonds Wednesday were trading at 60 cents on the dollar, up from 39 cents on the dollar on Nov. 14, the day before the offer was announced.

But the chairman of Delta's pilots union has blasted the proposal. In a strongly worded letter last week to Delta's 6,000 pilots, union Chairman Lee Moak said it “appears to lack any substantial benefit” for Delta, its employees or customers.

US Airways CEO Doug Parker says the deal makes sense only if it can close while Delta is still in bankruptcy court, where it can reject or amend contracts and aircraft leases to cut costs.

Tempe, Ariz.-based US Airways says it would operate the merged airline under the Delta name. US Airways is the product of a similar 2005 merger in bankruptcy of the old US Airways and America West.

US Airways To Meet With Delta Execs, Creditors (BLOOM)

By Mary Schlangenstein And Eric Torbenson, Bloomberg News

Bloomberg, November 30, 2006

US Airways Group Inc. senior executives will present their case for acquiring bankrupt Delta Air Lines Inc. to Delta officers and creditors this week, a creditor attorney said yesterday.

Advertisement

The meeting will be the first for the three parties since US Airways made its hostile bid Nov. 15, and the first time US Airways CEO Officer Doug Parker will have a chance to brief Delta creditors on his $8.6 billion cash-and-stock offer.

“The committee is going in with an open mind to hear what US Airways has to say,” lawyer Daniel Golden said in an interview yesterday. “I fully expect senior executives from both Delta and US Air to be there, as well as their advisers and the committee’s advisers.”

US Airways declined to comment on the meeting, which is to be held in New York. Delta spokesman Michael Freitag said the airline “will be well represented,” but declined to elaborate.

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Delta CEO Gerald Grinstein, who rejected US Airways' initial offer, has said he wants his Atlanta-based airline to emerge from Chapter 11 in the first half of 2007 as an independent carrier.

Tempe, Arizona-based US Airways offered $4 billion in cash and 78.5 million US Airways shares. Delta creditors would own 45 percent of the merged airline.

Delta is still the nation's third-largest airline, and a US Airways-Delta combination would surpass AMR Corp.'s American Airlines as the world's biggest carrier, based on miles flown by paying passengers.

This week's session with US Airways, Delta and the creditors committee may be followed by a variety of other meetings, Golden said. Those sessions haven't been scheduled.

"I fully expect a wide-open, full-ranging meeting where there will be substantial give and take on both sides between US Airways and Delta," said Golden, of Akin Gump Strauss Hauer & Feld, in New York.

Delta will outline its own plan to reorganize and operate independently by the end of December. It has the exclusive right to file such a plan with the U.S. bankruptcy court in New York, until Feb. 15. The case is: "In re Delta Air Lines Inc.," 05-17923, U.S. Bankruptcy Court, Southern District of New York (White Plains).

The airline's nine-member unsecured creditors' committee represents groups to which Delta owed money when it sought Chapter 11 protection in September 2005. Committee members have access to nonpublic information on Delta's business and bankruptcy case, and negotiate the terms of the airline's plan to exit court protection and repay creditors.

The US Airways proposal is contingent upon a merger occurring while Delta is still in bankruptcy, to achieve about $1.65 billion in annual savings over two years, Parker has said. US Airways used that tactic in combining with America West Holdings Corp. to exit Chapter 11 in 2005. Outside of bankruptcy, a US Airways-Delta merger would achieve only about half those savings.

US Airways, the seventh-biggest U.S. carrier, already has met with the U.S. Justice Department to discuss possible antitrust concerns. The airline has said it would expect to sell one of the two northeastern shuttle operations a merged carrier would own. "We are looking at the proposed transaction," said Gina Talamona, a Justice spokeswoman.

US Airways shares fell 98 cents yesterday, to $58.18, in New York Stock Exchange composite trading. Delta's shares declined 6 cents to $1.19 in over-the-counter trading. Delta's 7.9 percent notes maturing in 2009 fell 2.75 cents to 57.25 cents on the dollar, according to Trace, the bond price reporting system of the NASD. The yield rose to 30.2 percent.

Merger Buzz Has Unions Wary (HC)

By Bill Hensel Jr., Houston Chronicle

Houston Chronicle, November 30, 2006

Employees of airlines saying little on how they'd react to takeover

Airline union leaders are keeping a wary eye out as merger speculation swirls, but they're reluctant to say how they'd react in the event of a takeover.

The talk began in earnest earlier this month when US Airways made an offer to buy Delta Air Lines.

That could trigger additional deals by smaller carriers seeking to remain competitive, according to airline analysts who are talking up pairings — like United Airlines and Continental Airlines.

Big takeovers can be traumatic for workers.

"It makes pilots nervous," Capt. Dave Earnest, who heads the local Continental pilots union, said Wednesday. "Mergers are a tough time for employees, wondering what is going to happen."

One of their biggest concerns is the impact a merger can have on the airline's seniority lists, which can determine who gets their pick of the best jobs, or in the event of layoffs who loses out.

United has been at the center of a lot of the merger talk because after three years in bankruptcy court its outlook is brighter.

The carrier's chief executive, Glenn Tilton, has said there is too much capacity and that consolidation in the industry is needed.

When asked about takeover reports, a United spokeswoman has said the company does not comment on rumors or speculation.

The Chicago chapter of the Association of Flight Attendants has also been hearing rumors about an impending merger, the union's president, Hettie Collins, said Wednesday.

"The company has been really mum," Collins said. "In fact, they've denied it. Whenever they deny something so strongly, we've come to learn there is something cooking in the kitchen."

A formula for successGordon Bethune, former chairman and chief executive at Continental, said that while labor issues generally won't block a merger, they are important to running an airline.

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"Success is always predicated on the willingness of employees to want to do their jobs," Bethune said. "If they are not happy, things don't go well and airplanes don't get fixed on time."

The International Brotherhood of Teamsters, which represents mechanics at Continental, said it is aware of the rumors and is looking at them.

"These things can happen quickly," the Teamsters' Don Treichler said Wednesday.

Continental's pilots union has a standing merger committee and an attorney on retainer in the event of such a deal.

"We also have a merger fund where pilots have paid into a fund that we can tap if the committee has to swing into high gear," Earnest said.

A significant factorLabor issues are a fairly significant factor in airline mergers, particularly as different cultures are thrown together. Employee seniority becomes a key consideration.

The machinists union believes that mergers are not in the best interests of consumers or labor, said Robert Roach of the International Association of Mechanics and Aerospace Workers.

"People are losing jobs over this issue," he said. "We think this is so other people can make fees and make money."

Looking at pairingsA Continental/United pairing is one such deal that the union for Continental's flight attendants has looked at, Roach said.

"We think one that creates the most problems is Continental and United because we don't think the Justice Department would approve that," Roach said. "We have been down this road before with United and US Airways."

If a merger is proposed, the union will discuss it with management, Roach said. If a determination is made it is good for the members, the union can work with management to ensure they are protected.

Continental and United both are strong airlines with strong roots, which may create potential problems for the Justice Department, he said.

"If you take a weak airline and link it with a strong airline, it would be easier," Roach said.

A better fit?But Goldman Sachs said in a report issued Wednesday that while United also could make a bid for Delta, which remains in bankruptcy, it generally has been considered a better fit for Continental.

"And from a Justice Department perspective, the deal would seem easier to get done given Continental is smaller than many of its legacy peers," analyst Robert Barry wrote.

Chronicle reporter Brad Hem contributed to this report

Judge Clarifies Gates' Role In Trial (AP)

By David Pitt, Ap Business Writer

AP, November 30, 2006

Judge Limits Gates' Iowa Visits As Trial Begins

DES MOINES, Iowa (AP) -- Microsoft Corp. Chairman Bill Gates must travel to Iowa only once to defend his company in a class-action antitrust case beginning Thursday that accuses him of running a monopoly that overcharged Iowans millions of dollars.

The company has denied the allegations and said it will prove customers received high-quality software for a reasonable price.

In a ruling filed Wednesday, Polk County District Court Judge Scott Rosenberg said that Gates and Microsoft CEO Steve Ballmer must testify only once.

The plaintiffs' attorney, Roxanne Conlin of Des Moines, wanted to present her case in its entirety -- including calling Gates and Ballmer to the witness stand -- without allowing the company's attorneys to question them directly. That would have required the two top executives of the Washington-based software maker to travel to Iowa a second time if their own attorneys wanted to question them directly.

The judge ruled all questioning of the men will occur at one time.

Microsoft attorneys said Gates is expected to testify in January and Ballmer will likely appear in February. Both men are expected to be on the stand for about four days.

Microsoft attorney Rich Wallis said Gates will explain how early decisions and innovation placed Microsoft in a position as the leader in the software industry. He'll discuss how his business model of providing less expensive machines to the masses caught on at a time when IBM and other major players were providing few customers with large, costly computer systems.

That business model, not anticompetitive behavior, allowed Microsoft to dominate the software industry, Wallis said.

"This case is about whether Iowans were overcharged for Microsoft products," he said. "We're confident the evidence will show that Iowans received great value from Microsoft products that enable them to communicate with family and friends across

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the world, manage personal finances in their businesses and navigate the Internet for information they might need to help them enrich their lives."

The lawsuit seeks about $330 million for Iowans who have purchased the software maker's products since 1994.

"After nearly seven years, we are anxious to move forward and we are confident that we will ultimately prevail," Conlin said in a statement.

The case, which has been in the Iowa court system for years, has been to the state supreme court three times for various issues.

Jurors on Thursday morning will first hear hours of instructions from Rosenberg.

Conlin is expected to open her case by discussing numerous company e-mails -- many of which contain graphic language -- to portray Microsoft as a predatory company aiming to destroy competitors.

During her case, she'll be allowed to play an unflattering 1998 deposition of Gates from another lawsuit that shows a fidgety, nervous looking chief executive.

She said Wednesday that getting the 10-hour videotape before jurors in this case was a major victory for her because it will give jurors "good insight into the motivation and business practices of Microsoft."

The jury of seven men and five women have been told the case will likely last about six months.

More than 80 prospective jurors were questioned to get the pool of 12. Most were allowed to leave because the length of the trial would have been too much of a hardship. Some were sole income earners, others worked for commission only and some were single parents.

Attorneys for each side have taken about 50 depositions and have collected an estimated 25 million pages of documents.

In other pretrial rulings Wednesday, Rosenberg said:

--Jurors will be allowed to question witnesses during the trial by passing a note to the judge. If he determines the question is legitimate, it will be asked of the witness.

--Twelve jurors are on the jury. All those who remain at the end of the trial will be permitted to deliberate. Normally an Iowa civil trial has eight jurors and a few alternates. Attorneys agreed that it would unfair to jurors to sit through months of testimony and not have a say in the verdict at the end.

Both sides also agreed to permit the jury to fall to as few as six jurors.

Brussels To Keep Watchful Eye On Vista (FT)

By Tobias Buck In Brussels

Financial Times, November 30, 2006

The launch of Vista has been followed with keen interest not only by Microsoft's customers and the software industry but also by the European Union's top antitrust regulator.

The European Commission has repeatedly warned Microsoft that the new operating system could raise competition concerns similar to the ones that sparked the body's 2004 landmark ruling against the software giant. At the time, the Commission fined Microsoft a record €497m for abusing its dominant market position.

In particular, the Commission is worried about the "bundling" of new features and programmes into Vista. It has argued that the integration of security software, an internet search engine and a fixed document reader similar to Adobe's Acrobat Reader could undermine competition from companies that sell such programmes on a stand-alone basis.

Neelie Kroes, EU competition commissioner, first made public her concerns in a letter sent to Microsoft in March. Since then, the two sides have engaged in several rounds of negotiations designed to limit any competitive harm created by Vista and avoid the threat of a fresh antitrust case against Microsoft.

Several Microsoft rivals – including an industry body that represents IBM, Nokia and Oracle, among others – have urged the Commission to crack down severely on Vista, arguing that the new operating system is likely to cement and even expand the group's dominant position.

Microsoft at one point warned that the legal uncertainty over the Commission's approach towards Vista risked delaying the launch further. It also warned the regulator against forcing through changes that could undermine the security of the new product.

Last month, however, the Commission and Microsoft appeared to step back from their tussle over Vista, after the group announced a string of last-minute changes to the operating system that were designed to address the regulator's concerns.

Ms Kroes, in an off-the-cuff remark, pronounced herself a "happy woman" but the Commission's official line was more cautious. Indeed, it insisted that it had not given a regulatory "green light", adding that Brussels would "closely monitor the effects of Vista in the market and, in particular, examine any complaints concerning Vista on their own merits".

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European Union Fines Companies About $682M For Fixing Prices For Rubber Used In Tires (AP)

By Aoife White, Associated Press

AP, November 30, 2006

BRUSSELS, Belgium – The European Commission fined five oil refiners and chemical producers about $682 million on Wednesday, saying they fixed the price of synthetic rubber used to make tires. A sixth company that had alerted authorities escaped a fine.

"The fines are so high because it's a large market and several of the companies are repeat offenders," said European Union spokesman Jonathan Todd.

It was the second-largest fine ever in an EU cartel case. The largest a fine of 790 million euros levied in 2001 against eight pharmaceutical makers including Roche Holding AG and BASF AG for fixing vitamin prices.

In the latest case, Italy's Eni SPA was ordered to pay the largest fine – 272 million euros ($357.6 million) – while Royal Dutch Shell PLC was fined 160.8 million euros ($211 million). Their fines were hiked by half for it being a repeat offense.

Bayer AG told European Union regulators that the companies were fixing prices and sharing information on customers for certain types of synthetic rubber known as butadiene rubber and emulsion styrene butadiene rubber from 1996 to 2002. It got full immunity, escaping a potential 204 million euros ($268 million) fine.

Dow Chemical Co. was fined 64.5 million euros ($84.8 million), getting a 40 percent reduction for supplying regulators with information confirming Bayer's claims. Shell also admitted it was part of the cartel at a late stage – but too little and too late to win a lesser fine.

Czech refiner Unipetrol AS was ordered to pay 17.5 million euros ($23 million) and Poland's Trade-Stomil was fined 3.8 million euros ($5 million).

Regulators said the cartel agreements were made before or after companies met for talks with a synthetic rubber industry group in Milan, Vienna, Amsterdam, Prague and London among others.

"During these meetings the participants agreed (on) prices and exchanged information on key customers and the amounts of synthetic rubber supplied to them," they said.

EU antitrust chief Neelie Kroes said in a statement that cartels struck "at the heart of healthy economic activity."

Eni said the EU was wrong to hold it responsible for the actions of its unit Polimeri Europe, claiming the fine was "entirely disproportionate and unjustified" and saying it would consider appealing the fine to the EU courts. The behavior at stake – secret deals with rivals – would "in no way" have hurt the final consumer, it said.

Customers for the rubber are tire manufacturers Michelin SA, Pirelli & C. SpA and Goodyear Tire & Rubber Co., as well as other companies that make shoe soles, floor coverings and golf balls. All the cartel players made emulsion styrene butadiene rubber but butadiene rubber was only produced by Eni, Bayer, Shell and Dow, the Commission said.

EU Turns Anti-cartel Crusade To Rubber Market With Huge Fine (AFP)

By Leigh Thomas

AFP, November 30, 2006

BRUSSELS (AFP) - The European Union's top competition regulator Neelie Kroes stepped up her anti-cartel campaign by hitting five companies in the rubber market with the EU's second-highest fine against a cartel.

The European Commission slapped a fine of 519 million euros (683 million dollars) on Eni (Milan: ENI.MI - news) of Italy, Shell (LSE: RDSB.L - news) of The Netherlands, Dow of the United States, Unipetrol of the Czech Republic and Trade-Stomil of Poland.

The commission accused the companies of breaking EU competition law by agreeing on prices and sharing customers for some types of synthetic rubber used for tyres and other consumer goods like shoe soles, floor coverings and golf balls.

Bayer (Xetra: 575200 - news) also participated in the cartel, which operated from at least 1996 to 2002, but was not fined because the German company tipped off regulators.

The overall penalty was second only to a 790.5 million euro fine that the commission imposed on vitamin makers in a landmark 2001 anti-cartel ruling.

"Cartels strike at the heart of healthy economic activity," Competition Commissioner Kroes said. "They undermine competition, raise prices for consumers and reduce the diversity, quality and innovation of European companies," she added.

The Dutch commissioner has made cracking down on cartels a top priority this year and has targeted about 10 of them, nearly double last year's figure.

Bayer, which received immunity from fines after tipping off EU authorities, would itself have faced a heavy fine if the cartel had been otherwise discovered, because it has been found guilty for participating in other cartels in the past.

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Eni and Shell are also repeat offenders and as a result were slapped with the most painful penalties, receiving 272,250,000 euros and 160,875,000 euros in fines respectively.

In reaction, Eni rejected the charges and fine and said it reserved its right to appeal before the European Court of First Instance in Luxembourg. The group said that "this application of the antitrust regulations is without precedent in European Commission rulings."

Meanwhile, a Shell spokeswoman in London said: "Shell has constantly and fully cooperated with the European Commission investigation." "We need to study the decision in detail before we can comment and respond further," she added.

Kroes said she would not hesitate to lift the fines if the companies ignored her ruling against them. "The Commission has imposed high fines in this case, but if companies continue to indulge in cartel activities, then they can expect their fines to be even higher in the future," she said.

Wednesday's penalty brings the total amount the commission has fined in cartel cases this year to 1.843 billion euros, an annual record for EU regulators. In addition to the rubber case, the commission has so far fined cartels in the markets for steel beams, copper fittings, bitumen in The Netherlands, acrylic glass and hydrogen peroxide.

Dow Chemical, Eni Fined By European Union For Price-Fixing (BLOOM)

By Matthew Newman

Bloomberg, November 30, 2006

Nov. 29 (Bloomberg) -- Dow Chemical Co., the largest U.S. chemical maker, Eni SpA and three chemical makers were fined 519 million euros ($682 million) by the European Union for fixing the prices of ingredients in rubber used in tires and shoes.

Eni received the biggest penalty at 272.2 million euros, followed by Royal Dutch Shell Plc at 160.9 million euros and Dow at 64.6 million euros, the European Commission, the EU's Brussels-based antitrust authority, said in a statement today.

``The commission has imposed high fines in this case, but if companies continue to indulge in cartel activities, then they can expect their fines to be even higher in the future," Competition Commissioner Neelie Kroes said in the statement.

The penalties make 2006 the biggest ever for antitrust fines, breaking a 2001 record of 1.83 billion euros. Kroes has made busting cartels her top priority and can fine offenders as much as 10 percent of annual sales.

The EU also fined Poland's Trade-Stomil and Unipetrol AS, the Czech Republic's biggest oil company. Unipetrol is controlled by Polish oil company PKN Orlen SA.

Shell said it will study the ruling.

Trade-Stomil Deputy CEO Piotr Mlodawski said the company was ``surprised with the decision."

``We will not comment until we receive the EU statement and detailed information," Mlodawski said in a phone interview from Lodz, Poland.

Dow Chemical spokesman Matthias Graf wasn't immediately available to comment. Bayer spokesman Christian Hartel couldn't immediately be reached for comment. Unipetrol's spokeswoman in Prague Michaela Lagronova had no comment. Rene Keller, a spokesman for Unipetrol's rubber subsidiary, Kaucuk AS, couldn't be immediately reached via his mobile phone. An Enel spokesman needed more time to review the decision before commenting on the matter.

Price-Fixing

The EU has been investigating price-fixing in the chemical industry since 2002. In December of that year, EU inspectors raided the offices of a unit of Eni, the world's fourth-largest oil company, looking for evidence of price fixing in EPDM or ethylene propylene diene monomer.

In July 2006, the EU closed its probe of the EPDM, urethanes, urethane chemicals market without charging any company.

Rubber Production

Synthetic rubber was first developed more than a hundred years ago and perfected during the 1930s in Germany. The U.S. began large-scale production of synthetic rubber during World War II, when natural rubber exports from East Asia were cut off.

The majority of the world's rubber production is now synthetic, according to the Houston-based International Institute of Synthetic Rubber Producers Inc., which has 50 members including Dow and DuPont Co.'s DuPont Performance Elastomers unit.

Today's decision, the sixth this year, focuses on two synthetic rubber products: styrene butadiene and emulsion styrene butadiene. These rubbers are used in a wide variety of applications, including the production of tires, footwear, conveyor belts, hoses, flooring and adhesives.

The EU's synthetic rubber production fell in 2005 to 2.7 million metric tons from 2.8 million metric tons in 2004, according to the International Rubber Study Group, a London- based organization made up of 19 countries and the EU.

In June 2005, the commission sent Dow, Bayer and other companies an official charge sheet, known as a ``statement of objections," in the synthetic rubber investigation, Dow and Leverkusen, Germany-based Bayer said in statements.

Dow bought a European synthetic rubber business from Royal Dutch/Shell Group in 1998 to expand its rubber operations, which began in 1996.

Bayer wasn't fined because it was first to provide the commission with evidence of the cartel.

EU Ups Pressure On Spain To Drop Restrictions On EON's Endesa Bid (AFP)

AFP, November 30, 2006

BRUSSELS (AFP) - EU regulators have raised pressure on Spain to lift restrictions on German energy group EON (Xetra: 761440 - news) 's bid for Spanish electricity company Endesa (Madrid: ELE.MC - news) by ruling that Madrid's new, eased conditions still broke EU law.

The European Commission found that the "new measures concerning the proposed EON takeover of Endesa ... are in violation of the merger regulation provisions," said spokesman for competition issues, Jonathan Todd Wednesday.

Spain eased its conditions on the bid earlier this month after the European Commission had determined at the end of September that Madrid was in breach of EU regulations by trying to protect Endesa.

After Brussels regulators' new complaint, a Spanish government official stood firm, saying Madrid is now fully compliant with European rules on the matter.

The commission has given Spanish authorities until December 13 to respond officially to its latest ruling. If Brussels regulators are unsatisfied with the response, then they could legally require Spain to drop the conditions.

Eager to ward off state meddling in cross-border EU deals, Brussels has fought against Madrid's opposition to the takeover ever since Spanish authorities first raised objections shortly after EON lodged its bid. In February, EON launched a hostile offer to buy Endesa for 29.1 billion euros (38.2 billion dollars) and the commission gave the group the green light in April to press ahead with its takeover plans. But Madrid preferred a merger between Endesa and the biggest Spanish gas supplier Gas Natural (Madrid: GAS.MC - news) .

Spain's own energy regulator, CNE, placed 19 conditions, most of them contested by the commission, on EON's offer. Prior to EON making its offer, Gas Natural had made a bid for Endesa of 22.5 billion euros.

Earlier this month, Spain eased some of the 19 conditions attached to the sale of Endesa to EON, with the industry ministry indicating that the German company would not after all be obliged to sell Endesa's production activities.

Spain also said it would ease an earlier requirement forcing EON to sell Endesa's nuclear and coal power plants. However, the ministry said it was maintaining its requirement for a sale of Endesa shares if more than 50 percent of the capital of EON is acquired by a third party within the next 10 years.

The commission spokesman said that the antitrust regulator was in particular concerned about Madrid's demand that the German company not sell any assets on the country's islands, keep the Endesa brand, use domestically produced coal and not divert gas to other markets than Spain. "All of these provisions are in the commission's view incompatible with the treaty rules on the right of establishment and the free movement of capital," said Todd.

But in the southeastern Spanish city of Murcia, Spanish media quoted deputy economy minister David Vegara as saying: "We believe that the new conditions scrupulously respect European standards." Vegara said Madrid would respond officially to the EU commission in the next few days. He added that the Spanish industry ministry had taken an "adequate" decision in the matter and that he hoped the affair would not end up before a European court.

One Beats Two (WSJ)

The Wall Street Journal, November 30, 2006

One of life's rarer -- to the point of being miraculous -- events is an enforcement agency deciding to voluntarily give up power. So congratulations are due this week both to the New York Stock Exchange and the National Association of Securities Dealers (NASD) for agreeing to merge most of their enforcement operations.

It no doubt helped the decision that these are self-regulating bodies run by the private sector; unlike public bureaucracies, they realize the main goal of enforcement is honest and well-functioning markets, not enhancing their own turf. Special credit in this regard goes to Richard Ketchum, the Big Board's enforcement chief, who ceded the number one job in the combined operation to the NASD's Mary Schapiro, who is no shrinking violet. SEC Chairman Chris Cox also gave the two outfits a push in the right direction.

The merger will reduce regulatory duplication and thus the costs of compliance. In some circles, and by some strange logic, the merger is being described as deregulatory. But a single, independent private regulator is likely to have more clout, not less, and the post-Enron SEC isn't going away any time soon. Alas.

A special dunce cap goes to those claiming this will reduce "regulatory competition." It is precisely this American legal free-for-all -- with the SEC competing with the self-regulators competing with 50 state attorneys general competing with the class-

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action trial bar -- that has made the U.S. capital markets less appealing for many foreign companies. At a time when world markets are integrating, the merger will allow the U.S. securities industry to speak with one enforcement voice.

All of which should help both small American investors and the U.S. capital markets. If only Congress would ever reconsider its own many redundancies.

ENVIRONMENT/INDIAN AFFAIRS:

Justices Closely Split On Greenhouse Gases (LAT)

By David G. Savage

The Los Angeles Times, November 30, 2006

WASHINGTON — The Supreme Court seemed closely split today as the Bush administration went before the justices to defend its refusal to regulate the greenhouse gases that are believed to cause global warming.

At issue is whether a coalition of coastal states, led by Massachusetts and California, can spur federal regulators into action on global warming.

The states and several environmental groups went to court two years ago, arguing that the Republican administration had ignored the Clean Air Act and its requirement for regulating "any air pollutant" that is likely to endanger the public's health or welfare.

Greenhouse gases are warming the planet and threaten to trigger an environmental catastrophe, they said. It is like "lighting a fuse on a bomb," Massachusetts state lawyer James R. Milkey told the justices.

A top administration official urged the court to throw out the lawsuit and thereby uphold the government's policy.

"Now is not the time" to put new limits on tailpipe emissions "in light of the substantial scientific uncertainty surrounding climate change," said deputy U.S. Solicitor Gen. Gregory Garre.

He insisted that carbon dioxide and other greenhouse gases are not "air pollutants" subject to the Clean Air Act. He also argued that since the states could not prove that reducing auto emissions would spare their coastal regions from environmental damage, they had no "standing" to pursue their lawsuit.

American cars and trucks produce about 6% of the world's greenhouse gases, Garre noted. Requiring more fuel efficient cars would not make much difference, he said.

Garre ran into skeptical questioning from the court's four liberal justices.

"Is there uncertainty on the basic proposition that these greenhouse gases contribute to global warming?" asked Justice John Paul Stevens.

It is "likely there is a connection, but it cannot unequivocally be established," Garre replied.

Justices David H. Souter and Stephen G. Breyer attacked Garre's contention the states did not have standing to sue.

"They don't have to show that [new emissions standards] will stop global warming," Souter said. "It will reduce the degree of global warming and reduce the degree of coastal loss." Meanwhile, the court's four conservatives, led by Chief Justice John G. Roberts Jr. and Justice Antonin Scalia, sounded as though they agreed with the administration's argument.

"I thought that standing requires imminent harm When is the predicted cataclysm?" Scalia asked in mocking tone.

Roberts questioned whether regulating American cars would reduce greenhouse gases worldwide. That "assumes there isn't going to be a greater contribution of greenhouse gases from economic development in China and other places that's going to displace whatever marginal benefit you get here," he said.

Justice Samuel A. Alito Jr., also a Bush appointee, questioned whether new regulations would have much effect. "The reductions that you could achieve under the best of circumstances with these regulations would be a small portion" of the greenhouse gases produced worldwide, he said.

Justice Clarence Thomas, who as usual said nothing during the argument, has regularly voted with Scalia to narrow the environmental laws.

The outcome probably depends on centrist Justice Anthony M. Kennedy. A California native, he joined the court's liberal bloc in June to preserve broad federal regulation of wetlands, although he wrote a separate opinion to explain his reasons.

During today's argument, he did not tip his hand. He avoided the skeptical questioning from the competing wings of the court and instead probed the standing issue with the lawyers from both sides.

The justices have at least three options before them. They could throw out the lawsuit. They could rule that greenhouse gases are "air pollutants" under the Clean Air Act but leave it to the administration to decide on whether new auto regulations are required. Or, they could rule that the Clean Air Act requires new regulations because there is a consensus among scientists that greenhouse gases are endangering the public's welfare.

A ruling in the case, Massachusetts vs. EPA, may also determine whether California can move ahead with its own rules to combat global warming.

The state has adopted rules for new motor vehicles sold in 2009, but those standards stem from the Clean Air Act. If the court upholds the administration's view that greenhouse gases are not air pollutants, California's rules could be struck down as well.

The other states that joined the suit against the EPA are Connecticut, Illinois, Maine, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont and Washington.

Court Considers Role Of U.S. In Regulating Emissions (USAT)

By Joan Biskupic

USA Today, November 30, 2006

WASHINGTON — The Supreme Court entered the debate over global warming Wednesday, as Chief Justice John Roberts and fellow conservatives questioned whether states' environmental problems truly would be helped if the U.S. government changed its decision not to regulate emissions from new cars and trucks.

Roberts suggested that economic development in China, for example, could produce pollution that would offset whatever "marginal benefit" states hope to win through federal limits on tailpipe emissions. Justice Antonin Scalia also seemed skeptical about warnings of looming harm from so-called greenhouse gases, asking, "When is the predicted cataclysm?"

At the same time, Justice John Paul Stevens and other liberal justices were sympathetic to arguments from Massachusetts Assistant Attorney General James Milkey that the impact of carbon dioxide emissions and other greenhouse gases is imminent and serious.

Justice Anthony Kennedy, who is at the ideological center of the divided, nine-member court and could be the decisive vote, did not tip his hand.

Kennedy is from California, the state that has taken the lead in setting standards for vehicle emissions. He also cast the key vote last term for significant federal regulation of endangered wetlands.

However, it was difficult Wednesday to discern how he might vote — and therefore how the court could rule — in a case that ultimately could determine whether manufacturers will be forced to build cleaner-running cars and trucks.

Twelve states, three cities and several public health and environmental groups are challenging the Environmental Protection Agency's decision not to regulate greenhouse gases that the National Academy of Sciences and other groups say cause global warming. The harm caused by vehicle emissions to the environment is key to the states' claim that they have legal standing to challenge the EPA.

"Our harm is imminent in the sense that lighting a fuse on a bomb is imminent harm," Milkey said, adding that once gases are emitted they become dangerous, although their effects may play out over years. He acknowledged only 6% of global carbon dioxide emissions come from U.S. vehicles, but said any action that reduces emissions here would help protect the nation's coastline and other threatened land and waters. Rising temperatures have been linked to glacier thaw, reduced water supply in lakes and lost coastal land.

At issue is a provision of the Clean Air Act requiring regulation of "any air pollutant" from vehicles that "may reasonably be anticipated to endanger public health or welfare." The act defines "welfare" to include effects on climate and weather. The EPA says that the provision does not cover greenhouse gases and that even if it did, the agency has the option not to exercise its authority based on domestic and foreign policy considerations.

"We are not asking the court to pass judgment on the science of climate change or to order EPA to set emissions standards," Milkey said. "We simply want EPA to revisit the rulemaking" process.

Kennedy said the justices might have to address the larger question to decide whether states face the "imminent" harm required for legal standing in the case. He focused on the rules for standing and whether the states might be in a special position to bring the case.

Representing the EPA, Deputy U.S. Solicitor General Gregory Garre said the agency was reluctant to claim authority under the Clean Air Act particularly "in light of the substantial scientific uncertainty surrounding global climate change and the ongoing studies designed to address those uncertainties."

Court Hears Global Warming Case (WP)

By Robert Barnes

The Washington Post, November 30, 2006

The Supreme Court yesterday cautiously confronted for the first time the issue of global warming, hearing a challenge to the Bush administration's refusal to regulate emissions of greenhouse gases in new vehicles.

DOJ_NMG_0100123

Twelve states, led by Massachusetts and joined by the District of Columbia, are objecting to the Environmental Protection Agency's decision to decline to issue emissions standards for new cars and trucks. They and the environmental organizations that support them say the standards should be the first step in a broader effort to reduce carbon dioxide and other gases that they say are harming the atmosphere and leading to global warming and rising sea levels.

But they faced a court sometimes skeptical about whether the remedy they seek would make much difference in the long run, and whether they can even show they are facing the kind of imminent harm that is required before they can press their case.

"I mean," asked Justice Antonin Scalia, "when is the predicted cataclysm?"

Scalia was one of several justices to remark on a lack of scientific expertise during an hour of questioning that touched on whether the states have "standing" to challenge the EPA's refusal, the level of evidence proving the existence of global warming and its causes, and even whether unilateral action by the United States to reduce greenhouse gases would hamper negotiations with other countries on the issue.

The debate inside the court is echoed outside the chamber. Former vice president Al Gore's film "An Inconvenient Truth" increased public awareness of the issue. And the Democrats who won control of Congress this month have said they will make the issue a priority: Sen. Barbara Boxer (D-Calif.), who is in line to become chairman of the Environment and Public Works Committee, said a failure to limit greenhouse gases will lead to "economic decline and environmental ruin." She would replace Chairman James M. Inhofe (R-Okla.), who has called global warming a hoax.

Massachusetts Assistant Attorney General James R. Milkey told the court that 200 miles of the state's coastline are threatened by rising seas, a result of global warming.

"The harm does not suddenly spring up in the year 2100; it plays out continuously over time," Milkey said in answer to Scalia's question. "Once these gases are emitted . . . they stay a long time -- the laws of physics take over."

Milkey faced skeptical questioning from Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., the court's newest members, but the most sustained -- and entertaining -- interrogation came from Scalia.

At one point, he acknowledged the role of carbon dioxide as a pollutant in the air but wondered about it being a pollutant in the "stratosphere."

"Respectfully, Your Honor, it is not the stratosphere. It's the troposphere," Milkey said.

"Troposphere, whatever. I told you before I'm not a scientist," Scalia said to laughter. "That's why I don't want to have to deal with global warming, to tell you the truth."

Milkey had already said that the court need not pass judgment on the science of climate change to find that the EPA did not do its job when deciding not to regulate new vehicle emissions.

The case started in 1999, when an environmental group, the International Center for Technology Assessment, and others petitioned the EPA to set greenhouse gas emissions standards for new vehicles.

In 2003, the agency denied the petition, saying said that it lacked statutory authority to regulate greenhouse gas emissions, even though the agency in previous administrations had held that it did. Further, the agency said, even if it did have authority, it was not required to use it.

The agency decided, according to Deputy Solicitor General Gregory C. Garre, "now is not the time to exercise such authority, in light of the substantial scientific uncertainty surrounding global climate change and the ongoing studies designed to address those uncertainties."

Even if the court sides with the states, it is only being asked to remand the issue back to the EPA with specifications on what to look at in deciding whether to issue the emissions standards. And both sides agree that vehicle admissions in the United States amount to only 6 percent of total carbon dioxide emissions; tougher standards on new vehicles would only moderately reduce that.

But the court's decision could affect other efforts by environmentalists to force action on emissions from power plants -- stalled in the courts -- and shed light on the appropriateness of individual states' actions. California, for instance, has passed greenhouse gas emissions standards that are to go into effect in 2009 but are being challenged by industry.

Justice Stephen G. Breyer said a change of heart by the EPA could set off a string of similarly small decisions by other agencies, "each of which has an impact, and lo and behold, Cape Cod is saved." He seemed most sympathetic to the states' case, along with Justices John Paul Stevens, David H. Souter and Ruth Bader Ginsburg.

Justice Clarence Thomas, who as usual asked no questions, is presumed to be in line with Scalia, Roberts and Alito. That leaves Justice Anthony M. Kennedy as a pivotal vote in whether the states have proven they have standing for the case to go forward.

He noted Milkey's "perhaps reassuring statement" that the court does not have to make a judgment about global warming. "But," Kennedy asked, "don't we have to do that in order to decide the standing argument, because there's no injury if there's not global warming?"

DOJ_NMG_0100124

Global Warming Debate Hits Supreme Court (CNN)

By Bill Mears, CNN Washington Bureau

CNN.com, November 30, 2006

WASHINGTON (CNN) -- The Supreme Court appeared sharply divided Wednesday over what role the federal government should play in regulating carbon dioxide emissions from new cars.

The major environmental case pits states against the Bush administration over damage claims blamed on global warming.

"Isn't it intuitively reasonable to suppose that with some reduction of the greenhouse gases, there will be some reduction of the ensuing damage or the ensuing climate change which causes the damage?" asked Justice David Souter. "Isn't that fair?"

"There's something of a consensus on warming, but not a consensus on how much is attributable to human activity," countered Justice Antonin Scalia.

Carbon dioxide -- the principal greenhouse gas -- drifts into the atmosphere from the burning of fossil fuels such as petroleum and coal.

At issue is whether the Environmental Protection Agency is required by law to regulate carbon dioxide emissions from newly manufactured motor vehicles.

The debate centers on whether carbon dioxide constitutes a "pollutant" under the Clean Air Act. EPA officials argue it is not and that the agency alone has the discretion to decide such matters.

The oil and gas industry supports the EPA's position. In the late 1990s, the Clinton administration concluded the EPA has the regulatory authority to reduce carbon dioxide emissions, but the Bush administration in 2003 reversed that position, prompting the current legal fight.

Twelve states, led by Massachusetts, have sued the Bush administration, demanding the executive branch take the lead in curtailing potentially harmful emissions.An important precedent at stake

It is the first time the high court has addressed global warming and could set an important precedent on federal discretion to recognize and regulate any environmental and health damage.

The majority of scientific studies have concluded the emissions are the principal cause of manmade greenhouse gases -- trapping heat and leading to a recent rise in the planet's temperatures.

Some environmentalists think such drastic climate changes can lead to rising sea levels and dramatic, often catastrophic meteorological changes such as drought and hurricanes.

The high court debated not only whether the EPA was within its discretion by refusing to impose mandatory limits, but also whether there is actual statutory power.

There was no consensus among the justices whether Congress specifically authorized the executive branch to maintain a sweeping greenhouse-gas control program.

A federal appeals court upheld the right of the administration to stay out of the regulatory scheme.

The states argue mandatory controls by manufacturing plants and automobile makers would reduce the carbon dioxide emissions.

Lawyers for the states call the threat of global warming "the most pressing environmental problem of our time."

Other states filing appeals are California, Connecticut, Illinois, Maine, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont, and Washington.

Several cities also filed suit, including New York and Washington, as well as Alaskan native groups and the Union of Concerned Scientists.Scalia: Carbon dioxide not an air pollutant

In oral arguments, Justice Samuel Alito quizzed Massachusetts Assistant Attorney General James Milkey to quantify the "imminent" harm caused by greenhouse gases.

The issue is important because the states must prove such specific harm to individuals in the face of EPA inaction before they can establish legal "standing" to continue their lawsuit.

"Let's say we're looking [ahead] at five years or 10 years, what particularized harm does the record show that Massachusetts will, or faces an imminent threat of suffering?" Alito asked.

"Given the nature of the harms, even small reductions can be significant," Milkey replied.

Chief Justice John Roberts questioned the impact of any specific reductions by the United States alone, noting even if carbon dioxide emissions on new cars were regulated in the United States, broader global sources of pollution would remain.

"It assumes there isn't going to be a greater contribution of greenhouse gases from economic development in China and other places that's going to displace whatever marginal benefit you get here," Roberts said.

Milkey was hard pressed to estimate precisely how much reduction in greenhouse gases would occur if the EPA stepped in to reduce output from new cars.

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Currently about 6 percent of the world's output of carbon dioxide comes from U.S. vehicles. Scalia wondered what effect a reduction to 4 percent would represent.

Scalia also disagreed that carbon dioxide causes air pollution, since he said its destructive effects were as a "stratospheric pollutant" above the Earth's atmosphere.

"I think it has to endanger health by reason of polluting the air, and this does not endanger health by reason of polluting the air at all," said Scalia.

Milkey said the EPA's claim that carbon dioxide is not a pollutant "fails the common-sense test," and pointed out the agency is already regulating acid rain and other forms of pollution caused by chemical emissions.What is the federal government's role?

Gregory Garre, a Justice Department attorney, told the justices the federal government should not be forced "to embark on the extraordinarily complex and scientifically uncertain" global issue of greenhouse gas emissions.

"Now is not the time to exercise such authority," he said.

Justice Anthony Kennedy, who could prove a key swing vote in the case, seemed concerned about when individuals could suffer serious enough health risks to go to court.

"Your problem," he told Garre, "you take the position, the proposition that the greater the harm the greater the risk, the smaller the probability has to be before it is reasonable to act, and necessary to act."

Souter took the point further, pressing Garre over why the state's claims of long-term "ongoing harm" should not be considered.

"You are saying unless they can pinpoint the correlation between reduction of gas and effect, let's say in coastline loss, they have not shown either causation or redressibility," Souter said.

"But why do they have to show a precise correlation as opposed to simply establishing what I think is not really contested, that there is a correlation between greenhouse gases and the kind of loss that they're talking about?"

The issue of new car emissions could have broader environmental and legal implications.

A separate case dealing with EPA authority over carbon dioxide emissions from power plants -- which represent an estimated 9 percent of global greenhouse gas emissions -- is already being litigated in other federal courts.

The current case is Massachusetts et al. v. EPA (05-1120). A ruling is expected by June.

Supreme Court Wades Into Global Warming Debate (MRKTWTCH)

By Stephanie I. Cohen

Market Watch, November 30, 2006

States seek to force EPA to regulate greenhouse-gas emissions from cars

WASHINGTON (MarketWatch) - The nation's highest court tackled the hottest environmental issue on Wednesday - whether the U.S. government must address the dangers of global warming and cap the greenhouse gases that are spewed from vehicles.

A dozen states, frustrated by what they see as lax U.S. policy on curbing emissions of harmful greenhouse gases like carbon dioxide, sued the Environmental Protection Agency in 2003 for failing to reduce emissions from cars after years of agency debate that ended in no new rules.

"We are certainly glad to have our day in court. We've waited seven years for this day...seven precious years," said Joe Mendelson, legal director of the International Center for Technology Assessment, in an interview ahead of the court date. The group was responsible for originally seeking EPA action on vehicle pollution.

In oral arguments Wednesday, the justices aggressively questioned both sides. They asked the attorney for the EPA to justify doing nothing about climate change, while peppering the attorney for the states about their standing to sue and about what harm has actually been done by the EPA's failure to regulate carbon dioxide.

The Supreme Court agreed to hear the case - Commonwealth of Massachusetts et al. v. Environmental Protection Agency et al. - and consider two questions, first whether the EPA has the authority to regulate these emissions and whether the agency can decide not to issue emissions regulations for vehicles even if it has authority. Read more about the case at the American Bar Association's Supreme Court site.

The bulk of carbon-dioxide emissions in the U.S. are generated from burning dirty fossil fuels for energy. These gases trap heat in the earth's atmosphere and are expected to contribute to warming temperatures in the coming decades.

Global-warming activists say would every action help and are concerned that a failure to rein in carbon dioxide emissions will lead to warming temperatures, more frequent and more violent storms, rising sea levels, and increased spread of disease.

DOJ_NMG_0100126

The U.S. transportation sector, which runs predominantly on petroleum products, accounts for about 6% of global carbon emissions and 33% of total U.S. energy-related carbon-dioxide emissions in 2005, according to the Energy Department's statistical arm.

Question of standing

The case could be a precedent-setting environmental ruling, deciding whether EPA can and must regulate tailpipe emissions. But before the court considers the merits of the case, the plaintiffs must first convince the court they have standing under the Constitution to proceed and can prove that the states have suffered direct injury from EPA's failure to regulate emissions.

Justice Antonin Scalia was particularly concerned with the question of standing at the oral hearing on Wednesday. Scalia honed in on the issue of whether the states can prove damage from climate change, pointing out that emissions stay in the air for some time before leading to climate change later.

Scalia also questioned the significance of requiring regulations for only new U.S. vehicles when climate change is a global problem, saying this point gets to the matter of how eminent is the danger to states.

James Milkey, attorney for Massachusetts, argued that the injury was "ongoing" and won't just spring up all at once in the coming decades. He added that "the injury doesn't get any more specific" than losing the hundreds of miles of shoreline as Massachusetts has predicted. "Even small reductions can be significant," Milkey said.

EPA argued that the states' case rests on general grievances and that the states haven't shown how a failure to regulate vehicle emissions has caused direct actual injuries or how such injuries could be redressed by a court. EPA also argued that 6% is a small portion of global emissions and that it would make an insignificant difference over the years, especially if other countries ramp up their emissions over the same period.

"The fact that you're injured doesn't necessarily mean that the government's failure to regulate emissions caused your injury," said Jeff Holmstead, a former EPA administrator who was involved in the agency's initial review of the case and its determination that it lacked authority to regulate emissions. Holmstead spoke on Tuesday.

Defining a pollutant

The Clean Air Act authorizes the EPA to set standards for air pollutants that may "reasonably be anticipated" to endanger public health or welfare and devise controls for motor vehicle pollution.

Milkey told the court that carbon is clearly an air pollutant, but EPA disagrees.

EPA, which enforces the nation's clean air laws, claims Congress did not give it the authority to regulate carbon emissions specifically to address climate change when it crafted the Clean Air Act. And even if it had authority, EPA has said it has discretion to act and wouldn't address climate change, arguing that the science behind climate change still has too many uncertainties.

Gregory Garre, the Justice Department attorney representing the EPA in the case, hammered home the agency's position that the science of climate change remains uncertain, that EPA has discretion over whether to act based on current studies, and that U.S. car emissions are an insignificant portion of total global emissions.

But several justices seemed to question the government's premise. Justice John Paul Stevens pointed to scientists who've worked on government studies and have said facts were omitted that would indicate the science is far less uncertain than EPA says. Both Justice Stephen Breyer and Justice David Souter asked EPA why a 6% reduction in emissions wasn't enough of a starting point for the agency.

"Why is it unreasonable to go to an agency and say, 'you do your 6%'?" Breyer asked Garre.

Several justices also made a comparison between climate change and acid rain, which is a global air problem that EPA regulates.

A number of states are siding with EPA, saying they don't want to face responsibility for enforcing new regulations, including Texas, Michigan, Idaho, Alaska, North Dakota, Kansas, Nebraska, Utah, Ohio, South Dakota, and Indiana.

In July 2005 a three-judge panel of the United States Court of Appeals for the District of Columbia Circuit issued three separate opinions in the case. Two of the judges agreed to let EPA's administrative decision stand, but for different reasons. A third judge agreed with the states that EPA must regulate greenhouse gases.

Most parties following the case agree that even if the court rules in favor of the states, the decision is unlikely to lead to caps on carbon emissions any time soon.

"Whichever way the court decision comes out, there is going to be a big debate on climate change," said Holmstead, who is now a partner at the lobbying firm Bracewell Giuliani in Washington. If the states win, "it goes back to the agency where it will be probably for several years."

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Groups backing the states agree that even a court victory would not be an ideal solution. "We all would prefer a comprehensive global warming bill to come out of Congress," said David Bookbinder, senior attorney for the Sierra Club, in an interview on Tuesday.

The court is expected to render a decision in the case by next summer. Stephanie I. Cohen is a freelance journalist based in Washington.

Global Warming Dispute Divides U.S. Supreme Court (Update1) (BLOOM)

By Greg Stohr

Bloomberg, November 30, 2006

Nov. 29 (Bloomberg) -- A divided U.S. Supreme Court wrestled with its first global warming case, a bid by states and environmentalists to force the Bush administration to regulate tailpipe emissions.

Several justices, led by Antonin Scalia and John Roberts, questioned whether 12 states have the legal right to challenge an Environmental Protection Agency decision not to regulate those emissions. Roberts, the chief justice, said the states were ``spinning out conjecture on conjecture'' to support the argument that they would benefit from EPA rules.

Other justices suggested during the hour-long argument in Washington that the agency relied on impermissible factors in making its decision. Justice John Paul Stevens criticized the EPA's reliance on three National Academy of Sciences reports for the notion that scientists are unsure whether so-called greenhouse gases are increasing the earth's temperature.

``In their selective quotations, they left out the parts that indicated there was far less uncertainty than the agency purported to find,'' Stevens said.

The case raises the prospect of new regulations on automakers including General Motors Corp. and Ford Motor Co., companies already facing reductions in sales. Depending on how broadly the court rules, the case might also affect utilities, which have fought efforts to cut emissions of carbon dioxide and other so-called greenhouse gases from power plants.

The court today also heard arguments in a second high- profile business case, a bid by Michigan to regulate the mortgage-lending business of Wachovia Corp. and potentially other so-called national banks.

Banking Case

In the global warming case, the divide may leave Justice Anthony Kennedy as the deciding vote, as he was in a land-use case in the court's last term. Kennedy didn't tip his hand today, directing a handful of questions to both sides.

The EPA said in 2003 that it wouldn't regulate greenhouse- gas emissions from new cars and trucks, pointing to ``substantial scientific uncertainty'' about the effects of climate change on human health and the environment and about the best means to address the issue.

The agency also questioned the wisdom of a ``piecemeal'' approach to greenhouse gases and said that unilateral EPA regulation would undermine the president's ability to persuade developing countries to cut their emissions.

In addition, the agency said Congress hasn't given it authority to regulate greenhouse gases, regardless of what the scientific evidence showed.

Clean Air Act

The states and environmentalists say agency action is required by the wording of the U.S. Clean Air Act, which instructs the EPA to regulate ``air pollutants'' that ``may reasonably be anticipated to endanger public health or welfare.'' They contend the agency was wrong to consider other factors in its decision not to regulate.

The Bush administration says the Clean Air Act confers broad discretion on the EPA to decide whether to regulate. The government also contends the states lack the legal standing to sue because they can't show they would reap any environmental benefit from EPA regulation.

The high court today spent much of its time focused on a preliminary question that may have broad implications: whether the states have legal standing to sue the EPA.

On that point, Scalia, Roberts and Justice Samuel Alito all pressed the lawyer for the states, Massachusetts Assistant Attorney General James R. Milkey. Scalia said previous Supreme court cases required a showing of ``imminent'' harm, and he questioned whether that was occurring.

Small Portion

Alito said U.S. motor vehicles account for only 6 percent of the total carbon dioxide emissions worldwide.

``So the reduction that you could achieve under the best of circumstances with these regulations would be a small portion of that, would it not?'' Alito asked.

Milkey told Alito that ``even small reductions can be significant.'' The lawyer said that Massachusetts already was losing land along 200 miles of coastland because of rising sea levels caused by global warming.

DOJ_NMG_0100128

Milkey drew support from Justices Stephen Breyer and David Souter, both of whom directed the bulk of their questions at Justice Department lawyer Greg Garre.

``It will reduce the degree of global warming and reduce the degree of coastal loss," Souter said. ``That's their argument -- not all or nothing, but a part."

Scalia Resistance

Garre told the justices that the EPA had made a ``quintessential administrative judgment" that shouldn't be second-guessed by the courts.

He drew resistance on that issue from a number of justices, including Scalia, who said Milkey had made a ``persuasive" point in comparing global warming to acid rain. The EPA regulates sulfur dioxide, which causes acid rain.

``Why isn't it air pollution within the meaning of the statute, when whatever it is that causes acid rain is?" Scalia asked Garre.

The U.S. Court of Appeals for the D.C. Circuit upheld the agency's decision last year on a 2-1 vote, though the two judges in the majority differed in their reasoning.

The case is one of two efforts by northeastern and western states to make the EPA adopt emissions standards to address global warming. New York is leading a second effort to force regulation of power-plant pollution.

The Supreme Court has two air-pollution cases on its 2006-07 calendar. The justices heard arguments Nov. 1 on federal government efforts to force Duke Energy Corp. and other utilities to install billions of dollars in new pollution-control equipment.

The justices are scheduled to rule by July in the global warming case, Massachusetts v. EPA, 05-1120.

Global Warming Goes To High Court (WT)

By Amy Fagan

The Washington Times, November 30, 2006

Massachusetts Assistant Attorney General James R. Milkey, representing 12 states and 13 environmental groups, yesterday called on the Supreme Court to force the federal government to regulate greenhouse-gas emissions from new automobiles.

As the court waded into the politically charged issue of global warming for the first time, Chief Justice John G. Roberts Jr. and Justice Antonin Scalia pressed Mr. Milkey to explain when and how greenhouse gases will injure his state.

Mr. Milkey said Massachusetts has 200 miles of coastal land that is being lost to rising seas caused by global warming and that the damage will increase.

"It's not so much a cataclysm as [it is] ongoing harm," he said under questioning by Justice Scalia in a courtroom packed for the case's hour of oral arguments.

Any reduction to the 6 percent of global greenhouse-gas emissions caused by vehicles in the United States would help, Mr. Milkey said, because "once they are emitted, the laws of physics take over" and damage is inevitable.

Although there is "something of a consensus" that global warming is occurring, Justice Scalia said, there is no consensus on how much of the problem is caused by human pollutants.

The states say the Environmental Protection Agency (EPA) has failed to fulfill its role of regulating car emissions under the Clean Air Act of 1970.

The Bush administration has resisted such regulations, contending that the EPA has no such authority under the Clean Air Act. Backers of the administration's stance say the regulations would put U.S. industry at a competitive risk.

Justice Department Deputy Solicitor General Gregory G. Garre -- representing the EPA, the car-manufacturing state of Michigan and eight other states -- said there is "substantial scientific uncertainty" about global climate change.

He said he knows of no studies suggesting that regulating this "minuscule" percent of greenhouse gases would have any effect.

Justice Steven G. Breyer appeared unimpressed.

"Why is it unreasonable to go to an agency and say, 'Now you do your part'?" he asked.

Outside the court, Massachusetts Attorney General Tom Reilly said the law is clear and that the EPA is refusing to do its job.

"That's all we're asking: Do your job," he said. "Global warming is the most serious environmental problem of our time."

The Clean Air Act states that the EPA administrator "shall by regulation prescribe ... standards applicable to the emission of any air pollutant from any class or classes of new motor vehicles or new motor vehicle engines, which in his judgment cause, or contribute to, air pollution which may reasonably be anticipated to endanger public health or welfare."

At issue isn't whether carbon dioxide and other emissions are linked to global warming, but whether the government has the authority to limit these emissions.

Carbon dioxide is produced when fossil fuels such as oil and natural gas are burned. Scientists think it is the main greenhouse gas, flowing into the atmosphere at a high rate and causing a warming of the Earth and environmental changes.

The court is expected to rule before July, and the decision could have a ripple effect. Another case involving the EPA's refusal to regulate greenhouse-gas emissions from power plants is being debated in federal court.

Regardless of the outcome of the Massachusetts case, Congress may soon tackle the topic. Democrats, who take control of Congress in January, say it's long past time the administration step up the fight against global warming.

"With the new Congress elected to change Washington, I am hopeful that we can finally go to work on addressing global climate change rather than denying the obvious," said Sen. John Kerry, Massachusetts Democrat.

·This article is based in part on wire service reports.

Eyes On Kennedy As Supreme Court Debates Global Warming Case (LAW)

By Tony Mauro, Legal Times

Legal Times, November 30, 2006

Supreme Court Justice Anthony Kennedy appears to hold the key to the outcome of the Court's first case assessing the environmental impact of global warming.

During oral arguments Wednesday in the closely watched case Massachusetts v. Environmental Protection Agency, justices seemed deeply divided on two questions: whether the EPA can be compelled to regulate greenhouse gas emissions from cars when the agency has chosen not to, and whether Massachusetts and 11 other states even have standing to challenge the EPA's actions.

Kennedy was relatively quiet during the hour, but several other justices seemed to tip their hands on the claim by the states that they have standing to compel the agency to regulate such emissions. The EPA decided in 2003 that it did not have the authority under the Clean Air Act to regulate carbon dioxide emissions -- and that because of scientific uncertainty about the effect of global warming, it would not regulate even if it had the power to do so.

The dispute comes to the Court as a growing number of states are becoming impatient with the federal government on the issue.

"The United States is the largest polluter on the planet, and leadership from our federal government is essential to curb global warming," said California Attorney General Bill Lockyer after the arguments. "But California will not stand by if the Bush administration continues to stall." California is one of the states suing the EPA.

Massachusetts Assistant Attorney General James Milkey began his arguments to the Court by reassuring the justices he was not asking them to "pass judgment on the science of climate change." All he wants, he said, is for the EPA to reconsider the issue, as required by the Clean Air Act.

Almost immediately, though, justices were debating global warming nonetheless as part of their inquiry into whether the states had standing to sue. The Court has been stingy on standing in environmental cases, so the justices spent considerable time asking whether the states could show they were injured by the EPA's decision not to regulate carbon dioxide -- and whether a Court decision against the EPA would alleviate the harm.

Justice Antonin Scalia, recalling his own 1992 ruling on standing, Lujan v. Defenders of Wildlife, said the harm had to be imminent in order for the suing party to achieve standing. "When is the predicted cataclysm?" Scalia said in a flat voice.

"It's not so much a cataclysm as ongoing harm," Milkey replied. "There's nothing conjectural about that. Once these gases are emitted into the area, and they stay a long time, the laws of physics take over."

The harm to his state's sovereignty -- in the form of reducing its coastal land mass -- had already begun and was ongoing, Milkey said, likening it to "lighting the fuse on a bomb." Milkey also said, "The injury doesn't get any more particular than states losing 200 miles of coastline ... to rising seas."

But Scalia asserted that even if the EPA did regulate emissions, the impact on the state's coastline would be minimal. Milkey replied, "Relatively small percentage reductions can lead to real-world results."

Chief Justice John Roberts Jr. seemed doubtful, as well, that the states had achieved standing to pursue the case. He said testimony about the future impact of EPA regulations on global warming amounted to "spinning conjecture on conjecture" and was insufficient to achieve standing.

Roberts has his own expertise in the area. As deputy solicitor general in 1990, he argued and won the Lujan case.

The chief justice seemed skeptical about the merits of the Massachusetts case, too, suggesting there was more scientific uncertainty about the harm from global warming, than, for example, the effects of lead in gasoline.

But Milkey countered that when lead was regulated in 1973, "there were huge amounts of uncertainty at that time." The high court upheld those regulations in 1976.

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From the few questions he asked, Justice Samuel Alito Jr. seemed likely to join Roberts and Scalia in opposing standing. As usual, Justice Clarence Thomas asked no questions, but his track record on standing suggests he would oppose it.

On the other side, Justice David Souter appeared to be the strongest champion for the states, especially on the issue of standing. Even if the impact of EPA regulations on the global warming program is relatively small, he said it was enough to justify action by the EPA. "They don't have to show that it will stop global warming," said Souter. "Their point is that it will reduce the degree of global warming, if it only by 2 1/2 percent. What's wrong with that?"

Deputy Solicitor General Gregory Garre, representing the government, said that was not enough. "They have to show the regulation of that tiny fraction would have an effect on their alleged injuries," Garre said, adding, "They haven't even tried to make that showing."

Comments by Justices John Paul Stevens, Ruth Bader Ginsburg, and Stephen Breyer seemed to place them on Souter's side, leaving Kennedy as the unknown and decisive vote.

EPA Backtracks On Easing Toxin Rule (WP)

By Juliet Eilperin

The Washington Post, November 30, 2006

Under pressure from Democratic senators, the Bush administration has modified its proposal to ease public reporting requirements for companies that handle or release toxic chemicals.

The Environmental Protection Agency has proposed new rules for the Toxics Release Inventory, an annual accounting of more than 650 chemicals that industry releases into the air, land and water. The changes would raise the threshold for reporting releases of toxic chemicals in detail from 500 to 5,000 pounds and would allow companies to report every other year instead of annually.

In response, New Jersey Democratic senators Frank Lautenberg and Robert Menendez in July blocked confirmation of Bush's nominee to head the EPA's Office of Environmental Information, Molly O'Neill.

EPA Administrator Stephen L. Johnson, in a letter obtained by The Washington Post, has written to the two senators telling them that he is revising the proposal to restore the requirement for annual reports. "Your perspective on the program is invaluable to us," Johnson wrote.

The EPA had been tinkering with its proposal since shortly before this month's midterm elections, but Johnson's letter highlights how the political climate has shifted since the Democrats won control of the House and Senate. The administration is not likely to bend on its top environmental priorities, such as climate change, but it may make concessions on other fronts.

James L. Connaughton, who chairs the White House Council on Environmental Quality, said in an interview after the elections that the administration may be able to make common cause with Democrats on some issues.

"The history of environmental legislation is a history of reasonable balance," Connaughton said. "At the end of the day, if you want to see progress on the environment, you got to strike that reasonable balance."

Lautenberg, who said he will release his hold on O'Neill's nomination but will continue to fight any effort to weaken the toxin-reporting requirements, said the administration's new flexibility underscores how lawmakers' stance is likely to change over the next two years.

"Unlike the last six years, the Bush administration will no longer get a free pass from Congress," he said in a statement. "Democrats will now control the EPA's budget and will run the committees that oversee the agency's activities. EPA will be held accountable for every abuse and misreading of the law it engages in."

Congress created the Toxics Release Inventory program 20 years ago in the wake of the 1984 Union Carbide disaster in Bhopal, India, where an accidental release of toxins killed and injured thousands of people living near the plant. U.S. toxic releases have dropped sharply since companies were compelled to file the reports, but some complain that the regulation is too costly.

The EPA had calculated that industry could save $2 million a year by reporting its releases every other year. It would save an additional $7.4 million by no longer having to report in detail on toxic releases between 500 and 5,000 pounds or on releases of persistent toxins such as lead and mercury below 50 pounds.

Sean Moulton, who directs federal information policy for the public policy watchdog group OMB Watch, said the proposal emphasized saving money for the agency and industry over protecting the public's health.

"The EPA just hasn't done its homework on these proposals," Moulton said. "They haven't done the research on whether there are serious health risks [associated with] the different thresholds they're proposing."

Alex Fidis, a staff attorney at the U.S. Public Interest Research Group, an advocacy organization, said the EPA could reduce the regulatory burden on industry by developing software to help companies calculate their harmful releases and file their reports electronically.

The EPA plans to issue a final rule on the reporting program "by the end of the year," said spokeswoman Jennifer Wood. She said officials are weighing the more than 100,000 comments they received, many objecting to the changes.

"EPA's working to making a good program better," Wood said.

Lautenberg said he would continue to press the administration to abandon the new rule.

Report: Conservation Efforts Offset Land Lost To Sprawl (USAT)

By Patrick O'driscoll

USA Today, November 30, 2006

DENVER — Growing efforts to save privately owned farms, ranches and forests from industrial and residential development now preserve about as much open space each year as is lost to sprawl, according to a report out today.

The National Land Trust Census, conducted every five years by an umbrella organization for land conservation groups, says private land under protective trusts and easements now total 37 million acres, a 54% increase from the last count in 2000.

Conservation of private land from 2000 to 2005 averaged 2.6 million acres a year — about half the size of New Jersey, according to the Land Trust Alliance, which represents 1,200 of the USA's 1,667 local, state and national land trusts.

This means additional land protected each year exceeds the 2.2 million acres that the Agriculture Department has estimated is converted annually to “developed land.”

Most of the growth was in action by local and state trusts. Unlike larger national trusts, many of these groups are run primarily by volunteers. Yet such trusts tripled the average acreage they were able to set aside annually compared with the previous five-year census.

The results “took my breath away,” says Land Trust Alliance president Rand Wentworth. “They showed that a movement of local volunteer groups is making a huge difference in conserving places they love.”

The biggest acreage is in conservation easements, legal pacts between landowners and trusts or government agencies that permanently limit the land's use. The land census says easements have risen 148% since the last count.

An easement preserves open space permanently as scenic landscape, watershed or wildlife habitat from other development. The landowner, often a rancher or farmer, receives a tax credit in exchange and can continue to graze livestock or grow crops on the property.

“When you're driving through California and see all this land, you assume the government owns it and it's protected. But half of it is privately owned. The public gets the benefit of (landowners') management,” says Nita Vail of the California Rangeland Trust, which promotes easements.

Land conservation increased in all regions, especially in the West, which has 43% of the private land conserved since 2000 by local and state trusts. The Northeast tallied 30% of the state and local total, largely through easements. That included the single largest conservation transaction: more than 762,000 acres in Maine's Pingree forest in 2001.

Plutonium Lifespan In U.S. Weapons Much Longer Than Thought (WP)

By Walter Pincus

The Washington Post, November 30, 2006

The National Nuclear Security Administration said yesterday that studies have concluded that the plutonium used to trigger U.S. nuclear warheads and bombs will remain reliable for about 100 years, far longer than had been believed.

"These studies show that the degradation of plutonium in our nuclear weapons will not affect warhead reliability for decades," NNSA Administrator Linton F. Brooks said in a statement. An independent panel of renowned scientists and academics known as the Jason group reviewed the studies by the Los Alamos and Lawrence Livermore national laboratories and concluded that "most plutonium pit types have credible lifetimes of at least 100 years," according to the NNSA statement.

Results of the studies could affect the Bush administration's plans for building a new generation of nuclear weapons under the Reliable Replacement Warhead (RRW) program. A major reason for going to a new nuclear warhead was the belief that highly radioactive plutonium would degrade so much within 45 years that it could affect the reliability of currently deployed and stockpiled nuclear weapons, which were built beginning in the 1960s.

The present refurbishment program, which does not include the nuclear package, is directed at upgrading for 20 more years the aging conventional explosives and hundreds of the thousands of nonnuclear components in each weapon.

The father of the RRW program, Rep. David L. Hobson (R-Ohio), chairman of the House Appropriations subcommittee that handles funding for the nuclear weapons complex, said in a recent interview that he had heard that the plutonium study found that aging "is not as much of a problem as they thought it would be." As a result, he said, "that may throw some sand in the eye of RRW."

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Robert W. Nelson, a senior scientist associated with the Union of Concerned Scientists, said yesterday that the studies "dramatically undercut the prime justification for having to rebuild the existing stockpile." The core plutonium component "will not need to be replaced for 50 years or more."

NNSA officials said yesterday that they do not agree that the plutonium findings mean that the RRW program does not need to go forward. "Plutonium aging is but one variable that can affect overall system reliability," the NNSA statement said. Brooks added: "It is now clear that although plutonium aging contributes, other factors control the overall life expectancy of nuclear weapons systems."

When Hobson first proposed the RRW program three years ago, it was designed to replace the Bush administration's proposal to study a possible nuclear "bunker buster" to go after underground fortified shelters or to look at new effects from nuclear devices that would destroy chemical or biological agents. Instead, Hobson wanted to rebuild the nonnuclear parts of the current stockpile to make the components safer, more secure and more reliable.

The administration then adopted RRW and by this year turned it into a program that would lead within 20 years to a new generation of nuclear weapons based on old tested designs, which would not require restarting an underground testing program. Los Alamos and Livermore are working on competing RRW designs with a winner expected to be selected soon.

Feds: Ruling Hurts Oversight Of Indian Casinos (USAT)

By Kevin Johnson

USA Today, November 30, 2006

Audits blocked; some see threat to integrity

WASHINGTON — Federal auditors say a court ruling last month has crippled their ability to examine operations at Indian casinos, raising concerns that the $22 billion Indian gaming industry could be increasingly vulnerable to corruption.

The National Indian Gaming Commission (NIGC), a regulatory panel within the Department of Interior, says its auditors have been prohibited from conducting reviews of personnel and finances at Indian casinos across the nation since the D.C. Circuit Court of Appeals ruled Oct. 20 that the commission's regulatory authority does not extend much beyond its oversight of bingo games.

The court accepted an Arizona tribe's argument that audits of Indian casinos — which account for about 88% of all gaming revenue in Indian Country — should be the responsibility of states and tribes. Since the ruling, 15 federal audits of Indian casinos have been suspended and a dozen casinos have barred NIGC investigators from tribal gaming facilities in Oregon, California, Arizona, Minnesota and Oklahoma, according to the commission.

“We've had doors slammed in our faces,” NIGC Chairman Philip Hogen said in an interview. He said federal involvement in the casino audits is necessary because some states and tribes are not able to provide enough oversight of the businesses. He would not say which ones.

In a Nov. 8 letter to the Senate Indian Affairs Committee, Hogen said that if the court's ruling stands, federal law enforcement would be “crippled in its effort to protect the integrity of tribal gaming operations” without the NIGC. The NIGC is weighing whether to appeal the court decision or ask Congress for more authority to regulate Indian casinos.

Randy Jackson, director of the FBI's Indian Country unit, says the bureau is “deeply concerned” by the ruling. “If Indian gaming operations are not regulated, the integrity of the … industry is at risk.”

Indian officials, however, call the court's ruling a victory for tribal sovereignty and an acknowledgement that tribes and states provide adequate oversight. Ernest Stevens Jr. of the National Indian Gaming Association says tribes have 259 agreements with authorities in 22 states to regulate Indian casinos.

The NIGC “does not need duplicative federal rule-making authority over matters already addressed by tribal law and the tribal-state compact process,” says Stevens, whose group represents 184 Indian nations involved in tribal gaming.

The Arizona tribe that challenged the NIGC's authority, the Colorado River Indian Tribes, says the NIGC never had the power to regulate casinos.

“The federal court's decision was an important and necessary victory for tribal sovereignty,” says Jason Rose, spokesman for the tribe.

State regulators defended their oversight of Indian casinos. Arizona's Department of Gaming, which helps 21 tribes oversee gaming operations that produced $1.7 billion in revenue in fiscal 2006, said the court decision would not affect casino regulation in Arizona.

“We modeled our regulatory process on the … National Indian Gaming Commission,” says Seena Simon, spokeswoman for the Arizona agency.

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Simon says the agency has agreed to contribute $300,000 in each of the next five years to pay for a full-time federal prosecutor in the local U.S. attorney's office dedicated to Indian gaming matters and to train tribal gaming authorities. “This is an agency with teeth,” Simon says.

However, Thomas Heffelfinger, a former federal prosecutor in Minnesota whose office has dealt with regional tribal issues, says the court's decision likely will “make it that much more difficult for the federal government to respond when there is evidence of misconduct.”

During the past three years, the NIGC has referred more than 30 cases of suspected criminal activity related to Indian gaming operations to federal law enforcement agencies, the commission says.

Twenty-five of the cases involved casino operations, says Joseph Valandra, the commission's chief of staff.

Last year, the NIGC was praised by U.S. prosecutors in New York for its work in a probe of alleged organized crime ties to international gambling activities with links to operations on the Tonkawa Indian Reservation in Oklahoma. The inquiry produced an 88-count indictment charging 17 defendants in a $200 million illegal gambling enterprise that involved wagering on horse races and other sports events.

Heffelfinger says the ruling could undermine partnerships between the NIGC and federal law enforcement aimed at fighting corruption in the growing Indian casino industry.

“The real losers are the tribes,” he says.

Parks And Tribe Locked In Land Dispute (FINDLAW/AP)

By Rachel La Corte, Associated Press Writer

AP, November 30, 2006

(AP) - LA PUSH, Wash.-The small Quileute Indian reservation sits on a shoreline of storm-tossed driftwood and pebble beaches, with dramatic views of rock formations rising out of the Pacific Ocean.

But the same ocean that crashes daily on these beaches is at the center of a long-simmering boundary battle between the tribe and the National Park Service.

The tribe has closed public access to one beach, and threatens to close another if members don't get additional land on higher ground, fearing the sea will sweep away the tribe's lower village.

The tribe has offered a land swap - it will hand over eight acres of disputed land at Rialto Beach and reopen access to Second Beach if the park cedes - or buys for the tribe - enough land to more than double the size of the reservation.

"We don't have anything against the public," said James Jaime, the tribe's executive director. "It was the only way to get the federal government's attention."

The reservation is bounded on one side by the ocean and three sides by Olympic National Park. The tribe wants to move its school, senior center, tribal offices and some housing to higher ground as well as expand its reservation to build more housing developments.

"Our primary concern is the health, safety and welfare of not only the tribal members, but the entire community," said Jaime.

Tribal leaders originally sought 1,200 acres, but are now asking for about 800 acres to add to their one square mile reservation - 309 acres of park lands, and another 480 acres of private land that it wants the National Park Service to purchase for them.

The Quileute reservation was established in 1889 at the mouth of the Quillayute River; Olympic National Park has bordered the reservation since 1953.

The tribe and the park have been debating the boundary at Rialto Beach for decades. The tribe argues that it owns most of Rialto Beach, but the park has built a parking lot and a restroom at the edge of the beach and both sides are disputing eight acres of land there.

The dispute came to a head last year after a tribal member was cited for collecting firewood near the disputed boundary. While charges were ultimately dropped, Jaime said that the tribe needed to take action.

To get the government's attention, the tribe closed off access to one of the most beautiful sections of Washington state's Pacific shore, Second Beach, in October 2005. The beach is public, but the parking lot and access to the trail to the beach is on tribal ground.

Olympic National Park Superintendent Bill Laitner said that the park wants to make sure the tribe can move people out of the danger zone. Of the more than 700 members of the tribe, 350 live on the reservation - 250 in the flood zone.

"We feel that is of utmost importance," he said. "We believe we can do that. We don't believe we can solve all of the tribes' problems for all time."

After several meetings, the two sides remain at an impasse, and the tribe said that it's ready to raise the ante. The park service has offered 274 acres of park land.

"If there are no improvements to this offer and we do not resolve this issue, Rialto Beach will be closed next year," Jaime said.

Laitner said that while closing the beach would be inconvenient for park visitors, it would also be "devastating to the local economy" of the tribe.

"I don't think the tribe wants that," he said.

In October, the Quileute Tribe had a reservation-wide tsunami drill with a complete evacuation of the lower village, getting everyone to high ground in nine minutes - the amount of time tribal leaders have determined is necessary to prevent loss of life. The last time a tsunami hit the area was 1964.

"What I fear the most is at 3 o'clock in the morning, when we are all sleeping and not prepared," Jaime said. "Our exercises, our drills, they're structured, they're choreographed. It's the real event that's going to be unpredictable."

Any change in the boundary would have to be approved by Congress, but Rep. Norm Dicks said he worries that if the tribe doesn't accept the current offer, they may end up with nothing.

"We're all concerned about the safety of the tribe and the possibility of a tsunami," he said. The tribe has "to realize that they are running a risk by not accepting this offer."

On the Net:

Quileute Tribe: http://www.quileutetribe.org/

National Park Service: http://www.nps.gov/

FBI/DEA/ATF/USMS:

Bush Administration Takes Aim At Meth (GANNETT)

By Pamela Brogan, Gannett News Service

Arizona Republic/Gannett, November 30, 2006

WASHINGTON - A coalition of federal, state and local officials will lead a nationwide anti-methamphetamine campaign that kicks off Thursday to educate the public about the dangers of the highly addictive drug.

President Bush has proclaimed the day National Methamphetamine Awareness Day, and more than 100 events are planned to highlight the risks of meth use and the treatment available.

Participants include the Drug Enforcement Administration, Partnership for a Drug-Free America, National Association of Attorneys General and the Community Anti-Drug Coalitions of America.

advertisement

"Methamphetamine abuse shatters families and threatens our communities," Bush said.

This year, state and local communities said meth was the top drug problem, ahead of cocaine, heroin and marijuana, according to the Justice Department's National Drug Threat Survey.

Attorney General Alberto Gonzales says the health, community and environmental risks posed by meth "is nothing short of horrifying."

Here are some key facts about meth:

- An estimated 10.4 million Americans 12 or older have used meth.

- Meth is highly addictive can damage the brain. It can cause violent and psychotic behavior and mood disturbances.

- The number of meth lab seizures has decreased 42 percent from 10,015 in 2004 to 5,846 in 2005, but Mexican drug trafficking organizations have replaced local dealers and "greatly expanded their presence in drug markets across the country," according to the Justice Department.

Meth is a growing health and legal problem:

- Meth accounted for nearly 7 percent of all drug treatment admissions in 1994, up from 2 percent in 1994. Regional treatment data shows a much higher trend. In 2003, meth accounted for 20 percent of treatment admissions in eight states and more than 40 percent in Hawaii and Idaho.

- In 2003, meth accounted for 5,766 arrests made by the DEA, or 21.5 percent of all arrests.

Between 1992 and 2004, the number of meth lab cleanups increased from 394 to more than 10,000. State and local governments spent about $17.8 million in 2004 to clean up toxic wastes related to the labs, according to the DEA.

In 2002, more than 3,000 children were contaminated, neglected, injured or killed because of illegal meth production, according to the DEA.

Last year, Bush signed a federal anti-meth law that restricts the sale of over-the-counter cold medicines used to make the drug. It also imposed tougher penalties for those who smuggle or sell it.

AG Declares 'Meth Day' Thursday (AP)

By Bill Poovey, Associated Press

AP, November 30, 2006

CHATTANOOGA — Methamphetamine, an illegal drug, gets its own day and Tennessee law officers say the addictive stimulant deserves it.

U.S. Attorney General Alberto Gonzales declared Thursday as National Meth Awareness Day. In Tennessee, officials are observing "Stop Meth in Tennessee, Start Right Now," starting with a Grundy County news conference and enforcement promotional stops in Cleveland and Madisonville.

After ranking as a leader among states in meth-making operations seized, the work of the 7-year-old Tennessee Methamphetamine Task Force — now expanded statewide — along with new laws restricting products used to make the drug have helped the state reduce the number of labs.

Meth is produced in clandestine labs using relatively inexpensive over-the-counter medicines, such as cold tablets with pseudoephedrine, and household chemicals. Tennessee passed a law to keep pseudoephedrine behind pharmacy counters.

Since passage of the Meth-Free Tennessee Act of 2005 and the federal Combat Meth Act of 2005, lab seizures in Tennessee have dropped significantly.

Records show 55 labs seized in October, down by 25 from October 2005.

Hamilton County Sheriff's Department Lt. Tommy Farmer, the task force director, said the accomplishments are many but the new challenge of intercepting imported methamphetamine from Mexico is growing.

"We have to be flexible," Farmer said. "We are seeing some changes. We are seeing increases in availability of Mexican methamphetamine. It's a major problem."

Farmer said the reduction in labs "did not reduce the number of addicts."

Farmer said the task force has operated and grown largely on the back of federal budget appropriations, a total of about $10 million, secured largely with the help of Republican U.S. Rep. Zach Wamp of Chattanooga.

He said the effort started from a meeting in Grundy County, at the request of former Sheriff Robert Meeks.

The task force co-sponsored a National Alliance for Drug Endangered Children conference in Nashville that ended Wednesday. Task force records show that since 1999, the task force and assisting agencies rescued 871 children from meth labs and drug addicted parents while also processing and dismantling 5,630 meth labs and dumpsites and arresting 2,867 meth offenders.

U.S. Attorney James R. "Russ" Dedrick of Knoxville said in a statement that "public awareness and education concerning the harmful effects of methamphetamine are the keys to protecting our children and stopping the spread of methamphetamine addiction."

Farmer said the battle against meth has helped change drug enforcement to a team effort with social agencies and the courts. He said there are also "protocols for how schools, hospitals, physicians, how everybody responds to children" exposed to meth.

"We are much better equipped," Farmer said. "We have to keep the focus. The war is not won by any stretch of the imagination."

He said "children are also coming from homes with parents addicted to marijuana, cocaine or pills. These children too are endangered."

"That includes the child riding around in a car while daddy is going to do a dope deal," Farmer said. "This whole meth scourge has brought a lot of things to light for us."

Study: Meth Use Climbs On East Coast (AP)

By Lara Jakes Jordan

AP, November 30, 2006

WASHINGTON - Methamphetamine use is increasing along the East Coast after years of largely being confined to rural areas west of the Mississippi River, a government report shows.

But officials nationwide are finding fewer meth labs where the highly addictive drug is cooked - a bright spot in the nation's war against a drug the White House describes as dangerous as cocaine and heroin.

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Meth "is as bad, or worse, than most of those drugs for most of those people who have encountered it," John P. Walters, director of the White House Office of National Drug Control Policy, said Wednesday in an interview with The Associated Press.

"The good news is, at this point it looks like we have reacted before this became a bigger problem," Walters said. "But the onus is on us to follow through."

The number of workplace employees who tested positive for meth dipped dramatically in several Midwest and western states where the drug so far has provided the largest punch, including Missouri, Iowa and New Mexico.

But it surged along the East Coast, including in Connecticut and Maine, and by a whopping 115 percent increase in the District of Columbia.

The data by New Jersey-based Quest Diagnostics Inc. compared state-by-state drug tests from the first five months of 2006 to the same period last year, the most recent data available. Nationally, positive drug tests decreased by 12 percent between the two years.

The drug test results were included in a White House report titled: "Pushing Back Against Meth," to be issued Thursday as part of a government-wide awareness day to "underscore the dangers of methamphetamine and reaffirm our collective responsibility to combat all forms of drug abuse," President Bush said in a proclamation.

As part of the campaign, Attorney General Alberto Gonzales will lead a government discussion in Washington about stanching meth use with state and local health and law enforcement officials.

Justice Department officials cite mostly anecdotal evidence showing that meth use and cooking labs are spreading to inner cities. Walters said that's in part because drug traffickers, largely from Mexico, are now selling meth to cocaine and heroin customers in urban areas. Additionally, many East Coast states do not have state laws that require cold medicines containing pseudoephedrine - the ingredient used to cook meth with other household chemicals - to be placed behind pharmacy counters.

By contrast, some western states where meth has been a long-standing scourge have such laws on the books, making it harder for addicts to buy large amounts of pseudoephedrine. Walters attributed part of the drop in workers testing positive for meth in those states to the laws. Earlier this year, Congress approved a federal law to keep medicines containing pseudoephedrine behind pharmacy counters in all states. The federal law, however, was passed after the data for the new report was collected.

But nationwide, the number of meth labs that were busted or otherwise discovered by authorities dropped by 51 percent - from 6,472 in the first four months of 2005 to 3,160 in the same period of 2006, the report showed.

Experts believe people between ages 18 to 25 are the most likely to use meth, and women account for 45 percent of addicts seeking treatment - higher than for any other drugs. That's largely because women have reported to using meth to help lose weight while maintaining high energy levels.

Instead, it has made users' teeth and hair fall out, Walters said, and "turns you into the walking dead."

"Nobody has glamorized this drug," he said.

Meth Awareness Day Aims To Educate (GII)

By Sarah Schulz

Grand Island (NE) Independent, November 30, 2006

Observance focuses on dangers of drug addiction

Angela Fatino, an Iowa preteen, had her first hit of methamphetamine at age 12. By 15, she had taken her own life.

Fatino's story, along with shocking photos of how she transformed from a pretty child to a meth addict, are featured in an advertising campaign, "Meth: It's Getting Ugly," by the Partners for Methamphetamine Prevention.

The national organization is participating in education and public outreach kicked off on Wednesday, which was declared National Methamphetamine Awareness Day by President George W. Bush.

According to the Partnership for a Drug-Free America, meth is a powerfully addictive stimulant that has a high potential for abuse. It dramatically affects the central nervous system and leaves the user awake for hours or even days. At first, meth gives the user a rush, a sense of euphoria, feelings of confidence and a decrease in appetite.

However, the crash can leave a person severely depressed and suicidal. The addictive nature can also cause a user to turn to illegal means to pay for the drug, according to the Partnership for a Drug-Free America.

Meth is cheap and easy to obtain and can be manufactured with inexpensive ingredients, such as pseudoephedrine, a common ingredient in cold medication.

The program focuses on highlighting national efforts to increase awareness of meth use and aims to decrease demand for the highly addictive and dangerous drug, according to Partners for Methamphetamine Prevention.

Education and awareness are the only ways law enforcement will get the meth problem, and the general drug problem, under control, said Grand Island police Sgt. Clyde Church, a member of the Tri-City Drug Task Force.

"We can arrest people and send them to prison, but they get out and some go back to what they were doing before," he said.

Education can help stop that cycle, he said.

In Grand Island, the meth problem has remained steady over the last several years. The dozen or so law enforcement agents working with the task force address the issue at both the street level -- with users and small-time dealers -- and at the large, conspiracy level. Many of their cases result in federal charges, he said.

A variety of education events will be hosted nationwide by U.S. Attorney General Alberto R. Gonzales. In Nebraska, members of the U.S. attorney's office will conduct a series of education presentations to various colleges, high schools and community and civic groups.

"In Nebraska, we have been battling methamphetamine for the past 10 to 12 years on all fronts through prevention and awareness, legislation, enforcement, prosecution and treatment," U.S. Attorney Joe Stecher said.

"Nebraska has been at the forefront, addressing our communities' awareness regarding the destructive powers of methamphetamine."

National Methamphetamine Awareness Day, and the programs that will follow, are a coordinated effort to reach potential meth users with a message of prevention, according to Stecher's office. However, the effort also aims to educate current users about the avenues available to them to deal with their addictions.

Two-thirds of the country's meth supply is produced in "super labs" in Mexico and Southern California. The remaining third is made in the United States in makeshift meth labs often found in homes, garages, storage units and the trunks of cars, according to the Partnership for a Drug-Free America.

Meth recipes are readily available, and the drug can be produced in six to eight hours. Small meth labs can be quickly dismantled, and a mere $200 can buy the ingredients to produce an ounce of meth. The drug is usually sold in one-eighth amounts, known as "eight balls." Cooking meth produces highly toxic waste, and there is a pending danger of explosion or fire at a meth lab, according to the Partnership for a Drug-Free America.

Meth use can lead to a person's death, and anyone suspected of meth use should be reported to authorities, according to the U.S. Department of Justice.

For more information on meth, its effects and to view photos and anti-meth use advertisements, visit the Justice Department's Web site, www.usdoj.gov/methawareness/

County Marks National Meth Awareness Day (NCT)

North County Times, November 30, 2006

SAN DIEGO COUNTY -- To commemorate National Methamphetamine Awareness Day today, authorities are urging residents to call the county's meth hotline or visit its Web site for information on abuse of the drug.

The hotline that the county introduced in 1996 can be reached at (877) NO2-METH. The Web site is www.No2Meth.org.

"(Residents) can call to seek help with meth-related problems or report criminal activity," said Jose A. Alvarez, a spokesman for the county Department of Health and Human Services.

"In 2005, (the hotline) received 457 calls, primarily from people seeking treatment or to report possible criminal activity, like meth labs," Alvarez said.

National Methamphetamine Awareness Day was established by President Bush this year to combat an addiction that "shatters families and threatens our communities," he said Tuesday in a proclamation.

According to a San Diego Association of Governments report released in late October, meth use is a growing problem in San Diego County. The report said that among people in custody at county jails between 2000 and 2005, usage of the drug increased from 28 percent to 44 percent among men, and 29 percent to 51 percent among women.

Placer County Joins National Methamphetamine Awareness Day (RRT)

Rocklin & Roseville Today, November 29, 2006

AUBURN, CALIF. -- Placer County is joining many other local, state and federal agencies to designate Nov. 30 as National Methamphetamine Awareness Day. The purpose of the day is to call attention to the damaging effects this illegal drug has on individuals, families, friends and the community.

"Methamphetamine not only impacts those who use it, the family, friends and the community that surrounds the individual," said Dr. Richard Burton, Placer County Health Officer. "Methamphetamine is one of the most addictive drugs that exists and is the No. 1 drug of abuse by those entering treatment."

Placer County is developing a program to help raise awareness of addiction to methamphetamine. Part of raising that awareness is to show the harm the addiction causes and the costs it exacts from the community. Some of the increased costs

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include the need for additional law enforcement to deal with drug production and distribution and the crimes committed by addicts needing money to fuel their habits, as well as increased medical, social and legal costs. Treatment, also an additional cost, can reduce the overall cost if persons are able to achieve recovery from their addiction.

"It's the fastest growing drug of abuse in all of our neighborhoods," said Ed Bonner, Placer County Sheriff. "It's easy to make, it's cheap, it's available, it's odorless and tasteless. It can be smoked and there's no odor. It can also be snorted, ingested or injected."

The toll methamphetamine takes on families in Placer County is staggering. Of all the child abuse in Placer County, 85 percent to 90 percent is from drug abuse by parents. And methamphetamine is responsible for 60 percent of that abuse.

According to Dr. Burton about 4 percent of the teens in Placer County have used methamphetamine. That translates to about 600 kids. That figure becomes even more troubling when that statistic is paired with the fact that 73 percent of those in drug treatment for methamphetamine began using the drug prior to age 22.

The Placer County Board of Supervisors, Department of Health and Human Services and Sheriffs Department are all working together to address the disease and the impact it has on those affected by use of the drug. Community awareness, education and resource information are some strategies to address this issue.

Data To Be Used To Raise Awareness Of Meth Problem (RGJ)

Reno (NV) Gazette Journal, November 30, 2006

Marking the nation's first Methamphetamine Awareness Day, local law enforcement, education and treatment professionals will provide the public with a snapshot of how meth affects the community.

The point of gathering meth-related data today is to draw attention to a drug epidemic that knows no boundaries, said special agent Mark Snyder of the federal Drug Enforcement Administration in Reno.

"We want to show people the problem," Snyder said. "People think Reno is our little piece of paradise, but I am confident this snapshot will show what is occurring around the country is also happening here and that meth is a growing problem."

Snyder said although meth is not new to the area, it has emerged as the primary drug threat in Northern Nevada.

Tom Clark, spokesman for the Washoe County Meth Community Response Alliance, said the group has been struggling to demonstrate with statistics the scope of the meth problem and the financial impact. He said data gathered today would give a more accurate portrayal.

Law enforcement officers say meth is indirectly behind most crime in the area, and it contributes to hospital visits, child neglect and the burdening of the social services system.

Members of the regional undercover vice unit, the Street Enforcement Team, say that sales of powder methamphetamine have been replaced with sales of crystal meth, a highly potent and much more addictive form of meth.

How it works

Professionals dealing with meth will complete a survey that includes:

Police will record how many people they believed were under the influence of meth and were arrested for a meth-related crime.

Hospital staff who treated meth users.

Dentists who treated meth users.

Drug court staff who had meth clients.

School officials who spoke with parents or teens concerned about meth use and treatment staff who treated or counseled a person about meth.

Jail staff also will be able to show how many inmates were there because of a meth charge.

Snyder said when the community learns what a "day in the life of meth" is like, officials and citizens can try to come up with solutions.

Efforts in place include a 30-minute film by the anti-crime organization Secret Witness that will air on multiple local news channels in January. The show will feature local meth addicts and those affected by meth giving testimonials and information.

School involvement

The Washoe County School District plans to use its automated telephone system to contact parents and ask them to watch the Secret Witness video with their children.

The district also will film its own educational anti-meth video for middle and high school students that will be shown during the school day. The district's family magazine for December will feature an article on the meth problem.

Local school surveys done in 2005 say that 5 percent of middle school students and 10 percent of high school students in Washoe County said they had tried meth.

When students returned to class this fall, they were greeted with graphic anti-meth posters provided by Secret Witness that were inspired by in-your-face posters and TV ads produced by the Montana Meth Project.

Other details

In September, Washoe County was designated as a "High Intensity Drug Trafficking Area" by the government and will receive $500,000 to fight drug trafficking, namely meth.

A key for the designation was the threat of Mexican traffickers using the interstates and the echo from law enforcement that meth is a serious problem here.

The alliance earlier this year played host to a series of town hall meetings at various schools and held a summit. Community leaders and others came together to make decisions on why, how and when to begin to address meth in Washoe County.

The group also sponsored law enforcement training by a nationally recognized meth expert.

TUSD Middle-schoolers Hearing Dangers Of Meth (TC)

Tucson (AZ) Citizen, November 30, 2006

Middle-school students in Tucson were to learn about the dangers of methamphetamine today from Drug Enforcement Administration officials as part of a nationwide awareness day.

Federal, state and local officials are reaching out to potential meth users to discuss prevention and to users about programs to help them. To look at a Web site designed by teens about the dangers of drugs, see this story at www.tucsoncitizen.com.

Department Of Justice Sponsors 'National Methamphetamine Day' Today (PDN)

Pacific Daily News, November 30, 2006

Governor Felix P. Camacho, U.S. Attorney Leonardo Rapadas and Tony Marquez, resident agent in-charge of the Drug Enforcement Administration, will host a public awareness outreach today at the Guam Premium Outlets from noon to 2 p.m.

The Department of Justice sponsored today as National Methamphetamine Day for Guam and the Commonwealth of the Northern Mariana Islands, to highlight nationwide efforts to increase awareness and decrease demand of the highly addictive drug.

Future plans of the U.S. Attorney's Office and DEA, with their partners, include Town Hall meetings at various villages and high schools in the upcoming year.

Everyone is invited to visit their display at the GPO Food Court.

Community Educated On Dangers Of Crystal Meth (KUAM)

KUAM-TV, November 30, 2006

Education and awareness of the dangers of crystal methamphetamine were the focus of a display in Tamuning this afternoon at the Guam Premier Outlets. Today is National Methamphetamine Awareness Day and members of the U.S. Attorney's Office, the Drug Enforcement Administration and the Guam Police Department were on hand during a static and visual display at the GPO food court.

Pamphlets were given to those visiting the outlet providing information about rehabilitation, prevention and education about the drug "ice".

METHAMPHETAMINE AWARENESS DAY (OREG)

The Oregonian

The Oregonian, November 30, 2006

A day to reflect on the fight against meth

T oday is National Methamphetamine Awareness Day -- the first time a president has designated a day to focus national attention on methamphetamine, an extremely destructive and harmful drug.

For parents, today is a reminder of the importance of talking to our children about dangerous drugs. For our youth, it is an opportunity to reaffirm a commitment to a drug-free future. For those struggling with addiction, it is an occasion to seek treatment. And for all Americans, it is an opportunity to thank law enforcement officers, treatment counselors and prevention advocates whose efforts have contributed to a nearly 20 percent decline in drug use among American youth over the past four years.

Today is also an occasion to reflect on the progress our nation has made in attacking methamphetamine. In 2005, the number of methamphetamine laboratory incidents in America declined by 29 percent from the previous year and is continuing to decline this year. And there is more good news: Methamphetamine use among youths is down 36 percent (from 2001 to 2005),

and positive tests for meth in the workplace have declined 45 percent since 2004. In short, fewer people are making meth in America, and fewer people are using it.

This good news is proof that a balanced drug control strategy can yield meaningful results. But our fight against methamphetamine is not over. Earlier this year, the administration released the nation's first Synthetic Drug Control Strategy, a coordinated effort among government institutions at the federal, state and local levels that sets ambitious goals for America. The strategy calls for an additional 25 percent reduction in domestic methamphetamine laboratories (beyond the 29 percent reduction already seen last year), and a 15 percent reduction in methamphetamine use, both by the end of 2008. Again, the good news is that we are on track to meet these goals, with past year methamphetamine use declining 29 percent over the prior three years, and steady declines in the number of meth labs across our nation.

Meanwhile, we know that simply reducing the supply of methamphetamine is not enough. We also must reduce the demand for the drug. This means offering treatment opportunities to help heal those who are addicted. It means stopping use of methamphetamine before it starts by supporting the most effective drug-prevention initiatives -- especially those aimed at youth. That is why the president has requested that Congress provide historic levels of support for drug programs.

As our nation reflects on the progress we have made and the challenges that remain in reducing methamphetamine use, all Americans, especially our youth, should reaffirm their commitment to a drug-free future. The devastating effects of using any illicit drug -- on the individual, family and community -- cannot be overstated.

John Walters is director of the White House Office of National Drug Control Policy. For more information on methamphetamine, and how to help stop its spread, visit www.methresources.gov or www.usdoj.gov/methawareness/.

National Methamphetamine Awareness Day (ABOUT)

About.com, November 30, 2006

Today, November 30, has been declared National Methamphetamine Awareness Day as a part of a nationwide effort to further educate the American public about the effects of methamphetamine abuse on families and communities. The effort hopes to increase awareness and decrease demand of the highly-addictive drug.

More than 100 events are scheduled across the United States today by federal, state and local officials to highlight education and public outreach efforts about methamphetamine abuse. President Bush issued a proclamation declaring the first ever National Methamphetamine Awareness Day.

The awareness day is an effort to send a prevention message to potential meth users and to educate current users about programs that are available to them, according to a Department of Justice news release.

Attorney General Alberto R. Gonzales will host a panel discussion with leading experts to discuss the impact that meth production and use has on individuals, the environment and communities across the country.

Also participating in the National Methamphetamine Awareness Day efforts are the U.S. Department of Labor; U.S. Department of Health and Human Services; U.S. Department of Interior; Office of National Drug Control Policy; the Drug Enforcement Administration (DEA); the Partnership for a Drug-Free America; Boys & Girls Clubs of America; Community Anti-Drug Coalitions of America; Fraternal Order of Police; National District Attorneys Association; National Association of Attorneys General; National Sheriffs' Association; International Association of Chiefs of Police; National Organization for Victims Assistance; Inter-Association Task Force on Alcohol and Other Substance Abuse Issues; American Council on Education; National Association of Student Personnel Administrators; American College Health Association; Association of Fraternity Advisors; and the National Panhellenic Conference.

National Meth Awareness Event On Campus Thursday (UKN)

University of Kentucky News, November 30, 2006

LEXINGTON, Ky. (Nov. 29, 2006) - The dangers and harmful effects of methamphetamine abuse, particularly on families, women, and children will be the focus of a special program Thursday, Nov. 30 at 7 p.m. in the small ballroom (third floor) of the University of Kentucky Student Center.

A proclamation issued by President George W. Bush has declared the date as National Methamphetamine Awareness Day. As part of this designation, the U.S. Attorney General's office is partnering with state and local organizations, as well as federal agencies and private groups to bring a concentrated, nationwide focus to educating the public about meth.

"The devastating effects of methamphetamine abuse, particularly on women and children in Kentucky, is well-documented," said Holly Hopper, Coordinator and Principal Investigator for the Drug Endangered Child Training Network, based within the UK College of Public Health's Center for Prevention Research. "Many labs used to manufacture methamphetamine are inside homes, exposing children living there to great risk."

A PowerPoint presentation followed by a question and answer session is planned for the Student Center event. The program is open to the entire campus community, and students, particularly women, are encouraged to attend.

Earlier in the day (Nov. 30), a news conference focusing on state initiatives in the battle against methamphetamine abuse is scheduled for the Capitol Rotunda in Frankfort.

Meth Awareness Day Set For Thursday (KCAL)

KCAL-TV, November 29, 2006

(CBS) LOS ANGELES President Bush has proclaimed Thursday as National Methamphetamine Awareness Day in an effort to bring attention to the challenges the nation confronts because of the drug.

Methamphetamine is a highly addictive central nervous system stimulant that can lead to brain damage and psychotic behavior, including auditory hallucinations, mood disturbances, delusions and paranoia, possibly resulting in homicidal or suicidal thoughts, according to the Office of National Drug Control Policy.

Users trying to abstain from use may suffer withdrawal symptoms including depression, anxiety, fatigue, paranoia, aggression and intense cravings for the drug.

An estimated 10.4 million Americans ages 12 and older have used methamphetamine at least once in their lifetimes for non-medical reasons, according to the 2005 National Survey on Drug Use and Health.

"While the number of teens who have tried this deadly drug and the number of people testing positive for methamphetamine in the workplace have decreased in recent years, methamphetamine use is still a dangerous public health problem," Bush said in his proclamation.

The Bush administration's Synthetic Drug Control Strategy released earlier this year set goals of a 15 percent decrease in methamphetamine use and 25 percent reduction in domestic methamphetamine labs over the next three

years.

Information on efforts against methamphetamine abuse is available online at theantidrug.com and methresources.gov.

National Methamphetamine Awareness Day Set For Tomorrow (KNX)

KNX Radio, November 29, 2006

LOS ANGELES, CA (CNS) -- Tomorrow has been proclaimed as National Methamphetamine Awareness Day by President Bush in an effort to bring attention to the challenge the nation confronts because of the drug.

Methamphetamine is a highly addictive central nervous system stimulant that can lead to brain damage and psychotic behavior, including auditory hallucinations, mood disturbances, delusions and paranoia, possibly resulting in homicidal or suicidal thoughts, according to the Office of National Drug Control Policy.

Users trying to abstain from use may suffer withdrawal symptoms including depression, anxiety, fatigue, paranoia, aggression and intense cravings for the drug.

The Drug Enforcement Administration and the U.S. Attorney's Office plan to hold a Meth Awareness Exhibit for the media at a federal building in Los Angeles tomorrow to highlight the dangers of meth. It will include a mock meth lab, presentations by the DEA lab and may feature a former meth user, the DEA said in a statement.

An estimated 10.4 million Americans ages 12 and older have used methamphetamine at least once in their lifetimes for nonmedical reasons, according to the 2005 National Survey on Drug Use and Health.

" While the number of teens who have tried this deadly drug and the number of people testing positive for methamphetamine in the workplace have decreased in recent years, methamphetamine use is still a dangerous public health problem," Mr. Bush said in his proclamation.

The Bush administration's Synthetic Drug Control Strategy released earlier this year set goals of a 15 percent decrease in methamphetamine use and 25 percent reduction in domestic methamphetamine labs over the next three years.

Information on efforts against methamphetamine abuse is available online at theantidrug.com and methresources.gov.

Former Hockey Star On Ice For Three Years (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), November 30, 2006

Alepin sentenced for helping peddle marijuana

One of Knoxville's most popular hockey players will spend the next three years in a penalty box.

Those fan-favorite hard-hitting moves on the ice are not what put Alex Alepin, 30, there. It was marijuana - pounds and pounds of it.

Senior U.S. District Judge James H. Jarvis on Wednesday ordered Alepin to spend 38 months in a federal prison for conspiring with fellow Canadians to peddle hydroponic marijuana, a pricey and potent strain of the illegal drug.

Alepin played for the now defunct Knoxville Speed and, later, the Knoxville Ice Bears. He abruptly retired from the hockey scene in 2004.

As it turned out, he had been ensnared in a probe led by U.S. Immigration and Customs Enforcement Agent John Witsell III and U.S. Drug Enforcement Administration Agent Dave Lewis of a Canadian drug smuggling ring.

Defense attorney Jeff Whitt argued at a sentencing hearing in U.S. District Court Wednesday that Alepin actually quit the marijuana-pushing business in 2002.

"He voluntarily had left this criminal conspiracy four years ago," Whitt said. "He didn't get caught. Did he do it timely? No. Did he make a mistake? Yes. He knew it was wrong, and he quit."

"He didn't turn himself in, did he?" Jarvis responded.

"No, and he should have," Whitt conceded.

Instead, Alepin's name surfaced in 2004 as Witsell, Lewis and fellow agents were investigating a smuggling network in which hydroponic marijuana grown in Quebec was being sneaked across the border, largely through tractor-trailers, and distributed to customers along the Eastern Seaboard, Assistant U.S. Attorney Hugh Ward said.

"We approached him in our investigation," Ward told Jarvis. "He did cooperate."

Alepin helped authorities nab Sebastien Flocari, who is serving a 70-month prison term as one of the chief suppliers in the smuggling ring. However, Ward contended Alepin was no bit player in the illegal venture.

"You can look at Mr. Alepin's role as the Knoxville distributor of this drug trafficking organization," Ward said.

Court records show that Alepin bought hydroponic marijuana in lots of 20 to 50 pounds and then sold it to at least three Knoxville dealers.

Jamie Satterfield may be reached at 865-342-6308.

Blind Inmate's Medication Claim Revived (LAT/AP)

By Larry Neumeister, Associated Press Writer

The Los Angeles Times, November 30, 2006

NEW YORK — A California man who said he went blind in prison because he was denied medication can sue the prison officials he thinks are responsible, a federal appeals court ruled as it reinstated a lawsuit that had been tossed out.

The decision by the 2nd U.S. Circuit Court of Appeals means Rodney Thomas can pursue his claim that authorities failed to ensure he received medication for glaucoma after he was arrested by Drug Enforcement Administration agents in Los Angeles on Sept. 7, 2001. Thomas' lawsuit was seeking $750,000 in damages.

The decision, handed down Tuesday but made public Wednesday, upheld a lower court's ruling that the DEA agents could not be held responsible in federal court in New York, but it reinstated the lawsuit against three prison officials.

The three-judge panel noted that a federal magistrate judge at Thomas' first court appearance in New York issued an order directing that he receive glaucoma medication. Present at the hearing were two of three prison officials named as defendants in the lawsuit -- the warden and the clinical director at the Metropolitan Correctional Center in Manhattan.

Thomas' lawyers told the appeals court that his vision was within normal limits when he was arrested but had deteriorated to legal blindness three months later because his prescription eye medications were not delivered consistently.

In court papers, lawyers for the government argued that the prison officials could not be held responsible because they did not directly administer health care to inmates.

Jon Romberg, a lawyer for Thomas, said he was pleased with the ruling.

"The court reinstated his case and most importantly recognized that prison supervisors can be liable if they know about a serious medical problem and fail to correct it," Romberg said.

He said Wednesday he had not been able to notify his client, who is incarcerated at a California prison where his telephone use is limited.

A spokeswoman for federal government lawyers handling the case said there would be no comment Wednesday.

Thomas was convicted of drug charges; Romberg said he didn't know how long his prison sentence is.

A Drug Bust Near Costa Rica Captivates Underworld Of Garage Tinkerers (WSJ)

By Jennifer Saranow

The Wall Street Journal, November 30, 2006

This month, the Coast Guard detained four men who were allegedly trying to smuggle 3.5 tons of cocaine meant for the U.S. News accounts of the Nov. 16 bust, about 90 miles southwest of Costa Rica, described their unusual vessel as a 50-foot homemade fiberglass submarine.

That caught the attention of a busy netherworld of hobbyists who build submarines in their garages.

"The captured drug-sub appears to be amateurish in construction and not nearly as seaworthy as the subs we have seen, designed and built," said Jon Wallace, a software engineer for Hewlett-Packard in Weare, N.H. In 1996 he cofounded the Personal Submersibles Organization, which now counts about 13,000 visitors per month to its Web site, psubs.org.

"Semi-submersible at best," sniffed another critic in a posting on the group's site.

After reading reports and seeing photographs of the captured vessel, hobbyists concluded that the gray drug craft was crudely constructed and not a serious attempt at building a submarine. Some said it was more a boat meant to blend into the water, skim just below the surface, travel long distances and avoid radar detection. A giveaway was that it was made of fiberglass -- which is generally not a good material for building a submersible vessel, they say. It also had a squarish design rather than the cylindrical shape required to withstand pressure and stress.

Law-enforcement agencies from Colombia to California are increasingly worried about drug-stuffed submarines slinking along beneath the seas. "We are out there actively searching for these," says Capt. Thomas Cullen, chief of response for the U.S. Coast Guard 11th District based in Alameda, Calif., which oversaw the boarding and seizing of the vessel off Costa Rica. It was the first manned sub-like vehicle seized by the U.S., according to Capt. Cullen. Authorities in Colombia have seized a couple of homemade subs in the past two years.

Costa Rican authorities say that the vessel seized this month was gasoline-powered, and that it traveled just below the surface with the crew using snorkel-type tubes to breathe. "Certainly these guys are not PSUBS regulars. Gasoline engines in a submersible are no-nos," wrote Ray Keefer, 45 years old, a computer test engineer in Gaston, Ore., and co-founder of the group. Gasoline engines would be dangerous in a submarine. The Coast Guard says its reports indicate the seized craft had a diesel engine.

Mr. Keefer and others believe the captured vessel should more accurately be called a "David boat," a type of torpedo boat used during the Civil War that operated mostly underwater with only its smokestack and a few inches of hull visible above the surface. "Mostly underwater but not a submersible," he wrote.

James Huffman, 28, a warehouse laborer in Tacoma, Wash., and submarine history buff who first got interested in submarines while playing the "Up Periscope!" computer game in eighth grade, says the craft reminded him of the gasoline- and battery-powered USS Holland from around 1900, the U.S. Navy's first commissioned submarine.

Man's fascination with exploring the underwater world dates back at least to Alexander the Great, who according to legend descended beneath the waves in some kind of glass globe. Experimentation with underwater craft continued in the 1500s through the 1700s.

U.S. Coast Guard officers board a vessel they say was carrying drugs meant for the U.S., off the coast of Costa Rica, earlier this month.

In more recent history, sub-like craft were first used militarily in the U.S. during the Revolutionary War. Modern diesel and battery-powered designs appeared during the two World Wars, and in 1954, the era of true submarines that can stay submerged for long periods emerged with the nuclear-powered USS Nautilus.

Hobbyists have been building homemade subs for years with the help of plans in magazines like Popular Mechanics and designs from men like former naval submarine captain George Kittredge, whom some hobbyists consider the founder of the homemade-sub craft. The advent of the Internet brought sub fans together and let them share designs and tips.

Enthusiasts liken their submarine-building work, which can cost $15,000 or more and take many years, to building an airplane or a boat from scratch. While it is possible to buy design plans, no catalogs exist for parts. Builders have to cook them up at home. For prices ranging from about $70,000 to $1 million or more, companies like U.S. Submarines Inc. and Netherlands-based U-Boat Worx offer ready-made submarines that are popular with yacht owners looking for another toy.

Some sub enthusiasts question why smugglers would use a submarine in the first place since subs are slow and must surface. "I could see somebody towing a submersible below a cargo ship," wrote one on the psubs.org Web site and electronic mailing list. George Slaterpryce, 28, a software engineer in Ocala, Fla., suggested that "a true smuggling submarine" would "have to be something that cruises at 60 feet or so (just deep enough not to be easily noticed)," be constructed of lightweight materials and powered by a relatively silent motor and have enough air for days of submersion.

Members of the Personal Submersibles Organization recognize that the submersibles they build are not technically submarines, according to some definitions. Most homemade-sub hobbyists build one- and two-passenger steel subs that resemble 10-foot- to 15-foot-long propane tanks in shape with view ports. These subs are called 1ATMs, or 1 atmosphere subs,

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because they, like military subs, maintain basically the same air pressure inside as at sea level. Depending on the design, 1ATMs can descend 350 feet or more, travel at speeds up to about five miles an hour and stay underwater for at least an hour.

Alec Smyth, 42, of Alexandria, Va., a director of client services at software company Compuware Corp., has two subs of his own, one that descends to 250 feet and the other, still in construction, to 700 feet. He says sub hobbyists have one thing in common: "We all watched way too many Cousteau movies as kids."

Absurd Reality: Drug Wars Rewriting The Rules In Mexico (DMN)

The Dallas Morning News, November 30, 2006

The news that popular banda musician Valentín Elizalde was gunned down Saturday in Mexico near the Reynosa fairgrounds stunned many residents on both sides of the border. The 27-year-old's black Suburban was sprayed with more than 70 bullets; also killed were his driver and manager – all just minutes after he performed at the annual fair.

Such is the surreal world of the Mexican drug trade, a world in which newspapers are silenced by gunfire and a drug cartel takes out advertising blaming its rivals for the mayhem.

The traffickers don't seem the least bit put off by increased federal efforts and more soldiers on the ground. After all, they've succeeded in pressuring newspapers to stop investigative coverage of cartels and to give little attention to drug-related violence. And when stories aren't reported in the Mexican press, it's even more difficult for the media in the U.S. to know what's really going on just across the border.

Attacks against Mexican reporters are routine. In February, at least three masked gunmen barged into Nuevo Laredo's El Mañana newsroom and unloaded 30 rounds and a hand grenade, injuring the police reporter.

Reporting on the cartels may be scarce, but not so with advertising. Just days before Mr. Elizalde's death, The Family, a group believed to be associated with the Tamaulipas-based Gulf drug cartel, took out a half-page ad in Michoacán newspapers, blaming rival cartels for all the bloodshed.

Mr. Elizalde was himself no stranger to the drug world, with songs detailing the bloodshed of innocent lives and immortalizing one of Mexico's most notorious drug lords, Joaquín "El Chapo" Guzmán of the Sinaloa cartel, still on the run after his 2001 prison escape. Probably no coincidence that the singer was killed on rival Gulf cartel turf.

It's increasingly difficult to make sense of what's going on in Mexico, but the drug cartel exploits are certainly terrorizing top law enforcement officials. As one of them recently told a reporter from the San Antonio Express-News when questioned about the Elizalde death: "I don't want to say. I like my life too much. You should, too."

Colombian Intelligence Agency Leaked Information To Drug Traffickers (MHCA/MCT)

By Gerardo Reyes, McClatchy Newspapers

Monterey (CA) Herald, November 30, 2006

BOGOTA, Colombia - The former director of Colombia's FBI, known as DAS, ordered that information compromising agents of the U.S. Drug Enforcement Administration be leaked to drug traffickers, former DAS official Rafael Garcia has told government investigators.

Garcia, once chief of DAS' computer systems, confirmed to El Nuevo Herald in a telephone interview from prison that he has told Supreme Court investigators that Jorge Noguera ordered him to deliver the information to the traffickers.

"I carried the information in hard disks or in USB memory, per instructions from Noguera," said Garcia, who this month was sentenced to 18 years in prison for corruption.

Garcia has made several allegations against Noguera, who resigned from the DAS last year. Prosecutors are investigating Noguera, but he has been out of the country.

According to Garcia, he delivered the top-secret information to intermediaries for Rodrigo Tovar Pupo, an alleged trafficker and one of the top leaders of Colombia's illegal paramilitary groups.

Garcia said he specifically remembered delivering details of a vast operation being prepared by the DEA, together with Colombian antidrug agencies, to tap the telephones of drug traffickers.

He delivered the information from late 2002 until late 2004, Garcia said, when he was fired from the DAS on charges that he had deleted the records of drug traffickers from DAS computers.

While testifying before the Supreme Court, Garcia said that Noguera "almost made me feel that Colombian President Alvaro Uribe knew of and approved what we were doing," according to records.

Uribe has denied knowing of the alleged DAS corruption.

Noguera, who is now in the United States, last week declared through his lawyer that he does not have the financial means to return to Colombia to face the charges filed by prosecutors on the basis of Garcia's accusations.

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TAX:

Another Galante Defendant Pleads Guilty (DANNT)

Danbury (CT) News Times, November 30, 2006

NEW HAVEN — A New York state woman who prosecutors said had a "no-show" job at Danbury's Automated Waste Disposal pled guilty Wednesday to one count of conspiring to defraud the Internal Revenue Service.

Her plea is the seventh taken by a federal judge in connection with an extensive racketeering case centering on Danbury trash magnate James Galante.

Anna Priskie, 45, of Cortland Manor, N.Y., accepted the plea deal in front of Senior U.S. District Judge Ellen Bree Burns.

"The core of it is she admitted that for the period of 2000 through 2004 she received a modest salary from AWD, a company partially owned by her father, Thomas Milo, where she did not in fact perform the day-to-day job," said her lawyer J. Bruce Maffeo, of New York City.

Her father has also been indicted in connection with this case and his charges are pending.

Milo, Galante's silent partner, is alleged to be an associate of the Genovese organized crime family of La Cosa Nostra.

According to court records, from January 2000 through July 2005, Priskie received employee compensation and health insurance benefits from AWD, even though she provided no work to AWD or any related company.

Her family also received the free use of a Lexus during part of this time. While a no-show employee of AWD, Priskie falsely reported to the IRS that the $90,458.80 she received from AWD for the tax years 2000 through 2004 was earned income, according to government prosecutors.

Priskie also failed to report to the IRS the value of the health care benefits and the free use of the car.

She and 29 others were indicted in June in connection with the racketeering case centering on the garbage industry in Connecticut and New York state.

Her sentencing is set for Feb. 16. She faces up to five years in prison and a fine of up to $250,000.

Galante is charged with conspiring with other trash companies to carve out territories in the region where they would not compete for business. The indictment against Galante includes allegations of threats of violence, extortion, bribery and tax evasion.

Galante's case is still pending. He is at home under house arrest in New Fairfield.

CONGRESS-ADMINISTRATION:

Rep. Silvestre Reyes A Contender To Head House Intelligence Committee (MCT)

By Maria Recio

McClatchy Newspapers, November 30, 2006

WASHINGTON - Rep. Silvestre Reyes has an unusual pedigree for a member of Congress: He was a Border Patrol agent for 26 years before being elected in 1996.

Reyes, 62, can point to that law enforcement background, along with his work on defense, veterans and immigration issues, as the Texas Democrat emerges as the leading contender to become the chairman of the House Intelligence Committee.

"Silver," as the silver-haired El Pasoan is known, isn't campaigning for the post, a tactic that backfired on Florida Rep. Alcee Hastings, whom Speaker-elect Nancy Pelosi rejected as chairman Tuesday. The speaker handpicks the chairman of the committee.

But Reyes, who's served almost six years on the Intelligence Committee, definitely is interested. Reyes isn't talking now, but when McClatchy Newspapers asked him earlier this month whether he wanted the chairmanship, he said, "Of course. That would be a tremendous challenge that I would look forward to."

Rep. Jane Harman of California, the current ranking Democrat on the committee, also was passed over as chairman, making Reyes next in line.

Pelosi and Harman have a frosty relationship, and Harman bucked Pelosi by not aggressively opposing the Bush administration on Iraq.

Reyes has the backing of congressional Hispanics, which may quell the unhappiness of the Congressional Black Caucus over Hastings being denied the job. Congress removed Hastings as a federal judge in the late 1980s after he was accused of taking a bribe. He was acquitted of the bribery charges, and was elected to Congress in 1992.

"I am 100 percent behind Silvestre Reyes," said Democratic Rep. Charlie Gonzalez of Texas. "He's highly respected and everyone gets along very well with him, Democrats and Republicans, and I think that's what we're trying to achieve."

Reyes would be the only Hispanic chairman of a major committee. New York Rep. Nydia Velazquez is in line to become the chairman of the House Small Business Committee.

The Intelligence Committee job is highly visible and secretive at the same time. The committee oversees and approves the approximately $40 billion budget for all U.S. government intelligence programs. The chairman of the panel in a Democratic-majority House automatically becomes a counterpoint to the Bush administration over the unpopular Iraq war - and the intelligence used to justify it.

Reyes' background is a big factor in his favor.

"Reyes would be a good compromise candidate," said Loren Thompson, a national security expert at the Lexington Institute, a Virginia research center.

"Intelligence is a black art and a black science that is technical and has a human side," Thompson said. "This is very complicated specialized knowledge that very few people in Congress possess."

El Paso's regional military facilities include the Army's Fort Bliss, the White Sands Missile Range and Holloman Air Force Base.

Reyes, who retired as the sector chief of the Border Patrol in El Paso, was a supporter and helped secure funding for the Drug Enforcement Administration's El Paso Intelligence Center in his district. The center provides a multi-agency approach to fighting drug and border violations. It has more than 300 analysts and agents from 15 federal agencies.

Texas Republican Sen. Kay Bailey Hutchison has worked closely with Reyes on border and international issues.

"I think he would be an excellent choice," she said. "He knows the importance of intelligence, the use of intelligence and the need for confidentiality. I think he'd be a good fit."

The ability of the even-tempered Reyes to work with Republicans will help, as will his solid Democratic credentials.

"You need somebody who's a pretty capable operator at the nexus of partisanship and bipartisanship," said John Plebani, a lobbyist and former top House Democratic staffer.

Reyes has been looking forward to being in the majority for the first time since being elected. "All I've known is minority status," he said earlier this month.

Reyes is in line to be the chairman of the House Armed Services Committee's subcommittee on strategic forces. It's unclear whether he'd have to give up the subcommittee chairmanship under Democratic House rules.

Reyes' low-key style belies his reputation as a jokester and prankster. In one favorite tale told by staffers, lawmakers including Reyes and Rep. Solomon Ortiz, D-Texas, were at a party in the late 1990s at then-Vice President Al Gore's home. Gore spoke to the crowd and pointed out members he'd served with in Congress and greeted Ortiz "and his new wife." The divorced Ortiz was on a first date and turned several shades of red, staffers say, as he saw Reyes laughing in the corner.

Harman Still The Right Choice (LAT)

The Los Angeles Times, November 30, 2006

NANCY PELOSI HAS wisely decided not to appoint Rep. Alcee L. Hastings (D-Fla.), who as a federal judge was impeached and convicted by Congress in the 1980s, as chairman of the House Intelligence Committee. At a time when intelligence issues — including warrantless wiretapping by the National Security Agency — loom large on Congress' agenda, Hastings simply carried too much baggage.

Unfortunately, Pelosi has yet to bestow the chairmanship on the obvious alternative: her fellow Californian, Rep. Jane Harman of Venice, the current ranking Democrat on the Intelligence Committee. Instead, Pelosi is scrambling to find an alternative to Harman, even if it is someone with no recent experience on the panel.

Pelosi's problem with Harman is reminiscent of her ill-fated endorsement of Rep. John P. Murtha (D-Pa.) to be House majority leader. In both cases, her attitude seemed to be shaped by personal considerations — friendship with Murtha, rivalry with Harman — and tunnel vision induced by the war in Iraq. Pelosi voted against authorizing the use of force against Saddam Hussein, but Harman voted for it. (So did Murtha, before his reincarnation as a war critic.)

Whatever the explanation, Pelosi's reluctance to appoint Harman raises the question of whether the incoming speaker of the House is ready to be a national leader as well as a party boss. A boss' priority is to settle scores and reward supporters; a leader has higher obligations — especially now.

In the case of the Intelligence Committee chairmanship, those obligations make the selection of Harman a no-brainer. Far from being a disqualification for the chairmanship, her eight years on the panel constitute the sort of institutional memory the 9/11 commission said was desirable.

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Equally important, on one of the most pressing issues before the committee — NSA surveillance — Pelosi and Harman are on the same page. To her credit, Pelosi raised questions about the NSA wiretapping program after being briefed on it. Harman voted against a House bill that would have legalized the program without subjecting it to the warrant requirements of the Foreign Intelligence Surveillance Act. Moreover, the fact that Harman is a centrist who is respected by Republicans is an advantage, not a liability, in any effort by Democrats to rein in the NSA in a way that balances the real need for vigilance and the privacy of Americans.

Until this week, the biggest political obstacle to Harman's ascendancy was the bid by Hastings, the next most senior Democrat on the committee and an African American whose candidacy was popular in the Congressional Black Caucus. With Hastings no longer a factor, Pelosi faces a simple choice. Which will it be, Madame Speaker: leader or boss?

Senate G.O.P. Leader Adapts To An Unexpected Role (NYT)

By Carl Hulse

The New York Times, November 30, 2006

WASHINGTON, Nov. 29 — Senator Mitch McConnell, the Republican whip, had always planned to spend the days after the November elections preparing for a new leadership role. Now he is preparing for a role he had not planned on.

Mr. McConnell, a tough Kentucky legislative operator best known for intense opposition to the campaign finance changes enacted in 2002, saw his hope of becoming majority leader fall victim to an Election Day outcome that handed Senate control to the Democrats. So he is instead the incoming leader of the new Senate minority, albeit one who, with 49 votes in his pocket, will have the ability to block Democratic initiatives more or less at will.

"There will be nothing here they can do without some degree of cooperation from a very robust 49-vote minority," he said in an interview this week.

Despite his reputation for partisanship, Mr. McConnell said he accepted the judgment of a frustrated electorate, and expressed optimism for cooperating with Democrats, most quickly on an ethics overhaul. He also said the new sharing of government power could give the two parties an opening to take on some of the most difficult issues, including changes to Social Security.

"The question is, Are you going to work together and try to do good things for the country or not?" he said. "I would like to see us quit playing games with Social Security. They know and we know it is a huge problem. This is the kind of thing divided government might be able to conquer."

Given the divisiveness that has defined Washington in recent years, Mr. McConnell acknowledged that his overtures were likely to be met with some skepticism: is he being sincere or instead trying to lure Democrats into a political trap by getting them to agree to changes in an entitlement program enormously popular with their constituents?

Democrats, though cautious, say he deserves the benefit of the doubt.

"We want to work with them, and we hope they work with us," said Senator Charles E. Schumer of New York, who will be the No. 3 Senate Democrat in the new Congress. "You have to take an offer to sit down and discuss things on its face."

Mr. McConnell, first elected to the Senate in 1984, has been positioning himself for the role of Republican leader the last four years. When Senator Bill Frist of Tennessee took on the post in 2002 after the ouster of Senator Trent Lott of Mississippi, Mr. Frist had already indicated that he would leave Congress at the end of 2006. Almost immediately Mr. McConnell, as the No. 2 Republican, began working behind the scenes to sew up the top job. There was no opposition when his efforts resulted this month in his selection as leader.

Earlier, even as it became clear that Republicans would take significant losses in the elections, Mr. McConnell and his Republican colleagues fully expected to retain Senate control, and their demotion to minority status came as a jolt.

Still, Mr. McConnell is in a pivotal spot. Not only will he be the nexus between his party and Senate Democrats, and between Senate and House Republicans, he will also be a main conduit between Congressional Republicans and President Bush, making him responsible for managing a relationship that has been altered and complicated by the election.

After working in near lockstep with the White House for six years, some Senate Republicans are unhappy with the administration, attributing much of the blame for their party's defeat to the president and his political strategists. In addition, Mr. Bush will not face the voters again, while Republicans will be trying to regain their majority in two years, making those on Capitol Hill more inclined to protect their own interests.

Lawmakers and others note that Mr. McConnell will most likely be more independent than his predecessor. Mr. Frist, who became Republican leader amid the turmoil of racially insensitive remarks by Mr. Lott and his subsequent resignation from the post, often struggled against the perception that the White House had in effect installed him in that role.

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"Senator Frist came in during a very difficult situation," said Senator Robert F. Bennett of Utah, who will serve as a special adviser to Mr. McConnell. "Senator McConnell comes in with a long background of understanding how this place works and what he is going to have to do."

Mr. McConnell — whose wife, Labor Secretary Elaine L. Chao, will be the last remaining member of Mr. Bush's original cabinet upon the departure of Defense Secretary Donald H. Rumsfeld — said he did not foresee a major transformation in the relationship between Congressional Republicans and the White House.

"The president is personally popular with Republicans in the House and Senate," he said, "and we are generally philosophically in tune with the president."

But the senator also made clear where his first obligation resides: "I am a friend of the president, but I am a product of the Senate."

Mr. McConnell said that he would like to reach some early legislative agreements with Democrats and that he saw an increase in the minimum wage as one possibility, as long as it is tied to tax breaks for small businesses that would bear new costs. And he indicated a strong willingness to work with Democrats on changes in rules governing lobbying contacts, as well as new disclosure of earmarks — spending provisions inserted by individual lawmakers.

"We should have done it this year," he said. "I think it was a failure of the current Congress not to do that."

He also said he hoped both parties saw the new Congress as a chance to move beyond early legislative goals and find consensus on broad immigration policy and Social Security.

"If it is a little controversial," he said, "I would tell my Democratic friends, 'You can always blame it on President Bush if it makes you feel better.' "

Touch Screens? Vote Yes Or No (WSJ)

By June Kronholz

The Wall Street Journal, November 30, 2006

The election's over, but the debate about touch-screen voting isn't -- and is likely to get even louder when a new Congress takes office in January and the run-up to the 2008 contest begins.

The electoral system didn't fail under new voting equipment, concludes a report by electionline.org, a nonpartisan research group. But it also wasn't put to the test of a presidential election year, when turnout and tensions are higher, the group adds.

With 2008 on the horizon, the House seems likely to quickly pass a long-stalled bill that would tighten the security of touch-screen voting. California Sen. Dianne Feinstein, who will head the rules committee in the new Democratic-controlled Senate, has announced hearings on an identical measure.

That legislation would require that touch screens provide a paper record of each ballot and a random audit of a fraction of those records to verify that votes are being counted correctly. Seventeen states already use paper trails, and a dozen require random audits. But some of this month's closest elections -- including for House seats in Florida, Pennsylvania and Indiana -- were in states that don't use either.

Both Sen. Feinstein and Rep. Rush Holt, the New Jersey Democrat who was author of the House bill, also would require voting-machine makers to disclose to a government commission the software code that records the ballots. Voting-machine vendors say the software is proprietary, and they already submit it to private labs for testing.

That has fanned suspicion among election activists and some technology experts, who want broader access to the software to test for security holes that they claim could leave it susceptible to hackers.

State legislatures are likely to wade into the voting-equipment debate when they convene in January. Some states, including Maryland and Colorado, are having second thoughts about their touch screens. Commissioners in Cuyahoga County, Ohio, yesterday said they are considering getting rid of their touch screens. Sarasota County, Fla., voters passed a referendum this month requiring the county to dump its touch screens and revert to paper ballots. That vote came in the same election where touch-screen problems may have affected the outcome of a congressional race.

And Georgia and Utah have funded research labs at their state universities to monitor voting-equipment standards and security -- areas where the federal government has been slow to act.

There are practical limits to most legislation, though. A paper-trail law probably wouldn't have prevented the Sarasota mishap, where about 18,000 voters apparently didn't notice that they hadn't voted in the House race, even though a summary page at the end of the ballot flagged their oversight. A paper record would have carried the same information and could also have been ignored.

Moreover, all but two states -- New York and Connecticut -- have spent their share of the $3.1 billion that the 2002 Help America Vote Act offered them to replace their old punch-card and lever voting machines, and make other electoral changes.

Election Data Services, a political consulting firm that tracks election administration, says more than half of U.S. counties used the money for optical scan voting machines, which read a voter's marks on a paper ballot and have been largely trouble free.

About 36% of jurisdictions chose touch screens, which prompt a voter through an on-screen ballot, like an ATM. David Magelby, a Brigham Young University professor who ran exit polls on voter attitudes toward touch screens, says voters trust the equipment, but "it's a fragile trust." Because the machines weren't an issue in most of this year's close elections, many reports of touch-screen glitches attracted little attention.

States or counties that want to switch equipment will probably have to pay for it themselves. "If I were a county election official, I would not be budgeting any more federal money for voting equipment," says Douglas Chapin, director of electionline.org.

Congress might have to pay for any modifications it mandates, like printer attachments to collect backup paper records. Diebold Inc. of North Canton, Ohio, says its touch screens could be fitted with printers and the software that runs them for about $400 to $500 each. But any supplemental money is likely to be modest because of competing priorities, Democratic staffers predict.

With only a few buyers left in the market, the dozen-or-so voting-machine vendors are likely to consolidate, eventually leaving only three or four, says Doug Lewis of the Election Center, an association of election officials. They're also unlikely to devote time or resources on new touch-screen models if they expect few new sales.

Instead, Diebold will concentrate on new products, including an electronic poll book that replaces paper lists of voters' names, says Mark Radke, marketing manager for Diebold's election unit. Diebold also plans to begin marketing a "vote remote product" that it says verifies a voter's signature on an absentee ballot and a voting machine accessible to the disabled that casts a ballot when a voter puffs or draws air or toggles a switch with a foot.

Meanwhile, Congress is likely to go way beyond voting machines in debating changes in election procedures. Both the House and Senate are likely to consider rules that would allow each party to have poll watchers in voting places and that would prohibit state election chiefs from serving on political campaign committees. The latter rule, if in force in 2000, would have precluded Katherine Harris from simultaneously overseeing the Florida election recount and serving on President Bush's campaign committee.

Still smarting from close losses in the 2000 and 2004 presidential elections, the Democratic-controlled Congress also may push for changes in voter-registration and voter-ID laws. As it is, states set their own identification requirements, and this year, four passed laws requiring voters to present a photo ID. Different state or federal courts blocked those laws in Georgia and Missouri but let them stand in Arizona and Indiana.

Democrats generally feel they lose votes if voters have to produce a driver's license or other photo ID or must show identification with their current address. They could push for legislation that limits the kind of identification required in federal elections, Democratic staffers say.

Republicans generally favor tough ID laws because their voters typically move less often and have drivers' licenses that they can easily produce. Republicans would oppose any legislation that sets minimal identification requirements, which they say would encourage ineligible voters to cast ballots.

Any changes to voting laws or touch-screen regulations would need Republican support to pass, and that could stall or derail action. With the 2008 election expected to be as contentious as this year's, neither party will want to pass anything that could hurt its electoral chances, or help the other party.

Republicans Want Vote On Abortion Bill (AP)

By Laurie Kellman

AP, November 30, 2006

While they still can, House Republicans are looking at scheduling a vote next week on a fetal pain abortion bill in a parting shot at incoming majority Democrats and a last bid for loyalty from the GOP's base of social conservatives.

The measure is tentatively on House GOP leaders' list of bills to be considered in a lame-duck session before Democrats assume control of Congress. It has no chance of passing the Senate during the waning days of Republican control. But, with Democrats ascending to agenda-setting roles, passage isn't the point, said one conservative leader.

"Next year, the leadership of the House will be hardcore pro-abortion loyalists," said Douglas Johnson, legislative director of the National Right to Life Committee. "They will block votes on even modest pro-life measures like this one."

The vote would be the first on the measure, which was introduced in September and referred to a health subcommittee, where no action on it was taken. Johnson said his group wants a House vote to test support for the measure.

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The bill, by Rep. Chris Smith, R-N.J., defines a 20-week-old fetus as a "pain-capable unborn child" — a highly controversial threshold among scientists. It also directs the Health and Human Service Department to develop a brochure stating "that there is substantial evidence that the process of being killed in an abortion will cause the unborn child pain."

Abortion providers would be required to inform the mothers that evidence exists that the procedure would cause pain to the child and offer the mothers anesthesia for the baby. The mothers would accept or reject the anesthesia by signing a form. The bill allows for an exception for certified medical emergencies.

When fetuses can feel pain — versus a reflexive drawing back from stimuli — has been the subject of heated debate. Researchers at the University of California, San Francisco last year reviewed dozens of studies and medical reports and said that fetuses likely are incapable of feeling pain until around the seventh month of pregnancy, when they are about 28 weeks old.

That report hardly settled the issue for Johnson's group. The legislation would enshrine other evidence that fetuses "would experience great pain during abortions by 20 weeks," the Right to Life Committee said in a letter this week to House members.

Hedging On Hedge Funds (NYT)

The New York Times, November 30, 2006

In October, a month after the Amaranth hedge fund lost $6.6 billion — the most ever by a hedge fund — Henry Paulson Jr., the Treasury secretary, spoke with Bloomberg News about the importance of “transparency” at hedge funds and “liquidity” in the system. His remarks were interpreted at the time as a warning, perhaps even a harbinger of more oversight.

What a difference a month makes.

In what was billed as a major economic address last week, Mr. Paulson devoted less than one-tenth of his speech to hedge funds, leaving the impression that he is basically satisfied with the regulatory status quo.

No one wants the Treasury secretary to be an alarmist. But other officials, notably at the Federal Reserve Bank of New York and the Securities and Exchange Commission, have gone further than merely acknowledging “potential risks” and pledging more “deliberations,” as Mr. Paulson did in his speech. Without pushing any panic buttons, they have broached the need for more collateral and better risk controls at banks that deal with hedge funds and greater oversight of hedge funds that solicit investments from pension plans.

Currently, some 9,000 hedge funds manage $1.3 trillion of investors’ money and control trillions of dollars more through their use of loans and derivative financial tools. They invest in all major sectors and operate through banks and securities firms, affecting the economy as a whole. And yet, they remain largely beyond the reach of federal overseers, a holdover from the days when they were much less ubiquitous. In 1990, only a handful of hedge funds existed, and altogether they managed just $39 billion.

Opponents of regulation routinely note that hedge funds are indirectly supervised because the banks they do business with are regulated. According to that logic, banks guard against excesses by their hedge fund clients to protect themselves from losses and regulatory problems. That reasoning also assumes that bankers are free of conflicts that might impair their judgment. But as hedge funds have grown, banks have earned increasingly larger commissions, fees and trading profits from them, a development that could induce some bankers to err on the side of recklessness.

There’s also an issue of practicality. As hedge funds become more numerous and complex, it is simply not feasible for banks to stay on top of their activities. And then there’s the matter of responsibility. It’s not a banker’s job to protect the public interest. It’s the job of regulators.

Mr. Paulson was right when he noted in his speech that the need for regulation must be balanced against the benefits of flexibility. But the challenge of striking a balance is beginning to sound like an excuse for delay. It’s time to move the discussion beyond whether hedge funds require more regulation to how they should be regulated.

Not So Grand Bargain (WSJ)

The Wall Street Journal, November 30, 2006

The Bush Administration has been around long enough that by now we can smell a retreat in the making. To wit, the White House is getting ready to throw personal retirement accounts over the side in an attempt to cut a Social Security deal with the new Democratic Congress. Will a tax increase be the next concession?

President Bush has made no secret of his desire to claim some kind of Social Security deal as a legacy before he leaves office. Asked last week about possible negotiations, Treasury Secretary Hank Paulson declared there would be "no preconditions." Without quite admitting that personal accounts have to go, White House aides say dropping them is the price Democrats will demand even to discuss Social Security. While an attempt at bipartisanship is fine, the contents of the potential deal are worrisome. * * *

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The evident White House hope is that, in return for this retreat on personal accounts, Democrats would agree to reduce the growth of future Social Security benefits. Specifically, that means some form of "progressive indexing" that Mr. Bush endorsed in a failed attempt to coax Democrats from their just-say-no Social Security strategy in 2005.

Promoted by financier Robert Pozen, "progressive indexing" would adjust future Social Security benefits according to a cost-of-living index. Currently, benefits rise each year based on the increase in average wages, which over time has meant about 1% a year faster than general price inflation. This wasn't part of Social Security's original plan but became law in 1977 as politicians sought to buy off the senior lobby by increasing benefits. This means retiree benefits will double in inflation-adjusted dollars by 2077 -- so changing to an inflation standard certainly makes fiscal sense.

The Pozen plan is also "means-tested," meaning that the wages standard would change to the inflation standard on a gradual basis as retiree incomes rise. Lower-income workers would see no change in their benefit formula. Estimates are that the Pozen plan would nonetheless save enough money to eliminate about 70% of Social Security's current unfunded future liabilities. The White House hope is that if Democrats agreed to "progressive indexing," they and the President could then declare a bipartisan political triumph of having "saved" Social Security. * * *

We endorsed the Pozen proposal last year, but that was when it was floated as a tradeoff for personal Social Security accounts. If those accounts are now off the table, then this kind of "grand bargain" is no bargain at all.

It is true that the Pozen plan would reduce future taxpayer liabilities on paper, but the key words are "on paper." No one can guarantee that future Congresses won't turn around and promise greater benefits once again as Congress did in 1977 and many other times over the years, even if the 110th Congress agrees to the Pozen formula. Al Gore used the temporary budget surplus as an excuse to promise more benefits as recently as the 2000 Presidential campaign.

More broadly, genuine Social Security reform is about more than federal accounting and "solvency." It ought to be about individual ownership and retirement independence. Personal accounts are a way to let younger workers -- especially lower-income workers -- put some of their payroll taxes into accounts that they would own and could grow over time. They would build wealth, and their future benefits wouldn't depend on the whims of future politicians. The Pozen plan by itself merely reduces their benefits and maintains Social Security as a cross-generational income transfer program.

As for "bipartisan" politics, Democrats cynically refused even to discuss Social Security reform last year, though they well know that benefits will soon start exceeding payroll tax revenues. Now that Democrats run Congress, they can reduce future benefits if they want to. But if they now want Republicans to give them political cover for doing so, at least the start of personal accounts should be part of the price.

There is also the issue of that 30% of future liabilities that would remain unfunded even under Pozen. Odds are that Democrats will pocket Mr. Bush's concession on private accounts and then move the goal posts. In return for even the modest Pozen reductions in benefit growth, they'll demand that Mr. Bush agree in the name of "fairness" to raise taxes too. And if Mr. Bush does that, his own political coalition will splinter like a tree hit by lightning. * * *

We wish we were confident that Mr. Bush will resist this temptation, but Presidents on a legacy hunt are hard to predict. The Beltway press corps and many of his own advisers will also be cheering him on. His former White House economic adviser, Lawrence Lindsey, warned on these pages recently that the White House is contemplating precisely this kind of deal.

On Social Security, Mr. Bush fought the good fight, only to be foiled by Democratic intransigence and troubles in Iraq that slashed his approval rating and thus his power to persuade. His achievement has been to offer a framework for reform that will be vindicated by some future President. He shouldn't tarnish that by signing onto one more temporary Washington fix that trades an immediate tax increase for the promise of future benefit cuts.

OTHER NEWS:

US Economic Growth Beats Forecasts (FT)

By Eoin Callan And Krishna Guha

Financial Times, November 30, 2006

The US economy grew at a rate of 2.2 per cent in the third quarter, faster than previously thought, while wage growth earlier this year was revised down on Wednesday, adding to evidence that the economy is on track for a soft landing.

This picture was reinforced by the latest Fed Beige Book survey of economic conditions, which offered little sign of a deterioration in the US economy during October and early November.

Most regional Fed districts “reported continued moderate growth.” In spite of “continuing softness in automobile and housing-related sales”, most districts said customer spending increased over the period.

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Demand for services was seen as "healthy, according to most reports" while even manufacturing activity – which data suggests has seen some weakness – was "generally positive in most districts."

The Beige Book highlighted continued pressure in the jobs market, with a number of districts continuing to report "that labour markets were tight, especially for high-skilled occupations." Wage growth, though, was characterised as still "generally moderate."

The improved estimate for third-quarter growth is significantly higher than the government's initial estimate of 1.6 per cent annualised and well above Wall Street's expectations of 1.8 per cent, though still lower than the 2.6 per cent growth in the second quarter.

The growth rate underlines the Federal Reserve's optimistic view that the US economy is expanding at a moderate rate, in spite of the drag from a severe correction in housing.

The stronger growth estimate makes it more likely that the Fed will continue to keep interest rates on hold as it continues to monitor inflation, which remains "uncomfortably high" in the view of Ben Bernanke, chairman.

Price pressures were fractionally more muted than previously thought in the third quarter, with the Fed's favoured measure – the core personal consumption expenditure deflator – easing to an annualised rate of 2.2 per cent from an earlier estimate of 2.3 per cent.

Wage and salary growth in the second quarter was much slower than previously thought, information that will partly ease Fed concerns about inflation pressures arising from the tight labour market.

The government statistics showed considerable strength in the business sector as commercial investment rose at a 10 per cent annual rate – higher than the previous estimate of 8.6 per cent – while corporate profits grew much faster than earlier estimates suggested with a rise in pre-tax earnings of 4.6 per cent to $46.3bn.

The housing sector remained one of the weakest, with investment in homes falling by 18 per cent during the quarter, the biggest decline in 15 years - in line with earlier estimates.

Separate data released on Wednesday showed that sales of new homes fell 3.2 per cent in October, while supplies of unsold houses remained stubbornly high, though new house prices ticked up. The biggest drop was in the North-East, where purchases fell 39 per cent from the previous month, according to the National Association of Realtors.

Haseeb Ahmed, an economist at JP Morgan Chase, was sanguine about the housing data, saying: "We would regard the trend over the past few months as essentially flat, consistent with what we have been seeing in mortgage applications for home purchase."

Economy's Growth Outpaces Predictions (WP)

By Nell Henderson

The Washington Post, November 30, 2006

The U.S. economy grew considerably faster than initially thought in the three months that ended in September, the government said yesterday in a report that underscores Federal Reserve fears about the risk of inflation.

The nation's gross domestic product, which is the value of all goods and services produced, rose at a 2.2 percent annual rate during the July-through-September quarter, the Commerce Department said. That was a modest growth rate, but it was significantly better than the department's initial estimate of 1.6 percent, which would have been the weakest pace in more than three years.

The new figures still show the economy has slowed this year, after expanding at a torrid 5.6 percent annual rate in the first three months and at a moderate 2.6 percent pace in the second quarter.

But the revised figures show an economy that continues to expand, not sputter toward a recession as many analysts had feared after seeing estimates of third-quarter growth. Consumers increased their spending at a faster rate in the third quarter than in the previous quarter, while business investment and exports also rose more briskly.

Those gains were enough to more than offset a steep plunge in home building. Spending on residential construction fell at an 18 percent annual rate, the fastest drop in 15 years and a slightly steeper decline than the Commerce Department's 17.4 percent estimate.

"The only reason the economy has slowed down is because of the housing markets," said Eugenio J. Alem?n, a senior economist with Wells Fargo Economics. "But that's it. There is no other sign the economy is weak."

Rather, Alem?n said, the Commerce Department report shows "the economy is doing better than the markets and some analysts are saying. The slowdown is there, but the sky is not falling."

That fits with Federal Reserve Chairman Ben S. Bernanke's remarks Tuesday indicating the central bank is more confident the economy is headed for a gentle slowdown that should cause inflation to fall without triggering too severe of a downturn.

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Bernanke said Tuesday that he expected inflation to decline over the next year as the economy grows at a moderate pace. Analysts peg that at an annual rate of about 2.5 percent, or slightly less than the fastest speed at which experts believe the economy can expand over time without spurring inflation. Bernanke made it clear, however, that he continues to see inflation, not recession, as the biggest risk facing the economy.

A separate Fed survey of regional conditions released yesterday concluded that the economy has kept to that pace in recent weeks. The report said most of the 12 Federal Reserve regional banks reported "moderate growth" in their districts since the preceding survey, in mid-October, despite continued weakness in housing-related industries.

Economic growth even picked up speed in the districts overseen by the Federal Reserve Bank of New York and the Fed Bank of Richmond, which serves the Washington area. The Richmond bank was also among several regional Fed banks that reported tight labor markets, particularly for workers with skills in finance, health care, engineering, legal services, oil field work and trucking.

The housing figures since September have been mixed. New-home sales fell 3.2 percent in October, the Commerce Department reported yesterday. But sales of previously owned homes, which account for most of the market, rose 0.5 percent last month, the National Association of Realtors said yesterday. Inventories of unsold homes keep climbing, while prices have fallen in many markets.

Meanwhile, consumers kept spending this month and last, benefiting from lower fuel prices, falling mortgage rates, low unemployment and rising incomes, according to the Fed regional survey and other recent retailers' reports.

The Commerce Department also gave the Fed some good news by slightly lowering its estimate of inflation in the third quarter. Consumer prices rose at a 2.4 percent annual rate, just below the 2.5 percent previously reported. After excluding volatile food and energy prices, core consumer prices rose 2.2 percent in the third quarter, compared with the estimated 2.3 percent.

Pace Of Economy's Growth Is Revised Upward (NYT)

By Jeremy W. Peters

The New York Times, November 30, 2006

The rough patch that the American economy hit in the third quarter was not quite as rough as the government first estimated.

New figures released yesterday by the Commerce Department showed that gross domestic product expanded at a 2.2 percent annual rate from July through September, notably more than the 1.6 percent reported last month.

But new signs surfaced yesterday suggesting the economy may be headed for a steeper decline during the rest of the year, with corporate inventories bulging and home sales deteriorating further.

Economists said that the slide in growth had still not bottomed out on its way down from the lofty 5.6 percent expansion in the first quarter.

"Things kind of tailed off in the third quarter, so you entered the fourth quarter without much momentum," said Joshua Shapiro, chief United States economist with MFR, an economic research firm. "We're not off to a great start."

A separate report from the Commerce Department yesterday said that sales of new homes dropped in October for the fifth time in 10 months, falling 3.2 percent from September. Compared with a year earlier, new home sales plunged 25.4 percent. It was the ninth consecutive month of year-over-year declines of more than 10 percent — the longest such string since 1991.

The housing sector, by far the biggest drag on growth in the third quarter, wilted at a slightly faster rate in the third quarter than the government initially reported. In all, the contraction in the housing market subtracted 1.16 percentage points from the annualized growth rate, compared with the 1.12 percentage points reported last month.

Two main factors led to the upward revision in the third-quarter figure: Americans purchased fewer goods from overseas than initially thought, and businesses added to their inventories more quickly.

On Wall Street yesterday, investors bid stocks upward on news of the stronger growth figures. The dollar, which has declined in recent days because of fears about the United States economy starting to slide, retraced some of its losses.

While increasing purchases by businesses bode well for the economy in the short term, they could drag down growth in the future if inventories pile up, economists said.

"A classic sign of an economy that's going to have trouble is an inventory accumulation," said David Kelly, an economist with Putnam Investments. "If companies don't sell as much stuff as they bought in one quarter, then they don't produce as much in the next quarter."

One benefit of the slowing economy has been lower inflation. The revised G.D.P. report showed that the pressure from inflation also eased more than the government first estimated. A broad index of consumer prices rose at a 2.4 percent annual rate, compared with an initial estimate of 2.5 percent. And a gauge of inflation, closely watched by the Federal Reserve, that

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strips out volatile food and energy prices posted an annualized "core" rate of 2.2 percent, compared with 2.3 percent reported last month.

The figures were consistent with other recent economic reports that have showed price increases starting to slow recently. Yesterday the Federal Reserve released its beige book report, which said that most regions of the country saw prices moderate from the beginning of October through Nov. 20.

While the Fed has held rates steady since August, its members have repeatedly cautioned that any resurgence of inflationary pressure could prompt it to start raising them again. On Tuesday, the Fed chairman, Ben S. Bernanke, warned in a speech in New York that inflation remained "uncomfortably high," signaling that future rate increases have not been ruled out. He identified pressure from rising wages and income as a potential threat because employers could pass their rising labor costs onto customers.

Indeed, the beige book showed that wages were rising quickly in some parts of the country. It cited "more rapid" wage gains in the San Francisco district, especially for skilled workers in health care, finance and construction. And it noted that employers were "increasingly reliant" on hiring bonuses to recruit skilled workers. Similar patterns were reported in the New York district.

The beige book largely depicted an economy that was moderating as the slowdown in housing weakened overall economic growth. "Most districts cited declining sales and rising home inventories," the report said.

The situation seemed particularly bleak in the San Francisco district, where banks were beginning to report that some builders had been delinquent in repaying loans.

The unsold inventory of new homes continued to mount, according to the Commerce Department's report. There is now a seven-month supply on the market, compared with 6.7 months' worth in September.

Even so, median prices for new homes ticked up in October to $248,500, 1.9 percent higher than a year earlier. Economists attributed the price jump to regional variations, and said it was not an indication that prices had bottomed out.

"Mix and location of home sales is clearly impacting the overall median price," Stuart Hoffman, chief economist with PNC Financial, said in a research report.

Sales in the West, where houses are more expensive on average than elsewhere in the country, actually rose last month. It was the only region of the country where sales increased.

Fed Report Shows Economy Grew Modestly (USAT)

By Barbara Hagenbaugh And Sue Kirchhoff

USA Today, November 30, 2006

WASHINGTON — The economy grew moderately across much of the USA in October and November despite softness in housing and car sales, the Federal Reserve said Wednesday.

In its regular "beige book" report, an anecdotal look at the economy named for the color of its cover, the Fed said consumer spending had increased and labor markets remained tight, leading to some wage gains.

The beige book will be used by Federal Reserve policymakers when they next meet on Dec. 12 to discuss interest rates.

Investors in a market in which participants bet on future Fed moves predict the Fed will not change interest rates for the fourth-consecutive meeting next month. After raising interest rates 17 times over two years, the Fed's target for short-term interest rates is at 5.25%, the highest level in nearly six years.

Stocks Sustain Rally On Bright GDP Report (WSJ)

By Peter A. Mckay

The Wall Street Journal, November 30, 2006

A government report showing surprisingly strong economic growth helped stocks finish higher for a second straight day, as investors played down the possibility of higher interest rates.

On the heels of Tuesday's 14.74-point gain, the Dow Jones Industrial Average jumped 90.28 points, or 0.7%, to 12226.73, up 14.1% on the year. The Standard & Poor's 500-stock index rose 0.9%, or 12.76 points, to 1399.48, up 12.1% on the year. The Nasdaq Composite Index gained 0.8%, or 19.62 points, to 2432.23, up 10.3% on the year.

The Commerce Department revised its earlier estimate of third-quarter gross domestic product -- essentially, the U.S. economy's bottom line. The agency said GDP grew 2.2% in the period, compared with its initial estimate of 1.6%.

Wall Street analysts had expected the new estimate to come in at 1.8%, a far more modest rise than what was announced. Some said the higher estimate lent credence to Federal Reserve Chairman Benjamin Bernanke's comments Tuesday that the threat of inflation remains so intense that the central bank's primary worry is whether to raise interest rates again to slow runaway price increases throughout the economy.

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Although the prospect of another Fed rate increase generally makes investing pros jittery, in recent days many have embraced the idea that a steadily growing economy bolsters corporate profits and stock prices.

"There are certainly some risks ahead, but I think there's a lot of reason to feel good about the market right now," said Michael Cuggino, president and portfolio manager for the Permanent Portfolio Family of Funds. He said he believes the central bank could hold its key interest rate steady for as long as another 12 months. "There's nothing that says you have to go up or down," he said. "You can be neutral for a while."

On a downbeat note for stocks, crude-oil prices rose for a third straight day after weekly data from the Department of Energy showed a surprisingly large drawdown in U.S. energy inventories. Futures contracts for January delivery jumped $1.47, or 2.4%, to a two-month high of $62.46 a barrel, up 2.3% on the year at the New York Mercantile Exchange.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 2.77 billion shares, as 2,665 stocks advanced, and 675 fell.

Bond prices fell: The 10-year note fell 5/32 point, or $1.56 for each $1,000 invested, pushing the yield up to 4.525%. The 30-year bond fell 10/32 to yield 4.614%.

The dollar strengthened. Against the Japanese currency, the dollar rose to 116.41 yen, compared with 116.09. The euro fell to $1.3146, compared with $1.3198.

Housing Slump Likely To Take Toll On 4th-Quarter Growth (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, November 30, 2006

New-home sales fell in October, suggesting that the housing sector will continue to hamper economic growth in the fourth quarter at a time when business investment is also weakening.

Sales of single-family homes declined last month to a seasonally adjusted annual rate of 1.004 million, down 3.2% from September and 25.4% from a year earlier, the Commerce Department said yesterday. At the same time, the number of new homes on the market climbed to a seven-month supply, based on the current sales rate, up from a 6.7-month supply in September.

Analysts say the high inventories suggest that builders are likely to curtail new construction in the current quarter, which will further damp economic growth.

A separate report underscored the housing slump's toll on the economy. The Commerce Department said yesterday that the nation's economy grew at a seasonally adjusted annualized rate of 2.2% in the third quarter, up from its initial estimate of 1.6%.

The upward revision, which reflected a stronger-than-expected buildup in business inventories and slower-than-expected import growth, cheered investors, helping send the Dow Jones Industrial Average up 90.28 points to 12226.73 (See related article2).

However, residential fixed investment -- a component of gross domestic product that reflects the nation's spending on housing -- plunged 18% during the quarter, the sharpest drop in 15 years, shaving 1.16 percentage points off overall growth.

"The drag from housing is going to get bigger," said Brian Bethune, U.S. economist at consulting firm Global Insight, who expects economic growth to slow to between 1.5% and 2% in the fourth quarter. "We're losing steam."

While most economists agree that the economy is cooling in the current quarter, as housing sales and construction activity decline, there is considerable debate about the extent of the slowdown. Earlier this week, Federal Reserve Chairman Ben Bernanke said that growth outside housing and autos remains "solid," and that the Fed is more inclined to raise short-term interest rates than to cut them.

That put Mr. Bernanke at odds with bond-market investors, who point to the cooling housing market, moderate consumer-spending gains and a recent report showing that business orders fell sharply in October as signs that the threat of inflation is easing.

David Seiders, chief economist at the National Association of Home Builders, said demand for homes appears to be stabilizing, a point that Mr. Bernanke made in explaining his upbeat view of the economy. Although new-home sales have slipped, Mr. Seiders notes that October's annualized sales rate of 1.004 million units was roughly equal to the 1.005 million average for the three months through September.

That suggests the housing market is "stabilizing when you consider the kind of downswings" occurring earlier this year, Mr. Seiders said. He expects new-home sales to level off at an annualized rate of roughly one million units in the fourth quarter and to "gradually improve" in 2007.

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Although housing inventories rose last month, based on the current sales rate, the Commerce Department said that the median sales price of new homes climbed to $248,500, up nearly 14% from September. Mr. Seiders said home builders are showering buyers with sales incentives, such as paying $5,000 toward closing costs or upgrading amenities, which has helped some builders sell homes at high prices.

The Federal Reserve's latest survey of economic conditions, which was released yesterday, suggests that consumer spending is weathering the housing slump. "Despite continued softness in automobile and housing-related sales, most districts reported that consumer spending increased during October and early November," according to the Fed's "beige book," which added that the economy continues to experience "moderate growth." Labor markets remained tight, especially for the high-skilled, and wage growth was "generally moderate," the Fed said.

For now, other readings suggest inflation isn't flaring, despite signs of climbing wages. Excluding food and energy, inflation rose 2.2% in the third quarter, down from 2.7% in the second quarter, according to the personal-consumption expenditures index, the Commerce Department's inflation measure, which it updated yesterday.

Still, some economists said core inflation remains a problem, because its current level is above the Fed's perceived comfort zone of 1% to 2%. "It's good to see the inflation numbers down, but it's too early to declare victory," said Joel Naroff, chief economist at Naroff Economic Advisors. "While we may have passed the peak in inflation, it doesn't mean we're on a clear, downward slope as far as inflation goes."

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com4

As Housing Goes, So Goes The US Economy? (CSM)

By Mark Trumbull

The Christian Science Monitor, November 30, 2006

Evidence keeps piling up that the housing sector, after fueling the American economy with its historic boom, is now in a recession.

Usually, housing downturns precede broader recessions in the whole economy. But this time, forecasters say that, for a range of reasons, the economy may continue on a path of growth.

The decline in home prices and sales volume has ripple effects, to be sure. Wednesday, the Commerce Department reported that the economy grew at a 2.2 percent annual pace in the quarter from July through September, a slower pace than earlier this year. A main reason was the slump in residential construction.

But housing and the rest of the economy may be traveling on divergent tracks. In 2001, the last time the nation was in recession, housing did well as home prices continued to climb. Now, the reverse appears to be occurring.

"Typically in the past when housing fell into a recession so did the economy," says Ed Yardeni, chief economist at Oak Associates, an investment firm in Akron, Ohio. This time, "the rest of the economy is growing quite well.... There seems to be a certain amount of resilience."

Weathering the housing slump won't necessarily be easy.

This week, the median sales price of previously owned homes took its biggest tumble ever, falling 3.5 percent in October from the level one year ago to $221,000, according to the National Association of Realtors.

The housing slump hurts the economy in several ways.

There's lower construction spending, falling purchases of appliances, paint, and other home-related goods, and a negative "wealth effect" that affects consumer spending. As home prices dip, homeowners have less equity in their homes, or less money to spend.

Of the 13 occasions when residential construction turned negative on a year-over-year basis, recessions followed 10 times, according to research by the investment firm Merrill Lynch in New York.

Several factors, though, suggest that the current housing downturn may not drag the wider economy into recession:

· It usually takes more than just a housing contraction to cause an economy-wide recession. Although construction and home sales have often preceded past recessions, some other factors - a drop in government spending on defense, a jump in oil prices - have also contributed to a wider slump.

· The Federal Reserve is learning more about what it takes to guide the economy to a "soft landing." The Fed's goal is to remove inflationary pressures from the economy while not causing a recession by squeezing the credit environment too much.

As in the past, interest-rate hikes by the Fed over the past two years have cooled the housing market. The policymakers have stopped raising rates for now, watching to see whether they can thread the needle just right. Often past efforts have failed, but most economists think the Fed will avoid causing a recession this time.

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· The market for home mortgages is very different than in 1990, when the last big housing crunch occurred. Now, when people get a mortgage, the loan generally doesn't stay with the bank that originated it. Instead, loans are packaged in bundles and sold to investors who reap the stream of monthly income from homeowners.

The upshot: The housing market's risk is diffused more widely, so banks face less pressure to cut back on lending during housing downturns.

"One of the important developments on the capital markets since the mid-1980s is securitization" of loans, Mr. Yardeni says. In this housing slump, banks are still lending, and their stocks are doing well on Wall Street.

· While the housing downturn is steep, its effects on consumers may be smaller than many fear. Surging home prices have added trillions of dollars in wealth to homeowners. That won't all be wiped away by a 3.5 percent decline in home values, or even by a 10 percent decline, which some forecasters say is possible.

Moreover, any negative "wealth effect" from home values promises to be offset by rising incomes. In the current job market, with unemployment near record lows, wages are on the rise. It's hard to know how long that pattern will continue, but it will help offset the impact of home prices.

"Income is 10 times more important than wealth" as driver of the economy, says Richard Berner, US economist at the investment house Morgan Stanley in New York.

That's a key reason he expects the economy to escape a recession next year.

"This isn't bulletproof," he says.

The risks are that the housing recession could fall deeper than analysts expect, or that energy prices could spike higher again.

Oil has edged back above $60 a barrel this week, trading close to $62 Wednesday morning. That's still well below its peak of around $75 a barrel this summer.

The stock market shows little worry of recession among investors. Stock prices rebounded Wednesday despite the rise in oil prices, with the Dow Jones Industrial Average well above 12,200 in morning trading.

In a speech this week, Federal Reserve chairman Ben Bernanke described a generally strong economy, where inflation was a greater concern for policymakers than the risk that the housing sector will put too much of a drag on economic growth.

"Although residential construction continues to sag," he said, "some indications suggest that the rate of home purchase may be stabilizing, perhaps in response to modest declines in mortgage interest rates over the past few months and lower prices in some markets."

For both new and existing homes, the pattern this year has been of sales volume declining and prices weakening - but not necessarily every month. Wednesday for example, the government reported that new-home prices rose in October even as sales fell sharply.

Why Globalization Fans Must Win The Middle (WSJ)

By David Wessel

The Wall Street Journal, November 30, 2006

But will any of that boost wages of laid-off factory workers in the Midwest? Or make them more optimistic about their children's chances for jobs that buy middle-class lifestyles? And what are the political ramifications if Democrats, so quick to criticize Republicans for tolerating stagnant wages, fail to offer workers cause for hope?

Part of the Democratic answer is to share the fruits of U.S. prosperity more evenly. Reader response to last week's column, which detailed options in the Democratic playbook, proves that's not universally popular: Many think government ought not to concern itself with the gap between winners and losers in the economy. Some think restraining inequality is impractical; they argue tax increases on the rich retard economic growth. Others think it's just wrong.

Yet some prominent fans of globalization -- Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke among them -- warn that widening inequality threatens the political consensus for globalization, deregulation and flexible labor markets, all of which they deem essential to economic growth. To them, responding to inequality isn't ideological; it's pragmatic.

What would they do? Improve education, mostly. But, as former Treasury Secretary Lawrence Summers, himself a cheerleader for globalization, put it in an op-ed piece last month: "Education is central to any economic strategy, but there is a limit to what it can do for workers in their 40s and beyond. Nor can education be a complete answer at a time when skilled computer programmers in India are paid less than $2,000 a month.

"What the anxious global middle is told often feels like pretty thin gruel," he argues. "The twin arguments that globalization is inevitable and protectionism is counterproductive have the great virtue of being correct, but do not provide much consolation for the losers."

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Which brings us to what's preoccupying Gene Sperling, a Democratic cabinet-secretary-in-waiting firmly in the pro-globalization wing of the party. Democrats, he says, must figure out what government can do to encourage business to create more middle-class jobs in the U.S.

Robert Reich, the former Clinton labor secretary, gives Democrats similar advice: "Instead of framing basic economic questions as whether to roll back Bush's tax cuts, make it about how to re-create good jobs at good wages and rebuild the middle class," he says.

But how? Mr. Reich recites a familiar list: trade policy, industrial policy -- government attempts to influence the flow of capital toward promising industries and companies -- antitrust, publicly financed research and development, and stronger trade unions.

Mr. Sperling is reaching for something that sounds, well, less like tired Democratic rhetoric. "One of the great challenges for 'pro-growth progressives' is coming up with a vision of where middle-class jobs are coming from that doesn't rely on 'industrial policy' or public works," he says.

Pro-growth conservatives have a clear vision: Cut taxes, discourage lawsuits, push government aside and let American entrepreneurial dynamism flourish. Mr. Sperling derides that "field of dreams" approach as sitting back and hoping good jobs will come. He argues that recent history shows that approach is insufficient.

His goal is easily expressed: Make the U.S. "a magnet for high-value job creation." But the available options are limited. On the substance, he says, "It's tough to say with confidence what will work because, given the global labor market, jobs will go to where the lowest wages" are. And the politics are hard, too. "It's very abstract for people who are suffering to say: 'We're going to double the National Institutes of Health budget.' "

This is, however, the big question hanging over the U.S. economy: What will assure Americans there will be good jobs for their kids? Answering that is key to Democrats for partisan reasons. But it's increasingly clear to champions of globalization from both parties -- those in government and those in business -- that unless they can answer it, they're handing a cudgel to those who think they can stop the further integration of the world economy.

'Fair Trade' Foolishness (WP)

By Robert J. Samuelson

The Washington Post, November 30, 2006

We may be about to shoot ourselves in the foot -- or maybe the chest -- on trade. In the name of "fair trade," we may punish our own exporters. In 2005 worldwide exports exceeded $10 trillion. Since 1980 they've more than tripled while the overall global economy doubled. Like it or not, massive international flows of goods and services (aka "globalization") underpin all modern economies. Supply chains have dispersed. We can accept this reality and try to benefit from it. Or we can rail against it. We seem to be edging toward railing.

Just last week Democratic congressional leaders signaled that they may oppose new trade agreements with Colombia and Peru. Who, if anyone, would benefit is unclear. As The Post reported, the agreements' darkened prospects have already led to layoffs in Colombia. In the United States, manufacturers believe the agreements would expand their exports. Peru's tariffs average about 10 percent, Colombia's about 11 percent, says Frank Vargo of the National Association of Manufacturers. Most of these would go to zero under the agreements.

We are dealing with something new here. It transcends traditional protectionism, which tries to shield specific industries and workers from imports. It's trade obstructionism: a reflexive reaction against almost any trade agreement. The idea is that much trade is inherently "unfair." Multinational companies use it to ship U.S. jobs abroad; other countries compete unfairly with low wages and substandard labor practices. (Indeed, lax labor standards are cited to oppose the Peruvian and Colombian agreements.) Vast U.S. trade deficits measure the destructiveness. If trade is so unfair, why encourage more of it?

Much of this indictment is wrong or wildly exaggerated. For example, American trade deficits haven't destroyed U.S. job creation by sending work abroad. Consider: From 1980 to 2006, the trade deficit jumped from $19 billion to an estimated $786 billion, or from less than 1 percent of gross domestic product to about 6 percent. Still, employment in the same period rose from 99 million to 145 million. Job creation defies the trade deficits, whose causes lie largely beyond our control and have little to do with "unfair" trade practices.

Faster economic growth in the United States than in many of our major trading partners has stunted our exports and increased our imports. Likewise, the dollar's role as the main global currency -- used for trade and international investment -- has kept its exchange rate high. Companies, individuals and governments hold on to dollars rather than selling. This makes U.S. exports more expensive and imports cheaper. To be sure, that puts U.S. factory workers and farmers at a disadvantage on world markets. The disadvantage is compounded when some countries (China) keep their currencies artificially undervalued. Inevitably, some jobs move abroad and some factories close because of import competition.

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But there are also larger truths. One is that China's surging exports have (so far) come mostly at the expense of other Asian countries. Goods once shipped from Taiwan or Thailand now arrive from China. Another truth is that U.S. jobs are destroyed for many reasons -- new domestic competition, new technologies, changing consumer tastes, the business cycle. A remarkable statistic: Every three months, 7 million to 8 million U.S. jobs disappear and roughly an equal or greater number are created. Trade is a relatively minor factor in job loss.

It is, however, an easy scapegoat. It enables critics to blame foreigners and suggest a solution: restrict trade. "Economic change is disruptive," says economist Douglas Irwin of Dartmouth College. "If the cause is technology, you can't do much about it." Globalization becomes a convenient explanation for many economic discontents, from job insecurity to squeezed living standards.

Hence, trade obstructionism.

The timing could not be worse. The U.S. economy is moving away from growth led by housing and consumer spending. American consumers have borrowed heavily, if not overborrowed. The Federal Reserve reports that household debt is a record 134 percent of household disposable income. As Americans curb their borrowing, consumer and home purchases are slowing. Something will have to replace that spending if the economy is to continue to expand. The obvious candidates are exports and investment (in factories, machinery) related to exports.

Some of this shift may occur naturally from a cheaper dollar and faster economic growth abroad. But it would be insane to hamper our export prospects -- exactly what trade obstructionism threatens. The world is quietly retreating from a multilateral trading system, in which all countries simultaneously reduce trade barriers. The latest multilateral trade talks (the Doha round) are suspended, perhaps permanently; meanwhile, there are now more than 200 country-to-country and regional trade agreements. The United States has 13. But to negotiate more of them, the president needs "trade promotion authority," and President Bush's expires in June.

If it's not renewed -- a good possibility -- the United States will in effect prevent itself from negotiating new trade agreements while other countries are busily doing so. The European Union is negotiating with India. The 10 members of the Association of Southeast Asian Nations are negotiating with Japan, South Korea and Australia. The hallmark of these agreements is that they discriminate against outsiders. So American exporters would face higher tariffs than many of their international competitors. "If we take ourselves out of the trade negotiation game, U.S. exporters will be the losers," says Gary Horlick, a leading trade lawyer.

The next Congress must decide whether it embraces the symbolism or the reality of trade. If it chooses symbolism, it will perversely harm many of the workers it's trying to help.

Half In New Health Plans Want To Switch, Poll Shows (WP)

By Christopher Lee

The Washington Post, November 30, 2006

People in a new kind of health plan that makes consumers pay for a bigger share of their care appear to be more cost-conscious than those in traditional plans, but half say they would switch if they had the chance, according to a survey released yesterday.

The survey of 1,389 people by the nonprofit Kaiser Family Foundation found that 71 percent of those in the new "consumer-directed health plans" said the policies prompted them to consider cost when seeking health care, compared with 49 percent of those with more traditional employer-sponsored coverage.

For instance, people in the new plans were more likely to ask about the cost of a doctor's visit and inquire about the availability of lower-cost alternatives in treatments and tests. More than half, 55 percent, who sought care said the new plans have changed their approach to using health care.

Such findings are in line with assertions by the Bush administration and other advocates who say that the new plans will check spiraling health-care spending by giving consumers a financial incentive to shop around for the best care at a reasonable price -- and to get only the care they need.

"It's a cultural shift," said Devon Herrick, a health economist at the National Center for Policy Analysis in Dallas. "When you go to Wal-Mart you don't have to ask about price -- it's right there next to the good or service you are buying. Health care is not there yet, but it's getting that way. This is the early stages. We have the incentives to get people more responsible and asking about price."

In contrast with other plans that typically require $15 or $20 co-payments for visits to the doctor, the new plans can require consumers to shell out hundreds or thousands of dollars of their own money for medications, physicians' services and hospital care before most coverage kicks in. The plans have high annual deductibles, but their premiums tend to be lower.

Some consumers complain that the new plans are confusing, and the Kaiser survey found that the plans are not without problems.

More than 60 percent of people in the plans said it is hard to find good information about the cost of doctors' services and hospital care; and about 50 percent said information on quality of care is hard to come by. Half of those enrolled in the plans said they would switch out if given the choice, compared with a third of those in traditional plans. And they were twice as likely as those in traditional plans to say that they went without care because of cost.

Gail Shearer, director of health policy analysis at Consumers Union, noted that the survey found that people in the new plans tend to be wealthier, healthier and more educated than their counterparts in traditional plans, and were more likely to be white.

"Instead of our health system moving towards one where we're all in this together, this type of option is leading to more splitting the population into different segments and, to me, that's an unhealthy thing," Shearer said. She added that poorer, sicker consumers could get left behind.

The new plans are often coupled with special accounts that allow consumers -- or employers on behalf of their workers -- to set aside tax-free dollars to pay for medical expenses, with any unused money rolling over into the following year. About 3 million people are enrolled in such plans this year, and experts expect that number to grow.

"The folks in the programs now are early adopters, pioneers," said Greg Scandlen, president of Consumers for Health Care Choices, a Hagerstown, Md.-based nonprofit group that favors the plans. "And they are really testing the waters, and I think they are already forcing a lot of change. . . . With any kind of new insurance plan it takes a while to figure out what it's all about."

Dem. Challenger Concedes In N.C. Race (AP)

By Tim Whitmire

AP, November 30, 2006

Democrat challenger Larry Kissell conceded defeat Wednesday to Rep. Robin Hayes, after the initial phase of a hand recount showed the result was not likely to change.

Kissell conceded even though only five of the 10 counties in the district had completed the hand recount of sample precincts that he requested. He picked up 2 votes, but would have needed a total of about 10 votes to trigger a full recount.

"After today's recounts, I offer Congressman Hayes a belated congratulation for his victory now that the votes have been counted," Kissell said in a statement. He also said he was starting his 2008 congressional bid immediately.

The race, which Hayes led by just 329 votes out of 121,523 cast following a machine recount last week, is one of the nation's last unresolved elections for a U.S. House seat.

In the other races, Democratic Rep. William Jefferson, the subject of an FBI bribery investigation, will face fellow Democrat Karen Carter in a Dec. 9 runoff in Louisiana. In Texas, GOP Rep. Henry Bonilla will face Democratic former Rep. Ciro Rodriguez in a Dec. 12 runoff.

In Florida, Democrat Christine Jennings has contested her election loss to Republican Vern Buchanan, whom state officials certified as the winner of a race to replace Rep. Katherine Harris.

In Ohio, a recount is under way in the race between Rep. Deborah Pryce and Democratic challenger Mary Jo Kilroy. Pryce won the race by 1,055 votes, but the margin was small enough to trigger an automatic recount.

Frist Abandons 2008 Presidential Bid (AP)

By David Espo

AP, November 30, 2006

Senate Majority Leader Bill Frist renounced a bid for the White House in 2008 on Wednesday, an early dropout from the most wide-open presidential race in decades.

"In the Bible, God tells us for everything there is a season, and for me, for now, this season of being an elected official has come to a close," said the Tennessee Republican, a surgeon before he entered politics in 1994.

While the first national convention delegates won't be chosen for more than a year, jockeying among potential presidential contenders is well under way.

Frist made his announcement as several potential GOP hopefuls were descending on Miami for the annual meeting of the Republican Governors' Association. Among them were Massachusetts Gov. Mitt Romney, outgoing head of the group, and Arkansas Gov. Mike Huckabee. Sen. John McCain, R-Ariz., planned private meetings with governors Thursday followed by a reception.

The roster of potential candidates in both parties is long in the first White House campaign since 1928 in which neither an incumbent president nor vice president is in the early mix of candidates.

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Frist's brief statement did not specify a reason for dropping out of a race he had eyed for more than a year, and had included trips to the key early states of Iowa and New Hampshire.

In a statement, he said he "will take a sabbatical from public life" and "return to my professional roots as a healer and to refocus my creative energies on innovative solutions to seemingly insurmountable challenges Americans face."

His decision capped a 12-year career in politics marked by a speedy rise but an uncertain tenure at the peak of Senate power.

He won his Senate seat in 1994 and pledged to serve no longer than two six-year terms.

His launching pad to national power was the chairmanship of the Senate GOP campaign committee, which gained seats under his direction in 2002. That, in turn, positioned him to become majority leader when Mississippi Sen. Trent Lott made racially insensitive comments after the election and was forced to step aside.

As majority leader, Frist worked to implement President Bush's agenda, from passage of tax cuts to confirmation of conservative judges. He played a significant role in legislation that overhauled Medicare and created a prescription drug benefit.

His politics and his medical training collided in 2005 in the case of Terri Schiavo, and he was widely criticized for pandering to religious conservatives by injecting himself into the debate over the brain-damaged woman. Doctors in the case said she was in a persistent vegetative state. Frist, in his office in the Capitol, viewed a videotape of her, then publicly questioned the diagnosis.

An autopsy later confirmed their judgment, not his.

Frist also remains under investigation by the Securities and Exchange Commission on insider trading charges in connection with the sale of shares in HCA (nyse: HCA - news - people) Inc. Frist's father and brother founded the firm and it formed the foundation of the senator's considerable personal wealth. He has vehemently denied any wrongdoing, although his hopes for a speedy end to the investigation have not materialized.

Also embarrassing was a disclosure by The Associated Press in August that Frist had not met the continuing medical education requirement needed to remain licensed, although he submitted paperwork to Tennessee officials indicating that he had. He quickly complied with the requirements and retained his license.

Apart from McCain, Huckabee and Romney, other potential GOP contenders for the White House include Sens. Sam Brownback of Kansas and Chuck Hagel of Nebraska, Gov. George Pataki of New York; Rep. Duncan Hunter of California; former Wisconsin Gov. Tommy Thompson and former New York Mayor Rudy Giuliani.

Democratic Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois are the best known nationally; outgoing Iowa Gov. Tom Vilsack will be first to formally declare his candidacy, on Thursday, in his home state.

Indiana Sen. Evan Bayh and former Sen. John Edwards are expected to run, and Gov. Bill Richardson of New Mexico may, as well.

Former Democratic Gov. Mark Warner of Virginia has announced he will not run for the presidency in 2008. Warner, like Frist, had begun putting in place a campaign organization to raise money and line up supporters in early caucus and primary states, as well as nationally.

Frist Announces He Won't Run For President In 2008 (LAT)

By Joel Havemann

The Los Angeles Times, November 30, 2006

WASHINGTON — Sen. Bill Frist of Tennessee announced Wednesday that he would not run for president in 2008, a decision that may boost support for other Republicans who have courted the party's social conservatives.

Frist had advanced the key bloc's agenda during the four years he was Senate majority leader. With his withdrawal, several potential GOP candidates will have less competition wooing those voters.

They include Massachusetts Gov. Mitt Romney, Sen. Sam Brownback of Kansas, Arkansas Gov. Mike Huckabee and former House Speaker Newt Gingrich of Georgia.

At this early stage in the campaign, polls show Sen. John McCain of Arizona and former New York Mayor Rudolph W. Giuliani leading the pack for the Republican nomination. But Giuliani has a liberal record on issues such as abortion and gay rights. And many social conservatives are skeptical of McCain's commitment to their causes.

As a result, some are pushing the movement to coalesce behind another candidate.

Frist, who did not seek a third Senate term this year, had only mixed success in attracting social conservatives to his side.

Tom McClusky, vice president for government affairs of the Family Research Council, praised him for helping confirm two of President Bush's Supreme Court nominees, John G. Roberts Jr. and Samuel A. Alito Jr.

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Frist also was instrumental in securing tougher penalties for violating broadcast decency laws and in prolonging the life of Terri Schiavo, a brain-damaged Florida woman who died last year after a court ordered that she be removed from life support systems.

"But it is doubtful that we would have supported him," McClusky said. The reason: Frist's support for embryonic stem cell research.

Frist, 54, long had been viewed as a likely 2008 presidential contender. But his fortunes faded as criticism mounted that he was ineffective in his Senate leadership post.

His role in the Schiavo controversy also appeared to hurt his standing, with polls showing that many voters questioned the government's intervention in the case. He was assailed for publicly questioning the diagnosis that Schiavo was in a vegetative state after he viewed a videotape of the woman.

Despite such setbacks, it was assumed in most political circles that he would focus on building a presidential campaign upon leaving the Senate.

Instead, in a statement released Wednesday, he said, "God tells us for everything there is a season, and for me, for now, this season of being an elected official has come to a close."

A renowned surgeon before he became a politician, Frist said he needed "a sabbatical from public life."

Those close to him said they expected him to return to the practice of medicine in some capacity.

"This is a heart surgeon, and he wants to go back and reenergize those parts of him," said David Winston, a Republican strategist who worked frequently with Frist.

Winston added, "Even as Senate majority leader, he would do heart operations on gorillas at the zoo."

Frist's associates also said his decision not to run for president had nothing to do with a Securities and Exchange Commission investigation of insider trading charges in connection with his sale of shares in HCA Inc., the hospital chain that his father helped found.

Frist has denied any wrongdoing in the matter, which has been under federal scrutiny for more than a year.

His decision came less than two months after former Virginia Gov. Mark Warner, a Democrat, surprised many in his party by announcing that he would not run for president. Warner said he was unwilling to make the family sacrifices demanded by a White House campaign.

The GOP race already had been reshaped by this year's midterm campaign. Six months ago, Sen. George Allen of Virginia was seen as a potential strong contender. But he stumbled as he sought reelection to the Senate, losing the race and effectively ending his presidential chances.

Frist Won't Seek Presidency In 2008 (TNN)

By Bill Theobald

Tennessean, November 29, 2006

Sen. Bill Frist, Republican majority leader from Tennessee, announced this morning that he will not be running for president in 2008.

"In the Bible, God tells us for everything there is a season, and for me, for now, this season of being an elected official has come to a close. I do not intend to run for president in 2008," Frist said in a statement released by his office.

The announcement comes after Frist spent several years laying the groundwork for a presidential bid. Frist had spent much of the past two years visiting key presidential states, including Iowa, creating a field operation and raising money for national, state and local candidates in these states.

Frist said he and his wife, Karyn, "will take a sabbatical from public life. At this point a return to private life will allow me to return to my professional roots as a healer and to refocus my creative energies on innovative solutions to seemingly insurmountable challenges Americans face," Frist said.

The statement makes unclear Frist's plans for the future.

"Karyn and I will seek the best opportunity to serve," Frist said. "I may eventually return to what I've done for most of my adult life, heal through medicine and health.

"In the short term, I will resume my regular medical mission trips as a doctor around the world to serve those in poverty, in famine, and in civil war. I will continue to be a strong voice to fix what is broken in our health care system and to address the issues of clean water and public health globally. We will stay actively engaged in policy issues affecting the lives of Americans."

Frist, who retires this year after two six-year terms, struggled at times as majority leader to move legislation through the complex political processes of the Senate.

He took a further blow when Republicans lost control of both the House and Senate in the November election.

Tennessee Republicans praised Frist's role in state politics.

"It was absolutely unbelievable to have what was arguably the second-most powerful man in the world being so involved in state politics as he has been," said Ron Ramsey, Republican majority leader in the state Senate.

Ramsey said he is disappointed -- but not surprised -- by Frist's decision

"You can see a trend that when you become the majority leader in the U.S. Senate that you have to make tough decisions, and sometimes those aren't the decisions you have to make to run for president," he said.

Tennessee Republican Party Chairman Bob Davis said he doesn't think Frist's future in politics is over.

"I think it's more of a 'Let's take a rest,'" Davis said. "You know he's a young man, and he's got plenty of time if he wants to do something like this down the road, and the sky's the limit for Sen. Frist."

Frist Says He Does Not Intend To Run For President In 2008 (WP)

By Michael A. Fletcher

The Washington Post, November 30, 2006

Senate Majority Leader Bill Frist announced yesterday that he will not run for president in 2008, saying that he plans to "take a sabbatical from public life" and return to his Tennessee home and professional roots as a doctor.

Long viewed as a potentially formidable candidate for the GOP nomination, Frist seemed to be positioning himself for a presidential run earlier this year. He traveled to the early primary states of New Hampshire, Iowa and South Carolina to test the waters, and he used his political action committee to spread campaign contributions -- and sow goodwill -- among GOP candidates around the country. Meanwhile, he worked to cultivate an image as a staunch and thoughtful conservative.

But bruised by a series of political stumbles, Frist, 54, decided that now is not the time to run for higher office. "In the Bible, God tells us for everything there is a season, and for me, for now, this season of being an elected official has come to a close," he said in a written statement. "I do not intend to run for president in 2008."

Frist's decision creates an opening on the right flank of the GOP political spectrum, while still leaving a broad field of potential presidential candidates for 2008, which will mark the first time since 1952 that an incumbent president or vice president will not be vying for the nation's highest office.

His decision comes as part of an early winnowing of the field of potential presidential contenders. Former Virginia governor Mark R. Warner (D) said recently that he will not run, and two potential GOP candidates, Sens. George Allen (Va.) and Rick Santorum (Pa.), were defeated in their reelection bids earlier this month.

Frist, a pioneering heart-lung-transplant surgeon, never voted until age 36 and had no previous political experience when he was elected to the Senate in an upset in 1994. At the time, he promised to serve no longer than two terms, a vow he fulfilled when he decided not to run for reelection this year.

"I said I'd come to the Senate with 20 years' experience in healing, spend 12 years serving in Washington, then go right back to Tennessee to live where I grew up," stated Frist, who was said by his staff to be unavailable for interviews. "I've never deviated from that commitment."

Frist's background as a surgeon, his frequent work in Washington health clinics and his repeated travels to Africa to care for needy patients seemed to give him an image that added an unusual dimension to his conservative politics.

"What facilitated his rapid rise among the ranks was the fact that he was and is a conservative but came across as a very common-sense, reasonable conservative," said Jim Dyke, a communications consultant who has worked for VOLPAC, Frist's political action committee. "People think differently about him than the trademark conservative."

But Frist began to lose some of that aura after a series of politically damaging events, including an on-going investigation by the Securities and Exchange Commission into allegations of insider trading in his sale of shares in HCA Inc., a hospital chain founded by his father and his brother. The sale was completed just weeks before the company issued an earnings estimate that fell short of analysts' expectations, causing a drop in HCA's stock price.

Frist has also faced questions about his role on the board of a charitable foundation that paid consulting fees to some of his close political allies.

Last year, Frist injected himself into the legislative drama over Terri Schiavo, the brain-damaged and bedridden Florida woman who died after her husband decided to have her feeding tube removed, despite congressional efforts to reverse his decision.

After viewing a videotape of the woman, Frist, a surgeon, publicly questioned the diagnosis that said Schiavo would never recover. That action was widely viewed as a sop to religious conservatives. An autopsy later proved Frist wrong.

Also, Frist has been drawn into caustic confrontations with Senate Democrats since being elevated to majority leader in 2002, reinforcing the view of him as an intense partisan. Although friends and colleagues say he never violated his principles, they note that the job of majority leader obscured what they say is Frist's true character. Moreover, he was politically weakened when Republicans lost control of both chambers of Congress in the midterm elections earlier this month.

"Being majority leader, you become defined more by the job than by who you are," Dyke said.

Frist was not specific about his future plans other than to say that he wants to return to Tennessee and "refocus my creative energies on innovative solutions to seemingly insurmountable challenges Americans face." In the short term, he said, he plans to resume his trips to impoverished corners of the world to "serve those in poverty, in famine and in civil war" as a doctor. He also said that he plans to advocate reforming the nation's health-care system.

"He is intellectually curious and has a lot of ideas that he wants to pursue, and that is hard to do if you are running for president," said Amy Call, a Frist spokeswoman. "He needed to reconnect with himself and his vision and ideas before going forward with a presidential race."

Frist's Exit Creates Void For Southern Republicans (WSJ)

By David Rogers

Wall Street Journal, November 30, 2006

Leaving a Republican void in the South, Senate Majority Leader Bill Frist announced he won't run for the White House in 2008 and plans to return to the medicine and health-care fields that helped launch his political career 12 years ago.

The Tennessee Republican said he wants a "sabbatical from public life," suggesting he could eventually return to politics. But in an interview with The Wall Street Journal, Mr. Frist said he first needs time to reconnect with himself before plunging into a presidential race so soon after leaving the Senate next month.

"It's a tough decision that I thought a lot about but in the final analysis, for right now, it doesn't feel right inside," he said. "There's that little bit of hesitation, and I'm afraid that hesitation will come across as a lack of passion."

For Republicans, Mr. Frist's departure underscores the absence of any major center-to-right Southern figure in the party's presidential field thus far. Virginia Sen. George Allen had been in position, but he lost his seat in November's elections. Among the remaining contenders, Arizona Sen. John McCain, Massachusetts Gov. Mitt Romney, and Rudolph Giuliani, the former New York City mayor, all are outsiders to the region and each could face problems reaching out to the Christian conservative voters who have been such a force behind President Bush.

Arkansas Gov. Mike Huckabee could try to fill the gap, and Newt Gingrich may emphasize his Georgia bona fides. "A candidate from the South brings a certain advantage," said Mr. Huckabee, who isn't expected to make any final decision until after leaving office in January. "For me it's a double benefit. I am from the South and a governor has an executive viewpoint compared to a senator with a legislative mindset."

In Florida, where the legislature is already talking about moving up the primary to give voters more say in picking presidential candidates, there is sure to be more speculation about the future of Gov. Jeb Bush, the president's brother.

"We all know small-state governors from the South can't win the presidency," joked Republican strategist Whit Ayres, who nonetheless cautioned about overstating the region's impact. But the idea of having no one in the field riles Southerners, who have long dominated Republican circles. "That won't cotton well down here," said David Hill, a Republican pollster from Texas. "Southerners will wake up one day and realize they don't have a horse in the race."

Having pledged to serve just two terms in the Senate, Mr. Frist, who was a heart surgeon before entering politics, planned to leave Washington this year and had begun building a presidential campaign structure in key states such as South Carolina, New Hampshire and Iowa. But after early successes in the Senate, he has taken a beating in the press in recent years, and at 54 years old, he seems to acknowledge he had lost some of his own identity.

"Starting fund raising for a presidential race in January really doesn't leave time to re-energize and be myself, a self stripped away a little by being majority leader," he said. "I really do need to re-energize in terms of who Bill Frist is."

Within the Senate, the man who could most gain from Mr. Frist's departure is Sen. Sam Brownback, a Kansas Republican with strong ties to social conservatives. But Mr. Brownback, who will soon make an announcement about his own presidential intentions, lacks the fund-raising ability of Mr. Frist and risks being more easily typecast as a product of the far right.

Mr. Frist's appeal, which he didn't always sustain, was as a more centrist figure. He is very much the product of two Southern families. His father, a more conservative Mississippi-born figure, rose to become a prominent Nashville doctor, while his more-liberal Methodist mother's intellectual curiosity had a lasting impact on her youngest son.

Instead of Iowa and New Hampshire this winter, Mr. Frist said he hopes to go back to medical missions in Africa, in which he spends several weeks at a time treating rural patients, sometimes with surgery. And though he has no firm plans in medicine yet, he said he hopes to pursue innovations in health insurance to try to address the lack of coverage for millions in the U.S.

"I really do think I would be the only person in the presidential campaign who would go to bed every night and get up in the morning worried about addressing health care," he said. "And from a global competitive standpoint, someone has to address it."

As a senator, his imprint on health-care policy has been significant. Mr. Frist was the Senate's single-biggest force behind the new Medicare prescription-drug benefit in 2003. With his active encouragement, Congress has nearly tripled U.S. funding

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since 2001 to fight the spread of infectious diseases overseas, including funds for AIDS and clean water, two Frist priorities. And as much as he irritated both sides in the debate over embryonic stem-cell research, he took some political risk by breaking with the White House and social conservatives to support a more aggressive approach to federal funding.

But in the four years as Senate majority leader, Mr. Frist never seemed to find his footing. He was both the youngest leader since Lyndon Johnson and one of the least prepared for the job. Even today, his restless intellect and awkward speaking style make him something of a mystery and frustration to his colleagues.

Early gains under Mr. Frist in the 2002 and 2004 elections were wiped away with the loss of the Senate this month. He has been hurt politically by his close association with the White House as well as HCA Inc., the Nashville hospital chain founded by his family and a source of much of his wealth.

After divesting himself of stock in the company in 2005, Mr. Frist found himself caught up in an SEC investigation of alleged insider trading. He has denied any wrongdoing and no charges have been brought against him by the SEC, but the investigation could have been fodder for opponents in a presidential campaign.

Even as he was testing the waters, Mr. Frist often appeared torn between public life and giving up medicine entirely. "I admire him enormously," said Mr. McCain, who amid all the sparring has maintained a personal relationship with Mr. Frist. "Anybody who flies to Africa in the summer and treats children is a wonderful person."

Sen. Frist Will Not Run For President In 2008 (HILL)

By Elana Schor

The Hill, November 30, 2006

Senate Majority Leader Bill Frist (R-Tenn.), who will step down from his seat this month with an uneven record at the chamber's helm, announced Wednesday morning that he would forego a White House run to take a hiatus from politics.

Frist's decision comes as little surprise to Washington prognosticators who saw scant opportunities for Frist to overcome his lackluster showing in early straw polls.

"In the Bible, God tells us for everything there is a season, and my season of being an elected official has come to a close," Frist said in a statement released by his office. "I do not intend to run for president in 2008."

Frist ascended to the Senate's top-ranked post with the Bush administration's blessing in 2002, just two years into his second term, after then-majority leader Trent Lott (R-Miss.) became mired in controversy over a racially insensitive comment. Lott, who this month capped his political resurgence with a victory in the GOP whip race, acknowledged lingering resentment at Frist's move in his 2005 biography.

In his statement, Frist said he would adhere to his plan for two terms in the Senate followed by a return to his home state, where he will resume his medical practice and focus on humanitarian concerns through overseas medical missions.

"At this point a return to private life will allow me to return to my professional roots as a healer and to refocus my creative energies on creative solutions to seemingly insurmountable challenges Americans face," Frist said.

Frist's reign was marked by the tense standoff over the "nuclear option" to curb judicial filibusters as well as a focus on social issues highly prioritized by conservative groups, from lawmakers' intervention in the case of brain-damaged Floridian Terri Schiavo to contentious floor debates on banning gay-marriage and flag desecration. Frist had no experience as a committee chairman or appropriator before leading the Senate, causing some hiccups in his attempts to unite centrists and conservatives within the conference.

Despite his mixed success as majority leader, Frist leaves the Capitol with his seat safely in Republican hands. Sen.-elect Bob Corker (R-Tenn.), who lost a 1994 primary bid to Frist, staved off a strong challenge from Rep. Harold Ford Jr. (D-Tenn.) this month to become the only GOP victor among this cycle's contested Senate races.

Frist Will Not Seek Republican Presidential Nod (CQ)

By Rachel Kapochunas

Congressional Quarterly, November 30, 2006

Republican Sen. Bill Frist of Tennessee took his name out of the running for the 2008 presidential campaign, announcing Wednesday that he and his wife, Karyn, will be taking a “sabbatical from public life.”

The outgoing Senate majority leader’s decision comes after he received some blame for his party’s drubbing in this month’s midterm elections that saw Republicans lose six Senate seats, allowing Democrats to win a 51-seat majority — a feat once thought highly improbable.

“In the Bible, God tells us for everything there is a season, and for me, for now, this season of being an elected official has come to a close,” Frist said in a statement. “I do not intend to run for president in 2008.”

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Frist's decision to retire this year after two terms, combined with successful fundraising for his Volunteer Political Action Committee, signaled to many that he was setting the stage for a presidential bid.

Frist had promised to serve only two terms when he was first elected to the Senate in 1994 and now says he plans to return to the medical profession where he worked as a transplant surgeon.

"I will resume my regular medical mission trips as a doctor around the world to serve those in poverty, in famine, and in civil war," said Frist, who added he will continue to advocate for overhauling health care as well as securing clean water and public health internationally.

Frist's medical background put him in a controversial position during the congressional intervention into the case of Terri Schiavo, a Florida woman whose parents were challenging her husband's wish to have her feeding tube removed because Schiavo was in a persistent vegetative state. Frist reviewed videotape and read court affidavits that led him to conclude Schiavo's diagnosis may not have been correct.

Schiavo died despite congressional intervention, but Frist's involvement earned him praise from conservative groups while others in the medical community questioned his actions.

While Frist has generally backed the Republican Party's conservative tenets, his leadership in the Senate has drawn harsh criticism from some quarters. In 2005, his plan to change Senate rules to stop Democratic filibusters of judicial nominees fell apart after the bipartisan "Gang of 14" thwarted his efforts.

House Republicans were infuriated in early 2003 when he moved forward with tax cut legislation that was not nearly as robust as conservatives had hoped.

Frist's Senate seat will be filled by Republican former Chattanooga City mayor Bob Corker, who bested Democratic Rep. Harold E. Ford Jr. of the Memphis-area 9th District.

Frist's announcement was not expected despite the fact he has been ranking below other contenders in national polls.

Quinnipiac University conducted its latest "thermometer reading" of national leaders the week following the Nov. 7 election. In that survey, Frist was ranked near the bottom of a list of 20 national figures, some with reported presidential aspirations: Republican former New York City mayor Rudolph Giuliani led the poll, followed by Democratic Sen. Barack Obama of Illinois and Republican Sen. John McCain of Arizona.

Jonathan Allen contributed to this report.

Frist Announces He'll Forgo A Run For The White House (NYT)

By Kate Zernike

The New York Times, November 29, 2006

Bill Frist of Tennessee, retiring from the Senate as majority leader, said Wednesday that he would not run for president in 2008.

Mr. Frist, a second-term Republican who had long been considering a race for the White House, said he would instead take a "sabbatical" from politics and focus on work related to health care.

"In the Bible," he said in a statement from Nashville, "God tells us for everything there is a season, and for me, for now, this season of being an elected official has come to a close."

Mr. Frist had acknowledged that any campaign for the presidency would be uphill. But his party's loss of the Senate majority in the elections this month, on his watch, would have made it all the more difficult.

The senator alienated some moderate voters last year with his push for federal intervention to maintain life support on Terri Schiavo, a brain-damaged Florida woman. A heart-lung transplant surgeon before he ran for the Senate, Mr. Frist said he had viewed a videotape of Ms. Schiavo and believed that she had not suffered irreversible damage, contrary to what her doctors and husband believed and to what tests later confirmed.

But Mr. Frist had also created problems for himself on the right, considered his natural constituency, with his support for legislation expanding federal financing of embryonic stem cell research, a measure that President Bush vetoed this summer.

Aides said Mr. Frist had relished the idea of running from behind. (He won his Senate seat 12 years ago in a long-shot race against Jim Sasser, a Democrat who himself had been in line to be majority leader.) But in the end, they said, he decided that he simply did not have the fire to run.

"He in his heart knew that if he did this he'd have to spend a year and a half on a campaign," said Amy Call, a spokeswoman for the senator. "He wanted to get back to something more basic."

Mr. Frist leapt to the leader's role with the help of the White House in 2002 when Senator Trent Lott of Mississippi resigned from the post under pressure after making racially charged remarks. He had known all along, associates said, that it would be hard to run for president from the Senate, and particularly from the leadership.

"It didn't work for Bob Dole, it didn't work for Howard Baker as minority leader," said Bob Stevenson, a former longtime aide to Mr. Frist. "It's very difficult to let yourself shine through, because you're leading other members of your party."

Mr. Frist said in his statement that he would "return to my professional roots as a healer" and "refocus my creative energies on innovative solutions to seemingly insurmountable challenges Americans face."

"In the short term," he said, "I will resume my regular medical mission trips as a doctor around the world to serve those in poverty, in famine and in civil war. I will continue to be a strong voice to fix what is broken in our health care system and to address the issues of clean water and public health globally."

Though Democrats successfully campaigned this year on complaints that this had been a "do-nothing Congress," Mr. Frist's staff and supporters pushed back Wednesday against the idea that he had not been an effective majority leader. They issued a "fact sheet" that included a list of his accomplishments, among them legislation on energy, highway spending and bankruptcy and class-action reform, as well as the confirmation of two Supreme Court appointees.

"I think the leader gets high marks," said Senator Mitch McConnell of Kentucky, who has been Mr. Frist's No. 2 and will succeed him as Republican leader when the 110th Congress convenes in January.

If Mr. Frist's withdrawal has any effect on the race for the Republican presidential nomination, it is likely to be to clear more room for other candidates to run to the right. On Wednesday, he was praised by a leading Republican candidate, Senator John McCain of Arizona, who saluted his medical work in Africa "to improve the lives of those in poverty."

"We are lucky to have had Dr. Frist," Mr. McCain said, "as a principled leader, a true humanitarian and a respected colleague who worked every day to advance the causes most important to our nation."

GOP Plans Straw Poll Convention In Fla. (SPT)

By ADAM C. SMITH

St. Petersburg Times, November 30, 2006

MIAMI – Tired of playing second fiddle to the likes of Iowa and New Hampshire in picking presidential nominees,

Florida Republicans are positioning the Sunshine state to play a potentially huge role in the 2008 presidential race.

Not only are state legislative leaders working on moving Florida's primary to be one of the earliest in the country, but the state GOP is planning a straw vote convention for October 2007.

If the plan moves forward, next year the state would be crawling with Republican presidential contenders wooing 3,500 party activists in hopes of getting a big, early shot of momentum from America's biggest battleground state.

The state GOP has already blocked hundreds of rooms in Orlando for the non-binding "Presidency IV" gathering Oct. 17-20, hired a consultant to organize it, and briefed potential presidential candidates about an event that could cost the campaigns hundreds of thousands of dollars to organize for a strong showing.

"I'd certainly be comfortable with it,'' Arkansas Gov. Mike Huckabee, one of several potential Republican contenders for president, said Wednesday of the prospective early Florida popularity contest.

"Florida's a great state. It would be a great bellwether state, representative in many ways of a lot of different cultures and views from around the country.''

The nation watched as Florida Republicans held straw polls before the competitive 1980, 1988 and 1996 presidential primaries and Democrats held one in before the 1992 race.

In each unpredictable contest, delegates picked the country's eventual nominee – Ronald Reagan, George Bush, Bob Dole, and Bill Clinton, who credited the Florida contest with playing a crucial role in his winning the nomination.

The results are officially meaningless, but they play a big role in the crucial expectations game – who does surprisingly well or unexpectedly poorly — and campaigns work feverishly to win over delegates.

But frontrunners don't necessarily relish such events, because they have the most to lose.

So Republicans are closely watching how Governor-elect Charlie Crist handles the "Presidency IV" idea. While Crist has not endorsed anyone, he is widely seen as an ally of Sen.

John McCain, the presumed GOP frontrunner for 2008 and the only presidential prospect who endorsed Crist during his gubernatorial primary.

Crist did not respond to requests for comment Wednesday, and a spokeswoman said only that at this point, he's not focused on presidential politics.

Florida Democrats aren't talking about a straw vote for the Democratic primary, but the GOP event would be even more influential than past straw polls if the Florida primary moves from March to January or February.

That move has bipartisan support in Tallahassee, though the national parties bar most states from holding primaries before the first week of February.

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Florida could lose some delegates at their national convention if they buck the national parties, but the state still could be the first huge primary prize on the calendar – delivering more delegates than Iowa, New Hampshire and South Carolina combined.

Republican state House Speaker Marco Rubio has spearheaded the push for an early primary, and a spokeswoman for Senate President Ken Pruitt said he's on board too.

"Sen. Pruitt understands this is a priority of Speaker Rubio,'' spokeswoman Kathy Mears said of an early primary.

"He is very receptive to the idea and wants to be of assistance, and he believes this would be a good change for Florida."

As for the "Presidency IV" straw poll a state GOP spokesman Jeff Sadosky said no final decision has been made but the party has been working to lay the groundwork.

Critics say non-binding straw polls eat up vast energy and resources for what amounts to little more than a pointless popularity contest.

But supporters say they energize party faithful and also help raise big money. In 1996, candidates ponied up $100,000 to the state GOP for the privilege of participating in "Presidency III."

Republican consultant Sally Bradshaw of Tallahassee who has worked on prior straw polls in Florida and is working with the political action committee of Massachusetts Gov. Mitt Romney, said such events can help parties recruit grass roots volunteers and help parties start organizing early.

Famed Pastor Defends Invitation To Obama (AP)

By Nedra Pickler

AP, November 30, 2006

Famed pastor and best-selling author Rick Warren on Wednesday defended his invitation to Sen. Barack Obama to speak at his church despite objections from some evangelicals who oppose the Democrat's support for abortion rights.

Obama is one of nearly 60 speakers scheduled to address the second annual Global Summit on AIDS and the Church beginning Thursday at Warren's Saddleback Church in Lake Forest, Calif.

Obama, who is mulling a run for president, plans to take an HIV test during his appearance Friday and encourage others to do the same. The Illinois Democrat will be joined by a potential 2008 White House rival — Republican Sen. Sam Brownback of Kansas — and is urging unity to fight AIDS despite differences on other issues.

Conservative evangelical Rob Schenck, president of the National Clergy Council, e-mailed reporters Tuesday to protest the visit because of Obama's support of abortion rights. "Senator Obama's policies represent the antithesis of biblical ethics and morality, not to mention supreme American values," Schenck wrote.

Saddleback responded with a statement acknowledging "strong opposition" to Obama's participation. The church said participants were invited because of their knowledge of HIV/AIDS and that Warren, author of "The Purpose Driven Life," opposes Obama's position on abortion and other issues.

"Our goal has been to put people together who normally won't even speak to each other," the Saddleback statement said. "We do not expect all participants in the summit discussion to agree with all of our evangelical beliefs. However, the HIV/AIDS pandemic cannot be fought by evangelicals alone. It will take the cooperation of all — government, business, NGOs and the church."

Obama declined an interview request. But in a statement, he said while he respects differing views on abortion, he hopes for unity "to honor the entirety of Christ's teachings by working to eradicate the scourge of AIDS, poverty and other challenges we all can agree must be met.

"It is that spirit which has allowed me to work together — and pray together — with some of my conservative colleagues in the Senate to make progress on a range of key issues facing America," Obama's said.

Brownback, who has close ties to conservative Christians, responded to the dispute with a statement also calling for unity. "To win the fight against AIDS we must each set aside our differences and join together as human beings from all political, religious, and nonreligious walks of life, fighting for the lives of people who are suffering and dying," he said.

Though still in his first term in the Senate, Obama has attracted national attention for his fresh face, commanding speaking style and compelling personal story. He also has encouraged liberals to engage in religious discourse and not leave the topic to conservatives to claim as their own.

While in California, Obama also plans a Friday night appearance on "The Tonight Show with Jay Leno" to promote his best-selling book, "The Audacity of Hope."

As part of his consideration for a presidential run, Obama will make his first political visit to New Hampshire on Dec. 10 for a celebration of the state Democratic Party's victories in the congressional, gubernatorial and legislative races.

Obama has traveled to Iowa, site of the leadoff presidential caucuses, but New Hampshire hasn't been on his itinerary.

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The race for the 2008 Democratic nomination is considered wide open, and at least a dozen potential contenders are weighing formal bids, including front-runner Sen. Hillary Rodham Clinton of New York.

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On the Net:

Global Summit on AIDS and the Church: http://www.purposedriven.com

Church Is Urged To Disinvite Obama (WP)

By Alan Cooperman

The Washington Post, November 30, 2006

Antiabortion groups are assailing one of the nation's most influential evangelicals, the Rev. Rick Warren, for inviting Sen. Barack Obama (D-Ill.) to speak at a conference on HIV/AIDS at his Southern California megachurch this weekend.

In a statement, 18 antiabortion leaders called on Warren to rescind the invitation because Obama supports keeping abortion legal.

"You cannot fight one evil while justifying another," says the appeal, whose signers include Phyllis Schlafly of the Eagle Forum, Judie Brown of the American Life League and Tim Wildmon of the American Family Association.

Warren, author of the bestseller "The Purpose Driven Life," responded yesterday by asserting that he and his wife, Kay, are "staunchly pro-life" and "completely disagree" with Obama's position in favor of abortion rights.

Obama was one of 60 speakers invited to "share his views on AIDS, not abortion or any other issue," the Warrens said in a statement issued by their Saddleback Valley Community Church. They added that Obama and Sen. Sam Brownback (R-Kan.) will "present two different political perspectives" at the weekend "Summit on AIDS and the Church."

"Our goal has been to put people together who normally won't even speak to each other," the Warrens' statement said. "We do not expect all participants in the Summit discussion to agree with all of our Evangelical beliefs. However, the HIV/AIDS pandemic cannot be fought by Evangelicals alone. It will take the cooperation of all -- government, business, NGOs and the church."

A spokesman for Obama said he has no intention of withdrawing from the conference, where he is expected to take a public HIV test.

"While we will never see eye-to-eye on all issues, surely we can come together with one voice to honor the entirety of Christ's teachings by working to eradicate the scourge of AIDS, poverty and other challenges we all can agree must be met," a statement from the senator said.

Christian Conservatives Vs. AIDS (LAT)

The Los Angeles Times, November 30, 2006

OF ALL THE international forums and events to mark World AIDS Day on Friday, what may be the biggest will happen in an unlikely place: little Lake Forest, Calif., just north of Mission Viejo. Its coming signals a shift in political momentum as AIDS awareness is promoted not just by Hollywood celebrities and gay activists but by conservative evangelical Christians.

The Rev. Rick Warren and his wife, Kay, will host their second annual summit on AIDS starting today. Warren, author of the bestselling book "The Purpose-Driven Life," is among the most influential evangelical leaders in the United States, and his summit will attract such politically diverse figures as Sens. Barack Obama (D-Ill.) and Sam Brownback (R-Kan.).

The focus on AIDS by evangelicals isn't new, but Warren is taking it to a new level. Though churches were initially and inexcusably silent on AIDS, attitudes began to shift as AIDS declined in the United States while growing in Africa. Pressure from his Christian base may have been a factor in President Bush's 2003 decision to start an initiative against AIDS, devoting $15 billion over five years to fight the disease. Now, Warren aims to increase church involvement.

All this religious intervention in the traditional province of doctors and scientists hasn't been entirely positive. Bush's anti-AIDS money comes with morality-based strings attached that infuriate secular health advocates. The most self-defeating is a directive forcing recipients to sign a statement that they will not use the money to aid any group that "does not have a policy explicitly opposing prostitution and sex trafficking."

This pledge has little practical effect; it doesn't prevent those who agree to it from treating sex workers for AIDS. But many potential recipients fear that it will, so they either stop working with prostitutes or decline U.S. funds.

About 7% of the AIDS initiative money, meanwhile, must be spent on abstinence programs. Though these programs may help lower AIDS rates, it's questionable whether they're more effective than other prevention methods such as distributing condoms. At any rate, U.S. bureaucrats should consider regional health needs before politics when setting funding formulas.

Yet these troublesome policy issues are also relatively minor. Bush and his Christian supporters seldom get the credit they deserve for their role in the global fight against AIDS. U.S. spending on the disease overseas has risen more than tenfold under

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Bush, while Christian groups have given unselfishly to the cause. Churches, in fact, run health clinics in much of rural Africa; without them, stemming AIDS would be all but impossible. So praise the Lord and pass the antiretrovirals.

More Muslims Gaining Political Ground (WP)

By Michelle Boorstein

The Washington Post, November 30, 2006

Since Gaithersburg software engineer Saqib Ali was elected to the Maryland House of Delegates this month, he has been flooded with calls and e-mails from across the country asking: How'd you do it?

The calls come from American Muslims like Ali, who, longtime political watchers and Muslim activists in the area say, is the first Muslim elected to a statewide -- or districtwide -- office in Maryland, Virginia or the District.

Although the 31-year-old made little of his faith during the campaign -- in fact, he bucked those who said he should put it on his campaign literature -- he is part of a concerted march of Muslims into civic and political life. His campaign was part of a push that began after Sept. 11, 2001, with worries about civil liberties and immigration policy and has blossomed this year.

Minnesota Democrat Keith Ellison became the first Muslim to be elected to Congress. In the D.C. area, eight Muslims ran for office in Maryland this year, significantly more than in previous years, although only Ali won. And initial polling data and anecdotal evidence suggest that significantly more Muslims in Virginia registered and voted this month than in previous elections.

According to data gathered by the Muslim American Society and the Virginia Muslim Political Action Committee, the number of Virginia Muslims who voted was up 13 percent from 2005. The vast majority of the estimated 51,000 Muslims who cast ballots in Virginia voted for Democrats.

There are no statistics from previous years on Muslim voters in Maryland, but according to a post-election poll done by the Muslim American Society and the Virginia Muslim Political Action Committee, there are about 50,000 Muslim voters in Maryland, three-quarters of whom voted Nov. 7. A large majority voted for Democrats, the groups' data show. The Virginia Muslim PAC is gathering voting data throughout the country.

Data collection on U.S. Muslims is relatively new and imprecise, and even estimates of the community's size range from 1 million to 7 million. However, the available data mirror what activists and scholars of U.S. Islam say is indicated in anecdotal evidence: Muslims are quickly moving into the public sphere.

"It's very obvious that there is more involvement," said Zahid H. Bukhari, director of Georgetown University's Project MAPS, a long-term research project on American Muslims that estimates there are 1.5 million to 2 million registered American Muslim voters. "More Muslims are running for office; Islamic centers are becoming more of community centers; everybody is much more involved," Bukhari said.

Ali, whose parents were born in India and Pakistan, said he comes "from a family where they were always having political debates around the house, but then I found out that among all these family members who had all these grand ideas, none of them ever voted. There was a sense that, 'I don't like the way things are, but there's nothing I can do about it.' I thought: I'm going to show these people."

Starting in January, Ali will represent District 39, a horseshoe-shaped swath of land in Montgomery County. The area has a growing community of newly arrived South Asians and Latinos, and Ali said he focused on courting immigrants during his campaign in part because he thought they might not have voted before. He supports driver's licenses for residents regardless of their immigration status and in-state tuition for people who graduate from Maryland high schools; he opposes provisions of the federal Patriot Act.

"His pro-immigrant priorities completely jumped off the map for us," said Kim Propeack, advocacy director at CASA of Maryland, an immigrant rights group. "When I met him, I told him how happy I was to see someone with an unabashedly pro-immigrant attitude."

Ali did not talk much about his faith, however, which bothered some Muslims and non-Muslims, he said.

"I'm not hiding anything, but it didn't seem relevant. It doesn't make sense; no one advertises their church," he said.

In fact, candidates for public office often make faith part of their political identities. Maryland candidates Michael S. Steele, Douglas M. Duncan and Benjamin L. Cardin all spoke about their religious beliefs during their campaigns.

But running as a Muslim has its challenges. A Montgomery man was given a police warning during the campaign after he sat outside Ali's home with a sign saying "Islam sucks."

Amaney Jamal, a Princeton University political scientist who is working with the Pew Research Center on a survey of American Muslims, said that although civic engagement has been increasing, there has been a shift in focus from influencing Middle East policy to strengthening domestic institutions.

Muslim donors gave approximately $200,000 to Virginia candidates, up from $40,000 in 2002, said Mukit Hossain, director of the Virginia Muslim Political Action Committee.

Attendance at Muslim-oriented political events was also up, activists said. More than 600 people attended the Virginia Muslim Civic Picnic this summer, an event held for state candidates that has grown since it began in 2001. About 1,300 people attended a candidates' night a few weeks before the election at Falls Church mosque Dar Al Hijrah, Hossain said.

And last December, the Maryland Muslim Council formed to help field and promote candidates, among other things. Since the election, Hossain said, he has received phone calls from Richmond, Harrisonburg and Fredericksburg, as well as from other states where Muslims want to know how to form local political action committees.

"In this election, we saw a level of mobilization and engagement of Muslims that has never happened before," said Ibrahim Ramey, director of the Muslim American Society's human and civil rights division, at a news conference after the Nov. 7 election.

Activists at the news conference said they were celebrating the high turnout and the fact that Muslims apparently influenced a key election with national implications: James Webb's successful Democratic bid for the U.S. Senate seat from Virginia. The partisan leanings also were clear from the Webb lapel pin that Hossain wore.

Now that Muslims are starting to figure out how to turn out their vote, the horizon is becoming more complex. Heated debates are beginning over how prominent a role mosques will play in organizing people, whether Muslims will focus on civil liberties to the exclusion of social and economic issues, and whether they will remain a Democratic bloc, as they have since 2004.

"I don't want us to become overly dogmatic and introverted or to become a ghetto, as has happened in European countries," Hossain said. "I think the Muslim community can do a great job of bringing focus to social issues, whether they belong to the Muslim community or not. I hope, as we mature, we become a progressive force for other issues, not just civil liberties."

Since Ali won his race, he has been busy answering those requests for advice. "What I tell them is, know your community well, work hard and don't be a one-issue candidate," he said. "And don't let anyone paint you as 'the Muslim candidate.' "

Honey, I Shrunk The GOP (WSJ)

By Vincent J. Cannato

The Wall Street Journal, November 30, 2006

ALBANY, N.Y. -- The recent midterm election was bad news for Republicans, but it was even worse for New York Republicans. The GOP lost all three statewide offices by wide margins; its gubernatorial candidate did not even break 30%. Its sacrificial lamb for Senate did only slightly better, and representation in the state's 29-seat congressional delegation fell from nine to six seats. The most prominent state Republican is New York Mayor Michael Bloomberg, a former Democrat who, shall we say, wears his party affiliation lightly.

What a contrast with 1994, when George Pataki, a little-known Republican legislator, defeated three-term incumbent Gov. Mario Cuomo, one of the nation's leading liberal voices. Mr. Pataki, a social moderate and a fiscal conservative, rode into office on that year's Republican wave.

New York City's first Republican mayor in 30 years, Rudolph Giuliani, had strangely endorsed and campaigned for Mr. Cuomo. At the time, the move looked like political suicide. It is 12 years later and both Messrs. Giuliani and Pataki are making noises about running for president. Given the events of 1994, it is hard to believe that Mr. Giuliani is leading in some polls for the Republican nomination, while Mr. Pataki's ambitions are stuck in the low single digits.

What happened? In many ways, the open pit in Lower Manhattan is a depressing symbol of the Pataki years: That five years after 9/11 Ground Zero is still unbuilt is a sad testament to the political paralysis currently afflicting New York. This inability to provide leadership was coupled with an inability to change fundamentally the way business is done in Albany, reform the state's political culture and revive its economy. Mr. Pataki's tenure has too often been marked by a sleepy indifference to public policy and governance. And that has cost Republicans dearly.

Early in his first term, Mr. Pataki did cut income taxes and institute spending control. But as time passed, so did fiscal discipline. Today, the state's fiscal health and its overall economy are not much better than when Mario Cuomo left office. Spending has nearly doubled in the Pataki years, well above the rate of inflation. To support that spending, New York has the highest state and local tax burden of any state in the nation.

This has done little to spur economic growth. Since 1990 New York has consistently lagged behind the rest of the country in job creation. In the last 10 years, it ranked 41st among states in private-sector job growth. It still has not gained back all of the jobs it lost in the 2001 recession.

With high taxes and weak job prospects, the state's population is only barely growing. While New York City and its suburbs are muddling through, upstate New York is really being affected. Since 1990, a weak upstate economy has meant a decline of more than 25% in the population of 25- to 34-year-olds, as young, educated people flee for the South and West.

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New York is now the nation's third largest state and is destined to fall to fourth soon as Florida's population continues to boom. While New York's population grew by 5.5% in the 1990s, Florida's increased by a whopping 23.5%, a trend that has kept pace in the last five years. If demography is destiny, New York will continue to see its political influence wane on the national scene. It has already lost almost a quarter of its congressional seats to reapportionment since 1980.

Mr. Pataki and Albany Republicans have been powerless to do anything about this. Though the governor's school tax relief program has helped reduce the property tax burden for some, it has failed to rein in local school spending, and overall property tax rates continue to climb. Meanwhile, Mr. Pataki's blatant attempt in his 2002 campaign to win the endorsement of Dennis Rivera -- the head of the leftward health-care workers union -- will cost New York taxpayers for years to come.

None of this amounts to fiscal conservatism and Mr. Pataki will have a difficult time explaining his record to Republican presidential primary voters if he chooses to run. His odds of becoming the fifth New Yorker to make it to the White House are very long indeed.

The New York Republican Party is at its lowest point in decades. The title of a new book by Conservative Party stalwart and former Pataki appointee George Marlin says it all: "Squandered Opportunities." The phrase aptly sums up not only the Pataki years, but also the fortunes of Republicans in Washington, for whom Mr. Pataki's governorship provides useful lessons.

Though the Iraq war and President Bush's low approval ratings helped drag down the party, there was something deeper going on. Republicans grew too comfortable with power and in so doing often forgot why they were elected in the first place. What happens when a party, whose central philosophical principle is that of limited government and the attendant preference for the free market over state bureaucracy, takes the reins of power? Unfortunately, we now have a good idea what the answer is. With few exceptions, we have gotten bigger government and more spending, and few reforms of already existing programs.

This kind of dissonance between the ideological beliefs of the Republicans and the way they govern has been a big reason for the morass in which the GOP now finds itself. If Republicans hope to succeed in New York and elsewhere, they need to figure out what a governing conservatism should look like.

They are either going to have to find a way to make their rhetoric match their actions or they are going to have to retool their ideological message. The party's future political success will depend on how its members reconcile their attitudes toward government with their desire to stay in office.

Mr. Cannato, a professor of history at the University of Massachusetts, Boston, is author of "The Ungovernable City: John Lindsay and his Struggle to Save New York" (Basic, 2001).

Waiting To Be Wooed (NYT)

By David Brooks

The New York Times, November 30, 2006

I've never been a swing voter before. For most of my adult life I've felt the Republicans tended to have the best approaches to expand economic opportunity, meet foreign threats and restore a culture of personal responsibility. But over the past few years I've grown estranged from many Republicans, especially the ones leading the House. I'm one of those suburbanites who thought the G.O.P. deserved to lose the last election, and now I find myself floating out there in independent-land, not a Democrat, just looking for something new.

It's like being the belle of the ball, because the Republicans really need to woo back people like me. I hope they won't mind if I offer a little advice on how to do it.

First, don't listen to your consultants. Over the next few months, pollsters are going to pick out the key demographic groups (left-handed Catholic orthopedists) and offer advice on how to kiss up to those people. Majorities are never built that way. You end up proposing inconsequential micropolicies and selling your soul.

Don't focus on groups, focus on problems. If you have persuasive proposals to address big problems, the majority coalition will build itself.

Second, be policy-centric, not philosophy-centric. American conservatism grew up out of power and has always placed great emphasis on doctrine. Today, in the wake of this month's defeat, Republicans are firing up the old debate among social conservatives, free-market conservatives and others about the proper role of the state. This stale, abstract debate will never lead anywhere and only inhibits creative thinking.

The Republican weakness is not a lack of grand principles, it's a lack of concrete policies commensurate with the size of 21st-century problems. If they would shelve the doctrinal debate for a second, Republicans — while not doing violence to their belief in the market, traditional values or anything else — could find plenty of policy ideas to deal with China and India, the entitlement crisis and so on.

Third, create a Republican Leadership Council. In the realm of ideas, Democrats own the center. Moderate Democrats have the Democratic Leadership Council, the Third Way and various cells within the Brookings Institution, such as the Hamilton

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Project. Republican moderates are intellectual weaklings. They have no independent identity, so it's no wonder centrist voters prefer Democrats on one domestic issue after another.

Fourth, support stem cell research. This has become a symbolic issue denoting fundamental attitudes about science and progress. Moderates can understand why somebody is anti-abortion. But opposing stem cell work seems to close off research that could alleviate human suffering for the sake of a theoretical abstraction.

Fifth, support free trade, while responding to the downside of globalization. When the industrial age kicked in, many European nations built an elaborate welfare state, but didn't aggressively expand educational opportunity. Americans didn't build as big a welfare system, but, as the blogger Reihan Salam pointed out recently, we spent a lot on schools to foster social mobility.

The American way is to help people compete, not shield them from competition. Today that means nurturing stable families in which children can develop the social and cultural capital they need to thrive. (A significant expansion of the child tax credit would ease the burden on young parents.) It means publicly funded, though not necessarily publicly run, preschool programs in which children from disorganized homes can learn how to learn. It means radical school reform: performance pay for teachers, an end to the stupid certification rules, urban boarding schools where educators can set up local cultures of achievement, locally run neighborhood child centers to service an array of health and day-care needs.

Sixth, spread assets. Every citizen, from birth, should have an I.R.A.-type savings account. The tax code should encourage personal and employer contributions. These accounts would enhance savings and encourage an investor mentality, and once Americans became comfortable with them, they could be used as tools to reform Social Security and health care funding.

Seventh, raise taxes on carbon emissions and use the revenue to make the tax cuts on capital gains and dividends permanent. This would spur energy innovation and encourage investment more generally.

Over the past few years, the G.O.P. has become like a company with a great mission statement, but no domestic policy products to sell. Now's the time to get granular. And the thing to remember is, we disaffected voters are easy. We want to go home with you if you'll give us a reason.

A Veteran Moderate Moves On (WP)

By David S. Broder

The Washington Post, November 30, 2006

The House of Representatives wastes no sympathy on defeated members. So at the beginning of this week, Jim Leach of Iowa sat in an office almost devoid of furniture, the walls stripped bare of the mementos of his 30 years of service -- with just a few hours remaining before the painters moved in to prepare his domain for its new occupant.

Leach, who once was chairman of the Banking and Financial Services Committee, would have been in line to head the Committee on International Relations in the next Congress, had Republicans maintained their majority and had he been reelected.

But he lost, 51 percent to 48 percent, to college professor David Loebsack, as Democrats won top-to-bottom victories in Iowa this month.

Leach, noted for his independence, was the only Iowa legislator to oppose going to war in Iraq. That kind of record helped him prevail in past races despite his heavily Democratic district, which gave a higher percentage of its presidential vote to John Kerry than any other district held by a Republican.

But this year two special factors helped tip the balance against him. First, he became a target for crafting the Unlawful Internet Gambling Enforcement Act, which passed Congress as part of a larger bill in October and was signed into law just before the election.

The Poker Players Alliance, which had fought the measure banning banks and credit card companies from servicing Internet gambling firms, targeted Leach and other sponsors with e-mails to its members and publicity in poker magazines. A post-election survey paid for by the gambling group found a net 5-point swing against Leach attributable to that issue.

John Pappas, the spokesman for the alliance, said it is putting together a presentation for the new members of Congress using Leach's experience to show that "this issue is not a winner for them; in fact, the main proponent was hurt by it." The alliance wants poker exempted from the Internet gambling ban or the ban lifted in favor of government regulation and taxation.

In addition, the Christian Coalition criticized Leach for his support of embryonic stem cell research and for his insistence that the national GOP drop a planned mailing attacking Loebsack on the issue of gay marriage.

"But the big force," Leach said in a conversation in his nearly empty office, "was the accountability thing -- the overwhelming dissatisfaction with the Republican Congress."

Because he can understand and even sympathize a bit with that feeling, Leach said, "I am probably the least disappointed defeated member" of the vanished Republican majority.

On the other hand, the man who was known as "the conscience of Congress" because of his personal high standards -- no PAC money or out-of-state contributions -- said he regrets not being part of the policymaking at "a really critical moment for the United States in its relations with a changing world."

And he worries about the political dynamics of a Congress that is more and more polarized -- and therefore less and less representative of the American mainstream.

Leach was one of eight members of the dwindling tribe of Republican moderates who lost their seats this election, unable to separate themselves from the public rejection of a conservative-dominated White House and Congress.

In Leach's view, while presidential races tend to pull candidates to the center, in Congress the abundance of "safe" seats, gerrymandered to guarantee victory to one party or the other, makes party primaries the critical elections. And in those low-turnout primaries, it is the activists -- usually no more than "one-quarter of one-third" of the electorate -- whose views prevail.

"The Republicans have been governing from within" their party base, rather than reaching out to the other party, he said, and now that Democrats have the majority, they will be tempted by electoral dynamics to do the same thing.

It is possible, Leach said, that a new president could change the pattern, and he is rather hopeful that his early picks for the nominations -- Mitt Romney and Barack Obama -- might do that.

Meanwhile, he is weighing academic offers from his alma mater, Princeton, and other schools and a possible diplomatic post from the State Department.

But given what he has seen on Capitol Hill in his 30 years, it is possible to believe Leach when he says, "I feel kind of relieved" to be moving on.

Already Too Busy For Civility (WP)

By George F. Will

The Washington Post, November 30, 2006

That was certainly swift. Washington has a way of quickly acculturating people, especially those who are most susceptible to derangement by the derivative dignity of office. But Jim Webb, Democratic senator-elect from Virginia, has become a pompous poseur and an abuser of the English language before actually becoming a senator.

Wednesday's Post reported that at a White House reception for newly elected members of Congress, Webb "tried to avoid President Bush," refusing to pass through the reception line or have his picture taken with the president. When Bush asked Webb, whose son is a Marine in Iraq, "How's your boy?" Webb replied, "I'd like to get them [sic] out of Iraq." When the president again asked "How's your boy?" Webb replied, "That's between me and my boy." Webb told The Post:

"I'm not particularly interested in having a picture of me and George W. Bush on my wall. No offense to the institution of the presidency, and I'm certainly looking forward to working with him and his administration. [But] leaders do some symbolic things to try to convey who they are and what the message is."

Webb certainly has conveyed what he is: a boor. Never mind the patent disrespect for the presidency. Webb's more gross offense was calculated rudeness toward another human being -- one who, disregarding many hard things Webb had said about him during the campaign, asked a civil and caring question, as one parent to another. When -- if ever -- Webb grows weary of admiring his new grandeur as a "leader" who carefully calibrates the "symbolic things" he does to convey messages, he might consider this: In a republic, people decline to be led by leaders who are insufferably full of themselves.

Even before his studied truculence in response to the president's hospitality, Webb was going out of his way to make waves. A week after the election, he published a column in the Wall Street Journal that began this way:

"The most important -- and unfortunately the least debated -- issue in politics today is our society's steady drift toward a class-based system, the likes of which we have not seen since the 19th century. America's top tier has grown infinitely richer and more removed over the past 25 years. It is not unfair to say that they are literally living in a different country."

Well.

In his novels and his political commentary, Webb has been a writer of genuine distinction, using language with care and precision. But just days after winning an election, he was turning out slapdash prose that would be rejected by a reasonably demanding high school teacher.

Never mind Webb's careless and absurd assertion that the nation's incessantly discussed wealth gap is "the least debated" issue in American politics.

And never mind his use of the word "literally," although even with private schools and a large share of the nation's wealth, the "top tier" -- whatever cohort he intends to denote by that phrase; he is suddenly too inflamed by social injustice to tarry over the task of defining his terms -- does not "literally" live in another country.

And never mind the cavalier historical judgments -- although is he sure that America is less egalitarian today than it was, say, 50 years ago, when only about 7 percent of American adults had college degrees? (Twenty-eight percent do today.) Or 80

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years ago, when more than 80 percent of American adults did not have high school diplomas (85 percent have them today), and only about 46 percent owned their own homes, compared with 69 percent today?

But notice, in the second sentence of Webb's column, the word "infinitely." Earth to Webb: Words have meanings that not even senators can alter. And he has been elected to be a senator, not Humpty Dumpty in "Through the Looking Glass." ("When I use a word it means just what I choose it to mean -- neither more nor less.") America's national economic statistics are excellent; Webb could actually tell us how much richer the "top tier" has become, relative to other cohorts, over a particular span. But that would require him to actually say whom he is talking about, and that takes time and effort, and senators -- Webb is a natural -- often are too busy for accuracy.

Based on Webb's behavior before being sworn in, one shudders to think what he will be like after that. He already has become what Washington did not need another of, a subtraction from the city's civility and clear speaking.

Abortion Foes Look To The Big Screen (WP)

By Robert D. Novak

The Washington Post, November 30, 2006

An invited audience that included Commerce Secretary Carlos Gutierrez gathered at National Geographic Society's auditorium Monday night for a screening of "Bella," an independently produced feature film. No mere movie, it offers hope for the beleaguered antiabortion movement to reverse the political tide running against it.

This was the eighth such screening in Washington. Monday night's audience reflected the reaction in more than 100 showings nationwide: an emotional experience for a stunning exhibition of cinema art that unexpectedly won a Toronto International Film Festival award. It is no propaganda film but a dramatic depiction of choices facing an unmarried pregnant woman.

"Bella," unknown to the general public, has generated excitement and anticipation in conservative Catholic and other antiabortion circles. The problem is getting the film in theaters around the country for its public premiere early next April. That is never easy for an independent film with no box-office names, but the problems are magnified when its message runs counter to the social mores of Hollywood.

"Bella" arrives in an environment that has grown bleak for enemies of abortion. The Democratic Party has become so much the party of abortion rights that, of 41 freshmen Democrats elected to the House, only three are antiabortion. Pro-life forces in the House suffered a net loss of about 13 members. That means statutory restrictions on abortion, which must be renewed by each Congress, are in serious jeopardy.

The loss of numerical strength on Capitol Hill reflects a public relations and political victory by the abortion lobby. Republican politicians tend to give only lip service to the issue, typified by President Bush's silence on abortion. Republican candidates have accepted support from pro-life forces -- and then kept quiet about abortion, leaving the field open to pro-choice advocates.

Thus, the antiabortion movement sees "Bella" as providential. It is entertainment, not propaganda. Although Monday's screening was sponsored by the National Council for Adoption, the word "adoption" is uttered only once in the film. There are no tirades against abortion. Indeed, it acknowledges a woman's pain of carrying a baby to term only to give it up for adoption. In the end, however, the film is a heart-wrenching affirmation of life over death.

"Bella" was conceived by three young Mexican men -- producer, director and lead actor -- who are conservative Catholics and want to make movies removed from Hollywood's culture of sex and violence. Bankrolled by a wealthy Catholic family from Philadelphia, they shot the film in 24 days in New York City.

The star is Eduardo Ver?stegui, a Mexican heartthrob as a lead performer in soap operas who now lives in Los Angeles. A devout Catholic, he told me he was tired of movies showing Hispanics as disreputable and immoral. In three years he has learned to speak English well enough to play the lead role mostly in English (with subtitles over the Spanish).

It was a stretch even to get "Bella" shown at Toronto, much less win an award. "Going into the festival," said the Hollywood Reporter, "absolutely no one, including the team of filmmakers that made 'Bella,' ever imagined it would capture the People's Choice Award, voted on by festival audiences."

But even with the Toronto prize, which in the past has led to Academy and Golden Globe awards, it is hard to get the film in movie houses, and it may be necessary for the filmmakers to form a distribution company. The avowed reason for the difficulty is the inexperience of the director and a cast with names unfamiliar to American moviegoers. But the film's producers say the same left-wing Hollywood establishment that attacked "The Passion of the Christ" is sniping at "Bella," which lacks a Mel Gibson in support.

If the crucifixion in "The Passion" was hard for non-Christians and some Christians to take, "Bella" on one level is a drama without religious overtones. But while the audience at Monday's screening was moved to tears, reaction from a commercial

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theater audience -- including women who have chosen an abortion -- could be different. The pro-life movement hopes, in the absence of effort by supposedly pro-life politicians, that it will point to a different way to deal with an unwanted pregnancy.

Iran's President Criticizes Bush In Letter To American People (NYT)

By Michael Slackman

The New York Times, November 30, 2006

BEIRUT, Lebanon, Nov. 29 — Iran's president, Mahmoud Ahmadinejad, told the American people on Wednesday that he was certain they detested President Bush's policies — his support for Israel, war in Iraq and curtailed civil liberties — and he offered to work with them to reverse those policies.

The call came in the form of a six-page letter in English, published online and addressed to "noble Americans" that discussed "the many wars and calamities caused by the U.S. administration." It suggested that Americans had been fooled into accepting their government's policies, especially toward Israel.

"What have the Zionists done for the American people that the U.S. administration considers itself obliged to blindly support these infamous aggressors?" Mr. Ahmadinejad wrote. "Is it not because they have imposed themselves on a substantial portion of the banking, financial, cultural and media sectors?"

This was the latest public step by Iran's president to promote a dialogue with the United States. He wrote a letter to Mr. Bush in May, calling on him to shift his policies and open a discussion, but it was dismissed by the White House as irrelevant to the central issue dividing them — Iran's nuclear program. Then Mr. Ahmadinejad challenged Mr. Bush to a public debate, also dismissed by the White House.

On Wednesday, the administration's reaction remained unchanged.

"This is a transparently hypocritical and cynical letter," Nicholas R. Burns, under secretary of state for political affairs, said in Washington about the latest letter. "It reflects a profound lack of understanding of the United States."

Still, at least tactically the letter seemed to take a page from Mr. Bush himself, who, speaking to the United Nations General Assembly in September, sought to bypass the Iranian government and address the people directly. The letter also distinguished between the administration and the people.

"Undoubtedly, the American people are not satisfied with this behavior, and they showed their discontent in the recent elections," Mr. Ahmadinejad wrote. "I hope that in the wake of the midterm elections, the administration of President Bush will have heard and will heed the message of the American people."

But it was the emphasis on religious themes, specifically Shiite Muslim notions of justice and fighting oppression, that characterized the new letter as it did his letter to President Bush.

"Both our nations are God-fearing, truth-loving and justice-seeking, and both seek dignity, respect and perfection," the letter said.

The letter seemed directed at three audiences. It sought to reach out to Americans through religious values; to the Arab world, by emphasizing the Palestinian conflict with Israel; and to Mr. Ahmadinejad's political base at home, which includes the military, hard-line clerics and Ayatollah Ali Khamenei, the supreme leader.

The letter also employed an inferential, Iranian style of communication that experts say is likely to leave Americans cold.

"Americans are going to be very puzzled by it," said William Beeman, a linguistic anthropologist at Brown University who specializes in Persian. "People are simply not used to being talked to this way." He added, "It is almost a sermon, which is very much in keeping with his religious background. But I should also point out it is also a lecture."

The letter reminded Americans that "many victims of Katrina continue to suffer, and countless Americans continue to live in poverty and homelessness."

It also lamented: "Civil liberties are increasingly being curtailed. Even the privacy of the individuals is fast losing its meaning."

The president made no reference to the level of poverty, political freedom or judicial independence in his own country.

After referring to Abu Ghraib in Iraq and the prison at Guantánamo Bay, Cuba, he wrote: "I have no doubt that the American people do not approve of this behavior and indeed deplore it."

Since his election in June 2005, Mr. Ahmadinejad has pursued an aggressive and outspoken foreign policy, relying on the bully pulpit of his position to make up for the limited powers of Iran's presidency.

His refusal to end enrichment of uranium and his calls for the destruction of Israel have won him few friends in the West. But they have led to increasing popularity across the Muslim world.

Davoud Hermidas-Bavand, a professor of international relations at Tehran University, said the letter was mostly an effort to win the allegiance of Arabs. Iran has been trying to position itself as the pre-eminent power in the Middle East.

“His first objective is to get the sympathy of Arabs,” said Dr. Hermidas-Bavand. “The letter makes Ahmadinejad a subject of international talks, particularly in the Middle East.”

He said the letter gave insight into President Ahmadinejad’s understanding of American society and governance as being driven largely by Christian beliefs and values.

“He has probably been told that American people are religious and that is how Mr. Bush won, by addressing people’s sense of faith,” he said. “Now he wants to capitalize on this sense of religiousness.”

Iran finds its leverage rising, especially as Iraq struggles through bloody sectarian fighting. In Washington, there is increased pressure on the White House to open direct talks with Iran to help stabilize Iraq and Afghanistan.

Mr. Ahmadinejad offered a litany of sharp attacks on American policy — calling, for example, for withdrawal from Iraq. And he once again highlighted a central demand of Tehran: that it be treated as an equal by Washington.

But Professor Beeman also said that Americans should recognize that the letter did represent an overture. “Iran is saying, ‘We want to have a dialogue with you,’ ” he said.

Iranian President Makes Direct Appeal To Americans (WP)

By Robin Wright

The Washington Post, November 30, 2006

In an unusual letter to the American people, Iranian President Mahmoud Ahmadinejad yesterday called for the pullout of U.S. forces from Iraq and charged that Bush administration policy is based on "coercion, force and injustice."

The five-page letter, which was both conciliatory in references to "Noble Americans" and scathing in lambasting Jewish influence in the United States, said there is an urgent need for dialogue between Iranians and Americans because of the "tragic consequences" of U.S. intervention abroad.

In Iraq, he wrote, hundreds of thousands have been killed, maimed or displaced, while terrorism has grown "exponentially" and daily life has become a challenge. "With the presence of the US military in Iraq, nothing has been done to rebuild the ruins, to restore the infrastructure or to alleviate poverty," he wrote. ". . . I consider it extremely unlikely that you, the American people, consent to the billions of dollars . . . from your treasury for this military misadventure."

U.S. resources would be better spent at home, he added, to alleviate poverty and help the "many victims" of Hurricane Katrina.

Ahmadinejad also questioned whether terrorism can be defeated by traditional warfare. "If that were possible, then why has the problem not been resolved?" he wrote. "The sad experience of invading Iraq is before us all."

But the toughest language was reserved for Israel, which Ahmadinejad referred to as the "Zionist regime." The hard-line Iranian leader, who won an upset election last year, charged that Washington's "blind support" for Israel has allowed the nation to pursue policies against Palestinians without constraints. "No day goes by without a new crime," he said.

"What have the Zionists done for the American people that the US administration considers itself obliged to blindly support these infamous aggressors? Is it not because they have imposed themselves on a substantial portion of the banking, financial, cultural and media sectors?" he wrote. The letter was released by the Iranian mission to the United Nations.

The Bush administration dismissed the letter as a public relations stunt that included nothing new. "Actions speak louder than words, and I think if you look at the record of Iranian action, we, unfortunately, haven't seen any change in behavior that would indicate that they've got a new approach to things," said Tom Casey, a State Department spokesman.

The State Department also rejected calls for withdrawing U.S. troops, noting that the letter came one day after the United Nations, at Iraq's request, had renewed the mandate of the U.S.-led coalition force for another 12 months.

Casey told reporters that Iran has no credibility on Iraq, given Tehran's support for violence and the Shiite militias. "That includes its support for terrorism in Iraq. It includes its support for Hezbollah. It includes its support for Palestinianist rejection groups. It includes its continued defiance of the international community's efforts to deal with the Iranian nuclear program. . . . And that's why Iran finds itself in a very isolated place right now," Casey said.

In his letter, Ahmadinejad issued a warning to Democrats taking over the House and Senate that they would be "held to account" by history for their decisions.

"If the US Government meets the current domestic and external challenges with an approach based on truth and Justice, it can remedy some of the past afflictions and alleviate some of the global resentment and hatred of America," he wrote.

Iran's current positions on regional issues have taken on new importance in light of the debate over whether to include Iran and Syria in efforts to stabilize Iraq. The idea has been discussed within the Iraq Study Group, the bipartisan panel led by former secretary of state James A. Baker III and former representative Lee H. Hamilton (D-Ind.) that wrapped up deliberations yesterday on its policy recommendations for the White House.

This is not the first letter from the Iranian leader to the United States. In May, Ahmadinejad wrote a rambling 18-page letter to President Bush that reflected on common values between Christianity and Islam, then questioned how a "follower of Jesus Christ" could order countries to be attacked, lives destroyed and cities set ablaze. The White House did not respond.

Iran Leader Appeals To Americans On Iraq (AP)

By Edith M. Lederer

AP, November 30, 2006

Iran's president urged the American people in an open letter Wednesday to demand the withdrawal of U.S. troops from Iraq and reject what he called the Bush administration's "blind support" for Israel and its "illegal and immoral" actions in fighting terrorism.

President Mahmoud Ahmadinejad's letter to "Noble Americans," which was distributed by Iran's mission to the United Nations, also accused Bush of governing by "coercion, force and injustice."

Ahmadinejad appealed to the American people to work to reverse the U.S. leader's policies, and called on the Bush administration and the new Democratic-controlled Congress to heed the results of the recent midterm elections.

He urged Bush to put the United States' "wealth and power in the service of peace, stability, prosperity and the happiness of all peoples through a commitment to justice and respect for the rights of all nations, instead of aggression and war."

In a message to Democrats, he said: "You will also be held to account by the people and by history."

"But if the approach remains the same, it would not be unexpected that the American people would similarly reject the new electoral winners," he said, adding that the recent elections did not reflect a victory but rather "the failure of the current administration's policies."

Ahmadinejad's letter also said the U.S. invasion of Iraq has led to hundreds of thousands of deaths, an exponential growth of terrorism and the destruction of Iraq's infrastructure.

"I consider it extremely unlikely that you, the American people, consent to the billions of dollars of annual expenditure from your treasury for this military misadventure," he said.

He suggested it would be beneficial for the U.S. to withdraw its troops from Iraq and spend its money instead on domestic problems, citing the "many victims" of Hurricane Katrina who continue to suffer and "countless" Americans living in poverty.

He also said the Bush administration's policies in its fight against terrorism were harming Americans directly.

"The U.S. administration's illegal and immoral behavior is not even confined to outside its borders. You are witnessing daily that under the pretext of 'the war on terror,' civil liberties in the United States are being increasingly curtailed," he said.

"I have no doubt that the American people do not approve of this behavior and indeed deplore it," he said.

Ahmadinejad focused some attention on the past good relations between the U.S. and Iran, and said both countries' people are "inclined towards the good, and toward extending a helping hand to one another, particularly to those in need."

Ahmadinejad has alienated many Americans by calling for Israel's destruction and repeatedly dismissing the Nazi Holocaust as a myth. He also strongly supports the Palestinian militant group Hamas and the Lebanese faction Hezbollah, which the U.S. considers terrorist organizations.

In his letter, Ahmadinejad accused the Bush administration of disregarding U.S. public opinion by supporting "the trampling of the rights of the Palestinian people" by Israel.

"What has blind support for the Zionists by the U.S. administration brought for the American people?" he asked. "It is regrettable that for the U.S. administration, the interests of these occupiers supersedes the interests of the American people and of the other nations of the world."

He urged Americans to support the right of the Palestinians to live in their own homeland.

Twice this year, Iran has proposed talks with the U.S. over the security situation in Iraq, but Ahmadinejad has said that for such negotiations to take place, Washington must change its behavior. On Sunday, he said Iran was ready to help the U.S. get out of the "Iraqi quagmire if the U.S. changes its bullying policy toward Iran."

Iran and the U.S. have had no diplomatic relations since 1979 when militants seized the U.S. Embassy in Tehran and kept 52 people hostage for 444 days.

Ahmadinejad wrote a rambling, 18-page letter to Bush in May, lambasting the U.S. leader for his handling of the Sept. 11 attacks and accusing the media of spreading lies about the Iraq war.

Washington dismissed the letter for also not addressing Iran's nuclear program.

Wednesday's letter also makes no mention of Iran's disputed nuclear program, which the U.S. alleges is geared toward secretly developing atomic weapons. The U.S. is leading the drive to impose U.N. sanctions on Tehran for its refusal to stop enriching uranium.

Americans Asked To Pressure Bush (WT)

By Betsy Pisik

The Washington Times, November 30, 2006

NEW YORK -- Iranian President Mahmoud Ahmadinejad appealed in a letter to the American people yesterday to pressure the Bush administration to leave Iraq and curtail its "blind and blanket" support for Israel.

Mr. Ahmadinejad said that since the U.S. invasion of Iraq terrorism has "grown exponentially" and Iraq's infrastructure remains in ruins.

The presence of American troops, he said, has created hardship for Iraqi families and tarnished the image of the United States abroad.

"I consider it extremely unlikely that you, the American people, consent to the billions of dollars of annual expenditure from your treasury for this military misadventure," Mr. Ahmadinejad wrote in a letter distributed through the Iranian Mission to the United Nations.

He said that Iraq has a constitution and a government, and the U.S. military expenditures would be better directed toward the survivors of Hurricane Katrina.

The letter was released hours before Mr. Ahmadinejad and Iraqi President Jalal Talabani announced a new security arrangement for Iraq.

"We discussed in the fields of security, economy, oil and industry. Our agreement was complete," Mr. Talabani told reporters in Tehran after a summit with the Iranian president. "This visit was 100 percent successful. Its result will appear soon."

Iran, which is overwhelmingly Shi'ite, has longtime links to Shi'ite militias and political parties in Iraq and has been accused by the United States of fomenting sectarian bloodshed.

The nature of the security agreement between Baghdad and Tehran was not disclosed.

President Bush was to have met with Iraqi Prime Minister Nouri al-Maliki in Amman, Jordan, yesterday to discuss the training of Iraqi police and other security details.

Mr. al-Maliki did not show up. The United States said the meeting would take place today.

In his letter, Mr. Ahmadinejad implicitly urged the Bush administration to heed the wishes of the American voters who returned the House and Senate to Democrats' control, based largely on discontent over the Iraq war.

Mr. Ahmadinejad warned the Democrats: "If the approach remains the same, it would not be unexpected that the American people would similarly reject the new electoral winners."

The Iranian government has made several overtures to the United States in recent months. The Bush administration has rejected all of them and has demanded that Tehran halt nuclear weapon-related activities.

"We have common concerns, face similar challenges, and are pained by the sufferings and afflictions in the world," Mr. Ahmadinejad wrote. "Both our nations are God-fearing, truth-loving and justice-seeking, and both seek dignity, respect and perfection."

Iran's President Appeals To U.S. Public Via Letter (USAT)

By Barbara Slavin

USA Today, November 30, 2006

Iranian President Mahmoud Ahmadinejad said Wednesday that U.S. forces should leave Iraq and he praised American voters for defeating Republicans in this month's elections.

He made the remarks in a 12-page letter addressed to “Noble Americans” and released by Iran's mission to the United Nations.

Now that Iraq has an elected government, “would it not be more beneficial to bring the U.S. officers and soldiers home and to spend the astronomical U.S. military expenditures in Iraq for the welfare and prosperity of the American people?” Ahmadinejad asked. On U.S. elections, he said Americans had shown “their discontent” and that President Bush should “heed the message.”

The letter, a broad condemnation of U.S. Middle East policy, was similar to one Ahmadinejad sent to Bush in May. Bush has not replied.

State Department deputy spokesman Tom Casey said Wednesday that it is hard to take the latest comments seriously “when Iran continues to actively work in a negative way in Iraq.”

The United States has accused Iran of interfering in Iraq by fostering violence and undermining the U.S.-backed government there.

Karim Sadjadpour, an Iran analyst at the International Crisis Group, which aims to resolve conflicts, said Ahmadinejad was “trying to take a page out of George Bush's playbook” by appealing to Americans and bypassing the U.S. government.

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In his 2005 State of the Union address, Bush promised Iranians that, “As you stand for your own liberty, America stands with you.”

Ahmadinejad, who attracted world attention by questioning the Holocaust and Israel's right to exist, continued in that vein with remarks likely to alienate Americans. He asserted that “Zionists” had hurt the American people and asked whether that was because they controlled “the banking, financial, cultural and media sectors?”

Shaul Bakhash, an Iran expert at George Mason University in Virginia, said the language was designed to appeal more to Arabs than Americans and “to claim for Iran the mantle of leadership of those who oppose America's ambitions in the world.”

Iran's Nuclear Ambitions Seen Similar To Holocaust (WT)

By Abraham Rabinovich

The Washington Times, November 30, 2006

JERUSALEM -- Iran's reported drive to make an atomic bomb has become an existential threat to Israel that some Israelis are likening to the Holocaust -- especially with the United States appearing to back away from confrontation with Tehran.

The alarmists include Aharon Appelfeld, a leading Israeli author who as a child survived the Nazi killing of 6 million Jews.

"For the first time since I'm in the country, I feel that we face a real existential danger," Mr. Appelfeld said.

The memory of the Holocaust is a central element in Israel's collective consciousness, a memory made more acute by Iranian President Mahmoud Ahmadinejad's denial that the Holocaust happened.

"It's 1938," said former Israeli Prime Minister Benjamin Netanyahu, "and Iran is Germany, racing to arm itself with atomic bombs."

Addressing a Jewish audience in Los Angeles this month, Mr. Netanyahu added his voice to a growing sense of alarm in Israel about Iran's seemingly inexorable march toward nuclear capability.

In his address, Mr. Netanyahu referred to Mr. Ahmadinejad's repeated calls for wiping Israel off the map.

"Believe him and stop him," Mr. Netanyahu said in the speech. "This is what we must do. Everything pales before it."

Israel has half assumed, half hoped that if international pressure on Iran to halt its nuclear development fails, the United States would in the end use military force.

In recent weeks, however, a war-weary Washington seems to be backing away from a confrontation.

In a meeting with French President Jacques Chirac, President Bush said that he would "understand" if Israel chose to attack Iran's nuclear installations.

To Israelis, that sounded like he would prefer it over an American attack. There was likewise little comfort from Secretary of State Condoleezza Rice's remark that the U.S. lacked sufficient intelligence on Iran's nuclear facilities to carry out a strike at this time.

Former Secretary of State Henry Kissinger wrote recently that "military action by the United States is extremely improbable in the final two years of a presidency facing a hostile Congress."

He, too, raised the possibility of a unilateral Israeli air strike.

Israel has apparently long been preparing such a strike. It acquired a large fleet of F-16 and F-15 warplanes and held intensive training exercises in anticipation of a confrontation with Iran.

The appointment last year of former air force commander Lt. Gen. Dan Halutz as chief of staff of the Israel Defense Forces (IDF) was widely seen as preparing for that confrontation in which the air force would play a central role.

It has become increasingly clear in recent years, however, that an attack on Iran's nuclear facilities would be infinitely more difficult than the successful attack on Iraq's nuclear reactor by Israeli planes in 1981.

Tehran learned the lessons of that attack and scattered its facilities at scores of sites, burying many of them deep underground and defending them with modern Russian anti-aircraft missiles.

Analysts have suggested that only a superpower like the United States could mount the massive and sustained attack that would be necessary to do substantial damage by boring ever deeper into the underground sites with bunker-buster bombs on repeated runs.

Even then, some analysts say, an attack might succeed only in delaying the program by a few years.

If Israel undertook the task alone, it would face not only uncertainty about the results of the air campaign but also the certainty of fierce Iranian retaliation, beginning with their long-range missiles and perhaps including attacks on Israeli targets around the world.

Prime Minister Ehud Olmert continues to hope for an international initiative.

"The big countries have to lead and we have to push them," he said. However, there is a realization in Jerusalem that there may be no one to push.

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Deputy Israeli Defense Minister Ephraim Sneh said: "I am aware of all of the possible repercussions of a pre-emptive Israeli military action against Iran and consider it a last resort. But the last resort is sometimes the only resort."

Rice To Meet Israeli, Palestinian Leaders (WP)

By Glenn Kessler

The Washington Post, November 30, 2006

DEAD SEA, Jordan, Nov. 29 -- Secretary of State Condoleezza Rice will meet Thursday with Israeli Prime Minister Ehud Olmert and the Palestinian Authority's president, Mahmoud Abbas, as part of a U.S. effort to demonstrate progress on the Israeli-Palestinian peace effort.

Rice will travel to Israel and the Palestinian territories shortly after attending meetings between President Bush and Iraqi Prime Minister Nouri al-Maliki in Amman, Jordan. Then she will travel to this Jordanian resort for a conference designed to promote Palestinian democracy.

U.S. officials say the renewed attempt to promote peace between the Israelis and Palestinians is separate from efforts to bring stability to Iraq. But Rice's trip comes as U.S. officials have sought to persuade moderate Arab states to support U.S. endeavors in Iraq. Arab leaders have signaled that they expect the United States to demonstrate progress on building a Palestinian state, in part to assuage regional anger at the Iraq war.

In the past week, Palestinian factions have indicated support for a cease-fire intended to end rocket attacks on Israel, and Olmert outlined steps to foster peace. Under pressure from the United States, he offered to release hundreds of Palestinian prisoners if an Israeli soldier held in Gaza was released.

But U.S. officials predicted no major breakthroughs from Rice's visit. The Palestinians are pressing for a return to final-status negotiations, such as determining the border between the Israeli and Palestinian states, while Israelis are demanding that Abbas take action against armed Palestinian groups. Many nations, including the United States, have blocked funding for the Palestinian Authority until Hamas, the radical Islamic movement in control of the authority's ministries, agrees to recognize Israel.

The renewed emphasis on Middle East peace marks a shift for the Bush administration. Before the U.S. invasion of Iraq in 2003, some neoconservatives predicted that the fall of Saddam Hussein and the establishment of an Iraqi democracy would help foster peace in the Middle East, arguing that in effect the road to Jerusalem traveled through Baghdad. Now, experts say, the administration is acknowledging that the path toward stabilizing Baghdad leads through Jerusalem.

A senior State Department official, briefing reporters Wednesday night, said he felt uncomfortable with the nostrum that solving the Israeli-Palestinian crisis could be achieved by toppling Hussein -- and with the idea that the plights of Iraq and the Palestinians were still linked. "I don't like the idea of lumping these things together," he said on condition of anonymity under ground rules set by the State Department.

Still, the official acknowledged that there was a "core of moderate Arab support" for action on the Israeli-Palestinian front and that the administration was trying to exploit that.

After Rice talks with Israelis and Palestinians, she will meet here with foreign ministers from the predominantly Sunni Muslim countries that make up the Gulf Cooperation Council, including Saudi Arabia, and from Egypt and Jordan. The official said the interests of the United States and these nations are "broadly similar" on a range of issues, including concern about the growing power of Iran, a Shiite Muslim state.

Rice To Meet With Olmert In Jerusalem (AP)

By Anne Plummer Flaherty

AP, November 30, 2006

Secretary of State Condoleezza Rice will meet Thursday with Israel's Prime Minister Ehud Olmert as the U.S. tries to pave the way for revived peace talks between Israel and the Palestinians.

Rice's trip to Jerusalem, announced Wednesday by State Department spokesman Sean McCormack, will follow a meeting Rice has scheduled for earlier Thursday with Palestinian President Mahmoud Abbas in the West Bank town of Jericho.

Rice is trying to cement a shaky cease-fire agreement between the two sides. While U.S. officials are reluctant to express optimism, a long-lasting political deal between Israel and the Palestinians — backed by several Arab countries — would be a considerable victory for the Bush administration and is considered a necessity to quiet violence throughout the region, including Iraq.

Rice also plans to meet with Israeli Foreign Minister Tzipi Livni while in Jerusalem.

Rice's three-day trip comes as President Bush meets with Iraq Prime Minister Nouri al-Maliki in Jordan's capital city, Amman. Bush is expected to press al-Maliki on a plan to train Iraqi forces faster so U.S. troops can come home sooner.

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Rice's meeting with Abbas would offer U.S. heft to the cease-fire that ended a five-month Israeli military offensive in the Gaza Strip and was aimed at halting the firing of rockets by Palestinian militants into Israel.

The truce came as Abbas, a member of the Fatah party, is trying to assemble a more moderate Palestinian government after elections handed Hamas control. Hamas' support of terrorism and refusal to recognize Israel's right to exist prompted the West and Israel to impose crushing sanctions.

Rice's trip was initially centered on a Mideast democracy and development summit sponsored by Jordan and Russia at the Dead Sea. U.S. officials say they hope to gain momentum there for two U.S.-backed initiatives that would spend money in Mideast countries to aid small businesses and non-governmental organizations.

Rice still plans to attend the summit Thursday evening.

Peace Of The Weak? Olmert And Abbas Balk (NYT)

By Steven Erlanger

The New York Times, November 30, 2006

JERUSALEM, Nov. 29 — Under regional pressure to move the Israelis and Palestinians toward renewed dialogue, Secretary of State Condoleezza Rice is expected to meet their political leaders in a quick visit on Thursday. But with the Palestinians unable to agree on a new unity government, little significant movement is expected and Ms. Rice is likely to limit herself to public encouragement and private exhortation.

Weak governments are always in search of new agendas, but they are also prisoners of their weakness.

As much as the Bush administration would like to show serious progress in the Middle East, as a part of its effort to shore up support in the region for possible economic sanctions on Iran, both the Israeli and Palestinian governments are politically damaged by the summer's conflicts, with Hamas in the Gaza Strip and Hezbollah in Lebanon, and seem unable to make bold moves.

They have established a shaky cease-fire in Gaza. But they have been unable to agree even on a prisoner exchange, which is regarded as the minimum required before the Israeli prime minister, Ehud Olmert, and the Palestinian Authority president, Mahmoud Abbas, can meet.

Mr. Abbas was said by aides on Wednesday to be fed up with Hamas, the militant faction that controls the government, and to regard negotiations toward a national unity government to be at an end. There was a debate among those around him about whether even to meet with Ms. Rice, since he had made so little progress since their last meeting, on Oct. 4.

But he has been there before. On the day of their last meeting, Mr. Abbas, of the Fatah faction, said talks on forming a unity government had collapsed. "There is no dialogue at this stage," he said. Nearly two months later, the situation has barely shifted, with the Western world still waiting for a Palestinian government with which it can do business.

That would require the resignation of the Hamas government and agreement on a political program that at least can be interpreted to mean an acceptance of the West's three conditions: recognition of the right of Israel to exist, forswearing of violence and acceptance of previous Israeli-Palestinian agreements.

Mr. Abbas has been making some progress on negotiating the political program, which would commit the new government — but not the Hamas movement itself — to those principles. Even so, Hamas does not like parts of the document. Prime Minister Ismail Haniya, of Hamas, says he will not resign until he and other leaders, including the group's exiled political director, Khaled Meshal, are satisfied with it.

Hamas and Fatah, which controlled the government before Hamas won the Palestinian elections in January, also remain at odds over ministries. Hamas insists on retaining the right to choose the interior and finance ministers and accuses Mr. Abbas of trying to veto its favored candidates for other posts.

On Tuesday evening Mr. Haniya went off on a monthlong trip to visit Arab allies, meaning that nothing substantive is likely to happen until he returns.

As for Mr. Olmert, he has a safe legislative majority but shrinking public support and a continuing conflict with his defense minister, Amir Peretz, the head of the Labor Party.

The Olmert government was badly hurt by perceptions of misjudgments made during the war with Hezbollah, and a broad offensive in Gaza did not secure the release of a captured soldier or end rocket fire into Israel until the cease-fire was put together by Mr. Abbas over the weekend.

Mr. Olmert's main political program, a unilateral pullback of thousands of Israeli settlers who live beyond the current route of the West Bank separation barrier, was suspended after the war.

Critics in the center and on the right contend that unilateralism has proved to be a bad idea, with Hezbollah in Lebanon and Palestinian militants in Gaza perceiving Israel's withdrawal from both areas as weakness. Israel's unilateralism in those withdrawals also did nothing to strengthen elected leaders, including Mr. Abbas.

On Monday, Mr. Olmert again appealed to Palestinians to choose the path of peaceful negotiations, promising numerous concessions. But the speech was judged to contain little new, a repackaging of his old campaign wine in a new, less unilateralist bottle.

Mr. Olmert said that if the Palestinians could meet international standards, return the captured soldier and end the warfare, he would meet with Mr. Abbas, release prisoners, ease travel restrictions and renew dialogue toward peace, including the withdrawal of an unspecified number of settlers in the West Bank.

But there were a lot of "ifs" in Mr. Olmert's speech, and many hurdles for the Palestinians to leap. So far Mr. Abbas has been unable to push or cajole Hamas into accepting what is required even to qualify for the race.

While Mr. Abbas talks sometimes of firing Mr. Haniya, the presidency lacks authority under the Palestinian basic law to dissolve the Hamas-dominated Parliament or to call new elections. Any new prime minister would have to be approved by Parliament, making any such exercise seem moot and likely to touch off new fighting between Fatah and Hamas.

But the Bush administration has been weakened by the Democratic victory in the elections this month. As Mr. Bush and Ms. Rice try to develop their own new agenda for the Middle East, they seem to be understanding a lesson from the Clinton administration: that Israeli unilateralism can be bad for America as well as for Palestinian leaders who favor talking rather than shooting.

When the United States is seen to be an active participant, pushing its ally Israel to make concessions to the Palestinians, Israeli leaders can deflect domestic criticism by blaming Washington, the United States can earn credit with the Arab world for pushing Israel, and the Palestinians will be seen as an active player at the table, boosting negotiators like Mr. Abbas over the rejectionists of Hamas.

Israel's Offer (WP)

The Washington Post, November 30, 2006

AFTER FIVE months of violence and political drift, there has been encouraging movement toward peace on the Israeli-Palestinian front this week. Much of it is because of Israel's prime minister, Ehud Olmert. Over the weekend Mr. Olmert agreed to a cease-fire in the Gaza Strip with Palestinian President Mahmoud Abbas, a deal Israeli governments had refused to make for the past several years. On Monday -- though a few Palestinian rockets were still falling in Israel in violation of the cease-fire -- the prime minister delivered a major speech in which he offered the release of "numerous" Palestinian prisoners, a significant reduction in controls on the movement of people and goods in Gaza and the West Bank, and a full reopening of negotiations to create a Palestinian state.

In exchange, Mr. Olmert asked for the release of Cpl. Gilad Shalit, the soldier whose abduction by Palestinian militants touched off the Middle East's summer war and spelled the end of Israel's plan to unilaterally withdraw from the West Bank. Mr. Olmert said that peace negotiations -- the first in six years -- would depend on success in Mr. Abbas's effort to form a new Palestinian government that, unlike the present administration of the Islamic Hamas movement, would recognize Israel and renounce violence. But Mr. Olmert was clear about what those talks could lead to: "an independent and viable Palestinian state, with territorial contiguity" in Gaza and the West Bank. To create that state, he said, "Israel will agree to the evacuation of many territories and communities which were established therein."

With Secretary of State Condoleezza Rice due to meet with Mr. Abbas today, it's easy to dismiss Mr. Olmert's initiative as a public relations effort aimed at helping the Bush administration gain support it desperately needs from moderate Arab governments on Iraq and Iran. Mr. Olmert took care to describe the Arab peace initiative led by Saudi Arabia, which calls for the normalization of relations with Israel as part of an Israeli-Palestinian settlement, as in part "positive"-- the first kind words an Israeli leader has had for the plan since it was proposed in 2002.

Yet whatever its strategic motive, the Olmert initiative represents a genuine opportunity for Arab governments and Mr. Abbas. The challenge for the Palestinian president, and the Arab leaders who support him, is to use Mr. Olmert's words to break the deadlock on forming a government that can release Cpl. Shalit and commit itself to a peaceful settlement. That would unlock Israel's concessions on prisoners and movement, renew frozen international aid, and allow -- at last -- discussions on a final settlement. But it will require Hamas to soften the intransigent policy of rejection it has held since taking office in March. Do Palestinians really want their own state, or an endless war of attrition against Israel? Arab and European governments that have been insisting an Israeli-Palestinian settlement is the key to stabilizing the region must now insist that Hamas answer that question.

Palestinians Seek Conference On Israel (AP)

By Edith M. Lederer

AP, November 30, 2006

DOJ_NMG_0100184

Palestinian President Mahmoud Abbas called Wednesday for an international conference to solve the Arab-Israeli conflict and urged Israel to drop its opposition to a meeting that would address all outstanding issues.

He said the so-called Quartet of key international players trying to promote Mideast peace — the United Nations, the United States, the European Union and Russia — should "play the role of an honest intermediary and guarantor" of the agreements reached at the conference.

Abbas made the proposal in a speech to the U.N. General Assembly on the International Day of Solidarity with the Palestinian People. His speech was read by the Palestinian U.N. observer, Riyad Mansour.

A fragile cease-fire went into effect early Sunday between the Palestinians and the Israelis, ending a five-month offensive in Gaza that has killed hundreds. Abbas said more than 510 Palestinians have been killed since June, bringing the total since September 2000 to more than 4,300 people, about a third of them children.

"We call upon Israel, which did not commit itself to the cease-fire, to end all its aggressive military actions in order to reach a comprehensive and mutual cease-fire," he said. "This shall enable us to create the right atmosphere and provide the necessary groundwork for the resumption of negotiations and the attainment of a just solution."

Israel's deputy U.N. Ambassador Daniel Carmon stressed the importance of this week's speech by Israeli Prime Minister Ehud Olmert, who proposed that Palestinians return to peace talks, saying his country would be willing to leave most of the West Bank in exchange. He urged that it be read "very carefully and in the right context."

Asked about an international conference, Carmon said he was sure that in Abbas' speech "there were some very interesting and positive elements, but history has shown us that the best way to negotiate and to solve our problems is through direct talks between the parties."

Abbas, however, said finding a just solution based on previous agreements, the Quartet's stalled road map to peace, and the goal of two states — Israel and Palestine — living side by side in peace, requires much broader international involvement.

He warned that Israeli measures to maintain control over large and important parts of the West Bank, East Jerusalem and the Jordan Valley" will undermine the two-state solution and force the Mideast "into further violence and chaos, the consequences of which will not be limited to the Middle East region."

If Israel continues to reject an international conference and a role for the United Nations, Abbas said the Palestinians will seek a General Assembly resolution.

He called the 1947 General Assembly resolution that partitioned Palestine "the beginning of our people's ongoing tragedy." But he said "the occupation of our land cannot continue forever, and the time has come to put an end to the bloodshed and to decades of hatred and hostilities."

Adding to Palestinian problems is a Western boycott of the current Hamas-led government over its refusal to recognize Israel.

Lebanese Think The Unthinkable: Another Civil War (LAT)

By Megan K. Stack

The Los Angeles Times, November 30, 2006

BEIRUT — For a glimpse into Lebanon's precarious, death-tinged mood, consider the words of two young men. Each hails from an extreme end of this nation's gaping political and religious divide. And both say they are willing to die fighting for power.

Electronics student Shadi Akouri, a 23-year-old Christian, says he would "pay in blood" for control of the Lebanese government. "Hezbollah has arms and [is] making clear [it] wants this. OK, we want it too. If their intention is to fight, we'll fight. If you don't defend yourself, what is the point of existence?"

Across town, 18-year-old Hezbollah supporter Mohammed Haidar also said he was willing to give up his life. "When you want to change the government, people always die," said Haidar, a Shiite Muslim who says the U.S.-backed Lebanese government is illegitimate. "I will be on the front lines. Why? Because I want to build a country where we can hold our heads up because we are Shia."

As recently as last year, many Lebanese emphatically stated that there would never be another civil war, that their nation had suffered enough, killed enough, paid enough. They had learned a bitter lesson during a conflict that erupted among religious groups in the mid-1970s and raged until 1990.

Since the civil war, talk of religious sects had almost been considered taboo, at least in public. It was common to hear people complain about the Shiite Muslim party Hezbollah, but not the Shiites; the powerful Sunni Hariri family, but not the Sunnis.

When Christians, Sunnis and members of the Druze sect united to demand Syria's ouster in 2005, many Lebanese rejoiced in the notion that, at last, patriotism was about to overcome religious divisions.

But with Shiite Hezbollah making a hard play for greater power, and with Sunni-Shiite warfare in Iraq exacerbating religious friction throughout the region, conventional wisdom among Lebanese elites has become bleak. On both sides, a tone of wary

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negotiation has been replaced by hardened faces and fiery pledges to risk death to ensure that their own vision of Lebanon, and their faction's political power, prevails.

On the street, politics are openly laced with religious prejudice. Christians and Sunnis fret about being overrun by Shiites. There is tension among rival Christian factions over Maronite Catholic Michel Aoun's affiliation with Hezbollah, which is seen by other Christians as a betrayal of his sect. Acute animosity has flared between Shiites and Sunnis, fed by the civil war in Iraq.

The summertime war between Hezbollah and Israel stripped many Lebanese of their livelihoods and drained them of hope. With the economy in shreds and sectarian splits cracking open, there is a sense that the status quo is not worth preserving.

"I can see it in the eyes of my students," said Walid A. Fakherddine, a media and communications professor at the American University of Science and Technology. "The people are ready to go to war, or they want to leave the country. They can't stay where they are."

Many Lebanese even describe a sort of nostalgia for civil war, especially among youths too young to remember the bloody horrors of street battles, kidnappings and mortar attacks.

There is still hope the two sides can negotiate their way out of the crisis. But these days, many Lebanese bluntly say they expect to face another civil war; others just shrug and say "anything can happen."

Few rule out the possibility of further fighting.

Many people are afraid that if Hezbollah and its allies take to the streets in coming days to demand a change in government, as they have repeatedly pledged to do, clashes will erupt. Hezbollah members swear they will stay in the streets until the government falls. And their rivals have threatened to unleash security forces to defend government institutions attacked by demonstrators.

"We fear the reaction of the ruling majority when and if we decide to carry out these protests," said Trad Hamadeh, a Hezbollah member who resigned, along with other Shiite political officials, as labor minister this month. "They control security. They control the real power on the ground."

Lebanon's political woes deepened when Pierre Gemayel, the 34-year-old minister of industry and scion of a powerful Christian political family, was gunned down in the streets of Beirut last week.

Since Gemayel's death, the capital has become a montage of scenes of tension. Sunni and Shiite gangs have clashed in the southern suburbs. Rival Christian gangs brawled in the Christian neighborhood of Achrafieh.

During one recent rally, Christian electronics student Akouri stood on the gravel in a vacant lot during a rally in downtown Beirut. Nearby, college-age youths cupped hands around lit candles and chanted, "The one who killed Pierre, we want to drink his blood!" and, referring to Hezbollah leader Sheik Hassan Nasrallah, "Wait, Nasrallah, wait. We will dig your grave."

Messages of division, and a sometimes less-than-subtle call to arms, are blasting through Lebanon's many television channels. The antagonism is coming not just from the array of talk shows, but is implicit in carefully produced commercials.

The Future channel, owned by the Hariri family, has kept up relentless pressure on viewers to "remember the martyrs," or assassinated politicians. Cartoons show Lebanon as a prisoner with a ball and chain, presumably Hezbollah, around its leg, or as people choking on black fumes, also representing Hezbollah. "Let us live," runs the slogan.

On Hezbollah's Al Manar channel, the Lebanese government is routinely referred to as "Feltman's government" — a reference to U.S. Ambassador Jeffrey D. Feltman.

A commercial tells viewers: "We are the resisters. We are the ones whose homes were destroyed. We are the ones who were buried alive. We are the defenders of the nation. We are a sovereign Lebanon."

"I can't deny that Hezbollah is Lebanese, but they are supported by Iran. And I don't know what they are doing, where they are going," said Omar Alewian, a Sunni student. "If we have to do something … I'm ready to die."

Meanwhile, a handful of Cabinet ministers have taken up residence behind the gun-toting guards, high walls and armored personnel carriers that ring the prime minister's headquarters in downtown Beirut.

If any more ministers are killed, the government could collapse.

With rumors racing of a Syrian-backed plot to kill off opposition Cabinet members, the ministers are frightened for their lives.

"I'm nervous about my country blowing up," said Nayla Mouawad, the Christian minister of social affairs. "The people are put back with their old devils."

For ministers such as Mouawad, the sprawling hilltop headquarters has turned into a prison. Mouawad's hairdresser and secretary come through the checkpoints to visit her, but she refuses to leave. She knows well the dangers of political assassination; her husband, President Rene Mouawad, was killed in 1989. She blames Syria for the slaying.

Dressed neatly in a charcoal suit, smoking one Marlboro Light after another, Mouawad said she didn't anticipate getting her freedom back. Not any time soon.

"We expect the crisis will last," she said. "I expect violence."

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U.S., N. Korea Reach No Deal On Talks (AP)

By Charles Hutzler

AP, November 30, 2006

U.S. and North Korean diplomats failed to reach an agreement Wednesday on when to resume six-nation talks on Pyongyang's disputed nuclear program, but stressed their commitment to moving the process forward.

U.S. Assistant Secretary of State Christopher Hill left Thursday after two days of talks with North Korean Vice Foreign Minister Kim Kye Gwan, during which he said presented ideas on how the regime — which conducted its first nuclear test last month — could disarm.

"These are ideas designed to make rapid progress," Hill told reporters at the airport without elaborating. "We discussed them and they're taking them back to Pyongyang and we hope to hear from them soon."

The North said in its own statement that it "promised to study these ideas."

Hill also said dates for the next round of six-nation discussions were raised but gave no details. The China-hosted talks involve the United States, North Korea, Japan, South Korea and Russia, which has not sent an envoy to Beijing.

"The purpose is that when we start the talks, that we really do make progress," Hill said. "The purpose of the six-party talks is not to talk, it's to achieve the denuclearization of the Korean peninsula."

Hill and Kim also met with Chinese Vice Foreign Minister Wu Dawei during the talks Tuesday and Wednesday. The Chinese Foreign Ministry said in a statement on its Web site late that the parties "frankly and deeply exchanged views on the issue of promoting the process of the six-party talks and improve mutual understanding," without elaborating.

"The three parties also agreed to strive for the progress of the talks," the statement said.

Japan's Kyodo News agency cited unidentified officials at the talks as saying Kim had demanded the U.S. lift financial sanctions and freeze U.N. sanctions that were imposed after the October nuclear test.

Hill said the issue of the Washington-imposed sanctions was discussed but he made it clear that denuclearization had to be addressed first.

"The best way for them to get out of sanctions is to get out of nuclear programs," he said. "Unless they denuclearize, nothing is going to be possible."

Hill, who had been scheduled to fly to Seoul after Beijing, canceled the trip, said Susan Stevenson, spokeswoman for the U.S. Embassy in Beijing. She did not give a reason. In Tokyo, U.S. embassy spokesman Jeffrey Hill said the U.S. envoy was scheduled to arrive in Japan Thursday for further talks with Japan's representative Kenichiro Sasae.

Meanwhile, Yonhap news agency, citing an unnamed South Korean Foreign Ministry official, said South Korea's Chun Yung-woo and North Korea's Gwan were to meet in Beijing on Thursday.

North Korea agreed in September 2005 to abandon its nuclear program in exchange for security guarantees and aid. But Washington imposed the financial sanctions against a Macau-based bank on suspicions it was laundering counterfeit money for the North Koreans. Angered by the move, Pyongyang withdrew from the talks two months later.

State Department spokesman Sean McCormack in Washington said that the main goal of the Beijing meetings was to "make sure that everybody, at least, has a good, solid understanding of what might happen" when the six-nation talks resume.

Japanese Prime Minister Shinzo Abe said in Tokyo that just resuming the talks was not the main objective. "Our efforts are aimed at holding six-party talks that produce results," he said.

Kim's trip to Beijing — a rare overseas visit for a North Korean official — and the presence of other negotiators had lifted expectations that there could be a breakthrough in ongoing efforts to restart the talks.

An unannounced meeting between Hill and Kim last month in Beijing led to Pyongyang agreeing to return to the arms negotiations amid heightened tensions after the Oct. 9 nuclear test.

Meanwhile, a South Korean lawmaker said Wednesday he believed the North was making preparations to possibly conduct a second nuclear test next month or early next year unless the U.S. offers economic concessions, such as lifting financial restrictions against Pyongyang.

"I believe that there are specific movements in North Korea to prepare for a second nuclear test," lawmaker Chung Hyung-keun said, citing intelligence obtained by state intelligence agencies, according to Chung's office. He did not elaborate.

There had been speculation that Pyongyang was preparing for a second test after it conducted its first nuclear explosion Oct. 9. Last month, however, South Korean media reported that the U.S. military had not detected any signs of preparations for a second test.

No Major Progress As US Holds Firm Against NKorea Nukes (AFP)

By Dan Martin

DOJ_NMG_0100187

AFP, November 30, 2006

The United States has insisted North Korea must give up its nuclear weapons during two days of intensive closed-door talks in Beijing that ended without a major breakthrough.

US Assistant Secretary of State Christopher Hill said he presented North Korean envoy Kim Kye-Gwan with proposals on how Pyongyang could move forward toward scrapping its fledgling nuclear arms program.

He said the North was now considering the proposals, which he described as "ideas that are designed to make rapid progress (toward de-nuclearization)."

Hill, the US pointman on North Korea, was speaking before departing Beijing for discussions with Japanese officials in Tokyo.

He said he was "hopeful" full six-nation talks aimed at ending Pyongyang's nuclear program would resume in December, but he reported no major concessions from either side in Beijing this week.

"We hope to hear back from the North Koreans soon," he added.

Hill said the United States and other nations would not back down on their insistence that North Korea give up its nuclear arms, despite Kim saying this week that it would use its new status as a nuclear power as leverage.

During the Beijing talks Tuesday and Wednesday, Hill held several meetings with Kim and China's chief negotiator to the six-party forum, Wu Dawei.

Envoys from South Korea and Japan also gathered in the Chinese capital amid a renewed drive to jump-start the roundtable negotiations, which also involve Russia.

It follows North Korea's first ever nuclear weapons test on October 9 and its pledge at the end of that month, under heavy international pressure and UN sanctions, to return to talks on dismantling the military program.

Nevertheless a restart date has proved elusive.

The six-party talks, which started in 2003, broke down late last year when North Korea walked out over separate financial sanctions imposed on it by the United States for money laundering and counterfeiting.

Hill said here late Wednesday that North Korea was told it must abide by an agreement made in September last year at the forum that it would give up its nuclear program in return for security guarantees and aid.

"We worked very, very hard to achieve that September plan... We want to get on with implementing it," Hill said.

He reiterated Thursday that: "The main issue in Beijing was how to get the North Koreans to make some tough decisions to move out of the nuclear business and if they make those tough decisions we will respond appropriately".

He added "good things" could start to happen for the isolated state if it complied.

Hill said the North Koreans offered no proposals of their own here but took the US plans back to Pyongyang for consideration.

He also appeared to take a firm line against dropping UN sanctions imposed on North Korea, until Pyongyang abandoned its nuclear program.

"I made pretty clear that all these issues, the sanctions, are all related to their nuclear programs and that the best way to get out of sanctions is to get out of nuclear programs," he said.

However, a US State Department spokesman late Wednesday would not rule out eventually suspending sanctions when the full talks restart, saying that, "If circumstances change, then we'll see what happens."

While holding out hope of a December resumption to the talks, Hill said the most important thing was carefully preparing the groundwork for success.

However, he also said urgent progress must be made.

"We think it is important to get going as soon as possible. We agreed on that with the Chinese and in fact with the DPRK (North Korea) as well.

"We've lost a year. The decision to fire off missiles and to test a nuclear device was a very clear setback for the process, so we need to get moving quickly."

Hill was to return to Washington after his Tokyo stop.

Hitting Kim Jong Il Right In The Cognac (WP)

By Elizabeth Williamson

The Washington Post, November 30, 2006

But effective this holiday season, there will be none of those things coming into North Korea, the United States hopes. After Pyongyang tested a nuclear bomb in October, the U.N. Security Council voted unanimously to deny the rogue nation and its leader, Kim Jong Il, foreign weapons, nuclear technology -- and luxury goods.

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U.N. Resolution 1718 condemns North Korea's nuclear test and demands that the country return to six-nation talks aimed at ending the nuclear-weapons program. Until that happens, the United States says, there will be no Fender Stratocasters, Harleys, Ski-Doos or Marlboros.

Although the resolution spelled out the military hardware and technology that U.N. members will deny North Korea, it leaves the luxury category open to each country's interpretation for now. In Japan, a list of two dozen banned exports includes caviar and camcorders, wristwatches and cars.

The State Department's newly released list of no-go goodies blends knowledge and legend of the diminutive strongman's high-end tastes. Denying Kim what he craves, the theory goes, might prompt better behavior from a dictator who reportedly spends nearly a million dollars a year on rare cognac.

The resolution "reaffirms that proliferation of nuclear, chemical and biological weapons . . . constitutes a threat to international peace and security" and expresses the "gravest concern" at North Korea's claim to have tested a nuclear weapon Oct. 9.

The U.S. list of more than 60 items reads like a letter to Santa from the dictator who has everything. Yachts, water scooters, race cars, motorcycles, even station wagons and Segways won't be crossing the border this season. There shall be no more DVD players and televisions larger than 29 inches for the man whose film library of 20,000 titles betrays a yen for Bond and Rambo.

Kim's former chef has written that the man known as "Dear Leader" fancies sushi, Iranian caviar and shark-fin soup. He is said to have every grain of rice inspected for perfection. But he won't be served any of it on American china, which is on the list. After dinner, he often enjoys a glass of fine cognac -- so the United States put lead crystal and liquor on the list, too.

The U.N. resolution also freezes North Korean accounts in foreign banks that could be used to fund the weapons program. And it prohibits international travel by officials involved in the nuclear-weapons program and their families. That is ostensibly more bad news for Kim Jong Il's eldest son. Kim Jong Nam, who was then 29, was detained several years ago in Japan while reportedly trying to travel to Tokyo Disneyland on a forged Dominican passport.

The case against selling weapons and nuclear know-how to a bellicose government argues itself. Restricting designer duds, Chanel No. 5 and rare stamps involves subtler reasoning, said Jerrold M. Post, psychiatrist and director of the political psychology program at George Washington University. Post's book "Leaders and Their Followers in a Dangerous World" profiles Kim's eclectic tastes and includes a sales figure from Hennessy that puts Kim's annual cognac budget at up to $800,000 a year.

"It sounds very clever to me," Post said of the U.S. list. "It's designed only to frustrate the senior circle of cronies," he said, sparing most North Koreans, who survive on less than $1,000 a year.

Putting the kibosh on silk scarves, designer fountain pens, furs and leather luggage might inconvenience North Korea's leaders and their families, but Post doubts the luxury ban will inspire an institutional change of heart.

"Part of the support he musters with his followers is having the courage to stand up and forge forward," despite an iPod shortage, Post said. So lack of luxury won't end North Korea's weapons program "unless they use Hennessy to fuel their rockets."

The United Nations is still deciding whether to draw up its own list of banned luxury items, or leave the matter with individual member nations. The U.S. list, the most extensive so far, is also meant as a guide for nations that trade with North Korea more than the United States does. The government says U.S. trade with North Korea hovers in the $6 million range.

The United States reserves the right to take even more privileges away, should Kim's bad behavior continue -- or should his tastes change. "Goods may be added to this list taking into account national discretion on what constitutes a luxury good," reads a caveat at the top.

So while another nation may help Kim indulge his hankering for French vintages, there will be no -- repeat, no -- Samuel Adams beer on Kim's table this season. He has ruined that for himself.

Strong Protests For Visa Changes (WT)

By David R. Sands And Jerry Seper

The Washington Times, November 30, 2006

President Bush's proposal to loosen U.S. visa rules for a select group of allies yesterday drew strong protests from security analysts and strong support from countries that hope to benefit from the liberalized rules.

The starkly different reactions underscored the political force of the immigration security issue five years after the September 11 attacks, an issue that will quickly confront the new Democratic Congress early next year.

While the Department of Homeland Security (DHS) said yesterday there is no firm list of countries that would be given the waiver privilege, Mr. Bush's proposal to ease travel curbs for select allies in Eastern Europe and East Asia "is absolutely the wrong thing to do," said Janice Kephart, former counsel to the September 11 commission.

"All this would do would be to open up another loophole for people to get into the country at a time when we have yet to secure our borders against possible threats," she added.

But Slovak Ambassador Rastislav Kacer, whose country is one of about a dozen allies hoping to qualify for the Visa Waiver Program, said the change would eliminate a major irritant in relations between the United States and string of close allies in Central Europe.

"People in Slovakia say, 'OK, we support America in Iraq and around the world. Why are we not included in this program? Where is the justice?' " he said.

Mr. Kacer said ambassadors from a number of European countries hoping to join the waiver program will meet today with officials from the Department of Homeland Security to learn more about the administration's plans.

Citizens of 27 countries -- most from Western Europe but also including allies such as Australia, Japan and Singapore -- now can travel to the United States for tourism or business for up to 90 days without a visa. No countries have been added to the list since the September 11 attacks.

Slovakia is one of about a dozen countries stuck on the doorstep for admittance, along with Bulgaria, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Romania and South Korea.

Mr. Bush said Tuesday in the Estonian capital of Tallinn he would soon send a proposal to Congress to "loosen" the visa-waiver requirements to allow the applicants to qualify.

One major change: allowing countries with a visa-rejection rate above 3 percent, the current cutoff, to obtain the waiver, if those countries agree to other new security measures.

DHS spokesman Jarrod Agen said yesterday there is no timeline for the proposed changes, which still must be approved by Congress. He said there was "maybe a handful of countries" that would qualify for the waiver if the changes are adopted, but said the administration is not ready to "name names."

Sen. George V. Voinovich, Ohio Republican, said he planned to introduce a bill next week to extend visa-free travel privileges to countries allied with the United States in the global war on terrorism. Mr. Voinovich had been drafting his bill separately from the administration proposal, an aide to the senator said.

But Michael W. Cutler, a retired senior agent with the now-defunct U.S. Immigration and Naturalization Service, said he was "outraged" by Mr. Bush's suggestion that the number of visa-waiver countries be expanded without hurting security.

"The president is apparently willing to ignore high refusal rates for visa applications and is claiming that because aliens from visa-waiver countries generally leave the United States within [the authorized period], it is reasonable to have the citizens of those countries participate in a program that creates inherent national security vulnerabilities," Mr. Cutler said.

"He makes those assertions even though he knows our government lacks the ability to know when these aliens leave our country."

Daniel Griswold, a trade specialist at the libertarian Cato Institute, said Mr. Bush was apparently banking on a more friendly reception for the proposal with Democrats soon to be running Congress.

Mr. Griswold, who supports the change, predicted the visa waiver would be extended only to a tightly defined group of allies.

"I guarantee you the president was not talking about Saudi Arabia," he said.

Halliburton Unit To Pay $8 Million For Overbilling (WP)

By Griff Witte

The Washington Post, November 30, 2006

A Halliburton subsidiary agreed to pay the government $8 million to resolve accusations of overbilling related to the firm's work for the Army in the Balkans, the Justice Department said yesterday.

The allegations against KBR, formerly known as Kellogg Brown & Root, stemmed from orders placed with 10 foreign subcontractors that were working for KBR on military logistics support in 1999 and 2000. The accusations, made under the federal False Claims Act, included double-billing, inflating prices and providing products that didn't fit the Army's needs during the construction of Camp Bondsteel in Kosovo.

"The Department of Justice remains committed to vigorously pursuing allegations of procurement abuses affecting the military," Assistant Attorney General Peter D. Keisler said in a written statement.

KBR, which is being spun off by Halliburton, said in a written statement that the company was "pleased" with the resolution. "The government closed its investigations without making allegations of fraud or filing a complaint."

According to the company, it paid the government $2.1 million in 2001 as the result of an internal investigation.

The $8 million settlement is relatively small by the standards of other False Claims Act cases, said Patrick Burns, communications director of Taxpayers Against Fraud. Burns also noted that the settlement had been a long time coming, and said that the government needs to pay more attention to recent allegations of fraud in Iraq.

"At a certain point, justice delayed is justice denied," said Burns, whose nonprofit group promotes use of the False Claims Act, which dates to the Civil War. "People are going to say, 'When were we in the Balkans?' "

Several False Claims Act cases related to work in Iraq are pending, but none has resulted in a contractor having to repay money to the United States. In one lawsuit, whistle-blowers accused the firm Custer Battles of using its contracts in Iraq to cheat the government. A federal jury decided in March that the company should pay a $10 million penalty. But in August, a judge threw out the decision, ruling that the Coalition Provisional Authority, which ran Iraq at the time of the alleged fraud, was not a U.S. government entity.

KBR, the U.S. military's largest contractor in Iraq, is at the heart of several other pending False Claims Act cases, and its work is the subject of numerous federal investigations. Congressional Democrats have been particularly critical of Halliburton, which was run by Dick Cheney before he became vice president.

EU Struggles To Avoid Rift With Ankara (FT)

By George Parker In Brussels

Financial Times, November 30, 2006

Europe's leaders on Wednesday sought to prevent Turkey's troubled European Union membership bid from plunging into a full-blown crisis, as Ankara responded angrily to a call for much of the negotiations to be put on hold.

The events were sparked by a recommendation from the European Commission to freeze talks on almost a quarter of the negotiating topics because of a dispute between Turkey and Cyprus. Turkish officials expressed anger that they were not informed by Brussels in advance. One described the decision and its timing as "a bolt of lightning".

In meetings at a Nato summit in Riga, EU leaders pleaded with Recep Tayyip Erdogan, Turkey's prime minister, not to walk away from the membership talks. He later struck a more conciliatory tone in a news conference at Ankara airport, while insisting that there would be no more concessions on Cyprus.

"Actually let us not view this as a suspension... There will be something of a slowdown," he said. "We will continue on our path in the same direction... Our most important goal is to raise our country's standard of living."

Olli Rehn, EU enlargement commissioner, proposed on Wednesday that Turkey should be barred from opening detailed membership talks in eight out of the 35 policy areas.

The areas which related to items such as the free movement of goods, transport, customs and external relations consist of some of the biggest elements of EU policy.

The move was seen as too harsh by Britain, Spain and Italy, which argued that no more than three "chapters" in the membership negotiations should be put off limits.

But others like France and Germany wanted Mr Rehn to go further and Cypriot diplomats said his plan was "deeply disappointing".

Cyprus wants the EU to set a date to review Turkish progress on the ports issue - the kind of new deadline Mr Rehn wants to avoid.

Mr Rehn hopes the EU's 25 foreign ministers can bury their differences and agree to the new conditions for Turkey at a meeting on December 11.

He argues that the compromise plan would allow talks to continue on many other policy areas and keep the negotiations on track. "There will be no train crash," he said.

But his officials admit the bigger concern is Ankara's reaction to the conditions and the nagging fear that Mr Erdogan might eventually decide to walk away from the negotiating table.

The road to impasse

1999: EU declares Turkey is a 'candidate' for membership

2004: EU decides to begin negotiations with Ankara after concluding it has 'sufficiently fulfilled' human rights and democratic criteria

2005: Brussels approves negotiating mandate consisting of 35 topics or 'chapters' Ankara must fulfil, but warns 'overall progress' will be affected if Turkey refuses to open its ports to ships from Cyprus

June 2006: EU opens and closes chapter on science and research – the only part of the negotiations to date that has been concluded or even begun

September 2006 onwards: Progress on other chapters stalls as tensions rise over Turkish-Cypriot dispute. As an EU member state, Cyprus has a veto over all stages of the negotiations

November 2006: Commission recommends that the EU suspend negotiations on eight of the remaining chapters amid concerns that Turkey's bid could be jeopardised. Several EU member states back Brussels' stance. A decision is due to be taken next month

Turkey Set Back In Bid For E.U. Membership (WP)

By Molly Moore

The Washington Post, November 30, 2006

ISTANBUL, Nov. 29 -- The European Union's executive arm on Wednesday recommended cutting off talks with Turkey on several key issues in its efforts to join the 25-country bloc, a day after Pope Benedict XVI expressed support for the predominantly Muslim country's pursuit of membership.

"We confirm these negotiations must continue, although at slower pace," E.U. Enlargement Commissioner Olli Rehn told reporters in Brussels. "There will be no train crash. There is a slowing down because of works further down the tracks. However, the train continues to move."

Turkish Prime Minister Recep Tayyip Erdogan, attending a summit of the NATO alliance in Latvia, called the recommendation by the European Commission "unacceptable."

The latest rift between the European Union and Turkey came in the middle of Benedict's first papal journey to a Muslim country. The pontiff is using the visit to highlight secular Turkey's role as a bridge between the West and Islam. But the trip has come as tensions over possible E.U. membership have frayed relations between Turkey and its longtime Western allies.

Erdogan, who met with the pope for 20 minutes Tuesday at the Ankara airport before flying to Latvia, said the pontiff expressed support for Turkey's efforts to join the European Union, reversing the position he had expressed as a cardinal.

A Vatican spokesman, the Rev. Federico Lombardi, issued a statement noting that the pope has no official role in determining E.U. membership but that he "views positively" Turkey's attempts to join.

The European Commission recommended suspension of talks with Turkey on eight of the 35 crucial policy areas judged for E.U. membership. The decision followed the collapse of negotiations over Turkey's refusal to open its ports to vessels from parts of Cyprus controlled by the island's internationally recognized government.

Cyprus has been divided since 1974, when Turkish troops invaded the northern portion of the island in response to a coup d'etat that was supported by Greece. Turkey is the only country to recognize that zone, as the Turkish Republic of Northern Cyprus. Turkey refuses to recognize the southern section of the island; the entire island has been admitted to the European Union.

The pope is using his trip to try to improve relations with the Muslim world after a September speech in which he angered many Muslims by quoting a Byzantine Christian emperor who criticized Islam as embracing violence.

Within Turkey, the pope's first visit has received favorable reviews. The Turkish newspaper Hurriyet declared in a headline Wednesday: "It started well."

A statement purportedly released by the insurgent group al-Qaeda in Iraq to several Islamic Web sites Wednesday denounced the four-day visit as part of a "crusader campaign" against Islam and said Benedict was trying to "extinguish the burning ember of Islam" in Turkey.

Lombardi, the Vatican spokesman, said the statement demonstrated the need for all religions to fight "violence in the name of God."

The pope spent the second day of his trip reaching out to Turkey's small Roman Catholic community and to the Vatican's centuries-long rival, the Istanbul-based patriarch of the Orthodox Christian church. The pope will spend much of the remaining two days as a guest of Ecumenical Patriarch Bartholomew I.

On Wednesday morning, the pope traveled up a dirt road on a forested mountainside near the Aegean Sea to say Mass in Ephesus, where many Christians and Muslims believe the Virgin Mary lived her last years.

In remarks directed at Turkey's treatment of Christians, Benedict said, "I have wanted to convey my personal love and spiritual closeness, together with that of the universal church, to the Christian community here in Turkey, a small minority which faces many challenges and difficulties daily."

He also paid homage to an Italian priest who was shot dead in February as he knelt in prayer inside his church in the Black Sea port town of Trabzon. His slaying by a Turkish teenager was linked to anger over publication in Europe of cartoons of the prophet Muhammad.

Pope Urges Religious Tolerance In Turkey (AP)

By Brian Murphy

AP, November 30, 2006

DOJ_NMG_0100192

Pope Benedict XVI began his pilgrimage among Turkey's tiny Christian communities Wednesday by paying homage to an Italian priest slain during Islamic protests and expressing sympathy for the pressures facing religious minorities in the Muslim world.

The messages — made at one of the holiest Christian sites in Turkey — could set the tone for the remainder of Benedict's first papal trip to a Muslim nation as he tries to strengthen bonds with the spiritual leader of the world's Orthodox Christians.

The pope is expected to sharpen his calls for what the Vatican calls "reciprocity" — that Muslim demands for greater respect in the West must be matched by increased tolerance and freedom for Christians in Islamic nations.

But too much pressure by the Roman Catholic pontiff could risk new friction with Muslims after broad gestures of goodwill in the opening hours of the trip Tuesday that sought to ease simmering Muslim anger over the pope's remarks on violence and the Prophet Muhammad.

A statement claiming to be from al-Qaida in Iraq denounced the pope's visit as part of a "crusader campaign" against Islam and an attempt to "extinguish the burning ember of Islam" in Turkey. Vatican spokesman the Rev. Federico Lombardi said the declaration — posted on several Islamic militant Web sites — shows the need for faiths to fight "violence in the name of God."

He said "neither the pope nor his entourage are worried."

Still Turkish authorities took massive security precautions for the Istanbul stop, with thousands of police on the street and roads cleared of all traffic for the papal motorcade.

The pope's deepening ties with Ecumenical Patriarch Bartholomew I — called the "first among equals" of the Orthodox leaders — also is watched with suspicion in Turkey as a possible challenge to state-imposed limits on Christian minorities and others. Benedict has declared a "fundamental" commitment to try to heal rifts between the two ancient branches of Christianity, which split nearly 1,000 years ago over disputes including papal authority.

At Bartholemew's walled compound in Istanbul, the pope stood amid black-robbed Orthodox clerics and urged both sides "to work for full unity of Catholics and Orthodox."

The pope began the day at the ruins of a small stone home at the end of a dirt road near the Aegean Sea — the site where the Virgin Mary is thought to have spent her last years.

At an outdoor Mass attended by 250 invited guests, the pope noted the challenges facing the "little flock" of Christians in Turkey.

"I have wanted to convey my personal love and spiritual closeness, together with that of the universal church, to the Christian community here in Turkey, a small minority which faces many challenges and difficulties daily," the pope said.

At times, he smiled and showed flashes of the pastoral flair of his predecessor, John Paul II, in one of the most intimate papal gatherings since John Paul's trip to remote Mount Sinai during a trip to Egypt in 2000.

Benedict went on to honor the memory of a Catholic priest who was slain in Turkey amid Muslim anger over the publication in European newspapers of caricatures of Muhammad.

"Let us sing joyfully, even when we're tested by difficulties and dangers as we have learned from the fine witness given by the Rev. Andrea Santoro, whom I am pleased to recall in this celebration," said Benedict, who later walked amid the crowd as they reached to touch his gold-and-white robes and cried "Viva il Papa" and "Benedetto," his name in Italian.

In February, a Turkish teenager shot the Italian priest as he knelt in prayer in his church in the Black Sea port of Trabzon. The attack was believed to have been linked to outrage over the cartoons. Two other Catholic priests were attacked this year in Turkey, where Christians have often complained of discrimination and persecution.

On Tuesday, the pope urged religious leaders of all faiths to "utterly refuse" to support any form of violence in the name of faith. He also said religious freedom was an essential element of democratic values.

He sought a careful balance as he held out a hand of friendship and brotherhood to Muslims, and expressed support for measures that Turkey has taken in its campaign to join the European Union.

But winning over Turkish sentiments may be easy compared with the complexities ahead.

The legacy of Christianity in Turkey is a tangle of historical and religious sensitivities.

Turkish armies captured the Byzantine capital Constantinople — now Istanbul — in 1453 to begin a steady decline for Christians, who had maintained communities in Asia Minor since the time of the Apostles.

As the Ottoman Empire collapsed in the early 20th century, large numbers of Armenian Christians perished in mass expulsions and fighting. Turkey vehemently denies that it committed genocide against Armenians, though many nations have classified the World War I-era killings as such.

Later, in the 1920s, Turkey and Greece carried out a massive population exchange under the treaty that established modern Turkey, with hundreds of thousands of Greek Orthodox sent to Greece and smaller numbers of Muslims going the other way.

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Bartholomew heads the remnants of the Greek community in Istanbul that now number no more than 2,000 among about 90,000 Christians in Turkey.

But they still represent a powerful symbolic presence for the world's more than 250 million Orthodox, which often denounce Turkey for placing obstacles in the way of Bartholomew and his clerics.

Turkey refuses to acknowledge the "ecumenical," or universal, title of the patriarch and instead considers him only the head of the local Greek Orthodox community. The Turkish worry is that granting wider status to the patriarch could undermine the idea of a single Turkish nationality — a pillar of the nation's secular system — and inspire demands for special recognition by minorities including Kurds and Muslim groups such as Sufis and Alevis, considered a branch of Shiite Islam.

Now, Turkish officials are concerned the papal visit and support for Christian minorities could embolden Bartholomew to press Turkey for concessions, including return of confiscated property and the reopening of a Greek Orthodox seminary that closed more than two decades ago after authorities blocked new students. The EU has also pushed Turkey for greater religious openness to help its faltering bid for membership.

"Against the backdrop of universal peace, the yearning for full communion and concord between all Christians becomes even more profound and intense," he said at the ancient Christian site.

Nestling on a mountain in woods between the ancient city of Ephesus and the town of Selcuk, near the Aegean coast, St. John the Apostle is believed to have brought the Virgin Mary to the house to care for her after Jesus' death. Another belief maintains that the Virgin Mary died in Jerusalem.

The ruins of the house, whose earliest foundations date to the first century, have become a popular place of pilgrimage for both Muslims and Christians since the 1950s.

A chapel was built over the ruins, and some believe in the healing powers of both the chapel and waters flowing from a nearby spring.

Of Turkey's 70 million people, some 65,000 are Armenian Orthodox Christians, 20,000 are Roman Catholic and 3,500 are Protestant, mostly converts from Islam. Another 23,000 are Jewish.

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AP writer Victor L. Simpson contributed to this report.

Turkey Lauds Pope's EU Support (WT)

By John Phillips

The Washington Times, November 30, 2006

ISTANBUL -- Turkey praised Pope Benedict XVI yesterday for dropping his opposition to Turkish membership in the European Union.

"It started beautifully," said the mass circulation Hurriyet newspaper, "the pope told the world from Ankara that Islam was a religion of peace."

Turkey's other biggest daily Milliyet concurred.

"This trip is important for Turkey's EU membership. This is a big warning for politicians who think the EU is a Christian club," it said.

Benedict on Tuesday began a delicate four-day trip to this Muslim NATO nation by meeting Turkish Prime Minister Recep Tayyip Erdogan who afterward quoted the conservative German pope as having dropped his previous well-known hostility to Turkey becoming an EU member. The Vatican did not confirm specifically the Turkish leader's remarks. However, Vatican spokesman the Rev. Federico Lombardi said the pope "sees positively and encourages the passage of dialogue for the inserting of Turkey in the EU, on the basis of specific common values."

Benedict began the second day of his remarkable first official trip to a Muslim country yesterday by celebrating a Mass close to the ancient city of Ephesus near the Aegean coast in a ceremony for Turkey's embattled Roman Catholic community. The service was held next to the ruins of a house where the Virgin Mary is thought by some scholars to have spent her last years after she was taken there by St. John the Apostle.

"I have wanted to convey my personal love and spiritual closeness ... to the Christian community here in Turkey, a small minority which faces many challenges and difficulties daily," the pope told an intimate congregation of just 250.

He also honored the Rev. Andrea Santoro, an Italian priest who was fatally shot by a Turkish teenager in February in his church in the Black Sea port of Trabzon. The attack was thought to be linked to Muslim outrage over the publication of caricatures of the prophet Muhammad in European newspapers. Two other Catholic priests were attacked in Turkey this year.

Diplomats and commentators say in the first two days of his visit the pope has gone a long way toward reopening dialogue between Christians and Muslims who were angered over a speech he made in September in which he spoke of a medieval text that linked Islam and violence.

On Tuesday, in what some took as a rebuke of radical Islamists, Benedict urged religious leaders of all faiths to "utterly refuse" to support any form of violence in the name of their creeds.

The pope's schedule yesterday was highlighted by a meeting with Greek Orthodox Ecumenical Patriarch Bartholomew I, leader of the world's 300 million Orthodox Christians. The two major branches of Christianity represented by Bartholomew and Benedict split in 1054 over differences on the power of the papacy. The pope's deepening ties with Bartholomew, ... called the "first among equals" of the Orthodox leaders -- is watched with suspicion by authorities in Turkey as a potential challenge to state-imposed limits on Christian minorities and others. Benedict has declared a "fundamental" commitment to heal rifts between the two ancient branches of Christianity.

At Bartholomew's walled compound in Istanbul, the pope stood amid black-robed Orthodox clerics and urged both sides "to work for full unity of Catholics and Orthodox."

The Vatican yesterday dismissed a statement reportedly issued in Iraq by al Qaeda denouncing the pope's visit to Turkey as part of a "crusader campaign" against Islam.

"Neither the pope nor his entourage are worried" by the statement on a Web site, said Father Lombardi. Turkey's far-right Gray Wolves movement called a demonstration in Istanbul to be held today against the pope's visit but it was not clear whether authorities would allow the protest to go ahead.

British Find Radiation Traces On 3 Planes (NYT)

By Alan Cowell And Steven Lee Myers

The New York Times, November 30, 2006

LONDON, Nov. 29 — The case of the poisoned former K.G.B. agent took a bizarre twist when British Airways said that traces of radiation had been detected Wednesday on jets that flew between London and Moscow, establishing a possible Russian link and indicating that more than 30,000 people might have been exposed to the radiation.

The airline said tests had found “very low traces” of radioactivity so far on two of three Boeing 767s, which were singled out because the police suspected that passengers included people linked to the investigation. At least one of the planes flew between London and Moscow days before the former agent, Alexander V. Litvinenko, fell ill from the radioactive poison, polonium 210, that doctors say killed him.

The authorities did not say what substance was detected, but said the radiation posed little danger to the public.

In his last days, Mr. Litvinenko accused the Russian president, Vladimir V. Putin, of ordering his killing, a charge that Moscow has dismissed.

But the case, which has taken on cold war overtones, has clouded relations between Britain and Russia. On Wednesday, Prime Minister Tony Blair said his government was “determined to find out what happened” and stressed that “there is no diplomatic or political barrier in the way of that investigation.”

Willie Walsh, the chief executive of British Airways, said in a television interview that the three airplanes had made 221 flights, including trips to and from Moscow, since late October, carrying 33,000 people.

The airline said that, including more than 40 flights in both directions between London and Moscow, the planes had been used in flights between London and destinations including Athens, Frankfurt, Madrid, Istanbul, Stockholm, Düsseldorf, Germany, Barcelona, Spain, and Larnaca, Cyprus. The flights took place between Oct. 25 and Nov. 29, according to the British Airways Web site, www.ba.com.

While the airline said it had been told “the risk to the public is low,” it said it would contact all the passengers on the flights. Mr. Walsh encouraged them to consult health authorities if they had any concerns, adding that some 3,000 British Airways staff members would also be checked for radiation.

“The advice that we have is that the risk to public health is actually very, very low,” he said. “But I think it’s only right that we identify the flights that have been involved and make the information available to the customers.”

It is impossible to know the exact level of the health risk, if any, as the airline released no information about what substance was detected or the level of the radiation. Radiation from polonium 210 is considered dangerous to human health only if particles of the rare substance are inhaled or ingested or otherwise enter the body. Since its radiation cannot penetrate the skin, an accidental exposure aboard an airplane is likely to prove insignificant.

Mr. Litvinenko, a harsh critic of the Kremlin, died in a London hospital late last Thursday, and an autopsy is to be carried out on Friday.

According to Mr. Litvinenko’s supporters, he began to feel ill on Nov. 1, the same day he met an Italian contact in a sushi bar and two Russian men — including a former K.G.B. colleague — in a five-star hotel. Traces of radiation have been found in those and other places visited by Mr. Litvinenko on that day, according to the police.

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According to the British Airways statement, however, eight of the Moscow trips flown by the three planes being examined took place before Nov. 1.

It was the first time that a physical link has been suggested with Moscow, and the first time that traces of radioactivity dating before Nov. 1 have been found. That could suggest that Mr. Litvinenko had ingested or breathed radioactive material before Nov. 1.

An official on duty at Domodedovo Airport in Moscow, Andrei D. Kositsyn, said in a telephone interview that a British Airways flight scheduled to leave Moscow around 5 p.m. on Wednesday was canceled Wednesday evening and that the aircraft was held at the airport. He said that the flight had been canceled for "technical reasons" but added that the airline had not informed airport officials of the exact reason for grounding the airplane.

He said he was not aware of any concern about radioactivity, which he said would have resulted in special precautions to quarantine the aircraft.

Another official, who spoke on condition of anonymity because of airport restrictions on contacts with news media, identified the plane as one that flew from Moscow to London on Oct. 31 and other dates.

Mr. Walsh of British Airways said the airplane grounded in Moscow would be tested there.

"Purely on a precautionary basis, scientific teams have been testing a number of locations identified as part of the police investigation over the last few days," a British Airways spokesman said, speaking on condition of anonymity under company policy. "Today they have started tests on two aircraft at Heathrow Airport and are making arrangements for a third plane to be tested."

It was not clear how the traces of radioactivity got onto the British Airways planes or whether polonium 210 had been found.

Last Friday, Andrei Lugovoi, a former K.G.B. associate of Mr. Litvinenko, denied in a radio interview that he or a colleague, Dmitri Kovtun, had any part in poisoning him when they met him in London on Nov. 1.

Speaking on Ekho Moskvy, an independent Russian radio station, Mr. Lugovoi said that he and Mr. Kovtun had met Mr. Litvinenko in a hotel on that day and had discussed business for 20 to 30 minutes.

Mr. Lugovoi later returned to Moscow but it was not immediately known how he had flown there.

An Italian consultant, Mario Scaramella, who met Mr. Litvinenko on Nov. 1 in the sushi bar, said Wednesday that he had been tested for radiation and had been cleared. Britain's Health Protection Agency said late Wednesday that 49 people working at two hospitals where Mr. Litvinenko was treated had been asked as a precaution to provide urine samples to establish whether they had been contaminated.

Spy Investigators Find Radiation On 2 British Jets (WSJ/AP)

The Wall Street Journal, November 30, 2006

LONDON -- Authorities found traces of radiation on two British Airways 767 jetliners yesterday as investigators widened their search for clues into the poisoning death of former Russian spy and Kremlin critic Alexander Litvinenko.

The airline said it would contact passengers who flew on the two jets.

Home Secretary John Reid disclosed the search following a meeting with Cobra, the government's emergency committee. Mr. Reid said two planes had been tested so far and that another would be.

The initial results of the forensic tests had shown very low traces of a radioactive substance onboard two aircraft, British Airways said. The carrier said the investigation is confined to the three planes, which will remain out of service until further notice.

All three planes had been on the London-to-Moscow route, British Airways said. In the last three weeks the planes had also traveled to routes across Europe including Barcelona, Frankfurt and Athens. Around 30,000 passengers had traveled on 220 flights on those planes, said Kate Gay, a spokeswoman for the airline.

High doses of polonium-210 -- a rare radioactive element usually manufactured in specialized nuclear facilities -- were found in Mr. Litvinenko's body, and traces of radiation have been found at sites in London connected with the investigation of his death.

Meanwhile, an Italian security expert who was one of the last people to meet with Mr. Litvinenko said that tests cleared him of radioactive contamination.

Mario Scaramella came from Rome to meet with Mr. Litvinenko at a sushi bar in London Nov. 1, the day the former intelligence agent first reported the symptoms that ultimately led to his death in a hospital's intensive-care ward.

In a deathbed accusation, the harsh Kremlin critic blamed Russian President Vladimir Putin for his poisoning. Mr. Putin has strongly denied the charge.

Probe Of Spy's Death Finds Radiation On 2 British Jets (WP)

By Kevin Sullivan And Peter Finn

The Washington Post, November 30, 2006

LONDON, Nov. 29 -- British authorities investigating the death of former Russian spy Alexander Litvinenko have discovered low levels of radiation on two British Airways jetliners, prompting the airline to ground the planes and issue warnings to as many as 33,000 passengers who traveled in the past month on those aircraft and on a third plane grounded in Moscow, company officials said Wednesday.

Airline officials said "the risk to public health is low" from contamination found on the Boeing 767 planes, but they urged passengers to call Britain's National Health Service or their doctors if they have symptoms or want information. Health officials have said the radioactive material that killed Litvinenko, called polonium-210, would have to be ingested or inhaled to be dangerous.

All three affected planes flew on the London-Moscow route, but they also made a total of more than 220 flights that landed in Barcelona; Athens; Stockholm; Vienna; Istanbul; Madrid; Larnaca, Cyprus; and the German cities of Dusseldorf and Frankfurt, airline officials said. The airline posted on its Web site, http://www.britishairways.com, a full list of flights made by the grounded aircraft dating back to Oct. 25.

The radiation found on the planes is an important new clue for investigators who are trying to solve an extraordinary case that has caused political tensions between London and Moscow. It may help determine where the polonium-210 came from as detectives follow the trail of the radioactive substance.

Airline officials said they acted at the request of government officials who are investigating the mysterious death last week of Litvinenko, 43. His family and friends have alleged that he was murdered, but police have said only that his death is "suspicious."

Traces of radiation have also been found at Litvinenko's London home, as well as a central London restaurant, a hotel and two offices that he visited Nov. 1, the day he fell violently ill.

Litvinenko's supporters allege that he was killed on orders from Russian President Vladimir Putin, an assertion that Kremlin officials have labeled nonsense. British Prime Minister Tony Blair on Tuesday called Litvinenko's death "a very serious matter" and said, "We are determined to find out what happened and who is responsible."

It was unclear Wednesday night whether police suspect that polonium-210 was carried into Britain aboard one of the planes or whether they think that people who had been contaminated by it left the country aboard one of them, or both.

Former KGB agent Andrei Lugovoy and two other Russian men who met with Litvinenko at the Millennium Hotel bar in Grosvenor Square on Nov. 1 later returned to Moscow. Police said traces of radiation were found at the hotel bar, which has been closed to the public.

Since the Litvinenko investigation started, more than 1,100 people have called a help line for those worried over possible exposure to the radioactive substance, health officials said. Eight people showing some symptoms were referred for further tests.

The two planes on which radiation had been detected were grounded at Heathrow Airport on Tuesday evening and a third remained on the ground in Moscow awaiting radiation testing, an airline spokeswoman said. A company spokesman said British Airways employees were attempting to reach all of the estimated 33,000 people who traveled on those planes, mainly by telephone and e-mail.

British Airways has also set up special telephone numbers, listed on its Web site, for people to call to determine whether they were on one of the planes in question.

Nancy McKinley of the International Airline Passengers Association in Dallas said the large number of passengers and flights involved over a relatively short time period illustrate the complexity of issues involved with airline security.

"This shows that you can't look at this industry without thinking about the global implications," she said.

In Moscow, officials reported that another prominent Russian had suddenly fallen ill. Former acting prime minister Yegor Gaidar became sick Friday at a conference in Ireland, vomiting and then losing consciousness for three hours, according to his spokesman.

Gaidar's daughter, Maria Gaidar, said that the incident had posed a serious threat to her father's life but that his condition was improving. He was transferred from Dublin to a Moscow hospital on Sunday.

Doctors have not identified the cause of the illness and are considering the possibility that Gaidar, 50, might have been poisoned, his spokesman said. Gaidar became ill in the afternoon.

Gaidar fell ill at a university just outside Dublin where he was answering questions about a new book he had written. He has been a critic of Putin's policies, particularly the increasing of state control over important sectors of the economy.

Valery Natarov, the spokesman for Gaidar, told news agencies here that "nobody has ruled out the poisoning version. It is being considered, and doctors are studying all the symptoms and consequences to cure Yegor and diagnose the causes."

A close colleague of Gaidar's, Anatoly Chubais, a deputy prime minister under Russian President Boris Yeltsin and now the head of the country's state electric company, said that Gaidar was "on the verge of death" Friday and that the symptoms did not appear to be the result of a natural illness.

Russian officials have argued Litvinenko's death stemmed from an overseas plot by disaffected exiles to discredit Putin, not an order issued by the Kremlin.

Gaidar, who served as acting prime minister under Yeltsin from June to December 1992, was one of the architects of the post-Soviet transition to a market economy. He was later reviled by many Russians who blamed him for their impoverishment during a time when favored tycoons enriched themselves from the privatization of state assets.

Finn reported from Moscow. Correspondent Mary Jordan in London contributed to this report.

Radiation Found On British Airways (USAT)

By Jeffrey Stinson

USA Today, November 30, 2006

LONDON — British Airways late Wednesday sought thousands of passengers who might have been exposed to a radioactive substance found aboard two jets by investigators looking into the poisoning death of a former Russian spy.

Britain's Health Protection Agency stressed that the risk to the public was slight.

British Airways said “very low traces” of a radioactive substance were found on two Boeing 767 jetliners in London. A third Boeing 767 was grounded in Moscow.

Law enforcement authorities and airline officials would not say whether the substance was polonium-210, a rare isotope found in the body of former KGB officer Alexander Litvinenko, who died in London on Nov. 23.

Litvinenko, 43, was living in London and had become a bitter critic of Russian President Vladimir Putin. From his deathbed, he accused Putin of masterminding his poisoning.

The three British Airways planes have recently flown the London-Moscow route, and made other stops in Barcelona, Frankfurt and Athens, the carrier said. It said 33,000 passengers flew aboard 221 flightson the three jets in recent weeks; about 3,000 crewmembers and airport workers had contact with the aircraft.

The airline posted a list of the flights on its website. It asked passengers who flew them to call a help line. It urged non-British nationals to call their doctors.

Airport security screeners have equipment to check passengers and cargo for radiation, but generally use it only after terrorism warnings, said Stephen Luckey, an aviation security consultant.

Polonium-210 is used in nuclear weapons. The Health Protection Agency said in a statement, “It can only represent a radiation hazard if it is taken into the body — by breathing it in, by taking it into the mouth, or if it gets into a wound. It is not a radiological hazard as long as it remains outside the body.”

British Home Secretary John Reid said radiation tests on the airliners were part of the Litvinenko investigation.

Russia has denied any role in Litvinenko's death, which has been classified by British police as “suspicious” but not a murder. The case has chilled relations between London and Moscow. Members of Prime Minister Tony Blair's Cabinet have criticized Putin as anti-democratic and authoritarian.

Before his death, Litvinenko said he met in London with Russians who had traveled from Moscow. Traces of polonium-210 have been found at six sites he visited, including a sushi restaurant and the London offices of Russian tycoon Boris Berezovsky, a Putin critic.

Dozens of people who worked at or visited the six sites and the London hospital that treated Litvinenko have been tested for radiation exposure.

Litvinenko's body is to undergo an autopsy Friday.

Putin Calls Gaidar After Mystery Illness (FT)

By Arkady Ostrovsky

Financial Times, November 30, 2006

President Vladimir Putin telephoned Yegor Gaidar on Wednesday as the former Russian prime minister recovered in hospital from a mysterious illness friends claim was an attempt to poison him.

Kremlin sources told the Financial Times Mr Putin was concerned about Mr Gaidar’s health and wished him a speedy recovery from the violent attack he suffered in Ireland last week, the day after former Russian spy Alexander Litvinenko died in London from apparent radiation poisoning. The two men had known each other for many years and still met occasionally, the sources said.

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A colleague of Mr Gaidar, Anatoly Chubais, a top government figure under the former president, Boris Yeltsin, and now head of the country's electricity monopoly, on Wednesday blamed Mr Putin's opponents for what he feared was a poisoning attack.

Mr Chubais said the sudden bleeding and vomiting Mr Gaidar suffered while attending a conference in Dublin should be considered in the same chain of events as Mr Litvinenko's death and last month's murder of Anna Politkovskaya, a journalist.

"The version of attempted poisoning, attempted murder should undoubtedly be considered seriously," Mr Chubais said.

Mr Gaidar, who heads an economic think-tank in Moscow, told the Financial Times he had felt ill after eating a simple breakfast and collapsed in the afternoon.

Mr Gaidar said doctors were concerned for his life and he had never felt so close to death.

The illness subsided after a few hours but doctors have been unable to identify the cause of his symptoms. Mr Gaidar was in a stable condition on Wednesday, undergoing more tests at a Moscow hospital. Maria Gaidar, his daughter, said: "Doctors still can't figure out a reason for what happened."

Mr Gaidar is a soft critic of Mr Putin and has repeatedly voiced his concern about the clampdown on democracy in Russia.

However, both Mr Chubais, who himself survived an assassination attempt last year, and other people close to Mr Gaidar have ruled out the possibility of a Kremlin-sponsored attempt on Mr Gaidar.

Mr Chubais said: "For me there is no doubt that the deathly Politkovskaya-Litvinenko-Gaidar chain, which by a miracle was not completed, would have been attractive for the supporters of un unconstitutional, forceful change of power in Russia."

Mr Chubais' line corresponds with that of the Kremlin, which blamed opponents of Mr Putin for the murder of Ms Politkovskaya and Mr Litvinenko.

¦British Airways said on Wednesday that "very low traces of a radioactive substance" had been found on two of three Boeing 767 aircraft it had taken out of service after being notified by investigators probing Mr Litvinenko's death.

New Leader Vows To Oust U.S. Anti-drug Squad (WT)

By Carmen Gentile

The Washington Times, November 30, 2006

MIAMI -- Ecuador's outspoken new leader has promised to end the U.S. military's counternarcotics operations in the South American country, saying it targets rebels from neighboring Colombia.

Even though his victory will not be official until later this week , Rafael Correa, the leftist economist with a doctorate from the University of Illinois, said shortly after Sunday's election that he would not renew the agreement with the United States.

The agreement, which allows the U.S. program to operate out of an airstrip in the port city of Manta, some 140 miles southwest of the capital, Quito, expires in 2009.

Leading up to Sunday's election, Mr. Correa said he hoped to have good relations with the United States "within a framework of mutual respect."

Ecuador granted the U.S. Air Force permission in 1999 to conduct its counternarcotics flyover operations and drug-seizure missions in the region.

The Manta Forward Operating Location houses up to 475 personnel and operates up to eight aircraft. All aircraft are unarmed and support counternarcotics operations only, the U.S. military said.

Ecuador is considered one of the world's leading producers of cocaine, after Colombia and Bolivia.

Last year, the U.S. operation out of Manta seized some $640 million in illegal drugs and so far this year has confiscated narcotics totaling $2.5 billion in street value.

The U.S. forces also have arrested some 260 suspected drug traffickers so far this year, said Capt. Nancy Kuck, a U.S. Air Force public-affairs officer stationed in Quito.

Since the program's inception, the United States said it has spent $71 million on construction at the base and contributes more than $6.5 million annually to the local economy.

However, Mr. Correa is firm on ending the program, claiming Washington uses the base to carry out attacks on Colombian rebels known to hide along the porous jungle border dividing Ecuador and Colombia.

Colombian rebels from the Revolutionary Armed Forces of Colombia (FARC) have been known to wage attacks on Colombian forces and then flee to relative safety across the border into Ecuador. They also are known to use revenue from the drug trade to fund their decades-long war.

The U.S. military denies Mr. Correa's claim, but adds that the Manta operation would not shy away from capturing traffickers on Ecuadoran soil that were associated with Colombian groups.

"We reject any implication that the aircraft are there for any other mission other than counterdrug missions," said Air Force Master Sgt. Jose Ruiz, a spokesman for the Pentagon's Southern Command in Miami.

Mr. Correa's distaste for the U.S. presence in the region is not unfounded, said Mark Weisbrot, co-director of the Washington-based Center for Economic and Policy Research.

"I'm not sure it's in Ecuador's interest to continue to have a foreign military presence in their country," Mr. Weisbrot said. "This U.S. war on drugs is a dubious proposition. ... It's not affecting the street price of drugs here [in the United States] or the quantity available."

Other disagree, noting that Ecuador's continued cooperation with U.S. efforts to counter drug trafficking would signal to Washington the country's willingness to cooperate on other issues as well.

"Losing the Manta air base would be detrimental [to the U.S. drug program], but it would be more detrimental for Ecuador because it would confirm for Congress that Ecuador isn't keen on cooperating," said Stephen Johnson, a Latin America analyst at the Heritage Foundation.

Why Canada's Liberals Could Pick An Iraq-war Supporter As Their Leader (CSM)

By Rebecca Cook Dube

The Christian Science Monitor, November 30, 2006

TORONTO

It would be hard to imagine a more unlikely leader for Canada's Liberal Party than Michael Ignatieff, the Harvard professor-turned-politician.

He supported the deeply unpopular Iraq war, has less than a year's experience as an elected official, and has spent most of his adult life in Britain and the US.

And yet, Mr. Ignatieff is the front-runner going into this weekend's Liberal Party leadership election. With the Conservative minority government barely holding on to power, the contest's winner could be next in line to become the next prime minister of Canada.

Despite a campaign dogged by controversy, from the beginning Ignatieff has been compared to the legendary former Prime Minister Pierre Trudeau - not so much for his policies as for the aura of hope and charisma that surrounds him. Canada's liberals have been battered in recent years by scandal, allegations of widespread corruption, and a disastrous election last January in which they lost their 12-year grip on the prime minister's office.

"There's a real hunger for a more visionary, poetic leadership in Canada," says pollster Frank Graves, president of Ottawa-based EKOS Research Associates. "Michael Ignatieff is trying to tap into that. Whether he's successful remains to be seen."

At a recent campaign rally in a Toronto pub, Igantieff's fans talked about him as the Liberal Party's savior.

"I've been through them all: Pearson, Trudeau, Diefenbaker," said 75-year-old Irene Roth Romanowicz, naming Canada's most illustrious prime ministers in recent history. "His quality, his integrity - there is no man that I've met or any politician that I feel so strongly about," insisted Ms. Romanowicz, who has volunteered for Ignatieff's campaign ever since he moved back to Toronto in 2005 to run for Parliament.

Ignatieff does tend to inspire strong feelings wherever he goes. The son of a Canadian diplomat descended from Russian nobility, he first made a name for himself in England, as an academic, documentary filmmaker, and journalist. More recently, he served as director of Harvard University's Carr Center for Human Rights. While there, he dramatically split from the left with a 2003 essay in The New York Times Magazine supporting the US-led war in Iraq.

"Virtuous disengagement is no longer a possibility," Ignatieff wrote. "The disagreeable reality for those who believe in human rights is that there are some occasions - and Iraq may be one of them - when war is the only real remedy for regimes that live by terror."

Ignatieff, who met Kurdish survivors of Saddam Hussein's chemical-weapons attacks on a 1992 trip to Iraq, took pains to distance himself from the Bush administration, placing his views squarely in the frame of human rights.

But he didn't always distance himself from America, often using the pronouns "we" and "our" in essays about US foreign policy. Earlier this year, Ignatieff said he regretted his pronoun choice: "Sometimes you want to increase your influence over your audience by appropriating their voice, but it was a mistake."

While Ignatieff's decades-long absence from Canada is frequently noted, it hasn't killed his candidacy, as it might in other countries.

"Canada's colonial culture ... prizes those who have gone to the 'center' to learn," says University of Toronto political science professor Stephen Clarkson, referring to Ignatieff's sojourns in Canada's former colonial ruler, England, and its current dominant influence, the US. "It's not held against you in Canada the way it would be in the States or France or Britain."

What almost did kill off Ignatieff's run were several campaign gaffes. In August, he told the Toronto Star that he was not "losing sleep" over civilian deaths in Lebanon. Then in October, he told a French-language television show that Israel's July 30 missile strike on the Lebanese village of Qana, which killed dozens of civilians, was a "war crime."

Ignatieff's opponents used the opportunity to paint him as a bumbling political neophyte.

Then Ignatieff jumped from the frying pan into the fire with remarks late last month supporting the Liberal Party's Quebec wing's quest to have Quebec recognized as its own nation.

"I speak for those who say Quebec is a nation, but Canada is my country," Ignatieff said. His comments sparked a hailstorm from critics from across the political spectrum who blamed him for reopening a painful, divisive debate 11 years after the latest Quebec referendum on secession was defeated.

But that criticism lost some of its sting when Parliament this week overwhelmingly passed a motion put forth by Conservative Prime Minister Stephen Harper declaring that Quebeckers "form a nation within a united Canada." All but one of Ignatieff's main rivals fell in line with it, making Ignatieff look like a leader on the Quebec issue.

The controversy around his comments, though, demonstrates Ignatieff's unusual approach to campaigning. "He's not running a front-runner's typical, cautious campaign," Professor Clarkson says. "He's been acting as an intellectual, not as a politician worried about not offending important sectors of the electorate."

Whether that approach will win over the delegates he needs to become the Liberal Party's next leader will become evident once voting starts Friday night. Ignatieff's main rival is Bob Rae, a political veteran and former premier of Ontario. They are trailed by Stéphane Dion, an experienced member of parliament from Quebec, and Gerard Kennedy, a former Ontario education minister.

"Anything can happen because it's so close," Clarkson says. "The speeches will be very important." Most of the delegates at this weekend's leadership convention in Montreal are committed to one politician on the first ballot - but after that, their allegiances may shift, and any of the candidates could win. In his own words

"The disagreeable reality ... is that there are some occasions - and Iraq may be one of them - when war is the only real remedy for regimes that live by terror."

"To defeat evil, we may have to traffic in evils: indefinite detention of suspects, coercive interrogations, even pre-emptive war.... The question is not whether we should ... but whether we can keep lesser evils under the control of free institutions."

"Congress failed to put the ... case for war to adversarial scrutiny and debate. The news media allowed itself to be managed and browbeaten. The war may or may not bring democracy to Iraq ... but it hasn't done democracy any good at home."

"[America] is the last nation left whose citizens don't laugh out loud when their leader asks God to bless the country and ... further its mighty work of freedom."

EU Aims To Toughen Approach On Emissions (WSJ)

By Jeffrey Ball And Leila Abboud

The Wall Street Journal, November 30, 2006

Toughened European restrictions on global-warming emissions mark the latest sign of the political and economic difficulty in addressing the environmental problem, and come at a time when pressure is mounting on the U.S. to adopt similar caps.

In an announcement that worried business leaders across Europe, European Union officials yesterday told some member countries to impose tougher curbs on industries starting in 2008 -- a move that could increase costs for businesses -- because the European system is failing to produce big-enough emissions cuts. Under a nascent system, governments require certain industries to cap their production of carbon dioxide, a gas produced by fossil-fuel combustion that is contributing to global warming.

The EU said nine of the 10 countries that had submitted proposals for capping emissions between 2008 and 2012 had been too generous to industry. The EU told those countries that during the 2008-12 period, they must cut the emissions of their industries covered under the cap by a collective 7% from the 2005 level.

Germany, the EU's biggest economy, was ordered to cut the emissions of its covered industries by 4.4% from the 2005 level, prompting complaints from some of the country's largest firms. "We find the EU target for Germany unacceptable," said Julia Scharlemann, a spokeswoman for German power company RWE AG. "The cap is going to be a considerable burden for our company."

France withdrew its plan from consideration and plans to resubmit it in the coming weeks. Italy, the EU's fourth-largest economy, has yet to submit its plan.

The United Kingdom was the only country whose plan was approved by the EU without changes. Even in the U.K., the emissions caps are "a definite disadvantage for U.K. industry," said Clemens Huettner, a London-based emissions trader at German firm Heidelberg Cement. He said he's already seen increased imports of materials made from concrete in recent months from developing countries in Asia and Africa -- places that, unlike Europe, aren't subject to emission caps.

Yet EU officials said further emissions cuts are crucial to address global warming. "Our deeds must really match our words now," said Stavros Dimas, the EU commissioner for the environment.

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The European dispute highlights the practical difficulties of implementing global-warming-emission constraints. Europe's system has often been held out as a model for the U.S., the world's biggest producer of such gases, as it comes under growing pressure to adopt a scheme to limit emissions.

The U.S. has rejected the Kyoto Protocol, the global-warming treaty whose mandated emission cuts are behind Europe's so-called cap-and-trade system. Citing potential damage to the U.S. economy, Washington also has declined to impose domestic caps on emissions of carbon dioxide.

But pressure on the U.S. government is increasing. Yesterday, the U.S. Supreme Court heard oral arguments in a lawsuit seeking to force the federal government to regulate carbon-dioxide emissions under the Clean Air Act. A Supreme Court decision isn't expected for several months.

U.S. states have begun moving to limit carbon-dioxide emissions, largely in an effort to pressure the federal government to impose a cap. Earlier this year, California became the first state to pass an economywide limit on carbon-dioxide emissions -- a law that could be affected by the Supreme Court's ruling. Meanwhile, some leaders of the Democratic Party, which won control of Congress in this month's elections, have said they will push for legislation imposing federal global-warming-emission constraints.

Much of industry remains opposed to a potential U.S. cap, noting that it would amount to a disadvantage against competitors in developing countries like China, which even under the Kyoto accord don't face emission constraints.

That kind of lobbying led to the current dilemma in Europe, whose system imposes emission caps on utilities and energy-intensive industries such as steel, cement and paper. Together, those industries account for about half the EU's total global-warming emissions.

Senator Wants Probe Into Chinese Logging (AP)

By Matthew Daly

AP, November 30, 2006

A Democratic senator Wednesday asked the Bush administration to investigate Chinese logging practices that he said have hurt U.S. producers of hardwood used in furniture.

In letters to the U.S. Trade Representative and other officials, Oregon Sen. Ron Wyden urged the administration to investigate practices ranging from subsidies of China's timber industry to possible fraudulent labeling of Chinese hardwood plywood and illegal logging.

"Over the past few years, the U.S. hardwood plywood sector has experienced a dramatic downturn, which has put the entire U.S. industry in jeopardy," Wyden wrote, citing declines since 2003 ins U.S. production, shipment volume and market share.

"At the same time, the Chinese hardwood plywood sector has been surging. This dramatic growth in the Chinese industry — at the apparent expense of U.S. industry — is extremely troubling because it may be based on a number of illegal trade practices," Wyden said.

Wyden, a member of the Senate Finance Committee, said he would seek to hold a hearing on the issue next year after Democrats take control of Congress.

A spokesman for U.S. Trade Representative Susan Schwab said her office will review the letter. A message left Wednesday with the Chinese Embassy in Washington was not immediately returned.

Schwab, the Bush administration's top trade negotiator, said in a speech Tuesday that President Bush hopes to achieve bipartisan support for an aggressive trade liberalization agenda in the next Congress, even with Democrats in control.

Schwab warned against any move to erect protectionist barriers against imports, something that critics say are needed in the face of record trade deficits they contend are costing American jobs.

Many Democrats campaigned against Bush's trade policies this fall, saying the administration had failed to do enough to halt the loss of manufacturing jobs to low-wage foreign countries such as China. Since Bush took office in 2001, the United States has lost nearly 3 million manufacturing jobs.

Joseph Gonyea III, chief operating officer of Oregon-based Timber Products Co., said he and others in the U.S. support free trade — as long as it is fair.

"This is not a Republican or Democrat issue. This is about protecting good jobs in communities throughout our country, by ensuring that business is not only done in free trade but in fair trade," Gonyea said.

China is one of the world's fastest-growing producers of hardwood plywood, with total exports topping $13 billion last year.

A June report by the U.S. International Trade Commission said that "a relatively large portion of China's log imports may be from questionable sources." The report estimated that as much as half of China's hardwood log imports from Russia and West Africa are from suspicious or illegal sources.

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For $150, Third-World Laptop Stirs A Big Debate (NYT)

By John Markoff

The New York Times, November 30, 2006

CAMBRIDGE, Mass. — When computer industry executives heard about a plan to build a $100 laptop for the developing world's children, they generally ridiculed the idea. How could you build such a computer, they asked, when screens alone cost about $100?

Mary Lou Jepsen, the chief technologist for the project, likes to refer to the insight that transformed the machine from utopian dream to working prototype as "a really wacky idea."

Ms. Jepsen, a former Intel chip designer, found a way to modify conventional laptop displays, cutting the screen's manufacturing cost to $40 while reducing its power consumption by more than 80 percent. As a bonus, the display is clearly visible in sunlight.

That advance and others have allowed the nonprofit project, One Laptop Per Child, to win over many skeptics over the last two and a half years. Five countries — Argentina, Brazil, Libya, Nigeria and Thailand — have made tentative commitments to put the computers into the hands of millions of students, with production in Taiwan expected to begin by mid-2007.

The laptop does not come with a Microsoft Windows operating system or even a hard drive, and the screen is small. And the cost is now closer to $150 than $100. But the price tag, even compared with low-end $500 laptops now widely available, transforms the economic equation for developing countries.

That has not prevented the effort, conceived by Nicholas Negroponte, a prominent computer researcher, from becoming the focal point of a debate over the value of computers to both learning and economic development.

The detractors include two computer industry giants, Intel and Microsoft, pushing alternative approaches. Intel has developed a $400 laptop aimed at schools as well as an education program that focuses on teachers instead of students. And Bill Gates, Microsoft's chairman and a leading philanthropist for the third world, has questioned whether the concept is "just taking what we do in the rich world" and assuming that that is something good for the developing world, too.

Mr. Negroponte, the founding director of the M.I.T. Media Laboratory, said he was amused by the attention his little machine was getting. It is not the first time he has been challenged for proclaiming technology's promise.

"It's as if people spent all of their attention focusing on Columbus's boat and not on where he was going," he said in an interview here. "You have to remember that what this is about is education."

Seymour Papert, a computer scientist and educator who is an adviser to the project, has argued that if young people are given computers and allowed to explore, they will "learn how to learn." That, Mr. Papert argues, is a more valuable skill than traditional teaching strategies that focus on memorization and testing.

The idea is also that children can take on much of the responsibility for maintaining the systems, rather than relying on or creating bureaucracies to do so.

"We believe you have to leverage the kids themselves," Ms. Jepsen said. "They're learning machines." As an example, she pointed to the backlight used by the laptop. Although it is designed to last five years, if it fails it can be replaced as simply as batteries are replaced in a flashlight. It is something a child can do, she said.

That philosophy, at the heart of the project's world view, has stirred criticism for its focus on getting equipment to students rather than issues like teacher training and curriculum.

"I think it's wonderful that the machines can be put in the hands of children and parents, and it will have an impact on their lives if they have access to electricity," Larry Cuban, a Stanford University education professor, said in an interview. "However, if part of their rationale is that it will revolutionize education in various countries, I don't think it will happen, and they are naïve and innocent about the reality of formal schooling."

The debate is certain to enter a new phase when the machines go into full-scale production by Taiwan-based Quanta Computer, the world's second-largest laptop maker. (The manufacturer, unlike the project itself, will make a profit.) Overnight, even though it will not be available to consumers, the laptop could become the best-selling portable computer in the world.

The project now has tentative commitments for three million computers and will begin large-scale manufacturing when it reaches five million with separate commitments from at least one country each in Africa, Latin America and Asia. Based on current negotiations, Mr. Negroponte says he expects that goal to be reached by mid-2007.

It got a significant boost on Nov. 15 when the Inter-American Development Bank signed an agreement to supply both loans and grants to buy the machines.

"Several years ago, I thought it was an illusion or a utopian idea," said Juan José Daboub, managing director of the World Bank and an independent economic-development expert. "But this is now real and encouraging."

Mr. Negroponte said the manufacturing cost was now below $150 and that it would fall below $100 by the end of 2008.

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One factor setting the project apart from earlier efforts to create inexpensive computers for education is the inclusion of a wireless network capability in each machine.

The project leaders say they will employ a variety of methods for connecting to the Internet, depending on local conditions. In some countries, like Libya, satellite downlinks will be used. In others, like Nigeria, the existing cellular data network will provide connections, and in some places specially designed long-range Wi-Fi antennas will extend the wireless Internet to rural areas.

When students take their computers home after school, each machine will stay connected wirelessly to its neighbors in a self-assembling "mesh" at ranges up to a third of a mile. In the process each computer can potentially become an Internet repeater, allowing the Internet to flow out into communities that have not previously had access to it.

"The soldiers inside this Trojan horse are children with laptops," said Walter Bender, a computer researcher who served as director of the Media Laboratory after Mr. Negroponte and now heads software development for the laptop project.

Each machine will come with a simple mechanism for recharging itself when a standard power outlet is not available. The designers experimented with a crank, but eventually discarded that idea because it seemed too fragile. Now they have settled on several alternatives, including a foot pedal as well as a hand-pulled device that works like a salad spinner.

Ms. Jepsen's display, which removes most of the color filters but can operate in either color or monochrome modes, has made it possible to build a computer that consumes just 2 watts of power, compared with the 25 to 45 watts consumed by a conventional laptop. The ultra-low-power operation is possible because of the lack of a hard drive (the laptop uses solid-state memory, which has no moving parts and has fallen sharply in cost) and because the Advanced Micro Devices microprocessor shuts down whenever the computer is not processing information.

The designers have also gambled in designing the laptop's software, which is based on the freely available Linux operating system, a rival to Microsoft's Windows. Dispensing with a traditional desktop display, the software substitutes an iconic interface intended to give students a simpler view of their programs and documents and a maplike view of other connected users nearby.

A video-camera lens sits just to the right of the display, for use in videoconferencing and taking digital still photos of reasonable quality. The computer comes with a stripped-down Web browser, a simple word processor and a number of learning programs. For e-mail, the designers intend to use Google's Web-based Gmail service.

Only one program at a time can be viewed on the laptop because of its small 7.5-inch display.

Mr. Negroponte has been a globetrotting salesman for the project, winning Libya's participation when he was summoned by Col. Muammar el-Qaddafi to a meeting in a desert tent on a sweltering August night. But there have also been setbacks. The Indian Education Ministry rejected a proposal to order a million computers, noting that the money could be better spent on primary and secondary education.

Mr. Negroponte said he had been re-energized by the recent arrival of the first 1,000 working prototypes. The prototypes, he said, will give him new ammunition to convince government leaders that his tiny machines can be a positive force for social development. [On a visit to Brazil on Nov. 24, Mr. Negroponte presented one of the prototypes to President Luiz Inácio Lula da Silva.]

He said a program would be created to enable those in the developed world to underwrite a laptop for a child in a designated country and to correspond with the recipient by e-mail as a sort of "glorified pen-pal program." But however attractive the idea of a $100 or $150 laptop, he said there were no plans to make it generally available to consumers.

"They should buy Dell's $499 laptop for now," he said. "Ours is really designed for developing nations — dusty, dirty, no or unreliable power and so on."

In his two decades as director of the Media Laboratory, Mr. Negroponte often faced criticism because the institution's impressive demonstrations of technology only occasionally led to commercial applications.

"He has spent his whole career being accused of being all icing and no cake," said Michael Hawley, a computer scientist and one of Mr. Negroponte's former students. To that kind of scoffing, he said, the laptop's success would be Mr. Negroponte's best retort.

US Concerned By Kenya Political Upheaval Ahead Of Polls: Senator (AFP)

AFP, November 30, 2006

A top US senator voiced concern over political developments in Kenya ahead of next year's general elections, as the opposition warned of mass action to protest alleged government malfeasance.

A day after the son of Kenya's revered founding president Jomo Kenyatta, Uhuru Kenyatta, was ousted as opposition leader with reported government backing, US Senator Russell Feingold said the move was troubling.

"On the face of it, the decision raises questions for me about the rule of law and transparency," said Feingold, a Wisconsin Democrat set to be chairman of the Africa sub-committee on the Senate Foreign Relations Committee.

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"I see a potential danger that this electoral experience could be different from the last one," he told reporters on a visit to Nairobi.

He referred to Kenya's much-hailed 2002 polls in which Kenyatta was defeated by current President Mwai Kibaki in what many observers believed was one of Africa's most and free and fair elections.

Kenyatta had been the hand-picked successor to former president Daniel arap Moi to lead the Kenya African National Union (KANU) party, which his father had founded and had ruled the country for nearly 40 years.

But on Tuesday, he lost that position when the government recognized a splinter KANU faction and named a scandal-plagued former minister close to Moi, Nicholas Biwott, as the new party chief.

Moi, who succeeded Jomo Kenyatta as president in 1978 and ruled the country with an iron fist for the next 24 years, endorsed the decision, denouncing Uhuru Kenyatta's decision to join a larger opposition alliance.

That coalition, the Orange Democratic Movement-Kenya (ODM-K), meanwhile warned of mass protests to protest Kenyatta's ouster as KANU leader and official leader of the opposition.

ODM-K chairman Henry Kosgey said it would mobilize demonstrations to ensure rule of law prevails in the run-up to December 2007 general elections, when Kibaki is expected to seek re-election.

"We are asking the government to revoke the decision to register Biwott as the KANU chairman with immediate effect," he told reporters. "If it fails to do so, we will resort to mass action to restore the rule of law in this country."

Kenyatta, who had allied his KANU wing with ODM, said Biwott's recognition was a clear sign that the government and former president Moi were conspiring to sabotage his faction ahead of the polls.

"The impunity with which our government continues to subjugate and submerge multi-party democracy must now confound all of us," he said.

"We are an opposition party whose ultimate goal is to wrest power from the ruling party, but we did not expect the government of the day to employ crude and unorthodox means of vanquishing its opponents," Kenyatta told reporters.

Kenyatta's group voted Monday to join the ODM-K but retain its KANU identity, but the government went ahead and recognized Biwott's Moi-backed bid to register himself as the new party chairman.

DOJ_NMG_0100205

From: Miller, Charles S
Sent: Thursday, November 30, 2006 10:56 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 11/30/06 Civil Division News

Mayfield settles for $2 million; A Portland-area man, who sued the U.S. over his treatment in a bombing case, tells of ordeal

Mayfield settlement still leaves a lot to be settled

German who alleges CIA torture urges U.S. congressional oversight of the agency

KBR to settle Balkans overcharging case for $8 million

Judge Orders Agency to Restore Aid to Katrina Evacuees

Shut your eyes: Can you tell a $1 from a $5? Maybe soon; Bills may change shape, size to help the blind

Blind inmate's claim that prison withheld eye drugs is reinstated

Group: Sarbanes-Oxley needs to loosen up; Today ' s plea to focus on USA ' s ability to compete

The Oregonian

November 30, 2006

Mayfield settles for $2 million; A Portland-area man, who sued the U.S. over his treatment in a bombing case, tells of ordeal

BRYAN DENSON The Oregonian

Brandon Mayfield, the Portland-area lawyer wrongly linked to the deadly Madrid, Spain, train bombings of 2004, accepted a $2 million settlement Wednesday in his lawsuit against the federal government, setting up a legal showdown over the constitutionality of the USA Patriot Act.

The United States will pay the convert to Islam $1.9 million for the emotional toll he suffered from two weeks of imprisonment as a material witness to a crime he knew nothing about, with another $100,000 going to his wife and three children for their suffering.

The government also agreed to destroy all materials seized from Mayfield's home and office. And it agreed to issue the 40-year-old lawyer another apology for FBI foulups that matched him to a fingerprint found in Madrid, leading to his investigation as a possible terrorist.

At a news conference Wednesday in a downtown Portland high-rise, the lean, bespectacled lawyer likened his ordeal to an Orwellian nightmare.

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"I am talking about the George Orwell frightening brave new world in which Big Brother is constantly watching you, complete with 24-hour surveillance, thought control and doublespeak," Mayfield said. "Where war means peace. Freedom is slavery. Ignorance is strength. Where torture is morality. And an act that strips you of your civil rights could be called a Patriot Act."

Mayfield and his wife, Mona, said the $2 million settlement will help pay their lawyers and put their children through college. But they said the money could never make them whole for what they described as illegal violations of their privacy.

"To this date," Mayfield said, "the government has refused to tell us where they placed their electronic listening devices and cameras, leaving myself and family to forever wonder if they were listening to our most private conversations, watching our most intimate interactions."

The Mayfields hired celebrity lawyer Gerry Spence of Wyoming, prominent Portland civil rights attorney Elden Rosenthal and Newport attorney Michele Longo Eder, to sue federal officials, contending that he was targeted because he is a Muslim. The lawsuit also challenged the constitutionality of a provision of the USA Patriot Act.

Mayfield said he would continue to pursue his challenge to key provisions of the 2001 law, including one that allows searches without requiring the government to show probable cause that a crime has been committed.

The lawyer was taken into custody by federal agents in May 2004 and detained for two weeks as a material witness in the Madrid bombings. But he acknowledged that he and his family felt they had been watched well before the arrest, including the day they found dirty shoe prints on a clean carpet in their home, a place in which shoes were never worn.

"The government agents came into my home," said Mona Mayfield. "They bugged my home. They tapped my phone lines and terrorized my family -- and simply because we're Muslim."

Robert Jordan, the special agent in charge of the FBI in Oregon, disputed the contention that Mayfield was targeted because of his faith. He pointed out that the event triggering the investigation was a fingerprint found in a bag of detonators in Madrid; only later did the FBI learn that the lawyer was Muslim.

"If the same fingerprint identification came in again, we would do the exact same thing," Jordan said. "Not only did we do nothing wrong here, but everything we did was premised on a fingerprint identification. Our investigation was extremely thorough and extremely professional."

"But the investigation," Jordan acknowledged, "was built on sand, because the investigation was predicated on this fingerprint that the (FBI) lab later determined they were wrong about."

Two weeks after Mayfield's arrest, Spanish investigators linked the fingerprint to an Algerian national. Mayfield was released from custody the same day.

The Mayfield case prompted reforms of FBI fingerprint analysis procedures, Jordan said. Agents are now more circumspect in the manner by which they take fingerprint data, which must now be corroborated by an independent investigator, he said.

Jordan publicly apologized to Mayfield when the FBI acknowledged the fingerprint error in May 2004. But Wednesday, by agreement of the government and Mayfield's lawyers, it was the U.S. Department of Justice's turn to apologize.

"The United States acknowledges that the investigation and arrest were deeply upsetting to Mr. Mayfield, to Mrs. Mayfield, and to their three young children," the Justice Department wrote, "and the United States regrets that it mistakenly linked Mr. Mayfield to this terrorist attack."

Wednesday's settlement amounts to part one of Mayfield's case against the U.S. government. The settlement allows the lawyer to continue his lawsuit challenging the constitutionality of the Patriot Act provision that put him under secret surveillance.

Prior to enactment of the Patriot Act, government agents could, under the Foreign Intelligence Surveillance Act, get a judge's approval for wiretaps and other surveillance only if they could show their primary purpose was to investigate a foreign agent as part of a matter of national security.

The Patriot Act changed that law, said Rosenthal. Government agents can now get permission for the secret surveillance by saying their investigation is partly rooted in an international terrorism case.

"Here Mr. Mayfield fell right in the cross hairs," Rosenthal said. "They were investigating the crime of international terrorism, and without presenting probable cause to anybody that Mr. Mayfield could be connected to the crime, they got all these warrants."

Mayfield is challenging the law on grounds that it violates constitutional search-and-seizure constraints.

Constitutional law professor Carl Tobias, a professor at the University of Richmond, said he was leery of a challenge to the Patriot Act on grounds that it allowed flimsy pretexts for government snooping. "But that doesn't mean you shouldn't try," he said.

Rosenthal said lawyers for Mayfield and the government will set up a briefing schedule in the next week or two. The case is expected to be argued before U.S. District Judge Ann Aiken early next year.

Spence told reporters Wednesday that the Patriot Act should worry all Americans.

"We have some secret agents," he said on a conference line from Jackson Hole, Wyo., "who file secret papers that we can never see. And they're filed in a secret proceeding, and no right is given to the citizens . . . And out of those secret papers comes a secret order. And then people come secretly to your house, and they secretly break into your house. And they secretly put in listening devices.

"So that secretly the entire lives of these people become the property -- not of us, not of the parties, not of the citizens -- but our private lives become the property of the United States government. . . . So that this becomes their asset.

"They've stolen the most sacred part of our lives."

END

The Oregonian

November 30, 2006

Mayfield settlement still leaves a lot to be settled

I t was just possible, at Wednesday afternoon's news conference to announce a partial settlement in Brandon Mayfield's case against the U.S. government, to reassure oneself that the system worked.

After all, the Beaverton attorney -- who was arrested and held and had his office and home secretly searched and monitored following a fingerprint misidentification -- is receiving $2 million and an apology from the government that abused his rights and his family.

But the experience of the case, and the procedures and the laws involved, argue that the system is still a ways from working. Just how far will be considered by another Mayfield lawsuit, challenging the constitutionality of parts of the U.S.A. Patriot Act, and new congressional judiciary committees likely to take a more challenging view of expanding claims of government power.

Mayfield, an active Muslim convert, was arrested in May 2004 after Spanish officials reported a computer match of his fingerprint with one found on a bag of detonators after a massive terrorist train bombing in Madrid. The match turned out to be false, and Spanish investigators doubted it well before the fingerprint was matched to a Moroccan militant and Mayfield was released.

But by then, Mayfield had been held for two weeks as a material witness on charges that could bring the death penalty, and his home and office were searched -- with cameras and microphones installed -- under sections of the Patriot Act allowing the government to act in secret and give him no opportunity to challenge the actions.

Mayfield's experience, pointed out his attorney Gerry Spence, was based on "secret papers that we can never see, and out of those papers came a secret order, and then people come secretly to your house, and they secretly break in."

Any government will always make mistakes, and this outcome shows that the U.S. government can still be held accountable. Robert Jordan, special agent in charge of the Portland FBI, insisted Wednesday that aside from the fingerprint misidentification, "We are very proud of what we did here."

But a cloak of secrecy makes it hard to check government power or defend citizens' rights, to know just how much Mayfield's Muslim identity overwhelmed doubts about the evidence that the Spanish raised very early in the process. It makes it impossible for Mayfield to know, even now, what the FBI learned about him and who else might know it now.

"There's a part of me that walked into the Multnomah County Detention Center," said Mayfield, "that never walked out."

You could sit in the news conference Wednesday and conclude that the system worked.

But you'd also conclude that it needs to work better.

END

AP

November 30, 2006

German who alleges CIA torture urges U.S. congressional oversight of the agency

By DESMOND BUTLER, Associated Press Writer

WASHINGTON_Khaled el-Masri claims he was kidnapped by American intelligence agents in Europe, drugged, blindfolded and flown to a prison in Afghanistan, where he was tortured in abject conditions far from the rule of law.

Now the Kuwaiti-born German citizen has come to the country he accuses of abusing him. On Wednesday, el-Masri was in Washington recounting his allegations of physical and mental abuse with hopes of encouraging Congress to exact greater oversight of CIA activities and force the U.S. government to acknowledge what happened to him.

"I really want to raise awareness in the Congress so that they can bring some pressure to bear and make changes," el-Masri said after he briefed Senate aides and reporters Wednesday.

A federal\l "l" appeals\l "l" court\l "l" in Richmond, Virginia, heard arguments Tuesday by el-Masri's attorneys that a lawsuit he filed against the former head of the CIA should be reinstated. He arrived Sunday from Germany, attended Tuesday's hearing and planned two days of briefings on Capitol Hill.

"What really matters to me is that I would like to know why this was done to me, and I want an explanation and an apology," he told reporters, speaking of his lawsuit. "I think that we can all benefit from what happens in my case, including others who are still in prison in other parts of the world without the rule of law."

El-Masri alleges he was kidnapped while attempting to enter Macedonia for a vacation on Dec. 31, 2003. He claims that after 23 days of being held and interrogated in a hotel, he was flown to a CIA-run prison known as the "salt pit" in Kabul, Afghanistan. During about four months of captivity there, he says, he was beaten and sodomized with an object. One masked interrogator, he said, told that he was beyond the rule of law and could be buried without a trace.

"The conditions that I was confronted with were not fit for a human," he told reporters, speaking in German. Besides being tortured, he said, he was fed barely edible food and putrid water.

"It was like water you left in an aquarium for years," he said. "When you took one sip, the taste stayed in your mouth for hours."

The CIA has refused to comment on el-Masri's allegations, which have put a spotlight on the intelligence agency's secret rendition program to deliver captured terror suspects for interrogation in foreign countries. The practice has been heavily criticized by human rights groups.

El-Masri's lawsuit, filed against former CIA director George Tenet and others, was dismissed in May by a judge who ruled that a trial could harm national security by revealing details about CIA activities.

El-Masri, said he still trusts in American justice and bears no ill-will toward Americans.

"But I do have a lot of grievances against the people who have permitted this to happen and who have tried to sweep it under the rug," he told Senate staff members.

ACLU lawyer Ben Wizner told the court in Richmond on Tuesday that el-Masri was "the public face of a publicly acknowledged program." Since the basics of the rendition program already are common knowledge through media reports, he argued, the lawsuit could be considered without exposing state secrets.

Greg Katsis, a lawyer for the U.S. Justice Department, argued that the government properly invoked its state secrets privilege to protect information outlined in a classified affidavit that Judge T.S. Ellis III read before dismissing the lawsuit

El-Masri's allegations also are the subject of a German parliamentary investigation that is trying to clarify when German government officials became aware of el-Masri's case and whether German security services participated in interrogations in Afghanistan.

END

Houston Chronicle

Nov. 30, 2006

KBR to settle Balkans overcharging case for $8 million

By DAVID IVANOVICH
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WASHINGTON — Houston's Halliburton Co., has agreed to pay $8 million to settle a long-running dispute with the U.S. Army over alleged overbilling for work in the Balkans, the Justice Department said today.

The agreement resolves allegations under the False Claims Act regarding purchase orders Halliburton subsidiary KBR awarded to 10 foreign subcontractors in 1999 and 2000.

KBR, which has admitted no wrongdoing, had been accused of double-billing and providing products that didn't conform to the army's specifications during construction of Camp Bondsteel in Kosovo.

The government also had alleged the company inflated prices by failing to ensure adequate competition when making procurements.

"The Department of Justice remains committed to vigorously pursuing allegations of procurement abuses affecting the military," Peter Keisler, assistant attorney general for the Justice Department's civil division.

Company spokeswoman Melissa Norcross, in an e-mail, said "KBR is pleased to confirm the close of the United States' investigation into KBR's government contracting in the Balkans in 1999 and 2000."

END

New York Times

November 30, 2006

Judge Orders Agency to Restore Aid to Katrina Evacuees

By SHAILA DEWAN

The Federal Emergency Management Agency must restore housing assistance, and pay back rent, to thousands of Hurricane Katrina evacuees who had been deemed ineligible for long-term housing assistance, a federal judge ruled today.

The judge, Richard J. Leon of federal district court in the District of Columbia, wrote that the agency must also improve an appeals process that evacuees had long said was confusing, contradictory and amounted to an arbitrary denial of help.

“It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights,” the judge wrote.

The suit was brought by Acorn, a housing advocacy group that runs the Katrina Survivors Association. Michael Kirkpatrick, a lawyer with the nonprofit group Common Ground, who represented Acorn, said that according to numbers provided by FEMA in court papers, as many as 11,000 families could be affected by the ruling.

A spokesman for FEMA, Aaron Walker, said the agency had not yet decided whether to ask a higher court to stay the ruling.

Last spring, FEMA began notifying thousands of families who were given emergency shelter after the storm that they did not qualify for long-term help in the form of rent and utility payments. That came as a surprise to most of the families, who had been given housing vouchers good for a year.

For months, families who had lost everything struggled to understand why they had been rejected and how to appeal that decision.

In a process that Judge Leon called “Kafkaesque,” families received notification letters that contained “reason codes” instead of actual reasons, were given different information each time they called FEMA’s help line, or found that FEMA had erroneously determined that their home had “insufficient damage” or that someone else in their household (often a roommate) had already applied for assistance.

Bill White, the mayor of Houston, where many evacuees wound up, was so outraged by the ineligibility rulings that he sent a team of building inspectors to New Orleans to prove that the evacuees’ original homes were uninhabitable.

“Some families were told ‘Reason for denial: Other,’ and there’s no explanation for what other means,” Mr. Kirkpatrick said. Some families received two letters listing two different reason codes.

The judge said that FEMA’s lack of clarity amounted to a deprivation of due process rights, pointing out that FEMA itself admitted that thousands of families had been incorrectly ruled ineligible.

But in a statement issued after the ruling, Mr. Walker, the FEMA spokesman, continued the agency's longstanding defense of the process, saying that FEMA had given applicants 60 days to appeal and had listed the required qualifications.

"Additionally, FEMA established a team dedicated to handling appeals on an expedited basis and initiated calls to applicants in an effort to help them understand what documentation was needed to process their case," Mr. Walker wrote.

The process of transferring families from emergency housing to long-term help began last spring, but Mayor White repeatedly persuaded FEMA to delay evictions while they reviewed each family's file.

Those families who managed to stay in FEMA-funded apartments until the end of August are entitled to reinstatement of rent payments and reimbursement for three month's worth of back rent, the judge ruled. As a result of the decision, all families deemed ineligible, no matter when, will get a more thorough explanation of the reason and how to appeal it.

END

USA Today

November 30, 2006

Shut your eyes: Can you tell a $1 from a $5? Maybe soon; Bills may change shape, size to help the blind

By Barbara Hagenbaugh
USA TODAY

WASHINGTON — Americans have seen sweeping changes in their currency in recent years, from the addition of a rainbow of colors on bills to a rotation of quarter designs honoring U.S. states. But one of the most dramatic changes may be yet to come.

Following a judge's ruling this week that U.S. bills discriminate against blind people, the government may be forced to change the nation's paper currency so that everyone can easily distinguish one denomination from another.

The most likely option would be different sizes of bills so that blind people could measure one bill against another to determine each bill's value. Such a system is used throughout the world. Other options include imprinting the money with Braille or adding textures.

The government argued that such changes would be too costly. But U.S. District Judge James Robertson said here that the government failed to prove that such a burden outweighed the need to make money more accessible to blind people, whose rights are protected by law. He also noted that the USA is the only country that does not make its currency easily recognizable by those with vision problems.

"There was a time when disabled people had no choice but to ask for help — to rely on the 'kindness of strangers,' " he wrote. "We have evolved, however."

Robertson gave the government 10 days to appeal the decision.

"We have made no determination as to what the government's next step will be," Justice Department spokesman Charles Miller said.

Rep. Pete Stark, D-Calif., says he plans to dust off a bill he first introduced in 1979 that would differentiate bills by cutting off different corners of currency.

"It seems inexpensive and simple," he says.

The government's argument that it would cost too much to differentiate denominations "doesn't hold water," says Dennis Forgue, head of the currency department at Harlan J. Berk, a Chicago numismatic and antiquity firm. "It's not something that's hard to do."

But vending machine owners say approximately 1.5 million machines in the USA would have to be altered at a cost of $50 to $400 each, depending on the change in the bills, National Automatic Merchandising Association chief counsel Tom McMahon says. "We are terribly disappointed," he says.

Anita Calkins, 67, went blind after getting glaucoma in 1990. She folds her bills so that different denominations are folded different ways. When receiving change in stores, she asks clerks to hand her the bills individually from higher denomination to smaller denomination.

"It takes a little while, and I know it slows up everybody behind me," the New Mexico resident says.

Says plaintiff Patrick Sheehan, 53, of Silver Spring, Md.: "We're hoping that the Department of the Treasury will not appeal this case and … do what the rest of the world has done."

END

AP

November 30, 2006

Blind inmate's claim that prison withheld eye drugs is reinstated

By LARRY NEUMEISTER, Associated Press Writer

NEW YORK_A California man who said he went blind in prison because he was denied medication can try to hold prison officials responsible, a federal appeals court ruled as it reinstated a lawsuit that had been tossed out by a judge.

The decision by the 2nd U.S. Circuit Court of Appeals means Rodney Thomas can pursue his claim that authorities failed to ensure he received medication for glaucoma after he was arrested by Drug Enforcement Administration agents in Los Angeles on Sept. 7, 2001.

Jon Romberg, a law professor at the Seton Hall University School of Law who handled the appeal with two third-year law students, Kathryn Diehm and Adam Wells, said he was "happy" with the ruling.

"The court reinstated his case and most importantly recognized that prison supervisors can be liable if they know about a serious medical problem and fail to correct it," Romberg said.

He said Wednesday he had not been able to notify his client, who is incarcerated at a California prison where his telephone use is limited.

The appeals court, in an 11-page decision handed down Tuesday but made public Wednesday, upheld a lower court's ruling that the DEA agents could not be held responsible in federal court in New York, but it reinstated the lawsuit against three prison officials.

The three-judge panel noted that a federal magistrate judge at Thomas' first court appearance in New York issued an order directing that he receive glaucoma medication. Present at the hearing were two of three prison officials named as defendants in the lawsuit _ the warden and the clinical director at the Metropolitan Correctional Center in Manhattan.

"Where, as here, prison officials were personally instructed by a federal judicial officer to see to an inmate's urgent medical needs, by that fact alone they are personally involved," the appeals court wrote.

Thomas' lawyers told the appeals court that his vision was within normal limits when he was arrested but had deteriorated to legal blindness three months later because his prescription eye medications were not delivered consistently.

The arresting agents took away the medication he carried with him and he was mostly denied treatment as he was transferred from Los Angeles to New York to face charges resulting from a probe of a drug ring possibly stretching from New York to California, they said.

In addition, they said, a doctor at the New York Eye and Ear Clinic wrote to the prison to say Thomas had not received his medication and was at "high risk for blindness" without them.

In court papers, lawyers for the government argued that the prison officials could not be held responsible because they did not directly administer health care to inmates.

A spokeswoman for federal government\l "l" lawyers\l "l" handling the case said there would be no comment Wednesday.

Thomas' lawsuit, alleging an unconstitutional denial of medical care, sought $750,000 in damages.

Thomas was convicted of drug charges; Romberg said he didn't know how long his prison sentence is.

END

USA Today

November 30, 2006

Group: Sarbanes-Oxley needs to loosen up; Today ' s plea to focus on USA ' s ability to compete

Greg Farrell

A group of prominent business executives and academics is planning to issue a call today for government regulators to ease up on the enforcement of the Sarbanes-Oxley Act. The group, dubbed the Committee on Capital Markets Regulation, asserts that some elements of the stringent law, which was passed in the wake of accounting meltdowns at Enron and WorldCom, have threatened the USA's leadership position in the global capital markets.

While the group has no legal standing, its recommendations are expected to be taken seriously by Congress, the business community and the Securities and Exchange Commission, which is expected to discuss the paper's contents at its public meeting Dec. 13. The reasons:

*Treasury Secretary Henry Paulson gave his blessing to the group in September, saying it was important for U.S. capital markets to remain competitive.

*Several lawmakers, including Sen. Chuck Schumer, D-N.Y., have publicly bemoaned the fact that foreign companies have been scared away by the USA's regulatory environment and increasingly looked to London or other financial centers to list their shares.

*One of the co-chairs of the group, Columbia Business School Dean Glenn Hubbard, served as chairman of the Council of Economic Advisers under President Bush.

According to Hal Scott, the Harvard Law School professor who spearheaded the study, recent trends in litigation and regulation threaten to undermine the USA's position as the world's dominant capital market.

Scott says that 40 years ago, onerous banking regulations drove U.S. banks to London, where they helped spark the growth of the Eurobond market. He sees a similar trend with initial public offerings: Fewer than 10% of foreign companies that went public in the last year did so in the USA.

"We've got a major problem here," he says.

The solution, according to the committee, is to change the legal environment in the USA, where class-action lawyers win billions in settlements from public companies each year; ease up on Section 404 of the Sarbanes-Oxley Act, which forces even small companies to spend several million dollars to establish strong internal accounting controls; and urge the SEC to ensure its rules make sense from a cost/benefit point of view.

Jack Coffee, an expert in securities law at Columbia who consulted on the project, doesn't think over-regulation has scared away foreign issuers. Instead, he says, the threat of getting sued in U.S. courts is more of a concern.

Scott says the study was funded by the Starr Foundation, a group headed by former AIG chairman Maurice "Hank" Greenberg, and a philanthropist who didn't want to be named.

END

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TERRORISM NEWS:

Ruling Due On Moussaoui Evidence (AP)

By LARRY O'DELL, THE ASSOCIATED PRESS

AP, December 1, 2006

Sept. 11 plaintiffs' lawsuit goes to court based in Richmond

A federal appeals court in Richmond will decide in coming weeks whether some families of the Sept. 11 victims should be given evidence from the trial of confessed al-Qaida conspirator Zacarias Moussaoui for civil lawsuits filed in New York.

U.S. District Judge Leonie Brinkema of Alexandria has ordered the government to give the plaintiffs nonsensitive information that prosecutors turned over to Moussaoui's attorneys but was never introduced at his trial.

DOJ_NMG_0100219

Justice Department lawyer Steven Lane yesterday urged a three-judge panel of the 4th U.S. Circuit Court of Appeals in Richmond to overturn that ruling. He argued that Brinkema lacked authority in the New York cases and that there is no precedent for allowing civil plaintiffs to intervene in a criminal case.

Lane said the case isn't about whether the plaintiffs are entitled to the evidence; it's about the proper procedures for obtaining it.

"We're prepared to respond in good faith to discovery requests made in New York under settled civil-discovery procedures," Lane said, adding that "there was no need for the district court to create from whole cloth a novel procedure" in this case.

Nathan Lewin, attorney for the plaintiffs, argued that Brinkema properly exercised her discretion to allow access to the evidence in "an unusual case involving victims of the worst terrorist act in the history of mankind."

Appeals court Judge Roger Gregory asked if Brinkema's order amounts to an open door for any citizen to intervene in a criminal case.

It does not, Lewin said, because Brinkema made it clear that this is a rare case in which the plaintiffs have demonstrated a compelling need for the evidence.

"This group of civil litigants, their rights should be viewed as importantly as the criminal prosecution of someone who allegedly participated in the terrorist act," Lewin said.

About 6,600 plaintiffs are listed in three negligence lawsuits against parts of the airline industry and those alleged to have financed the terror group that hijacked airplanes and crashed them into New York's World Trade Center, the Pentagon and a Pennsylvania field.

In her April 7 order, Brinkema said the Sept. 11 plaintiffs enjoy special privileges as a result of legislation passed by Congress. Lane argued that the legislation says nothing about allowing civil discovery in a criminal case.

Moussaoui, the only person in this country charged in the attacks, was sentenced to life in prison in May after a jury found him responsible for at least one death on Sept. 11.

The government has said it provided more than 2 million pages of unclassified documents to Moussaoui's defense. Classified documents are exempt from Brinkema's ruling.

The appeals court usually rules several weeks after hearing oral arguments.

No Domestic Spying In Ohio Terror Case (WP/AP)

By Andrew Welsh-huggins, The Associated Press

The Washington Post, December 1, 2006

COLUMBUS, Ohio -- A federal judge who dismissed a challenge of the Bush administration's domestic spying program said the case against a convicted al-Qaida supporter was built on statements he made to investigators, not evidence from warrantless eavesdropping.

The challenge by Iyman Faris, now serving a 20-year prison sentence, was among the first to seek evidence of warrantless eavesdropping by the National Security Agency, a practice that began after the terrorist attacks of Sept. 11, 2001.

Judge Leonie Brinkema of the Eastern division of the U.S. District Court in Virginia dismissed his challenge earlier this month; her ruling was unsealed Wednesday.

The case against Faris rested on statements he made to investigators, "not on statements Faris had made to third parties that might have been intercepted," Brinkema wrote.

Faris, a former Ohio truck driver, pleaded guilty in 2003 to a plot to destroy the Brooklyn Bridge. He has tried to withdraw his plea, saying he had no connection with al-Qaida and his first attorney gave him bad advice about pleading guilty.

Faris has argued that his terrorism conviction should be thrown out on the grounds that the government illegally spied on him. He said investigators improperly obtained evidence against him and that his trial lawyer was ineffective.

The government has said information from a court-ordered wiretap led them to Faris. But Brinkema said her review of government documents found no evidence that the "constitutional rights of Faris were infringed by the manner in which his name came to the attention of the FBI."

Faris' attorney David Smith said Thursday that his client wants to appeal the case as far as possible. Phone messages seeking comment were left with the U.S. attorney's office.

Two Britons Facing Extradition To U.S. Lose Court Appeal (WP/AP)

The Washington Post, December 1, 2006

LONDON, Nov. 30 -- Two British men charged with terrorism-related offenses may be extradited to the United States, a court ruled Thursday.

Lawyers for Haroon Rashid Aswat and Babar Ahmad argued that, despite U.S. assurances, there was a risk that the men would be mistreated, or tried and sentenced as enemy combatants.

Dismissing the appeal, Lord Justice John Laws said that argument "would require proof of a quality entirely lacking here." The court did not immediately rule on whether the two men could appeal the decision to the House of Lords.

Ahmad faces charges of supporting terrorism, conspiring to kill Americans and running a Web site used to fund terrorists. Aswat is accused of plotting to set up a camp in Bly, Ore., to train Islamic fighters.

Dodd Proposes Restoring Rights For Terrorism Suspects (NHR)

By Mary E. O'Leary

New Haven Register, December 1, 2006

Christopher Dodd, Connecticut's senior U.S. senator, has proposed revamping the newly authorized military commissions to restore habeas corpus protections for terrorism suspects, as well as to curb executive interpretation.

U.S. Sen. Patrick Leahy, D-Vt., is expected to co-sponsor the legislation, according to Dodd's office.

Habeas corpus is a writ ordering that a person in custody be brought before a court; it places the burden of proof on those detaining the person to justify the detention.

Dodd also has written to President Bush, asking that implementation of the commissions be delayed until a new secretary of defense is given a chance to scrutinize elements of the new law.

Bush has proposed that Robert Gates replace Donald Rumsfeld, who has been defense secretary for the past six years and the main strategist behind the Iraq war.

Although there will be a majority of Democrats in the Senate when the 110th Congress convenes in January, it is not clear whether Dodd will be successful in convincing his colleagues to adopt his proposal. The 51-49 Democratic majority is not capable of overriding a presidential veto.

The Supreme Court threw out the commissions as originally defined by the Bush administration and Congress enacted a revised system this fall which limits the usual courtroom rights of defendants, allows the president to interpret the meaning and application of the Geneva Convention and removes judicial review of all habeas claims brought by detainees.

It also grants retroactive protection to U.S. personnel who engaged in rough treatment of prisoners, allows the CIA to continue its once-secret program of detaining prisoners overseas and broadens the definition of enemy combatant.

In signing the bill in October, the president said it was needed in the fight against terror. "It is a rare occasion when a president can sign a bill he knows will save American lives," Bush said at the time.

Trials are expected for the 14 senior al-Qaida members recently transferred to Guantanamo Bay in Cuba, but advocates for the other 400 detainees fear the lack of habeas corpus leaves the majority of them in limbo.

A study of those being held at Guantanamo found that more than half were not picked up on the battlefield in Iraq or Afghanistan, but were picked up in Pakistan and turned in for bounty payments.

Dodd feels the lack of habeas corpus protections for detainees undermines the moral authority of the United States and puts American servicemen and women in jeopardy.

"There is a right way to do this and a wrong way to do this. It's clear that people who perpetrated these horrendous crimes against our country and our people have no moral compass and deserve to be prosecuted to the full extent of the law. But in taking away their legal rights, the rights first codified in our country's Constitution, we're taking away our own moral compass as well," Dodd said.

DOJ_NMG_0100221

A Lawyer In Marine Corps Khaki Wins Australian Support For His Guantánamo Client (NYT)

By Raymond Bonner

The New York Times, December 1, 2006

SYDNEY, Australia, Nov. 29 — David Hicks, a 30-year-old Australian who is about to begin his sixth year at Guantánamo Bay, is gaining supporters for his release from diverse quarters.

The rock singer Bono made an appeal during a concert in Brisbane. One of Australia's pre-eminent writers, Richard Flanagan, dedicated his most recent novel, "The Unknown Terrorist," a searing indictment about authorities and journalists who have effectively rounded up innocent individuals, to him.

On Monday, the attorneys general from Australia's eight states and territories sent a letter to the federal attorney general demanding that Mr. Hicks be brought home, and asking 10 specific questions about the conditions of his detention.

They wrote the letter after meeting with the man who has become the star of the David Hicks show, as it were, Michael D. Mori, a major in the United States Marine Corps.

With short-cropped hair, and a burly chest full of ribbons, Major Mori is Mr. Hicks's appointed military lawyer, and this month, sponsored by the Australian Lawyers Alliance, a trial lawyers group, he took his PowerPoint appeal across this vast continent, from Brisbane, on the east, to Perth on the west.

In Sydney, an audience of some 600 — students, lawyers, workers — applauded thunderously when he finished.

The audience here included Mamdouh Habib, in a suit and ponytail, looking far more fit than when he was released from Guantánamo, in early 2005; the Bush administration declined to prosecute him, which would have allowed evidence that he had been tortured after being taken to Egypt to be heard in court.

Major Mori was on his sixth visit here. In his short-sleeved khaki Marine Corps shirt, green trousers and highly polished black shoes, he made the case for Mr. Hicks's release. He began with a blowup of an article from The New York Times Magazine: "Rahmahullah Hashemi was the Taliban's chief spokesman abroad. So how did he end up at Yale?"

"This is the hypocrisy," Major Mori began. "I get up every morning and scratch my head that David Hicks is in Guantánamo for five years and the chief spokesman for the Taliban is at Yale." He feigned bewilderment. The audience loved it.

American and Australian officials have said that Mr. Hicks trained with Al Qaeda, and was picked up on the field of battle, in October 2001. But they say he did not shoot any American solider, or any civilian, during the war in Afghanistan.

If Mr. Hicks is returned to Australia, he will be a free man, because training with Al Qaeda was not a crime in Australia at the time.

Australia's intelligence agency considers Mr. Hicks a dedicated enemy of the West. The Australian counterterrorism police, however, see him as a misguided soul, a wanderer in search of meaning.

A high-school dropout — too much drinking and drugs, too little studying, his parents have said — Mr. Hicks spent time in the Outback skinning kangaroos before going to Japan, where he broke horses. For an unknown reason, he went off to Kosovo during the Balkan wars to fight with the Kosovo Liberation Army, a Muslim guerrilla force. The war ended before he could fight.

He came home, to Adelaide, in southern Australia, and tried to join the Australian Army, but was turned down. "He's a soldier wannabe," Major Mori says. He attended an evangelical church for a while, found that unsatisfactory, then started attending the local mosque, and eventually converted. He made his way to Pakistan and Afghanistan.

"All it would take is a phone call from John Howard, and David Hicks would be coming home," Major Mori told his audience here. Britain had its citizens released, he noted. Then, seeming to goad the Australian government further, he said that even Pakistan and Afghanistan had obtained the release of their citizens.

Major Mori's meeting with the state attorneys general seemed to have an impact on Mr. Hicks's case.

"We were shocked by Major Mori's account of the day-to-day treatment of Hicks," Bob Debus, attorney general for the state of New South Wales, of which Sydney is the capital, said in an interview.

"Neither I, nor any of my colleagues, have any particular sympathy for David Hicks," Mr. Debus said. "But we have a bedrock commitment to the principles by which he should be dealt with."

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Michael Pelly, a spokesman for Philip Ruddock, the federal attorney general, said the Australian government was extremely frustrated that Mr. Hicks had not yet been brought to trial. It has repeatedly expressed this frustration to the Bush administration, Mr. Pelly said. “Nobody in this government is happy about the length of time this has taken,” he said in an interview.

During Mr. Ruddock’s most recent trip to Washington, he was told that the suspected senior Qaeda operatives now at Guantánamo, like Khalid Shaikh Mohammed, would be tried first. “Our response was, can’t you walk and chew gum at the same time, can’t you have multiple military commissions?” Mr. Pelly said.

Major Mori has been “a very effective advocate,” Mr. Pelly said. “He’s very popular in Australia.”

Raiding Your Inbox (LAT)

The Los Angeles Times, December 1, 2006

IN THE LATEST illustration of the Bush administration's disregard for your privacy, the Justice Department is trying to convince a panel of federal judges that the FBI should be free to read your e-mail without obtaining a warrant.

It's not all your e-mail — only messages left on a Web-based system such as Hotmail or on your Internet service provider's computers. A 1986 law forbids the interception and disclosure of e-mail and other online transmissions without a warrant. But there is an exception. If the messages are more than 180 days old, they can be obtained merely with a subpoena or a court order, which investigators can obtain more easily than a warrant.

Now the Justice Department is arguing, in a case before an appeals court in Ohio, that even new messages can be obtained without a warrant if their intended recipient has already read them. The Justice Department views an opened e-mail left on a service provider's computer as more like a postcard left on a table than a sealed letter in a drawer. Which is to say, its owner has no reasonable expectation of privacy.

About a jillion e-mail users would beg to differ. The Internet is far more popular, and connections to it more persistent, than they were in 1986. Yahoo, Google and other Web-based services offer vast storage capacity to users, enticing them to treat their online inboxes as file cabinets. Part of the utility of these services is that they enable people to keep all their e-mail in one place that can be reached from any Internet-connected computer, not just the one in their home or office.

The change in technology not only makes the Justice Department's position absurd, it undermines the law's 180-day limit. When the law was drafted, e-mail was typically stored by Internet service providers only until a user dialed in and checked his or her account. It would then be sent to the subscriber's computer and deleted from the provider's servers. Lawmakers set the 180-day threshold to distinguish between wanted but unread mail and messages in an abandoned account. Now users store e-mail on the Web for years.

Given these changes, U.S. District Judge Susan Dlott was right last month to find that e-mails stored online cannot be read by investigators without a warrant. (The case involves a business owner accused of fraud.) The Justice Department's view is inconsistent with the 4th Amendment, although it is in line with the administration's tendency to trample privacy rights in pursuit of suspected criminals and terrorists.

The U.S. 6th Circuit Court of Appeals should rein in the feds and strike down the provisions of the law that are out of sync with the technological realities of the broadband era — and the privacy expectations of Americans.

Mayfields' Home Goes From Safe To Sinister (OREG)

By Joseph Rose

The Oregonian, December 1, 2006

Privacy - Small changes, shoe prints and a growing feeling that someone is watching traumatize family

The dirty blue Toyota minivan rolls into the gravel driveway. From behind the wheel, Mona Mayfield smiles. Her husband, riding shotgun, looks frazzled, hardly in the mood for company.

A day after accepting $2 million from the U.S. government, which wrongly linked him to the deadly 2004 Madrid train bombings, Brandon Mayfield steps out of the vehicle. Two years after he was locked up as a possible suspect in an act of terrorism he knew nothing about, the often-disheveled, soft-spoken Muslim still seems reluctant to go into detail about what his family endured.

"I want to write a book," he says.

Then, with a sigh, he relents, offering an invitation into his Beaverton home. The settlement money is for his family's suffering. People, he says Thursday, should get a taste of what their government is paying for.

Unlocking the bottom of two deadbolts on the front door, Mona Mayfield steps past a bowl of spent cigarette butts, picks up a gift basket left on the front step, and gives a warning.

"It's a little messy," she says. "We haven't been around much."

Brandon Mayfield pulls off his loafers. "We don't wear shoes in the house," the 40-year-old lawyer says. "That's one of the ways we knew they had been here, breaking in and watching us."

Weeks before the FBI took Brandon Mayfield into custody on May 6, 2004, in the bombings that killed 191 in Spain, the family found dirty shoe prints on a clean carpet in their oldest son's room.

Actually, the Mayfield house is as neat as a pin. Volumes of the Holy Quran, gold lettering decorating their spines, sit on a shelf next to a television. A fire burns in a wood stove.

"I guess I'm happy I settled, but I have mixed feelings," he says. "I envisioned my day in court. I guess I'm a little disappointed I couldn't shed a little more light on what happened behind the scenes."

It's also hard, he says, to shake the chill left by the government secretly spying on him.

FBI foulups linked Brandon Mayfield to a fingerprint found in Madrid. Agents got permission under the USA Patriot Act to set up surveillance inside the family's home.

What conversations did they hear? What intimate moments did they see? It's a secret. Mayfield will never know.

Noticing that the conversation is being taped, he stops. Please, he says, turn off the recorder.

Mona Mayfield walks in from the kitchen. At first, she says, they thought a burglar was getting into the house while they were gone during the day. "We never lock the top deadbolt on the door," she says. "Twice, I came home, unlocked the bottom bolt and the door wouldn't budge. Someone had locked the top piece."

Once, she found the clocks in the house blinking. She called PGE to ask about the power failure. "They told me there hadn't been an outage," she recalls.

The day Brandon Mayfield, an Army veteran, was arrested at his West Slope law office may have been the worst.

Mona Mayfield was at home. FBI agents knocked on the door. Entering the house, they said something about a fingerprint and the Madrid bombing. She couldn't believe it. It had to be a mistake. Leaving the house with federal agents rummaging through belongings, Mona Mayfield went to pick up her children from school. She told them their father had been thrown in jail as a material witness in a terrorism case.

At first, they thought she was joking. Then they broke down. At home, they turned on the television to find pictures of their father flashing in a nightmarish rhythm with video footage of the train-bombing carnage.

Jail was "dark and ugly"

Sharia, who was 12, walked to the television. "She touched her hands to the screen," Mayfield recalls. "She started to cry. She said, 'Daddy, you never complained about anything. You're so nice. How could this happen to you?' "

Hearing the story from his wife, Brandon Mayfield tries to hold back tears. He removes his spectacles, wipes his eyes.

He says he doesn't want to talk about his two weeks in jail. "Other than to say it was dark and ugly," he says.

During that time, he says, his children heard taunting at school about their dad being a terrorist.

Samir was 10. On the day his dad was released from jail, the boy was glued to his father, afraid he would be taken away again, Mona Mayfield says. He refused to sleep in his room or go outside to get groceries from the car after dark. "He'd say, 'I'm afraid of the FBI,' " she says.

In the months after, Shane, who is now in college, began to struggle in school and lost his joy of soccer and dragon-boat racing.

Mona Mayfield wants to move. The house holds too many bad memories, she says. "I don't know when that will happen," she says.

During their sneak-and-peak ventures into the Mayfield home, the FBI took, among other things, more than 300 photos as well as hair samples and six cigarette butts, the Mayfields say. "I'm the smoker," Mona Mayfield explains.

DOJ_NMG_0100224

Brandon Mayfield continues to pursue his challenge of the constitutionality of the Patriot Act. "This happened because I am a Muslim," he says.

Mayfield finishes a bowl of cream of mushroom soup and says he has to get going. He has a 2 p.m. live interview with Court TV at the KATU studios in Northeast Portland.

In the driveway, a gray Buick Skylark is parked next to an old Toyota with a "Stop George Bush" bumper sticker. Mayfield takes the Skylark.

Law practice suffers

Driving down Oregon 8 toward Portland, Mayfield says it took him months to stop checking his rearview mirror to see whether someone was following him.

The other day, at his law office, the fax machine stopped working. Something was wrong with the phone line. The phone company couldn't explain it. "Something like that still makes me nervous," he says.

Mayfield's family law practice, which provided little more than a slow and steady income before his arrest, suffered for months, he says. "Some clients were afraid I was still being bugged," he says. "One insisted on going to the coffee shop in my building to talk."

He brakes at a red light and says business is better, but some things have changed. "I have more Muslim clients now," he says, hitting the gas.

Someone honks. Mayfield looks up and notices the light hasn't turned green.

He speeds up, cruising through the red light, causing the blue plastic Muslim prayer beds hanging from the rearview mirror to start dancing.

In the aftermath of the settlement, Mayfield says he has avoided "the mainstream media." Most traditional television stations and newspapers, he says, painted him as a terrorist before the facts were known. Since then, few have done more than cursory investigations into the FBI's stumbles, he says.

Mayfield won't say how much of the $2 million will go to pay his attorney bills. "Let's just say it's a big chunk," he says.

Near the Skylark's gear shift, a real estate flier advertises a "well-maintained, stylish home in the Miller highlands."

In the KATU studio, Mayfield finds himself on a couch again, sitting in the lobby, waiting to go before the cameras for Court TV. A station employee stops to tell him the wait will be short. He asks her whether MSNBC might be interested in talking to him.

Mayfield wants some privacy with his attorney, Elden Rosenthal. They speak for about 10 minutes before Mayfield says he is done talking for this story. Preparing to go on national television, he says the questioning has worn him out.

The two men get up and disappear into the studio.

Looks like we'll have to wait for the book.

Joseph Rose: 503-221-8029; josephrose@news.oregonian.com

HOMELAND RESPONSE:

Specter: No New Spy Law For Now (PHI)

By Steve Goldstein

The Philadelphia Inquirer, December 1, 2006

WASHINGTON - Sen. Arlen Specter (R., Pa.) said yesterday that attempts to legislate review of the government's domestic surveillance program were virtually dead for this year and expressed doubts that a solution would soon be found under a Democratic-controlled Congress.

"We could legislate on the subject next week, but we're not going to for a great many reasons," Specter said, referring to the remaining weeklong session on the congressional calendar. "Why Congress can't come to grips decisively, eludes me.

"I think it would be ideal to have congressional oversight on the program in detail, and I look forward to what will happen next year," he told an American Bar Association gathering. "I have grave reservations as to how successful we will be, given the administration's unwillingness to share those secrets."

The outgoing chairman of the Senate Judiciary Committee used the speech to highlight the panel's achievements during his two years as leader, but he also groused about "endless unproductive activity of Congress" and the failures of congressional oversight to review controversial Bush administration programs.

Specter said FBI Director Robert Mueller would testify before his panel Wednesday on whether law enforcement and intelligence agencies are sharing information.

The 9/11 terrorist attacks "could have been prevented if the CIA and the FBI had communicated," Specter asserted.

He reserved his harshest criticism for inaction on the warrantless surveillance program conducted by the National Security Agency. "No one wants to allow al-Qaeda to make plans for another attack... but it's a matter for justification," Specter said. "The president does not have a blank check."

The terrorism-surveillance program, as the NSA effort is known, was secretly approved by President Bush in the weeks after the 2001 attacks.

For five years, the NSA - which is barred from spying within the United States - has monitored tens of thousands of international phone calls and e-mail messages to and from people in the United States.

Specter and many Democrats - including Sen. Patrick Leahy of Vermont, who will succeed him as chairman - believe the program violates the Foreign Intelligence Surveillance Act of 1978. That law requires that court orders be obtained to eavesdrop on people inside the United States.

Bush acknowledged the existence of the secret program a year ago, after reports about it were published. The White House wants legal authority to continue it, saying it is an invaluable tool in tracking communications with al-Qaeda and other terrorist groups.

After initially calling the program an abuse of presidential authority that "can't be condoned," Specter has been trying to forge a compromise between the administration and Congress that would allow it.

A Leahy spokesman said "more answers" were needed before legislation could be adopted.

Cyberthreat Against Online Trading And Banking Sites Is Called Baseless (USAT)

By Mimi Hall

USA Today, December 1, 2006

WASHINGTON — A jihadist website warns that attacks will be launched beginning today against online stock trading and banking websites, but it's highly likely that the threat is baseless, the Homeland Security Department said Thursday.

“There is no information to corroborate this … threat,” Homeland Security spokesman Russ Knocke said.

He said the U.S. Computer Emergency Readiness Team (CERT), an interagency group that monitors cyberthreats, informed financial services “out of an abundance of caution as a routine matter.”

A government official familiar with the threat said a militant Islamic website warned of a “denial of service attack” and said many financial services websites are well-fortified to withstand such an attack even if it came.

The official would not allow his name to be used because of the sensitivity of divulging information about companies' security capabilities and intelligence gathering.

The potential terrorist threat is the latest to be made via the Internet. In October, the Homeland Security Department notified football stadium owners in seven cities about postings on numerous websites that alleged radioactive bombs would be set off during upcoming games.

The messages set off a brief scare before federal authorities announced they were a hoax. A 20-year-old Wisconsin grocery clerk was later charged by federal authorities with making a terrorist threat over the Internet. Prosecutors alleged that the man, Jake Brahm, posted the threats as a prank.

The charge carries a maximum sentence of five years in prison and $250,000 fine.

Authorities said Brahm admitted posting the same threat about 40 times on various websites over several weeks.

Financial Firms Are Warned Of Terrorist Cyber Threat (WSJ)

By Robert Block And Randall Smith

The Wall Street Journal, December 1, 2006

DOJ_NMG_0100226

Homeland Security officials warned the nation's financial institutions of a possible terrorist cyber threat from al Qaeda, but played down the danger, saying the scheme was "more aspirational than operational."

"There is no intelligence corroboration," said Homeland Security spokesman Russ Knocke, adding that the warning was issued out of "an abundance of caution."

A government official said the alert followed a message-board posting yesterday from al Qaeda sympathizers, urging followers to join in cyber attacks against U.S. financial targets over the next month.

Financial institutions took the warning in stride, with many of them indicating that they get such warnings from time to time and that this particular warning hadn't changed their level of vigilance.

An alert was sent to computer experts by the department's Cyber Emergency Response Team, a group that keeps computer users and industry alert to potential computer dangers. But the official said there is little evidence suggesting that the threat was credible or even real.

The threat allegedly came from a previously unknown group called the e-Jihaddi hackers, who called on Islamic computer experts and non-Muslims to participate in attacks on U.S. banks and financial institutions. The group called for a "Guantanamo" revenge raid on "infidel banks" and said non-Muslims willing to help "will be welcomed." Counter-terrorism experts said the group was looking to send Internet worms and viruses to bank Web sites to try to deny bank services to customers.

Financial institutions are among the best-prepared sectors in the country when it comes to defending against cyber attacks. Because of threats to daily trade from hackers, cyber crooks and identity thieves, banking and financial trading houses have developed robust electronic security. Since the Sept. 11 attacks, all aspects of security across the industry have increased.

A spokeswoman for TD Ameritrade Holding Corp., based in Omaha, Neb., said the online broker is "aware of the threat." She added, "We are always prepared for these types of incidents, and we really can't disclose further information about that because it would be compromising our security."

A spokesman for San Francisco-based Charles Schwab Corp., which offers online trading, said, "We are keeping a careful eye on the situation with a variety of monitoring and security measures that we have in place."

A spokesman for CME Group Inc., which operates the Chicago Mercantile Exchange, said in an email that "We take all aspects of security seriously." Representatives for NYSE Group Inc.'s New York Stock Exchange and Nasdaq Stock Market Inc. declined to comment. Representatives at major banks and other securities firms couldn't be immediately reached for comment.

--Erika Lovley and Aaron Lucchetti contributed to this article.

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Imam Disputes Tie To Hamas (WT)

By Audrey Hudson

The Washington Times, December 1, 2006

Omar Shahin, one of six imams removed from a flight last week, says he has traveled the country since the September 11 attacks to promote understanding of the Muslim religion, but he once worked for a group linked to terrorist financing. He insists that the terrorists who leveled the World Trade Center were not Muslims.

Mr. Shahin says he cut ties to KindHearts after the Treasury Department began investigating the group, that "true Muslims" do not murder and were not responsible for the attacks on the Pentagon and World Trade Center.

"If they claim they are Muslim, they are wrong," Mr. Shahin said yesterday in a telephone interview. "Despite what religion they claim, even if they are all Arabs, to say they are Muslims is wrong, completely wrong.

"We have been asked by God and by the prophet Muhammad to respect all human life. The Koran is very clear, to save one life he saves all human life, and whoever kills one person, he kills all humankind, and that is what Islam is all about."

Mr. Shahin was a representative and fundraiser for KindHearts, which the Treasury Department says "coordinated with Hamas leaders and made contributions to Hamas-affiliated organizations," in a Feb. 19 statement after freezing the groups' assets.

KindHearts was established by Khaled Smaili, an official with the Global Relief Foundation, after the government froze the al Qaeda-affiliated foundation's assets, according to the Treasury Department.

"When they shut down, I had no clue what they were doing," Mr. Shahin said. "I made sure they are licensed as an American organization with the federal government and states, and that's all I did, I was just a fundraiser and representative.

"I stopped and have no relations with anyone, anymore, because they are under investigation."

Mr. Shahin said that KindHearts donated money, through his efforts, to the tsunami victims in Southeast Asia, to Southerners hit by Hurricane Katrina, and to the Red Cross in the wake of the September 11 terrorist attacks.

Mr. Shahin lives in Phoenix and is the president of the North American Imam Federation, which serves the spiritual and tangible needs of Muslim scholars, helps them improve their relationship with the community, and encourages Muslims to observe the Islamic acts of worship.

He has a doctorate in Islamic law and is a professor at the Graduate Theological Foundation. He also received degrees in Islamic study from universities in Sudan and Saudi Arabia, and holds a diploma in Koranic recitation from the University of Jordan.

He is a native of Jordan and is a naturalized American citizen.

Mr. Shahin is the spokesman for the imams who attended his federation's conference last week in Minnesota and were evicted from US Airways Flight 300 because of suspicious behavior.

The imams dispute the account of seven witnesses, including two law-enforcement officers, that the imams shouted hostile slogans and took unassigned seats in a pattern used by terrorists. Mr. Shahin calls the reports "exaggerations" and "false statements."

"I did everything normal, I did not do anything that is not normal in my mind." He said he and his colleagues were removed from the plane because three of the men said prayers in the concourse.

Mr. Shahin said they did not orchestrate the event to create a lawsuit or make a public issue of profiling Muslim passengers.

"We love US Airways, and we want to fly with them," Mr. Shahin said. The Council on American-Islamic Relations will pursue a lawsuit on the imams' behalf, Mr. Shahin said.

Mr. Shahin says they were not led off the plane in handcuffs, as reported, nor were they kept in handcuffs during their five-hour detention, and they were not harassed by dogs.

Witnesses and aviation-security officials say security concerns arose because of the seating arrangement which resembled a controlled pattern used by the September 11 hijackers -- two in front, two in the middle, two in the rear of the plane. Law-enforcement officials say the men were not in their assigned seats.

The request by three passengers, including Mr. Shahin, for seat-belt extensions, also concerned flight attendants. "That was a dead giveaway," one federal air marshal said yesterday. Flight crews are cautioned about giving out seat-belt extenders because you can turn it into a weapon very easily. You swing that belt buckle, and you can potentially kill someone."

Mr. Shahin says that after they were questioned and released, US Airways declined to sell them another plane ticket, even after an FBI agent intervened at the imam's request. "I told him, 'Please sir, to call them.' And he did and talked for more than 20 minutes. He was trying to tell them we have no problem with the government and we can fly with anybody, but they still refused. He told me, 'I'm sorry I did my best.' I really appreciated it."

Paul McCabe, FBI spokesman in Minneapolis, says no such call took place on behalf of the men. "That never happened," Mr. McCabe said.

Imams' Eviction From Plane Reflects Tough Post-9/11 Calls (USAT)

USA Today, December 1, 2006

After the Sept. 11 attacks, the need for tougher scrutiny of passengers at airports was glaringly obvious. So was the potential for innocent Muslims to be treated like criminals.

Last week, those two concerns collided head-on at the Minneapolis airport.

Six Muslim clerics returning from a religious conference were removed from a US Airways flight after passengers and crew reported suspicious behavior to the pilot. The imams were questioned by authorities and released.

The imams charge that they were singled out because they prayed quietly in Arabic at the gate before boarding and have demanded an investigation. “Flying while Muslim,” they appropriately note, is no more an offense than “driving while black,” a reference to the common complaint of African-Americans pulled over without credible cause.

If there were nothing more to this episode, the clerics would have grounds for outrage. Ethnic profiling violates American values and shouldn't be the basis for traffic stops or airport security.

But behavioral profiling — assessing the pattern of what people do in the context of the known threats — makes sense. Based on the official report of what crew and passengers told police, it appears that the clerics' behavior lacked self-awareness or was intentionally provocative. Either way, it provided reasonable grounds for concern:

•A passenger handed a note to a flight attendant saying that the six men were cursing U.S. involvement in Iraq before the flight, mentioning Saddam Hussein and chanting “Allah” several times. A gate agent said he became suspicious “by the way they were praying very loud.” Another passenger said one imam expressed extreme fundamentalist views.

•An off-duty flight attendant on the plane and other passengers told police the men switched their seat assignments to a configuration associated with the 9/11 attacks, with two in first class, two in the middle and two in the rear. One imam made two trips to the back of the plane during boarding to speak to his colleagues, the attendant said.

• Three of the men asked for seat belt extenders, which they didn't appear to be portly enough to need. The extenders, which consist of a metal buckle and belt that could be used as weapons, weren't attached to the seat belts but were found on the floor.

The combination of these events caused the pilot to request the men's removal.

Some facts in this case are in dispute and warrant further investigation. If nothing else, it underscores the tough judgment calls that airline crews and security personnel have to make under tight time pressure.

Ethnic profiling must be avoided, but fear of being wrong shouldn't make passengers and crew shy about alerting authorities to suspicious behavior. That would jeopardize safety for all passengers, Muslim and non-Muslim alike.

U.S. Assigns Terror Score To International Travelers (NYT/AP)

By The Associated Press

The New York Times, December 1, 2006

WASHINGTON, Nov. 30 (AP) —Without notifying the public, federal agents for the past four years have assigned millions of international travelers, including Americans, computer-generated scores rating the risk they pose of being terrorists or criminals.

The travelers are not allowed to see or directly challenge the risk assessments, which the government plans to hold for 40 years.

The scores are assigned to people entering and leaving the United States after computers assess their travel records, including where they are from, how they paid for tickets, their motor vehicle records, past one-way travel, seating preference and what kind of meal they ordered.

The existence of the program, the Automated Targeting System, was quietly disclosed earlier in November when the government published details about it in the Federal Register. Privacy and civil liberties lawyers, Congressional aides and law enforcement officers said they thought the system had been applied only to cargo.

The notice, by the Department of Homeland Security, called the program “one of the most advanced targeting systems in the world.” The department said the nation’s ability to spot criminals and other security threats “would be critically impaired without access to this data.”

Still, privacy advocates view the program with alarm. “It’s probably the most invasive system the government has yet deployed in terms of the number of people affected,” said David Sobel, a lawyer at the Electronic Frontier Foundation, a civil liberties group devoted to electronic data issues.

Government officials could not say whether the program had led to the arrest of any terrorists.

A similar Homeland Security project for domestic air travelers, now known as Secure Flight, caused a furor two years ago in Congress. Lawmakers barred its use until it passes 10 tests for accuracy and privacy protection.

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Mr. Sobel said the government notice also raised the possibility that faulty risk assessments could cost innocent people jobs in shipping or travel, government contracts, licenses or other benefits.

The notice said the data may be shared with state, local and foreign governments for use in hiring decisions and in granting licenses, security clearances and contracts. In some cases, the data may be shared with courts, Congress and private contractors.

Phoenix Test Site For TSA X-ray (USAT)

By Thomas Frank

USA Today, December 1, 2006

WASHINGTON — The federal government plans this month to launch the nation's first airport screening system that takes potentially revealing X-ray photos of travelers in an effort to find bombs and other weapons.

Transportation Security Administration screeners at Phoenix Sky Harbor International Airport will test a "backscatter" machine that could vastly improve weapons detection but has been labeled a "virtual strip search" by the American Civil Liberties Union. Backscatter can show clear images of nude bodies.

At Phoenix and another yet-to-be-decided test airport, the machines will blur or shade images to obscure body parts and medical devices. The TSA also will look at using the machines in subways.

"It's time to get them out and get feedback from [screeners] and the traveling public," said Randy Null, TSA assistant administrator. The TSA has been considering the machines since 2002 while struggling with privacy issues.

Null said the TSA is now "very comfortable" with privacy protections manufacturers have built into the machines, which scatter low-intensity X-rays to peer under clothing for hidden items.

Barry Steinhardt, head of the ACLU's technology and liberty program, said operating the backscatter machines at airports will pave the way for widespread use — and abuse. "As this technology becomes commonplace, you're going to start seeing those images all over the Internet," Steinhardt said. "These images are going to have high commercial value."

In the upcoming airport tests, the machines will be used only on travelers who require extra screening beyond a metal detector. Those passengers will be offered the option of being photographed from the front and back by the backscatter machine or undergoing the customary pat-down by a screener.

Null said the machines could some day replace metal detectors if they can operate faster than the 15-20 seconds backscatter takes to screen one passenger.

Backscatter machines, used in prisons and at Customs checkpoints to find drugs, have been touted as an improvement to metal detectors, which don't sound alarms for plastic or liquid explosives or ceramic knives. The Homeland Security Department inspector general singled out backscatters last year as a way to close a loophole at checkpoints.

The Phoenix airport, the nation's eighth busiest, will get a machine made by American Science and Engineering of Massachusetts. In a nod to privacy considerations, the machines will show only blurred outlines of travelers but will enable screeners to see weapons.

The blurred images "trade off detection for a level of privacy," said Richard Mastronardi, company vice president. The fuzzier photos "start to lose the ability to see … C4" plastic explosives, he said.

The TSA will test a similar machine that generates blurred images using electromagnetic waves. Using the machines on suspicious subway passengers is "a ways off," the TSA's Null said. The TSA could recommend but not require them in subways.

FEMA Chief Says Agency Has Learned Lessons From Katrina (MCT)

By James Rosen

McClatchy Newspapers, December 1, 2006

WASHINGTON - Federal Emergency Management Agency director David Paulison, chosen to head the troubled disaster-relief agency in the aftermath of the Hurricane Katrina debacle, said Thursday it has made huge strides in the 15 months since the historic storm.

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Paulison, a former firefighter picked by President Bush to rebuild FEMA's ability and reputation, pointed to a series of organizational and procedural changes that are designed to clarify the roles of the various federal, state and local agencies during a disaster and to speed relief to those stricken.

While Paulison was bullish on the changes at his agency, which was roundly criticized for its failures during Katrina, there has been little independent evaluation of FEMA's new actions to improve its response.

In a report on Sept. 6, the Government Accountability Office found that "there is little information available on the extent to which these changes are operational."

During his speech at the National Press Club, Paulison ticked off more than a dozen improvements driven by the need to operate under a new vision.

"All responses are local, but we no longer wait for local folks and the states to be overwhelmed before we step in." he said. "That old model simply does not work. It has to be an all-for-one, one-for-all type of response."

Paulison said his agency has made dramatic changes since Katrina, some of them required by a FEMA-overhaul bill Bush signed into law eight weeks ago.

"It was a wakeup call for all of us," Paulison said of Katrina. "We've all learned a lot of lessons. The biggest single failure in Katrina was communications and how we shared information."

Paulison said he doesn't agree with some lawmakers' calls to make FEMA an independent department again, saying its inclusion in Department of Homeland Security helps improve coordination with other agencies. Paulison said he has frequent and direct contact with Bush.

In a series of questions from reporters, Paulison declined to directly answer when asked whether New Orleans levees that collapsed in Katrina's aftermath should be built to withstand Category 5 hurricanes - rare but the most powerful storms.

"I support all levees (in the country) being the best they can possibly be," he said.

Paulison said people in evacuation zones need to take personal responsibility, adding that those who refuse to leave increase the burden on first responders.

In a related matter, Paulison expressed surprise over a federal judge's ruling Wednesday that the federal government must make immediate payments to 11,000 displaced Gulf Coast families.

"I was very disappointed in the judge's decision," Paulison said. "This is almost one of those things where no good deed goes unpunished. We felt we did the right thing."

District Judge Richard Leon said FEMA failed to give enough notice to the 11,000 families or to adequately explain why agency was cutting off their aid.

Paulison, though, said FEMA extended the temporary housing aid to thousands of Katrina victims for up to 60 days longer than required by law. He declined to say whether the government would appeal the court ruling.

Noting that some Florida residents still have FEMA-funded temporary housing because of 2004 storms, Paulison said, "FEMA can't house people forever."

A Miami native, Paulison ran the Miami-Dade Fire Rescue Department from 1992 to 2001. He headed the emergency-preparedness division of the newly formed Department of Homeland Security in 2003 and 2004. Congress folded FEMA into DHS in the legislation establishing the super-agency.

Jonathan Lee, who works in Washington for a management consulting firm, grew up on Hilton Head Island, S.C. He and his family were evacuated before Hurricane Hugo struck the Carolinas in 1989, though Hilton Head was spared. Lee also endured Hurricane Fran in 1996 while he was a student at Campbell University in North Carolina.

Lee agreed that people must take personal responsibility, but he said many folks grow numb to danger after repeated evacuations.

"People get sick of leaving," Lee said. "If you live in a hurricane zone, you're evacuated three times a year. After 30 years, Hilton Head in my lifetime hasn't been hit by a major storm. Yet people there have been evacuated at least once a year."

LESSONS LEARNED

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The Federal Emergency Management Agency has made great strides in the 15 months since the Hurricane Katrina debacle, director David Paulison said Thursday.

He was named the head of FEMA in September 2005, less than a month after Katrina devastated the Gulf Coast.

Here are the main changes Paulison cited, some of them mandated by a FEMA overhaul bill that President Bush signed into law Oct. 4:

Bureaucratic improvements:

-Nine of FEMA's 10 regional offices have permanent directors with extensive disaster-management experience, with candidates for the 10th being interviewed now. Only two had such leaders when Katrina hit.

-Closer ties within the Department of Homeland Security with Border Control, the Coast Guard, the Transportation Department, the National Guard and other agencies involved in disaster response.

-A new partnership with the Pentagon's Defense Logistics Agency, which is expert in moving supplies quickly from shipping goods to U.S. troops around the world.

-Clarified roles for local, state and federal agencies around the country. Regular meetings with governors and local-disaster managers. Can videoconference with representatives from all states.

-"Memos of understanding" specifying the jobs of private firms, the Red Cross and other volunteer groups.

Operational upgrades:

-New "first teams" can deploy quickly, using video cameras to shoot and distribute pictures of destruction nationwide via computer.

-Four times more emergency supplies on hand, enough to feed 1 million people for a week; some of it already sent to vulnerable areas.

-"Total Asset Visibility": 20,000 trucks and other vehicles have global positioning system devices, which enable managers to find them immediately.

-"Contingency contracts" that outside suppliers, builders and other vendors can use when disaster hits.

-Debris registry of 300 approved nationwide contractors whom people can contact immediately.

-Beefed-up customer service. Higher call capacity that can register 200,000 people a day. Mobile registration centers that go to stranded people.

-Increased home inspections, to 20,000 a day.

-Better tools to prevent and identify aid fraud and abuse.

-Outside experts hired to train FEMA staff in human resources, budgeting, procurement, data management and other areas.

FEMA Director Calls For Stepped-up Disaster Preparations, Cooperation (FEDT)

By Stephen Losey

Federal Times, November 30, 2006

More cooperation and preparation at the Federal Emergency Management Agency and all levels of government will help prevent a repeat of the Hurricane Katrina debacle, the nation's top emergency manager said Nov. 30.

FEMA Director David Paulison said in a speech in Washington that the federal government no longer can afford to wait until state and local emergency responders are overwhelmed before acting. This has been FEMA's past strategy, and it helped contribute to a sluggish response to the storm and ensuing flood that devastated the Gulf Coast region last year.

"Responding to all disasters, catastrophic or otherwise, must now be viewed from the perspective of 'all for one and one for all,' " Paulison said.

FEMA is likewise trying to build up its relationships with other federal agencies. Paulison said FEMA was isolated even from its fellow agencies in the Homeland Security Department, though one of the goals of creating the massive department was to encourage interagency cooperation.

Paulison said he now meets every week with heads of agencies such as Immigration and Customs Enforcement, and the Coast Guard to discuss ways to improve disaster preparation and response.

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Likewise, FEMA is coordinating with the Defense, Health and Human Services, and Transportation departments, U.S. Northern Command and the National Guard to clarify roles and assign responsibilities before disaster strikes.

FEMA Ordered To Resume Katrina Housing Payments (AP)

By By Matt Apuzzo

The AP, December 1, 2006

The director of the Federal Emergency Management Agency said Thursday he was disappointed that a judge, in a sharply critical ruling, ordered the agency to resume housing aid to thousands of Hurricane Katrina evacuees.

"It's almost a thing of no good deed goes unpunished," Director R. David Paulison told reporters at the National Press Club. "We felt like we did a good job."

The decision was one of two court battles won by Hurricane Katrina victims this week, but both could prove short-lived. The other ruling was against insurance companies.

U.S. District Judge Richard J. Leon's ruling Wednesday criticized FEMA for cutting housing funding and subjecting victims of the 2005 storm to a convoluted application process he called "Kafkaesque."

Leon said FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer.

FEMA officials, already under fire for responding too slowly to the storm, said the agency sent letters outlining the program changes, explaining why some people were ineligible and describing the appeals process.

Leon, however, said those letters contained only program codes and agency jargon and did not explain anything. Some evacuees got multiple letters with conflicting information, he said, leaving families unable to understand why their aid was being cut.

Until FEMA explains itself and allows victims to appeal, Leon said the government must keep making housing payments.

"It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," Leon wrote.

Paulison said he thought the agency handled the situation correctly. "We used the same forms that we have used for decades," he said Thursday.

In his ruling, Leon cited statements submitted by evacuees describing the ordeal.

"The reasons I have been given for the termination are not what is in the documents and/or the reasons change each time I call," said Carmen Handy, an evacuee whose statement was cited. "Every time I call back, the person answering the call knows nothing about what the previous person told me."

Leon's ruling came in a case brought in August by the Association of Community Organizations for Reform Now, which said more than 11,000 families would be affected. FEMA did not immediately have data on how much the ruling would cost and said it was considering its legal options.

ACORN Spokesman Charles D. Jackson said the advocacy group was trying to spread word about the ruling through the scattered communities of evacuees, some of whom were left homeless by FEMA's decisions.

"Because the government didn't do their job, we're suffering," said Carolyn Stevens, a Katrina evacuee living in Houston.

Other evacuees sided with FEMA and said the program has been going on long enough.

"It's really making them lazy. They need to get back to work," said Lela Logan, a New Orleans native who said she got a job and rebuilt her life in Houston.

In the other case, on Monday, a federal judge in Louisiana said that many homeowners might be entitled to more insurance money for flood damage. Insurers pledged to appeal.

U.S. District Judge Stanwood Duval Jr. sided with New Orleans homeowners who argued that the language in some insurance policies that excluded water damage was ambiguous. He said a suit against The Allstate Corp., The St. Paul Travelers Companies Inc. and other insurers could go forward.

Duval said the policies did not distinguish between floods caused by an act of God — such as excessive rainfall — and floods caused by an act of man, which would include the levee breaches following Katrina's landfall on Aug. 29, 2005.

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If successful, this suit could cost insurers $1 billion in Louisiana alone, industry officials said, and could lead to similar suits elsewhere.

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Associated Press writers Eileen Alt Powell in New York and Rasha Madkour in Houston contributed to this report.

FEMA Chief 'disappointed' In Rental Assistance Ruling (PALMBEACHP)

By Larry Lipman

Palm Beach Post (FL), December 1, 2006

WASHINGTON — The director of the Federal Emergency Management Agency said Thursday he was "disappointed" by a federal judge's ruling that the agency must resume rental assistance to thousands of people displaced by Hurricanes Katrina and Rita last year.

The decision by U.S. District Judge Richard Leon proves that "no good deed goes unpunished," R. David Paulison said at a National Press Club luncheon.

"We thought we did the right thing. We thought we did the best job we could" to make sure residents were properly notified why their rental assistance was being cut off.

FEMA spokesman Aaron Walker said after Paulison's speech that the agency is still considering whether to appeal Leon's ruling.

In the ruling, the judge said FEMA created a "Kafkaesque" process that unconstitutionally denied residents a clear understanding of why their assistance was being terminated and made it difficult to appeal.

The ruling affected about 10,000 people in a temporary housing program known as Section 403 who were rejected when they were required to apply for another FEMA program - Section 408 - that provides cash rental assistance for three months at a time.

Paulison said FEMA's role is to provide only temporary housing, and that the agency was under pressure from its inspector general to verify that the people receiving the housing aid were eligible.

He said the agency examined each aid application and discovered that some beneficiaries were already covered by housing insurance, some were not residents of counties affected by the storms and some did not meet the statutory requirements of being a legal U.S. resident.

The agency gave residents whose aid was going to be terminated an additional 60 days' assistance, Paulison said.

Asked about FEMA's closing of a disaster housing site in Florida's Charlotte County that left about 25 residents without a place to live, Paulison, a former Miami-Dade County Fire Rescue chief, said the agency had helped thousands of Floridians affected by the hurricanes of 2004 and that FEMA's assistance is meant to be temporary. He said local governments must provide residents assistance over the long-term.

In his wide-ranging remarks, Paulison acknowledged a litany of mistakes made by FEMA in responding to Hurricane Katrina, which devastated New Orleans and much of the Gulf coast. He said significant changes have been made since he took over from former Director Michael Brown, who was pressured into resigning less than two weeks after Katrina hit.

"We are in much better shape than we were a year ago," Paulison said, adding, "we still have a long way to go."

In addition to pre-positioning emergency supplies at strategic locations around the country to be ready to respond to an emergency, Paulison said FEMA will move supplies as close as possible to affected areas ahead of such predictable disasters as hurricanes.

The largest failure revealed by Katrina was in communications, Paulison said, noting there was a lack of systems for sharing information between local and state governments, between state governments and the federal government, and within the federal government.

Since then, FEMA has established a unified command that links local, state and federal agencies in "real time" with state-of-the art communications technology. He said the system operated well during Hurricane Ernesto, which did little damage when it hit South Florida in late August and early September.

Speaking on the last official day of the 2006 hurricane season, Paulison said other changes at FEMA include:

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• Improved logistical management, such as using 20,000 satellite-based global positioning systems to track FEMA vehicles bringing supplies to an affected area.

• A registry that identifies local contractors that can be hired for debris removal after a disaster.

• Increased capabilities to register up to 200,000 victims a day online and through mobile registration vehicles being sent to disaster areas.

• Increased capabilities to inspect up to 20,000 homes a day after a disaster.

Paulison said FEMA does not intend to take over emergency response management from state and local agencies, but that all levels of government need to work together more closely and respond more quickly.

Local governments should not have to wait until they are overwhelmed before asking for state assistance, and state governments should not wait until they are overwhelmed before asking for federal assistance, he said.

He also said every person should be responsible for having enough emergency supplies - such as food, water and flashlights - to last at least three days.

10,000 Get Grant Letters On Rebuilding In Louisiana (NYT)

By Leslie Eaton

The New York Times, December 1, 2006

In a sign of painstaking progress for Louisiana's biggest rebuilding program, the state has sent letters to more than 10,000 families stating how much money they can receive to rebuild their homes under the $7.5-billion housing program Congress financed this year, state officials said yesterday.

But fewer than 50 families had actually collected the money as of Tuesday, prompting renewed concern among homeowners and some government officials about the pace of the program, which is called the Road Home and is widely considered the most important factor in rebuilding areas damaged by Hurricanes Katrina and Rita.

The spate of "award calculations," as the program calls them, represents a big increase from early last month, when fewer than 2,000 families — out of almost 79,000 applicants at the time — had been told how much they were eligible to receive.

On Nov. 6, Gov. Kathleen Babineaux Blanco ordered the private contractor managing the program for the state to reach the 10,000 mark by the end of November. Yesterday, the governor said she would require the contractor, ICF International, to send out 15,000 more award letters before the end of the year.

"The Road Home program is making progress, but I will not rest until 100 percent of our homeowners receive the money that we have made available to them," Ms. Blanco said in a statement.

The awards, which are based on the value of a house before the storm and are capped at $150,000, are reduced by the amount of money homeowners receive under their insurance policies. ICF says it has been slowed by the difficulty of getting information from insurance companies and is now sending out award letters without waiting for insurers' verification. This decision has speeded up the process but may mean that the size of the awards will be adjusted before homeowners receive them.

The number of homeowners who have actually received Road Home grants has increased by just 26 in the last month, to a total of 48. Those homeowners received an average grant of $50,715, according to the most recent statistics from the program.

Some program officials said they thought the delays in closing on the grants stemmed not from bottlenecks in the system, but from homeowners' uncertainty about rebuilding.

"I, for one, haven't decided what to do with my house," said Walter Leger, a member of the Louisiana Recovery Authority, which devised the program. Before Hurricane Katrina hit, Mr. Leger lived in St. Bernard Parish, the county just outside New Orleans where almost every building was badly damaged by water or an oil spill or both.

When they apply for the program, most people say that they intend to rebuild, said Carol Hector-Harris, a spokeswoman for the program. But when they learn how much they are eligible to receive, "that's when the reality strikes," she said. "What will it cost to insure my car? Are the schools back? Do I have a job? Is my grocery store back?"

Ms. Hector-Harris cited a recent study by the University of New Orleans that found that many residents of the city and nearby Jefferson Parish, perhaps as many as one-third, say they may leave in the next two years.

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The study, which was based on interviews with 400 people now in the area, found that people were frustrated with the difficulty of making home repairs, especially in New Orleans, said Carrye Jane Shaw, a graduate assistant who worked on the study. More than 50,000 applicants have not yet had their first meeting with program counselors. Others, who have been to their appointments and had their property inspected, say they still do not know how much money they are eligible for.

"We may have gotten a letter, but our mailman doesn't deliver every day," said Alyson J. Elder, who lived near the north edge of Tulane University in New Orleans and now rents a house in the city.

"I've been out of my house for 400 nights now," Ms. Elder said. "I just want to go home."

Crime Takes Hold Of New New Orleans (USAT)

By Anne Rochell Konigsmark

USA Today, December 1, 2006

NEW ORLEANS — It's been a violent autumn around the Spotted Cat, a pleasantly divey jazz club in the Marigny neighborhood. Three people were shot Oct. 9 when a man wielding two guns opened fire in the early evening half a block away. Residents, including Spotted Cat cornet player Jack Fine, say muggings have become routine in the lively area full of restaurants and night spots.

And on Oct. 17, police reported the discovery of a dismembered and cooked body believed to be that of Adriane "Addie" Hall, a former club employee. A suicide note penned by her on-again, off-again boyfriend, Zachary Bowen, before he jumped from a hotel roof, led police to the remains — in the refrigerator, the oven and on the stove in Hall's apartment above a voodoo shop.

On a recent afternoon, musicians, barkeeps and barflies met at the Spotted Cat, mourning the loss of a friend they say committed suicide because he was overwhelmed by life after Katrina. They reflected on what feels to them like a new and more frightening brand of crime.

"Oh it's terrible, terrible — simple as that," says Marguerite Oliver, 71, who is retired and lives in the Marigny, adjacent to the French Quarter that did not flood during Hurricane Katrina. It is a neighborhood of pricey homes and trendy bars and restaurants — not the kind of area known for violent crime before Katrina. Now, Oliver says, "The sun goes down, and I go in."

Crime, that old menace of the old New Orleans, is back, and it's bedeviling a city trying to recover from Hurricane Katrina. There have been 147 people killed in New Orleans this year, police say, down from 204 by this time in 2005. But the city's population is about half what it was before Katrina flooded 80% of the city, forcing an almost-complete evacuation.

That means New Orleanians are murdering each other at a rate of 73.5 murders per 100,000 residents. That figure is above that of the nation's most murderous city — Compton, Calif., whose rate was 67 murders per 100,000 people in 2005, according to the latest FBI statistics.

Because many traditionally violent areas flooded and remain nearly empty, crime has moved to upscale, high-traffic areas such as the Marigny, the French Quarter and Uptown, leaving residents with one more reason to question their decision to remain in the city.

"This is a city out of control," says Fine, 78, who stands drinking a beer outside the Spotted Cat as a Billie Holiday song wafts out of the bar's open doors. "Something's changed here."

After a few virtually crime-free months following Katrina — when the city had just a handful of residents and was teeming with National Guard, state police and law enforcement from around the country — the usual suspects began returning, Orleans Parish Police Superintendent Warren Riley says. And while Riley reports that 70% of murders are drug-related, there's an upswing in a new kind of crime: brutal, domestic violence that he attributes to the stress of living in post-Katrina New Orleans.

"People don't realize this isn't a normal community yet," Riley says. "There are people out there on the edge."

The criminals themselves are only part of a crisis that starts on the streets and stretches all the way to the recently reopened criminal courtrooms on Tulane Avenue. Each link in the chain has a problem, says New Orleans City Councilwoman Stacy Head. "It's not like you can say, 'We fix this and everything will be OK.' "

Rafael Goyeneche of the Metropolitan Crime Commission, a local watchdog group, calls the criminal justice system's shortcomings "a model for disaster."

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"Just as important as fixing the levees and the schools, crime is going to determine the rate and the extent of New Orleans's repopulation and recovery," he says.

The post-Katrina crime wave began in earnest in June, when five teenagers were found shot to death in a sport-utility vehicle. That's when the state police and the National Guard returned to the city to patrol the city's flood-ravaged and sparsely populated streets, freeing up local police to concentrate on the more populated areas. They were to remain only through December, but Riley said this week he will ask Gov. Kathleen Blanco to leave them in the city for at least another six months.

Riley estimates that 80% of the criminals that operated in New Orleans before Katrina have returned to the city. But simply policing traditional hotspots doesn't work anymore, Riley says. Violence in high-traffic areas such as the French Quarter makes residents jittery and draws national attention.

On Sunday, an 18-year-old from Mississippi was stabbed to death on Bourbon Street, police say. Early in the morning on Oct. 31, a gunman fired on patrons in a French Quarter bar, police say, wounding five. Following close after the gruesome dismemberment of Addie Hall, the incidents set the neighborhood, and those relying on tourists, on edge.

"That's what really hurts," says Cindy Richardson, 42, co-owner of New Orleans Ghost Tours. Her business is down 80%, she says. "We used to have contracts with schools that took our tours, and they won't come down here anymore. The parents don't want the kids down here."

Not only is crime in new locations, Riley says, there are new perpetrators. "Some of these shootings, under normal circumstances, wouldn't have been shootings," he says. He cites the Nov. 5 shooting deaths of a 47-year-old man and a 53-year-old woman, found in a Federal Emergency Management Agency (FEMA) trailer. The suspect, who was the woman's husband, had recently sought psychiatric help, Riley says. His doctor was unable to find a bed for him, he says. With the city's large public hospital shut down since the storm, beds for mentally ill patients have been scarce. "People's lives have been turned upside down," Riley says. "They are stressed, frustrated and anxious, he says. And, "they have nowhere to turn."

Fifteen months after Katrina, Riley continues to use a set of cramped trailers as police headquarters. He can't move back to his permanent offices, still being repaired, until next year, he says. "I feel like I am in a military outpost," he says.

His police force isn't back to normal, either. Before Katrina, 1,668 officers patrolled New Orleans. "At one point, we had 200 inquiries from other departments around the country about (our) officers who had applied for jobs," he says. Since the storm, 183 officers have either been fired or resigned, Riley says. And because 109 officers are out sick or injured, and 80 have been assigned desk jobs because of administrative layoffs, there are only 1,275 officers on the street.

That may seem adequate, considering the city's diminished population. But Riley and other city leaders dispute the federal government's official count of 187,000 residents and believe it to be 200,000. People are crowding in with friends and relatives, and they are camping out in abandoned homes, Riley says.

Besides, he adds, the geography of the city is unchanged. "We can't cover the entire city," Riley says.

Morale is low. The officers remaining on the force work under the shadow of "very, very negative reports of police actions during and after the storm," Riley says. Stories of looting and dereliction of duty abounded, and police were caught on camera beating an unarmed man in the French Quarter.

Four out of five officers lost their homes in the flooding, and many remain in trailers, separated from their families who have chosen to remain elsewhere for now, he says.

Still, officers are making plenty of arrests, about 1,500 a week, Riley says. That's down only 25% from the pre-Katrina average, further evidence the population is rebounding, Riley says. "They're taking drug dealers and murderers off the streets every day," he says.

Many suspects were released from custody in the months following the storm because there was no place to put them. The Orleans Parish Prison flooded, leaving the city with nowhere to house suspects.

For a while, Riley says, "there was literally a catch-and-release program going on. The most violent offenders, they would find a place for (them) somewhere around the state. But people charged with minor offenses were released. Well, some of those people were hardened criminals who just happened to be arrested on a minor offense."

Even now, with the recent addition of FEMA-provided tents, the Orleans Parish Prison has just 2,200 beds, down from 7,200.

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Late starts and no room for jury deliberations are the first issues Judge Terry Alarcon faces as he begins a typical post-Katrina day in the Orleans Parish Criminal District Court. “I try not to get an ulcer about it,” he says.

As a recent morning wears on, there's plenty to give Alarcon stomach trouble.

The criminal courts remained shut down for nine months after the storm, then opened partially in June to begin handling a backlog of 5,000 cases. Only as of Oct. 30 were all 12 sections of criminal court back up and running. And repairs are still being made to the building.

“You shut down the courts in any area in the U.S., and you're going to see a crime explosion,” Goyeneche says.

Defense attorney Clif Stoutz appears before Alarcon this morning, but noticeably absent is his client, arrested before Katrina on charges of marijuana possession. His client now lives in New York, Stoutz explains, and needs several weeks' advance notice of a hearing so he can buy an affordable plane ticket. Alarcon shakes his head and sets a December court date.

“Do you have any idea if the evidence still exists?” the judge asks the assistant district attorney. The answer is no. The evidence room flooded and the prosecution has not yet located the five pounds of marijuana Stoutz's client allegedly possessed.

Even with all 12 courtrooms handling cases, the wheels of justice won't turn smoothly for some time to come, Stoutz, Alarcon and Goyeneche agree. The criminal justice system was broken before Katrina: A 2005 study by the Metropolitan Crime Commission found that just 12% of people arrested for homicide in New Orleans were ultimately incarcerated.

About one-fourth of defendants with felony drug offenses wound up in prison, Goyeneche says. Nationally, more than two-thirds of those defendants are convicted and incarcerated, according to the U.S. Justice Department.

Stoutz, who was “in Florida on the beach” while the courts were closed, says repairing the damage done to the justice system by Katrina is just a start. “All that happened with Katrina is we kicked over the anthill and now we see what's underneath,” he says.

Lawyers with the district attorney's office are paid $38,000 a year, less than the $39,000 starting salary for police officers, which means it is difficult to hire anyone with experience, Goyeneche says. Post-Katrina, the D.A.'s office, which until three months ago operated out of a former barroom, complete with a disco ball, lost more than 30 of its 80 attorneys. Meanwhile, the public defender's office lost some of its most experienced attorneys because of a new rule requiring them to work full-time. “Those veteran attorneys didn't want to drop their private practices,” Goyeneche says.

The last case of the morning in Alarcon's court involves another absent defendant. This one, the prosecutor explains, is in the state penitentiary in Angola, several hours away. No one knew he was not in town until this morning.

“This is really frustrating,” Alarcon says.

Small steps are being taken to stave off violent crime and give the criminal justice system the tools it needs to arrest, lock up and convict criminals. A 10% salary increase for police officers went into effect in September, and there is a proposal before the City Council to raise the starting salary for lawyers with the district attorney's office to $50,000.

A Criminal Justice Task Force, which includes representatives from all sectors of the system, meets twice a month, Riley says. He has shaken up the leadership in key units such as narcotics, and he is having his officers conduct training sessions with the FBI.

Goyeneche says there is talk of creating a career criminals unit in the district attorney's office. The unit would employ a handful of veteran prosecutors who would be paid higher salaries to handle the most serious offenders, he says.

Riley says the city will feel safer “when our criminal justice system, not just the police, is up and functioning. And when our citizens have confidence in us and report crimes. Then we will have a safer city.”

For now, Fine, the cornet player, says it takes guts to remain in a city he sees as not only dangerous but wounded.

“There's a heaviness sitting on the city,” he says. There's a profound sense of coping with something that's lost and you can't quite put your finger on it.”

Fine says he was almost robbed recently. “I was walking to my car, and I see this cat walking to meet me,” he says. “And I see him start to reach in his pocket.” Fine smiles. “So I started to reach into my pocket. And he ran.”

Asked if anything was in his pocket, Fine says, “Courage.”

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WAR NEWS:

Bush Sticks To Iraq Policy, Resists Drawdown Calls (WSJ)

By Yochi J. Dreazen And Cam Simpson

The Wall Street Journal, December 1, 2006

AMMAN, Jordan -- The U.S.'s next steps in Middle East diplomacy appear to include speeding the transfer of Iraqi security forces from American to local control and stepping up efforts toward renewed Israeli-Palestinian talks.

But obstacles emerged on both fronts yesterday, as President Bush, on a visit here, made clear he will resist calls to change his Iraq policy and Secretary of State Condoleezza Rice appeared to leave it to Palestinian Authority President Mahmoud Abbas to determine the next move in that peace process.

Mr. Bush used a meeting with Iraqi Prime Minister Nouri al-Maliki to lay down a marker ahead of the official release next week of a report by a bipartisan commission, headed by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton, that has been exploring new U.S. strategies for stabilizing a nation badly torn by sectarian violence and for bringing home U.S. troops.

The findings will call for the U.S. to begin gradually drawing down the approximately 140,000 American combat troops now in Iraq -- though without a specific timeline -- and to engage in direct negotiations with leaders in neighboring Iran and Syria, which are believed to be helping fuel the strife, said a member of the panel. Details of the panel's recommendations were reported in the New York Times yesterday.

Asked when Mr. Bush would begin acting on the report, White House National Security Adviser Stephen Hadley told reporters on Air Force One returning from Jordan there was no timetable per se.

"It's really going to be when the president is comfortable in his own mind as to where he wants to go, and when we've been able to have the kind of discussion with the Iraqis so we can be sure that it is going to be a common plan between the Iraqi government and the United States government for success," he said.

White House officials have said the U.S. is open to considering negotiations with Tehran and Damascus if the two drop their support for Hezbollah and other militant groups. Despite a growing sense Mr. Bush might use the report from the Iraq Study Group as political cover for beginning a U.S. troop withdrawal, he said yesterday talk of an imminent drawdown "simply has no realism to it at all."

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of a graceful exit out of Iraq," he said. "We're going to stay in Iraq to get the job done."

Meanwhile, Ms. Rice met briefly with Mr. Abbas in Jericho in the Palestinian territories before heading to Jerusalem for even shorter sessions with top Israeli officials. Though she publicly declared her desire to "accelerate our efforts and intensify our efforts" to bring about peace, little new appeared to be gained from the talks. She declined to cite concrete plans for what should come next in the Israeli-Palestinian peace process, beyond trying to sustain this week's fragile cease-fire for the Gaza Strip, which has experienced months of bloodshed.

Mr. Abbas declared as all but dead talks aimed at replacing the Palestinian Authority's current Hamas-led government with a caretaker regime. The move, pushed by the U.S. for months, is seen as a precondition for almost any Palestinian progress. Washington cannot legally deal with or financially support a government led by Hamas, which is designated as a foreign terrorist organization under U.S. law.

But Ms. Rice told reporters last night that the Gaza cease-fire deal, along with an olive branch extended by Israeli Prime Minister Ehud Olmert during a speech Monday, was "not a bad set of events to take place," during a short timeframe. She also said gaining progress in the moribund peace process "is the kind of thing that takes time."

In Jordan, Mr. Bush said the U.S. would step up efforts to give Mr. Maliki more control over Iraq's military and security forces and work to expand U.S. military training for them. For his part, Mr. Maliki said he believed Iraqi forces would be ready to take full control of security by June.

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But while Messrs. Bush and Maliki both said it was necessary to speed the handover of security responsibility, senior U.S. military officials caution that big barriers remain to achieving this. The Iraqi Army and police forces remain rife with corruption, and embedded U.S. advisers regularly complain that because the U.S. doesn't control the Iraqi ministries, they can't get corrupt Army and police officers fired or replaced.

The availability of more advisers also is uncertain. U.S. military officials say they are committed to increasing the number of advisers working with Iraqi Army and police forces, but the Army and Marine Corps are already stretched thin. Moreover, some military officials say that adding more advisers without giving them the power to remove incompetent or corrupt officers won't lead to significantly better results.

Mr. Bush again rejected calls to divide Iraq into three semi-autonomous regions and said U.S. forces would remain in Iraq indefinitely. He also offered a strong endorsement to the embattled Mr. Maliki, hailing him as the "right guy for Iraq."

U.S. officials said the meetings between the two leaders went well, but the hastily planned summit produced few results. The two met just one day after Mr. Maliki abruptly canceled a planned three-way meeting Wednesday night with Mr. Bush and King Abdullah of Jordan. The move came after the disclosure in the New York Times of a memo written by Mr. Hadley asserting that the Iraqi premier was "either ignorant of what is going on, misrepresenting his intentions or that his capabilities are not yet sufficient to turn his good intentions into actions."

Mr. Bush went out of his way to praise Mr. Maliki, a clear attempt to soothe the Iraqi leader's feelings after the leak.

Bush Rejects Troop Reductions, Endorses Maliki (WP)

By Michael Abramowitz And Sudarsan Raghavan

The Washington Post, December 1, 2006

AMMAN, Jordan, Nov. 30 -- President Bush on Thursday dismissed calls for U.S. troop withdrawals from Iraq as unrealistic, saying American forces would "stay in Iraq to get the job done, so long as the government wants us there."

Speaking after a summit here with Iraqi Prime Minister Nouri al-Maliki, Bush also offered a strong endorsement of the embattled leader, calling him "the right guy for Iraq."

The two men met for about two hours in the Jordanian capital, discussing how to crack down on the sectarian violence ravaging Iraq and what could be done to speed the turnover of security responsibilities from U.S.-led foreign troops to Iraqi forces.

In the news conference that followed, Bush sought to preempt a growing clamor to start a phased withdrawal of U.S. troops from Iraq, a proposed policy shift that has gained traction as a result of the Nov. 7 congressional elections and that is expected to be endorsed by the Iraq Study Group, a bipartisan commission headed by former secretary of state James A. Baker III and former representative Lee H. Hamilton (D-Ind.). The United States has more than 140,000 troops in Iraq.

Although the president was not asked directly about the panel's recommendations, which will be made public next week but which were partially leaked to reporters late Wednesday, he did say that "this business about graceful exit just simply has no realism to it whatsoever."

Later, national security adviser Stephen J. Hadley told reporters aboard Air Force One that Bush would start making changes in his Iraq policy soon after receiving the study group's recommendations and the reports of other high-level review panels. "There is a real sense of urgency, but there is not a sense of panic," Hadley said, according to the [a] news agency.

Maliki, meanwhile, declared that he is moving to disarm militias in Iraq and expects government forces to assume full control of security duties by June.

"I can say that Iraqi forces will be ready, fully ready, to receive this command and to command its own forces, and I can tell you that by next June, our forces will be ready," Maliki said in an interview with ABC News after his meeting with Bush.

Asked whether he would disarm militias such as the Mahdi Army of Moqtada al-Sadr, an anti-American Shiite cleric, Maliki, himself a Shiite, said: "Definitely. And the government is doing that with all militias, with no exception. There will be only the arms for government troops."

Sadr is seen as perhaps the single most powerful political leader in Iraq. The Mahdi Army is the largest and most violent of Iraq's private Shiite militias, and Sadr's supporters make up one of the biggest blocs in the Iraqi parliament. Although the Sadr

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bloc played a pivotal role in making Maliki prime minister, its members walked out of parliament and the cabinet on Wednesday in protest of Maliki's meeting with Bush.

During their news conference, Bush declined to answer directly a question about whether he urged Maliki to distance himself from Sadr. Bush said that after he and Maliki discussed the "political situation" in Iraq, he came away "reassured" by the prime minister's determination to hold to account those who break the law -- "whether those people be criminals, al-Qaeda, militia, whoever."

Asked whether he would break with Sadr, Maliki did not answer directly, noting that Sadr's faction is only one part of his ruling coalition and that all those participating in the government bear responsibilities.

"I do not talk about one side or the other," he said. "I'm talking about a state; I'm talking about law; I'm talking about commitments. And this should apply to all the partners who have chosen to participate in the political process."

According to Iraqi sources familiar with the meetings, Bush did not press Maliki to take stronger action against Sadr or the Shiite militias, which U.S. commanders in Baghdad have repeatedly called the principal impediment to restoring order in Iraq.

"There was really no pressure," said Sadiq al-Rikabi, a political adviser to Maliki who was present during the meeting. "Did he say to the prime minister, 'You have to do this and do that'? I didn't hear any of that."

Rikabi said the two leaders did not "specifically discuss Sadr" but spoke in general terms about the militias, the security of the country and the political conditions.

Mahmoud Othman, a Sunni Kurd who is an influential member of Iraq's parliament, said that Bush told Maliki that U.S. forces would deal with al-Qaeda and that Iraqis were responsible for tamping down the Shiite militias and sectarian violence. But he didn't push too hard, said Othman, who said he was basing his information on conversations he had with people who were in the meeting.

Othman said that he thought Sadr's decision to launch a boycott of parliament sent a signal that Maliki was under a lot of domestic pressure and that pushing Maliki too hard on Sadr and the Mahdi Army might have put him under even more pressure.

"That's why he didn't press for that," Othman said.

A senior U.S. official told reporters that Bush and Maliki did discuss Sadr during the summit, in the context of a larger conversation about "using force to address, where necessary, elements operating outside the rule of law."

The official, who could not be named under ground rules set by the White House, said Maliki was fully aware of the need to confront militias. "He recognizes this is a big challenge for his government and one that his government must take on and succeed in if he is to be successful," the official said.

Bush and his aides said a major topic during Thursday's meeting was speeding the training of Iraqi security forces. Bush and Maliki heard from a committee of senior officials from both countries who have been looking for ways to accelerate the transfer of authority over about 140,000 Iraqi soldiers from a joint command-and-control arrangement between Maliki and Army Gen. George W. Casey Jr., the top American commander in Iraq, to complete Iraqi oversight. No timetable was set.

"One of his frustrations with me is that he believes we've been slow about giving him the tools necessary to protect the Iraqi people," Bush said before boarding Air Force One for the flight home. "Our goal is to ensure that the prime minister has more capable forces under his control so his government can fight the terrorists and the death squads, and provide security and stability in his country."

Thursday's meeting was the third face-to-face session between the two leaders. Administration officials say they have been disappointed so far by results from the Maliki government, yet Bush portrayed himself as having nothing but confidence that Maliki can ultimately get results with more help from the United States.

"He's been in power for six months, and I've been able to watch a leader emerge," Bush said, praising Maliki's courage and his desire to take more responsibility from U.S.-led forces. "I'm talking to the man face-to-face, and he says that he understands that a unified government, a pluralistic society, is important to success. And he's making hard decisions to achieve that."

Rikabi, Maliki's adviser, said the prime minister took Bush's expressions of support as a vote of confidence. "It was very positive," Rikabi added, referring to the meeting. "The prime minister and all the delegation returned back to Baghdad very satisfied."

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Sunni legislators in Baghdad, however, said they were disappointed by the outcome of the meeting and had expected Bush to take a stronger stand.

"We heard more support for this government from the Bush administration," said Saleh al-Mutlak, leader of the Iraqi National Dialogue Front, the second-largest Sunni Arab party in Iraq's parliament. "It's a support for failure."

Bush, In Meeting On Iraq, Rejects A Quick Pullout (NYT)

By John M. Broder And Sheryl Gay Stolberg

The New York Times, December 1, 2006

WASHINGTON, Nov. 30 — President Bush on Thursday rejected the idea of a quick troop withdrawal from Iraq, even as Prime Minister Nuri Kamal al-Maliki of Iraq said his country's forces would be ready to take over substantial security responsibility by next June.

Mr. Bush, at a news conference with Mr. Maliki after a meeting in Jordan, directly referred to reports the day before that the bipartisan Iraq Study Group would recommend to him next week that the United States begin a substantial troop pullout in the near future. Some analysts have suggested that the report could offer a face-saving way for Mr. Bush to begin withdrawing from Iraq, but he adamantly rejected that view.

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," the president said. "This business about a graceful exit just simply has no realism to it whatsoever."

The study group is said to be shying away from recommending a firm timetable, and it envisions a force of 70,000 or more American troops in Iraq for some time to come. And despite a Democratic election victory this month that was strongly based on antiwar sentiment, the idea of a major and rapid withdrawal seems to be fading as a viable option. [News analysis, Page A16.]

Mr. Maliki and other Iraqi leaders have given optimistic projections before about the strength of local forces and their ability to control the insurgency and the sectarian warfare. But senior Bush administration officials and American commanders continue to say that creating a competent Iraqi military from scratch will take an intensive training effort and years to accomplish.

Mr. Maliki lacks full operational control of the military, and he is menaced by numerous armed militias and insurgent cells operating with virtual impunity.

One approach expected to be put forward by the Iraq Study Group is that, as the size of the American combat force is reduced, the Pentagon would send thousands of additional trainers to assist in the building of Iraqi Army and police forces. Mr. Maliki seemed to embrace that idea on Thursday, saying that his government would be fully ready to take command by June 2007. Democrats in Congress have been demanding that the United States begin removing its troops in the next four to six months and give control of Iraq to the Iraqis.

"I can say that Iraqi forces will be ready, fully ready to receive this command and to command its own forces, and I can tell you that by next June our forces will be ready," Mr. Maliki told ABC News after meeting President Bush in Jordan.

He said that the president had assured him that he was not preparing to remove American forces any time soon and that he would provide additional training and support for the Iraqi military. He said any decision on American troop withdrawals was up to the Bush administration.

For his part, Mr. Bush insisted that American troops would stay in Iraq unless the government asked them to leave. "We're going to stay in Iraq to get the job done as long as the government wants us there," he said.

Stephen J. Hadley, the national security adviser, said that the United States was working diligently to improve the ability of the Maliki government to maintain some semblance of order in Iraq and to assume control of its own armed forces. He refused, however, to give any estimate of how long the task would take.

"Building a military, a successful and high-quality military, is something that, obviously, takes some time," Mr. Hadley said in a briefing for reporters aboard Air Force One while returning to Washington from Jordan. "We've been at it for a while. There is going to be more work to do. But you can get units to the point that they can take increasing responsibility for security. That's what we've been doing, that's what we'll continue to do."

He said the United States and Iraq were speeding up the schedule under which Iraqi forces would come under Iraqi, and not American, command.

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Mr. Hadley added that the Iraqis were aware both of the security problems that they faced and of the diminishing American public support for the military mission there.

"There is a real sense of urgency, but there is not a sense of panic," Mr. Hadley said. "And that is a good thing for a government that's under — has a lot of challenges before it."

The meeting of Mr. Bush and Mr. Maliki, a two-hour session in Amman, Jordan, took place against a backdrop of rising sectarian violence in Iraq and increasing tensions between the leaders.

Earlier this week, news reports brought to a light a classified memorandum by Mr. Hadley in which he raised doubts about Mr. Maliki's leadership. And on Wednesday evening, Mr. Maliki took the unusual step of backing out of a planned three-way meeting with the president that would have included the Jordanian leader, King Abdullah II.

But in their news conference, the two men appeared to be on the same page. During his appearance with Mr. Maliki, Mr. Bush offered to speed up the transfer of command of Iraqi forces to the Iraqi government. Mr. Maliki is under pressure at home to demonstrate more independence from the United States, but Americans, as well as Sunni Arab politicians in Iraq, have been concerned that the Iraqi troops would be used by the Shiite government against the Sunni populace.

The president also rejected the idea of partitioning Iraq to create buffers between the country's main sectarian groups, an idea that Mr. Maliki has publicly opposed though some other Shiite leaders have backed it.

During his statement, Mr. Maliki issued a pointed message to its neighbors, Syria and Iran, whom the United States has accused of supporting militant groups in Iraq, not to interfere with Iraqi affairs. "Iraq is for Iraqis," Mr. Maliki said.

The much-publicized meeting — a breakfast attended by aides including Secretary of State Condoleezza Rice and Gen. George W. Casey Jr., the top American commander in Iraq, followed by a 45-minute one-on-one session — took place as both leaders face intense pressure to bring the bloody sectarian violence in Iraq under control.

At the news conference afterward, Mr. Bush stood at Mr. Maliki's side and showered him with praise, saying, "He's the right guy for Iraq."

In Washington on Thursday, Senator Carl Levin, the Michigan Democrat is to become chairman of the Armed Services Committee in January, welcomed the reported recommendations of the Iraq Study Group, saying they were similar to what he and other Democrats had been proposing for months.

"It sends a message to the Iraqis that our presence there is not open-ended and that we are going to pull back, redeploy in a reasonable amount of time," Senator Levin said in an interview. "They share our premise that the Iraqis have got to feel a sense of urgency if they are going to reach a political settlement."

He said that the panel's recommendations, if they are adopted even in part by the White House, signaled an "important shift" in the debate on Iraq policy.

Senator John Cornyn, a Republican member of the Armed Services Committee from Texas, said he believed that it would be necessary to send tens of thousands more troops to Iraq in the short term to stabilize Baghdad and control the sectarian militias that were killing one another and Americans.

He said he was gratified to hear Mr. Maliki's claim that his forces would be adequate to the task by the middle of next year, but said he did not think the Iraqi prime minister was being realistic.

"I would love to believe it," Mr. Cornyn said in a telephone interview from Texas. "Perhaps it's useful for him to set goals for his own security forces. But it's pretty clear to me that, at least from a logistical standpoint, Iraqi troops will need to receive support from the United States for quite a long time."

The Only Consensus On Iraq: Nobody's Leaving Right Now (NYT)

By David E. Sanger

The New York Times, December 1, 2006

WASHINGTON, Nov. 30 — In the cacophony of competing plans about how to deal with Iraq, one reality now appears clear: despite the Democrats' victory this month in an election viewed as a referendum on the war, the idea of a rapid American troop withdrawal is fast receding as a viable option.

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The Joint Chiefs of Staff are signaling that too rapid an American pullout would open the way to all-out civil war. The bipartisan Iraq Study Group has shied away from recommending explicit timelines in favor of a vaguely timed pullback. The report that the panel will deliver to President Bush next week would, at a minimum, leave a force of 70,000 or more troops in the country for a long time to come, to train the Iraqis and to insure against collapse of a desperately weak central government.

Even the Democrats, with an eye toward 2008, have dropped talk of a race for the exits, in favor of a brisk stroll. But that may be the only solace for Mr. Bush as he returns from a messy encounter with Iraq's prime minister, Nuri Kamal al-Maliki.

In the 23 days since the election, the debate in Washington and much of the country appears to have turned away from Mr. Bush's oft-repeated insistence that the only viable option is to stay and fight smarter. The most talked-about alternatives now include renewed efforts to prepare the Iraqi forces while preparing to pull American combat brigades back to their bases, or back home, sometime next year. The message to Iraq's warring parties would be clear: Washington's commitment to making Iraq work is not open-ended.

Yet if Mr. Bush's words are taken at face value, those are options still redolent of timetables — at best, cut-and-walk. Standing next to Mr. Maliki on Thursday in Amman, Jordan, Mr. Bush declared that Iraqis need not fear that he is looking for "some kind of graceful exit out of Iraq." But a graceful exit — or even an awkward one — appears to be just what the Iraq Study Group, led by James A. Baker III and Lee H. Hamilton, tried to design in the compromise reached by Republicans and Democrats on the panel on Wednesday.

The question now is whether Mr. Bush can be persuaded to shift course — and whether he might now be willing to define victory less expansively.

"What the Baker group appears to have done is try to change the direction of the political momentum on Iraq," said Stephen P. Cohen, a scholar at the Israel Policy Forum. "They have made clear that there isn't a scenario for a democratic Iraq, at least for a very long time. They have called into question the logic of a lengthy American presence. And once you've done that, what is the case for Americans dying in order to have this end slowly?"

In the days just after the Republican defeat on Nov. 7, Mr. Bush had suggested that he was open to new ideas about Iraq. "It's necessary to have a fresh perspective," he said in nominating Robert M. Gates to succeed the ousted Donald H. Rumsfeld as defense secretary.

But more recently, the president has, if anything, seemed to harden his position again. In Hanoi, Vietnam, nearly two weeks ago, he suggested that he would regard the recommendations from the Baker-Hamilton group as no more than a voice among many. In Riga, Latvia, two days ago he all but pounded the lectern as he declared, "There's one thing I'm not going to do: I'm not going to pull the troops off the battlefield before the mission is complete."

On the way home from Jordan, Mr. Bush's national security adviser, Stephen J. Hadley, said Mr. Maliki was told that the Baker-Hamilton report "was going to be one input" — a clear signal that no matter how senior the group's members, no matter how bipartisan the group, no matter how close Mr. Baker is to the president's father, the recommendations would not be regarded as sacrosanct.

In private, some members of the Iraq Study Group have expressed concern that they could find themselves in not-quite-open confrontation with Mr. Bush. "He's a true believer," one participant in the group's debates said. "Finessing the differences is not going to be easy."

The group never seriously considered the position that Representative John P. Murtha, the Pennsylvania Democrat who is a leading voice on national security issues, took more than a year ago, that withdrawal should begin immediately. The group did debate timetables, especially after a proposal, backed by influential Democratic members of the commission, that a robust diplomatic strategy and better training of Iraqis be matched up with a clear schedule for withdrawal. But explicit mention of such a schedule was dropped.

In statements on Thursday, Democrats from former President Bill Clinton to Senator Joseph R. Biden Jr. of Delaware, the incoming chairman of the Senate Foreign Relations Committee, seemed to agree that hard timelines could invite trouble. Nonetheless, some areas of potential conflict with Mr. Bush seem clear.

"I think that what's clearly being implied in the study group's report is what some of us have been saying for a while," said Senator Jack Reed, a hawkish Democrat from Rhode Island with a military record, which has made him a spokesman for the

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party on Iraq. “A phased redeployment — one that begins in six months or so — is where we need to head. And what’s different now is that redeployment has become the consensus view,” save for inside the White House. “The debate is at what pace.”

There is evidence that more and more Republicans are likely to line up with the Iraq Study Group’s conclusions, even if some find the military prescriptions vague and the group’s idea of talking directly to Iran and Syria repugnant. After all, the Republicans have little interest in facing another election, in two years, where Iraq becomes the overarching issue.

But Mr. Bush faces no more elections. And he has not been one to back down, even when offered a “graceful exit.” He has staked his presidency on remaking Iraq, and with it, the Middle East. Every day, the chances of that seem more remote. With only two years left, this may be his last moment for a real change of strategy.

Bush Endorses Maliki After Talks (MCT)

By William Douglas And Nancy A. Youssef

McClatchy Newspapers, December 1, 2006

AMMAN, Jordan — President Bush reaffirmed his support for embattled Iraqi Prime Minister Nouri al-Maliki Thursday, agreeing to accelerate transfer of authority of security forces to the prime minister and vowing to keep U.S. troops in Iraq until their mission is successfully completed.

"Our objective is to help the Maliki government to succeed," Bush told reporters after a meeting with the prime minister. "We talked about accelerating authority to the prime minister ... he's the right guy for Iraq, and we're going to help him."

Bush gave his endorsement at a news conference after nearly two and a half hours of talks with the embattled prime minister. Maliki is under pressure in Baghdad and Washington to do more to combat increasing sectarian violence in Iraq.

On Thanksgiving, several car bombs detonated in the impoverished Baghdad neighborhood of Sadr City, killing more than 200 people, making it the deadliest single attack since Saddam Hussein's regime fell in April 2003. Some said that attack, and the subsequent retaliatory bombings, shootings and kidnappings throughout the capital, were signs of a civil war.

The U.S. must give Maliki and his government more control over their security forces, Bush said, acknowledging that the U.S. unwillingness to do so had limited the prime minister. Maliki and his aides have complained publicly that they cannot move a brigade without U.S. approval.

"One of his frustrations with me is that he believes that we've been slow about giving him the tools necessary to protect the Iraqi people," Bush said. "And today we had a meeting that will accelerate the capacity for the prime minister to do the hard work necessary to help stop this violence."

But White House officials offered few specifics on how the acceleration would work. A senior administration official said the leaders discussed handing over control of some provinces to Iraqi security forces, but would not say which ones.

This year, the U.S. has handed several Iraqi cities to the local army and police only to see them erupt in sectarian fighting within months, forcing coalition forces to intervene in cities like Balad and Amara. Moreover, Sunnis have complained that Iraqi forces, which are mostly Shiite, are sectarian and work alongside militias.

The president and prime minister also rejected an increasingly popular idea of dividing Iraq into three regions – Shiite, Sunni and Kurdish enclaves – saying that would fuel more violence.

"The prime minister made clear that splitting his country into parts, as some have suggested, is not what the Iraqi people want, and that any partition of Iraq would only lead to an increase in sectarian violence," Bush said.

Thursday was Bush's first meeting with Maliki since Democrats regained control of the House of Representatives and the Senate in mid-term elections that were viewed as a referendum on Bush's handling of the war.

Many Democrats have called for a timetable for withdrawing troops from Iraq. The White House is awaiting recommendations from a blue-ribbon panel co-chaired by former Secretary of State James Baker III and former Rep. Lee Hamilton, D-Ind.

The president said he'll listen to the panel suggestion, but asserted Thursday that he will not withdraw U.S. forces from Iraq until their mission is complete.

"I know thre's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," Bush said. "We're going to stay in Iraq to get the job done, so long as the government wants us there."

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This third face-to-face meeting between the two occurred under uncomfortable circumstances after a classified White House memo bluntly criticizing Maliki's leadership in Iraq, written by National Security Advisor Stephen Hadley, was published in The New York Times Wednesday.

The situation grew more awkward after a scheduled Wednesday evening meeting between Bush, Maliki and Jordan's King Abdullah was abruptly canceled. White House officials struggled to explain the cancellation but insisted it wasn't a snub and had nothing to do with Hadley's candid memo.

"We returned from Iraq convinced we need to determine if Prime Minister Maliki is both willing and able to rise above the sectarian agendas being promoted by others," Hadley wrote. "Do we and Prime Minister Maliki share the same vision for Iraq? Is he able to curb those who seek Shia hegemony or the reassertion of Sunni power? These answers to these questions are the key in determining whether we have the right strategy in Iraq."

Hadley was among the White House aides who attended the Bush-Maliki breakfast. An administration official said there were jokes about the leak during the meetings, but declined to provide specifics.

After the meetings, Bush heaped praise on an uncomfortable-looking Maliki and said they were united in seeking a way forward on improving the deteriorating situation in Iraq.

"You can't lead unless you have courage," Bush said. "And he's got courage, and he's shown courage over the last six months. I'm talking to the man face-to-face, and he says that he understands that a unified government, a pluralistic society, is important to success."

Both men said they also share the same concerns about interference in Iraq's affairs by neighboring countries, particularly Iran.

"We want to emphasize that we will not allow anybody to exert their control over any part of Iraq," Maliki said. "We want good relationships with our neighbors; we want complementary relationships with our neighbors to protect the region from tensions. But the main principle underlying all of this is respect of the Iraqi borders and the internal affairs of Iraq."

Despite the appearance of unity, it was clear that the president and prime minister did not agree on approach. Bush said the violence would only end if Iraq addressed its largely Sunni terrorists and Shiite death squads. Maliki, a former hard-line Shiite, made no mention of the death squads in his remarks.

"Terrorism, extremism and sectarianism will rob human beings of happiness," Maliki said.

Maliki did address concerns that he was closely tied to Sadrists, who control Iraq's largest militia, the Mahdi Army, saying he does not only answer to them.

"Mr. Sadr and the Sadrists are just one component that participate in the parliament," the prime minister said. "And I think participating in the government is a responsibility ... and foremost upon those responsibilities is the protection of this government, the protection of the constitution, the protection of law."

Thursday's meetings have caused friction within Maliki's government. In Iraq, members of rebel cleric Mutqada al Sadr's slate boycotted the parliament because the prime minister agreed to meet with Bush.

Bush Show Of Support For Iraqi Premier (FT)

By Guy Dinmore And Sharmila Devi

Financial Times, December 1, 2006

President George W. Bush yesterday put on a strong show of support for Iraq's beleaguered prime minister, calling Nouri al-Maliki the "right guy for Iraq".

The US president assured Mr Maliki that the Bush administration would not respond to pressure for a "graceful exit".

But Mr Maliki returned to Baghdad and a crisis in his coalition government apparently with little to show from their summit in Jordan, other than rhetorical commitments and an understanding that the US would speed up the training of Iraqi security forces and the full transfer of their authority to him.

In public at least, the US side did not specify when Mr Maliki would no longer have to share control over his own forces with General George Casey, the US commander. However, the prime minister told ABC television that Iraqi forces would be fully ready by June.

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The White House had cautioned against expecting any “bombshells” from the summit, which was hastily arranged in response to a surge in sectarian violence in Baghdad.

US policy remains effectively on hold until various internal reviews are completed and the bipartisan Iraq Study Group delivers its own recommendations – due on December 6.

Stephen Hadley, national security adviser, told reporters aboard Air Force One that Mr Bush would probably arrive at a decision on “the new direction in Iraq” within weeks.

Describing the mood on the Iraqi side, Mr Hadley said: “There is a real sense of urgency, but there is not a sense of panic.”

At a joint news conference in Amman, Mr Bush twice rejected calls for a “graceful exit”. He said the US would be in Iraq “until the job is complete”.

He added: “I know there’s a lot of speculation that these reports in Washington mean there’s going to be some kind of graceful exit out of Iraq. We’re going to stay in Iraq to get the job done, so long as the government wants us there.”

Media reports say the Iraq Study Group group led by James Baker, former secretary of state, and Lee Hamilton, former Democratic congressman, will recommend a gradual redeployment of US forces starting next year but with no timetable. Substantial numbers of US advisers, trainers and back-up forces would remain.

Outreach to Iran and Syria may also be proposed, but Mr Bush has ruled out direct US engagement under current circumstances.

Mr Bush’s praise for Mr Maliki followed a diplomatic brouhaha on Wednesday when their scheduled trilateral summit with King Abdullah was abruptly cancelled. US officials denied Mr Maliki had snubbed the president to show his displeasure at a leaked memo by Mr Hadley who revealed strong doubts about his abilities and intentions.

Speaking of his frustration at the leak, Mr Hadley said Mr Maliki had nonetheless greeted him warmly.

“He’s a really class act,” said Mr Hadley, describing his “vision and determination”. In the November 8 memo obtained by the New York Times, Mr Hadley said Mr Maliki was either “ignorant” of what was going on in Iraq, being deceptive or incapable of turning his good intentions into action.

The two sides discussed the role in the violence played by the radical Shia cleric, Moqtada al-Sadr, whose faction suspended participation in parliament and the cabinet on Wednesday in protest at the summit. Mr Maliki rebuked the cleric, saying he and others in the coalition had the responsibility to protect the government and the constitution and not to break the law.

Maliki Meets With Bush, Sees June Transfer (LAT)

By Peter Wallsten And Solomon Moore

The Los Angeles Times, December 1, 2006

AMMAN, Jordan — President Bush today extolled Iraqi Prime Minister Nouri Maliki's "courage" and vowed to help him secure greater authority over security forces in the struggle to quell violence.

But after about two hours of meetings, the leaders announced no new initiatives or specific plans, and Bush returned to Washington and offered no details about how and where such a transfer of authority would occur -- or how quickly it might stem civil war.

Meanwhile, in an interview on ABC News after the meetings, Maliki claimed that U.S. forces could leave Iraq by June.

"I can say that Iraqi forces will be ready -- fully ready to receive this command and to command its own forces," Maliki told Charles Gibson. "And I can tell you that by next June our forces will be ready."

But Maliki is facing a backlash within his Shiite coalition -- 36 politicians representing anti-U.S. cleric Muqtada Sadr have suspended their participation in government in protest of the prime minister's meeting with Bush.

And Sunni Arab leaders are wary of further Shiite control of Iraq's security forces, elements of which have carried out thousands of death-squad killings against Sunnis.

"We hope that this meeting can have a positive effect on Iraq," said Adnan Dulaimi, a Sunni Arab politician in Iraq. "However, the government has to find a real balance in the security forces. Be fair to the Sunnis. Stop the militias. Stop striking the Sunnis and burning and raping our mosques."

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Bush and Maliki appeared together the day after the disclosure of a classified White House memo questioning Maliki's competence and intentions. But the president sought repeatedly to show that he would stand by the prime minister and leave U.S. troops in Iraq as long as that country's government wanted them there.

"He's the right guy for Iraq, and we're going to help him," Bush said, appearing with Maliki at a luxury hotel before a backdrop of U.S. and Iraqi flags.

Bush also ridiculed critics in the U.S. who have called for U.S. troops to be pulled out of Iraq, a course that has been endorsed by Democratic leaders and is being considered by the independent commission headed by former Secretary of State James A. Baker III. "This business of a graceful exit has no realism to it at all," Bush he said.

Today's events marked the end of another grueling overseas trip for Bush -- the second this month -- in which Bush spent a great deal of time defending his foreign policy. Besides the focus on Iraq, Bush urged allies at a NATO summit in the Latvian capital to devote more resources to Afghanistan, another former tyranny invaded by the U.S. that faces a growing insurgency.

But perhaps Bush's worst moment of the week came upon his arrival to Amman, when a Wednesday evening session with Maliki and Jordan's King Abdullah II was abruptly canceled.

The cancellation sparked confusion upon Bush's arrival in the Jordanian capital and forced White House aides to insist that Maliki was not snubbing the president.

While Bush was animated at times today, Maliki appeared uneasy. Still, the Iraqi leader thanked Bush and embraced the call for speeding the transfer of power over security forces from the U.S. to provincial authorities in Iraq.

"We have agreed together, and we are very clear together, about the importance of accelerating the transfer of the security responsibility," Maliki said.

The mutual praise seemed to directly contradict the White House memo, drafted by National Security Adviser Stephen Hadley and reported Wednesday by The New York Times. In the memo, Hadley pointedly asked whether Maliki might be "ignorant" of the growing violence in his country or misrepresenting his views when he claims to support a unity government of Shiites and Sunnis -- and whether he is acting to shore up his Shiite support.

Hadley wrote the memo on Nov. 8, the day after Democrats won control with a pledge to change course in Iraq. But, far from the contrition that Bush demonstrated in the days following the Nov. 7 election, the president sounded the same defiance that he did on the campaign trail -- even arguing that pulling out U.S. troops would "embolden" terrorists.

Bush seemed to allude to the Hadley memo at one point when he offered an adamant defense of Maliki's support for ethnic coalitions. "You hear all kinds of rumors about the politics inside of Iraq," he said. "I'm talking to the man face-to-face, and he says that he understands that a unified government, a pluralistic society, is important for success."

Ghufran Saidi, an Sadr parliament member, said her fellow Sadr representatives will suspend their membership in government for an indefinite duration, leaving several of Iraq's most important ministries in the hands of deputies until their return.

"Our main problem in Iraq is the continuing occupation," she said. "When parliament spoke to the security ministers and cabinet it was evident that the military and police were not able to develop themselves or acquire new and effective weaponry," she said. "They are not even able to move a small army unit from here to there without prior approval of the occupation forces. This is not sovereignty!"

(Optional add end)

The Amman meetings took place against a backdrop of continuing violence in Iraq.

Iraqi Army soldiers discovered a grave today containing the recent remains of at least 28 apparent death-squad victims south of Baqouba, according to the U.S. military and Iraqi police.

Nine bodies were found in Baghdad, all showing signs of torture and execution-style shootings, and at least 23 people were killed in clashes and bomb attacks.

The U.S. military said an American soldier was killed in Baghdad today, and another died in the capital Wednesday.

In addition, 14 suspected insurgents were killed in Samarra by U.S. helicopters and other aircraft, according to U.S. military statements.

Iraqi Police intelligence agents clashed with Mahdi Army fighters in the militia's stronghold of Sadr City in Baghdad today in a 90-minute battle, witnesses said.

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As The Summit On Iraq Ends, Arabs Wonder, Is That All? (NYT)

By Hassan M. Fattah

The New York Times, December 1, 2006

AMMAN, Jordan, Nov. 30 — For days, Arab governments lobbied against any American opening to Iran, Jordanians planned protests against President Bush and politicians braced for a possible announcement of a timetable for withdrawal from Iraq.

But as the summit meeting between President Bush and Prime Minister Nuri al-Maliki of Iraq concluded Thursday morning, the Arab world was left dumbfounded that nothing had come of it.

"I am baffled by what I saw," said Abdel Moneim Said, director of the Ahram Center for Strategic Studies in Cairo. "This was an expression of the Americans in deep trouble, but Bush's approach to dealing with the Iraqi problem also bore the signs of someone out of touch with what is going on."

Mr. Bush said American troops would remain in Iraq unless Mr. Maliki's government asked them to leave and pledged to accelerate the transfer of authority to Iraqi security forces, but without offering any details. He dismissed calls for a timed withdrawal and emphasized that he and Mr. Maliki would oppose any plan to partition the country. And he appeared to dismiss the possibility of opening relations with Iran, while insisting he is realistic about the difficulties in Iraq.

"I did not see a coherent strategy that really deals with the situation," Mr. Said said. "I did not see Bush realizing how bad it is." Mr. Bush and Mr. Maliki appeared in a joint news conference after an hourlong breakfast meeting with aides at the Four Seasons Hotel here that was followed by a one-on-one session that lasted 45 minutes.

The night before, Mr. Maliki took the unusual step of backing out of a planned meeting with the president, an embarrassment to the White House that came on the heels of the publication of a classified memo from Stephen J. Hadley, the national security adviser, that raised doubts about Mr. Maliki's leadership.

But on Thursday morning, an animated Mr. Bush stood at one lectern, while a decidedly reserved Mr. Maliki stood at another, at times looking tense, at others bemused.

"I saw someone trying to buy time for the next six months," said Turki F. al-Rasheed, director of the Saudi Voters Center in Riyadh, Saudi Arabia, speaking of Mr. Bush.

Mr. Bush sought to counter rumors of tensions with Mr. Maliki, calling him "the right guy for Iraq" while emphasizing his role as the leader of a sovereign nation. "He has shown courage in the last six months," Mr. Bush said.

Yet many Arab analysts saw Mr. Bush as managing Mr. Maliki. At one point he encouraged Mr. Maliki to call on members of the Iraqi news media and told him "good job!" as the news conference drew to a close.

"There's an inherent contradiction in the discourse," said Fares Braizat, an analyst at Jordan University's Center for Strategic Studies, who is a Fulbright fellow in Washington.

While Mr. Bush sought to emphasize that Washington was helping Mr. Maliki achieve Iraqi goals, Mr. Braizat said, he appeared to be guiding Mr. Maliki and at times twisting his arm. "Ultimately, he was dictating to him what to do," he said.

The sessions ultimately proved disappointing for Arab nations, Mr. Braizat said. "The meeting showed that Bush cared about the game, but he did not know how to make the right moves," he said. "There were no tangible results." And that, he said, was what Arab leaders were looking for.

Jordan's security services proved perhaps the biggest winner. They had set out to prove to the international news media that they could keep a tight grip on security while allowing a degree of freedom for Jordanians to express their anger at Mr. Bush and the United States.

"We kept the situation under control, and still the people were able to protest," a senior security official said Thursday evening, speaking anonymously because he is not authorized to speak with the news media. "They burnt some flags, but for us, burning flags is not a security issue, it's an environmental issue."

Bush Returns From Jordan To Face Scrutiny Over Policy (MCT)

By Ron Hutcheson, Nancy A. Youssef And Warren P. Strobel

McClatchy Newspapers, December 1, 2006

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WASHINGTON - President Bush returned Thursday from a war summit with Iraq's prime minister to face growing pressure for a new course in Iraq.

The demand for change is likely to increase next week with the release of a blue-ribbon panel's recommendations and Senate confirmation hearings for Defense Secretary-designate Robert Gates. The Pentagon, the State Department and the National Security Council all are reviewing Iraq policy at the White House's request.

So far, Bush has shown no sign that he's ready for a new approach or willing to scale back the U.S. commitment to a war that's claimed more than 2,800 American lives.

"This business about a graceful exit just simply has no realism to it at all," he said during a news conference in Jordan with Prime Minister Nouri al-Maliki.

His meeting with al-Maliki underscored how limited the options are for dealing with a conflict that's threatening to spiral out of control.

The two leaders essentially agreed to do more of the same - transfer security responsibilities from U.S. troops to Iraqi forces - but quicken the pace. Bush has been telling Americans for more than a year that "as Iraqis stand up, we will stand down," with little progress evident on either side of that equation. The president also promised to give al-Maliki more authority over his forces.

In an interview with ABC News, al-Maliki predicted that Iraqis would be "fully ready" to take command of security operations by June.

Independent experts were skeptical.

"It will take years, not months, to fix this situation," Anthony Cordesman, a national security specialist at the Center for Strategic and International Studies, a center-right research center, said Wednesday.

In Iraq, reactions to Bush's pledge to give the Iraqi government more authority over security were colored by sectarian loyalties. Shiite Muslims, the dominant force in the government, welcomed the president's expressed confidence in al-Maliki. For months, they'd complained that Maliki couldn't make any major decisions about government security forces without American approval.

"Maliki got a positive and official commitment that he would handle the security file," said Abd al Kareem al Anzy, the former state minister for national security and a member of al-Maliki's Dawa Party. "I think the U.S. is serious this time about backing Maliki."

Sunni Muslims, who lost power in the U.S.-led invasion, expressed fears of government-sanctioned sectarian attacks. The Iraqi security forces are largely Shiite, and Sunnis complain that they provide cover for Shiite militias.

"We don't feel it is safe to turn over all of the security responsibilities to the current Iraqi security forces because this will be a disaster. These troops have proven that they are affiliated and infiltrated deeply by the militias," said Omar Abdul Satar, a member of parliament and Iraq's largest Sunni slate, the Iraqi Islamic Party.

Among common Iraqis, there was little interest in the Bush-al-Maliki meeting. After all, the public previously has hung its hopes on numerous committees, summits and resolutions to end the spread of sectarian violence, only to see the situation worsen.

"Frankly, the odds are that things will get worse, not better," said Cordesman, who favors a greater U.S. commitment.

Events next week will spotlight problems in Iraq and possible solutions.

Members of the Senate Armed Services Committee will get a chance to offer their ideas when Gates' confirmation hearing begins Tuesday. Bush's choice to replace Defense Secretary Donald H. Rumsfeld will face a panel that includes Sens. Edward Kennedy, D-Mass., John McCain, R-Ariz., and Robert Byrd, D-W.Va.

The blue-ribbon Iraq commission, formally known as the Iraq Study Group, will issue its recommendations Wednesday. A person close to the bipartisan commission, who spoke only on condition of anonymity because the commission's chairmen insist that no one disclose information before the recommendations are released, said its report would include a grim assessment of the current situation.

The New York Times reported Thursday that the panel, headed by former Secretary of State James Baker and former Rep. Lee Hamilton, D-Ind., would call for gradually withdrawing U.S. combat troops, with no clear timetable. The goal would be to cut

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the number of troops in Iraq by roughly half, to about 70,000, with greater emphasis on American military advisers to train Iraq's security forces.

The commission also is expected to recommend: greater U.S. diplomatic engagement with Iraq's neighbors, including Iran and Syria; addressing problems with Iraq's reconstruction; and discussing the imperative for political reconciliation among the country's warring sects.

Bush already has rejected suggestions that he reach out to Iran and Syria to seek their cooperation on Iraq. He and his aides also have signaled that he doesn't feel bound to follow the commission's recommendations.

"Obviously, the insights of the Baker-Hamilton commission are going to be a factor as we look forward. But for one to say, `Ah-ha, there they go, there's our blueprint,' it doesn't work that way," a senior administration official told reporters traveling with Bush in Jordan. The official conducted the briefing on condition of anonymity. "The president still is responsible for shaping and conducting foreign policy."

The White House is overseeing its own review of Iraq policy, tying together studies being done by the Joint Chiefs of Staff, the State Department and the National Security Council. National Security Adviser Stephen Hadley said the White House review would be ready in "weeks rather than months," but declined to be more specific.

The president also is contemplating convening a meeting on Iraq in the Middle East that would include Iraq and its neighbors, according to a leaked memo from Hadley. Secretary of State Condoleezza Rice is visiting the region now.

Former senior U.S. diplomat James Dobbins predicted that Bush will be compelled to adopt many of the Baker-Hamilton commission recommendations because support for America's military presence is waning fast in Iraq and the United States, as was evident in the Democrats' takeover of Congress in November's elections.

"At some point, one public or the other will simply pull the plug," said Dobbins, who's with the RAND Corp. research center and is among a group of outside experts who have advised the Iraq Survey Group.

By reducing the number of U.S. combat troops and increasing the contingent of military advisers to Iraq's forces, "we have a better chance of sustaining that commitment over the five to 10 years that will probably be necessary," he said.

Youssef reported from Amman, Jordan. McClatchy Newspapers special correspondents Zaineb Obeid and Mohammed al Dulaimy contributed to this report from Baghdad.

Having Pinned Little Hope On Talks, Many Iraqis Appear To Be Beyond Disappointment (NYT)

By Kirk Semple

The New York Times, December 1, 2006

BAGHDAD, Nov. 30 — Even if Sana al-Nabhani had cared about the summit meeting in Jordan on Thursday between Prime Minister Nuri Kamal al-Maliki and President Bush, she would not have been able to watch the news. As usual, Iraqis went without electricity from the national grid for most of the day and she could not find any gasoline to run her personal generator.

Told by a reporter later in the day about the meeting's outcome, Ms. Nabhani, a 34-year-old homemaker, scoffed: "Is that all? Was that even worth the fuel consumed by their airplanes?"

Her dismay was common among Iraqis who managed to follow the news on Thursday. So was a range of other emotions that probably would not hearten Mr. Maliki or Mr. Bush, including disappointment, indifference and despair.

For many, the talks promised little and delivered less and reaffirmed a widespread loss of faith in the elected government's ability to turn things around.

At a news conference after the meeting, Mr. Bush said he had agreed to speed up the transfer of authority over the security forces to the Iraqi government, as Mr. Maliki has wanted, though the two leaders did not spell out a timetable. Mr. Maliki reassured Mr. Bush that his government was committed to cracking down on outlaws and stabilizing the country.

These assurances amounted to nothing more than hollow promises in the opinion of Ahmed Khalaf, a 34-year-old Shiite who works as a taxi driver in Baghdad.

"It's useless!" he roared as he inched through the traffic-clogged streets of central Baghdad after dusk. "It's wasting time!"

Mr. Khalaf had one hand on the wheel; the other he alternately jerked around in the air for emphasis and pressed against his temple in a vain attempt to soothe a raging headache.

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"Nothing will happen, and we will get no results and no solutions," he went on. "We need a strong state that can make decisions, that can beat the bad guys, can beat the militias. This meeting is just for the media, and it's not useful!"

The summit meeting in Jordan took place against a backdrop of disarray here. War-related deaths among Iraqi civilians have soared on the increasing momentum of revenge between Shiites and Sunnis. Hundreds of thousands of Iraqis have been driven from their homes. Public services remain feeble, with millions of Iraqis going into the chill of a fourth desert winter with only a few hours of electricity a day. And the political process has almost completely ground to a halt.

In a news conference here following his return from Amman, Mr. Maliki called for an end to the parliamentary boycott by 30 legislators and six cabinet members loyal to Moktada al-Sadr, the anti-American Shiite cleric. Mr. Maliki had ignored their request to cancel the meeting with Mr. Bush.

"I wish they would reconsider their decision because it doesn't represent a positive development in our political process," he said. The prime minister urged the lawmakers to express their differences from within the framework of the Parliament.

The members of Mr. Sadr's bloc said they would end their boycott on condition that Mr. Bush cede more authority over Iraqi security forces to Mr. Maliki, and that the government improve public services.

Falah Hassan Shensel, a member of the Sadr bloc, said Thursday that the Sadr loyalists were reaching across ethnic and religious lines to organize an alliance against the American military presence in Iraq. The group, he said, would demand a timetable for the withdrawal of American troops. "It's a patriotic national group, it's not sectarian or ethnic," he said. "We need to be freed from the occupation."

Mr. Sadr led his formidable Mahdi Army in two major uprisings against American forces in 2004 and, since then, has risen to become arguably the country's most powerful politician. By lending his support to Mr. Maliki in the race for prime minister earlier this year, Mr. Sadr earned political capital that has complicated the prime minister's efforts to disband the country's militias.

The American military said Iraqi security forces found 28 bodies on Wednesday in a mass grave outside Baquba, the capital of Diyala Province. In Basra, gunmen killed Naser Kedami, a deputy in the Sunni Endowment, which oversees the country's Sunni mosques, the police said.

Two American soldiers were killed during combat operations in the capital, one on Wednesday and one on Thursday, the American military command said.

Iraqis have grown frustrated with the government's inability to solve the country's worsening crises, and any good faith and optimism that greeted Mr. Maliki when he took office six months ago is quickly drying up.

"The solutions are so obvious that Maliki does not need Bush to tell him about them," said Huda, a 40-year-old graphic designer in Baghdad, who would give only her first name out of concern for her safety.

"Mr. Maliki had many chances before to show his ability, but he failed," she said. "We need a strong man and he is not like this at all."

Mohammad Ridha, a 43-year-old Shiite who is an agricultural engineer in Najaf, said that he had followed the meeting in Amman, Jordan, and that it "didn't make me feel any less depressed."

But he left open the possibility, however slight, that the summit meeting might somehow lead to positive changes. "If I feel a real improvement in the street," he said, dipping into his dwindling reserves of hope, "then I'll say that the meeting was fruitful."

Bush Agrees To Speedy Turnover In Iraq (AP)

By Deb Riechmann

AP, December 1, 2006

President Bush said Thursday the United States will speed a turnover of security responsibility to Iraqi forces but assured Prime Minister Nouri al-Maliki that Washington is not looking for a "graceful exit" from a war well into its fourth violent year.

Under intensifying political pressure at home, the American and Iraqi leaders came together for a hastily arranged summit to explore how to stop escalating violence that is tearing Iraq apart and eroding support for Bush's war strategy.

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With Bush hoping to strengthen his Iraqi counterpart's fragile government, the tensions that flared when their opening session was abruptly cancelled Wednesday evening were not apparent when they appeared before reporters after breakfast Thursday.

" I appreciate the courage you show during these difficult times as you lead your country," Bush told al-Maliki after nearly two and a half hours of talks. "He's the right guy for Iraq." It was their third face-to-face meeting since al-Maliki took power about six months ago.

"There is no problem," declared al-Maliki.

There were no immediate answers for mending the Shiite-Sunni divide that is fueling sectarian bloodshed in Iraq or taming the stubborn insurgency against the U.S. presence. The leaders emerged from their breakfast and formal session with few specific ideas, particularly on Bush's repeated pledge to move more quickly to transfer authority for Iraq's security to al-Maliki's government.

"One of his frustrations with me is that he believes that we've been slow about giving him the tools necessary to protect the Iraqi people," Bush said. "He doesn't have the capacity to respond. So we want to accelerate that capacity."

There was no explanation from either side of how that would happen, beyond support for the long-standing goals of speeding the U.S. military's effort to train Iraqi security forces and to give more military authority over Iraq to al-Maliki.

A senior al-Maliki aide who attended Thursday's talks said the Iraqi leader presented Bush a blueprint for the equipping and training of Iraqi security forces. The aide, who spoke anonymously because of the sensitive nature of the information, declined to give details.

The November elections that handed control of Congress to Democrats have given rise to heightened calls for the about 140,000 American soldiers in Iraq to begin coming home.

Bush acknowledged that pressure and said he wanted to start troop withdrawals as soon as possible. Still, he insisted the U.S. will stay "until the job is complete."

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," he said. "This business about a graceful exit just simply has no realism to it at all."

The president added: "I'm a realist because I understand how tough it is inside of Iraq."

Thursday's meetings were supposed to be Bush's second set of strategy sessions in the Jordanian capital. But the first meeting between Bush and al-Maliki, scheduled for Wednesday night along with Jordan's king, was scrubbed.

Accounts varied as to why, but it followed the leak of a classified White House memo critical of al-Maliki and a boycott of the Iraqi leader's government in Baghdad. Thirty Iraqi lawmakers and five cabinet ministers loyal to anti-American cleric Muqtada al-Sadr said they were suspending participation in Parliament and the government to protest al-Maliki's decision to meet with Bush.

Bush said al-Maliki "discussed with me his political situation," but he declined to step publicly into delicate internal Iraqi matters.

Privately, Bush and Secretary of State Condoleezza Rice repeatedly pressed the Iraqi prime minister to disband a heavily armed Shiite militia loyal to al-Sadr and blamed for much of the country's sectarian violence, according to the senior al-Maliki aide.

The official quoted al-Maliki as telling Bush that controlling the group "is not a big problem and we will find a solution for it." Al-Sadr is a key al-Maliki political backer and the prime minister has regularly sidestepped U.S. demands to deal with the Mahdi Army.

Before the cameras, Al-Maliki sent the protesting forces at home a message.

"Those who participate in this government need to bear responsibilities, and foremost upon those responsibilities is the protection of this government, the protection of the constitution, the protection of the law, not breaking the law," he said.

But al-Maliki's insistence on not attending the three-way meeting with Bush and Jordan's king was a troubling sign of possible U.S. difficulties ahead in the effort to calm Iraq.

The Bush administration is believed to be pushing its Sunni allies in the region — meeting host Jordan as well as Saudi Arabia — to persuade Sunni insurgent sympathizers in Iraq to reconcile with the Shiite factions that are close to the Iraqi leader.

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Al-Maliki's refusal to meet with Bush while Jordan's king was in attendance showed a level of mistrust toward his Sunni-dominated neighbors that could bode ill for the U.S. strategy.

Bush, meanwhile, continued to reject drawing Shiite-led Iran into helping Iraq in its struggle for peace.

"I appreciate the prime minister's views that the Iraqis are plenty capable of running their own business and they don't need foreign interference from neighbors that will be destabilizing the country," he said.

Al-Maliki, though, seemed open to the possibility of Tehran, as well as Damascus, getting involved.

A bipartisan commission on Iraq that will unveil recommendations next week is expected to urge direct diplomacy with Iran and Syria, America's chief rivals in the Middle East.

"We are ready to cooperate with everybody who believe that they need to communicate with the national unity government, especially our neighbors," al-Maliki said. "Our doors are open."

The two agreed that Iraq should not be partitioned along sectarian lines into semi-regions for the Kurds, Sunnis and Shiites, Bush said.

"The prime minister made clear that splitting his country into parts, as some have suggested, is not what the Iraqi people want, and that any partition of Iraq would only lead to an increase in sectarian violence," the president said. "I agree."

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Middle East Chief of News Sally Buzbee contributed to this story from Cairo and AP writer Qassim Abdul-Zahra contributed from Amman.

Iraq Sets Timetable For Transfer (WT)

By Stephen Dinan

The Washington Times, December 1, 2006

AMMAN, Jordan -- Iraqi Prime Minister Nouri al-Maliki said yesterday his country's security forces will soon take responsibility for defending their country, and he and President Bush, after meeting here, said they have agreed to expand U.S. training of Iraqi forces and to transfer military control faster.

"Today, we made a step toward 'as soon as possible' by accelerating the transfer of authorities, military authorities, to the prime minister," Mr. Bush said during a joint press conference.

For his part, Mr. al-Maliki said that his armed forces "have reached a good level of competency and efficiency to protect Iraq as a country and to protect its people," according to the translation.

He told ABC News in an interview that his troops will be ready to take full command by June, laying out a timetable by which to measure his government's progress -- something the Bush administration has been reluctant to do.

The men agreed to accelerate training and equipping Iraqi troops, and moving up the timeline for turning over Iraqi divisions to the Iraqi chain of command. They also talked about expanding the Iraqi army and helping the military's intelligence and logistics capabilities, White House officials said.

Each man faces pressure at home to try to gain control of the situation in Iraq, where sectarian violence escalated last month.

Mr. al-Maliki is trying to manage a coalition government that is facing a boycott by lawmakers allied with Shi'ite cleric Muqtada al-Sadr, who are protesting yesterday's meeting with Mr. Bush.

In the U.S., Democrats, who take control of Congress next month, are trying to assert some influence over the president's Iraq policy. And the independent Iraq Study Group will release recommendations next week that will reportedly call for U.S. troops to shift away from a combat role in Iraq.

The talks took place a day after the New York Times published a classified memo written by Mr. Bush's top national security aide that questioned whether Mr. al-Maliki is cut out for his job.

The Nov. 8 memo said Mr. al-Maliki is either "ignorant" of the situation on the ground, being deceptive toward the United States about his intentions, or is incapable of turning those intentions into action.

Yesterday the aide, National Security Adviser Stephen J. Hadley, said the memo did not come up specifically and did not affect the meeting.

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"That's what I was worried about," he acknowledged. "But in terms of the body language in the meeting, the candor of the conversation, the relaxed character of the meeting between the two leaders, the great relief to me was that it did not seem to have an effect on the meeting."

Mr. al-Maliki did cancel a Wednesday night meeting with Mr. Bush and Jordanian King Abdullah II, but Iraqi officials told the Associated Press that was meant to snub the king, not the president. The sources said Mr. al-Maliki did not want to discuss Iraq's security and internal affairs with the king present.

Mr. Bush and Mr. al-Maliki met in Amman because it was a safe location in the region, but the officials said the Iraqi leader never wanted the meeting to be in Jordan.

Mr. al-Maliki brushed aside a U.S. reporter's question about the scrubbed meeting.

"There was not part of our agenda a trilateral meeting, so there is no problem," he said, contradicting the White House, which said a meeting had been scheduled but was canceled by the Iraqis and Jordanians.

It is the third time the two leaders have met in person.

Mr. Bush gave Mr. al-Maliki a vote of confidence, calling him the "right guy" to lead Iraq.

Even so, Mr. al-Maliki appeared stiff and cold toward Mr. Bush as the two men stood at podiums about a dozen feet apart in a ballroom at the Four Seasons Hotel. While the president was praising Mr. al-Maliki and looking at him during opening remarks, the prime minister stared straight ahead and didn't acknowledge the compliments.

Later, Mr. Bush asked if they should take more questions from the press and Mr. al-Maliki seemed irked -- "We said six questions, now this is the seventh, and this is the eighth. Eight questions," he said, according to the translator.

Several times during the press conference, Mr. Bush said Mr. al-Maliki told him the U.S. has been holding him back from being able to govern.

"One of the prime minister's frustrations is, is that he believes we've been slow about giving him the tools necessary to protect the Iraqi people," Mr. Bush said.

Mr. Hadley, who was in some of yesterday's meetings, said this did not mean the Iraqi leader delivered a list of demands or complaints.

Also yesterday, press reports indicated the Iraq Study Group, a bipartisan body that has been studying the situation in Iraq, will recommend U.S. troops reduce their role in day-to-day combat in Iraq.

The recommendations will be released officially Wednesday, and Mr. Hadley said he would wait to see what the report says.

The president has said the report is one voice to which he is listening as he decides how to reshape U.S. policy. Mr. Hadley said those decisions should be coming in "weeks rather than months" but could not say exactly when.

At the press conference, Mr. Bush said there are politicians in Washington looking for "some kind of graceful exit out of Iraq," but the president said that is not his focus.

"We're going to stay in Iraq to get the job done, so long as the government wants us there," he said.

One key Democrat said he was disappointed by the reported recommendations from the study group.

Sen. Joseph R. Biden Jr. of Delaware, who will become the next chairman of the Senate Foreign Relations Committee, said the upcoming report needs to consider some type of arrangement for devolving political power down to lower levels, rather than building a strong central government.

"It would be a fatal mistake to believe we can do that solely by building up a strong central government. That policy has been tried and it has failed because there is no trust within the government, no trust of the government by the people, and no capacity on the part of the government to deliver benefits to Iraqis," he said.

Al-Maliki Faces Revolt Within Government (AP)

By Hamza Hendawi

AP, December 1, 2006

Iraqi Prime Minister Nouri al-Maliki faced a widening revolt within his divided government as two senior Sunni politicians joined prominent Shiite lawmakers and Cabinet members in criticizing his policies.

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Vice President Tariq al-Hashemi said he wanted to see al-Maliki's government gone and another "understanding" for a new coalition put in place with guarantees that ensure collective decision making.

"There is a clear deterioration in security and everything is moving in the wrong direction," the Sunni leader told The Associated Press. "This situation must be redressed as soon as possible. If they continue, the country will plunge into civil war."

Al-Maliki's No. 2, Deputy Prime Minister Salam Zikam Ali al-Zubaie, also a Sunni, argued that the president's government failed to curb the spread of sectarian politics.

A boycott by 30 lawmakers and five Cabinet ministers loyal to anti-American Shiite cleric Muqtada al-Sadr was in protest of al-Maliki's meeting with President Bush in Jordan on Thursday. The Sadrists said the meeting amounted to an affront to the Iraqi people.

Al-Maliki appealed to the Sadrists to end their boycott and admonished them for an action that he said violated the commitment expected from partners in his 6-month-old coalition government.

"I hope they reconsider their decision because it doesn't constitute a positive development in the political process," al-Maliki said at a news conference on his return to Baghdad. "Political partnership means commitment."

Meanwhile, in an interview with ABC, al-Maliki confidently claimed that his forces would be ready to take over responsibility for security in Iraq by June, a timeline that is about 12 months shorter than what has been floated by top U.S. military commanders.

"We and the President (Bush) agreed to keep the same (U.S.) forces on the ground but to train more Iraqi forces," he said, according to excerpts from the interview to be aired later Thursday.

"We did not talk about any timetables and agenda for the withdrawal but now we are focusing on training Iraqi forces and then we will talk about reducing the number of multinationals," he said, alluding to the U.S.-led, 150,000-strong multinational force in Iraq.

He said he had no objection to any timetable for a U.S. troop withdrawal, but cautioned that such action should be put off until Iraqi forces were ready to stand on their own.

On Thursday, Bush said he would speed a turnover of security responsibility to Iraqi forces and assured al-Maliki that Washington was not looking for a "graceful exit" from a war well into its fourth year.

"So, we'll be in Iraq until the job is complete," Bush said.

Saleh al-Ojeili, a Sadrist legislator, said only a timetable for the withdrawal of foreign troops from Iraq would persuade him and fellow Sadrists to resume participation in the parliament and government.

"It is the minimum we can ask for," al-Ojeili said.

A special commission on U.S. policy in Iraq will urge a pullback of some U.S. troops but will not recommend a timetable for withdrawing all U.S. forces, an official familiar with the panel's deliberations said Thursday.

The Iraq Study Group's report, to be released next Wednesday, will press for a greater shift in responsibility for the country's security from American to Iraqi forces. It will also indicate that the presence of U.S. troops is part of the problem in Iraq, said the official, who requested anonymity because the panel's recommendations have not been made public.

Bush has steadfastly refused to announce a timeline for a troop pullout, saying that such a move would play into the hands of insurgents.

In violence on Thursday, the U.S. military reported the deaths of two soldiers, and Iraqi officials said 47 people had been killed, including 37 bodies found dumped in various regions of the country.

Bush, Maliki And That Memo (NYT)

The New York Times, December 1, 2006

President Bush's news conference yesterday with Prime Minister Nuri Kamal al-Maliki of Iraq had an even greater than usual sense of unreality about it, with Mr. Bush insisting that Mr. Maliki is "the right guy for Iraq" and that American troops will stay "until the job is complete," while Mr. Maliki asserted that his country is a democracy and he is not a captive of Shiite militias.

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But the disconnect seemed even more stunning once you realized that Mr. Bush's national security adviser had sent him a memorandum three weeks ago describing how Iraq was being pulled apart by sectarian hatreds and warning that Mr. Maliki was either "ignorant of what is going on" or unwilling or unable to stop it.

The memo, which was published by The Times this week, at least answers the question of whether Mr. Bush is being told what's going on in Iraq. In it, his national security adviser, Stephen Hadley, describes how Mr. Maliki's Shiite-dominated government has deprived Sunnis of basic services, blocked military actions against Shiite targets and purged Iraq's most effective military commanders to ensure Shiite dominance. The memo also warns that Mr. Maliki may not have "the political or security capabilities" to free himself from his narrow militia-dominated political base.

But the president's performance this week — his refusal to impose any deadlines on Mr. Maliki to start reconciliation talks and break with the militias, and his refusal to give the Pentagon a deadline to stand up an effective Iraqi Army — tells us once again that Mr. Bush does not listen.

That does not bode well for James Baker and the Iraq Study Group, which, according to reports, is likely to call for some pullback of American combat troops along with more aggressive regional diplomacy. Yesterday, Mr. Bush seemed eager to preempt that advice, brushing off suggestions that he talk directly to Iran and insisting that there would be no "graceful exit" from Iraq.

Mr. Bush's lack of curiosity was well known even before he became president, but as time has gone on and bad news has mounted, that disinterested quality has turned into a stubborn refusal to hear bad news. The country simply cannot afford it any longer. Three years of having Mr. Bush trust only his gut has plunged Iraq into bloody chaos and done untold damage to America. There needs to be an urgent change in policy.

Mr. Hadley's memo actually provides a clue to how Mr. Bush has managed to avoid facing hard facts. Despite the horrific situation it describes, the policy recommendations fail to convey any strong sense of urgency and seem to shrug off American responsibility for what has gone wrong. Either the president's security adviser was afraid to be as blunt as the situation requires or he, too, has managed to convince himself that the disaster is really not all that disastrous.

The president's advisers need to tell him all the harsh truths about Iraq in the vivid terms they require; they need to tell him how little time he has left to act. This administration has been orchestrating a foreign policy disaster of epic proportions, and history will remember both that the president failed to hear the warning bells and that many others failed to ring them loudly enough.

There He Goes Again (WP)

By Eugene Robinson

The Washington Post, December 1, 2006

Coherent speech is not one of George W. Bush's gifts, so it's brave of him to hang so tough in a fight over semantics. Ultimately, the latest line the president has drawn in the sands of Mesopotamia -- that there's not a civil war, no matter what anybody says -- is indefensible, like all his previous lines. But who cares?

I'm being flip; of course we should care about the terrible carnage in Iraq. But arguing whether it does or does not meet some textbook definition of civil war is a distraction and a waste of time. Whatever you call the chaos that American bumbling has allowed, it is what it is. "Stuff happens," as Donald Rumsfeld once said.

Call it civil war, call it "stuff," call it whatever you want. Historians will make the final judgment, long after American troops have come home. Assuming they ever do come home.

"We're going to stay in Iraq to get the job done," the Decider said yesterday at his news conference in Amman, Jordan, with Iraqi Prime Minister Nouri al-Maliki. To paraphrase a president who knew how to speak very well, there he goes again.

More than three weeks after an election in which the Republican Party lost control of both houses of Congress because of the debacle in Iraq, there has been no real indication that the president heard what voters said. Yes, he did get rid of Rumsfeld, but the basic policy in Iraq has been the Decider's. Rumsfeld just screwed up the execution, and his public statements about the war were becoming so impolitic and flat-out weird that Bush had been planning his defenestration for some time.

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Having been whopped upside the head with a two-by-four, metaphorically speaking, other Republicans are now paying attention. "We certainly got the message," incoming Senate minority leader Mitch McConnell said the other day in a meeting with Post editors and reporters. U.S. policy on Iraq, he said, is "heading in some different direction. That's perfectly apparent."

One would think so. But a lot of things that are apparent to most other people seem to escape the president's notice.

Just look at what has happened this week. First, someone inside the administration leaked a memo by Stephen J. Hadley, Bush's national security adviser, that would dissuade even the most reckless gambler from betting the rent money on the Maliki government. The "reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action," the memo said.

Then, as Air Force One was nearing Amman, Bush learned that a reception he was supposed to attend with Maliki and Jordan's King Abdullah had been canceled. No snub intended or taken, the president's spokesman said. But since when does any foreign leader cancel any kind of meeting with the president of the United States? At the last minute, no less? Perhaps Maliki was a bit annoyed at that leaked memo questioning his intentions and/or his competence.

Or maybe he was thinking of his standing back home. Shiite cleric Moqtada al-Sadr, who heads the country's biggest sectarian militia and controls a crucial bloc of seats in the Iraqi parliament, was already following through on his threat to boycott participation in the government if Maliki went to Amman to see Bush.

Meanwhile, Iranian President Mahmoud Ahmadinejad -- leader of another charter member of Bush's "axis of evil" -- was releasing a letter to the American people that definitively proved only one thing: Ahmadinejad is feeling his oats. He is convinced that the United States is bogged down in Iraq and that his campaign to elevate Iran to great-power status is going better than he could have hoped in his wildest dreams.

Back in Washington, the ballyhooed Iraq Study Group -- the wise elders who were supposed to provide much-needed adult supervision -- seemed ready to call for a gradual pullout from Iraq, but not ready to say when. But whatever advice James Baker and his fellow eminences eventually offer, it will be irrelevant if the president isn't willing to listen.

And, evidently, he's not.

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," the president said in Amman. Then he repeated his bottom line: that U.S. forces will stay until "the job" is done. Never mind the question of whether there's any worthwhile "job" that can still be accomplished there.

So don't get your hopes up, people. Sounds to me as if the Decider has already decided.

U.S. Considers Ending Outreach To Insurgents (WP)

By Robin Wright

The Washington Post, December 1, 2006

The Bush administration is deliberating whether to abandon U.S. reconciliation efforts with Sunni insurgents and instead give priority to Shiites and Kurds, who won elections and now dominate the government, according to U.S. officials.

The proposal, put forward by the State Department as part of a crash White House review of Iraq policy, follows an assessment that the ambitious U.S. outreach to Sunni dissidents has failed. U.S. officials are increasingly concerned that their reconciliation efforts may even have backfired, alienating the Shiite majority and leaving the United States vulnerable to having no allies in Iraq, according to sources familiar with the State Department proposal.

Some insiders call the proposal the "80 percent" solution, a term that makes other parties to the White House policy review cringe. Sunni Arabs make up about 20 percent of Iraq's 26 million people.

Until now, the thrust of U.S. policy has been to build a unified government and society out of Iraq's three fractious communities. U.S. officials say they would not be abandoning this goal but would instead leave leadership of the thorny task of reconciliation to the Iraqis. The officials spoke on the condition of anonymity because of the sensitive nature of the deliberations.

The proposal has met serious resistance from both U.S. Ambassador Zalmay Khalilzad and military commanders in Iraq, who believe that intensive diplomatic efforts to bring Sunni insurgents into the political process are pivotal to stabilizing the war-ravaged country, the sources said.

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Khalilzad, who has spearheaded U.S. outreach to the Sunni leadership, has developed a long list of steps to accommodate Sunni concerns, from a possible amnesty to changes in the hydrocarbon law that distributes oil wealth, which is located mainly in Shiite and Kurdish regions. Critics argue that he might be able to broker an agreement, but they question whether it would hold, according to sources close to the discussions.

Opponents of the proposal cite three dangers. Without reconciliation, military commanders fear that U.S. troops would be fighting the symptoms of Sunni insurgency without any prospect of getting at the causes behind it -- notably the marginalization of the once-powerful minority. U.S. troops would be left fighting in a political vacuum, not a formula for either long-term stabilization or reducing attacks on American targets.

A second danger is that the United States could appear to be taking sides in the escalating sectarian strife. The proposal would encourage Iraqis to continue reconciliation efforts. But without U.S. urging, outreach could easily stall or even atrophy, deepening sectarian tensions, U.S. sources say.

A decision to step back from reconciliation efforts would also be highly controversial among America's closest allies in the region, which are all Sunni governments. Sunni leaders in Jordan, Saudi Arabia and the Persian Gulf sheikdoms have been pressuring the United States to ensure that their brethren are included in Iraq's power structure and economy.

But over 10 days of intense discussions recently among top policymakers in the White House review, State Department officials argued that intervening in Iraqi politics is increasingly counterproductive, particularly after elections for a permanent government last December. Reconciliation, they also argued, is now exceptionally unlikely and could actually jeopardize U.S. relations with Iraq's Shiites, who make up about 60 percent of the population, according to sources familiar with the debate.

State Department counselor Philip D. Zelikow, author of the proposal, argued that the United States has compromised its prospects of success by reaching too far, according to the sources.

The State Department proposal, which was introduced at the second of 10 meetings and has dominated debate ever since, suggests that the United States would keep at arm's length diplomatic efforts to bridge the deep divide in Iraq between the two branches of Islam, the sources said.

Another point of debate in the policy review is how far to broaden a new U.S. strategy to bring in regional players to help stabilize Iraq. The White House and the State Department are still wedded to the isolation of Iran and Syria, despite the growing momentum behind the idea of regional outreach, according to sources familiar with the discussions. The idea has also been part of the discussions of the Iraq Study Group.

The policy review team briefed President Bush on Sunday evening with a 15-page slide presentation of its incomplete findings. Although differences have not yet been sorted out, the presentation coalesced heavily around a tilt to the Shiites, sources said. The White House review was then put on hold for Bush's summit with Iraqi Prime Minister Nouri al-Maliki.

The administration had initially hoped to pull together its review about the time the Iraq Study Group released its report, but en route home from the Bush-Maliki summit in Jordan, national security adviser Stephen J. Hadley said changes to U.S. strategy may still be weeks away.

"There is a real sense of urgency, but there is not a sense of panic," Hadley told reporters on board Air Force One. "I think probably it's going to be weeks rather than months. It's going to be when the president is comfortable."

Secretary of State Condoleezza Rice said in Jordan yesterday that Bush plans to receive the report of the Iraq Study Group on Wednesday, then hear more from the Joint Chiefs of Staff and his own policy review team. "Then I think he'll set out a direction that adjusts our policy to be appropriate to the circumstances that the Iraqis now face," Rice told reporters traveling with her.

Groping For The Exit (WP)

By David Ignatius

The Washington Post, December 1, 2006

"This business about graceful exit just simply has no realism to it at all," President Bush said yesterday after meeting with the Iraqi prime minister, Nouri al-Maliki. And that's probably the right headline as the administration reviews its options for Iraq: No graceful exit.

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That doesn't mean there aren't significant changes ahead in Iraq. The premise of a secret White House policy review conducted over the past two weeks is that current policy isn't working. One of the options that has emerged from this review is a redeployment of U.S. forces over the next year that would focus the American mission on training and advising Iraqi troops.

Bush said yesterday that his goal is to "accelerate" the Iraqi military's control of the country and to reduce U.S. forces there "as soon as possible." Those words should probably be taken at face value. Though administration officials recognize that increased Iraqi control is likely to be a messy process -- the opposite of a "graceful exit" -- the administration has no appetite for a big troop increase. Every senior official I've talked to recently agrees that the number of U.S. troops in Iraq must be reduced over the next year, even if sectarian violence remains high.

The administration is wary of the bold strokes, such as engaging Iran and Syria, that are likely to be proposed by the bipartisan Iraq Study Group headed by former secretary of state James Baker and former representative Lee Hamilton. Administration officials are all for engaging Iran in principle, but they think that under current conditions it's likely to be a dead end. As for Syria, there are different views within the administration, with some officials ready to test Damascus's willingness to temper its alliance with Tehran and others seeing the Syrian regime as a menace whose support could be achieved only at the price of sacrificing the pro-American government in Lebanon.

As administration officials review Iraq strategy, one failed element is the policy of "Sunni outreach" pursued by the U.S. ambassador to Baghdad, Zalmay Khalilzad. Some officials have concluded that Khalilzad's approach made Iraqi Shiites fear that America was abandoning them, without achieving any meaningful reduction of the Sunni insurgency. A few officials argue flatly that it's time for America to take the Shiite side in the Iraqi conflict. "National reconciliation is a fallacy," one senior intelligence analyst said in an interview this week, insisting that, in Iraq, "You have to pick a winner."

The administration seems to be leaning toward a more polite version of this "pick a winner" approach, which is to support the Shiite-led government and an Iraqi army that is overwhelmingly Shiite and Kurdish. Officials hope they can contain the sectarian fighting short of full-blown civil war and partition of the country. But with Khalilzad scheduled to return soon to Washington, probably to be replaced by veteran diplomat Ryan Crocker, the U.S. effort is likely to involve less "Sunni outreach" and more reliance on the Shiite majority and its elected government.

Iran has been especially frustrating for the administration. Officials believed that a breakthrough was near in mid-September, when Iranian national security adviser Ali Larijani signaled that he would be coming to New York with a compromise on the nuclear issue that would open the way for direct U.S.-Iran talks. The U.S. Embassy in Bern, Switzerland, rushed to prepare 150 visas for Larijani's team. But Larijani never made the trip, and U.S. officials concluded that he had lost an internal battle with the hard-line president, Mahmoud Ahmadinejad. Administration officials want to leave the door open for contact with Iran, as in President Bush's statement yesterday, "They know how to get us to the table." But there's little hope now that these talks will be productive.

Rather than seeking Iran's help, the administration is looking for ways to step up the pressure on Tehran, short of military confrontation. Treasury Secretary Henry Paulson has been urging banks in Europe and Japan to restrict lending to Iran, an effort that officials say has had some success. And the White House is said to be talking quietly with Saudi Arabia about a strategy for squeezing Iran's oil revenue over the next several years, through more Saudi production and lower prices, which would worsen Iran's economic predicament.

A sign of how bad things are in Iraq -- and of the administration's conviction that there aren't any silver bullets -- is that White House hopes for a strategic breakthrough now appear to be focused on the Israeli-Palestinian dispute. Senior officials think this is an area where U.S. diplomacy can pay dividends and where compromise may be possible.

That's how bad it is right now in the Middle East -- when the Palestinian morass is regarded as a bright spot.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Our Iraq Policy Must Change (WSJ)

By Jack David

The Wall Street Journal, December 1, 2006

DOJ_NMG_0100260

That our options for ending the war in Iraq are not cast in concrete is made obvious by the ongoing debates in Washington. Responsible policy makers have to consider alternative options for ending a war at all times -- before the fighting starts, and at every stage during it. By all accounts, before the invasion, U.S. policy makers carefully considered how the war would end. Their expectation was that the dénouement would come when Saddam and his cohorts were removed from power and the "people of Iraq," with considerable help from the U.S. and its coalition partners, established a democratic government to rule the country -- one that would be an example for, and contribute to, stability in the Middle East. Today we are re-evaluating whether those expectations can still be realized.

The initially envisaged ending for the war counted on the Iraqis as our partners, and was directly tied to America's overriding strategic goal -- making the Middle East more stable and secure. But if Iraqis now are unwilling to do what is necessary to end the war as we expected, isn't it time to shift the U.S. focus to policies advancing our Middle East interests in ways that place less reliance on them? The war they started with one another on the heels of the well-intentioned invasion impedes U.S. strategic goals for Iraq and the Middle East.

There is no doubt that at every stage the U.S. made decisions, expending coalition blood and treasure, to give Iraqis a chance to govern themselves effectively through an elected government that is truly capable of providing security, stability and some sort of commonly shared freedom -- goals consistent with U.S. goals. A country of that order would not use such weapons of mass destruction as Saddam had demonstrated he was willing to use on his own people and Iranian soldiers. It would not revive his WMD programs. It would not threaten neighbors with an invasion. And it would not offer succor to terrorists who could strike near or far. In short, we believed a free and democratic Iraq would make the Middle East safer and that Iraqis would want this, and could achieve it.

Do circumstances warrant President Bush and his advisers continuing to base policy choices on the belief that Iraqis are willing and able to play the central role we expected them to play in achieving common goals? Are Iraqis willing and able to create and defend a stable democracy in the Middle East?

The saying that freedom is not free is one we've all heard. It frequently is used in discussions about our own history and behavior. Our Founders, in declaring their allegiance to the cause of freedom and security, pledged to each other "our Lives, our Fortunes, and our Sacred Honor." We honor our service men and women who put their lives on the line for all of us. Isn't such a spirit necessary to establish and to sustain freedom? Isn't it necessary in Iraq?

U.S. policy ought to be informed by whether Iraqis are committed to the end result we expected them to embrace. It may be that they are, and still can be, successful with our help. If so, we should provide whatever greater or different assistance is necessary. But there is much evidence that a stable, secure and moderately free Iraq may be beyond the Iraqis' reach, and therefore beyond our own. Shiites kill Sunnis and Sunnis kill Shiites. Sunni, Shiite and Kurdish leaders cannot end the killing. If ending the killing is a priority -- and some Iraqis say it is -- wouldn't Iraqi supporters of that view take more aggressive action? And if too many oppose it, is the end we envisioned attainable? This question is urgent, and we must decide. * * *

If the Iraqis now remain unwilling to make the sacrifices necessary to have an effective democratic government -- including compromises with one another -- to forge a stable, secure future, the war cannot end as we envisioned. In that case, we must place our reliance elsewhere and pursue options for achieving our goals that do not depend on the Iraqis ending the war they have made their own. The goals that were important to the security of the region and to the West are as valid today as they were at the outset. We must pursue them as best as we can, with or without the democratic Iraq which we have worked so hard to help Iraqis build.

Mr. David was deputy assistant secretary of defense for combating weapons of mass destruction and negotiations policy from 2004 to September 2006.

Panel To Urge U.S. Pullback In Iraq In 2007 (LAT)

By Paul Richter

The Los Angeles Times, December 1, 2006

WASHINGTON — A bipartisan panel's call for a gradual U.S. troop withdrawal from Iraq on Thursday exerted new pressure on President Bush to overhaul his war strategy.

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The Iraq Study Group will recommend in its final report next week that U.S. forces begin a pullback next year, according to people close to the study panel, although the report lays out no specific schedule.

The report envisions that the U.S. force of about 140,000 troops could shrink substantially over the next several years as it shifts from a combat role to an advisory and logistical role, the sources said, speaking on condition of anonymity because the report has not formally released.

Analysts said the report could be particularly important in emboldening more elected Republican officials to call for a pullback, putting pressure on a president who must pay attention to his own party. The report's drawdown blueprint, though vague, seemed to suit the political needs of Republican candidates, who want to put Iraq behind them before the 2008 elections, analysts said.

Iraqi Prime Minister Nouri al-Maliki said in an interview Thursday that Iraqi forces would be ready to assume control of the security by June, enabling U.S. troops to begin to leave. But Bush sought to rebuff the study group's suggestions at a news conference with al-Maliki in Jordan.

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," Bush said, shaking his head. "We're going to stay in Iraq to get the job done, so long as the government wants us there."

In Washington, opinions varied on whether Bush would continue to staunchly resist the plan.

"Bush will not budge. He's not retreating from Iraq," said Reuel Marc Gerecht, a former CIA intelligence official with the American Enterprise Institute.

Sen. Christopher Dodd, D-Conn., suggested that Bush could pivot quickly, despite his words.

"I'd remind you that about three days before the (Nov. 7) election, the president said he was going to stick with (Defense Secretary) Don Rumsfeld. A day afterwards, he was gone. Don't give up on the president yet," Dodd said.

Under the imprimatur of former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, D-Ind., the document could have an enduring effect on the issue, experts and congressional leaders said.

"I think history will view this as having consolidated the national debate on finding an exit strategy," said Larry Diamond, a Stanford University political scientist who was a U.S. adviser in Iraq and an adviser to the panel.

Another adviser, who was critical of the report, nevertheless said he believed it would have an important influence because Baker, a close associate of the president's father, "is such an iconic figure."

"People will say, 'Here's what adults have to say about the situation,' " said the adviser, who declined to be identified because the report has not been formally released. "It won't be thrown on the dust heap."

Panel members have considered traveling around the country to discuss the report after it is released, just as Hamilton did when he was co-chairman of the commission that investigated the Sept. 11 attacks, according to a source close to the study group.

Although the report's prescription for a troop drawdown attracted attention this week, the 10 panel members consider a recommendation for a diplomatic offensive, including talks with Iran and Syria, to be its most important.

The troop drawdown recommendation represented a compromise between Democrats, who wanted to withdraw 60,000 combat troops over the course of a year, and Republicans, who wanted to avoid pressing the Bush administration for a pullback.

Some involved in the panel's work thought that compromise, like others, went too far, producing a policy hash.

"In some ways, this is going to make things worse," said one adviser who favored a more aggressive military push. He said the compromises produced "a consensus document on which everybody can agree, but that doesn't say that much."

The troop reduction proposal resembles a proposal offered by Democratic Sens. Jack Reed of Rhode Island and Carl Levin of Michigan, who have been calling for a drawdown to begin within four to six months. Reed and Levin, who is incoming chairman of the Senate Armed Services Committee, have there should be no fixed timetable and that U.S. forces should shift to an advisory role.

Reed, in an interview, noted that the outlines of the Iraq Study Group's plan and the Reed-Levin plan "track very closely."

"The longer we are there, the less likely it is that the Iraqis will say, 'We can do it,' " he said.

James Dobbins, a former Bush administration envoy and an expert adviser to the study group, said he expects the report to attract support "both on the diplomatic and the military front."

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"There may be a growing bipartisan support in this country for what Jim Baker, Lee Hamilton, the other members of that commission have put together," Dobbins said, adding he expected Bush to respond "not just to political pressures but, above all, to the pressure of events."

Iraq Panel To Urge Pullout Of Combat Troops By '08 (WP)

By Peter Baker And Thomas E. Ricks

The Washington Post, December 1, 2006

The bipartisan Iraq Study Group plans to recommend withdrawing nearly all U.S. combat units from Iraq by early 2008 while leaving behind troops to train, advise and support the Iraqis, setting the first goal for a major drawdown of U.S. forces, sources familiar with the proposal said yesterday.

The commission plan would shift the U.S. mission in Iraq to a secondary role as the fragile Baghdad government and its security forces take the lead in fighting a Sunni insurgency and trying to halt sectarian violence. As part of major changes in the U.S. presence, sources said, the plan recommends embedding U.S. soldiers directly in Iraqi security units starting as early as next month to improve leadership and effectiveness.

The call to pull out combat brigades by early 2008 would be more a conditional goal than a firm timetable, predicated on the assumption that circumstances on the ground would permit it, according to the sources, who spoke on the condition of anonymity because the commission's report will not be released until next week. But panel members concluded that it is vital to set a target to put pressure on Iraqi leaders to do more to assume responsibility for the security of their country.

"It's really about transitioning from a combat to a support role, and basically making very clear that this is no longer an open-ended commitment and we're going to get this done whether the Iraqis like it or not," said one of the sources. "Everybody understands that we're at the end of the road here."

The choice of early 2008 as a goal could also, intentionally or not, change the nature of the debate over the war at the height of the U.S. presidential primary season. If the commission's plan is successful, the war might recede as an issue, as many strategists in both parties hope. But if U.S. commanders do not meet that goal, or if they do but violence only escalates, it may inflame the struggles for both parties' nominations.

Democrats, who captured control of both houses of Congress in last month's midterm elections, and some Republicans have pushed strongly for a timetable for withdrawing U.S. troops. But President Bush has firmly resisted such demands, warning that it would amount to surrender and could destabilize Iraq even further.

At a news conference yesterday after a summit with Iraqi Prime Minister Nouri al-Maliki in Amman, Jordan, Bush seemed to douse the idea of withdrawal in response to news reports about the Iraqi Study Group's recommendations. "This business about graceful exit just simply has no realism to it whatsoever," Bush said.

But aides later cautioned against interpreting that as opposition to any change in the U.S. troop posture. "That's not the case," said one senior official, who spoke on the condition of anonymity. "His position is he's not entering this process with defeat on his mind" for the sole purpose of getting out, the official said. Some options being discussed by the Iraqi Study Group and his own administration's internal policy review, the official said, are "things that he's very open to."

Secretary of State Condoleezza Rice, in an interview with CBS News, sounded more open to the concept of drawing down forces. "The whole goal here is to transfer responsibility to the Iraqis and to give them enough capability to take those responsibilities," she said. "Obviously, as those responsibilities are transferred, as the capability improves, then American forces will be less in evidence and less needed. That's a natural outcome."

The Iraq Study Group, chartered by Congress and led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), concluded its deliberations this week with a draft report about 100 pages long. The report is scheduled to be released next Wednesday and will include a variety of conclusions and recommendations about the region. Among other things, the commission considered proposals to reach out to Iran and Syria and to convene a regional conference to bring all of Iraq's neighbors into the process of stabilizing the country.

The panel included a significant caveat for the 2008 goal for troop withdrawals by recommending that commanders should plan to pull out combat units by then unless "unexpected developments" make them decide that such a move would be

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unwise, the sources said. Still, they said, the plan would put the onus on U.S. commanders to try to meet the goal or explain why they failed to.

Pulling out combat units would not mean the end of the U.S. military involvement in Iraq, which could continue in a different form for years. The withdrawal would be partially offset by an influx of advisers, trainers and embedded troops. The number of such troops now stands at roughly 5,000 and should be quadrupled to about 20,000, the group's plan says, according to a source. The commission envisions leaving at least several thousand quick-strike U.S. combat soldiers to protect all those other American troops.

Although it was not clear how many U.S. troops would be left in Iraq by 2008, some people knowledgeable about the commission's deliberations have said that it might be possible to reduce the force of 140,000 to half by then. "There'll still be a presence there that will be significant just because of the nature of embedded forces," said one of the sources familiar with the commission's report. "It won't be what we have now, I'll tell you that."

The transition from a combat mission to a support mission would be a radical shift in the nature of the U.S. presence in Iraq, in place more than 3 1/2 years since the invasion that toppled Iraqi President Saddam Hussein from power. The commission sees this shift in emphasis as so crucial that it suggests that U.S. commanders begin by reassigning troops directly out of military units already in Iraq, rather than waiting for new advisers to deploy from the United States.

But some military specialists warned that such a transition could result in more violence or even let the country slide into a full-scale civil war. Many U.S. military commanders believe that the American presence is keeping a lid on Iraq's civil conflict. "I think as we pull down troops, the violence is going to get worse -- and that will make it harder to get the Iraqi army stood up," said Frederick W. Kagan, a defense scholar at the American Enterprise Institute.

Nor would cutting the troop presence increase pressure on Maliki and other Iraqi leaders, a senior U.S. intelligence official contended earlier this week. Rather, he said, it would likely make Iraqi officials feel more endangered and, so, less likely to take risks and make difficult decisions.

Others in Washington cautiously welcomed the emerging report. "I think that the Baker report is . . . going to change the debate in this country," Sen. John F. Kerry (D-Mass.) told CNN.

Sen. Christopher J. Dodd (D-Conn.), speaking on MSNBC's "Hardball," said that "I suspect there may be a growing bipartisan support in this country for what Jim Baker, Lee Hamilton, the other members of that commission have put together."

Sen. Carl M. Levin (D-Mich.), the incoming chairman of the Senate Armed Services Committee who has called for beginning a pullout within six months, offered a careful assessment of the few details made public. "It's a welcome change in course," he said, "although it's not as specific, or it's not as pointed, or it's not as clear as I would like."

Panel To Urge Troops Pullback In Iraq (AP)

By Lolita C. Baldor

AP, December 1, 2006

A bipartisan commission on U.S. options in Iraq will recommend a gradual reduction of American forces in Iraq and a significant diplomatic shift that enlists U.S. adversaries to stabilize the increasingly chaotic country, officials familiar with the panel's deliberations said Thursday.

The report will endorse troop withdrawals beginning as soon as early next year but set no deadlines, the officials said. U.S. forces could also be slowly repositioned away from the front lines.

The much-anticipated report could provide political cover to President Bush to meaningfully shift his policies in an unpopular war. Yet advisers to the panel and others aware of its work indicated the recommendations will not be dramatically different from current policy or from ideas already under debate within the administration.

Some media reports suggested that the bipartisan commission, known as the Iraq Study Group, will recommend withdrawing nearly all U.S. combat forces from Iraq by early 2008, leaving behind only those troops needed to train and support the Iraqis. The reports described the recommendation as a goal rather than a firm timetable.

Bush has repeatedly rejected a wholesale pullout or what he calls artificial deadlines.

"This business about a graceful exit just simply has no realism to it at all," Bush said Thursday.

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A former top U.S. official consulted by the commission said he expected the recommended withdrawal would not be conditioned on the Iraqi government establishing benchmarks to improve security. Many remaining U.S. forces would be lighter support and intelligence units, said the official, who spoke on condition of anonymity because the panel's deliberations were private.

The approximately 100-page report will indicate the presence of U.S. troops is part of the problem in Iraq, said another official who also requested anonymity. The panel will demand more accountability from the Iraqi government, although it is not clear how progress would be measured or if there would be specific benchmarks, the official said.

The Washington Post, meanwhile, reported on its Web site Thursday night that the U.S. is considering whether to abandon efforts to bring Sunni insurgents into the political process to stabilize the country. The concern is that the outreach to Sunni dissidents has failed and may be alienating the country's majority Shiites, who dominate the government. The State Department proposed the shift as part of a White House review of Iraq policy, said the report, which cited unidentified sources familiar with the proposal.

The congressionally chartered Iraq Study Group, whose recommendations are not binding, will encourage Bush to engage U.S. adversaries Syria and Iran to improve regional dialogue, several officials said. That outreach could include a regional conference among all of Iraq's neighbors, or a wider gathering of Middle East nations that would also address separate Middle East peace issues.

A former senior U.S. official who participated in the deliberations said the recommendations will include resumption of Mideast peace talks. The official spoke on condition of anonymity.

The report, due Wednesday, suggests that Bush give Iraqi leaders notice that America's military commitment is not open-ended. The panel's Republican and Democratic members could not agree on bolder proposals. Options to quickly bring home a large percentage of the 140,000 U.S. forces supporting the fragile government in Baghdad or set a clear timeline for withdrawal were on the table.

The compromise strategy the panel endorsed also gives the Bush administration some political leverage to step back from red lines it has set in the Iraq conflict, such as Bush's statement this week that he will never "pull the troops off the battlefield before the mission is complete."

Without firm benchmarks for a U.S. military withdrawal, the recommendations would essentially back up Bush's basic policy of using security conditions in Iraq, not a calendar, as the guide to battlefield decisions. The administration has long said it will transfer responsibility for Iraq's security to Iraqi forces as those forces become strong enough to handle the job.

On Capitol Hill, Democrats said the report would be a good first step for their effort to push for a start to U.S. troop withdrawals.

"It's a starting point," said Sen. Carl Levin, D-Mich., incoming chairman of the Senate Armed Services Committee.

Sen. John Warner, R-Va., that committee's outgoing chairman, praised the commission and said the administration and Congress have a "moral responsibility" to U.S. troops to reach a consensus policy.

In Baghdad, Iraqi Prime Minister Nouri al-Maliki told ABC News he thinks Iraqi forces will be ready by June to take full control of security. In making the argument that his military and police could handle security in the country, al-Maliki has routinely said the force could do the job within six months.

White House national security adviser Stephen J. Hadley noted Bush has solicited a separate in-house review of Iraq policy. Bush would probably make any changes or decisions arising from the various reports in "weeks rather than months," Hadley said.

"It's really going to be when the president is comfortable in his own mind as to where he wants to go" and has coordinated with Iraqi leaders on a "common plan," Hadley said.

The Bush administration's own crisis evaluation of Iraq could provide a different kind of political cover. With at least two sets of recommendations before him, Bush could pick some from the commission chaired by Republican former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., and some from his own advisers.

Hadley spoke as Bush returned from a hastily arranged summit with al-Maliki, who has sometimes had testy relations with his American backers. Bush and his advisers offered warm endorsements of the Shiite leader Thursday, and al-Maliki remains the administration's best hope to build a durable political framework that can govern and protect the country on its own.

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Al-Maliki heads the Shiite-led government established following the ouster of Saddam Hussein in a U.S.-led invasion more than three years ago.

The outlines of the panel's expected diplomatic recommendations are not new, but they would represent a major change away from the Bush administration policy of isolating its enemies except in rare instances.

The administration has not ruled out diplomacy with Iran on stabilizing Iraq nor with Syria with the aim of stopping its interference in Lebanon and permitting militia from Syria to go to Iraq to attack allied forces. But the administration has been reluctant to enter talks lest the gesture be seen as reward for what Washington calls bad behavior.

Separately, a former U.S. official said he had been told by the administration that the commission agreed last week to recommend dialogue with the Iranians and Syrians.

Experts: Repositioning U.S. Troops Could Be Option (USAT)

By Tom Vanden Brook And Matt Kelley

USA Today, December 1, 2006

WASHINGTON — U.S. troops pulled from Iraq as suggested by the Iraq Study Group could be based in friendly countries nearby to provide a quick reaction force in case serious violence erupts, military experts say.

The remaining troops would be stationed in Baghdad, along Iraq's borders and as trainers for the Iraqi military and police, said Michael Eisenstadt, a Middle East military expert who advised the panel but has not read the report.

The report, according to two people who have seen it, will recommend a gradual withdrawal of most of the 70,000 combat forces now in Iraq.

If the troops are withdrawn, the Bush administration would decide when, how and where to move them. Bush appeared to reject the idea of a withdrawal on Thursday after meeting in Jordan with Iraqi Prime Minister Nouri al-Maliki.

The United States would need to leave some of those troops in the region to prevent or respond to armed attempts to overthrow Iraq's government, says James Jay Carafano, another adviser to the study group.

“You need the capability to go in surgically, below the radar, and get the bad guys. You have to have that capacity still in the region,” says Carafano, a defense analyst at the conservative Heritage Foundation think tank. “You want to have something that has a subtle but visible reminder that the Americans haven't left town.”

The Pentagon would have several options for keeping combat troops near Iraq, including existing bases in nearby Kuwait and Qatar. Marine Corps troops and Navy aircraft could wait aboard their ships in the Persian Gulf, as well.

Defense Secretary Donald Rumsfeld and top military officers also have resisted calls for withdrawing U.S. troops. They have said for the past three years that American forces will begin leaving when Iraq's own police and military can control the country.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, repeated that view in a Pentagon news conference Wednesday. Pace denied reports that the Pentagon was considering pulling most of the American troops out of Iraq's Anbar province, a majority Sunni Arab region where insurgents linked to al-Qaeda operate.

“Why would we want to forfeit any part of Iraq to the enemy? We don't,” Pace said. “We want to provide security for the Iraqi people.”

Anbar province has been the scene of violent fighting, as Marine units in the region have taken heavy casualties in October and November.

The bipartisan group's report will help Americans understand the situation in Iraq, even if the Bush administration rejects its suggestions, says Bruce Hoffman, a professor of security studies at Georgetown University in Washington.

Hoffman, another study group adviser, said the report “forces us to take a hard look at the progress to date or the lack thereof.”

Proposing a withdrawal of most combat troops from Iraq risks failing to satisfy U.S. war critics and those who support sending more troops for a stronger crackdown on violence, says military analyst Stephen Biddle.

Having fewer U.S. troops could open the door to more chaos, and focusing on training Iraqi forces could prop up one side in an eventual civil war between Sunni Arabs on one side and Shiites and Kurds on the other, he said.

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"It would be unfortunate if U.S. force structure in Iraq would be an artifact of ideological positioning in the United States," says Biddle, a former assistant professor at the U.S. Army War College. "There needs to be a military objective for them to pursue that makes sense."

Now In Control, Democrats Seek Unified War Strategy (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 1, 2006

WASHINGTON

After winning back control of the House and Senate largely on the basis of opposition to the war in Iraq, Democrats are ramping up to find a bipartisan way out of it.

So far, the leading exit strategies on Capitol Hill - more troops, fewer troops, partition of Iraq, and timetables for phased or immediate withdrawal - are tied to individual sponsors. Disagreements cross party lines.

But leading Democrats now say that any exit strategy must be bipartisan. While eager to respect commitments to voters, Democrats don't want to own a war that many believe is already beyond winning - or to be tagged with the consequences of a botched exit.

That's why the recommendations of the bipartisan Iraq Study Group, to be released on Dec. 6, have taken such a high profile on Capitol Hill. If leaks of an agreement this week are accurate, the 10-member, bipartisan panel will call for a gradual pullback of US combat brigades, with no timetable for withdrawal, and direct engagement with Iran and Syria on a regional solution.

"People have their fingers crossed that [the Iraq Study Group] will have something to it that everyone can buy into and that also provides a way out," says Winslow Wheeler at the Center for Defense Information in Washington.

Many Democrats agree that consensus is vital. "There has to be a solid bipartisan consensus, just as there was in the cold war," said Sen. Jack Reed (D) of Rhode Island, who has been the lead spokesman on the Iraq war for the Senate Democratic caucus, in a briefing this week.

But to get to that point, lawmakers will have to grapple with facts on the ground in the war on terror in a way that they have not yet done and move beyond campaign slogans, say defense analysts.

"Congress isn't framing options. Individual members are framing options. There isn't building consensus even within the Democratic Party yet," says Anthony Cordesman, a military analyst at the Middle East with the Center for Strategic and International Studies in Washington, who recently returned from the Middle East.

"Congress has not been kept properly informed," he adds. "As a result, it believes that there is more of an ability to rush things on the part of the Iraqi government than is possible, and that setting deadlines is going to produce progress rather than civil war. The legacy of too many promises and too much spin has created congressional expectations that are unrealistic."

Before the midterm elections, Demo-crats in the House and Senate agreed to three points on Iraq strategy: ensuring a "significant transition" to full Iraqi sovereignty in 2006, including the "responsible redeployment" of US forces; regional diplomacy and more pressure on the Iraqis to "make the political compromises necessary" to defeat the insurgency; and holding the Bush administration accountable on issues ranging from "manipulated prewar intelligence" to poor planning and contracting abuses.

Last June, all but six Senate Democrats backed a nonbinding amendment by Sens. Carl Levin (D) of Michigan and Reed, calling for a phased withdrawal within six months. The amendment failed by a vote of 39 to 60.

In the first congressional hearings on Iraq since the elections, Senator Levin, the incoming chairman of the Senate Armed Services Committee, renewed his call for a "phased redeployment of our forces within four to six months."

"America has given the Iraqi people the opportunity to build a new nation at the cost of nearly 3,000 American lives and over 20,000 wounded. And the American people do not want our valiant troops to get caught in a crossfire between Iraqis if Iraqis insist on squandering that opportunity through civil war and sectarian strife," he said at the Nov. 15 hearings.

On Tuesday, his cosponsor, Reed, said he was "less comfortable with the timetables and deadlines," and that redeployment could also mean "redeployment of forces in Iraq."

All nine freshmen Democratic senators in the new Congress campaigned to redeploy US troops as rapidly as possible.

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In fact, critics say, it will be tough for Democrats to fulfill voter expectations for any quick change in the situation on the ground in Iraq.

"Congress wants to maintain the fiction that somehow we have control of the affairs on the ground and that we are decisive actors. We are not. We haven't had much control or influence in that country in the last two years," says retired Army Col. Douglas Macgregor, author of three recent books on the US military.

"Nothing is going to be sorted out until we get out. This is what the Democrats are failing on: They need to say this occupation is a serious mistake, and we need to get south of the Euphrates river as soon as possible," he adds.

On Nov. 14, Sen. Russ Feingold (D) of Wisconsin introduced legislation requiring US forces to redeploy from Iraq by July 1, 2007.

Meanwhile, many Republicans are shifting into defensive mode as they give up control of oversight committees. GOP Rep. Zach Wamp of Tennessee and Sen. Johnny Isakson (R) of Georgia said this week that they are backing Sen. John McCain's plan to boost troop levels by as much as 20,000 in Iraq.

Pressure Grows For Talks With Syria, Iran (WSJ)

By Neil King Jr. And Greg Jaffe

The Wall Street Journal, December 1, 2006

WASHINGTON -- From the Baker-Hamilton panel on Iraq to British Prime Minister Tony Blair to top Democrats in Congress, calls are growing for President Bush to drop his opposition to engaging with Syria and Iran about the future of Iraq.

But behind all of the clamor for a regional approach lies several tough questions: Do Syria and Iran really want to deal with the U.S. on Iraq? What price would the two countries demand for lending a hand? And even if they did agree to help, would their assistance significantly help to tilt events for the better in Iraq, with which both share a border?

The answers on all counts don't appear promising. Iran and Syria are both longtime foes of the U.S. and could demand a high price for their cooperation. As a result, enlisting their help could require the administration to sacrifice other goals for uncertain gains in stabilizing Iraq.

The call for a sustained, new outreach to Damascus and Tehran, along with Iraq's other neighbors, is an important recommendation of a lengthy report set to be released Wednesday by the Iraq Study Group. The bipartisan panel, led by former Secretary of State James Baker, a Republican, and former Democratic Rep. Lee Hamilton, will also advise the Bush administration to begin pulling back American combat troops in Iraq while significantly increasing support to the Iraqi Army, primarily by boosting the number and quality of U.S. military advisers working with its forces, said a commission member and other officials familiar with the report. Some of the contents of the report were published in the New York Times Thursday.

Currently, the U.S. has about 3,500 advisers posted there, divided into 10-man teams and embedded with Iraqi Army and police units. As late as Nov. 24, the panel was soliciting advice from military experts on how to ensure that the Army and Marine Corps select their best and brightest officers for advisory duty. In recent months, that task has fallen to less-experienced National Guard and reserve officers. The final report will likely recommend that the advisory program be increased by "several thousand officers," said one person involved in the debate.

The study group's hope is that the larger U.S. military presence within Iraqi units would help them to improve more quickly and allow U.S. forces to pull back to larger, more secure bases away from Iraqi cities. The U.S. advisers would have the ability to quickly call on American forces if their units were being challenged or overrun.

Less clear is the panel's view on how the U.S. might help to heal Iraq's deep factional divisions, distribute its oil revenue and preserve the country's unity. The report has spurned the idea, promoted by several prominent Democrats, of a "soft partition" of the country along ethnic lines, said several participants.

Those calling for the administration to engage with Syria and Iran argue that both have abetted Iraq's growing disintegration and both have sway over different portions of the country's population. So, as hard as it may be for Mr. Bush to swallow, these people argue, any lasting cure for Iraq must involve both Damascus and Tehran.

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Skepticism runs deep, within the Bush administration and in foreign-policy circles, over how useful these longtime U.S. foes could be and how sincere any offers of help would be. "It is no panacea," one senior U.S. official said, adding that Syria and Iran could make matters worse in Iraq but have limited leverage to make things better.

Patrick Clawson, an Iran expert at the Washington Institute for Near East Policy, agreed: "What they can do is stop being a problem. And while that's significant, that's about it."

Syria's ambassador to Washington, Imad Moustapha, has insisted that Damascus is both eager to talk and crucial to Iraq's future stability. Iran has been less unequivocal. Tehran's ambassador to the United Nations, Javad Zarif, spoke last month of regional "shared commonalities" between the U.S. and Iran, but he and others have signaled that Iran would demand unspecified favors to engage with the U.S. over Iraq's future. Iranian President Mahmoud Ahmadinejad demanded in a letter to the American people this week that the U.S. pull all of its troops from Iraq.

The escalating violence in Iraq and mounting calls for the U.S. to seek help from Iran and Syria have increased the prestige of both countries -- and strengthened their bargaining hand.

Tehran's list of favors in return for help would almost certainly start with a demand for greater international latitude on its nuclear program, analysts said. Other potential demands could include a promise from the U.S. to respect Iran's security and its current regime, to formally recognize Iran's influence in Iraq, and to lift some longstanding U.S. sanctions against Tehran imposed in response to its nuclear work and support for terrorist groups, analysts said.

The price for Syrian engagement could also run high. Syria, above all, would like to see a derailing of the international inquiry into the 2005 murder of former Lebanese Prime Minister Rafik Hariri. Preliminary U.N. investigations have implicated officials in Damascus, an allegation that Syrian officials have denied.

Mr. Bush and his top aides have consistently brushed aside the idea of sitting down with high-level Syrian officials on the grounds that their country's support for terrorist groups doesn't warrant discussion and Syria already knows how it could help to stem the violence in Iraq.

Washington's attitude toward Iran is more complex. The White House has said that Tehran is welcome at any time to take up an offer from this summer to negotiate over its nuclear program but that the U.S. won't talk unless Iran first suspends its uranium-enrichment program. Yet administration officials at the same time have suggested they may be willing to sit down with Iran on talks strictly focused on Iraq.

The Shiite Muslim regime in Tehran has gained influence among Iraq's majority Shiite population, particularly as a supplier of money, arms and training for major Shiite militias -- notably the one led by anti-American cleric Muqtada al-Sadr. But U.S. officials and others say they doubt Iran could quell the sectarian violence that has gripped large parts of the country unless the militias themselves agreed to put down arms, because they are becoming increasingly self-sufficient, with their own oil-fed revenue streams and outside arms suppliers, these people say.

This Is Realism? (WP)

By Charles Krauthammer

The Washington Post, December 1, 2006

Now that the "realists" have ridden into town gleefully consigning the Bush doctrine to the ash heap of history, everyone has discovered the notion of interests, as if it were some new idea thought up by James Baker and the Iraq Study Group.

What do people think we've been doing for the past five years? True, the president's rhetoric has a tendency to go soaringly Wilsonian, e.g. the banishing-tyranny stuff in his second inaugural address. But our policies of democratization in Iraq and Afghanistan and Lebanon have been deeply rooted in the most concrete of American interests.

If we really had been in the grip of "idealism," we'd be deep in Chad and Burma and Darfur. We are not. We are instead trying to sustain fragile democracies in three strategically important countries -- Afghanistan, Iraq and Lebanon -- that form the geographic parentheses around the principal threat to Western interests in the region, the Syria-Iran axis.

We are trying to bring democracy to Iraq in particular because a pro-Western government enjoying legitimacy and popular support would have been the most enduring means of securing our interests there. Deposing Saddam & Sons was essential

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because they posed a permanent strategic threat to the region and to U.S. interests. But their successor -- the popularly elected Maliki government -- has failed.

The cause of that failure is rooted in an Iraqi political culture that makes it as yet impossible for enough of the political leadership to act with a sense of national consciousness. We should nonetheless make a last effort to change the composition of the government and assemble a new one composed of those -- Kurds, moderate Sunnis, secular Shiites and some of the religious Shiites -- who might be capable of reaching a grand political settlement.

Everyone now says that the key to stopping the fighting in Iraq is political -- again, as if this were another great discovery. It's been clear for at least a year that a military solution to the insurgency was out of our reach. The military price would have been prohibitive and the victory ephemeral without a political compromise. And that kind of compromise -- vesting the Sunnis with proportionate political and financial (i.e. oil) power -- is something the Shiites, at least those now comprising the Maliki government, seem incapable of doing.

The United States should be giving Prime Minister Nouri al-Maliki a clear ultimatum: If he does not come up with a political solution in two months or cede power to a new coalition that will, the United States will abandon the Green Zone; retire to its bases; move much of its personnel to Kurdistan, where we are welcome and safe; and let the civil war take its course. Let the current Green Zone-protected Iraqi politicians who take their cue from Moqtada al-Sadr face the insurgency alone. That might concentrate their minds on either making a generous offer to the Sunnis or stepping aside for a coalition that would.

The key to progress is political change within Iraq. The newest fashion, however, is to go "regional," engaging Iran and Syria in order to have them pull our chestnuts out of the fire. This idea rests on the notion that both Iran and Syria have an interest in stability in Iraq.

Very hardheaded realist terms: interest, stability, regional powers. But stringing them together to suggest that Iran and Syria share our interests in stability is the height of fantasy. In fact, Iran and Syria have an overriding interest in chaos in Iraq -- which is precisely why they each have been abetting the insurgency and fanning civil war.

Perhaps in some long-term future they will want a stable Iraq as a tame client state of the Syria-Iran axis. For now they want chaos. What in God's name will a negotiation with them yield?

At best they might give us a few months to withdraw. But why do we need their help to do that? We can do our withdrawing very well without them. And in return for non-help in a non-solution that is essentially a surrender, Syria would demand to be given a free hand once again in Lebanon -- just as, when the United States needed help in Iraq before the Persian Gulf War, then-Secretary of State James Baker gave Lebanon over to Syria as a quid pro quo.

And Iran will demand a free hand with its nuclear weapons project, which will turn it into the regional superpower dominating the Gulf Arabs and their oil.

If that would save Iraq for us, there might at least be an argument for such a swap. But just to cover an American retreat? This is sacrificing one interest without even securing another. It's enough to give realism a bad name.

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Iraq Spending Bill To Test Democrats (AP)

By Andrew Taylor

AP, December 1, 2006

The Bush administration is hammering out its largest-ever appeal for more Iraq war funds — a record $100 billion, at least, and that figure reflects cuts from wish lists originally circulating around the Pentagon.

The measure will give Democrats, who take control of Congress next year, an early chance to try changing the conduct of the war. But they are limited and do not want to be cast as unsympathetic to U.S. troops.

"We're not going to do anything to limit funding or cut off funds," says Senate Democratic leader Harry Reid, D-Nev.

Senior Pentagon officials have trimmed initial requests from the Army and Air Force. But with $70 billion already approved for the budget year that began Oct. 1, and more money needed to replace lost or worn-out equipment, spending levels for 2007 easily will be at the highest since the Iraq war began in 2003.

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Precise figures have not been set by either the Pentagon or the White House. The requests in February for Iraq and Afghanistan probably will be about $100 billion, but could climb as high as $128 billion if the services get their way, said Jim McAleese, a Virginia lawyer who specializes in national security law.

In addition to the money already approved, the cost of the total military spending for Iraq and Afghanistan could come close to $200 billion in 2007. About $120 billion was spent in the 2006 budget year, according to the Congressional Budget Office.

Despite widespread discontent over the Iraq war and President Bush's handling of it, Democrats are expected to grant the vast majority of the request. Yet evidence is accumulating that the figure the White House sends to Capitol Hill will not be limited to dollars critically needed for troops and war-fighting.

There is much sentiment among Democrats to protect troops and fear about being portrayed as unsympathetic to men and women in uniform. These factors probably would overwhelm any efforts by anti-war Democrats to use the debate over the Iraq money to take on Bush's conduct of the war.

"Although the Democrats are very uncomfortable with the way the Iraq policy is being executed, they are at pains not to appear that they are shortchanging troops in the field," said Loren Thompson, chief operating officer of the Lexington Institute, a Washington-area think tank.

"This is their opportunity to show that they, too, are pro-defense," Thompson said.

Democrats are promising to give the upcoming request greater scrutiny than Republicans did when considering Bush's previous requests.

"It won't just be a rubber stamp on what they give us," said Kirsten Brost, spokeswoman for the incoming chairman of the House Appropriations Committee, Rep. David Obey, D-Wis.

There is increasing concern about the cost of the war and the fact that Iraq spending is kept on a set of ledgers separate from the rest of government operations.

It is possible that the recommendations of the Iraq Study Group could affect the spending request.

Since the attacks of Sept. 11, 2001, Congress has approved about $500 billion for Iraq, Afghanistan and other terrorism-fighting efforts.

The Vietnam War cost an inflation-adjusted $121 billion at its height in 1968, according to the Congressional Research Service. The overall tally for Vietnam is $663 billion, adjusted for inflation, while Iraq so far come to about $350 billion.

The cost of the war has risen dramatically as the security situation has deteriorated and more equipment is destroyed or worn out in harsh conditions.

The Pentagon increasingly is using war spending bills for costs not directly related to Iraq and Afghanistan. Last month, Deputy Defense Secretary Gordon England said the four military services could add projects connected to the broader fight against terrorism, which critics said could be interpreted to cover almost anything.

"He was telling the services to put any damn thing they wanted into the supplemental," said Winslow Wheeler of the Center for Defense Information, a think tank policy group, in Washington. Such costs include buying cargo plans and restructuring Army outfits into smaller, more nimble fighting units.

England's memo led to inflated requests that are now being "scrubbed" by higher-ups at the Pentagon. While that could lower the price for the February request, Wheeler said, the services are likely to try again in future bills.

Pentagon spokesman Bryan Whitman had no comment on the upcoming request for money.

Democrats have not been shy about adding money not sought by the president to war bills. Most notably, the Senate in August included $13 billion for Army and Marine Corps combat readiness in a Pentagon budget measure that had $70 billion in Iraq.

Farm-state lawmakers such as Sen. Kent Conrad, D-N.D., may try to use the Iraq debate to push billions of dollars in agricultural disaster aid.

CORPORATE SCANDALS:

Corporate Fraud Crackdown Gone Too Far? (AP)

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By Lara Jakes Jordan, ASSOCIATED PRESS

AP, December 1, 2006

WASHINGTON (AP) - A former top Justice Department official who wrote the government's policy to crack down on corporate lawbreaking said Thursday that prosecutors appear to have overreached when targeting some businesses.

Former Deputy Attorney General Larry Thompson defended the policy's overall goal, which was crafted in the aftermath of widespread fraud and illegal scheming at corporate giants such as Enron and WorldCom. But prosecutors now may be too aggressive when pressuring businesses to cooperate with investigations of wrongdoing by company executives or employees, he said.

The legal tactics outlined in the "Thompson Memo" in 2003 were intended for very limited use, Thompson said.

"There seems to be a sort of a disconnect," Thompson told an audience at the Heritage Foundation, a conservative think tank in Washington.

He said his former Justice Department colleagues claim they rarely pressure businesses to disclose confidential attorney-client information in exchange for more lenient prosecutions, but defense lawyers say such demands happen in many cases.

The Justice Department is discussing whether to roll back some of the harsher guidelines in the Thompson Memo, which suggests that companies failing to cooperate with prosecutors will be more readily indicted - a death knell in an ethics-sensitive business era. Those changes could come as early as next week.

"We may be entering an era where the department should consider perhaps making appropriate revisions to the memo," said Thompson, now general counsel at PepsiCo.

Changes sought by defense attorneys, business lobbyists and other critics include:

-Ending the prospect of tougher prosecution of corporations that refuse to turn over, or waive, confidential discussions and information between attorneys and clients. The Justice Department is considering requiring prosecutors to get the Attorney General or his top deputy to approve waiver requests.

-Eliminate penalties for firms that continue to pay legal fees for their employees. In June, a federal judge in New York ruled the policy violates employees' rights to fair trials.

-Stop criminal prosecutions of businesses with standards similar to those used against company executives and other individuals.

The call to ease the legal crackdown on corporate fraud mirrors a similar push by the financial community to relax rules for business financial controls that area a key part of the 2002 Sarbanes-Oxley anti-fraud law.

The movement has gained traction with Treasury Secretary Henry Paulson, who has questioned whether the costly regulations are hurting the competitiveness of U.S. financial markets by driving some companies away from them.

Outgoing Senate Judiciary Chairman Arlen Specter, R-Pa., said he plans to propose legislation next week that would bar the Justice Department from putting undue pressure on companies to cooperate. He described the current policy as "coercive."

Former Deputy At Justice Dept. Would Limit Legal Disclosure (NYT)

By Lynnley Browning

The New York Times, December 1, 2006

A former Justice Department official who drafted the guidelines used after the Enron collapse to combat corporate wrongdoing said yesterday that prosecutors should only rarely use one of the guidelines: asking companies to disclose legal communications.

The comments by the official, Larry D. Thompson, a former deputy attorney general, were his first public remarks on how the 2003 guidelines, known as the Thompson memorandum, should be interpreted, amid mounting criticism that the tactics are coercive and unconstitutional.

Speaking at a Washington conference at the Heritage Foundation, the conservative research group, Mr. Thompson, now general counsel of PepsiCo, said that requests by federal prosecutors that companies, executives and lawyers disclose legal communications among themselves and other parties should be “extremely limited.“

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The Justice Department is in the early stages of drafting a revision of the Thompson memorandum that would clarify under what circumstances, if any, legal communications should be disclosed to investigators.

Department lawyers can have a revised document ready for signing by Deputy Attorney General Paul J. McNulty as early as next week, according to people who have been briefed on the issue. The revised guidelines may require prosecutors to obtain approval from the highest levels of the Justice Department before disclosures are requested.

A department spokesman, Brian Roehrkasse, said yesterday that "no decisions have been made to amend our current guidance."

The guidelines as they are now lay out nine factors that prosecutors should consider when deciding whether to seek the indictment of a company or an individual. Among them are whether the suspect has demonstrated cooperation with prosecutors by disclosing legal communications to them. Such disclosure is known as a waiver of attorney-client privilege.

Under the existing guidelines, companies that do not demonstrate such cooperation face a greater risk of indictment — a potential death knell, as it was for the accounting firm Arthur Andersen in 2002.

But the guidelines have come under criticism. The federal judge in Manhattan overseeing the trial of former employees of the accounting firm KPMG in a criminal tax-shelter case has assailed them as unconstitutional.

And in recent months, former top officials of the Justice Department and prominent white-collar defense lawyers have complained to the department that prosecutors now uniformly request the disclosure of legal communications as part of their investigations.

Senator Arlen Specter, Republican of Pennsylvania, the departing chairman of the Senate Judiciary Committee, threatened yesterday to introduce legislation next week if the Justice Department did not amend the guidelines by then. Mr. Specter is demanding that the department eliminate the guideline on the disclosure of communications, but it is unclear if Mr. McNulty will agree to that.

Prosecutor Pursues Backdating Violators (AP)

By Vinnee Tong, Ap Business Writer

AP, December 1, 2006

U.S. Attorney: Company Reaction to Options Inquiries Crucial to Whether Prosecutors Indict

NEW YORK (AP) -- The federal prosecutor overseeing Silicon Valley said Thursday the way a company responds to stock option backdating allegations is crucial to whether or not it will be indicted.

Kevin Ryan, the U.S. attorney for the Northern District of California, in July created a task force to pursue criminal charges related to stock option backdating. The group includes investigators from the U.S. attorney's office, the Internal Revenue Service and the Federal Bureau of Investigation.

"How a corporation chooses to react is crucial to whether the corporation is indicted or not," Ryan told a securities litigation conference sponsored by the International Quality & Productivity Center on Thursday.

The Securities and Exchange Commission and U.S. Department of Justice are pursuing civil investigations related to backdating of stock options. Ryan's task force is focused on seeking targets for potential criminal charges in Silicon Valley, where many companies used stock options to compensate employees in the 1990s.

He said prosecutors would "look at whether the corporation has impeded the investigation while purporting to cooperate." Ryan said his office would use as a guiding principle the Thompson memo, which directs prosecutors to look at the authenticity of a company's effort to cooperate with an investigation. The memo was written by former Deputy Attorney General Larry Thompson.

On Wednesday, though, the Justice Department said it would review the guidelines in the Thompson memo, which have been criticized as unfairly pressuring companies to cooperate.

The memo was written after scandals involving Enron Corp. and WorldCom Corp., and was designed to aid coordination among the country's 94 U.S. attorneys.

The policy allows prosecutors to show leniency to companies that cooperate by refusing to pay employees legal fees and disclosing confidential discussions between company lawyers and executives targeted by the government.

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Ryan said he formed the task force to ensure investor confidence and address a particular need to examine options dating practices in Silicon Valley, where companies were heavily dependent on using stock options as compensation.

"We believe there's a strong nexus to the technology sector," Ryan said, adding that these were companies that emphasized innovation and creativity but were undercapitalized while offering the potential for big payouts later.

Technology companies in Ryan's district that are being investigated include Cnet Networks Inc., KLA-Tencor Corp., and Mercury Interactive Corp., which are being examined by either the SEC or the Justice Department.

Ryan's office has issued one of the only criminal indictments over options backdating, against two executives of San Jose, Calif.-based Brocade Communications System Inc. Among other charges, the executives face accusations that they knowingly tried to hide backdating by advising an employee not to discuss options grant practices by e-mail and advising the CEO to not always pick the lowest grant price, in order to avoid the appearance of suspicious activity.

With regard to ongoing investigations, Ryan also said legal time limits on filing of criminal charges could be an issue as the task force does its work.

"It's an issue, we're not denying it's an issue, but we still think there's a lot of activity out there," Ryan said. "If it's criminal, we still have the statute and the venue on our side."

Stock options give employees the right to buy shares at a set price at a future date and can be lucrative if the stock price rises. Companies that backdated options put the grant date of the options at a low point in their share price, raising the recipient's profit.

Backdating is not necessarily illegal. Companies break the law when they don't disclose the practice and fail to report the costs in their earnings reports. Investigations have forced some companies to restate earnings by as much as hundreds of millions of dollars.

Judge Puts On Hold McGuire's Exit Pay From UnitedHealth (WSJ)

By Vanessa Fuhrmans And Joann S. Lublin

The Wall Street Journal, December 1, 2006

In an unusual move, a federal judge has temporarily barred ousted UnitedHealth Group Inc. Chief Executive William McGuire from exercising stock options or receiving any retirement pay or other exit benefits while an external, board-appointed committee establishes whether the health insurer has claims against him.

The order, which backs a joint motion by attorneys for several shareholder lawsuits and Dr. McGuire himself, puts on hold any agreement between UnitedHealth and its longtime chief executive over the terms of his departure until those legal questions have been answered. Dr. McGuire agreed to resign in October after an internal report concluded millions of stock options were likely backdated on his watch. He left the company yesterday with negotiations over his retirement package still unresolved.

The injunction is unusual in the annals of executive pay. U.S. District Judge James Rosenbaum of Minnesota handed it down late Wednesday partly at the request of attorneys representing a group of shareholder plaintiffs who have filed lawsuits against UnitedHealth. The complaints argue that the option backdating lined the pockets of Dr. McGuire and other top executives at the expense of the company. "If he were able to reap what we see as ill-begotten gains, we'd be asserting a claim without a remedy," said Karl Cambronne, lead attorney for the group.

Several compensation and governance experts say they believe the ruling may encourage aggrieved shareholders elsewhere to try to block unjustified exit packages before directors dole them out. It "could have a snowball effect," said Steven Friedman, head of the executive-compensation practice at law firm Littler Mendelsohn in New York. To the extent investors vigorously pursue these court orders, "boards will feel like they have to go along with them just so they don't seem like they're in collusion with the [exiting] executive," he added.

The injunction also gives UnitedHealth and Dr. McGuire breathing room in what have become protracted negotiations over the terms of his departure.

UnitedHealth's board faces considerable pressure not to let Dr. McGuire walk away with an excessive retirement package, especially before it determines whether it has claims against him. But his employment contract provides him with a strong hand

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in negotiations, taking a very limited view of what constitutes grounds for firing. Short of that, just about any other kind of departure would allow nearly all of his options to immediately vest and let him draw on a pension of more than $5 million a year.

Now, however, the board will have to wait until a "special litigation committee" determines what sort of claims it may have against Dr. McGuire, protecting it from negotiating a too-generous retirement package in the interim. The committee, appointed by the board in June to advise on the numerous shareholder lawsuits filed against UnitedHealth, comprises two former Minnesota Supreme Court justices, Kathleen Blatz and Edward Stringer. The court order, the company said in a statement, "preserves the SLC process."

Dr. McGuire also supported the plaintiffs' push for an injunction, and his attorneys even drafted the proposed court order, according to one person familiar with the situation said. The departing CEO believes the special litigation committee will vindicate him once "all the evidence is in," this individual said.

The special court-appointed panel will decide whether UnitedHealth should sue any officers or directors "for breach of fiduciary duty," the knowledgeable person explains. The injunction can be extended beyond July 30 if the special committee hasn't completed its investigation by then.

Without the injunction, Dr. McGuire would have been free to exercise his remaining stock options once UnitedHealth issued its restated financial statements.

In early November, Dr. McGuire agreed to forfeit roughly $200 million in gains from options that had carried dates prior to the dates on which they had been actually granted, making them more valuable than they would have been.

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Finisar Starts Options Review (AP)

AP, December 1, 2006

Finisar Begins Review Into Stock Option Grant Practices, Delays 2nd-Quarter Filing

SUNNYVALE, Calif. (AP) -- Shares of network components maker Finisar Corp. sank Thursday in after-hours trading the company said it launched a voluntary investigation into its historical stock option grants and that restatements will likely follow.

The company's stock plunged 20 cents, or 5.2 percent, to $3.63 in after-market trading on the INET electronic exchange, after adding 8 cents to close at $3.83 on the Nasdaq. The shares have ranged between $1.73 and $5.49 over the past year.

Finisar joins a list of at least 187 companies that have disclosed Securities and Exchange Commission, Justice Department or internal probes into possible stock options backdating, according to an AP review.

The company said it reviewed grants made since its initial public offering in 1999 and concluded that it is likely that measurement dates for certain stock option grants differed from the recorded grant dates, and that it will probably need to restate past historical statements to correct the accounting. The company said it does not yet know the financial impact of the restatements, and that the investigation is ongoing.

Finisar also said it will delay filing full fiscal second-quarter results until the probe is complete.

Revenue for the three months ended Oct. 29 rose 25 percent to $108.2 million, from $86.6 million a year ago. While sales fell in the middle of the company's own guidance to $106 million to $112 million, they missed Wall Street's view. Analysts polled by Thomson Financial were looking for revenue of $110 million.

Finisar said optical subsystems and components revenue rose 27.8 percent to $99 million in the quarter. Network test and monitoring systems revenue were flat at $9.2 million.

On Wednesday, the company said its board of directors had approved a medical leave of absence for Chief Financial Officer Stephen K. Workman.

Judge Approves Delphi's SEC Settlement (AP)

By Bree Fowler, The Associated Press

AP, December 1, 2006

NEW YORK -- A federal bankruptcy judge on Thursday approved the settlement of accounting fraud charges against Delphi Corp. and six people, including the auto-parts supplier's former chief financial officer.

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Judge Robert Drain of the Southern District of New York called the settlement with the Securities and Exchange Commission "fair and equitable" and said it was in Delphi's best interest.

The SEC, in a filing in federal court in Detroit, had charged former Delphi Chief Executive J.T. Battenberg and others with participating in or aiding and abetting the company's fraud. It said on Oct. 30 that it had reached a settlement with Delphi and the six people.

Delphi, the nation's largest auto-parts supplier, filed for bankruptcy protection in October 2005. Resolving the SEC probe could help it move closer to emerging from bankruptcy next year.

Under the settlement, the Troy, Mich.-based company will not face penalties because of its cooperation with investigators. Delphi settled the charges "without admitting or denying the Commission's allegations," the SEC said at the time.

Under the settlement, former Chief Financial Officer Alan Dawes agreed to pay $687,000 in fines and restitution, and five others agreed to pay penalties.

The SEC investigation found that Delphi manipulated its earnings from 2000 to 2004, using several illegal schemes to boost its earnings, including the concealment of a $237 million transaction in 2000 with its former parent company, General Motors Corp., involving warranty costs.

The Justice Department has also been conducting a criminal investigation of the company related to the accounting practices.

Battenberg, Delphi's founding chairman after it was spun off from GM in 1999, announced his retirement in February 2005, shortly before the SEC probe was announced.

In addition to Battenberg and Dawes, the SEC complaint also named Paul Free, Delphi's former controller and chief accounting officer; John Blahnik, Delphi's former treasurer and senior vice president; Milan Belans, Delphi's former director of capital planning and pension analysis; Catherine Rozanski, Delphi's former director of financial accounting and reporting; and Judith Kudla, former director of finance in Delphi's information technology department.

Others charged include: Scot McDonald, who works for a Texas-based information technology company and formerly served as manager of U.S. GAAP Consulting and Reporting; B.N. Bahadur, who led a Michigan-based private management consulting company.

In addition, the complaint charged four other people with aiding and abetting Delphi's reporting and books-and-records violations: Atul Pasricha, Delphi's former assistant treasurer; Laura Marion, Delphi's former director of financial accounting and reporting; Stuart Doyle, a former client executive supporting the Texas IT company's relationship with Delphi; and Kevin Curry, a former client executive supporting the Texas IT company's relationship with Delphi.

In addition to Dawes, the SEC reached settlements with Pasricha, Bahadur, Marion, Doyle and Curry. Bahadur agreed to pay back nearly $490,000 in ill-gotten gains and interest and pay an $80,000 penalty; Pasricha agreed to a $55,000 penalty; Marion and Doyle agreed to pay penalties of $40,000 apiece and Curry agreed to pay a $25,000 penalty.

Street Sleuth Financial-Rule Overhaul Hits A Nerve (WSJ)

By Deborah Solomon And Kara Scannell

The Wall Street Journal, December 1, 2006

A blue-ribbon report calling for relaxation of some financial regulation and less-aggressive civil and criminal investigations drew a rebuke from state prosecutors, who called some of the recommendations "absurd."

At the same time, business groups and former regulators urged the Securities and Exchange Commission and Congress to move forward with several of the suggestions, saying existing rules and laws are handicapping U.S. financial markets. The report, details of which were previously reported, was released publicly yesterday.

The criticisms suggest that the attempt to trim rules adopted in the wake of recent corporate scandals such as at Enron Corp. and WorldCom Inc. will prompt a politically charged debate and slow possible action.

The Committee on Capital Markets Regulation report, assembled by a group of academics and executives, contains many recommendations that are either already under way or under discussion in Washington, including plans to relax a rule requiring that companies have strong internal controls over their financial reporting. But it also included some controversial ideas to

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strengthen shareholder rights, limit the liability of auditors and curtail the role of state authorities -- proposals that are unlikely to be adopted without prolonged debate.

The committee was financed with about $500,000 from the Starr Foundation, a wealthy nonprofit chaired by Maurice R. "Hank" Greenberg, former chairman of American International Group Inc. Mr. Greenberg resigned from AIG amid a state and federal investigation into improper accounting at the insurance giant. Lawyers for Mr. Greenberg have denied that he did anything wrong.

Another initial contribution of about $500,000 came from Wilbur Ross, a private investor who is also a committee member, and Kenneth Griffin, who heads Citadel Investment Group LLC, a large hedge-fund group. Mr. Ross, who has made a fortune buying distressed businesses on the cheap, restructuring them and then selling the companies off at a premium, said he decided to back the committee because he believes some regulation has gone too far and he wanted to help spark debate.

"The report has some very affirmative things about shareholder rights, which is certainly an area Ken and I are interested in, since we're often outsiders," Mr. Ross said in an interview.

Hal Scott, the committee's director and a Harvard law professor, said the money in no way influenced the report's recommendations and said no member of the committee was paid. "The amounts of money here are very modest, simply for drafting publication and so on," he said. "The committee is entirely independent of any donor."

The report is the first of several papers and roundtables expected to address rising concern by business that regulation and enforcement are driving up costs and hampering the ability to compete. Treasury Secretary Henry Paulson recently called for a re-examination of financial regulation, saying rules and laws were handicapping U.S. business, and he is assembling a conference on the topic early next year.

"Some of the specific suggestions are valuable, but the approach goes wrong in focusing so heavily on competitiveness when there is also much that needs to be done to better protect investors and assure the integrity of those who oversee and manage America's largest corporations," said former Treasury Secretary Lawrence Summers. "I hope the Bush administration will focus as intensely on helping the American manufacturing, American agriculture and American health-care industries as it is on this particular aspect of financial services."

While many of the recommendations would require regulatory adjustments, some would require legislation and some lawmakers were skeptical yesterday about the need for broad changes.

Sen. Christopher Dodd (D., Conn.), who is expected to be chairman of the Senate Banking Committee next year, didn't stake out a position on any of the recommendations but suggested he might not support sweeping change. "While we have an obligation to ensure that our legal and regulatory system helps to foster growth and promotes innovation, we must not damage the fundamental rights and protections that underpin the investor confidence critical to the success of our capital markets," he said in a written statement.

New York state's attorney general, Eliot Spitzer, who has taken the lead on several financial service investigations -- often outpacing the SEC -- lambasted the committee's recommendation to limit how and when state law-enforcement can pursue cases against financial institutions as "absurd."

Under the proposal, states could pursue actions if the SEC chose not to, but would be required to notify the SEC of its actions and permit the SEC to have a final say on any settlements that include a structural remedy of national importance. The committee also suggests the Justice Department have the ability to sign off on all state indictments of auditing or financial firms with national clienteles.

"To eviscerate the power of the one set of regulators who did anything is absurd," said Mr. Spitzer, who will become New York's governor in January.

Report On Corporate Rules Is Assailed (WP)

By Carrie Johnson

The Washington Post, December 1, 2006

Investor groups sounded alarms yesterday after it emerged that a foundation with ties to a pair of well-heeled business donors and an executive battling civil charges had funded a controversial new report seeking to slash corporate regulation.

The Committee on Capital Markets Regulation, which argues that U.S. markets are suffering under overzealous enforcement and unwieldy rules, said it received $500,000 in financial support from the C.V. Starr Foundation. The charity has longstanding ties to Maurice R. "Hank" Greenberg, the former American International Group chief who was ousted from his post last year and is contesting civil charges filed by the New York attorney general.

Two committee members, Wilbur L. Ross Jr., a private investor, and Citadel Investment Group manager Kenneth C. Griffin, contributed "a few hundred thousand dollars" more, Ross said in an interview. The panel was formed this year with support from Treasury Secretary Henry M. Paulson Jr., a former chairman of the Wall Street firm Goldman Sachs.

The lengthy report released yesterday recommended that businesses and boards of directors get increased protection from private lawsuits. Panel members also urged Congress to curtail the power of state officials to charge financial and audit firms with crimes. Businesses should face criminal charges only as a "last resort," the study says.

Consumer advocates seized on the issue to question the study's conclusions and the motives of the panel's members, who include top executives from some of the nation's largest accounting and investment firms as well as people with close ties to the Bush administration.

The report marks the first push in a powerful lobbying drive by business interests that had been silenced after frauds at Enron and WorldCom ignited investor outrage and prompted Congress to pass stringent corporate accountability legislation four years ago.

The group's 32 recommendations include rethinking the mission of the Securities and Exchange Commission to make it less antagonistic to business to adopt a more cooperative regulatory approach favored by British authorities. SEC commissioner Roel Campos, a Democrat, warned yesterday that rolling back a system of regulation that has protected U.S. investors for decades could have profound and costly consequences if it went too far.

"We can't be guilty of throwing the baby out with the bathwater," Campos said in an interview. "It's a dangerous thing to start talking about dismantling something that has worked so well for our country for so long and has produced great benefits in our capital markets."

Leaders at the nonprofit pension fund group Council of Institutional Investors said the proposals would "undermine the effectiveness of market watchdogs and weaken critical investor protections."

Barbara Roper, director of investor protection at the Consumer Federation of America, went even further, asserting that the capital markets group had preordained its conclusions and carefully selected statistics to make its case that more companies were listing their stocks on foreign markets because of burdensome U.S. rules.

"You could take every single step on their list, and when you were done, you would have done nothing to reverse recent trends, and in the meantime you would have made it significantly more difficult to hold corporate criminals accountable for their crimes," Roper said.

R. Glenn Hubbard, the former leader of President Bush's Council of Economic Advisers who co-chaired the capital markets panel, told reporters that "this commission was entirely independent of any donor."

Hubbard said the group has had little contact with Paulson since it was formed in September. Jennifer Zuccarelli, a spokeswoman for Paulson, said the Treasury secretary was not involved in the committee's work , but "we are always open to hearing new ideas from respected leaders."

In a speech last week, Paulson called for pruning nettlesome class-action lawsuits and rethinking duplicative regulations. He also promised to hold a separate conference early next year to address market competitiveness. That meeting would take place in a roundtable format and include industry and investor advocates. The members of the capital markets committee were tilted more toward industry rather than investor advocates.

"Where are the people who represent institutional and individual investors?" said Duke University securities law professor James D. Cox. "I see this as a very pro-executive position, well intentioned but misguided."

The group's recommendations do not uniformly give comfort to business. Executives at the U.S. Chamber of Commerce and elsewhere raised questions about the report's advocacy of increased shareholder democracy, including moves to give investors the right to vote on "poison pill" takeover defenses in certain cases and perhaps a better chance to propose candidates for corporate boards, a hotly contested area.

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Three weeks after Democrats regained control of both chambers of Congress, Hubbard, the group's co-chairman, took pains to say that many of its proposals could be enacted by securities regulators and the President's Working Group on Financial Markets, made up of the leaders of the SEC, Treasury Department and Commodity Futures Trading Commission.

Sen. Christopher J. Dodd (D-Conn.), soon to be chairman of the Senate Banking Committee, said in a statement that he would read the report as a "valuable contribution." But, Dodd added, "We must not damage the fundamental rights and protections that underpin the investor confidence critical to the success of our capital markets." Dodd said the country already has "the most effective system of laws and regulations ever designed and implemented."

A spokesman for the incoming House Financial Services chairman, Barney Frank (D-Mass.), said the lawmaker had yet to read the report.

Ross said he became alarmed after leaders of foreign firms in which he invests balked at issuing stock in the United States because of costs and regulatory uncertainty. "If it does nothing else than become the lightning rod for both sides of the discussion, that'd be good," he said.

CRIMINAL LAW:

Milton Street Pleads Not Guilty (PHI)

By John Shiffman

The Philadelphia Inquirer, December 1, 2006

Mayor Street's unpredictable brother somberly entered the U.S. Courthouse yesterday and pleaded not guilty to tax and corruption charges.

T. Milton Street Sr., who defended himself in extensive and emphatic media interviews after Tuesday's indictment, took a different approach yesterday. He declined to answer reporters' questions, as did his attorney, Jeanne K. Damirgian.

Prosecutors allege that Street, a former state lawmaker and hot-dog vendor, used his family name to win a $30,000-a-month contract with a firm that held a maintenance contract at Philadelphia International Airport. Street performed little or no work as a consultant on the deal, prosecutors said.

If convicted, Street faces about three years in prison, according to the advisory federal sentencing guidelines.

During the brief arraignment, U.S. Magistrate Judge Louis Felipe Restrepo set routine bail conditions for Street, 67, of Moorestown.

While awaiting trial, Street may not travel beyond eastern Pennsylvania, New Jersey, Delaware and Maryland. Restrepo told Street that he would not have to post bail, but that if he fled, he would have to forfeit $25,000.

Afterward, Street was fingerprinted and photographed by FBI agents and U.S. marshals.

A grand jury indictment alleges that Philadelphia Airport Services hired Street in 2002 as a consultant for $30,000 a month, hoping that his link as Mayor Street's brother would help PAS hold onto the lucrative airport contract.

Two PAS employees - Matthias A. Schwabe and John H. Velardi Sr. - are also charged in the case.

Schwabe intends to plead guilty, according to his lawyer, Harvey A. Sernovitz. Velardi pleaded not guilty yesterday.

Milton Street also faces tax charges. He is accused of underpaying his 2000 taxes by more than $55,000 and his 2001 taxes by more than $120,000. In 2002 and 2003, the grand jury alleged, Milton Street grossed $500,000 and $1.5 million, respectively, but did not file tax returns for those years.

The prosecutors in the case, Anthony Wzorek and Jennifer Arbittier Williams, declined to comment after yesterday's hearings. Their boss, U.S. Attorney Patrick Meehan, said Tuesday that Mayor Street is not suspected of any wrongdoing in the case.

No Joking Now: Street Pleads Not Guilty (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, December 1, 2006

DOJ_NMG_0100279

T. Milton Street Sr., the mayor's older brother, wasn't yukking it up with the news media yesterday as he did the day before when he spoke with reporters outside his Moorestown, N.J., home.

In fact, about the only thing Street uttered within earshot of reporters yesterday were the words "not guilty" in response to a question about how he wanted to plead to fraud and tax charges before U.S. Magistrate Judge L. Felipe Restrepo.

Street, 67, nattily dressed in a double-breasted, dark blue suit, white shirt and patterned tie, was released after a brief hearing and ordered not to travel outside of eastern Pennsylvania, New Jersey, Delaware and Maryland while awaiting trial.

He also was ordered to surrender his passport and to have no contact with other defendants or potential witnesses.

Street didn't have to post any bail but Restrepo said that if he fled he would have to forfeit $25,000.

No trial date was set. Street could face up to three years behind bars if convicted on all charges.

Street's court-appointed attorney, Jeanne K. Damirgian, declined to comment after the hearing.

Street was indicted by a federal grand jury on Nov. 28 on charges he defrauded a prospective airport subcontractor and failed to pay income taxes on more than $2 million of consulting and nonvending income.

Mayor Street was not charged with any wrongdoing in connection with his brother's alleged crimes.

The feds allege Milton Street traded off his name to get a $30,000-a-month consulting contract in 2002 with Philadelphia Airport Services and later parlayed that into a maintenance facilities subcontract even though he had no experience in the field.

Two former PAS employees - Matthias A. Schwabe and John H. Velardi Sr. - also were charged in the case.

Schwabe's lawyer, Harvey A. Sernovitz, said Schwabe intends to plead guilty to fraud and tax charges and cooperate with prosecutors if asked.

Velardi pleaded not guilty to fraud charges yesterday. He also was released under conditions similar to Street's.

Velardi, a former airport facilities director for PAS, and Street are charged in connection with a scheme to defraud a prospective airport subcontractor in the fall of 2003.

The feds say Street pocketed $80,000 in connection with the alleged fraud of V-Tech.

Velardi's attorney, Guy R. Sciolla, said he was skeptical of the feds' case against Velardi.

"The government is going to have to prove [Velardi] was involved in a fraud on the operatives of V-Tech at the behest of Street," Sciolla said. "I'm very interested to see how they're going to do that."

Phila. Mayor's Brother Pleads Not Guilty To Corruption Charges (AP)

By Kathy Matheson, The Associated Press

AP, December 1, 2006

PHILADELPHIA (AP) — A brother of Mayor John F. Street pleaded not guilty Thursday to accusations that he used his last name to get consulting work with companies that wanted lucrative city contracts and that he failed to pay taxes on $2 million in income.

T. Milton Street Sr., 67, appeared very briefly in federal court in Philadelphia to enter the plea. He was released on his own recognizance.

Prosecutors said that soon after his brother took office in 2000, Street began hiring himself out as a high-priced consultant to companies that wanted to do business with the city. One firm paid Street, who is a longtime hot dog vendor, a $30,000-a.m.onth consulting fee and required him to do no work, authorities said.

He and two other businessmen face charges of mail and wire fraud, filing false tax returns and related counts.

One of those businessmen, Matthias A. Schwabe, 38, of Malvern, plans to plead guilty to mail fraud and filing a false tax return, and intends to testify against Street, his lawyer told The Philadelphia Inquirer for a story Thursday.

"If the government wants him to be a witness, he will," said the lawyer, Harvey A. Sernovitz.

Sernovitz did not return messages left Thursday by The Associated Press. A spokesman for federal prosecutors, Richard Manieri, declined to say whether Schwabe would plead guilty.

Schwabe had worked as facilities maintenance manager for Philadelphia Airport Services, one of the companies that hired Street as a consultant.

The other man who was indicted, John H. Velardi Sr., 53, of Drexel Hill, was the company's airport facilities director.

In a separate arraignment Thursday, Velardi pleaded not guilty to mail and wire fraud counts. He was also released on his own recognizance.

Neither of the attorneys representing Street and Velardi would comment on Schwabe's planned plea.

The charges against Street also include an accusation that he defrauded a prospective airport contractor. The company gave Street $80,000 and he promised that he could get them a $3.2 million contract, but the contract didn't exist, prosecutors said.

U.S. Authorities Probe How Smartmatic Won Venezuela Election Pact (WSJ)

By BOB DAVIS And GLENN SIMPSON

Wall Street Journal, December 1, 2006

WASHINGTON -- Federal investigators are looking into whether Smartmatic Corp., a voting-machine company whose equipment is used widely in the U.S. and abroad, paid bribes to win a Venezuela election contract in 2004.

Smartmatic's actions already are under a separate investigation by the Committee on Foreign Investment in the U.S., which reviews foreign acquisitions to see if they pose national-security concerns. In 2005, Smartmatic, which is owned by Venezuelan investors who split their time between Caracas and Boca Raton, Fla., purchased a U.S. voting-machine company, Sequoia Voting Systems Inc. Cfius is looking at whether that acquisition should be reversed on national-security grounds.

At the same time, the Justice Department has been conducting a probe of Smartmatic for possible violations of the Foreign Corrupt Practices Act and recently started looking at possible tax evasion as well, said two individuals familiar with the case. The Justice Department has informed Cfius representatives from U.S. agencies about their inquiry, these people said.

Jeffrey Bialos, an attorney for Smartmatic, said yesterday the Justice Department told the company it was looking into its actions, but that Smartmatic wasn't a target of an investigation. Smartmatic employees haven't been subpoenaed in the inquiry, Mr. Bialos added. That suggests that the probe is at an early stage.

"The company believes it conducted itself properly and within the law," Mr. Bialos said. A Justice Department spokeswoman declined to comment.

Smartmatic has drawn attention because of concerns that the government of Venezuelan President Hugo Chávez, an opponent of U.S. policies, has a stake in the company. That is a focus of the Cfius review. In 2004, Smartmatic's machines were used in an election to recall President Chávez, which Mr. Chávez won handily -- and which members of the Venezuelan opposition say was riddled with fraud. Smartmatic machines will be used Sunday in Venezuela's presidential election.

The company said it is the victim of false allegations made by two former executives, whom the company declined to name. Smartmatic said it would shortly send the two former employees a letter to "cease and desist their activities," which Smartmatic said violated agreements they made with the company. News of the Justice Department probe was reported earlier by el Nuevo Herald, a Spanish-language newspaper in Miami.

Essentially, the Justice Department is looking into whether Smartmatic got its start in Venezuela by bribing officials and then improperly avoiding its tax liability in the U.S. The company says it paid $1.5 million to a Venezuelan consultant who is close to the Chávez government and helped to win Smartmatic business.

The allegation being investigated is that Smartmatic actually paid as much as $4 million to the consultant, then deleted a substantial portion of those payments from its corporate records to hide the extent of its payments to a friend of the Chávez regime. Antonio Mugica, Smartmatic's chief executive, said the company had budgeted a larger amount for the consultant than it ended up paying him, thus explaining the difference between the two amounts.

The tax question dates to late 2004 when Smartmatic scrapped a simple corporate structure, under which it was based in the U.S. with a Venezuelan subsidiary. It adopted a complex offshore structure, with headquarters in the Netherlands Antilles; a main subsidiary in the Netherlands; and a variety of subsidiaries in the U.S., Barbados, Venezuela and Mexico.

That raised the question of where to pay taxes on $25 million in revenue from a contract to supply voting machines for Venezuelan regional elections: the U.S. or a lower-tax jurisdiction. Smartmatic paid taxes in Barbados, which the company said was proper because one of its international companies signed the deal. "The taxes due and owed are to Barbados authorities," said Mr. Mugica, who added that the company had consulted legal counsel and accounting firms on the issue.

Mr. Mugica said the company hasn't thus far been harmed by publicity about the probes. Customers "welcome the fact" that the company is trying to clear up allegations concerning its actions, he said.

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U.S. Prison Population Sets Record (WP/AP)

The Washington Post, December 1, 2006

A record 7 million people -- one in every 32 U.S. adults -- were behind bars, on probation or on parole by the end of last year, a Justice Department report released yesterday shows.

Of those, 2.2 million were in prison or jail, an increase of 2.7 percent over the previous year, according to the report.

More than 4.1 million people were on probation and 784,208 were on parole at the end of 2005. Prison releases are increasing, but admissions are increasing more.

Men still far outnumber women in prisons and jails, but the female population is growing faster. Over the past year, the female population in state or federal prison increased 2.6 percent and the number of male inmates rose 1.9 percent. By year's end, 7 percent of inmates were women. The gender figures do not include inmates in local jails.

"Misguided policies that create harsher sentences for nonviolent drug offenses are disproportionately responsible for the increasing rates of women in prisons and jails," Marc Mauer, executive director of the Sentencing Project, a Washington-based group that supports criminal justice reform, said in a statement.

From 1995 to 2003, inmates incarcerated in federal prisons for drug offenses have accounted for 49 percent of total prison population growth.

The statistics are from the annual report by the Justice Department's Bureau of Justice Statistics. The report breaks down inmate populations for state and federal prisons and for local jails.

The study found that racial disparities among prisoners persist. In the 25-29 age group, 8.1 percent of black men -- about one in 13 -- are incarcerated, compared with 2.6 percent of Hispanic men and 1.1 percent of white men. The figures are not much different among women. By the end of 2005, black women were more than twice as likely as Hispanics and more than three times as likely as white women to be in prison.

There were significant changes in some states' prison populations. In South Dakota, the number of inmates increased 11 percent over the past year, more than in any other state. Montana and Kentucky were next, with increases of 10.4 and 7.9 percent, respectively. Georgia had the biggest decrease, losing 4.6 percent of its prison population, followed by Maryland (2.4 percent decrease) and Louisiana (2.3 percent).

Analysis: High Bar Set In AIPAC Case (UPI)

By Shaun Waterman, Upi Homeland And National Security Editor

United Press International, December 1, 2006

WASHINGTON, Nov. 30 (UPI) -- The government has been set a high bar for conviction in the AIPAC secrets case -- prosecutors must show the two lobbyists charged under espionage laws knew that the disclosure of the material they allegedly passed to reporters and Israeli officials would hurt the United States.

The defendants, Steven Rosen and Keith Weissman, lobbyists for the American-Israel Public Affairs Committee, or AIPAC, are charged with conspiring with Department of Defense intelligence analyst Larry Franklin to leak U.S. secrets in an apparent effort to influence U.S. policy towards Iran.

In a transcript of a recent pre-trial hearing, made available Tuesday, the judge in the case made it clear that prosecutors must prove intention, or what lawyers call "mens rea" -- Latin for "a guilty mind" -- for every element of the conspiracy.

"The Court imposed the requirement that the government prove that the defendant knew the information ... would harm the United States," Judge Thomas Ellis told the Nov. 16 hearing, though prosecutors had asked that this requirement be lifted.

That is important, explains government transparency advocate Steven Aftergood of the Federation of American Scientists, because it means the defendants, if found guilty, will have been proved to have "the intention of hurting the United States."

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"That distinguishes the activities with which they are charged from the routine activities of reporters and advocates," Aftergood told United Press International, "who may made trade in classified information," but don't so with the intention of harming U.S. security.

He called the bar set by the ruling "a considerable, possibly insurmountable obstacle" to the government.

In a statement announcing the indictment, prosecutors alleged that since at least April 1999, Rosen and Weissman had "use[d] their contacts within the U.S. government ... to gather sensitive U.S. government information, including classified information ... for subsequent unlawful communication, delivery, and transmission to persons not entitled to receive it."

The case has raised the hackles of civil liberties advocates who charge that zealous prosecutors are abusing an over-broad statute designed to punish spies to criminalize the everyday behavior of reporters, lobbyists, and researchers, all of whom occasionally trade in secrets, the stock-in-trade of Washington's back-room policy process.

Jonathan Turley, professor of law at George Washington University, told UPI that the prosecution had "radically expanded the practical scope of national security law." He said it had always been understood that government employees who leaked were in criminal jeopardy, but not the reporters -- or in this case lobbyists -- to whom they were leaking.

He said the case was an effort to "criminalize the act of simply receiving classified information."

Judge Ellis fueled those fears when told a hearing earlier this year that the law on its face applies to everyone: "academics, lawyers, journalists, professors, whatever."

The Department of Justice routinely declines comment on ongoing cases, but prosecutors have said in court filings that they "recognize that a prosecution under the espionage laws of an actual member of the press ... would raise legitimate and serious issues and would not be undertaken lightly.

Indeed," they conclude, "the fact that there has never been such a prosecution speaks for itself."

Rosen and Weissman's supporters say there is no difference between what they are charged with doing and what reporters and other members of what their lawyers call "the Washington policy community," do every day.

But the reality is more complex, according to former counter-intelligence officials who have followed the case.

They make a distinction between reporters -- who seek information about U.S. policy in order to publish it to illuminate public debate -- and the defendants, who are accused of using the information they obtained in a covert effort to influence U.S. foreign policy, including by passing it on to foreign government officials.

"This was a counter-espionage investigation," said one retired veteran, pointing out that it had been conducted by the counter-intelligence unit at the FBI's Washington Field Office.

"They were looking for spies. Those guys don't do leaks," he told UPI earlier this year.

The case was originally expected to come to trial this year, but due to its complexity, the date has been repeatedly deferred, according to Aftergood.

Judge Ellis now says he will reserve time in May and June 2007 for a possible trial.

He also said that a Justice Department investigation into who leaked word of the investigation to CBS News in August 2004 -- a full year before indictments were filed -- is "ongoing."

But defense lawyers said they had been told by "senior officials at CBS News" that no one there had been contacted about the investigation.

Nonetheless, the existence of that probe, and others confirmed by officials, including into the leaks about the existence of the National Security Agency's program of warrantless wiretaps aimed at suspected terrorists, raises concerns.

Critics like Turley accuse the administration of launching a "scorched earth campaign against whistleblowers."

He said the AIPAC case, the leak probes, and another investigation in which federal prosecutor Patrick Fitzgerald had sought to review the phone records of New York Times reporters, were all "part of a mosaic that threatens vital First Amendment institutions, like the press."

Federal Case May Redefine Child Porn (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, December 1, 2006

Justice Department indicts a photographer over a site that posted photos of clothed minors--a case that has raised First Amendment issues.

Jeff Pierson is a photographer whose action shots of hopped-up American autos laying waste to the asphalt at Alabama dragways have appeared in racing magazines and commercial advertisements.

Pierson's Web site boasted he has the "most wonderful wife in the world and two fantastic daughters." And until recently, he ran a business called Beautiful Super Models that charged $175 for portraits of aspiring models under 18.

In a federal indictment announced this week, the U.S. Department of Justice accused Pierson, 43, of being a child pornographer--even though even prosecutors acknowledge there's no evidence he has ever taken a single photograph of an unclothed minor.

Rather, they argue, his models struck poses that were illegally provocative. "The images charged are not legitimate child modeling, but rather lascivious poses one would expect to see in an adult magazine," Alice Martin, U.S. attorney for the northern district of Alabama, said in a statement.

Pierson's child pornography indictment arises out of an FBI and U.S. Postal Inspection Service investigation of so-called child modeling sites, which have been the subject of a series of critical congressional hearings and news reports in the last few years. An August article in The New York Times, for instance, called the modeling Web sites "the latest trend in child exploitation."

In addition to Pierson, the U.S. attorney also announced indictments against Marc Greenberg, 42, Jeffrey Libman, 39, partners in a Fort Lauderdale, Fla., business called Webe Web, which in turn ran the now-defunct ChildSuperModels.com site. It was one of the larger sites that featured photographs of child models, allegedly from Pierson, and became the target of a report on Florida's NBC6 affiliate suggesting that it was a magnet for pedophiles.

First Amendment scholars interviewed Wednesday raised questions about the Justice Department's attack on Internet child modeling. They warned that any legal precedent might endanger the mainstream use of child models in advertising and suggested that prosecutors' budgets might be better spent investigating actual cases of child molestation.

"I don't know what the DOJ's trying," said Lee Tien, an attorney at the Electronic Frontier Foundation, a civil liberties group. "The best I can say is that it's puzzling that they would devote investigative and law enforcement resources to something (like this). This is a far cry from what folks normally think of as child pornography."

The Web sites that prompted the indictments are now offline. But copies saved in Google's cache and through Archive.org show the photographs in question depicted girls wearing everything from sweaters to, more frequently, swimsuits and midriff-baring attire. Parents appear to have given their consent.

Richard Jaffe, Pierson's attorney, said he could not immediately comment because he was in court on Wednesday. Jill Ellis, a spokeswoman for the U.S. Attorney's Office in the northern district of Alabama, confirmed to CNET News.com that no nudity was involved. An arraignment for Pierson has been scheduled for December 14 before U.S. Magistrate Judge Robert Armstrong.

No sex, no nudity

Because no sex or nudity is involved, the prosecutions raise unusual First Amendment concerns that stretch beyond mere modeling-related Web sites: children and teens in various degrees of undress appear in everything from newspaper underwear advertisements to the covers of Seventeen and Vogue.

When actress and model Brooke Shields was 15 years old, for instance, she appeared in a racy Calvin Klein jean advertisement featuring the memorable line, "Nothing comes between me and my Calvins." Shields also appeared nude at 12 years old in an Oscar-nominated movie called Pretty Baby that was set in a New Orleans brothel. Similarly, 14-year-old Jodie Foster, wearing revealing clothing, played a pre-teen prostitute in Martin Scorsese's Taxi Driver.

Sally Mann, named Time magazine's "photographer of the year" in 2001, was attacked by critics for featuring nude images of her own children in a book called Immediate Family. Famed photographer Jock Sturges' photos often feature nude boys and girls on the beaches of California and France--images that are far more revealing than those of swimsuit-clad youths.

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All of that makes the distinction between legal child photography and illegal child pornography a particularly subjective one. It may come down to, as the Justice Department's Alice Martin put it, seemingly ephemeral factors such as the poses the model strikes and the camera angles the photographer chooses.

"Prosecuting cases on this borderline presents difficult First Amendment problems," said Amy Adler, a New York University law professor who has written about pornography, culture and the law. "The sexy teenager is sort of a mainstream trope. It's very different from babies being molested, and child pornography law doesn't make a distinction."

That's no exaggeration: The same section of federal law punishes a pedophile who makes a video recording of a baby being molested, as well as someone who possesses an image of a 17-year-old striking an unlawfully racy pose.

The explanation for that lies in a criminal statute called 18 USC 2252A, which Pierson is accused of violating. Child pornography is defined as the "lascivious exhibition of the genitals or pubic area of any person" under 18 years old.

Until a 1994 case called U.S. v. Knox, judges interpreted that language to mean either images of nude minors or of minors having sex. In that case, however, the 3rd U.S. Circuit Court of Appeals extended that definition to include videotapes of girls in leotards, and upheld Stephen Knox's conviction on child pornography charges.

"The genitals and pubic area of the young girls...were certainly 'on display' as the camera focused for prolonged time intervals on close-up views of these body parts through their thin but opaque clothing. Additionally, the obvious purpose and inevitable effect of the videotape was to 'attract notice' specifically to the genitalia and pubic area. Applying the plain meaning of the term 'lascivious exhibition' leads to the conclusion that nudity or discernibility are not prerequisites for the occurrence of an exhibition within the meaning of the federal child pornography statute," the 3rd Circuit wrote.

Courts have also looked to a 1986 case called U.S. v. Dost for guidance on what's "lascivious" and what's not. Among the factors they evaluate: whether the focus is on the child's genitalia or pubic area; whether the image suggests sexual coyness; and whether the visual depiction is intended or designed to elicit a sexual response in the viewer.

A crackdown's mixed results

Prosecutors have tried to target child modeling Web sites before, with mixed results.

In 2002, Colorado prosecutors charged James Grady with more than 719 felony charges--ranging from sexual exploitation of children to contributing to the delinquency of minors--for operating TrueTeenBabes.com. The Web site bills itself as "America's premier teen glamour publication" and sells subscriptions for access to nonnude shots of models between 13 and 17 years old.

TrueTeenBabes.com drew the attention of local television reporters, whose reporting sparked a police investigation. But a jury acquitted Grady, and he subsequently filed a lawsuit asking for $10 million in damages for wrongful arrest, according to the Rocky Mountain News. TrueTeenBabes.com is back online today.

In an unrelated prosecution of two Utah men, Matthew Duhamel and Charles Granere currently are facing federal criminal charges of child pornography. They're accused (click for PDF) of running a child modeling site--again, no nudity is alleged--that featured minors in lingerie.

They filed a joint motion in July, which was rejected, asking that the case be dismissed in part on First Amendment grounds. "It seems clear," the motion said, "that the genitals or pubic area of the person must be actually exposed or visible to fall within the proscription against exhibition."

The U.S. Congress tried to clear up some of the ambiguity around what is and what isn't legal but never actually enacted legislation.

In 2002, Rep. Mark Foley announced a bill called the Child Modeling Exploitation Prevention Act that would effectively ban the sale of photographs of minors. But under opposition from civil libertarians and commercial stock photo houses like Corbis, it never left committee. (Foley, of course, is the same politician who resigned in September after disclosures of inappropriate conversations with a teenage page.)

That leaves judges and juries faced with the difficult task of making distinctions between lawful and unlawful camera angles and facial expressions--an exercise that proves to be impossible to do without running afoul of the First Amendment.

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"How do we distinguish pictures like these (on child modeling sites) from the everyday photos that our culture tolerates and even prizes?" said Adler, the NYU law professor. "For instance, who's modeling in Vogue? A lot of those people are 15 and in scantily clad or suggestive photos."

Judge Sentences US Attorney Who Challenged Common Police Internet Sex Sting (FINDLAW/AP)

AP, December 1, 2006

(AP) - KANSAS CITY, Missouri-A lawyer convicted in an Internet sex sting was sentenced to five years in prison, capping a legal battle that challenged a common tool police use to catch sexual predators online.

Moments after a federal jury convicted Jan P. Helder Jr. in August 2005, the judge set aside the verdict and ordered him acquitted.

U.S. District Judge Dean Whipple said Helder could not be guilty because the person he communicated with online was actually an undercover detective in Platte County, Missouri, not a 14-year-old girl as he had believed.

Defense attorneys in similar cases around the country had raised the same argument as such stings became a common tool for trapping Internet sexual predators. Whipple's ruling was believed to be the first in which the argument succeeded.

The 8th U.S. Circuit Court of Appeals in St. Louis on Wednesday reinstated the jury's verdict against Helder and sent the case back to Whipple for sentencing. The appeals court said the critical issue was that Helder thought he was seducing a minor, not whether the minor truly existed.

Helder, 43, will not be eligible for parole.

Immigration Official Pleads Guilty To Falsifying Documents (WP)

By Jerry Markon

The Washington Post, December 1, 2006

A Department of Homeland Security supervisor pleaded guilty yesterday to pocketing more than $600,000 in bribes in exchange for falsifying immigration documents to help Asian immigrants obtain U.S. citizenship.

Prosecutors said Robert T. Schofield issued fake documentation for hundreds of immigrants during an eight-year scheme he ran out of his Fairfax County office. Schofield, 57, was a supervisor for U.S. Citizenship and Immigration Services, which processes immigration applications, until he resigned in the past two weeks .

Court documents said Schofield employed a network of brokers who brought him immigrants needing citizenship, a green card or entry into the United States. Earning up to $10,000 per immigrant, he used some of the money to buy his $387,000 Fairfax home and to pay down the mortgage, the documents said. When Schofield was arrested in June, federal agents found $3,900 cash in his jacket pocket in his office.

When he was arrested, Schofield supervised a staff of nine at the agency's Washington District Office. He had been the acting assistant director for examinations from 1998 to 2004, supervising 50 employees.

Schofield was not asked by the judge to explain his actions yesterday in U.S. District Court in Alexandria when he pleaded guilty to bribery and unlawful procurement of citizenship or naturalization. His lawyers declined to comment. He faces up to 25 years in prison when he is sentenced Feb. 23.

"The breadth and scope of Mr. Schofield's fraud and corruption are truly stunning," said U.S. Attorney Chuck Rosenberg. He said Schofield had "undermined our efforts to secure our borders."

Court documents indicate that accusations against the 30-year federal employee were not new. Over the past decade, federal officials investigated numerous bribery allegations involving Schofield and Asian immigration applicants when he worked at the former Immigration and Naturalization Service, according to court documents unsealed when Schofield was charged in June.

Schofield was demoted at one point for "conduct unbecoming a government employee," the documents say, and had an "inappropriate relationship" with a woman connected to an INS criminal probe. When confronted about that relationship by INS

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officials, Schofield fled to East Asia, where he made $36,000 worth of unauthorized purchases on his government-issued credit card, according to court documents.

It remains unclear when Schofield returned to the United States, how the previous investigations ended and how Schofield became a supervisor when the Department of Homeland Security took over INS's functions in 2003.

Assistant U.S. Attorney Ronald L. Walutes said that the evidence against Schofield in the current case was overwhelming and that the government "very strongly opposes" an effort by defense lawyers to get him released on bond before his sentencing. Court documents said the government has identified 184 illegal immigrants who falsely received U.S. citizenship from Schofield, but Walutes said the government believes the actual number is in the hundreds. "We have to go out and arrest these people," Walutes said. "It's a huge endeavor."

Defense lawyer Alan Yamamoto said that Schofield plans to help his old office examine files he handled to show how many false documents were issued and that it would be easier if he was free.

U.S. District Judge James C. Cacheris disagreed and ordered Schofield back to jail after the hearing.

Ex-official Admits Immigration Fraud (WT)

By Jerry Seper

The Washington Times, December 1, 2006

A former U.S. Citizenship and Immigration Services (USCIS) official pleaded guilty yesterday in federal court in Virginia to charges of accepting more than $600,000 in bribes from the brokers and immigrants in a scheme to award citizenship and naturalization documents.

Robert T. Schofield, a supervisory district adjudications officer at the Washington district office at USCIS, entered the plea before U.S. District Judge James C. Cacheris.

U.S. Attorney Chuck Rosenberg in Virginia said Schofield's co-conspirator, Qiming Ye of Washington, previously pleaded guilty to immigration fraud and is scheduled for sentencing on Dec. 21. The charges to which Schofield pleaded carry a maximum of 25 years in prison.

According to court documents, Schofield was responsible for providing supervisory oversight of USCIS adjudicators and for researching the eligibility of people seeking immigration benefits, employment and legal status under the Immigration and Nationality Act.

Mr. Rosenberg said an immigration officer at USCIS provided Homeland Security's Office of Inspector General with a list of aliens who received from Schofield naturalization certificates to which they were not entitled. He said the officer reported numerous aliens appearing at naturalization ceremonies asking for or carrying paperwork with Schofield's name.

The records show that Schofield used brokers to bring aliens to him who were willing to pay for U.S. immigration documents, each of whom had other brokers who located aliens interested in paying $30,000 or more for immigration documents they could not obtain legally.

Mr. Rosenberg said one broker was Ye, who, as part of his written plea agreement, will surrender his U.S. citizenship, which he received from Schofield. Mr. Rosenberg said the brokers together received from the aliens more than $2.5 million, from which they paid Schofield for the immigration documents he supplied.

The prosecutor said the government identified 184 aliens who received U.S. citizenship papers from Schofield over the past 10 years without the legitimate right to them. As part of a plea agreement, Schofield agreed to forfeit his residence in Fairfax County, his bank accounts and his government Thrift Savings Plan investments.

"The breadth and scope of Mr. Schofield's fraud and corruption are truly stunning," Mr. Rosenberg said. "Mr. Schofield undermined our efforts to secure our borders and undermined the good work of the many men and women engaged in that critical endeavor."

Immigration Fraud Case Nets Guilty Plea (AP)

By Matthew Barakat

The AP, December 1, 2006

DOJ_NMG_0100287

ALEXANDRIA, Va. - A former supervisor at the Department of Homeland Security pleaded guilty Thursday to accepting at least $600,000 in bribes to provide fraudulent citizenship documents to hundreds of Asian immigrants.

Robert T. Schofield, 57, who once supervised as many as 50 employees in the Citizenship and Immigration Services office in Fairfax, Va., pleaded guilty in U.S. District Court to bribery and to aiding and abetting the illegal procurement of citizenship.

He faces as many as 25 years in prison when he is sentenced in February. Prosecutors said they will seek the maximum sentence.

"We have to go out and arrest these people" who fraudulently obtained immigration and citizenship documents, said Assistant U.S. Attorney Ron Walutes. "It's a huge disruption."

Court records indicate that the government identified hundreds of people who in the past 10 years paid for and fraudulently received from Schofield authentic documents, including naturalization papers and temporary green cards establishing legal residence.

They paid money to immigration brokers, who cut Schofield in for a share of the profits. Court records indicate people paid as much as $30,000 apiece to the brokers for immigration documents. Brokers received at least $3.1 million cumulatively, of which Schofield received at least $600,000.

"The breadth and scope of Mr. Schofield's fraud and corruption are truly stunning," U.S. Attorney Chuck Rosenberg said in a statement.

A broker who paid Schofield, Qiming Ye of Washington, D.C., has pleaded guilty to visa fraud and awaits sentencing.

Another Ford Faces Corruption Charges (HC/AP)

By Woody Baird Associated Press Writer, The Associated Press

Houston Chronicle, December 1, 2006

MEMPHIS, Tenn. — Two city councilmen, including the uncle of U.S. Rep. Harold Ford Jr., were charged Thursday with taking thousands of dollars of bribes in exchange for their votes to allow new billboards in the city.

Memphis council members Edmund Ford and Rickey Peete face federal charges that they took nearly $7,000 and $12,000, respectively, from an informant.

Edmund Ford comes from a prominent political family in Memphis: His brother is former U.S. Rep. Harold Ford Sr., the first black congressman in Tennessee, and his nephew is Ford Jr., the unsuccessful Democratic nominee for U.S. Senate in November.

The informant paid the council members between Aug. 30 and Oct. 27 in exchange for their votes on a real estate proposal and the repeal of a moratorium on putting up billboards in the city, the FBI said. The informant, whose identity wasn't released, made audio and video recordings of cash payments to the men, the charges said.

The informant began working with federal agents after he was indicted on criminal charges in an unrelated investigation, the charges against the councilmen said.

Peete and Ford each made initial court appearances Thursday and were released on their own recognizance. Neither Peete nor Ford returned phone calls seeking comment.

The charges carry a maximum punishment of 20 years in prison and $250,000 in fines.

Peete was convicted on a separate federal bribery charge in 1989 while on the Memphis City Council and was sentenced to 2 1/2 years in prison.

After serving his time, Peete's voting rights were restored and he was re-elected to the City Council.

The charges are unrelated to the 2005 public corruption sting that ensnared five former and current Tennessee lawmakers, including Edmund Ford's brother, state Sen. John Ford.

Councilmen Ford, Peete Arrested; Businessman Cooper Also Charged (MCA)

By Michael Erskine And Lawrence Buser

Memphis Commercial Appeal, December 1, 2006

Memphis City Council members Edmund Ford and Rickey Peete were arrested today on federal bribery charges in connection with a public corruption investigation dubbed "Main Street Sweeper."

The pair allegedly received cash payments — a total of $12,000 for Peete and $6,900 for Ford — for their support of a real estate development, including a billboard, along I-240 and for securing votes of other council members. Ford also helped in the ultimate repeal of a moratorium on billboards.

In addition, perennial political candidate and businessman Joe Cooper was charged with money laundering in a separate investigation called "Clean Sweep."

Peete had an initial court appearance today and was released on his own recognizance. Ford is expected to have his tonight. Cooper will make a court appearance Friday.

According to the affidavit concerning Peete, an informant who represented clients before the City Council had an ongoing relationship with Peete in which he made cash payments for Peete's influence.

The unnamed informant, who was facing federal criminal charges, agreed to cooperate with FBI and DEA agents.

The informant allegedly paid Peete a total of $12,000 over three occasions in his Beale Street office in September and October of this year. Peete serves as executive director of the Beale Street Merchants Association.

According to the affidavit, Peete repeatedly expressed concerns about law enforcement investigations, once asking if he had to worry about "those folks ... alphabet boys." On a sheet of paper, Peete wrote down "FBI."

The informant allegedly also paid Ford a total of $6,900 on three occasions at Ford's business, E.H. Ford Mortuary.

At one point, the indictment said Ford put the money from the informant in his pocket and said, "I'll drum up seven (votes) or make somebody walk out."

Cooper's money laundering charges are based on his receipt of $3,500 in cash and a money order as partial payment toward the purchases of automobiles by drug dealers. The indictment said the charges arose from a long-running narcotics investigation that has already resulted in indictments charging 26 defendants.

The indictments were announced in a news conference Downtown at 4 p.m. by U.S. Atty. David Kustoff; My Harrison, Special Agent in Charge of the Federal Bureau of Investigation; Andy Dimond, Resident Agent in Charge of the Drug Enforcement Administration; and Shelby County Sheriff Mark Luttrell.

Officials said "Main Street Sweeper" remains an active investigation.

Harrison had a warning for public officials on the take: "Tap, tap, tap. You never know where we're going to be."

Peete is serving is second stint on the council. In 1989, he resigned less than halfway through his first term after being convicted of extorting $1,000 from a developer in exchange for a favorable vote on a land-use case.

He served about two years of a 30-month sentence.

Cooper served on the Shelby County Quarterly Court, the predecessor to the County Commission, from 1972 to 1977.

Cooper resigned after being convicted of conspiracy to misapply bank funds. He served four months in prison.

Evidence Points To Cooper As FBI's Informant (MCA)

By Marc Perrusquia And Trevor Aaronson

Memphis Commercial Appeal, December 1, 2006

December 1, 2006 Politician-turned-car salesman Joe Cooper has been many things over the years -- County Squire, convict, lobbyist -- and now FBI informant.

Federal prosecutors declined to name the confidential informant who wore a wire to help bring corruption charges Thursday against City Councilmen Rickey Peete and Edmund Ford.

Advertisement

Yet sources close to the probe say it was Cooper, who also was charged Thursday, and prosecutors' documents all but out him.

Pieced together, a pair of FBI affidavits solve the puzzle.

One says an unnamed informant -- facing a criminal charge in a drug case -- began cooperating this summer, telling of favors he'd done for the councilmen, "including assisting in Ford's acquisition of a Cadillac with financing in the name of third person."

The second affidavit also describes the Cadillac acquisition, but this time provides a name for the person arranging the deal -- Cooper, who until January worked as a salesman at Bud Davis Cadillac.

According to the affidavit of FBI agent Daniel A. Netemeyer, Cooper told the FBI he sold Cadillacs to Ford and former County Commissioner Michael Hooks Sr. "and that because these purchasers had bad credit he found a co-signer for the financing of each purchase."

Those purchases, first reported in The Commercial Appeal last year, involved leases co-signed by controversial developer Rusty Hyneman.

Cooper, 61, could not be reached Thursday. U.S. Attorney's spokesman Leigh Anne Jordan said she couldn't comment on the identity of a confidential informant.

For Cooper, an ex-convict, charges of laundering money for drug dealers could land him back in prison unless his role as an informant buys leniency.

Cooper, the former right-hand man for the late millionaire businessman William B. Tanner, has been a fixture in Shelby County politics since serving on the Shelby County Quarterly Court -- a predecessor to the County Commission -- from 1972 to 1977, when he was forced to resign after being convicted on bank fraud charges and sentenced to one year in prison.

Upon his release, he helped Tanner build an empire around billboards, banking and car dealerships and served as a member of the Beale Street Merchants Association, whose president is Peete.

At the same time, Cooper became a perennial political candidate, running unsuccessfully for such offices as Shelby County Register and County Commission.

Cooper's job as a salesman gave him the opportunity to land in court once again.

In a criminal complaint released Thursday, DEA Task Force Officer Kevin Helms said Cooper used Cadillacs to help alleged drug dealer Korreco Green launder illegal proceeds.

Cooper registered a $37,875 Cadillac Escalade under a friend's name, then allowed Green to use the car after he made a $7,500 cash down payment and agreed to make monthly payments of $1,300.

Cooper allegedly served as a middleman for money laundering as well as drug shipments. Cooper knew he was playing a dangerous game, telling Green at one point that he needed to change his phone to prevent a wiretap, according to the criminal complaint.

Staff reporter Cindy Wolff contributed to this report.

Conviction Overturned In 1997 Rape, Slaying (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, December 1, 2006

Judge Cites Failure to Contest Confession

A Norfolk judge has ruled that a sailor convicted in a 1997 rape and murder should be retried or released because his attorney did not attempt to have the sailor's confession thrown out.

Derek E. Tice, 36, is one of the convicted "Norfolk 4" sailors, who have launched a campaign to establish their innocence in the attack on Navy wife Michelle Moore-Bosko. Three of the four -- Tice, Danial Williams, 34, and Joseph Dick, 30 -- received life sentences for murder. Williams and Dick pleaded guilty. A fourth sailor, Eric Wilson, 29, was acquitted of murder but convicted of rape, served eight years, and has been released.

At one point, Norfolk authorities charged seven sailors in Moore-Bosko's rape and death, which occurred July 8, 1997, while her husband was at sea. But the defendants' DNA did not match DNA from the scene; their statements contained inaccuracies; and the Norfolk apartment yielded no evidence of a gang rape.

Then, an eighth man, Omar Ballard, confessed and said he had acted alone. And his DNA did match. Prosecutors dismissed charges against three of the sailors and went to trial against Tice and Wilson.

Last year, lawyers agreed to take on the cases of Tice, Williams and Dick at the request of the Innocence Project, which works on behalf of inmates the group believes were wrongly convicted. The group filed clemency petitions with the governor late last year, contending in part that the men were coerced into falsely confessing. The petitions are pending.

But Deborah L. Boardman, a Washington attorney for Tice, also filed a civil habeas corpus suit alleging that Tice was being illegally imprisoned. In particular, she asked how Norfolk homicide detectives obtained Tice's incriminating statement and whether Tice's attorney did enough to suppress it. Such suits rarely succeed.

After being warned against self-incrimination, Tice agreed to talk to two detectives. Then he was turned over to another detective, Randy Crank. According to Crank's notes, Tice told Crank that he had decided "not to say any more; that he might decide to after he talks with a lawyer or spends some time alone thinking about it."

Crank did not question Tice again. But the first two detectives resumed questioning, and Crank apparently did not tell them of Tice's comment, according to Norfolk Circuit Court Judge Everett A. Martin Jr.'s ruling.

Tice's "right to silence was not scrupulously honored," Martin wrote.

Tice was represented at trial by James O. Broccoletti and Jeffrey R. Russell of Norfolk, experienced criminal defense lawyers. Broccoletti testified at a hearing in September that "there must have been some reason I didn't file" a suppression motion, but he couldn't remember why.

"I find," Martin wrote, "there is a reasonable probability the jury would have acquitted [Tice] if his confession had not been admitted into evidence." He concluded that Tice's right to competent, reasonable assistance of counsel had been violated.

Tice's father, Larry Tice of Clayton, N.C., said the ruling "just goes to prove what I've known for years, that these men are innocent."

Assistant Attorney General Stephen R. McCullough said the state would appeal to the state Supreme Court. If the state loses on appeal, the Norfolk commonwealth's attorney would have to decide whether to retry the case.

Moore-Bosko's parents, Carol and John Moore of Pittsburgh, said they were "profoundly disappointed" by the ruling and believe that the evidence is clear that Tice raped and murdered their daughter.

Attention: Tim Kaine (WP)

The Washington Post, December 1, 2006

THIS WEEK, a judge in Norfolk threw out the conviction of Derek E. Tice, who is serving a life term in Virginia for rape and murder. The decision by Judge Everett A. Martin Jr. should move Gov. Timothy M. Kaine (D) to examine one of the most disturbing potential miscarriages of justice the commonwealth has seen in a long time.

Mr. Tice is one of four Navy sailors prosecuted for the 1997 rape and murder of a Navy wife, Michelle Moore-Bosko. All four confessed but now say their confessions were coerced with aggressive interrogation and threats of the death penalty. All have asked Mr. Kaine to free them, and they have made what seems a powerful case for their innocence. Yet for technical reasons, Mr. Tice is the only one who still has recourse to the courts -- which have now declared his conviction unconstitutional. Mr. Kaine is the only possible source of justice for the others.

The case of the "Norfolk 4" puts the governor in a difficult position. Almost all the evidence that collectively casts doubt on the convictions was available at the time police accused Mr. Tice, Joseph J. Dick Jr., Danial J. Williams and Eric C. Wilson of gang-raping and killing Ms. Moore-Bosko. What's more, in addition to confessing, two of the sailors pleaded guilty. Governors should not lightly overturn convictions under such circumstances.

But this case is extraordinary. Aside from the confessions, no evidence implicated anyone except a man named Omar Ballard, whose DNA was found at the scene. No physical evidence suggested more than one attacker. No DNA evidence linked any of the four sailors to the crime. The evidence was so weak that three other sailors initially charged had to be let go when they did not confess. For his part, Mr. Ballard made clear, even as police were focused on the sailors, that he had acted alone. He wrote in a letter: "Guess who did that Me. HA HA." And he told police as much when they asked him. He later changed his story and was spared the death penalty after pleading guilty to rape and murder. More recently, however, he has returned to his original version: "None of the other individuals who were charged with raping or killing Michelle were there or involved in any way," he said in an affidavit.

Judge Martin's opinion does not address Mr. Tice's guilt or innocence. It does, however, make clear that police interrogated him with improper aggressiveness -- continuing after he had unambiguously asserted his right to stop answering questions.

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The attorney general's office has announced that it will appeal the decision. And Mr. Kaine's office says the governor will not move on the clemency requests until all judicial proceedings are finished. That's wrong. Messrs. Dick, Williams and Wilson -- Mr. Wilson was convicted only of the rape and has been released -- have no judicial process available to them. Their petitions for clemency have been pending for more than a year. Given the magnitude of the injustice they claim, it's time Mr. Kaine gave them an answer.

Ryan Gets Bail While Appealing Fraud Case (AP)

By Mike Robinson

AP, December 1, 2006

CHICAGO - In a stunning decision, a federal appeals court has ruled that former Gov. George Ryan does not have to start his 61/2-year prison sentence as scheduled and may remain free on bond pending appeal.

But the appeals court said in its ruling Tuesday that if it upholds the racketeering and fraud conviction handed down by a federal court jury last April, the 72-year-old Ryan must go immediately to prison.

The appeals court's decision represented a setback for federal prosecutors who had argued that Ryan should start serving his sentence Jan. 4, as ordered by U.S. District Judge Rebecca Pallmeyer.

Prosecutors said there was little chance the guilty verdict reached after a six-month trial before Pallmeyer would be overturned on appeal, so Ryan should start his sentence as scheduled.

But Ryan's lawyers argued that the tumultuous jury deliberations at the conclusion of the case - in which two jurors were dismissed and replaced with alternates because of police records - were badly flawed. They said the likelihood the conviction eventually will be thrown out due to jury problems justified granting bond to Ryan.

A spokesman for the U.S. attorney's office, Randall Samborn, said Wednesday that the government would have no comment on the U.S. 7th Circuit Court of Appeals decision.

Reporters did not realize the ruling had been issued Tuesday until Wednesday morning.

Dan K. Webb, chairman of Chicago's Winston & Strawn law firm and leader of the Ryan defense team, issued a statement saying that "Gov. Ryan is grateful that the United States Court of Appeals for the 7th Circuit entered an order allowing him to remain free on bond pending appeal."

Webb noted that such decisions by the court are very unusual.

Longtime Ryan friend and businessman Larry Warner also was convicted in the trial. The appeals court's decision did not involve Warner or his 31/2-year prison sentence.

The four-page decision contained no explanation of the order.

"Appellant Ryan is granted bail pending the disposition of his appeal in this court," the order said. "If the judgment is affirmed the grant of bail will end automatically, without waiting for this court to issue its mandate." It said Ryan's legal team would get no extension to file briefs, signaling that the court wants no long delays.

The order was issued by a three-judge panel consisting of Chief Judge Frank H. Easterbrook and Judges Terence T. Evans and Diane S. Sykes.

Attorneys said there was no way to predict how long the appeals court would take to uphold Ryan's conviction or grant him a new trial. But the order suggested that Ryan will remain free pending that decision.

There was nothing in the order itself to hint at how the court might rule on Ryan's appeal. But prominent Chicago defense attorney Rick Halprin, who had predicted Ryan would get the unusual appeal bond, said the decision was guaranteed to rekindle hope within the Ryan camp.

"If you're George Ryan you have to be very encouraged by this," said Halprin, who does not represent anyone involved in the case. But he said the decision to grant bond was not "a sure predictor of what will happen."

Ryan was accused of steering lucrative state contracts, leases and other benefits to lobbyists and business friends who in turn provided him with gifts ranging from vacations in Jamaica to a free golf bag.

The former governor, known nationally for declaring a moratorium on the death penalty in Illinois, also was accused of using state employees and taxpayer dollars to run his political campaigns and other offenses.

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On Wednesday, state officials stripped him of a $197,000 annual pension, ruling that the conviction wiped out benefits built up from a 35-year career in public office.

Much of the evidence in the case involved actions taken by Ryan when he was secretary of state for eight years in the 1990s before his 1998 election as governor. The husky-voiced, snowy-haired Republican maintained to the end that nothing he did while in office violated the law.

Appeal bonds are unusual. Most criminal defendants in federal cases who are sentenced to prison must start serving their sentences soon afterward while their lawyers fight their appeals. Ryan's lawyers argued that the problems involving the Ryan jury made his case "a close call."

Pallmeyer suggested to lawyers in the case that her decision to replace jurors after eight deliberation sessions might well be considered an error by the 7th U.S. Circuit Court of Appeals.

Besides the jurors who were replaced, Ryan's lawyers cited a juror who brought legal papers she found on the Internet into the jury room.

In a 102-page September ruling in which she denied bail to Ryan, Pallmeyer said the jury problems were not serious enough to suggest that an appeals court was likely to overturn the conviction.

"When the alternates were initially excused the court directed that they not consider media attention until they learned that the verdict was returned," Pallmeyer said. Thus they were not biased by publicity surrounding the case after the verdict.

She said questioning of the alternates who were brought in showed that they "had not in fact been unduly exposed to trial publicity or the comments of third parties." She said the legal papers brought in by one of the jurors did not amount to enough to fatally prejudice the other jurors.

Ruling Gives Ryan Hope (CHIT)

By Rudolph Bush, Matt O'connor, And Ray Long, Tribune Staff Reporters. Tribune Staff Reporters Bob Secter And Jason George Contributed To This Report

Chicago Tribune, December 1, 2006

Video: Ryan granted appeal bond

A ruling that former Gov. George Ryan can remain free on bail during the appeal of his corruption conviction gives him a measure of hope that he ultimately may be vindicated.

The decision made public Wednesday by a three-judge panel of the 7th Circuit U.S. Court of Appeals spares Ryan from having to surrender to prison early next year as scheduled.

"It's a Christmas blessing," former First Lady Lura Lynn Ryan said from the doorway of the family's Kankakee home.

But several jurors who convicted Ryan in April considered the news a slap in the face.

"If you wanted me to speak of my emotions, you couldn't print it," said James Cwick, 23, of Glen Ellyn. "The proof of his guilt is there. He should be going to jail on Jan. 4."

The news wasn't all good for Ryan Wednesday. In Springfield, the seven-member General Assembly Retirement System voted unanimously to permanently cancel Ryan's $197,000-a-year pension because of his conviction.

The appellate court panel's ruling was short--a few legalistic sentences--and offered no explanation of the reasoning behind the decision. It overturned a ruling by U.S. District Judge Rebecca Pallmeyer denying Ryan freedom on appeal. But Ryan's lawyers had argued tumultuous jury deliberations raised significant legal questions that could result in a reversal of his conviction and a new trial.

The ruling gives Ryan reason to take heart, according to veteran criminal-defense lawyers who have regularly argued before the 7th Circuit.

The panel "decided that there's a realistic possibility or probability of appellate vindication," said attorney Allan Ackerman.

But Ryan has a long way to go to see the verdict against him overturned, the attorneys said.

The panel that granted Ryan a bond pending his appeal likely will not be the same group of judges that ultimately hears his appeal.

That panel will consider more thorough written arguments from prosecutors and Ryan's attorneys and likely will hear oral arguments as well. The appeals process typically takes months, if not longer.

`Completely new look'

"The judges who will hear his appeal ultimately will take a completely new look at it," said Joel Bertocchi, an attorney who specializes in appellate law.

And if Ryan's conviction is ultimately upheld, his bond will immediately be revoked, the appellate court ruled.

The ruling was the latest twist in a trial marked by extraordinary events.

Ryan was convicted in April on sweeping corruption charges that, as secretary of state and governor, he doled out sweetheart deals to friends and used state resources and employees for political gain. He was to begin serving a 6 1/2 year sentence on Jan. 4.

While the jury was deliberating, the Tribune reported that two jurors, Evelyn Ezell and Robert Pavlick, had concealed a history of run-ins with the law--information they should have revealed to the court months earlier, during jury selection.

After conducting her own investigation, Pallmeyer removed the jurors and replaced them, starting deliberations anew.

Before she was removed, Ezell was holding out against convicting Ryan.

After Ryan was convicted, his lawyers argued that he should remain free because of Pallmeyer's decision to replace the jurors.

They also argued that juror Denise Peterson did independent legal research.

In October, Pallmeyer denied appeal bonds for Ryan and his co-defendant, Lawrence Warner. She ruled that her decision to replace two jurors during deliberations likely would hold up on appeal.

The appellate court overruled Pallmeyer on Ryan's bond but did not consider bond for Warner because he has not requested it.

Warner, who was sentenced to 3 1/2 years, said Wednesday that he didn't ask for the bond because, unlike Ryan, he felt defeated.

Ryan "always thought it would come through, but he was the only one," Warner said.

Several jurors who convicted Ryan are eager to see the appeals court uphold their verdict--in part because turmoil in the jury room led to Ryan's receiving the appeal bond.

Peterson was incensed that Ryan received bond based in part on arguments that she acted improperly.

"I don't know how he can sleep at night," Peterson said of Ryan. "His guilt is absolutely clear cut. It's ridiculous that this man is being allowed to stay free."

Ezell thrilled by ruling

Ezell said she was thrilled by the ruling.

"I think that's great news," she said. "I am so happy for him. The verdict was a miscarriage of justice."

At Ryan's Kankakee home, meanwhile, there was jubilation.

"We're very, very happy," Lura Lynn Ryan said, declaring her husband's innocence. Ryan, who was in the house, did not speak to reporters.

Later, as the sun set, she came outside to turn on the family's Christmas lights, illuminating a manger set up in the front yard.

Her comments came less than hour before the General Assembly Pension System board decided to revoke Ryan's pension.

Former Gov. James Thompson argued unsuccessfully before the board two weeks ago that Ryan should be allowed to keep the portion of his pension he earned before he became secretary of state in 1995.

Since leaving the governor's office in 2003, Ryan has collected $630,000 from the state pension fund, said Timothy Blair, acting executive director of the pension system.

Ryan will not be required to return that money and "is eligible to be refunded the $235,508 he paid into the system."

After the meeting, Rep. Kurt Granberg (D-Carlyle), the board's chairman, said voting to deny Ryan's benefits was the "only legal recourse" the board had, saying members had the responsibility to take action.

"The whole policy was to serve as a deterrent" to other public officials from breaking the law, Granberg said.

Rep. Lee Daniels (R-Elmhurst), another board member, said the board "followed the law." But he added he had "tremendous" feelings for Ryan.

"This is a very good friend of mine," Daniels said. "It's a difficult time right now. I send my feelings and compassion to the governor and his family. It's a very sad time."

Lobbyist Tony Leone, a longtime friend of Ryan's who served as his clerk of the House, monitored the hearing for Ryan and said the former governor expected the decision.

`Only source of income'

"It's devastating because that's his only source of income other than Social Security," Leone said.

Though Ryan lost his pension, his legal representation won't suffer as he continues to receive the free services of star defense lawyer Dan Webb and a team of attorneys at Winston and Strawn.

Warner, his longtime friend who was convicted alongside him, said Wednesday that heavy legal bills were among the reasons he decided not to seek an appeal bond.

He added that he now might seek an appeal bond for himself.

"I'm starting to get encouraged about the appeal," Warner said. "I was so beaten after the sentencing I would have walked right into jail to get it over with."

Bertocchi cautioned that Ryan's victory doesn't mean the appeal will succeed.

"It is certainly good news for Ryan, but he is not out of the woods," he said.

The 7th Circuit reverses only a small percentage of the cases it hears, veteran defense attorneys said.

How long Ryan will have to wait before he learns his ultimate fate is unclear.

The appeals court appeared to send a strong message that it won't let Ryan's appeal drag on inordinately despite the marathon, six-month trial and its potential issues.

No additional time

In its order, the court noted that Ryan's lawyers wouldn't be able to seek delays by asking for additional time to file their legal brief.

As part of the schedule set weeks ago, the defense must file its papers by Dec. 14, little more than two weeks away.

Briefing would be completed by the end of January. That could open the way for the court to hold oral arguments on the appeal by as early as mid-March.

But other recent high-profile criminal cases have taken two years or more to be decided on appeal.

The 7th Circuit upheld former Cicero Town President Betty Loren-Maltese's fraud conviction in September 2005, more than two years after she filed her appeal in January 2003.

The court took 22 months to decide the appeal of former Chicago police Deputy Supt. William Hanhardt, convicted of heading a jewelry-theft ring.

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Chanos Asks FBI To Take Over Walters Land Deal Investigation (KLAS)

KLAS-TV, December 1, 2006

This week on Face to Face with Jon Ralston, Attorney General Goerge Chanos said the matter might go to a Grand Jury because the investigation found a pattern of favoritism over the deal.

Billy Walters told the I-Team's George Knapp Thursday that Chanos may have had a stake in the deal to turn Royal Links Golf Course into a housing development.

A day after the I-Team's George Knapp interviewed land developer Billy Walters, the FBI is now involved in the case.

Eyewitness News political analyst Jon Ralston reported that Attorney General George Chanos met Thursday morning with FBI agents and asked them to take over the investigation of Walters' dealings with the city of Las Vegas.

This is the latest round in what's becoming an increasingly nasty fight between A.G. George Chanos and Billy Walters. It all stems back to a proposal to turn Royal Links Golf Club into a housing development.

Chanos is asking the FBI to take over because he believes Walters has made him a potential witness in the case. He denies any wrongdoing.

During an exclusive interview with the I-Team's George Knapp, Walters claimed Chanos was potentially involved in the Royal Links deal. Walters says it was a Chanos' business partner who originally came up with the idea to turn the golf course into housing development.

Chanos says that's not true, but Walters' comments have created a conflict of interest. He also wants the feds to look into the possibiliity of bid rigging.

The city originally signed off on the deal and agreed to have Walters pay $7 million to remove a restriction, which would allow home construction. But the decision was reversed after Chanos launched an independent investigation amid allegations Walters' deal with the city was too good.

No criminal charges have been filed, but an investigation by a California law firm found a pattern of favoritism by the city. Walters did not participate in that investigation.

"What was told to me was that Chanos, the attorney general, has been Brett Torino's business partner, his attorney for many years, and that Torino raised $180,000 for him for his re-election campaign and they're married at the hip. Once I heard that, it was obvious to me it was part of his motivation for him and Torino to get even with me because I wouldn't sell my property to Torino," Walters told the I-Team's George Knapp.

Chanos says he's willing to take a lie detector test to answer Walters' claims.

The FBI will have to look into the case before deciding whether to investigate. If they don't, Chanos says he hopes his successor, Catherine Cortez Masto, will.

Walters said Thursday that he is willing to cooperate with her if she conducts the investigation.

This week on Face to Face with Jon Ralston, Chanos said the matter might go to a Grand Jury because the investigation found a pattern of favoritism over the deal.

Nevada Attorney General Wants FBI Probe (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, December 1, 2006

CARSON CITY, Nev. (AP) - Attorney General George Chanos says he met Thursday with a top Nevada FBI agent to seek a federal probe of developer Billy Walters' efforts to build up to 1,200 homes on land in Las Vegas that was supposed to be left open.

Chanos said that in his meeting with Steve Martinez, special agent in charge of the FBI's Las Vegas office, he also asked for a review of Walters' allegations that Chanos may have been involved in a deal with developer Brett Torino to get the same land.

"I told Mr. Martinez that I would be happy to take a polygraph, and testify under oath before a grand jury that what Walters said about me is absolutely false," Chanos said.

The attorney general said that in his private law practice he had represented Torino but had no business dealings with him and was unaware of any interest that Torino had in getting the Royal Links golf course land until Walters made his allegations.

Chanos said Martinez told him that the FBI will go through a review process before deciding whether to investigate the matter. He added that if the FBI doesn't move ahead, he'd encourage Catherine Cortez Masto, the state's incoming attorney general, to investigate.

Walters on Wednesday told KLAS-TV in Las Vegas that he had refused to sell the Royal Links property to Torino and as a result both Torino and Chanos wanted to "get even with me." He added that Chanos should be investigated.

Local government decisions favoring Walters were condemned in a 157-page report released in October - and Chanos, who sought the report, warned at the time that he could take legal action in the case.

Chanos said the report demonstrated "years of irregularities and failures by certain (Las Vegas) city employees in negotiating the lease of land, the transfer of water rights and the eventual sale of the land to Mr. Walters."

Chanos also said the November 2005 lifting of a deed restriction to let Walters build up to 1,200 homes on land that was supposed to be left open violated Nevada's Public Purpose Doctrine. The Las Vegas City Council later rescinded the decision.

The report, produced by the San Francisco-based Senn Meulemans law firm at a cost of $265,000 to the state, noted that investigators lacked subpoena powers and Walters and Richard Goecke, the city's former public works director, refused to fully cooperate.

Las Vegas police determined that Goecke may have committed felonies with decisions that benefited Walters, although Goecke denied trading favors with Walters. No charges were filed against him after prosecutors determined that statutory limitations had expired.

The 160-acre land parcel that Walters acquired for his golf course in 1999 was supposed to be a buffer between the city's water pollution control facility and any residential development.

Walters paid $854,000 for the land, and recently agreed to pay another $7.2 million in exchange for erasing the deed restriction prohibiting the homes. The land now has a value of at least $35.6 million, according to appraisals done for the city.

2 Wall Street Chiropractors Charged With Fraud (AP)

By Larry Neumeister, The Associated Press

AP, December 1, 2006

NEW YORK (AP) — Two Wall Street chiropractors were arrested Thursday on charges that they defrauded health care programs for the last six years by charging for services that were never provided.

Christopher Green, of Wantagh, and Michael Horowitz, of Marlboro, N.J., even submitted forms to insurance companies for services they claimed to have provided when they were out of town, according to a complaint in U.S. District Court in Manhattan signed by FBI Special Agent Shawn R. Mullen.

The probe into Green, 39, and Horowitz, 38, began after an FBI representative was told at a summer 2005 meeting of the National Health Care Antifraud Association that Green had billed Oxford Health Plans about $172,000 for treating Horowitz and Horowitz's wife, Mullen said.

"This amount was unusually high, and I was assigned to investigate for possible fraud," he said.

Mullen said he learned that Horowitz visited Green 230 times in 2002 while Horowitz's wife visited Green 229 times at Wall Street Chiropractic the same year even though she lived far away in Monmouth County, N.J. The business, located on Wall Street, had opened in February 2002.

"Monmouth County is over 50 miles from Wall Street Chiropractic, which would mean that Mrs. Horowitz traveled over 100 miles a day, several days a week, to see a chiropractor," Mullen said.

The agent said Green was licensed as a chiropractor in August 1992 while Horowitz was licensed in 1995.

The men were charged with fraud and mail fraud. Each was released on $150,000 bail after an initial court appearance Thursday.

Maurice Sieradzki, a lawyer for Horowitz, said he had no immediate comment. Bruce S. Rosenberg, a lawyer for Green, did not immediately return a telephone message for comment. The phone at Wall Street Chiropractic rang unanswered Thursday afternoon.

The chiropractors were accused of submitting false claims for reimbursement to health plan providers including Oxford Health Plans, Empire Blue Cross Blue Shield, Aetna and Cigna.

Mullen said he studied records of health care insurance providers who reimbursed them for claims submitted from January 2000 to the present, discovering that some patients visited Green an abnormally high number of times.

The agent said some patient data had been falsified, with information copied from one to another about items such as medical history, surgical history and allergies.

DOJ_NMG_0100297

Mullen said two members of the state Board of Chiropractic Examiners who authored the handbook for chiropractic practice in New York confirmed his belief that the number of visits of some patients, including Horowitz and his wife, was highly excessive.

Bust 2 Docs In Fraud Scam (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, December 1, 2006

Two Wall Street chiropractors were nabbed in a massive fraud scheme yesterday, accused of billing for 460 bogus visits by one of the defendants and his wife in the same year, Manhattan federal prosecutors said.

Christopher Green, 39, of Wantagh, L.I., and Michael Horowitz, 38, of Marlboro, N.J., were arrested early yesterday after an investigation by the FBI found they had duped private insurance companies out of hundreds of thousands of dollars.

The feds say Green submitted claims for an undercover FBI agent on two days the agent hadn't even visited his offices at 80 Wall St.

The partners were accused of using the identical diagnosis for different patients and suggesting one treatment that would have caused debilitating injuries had it been tried. Agents said the doctors recommended that a patient with a metal rod implanted in the spine receive electric stimulation.

Experts consulted by the FBI said such a procedure was a bad idea.

Agents became suspicious last year when they discovered that Green had billed $172,000 to treat Horowitz and his wife. Green billed for 230 visits by Horowitz in 2002 and another 229 for Horowitz's wife, Cecilia, the same year, the indictment claims.

FBI special agent Shawn Mullen said that "would mean that Mrs. Horowitz traveled over 100 miles a day, several days a week, to see a chiropractor."

Priest Pleads Guilty In Child Porn Case (NSDY)

By John Moreno Gonzales, Newsday Staff Writer

Long Island Newsday, December 1, 2006

A Catholic priest based in Roosevelt pleaded guilty Thursday to possession of child pornography and acknowledged grappling with sexually compulsive behavior years before his arrest.

Thomas G. Saloy admitted in a steady voice to Judge Joseph F. Bianco that he kept at least three sexually explicit images of minors in his rectory computer. The felony plea could cost Saloy, 45, up to 10 years in prison or a psychological treatment facility. He was suspended by the church after his Nov. 17 arrest and has been confined to a psychological ward at Mercy Medical Center in Rockville Centre since then.

"After the FBI investigation began, I took an overdose of pills and slit my wrists," the slightly built cleric said, looking straight at the judge who asked him several questions about his mental state in preparation for sentencing on March 23.

Saloy served for nearly a decade at Our Lady of Grace Roman Catholic Church in West Babylon before transferring to Queen of the Most Holy Rosary Church in Roosevelt earlier this year. He told the judge in the same matter of fact voice that he sought counseling for sexual impulses as early as 2000, when he joined Sexual Compulsives Anonymous.

"What you see is a person who is accepting responsibility," Saloy's lawyer, Peter Rubin of Rockville Centre, said after the plea in U.S. District Court in Central Islip.

But Barbara Dorris, outreach director of SNAP, the Survivors Network of those Abused by Priests, wondered if that were true.

"We're glad that Father Saloy has admitted his sex crimes and compulsions, and hope he is telling the full truth," she said. "We also hope that his parishioners and colleagues ask others, especially children, if Father Saloy ever hurt them."

Sean Dolan, a spokesman for the Diocese of Rockville Centre, said "nothing indicated Father Saloy had any such compulsion" before his arrest.

"We've been transparent with all the parishes that Father Saloy has served in and raised awareness of sexual abuse," Dolan said.

Saloy was ordained in 1988 and has also served at St. Mary's Roman Catholic Church in East Islip and the Parish of St. Raphael in East Meadow.

At the time of his arrest, prosecutors said Saloy stored 1,300 sexually explicit images of minors on his rectory computer. But in court Thursday, prosecutor Allen L. Bode acknowledged that many of the images were duplicates or items that Saloy had not actively solicited.

But Bode emphasized that he could prove Saloy downloaded at least three items and had viewed one video of child pornography just days before his arrest.

Bianco ordered that Saloy be held for now at St. Luke Institute in Silver Spring, Md., a facility that has treated clerics for sexual disorders. Bianco ordered that he have no access to children, the Internet or the outside world while there.

Long Island Priest Pleads Guilty To Possessing Child Porn (NSDY/AP)

Long Island Newsday, December 1, 2006

CENTRAL ISLIP, N.Y. (AP) _ A priest who collected hundreds of child pornography images off the Internet for 2 1/2 years pleaded guilty Thursday in federal court to possessing them.

Thomas G. Saloy, 45, an administrator of the Queen of the Most Holy Rosary Church in Roosevelt, entered his plea in U.S. District Court after originally pleading not guilty on Nov. 17.

"It was a very good plea offer, allowing immediate access to psychiatric therapy and other required treatments," said Saloy's lawyer, Peter M. Rubin.

Rubin said the good deal reflected Saloy's "limited activity."

During the hearing, the Roman Catholic priest admitted having more than 600 illegal images on his computer.

Saloy was scheduled to be sentenced March 23; he faces a maximum of 10 years imprisonment, a life term of supervised release and a $250,000 fine.

Saloy was arrested Nov. 17 after he was snagged in a federal probe looking into the trading of child porn via the AOL Internet service.

FBI agents seized computer equipment near Milwaukee last year and found an e-mail from Saloy depicting sexually explicit images of boys. That prompted authorities to open an investigation into Saloy, who was assigned to a church in West Babylon at the time.

In September and October of this year, authorities said, Saloy contacted an undercover detective who was posing as a 16-year-old boy in an AOL chat room.

The two had sexually explicit conversations, prosecutors said, and Saloy asked the detective to send him child porn.

On Nov. 6, the FBI and the Suffolk County Police Department raided Saloy's rectory residence and confiscated his computer, which contained images and videos of children engaged in sexually explicit conduct.

Saloy was ordered to remain at a secure hospital psychiatric ward. The judge said he can obtain psychiatric treatment at a program for sex offenders in Silver Spring, Md., while subject to electronic monitoring.

Guilty Plea In Theft Of Roosevelt's Gun (NSDY/AP)

By Dino Hazell, Associated Press Writer

Long Island Newsday, December 1, 2006

NEW YORK -- A man who stole the gun Theodore Roosevelt used in the Spanish-American War's most famous battle has pleaded guilty to violating a law designed to protect cherished U.S. antiquities, prosecutors said.

"Today's guilty plea effectively ends a 16-year-old mystery, and a treasured piece of American history has been returned to the public," U.S. Attorney Roslynn Mauskopf said Thursday in a statement.

Roosevelt carried the 1892 double-action six-shot revolver when he was serving as the regimental commander of the Rough Riders during the charge up Cuba's San Juan Hill in 1898.

The gun, which was valued at up to $500,000, was stolen in April 1990 from the Sagamore Hill National Historical Site, Roosevelt's former home in Oyster Bay, N.Y. The revolver had been in a display case that had no alarm.

The FBI recovered the gun this year. It was returned to Sagamore Hill, which was Roosevelt's home from 1885 until his death in 1919.

Anthony Joseph Tulino, a postal worker from DeLand, Fla., who was living in New York, pleaded guilty to a violation of the American Antiquities Act of 1906, which Roosevelt signed into law. It prohibits the theft of relics from U.S. government property.

Tulino, 55, faces up to 90 days in jail and a $500 fine.

A telephone at the office of Tulino's attorney, Thomas Sommerville, rang unanswered Thursday night, and Sommerville didn't immediately return an e-mail seeking comment. He had declined to comment when his client was charged earlier this month.

Police were tipped off after Tulino's best friend saw the gun, which was kept in a closet at his Florida home.

The .38-caliber Colt revolver originally was acquired by the U.S. government for the Navy in 1895. It was in the armory of the USS Maine when the battleship mysteriously sank in Havana Harbor on Feb. 15, 1898, leading to the war. It was recovered during a salvage mission by one of Roosevelt's relatives, who gave it to him.

An inscription on the revolver reads, "July 1st, 1898, San Juan, Carried and Used by Colonel Theodore Roosevelt, From the Sunken Battle Ship Maine."

Central Islip: A Plea In Historic Gun Theft (NYT)

By Jennifer 8. Lee

The New York Times, December 1, 2006

A man pleaded guilty yesterday to the theft of a revolver believed to have been used by Theodore Roosevelt during his charge up San Juan Hill in the Spanish-American War, federal prosecutors said. They said the man, Anthony Joseph Tulino, 55, stole the revolver from a display case at the Sagamore Hill National Historical Site in Oyster Bay in April 1990. It was recovered this year by the F.B.I. Mr. Tulino pleaded guilty in Federal District Court to violating the American Antiquities Act of 1906, which Roosevelt himself signed into law. The value of the firearm, an 1892 Colt .38-caliber revolver, is estimated at $250,000 to $500,000.

Violent Crimes Leap In City (MJS)

By John Diedrich

Milwaukee Journal Sentinel, December 1, 2006

Robbery, assault wave is among worst in U.S.

New York - Milwaukee is among the leaders in a spike in violent crime being reported this year in numerous cities across the country, according to figures presented at a conference here this week.

In the first six months of 2006, robberies were up 36% and aggravated assaults were up 31.6% compared with the same period in 2005, according to a survey published by the Police Executive Research Forum. Of the 55 U.S. police departments in the survey, only Minneapolis had a higher combined increase in those categories.

Certain cities, especially the largest, have not had a similar rise in violence, prompting some experts to caution that more data is needed before concluding that the nation as a whole is seeing a new wave of crime.

Others, however, are convinced that crime is on an upward trend.

"I think there is something important going on out there," David Kennedy, director of the Center for Crime Prevention and Control at the John Jay College of Criminal Justice, which hosted the conference, said Thursday. "My bones tell me that something is changing."

Several police chiefs have concluded that the jump in violent crime is not a blip but the start of a troubling trend that must be tackled, said Dean Esserman, chief in Providence, R.I.

Violent crime nationally in 2005 showed the largest single-year increase in 14 years, and many cities report that the trend is continuing this year.

Esserman noted that chiefs and mayors from 50 cities attended a conference in August, and most reported violent crime is on the rise. At the time, Los Angeles Chief William Bratton called it a "gathering storm," though it has not hit his city yet.

"The reality is overwhelming," said Esserman, of the Police Executive Research Forum, which hosted that August conference. "Everyone told the same story with desperation and anger."

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In Milwaukee, police reported a leap in violent crime in 2005 compared with the previous year. Officials acknowledge an increase but cautioned that their 2004 figures might have been faulty because of computer problems. But whatever the increase in 2005, the key categories of robbery and aggravated assault are up significantly this year. Homicides down, shootings up

So far, homicides in Milwaukee are down - almost 16% compared with this time last year, with 97 killings to date and 115 at this time in 2005. But officials say non-fatal shootings are rising. Froedtert Hospital in Wauwatosa expects to treat 34% more gunshot victims this year than last, and Children's Hospital of Wisconsin is up 38%.

Experts say that the total number of shootings - not just the fatal ones - is a better measurement of gun violence.

The Journal Sentinel reported last month that about 600 people a year are struck by gunfire in Milwaukee and survive. Shootings cost taxpayers, hospitals and people with insurance tens of millions of dollars a year, the newspaper found. They also consume police officers' time, leading to slow response for less urgent calls. For months, residents have complained about response times not only for low-level calls but also for more serious crimes.

Police Chief Nannette Hegerty has formed a group in her department to study police responses and consider changes, as it struggles with the surge in violence. One option being considered is whether to continue sending officers to certain lower-priority calls, perhaps handling the calls over the phone or by computer.

Hegerty and other chiefs report seeing more shootings and homicides resulting from arguments that earlier might have been settled with fights. They also are reporting more robberies, with the victims sometimes getting shot even after giving up cash. Boston less of a 'miracle'

Milwaukee and many other cities have looked to Boston to see why homicides there dropped from 152 in the early 1990s to 31 a decade later. The so-called Boston Miracle formed a coalition of ministers, social workers and others to reach at-risk youth, but with success, the plan drifted.

Last year, there were 75 homicides in Boston, a 10-year high, and about 300 non-fatal shootings. This year, there have been 69 killings so far, and non-fatal shootings were up 80% in the first half of the year, said Larry Mayes, chief of human services in Boston. That shooting pace has slowed in the second half of the year, as the city returned to the plan.

Boston is making up for a shortage of police officers, but Mayes said crime suppression isn't the ultimate answer. "You really need to drill down to the root of the problem," he said.

Looking for reasons behind the current jump in crime, experts say it's helpful to look at the last jump in crime, between the mid-1980s and early 1990s.

Crack cocaine was blamed for that spasm of violence across the country, including in Milwaukee; it was fueled by the availability of handguns, with many more young males, who were particularly reckless, perpetrating crimes. Milwaukee had 168 homicides in 1991. 'Where is the moral outrage?'

The drop that began in 1993 is attributed to several factors, including police crackdowns on illegal guns, a drop in demand for crack, a strong economy and perhaps high incarceration rates, said Alfred Blumstein, a criminal justice professor at Carnegie Mellon University. But Blumstein said incarceration increased in the 1970s before the explosion of violent crime, challenging the notion that lockup rates reduce crime.

Experts suggest that possible factors behind the recent increase include easier access to guns, a slow economy, parole of prisoners and less federal money for social services and officers as resources go to homeland defense.

Esserman and other chiefs fault the U.S. Justice Department for forgetting crime as it focuses on terrorism. After the meeting in August, federal officials promised to study the issue, which Esserman called absurd. He said action is needed.

Esserman said another ingredient is getting everyone to care about the violence. He said that too often, the public gives a collective shrug over rampant violence because it affects poor people, usually in the African-American community.

"It has become tolerated. It has become acceptable," he said of the roughly 16,000 homicides every year. "Where is the moral outrage?" On the Web

"A Gathering Storm - Violent Crime in America," a report published by the Police Executive Research Forum, is at www.policeforum.org.

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CIVIL LAW:

Govt. Fights Morning-after Pill Subpoena (AP)

AP, December 1, 2006

A reproductive rights group is on a "fishing expedition" and should be denied access to White House e-mails and other documents it seek as part of a lawsuit promoting unfettered access to the morning-after pill, the Justice Department said Thursday.

The Center for Reproductive Rights subpoenaed the White House in mid-November as part of its lawsuit against the Food and Drug Administration. The group sued seeking to lift all age restrictions on nonprescription sales of the Plan B emergency contraceptive pills. It wants the White House documents to determine whether it interfered with the FDA's handling of a request by manufacturer Barr Pharmaceuticals Inc. to allow unrestricted, over-the-counter sales of the pills.

In a Thursday letter, Justice Department attorney John R. Tyler told the Center it hadn't demonstrated the adequate need required to gain access to White House documents.

"Plaintiffs have not met this heightened standard, and the subpoena is a fishing expedition to probe the internal processes of the White House," Tyler wrote.

The Center will continue to pursue the lawsuit and compel the White House to provide the documents it wants, spokeswoman Dionne Scott said.

The Center's lawsuit hit a snag Nov. 21 when a judge issued a stay that keeps the FDA from having to turn over further agency documents. Scott said the stay doesn't apply to the White House subpoena; Tyler said the stay, until lifted, made it "inappropriate" for Center lawyers to pursue the subpoena.

In August, the FDA said it would let women 18 and older buy Plan B without a prescription, but younger women would still need a doctor's note. The restricted over-the-counter sales began in November.

The morning-after pill is a high dose of the most common ingredient in regular birth control pills. When taken within 72 hours of unprotected sex, the two-pill series can lower the risk of pregnancy by up to 89 percent.

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On the Net:

Center for Reproductive Rights: http://www.crlp.org/

Larkin, Individuals Pay $15.4M To Settle Kickback Allegations (SOFLABIZ)

South Florida Business Journal, December 1, 2006

Larkin Community Hospital in Miami and its current and former owners have paid $15.4 million to settle federal and Florida civil health care fraud claims against them.

The Justice Department said the individuals involved are Dr. Jack Michel, Dr. James Desnick, Morris Esformes and Philip Esformes.

Also involved in the settlement: 34 related companies owned by the Esformes used to operate nine assisted living facilities; Claudia Pace, an employee of one of the Esformes-owned companies; and Frank Palacios, a longtime employee of the hospital.

The settlement resolves the civil case United States v. Jack Jacobo Michel, M.D., et al., which the government filed in 2004, alleging violations of the False Claims Act.

The state of Florida joined the suit later that year.

The government alleged that, in 1997, Larkin, then owned by Desnick, paid kickbacks to physicians in return for patient admissions.

The United States contended the primary recipient of the kickbacks was Jack Michel, whom it said was paid for patient admissions to Larkin by himself and his brother, Dr. George Michel.

Jack Michel purchased Larkin in 1998.

In 2000, Desnick was a party to a $14 million settlement with the United States for a similar kickback scheme from 1992 to 2000 at another facility he owned, Doctors Hospital of Hyde Park in Chicago.

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The United States also alleged in the Michel suit that, from 1998 to 1999, Jack Michel, George Michel, Morris Esformes, Philip Esformes, Frank Palacios and Claudia Pace conspired to admit patients to Larkin for medically unnecessary treatment.

The government asserted that some of these patients came from assisted living facilities owned and operated by Jack Michel, Morris Esformes and Philip Esformes.

"The Department of Justice is committed to vigorously litigating cases about conduct that undermines the integrity of the Medicare and Medicaid programs," said Peter D. Keisler, assistant attorney general for the department's civil division. "We will not tolerate health care providers who pay kickbacks or perform medically unnecessary treatments on elderly beneficiaries in order to generate Medicare and Medicaid payments."

High Court Vets False Claims Act (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, December 1, 2006

A 17-year-old whistleblower suit by a now 81-year-old former engineer at the Rocky Flats nuclear weapons plant has triggered U.S. Supreme Court review of a crucial issue under the fastest growing area of federal civil litigation today, the False Claims Act.

In Rockwell International Corp. v. U.S. and ex rel. Stone, No. 05-1272, the justices on Dec. 5 will examine a critical restriction on who can bring so-called qui tam lawsuits under the act.

Was Principal Engineer James S. Stone "an original source of the information" that served as the basis for a jury's finding that Rockwell, starting in 1987, violated the act by hiding from the government environmental, safety and health problems related to its processing of nuclear waste?

The high court's interpretation of a statute that Justice Samuel A. Alito Jr. as a lower court judge criticized as unclear will affect not only who qualifies as a qui tam "relator" but also the ability of defendants, often large corporations, to dismiss early these complex and expensive suits.

The False Claims Act is becoming the principal tool by which the federal government combats fraud, said FCA practitioner Peter B. Hutt II, a partner at Miller & Chevalier, who filed an amicus brief supporting Rockwell on behalf of the Washington Legal Foundation.

The FCA provides for treble damages and penalties and a lesser burden of proof than criminal statutes that require proof beyond a reasonable doubt and do not necessarily allow the government to recover as much money, he explained.

"Anyone who does business with the federal government and takes federal money in any way is a potential target of an FCA lawsuit either by the federal government directly or by a qui tam plaintiff," said Hutt. "There has been a constant, slow increase in the number of cases, constantly changing theories of liability and new classes of industries as defendants."

And where there is alleged fraud by large companies, such as by the most recent target -- pharmaceutical companies -- Hutt said, "The dollars get very large, very quickly."

From fiscal years 1987 through 2005, settlements and judgments for the federal government in FCA cases have exceeded $15 billion, of which $9.6 billion, or 64 percent, was for cases filed by whistleblowers under the FCA's qui tam provisions, according to a report last January by the U.S. Government Accountability Office. The whistleblowers' share of the qui tam settlements and judgments was more than $1.6 billion during this period.

QUI TAM HURDLES

The FCA provides that any person who knowingly submits, or causes the submission of, false claims for government funds or property is liable for damages and penalties.

Under the FCA, the government can prosecute an action on its own, or a private person may bring a qui tam action. The FCA calls a qui tam plaintiff a "relator," also known popularly as a whistleblower.

The government has the right to intervene in the relator's lawsuit. If the government declines intervention, the relator has the right to go forward alone.

To prevent so-called parasitic lawsuits by relators who try to capitalize on information about fraud already made public, the FCA prohibits qui tam suits "based upon the public disclosure of allegations or transactions in a criminal, civil, or administrative

hearing, in a congressional, administrative, or [Government Accountability Office] report, hearing, audit, or investigation, or from the news media."

This "public disclosure" bar has one exception. A qui tam suit that triggers the public-disclosure bar may proceed only if the relator is "an original source of the information." An original source must have "direct and independent knowledge of the information on which the allegations are based," and have "voluntarily provided the information to the Government before filing [a suit] which is based on the information."

The original-source exception is at the heart of Rockwell's case in the Supreme Court. It has argued unsuccessfully before a district court and an appeals court that Stone was not an original source because he had no first-hand knowledge of the fraud at issue.

"The public-disclosure bar with its original-source exception is the single most litigated issue in the entire False Claims Act jurisprudence," said John T. Boese, partner in the Washington office of New York's Fried, Frank, Harris, Shriver & Jacobson and author of the leading FCA treatise, Civil False Claims and Qui Tam Actions.

The government, he said, intervenes in about 20 percent of all qui tam cases. In the 80 percent proceeding without the government, the original-source issue arises in much more than half, he said, adding, "It also can arise, as in Rockwell, where the government intervenes, and that is more and more true because of the legal fees issue."

If a relator can be dismissed on the original-source issue, the defendant doesn't have to pay legal fees and costs if it loses, explained Boese.

"You can imagine the amount in a case litigated as actively and vigorously as the Rockwell case," he said, estimating legal fees at up to four times the $4.2 million jury award. "And the government doesn't have to pay the relator a share of what it recovers."

Over the years, the courts have expanded what is a public disclosure, and therefore the original-source exception has become more important, said James Moorman, president of Taxpayers Against Fraud Education Fund, which operates a False Claims Act Legal Center and will file an amicus brief supporting Stone.

"None other than then Judge Alito ruled in a FCA case that when the government gave a document to a relator who had filed a [Freedom of Information Act] request, it had, in effect, issued a public report triggering the public-disclosure bar," Moorman said. "This astounded everybody, but there it is.

"So the original-source rule, which protects you from being bumped out by the public-disclosure bar, is crucial."

ORIGINAL SOURCE?

Rockwell operated the Rocky Flats nuclear weapons facility in Colorado under a contract with the U.S. Department of Energy from 1975 through 1989. Stone worked as principal engineer there from November 1980 until March 1986.

After Stone was laid off, he informed an FBI agent that environmental crimes had allegedly been committed at Rocky Flats during his period of employment. The FBI agent prepared an affidavit, obtained a search warrant and conducted a search. About a month after the search, Stone filed his qui tam action alleging that in an effort to maximize its receipt of award fees and other payments under its government contract, Rockwell had violated the FCA by falsely representing to DOE that it had complied with applicable environmental, safety and health requirements in its operation of the facility.

In the meantime, the government conducted a criminal investigation into Rockwell's management of Rocky Flats. In March 1992, Rockwell pleaded guilty to 10 environmental violations.

In 1995, the government intervened in Stone's qui tam action and both filed an amended complaint restating Stone's initial allegations and asserting additional claims.

At trial, the primary issue was whether Rockwell had concealed from DOE environmental, safety and health problems related to the processing and storage of saltcrete and pondcrete, two forms of processed toxic waste.

Rockwell's counsel, veteran high court litigator Maureen Mahoney, head of the appellate practice at Latham & Watkins from the firm's Washington office, argues that Stone had no direct and independent knowledge that the pondcrete leaked toxic waste or that Rockwell had represented otherwise to DOE because he left Rocky Flats before either the pondcrete or the toxic waste statements were made.

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The 10th U.S. Circuit Court of Appeals, Mahoney contends, incorrectly interpreted the statute's requirement of "direct and independent knowledge" of the later fraud to require only limited knowledge "underlying or supporting" the fraud allegation.

"The 10th Circuit expanded that narrow exception so broadly that it effectively swallows the jurisdictional bar," she wrote in court papers regarding the original-source exception.

Noting that the federal circuits have adopted varying standards, Mahoney argues, "The best reading is that the relator must have direct and independent knowledge of information sufficient to permit the trier of fact to conclude that a false statement was made to the Government in support of a fraudulent claim for payment."

NO PARASITE

In its opposition to Supreme Court review and in lower court proceedings, the government argued that Rockwell had understated substantially the significance of Stone's knowledge. He had been instructed in his job not to divulge environmental and other problems to DOE, and he had uncovered through his own efforts design problems for the pondcrete blocks that would result in toxic-waste releases.

"Stone's role in this case was therefore very different from that of the 'parasitic' relators at whom the 'public disclosure' bar is directed," the government argued in its opposition brief.

Stone's high court counsel, Maria T. Vullo, a partner in New York's Paul, Weiss, Rifkind, Wharton & Garrison, said there is no confusion in the circuits on how to interpret the original-source exception.

"I think the way the circuits have approached the issue is really a function of how they describe particular facts of the case," she said.

"The plain language of the statute is what it is and to the extent Rockwell has a gripe, that's a gripe for the Congress to add some standard that's not existing in the statutory language right now. We will argue that we meet all of Rockwell's new tests."

Fried Frank's Boese noted that defendants and the government can question whether someone is an original source at any stage of the litigation because it is a jurisdictional issue.

"What Rockwell is arguing very effectively is that Stone's theory of liability was abandoned both by Stone and the government and never presented to the jury," he said. "What was presented was a whole new theory that the government developed in course of its criminal investigation. They argue he was not the original source of the theory of fraud that was eventually successful."

But Rockwell is "throwing all kinds of smoke" in front of the Supreme Court, countered Moorman of Taxpayers Against Fraud. The case, he said, is part of a continuing campaign by business and industry "to hobble and undermine" whistleblower lawsuits.

"They struck out on their constitutional attacks on the statute and now they're trying to get an interpretation that would do the same thing," said Moorman.

4th Circuit Ruling Trims Reach Of State Anti-Spam Laws (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, December 1, 2006

An Oklahoma-based anti-spam crusader who sued over repeated cruise vacation e-mail ads has put wind in the sails of spammers with the first federal appellate court ruling limiting the reach of state laws that restrict unwanted e-mail.

The 4th U.S. Circuit Court of Appeals held that a 2003 federal law, known as the CAN-SPAM Act, pre-empts state laws that allow suits for false information in junk e-mails if the misrepresentation is "immaterial."

Spam is a "serious and pervasive problem" but the federal law "does not impose liability at the mere drop of a hat," wrote Judge J. Harvie Wilkenson. "Congress did not intend 'falsity' to encompass bare error because such a reading would upset the Act's careful balance between preserving a potentially useful commercial tool and preventing its abuse," he wrote.

The decision is significant for companies that use mass e-mail to get their products in front of likely customers but face potentially costly legal judgments if they conceal the source of transmission or contain false information.

AN APPELLATE FIRST

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Most states have laws restricting mass junk e-mail, known as spam, and allow suits for damages for violations. The 4th Circuit held that the federal act partially pre-empts Oklahoma's laws allowing damages if e-mail misrepresents who transmits it, omits the point of origin or contains false information "insofar as [state laws] applied to immaterial misrepresentations."

The court has sent "an important signal to commercial e-mailers: If they comply with the federal act then they have nothing to worry about from crusaders who pursue these lawsuits," said James Hodges, a Reston, Va., solo practitioner who represented Omega World Travel Inc., which sent the cruise line ads.

Hodges said that the decision "is the first from an appellate court that has construed the scope of pre-emption language in the CAN-SPAM Act."

CAN-SPAM Act stands for Controlling the Assault on Non-Solicited Pornography and Marketing Act of 2003.

Kelly O. Wallace, attorney for Mark Mumma of Mummagraphics Inc., agreed that this is a significant ruling, but added that the appeals court "dropped the ball."

"I do think they expanded what is permissible for mass e-mail, especially routing information," said Wallace of Wellborn & Wallace in Atlanta.

Mumma provides online services from Oklahoma City, registering domain names, hosting Web pages and designing Web sites and logos. He also operates Web sites devoted to fighting spam messages, such as SueASpammer.

Mumma sued Virginia-based Omega World Travel and owners Gloria and Daniel Bohan after receiving 11 e-mails for cruise vacations. He threatened to sue for $150,000 in damages unless the Bohans settled for $6,250, according to the opinion Omega World Travel v. Mummagraphics Inc., No. 05-2080. The potential penalty under Oklahoma law is $25,000 per violation.

When the Bohans failed to pay, Mumma accused them of being spammers on his Web site and posted their photos, the opinion states. The couple sued for defamation, copyright and trademark infringement. Mumma raised counterclaims alleging violations of the Oklahoma spam law.

Wallace said that the ruling runs counter to a district court decision last year denying a motion to dismiss in Washington state, Gordon v. Impulse Marketing Group, Inc., No. C04-5125FVS. That ruling states that the CAN-SPAM Act does not pre-empt state spam laws to the extent that they "prohibit falsity or deception." That case is awaiting a decision on a summary judgment motion.

Hodges said the 4th Circuit ruling "impliedly rejects that case."

Litigation and threats of suits have made the issue hot around the country. In October, Verizon Wireless Inc. said that it would continue to press legal efforts to block spam to its wireless customers. It has filed several lawsuits over unwanted text messages selling prescription drugs, vacations and stock information.

Cingular Wireless Inc. has filed several suits under Georgia and Florida state law to protect customers from unsolicited text-messaging operators. It alleged that operators of webuyresorts.com and resortsellers.com sent deceptive and unsolicited commercial text messages to its wireless phone customers.

"I think this decision can be used by lawyers representing responsible businesses that use the e-mail advertising tool, but nonetheless get sued by people who don't like getting e-mail and see the chance for a windfall in some state statutes," Hodges said.

All but 10 states have some anti-spam legislation, according to Mumma.

CIVIL RIGHTS:

Schumer Seeks Investigation Of Misleading Md. GOP Fliers (AP)

AP, December 1, 2006

ANNAPOLIS, Md. - Unhappy that the Justice Department denied his request to investigate campaign fliers handed out by Maryland Republicans on Election Day, New York Sen. Charles E. Schumer, fired-off a letter to Attorney General Alberto Gonzales asking him to justify the decision.

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"Unfortunately, the midterm elections held on Nov. 7, 2006, were tarnished by countless dirty trick and ugly tactics. The ploy used in Maryland stands out for its sheer cynicism and brazenness," said Schumer, chairman of the Senate Democratic campaign committee, in a letter sent on Wednesday.

Schumer's letter refers to fliers distributed on Election Day by homeless people bused in from Philadelphia by campaign committees for Gov. Robert Ehrlich's re-election bid and Lt. Gov. Michael Steele's race for Senate.

Fliers handed out in Prince George's County gave the impression they were a Democratic sample ballot, but listed Ehrlich and Steele along with Democratic candidates for county and legislative offices. The fliers also made it appear that two prominent black Democrats - Prince George's County Executive Jack Johnson and former Rep. Kweisi Mfume - were supporting Ehrlich and Steele. Both supported Democratic candidates - Baltimore Mayor Martin O'Malley for governor and Rep. Ben Cardin for the Senate.

The Department of Justice notified Schumer in a Nov. 16 letter that it had looked into the complaint and concluded "that there is an insufficient legal basis to initiate a formal investigation."

Schumer's letter to Gonzales requested answers to eight questions, including whether the department undertook any preliminary factual investigation before reaching its conclusion not to conduct a formal investigation.

Kansas Court Rejects Clinics' Request In Abortion Records Dispute (FINDLAW/AP)

AP, December 1, 2006

(AP) - TOPEKA, Kansas-The Kansas Supreme Court refused Thursday to intervene on behalf of two abortion clinics who wanted it to investigate the state attorney general and a popular conservative talk show host over the host's statements that he had information from Kansas abortion records.

The clinics asked the court to seize records that Attorney General Phill Kline, an outspoken abortion opponent, obtained on 90 of the clinics' patients. Kline received edited versions of the records in October after arguing he wanted to review the records for evidence of possible crimes, including rape and illegal abortions.

The clinics wanted a special prosecutor to determine if Fox television talk show host Bill O'Reilly's information came from Kline's records. A show spokesman has said he did not know how O'Reilly, who also interviewed Kline, obtained the information.

The clinics also accused Kline of violating patients' privacy and not being objective.

The court offered no explanation for its decision Thursday. The ruling means Kline can continue his investigation, refer potential cases to county prosecutors or file charges himself before leaving office.

The issue grew dramatically last month when the clinics filed their court request a day before the Nov. 7 election, in which the Republican Kline lost his bid for a second term.

Days before, in a Nov. 3 broadcast of "The O'Reilly Factor," the conservative host said a "source inside" told the show the director of one of the clinics, Dr. George Tiller, performs late-term abortions and had broken state law by failing to report potential rapes of victims ages 10 to 15.

Tiller, one of the few U.S. doctors to perform late-term abortions, has been targeted by protesters for years. His clinic was bombed in 1985, and he was shot by a protester in 1993.

Kline's office was not immediately available for comment Thursday, and an attorney for the clinics declined to comment, saying he had not had time to examine the ruling.

The clinics' request criticized O'Reilly, but he was not a named defendant.

Lauderdale Residents Demand Answers For Killing By Police (MH)

By Wanda J. Demarzo And Darran Simon

The Miami Herald, December 1, 2006

More than 200 people packed a Fort Lauderdale community center Thursday night, demanding to know why city police shot two 21-year-old men Tuesday, killing one and wounding the other.

Some -- including family members of one of the men -- cried and shouted at the meeting in the city's predominantly black northwest district, where Troy Eddines and Travis Jackson were shot. A gun was not found at the scene, said police chief Bruce Roberts.

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It was the fourth time Fort Lauderdale police had killed someone in the past six months.

Marsha Ellison, president of the Fort Lauderdale NAACP, who helped organize Thursday's meeting, told the crowd that she will meet with the FBI on Wednesday to discuss the shootings. The NAACP has also filed a complaint with the Department of Justice asking them to investigate the shootings, police procedures and use of deadly force.

"We are concerned that the Fort Lauderdale police cannot police themselves," said Ellison who added that NAACP national office is behind the local organization.

On Tuesday, officers pulled over a 2006 Mitsubishi Endeavor Eddines was driving because the SUV had been reported stolen in a carjacking in Coconut Creek a few days earlier. Eddines died at the scene, while Jackson, who was shot in the back, was taken to the hospital, where he was released Wednesday.

Jackson was arrested Thursday, and the Broward Sheriff's office charged him with an armed robbery committed around 2 p.m. Saturday in Tamarac.

Meanwhile, Coconut Creek police on Thursday identified Eddines as one of three people who committed the carjacking of the SUV on Friday. His mother, Ivy, declined to comment.

At Thursday's meeting, at the Mizell Center on Sistrunk Boulevard, residents wanted to know why officers opened fire and when the investigation will be complete.

"I left my auntie at home, crying her heart out," Eddines cousin, Andrea, 25, said. ``Something is boiling inside of me right now I can't explain."

But Fort Lauderdale Police Chief Bruce Roberts said his department is still investigating the shooting, so it doesn't yet have the answers to many of residents' questions.

"We just can't give you many more facts right now," he said.

FEAR OF RETRIBUTION

Residents said they were concerned about how officers treated them in the community and are afraid to file complaints because they fear retaliation.

"It's not just [Officer] Todd Hill, it's all of them," said Sharanda Morgan, 37, who lives nearby. ``That's why we don't file that complaint. They will come back and harass us."

A few residents asked why police cars didn't have cameras to record the shooting and when the investigation would be done.

"Those cameras are going to tell the truth," said Sylvester King of Fort Lauderdale.

Roberts, one of those who called meeting, said close to $2 million is set aside for cameras in all patrol cars. They should be installed by spring or summer of 2007, he said.

In other developments Thursday, Coconut Creek police said one of the victims had identified Eddines as one of the carjackers of the Mitsubishi.

The carjacking, which took place Friday in the parking lot of a Walgreens in the 6300 block of State Road 7, remains under investigation, Creek police spokesman Tony Avello said.

Avello said that detectives have not identified Jackson, 21, as one of the carjacking suspects.

According to court records, Eddines has never been convicted of a felony in Florida, although he has been arrested 10 times since 2003.

Prosecutors either dropped charges against him, or judges imposed probation or jail time but withheld finding him guilty, court records show.

BSO, meanwhile, said Thursday that Jackson committed an armed robbery around 2 p.m. Saturday in the parking lot of the Lakeside apartments in Tamarac.

According to the sheriff's office, two men in a Mitsubishi SUV, armed with semi-automatic handguns, approached three teenage boys and demanded they empty their pockets.

The teens gave the robbers two cellphones, an iPod, three PlayStation 2 games and $30 in cash. They identified Jackson as one of the armed robbers, BSO said.

"The robbery is still under investigation and at this time we have not determined if Troy Eddines was involved," said BSO spokesman Jim Leljedal.

Jackson's grandfather, Charlie Jackson, questioned the charges against his grandson.

"They let him out of jail and now they cooked up some strong-armed robbery charges against him," Charlie Jackson said Thursday afternoon. ``Can you believe this?"

26 ARRESTS

Travis Jackson has been arrested 26 times since 1999. Most were when he was a juvenile. The outcome of the cases are not public record.

But in 2000, he was convicted of robbery and spent almost three years in prison, according to the Florida Deparment of Corrections. He also was convicted of cocaine possession in 2004 and sentenced to probation.

Two marijuana charges against Jackson remain unresolved, records show.

Tuesday's shootings came after Fort Lauderdale police Officers Robert Norvis and Todd Hill stopped the Mitsubishi in the 500 block of Northwest 17th Avenue near Sistrunk Boulevard. As the officers neared the car, it reversed and hit one of the officers in the leg, police said.

The officers opened fire, killing Eddines, of Lauderdale Lakes, as he sat in the driver's seat. Jackson was shot twice in the back, family members told The Miami Herald. He was treated at Broward General Medical Center and released Wednesday.

The shootings, in an area just off Sistrunk Boulevard have residents questioning what they call excessive force by Fort Lauderdale police.

On Oct. 31, Officer Jonathan Welker opened fire on a 17-year-old teen who had been reported missing by his family. The teen, Joshua Mendelson was bleeding and carrying a stick when he started to approach Welker.

His family says they are still waiting to find out what happened to the young man.

Their attorney, Larry Davis, sent a letter to Gov. Jeb Bush Nov. 8 asking that the Florida Department of Law Enforcement be appointed to investigate the shooting.

The governor's office is still reviewing the request, said spokesman Anthony DeLuise.

Investigators Look For Mystery Witness In Fatal New York Police Shooting (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, December 1, 2006

(AP) - NEW YORK-The search for a key missing witness in the police killing of an unarmed black man who died in a hail of 50 bullets intensified with the arrest of four people who have provided clues about the witness' identity, a law enforcement official said.

At a news conference Thursday, police Commissioner Raymond Kelly said the Wednesday raid that led to the arrests was related to the shooting investigation. He refused to elaborate.

Another law enforcement official later told The Associated Press that the arrests of three men and one woman on gun charges had produced information about the identity of an important witness to the shooting. That witness was possibly with the three victims on Saturday when officers fired 50 shots at their car, somehow escaped and disappeared.

A lawyer for the victims denied that such a person exists. An attorney for five others at the bachelor party also said there was no fourth person in the car.

The shooting killed 23-year-old Sean Bell on his wedding day and wounded two of his companions, setting off a storm of outrage in New York, especially in the black community. The three victims are black, and the police officers included two blacks, two whites and one Hispanic.

Officers armed with a search warrant raided the Queens apartment, a known drug-dealing location, based on a tip that "persons of interest" lived there, said the official, who spoke on condition of anonymity because the investigation was still under way. It was unclear if a loaded semiautomatic pistol recovered inside the home had any connection to last week's incident, the official added.

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An unnamed undercover shooter and four others - identified as detectives Mike Oliver, Mark Cooper and Paul Hedley and Officer Mike Carey - have been placed on paid administrative leave while the Queens district attorney's office conducts a grand jury investigation that could result in criminal charges.

The intensity of the search for the mysterious fourth man reflected its potential impact on a case rife with conflicting accounts and unanswered questions about why the five officers unleashed the barrage of bullets.

An undercover officer has told investigators that another missing witness - a man dressed in black and standing in from of a sport utility vehicle - argued with Bell and his companions as they exited the club where Bell was having a bachelor party. The officer was part of a vice team investigating complaints about prostitution and drug dealing at the club.

Outside the club, the man in black reached into his pocket as if he had a weapon as Bell challenged him to a fight and one of the groom's friends said, "Yo, get my gun," two law enforcement officials said, citing the undercover officer's account.

Officials said the exchange prompted a second undercover detective to follow Bell and three other men as they walked away toward their car, apparently suspecting the men meant to arm themselves and attack the man in black.

Moments later, the second undercover officer started shooting at the car when Bell, while trying to drive away, bumped him and smashed into an unmarked police van.

Through his lawyer, the detective has insisted that he clearly identified himself as a police officer as he tried to stop them. He also has said he spotted Joseph Guzman, then sitting in the passenger seat, make a sudden move for his waistband before he and four other officers opened fire.

Police union officials have suggested that a fourth man could have fled with the gun - a scenario investigators haven't ruled out.

"The existence of a fourth person is important to this investigation," Kelly said.

Meanwhile, the hospitalized survivors, Guzman and Trent Benefield, still insist there was never a fourth person involved, their lawyer said Thursday.

"There were three people in the car - period," said the attorney, Sanford Rubenstein. "The claim of a fourth person is a myth."

Charlie King, who is representing five other members of the bachelor party, cited Kelly's statement that eight men were outside the club just before the shooting.

"Clearly there's not a fourth person in the car," he said. "There were five outside of the car and two men who were injured in the car and Bell, who was killed."

King said the group, which was unarmed, argued with a man outside the club shortly before the shooting.

"But they told me the man they were arguing with was the one the undercover officer thought had a gun, and they (police) just let that guy drive off," he said.

King said his clients were afraid of being harassed by police. He said one was taken into custody for an hour Thursday before being released. Two have been identified as Lorenzo Kinred and Jean Nelson, but the other three were not revealing their names out of fear, he said.

At the police news conference, Kelly announced the formation of a new committee to "review the policies and procedures governing the activities of undercover officers throughout the New York Police Department." Aside from NYPD brass, the committee will include Cedric Alexander, a former police chief in Rochester, New York, and now an official for the state Division of Criminal Justice Services.

Bell's funeral was scheduled for Friday at the church where he was to be married.

Security Of Electronic Voting Is Condemned (WP)

By Cameron W. Barr

The Washington Post, December 1, 2006

Paperless electronic voting machines used throughout the Washington region and much of the country "cannot be made secure," according to draft recommendations issued this week by a federal agency that advises the U.S. Election Assistance Commission.

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The assessment by the National Institute of Standards and Technology, one of the government's premier research centers, is the most sweeping condemnation of such voting systems by a federal agency.

In a report hailed by critics of electronic voting, NIST said that voting systems should allow election officials to recount ballots independently from a voting machine's software. The recommendations endorse "optical-scan" systems in which voters mark paper ballots that are read by a computer and electronic systems that print a paper summary of each ballot, which voters review and elections officials save for recounts.

Voters in Maryland cast ballots on electronic machines that produce no paper record of each vote; in the District and Loudoun County, voters can choose between using such machines and optical-scan systems. Other Northern Virginia jurisdictions, and many counties across the state, use electronic voting systems exclusively.

NIST's recommendations are to be debated next week before the Technical Guidelines Development Committee, charged by Congress to develop standards for voting systems. To become effective, NIST's recommendations must then be adopted by the Election Assistance Commission, which was created by Congress to promote changes in election systems after the 2000 debacle in Florida.

If the commission agrees with NIST, the practical impact may not be felt until 2009 or 2010, the soonest that new standards would be implemented. The standards that the Election Assistance Commission will adopt are voluntary, but most states require election officials to deploy voting systems that meet national or federal criteria.

State election officials in Maryland and Virginia declined to comment yesterday on the NIST report, which they were reviewing.

Alice P. Miller, executive director of the District's Board of Elections and Ethics, said through a spokesman that she would not comment because she is a member of the Technical Guidelines Development Committee.

NIST says in its report that the lack of a paper trail for each vote "is one of the main reasons behind continued questions about voting system security and diminished public confidence in elections." The report repeats the contention of the computer security community that "a single programmer could 'rig' a major election."

Fears about rigging have animated critics for years, but there has been no conclusive evidence that such fraud has occurred. Electronic voting systems have had technical problems -- including unpredictable screen freezes -- leaving voters wondering whether their ballots were properly recorded.

Computer scientists and others have said that the security of electronic voting systems cannot be guaranteed and that election officials should adopt systems that produce a paper record of each vote in case of a recount. The NIST report embraces that critique, introducing the concept of "software independence" in voting systems.

NIST says that voting systems should not rely on a machine's software to provide a record of the votes cast. Some electronic voting system manufacturers have introduced models that include printers to produce a separate record of each vote -- and that can be verified by a voter before leaving the machine -- but such paper trails have had their own problems.

Printers have jammed or otherwise failed, causing some election directors to question whether a paper trail is an improvement. Maryland state elections administrator Linda Lamone, in an undated video snippet that her critics have circulated on the Internet, says that voter verification is unnecessary. "I'm not going to put this paper on my machines -- it'll be over my dead body, because I just don't think it works. It really is a false sense of security," she said.

For critics of paperless electronic voting, the report is vindication. "I think I got it right," said Aviel Rubin, a Johns Hopkins University computer scientist who has long questioned the security and reliability of some electronic voting systems.

Linda Schade, a founder of TrueVoteMD, which has pressed for a system that provides a verifiable paper record of each vote, said, "These strong statements from a credible institution such as NIST add yet another voice to the consensus that paper electronic voting as used in states like MD is not secure. We hope that the [Election Assistance Commission] formally adopts these improved standards."

Even critics of paperless electronic voting have grown disenchanted with the practical problems of adding printers to electronic "touch-screen" voting machines.

"Why are we doing this at all? is the question people are asking," said Warren Stewart, policy director of VoteTrustUSA, a group critical of electronic voting systems. "We have a perfectly good system -- the paper-ballot optical-scan system."

DOJ_NMG_0100311

State Set Later Date For District 23 Runoff (HC/AP)

By Suzanne Gamboa, Associated Press

Houston Chronicle, December 1, 2006

WASHINGTON — Gov. Rick Perry set the election to replace a deceased state lawmaker a week later than he scheduled a congressional runoff election, a Latino group objecting to the earlier voting day said in a document filed with the Justice Department.

The League of United Latin American Citizens is objecting to the Dec. 12 date set for voters in District 23 to decide whether to pick Republican Rep. Henry Bonilla or Democrat Ciro Rodriguez as their U.S. House representative.

Perry and Secretary of State Roger Williams set Dec. 19 for a special election to replace Republican state Rep. Glenda Dawson. Orders for the two elections were submitted the same day.

Scott Haywood, Williams' spokesman, said the special election to replace Dawson was set at the earliest possible date it could be set under the Texas election code. "Because there are different types of elections, different sets of laws would apply to fill a vacancy," he said.

LULAC has objected to the date for the District 23 runoff because it falls on the Feast of the Virgin of Guadalupe, a religious holy day celebrated by many Catholic Hispanics by attending Mass, holding processions and family gatherings and other events. The district that stretches from near El Paso to South Texas and takes in several counties on the border has a 61 percent Hispanic voting age population.

"The state representative district is predominantly white-Anglo population and would not be affected by 'El dia de la Virgen de Guadalupe'," LULAC national attorney Luis Vera Jr. said in the DOJ filing, using the Spanish translation of the Day of the Virgin of Guadalupe.

The 23rd district's voters are "adversely affected by setting it on the holiest of religious holidays. There can possibly be no other reason for the different dates than an attempt to suppress the Latino vote."

Vera also contends the state could have set the District 23 on a Saturday and that it did not have to be on a Tuesday.

Bonilla faced seven challengers in the Nov. 7 election after the race was thrown open when the Supreme Court ordered the district redrawn. The district had been altered in 2003 in a way diluted Latino voting strength and violated the Voting Rights Act, the high court ruled.

Bonilla won 49 percent of the vote and Rodriguez drew 20 percent, sending them to a runoff. Vera is serving as treasurer for Rodriguez's runoff campaign.

Because Texas has a history of discriminating against minority voters, it is required to seek approval of election changes and decisions from the Department of Justice. Vera is asking DOJ not to approve the runoff date unless the state extends early voting to include a Saturday or Sunday and the election date is not on a holy day and a day that provides adequate time for all voters to be notified of the election.

Same-sex 'Marriage' Heads To High Court (WT)

By Jon Ward

The Washington Times, December 1, 2006

Maryland's highest court is scheduled to hear arguments Monday on the same-sex "marriage" issue.

The case before the Maryland Court of Appeals comes from a lower court ruling in January in which a judge decided a 1973 statute defining marriage as between a man and woman violated the state constitution.

The ruling by Baltimore Circuit Judge M. Brooke Murdock was stayed until the appeals court could hear the case.

"The momentum is definitely on the side of preserving marriage," said Glen Lavy, an attorney with the Alliance Defense Fund, a national Christian legal organization involved in the case.

Same-sex "marriage" advocates acknowledge the overwhelming majority of voters and state courts are defining marriage as a union of one man and one woman, but say time is on their side.

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"It took 13 state supreme courts to reject the idea that interracial marriage bans were unconstitutional before the California Supreme Court struck down the ban," said Dan Furmansky, executive director of Equality Maryland, a homosexual lobbying group in Annapolis. "Then it took 20 years before the United States Supreme Court struck them all down.

"We wouldn't be bringing this case if we didn't feel it was a matter of basic fairness," he said.

Winning the original suit, brought in 2004 by nine homosexual couples and one single homosexual, will be challenging because it seeks to change the law.

"People intuitively know that marriage is the union of a man and a woman and, despite preferences that some judges may have, unless they are completely willing to thumb their nose at the law, there is no question that marriage currently is between a man and a woman," Mr. Lavy said.

He also said Maryland residents should decide in a referendum vote the definition of marriage.

Voters in 27 states, including seven in the most recent election, voted to define marriage as between a man and a woman. In November, Arizona became the first state in which residents voted against a same-sex "marriage" ban.

In July, five state courts and one federal court issued rulings that upheld traditional marriage laws similar to those in Maryland.

To date, the only state to legalize same-sex "marriage" is Massachusetts. After Maryland, pending right-to-"marry" lawsuits remain in California, Connecticut and Iowa.

The Maryland Attorney General's Office will defend the state in the oral arguments.

In a court brief filed last week, the office defended Maryland's law defining marriage as a union between a man and a woman, but indicated an openness to legislation that would pave the way for the legislation of the same-sex "marriage." The court also should defer to the Maryland General Assembly "where competing policies and their complexities could be balanced," the brief also stated. However, the office has decline to discuss the case before the arguments.

Kenneth Y. Choe, one of the plaintiffs' attorneys and with the American Civil Liberties Union, said he will appeal to three provisions of state law, but primarily he will point to the state's equal rights amendment.

"We are emphasizing that the exclusion of same-sex couples from marriage is a great unfairness to families headed by gay and lesbian couples, and that unfairness is not tolerated by the Maryland constitution," he said.

Conservative Rabbis Reconsider Stance On Gay Sex (WP)

By Alan Cooperman

The Washington Post, December 1, 2006

After years of debate, the Conservative Jewish movement is on the verge of redefining its approach to homosexuality, a pivotal decision for a movement that occupies a shrinking middle ground between Orthodox and Reform Judaism.

A panel of 25 eminent Conservative rabbis will meet in New York next week to consider five proposed teshuvot, or answers, to the question of whether homosexual sex is permitted under Jewish law.

Although the answers have not been made public, Conservative leaders said that two defend the traditional position that Leviticus 18:22 -- "Do not lie with a man as one lies with a woman; it is an abomination" -- prohibits homosexuality between men and, by extension, between women.

The other three proposals offer various arguments for reinterpreting that prohibition. On a practical level, they could open the way for Conservative rabbis to perform same-sex commitment ceremonies and for Conservative seminaries to ordain openly gay rabbis.

"I think the committee is deeply divided -- like the rest of society is divided, like our movement is divided," said Rabbi Joel H. Meyers, executive vice president of the Rabbinical Assembly, the main association of Conservative rabbis. "But the tension has grown to the point that the committee is hard-pressed to give some clear guidance to the movement."

Clarity, however, may not be forthcoming. Rabbi Avis D. Miller of Washington's Congregation Adas Israel said the "rabbinical scuttlebutt" is that the panel -- the Committee on Jewish Law and Standards -- will approve two conflicting answers, one upholding the status quo and one calling for change.

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That is possible because it takes the votes of just six of the panel's 25 members to declare an answer to be valid -- meaning that it is a well-founded interpretation of Jewish law, not that it is the only legitimate interpretation. It would be possible to approve all the answers, or none of them.

If two or more contradictory answers are accepted, "that will be the strongest statement for America, because everything in America spiritually and religiously seems to have become political, and the way you know it's political is that it's either 'yes' or 'no,' " said Irwin Kula, a Conservative rabbi who heads the New York-based National Jewish Center for Learning and Leadership.

"In a genuine spiritual tradition, 'yes' and 'no' are both living options. . . . Both sides are right, and we're not used to that, because in a political reality, only one side can be right," he said.

Moreover, whatever decision the committee reaches will be advisory. Miller noted that in the Conservative movement, each rabbi is the ultimate arbiter of Jewish law in his or her synagogue, and each "will be able to choose the opinion of the law committee that he or she agrees with." She predicted that some will perform same-sex ceremonies, allow same-sex couples to hold family memberships, and give same-sex couples the honor of an aliyah, or call to the altar, -- and some will not.

Still, the decision is important for the future of Conservative Judaism, because it could return the movement "to an older, 'big tent' model," said Jonathan Sarna, a professor of American Jewish history at Brandeis University.

"What I think is likely to happen is, there will be multiple options, rather than a single option," he said. "Both sides will be unsatisfied. One will say, 'You didn't give full acceptance.' The other will say, 'You accepted something that violates the Torah.' "

But, Sarna continued, the Conservative "movement as a whole will be able to say that it is in the center and, more important, that there is more than one way to be a Jew, more than one way to interpret Jewish law. . . . The Democratic Party did pretty well with that big-tent strategy in this past election, and my sense is there is a lesson there for a centrist movement that is struggling to appeal to younger people."

Pamela S. Nadell, director of Jewish Studies at American University and author of "Conservative Judaism in America," said the Conservative movement, which has about 2 million members worldwide, was the largest branch of Judaism in the United States from the 1950s to the 1980s. It shrank dramatically from 1990 to 2001 as its membership fell from 47 percent of Jewish adults who belong to synagogues to 33 percent.

Nadell blamed the shrinkage partly on defections to the Orthodox and Reform branches of Judaism. In addition, she said, the Conservative membership is aging, the Orthodox have a much higher birthrate, and the Reform movement's more welcoming approach to intermarriage has appealed to young families.

Nadell predicted that if the movement liberalizes its position on homosexuality, a few rabbis and congregations will leave, just as some did when Conservative seminaries began ordaining women in 1985. But she said she doubts that the changes will either fracture the movement or, as some hope, reenergize it.

"I just don't think the movement's problems, truthfully, are related to homosexuality," she said.

ANTITRUST:

AMD Gets Subpoena In Graphics Chip Probe (AP)

AP, December 1, 2006

AMD Receives DOJ Subpoena in Graphics Chip Business Antitrust Probe

SAN FRANCISCO (AP) -- Advanced Micro Devices Inc. said late Thursday that it had received a subpoena from the Justice Department regarding an investigation into possible antitrust violations in the graphics processors and cards business.

Sunnyvale-based AMD, the world's No. 2 maker of the microprocessors that act as the core calculating engines of computers, entered the graphics chip market earlier this year with the $5.4 billion acquisition of ATI Technologies Inc.

The move was seen as a strategic blow to AMD's larger rival, Intel Corp., and one that would allow AMD to broaden its product portfolio and shed its image as a boutique player that sells only microprocessors and flash memory chips. The deal was completed in October.

AMD said that the Justice Department has not made any specific allegations against AMD or ATI, and that the company intends to cooperate with the investigation. An AMD spokesman declined to comment beyond the press release.

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The scope of the Justice Department investigation was unclear. A call to a spokesman for Santa Clara-based Nvidia Corp., the other dominant maker of graphics chips, was not immediately returned.

Shares of AMD closed up 16 cents at $21.57 on Thursday on the New York Stock Exchange before the news was announced. AMD shares declined by a penny in after-hours trading.

Advanced Micro Gets U.S. Subpoena On Graphics Chips (Update2) (BLOOM)

By Vivek Shankar

Bloomberg, December 1, 2006

Nov. 30 (Bloomberg) -- Advanced Micro Devices Inc. said it received a U.S. antitrust subpoena over graphics processors and cards, a market it entered last month with the $5.4 billion acquisition of ATI Technologies Inc.

The Justice Department hasn't made any specific allegations against Advanced Micro or ATI, Sunnyvale, California-based Advanced Micro said today in a statement sent by Business Wire. It plans to cooperate with the investigation.

The acquisition of ATI, the largest maker of computer graphics chips for notebook computers, was Advanced Micro's biggest ever. The deal leaves Advanced Micro and ATI rival Nvidia Corp. dominant in the graphics-chip business, Global Crown Capital analyst David Wu said.

``The two duopolies are AMD and Nvidia," San Francisco- based Wu said. The probe will benefit lawyers, and not stockholders or taxpayers, he said.

The Justice Department may subpoena Nvidia also if it is investigating the larger graphics market, Wu said. He said he covers Nvidia and Intel Corp., the world's largest maker of semiconductors, and owns Intel shares.

Calls after business hours to the offices of Advanced Micro spokesman Drew Prairie and Santa Clara, California-based Nvidia spokeswoman Calisa Cole weren't immediately returned.

With the acquisition, Advanced Micro is seeking to win orders from makers of business laptop computers who currently rely on larger rival Intel's Centrino product. Advanced Micro shares, down 30 percent this year, rose 16 cents to $21.57 in New York Stock Exchange composite trading today.

Judge's Stance On Past Deals May Affect Current At&T Plan (MRKTWTCH)

By Corey Boles

Market Watch, December 1, 2006

WASHINGTON (MarketWatch) -- A judge presiding over a technical hearing into a previous round of telecommunications mergers Thursday took a tough stance that could have ramifications for another deal, the proposed takeover of BellSouth Corp. (BLS) by AT&T Inc. (T).

The oral hearing evaluated the conditions attached by the Justice Department to the mergers between Verizon Communications (VZ) and MCI and between SBC Communications' and AT&T. Judge Emmett Sullivan seemed to indicate he could try to toughen conditions, and this stance could embolden the FCC to ask for more conditions in the proposed AT&T-BellSouth merger, analysts said.

Sullivan asked Claude Scott, a lawyer for the Department of Justice, whether the current proposed merger should enter his thinking when pondering the case of the previous mergers. Scott responded that the two matters are entirely separate.

The hearing's purpose was to evaluate the conditions agreed to by the Justice Department's antitrust unit and the two companies formed by the separate mergers, AT&T and Verizon.

As part of the decree, the companies agreed they would sell part or all of the "black fiber" controlled in commercial properties in more than 700 buildings across the U.S. That would allow smaller competitors access to the business clients within the buildings. Both companies say they have buyers lined up for the fiber.

Sullivan also appeared to somewhat angrily reject the argument put forward by John Thorne, an attorney for Verizon, that the deals had already closed and the hearing should deal only with a minor part of a much larger matter.

"I may not be required to do anyone else's work, but I will do an independent evaluation of the materials. I can assure you of that, and we will see where the merger stands at that point," said Sullivan.

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Thorne had pointed out that, for all practical purposes, the mergers had closed. The name of the sports arena in Washington D.C., for instance, has already been changed to Verizon Center from MCI Center.

Sullivan gave little indication Thursday as to how he would ultimately rule.

Opponents of the agreement were also present at the hearing. These include lobbyist groups representing smaller companies in the telecommunications industry, Sprint Nextel Corp. (S), the New York Attorney General's Office and consumer advocates.

Arguing on behalf of these parties, antitrust lawyer Gary Repack said that the decrees reached between the Justice Department and the companies would not protect business customers and in fact would lessen competition.

Sullivan asked Repack and Chris Wright, representing Sprint, whether he should, rather than rejecting the agreement, ask for more evidence from the government as to how it came to make up its mind.

Both disagreed, urging the judge to strike down the decrees instead.

The hearing has more to deal with the job done by the Justice Department in evaluating the deals than it does the mergers themselves. There is no longer an SBC Communications or MCI, and no one involved in the case has suggested that the deals could ultimately be undone.

But the outcome of the case could potentially have an impact on the current AT&T-BellSouth merger, say analysts.

"If the judge comes out and really criticizes the last round of mergers, it could give Federal Communications Commission Democrats more ammunition to demand conditions in the current AT&T merger," said David Kaut, a telecom analyst with investment bank Stifel Nicolaus.

That merger is being held up by the two Democratic commissioners on the FCC who are attempting to extract more in the way of concessions from AT&T before they approve the deal.

The Justice Department has already approved the AT&T-BellSouth deal with no conditions whatsoever.

No 'rubber Stamp' On Telecom Mergers, Judge Says (CNET)

By Anne Broache, CNET News.com

CNET News, December 1, 2006

WASHINGTON--A federal judge on Thursday continued to press the Department of Justice to explain why he should approve twin mergers involving some of the nation's largest telephone companies, but did not say when he will make a final decision.

Emmet Sullivan of the U.S. District Court for the District of Columbia warned multiple times that he has no intention of "rubber-stamping" the mergers--proposed between AT&T-SBC Communications and Verizon-MCI--and plans to issue an opinion only after an "independent review" of the materials presented to him.

"Don't I have to scrutinize that merger to determine if it's in the public interest?" Sullivan asked at the outset of an afternoon hearing here that lasted more than two hours.

The pair of deals got the green light more than a year ago from the Federal Communications Commission and the DOJ's antitrust division, which collectively imposed only minor conditions aimed at alleviating competition concerns.

Both AT&T and Verizon have since closed the books on their respective acquisitions, which prompted Sullivan to remark Thursday with some measure of disdain: "It's a done deal. The MCI Center became the Verizon Center, and everyone goes on their own way." (He was referring to the Washington D.C.'s downtown sports and entertainment complex.)

Some observers say Sullivan's actions could also affect the outcome of another megamerger, between AT&T and BellSouth, which won unconditional approval from the Justice Department this fall. The FCC has repeatedly postponed a decision on that deal because of reported disagreements over what restrictions to impose.

Sullivan has maintained that it's his duty to give the deals a thorough look. A 1974 federal antitrust law called the Tunney Act calls for the courts to vet agreements negotiated between the Justice Department and the companies involved to ensure the deals satisfy the "public interest." During the infamous Microsoft antitrust trial, a federal judge invoked the Tunney Act to alter the settlement agreement in that case before approving it. In 2004, Congress rewrote the law to make court review more a requirement than a voluntary undertaking.

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When the telecommunications giants and the government appeared before the judge in July, Sullivan scolded the Justice Department for allegedly failing to present enough facts. He said he would not be able to sign off on the mergers until he received more information about the deals' potential impact on the public.

He said Thursday that "it remains to be seen whether the record is complete yet" and questioned whether the government was withholding "significant documents." Justice Department attorney Claude Scott replied that the government had submitted to the court a "fair representation" of the thousands of documents and interviews they had gathered while vetting the deals.

Attorneys for the government and the telephone companies continued to assert that the deals would not stifle competition or harm consumers. The merger agreements had already been modified in an attempt to ensure the companies' competitors could gain access to fiber optic connections in certain commercial buildings where Verizon and MCI or AT&T and SBC had been the only two companies supplying "last-mile" connections, leaving no immediate competition after the merger.

"As we indicated before, the violation is addressed 100 percent," Wilma Lewis, an attorney for AT&T, told the judge.

Such claims by the government and the telephone companies have drawn an outcry from a number of outsiders, including the Alliance for Competition in Telecommunications, a group led by Silicon Valley attorney Gary Reback, who played a major role in convincing the Clinton Justice Department to pursue an antitrust case against Microsoft; Comptel, a trade organization representing Bell competitors; and New York State Attorney General Eliot Spitzer.

In a lengthy slide show, an animated Reback accused the government of lying about or withholding important information about the competitive impact of the mergers. He criticized antitrust authorities for focusing only on situations in which the number of competitors was reduced from two companies to one and questioned why reductions from three companies to two or four companies to three, for instance, weren't equally worrisome.

"The government can't just make up facts," he said.

The Justice Department's Scott disputed the picture painted by Reback, saying Reback had skewed the analysis by "taking snippets of information ands pieces of data out of context."

Sullivan again raised the possibility of holding an evidentiary hearing on the matter but seemed to be leaning against that option. He said he didn't believe it was Congress's intent to have a court "duplicate" what the Justice Department has vowed was a painstaking analysis. "I can't draft my own complaint," he added.

But a particularly testy exchange with Verizon deputy general counsel John Thorne indicated that Sullivan may not go easy on the dealmakers. When Thorne suggested that the merger was closed and already pleasing Verizon's business customers, Sullivan shot back with, "If the merger is closed, why are we here then?"

"You say it's a done deal, a fait accompli," he went on. "The merger's not finished, either. The merger has not been approved by this court."

Rinker Says U.S. Regulators Want Details On Cemex Bid (Update1) (BLOOM)

By Miriam Steffens

Bloomberg, December 1, 2006

Dec. 1 (Bloomberg) -- Rinker Group Ltd., Australia's biggest building materials maker, said U.S. antitrust regulators have asked for more details on Cemex SA's hostile $11.7 billion takeover bid for the company.

``Rinker received a request for additional information'' yesterday, the Sydney-based company said in a statement to the Australian Stock Exchange today. Monterrey, Mexico-based Cemex will also have to provide more details before it gets a ruling on the deal, according to the statement.

Cemex wants to buy the Australian company for its business in the U.S., which accounts for more than 80 percent of earnings. The deal would make the Mexican company the world's biggest cement maker. Rinker is focused on Florida, Arizona and Nevada, which the census bureau forecasts will be the fastest-growing U.S. states.

The U.S. Department of Justice request will extend the bidding process. It also indicates Cemex may have to sell some assets in Arizona and Florida, where both companies have strong market positions, to gain approval for its plans, according to Andrew Dale, an analyst at Macquarie Bank Ltd. in Sydney. He has a `neutral' rating on Rinker.

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Shares of Rinker closed 10 cents lower at A$18.55 at the 4:10 p.m. close in Sydney. The stock has surged 34 percent since Cemex on Oct. 26 offered to buy the company for $13 a share, which equates to A$16.46 at today's currency exchange rate. Rinker yesterday rejected the offer as ``opportunistic and far too low."

Previous Intervention

The Federal Trade Commission and the Department of Justice ask for additional information ``only when there is a strong likelihood that some part of a transaction would violate the antitrust laws," Dale wrote in a note to clients. The regulators have passed about 95 percent of all merger proposals in the past five years without further requests, he said.

The regulators intervened in Cemex's takeover of Britain's RMC Group Plc for 2.3 billion pounds ($4.5 billion) last year, allowing the purchase on condition it sold RMC's ready-mix concrete operations in Tucson, Arizona, within six months to preserve competition.

The delay may help Rinker in its quest to find alternatives to the hostile offer. The company may seek a tie-up with Hanson Plc of the U.K. to thwart the bid, according to Simon Thackray, an analyst at ABN Amro Holding NV in Sydney.

Cemex, the world's third-largest cement maker, could pay as much as A$19.50 before the deal eroded profit gains and returns on capital employed, Macquarie's Dale said in his note. The company could reach $380 million in three years through cost savings and gains from selling Rinker land holdings, beating its target of $130 million, he said.

`May Walk Away'

``The decision to acquire Rinker is a large one and Cemex may walk away if it feels it cannot derive the best value," Dale said. ``Another buyer for Rinker is unlikely to emerge. Tension in the bidding process is low."

Hector Medina, executive vice president of planning and finance at Cemex, will travel to Sydney next week to talk to Rinker investors. The company will ask its own shareholders to approve the deal at a meeting Dec. 7.

The bid would be the biggest takeover of an Australian company, and cap a record year of acquisitions in the country. Proposed takeovers have soared to $164 billion in 2006, from $111 billion last year, according to data compiled by Bloomberg.

Cemex is advised by Citigroup Inc. Rinker has hired UBS AG to help it on its defense.

Senator Has Questions For NASD (NYT)

By Gretchen Morgenson

The New York Times, December 1, 2006

Charles E. Grassley, the Iowa Republican and departing chairman of the Senate Finance Committee, has asked NASD, the securities industry's largest self-regulatory organization, to describe in detail how it identifies and tracks possible insider trading among its members.

Mr. Grassley's staff is investigating the Securities and Exchange Commission's handling of an insider-trading case involving a prominent hedge fund. The questions being asked of NASD indicate that Congressional scrutiny of the nation's market regulators is growing.

Insider trading appears to be a growing problem for regulators. In August, The New York Times reported that an analysis of the nation's biggest mergers during the last year found abnormal trading in the securities of 41 percent of the companies in the days and weeks before the deals became public. Those buying shares during these periods of unusual trading generated gains of as much as 40 percent.

"This oversight effort is about making sure the watchdogs are getting the job done," Mr. Grassley said in a statement. "It's about maintaining public confidence in the system by making sure the average Joe investor is on equal footing with big shots on Wall Street."

Mr. Grassley sent his request to Mary L. Schapiro, the chairwoman and chief executive of NASD, in a letter on Tuesday — the same day that NASD announced that it was merging its oversight operations with those of the New York Stock Exchange.

He asked that NASD respond to his questions about its regulatory approach by Dec. 18.

The letter from the senator parallels his September request that the Government Accountability Office investigate how the S.E.C. polices the financial markets and pursues insider-trading cases. The G.A.O. agreed last month to conduct a broad review

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of S.E.C. enforcement practices and those of its office of compliance, inspection and examination, which oversees money managers.

The G.A.O. has until June 2007 to issue the report.

Mr. Grassley asked NASD to describe its market surveillance tools, its sampling methods for capturing unusual trading around a market-moving event like a merger, its approach to repeat offenders and how it ensures that it "casts a wide net during market surveillance and oversight."

NASD was also asked to describe the types of enforcement actions it takes, the frequency of such actions and the degree to which the organization's enforcement efforts are overruled by the S.E.C.

Under its proposed merger with the New York Stock Exchange regulators, NASD will oversee securities firms, arbitration and the licensing of brokers, while the exchange's regulators will conduct market surveillance and compliance for companies whose shares trade on the exchange. Both the S.E.C. and the NASD's membership must approve the deal; if they do, Ms. Schapiro will become chief executive of the combined entity.

A spokeswoman for Ms. Schapiro said she declined to comment.

Others in Congress are also interested in the apparent increase in insider trading. The Senate Judiciary Committee, overseen by Arlen Specter, a Pennsylvania Republican, until Congress changes hands next year, is expected to hold a hearing on Tuesday on the oversight of insider trading.

Mr. Specter convened a hearing on the subject in September, at which a New York Stock Exchange official said that there was a significant increase in the number of insider-trading referrals submitted by the exchange to the S.E.C. in the last two years.

The request for information from the NASD comes amid an inquiry by Mr. Grassley's staff and the Senate Judiciary Committee into the S.E.C.'s handling of an insider-trading investigation involving Pequot Capital Management, a $7 billion hedge fund run by Arthur J. Samberg. That investigation, which began in 2004, centered on a number of profitable trades Pequot made in advance of mergers or other market-moving news.

The Pequot inquiry was overseen by Gary J. Aguirre, a former staff lawyer at the S.E.C., who has told the Senate that his superiors blocked him from interviewing John J. Mack, an influential Wall Street executive and a friend of Mr. Samberg. Mr. Mack now heads Morgan Stanley.

Last summer, the S.E.C. took Mr. Mack's testimony in the case. In October, it advised Mr. Samberg and Mr. Mack that it would not recommend any enforcement actions against them and closed the Pequot investigation. Mr. Samberg and Mr. Mack have repeatedly denied any improper conduct.

S.E.C. officials had argued that Mr. Aguirre could not demonstrate that Mr. Mack had inside information and was therefore not justified in taking his testimony as part of the investigation.

Mr. Aguirre, who said he was simply interested in getting information from Mr. Mack, protested the decision and was fired in September 2005, a year after he was hired.

In addition to questions relating to NASD's market surveillance techniques, Mr. Grassley asked NASD to describe its procedures for preventing brokerage firms from retaliating against analysts, brokers or other employees, and protections that exist for whistle-blowers at NASD member firms or the regulator itself.

How NASD manages its extensive broker disciplinary records is another topic of interest to Mr. Grassley. He asked NASD what procedures it had to ensure that the public information it provided was accurate and asked what efforts NASD had made to upgrade this program.

"Is the NASD of the opinion that it is the sole party entitled to deliver such information to the investing public?" Mr. Grassley asked.

Michigan MLS Agrees To Settle Antitrust Complaint (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, December 1, 2006

FTC will consider proposed agreement with MiRealSource

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MiRealSource, a broker-owned multiple listing service in Michigan, has agreed to settle a Federal Trade Commission complaint that challenged MLS rules the agency claimed violate antitrust laws.

The FTC last month announced settlement agreements with five MLSs and complaints against two other MLSs related to MLS policies that blocked some property listings from reaching some public property-search Web sites, such as Realtor.com and MLS-operated sites. On Monday the FTC posted a notice stating that the complaint against MiRealSource was withdrawn to allow the commission to consider a proposed settlement agreement with that MLS.

Members of the FTC will consider whether to approve the proposed agreement.

Virginia Blatt, CEO for MiRealSource, which formed in 1966 and has about 7,000 members, said Wednesday that the MLS board voted to approve the consent agreement and MLS managers will "make some modification to our rules as a result of it. We think it will work out in a positive." The MLS must implement new rules within 45 days of the FTC's final approval of the consent agreement. Blatt said that the MLS did incur some costs in seeking legal assistance related to the complaint.

She added, "There is no point in spending a significant amount of resources, time and energy to litigate with the FTC. We'd rather spend our energies ... in service to our members." The MLS board had several meetings to discuss the FTC matter, she said. "They gave it a lot of thought, and concluded that resolving the dispute is in the best interests of our members."

And in a statement Wednesday, MiRealSource officials said, "Finally, and perhaps most importantly, MiRealSource recognized that sweeping changes in the real estate industry, fueled in large part by the widespread use of the Internet and consumer expectations of access to information that the Internet provides, meant that its rules would have to evolve, regardless of the outcome of its dispute with the FTC."

In its 13-page complaint against MiRealSource, the FTC stated that the MLS "adopted rules and policies that limit the acceptance, publication and marketing of certain properties, based on the terms of the listing contract entered into between a real estate broker and the customer who wishes to sell a property." The FTC charged that these rules violate federal antitrust laws.

The complaint focuses on rules that blocked a type of property listing from the MLS in which homeowners had entered into "exclusive agency" contracts with MLS members, and also on a rule that required brokers to offer a specific set of services in order for the MLS to accept property listings submitted by them.

Under an exclusive agency agreement, property owners have the right to sell a property on their own and are not required to pay the broker if they directly locate a buyer for the property. The MLSs did not place similar restrictions on the more popularly used "exclusive right to sell" agreement, under which sellers must pay the broker a commission when the property is sold.

These rules were particularly restrictive compared to other MLS rules that the FTC investigated -- many of the other MLSs accepted limited-service and exclusive agency listings but had rules that blocked exclusive agency listings from being distributed to certain public Web sites. Several MLSs that adopted exclusive agency restrictions have said that they did not wish to publicize property listings in which houses could be sold directly by the owner, without the benefit of compensation for its members.

The FTC complaint stated that MiRealSource passed a rule in August 2003 that blocked the MLS from accepting any listings other than exclusive right to sell listings, and that year the MLS adopted a "Co-Mingling Policy" that prevented MLS members operating home-search Web sites from combining MLS listings with listings from other sources. Also, the MLS adopted a rule in 2004 "specifying the minimum set of real estate brokerage services that a listing broker was required to offer in order to have a listing on the MiRealSource MLS," the FTC charged.

Exclusive agency listings "are a means by which listing brokers can offer lower-cost, unbundled real estate brokerage services to home sellers," the FTC said in the complaint, and limited or "unbundled" real estate services "are lawful arrangements."

Patrick Roach, deputy assistant director for the FTC's Bureau of Competition, said that there will be a 30-day public comment period if the commission approves the consent agreement. The proposed consent agreement has not yet been placed on the public record.

The FTC is proceeding in its complaint against RealComp II Ltd., a corporation owned by several Realtor boards and associations in Michigan that has about 14,800 members.

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EU Says Energy Suppliers, Grids Are Still Colluding (Update1) (BLOOM)

By Adam Mitchell

Bloomberg, December 1, 2006

Nov. 30 (Bloomberg) -- The European Union official heading an antitrust inquiry into the energy market said a requirement for energy suppliers and distribution grids to become separate legal entities has failed to open up the industry.

A report by the European Commission, the EU's executive body, will be released on Jan. 10. The body plans to use it as a basis for improving the rules that govern the energy market and to take legal action against companies.

``Legal unbundling has not prevented systematic communication between network and supply branches'' of companies, said Lars Kjoelbye, head of the team that has been working on the probe since June 2005, in Brussels yesterday.

He cited the case in which Eni SpA, Italy's former gas monopoly, was fined 290 million euros ($382 million) in February by Italy's antitrust authority for blocking access to its pipeline that transports gas from Algeria.

``The network branch had planned to invest expanding the capacity of a gas pipeline to Italy but the supply branch said the project should be dropped because the extra energy could put prices under pressure,'' Kjoelbye said.

Rome-based Eni's appeal against the fine was partially accepted yesterday, news agency Ansa reported. Eni will get a reduction in the penalty, the amount of which hasn't yet been published, Ansa said.

Removing National Barriers

The Italian company said this week it expects to announce within the next two months plans to build a new import terminal for liquefied natural gas in Italy. On Nov. 24, it offered to auction gas at below-market prices to resolve a separate antitrust investigation into whether the state-controlled company was restricting competitors' access to the country's only existing LNG facility, which Eni controls through its Snam Rete Gas SpA pipeline unit.

The commission is trying to open the EU's 250 billion-euro power and gas market to more competition, using a law that gives it the right to conduct broad investigations into areas of the economy it thinks are performing poorly. The antitrust inquiry is part of the EU's push to remove national barriers within the 25-member bloc, break up monopolies and stop collusion.

``Europe needs large investment in infrastructure, but if a company has both network and supply interests it won't make an investment in its network if this is bad for the supply business,'' Kjoelbye said. ``We're stuck in the middle of the river: liberalization has not changed market conditions. We need a more European outlook, and more cross-border capacity.''

ENVIRONMENT:

Environment Agency Drops Part Of Its Plan To Ease Pollution Reporting Rules (FINDLAW/AP)

By John Heilprin, Associated Press Writer

AP, December 1, 2006

(AP) - WASHINGTON-The Bush administration, looking at the prospect of stronger oversight from a Democratic-led Congress, is withdrawing a proposal to let big polluters report less often on what they spew from their smokestacks.

The administration, however, is going ahead with a plan to make one-third less provide detailed figures at all.

The government last year proposed easing air regulations to exempt some companies from having to tell the Environmental Protection Agency about what it considers to be small releases of toxic pollutants.

That proposal is still alive. But abandoned now is the idea of making companies that must make such reports, known as toxic release inventory, do so every other year instead of annually.

"You will be pleased to know that I have decided against moving forward with changes to TRI reporting frequency," EPA Administrator Stephen Johnson wrote Democratic Sens. Frank Lautenberg and Robert Menendez this week.

Johnson decided the program would not be effective unless the reporting was done each year, agency spokeswoman Jennifer Wood said Thursday.

The EPA does plan to change the inventory requirements, easing what it called the "regulatory burden" on companies through use of a short form for reporting toxic pollution.

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Currently, some 23,000 facilities are required to submit reports annually if they release more than 500 pounds (227 kilograms) of the worst toxic pollutants. Those include mercury, DDT, PCBs and other chemicals that persist in the environment and work up the food chain.

Johnson made clear in his letter Tuesday to the senators that the administration plans in 2007 to raise that threshold reporting requirement to 5,000 pounds (2,268 kilograms). Companies would be exempt from the reporting requirements if they store the pollutants on site and claim to release "zero" amounts into the environment.

According to EPA officials, the higher threshold would free one-third of the 23,000 facilities from the reporting requirements. They include mining, utility, oil, rubber, plastics, printing, textile, leather tanning and semiconductor operations.

On the Net:

Background on the toxic release inventory program: http://www.epa.gov/tri

Bush Against Airline Emissions Cuts (AP)

By John Heilprin

AP, December 1, 2006

The White House opposes plans by European nations to require airlines to curb greenhouse gases, saying it would unfairly disadvantage U.S. carriers.

"We are strongly opposed to the imposition of a tax. We think this will violate trade rules," James Connaughton, chairman of the White House Council on Environmental Quality, told a group of international reporters Thursday.

"It's also not a smart way to find your way to efficiency in the aviation (industry)," he said. "The aviation sector has already made dramatic progress in becoming more fuel efficient because they have to. It costs a lot of money to fly people around."

Connaughton said a better approach is to "come up with a partnership to ensure new approaches that are efficient, but also to relieve congestion that is in the airways. There are real restrictions between our markets and also with Asia that causes a tremendous extra consumption of fuel that's necessary."

Technically, the European Commission is not proposing a tax. Instead, it is writing rules to require that airlines trade carbon emissions. Given a choice, airlines told the commission they preferred a cap-and-trade scheme over a tax on carbon emissions.

To Connaughton, "It goes right to the customer, to the bottom line of what it costs to fly. Let's just call it what it is: It's a tax."

He did not elaborate on whether the Bush administration would file a complaint with the Geneva-based World Trade Organization once the commission proposal is made public.

The EU's emissions trading program is intended to encourage industries from many sectors to cut greenhouse gases. It would set limits and allow for trading allocations of carbon dioxide emissions.

The EU is required by the 1997 Kyoto Protocol on climate change to reduce its carbon emissions by 8 percent below 1990 levels by 2012. But cars and airplanes, major sources of CO_2 emissions linked to global warming, are not covered by the treaty.

The European Commission sees the airlines emissions trading as a tool that could help Europe meet the Kyoto targets. By giving airlines a carbon allowance, companies that do not use the full amount can sell their unused limits.

"You don't have a market if you don't have a shortage," the European Commission's top environment official, Mogens Peter Carl, said in October.

EPA Staffers Go To Hill Over Global Warming (CSM)

By Peter N. Spotts

The Christian Science Monitor, December 1, 2006

This week, labor leaders representing more than 10,000 Environmental Protection Agency scientists, engineers, and staff have asked Congress to hold aggressive oversight hearings on the agency's own greenhouse-gas emissions programs.

Under the Bush administration's voluntary approach, the labor leaders' petition says, the agency isn't doing enough to encourage the use of current technology to control carbon-dioxide emissions, the leading cause of human-induced climate change. In fact, the time for a voluntary program is over, the leaders say.

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"The science is too clear and the consequences are too grave" to continue down the path the administration is following, says William Hirzy, an EPA senior scientist currently on a teaching assignment at American University. He's vice president of the National Treasury Employees Union chapter that represents employees at EPA headquarters in Washington.

The labor leaders, who are presidents of the EPA's 22 union locals, also called on lawmakers to ensure that agency experts are allowed to speak freely and openly about global warming with the public and Congress "without fear of reprisal."

In addition, the petition, which was sent to two key Capitol Hill committees, asks lawmakers to "support a vigorous program of enforcement and reduction in GHG [greenhouse-gas] emissions."

The administration has held that regulating CO2 is outside the agency's purview. Indeed, this week, the US Supreme Court heard arguments in a suit against the EPA over this issue. Deputy Solicitor General Gregory Garre argued that Congress never gave the EPA authority to regulate CO2. Even if the agency had the authority, he continued, "now is not the time to exercise such authority, in light of the substantial scientific uncertainty surrounding global climate change and the ongoing studies to address those uncertainties."

The petition's drafters say they originally planned to release the document in a few weeks, on the eve of the new, Democratically led Congress. But they opted to send the document to the House Energy and Commerce Committee and the Senate Environment and Public Works Committee this week as the high court heard oral arguments on the issue.

This is not the first time EPA's unions have flagged issues that some members reportedly have difficulty raising through bureaucratic channels. And it's unclear how deep the petition's sentiments run through the agency's rank and file. "We can't say it's 100 percent," Dr. Hirzy acknowledges.

Still, the unions represent the only safe avenue for career scientists and engineers to speak out, according to Jeff Ruch, executive director of Public Employees for Environmental Responsibility. In 2005, he explains, the US Supreme Court held that public employees couldn't rely on the First Amendment to shield them from retaliation if they blew the whistle on unethical or illegal activities on the job.

The petition comes at a time when speculation is rising in Washington that President Bush may substantially modify his approach to carbon emissions. In press interviews, some administration officials have hinted that Mr. Bush is preparing to unveil new energy and climate policies, perhaps in his State of the Union message early next year.

Some analysts say that the White House has polled energy companies, asking: What's your bottom line on possible regulations? In October, the head of Shell Oil, speaking at the National Press Club, said that a patchwork of state rules would be too hard to deal with, and that a national program is needed.

"You've got different dynamics at play," and the logical place to look for a new position would be the State of the Union address, says John Stanton, vice president of the National Environmental Trust.

Tax Horse-Trading Could Be Focus Of Lame-Duck Session (WSJ)

By John Harwood

The Wall Street Journal, December 1, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

TAX HORSE-TRADING could be lame-duck focus.

Sales-tax states are confident of two-year extension for federal deductions, as home states of Senate leaders Frist of Tennessee and Reid of Nevada both benefit. Business wants similar treatment for R&D credit renewal, while Democrats seek additional alternative-minimum tax fix now, to avoid paying for it after they reinstate "pay-as-you go" budget rules. Republicans bristle, but White House needs deal to move trade bills.

Under pressure from doctors, lawmakers work to block drop in expected Medicare payments. Revenue likely would come out of $10 billion "stabilization" fund for regional health plans. Health plans aren't fighting hard, since the money hasn't been doled out yet. "It's air," says one lobbyist.

Republican pollster Neil Newhouse says voters "couldn't come up with a single" congressional accomplishment.

CAFE CLASH looms among Capitol Hill Democrats.

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Senate leaders, including incoming Energy Chairman Bingaman, back an Obama plan forcing government to raise corporate average fuel-economy standards for autos by one mile per gallon each year, unless regulators prove it isn't feasible. Obama notes the current U.S. car standard of 27.5 miles per gallon has been "frozen" for 20 years, while Japan has gone to 45 mpg.

House Energy Chairman-to-be Dingell of Detroit blasts CAFE as outmoded, and instead backs incentives for flex-fuel cars. Deron Lovaas, a vehicle expert at the Natural Resources Defense Council, says House Democrats, the auto industry and United Auto Workers face rising pressure to "cut some sort of deal" with the Senate.

UNIVERSAL-PRESCHOOL advocates seek boost in new Congress.

Coalition backing action includes University of Chicago Nobel economist James Heckman, business groups and liberal antipoverty warriors. Incoming Senate Finance Chairman Baucus has pushed new federal funding to match state money for "voluntary, universal pre-K for all income levels." A $25 million private Minnesota venture sponsors a pre-kindergarten voucher experiment. But huge national price tag -- $30 billion to $70 billion a year -- makes congressional action unlikely.

Kennedy will push long-stalled Head Start renewal, hoping to fully fund programs for neediest children before extending pre-K to the middle class.

The delay came from Republican demands that church programs be allowed to hire exclusively from their denominations.

FORMER VIAGRA pitchman Dole teams up with Pfizer again, this time to hawk success stories for Medicare's drug benefit. The retired Kansas senator has revamped his Web site, bobdoleonmedicare.com2, with a grant from the manufacturer.

MARKET NICHE: Organizers expect about 150 attendees and 15 exhibitors at next week's "Sixth Rebuilding Iraq Conference & Expo" outside Washington. Iraq-reconstruction conferences in 2003 drew packed houses.

REPUBLICAN SHUFFLE: Virginia's Warner could yet pass on top party post on Senate Environment panel, instead taking ranking Intelligence slot. He would succeed Kansan Roberts, who feuds with incoming Chairman Rockefeller. Roberts could then reclaim ranking on Agriculture panel in time for farm bill important back home. Approaching 80, Warner jokes: "I've spent most of my life worried about defense....I don't know if I'll live long enough to figure out global warming."

BIOTECH, INDIA deals face House-Senate squabbles.

Biotech firms expect Senate to clear long-stalled bill giving government more flexibility and funding to contract for bioterror-related treatments. But odds are low for matching House version before adjournment.

Senate complicates civilian nuclear deal with New Delhi by requiring India to back U.S. efforts against Iran, along with annual "certification" of India's "cooperation." India and White House want those provisions yanked. Business backers expect consensus package with House this year. "This doesn't stand a chance" in the next Congress, says one supporter.

Commerce takes 230 firms in India trade jaunt, including nuclear suppliers General Electric and Westinghouse.

MINOR MEMOS: Hillary opponents launch www.StopHerNow.com3; inaugural cartoon shows Clinton slamming Howard Dean with an oversize mallet...Hillary and Bill top pollster Peter Hart's Washington state survey on most-desirable weekend family companions, trailed by the Bushes; Cheneys and Kerrys finish last.

Another Plan For Snowmobiles (NYT)

The New York Times, December 1, 2006

Yet another winter and here we are, still wrangling over snowmobiles in Yellowstone. Last week the National Park Service released a draft environmental impact statement that would allow 720 snowmobiles a day into the park. It would also require snowmobilers to ride with guides and to use the newest generation of supposedly environmentally friendly machines.

But everything we have learned about snowmobiles in Yellowstone — thanks to an apparently unending series of publicly funded studies — tells us that there should be no snowmobiles there at all.

Last winter, the park service — by accident — conducted an even more persuasive experiment. Snowmobile numbers were way down in Yellowstone, thanks largely to uncertainty about the regulations. And every measurement showed just how much cleaner the air was with only about a third of the machines proposed under this new plan zooming through the park. But even those few still exceeded the noise limits wherever they concentrated — at Old Faithful, for instance.

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Snowmobiling is almost entirely about speed, and most of the promised environmental gains have been sacrificed for more horsepower. The best way to get people into the park in winter is the new generation of snow coaches, small, snow-going buses that are vastly quieter and cleaner.

The snowmobile problem is a political vortex of surprising endurance. Scientific studies funded by the Clinton and Bush administrations have made it clear again and again that snowmobiles seriously degrade the environment of Yellowstone. The park service needs a new plan, and if it can't provide one then Congress should intervene. There should be no snowmobiles in Yellowstone.

FBI/DEA/ATF/USMS:

COMMENTARY Gonzales: So You Don't Think Meth Is Your Problem? (AAS)

By Alberto Gonzales, U.S. ATTORNEY GENERAL

Austin (TX) American-Statesman, December 1, 2006

It has become a familiar scene on the evening news across the country: Neighbors watch in stunned silence as police raid the house next door and the nice couple who kept to themselves is hauled away for running a methamphetamine lab in the basement. How could this happen, the neighbors ask, in our neighborhood? Isn't this the kind of thing you only see . . . somewhere else?

Compared with marijuana, heroin or cocaine, methamphetamine, or meth, is relatively new in the headlines. But it has had a tremendous and terrible impact in a short time.

Once thought to be a problem primarily affecting America's rural communities, we now know that no community is safe from the destruction caused by meth.

Users are drawn in by the drug's promise of euphoria. Its quick, feel-good results make it appealing to a teenager who may be feeling blue or to an exhausted stay-at-home mom.

Even more sinister in some ways than cocaine or heroine, continued methamphetamine use can interfere with the brain's ability to experience pleasure normally. Imagine not being able to feel joy from the things that make you happiest? Imagine you have unknowingly sacrificed your ability to feel such a basic human emotion for the false, short-term promise of feeling happy, high or euphoric.

Users quickly learn that methamphetamine is far from glamorous. Their teeth rot, they can't sleep, and they become emaciated from lack of appetite. But they're addicted, and they usually cannot stop without help.

So we should care about the drug addict? They are their own victims — no one forced them to use an illegal drug, right? They deserve to suffer.

But while some consider drug abuse to be a victimless crime, meth does not just affect the user. It affects users' children, it affects the community, and in a very real and lasting way, it affects the environment.

Meth's collateral damage is nothing short of horrifying. We've seen babies burned to death when meth-cooking parents accidentally set fire to a home lab. We've seen children exposed to hazardous chemicals and severely neglected by their meth-abusing parents.

And we've seen environmental damage from meth. The chemicals used to make the drug include lye, red phosphorus and hydriodic acid, and each pound of finished methamphetamine creates up to six pounds of hazardous waste. These toxins are often dumped onto the ground or into the water systems — making meth your problem.

Last March, Congress passed the Combat Methamphetamine Act, which gave us tools for targeting meth traffickers. The law, signed by President Bush, provides a national standard for the retail sale of products containing the ingredients needed to make meth, like pseudoephedrine.

One change you may have noticed is that local retailers moved some cold medicines behind the counter. It seems like a small step, but thanks to this and other initiatives — particularly at the state level — we have made tremendous progress in cutting production of meth.

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Now we're focused on halting the manufacture and smuggling of meth from superlabs controlled by Mexican drug traffickers operating in the United States and Mexico and to reducing demand in this country.

I've made clear to U.S. attorneys throughout America that meth is a priority. But we cannot win the fight against meth with prosecutions alone. We need to educate people about the dangers of meth, so they never start using it. Finally, we need to make sure meth abusers know help is available, so they can get clean.

Recent events around the country have educated people about the dangers of the drug. The Justice Department is working with its partners at the federal, state and local level, in government and in the private and nonprofit sectors, to raise understanding of this problem.

Education efforts do indeed reduce demand. To put it simply, the more people know about meth, the less likely they are to use it. And we've created an educational presentation called Meth 101, which is online at www.usdoj.gov/

methawareness.

Meth poses a tremendous challenge for law enforcement and society. We all share a responsibility to ensure a safe, successful and drug-free future for our children and grandchildren. Progress will be something very worthy of giving thanks for this holiday season.

'CRYSTAL' PALACE (NYPOST)

By Todd Venezia, Erika Martinez And Stefanie Cohen

The New York Post, December 1, 2006

December 1, 2006 -- The trailer-park drug known as "hillbilly crack" has been putting on the Ritz lately - as federal drug agents uncovered a crystal-meth lab inside the $6,000-a-month Manhattan penthouse of a bank executive, authorities said yesterday.

Michael Knibb, an information-technology vice president at Citigroup, ran the sophisticated drug operation from the living room of his luxury apartment overlooking the United Nations, said Drug Enforcement Administration officials.

The 37-year-old Knibb - who makes an estimated $250,000 a year - allegedly told authorities that he had decided to make his own methamphetamines because he could not find a reliable drug dealer after moving to New York from Seattle two years ago.

Knibb was one of 10 alleged do-it-yourself drug makers busted this week as part of a federal anti-meth sweep dubbed Operation Red Fusion.

Yesterday was National Methamphetamine Awareness Day.

The arrests were made after each of the suspects allegedly bought meth-making chemicals from the same Internet sites.

None of the suspects were major dealers, and most just made enough for their own use, according to the DEA.

Knibb wasn't the only suspect whose profile didn't fit the image of the typical meth producer.

Another suspect is Mehmetcan Dosemeci, a Columbia University doctoral student, who told cops he mixed and used the stimulant to boost his studying, officials said.

Dosemeci, a native of Turkey, is a Fulbright scholar and a graduate instructor at the school.

He was busted after he allegedly made the boneheaded mistake of going online to get one of the prime meth ingredients, iodine crystals, and having it sent to his Manhattan Avenue apartment.

DEA agents raided his home in October. The history student might have also gone far in chemistry, since DEA officials said the 1.3 grams of meth they found had a purity of 98 percent.

"It's just not as it seems at the moment. It's a big misunderstanding," Dosemeci said at his apartment yesterday.

He and Knibb were free on $150,000 bail.

Agents described Knibb's operation as "sophisticated" for a small-time meth lab. He allegedly used heating elements from lava lamps to cook up the drug. The DEA said they found 7 grams of meth, refined to 92 percent purity, in his apartment.

"To find a meth lab . . . in a penthouse in New York City is shocking, as well a frightening," said John Gilbride, special agent in charge of the Manhattan DEA office.

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Knibb was busted in June after allegedly buying red phosphorus online. The controlled substance is a prime meth ingredient. According to residency records, he returned to Seattle in July of his year and stayed in a drug-treatment center. He could not be reached for comment.

Cops also busted Nicholaos Georgopoulos, 29, and Allen Jasovsky, 56, both of whom allegedly brewed meth at a Manhattan Potamkin car dealership on 11th Avenue, where they worked as mechanics. One of the men would keep a lookout, while the other would mix the drug for their own use, the DEA said. Georgopoulos said he had done the drug for only a couple of years - sucked in by Jasovsky, a 30-year addict.

"It doesn't mean I'm a bad guy, I just have a problem. I don't want to hurt anyone else, I've hurt myself enough," Georgopoulos said from his home in Astoria, Queens.

He said drug use was rampant at the dealership, and that they would cook the drugs behind the opened hoods of cars while they were supposed to be working.

In Ridge, L.I., agents arrested Christopher Bigoness, who allegedly had a mobile meth lab in his pickup truck. In addition to the meth, he allegedly was growing "magic mushroom" in his parents' home.

His efforts to grow the hallucinogenic fungi, however, caused him to inhale mold spores and sickened him.

Knibb, Dosemeci, Bigoness, Jasovsky, Georgopoulos and three other suspects face 20 years in prison, while two others face 10 years.

Additional reporting by Murray Weiss and Erin Calabrese

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Citicorp Executive Among 10 Accused In Drug Sting (NYS)

By Elizabeth Solomont

New York Sun, December 1, 2006

A Citicorp executive accused of manufacturing methamphetamine in his East Side penthouse was one of 10 people charged with operating nine illegal drug labs in New York City and Long Island, Drug Enforcement Agency officials announced yesterday.

Michael Knibb, 36, allegedly cooked up the highly addictive drug in the living room of his apartment on East 39th Street overlooking the United Nations, officials said. Officials identified him as a vice president of IT Test Systems at Citicorp, a subsidiary of Citigroup. A spokesman for the company confirmed Mr. Knibb's employment.

Officials said his arrest and charges against nine others stemmed from a six-month investigation known as "Operation Red Fusion," which targeted suspects who allegedly imported chemicals used to make methamphetamine from the same Web site. Officials declined to name the site, but said the suspects were producing the drug for individual use and not for sale.

According to officials, three of the labs were in Manhattan, two each were in Queens and Long Island, and there were one in Brooklyn and the Bronx. Methamphetamine, known as meth, crank, and crystal, can be made from household ingredients and is considered highly addictive and explosive. "These labs are ticking time bombs," the special agent in charge of the DEA's New York office, John Gilbride, said.

A lawyer for Mr. Knibb, Heidi Cesare, last night declined to comment on the case.

Officials said the defendants worked independently. The group includes a graduate student at Columbia University, Mehmetcan Dosemeci, 28, and an undergraduate student at SUNY Stonybrook, Arkady Koroshikh, 20.

Nine defendants pleaded not guilty yesterday to felony charges associated with the operation of the illegal labs, while one is a fugitive, officials said. If convicted, they face a maximum of 20 years in prison and $250,000 in fines.

Meth Lab In 'High' Rise (NYDN)

By Kerry Burke And John Marzulli, Daily News Staff Writers

New York Daily News, December 1, 2006

A Citigroup executive turned his fancy 38th-floor penthouse apartment overlooking the United Nations into a crystal meth lab, one of nine secret dope factories shut down by drug agents, federal officials said yesterday.

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He and nine other New Yorkers, including a Fulbright scholar at Columbia who wanted to stay awake to write his dissertation, were charged with setting up the toxic do-it-yourself labs across the metro area.

"A new animal has been unleashed in New York City," said John Gilbride, special agent in charge of the DEA's New York office.

For six months, agents tracked the purchase of red phosphorous and other chemicals from an Internet-based foreign company.

The most prominent alleged mad meth scientist was Michael Knibb, a vice president for information technology for Citigroup. He was tracked ordering 100 grams of meth's component chemical, court papers allege.

When the feds checked his penthouse on E. 39th St., they discovered beakers, solvents and heating elements in his living room and bedroom.

Knibb admitted he lost his crystal meth source when he moved here from Seattle 18 months ago, "so he decided to manufacture it himself," DEA agent David Campbell stated in an affidavit.

"He's a real gentleman," said a shocked employee in the luxury building. "He rides a motorcycle and has a high-paying job."

Mehmetcan Dosemeci, 28, a doctoral student in history at Columbia University who teaches political science and was a Fulbright scholar, was tripped up by a shipment of iodine crystals sent to his Manhattan Ave. flat.

"While writing his dissertation, he wanted to take methamphetamine to keep awake. . . . He researched how to manufacture it on the Internet," Campbell said.

A U.S. magistrate in Brooklyn released Knibb and Dosemeci on $150,000 bonds Wednesday.

Drug labs were also set up by two mechanics in the garage bay of Potamkin Mitsubishi in Manhattan, in another suspect's pickup truck, and in several residences on Long Island. All the labs produced drugs for the suspects' personal use, authorities said.

The eight others charged are: Nicholaos Georgopoulos, 29, of Astoria, Queens; Allen Jasovsky, 56, of Englishtown, N.J.; Christopher Bigoness, 48, of Ridge, L.I.; Arkady Koroshikh, 20, of Bay Ridge, Brooklyn; Christopher Beltzer, 24, of Queens; Eric Wright, 36, of the Bronx, and Steven Satornino, 32, and Adam Mills, 41, both of Patchogue, L.I. All but Wright, who remains a fugitive, have been arraigned and released.

"From the cornfields of the Midwest to the penthouses of New York City, this drug is a poisonous danger that affects not only the user but the entire community," Gilbride said.

Because flammable chemicals are used in the making of the highly addictive meth, one home lab in six triggers potentially dangerous explosions, he said.

Penthouse Lab Busted In Methamphetamine Crackdown (NSDY/AP)

By Pat Milton

AP, November 30, 2006

NEW YORK -- A Manhattan corporate executive accused of cooking up methamphetamine in his penthouse apartment was one of 10 people busted in a crackdown on clandestine drug labs in the city and Long Island, Drug Enforcement Administration officials announced Thursday.

The six-month investigation, dubbed "Operation Red Fusion," targeted suspects who allegedly imported chemicals used to make the drug from the same Web site, said John Gilbride, special agent in charge of the DEA's New York office. The suspects were making the drug for individual use and not for sale, said Gilbride.

Michael Knibb, 36, a Citicorp executive, was cooking the drug up in the living room of his East Side penthouse overlooking the United Nations, Gilbride said. Another suspect was arrested for running a lab in the back of his pickup truck, while a third was using a garage bay at a Manhattan car dealership. Knibb's attorney, Heidi Cesare, did not immediately return a phone call for comment.

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Nine of the defendants, including Knibb, were arraigned in U.S. District Court in Brooklyn following their arrests, while the tenth remained a fugitive. According to Gilbride, three of the labs were in Manhattan, two in Long Island, two in Queens, and one apiece in Brooklyn and the Bronx.

The arrests mark yet another eastward advance for a drug that has been slowly growing in popularity in urban areas, after gaining a foothold years ago in small towns across the Midwest and Appalachia.

"From the cornfields of the Midwest to the penthouses of New York City, this drug is a poisonous danger that affects not only the user but the entire community," Gilbride said.

Officials said that one in six clandestine labs result in an explosion creating devastating consequences for the individual and neighbors, particularly in densely populated areas such as New York City and its suburbs.

Suspicious tell-tale signs that could indicate the existence of a meth lab include an air conditioner unit running during winter months, a tube dangling outside a window being used as a vent, and the presence of caustic fumes or odors, said John Fassanello, a DEA chemist.

Methamphetine, also known as meth, crank and crystal, can be made from household ingredients, including over-the-counter cold medications. It can be snorted, injected, inhaled or smoked.

Agents uncovered two personal meth labs on Long Island. One was in Ridge, where the individual was producing meth from the back of a pick-up truck, said Richard Dormer, Suffolk County police commissioner.

The investigation received its nickname because red phosphorous and other chemicals such as iodine are used to manufacture the drug. Gilbride declined to identify the Internet company that sold the chemicals, but did say it was outside the U.S.

The defendants pleaded not guilty to the charges and all but one was released on bail. If convicted, they face up to 20 years in prison.

7 Held On Drug Trafficking Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, December 1, 2006

Drug Enforcement Administration agents have arrested seven suspected drug traffickers who operated methamphetamine laboratories throughout New York City and Long Island. Those arrested included a corporate executive, an automobile mechanic and a university teaching assistant.

"The danger of meth labs has spread from mid-America to Midtown," DEA Administrator Karen P. Tandy said.

"In New York City, the potential for damage is enormous -- drug criminals are playing with fire in apartment buildings that thousands of innocent people call home," she said. "With today's arrests, we're extinguishing those fires before they become explosions and ensuring that those who put New York's citizens at risk pay the price."

The arrests came as a result of an undercover investigation known as "Operation Red Fusion," led by the DEA and the Justice Department's Organized Crime Drug Enforcement Task Force, with assistance from the Suffolk County Police Department. Three other suspected traffickers are being sought.

DEA spokesman David C. Ausiello said agents targeted persons in New York City and Long Island who imported red phosphorus and other restricted chemicals, such as iodine, which are known to be used to manufacture methamphetamine in illegal laboratories.

Mr. Ausiello said the agents discovered nine operational methamphetamine laboratories and equipment used in growing psilocybin mushrooms and marijuana, and they seized manufactured methamphetamine and hundreds of grams of restricted chemicals, including red phosphorus and iodine.

He said the laboratories were found at a penthouse apartment overlooking the United Nations, a garage bay at a Manhattan automobile dealership, a pickup truck, a single family residence and apartments located on Long Island. He said those arrested were not members of a single organization, but rather acted independently, producing personal-use quantities of methamphetamine.

The laboratories were discovered in Manhattan, the Bronx, Brooklyn, Queens, Patchogue and Ridge.

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El Paso, Nation Focus On Meth Awareness (EPT)

By Tammy Fonce-Olivas

El Paso Times, December 1, 2006

Law enforcement officials in El Paso joined the nation today in recognizing National Methamphetamine Awareness Day, which was proclaimed by President Bush as a day to raise awareness about the dangers of meth abuse and reduce demand for the drug.

Zoran B. Yankovich, special agent in charge of the Drug Enforcement Administration in El Paso, said methamphetamine is manufactured from a variety of store-bought chemicals and can dramatically affects users' minds and bodies. Chronic use can lead to violent behavior, paranoia, and an inability to cope with the ordinary demands of life.

"I understand that people use drugs to get high. Our message to them is to get high on life," Yankovich said.

According to the 2005 National Survey on Drug Use and Health, individuals ages 18 to 25, are the most likely to use meth. Additionally, it is estimated that more than 10 million people have abused meth, about 512,000 of them in 2005.

The number of teens who have tried meth has decreased in recent years, Yankovich said.

Though law enforcement officials around the nation have made significant progress combating the supply of methamphetamine by reducing the number of meth labs in the U.S, the drug remains a serious problem. Yankovich added that most of the meth used in the U.S., or 85 percent of it, is manufactured in Mexico.

All counties in New Mexico consider methamphetamine as their "No. 1 drug problem," Yankovich said.

In El Paso, cocaine and marijuana are the most common illegal drugs. However, police are concerned about the growing popularity of meth, Deputy Chief Sylvia Aguilar of the El Paso Police Department.

Carrie Walker, a treatment specialist of Peak Hospital of Santa Teresa, said two out of 10 people who turn to them for drug abuse treatment have used meth. Though the drug treatment facility is in New Mexico, it serves residents from throughout the region, Walker said.

The number of methamphetamine-related cases prosecuted nationwide has increased by 700 percent in the past decade, said Margaret Leachman, chief of the El Paso Division of the U.S. Attorney's Office.

In El Paso, the U.S. Attorney's Office prosecutes 50 to 100 cases a year. About 99 percent of them result in convictions, Leachman said.

Penalties for possession of methamphetamine vary depending on the quantity of the drug and other factors such as whether a weapon was involved.

Leachman said a person caught with 50 grams of meth, which can fit in an average plastic sandwich bag, can face 10 years to life imprisonment if convicted. Possession of a gram of meth can lead to two years in prison.

Tammy Fonce-Olivas may be reached at tfonce@elpasotimes.com; 546-6362.

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S. Florida Sounds Alarm On Spread Of Meth Labs (MH)

By Jay Weaver

The Miami Herald, November 30, 2006

The number of start-up meth labs in Florida dipped during the past year, but law enforcement officials issued dire warnings Thursday about the scourge.

"We're working like never before to combat this epidemic," said Fred Ganem, associate special agent in charge of the Drug Enforcement Administration in Miami.

"Simply reducing the supply of methamphetamine is not our only challenge," he said. ``Reducing the demand is also a challenge."

The DEA and U.S. attorney's office hosted a local workshop as part of a national campaign to raise awareness about the highly addictive, inexpensive drug.

Meth affects the central nervous system like cocaine, but is much stronger. Its recipes are readily available on the Web and can be concocted with common household agents such as ether, drain cleaner and rubbing alcohol. Pseudoephedrine, the main ingredient used to create the meth, is found in over-the-counter cold remedies.

The drug has been common on the West Coast, but in recent years has spread across the Midwest and into Florida, law enforcement officials say.

"We are seeing more and more of methamphetamine coming in from Mexico," said DEA agent Dean Wolpert.

In Florida, local police and federal agents have cracked down on hundreds of meth labs in the central and northern parts of the state -- but not as many in South Florida, where authorities have raided about a half-dozen in Miami-Dade and Broward counties.

"Here in South Florida we have not seen the onslaught," said U.S. Attorney R. Alexander Acosta, who warned that his office would aggressively prosecute meth suppliers.

According to DEA records, 245 meth labs started up in Florida during the past year, down from 341 in 2005 and 332 the previous year. Officials said the decline resulted from more law enforcement activity, community awareness and the influence of so-called superlabs in Mexico.

Still, the drug, once associated with only rural areas, has grown insidious.

"It's a universal problem," said Dr. David Fawcett, of the South Florida Methamphetamine Task Force.

Drug Enforcement Agency Urges Use Of Hot Line (HAGMH)

By Pepper Ballard

Hagerstown Morning Herald, December 1, 2006

In observation of today's National Methamphetamine Awareness Day, the Hagerstown chapter of the Drug Enforcement Administration wants to remind the public of its anonymous meth tip hot line.

Kyle Williamson, resident agent in charge of the Drug Enforcement Administration in Hagerstown, said that those who have information about methamphetamine activity may leave anonymous tips at 1-866-305-3016.

According to the Drug Enforcement Administration's Web site - www.dea.gov - today is the first National Methamphetamine Awareness Day, which is intended to spread awareness of the dangers of meth.

President George W. Bush issued a proclamation Monday declaring today as the national awareness day.

Methamphetamine, also known as meth, crystal or ice, is manufactured in a variety of ways, but often includes a chemical mix of pseudoephedrine, the main ingredient of Sudafed, and ingredients found in common kitchen cleaners and other toxic products, Williamson said.

Williamson said the DEA and Maryland State Police established in June the Western Maryland Meth Initiative. The group has representatives from state law enforcement agencies in Frederick, Washington, Allegany and Garrett counties, he said.

The group has developed a lab team that has undergone specialized training to dismantle labs used to cook the drug and to clean up those labs, he said.

Be Wise To Methamphetamine Danger (LEBDN)

By David J. Arnold Jr., Lebanon Daily News

Lebanon (PA) Daily News, December 1, 2006

Crank. Ice. Speed. Chalk. Glass. Whatever the street name, methamphetamine, or meth, is an addictive drug with toxic effects on both its users and the communities in which it is used.

Meth and the clandestine labs used to make meth have become such a scourge in the law-enforcement community that today, Nov. 30, was proclaimed the first-ever National Methamphetamine Awareness Day by the U.S. Department of Justice. If we are going to fight this highly addictive and destructive drug effectively, it is important we all understand its dangers.

Unfortunately, meth is a national problem that has reached Pennsylvania. Once thought to be isolated to the midwestern United States, it is increasingly moving east and into the mainstream. In fact, in the last two years in Pennsylvania 189 lab s have been shut down.

Right here at home, our community won't soon forget the methamphetamine laboratory discovered by the Lebanon County Drug Task on South Sixth Street in the city of Lebanon. The chemicals found at the scene required the

Advertisement

expertise of the Pennsylvania State Police Clandestine Laboratory Response Team. The laboratory results indicated that the chemicals present in the home placed residents in the area in danger of death or serious bodily injury due to the risk of exposure to the chemicals.

Meth has many monsters.

First, the drug itself is a powerful central nervous system stimulant. It is highly addictive and has devastating effects on both the brain and body. Abusers show symptoms of violent behavior, anxiety, confusion and insomnia. They can also have hallucinations, mood disturbances, paranoia and delusions. Poor hygiene, open, infected sores from intense, delusional scratching and decayed and discolored teeth are just some of the horrible physical byproducts of a drug that literally rots a way a user's physical appearance and health.

Because meth is inexpensive to make, often with easily-obtained cold medicines and common household items, it is more common than we'd like to think. In fact, meth labs are no longer considered a strictly "rural" problem. These days, labs are found in rural, city and suburban residences; barns, garages and outbuildings; back rooms of businesses, apartments and hotel and motel rooms; even on boats and in the trunks of cars.

Dirty and dangerous, every clandestine, homemade meth lab is a ticking time bomb — literally. Explosions, serious environmental hazards and dangerous concentrations of chemicals and gases pose deadly risks to innocent family members, too often children who are severely neglected and exposed to the deadly drug and its byproducts. Neighbors are exposed to the highly volatile lifestyle and physical dangers, as are investigators, once they are on the scene. And all too often, there is the cost of human life.

Fortunately, there is some good news.

In the war against meth, Pennsylvania is working hard to avoid the full-blown epidemic faced by states to our west. Last year, our state Legislature and governor passed legislation putting cold medicines most often used in meth production behind the pharmacy counter.

The Pennsylvania State Police has made its Clandestine Laboratory Response Team and its Special Emergency Response Team available to assist in securing lab sites and recovering and processing evidence.

Attorney General Tom Corbett has worked cooperatively with district attorneys and other members of law enforcement in communities where meth is most prevalent, combining manpower, equipment and training to fight the problem. And, on behalf of the children, they are working on a statewide "Drug Endangered Child" protocol for law enforcement, medical and social-service personnel responding to an incident where children are found in a clandestine laboratory setting.

Meth is a community-wide problem that requires public vigilance with a law-enforcement response. If you know a meth user, there is help. If you suspect a meth lab is in your community, immediately call your local police or the district attorney's office at (717) 274-2801, ext. 2360. Do not investigate yourself. Only law enforcement can respond with individuals who are trained to deal with dangers (like invisible yet fatal chemicals and fumes) that lie within these labs.

No state will ever be completely immune to the tragedy of meth. But the more we know about it, the better equipped we will be to deal with this terrible, horrible, highly destructive drug. On National Methamphetamine Awareness Day, I encourage you to find out a little more about meth at http://www.usdoj.gov/methawareness. What you learn might just save a life.

Arnold is the district attorney of Lebanon County.

It's Meth Awareness Day (LCJ)

Louisville Courier-Journal, December 1, 2006

Thursday is National Methamphetamine Awareness Day, and the U.S. Attorney's Office in Louisville held a news conference in the city to draw attention to the dangers of the highly addictive drug and efforts to curtail its use.

U.S. Attorney David L. Huber and Richard A. Badaracco, assistant special agent in charge for the federal Drug Enforcement Administration in Louisville, will conduct the the news conference at the U.S. Attorney's office at 510 W. Broadway.

Similar news conferences are planned across the country on Thursday.

The awareness day was proclaimed by President Bush and is sponsored by the U.S. Department of Justice.

The Business Of Meth Is Changing To Meet Demand (LCJ)

By Kay Stewart, The Courier-Journal

Louisville Courier-Journal, December 1, 2006

The days of makeshift home laboratories for methamphetamine are on the wane, but the highly addictive stimulant is thriving — and its manufacture is changing to meet demand just as hot business products do, federal authorities said during a news conference Thursday in Louisville.

Increasingly, meth is being imported from Mexico in a highly pure form called crystal meth that can be smoked, leading to an instant high.

"What has not changed is the lethal effect," U.S. Attorney David L. Huber said at the news conference, which marked National Methamphetamine Awareness Day. "It's … very destructive to the body and the brain."

Home labs are less common now because most states, including Kentucky, adopted laws regulating sales of ephedrine and pseudoephedrine products used to make meth.

Huber and others said they hoped that the news conference would remind people of the drug's dangerous consequences — and that children would get the message to never try it because one dose can lead to addiction.

Meth ranks third, behind marijuana and cocaine, in popularity among illegal drugs in the region, but it leads all drugs in devastation, said Richard A. Badaracco, assistant special agent in charge of the Drug Enforcement Administration's Louisville office.

"Meth mutilates," Badaracco said, surrounded by displays illustrating his point.

One poster board pictured a healthy, vibrant young woman labeled "prom queen" next to a picture of an emaciated, hollow-cheeked "meth queen" with scabs on her face — both wore the same strapless pink dress.

There were close-up pictures of open mouths showing rotting teeth and infected gums — "meth mouth" — and before-and-after photos showing the appearance of rapid aging caused by meth.

In Jefferson County, police have busted 49 meth labs this year, Huber said.

The U.S. attorney's office prosecuted cases involving 600 meth labs in Western Kentucky last year, he said, compared with fewer than 260 this year — a decline attributed to regulations on sales of meth-making products.

But crystal meth arrests are on the increase, he said. In a drug bust last week, Badaracco said, authorities seized 25 pounds of crystal meth from Mexico.

"These Mexican trafficking organizations are stepping up to the plate," he said.

Enforcement is a top DEA priority, he said, but "we are not going to arrest our way out of this problem."

Reporter Kay Stewart can be reached at (502) 582-4114.

Today Is National Methamphetamine Awareness Day (DESERTS)

The Desert Sun, December 1, 2006

Today is National Methamphetamine Awareness Day.

Federal, state and local agencies making public aware of problem of methamphetamine and what the public can do to fight the spread of this deadly synthetic drug.

The federal Drug Enforcement Agency in Los Angeles is hosting an educational event at 11 a.m.

it is designed to teach the public about the dangers of clandestine methamphetamine labs and how to spot labs in a neighborhood.

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Federal, state and local police agencies considers the Coachella Valley a hub for meth distribution because much of the production of this deadly drug has shifted to Mexico.

It is then smuggled into this area and distributed through out the rest of California and the country, officials said.

To find out more about meth and the day's events go to //www.dea.gov/.

Research Center Studying Meth In Valley (FRESNOSN)

Fresno State News, December 1, 2006

As the U.S. observes National Methamphetamine Awareness Day today (Nov. 30), researchers at California State University, Fresno are studying meth use and abuse in the Central Valley as part of the fight against the damaging effects of the dangerous and highly addictive drug.

Nov. 30 has been designated by the Substance Abuse Mental Health Administration and the United States Department of Justice.

"Identifying the extent of methamphetamine abuse in the Central Valley is key to addressing the treatment needs for persons addicted to this drug," said Dr. Virginia Rondero Hernandez, faculty researcher for the Social Welfare Evaluation, Research and Training Center at Fresno State.

"This is especially true for families with children who may be at risk for becoming involved with child welfare systems due to parental use of methamphetamine," she said.

Methamphetamine abuse is one of the top research agenda items for the Social Welfare Evaluation Research and Training Center. This research will include community-based studies intended to identify appropriate treatment interventions for methamphetamine abuse. Findings from this research will be used to inform decision-making processes and public policy.

The Central Valley, like other areas of the nation is affected by the criminal and social consequences of methamphetamine production, sales and use. According to the Office of National Drug Control Policy, the proportions of methamphetamine arrests in Central Valley counties in 2001 and 2002 were higher compared to heroin arrests made during the same years.

Rural areas have been particularly affected by the presence of methamphetamine production. The National Drug Intelligence Center reported that in 2003, there were 130 super labs seized in California in which 121 labs were located in the counties of Fresno, Kern, Kings, Los Angeles, Madera, Merced, Orange, Riverside, Sacramento, San Bernardino, San Joaquin, Stanislaus and Tulare.

Methamphetamine is a highly addictive drug that can easily be made from ingredients purchased over the counter. The drug harms not only those who use it, but numerous families and communities throughout the country. Based on public child welfare data, as much as 75 percent of child protection removals are due to parental substance abuse issues, a proportion of which is contributed to methamphetamine use.

The Social Welfare Evaluation, Research and Training Center, a major initiative for Fresno State, offers research, training and evaluation services to address social welfare issues and policies impacting the Central Valley region. For more information, contact Brandie Campbell at 559.278.7940.

Meth Use, Behind The Numbers (HUTCHN)

Hutchinson (KS) News, December 1, 2006

Today has been declared National Methamphetamine Awareness Day by the U.S. Department of Justice in an effort to generate awareness about the damaging effects of the drug on individuals, families and communities.

Anyone with questions or a problem with meth may call 1-888-8NO-METH (866-6384) weekdays from 7 a.m. to 7 p.m. Here are some statistics about meth use and abuse in Kansas and the nation.

l According to the 2004 National Survey on Drug Use and Health, nearly 12 million Americans - almost 5 percent of the population above age 12 - have tried meth in their lifetime, with an estimated 1.4 million persons using in the past year and 600,000 in the past month.

l Kansas is ranked 13th in the nation in the number of meth labs or dump sites found so far in 2006, but 29th in the nation in percentage of people 18 to 24 who used meth in the past year and 18th for youths 12 and older using, at 1.75 percent and 0.92 percent, respectively.

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l Young adults 18-25 are the most likely to use meth, followed by the 12 to 17 age group, with the average age of first use at 22.1 years in 2004.

l The rate of use is higher among males than females, with the highest rates among Pacific Islanders, American Indians or Alaska Natives. Past year meth use among whites (0.7 percent) and Hispanics (0.5 percent) was higher than among blacks (0.1 percent) or Asians (0.2 percent).

l Treatment admissions of persons with meth as the primary use problem increased from 21,000 in 1993 to 117,000 in 2003.

l Kansas is ranked 13th in the nation in the number of meth labs or dump sites found so far in 2006, as reported by law enforcement, down from ninth in 2005, according to Kansas Bureau of Investigation statistics. Year-to-date, 140 labs have been found, compared to 290 in 2005.

l Reno County is ranked first in the state in number of labs found this year, at 29, down from 37 reported in 2005. Cowley County, which led three of the past four years, reported only eight labs, down from 53 last year. Only 45 of the state's 105 counties have reported meth labs in 2006.

Source: Substance Abuse and Mental Health Services Administration, KBI.

Beware: Today Is National Meth Awareness Day (BLACKHP)

By Wendy Pitlick, Black Hills Pioneer

Black Hills (SD) Pioneer, December 1, 2006

LEAD - Methamphetamine use in Lawrence County is significantly lower than it was two years ago, State's Attorney John Fitzgerald said this week.

Though he did not yet have specific statistics to point to for the decrease in meth arrests in the county, Fitzgerald said he has seen a dramatic decrease in methamphetamine cases in the court system. He attributes that to the state crack down on pseudoephedrine (the main ingredient in methamphetamine typically found in cold medicine) sales, and a national education campaign about the dangers of methamphetamine.

That's good news, in a sea of what has become a growing epidemic nationwide. But government leaders nationwide, as well as civic and social groups throughout the country have designated today, Nov. 30, as National Methamphetamine Awareness Day. The day has been established by the U.S. Department of Justice to raise awareness about the dangers of methamphetamine, as well as find ways to help those who have become addicted to the drug. In order to commemorate the day in South Dakota, the U.S. Attorney General's Office, the Governor's office, the S.D. Attorney General's office, the Department of Human Services, and MAPP-SD have partnered to get information out about the dangers of meth use. The governor's office has also issued a proclamation recognizing the day.

"Methamphetamine (Meth) use and distribution has been recognized as a major and growing problem for all citizens of the state of South Dakota," Gov. Mike Rounds stated in the proclamation. "In one way or another, all South Dakota residents will feel the impact of this dreadful disease through increased costs associated with drug use, addiction, chemical cleanup, increased work for law enforcement and social services, overcrowded jails, increased domestic violence and physical abuse, shattered marriages, lost jobs, and devastated and neglected families."

According to Rounds, designating Nov. 30 as National Methamphetamine Awareness Day is only one of the ways government officials have fought against meth use. In South Dakota, a statewide task force has completed a strategic plan to provide meth-specific education, prevention and early intervention for students and community members. Further, a statewide campaign launched in 2006 entitled "Face Facts: Meth Makes You Ugly," focuses on teaching students about the devastating effects of meth use through real-life stories from former addicts.

But the state still has a long way to go for education and prevention. Although Lawrence County has seen a decrease in overall meth numbers, methamphetamine busts have skyrocketed statewide. According to the Methamphetamine Awareness Prevention Program of South Dakota (MAPP-SD), there were 8.81 pounds of meth seized last year between January and September. By comparison, this year law enforcement officers seized 24.52 pounds of the drug within the same time frame.

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According to a study conducted by the Substance Abuse and Mental Health Services Administration, individuals ages 18-25 make up the largest percentage of the 1.3 million people who used meth last year. That translates into more criminal activity as meth users search for a way to support their habit, increased violent activity, larger prison populations and more prisoners with significant health problems, and larger case loads for social workers and child protection advocates.

"It (meth) has a lot of people in a panic. They don't know what to do," MAPP-SD representative Nikkole Abbas said of the growing epidemic of the drug. "It is draining a lot of resources."

From July 2005 to June 2006, officials from the S.D. Department of Corrections reported that 47 percent of incarcerated females reported using meth, while 37 percent of those females were diagnosed with a methamphetamine addiction. By comparison, 32 percent of adult males in the prison system reported using meth, while 14 percent were reported as meth addicts.

Though Abbas reported that methamphetamine is considered a "late stage drug," meaning individuals use it after a long history of being involved with other drugs and alcohol, there are still risk factors for students. According to a S.D. Youth Risk Behavior Study conducted in 2003 12 percent of 11th grade females used methamphetamine one or more times in their lives. That's why many statewide programs designed to combat meth use focus specifically on teaching students to make healthy choices overall.

"Somebody typically doesn't go out and just start using meth," Abbas said. "They have to have usually been drinking alcohol or smoking pot for awhile first. (Teenagers) are usually not even exposed to meth unless they're at the parties where people are drinking. Once they're in that environment that's where they get offered it. It's not just something that a kid is going to go out one day and just start using necessarily."

But there are exceptions to every rule, and Abbas said teens and adults alike who do not have a history of drug or alcohol abuse have been known to use meth because of its false promises of increased performance in sports, weight loss, and energy boost.

"I just heard of a case recently where a couple had completely raised their kids and she had to divorce him because he got into meth use after all of that," Abbas said.

Methamphetamine is a highly addictive, man-made drug, which commonly gives its users a feeling of euphoria and a boost of energy that can last for days on end. A person who uses meth may experience irritability, headaches, extreme anxiety, sleeplessness, confusion, aggressive feelings, violent rages, and depression. In some severe cases meth users can become psychotic and experience paranoia, hallucinations, and delusions, which can lead to extremely violent behavior.

Agencies Coordinate Nationwide Anti-ice Efforts (PDN)

By Eric Palacios, Pacific Daily News

Pacific Daily News, December 1, 2006

In an effort to raise awareness on the perils associated with the drug ice on Guam, several federal and local law enforcement agencies launched their public outreach programs in conjunction with the U.S. Department of Justice-sponsored National Methamphetamine Awareness Day.

U.S. Attorney Leonardo Rapadas said the anti-drug campaign will be more than just the table-top display yesterday at Guam Premier Outlets.

"We're going to hit new venues, get into the villages and the schools and meet with youth groups in the coming year to raise even more awareness on this evil," Rapadas said. "And the youth are the most vulnerable today," he said.

Rapadas added that yesterday's event was unique in that, being a national event, it was held at the same time as in every state and federal jurisdiction to highlight the "nationwide efforts to increase awareness and decrease demand" of the addictive drug.

The crystallized form of the drug is the most prevalent of illegal drugs on Guam, Rapadas said, and accounts for about 90 percent of total seizures.

"We're making headway," Tony Marquez, resident agent in-charge of the Drug Enforcement Administration on Guam, said, in reference to DEA's enforcement efforts.

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But in addition to the seizures of people attempting to sneak in the drug through Guam's ports of entry, local officials have said they have discovered more drug labs that have been set up to manufacture ice on Guam.

As part of the Department of Justice's national effort to combat the use of methamphetamine, an educational presentation was created and is available to the public on the DOJ Web site, www.usdoj.gov/methawareness.

Stop Methamphetamine From Corroding Community (RDC)

By Jennifer Faringer

Rochester Democrat and Chronicle, December 1, 2006

(November 30, 2006) — Today marks National Methamphetamine Awareness Day as sponsored by the U.S. Department of Justice.

The National Council on Alcoholism and Drug Dependence-Rochester Area, a program of DePaul Addiction Services, is engaged in a communitywide campaign to raise awareness to the potential impact of methamphetamine.

With the invaluable input of city/county/state law enforcement, the Monroe County District Attorney's Office, Drug Enforcement Administration, schools, universities and addictions professionals, we are in a position to monitor and work together to prevent the local influx of meth.

Methamphetamine is a powerfully addictive stimulant that dramatically affects the central nervous system, resulting in brain damage that is both more immediate and more severe than that caused by cocaine.

Due to the rapid nature of dependence (in as little as three months) there is very high potential for abuse. Meth abusers experience severe weight loss and damage to blood vessels in the brain (potential stroke) as well as damage to blood vessels in the circulatory system. The chronic meth user appears decades older and is often poorly groomed with skin abscesses and very poor dental hygiene. Psychologically, users experience paranoia, aggression, depression/anxiety, poor memory and confusion.

Methamphetamine is spreading in cities and rural settings previously thought untouched. Nationally, law enforcement reports meth as its No. 1 problem with related arrests increasing 85 percent from 2002 to 2005.

Meth affects not only addicts but their families and their community. In 2005, an estimated 3,000 children were removed from toxic meth lab sites, according to the Partnership for a Drug Free America.

On a community level, 1 pound of meth produces 5 to 6 pounds of hazardous waste. Chemicals used are toxic and often disposed of in streams, fields or sewage systems, contaminating the environment.

Vapors produced during the cooking process permeate walls and carpets of houses and buildings, making them uninhabitable with cleanup costs in the thousands of dollars per site. Many of the chemicals used are highly flammable resulting in explosions that injure not only the meth cooker, but families and neighbors too.

Meth is manufactured from basic and accessible ingredients: ephedrine, red phosphorus, iodine, acetone, anhydrous ammonia, lye and others. One-third is produced in illegal home labs; two-thirds are produced in Mexico and run by organized crime and street gangs.

As parents, educators, clinicians and citizens we can educate ourselves and be aware of the warning signs of meth abuse as well as the telltale signs of its production.

Faringer is director, DePaul's National Council on Alcoholism and Drug Dependence-Rochester Area.

Meth Awareness Day Takes On Special Meaning In Jefferson County (NOW)

NOW-TV, December 1, 2006

Today is National Methamphetamine Awareness Day. In an effort to combat meth labs, the Alcohol and Substance Abuse Council in Jefferson County is embarking on a specific methamphetamine prevention initiative to help ensure that meth stays out of the community. The center is partnering with local law enforcement to make sure that everyone in the community is aware of the effects of meth.

Today is National Methamphetamine Awareness Day. In an effort to combat meth labs, the Alcohol and Substance Abuse Council in Jefferson County is embarking on a specific methamphetamine prevention initiative to help ensure that meth stays out of the community.

The council said although the meth problem in Jefferson County has not yet reached epidemic proportions, its abuse has the potential to change the very face of a community.

Meth Awareness Day Honored In Virginia (WRC)

WRC-TV, December 1, 2006

Officials Aim To Combat Meth Addiction, Heighten Awareness

FAIRFAX COUNTY, Va. -- The U.S. Department of Justice has declared Thursday the first national Meth Awareness Day to underscore the dangers and highlight the importance of education and awareness about the risks of the highly addictive drug.

In Virginia, government officials joined law enforcement and treatment and prevention specialists in "Meth 360," a demand reduction campaign.

The Fairfax County and Prince William County police departments, along with local community service boards and substance abuse treatment programs, worked with the Partnership for a Drug-Free America to give a "360-degree" perspective on methamphetamine during presentations to community groups, parent coalitions, business associations, faith-based groups, schools and hospitals.

Hundreds of students at West Potomac High School in Alexandria were shown graphic images from a police bust of a local methamphetamine lab on Thursday. Officials said they hope the pictures would deter the students from using the drug, making it or selling it.

The students were shown before and after mugshot pictures of people who were arrested for possessing meth, then rearrested for the same thing a year later.

"The skin in ruins, the hair in ruins, the dramatic weight loss, the wrinkles on the face -- I think, again, it makes the impact of the drug a little bit more immediate, especially to teenagers," said Drugs, Alcohol, Tobacco and Firearms Enforcement Agency intelligence analyst Jennifer Loftland.

The DEA said the number of meth labs discovered in Virginia has grown from 5 in 2001 to 52 last year.

"It's absolutely a problem. There's meth coming in from Mexico. There's also locally produced methamphetamine in small clandestine laboratories -- mostly in the rural areas around Virginia," said DEA agent Shawn Johnson.

Agents said it is crucial to talk to students about the dangers of meth early because the largest numbers of meth users are 18 to 25.

Chuck Rosenberg, U.S. Attorney for Virginia's eastern district, said the number of young people using meth in northern Virginia is down, and he would like to keep it that way.

"It ruins lives. It kills people and we need to get the message out," he said.

Officials said that since the Meth 360 program began in July 2006, more than 700 northern Virginia residents have attended 22 of the program's presentations and learned about the effects the drug has on communities and strategies for drug abuse prevention and treatment.

Four Meth 360 presentations have also been televised on the Fairfax Public Access station.

For more information about methamphetamine, click here.

To find out how to raise awareness and to learn more about the battle against methamphetamine abuse, visit the anti-drug Web site or visit the government's meth resources Web site.

Area Substance Abuse Council's New Novus Center (KCRG)

By Liz Mathis

KCRG-TV Cedar Rapids, December 1, 2006

Vilsack signed a law almost 20 months ago to ban psuedoephedrine purchases in an attempt to try to shut down meth labs.

And Thursday, National Meth Awareness Day, those in the know say the law is working.

U.S. prosecutors, law enforcement and local drug counselors all say they can see a difference in their work since the ban took effect.

"Because these labs have decreased, it's lessened the drain from all the social agencies that deal with these problems, of the poor people that get addicted to methamphetamine," said Shirley Schneider, Novus Director.

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But meth addicts are still finding the drug. That's why the Area Substance Abuse Council (ASAC) qualified for a $1.5 million grant.

Welcome to ASAC's new Novus Center. These office walls will hear stories about meth addiction and all the troubles that come with it.

Experts say meth is still easy to get despite progress to lower access.

These four Novus counselors, one family therapist and case manager will help more than 135 meth addicts a year.

The Novus drug counselors will also use the matrix treatment program, new to Linn County but successful in California.

And when their three-year grant runs out they say the need will still be there.

The federal grant is targeted to help rural areas. They'll serve Linn, Jones and Benton Counties.

ASAC is one of only seven agencies, nationally that received a treatment grant.

Novus is located in the Dows Building in downtown Cedar Rapids.

National Methamphetamine Awareness Day (KAIT)

By Heather Flanigan

KAIT-TV Jonesboro, December 1, 2006

JONESBORO, AR -- The war on drugs is a battle that's been fought across the United States for years... but Thursday the emphasis was on meth, which accounts for up to 90 percent of all drug cases in many Midwest communities.

Thursday is National Methamphetamine Awareness Day but unfortunately, it's a problem that isn't going away soon.

"Methamphetamine is currently the number one most abused drug in the country," said DEA Task Force Officer Roger Case, "Primarily in Arkansas, it's a scourged drug. It's taken the place of almost all the other major drugs including cocaine and crack cocaine as the number one abused drug in the state."

As ASU students listened to a presentation Thursday...the message was clear. Meth equals death.

"It is just so critical that people not make the mistake to try this drug even one time. It's a wicked drug, it's highly addictive and it destroys your body and it will destroy your marriage and it will destroy your job and it will destroy your life," said Bud Cummins, U.S. Attorney for Eastern District of Arkansas.

The traditionally Caucasian drug started out mostly abused by teens...but the demographics have changed. "It's crossed racial and economic barriers...it's a drug for everyone now," said Case.

Missouri leads the nation in seized meth labs...but the drug is found across the U.S.

"In the past it was centered primarily on the west coast, now we still see large numbers of super labs on the west coast but those are dropping thanks to a national effort to curtail the distribution and importation of ephedrine and pseudoephedrine," said Case.

Methamphetamine use among high school seniors more than doubled between 1990 & 1996.

National Meth Awareness Day (KTHV)

By Melissa Dunbar

KTHV-Tv Little Rock, December 1, 2006

President Bush declared Thursday National Methamphetamine Awareness Day. In addition, he's asking for $25 million in his 2007 budget for recovery programs for addicts. Here locally, Arkansas DEA agents are busy fighting the spread of meth coming in from Mexico.

In his more than 30 years in law enforcement, DEA Assistant Special Agent in Charge Bill Bryant says meth is by far the most devastating drug he's seen.

Bryant says, "It is highly addictive and psychologically affects those who use it. They become very paranoid; they live for it and depend on it."

Bryant's team consists of DEA offices in Little Rock, Fayetteville and Fort Smith. They're mostly busy tracking the crystal or ice form of meth coming straight from Mexico.

Bryant says, "Here in Arkansas, we have Interstate 30, Interstate 40, Interstate 55—all major turnpikes, which are routes traffickers use."

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The amount of meth labs found in Arkansas has gone down since 2005 when a new state law went into effect. That's the law that requires you to show your drivers license when buying any medicine with pseudoephedrine in it. It is designed to keep the manufacturers from going from store to store buying one of meth's main ingredients.

Bryant says, "We were able to attack the small labs in Arkansas, but the Mexican traffic has picked up the slack to furnish this meth ice. We're seeing all over Arkansas meth ice seizures."

Bryant thinks National Meth Awareness Day is a good idea; one that he hopes opens eyes.

He says, "It's just a drug I've never seen so catastrophic to people. People who go into treatment, it's not a 30-day treatment. It takes a long time to get off methamphetamine."

While President Bush wants to reduce the number of domestic meth labs by 25 percent in three years, methamphetamine use appears to be growing. A government report shows it used to be a problem only in rural areas west of the Mississippi, but now meth use is being reported along the East Coast, in Connecticut and Maine for example. In Washington D.C., meth use is up 115 percent.

DEA Agents Seizing More Homemade Meth Labs; Smugglers Filling Void (WAVE)

By Caton Bredar

WAVE-TV Louisville, December 1, 2006

(LOUISVILLE) -- A large seizure last week of meth brought into Kentucky from Mexico underscores the point drug enforcement officials hoped to make through Methamphetamine Awareness Day -- which was Thursday, November 30. Despite the decrease in actual labs throughout Kentuckiana, as WAVE 3's Caton Bredar reports, the dangers of meth may be greater than ever.

By any name, in many forms, Richard Badarraco, a DEA Assistant Special Agent in Louisville, will tell you the results are the same.

"Meth mutilates," he says. "It has more consequences than any drug we've ever been up against."

California motorcycle gangs made it notorious in the 60s. By the 1980s, meth reached the Midwest. The devastation remains the same.

"The physical aspects of an individual within a short period of time of becoming hooked on methamphetamine can just be devastating, in terms of health issues, in terms of general appearance," says Assistant U.S. Attorney/Deputy Criminal Chief Philip C. Chance.

According to DEA agents, the number of meth labs locally and nationwide is down, thanks partly to restrictions placed on common cold medicines. That's the good news.

The bad news is part of the on-going problem itself: with meth lab seizures declining, imports of a more highly concentrated form of the drug -- often called Crystal Meth or Ice -- are coming from south of the border. Officials say 80 percent of meth in this country is coming from Mexico.

"We had an enforcement effort last week, where, here in the area, we arrested a Mexican trafficking organization and seized 25 pounds of methamphetamine. That's huge."

Regardless of where its manufactured, the effects of meth hit too close to home, with volatile labs located in residential neighborhoods, ready to explode at a moment's notice.

"It's a major thing," says Chance, "when you as a prosecutor, standing in court, are asking a judge to send a guy away for 10 years of their life, and for that guy to come up to you and say thank you."

As DEA agents emphasize, the biggest danger the public faces with meth is believing it's not your problem.

DEA officials say the street value of that meth from Mexico seized last week is around $16,000 a pound. So the 25 pounds totaled roughly $400,000.

The U.S. Attorney's office is working with international authorities, as well as state and local agencies, to try and control the distribution of pseudophedrine, one of the main substances used in the manufacture of meth.

National Meth Awareness Day (ENM)

By Tenikka Smith

DOJ_NMG_0100340

Eyewitness News Memphis, December 1, 2006

The Drug Enforcement Agency is reporting some shocking numbers. The DEA says Tennessee is responsible for 75 percent of meth lab seizures in the Southeast.

The agency says most of the methamphetamine used in the state is being brought in from Mexico and the Southwest Border area.

Meth manufacturing is an ongoing problem across the country, but government and law enforcement agencies are fighting back.

Several meth task force units have been formed in recent years and there are also new laws restricting products used to make the drug, including pseudoephedrine and household chemicals. Officials say these measures have helped to reduce the number of operating meth labs.

According to a White House study, approximately 12 million people have tried meth at least once, 1.4 milllion people used it in the past year.

East Texas Law Enforcement Talks About Meth Problem (KLTV)

By Molly Reuter

KLTV-TV Tyler, December 1, 2006

Across the nation and locally law enforcement agencies gathered Thursday in support of Methamphetamine Awareness Day. The goal of the national campaign is to raise awareness about meth use. Here in East Texas there is some good news,.

You may not like having to get what used to be over the counter medications like pseudoephedrine from a pharmacist, but law enforcement officials say that hassle is actually keeping the community safer.

"The meth labs have dropped almost 100 percent in the last three years, and that's two fold," said DEA Agent Richard Sanders. "One and most significantly because of House Bill 164." House Bill 164, which went into affect in August of 2005, took meth's key ingredient pseudoephedrine off the counters. In fiscal year 2005, before the bill, the Drug Enforcement Agency in Tyler responded to 33 meth labs, costing taxpayers more than $155,000. After the bill, in 2006 the number of labs dropped to just 13. So far in fiscal year 2007, the DEA says they've only broken up one meth lab. The DEA says that doesn't mean the drug has left East Texas.

"Right now from our office, approximately 99 percent of the methamphetamine or the ice that we are running into are from a host country," said Sanders. State Representative Leo Berman, who helped write House Bill 164, says the state understands this problem.

"We are going to completely fund the sheriff's department, DPS, and local police departments along the border, so they can increase the tight weaponry to compete with the automatic weapons that the Mexican drug cartel has in smuggling this stuff across the border," said Leo Berman State Representative, District 6. Until then, law enforcement asks East Texans to take control of their communities by helping get rid of the drug all together.

Last March, a joint investigation between state and federal agencies broke a major methemphatmine ring in East Texas, known as Operation Icebox. That meth was being brought in from Mexico. The DEA says the organization responsible no longer exists.

Molly Reuter, reporting. mreuter@kltv.com

Bay Area Teachers Give Lesson On Meth (KNTV)

KNTV-TV San Jose, December 1, 2006

Students at a San Francisco high school got a different kind of lesson Thursday.

It was part of a new national campaign to raise awareness about one of the nation's most dangerous street drugs -- methamphetamine.

NBC11's Joe Rosato talked to teachers who told their students that meth is a dangerous drug.

The teachers also said for every pound of meth made, there are 5 pounds of toxic waste left behind.

Teachers told Rosato that of all the lessons taught at San Francisco's School of the Arts, the lesson about meth is the most urgent.

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Methamphetamine is a synthetic street drug considered to be among the most addictive.

"It's probably our most dangerous drug that's out there as far as destroying families destroying lives," said Javier Pena of the U.S. Drug Enforcement Administration.

Agents from the DEA held similar classes across the country Thursday as part of the first national methamphetamine awareness day.

The DEA said even though it's successfully shut down hundreds of California's illegal meth labs, the drug remains a major problem in the Bay Area.

"We're getting our methamphetamine from Mexico back into California. It's still out in the streets. The purity level is very high," Pena said.

The warnings about drugs and addiction weren't lost on high school students attending the event, Rosato reported.

They said the drugs are readily available at every turn.

"You see it every day in the streets and it's kind of hard because you never know ... that could be you one day," said a student named Brittany.

The DEA said it hopes the national campaign will keep young people from experimenting with the highly addictive drug.

They said it's a lesson better taught in the classroom than on the street.

NC Cracking Down On Meth Labs (N14CHAR)

By Jennifer Moxley

News 14 Charlotte, December 1, 2006

CHARLOTTE – November 30 was proclaimed National Methamphetamine Awareness Day by President Bush, who has set a national goal of reducing the number of methamphetamine labs in the country by 25 percent in the next three years.

“Meth is one [drug] that leads to the highest concentration of dopamine in the brain, and this is likely to account for the fact that methamphetamine is one of the most addictive of all the drugs of abuse,” said Dr. Nora Volkow of the National Institute of Drug Abuse.

One of the most common ingredients in the production of meth is pseudo-ephedrine – something that is also a common ingredient in several cold medications that can be purchased without a prescription.

In order to combat meth use, state lawmakers passed a law in January that placed restrictions on the amount of those medications that can be purchased, and required that they were moved from their place on the pharmacy shelves to behind the counter.

The law appears to be working, as the number of meth labs in North Carolina failed to rise for the first time since 1999.

Despite the decrease in meth labs, officials say that the fight is far from over.

“The numbers of clandestine mom and pop meth labs may be declining, but the number of methamphetamines on the street is increasing, and it’s coming from Mexico,” said George Holding, the United States Attorney for the Eastern District of North Carolina.

With the reduction of meth labs within the state, North Carolina plans to put resources towards reducing meth trafficking and use. The U.S. Attorney’s office is busy training state and local agents – as well as state prosecutors – on methamphetamine-related crime.

The Drug Enforcement Administration webpage will post locations in each state where known methamphetamine clandestine labs or dumpsites were located so that individuals can be aware of possible meth contaminated sites within their communities. This is the first such national listing of seized former meth sites available to the public.

"Methamphetamine Awareness Day" In Bucks (WFMZ)

WFMZ-TV Online, December 1, 2006

Bucks County is marking "Methamphetamine Awareness Day." The federal DEA held an educational presentation this morning to teach the community about the dangers of the hazards and dangers of the drug. WFMZ's Eve Tannery will have the details on 69 News at Noon. The Bucks County Council on Alcoholism and Drug Dependence also participated in the event,

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which included a demonstration project. Participants got a bird's eye view of the discovery of a clandestine lab by local law enforcement, and the subsequent apprehension of a suspected meth "cook".

BERMAN HONORED FOR LEGISLATION THAT LIMITS METH MANUFACTURE (TMT)

By Jacque Hilburn

Tyler (TX) Morning Telegraph, December 1, 2006

State Rep. Leo Berman was honored Thursday as part of National Methamphetamine Awareness Day, an observation designed to stress drug prevention, education and treatment.

Berman led the charge to pass HB 164 in August, which requires retailers to remove medications used in the manufacture of methamphetamine from the shelves and place them behind the pharmacy counter.

Officials from the Eastern District U.S. Attorney's Office, Drug Enforcement Administration, FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives paused to acknowledge the representative's efforts.

"There was a problem with the cold pills being readily available," said Mary Ann Cozby, assistant U.S. attorney. "Today, they are behind the counter and locked up - we appreciate Leo Berman's diligence."

As part of the new legislation, people may purchase certain medications only in limited quantities after registering their identification with the pharmacy.

DEA agent Richard Sanders said meth production creates a multitude of problems and risks for law enforcement, families and communities. Chemicals used to create the drugs are hazardous, explosive and costly to remediate.

In 2005, 33 labs were discovered, Sanders said, adding, "To clean up, that cost taxpayers $150,000. In 2006, there have been 13 labs, costing $58,000."

Authorities attributed the reduction to tighter restrictions on purchasing.

Berman said he was approached about three years ago by federal officials to push for change.

And even though there is legislation in place to address the problem, there's still work to do, he said.

"I'd like to go to an electronic system," he said. "Right now all the purchasing logs are on paper. I'd like there to be a centralized Web site so law enforcement can see who is purchasing" the items.

Assistant U.S. Attorney Alan R. Jackson presented Berman with a resolution, acknowledging the positive outcome of the bill.

"HB 164 has resulted in a significant, measurable reduction in the prevalence of illicit methamphetamine labs in the East Texas area," he said.

In a written statement, U.S. Attorney Matthew D. Orwig, who was out of town on business, said increased awareness of the problem will be critical in addressing it.

"Events like this are so important because they bring the facts to the public," he said. "Meth is a powerful poison. It kills the user while destroying the family and environment."

Additional information about the harmful effects of the drug can be obtained at USDOJ.

Jacque Hilburn covers Tyler city government, planning and zoning and the Parks Board. She can be reached at 903.596.6282. e-mail: news@tylerpaper.com

State Representative Wants To Use Technology To Fight Meth Production (LNJ)

By ADAM J. HOLLAND

Longview (TX) News Journal, December 1, 2006

Berman honored for fight against drug

TYLER — Even though state Rep. Leo Berman, R-Tyler, was pleased to be honored by federal officials Thursday for his fight against illegal drugs, he said there is still more work to be done.

As part of National Methamphetamine Awareness Day, Berman was presented with a resolution in Tyler by U.S. Attorney Matthew D. Orwig, recognizing his contribution to fighting the production of meth in East Texas.

Berman co-authored and introduced Texas House Bill 164 in 2004, which led to the 2005 law that medications containing pseudoephedrine must be kept behind the counter at pharmacies.

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PSE is a common ingredient in over-the-counter cold medication and is also used to manufacture illegal methamphetamine.

The law also requires that customers are allowed to purchase only two packages of PSE products at a time, and that customer identities are recorded.

Berman wants to take the law one step further, which could make investigations into meth manufacturing more efficient and effective, he said.

"I'd like to go to electronic filing of pseudoephedrine purchases so that law enforcement officials statewide can see records on a Web site," Berman said.

He said he would then like to tackle the problem of meth traffickers coming into Texas from Mexico, with additional manpower and tools — including high-powered weapons — to city, county and state law enforcement agencies near the border.

"We've eliminated many of the meth labs here (in Texas), but refined meth crack is being manufactured in Mexico and being brought to Texas ready to sell," Berman said. "The Mexican drug cartels are using high-powered weapons, and we should do anything we can to help put a stop to the meth traffic."

While federal law enforcement officials did not address Mexican meth labs Thursday, they touted that the number of clandestine meth labs seized in East Texas was reduced from 13 in federal fiscal year 2006 to one so far in the 2007 fiscal year.

The federal fiscal year runs from Oct. 1 to Sept. 30 the following year.

"And we only found it Tuesday night in Upshur County," DEA agent Richard Sanders said, declining to give more details.

Statewide, the number of meth lab seizures declined by 62 percent during the seven months after Aug. 1, 2005, when Berman's bill became law, according to a report released Thursday by the White House Office of National Drug Control Policy.

The same period one year earlier yielded 285 seizures.

Additionally, workplace drug testing results showed a 14.8 percent decrease in positive tests for amphetamine during the first five months in 2006, compared to the same period a year earlier, the report showed.

National Methamphetamine Awareness Day was sponsored by the U.S. Department of Justice to generate awareness about the effects of meth abuse on people, families and communities.

"Almost every drug case these days has a meth connection. I'm just amazed at how prevalent it is," said Alan R. Jackson, assistant U.S. attorney. "Meth is just killing those people."

Officials Call Attention To Spread Of Meth Problems (NSDY/AP)

By Dave Collins

AP, November 30, 2006

HARTFORD, Conn. -- The two maps displayed by federal and state officials at the Capitol on Thursday showed the alarming spread of methamphetamine problems across the country.

For example in 1992, only Oregon had 40 or more people per 100,000 population being treated for meth use. The other map showed that by 2004, most states west of the Mississippi had that treatment rate.

The problems are clearly spreading to the eastern half of the United States, and top state and federal officials in Connecticut said Thursday that they have anti-meth efforts underway but they also need help from the public.

"It's headed right toward us," U.S. Attorney Kevin O'Connor said. "This year, it's not a major problem. But if we ignore it, we're not proactive, it could soon become a major problem and then we will all be paying the price for that."

O'Connor was joined by Gov. M. Jodi Rell and officials from state and federal law enforcement and public health agencies on the first National Methamphetamine Awareness Day sponsored by the U.S. Department of Justice.

Officials said they were unaware of statistics showing that the number of workplace employees testing positive for meth surged 35 percent in Connecticut during the first five months of the year, compared with the same period in 2005.

The data by New Jersey-based Quest Diagnostics Inc. showed the number of workers testing positive for meth dipped dramatically in several Midwest and western states, but surged along the East Coast.

Federal authorities describe meth as a powerful, highly addictive drug that dramatically affects the central nervous system. Its most common ingredient is pseudoephedrine or ephedrine, which are found in cold medicines.

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But other ingredients used to make meth create health and public safety hazards, officials say. They include ether, paint thinner, acetone, drain cleaner and battery acid. Those ingredients make meth-producing labs toxic and potentially explosive.

Officials said the public can help by reporting any signs of potential meth-making activity, such as a strong smell of ammonia, urine or ether, propane tanks with fittings that have turned blue and large amounts of discarded cold tablet containers.

Meth users often pick or scratch their skin, creating open sores that may become infected. They also often grind their teeth and clench their jaws.

One of the first indicators that the meth problem had reached Connecticut came in June 2005, when police discovered meth labs in two homes in East Hampton.

The busts came after authorities got a tip from a farm supply store owner, who reported some people buying large amounts of iodine solution, another meth ingredient. Three people were arrested.

Authorities said two meth labs have been found in Connecticut this year.

Brian Crowell, a top Drug Enforcement Administration agent in Connecticut, said there isn't a scourge of meth labs in the state, probably because they are more difficult to hide here than in rural states. He also said meth could be making its way to Connecticut through well-established drug distribution routes.

Most of the meth in the United States is coming from so-called "super labs" in Mexico, Crowell said.

The DEA has agents trained to deal with meth labs, and it has trained more than 1,500 police officers and emergency responders in New England on handling the drug factories.

"If you produce or traffic methamphetamine in Connecticut, you will be apprehended and you will go to jail," Crowell said.

Rell said a new federal law that took effect Sept. 30 is helping to fight the problem. The law bans over-the-counter sales of certain cold medicines that have ingredients used to make meth, including pseudoephedrine and ephedrine. It requires consumers to show a photo identification, and they can only buy a 30-day supply of such medicines.

The governor said she would be calling on the legislature next year to increase the penalties for selling or manufacturing meth. Proposals she made earlier this year were not approved in the 2006 legislative session.

Under Rell's plan, first-time violators could face up to 15 years in prison and/or a fine up to $50,000. For a second offense, they'd face up to 30 years in prison and/or a fine up to $100,000. Subsequent offenses would call for an automatic 30-year prison term with a fine of up to $250,000.

"We need to send that message that the sale and possession of this drug will land you in jail," Rell said.

State Hopes To Thwart Growth Of Meth Use (NHR)

By Gregory B. Hladky

New Haven Register, December 1, 2006

HARTFORD — If your neighbor's house stinks of cat urine and you see piles of empty Sudafed packages in their trash, state and federal law enforcement officials want to know right away.

Although it may sound bizarre, those are two of the indicators that the occupants of that house could be running an illegal lab to create the highly addictive and dangerous drug methamphetamine.

Thursday was National Methamphetamine Awareness Day and key federal and state officials used the occasion to urge residents to help keep "the scourge of methamphetamine" from overrunning this state.

"We're lucky that it hasn't taken hold (in Connecticut) as it has in so many other states," said Gov. M. Jodi Rell. She said law enforcement officials in Connecticut are using a coordinated approach to try and stifle the use of meth here before it becomes a major drug problem.

Kevin J. O'Connor, the U.S. attorney for Connecticut, said authorities last year shut down three meth labs in this state and two more were discovered this year.

O'Connor called meth, also known on the street as "ice," "crank" or "speed," a "very addictive, deadly and devastating drug."

O'Connor said that, in 1992, the only state with a documented meth problem was Oregon. Today, virtually every western state has active meth addicts.

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One reason meth hasn't spread in a major way to the northeastern U.S. is that illegal meth labs that manufacture the drug tend to be both dangerous and very smelly. Such labs are much more easily concealed in the vast rural areas of western and Midwestern states than in highly urbanized areas such as Connecticut.

A new federal law that took effect Sept. 30 requires pharmacies to get photo identification and keep records on people who buy cold medicines like Sudafed that contain pseudoephedrine or ephedrine, two of the substances most commonly "cooked" down in illegal labs to create meth.

O'Connor said states that have passed their own laws requiring such restrictions on those cold medicines have seen a dramatic reduction in locally produced meth.

Other materials used in making meth include diet aides, drain cleaners containing lye, acetone, brake cleaner, iodine solution or crystals, camp stove fuel, rubbing alcohol, engine starting fluid, paint thinner, Freon benzene and battery acid.

Officials said the meth "cooking" process can be dangerous in terms of fire and the hazardous chemicals used, and also because the process creates toxic waste products that are potentially serious environmental pollutants.

One byproduct of a meth lab is the smell it produces, which experts describe as something like ammonia or cat urine.

Shutting down meth labs won't solve the whole problem, officials warned, because so-called "meth super-labs" are now in operation in Mexico, creating large quantities of the drug for the U.S. market.

Meth is being smuggled into this country along the same supply chains used to bring in heroin and cocaine, according to state Public Safety Commissioner Leonard C. Boyle.

But Brian R. Crowell, special agent in charge in this state for the federal Drug Enforcement Administration, said it isn't inevitable that meth will join cocaine and heroin as a major problem drug in Connecticut, and that it's possible to "be aggressive and keep it from getting a foothold here."

Rell said she will ask the 2007 General Assembly to create stiffer penalties for possession and sale of methamphetamine.

Gregory B. Hladky can be contacted at ghladky@nhregister.com or at (860) 524-0719.

Group To Monitor Spread Of Meth (PROJO)

By Tom Mooneyjournal

The Providence Journal, December 1, 2006

CRANSTON — A group of health officials and law enforcement representatives came together yesterday to raise awareness of a drug plague that they say has so far spared much of New England but will come.

The spread of methamphetamine use and addiction has ravaged other parts of the country, said U.S. Attorney Robert Corrente. In Hawaii, for instance, methamphetamine addiction has surpassed alcohol abuse, he said. We want "to get out in front of the problem and be prepared when the problem is here," Corrente said.

To do so, Corrente and others announced the formation of a coalition of experts to monitor and hopefully prevent the drug's spread. The announcement coincided with similar announcements being made across the country as part of National Methamphetamine Awareness Day.

Dr. Ellen Nelson, director of the state Department of Mental Health Retardation and Hospitals, said methamphetamine "is a very potent substance that here at the department of MHRH we are concerned about."

Methamphetamine is a highly addictive stimulant, she said, that can devastate the central nervous system. It comes in several forms, including powder, crystal, rocks and tablets. When the drug is "cooked" into crystals, it is called crystal meth.

Long-term meth users often experience anxiety, sleeplessness, confusion, violent rages and cravings for more of the drug. It can also produce a condition known as "meth mouth," a serious deterioration of teeth and gums.

The Drug Enforcement Agency reported that in 2005 about 20 methamphetamine labs were discovered in New England. In contrast, there were 2,176 such discoveries in Missouri last year, the DEA reported.

The only significant methamphetamine case to emerge in Rhode Island in the last year involved two Rhode Island men who were charged last month for allegedly running a meth lab in Coventry.

Corrente said the local prevalence of cheap heroin and cocaine is perhaps the reason New England has yet to see widespread abuse of methamphetamines.

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"Even though we are among the last states to witness the ravages of methamphetamine addiction," said Corrente, "we would be foolish to believe that the spread of methamphetamine will stop at our borders."

The first way to attack the problem, he said, was by raising awareness of the problem. Women looking to lose weight and college students determine to stay awake to study, could easily become addicted to methamphetamine use if they tried it as an alternative to "speed" drugs.

The coalition will include members of the U.S. Attorney's office, the Drug Enforcement Administration, the governor's office, the state attorney general's office, the MHRH, the departments of health and education, and substance abuse treatment agencies such as CODAC.

Corrente said members of the coalition will, for now, meet once every few months to discuss ways to educate people about the dangers of the drug.

Attorney General Patrick C. Lynch also announced, in recognition of the national awareness day, that he would, for a second year, submit legislation to toughen penalties for the manufacture and possession of methamphetamine.

Law Officials Eye 'meth' Flow (NHUL)

By Rick Dumont

The New Hampshire Union Leader, December 1, 2006

Seabrook – Last month law enforcement officials netted the largest ever methamphetamine bust in New England history.

Two of the four individuals arrested in connection with transporting 12 pounds of the 99-percent pure drug into New Hampshire were arrested in Seabrook.

The other two were arrested in Lynn, Mass.

All four were indicted this month on federal narcotics charges and could face life in prison if convicted.

What has law enforcement and government officials on edge is that the four all came to the area by way of Atlanta just to try and open a market for the highly addictive and dangerous drug.

Arthur Soto-Saavedra, Omar Hervis, Jose Ambriz and Tyler James all are being held in federal custody pending trials currently scheduled for Dec. 12, U.S. Attorney for New Hampshire Tom Colantuono said. Soto-Saavedra is a Mexican national who was living in Atlanta.

In a press conference at the Seabrook Police station yesterday morning, Colantuono, along with Rockingham County Attorney Jim Reams, law enforcement officials from several agencies in Massachusetts, New Hampshire, the DEA and state health officials spoke on the arrest and what plans officials have to keep New Hampshire and New England from becoming inundated with the notorious drug.

Worth over a million dollars on the street, 12 pounds of "crystal meth" is enough to feed the habits of thousands of people, officials said.

"These people were attempting to establish a market for crystal methamphetamine in the New England area," Colantuono said.

Court documents allege undercover officials had contact with Soto-Saavedra and had arranged the buy with him and Hervis. Ambriz and James, ages 19 and 20 respectively, were transporting the drug from Atlanta for the sale on Oct. 24.

Through their investigation officials discovered there was not a steady stream of meth coming into New England, and that several dealers were "struggling to get a distribution network set up to capture the market," court records showed.

DEA officials dealt with Soto-Saavedra and Hervis who was the so-called debt enforcer for Soto-Saavedra's operation to arrange the buy, court records showed.

In response to the growing nationwide problem of crystal meth manufacturing distribution and use, Nov. 30 has been dubbed National Methamphetamine Awareness Day by both the President and Gov. John Lynch.

As such officials, in addition to announcing the arrests, spoke about their plan to help keep the scourge of meth from devastating families and communities in New England like has happened in several Midwestern states.

E-mail Warns College Students Of Meth Dangers (AP)

Associated Press, December 1, 2006

DOJ_NMG_0100347

ATLANTA - Georgia college students will soon be getting an e-mail warning them of the dangers of methamphetamine.

The e-mail, which features graphic photos of meth users with oozing sores and rotting teeth, will be sent to the 260,000 Georgia college students at the state's 35 schools in the coming days. The initiative was announced at a state Capitol news conference on Thursday by U.S. Attorney David Nahmias and other state and federal law enforcement and education officials.

"It's an ugly, painful way to go," the e-mail says.

Law enforcement officials stressed that meth is a highly addictive drug and students who might use it to stay awake to study for exams or heighten sexual performance are in for a long recovery program down the road.

"There are no recreational meth users," Sherri Strange, head of the Drug Enforcement Administration's Atlanta office, said. "Your first hit and you're hooked."

While the number of mom-and-pop meth labs in Georgia has declined in recent years, the state has become a hub for traffickers bringing pure forms of crystal meth over the border from Mexico, officials said.

The education initiative in Georgia is part of National Meth Awareness Day.

Graphic Meth Anti-drug Ads Await Students (AJC)

By Saeed Ahmed

The Atlanta Journal-Constitution, November 30, 2006

As more than 300,000 college students in Georgia open their school-provided e-mail in-boxes in the next few days, they will be greeted by disturbing images of young people with bloodied faces, rotting teeth and backs covered with scabs.

This is how state officials plan to drive home the point to the 18-to-25 year-old set about the dangers of methamphetamine.

The U.S. Attorney's Office in Atlanta, along with state officials and representatives from the state's public and private colleges, announced the e-mail campaign in a news conference at the state Capitol on Thursday morning in observance of "National Meth Awareness Day."

More than 100 activities are planned nationwide Thursday, but Georgia's approach is unique, officials said.

Some colleges began sending out the e-mails Thursday; others might not get around to it until Friday. The pictures are graphic:

A close-up of a girl's mouth — blackened crooked teeth and dark red sores on her lips — is paired with the message: "You'll never worry about lipstick on your teeth again."

In another, a teenager with hollow eyes and a disfigured face stares out at the viewer. The text underneath: "Actually, doing meth won't make it easier to hook up."

"A lot of young people, they aren't scared of dying. But they don't want to be ugly," said U.S. Attorney David Nahmias, explaining how the images can be effective in curbing methamphetamine use. "[These pictures show that] if you use meth, you will be unhappy and ugly."

Authorities zeroed in on the college-aged demographic because national studies show they are the most likely to use methamphetamine.

Meth use among all Georgia age groups is five times the national average, but the state ranks in the bottom eighth nationally in recorded meth use by 18-to-25-year olds, official said.

Becky Vaughn, president of the Georgia Council on Substance Abuse, said the agencies were targeting the college-age students in hopes that they could "stop it now before it becomes a problem."

Metro Atlanta also has become one of the leading distribution centers. Six of the 14 significant seizures nationally since 2005 have been in Georgia, including the largest on record – 378 pounds in Hall County in August, said Drug Enforcement Administration Special Agent Sherri Strange.

"If this amount is coming into Georgia, then a good portion is being used," Strange said.

The contents of the e-mail were sent to the colleges and universities for distribution. The federal government was not given the students' e-mail addresses, Nahmias said.

The University System of Georgia will be sending out the message to each of its 260,000 students in 35 campuses. Another 60,000 students in 25 private colleges will receive the e-mails, as will more than 12,000 students at Emory University.

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New Push To Halt Meth Abuse (WXIA)

WXIA-TV Atlanta, December 1, 2006

On the campus of Georgia State University it seems everyone knows someone who has abused methamphetamine.

"You know, their teeth rot out, they are really strung out they get little weird clicks and just act not normal. It's really kind of sad," said student Carrie Newman.

"It affects their relationships, their work, their motor skills, how they act, and their emotions. Big changes," said Brett Opstad.

Meth use is more prevalent among 18 to 25 year olds than any other age group.

Officials with the U.S. Justice Department Thursday announced a joint effort with several other agencies to get the word out about the dangers of this highly addictive drug.

"Today's meth is a drug that if used even once can have very real and very negative consequences," said U.S. Attorney David Nahmias.

"Meth is probably the most dangerous and devastating drug I've seen in my career. It's dangerous to the user and their family. There are no recreational users. The first hit and you're hooked," said D.E.A Agent Sherri Strange.

In the coming days, 300,000 Georgia college students will receive an e-mail outlining what the drug can do to teeth, skin, and lives. The email includes graphic pictures of methamphetamine's effects on real people.

"This is one of many steps the justice department is taking against meth. We all know meth kills and when enough people understand that we will have made a difference in our communities and made them a safer places to live," said Nahmias.

FBI Director Visits Richmond (RTD)

By Mark Bowes, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, December 1, 2006

FBI Director Robert S. Mueller paid a visit to the bureau's Richmond office yesterday to talk with local agents and review the agency's priorities, ranging from terrorism to public corruption.

Mueller has visited 37 of the agency's 50 field offices across the country this year to talk strategy and become better acquainted with local operations. Under tight security, he spoke briefly with Richmond reporters yesterday before flying by helicopter to his next stop - the bureau's Norfolk office.

"Since Sept. 11, our first priority is preventing another terrorist attack," said Mueller, who was sworn in as director seven days before the attacks. "And consequently, there is not a lead that does not go unreviewed, not a lead that we do not pursue when it comes to the threat of terrorism. So that has been a substantial change for us."

In addition to terrorism, the bureau also has prioritized violent crime - particularly murder and gang activity - along with public corruption, cyber crime and counterintelligence initiatives. "And they've done great work in [the Richmond] division over a substantial period of time in each one of these areas," Mueller said.

The Richmond division, he added, has done a very good job in investigating public-corruption cases.

"There have been some arrests recently that have become fairly well known," he said. "And I will tell you - not just with this division but across the country - public corruption has been our No. 1 criminal priority. Over the last two years, we've convicted more than 1,700 officials at the federal, state and local level who have abused the trust and broken the laws."

Mueller said the bureau's success is largely dependent on its relationships with state and local law-enforcement agencies, and those ties are especially good in the Richmond area, he said.

"I'm very pleased to know that down here we have exceptional relationships with [Chief] Rodney Monroe of the Richmond Police Department, with whom I worked when I was in Washington," Mueller said. Contact staff writer Mark Bowes at mbowes@timesdispatch.com or (804) 649-6450.

Richmond Division Of FBI Fighting Cyber Crimes (WRIC)

WRIC-TV, December 1, 2006

The Richmond division of the FBI is making strides in the fight against violent and cyber crime. That's according to FBI director Robert Mueller, who made a stop here Thursday. Mueller says Richmond special agents working with state and local law enforcement are more effective than ever.

He also applauds outreach programs aimed at the area's Muslim community.

FBI Director Robert Mueller says, "We are your friends we want to work with you to prevent terrorist attacks and that to the extent you can be helpful, we need your help."

According to Mueller, the bureau's top priority here and across the country is counter-terrorism.

FBI Chief: Hampton Roads Unit Vital To Agency Work (DPHR)

By Beverly N. Williams 247-4755

Daily Press, December 1, 2006

Robert S. Mueller III visits the region's field office in Norfolk, praising its investigations.

NORFOLK -- Cyber crime, terrorism, public corruption and violent crime are among the chief concerns for FBI agents working in the Hampton Roads area, the agency's director said Thursday during a stop at the Norfolk office.

"Norfolk is a very important city given the naval contingent," said Robert S. Mueller III. The FBI's Norfolk Division "also is important to us, and it has done tremendous work over the last several years, whether it's terrorism, cyber crime, public corruption or violent crime," he said.

"Each of these are priorities for the FBI, and we've made substantial strides in this division against these various threats," said Mueller, who was appointed by President Bush to head the agency in September 2001, just seven days before the Sept. 11 terrorist attacks.

Mueller, who flew in from Washington by helicopter to meet with FBI agents in Hampton Roads on Thursday, said part of the division's success stems from its agents working closely with local and state law enforcement officials. One such collaboration focuses on cyber crime in Hampton Roads.

"Cyber crime is our number three priority," Mueller said during a short press conference at the FBI's Norfolk office. "We're concerned about the ability of government-sponsored hackers to address our naval or military capabilities or the infrastructure. We're concerned about individual hackers that can cause millions if not billions of dollars in damage, not just here but around the world."

Other cyber issues include child pornography, the migration of child pornography to the Internet and the luring of children on the Internet, he said.

"All of these are areas in the cyber arena that we have built up over the past three to four years, so we have the capability of undertaking these investigations and gathering the evidence and having successful prosecutions," Mueller said. "And this division is one of those that's been in the forefront of this activity."

In 2003, the FBI's Norfolk Division created the Cyber Crime Working Group, whose members include the Virginia State Police, the U.S. Attorney's Office, the U.S. Secret Service, U.S. Immigration and Customs Enforcement, and police departments from Newport News, Hampton, Norfolk, Virginia Beach and Chesapeake. The Naval Criminal Investigative Service and the NASA Office of the Inspector General also participate.

Mueller said that while some people have lost confidence in the bureau because of things such as the espionage case involving Robert Hanssen, a former FBI counterintelligence agent, the agency is improving as an organization.

The bureau is also growing as domestic and global agency, he said.

"We've reviewed our security, and we're more flexible and more responsive, but we still have a way to go," Mueller said. "There's not anyone in the FBI who doesn't understand that we need to improve and grow to protect the United States against those who want to hurt us."

FBI Director: Agency More Sensitive To Rights (VP)

By Tim Mcglone

Virginian-Pilot, December 1, 2006

NORFOLK - The FBI has changed the way its agents deal with members of the Muslim and Arab American communities in light of criticisms that followed post-9/11 terrorism investigations, the agency's director said Thursday.

FBI Director Robert S. Mueller III spoke briefly with reporters at the agency's Norfolk field office after meeting with agents as part of a periodic visit.

Counterterrorism became the FBI's No. 1 priority after the Sept. 11, 2001, attacks in New York and Washington.

But the agency had been criticized for heavy-handed tactics, in Hampton Roads and nationally.

Mueller defended the initial response by his agents but said procedures have changed.

"In the wake of Sept. 11, quite obviously we did not know what we had on our hands," said Mueller, who became director only seven days before the attack.

"We did not know whether we had any additional hijackers in the United States," he added. "There was some substantial threat of a second wave."

He said agents immediately spread out across the country searching for accomplices in the attacks and interviewing flight school students. Several of the hijackers had taken lessons to learn how to fly the jets that were hijacked.

Sometimes, Mueller said, people were detained on outstanding warrants or immigration issues even though they had no knowledge of the attacks or information on the hijackers.

Often those people were detained for extended periods of time, a tactic that was called into question by the Justice Department's inspector general.

A 2003 report by the inspector general found that the FBI had violated the civil rights of hundreds of immigrants, most of Middle Eastern and South Asian descent.

"What the inspector general rightfully pointed out is that we should have done a better job in looking at the status of each of those individuals, even though they were rightfully detained, in terms of how long they were detained," Mueller said.

"We have changed our processes to make sure we look at that status immediately," he said.

He would not provide additional information Thursday on why two of the Sept. 11 hijackers had visited Hampton Roads in the months prior to the attacks. The pair, Mohamed Atta and Marwan al-Shehhi, stayed at a local hotel, cashed checks for $18,000 and visited a small grocery store in Newport News.

During his meeting with agents, Mueller said he heard their frustrations about a lack of personnel and frequent transfers, issues he said he is addressing.

Reach Tim McGlone at (757) 446-2343 or tim.mcglone@pilotonline.com.

Briefly (FWST)

The Fort Worth Star-Telegram, November 30, 2006

Wreck involving officer kills baby

DALLAS -- A 9-month-old boy died late Tuesday and a police officer was seriously injured in a collision in south Dallas County, officials said. The child, Cortlan Jefferson of Dallas, died about 8:30 p.m. at Children's Medical Center in Dallas after the wreck in the 1900 block of Hampton Road in Glenn Heights, said a spokeswoman for the Dallas County medical examiner's office. The accident occurred about 8 p.m. when an Ovilla police patrol car collided with a car carrying the child and his mother, NBC5i.com reported. That vehicle was trying to make a left turn. The officer was ejected from the patrol car, which rolled over several times, officials said. She was airlifted to Baylor Medical Center in Dallas with very serious injuries, according to NBC5i.com.

-- Bill Miller

Man gets life on meth charges

DALLAS -- A 44-year-old Dallas man was sentenced to life in federal prison Tuesday after pleading guilty in July to one count of conspiracy to possess with intent to distribute more than 500 grams of methamphetamine. Alejandro Tamayo was arrested in February. During the search and arrest in February, four Dallas officers suffered non-life-threatening injuries while helping the Drug Enforcement Administration serve a warrant at Tamayo's home. A report found that a Dallas SWAT officer accidentally shot a colleague in the leg and may have shot himself in the hand while returning fire during the incident. During the

search, police seized cash, firearms and two kilograms of cocaine. Tamayo was ordered to forfeit his interest in the house at 1228 Oak Park Drive, two vehicles, $130,000 in cash, and eight firearms and ammunition seized during the execution of the warrant. Tamayo must also pay $37,662 in restitution to the city of Dallas for the injured officers' medical bills.

-- Mitch Mitchell

4 indicted in torture,

beating of teenagers

LUBBOCK - A grand jury has indicted four people who police say beat two teenagers and tortured them with a battery charger. Court records show that the boys, ages 15 and 16, were forced to sleep in a closet, starved and fed habanero peppers as punishment. The boys' father, Steve Lively, 40, and their stepmother, Melissa Lively, 37, were indicted on four counts of aggravated assault Tuesday. Amy Lively, the boys' 19-year-old sister, has denied all charges against her parents, Jason C. Lively, 19, a stepbrother, was indicted on 10 counts of aggravated assault. Kyle B. Sexton, 20, who lived with the Livelys, was indicted on multiple charges of aggravated assault.

- The Associated Press

Baby found alongside road was dead teen's

WESLACO - Hidalgo County authorities have determined that a 7-month-old baby found alongside a road is the child of a teenage girl whose burned body was found hours later in a field about 20 miles away. The baby was lying unclothed on her stomach beside a road north of Weslaco when a passing driver spotted her Monday night, Sheriff Lupe Trevino said. The next morning, farm workers reported finding the teenager's body in a sugar cane field south of Donna. Later Tuesday, authorities identified the young woman as Aida Mae Rodriguez, 16. The baby was identified as her daughter, Briggette Mae Rodriguez. Doctors said Briggette Mae was unharmed, although she was being treated for bronchitis. She has been turned over to Child Protective Services. Authorities say the girl's father is not a suspect.

- The Associated Press

Feds Bust Flashy Crime-fighter (PHI)

By Dave Davies, Michael Hinkelman & Chris Reber

The Philadelphia Inquirer, December 1, 2006

JOE MAMMANA is the kind of larger-than-life figure Philadelphians love - the kid who overcomes a crime-ridden youth to spend a fortune fighting crime; the ex-Marine who bluntly calls his rewards for missing thugs "bounties"; the Italian-American businessman who cares enough to pay for young victims' funerals.

And he does it all in style, wearing a diamond-studded Rolex and driving a silver Lamborghini.

But Mammana's world came crashing down yesterday when FBI agents descended on his North Philadelphia egg-processing business and his expansive Yardley home, searching both - as well as his Lamborghini and customized black Hummer.

Mammana was arrested on weapons charges after the feds found a loaded .357 Magnum in his nightstand, but it appears his troubles run much deeper than that.

Search warrants indicated that interest in Mammana was rooted in the FBI's economic crimes squad, and the feds were after business and tax records for evidence of suspected tax evasion, mail and wire fraud.

Details of the feds' suspicions about Mammana were unavailable yesterday.

His attorney, Martin L. Trichon, didn't return calls for comment.

Mammana faces a detention hearing on his weapons charge today.

His Philadelphia arrest comes as he's embroiled in a bizarre controversy involving a Columbus, Ohio, crime-fighting group that accused him of welching on a reward promise.

After the group threatened to sue Mammana, its president, Kevin Miles, was attacked and beaten outside his house by a man wielding a baseball bat, who told him to "drop the charges or anything you have filed," according to a police report.

Police say Mammana is not a suspect in the case, but he was asked about it during an appearance on Geraldo Rivera's TV show Wednesday night.

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He insisted he had nothing to do with the attack on Miles, adding, "If Kevin Miles is interviewing and walking, then it wasn't me."

"Because if you did it, you would have done the job right?" Rivera asked.

"I do everything completely," Mammana said.

Two days before Miles was attacked, the lawyer for his group, Central Ohio Crime Stoppers, said he was confronted after work by a man fitting the description of Miles' assailant.

Attorney Kinsley Nyce said he'd noticed the man hanging around outside the law firm's office, and that when Nyce went to his car, the man rushed toward him saying, "I'm with Joe."

Nyce said he drove away before the man reached the car.

Miles said he was struck several times by his bat-wielding assailant, who also clubbed Miles' dog. The attacker fled when Miles pointed a handgun that he carries at him.

"I believe the guy was trying to kill me," Miles said.

In a phone interview yesterday, Miles declined to discuss what his attacker said to him, but according to the police report, Miles heard him say, "Keep your mouth shut, drop the charges or anything you have filed, or we'll kill you."

Columbus police Detective Amy Morris said Miles' conflict with Mammana is a matter of interest, but that he's not considered a suspect at this point.

Although Mammana has seemed to be a successful and respectable businessman for years, he isn't a complete stranger to violence.

In 1991, he was convicted of hitting his wife with a counter-top and served eight months for assault. And a Philadelphia magazine profile said Mammana was charged with raping an ex-girlfriend in 1988 and was allowed to plead guilty to sexual harassment.

Besides those episodes, Mammana racked up a long list of criminal charges in the late '80s that included auto theft, forgery, and drug counts.

Mammana pulled his life together in the mid-'90s. A key, he told Philadelphia magazine, was a prison term that allowed him to kick steroids, which he'd gotten accustomed to using when he was a body-builder.

He became chief executive officer and eventually owner of the North Philadelphia egg-processing plant now called Yardley Farms. It takes raw eggs and turns them into powdered, liquid and frozen egg products.

Mammana has spoken with pride of hiring poor and working people from the community, and in recent years has become active as an anti-crime vigilante, dispensing tough talk and offering "bounties" on suspected criminals.

"Just bring these cowards in strapped to a horse, ankles to wrists," Mammana said of the killers of young Faheem Thomas-Childs, adding that he hoped when the thugs were arrested that other inmates knew they were child-killers.

"When I say jailhouse justice, I hope the inmates read between the lines and know what I'm talking about," Mammana said.

John Apeldorn, president of the Citizens Crime Commission, said Mammana had offered rewards and paid them for four or five local crimes, and he has one more that is "pending."

Recently, Mammana said he would pay up to $2 million for information solving the cases of 20 missing children, $100,000 per case.

Nyce said he believes authorities began looking more closely at Mammana because it seemed unlikely that his business could generate the income to support such efforts, not to mention his extravagant lifestyle.

There is some evidence that Mammana's egg-cracking business is struggling financially. Court records show a half-dozen lawsuits from creditors beginning in August of last year.

Attorney Edward Stock said Mammana's firm stopped paying his client, D.L. Snader, a Lancaster County trucking company, in October 2005.

Stock said Yardley Farms owes Snader $80,000 for bringing eggs from places as far away as Ohio, and he said the state revenue department also has sued the firm for $12,500 in back taxes.

Attorney Donald Wellford, who represents Mammana's firm in business litigation, declined comment.

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Philanthropist Faces A Gun Charge (PHI)

By Larry Eichel

The Philadelphia Inquirer, December 1, 2006

Despite a criminal past, he had built a reputation as an anticrime crusader, helping to bankroll reward funds in some of the region's highest-profile murders and kidnappings.

Now Joseph Mammana finds himself back in trouble with the law.

Mammana, who lives in Yardley, was in federal custody yesterday, charged with violating the statute that bars convicted felons - which he is - from owning a gun.

Arrested Wednesday, he is to be arraigned today in U.S. District Court in Philadelphia. If found guilty, he could face a maximum sentence of 10 years in prison and a $250,000 fine.

His attorney, Martin Trichon, could not be reached for comment.

According to a federal affidavit, the arrest resulted from a search of Mammana's house conducted as part of an IRS probe into possible mail fraud, wire fraud and tax evasion.

During the search, the affidavit said, federal agents found a loaded .357 Ruger revolver in a nightstand in the master bedroom. The handgun, officials said, originally belonged to Mammana's late father.

There's no crime in possessing such a firearm, unless one has been convicted of a major crime. Mammana falls into that category, having amassed a long list of charges in three states between 1987 and 1991.

"It's kind of ironic that Joseph Mammana offers rewards for solving crimes and here obviously he's a convicted felon, and we find a gun," said Peter Alvarado, IRS special agent-in-charge in Philadelphia.

Mammana spent about two years in prison in Montgomery County, Camden County and Florida for burglary, grand theft and drug possession. In 1991, he pleaded guilty to a felony charge of aggravated assault for hitting his wife in the head with a countertop and threatening her with a knife.

"Any of my criminal past and things like that are irrelevant," Mammana, a bodybuilder and ex-Marine with a degree in criminal justice, told The Inquirer two years ago. "Everybody makes mistakes when they're kids."

In recent years, Mammana, who runs an egg-processing plant in North Philadelphia, has become known as a benefactor of various reward funds, including those managed by the Citizens Crime Commission of Delaware Valley.

For instance, he offered $10,000 for information leading to a conviction in the 2004 shooting death of 10-year-old Faheem Thomas-Childs outside a North Philadelphia elementary school. He put up $5,000 to help solve the Center City killing of Patricia McDermott in 2005.

He also reportedly pledged $250,000 in the disappearance of Alabama teenager Natalee Holloway in Aruba.

John Apeldorn, president of the local crime commission, described Mammana as a valued supporter of the organization who has invariably made good on his pledges.

"Joe's always put his money where his mouth is," Apeldorn said. "We hope that everything works out for him."

Last month, a citizens' anticrime organization in Ohio sued Mammana, claiming he had not made good on a pledge connected to the 2005 slaying of a 20-year-old female student at Ohio State University.

He replied that he pays only for convictions and that there had been no conviction in the case. But the organization, Central Ohio Crime Stoppers, said that it pays rewards for arrests and indictments.

Several days after the suit was filed, the president of the group reported being attacked by a man with a baseball bat who told him to drop the litigation. Mammana denied any knowledge of the alleged attack.

F.B.I. Arrest Philadelphia Philanthropist (KYW)

KYW-TV, December 1, 2006

(CBS 3) PHILADELPHIA Philadelphia Philanthropist Joseph Mammana was arrested at his Bucks County home Wednesday for possession of a firearm.

An F.B.I. arrest affidavit released Thursday states businessman Joseph Mammana, owner of Yardley Farms LLC, was arrested on a firearms violations.

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The affidavit states, "…Mammana knowingly possessed in and affecting interstate and foreign commerce a firearm after previously having been convicted of a crime punishable by more than one year in prison… ."

His past criminal record includes felony convictions for aggravated assault, larceny and narcotics violations, which prohibits him from possessing a gun.

Authorities said the F.B.I. searched Mammana's home in the 600 block of Sedgley Avenue in Yardley, Wednesday, in connection to an I.R.S. investigation, seeking tax and business records.

During the search agents discovered a loaded handgun in a master-bedroom nightstand registered to his deceased father, Edward Mammana.

"We're looking for information related to, what we considered to be economic fraud and tax violations," said U.S. Attorney Pat Meehan.

Mammana is well known throughout the Delaware Valley for making generous donations to the Citizen's Crime Commission, providing reward money to help solve high profile criminal cases.

When Natalie Halloway went missing in Aruba, her mother Beth Twitty took to the airways in Philadelphia asking for help. Mammana came to her aid and pledged $250,000 to Halloway's reward fund.

As police searched for the gunman who shot Faheem Thomas-Childs, Mammanna pledged a $40,000 reward.

The question now is could the money he has pledged to reward funds in Philadelphia and across the country be in jeopardy. A spokesperson from the Philadelphia Citizen's Crime Commission said they will look at the money that has been pledged and confront issues as they arise re-post any money if necessary.

Mammana is being held in federal custody and is scheduled to be arraigned in federal court Friday morning.

Pa. Felon-turned-philanthropist Arrested For Having Gun (AP)

By Patrick Walters

AP, December 1, 2006

A convicted felon-turned-philanthropist who has offered up reward money in several high-profile cases was arrested on a gun charge, authorities said Thursday.

Federal agents discovered a handgun in a nightstand Wednesday while they were searching Joseph Mammana's home in the Philadelphia suburb of Yardley for evidence of possible mail and wire fraud, according to an arrest warrant.

As a felon it is illegal for Mammana to possess a gun. He has a lengthy criminal record that includes convictions for aggravated assault, larceny and narcotics violations.

Records showed that the gun, which was loaded, was purchased by Mammana's father in 1979, authorities said.

Mammana has offered reward money in numerous high-profile crimes, including the disappearance of Alabama teenager Natalee Holloway in Aruba last year.

He also has assisted in the case of Julie Popovich, whose skeletal remains were found Sept. 1 near an Ohio reservoir. She was last seen leaving a bar near Ohio State University on Aug. 11.

He also co-sponsored a gun buyback program in Philadelphia in which people were offered shopping vouchers if they gave up their guns.

The telephone listing for Mammana's home was unpublished and a message left at his office was not returned. He remained in federal custody pending a hearing scheduled for Friday.

A message left with Mammana's attorney Thursday morning was not immediately returned.

Mammana, who owns a Pennsylvania egg farm, is currently embroiled in controversy in Ohio over the Popovich reward.

The head of an Ohio crime-stoppers group, Kevin Miles, is suing Mammana. Miles says someone with a baseball bat attacked him and told him to drop the lawsuit.

Mammana said he had nothing to do with the attack, but suggested the beating was deserved.

"If he was able to talk, it wasn't me," Mammana said in an interview last week with The Associated Press.

Miles' group, Central Ohio Crime Stoppers, sued Mammana on Nov. 15, seeking up to $131,000 it said he had pledged for information in Popovich's slaying.

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Mammana has said he will pay the money if the man who was arrested is convicted in the killing. But Crime Stoppers' policy is to pay rewards for arrests and indictments, not convictions, something Mammana understood when he signed a contract, according to Miles.

Investigators Looking For Motive After Arson Ruled In Plastics Fire (LONGNJ)

By ADAM J. HOLLAND

Longview (TX) News-Journal, December 1, 2006

Now that federal fire investigators have determined arson as the cause of a September fire at a Longview plastics recycling plant, they are bracing for the most difficult part of their probe.

Earlier this week, the Bureau of Alcohol, Tobacco, Firearms and Explosives determined that an accelerant was used to start the blaze Sept. 22 at the Southwest Plastics office on Estes Parkway.

It was the facility's second fire in less than three weeks, with the first one destroying the company's 35,000-square-foot warehouse on Sept. 5.

"Unfortunately, arson investigations are the longest to work and the hardest to prove," ATF agent Clay Alexander said.

Alexander said the next phase of the investigation would involve interviews with former and current employees who had access to the scene, and similar crime patterns that may have existed in and around the area.

"Right now we are just looking for motive — who would want to burn the business and why," Alexander said.

Southwest Plastics owner John Thompson could not be reached for comment Thursday, but has said that he had no known enemies.

His wife, Suzane Thompson, said Thursday that she was concerned that investigators have nothing to research, since the building remains were cleared to make way for a temporary facility.

"The only thing we had was video surveillance tape from our security system, and we haven't heard anything about that," Thompson said.

Alexander said that the tape is currently being reconstructed at the ATF laboratory in San Francisco, but he was hopeful that it could be sent to Tyler within a week or so.

"We hope (the tape) shows something, but it's just one avenue of the investigation," Alexander said.

He added that the ATF has already gathered evidence from the scene, and it was no longer necessary to scour it for additional clues.

There has been no cause released for the fire that destroyed the warehouse on Sept. 5.

TAX:

Democrats To Offer Permanent Tax Cut (WT)

By Charles Hurt

The Washington Times, December 1, 2006

Democrats have long attacked President Bush for the historic tax cuts he ushered through Congress during his first term and have promised to reverse at least some of them.

But among their top priorities when they take over Congress next month is passing a permanent tax cut of their own.

Included in their "Six for '06" platform that they say helped them win majorities in the House and Senate, Democrats promised to: "Make college tuition deductible from taxes, permanently."

Their tax cut promise is neither an election-year gimmick, Democrats say, nor a reversal in their long-standing opposition to Mr. Bush's tax cuts.

"Democrats have made it clear that the middle class will be our priority and making college more affordable is a key concern of working families," said incoming House Majority Leader Steny H. Hoyer, Maryland Democrat.

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They have been less clear, however, about their plans for other tax cuts that expire in 2010 and or how to raise the revenue required to institute the "pay-go" rules they have promised. Those rules prohibit adding any new spending to the budget or cutting taxes unless there is money in the budget.

Though Republicans dramatically sliced taxes without money in the budget, they now can point to historic levels of tax receipts because of the healthy economy that was, they say, spurred by the tax cut.

The only hints from Democrats about their tax plans have come from Rep. Charles B. Rangel, the New York Democrat who will be chairman of the Ways and Means Committee. He has told reporters that tax increases are on the table, but Democratic leaders quickly reined him in and continue to adamantly insist that they have no such plans for the time being.

The tuition tax deduction, along with a handful of other popular tax cuts, have been on the table in Congress ever since they expired at the end of the 2005 tax year. Tax filers next spring will not be able to deduct tuition costs unless something is done retroactively before then.

The tax cut is such a popular one that Republicans have tried for months to pair it with the elimination of the estate tax -- an idea most Democrats in Congress vehemently oppose. Though the elimination of the death tax had majority support in the Senate with Democratic backers, it could not pass the 60-vote threshold that Democrats required. So, Republicans added an increase in the minimum wage to further sweeten the deal.

Democrats still refused. And Republicans refused to strip out the popular tax deductions and pass them on their own.

Sen. Charles E. Grassley, Iowa Republican and outgoing chairman of the Finance Committee, has been critical of both sides for not already approving the tax relief.

"It's all because of political calculations," he said. "That's a shame."

Mr. Grassley and others have urged Republican leaders to go ahead and approve the popular tax cuts and make those cuts permanent before the end of the year.

"The election is over; the political outcome is certain," Mr. Grassley said. "We need to give taxpayers the same certainty about tax provisions that affect their bottom line. I hope the House and Senate use the lame-duck session to redeem themselves from lameness."

Regardless of whether Republicans can accomplish this in the coming weeks, Democrats have every intention of doing so when they take over.

"Democrats have made it a priority to cut taxes for the middle class," said Will Edgar, a spokesman for incoming Senate Majority Leader Harry Reid of Nevada. "The American people made clear they want change, and we're ready to work with the Republicans to move America forward."

Mr. Hoyer signaled a similar eagerness to work across the aisle on the matter.

"Democrats have been strong supporters of extending the college-tuition deduction and would like to join with our Republican colleagues to pass an extension before Congress adjourns for the holidays," he said. "Middle-class families deserve to know that this deduction will be there to help them pay for their children's education next year."

CONGRESS-ADMINISTRATION:

Defense Chief Nominee Meets Democrats (AP)

By Laurie Kellman

AP, December 1, 2006

Robert Gates, President Bush's choice to take over the Defense Department while the Iraq war rages, met Thursday with three Democratic senators who will be asked to vote on his confirmation next week.

Gates did not run into any immediate opposition, even from senators who in 1991 voted against his confirmation to head the CIA when Bush's father was president.

The Senate Armed Services Committee has scheduled a confirmation hearing Tuesday on Gates, who would succeed Donald H. Rumsfeld. A vote by the full Senate is expected later in the week.

"I don't start out with any minuses on the ledger," Sen. Robert Byrd, D-W.Va., said after his meeting with Gates.

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Sen. Edward Kennedy, D-Mass., also pledged to approach the hearings with an open mind.

"Mr. Gates must persuade Congress and the American people that he will be a strong leader, that he is firmly committed to working within the administration and with the Congress toward a new course in Iraq," Kennedy said. "And that he deserves the trust of our nation, and especially our men and women in the armed forces."

Gates also met with Sen. Byron Dorgan, D-N.D., who in recent months has orchestrated a series of Democratic-led discussions featuring former generals and other officials critical of the Bush administration's conduct of the war.

"Although I will want to see what the Senate hearing discloses, unless something unusual arises, I am inclined to support the Gates nomination," Dorgan said. "We need new leadership at the Pentagon, and we need to move forward as quickly as possible to fill this vacancy."

Bush, smarting from his party's defeat at the polls three weeks ago, announced the day after the election that Rumsfeld was stepping down as Pentagon chief and Gates was the choice to take over.

Bush said Gates' background as CIA director would give the Pentagon and the war in Iraq more focus on intelligence.

Democrats about to take control of Congress have said they would gauge Gates' willingness to change the U.S. conduct of the war but so far have signaled no opposition to his confirmation.

"Presidents ought to get the Cabinet they want," said Sen. Christopher Dodd, D-Conn.

White House Warned On Airlines (WT)

By Sean Lengell

The Washington Times, December 1, 2006

A congressional committee has warned the Bush administration it faces legal action if it goes ahead with plans to relax foreign ownership rules of domestic airlines.

The Transportation Department, under orders from President Bush, is proposing to allow foreign investors to increase stock ownership in U.S. airlines from 25 percent to 49 percent.

The proposal wouldn't require congressional approval because it reinterprets -- rather than alters -- a decades-old aviation law, the agency says.

But some lawmakers reject the idea of increasing foreign investment in the U.S. airline industry. They also accuse the administration of using the Transportation Department to bypass Congress' legislative authority.

In a letter sent to White House Chief of Staff Joshua B. Bolten on Tuesday, the House Transportation and Infrastructure Committee says only Congress -- not the administration or federal agencies -- can change laws regarding foreign ownership of U.S. airlines.

"Making the rule final in the face of bipartisan congressional opposition would be a very poor start to the 110th Congress," says the letter, signed by two committee members from each party, including Rep. James L. Oberstar of Minnesota, the panel's ranking Democrat who is expected to become chairman in January.

The letter also was signed by Rep. Jerry F. Costello of Illinois, the ranking Democrat on the House Transportation and Infrastructure aviation subcommittee; Rep. Frank A. LoBiondo, New Jersey Republican; and Rep. Ted Poe, Texas Republican.

The issue centers on a long-standing requirement that U.S. citizens have "actual control" of domestic airlines. Under the plan, which was introduced late last year, Americans would need to control only certain aspects of a U.S. airline, such as safety and security measures. Commercial decisions, including which cities an airline can serve and the purchase of aircraft, could be foreign-controlled.

But any reinterpretation of foreign ownership rules would have difficulty standing up to legal challenge, the committee members say.

"The courts have ruled that an executive branch agency does not have the authority to interpret a law in a manner inconsistent with the plain meaning of the words of the law," the letter says. "We can see no basis for an argument that DOT's proposed interpretation of 'actual control' is consistent with the plain meaning of these words."

Reinterpreting existing laws goes against the spirit in which they were originally written, says Jim Berard, Democratic spokesman for the Transportation Committee.

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"To reinterpret this term 'actual control' and limiting it so narrowly to just security and military operations, and leaving everything else that the airline does ... to foreign control totally circumvents what Congress intended when that law was passed," he said.

"If the administration wants to change the law they should come to Congress, give us an opportunity to hold hearings, debate the issue and pass legislation to send to the president."

Mr. Bolten is accompanying Mr. Bush this week on the president's trip abroad and was unavailable for comment.

"The letter has been received, and we are aware of the members' position," White House spokesman Tony Fratto said. "There's nothing to announce at this time."

Another foreign ownership issue created an uproar in Congress earlier this year after a Dubai company, DP World, acquired six U.S. ports from British-owned P&O Ports North America. The controversy was so intense that DP World quickly agreed to find an American buyer for its U.S. properties, which include ports in Baltimore, New York, Philadelphia, Miami, New Orleans and Newark, N.J.

But foreign investment would help boost the ailing airline industry that saw four bankruptcies -- US Airways, Delta Air Lines, Northwest and United Airlines -- in recent years, the Transportation Department says.

Transportation officials also have said the proposal is key to the ongoing negotiations over the Open Skies agreement with the European Union, which would liberalize rules for international commercial aviation between the United States and the 25 EU countries, allowing for more flights to Europe by U.S. airlines.

Europe has threatened to delay the signing of the treaty unless the United States allows for greater foreign investment in U.S. airlines.

The Transportation Department has given no timetable for when it expects to reach a decision and declined to discuss the letter. But some on Capitol Hill think the agency wants to have the proposal in place before a meeting of European transportation ministers later this month

Pay Raise Proposed By Bush Would Be Smallest In 18 Years (WP)

By Stephen Barr

The Washington Post, December 1, 2006

About 1.8 million federal employees would receive a 1.7 percent increase in their basic pay and a 0.5 percent average increase in their locality pay next year under a plan that President Bush sent to Congress yesterday, administration officials said.

Bush recommended a 2.2 percent average raise in his fiscal 2007 budget, released in February. Under a 1990 pay law, yesterday was the deadline for the president to authorize an alternative plan if Congress had not stipulated a raise.

If federal employees receive an average raise of 2.2 percent next year, it would be their lowest annual salary increase in 18 years, according to congressional aides.

House and Senate spending bills propose a 2.7 percent average raise for federal employees, but the bills seem unlikely to pass in the lame-duck session. Congress, meanwhile, has voted for a 2.2 percent raise for the military, raising the prospect that lawmakers will go along with the smaller increase for the civil service when they wrap up their budget bills.

The president's plan would give higher locality adjustments to the metropolitan areas with the largest "pay gaps," as determined by Labor Department surveys comparing federal jobs with their private-sector counterparts.

Under the formula in the president's plan, federal employees in the Washington-Baltimore area would receive a 2.64 percent pay raise next year, starting with the first full pay period in January, officials at the Office of Personnel Management said.

The highest adjustment would go to federal employees in the New York City area -- 3.02 percent. In contrast, the majority of federal employees, who work outside the big cities and are lumped in a "rest of U.S." category, would receive a raise of 1.81 percent.

Colleen M. Kelley, president of the National Treasury Employees Union, objected to the pay formula at a meeting of the Federal Salary Council in October, saying she was concerned that most federal employees would receive a raise of less than 2 percent.

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The council, an advisory group, pulled back from approving the pay plan, and Kelley yesterday called the decision to go ahead with the formula "inappropriate" and "very disappointing."

She said "an awful lot of unknowns" swirl around next year's federal pay raise because of disagreements on Capitol Hill over whether to keep the government open on short-term funding or to bundle spending bills into a year-long omnibus measure.

"As far as we are concerned, the 2.7 percent raise is in play and we are going to do all we can to keep that alive," Kelley said.

By sending Congress his pay plan yesterday, Bush avoided triggering a part of the 1990 law that would have provided federal employees with an overall pay raise of 8.6 percent, which would have met a congressional goal of narrowing differences in salaries between the government and the private sector. Bush said a raise of that size would have cost $8.8 billion, an outlay that he said would interfere with higher priorities, such as maintaining the war against terrorism.

Officials said the pay plan would not be effective until Bush issues an executive order, probably late this month.GSA Studies Office Merger

The General Services Administration is looking at merging its policy shop into the office that handles congressional affairs, the agency's spokeswoman said yesterday.

Claire L. Dorrell, the GSA's spokeswoman, said "a pre-decisional, draft proposal" is being circulated inside the agency for comment to determine whether government-wide issues could be handled more efficiently and at reduced cost. There is no deadline for a decision, she said.

But some officials, who spoke on condition of anonymity because they are not authorized to speak about the merger, said they have no doubts that the consolidation will go forward, after a brief review.

Those officials noted that Lurita Doan, the administrator of general services, named Kevin Messner as the acting administrator of the GSA Office of Governmentwide Policy last month. Messner, a former chief of staff to Rep. Jim Kolbe (R-Ariz.), also is the head of the GSA Office of Congressional and Intergovernmental Affairs.

Messner, a political appointee, replaced a career executive, John G. Sindelar, who had been acting head of the policy office. Sindelar remains the office's deputy associate administrator.

The GSA policy office develops best management practices for the government in such areas as property, travel and transportation, technology and regulatory information. It also has helped support parts of the president's management agenda, such as electronic government initiatives.Talk Shows

Robert Linn, managing director of Ferris, Baker Watts, and David Kauffman, a certified financial planner with the firm, will discuss retirement planning on "FedTalk" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

Douglas J. Bourgeois, director of the Interior Department's National Business Center, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

Pat Roberts May Be Leaving Senate Intelligence Committee (MCT)

By Matt Stearns

McClatchy Newspapers, December 1, 2006

WASHINGTON - Republican Sen. Pat Roberts of Kansas is preparing to leave the Senate Intelligence Committee after an intense four years as chairman, according to Senate officials.

Roberts has been a lightning rod for partisan criticism throughout his tenure, which began just weeks before the United States invaded Iraq in March 2003.

The Intelligence Committee, once noted for bipartisan collegiality, was increasingly swept into the maelstrom of vitriol surrounding the intelligence that led to the Iraq war, the Bush administration's domestic surveillance program and the treatment of suspected terrorists in custody.

Neither Roberts nor his spokeswoman would comment for this story.

Critics say Roberts did the bidding of the Bush administration and dragged his feet on oversight, especially the investigations of pre-war intelligence leading to the Iraq invasion. A year ago, Democrats briefly forced a shutdown of the Senate

to protest Roberts' stewardship of the investigations. Committee Vice Chairman Jay Rockefeller, D-W.Va., once accused Roberts of taking "all his talking points from the White House."

Roberts' defenders say he provided appropriate, forward-looking oversight and tried to avoid airing dirty laundry that could have compromised national security. Republican committee member Christopher Bond of Missouri applauded Roberts for "working hard on a bipartisan basis to try to move forward."

"Reasonable people can disagree about whether he did a really good job or whether he saved the president's hide," said John Pike, the director of Globalsecurity.org, a nonpartisan defense research center. "But it was an unusually tough assignment. How do you balance the intelligence community's obsession with secrecy with a public that has a difficult time understanding why no one stopped Sept. 11 and why the intelligence on Iraq was so at odds with reality?"

Among Roberts' accomplishments: A committee report issued unanimously in July 2004 that found intelligence leading to up to the war was faulty; overseeing a massive reorganization of the U.S. intelligence community; and persuading the White House to brief the entire committee on the domestic surveillance program, rather than just the chairman and vice chairman.

The committee has released two of its five so-called "Phase II" investigations that delve more deeply into issues regarding pre-war intelligence on Iraq. Still to come is the most potentially explosive: Comparing the pre-war statements of government officials with the intelligence available at the time.

The Senate officials, speaking on condition of anonymity because Senate committee assignments still are being worked out, said Roberts was weary of the carping associated with the committee's work and was concerned that partisanship might increase as Democrats lead the committee in the final years of the Bush administration. Roberts has been on the committee since his arrival in the Senate in 1997.

Roberts, 70, plans to run for re-election in 2008. He had no major party opposition in 2002, but since then the Democratic Party has had a resurgence in Kansas. Taking a different committee assignment would allow him to do more work directly related to Kansas and become less associated in the public mind with the increasingly unpopular Iraq war, the officials noted.

It's unclear who would replace Roberts as the top Republican on the Intelligence Committee. Sen. Orrin Hatch of Utah is next in line, but one official said Hatch may prefer to become ranking Republican on another committee. Hatch's office would not comment.

That would leave the job open to Bond, who has taken an increasingly prominent - and frequently partisan - role in intelligence matters over the last two years. Bond, who often served as GOP sound-bite bad cop to Roberts' more reserved good cop, also is writing a book on terrorism in Southeast Asia. Bond said that as far as he knew, Roberts would remain top Republican on the committee.

Treasury Undersecretary's Dual Roles Raise Questions (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 1, 2006

Robert K. Steel is a Washington oddity. He holds two high-powered jobs, one inside and the other outside government.

As the new undersecretary of the Treasury in charge of domestic finance, Steel supervises thousands of federal employees and helps oversee the nation's multi-trillion-dollar financial markets. At the same time, he moonlights as the unpaid chairman of the Board of Trustees of Duke University, a major recipient of federal funds and one of the country's most richly endowed colleges.

Experts say it is rare for a senior executive branch official -- in this case a Treasury official ranked just below the department's No. 2 -- to hold a significant position outside government. Top federal executives customarily drop their nongovernmental posts to devote themselves to their time-consuming federal tasks and to avoid even the appearance of a conflict of interest with their public responsibilities.

"This situation is unusual," said Paul C. Light, a professor of public service at New York University and an expert on federal bureaucracy.

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Steel insisted that he keep his chairmanship at Duke -- his alma mater and that of his parents -- as a condition of taking the Treasury job. Government and university ethics officials approved the combination as long as Steel did nothing that had a "direct and predictable effect" on Duke's finances, a stipulation that he accepted.

The Senate Finance Committee was also informed about the pact, a Steel spokeswoman said.

Still, watchdog groups and others have expressed concern about Steel's situation. They worry that he will inevitably have to choose between his fiduciary duty to Duke, which has an endowment of $4.5 billion and about $3 billion in other investments, and his role at Treasury. His position there makes him privy to often-sensitive price-moving information about U.S. markets, especially those involving management of the government's $8.6 trillion in debt.

They also doubt that a senior Treasury official, whose hours are grueling, would have enough spare time to also chair a major research university. In addition, they question the propriety of allowing a top federal official to head an organization that in fiscal 2006 alone, according to Duke, received $1.1 billion in federal funds, including $45,543 from Treasury for a clinic for low-income taxpayers.

"It's a conflict of interest," said Thomas J. Fitton, president of Judicial Watch, a conservative government watchdog group. "In his role as the chairman of the Board of Trustees, there will be decisions he will make that will be in conflict with his role as a high-level government official."

Melanie Sloan, executive director of the left-leaning Citizens for Responsibility and Ethics in Washington, agreed. "The concept of having a government job is that you work only on behalf of the American people, and being a trustee creates a divided loyalty," she said.

Barbara Roper, director of investor protection for the Consumer Federation of America, added: "He's creating the very real possibility that he will face situations where he has not just the appearance of a conflict but the reality of a conflict and then will have to decide how to behave. There will always be questions about whether he handled that kind of situation appropriately."

The Senate is keeping a close watch on the Steel-Duke arrangement. "I intend to monitor this situation," said Sen. Charles E. Grassley (R-Iowa), chairman of the Finance Committee, which has jurisdiction over Treasury. "I also want to make sure that serving as Duke's board chairman doesn't take time away from Treasury duties. I've learned from my review of nonprofit organizations that serving on a board can be very time-consuming if the board takes its responsibilities seriously."

Steel, a former vice chairman of the investment banking firm Goldman Sachs, does not foresee trouble. His spokeswoman, Jennifer Zuccarelli, said Steel's deal was blessed at Treasury and the Office of Government Ethics and was disclosed to the Senate, which confirmed him in October. Steel has agreed not to raise funds for Duke and is no longer directly involved in its endowment or investments. Any effort he puts into Duke, she said, comes out of his private time.

Duke's trustees were consulted about Steel's new job and decided to retain him as chairman. According to minutes of the board's executive committee meeting in August, Steel explained what his role in Washington would be and said he would have to step away from direct dealings with Duke's funding. After a discussion without Steel in the room, the executive committee "agreed that Mr. Steel's service in Washington would not have a negative impact on his service to Duke."

Still, the board requires plenty of his attention. It meets four times a year for two days each time, usually Friday and Saturday. In addition, the board's executive committee, which Steel also chairs, meets seven times a year between board meetings.

The board is responsible for the school's well-being, financial and otherwise. "In essence, the Board of Trustees owns Duke University," said John F. Burness, a Duke senior vice president. "The trustees have ultimate responsibility for the university in all of its aspects, including financial."

As undersecretary, Steel has one of the largest portfolios at Treasury. He supervises the assistant secretary for financial markets, the assistant secretary for financial institutions, the fiscal assistant secretary, the deputy assistant secretary for community development policy and the director of the Community Development Financial Institutions Fund. He also oversees the Bureau of the Public Debt and, through the fiscal assistant secretary, the Financial Management Service.

The Bureau of the Public Debt borrows the money needed to operate the federal government and services the debt by issuing trillions of dollars in Treasury securities. The Financial Management Service receives and disburses all public monies, maintains government accounts and oversees a daily cash flow of $50 billion. The Community Development Financial Institutions Fund was created to expand credit in distressed communities.

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Steel is not the first Duke chairman to hold federal office. In the 1990s, John Koskinen kept his Duke post when he became deputy director for management of the White House budget office. He removed himself from all higher-education issues and did not raise money for Duke. But even with those restrictions, he said, the double duty was unusual. "Generally, you have to give up everything if you get into a high position," he said.

Light, the NYU professor, said that there is good reason for the rule and that Steel should resign from Duke's board. "The potential conflicts are significant," he said. "His positions violate the spirit of the law that separates public and private service."

Reid's Skills On Offense To Be Tested (LAT)

By Noam N. Levey

The Los Angeles Times, December 1, 2006

WASHINGTON — Sen. Harry Reid was playing tour guide as he welcomed the new class of Democratic senators to his ornate office days after last month's historic midterm election.

He chatted about Joshua trees in a wilderness area he helped create in his home state of Nevada and showed off a painting of the Mojave Desert shack where he grew up. Then, as eight nervous newcomers clustered around him, he pointed to a portrait above his desk of an aging Andrew Jackson.

"I like it because he's lost all his teeth," Reid said of the work he chose over more dashing renderings of the former president.

If the selection is unorthodox, it befits the man who will become Senate majority leader when Democrats assume power on Capitol Hill in January.

Unpolished and a little grandfatherly, Reid in many ways seems an unlikely torchbearer for his party.

He is uncomfortable delivering sound bites and policy pronouncements. He often interrupts his comments with awkward pauses that give the impression he has lost his train of thought. He seems to enjoy chatting about a legendary Nevada killer who eluded authorities in the 1920s and '30s as much as discussing the business of government. And he makes no secret of his indifference for the spotlight. "I don't think it's what the job calls for," Reid said in a recent interview.

As minority leader the last two years, his approach proved highly effective: By playing defense, Reid bottled up many GOP initiatives.

But with Democrats catapulted into control of the Senate, the former amateur boxer will assume a broader responsibility for charting alternatives to the Bush agenda. On Iraq, for example, Reid has promised a vigorous drive to withdraw troops.

As he prepares for his new job, however, Reid faces a huge question: Can he cobble together a legislative record his party can be proud of? Though his low-key style masks toughness and great political dexterity, it is unclear if that will be enough.

The Democrats will have a bare one-vote majority. And Reid will not have the platform commanded by President Bush or Rep. Nancy Pelosi (D-San Francisco), who as the next House speaker will preside over a chamber where a leader can exercise much greater control.

Reid also can expect to come under more scrutiny. In recent years, ethical questions have been raised about his sponsorship of legislation that benefited clients of his sons and son-in-law, his efforts to secure federal money for a bridge near land he owns, and political contributions he received from Indian tribes represented by imprisoned lobbyist Jack Abramoff. Reid has denied any impropriety.

"It's not going to be easy," said Barbara Sinclair, a UCLA political scientist. "Senate majority leader can be an obscure post … and people always think you should be able to do more than you actually can."

Reid, 66, agrees. "I understand my limitations," he said.

But those who have worked with Reid and watched him battle and cut deals say he should not be underestimated.

"He may have learned it in the ring, but he knows how to assess people," said former Sen. John B. Breaux, a centrist Louisiana Democrat. "You have to have a feel for it. You either have it or you don't. Harry has it."

The son of a hard-rock miner who killed himself and a mother who did the laundry for a bordello, Reid grew up in the tiny town of Searchlight, about 60 miles south of Las Vegas.

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His home, fashioned from railroad ties, lacked indoor plumbing. He hitchhiked 40 miles to get to high school. And he put himself through law school at George Washington University by working as a U.S. Capitol Police officer.

By the time he was 30, Reid — who became a Mormon as a young man — had been elected to the state Assembly and won his race for lieutenant governor.

In the late 1970s, he did a stint on Nevada's Gaming Commission and tangled with organized crime; at one point, the Reid family's station wagon was wired with a bomb that failed to go off.

He was elected to the U.S. House of Representatives in 1982 and, after serving four years, won a seat in the Senate.

As an abortion opponent and champion of mining interests and gun rights, Reid has broken from some of his party's core positions. And as a backer of development in his fast-growing state, he sometimes squares off against environmentalists.

Still, Reid's genuineness has won fans across the party's ideological spectrum. Sen. Barbara Boxer (D-Calif.), a liberal and fierce defender of abortion rights, calls Reid "my brother."

The Nevada senator rarely seems scripted, whether musing about Western writers with a visiting college professor or discussing the personal habits of Lyndon B. Johnson — "a horrible man," Reid said of the former president and Senate majority leader.

Reid also has proved adroit at the little things that cement loyalties, such as scheduling votes to accommodate members' schedules, arranging committee assignments, even helping to find extra office space.

"It all stems from relationships.... He was masterful," said former Sen. Tom Daschle, a South Dakota Democrat who as majority and minority leader worked with Reid.

Reid has developed a close relationship with Nevada's junior senator, Republican John Ensign. The two squared off in a bitter campaign in 1998, and Reid won reelection by fewer than 450 votes. Two years later, Ensign won the state's other Senate seat, and soon afterward they reached what they term a "nonaggression pact."

"There are a lot of people who try to get us to go at each other," Ensign said recently. But "it's developed into a friendship."

Still, since he took over as minority leader in 2004, Reid has proved a fierce partisan warrior.

That year's election devastated Democrats — President Bush swept to a second term, Republicans expanded their majorities in Congress, Daschle lost his reelection bid and Reid's party was left with fewer Senate seats than at any time since the early days of the Great Depression.

Reid quickly prepared to fight, setting up a war room on the Capitol's third floor — where young aides monitored a wall of televisions and pumped out news releases to counter Bush and his congressional allies.

When the president began a national tour to promote his plan to partially privatize Social Security, Reid traveled the country to speak against it. He and his leadership team gathered signatures from 42 Democratic senators opposing the plan — a key, early sign that it would lack essential bipartisan support.

"He rallied [his colleagues]. He held them.... He demonstrated that in unity there was strength," said Democratic political consultant Paul Begala. "That was the first big turning point for the Democrats" during Bush's second term.

Other victories followed as Reid gently prodded his caucus to block the Republican majority, mindful not to push his personal agenda too hard.

Reid stepped out of the way this fall to let more liberal Democrats rally the votes to stop a measure long sought by social conservatives that would have strengthened parental consent requirements for abortion. Reid voted for the GOP measure.

"You have to give people rein," Reid said as he discussed managing a notoriously fractious Democratic caucus.

At a recent coffee, Reid told the new Democratic senators much the same. But he asked for one thing in return.

"Be honest," he said, warning that he has never forgotten the one senator who lied to him about a vote. "Be careful when you tell us, 'I'm for you.' "

Reid has been speaking a lot about the need for bipartisanship. "I tried to set the right tone by not gloating" after the Democrats' midterm success, he said.

He expressed hope that the Democrats would be able to work with at least some Republicans to raise the federal minimum wage, increase oversight of the administration's war policies and pass other initiatives.

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But he clearly remains troubled about the prospects of working with Bush, whose commitment to changing course in Iraq Reid said he doubted.

"Certainly, I don't dislike him," Reid said of the president, whom he once called a liar. "It's just difficult, because I don't believe in what he's doing most of the time."

Newly Elected Muslim Lawmaker Under Fire (USAT)

By Andrea Stone

USA Today, December 1, 2006

WASHINGTON — The first Muslim elected to Congress hasn't been sworn into office yet, but his act of allegiance has already been criticized by a conservative commentator.

In a column posted Tuesday on the conservative website Townhall.com, Dennis Prager blasted Minnesota Democrat Keith Ellison's decision to take the oath of office Jan. 4 with his hand on a Quran, the Muslim holy book.

"He should not be allowed to do so," Prager wrote, "not because of any American hostility to the Koran, but because the act undermines American culture."

He said Ellison, a convert from Catholicism, should swear on a Christian Bible — which "America holds as its holiest book … If you are incapable of taking an oath on that book, don't serve in Congress."

The post generated nearly 800 comments on Townhall.com and sparked a tempest in the conservative blogosphere. Many who posted comments called the United States a Christian country and said Muslims are beginning to gain too much influence. Others wrote about the separation of church and state and said the Constitution protects all religions.

Dave Colling, Ellison's spokesman, said he was unavailable for comment. Earlier, Ellison told the online Minnesota Monitor, "The Constitution guarantees for everyone to take the oath of office on whichever book they prefer. And that's what the freedom of religion is all about."

Colling said Ellison's office has received hundreds of "very bigoted and racist" e-mails and phone calls since Prager's column appeared. "The vast majority said 'You should resign from office if you're not willing to use the book our country was founded on,' " Colling said.

"Requiring somebody to take an oath of office on a religious text that's not his" violates the Constitution, said Kevin Hasson, president of The Becket Fund for Religious Liberty.

Members of the House of Representatives traditionally raise their right hands and are sworn in together on the floor of the chamber. The ritual sometimes seen as the swearing-in is actually a ceremonial photo op with the speaker of the House that usually involves a Bible.

"They can bring in whatever they want," says Fred Beuttler, deputy historian of the House.

Prager, who is Jewish, wrote that no Mormon elected official has "demanded to put his hand on the Book of Mormon." But Republican Sen. Gordon Smith of Oregon, a Mormon, carried an expanded Bible that included the Book of Mormon at his swearing-in ceremony in 1997.

Lawmaker Intends To Take Oath Of Office On Quran (MCT)

By Rob Hotakainen

McClatchy Newspapers, December 1, 2006

WASHINGTON - As he prepares to become the first Muslim in Congress, Rep.-elect Keith Ellison says the Constitution gives him the right to take the oath of office on the Quran, and that's what he intends to do Jan. 4.

The Minnesota Democrat's decision is stirring a debate among academicians and conservatives, with some saying it's appropriate to take an oath of office only on the Bible.

"Mr. Ellison, America, not you, decides on what book its public servants take their oath," radio talk-show host and author Dennis Prager wrote in a column this week. He said American Jews routinely had taken their oaths on the Bible, even though they didn't believe in the New Testament, and that if Ellison refused to do so, "don't serve in Congress."

Eugene Volokh, a professor of law at the University of California at Los Angeles, said the Constitution authorized people not to swear their oaths at all, protecting atheists and agnostics.

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"Why would Muslims and others not be equally protected?" he wrote in National Review Online.

Ellison was attending meetings in Washington on Thursday and couldn't be reached for comment, according to Dave Colling, his spokesman.

But Ellison defended his plan to use the Quran, Islam's holy book, in an interview with Abdi Aynte, a reporter from Minneapolis who writes for Minnesota Monitor.

"The Constitution guarantees for everyone to take the oath of office on whichever book they prefer," Ellison was quoted as saying. "And that's what the freedom of religion is all about." Colling confirmed the quote.

Ellison's decision drew support from one prominent conservative firebrand, Colorado Republican Rep. Tom Tancredo, who champions a fence along the border with Mexico and thinks that unfettered immigration endangers American culture.

"He wants to take his oath on the Quran, that's fine," Tancredo said. "I think whatever you believe is necessary for you to uphold your obligations to the Constitution, that is fine with me."

In his weekly column, Prager said Ellison's decision is "an act of hubris that perfectly exemplifies multiculturalist activism."

"When all elected officials take their oaths of office with their hands on the very same book, they all affirm that some unifying value system underlies American civilization," Prager wrote. "If Keith Ellison is allowed to change that, he will be doing more damage to the unity of Americans and to the value system that has formed this country than the terrorists of 9/11."

In the National Review, Volokh noted that two former presidents - Franklin Pierce and Herbert Hoover - didn't swear their oaths but chose to affirm them.

He said the Supreme Court long had held that Americans had the right to be treated equally, regardless of their religion, and that forcing Ellison to use the Bible would violate his rights.

"Letting Christians swear the oath of office, while allowing members of other denominations only to swear what ends up being a mockery of an oath - a religious ceremony appealing to a religious belief system that they do not share - would be discriminatory," Volokh wrote.

Taking an oath on the Quran isn't unprecedented.

In 1999, the News-India Times reported that Osman Siddique, a Virginia businessman of Bangladeshi origin, used the Quran to take the oath when he became the U.S. ambassador to Fiji and three other Pacific nations: Nauru, Tonga and Tuvalu. He took the oath on the Bible and the Quran, with the Quran on top, the newspaper reported.

McClatchy Newspapers correspondent Lesley Clark contributed to this report.

Lawmaker To Take Oath On Koran, Faces Flak (WT)

By Eric Pfeiffer

The Washington Times, December 1, 2006

Rep.-elect Keith Ellison, the first Muslim elected to Congress, will take his oath of office on the Koran, not the Bible.

Although some have criticized the Minnesota Democrat's decision, his campaign manager cites historical precedent in describing it as a nonissue.

"Well, he will be the first to do it with the Koran," Dave Colling said. "But most members do not even take an individual oath with any book. Keith Ellison will be taking his oath in the chamber with the other members of Congress."

House members are sworn in en masse in the chamber, and no Bible or other religious document is used for the oath. However, several incoming House members use Bibles for their individual swearing-in, which is administered by the House speaker and takes place after the official group oath.

Mr. Ellison has been criticized by some Christian organizations and conservative radio host Dennis Prager, who say that even if the law allows him to take an oath on the Koran, he should adhere to what they call the historical tradition of taking the oath of office on the Bible.

"In your personal life, we will fight for your right to prefer any other book. We will even fight for your right to publish cartoons mocking our Bible. But, Mr. Ellison, America, not you, decides on what book its public servants take their oath," Mr. Prager, who is Jewish, wrote in an online column.

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The American Family Association (AFA) posted an "Action Alert" on its Web site requesting that supporters urge lawmakers to pass a law requiring that the Bible be used in congressional swearing-in ceremonies. "What book will America base its values on, the Bible or the Koran?" the AFA posting said.

"The premise of the attack is false," Mr. Colling said, adding that Mr. Ellison has not refused to take an oath on the Bible, because his refusal would imply that such a requirement exists.

According to the Library of Congress, Theodore Roosevelt became the first and only president to take an oath without a Bible in 1901. In 1961, John F. Kennedy took his oath on a Catholic (Douay) version of the Bible. Several Jewish members of Congress have taken their oath on the Torah. Article VI of the Constitution specifies that "... no religious Test shall ever be required as a Qualification to any Office or public Trust under the United States."

In 2005, a North Carolina judge refused to allow a Muslim woman to take her oath on the Koran before testifying. Guilford County Superior Judge W. Douglas Albright cited state law in the case, which reads that oaths are to be made upon "Holy Scriptures," which analysts agreed is a reference to the Bible.

However, in 1997, a federal judge hearing a terrorism case in Washington allowed witnesses to make such an oath to Allah.

"This is a tempest in an Internet teapot," said Ibrahim Hooper, spokesman for the Center for American-Islamic Relations. "With the rising level of Islamophobia in America, you have some people who see the empowerment of any Muslim as a threat to the Constitution. In reality, they should see the empowerment of such an individual as strengthening the Constitution."

Democratic Power Struggle (WP)

By E. J. Dionne Jr.

The Washington Post, December 1, 2006

The most important tension within the new Democratic majority in the House of Representatives is not between liberals and conservatives or free traders and fair traders. It is between older members who once enjoyed the power and perks of majority status, and their younger colleagues who will experience real power for the first time.

The older members -- many of whom will be taking over committee chairmanships -- came to political maturity in the pre-Clinton, pre-Gingrich era, before the full flowering of the permanent campaign. They governed from a House in which committee leaders typically had more power than the House speaker in shaping legislation.

But nearly two-thirds of the Democrats in the new House have been elected since 1994, meaning they have only known life in the opposition during a time when Republicans radically centralized control in their leadership. In their hunger to overturn the Republican majority, these younger Democrats honed their strategic shrewdness by taking the lesson from Bill Clinton and Newt Gingrich that politics and policy are inevitably linked.

The key to Nancy Pelosi's success as speaker will be to find a way to bring the old bulls and the Young Turks together.

Democratic optimists -- now that the party has again won an election the phrase is no longer an oxymoron -- think the management of the 2006 campaign is a signal that Pelosi will draw on the talents of both groups. She entrusted campaign strategy to Rep. Rahm Emanuel of Illinois, the quintessential Young Turk and Clinton administration veteran who out-toughed Karl Rove in a contest of political will.

Emanuel, who turned 47 on Wednesday, surrounded himself with a talented group of lieutenants, including Reps. Debbie Wasserman Schultz of Florida (she's 40 and was elected in 2004) and Chris Van Hollen of Maryland (47, elected in 2002). Such younger members are passionately devoted to the proposition that electoral victory is the precondition for accomplishing anything else.

And despite some moments of culture clash, the more senior Democrats largely went along with the program since they, too, had become desperate for power. For example, Rep. John Conyers (D-Mich.), incoming chairman of the Judiciary Committee, played down his proposal to open hearings on impeaching President Bush when Republicans tried to use his pledge to drown out stronger Democratic issues.

But now that Democrats have the majority, Pelosi will not have the authority Gingrich had to centralize power and override the wishes of the committee chairs, even when doing so might be politically useful. Because Gingrich was widely seen as the

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architect of the Republicans' 1994 victory, he in effect became leader of the entire party. Neither Pelosi nor, for that matter, any other speaker in the foreseeable future can hope for such dominance.

Moreover, one of the Democrats' core promises is to democratize the House by reinvigorating the committees and giving the Republican minority more rights than Democrats were granted under Republican rule.

The upshot is that Pelosi will be cajoling her committee leaders (the average age of the anticipated chairmen is close to 67) to keep their eyes on separate time frames: two years and, say, a decade. Democrats will need to be -- and also look-- effective enough to reelect their majority, and perhaps even win the presidency, in 2008. And they have to accept that many of the reforms they seek will take far more than a single congressional term to achieve.

There is also this: The basis for this new majority is very different from the one Democrats enjoyed between 1954 and 1994. The old majority depended heavily on representatives from the big cities of the North and rural areas in the South. The new majority, as Emanuel has been preaching, was built on gains in suburban and exurban areas and a new brand called "suburban populism," which he defines as "a revolt against Rovian polarization politics." The Democrats are increasingly the party of the metropolitan areas, suburban as well as urban, especially outside the South.

After a good election year, Pelosi has had a bumpy start with her unsuccessful intervention in the contest for majority leader and the controversy surrounding the chairmanship of the intelligence committee.

But the real test of her leadership is yet to come, and it involves squaring a series of circles: how to democratize the House without giving up the ability to coordinate its actions; how to emphasize the substance of policy without losing sight of the imperatives of the next election; and how to bring together the legislative experience of the old with the political energy of the young. Compared with Pelosi, Gingrich had it easy.

Legislative Shuffle Could Give D.C. Vote In Congress (USAT)

By Kathy Kiely

USA Today, December 1, 2006

WASHINGTON — For more than 200 years, residents of the District of Columbia have lived in the shadow of the U.S. Capitol without having a vote that counts there.

For the district's 550,000 residents, that may be about to change.

Monday, the Utah Legislature will set in motion a plan that would permanently increase the size of the U.S. House of Representatives for the first time since 1911.

Gov. Jon Huntsman summoned the lawmakers into a special session last week to approve a redistricting plan that would give the predominantly Republican state a fourth member of Congress. Utah came within a few hundred votes of qualifying for a fourth House member in the last Census. Mike Morrow, a spokesman for Huntsman, says the count failed to include Mormon missionaries who were out of the state at the time.

In return, Eleanor Holmes Norton, the longtime delegate for the predominantly Democratic District of Columbia, would win full voting privileges. That would increase the number of House members from 435 to 437.

Ray Smock, director of the Robert C. Byrd Legislative Research Center at Shepherd University and a former House historian, says it's about time. “This business of trying to squeeze the whole country into a 1911-sized bag is ridiculous,” he says.

The U.S. population has more than tripled since the 1910 Census, from 92.2 million to more than 300 million. That means there was one representative for every 212,000 Americans in 1911 compared with one for every 690,000 now.

Backers press for the House and Senate to approve legislation increasing the House's membership before this congressional term ends, as early as next week.

“This compromise is the closest the district has come to having a voice in Congress,” Mayor Anthony Williams says. “It's amazing to me that anyone can still argue that D.C. residents — who pay taxes, fight in wars and participate in every other way in our democracy — should in any way not be represented.”

The District of Columbia has petitioned for representation in Congress since 1801, when residents lost the right to vote for House and Senate members in Maryland and Virginia, the states that ceded land to create the federal city. The district's population is larger than that of Wyoming, which has two senators and one House member.

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“America is unique on Earth in not granting voting representation in the national Legislature to people who live in the capital city,” says Jamin Raskin, a constitutional law professor at American University.

Opponents of congressional representation for the District of Columbia say it's not constitutional. “The Constitution clearly provides how congressmen and senators are allocated to states,” says Rep. Patrick McHenry, R-N.C. “The federal city is not a state.”

Others see politics as the reason D.C. has been denied congressional representation. “The district is too Democrat and too black,” says Ron Walters, a political scientist at the University of Maryland.

Washington's population is 57% African-American; 73% of its voters are registered Democrat.

The Utah-District of Columbia representation deal, crafted by Norton and Rep. Tom Davis, R-Va., attempts to neutralize partisan opposition by balancing the federal city's gain with one for Utah, almost certain to elect another Republican. President Bush won the state in 2004 with 67% of the vote.

The district would get a House vote under the Davis-Norton bill but still be without representation in the Senate.

Bush has not said whether he would sign the legislation, but Norton says she's confident “he'll do the right thing.”

Davis urges fellow Republicans to support a House vote for the District of Columbia. “As American men and women are fighting for democracy in Baghdad,” he says, Congress should take “a momentous step toward bringing democracy to our nation's capital.”

D.C. Fights Clock, But Approval Of Voting Bill Stalls (WP)

By Mary Beth Sheridan And Yolanda Woodlee

The Washington Post, December 1, 2006

D.C. Mayor-elect Adrian M. Fenty went to Capitol Hill yesterday and Utah prepared to redraw its congressional districts as members of both parties said a plan to add House seats for the District and Utah had good prospects for approval next year.

Fenty and Del. Eleanor Holmes Norton met with House Speaker-elect Nancy Pelosi (D-Calif.) to push for passage next week of the voting rights bill, before the current session of Congress adjourns. That appears unlikely, according to congressional leaders. A more probable scenario, they said, has the bill reemerging early next year in a new, Democrat-controlled Congress.

"Early on, we should be able to get this through," said Norton (D), the District's nonvoting member of the House and a co-sponsor of the legislation. She said she remained hopeful for a vote next week, but "the enemy is time."

The bill would create two House seats -- one for the mostly Democratic District and the other for Utah, a Republican stronghold. Utah legislators are scheduled to vote Monday on boundaries for their proposed extra district. Congressional leaders in Washington had insisted on such a map before moving forward.

Fenty (D) and others hoped that the Utah action would propel Congress to act next week. But Republicans, who control the House, said they doubted the bill would get a vote in the session beginning Tuesday. A Democratic leadership aide, speaking on background, agreed.

In the Senate, Mitch McConnell (R-Ky.), the majority whip, said this week that he had heard no discussion about bringing the voting-rights bill to the floor in that chamber. And Amy Call, a spokeswoman for Senate Majority leader Bill Frist (R-Tenn.), said yesterday that a vote was "probably unlikely at this point."

Fenty said yesterday that he is hopeful, too.

"We're taking every step possible to get it passed next week. A lot of people have worked hard. It's very possible it could pass," he said in an interview after the 15-minute meeting with Pelosi.

He acknowledged that there is only a short window to act in the lame-duck session. He said he is planning to contact McConnell as well as such prominent politicians as Sen. Barack Obama (D-Ill.) in the next few days to generate momentum. He said he has spoken to some key members of both parties, including Sen. Trent Lott (R-Miss.) and Sen. Mary Landrieu (D-La.).

The bill is considered the most promising effort in years to gain a full House seat for the District. In 1978, Congress approved a constitutional amendment to give the District two votes in the Senate and one vote in the House. The effort collapsed when it failed to win ratification by two-thirds of state legislatures.

President Bush has said he will review the bill, but he has not taken a stand on it.

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In their visit, Fenty and Norton also spoke to Pelosi about gaining more budget and legislative autonomy for the District. Pelosi, who was on the D.C. appropriations subcommittee at one time, agreed that Congress should interfere less in the city's affairs, according to a news release from Norton.

The voting-rights bill was overwhelmingly approved last spring by the House Committee on Government Reform, chaired by Rep. Thomas M. Davis III (R-Va.), who crafted the legislation.

But it became bogged down by details. Legislators have tried to draw the extra House district in Utah in a way that is constitutional and acceptable to Democrats, who fear losing the seat they hold in the state. Now that issue is nearing a resolution. A key legislative committee in Utah signed off on the boundaries Wednesday, and the full state legislature is scheduled to meet in a special session Monday to approve the new map.

Under the current law, the District's representative in Congress can sponsor legislation, belong to committees and take part in debates but is not entitled to a vote on the House floor. The bill would give the representative full voting rights. It would permanently expand the House from 435 to 437 members.

An aide to Davis agreed with Norton that the bill would probably pass early next year if Congress does not approve it next week. Pelosi predicted that initial action could be taken by the time of the State of the Union address in late January, Fenty said.

A spokesman for the California congresswoman, Drew Hammill, said Pelosi "indicated she is supportive of that legislation," which she co-sponsored.

Dave Marin, the Davis aide, said it would be the first piece of legislation that Davis would introduce in the new Congress.

"Whether it's next week or in February 2007, this will get done," he said.

Norton said the bill should pass easily because it has been debated in House committees and won support from members of both parties. However, she said, the Democratic leadership has issued a list of priorities it expects to tackle at the start of the new Congress, and it did not include the D.C. vote issue.

"They didn't expect the D.C. bill would still be pending," Norton said.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, December 1, 2006

The Red State of the Holiday White House

George and Laura Bush hosted the first of 24 White House holiday-season parties last night (nah, we didn't get an invite, either), just hours after the first lady unveiled this year's decorations, inspired by the mansion's Red Room.

The look: Two 12-foot trees covered in poinsettias greeted guests in the Grand Foyer, along with vases of red carnations, lots of candy canes, cranberry topiaries and 4,638 shiny red balls on the trees and garlands. The 18-foot Douglas fir in the Blue Room is decorated in glass, crystal and that cottony kind of fake snow, as well as tiny red bows.

The showstopper: Because she hasn't found a replacement for pastry chef Thaddeus DuBois, the first lady persuaded his predecessor, Roland Mesnier, to make the 300-pound gingerbread White House on display in the State Dining Room. Tiny renderings of Barney and Miss Beazley sit in Santa's sleigh on the rooftop; Willie the cat lies under a small birdhouse; 800 icing snowflakes cover the house.

The menu: New executive chef Cristeta Comerford added some Bush favorites to the traditional holiday buffets -- mini-chicken-fried steaks with white onion gravy, sweet potato souffle and tamales, which the Texans always eat on Christmas Eve.

During a round of early-morning interviews, the first lady said the tree upstairs in the private residence is covered with family ornaments. No word whether the twins will be home for Christmas, but they'll open presents that morning. "George's family has a very strict rule that it's Christmas Day," she told ABC. "My family always opened on Christmas Eve. But he's the president, so he gets his way on Christmas Day."

Gearing Up for Honorable Mentions

It's time for the annual Hollywood-on-the-Potomac schmoozefest -- this weekend's Kennedy Center Honors, where a cluster of A-list stars will line up for Sunday's red-carpet tribute. It's always fun to guess which celebs will show up to salute the honorees -- this year, the awards go to Dolly Parton, Steven Spielberg, Smokey Robinson, Andrew Lloyd Webber and Zubin Mehta. The list

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of presenters is super-secret, but be on the lookout for Reese Witherspoon, Jessica Simpson, George Lucas, Berry Gordy, Barbara Cook, Sarah Brightman, Barbara Walters, Ron Silver, Arthur Mitchell and Christine Ebersole. (Alas, newly single Kid Rock, a member of the "artists committee" for the honors and a guest in previous years, is not scheduled to attend.)

Write us at reliablesource@ washpost.com if you spot them around town; bonus points if you catch Reese or Jessica with hot new boy toys.

LOVE, ETC.

Engaged: "Desperate Housewives" star Eva Longoria, 31, and her San Antonio Spur sweetie of two years, Tony Parker, 24. Her rep says we should look for a big wedding next summer in Parker's homeland of France, "with lots of family and friends" -- and paparazzi in helicopters.

Born: A daughter, to acclaimed hipster filmmaker Sofia Coppola and her French rock-star boyfriend, Thomas Mars, Tuesday in Paris. They named her Romy, and you just know she's going to be the coolest kid in pre-K.

SURREAL ESTATE

Buyer: Evan and Cindy Jones

Price: $16 million

Details: The chief executive of Maryland biotech giant Digene and his socially prominent wife just purchased a four-acre waterfront lot on Nantucket -- one of the highest prices ever paid for a property on the exclusive Massachu- setts island. Jones, 49, just gave up day-to-day operations of the company to spend more time doing fun things such as sailing. A 100-year-old house on the land will become a guesthouse, and the couple are building a new home for themselves overlooking the harbor -- all the better to keep an eye on their 44-foot-long sailboat.

OTHER NEWS:

Consumer Spending Advances At Cautious Pace (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, December 1, 2006

Despite strong gains in wages and salaries, American consumers increased their spending at an unexpectedly modest pace in October, showing caution in the face of a struggling housing market.

Personal spending rose $16.9 billion in October, up 0.2% from the previous month, the Commerce Department reported. Spending had fallen 0.2% in September but was up 0.1% in August.

Adjusted for inflation, consumer spending rose 0.4% in October, helped by a decline in gasoline prices. Some economists had expected stronger spending in October, considering the sharp drops in gasoline prices in recent months. Gasoline fell to roughly $2.29 in late November from an average topping $3.08 a gallon in early August. Each one-cent decline in gasoline prices adds roughly $1 billion to consumers' spending power, at an annualized rate.

The modest gains in spending were especially surprising given that consumers' incomes grew at a healthy pace in October. Personal income advanced at a seasonally adjusted rate of 0.4%, following a 0.5% gain in each of the three preceding months, the Commerce Department said.

Wages and salaries, which account for a large share of personal income, climbed 0.6% in October, matching September's advance. Economists said wages are rising because companies are finding that they must compete for qualified workers in an increasingly tight labor market. The unemployment rate was 4.4% in October, a five-year low.

Nonetheless, analysts said some consumers remain guarded about spending because the struggling housing market makes them feel less wealthy and there's a concern that energy prices could escalate. "We hoped the drop-off in gas prices would have added more vigor" to consumer spending in October, said Stephen Gallagher, an economist at Société Générale SA in New York. "Maybe they're worried about their home values and gas prices."

Retailers have reported mixed results this holiday season. For November, Wal-Mart Stores Inc. posted its weakest monthly same-store sales in more than 10 years, and the giant discounter said it expects sales to rise 1% or less this month. Other large retailers, including Target Corp., reported healthy sales gains for last month. Overall, the National Retail Federation expec ts total

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retail sales in November and December -- excluding sales of cars and at restaurants and gas stations -- to rise a combined 5% to $457.4 billion, compared with the same period last year.

Still, economists expect uneven shopping patterns this holiday season. Although affluent shoppers are expected to spend briskly this quarter and boost total consumption, lower-wage earners remain price-sensitive and could cut back on spending as they cope with the lingering effect of this summer's high fuel prices, said Diane Swonk, chief economist at Mesirow Financial in Chicago.

Yesterday's data suggest that "consumers in the aggregate are fine," said Ms. Swonk. She projects that consumption will rise at a seasonally adjusted annual rate of 3% in the current quarter and slightly below that pace in the first half of next year. However, other recent data suggest that lower-wage earners "are still hurting a bit from high energy prices [last quarter]. There's not a consumer-spending collapse out there. But this holiday season won't be one to pop champagne corks over, either," she said.

The personal-income and spending data indicated that inflationary pressures persist. Excluding food and energy, prices rose 0.2% in October from September, and climbed 2.4% from October 2005, matching September's rates. Analysts had expected the core rate of the Commerce Department's inflation measure, known as the personal-consumption expenditures index, to rise a tad slower in October. Yesterday's report "doesn't give much peace" to Federal Reserve officials who this week warned that inflation is too high, said David Resler, chief economist at Nomura Securities International Inc. in New York.

A separate report yesterday confirmed that the housing market continues to cool. The Office of Federal Housing Enterprise Oversight reported that its home-price index rose at an annual rate of 3.45% in the third quarter, down from a 5.1% gain in the second quarter. The latest increase was the smallest since the second quarter of 1998, Ofheo said. The index showed price declines in five states during the latest quarter: Massachusetts, Michigan, New Hampshire, New York and Rhode Island. A version of the index based only on home purchases, stripping out values estimated during refinancings, rose at 1.5% annual rate in the third quarter.

Also yesterday, the Labor Department said initial claims for unemployment benefits rose by 34,000 to 357,000 in the week ended Saturday. The four-week moving average rose by 7,250 claims to 325,000, the highest level since June 3. A Labor Department official said the rise may be due to seasonal variations common to the holiday season.

Retailers Still Might Make Up For Holiday Season's Slow Start (WSJ)

By Stephanie Kang And Gary Mcwilliams

The Wall Street Journal, December 1, 2006

The nation's retailers remain largely upbeat about the holiday shopping season, despite their mixed performance in November and another warning from Wal-Mart Stores Inc. Procrastinating shoppers could still show up and lift overall holiday sales, industry experts said.

Some high-end department stores and specialty apparel chains reported strong November sales at stores open at least a year, buoyed by post-Thanksgiving Day shopping. But Wal-Mart reported a monthly drop in so-called same-store sales for the first time in nearly 14 years. The world's largest retailer sounded a cautionary note for December too, saying it expects the month's sales to be either flat or up by no more than 1%.

Take a look2 at how a dozen major retailers, including Wal-Mart and Gap, have done over the past year, and use tools to build your own charts. • See a sortable chart3 of results from about 20 retailers.

Analysts said Wal-Mart's disappointing results shouldn't be viewed as an industry indicator this season, but there were other disturbing signs. An index of about 40 major U.S. retailers compiled by New York investment firm Lazard Capital Markets showed that 60% of retailers missed expectations for November same-store sales, compared with 40% that missed those targets in previous months this year.

November was "softer than expected," said Lazard analyst Todd Slater, as warmer weather in certain parts of the country slowed sales of apparel like coats and scarves. "We believe a lot of business will be pushed to late December," he said, driven by chillier weather and procrastinating shoppers hunting for last-minute gifts.

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"I think it's going to be a solid holiday," said Madison Riley, strategist and principal with retail consulting firm Kurt Salmon Associates. "Over the [Thanksgiving] weekend consumers decided to hold off and not fight the traditional weekend crowds. I think the spending will come" in the coming three weeks, he said.

Other analysts worried that a rush of late shoppers could provoke retailers into even deeper discounts than those offered after Thanksgiving. "The good news is that there's momentum for the holiday season," said Michael Niemira, chief economist at the International Council of Shopping Centers, a trade group based in New York. "The bad news is if we get the usual lull in the first couple weeks of December, we may see more promotional activity" later in the month, dragging down the month's same-store sales.

Wal-Mart's weak performance underscores its continuing difficulties in reversing its slump. The Bentonville, Ark., chain said same-store sales overall declined 0.1% in November. What's more, Wal-Mart said its woes spread from clothing, which had contributed to anemic sales all fall, to home furnishings and decor.

The discount retailer has struggled amid signs that its customers are rejecting a move into upscale fashions and lifestyle merchandising. In response, it has recently begun aggressively cutting prices on more than 10,000 items, including toys, electronics, appliances and food.

Wal-Mart said results were stronger in electronics, food and pharmacy. But the overall weaker-than-expected sales results signal that a turnaround at the retail behemoth is further off than expected, analysts said. Several of them have cut forecasts for fourth-quarter earnings.

Discount rival Target Corp. fared better, posting a same-store sales increase of 5.9%. The Minneapolis retailer, known for its trendy fashions and hip marketing, said the sales gain was driven by sales of consumer electronics and health-care products. Other discount chains fell short of analyst expectations. Costco Wholesale Corp., Issaquah, Wash., said same-store sales rose 5%. Analysts expected a 5.7% increase.

Jewelry, cashmere sweaters and designers handbags lured luxury shoppers into high-end department stores. Saks Inc., Birmingham, Ala., said same-store sales grew 7.2%. Federated Department Stores Inc., Cincinnati, was one of the standouts of the month, posting a same-store sales increase of 8.5% and raising its December sales forecast. Dallas-based luxury retailer Neiman Marcus Inc. said same-store sales rose 2.9%. Nordstrom Inc., Seattle, posted same-store sales of 5.4%. But J.C. Penney Co., Plano, Texas, had a same-store sales rise of 1.4%, badly missing analysts' expectations of a 3.7% increase.

Specialty apparel chain Limited Brands Inc., Columbus, Ohio, posted a 12% increase in same-store sales. Gap Inc., San Francisco, showed further signs of declining interest in its fashions at Old Navy, Banana Republic and its flagship chain. It said same-store sales fell 8%.

As Dollar Weakens, Paulson Faces Challenge Of Tempering Its Decline (WSJ)

By Michael M. Phillips In Washington, Joanna Slater In New York And Alistair Macdonald In London

The Wall Street Journal, December 1, 2006

The dollar's continued slide against the euro and British pound highlights the delicate task faced by Treasury Secretary Henry Paulson: allowing the U.S. currency to weaken slowly against other currencies without sending it into a plunge that would damage the nation's economy.

Mr. Paulson has chosen to follow in the footsteps of his predecessor, John Snow, by acquiescing as markets pull the dollar lower. Yesterday, the dollar hit a 20-month low against the euro and a 14-year low against the pound. Over the past year, it has dropped 6.7% against a Federal Reserve index of seven major currencies.

Though Bush administration economic officials are eager to avoid a market-rattling crash, a weaker dollar could help the U.S. deflate its ballooning trade deficit by making American goods cheaper abroad and foreign goods pricier for Americans. It also could help Mr. Paulson fend off what he considers an alarming rise in protectionist sentiment.

"The Treasury cannot help but be pleased to see a gradual decline in the dollar," says Robert Hormats, vice chairman of Goldman Sachs International.

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A Treasury spokeswoman refused to discuss the secretary's view of the dollar's recent movements, except to point to Mr. Paulson's repetition this week that "a strong dollar is clearly in our nation's interest, and I feel very good today about the strength of the U.S. economy."

Repeating that phrase, however, underscores the delicacy of Mr. Paulson's mission. Currency markets can respond instantly and forcefully when they sense a change in government policy or rhetoric. So even though Mr. Paulson has given no other hint that he wants the dollar to strengthen, he apparently feels obliged to repeat the strong-dollar mantra to avoid creating turmoil in the markets.

"It's very hard for the Treasury secretary to say anything about the dollar without getting into trouble," says Mr. Hormats. "It's very easy for him to do nothing about the dollar and stay out of trouble, and I think that's what they're going to do. You've got to talk the strong dollar -- and not do anything if the dollar weakens."

Frank Vargo, vice president for international economics at the National Association of Manufacturers, says the dollar's decline against the euro already is helping narrow the U.S. trade deficit with Europe in manufactured goods, which has grown wider every year for the past decade. NAM expects the gap to shrink to $95 billion this year, down from last year's $100 billion.

DOLLAR'S DECLINE

• Dollar's Decline Boosts Overseas Returns1

• Euro's Impact: Pain, Gain Across the Pond2

The narrowing also may have been caused at least in part by faster economic growth in Europe, which whets Europeans' appetite for U.S. goods, and slower growth in the U.S.

Major European currencies have been boosted lately by the strength of the region's economies and by market perceptions that European interest rates are more likely to keep rising than U.S. rates. Higher interest rates make a currency more attractive to investors because they provide a higher return.

In late New York trading yesterday, one euro bought $1.3244, up from $1.3146 Wednesday, continuing a rally that began last Friday when the European currency broke out of the $1.25 to $1.30 trading range it had occupied for about six months. The dollar has fallen more than 2% against the euro in the past week. The euro also has touched a new high against the Japanese yen.

Yesterday, the pound was lifted by news from British mortgage lender Nationwide Building Society that house prices in the United Kingdom rose 1.4% in November and are now up 9.6% for the year, their fastest growth since February 2005. The markets took that as a sign that the Bank of England might raise interest rates again as early as February. The pound surged to $1.9659 in late New York trading, up from $1.9449 late Wednesday and higher than at any time since September 1992, when it pulled out of the European Union's exchange-rate mechanism, the precursor of the euro.

Mr. Paulson has to tread carefully when it comes to the dollar, balancing competing domestic interests, the administration's own laissez-faire philosophy and the risk of a misstep that could roil financial markets. If he presses overtly for a broad decline in the dollar, he risks spooking financial markets and turning a gradual slide into a steep drop.

"Nobody wants a rout -- a disorderly, panicky decline in the dollar," says Princeton University economist Alan Blinder, a former vice chairman of the Federal Reserve Board. A sharp drop in the dollar probably would lead foreign investors, who lend heavily to the U.S., to demand much higher interest rates.

To fend off protectionist urges in Congress and hostility there toward China, Mr. Paulson has been lobbying Beijing to allow the yuan to rise and, by implication, the dollar to fall. U.S. manufacturers, their workers and their congressional representatives argue that China's policy of keeping its currency artificially weak gives Chinese products an unfair advantage in global markets.

Mr. Paulson is expected to renew his push for the Chinese government to relax its grip on the yuan when he leads a large, high-level U.S. delegation to China later this month.

"We want him to convince [China] to move" on its currency policy, says NAM's Mr. Vargo. "If it doesn't happen, you can believe there will be renewed efforts in Congress to pass legislation of some sort or other, and protectionism is going to rise."

The Chinese have been allowing the yuan to creep higher against the U.S. in the past few months, and the currency is now 5.7% stronger than it was in July 2005, when authorities initially allowed it to move.

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Some strategists, meanwhile, expect downward pressure on the dollar against European currencies to persist for the rest of the year as worries about the vigor of the U.S. economy mount. Yesterday's U.S. economic data, particularly a weak reading on the Chicago purchasing-managers index and a report showing a jump in the nation's number of job seekers, contributed to the dollar's decline.

"The risks for U.S. economic data in the very near term are on the downside, with recent numbers suggesting the expected recovery will be postponed to the first quarter of next year. By contrast, European data continue to come in strong," says David Woo, head of global foreign-exchange strategy at Barclays Capital in London.

Grant Aldonas, who was undersecretary of commerce for international trade earlier in the Bush administration, predicts that the dollar's droop will persist. "I think Treasury would be glad to see that happen because it would be in line with economic fundamentals," he says.

Despite a call by French Finance Minister Thierry Breton for collective vigilance on the exchange-rate front, markets see little sign that global governments intend to intervene to arrest the dollar's slide. "To date there hasn't been any unified protest over the weakness of the dollar," says David Gilmore at Foreign Exchange Analytics, a consulting firm. "That is a green light to dollar sellers.

Joseph Quinlan, chief market strategist at Bank of America Corp., says a weaker dollar wouldn't be welcome everywhere. "Such a move would undercut the primary source of growth of many nations: exports" to the U.S, he wrote in a recent report to clients. "The world just isn't ready for a weaker U.S. dollar."

Seasonal factors may be contributing to dollar weakness, perhaps as European companies and investors sell dollars to repatriate profits. A research note from Barclays Capital says the dollar has fallen against the euro in the first two weeks of December every year since the euro's birth in 1999.

Dollar Slides As US Business Slows (FT)

By Richard Beales In New York

Financial Times, December 1, 2006

The dollar suffered sharp falls on Thursday, hit by reports of weak US business activity and a benign inflation picture.

The euro rose 0.7 per cent against the dollar to $1.3247 by late afternoon in New York after data from Chicago purchasing managers indicated that business activity in the Midwest unexpectedly fell last month.

Sterling rose to its highest level against the dollar since its ejection from the European Exchange Rate Mechanism in September 1992 as UK house prices continued to show rapid growth. The pound rose to $1.9699 before edging back to $1.9658, almost 1 per cent up on the day. The yen also gained, up 0.5 per cent against the dollar to Y115.77.

A report revealed that inflation in US personal consumption expenditure excluding food and energy, the Federal Reserve's preferred inflation benchmark, held steady in October at 2.4 per cent year-on-year. Data suggested further inflation-fighting interest rate rises by the Fed, which could support the dollar, were even less likely to be needed.

The slide in the dollar was briefly arrested on Wednesday following an upward revision to official estimates of US third-quarter growth.

Michael Woolfolk, foreign exchange strategist at Bank of New York, said: "[The] personal income and spending report and Chicago PMI were the one-two punch that knocked the dollar back on the ropes, leaving little doubt over near-term direction in the beleaguered greenback."

The Chicago purchasing managers' index is regarded as a leading indicator of the national manufacturing index from the Institute for Supply Management, due today. The Chicago PMI index fell to 49.9 last month from 53.5 in October. Many economists had expected it to rise. The core personal consumption expenditure deflator, which excludes food and energy prices, rose 0.2 per cent, against a consensus forecast of 0.1 per cent.

Simon Hayley of Capital Economics said risk aversion could start playing a greater role in the dollar's decline, as traders shied away from the carry trade, in which traders borrow cheaply in yen and buy higher-yielding currencies: "The risk of short-term dollar weakness may now be greatest against the yen."

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But Alan Ruskin, chief international strategist at RBS Greenwich Capital, said: "Ultimately the lesson from recent days and many other past events is that a weaker US dollar is highly unlikely to turn into a freefall [and] tends not to have a lasting negative impact on US asset markets," he said.

Conflicting Signals Leave Stocks Mixed (USAT)

By Matt Krantz

USA Today, December 1, 2006

Stocks flip-flopped from losses to gains Thursday before settling mixed after the bulls were discouraged by a raft of negative news.

Another jump in the price of oil, a report showing weak manufacturing activity in the Midwest and a disappointing sales forecast from Wal-Mart were some of the headlines souring investors.

The Dow Jones industrial average closed 4.80 points lower at 12,221.93, knocking its year-to-date gain to 14%. Likewise, the tech-heavy Nasdaq composite index fell 0.46 points to 2431.77, reducing its 2006 gain to 10.3%.

The Standard & Poor's 500 resisted the gravitational pull and finished up 1.15 points to 1400.63. The index, though, had been up 6.82 points at its high during the day. Still, the S&P 500 has gained 12.2% this year largely thanks to strength of stocks in the steel, office real estate investment trust and metals and mining industries.

There were too many negatives for investors to overcome Thursday, says Chuck Stutenroth, portfolio manager at ZAR Fund Group. "There are so many undercurrents driving conflicting points of view," he says. "We're seeing markets swing on any piec e of news," he says.

Oil was a big factor. The price of a barrel of oil rose 67 cents to $63.13, creating a 7% increase in November.

But a weaker-than-expected reading of the Chicago Purchasing Managers index, which measures Midwest manufacturing, showing economic contraction didn't help. And the dollar fell to a 14-year low against the British pound.

There was some positive news, namely the Commerce Department saying consumer spending rose 0.2% in October. "Investors took some comfort they shouldn't count the consumer out quite yet," says Jack Ablin, chief investment officer at Harris Private Bank.

But investors are perplexed at all the mixed messages. For instance, the yield on the 10-year Treasury fell 0.06 point to 4.46%, suggesting some investors fear economic weakness, Ablin says.

"It's a market that's seemingly conflicted," he says.

Highlights:

ExxonMobil gained 78 cents to $76.81, and Chevron rose $1.27 to $72.32 in reaction to higher oil prices.

•Wal-Mart fell 79 cents to $46.10 on the retailer's warning that holiday sales would be disappointing. (Story, 3B.)

•Pfizer rose 42 cents to $27.49 after the drugmaker boosted its 2006 profit forecast by 2.5%.

Economic Storm Signals (NYT)

By Paul Krugman

The New York Times, December 1, 2006

"It's tough to make predictions," Yogi Berra is supposed to have said, "especially about the future." Actually, his remark makes perfect sense to economists, who sometimes have trouble making predictions about the present. And this is one of those times.

We're now two-thirds of the way through the fourth quarter of 2006, so you might think we'd already know how the quarter is going. Yet, economists' assessments of the current state of the U.S. economy, never mind the future, are all over the place.

And here's the bad news: this kind of confusion about what's going on is what typically happens when the economy is at a turning point, when an economic expansion is about to turn into a recession (or vice versa). At turning points, the various indicators that usually tell us which way the economic wind is blowing often point in different directions, so that both optimists and pessimists can find data to support their position.

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The last time things were this confused was early in 2001, when most economists failed to realize that the United States was sliding into recession. If that sounds ominous, it should: the bond market, which has a pretty good record of forecasting recessions, is pointing toward a serious economic slowdown next year.

Before I explain what the bond market is telling us, let's talk about why the economy may be at a turning point.

Between mid-2003 and mid-2006, economic growth in the United States was fueled mainly by a huge housing boom, which created jobs directly and made it easy for consumers to spend freely by borrowing against their rising home equity.

That housing boom has now gone bust. But the optimists and pessimists disagree both about how bad the bust will get and about how much damage the housing slump will do to the economy as a whole.

The optimists include Alan Greenspan, whom some accuse of letting the housing bubble get out of hand in the first place. On Tuesday, he told investors at a conference that the worst of the housing slump is over, saying that "it looks as though sales figures have stabilized."

But the very next day the government released grim data on new home sales for October, and revised its estimates for earlier months downward. Most, though not all, of the other economic numbers that came out this week were also substantially weaker than expected.

Pessimists feel vindicated by the downbeat data. Nouriel Roubini of Roubini Global Economics, who has been forecasting a housing-led recession for some time, now believes that the economy has already stalled: he predicts zero growth for the current quarter. Economists at Deutsche Bank say the same thing.

But that's still a minority position; most forecasters are still telling us not to worry. So whom should you listen to? And how can you avoid believing what you want to believe?

Maybe the best answer is to look at what the financial markets say. Not the stock market, which is a notoriously bad indicator of the economy's direction, but the bond market. (Paul Samuelson, the Nobel Prize-winning M.I.T. economist, famously quipped that the stock market had predicted nine of the last five recessions).

Since last summer, when the housing bust became unmistakable, interest rates on long-term bonds have fallen sharply. They're now yielding much less than short-term bonds. The fact that investors are willing to buy those long-term bonds anyway tells us that these investors expect interest rates to fall. And that will happen only if the economy weakens, forcing the Federal Reserve to cut rates. So bond buyers are, in effect, betting on a future economic slowdown.

How serious a slump is the bond market predicting? Pretty serious. Right now, statistical models based on the historical correlation between interest rates and recessions give roughly even odds that we're about to experience a formal recession. And since even a slowdown that doesn't formally qualify as a recession can lead to a sharp rise in unemployment, the odds are very good — maybe 2 to 1 — that 2007 will be a very tough year.

Luckily, we've got good leadership for the coming economic storm: the White House is occupied by a man who's ideologically flexible, listens to a wide variety of views, and understands that policy has to be based on careful analysis, not gut instincts. Oh, wait.

GOP Chairman Urges Party To Get On Track (AP)

By Liz Sidoti

AP, December 1, 2006

The sting of Republican electoral defeats still fresh, the GOP chairman suggested Thursday the party has strayed and challenged it to refocus on core principles and reform.

"We work for the people," Ken Mehlman, the outgoing chairman of the Republican National Committee, said in a speech to a meeting of GOP governors. He reminded the crowd that "good policy makes good politics — and, for Republicans, this must be a time for self-examination when it comes to our policy."

In a disastrous midterm election year for the GOP, Republican candidates lost races across the country and at all levels of government, prompting party leaders to do some soul searching as they seek a winning strategy for 2008 and beyond.

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Democrats captured control of the House and Senate, took a majority of governors' posts and gained a decisive edge in state legislatures as Republicans failed to withstand fallout from a sour national mood created by the war in Iraq and scandals in Washington.

"Our nation is stronger and better when Republicans are the party running the government. But, ladies and gentleman, our party should never be the party of government, of Washington, of earmarks, of bureaucracy," Mehlman said, implying that's what the GOP had become at times — or at least what voters perceived on Nov. 7.

Three weeks after the losses, about a dozen GOP governors gathered in this Miami suburb for their association's annual meeting. The 2008 election loomed large, given that the outgoing RGA chairman is Massachusetts Gov. Mitt Romney, who is considering running for president. Arkansas Gov. Mike Huckabee, also weighing a bid, attended the meeting.

Not to be forgotten, Sen. John McCain, R-Ariz., who is widely considered the one to beat and has created a presidential exploratory committee, held a reception for those attending RGA events.

Despite the undercurrent of the presidential race, the focus remained on what went wrong in 2006 and how to ensure the GOP recovers.

"To some degree, we've lost our way," acknowledged Gov. Sonny Perdue of Georgia, the incoming RGA chairman, who said the party must ensure it implements policies that are in line with its principles.

Romney, for his part, suggested that lawmakers in Washington — not GOP governors — are the ones who need to get back on track, saying: "If the Republican Party, nationally, is looking for a place where it can gain a bit of a guiding post, it would by seeing the successes of Republican governors."

He also took a swipe at Republicans on Capitol Hill for promising to hold down spending but then beefing up budget bills with millions for pet projects. "There's nothing that's going to yield a bigger swat — or a thumping if you will — than saying one thing and doing another," Romney said at a news conference, using the spending issue as an example.

Mehlman, who will leave his post when his term ends in January, said the party's most important task in the coming two years will be to rekindle a spirit of reform — changing its governing while staying true to the party's long-standing ideals of limited government, individual freedom and a strong national defense.

"It must be our party that faces the new challenges of the 21st century head-on. It must be our party that recommits itself also to being the party of change. Because it's the Republicans who are the party of reform on all these issues — health care, job creation and the war on terror," he said.

Republicans, Mehlman said, must take power out of Washington and give it back to Americans, arguing that Democrats won't.

"They believe that government and Washington has the answer to every question, the solution to every problem," he said. "We, as Republicans, don't believe that. But, if you think about it, sometimes over the past two years, we've behaved as if we do."

GOP Must Correct Its Mistakes, Mehlman Says (WP)

By Shailagh Murray

The Washington Post, December 1, 2006

MIAMI, Nov. 30 -- Republican National Committee Chairman Ken Mehlman warned a somber and diminished gathering of GOP governors that the party will face years in the political wilderness unless it corrects the mistakes that led to last month's election losses.

"If we shrug our shoulders and say, 'It was just a fluke, a perfect storm of factors out of our control,' then we will lose again in 2008," Mehlman told the Republican Governors Association at its annual meeting, as he prepares to step down from the RNC at the end of the year.

"If that is the approach we take, then we are destined to spend far more than one term in the minority," Mehlman added. "And we as a party will deserve it."

On Nov. 7, Democrats captured a majority of governorships, as well as control of the House and the Senate, for the first time since the Republican revolution of 1994. The remaining GOP governors will assume a higher national profile while their

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party is out of power in Washington and may find themselves having to help lead the way for Republican initiatives and a political comeback.

"You're the greatest and most innovative think tank in politics," Mehlman told the governors. "And now, more than ever, our party and our nation need you to do what you do best . . . to change government for changing times."

Mehlman acknowledged voter anger about the Iraq war and a spate of GOP corruption scandals, but he pointed to a broader culprit: the erosion of the core conservative principles of small government and personal responsibility. As Republicans built up their Washington power base, he noted, the center of gravity shifted away from the statehouses that had been the traditional laboratories for policy ideas. The result was a vacuum that delivered little of interest to voters, while devaluing the national Republican brand.

For their part, the governors pointed to vivid images of federal incompetence that had dragged the party down, including the botched response to Hurricane Katrina and Congress's inability to curb spending or tackle issues that voters care about, such as illegal immigration. And they decried the ethics scandals that hurt the party, such as when then-Rep. Mark Foley (R-Fla.) resigned from Congress in September after revelations that he had sent sexually suggestive electronic messages to underage male pages and that House Republican leaders had known about his behavior but had not responded aggressively.

Outgoing Arkansas Gov. Mike Huckabee, trying to put the best face on the losses, compared the elections to a controlled forest fire. "We didn't burn down the overall infrastructure," said Huckabee, who is testing the waters for a possible 2008 presidential run, "but we sure did get rid of a lot of the unnecessary growth and brush that really choked us. It's an opportunity to rebuild." Huckabee's successor is a Democrat.

The good news, Republican pollster Neil Newhouse told the group, is that voters hold Democrats in only slightly higher esteem than they do Republicans, and that the GOP continues to score high marks on national security and issues involving traditional values.

Structurally, the party remains sound. As a result of strong fundraising and a superior GOP voter-identification and turnout operation, many vulnerable Republicans survived. Of the 22 House elections that were determined by margins of two percentage points or less, Republicans won 13, including at least 10 races determined by fewer than 5,000 votes. And although the GOP suffered heavy losses in New England congressional races, Republican governors were reelected in Rhode Island and Vermont, two of the country's most liberal states.

In Rhode Island, Gov. Donald Carcieri narrowly won reelection, while the more moderate Republican Sen. Lincoln D. Chafee was defeated. Vermont Gov. Jim Douglas easily won reelection, although the state sent Rep. Bernard Sanders (I), one of the most liberal members of the House, to the Senate.

In a trend more worrisome to the GOP, voters have grown skeptical that Republicans possess the fresh ideas needed to solve the country's problems. That is one reason many independent and Republican voters decided to take a chance on Democrats last month. "The message is, back to basics," Newhouse said.

Or, as Mehlman told the GOP governors, back to "good policy that makes good politics." He singled out an effort by outgoing Gov. Mitt Romney, another 2008 prospect, to expand health-care coverage to all Massachusetts residents. "That is the kind of innovation we need at the state level, and in Washington," Mehlman said.

Many speakers noted that 12 GOP House seats were lost as a result of ethics scandals, but Mehlman asserted that tightening the rules through legislation would not go far enough. He said the GOP must change its internal culture, which has protected its own. "Every single person in this room and in this party must be absolute and uncompromising in seeking out those who have done wrong, without regard to party or ideology," Mehlman said in his address.

The governors were scornful of Washington spending habits, in particular earmarks, or special provisions that lawmakers like to stuff into legislation to fund pet projects. Most states have strict rules that have forced governors from both parties to cut their budgets aggressively, including in high-priority areas such as low-income health-care coverage.

Romney, who is also being succeeded by a Democrat, bristled at the suggestion that the GOP had run off course. "Where we get in trouble is where we say one thing and do something else," he said. Gesturing at the dozen governors who had joined him at a news conference, he said: "You see governors getting the job done."

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'08 Hopefuls Wine, Dine For Support (WT)

By Ralph Z. Hallow

The Washington Times, December 1, 2006

MIAMI -- Sen. John McCain of Arizona brought his prospective 2008 presidential bid to what amounts to the "home turf" of a rival, Massachusetts Gov. Mitt Romney, seeking to line up support among the nation's Republican governors.

Attendees at the annual conference of the Republican Governors Association (RGA) were wooed at dinners featuring the two men.

Mr. Romney, the outgoing RGA chairman, held two dinners here at the same time on the same night -- one in secret for governors and donors he wanted to recruit to his side for 2008 and the other a publicly scheduled dinner for the remainder of Republican governors, spouses and donors.

Mr. McCain's well-organized campaign, however, has been stalking Republican gatherings of every kind for more than a year. For this event, McCain partisans, despite initial objections from Mr. Romney's RGA, slipped invitations under Doral Hotel room doors Tuesday night, inviting Republicans to a reception the Arizona senator sponsored last night at Don Shula's, a fancy and famous restaurant here.

Historically, governors and ex-governors have had the advantage in presidential elections -- four of the past five presidents were governors first -- but some of Mr. Romney's fellow governors say that right now, the 2008 race is shaping up as a battle between senators, with Mr. McCain the leading prospect on the Republican side and Sen. Hillary Rodham Clinton of New York as the top hopeful for Democrats.

"That's a fair assessment," said Gov. Mark Sanford, a popular South Carolina conservative. "Right now, that's the way a lot of people see it."

Despite Mr. McCain's high ratings in public opinion polls, some conservative Republicans view him with suspicion because of his support for campaign-finance regulation, sponsorship of immigration legislation that would offer citizenship to illegal aliens and other maverick stances.

Mr. Romney, a multimillionaire from a legendary political family, is casting himself as a conservative who can coalesce the anti-McCain forces in the Republican party -- a role once considered perfect for Sen. George Allen of Virginia before his defeat last month. Another conservative, outgoing Senate Majority Leader Bill Frist of Tennessee, announced this week he would not seek the presidency in 2008.

In addition to Mr. McCain and Mr. Romney, the 2008 Republican presidential field also includes former New York Mayor Rudolph W. Giuliani, a popular figure but one whom most in the GOP see as too liberal on social issues to win in crucial primaries and caucuses.

Mr. Sanford, himself courted by some conservatives to make a 2008 run, mentioned Arkansas Gov. Mike Huckabee and Sen. Sam Brownback of Kansas as two other Republican alternatives to Mr. McCain.

"But what I consistently hear from the conservative base that I talk to is that they're still looking," said the South Carolina governor, who was re-elected with 55 percent of the vote this year in a state that hosts a key early presidential primary in 2008.

Georgia Gov. Sonny Perdue, the incoming RGA chairman who shouldered most of the hosting duties at the scheduled dinner, said the 2008 Republican nomination contest is still wide open.

This year's RGA conference was a considerably shrunken affair, with the Republican share of the nation's governors having steadily dwindled from a high of 38 in 1998 to the 22 governors it will have next year after the net loss of six governorships in last month's elections.

Texas Gov. Rick Perry attributed the party's gubernatorial losses to the same anti-Republican mood that cost the party the majority control in Congress.

"National issues, especially the war in Iraq, had a profound impact on state races, including campaigns for governor," he said."Immigration was another powerful issue."

The Texas governor said the party needs to stand up for its conservative principles.

"Nationally, if you don't act like a Republican, the chances are they won't send you back. If the voters want to elect a Democrat, they'll choose the real thing, not a counterfeit," Mr. Perry said.

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The McCain-Romney maneuverings created a stir at the RGA conference. Mr. McCain sent dinner invitations to uncommitted governors and other Republicans attending. But the night before, Mr. Romney secretly invited a few fellow Republican governors and wealthy donors to his own special event: a private dinner at a popular South Beach restaurant, Smith & Wolensky, held simultaneously as another dinner at the Pearl Restaurant, listed on the regular published conference schedule.

"Why did Governor Romney invite me?" one Republican governor wondered aloud in a background interview. "Because I'm not committed to him or McCain or anybody else, and so he wanted to recruit me, I suppose. I'm still not committed."

Mr. Romney shuttled back and fourth between the two dinners, held about four blocks apart.

McCain Courts Crucial Support Of Governors (NYT)

By Adam Nagourney

The New York Times, December 1, 2006

DORAL, Fla., Nov. 30 — Last anyone checked, Senator John McCain of Arizona is not — and has never been — a governor.

But no matter. Mr. McCain turned up on Thursday morning at the Doral Golf Resort and Spa here for a guerrillalike visit to the annual meeting of the Republican Governors Association. That is a group headed by Mitt Romney, the Massachusetts governor who is widely viewed as Mr. McCain's chief rival for their party's 2008 presidential nomination.

As Mr. Romney gamely presided over the morning session of the meeting, Mr. McCain commandeered a room at the Doral Resort for eight hours of meetings with nine Republican governors, including Gov.-elect Charlie Crist of Florida, according to Republicans familiar with his schedule.

On Thursday evening, many of those at the conference were bused to an elaborate reception, courtesy of Mr. McCain, at a resort hotel in Miami Lakes. Somehow, no reception rooms were available for him here.

Mr. Romney has hoped, like George W. Bush in 2000 and Bob Dole in 1996, to use the overwhelming support of the Republican governors as a springboard to the presidential nomination. Mr. McCain served notice with his incursion that Mr. Romney could not take them for granted.

That said, the fact that Mr. McCain decided to fly here for three days and spend $50,000 on a reception that lathered governors with platters of shrimp and three open bars suggests just how much Mr. Romney has complicated his efforts to position himself as the inevitable nominee.

Mr. Romney politely deferred questions about 2008 when he appeared at a news conference with about 12 other governors who spent much of the session analyzing the reasons for the Republican defeats on Nov. 7 and what needed to be done to get the party back on track.

"We're not getting into '08 considerations at this press briefing," he said.

But Mr. McCain's team was only too glad to oblige, saying they were scooping up tentative endorsements on Mr. Romney's watch.

"We have a number of governors who are committed to John, but we are not ready to announce them yet," said John Weaver, Mr. McCain's senior political adviser.

Mr. Weaver strode slowly and conspicuously through the Doral lobby, teeming with governors, aides and Washington Republican consultants.

Mr. Romney's aides disputed Mr. Weaver's statement, and indeed, it would not be out of character for Mr. Weaver to be exaggerating a bit as part of a strategy to persuade recalcitrant governors to jump on a departing train.

Mr. McCain, in an interview on Thursday evening, said he was in no way invading Mr. Romney's territory.

"I've known these guys for years," he said. "I've campaigned for these people. I don't see how that's anybody's territory."

All this provided a fair amount of entertainment and helped leaven a meeting that was otherwise filled with somber assessments of the recent election that saw Republicans swept out of power in Congress.

The Republican National Committee chairman, Ken Mehlman, warned against viewing the losses as a temporary setback created by a tough electoral environment.

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"We can't simply write this election off as preordained, as the natural order of things to be automatically rectified in two years," Mr. Mehlman said, warning that the party has to figure out ways to increase its appeal.

This very exclusive group that Mr. McCain and Mr. Romney are fighting over was also diminished in the election. There will be just 22 Republican governors next year, compared with 28 now.

Governors' support has historically proved important in primary battles and general elections. Besides the presumed prestige of endorsements, governors can deliver political machines, troves of contributors and control over state offices like boards of elections.

The success of Mr. Bush, then governor of Texas, at establishing himself as a front-runner early in the 2000 race developed in no small part because he became the favorite candidate of Republican governors.

"Often more than House members and senators, governors have state structures and can make significant impacts in their state," Mr. Weaver said.

Mr. McCain's schedule included meetings on Thursday and Friday morning with the governors of Alabama, Mississippi, Indiana, Kentucky, North and South Dakota, Texas and Vermont.

Gov. Tim Pawlenty of Minnesota drove to the evening reception with Mr. McCain and later said in an interview he intended to support Mr. McCain if he ran for president.

Still, several governors said in interviews they would not be making a decision this early.

"I don't know who a single governor is supporting," said Gov. Haley Barbour of Mississippi, a former chairman of the Republican National Committee.

Mr. Barbour did say, though, that Mr. Romney, whose duties as head of the Republican Governors Association included handing out checks to Republican candidates for governor, was popular with this group of Republicans.

"Everybody likes him, and he did a very good job," he said. "But look, nobody can assume anything."

The guest list for Mr. McCain's reception included Mr. Romney and his political team. They sent their regrets, saying they were too busy with the affairs of the conference.

Mr. Romney was in a bit of a tricky position. On one hand, aides said, he did not want to look as if he was commandeering the association as a campaign tool, particularly when some of Mr. McCain's supporters have been suggesting that he was guilty of precisely that.

That said, Mr. Romney's tenure as head of this group is one reason that he is viewed as being so strongly positioned for 2008. The post has allowed him to travel around the country, including visits to important states like Iowa, appearing before Republican activists and earning good will with the same candidates, elected officials and state party leaders who are going to be critical in winning battles.

A spokesman for Mr. Romney, Eric Fehrnstrom, said the governor was not available for comment on Mr. McCain's political activities.

"Governor Romney's focused on his speech, which looks at a new generation of challenges facing America and what we must do to meet them," Mr. Fehrnstrom said. "It makes sense for Senator McCain to be here honoring Republican governors, because as a group they are fiscally conservative and innovators in education and health care policy. The answers to many of the challenges facing our nation can be found in what they are doing every day."

McCain Rains On Romney's Parade (BOS)

By Scott Helman

The Boston Globe, December 1, 2006

MIAMI -- It's been Governor Mitt Romney's show here at the annual conference of the Republican Governors Association: He's led the program, been the sought-after VIP at swank dinners and parties, and drawn much of the national media spotlight.

Until John McCain showed up.

The Arizona senator, making a strike in what Romney had hoped would be exclusively his terrain for three days, came to town and flexed his political muscle by courting the very governors, GOP activists, and lobbyists who had flown in for Romney's big event at Doral Golf Resort & Spa.

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While Romney was holding political meetings and finalizing his speech for last night's RGA dinner, McCain huddled privately with Republican governors at the same resort. Later in the day, McCain's campaign bused RGA attendees from the Doral to a catered reception at a resort owned by former Miami Dolphins coach Don Shula.

"This is only natural," Governor Haley Barbour of Mississippi explained as he sipped a mixed drink at McCain's party, saying that the dogfight for the 2008 Republican presidential nomination was well underway.

To wit: Key Republican players such as Barbour and Governor-elect Charlie Crist of Florida found themselves praised publicly by Romney at a morning press conference, then later, invited on stage next to McCain as he delivered brief remarks at his reception.

The only wrinkle in McCain's plan was the Miami traffic, which delayed him an hour and a half for his own event, leaving guests confused as they picked over the shrimp cocktail, crawfish, and crab legs.

Once he arrived, McCain dismissed a suggestion that he was horning in on Romney's territory.

"This is Florida," McCain told reporters. "I used to be a resident of the state of Florida."

The Romney-McCain tussle occurred as Republican presidential hopefuls worked to take advantage of the sudden departure from the race of Senate majority leader Bill Frist of Tennessee, which opens a slate of donors.

For example, Zachariah P. Zachariah, a Fort Lauderdale cardiologist renowned for raising big money for Republican presidential candidates, backed Frist but is now in the market for a new candidate.

Several candidates have been aggressively courting Zachariah -- Romney met with him last week, he said -- since Frist dropped his candidacy Wednesday.

''I am just digesting all these things and trying to make the decision about which one would be the best president,'' said Zachariah, who plans to choose by the end of the year

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, December 1, 2006

Hire the military

Pete Metzger, former military assistant to President Reagan (yes, he carried the "nuclear football"), led an intriguing panel discussion yesterday at the Army Navy Club at Farragut Square on the transition from military officer to private-sector leader.

Having held a variety of military and intelligence posts, Mr. Metzger today is vice chairman of Christian & Timbers executive search firm, whose offices are just a few blocks from the White House.

He told the audience that included presidential great-grandson and lawyer William Howard Taft IV and Council on Competitiveness President Deborah Wince-Smith that too many employers today have "preconceived notions" about hiring retired military officers — negative perceptions that he called unwarranted.

A senior military officer doesn't reach his or her rank by accident, Mr. Metzger stressed. Rather they are "highly intelligent" and capable leaders — leadership, he said, that carries over into the private sector.

"One word comes to mind: responsibility," he said.

Another panelist, 41-year-old retired Naval officer Carl C. Liebert III, recalled: "Everything I needed to learn I learned on my first ship."

Just recently, Mr. Liebert became chief executive officer of 24 Hour Fitness Worldwide Inc., the world's largest fitness center company. He had been executive vice president of the Home Depot, responsible for sales, execution and operation across all 2,000-plus U.S. and Mexico stores, and Circuit City's senior vice president.

Hurricane haiku

Yesterday marked the official end of the 2006 Atlantic hurricane season. Talk about a dud.

Not a single major hurricane made landfall, despite dire predictions to the contrary.

"If we can't depend on hurricane forecasts made one to six months ahead of time, how can we expect to depend on predictions about the behavior of hurricanes decades from now," asks David Ridenour, vice president of the National Center for

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Public Policy Research. "Those who claim that rising global temperatures would definitely lead to more intense hurricanes appear to be relying upon political science, not climate science."

Meanwhile, global-warming skeptic Christopher C. Horner, a fellow at the Competitive Enterprise Institute, sends Inside the Beltway this Japanese haiku he penned:

Hurricane season

Mercifully has ended

Why can't I name one?

By the way, we see where Mr. Horner's much-anticipated book, "The Politically Incorrect Guide to Global Warming and Environmentalism," is now available on Amazon.com, although it's not expected until Feb. 25 — the same day former Vice President Al Gore stands to win best documentary Oscar for his horror flick, "An Inconvenient Truth."

Come and eat

"The event will begin at 5 p.m. and will be off the record, but open to the press."

So reporters were informed in writing before a reception that Arizona Sen. John McCain, a likely 2008 presidential contender, hosted last evening for the nation's Republican governors.

Deck the halls

It took exactly 1,089 feet of garland to deck the halls of the White House this Christmas season.

In addition, 45,000 holiday guests of the first family's will behold 17 Christmas trees, 269 wreaths, and 4,638 red ornament balls while nibbling on 20,000 Christmas cookies, 5,000 mini-tarts, 15,000 chocolate truffle and a 300-pound gingerbread White House.

Mailbag

The bulk of this week's mail addressed Inside the Beltway's item about the Oyster Bilingual School in Northwest posting a sign that said "Holiday Tree Sale" in English and "Venta de Arboles de Navidad" in Spanish — only saying "Christmas" in Spanish, in other words.

"This country has become way too [politically correct] in my opinion," writes Patrick Beckerdite of Des Moines, Iowa. "If someone wants to wish another person 'Merry Christmas,' or have a 'Christmas' pageant at school, we shouldn't feel like we need to make any apology for it."

As far as Ed Grimley of Worcester, Mass., is concerned, "one shouldn't be saying 'Christmas' now, anyway. ... This is only the first week of Advent. Christmas doesn't begin until sundown, December 24. Get it right or shut up!"

'Underdog' Vilsack Officially Launches Campaign (DMR)

By Thomas Beaumont

Des Moines Register, December 1, 2006

Mount Pleasant, Ia. — Iowa Gov. Tom Vilsack today vowed to make small-town values and Midwestern ingenuity the key to returning the Democrats to the White House and improving the nation's standing in the world, as he launched his campaign for president.

The two-term governor acknowledged his bid's long odds to the audience of more than 800 supporters at Iowa Wesleyan College in the southeast Iowa town Mount Pleasant, where Vilsack served as mayor and represented in the Iowa Senate.

"I have always been the underdog and long shot," said Vilsack, who came from behind in 1998 to win his first term as governor. "And I have always been inspired by stories of ordinary people who struggled, worked hard, but ultimately succeeded."

Vilsack, the first Democrat to enter the 2008 race, was scheduled to leave Iowa early this afternoon for Concord, N.H., to meet with party activists in the lead-off primary state.

Vilsack was expected to visit his native Pittsburgh on Saturday before returning to Des Moines that night for his inaugural presidential fundraiser at the Temple for the Performing Arts. The final leg of the ceremonial campaign kick-off takes him to Nevada, the Southwest's first caucus state, on Sunday and South Carolina, scheduled to host the South's first primary, on Monday.

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Warming up the crowd was the Mount Pleasant High School band with the theme from the film "Rocky", among other numbers. The audience included Democrats from around the state, but mostly supporters from Mount Pleasant, population 9,000. Vilsack's wife Christie, who grew up in Mount Pleasant, introduced the governor, with their two adult sons alongside on-stage.

"By any measure or standard we are less safe today as a nation than we were six years ago," Vilsack said in his typically softspoken tone during the 20-minute speech. "Our country needs bold leadership guided by the right values and the right experience."

Supporters in the college gymnasium held a 15-foot banner that read "Main St. USA needs Vilsack", while others waved the blue and red campaign signs emblazoned with the campaign's trademark red "v" for Vilsack. At times they interrupted with chants of "Go Tom Go." After the speech, Vilsack hugged his wife as confetti shot into the air from off-stage.

National polls show Vilsack has the furthest to go among the large field of Democrats weighing 2008 campaigns, with about 1 percent of Democratic voters nationally saying they would support him for the nomination.

Far better-known figures such as New York Sen. Hillary Clinton, former Sen. John Edwards and newcomer Barack Obama, an Illinois senator, rank much higher in those surveys. All of them, as well as others, mostly U.S. senators, are eyeing the 2008 race.

Vilsack, 55, portrayed himself as a Washington outsider, although he only criticized the Bush administration and generally characterized federal as dysfunctional.

"Let us stop the endless debates. Let us stop the empty talk. Let's have a campaign about serious thought, about serious problems," he said.

Vilsack seized immediately on gains Democrats made nationally and in Iowa during the Nov. 7 midterm elections, filing papers two days later forming a federal campaign committee and opening a campaign headquarters in Des Moines.

He has said he plans to attack the doubts of skeptics who say a small-state governor cannot compete for the job of commander in chief during a time of international tension and U.S. fighting overseas.

Pursuing renewable sources of energy nationally, as Vilsack takes credit for achieving in Iowa, will strengthen America's position in Middle East relations, he said.

"Let us embrace a new foreign policy, one that allows us to renew our friendships, strengthen our alliances and isolate our enemies," he said. Although Obama has not said yet he will run, Vilsack joins the junior senator from Illinois as a presidential prospect who has called for withdrawing troops from Iraq.

Vilsack has called for leaving a U.S. military presence in the country to thwart incursions from Iran and Turkey.

"Specifically in Iraq, we must act and we must act now," he said. "We must take our troops out of harm's way and say to the Iraqis, 'It is your responsibility to protect your families."

Vilsack Begins Campaign For Presidency (MGG)

By Todd Dorman

Mason City Globe Gazette, December 1, 2006

MOUNT PLEASANT – Gov. Tom Vilsack formally entered the race for the United States presidency this morning by challenging Americans to have the courage to “create change” in uncertain times at home and abroad.

Vilsack started a quest even he concedes is uphill in the same small town where he entered politics nearly 20 years ago. The two-term Democratic governor delivered his announcement to a crowd in a college gymnasium just blocks from his family’s home on Main Street.

“America needs a president who builds and creates, who makes our country more secure, who is bold and has the courage to create change,” Vilsack said in a prepared text released before his 9:30 a.m. speech. “I will be that president.”

“So today, in front of the family and friends I love and here in the community I call home, I announce my candidacy to be the next President of the United States,” Vilsack said in the text.

Vilsack argued that the country is less safe, health care costs are skyrocketing and Americans are struggling to buy homes and pay for college. He vowed to address those problems as president.

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He called for a new foreign policy that that “renews friendships, develops alliances and isolates enemies.” He called for taking U.S. troops “out of harm’s way” in Iraq while shifting the security burden to Iraqis.

“Let us have the courage to create the bold change we need. Let us stop the endless debates and empty talk,” Vilsack said.

Supporters undaunted by the ice-glazed remnants of a winter storm filled the Howe Center at Iowa Wesleyan College.

Although he is the first Democrat to formally enter the race, he is sure to face a long list of better-known, better-financed opponents. And some of those rivals are preparing to challenge Vilsack on his home turf in Iowa’s first-in-the-nation presidential caucuses in 2008.

Vilsack barely registers on early national polls charting the Democratic race. But his supporters insist it’s early and the governor says he’s not worried.

“I’ve never started out a race for any position other than being the underdog. I’m used to it. I’m comfortable with it,” Vilsack told reporters at a community potluck for supporters Wednesday night.

Vilsack turned to one of his most formidable attributes Thursday – his personal history. He told again of how his orphaned childhood began “in the arms of a stranger.” His adopted mother battled substance abuse while his father struggled to keep his business afloat.

“The deepest hole anyone can dig is addiction and dependency. My mother dug that hole, but she dug herself out,” Vilsack said. “In doing so she taught me a valuable lesson – that the courage to create change can overcome anything and that community can give you the support and confidence to succeed.”

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Comments On This Story

Better not win Iowa wrote on November 30, 2006 10:38 PM:"If he were able to win Iowa the country would be in big trouble. But luckely he wont win Iowa. How you ask well--> I can see into the future and I see Obama sitting in the white house.--> oh wait I see clear now it is Mcain--> no its Hillery. My point is why are we talking about this we are still two years away. Shouldnt Vilsac wait until he leaves office to start all this? I guess the positive thing is that he is doing something unlike the last four years! I will vote for Pedro."

John wrote on November 30, 2006 6:41 PM:"Don't worry folks, he has no chance. The Clinton machine will take him out one way or another. I have never been a big Vilsac lover and think he did a poor job as Governer. He probably won't even win in Iowa. "

Bo wrote on November 30, 2006 5:37 PM:"This is really interesting. A person who has not accomplished any dramatic legislature bills in his state wanting to be president. This is such a no-news item, I really wish not to read anymore about him."

Joe wrote on November 30, 2006 4:30 PM:"The best predictor of future behavior is past behavior. If he were to handle the United States the way he has handled Iowa, what do you think would become of our nation???"

Too early to tell wrote on November 30, 2006 3:47 PM:"Come come now - he doesn't even get a chance to say anything more than he is running? If you're making decisions today that you're not voting for Vilsack but you are voting for someone else - when all of the possible candidates haven't even announced and you don't know all the facts about the choices available - then I don't want people like you voting at all. Do your homework, do your research into the things the candidates have done or haven't done and what their campaign platforms are - then jump on a bandwagon and beat that drum. Until then - please don't jump to conclusions. Remember the little engine that could? None of us know who the next President will be or where that person will come from - it could just be him, who knows. And - frankly - I don't even want to think about any political campaigns for a while - we just got beat over the head with ads for how many months from the last one? "

Please say no wrote on November 30, 2006 12:35 PM:"I hope that Vilsack does not become president. Since he has been govenor in Iowa, I think things have gotten worse. There were many things he could have done for us in Iowa, and he chose big business over us. I do agree on him putting to law the English only though. My health care has risen, child abuse cases were neglected even after review by him. Just say NO America!!!"

Kevin pham wrote on November 30, 2006 12:10 PM:"I will vote for person who chalenging to change the new world."

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Vilsack Is First Democrat In Presidential Derby (LAT)

By Mark Barabak

The Los Angeles Times, December 1, 2006

MOUNT PLEASANT, Iowa — With a call for change at home and abroad, Iowa Gov. Tom Vilsack today became the first Democrat to formally declare his candidacy for president.

In remarks delivered in the small town where tragedy first propelled him into politics, Vilsack criticized President Bush for a "divide and conquer" approach to governing and declared, "We are less safe and less secure than we were six years ago."

"Our way of life, our quality of life and our national security have been compromised and put at risk by a national government that has been fiscally irresponsible and by a country that has grown far too dependent on oil," Vilsack said. "Foreign oil from foreign countries, some of which despise us, harbor terrorists, but gladly take our money."

His remarks were broad in sweep and stinting in details. Vilsack called for expanded access to health care, improvements to education and greater energy independence.

On Iraq, Vilsack called for "a new foreign policy, one that allows us to renew our friendships, strengthen our alliances and isolate our enemies… We must take our troops out of harm's way and say to the Iraqis, 'It is your responsibility to protect your families and your communities.'"

Strategists for Vilsack see his life story as a major selling point and he told parts of it in his remarks.

Abandoned on the steps of a Pittsburgh orphanage, he was taken into a home blighted by alcoholism, financial hardship and physical abuse. "I know what it's like to be alone and to feel as if you don't belong," he said of his rough childhood and its cycle of maternal binges and beatings with a metal belt buckle.

He met his wife at Hamilton College and after graduation moved to her hometown, Mount Pleasant, Iowa, to practice law with his father-in-law. Active in the community -- Vilsack served as head of the Rotary Club and Chamber of Commerce, among other volunteer duties -- he was recruited to run for mayor in 1986 when the incumbent was murdered by a man angry over a sewage problem.

After two terms as mayor, Vilsack tried to quit. But residents of the heavily Republican community wrote in his name and elected him a third time. He went on to serve in the state Legislature and in 1998 was elected to the first of two terms as governor. Vilsack has abided by a pledge to step down rather than seek a third term. He leaves office in January.

A run for the White House will be a steep climb, by Vilsack's own admission. "I've always been the underdog and a long shot," he said in launching his candidacy.

Vilsack, 55, registers barely a blip in national opinion surveys and finished fourth in a home-state presidential poll taken last summer by the Des Moines Register. Although the first test of 2008 will be in Iowa -- the precinct caucuses in January 2008 -- none of the other Democrats expected to enter the race in the next few months appear ready to cede the state to Vilsack.

Vilsack plans visits to New Hampshire -- host of the first presidential primary -- and stops in Nevada and South Carolina, two states added to the early voting lineup to spread the candidate selection process more evenly throughout the country.

Vilsack Announces Presidential Bid, Promises Change (CRG)

By James Q. Lynch

Cedar Rapids Gazette, December 1, 2006

MOUNT PLEASANT, IA - America needs a president who is bold and has the courage to create change, and Iowa Gov. Tom Vilsack pledged this morning to be that president.

In his adopted hometown of Mount Pleasant and with his wife, Christie, at his side, the outgoing two-term Democrat formally announced he is running for president.

His campaign, which will take him to New Hampshire, South Carolina and Nevada -- states that are early stops on the road to the Democratic nomination -- as well as his native Pittsburgh, will continue the change American voted for earlier this month, Vilsack said in announcing his candidacy at Iowa Wesleyan College in Mount Pleasant.

"We sent a clear message that we wanted our country led in a new and better direction," he said in remarks prepared for broadcast today, promising to be an agent of "even bolder change (to) build an even stronger future for our great nation."

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Courage to create change" is the theme of the Vilsack campaign, and the 55-year-old attorney said it's time to "stop the endless debates and empty talk" and act boldly.

"Most of all, I am running for president to replace the anxiety of today with the hope of tomorrow and to guarantee every American their birthright: Opportunity," Vilsack said. "It will take courage to create this change. But by restoring America's community, optimism and can-do spirit, we will succeed."

The blueprint for the change already exists, he said.

"In the past eight years, Iowa successfully changed farm fields into energy fields. We changed the traditional idea of agriculture and became the national leader in renewable fuel and energy production. As a state, we became more economically, environmentally and energy secure," Vilsack told his local audience as well as members of the national media on hand for the campaign kick-off that was preceded by a community potluck supper Wednesday night.

"If you drive around Iowa today, you will see a changing landscape marked by new ethanol and bio-fuel production plants and wind farms. We had the courage to create change in education, health care and government itself," Vilsack continued. "And by having the courage to create change, we provided greater security and opportunity to our people."

He wants to continue that work on a national stage -- "to continue our work, and to bring the courage to create change to America."

Vilsack acknowledged the long-shot nature of his campaign.

"I have always been the underdog and long shot," Vilsack said. "And I have always been inspired by stories of ordinary people who struggled, but ultimately succeeded."

Creating change in America not only will take leadership, but "an active sense of community," Vilsack said.

Community is not something found only behind the white picket fences of Mount Pleasant, Vilsack said. In fact, some of the nation's strongest communities have neither picket fences nor yards.

"In these communities there are countless American success stories immigrants from every continent who traveled here to farm field, work in factories and pursue the American Dream,'' he said. "Our country must always remain a destination for those in pursuit of that dream, for a better life for their family and to live in freedom. That too is why I am here,'' Vilsack said.

As a community with courage, he said, the nation can create a health care system that prevents illness and saves lives without bankrupting health care consumers; create n education system to help every child be as "inquisitive and create as God intended them to be," and build a 21st century economy of cutting-edge companies and technologies that lead to energy security.

And, he said, with courage, the nation can embrace a new foreign policy "that renews friendships, develops alliances and isolates enemies."

In Iraq, the U.S. must act to take troops out of "harm's way and allow Iraqis to begin providing for their own security."

Vilsack said he is running for president because every American has the right to pursue changes that will improve their life, to pursue the American dream.

"I am running for president because every community should contribute to our success," he said. "Americans who live in cities, barrios, suburbs and small towns all deserve a president who works for and remembers them.

"America needs a president who builds and create, who makes our country more secure, who is bold and has the courage to create change," Vilsack said. "I will be that president."

Dem Vilsack Enters 2008 White House Race (AP)

By Mike Glover

AP, December 1, 2006

Iowa Gov. Tom Vilsack announced his candidacy for the Democratic presidential nomination Thursday, positioning himself as a Washington outsider with heartland appeal.

Vilsack also emphasized the nexus between oil dependence, national security and the economy, saying he would give high priority to weaning the nation off foreign oil and promoting alternative energy.

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"Energy security will revitalize rural America," Vilsack told more than 500 cheering backers in the small town where he began his political career as mayor. "Energy security will allow us once and for all to remove and reduce our dependency on foreign oil from foreign countries that do not like us."

Taking aim at President Bush, Vilsack said: "We have in the White House a president whose first impulse is to divide and to conquer, who preys on our insecurities and fears for partisan gain ... "

Instead, Vilsack, the first Democrat to formally enter the race, vowed to have "the courage to create change" and resist the "endless partisan debates."

In an era when voter unhappiness with corruption and partisan wrangling in Washington is especially high, political analysts said Vilsack is particularly well-positioned as a Midwestern governor to run for the White House as an outsider.

Nevertheless, Vilsack has a low profile outside Iowa and even he acknowledges his candidacy is a long shot.

Vilsack, who is finishing his second term, headed out quickly after his announcement for events in New Hampshire, South Carolina, Nevada and other states holding early tests of strength in the nomination contest.

During his tenure as governor, Vilsack has pushed for developing alternative energy sources such as ethanol, biodiesel and wind power.

"In the past eight years, I have helped lead our state, Iowa, to successfully changing by making our farm fields into energy fields," said Vilsack. "We became the renewable fuel leader and producer in the country. It helped us to become more economically, environmentally and energy secure."

As governor, Vilsack, 55, has carved out a reputation as a political centrist. He balanced Iowa's budget and resisted raising taxes, but was willing to spend money on such priorities as education and health.

Ticking off some of his accomplishments, Vilsack said the state has the best air quality in the nation, the lowest dropout rate and the second best record for health insurance coverage.

He argued that pushing alternative energy sources is key to bolstering rural sections of the nation that are struggling economically and with vanishing populations.

"If you drive around Iowa today, you will see a changing landscape marked by new ethanol and biofuel production plants and wind farms," Vilsack said.

Promoting alternative energy sources is an issue with broad public appeal. It also has special appeal in some key early voting states, such as Nevada, with its abundant sunshine and geothermal resources.

A national poll last February by the Pew Research Center for People and the Press found overwhelming bipartisan support for promoting alternative energy, including 82 percent in favor of increased federal funding for alternative energy research.

Vilsack signaled a key element of his campaign will be his compelling personal story. Born in Pittsburgh, Vilsack was adopted and speaks often of his adoptive mother's struggle with alcoholism and his adoptive father's financial struggles.

"I began life in an orphanage in the hands of a stranger. I was adopted into a loving but troubled home," Vilsack said. "I know what it is like to feel alone and to feel as if you do not belong."

While Vilsack remains popular with Iowa Democrats, he doesn't start off as the favorite to win the state's leadoff caucuses. Other potential Democratic candidates are already at work in the state.

Former North Carolina Sen. John Edwards was in Iowa Wednesday, and Indiana Sen. Evan Bayh is scheduled to visit next week. Other potential contenders include Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois, and New Mexico Gov. Bill Richardson.

Among Republicans, Sen. John McCain of Arizona, Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani are the most prominent.

Another hurdle for Vilsack is fundraising. Coming from a small population state and without a national money niche to call his own, it remains to be seen whether Vilsack can raise the $20 million political experts estimate he needs to have in hand by June.

Vilsack dismissed those shortcomings.

"I have always been the underdog and long shot," said Vilsack. "And I have always been inspired by stories of ordinary people who struggled, but ultimately succeeded."

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Iowa Governor Begins His Bid For President (WP)

By Dan Balz

The Washington Post, December 1, 2006

MOUNT PLEASANT, Iowa, Nov. 30 -- Iowa Gov. Tom Vilsack (D) launched his campaign for president here Thursday with a jab at President Bush's leadership, a warning that America's way of life is threatened, and a pledge to overcome the country's challenges with big ideas on energy, education, the economy and health care.

"America needs a president who builds and creates, who makes our country more secure, who is bold and has the courage to create change," Vilsack told a crowd in his adopted hometown. "I will be that president."

Vilsack, who is stepping down in January after two terms in office, begins his bid for the 2008 Democratic nomination overshadowed by such possible rivals as Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois . He brings to the contest the credentials of a Washington outsider and success as an underdog who appears undaunted by his lesser-known status.

Speaking to several hundred supporters on the campus of Iowa Wesleyan College here, Vilsack talked forthrightly about his standing in the field of candidates. "You know, I've always been an underdog and a long shot," he said. "I've always been inspired by the stories of ordinary citizens who worked hard, overcame adversity and succeeded."

In an interview shortly before leaving Iowa for a campaign swing to New Hampshire and other states with early caucuses and primaries, Vilsack expanded on that theme, predicting that, as people get to know him and his record, he will hold up well against his rivals. "I just want to be on the stage," he said. "If I'm on the stage, I'll take my chances. I'll take my shot with anybody."

Vilsack is the first official candidate for president in 2008, but his announcement comes at a time of accelerating activity among a large cast of characters in what will be one of the most wide-open campaigns in modern history.

Outgoing Massachusetts Gov. Mitt Romney (R) announced additions to his staff this week as he continues aggressive preparations for a likely run for his party's nomination.

Sen. John McCain (R-Ariz.) set up a presidential exploratory committee last month and delivered a pair of speeches to conservatives outlining his vision for rebuilding a fractured Republican Party. Both he and Romney were in Miami on Thursday courting Republican governors.

Former New York mayor Rudolph W. Giuliani (R) has also established an exploratory committee.

Among Democrats, Obama has been seeking advice in advance of his decision, which aides have said will not come before the end of the year. He has had conversations with prominent Iowa Democrats, and he plans a trip to New Hampshire on Dec. 10. Clinton is quietly weighing her options, and Democrats say her advisers are closely monitoring the groundswell around Obama.

Vilsack did not have his state to himself as he launched his candidacy. On Wednesday, former senator John Edwards (D-N.C.) drew a big crowd at a book signing in Des Moines. Sen. Evan Bayh (D-Ind.) will be in Iowa on Monday -- it will be his 12th such visit to the state, which will hold the first presidential caucuses in 2008.

Vilsack's first challenge will be to win those caucuses, scheduled for January 2008. A Des Moines Register poll of Democratic activists earlier this year showed him running behind Edwards. Vilsack said Thursday that he welcomes all challengers in the state.

"I'm confident that by the end of the process, we will have convinced a lot of Iowans that I have the capacity and the capability to do this job and I deserve to be on that stage, and I think that they will support me," he said in the interview.

He also said he will attempt to force a competition of ideas with his rivals. "There may be people with better ideas, and if they have better ideas then they deserve to win," he said.

Experience as a governor has shown to be a surer route to the White House than experience in the Senate has been. And Vilsack's advisers believe that, in addition to his record as governor, his personal story will prove compelling.

Orphaned as an infant, he was adopted into the home of a mother who battled alcohol and drug addiction and eventually abandoned her family. His mother later overcame her addictions, and the family reunited.

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"She relied on her faith and her family and her friends," he said. "And in doing so, she taught me a very valuable lesson. And that is that the courage to create change can overcome the largest of obstacles, and that community can give you the confidence and the support to try and to succeed."

Vilsack, who turns 56 this month, was born in Pittsburgh and came to Iowa through marriage. He and his wife, Christie Vilsack, settled in this small town (population about 8,700), where she was raised, and he practiced law with his father-in-law. He served as the town's mayor and later as a state senator.

In 1998 Vilsack ran for governor, won the primary in an upset and entered the general election as an underdog. He overcame a substantial deficit in the polls and was elected as Iowa's first Democratic governor in three decades. He will leave office with Democrats holding the governor's office and both houses of the state legislature for the first time in four decades.

Vilsack also has played on the national stage. He served as chairman of the Democratic Governors Association, earning a reputation as a serious student of public policy and a hard-charging politician. He is the current chairman of the Democratic Leadership Council, where he has helped to bridge the gap between the centrist and labor wings of the Democratic Party.

Vilsack brings limited national security experience to the presidential campaign but has said he believes that his executive experience and his ability to make good decisions outweigh that gap in his rÃ©sumÃ©.

Vilsack opened his speech Thursday with a rebuke of the Bush presidency, saying, "We have in the White House a president whose first impulse is to divide and to conquer, who preys on our insecurities and fears for partisan gain, who has robbed us of the assets that have made this country great: our collective sense of community, optimism and the can-do spirit that has built tomorrow's hopes and dreams."

He charged that the country is less safe today than it was six years ago. "Our way of life, our quality of life, our national security has been compromised and put at risk by a national government that's been fiscally irresponsible and by a country that has grown far too dependent on oil, foreign oil from foreign countries, some of which despise us, harbor terrorists, but gladly take our money," he said.

He called energy security a critical challenge in the fight against terrorism and global economic competition. "Energy security will revitalize rural America, reestablish our moral leadership on global warming," he said.

On Iraq, he said it is time to begin to withdraw U.S. troops while redoubling reconstruction efforts. He said the next president must rebuild U.S. alliances around the world to combat the threat of terrorism and isolate enemies.

Iowa Governor Vilsack Launches His Campaign (MINNST)

By Thomas Fitzgerald

Minneapolis Star Tribune, December 1, 2006

MOUNT PLEASANT, IOWA - Iowa Gov. Tom Vilsack became the first Democrat to formally launch his 2008 campaign for president Thursday, attacking the "divide and conquer" leadership of President Bush and promising to restore a sense of community to the nation.

"Our country needs a president that builds and creates," Vilsack said during a rally at Iowa Wesleyan College in his adopted hometown. "Our country needs a president that makes us more secure by confronting our problems ... who will lead bold change."

Vilsack, 55, is a centrist who heads the Democratic Leadership Council. His strategists believe that his profile fits the times, after a midterm election that gave Democrats control of Congress largely because moderate swing voters rebelled against Republican rule.

After all, the profile -- obscure governor from a small state with a head for policy -- worked for Bill Clinton (Arkansas) and Jimmy Carter (Georgia), who happen to be the last two Democratic presidents.

Still, Vilsack faces formidable odds, overshadowed by potential superstar rivals in New York Sen. Hillary Clinton and Illinois Sen. Barack Obama.

Both members of the party's 2004 ticket, Sen. John Kerry of Massachusetts and former Sen. John Edwards of North Carolina, are thinking of running. And there's potential competition from two centrists with gubernatorial experience: Sen. Evan Bayh of Indiana, a former governor, and Gov. Bill Richardson of New Mexico.

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His speech was long on vision but short on specific policy prescriptions. Vilsack called for energy independence -- as governor, he has pushed ethanol and biodiesel -- greater access to health care and improvements in education that are deeper than scores on standardized tests.

He also advocated "a new foreign policy, one that allows us to renew our friendships, strengthen our alliances and isolate our enemies." In Iraq, Vilsack said, "We must act and we must act now. We must take our troops out of harm's way and say to the Iraqis, 'It is your responsibility to protect your families and your communities.' "

Iowa Gov. Vilsack Will Seek Democratic Presidential Nomination (CQ)

By David Miller

Congressional Quarterly, December 1, 2006

Democratic Gov. Tom Vilsack of Iowa kicked off his 2008 presidential campaign Thursday with a speech in Mount Pleasant, Iowa, acknowledging his underdog status while pledging to compete hard for the job.

"Let us have the courage, let us have the courage to create the bold change this country needs," he said. "Let us stop the endless partisan debates. Let us stop the empty talk. Let's have a campaign of serious thought about serious problems that our nation faces."

Vilsack has been popular throughout his two terms as governor in Iowa, which hosts the nation's first presidential nominating contest in 2008. Democrats take note that he was the state's first governor from their party in 32 years. In recent years he has worked hard to broaden his portfolio with a heartland-focused message assailing Washington's pork barrel spending and arguing for an end to what he derides as corporate giveaways in federal budget and tax policies.

He has raised more than $2 million for his current political action committee, but that pales in comparison to the fundraising capabilities of some other Democratic hopefuls, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Vilsack has also ranked near or at the bottom of polls asking who voters would support in a race for the Democratic nomination.

While governors tend to fare well in presidential races, it is not a safe bet that Vilsack's popularity in Iowa will catapult him to success nationwide: In 1992, Democratic Sen. Tom Harkin's presidential bid quickly lost steam after his win in the Iowa caucuses.

First Governor Says He'll Run For President (USAT)

By Jill Lawrence

USA Today, December 1, 2006

Iowa Gov. Tom Vilsack on Thursday became the first of several governors expected to test their traditional strength as presidential candidates at a time when campaigns are shadowed by terrorism and the Iraq war.

Former governors have occupied the White House for 26 of the past 30 years, propelled by their experience running states and the absence of voting records ripe for dissection. But in the post-9/11 era, with violence gripping Iraq, they face a special challenge in convincing voters they can keep the country safe.

"For governors, there is always that question, particularly in light of Iraq," says former Virginia governor Mark Warner, who recently decided against a presidential bid.

Former Massachusetts governor Michael Dukakis, the 1988 Democratic presidential nominee, lost to then-Vice President George H.W. Bush, a former diplomat and CIA director, during the Cold War. However, Dukakis says governors can win the presidency in tense times, citing the Cold-War-era victories of former governors Ronald Reagan and Jimmy Carter.

What's more, Dukakis says, Reagan, Carter and Bill Clinton had honed consensus-building skills that helped them succeed on the world stage. "All in their own way proved themselves to be very adept international negotiators," he says.

In 2004, the only governor to run — former Vermont governor Howard Dean — lost the Democratic nomination to Massachusetts Sen. John Kerry, a military veteran long on foreign policy experience. Like other senators before him, dogged by long paper trails and Senate habits such as speaking at length, Kerry went on to lose.

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"Senators are difficult candidates," says Karen Hult, a presidential studies professor at Virginia Tech. "There are always some votes that can be singled out and criticized. And senators haven't demonstrated expertise in running large organizations."

Vilsack kicked off a five-day, five-state tour Thursday in Mount Pleasant, Iowa, with a short announcement speech centered largely on his background and accomplishments: an orphan adopted by a woman who conquered alcoholism and prescription drug addiction, a two-term governor who turned "farm fields into energy fields" dotted with wind farms and ethanol and biofuel plants.

Vilsack, chairman of the centrist Democratic Leadership Council, devoted two paragraphs to world affairs. He called for "a new foreign policy that renews friendships, develops alliances and isolates enemies," and said U.S. troops in Iraq must be moved "out of harm's way." He also promoted energy independence, saying the United States must stop sending money to countries that "despise us and harbor terrorists."

Democrats have two other prospects with gubernatorial experience: Sen. Evan Bayh of Indiana, a two-term governor who has gained exposure to foreign affairs in the Senate; and New Mexico Gov. Bill Richardson, who earlier served as U.N. ambassador, U.S. Energy secretary and in Congress and just won his second term in a landslide.

Republican governors Mitt Romney of Massachusetts, Mike Huckabee of Arkansas and George Pataki of New York also are contemplating campaigns, as is former Republican governor Tommy Thompson of Wisconsin. They are known mostly for achievements in areas such as health and welfare.

"If the war on terror is the issue, governors are not the answer," says GOP consultant Mark McKinnon, who helped elect President Bush. He has a dog in the fight: He is an adviser to Arizona Sen. John McCain, a former Navy pilot and Vietnam prisoner of war who has helped shape national defense and foreign policy for years.

The flip side of McKinnon's argument is that governors were not involved in the authorization, management or oversight of the unpopular Iraq war. "It works to their benefit," says Republican strategist Rich Galen, because they can propose solutions without contradicting their past votes or views.

Governors often have some types of security and international experience. They are responsible for National Guard troops, some aspects of homeland security and promoting their states' products abroad. Governors of border states also work with officials from Mexico and Canada on issues such as immigration and drug trafficking.

Had he run, Warner says, he would have highlighted his "ultimate responsibility" for protecting his state after the Sept. 11 attack on the Pentagon. For governors, as opposed to legislators, he says, "the buck stops here."

Vilsack has "done a lot of thinking about agriculture and food security because that's the lifeblood of the state," says Leslie Gelb, former president of the Council on Foreign Relations. Vilsack also has taken advantage of his job to learn his way around the globe.

He recently told the Asia Society he had visited China, Taiwan, Japan, South Korea, Iraq, Afghanistan and India. "Part of it obviously is a result of trade, part obviously a result of visiting troops and having a chance to meet with prime ministers and presidents and foreign ministers," he said. "The job of governor is different than it used to be."

Iowa Governor Is First Democrat To Start Presidential Run (NYT)

By Jeff Zeleny

The New York Times, December 1, 2006

WASHINGTON, Nov. 30 — Gov. Tom Vilsack of Iowa formally opened his campaign for the Democratic presidential nomination on Thursday, billing himself as the not-from-Washington candidate who would strive to renew a forgotten sense of community across America and offer common-sense judgment in foreign policy.

Mr. Vilsack, who is stepping down in January after two terms as governor, was the first Democrat to declare his presidential intentions officially. He staged a rally in his adopted hometown, Mount Pleasant, Iowa, before setting off on a five-day tour to the early primary states of New Hampshire and South Carolina, as well as his native Pennsylvania.

"I have always been an underdog and a long shot," Mr. Vilsack said, addressing one of the biggest challenges he faces in a fiercely competitive 2008 campaign. "I've always been inspired by the stories of ordinary citizens who worked hard, overcame adversity and succeeded."

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Mr. Vilsack, who turns 56 in December, will not have the Democratic presidential race to himself for long. Senators Evan Bayh of Indiana, Hillary Rodham Clinton of New York and Barack Obama of Illinois are among those quietly making preparations for possible campaigns, as is former Senator John Edwards of North Carolina.

But Mr. Vilsack, who opened a presidential campaign account two days after Election Day, was seeking to gain advantages by jumping in first. In a telephone interview from Iowa before boarding a chartered plane to Concord, N.H., he conceded that he lagged behind prospective rivals in name recognition and fund-raising strength, but he said he intended to highlight the centrist record he had built as Iowa's first Democratic governor in 30 years.

"I have to meet as many people as possible and make the case that I have a vision for the future of the country," he said. "We're going to have to work every single day, one contribution at a time. We don't start with an advantage over anyone."

Prospective presidential candidates of both parties are devising strategies to raise about $20 million by the middle of next year. Mr. Vilsack is among those who must start from scratch, because campaign laws do not allow candidates for federal office to transfer money from state accounts or political action committees.

The presidential nominating season traditionally begins with the Iowa caucuses. Rivals say they have no plans to steer clear of the state, as Bill Clinton and others did in 1992 when Senator Tom Harkin of Iowa ran for president. (Mr. Edwards, in fact, was campaigning in Des Moines on the eve of Mr. Vilsack's speech, and Mr. Bayh had plans to head to Iowa Monday.)

In his speech on Thursday, Mr. Vilsack directly criticized the Bush administration, saying the president's "first impulse is to divide and to conquer." He said the United States was "less safe today as a nation than we were six years ago."

While governors have historically made stronger presidential candidates than members of Congress have, a lack of foreign policy experience is among Mr. Vilsack's obvious challenges. In an interview, he said sound judgment was just as critical as foreign policy experience. He said he had conducted trade missions in 22 countries as governor, including a trip to Taiwan, where he was shaken by an earthquake, and had traveled to Iraq and Afghanistan.

Mr. Vilsack did not lay out detailed policies in his announcement, but instead sought to introduce himself through an abbreviated version of his life story: orphaned as an infant in Pittsburgh, adopted by an abusive mother who battled addictions, arrived in Iowa to live in the hometown of his college sweetheart-turned-wife, Christie Vilsack.

His career in politics was unexpectedly born in 1986 when a disgruntled resident of Mount Pleasant barged into a City Council meeting and killed the mayor. Mr. Vilsack, a lawyer, stepped in to serve as mayor. He later ran for the State Senate and in 1998 was elected governor in a campaign that even his closest friends did not believe he could win.

When he hands off the governor's office next month to the recently elected Chet Culver, Democrats will control both chambers of the legislature and the governor's office for the first time in four decades, a legacy that Mr. Vilsack hopes will help his uphill climb for the presidential nomination.

"Iowans are not going to give me a free pass," Mr. Vilsack said in an interview, assessing his chances in the caucuses to be held in 13 months. "And they shouldn't."

Why Tom Vilsack Is Starting So Early (TIME)

By Perry Bacon Jr.

Time, December 1, 2006

If you're thinking about winning the Democratic presidential nomination and you're not already on a first (Hillary) or last name (Obama) basis with millions of Americans, it won't be easy. You have to find a compelling personal story or policy idea to distinguish yourself from at least a half dozen other similar politicians. Then, you need to sell that story convincingly to the news media, to experienced political talent you want on your staff and most importantly, to the deep-pocketed money men or the emerging Netroots who can help you raise upwards of $20 million to run a competitive race. Worse yet, you have to try to do this while all of those groups are to one degree or another sitting on their hands, eagerly anticipating a candidacy from Hillary or Obama. Then, as Howard Dean learned in 2004, you have to turn all that money, buzz and potential into an actual win in Iowa-or at least a close second.

So Tom Vilsack is smart to get started early. The outgoing Iowa Governor declared he was running for president only two days after the mid-term elections and this week kicks off a five-day announcement tour through all the states that have early

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primaries — Iowa, New Hampshire, South Carolina and Nevada, along with his native Pennsylvania. In announcing his candidacy, Vilsack acknowledged the long odds, telling a crowd in Mount Pleasant Iowa, that "I have always been an underdog and a long shot." He cast himself as a candidate with "the courage to create change", a phrase he invoked repeatedly in calling for an improved health care system, the end of bickering in Washington, an energy policy less dependent on foreign oil and pushing Iraqis to take control of their own security. "He may not be as well-known, he may not be as well-funded, so it's important for him to get out as early as possible," said Gordon Fischer, the former head of the Iowa Democratic Party and a Vilsack backer.

For all the obstacles he faces, Vilsack has several strengths as a candidate. Orphaned at birth in Pittsburgh and adopted and raised by an alcoholic mother, he offers just the kind of unique personal narrative that could help him connect with voters. He's been a popular governor, coming back from a 20-point deficit to win an upset victory in the gubernatorial race in 1998 — in the process becoming the first Democrat in 30 years to take the statehouse. He captured 53% of the vote in 2002 only two years before John Kerry narrowly lost the state to President Bush. He's had some major successes, particularly in increasing the number of children in the state who have health insurance.

Being from Iowa would seem an obvious advantage too, but so far, it doesn't look that way. A June Des Moines Register poll put him only in fourth place in Iowa among Democratic primary voters, lagging behind Clinton, John Kerry and John Edwards. While much of the state's Democratic establishment is backing Vilsack, many elected officials and key activists in the state are considering or have already signed on with other candidates. It's a sharp contrast to 1992, when Iowa Senator Tom Harkin ran for president, and the other contenders essentially conceded the state to him. Edwards has been in Iowa so much he's essentially the second presidential candidate who lives in the state. On the day Vilsack announced, Edwards was in Des Moines to sign copies of his new book. Senators Evan Bayh, Chris Dodd and Joe Biden, all considering presidential runs, have already been in the state, as has Obama. And that's just his challenge in Iowa. As the Washington Post reported this week, Vilsack isn't even guaranteed the support from people who have been close advisers in his earlier runs for office. One former top adviser, Chicago-based strategist David Axelrod, is likely to join Obama's team if he runs.

Vilsack will run as centrist with a record of success in a red state, the exact same message that Bayh has — except the Indiana Senator and former governor can also point to his years in the Senate for the foreign policy experience that Vilsack lacks. And in terms of offering a different vision for the country, it will be difficult for Vilsack or any of the candidates to stand out, because all of them largely agree on the issues. In 1991-1992, Bill Clinton could run as a different, new kind of Democrat because many in the party didn't back him on such policies as reforming welfare and supporting a free trade agreement with Mexico. Three years ago, Howard Dean fundamentally disagreed with much of the Democratic field on the Iraq war. Vilsack says he would like to see troops out of harm's way In Iraq and Iraqis take more responsibility for their own country, a position shared by nearly everyone in America except John McCain and a few others who want to send in more troops. While Vilsack has been a leader in the centrist Democratic Leadership Council, the middle class tax cuts and push toward a balanced budget that the DLC pushes have become so mainstream and embraced by so many Democrats that those ideas were part of the six-part "New Direction" that congressional Democrats will act on when they take control in January.

But don't count out Vilsack just yet. The last two Democratic presidents, Clinton and Jimmy Carter, both started as relatively unknown governors who initially polled in the single digits too, and recent history has shown that Senators have a hard time portraying themselves as outsiders capable of bringing change to Washington. Neither Obama nor Clinton has declared they are running and if only one of them does, there's a lot of room for another major challenger to emerge. Aides to other Democratic candidates are already starting to quietly knock the big two, saying Hillary can't win the general election and Obama is too green to be elected president. Tom Vilsack won't come out and say anything that blunt, but he is likely to talk about his own history of success in a swing state. By next June, when Democratic donors start cutting their checks, we'll have a pretty good idea if he can repeat any of that history on a much bigger stage.

For Democrats, 'Not-Hillary' Field Takes Shape (WSJ)

By John Harwood

The Wall Street Journal, December 1, 2006

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MOUNT PLEASANT, Iowa -- For two years, the Democratic Party's 2008 presidential field has held an unusually well-defined shape: Sen. Hillary Rodham Clinton and everyone else. Yesterday, Tom Vilsack opened the effort to shake things up.

From a small college gymnasium here, in the town where he once served as mayor, the outgoing Iowa governor declared his candidacy with a call for "the courage to change" by improving health care and education, moving U.S. troops "out of harm's way" in Iraq and delivering "energy security" through development of renewable alternatives to Middle East oil. Policy aside, Mr. Vilsack boasts a home base in this critical swing state and an up-from-an-orphanage personal success story.

Still, he faces the same challenge as the rest of the Democratic field: How to stop a front-runner with opening strength to rival that of Walter Mondale in 1984 and then-Vice President Al Gore in 2000. Sen. Clinton's formidable assets include universal name recognition, unrivaled fund-raising capacity and strong ties to Democratic constituencies -- and the most-talented political spouse in American history.

Those represent high barriers even for the array of experienced candidates who might also jump in, from Mr. Gore to 2004 nominee John Kerry to Mr. Kerry's former running mate, John Edwards. Yet a rising sense of Democratic possibility, fueled by the party's sweep of congressional elections last month, has set off a rush to begin testing the vulnerability of Mrs. Clinton -- who so far hasn't declared herself a candidate.

All of her potential challengers have significant flaws. Mr. Gore has delivered hot rhetoric on everything from the war in Iraq to President Bush's overall performance in the six years since his near-miss in 2000. That may have turned him into an even more polarizing Democratic candidate than Mrs. Clinton, who as first lady condemned a "vast right-wing conspiracy" to undermine her husband.

Gore confidantes have said he doesn't plan to run, yet some prominent Democratic strategists discount that. The former vice president's network of political and financial supporters would allow him to bolt into the race on short notice. And the success of his recent documentary, "An Inconvenient Truth," has bolstered the perception that Mr. Gore's emphasis on climate change marks the leading edge of a rising political issue.

As for Mr. Kerry, his self-described "botched joke" on the military this fall may have renewed doubts about his political skills, but the Massachusetts senator hasn't abandoned hopes of reprising his candidacy. Nor has former Sen. Edwards, who has spent the last two years emphasizing his commitment to reducing poverty, recanting his vote to authorize the Iraq war and laying the groundwork for another run. Some Democratic veterans believe his efforts have been successful, though Mr. Edwards, who served one term in the Senate, has a limited record in public life, and in particular on national-security issues.

Potential candidates from the tier of less-familiar faces have the burden of showing they can command the attention and money to compete. Donna Brazile, Mr. Gore's 2000 campaign manager, estimates that any viable candidate must raise at least $40 million in 2007, when campaigning for the presidential race kicks off in earnest.

Among other contenders, centrist Sen. Evan Bayh of Indiana would bring Midwestern appeal; Delaware's Sen. Joseph Biden has foreign-policy credibility and experience from a brief 1988 run; and Gov. Bill Richardson of New Mexico boasts executive credentials, diplomatic service as President Clinton's United Nations ambassador and Hispanic heritage at a time when that constituency is increasingly pivotal.

The person with the greatest chance of altering the race appears to be Sen. Barack Obama, an African-American just two years removed from service in the Illinois state senate, whose message of hope and optimism has created a political sensation. Since disclosing weeks ago that he is reconsidering his previous commitment not to run in 2008, he has shot past all other would-be rivals save Mrs. Clinton; in a Pew Research Center poll last month, she led with 39% support among Democrats to Mr. Obama's 23%.

"Barack Obama is the Robert Kennedy of American politics for 2008," said Democratic pollster Peter Hart. "He generates more passion and more interest ... than any candidate I've seen over the course of the last two generations."

But "whether (he) can demonstrate that he's got the experience and he's got the background and can handle the job, I don't know," Mr. Hart said. "To be able to show that you have the wherewithal to govern in a post-9/11 world is going to be exceptionally important."

The increased premium on command of the national-security realm makes it more difficult for a 2008 long shot to repeat the breakthroughs achieved by small-state governors Jimmy Carter of Georgia in 1976 and Bill Clinton of Arkansas in 1992.

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Former Gov. Mark Warner of Virginia, once considered the hottest not-Hillary candidate, bowed out of the race to spend time with his family and perhaps await a vice-presidential nod.

Yet Howard Dean from tiny Vermont managed to achieve a meteoric rise in the 2004 Democratic race. That promise of unpredictability -- the hope of every dark horse -- is what Mr. Vilsack is banking on. It doesn't hurt that he has twice won statewide office in the state that opens the delegate-selection process, and that rivals aren't devaluing the state by ceding it the way Mr. Clinton and other Democrats abandoned Iowa in the face of Sen. Tom Harkin's favorite-son candidacy in 1992. Mr. Bayh is visiting Iowa next week, and Mr. Edwards's campaign is staking its strategy on an early Iowa win.

Mr. Vilsack acknowledged that his road won't be easy. But "I have always been the underdog and long shot," said the former mayor, who overcame a deficit in the polls in the campaign homestretch before winning the Iowa governorship in 1998.

Faith Groups Urge Cuts To AIDS Fund (BOS)

By John Donnelly

The Boston Globe, December 1, 2006

LAKE FOREST, Calif. -- Some leading Christian conservatives, angry over the Global Fund to Fight AIDS's promotion of condoms and its perceived lack of support for faith-based programs, are pushing Congress to cut US support for the AIDS initiative, which was initiated by President Bush in a Rose Garden ceremony five years ago with a $200 million commitment.

The fund -- whose full name is the Global Fund to Fight AIDS, Tuberculosis, and Malaria -- has become one of the pillars of the international effort to fight infectious diseases, growing into a $6.6 billion organization that supports programs in 136 countries.

It is a primary vehicle for the AIDS-fighting efforts of the Bill & Melinda Gates Foundation. The only larger HIV and AIDS program in the world is the president's $15 billion, five-year plan.

But the Global Fund, which works closely with foreign governments, is not nearly as popular among conservative Christians in the United States. Some take issue with the Global Fund's policies, which include buying clean needles for drug users, and many are furious that just 6 percent of its program dollars goes to faith-based groups.

"There's cancer in the fund," said Peter L. Brandt, senior director of government and public policy at the Christian group Focus on the Family. "It does such an unbelievable job in discriminating against faith-based organizations."

Fund officials, worried about the religious right's influence in Congress, are pledging to try to give more money to religious charities. The executive director of the fund, Richard G.A. Feachem , yesterday told 2,000 people at an AIDS conference organized by the influential Saddleback Church in Lake Forest that the battle against the virus "will only succeed if the great faiths of the world become totally mobilized."

Feachem, in an interview, said the fund "wants to see many more programs" run by faith groups, though most funding decisions are made by local boards.

Feachem's visit to the church-organized conference occurred as the Senate is considering a proposal to more than double the Bush administration's $300 million budget request for the fund, to $700 million next year; the House wants to spend $445 million. This year, Congress sent $545 million to the fund, $245 million more than Bush requested.

Nonetheless, Brandt said he wants the government to eliminate all spending on the Global Fund's HIV programs because it is not providing sufficient money to faith groups and has given little support to abstinence messages. Brandt said the government could continue to support the fund's tuberculosis and malaria programs.

Some other Christian activists, such as Raymond Ruddy , president of the Gerard Health Foundation in South Natick, which gives about $2 million annually to anti abortion and abstinence programs worldwide, want all US money cut from the fund .

"I see a direct correlation of dollars given to the Global Fund and dollars taken away from" the Bush administration's AIDS efforts, Ruddy said. "The Global Fund is systematically excluding faith-based groups from getting money, and that's not right."

The Bush administration, for its part, has taken something of a middle ground, favoring spending of no more than $300 million on the fund this year.

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"The Global Fund has to work; it has to be an integral part of the global response to AIDS," Ambassador Mark R. Dybul , US global AIDS coordinator, said in an interview in his Washington office. But Dybul said he wants the majority of government funds directed to the president's program because he believes it is "right now our most rapid response" to the AIDS pandemic.

Christian health associations deliver at least 40 percent of healthcare in several African countries, including Lesotho, Zimbabwe, Tanzania, Liberia, and Kenya, according to UN figures. In the past year, the US program spent 24 percent of its funds on faith-based groups.

Christoph Benn , director of external relations for the Global Fund, said 6 percent of the fund's principal recipients are religious groups, but money also flows to faith-based subcontractors, although the organization does not track the spending.

He said its system makes it difficult to earmark contracts to faith-based groups. Country oversight boards, consisting largely of government officials and community activists, put together proposals and a Geneva-based technical advisory panel selects recipients only among submitted plans. Faith-based groups hold 4 percent of seats on the country boards, according to fund documents.

Benn objected to several other allegations US Christians made , saying that many programs support abstinence-only messages for young people and also emphasize marital fidelity.

Some US Christian leaders support the fund. Rick Warren , head of Saddleback Church and author of the bestseller "The Purpose Driven Life ," gave Feachem, the Global Fund's director, a bear hug yesterday and pledged that he would work with the fund.

The battle over the fund, though, only is expected to intensify in the weeks leading up to the vote by Congress, expected early next year.

Shepherd Smith , who was instrumental in persuading Congress to set aside 33 percent of US AIDS prevention funds to support abstinence messages, said he and Ruddy tried a year ago to persuade the fund's board to increase spending on faith-based groups. "We were just blown off," he said.

Some Christians' objections also are personal. A letter written earlier this year to members of Congress and signed by Ruddy and Focus on the Family decried the election of Asia Russell , a longtime AIDS activist, to the fund's board.

"She served as spokeswoman for the group who tried to strip naked at the [2004 Republican National] Convention as a protest against Bush administration policies," the letter said, adding, "The fact that the fund would elect a woman with zero qualifications to its board sends a clear message that this is not a serious healthcare organization but, rather, a group dedicated to pursuing a social agenda opposed to US policy."

Bernard Rivers , editor of the Global Fund Observer , an independent newsletter that reports on the fund, defended Russell's election, calling her "phenomenally talented and hard - working."

Russell said in an interview that "my qualifications are not the issue. The issue is the extreme, radical religious right attacking the Global Fund and its supporters because the fund is driven by what countries actually want and doesn't fund unscientifically and technically unsound approaches." She was referring to abstinence-only programs.

A Circle Of Strength (WP)

By Jose Antonio Vargas

The Washington Post, December 1, 2006

Every Wednesday the men come to see Gary Isler.

Like him, they are recovering addicts and ex-convicts. Unlike him, they are living with "the sauce," "the alphabets." HIV.

And each week they come to the fluorescent-flooded room in Southeast Washington and sit in the circle of plastic chairs that Isler has arranged for them. Sometimes there are five men, sometimes a dozen. Isler thinks there could be more.

Each week he knocks on doors, calls and calls, fishing for those who live on the margins of the marginalized. It is one thing to be poor in the District of Columbia, Isler explains. It is another to be poor and battling drug addiction. Add to that being an ex-convict trying to reintegrate yourself into a community, often the same one where you once stole and robbed, or worse. Now add HIV, and it becomes a world few see, unless you are a worker like Isler, or living inside it.

"They're like castaways," Isler says, "and they need a place to work on themselves."

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About a year ago, he started Project Ujima, as the Wednesday group is called. It is, local AIDS workers say, the only one of its kind in the city. Theirs is not just a place in which poverty, prison, addiction and HIV intersect, the Ujima men say, but a place to heal. An unbroken circle where men with broken lives try to rebuild.

With a few exceptions, most allowed only their first names to be published. What they did share, over the course of six months, is what it feels like to inch toward success, or to hit a wall. To struggle toward a GED, or fall back into addiction. To find a job, or find yourself getting sicker.

* * *

At the D.C. jail, some 19,000 people, 90 percent male and black, are incarcerated each year, a third on drug charges. Some get infected while imprisoned. Others have no idea when they became ill. What's certain is, once they are released, if there is no support system -- a place to live, a family member to turn to -- then life is one precarious day after the next.

This summer, the jail became the first in the country to test all new inmates for HIV, says D.C. Department of Corrections chief Devon Brown. Currently 142 of 3,521 inmates in the city's custody have HIV, the agency says.

"The jail is like the city itself," says Marsha Martin, head of the District's AIDS office. "Both are still trying to figure out the reach of this epidemic. And it's less about the individual who goes to jail and more about the confining reality of the correctional system. We know that inmates are having sex inside. We know they're sharing needles. For drugs. For tattoos. And we know that when they get out of jail, they go back to our neighborhoods."

Then what?

If they are fortunate, Gary Isler knocks on their door.

For more than a year, Isler has worked as an outreach coordinator for Family and Medical Counseling Service Inc. When HIV-positive inmates are released from the D.C. jail, it is Isler's job to make sure they get medical help if they want it.

Sometimes they don't. Sometimes, it's too late. By the time Isler reached one guy this summer, the man was using illegal drugs again. Four others were back behind bars. Another prospective client relapsed, ended up in a nursing home and died.

The stories haunt him.

A man needs more than medicine to heal, Isler says. Which is why he started the project and called it Ujima, also known as the Courage to Change group.

In Swahili, "ujima" means "collective responsibility."

* * *

Just getting to the weekly meeting -- on the second floor of an office building at 2041 Martin Luther King Jr. Ave. SE, from 3:30 to 5 p.m. -- is an accomplishment.

Lee, who has spent nearly half his life behind bars, usually arrives first. He and Isler go way back, to when they were locked up in neighboring buildings in the now-defunct Lorton prison complex in Virginia. Lee's four kids, ages 12 to 27, don't know he's HIV-positive, he says.

Kevin Robinson is usually the second to show. In a bad drug deal 10 years ago, he got whacked in the head with a baseball bat and was pronounced dead at the hospital, he says. Except that he wasn't. Three years later, he contracted HIV.

Russell is a chatty, barrel-chested sports fanatic who'll talk field goals and three-pointers to anyone who'll listen.

Often the guy who's listening most intently is Stanley Richmond. He's so good at listening that the others sometimes wonder if he talks at all.

Then there's Isler, a compact 51-year-old with graying stubble, a quick wit and an air of understanding. He knows where these men have been, because he's been there. Knows what it's like to count every single dime. Which is why each week he gives the men bus tokens for attending. And every third Wednesday, he passes out $10 gift cards from Giant or Safeway.

Lee, Kevin, Russell and Stanley have become Ujima's core. You could fill half a century with the combined number of years they've spent locked up. But in the short time they've known each other, they have learned to see themselves in each other's stories and their new goals.

Kevin, 37, is practicing his multiplication tables to earn his GED.

Russell, 49, is looking for a job: "No one's in a rush of hiring an HIV-positive ex-con."

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For Lee, 51, who's on parole until 2011, it's a slow climb to routine daily life, where getting his first credit card application in the mail is a major event. Bank of America is offering a $200 credit line. "I couldn't believe it," he says.

And here are some more numbers:

Four hundred and three dollars. Kevin's monthly income.

Twenty-five. The number of years Stanley, 50, has lived with HIV.

Ten. The number of relatives Ujima men have lost to AIDS complications. A mother, cousins, sisters and brothers.

* * *

After walking out of Lorton on April 19, 1988, Gary Isler tried to do the right thing. He's held on to a job. He's been with the same woman for 15 years. He's stayed clean.

Still, adjusting is hard, he says, recalling several years ago when he bought a used black Mazda MX-3. He was sure someone was going to pull his criminal record and take the car back as he tried to drive it off the lot.

His life still amazes him, and he often wonders how it is that he survived all the dirty needles and unprotected sex with women, without contracting HIV.

"Only by the grace of God," he says. He's lost so many friends to AIDS that he's stopped counting.

* * *

"Where have you been most broken?" Isler asks in the circle one afternoon in mid-July.

The men are silent, then Russell clears his throat.

"I was applying for a job downtown. Administrative aide, something like that," he says. "I was filling out some forms. And I just thought, 'Am I good enough for this? Do I even have a . . .' "

Lee interrupts. "See, you have to have a different mind-set," he says. "You have to think, 'I can get it, I can do this.' "

A few weeks later, it is Lee who revisits the question about being broken. He talks about, of all things, a Curious George doll he picked up at a dollar store.

"I put it underneath my arm the other night, sat on the bed, and broke down like a child. My old lady came around the bed and said, 'What's wrong with you?' . . . And I just told her, 'I miss everybody. They're all gone.' It just hit me all [at] one time."

Someone new always shows up. This time it's a 44-year-old named Michael, who excuses himself to go to the bathroom three times in 15 minutes, then tells the circle that he remains deep in a crack cocaine addiction.

"I always wanted to be a grown-up when I was kid," he says, "and now I'm a man and I'm acting like a boy."

And someone is always missing.

"Where's Drew?" asks Isler.

Drew accepted a role in a skit the men have been practicing, planning to perform it for Ujima's first anniversary celebration. In it, Lee plays an addict who gets jailed for stealing. Kevin plays a dealer. Stanley's the narrator. Russell, not much into acting, sits out. Last week, Drew, 53, was the arresting officer.

Isler turns to Michael. "Are you going to be here next week? I can tell in your face that you're going to be here. Can you play the part?"

"Nah, man," Michael says. "I got a lot on my mind."

"What's on your mind?" Isler asks.

"I think my parole officer is going to lock me up. . . . I don't want to be locked up . . . but I done enough things to get locked up," Michael says, his face in his hands.

Every meeting ends the same, the men reciting a creed: "We the men of the Courage to Change group are dedicated to resolve our issues, eliminate our pains and improve our circumstances for the better."

* * *

"How do I tell a woman that I'm positive? When do I tell her?" asks Drew. He tested positive three years ago. His three brothers -- Joe, William and Robert -- all intravenous drug users, died of AIDS complications.

Stanley shrugs.

Russell sighs.

"That's a real tough thing." Kevin says. "I gotta tell you, I'm at a point now where I'm cool with telling . . ."

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Lee cuts Kevin off.

"Whatever you do, just make sure you tell her before you sleep with her," Lee says. "You don't want that guilt hanging over your head."

Lee learned he was positive in 1993, three days before he was released from a federal prison in New Jersey. He's not sure when he got infected.

"I was in denial about [HIV], didn't want to deal with it," Lee says. For four years, he kept using cocaine and heroin, kept sleeping around with "a lot of women." They didn't ask if he was positive, and he never said anything. "That was the lifestyle I was living."

Adds Kevin: "I'm not ashamed of this thing" anymore. "Any lady I get in contact with, believe me, she knows what I'm dealing with. . . . I don't ever want to give nobody this."

He is one of the few men to give his full name. One of the few who talks about what it has been like in his neighborhood, where the teenagers who once hung out at his place to watch movies, or a game, don't come around much anymore.

"Viracept," the name of an HIV medication, is printed on his backpack.

* * *

Lee is nervous, and Isler is nervous for him.

The audience consists of employees of Family and Medical Counseling Service, the men of Ujima and members of another support group, this one for HIV-positive women. The group of 25 or so is cramped in a windowless basement in late August. On a table in the back is a chocolate cake with yellow icing that reads: "Happy 1 Year Anniversary!"

Isler is explaining the skit he wrote, a moment that the men in Ujima all know: detoxing, alone, in a cell. There is hope, too, he adds, "because we all need some hope."

Lee's character is on his back on the floor, clutching his stomach, screaming:

"Lord! Oh Lord! Oh Lord!"

Isler pushes a button on the CD player and James Brown's "King Heroin" fills the room.

I came to this country without a passport . . .

I can make a mere schoolboy forget his books

I can make a good man forsake his wife

Send a greedy man to prison for the rest of his life

* * *

A year passes and the men of Ujima can measure their lives beyond Wednesdays now.

Kevin is planning to take his GED exam in June.

Stanley won a scholarship to attend next week's "Staying Alive" summit in New Orleans hosted by the National Association of People With AIDS.

A job cleaning Metrobuses didn't come through for Lee, but he recently started a 15-week class for a commercial driver's license. He tore up the credit card application, decided it was too soon.

Isler, himself a man of unfinished business, is taking a class to earn his high school diploma.

Drew hasn't been seen much lately. Neither has Russell.

But Russell landed a telemarketing job that pays $13 an hour, and moved into his own apartment. It's been three months now and counting.

Clinton Helps Broker Deal For Medicine To Treat AIDS (NYT)

By Celia W. Dugger

The New York Times, December 1, 2006

With the financial backing of a group of nations led by France, former President Bill Clinton announced Thursday that his foundation had negotiated deeply reduced prices for 19 AIDS drugs to treat children, halving the cost of the simplest-to-use therapy — three drugs combined in a single pill — to less than $60 a year for each boy and girl.

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The countries, France, Brazil, Britain, Norway and Chile, are putting up $35 million to buy antiretroviral drugs and diagnostic tests to treat 100,000 more children in 40 nations next year. Most of the money was raised through taxes on airline tickets, a dedicated revenue source suited to ensuring the lifelong treatment of children with AIDS.

The Clinton Foundation, which has established a record of lowering AIDS drug prices in recent years, negotiated on the countries' behalf, using their pooled purchasing power to get volume discounts on the drugs.

The countries formed a new Geneva-based organization called Unitaid earlier this year to buy AIDS, tuberculosis and malaria drugs.

Only about 80,000 of the 660,000 children with AIDS who need treatment now get it, the United Nations AIDS agency estimates, and half the children who do not get the drugs die by the time they turn 2 years old. The United Nations Children's Fund, or Unicef, has described children as the invisible face of the AIDS pandemic because they are so much less likely than adults to get life-saving medicines.

"Providing drugs of this quality at these prices makes it even easier to scale up treatment," said Peter McDermott, who runs Unicef's AIDS program. "Unicef is extremely excited by this."

In addition to the Unitaid money to buy the drugs, the Clinton Foundation has raised $15 million to train doctors, upgrade pediatric wards and provide other assistance that the countries in Africa, Asia, Latin America and the Caribbean will need to treat the additional 100,000 children next year.

Cipla and Ranbaxy Laboratories, Indian generic drug manufacturers, will be providing pills that combine three antiretroviral drugs into a single tablet, a formulation that is easier to transport, store and use than multiple pills and syrups. The combination tablets also need no refrigeration, an important advantage in poor countries lacking electricity, and can be dissolved in water for babies and infants too young to swallow pills.

Sandeep Juneja, the H.I.V. project head for Ranbaxy, said in a telephone interview that the company was able to provide the lower prices because of the larger volume of sales and because the Clinton Foundation, buying on Unitaid's behalf, would consolidate many small purchases. He explained that the market for pediatric AIDS drugs was relatively small, fragmented and spread thinly across many countries.

"It would be a nightmare handling those small orders," he said. "Imagine 40 to 60 countries buying a few hundred bottles individually, with no way to predict how many bottles would be needed."

The new prices for 19 pediatric AIDS drugs are on average 45 percent less than the lowest rates offered to poor countries in Doctors without Borders' listing of AIDS drug prices, and were more than 60 percent lower than the prices the World Health Organization reported were actually paid by developing countries, the foundation said.

Mr. Clinton announced the price reductions yesterday at a children's hospital in New Delhi with Sonia Gandhi, the leader of the Congress Party, which is the chief member of India's coalition government. India is among the nation's benefiting from Unitaid's contributions.

Where AIDS Efforts Lag (WP)

By Lola Dare, Jim Yong Kim And Paul Farmer

The Washington Post, December 1, 2006

President Bush made a historic pledge in his 2003 State of the Union address: to get urgently needed AIDS treatment to 2 million people living with HIV in impoverished countries by 2008. Congress concurred and launched a major initiative to fight AIDS focusing on 15 developing nations. At a U.N. General Assembly conference on AIDS this year, the United States went further and committed, along with other countries, to come as close as possible to universal access to HIV treatment by 2010.

We have come a long way since 2000, when AIDS treatment was available to only the fortunate few. Activists campaigned successfully to drive down the cost of treatment with affordable off-patent AIDS medicines that are now available in most developing countries. After initial objections, the U.S. government became a major purchaser of generic drugs.

But now that donor governments are providing more funding and medicines are becoming available, a new bottleneck threatens the success and sustainability of the effort. People with AIDS in Africa are dying simply because there aren't enough

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nurses, doctors and pharmacists to administer treatment. Without a new effort to train, retain and support health workers in numbers sufficient to meet basic needs, the United States will not be able to keep the deal it made with Africa in 2003.

It takes years to graduate a new doctor or nurse, and most of them prefer to build a career in a major city with well-equipped hospitals. But with modest investments, donor governments can quickly empower and mobilize an army of health workers made up of the hundreds of thousands of unemployed or underemployed people living in the very settings where HIV's toll is heaviest. Women in particular are often already serving as caregivers at the community level, usually without training or compensation.

Starting in Haiti's central plateau, the organization Partners in Health has trained and employed hundreds of accompagnateurs, or health companions, across the group's projects in five countries, including the United States. Accompagnateurs are paid a stipend to provide a broad range of services, including drug distribution, disease observation and reporting, clinical referrals, and the social support that people with chronic illness so often need. This modest investment is, we believe, one of the chief reasons that adherence to AIDS therapy is so high within our projects -- and why death rates are so low.

Community health workers are lay people on the front lines who provide effective health services and support in countries reeling from AIDS. These nonprofessionals -- often living with HIV themselves -- are rooted in their communities, can be trained quickly and are less likely to emigrate in search of better wages and working conditions. They have deep knowledge of their communities, where they are familiar and trusted neighbors. With continuing training and support, they can rapidly form a strong and active force filling deadly gaps in health personnel and services.

Many programs have sought to rely on "volunteers" and deny these laborers pay for their services -- a model conceived in wealthy countries. But in poor countries this amounts to exploitation of the poorest to treat the sickest. It should be replaced by programs that ensure living wages, continuing training and a career path.

Community health workers cannot succeed alone; they are not an excuse to cut corners. Professional backup from doctors, nurses and medical officers is necessary to provide supervision and to treat referrals. But the pool of available health professionals in many African countries is too small to address basic primary-care needs and far from adequate to supply new donor-sponsored global health programs.

Unintentionally, the laudable U.S. efforts to fight AIDS and malaria in Africa can end up weakening primary health systems that are already crumbling by hiring doctors and nurses away from public clinics and hospitals where they are also desperately needed. When primary public health systems fail, disease-specific initiatives will also fail. The United States must get serious about increasing the overall supply and retention rates for health professionals in sub-Saharan Africa.

According to World Health Organization estimates, the U.S. share of the global cost of training and supporting a healthy workforce sufficient to meet internationally agreed-upon targets in sub-Saharan Africa is roughly $8 billion over five years.

On this World AIDS Day, we must match the audacity of President Bush's 2003 pledge with a complementary initiative for training and keeping enough new health professionals and community-level workers to fulfill the promises the United States has made.

Lola Dare is executive secretary of the African Council for Sustainable Health Development International. Jim Yong Kim and Paul Farmer are co-founders of Partners in Health International; both teach at Brigham and Women's Hospital and Harvard Medical School.

Keep Hope (WP)

The Washington Post, December 1, 2006

GLOBAL POVERTY stretches out across an endless plane, so the caravan of progress can sometimes appear stationary. Yet in fact there is advance: Since 1990 the proportion of the world's people living on $1 or less a day has fallen by a third, and primary school enrollment in developing countries has gone from 79 percent to 86 percent. One of the most heartening changes -- and the one for which aid donors most clearly deserve credit -- is improved access to medicines in poor countries. The number of people receiving AIDS drugs in sub-Saharan Africa has jumped tenfold in three years, and yesterday the William J. Clinton Foundation announced plans to boost AIDS treatment for children in 62 poor countries. Meanwhile, the Global Alliance for Vaccines and Immunization (GAVI), which since 2000 has prevented more than 1.7 million early deaths by supporting

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immunization programs, pledged Wednesday to accelerate the deployment of new vaccines for rotavirus, a diarrheal disease that kills 500,000 children a year, and pneumococcus, a major cause of pneumonia, meningitis and blood poisoning.

Over the past 50 years, vaccination campaigns have eradicated smallpox and contained polio, typhoid and measles. Because they do not require expert diagnosis or long-term treatment, vaccines are an especially formidable tool in countries with weak health systems. Some three-quarters of the world's children now receive a standard package of vaccines, saving 3 million lives a year and protecting millions more from disability. The cost of these programs per year of life saved comes to $20 in poor countries, according to the Center for Global Development. By contrast, medical interventions in the United States are considered cost-effective if they save a year of life for $50,000 or even $100,000.

Although vaccines are a bargain, they are not necessarily affordable. New ones have tended to be too expensive for poor countries, with the result that breakthroughs such as the Hib vaccine, which protects against one cause of meningitis as well as other killers, have remained virtually unknown in the poor world over a decade after their rollout in rich countries. This is the delay that GAVI promises to shrink. A pneumococcal vaccine was approved for use in the United States in 2000; it will be available in 10 countries in Africa and South Asia starting in 2008. Also in 2008, two rotavirus vaccines that were approved in the United States and Europe this year will be available in 13 low-income countries in Eastern Europe and Latin America. As the vaccines are improved and the evidence of their effectiveness strengthens, GAVI will expand its program.

We should still remember that some 800 million people go hungry and that 10 million children die each year before their fifth birthdays. But it's also important to keep hope: The wagon is advancing.

Washington Wire (WSJ)

The Wall Street Journal, December 1, 2006

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Democrats whomped Republicans in last month's midterms, but oddly enough they're still calling in the legal cavalry to contest one of the few races they narrowly lost.

That would be Florida's 13th Congressional District, which runs along the Gulf Coast from just south of Tampa to just north of Fort Myers. The certified winner is Republican Vern Buchanan, who beat Democrat Christine Jennings by fewer than 400 votes out of more than 237,000 cast. Two recounts, which were demanded by Democrats and required by law, have reconfirmed Mr. Buchanan's victory and slightly increased the margin.

Unbowed, the Dems are now suggesting that defective voting machines cost them the race. They point to Sarasota County's 18,000 "undervotes," or incidences where voters cast ballots in other races but not the Buchanan-Jennings contest. Ms. Jennings -- along with such liberal partisans as People for the American Way and the American Civil Liberties Union -- has filed a lawsuit contesting the results based on "statistical and eyewitness evidence of significant machine malfunctions" in Sarasota's iVotronic touch-screen system.

They want a court to declare Ms. Jennings the winner by -- get this -- using statistical models to extrapolate that she would have received most of the undervotes. Short of that, they'll settle for nullifying the November results and holding a new election. But among the many things that are strange here is that if anyone ought to be complaining about undervotes, it's the GOP. Sarasota is the largest and most Republican county in the district, yet the Democrat, Ms. Jennings, carried it handily. In fact, it's the only county in the district that she did carry, which makes it more likely that it was Republicans who declined to vote in the Congressional race, not Democrats.

And there are reasons so many voters might have taken a pass on this race while voting in others on the ballot. For starters, the Republican primary featured an exceptional amount of mudslinging. The primary was also a five-man race with four candidates from Sarasota County. Mr. Buchanan won the GOP nomination with just 32% of the vote, and some of his primary opponents either waited until the last minute to issue a public endorsement or never got around to it. So it's entirely possible that voters were turned off by the negative campaigning and chose neither Mr. Buchanan nor Ms. Jennings in silent protest.

By the way, undervoting isn't uncommon in the district. Two years ago, there were more than 12,000 Sarasota County undervotes in Democrat Jan Schneider's House race against Republican Representative Katherine Harris. The 2000 race for the 13th district seat, which predated the use of touch-screen voting machines, also featured a high number of undervotes.

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This week, Florida election officials began auditing the voting machines, which is the very thorough and transparent process for determining whether they worked properly on Election Day. There is still no evidence that the machines malfunctioned.

But never mind. Speaker-in-waiting Nancy Pelosi allowed Ms. Jennings to vote in House leadership elections last month, and Democrats could attempt to disallow the Florida certification and vote to seat Ms. Jennings in January unless a new election is granted. Democrats did precisely that in a contested Indiana House race 20 years ago when they last held Congress.

All of this underscores how anti-Bush hatred has unhinged the political left. They still see Karl Rove lurking outside every voting booth. The Buchanan-Jennings contest has become a particular rallying point for fears about electronic voting, and liberals now want the machines to provide paper trails in the event of a recount. This might be a reasonable request if it were made in good faith. But back during the Florida debacle in 2000, before touch-screen voting was widely used, the same Democrats and liberal columnists deplored the inaccuracy of paper ballots and those "hanging chads."

All of which suggests that their real problem is the outcome of the race, not the integrity of the voting process. Some liberals are so paranoid nowadays that they aren't happy even when they win.

When The Joneses Can't Keep Up (NYT)

The New York Times, December 1, 2006

An article in yesterday's Times about obstetricians who prefer working in Botox boutiques is a reminder that the growing gap between the rich and superrich has an impact on those of us who are neither. The article, by Natasha Singer, reported that family practitioners and emergency room physicians have also jumped over into the cosmetic treatment business because the money is so much better.

As The Times has noted in a series of recent articles, the very richest earners are increasing their earnings at twice the rate of their onetime peers, and the average-rich are taking resentful note. Investment bankers are jealous of hedge-fund wunderkinds and, from the sound of it, almost every last person in Silicon Valley is envious of the founders of YouTube (with the likely exception of the Google billionaires who bought their company).

It's hard for people flying in coach to have much patience with those in first class bemoaning their lack of a personal jet. Neither policymakers nor society at large need sympathize with the longing of millionaires to become billionaires. But we do need to worry about the effects on society as a whole when members of the educated elite think they are grossly underpaid. The more they feel as if they are losing ground against their peers, the more likely they are to ditch professions in which the pay is only good — like delivering babies — in favor of less useful careers in which the compensation is off the charts — like eliminating lines from wealthy people's foreheads.

America has long had a problem attracting enough well-trained people to important but not particularly well-compensated positions, like public defender, social worker or teacher. But an era in which a cancer researcher moves over into health-care management consulting because the pay is better — as Louis Uchitelle reported in The Times this week — is something else entirely.

Part of the explanation is undoubtedly a tax code that has sent the incomes of the wealthiest sliver of the nation into hyperdrive. Another might be the spike in education costs, which send many new doctors, lawyers and scientists out into the world armed with a diploma and a six-figure debt. But the bottom line seems to be that in 21st-century America, more people can't feel successful unless they're making a killing.

Dissent Weakens Coalition Pressing Iran On Nuclear Program (NYT)

By Helene Cooper

The New York Times, December 1, 2006

DEAD SEA, Jordan, Nov. 30 — After months of missed deadlines, threats and counterproposals in the effort to rein in Iran's nuclear ambitions, the fragile coalition of six world powers that has been facing down Tehran may be about to splinter.

Secretary of State Condoleezza Rice sounded fed up Thursday with Russia's refusal to sign on to the list of United Nations Security Council sanctions the United States would like to see enacted against Iran.

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A senior administration official in Jordan with Ms. Rice said the United States would soon be ready to force the issue by calling for a vote.

“Unity is not an end in itself,” Ms. Rice told reporters, in answer to a question about whether the United States was willing to sacrifice a tough sanctions resolution in order to keep the Russians on board. “I’m all for maintaining unity, but I’m also all for action.”

Her comments came during a roundtable with reporters on the outskirts of a democracy meeting with Arab leaders in Jordan.

The Iran sanctions issue has been a vexing one for Ms. Rice. It has been six months since the six powers — the United States, Russia, Britain, Germany, France and China — offered Iran a list of incentives to stop enriching uranium and threatened sanctions if Iran did not. In June, at the time of the initial offer, American officials said Iran had “weeks, not months” to comply.

Since then, Iran has not complied, and since September, the six powers have been working on a Security Council resolution. But Russia has balked at the tougher sanctions sought by the United States, Britain and France.

A new draft resolution under consideration at the United Nations has dropped all mention of sanctions against Iran’s first nuclear power plant at Bushehr, American and European diplomats said. The United States had initially proposed including Bushehr on the list of programs to single out, but Russia, which has been helping build the power plant with the Iranians, objected.

On Wednesday, Agence France-Presse reported that the International Atomic Energy Agency investigation of Iran’s nuclear program was still being hampered by unanswered questions about work hidden by Tehran for almost two decades.

Tehran says its nuclear program is for peaceful purposes, an assertion that is disputed by the United States and its allies.

A senior Bush administration official said that if the six powers could not come to an agreement on the sanctions resolution before the end of the year, the United States would seek to put a resolution up for a vote in a bid to force Russia to take a public stance.

U.S. May Pursue Iran Sanctions Even If Russia Balks (WP)

By Glenn Kessler

The Washington Post, December 1, 2006

DEAD SEA, Jordan, Nov. 30 -- Secretary of State Condoleezza Rice signaled Thursday that the United States is willing to risk a breach with Russia if the Russians do not soon sign on to a U.N. Security Council resolution to punish Iran for its nuclear activities.

"I am all for maintaining unity, but I am also in favor of action," Rice told reporters traveling with her as she devoted much of her day to other Middle East crises: trying to nurture a fledgling truce between Israel and the Palestinians, and attending talks in Amman, Jordan, between President Bush and Iraqi Prime Minister Nouri al-Maliki.

Six months ago, the United States said it would join European-led talks on Iran's nuclear programs if Iran agreed to halt uranium enrichment. Officials said at the time that they would give Iran "weeks, not months" to comply. But since Iran rejected the offer, the administration has engaged in difficult negotiations with Russia over the terms of a U.N. resolution to impose sanctions.

Until now, a key administration goal has been to keep the five nations on the Security Council that hold veto power, plus Germany, unified on the Iran issue. But Rice's remarks suggested that the administration's patience is waning and that officials could soon offer a resolution, daring Russia to veto it. Officials say they believe Russia would abstain instead, allowing passage of a resolution under Chapter 7 of the U.N. Charter.

Russia has strong business ties with Iran and is building a nuclear reactor in Bushehr, which it has sought to shield from the sanctions resolution.

"Obviously, we'd like to keep the unity of the P5-plus-one," Rice said, referring to the five permanent Security Council members and Germany, "but unity is not an end in itself. The goal is to get a resolution that makes sense in terms of convincing the Iranians that their behavior is not acceptable in the international community. We have to do something."

Rice, who is at this Jordanian resort to attend a conference on Arab democracy, devoted much of her day to trying to revive long-stalled peace talks between Israel and the Palestinians. Palestinian factions and Israel agreed this past weekend to a

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tenuous cease-fire in the Gaza Strip, and Israeli Prime Minister Ehud Olmert offered to release some Palestinian prisoners, reduce controls on the movement of people and goods in Gaza and the West Bank, and restart negotiations to create a Palestinian state.

Rice met first with the Palestinian Authority president, Mahmoud Abbas, in the West Bank city of Jericho before traveling to Jerusalem, where she met with Olmert and Israeli Foreign Minister Tzipi Livni.

In Jericho, Abbas announced that months of talks to establish a unity government had "unfortunately reached a dead end." The victory by the Islamic Resistance Movement, or Hamas, in legislative elections in January resulted in a cutoff of international aid, so Abbas, who heads the rival Fatah party, said the failure of the talks "is very painful for us because we know how badly the people have been suffering over the last nine months. All options are open, with the exception of civil war, which we will never accept."

Saeb Erekat, chief Palestinian negotiator and a Fatah legislator, said Abbas sought Rice's help on several issues. He asked her to work with Egyptian officials to support a so-far elusive exchange of hundreds of Palestinian prisoners in Israeli jails for Israeli army Cpl. Gilad Shalit, who has been held by Palestinian gunmen since late June.

Abbas also urged Rice to press Israeli officials to adhere to the terms of an agreement she helped broker last year governing the operation of the crossings between Israel and Gaza, Erekat said. Citing security concerns, Israel has kept the key cargo passages closed for much of the year.

Lebanese Sunni-dominated Security Forces Swell (LAT)

By Megan K. Stack

The Los Angeles Times, December 1, 2006

Beirut — The Lebanese government has nearly doubled the size of its security forces with some 11,000 mostly Sunni Muslim and Christian troops in recent months, and armed them with donated weapons and vehicles from the United Arab Emirates, a Sunni Gulf state.

The dramatic increase in interior ministry troops, including the creation of a controversial new intelligence unit and the rapid expansion of a commando force, is meant to counter the growing influence of Iran and its ally here, Hezbollah, Cabinet minister Ahmed Fatfat said in an interview this week.

The quiet, speedy troop build-up indicates that Lebanon's anti-Syria ruling majority, led by Premier Fouad Siniora, has been bracing itself for armed sectarian conflict since the withdrawal of Syrian forces in the spring of 2005. It also reflects growing tensions across the region between U.S.-allied Sunnis who hold power in most Arab nations and the growing influence of Shiite-ruled Iran and Hezbollah.

Over the past week, government officials have moved some 8,000 additional troops -- 5,000 from the army and 3,000 from the expanded Internal Security Force -- into Beirut in preparation for a massive, Hezbollah-led demonstration set to begin Friday, Fatfat said. Hezbollah chief Sayed Hassan Nasrallah has summoned his loyal followers to flock into the capital from all over the country -- and to stay in the streets until the government collapses.

About a month ago, the new ISF troops were outfitted with weapons and equipment donated by the United Arab Emirates, an opulent confederation of Sunni states, said Fatfat, a Sunni Cabinet member who brokered the deal while serving as Lebanon's interior minister.

Fatfat spoke this week from within the prime minister's offices, where he and other Cabinet ministers have been sleeping and working under tight guard of gunmen and armored personnel carriers. With talk of civil war weighing heavily on the capital and threats of bloodshed flying, the pro-Western ministers fear for their lives.

"In Lebanon, it is dangerous to make politics. When I went into politics in 1991, I paid off (my pension) and took out an American life insurance policy," Fatfat said. "But now it is more serious . . . (Hezbollah and its allies) are trying to make a coup d'etat."

Even now, the military capability of the ISF is inferior to both Hezbollah and the Lebanese army, analysts say. But the ISF is the only Lebanese armed force that is devoted, analysts say, to protecting the embattled, Sunni-led coalition now struggling to cling to power.

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Nasrallah, who has declared Fatfat and the rest of the government illegitimate tools of American interests, controls a heavily armed, openly religious militia of Shiite guerrillas. The mixed-sect Lebanese army, which has at least 60,000 ground forces, is overseen by Christians, but is believed to have no strong political allegiances overall.

The role of the United Arab Emirates in the reinvention of the ISF illustrates the broader, regional implications of tensions between Lebanon's Sunnis and their Christian and Druze allies on one side, and Shiite Hezbollah, which has tight ties to both Iran and Syria.

"All of the Arab governments . . . are afraid of the big strength of Iran in all the Middle East," Fatfat said. "In Lebanon, it seems we are an arena between Syria and Israel, but there's a new role for Iran."

The U.S.-led toppling of Iraq's Sunni-dominated regime in 2003, along with the growing power and ambition of Shiite-led Iran, has dramatically fed tensions and fears between Islam's two major sects, analysts say. Sunnis around the region, especially the U.S.-backed Sunni governments of the oil-rich Arab Gulf, have grown increasingly fearful of Shiite power. That animosity has seeped into Lebanon, especially since the strong military performance of Hezbollah against Israel in the summer war.

"After the coming of Americans to Iraq and the revival of the Shiites, everybody is talking along confessional lines," said Elias Hanna, a military analyst and retired Christian general in the Lebanese army.

The U.S. refused earlier this year to donate weaponry to the Lebanese interior ministry, Fatfat said. Still, the U.S. administration is friendly with the United Arab Emirates, and the creation and arming of anti-Hezbollah forces in Lebanon are widely seen to be in Washington's interest.

"Part of the U.S. strategy there is predicated on building the capability of Lebanese forces," said Dan Byman, director of security studies program at Georgetown University and a former Middle East analyst at the CIA.

The U.S. government would like to see Lebanon capable of defeating Hezbollah militarily if need be, he said, "which right now, is not the reality."

Until Damascus was forced to withdraw its soldiers from Lebanon last year, the Interior Ministry was in the hands of Suleiman Franjieh, a Christian with lifelong ties to the Syrian regime. Back then, about 13,000 ISF troops were stationed in Beirut. Most of them had no guns.

In those days, about a quarter of the ISF troops were Shiite, said Amin Hoteit, a military analyst and retired Shiite general in the Lebanese army. Through contacts in military circles and the ISF, Hoteit says he has mapped the sectarian evolution of the ISF troops.

Under de facto Syrian administration, the Interior Ministry didn't have a large enough budget to arm its troops, who were deliberately marginalized in the face of a powerful, Syrian-run Lebanese army, Fatfat said.

That changed shortly after the Syrian withdrawal, when Siniora's government, heady with anti-Syria and independence slogans, was swept to power in national elections. The ministry was taken over by pro-Western Sunnis. A flurry of recruitment rapidly grew the ranks of the ISF to 24,000 troops. To the dismay of many Shiites, the government poured millions of dollars into a new intelligence agency and increased five-fold the black-clad commando unit known as the Panthers.

"The Shiites are very upset. They don't understand why there's this new intelligence agency and they're not represented in it," said Timur Goksel, a Lebanese military analyst and longtime U.N. negotiator. "They feel things are going on, but they don't know what."

At the same time, the proportion of Shiite recruits to the ISF has dropped drastically, shifting the sectarian balance to favor Sunnis and Christians, Hoteit said. Under Siniora, only about 1,000 of the 11,000 new troops were Shiites, he said. More than 4,000 were Sunnis, he said.

Although Lebanon already had three intelligence agencies, last December's assassination of anti-Syria lawmaker Gibran Tueni convinced the government that Lebanon needed a new, anti-Syria intelligence group, Fatfat said. The charge was led by Saad Hariri, head of the parliament's majority bloc and communal leader of the Sunni sect. Hariri's father, former premier Rafik Hariri, was also assassinated last year in a bombing attack widely blamed on Syria.

The move to equip the intelligence agency and to install surveillance cameras on the streets of Beirut met tremendous political resistance from Hezbollah and Amal, the two Shiite parties, Fatfat said. Fatfat acknowledged that Sunnis and Christians dominate the ISF, but said that Shiites also have a more sizable presence than Hoteit's figures indicate.

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Whatever the exact proportion of Shiites, popular perception writes off the ISF an armed wing of the Sunni sect and a staunch backer of Siniora's government. Both on the street and among analysts, there is a conviction that Siniora, Hariri and Fatfat developed the ISF to protect Sunni, pro-Western interests in Lebanon.

"There is no trust of the (ISF) here, they are seen as a sectarian, Sunni force," Goksel said. "Not just the Shiites say it, but the Christians too: That it's to make up for the lack of a Sunni militia."

With Hezbollah vowing to drive the government out of office in coming days, there is growing trepidation among many Lebanese over whether the ISF will become involved in street fighting.

There are also worries over what the ISF would do in case of civil war. Lebanon has a complicated history of official, armed forces dividing along sectarian lines, or devolving into militias, during religious strife.

"The ISF is now perceived as a threat by the Shiites," said Patrick Haenni, a Beirut-based analyst for the International Crisis Group. "The fear of the ISF is because it's very close the government."

Hezbollah Sets Anti-Government Protest, Sit-In (WP)

By Anthony Shadid

The Washington Post, December 1, 2006

BEIRUT, Nov. 30 -- In a dramatic day of dueling statements, Hezbollah's leader called on his supporters and allied forces to pour into Beirut on Friday to bring down the U.S.-backed government, a move Lebanese Prime Minister Fouad Siniora compared to a coup attempt. He insisted that the government would fall only through a vote of parliament, not a show of force in the streets.

The call Thursday by Hezbollah leader Hasan Nasrallah for a protest and open-ended sit-in marks the sharpest escalation yet in a month-long crisis that may decide the direction of Lebanese politics for years ahead, and it represents a potentially precarious step along Beirut's many fault lines of politics, ideology and sect. Lebanese newspapers have described Nasrallah's call as the "zero hour"; Siniora, in a forceful nighttime speech, repeatedly characterized the coming period as "decisive days."

"Lebanon's independence is threatened and its democratic system is in danger," the prime minister said in a televised address from the government headquarters. "Threats will not deter us. Maneuvers and ultimatums will not terrorize us."

He ended with words he used during this summer's war between Israel and Hezbollah, a radical Shiite Muslim movement: "Lebanon will remain, will remain, will remain."

On one level, the crisis pits Hezbollah and its allies, backed by Iran and Syria, against a government, supported by the United States and France, that sees Hezbollah's demands for greater representation in the cabinet as excessive and destabilizing. But in the background are broader struggles over the country's foreign policy -- whether to tilt toward the United States or Iran -- and the power of the Shiite community, Lebanon's largest but long disenfranchised.

In an unusually short televised speech, Nasrallah stressed that the demonstration should be "civilized and peaceful." Sitting before flags of Lebanon and Hezbollah, he spoke slowly, seeming grimmer than he has in past statements, which have often run an hour.

"We have found that negotiations and consultations have hit a wall because the ruling group insists on monopolizing power," Nasrallah said. "We have no choice left but that of a popular movement to put pressure and to achieve this goal."

Within minutes, residents of Beirut's largely Shiite southern suburbs, Hezbollah's stronghold, set off fireworks to celebrate.

"There is no way to overthrow this government except through the parliament," Siniora answered. More fireworks followed his speech, and cars moved through the downtown streets with horns honking.

Hours after Nasrallah's call, Beirut braced for Friday's protest and sit-in. The military has put thousands of troops into the streets, placing armored personnel carriers, roadblocks and barbed wire around the government building and parliament, where Siniora and other ministers have taken up residence. After nightfall, fortifications went up at the nearby U.N. headquarters, within walking distance of the site of Friday's protest.

The crisis has paralyzed Lebanese politics, largely because hardly anyone sees how the struggle can be resolved. Hezbollah has demanded a share of the cabinet that would effectively give it a veto over political decisions, a move Siniora's government has rejected. In the speeches Thursday, neither side suggested there was a negotiable way out.

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Yet some residents expressed satisfaction Thursday that protests threatened since the end of October would finally arrive. Siniora's supporters seemed confident Thursday night, with some sensing that Hezbollah was playing its last card. If the protests fail to topple the government, they said, Hezbollah will be left with few options to try to force change.

"They have the right to demonstrate, and they are more than welcome to stay in the street for as long as they want," said Marwan Hamadeh, the telecommunications minister. "The government is not going anywhere."

Rice Urges Mideast Leaders On Peace Deal (AP)

By Anne Plummer Flaherty

AP, December 1, 2006

Secretary of State Condoleezza Rice tried to build momentum Thursday for a fragile cease-fire agreement between the Israelis and the Palestinians, urging both sides to expand the peace deal beyond the Gaza territory.

But U.S. options were limited, as Palestinian President Mahmoud Abbas said he was finished negotiating with radical Islamic militants who assumed control of the Palestinian government in January. Abbas has been trying to create a new unity government that would lift an international aid boycott, but elected Hamas leaders have refused to meet demands by the West and Israel that they renounce violence against Israel and recognize it as a state.

After a blitz of diplomatic meetings, Rice said she was still hopeful the small window of opportunity afforded by the cease-fire could be expanded into a long-lasting peace agreement.

"You don't expect great leaps forward," Rice told reporters. "You expect just progress and I think we've seen progress."

Rice met briefly with Abbas in the West Bank town of Jericho before driving to Jerusalem to meet separately with Israeli Prime Minster Ehud Olmert and Israeli Foreign Minister Tzipi Livni.

"Hopefully we can take this moment to accelerate our efforts and intensify our efforts toward the two-state solution that we all desire," Rice said at a news conference with Abbas.

Moderate Arab leaders consider a political deal between Israel and the Palestinians a necessity to quieting violence throughout the region, including Iraq and Lebanon.

U.S. and Iraqi officials briefed President Bush Thursday on a plan to accelerate the capability of the Iraqi security forces so U.S. troops can come home sooner. Rice said Bush is considering the recommendations and other proposals and recognizes the Iraq war is not making as much progress as hoped.

Rice said the U.S. would address Iraq and the Israeli-Palestinian conflict on their own merits, but that they were linked.

"What is clear is that in all of those places, you have the obvious contest between moderate forces and extremist forces, and I think that's what common to all of them," Rice said. "And you do have in all of those cases as well an Iranian factor that is undeniable."

Regarding Iran, Rice said the U.S. would continue to press Tehran to stop its nuclear program, even without a detailed international agreement.

"Unity is not an end to itself," she said. "The goal is to get a resolution that makes sense in terms of convincing the Iranians that their behavior is not acceptable in the international community."

The recent cease-fire ended a five-month Israeli military offensive in the Gaza Strip and the firing of rockets by Palestinian militants from Gaza into Israel. Olmert on Monday announced he was prepared to grant Palestinians a state, release desperately needed funds and free prisoners if they choose the path of peace.

But prospects for real progress were dimmed by the political roadblock facing Abbas on Hamas' hardline position.

"Unfortunately now we have reached an impasse," Abbas said.

Asked about Abbas' options now, Rice declined to get involved.

"That's for the president to decide — he's the elected official, not me," she said.

Rice accompanied Bush during morning sessions concerning Iraq in nearby Amman before breaking away for her meetings later with the Palestinian and Israeli leaders.

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"Our government strongly believes in the two-state solution," Bush said Thursday at a news conference attended by Rice. "I believe it's in the Palestinian people's interest that they have their own state and I believe it's in Israel's interest that there be a democracy on her border and therefore we're working to that end."

The United States is under pressure from moderate Arab states to urge Israeli restraint and help Palestinians trying to cross the borders. Egyptian Foreign Minister Ahmad Abou al-Gheit told reporters the U.S. must "encourage Israel to soften the measures that they have been applying, at least in the West Bank."

Rice said she hoped a lasting cease-fire would help alleviate those concerns. She also said the Bush administration wants to ask Congress for money to aid the development of a tougher Palestinian security force.

"It goes without saying that if you want the Palestinians to take more responsibility for security, then they have to have adequate security forces to do it and I think the Israelis understand that," Rice said in a media round-table following a summit meeting.

Foreign Ministry spokesman Mark Regev told reporters that Olmert wants to extend the cease-fire to the West Bank once it has proven effective in the Gaza Strip.

Afterward, Rice attended a U.S.-backed Mideast democracy and development summit in Jordan, where she met with foreign ministers from the Gulf Cooperation Council, as well as Egypt and Jordan. The council is composed of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Rice Presses Palestinians, Israelis To Extend Ceasefire (AFP)

By David Millikin

AFP, December 1, 2006

US Secretary of State Condoleezza Rice pressed Israeli and Palestinian leaders to expand a fledgling ceasefire as a step toward reviving their moribund peace process and easing conditions for millions of Palestinians.

Rice met with moderate Palestinian president Mahmud Abbas in the West Bank town of Jericho and then with Israeli Prime Minister Ehud Olmert in Jerusalem as the fragile truce covering the troubled Gaza Strip enclave entered its fifth day.

"We hope (the truce) will be consolidated so that it can be extended because we would hope in time for a comprehensive ceasefire," Rice said during a joint news conference with Abbas -- a message she repeated after her Jerusalem talks.

The ceasefire has become a main focus of peacemaking efforts after Abbas acknowledged the failure of a months-long bid to create a new Palestinian government amenable to Israel and the West.

He said the negotiations with the radical Islamist movement Hamas, which won control of the self-rule government in elections earlier this year but has been blacklisted by Israel and most Western governments as a terrorist organisation, had "unfortunately reached a dead end".

Abbas aide Yasser Abed Rabbo said "unprecedented political measures" would soon be announced following the collapse of the power-sharing talks.

Israel, the US and the European Union have imposed a devastating aid boycott on the Hamas-led government because it refuses international demands to renounce violence or recognise Israel's right to exist.

The boycott has caused severe hardship for the Palestinians and fed pressure, notably from moderate Arab states, for the US to make a more concerted effort to end the stalemate.

After her talks in Israel, Rice met at a Dead Sea resort in neighboring Jordan with foreign ministers from the six Gulf states, Jordan and Egypt, who renewed the appeal, Egyptian Foreign Minister Ahmed Abul Gheit said.

Gheit told reporters the Arab ministers urged Rice "to encourage Israel to soften the measures that they have been applying, at least in the West Bank".

He said the foreign ministers also backed the demands for a widening of the ceasefire.

Under the current terms of the truce, Palestinian armed groups in Gaza agreed to halt rocket attacks against the Jewish state in exchange for an Israeli troop withdrawal from the territory.

Despite isolated rocket fire the truce has held, ending five months of bloodshed in the Gaza Strip which has left some 400 Palestinians and three Israeli soldiers dead in the territory.

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Israeli officials said that if the Gaza ceasefire succeeded, they would be willing to extend it to cover the West Bank and take steps to ease onerous travel restrictions on Palestinians in both areas -- something Rice has been urging for months.

"If the ceasefire works in Gaza, you can duplicate in the West Bank," said foreign ministry spokesman Mark Regev shortly before Rice met with her Israeli counterpart, Tzipi Livni, who is also deputy prime minister.

Regev reaffirmed an offer first made in a speech by Olmert on Monday -- to open key crossing points into the Gaza strip, cut back checkpoints and roadblocks and restrict army operations in the West Bank if security forces loyal to Abbas enforce the ceasefire.

Israel's benchmarks for the ceasefire are a halt to rocket attacks from Gaza, an absence of suicide bombings and an end to the smuggling of arms and explosives through tunnels under the frontier between Gaza and Egypt, he said.

"We don't want the ceasefire to be used by some as a time-out for upgrading the strategic capabilities" of terrorists, Regev said.

To bolster the truce, Abbas asked Rice to help gain quick Israeli approval for the deployment to Gaza of 1,500 fighters from Jordan-based Palestinian militia the Badr Brigade which is loyal to the moderate leader, a Palestinian official said.

Abbas also wants Israel to permit the provision of funds and arms to his own security force, the official added.

Rice, on her seventh trip to Israel and the Palestinian territories in two years, did not go into specifics about what kind of steps she had asked the Israelis to take.

There was no indication that her latest effort will produce any significant breakthrough in a peace process which has been frozen since the outbreak of a popular Palestinian uprising in 2000.

Abbas Says Palestinian Unity Talks Have Reached An Impasse (NYT)

By Helene Cooper

The New York Times, December 1, 2006

DEAD SEA, Jordan, Nov. 30 — Talks to form a Palestinian unity government are at a dead end, the Palestinian Authority's president, Mahmoud Abbas, said Thursday, ensuring that the Bush administration's plan to start pushing hard for a Middle East peace initiative will stay in a deep freeze for now.

Mr. Abbas gave his grim assessment about the state of talks between his Fatah faction and Hamas, the militant faction that controls the Palestinian government, after a one-hour meeting with Secretary of State Condoleezza Rice in Jericho, in the West Bank. And while this is the second time Mr. Abbas has declared the unity talks dead — he did so in October, and talks resumed this month — there was a sense of defeat at the press briefing, which Mr. Abbas conducted with Ms. Rice.

"We wanted a cabinet capable of easing the suffering of our people," Mr. Abbas said. "This is very painful for us because we know how badly the people have been suffering over the last nine months."

The United States and European governments have said they will continue to boycott the Palestinian government and withhold aid from it until there is a change to a government with which they can do business. That would mean the resignation of the current Hamas administration, which came to power nine months ago in an election, and an agreement on a political program that at least could be interpreted to mean an acceptance of the West's three conditions: recognition of the right of Israel to exist, the rejection of violence and an acceptance of previous Israeli-Palestinian initiatives.

Ms. Rice, who is in Jordan for a democracy forum, took a six-hour side trip to Jericho and Jerusalem as part of the administration's new effort to address repeated requests from its Sunni Arab allies that the United States do more to push forward a peace initiative in the Middle East.

She spent more time shuttling between Jordan, Jericho and Jerusalem than in her lightning-quick meetings with Mr. Abbas and with Prime Minister Ehud Olmert and Foreign Minister Tzipi Livni of Israel.

American officials said they had hoped to use this trip to build on the fragile Gaza cease-fire reached Saturday between the Israelis and the Palestinians, and perhaps to start a Middle East peace initiative. That hope was bolstered Monday after Mr. Olmert offered to release Palestinian prisoners in exchange for a captured Israeli soldier and said he was reaching out "for peace."

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But chances for a new initiative evaporated Wednesday after the Hamas leader, Prime Minister Ismail Haniya, took off on a monthlong trip to visit Arab allies, a clear indication that the unity talks between Hamas and Fatah had reached an impasse.

On Thursday, Israeli soldiers in the West Bank shot and killed a 16-year-old Palestinian, who they said had thrown explosives at them.

Mr. Abbas said he was considering new options to get around the unity-government impasse, but he declined to elaborate. “In the past few days we have come to the conclusion that the doors are locked,” he said. An Abbas aide, Yasir Abed Rabbo, said Mr. Abbas would take “unprecedented political steps.”

Referring to Mr. Abbas, Ms. Rice told reporters, “He gave Hamas its chance.” She added, “I think you’re going to see forward movement now on a number of fronts.”

American, Israeli and Palestinian officials said options included dissolving the Palestinian government and calling for elections. But it is unclear whether the Palestinian constitution allows for such a step and how it could be brought about.

The United States and Israel would welcome the dissolution of the Hamas-led government, particularly if new elections showed that Palestinians had become fed up with Hamas and voted out its representatives. But Hamas unexpectedly won the previous parliamentary elections, ousting Mr. Abbas’s Fatah party.

President Bush offered his support to Mr. Abbas. The Palestinian leader, he said, “deserves the support of the world and he deserves support in peeling his government away from those who do not recognize Israel’s right to exist.”

Rice Urges Widening Of Gaza Cease-fire (WT)

By Joshua Mitnik

The Washington Times, December 1, 2006

TEL AVIV -- On a quick swing of shuttle diplomacy in the West Bank and Jerusalem, Secretary of State Condoleezza Rice yesterday praised Israelis and Palestinians for efforts to restart peace negotiations while urging both sides to widen a five-day-old truce in the Gaza Strip.

With President Bush in Amman, Jordan, for strategy talks with Iraqi Prime Minister Nouri al-Maliki, Miss Rice stopped first in Jericho to meet with Palestinian Authority President Mahmoud Abbas, who informed her that talks with Hamas to set up a unity government had reached an impasse.

In Jerusalem, the secretary of state held separate meetings with Israeli Foreign Minister Tzipi Livni and Prime Minister Ehud Olmert.

The detour into Israel and the West Bank was set up this week after Mr. Olmert delivered a conciliatory speech to the Palestinians offering a state with contiguity and sovereignty, in addition to a list of gestures aimed at relieving economic pressure on the Palestinian public.

"I also appreciate the statement of restraint that the Israeli government has issued concerning the cease-fire because it is quite fragile, but we would like to see it consolidated and extended," Miss Rice said alongside Mrs. Livni.

Officials said no breakthrough was expected to come out of the talks and that the primary purpose was to demonstrate U.S. involvement despite only a faint glimmer of optimism for an end to the hostilities.

The Gaza cease-fire has ended five months of violence in which 375 Palestinians were killed and which brought Israel to the brink of ordering an all-out invasion into Gaza.

The Palestinians want to expand the cease-fire to the West Bank, but the Israeli security establishment probably will recommend against that in the short term.

Mrs. Livni said the truce and Mr. Olmert's speech made for "a special week."

"I'm seeking the implementation of the cease-fire," she added.

The Israeli foreign minister also updated Miss Rice on the Egyptian-mediated negotiations to release Cpl. Gilad Shalit, whose abduction in June spurred a major Israeli push into the Gaza Strip.

In Jericho, Miss Rice heard Palestinian pleas to lift roadblocks in the West Bank and stop the growth of Jewish settlements in the region.

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Few observers expect Mr. Abbas to be able to rein in scores of gunmen responsible for firing rockets, but the photo opportunity with Miss Rice and the potential for a renewed negotiations are helping to bolster his standing at a time of increasing anarchy among Palestinians.

The breakdown of the Palestinian unity government talks between Mr. Abbas and Hamas could doom chances of a wider deal on a prisoner swap for Cpl. Shalit.

A U.S. official said that the secretary of state's "last-minute" trip was designed as a briefing on Israeli and Palestinian thoughts about the latest cease-fire -- the third major truce between the sides since the start of the uprising in 2000. The official acknowledged that Mr. Olmert's speech contained few new ideas, but added that it didn't matter.

"It's true this wasn't something new and novel, but you don't need something new and novel when you can move back on the track," the official said.

In Somalia, Rare Suicide Attack Kills 5 (WP/AP)

The Washington Post, December 1, 2006

MOGADISHU, Somalia, Nov. 30 -- Three bombers exploded cars outside the base of Somalia's interim government Thursday, killing themselves and five other people, officials said. The government blamed foreign al-Qaeda fighters for the attack, which was believed to be only the second suicide bombing ever in the country.

Deputy Defense Minister Salad Ali Jelle said the bombers detonated the explosives as police tried to inspect their vehicles at a government checkpoint outside Baidoa, the only town the government controls. One of the bombers reportedly was a woman.

Jelle said the dead included two policemen and three accomplices of the bombers. Four civilians were wounded.

A policeman at the scene, Mohammed Ahmed Mohamud, said three non-Somali men were captured at the checkpoint. There have been numerous reports of foreign Islamic radicals coming to Somalia to join the fighting.

The Islamic movement that controls most of southern Somalia denied that it was behind the bombing. "Terrorism is not our principle, and we have nothing to do with what has happened," said Mohamed Ibrahim Bilal, a spokesman for the movement.

Tensions are high in Somalia, where the Islamic movement and the interim government are vying for control. The Islamic group has steadily gained ground since seizing the capital, Mogadishu, in June. A confidential U.N. report obtained last month said that as many as 8,000 Ethiopian troops are in the country supporting the government.

Ethiopia has acknowledged sending military advisers to help the Somali government. Earlier Thursday, the Ethiopian Parliament authorized military action if Ethiopia was attacked by the Islamic movement.

Somalia has not had an effective government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another.

Rice Prods Congress On India Nuke Bill (AP)

By Foster Klug

AP, December 1, 2006

Secretary of State Condoleezza Rice says relations with India could suffer if Congress fails to satisfy White House objections to legislation that would allow shipments of U.S. civilian nuclear fuel to India.

Critics of the plan say the Bush administration wants to remove what they say are the few remaining restraints against the spread of nuclear weapons. The plan, which President Bush considers a priority, would reverse decades of U.S. anti-proliferation policy.

Rice's misgivings were expressed in a letter to leading lawmakers that The Associated Press obtained Thursday.

Her intervention could complicate prospects for approval of the legislation. Lawmakers are trying to finish work on a final version of the bill before they leave for the year. They must reconcile competing bills passed by the House and Senate.

Rice's letter attempts to deal with objections from both the administration and India.

For example, before the U.S. could begin nuclear cooperation with India, the president would have to determine that India was "fully and actively" helping U.S.-led efforts to confront Iran's nuclear program, according to the Senate's version.

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Rice said this would be viewed by India "as adding additional conditions" to the original agreement and "could reopen the terms of the initiative to renegotiating."

Rice also cited a section in the Senate bill that would ban the transfer of nuclear enrichment and reprocessing equipment or facilities to India. "It is not appropriate to single out India, which has been a responsible steward of its nuclear technology," she wrote.

Supporters say the accord strengthens an important relationship with a friendly Asian power that long has maintained what the United States considers a responsible nuclear program.

"There's been a consistent sense by the Indian side that there's been a movement of the goal posts" as Congress considers an agreement reached in July 2005 by Bush and Indian Prime Minister Manmohan Singh, said Rep. Joseph Crowley, D-N.Y.

"The failure to follow through on the reached agreement between the two countries would send a very negative message to India," Crowley said.

Critics say the plan could boost India's nuclear arsenal and spark an arms race in South Asia.

"It's not a good day for nuclear nonproliferation," said Rep. Edward Markey, D-Mass. "Apparently, Secretary Rice is allergic to even these few nonproliferation fig leaves which have allowed the flawed agreement to proceed."

Bush Calls Latin American Presidents (AP)

AP, December 1, 2006

President Bush called two Latin American presidents Thursday whose countries are in the middle of leadership changes.

Bush's calls to outgoing Mexican President Vicente Fox and Ecuador's President-elect Rafael Correa came as the U.S. leader was flying back to Washington after a four-day trip overseas.

Bush called Fox to wish him well as he ends his presidency Friday with the inauguration of President-elect Felipe Calderon, said National Security Council spokeswoman Kate Starr. Starr said the call and the other to congratulate Correa each lasted a few minutes.

The left-leaning Correa has worried Washington with calls to limit foreign debt payments. He is friends with anti-U.S. President Hugo Chavez of Venezuela. Correa has called President Bush "dimwitted" and wants to limit U.S. military activities in Ecuador.

Starr said Bush congratulated Correa personally and the Ecuadorian people more broadly for their commitment to democracy. "The two leaders expressed their interest in working together to solve common problems," Starr said.

Mexico's Besieged New Leader Faces Tough Challenges (NYT)

By James C. McKinley Jr.

The New York Times, December 1, 2006

MEXICO CITY, Nov. 30 — It is a measure of the problems Felipe Calderón will confront as president when he is sworn in on Friday that both his conservative supporters and leftist opponents have camped out on the dais in Congress where the ceremony is to take place.

The leftists swear they will stop Mr. Calderón from taking the oath of office. The conservatives vow to ensure that he does. The standoff has become comic, as legislators from both sides have stayed up all night singing ranchero songs in between hurling fists and insults.

But the antics in Congress reflect a real gulf between people throughout this country that opened during the hotly contested national elections in July. They also reveal the paralysis that Mr. Calderón will have to overcome to deal with a range of pressing issues from job creation and poverty relief to a worsening war between drug cartels and violent social strife.

Mr. Calderón won by a bare 240,000 votes, and his main opponent, Andrés Manuel López Obrador, a populist former mayor of Mexico City, has never conceded defeat, charging that the presidential election was rigged against him by a powerful alliance of businessmen and President Vicente Fox, who belongs to Mr. Calderón's conservative National Action Party.

That Mr. López Obrador's supporters do not recognize him as the winner is only one of Mr. Calderón's woes. More than 2,000 people have died this year in an underworld war between drug cartels, among them scores of police officers and other law enforcement officials.

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The United States, meanwhile, has hardened its position against illegal immigration, a traditional escape valve for the unemployed. And the southern state of Oaxaca continues to be crippled as leftist protesters seeking the ouster of the governor have clashed repeatedly with government paramilitary groups, leaving more than a dozen people dead and scores wounded.

What is more, Mr. López Obrador, the candidate of the leftist Democratic Revolutionary Party, has declared himself "the legitimate president" of Mexico. He has set up a shadow government and has promised to call mass protests any time Mr. Calderón makes decisions on policy that the leftist party does not agree with.

While Mr. López Obrador is clearly running the risk of becoming a professional political gadfly, he also threatens to be a permanent thorn in the side of Mr. Calderón's presidency.

Mr. Calderón, 44, the man who must take on these challenges, possesses little charisma, even his admirers admit. But he is a stubborn and pragmatic politician.

"He lacks worldliness, he lacks vision, but it is nothing that cannot be learned, and there comes into play his tenacity," said Germán Dehesa, a writer and columnist.

Political analysts say it would be a mistake to underestimate Mr. Calderón, who holds advanced degrees in law, economics and public administration. The son of one of the Nation Action Party's founders, he has been active in politics since he was a youth and became the party's youngest leader in its history in 1993.

Most recently, he served for 13 months in the Fox administration, first as the head of a development bank and then as energy minister. He served two terms in Congress and proved to be a tough negotiator when he was the head of the party's delegation from 2000 to 2003, good at forming coalitions and bridging partisan differences. That is a skill he will need to navigate the rough waters ahead — and one Mr. Fox never seemed to possess.

"Felipe Calderón is a very young man, an intelligent man, who is clear about the relations he must have with political forces, relations that President Fox never had," said Jaime Sánchez Susarrey, a conservative columnist.

Mr. Calderón's campaign revealed his ability to surprise. He soundly beat Mr. Fox's chosen candidate for the party's nomination last year and then went on to narrowly defeat Mr. López Obrador with a well-oiled negative campaign. Only six months earlier, the leftist candidate had been predicted to win by at least 10 percentage points.

Since the nation's highest electoral court declared him the winner in early September, Mr. Calderón has done his best to call for unity and reconciliation. He has said his top priorities will be fighting poverty and reducing crime. He has promised tax incentives to spur investment and vows to reorganize Mexico's fractured and ineffective police forces to take on drug cartels.

"In the light of all the problems and national challenges, now is the time for unity and not futile divisions," he said in a recent speech.

His choices for cabinet members have suggested that he may take a hard line against the sort of civil disobedience that has disrupted Mexico for the last few months. For instance, he appointed Francisco Ramírez Acuña, a former governor of Jalisco, to the all-important post of interior minister. As governor, Mr. Acuña gained notoriety for brutally quashing leftist protesters in May 2004.

Mr. Calderón has also tapped a former high-ranking official of the International Monetary Fund, Agustín Carstens, to lead his budget office, sending a signal that he intends to follow a tight monetary policy, keep inflation low and avoid overspending on public programs.

The country Mr. Calderón inherits on Friday has changed in many ways since 2000, when Mr. Fox's election ended the 71-year monopoly on power held by the Institutional Revolutionary Party. Under Mr. Fox, Mexico has become a country with stronger democratic institutions, vociferous public debate and the end of an imperial-style presidency.

Mr. Fox managed to put an end to decades of economic mismanagement. He also made some headway with social programs, particularly a vast public housing initiative that provided low-cost mortgages to millions of households. The number of families living in desperate poverty has dropped.

But Mr. Fox's tenure was a disappointment in many other ways.

As the election made clear, social divisions and a lack of opportunity still define the country. At least a quarter of working-age Mexicans labor in an underground economy, selling contraband in street markets or washing cars in parking lots. Some 400,000 emigrate to the United States every year in search of work.

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Mr. Fox also failed to get key energy and tax reforms through a divided Congress. Oil production at the government-owned oil monopoly has begun to fall, even as the government continues to depend on oil revenues rather than tax collection, a barrier to deeper political reform.

Nor did Mr. Fox take on the public and private monopolies, like those in energy and telecommunications. Changes in labor laws never made it to Congress, and Mr. Fox was unwilling to curb public employee unions, particularly the teachers' union.

Mr. Calderón will now have to address the leftover slate of issues. One of his greatest challenges will be to create jobs that could finally begin to reduce Mexico's vast income gap, one of the widest in the world. But to do that he will need to form alliances in the divided Congress to push through the changes that Mr. Fox could not.

He will face opposition from some of Mexico's business leaders, who have fought attempts to break the dominance of a few big companies. It will be hard, since many of them also backed his campaign. He must also take on powerful unions that oppose competition in the energy industry and changes to the education system.

In a speech earlier this month, Mr. Calderón said his goal was "a clean Mexico, a Mexico, in short, that has the conditions our children deserve to live in, a truly winning Mexico in a world that competes ferociously."

"To do this, it is necessary to put aside our differences, to reach agreements and define a strategy for the country that we want, that Mexican's dream of and that should be reality for the next generation."

It Was Not A Happy Dais, So Push Came To Shove (LAT)

By Hector Tobar

The Los Angeles Times, December 1, 2006

Mexico City — When you cover politics in Latin America, you get used to odd happenings.

Once I was traveling with a campaign through rural Bolivia when a presidential candidate stopped his caravan to go to the bathroom -- on a tree by the side of the road.

I've seen a president who lasted a day in office (in Argentina), a president who owned a stolen car (in Paraguay), and met another who offered to disrobe to prove he hadn't been beaten during a failed coup.

"No, Senor Presidente," reporters shouted back as Hugo Chavez of Venezuela unbuttoned his shirt at a Caracas news conference. "That won't be necessary!"

Even by those lofty standards, the occurrences this week in Mexico's Legislative Palace score high on the strangeness meter.

On Tuesday, the elected representatives of the Mexican people began assaulting each other with soft-drink cans and pizza boxes, and then bedded down between aisles in the Legislative Palace, staying up late into the night singing ballads like "El Rey."

Congress has been locked for months in a battle over the presidential election in July. Supporters of the losing leftist candidate, Andres Manuel Lopez Obrador, have said they won't allow conservative President-elect Felipe Calderon to take the oath of office Friday before a joint session of Congress, as required by Mexican law. Already, leftists had kept outgoing President Vicente Fox from delivering his final State of the Nation speech on Sept. 1.

So on Tuesday, lawmakers of Calderon's National Action Party (PAN in Spanish) took over the stage in a pre-emptive strike that set off a shoving match.

I arrived in time to see a leftist lawmaker from Veracruz with a heavily bandaged ankle being carried out of the chambers.

"They threw me off the stage," Congressman Juan Dario Lemarroy Martinez told me with a grimace of pain.

On the stage, lawmakers of the left and right were massed in an elbow-to-elbow scrum, each guarding a precious piece of the rostrum. When I asked them questions, I inadvertently started their argument all over again.

"This mess began when one of the PRD people pulled the tie of one of our deputies," said Congressman Obdulio Avila Mayo of the PAN. "It was clear the PRD was going to take the stage, so we assumed a defensive posture."

"That's a lie," interjected Alliet Bautista of the PRD, who was standing a few bodies away. "Play back the video and you'll see what happened."

A few minutes later, the passions cooled: sandwiches and cookies arrived for the leftists. Later the conservatives would receive sleeping bags as their occupation of the stage dragged on for hours, then for a day, then for two days.

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"We're all stuck here and there's no way out," said Congressman Carlos Madrazo of the PAN.

Two days of negotiations failed to undo the scrum. As of late Thursday, it remained unclear if Calderon would be inaugurated there, even though Calderon insisted he would.

The PAN occupied a greater portion of the dais. At one point, Congressman Victor Varela of the PRD tried to climb on a table, in a bid to conquer more "territory" for his party. A conservative congresswoman pelted him with soda cans.

The fighting lawmakers were widely reviled at home and abroad. But, like other strange political happenings I've seen in Latin America, the melee was less strange when you took a closer look.

Mexico is a relatively young democracy. Only once in its long history has power transferred peacefully from one political party to another. The U.S. has longer democratic traditions, but fisticuffs were once a feature of life in its Capitol, with a South Carolina senator nearly beating to death an abolitionist lawmaker in 1856.

For the moment, nothing indicates the dispute in Mexico's Congress will become more violent than your average "lucha libre" wrestling match (in which, of course, most of the blows are fake).

On Thursday morning there was a sign of peace. Congressmen from both sides were still massed on the stage, unwilling to surrender an inch to their rivals. But that didn't stop them from sharing a tamale breakfast.

It's High Noon In Mexico (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, December 1, 2006

Felipe Calderón is scheduled to travel to the national legislative hall of San Lázaro in downtown Mexico City this morning, ascend the dais before Congress and take the presidential oath.

The current Mexican executive -- Vicente Fox -- will remove the tricolored presidential sash he is wearing and place it across the shoulder of the president-elect, ushering in a new six-year term for their country's young and fragile democracy. President Calderón of the National Action Party (PAN) will then give his inauguration speech.

That's how the script reads anyway. But it won't happen if supporters of losing presidential candidate Andrés Manuel López Obrador from the Revolutionary Democratic Party (PRD) have their way. They are refusing to accept Mr. Calderón's narrow victory in the July election and have warned that they intend to sabotage today's event.

In this, the PRD has some experience: When Mr. Fox was scheduled to deliver his final state of the union address on Sept. 1, PRD legislators crowded around the podium ahead of time and refused to let the president approach. Observing the human barricade, Mr. Fox left a copy of his talk with Congress and went away. On Tuesday a brawl broke out on the floor of the congress when the PRD tried to get control of the rostrum ahead of Friday so they could do to Mr. Calderón what they had done to Mr. Fox in September.

That effort failed and Mr. Calderón is confidently promising to take the oath in San Lázaro, as Mexican law dictates. This suggests there could be violence and Mexican law enforcement has been rehearsing for weeks to ensure his safety. Yet despite the tension, many Mexicans seem genuinely relieved that their new president has taken a decisive and unambiguous stand in the matter. His approach differs starkly from the often waffling and accommodating Mr. Fox, who, throughout his presidency, tended to seek peace in our time at the expense of the rule of law, and ended up with neither.

The inauguration is but a ceremony. Yet the future of the Calderón presidency will depend heavily on whether the rule of law can be re-established and defended, and that means that what happens today matters a lot. A successful inauguration will be one step in the direction that Mr. Calderón must lead the country.

Mexican lawlessness is reaching epidemic proportions. It is true that AMLO -- as the Mexican press calls the defeated PRD candidate -- is now mostly an unpopular annoyance even to those who voted for him. It is also true that if the PRD wants to remain a serious political party it has to show that it is willing to work within the system. But other violent actors who prefer the path of terror and extortion to gain power and resources are threatening national security. Some of the blame lies with Mr. Fox and his weak response to extreme political groups. Some of it lies with the U.S. demand for illegal drugs, which is fueling an ever more powerful organized-crime problem in a country ill-equipped to fight back.

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The most immediate challenge for the new president will be establishing order in the southern city of Oaxaca. What started there in May as a teachers' strike by the most militant local chapter of the national teachers union has deteriorated into a low-grade war between armed activists and the Mexican police. Mr. Fox tried, back in July, to settle things peacefully by negotiating a ridiculously generous settlement for the teachers -- something the country cannot afford and, if national test scores are any guide, the union does not deserve.

But never mind that. Far from ending the protests, Mr. Fox's acquiescence to the teachers' blackmail acted like blood in shark-infested water. Most teachers went back to work; but having witnessed their success, local militants schooled in the methods of mob threats against the state stepped up their own demands. Led by the Popular Association of Oaxacan People (APPO), they began agitating for the resignation of the state governor.

To his credit, Mr. Fox has refused that ultimatum and in October he sent in federal troops to quell the violence. But that hasn't worked. Now it seems that the most extreme elements of Mexico's left are joining the fray. Earlier this month APPO sympathizers set off three bombs in Mexico City and last weekend, APPO and others stormed Oaxaca with Molotov cocktails, stones and rocket launchers. The nearby photo is evidence of their handiwork. According to the Mexican daily Reforma, militants burned down or damaged 19 properties, including a hospital and a theater, and wrecked five cars and 15 buses. The destruction was so vast that even APPO leaders have tried to distance themselves from the violence, blaming it on outsiders.

What is clear is that these groups are well-organized and well-funded criminal networks. Their existence is all the more troubling because of the Mexican organized-crime rackets that are trafficking drugs from Guatemala into the U.S. Last week Reforma reported that despite the fact that the number of operations against drug traffickers increased 27 times under Mr. Fox, the drug trade has grown by 20% in recent years. Meanwhile, the death toll among police and journalists is skyrocketing and law enforcement is increasingly outgunned.

Particularly frightening is the thought that organized crime groups like those operating in Oaxaca might team up with those running drugs. This is what has happened in Colombia, with devastating results to stability, personal security and growth.

Given the strong U.S. demand for drugs it is not clear that Mexico can overcome narcotrafficking any more than the U.S. could defeat the underworld during Prohibition. What is clear is that the problem is not just Mexico's, and if the U.S. doesn't accept that fact, it too will suffer the consequences.

Bush To Host Mbeki Dec 8 (AFP)

AFP, December 1, 2006

US President George W. Bush will welcome South African President Thabo Mbeki on December 8 for talks on issues like the violence in Sudan's Darfur province, the White House announced.

The two leaders "will discuss African regional issues, especially Darfur, the Democratic Republic of Congo, and Zimbabwe," Bush spokesman Tony Snow said in a statement.

"The two leaders will also review joint efforts to combat HIV/AIDS in South Africa, where US government-supported programs reach over 200,000 with anti-retroviral treatment and many more with HIV prevention and care," he said.

"They will exchange views on United Nations issues in light of South Africa's recent election to a non-permanent seat on the UN Security Council for 2007-2008. President Bush looks forward to the opportunity to recognize South Africa's contributions to peace and stability on the African continent," said Snow.

U.S. Repudiates Analyst's Jab At Britain (AP)

By George Gedda

AP, December 1, 2006

The State Department repudiated on Thursday comments by a veteran department analyst who said that British Prime Minister Tony Blair's relationship with the United States was "totally one-sided" in Washington's favor.

Deputy spokesman Tom Casey said that Kendall Myers, the official who made the off-message remarks, was summoned by his superiors at the Bureau of Intelligence and Research to a meeting to explain his remarks.

"The comments, frankly, I think could be described as ill-informed, and I think, from our perspective, just plain wrong," Casey said.

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Myers is a 30-year member of the Civil Service and is an expert in U.S. British relations. He spoke Tuesday to a gathering at the Johns Hopkins School for Advanced International Studies, where is an adjunct professor. Casey said Myers thought his appearance was at a closed academic forum.

The Times of London reported Thursday that Myers said Britain's role as a bridge between the United States and Europe was "disappearing before our eyes."

Myers said that despite British attempts to influence U.S. policy, "we typically ignore them and take no notice — it's a sad business."

Casey said department officials meeting with Myers were attempting to determine the facts of the events on Tuesday. He did not rule out the possibility of disciplinary action, stressing that Myers does not have a policymaking role.

Efforts to reach Myers by telephone at his office were unsuccessful.

In October, State Department official Alberto Fernandez ran afoul of his superiors when he told Al-Jazeera television that the United States had displayed "arrogance" and "stupidity" in Iraq.

Fernandez is an Arab-speaker assigned to tell the U.S. side of the Iraq story to Middle East audiences.

He issued a written apology, saying he "seriously misspoke." Soon thereafter, the State Department said Fernandez was still on the payroll and that the matter was closed.

Myers' misstep appears to be more serious than that of Fernandez. In contrast to Fernandez, whose mistake involved a brief lapse, Myers' speech was sprinkled with comments that do not reflect official thinking.

Casey said the United States and Britain "have worked together to successfully deal with some of the most difficult issues before the international community." The two countries, he said, have a special relationship.

U.S. Authorities Probe How Smartmatic Won Venezuela Election Pact (WSJ)

By Bob Davis And Glenn Simpson

The Wall Street Journal, December 1, 2006

WASHINGTON -- Federal investigators are looking into whether Smartmatic Corp., a voting-machine company whose equipment is used widely in the U.S. and abroad, paid bribes to win a Venezuela election contract in 2004.

Smartmatic's actions already are under a separate investigation by the Committee on Foreign Investment in the U.S., which reviews foreign acquisitions to see if they pose national-security concerns. In 2005, Smartmatic, which is owned by Venezuelan investors who split their time between Caracas and Boca Raton, Fla., purchased a U.S. voting-machine company, Sequoia Voting Systems Inc. Cfius is looking at whether that acquisition should be reversed on national-security grounds.

At the same time, the Justice Department has been conducting a probe of Smartmatic for possible violations of the Foreign Corrupt Practices Act and recently started looking at possible tax evasion as well, said two individuals familiar with the case. The Justice Department has informed Cfius representatives from U.S. agencies about their inquiry, these people said.

Jeffrey Bialos, an attorney for Smartmatic, said yesterday the Justice Department told the company it was looking into its actions, but that Smartmatic wasn't a target of an investigation. Smartmatic employees haven't been subpoenaed in the inquiry, Mr. Bialos added. That suggests that the probe is at an early stage.

"The company believes it conducted itself properly and within the law," Mr. Bialos said. A Justice Department spokeswoman declined to comment.

Smartmatic has drawn attention because of concerns that the government of Venezuelan President Hugo Chávez, an opponent of U.S. policies, has a stake in the company. That is a focus of the Cfius review. In 2004, Smartmatic's machines were used in an election to recall President Chávez, which Mr. Chávez won handily -- and which members of the Venezuelan opposition say was riddled with fraud. Smartmatic machines will be used Sunday in Venezuela's presidential election.

The company said it is the victim of false allegations made by two former executives, whom the company declined to name. Smartmatic said it would shortly send the two former employees a letter to "cease and desist their activities," which Smartmatic said violated agreements they made with the company. News of the Justice Department probe was reported earlier by el Nuevo Herald, a Spanish-language newspaper in Miami.

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Essentially, the Justice Department is looking into whether Smartmatic got its start in Venezuela by bribing officials and then improperly avoiding its tax liability in the U.S. The company says it paid $1.5 million to a Venezuelan consultant who is close to the Chávez government and helped to win Smartmatic business.

The allegation being investigated is that Smartmatic actually paid as much as $4 million to the consultant, then deleted a substantial portion of those payments from its corporate records to hide the extent of its payments to a friend of the Chávez regime. Antonio Mugica, Smartmatic's chief executive, said the company had budgeted a larger amount for the consultant than it ended up paying him, thus explaining the difference between the two amounts.

The tax question dates to late 2004 when Smartmatic scrapped a simple corporate structure, under which it was based in the U.S. with a Venezuelan subsidiary. It adopted a complex offshore structure, with headquarters in the Netherlands Antilles; a main subsidiary in the Netherlands; and a variety of subsidiaries in the U.S., Barbados, Venezuela and Mexico.

That raised the question of where to pay taxes on $25 million in revenue from a contract to supply voting machines for Venezuelan regional elections: the U.S. or a lower-tax jurisdiction. Smartmatic paid taxes in Barbados, which the company said was proper because one of its international companies signed the deal. "The taxes due and owed are to Barbados authorities," said Mr. Mugica, who added that the company had consulted legal counsel and accounting firms on the issue.

Mr. Mugica said the company hasn't thus far been harmed by publicity about the probes. Customers "welcome the fact" that the company is trying to clear up allegations concerning its actions, he said.

Chávez Says Police Foiled Sniper Attack On Opponent (USAT/AP)

By Frank Bajak

USA Today, December 1, 2006

CARACAS, Venezuela — President Hugo Chávez said Thursday that authorities had foiled a planned sniper attack against his main opponent in this weekend's elections.

As campaigning ended ahead of Sunday's vote, Chávez said “fascist” militants had planned to use a rifle with a telescopic sight to shoot Manuel Rosales during a speech and then blame it on Chávez's government in hopes of derailing the balloting.

“It was to say that Chávez sent them to kill him, and generate chaos,” Chávez told reporters at the presidential palace.

The Venezuelan leader used the 3½-hour news conference to laud achievements of his “people's revolution” — claiming to have lowered unemployment and poverty and created petroleum-fueled economic growth. He said analysts from major foreign banks say the most dangerous scenario for this politically polarized country would be a Chávez election loss.

On the alleged assassination plot, Chávez said authorities had seized the rifle from a vehicle and that a military officer had been arrested. He did not offer further details.

Rosales' campaign said it had no knowledge of the plan.

“This is a smoke screen. It's to manipulate the people, but nobody believes that,” said Timoteo Zambrano, one of Rosales' campaign managers.

“The government is obliged to safeguard the lives of all Venezuelans, and that includes the presidential candidate,” Zambrano said. “If something were to happen to our candidate, the government would be responsible.”

Campaigning ended Thursday. Rosales supporters cite polls showing Sunday's balloting will be tight, although an independent AP-Ipsos survey and other recent polls found Chávez with a large lead.

Rosales has called the vote a choice between democracy and an increasingly authoritarian Cuban-style system. Chávez, who won election in 1998, calls Rosales a lackey for the United States.

Chávez has taken advantage of Venezuela's oil wealth to lavish the poor with programs that provide everything from subsidized food to free health care and education. And he persistently accuses the U.S. government of trying to topple him, saying on Thursday that the “U.S. empire” had done more damage to Latin America than colonial Spain.

He urged his enemies to respect the result of the vote, calling an upset impossible and suggesting that some opposition activists are planning post-election violence.

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"There are two options here — ours and that of the U.S. empire and its flunkeys here, who were the ones who staged the coup," Chávez said, referring to a two-day coup in 2002. Chávez was returned to power by street protests and loyalists in the military.

Rosales said his supporters would be on alert for possible vote fraud. "It has to be a clean game. … If that happens, all of us will be calm," Rosales, a political veteran who is ex-governor of Zulia state, told The Associated Press shortly before closing his campaign with a rally of hundreds of thousands in Maracaibo, Venezuela's second-largest city.

He has managed to unite Venezuela's opposition movement for the first time since a crushing defeat in a 2004 recall referendum against Chávez.

Chávez insisted that his proposal for changing Venezuela's constitution to do away with presidential term limits "is not a dictatorship, it's democracy."

He noted that presidents of France have served long periods in power.

Venezuela has become increasingly polarized along class lines, with the wealthier supporting Rosales, the poor backing Chávez and a fractured middle class.

Shoppers are packing supermarkets to stock up on supplies, fearful that Sunday's outcome could prompt street demonstrations and violence.

Venezuelan High Life: Bulletproof BMW And A Vote For Chávez (WSJ)

By José De Córdoba

The Wall Street Journal, December 1, 2006

CARACAS, Venezuela -- Most of Hugo Chávez's supporters live in shantytowns and count on subsidies from the government. Most of his opponents live in middle-class apartment buildings and mansions in leafy neighborhoods and are horrified by the likelihood of a Chávez victory in Sunday's presidential election.

Then there are people like shipping tycoon Wilmer Ruperti, who tools around town in a chauffeur-driven bulletproof BMW and who owes much of his fortune to the Chávez government. Along with other, well-connected businessmen, known as Boliburgueses -- Bolivarian bourgeoisie -- Mr. Ruperti is rooting for Chávez's re-election.

At his office a few days ago, the 46-year-old Mr. Ruperti, a gregarious, bearlike man with thinning, red-tinted hair and a thick gold chain, pored over a poll he says he commissioned for about $60,000 that showed Mr. Chávez winning comfortably. "I agree with the president," said Mr. Ruperti. "He is the only person who has identified himself with the poor."

As an oil trader, Mr. Ruperti hit the big time in 2003 when he came to the rescue of Mr. Chávez's government, which was then fighting to survive a strike that had shut down the state-owned oil company, Petróleos de Venezuela SA. With the country running out of gasoline, Mr. Ruperti used his fleet of tankers to unload fuel oil in Venezuelan ports, showing frightened insurers that they were secure. That opened the way for other tankers to bring in gasoline, which Mr. Ruperti bought and then resold to PDVSA, breaking the back of the strike. A grateful Mr. Chávez decorated Mr. Ruperti with the army's Star of Carabobo medal.

Now Mr. Ruperti embodies the contradictions of Chávez-era Venezuela -- a country that is dedicated to socialist redistribution of wealth, but which is also enjoying an oil-backed capitalist boom that is further dividing rich and poor. Eighteen-year-old whiskeys are the rage, and Hummers and top-of-the-line SUVs clog the streets of Caracas, while four out of 10 Venezuelans survive on $2 a day or less.

These days, Mr. Ruperti, whose father, an Italian immigrant who worked as a chef in restaurants here, cuts a wide swath in Caracas society. Last year, he sponsored the event of the season -- a charity concert by tenor Luciano Pavarotti, which succeeded in bringing together the Boliburgueses and the anti-Chávez grand dames of Caracas society. A year earlier, he paid $1.7 million at a New York auction for a pair of ornate French pistols made by Napoleon's gunsmith in 1804 for Simón Bolívar, Venezuela's independence hero. Caracas gossip had it that Mr. Ruperti planned to present the pistols to Mr. Chávez, who is so enamored of Bolívar that he changed Venezuela's name to the Bolivarian Republic of Venezuela to honor his hero.

"Those pistols had to be in the hands of Venezuelans," says Mr. Ruperti, who says he plans to leave them to his children. "We have to rescue the Venezuelan-ness of our people."

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His critics hold up Mr. Ruperti's business practices as an example of what has gone wrong in the country. This year, Transparency International, the anticorruption watchdog, lists Venezuela as No. 141 out of 163 countries it surveys in its ranking of "perceived levels of corruption."

Last year, a congressional commission dominated by members of Mr. Chávez's party looked into allegations that Mr. Ruperti made millions from double-billing the state oil company for gasoline shipments during the strike at PDVSA when the company's accounting system broke down. The commission also investigated whether Mr. Ruperti received sweetheart contracts to ship asphalt with PDVSA's Citgo subsidiary in the U.S. The commission cleared the oil trader. "Ruperti performed vital services for PDVSA, and he was paid for them," says Jesús Alberto García, the panel's president.

But the saga continues. Earlier this year, Mr. Chávez's office sent a letter to Congress asking lawmakers to take another look at the controversy. Among the issues the president's office wants investigated: whether PDVSA lost $30 million due to double billing and bogus invoices by Mr. Ruperti, and whether he used "company names without their knowledge for the fraudulent acquisition of fuel." Mr. Ruperti denies any wrongdoing.

So far, the controversy hasn't had much effect on his business. He now runs a 19-ship tanker fleet and says he plans to start a maritime bank. Mr. Ruperti is also investing $26 million in a cable-television station he wants to turn into a 24-hour news operation. "I'm going to call it Channel I, I for intelligence, impartiality and information," he says, as the small TV screen in his BMW, tuned to the government station, silently shows President Chávez exuberantly speaking to followers.

But earlier this year, Venezuela's revolutionary contradictions took a bad bounce for Mr. Ruperti, an avid golfer, when Caracas's Chavista mayor started legal procedures to seize the Caracas Country Club's golf course and replace it with public housing. The matter is still in court. "My heart tells me I don't agree with that," says Mr. Ruperti, who has founded a golf school for children from the city's barrios.

For many Venezuelans, Caracas's Dolce Vita of premium wines, premium whiskeys and premium cars brings to mind Venezuela's first big oil boom during the 1970s, a time remembered as the years of "Saudi Venezuela."

Then, President Carlos Andrés Pérez, who nationalized foreign oil companies to create PDVSA in 1976, favored a clique of friends, known as the "12 Apostles," who made enormous fortunes through government contracts. Now, says Ben Amí Fihman, the editor of a magazine called "Exceso," or Excess, "the 12 Apostles have become the 40 thieves."

Today Caracas is as divided as it was during the days of the oil strike. Mr. Ruperti's name heads the list of "collaborators of the regime" posted on the Internet by "Democratic Soldiers," an organization of anti-Chávez officers purged from the armed forces. "Keep the names ... and remember them for when it becomes necessary," the list says, adding information about Mr. Ruperti's residence, friends, business dealings, and where his private jet is parked.

"A lot of people think I'm a devil, but it's not true," says Mr. Ruperti. "I sleep easily at night and morally I'm satisfied." Nevertheless, Mr. Ruperti takes no chances. He rides in Caracas's traffic-choked streets in his armor-plated car, accompanied by two South Korean bodyguards, Yong Lee and Rim Paek. Mr. Ruperti says the Koreans are tae kwon do masters who can brain an assailant with a butter knife at a distance of 20 meters.

"If one of my enemies comes in here tonight, I'll have them show you," he joked before sitting down to dinner at the best Italian restaurant in Caracas. After dinner, he left the restaurant through a back door. "For safety's sake," he said.

Venezuela's Ch?vez Nears A Victory Fed By Free Stew (CSM)

By Sara Miller Llana

The Christian Science Monitor, December 1, 2006

CARACAS, VENEZUELA

Odalys Ibarra has lived in the same home - a decrepit, two-bedroom brick house that she shares with 10 others - her entire life.

Yet these days, on her walk home up the steep slope of El Valle, one of the poorest neighborhoods in this capital city, she passes a free medical clinic staffed with Cuban doctors, a supermarket that sells discounted rice and tomato sauce, and a state-funded kitchen that prepares and gives out free meat stew and cookies - programs called "missions" that are the cornerstone of President Hugo Chávez's domestic policy.

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While Mr. Chávez's strident anti-Americanism has caused ripples abroad - calling President Bush the devil and supporting leftist candidates and leaders throughout Latin America, as well as befriending Iran and North Korea - those with the power to vote him into another six-year term this Sunday care more about his social missions than his international mediations.

After eight years at the helm of Venezuela - having withstood a coup attempt, a national oil strike led by his opponents, and a recall referendum in 2004 that he easily won - Mr. Chávez is poised to prevail in the 2006 presidential election on Sunday. The latest state-funded poll by the US firm Evans/ McDonough puts him 19 points ahead of his only opponent, Manuel Rosales, a career politician and governor of the oil-rich western state of Zulia.

Venezuelans are bitterly divided over Chávez's ideology, but they can agree on one thing: Many will vote for him Sunday because the billions he has poured into literacy programs, free food, and doctor visits have proved a potent enticement.

"They love Chávez because Chávez is including them; he is giving them opportunity," says Luis Vicente Leon, director of the polling firm Datanalisis in Caracas. Rosales the Retroactive?

But is Chávez solving their problems? Mr. Leon says "no" - that his missions are a tool to gain popularity, not an answer to the root problems of healthcare or poverty in the country. Others say Chávez is the only leader who cares about a new social order and that Mr. Rosales would, as so many other politicians before him, leave the majority behind.

Venezuela had been governed for decades by a political class that excluded the majority, says Rodolfo Magallanes, a political science professor at the Central University of Venezuela in Caracas. "But Chávez offered something new; his popularity was immediate," he says.

Today, what he is offering indeed feels new in places like El Valle. Ms. Ibarra now takes her two children to the medical clinic down the street, where slogans such as "Long live the revolution!" hang on posters between breast feeding instructions.

The bags of rice Ibarra buys depict indigenous people kicking a devil-like figure dressed in a business suit; her milk and pasta contain excerpts from the Constitution. But what she really cares about is the price: In her local store, as in 15,000 such state-run supermarkets across the country, prices are about 30 percent less than in private grocery stores. "He is helping us; the president is with us," says Ibarra.

While the missions make a difference in individual lives, measuring Chávez's macro impact is difficult, since experts say indicators vary widely. Government numbers from the National Statistics Institute show poverty decreasing to 34 percent from 44 percent in 1998, yet opposition leaders put the number of poor Venezuelans as high as 70 percent. Government numbers show a 10-percent unemployment rate, but others say that figure does not include those working in the informal economy who don't make enough to support themselves.

Chávez's international policies have been more ambiguous. He has made important international gains - spearheading a meeting to revive OPEC in 2000 with price-setting mechanisms. He has focused on regional integration, joining Mercosur, the South American trade bloc, and focusing on energy policies in the Caribbean, says Jennifer McCoy, a Venezuela expert at Georgia State University.

But many associate his foreign policy with anti-Americanism, despite the fact that, according to the US State Department, the US is Venezuela's most important trading partner and Venezuela is one of the US's top four suppliers of oil. Indeed, a major Rosales platform is that Chávez has squandered the country's enormous oil wealth.

"He is ignoring security and employment in this country that is the fifth-largest oil producer on the planet, under this ground," says William Ojeda, a Rosales campaign leader and former opposition candidate, as he stomps his foot angrily on the floor. He says Chávez's oil programs abroad, including 90,000 barrels of oil sent daily to Cuba, have trumped a focus on crime and corruption at home.

"He is garbage," says Hector Pereira outside a shopping mall in the ritzy Las Mercedes neighborhood in Caracas. Mr. Pereira, who owns an insurance company, says he voted for Chávez initially, but says that since he aligned with Cuba, especially importing doctors into the country, his views have shifted. "I thought he was the best option, that we needed change," he says. "Chávez has shown us that he is worse."

Some say they worry that Rosales represents a return to the past - with traditional leaders who only care about the upper class - but Mr. Ojeda whips out a card with the words "Mi Negra" on it to illustrate Rosales's plan for the poor. It's a debit-card

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program that would direct about a fifth of Venezuela's oil income to 2.5 million of the poorest families in the country, or between $300 and $400 per family a month. "It's a crisis of ideologies"

Yet among the biggest challenges the opposition faces is an inability to define itself beyond a group that opposes the government. Through the national oil strike in 2002 and 2003, and a referendum two years later, their ideologies have not been clear, analysts say, except for their desire to defeat Chávez. They boycotted legislative elections last year, which handed Chávez control of every seat in the National Assembly.

Angelo Rivero-Santos, a Latin America expert at Georgetown University in Washington, says the opposition's unity behind Rosales is a sign of progress for their movement. Still, he says, "as a cohesive force, it is very difficult to decipher what they stand for. It's a crisis of ideologies," he says. "If you want to defeat a charismatic leader [who] has 100-percent support in the National Assembly, 20 governorships out of 22, and the military behind him, as well as the oil industry, you have to come up with a plan other than just trying to get rid of him."

For Chavez, Firm Rule And Favors (WP)

By Juan Forero

The Washington Post, December 1, 2006

CARACAS, Venezuela, Nov. 30 -- This country's populist president, Hugo ChÃ¡vez, beloved by his followers, has achieved a cultlike status by mixing his considerable charisma with a free-spending policy of funneling billions into social programs. But that hasn't stopped his oil-rich government from using every tool at its disposal to ensure that voters flock to its side in Sunday's presidential election.

Ramon Antonio Perez, 41, found that out the hard way. Never shy about expressing his dislike for the government, Perez said he was fired from his job in the publicly run Caracas subway system after ignoring repeated warnings about his political activities. "From night to day," he said, "I've been left with nothing."

At the state oil company, a young lawyer -- also opposed to the government -- described how the red T-shirts government supporters wear are handed out in bulk to workers, who are then expected to don them for pro-ChÃ¡vez rallies.

"When everyone is in red and going to rallies and you don't go along, then you begin to worry," said the lawyer, who asked that she not be identified for fear of being fired.

A secretly taped video disseminated by the opposition in early November shows Rafael RamÃ-rez, the president of the company, telling workers in a packed auditorium that there could not be "the tiniest doubt that the new Pdvsa is with ChÃ¡vez," using the abbreviation for PetrÃ³leos de Venezuela. RamÃ-rez also says a manager was fired for permitting a plane carrying ChÃ¡vez's main opponent in the election, Manuel Rosales, to land on a company-operated airstrip.

"What's that about?" RamÃ-rez says in the video. "Is it that people are getting crazy? Is it true then that we have infiltration from the squalid ones here, the enemies of the revolution?"

ChÃ¡vez is poised to easily win a second six-year term in which his government will seek to solidify its control over the private sector and accelerate its redistribution of wealth to the country's poor. Aside from two pollsters closely tied to the opposition, a dozen polls -- including some by anti-ChÃ¡vez analysts -- show ChÃ¡vez winning by a wide margin.

Government officials say the polls underscore the wellspring of support that comes from the poor barrios where ChÃ¡vez has drawn much of his strength since his emergence as a restless army colonel whose first attempt at taking power, in a 1992 coup, failed. Since then, he has won a string of elections: the 1998 landslide that put him in office; referendums that led to a new constitution and a new National Assembly; and a 2004 vote that dealt a stunning blow to an opposition effort to recall him.

"This is not a dictatorship," ChÃ¡vez told reporters Thursday. "This is a democracy."

Few outside of the most radical opposition leaders argue that ChÃ¡vez's magnetic persona and the state's focus on social programs haven't helped propel him from one victory to the next. But political analysts here and in the United States say the Venezuelan government has also grown in influence and power through a system that mixes the trappings of democracy with old-fashioned patronage, a touch of intimidation and the theatrical warnings ChÃ¡vez frequently makes about the United States, pronouncements that keep his supporters in a state of agitation.

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And though Venezuela's press remains one of Latin America's feistiest, and its anti-government leaders rail against ChÃ¡vez, limits have been imposed. A 2004 law aimed at broadcast media has prompted self-censorship, journalists here say. Another law makes it illegal for anyone to show disrespect for public officials. Some opposition leaders, notably in the stridently anti-ChÃ¡vez group Sumate, have been threatened with jail.

With few checks and balances, the president has overwhelming control of every state institution and makes virtually all key decisions. The 167-member National Assembly, which has not had an opposition politician in its ranks since the president's foes boycotted last year's elections, and the courts are little more than adornments. The military is represented in ministries and departments across the government, from city halls to the apparatus that runs elections.

Perhaps most important, billions of dollars flow directly from PetrÃ³leos de Venezuela to the executive branch.

"All presidents try to maximize their power," said Javier Corrales, an Amherst College political science professor who writes about Latin America. "They don't succeed as much. This is what happens when you have strong institutions. But in Venezuela, ChÃ¡vez has succeeded."

The opposition's tactics have strengthened the president's hand, giving him a seemingly endless supply of verbal ammunition to hurl at his foes. A 2002 coup, which the White House tacitly supported, and a national strike months later, which nearly shuttered PetrÃ³leos de Venezuela, infuriated poor Venezuelans.

The leaders of the opposition, drawn mainly from Venezuela's upper classes, have also failed to comprehend ChÃ¡vez's appeal among the poor.

Rosales, ChÃ¡vez's electoral opponent, has fashioned an alternative message, talking about crime and promising populist giveaways. But he has recently stepped up the timeworn accusations that ChÃ¡vez is taking Venezuela on the road to "Castro Communism."

"He wants to take Venezuela to a system that has a democratic facade," Rosales said in an interview. "But it's one that uses the model of Cuba, with an eternal presidency, with one party, where there is no private property, where there is no liberty of expression."

In a country where insults are traded freely and capitalist consumer culture reigns as perhaps nowhere else in Latin America, such comments have failed to reverberate with the masses.

ChÃ¡vez seems to relish the attacks.

"Here they talk of Castro Communism," he said at a news conference. "It's like they're frozen in the 1960s."

At the Carmen Maiso de Bello School, where students ages 10 to 80 learn how to read and handle simple math problems, ChÃ¡vez means progress. Teacher Elizabeth Rodriguez, 21, owes her job to the government, which is also putting her through college.

"The people are very happy with what President ChÃ¡vez is doing," she said. "He's the one who's taking us out of the darkness."

ChÃ¡vez's most committed backers, poor people who felt forgotten until his arrival, do not raise an eyebrow when the president remarks that his presidency may last another generation.

"How long will ChÃ¡vez rule? Until 2000-forever, because we're all with him," said Maria Nava, 56. "He's the only leader of everyone. We love him to death."

Political analysts say that kind of fervent support may be heartfelt, but it is also part of a carefully cultivated strategy by the government. ChÃ¡vez has demonized his opponents, radicalizing his more numerous supporters and instilling in them a deep-seated fear that if he is voted out, they will lose all that they have gained. The government here says that if ChÃ¡vez loses, the winners would be oligarchs and opportunists allied with the Bush administration, which is highly unpopular in Latin America.

"Let's not forget that we are facing the very devil," the president told hundreds of thousands of supporters at a rally Sunday. "On December 3, we face at the ballot box the imperialist government of the United States of America."

To ensure what ChÃ¡vez promises will be a "crushing" victory that will turn his opponents into "dust," the government appears to be employing its considerable influence to marshal votes. State resources are used freely in campaigns, and for workers in Venezuela's burgeoning bureaucracy, it is perfectly clear where their sympathies should lie.

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"They get a kit, and the kit is a red cap and a red T-shirt," said Froilan Barrios, a leader in the country's main labor confederation.

With more than 2 million workers, the public bureaucracy is important to both candidates. Electoral observers said the pressure has ranged from soft -- an early Christmas bonus -- to hard, with workers at the tax collection agency allegedly pressured to sell bonds to help fund the ChÃ¡vez campaign.

"There has been an excessive use of state resources to favor the president," said Pedro Nikken, one of five directors of Electoral Eye, a watchdog group that has otherwise found an audit of voting machines adequate.

Gabriela RamÃ-rez, a congresswoman closely allied with ChÃ¡vez, defended the government's efforts to ensure that workers at state entities, especially the oil company, are "red, very red." She recalled how employees at PetrÃ³leos de Venezuela had revolted against the government in a failed bid to bring down ChÃ¡vez.

"When we talk of being red, very red, we're talking of being committed to the revolution," she said. "We're talking about a government for the majority."

Those who have been found to support the opposition have learned the hard way that they're not wanted.

Lawyer Rocio San Miguel, 40, lost her job in 2004 after she signed a petition that led to the presidential recall vote ChÃ¡vez later won. Her name had been among 3.4 million signatures leaked to a pro-government congressman who later posted them on his Web site.

San Miguel said she knows what state workers who oppose the government are going through. "It is a climate of fear," she said, "and fear works, especially when it's related to your work."

Radioactive Trail Is Found In Case Of Poisoned Spy (NYT)

By Sarah Lyall And Steven Lee Myers

The New York Times, December 1, 2006

LONDON, Nov. 30 — In the latest turn in the mystery surrounding Alexander Litvinenko, the former Russian spy who died of radiation poisoning here a week ago, the British government said Thursday that radiation had been detected in 12 locations around London, and that it was likely to be found in more.

The radioactive trail, which might help establish Mr. Litvinenko's movements around the time he fell ill, includes the two hospitals where he was treated and places he visited on Nov. 1, the day he became sick. It also includes two British Airways Boeing 767s that routinely fly between London and Moscow and are now grounded at Heathrow Airport.

Speaking in Parliament, the home secretary, John Reid, said the authorities were examining two other airplanes — a third British Airways Boeing 767, which is on the ground in Moscow, and a Boeing 737, which is leased by the Russian company Transaero and arrived at Heathrow on Thursday. He said that the risk to the public was very low and that no one else had yet tested positive for radiation poisoning.

Mr. Litvinenko, 43, an outspoken critic of the government of the Russian president, Vladimir V. Putin, died on Nov. 23 after an agonizing illness that caused his hair to fall out, his immune system to shut down and his organs to fail. As he lay dying from what turned out to be radiation poisoning caused by the radioactive isotope polonium 210, Mr. Litvinenko accused Mr. Putin's government of killing him. The Kremlin has dismissed the notion as nonsense.

But Alex Goldfarb, a friend of Mr. Litvinenko's who is acting as a spokesman for his family, said the discovery of radiation on the jets pointed squarely at the Russian intelligence services and "reinforces the theory that the origin of this material that killed Alexander was in Moscow."

If that is the case — and it is by no means clear that it is — then it would follow that whoever brought the polonium 210 into Britain was himself unknowingly contaminated with minute traces of it, enough to leave a trail that sensitive equipment could pick up later.

Dr. Mark Hill, a physicist at the Medical Research Council's Radiation and Genome Stability Unit, said that while scientists in a lab would take the utmost care to prevent radiation from leaking out, it was possible that someone paying less scrupulous attention might end up with traces of the material on, for instance, his hands or clothing.

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Investigators still have not said for sure whether the trail of radiation around London was left by Mr. Litvinenko alone, by someone else who handled the polonium 210 he ingested or by someone who came into contact with him after he became contaminated.

Dr. Philip Walker, a professor of physics at the University of Surrey, said in an interview that a substance like polonium 210 was most likely to be excreted in urine or feces and that it could conceivably have been spread in minuscule doses as Mr. Litvinenko traveled around London. But he was hard-pressed to conjure a surefire scenario. "There isn't a lot of experience in giving people doses of polonium 210," he said.

The incident has cast somewhat of a pall on British relations with Russia, an ally whose human rights record Britain has publicly criticized. The foreign secretary, Margaret Beckett, met with Russia's foreign minister on Wednesday and formally requested "all necessary cooperation with the ongoing investigation," Mr. Reid said. "The Russian foreign minister assured her this cooperation would be forthcoming."

In Moscow, the newspaper Kommersant reported that Andrei Lugovi, one of the two Russians who met with Mr. Litvinenko at the Millennium hotel on the day he became sick, said he had flown on one of the contaminated British Airways jets on Nov. 3.

Mr. Lugovi has denied poisoning Mr. Litvinenko.

Doctors treating Yegor T. Gaidar, a former prime minister and academic who fell ill in Ireland the day after Mr. Litvinenko died, concluded that he had been poisoned, though the substance remained unknown, a spokesman for Mr. Gaidar said.

"They can say he was poisoned, but they cannot say what the substance was," the spokesman, Valery A. Natarov, said by telephone. "It was not natural. It was not some sort of food or drink."

Yekaterina Y. Genieva, director general of Russia's State Foreign Literature Library, traveled with Mr. Gaidar to Ireland and shared breakfast with him on the morning he became ill.

She said he had fruit salad and tea, served by an elderly woman at the site of the conference, the National University of Ireland, Maynooth. "I say this because this was the only other person he encountered" who was not part of the group, she said in an interview on the telephone.

Ms. Genieva said Mr. Gaidar had complained that he felt ill and made arrangements to return to Moscow, but proceeded to give a lecture, then excused himself from the discussion.

Ms. Genieva said she found him in a corridor, vomiting and bleeding from his nose, and waited with him until an ambulance came. He was hospitalized and returned to Moscow two days later on Nov. 26. She declined to speculate on his illness, but added: "It was not normal at all. There were no obvious signs" of anything untoward.

British Find Radiation At 12 Locations (WP)

By Kevin Sullivan And Peter Finn

The Washington Post, December 1, 2006

LONDON, Nov. 30 -- The trail of radiation found in London expanded to 12 sites Thursday, and British authorities turned their attention to two Russian aircraft in their efforts to track the poison that killed a former Russian intelligence officer, a British government minister told Parliament on Thursday.

The four newly disclosed sites include two hospitals where former spy Alexander Litvinenko was treated, the Sheraton Park Lane Hotel in central London and a car found in north London, according to Scotland Yard. Police released no further details about the car; Litvinenko lived in north London, and radiation was also discovered in his home.

On Thursday, a plane belonging to the Russian airline Transaero was checked for radiation and cleared after it landed at London's Heathrow Airport. British Home Secretary John Reid told Parliament that "there is one other Russian plane that we know of that we think we may be interested in."

Reid said that about 24 venues had been examined and that it was probable that additional sites would be tested for radiation as police "continue to trace possible witnesses and examine Mr. Litvinenko's movements."

The former officer in the Federal Security Service, or FSB, the domestic successor to the KGB, died Nov. 23 of exposure to the radioactive substance polonium-210. He was a fierce critic of Russian President Vladimir Putin and in a deathbed statement accused the Kremlin of ordering his assassination. Russian authorities have labeled that charge as absurd.

Former Russian prime minister Yegor Gaidar, who suddenly fell ill in Dublin last Friday, continued to recuperate in a Moscow clinic Thursday, according to his spokesman and an Irish diplomat. His daughter repeated earlier statements that her father could have been poisoned. But doctors have not confirmed that, and Irish authorities, who are conducting an inquiry in to the illness, said they had no evidence of it.

Gaidar discharged himself from a Dublin hospital and then spent Saturday at the Russian Embassy in Dublin before returning to Moscow.

British police have released little information about the locations where the radiation has been detected in London. But the expansion of the probe to the examination of aircraft that flew between London and Moscow, among other destinations, and a hotel that Litvinenko apparently did not visit take the inquiry beyond the movements of the former spy.

Litvinenko became sick Nov. 1 after several meetings in London's upscale Mayfair neighborhood. Contamination had already been discovered in a Japanese restaurant where he met an Italian academic, a hotel bar where he met three Russian men, and three office buildings.

Among the office buildings was one at 7 Down St. used by Boris Berezovsky, the exiled Russian tycoon who fell out with Putin in 2000 and has waged a long-distance campaign against him since then. Litvinenko was close to Berezovsky, who is wanted in Russia on numerous charges, among them calling for the violent overthrow of the government. He denies the allegations.

Another building, at 25 Grosvenor St., is the office of an international security company. Litvinenko visited both sites Nov. 1.

Police have not disclosed what connection, if any, Litvinenko had with a building at 58 Grosvenor St., where radiation was also detected. Traces of radiation from polonium-210 were found in a ground-floor office there, according to a two-page flier the British Health Protection Agency gave to employees.

Dated last Friday, it says the office "has now been closed and is the subject of a police investigation." It also notes that "very small amounts of polonium 210" were found in the reception area on a sofa, which has been removed, as well as "two other sites" in the building.

"It is not yet clear how it entered the premises," says the flier, a copy of which was obtained by The Washington Post.

Andrei Lugovoy, one of three Russian businessmen who met Litvinenko at the Millennium Hotel bar, told the Russian newspaper Kommersant that he had flown home to Moscow Nov. 3 on one of the three British Airways aircraft now grounded. Lugovoy, another former Russian intelligence officer, met Litvinenko with Dmitry Kovtun, who told Echo Moskvy radio last week that he was a business consultant in Moscow. Lugovoy once worked for Berezovsky in Moscow.

A third man, Vyacheslav Sikolenko, who runs an association of security companies in Moscow, said in a broadcast by the radio station that he exchanged a brief greeting with Litvinenko at the Millennium Hotel.

The Russian visitors, who had studied together in the 1980s at a Moscow military college, attended a soccer match here between teams from Moscow and London in the European championship league.

Lugovoy said that the meeting lasted 20 or 30 minutes and that no one ate. He also said Litvinenko did not drink anything. Kovtun said he was interested in meeting Litvinenko because "he had serious contacts with serious British companies which wanted to get into the Russian market but had experienced difficulty with this."

Lugovoy, who met with British investigators at the British Embassy in Moscow, has denied any involvement in Litvinenko's death. He has checked into a Moscow clinic, according to news reports there.

Lugovoy was an official bodyguard in the early 1990s to Gaidar, the former prime minister.

Mario Scaramella, an Italian who was on the staff of an Italian parliamentary investigation that looked into the KGB, also met with Litvinenko that day. He has denied any involvement in the poisoning and said he has been tested and shows no signs of radiation contamination.

A British coroner opened an inquest into Litvinenko's death Thursday. It was adjourned after a few minutes to allow police to continue their investigation.

Andrew Reid, who presided at the coroner's court, said three pathologists would take part in an autopsy Friday at the Royal London Hospital -- one representing the government, another for Litvinenko's wife and the third as an independent specialist in case there is a later criminal prosecution.

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The FBI has agreed to participate in the poisoning probe at the request of British investigators, a spokesman in Washington said. FBI experts in weapons of mass destruction will provide "technical assistance only," Special Agent Richard Kolko said.

At the moment, the case has no apparent connection to the United States or to U.S. citizens, officials said.

British health officials have repeatedly stressed that the radiation's threat to public health is low and that radiation from polonium-210 must be inhaled or ingested to be dangerous. But more than 1,700 people have called a special National Health Service hotline established to handle questions about the issue. And 5,500 people have called a British Airways hotline.

Finn reported from Moscow. Special correspondent Karla Adam in London and staff writer Dan Eggen in Washington contributed to this report.

Radioactive Traces Found At 12 Sites In Spy Probe (USAT)

By Ellen Tumposky Special For

USA Today, December 1, 2006

LONDON — An autopsy today could shed light on the mysterious death of former KGB agent Alexander Litvinenko, whose last movements have left behind a radiation trail that officials say now includes 12 contaminated sites.

Litvinenko, 43, died Nov. 23 from poisoning blamed on a massive dose of the rare radioactive isotope polonium-210. At an inquest Thursday, coroner Andrew Reid said a forensic pathologist will conduct the autopsy at Royal London Hospital today with radiation protection in place.

Before he died, Litvinenko accused Russian President Vladimir Putin and his government of arranging his assassination. The Kremlin has denied the accusation.

The mystery of Litvinenko's death intensified Thursday as:

•More than 5,500 airline passengers called hotlines set up to assist travelers who flew recently on three British Airways jets. Traces of radioactive substances have been found on two BA 767s by investigators looking into Litvinenko's death.

The airline estimates that 33,000 passengers and 3,000 crew and airport personnel had contact with the 221 flights being scrutinized. All of the planes had flown between London and Moscow.

BA said it got 60,000 hits on its website since Wednesday. The site lists the flights by the planes in question.

•Speaking to Parliament, Home Secretary John Reid referred to “one other Russian plane of interest” and said there might be others.

•Reid told Parliament that police found radioactive traces at 12 of 24 locations checked in connection with the death of the former spy, who had become a fierce critic of Putin after moving to Britain.

Britain's Health Protection Agency said there was “no significant risk to public health” at seven other sites, including the two hospitals where Litvinenko was treated and the Millennium Hotel, where he met Russian contacts on Nov. 1, the day he fell ill.

Before he died, Litvinenko said those Russian contacts had traveled to London from Moscow, a revelation that prompted the searches of planes.

•The FBI said it had been asked to assist with the Litvinenko probe. FBI spokesman Richard Kolko said the bureau's experts on weapons of mass destruction would provide scientific analysis.

British Airways is contacting customers who flew on the planes as far back as Oct. 25. The health risk “has been deemed very low level,” spokeswoman Nicola Newman said. The three 767s — two at Heathrow, one in Moscow — remained on the ground.

Reid did not say whether radioactivity found at sites around London was polonium-210, which was found at the hotel and sushi bar where Litvinenko had meetings on Nov. 1. It was also found at four other Mayfair locations, including the office of exiled Russian tycoon Boris Berezovsky, also a Putin critic.

Litvinenko's friend and fellow Russian exile Alex Goldfarb told reporters the discovery of radiation on the aircraft confirmed Litvinenko's own view of how he was poisoned. “This reinforces the theory that the origins of the material that killed Alexander is in Moscow,” Goldfarb said.

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Goldfarb discounted any connection between the former KGB agent's death and the illness of Yegor Gaidar, 50, a former Russian prime minister who now is in the liberal opposition to Putin. Gaidar vomited and fainted in Dublin last week and now is under care in Moscow. “I don't think it's related,” Goldfarb said.

It was not clear how radiation got into the planes. Terry Kemp, professor of chemistry at the University of Warwick, said scientists working with radioactive isotopes normally wear protective clothing to avoid contamination. Couriers or agents might be far less careful, he said. “Suppose a small number of tiny droplets drifted onto your shirt cuffs and then you went on a plane. You would simply transfer it,” he said.

Polonium 210 (WSJ)

By Peter D. Zimmerman

The Wall Street Journal, December 1, 2006

LONDON -- The gruesome death of former KGB Lt. Col. Alexander Litvinenko will make history. Litvinenko is undoubtedly the first person murdered by the administration of an alpha-particle emitting radioactive isotope; that makes him the first known fatality resulting from a radiological assassination. The isotope, polonium 210, is largely unknown to the public.

Litvinenko's death was as ghastly as it is possible to imagine. The radioactive material went to his gastrointestinal tract, where it rapidly killed the cells lining his gut. They sloughed off, causing nausea, severe internal bleeding and enormous pain. It was as if his internal organs received a severe sunburn, and peeled. If the dose was high enough, it was a death sentence, no matter what the doctors tried to do. At best they could have tried to make Litvinenko comfortable until the end.

Radiation poisoning was not detected immediately, even though the symptoms were at least consistent with that cause. At a moderately early stage, according to visitors to the bedside, radiation was suspected, and a simple monitor was passed over Litvinenko's body. It failed to register significant radiation. That is not surprising because of the perverse genius of the choice of poison.

Alpha rays, emitted from certain very heavy atomic nuclei, are nothing but the nuclei of helium atoms. They pack a lot of energy, but because they are heavy and slow moving, they do not penetrate the way that gamma rays -- the most common radioactive emission -- do. Alphas are stopped in no more than a sheet of paper or a piece of aluminum foil, while gammas of the same energy will go through inches of lead. The alphas from the polonium 210 coursing through Litvinenko's body were stopped by his flesh, his skin and his clothing. There was nothing to be detected from outside.

Polonium is 5,000 times as radioactive per gram as radium; it takes very little to kill when it is ingested. There isn't much data, given that only two people are known to have died from acute polonium poisoning, one of whom was Madame Curie's assistant almost 100 years ago.

The Health Physics Society suggests that only three millicuries of polonium will do the trick; a fellow physicist estimated seven millicuries; and using data from a tragic episode in Goiania, Brazil, where five people died after eating a different isotope, I calculated the lethal dose at five millicuries. A "curie" is the amount of radiation given off by one gram of radium in one second; a millicurie is that given off by one-thousandth of a gram of radium. Because polonium's radioactivity is so high, one millicurie of polonium would weigh only 0.2 millionths of a gram, or about seven billionths of an ounce. Given the paucity of the data, three, five and seven are all "the same number," and it might be best to say the lethal dose is "around 10 millicuries." That is probably no bigger than a few grains of salt.

As this newspaper goes to press, the British authorities are investigating polonium contamination in at least a dozen locations in the West End of London, and British Airways has taken three Boeing 767 aircraft out of service for forensic examination. Many people who have been at or even near those locations fear for their own safely -- not surprising given the way Litvinenko died. In all likelihood there is no cause for any worry: The contamination must be at a very low level, particularly if it came from Litvinenko's body. The British government is partly to blame for the panic. It has announced "contamination," but has not indicated the amounts. It has sent a few people for follow-up screening, but has not explained that they are unlikely to be in any danger, and that the screening is probably only to gather forensic evidence.

Po-210 is a strange beast of a metal. The energy of each radioactive disintegration is so great that small chunks, perhaps a few hundred atoms in size, are blasted out of the surface and then drift around the room. Like dust they settle, but unlike dust they

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are radioactive themselves. And so, if one looks for alpha radiation with a sensitive detector, the micro-specks will announce themselves. But if such specks are all the contamination that exists, they are far too small to be dangerous.

When the use of polonium to kill Litvinenko was revealed, most scientists said that preparing the poison required the resources of a government, or at least the use of a nuclear research reactor. The only economical way to make the material is in a reactor where a target is bombarded with neutrons; the resulting tiny amounts of polonium are then carefully separated in a radiochemistry laboratory. The basic techniques date back to Pierre and Marie Curie's 1898 discoveries.

But it turns out that polonium 210 is a fairly common industrial isotope, one for which there are few substitutes. The radiation from a Po-210 source is used to ionize air, so that static electricity can be dissipated from textiles being pulled along rollers, from rapidly moving bands of paper, such as newsprint, and from photographic film. Alpha radiation makes it possible to brush off dust from film without having it immediately yanked back by a static charge.

Indeed, the U.S. Nuclear Regulatory Commission does not even require much in the way of licensing or paperwork to buy polonium sources smaller than two curies. Antistatic brushes, when fresh, can contain up to 10% of a lethal dose of Po-210; air ionizers for use in industry can contain up to the limit without coming under serious regulation, but larger and more useful sources are controlled. Such brushes, and somewhat larger ones, remain on the market.

As the threat of "dirty bombs," or radiological dispersion devices (RDDs), became well known a few years ago, thought was given to controlling alpha sources almost as tightly as gamma sources. However, it was recognized that alpha-emitters were not useful in RDDs because the radioactive material was only dangerous if you could persuade the victim to eat, drink or inhale it, something which seemed improbable. The allowed sealed radioactive sources are extremely hard to open, and extracting the microscopic speck of polonium is even more difficult.

Does the Litvinenko murder change things drastically? Not immediately, in my opinion. Polonium sources are still valuable in industry, and substituting small x-ray devices would be expensive and would take years to accomplish. The lesson from the Litvinenko murder is not that radioactive sources should be banned, not even alpha sources. It is that radiological weapons have the power to frighten us and to disrupt our lives, even when they cannot be used to cause widespread death and injury, and that an inarticulate government can make things much worse.

Mr. Zimmerman, a physicist, is professor of science and security at King's College London, and previously was chief scientist at the Senate Foreign Relations Committee and science adviser at the State Department during the Clinton administration.

Puffing On Polonium (NYT)

By Robert N. Proctor

The New York Times, December 1, 2006

Stanford, Calif.

WHEN the former K.G.B. agent Alexander V. Litvinenko was found to have been poisoned by radioactive polonium 210 last week, there was one group that must have been particularly horrified: the tobacco industry.

The industry has been aware at least since the 1960s that cigarettes contain significant levels of polonium. Exactly how it gets into tobacco is not entirely understood, but uranium “daughter products” naturally present in soils seem to be selectively absorbed by the tobacco plant, where they decay into radioactive polonium. High-phosphate fertilizers may worsen the problem, since uranium tends to associate with phosphates. In 1975, Philip Morris scientists wondered whether the secret to tobacco growers’ longevity in the Caucasus might be that farmers there avoided phosphate fertilizers.

How much polonium is in tobacco? In 1968, the American Tobacco Company began a secret research effort to find out. Using precision analytic techniques, the researchers found that smokers inhale an average of about .04 picocuries of polonium 210 per cigarette. The company also found, no doubt to its dismay, that the filters being considered to help trap the isotope were not terribly effective. (Disclosure: I’ve served as a witness in litigation against the tobacco industry.)

A fraction of a trillionth of a curie (a unit of radiation named for polonium’s discoverers, Marie and Pierre Curie) may not sound like much, but remember that we’re talking about a powerful radionuclide disgorging alpha particles — the most dangerous kind when it comes to lung cancer — at a much higher rate even than the plutonium used in the bomb dropped on

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Nagasaki. Polonium 210 has a half life of about 138 days, making it thousands of times more radioactive than the nuclear fuels used in early atomic bombs.

We should also recall that people smoke a lot of cigarettes — about 5.7 trillion worldwide every year, enough to make a continuous chain from the earth to the sun and back, with enough left over for a few side-trips to Mars. If .04 picocuries of polonium are inhaled with every cigarette, about a quarter of a curie of one of the world's most radioactive poisons is inhaled along with the tar, nicotine and cyanide of all the world's cigarettes smoked each year. Pack-and-a-half smokers are dosed to the tune of about 300 chest X-rays.

Is it therefore really correct to say, as Britain's Health Protection Agency did this week, that the risk of having been exposed to this substance remains low? That statement might be true for whatever particular supplies were used to poison Mr. Litvinenko, but consider also this: London's smokers (and those Londoners exposed to secondhand smoke), taken as a group, probably inhale more polonium 210 on any given day than the former spy ingested with his sushi.

No one knows how many people may be dying from the polonium part of tobacco. There are hundreds of toxic chemicals in cigarette smoke, and it's hard to sort out how much one contributes compared to another — and interactive effects can be diabolical.

In a sense, it doesn't really matter. Taking one toxin out usually means increasing another — one reason "lights" don't appear to be much safer. What few experts will dispute is the magnitude of the hazard: the World Health Organization estimates that 10 million people will be dying annually from cigarettes by the year 2020 — a third of these in China. Cigarettes, which claimed about 100 million lives in the 20th century, could claim close to a billion in the present century.

The tobacco industry of course doesn't like to have attention drawn to the more exotic poisons in tobacco smoke. Arsenic, cyanide and nicotine, bad enough. But radiation? As more people learn more about the secrets hidden in the golden leaf, it may become harder for the industry to align itself with candy and coffee — and harder to maintain, as we often hear in litigation, that the dangers of tobacco have long been "common knowledge." I suspect that even some of our more enlightened smokers will be surprised to learn that cigarette smoke is radioactive, and that these odd fears spilling from a poisoned K.G.B. man may be molehills compared with our really big cancer mountains.

Pope Prays In Turkey With Muslim And Orthodox Leaders (NYT)

By Ian Fisher

The New York Times, December 1, 2006

ISTANBUL, Nov. 30 — Pope Benedict XVI, who spurred waves of anger among Muslims just two months ago, stood Thursday in silent prayer, facing Mecca, beside a Muslim prelate in one of the world's most important mosques.

The image of two men in white — the 79-year-old pope and Mustafa Cagrici, the chief of religious affairs for Istanbul — under the ornate domes of the Blue Mosque sealed a trip in which Pope Benedict repeatedly underscored his desire to reconcile Christians and Muslims.

How much of that goal he achieved here is unclear, after the deep anger over a speech criticized as equating Islam with violence. But Mr. Cagrici proclaimed the start good, with Benedict becoming only the second pope in 2,000 years known to have visited a mosque.

"Spring will not arrive by a single swallow," he told the pope. "But more swallows will arrive, and we're going to enjoy spring in the world all together."

The two men exchanged nearly identical gifts of paintings of doves as signs of peace, a coincidence that seemed to amuse the pope. In turn, he told Mr. Cagrici, "With the help of God, we must find the way of peace together, for the good of humanity."

But even with the symbolism of the mosque visit and a more diplomatic style, Pope Benedict showed Thursday that many of his basic concerns about the relationship between Christianity and Islam, as well as between West and East, had not vanished.

Twice on Thursday, the last day of his visit to Turkey, he referred to the "Christian roots of Europe" — long one of his themes, and one that has provoked some anger as seeming to minimize the contributions of others who now live there, especially the growing Muslim population.

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He went further in a joint declaration with Bartholomew, the Orthodox Patriarch of Constantinople, of referring also to the Christian roots of Turkey — a historical fact, with the Byzantine church based here for more than a millennium, but a declaration that seemed to run the risk of offending his Muslim hosts.

On Thursday he again seemed to endorse Turkey's entering the European Union — repeating the good-will gesture he made on Tuesday, his first day here — but he linked the step to a hope for specific progress in respecting the rights of minorities here. Turkey's small population of Orthodox Christians complains of official harassment and bureaucratic obstacles that have prevented its members from operating freely.

Of the European Union, the pope wrote in his joint declaration with Patriarch Bartholomew, "Those engaged in this great project should not fail to take into consideration all aspects affecting the inalienable rights of the human person, especially religious freedom, a witness and guarantor of respect for all other freedoms."

"In every step toward unification," they wrote, "minorities must be protected, with their cultural traditions and the distinguishing features of their religion."

Finally, he repeated a theme from the speech that caused the negative reaction in September in Regensburg, Germany, about his worry about violence in the cause of religion, though this time without mentioning any religion by name.

"Above all, we wish to affirm that killing innocent people in God's name is an offense against him and against human dignity," he and the patriarch wrote in their statement.

In all, the pope has seemed to toe a careful line of not backing down in substance — with the exception of cautiously blessing the progress of Turkey toward membership in the European Union — while presenting a more open, warmer face to an Islamic world that now deeply distrusts him.

The pope's spokesman, the Rev. Federico Lombardi, said the September speech, however painful, had helped open a new vein of dialogue between Christians and Muslims. "Regensburg bore a positive fruit, in a certain sense," he told reporters after the pope's visit to the mosque.

Before Benedict's visit, John Paul II became the first pope known to visit a mosque. It is usually reported that he did so first in Damascus in 2001, though a Jesuit priest active in interfaith dialogue said recently that the first such visit was actually in Senegal in 1992.

Benedict's relations with Muslims were only one facet of the trip, and for the Vatican not the most important one in the long run. On Thursday, Benedict continued what he considered his main task here, to help heal the 1,000-year rift with the world's 220 million Orthodox Christians.

For 40 years the two churches have been engaged in halting talks toward reuniting, and on Thursday the pope attended an Orthodox Divine Liturgy, and he and Bartholomew traded speeches that expressed hope for future negotiations toward unity.

Bartholomew is the spiritual head of the world's Orthodox Christians, though not with the same power the pope holds over the world's billion Catholics. The patriarch called the pope's presence in Turkey part of the "unwavering journey toward the restoration of full communion among our churches," which he said was God's will and command.

"May it be so," Bartholomew said.

Benedict's twin goals of overcoming enmities, old and new, between Christians and Muslims and among Christians themselves, could not find a more apt or complicated stage than Istanbul, a fact that seemed particularly vivid in the final day before he travels back to Rome.

Here the dramas of two millenniums of conflict, distant but very real, play out perhaps as in no other place, endowing the pope's visit with deep symbolic value — and presenting endless dangers for offense.

Before the pope visited the Blue Mosque, he toured Hagia Sophia, the present structure of which was built in the sixth century. It was the seat of the Byzantine church, which split from Roman Catholicism in 1054. After the Ottoman Turks defeated the Byzantines in 1453, the church was turned into a mosque. Ataturk, founder of the modern, secular Turkish state, turned it into a museum in 1935, making it neither Christian nor Muslim.

Hagia Sophia was closed to the general public during the pope's tour, and quiet except for a handful of stray cats that scampered across the ancient marble. Many Turks were watching Benedict carefully to see if he would pray. Pope Paul VI got

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down on his knees when he visited in 1967. Though Pope Paul had permission, he outraged many Turks, who felt he was subtly claiming the building back for Christianity.

But Benedict played very much the tourist, merely nodding and asking questions as he stopped at an alcove that displayed the church's split identity. Images of the Virgin Mary and the Christ child, in a ninth-century fresco, looked down from a dome to walls covered with Arabic calligraphy citing the names of God and the Prophet Muhammad.

After his tour the pope walked across the plaza — under the tightest security, with helicopters overhead and riot-equipped police officers with shields and tear gas — to the Blue Mosque, built in the early 17th century by Sultan Ahmed. The sultan's goal was also part of the competition between religions, to prove that Muslims could outdo Christians, even in the majesty of their buildings.

Silent Prayer, Words Of Hope As Pope Visits Mosque (WP)

By Molly Moore

The Washington Post, December 1, 2006

ISTANBUL, Nov. 30 -- Pope Benedict XVI slipped out of his red Prada loafers and padded in white slippered feet across the carpeted floor of Istanbul's revered Blue Mosque on Thursday, in only the second papal visit ever to a Muslim house of worship.

Near the end of the tour, the pope's host, Istanbul's chief cleric, Mustafa Cagrici, said quietly, "Now, I'm going to pray." The Christian world's most powerful leader lowered his eyes and appeared to mouth his own brief, silent prayer as the lights of the mosque glinted off the heavy gold cross nestled against his white frock.

For just under a minute, Benedict stood facing Mecca alongside the Islamic cleric beneath the exquisite blue-tiled dome of one of the world's most famous mosques, a visual gesture of reverence to a Muslim world he angered in September by quoting a Byzantine emperor who accused Islam of embracing violence.

"Thank you for this moment of prayer," the pope told Cagrici as they shuffled out of the cavernous 17th-century structure, known formally as Sultan Ahmet Mosque, with Benedict's white stocking slippers peeking from beneath his floor-length robes. In Islam, it is forbidden to wear shoes inside a mosque.

"This visit will help us find together the way of peace for the good of all humanity," the pope said.

"A single swallow can't bring spring," Cagrici told the pope. "But many swallows will follow, and we will enjoy a spring in this world."

Some Turks were angry that the Roman Catholic leader, on his first trip to a Muslim country in the 19 months he has been pope, entered a mosque. Police dispersed a few dozen demonstrators who protested outside the Blue Mosque several hours before Benedict's arrival.

Others welcomed the pope's gestures of goodwill. "Each message the pope gives in Turkey is important," said Ali Adakoglu, editor of Gercek Hayat, a weekly magazine popular among conservative Muslim university students. "It's important not only for Turkey, but for the world, which could have a clash of civilizations."

Adakoglu added, "But is he saying nice things only for the sake of being polite, or is he really behind his warm messages?"

Snipers stood guard in the mosque's minarets. Just before the pope arrived, the wail of the call to prayer competed with the rumble of helicopters policing the area from above, part of the stringent security precautions Turkey has taken for the pontiff's four-day trip, which ends Friday.

Benedict's predecessor, John Paul II, made the first papal visit to a mosque, in Damascus in 2001. Benedict added the Blue Mosque to his itinerary as an overture to Muslims and Turkish nationalists suspicious of his visits here with leaders of Orthodox and Armenian Christian churches, who have complained of discrimination and repression in Turkey.

Benedict's tour has tested his diplomatic skills as he treads carefully across the fault lines of religious conflict both modern and ancient. He has used the trip not only to try to mend his relations with the Muslim world, but also to try to improve the Vatican's ties with the Orthodox and Armenian Christian churches, which split with Rome centuries ago.

Ecumenical Patriarch Bartholomew I, who from his seat in Istanbul acts of spiritual head of Orthodox Christianity's 250 million members worldwide, invited the pontiff to Turkey a year ago, long before the pope's speech that incited Muslims.

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After nearly a millennium of conflict between Rome and the Orthodox church, the pope and the patriarch called Thursday for a combined effort to salvage the declining membership and stature of both churches in Europe, where Christians are increasingly abandoning religion as Islam gains followers and influence.

"In Europe, while remaining open to other religions and to their cultural contributions, we must unite our efforts to preserve Christian roots, traditions and values," the leaders said in a joint statement after an elaborate, two-hour St. Andrew's Day service in the Orthodox Church of St. George near the banks of the Bosporus Strait.

And while the pope was willing to pray in the Blue Mosque, he avoided any overt show of prayer when he visited the Haghia Sophia -- once considered Christendom's grandest house of worship. In 1453, Ottoman Turks captured Constantinople, now Istanbul, and turned the church into a mosque. It was declared a museum in 1935 after Turkey became a secular republic.

Press and television commentators here had speculated about whether the pope would attempt a prayer in Haghia Sophia or make a comment urging the government to return it to its status as a place of worship.

He did neither. He did, however, raise folded hands for a few seconds toward the recently refurbished ceiling mosaic of the Virgin Mary, and as he entered the soaring spaces of the onetime cathedral, his face seemed more animated than in any other public appearance of his trip.

Pope Prays In Turkish Mosque (WT)

By John Phillips

The Washington Times, December 1, 2006

ISTANBUL -- Pope Benedict XVI prayed alongside a top Muslim cleric yesterday in Istanbul's dazzling Blue Mosque, climaxing a four-day visit in which the pontiff emphasized protecting the rights of religious minorities.

Hours earlier, Benedict stood beside the spiritual leader of the world's Orthodox Christians, Ecumenical Patriarch Bartholomew I, and they encouraged Turkey in its bid to join the European Union.

"In every step towards unification, minorities must be protected, with their cultural traditions and the distinguishing features of their religion," Benedict and Bartholomew said in a joint declaration after a morning service.

The service at St. George's Patriarchal Church marked the feast of St. Andrew, the patron saint of the Ecumenical Patriarchate and brother of St. Peter.

In the afternoon, Benedict visited the mosque, replacing his shoes with white slippers and walking beside Istanbul's top Muslim cleric, Grand Mufti Mustafa Cagrici.

"This visit will help us find together the way of peace for the good of all humanity," the German pope told Mufti Cagrici inside the 17th-century structure.

The Rev. Federico Lombardi, the Vatican spokesman, said the pope had stopped for "a moment of reflection and meditation that one can also call personal prayer" in the mosque, which officially is named after Sultan Ahmet I and opened in 1616.

A major attraction for tourists, its popular name derives from the fine blue Iznik tiles in the main prayer room.

Receiving a gift of a glazed tile decorated with a dove and a painting showing a view of the Sea of Marmara, the pope gave the imam in return a painting showing four doves. "Let us pray for brotherhood and for all humanity," the 79-year-old pontiff said in Italian.

The mosque visit was "truly a great step forward" in relations between Muslims and Christians, Father Lombardi said. "The welcome the pope received certainly was very cordial without any coldness or reserve."

Benedict also toured the 1,500-year-old Hagia Sophia complex, now a museum but for centuries a Christian church. In 1453, it was converted to a mosque during the Muslim conquest of Constantinople.

The site was converted to a museum under the secular Turkish republic proclaimed in 1923.

"In our diversity, we find ourselves before faith in the unique God," Benedict wrote in the museum visitors' book. "May God enlighten us and allow us to find the path of love and peace."

The pope's inscription was released on a Turkish newspaper's Web site and Father Lombardi confirmed it as authentic.

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Several dozen protesters linked to the far-right Grey Wolves party gathered outside the building yesterday morning waving banners saying, "Pope get out of Turkey."

However, the pope's message of reconciliation resonated throughout the trip, winning widespread praise that contrasted sharply with worldwide Muslim anger in Turkey and elsewhere over remarks on violence and the prophet Muhammad.

Benedict's predecessor, Pope John Paul II, made the first papal visit to a mosque during a visit to Damascus, the Syrian capital, in 2001.

Meeting Bartholomew was the original aim of the pope's visit in an effort to end the nearly 1,000-year schism between the Catholic and Orthodox churches, which Benedict yesterday described as a "scandal to the world."

The pope is slated to return to the Vatican today.

Conviction Of Researcher For New York Times In China Is Upheld (WP)

By Maureen Fan

The Washington Post, December 1, 2006

BEIJING, Dec. 1 -- The three-year fraud sentence of a Beijing-based researcher for the New York Times was upheld by Beijing's High Court on Friday, the only remaining charge against him after a more serious accusation of leaking state secrets was dismissed in August.

"The fraud charge itself is not fair because they didn't give our witness any chance to speak in court," said Zhao's attorney, Guan Anping, who was kept waiting outside the courthouse with reporters and did not appear with his client. "The fraud charge depended heavily on evidence, and this evidence was not presented in court. Both the prosecutors and the defense only submitted written statements."

For Zhao Yan, 44, it was the end of a lengthy legal process that could have meant 10 years in prison. It was not clear Friday whether he could appeal to the central government's Supreme People's Court for reconsideration through a "supervisory process," Guan said, which is technically outside normal legal procedures.

Zhao was detained in September 2004, 10 days after a Times article accurately predicted that former president Jiang Zemin would resign his last official position as head of China's Central Military Commission. Zhao and the Times have consistently denied that he was the source for news about Jiang's retirement, which was not unexpected but viewed as a state secret.

Zhao's case was originally dismissed in March, weeks before current President Hu Jintao visited the United States. But Zhao remained in detention, and prosecutors renewed their charges in May. His case has been the subject of lobbying by President Bush.

After the more serious charge was dropped, Zhao was sentenced in August to three years for the unrelated fraud charge, in connection with his job as a Chinese newspaper reporter before he worked for the Times. Prosecutors say that Zhao promised to help a man in Jilin province in exchange for $2,500 but that he did not deliver the help.

Zhao maintains his innocence. The man did not complain to police or file a legal complaint, and the fraud charge was leveled only after authorities began investigating the state secrets charge, Zhao's attorneys have said.

Zhao has served more than two years of his sentence and has 10 months remaining. He could be released in September.

His daughter, aunt and uncle appeared in court Friday. It was Zhao's relatives who came outside about 9:15 a.m. and informed Zhao's attorney and the media of the result.

"Zhao told the court: 'You even made a mistake with my birthplace and my age. How can you give me a trial?' " said the uncle, Zhao Hongfeng, 56. "It's not what I expected. I believe he's innocent."

Sex Abuse Of Girls Is Stubborn Scourge In Africa (NYT)

By Sharon Lafraniere

The New York Times, December 1, 2006

SAMBAVA, Madagascar — Thirty miles outside this down-at-the-heels seaside town, Justin Betombo tends his vanilla plants and cheers the local soccer team as if he had not a care in the world. And in fact, what was once his greatest worry has been almost magically lifted from his shoulders.

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In the local prosecutor's office, a file filled with accusations that he had sodomized his 9-year-old niece has vanished.

Mr. Betombo was arrested in 2003 after the girl, Kenia, said he had savagely assaulted her. The police obtained his confession, which he later recanted, and a doctor's certificate that Kenia had been sexually violated, rendering her incontinent and anorexic. Twice they sent the case file to the prosecutor.

There matters ended. Mr. Betombo attended one hearing in the prosecutor's office, but Kenia's parents say they were not told about it. The records are nowhere to be found. And Mr. Betombo walked away a free man. Kenia's parents, distressed by what they saw as a travesty of justice, asked that her name be published, hoping that her case would set an example.

Among sub-Saharan Africa's children, such stories are disturbingly common. Even as this region races to adopt many of the developed world's norms for children, including universal education and limits on child labor, one problem — child sexual abuse — remains stubbornly resistant to change.

In much of the continent, child advocates say, perpetrators are shielded by the traditionally low status of girls, a lingering view that sexual abuse should be dealt with privately, and justice systems that constitute obstacle courses for victims. Data is sparse and sexual violence is notoriously underreported. But South African police reports give an inkling of the sweep of child victimization. In the 12 months ending in March 2005, the police reported more than 22,000 cases of child rape. In contrast, England and Wales, with nine million more people than South Africa, reported just 13,300 rapes of women and girls in the most recent 12-month period.

"The prevalence of child rape in South Africa goes from really, really high to astronomically high," said Dr. Rachel Jewkes, a specialist on sexual violence with South Africa's Medical Research Council.

Africa is not unique in its high rates of abuse. While a survey of nine countries last year by the World Health Organization found the highest incidence of child sexual abuse in Namibia — more than one in five women there reported being sexually abused before age 15 — it also found frequent abuse in Peru, Japan and Brazil, among other nations. Relatives are frequent perpetrators in Africa, as in much of the world. But this continent's children face added risks, especially at school. Half of Malawian schoolgirls surveyed in 2006 said male teachers or classmates had touched them in a sexual manner without their permission.

The number of abuse cases is rising in South Africa, Zimbabwe, Zambia, Uganda, Kenya, Sierra Leone and other African countries, statistics show. Whether that means more children are being victimized or more are coming forward — or both — is impossible to determine, experts say.

Researchers cite various reasons that abuse is so common: poverty, which makes it harder for parents to keep children safe; a legacy of violent, oppressed societies, and cultural mores that allow offenders to escape criminal punishment, often by marrying their victims or compensating their victims' families.

But, ultimately, said Dr. Jewkes, of the Medical Research Council, the vast gap between the status of men and boys and that of women and girls explains much of the climate of relative tolerance. "If I had to put my finger on one overriding issue, it would be gender inequality," she said.

Increasingly, African nations are openly acknowledging the problem, partly because AIDS has made children more likely to fall ill or die from sexual abuse. Campaigns against abuse are under way in Zimbabwe, Lesotho, Swaziland, Kenya, Sierra Leone and elsewhere.

The impact is apparent in Zimbabwe, where a child rights group estimates that at least 2,000 child rape victims have died of AIDS since 1998. "Literally for the first time in Zimbabwe's history, child abuse is no longer a taboo subject," said James Elder, a Unicef spokesman.

That said, the response is minuscule compared with the extent of abuse, said Pamela Shifman, a child protection specialist at Unicef headquarters in New York. "We see huge numbers of girls affected," she said. "These crimes are still treated as the fault or the problem of the victim."

South Africa is perhaps furthest along in developing the specialized courts, medical treatment and counseling that have long been standard fare in the West. But even there, Dr. Jewkes said, appalling police work — for example, not verifying the addresses of suspects and accusers — routinely dooms prosecutions.

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Beyond that, said Joan van Niekerk, national coordinator of Childline, which runs South Africa's child crisis hot lines, children regularly complain that coping with the criminal justice system is worse than the sexual abuse itself.

Like much of the region, Madagascar, an island of 18 million off Africa's southeastern coast, is making headway, but still falls short of even South Africa's low standard.

Since 2000, Unicef has set up 11 child-protection teams of doctors, educators and judges to inform the public about sex abuse and assist victims. Hassan Mouigni, who leads vice investigations at the main police station in Antananarivo, Madagascar's capital of 1.4 million, sees some results. This year, he said, the station has investigated 95 cases, compared with 40 in all of 2003.

But medical and legal authorities say the vast majority of families still hew to a tradition of accepting payment from perpetrators. The few who press charges are plunged into a criminal justice process that Mr. Mouigni calls deeply frustrating.

He can offer victims who arrive at his station little more than an officer behind a typewriter — no counselors, no video cameras to record testimony, no toy-filled rooms or friendly intermediaries. Instead, girls as young as 5 are expected to confront their tormentors face to face. Perhaps most daunting, poor families must produce at least $15 to cover investigation costs like gloves and paper for medical exams.

That was nearly enough to deter Claudine Ravoniarisoa, who appeared at Mr. Mouigni's station one recent Thursday with her 15-year-old daughter. Wringing her hands nonstop, the girl told officers that a neighbor had raped her while her mother was hospitalized. "He destroyed my life and my body," she said.

But once her mother learned of the costs, she decided to identify the perpetrator only as "Mr. X."

"I have no money to pursue this," she protested, while an officer tried to persuade her to do so.

In another room, Domoima Rahamtanirima pressed a case against her brother-in-law in the molestation of her 5-year-old, Menja. For two weeks afterward, Mrs. Rahamtanirima said, the girl cried when she urinated.

Mrs. Rahamtanirima borrowed money for the required medical exam. Nothing was left to buy the medicine the doctor had prescribed for Menja. Her file complete, the little girl traipsed in her frilly white dress to a courthouse as packed with accusers, accused and their supporters as a New York subway station at rush hour. She waited four hours, then sat down at a table before them all and, in a tiny voice, identified her uncle, seated across from her, as her assailant.

"We had to do it," said her mother, who said that everyone in her village knew about the case and asked that her daughter's name and picture be used. "Everybody should be aware that things like this should not happen to children."

A Quest for Redress

Kenia's parents, Antoine and Joazandry Moravelo, are equally passionate about the need for justice for their daughter. But after four fruitless years, they have all but given up hope. Though her photograph and name have appeared in local newspapers, they say, no one has been held accountable.

Kenia, the sixth of eight children, moved in with her aunt and uncle Lydia and Justin Betombo at the age of 8 after they promised to educate her. Sharing child care is common in Africa, and the Betombos, who lived 45 minutes away, had more than the Moravelos: a car and a two-room, tree-shaded house with sheet metal walls instead of the Moravelos' thatched-roof reed hut.

But Kenia said the house was no haven. She said, "my uncle showed me his penis whenever he had a chance, and I always ran away." Her aunt's stock response, she said, was, "Don't talk about that."

One night in mid-2002, when her aunt was out, Kenia said, her uncle summoned her to his bed. "Because I refused, he came over to my bed," she said. Afterward, she said, he told her, "If you talk about what happened, I will kill you." She said she told her aunt anyway, and was instructed to keep quiet. The physical consequences of the attack, however, were hard to hide.

Kenia lost control of her bowels, had to quit school and was increasingly homebound. For six months or more, her only treatment was from a traditional healer who told her to boil herbs and wash with them. Finally, emaciated and weak, Kenia approached a neighbor. "She said, 'I am sick; I am sick,' and she was crying," said the neighbor, Suzanne Mboty, who knew Kenia's parents.

Hours after the neighbor reached his village, Mr. Moravelo retrieved Kenia. "She was so thin, so thin, I couldn't believe it," he said. Her mother said Kenia could not even sit down. "I opened her bag, and I saw all her underwear full of feces," she said. "I said, 'My God, what is this?' "

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Kenia refused to say. But at the local health clinic, the nurse held up scissors and threatened to operate if Kenia did not talk.

That began nearly four years of medical procedures for Kenia, including a colostomy, two operations to close it, and repeated hospitalizations for wasting, incontinence and anorexia. Her mother said she sometimes refuses to eat because defecation is painful. Medical reports indicate that the muscle controlling defecation has been largely destroyed and her anal canal is heavily scarred.

The family is rent: Kenia's parents had to sell their rice field and move to Diego-Suarez in the north for her treatment. Most of their other children remained behind, in the care of elder siblings. Kenia, now 13, is temporarily in Antananarivo, where a doctor is trying to treat her with a special diet.

A surgeon who recently examined her said a full recovery was unlikely. The uncertainty preys on Kenia, her mother said. "Sometimes she tells me, 'My body is hurting. I have so many problems. I don't go to school. I just feel this sickness all around me,' " she said.

The family's legal efforts have met even less success. Mr. Moravelo lodged a complaint with the cash-short police, but the officers had no car; he hired a taxi so they could pick up Mr. Betombo for questioning. Frightened and sobbing, Kenia confronted her uncle at the chaotic station.

Justice Subverted

Mr. Betombo and his wife denied Kenia's account. But ultimately — after the police beat him, Mr. Betombo said — he signed a confession, was arrested and carted off to the prosecutor's office in nearby Antalaha.

Kenia's father said that was the last he heard until a few days later, when friends told him that Justin Betombo was "free and happy" back in his village.

Mr. Betombo said he had convinced the prosecutor that his confession was false. Kenia's parents say they were never summoned to contradict him.

"I took this girl in as my daughter," Mr. Betombo said. "I really can't understand why they say that I could have done such an awful thing to her. I think they were jealous of me and they wanted to ruin my life."

Sambava's police department again sent the file to the prosecutor's office months later. But Sophie Ramahakaraha, the prosecutor in charge, now says that she has no record or memory of it. Real instances of child rape are rare, she said. "Very often the parents are poor and they use this procedure to get money," she said.

But to Daul Randriamalaza, a Sambava police inspector, there is no question about who was the victim here.

"I don't want to talk about corruption here, but that is what could have happened in this case," he said as prisoners watched from the station's tiny cell.

"I have children myself. How can I be happy about this?"

Mexico's New Day (LAT)

The Los Angeles Times, December 1, 2006

VICENTE FOX exits the stage today in Mexico, handing over the presidency to 44-year-old Felipe Calderon. The two men hail from the same conservative party (the National Action Party, or PAN), but Calderon's inauguration takes place against a backdrop radically different from Fox's swearing-in six years ago. Calderon seems immeasurably weaker than Fox was when he vanquished the long-dominant Institutional Revolutionary Party, or PRI, in 2000. But that may be as much an opportunity as a hindrance.

Fox, though still personally popular, has been an ineffective, lame-duck president for so long it is easy to forget his rock-star status — not just at home but around the globe — on first taking office. Expectations in Mexico were so high then that even leftist intellectuals flocked to his side.

His successor takes office under far less auspicious circumstances. Indeed, there is some question about whether he will be able to be sworn in as customary in the Congress. Leftist legislators still grousing (absurdly) that fraud accounts for Calderon's narrow victory at the polls are vowing to block the path to the podium.

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Calderon has nowhere to go but up, just as Fox had nowhere to go but down. There is a recent precedent in Mexico of a president who needed to legitimize himself in office — Carlos Salinas de Gortari — taking bold risks. Salinas, a member of the PRI, shocked Mexico by taking on the powerful oil workers' union and making peace with the Roman Catholic Church.

Calderon could show his boldness by taking on his backers in the business community. There has been a lot of nonsensical talk since the July 2 election about the need for the new president to borrow some of the ideas of Andres Manuel Lopez Obrador, the leftist former mayor of Mexico City who lost the election by less than a percentage point. That would be a mistake.

Mexico needs to spend more on welfare programs, sure, but overall it needs freer markets, not a return to the days of heavy-handed government control of the economy (Lopez Obrador's vision). And in order to create more economic freedom and stimulate growth, Calderon needs to break up the monopolies and duopolies that enrich the elites (the Telmex behemoth in telecommunications is Exhibit A) and act as a brake on growth.

Calderon will have to become an avid trust-buster if he is to succeed in office. He'd be taking on powerful interests, but the move could also help him broaden his base of support. A technocratic political insider who surrounds himself with hard-core conservative advisors, Calderon has plenty of other challenges, including rising drug-trafficking violence nationwide. But if he makes progress in standing up to big business and in restoring the rule of law, he could someday attain rock-star status of his own.

DOJ_NMG_0100441

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 1, 2006 7:45 AM EST

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TERRORISM NEWS:

Ruling Due On Moussaoui Evidence (AP)

By LARRY O'DELL, THE ASSOCIATED PRESS

AP, December 1, 2006

Sept. 11 plaintiffs' lawsuit goes to court based in Richmond

A federal appeals court in Richmond will decide in coming weeks whether some families of the Sept. 11 victims should be given evidence from the trial of confessed al-Qaida conspirator Zacarias Moussaoui for civil lawsuits filed in New York.

U.S. District Judge Leonie Brinkema of Alexandria has ordered the government to give the plaintiffs nonsensitive information that prosecutors turned over to Moussaoui's attorneys but was never introduced at his trial.

Justice Department lawyer Steven Lane yesterday urged a three-judge panel of the 4th U.S. Circuit Court of Appeals in Richmond to overturn that ruling. He argued that Brinkema lacked authority in the New York cases and that there is no precedent for allowing civil plaintiffs to intervene in a criminal case.

Lane said the case isn't about whether the plaintiffs are entitled to the evidence; it's about the proper procedures for obtaining it.

"We're prepared to respond in good faith to discovery requests made in New York under settled civil-discovery procedures," Lane said, adding that "there was no need for the district court to create from whole cloth a novel procedure" in this case.

Nathan Lewin, attorney for the plaintiffs, argued that Brinkema properly exercised her discretion to allow access to the evidence in "an unusual case involving victims of the worst terrorist act in the history of mankind."

Appeals court Judge Roger Gregory asked if Brinkema's order amounts to an open door for any citizen to intervene in a criminal case.

It does not, Lewin said, because Brinkema made it clear that this is a rare case in which the plaintiffs have demonstrated a compelling need for the evidence.

"This group of civil litigants, their rights should be viewed as importantly as the criminal prosecution of someone who allegedly participated in the terrorist act," Lewin said.

About 6,600 plaintiffs are listed in three negligence lawsuits against parts of the airline industry and those alleged to have financed the terror group that hijacked airplanes and crashed them into New York's World Trade Center, the Pentagon and a Pennsylvania field.

In her April 7 order, Brinkema said the Sept. 11 plaintiffs enjoy special privileges as a result of legislation passed by Congress. Lane argued that the legislation says nothing about allowing civil discovery in a criminal case.

Moussaoui, the only person in this country charged in the attacks, was sentenced to life in prison in May after a jury found him responsible for at least one death on Sept. 11.

The government has said it provided more than 2 million pages of unclassified documents to Moussaoui's defense. Classified documents are exempt from Brinkema's ruling.

The appeals court usually rules several weeks after hearing oral arguments.

No Domestic Spying In Ohio Terror Case (WP/AP)

By Andrew Welsh-huggins, The Associated Press

The Washington Post, December 1, 2006

COLUMBUS, Ohio -- A federal judge who dismissed a challenge of the Bush administration's domestic spying program said the case against a convicted al-Qaida supporter was built on statements he made to investigators, not evidence from warrantless eavesdropping.

The challenge by Iyman Faris, now serving a 20-year prison sentence, was among the first to seek evidence of warrantless eavesdropping by the National Security Agency, a practice that began after the terrorist attacks of Sept. 11, 2001.

Judge Leonie Brinkema of the Eastern division of the U.S. District Court in Virginia dismissed his challenge earlier this month; her ruling was unsealed Wednesday.

The case against Faris rested on statements he made to investigators, "not on statements Faris had made to third parties that might have been intercepted," Brinkema wrote.

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Faris, a former Ohio truck driver, pleaded guilty in 2003 to a plot to destroy the Brooklyn Bridge. He has tried to withdraw his plea, saying he had no connection with al-Qaida and his first attorney gave him bad advice about pleading guilty.

Faris has argued that his terrorism conviction should be thrown out on the grounds that the government illegally spied on him. He said investigators improperly obtained evidence against him and that his trial lawyer was ineffective.

The government has said information from a court-ordered wiretap led them to Faris. But Brinkema said her review of government documents found no evidence that the "constitutional rights of Faris were infringed by the manner in which his name came to the attention of the FBI."

Faris' attorney David Smith said Thursday that his client wants to appeal the case as far as possible. Phone messages seeking comment were left with the U.S. attorney's office.

Two Britons Facing Extradition To U.S. Lose Court Appeal (WP/AP)

The Washington Post, December 1, 2006

LONDON, Nov. 30 -- Two British men charged with terrorism-related offenses may be extradited to the United States, a court ruled Thursday.

Lawyers for Haroon Rashid Aswat and Babar Ahmad argued that, despite U.S. assurances, there was a risk that the men would be mistreated, or tried and sentenced as enemy combatants.

Dismissing the appeal, Lord Justice John Laws said that argument "would require proof of a quality entirely lacking here." The court did not immediately rule on whether the two men could appeal the decision to the House of Lords.

Ahmad faces charges of supporting terrorism, conspiring to kill Americans and running a Web site used to fund terrorists. Aswat is accused of plotting to set up a camp in Bly, Ore., to train Islamic fighters.

Dodd Proposes Restoring Rights For Terrorism Suspects (NHR)

By Mary E. O'Leary

New Haven Register, December 1, 2006

Christopher Dodd, Connecticut's senior U.S. senator, has proposed revamping the newly authorized military commissions to restore habeas corpus protections for terrorism suspects, as well as to curb executive interpretation.

U.S. Sen. Patrick Leahy, D-Vt., is expected to co-sponsor the legislation, according to Dodd's office.

Habeas corpus is a writ ordering that a person in custody be brought before a court; it places the burden of proof on those detaining the person to justify the detention.

Dodd also has written to President Bush, asking that implementation of the commissions be delayed until a new secretary of defense is given a chance to scrutinize elements of the new law.

Bush has proposed that Robert Gates replace Donald Rumsfeld, who has been defense secretary for the past six years and the main strategist behind the Iraq war.

Although there will be a majority of Democrats in the Senate when the 110th Congress convenes in January, it is not clear whether Dodd will be successful in convincing his colleagues to adopt his proposal. The 51-49 Democratic majority is not capable of overriding a presidential veto.

The Supreme Court threw out the commissions as originally defined by the Bush administration and Congress enacted a revised system this fall which limits the usual courtroom rights of defendants, allows the president to interpret the meaning and application of the Geneva Convention and removes judicial review of all habeas claims brought by detainees.

It also grants retroactive protection to U.S. personnel who engaged in rough treatment of prisoners, allows the CIA to continue its once-secret program of detaining prisoners overseas and broadens the definition of enemy combatant.

In signing the bill in October, the president said it was needed in the fight against terror. "It is a rare occasion when a president can sign a bill he knows will save American lives," Bush said at the time.

Trials are expected for the 14 senior al-Qaida members recently transferred to Guantanamo Bay in Cuba, but advocates for the other 400 detainees fear the lack of habeas corpus leaves the majority of them in limbo.

A study of those being held at Guantanamo found that more than half were not picked up on the battlefield in Iraq or Afghanistan, but were picked up in Pakistan and turned in for bounty payments.

Dodd feels the lack of habeas corpus protections for detainees undermines the moral authority of the United States and puts American servicemen and women in jeopardy.

"There is a right way to do this and a wrong way to do this. It's clear that people who perpetrated these horrendous crimes against our country and our people have no moral compass and deserve to be prosecuted to the full extent of the law. But in taking away their legal rights, the rights first codified in our country's Constitution, we're taking away our own moral compass as well," Dodd said.

DOJ_NMG_0100446

A Lawyer In Marine Corps Khaki Wins Australian Support For His Guantánamo Client (NYT)

By Raymond Bonner

The New York Times, December 1, 2006

SYDNEY, Australia, Nov. 29 — David Hicks, a 30-year-old Australian who is about to begin his sixth year at Guantánamo Bay, is gaining supporters for his release from diverse quarters.

The rock singer Bono made an appeal during a concert in Brisbane. One of Australia's pre-eminent writers, Richard Flanagan, dedicated his most recent novel, "The Unknown Terrorist," a searing indictment about authorities and journalists who have effectively rounded up innocent individuals, to him.

On Monday, the attorneys general from Australia's eight states and territories sent a letter to the federal attorney general demanding that Mr. Hicks be brought home, and asking 10 specific questions about the conditions of his detention.

They wrote the letter after meeting with the man who has become the star of the David Hicks show, as it were, Michael D. Mori, a major in the United States Marine Corps.

With short-cropped hair, and a burly chest full of ribbons, Major Mori is Mr. Hicks's appointed military lawyer, and this month, sponsored by the Australian Lawyers Alliance, a trial lawyers group, he took his PowerPoint appeal across this vast continent, from Brisbane, on the east, to Perth on the west.

In Sydney, an audience of some 600 — students, lawyers, workers — applauded thunderously when he finished.

The audience here included Mamdouh Habib, in a suit and ponytail, looking far more fit than when he was released from Guantánamo, in early 2005; the Bush administration declined to prosecute him, which would have allowed evidence that he had been tortured after being taken to Egypt to be heard in court.

Major Mori was on his sixth visit here. In his short-sleeved khaki Marine Corps shirt, green trousers and highly polished black shoes, he made the case for Mr. Hicks's release. He began with a blowup of an article from The New York Times Magazine: "Rahmahullah Hashemi was the Taliban's chief spokesman abroad. So how did he end up at Yale?"

"This is the hypocrisy," Major Mori began. "I get up every morning and scratch my head that David Hicks is in Guantánamo for five years and the chief spokesman for the Taliban is at Yale." He feigned bewilderment. The audience loved it.

American and Australian officials have said that Mr. Hicks trained with Al Qaeda, and was picked up on the field of battle, in October 2001. But they say he did not shoot any American solider, or any civilian, during the war in Afghanistan.

If Mr. Hicks is returned to Australia, he will be a free man, because training with Al Qaeda was not a crime in Australia at the time.

Australia's intelligence agency considers Mr. Hicks a dedicated enemy of the West. The Australian counterterrorism police, however, see him as a misguided soul, a wanderer in search of meaning.

A high-school dropout — too much drinking and drugs, too little studying, his parents have said — Mr. Hicks spent time in the Outback skinning kangaroos before going to Japan, where he broke horses. For an unknown reason, he went off to Kosovo during the Balkan wars to fight with the Kosovo Liberation Army, a Muslim guerrilla force. The war ended before he could fight.

He came home, to Adelaide, in southern Australia, and tried to join the Australian Army, but was turned down. "He's a soldier wannabe," Major Mori says. He attended an evangelical church for a while, found that unsatisfactory, then started attending the local mosque, and eventually converted. He made his way to Pakistan and Afghanistan.

"All it would take is a phone call from John Howard, and David Hicks would be coming home," Major Mori told his audience here. Britain had its citizens released, he noted. Then, seeming to goad the Australian government further, he said that even Pakistan and Afghanistan had obtained the release of their citizens.

Major Mori's meeting with the state attorneys general seemed to have an impact on Mr. Hicks's case.

"We were shocked by Major Mori's account of the day-to-day treatment of Hicks," Bob Debus, attorney general for the state of New South Wales, of which Sydney is the capital, said in an interview.

"Neither I, nor any of my colleagues, have any particular sympathy for David Hicks," Mr. Debus said. "But we have a bedrock commitment to the principles by which he should be dealt with."

Michael Pelly, a spokesman for Philip Ruddock, the federal attorney general, said the Australian government was extremely frustrated that Mr. Hicks had not yet been brought to trial. It has repeatedly expressed this frustration to the Bush administration, Mr. Pelly said. "Nobody in this government is happy about the length of time this has taken," he said in an interview.

During Mr. Ruddock's most recent trip to Washington, he was told that the suspected senior Qaeda operatives now at Guantánamo, like Khalid Shaikh Mohammed, would be tried first. "Our response was, can't you walk and chew gum at the same time, can't you have multiple military commissions?" Mr. Pelly said.

Major Mori has been "a very effective advocate," Mr. Pelly said. "He's very popular in Australia."

Raiding Your Inbox (LAT)

The Los Angeles Times, December 1, 2006

IN THE LATEST illustration of the Bush administration's disregard for your privacy, the Justice Department is trying to convince a panel of federal judges that the FBI should be free to read your e-mail without obtaining a warrant.

It's not all your e-mail — only messages left on a Web-based system such as Hotmail or on your Internet service provider's computers. A 1986 law forbids the interception and disclosure of e-mail and other online transmissions without a warrant. But there is an exception. If the messages are more than 180 days old, they can be obtained merely with a subpoena or a court order, which investigators can obtain more easily than a warrant.

Now the Justice Department is arguing, in a case before an appeals court in Ohio, that even new messages can be obtained without a warrant if their intended recipient has already read them. The Justice Department views an opened e-mail left on a service provider's computer as more like a postcard left on a table than a sealed letter in a drawer. Which is to say, its owner has no reasonable expectation of privacy.

About a jillion e-mail users would beg to differ. The Internet is far more popular, and connections to it more persistent, than they were in 1986. Yahoo, Google and other Web-based services offer vast storage capacity to users, enticing them to treat their online inboxes as file cabinets. Part of the utility of these services is that they enable people to keep all their e-mail in one place that can be reached from any Internet-connected computer, not just the one in their home or office.

The change in technology not only makes the Justice Department's position absurd, it undermines the law's 180-day limit. When the law was drafted, e-mail was typically stored by Internet service providers only until a user dialed in and checked his or her account. It would then be sent to the subscriber's computer and deleted from the provider's servers. Lawmakers set the 180-day threshold to distinguish between wanted but unread mail and messages in an abandoned account. Now users store e-mail on the Web for years.

Given these changes, U.S. District Judge Susan Dlott was right last month to find that e-mails stored online cannot be read by investigators without a warrant. (The case involves a business owner accused of fraud.) The Justice Department's view is inconsistent with the 4th Amendment, although it is in line with the administration's tendency to trample privacy rights in pursuit of suspected criminals and terrorists.

The U.S. 6th Circuit Court of Appeals should rein in the feds and strike down the provisions of the law that are out of sync with the technological realities of the broadband era — and the privacy expectations of Americans.

Mayfields' Home Goes From Safe To Sinister (OREG)

By Joseph Rose

The Oregonian, December 1, 2006

Privacy - Small changes, shoe prints and a growing feeling that someone is watching traumatize family

The dirty blue Toyota minivan rolls into the gravel driveway. From behind the wheel, Mona Mayfield smiles. Her husband, riding shotgun, looks frazzled, hardly in the mood for company.

A day after accepting $2 million from the U.S. government, which wrongly linked him to the deadly 2004 Madrid train bombings, Brandon Mayfield steps out of the vehicle. Two years after he was locked up as a possible suspect in an act of terrorism he knew nothing about, the often-disheveled, soft-spoken Muslim still seems reluctant to go into detail about what his family endured.

"I want to write a book," he says.

Then, with a sigh, he relents, offering an invitation into his Beaverton home. The settlement money is for his family's suffering. People, he says Thursday, should get a taste of what their government is paying for.

Unlocking the bottom of two deadbolts on the front door, Mona Mayfield steps past a bowl of spent cigarette butts, picks up a gift basket left on the front step, and gives a warning.

"It's a little messy," she says. "We haven't been around much."

Brandon Mayfield pulls off his loafers. "We don't wear shoes in the house," the 40-year-old lawyer says. "That's one of the ways we knew they had been here, breaking in and watching us."

Weeks before the FBI took Brandon Mayfield into custody on May 6, 2004, in the bombings that killed 191 in Spain, the family found dirty shoe prints on a clean carpet in their oldest son's room.

Actually, the Mayfield house is as neat as a pin. Volumes of the Holy Quran, gold lettering decorating their spines, sit on a shelf next to a television. A fire burns in a wood stove.

"I guess I'm happy I settled, but I have mixed feelings," he says. "I envisioned my day in court. I guess I'm a little disappointed I couldn't shed a little more light on what happened behind the scenes."

DOJ_NMG_0100448

It's also hard, he says, to shake the chill left by the government secretly spying on him.

FBI foulups linked Brandon Mayfield to a fingerprint found in Madrid. Agents got permission under the USA Patriot Act to set up surveillance inside the family's home.

What conversations did they hear? What intimate moments did they see? It's a secret. Mayfield will never know.

Noticing that the conversation is being taped, he stops. Please, he says, turn off the recorder.

Mona Mayfield walks in from the kitchen. At first, she says, they thought a burglar was getting into the house while they were gone during the day. "We never lock the top deadbolt on the door," she says. "Twice, I came home, unlocked the bottom bolt and the door wouldn't budge. Someone had locked the top piece."

Once, she found the clocks in the house blinking. She called PGE to ask about the power failure. "They told me there hadn't been an outage," she recalls.

The day Brandon Mayfield, an Army veteran, was arrested at his West Slope law office may have been the worst.

Mona Mayfield was at home. FBI agents knocked on the door. Entering the house, they said something about a fingerprint and the Madrid bombing. She couldn't believe it. It had to be a mistake. Leaving the house with federal agents rummaging through belongings, Mona Mayfield went to pick up her children from school. She told them their father had been thrown in jail as a material witness in a terrorism case.

At first, they thought she was joking. Then they broke down. At home, they turned on the television to find pictures of their father flashing in a nightmarish rhythm with video footage of the train-bombing carnage.

Jail was "dark and ugly"

Sharia, who was 12, walked to the television. "She touched her hands to the screen," Mayfield recalls. "She started to cry. She said, 'Daddy, you never complained about anything. You're so nice. How could this happen to you?' "

Hearing the story from his wife, Brandon Mayfield tries to hold back tears. He removes his spectacles, wipes his eyes.

He says he doesn't want to talk about his two weeks in jail. "Other than to say it was dark and ugly," he says.

During that time, he says, his children heard taunting at school about their dad being a terrorist.

Samir was 10. On the day his dad was released from jail, the boy was glued to his father, afraid he would be taken away again, Mona Mayfield says. He refused to sleep in his room or go outside to get groceries from the car after dark. "He'd say, 'I'm afraid of the FBI,' " she says.

In the months after, Shane, who is now in college, began to struggle in school and lost his joy of soccer and dragon-boat racing.

Mona Mayfield wants to move. The house holds too many bad memories, she says. "I don't know when that will happen," she says.

During their sneak-and-peak ventures into the Mayfield home, the FBI took, among other things, more than 300 photos as well as hair samples and six cigarette butts, the Mayfields say. "I'm the smoker," Mona Mayfield explains.

Brandon Mayfield continues to pursue his challenge of the constitutionality of the Patriot Act. "This happened because I am a Muslim," he says.

Mayfield finishes a bowl of cream of mushroom soup and says he has to get going. He has a 2 p.m. live interview with Court TV at the KATU studios in Northeast Portland.

In the driveway, a gray Buick Skylark is parked next to an old Toyota with a "Stop George Bush" bumper sticker. Mayfield takes the Skylark.

Law practice suffers

Driving down Oregon 8 toward Portland, Mayfield says it took him months to stop checking his rearview mirror to see whether someone was following him.

The other day, at his law office, the fax machine stopped working. Something was wrong with the phone line. The phone company couldn't explain it. "Something like that still makes me nervous," he says.

Mayfield's family law practice, which provided little more than a slow and steady income before his arrest, suffered for months, he says. "Some clients were afraid I was still being bugged," he says. "One insisted on going to the coffee shop in my building to talk."

He brakes at a red light and says business is better, but some things have changed. "I have more Muslim clients now," he says, hitting the gas.

Someone honks. Mayfield looks up and notices the light hasn't turned green.

He speeds up, cruising through the red light, causing the blue plastic Muslim prayer beds hanging from the rearview mirror to start dancing.

DOJ_NMG_0100449

In the aftermath of the settlement, Mayfield says he has avoided "the mainstream media." Most traditional television stations and newspapers, he says, painted him as a terrorist before the facts were known. Since then, few have done more than cursory investigations into the FBI's stumbles, he says.

Mayfield won't say how much of the $2 million will go to pay his attorney bills. "Let's just say it's a big chunk," he says.

Near the Skylark's gear shift, a real estate flier advertises a "well-maintained, stylish home in the Miller highlands."

In the KATU studio, Mayfield finds himself on a couch again, sitting in the lobby, waiting to go before the cameras for Court TV. A station employee stops to tell him the wait will be short. He asks her whether MSNBC might be interested in talking to him.

Mayfield wants some privacy with his attorney, Elden Rosenthal. They speak for about 10 minutes before Mayfield says he is done talking for this story. Preparing to go on national television, he says the questioning has worn him out.

The two men get up and disappear into the studio.

Looks like we'll have to wait for the book.

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HOMELAND RESPONSE:

Specter: No New Spy Law For Now (PHI)

By Steve Goldstein

The Philadelphia Inquirer, December 1, 2006

WASHINGTON - Sen. Arlen Specter (R., Pa.) said yesterday that attempts to legislate review of the government's domestic surveillance program were virtually dead for this year and expressed doubts that a solution would soon be found under a Democratic-controlled Congress.

"We could legislate on the subject next week, but we're not going to for a great many reasons," Specter said, referring to the remaining weeklong session on the congressional calendar. "Why Congress can't come to grips decisively, eludes me.

"I think it would be ideal to have congressional oversight on the program in detail, and I look forward to what will happen next year," he told an American Bar Association gathering. "I have grave reservations as to how successful we will be, given the administration's unwillingness to share those secrets."

The outgoing chairman of the Senate Judiciary Committee used the speech to highlight the panel's achievements during his two years as leader, but he also groused about "endless unproductive activity of Congress" and the failures of congressional oversight to review controversial Bush administration programs.

Specter said FBI Director Robert Mueller would testify before his panel Wednesday on whether law enforcement and intelligence agencies are sharing information.

The 9/11 terrorist attacks "could have been prevented if the CIA and the FBI had communicated," Specter asserted.

He reserved his harshest criticism for inaction on the warrantless surveillance program conducted by the National Security Agency. "No one wants to allow al-Qaeda to make plans for another attack... but it's a matter for justification," Specter said. "The president does not have a blank check."

The terrorism-surveillance program, as the NSA effort is known, was secretly approved by President Bush in the weeks after the 2001 attacks.

For five years, the NSA - which is barred from spying within the United States - has monitored tens of thousands of international phone calls and e-mail messages to and from people in the United States.

Specter and many Democrats - including Sen. Patrick Leahy of Vermont, who will succeed him as chairman - believe the program violates the Foreign Intelligence Surveillance Act of 1978. That law requires that court orders be obtained to eavesdrop on people inside the United States.

Bush acknowledged the existence of the secret program a year ago, after reports about it were published. The White House wants legal authority to continue it, saying it is an invaluable tool in tracking communications with al-Qaeda and other terrorist groups.

After initially calling the program an abuse of presidential authority that "can't be condoned," Specter has been trying to forge a compromise between the administration and Congress that would allow it.

A Leahy spokesman said "more answers" were needed before legislation could be adopted.

Cyberthreat Against Online Trading And Banking Sites Is Called Baseless (USAT)

By Mimi Hall

USA Today, December 1, 2006

DOJ_NMG_0100450

WASHINGTON — A jihadist website warns that attacks will be launched beginning today against online stock trading and banking websites, but it's highly likely that the threat is baseless, the Homeland Security Department said Thursday.

"There is no information to corroborate this … threat," Homeland Security spokesman Russ Knocke said.

He said the U.S. Computer Emergency Readiness Team (CERT), an interagency group that monitors cyberthreats, informed financial services "out of an abundance of caution as a routine matter."

A government official familiar with the threat said a militant Islamic website warned of a "denial of service attack" and said many financial services websites are well-fortified to withstand such an attack even if it came.

The official would not allow his name to be used because of the sensitivity of divulging information about companies' security capabilities and intelligence gathering.

The potential terrorist threat is the latest to be made via the Internet. In October, the Homeland Security Department notified football stadium owners in seven cities about postings on numerous websites that alleged radioactive bombs would be set off during upcoming games.

The messages set off a brief scare before federal authorities announced they were a hoax. A 20-year-old Wisconsin grocery clerk was later charged by federal authorities with making a terrorist threat over the Internet. Prosecutors alleged that the man, Jake Brahm, posted the threats as a prank.

The charge carries a maximum sentence of five years in prison and $250,000 fine.

Authorities said Brahm admitted posting the same threat about 40 times on various websites over several weeks.

Financial Firms Are Warned Of Terrorist Cyber Threat (WSJ)

By Robert Block And Randall Smith

The Wall Street Journal, December 1, 2006

Homeland Security officials warned the nation's financial institutions of a possible terrorist cyber threat from al Qaeda, but played down the danger, saying the scheme was "more aspirational than operational."

"There is no intelligence corroboration," said Homeland Security spokesman Russ Knocke, adding that the warning was issued out of "an abundance of caution."

A government official said the alert followed a message-board posting yesterday from al Qaeda sympathizers, urging followers to join in cyber attacks against U.S. financial targets over the next month.

Financial institutions took the warning in stride, with many of them indicating that they get such warnings from time to time and that this particular warning hadn't changed their level of vigilance.

An alert was sent to computer experts by the department's Cyber Emergency Response Team, a group that keeps computer users and industry alert to potential computer dangers. But the official said there is little evidence suggesting that the threat was credible or even real.

The threat allegedly came from a previously unknown group called the e-Jihaddi hackers, who called on Islamic computer experts and non-Muslims to participate in attacks on U.S. banks and financial institutions. The group called for a "Guantanamo" revenge raid on "infidel banks" and said non-Muslims willing to help "will be welcomed." Counter-terrorism experts said the group was looking to send Internet worms and viruses to bank Web sites to try to deny bank services to customers.

Financial institutions are among the best-prepared sectors in the country when it comes to defending against cyber attacks. Because of threats to daily trade from hackers, cyber crooks and identity thieves, banking and financial trading houses have developed robust electronic security. Since the Sept. 11 attacks, all aspects of security across the industry have increased.

A spokeswoman for TD Ameritrade Holding Corp., based in Omaha, Neb., said the online broker is "aware of the threat." She added, "We are always prepared for these types of incidents, and we really can't disclose further information about that because it would be compromising our security."

A spokesman for San Francisco-based Charles Schwab Corp., which offers online trading, said, "We are keeping a careful eye on the situation with a variety of monitoring and security measures that we have in place."

A spokesman for CME Group Inc., which operates the Chicago Mercantile Exchange, said in an email that "We take all aspects of security seriously." Representatives for NYSE Group Inc.'s New York Stock Exchange and Nasdaq Stock Market Inc. declined to comment. Representatives at major banks and other securities firms couldn't be immediately reached for comment.

--Erika Lovley and Aaron Lucchetti contributed to this article.

Write to Robert Block at bobby.block@wsj.com1 and Randall Smith at randall.smith@wsj.com2

Imam Disputes Tie To Hamas (WT)

By Audrey Hudson

The Washington Times, December 1, 2006

Omar Shahin, one of six imams removed from a flight last week, says he has traveled the country since the September 11 attacks to promote understanding of the Muslim religion, but he once worked for a group linked to terrorist financing. He insists that the terrorists who leveled the World Trade Center were not Muslims.

Mr. Shahin says he cut ties to KindHearts after the Treasury Department began investigating the group, that "true Muslims" do not murder and were not responsible for the attacks on the Pentagon and World Trade Center.

"If they claim they are Muslim, they are wrong," Mr. Shahin said yesterday in a telephone interview. "Despite what religion they claim, even if they are all Arabs, to say they are Muslims is wrong, completely wrong.

"We have been asked by God and by the prophet Muhammad to respect all human life. The Koran is very clear, to save one life he saves all human life, and whoever kills one person, he kills all humankind, and that is what Islam is all about."

Mr. Shahin was a representative and fundraiser for KindHearts, which the Treasury Department says "coordinated with Hamas leaders and made contributions to Hamas-affiliated organizations," in a Feb. 19 statement after freezing the groups' assets.

KindHearts was established by Khaled Smaili, an official with the Global Relief Foundation, after the government froze the al Qaeda-affiliated foundation's assets, according to the Treasury Department.

"When they shut down, I had no clue what they were doing," Mr. Shahin said. "I made sure they are licensed as an American organization with the federal government and states, and that's all I did, I was just a fundraiser and representative.

"I stopped and have no relations with anyone, anymore, because they are under investigation."

Mr. Shahin said that KindHearts donated money, through his efforts, to the tsunami victims in Southeast Asia, to Southerners hit by Hurricane Katrina, and to the Red Cross in the wake of the September 11 terrorist attacks.

Mr. Shahin lives in Phoenix and is the president of the North American Imam Federation, which serves the spiritual and tangible needs of Muslim scholars, helps them improve their relationship with the community, and encourages Muslims to observe the Islamic acts of worship.

He has a doctorate in Islamic law and is a professor at the Graduate Theological Foundation. He also received degrees in Islamic study from universities in Sudan and Saudi Arabia, and holds a diploma in Koranic recitation from the University of Jordan.

He is a native of Jordan and is a naturalized American citizen.

Mr. Shahin is the spokesman for the imams who attended his federation's conference last week in Minnesota and were evicted from US Airways Flight 300 because of suspicious behavior.

The imams dispute the account of seven witnesses, including two law-enforcement officers, that the imams shouted hostile slogans and took unassigned seats in a pattern used by terrorists. Mr. Shahin calls the reports "exaggerations" and "false statements."

"I did everything normal, I did not do anything that is not normal in my mind." He said he and his colleagues were removed from the plane because three of the men said prayers in the concourse.

Mr. Shahin said they did not orchestrate the event to create a lawsuit or make a public issue of profiling Muslim passengers.

"We love US Airways, and we want to fly with them," Mr. Shahin said. The Council on American-Islamic Relations will pursue a lawsuit on the imams' behalf, Mr. Shahin said.

Mr. Shahin says they were not led off the plane in handcuffs, as reported, nor were they kept in handcuffs during their five-hour detention, and they were not harassed by dogs.

Witnesses and aviation-security officials say security concerns arose because of the seating arrangement which resembled a controlled pattern used by the September 11 hijackers -- two in front, two in the middle, two in the rear of the plane. Law-enforcement officials say the men were not in their assigned seats.

The request by three passengers, including Mr. Shahin, for seat-belt extensions, also concerned flight attendants. "That was a dead giveaway," one federal air marshal said yesterday. Flight crews are cautioned about giving out seat-belt extenders because you can turn it into a weapon very easily. You swing that belt buckle, and you can potentially kill someone."

Mr. Shahin says that after they were questioned and released, US Airways declined to sell them another plane ticket, even after an FBI agent intervened at the imam's request. "I told him, 'Please sir, to call them.' And he did and talked for more than 20 minutes. He was trying to tell them we have no problem with the government and we can fly with anybody, but they still refused. He told me, 'I'm sorry I did my best.' I really appreciated it."

Paul McCabe, FBI spokesman in Minneapolis, says no such call took place on behalf of the men. "That never happened," Mr. McCabe said.

Imams' Eviction From Plane Reflects Tough Post-9/11 Calls (USAT)

USA Today, December 1, 2006

After the Sept. 11 attacks, the need for tougher scrutiny of passengers at airports was glaringly obvious. So was the potential for innocent Muslims to be treated like criminals.

Last week, those two concerns collided head-on at the Minneapolis airport.

Six Muslim clerics returning from a religious conference were removed from a US Airways flight after passengers and crew reported suspicious behavior to the pilot. The imams were questioned by authorities and released.

The imams charge that they were singled out because they prayed quietly in Arabic at the gate before boarding and have demanded an investigation. "Flying while Muslim," they appropriately note, is no more an offense than "driving while black," a reference to the common complaint of African-Americans pulled over without credible cause.

If there were nothing more to this episode, the clerics would have grounds for outrage. Ethnic profiling violates American values and shouldn't be the basis for traffic stops or airport security.

But behavioral profiling — assessing the pattern of what people do in the context of the known threats — makes sense. Based on the official report of what crew and passengers told police, it appears that the clerics' behavior lacked self-awareness or was intentionally provocative. Either way, it provided reasonable grounds for concern:

·A passenger handed a note to a flight attendant saying that the six men were cursing U.S. involvement in Iraq before the flight, mentioning Saddam Hussein and chanting "Allah" several times. A gate agent said he became suspicious "by the way they were praying very loud." Another passenger said one imam expressed extreme fundamentalist views.

·An off-duty flight attendant on the plane and other passengers told police the men switched their seat assignments to a configuration associated with the 9/11 attacks, with two in first class, two in the middle and two in the rear. One imam made two trips to the back of the plane during boarding to speak to his colleagues, the attendant said.

· Three of the men asked for seat belt extenders, which they didn't appear to be portly enough to need. The extenders, which consist of a metal buckle and belt that could be used as weapons, weren't attached to the seat belts but were found on the floor.

The combination of these events caused the pilot to request the men's removal.

Some facts in this case are in dispute and warrant further investigation. If nothing else, it underscores the tough judgment calls that airline crews and security personnel have to make under tight time pressure.

Ethnic profiling must be avoided, but fear of being wrong shouldn't make passengers and crew shy about alerting authorities to suspicious behavior. That would jeopardize safety for all passengers, Muslim and non-Muslim alike.

U.S. Assigns Terror Score To International Travelers (NYT/AP)

By The Associated Press

The New York Times, December 1, 2006

WASHINGTON, Nov. 30 (AP) —Without notifying the public, federal agents for the past four years have assigned millions of international travelers, including Americans, computer-generated scores rating the risk they pose of being terrorists or criminals.

The travelers are not allowed to see or directly challenge the risk assessments, which the government plans to hold for 40 years.

The scores are assigned to people entering and leaving the United States after computers assess their travel records, including where they are from, how they paid for tickets, their motor vehicle records, past one-way travel, seating preference and what kind of meal they ordered.

The existence of the program, the Automated Targeting System, was quietly disclosed earlier in November when the government published details about it in the Federal Register. Privacy and civil liberties lawyers, Congressional aides and law enforcement officers said they thought the system had been applied only to cargo.

The notice, by the Department of Homeland Security, called the program "one of the most advanced targeting systems in the world." The department said the nation's ability to spot criminals and other security threats "would be critically impaired without access to this data."

Still, privacy advocates view the program with alarm. "It's probably the most invasive system the government has yet deployed in terms of the number of people affected," said David Sobel, a lawyer at the Electronic Frontier Foundation, a civil liberties group devoted to electronic data issues.

Government officials could not say whether the program had led to the arrest of any terrorists.

A similar Homeland Security project for domestic air travelers, now known as Secure Flight, caused a furor two years ago in Congress. Lawmakers barred its use until it passes 10 tests for accuracy and privacy protection.

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Mr. Sobel said the government notice also raised the possibility that faulty risk assessments could cost innocent people jobs in shipping or travel, government contracts, licenses or other benefits.

The notice said the data may be shared with state, local and foreign governments for use in hiring decisions and in granting licenses, security clearances and contracts. In some cases, the data may be shared with courts, Congress and private contractors.

Phoenix Test Site For TSA X-ray (USAT)

By Thomas Frank

USA Today, December 1, 2006

WASHINGTON — The federal government plans this month to launch the nation's first airport screening system that takes potentially revealing X-ray photos of travelers in an effort to find bombs and other weapons.

Transportation Security Administration screeners at Phoenix Sky Harbor International Airport will test a "backscatter" machine that could vastly improve weapons detection but has been labeled a "virtual strip search" by the American Civil Liberties Union. Backscatter can show clear images of nude bodies.

At Phoenix and another yet-to-be-decided test airport, the machines will blur or shade images to obscure body parts and medical devices. The TSA also will look at using the machines in subways.

"It's time to get them out and get feedback from [screeners] and the traveling public," said Randy Null, TSA assistant administrator. The TSA has been considering the machines since 2002 while struggling with privacy issues.

Null said the TSA is now "very comfortable" with privacy protections manufacturers have built into the machines, which scatter low-intensity X-rays to peer under clothing for hidden items.

Barry Steinhardt, head of the ACLU's technology and liberty program, said operating the backscatter machines at airports will pave the way for widespread use — and abuse. "As this technology becomes commonplace, you're going to start seeing those images all over the Internet," Steinhardt said. "These images are going to have high commercial value."

In the upcoming airport tests, the machines will be used only on travelers who require extra screening beyond a metal detector. Those passengers will be offered the option of being photographed from the front and back by the backscatter machine or undergoing the customary pat-down by a screener.

Null said the machines could some day replace metal detectors if they can operate faster than the 15-20 seconds backscatter takes to screen one passenger.

Backscatter machines, used in prisons and at Customs checkpoints to find drugs, have been touted as an improvement to metal detectors, which don't sound alarms for plastic or liquid explosives or ceramic knives. The Homeland Security Department inspector general singled out backscatters last year as a way to close a loophole at checkpoints.

The Phoenix airport, the nation's eighth busiest, will get a machine made by American Science and Engineering of Massachusetts. In a nod to privacy considerations, the machines will show only blurred outlines of travelers but will enable screeners to see weapons.

The blurred images "trade off detection for a level of privacy," said Richard Mastronardi, company vice president. The fuzzier photos "start to lose the ability to see … C4" plastic explosives, he said.

The TSA will test a similar machine that generates blurred images using electromagnetic waves. Using the machines on suspicious subway passengers is "a ways off," the TSA's Null said. The TSA could recommend but not require them in subways.

FEMA Chief Says Agency Has Learned Lessons From Katrina (MCT)

By James Rosen

McClatchy Newspapers, December 1, 2006

WASHINGTON - Federal Emergency Management Agency director David Paulison, chosen to head the troubled disaster-relief agency in the aftermath of the Hurricane Katrina debacle, said Thursday it has made huge strides in the 15 months since the historic storm.

Paulison, a former firefighter picked by President Bush to rebuild FEMA's ability and reputation, pointed to a series of organizational and procedural changes that are designed to clarify the roles of the various federal, state and local agencies during a disaster and to speed relief to those stricken.

While Paulison was bullish on the changes at his agency, which was roundly criticized for its failures during Katrina, there has been little independent evaluation of FEMA's new actions to improve its response.

In a report on Sept. 6, the Government Accountability Office found that "there is little information available on the extent to which these changes are operational."

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During his speech at the National Press Club, Paulison ticked off more than a dozen improvements driven by the need to operate under a new vision.

"All responses are local, but we no longer wait for local folks and the states to be overwhelmed before we step in." he said. "That old model simply does not work. It has to be an all-for-one, one-for-all type of response."

Paulison said his agency has made dramatic changes since Katrina, some of them required by a FEMA-overhaul bill Bush signed into law eight weeks ago.

"It was a wakeup call for all of us," Paulison said of Katrina. "We've all learned a lot of lessons. The biggest single failure in Katrina was communications and how we shared information."

Paulison said he doesn't agree with some lawmakers' calls to make FEMA an independent department again, saying its inclusion in Department of Homeland Security helps improve coordination with other agencies. Paulison said he has frequent and direct contact with Bush.

In a series of questions from reporters, Paulison declined to directly answer when asked whether New Orleans levees that collapsed in Katrina's aftermath should be built to withstand Category 5 hurricanes - rare but the most powerful storms.

"I support all levees (in the country) being the best they can possibly be," he said.

Paulison said people in evacuation zones need to take personal responsibility, adding that those who refuse to leave increase the burden on first responders.

In a related matter, Paulison expressed surprise over a federal judge's ruling Wednesday that the federal government must make immediate payments to 11,000 displaced Gulf Coast families.

"I was very disappointed in the judge's decision," Paulison said. "This is almost one of those things where no good deed goes unpunished. We felt we did the right thing."

District Judge Richard Leon said FEMA failed to give enough notice to the 11,000 families or to adequately explain why agency was cutting off their aid.

Paulison, though, said FEMA extended the temporary housing aid to thousands of Katrina victims for up to 60 days longer than required by law. He declined to say whether the government would appeal the court ruling.

Noting that some Florida residents still have FEMA-funded temporary housing because of 2004 storms, Paulison said, "FEMA can't house people forever."

A Miami native, Paulison ran the Miami-Dade Fire Rescue Department from 1992 to 2001. He headed the emergency-preparedness division of the newly formed Department of Homeland Security in 2003 and 2004. Congress folded FEMA into DHS in the legislation establishing the super-agency.

Jonathan Lee, who works in Washington for a management consulting firm, grew up on Hilton Head Island, S.C. He and his family were evacuated before Hurricane Hugo struck the Carolinas in 1989, though Hilton Head was spared. Lee also endured Hurricane Fran in 1996 while he was a student at Campbell University in North Carolina.

Lee agreed that people must take personal responsibility, but he said many folks grow numb to danger after repeated evacuations.

"People get sick of leaving," Lee said. "If you live in a hurricane zone, you're evacuated three times a year. After 30 years, Hilton Head in my lifetime hasn't been hit by a major storm. Yet people there have been evacuated at least once a year."

LESSONS LEARNED

The Federal Emergency Management Agency has made great strides in the 15 months since the Hurricane Katrina debacle, director David Paulison said Thursday.

He was named the head of FEMA in September 2005, less than a month after Katrina devastated the Gulf Coast.

Here are the main changes Paulison cited, some of them mandated by a FEMA overhaul bill that President Bush signed into law Oct. 4:

Bureaucratic improvements:

-Nine of FEMA's 10 regional offices have permanent directors with extensive disaster-management experience, with candidates for the 10th being interviewed now. Only two had such leaders when Katrina hit.

-Closer ties within the Department of Homeland Security with Border Control, the Coast Guard, the Transportation Department, the National Guard and other agencies involved in disaster response.

-A new partnership with the Pentagon's Defense Logistics Agency, which is expert in moving supplies quickly from shipping goods to U.S. troops around the world.

-Clarified roles for local, state and federal agencies around the country. Regular meetings with governors and local-disaster managers. Can videoconference with representatives from all states.

-"Memos of understanding" specifying the jobs of private firms, the Red Cross and other volunteer groups.

Operational upgrades:

-New "first teams" can deploy quickly, using video cameras to shoot and distribute pictures of destruction nationwide via computer.

-Four times more emergency supplies on hand, enough to feed 1 million people for a week; some of it already sent to vulnerable areas.

-"Total Asset Visibility": 20,000 trucks and other vehicles have global positioning system devices, which enable managers to find them immediately.

-"Contingency contracts" that outside suppliers, builders and other vendors can use when disaster hits.

-Debris registry of 300 approved nationwide contractors whom people can contact immediately.

-Beefed-up customer service. Higher call capacity that can register 200,000 people a day. Mobile registration centers that go to stranded people.

-Increased home inspections, to 20,000 a day.

-Better tools to prevent and identify aid fraud and abuse.

-Outside experts hired to train FEMA staff in human resources, budgeting, procurement, data management and other areas.

FEMA Director Calls For Stepped-up Disaster Preparations, Cooperation (FEDT)

By Stephen Losey

Federal Times, November 30, 2006

More cooperation and preparation at the Federal Emergency Management Agency and all levels of government will help prevent a repeat of the Hurricane Katrina debacle, the nation's top emergency manager said Nov. 30.

FEMA Director David Paulison said in a speech in Washington that the federal government no longer can afford to wait until state and local emergency responders are overwhelmed before acting. This has been FEMA's past strategy, and it helped contribute to a sluggish response to the storm and ensuing flood that devastated the Gulf Coast region last year.

"Responding to all disasters, catastrophic or otherwise, must now be viewed from the perspective of 'all for one and one for all,' " Paulison said.

FEMA is likewise trying to build up its relationships with other federal agencies. Paulison said FEMA was isolated even from its fellow agencies in the Homeland Security Department, though one of the goals of creating the massive department was to encourage interagency cooperation.

Paulison said he now meets every week with heads of agencies such as Immigration and Customs Enforcement, and the Coast Guard to discuss ways to improve disaster preparation and response.

Likewise, FEMA is coordinating with the Defense, Health and Human Services, and Transportation departments, U.S. Northern Command and the National Guard to clarify roles and assign responsibilities before disaster strikes.

FEMA Ordered To Resume Katrina Housing Payments (AP)

By By Matt Apuzzo

The AP, December 1, 2006

The director of the Federal Emergency Management Agency said Thursday he was disappointed that a judge, in a sharply critical ruling, ordered the agency to resume housing aid to thousands of Hurricane Katrina evacuees.

"It's almost a thing of no good deed goes unpunished," Director R. David Paulison told reporters at the National Press Club. "We felt like we did a good job."

The decision was one of two court battles won by Hurricane Katrina victims this week, but both could prove short-lived. The other ruling was against insurance companies.

U.S. District Judge Richard J. Leon's ruling Wednesday criticized FEMA for cutting housing funding and subjecting victims of the 2005 storm to a convoluted application process he called "Kafkaesque."

Leon said FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer.

FEMA officials, already under fire for responding too slowly to the storm, said the agency sent letters outlining the program changes, explaining why some people were ineligible and describing the appeals process.

Leon, however, said those letters contained only program codes and agency jargon and did not explain anything. Some evacuees got multiple letters with conflicting information, he said, leaving families unable to understand why their aid was being cut.

Until FEMA explains itself and allows victims to appeal, Leon said the government must keep making housing payments.

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"It is unfortunate, if not incredible, that FEMA and its counsel could not devise a sufficient notice system to spare these beleaguered evacuees the added burden of federal litigation to vindicate their constitutional rights," Leon wrote.

Paulison said he thought the agency handled the situation correctly. "We used the same forms that we have used for decades," he said Thursday.

In his ruling, Leon cited statements submitted by evacuees describing the ordeal.

"The reasons I have been given for the termination are not what is in the documents and/or the reasons change each time I call," said Carmen Handy, an evacuee whose statement was cited. "Every time I call back, the person answering the call knows nothing about what the previous person told me."

Leon's ruling came in a case brought in August by the Association of Community Organizations for Reform Now, which said more than 11,000 families would be affected. FEMA did not immediately have data on how much the ruling would cost and said it was considering its legal options.

ACORN Spokesman Charles D. Jackson said the advocacy group was trying to spread word about the ruling through the scattered communities of evacuees, some of whom were left homeless by FEMA's decisions.

"Because the government didn't do their job, we're suffering," said Carolyn Stevens, a Katrina evacuee living in Houston.

Other evacuees sided with FEMA and said the program has been going on long enough.

"It's really making them lazy. They need to get back to work," said Lela Logan, a New Orleans native who said she got a job and rebuilt her life in Houston.

In the other case, on Monday, a federal judge in Louisiana said that many homeowners might be entitled to more insurance money for flood damage. Insurers pledged to appeal.

U.S. District Judge Stanwood Duval Jr. sided with New Orleans homeowners who argued that the language in some insurance policies that excluded water damage was ambiguous. He said a suit against The Allstate Corp., The St. Paul Travelers Companies Inc. and other insurers could go forward.

Duval said the policies did not distinguish between floods caused by an act of God — such as excessive rainfall — and floods caused by an act of man, which would include the levee breaches following Katrina's landfall on Aug. 29, 2005.

If successful, this suit could cost insurers $1 billion in Louisiana alone, industry officials said, and could lead to similar suits elsewhere.

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Associated Press writers Eileen Alt Powell in New York and Rasha Madkour in Houston contributed to this report.

FEMA Chief 'disappointed' In Rental Assistance Ruling (PALMBEACHP)

By Larry Lipman

Palm Beach Post (FL), December 1, 2006

WASHINGTON — The director of the Federal Emergency Management Agency said Thursday he was "disappointed" by a federal judge's ruling that the agency must resume rental assistance to thousands of people displaced by Hurricanes Katrina and Rita last year.

The decision by U.S. District Judge Richard Leon proves that "no good deed goes unpunished," R. David Paulison said at a National Press Club luncheon.

"We thought we did the right thing. We thought we did the best job we could" to make sure residents were properly notified why their rental assistance was being cut off.

FEMA spokesman Aaron Walker said after Paulison's speech that the agency is still considering whether to appeal Leon's ruling.

In the ruling, the judge said FEMA created a "Kafkaesque" process that unconstitutionally denied residents a clear understanding of why their assistance was being terminated and made it difficult to appeal.

The ruling affected about 10,000 people in a temporary housing program known as Section 403 who were rejected when they were required to apply for another FEMA program - Section 408 - that provides cash rental assistance for three months at a time.

Paulison said FEMA's role is to provide only temporary housing, and that the agency was under pressure from its inspector general to verify that the people receiving the housing aid were eligible.

He said the agency examined each aid application and discovered that some beneficiaries were already covered by housing insurance, some were not residents of counties affected by the storms and some did not meet the statutory requirements of being a legal U.S. resident.

The agency gave residents whose aid was going to be terminated an additional 60 days' assistance, Paulison said.

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Asked about FEMA's closing of a disaster housing site in Florida's Charlotte County that left about 25 residents without a place to live, Paulison, a former Miami-Dade County Fire Rescue chief, said the agency had helped thousands of Floridians affected by the hurricanes of 2004 and that FEMA's assistance is meant to be temporary. He said local governments must provide residents assistance over the long-term.

In his wide-ranging remarks, Paulison acknowledged a litany of mistakes made by FEMA in responding to Hurricane Katrina, which devastated New Orleans and much of the Gulf coast. He said significant changes have been made since he took over from former Director Michael Brown, who was pressured into resigning less than two weeks after Katrina hit.

"We are in much better shape than we were a year ago," Paulison said, adding, "we still have a long way to go."

In addition to pre-positioning emergency supplies at strategic locations around the country to be ready to respond to an emergency, Paulison said FEMA will move supplies as close as possible to affected areas ahead of such predictable disasters as hurricanes.

The largest failure revealed by Katrina was in communications, Paulison said, noting there was a lack of systems for sharing information between local and state governments, between state governments and the federal government, and within the federal government.

Since then, FEMA has established a unified command that links local, state and federal agencies in "real time" with state-of-the art communications technology. He said the system operated well during Hurricane Ernesto, which did little damage when it hit South Florida in late August and early September.

Speaking on the last official day of the 2006 hurricane season, Paulison said other changes at FEMA include:

· Improved logistical management, such as using 20,000 satellite-based global positioning systems to track FEMA vehicles bringing supplies to an affected area.

· A registry that identifies local contractors that can be hired for debris removal after a disaster.

· Increased capabilities to register up to 200,000 victims a day online and through mobile registration vehicles being sent to disaster areas.

· Increased capabilities to inspect up to 20,000 homes a day after a disaster.

Paulison said FEMA does not intend to take over emergency response management from state and local agencies, but that all levels of government need to work together more closely and respond more quickly.

Local governments should not have to wait until they are overwhelmed before asking for state assistance, and state governments should not wait until they are overwhelmed before asking for federal assistance, he said.

He also said every person should be responsible for having enough emergency supplies - such as food, water and flashlights - to last at least three days.

10,000 Get Grant Letters On Rebuilding In Louisiana (NYT)

By Leslie Eaton

The New York Times, December 1, 2006

In a sign of painstaking progress for Louisiana's biggest rebuilding program, the state has sent letters to more than 10,000 families stating how much money they can receive to rebuild their homes under the $7.5-billion housing program Congress financed this year, state officials said yesterday.

But fewer than 50 families had actually collected the money as of Tuesday, prompting renewed concern among homeowners and some government officials about the pace of the program, which is called the Road Home and is widely considered the most important factor in rebuilding areas damaged by Hurricanes Katrina and Rita.

The spate of "award calculations," as the program calls them, represents a big increase from early last month, when fewer than 2,000 families — out of almost 79,000 applicants at the time — had been told how much they were eligible to receive.

On Nov. 6, Gov. Kathleen Babineaux Blanco ordered the private contractor managing the program for the state to reach the 10,000 mark by the end of November. Yesterday, the governor said she would require the contractor, ICF International, to send out 15,000 more award letters before the end of the year.

"The Road Home program is making progress, but I will not rest until 100 percent of our homeowners receive the money that we have made available to them," Ms. Blanco said in a statement.

The awards, which are based on the value of a house before the storm and are capped at $150,000, are reduced by the amount of money homeowners receive under their insurance policies. ICF says it has been slowed by the difficulty of getting information from insurance companies and is now sending out award letters without waiting for insurers' verification. This decision has speeded up the process but may mean that the size of the awards will be adjusted before homeowners receive them.

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The number of homeowners who have actually received Road Home grants has increased by just 26 in the last month, to a total of 48. Those homeowners received an average grant of $50,715, according to the most recent statistics from the program.

Some program officials said they thought the delays in closing on the grants stemmed not from bottlenecks in the system, but from homeowners' uncertainty about rebuilding.

"I, for one, haven't decided what to do with my house," said Walter Leger, a member of the Louisiana Recovery Authority, which devised the program. Before Hurricane Katrina hit, Mr. Leger lived in St. Bernard Parish, the county just outside New Orleans where almost every building was badly damaged by water or an oil spill or both.

When they apply for the program, most people say that they intend to rebuild, said Carol Hector-Harris, a spokeswoman for the program. But when they learn how much they are eligible to receive, "that's when the reality strikes," she said. "What will it cost to insure my car? Are the schools back? Do I have a job? Is my grocery store back?"

Ms. Hector-Harris cited a recent study by the University of New Orleans that found that many residents of the city and nearby Jefferson Parish, perhaps as many as one-third, say they may leave in the next two years.

The study, which was based on interviews with 400 people now in the area, found that people were frustrated with the difficulty of making home repairs, especially in New Orleans, said Carrye Jane Shaw, a graduate assistant who worked on the study. More than 50,000 applicants have not yet had their first meeting with program counselors. Others, who have been to their appointments and had their property inspected, say they still do not know how much money they are eligible for.

"We may have gotten a letter, but our mailman doesn't deliver every day," said Alyson J. Elder, who lived near the north edge of Tulane University in New Orleans and now rents a house in the city.

"I've been out of my house for 400 nights now," Ms. Elder said. "I just want to go home."

Crime Takes Hold Of New New Orleans (USAT)

By Anne Rochell Konigsmark

USA Today, December 1, 2006

NEW ORLEANS — It's been a violent autumn around the Spotted Cat, a pleasantly divey jazz club in the Marigny neighborhood. Three people were shot Oct. 9 when a man wielding two guns opened fire in the early evening half a block away. Residents, including Spotted Cat cornet player Jack Fine, say muggings have become routine in the lively area full of restaurants and night spots.

And on Oct. 17, police reported the discovery of a dismembered and cooked body believed to be that of Adriane "Addie" Hall, a former club employee. A suicide note penned by her on-again, off-again boyfriend, Zachary Bowen, before he jumped from a hotel roof, led police to the remains — in the refrigerator, the oven and on the stove in Hall's apartment above a voodoo shop.

On a recent afternoon, musicians, barkeeps and barflies met at the Spotted Cat, mourning the loss of a friend they say committed suicide because he was overwhelmed by life after Katrina. They reflected on what feels to them like a new and more frightening brand of crime.

"Oh it's terrible, terrible — simple as that," says Marguerite Oliver, 71, who is retired and lives in the Marigny, adjacent to the French Quarter that did not flood during Hurricane Katrina. It is a neighborhood of pricey homes and trendy bars and restaurants — not the kind of area known for violent crime before Katrina. Now, Oliver says, "The sun goes down, and I go in."

Crime, that old menace of the old New Orleans, is back, and it's bedeviling a city trying to recover from Hurricane Katrina. There have been 147 people killed in New Orleans this year, police say, down from 204 by this time in 2005. But the city's population is about half what it was before Katrina flooded 80% of the city, forcing an almost-complete evacuation.

That means New Orleanians are murdering each other at a rate of 73.5 murders per 100,000 residents. That figure is above that of the nation's most murderous city — Compton, Calif., whose rate was 67 murders per 100,000 people in 2005, according to the latest FBI statistics.

Because many traditionally violent areas flooded and remain nearly empty, crime has moved to upscale, high-traffic areas such as the Marigny, the French Quarter and Uptown, leaving residents with one more reason to question their decision to remain in the city.

"This is a city out of control," says Fine, 78, who stands drinking a beer outside the Spotted Cat as a Billie Holiday song wafts out of the bar's open doors. "Something's changed here."

After a few virtually crime-free months following Katrina — when the city had just a handful of residents and was teeming with National Guard, state police and law enforcement from around the country — the usual suspects began returning, Orleans Parish Police Superintendent Warren Riley says. And while Riley reports that 70% of murders are drug-related, there's an upswing in a new kind of crime: brutal, domestic violence that he attributes to the stress of living in post-Katrina New Orleans.

"People don't realize this isn't a normal community yet," Riley says. "There are people out there on the edge."

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The criminals themselves are only part of a crisis that starts on the streets and stretches all the way to the recently reopened criminal courtrooms on Tulane Avenue. Each link in the chain has a problem, says New Orleans City Councilwoman Stacy Head. “It's not like you can say, ‘We fix this and everything will be OK.' "

Rafael Goyeneche of the Metropolitan Crime Commission, a local watchdog group, calls the criminal justice system's shortcomings “a model for disaster.”

“Just as important as fixing the levees and the schools, crime is going to determine the rate and the extent of New Orleans's repopulation and recovery,” he says.

The post-Katrina crime wave began in earnest in June, when five teenagers were found shot to death in a sport-utility vehicle. That's when the state police and the National Guard returned to the city to patrol the city's flood-ravaged and sparsely populated streets, freeing up local police to concentrate on the more populated areas. They were to remain only through December, but Riley said this week he will ask Gov. Kathleen Blanco to leave them in the city for at least another six months.

Riley estimates that 80% of the criminals that operated in New Orleans before Katrina have returned to the city. But simply policing traditional hotspots doesn't work anymore, Riley says. Violence in high-traffic areas such as the French Quarter makes residents jittery and draws national attention.

On Sunday, an 18-year-old from Mississippi was stabbed to death on Bourbon Street, police say. Early in the morning on Oct. 31, a gunman fired on patrons in a French Quarter bar, police say, wounding five. Following close after the gruesome dismemberment of Addie Hall, the incidents set the neighborhood, and those relying on tourists, on edge.

“That's what really hurts,” says Cindy Richardson, 42, co-owner of New Orleans Ghost Tours. Her business is down 80%, she says. “We used to have contracts with schools that took our tours, and they won't come down here anymore. The parents don't want the kids down here.”

Not only is crime in new locations, Riley says, there are new perpetrators. “Some of these shootings, under normal circumstances, wouldn't have been shootings,” he says. He cites the Nov. 5 shooting deaths of a 47-year-old man and a 53-year-old woman, found in a Federal Emergency Management Agency (FEMA) trailer. The suspect, who was the woman's husband, had recently sought psychiatric help, Riley says. His doctor was unable to find a bed for him, he says. With the city's large public hospital shut down since the storm, beds for mentally ill patients have been scarce. “People's lives have been turned upside down,” Riley says. “They are stressed, frustrated and anxious, he says. And, “they have nowhere to turn.”

Fifteen months after Katrina, Riley continues to use a set of cramped trailers as police headquarters. He can't move back to his permanent offices, still being repaired, until next year, he says. “I feel like I am in a military outpost,” he says.

His police force isn't back to normal, either. Before Katrina, 1,668 officers patrolled New Orleans. “At one point, we had 200 inquiries from other departments around the country about (our) officers who had applied for jobs,” he says. Since the storm, 183 officers have either been fired or resigned, Riley says. And because 109 officers are out sick or injured, and 80 have been assigned desk jobs because of administrative layoffs, there are only 1,275 officers on the street.

That may seem adequate, considering the city's diminished population. But Riley and other city leaders dispute the federal government's official count of 187,000 residents and believe it to be 200,000. People are crowding in with friends and relatives, and they are camping out in abandoned homes, Riley says.

Besides, he adds, the geography of the city is unchanged. “We can't cover the entire city,” Riley says.

Morale is low. The officers remaining on the force work under the shadow of “very, very negative reports of police actions during and after the storm,” Riley says. Stories of looting and dereliction of duty abounded, and police were caught on camera beating an unarmed man in the French Quarter.

Four out of five officers lost their homes in the flooding, and many remain in trailers, separated from their families who have chosen to remain elsewhere for now, he says.

Still, officers are making plenty of arrests, about 1,500 a week, Riley says. That's down only 25% from the pre-Katrina average, further evidence the population is rebounding, Riley says. “They're taking drug dealers and murderers off the streets every day,” he says.

Many suspects were released from custody in the months following the storm because there was no place to put them. The Orleans Parish Prison flooded, leaving the city with nowhere to house suspects.

For a while, Riley says, “there was literally a catch-and-release program going on. The most violent offenders, they would find a place for (them) somewhere around the state. But people charged with minor offenses were released. Well, some of those people were hardened criminals who just happened to be arrested on a minor offense.”

Even now, with the recent addition of FEMA-provided tents, the Orleans Parish Prison has just 2,200 beds, down from 7,200.

Late starts and no room for jury deliberations are the first issues Judge Terry Alarcon faces as he begins a typical post-Katrina day in the Orleans Parish Criminal District Court. “I try not to get an ulcer about it,” he says.

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As a recent morning wears on, there's plenty to give Alarcon stomach trouble.

The criminal courts remained shut down for nine months after the storm, then opened partially in June to begin handling a backlog of 5,000 cases. Only as of Oct. 30 were all 12 sections of criminal court back up and running. And repairs are still being made to the building.

"You shut down the courts in any area in the U.S., and you're going to see a crime explosion," Goyeneche says.

Defense attorney Clif Stoutz appears before Alarcon this morning, but noticeably absent is his client, arrested before Katrina on charges of marijuana possession. His client now lives in New York, Stoutz explains, and needs several weeks' advance notice of a hearing so he can buy an affordable plane ticket. Alarcon shakes his head and sets a December court date.

"Do you have any idea if the evidence still exists?" the judge asks the assistant district attorney. The answer is no. The evidence room flooded and the prosecution has not yet located the five pounds of marijuana Stoutz's client allegedly possessed.

Even with all 12 courtrooms handling cases, the wheels of justice won't turn smoothly for some time to come, Stoutz, Alarcon and Goyeneche agree. The criminal justice system was broken before Katrina: A 2005 study by the Metropolitan Crime Commission found that just 12% of people arrested for homicide in New Orleans were ultimately incarcerated.

About one-fourth of defendants with felony drug offenses wound up in prison, Goyeneche says. Nationally, more than two-thirds of those defendants are convicted and incarcerated, according to the U.S. Justice Department.

Stoutz, who was "in Florida on the beach" while the courts were closed, says repairing the damage done to the justice system by Katrina is just a start. "All that happened with Katrina is we kicked over the anthill and now we see what's underneath," he says.

Lawyers with the district attorney's office are paid $38,000 a year, less than the $39,000 starting salary for police officers, which means it is difficult to hire anyone with experience, Goyeneche says. Post-Katrina, the D.A.'s office, which until three months ago operated out of a former barroom, complete with a disco ball, lost more than 30 of its 80 attorneys. Meanwhile, the public defender's office lost some of its most experienced attorneys because of a new rule requiring them to work full-time. "Those veteran attorneys didn't want to drop their private practices," Goyeneche says.

The last case of the morning in Alarcon's court involves another absent defendant. This one, the prosecutor explains, is in the state penitentiary in Angola, several hours away. No one knew he was not in town until this morning.

"This is really frustrating," Alarcon says.

Small steps are being taken to stave off violent crime and give the criminal justice system the tools it needs to arrest, lock up and convict criminals. A 10% salary increase for police officers went into effect in September, and there is a proposal before the City Council to raise the starting salary for lawyers with the district attorney's office to $50,000.

A Criminal Justice Task Force, which includes representatives from all sectors of the system, meets twice a month, Riley says. He has shaken up the leadership in key units such as narcotics, and he is having his officers conduct training sessions with the FBI.

Goyeneche says there is talk of creating a career criminals unit in the district attorney's office. The unit would employ a handful of veteran prosecutors who would be paid higher salaries to handle the most serious offenders, he says.

Riley says the city will feel safer "when our criminal justice system, not just the police, is up and functioning. And when our citizens have confidence in us and report crimes. Then we will have a safer city."

For now, Fine, the cornet player, says it takes guts to remain in a city he sees as not only dangerous but wounded.

"There's a heaviness sitting on the city," he says. There's a profound sense of coping with something that's lost and you can't quite put your finger on it."

Fine says he was almost robbed recently. "I was walking to my car, and I see this cat walking to meet me," he says. "And I see him start to reach in his pocket." Fine smiles. "So I started to reach into my pocket. And he ran."

Asked if anything was in his pocket, Fine says, "Courage."

WAR NEWS:

Bush Sticks To Iraq Policy, Resists Drawdown Calls (WSJ)

By Yochi J. Dreazen And Cam Simpson

The Wall Street Journal, December 1, 2006

AMMAN, Jordan -- The U.S.'s next steps in Middle East diplomacy appear to include speeding the transfer of Iraqi security forces from American to local control and stepping up efforts toward renewed Israeli-Palestinian talks.

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But obstacles emerged on both fronts yesterday, as President Bush, on a visit here, made clear he will resist calls to change his Iraq policy and Secretary of State Condoleezza Rice appeared to leave it to Palestinian Authority President Mahmoud Abbas to determine the next move in that peace process.

Mr. Bush used a meeting with Iraqi Prime Minister Nouri al-Maliki to lay down a marker ahead of the official release next week of a report by a bipartisan commission, headed by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton, that has been exploring new U.S. strategies for stabilizing a nation badly torn by sectarian violence and for bringing home U.S. troops.

The findings will call for the U.S. to begin gradually drawing down the approximately 140,000 American combat troops now in Iraq -- though without a specific timeline -- and to engage in direct negotiations with leaders in neighboring Iran and Syria, which are believed to be helping fuel the strife, said a member of the panel. Details of the panel's recommendations were reported in the New York Times yesterday.

Asked when Mr. Bush would begin acting on the report, White House National Security Adviser Stephen Hadley told reporters on Air Force One returning from Jordan there was no timetable per se.

"It's really going to be when the president is comfortable in his own mind as to where he wants to go, and when we've been able to have the kind of discussion with the Iraqis so we can be sure that it is going to be a common plan between the Iraqi government and the United States government for success," he said.

White House officials have said the U.S. is open to considering negotiations with Tehran and Damascus if the two drop their support for Hezbollah and other militant groups. Despite a growing sense Mr. Bush might use the report from the Iraq Study Group as political cover for beginning a U.S. troop withdrawal, he said yesterday talk of an imminent drawdown "simply has no realism to it at all."

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of a graceful exit out of Iraq," he said. "We're going to stay in Iraq to get the job done."

Meanwhile, Ms. Rice met briefly with Mr. Abbas in Jericho in the Palestinian territories before heading to Jerusalem for even shorter sessions with top Israeli officials. Though she publicly declared her desire to "accelerate our efforts and intensify our efforts" to bring about peace, little new appeared to be gained from the talks. She declined to cite concrete plans for what should come next in the Israeli-Palestinian peace process, beyond trying to sustain this week's fragile cease-fire for the Gaza Strip, which has experienced months of bloodshed.

Mr. Abbas declared as all but dead talks aimed at replacing the Palestinian Authority's current Hamas-led government with a caretaker regime. The move, pushed by the U.S. for months, is seen as a precondition for almost any Palestinian progress. Washington cannot legally deal with or financially support a government led by Hamas, which is designated as a foreign terrorist organization under U.S. law.

But Ms. Rice told reporters last night that the Gaza cease-fire deal, along with an olive branch extended by Israeli Prime Minister Ehud Olmert during a speech Monday, was "not a bad set of events to take place," during a short timeframe. She also said gaining progress in the moribund peace process "is the kind of thing that takes time."

In Jordan, Mr. Bush said the U.S. would step up efforts to give Mr. Maliki more control over Iraq's military and security forces and work to expand U.S. military training for them. For his part, Mr. Maliki said he believed Iraqi forces would be ready to take full control of security by June.

But while Messrs. Bush and Maliki both said it was necessary to speed the handover of security responsibility, senior U.S. military officials caution that big barriers remain to achieving this. The Iraqi Army and police forces remain rife with corruption, and embedded U.S. advisers regularly complain that because the U.S. doesn't control the Iraqi ministries, they can't get corrupt Army and police officers fired or replaced.

The availability of more advisers also is uncertain. U.S. military officials say they are committed to increasing the number of advisers working with Iraqi Army and police forces, but the Army and Marine Corps are already stretched thin. Moreover, some military officials say that adding more advisers without giving them the power to remove incompetent or corrupt officers won't lead to significantly better results.

Mr. Bush again rejected calls to divide Iraq into three semi-autonomous regions and said U.S. forces would remain in Iraq indefinitely. He also offered a strong endorsement to the embattled Mr. Maliki, hailing him as the "right guy for Iraq."

U.S. officials said the meetings between the two leaders went well, but the hastily planned summit produced few results. The two met just one day after Mr. Maliki abruptly canceled a planned three-way meeting Wednesday night with Mr. Bush and King Abdullah of Jordan. The move came after the disclosure in the New York Times of a memo written by Mr. Hadley asserting that the Iraqi premier was "either ignorant of what is going on, misrepresenting his intentions or that his capabilities are not yet sufficient to turn his good intentions into actions."

Mr. Bush went out of his way to praise Mr. Maliki, a clear attempt to soothe the Iraqi leader's feelings after the leak.

DOJ_NMG_0100462

Bush Rejects Troop Reductions, Endorses Maliki (WP)

By Michael Abramowitz And Sudarsan Raghavan

The Washington Post, December 1, 2006

AMMAN, Jordan, Nov. 30 -- President Bush on Thursday dismissed calls for U.S. troop withdrawals from Iraq as unrealistic, saying American forces would "stay in Iraq to get the job done, so long as the government wants us there."

Speaking after a summit here with Iraqi Prime Minister Nouri al-Maliki, Bush also offered a strong endorsement of the embattled leader, calling him "the right guy for Iraq."

The two men met for about two hours in the Jordanian capital, discussing how to crack down on the sectarian violence ravaging Iraq and what could be done to speed the turnover of security responsibilities from U.S.-led foreign troops to Iraqi forces.

In the news conference that followed, Bush sought to preempt a growing clamor to start a phased withdrawal of U.S. troops from Iraq, a proposed policy shift that has gained traction as a result of the Nov. 7 congressional elections and that is expected to be endorsed by the Iraq Study Group, a bipartisan commission headed by former secretary of state James A. Baker III and former representative Lee H. Hamilton (D-Ind.). The United States has more than 140,000 troops in Iraq.

Although the president was not asked directly about the panel's recommendations, which will be made public next week but which were partially leaked to reporters late Wednesday, he did say that "this business about graceful exit just simply has no realism to it whatsoever."

Later, national security adviser Stephen J. Hadley told reporters aboard Air Force One that Bush would start making changes in his Iraq policy soon after receiving the study group's recommendations and the reports of other high-level review panels. "There is a real sense of urgency, but there is not a sense of panic," Hadley said, according to the [a] news agency.

Maliki, meanwhile, declared that he is moving to disarm militias in Iraq and expects government forces to assume full control of security duties by June.

"I can say that Iraqi forces will be ready, fully ready, to receive this command and to command its own forces, and I can tell you that by next June, our forces will be ready," Maliki said in an interview with ABC News after his meeting with Bush.

Asked whether he would disarm militias such as the Mahdi Army of Moqtada al-Sadr, an anti-American Shiite cleric, Maliki, himself a Shiite, said: "Definitely. And the government is doing that with all militias, with no exception. There will be only the arms for government troops."

Sadr is seen as perhaps the single most powerful political leader in Iraq. The Mahdi Army is the largest and most violent of Iraq's private Shiite militias, and Sadr's supporters make up one of the biggest blocs in the Iraqi parliament. Although the Sadr bloc played a pivotal role in making Maliki prime minister, its members walked out of parliament and the cabinet on Wednesday in protest of Maliki's meeting with Bush.

During their news conference, Bush declined to answer directly a question about whether he urged Maliki to distance himself from Sadr. Bush said that after he and Maliki discussed the "political situation" in Iraq, he came away "reassured" by the prime minister's determination to hold to account those who break the law -- "whether those people be criminals, al-Qaeda, militia, whoever."

Asked whether he would break with Sadr, Maliki did not answer directly, noting that Sadr's faction is only one part of his ruling coalition and that all those participating in the government bear responsibilities.

"I do not talk about one side or the other," he said. "I'm talking about a state; I'm talking about law; I'm talking about commitments. And this should apply to all the partners who have chosen to participate in the political process."

According to Iraqi sources familiar with the meetings, Bush did not press Maliki to take stronger action against Sadr or the Shiite militias, which U.S. commanders in Baghdad have repeatedly called the principal impediment to restoring order in Iraq.

"There was really no pressure," said Sadiq al-Rikabi, a political adviser to Maliki who was present during the meeting. "Did he say to the prime minister, 'You have to do this and do that'? I didn't hear any of that."

Rikabi said the two leaders did not "specifically discuss Sadr" but spoke in general terms about the militias, the security of the country and the political conditions.

Mahmoud Othman, a Sunni Kurd who is an influential member of Iraq's parliament, said that Bush told Maliki that U.S. forces would deal with al-Qaeda and that Iraqis were responsible for tamping down the Shiite militias and sectarian violence. But he didn't push too hard, said Othman, who said he was basing his information on conversations he had with people who were in the meeting.

Othman said that he thought Sadr's decision to launch a boycott of parliament sent a signal that Maliki was under a lot of domestic pressure and that pushing Maliki too hard on Sadr and the Mahdi Army might have put him under even more pressure.

"That's why he didn't press for that," Othman said.

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A senior U.S. official told reporters that Bush and Maliki did discuss Sadr during the summit, in the context of a larger conversation about "using force to address, where necessary, elements operating outside the rule of law."

The official, who could not be named under ground rules set by the White House, said Maliki was fully aware of the need to confront militias. "He recognizes this is a big challenge for his government and one that his government must take on and succeed in if he is to be successful," the official said.

Bush and his aides said a major topic during Thursday's meeting was speeding the training of Iraqi security forces. Bush and Maliki heard from a committee of senior officials from both countries who have been looking for ways to accelerate the transfer of authority over about 140,000 Iraqi soldiers from a joint command-and-control arrangement between Maliki and Army Gen. George W. Casey Jr., the top American commander in Iraq, to complete Iraqi oversight. No timetable was set.

"One of his frustrations with me is that he believes we've been slow about giving him the tools necessary to protect the Iraqi people," Bush said before boarding Air Force One for the flight home. "Our goal is to ensure that the prime minister has more capable forces under his control so his government can fight the terrorists and the death squads, and provide security and stability in his country."

Thursday's meeting was the third face-to-face session between the two leaders. Administration officials say they have been disappointed so far by results from the Maliki government, yet Bush portrayed himself as having nothing but confidence that Maliki can ultimately get results with more help from the United States.

"He's been in power for six months, and I've been able to watch a leader emerge," Bush said, praising Maliki's courage and his desire to take more responsibility from U.S.-led forces. "I'm talking to the man face-to-face, and he says that he understands that a unified government, a pluralistic society, is important to success. And he's making hard decisions to achieve that."

Rikabi, Maliki's adviser, said the prime minister took Bush's expressions of support as a vote of confidence. "It was very positive," Rikabi added, referring to the meeting. "The prime minister and all the delegation returned back to Baghdad very satisfied."

Sunni legislators in Baghdad, however, said they were disappointed by the outcome of the meeting and had expected Bush to take a stronger stand.

"We heard more support for this government from the Bush administration," said Saleh al-Mutlak, leader of the Iraqi National Dialogue Front, the second-largest Sunni Arab party in Iraq's parliament. "It's a support for failure."

Bush, In Meeting On Iraq, Rejects A Quick Pullout (NYT)

By John M. Broder And Sheryl Gay Stolberg

The New York Times, December 1, 2006

WASHINGTON, Nov. 30 — President Bush on Thursday rejected the idea of a quick troop withdrawal from Iraq, even as Prime Minister Nuri Kamal al-Maliki of Iraq said his country's forces would be ready to take over substantial security responsibility by next June.

Mr. Bush, at a news conference with Mr. Maliki after a meeting in Jordan, directly referred to reports the day before that the bipartisan Iraq Study Group would recommend to him next week that the United States begin a substantial troop pullout in the near future. Some analysts have suggested that the report could offer a face-saving way for Mr. Bush to begin withdrawing from Iraq, but he adamantly rejected that view.

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," the president said. "This business about a graceful exit just simply has no realism to it whatsoever."

The study group is said to be shying away from recommending a firm timetable, and it envisions a force of 70,000 or more American troops in Iraq for some time to come. And despite a Democratic election victory this month that was strongly based on antiwar sentiment, the idea of a major and rapid withdrawal seems to be fading as a viable option. [News analysis, Page A16.]

Mr. Maliki and other Iraqi leaders have given optimistic projections before about the strength of local forces and their ability to control the insurgency and the sectarian warfare. But senior Bush administration officials and American commanders continue to say that creating a competent Iraqi military from scratch will take an intensive training effort and years to accomplish.

Mr. Maliki lacks full operational control of the military, and he is menaced by numerous armed militias and insurgent cells operating with virtual impunity.

One approach expected to be put forward by the Iraq Study Group is that, as the size of the American combat force is reduced, the Pentagon would send thousands of additional trainers to assist in the building of Iraqi Army and police forces. Mr. Maliki seemed to embrace that idea on Thursday, saying that his government would be fully ready to take command by June 2007. Democrats in Congress have been demanding that the United States begin removing its troops in the next four to six months and give control of Iraq to the Iraqis.

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"I can say that Iraqi forces will be ready, fully ready to receive this command and to command its own forces, and I can tell you that by next June our forces will be ready," Mr. Maliki told ABC News after meeting President Bush in Jordan.

He said that the president had assured him that he was not preparing to remove American forces any time soon and that he would provide additional training and support for the Iraqi military. He said any decision on American troop withdrawals was up to the Bush administration.

For his part, Mr. Bush insisted that American troops would stay in Iraq unless the government asked them to leave. "We're going to stay in Iraq to get the job done as long as the government wants us there," he said.

Stephen J. Hadley, the national security adviser, said that the United States was working diligently to improve the ability of the Maliki government to maintain some semblance of order in Iraq and to assume control of its own armed forces. He refused, however, to give any estimate of how long the task would take.

"Building a military, a successful and high-quality military, is something that, obviously, takes some time," Mr. Hadley said in a briefing for reporters aboard Air Force One while returning to Washington from Jordan. "We've been at it for a while. There is going to be more work to do. But you can get units to the point that they can take increasing responsibility for security. That's what we've been doing, that's what we'll continue to do."

He said the United States and Iraq were speeding up the schedule under which Iraqi forces would come under Iraqi, and not American, command.

Mr. Hadley added that the Iraqis were aware both of the security problems that they faced and of the diminishing American public support for the military mission there.

"There is a real sense of urgency, but there is not a sense of panic," Mr. Hadley said. "And that is a good thing for a government that's under — has a lot of challenges before it."

The meeting of Mr. Bush and Mr. Maliki, a two-hour session in Amman, Jordan, took place against a backdrop of rising sectarian violence in Iraq and increasing tensions between the leaders.

Earlier this week, news reports brought to a light a classified memorandum by Mr. Hadley in which he raised doubts about Mr. Maliki's leadership. And on Wednesday evening, Mr. Maliki took the unusual step of backing out of a planned three-way meeting with the president that would have included the Jordanian leader, King Abdullah II.

But in their news conference, the two men appeared to be on the same page. During his appearance with Mr. Maliki, Mr. Bush offered to speed up the transfer of command of Iraqi forces to the Iraqi government. Mr. Maliki is under pressure at home to demonstrate more independence from the United States, but Americans, as well as Sunni Arab politicians in Iraq, have been concerned that the Iraqi troops would be used by the Shiite government against the Sunni populace.

The president also rejected the idea of partitioning Iraq to create buffers between the country's main sectarian groups, an idea that Mr. Maliki has publicly opposed though some other Shiite leaders have backed it.

During his statement, Mr. Maliki issued a pointed message to its neighbors, Syria and Iran, whom the United States has accused of supporting militant groups in Iraq, not to interfere with Iraqi affairs. "Iraq is for Iraqis," Mr. Maliki said.

The much-publicized meeting — a breakfast attended by aides including Secretary of State Condoleezza Rice and Gen. George W. Casey Jr., the top American commander in Iraq, followed by a 45-minute one-on-one session — took place as both leaders face intense pressure to bring the bloody sectarian violence in Iraq under control.

At the news conference afterward, Mr. Bush stood at Mr. Maliki's side and showered him with praise, saying, "He's the right guy for Iraq."

In Washington on Thursday, Senator Carl Levin, the Michigan Democrat is to become chairman of the Armed Services Committee in January, welcomed the reported recommendations of the Iraq Study Group, saying they were similar to what he and other Democrats had been proposing for months.

"It sends a message to the Iraqis that our presence there is not open-ended and that we are going to pull back, redeploy in a reasonable amount of time," Senator Levin said in an interview. "They share our premise that the Iraqis have got to feel a sense of urgency if they are going to reach a political settlement."

He said that the panel's recommendations, if they are adopted even in part by the White House, signaled an "important shift" in the debate on Iraq policy.

Senator John Cornyn, a Republican member of the Armed Services Committee from Texas, said he believed that it would be necessary to send tens of thousands more troops to Iraq in the short term to stabilize Baghdad and control the sectarian militias that were killing one another and Americans.

He said he was gratified to hear Mr. Maliki's claim that his forces would be adequate to the task by the middle of next year, but said he did not think the Iraqi prime minister was being realistic.

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"I would love to believe it," Mr. Cornyn said in a telephone interview from Texas. "Perhaps it's useful for him to set goals for his own security forces. But it's pretty clear to me that, at least from a logistical standpoint, Iraqi troops will need to receive support from the United States for quite a long time."

The Only Consensus On Iraq: Nobody's Leaving Right Now (NYT)

By David E. Sanger

The New York Times, December 1, 2006

WASHINGTON, Nov. 30 — In the cacophony of competing plans about how to deal with Iraq, one reality now appears clear: despite the Democrats' victory this month in an election viewed as a referendum on the war, the idea of a rapid American troop withdrawal is fast receding as a viable option.

The Joint Chiefs of Staff are signaling that too rapid an American pullout would open the way to all-out civil war. The bipartisan Iraq Study Group has shied away from recommending explicit timelines in favor of a vaguely timed pullback. The report that the panel will deliver to President Bush next week would, at a minimum, leave a force of 70,000 or more troops in the country for a long time to come, to train the Iraqis and to insure against collapse of a desperately weak central government.

Even the Democrats, with an eye toward 2008, have dropped talk of a race for the exits, in favor of a brisk stroll. But that may be the only solace for Mr. Bush as he returns from a messy encounter with Iraq's prime minister, Nuri Kamal al-Maliki.

In the 23 days since the election, the debate in Washington and much of the country appears to have turned away from Mr. Bush's oft-repeated insistence that the only viable option is to stay and fight smarter. The most talked-about alternatives now include renewed efforts to prepare the Iraqi forces while preparing to pull American combat brigades back to their bases, or back home, sometime next year. The message to Iraq's warring parties would be clear: Washington's commitment to making Iraq work is not open-ended.

Yet if Mr. Bush's words are taken at face value, those are options still redolent of timetables — at best, cut-and-walk. Standing next to Mr. Maliki on Thursday in Amman, Jordan, Mr. Bush declared that Iraqis need not fear that he is looking for "some kind of graceful exit out of Iraq." But a graceful exit — or even an awkward one — appears to be just what the Iraq Study Group, led by James A. Baker III and Lee H. Hamilton, tried to design in the compromise reached by Republicans and Democrats on the panel on Wednesday.

The question now is whether Mr. Bush can be persuaded to shift course — and whether he might now be willing to define victory less expansively.

"What the Baker group appears to have done is try to change the direction of the political momentum on Iraq," said Stephen P. Cohen, a scholar at the Israel Policy Forum. "They have made clear that there isn't a scenario for a democratic Iraq, at least for a very long time. They have called into question the logic of a lengthy American presence. And once you've done that, what is the case for Americans dying in order to have this end slowly?"

In the days just after the Republican defeat on Nov. 7, Mr. Bush had suggested that he was open to new ideas about Iraq. "It's necessary to have a fresh perspective," he said in nominating Robert M. Gates to succeed the ousted Donald H. Rumsfeld as defense secretary.

But more recently, the president has, if anything, seemed to harden his position again. In Hanoi, Vietnam, nearly two weeks ago, he suggested that he would regard the recommendations from the Baker-Hamilton group as no more than a voice among many. In Riga, Latvia, two days ago he all but pounded the lectern as he declared, "There's one thing I'm not going to do: I'm not going to pull the troops off the battlefield before the mission is complete."

On the way home from Jordan, Mr. Bush's national security adviser, Stephen J. Hadley, said Mr. Maliki was told that the Baker-Hamilton report "was going to be one input" — a clear signal that no matter how senior the group's members, no matter how bipartisan the group, no matter how close Mr. Baker is to the president's father, the recommendations would not be regarded as sacrosanct.

In private, some members of the Iraq Study Group have expressed concern that they could find themselves in not-quite-open confrontation with Mr. Bush. "He's a true believer," one participant in the group's debates said. "Finessing the differences is not going to be easy."

The group never seriously considered the position that Representative John P. Murtha, the Pennsylvania Democrat who is a leading voice on national security issues, took more than a year ago, that withdrawal should begin immediately. The group did debate timetables, especially after a proposal, backed by influential Democratic members of the commission, that a robust diplomatic strategy and better training of Iraqis be matched up with a clear schedule for withdrawal. But explicit mention of such a schedule was dropped.

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In statements on Thursday, Democrats from former President Bill Clinton to Senator Joseph R. Biden Jr. of Delaware, the incoming chairman of the Senate Foreign Relations Committee, seemed to agree that hard timelines could invite trouble. Nonetheless, some areas of potential conflict with Mr. Bush seem clear.

"I think that what's clearly being implied in the study group's report is what some of us have been saying for a while," said Senator Jack Reed, a hawkish Democrat from Rhode Island with a military record, which has made him a spokesman for the party on Iraq. "A phased redeployment — one that begins in six months or so — is where we need to head. And what's different now is that redeployment has become the consensus view," save for inside the White House. "The debate is at what pace."

There is evidence that more and more Republicans are likely to line up with the Iraq Study Group's conclusions, even if some find the military prescriptions vague and the group's idea of talking directly to Iran and Syria repugnant. After all, the Republicans have little interest in facing another election, in two years, where Iraq becomes the overarching issue.

But Mr. Bush faces no more elections. And he has not been one to back down, even when offered a "graceful exit." He has staked his presidency on remaking Iraq, and with it, the Middle East. Every day, the chances of that seem more remote. With only two years left, this may be his last moment for a real change of strategy.

Bush Endorses Maliki After Talks (MCT)

By William Douglas And Nancy A. Youssef

McClatchy Newspapers, December 1, 2006

AMMAN, Jordan — President Bush reaffirmed his support for embattled Iraqi Prime Minister Nouri al-Maliki Thursday, agreeing to accelerate transfer of authority of security forces to the prime minister and vowing to keep U.S. troops in Iraq until their mission is successfully completed.

"Our objective is to help the Maliki government to succeed," Bush told reporters after a meeting with the prime minister. "We talked about accelerating authority to the prime minister ... he's the right guy for Iraq, and we're going to help him."

Bush gave his endorsement at a news conference after nearly two and a half hours of talks with the embattled prime minister. Maliki is under pressure in Baghdad and Washington to do more to combat increasing sectarian violence in Iraq.

On Thanksgiving, several car bombs detonated in the impoverished Baghdad neighborhood of Sadr City, killing more than 200 people, making it the deadliest single attack since Saddam Hussein's regime fell in April 2003. Some said that attack, and the subsequent retaliatory bombings, shootings and kidnappings throughout the capital, were signs of a civil war.

The U.S. must give Maliki and his government more control over their security forces, Bush said, acknowledging that the U.S. unwillingness to do so had limited the prime minister. Maliki and his aides have complained publicly that they cannot move a brigade without U.S. approval.

"One of his frustrations with me is that he believes that we've been slow about giving him the tools necessary to protect the Iraqi people," Bush said. "And today we had a meeting that will accelerate the capacity for the prime minister to do the hard work necessary to help stop this violence."

But White House officials offered few specifics on how the acceleration would work. A senior administration official said the leaders discussed handing over control of some provinces to Iraqi security forces, but would not say which ones.

This year, the U.S. has handed several Iraqi cities to the local army and police only to see them erupt in sectarian fighting within months, forcing coalition forces to intervene in cities like Balad and Amara. Moreover, Sunnis have complained that Iraqi forces, which are mostly Shiite, are sectarian and work alongside militias.

The president and prime minister also rejected an increasingly popular idea of dividing Iraq into three regions – Shiite, Sunni and Kurdish enclaves – saying that would fuel more violence.

"The prime minister made clear that splitting his country into parts, as some have suggested, is not what the Iraqi people want, and that any partition of Iraq would only lead to an increase in sectarian violence," Bush said.

Thursday was Bush's first meeting with Maliki since Democrats regained control of the House of Representatives and the Senate in mid-term elections that were viewed as a referendum on Bush's handling of the war.

Many Democrats have called for a timetable for withdrawing troops from Iraq. The White House is awaiting recommendations from a blue-ribbon panel co-chaired by former Secretary of State James Baker III and former Rep. Lee Hamilton, D-Ind.

The president said he'll listen to the panel suggestion, but asserted Thursday that he will not withdraw U.S. forces from Iraq until their mission is complete.

"I know thre's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," Bush said. "We're going to stay in Iraq to get the job done, so long as the government wants us there."

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This third face-to-face meeting between the two occurred under uncomfortable circumstances after a classified White House memo bluntly criticizing Maliki's leadership in Iraq, written by National Security Advisor Stephen Hadley, was published in The New York Times Wednesday.

The situation grew more awkward after a scheduled Wednesday evening meeting between Bush, Maliki and Jordan's King Abdullah was abruptly canceled. White House officials struggled to explain the cancellation but insisted it wasn't a snub and had nothing to do with Hadley's candid memo.

"We returned from Iraq convinced we need to determine if Prime Minister Maliki is both willing and able to rise above the sectarian agendas being promoted by others," Hadley wrote. "Do we and Prime Minister Maliki share the same vision for Iraq? Is he able to curb those who seek Shia hegemony or the reassertion of Sunni power? These answers to these questions are the key in determining whether we have the right strategy in Iraq."

Hadley was among the White House aides who attended the Bush-Maliki breakfast. An administration official said there were jokes about the leak during the meetings, but declined to provide specifics.

After the meetings, Bush heaped praise on an uncomfortable-looking Maliki and said they were united in seeking a way forward on improving the deteriorating situation in Iraq.

"You can't lead unless you have courage," Bush said. "And he's got courage, and he's shown courage over the last six months. I'm talking to the man face-to-face, and he says that he understands that a unified government, a pluralistic society, is important to success."

Both men said they also share the same concerns about interference in Iraq's affairs by neighboring countries, particularly Iran.

"We want to emphasize that we will not allow anybody to exert their control over any part of Iraq," Maliki said. "We want good relationships with our neighbors; we want complementary relationships with our neighbors to protect the region from tensions. But the main principle underlying all of this is respect of the Iraqi borders and the internal affairs of Iraq."

Despite the appearance of unity, it was clear that the president and prime minister did not agree on approach. Bush said the violence would only end if Iraq addressed its largely Sunni terrorists and Shiite death squads. Maliki, a former hard-line Shiite, made no mention of the death squads in his remarks.

"Terrorism, extremism and sectarianism will rob human beings of happiness," Maliki said.

Maliki did address concerns that he was closely tied to Sadrists, who control Iraq's largest militia, the Mahdi Army, saying he does not only answer to them.

"Mr. Sadr and the Sadrists are just one component that participate in the parliament," the prime minister said. "And I think participating in the government is a responsibility ... and foremost upon those responsibilities is the protection of this government, the protection of the constitution, the protection of law."

Thursday's meetings have caused friction within Maliki's government. In Iraq, members of rebel cleric Mutqada al Sadr's slate boycotted the parliament because the prime minister agreed to meet with Bush.

Bush Show Of Support For Iraqi Premier (FT)

By Guy Dinmore And Sharmila Devi

Financial Times, December 1, 2006

President George W. Bush yesterday put on a strong show of support for Iraq's beleaguered prime minister, calling Nouri al-Maliki the "right guy for Iraq".

The US president assured Mr Maliki that the Bush administration would not respond to pressure for a "graceful exit".

But Mr Maliki returned to Baghdad and a crisis in his coalition government apparently with little to show from their summit in Jordan, other than rhetorical commitments and an understanding that the US would speed up the training of Iraqi security forces and the full transfer of their authority to him.

In public at least, the US side did not specify when Mr Maliki would no longer have to share control over his own forces with General George Casey, the US commander. However, the prime minister told ABC television that Iraqi forces would be fully ready by June.

The White House had cautioned against expecting any "bombshells" from the summit, which was hastily arranged in response to a surge in sectarian violence in Baghdad.

US policy remains effectively on hold until various internal reviews are completed and the bipartisan Iraq Study Group delivers its own recommendations – due on December 6.

Stephen Hadley, national security adviser, told reporters aboard Air Force One that Mr Bush would probably arrive at a decision on "the new direction in Iraq" within weeks.

Describing the mood on the Iraqi side, Mr Hadley said: "There is a real sense of urgency, but there is not a sense of panic."

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At a joint news conference in Amman, Mr Bush twice rejected calls for a “graceful exit”. He said the US would be in Iraq “until the job is complete”.

He added: “I know there’s a lot of speculation that these reports in Washington mean there’s going to be some kind of graceful exit out of Iraq. We’re going to stay in Iraq to get the job done, so long as the government wants us there.”

Media reports say the Iraq Study Group group led by James Baker, former secretary of state, and Lee Hamilton, former Democratic congressman, will recommend a gradual redeployment of US forces starting next year but with no timetable. Substantial numbers of US advisers, trainers and back-up forces would remain.

Outreach to Iran and Syria may also be proposed, but Mr Bush has ruled out direct US engagement under current circumstances.

Mr Bush’s praise for Mr Maliki followed a diplomatic brouhaha on Wednesday when their scheduled trilateral summit with King Abdullah was abruptly cancelled. US officials denied Mr Maliki had snubbed the president to show his displeasure at a leaked memo by Mr Hadley who revealed strong doubts about his abilities and intentions.

Speaking of his frustration at the leak, Mr Hadley said Mr Maliki had nonetheless greeted him warmly.

“He’s a really class act,” said Mr Hadley, describing his “vision and determination”. In the November 8 memo obtained by the New York Times, Mr Hadley said Mr Maliki was either “ignorant” of what was going on in Iraq, being deceptive or incapable of turning his good intentions into action.

The two sides discussed the role in the violence played by the radical Shia cleric, Moqtada al-Sadr, whose faction suspended participation in parliament and the cabinet on Wednesday in protest at the summit. Mr Maliki rebuked the cleric, saying he and others in the coalition had the responsibility to protect the government and the constitution and not to break the law.

Maliki Meets With Bush, Sees June Transfer (LAT)

By Peter Wallsten And Solomon Moore

The Los Angeles Times, December 1, 2006

AMMAN, Jordan — President Bush today extolled Iraqi Prime Minister Nouri Maliki's "courage" and vowed to help him secure greater authority over security forces in the struggle to quell violence.

But after about two hours of meetings, the leaders announced no new initiatives or specific plans, and Bush returned to Washington and offered no details about how and where such a transfer of authority would occur -- or how quickly it might stem civil war.

Meanwhile, in an interview on ABC News after the meetings, Maliki claimed that U.S. forces could leave Iraq by June.

"I can say that Iraqi forces will be ready -- fully ready to receive this command and to command its own forces," Maliki told Charles Gibson. "And I can tell you that by next June our forces will be ready."

But Maliki is facing a backlash within his Shiite coalition -- 36 politicians representing anti-U.S. cleric Muqtada Sadr have suspended their participation in government in protest of the prime minister's meeting with Bush.

And Sunni Arab leaders are wary of further Shiite control of Iraq's security forces, elements of which have carried out thousands of death-squad killings against Sunnis.

"We hope that this meeting can have a positive effect on Iraq," said Adnan Dulaimi, a Sunni Arab politician in Iraq. "However, the government has to find a real balance in the security forces. Be fair to the Sunnis. Stop the militias. Stop striking the Sunnis and burning and raping our mosques."

Bush and Maliki appeared together the day after the disclosure of a classified White House memo questioning Maliki's competence and intentions. But the president sought repeatedly to show that he would stand by the prime minister and leave U.S. troops in Iraq as long as that country's government wanted them there.

"He's the right guy for Iraq, and we're going to help him," Bush said, appearing with Maliki at a luxury hotel before a backdrop of U.S. and Iraqi flags.

Bush also ridiculed critics in the U.S. who have called for U.S. troops to be pulled out of Iraq, a course that has been endorsed by Democratic leaders and is being considered by the independent commission headed by former Secretary of State James A. Baker III. "This business of a graceful exit has no realism to it at all," Bush he said.

Today's events marked the end of another grueling overseas trip for Bush -- the second this month -- in which Bush spent a great deal of time defending his foreign policy. Besides the focus on Iraq, Bush urged allies at a NATO summit in the Latvian capital to devote more resources to Afghanistan, another former tyranny invaded by the U.S. that faces a growing insurgency.

But perhaps Bush's worst moment of the week came upon his arrival to Amman, when a Wednesday evening session with Maliki and Jordan's King Abdullah II was abruptly canceled.

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The cancellation sparked confusion upon Bush's arrival in the Jordanian capital and forced White House aides to insist that Maliki was not snubbing the president.

While Bush was animated at times today, Maliki appeared uneasy. Still, the Iraqi leader thanked Bush and embraced the call for speeding the transfer of power over security forces from the U.S. to provincial authorities in Iraq.

"We have agreed together, and we are very clear together, about the importance of accelerating the transfer of the security responsibility," Maliki said.

The mutual praise seemed to directly contradict the White House memo, drafted by National Security Adviser Stephen Hadley and reported Wednesday by The New York Times. In the memo, Hadley pointedly asked whether Maliki might be "ignorant" of the growing violence in his country or misrepresenting his views when he claims to support a unity government of Shiites and Sunnis -- and whether he is acting to shore up his Shiite support.

Hadley wrote the memo on Nov. 8, the day after Democrats won control with a pledge to change course in Iraq. But, far from the contrition that Bush demonstrated in the days following the Nov. 7 election, the president sounded the same defiance that he did on the campaign trail -- even arguing that pulling out U.S. troops would "embolden" terrorists.

Bush seemed to allude to the Hadley memo at one point when he offered an adamant defense of Maliki's support for ethnic coalitions. "You hear all kinds of rumors about the politics inside of Iraq," he said. "I'm talking to the man face-to-face, and he says that he understands that a unified government, a pluralistic society, is important for success."

Ghufran Saidi, an Sadr parliament member, said her fellow Sadr representatives will suspend their membership in government for an indefinite duration, leaving several of Iraq's most important ministries in the hands of deputies until their return.

"Our main problem in Iraq is the continuing occupation," she said. "When parliament spoke to the security ministers and cabinet it was evident that the military and police were not able to develop themselves or acquire new and effective weaponry," she said. "They are not even able to move a small army unit from here to there without prior approval of the occupation forces. This is not sovereignty!"

(Optional add end)

The Amman meetings took place against a backdrop of continuing violence in Iraq.

Iraqi Army soldiers discovered a grave today containing the recent remains of at least 28 apparent death-squad victims south of Baqouba, according to the U.S. military and Iraqi police.

Nine bodies were found in Baghdad, all showing signs of torture and execution-style shootings, and at least 23 people were killed in clashes and bomb attacks.

The U.S. military said an American soldier was killed in Baghdad today, and another died in the capital Wednesday.

In addition, 14 suspected insurgents were killed in Samarra by U.S. helicopters and other aircraft, according to U.S. military statements.

Iraqi Police intelligence agents clashed with Mahdi Army fighters in the militia's stronghold of Sadr City in Baghdad today in a 90-minute battle, witnesses said.

As The Summit On Iraq Ends, Arabs Wonder, Is That All? (NYT)

By Hassan M. Fattah

The New York Times, December 1, 2006

AMMAN, Jordan, Nov. 30 — For days, Arab governments lobbied against any American opening to Iran, Jordanians planned protests against President Bush and politicians braced for a possible announcement of a timetable for withdrawal from Iraq.

But as the summit meeting between President Bush and Prime Minister Nuri al-Maliki of Iraq concluded Thursday morning, the Arab world was left dumbfounded that nothing had come of it.

“I am baffled by what I saw,” said Abdel Moneim Said, director of the Ahram Center for Strategic Studies in Cairo. “This was an expression of the Americans in deep trouble, but Bush’s approach to dealing with the Iraqi problem also bore the signs of someone out of touch with what is going on.”

Mr. Bush said American troops would remain in Iraq unless Mr. Maliki’s government asked them to leave and pledged to accelerate the transfer of authority to Iraqi security forces, but without offering any details. He dismissed calls for a timed withdrawal and emphasized that he and Mr. Maliki would oppose any plan to partition the country. And he appeared to dismiss the possibility of opening relations with Iran, while insisting he is realistic about the difficulties in Iraq.

“I did not see a coherent strategy that really deals with the situation,” Mr. Said said. “I did not see Bush realizing how bad it is.” Mr. Bush and Mr. Maliki appeared in a joint news conference after an hourlong breakfast meeting with aides at the Four Seasons Hotel here that was followed by a one-on-one session that lasted 45 minutes.

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The night before, Mr. Maliki took the unusual step of backing out of a planned meeting with the president, an embarrassment to the White House that came on the heels of the publication of a classified memo from Stephen J. Hadley, the national security adviser, that raised doubts about Mr. Maliki's leadership.

But on Thursday morning, an animated Mr. Bush stood at one lectern, while a decidedly reserved Mr. Maliki stood at another, at times looking tense, at others bemused.

"I saw someone trying to buy time for the next six months," said Turki F. al-Rasheed, director of the Saudi Voters Center in Riyadh, Saudi Arabia, speaking of Mr. Bush.

Mr. Bush sought to counter rumors of tensions with Mr. Maliki, calling him "the right guy for Iraq" while emphasizing his role as the leader of a sovereign nation. "He has shown courage in the last six months," Mr. Bush said.

Yet many Arab analysts saw Mr. Bush as managing Mr. Maliki. At one point he encouraged Mr. Maliki to call on members of the Iraqi news media and told him "good job!" as the news conference drew to a close.

"There's an inherent contradiction in the discourse," said Fares Braizat, an analyst at Jordan University's Center for Strategic Studies, who is a Fulbright fellow in Washington.

While Mr. Bush sought to emphasize that Washington was helping Mr. Maliki achieve Iraqi goals, Mr. Braizat said, he appeared to be guiding Mr. Maliki and at times twisting his arm. "Ultimately, he was dictating to him what to do," he said.

The sessions ultimately proved disappointing for Arab nations, Mr. Braizat said. "The meeting showed that Bush cared about the game, but he did not know how to make the right moves," he said. "There were no tangible results." And that, he said, was what Arab leaders were looking for.

Jordan's security services proved perhaps the biggest winner. They had set out to prove to the international news media that they could keep a tight grip on security while allowing a degree of freedom for Jordanians to express their anger at Mr. Bush and the United States.

"We kept the situation under control, and still the people were able to protest," a senior security official said Thursday evening, speaking anonymously because he is not authorized to speak with the news media. "They burnt some flags, but for us, burning flags is not a security issue, it's an environmental issue."

Bush Returns From Jordan To Face Scrutiny Over Policy (MCT)

By Ron Hutcheson, Nancy A. Youssef And Warren P. Strobel

McClatchy Newspapers, December 1, 2006

WASHINGTON - President Bush returned Thursday from a war summit with Iraq's prime minister to face growing pressure for a new course in Iraq.

The demand for change is likely to increase next week with the release of a blue-ribbon panel's recommendations and Senate confirmation hearings for Defense Secretary-designate Robert Gates. The Pentagon, the State Department and the National Security Council all are reviewing Iraq policy at the White House's request.

So far, Bush has shown no sign that he's ready for a new approach or willing to scale back the U.S. commitment to a war that's claimed more than 2,800 American lives.

"This business about a graceful exit just simply has no realism to it at all," he said during a news conference in Jordan with Prime Minister Nouri al-Maliki.

His meeting with al-Maliki underscored how limited the options are for dealing with a conflict that's threatening to spiral out of control.

The two leaders essentially agreed to do more of the same - transfer security responsibilities from U.S. troops to Iraqi forces - but quicken the pace. Bush has been telling Americans for more than a year that "as Iraqis stand up, we will stand down," with little progress evident on either side of that equation. The president also promised to give al-Maliki more authority over his forces.

In an interview with ABC News, al-Maliki predicted that Iraqis would be "fully ready" to take command of security operations by June.

Independent experts were skeptical.

"It will take years, not months, to fix this situation," Anthony Cordesman, a national security specialist at the Center for Strategic and International Studies, a center-right research center, said Wednesday.

In Iraq, reactions to Bush's pledge to give the Iraqi government more authority over security were colored by sectarian loyalties. Shiite Muslims, the dominant force in the government, welcomed the president's expressed confidence in al-Maliki. For months, they'd complained that Maliki couldn't make any major decisions about government security forces without American approval.

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"Maliki got a positive and official commitment that he would handle the security file," said Abd al Kareem al Anzy, the former state minister for national security and a member of al-Maliki's Dawa Party. "I think the U.S. is serious this time about backing Maliki."

Sunni Muslims, who lost power in the U.S.-led invasion, expressed fears of government-sanctioned sectarian attacks. The Iraqi security forces are largely Shiite, and Sunnis complain that they provide cover for Shiite militias.

"We don't feel it is safe to turn over all of the security responsibilities to the current Iraqi security forces because this will be a disaster. These troops have proven that they are affiliated and infiltrated deeply by the militias," said Omar Abdul Satar, a member of parliament and Iraq's largest Sunni slate, the Iraqi Islamic Party.

Among common Iraqis, there was little interest in the Bush-al-Maliki meeting. After all, the public previously has hung its hopes on numerous committees, summits and resolutions to end the spread of sectarian violence, only to see the situation worsen.

"Frankly, the odds are that things will get worse, not better," said Cordesman, who favors a greater U.S. commitment.

Events next week will spotlight problems in Iraq and possible solutions.

Members of the Senate Armed Services Committee will get a chance to offer their ideas when Gates' confirmation hearing begins Tuesday. Bush's choice to replace Defense Secretary Donald H. Rumsfeld will face a panel that includes Sens. Edward Kennedy, D-Mass., John McCain, R-Ariz., and Robert Byrd, D-W.Va.

The blue-ribbon Iraq commission, formally known as the Iraq Study Group, will issue its recommendations Wednesday. A person close to the bipartisan commission, who spoke only on condition of anonymity because the commission's chairmen insist that no one disclose information before the recommendations are released, said its report would include a grim assessment of the current situation.

The New York Times reported Thursday that the panel, headed by former Secretary of State James Baker and former Rep. Lee Hamilton, D-Ind., would call for gradually withdrawing U.S. combat troops, with no clear timetable. The goal would be to cut the number of troops in Iraq by roughly half, to about 70,000, with greater emphasis on American military advisers to train Iraq's security forces.

The commission also is expected to recommend: greater U.S. diplomatic engagement with Iraq's neighbors, including Iran and Syria; addressing problems with Iraq's reconstruction; and discussing the imperative for political reconciliation among the country's warring sects.

Bush already has rejected suggestions that he reach out to Iran and Syria to seek their cooperation on Iraq. He and his aides also have signaled that he doesn't feel bound to follow the commission's recommendations.

"Obviously, the insights of the Baker-Hamilton commission are going to be a factor as we look forward. But for one to say, `Ah-ha, there they go, there's our blueprint,' it doesn't work that way," a senior administration official told reporters traveling with Bush in Jordan. The official conducted the briefing on condition of anonymity. "The president still is responsible for shaping and conducting foreign policy."

The White House is overseeing its own review of Iraq policy, tying together studies being done by the Joint Chiefs of Staff, the State Department and the National Security Council. National Security Adviser Stephen Hadley said the White House review would be ready in "weeks rather than months," but declined to be more specific.

The president also is contemplating convening a meeting on Iraq in the Middle East that would include Iraq and its neighbors, according to a leaked memo from Hadley. Secretary of State Condoleezza Rice is visiting the region now.

Former senior U.S. diplomat James Dobbins predicted that Bush will be compelled to adopt many of the Baker-Hamilton commission recommendations because support for America's military presence is waning fast in Iraq and the United States, as was evident in the Democrats' takeover of Congress in November's elections.

"At some point, one public or the other will simply pull the plug," said Dobbins, who's with the RAND Corp. research center and is among a group of outside experts who have advised the Iraq Survey Group.

By reducing the number of U.S. combat troops and increasing the contingent of military advisers to Iraq's forces, "we have a better chance of sustaining that commitment over the five to 10 years that will probably be necessary," he said.

Youssef reported from Amman, Jordan. McClatchy Newspapers special correspondents Zaineb Obeid and Mohammed al Dulaimy contributed to this report from Baghdad.

Having Pinned Little Hope On Talks, Many Iraqis Appear To Be Beyond Disappointment (NYT)

By Kirk Semple

The New York Times, December 1, 2006

DOJ_NMG_0100472

BAGHDAD, Nov. 30 — Even if Sana al-Nabhani had cared about the summit meeting in Jordan on Thursday between Prime Minister Nuri Kamal al-Maliki and President Bush, she would not have been able to watch the news. As usual, Iraqis went without electricity from the national grid for most of the day and she could not find any gasoline to run her personal generator.

Told by a reporter later in the day about the meeting's outcome, Ms. Nabhani, a 34-year-old homemaker, scoffed: "Is that all? Was that even worth the fuel consumed by their airplanes?"

Her dismay was common among Iraqis who managed to follow the news on Thursday. So was a range of other emotions that probably would not hearten Mr. Maliki or Mr. Bush, including disappointment, indifference and despair.

For many, the talks promised little and delivered less and reaffirmed a widespread loss of faith in the elected government's ability to turn things around.

At a news conference after the meeting, Mr. Bush said he had agreed to speed up the transfer of authority over the security forces to the Iraqi government, as Mr. Maliki has wanted, though the two leaders did not spell out a timetable. Mr. Maliki reassured Mr. Bush that his government was committed to cracking down on outlaws and stabilizing the country.

These assurances amounted to nothing more than hollow promises in the opinion of Ahmed Khalaf, a 34-year-old Shiite who works as a taxi driver in Baghdad.

"It's useless!" he roared as he inched through the traffic-clogged streets of central Baghdad after dusk. "It's wasting time!"

Mr. Khalaf had one hand on the wheel; the other he alternately jerked around in the air for emphasis and pressed against his temple in a vain attempt to soothe a raging headache.

"Nothing will happen, and we will get no results and no solutions," he went on. "We need a strong state that can make decisions, that can beat the bad guys, can beat the militias. This meeting is just for the media, and it's not useful!"

The summit meeting in Jordan took place against a backdrop of disarray here. War-related deaths among Iraqi civilians have soared on the increasing momentum of revenge between Shiites and Sunnis. Hundreds of thousands of Iraqis have been driven from their homes. Public services remain feeble, with millions of Iraqis going into the chill of a fourth desert winter with only a few hours of electricity a day. And the political process has almost completely ground to a halt.

In a news conference here following his return from Amman, Mr. Maliki called for an end to the parliamentary boycott by 30 legislators and six cabinet members loyal to Moktada al-Sadr, the anti-American Shiite cleric. Mr. Maliki had ignored their request to cancel the meeting with Mr. Bush.

"I wish they would reconsider their decision because it doesn't represent a positive development in our political process," he said. The prime minister urged the lawmakers to express their differences from within the framework of the Parliament.

The members of Mr. Sadr's bloc said they would end their boycott on condition that Mr. Bush cede more authority over Iraqi security forces to Mr. Maliki, and that the government improve public services.

Falah Hassan Shensel, a member of the Sadr bloc, said Thursday that the Sadr loyalists were reaching across ethnic and religious lines to organize an alliance against the American military presence in Iraq. The group, he said, would demand a timetable for the withdrawal of American troops. "It's a patriotic national group, it's not sectarian or ethnic," he said. "We need to be freed from the occupation."

Mr. Sadr led his formidable Mahdi Army in two major uprisings against American forces in 2004 and, since then, has risen to become arguably the country's most powerful politician. By lending his support to Mr. Maliki in the race for prime minister earlier this year, Mr. Sadr earned political capital that has complicated the prime minister's efforts to disband the country's militias.

The American military said Iraqi security forces found 28 bodies on Wednesday in a mass grave outside Baquba, the capital of Diyala Province. In Basra, gunmen killed Naser Kedami, a deputy in the Sunni Endowment, which oversees the country's Sunni mosques, the police said.

Two American soldiers were killed during combat operations in the capital, one on Wednesday and one on Thursday, the American military command said.

Iraqis have grown frustrated with the government's inability to solve the country's worsening crises, and any good faith and optimism that greeted Mr. Maliki when he took office six months ago is quickly drying up.

"The solutions are so obvious that Maliki does not need Bush to tell him about them," said Huda, a 40-year-old graphic designer in Baghdad, who would give only her first name out of concern for her safety.

"Mr. Maliki had many chances before to show his ability, but he failed," she said. "We need a strong man and he is not like this at all."

Mohammad Ridha, a 43-year-old Shiite who is an agricultural engineer in Najaf, said that he had followed the meeting in Amman, Jordan, and that it "didn't make me feel any less depressed."

But he left open the possibility, however slight, that the summit meeting might somehow lead to positive changes. "If I feel a real improvement in the street," he said, dipping into his dwindling reserves of hope, "then I'll say that the meeting was fruitful."

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Bush Agrees To Speedy Turnover In Iraq (AP)

By Deb Riechmann

AP, December 1, 2006

President Bush said Thursday the United States will speed a turnover of security responsibility to Iraqi forces but assured Prime Minister Nouri al-Maliki that Washington is not looking for a "graceful exit" from a war well into its fourth violent year.

Under intensifying political pressure at home, the American and Iraqi leaders came together for a hastily arranged summit to explore how to stop escalating violence that is tearing Iraq apart and eroding support for Bush's war strategy.

With Bush hoping to strengthen his Iraqi counterpart's fragile government, the tensions that flared when their opening session was abruptly cancelled Wednesday evening were not apparent when they appeared before reporters after breakfast Thursday.

" I appreciate the courage you show during these difficult times as you lead your country," Bush told al-Maliki after nearly two and a half hours of talks. "He's the right guy for Iraq." It was their third face-to-face meeting since al-Maliki took power about six months ago.

"There is no problem," declared al-Maliki.

There were no immediate answers for mending the Shiite-Sunni divide that is fueling sectarian bloodshed in Iraq or taming the stubborn insurgency against the U.S. presence. The leaders emerged from their breakfast and formal session with few specific ideas, particularly on Bush's repeated pledge to move more quickly to transfer authority for Iraq's security to al-Maliki's government.

"One of his frustrations with me is that he believes that we've been slow about giving him the tools necessary to protect the Iraqi people," Bush said. "He doesn't have the capacity to respond. So we want to accelerate that capacity."

There was no explanation from either side of how that would happen, beyond support for the long-standing goals of speeding the U.S. military's effort to train Iraqi security forces and to give more military authority over Iraq to al-Maliki.

A senior al-Maliki aide who attended Thursday's talks said the Iraqi leader presented Bush a blueprint for the equipping and training of Iraqi security forces. The aide, who spoke anonymously because of the sensitive nature of the information, declined to give details.

The November elections that handed control of Congress to Democrats have given rise to heightened calls for the about 140,000 American soldiers in Iraq to begin coming home.

Bush acknowledged that pressure and said he wanted to start troop withdrawals as soon as possible. Still, he insisted the U.S. will stay "until the job is complete."

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," he said. "This business about a graceful exit just simply has no realism to it at all."

The president added: "I'm a realist because I understand how tough it is inside of Iraq."

Thursday's meetings were supposed to be Bush's second set of strategy sessions in the Jordanian capital. But the first meeting between Bush and al-Maliki, scheduled for Wednesday night along with Jordan's king, was scrubbed.

Accounts varied as to why, but it followed the leak of a classified White House memo critical of al-Maliki and a boycott of the Iraqi leader's government in Baghdad. Thirty Iraqi lawmakers and five cabinet ministers loyal to anti-American cleric Muqtada al-Sadr said they were suspending participation in Parliament and the government to protest al-Maliki's decision to meet with Bush.

Bush said al-Maliki "discussed with me his political situation," but he declined to step publicly into delicate internal Iraqi matters.

Privately, Bush and Secretary of State Condoleezza Rice repeatedly pressed the Iraqi prime minister to disband a heavily armed Shiite militia loyal to al-Sadr and blamed for much of the country's sectarian violence, according to the senior al-Maliki aide.

The official quoted al-Maliki as telling Bush that controlling the group "is not a big problem and we will find a solution for it." Al-Sadr is a key al-Maliki political backer and the prime minister has regularly sidestepped U.S. demands to deal with the Mahdi Army.

Before the cameras, Al-Maliki sent the protesting forces at home a message.

"Those who participate in this government need to bear responsibilities, and foremost upon those responsibilities is the protection of this government, the protection of the constitution, the protection of the law, not breaking the law," he said.

But al-Maliki's insistence on not attending the three-way meeting with Bush and Jordan's king was a troubling sign of possible U.S. difficulties ahead in the effort to calm Iraq.

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The Bush administration is believed to be pushing its Sunni allies in the region — meeting host Jordan as well as Saudi Arabia — to persuade Sunni insurgent sympathizers in Iraq to reconcile with the Shiite factions that are close to the Iraqi leader.

Al-Maliki's refusal to meet with Bush while Jordan's king was in attendance showed a level of mistrust toward his Sunni-dominated neighbors that could bode ill for the U.S. strategy.

Bush, meanwhile, continued to reject drawing Shiite-led Iran into helping Iraq in its struggle for peace.

"I appreciate the prime minister's views that the Iraqis are plenty capable of running their own business and they don't need foreign interference from neighbors that will be destabilizing the country," he said.

Al-Maliki, though, seemed open to the possibility of Tehran, as well as Damascus, getting involved.

A bipartisan commission on Iraq that will unveil recommendations next week is expected to urge direct diplomacy with Iran and Syria, America's chief rivals in the Middle East.

"We are ready to cooperate with everybody who believe that they need to communicate with the national unity government, especially our neighbors," al-Maliki said. "Our doors are open."

The two agreed that Iraq should not be partitioned along sectarian lines into semi-regions for the Kurds, Sunnis and Shiites, Bush said.

"The prime minister made clear that splitting his country into parts, as some have suggested, is not what the Iraqi people want, and that any partition of Iraq would only lead to an increase in sectarian violence," the president said. "I agree."

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Middle East Chief of News Sally Buzbee contributed to this story from Cairo and AP writer Qassim Abdul-Zahra contributed from Amman.

Iraq Sets Timetable For Transfer (WT)

By Stephen Dinan

The Washington Times, December 1, 2006

AMMAN, Jordan -- Iraqi Prime Minister Nouri al-Maliki said yesterday his country's security forces will soon take responsibility for defending their country, and he and President Bush, after meeting here, said they have agreed to expand U.S. training of Iraqi forces and to transfer military control faster.

"Today, we made a step toward 'as soon as possible' by accelerating the transfer of authorities, military authorities, to the prime minister," Mr. Bush said during a joint press conference.

For his part, Mr. al-Maliki said that his armed forces "have reached a good level of competency and efficiency to protect Iraq as a country and to protect its people," according to the translation.

He told ABC News in an interview that his troops will be ready to take full command by June, laying out a timetable by which to measure his government's progress -- something the Bush administration has been reluctant to do.

The men agreed to accelerate training and equipping Iraqi troops, and moving up the timeline for turning over Iraqi divisions to the Iraqi chain of command. They also talked about expanding the Iraqi army and helping the military's intelligence and logistics capabilities, White House officials said.

Each man faces pressure at home to try to gain control of the situation in Iraq, where sectarian violence escalated last month.

Mr. al-Maliki is trying to manage a coalition government that is facing a boycott by lawmakers allied with Shi'ite cleric Muqtada al-Sadr, who are protesting yesterday's meeting with Mr. Bush.

In the U.S., Democrats, who take control of Congress next month, are trying to assert some influence over the president's Iraq policy. And the independent Iraq Study Group will release recommendations next week that will reportedly call for U.S. troops to shift away from a combat role in Iraq.

The talks took place a day after the New York Times published a classified memo written by Mr. Bush's top national security aide that questioned whether Mr. al-Maliki is cut out for his job.

The Nov. 8 memo said Mr. al-Maliki is either "ignorant" of the situation on the ground, being deceptive toward the United States about his intentions, or is incapable of turning those intentions into action.

Yesterday the aide, National Security Adviser Stephen J. Hadley, said the memo did not come up specifically and did not affect the meeting.

"That's what I was worried about," he acknowledged. "But in terms of the body language in the meeting, the candor of the conversation, the relaxed character of the meeting between the two leaders, the great relief to me was that it did not seem to have an effect on the meeting."

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Mr. al-Maliki did cancel a Wednesday night meeting with Mr. Bush and Jordanian King Abdullah II, but Iraqi officials told the Associated Press that was meant to snub the king, not the president. The sources said Mr. al-Maliki did not want to discuss Iraq's security and internal affairs with the king present.

Mr. Bush and Mr. al-Maliki met in Amman because it was a safe location in the region, but the officials said the Iraqi leader never wanted the meeting to be in Jordan.

Mr. al-Maliki brushed aside a U.S. reporter's question about the scrubbed meeting.

"There was not part of our agenda a trilateral meeting, so there is no problem," he said, contradicting the White House, which said a meeting had been scheduled but was canceled by the Iraqis and Jordanians.

It is the third time the two leaders have met in person.

Mr. Bush gave Mr. al-Maliki a vote of confidence, calling him the "right guy" to lead Iraq.

Even so, Mr. al-Maliki appeared stiff and cold toward Mr. Bush as the two men stood at podiums about a dozen feet apart in a ballroom at the Four Seasons Hotel. While the president was praising Mr. al-Maliki and looking at him during opening remarks, the prime minister stared straight ahead and didn't acknowledge the compliments.

Later, Mr. Bush asked if they should take more questions from the press and Mr. al-Maliki seemed irked -- "We said six questions, now this is the seventh, and this is the eighth. Eight questions," he said, according to the translator.

Several times during the press conference, Mr. Bush said Mr. al-Maliki told him the U.S. has been holding him back from being able to govern.

"One of the prime minister's frustrations is, is that he believes we've been slow about giving him the tools necessary to protect the Iraqi people," Mr. Bush said.

Mr. Hadley, who was in some of yesterday's meetings, said this did not mean the Iraqi leader delivered a list of demands or complaints.

Also yesterday, press reports indicated the Iraq Study Group, a bipartisan body that has been studying the situation in Iraq, will recommend U.S. troops reduce their role in day-to-day combat in Iraq.

The recommendations will be released officially Wednesday, and Mr. Hadley said he would wait to see what the report says.

The president has said the report is one voice to which he is listening as he decides how to reshape U.S. policy. Mr. Hadley said those decisions should be coming in "weeks rather than months" but could not say exactly when.

At the press conference, Mr. Bush said there are politicians in Washington looking for "some kind of graceful exit out of Iraq," but the president said that is not his focus.

"We're going to stay in Iraq to get the job done, so long as the government wants us there," he said.

One key Democrat said he was disappointed by the reported recommendations from the study group.

Sen. Joseph R. Biden Jr. of Delaware, who will become the next chairman of the Senate Foreign Relations Committee, said the upcoming report needs to consider some type of arrangement for devolving political power down to lower levels, rather than building a strong central government.

"It would be a fatal mistake to believe we can do that solely by building up a strong central government. That policy has been tried and it has failed because there is no trust within the government, no trust of the government by the people, and no capacity on the part of the government to deliver benefits to Iraqis," he said.

Al-Maliki Faces Revolt Within Government (AP)

By Hamza Hendawi

AP, December 1, 2006

Iraqi Prime Minister Nouri al-Maliki faced a widening revolt within his divided government as two senior Sunni politicians joined prominent Shiite lawmakers and Cabinet members in criticizing his policies.

Vice President Tariq al-Hashemi said he wanted to see al-Maliki's government gone and another "understanding" for a new coalition put in place with guarantees that ensure collective decision making.

"There is a clear deterioration in security and everything is moving in the wrong direction," the Sunni leader told The Associated Press. "This situation must be redressed as soon as possible. If they continue, the country will plunge into civil war."

Al-Maliki's No. 2, Deputy Prime Minister Salam Zikam Ali al-Zubaie, also a Sunni, argued that the president's government failed to curb the spread of sectarian politics.

A boycott by 30 lawmakers and five Cabinet ministers loyal to anti-American Shiite cleric Muqtada al-Sadr was in protest of al-Maliki's meeting with President Bush in Jordan on Thursday. The Sadrists said the meeting amounted to an affront to the Iraqi people.

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Al-Maliki appealed to the Sadrists to end their boycott and admonished them for an action that he said violated the commitment expected from partners in his 6-month-old coalition government.

"I hope they reconsider their decision because it doesn't constitute a positive development in the political process," al-Maliki said at a news conference on his return to Baghdad. "Political partnership means commitment."

Meanwhile, in an interview with ABC, al-Maliki confidently claimed that his forces would be ready to take over responsibility for security in Iraq by June, a timeline that is about 12 months shorter than what has been floated by top U.S. military commanders.

"We and the President (Bush) agreed to keep the same (U.S.) forces on the ground but to train more Iraqi forces," he said, according to excerpts from the interview to be aired later Thursday.

"We did not talk about any timetables and agenda for the withdrawal but now we are focusing on training Iraqi forces and then we will talk about reducing the number of multinationals," he said, alluding to the U.S.-led, 150,000-strong multinational force in Iraq.

He said he had no objection to any timetable for a U.S. troop withdrawal, but cautioned that such action should be put off until Iraqi forces were ready to stand on their own.

On Thursday, Bush said he would speed a turnover of security responsibility to Iraqi forces and assured al-Maliki that Washington was not looking for a "graceful exit" from a war well into its fourth year.

"So, we'll be in Iraq until the job is complete," Bush said.

Saleh al-Ojeili, a Sadrist legislator, said only a timetable for the withdrawal of foreign troops from Iraq would persuade him and fellow Sadrists to resume participation in the parliament and government.

"It is the minimum we can ask for," al-Ojeili said.

A special commission on U.S. policy in Iraq will urge a pullback of some U.S. troops but will not recommend a timetable for withdrawing all U.S. forces, an official familiar with the panel's deliberations said Thursday.

The Iraq Study Group's report, to be released next Wednesday, will press for a greater shift in responsibility for the country's security from American to Iraqi forces. It will also indicate that the presence of U.S. troops is part of the problem in Iraq, said the official, who requested anonymity because the panel's recommendations have not been made public.

Bush has steadfastly refused to announce a timeline for a troop pullout, saying that such a move would play into the hands of insurgents.

In violence on Thursday, the U.S. military reported the deaths of two soldiers, and Iraqi officials said 47 people had been killed, including 37 bodies found dumped in various regions of the country.

Bush, Maliki And That Memo (NYT)

The New York Times, December 1, 2006

President Bush's news conference yesterday with Prime Minister Nuri Kamal al-Maliki of Iraq had an even greater than usual sense of unreality about it, with Mr. Bush insisting that Mr. Maliki is "the right guy for Iraq" and that American troops will stay "until the job is complete," while Mr. Maliki asserted that his country is a democracy and he is not a captive of Shiite militias.

But the disconnect seemed even more stunning once you realized that Mr. Bush's national security adviser had sent him a memorandum three weeks ago describing how Iraq was being pulled apart by sectarian hatreds and warning that Mr. Maliki was either "ignorant of what is going on" or unwilling or unable to stop it.

The memo, which was published by The Times this week, at least answers the question of whether Mr. Bush is being told what's going on in Iraq. In it, his national security adviser, Stephen Hadley, describes how Mr. Maliki's Shiite-dominated government has deprived Sunnis of basic services, blocked military actions against Shiite targets and purged Iraq's most effective military commanders to ensure Shiite dominance. The memo also warns that Mr. Maliki may not have "the political or security capabilities" to free himself from his narrow militia-dominated political base.

But the president's performance this week — his refusal to impose any deadlines on Mr. Maliki to start reconciliation talks and break with the militias, and his refusal to give the Pentagon a deadline to stand up an effective Iraqi Army — tells us once again that Mr. Bush does not listen.

That does not bode well for James Baker and the Iraq Study Group, which, according to reports, is likely to call for some pullback of American combat troops along with more aggressive regional diplomacy. Yesterday, Mr. Bush seemed eager to preempt that advice, brushing off suggestions that he talk directly to Iran and insisting that there would be no "graceful exit" from Iraq.

Mr. Bush's lack of curiosity was well known even before he became president, but as time has gone on and bad news has mounted, that disinterested quality has turned into a stubborn refusal to hear bad news. The country simply cannot afford it any

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longer. Three years of having Mr. Bush trust only his gut has plunged Iraq into bloody chaos and done untold damage to America. There needs to be an urgent change in policy.

Mr. Hadley's memo actually provides a clue to how Mr. Bush has managed to avoid facing hard facts. Despite the horrific situation it describes, the policy recommendations fail to convey any strong sense of urgency and seem to shrug off American responsibility for what has gone wrong. Either the president's security adviser was afraid to be as blunt as the situation requires or he, too, has managed to convince himself that the disaster is really not all that disastrous.

The president's advisers need to tell him all the harsh truths about Iraq in the vivid terms they require; they need to tell him how little time he has left to act. This administration has been orchestrating a foreign policy disaster of epic proportions, and history will remember both that the president failed to hear the warning bells and that many others failed to ring them loudly enough.

There He Goes Again (WP)

By Eugene Robinson

The Washington Post, December 1, 2006

Coherent speech is not one of George W. Bush's gifts, so it's brave of him to hang so tough in a fight over semantics. Ultimately, the latest line the president has drawn in the sands of Mesopotamia -- that there's not a civil war, no matter what anybody says -- is indefensible, like all his previous lines. But who cares?

I'm being flip; of course we should care about the terrible carnage in Iraq. But arguing whether it does or does not meet some textbook definition of civil war is a distraction and a waste of time. Whatever you call the chaos that American bumbling has allowed, it is what it is. "Stuff happens," as Donald Rumsfeld once said.

Call it civil war, call it "stuff," call it whatever you want. Historians will make the final judgment, long after American troops have come home. Assuming they ever do come home.

"We're going to stay in Iraq to get the job done," the Decider said yesterday at his news conference in Amman, Jordan, with Iraqi Prime Minister Nouri al-Maliki. To paraphrase a president who knew how to speak very well, there he goes again.

More than three weeks after an election in which the Republican Party lost control of both houses of Congress because of the debacle in Iraq, there has been no real indication that the president heard what voters said. Yes, he did get rid of Rumsfeld, but the basic policy in Iraq has been the Decider's. Rumsfeld just screwed up the execution, and his public statements about the war were becoming so impolitic and flat-out weird that Bush had been planning his defenestration for some time.

Having been whopped upside the head with a two-by-four, metaphorically speaking, other Republicans are now paying attention. "We certainly got the message," incoming Senate minority leader Mitch McConnell said the other day in a meeting with Post editors and reporters. U.S. policy on Iraq, he said, is "heading in some different direction. That's perfectly apparent."

One would think so. But a lot of things that are apparent to most other people seem to escape the president's notice.

Just look at what has happened this week. First, someone inside the administration leaked a memo by Stephen J. Hadley, Bush's national security adviser, that would dissuade even the most reckless gambler from betting the rent money on the Maliki government. The "reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action," the memo said.

Then, as Air Force One was nearing Amman, Bush learned that a reception he was supposed to attend with Maliki and Jordan's King Abdullah had been canceled. No snub intended or taken, the president's spokesman said. But since when does any foreign leader cancel any kind of meeting with the president of the United States? At the last minute, no less? Perhaps Maliki was a bit annoyed at that leaked memo questioning his intentions and/or his competence.

Or maybe he was thinking of his standing back home. Shiite cleric Moqtada al-Sadr, who heads the country's biggest sectarian militia and controls a crucial bloc of seats in the Iraqi parliament, was already following through on his threat to boycott participation in the government if Maliki went to Amman to see Bush.

Meanwhile, Iranian President Mahmoud Ahmadinejad -- leader of another charter member of Bush's "axis of evil" -- was releasing a letter to the American people that definitively proved only one thing: Ahmadinejad is feeling his oats. He is convinced that the United States is bogged down in Iraq and that his campaign to elevate Iran to great-power status is going better than he could have hoped in his wildest dreams.

Back in Washington, the ballyhooed Iraq Study Group -- the wise elders who were supposed to provide much-needed adult supervision -- seemed ready to call for a gradual pullout from Iraq, but not ready to say when. But whatever advice James Baker and his fellow eminences eventually offer, it will be irrelevant if the president isn't willing to listen.

And, evidently, he's not.

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"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," the president said in Amman. Then he repeated his bottom line: that U.S. forces will stay until "the job" is done. Never mind the question of whether there's any worthwhile "job" that can still be accomplished there.

So don't get your hopes up, people. Sounds to me as if the Decider has already decided.

U.S. Considers Ending Outreach To Insurgents (WP)

By Robin Wright

The Washington Post, December 1, 2006

The Bush administration is deliberating whether to abandon U.S. reconciliation efforts with Sunni insurgents and instead give priority to Shiites and Kurds, who won elections and now dominate the government, according to U.S. officials.

The proposal, put forward by the State Department as part of a crash White House review of Iraq policy, follows an assessment that the ambitious U.S. outreach to Sunni dissidents has failed. U.S. officials are increasingly concerned that their reconciliation efforts may even have backfired, alienating the Shiite majority and leaving the United States vulnerable to having no allies in Iraq, according to sources familiar with the State Department proposal.

Some insiders call the proposal the "80 percent" solution, a term that makes other parties to the White House policy review cringe. Sunni Arabs make up about 20 percent of Iraq's 26 million people.

Until now, the thrust of U.S. policy has been to build a unified government and society out of Iraq's three fractious communities. U.S. officials say they would not be abandoning this goal but would instead leave leadership of the thorny task of reconciliation to the Iraqis. The officials spoke on the condition of anonymity because of the sensitive nature of the deliberations.

The proposal has met serious resistance from both U.S. Ambassador Zalmay Khalilzad and military commanders in Iraq, who believe that intensive diplomatic efforts to bring Sunni insurgents into the political process are pivotal to stabilizing the war-ravaged country, the sources said.

Khalilzad, who has spearheaded U.S. outreach to the Sunni leadership, has developed a long list of steps to accommodate Sunni concerns, from a possible amnesty to changes in the hydrocarbon law that distributes oil wealth, which is located mainly in Shiite and Kurdish regions. Critics argue that he might be able to broker an agreement, but they question whether it would hold, according to sources close to the discussions.

Opponents of the proposal cite three dangers. Without reconciliation, military commanders fear that U.S. troops would be fighting the symptoms of Sunni insurgency without any prospect of getting at the causes behind it -- notably the marginalization of the once-powerful minority. U.S. troops would be left fighting in a political vacuum, not a formula for either long-term stabilization or reducing attacks on American targets.

A second danger is that the United States could appear to be taking sides in the escalating sectarian strife. The proposal would encourage Iraqis to continue reconciliation efforts. But without U.S. urging, outreach could easily stall or even atrophy, deepening sectarian tensions, U.S. sources say.

A decision to step back from reconciliation efforts would also be highly controversial among America's closest allies in the region, which are all Sunni governments. Sunni leaders in Jordan, Saudi Arabia and the Persian Gulf sheikdoms have been pressuring the United States to ensure that their brethren are included in Iraq's power structure and economy.

But over 10 days of intense discussions recently among top policymakers in the White House review, State Department officials argued that intervening in Iraqi politics is increasingly counterproductive, particularly after elections for a permanent government last December. Reconciliation, they also argued, is now exceptionally unlikely and could actually jeopardize U.S. relations with Iraq's Shiites, who make up about 60 percent of the population, according to sources familiar with the debate.

State Department counselor Philip D. Zelikow, author of the proposal, argued that the United States has compromised its prospects of success by reaching too far, according to the sources.

The State Department proposal, which was introduced at the second of 10 meetings and has dominated debate ever since, suggests that the United States would keep at arm's length diplomatic efforts to bridge the deep divide in Iraq between the two branches of Islam, the sources said.

Another point of debate in the policy review is how far to broaden a new U.S. strategy to bring in regional players to help stabilize Iraq. The White House and the State Department are still wedded to the isolation of Iran and Syria, despite the growing momentum behind the idea of regional outreach, according to sources familiar with the discussions. The idea has also been part of the discussions of the Iraq Study Group.

The policy review team briefed President Bush on Sunday evening with a 15-page slide presentation of its incomplete findings. Although differences have not yet been sorted out, the presentation coalesced heavily around a tilt to the Shiites, sources said. The White House review was then put on hold for Bush's summit with Iraqi Prime Minister Nouri al-Maliki.

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The administration had initially hoped to pull together its review about the time the Iraq Study Group released its report, but en route home from the Bush-Maliki summit in Jordan, national security adviser Stephen J. Hadley said changes to U.S. strategy may still be weeks away.

"There is a real sense of urgency, but there is not a sense of panic," Hadley told reporters on board Air Force One. "I think probably it's going to be weeks rather than months. It's going to be when the president is comfortable."

Secretary of State Condoleezza Rice said in Jordan yesterday that Bush plans to receive the report of the Iraq Study Group on Wednesday, then hear more from the Joint Chiefs of Staff and his own policy review team. "Then I think he'll set out a direction that adjusts our policy to be appropriate to the circumstances that the Iraqis now face," Rice told reporters traveling with her.

Groping For The Exit (WP)

By David Ignatius

The Washington Post, December 1, 2006

"This business about graceful exit just simply has no realism to it at all," President Bush said yesterday after meeting with the Iraqi prime minister, Nouri al-Maliki. And that's probably the right headline as the administration reviews its options for Iraq: No graceful exit.

That doesn't mean there aren't significant changes ahead in Iraq. The premise of a secret White House policy review conducted over the past two weeks is that current policy isn't working. One of the options that has emerged from this review is a redeployment of U.S. forces over the next year that would focus the American mission on training and advising Iraqi troops.

Bush said yesterday that his goal is to "accelerate" the Iraqi military's control of the country and to reduce U.S. forces there "as soon as possible." Those words should probably be taken at face value. Though administration officials recognize that increased Iraqi control is likely to be a messy process -- the opposite of a "graceful exit" -- the administration has no appetite for a big troop increase. Every senior official I've talked to recently agrees that the number of U.S. troops in Iraq must be reduced over the next year, even if sectarian violence remains high.

The administration is wary of the bold strokes, such as engaging Iran and Syria, that are likely to be proposed by the bipartisan Iraq Study Group headed by former secretary of state James Baker and former representative Lee Hamilton. Administration officials are all for engaging Iran in principle, but they think that under current conditions it's likely to be a dead end. As for Syria, there are different views within the administration, with some officials ready to test Damascus's willingness to temper its alliance with Tehran and others seeing the Syrian regime as a menace whose support could be achieved only at the price of sacrificing the pro-American government in Lebanon.

As administration officials review Iraq strategy, one failed element is the policy of "Sunni outreach" pursued by the U.S. ambassador to Baghdad, Zalmay Khalilzad. Some officials have concluded that Khalilzad's approach made Iraqi Shiites fear that America was abandoning them, without achieving any meaningful reduction of the Sunni insurgency. A few officials argue flatly that it's time for America to take the Shiite side in the Iraqi conflict. "National reconciliation is a fallacy," one senior intelligence analyst said in an interview this week, insisting that, in Iraq, "You have to pick a winner."

The administration seems to be leaning toward a more polite version of this "pick a winner" approach, which is to support the Shiite-led government and an Iraqi army that is overwhelmingly Shiite and Kurdish. Officials hope they can contain the sectarian fighting short of full-blown civil war and partition of the country. But with Khalilzad scheduled to return soon to Washington, probably to be replaced by veteran diplomat Ryan Crocker, the U.S. effort is likely to involve less "Sunni outreach" and more reliance on the Shiite majority and its elected government.

Iran has been especially frustrating for the administration. Officials believed that a breakthrough was near in mid-September, when Iranian national security adviser Ali Larijani signaled that he would be coming to New York with a compromise on the nuclear issue that would open the way for direct U.S.-Iran talks. The U.S. Embassy in Bern, Switzerland, rushed to prepare 150 visas for Larijani's team. But Larijani never made the trip, and U.S. officials concluded that he had lost an internal battle with the hard-line president, Mahmoud Ahmadinejad. Administration officials want to leave the door open for contact with Iran, as in President Bush's statement yesterday, "They know how to get us to the table." But there's little hope now that these talks will be productive.

Rather than seeking Iran's help, the administration is looking for ways to step up the pressure on Tehran, short of military confrontation. Treasury Secretary Henry Paulson has been urging banks in Europe and Japan to restrict lending to Iran, an effort that officials say has had some success. And the White House is said to be talking quietly with Saudi Arabia about a strategy for squeezing Iran's oil revenue over the next several years, through more Saudi production and lower prices, which would worsen Iran's economic predicament.

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A sign of how bad things are in Iraq -- and of the administration's conviction that there aren't any silver bullets -- is that White House hopes for a strategic breakthrough now appear to be focused on the Israeli-Palestinian dispute. Senior officials think this is an area where U.S. diplomacy can pay dividends and where compromise may be possible.

That's how bad it is right now in the Middle East -- when the Palestinian morass is regarded as a bright spot.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Our Iraq Policy Must Change (WSJ)

By Jack David

The Wall Street Journal, December 1, 2006

That our options for ending the war in Iraq are not cast in concrete is made obvious by the ongoing debates in Washington. Responsible policy makers have to consider alternative options for ending a war at all times -- before the fighting starts, and at every stage during it. By all accounts, before the invasion, U.S. policy makers carefully considered how the war would end. Their expectation was that the dénouement would come when Saddam and his cohorts were removed from power and the "people of Iraq," with considerable help from the U.S. and its coalition partners, established a democratic government to rule the country -- one that would be an example for, and contribute to, stability in the Middle East. Today we are re-evaluating whether those expectations can still be realized.

The initially envisaged ending for the war counted on the Iraqis as our partners, and was directly tied to America's overriding strategic goal -- making the Middle East more stable and secure. But if Iraqis now are unwilling to do what is necessary to end the war as we expected, isn't it time to shift the U.S. focus to policies advancing our Middle East interests in ways that place less reliance on them? The war they started with one another on the heels of the well-intentioned invasion impedes U.S. strategic goals for Iraq and the Middle East.

There is no doubt that at every stage the U.S. made decisions, expending coalition blood and treasure, to give Iraqis a chance to govern themselves effectively through an elected government that is truly capable of providing security, stability and some sort of commonly shared freedom -- goals consistent with U.S. goals. A country of that order would not use such weapons of mass destruction as Saddam had demonstrated he was willing to use on his own people and Iranian soldiers. It would not revive his WMD programs. It would not threaten neighbors with an invasion. And it would not offer succor to terrorists who could strike near or far. In short, we believed a free and democratic Iraq would make the Middle East safer and that Iraqis would want this, and could achieve it.

Do circumstances warrant President Bush and his advisers continuing to base policy choices on the belief that Iraqis are willing and able to play the central role we expected them to play in achieving common goals? Are Iraqis willing and able to create and defend a stable democracy in the Middle East?

The saying that freedom is not free is one we've all heard. It frequently is used in discussions about our own history and behavior. Our Founders, in declaring their allegiance to the cause of freedom and security, pledged to each other "our Lives, our Fortunes, and our Sacred Honor." We honor our service men and women who put their lives on the line for all of us. Isn't such a spirit necessary to establish and to sustain freedom? Isn't it necessary in Iraq?

U.S. policy ought to be informed by whether Iraqis are committed to the end result we expected them to embrace. It may be that they are, and still can be, successful with our help. If so, we should provide whatever greater or different assistance is necessary. But there is much evidence that a stable, secure and moderately free Iraq may be beyond the Iraqis' reach, and therefore beyond our own. Shiites kill Sunnis and Sunnis kill Shiites. Sunni, Shiite and Kurdish leaders cannot end the killing. If ending the killing is a priority -- and some Iraqis say it is -- wouldn't Iraqi supporters of that view take more aggressive action? And if too many oppose it, is the end we envisioned attainable? This question is urgent, and we must decide. * * *

If the Iraqis now remain unwilling to make the sacrifices necessary to have an effective democratic government -- including compromises with one another -- to forge a stable, secure future, the war cannot end as we envisioned. In that case, we must place our reliance elsewhere and pursue options for achieving our goals that do not depend on the Iraqis ending the war they have made their own. The goals that were important to the security of the region and to the West are as valid today as they were at the outset. We must pursue them as best as we can, with or without the democratic Iraq which we have worked so hard to help Iraqis build.

Mr. David was deputy assistant secretary of defense for combating weapons of mass destruction and negotiations policy from 2004 to September 2006.

Panel To Urge U.S. Pullback In Iraq In 2007 (LAT)

By Paul Richter

DOJ_NMG_0100481

The Los Angeles Times, December 1, 2006

WASHINGTON — A bipartisan panel's call for a gradual U.S. troop withdrawal from Iraq on Thursday exerted new pressure on President Bush to overhaul his war strategy.

The Iraq Study Group will recommend in its final report next week that U.S. forces begin a pullback next year, according to people close to the study panel, although the report lays out no specific schedule.

The report envisions that the U.S. force of about 140,000 troops could shrink substantially over the next several years as it shifts from a combat role to an advisory and logistical role, the sources said, speaking on condition of anonymity because the report has not formally released.

Analysts said the report could be particularly important in emboldening more elected Republican officials to call for a pullback, putting pressure on a president who must pay attention to his own party. The report's drawdown blueprint, though vague, seemed to suit the political needs of Republican candidates, who want to put Iraq behind them before the 2008 elections, analysts said.

Iraqi Prime Minister Nouri al-Maliki said in an interview Thursday that Iraqi forces would be ready to assume control of the security by June, enabling U.S. troops to begin to leave. But Bush sought to rebuff the study group's suggestions at a news conference with al-Maliki in Jordan.

"I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," Bush said, shaking his head. "We're going to stay in Iraq to get the job done, so long as the government wants us there."

In Washington, opinions varied on whether Bush would continue to staunchly resist the plan.

"Bush will not budge. He's not retreating from Iraq," said Reuel Marc Gerecht, a former CIA intelligence official with the American Enterprise Institute.

Sen. Christopher Dodd, D-Conn., suggested that Bush could pivot quickly, despite his words.

"I'd remind you that about three days before the (Nov. 7) election, the president said he was going to stick with (Defense Secretary) Don Rumsfeld. A day afterwards, he was gone. Don't give up on the president yet," Dodd said.

Under the imprimatur of former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, D-Ind., the document could have an enduring effect on the issue, experts and congressional leaders said.

"I think history will view this as having consolidated the national debate on finding an exit strategy," said Larry Diamond, a Stanford University political scientist who was a U.S. adviser in Iraq and an adviser to the panel.

Another adviser, who was critical of the report, nevertheless said he believed it would have an important influence because Baker, a close associate of the president's father, "is such an iconic figure."

"People will say, 'Here's what adults have to say about the situation,' " said the adviser, who declined to be identified because the report has not been formally released. "It won't be thrown on the dust heap."

Panel members have considered traveling around the country to discuss the report after it is released, just as Hamilton did when he was co-chairman of the commission that investigated the Sept. 11 attacks, according to a source close to the study group.

Although the report's prescription for a troop drawdown attracted attention this week, the 10 panel members consider a recommendation for a diplomatic offensive, including talks with Iran and Syria, to be its most important.

The troop drawdown recommendation represented a compromise between Democrats, who wanted to withdraw 60,000 combat troops over the course of a year, and Republicans, who wanted to avoid pressing the Bush administration for a pullback.

Some involved in the panel's work thought that compromise, like others, went too far, producing a policy hash.

"In some ways, this is going to make things worse," said one adviser who favored a more aggressive military push. He said the compromises produced "a consensus document on which everybody can agree, but that doesn't say that much."

The troop reduction proposal resembles a proposal offered by Democratic Sens. Jack Reed of Rhode Island and Carl Levin of Michigan, who have been calling for a drawdown to begin within four to six months. Reed and Levin, who is incoming chairman of the Senate Armed Services Committee, have there should be no fixed timetable and that U.S. forces should shift to an advisory role.

Reed, in an interview, noted that the outlines of the Iraq Study Group's plan and the Reed-Levin plan "track very closely."

"The longer we are there, the less likely it is that the Iraqis will say, 'We can do it,' " he said.

James Dobbins, a former Bush administration envoy and an expert adviser to the study group, said he expects the report to attract support "both on the diplomatic and the military front."

"There may be a growing bipartisan support in this country for what Jim Baker, Lee Hamilton, the other members of that commission have put together," Dobbins said, adding he expected Bush to respond "not just to political pressures but, above all, to the pressure of events."

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Iraq Panel To Urge Pullout Of Combat Troops By '08 (WP)

By Peter Baker And Thomas E. Ricks

The Washington Post, December 1, 2006

The bipartisan Iraq Study Group plans to recommend withdrawing nearly all U.S. combat units from Iraq by early 2008 while leaving behind troops to train, advise and support the Iraqis, setting the first goal for a major drawdown of U.S. forces, sources familiar with the proposal said yesterday.

The commission plan would shift the U.S. mission in Iraq to a secondary role as the fragile Baghdad government and its security forces take the lead in fighting a Sunni insurgency and trying to halt sectarian violence. As part of major changes in the U.S. presence, sources said, the plan recommends embedding U.S. soldiers directly in Iraqi security units starting as early as next month to improve leadership and effectiveness.

The call to pull out combat brigades by early 2008 would be more a conditional goal than a firm timetable, predicated on the assumption that circumstances on the ground would permit it, according to the sources, who spoke on the condition of anonymity because the commission's report will not be released until next week. But panel members concluded that it is vital to set a target to put pressure on Iraqi leaders to do more to assume responsibility for the security of their country.

"It's really about transitioning from a combat to a support role, and basically making very clear that this is no longer an open-ended commitment and we're going to get this done whether the Iraqis like it or not," said one of the sources. "Everybody understands that we're at the end of the road here."

The choice of early 2008 as a goal could also, intentionally or not, change the nature of the debate over the war at the height of the U.S. presidential primary season. If the commission's plan is successful, the war might recede as an issue, as many strategists in both parties hope. But if U.S. commanders do not meet that goal, or if they do but violence only escalates, it may inflame the struggles for both parties' nominations.

Democrats, who captured control of both houses of Congress in last month's midterm elections, and some Republicans have pushed strongly for a timetable for withdrawing U.S. troops. But President Bush has firmly resisted such demands, warning that it would amount to surrender and could destabilize Iraq even further.

At a news conference yesterday after a summit with Iraqi Prime Minister Nouri al-Maliki in Amman, Jordan, Bush seemed to douse the idea of withdrawal in response to news reports about the Iraqi Study Group's recommendations. "This business about graceful exit just simply has no realism to it whatsoever," Bush said.

But aides later cautioned against interpreting that as opposition to any change in the U.S. troop posture. "That's not the case," said one senior official, who spoke on the condition of anonymity. "His position is he's not entering this process with defeat on his mind" for the sole purpose of getting out, the official said. Some options being discussed by the Iraqi Study Group and his own administration's internal policy review, the official said, are "things that he's very open to."

Secretary of State Condoleezza Rice, in an interview with CBS News, sounded more open to the concept of drawing down forces. "The whole goal here is to transfer responsibility to the Iraqis and to give them enough capability to take those responsibilities," she said. "Obviously, as those responsibilities are transferred, as the capability improves, then American forces will be less in evidence and less needed. That's a natural outcome."

The Iraq Study Group, chartered by Congress and led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), concluded its deliberations this week with a draft report about 100 pages long. The report is scheduled to be released next Wednesday and will include a variety of conclusions and recommendations about the region. Among other things, the commission considered proposals to reach out to Iran and Syria and to convene a regional conference to bring all of Iraq's neighbors into the process of stabilizing the country.

The panel included a significant caveat for the 2008 goal for troop withdrawals by recommending that commanders should plan to pull out combat units by then unless "unexpected developments" make them decide that such a move would be unwise, the sources said. Still, they said, the plan would put the onus on U.S. commanders to try to meet the goal or explain why they failed to.

Pulling out combat units would not mean the end of the U.S. military involvement in Iraq, which could continue in a different form for years. The withdrawal would be partially offset by an influx of advisers, trainers and embedded troops. The number of such troops now stands at roughly 5,000 and should be quadrupled to about 20,000, the group's plan says, according to a source. The commission envisions leaving at least several thousand quick-strike U.S. combat soldiers to protect all those other American troops.

Although it was not clear how many U.S. troops would be left in Iraq by 2008, some people knowledgeable about the commission's deliberations have said that it might be possible to reduce the force of 140,000 to half by then. "There'll still be a

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presence there that will be significant just because of the nature of embedded forces," said one of the sources familiar with the commission's report. "It won't be what we have now, I'll tell you that."

The transition from a combat mission to a support mission would be a radical shift in the nature of the U.S. presence in Iraq, in place more than 3 1/2 years since the invasion that toppled Iraqi President Saddam Hussein from power. The commission sees this shift in emphasis as so crucial that it suggests that U.S. commanders begin by reassigning troops directly out of military units already in Iraq, rather than waiting for new advisers to deploy from the United States.

But some military specialists warned that such a transition could result in more violence or even let the country slide into a full-scale civil war. Many U.S. military commanders believe that the American presence is keeping a lid on Iraq's civil conflict. "I think as we pull down troops, the violence is going to get worse -- and that will make it harder to get the Iraqi army stood up," said Frederick W. Kagan, a defense scholar at the American Enterprise Institute.

Nor would cutting the troop presence increase pressure on Maliki and other Iraqi leaders, a senior U.S. intelligence official contended earlier this week. Rather, he said, it would likely make Iraqi officials feel more endangered and, so, less likely to take risks and make difficult decisions.

Others in Washington cautiously welcomed the emerging report. "I think that the Baker report is . . . going to change the debate in this country," Sen. John F. Kerry (D-Mass.) told CNN.

Sen. Christopher J. Dodd (D-Conn.), speaking on MSNBC's "Hardball," said that "I suspect there may be a growing bipartisan support in this country for what Jim Baker, Lee Hamilton, the other members of that commission have put together."

Sen. Carl M. Levin (D-Mich.), the incoming chairman of the Senate Armed Services Committee who has called for beginning a pullout within six months, offered a careful assessment of the few details made public. "It's a welcome change in course," he said, "although it's not as specific, or it's not as pointed, or it's not as clear as I would like."

Panel To Urge Troops Pullback In Iraq (AP)

By Lolita C. Baldor

AP, December 1, 2006

A bipartisan commission on U.S. options in Iraq will recommend a gradual reduction of American forces in Iraq and a significant diplomatic shift that enlists U.S. adversaries to stabilize the increasingly chaotic country, officials familiar with the panel's deliberations said Thursday.

The report will endorse troop withdrawals beginning as soon as early next year but set no deadlines, the officials said. U.S. forces could also be slowly repositioned away from the front lines.

The much-anticipated report could provide political cover to President Bush to meaningfully shift his policies in an unpopular war. Yet advisers to the panel and others aware of its work indicated the recommendations will not be dramatically different from current policy or from ideas already under debate within the administration.

Some media reports suggested that the bipartisan commission, known as the Iraq Study Group, will recommend withdrawing nearly all U.S. combat forces from Iraq by early 2008, leaving behind only those troops needed to train and support the Iraqis. The reports described the recommendation as a goal rather than a firm timetable.

Bush has repeatedly rejected a wholesale pullout or what he calls artificial deadlines.

"This business about a graceful exit just simply has no realism to it at all," Bush said Thursday.

A former top U.S. official consulted by the commission said he expected the recommended withdrawal would not be conditioned on the Iraqi government establishing benchmarks to improve security. Many remaining U.S. forces would be lighter support and intelligence units, said the official, who spoke on condition of anonymity because the panel's deliberations were private.

The approximately 100-page report will indicate the presence of U.S. troops is part of the problem in Iraq, said another official who also requested anonymity. The panel will demand more accountability from the Iraqi government, although it is not clear how progress would be measured or if there would be specific benchmarks, the official said.

The Washington Post, meanwhile, reported on its Web site Thursday night that the U.S. is considering whether to abandon efforts to bring Sunni insurgents into the political process to stabilize the country. The concern is that the outreach to Sunni dissidents has failed and may be alienating the country's majority Shiites, who dominate the government. The State Department proposed the shift as part of a White House review of Iraq policy, said the report, which cited unidentified sources familiar with the proposal.

The congressionally chartered Iraq Study Group, whose recommendations are not binding, will encourage Bush to engage U.S. adversaries Syria and Iran to improve regional dialogue, several officials said. That outreach could include a regional conference among all of Iraq's neighbors, or a wider gathering of Middle East nations that would also address separate Middle East peace issues.

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A former senior U.S. official who participated in the deliberations said the recommendations will include resumption of Mideast peace talks. The official spoke on condition of anonymity.

The report, due Wednesday, suggests that Bush give Iraqi leaders notice that America's military commitment is not open-ended. The panel's Republican and Democratic members could not agree on bolder proposals. Options to quickly bring home a large percentage of the 140,000 U.S. forces supporting the fragile government in Baghdad or set a clear timeline for withdrawal were on the table.

The compromise strategy the panel endorsed also gives the Bush administration some political leverage to step back from red lines it has set in the Iraq conflict, such as Bush's statement this week that he will never "pull the troops off the battlefield before the mission is complete."

Without firm benchmarks for a U.S. military withdrawal, the recommendations would essentially back up Bush's basic policy of using security conditions in Iraq, not a calendar, as the guide to battlefield decisions. The administration has long said it will transfer responsibility for Iraq's security to Iraqi forces as those forces become strong enough to handle the job.

On Capitol Hill, Democrats said the report would be a good first step for their effort to push for a start to U.S. troop withdrawals.

"It's a starting point," said Sen. Carl Levin, D-Mich., incoming chairman of the Senate Armed Services Committee.

Sen. John Warner, R-Va., that committee's outgoing chairman, praised the commission and said the administration and Congress have a "moral responsibility" to U.S. troops to reach a consensus policy.

In Baghdad, Iraqi Prime Minister Nouri al-Maliki told ABC News he thinks Iraqi forces will be ready by June to take full control of security. In making the argument that his military and police could handle security in the country, al-Maliki has routinely said the force could do the job within six months.

White House national security adviser Stephen J. Hadley noted Bush has solicited a separate in-house review of Iraq policy. Bush would probably make any changes or decisions arising from the various reports in "weeks rather than months," Hadley said.

"It's really going to be when the president is comfortable in his own mind as to where he wants to go" and has coordinated with Iraqi leaders on a "common plan," Hadley said.

The Bush administration's own crisis evaluation of Iraq could provide a different kind of political cover. With at least two sets of recommendations before him, Bush could pick some from the commission chaired by Republican former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., and some from his own advisers.

Hadley spoke as Bush returned from a hastily arranged summit with al-Maliki, who has sometimes had testy relations with his American backers. Bush and his advisers offered warm endorsements of the Shiite leader Thursday, and al-Maliki remains the administration's best hope to build a durable political framework that can govern and protect the country on its own.

Al-Maliki heads the Shiite-led government established following the ouster of Saddam Hussein in a U.S.-led invasion more than three years ago.

The outlines of the panel's expected diplomatic recommendations are not new, but they would represent a major change away from the Bush administration policy of isolating its enemies except in rare instances.

The administration has not ruled out diplomacy with Iran on stabilizing Iraq nor with Syria with the aim of stopping its interference in Lebanon and permitting militia from Syria to go to Iraq to attack allied forces. But the administration has been reluctant to enter talks lest the gesture be seen as reward for what Washington calls bad behavior.

Separately, a former U.S. official said he had been told by the administration that the commission agreed last week to recommend dialogue with the Iranians and Syrians.

Experts: Repositioning U.S. Troops Could Be Option (USAT)

By Tom Vanden Brook And Matt Kelley

USA Today, December 1, 2006

WASHINGTON — U.S. troops pulled from Iraq as suggested by the Iraq Study Group could be based in friendly countries nearby to provide a quick reaction force in case serious violence erupts, military experts say.

The remaining troops would be stationed in Baghdad, along Iraq's borders and as trainers for the Iraqi military and police, said Michael Eisenstadt, a Middle East military expert who advised the panel but has not read the report.

The report, according to two people who have seen it, will recommend a gradual withdrawal of most of the 70,000 combat forces now in Iraq.

If the troops are withdrawn, the Bush administration would decide when, how and where to move them. Bush appeared to reject the idea of a withdrawal on Thursday after meeting in Jordan with Iraqi Prime Minister Nouri al-Maliki.

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The United States would need to leave some of those troops in the region to prevent or respond to armed attempts to overthrow Iraq's government, says James Jay Carafano, another adviser to the study group.

"You need the capability to go in surgically, below the radar, and get the bad guys. You have to have that capacity still in the region," says Carafano, a defense analyst at the conservative Heritage Foundation think tank. "You want to have something that has a subtle but visible reminder that the Americans haven't left town."

The Pentagon would have several options for keeping combat troops near Iraq, including existing bases in nearby Kuwait and Qatar. Marine Corps troops and Navy aircraft could wait aboard their ships in the Persian Gulf, as well.

Defense Secretary Donald Rumsfeld and top military officers also have resisted calls for withdrawing U.S. troops. They have said for the past three years that American forces will begin leaving when Iraq's own police and military can control the country.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, repeated that view in a Pentagon news conference Wednesday. Pace denied reports that the Pentagon was considering pulling most of the American troops out of Iraq's Anbar province, a majority Sunni Arab region where insurgents linked to al-Qaeda operate.

"Why would we want to forfeit any part of Iraq to the enemy? We don't," Pace said. "We want to provide security for the Iraqi people."

Anbar province has been the scene of violent fighting, as Marine units in the region have taken heavy casualties in October and November.

The bipartisan group's report will help Americans understand the situation in Iraq, even if the Bush administration rejects its suggestions, says Bruce Hoffman, a professor of security studies at Georgetown University in Washington.

Hoffman, another study group adviser, said the report "forces us to take a hard look at the progress to date or the lack thereof."

Proposing a withdrawal of most combat troops from Iraq risks failing to satisfy U.S. war critics and those who support sending more troops for a stronger crackdown on violence, says military analyst Stephen Biddle.

Having fewer U.S. troops could open the door to more chaos, and focusing on training Iraqi forces could prop up one side in an eventual civil war between Sunni Arabs on one side and Shiites and Kurds on the other, he said.

"It would be unfortunate if U.S. force structure in Iraq would be an artifact of ideological positioning in the United States," says Biddle, a former assistant professor at the U.S. Army War College. "There needs to be a military objective for them to pursue that makes sense."

Now In Control, Democrats Seek Unified War Strategy (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 1, 2006

WASHINGTON

After winning back control of the House and Senate largely on the basis of opposition to the war in Iraq, Democrats are ramping up to find a bipartisan way out of it.

So far, the leading exit strategies on Capitol Hill - more troops, fewer troops, partition of Iraq, and timetables for phased or immediate withdrawal - are tied to individual sponsors. Disagreements cross party lines.

But leading Democrats now say that any exit strategy must be bipartisan. While eager to respect commitments to voters, Democrats don't want to own a war that many believe is already beyond winning - or to be tagged with the consequences of a botched exit.

That's why the recommendations of the bipartisan Iraq Study Group, to be released on Dec. 6, have taken such a high profile on Capitol Hill. If leaks of an agreement this week are accurate, the 10-member, bipartisan panel will call for a gradual pullback of US combat brigades, with no timetable for withdrawal, and direct engagement with Iran and Syria on a regional solution.

"People have their fingers crossed that [the Iraq Study Group] will have something to it that everyone can buy into and that also provides a way out," says Winslow Wheeler at the Center for Defense Information in Washington.

Many Democrats agree that consensus is vital. "There has to be a solid bipartisan consensus, just as there was in the cold war," said Sen. Jack Reed (D) of Rhode Island, who has been the lead spokesman on the Iraq war for the Senate Democratic caucus, in a briefing this week.

But to get to that point, lawmakers will have to grapple with facts on the ground in the war on terror in a way that they have not yet done and move beyond campaign slogans, say defense analysts.

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"Congress isn't framing options. Individual members are framing options. There isn't building consensus even within the Democratic Party yet," says Anthony Cordesman, a military analyst at the Middle East with the Center for Strategic and International Studies in Washington, who recently returned from the Middle East.

"Congress has not been kept properly informed," he adds. "As a result, it believes that there is more of an ability to rush things on the part of the Iraqi government than is possible, and that setting deadlines is going to produce progress rather than civil war. The legacy of too many promises and too much spin has created congressional expectations that are unrealistic."

Before the midterm elections, Demo-crats in the House and Senate agreed to three points on Iraq strategy: ensuring a "significant transition" to full Iraqi sovereignty in 2006, including the "responsible redeployment" of US forces; regional diplomacy and more pressure on the Iraqis to "make the political compromises necessary" to defeat the insurgency; and holding the Bush administration accountable on issues ranging from "manipulated prewar intelligence" to poor planning and contracting abuses.

Last June, all but six Senate Democrats backed a nonbinding amendment by Sens. Carl Levin (D) of Michigan and Reed, calling for a phased withdrawal within six months. The amendment failed by a vote of 39 to 60.

In the first congressional hearings on Iraq since the elections, Senator Levin, the incoming chairman of the Senate Armed Services Committee, renewed his call for a "phased redeployment of our forces within four to six months."

"America has given the Iraqi people the opportunity to build a new nation at the cost of nearly 3,000 American lives and over 20,000 wounded. And the American people do not want our valiant troops to get caught in a crossfire between Iraqis if Iraqis insist on squandering that opportunity through civil war and sectarian strife," he said at the Nov. 15 hearings.

On Tuesday, his cosponsor, Reed, said he was "less comfortable with the timetables and deadlines," and that redeployment could also mean "redeployment of forces in Iraq."

All nine freshmen Democratic senators in the new Congress campaigned to redeploy US troops as rapidly as possible.

In fact, critics say, it will be tough for Democrats to fulfill voter expectations for any quick change in the situation on the ground in Iraq.

"Congress wants to maintain the fiction that somehow we have control of the affairs on the ground and that we are decisive actors. We are not. We haven't had much control or influence in that country in the last two years," says retired Army Col. Douglas Macgregor, author of three recent books on the US military.

"Nothing is going to be sorted out until we get out. This is what the Democrats are failing on: They need to say this occupation is a serious mistake, and we need to get south of the Euphrates river as soon as possible," he adds.

On Nov. 14, Sen. Russ Feingold (D) of Wisconsin introduced legislation requiring US forces to redeploy from Iraq by July 1, 2007.

Meanwhile, many Republicans are shifting into defensive mode as they give up control of oversight committees. GOP Rep. Zach Wamp of Tennessee and Sen. Johnny Isakson (R) of Georgia said this week that they are backing Sen. John McCain's plan to boost troop levels by as much as 20,000 in Iraq.

Pressure Grows For Talks With Syria, Iran (WSJ)

By Neil King Jr. And Greg Jaffe

The Wall Street Journal, December 1, 2006

WASHINGTON -- From the Baker-Hamilton panel on Iraq to British Prime Minister Tony Blair to top Democrats in Congress, calls are growing for President Bush to drop his opposition to engaging with Syria and Iran about the future of Iraq.

But behind all of the clamor for a regional approach lies several tough questions: Do Syria and Iran really want to deal with the U.S. on Iraq? What price would the two countries demand for lending a hand? And even if they did agree to help, would their assistance significantly help to tilt events for the better in Iraq, with which both share a border?

The answers on all counts don't appear promising. Iran and Syria are both longtime foes of the U.S. and could demand a high price for their cooperation. As a result, enlisting their help could require the administration to sacrifice other goals for uncertain gains in stabilizing Iraq.

The call for a sustained, new outreach to Damascus and Tehran, along with Iraq's other neighbors, is an important recommendation of a lengthy report set to be released Wednesday by the Iraq Study Group. The bipartisan panel, led by former Secretary of State James Baker, a Republican, and former Democratic Rep. Lee Hamilton, will also advise the Bush administration to begin pulling back American combat troops in Iraq while significantly increasing support to the Iraqi Army, primarily by boosting the number and quality of U.S. military advisers working with its forces, said a commission member and other officials familiar with the report. Some of the contents of the report were published in the New York Times Thursday.

Currently, the U.S. has about 3,500 advisers posted there, divided into 10-man teams and embedded with Iraqi Army and police units. As late as Nov. 24, the panel was soliciting advice from military experts on how to ensure that the Army and Marine Corps select their best and brightest officers for advisory duty. In recent months, that task has fallen to less-experienced National

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Guard and reserve officers. The final report will likely recommend that the advisory program be increased by "several thousand officers," said one person involved in the debate.

The study group's hope is that the larger U.S. military presence within Iraqi units would help them to improve more quickly and allow U.S. forces to pull back to larger, more secure bases away from Iraqi cities. The U.S. advisers would have the ability to quickly call on American forces if their units were being challenged or overrun.

Less clear is the panel's view on how the U.S. might help to heal Iraq's deep factional divisions, distribute its oil revenue and preserve the country's unity. The report has spurned the idea, promoted by several prominent Democrats, of a "soft partition" of the country along ethnic lines, said several participants.

Those calling for the administration to engage with Syria and Iran argue that both have abetted Iraq's growing disintegration and both have sway over different portions of the country's population. So, as hard as it may be for Mr. Bush to swallow, these people argue, any lasting cure for Iraq must involve both Damascus and Tehran.

Skepticism runs deep, within the Bush administration and in foreign-policy circles, over how useful these longtime U.S. foes could be and how sincere any offers of help would be. "It is no panacea," one senior U.S. official said, adding that Syria and Iran could make matters worse in Iraq but have limited leverage to make things better.

Patrick Clawson, an Iran expert at the Washington Institute for Near East Policy, agreed: "What they can do is stop being a problem. And while that's significant, that's about it."

Syria's ambassador to Washington, Imad Moustapha, has insisted that Damascus is both eager to talk and crucial to Iraq's future stability. Iran has been less unequivocal. Tehran's ambassador to the United Nations, Javad Zarif, spoke last month of regional "shared commonalities" between the U.S. and Iran, but he and others have signaled that Iran would demand unspecified favors to engage with the U.S. over Iraq's future. Iranian President Mahmoud Ahmadinejad demanded in a letter to the American people this week that the U.S. pull all of its troops from Iraq.

The escalating violence in Iraq and mounting calls for the U.S. to seek help from Iran and Syria have increased the prestige of both countries -- and strengthened their bargaining hand.

Tehran's list of favors in return for help would almost certainly start with a demand for greater international latitude on its nuclear program, analysts said. Other potential demands could include a promise from the U.S. to respect Iran's security and its current regime, to formally recognize Iran's influence in Iraq, and to lift some longstanding U.S. sanctions against Tehran imposed in response to its nuclear work and support for terrorist groups, analysts said.

The price for Syrian engagement could also run high. Syria, above all, would like to see a derailing of the international inquiry into the 2005 murder of former Lebanese Prime Minister Rafik Hariri. Preliminary U.N. investigations have implicated officials in Damascus, an allegation that Syrian officials have denied.

Mr. Bush and his top aides have consistently brushed aside the idea of sitting down with high-level Syrian officials on the grounds that their country's support for terrorist groups doesn't warrant discussion and Syria already knows how it could help to stem the violence in Iraq.

Washington's attitude toward Iran is more complex. The White House has said that Tehran is welcome at any time to take up an offer from this summer to negotiate over its nuclear program but that the U.S. won't talk unless Iran first suspends its uranium-enrichment program. Yet administration officials at the same time have suggested they may be willing to sit down with Iran on talks strictly focused on Iraq.

The Shiite Muslim regime in Tehran has gained influence among Iraq's majority Shiite population, particularly as a supplier of money, arms and training for major Shiite militias -- notably the one led by anti-American cleric Muqtada al-Sadr. But U.S. officials and others say they doubt Iran could quell the sectarian violence that has gripped large parts of the country unless the militias themselves agreed to put down arms, because they are becoming increasingly self-sufficient, with their own oil-fed revenue streams and outside arms suppliers, these people say.

This Is Realism? (WP)

By Charles Krauthammer

The Washington Post, December 1, 2006

Now that the "realists" have ridden into town gleefully consigning the Bush doctrine to the ash heap of history, everyone has discovered the notion of interests, as if it were some new idea thought up by James Baker and the Iraq Study Group.

What do people think we've been doing for the past five years? True, the president's rhetoric has a tendency to go soaringly Wilsonian, e.g. the banishing-tyranny stuff in his second inaugural address. But our policies of democratization in Iraq and Afghanistan and Lebanon have been deeply rooted in the most concrete of American interests.

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If we really had been in the grip of "idealism," we'd be deep in Chad and Burma and Darfur. We are not. We are instead trying to sustain fragile democracies in three strategically important countries -- Afghanistan, Iraq and Lebanon -- that form the geographic parentheses around the principal threat to Western interests in the region, the Syria-Iran axis.

We are trying to bring democracy to Iraq in particular because a pro-Western government enjoying legitimacy and popular support would have been the most enduring means of securing our interests there. Deposing Saddam & Sons was essential because they posed a permanent strategic threat to the region and to U.S. interests. But their successor -- the popularly elected Maliki government -- has failed.

The cause of that failure is rooted in an Iraqi political culture that makes it as yet impossible for enough of the political leadership to act with a sense of national consciousness. We should nonetheless make a last effort to change the composition of the government and assemble a new one composed of those -- Kurds, moderate Sunnis, secular Shiites and some of the religious Shiites -- who might be capable of reaching a grand political settlement.

Everyone now says that the key to stopping the fighting in Iraq is political -- again, as if this were another great discovery. It's been clear for at least a year that a military solution to the insurgency was out of our reach. The military price would have been prohibitive and the victory ephemeral without a political compromise. And that kind of compromise -- vesting the Sunnis with proportionate political and financial (i.e. oil) power -- is something the Shiites, at least those now comprising the Maliki government, seem incapable of doing.

The United States should be giving Prime Minister Nouri al-Maliki a clear ultimatum: If he does not come up with a political solution in two months or cede power to a new coalition that will, the United States will abandon the Green Zone; retire to its bases; move much of its personnel to Kurdistan, where we are welcome and safe; and let the civil war take its course. Let the current Green Zone-protected Iraqi politicians who take their cue from Moqtada al-Sadr face the insurgency alone. That might concentrate their minds on either making a generous offer to the Sunnis or stepping aside for a coalition that would.

The key to progress is political change within Iraq. The newest fashion, however, is to go "regional," engaging Iran and Syria in order to have them pull our chestnuts out of the fire. This idea rests on the notion that both Iran and Syria have an interest in stability in Iraq.

Very hardheaded realist terms: interest, stability, regional powers. But stringing them together to suggest that Iran and Syria share our interests in stability is the height of fantasy. In fact, Iran and Syria have an overriding interest in chaos in Iraq -- which is precisely why they each have been abetting the insurgency and fanning civil war.

Perhaps in some long-term future they will want a stable Iraq as a tame client state of the Syria-Iran axis. For now they want chaos. What in God's name will a negotiation with them yield?

At best they might give us a few months to withdraw. But why do we need their help to do that? We can do our withdrawing very well without them. And in return for non-help in a non-solution that is essentially a surrender, Syria would demand to be given a free hand once again in Lebanon -- just as, when the United States needed help in Iraq before the Persian Gulf War, then-Secretary of State James Baker gave Lebanon over to Syria as a quid pro quo.

And Iran will demand a free hand with its nuclear weapons project, which will turn it into the regional superpower dominating the Gulf Arabs and their oil.

If that would save Iraq for us, there might at least be an argument for such a swap. But just to cover an American retreat? This is sacrificing one interest without even securing another. It's enough to give realism a bad name.

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Iraq Spending Bill To Test Democrats (AP)

By Andrew Taylor

AP, December 1, 2006

The Bush administration is hammering out its largest-ever appeal for more Iraq war funds — a record $100 billion, at least, and that figure reflects cuts from wish lists originally circulating around the Pentagon.

The measure will give Democrats, who take control of Congress next year, an early chance to try changing the conduct of the war. But they are limited and do not want to be cast as unsympathetic to U.S. troops.

"We're not going to do anything to limit funding or cut off funds," says Senate Democratic leader Harry Reid, D-Nev.

Senior Pentagon officials have trimmed initial requests from the Army and Air Force. But with $70 billion already approved for the budget year that began Oct. 1, and more money needed to replace lost or worn-out equipment, spending levels for 2007 easily will be at the highest since the Iraq war began in 2003.

Precise figures have not been set by either the Pentagon or the White House. The requests in February for Iraq and Afghanistan probably will be about $100 billion, but could climb as high as $128 billion if the services get their way, said Jim McAleese, a Virginia lawyer who specializes in national security law.

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In addition to the money already approved, the cost of the total military spending for Iraq and Afghanistan could come close to $200 billion in 2007. About $120 billion was spent in the 2006 budget year, according to the Congressional Budget Office.

Despite widespread discontent over the Iraq war and President Bush's handling of it, Democrats are expected to grant the vast majority of the request. Yet evidence is accumulating that the figure the White House sends to Capitol Hill will not be limited to dollars critically needed for troops and war-fighting.

There is much sentiment among Democrats to protect troops and fear about being portrayed as unsympathetic to men and women in uniform. These factors probably would overwhelm any efforts by anti-war Democrats to use the debate over the Iraq money to take on Bush's conduct of the war.

"Although the Democrats are very uncomfortable with the way the Iraq policy is being executed, they are at pains not to appear that they are shortchanging troops in the field," said Loren Thompson, chief operating officer of the Lexington Institute, a Washington-area think tank.

"This is their opportunity to show that they, too, are pro-defense," Thompson said.

Democrats are promising to give the upcoming request greater scrutiny than Republicans did when considering Bush's previous requests.

"It won't just be a rubber stamp on what they give us," said Kirsten Brost, spokeswoman for the incoming chairman of the House Appropriations Committee, Rep. David Obey, D-Wis.

There is increasing concern about the cost of the war and the fact that Iraq spending is kept on a set of ledgers separate from the rest of government operations.

It is possible that the recommendations of the Iraq Study Group could affect the spending request.

Since the attacks of Sept. 11, 2001, Congress has approved about $500 billion for Iraq, Afghanistan and other terrorism-fighting efforts.

The Vietnam War cost an inflation-adjusted $121 billion at its height in 1968, according to the Congressional Research Service. The overall tally for Vietnam is $663 billion, adjusted for inflation, while Iraq so far come to about $350 billion.

The cost of the war has risen dramatically as the security situation has deteriorated and more equipment is destroyed or worn out in harsh conditions.

The Pentagon increasingly is using war spending bills for costs not directly related to Iraq and Afghanistan. Last month, Deputy Defense Secretary Gordon England said the four military services could add projects connected to the broader fight against terrorism, which critics said could be interpreted to cover almost anything.

"He was telling the services to put any damn thing they wanted into the supplemental," said Winslow Wheeler of the Center for Defense Information, a think tank policy group, in Washington. Such costs include buying cargo plans and restructuring Army outfits into smaller, more nimble fighting units.

England's memo led to inflated requests that are now being "scrubbed" by higher-ups at the Pentagon. While that could lower the price for the February request, Wheeler said, the services are likely to try again in future bills.

Pentagon spokesman Bryan Whitman had no comment on the upcoming request for money.

Democrats have not been shy about adding money not sought by the president to war bills. Most notably, the Senate in August included $13 billion for Army and Marine Corps combat readiness in a Pentagon budget measure that had $70 billion in Iraq.

Farm-state lawmakers such as Sen. Kent Conrad, D-N.D., may try to use the Iraq debate to push billions of dollars in agricultural disaster aid.

CORPORATE SCANDALS:

Corporate Fraud Crackdown Gone Too Far? (AP)

By Lara Jakes Jordan, ASSOCIATED PRESS

AP, December 1, 2006

WASHINGTON (AP) - A former top Justice Department official who wrote the government's policy to crack down on corporate lawbreaking said Thursday that prosecutors appear to have overreached when targeting some businesses.

Former Deputy Attorney General Larry Thompson defended the policy's overall goal, which was crafted in the aftermath of widespread fraud and illegal scheming at corporate giants such as Enron and WorldCom. But prosecutors now may be too aggressive when pressuring businesses to cooperate with investigations of wrongdoing by company executives or employees, he said.

The legal tactics outlined in the "Thompson Memo" in 2003 were intended for very limited use, Thompson said.

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"There seems to be a sort of a disconnect," Thompson told an audience at the Heritage Foundation, a conservative think tank in Washington.

He said his former Justice Department colleagues claim they rarely pressure businesses to disclose confidential attorney-client information in exchange for more lenient prosecutions, but defense lawyers say such demands happen in many cases.

The Justice Department is discussing whether to roll back some of the harsher guidelines in the Thompson Memo, which suggests that companies failing to cooperate with prosecutors will be more readily indicted - a death knell in an ethics-sensitive business era. Those changes could come as early as next week.

"We may be entering an era where the department should consider perhaps making appropriate revisions to the memo," said Thompson, now general counsel at PepsiCo.

Changes sought by defense attorneys, business lobbyists and other critics include:

-Ending the prospect of tougher prosecution of corporations that refuse to turn over, or waive, confidential discussions and information between attorneys and clients. The Justice Department is considering requiring prosecutors to get the Attorney General or his top deputy to approve waiver requests.

-Eliminate penalties for firms that continue to pay legal fees for their employees. In June, a federal judge in New York ruled the policy violates employees' rights to fair trials.

-Stop criminal prosecutions of businesses with standards similar to those used against company executives and other individuals.

The call to ease the legal crackdown on corporate fraud mirrors a similar push by the financial community to relax rules for business financial controls that area a key part of the 2002 Sarbanes-Oxley anti-fraud law.

The movement has gained traction with Treasury Secretary Henry Paulson, who has questioned whether the costly regulations are hurting the competitiveness of U.S. financial markets by driving some companies away from them.

Outgoing Senate Judiciary Chairman Arlen Specter, R-Pa., said he plans to propose legislation next week that would bar the Justice Department from putting undue pressure on companies to cooperate. He described the current policy as "coercive."

Former Deputy At Justice Dept. Would Limit Legal Disclosure (NYT)

By Lynnley Browning

The New York Times, December 1, 2006

A former Justice Department official who drafted the guidelines used after the Enron collapse to combat corporate wrongdoing said yesterday that prosecutors should only rarely use one of the guidelines: asking companies to disclose legal communications.

The comments by the official, Larry D. Thompson, a former deputy attorney general, were his first public remarks on how the 2003 guidelines, known as the Thompson memorandum, should be interpreted, amid mounting criticism that the tactics are coercive and unconstitutional.

Speaking at a Washington conference at the Heritage Foundation, the conservative research group, Mr. Thompson, now general counsel of PepsiCo, said that requests by federal prosecutors that companies, executives and lawyers disclose legal communications among themselves and other parties should be “extremely limited.“

The Justice Department is in the early stages of drafting a revision of the Thompson memorandum that would clarify under what circumstances, if any, legal communications should be disclosed to investigators.

Department lawyers can have a revised document ready for signing by Deputy Attorney General Paul J. McNulty as early as next week, according to people who have been briefed on the issue. The revised guidelines may require prosecutors to obtain approval from the highest levels of the Justice Department before disclosures are requested.

A department spokesman, Brian Roehrkasse, said yesterday that “no decisions have been made to amend our current guidance.”

The guidelines as they are now lay out nine factors that prosecutors should consider when deciding whether to seek the indictment of a company or an individual. Among them are whether the suspect has demonstrated cooperation with prosecutors by disclosing legal communications to them. Such disclosure is known as a waiver of attorney-client privilege.

Under the existing guidelines, companies that do not demonstrate such cooperation face a greater risk of indictment — a potential death knell, as it was for the accounting firm Arthur Andersen in 2002.

But the guidelines have come under criticism. The federal judge in Manhattan overseeing the trial of former employees of the accounting firm KPMG in a criminal tax-shelter case has assailed them as unconstitutional.

And in recent months, former top officials of the Justice Department and prominent white-collar defense lawyers have complained to the department that prosecutors now uniformly request the disclosure of legal communications as part of their investigations.

Senator Arlen Specter, Republican of Pennsylvania, the departing chairman of the Senate Judiciary Committee, threatened yesterday to introduce legislation next week if the Justice Department did not amend the guidelines by then. Mr. Specter is demanding that the department eliminate the guideline on the disclosure of communications, but it is unclear if Mr. McNulty will agree to that.

Prosecutor Pursues Backdating Violators (AP)

By Vinnee Tong, Ap Business Writer

AP, December 1, 2006

U.S. Attorney: Company Reaction to Options Inquiries Crucial to Whether Prosecutors Indict

NEW YORK (AP) -- The federal prosecutor overseeing Silicon Valley said Thursday the way a company responds to stock option backdating allegations is crucial to whether or not it will be indicted.

Kevin Ryan, the U.S. attorney for the Northern District of California, in July created a task force to pursue criminal charges related to stock option backdating. The group includes investigators from the U.S. attorney's office, the Internal Revenue Service and the Federal Bureau of Investigation.

"How a corporation chooses to react is crucial to whether the corporation is indicted or not," Ryan told a securities litigation conference sponsored by the International Quality & Productivity Center on Thursday.

The Securities and Exchange Commission and U.S. Department of Justice are pursuing civil investigations related to backdating of stock options. Ryan's task force is focused on seeking targets for potential criminal charges in Silicon Valley, where many companies used stock options to compensate employees in the 1990s.

He said prosecutors would "look at whether the corporation has impeded the investigation while purporting to cooperate." Ryan said his office would use as a guiding principle the Thompson memo, which directs prosecutors to look at the authenticity of a company's effort to cooperate with an investigation. The memo was written by former Deputy Attorney General Larry Thompson.

On Wednesday, though, the Justice Department said it would review the guidelines in the Thompson memo, which have been criticized as unfairly pressuring companies to cooperate.

The memo was written after scandals involving Enron Corp. and WorldCom Corp., and was designed to aid coordination among the country's 94 U.S. attorneys.

The policy allows prosecutors to show leniency to companies that cooperate by refusing to pay employees legal fees and disclosing confidential discussions between company lawyers and executives targeted by the government.

Ryan said he formed the task force to ensure investor confidence and address a particular need to examine options dating practices in Silicon Valley, where companies were heavily dependent on using stock options as compensation.

"We believe there's a strong nexus to the technology sector," Ryan said, adding that these were companies that emphasized innovation and creativity but were undercapitalized while offering the potential for big payouts later.

Technology companies in Ryan's district that are being investigated include Cnet Networks Inc., KLA-Tencor Corp., and Mercury Interactive Corp., which are being examined by either the SEC or the Justice Department.

Ryan's office has issued one of the only criminal indictments over options backdating, against two executives of San Jose, Calif.-based Brocade Communications System Inc. Among other charges, the executives face accusations that they knowingly tried to hide backdating by advising an employee not to discuss options grant practices by e-mail and advising the CEO to not always pick the lowest grant price, in order to avoid the appearance of suspicious activity.

With regard to ongoing investigations, Ryan also said legal time limits on filing of criminal charges could be an issue as the task force does its work.

"It's an issue, we're not denying it's an issue, but we still think there's a lot of activity out there," Ryan said. "If it's criminal, we still have the statute and the venue on our side."

Stock options give employees the right to buy shares at a set price at a future date and can be lucrative if the stock price rises. Companies that backdated options put the grant date of the options at a low point in their share price, raising the recipient's profit.

Backdating is not necessarily illegal. Companies break the law when they don't disclose the practice and fail to report the costs in their earnings reports. Investigations have forced some companies to restate earnings by as much as hundreds of millions of dollars.

Judge Puts On Hold McGuire's Exit Pay From UnitedHealth (WSJ)

By Vanessa Fuhrmans And Joann S. Lublin

The Wall Street Journal, December 1, 2006

DOJ_NMG_0100492

In an unusual move, a federal judge has temporarily barred ousted UnitedHealth Group Inc. Chief Executive William McGuire from exercising stock options or receiving any retirement pay or other exit benefits while an external, board-appointed committee establishes whether the health insurer has claims against him.

The order, which backs a joint motion by attorneys for several shareholder lawsuits and Dr. McGuire himself, puts on hold any agreement between UnitedHealth and its longtime chief executive over the terms of his departure until those legal questions have been answered. Dr. McGuire agreed to resign in October after an internal report concluded millions of stock options were likely backdated on his watch. He left the company yesterday with negotiations over his retirement package still unresolved.

The injunction is unusual in the annals of executive pay. U.S. District Judge James Rosenbaum of Minnesota handed it down late Wednesday partly at the request of attorneys representing a group of shareholder plaintiffs who have filed lawsuits against UnitedHealth. The complaints argue that the option backdating lined the pockets of Dr. McGuire and other top executives at the expense of the company. "If he were able to reap what we see as ill-begotten gains, we'd be asserting a claim without a remedy," said Karl Cambronne, lead attorney for the group.

Several compensation and governance experts say they believe the ruling may encourage aggrieved shareholders elsewhere to try to block unjustified exit packages before directors dole them out. It "could have a snowball effect," said Steven Friedman, head of the executive-compensation practice at law firm Littler Mendelsohn in New York. To the extent investors vigorously pursue these court orders, "boards will feel like they have to go along with them just so they don't seem like they're in collusion with the [exiting] executive," he added.

The injunction also gives UnitedHealth and Dr. McGuire breathing room in what have become protracted negotiations over the terms of his departure.

UnitedHealth's board faces considerable pressure not to let Dr. McGuire walk away with an excessive retirement package, especially before it determines whether it has claims against him. But his employment contract provides him with a strong hand in negotiations, taking a very limited view of what constitutes grounds for firing. Short of that, just about any other kind of departure would allow nearly all of his options to immediately vest and let him draw on a pension of more than $5 million a year.

Now, however, the board will have to wait until a "special litigation committee" determines what sort of claims it may have against Dr. McGuire, protecting it from negotiating a too-generous retirement package in the interim. The committee, appointed by the board in June to advise on the numerous shareholder lawsuits filed against UnitedHealth, comprises two former Minnesota Supreme Court justices, Kathleen Blatz and Edward Stringer. The court order, the company said in a statement, "preserves the SLC process."

Dr. McGuire also supported the plaintiffs' push for an injunction, and his attorneys even drafted the proposed court order, according to one person familiar with the situation said. The departing CEO believes the special litigation committee will vindicate him once "all the evidence is in," this individual said.

The special court-appointed panel will decide whether UnitedHealth should sue any officers or directors "for breach of fiduciary duty," the knowledgeable person explains. The injunction can be extended beyond July 30 if the special committee hasn't completed its investigation by then.

Without the injunction, Dr. McGuire would have been free to exercise his remaining stock options once UnitedHealth issued its restated financial statements.

In early November, Dr. McGuire agreed to forfeit roughly $200 million in gains from options that had carried dates prior to the dates on which they had been actually granted, making them more valuable than they would have been.

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Finisar Starts Options Review (AP)

AP, December 1, 2006

Finisar Begins Review Into Stock Option Grant Practices, Delays 2nd-Quarter Filing

SUNNYVALE, Calif. (AP) -- Shares of network components maker Finisar Corp. sank Thursday in after-hours trading the company said it launched a voluntary investigation into its historical stock option grants and that restatements will likely follow.

The company's stock plunged 20 cents, or 5.2 percent, to $3.63 in after-market trading on the INET electronic exchange, after adding 8 cents to close at $3.83 on the Nasdaq. The shares have ranged between $1.73 and $5.49 over the past year.

Finisar joins a list of at least 187 companies that have disclosed Securities and Exchange Commission, Justice Department or internal probes into possible stock options backdating, according to an AP review.

The company said it reviewed grants made since its initial public offering in 1999 and concluded that it is likely that measurement dates for certain stock option grants differed from the recorded grant dates, and that it will probably need to restate past historical statements to correct the accounting. The company said it does not yet know the financial impact of the restatements, and that the investigation is ongoing.

Finisar also said it will delay filing full fiscal second-quarter results until the probe is complete.

Revenue for the three months ended Oct. 29 rose 25 percent to $108.2 million, from $86.6 million a year ago. While sales fell in the middle of the company's own guidance to $106 million to $112 million, they missed Wall Street's view. Analysts polled by Thomson Financial were looking for revenue of $110 million.

Finisar said optical subsystems and components revenue rose 27.8 percent to $99 million in the quarter. Network test and monitoring systems revenue were flat at $9.2 million.

On Wednesday, the company said its board of directors had approved a medical leave of absence for Chief Financial Officer Stephen K. Workman.

Judge Approves Delphi's SEC Settlement (AP)

By Bree Fowler, The Associated Press

AP, December 1, 2006

NEW YORK -- A federal bankruptcy judge on Thursday approved the settlement of accounting fraud charges against Delphi Corp. and six people, including the auto-parts supplier's former chief financial officer.

Judge Robert Drain of the Southern District of New York called the settlement with the Securities and Exchange Commission "fair and equitable" and said it was in Delphi's best interest.

The SEC, in a filing in federal court in Detroit, had charged former Delphi Chief Executive J.T. Battenberg and others with participating in or aiding and abetting the company's fraud. It said on Oct. 30 that it had reached a settlement with Delphi and the six people.

Delphi, the nation's largest auto-parts supplier, filed for bankruptcy protection in October 2005. Resolving the SEC probe could help it move closer to emerging from bankruptcy next year.

Under the settlement, the Troy, Mich.-based company will not face penalties because of its cooperation with investigators. Delphi settled the charges "without admitting or denying the Commission's allegations," the SEC said at the time.

Under the settlement, former Chief Financial Officer Alan Dawes agreed to pay $687,000 in fines and restitution, and five others agreed to pay penalties.

The SEC investigation found that Delphi manipulated its earnings from 2000 to 2004, using several illegal schemes to boost its earnings, including the concealment of a $237 million transaction in 2000 with its former parent company, General Motors Corp., involving warranty costs.

The Justice Department has also been conducting a criminal investigation of the company related to the accounting practices.

Battenberg, Delphi's founding chairman after it was spun off from GM in 1999, announced his retirement in February 2005, shortly before the SEC probe was announced.

In addition to Battenberg and Dawes, the SEC complaint also named Paul Free, Delphi's former controller and chief accounting officer; John Blahnik, Delphi's former treasurer and senior vice president; Milan Belans, Delphi's former director of capital planning and pension analysis; Catherine Rozanski, Delphi's former director of financial accounting and reporting; and Judith Kudla, former director of finance in Delphi's information technology department.

Others charged include: Scot McDonald, who works for a Texas-based information technology company and formerly served as manager of U.S. GAAP Consulting and Reporting; B.N. Bahadur, who led a Michigan-based private management consulting company.

In addition, the complaint charged four other people with aiding and abetting Delphi's reporting and books-and-records violations: Atul Pasricha, Delphi's former assistant treasurer; Laura Marion, Delphi's former director of financial accounting and reporting; Stuart Doyle, a former client executive supporting the Texas IT company's relationship with Delphi; and Kevin Curry, a former client executive supporting the Texas IT company's relationship with Delphi.

In addition to Dawes, the SEC reached settlements with Pasricha, Bahadur, Marion, Doyle and Curry. Bahadur agreed to pay back nearly $490,000 in ill-gotten gains and interest and pay an $80,000 penalty; Pasricha agreed to a $55,000 penalty; Marion and Doyle agreed to pay penalties of $40,000 apiece and Curry agreed to pay a $25,000 penalty.

Street Sleuth Financial-Rule Overhaul Hits A Nerve (WSJ)

By Deborah Solomon And Kara Scannell

The Wall Street Journal, December 1, 2006

A blue-ribbon report calling for relaxation of some financial regulation and less-aggressive civil and criminal investigations drew a rebuke from state prosecutors, who called some of the recommendations "absurd."

DOJ_NMG_0100494

At the same time, business groups and former regulators urged the Securities and Exchange Commission and Congress to move forward with several of the suggestions, saying existing rules and laws are handicapping U.S. financial markets. The report, details of which were previously reported, was released publicly yesterday.

The criticisms suggest that the attempt to trim rules adopted in the wake of recent corporate scandals such as at Enron Corp. and WorldCom Inc. will prompt a politically charged debate and slow possible action.

The Committee on Capital Markets Regulation report, assembled by a group of academics and executives, contains many recommendations that are either already under way or under discussion in Washington, including plans to relax a rule requiring that companies have strong internal controls over their financial reporting. But it also included some controversial ideas to strengthen shareholder rights, limit the liability of auditors and curtail the role of state authorities -- proposals that are unlikely to be adopted without prolonged debate.

The committee was financed with about $500,000 from the Starr Foundation, a wealthy nonprofit chaired by Maurice R. "Hank" Greenberg, former chairman of American International Group Inc. Mr. Greenberg resigned from AIG amid a state and federal investigation into improper accounting at the insurance giant. Lawyers for Mr. Greenberg have denied that he did anything wrong.

Another initial contribution of about $500,000 came from Wilbur Ross, a private investor who is also a committee member, and Kenneth Griffin, who heads Citadel Investment Group LLC, a large hedge-fund group. Mr. Ross, who has made a fortune buying distressed businesses on the cheap, restructuring them and then selling the companies off at a premium, said he decided to back the committee because he believes some regulation has gone too far and he wanted to help spark debate.

"The report has some very affirmative things about shareholder rights, which is certainly an area Ken and I are interested in, since we're often outsiders," Mr. Ross said in an interview.

Hal Scott, the committee's director and a Harvard law professor, said the money in no way influenced the report's recommendations and said no member of the committee was paid. "The amounts of money here are very modest, simply for drafting publication and so on," he said. "The committee is entirely independent of any donor."

The report is the first of several papers and roundtables expected to address rising concern by business that regulation and enforcement are driving up costs and hampering the ability to compete. Treasury Secretary Henry Paulson recently called for a re-examination of financial regulation, saying rules and laws were handicapping U.S. business, and he is assembling a conference on the topic early next year.

"Some of the specific suggestions are valuable, but the approach goes wrong in focusing so heavily on competitiveness when there is also much that needs to be done to better protect investors and assure the integrity of those who oversee and manage America's largest corporations," said former Treasury Secretary Lawrence Summers. "I hope the Bush administration will focus as intensely on helping the American manufacturing, American agriculture and American health-care industries as it is on this particular aspect of financial services."

While many of the recommendations would require regulatory adjustments, some would require legislation and some lawmakers were skeptical yesterday about the need for broad changes.

Sen. Christopher Dodd (D., Conn.), who is expected to be chairman of the Senate Banking Committee next year, didn't stake out a position on any of the recommendations but suggested he might not support sweeping change. "While we have an obligation to ensure that our legal and regulatory system helps to foster growth and promotes innovation, we must not damage the fundamental rights and protections that underpin the investor confidence critical to the success of our capital markets," he said in a written statement.

New York state's attorney general, Eliot Spitzer, who has taken the lead on several financial service investigations -- often outpacing the SEC -- lambasted the committee's recommendation to limit how and when state law-enforcement can pursue cases against financial institutions as "absurd."

Under the proposal, states could pursue actions if the SEC chose not to, but would be required to notify the SEC of its actions and permit the SEC to have a final say on any settlements that include a structural remedy of national importance. The committee also suggests the Justice Department have the ability to sign off on all state indictments of auditing or financial firms with national clienteles.

"To eviscerate the power of the one set of regulators who did anything is absurd," said Mr. Spitzer, who will become New York's governor in January.

Report On Corporate Rules Is Assailed (WP)

By Carrie Johnson

The Washington Post, December 1, 2006

DOJ_NMG_0100495

Investor groups sounded alarms yesterday after it emerged that a foundation with ties to a pair of well-heeled business donors and an executive battling civil charges had funded a controversial new report seeking to slash corporate regulation.

The Committee on Capital Markets Regulation, which argues that U.S. markets are suffering under overzealous enforcement and unwieldy rules, said it received $500,000 in financial support from the C.V. Starr Foundation. The charity has longstanding ties to Maurice R. "Hank" Greenberg, the former American International Group chief who was ousted from his post last year and is contesting civil charges filed by the New York attorney general.

Two committee members, Wilbur L. Ross Jr., a private investor, and Citadel Investment Group manager Kenneth C. Griffin, contributed "a few hundred thousand dollars" more, Ross said in an interview. The panel was formed this year with support from Treasury Secretary Henry M. Paulson Jr., a former chairman of the Wall Street firm Goldman Sachs.

The lengthy report released yesterday recommended that businesses and boards of directors get increased protection from private lawsuits. Panel members also urged Congress to curtail the power of state officials to charge financial and audit firms with crimes. Businesses should face criminal charges only as a "last resort," the study says.

Consumer advocates seized on the issue to question the study's conclusions and the motives of the panel's members, who include top executives from some of the nation's largest accounting and investment firms as well as people with close ties to the Bush administration.

The report marks the first push in a powerful lobbying drive by business interests that had been silenced after frauds at Enron and WorldCom ignited investor outrage and prompted Congress to pass stringent corporate accountability legislation four years ago.

The group's 32 recommendations include rethinking the mission of the Securities and Exchange Commission to make it less antagonistic to business to adopt a more cooperative regulatory approach favored by British authorities. SEC commissioner Roel Campos, a Democrat, warned yesterday that rolling back a system of regulation that has protected U.S. investors for decades could have profound and costly consequences if it went too far.

"We can't be guilty of throwing the baby out with the bathwater," Campos said in an interview. "It's a dangerous thing to start talking about dismantling something that has worked so well for our country for so long and has produced great benefits in our capital markets."

Leaders at the nonprofit pension fund group Council of Institutional Investors said the proposals would "undermine the effectiveness of market watchdogs and weaken critical investor protections."

Barbara Roper, director of investor protection at the Consumer Federation of America, went even further, asserting that the capital markets group had preordained its conclusions and carefully selected statistics to make its case that more companies were listing their stocks on foreign markets because of burdensome U.S. rules.

"You could take every single step on their list, and when you were done, you would have done nothing to reverse recent trends, and in the meantime you would have made it significantly more difficult to hold corporate criminals accountable for their crimes," Roper said.

R. Glenn Hubbard, the former leader of President Bush's Council of Economic Advisers who co-chaired the capital markets panel, told reporters that "this commission was entirely independent of any donor."

Hubbard said the group has had little contact with Paulson since it was formed in September. Jennifer Zuccarelli, a spokeswoman for Paulson, said the Treasury secretary was not involved in the committee's work , but "we are always open to hearing new ideas from respected leaders."

In a speech last week, Paulson called for pruning nettlesome class-action lawsuits and rethinking duplicative regulations. He also promised to hold a separate conference early next year to address market competitiveness. That meeting would take place in a roundtable format and include industry and investor advocates. The members of the capital markets committee were tilted more toward industry rather than investor advocates.

"Where are the people who represent institutional and individual investors?" said Duke University securities law professor James D. Cox. "I see this as a very pro-executive position, well intentioned but misguided."

The group's recommendations do not uniformly give comfort to business. Executives at the U.S. Chamber of Commerce and elsewhere raised questions about the report's advocacy of increased shareholder democracy, including moves to give investors the right to vote on "poison pill" takeover defenses in certain cases and perhaps a better chance to propose candidates for corporate boards, a hotly contested area.

Three weeks after Democrats regained control of both chambers of Congress, Hubbard, the group's co-chairman, took pains to say that many of its proposals could be enacted by securities regulators and the President's Working Group on Financial Markets, made up of the leaders of the SEC, Treasury Department and Commodity Futures Trading Commission.

Sen. Christopher J. Dodd (D-Conn.), soon to be chairman of the Senate Banking Committee, said in a statement that he would read the report as a "valuable contribution." But, Dodd added, "We must not damage the fundamental rights and

protections that underpin the investor confidence critical to the success of our capital markets." Dodd said the country already has "the most effective system of laws and regulations ever designed and implemented."

A spokesman for the incoming House Financial Services chairman, Barney Frank (D-Mass.), said the lawmaker had yet to read the report.

Ross said he became alarmed after leaders of foreign firms in which he invests balked at issuing stock in the United States because of costs and regulatory uncertainty. "If it does nothing else than become the lightning rod for both sides of the discussion, that'd be good," he said.

CRIMINAL LAW:

Milton Street Pleads Not Guilty (PHI)

By John Shiffman

The Philadelphia Inquirer, December 1, 2006

Mayor Street's unpredictable brother somberly entered the U.S. Courthouse yesterday and pleaded not guilty to tax and corruption charges.

T. Milton Street Sr., who defended himself in extensive and emphatic media interviews after Tuesday's indictment, took a different approach yesterday. He declined to answer reporters' questions, as did his attorney, Jeanne K. Damirgian.

Prosecutors allege that Street, a former state lawmaker and hot-dog vendor, used his family name to win a $30,000-a-month contract with a firm that held a maintenance contract at Philadelphia International Airport. Street performed little or no work as a consultant on the deal, prosecutors said.

If convicted, Street faces about three years in prison, according to the advisory federal sentencing guidelines.

During the brief arraignment, U.S. Magistrate Judge Louis Felipe Restrepo set routine bail conditions for Street, 67, of Moorestown.

While awaiting trial, Street may not travel beyond eastern Pennsylvania, New Jersey, Delaware and Maryland. Restrepo told Street that he would not have to post bail, but that if he fled, he would have to forfeit $25,000.

Afterward, Street was fingerprinted and photographed by FBI agents and U.S. marshals.

A grand jury indictment alleges that Philadelphia Airport Services hired Street in 2002 as a consultant for $30,000 a month, hoping that his link as Mayor Street's brother would help PAS hold onto the lucrative airport contract.

Two PAS employees - Matthias A. Schwabe and John H. Velardi Sr. - are also charged in the case.

Schwabe intends to plead guilty, according to his lawyer, Harvey A. Sernovitz. Velardi pleaded not guilty yesterday.

Milton Street also faces tax charges. He is accused of underpaying his 2000 taxes by more than $55,000 and his 2001 taxes by more than $120,000. In 2002 and 2003, the grand jury alleged, Milton Street grossed $500,000 and $1.5 million, respectively, but did not file tax returns for those years.

The prosecutors in the case, Anthony Wzorek and Jennifer Arbittier Williams, declined to comment after yesterday's hearings. Their boss, U.S. Attorney Patrick Meehan, said Tuesday that Mayor Street is not suspected of any wrongdoing in the case.

No Joking Now: Street Pleads Not Guilty (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, December 1, 2006

T. Milton Street Sr., the mayor's older brother, wasn't yukking it up with the news media yesterday as he did the day before when he spoke with reporters outside his Moorestown, N.J., home.

In fact, about the only thing Street uttered within earshot of reporters yesterday were the words "not guilty" in response to a question about how he wanted to plead to fraud and tax charges before U.S. Magistrate Judge L. Felipe Restrepo.

Street, 67, nattily dressed in a double-breasted, dark blue suit, white shirt and patterned tie, was released after a brief hearing and ordered not to travel outside of eastern Pennsylvania, New Jersey, Delaware and Maryland while awaiting trial.

He also was ordered to surrender his passport and to have no contact with other defendants or potential witnesses.

Street didn't have to post any bail but Restrepo said that if he fled he would have to forfeit $25,000.

No trial date was set. Street could face up to three years behind bars if convicted on all charges.

Street's court-appointed attorney, Jeanne K. Damirgian, declined to comment after the hearing.

Street was indicted by a federal grand jury on Nov. 28 on charges he defrauded a prospective airport subcontractor and failed to pay income taxes on more than $2 million of consulting and nonvending income.

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Mayor Street was not charged with any wrongdoing in connection with his brother's alleged crimes.

The feds allege Milton Street traded off his name to get a $30,000-a-month consulting contract in 2002 with Philadelphia Airport Services and later parlayed that into a maintenance facilities subcontract even though he had no experience in the field.

Two former PAS employees - Matthias A. Schwabe and John H. Velardi Sr. - also were charged in the case.

Schwabe's lawyer, Harvey A. Sernovitz, said Schwabe intends to plead guilty to fraud and tax charges and cooperate with prosecutors if asked.

Velardi pleaded not guilty to fraud charges yesterday. He also was released under conditions similar to Street's.

Velardi, a former airport facilities director for PAS, and Street are charged in connection with a scheme to defraud a prospective airport subcontractor in the fall of 2003.

The feds say Street pocketed $80,000 in connection with the alleged fraud of V-Tech.

Velardi's attorney, Guy R. Sciolla, said he was skeptical of the feds' case against Velardi.

"The government is going to have to prove [Velardi] was involved in a fraud on the operatives of V-Tech at the behest of Street," Sciolla said. "I'm very interested to see how they're going to do that."

Phila. Mayor's Brother Pleads Not Guilty To Corruption Charges (AP)

By Kathy Matheson, The Associated Press

AP, December 1, 2006

PHILADELPHIA (AP) — A brother of Mayor John F. Street pleaded not guilty Thursday to accusations that he used his last name to get consulting work with companies that wanted lucrative city contracts and that he failed to pay taxes on $2 million in income.

T. Milton Street Sr., 67, appeared very briefly in federal court in Philadelphia to enter the plea. He was released on his own recognizance.

Prosecutors said that soon after his brother took office in 2000, Street began hiring himself out as a high-priced consultant to companies that wanted to do business with the city. One firm paid Street, who is a longtime hot dog vendor, a $30,000-a.m.onth consulting fee and required him to do no work, authorities said.

He and two other businessmen face charges of mail and wire fraud, filing false tax returns and related counts.

One of those businessmen, Matthias A. Schwabe, 38, of Malvern, plans to plead guilty to mail fraud and filing a false tax return, and intends to testify against Street, his lawyer told The Philadelphia Inquirer for a story Thursday.

"If the government wants him to be a witness, he will," said the lawyer, Harvey A. Sernovitz.

Sernovitz did not return messages left Thursday by The Associated Press. A spokesman for federal prosecutors, Richard Manieri, declined to say whether Schwabe would plead guilty.

Schwabe had worked as facilities maintenance manager for Philadelphia Airport Services, one of the companies that hired Street as a consultant.

The other man who was indicted, John H. Velardi Sr., 53, of Drexel Hill, was the company's airport facilities director.

In a separate arraignment Thursday, Velardi pleaded not guilty to mail and wire fraud counts. He was also released on his own recognizance.

Neither of the attorneys representing Street and Velardi would comment on Schwabe's planned plea.

The charges against Street also include an accusation that he defrauded a prospective airport contractor. The company gave Street $80,000 and he promised that he could get them a $3.2 million contract, but the contract didn't exist, prosecutors said.

U.S. Authorities Probe How Smartmatic Won Venezuela Election Pact (WSJ)

By BOB DAVIS And GLENN SIMPSON

Wall Street Journal, December 1, 2006

WASHINGTON -- Federal investigators are looking into whether Smartmatic Corp., a voting-machine company whose equipment is used widely in the U.S. and abroad, paid bribes to win a Venezuela election contract in 2004.

Smartmatic's actions already are under a separate investigation by the Committee on Foreign Investment in the U.S., which reviews foreign acquisitions to see if they pose national-security concerns. In 2005, Smartmatic, which is owned by Venezuelan investors who split their time between Caracas and Boca Raton, Fla., purchased a U.S. voting-machine company, Sequoia Voting Systems Inc. Cfius is looking at whether that acquisition should be reversed on national-security grounds.

At the same time, the Justice Department has been conducting a probe of Smartmatic for possible violations of the Foreign Corrupt Practices Act and recently started looking at possible tax evasion as well, said two individuals familiar with the case. The Justice Department has informed Cfius representatives from U.S. agencies about their inquiry, these people said.

Jeffrey Bialos, an attorney for Smartmatic, said yesterday the Justice Department told the company it was looking into its actions, but that Smartmatic wasn't a target of an investigation. Smartmatic employees haven't been subpoenaed in the inquiry, Mr. Bialos added. That suggests that the probe is at an early stage.

"The company believes it conducted itself properly and within the law," Mr. Bialos said. A Justice Department spokeswoman declined to comment.

Smartmatic has drawn attention because of concerns that the government of Venezuelan President Hugo Chávez, an opponent of U.S. policies, has a stake in the company. That is a focus of the Cfius review. In 2004, Smartmatic's machines were used in an election to recall President Chávez, which Mr. Chávez won handily -- and which members of the Venezuelan opposition say was riddled with fraud. Smartmatic machines will be used Sunday in Venezuela's presidential election.

The company said it is the victim of false allegations made by two former executives, whom the company declined to name. Smartmatic said it would shortly send the two former employees a letter to "cease and desist their activities," which Smartmatic said violated agreements they made with the company. News of the Justice Department probe was reported earlier by el Nuevo Herald, a Spanish-language newspaper in Miami.

Essentially, the Justice Department is looking into whether Smartmatic got its start in Venezuela by bribing officials and then improperly avoiding its tax liability in the U.S. The company says it paid $1.5 million to a Venezuelan consultant who is close to the Chávez government and helped to win Smartmatic business.

The allegation being investigated is that Smartmatic actually paid as much as $4 million to the consultant, then deleted a substantial portion of those payments from its corporate records to hide the extent of its payments to a friend of the Chávez regime. Antonio Mugica, Smartmatic's chief executive, said the company had budgeted a larger amount for the consultant than it ended up paying him, thus explaining the difference between the two amounts.

The tax question dates to late 2004 when Smartmatic scrapped a simple corporate structure, under which it was based in the U.S. with a Venezuelan subsidiary. It adopted a complex offshore structure, with headquarters in the Netherlands Antilles; a main subsidiary in the Netherlands; and a variety of subsidiaries in the U.S., Barbados, Venezuela and Mexico.

That raised the question of where to pay taxes on $25 million in revenue from a contract to supply voting machines for Venezuelan regional elections: the U.S. or a lower-tax jurisdiction. Smartmatic paid taxes in Barbados, which the company said was proper because one of its international companies signed the deal. "The taxes due and owed are to Barbados authorities," said Mr. Mugica, who added that the company had consulted legal counsel and accounting firms on the issue.

Mr. Mugica said the company hasn't thus far been harmed by publicity about the probes. Customers "welcome the fact" that the company is trying to clear up allegations concerning its actions, he said.

Write to Bob Davis at bob.davis@wsj.com and Glenn Simpson at glenn.simpson@wsj.com

U.S. Prison Population Sets Record (WP/AP)

The Washington Post, December 1, 2006

A record 7 million people -- one in every 32 U.S. adults -- were behind bars, on probation or on parole by the end of last year, a Justice Department report released yesterday shows.

Of those, 2.2 million were in prison or jail, an increase of 2.7 percent over the previous year, according to the report.

More than 4.1 million people were on probation and 784,208 were on parole at the end of 2005. Prison releases are increasing, but admissions are increasing more.

Men still far outnumber women in prisons and jails, but the female population is growing faster. Over the past year, the female population in state or federal prison increased 2.6 percent and the number of male inmates rose 1.9 percent. By year's end, 7 percent of inmates were women. The gender figures do not include inmates in local jails.

"Misguided policies that create harsher sentences for nonviolent drug offenses are disproportionately responsible for the increasing rates of women in prisons and jails," Marc Mauer, executive director of the Sentencing Project, a Washington-based group that supports criminal justice reform, said in a statement.

From 1995 to 2003, inmates incarcerated in federal prisons for drug offenses have accounted for 49 percent of total prison population growth.

The statistics are from the annual report by the Justice Department's Bureau of Justice Statistics. The report breaks down inmate populations for state and federal prisons and for local jails.

The study found that racial disparities among prisoners persist. In the 25-29 age group, 8.1 percent of black men -- about one in 13 -- are incarcerated, compared with 2.6 percent of Hispanic men and 1.1 percent of white men. The figures are not much different among women. By the end of 2005, black women were more than twice as likely as Hispanics and more than three times as likely as white women to be in prison.

There were significant changes in some states' prison populations. In South Dakota, the number of inmates increased 11 percent over the past year, more than in any other state. Montana and Kentucky were next, with increases of 10.4 and 7.9 percent, respectively. Georgia had the biggest decrease, losing 4.6 percent of its prison population, followed by Maryland (2.4 percent decrease) and Louisiana (2.3 percent).

Analysis: High Bar Set In AIPAC Case (UPI)

By Shaun Waterman, Upi Homeland And National Security Editor

United Press International, December 1, 2006

WASHINGTON, Nov. 30 (UPI) -- The government has been set a high bar for conviction in the AIPAC secrets case -- prosecutors must show the two lobbyists charged under espionage laws knew that the disclosure of the material they allegedly passed to reporters and Israeli officials would hurt the United States.

The defendants, Steven Rosen and Keith Weissman, lobbyists for the American-Israel Public Affairs Committee, or AIPAC, are charged with conspiring with Department of Defense intelligence analyst Larry Franklin to leak U.S. secrets in an apparent effort to influence U.S. policy towards Iran.

In a transcript of a recent pre-trial hearing, made available Tuesday, the judge in the case made it clear that prosecutors must prove intention, or what lawyers call "mens rea" -- Latin for "a guilty mind" -- for every element of the conspiracy.

"The Court imposed the requirement that the government prove that the defendant knew the information ... would harm the United States," Judge Thomas Ellis told the Nov. 16 hearing, though prosecutors had asked that this requirement be lifted.

That is important, explains government transparency advocate Steven Aftergood of the Federation of American Scientists, because it means the defendants, if found guilty, will have been proved to have "the intention of hurting the United States."

"That distinguishes the activities with which they are charged from the routine activities of reporters and advocates," Aftergood told United Press International, "who may made trade in classified information," but don't so with the intention of harming U.S. security.

He called the bar set by the ruling "a considerable, possibly insurmountable obstacle" to the government.

In a statement announcing the indictment, prosecutors alleged that since at least April 1999, Rosen and Weissman had "use[d] their contacts within the U.S. government ... to gather sensitive U.S. government information, including classified information ... for subsequent unlawful communication, delivery, and transmission to persons not entitled to receive it."

The case has raised the hackles of civil liberties advocates who charge that zealous prosecutors are abusing an over-broad statute designed to punish spies to criminalize the everyday behavior of reporters, lobbyists, and researchers, all of whom occasionally trade in secrets, the stock-in-trade of Washington's back-room policy process.

Jonathan Turley, professor of law at George Washington University, told UPI that the prosecution had "radically expanded the practical scope of national security law." He said it had always been understood that government employees who leaked were in criminal jeopardy, but not the reporters -- or in this case lobbyists -- to whom they were leaking.

He said the case was an effort to "criminalize the act of simply receiving classified information."

Judge Ellis fueled those fears when told a hearing earlier this year that the law on its face applies to everyone: "academics, lawyers, journalists, professors, whatever."

The Department of Justice routinely declines comment on ongoing cases, but prosecutors have said in court filings that they "recognize that a prosecution under the espionage laws of an actual member of the press ... would raise legitimate and serious issues and would not be undertaken lightly.

Indeed," they conclude, "the fact that there has never been such a prosecution speaks for itself."

Rosen and Weissman's supporters say there is no difference between what they are charged with doing and what reporters and other members of what their lawyers call "the Washington policy community," do every day.

But the reality is more complex, according to former counter-intelligence officials who have followed the case.

They make a distinction between reporters -- who seek information about U.S. policy in order to publish it to illuminate public debate -- and the defendants, who are accused of using the information they obtained in a covert effort to influence U.S. foreign policy, including by passing it on to foreign government officials.

"This was a counter-espionage investigation," said one retired veteran, pointing out that it had been conducted by the counter-intelligence unit at the FBI's Washington Field Office.

"They were looking for spies. Those guys don't do leaks," he told UPI earlier this year.

The case was originally expected to come to trial this year, but due to its complexity, the date has been repeatedly deferred, according to Aftergood.

Judge Ellis now says he will reserve time in May and June 2007 for a possible trial.

He also said that a Justice Department investigation into who leaked word of the investigation to CBS News in August 2004 -- a full year before indictments were filed -- is "ongoing."

But defense lawyers said they had been told by "senior officials at CBS News" that no one there had been contacted about the investigation.

Nonetheless, the existence of that probe, and others confirmed by officials, including into the leaks about the existence of the National Security Agency's program of warrantless wiretaps aimed at suspected terrorists, raises concerns.

Critics like Turley accuse the administration of launching a "scorched earth campaign against whistleblowers."

He said the AIPAC case, the leak probes, and another investigation in which federal prosecutor Patrick Fitzgerald had sought to review the phone records of New York Times reporters, were all "part of a mosaic that threatens vital First Amendment institutions, like the press."

Federal Case May Redefine Child Porn (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, December 1, 2006

Justice Department indicts a photographer over a site that posted photos of clothed minors--a case that has raised First Amendment issues.

Jeff Pierson is a photographer whose action shots of hopped-up American autos laying waste to the asphalt at Alabama dragways have appeared in racing magazines and commercial advertisements.

Pierson's Web site boasted he has the "most wonderful wife in the world and two fantastic daughters." And until recently, he ran a business called Beautiful Super Models that charged $175 for portraits of aspiring models under 18.

In a federal indictment announced this week, the U.S. Department of Justice accused Pierson, 43, of being a child pornographer--even though even prosecutors acknowledge there's no evidence he has ever taken a single photograph of an unclothed minor.

Rather, they argue, his models struck poses that were illegally provocative. "The images charged are not legitimate child modeling, but rather lascivious poses one would expect to see in an adult magazine," Alice Martin, U.S. attorney for the northern district of Alabama, said in a statement.

Pierson's child pornography indictment arises out of an FBI and U.S. Postal Inspection Service investigation of so-called child modeling sites, which have been the subject of a series of critical congressional hearings and news reports in the last few years. An August article in The New York Times, for instance, called the modeling Web sites "the latest trend in child exploitation."

In addition to Pierson, the U.S. attorney also announced indictments against Marc Greenberg, 42, Jeffrey Libman, 39, partners in a Fort Lauderdale, Fla., business called Webe Web, which in turn ran the now-defunct ChildSuperModels.com site. It was one of the larger sites that featured photographs of child models, allegedly from Pierson, and became the target of a report on Florida's NBC6 affiliate suggesting that it was a magnet for pedophiles.

First Amendment scholars interviewed Wednesday raised questions about the Justice Department's attack on Internet child modeling. They warned that any legal precedent might endanger the mainstream use of child models in advertising and suggested that prosecutors' budgets might be better spent investigating actual cases of child molestation.

"I don't know what the DOJ's trying," said Lee Tien, an attorney at the Electronic Frontier Foundation, a civil liberties group. "The best I can say is that it's puzzling that they would devote investigative and law enforcement resources to something (like this). This is a far cry from what folks normally think of as child pornography."

The Web sites that prompted the indictments are now offline. But copies saved in Google's cache and through Archive.org show the photographs in question depicted girls wearing everything from sweaters to, more frequently, swimsuits and midriff-baring attire. Parents appear to have given their consent.

Richard Jaffe, Pierson's attorney, said he could not immediately comment because he was in court on Wednesday. Jill Ellis, a spokeswoman for the U.S. Attorney's Office in the northern district of Alabama, confirmed to CNET News.com that no nudity was involved. An arraignment for Pierson has been scheduled for December 14 before U.S. Magistrate Judge Robert Armstrong.

No sex, no nudity

Because no sex or nudity is involved, the prosecutions raise unusual First Amendment concerns that stretch beyond mere modeling-related Web sites: children and teens in various degrees of undress appear in everything from newspaper underwear advertisements to the covers of Seventeen and Vogue.

When actress and model Brooke Shields was 15 years old, for instance, she appeared in a racy Calvin Klein jean advertisement featuring the memorable line, "Nothing comes between me and my Calvins." Shields also appeared nude at 12

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years old in an Oscar-nominated movie called Pretty Baby that was set in a New Orleans brothel. Similarly, 14-year-old Jodie Foster, wearing revealing clothing, played a pre-teen prostitute in Martin Scorsese's Taxi Driver.

Sally Mann, named Time magazine's "photographer of the year" in 2001, was attacked by critics for featuring nude images of her own children in a book called Immediate Family. Famed photographer Jock Sturges' photos often feature nude boys and girls on the beaches of California and France--images that are far more revealing than those of swimsuit-clad youths.

All of that makes the distinction between legal child photography and illegal child pornography a particularly subjective one. It may come down to, as the Justice Department's Alice Martin put it, seemingly ephemeral factors such as the poses the model strikes and the camera angles the photographer chooses.

"Prosecuting cases on this borderline presents difficult First Amendment problems," said Amy Adler, a New York University law professor who has written about pornography, culture and the law. "The sexy teenager is sort of a mainstream trope. It's very different from babies being molested, and child pornography law doesn't make a distinction."

That's no exaggeration: The same section of federal law punishes a pedophile who makes a video recording of a baby being molested, as well as someone who possesses an image of a 17-year-old striking an unlawfully racy pose.

The explanation for that lies in a criminal statute called 18 USC 2252A, which Pierson is accused of violating. Child pornography is defined as the "lascivious exhibition of the genitals or pubic area of any person" under 18 years old.

Until a 1994 case called U.S. v. Knox, judges interpreted that language to mean either images of nude minors or of minors having sex. In that case, however, the 3rd U.S. Circuit Court of Appeals extended that definition to include videotapes of girls in leotards, and upheld Stephen Knox's conviction on child pornography charges.

"The genitals and pubic area of the young girls...were certainly 'on display' as the camera focused for prolonged time intervals on close-up views of these body parts through their thin but opaque clothing. Additionally, the obvious purpose and inevitable effect of the videotape was to 'attract notice' specifically to the genitalia and pubic area. Applying the plain meaning of the term 'lascivious exhibition' leads to the conclusion that nudity or discernibility are not prerequisites for the occurrence of an exhibition within the meaning of the federal child pornography statute," the 3rd Circuit wrote.

Courts have also looked to a 1986 case called U.S. v. Dost for guidance on what's "lascivious" and what's not. Among the factors they evaluate: whether the focus is on the child's genitalia or pubic area; whether the image suggests sexual coyness; and whether the visual depiction is intended or designed to elicit a sexual response in the viewer.

A crackdown's mixed results

Prosecutors have tried to target child modeling Web sites before, with mixed results.

In 2002, Colorado prosecutors charged James Grady with more than 719 felony charges--ranging from sexual exploitation of children to contributing to the delinquency of minors--for operating TrueTeenBabes.com. The Web site bills itself as "America's premier teen glamour publication" and sells subscriptions for access to nonnude shots of models between 13 and 17 years old.

TrueTeenBabes.com drew the attention of local television reporters, whose reporting sparked a police investigation. But a jury acquitted Grady, and he subsequently filed a lawsuit asking for $10 million in damages for wrongful arrest, according to the Rocky Mountain News. TrueTeenBabes.com is back online today.

In an unrelated prosecution of two Utah men, Matthew Duhamel and Charles Granere currently are facing federal criminal charges of child pornography. They're accused (click for PDF) of running a child modeling site--again, no nudity is alleged--that featured minors in lingerie.

They filed a joint motion in July, which was rejected, asking that the case be dismissed in part on First Amendment grounds. "It seems clear," the motion said, "that the genitals or pubic area of the person must be actually exposed or visible to fall within the proscription against exhibition."

The U.S. Congress tried to clear up some of the ambiguity around what is and what isn't legal but never actually enacted legislation.

In 2002, Rep. Mark Foley announced a bill called the Child Modeling Exploitation Prevention Act that would effectively ban the sale of photographs of minors. But under opposition from civil libertarians and commercial stock photo houses like Corbis, it never left committee. (Foley, of course, is the same politician who resigned in September after disclosures of inappropriate conversations with a teenage page.)

That leaves judges and juries faced with the difficult task of making distinctions between lawful and unlawful camera angles and facial expressions--an exercise that proves to be impossible to do without running afoul of the First Amendment.

"How do we distinguish pictures like these (on child modeling sites) from the everyday photos that our culture tolerates and even prizes?" said Adler, the NYU law professor. "For instance, who's modeling in Vogue? A lot of those people are 15 and in scantily clad or suggestive photos."

Judge Sentences US Attorney Who Challenged Common Police Internet Sex Sting (FINDLAW/AP)

AP, December 1, 2006

(AP) - KANSAS CITY, Missouri-A lawyer convicted in an Internet sex sting was sentenced to five years in prison, capping a legal battle that challenged a common tool police use to catch sexual predators online.

Moments after a federal jury convicted Jan P. Helder Jr. in August 2005, the judge set aside the verdict and ordered him acquitted.

U.S. District Judge Dean Whipple said Helder could not be guilty because the person he communicated with online was actually an undercover detective in Platte County, Missouri, not a 14-year-old girl as he had believed.

Defense attorneys in similar cases around the country had raised the same argument as such stings became a common tool for trapping Internet sexual predators. Whipple's ruling was believed to be the first in which the argument succeeded.

The 8th U.S. Circuit Court of Appeals in St. Louis on Wednesday reinstated the jury's verdict against Helder and sent the case back to Whipple for sentencing. The appeals court said the critical issue was that Helder thought he was seducing a minor, not whether the minor truly existed.

Helder, 43, will not be eligible for parole.

Immigration Official Pleads Guilty To Falsifying Documents (WP)

By Jerry Markon

The Washington Post, December 1, 2006

A Department of Homeland Security supervisor pleaded guilty yesterday to pocketing more than $600,000 in bribes in exchange for falsifying immigration documents to help Asian immigrants obtain U.S. citizenship.

Prosecutors said Robert T. Schofield issued fake documentation for hundreds of immigrants during an eight-year scheme he ran out of his Fairfax County office. Schofield, 57, was a supervisor for U.S. Citizenship and Immigration Services, which processes immigration applications, until he resigned in the past two weeks .

Court documents said Schofield employed a network of brokers who brought him immigrants needing citizenship, a green card or entry into the United States. Earning up to $10,000 per immigrant, he used some of the money to buy his $387,000 Fairfax home and to pay down the mortgage, the documents said. When Schofield was arrested in June, federal agents found $3,900 cash in his jacket pocket in his office.

When he was arrested, Schofield supervised a staff of nine at the agency's Washington District Office. He had been the acting assistant director for examinations from 1998 to 2004, supervising 50 employees.

Schofield was not asked by the judge to explain his actions yesterday in U.S. District Court in Alexandria when he pleaded guilty to bribery and unlawful procurement of citizenship or naturalization. His lawyers declined to comment. He faces up to 25 years in prison when he is sentenced Feb. 23.

"The breadth and scope of Mr. Schofield's fraud and corruption are truly stunning," said U.S. Attorney Chuck Rosenberg. He said Schofield had "undermined our efforts to secure our borders."

Court documents indicate that accusations against the 30-year federal employee were not new. Over the past decade, federal officials investigated numerous bribery allegations involving Schofield and Asian immigration applicants when he worked at the former Immigration and Naturalization Service, according to court documents unsealed when Schofield was charged in June.

Schofield was demoted at one point for "conduct unbecoming a government employee," the documents say, and had an "inappropriate relationship" with a woman connected to an INS criminal probe. When confronted about that relationship by INS officials, Schofield fled to East Asia, where he made $36,000 worth of unauthorized purchases on his government-issued credit card, according to court documents.

It remains unclear when Schofield returned to the United States, how the previous investigations ended and how Schofield became a supervisor when the Department of Homeland Security took over INS's functions in 2003.

Assistant U.S. Attorney Ronald L. Walutes said that the evidence against Schofield in the current case was overwhelming and that the government "very strongly opposes" an effort by defense lawyers to get him released on bond before his sentencing. Court documents said the government has identified 184 illegal immigrants who falsely received U.S. citizenship from Schofield, but Walutes said the government believes the actual number is in the hundreds. "We have to go out and arrest these people," Walutes said. "It's a huge endeavor."

Defense lawyer Alan Yamamoto said that Schofield plans to help his old office examine files he handled to show how many false documents were issued and that it would be easier if he was free.

U.S. District Judge James C. Cacheris disagreed and ordered Schofield back to jail after the hearing.

Ex-official Admits Immigration Fraud (WT)

By Jerry Seper
The Washington Times, December 1, 2006

A former U.S. Citizenship and Immigration Services (USCIS) official pleaded guilty yesterday in federal court in Virginia to charges of accepting more than $600,000 in bribes from the brokers and immigrants in a scheme to award citizenship and naturalization documents.

Robert T. Schofield, a supervisory district adjudications officer at the Washington district office at USCIS, entered the plea before U.S. District Judge James C. Cacheris.

U.S. Attorney Chuck Rosenberg in Virginia said Schofield's co-conspirator, Qiming Ye of Washington, previously pleaded guilty to immigration fraud and is scheduled for sentencing on Dec. 21. The charges to which Schofield pleaded carry a maximum of 25 years in prison.

According to court documents, Schofield was responsible for providing supervisory oversight of USCIS adjudicators and for researching the eligibility of people seeking immigration benefits, employment and legal status under the Immigration and Nationality Act.

Mr. Rosenberg said an immigration officer at USCIS provided Homeland Security's Office of Inspector General with a list of aliens who received from Schofield naturalization certificates to which they were not entitled. He said the officer reported numerous aliens appearing at naturalization ceremonies asking for or carrying paperwork with Schofield's name.

The records show that Schofield used brokers to bring aliens to him who were willing to pay for U.S. immigration documents, each of whom had other brokers who located aliens interested in paying $30,000 or more for immigration documents they could not obtain legally.

Mr. Rosenberg said one broker was Ye, who, as part of his written plea agreement, will surrender his U.S. citizenship, which he received from Schofield. Mr. Rosenberg said the brokers together received from the aliens more than $2.5 million, from which they paid Schofield for the immigration documents he supplied.

The prosecutor said the government identified 184 aliens who received U.S. citizenship papers from Schofield over the past 10 years without the legitimate right to them. As part of a plea agreement, Schofield agreed to forfeit his residence in Fairfax County, his bank accounts and his government Thrift Savings Plan investments.

"The breadth and scope of Mr. Schofield's fraud and corruption are truly stunning," Mr. Rosenberg said. "Mr. Schofield undermined our efforts to secure our borders and undermined the good work of the many men and women engaged in that critical endeavor."

Immigration Fraud Case Nets Guilty Plea (AP)

By Matthew Barakat
The AP, December 1, 2006

ALEXANDRIA, Va. - A former supervisor at the Department of Homeland Security pleaded guilty Thursday to accepting at least $600,000 in bribes to provide fraudulent citizenship documents to hundreds of Asian immigrants.

Robert T. Schofield, 57, who once supervised as many as 50 employees in the Citizenship and Immigration Services office in Fairfax, Va., pleaded guilty in U.S. District Court to bribery and to aiding and abetting the illegal procurement of citizenship.

He faces as many as 25 years in prison when he is sentenced in February. Prosecutors said they will seek the maximum sentence.

"We have to go out and arrest these people" who fraudulently obtained immigration and citizenship documents, said Assistant U.S. Attorney Ron Walutes. "It's a huge disruption."

Court records indicate that the government identified hundreds of people who in the past 10 years paid for and fraudulently received from Schofield authentic documents, including naturalization papers and temporary green cards establishing legal residence.

They paid money to immigration brokers, who cut Schofield in for a share of the profits. Court records indicate people paid as much as $30,000 apiece to the brokers for immigration documents. Brokers received at least $3.1 million cumulatively, of which Schofield received at least $600,000.

"The breadth and scope of Mr. Schofield's fraud and corruption are truly stunning," U.S. Attorney Chuck Rosenberg said in a statement.

A broker who paid Schofield, Qiming Ye of Washington, D.C., has pleaded guilty to visa fraud and awaits sentencing.

Another Ford Faces Corruption Charges (HC/AP)

By Woody Baird Associated Press Writer, The Associated Press
Houston Chronicle, December 1, 2006

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MEMPHIS, Tenn. — Two city councilmen, including the uncle of U.S. Rep. Harold Ford Jr., were charged Thursday with taking thousands of dollars of bribes in exchange for their votes to allow new billboards in the city.

Memphis council members Edmund Ford and Rickey Peete face federal charges that they took nearly $7,000 and $12,000, respectively, from an informant.

Edmund Ford comes from a prominent political family in Memphis: His brother is former U.S. Rep. Harold Ford Sr., the first black congressman in Tennessee, and his nephew is Ford Jr., the unsuccessful Democratic nominee for U.S. Senate in November.

The informant paid the council members between Aug. 30 and Oct. 27 in exchange for their votes on a real estate proposal and the repeal of a moratorium on putting up billboards in the city, the FBI said. The informant, whose identity wasn't released, made audio and video recordings of cash payments to the men, the charges said.

The informant began working with federal agents after he was indicted on criminal charges in an unrelated investigation, the charges against the councilmen said.

Peete and Ford each made initial court appearances Thursday and were released on their own recognizance. Neither Peete nor Ford returned phone calls seeking comment.

The charges carry a maximum punishment of 20 years in prison and $250,000 in fines.

Peete was convicted on a separate federal bribery charge in 1989 while on the Memphis City Council and was sentenced to 2 1/2 years in prison.

After serving his time, Peete's voting rights were restored and he was re-elected to the City Council.

The charges are unrelated to the 2005 public corruption sting that ensnared five former and current Tennessee lawmakers, including Edmund Ford's brother, state Sen. John Ford.

Councilmen Ford, Peete Arrested; Businessman Cooper Also Charged (MCA)

By Michael Erskine And Lawrence Buser

Memphis Commercial Appeal, December 1, 2006

Memphis City Council members Edmund Ford and Rickey Peete were arrested today on federal bribery charges in connection with a public corruption investigation dubbed "Main Street Sweeper."

The pair allegedly received cash payments — a total of $12,000 for Peete and $6,900 for Ford — for their support of a real estate development, including a billboard, along I-240 and for securing votes of other council members. Ford also helped in the ultimate repeal of a moratorium on billboards.

In addition, perennial political candidate and businessman Joe Cooper was charged with money laundering in a separate investigation called "Clean Sweep."

Peete had an initial court appearance today and was released on his own recognizance. Ford is expected to have his tonight. Cooper will make a court appearance Friday.

According to the affidavit concerning Peete, an informant who represented clients before the City Council had an ongoing relationship with Peete in which he made cash payments for Peete's influence.

The unnamed informant, who was facing federal criminal charges, agreed to cooperate with FBI and DEA agents.

The informant allegedly paid Peete a total of $12,000 over three occasions in his Beale Street office in September and October of this year. Peete serves as executive director of the Beale Street Merchants Association.

According to the affidavit, Peete repeatedly expressed concerns about law enforcement investigations, once asking if he had to worry about "those folks ... alphabet boys." On a sheet of paper, Peete wrote down "FBI."

The informant allegedly also paid Ford a total of $6,900 on three occasions at Ford's business, E.H. Ford Mortuary.

At one point, the indictment said Ford put the money from the informant in his pocket and said, "I'll drum up seven (votes) or make somebody walk out."

Cooper's money laundering charges are based on his receipt of $3,500 in cash and a money order as partial payment toward the purchases of automobiles by drug dealers. The indictment said the charges arose from a long-running narcotics investigation that has already resulted in indictments charging 26 defendants.

The indictments were announced in a news conference Downtown at 4 p.m. by U.S. Atty. David Kustoff; My Harrison, Special Agent in Charge of the Federal Bureau of Investigation; Andy Dimond, Resident Agent in Charge of the Drug Enforcement Administration; and Shelby County Sheriff Mark Luttrell.

Officials said "Main Street Sweeper" remains an active investigation.

Harrison had a warning for public officials on the take: "Tap, tap, tap. You never know where we're going to be."

Peete is serving is second stint on the council. In 1989, he resigned less than halfway through his first term after being convicted of extorting $1,000 from a developer in exchange for a favorable vote on a land-use case.

He served about two years of a 30-month sentence.

Cooper served on the Shelby County Quarterly Court, the predecessor to the County Commission, from 1972 to 1977.

Cooper resigned after being convicted of conspiracy to misapply bank funds. He served four months in prison.

Evidence Points To Cooper As FBI's Informant (MCA)

By Marc Perrusquia And Trevor Aaronson

Memphis Commercial Appeal, December 1, 2006

December 1, 2006 Politician-turned-car salesman Joe Cooper has been many things over the years -- County Squire, convict, lobbyist -- and now FBI informant.

Federal prosecutors declined to name the confidential informant who wore a wire to help bring corruption charges Thursday against City Councilmen Rickey Peete and Edmund Ford.

Advertisement

Yet sources close to the probe say it was Cooper, who also was charged Thursday, and prosecutors' documents all but out him.

Pieced together, a pair of FBI affidavits solve the puzzle.

One says an unnamed informant -- facing a criminal charge in a drug case -- began cooperating this summer, telling of favors he'd done for the councilmen, "including assisting in Ford's acquisition of a Cadillac with financing in the name of third person."

The second affidavit also describes the Cadillac acquisition, but this time provides a name for the person arranging the deal -- Cooper, who until January worked as a salesman at Bud Davis Cadillac.

According to the affidavit of FBI agent Daniel A. Netemeyer, Cooper told the FBI he sold Cadillacs to Ford and former County Commissioner Michael Hooks Sr. "and that because these purchasers had bad credit he found a co-signer for the financing of each purchase."

Those purchases, first reported in The Commercial Appeal last year, involved leases co-signed by controversial developer Rusty Hyneman.

Cooper, 61, could not be reached Thursday. U.S. Attorney's spokesman Leigh Anne Jordan said she couldn't comment on the identity of a confidential informant.

For Cooper, an ex-convict, charges of laundering money for drug dealers could land him back in prison unless his role as an informant buys leniency.

Cooper, the former right-hand man for the late millionaire businessman William B. Tanner, has been a fixture in Shelby County politics since serving on the Shelby County Quarterly Court -- a predecessor to the County Commission -- from 1972 to 1977, when he was forced to resign after being convicted on bank fraud charges and sentenced to one year in prison.

Upon his release, he helped Tanner build an empire around billboards, banking and car dealerships and served as a member of the Beale Street Merchants Association, whose president is Peete.

At the same time, Cooper became a perennial political candidate, running unsuccessfully for such offices as Shelby County Register and County Commission.

Cooper's job as a salesman gave him the opportunity to land in court once again.

In a criminal complaint released Thursday, DEA Task Force Officer Kevin Helms said Cooper used Cadillacs to help alleged drug dealer Korreco Green launder illegal proceeds.

Cooper registered a $37,875 Cadillac Escalade under a friend's name, then allowed Green to use the car after he made a $7,500 cash down payment and agreed to make monthly payments of $1,300.

Cooper allegedly served as a middleman for money laundering as well as drug shipments. Cooper knew he was playing a dangerous game, telling Green at one point that he needed to change his phone to prevent a wiretap, according to the criminal complaint.

Staff reporter Cindy Wolff contributed to this report.

Conviction Overturned In 1997 Rape, Slaying (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, December 1, 2006

Judge Cites Failure to Contest Confession

A Norfolk judge has ruled that a sailor convicted in a 1997 rape and murder should be retried or released because his attorney did not attempt to have the sailor's confession thrown out.

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Derek E. Tice, 36, is one of the convicted "Norfolk 4" sailors, who have launched a campaign to establish their innocence in the attack on Navy wife Michelle Moore-Bosko. Three of the four -- Tice, Danial Williams, 34, and Joseph Dick, 30 -- received life sentences for murder. Williams and Dick pleaded guilty. A fourth sailor, Eric Wilson, 29, was acquitted of murder but convicted of rape, served eight years, and has been released.

At one point, Norfolk authorities charged seven sailors in Moore-Bosko's rape and death, which occurred July 8, 1997, while her husband was at sea. But the defendants' DNA did not match DNA from the scene; their statements contained inaccuracies; and the Norfolk apartment yielded no evidence of a gang rape.

Then, an eighth man, Omar Ballard, confessed and said he had acted alone. And his DNA did match. Prosecutors dismissed charges against three of the sailors and went to trial against Tice and Wilson.

Last year, lawyers agreed to take on the cases of Tice, Williams and Dick at the request of the Innocence Project, which works on behalf of inmates the group believes were wrongly convicted. The group filed clemency petitions with the governor late last year, contending in part that the men were coerced into falsely confessing. The petitions are pending.

But Deborah L. Boardman, a Washington attorney for Tice, also filed a civil habeas corpus suit alleging that Tice was being illegally imprisoned. In particular, she asked how Norfolk homicide detectives obtained Tice's incriminating statement and whether Tice's attorney did enough to suppress it. Such suits rarely succeed.

After being warned against self-incrimination, Tice agreed to talk to two detectives. Then he was turned over to another detective, Randy Crank. According to Crank's notes, Tice told Crank that he had decided "not to say any more; that he might decide to after he talks with a lawyer or spends some time alone thinking about it."

Crank did not question Tice again. But the first two detectives resumed questioning, and Crank apparently did not tell them of Tice's comment, according to Norfolk Circuit Court Judge Everett A. Martin Jr.'s ruling.

Tice's "right to silence was not scrupulously honored," Martin wrote.

Tice was represented at trial by James O. Broccoletti and Jeffrey R. Russell of Norfolk, experienced criminal defense lawyers. Broccoletti testified at a hearing in September that "there must have been some reason I didn't file" a suppression motion, but he couldn't remember why.

"I find," Martin wrote, "there is a reasonable probability the jury would have acquitted [Tice] if his confession had not been admitted into evidence." He concluded that Tice's right to competent, reasonable assistance of counsel had been violated.

Tice's father, Larry Tice of Clayton, N.C., said the ruling "just goes to prove what I've known for years, that these men are innocent."

Assistant Attorney General Stephen R. McCullough said the state would appeal to the state Supreme Court. If the state loses on appeal, the Norfolk commonwealth's attorney would have to decide whether to retry the case.

Moore-Bosko's parents, Carol and John Moore of Pittsburgh, said they were "profoundly disappointed" by the ruling and believe that the evidence is clear that Tice raped and murdered their daughter.

Attention: Tim Kaine (WP)

The Washington Post, December 1, 2006

THIS WEEK, a judge in Norfolk threw out the conviction of Derek E. Tice, who is serving a life term in Virginia for rape and murder. The decision by Judge Everett A. Martin Jr. should move Gov. Timothy M. Kaine (D) to examine one of the most disturbing potential miscarriages of justice the commonwealth has seen in a long time.

Mr. Tice is one of four Navy sailors prosecuted for the 1997 rape and murder of a Navy wife, Michelle Moore-Bosko. All four confessed but now say their confessions were coerced with aggressive interrogation and threats of the death penalty. All have asked Mr. Kaine to free them, and they have made what seems a powerful case for their innocence. Yet for technical reasons, Mr. Tice is the only one who still has recourse to the courts -- which have now declared his conviction unconstitutional. Mr. Kaine is the only possible source of justice for the others.

The case of the "Norfolk 4" puts the governor in a difficult position. Almost all the evidence that collectively casts doubt on the convictions was available at the time police accused Mr. Tice, Joseph J. Dick Jr., Danial J. Williams and Eric C. Wilson of gang-raping and killing Ms. Moore-Bosko. What's more, in addition to confessing, two of the sailors pleaded guilty. Governors should not lightly overturn convictions under such circumstances.

But this case is extraordinary. Aside from the confessions, no evidence implicated anyone except a man named Omar Ballard, whose DNA was found at the scene. No physical evidence suggested more than one attacker. No DNA evidence linked any of the four sailors to the crime. The evidence was so weak that three other sailors initially charged had to be let go when they did not confess. For his part, Mr. Ballard made clear, even as police were focused on the sailors, that he had acted alone. He wrote in a letter: "Guess who did that Me. HA HA." And he told police as much when they asked him. He later changed his story and was spared the death penalty after pleading guilty to rape and murder. More recently, however, he has returned to his

original version: "None of the other individuals who were charged with raping or killing Michelle were there or involved in any way," he said in an affidavit.

Judge Martin's opinion does not address Mr. Tice's guilt or innocence. It does, however, make clear that police interrogated him with improper aggressiveness -- continuing after he had unambiguously asserted his right to stop answering questions.

The attorney general's office has announced that it will appeal the decision. And Mr. Kaine's office says the governor will not move on the clemency requests until all judicial proceedings are finished. That's wrong. Messrs. Dick, Williams and Wilson -- Mr. Wilson was convicted only of the rape and has been released -- have no judicial process available to them. Their petitions for clemency have been pending for more than a year. Given the magnitude of the injustice they claim, it's time Mr. Kaine gave them an answer.

Ryan Gets Bail While Appealing Fraud Case (AP)

By Mike Robinson

AP, December 1, 2006

CHICAGO - In a stunning decision, a federal appeals court has ruled that former Gov. George Ryan does not have to start his 61/2-year prison sentence as scheduled and may remain free on bond pending appeal.

But the appeals court said in its ruling Tuesday that if it upholds the racketeering and fraud conviction handed down by a federal court jury last April, the 72-year-old Ryan must go immediately to prison.

The appeals court's decision represented a setback for federal prosecutors who had argued that Ryan should start serving his sentence Jan. 4, as ordered by U.S. District Judge Rebecca Pallmeyer.

Prosecutors said there was little chance the guilty verdict reached after a six-month trial before Pallmeyer would be overturned on appeal, so Ryan should start his sentence as scheduled.

But Ryan's lawyers argued that the tumultuous jury deliberations at the conclusion of the case - in which two jurors were dismissed and replaced with alternates because of police records - were badly flawed. They said the likelihood the conviction eventually will be thrown out due to jury problems justified granting bond to Ryan.

A spokesman for the U.S. attorney's office, Randall Samborn, said Wednesday that the government would have no comment on the U.S. 7th Circuit Court of Appeals decision.

Reporters did not realize the ruling had been issued Tuesday until Wednesday morning.

Dan K. Webb, chairman of Chicago's Winston & Strawn law firm and leader of the Ryan defense team, issued a statement saying that "Gov. Ryan is grateful that the United States Court of Appeals for the 7th Circuit entered an order allowing him to remain free on bond pending appeal."

Webb noted that such decisions by the court are very unusual.

Longtime Ryan friend and businessman Larry Warner also was convicted in the trial. The appeals court's decision did not involve Warner or his 31/2-year prison sentence.

The four-page decision contained no explanation of the order.

"Appellant Ryan is granted bail pending the disposition of his appeal in this court," the order said. "If the judgment is affirmed the grant of bail will end automatically, without waiting for this court to issue its mandate." It said Ryan's legal team would get no extension to file briefs, signaling that the court wants no long delays.

The order was issued by a three-judge panel consisting of Chief Judge Frank H. Easterbrook and Judges Terence T. Evans and Diane S. Sykes.

Attorneys said there was no way to predict how long the appeals court would take to uphold Ryan's conviction or grant him a new trial. But the order suggested that Ryan will remain free pending that decision.

There was nothing in the order itself to hint at how the court might rule on Ryan's appeal. But prominent Chicago defense attorney Rick Halprin, who had predicted Ryan would get the unusual appeal bond, said the decision was guaranteed to rekindle hope within the Ryan camp.

"If you're George Ryan you have to be very encouraged by this," said Halprin, who does not represent anyone involved in the case. But he said the decision to grant bond was not "a sure predictor of what will happen."

Ryan was accused of steering lucrative state contracts, leases and other benefits to lobbyists and business friends who in turn provided him with gifts ranging from vacations in Jamaica to a free golf bag.

The former governor, known nationally for declaring a moratorium on the death penalty in Illinois, also was accused of using state employees and taxpayer dollars to run his political campaigns and other offenses.

On Wednesday, state officials stripped him of a $197,000 annual pension, ruling that the conviction wiped out benefits built up from a 35-year career in public office.

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Much of the evidence in the case involved actions taken by Ryan when he was secretary of state for eight years in the 1990s before his 1998 election as governor. The husky-voiced, snowy-haired Republican maintained to the end that nothing he did while in office violated the law.

Appeal bonds are unusual. Most criminal defendants in federal cases who are sentenced to prison must start serving their sentences soon afterward while their lawyers fight their appeals. Ryan's lawyers argued that the problems involving the Ryan jury made his case "a close call."

Pallmeyer suggested to lawyers in the case that her decision to replace jurors after eight deliberation sessions might well be considered an error by the 7th U.S. Circuit Court of Appeals.

Besides the jurors who were replaced, Ryan's lawyers cited a juror who brought legal papers she found on the Internet into the jury room.

In a 102-page September ruling in which she denied bail to Ryan, Pallmeyer said the jury problems were not serious enough to suggest that an appeals court was likely to overturn the conviction.

"When the alternates were initially excused the court directed that they not consider media attention until they learned that the verdict was returned," Pallmeyer said. Thus they were not biased by publicity surrounding the case after the verdict.

She said questioning of the alternates who were brought in showed that they "had not in fact been unduly exposed to trial publicity or the comments of third parties." She said the legal papers brought in by one of the jurors did not amount to enough to fatally prejudice the other jurors.

Ruling Gives Ryan Hope (CHIT)

By Rudolph Bush, Matt O'connor, And Ray Long, Tribune Staff Reporters. Tribune Staff Reporters Bob Secter And Jason George Contributed To This Report

Chicago Tribune, December 1, 2006

Video: Ryan granted appeal bond

A ruling that former Gov. George Ryan can remain free on bail during the appeal of his corruption conviction gives him a measure of hope that he ultimately may be vindicated.

The decision made public Wednesday by a three-judge panel of the 7th Circuit U.S. Court of Appeals spares Ryan from having to surrender to prison early next year as scheduled.

"It's a Christmas blessing," former First Lady Lura Lynn Ryan said from the doorway of the family's Kankakee home.

But several jurors who convicted Ryan in April considered the news a slap in the face.

"If you wanted me to speak of my emotions, you couldn't print it," said James Cwick, 23, of Glen Ellyn. "The proof of his guilt is there. He should be going to jail on Jan. 4."

The news wasn't all good for Ryan Wednesday. In Springfield, the seven-member General Assembly Retirement System voted unanimously to permanently cancel Ryan's $197,000-a-year pension because of his conviction.

The appellate court panel's ruling was short--a few legalistic sentences--and offered no explanation of the reasoning behind the decision. It overturned a ruling by U.S. District Judge Rebecca Pallmeyer denying Ryan freedom on appeal. But Ryan's lawyers had argued tumultuous jury deliberations raised significant legal questions that could result in a reversal of his conviction and a new trial.

The ruling gives Ryan reason to take heart, according to veteran criminal-defense lawyers who have regularly argued before the 7th Circuit.

The panel "decided that there's a realistic possibility or probability of appellate vindication," said attorney Allan Ackerman.

But Ryan has a long way to go to see the verdict against him overturned, the attorneys said.

The panel that granted Ryan a bond pending his appeal likely will not be the same group of judges that ultimately hears his appeal.

That panel will consider more thorough written arguments from prosecutors and Ryan's attorneys and likely will hear oral arguments as well. The appeals process typically takes months, if not longer.

`Completely new look'

"The judges who will hear his appeal ultimately will take a completely new look at it," said Joel Bertocchi, an attorney who specializes in appellate law.

And if Ryan's conviction is ultimately upheld, his bond will immediately be revoked, the appellate court ruled.

The ruling was the latest twist in a trial marked by extraordinary events.

Ryan was convicted in April on sweeping corruption charges that, as secretary of state and governor, he doled out sweetheart deals to friends and used state resources and employees for political gain. He was to begin serving a 6 1/2 year sentence on Jan. 4.

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While the jury was deliberating, the Tribune reported that two jurors, Evelyn Ezell and Robert Pavlick, had concealed a history of run-ins with the law--information they should have revealed to the court months earlier, during jury selection.

After conducting her own investigation, Pallmeyer removed the jurors and replaced them, starting deliberations anew.

Before she was removed, Ezell was holding out against convicting Ryan.

After Ryan was convicted, his lawyers argued that he should remain free because of Pallmeyer's decision to replace the jurors.

They also argued that juror Denise Peterson did independent legal research.

In October, Pallmeyer denied appeal bonds for Ryan and his co-defendant, Lawrence Warner. She ruled that her decision to replace two jurors during deliberations likely would hold up on appeal.

The appellate court overruled Pallmeyer on Ryan's bond but did not consider bond for Warner because he has not requested it.

Warner, who was sentenced to 3 1/2 years, said Wednesday that he didn't ask for the bond because, unlike Ryan, he felt defeated.

Ryan "always thought it would come through, but he was the only one," Warner said.

Several jurors who convicted Ryan are eager to see the appeals court uphold their verdict--in part because turmoil in the jury room led to Ryan's receiving the appeal bond.

Peterson was incensed that Ryan received bond based in part on arguments that she acted improperly.

"I don't know how he can sleep at night," Peterson said of Ryan. "His guilt is absolutely clear cut. It's ridiculous that this man is being allowed to stay free."

Ezell thrilled by ruling

Ezell said she was thrilled by the ruling.

"I think that's great news," she said. "I am so happy for him. The verdict was a miscarriage of justice."

At Ryan's Kankakee home, meanwhile, there was jubilation.

"We're very, very happy," Lura Lynn Ryan said, declaring her husband's innocence. Ryan, who was in the house, did not speak to reporters.

Later, as the sun set, she came outside to turn on the family's Christmas lights, illuminating a manger set up in the front yard.

Her comments came less than hour before the General Assembly Pension System board decided to revoke Ryan's pension.

Former Gov. James Thompson argued unsuccessfully before the board two weeks ago that Ryan should be allowed to keep the portion of his pension he earned before he became secretary of state in 1995.

Since leaving the governor's office in 2003, Ryan has collected $630,000 from the state pension fund, said Timothy Blair, acting executive director of the pension system.

Ryan will not be required to return that money and "is eligible to be refunded the $235,508 he paid into the system."

After the meeting, Rep. Kurt Granberg (D-Carlyle), the board's chairman, said voting to deny Ryan's benefits was the "only legal recourse" the board had, saying members had the responsibility to take action.

"The whole policy was to serve as a deterrent" to other public officials from breaking the law, Granberg said.

Rep. Lee Daniels (R-Elmhurst), another board member, said the board "followed the law." But he added he had "tremendous" feelings for Ryan.

"This is a very good friend of mine," Daniels said. "It's a difficult time right now. I send my feelings and compassion to the governor and his family. It's a very sad time."

Lobbyist Tony Leone, a longtime friend of Ryan's who served as his clerk of the House, monitored the hearing for Ryan and said the former governor expected the decision.

`Only source of income'

"It's devastating because that's his only source of income other than Social Security," Leone said.

Though Ryan lost his pension, his legal representation won't suffer as he continues to receive the free services of star defense lawyer Dan Webb and a team of attorneys at Winston and Strawn.

Warner, his longtime friend who was convicted alongside him, said Wednesday that heavy legal bills were among the reasons he decided not to seek an appeal bond.

He added that he now might seek an appeal bond for himself.

"I'm starting to get encouraged about the appeal," Warner said. "I was so beaten after the sentencing I would have walked right into jail to get it over with."

Bertocchi cautioned that Ryan's victory doesn't mean the appeal will succeed.

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"It is certainly good news for Ryan, but he is not out of the woods," he said.

The 7th Circuit reverses only a small percentage of the cases it hears, veteran defense attorneys said.

How long Ryan will have to wait before he learns his ultimate fate is unclear.

The appeals court appeared to send a strong message that it won't let Ryan's appeal drag on inordinately despite the marathon, six-month trial and its potential issues.

No additional time

In its order, the court noted that Ryan's lawyers wouldn't be able to seek delays by asking for additional time to file their legal brief.

As part of the schedule set weeks ago, the defense must file its papers by Dec. 14, little more than two weeks away.

Briefing would be completed by the end of January. That could open the way for the court to hold oral arguments on the appeal by as early as mid-March.

But other recent high-profile criminal cases have taken two years or more to be decided on appeal.

The 7th Circuit upheld former Cicero Town President Betty Loren-Maltese's fraud conviction in September 2005, more than two years after she filed her appeal in January 2003.

The court took 22 months to decide the appeal of former Chicago police Deputy Supt. William Hanhardt, convicted of heading a jewelry-theft ring.

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Chanos Asks FBI To Take Over Walters Land Deal Investigation (KLAS)

KLAS-TV, December 1, 2006

This week on Face to Face with Jon Ralston, Attorney General Goerge Chanos said the matter might go to a Grand Jury because the investigation found a pattern of favoritism over the deal.

Billy Walters told the I-Team's George Knapp Thursday that Chanos may have had a stake in the deal to turn Royal Links Golf Course into a housing development.

A day after the I-Team's George Knapp interviewed land developer Billy Walters, the FBI is now involved in the case.

Eyewitness News political analyst Jon Ralston reported that Attorney General George Chanos met Thursday morning with FBI agents and asked them to take over the investigation of Walters' dealings with the city of Las Vegas.

This is the latest round in what's becoming an increasingly nasty fight between A.G. George Chanos and Billy Walters. It all stems back to a proposal to turn Royal Links Golf Club into a housing development.

Chanos is asking the FBI to take over because he believes Walters has made him a potential witness in the case. He denies any wrongdoing.

During an exclusive interview with the I-Team's George Knapp, Walters claimed Chanos was potentially involved in the Royal Links deal. Walters says it was a Chanos' business partner who originally came up with the idea to turn the golf course into housing development.

Chanos says that's not true, but Walters' comments have created a conflict of interest. He also wants the feds to look into the possibiliity of bid rigging.

The city originally signed off on the deal and agreed to have Walters pay $7 million to remove a restriction, which would allow home construction. But the decision was reversed after Chanos launched an independent investigation amid allegations Walters' deal with the city was too good.

No criminal charges have been filed, but an investigation by a California law firm found a pattern of favoritism by the city. Walters did not participate in that investigation.

"What was told to me was that Chanos, the attorney general, has been Brett Torino's business partner, his attorney for many years, and that Torino raised $180,000 for him for his re-election campaign and they're married at the hip. Once I heard that, it was obvious to me it was part of his motivation for him and Torino to get even with me because I wouldn't sell my property to Torino," Walters told the I-Team's George Knapp.

Chanos says he's willing to take a lie detector test to answer Walters' claims.

The FBI will have to look into the case before deciding whether to investigate. If they don't, Chanos says he hopes his successor, Catherine Cortez Masto, will.

Walters said Thursday that he is willing to cooperate with her if she conducts the investigation.

This week on Face to Face with Jon Ralston, Chanos said the matter might go to a Grand Jury because the investigation found a pattern of favoritism over the deal.

Nevada Attorney General Wants FBI Probe (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, December 1, 2006

CARSON CITY, Nev. (AP) - Attorney General George Chanos says he met Thursday with a top Nevada FBI agent to seek a federal probe of developer Billy Walters' efforts to build up to 1,200 homes on land in Las Vegas that was supposed to be left open.

Chanos said that in his meeting with Steve Martinez, special agent in charge of the FBI's Las Vegas office, he also asked for a review of Walters' allegations that Chanos may have been involved in a deal with developer Brett Torino to get the same land.

"I told Mr. Martinez that I would be happy to take a polygraph, and testify under oath before a grand jury that what Walters said about me is absolutely false," Chanos said.

The attorney general said that in his private law practice he had represented Torino but had no business dealings with him and was unaware of any interest that Torino had in getting the Royal Links golf course land until Walters made his allegations.

Chanos said Martinez told him that the FBI will go through a review process before deciding whether to investigate the matter. He added that if the FBI doesn't move ahead, he'd encourage Catherine Cortez Masto, the state's incoming attorney general, to investigate.

Walters on Wednesday told KLAS-TV in Las Vegas that he had refused to sell the Royal Links property to Torino and as a result both Torino and Chanos wanted to "get even with me." He added that Chanos should be investigated.

Local government decisions favoring Walters were condemned in a 157-page report released in October - and Chanos, who sought the report, warned at the time that he could take legal action in the case.

Chanos said the report demonstrated "years of irregularities and failures by certain (Las Vegas) city employees in negotiating the lease of land, the transfer of water rights and the eventual sale of the land to Mr. Walters."

Chanos also said the November 2005 lifting of a deed restriction to let Walters build up to 1,200 homes on land that was supposed to be left open violated Nevada's Public Purpose Doctrine. The Las Vegas City Council later rescinded the decision.

The report, produced by the San Francisco-based Senn Meulemans law firm at a cost of $265,000 to the state, noted that investigators lacked subpoena powers and Walters and Richard Goecke, the city's former public works director, refused to fully cooperate.

Las Vegas police determined that Goecke may have committed felonies with decisions that benefited Walters, although Goecke denied trading favors with Walters. No charges were filed against him after prosecutors determined that statutory limitations had expired.

The 160-acre land parcel that Walters acquired for his golf course in 1999 was supposed to be a buffer between the city's water pollution control facility and any residential development.

Walters paid $854,000 for the land, and recently agreed to pay another $7.2 million in exchange for erasing the deed restriction prohibiting the homes. The land now has a value of at least $35.6 million, according to appraisals done for the city.

2 Wall Street Chiropractors Charged With Fraud (AP)

By Larry Neumeister, The Associated Press

AP, December 1, 2006

NEW YORK (AP) — Two Wall Street chiropractors were arrested Thursday on charges that they defrauded health care programs for the last six years by charging for services that were never provided.

Christopher Green, of Wantagh, and Michael Horowitz, of Marlboro, N.J., even submitted forms to insurance companies for services they claimed to have provided when they were out of town, according to a complaint in U.S. District Court in Manhattan signed by FBI Special Agent Shawn R. Mullen.

The probe into Green, 39, and Horowitz, 38, began after an FBI representative was told at a summer 2005 meeting of the National Health Care Antifraud Association that Green had billed Oxford Health Plans about $172,000 for treating Horowitz and Horowitz's wife, Mullen said.

"This amount was unusually high, and I was assigned to investigate for possible fraud," he said.

Mullen said he learned that Horowitz visited Green 230 times in 2002 while Horowitz's wife visited Green 229 times at Wall Street Chiropractic the same year even though she lived far away in Monmouth County, N.J. The business, located on Wall Street, had opened in February 2002.

"Monmouth County is over 50 miles from Wall Street Chiropractic, which would mean that Mrs. Horowitz traveled over 100 miles a day, several days a week, to see a chiropractor," Mullen said.

The agent said Green was licensed as a chiropractor in August 1992 while Horowitz was licensed in 1995.

The men were charged with fraud and mail fraud. Each was released on $150,000 bail after an initial court appearance Thursday.

Maurice Sieradzki, a lawyer for Horowitz, said he had no immediate comment. Bruce S. Rosenberg, a lawyer for Green, did not immediately return a telephone message for comment. The phone at Wall Street Chiropractic rang unanswered Thursday afternoon.

The chiropractors were accused of submitting false claims for reimbursement to health plan providers including Oxford Health Plans, Empire Blue Cross Blue Shield, Aetna and Cigna.

Mullen said he studied records of health care insurance providers who reimbursed them for claims submitted from January 2000 to the present, discovering that some patients visited Green an abnormally high number of times.

The agent said some patient data had been falsified, with information copied from one to another about items such as medical history, surgical history and allergies.

Mullen said two members of the state Board of Chiropractic Examiners who authored the handbook for chiropractic practice in New York confirmed his belief that the number of visits of some patients, including Horowitz and his wife, was highly excessive.

Bust 2 Docs In Fraud Scam (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, December 1, 2006

Two Wall Street chiropractors were nabbed in a massive fraud scheme yesterday, accused of billing for 460 bogus visits by one of the defendants and his wife in the same year, Manhattan federal prosecutors said.

Christopher Green, 39, of Wantagh, L.I., and Michael Horowitz, 38, of Marlboro, N.J., were arrested early yesterday after an investigation by the FBI found they had duped private insurance companies out of hundreds of thousands of dollars.

The feds say Green submitted claims for an undercover FBI agent on two days the agent hadn't even visited his offices at 80 Wall St.

The partners were accused of using the identical diagnosis for different patients and suggesting one treatment that would have caused debilitating injuries had it been tried. Agents said the doctors recommended that a patient with a metal rod implanted in the spine receive electric stimulation.

Experts consulted by the FBI said such a procedure was a bad idea.

Agents became suspicious last year when they discovered that Green had billed $172,000 to treat Horowitz and his wife. Green billed for 230 visits by Horowitz in 2002 and another 229 for Horowitz's wife, Cecilia, the same year, the indictment claims.

FBI special agent Shawn Mullen said that "would mean that Mrs. Horowitz traveled over 100 miles a day, several days a week, to see a chiropractor."

Priest Pleads Guilty In Child Porn Case (NSDY)

By John Moreno Gonzales, Newsday Staff Writer

Long Island Newsday, December 1, 2006

A Catholic priest based in Roosevelt pleaded guilty Thursday to possession of child pornography and acknowledged grappling with sexually compulsive behavior years before his arrest.

Thomas G. Saloy admitted in a steady voice to Judge Joseph F. Bianco that he kept at least three sexually explicit images of minors in his rectory computer. The felony plea could cost Saloy, 45, up to 10 years in prison or a psychological treatment facility. He was suspended by the church after his Nov. 17 arrest and has been confined to a psychological ward at Mercy Medical Center in Rockville Centre since then.

"After the FBI investigation began, I took an overdose of pills and slit my wrists," the slightly built cleric said, looking straight at the judge who asked him several questions about his mental state in preparation for sentencing on March 23.

Saloy served for nearly a decade at Our Lady of Grace Roman Catholic Church in West Babylon before transferring to Queen of the Most Holy Rosary Church in Roosevelt earlier this year. He told the judge in the same matter of fact voice that he sought counseling for sexual impulses as early as 2000, when he joined Sexual Compulsives Anonymous.

"What you see is a person who is accepting responsibility," Saloy's lawyer, Peter Rubin of Rockville Centre, said after the plea in U.S. District Court in Central Islip.

But Barbara Dorris, outreach director of SNAP, the Survivors Network of those Abused by Priests, wondered if that were true.

"We're glad that Father Saloy has admitted his sex crimes and compulsions, and hope he is telling the full truth," she said. "We also hope that his parishioners and colleagues ask others, especially children, if Father Saloy ever hurt them."

Sean Dolan, a spokesman for the Diocese of Rockville Centre, said "nothing indicated Father Saloy had any such compulsion" before his arrest.

"We've been transparent with all the parishes that Father Saloy has served in and raised awareness of sexual abuse," Dolan said.

Saloy was ordained in 1988 and has also served at St. Mary's Roman Catholic Church in East Islip and the Parish of St. Raphael in East Meadow.

At the time of his arrest, prosecutors said Saloy stored 1,300 sexually explicit images of minors on his rectory computer. But in court Thursday, prosecutor Allen L. Bode acknowledged that many of the images were duplicates or items that Saloy had not actively solicited.

But Bode emphasized that he could prove Saloy downloaded at least three items and had viewed one video of child pornography just days before his arrest.

Bianco ordered that Saloy be held for now at St. Luke Institute in Silver Spring, Md., a facility that has treated clerics for sexual disorders. Bianco ordered that he have no access to children, the Internet or the outside world while there.

Long Island Priest Pleads Guilty To Possessing Child Porn (NSDY/AP)

Long Island Newsday, December 1, 2006

CENTRAL ISLIP, N.Y. (AP) _ A priest who collected hundreds of child pornography images off the Internet for 2 1/2 years pleaded guilty Thursday in federal court to possessing them.

Thomas G. Saloy, 45, an administrator of the Queen of the Most Holy Rosary Church in Roosevelt, entered his plea in U.S. District Court after originally pleading not guilty on Nov. 17.

"It was a very good plea offer, allowing immediate access to psychiatric therapy and other required treatments," said Saloy's lawyer, Peter M. Rubin.

Rubin said the good deal reflected Saloy's "limited activity."

During the hearing, the Roman Catholic priest admitted having more than 600 illegal images on his computer.

Saloy was scheduled to be sentenced March 23; he faces a maximum of 10 years imprisonment, a life term of supervised release and a $250,000 fine.

Saloy was arrested Nov. 17 after he was snagged in a federal probe looking into the trading of child porn via the AOL Internet service.

FBI agents seized computer equipment near Milwaukee last year and found an e-mail from Saloy depicting sexually explicit images of boys. That prompted authorities to open an investigation into Saloy, who was assigned to a church in West Babylon at the time.

In September and October of this year, authorities said, Saloy contacted an undercover detective who was posing as a 16-year-old boy in an AOL chat room.

The two had sexually explicit conversations, prosecutors said, and Saloy asked the detective to send him child porn.

On Nov. 6, the FBI and the Suffolk County Police Department raided Saloy's rectory residence and confiscated his computer, which contained images and videos of children engaged in sexually explicit conduct.

Saloy was ordered to remain at a secure hospital psychiatric ward. The judge said he can obtain psychiatric treatment at a program for sex offenders in Silver Spring, Md., while subject to electronic monitoring.

Guilty Plea In Theft Of Roosevelt's Gun (NSDY/AP)

By Dino Hazell, Associated Press Writer

Long Island Newsday, December 1, 2006

NEW YORK -- A man who stole the gun Theodore Roosevelt used in the Spanish-American War's most famous battle has pleaded guilty to violating a law designed to protect cherished U.S. antiquities, prosecutors said.

"Today's guilty plea effectively ends a 16-year-old mystery, and a treasured piece of American history has been returned to the public," U.S. Attorney Roslynn Mauskopf said Thursday in a statement.

Roosevelt carried the 1892 double-action six-shot revolver when he was serving as the regimental commander of the Rough Riders during the charge up Cuba's San Juan Hill in 1898.

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The gun, which was valued at up to $500,000, was stolen in April 1990 from the Sagamore Hill National Historical Site, Roosevelt's former home in Oyster Bay, N.Y. The revolver had been in a display case that had no alarm.

The FBI recovered the gun this year. It was returned to Sagamore Hill, which was Roosevelt's home from 1885 until his death in 1919.

Anthony Joseph Tulino, a postal worker from DeLand, Fla., who was living in New York, pleaded guilty to a violation of the American Antiquities Act of 1906, which Roosevelt signed into law. It prohibits the theft of relics from U.S. government property.

Tulino, 55, faces up to 90 days in jail and a $500 fine.

A telephone at the office of Tulino's attorney, Thomas Sommerville, rang unanswered Thursday night, and Sommerville didn't immediately return an e-mail seeking comment. He had declined to comment when his client was charged earlier this month.

Police were tipped off after Tulino's best friend saw the gun, which was kept in a closet at his Florida home.

The .38-caliber Colt revolver originally was acquired by the U.S. government for the Navy in 1895. It was in the armory of the USS Maine when the battleship mysteriously sank in Havana Harbor on Feb. 15, 1898, leading to the war. It was recovered during a salvage mission by one of Roosevelt's relatives, who gave it to him.

An inscription on the revolver reads, "July 1st, 1898, San Juan, Carried and Used by Colonel Theodore Roosevelt, From the Sunken Battle Ship Maine."

Central Islip: A Plea In Historic Gun Theft (NYT)

By Jennifer 8. Lee

The New York Times, December 1, 2006

A man pleaded guilty yesterday to the theft of a revolver believed to have been used by Theodore Roosevelt during his charge up San Juan Hill in the Spanish-American War, federal prosecutors said. They said the man, Anthony Joseph Tulino, 55, stole the revolver from a display case at the Sagamore Hill National Historical Site in Oyster Bay in April 1990. It was recovered this year by the F.B.I. Mr. Tulino pleaded guilty in Federal District Court to violating the American Antiquities Act of 1906, which Roosevelt himself signed into law. The value of the firearm, an 1892 Colt .38-caliber revolver, is estimated at $250,000 to $500,000.

Violent Crimes Leap In City (MJS)

By John Diedrich

Milwaukee Journal Sentinel, December 1, 2006

Robbery, assault wave is among worst in U.S.

New York - Milwaukee is among the leaders in a spike in violent crime being reported this year in numerous cities across the country, according to figures presented at a conference here this week.

In the first six months of 2006, robberies were up 36% and aggravated assaults were up 31.6% compared with the same period in 2005, according to a survey published by the Police Executive Research Forum. Of the 55 U.S. police departments in the survey, only Minneapolis had a higher combined increase in those categories.

Certain cities, especially the largest, have not had a similar rise in violence, prompting some experts to caution that more data is needed before concluding that the nation as a whole is seeing a new wave of crime.

Others, however, are convinced that crime is on an upward trend.

"I think there is something important going on out there," David Kennedy, director of the Center for Crime Prevention and Control at the John Jay College of Criminal Justice, which hosted the conference, said Thursday. "My bones tell me that something is changing."

Several police chiefs have concluded that the jump in violent crime is not a blip but the start of a troubling trend that must be tackled, said Dean Esserman, chief in Providence, R.I.

Violent crime nationally in 2005 showed the largest single-year increase in 14 years, and many cities report that the trend is continuing this year.

Esserman noted that chiefs and mayors from 50 cities attended a conference in August, and most reported violent crime is on the rise. At the time, Los Angeles Chief William Bratton called it a "gathering storm," though it has not hit his city yet.

"The reality is overwhelming," said Esserman, of the Police Executive Research Forum, which hosted that August conference. "Everyone told the same story with desperation and anger."

In Milwaukee, police reported a leap in violent crime in 2005 compared with the previous year. Officials acknowledge an increase but cautioned that their 2004 figures might have been faulty because of computer problems. But whatever the increase in 2005, the key categories of robbery and aggravated assault are up significantly this year. Homicides down, shootings up

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So far, homicides in Milwaukee are down - almost 16% compared with this time last year, with 97 killings to date and 115 at this time in 2005. But officials say non-fatal shootings are rising. Froedtert Hospital in Wauwatosa expects to treat 34% more gunshot victims this year than last, and Children's Hospital of Wisconsin is up 38%.

Experts say that the total number of shootings - not just the fatal ones - is a better measurement of gun violence.

The Journal Sentinel reported last month that about 600 people a year are struck by gunfire in Milwaukee and survive. Shootings cost taxpayers, hospitals and people with insurance tens of millions of dollars a year, the newspaper found. They also consume police officers' time, leading to slow response for less urgent calls. For months, residents have complained about response times not only for low-level calls but also for more serious crimes.

Police Chief Nannette Hegerty has formed a group in her department to study police responses and consider changes, as it struggles with the surge in violence. One option being considered is whether to continue sending officers to certain lower-priority calls, perhaps handling the calls over the phone or by computer.

Hegerty and other chiefs report seeing more shootings and homicides resulting from arguments that earlier might have been settled with fights. They also are reporting more robberies, with the victims sometimes getting shot even after giving up cash. Boston less of a 'miracle'

Milwaukee and many other cities have looked to Boston to see why homicides there dropped from 152 in the early 1990s to 31 a decade later. The so-called Boston Miracle formed a coalition of ministers, social workers and others to reach at-risk youth, but with success, the plan drifted.

Last year, there were 75 homicides in Boston, a 10-year high, and about 300 non-fatal shootings. This year, there have been 69 killings so far, and non-fatal shootings were up 80% in the first half of the year, said Larry Mayes, chief of human services in Boston. That shooting pace has slowed in the second half of the year, as the city returned to the plan.

Boston is making up for a shortage of police officers, but Mayes said crime suppression isn't the ultimate answer. "You really need to drill down to the root of the problem," he said.

Looking for reasons behind the current jump in crime, experts say it's helpful to look at the last jump in crime, between the mid-1980s and early 1990s.

Crack cocaine was blamed for that spasm of violence across the country, including in Milwaukee; it was fueled by the availability of handguns, with many more young males, who were particularly reckless, perpetrating crimes. Milwaukee had 168 homicides in 1991. 'Where is the moral outrage?'

The drop that began in 1993 is attributed to several factors, including police crackdowns on illegal guns, a drop in demand for crack, a strong economy and perhaps high incarceration rates, said Alfred Blumstein, a criminal justice professor at Carnegie Mellon University. But Blumstein said incarceration increased in the 1970s before the explosion of violent crime, challenging the notion that lockup rates reduce crime.

Experts suggest that possible factors behind the recent increase include easier access to guns, a slow economy, parole of prisoners and less federal money for social services and officers as resources go to homeland defense.

Esserman and other chiefs fault the U.S. Justice Department for forgetting crime as it focuses on terrorism. After the meeting in August, federal officials promised to study the issue, which Esserman called absurd. He said action is needed.

Esserman said another ingredient is getting everyone to care about the violence. He said that too often, the public gives a collective shrug over rampant violence because it affects poor people, usually in the African-American community.

"It has become tolerated. It has become acceptable," he said of the roughly 16,000 homicides every year. "Where is the moral outrage?" On the Web

"A Gathering Storm - Violent Crime in America," a report published by the Police Executive Research Forum, is at www.policeforum.org.

CIVIL LAW:

Govt. Fights Morning-after Pill Subpoena (AP)

AP, December 1, 2006

A reproductive rights group is on a "fishing expedition" and should be denied access to White House e-mails and other documents it seek as part of a lawsuit promoting unfettered access to the morning-after pill, the Justice Department said Thursday.

The Center for Reproductive Rights subpoenaed the White House in mid-November as part of its lawsuit against the Food and Drug Administration. The group sued seeking to lift all age restrictions on nonprescription sales of the Plan B emergency

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contraceptive pills. It wants the White House documents to determine whether it interfered with the FDA's handling of a request by manufacturer Barr Pharmaceuticals Inc. to allow unrestricted, over-the-counter sales of the pills.

In a Thursday letter, Justice Department attorney John R. Tyler told the Center it hadn't demonstrated the adequate need required to gain access to White House documents.

"Plaintiffs have not met this heightened standard, and the subpoena is a fishing expedition to probe the internal processes of the White House," Tyler wrote.

The Center will continue to pursue the lawsuit and compel the White House to provide the documents it wants, spokeswoman Dionne Scott said.

The Center's lawsuit hit a snag Nov. 21 when a judge issued a stay that keeps the FDA from having to turn over further agency documents. Scott said the stay doesn't apply to the White House subpoena; Tyler said the stay, until lifted, made it "inappropriate" for Center lawyers to pursue the subpoena.

In August, the FDA said it would let women 18 and older buy Plan B without a prescription, but younger women would still need a doctor's note. The restricted over-the-counter sales began in November.

The morning-after pill is a high dose of the most common ingredient in regular birth control pills. When taken within 72 hours of unprotected sex, the two-pill series can lower the risk of pregnancy by up to 89 percent.

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On the Net:

Center for Reproductive Rights: http://www.crlp.org/

Larkin, Individuals Pay $15.4M To Settle Kickback Allegations (SOFLABIZ)

South Florida Business Journal, December 1, 2006

Larkin Community Hospital in Miami and its current and former owners have paid $15.4 million to settle federal and Florida civil health care fraud claims against them.

The Justice Department said the individuals involved are Dr. Jack Michel, Dr. James Desnick, Morris Esformes and Philip Esformes.

Also involved in the settlement: 34 related companies owned by the Esformes used to operate nine assisted living facilities; Claudia Pace, an employee of one of the Esformes-owned companies; and Frank Palacios, a longtime employee of the hospital.

The settlement resolves the civil case United States v. Jack Jacobo Michel, M.D., et al., which the government filed in 2004, alleging violations of the False Claims Act.

The state of Florida joined the suit later that year.

The government alleged that, in 1997, Larkin, then owned by Desnick, paid kickbacks to physicians in return for patient admissions.

The United States contended the primary recipient of the kickbacks was Jack Michel, whom it said was paid for patient admissions to Larkin by himself and his brother, Dr. George Michel.

Jack Michel purchased Larkin in 1998.

In 2000, Desnick was a party to a $14 million settlement with the United States for a similar kickback scheme from 1992 to 2000 at another facility he owned, Doctors Hospital of Hyde Park in Chicago.

The United States also alleged in the Michel suit that, from 1998 to 1999, Jack Michel, George Michel, Morris Esformes, Philip Esformes, Frank Palacios and Claudia Pace conspired to admit patients to Larkin for medically unnecessary treatment.

The government asserted that some of these patients came from assisted living facilities owned and operated by Jack Michel, Morris Esformes and Philip Esformes.

"The Department of Justice is committed to vigorously litigating cases about conduct that undermines the integrity of the Medicare and Medicaid programs," said Peter D. Keisler, assistant attorney general for the department's civil division. "We will not tolerate health care providers who pay kickbacks or perform medically unnecessary treatments on elderly beneficiaries in order to generate Medicare and Medicaid payments."

High Court Vets False Claims Act (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, December 1, 2006

A 17-year-old whistleblower suit by a now 81-year-old former engineer at the Rocky Flats nuclear weapons plant has triggered U.S. Supreme Court review of a crucial issue under the fastest growing area of federal civil litigation today, the False Claims Act.

DOJ_NMG_0100517

In Rockwell International Corp. v. U.S. and ex rel. Stone, No. 05-1272, the justices on Dec. 5 will examine a critical restriction on who can bring so-called qui tam lawsuits under the act.

Was Principal Engineer James S. Stone "an original source of the information" that served as the basis for a jury's finding that Rockwell, starting in 1987, violated the act by hiding from the government environmental, safety and health problems related to its processing of nuclear waste?

The high court's interpretation of a statute that Justice Samuel A. Alito Jr. as a lower court judge criticized as unclear will affect not only who qualifies as a qui tam "relator" but also the ability of defendants, often large corporations, to dismiss early these complex and expensive suits.

The False Claims Act is becoming the principal tool by which the federal government combats fraud, said FCA practitioner Peter B. Hutt II, a partner at Miller & Chevalier, who filed an amicus brief supporting Rockwell on behalf of the Washington Legal Foundation.

The FCA provides for treble damages and penalties and a lesser burden of proof than criminal statutes that require proof beyond a reasonable doubt and do not necessarily allow the government to recover as much money, he explained.

"Anyone who does business with the federal government and takes federal money in any way is a potential target of an FCA lawsuit either by the federal government directly or by a qui tam plaintiff," said Hutt. "There has been a constant, slow increase in the number of cases, constantly changing theories of liability and new classes of industries as defendants."

And where there is alleged fraud by large companies, such as by the most recent target -- pharmaceutical companies -- Hutt said, "The dollars get very large, very quickly."

From fiscal years 1987 through 2005, settlements and judgments for the federal government in FCA cases have exceeded $15 billion, of which $9.6 billion, or 64 percent, was for cases filed by whistleblowers under the FCA's qui tam provisions, according to a report last January by the U.S. Government Accountability Office. The whistleblowers' share of the qui tam settlements and judgments was more than $1.6 billion during this period.

QUI TAM HURDLES

The FCA provides that any person who knowingly submits, or causes the submission of, false claims for government funds or property is liable for damages and penalties.

Under the FCA, the government can prosecute an action on its own, or a private person may bring a qui tam action. The FCA calls a qui tam plaintiff a "relator," also known popularly as a whistleblower.

The government has the right to intervene in the relator's lawsuit. If the government declines intervention, the relator has the right to go forward alone.

To prevent so-called parasitic lawsuits by relators who try to capitalize on information about fraud already made public, the FCA prohibits qui tam suits "based upon the public disclosure of allegations or transactions in a criminal, civil, or administrative hearing, in a congressional, administrative, or [Government Accountability Office] report, hearing, audit, or investigation, or from the news media."

This "public disclosure" bar has one exception. A qui tam suit that triggers the public-disclosure bar may proceed only if the relator is "an original source of the information." An original source must have "direct and independent knowledge of the information on which the allegations are based," and have "voluntarily provided the information to the Government before filing [a suit] which is based on the information."

The original-source exception is at the heart of Rockwell's case in the Supreme Court. It has argued unsuccessfully before a district court and an appeals court that Stone was not an original source because he had no first-hand knowledge of the fraud at issue.

"The public-disclosure bar with its original-source exception is the single most litigated issue in the entire False Claims Act jurisprudence," said John T. Boese, partner in the Washington office of New York's Fried, Frank, Harris, Shriver & Jacobson and author of the leading FCA treatise, Civil False Claims and Qui Tam Actions.

The government, he said, intervenes in about 20 percent of all qui tam cases. In the 80 percent proceeding without the government, the original-source issue arises in much more than half, he said, adding, "It also can arise, as in Rockwell, where the government intervenes, and that is more and more true because of the legal fees issue."

If a relator can be dismissed on the original-source issue, the defendant doesn't have to pay legal fees and costs if it loses, explained Boese.

"You can imagine the amount in a case litigated as actively and vigorously as the Rockwell case," he said, estimating legal fees at up to four times the $4.2 million jury award. "And the government doesn't have to pay the relator a share of what it recovers."

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Over the years, the courts have expanded what is a public disclosure, and therefore the original-source exception has become more important, said James Moorman, president of Taxpayers Against Fraud Education Fund, which operates a False Claims Act Legal Center and will file an amicus brief supporting Stone.

"None other than then Judge Alito ruled in a FCA case that when the government gave a document to a relator who had filed a [Freedom of Information Act] request, it had, in effect, issued a public report triggering the public-disclosure bar," Moorman said. "This astounded everybody, but there it is.

"So the original-source rule, which protects you from being bumped out by the public-disclosure bar, is crucial."

ORIGINAL SOURCE?

Rockwell operated the Rocky Flats nuclear weapons facility in Colorado under a contract with the U.S. Department of Energy from 1975 through 1989. Stone worked as principal engineer there from November 1980 until March 1986.

After Stone was laid off, he informed an FBI agent that environmental crimes had allegedly been committed at Rocky Flats during his period of employment. The FBI agent prepared an affidavit, obtained a search warrant and conducted a search. About a month after the search, Stone filed his qui tam action alleging that in an effort to maximize its receipt of award fees and other payments under its government contract, Rockwell had violated the FCA by falsely representing to DOE that it had complied with applicable environmental, safety and health requirements in its operation of the facility.

In the meantime, the government conducted a criminal investigation into Rockwell's management of Rocky Flats. In March 1992, Rockwell pleaded guilty to 10 environmental violations.

In 1995, the government intervened in Stone's qui tam action and both filed an amended complaint restating Stone's initial allegations and asserting additional claims.

At trial, the primary issue was whether Rockwell had concealed from DOE environmental, safety and health problems related to the processing and storage of saltcrete and pondcrete, two forms of processed toxic waste.

Rockwell's counsel, veteran high court litigator Maureen Mahoney, head of the appellate practice at Latham & Watkins from the firm's Washington office, argues that Stone had no direct and independent knowledge that the pondcrete leaked toxic waste or that Rockwell had represented otherwise to DOE because he left Rocky Flats before either the pondcrete or the toxic waste statements were made.

The 10th U.S. Circuit Court of Appeals, Mahoney contends, incorrectly interpreted the statute's requirement of "direct and independent knowledge" of the later fraud to require only limited knowledge "underlying or supporting" the fraud allegation.

"The 10th Circuit expanded that narrow exception so broadly that it effectively swallows the jurisdictional bar," she wrote in court papers regarding the original-source exception.

Noting that the federal circuits have adopted varying standards, Mahoney argues, "The best reading is that the relator must have direct and independent knowledge of information sufficient to permit the trier of fact to conclude that a false statement was made to the Government in support of a fraudulent claim for payment."

NO PARASITE

In its opposition to Supreme Court review and in lower court proceedings, the government argued that Rockwell had understated substantially the significance of Stone's knowledge. He had been instructed in his job not to divulge environmental and other problems to DOE, and he had uncovered through his own efforts design problems for the pondcrete blocks that would result in toxic-waste releases.

"Stone's role in this case was therefore very different from that of the 'parasitic' relators at whom the 'public disclosure' bar is directed," the government argued in its opposition brief.

Stone's high court counsel, Maria T. Vullo, a partner in New York's Paul, Weiss, Rifkind, Wharton & Garrison, said there is no confusion in the circuits on how to interpret the original-source exception.

"I think the way the circuits have approached the issue is really a function of how they describe particular facts of the case," she said.

"The plain language of the statute is what it is and to the extent Rockwell has a gripe, that's a gripe for the Congress to add some standard that's not existing in the statutory language right now. We will argue that we meet all of Rockwell's new tests."

Fried Frank's Boese noted that defendants and the government can question whether someone is an original source at any stage of the litigation because it is a jurisdictional issue.

"What Rockwell is arguing very effectively is that Stone's theory of liability was abandoned both by Stone and the government and never presented to the jury," he said. "What was presented was a whole new theory that the government developed in course of its criminal investigation. They argue he was not the original source of the theory of fraud that was eventually successful."

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But Rockwell is "throwing all kinds of smoke" in front of the Supreme Court, countered Moorman of Taxpayers Against Fraud. The case, he said, is part of a continuing campaign by business and industry "to hobble and undermine" whistleblower lawsuits.

"They struck out on their constitutional attacks on the statute and now they're trying to get an interpretation that would do the same thing," said Moorman.

4th Circuit Ruling Trims Reach Of State Anti-Spam Laws (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, December 1, 2006

An Oklahoma-based anti-spam crusader who sued over repeated cruise vacation e-mail ads has put wind in the sails of spammers with the first federal appellate court ruling limiting the reach of state laws that restrict unwanted e-mail.

The 4th U.S. Circuit Court of Appeals held that a 2003 federal law, known as the CAN-SPAM Act, pre-empts state laws that allow suits for false information in junk e-mails if the misrepresentation is "immaterial."

Spam is a "serious and pervasive problem" but the federal law "does not impose liability at the mere drop of a hat," wrote Judge J. Harvie Wilkenson. "Congress did not intend 'falsity' to encompass bare error because such a reading would upset the Act's careful balance between preserving a potentially useful commercial tool and preventing its abuse," he wrote.

The decision is significant for companies that use mass e-mail to get their products in front of likely customers but face potentially costly legal judgments if they conceal the source of transmission or contain false information.

AN APPELLATE FIRST

Most states have laws restricting mass junk e-mail, known as spam, and allow suits for damages for violations. The 4th Circuit held that the federal act partially pre-empts Oklahoma's laws allowing damages if e-mail misrepresents who transmits it, omits the point of origin or contains false information "insofar as [state laws] applied to immaterial misrepresentations."

The court has sent "an important signal to commercial e-mailers: If they comply with the federal act then they have nothing to worry about from crusaders who pursue these lawsuits," said James Hodges, a Reston, Va., solo practitioner who represented Omega World Travel Inc., which sent the cruise line ads.

Hodges said that the decision "is the first from an appellate court that has construed the scope of pre-emption language in the CAN-SPAM Act."

CAN-SPAM Act stands for Controlling the Assault on Non-Solicited Pornography and Marketing Act of 2003.

Kelly O. Wallace, attorney for Mark Mumma of Mummagraphics Inc., agreed that this is a significant ruling, but added that the appeals court "dropped the ball."

"I do think they expanded what is permissible for mass e-mail, especially routing information," said Wallace of Wellborn & Wallace in Atlanta.

Mumma provides online services from Oklahoma City, registering domain names, hosting Web pages and designing Web sites and logos. He also operates Web sites devoted to fighting spam messages, such as SueASpammer.

Mumma sued Virginia-based Omega World Travel and owners Gloria and Daniel Bohan after receiving 11 e-mails for cruise vacations. He threatened to sue for $150,000 in damages unless the Bohans settled for $6,250, according to the opinion Omega World Travel v. Mummagraphics Inc., No. 05-2080. The potential penalty under Oklahoma law is $25,000 per violation.

When the Bohans failed to pay, Mumma accused them of being spammers on his Web site and posted their photos, the opinion states. The couple sued for defamation, copyright and trademark infringement. Mumma raised counterclaims alleging violations of the Oklahoma spam law.

Wallace said that the ruling runs counter to a district court decision last year denying a motion to dismiss in Washington state, Gordon v. Impulse Marketing Group, Inc., No. C04-5125FVS. That ruling states that the CAN-SPAM Act does not pre-empt state spam laws to the extent that they "prohibit falsity or deception." That case is awaiting a decision on a summary judgment motion.

Hodges said the 4th Circuit ruling "impliedly rejects that case."

Litigation and threats of suits have made the issue hot around the country. In October, Verizon Wireless Inc. said that it would continue to press legal efforts to block spam to its wireless customers. It has filed several lawsuits over unwanted text messages selling prescription drugs, vacations and stock information.

Cingular Wireless Inc. has filed several suits under Georgia and Florida state law to protect customers from unsolicited text-messaging operators. It alleged that operators of webuyresorts.com and resortsellers.com sent deceptive and unsolicited commercial text messages to its wireless phone customers.

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"I think this decision can be used by lawyers representing responsible businesses that use the e-mail advertising tool, but nonetheless get sued by people who don't like getting e-mail and see the chance for a windfall in some state statutes," Hodges said.

All but 10 states have some anti-spam legislation, according to Mumma.

CIVIL RIGHTS:

Schumer Seeks Investigation Of Misleading Md. GOP Fliers (AP)

AP, December 1, 2006

ANNAPOLIS, Md. - Unhappy that the Justice Department denied his request to investigate campaign fliers handed out by Maryland Republicans on Election Day, New York Sen. Charles E. Schumer, fired-off a letter to Attorney General Alberto Gonzales asking him to justify the decision.

"Unfortunately, the midterm elections held on Nov. 7, 2006, were tarnished by countless dirty trick and ugly tactics. The ploy used in Maryland stands out for its sheer cynicism and brazenness," said Schumer, chairman of the Senate Democratic campaign committee, in a letter sent on Wednesday.

Schumer's letter refers to fliers distributed on Election Day by homeless people bused in from Philadelphia by campaign committees for Gov. Robert Ehrlich's re-election bid and Lt. Gov. Michael Steele's race for Senate.

Fliers handed out in Prince George's County gave the impression they were a Democratic sample ballot, but listed Ehrlich and Steele along with Democratic candidates for county and legislative offices. The fliers also made it appear that two prominent black Democrats - Prince George's County Executive Jack Johnson and former Rep. Kweisi Mfume - were supporting Ehrlich and Steele. Both supported Democratic candidates - Baltimore Mayor Martin O'Malley for governor and Rep. Ben Cardin for the Senate.

The Department of Justice notified Schumer in a Nov. 16 letter that it had looked into the complaint and concluded "that there is an insufficient legal basis to initiate a formal investigation."

Schumer's letter to Gonzales requested answers to eight questions, including whether the department undertook any preliminary factual investigation before reaching its conclusion not to conduct a formal investigation.

Kansas Court Rejects Clinics' Request In Abortion Records Dispute (FINDLAW/AP)

AP, December 1, 2006

(AP) - TOPEKA, Kansas-The Kansas Supreme Court refused Thursday to intervene on behalf of two abortion clinics who wanted it to investigate the state attorney general and a popular conservative talk show host over the host's statements that he had information from Kansas abortion records.

The clinics asked the court to seize records that Attorney General Phill Kline, an outspoken abortion opponent, obtained on 90 of the clinics' patients. Kline received edited versions of the records in October after arguing he wanted to review the records for evidence of possible crimes, including rape and illegal abortions.

The clinics wanted a special prosecutor to determine if Fox television talk show host Bill O'Reilly's information came from Kline's records. A show spokesman has said he did not know how O'Reilly, who also interviewed Kline, obtained the information.

The clinics also accused Kline of violating patients' privacy and not being objective.

The court offered no explanation for its decision Thursday. The ruling means Kline can continue his investigation, refer potential cases to county prosecutors or file charges himself before leaving office.

The issue grew dramatically last month when the clinics filed their court request a day before the Nov. 7 election, in which the Republican Kline lost his bid for a second term.

Days before, in a Nov. 3 broadcast of "The O'Reilly Factor," the conservative host said a "source inside" told the show the director of one of the clinics, Dr. George Tiller, performs late-term abortions and had broken state law by failing to report potential rapes of victims ages 10 to 15.

Tiller, one of the few U.S. doctors to perform late-term abortions, has been targeted by protesters for years. His clinic was bombed in 1985, and he was shot by a protester in 1993.

Kline's office was not immediately available for comment Thursday, and an attorney for the clinics declined to comment, saying he had not had time to examine the ruling.

The clinics' request criticized O'Reilly, but he was not a named defendant.

Lauderdale Residents Demand Answers For Killing By Police (MH)

DOJ_NMG_0100521

By Wanda J. Demarzo And Darran Simon

The Miami Herald, December 1, 2006

More than 200 people packed a Fort Lauderdale community center Thursday night, demanding to know why city police shot two 21-year-old men Tuesday, killing one and wounding the other.

Some -- including family members of one of the men -- cried and shouted at the meeting in the city's predominantly black northwest district, where Troy Eddines and Travis Jackson were shot. A gun was not found at the scene, said police chief Bruce Roberts.

It was the fourth time Fort Lauderdale police had killed someone in the past six months.

Marsha Ellison, president of the Fort Lauderdale NAACP, who helped organize Thursday's meeting, told the crowd that she will meet with the FBI on Wednesday to discuss the shootings. The NAACP has also filed a complaint with the Department of Justice asking them to investigate the shootings, police procedures and use of deadly force.

"We are concerned that the Fort Lauderdale police cannot police themselves," said Ellison who added that NAACP national office is behind the local organization.

On Tuesday, officers pulled over a 2006 Mitsubishi Endeavor Eddines was driving because the SUV had been reported stolen in a carjacking in Coconut Creek a few days earlier. Eddines died at the scene, while Jackson, who was shot in the back, was taken to the hospital, where he was released Wednesday.

Jackson was arrested Thursday, and the Broward Sheriff's office charged him with an armed robbery committed around 2 p.m. Saturday in Tamarac.

Meanwhile, Coconut Creek police on Thursday identified Eddines as one of three people who committed the carjacking of the SUV on Friday. His mother, Ivy, declined to comment.

At Thursday's meeting, at the Mizell Center on Sistrunk Boulevard, residents wanted to know why officers opened fire and when the investigation will be complete.

"I left my auntie at home, crying her heart out," Eddines cousin, Andrea, 25, said. ``Something is boiling inside of me right now I can't explain."

But Fort Lauderdale Police Chief Bruce Roberts said his department is still investigating the shooting, so it doesn't yet have the answers to many of residents' questions.

"We just can't give you many more facts right now," he said.

FEAR OF RETRIBUTION

Residents said they were concerned about how officers treated them in the community and are afraid to file complaints because they fear retaliation.

"It's not just [Officer] Todd Hill, it's all of them," said Sharanda Morgan, 37, who lives nearby. ``That's why we don't file that complaint. They will come back and harass us."

A few residents asked why police cars didn't have cameras to record the shooting and when the investigation would be done.

"Those cameras are going to tell the truth," said Sylvester King of Fort Lauderdale.

Roberts, one of those who called meeting, said close to $2 million is set aside for cameras in all patrol cars. They should be installed by spring or summer of 2007, he said.

In other developments Thursday, Coconut Creek police said one of the victims had identified Eddines as one of the carjackers of the Mitsubishi.

The carjacking, which took place Friday in the parking lot of a Walgreens in the 6300 block of State Road 7, remains under investigation, Creek police spokesman Tony Avello said.

Avello said that detectives have not identified Jackson, 21, as one of the carjacking suspects.

According to court records, Eddines has never been convicted of a felony in Florida, although he has been arrested 10 times since 2003.

Prosecutors either dropped charges against him, or judges imposed probation or jail time but withheld finding him guilty, court records show.

BSO, meanwhile, said Thursday that Jackson committed an armed robbery around 2 p.m. Saturday in the parking lot of the Lakeside apartments in Tamarac.

According to the sheriff's office, two men in a Mitsubishi SUV, armed with semi-automatic handguns, approached three teenage boys and demanded they empty their pockets.

The teens gave the robbers two cellphones, an iPod, three PlayStation 2 games and $30 in cash. They identified Jackson as one of the armed robbers, BSO said.

"The robbery is still under investigation and at this time we have not determined if Troy Eddines was involved," said BSO spokesman Jim Leljedal.

Jackson's grandfather, Charlie Jackson, questioned the charges against his grandson.

"They let him out of jail and now they cooked up some strong-armed robbery charges against him," Charlie Jackson said Thursday afternoon. ``Can you believe this?"

26 ARRESTS

Travis Jackson has been arrested 26 times since 1999. Most were when he was a juvenile. The outcome of the cases are not public record.

But in 2000, he was convicted of robbery and spent almost three years in prison, according to the Florida Deparment of Corrections. He also was convicted of cocaine possession in 2004 and sentenced to probation.

Two marijuana charges against Jackson remain unresolved, records show.

Tuesday's shootings came after Fort Lauderdale police Officers Robert Norvis and Todd Hill stopped the Mitsubishi in the 500 block of Northwest 17th Avenue near Sistrunk Boulevard. As the officers neared the car, it reversed and hit one of the officers in the leg, police said.

The officers opened fire, killing Eddines, of Lauderdale Lakes, as he sat in the driver's seat. Jackson was shot twice in the back, family members told The Miami Herald. He was treated at Broward General Medical Center and released Wednesday.

The shootings, in an area just off Sistrunk Boulevard have residents questioning what they call excessive force by Fort Lauderdale police.

On Oct. 31, Officer Jonathan Welker opened fire on a 17-year-old teen who had been reported missing by his family. The teen, Joshua Mendelson was bleeding and carrying a stick when he started to approach Welker.

His family says they are still waiting to find out what happened to the young man.

Their attorney, Larry Davis, sent a letter to Gov. Jeb Bush Nov. 8 asking that the Florida Department of Law Enforcement be appointed to investigate the shooting.

The governor's office is still reviewing the request, said spokesman Anthony DeLuise.

Investigators Look For Mystery Witness In Fatal New York Police Shooting (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, December 1, 2006

(AP) - NEW YORK-The search for a key missing witness in the police killing of an unarmed black man who died in a hail of 50 bullets intensified with the arrest of four people who have provided clues about the witness' identity, a law enforcement official said.

At a news conference Thursday, police Commissioner Raymond Kelly said the Wednesday raid that led to the arrests was related to the shooting investigation. He refused to elaborate.

Another law enforcement official later told The Associated Press that the arrests of three men and one woman on gun charges had produced information about the identity of an important witness to the shooting. That witness was possibly with the three victims on Saturday when officers fired 50 shots at their car, somehow escaped and disappeared.

A lawyer for the victims denied that such a person exists. An attorney for five others at the bachelor party also said there was no fourth person in the car.

The shooting killed 23-year-old Sean Bell on his wedding day and wounded two of his companions, setting off a storm of outrage in New York, especially in the black community. The three victims are black, and the police officers included two blacks, two whites and one Hispanic.

Officers armed with a search warrant raided the Queens apartment, a known drug-dealing location, based on a tip that "persons of interest" lived there, said the official, who spoke on condition of anonymity because the investigation was still under way. It was unclear if a loaded semiautomatic pistol recovered inside the home had any connection to last week's incident, the official added.

An unnamed undercover shooter and four others - identified as detectives Mike Oliver, Mark Cooper and Paul Hedley and Officer Mike Carey - have been placed on paid administrative leave while the Queens district attorney's office conducts a grand jury investigation that could result in criminal charges.

The intensity of the search for the mysterious fourth man reflected its potential impact on a case rife with conflicting accounts and unanswered questions about why the five officers unleashed the barrage of bullets.

An undercover officer has told investigators that another missing witness - a man dressed in black and standing in from of a sport utility vehicle - argued with Bell and his companions as they exited the club where Bell was having a bachelor party. The officer was part of a vice team investigating complaints about prostitution and drug dealing at the club.

Outside the club, the man in black reached into his pocket as if he had a weapon as Bell challenged him to a fight and one of the groom's friends said, "Yo, get my gun," two law enforcement officials said, citing the undercover officer's account.

Officials said the exchange prompted a second undercover detective to follow Bell and three other men as they walked away toward their car, apparently suspecting the men meant to arm themselves and attack the man in black.

Moments later, the second undercover officer started shooting at the car when Bell, while trying to drive away, bumped him and smashed into an unmarked police van.

Through his lawyer, the detective has insisted that he clearly identified himself as a police officer as he tried to stop them. He also has said he spotted Joseph Guzman, then sitting in the passenger seat, make a sudden move for his waistband before he and four other officers opened fire.

Police union officials have suggested that a fourth man could have fled with the gun - a scenario investigators haven't ruled out.

"The existence of a fourth person is important to this investigation," Kelly said.

Meanwhile, the hospitalized survivors, Guzman and Trent Benefield, still insist there was never a fourth person involved, their lawyer said Thursday.

"There were three people in the car - period," said the attorney, Sanford Rubenstein. "The claim of a fourth person is a myth."

Charlie King, who is representing five other members of the bachelor party, cited Kelly's statement that eight men were outside the club just before the shooting.

"Clearly there's not a fourth person in the car," he said. "There were five outside of the car and two men who were injured in the car and Bell, who was killed."

King said the group, which was unarmed, argued with a man outside the club shortly before the shooting.

"But they told me the man they were arguing with was the one the undercover officer thought had a gun, and they (police) just let that guy drive off," he said.

King said his clients were afraid of being harassed by police. He said one was taken into custody for an hour Thursday before being released. Two have been identified as Lorenzo Kinred and Jean Nelson, but the other three were not revealing their names out of fear, he said.

At the police news conference, Kelly announced the formation of a new committee to "review the policies and procedures governing the activities of undercover officers throughout the New York Police Department." Aside from NYPD brass, the committee will include Cedric Alexander, a former police chief in Rochester, New York, and now an official for the state Division of Criminal Justice Services.

Bell's funeral was scheduled for Friday at the church where he was to be married.

Security Of Electronic Voting Is Condemned (WP)

By Cameron W. Barr

The Washington Post, December 1, 2006

Paperless electronic voting machines used throughout the Washington region and much of the country "cannot be made secure," according to draft recommendations issued this week by a federal agency that advises the U.S. Election Assistance Commission.

The assessment by the National Institute of Standards and Technology, one of the government's premier research centers, is the most sweeping condemnation of such voting systems by a federal agency.

In a report hailed by critics of electronic voting, NIST said that voting systems should allow election officials to recount ballots independently from a voting machine's software. The recommendations endorse "optical-scan" systems in which voters mark paper ballots that are read by a computer and electronic systems that print a paper summary of each ballot, which voters review and elections officials save for recounts.

Voters in Maryland cast ballots on electronic machines that produce no paper record of each vote; in the District and Loudoun County, voters can choose between using such machines and optical-scan systems. Other Northern Virginia jurisdictions, and many counties across the state, use electronic voting systems exclusively.

NIST's recommendations are to be debated next week before the Technical Guidelines Development Committee, charged by Congress to develop standards for voting systems. To become effective, NIST's recommendations must then be adopted by the Election Assistance Commission, which was created by Congress to promote changes in election systems after the 2000 debacle in Florida.

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If the commission agrees with NIST, the practical impact may not be felt until 2009 or 2010, the soonest that new standards would be implemented. The standards that the Election Assistance Commission will adopt are voluntary, but most states require election officials to deploy voting systems that meet national or federal criteria.

State election officials in Maryland and Virginia declined to comment yesterday on the NIST report, which they were reviewing.

Alice P. Miller, executive director of the District's Board of Elections and Ethics, said through a spokesman that she would not comment because she is a member of the Technical Guidelines Development Committee.

NIST says in its report that the lack of a paper trail for each vote "is one of the main reasons behind continued questions about voting system security and diminished public confidence in elections." The report repeats the contention of the computer security community that "a single programmer could 'rig' a major election."

Fears about rigging have animated critics for years, but there has been no conclusive evidence that such fraud has occurred. Electronic voting systems have had technical problems -- including unpredictable screen freezes -- leaving voters wondering whether their ballots were properly recorded.

Computer scientists and others have said that the security of electronic voting systems cannot be guaranteed and that election officials should adopt systems that produce a paper record of each vote in case of a recount. The NIST report embraces that critique, introducing the concept of "software independence" in voting systems.

NIST says that voting systems should not rely on a machine's software to provide a record of the votes cast. Some electronic voting system manufacturers have introduced models that include printers to produce a separate record of each vote -- and that can be verified by a voter before leaving the machine -- but such paper trails have had their own problems.

Printers have jammed or otherwise failed, causing some election directors to question whether a paper trail is an improvement. Maryland state elections administrator Linda Lamone, in an undated video snippet that her critics have circulated on the Internet, says that voter verification is unnecessary. "I'm not going to put this paper on my machines -- it'll be over my dead body, because I just don't think it works. It really is a false sense of security," she said.

For critics of paperless electronic voting, the report is vindication. "I think I got it right," said Aviel Rubin, a Johns Hopkins University computer scientist who has long questioned the security and reliability of some electronic voting systems.

Linda Schade, a founder of TrueVoteMD, which has pressed for a system that provides a verifiable paper record of each vote, said, "These strong statements from a credible institution such as NIST add yet another voice to the consensus that paper electronic voting as used in states like MD is not secure. We hope that the [Election Assistance Commission] formally adopts these improved standards."

Even critics of paperless electronic voting have grown disenchanted with the practical problems of adding printers to electronic "touch-screen" voting machines.

"Why are we doing this at all? is the question people are asking," said Warren Stewart, policy director of VoteTrustUSA, a group critical of electronic voting systems. "We have a perfectly good system -- the paper-ballot optical-scan system."

State Set Later Date For District 23 Runoff (HC/AP)

By Suzanne Gamboa, Associated Press

Houston Chronicle, December 1, 2006

WASHINGTON — Gov. Rick Perry set the election to replace a deceased state lawmaker a week later than he scheduled a congressional runoff election, a Latino group objecting to the earlier voting day said in a document filed with the Justice Department.

The League of United Latin American Citizens is objecting to the Dec. 12 date set for voters in District 23 to decide whether to pick Republican Rep. Henry Bonilla or Democrat Ciro Rodriguez as their U.S. House representative.

Perry and Secretary of State Roger Williams set Dec. 19 for a special election to replace Republican state Rep. Glenda Dawson. Orders for the two elections were submitted the same day.

Scott Haywood, Williams' spokesman, said the special election to replace Dawson was set at the earliest possible date it could be set under the Texas election code. "Because there are different types of elections, different sets of laws would apply to fill a vacancy," he said.

LULAC has objected to the date for the District 23 runoff because it falls on the Feast of the Virgin of Guadalupe, a religious holy day celebrated by many Catholic Hispanics by attending Mass, holding processions and family gatherings and other events. The district that stretches from near El Paso to South Texas and takes in several counties on the border has a 61 percent Hispanic voting age population.

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"The state representative district is predominantly white-Anglo population and would not be affected by 'El dia de la Virgen de Guadalupe'," LULAC national attorney Luis Vera Jr. said in the DOJ filing, using the Spanish translation of the Day of the Virgin of Guadalupe.

The 23rd district's voters are "adversely affected by setting it on the holiest of religious holidays. There can possibly be no other reason for the different dates than an attempt to suppress the Latino vote."

Vera also contends the state could have set the District 23 on a Saturday and that it did not have to be on a Tuesday.

Bonilla faced seven challengers in the Nov. 7 election after the race was thrown open when the Supreme Court ordered the district redrawn. The district had been altered in 2003 in a way diluted Latino voting strength and violated the Voting Rights Act, the high court ruled.

Bonilla won 49 percent of the vote and Rodriguez drew 20 percent, sending them to a runoff. Vera is serving as treasurer for Rodriguez's runoff campaign.

Because Texas has a history of discriminating against minority voters, it is required to seek approval of election changes and decisions from the Department of Justice. Vera is asking DOJ not to approve the runoff date unless the state extends early voting to include a Saturday or Sunday and the election date is not on a holy day and a day that provides adequate time for all voters to be notified of the election.

Same-sex 'Marriage' Heads To High Court (WT)

By Jon Ward

The Washington Times, December 1, 2006

Maryland's highest court is scheduled to hear arguments Monday on the same-sex "marriage" issue.

The case before the Maryland Court of Appeals comes from a lower court ruling in January in which a judge decided a 1973 statute defining marriage as between a man and woman violated the state constitution.

The ruling by Baltimore Circuit Judge M. Brooke Murdock was stayed until the appeals court could hear the case.

"The momentum is definitely on the side of preserving marriage," said Glen Lavy, an attorney with the Alliance Defense Fund, a national Christian legal organization involved in the case.

Same-sex "marriage" advocates acknowledge the overwhelming majority of voters and state courts are defining marriage as a union of one man and one woman, but say time is on their side.

"It took 13 state supreme courts to reject the idea that interracial marriage bans were unconstitutional before the California Supreme Court struck down the ban," said Dan Furmansky, executive director of Equality Maryland, a homosexual lobbying group in Annapolis. "Then it took 20 years before the United States Supreme Court struck them all down.

"We wouldn't be bringing this case if we didn't feel it was a matter of basic fairness," he said.

Winning the original suit, brought in 2004 by nine homosexual couples and one single homosexual, will be challenging because it seeks to change the law.

"People intuitively know that marriage is the union of a man and a woman and, despite preferences that some judges may have, unless they are completely willing to thumb their nose at the law, there is no question that marriage currently is between a man and a woman," Mr. Lavy said.

He also said Maryland residents should decide in a referendum vote the definition of marriage.

Voters in 27 states, including seven in the most recent election, voted to define marriage as between a man and a woman. In November, Arizona became the first state in which residents voted against a same-sex "marriage" ban.

In July, five state courts and one federal court issued rulings that upheld traditional marriage laws similar to those in Maryland.

To date, the only state to legalize same-sex "marriage" is Massachusetts. After Maryland, pending right-to-"marry" lawsuits remain in California, Connecticut and Iowa.

The Maryland Attorney General's Office will defend the state in the oral arguments.

In a court brief filed last week, the office defended Maryland's law defining marriage as a union between a man and a woman, but indicated an openness to legislation that would pave the way for the legislation of the same-sex "marriage." The court also should defer to the Maryland General Assembly "where competing policies and their complexities could be balanced," the brief also stated. However, the office has decline to discuss the case before the arguments.

Kenneth Y. Choe, one of the plaintiffs' attorneys and with the American Civil Liberties Union, said he will appeal to three provisions of state law, but primarily he will point to the state's equal rights amendment.

"We are emphasizing that the exclusion of same-sex couples from marriage is a great unfairness to families headed by gay and lesbian couples, and that unfairness is not tolerated by the Maryland constitution," he said.

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Conservative Rabbis Reconsider Stance On Gay Sex (WP)

By Alan Cooperman

The Washington Post, December 1, 2006

After years of debate, the Conservative Jewish movement is on the verge of redefining its approach to homosexuality, a pivotal decision for a movement that occupies a shrinking middle ground between Orthodox and Reform Judaism.

A panel of 25 eminent Conservative rabbis will meet in New York next week to consider five proposed teshuvot, or answers, to the question of whether homosexual sex is permitted under Jewish law.

Although the answers have not been made public, Conservative leaders said that two defend the traditional position that Leviticus 18:22 -- "Do not lie with a man as one lies with a woman; it is an abomination" -- prohibits homosexuality between men and, by extension, between women.

The other three proposals offer various arguments for reinterpreting that prohibition. On a practical level, they could open the way for Conservative rabbis to perform same-sex commitment ceremonies and for Conservative seminaries to ordain openly gay rabbis.

"I think the committee is deeply divided -- like the rest of society is divided, like our movement is divided," said Rabbi Joel H. Meyers, executive vice president of the Rabbinical Assembly, the main association of Conservative rabbis. "But the tension has grown to the point that the committee is hard-pressed to give some clear guidance to the movement."

Clarity, however, may not be forthcoming. Rabbi Avis D. Miller of Washington's Congregation Adas Israel said the "rabbinical scuttlebutt" is that the panel -- the Committee on Jewish Law and Standards -- will approve two conflicting answers, one upholding the status quo and one calling for change.

That is possible because it takes the votes of just six of the panel's 25 members to declare an answer to be valid -- meaning that it is a well-founded interpretation of Jewish law, not that it is the only legitimate interpretation. It would be possible to approve all the answers, or none of them.

If two or more contradictory answers are accepted, "that will be the strongest statement for America, because everything in America spiritually and religiously seems to have become political, and the way you know it's political is that it's either 'yes' or 'no,' " said Irwin Kula, a Conservative rabbi who heads the New York-based National Jewish Center for Learning and Leadership.

"In a genuine spiritual tradition, 'yes' and 'no' are both living options. . . . Both sides are right, and we're not used to that, because in a political reality, only one side can be right," he said.

Moreover, whatever decision the committee reaches will be advisory. Miller noted that in the Conservative movement, each rabbi is the ultimate arbiter of Jewish law in his or her synagogue, and each "will be able to choose the opinion of the law committee that he or she agrees with." She predicted that some will perform same-sex ceremonies, allow same-sex couples to hold family memberships, and give same-sex couples the honor of an aliyah, or call to the altar, -- and some will not.

Still, the decision is important for the future of Conservative Judaism, because it could return the movement "to an older, 'big tent' model," said Jonathan Sarna, a professor of American Jewish history at Brandeis University.

"What I think is likely to happen is, there will be multiple options, rather than a single option," he said. "Both sides will be unsatisfied. One will say, 'You didn't give full acceptance.' The other will say, 'You accepted something that violates the Torah.' "

But, Sarna continued, the Conservative "movement as a whole will be able to say that it is in the center and, more important, that there is more than one way to be a Jew, more than one way to interpret Jewish law. . . . The Democratic Party did pretty well with that big-tent strategy in this past election, and my sense is there is a lesson there for a centrist movement that is struggling to appeal to younger people."

Pamela S. Nadell, director of Jewish Studies at American University and author of "Conservative Judaism in America," said the Conservative movement, which has about 2 million members worldwide, was the largest branch of Judaism in the United States from the 1950s to the 1980s. It shrank dramatically from 1990 to 2001 as its membership fell from 47 percent of Jewish adults who belong to synagogues to 33 percent.

Nadell blamed the shrinkage partly on defections to the Orthodox and Reform branches of Judaism. In addition, she said, the Conservative membership is aging, the Orthodox have a much higher birthrate, and the Reform movement's more welcoming approach to intermarriage has appealed to young families.

Nadell predicted that if the movement liberalizes its position on homosexuality, a few rabbis and congregations will leave, just as some did when Conservative seminaries began ordaining women in 1985. But she said she doubts that the changes will either fracture the movement or, as some hope, reenergize it.

"I just don't think the movement's problems, truthfully, are related to homosexuality," she said.

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ANTITRUST:

AMD Gets Subpoena In Graphics Chip Probe (AP)

AP, December 1, 2006

AMD Receives DOJ Subpoena in Graphics Chip Business Antitrust Probe

SAN FRANCISCO (AP) -- Advanced Micro Devices Inc. said late Thursday that it had received a subpoena from the Justice Department regarding an investigation into possible antitrust violations in the graphics processors and cards business.

Sunnyvale-based AMD, the world's No. 2 maker of the microprocessors that act as the core calculating engines of computers, entered the graphics chip market earlier this year with the $5.4 billion acquisition of ATI Technologies Inc.

The move was seen as a strategic blow to AMD's larger rival, Intel Corp., and one that would allow AMD to broaden its product portfolio and shed its image as a boutique player that sells only microprocessors and flash memory chips. The deal was completed in October.

AMD said that the Justice Department has not made any specific allegations against AMD or ATI, and that the company intends to cooperate with the investigation. An AMD spokesman declined to comment beyond the press release.

The scope of the Justice Department investigation was unclear. A call to a spokesman for Santa Clara-based Nvidia Corp., the other dominant maker of graphics chips, was not immediately returned.

Shares of AMD closed up 16 cents at $21.57 on Thursday on the New York Stock Exchange before the news was announced. AMD shares declined by a penny in after-hours trading.

Advanced Micro Gets U.S. Subpoena On Graphics Chips (Update2) (BLOOM)

By Vivek Shankar

Bloomberg, December 1, 2006

Nov. 30 (Bloomberg) -- Advanced Micro Devices Inc. said it received a U.S. antitrust subpoena over graphics processors and cards, a market it entered last month with the $5.4 billion acquisition of ATI Technologies Inc.

The Justice Department hasn't made any specific allegations against Advanced Micro or ATI, Sunnyvale, California-based Advanced Micro said today in a statement sent by Business Wire. It plans to cooperate with the investigation.

The acquisition of ATI, the largest maker of computer graphics chips for notebook computers, was Advanced Micro's biggest ever. The deal leaves Advanced Micro and ATI rival Nvidia Corp. dominant in the graphics-chip business, Global Crown Capital analyst David Wu said.

``The two duopolies are AMD and Nvidia," San Francisco- based Wu said. The probe will benefit lawyers, and not stockholders or taxpayers, he said.

The Justice Department may subpoena Nvidia also if it is investigating the larger graphics market, Wu said. He said he covers Nvidia and Intel Corp., the world's largest maker of semiconductors, and owns Intel shares.

Calls after business hours to the offices of Advanced Micro spokesman Drew Prairie and Santa Clara, California-based Nvidia spokeswoman Calisa Cole weren't immediately returned.

With the acquisition, Advanced Micro is seeking to win orders from makers of business laptop computers who currently rely on larger rival Intel's Centrino product. Advanced Micro shares, down 30 percent this year, rose 16 cents to $21.57 in New York Stock Exchange composite trading today.

Judge's Stance On Past Deals May Affect Current At&T Plan (MRKTWTCH)

By Corey Boles

Market Watch, December 1, 2006

WASHINGTON (MarketWatch) -- A judge presiding over a technical hearing into a previous round of telecommunications mergers Thursday took a tough stance that could have ramifications for another deal, the proposed takeover of BellSouth Corp. (BLS) by AT&T Inc. (T).

The oral hearing evaluated the conditions attached by the Justice Department to the mergers between Verizon Communications (VZ) and MCI and between SBC Communications' and AT&T. Judge Emmett Sullivan seemed to indicate he could try to toughen conditions, and this stance could embolden the FCC to ask for more conditions in the proposed AT&T-BellSouth merger, analysts said.

Sullivan asked Claude Scott, a lawyer for the Department of Justice, whether the current proposed merger should enter his thinking when pondering the case of the previous mergers. Scott responded that the two matters are entirely separate.

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The hearing's purpose was to evaluate the conditions agreed to by the Justice Department's antitrust unit and the two companies formed by the separate mergers, AT&T and Verizon.

As part of the decree, the companies agreed they would sell part or all of the "black fiber" controlled in commercial properties in more than 700 buildings across the U.S. That would allow smaller competitors access to the business clients within the buildings. Both companies say they have buyers lined up for the fiber.

Sullivan also appeared to somewhat angrily reject the argument put forward by John Thorne, an attorney for Verizon, that the deals had already closed and the hearing should deal only with a minor part of a much larger matter.

"I may not be required to do anyone else's work, but I will do an independent evaluation of the materials. I can assure you of that, and we will see where the merger stands at that point," said Sullivan.

Thorne had pointed out that, for all practical purposes, the mergers had closed. The name of the sports arena in Washington D.C., for instance, has already been changed to Verizon Center from MCI Center.

Sullivan gave little indication Thursday as to how he would ultimately rule.

Opponents of the agreement were also present at the hearing. These include lobbyist groups representing smaller companies in the telecommunications industry, Sprint Nextel Corp. (S), the New York Attorney General's Office and consumer advocates.

Arguing on behalf of these parties, antitrust lawyer Gary Repack said that the decrees reached between the Justice Department and the companies would not protect business customers and in fact would lessen competition.

Sullivan asked Repack and Chris Wright, representing Sprint, whether he should, rather than rejecting the agreement, ask for more evidence from the government as to how it came to make up its mind.

Both disagreed, urging the judge to strike down the decrees instead.

The hearing has more to deal with the job done by the Justice Department in evaluating the deals than it does the mergers themselves. There is no longer an SBC Communications or MCI, and no one involved in the case has suggested that the deals could ultimately be undone.

But the outcome of the case could potentially have an impact on the current AT&T-BellSouth merger, say analysts.

"If the judge comes out and really criticizes the last round of mergers, it could give Federal Communications Commission Democrats more ammunition to demand conditions in the current AT&T merger," said David Kaut, a telecom analyst with investment bank Stifel Nicolaus.

That merger is being held up by the two Democratic commissioners on the FCC who are attempting to extract more in the way of concessions from AT&T before they approve the deal.

The Justice Department has already approved the AT&T-BellSouth deal with no conditions whatsoever.

No 'rubber Stamp' On Telecom Mergers, Judge Says (CNET)

By Anne Broache, CNET News.com

CNET News, December 1, 2006

WASHINGTON--A federal judge on Thursday continued to press the Department of Justice to explain why he should approve twin mergers involving some of the nation's largest telephone companies, but did not say when he will make a final decision.

Emmet Sullivan of the U.S. District Court for the District of Columbia warned multiple times that he has no intention of "rubber-stamping" the mergers--proposed between AT&T-SBC Communications and Verizon-MCI--and plans to issue an opinion only after an "independent review" of the materials presented to him.

"Don't I have to scrutinize that merger to determine if it's in the public interest?" Sullivan asked at the outset of an afternoon hearing here that lasted more than two hours.

The pair of deals got the green light more than a year ago from the Federal Communications Commission and the DOJ's antitrust division, which collectively imposed only minor conditions aimed at alleviating competition concerns.

Both AT&T and Verizon have since closed the books on their respective acquisitions, which prompted Sullivan to remark Thursday with some measure of disdain: "It's a done deal. The MCI Center became the Verizon Center, and everyone goes on their own way." (He was referring to the Washington D.C.'s downtown sports and entertainment complex.)

Some observers say Sullivan's actions could also affect the outcome of another megamerger, between AT&T and BellSouth, which won unconditional approval from the Justice Department this fall. The FCC has repeatedly postponed a decision on that deal because of reported disagreements over what restrictions to impose.

Sullivan has maintained that it's his duty to give the deals a thorough look. A 1974 federal antitrust law called the Tunney Act calls for the courts to vet agreements negotiated between the Justice Department and the companies involved to ensure the deals satisfy the "public interest." During the infamous Microsoft antitrust trial, a federal judge invoked the Tunney Act to alter the

settlement agreement in that case before approving it. In 2004, Congress rewrote the law to make court review more a requirement than a voluntary undertaking.

When the telecommunications giants and the government appeared before the judge in July, Sullivan scolded the Justice Department for allegedly failing to present enough facts. He said he would not be able to sign off on the mergers until he received more information about the deals' potential impact on the public.

He said Thursday that "it remains to be seen whether the record is complete yet" and questioned whether the government was withholding "significant documents." Justice Department attorney Claude Scott replied that the government had submitted to the court a "fair representation" of the thousands of documents and interviews they had gathered while vetting the deals.

Attorneys for the government and the telephone companies continued to assert that the deals would not stifle competition or harm consumers. The merger agreements had already been modified in an attempt to ensure the companies' competitors could gain access to fiber optic connections in certain commercial buildings where Verizon and MCI or AT&T and SBC had been the only two companies supplying "last-mile" connections, leaving no immediate competition after the merger.

"As we indicated before, the violation is addressed 100 percent," Wilma Lewis, an attorney for AT&T, told the judge.

Such claims by the government and the telephone companies have drawn an outcry from a number of outsiders, including the Alliance for Competition in Telecommunications, a group led by Silicon Valley attorney Gary Reback, who played a major role in convincing the Clinton Justice Department to pursue an antitrust case against Microsoft; Comptel, a trade organization representing Bell competitors; and New York State Attorney General Eliot Spitzer.

In a lengthy slide show, an animated Reback accused the government of lying about or withholding important information about the competitive impact of the mergers. He criticized antitrust authorities for focusing only on situations in which the number of competitors was reduced from two companies to one and questioned why reductions from three companies to two or four companies to three, for instance, weren't equally worrisome.

"The government can't just make up facts," he said.

The Justice Department's Scott disputed the picture painted by Reback, saying Reback had skewed the analysis by "taking snippets of information ands pieces of data out of context."

Sullivan again raised the possibility of holding an evidentiary hearing on the matter but seemed to be leaning against that option. He said he didn't believe it was Congress's intent to have a court "duplicate" what the Justice Department has vowed was a painstaking analysis. "I can't draft my own complaint," he added.

But a particularly testy exchange with Verizon deputy general counsel John Thorne indicated that Sullivan may not go easy on the dealmakers. When Thorne suggested that the merger was closed and already pleasing Verizon's business customers, Sullivan shot back with, "If the merger is closed, why are we here then?"

"You say it's a done deal, a fait accompli," he went on. "The merger's not finished, either. The merger has not been approved by this court."

Rinker Says U.S. Regulators Want Details On Cemex Bid (Update1) (BLOOM)

By Miriam Steffens

Bloomberg, December 1, 2006

Dec. 1 (Bloomberg) -- Rinker Group Ltd., Australia's biggest building materials maker, said U.S. antitrust regulators have asked for more details on Cemex SA's hostile $11.7 billion takeover bid for the company.

``Rinker received a request for additional information" yesterday, the Sydney-based company said in a statement to the Australian Stock Exchange today. Monterrey, Mexico-based Cemex will also have to provide more details before it gets a ruling on the deal, according to the statement.

Cemex wants to buy the Australian company for its business in the U.S., which accounts for more than 80 percent of earnings. The deal would make the Mexican company the world's biggest cement maker. Rinker is focused on Florida, Arizona and Nevada, which the census bureau forecasts will be the fastest-growing U.S. states.

The U.S. Department of Justice request will extend the bidding process. It also indicates Cemex may have to sell some assets in Arizona and Florida, where both companies have strong market positions, to gain approval for its plans, according to Andrew Dale, an analyst at Macquarie Bank Ltd. in Sydney. He has a `neutral' rating on Rinker.

Shares of Rinker closed 10 cents lower at A$18.55 at the 4:10 p.m. close in Sydney. The stock has surged 34 percent since Cemex on Oct. 26 offered to buy the company for $13 a share, which equates to A$16.46 at today's currency exchange rate. Rinker yesterday rejected the offer as ``opportunistic and far too low."

Previous Intervention

The Federal Trade Commission and the Department of Justice ask for additional information ``only when there is a strong likelihood that some part of a transaction would violate the antitrust laws," Dale wrote in a note to clients. The regulators have passed about 95 percent of all merger proposals in the past five years without further requests, he said.

The regulators intervened in Cemex's takeover of Britain's RMC Group Plc for 2.3 billion pounds ($4.5 billion) last year, allowing the purchase on condition it sold RMC's ready-mix concrete operations in Tucson, Arizona, within six months to preserve competition.

The delay may help Rinker in its quest to find alternatives to the hostile offer. The company may seek a tie-up with Hanson Plc of the U.K. to thwart the bid, according to Simon Thackray, an analyst at ABN Amro Holding NV in Sydney.

Cemex, the world's third-largest cement maker, could pay as much as A$19.50 before the deal eroded profit gains and returns on capital employed, Macquarie's Dale said in his note. The company could reach $380 million in three years through cost savings and gains from selling Rinker land holdings, beating its target of $130 million, he said.

`May Walk Away'

``The decision to acquire Rinker is a large one and Cemex may walk away if it feels it cannot derive the best value," Dale said. ``Another buyer for Rinker is unlikely to emerge. Tension in the bidding process is low."

Hector Medina, executive vice president of planning and finance at Cemex, will travel to Sydney next week to talk to Rinker investors. The company will ask its own shareholders to approve the deal at a meeting Dec. 7.

The bid would be the biggest takeover of an Australian company, and cap a record year of acquisitions in the country. Proposed takeovers have soared to $164 billion in 2006, from $111 billion last year, according to data compiled by Bloomberg.

Cemex is advised by Citigroup Inc. Rinker has hired UBS AG to help it on its defense.

Senator Has Questions For NASD (NYT)

By Gretchen Morgenson

The New York Times, December 1, 2006

Charles E. Grassley, the Iowa Republican and departing chairman of the Senate Finance Committee, has asked NASD, the securities industry's largest self-regulatory organization, to describe in detail how it identifies and tracks possible insider trading among its members.

Mr. Grassley's staff is investigating the Securities and Exchange Commission's handling of an insider-trading case involving a prominent hedge fund. The questions being asked of NASD indicate that Congressional scrutiny of the nation's market regulators is growing.

Insider trading appears to be a growing problem for regulators. In August, The New York Times reported that an analysis of the nation's biggest mergers during the last year found abnormal trading in the securities of 41 percent of the companies in the days and weeks before the deals became public. Those buying shares during these periods of unusual trading generated gains of as much as 40 percent.

"This oversight effort is about making sure the watchdogs are getting the job done," Mr. Grassley said in a statement. "It's about maintaining public confidence in the system by making sure the average Joe investor is on equal footing with big shots on Wall Street."

Mr. Grassley sent his request to Mary L. Schapiro, the chairwoman and chief executive of NASD, in a letter on Tuesday — the same day that NASD announced that it was merging its oversight operations with those of the New York Stock Exchange.

He asked that NASD respond to his questions about its regulatory approach by Dec. 18.

The letter from the senator parallels his September request that the Government Accountability Office investigate how the S.E.C. polices the financial markets and pursues insider-trading cases. The G.A.O. agreed last month to conduct a broad review of S.E.C. enforcement practices and those of its office of compliance, inspection and examination, which oversees money managers.

The G.A.O. has until June 2007 to issue the report.

Mr. Grassley asked NASD to describe its market surveillance tools, its sampling methods for capturing unusual trading around a market-moving event like a merger, its approach to repeat offenders and how it ensures that it "casts a wide net during market surveillance and oversight."

NASD was also asked to describe the types of enforcement actions it takes, the frequency of such actions and the degree to which the organization's enforcement efforts are overruled by the S.E.C.

Under its proposed merger with the New York Stock Exchange regulators, NASD will oversee securities firms, arbitration and the licensing of brokers, while the exchange's regulators will conduct market surveillance and compliance for companies whose shares trade on the exchange. Both the S.E.C. and the NASD's membership must approve the deal; if they do, Ms. Schapiro will become chief executive of the combined entity.

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A spokeswoman for Ms. Schapiro said she declined to comment.

Others in Congress are also interested in the apparent increase in insider trading. The Senate Judiciary Committee, overseen by Arlen Specter, a Pennsylvania Republican, until Congress changes hands next year, is expected to hold a hearing on Tuesday on the oversight of insider trading.

Mr. Specter convened a hearing on the subject in September, at which a New York Stock Exchange official said that there was a significant increase in the number of insider-trading referrals submitted by the exchange to the S.E.C. in the last two years.

The request for information from the NASD comes amid an inquiry by Mr. Grassley's staff and the Senate Judiciary Committee into the S.E.C.'s handling of an insider-trading investigation involving Pequot Capital Management, a $7 billion hedge fund run by Arthur J. Samberg. That investigation, which began in 2004, centered on a number of profitable trades Pequot made in advance of mergers or other market-moving news.

The Pequot inquiry was overseen by Gary J. Aguirre, a former staff lawyer at the S.E.C., who has told the Senate that his superiors blocked him from interviewing John J. Mack, an influential Wall Street executive and a friend of Mr. Samberg. Mr. Mack now heads Morgan Stanley.

Last summer, the S.E.C. took Mr. Mack's testimony in the case. In October, it advised Mr. Samberg and Mr. Mack that it would not recommend any enforcement actions against them and closed the Pequot investigation. Mr. Samberg and Mr. Mack have repeatedly denied any improper conduct.

S.E.C. officials had argued that Mr. Aguirre could not demonstrate that Mr. Mack had inside information and was therefore not justified in taking his testimony as part of the investigation.

Mr. Aguirre, who said he was simply interested in getting information from Mr. Mack, protested the decision and was fired in September 2005, a year after he was hired.

In addition to questions relating to NASD's market surveillance techniques, Mr. Grassley asked NASD to describe its procedures for preventing brokerage firms from retaliating against analysts, brokers or other employees, and protections that exist for whistle-blowers at NASD member firms or the regulator itself.

How NASD manages its extensive broker disciplinary records is another topic of interest to Mr. Grassley. He asked NASD what procedures it had to ensure that the public information it provided was accurate and asked what efforts NASD had made to upgrade this program.

"Is the NASD of the opinion that it is the sole party entitled to deliver such information to the investing public?" Mr. Grassley asked.

Michigan MLS Agrees To Settle Antitrust Complaint (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, December 1, 2006

FTC will consider proposed agreement with MiRealSource

MiRealSource, a broker-owned multiple listing service in Michigan, has agreed to settle a Federal Trade Commission complaint that challenged MLS rules the agency claimed violate antitrust laws.

The FTC last month announced settlement agreements with five MLSs and complaints against two other MLSs related to MLS policies that blocked some property listings from reaching some public property-search Web sites, such as Realtor.com and MLS-operated sites. On Monday the FTC posted a notice stating that the complaint against MiRealSource was withdrawn to allow the commission to consider a proposed settlement agreement with that MLS.

Members of the FTC will consider whether to approve the proposed agreement.

Virginia Blatt, CEO for MiRealSource, which formed in 1966 and has about 7,000 members, said Wednesday that the MLS board voted to approve the consent agreement and MLS managers will "make some modification to our rules as a result of it. We think it will work out in a positive." The MLS must implement new rules within 45 days of the FTC's final approval of the consent agreement. Blatt said that the MLS did incur some costs in seeking legal assistance related to the complaint.

She added, "There is no point in spending a significant amount of resources, time and energy to litigate with the FTC. We'd rather spend our energies ... in service to our members." The MLS board had several meetings to discuss the FTC matter, she said. "They gave it a lot of thought, and concluded that resolving the dispute is in the best interests of our members."

And in a statement Wednesday, MiRealSource officials said, "Finally, and perhaps most importantly, MiRealSource recognized that sweeping changes in the real estate industry, fueled in large part by the widespread use of the Internet and consumer expectations of access to information that the Internet provides, meant that its rules would have to evolve, regardless of the outcome of its dispute with the FTC."

In its 13-page complaint against MiRealSource, the FTC stated that the MLS "adopted rules and policies that limit the acceptance, publication and marketing of certain properties, based on the terms of the listing contract entered into between a

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real estate broker and the customer who wishes to sell a property." The FTC charged that these rules violate federal antitrust laws.

The complaint focuses on rules that blocked a type of property listing from the MLS in which homeowners had entered into "exclusive agency" contracts with MLS members, and also on a rule that required brokers to offer a specific set of services in order for the MLS to accept property listings submitted by them.

Under an exclusive agency agreement, property owners have the right to sell a property on their own and are not required to pay the broker if they directly locate a buyer for the property. The MLSs did not place similar restrictions on the more popularly used "exclusive right to sell" agreement, under which sellers must pay the broker a commission when the property is sold.

These rules were particularly restrictive compared to other MLS rules that the FTC investigated -- many of the other MLSs accepted limited-service and exclusive agency listings but had rules that blocked exclusive agency listings from being distributed to certain public Web sites. Several MLSs that adopted exclusive agency restrictions have said that they did not wish to publicize property listings in which houses could be sold directly by the owner, without the benefit of compensation for its members.

The FTC complaint stated that MiRealSource passed a rule in August 2003 that blocked the MLS from accepting any listings other than exclusive right to sell listings, and that year the MLS adopted a "Co-Mingling Policy" that prevented MLS members operating home-search Web sites from combining MLS listings with listings from other sources. Also, the MLS adopted a rule in 2004 "specifying the minimum set of real estate brokerage services that a listing broker was required to offer in order to have a listing on the MiRealSource MLS," the FTC charged.

Exclusive agency listings "are a means by which listing brokers can offer lower-cost, unbundled real estate brokerage services to home sellers," the FTC said in the complaint, and limited or "unbundled" real estate services "are lawful arrangements."

Patrick Roach, deputy assistant director for the FTC's Bureau of Competition, said that there will be a 30-day public comment period if the commission approves the consent agreement. The proposed consent agreement has not yet been placed on the public record.

The FTC is proceeding in its complaint against RealComp II Ltd., a corporation owned by several Realtor boards and associations in Michigan that has about 14,800 members.

EU Says Energy Suppliers, Grids Are Still Colluding (Update1) (BLOOM)

By Adam Mitchell

Bloomberg, December 1, 2006

Nov. 30 (Bloomberg) -- The European Union official heading an antitrust inquiry into the energy market said a requirement for energy suppliers and distribution grids to become separate legal entities has failed to open up the industry.

A report by the European Commission, the EU's executive body, will be released on Jan. 10. The body plans to use it as a basis for improving the rules that govern the energy market and to take legal action against companies.

``Legal unbundling has not prevented systematic communication between network and supply branches" of companies, said Lars Kjoelbye, head of the team that has been working on the probe since June 2005, in Brussels yesterday.

He cited the case in which Eni SpA, Italy's former gas monopoly, was fined 290 million euros ($382 million) in February by Italy's antitrust authority for blocking access to its pipeline that transports gas from Algeria.

``The network branch had planned to invest expanding the capacity of a gas pipeline to Italy but the supply branch said the project should be dropped because the extra energy could put prices under pressure," Kjoelbye said.

Rome-based Eni's appeal against the fine was partially accepted yesterday, news agency Ansa reported. Eni will get a reduction in the penalty, the amount of which hasn't yet been published, Ansa said.

Removing National Barriers

The Italian company said this week it expects to announce within the next two months plans to build a new import terminal for liquefied natural gas in Italy. On Nov. 24, it offered to auction gas at below-market prices to resolve a separate antitrust investigation into whether the state-controlled company was restricting competitors' access to the country's only existing LNG facility, which Eni controls through its Snam Rete Gas SpA pipeline unit.

The commission is trying to open the EU's 250 billion-euro power and gas market to more competition, using a law that gives it the right to conduct broad investigations into areas of the economy it thinks are performing poorly. The antitrust inquiry is part of the EU's push to remove national barriers within the 25-member bloc, break up monopolies and stop collusion.

``Europe needs large investment in infrastructure, but if a company has both network and supply interests it won't make an investment in its network if this is bad for the supply business," Kjoelbye said. ``We're stuck in the middle of the river: liberalization has not changed market conditions. We need a more European outlook, and more cross-border capacity."

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ENVIRONMENT:

Environment Agency Drops Part Of Its Plan To Ease Pollution Reporting Rules (FINDLAW/AP)

By John Heilprin, Associated Press Writer

AP, December 1, 2006

(AP) - WASHINGTON-The Bush administration, looking at the prospect of stronger oversight from a Democratic-led Congress, is withdrawing a proposal to let big polluters report less often on what they spew from their smokestacks.

The administration, however, is going ahead with a plan to make one-third less provide detailed figures at all.

The government last year proposed easing air regulations to exempt some companies from having to tell the Environmental Protection Agency about what it considers to be small releases of toxic pollutants.

That proposal is still alive. But abandoned now is the idea of making companies that must make such reports, known as toxic release inventory, do so every other year instead of annually.

"You will be pleased to know that I have decided against moving forward with changes to TRI reporting frequency," EPA Administrator Stephen Johnson wrote Democratic Sens. Frank Lautenberg and Robert Menendez this week.

Johnson decided the program would not be effective unless the reporting was done each year, agency spokeswoman Jennifer Wood said Thursday.

The EPA does plan to change the inventory requirements, easing what it called the "regulatory burden" on companies through use of a short form for reporting toxic pollution.

Currently, some 23,000 facilities are required to submit reports annually if they release more than 500 pounds (227 kilograms) of the worst toxic pollutants. Those include mercury, DDT, PCBs and other chemicals that persist in the environment and work up the food chain.

Johnson made clear in his letter Tuesday to the senators that the administration plans in 2007 to raise that threshold reporting requirement to 5,000 pounds (2,268 kilograms). Companies would be exempt from the reporting requirements if they store the pollutants on site and claim to release "zero" amounts into the environment.

According to EPA officials, the higher threshold would free one-third of the 23,000 facilities from the reporting requirements. They include mining, utility, oil, rubber, plastics, printing, textile, leather tanning and semiconductor operations.

On the Net:

Background on the toxic release inventory program: http://www.epa.gov/tri

Bush Against Airline Emissions Cuts (AP)

By John Heilprin

AP, December 1, 2006

The White House opposes plans by European nations to require airlines to curb greenhouse gases, saying it would unfairly disadvantage U.S. carriers.

"We are strongly opposed to the imposition of a tax. We think this will violate trade rules," James Connaughton, chairman of the White House Council on Environmental Quality, told a group of international reporters Thursday.

"It's also not a smart way to find your way to efficiency in the aviation (industry)," he said. "The aviation sector has already made dramatic progress in becoming more fuel efficient because they have to. It costs a lot of money to fly people around."

Connaughton said a better approach is to "come up with a partnership to ensure new approaches that are efficient, but also to relieve congestion that is in the airways. There are real restrictions between our markets and also with Asia that causes a tremendous extra consumption of fuel that's necessary."

Technically, the European Commission is not proposing a tax. Instead, it is writing rules to require that airlines trade carbon emissions. Given a choice, airlines told the commission they preferred a cap-and-trade scheme over a tax on carbon emissions.

To Connaughton, "It goes right to the customer, to the bottom line of what it costs to fly. Let's just call it what it is: It's a tax."

He did not elaborate on whether the Bush administration would file a complaint with the Geneva-based World Trade Organization once the commission proposal is made public.

The EU's emissions trading program is intended to encourage industries from many sectors to cut greenhouse gases. It would set limits and allow for trading allocations of carbon dioxide emissions.

The EU is required by the 1997 Kyoto Protocol on climate change to reduce its carbon emissions by 8 percent below 1990 levels by 2012. But cars and airplanes, major sources of CO_2 emissions linked to global warming, are not covered by the treaty.

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The European Commission sees the airlines emissions trading as a tool that could help Europe meet the Kyoto targets. By giving airlines a carbon allowance, companies that do not use the full amount can sell their unused limits.

"You don't have a market if you don't have a shortage," the European Commission's top environment official, Mogens Peter Carl, said in October.

EPA Staffers Go To Hill Over Global Warming (CSM)

By Peter N. Spotts

The Christian Science Monitor, December 1, 2006

This week, labor leaders representing more than 10,000 Environmental Protection Agency scientists, engineers, and staff have asked Congress to hold aggressive oversight hearings on the agency's own greenhouse-gas emissions programs.

Under the Bush administration's voluntary approach, the labor leaders' petition says, the agency isn't doing enough to encourage the use of current technology to control carbon-dioxide emissions, the leading cause of human-induced climate change. In fact, the time for a voluntary program is over, the leaders say.

"The science is too clear and the consequences are too grave" to continue down the path the administration is following, says William Hirzy, an EPA senior scientist currently on a teaching assignment at American University. He's vice president of the National Treasury Employees Union chapter that represents employees at EPA headquarters in Washington.

The labor leaders, who are presidents of the EPA's 22 union locals, also called on lawmakers to ensure that agency experts are allowed to speak freely and openly about global warming with the public and Congress "without fear of reprisal."

In addition, the petition, which was sent to two key Capitol Hill committees, asks lawmakers to "support a vigorous program of enforcement and reduction in GHG [greenhouse-gas] emissions."

The administration has held that regulating CO2 is outside the agency's purview. Indeed, this week, the US Supreme Court heard arguments in a suit against the EPA over this issue. Deputy Solicitor General Gregory Garre argued that Congress never gave the EPA authority to regulate CO2. Even if the agency had the authority, he continued, "now is not the time to exercise such authority, in light of the substantial scientific uncertainty surrounding global climate change and the ongoing studies to address those uncertainties."

The petition's drafters say they originally planned to release the document in a few weeks, on the eve of the new, Democratically led Congress. But they opted to send the document to the House Energy and Commerce Committee and the Senate Environment and Public Works Committee this week as the high court heard oral arguments on the issue.

This is not the first time EPA's unions have flagged issues that some members reportedly have difficulty raising through bureaucratic channels. And it's unclear how deep the petition's sentiments run through the agency's rank and file. "We can't say it's 100 percent," Dr. Hirzy acknowledges.

Still, the unions represent the only safe avenue for career scientists and engineers to speak out, according to Jeff Ruch, executive director of Public Employees for Environmental Responsibility. In 2005, he explains, the US Supreme Court held that public employees couldn't rely on the First Amendment to shield them from retaliation if they blew the whistle on unethical or illegal activities on the job.

The petition comes at a time when speculation is rising in Washington that President Bush may substantially modify his approach to carbon emissions. In press interviews, some administration officials have hinted that Mr. Bush is preparing to unveil new energy and climate policies, perhaps in his State of the Union message early next year.

Some analysts say that the White House has polled energy companies, asking: What's your bottom line on possible regulations? In October, the head of Shell Oil, speaking at the National Press Club, said that a patchwork of state rules would be too hard to deal with, and that a national program is needed.

"You've got different dynamics at play," and the logical place to look for a new position would be the State of the Union address, says John Stanton, vice president of the National Environmental Trust.

Tax Horse-Trading Could Be Focus Of Lame-Duck Session (WSJ)

By John Harwood

The Wall Street Journal, December 1, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

TAX HORSE-TRADING could be lame-duck focus.

Sales-tax states are confident of two-year extension for federal deductions, as home states of Senate leaders Frist of Tennessee and Reid of Nevada both benefit. Business wants similar treatment for R&D credit renewal, while Democrats seek additional alternative-minimum tax fix now, to avoid paying for it after they reinstate "pay-as-you go" budget rules. Republicans bristle, but White House needs deal to move trade bills.

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Under pressure from doctors, lawmakers work to block drop in expected Medicare payments. Revenue likely would come out of $10 billion "stabilization" fund for regional health plans. Health plans aren't fighting hard, since the money hasn't been doled out yet. "It's air," says one lobbyist.

Republican pollster Neil Newhouse says voters "couldn't come up with a single" congressional accomplishment.

CAFE CLASH looms among Capitol Hill Democrats.

Senate leaders, including incoming Energy Chairman Bingaman, back an Obama plan forcing government to raise corporate average fuel-economy standards for autos by one mile per gallon each year, unless regulators prove it isn't feasible. Obama notes the current U.S. car standard of 27.5 miles per gallon has been "frozen" for 20 years, while Japan has gone to 45 mpg.

House Energy Chairman-to-be Dingell of Detroit blasts CAFE as outmoded, and instead backs incentives for flex-fuel cars. Deron Lovaas, a vehicle expert at the Natural Resources Defense Council, says House Democrats, the auto industry and United Auto Workers face rising pressure to "cut some sort of deal" with the Senate.

UNIVERSAL-PRESCHOOL advocates seek boost in new Congress.

Coalition backing action includes University of Chicago Nobel economist James Heckman, business groups and liberal antipoverty warriors. Incoming Senate Finance Chairman Baucus has pushed new federal funding to match state money for "voluntary, universal pre-K for all income levels." A $25 million private Minnesota venture sponsors a pre-kindergarten voucher experiment. But huge national price tag -- $30 billion to $70 billion a year -- makes congressional action unlikely.

Kennedy will push long-stalled Head Start renewal, hoping to fully fund programs for neediest children before extending pre-K to the middle class.

The delay came from Republican demands that church programs be allowed to hire exclusively from their denominations.

FORMER VIAGRA pitchman Dole teams up with Pfizer again, this time to hawk success stories for Medicare's drug benefit. The retired Kansas senator has revamped his Web site, bobdoleonmedicare.com2, with a grant from the manufacturer.

MARKET NICHE: Organizers expect about 150 attendees and 15 exhibitors at next week's "Sixth Rebuilding Iraq Conference & Expo" outside Washington. Iraq-reconstruction conferences in 2003 drew packed houses.

REPUBLICAN SHUFFLE: Virginia's Warner could yet pass on top party post on Senate Environment panel, instead taking ranking Intelligence slot. He would succeed Kansan Roberts, who feuds with incoming Chairman Rockefeller. Roberts could then reclaim ranking on Agriculture panel in time for farm bill important back home. Approaching 80, Warner jokes: "I've spent most of my life worried about defense....I don't know if I'll live long enough to figure out global warming."

BIOTECH, INDIA deals face House-Senate squabbles.

Biotech firms expect Senate to clear long-stalled bill giving government more flexibility and funding to contract for bioterror-related treatments. But odds are low for matching House version before adjournment.

Senate complicates civilian nuclear deal with New Delhi by requiring India to back U.S. efforts against Iran, along with annual "certification" of India's "cooperation." India and White House want those provisions yanked. Business backers expect consensus package with House this year. "This doesn't stand a chance" in the next Congress, says one supporter.

Commerce takes 230 firms in India trade jaunt, including nuclear suppliers General Electric and Westinghouse.

MINOR MEMOS: Hillary opponents launch www.StopHerNow.com3; inaugural cartoon shows Clinton slamming Howard Dean with an oversize mallet...Hillary and Bill top pollster Peter Hart's Washington state survey on most-desirable weekend family companions, trailed by the Bushes; Cheneys and Kerrys finish last.

Another Plan For Snowmobiles (NYT)

The New York Times, December 1, 2006

Yet another winter and here we are, still wrangling over snowmobiles in Yellowstone. Last week the National Park Service released a draft environmental impact statement that would allow 720 snowmobiles a day into the park. It would also require snowmobilers to ride with guides and to use the newest generation of supposedly environmentally friendly machines.

But everything we have learned about snowmobiles in Yellowstone — thanks to an apparently unending series of publicly funded studies — tells us that there should be no snowmobiles there at all.

Last winter, the park service — by accident — conducted an even more persuasive experiment. Snowmobile numbers were way down in Yellowstone, thanks largely to uncertainty about the regulations. And every measurement showed just how much cleaner the air was with only about a third of the machines proposed under this new plan zooming through the park. But even those few still exceeded the noise limits wherever they concentrated — at Old Faithful, for instance.

Snowmobiling is almost entirely about speed, and most of the promised environmental gains have been sacrificed for more horsepower. The best way to get people into the park in winter is the new generation of snow coaches, small, snow-going buses that are vastly quieter and cleaner.

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The snowmobile problem is a political vortex of surprising endurance. Scientific studies funded by the Clinton and Bush administrations have made it clear again and again that snowmobiles seriously degrade the environment of Yellowstone. The park service needs a new plan, and if it can't provide one then Congress should intervene. There should be no snowmobiles in Yellowstone.

FBI/DEA/ATF/USMS:

COMMENTARY Gonzales: So You Don't Think Meth Is Your Problem? (AAS)

By Alberto Gonzales, U.S. ATTORNEY GENERAL

Austin (TX) American-Statesman, December 1, 2006

It has become a familiar scene on the evening news across the country: Neighbors watch in stunned silence as police raid the house next door and the nice couple who kept to themselves is hauled away for running a methamphetamine lab in the basement. How could this happen, the neighbors ask, in our neighborhood? Isn't this the kind of thing you only see . . . somewhere else?

Compared with marijuana, heroin or cocaine, methamphetamine, or meth, is relatively new in the headlines. But it has had a tremendous and terrible impact in a short time.

Once thought to be a problem primarily affecting America's rural communities, we now know that no community is safe from the destruction caused by meth.

Users are drawn in by the drug's promise of euphoria. Its quick, feel-good results make it appealing to a teenager who may be feeling blue or to an exhausted stay-at-home mom.

Even more sinister in some ways than cocaine or heroine, continued methamphetamine use can interfere with the brain's ability to experience pleasure normally. Imagine not being able to feel joy from the things that make you happiest? Imagine you have unknowingly sacrificed your ability to feel such a basic human emotion for the false, short-term promise of feeling happy, high or euphoric.

Users quickly learn that methamphetamine is far from glamorous. Their teeth rot, they can't sleep, and they become emaciated from lack of appetite. But they're addicted, and they usually cannot stop without help.

So we should care about the drug addict? They are their own victims — no one forced them to use an illegal drug, right? They deserve to suffer.

But while some consider drug abuse to be a victimless crime, meth does not just affect the user. It affects users' children, it affects the community, and in a very real and lasting way, it affects the environment.

Meth's collateral damage is nothing short of horrifying. We've seen babies burned to death when meth-cooking parents accidentally set fire to a home lab. We've seen children exposed to hazardous chemicals and severely neglected by their meth-abusing parents.

And we've seen environmental damage from meth. The chemicals used to make the drug include lye, red phosphorus and hydriodic acid, and each pound of finished methamphetamine creates up to six pounds of hazardous waste. These toxins are often dumped onto the ground or into the water systems — making meth your problem.

Last March, Congress passed the Combat Methamphetamine Act, which gave us tools for targeting meth traffickers. The law, signed by President Bush, provides a national standard for the retail sale of products containing the ingredients needed to make meth, like pseudoephedrine.

One change you may have noticed is that local retailers moved some cold medicines behind the counter. It seems like a small step, but thanks to this and other initiatives — particularly at the state level — we have made tremendous progress in cutting production of meth.

Now we're focused on halting the manufacture and smuggling of meth from superlabs controlled by Mexican drug traffickers operating in the United States and Mexico and to reducing demand in this country.

I've made clear to U.S. attorneys throughout America that meth is a priority. But we cannot win the fight against meth with prosecutions alone. We need to educate people about the dangers of meth, so they never start using it. Finally, we need to make sure meth abusers know help is available, so they can get clean.

Recent events around the country have educated people about the dangers of the drug. The Justice Department is working with its partners at the federal, state and local level, in government and in the private and nonprofit sectors, to raise understanding of this problem.

Education efforts do indeed reduce demand. To put it simply, the more people know about meth, the less likely they are to use it. And we've created an educational presentation called Meth 101, which is online at www.usdoj.gov/

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methawareness.

Meth poses a tremendous challenge for law enforcement and society. We all share a responsibility to ensure a safe, successful and drug-free future for our children and grandchildren. Progress will be something very worthy of giving thanks for this holiday season.

'CRYSTAL' PALACE (NYPOST)

By Todd Venezia, Erika Martinez And Stefanie Cohen

The New York Post, December 1, 2006

December 1, 2006 -- The trailer-park drug known as "hillbilly crack" has been putting on the Ritz lately - as federal drug agents uncovered a crystal-meth lab inside the $6,000-a-month Manhattan penthouse of a bank executive, authorities said yesterday.

Michael Knibb, an information-technology vice president at Citigroup, ran the sophisticated drug operation from the living room of his luxury apartment overlooking the United Nations, said Drug Enforcement Administration officials.

The 37-year-old Knibb - who makes an estimated $250,000 a year - allegedly told authorities that he had decided to make his own methamphetamines because he could not find a reliable drug dealer after moving to New York from Seattle two years ago.

Knibb was one of 10 alleged do-it-yourself drug makers busted this week as part of a federal anti-meth sweep dubbed Operation Red Fusion.

Yesterday was National Methamphetamine Awareness Day.

The arrests were made after each of the suspects allegedly bought meth-making chemicals from the same Internet sites.

None of the suspects were major dealers, and most just made enough for their own use, according to the DEA.

Knibb wasn't the only suspect whose profile didn't fit the image of the typical meth producer.

Another suspect is Mehmetcan Dosemeci, a Columbia University doctoral student, who told cops he mixed and used the stimulant to boost his studying, officials said.

Dosemeci, a native of Turkey, is a Fulbright scholar and a graduate instructor at the school.

He was busted after he allegedly made the boneheaded mistake of going online to get one of the prime meth ingredients, iodine crystals, and having it sent to his Manhattan Avenue apartment.

DEA agents raided his home in October. The history student might have also gone far in chemistry, since DEA officials said the 1.3 grams of meth they found had a purity of 98 percent.

"It's just not as it seems at the moment. It's a big misunderstanding," Dosemeci said at his apartment yesterday.

He and Knibb were free on $150,000 bail.

Agents described Knibb's operation as "sophisticated" for a small-time meth lab. He allegedly used heating elements from lava lamps to cook up the drug. The DEA said they found 7 grams of meth, refined to 92 percent purity, in his apartment.

"To find a meth lab . . . in a penthouse in New York City is shocking, as well a frightening," said John Gilbride, special agent in charge of the Manhattan DEA office.

Knibb was busted in June after allegedly buying red phosphorus online. The controlled substance is a prime meth ingredient. According to residency records, he returned to Seattle in July of his year and stayed in a drug-treatment center. He could not be reached for comment.

Cops also busted Nicholaos Georgopoulos, 29, and Allen Jasovsky, 56, both of whom allegedly brewed meth at a Manhattan Potamkin car dealership on 11th Avenue, where they worked as mechanics. One of the men would keep a lookout, while the other would mix the drug for their own use, the DEA said. Georgopoulos said he had done the drug for only a couple of years - sucked in by Jasovsky, a 30-year addict.

"It doesn't mean I'm a bad guy, I just have a problem. I don't want to hurt anyone else, I've hurt myself enough," Georgopoulos said from his home in Astoria, Queens.

He said drug use was rampant at the dealership, and that they would cook the drugs behind the opened hoods of cars while they were supposed to be working.

In Ridge, L.I., agents arrested Christopher Bigoness, who allegedly had a mobile meth lab in his pickup truck. In addition to the meth, he allegedly was growing "magic mushroom" in his parents' home.

His efforts to grow the hallucinogenic fungi, however, caused him to inhale mold spores and sickened him.

Knibb, Dosemeci, Bigoness, Jasovsky, Georgopoulos and three other suspects face 20 years in prison, while two others face 10 years.

Additional reporting by Murray Weiss and Erin Calabrese

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DOJ_NMG_0100538

Citicorp Executive Among 10 Accused In Drug Sting (NYS)

By Elizabeth Solomont

New York Sun, December 1, 2006

A Citicorp executive accused of manufacturing methamphetamine in his East Side penthouse was one of 10 people charged with operating nine illegal drug labs in New York City and Long Island, Drug Enforcement Agency officials announced yesterday.

Michael Knibb, 36, allegedly cooked up the highly addictive drug in the living room of his apartment on East 39th Street overlooking the United Nations, officials said. Officials identified him as a vice president of IT Test Systems at Citicorp, a subsidiary of Citigroup. A spokesman for the company confirmed Mr. Knibb's employment.

Officials said his arrest and charges against nine others stemmed from a six-month investigation known as "Operation Red Fusion," which targeted suspects who allegedly imported chemicals used to make methamphetamine from the same Web site. Officials declined to name the site, but said the suspects were producing the drug for individual use and not for sale.

According to officials, three of the labs were in Manhattan, two each were in Queens and Long Island, and there were one in Brooklyn and the Bronx. Methamphetamine, known as meth, crank, and crystal, can be made from household ingredients and is considered highly addictive and explosive. "These labs are ticking time bombs," the special agent in charge of the DEA's New York office, John Gilbride, said.

A lawyer for Mr. Knibb, Heidi Cesare, last night declined to comment on the case.

Officials said the defendants worked independently. The group includes a graduate student at Columbia University, Mehmetcan Dosemeci, 28, and an undergraduate student at SUNY Stonybrook, Arkady Koroshikh, 20.

Nine defendants pleaded not guilty yesterday to felony charges associated with the operation of the illegal labs, while one is a fugitive, officials said. If convicted, they face a maximum of 20 years in prison and $250,000 in fines.

Meth Lab In 'High' Rise (NYDN)

By Kerry Burke And John Marzulli, Daily News Staff Writers

New York Daily News, December 1, 2006

A Citigroup executive turned his fancy 38th-floor penthouse apartment overlooking the United Nations into a crystal meth lab, one of nine secret dope factories shut down by drug agents, federal officials said yesterday.

He and nine other New Yorkers, including a Fulbright scholar at Columbia who wanted to stay awake to write his dissertation, were charged with setting up the toxic do-it-yourself labs across the metro area.

"A new animal has been unleashed in New York City," said John Gilbride, special agent in charge of the DEA's New York office.

For six months, agents tracked the purchase of red phosphorous and other chemicals from an Internet-based foreign company.

The most prominent alleged mad meth scientist was Michael Knibb, a vice president for information technology for Citigroup. He was tracked ordering 100 grams of meth's component chemical, court papers allege.

When the feds checked his penthouse on E. 39th St., they discovered beakers, solvents and heating elements in his living room and bedroom.

Knibb admitted he lost his crystal meth source when he moved here from Seattle 18 months ago, "so he decided to manufacture it himself," DEA agent David Campbell stated in an affidavit.

"He's a real gentleman," said a shocked employee in the luxury building. "He rides a motorcycle and has a high-paying job."

Mehmetcan Dosemeci, 28, a doctoral student in history at Columbia University who teaches political science and was a Fulbright scholar, was tripped up by a shipment of iodine crystals sent to his Manhattan Ave. flat.

"While writing his dissertation, he wanted to take methamphetamine to keep awake. . . . He researched how to manufacture it on the Internet," Campbell said.

A U.S. magistrate in Brooklyn released Knibb and Dosemeci on $150,000 bonds Wednesday.

Drug labs were also set up by two mechanics in the garage bay of Potamkin Mitsubishi in Manhattan, in another suspect's pickup truck, and in several residences on Long Island. All the labs produced drugs for the suspects' personal use, authorities said.

The eight others charged are: Nicholaos Georgopoulos, 29, of Astoria, Queens; Allen Jasovsky, 56, of Englishtown, N.J.; Christopher Bigoness, 48, of Ridge, L.I.; Arkady Koroshikh, 20, of Bay Ridge, Brooklyn; Christopher Beltzer, 24, of Queens; Eric

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Wright, 36, of the Bronx, and Steven Satornino, 32, and Adam Mills, 41, both of Patchogue, L.I. All but Wright, who remains a fugitive, have been arraigned and released.

"From the cornfields of the Midwest to the penthouses of New York City, this drug is a poisonous danger that affects not only the user but the entire community," Gilbride said.

Because flammable chemicals are used in the making of the highly addictive meth, one home lab in six triggers potentially dangerous explosions, he said.

Penthouse Lab Busted In Methamphetamine Crackdown (NSDY/AP)

By Pat Milton

AP, November 30, 2006

NEW YORK -- A Manhattan corporate executive accused of cooking up methamphetamine in his penthouse apartment was one of 10 people busted in a crackdown on clandestine drug labs in the city and Long Island, Drug Enforcement Administration officials announced Thursday.

The six-month investigation, dubbed "Operation Red Fusion," targeted suspects who allegedly imported chemicals used to make the drug from the same Web site, said John Gilbride, special agent in charge of the DEA's New York office. The suspects were making the drug for individual use and not for sale, said Gilbride.

Michael Knibb, 36, a Citicorp executive, was cooking the drug up in the living room of his East Side penthouse overlooking the United Nations, Gilbride said. Another suspect was arrested for running a lab in the back of his pickup truck, while a third was using a garage bay at a Manhattan car dealership. Knibb's attorney, Heidi Cesare, did not immediately return a phone call for comment.

Nine of the defendants, including Knibb, were arraigned in U.S. District Court in Brooklyn following their arrests, while the tenth remained a fugitive. According to Gilbride, three of the labs were in Manhattan, two in Long Island, two in Queens, and one apiece in Brooklyn and the Bronx.

The arrests mark yet another eastward advance for a drug that has been slowly growing in popularity in urban areas, after gaining a foothold years ago in small towns across the Midwest and Appalachia.

"From the cornfields of the Midwest to the penthouses of New York City, this drug is a poisonous danger that affects not only the user but the entire community," Gilbride said.

Officials said that one in six clandestine labs result in an explosion creating devastating consequences for the individual and neighbors, particularly in densely populated areas such as New York City and its suburbs.

Suspicious tell-tale signs that could indicate the existence of a meth lab include an air conditioner unit running during winter months, a tube dangling outside a window being used as a vent, and the presence of caustic fumes or odors, said John Fassanello, a DEA chemist.

Methamphetine, also known as meth, crank and crystal, can be made from household ingredients, including over-the-counter cold medications. It can be snorted, injected, inhaled or smoked.

Agents uncovered two personal meth labs on Long Island. One was in Ridge, where the individual was producing meth from the back of a pick-up truck, said Richard Dormer, Suffolk County police commissioner.

The investigation received its nickname because red phosphorous and other chemicals such as iodine are used to manufacture the drug. Gilbride declined to identify the Internet company that sold the chemicals, but did say it was outside the U.S.

The defendants pleaded not guilty to the charges and all but one was released on bail. If convicted, they face up to 20 years in prison.

7 Held On Drug Trafficking Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, December 1, 2006

Drug Enforcement Administration agents have arrested seven suspected drug traffickers who operated methamphetamine laboratories throughout New York City and Long Island. Those arrested included a corporate executive, an automobile mechanic and a university teaching assistant.

"The danger of meth labs has spread from mid-America to Midtown," DEA Administrator Karen P. Tandy said.

"In New York City, the potential for damage is enormous -- drug criminals are playing with fire in apartment buildings that thousands of innocent people call home," she said. "With today's arrests, we're extinguishing those fires before they become explosions and ensuring that those who put New York's citizens at risk pay the price."

The arrests came as a result of an undercover investigation known as "Operation Red Fusion," led by the DEA and the Justice Department's Organized Crime Drug Enforcement Task Force, with assistance from the Suffolk County Police Department. Three other suspected traffickers are being sought.

DEA spokesman David C. Ausiello said agents targeted persons in New York City and Long Island who imported red phosphorus and other restricted chemicals, such as iodine, which are known to be used to manufacture methamphetamine in illegal laboratories.

Mr. Ausiello said the agents discovered nine operational methamphetamine laboratories and equipment used in growing psilocybin mushrooms and marijuana, and they seized manufactured methamphetamine and hundreds of grams of restricted chemicals, including red phosphorus and iodine.

He said the laboratories were found at a penthouse apartment overlooking the United Nations, a garage bay at a Manhattan automobile dealership, a pickup truck, a single family residence and apartments located on Long Island. He said those arrested were not members of a single organization, but rather acted independently, producing personal-use quantities of methamphetamine.

The laboratories were discovered in Manhattan, the Bronx, Brooklyn, Queens, Patchogue and Ridge.

El Paso, Nation Focus On Meth Awareness (EPT)

By Tammy Fonce-Olivas

El Paso Times, December 1, 2006

Law enforcement officials in El Paso joined the nation today in recognizing National Methamphetamine Awareness Day, which was proclaimed by President Bush as a day to raise awareness about the dangers of meth abuse and reduce demand for the drug.

Zoran B. Yankovich, special agent in charge of the Drug Enforcement Administration in El Paso, said methamphetamine is manufactured from a variety of store-bought chemicals and can dramatically affects users' minds and bodies. Chronic use can lead to violent behavior, paranoia, and an inability to cope with the ordinary demands of life.

"I understand that people use drugs to get high. Our message to them is to get high on life," Yankovich said.

According to the 2005 National Survey on Drug Use and Health, individuals ages 18 to 25, are the most likely to use meth. Additionally, it is estimated that more than 10 million people have abused meth, about 512,000 of them in 2005.

The number of teens who have tried meth has decreased in recent years, Yankovich said.

Though law enforcement officials around the nation have made significant progress combating the supply of methamphetamine by reducing the number of meth labs in the U.S, the drug remains a serious problem. Yankovich added that most of the meth used in the U.S., or 85 percent of it, is manufactured in Mexico.

All counties in New Mexico consider methamphetamine as their "No. 1 drug problem," Yankovich said.

In El Paso, cocaine and marijuana are the most common illegal drugs. However, police are concerned about the growing popularity of meth, Deputy Chief Sylvia Aguilar of the El Paso Police Department.

Carrie Walker, a treatment specialist of Peak Hospital of Santa Teresa, said two out of 10 people who turn to them for drug abuse treatment have used meth. Though the drug treatment facility is in New Mexico, it serves residents from throughout the region, Walker said.

The number of methamphetamine-related cases prosecuted nationwide has increased by 700 percent in the past decade, said Margaret Leachman, chief of the El Paso Division of the U.S. Attorney's Office.

In El Paso, the U.S. Attorney's Office prosecutes 50 to 100 cases a year. About 99 percent of them result in convictions, Leachman said.

Penalties for possession of methamphetamine vary depending on the quantity of the drug and other factors such as whether a weapon was involved.

Leachman said a person caught with 50 grams of meth, which can fit in an average plastic sandwich bag, can face 10 years to life imprisonment if convicted. Possession of a gram of meth can lead to two years in prison.

Tammy Fonce-Olivas may be reached at tfonce@elpasotimes.com; 546-6362.

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S. Florida Sounds Alarm On Spread Of Meth Labs (MH)

By Jay Weaver

The Miami Herald, November 30, 2006

The number of start-up meth labs in Florida dipped during the past year, but law enforcement officials issued dire warnings Thursday about the scourge.

"We're working like never before to combat this epidemic," said Fred Ganem, associate special agent in charge of the Drug Enforcement Administration in Miami.

"Simply reducing the supply of methamphetamine is not our only challenge," he said. ``Reducing the demand is also a challenge."

The DEA and U.S. attorney's office hosted a local workshop as part of a national campaign to raise awareness about the highly addictive, inexpensive drug.

Meth affects the central nervous system like cocaine, but is much stronger. Its recipes are readily available on the Web and can be concocted with common household agents such as ether, drain cleaner and rubbing alcohol. Pseudoephedrine, the main ingredient used to create the meth, is found in over-the-counter cold remedies.

The drug has been common on the West Coast, but in recent years has spread across the Midwest and into Florida, law enforcement officials say.

"We are seeing more and more of methamphetamine coming in from Mexico," said DEA agent Dean Wolpert.

In Florida, local police and federal agents have cracked down on hundreds of meth labs in the central and northern parts of the state -- but not as many in South Florida, where authorities have raided about a half-dozen in Miami-Dade and Broward counties.

"Here in South Florida we have not seen the onslaught," said U.S. Attorney R. Alexander Acosta, who warned that his office would aggressively prosecute meth suppliers.

According to DEA records, 245 meth labs started up in Florida during the past year, down from 341 in 2005 and 332 the previous year. Officials said the decline resulted from more law enforcement activity, community awareness and the influence of so-called superlabs in Mexico.

Still, the drug, once associated with only rural areas, has grown insidious.

"It's a universal problem," said Dr. David Fawcett, of the South Florida Methamphetamine Task Force.

Drug Enforcement Agency Urges Use Of Hot Line (HAGMH)

By Pepper Ballard

Hagerstown Morning Herald, December 1, 2006

In observation of today's National Methamphetamine Awareness Day, the Hagerstown chapter of the Drug Enforcement Administration wants to remind the public of its anonymous meth tip hot line.

Kyle Williamson, resident agent in charge of the Drug Enforcement Administration in Hagerstown, said that those who have information about methamphetamine activity may leave anonymous tips at 1-866-305-3016.

According to the Drug Enforcement Administration's Web site - www.dea.gov - today is the first National Methamphetamine Awareness Day, which is intended to spread awareness of the dangers of meth.

President George W. Bush issued a proclamation Monday declaring today as the national awareness day.

Methamphetamine, also known as meth, crystal or ice, is manufactured in a variety of ways, but often includes a chemical mix of pseudoephedrine, the main ingredient of Sudafed, and ingredients found in common kitchen cleaners and other toxic products, Williamson said.

Williamson said the DEA and Maryland State Police established in June the Western Maryland Meth Initiative. The group has representatives from state law enforcement agencies in Frederick, Washington, Allegany and Garrett counties, he said.

The group has developed a lab team that has undergone specialized training to dismantle labs used to cook the drug and to clean up those labs, he said.

Be Wise To Methamphetamine Danger (LEBDN)

By David J. Arnold Jr., Lebanon Daily News

Lebanon (PA) Daily News, December 1, 2006

Crank. Ice. Speed. Chalk. Glass. Whatever the street name, methamphetamine, or meth, is an addictive drug with toxic effects on both its users and the communities in which it is used.

DOJ_NMG_0100542

Meth and the clandestine labs used to make meth have become such a scourge in the law-enforcement community that today, Nov. 30, was proclaimed the first-ever National Methamphetamine Awareness Day by the U.S. Department of Justice. If we are going to fight this highly addictive and destructive drug effectively, it is important we all understand its dangers.

Unfortunately, meth is a national problem that has reached Pennsylvania. Once thought to be isolated to the midwestern United States, it is increasingly moving east and into the mainstream. In fact, in the last two years in Pennsylvania 189 labs have been shut down.

Right here at home, our community won't soon forget the methamphetamine laboratory discovered by the Lebanon County Drug Task on South Sixth Street in the city of Lebanon. The chemicals found at the scene required the

Advertisement

expertise of the Pennsylvania State Police Clandestine Laboratory Response Team. The laboratory results indicated that the chemicals present in the home placed residents in the area in danger of death or serious bodily injury due to the risk of exposure to the chemicals.

Meth has many monsters.

First, the drug itself is a powerful central nervous system stimulant. It is highly addictive and has devastating effects on both the brain and body. Abusers show symptoms of violent behavior, anxiety, confusion and insomnia. They can also have hallucinations, mood disturbances, paranoia and delusions. Poor hygiene, open, infected sores from intense, delusional scratching and decayed and discolored teeth are just some of the horrible physical byproducts of a drug that literally rots away a user's physical appearance and health.

Because meth is inexpensive to make, often with easily-obtained cold medicines and common household items, it is more common than we'd like to think. In fact, meth labs are no longer considered a strictly "rural" problem. These days, labs are found in rural, city and suburban residences; barns, garages and outbuildings; back rooms of businesses, apartments and hotel and motel rooms; even on boats and in the trunks of cars.

Dirty and dangerous, every clandestine, homemade meth lab is a ticking time bomb — literally. Explosions, serious environmental hazards and dangerous concentrations of chemicals and gases pose deadly risks to innocent family members, too often children who are severely neglected and exposed to the deadly drug and its byproducts. Neighbors are exposed to the highly volatile lifestyle and physical dangers, as are investigators, once they are on the scene. And all too often, there is the cost of human life.

Fortunately, there is some good news.

In the war against meth, Pennsylvania is working hard to avoid the full-blown epidemic faced by states to our west. Last year, our state Legislature and governor passed legislation putting cold medicines most often used in meth production behind the pharmacy counter.

The Pennsylvania State Police has made its Clandestine Laboratory Response Team and its Special Emergency Response Team available to assist in securing lab sites and recovering and processing evidence.

Attorney General Tom Corbett has worked cooperatively with district attorneys and other members of law enforcement in communities where meth is most prevalent, combining manpower, equipment and training to fight the problem. And, on behalf of the children, they are working on a statewide "Drug Endangered Child" protocol for law enforcement, medical and social-service personnel responding to an incident where children are found in a clandestine laboratory setting.

Meth is a community-wide problem that requires public vigilance with a law-enforcement response. If you know a meth user, there is help. If you suspect a meth lab is in your community, immediately call your local police or the district attorney's office at (717) 274-2801, ext. 2360. Do not investigate yourself. Only law enforcement can respond with individuals who are trained to deal with dangers (like invisible yet fatal chemicals and fumes) that lie within these labs.

No state will ever be completely immune to the tragedy of meth. But the more we know about it, the better equipped we will be to deal with this terrible, horrible, highly destructive drug. On National Methamphetamine Awareness Day, I encourage you to find out a little more about meth at http://www.usdoj.gov/methawareness. What you learn might just save a life.

Arnold is the district attorney of Lebanon County.

It's Meth Awareness Day (LCJ)

Louisville Courier-Journal, December 1, 2006

Thursday is National Methamphetamine Awareness Day, and the U.S. Attorney's Office in Louisville held a news conference in the city to draw attention to the dangers of the highly addictive drug and efforts to curtail its use.

U.S. Attorney David L. Huber and Richard A. Badaracco, assistant special agent in charge for the federal Drug Enforcement Administration in Louisville, will conduct the the news conference at the U.S. Attorney's office at 510 W. Broadway.

Similar news conferences are planned across the country on Thursday.

The awareness day was proclaimed by President Bush and is sponsored by the U.S. Department of Justice.

The Business Of Meth Is Changing To Meet Demand (LCJ)

By Kay Stewart, The Courier-Journal

Louisville Courier-Journal, December 1, 2006

The days of makeshift home laboratories for methamphetamine are on the wane, but the highly addictive stimulant is thriving — and its manufacture is changing to meet demand just as hot business products do, federal authorities said during a news conference Thursday in Louisville.

Increasingly, meth is being imported from Mexico in a highly pure form called crystal meth that can be smoked, leading to an instant high.

"What has not changed is the lethal effect," U.S. Attorney David L. Huber said at the news conference, which marked National Methamphetamine Awareness Day. "It's … very destructive to the body and the brain."

Home labs are less common now because most states, including Kentucky, adopted laws regulating sales of ephedrine and pseudoephedrine products used to make meth.

Huber and others said they hoped that the news conference would remind people of the drug's dangerous consequences — and that children would get the message to never try it because one dose can lead to addiction.

Meth ranks third, behind marijuana and cocaine, in popularity among illegal drugs in the region, but it leads all drugs in devastation, said Richard A. Badaracco, assistant special agent in charge of the Drug Enforcement Administration's Louisville office.

"Meth mutilates," Badaracco said, surrounded by displays illustrating his point.

One poster board pictured a healthy, vibrant young woman labeled "prom queen" next to a picture of an emaciated, hollow-cheeked "meth queen" with scabs on her face — both wore the same strapless pink dress.

There were close-up pictures of open mouths showing rotting teeth and infected gums — "meth mouth" — and before-and-after photos showing the appearance of rapid aging caused by meth.

In Jefferson County, police have busted 49 meth labs this year, Huber said.

The U.S. attorney's office prosecuted cases involving 600 meth labs in Western Kentucky last year, he said, compared with fewer than 260 this year — a decline attributed to regulations on sales of meth-making products.

But crystal meth arrests are on the increase, he said. In a drug bust last week, Badaracco said, authorities seized 25 pounds of crystal meth from Mexico.

"These Mexican trafficking organizations are stepping up to the plate," he said.

Enforcement is a top DEA priority, he said, but "we are not going to arrest our way out of this problem."

Reporter Kay Stewart can be reached at (502) 582-4114.

Today Is National Methamphetamine Awareness Day (DESERTS)

The Desert Sun, December 1, 2006

Today is National Methamphetamine Awareness Day.

Federal, state and local agencies making public aware of problem of methamphetamine and what the public can do to fight the spread of this deadly synthetic drug.

The federal Drug Enforcement Agency in Los Angeles is hosting an educational event at 11 a.m.

it is designed to teach the public about the dangers of clandestine methamphetamine labs and how to spot labs in a neighborhood.

Federal, state and local police agencies considers the Coachella Valley a hub for meth distribution because much of the production of this deadly drug has shifted to Mexico.

It is then smuggled into this area and distributed through out the rest of California and the country, officials said.

To find out more about meth and the day's events go to //www.dea.gov/.

Research Center Studying Meth In Valley (FRESNOSN)

Fresno State News, December 1, 2006

As the U.S. observes National Methamphetamine Awareness Day today (Nov. 30), researchers at California State University, Fresno are studying meth use and abuse in the Central Valley as part of the fight against the damaging effects of the dangerous and highly addictive drug.

Nov. 30 has been designated by the Substance Abuse Mental Health Administration and the United States Department of Justice.

DOJ_NMG_0100544

"Identifying the extent of methamphetamine abuse in the Central Valley is key to addressing the treatment needs for persons addicted to this drug," said Dr. Virginia Rondero Hernandez, faculty researcher for the Social Welfare Evaluation, Research and Training Center at Fresno State.

"This is especially true for families with children who may be at risk for becoming involved with child welfare systems due to parental use of methamphetamine," she said.

Methamphetamine abuse is one of the top research agenda items for the Social Welfare Evaluation Research and Training Center. This research will include community-based studies intended to identify appropriate treatment interventions for methamphetamine abuse. Findings from this research will be used to inform decision-making processes and public policy.

The Central Valley, like other areas of the nation is affected by the criminal and social consequences of methamphetamine production, sales and use. According to the Office of National Drug Control Policy, the proportions of methamphetamine arrests in Central Valley counties in 2001 and 2002 were higher compared to heroin arrests made during the same years.

Rural areas have been particularly affected by the presence of methamphetamine production. The National Drug Intelligence Center reported that in 2003, there were 130 super labs seized in California in which 121 labs were located in the counties of Fresno, Kern, Kings, Los Angeles, Madera, Merced, Orange, Riverside, Sacramento, San Bernardino, San Joaquin, Stanislaus and Tulare.

Methamphetamine is a highly addictive drug that can easily be made from ingredients purchased over the counter. The drug harms not only those who use it, but numerous families and communities throughout the country. Based on public child welfare data, as much as 75 percent of child protection removals are due to parental substance abuse issues, a proportion of which is contributed to methamphetamine use.

The Social Welfare Evaluation, Research and Training Center, a major initiative for Fresno State, offers research, training and evaluation services to address social welfare issues and policies impacting the Central Valley region. For more information, contact Brandie Campbell at 559.278.7940.

Meth Use, Behind The Numbers (HUTCHN)

Hutchinson (KS) News, December 1, 2006

Today has been declared National Methamphetamine Awareness Day by the U.S. Department of Justice in an effort to generate awareness about the damaging effects of the drug on individuals, families and communities.

Anyone with questions or a problem with meth may call 1-888-8NO-METH (866-6384) weekdays from 7 a.m. to 7 p.m. Here are some statistics about meth use and abuse in Kansas and the nation.

l According to the 2004 National Survey on Drug Use and Health, nearly 12 million Americans - almost 5 percent of the population above age 12 - have tried meth in their lifetime, with an estimated 1.4 million persons using in the past year and 600,000 in the past month.

l Kansas is ranked 13th in the nation in the number of meth labs or dump sites found so far in 2006, but 29th in the nation in percentage of people 18 to 24 who used meth in the past year and 18th for youths 12 and older using, at 1.75 percent and 0.92 percent, respectively.

l Young adults 18-25 are the most likely to use meth, followed by the 12 to 17 age group, with the average age of first use at 22.1 years in 2004.

l The rate of use is higher among males than females, with the highest rates among Pacific Islanders, American Indians or Alaska Natives. Past year meth use among whites (0.7 percent) and Hispanics (0.5 percent) was higher than among blacks (0.1 percent) or Asians (0.2 percent).

l Treatment admissions of persons with meth as the primary use problem increased from 21,000 in 1993 to 117,000 in 2003.

l Kansas is ranked 13th in the nation in the number of meth labs or dump sites found so far in 2006, as reported by law enforcement, down from ninth in 2005, according to Kansas Bureau of Investigation statistics. Year-to-date, 140 labs have been found, compared to 290 in 2005.

l Reno County is ranked first in the state in number of labs found this year, at 29, down from 37 reported in 2005. Cowley County, which led three of the past four years, reported only eight labs, down from 53 last year. Only 45 of the state's 105 counties have reported meth labs in 2006.

Source: Substance Abuse and Mental Health Services Administration, KBI.

Beware: Today Is National Meth Awareness Day (BLACKHP)

By Wendy Pitlick, Black Hills Pioneer

Black Hills (SD) Pioneer, December 1, 2006

DOJ_NMG_0100545

LEAD - Methamphetamine use in Lawrence County is significantly lower than it was two years ago, State's Attorney John Fitzgerald said this week.

Though he did not yet have specific statistics to point to for the decrease in meth arrests in the county, Fitzgerald said he has seen a dramatic decrease in methamphetamine cases in the court system. He attributes that to the state crack down on pseudoephedrine (the main ingredient in methamphetamine typically found in cold medicine) sales, and a national education campaign about the dangers of methamphetamine.

That's good news, in a sea of what has become a growing epidemic nationwide. But government leaders nationwide, as well as civic and social groups throughout the country have designated today, Nov. 30, as National Methamphetamine Awareness Day. The day has been established by the U.S. Department of Justice to raise awareness about the dangers of methamphetamine, as well as find ways to help those who have become addicted to the drug. In order to commemorate the day in South Dakota, the U.S. Attorney General's Office, the Governor's office, the S.D. Attorney General's office, the Department of Human Services, and MAPP-SD have partnered to get information out about the dangers of meth use. The governor's office has also issued a proclamation recognizing the day.

"Methamphetamine (Meth) use and distribution has been recognized as a major and growing problem for all citizens of the state of South Dakota," Gov. Mike Rounds stated in the proclamation. "In one way or another, all South Dakota residents will feel the impact of this dreadful disease through increased costs associated with drug use, addiction, chemical cleanup, increased work for law enforcement and social services, overcrowded jails, increased domestic violence and physical abuse, shattered marriages, lost jobs, and devastated and neglected families."

According to Rounds, designating Nov. 30 as National Methamphetamine Awareness Day is only one of the ways government officials have fought against meth use. In South Dakota, a statewide task force has completed a strategic plan to provide meth-specific education, prevention and early intervention for students and community members. Further, a statewide campaign launched in 2006 entitled "Face Facts: Meth Makes You Ugly," focuses on teaching students about the devastating effects of meth use through real-life stories from former addicts.

But the state still has a long way to go for education and prevention. Although Lawrence County has seen a decrease in overall meth numbers, methamphetamine busts have skyrocketed statewide. According to the Methamphetamine Awareness Prevention Program of South Dakota (MAPP-SD), there were 8.81 pounds of meth seized last year between January and September. By comparison, this year law enforcement officers seized 24.52 pounds of the drug within the same time frame.

According to a study conducted by the Substance Abuse and Mental Health Services Administration, individuals ages 18-25 make up the largest percentage of the 1.3 million people who used meth last year. That translates into more criminal activity as meth users search for a way to support their habit, increased violent activity, larger prison populations and more prisoners with significant health problems, and larger case loads for social workers and child protection advocates.

"It (meth) has a lot of people in a panic. They don't know what to do," MAPP-SD representative Nikkole Abbas said of the growing epidemic of the drug. "It is draining a lot of resources."

From July 2005 to June 2006, officials from the S.D. Department of Corrections reported that 47 percent of incarcerated females reported using meth, while 37 percent of those females were diagnosed with a methamphetamine addiction. By comparison, 32 percent of adult males in the prison system reported using meth, while 14 percent were reported as meth addicts.

Though Abbas reported that methamphetamine is considered a "late stage drug," meaning individuals use it after a long history of being involved with other drugs and alcohol, there are still risk factors for students. According to a S.D. Youth Risk Behavior Study conducted in 2003 12 percent of 11th grade females used methamphetamine one or more times in their lives. That's why many statewide programs designed to combat meth use focus specifically on teaching students to make healthy choices overall.

"Somebody typically doesn't go out and just start using meth," Abbas said. "They have to have usually been drinking alcohol or smoking pot for awhile first. (Teenagers) are usually not even exposed to meth unless they're at the parties where people are drinking. Once they're in that environment that's where they get offered it. It's not just something that a kid is going to go out one day and just start using necessarily."

But there are exceptions to every rule, and Abbas said teens and adults alike who do not have a history of drug or alcohol abuse have been known to use meth because of its false promises of increased performance in sports, weight loss, and energy boost.

"I just heard of a case recently where a couple had completely raised their kids and she had to divorce him because he got into meth use after all of that," Abbas said.

Methamphetamine is a highly addictive, man-made drug, which commonly gives its users a feeling of euphoria and a boost of energy that can last for days on end. A person who uses meth may experience irritability, headaches, extreme anxiety,

sleeplessness, confusion, aggressive feelings, violent rages, and depression. In some severe cases meth users can become psychotic and experience paranoia, hallucinations, and delusions, which can lead to extremely violent behavior.

Agencies Coordinate Nationwide Anti-ice Efforts (PDN)

By Eric Palacios, Pacific Daily News

Pacific Daily News, December 1, 2006

In an effort to raise awareness on the perils associated with the drug ice on Guam, several federal and local law enforcement agencies launched their public outreach programs in conjunction with the U.S. Department of Justice-sponsored National Methamphetamine Awareness Day.

U.S. Attorney Leonardo Rapadas said the anti-drug campaign will be more than just the table-top display yesterday at Guam Premier Outlets.

"We're going to hit new venues, get into the villages and the schools and meet with youth groups in the coming year to raise even more awareness on this evil," Rapadas said. "And the youth are the most vulnerable today," he said.

Rapadas added that yesterday's event was unique in that, being a national event, it was held at the same time as in every state and federal jurisdiction to highlight the "nationwide efforts to increase awareness and decrease demand" of the addictive drug.

The crystallized form of the drug is the most prevalent of illegal drugs on Guam, Rapadas said, and accounts for about 90 percent of total seizures.

"We're making headway," Tony Marquez, resident agent in-charge of the Drug Enforcement Administration on Guam, said, in reference to DEA's enforcement efforts.

But in addition to the seizures of people attempting to sneak in the drug through Guam's ports of entry, local officials have said they have discovered more drug labs that have been set up to manufacture ice on Guam.

As part of the Department of Justice's national effort to combat the use of methamphetamine, an educational presentation was created and is available to the public on the DOJ Web site, www.usdoj.gov/methawareness.

Stop Methamphetamine From Corroding Community (RDC)

By Jennifer Faringer

Rochester Democrat and Chronicle, December 1, 2006

(November 30, 2006) — Today marks National Methamphetamine Awareness Day as sponsored by the U.S. Department of Justice.

The National Council on Alcoholism and Drug Dependence-Rochester Area, a program of DePaul Addiction Services, is engaged in a communitywide campaign to raise awareness to the potential impact of methamphetamine.

With the invaluable input of city/county/state law enforcement, the Monroe County District Attorney's Office, Drug Enforcement Administration, schools, universities and addictions professionals, we are in a position to monitor and work together to prevent the local influx of meth.

Methamphetamine is a powerfully addictive stimulant that dramatically affects the central nervous system, resulting in brain damage that is both more immediate and more severe than that caused by cocaine.

Due to the rapid nature of dependence (in as little as three months) there is very high potential for abuse. Meth abusers experience severe weight loss and damage to blood vessels in the brain (potential stroke) as well as damage to blood vessels in the circulatory system. The chronic meth user appears decades older and is often poorly groomed with skin abscesses and very poor dental hygiene. Psychologically, users experience paranoia, aggression, depression/anxiety, poor memory and confusion.

Methamphetamine is spreading in cities and rural settings previously thought untouched. Nationally, law enforcement reports meth as its No. 1 problem with related arrests increasing 85 percent from 2002 to 2005.

Meth affects not only addicts but their families and their community. In 2005, an estimated 3,000 children were removed from toxic meth lab sites, according to the Partnership for a Drug Free America.

On a community level, 1 pound of meth produces 5 to 6 pounds of hazardous waste. Chemicals used are toxic and often disposed of in streams, fields or sewage systems, contaminating the environment.

Vapors produced during the cooking process permeate walls and carpets of houses and buildings, making them uninhabitable with cleanup costs in the thousands of dollars per site. Many of the chemicals used are highly flammable resulting in explosions that injure not only the meth cooker, but families and neighbors too.

Meth is manufactured from basic and accessible ingredients: ephedrine, red phosphorus, iodine, acetone, anhydrous ammonia, lye and others. One-third is produced in illegal home labs; two-thirds are produced in Mexico and run by organized crime and street gangs.

DOJ_NMG_0100547

As parents, educators, clinicians and citizens we can educate ourselves and be aware of the warning signs of meth abuse as well as the telltale signs of its production.

Faringer is director, DePaul's National Council on Alcoholism and Drug Dependence-Rochester Area.

Meth Awareness Day Takes On Special Meaning In Jefferson County (NOW)

NOW-TV, December 1, 2006

Today is National Methamphetamine Awareness Day. In an effort to combat meth labs, the Alcohol and Substance Abuse Council in Jefferson County is embarking on a specific methamphetamine prevention initiative to help ensure that meth stays out of the community. The center is partnering with local law enforcement to make sure that everyone in the community is aware of the effects of meth.

Today is National Methamphetamine Awareness Day. In an effort to combat meth labs, the Alcohol and Substance Abuse Council in Jefferson County is embarking on a specific methamphetamine prevention initiative to help ensure that meth stays out of the community.

The council said although the meth problem in Jefferson County has not yet reached epidemic proportions, its abuse has the potential to change the very face of a community.

Meth Awareness Day Honored In Virginia (WRC)

WRC-TV, December 1, 2006

Officials Aim To Combat Meth Addiction, Heighten Awareness

FAIRFAX COUNTY, Va. -- The U.S. Department of Justice has declared Thursday the first national Meth Awareness Day to underscore the dangers and highlight the importance of education and awareness about the risks of the highly addictive drug.

In Virginia, government officials joined law enforcement and treatment and prevention specialists in "Meth 360," a demand reduction campaign.

The Fairfax County and Prince William County police departments, along with local community service boards and substance abuse treatment programs, worked with the Partnership for a Drug-Free America to give a "360-degree" perspective on methamphetamine during presentations to community groups, parent coalitions, business associations, faith-based groups, schools and hospitals.

Hundreds of students at West Potomac High School in Alexandria were shown graphic images from a police bust of a local methamphetamine lab on Thursday. Officials said they hope the pictures would deter the students from using the drug, making it or selling it.

The students were shown before and after mugshot pictures of people who were arrested for possessing meth, then rearrested for the same thing a year later.

"The skin in ruins, the hair in ruins, the dramatic weight loss, the wrinkles on the face -- I think, again, it makes the impact of the drug a little bit more immediate, especially to teenagers," said Drugs, Alcohol, Tobacco and Firearms Enforcement Agency intelligence analyst Jennifer Loftland.

The DEA said the number of meth labs discovered in Virginia has grown from 5 in 2001 to 52 last year.

"It's absolutely a problem. There's meth coming in from Mexico. There's also locally produced methamphetamine in small clandestine laboratories -- mostly in the rural areas around Virginia," said DEA agent Shawn Johnson.

Agents said it is crucial to talk to students about the dangers of meth early because the largest numbers of meth users are 18 to 25.

Chuck Rosenberg, U.S. Attorney for Virginia's eastern district, said the number of young people using meth in northern Virginia is down, and he would like to keep it that way.

"It ruins lives. It kills people and we need to get the message out," he said.

Officials said that since the Meth 360 program began in July 2006, more than 700 northern Virginia residents have attended 22 of the program's presentations and learned about the effects the drug has on communities and strategies for drug abuse prevention and treatment.

Four Meth 360 presentations have also been televised on the Fairfax Public Access station.

For more information about methamphetamine, click here.

To find out how to raise awareness and to learn more about the battle against methamphetamine abuse, visit the anti-drug Web site or visit the government's meth resources Web site.

Area Substance Abuse Council's New Novus Center (KCRG)

By Liz Mathis

KCRG-TV Cedar Rapids, December 1, 2006

Vilsack signed a law almost 20 months ago to ban psuedoephedrine purchases in an attempt to try to shut down meth labs.

And Thursday, National Meth Awareness Day, those in the know say the law is working.

U.S. prosecutors, law enforcement and local drug counselors all say they can see a difference in their work since the ban took effect.

"Because these labs have decreased, it's lessened the drain from all the social agencies that deal with these problems, of the poor people that get addicted to methamphetamine," said Shirley Schneider, Novus Director.

But meth addicts are still finding the drug. That's why the Area Substance Abuse Council (ASAC) qualified for a $1.5 million grant.

Welcome to ASAC's new Novus Center. These office walls will hear stories about meth addiction and all the troubles that come with it.

Experts say meth is still easy to get despite progress to lower access.

These four Novus counselors, one family therapist and case manager will help more than 135 meth addicts a year.

The Novus drug counselors will also use the matrix treatment program, new to Linn County but successful in California.

And when their three-year grant runs out they say the need will still be there.

The federal grant is targeted to help rural areas. They'll serve Linn, Jones and Benton Counties.

ASAC is one of only seven agencies, nationally that received a treatment grant.

Novus is located in the Dows Building in downtown Cedar Rapids.

National Methamphetamine Awareness Day (KAIT)

By Heather Flanigan

KAIT-TV Jonesboro, December 1, 2006

JONESBORO, AR -- The war on drugs is a battle that's been fought across the United States for years... but Thursday the emphasis was on meth, which accounts for up to 90 percent of all drug cases in many Midwest communities.

Thursday is National Methamphetamine Awareness Day but unfortunately, it's a problem that isn't going away soon.

"Methamphetamine is currently the number one most abused drug in the country," said DEA Task Force Officer Roger Case, "Primarily in Arkansas, it's a scourged drug. It's taken the place of almost all the other major drugs including cocaine and crack cocaine as the number one abused drug in the state."

As ASU students listened to a presentation Thursday...the message was clear. Meth equals death.

"It is just so critical that people not make the mistake to try this drug even one time. It's a wicked drug, it's highly addictive and it destroys your body and it will destroy your marriage and it will destroy your job and it will destroy your life," said Bud Cummins, U.S. Attorney for Eastern District of Arkansas.

The traditionally Caucasian drug started out mostly abused by teens...but the demographics have changed. "It's crossed racial and economic barriers...it's a drug for everyone now," said Case.

Missouri leads the nation in seized meth labs...but the drug is found across the U.S.

"In the past it was centered primarily on the west coast, now we still see large numbers of super labs on the west coast but those are dropping thanks to a national effort to curtail the distribution and importation of ephedrine and pseudoephedrine," said Case.

Methamphetamine use among high school seniors more than doubled between 1990 & 1996.

National Meth Awareness Day (KTHV)

By Melissa Dunbar

KTHV-Tv Little Rock, December 1, 2006

President Bush declared Thursday National Methamphetamine Awareness Day. In addition, he's asking for $25 million in his 2007 budget for recovery programs for addicts. Here locally, Arkansas DEA agents are busy fighting the spread of meth coming in from Mexico.

In his more than 30 years in law enforcement, DEA Assistant Special Agent in Charge Bill Bryant says meth is by far the most devastating drug he's seen.

Bryant says, "It is highly addictive and psychologically affects those who use it. They become very paranoid; they live for it and depend on it."

Bryant's team consists of DEA offices in Little Rock, Fayetteville and Fort Smith. They're mostly busy tracking the crystal or ice form of meth coming straight from Mexico.

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Bryant says, "Here in Arkansas, we have Interstate 30, Interstate 40, Interstate 55—all major turnpikes, which are routes traffickers use."

The amount of meth labs found in Arkansas has gone down since 2005 when a new state law went into effect. That's the law that requires you to show your drivers license when buying any medicine with pseudoephedrine in it. It is designed to keep the manufacturers from going from store to store buying one of meth's main ingredients.

Bryant says, "We were able to attack the small labs in Arkansas, but the Mexican traffic has picked up the slack to furnish this meth ice. We're seeing all over Arkansas meth ice seizures."

Bryant thinks National Meth Awareness Day is a good idea; one that he hopes opens eyes.

He says, "It's just a drug I've never seen so catastrophic to people. People who go into treatment, it's not a 30-day treatment. It takes a long time to get off methamphetamine."

While President Bush wants to reduce the number of domestic meth labs by 25 percent in three years, methamphetamine use appears to be growing. A government report shows it used to be a problem only in rural areas west of the Mississippi, but now meth use is being reported along the East Coast, in Connecticut and Maine for example. In Washington D.C., meth use is up 115 percent.

DEA Agents Seizing More Homemade Meth Labs; Smugglers Filling Void (WAVE)

By Caton Bredar

WAVE-TV Louisville, December 1, 2006

(LOUISVILLE) -- A large seizure last week of meth brought into Kentucky from Mexico underscores the point drug enforcement officials hoped to make through Methamphetamine Awareness Day -- which was Thursday, November 30. Despite the decrease in actual labs throughout Kentuckiana, as WAVE 3's Caton Bredar reports, the dangers of meth may be greater than ever.

By any name, in many forms, Richard Badarraco, a DEA Assistant Special Agent in Louisville, will tell you the results are the same.

"Meth mutilates," he says. "It has more consequences than any drug we've ever been up against."

California motorcycle gangs made it notorious in the 60s. By the 1980s, meth reached the Midwest. The devastation remains the same.

"The physical aspects of an individual within a short period of time of becoming hooked on methamphetamine can just be devastating, in terms of health issues, in terms of general appearance," says Assistant U.S. Attorney/Deputy Criminal Chief Philip C. Chance.

According to DEA agents, the number of meth labs locally and nationwide is down, thanks partly to restrictions placed on common cold medicines. That's the good news.

The bad news is part of the on-going problem itself: with meth lab seizures declining, imports of a more highly concentrated form of the drug -- often called Crystal Meth or Ice -- are coming from south of the border. Officials say 80 percent of meth in this country is coming from Mexico.

"We had an enforcement effort last week, where, here in the area, we arrested a Mexican trafficking organization and seized 25 pounds of methamphetamine. That's huge."

Regardless of where its manufactured, the effects of meth hit too close to home, with volatile labs located in residential neighborhoods, ready to explode at a moment's notice.

"It's a major thing," says Chance, "when you as a prosecutor, standing in court, are asking a judge to send a guy away for 10 years of their life, and for that guy to come up to you and say thank you."

As DEA agents emphasize, the biggest danger the public faces with meth is believing it's not your problem.

DEA officials say the street value of that meth from Mexico seized last week is around $16,000 a pound. So the 25 pounds totaled roughly $400,000.

The U.S. Attorney's office is working with international authorities, as well as state and local agencies, to try and control the distribution of pseudophedrine, one of the main substances used in the manufacture of meth.

National Meth Awareness Day (ENM)

By Tenikka Smith

Eyewitness News Memphis, December 1, 2006

The Drug Enforcement Agency is reporting some shocking numbers. The DEA says Tennessee is responsible for 75 percent of meth lab seizures in the Southeast.

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The agency says most of the methamphetamine used in the state is being brought in from Mexico and the Southwest Border area.

Meth manufacturing is an ongoing problem across the country, but government and law enforcement agencies are fighting back.

Several meth task force units have been formed in recent years and there are also new laws restricting products used to make the drug, including pseudoephedrine and household chemicals. Officials say these measures have helped to reduce the number of operating meth labs.

According to a White House study, approximately 12 million people have tried meth at least once, 1.4 milllion people used it in the past year.

East Texas Law Enforcement Talks About Meth Problem (KLTV)

By Molly Reuter

KLTV-TV Tyler, December 1, 2006

Across the nation and locally law enforcement agencies gathered Thursday in support of Methamphetamine Awareness Day. The goal of the national campaign is to raise awareness about meth use. Here in East Texas there is some good news,.

You may not like having to get what used to be over the counter medications like pseudoephedrine from a pharmacist, but law enforcement officials say that hassle is actually keeping the community safer.

"The meth labs have dropped almost 100 percent in the last three years, and that's two fold," said DEA Agent Richard Sanders. "One and most significantly because of House Bill 164." House Bill 164, which went into affect in August of 2005, took meth's key ingredient pseudoephedrine off the counters. In fiscal year 2005, before the bill, the Drug Enforcement Agency in Tyler responded to 33 meth labs, costing taxpayers more than $155,000. After the bill, in 2006 the number of labs dropped to just 13. So far in fiscal year 2007, the DEA says they've only broken up one meth lab. The DEA says that doesn't mean the drug has left East Texas.

"Right now from our office, approximately 99 percent of the methamphetamine or the ice that we are running into are from a host country," said Sanders. State Representative Leo Berman, who helped write House Bill 164, says the state understands this problem.

"We are going to completely fund the sheriff's department, DPS, and local police departments along the border, so they can increase the tight weaponry to compete with the automatic weapons that the Mexican drug cartel has in smuggling this stuff across the border," said Leo Berman State Representative, District 6. Until then, law enforcement asks East Texans to take control of their communities by helping get rid of the drug all together.

Last March, a joint investigation between state and federal agencies broke a major methemphatmine ring in East Texas, known as Operation Icebox. That meth was being brought in from Mexico. The DEA says the organization responsible no longer exists.

Molly Reuter, reporting. mreuter@kltv.com

Bay Area Teachers Give Lesson On Meth (KNTV)

KNTV-TV San Jose, December 1, 2006

Students at a San Francisco high school got a different kind of lesson Thursday.

It was part of a new national campaign to raise awareness about one of the nation's most dangerous street drugs -- methamphetamine.

NBC11's Joe Rosato talked to teachers who told their students that meth is a dangerous drug.

The teachers also said for every pound of meth made, there are 5 pounds of toxic waste left behind.

Teachers told Rosato that of all the lessons taught at San Francisco's School of the Arts, the lesson about meth is the most urgent.

Methamphetamine is a synthetic street drug considered to be among the most addictive.

"It's probably our most dangerous drug that's out there as far as destroying families destroying lives," said Javier Pena of the U.S. Drug Enforcement Administration.

Agents from the DEA held similar classes across the country Thursday as part of the first national methamphetamine awareness day.

The DEA said even though it's successfully shut down hundreds of California's illegal meth labs, the drug remains a major problem in the Bay Area.

"We're getting our methamphetamine from Mexico back into California. It's still out in the streets. The purity level is very high," Pena said.

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The warnings about drugs and addiction weren't lost on high school students attending the event, Rosato reported.

They said the drugs are readily available at every turn.

"You see it every day in the streets and it's kind of hard because you never know ... that could be you one day," said a student named Brittany.

The DEA said it hopes the national campaign will keep young people from experimenting with the highly addictive drug.

They said it's a lesson better taught in the classroom than on the street.

NC Cracking Down On Meth Labs (N14CHAR)

By Jennifer Moxley

News 14 Charlotte, December 1, 2006

CHARLOTTE – November 30 was proclaimed National Methamphetamine Awareness Day by President Bush, who has set a national goal of reducing the number of methamphetamine labs in the country by 25 percent in the next three years.

"Meth is one [drug] that leads to the highest concentration of dopamine in the brain, and this is likely to account for the fact that methamphetamine is one of the most addictive of all the drugs of abuse," said Dr. Nora Volkow of the National Institute of Drug Abuse.

One of the most common ingredients in the production of meth is pseudo-ephedrine – something that is also a common ingredient in several cold medications that can be purchased without a prescription.

In order to combat meth use, state lawmakers passed a law in January that placed restrictions on the amount of those medications that can be purchased, and required that they were moved from their place on the pharmacy shelves to behind the counter.

The law appears to be working, as the number of meth labs in North Carolina failed to rise for the first time since 1999.

Despite the decrease in meth labs, officials say that the fight is far from over.

"The numbers of clandestine mom and pop meth labs may be declining, but the number of methamphetamines on the street is increasing, and it's coming from Mexico," said George Holding, the United States Attorney for the Eastern District of North Carolina.

With the reduction of meth labs within the state, North Carolina plans to put resources towards reducing meth trafficking and use. The U.S. Attorney's office is busy training state and local agents – as well as state prosecutors – on methamphetamine-related crime.

The Drug Enforcement Administration webpage will post locations in each state where known methamphetamine clandestine labs or dumpsites were located so that individuals can be aware of possible meth contaminated sites within their communities. This is the first such national listing of seized former meth sites available to the public.

"Methamphetamine Awareness Day" In Bucks (WFMZ)

WFMZ-TV Online, December 1, 2006

Bucks County is marking "Methamphetamine Awareness Day." The federal DEA held an educational presentation this morning to teach the community about the dangers of the hazards and dangers of the drug. WFMZ's Eve Tannery will have the details on 69 News at Noon. The Bucks County Council on Alcoholism and Drug Dependence also participated in the event, which included a demonstration project. Participants got a bird's eye view of the discovery of a clandestine lab by local law enforcement, and the subsequent apprehension of a suspected meth "cook".

BERMAN HONORED FOR LEGISLATION THAT LIMITS METH MANUFACTURE (TMT)

By Jacque Hilburn

Tyler (TX) Morning Telegraph, December 1, 2006

State Rep. Leo Berman was honored Thursday as part of National Methamphetamine Awareness Day, an observation designed to stress drug prevention, education and treatment.

Berman led the charge to pass HB 164 in August, which requires retailers to remove medications used in the manufacture of methamphetamine from the shelves and place them behind the pharmacy counter.

Officials from the Eastern District U.S. Attorney's Office, Drug Enforcement Administration, FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives paused to acknowledge the representative's efforts.

"There was a problem with the cold pills being readily available," said Mary Ann Cozby, assistant U.S. attorney. "Today, they are behind the counter and locked up - we appreciate Leo Berman's diligence."

As part of the new legislation, people may purchase certain medications only in limited quantities after registering their identification with the pharmacy.

DEA agent Richard Sanders said meth production creates a multitude of problems and risks for law enforcement, families and communities. Chemicals used to create the drugs are hazardous, explosive and costly to remediate.

In 2005, 33 labs were discovered, Sanders said, adding, "To clean up, that cost taxpayers $150,000. In 2006, there have been 13 labs, costing $58,000."

Authorities attributed the reduction to tighter restrictions on purchasing.

Berman said he was approached about three years ago by federal officials to push for change.

And even though there is legislation in place to address the problem, there's still work to do, he said.

"I'd like to go to an electronic system," he said. "Right now all the purchasing logs are on paper. I'd like there to be a centralized Web site so law enforcement can see who is purchasing" the items.

Assistant U.S. Attorney Alan R. Jackson presented Berman with a resolution, acknowledging the positive outcome of the bill.

"HB 164 has resulted in a significant, measurable reduction in the prevalence of illicit methamphetamine labs in the East Texas area," he said.

In a written statement, U.S. Attorney Matthew D. Orwig, who was out of town on business, said increased awareness of the problem will be critical in addressing it.

"Events like this are so important because they bring the facts to the public," he said. "Meth is a powerful poison. It kills the user while destroying the family and environment."

Additional information about the harmful effects of the drug can be obtained at USDOJ.

Jacque Hilburn covers Tyler city government, planning and zoning and the Parks Board. She can be reached at 903.596.6282. e-mail: news@tylerpaper.com

State Representative Wants To Use Technology To Fight Meth Production (LNJ)

By ADAM J. HOLLAND

Longview (TX) News Journal, December 1, 2006

Berman honored for fight against drug

TYLER — Even though state Rep. Leo Berman, R-Tyler, was pleased to be honored by federal officials Thursday for his fight against illegal drugs, he said there is still more work to be done.

As part of National Methamphetamine Awareness Day, Berman was presented with a resolution in Tyler by U.S. Attorney Matthew D. Orwig, recognizing his contribution to fighting the production of meth in East Texas.

Berman co-authored and introduced Texas House Bill 164 in 2004, which led to the 2005 law that medications containing pseudoephedrine must be kept behind the counter at pharmacies.

PSE is a common ingredient in over-the-counter cold medication and is also used to manufacture illegal methamphetamine.

The law also requires that customers are allowed to purchase only two packages of PSE products at a time, and that customer identities are recorded.

Berman wants to take the law one step further, which could make investigations into meth manufacturing more efficient and effective, he said.

"I'd like to go to electronic filing of pseudoephedrine purchases so that law enforcement officials statewide can see records on a Web site," Berman said.

He said he would then like to tackle the problem of meth traffickers coming into Texas from Mexico, with additional manpower and tools — including high-powered weapons — to city, county and state law enforcement agencies near the border.

"We've eliminated many of the meth labs here (in Texas), but refined meth crack is being manufactured in Mexico and being brought to Texas ready to sell," Berman said. "The Mexican drug cartels are using high-powered weapons, and we should do anything we can to help put a stop to the meth traffic."

While federal law enforcement officials did not address Mexican meth labs Thursday, they touted that the number of clandestine meth labs seized in East Texas was reduced from 13 in federal fiscal year 2006 to one so far in the 2007 fiscal year.

The federal fiscal year runs from Oct. 1 to Sept. 30 the following year.

"And we only found it Tuesday night in Upshur County," DEA agent Richard Sanders said, declining to give more details.

Statewide, the number of meth lab seizures declined by 62 percent during the seven months after Aug. 1, 2005, when Berman's bill became law, according to a report released Thursday by the White House Office of National Drug Control Policy.

The same period one year earlier yielded 285 seizures.

Additionally, workplace drug testing results showed a 14.8 percent decrease in positive tests for amphetamine during the first five months in 2006, compared to the same period a year earlier, the report showed.

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National Methamphetamine Awareness Day was sponsored by the U.S. Department of Justice to generate awareness about the effects of meth abuse on people, families and communities.

"Almost every drug case these days has a meth connection. I'm just amazed at how prevalent it is," said Alan R. Jackson, assistant U.S. attorney. "Meth is just killing those people."

Officials Call Attention To Spread Of Meth Problems (NSDY/AP)

By Dave Collins

AP, November 30, 2006

HARTFORD, Conn. -- The two maps displayed by federal and state officials at the Capitol on Thursday showed the alarming spread of methamphetamine problems across the country.

For example in 1992, only Oregon had 40 or more people per 100,000 population being treated for meth use. The other map showed that by 2004, most states west of the Mississippi had that treatment rate.

The problems are clearly spreading to the eastern half of the United States, and top state and federal officials in Connecticut said Thursday that they have anti-meth efforts underway but they also need help from the public.

"It's headed right toward us," U.S. Attorney Kevin O'Connor said. "This year, it's not a major problem. But if we ignore it, we're not proactive, it could soon become a major problem and then we will all be paying the price for that."

O'Connor was joined by Gov. M. Jodi Rell and officials from state and federal law enforcement and public health agencies on the first National Methamphetamine Awareness Day sponsored by the U.S. Department of Justice.

Officials said they were unaware of statistics showing that the number of workplace employees testing positive for meth surged 35 percent in Connecticut during the first five months of the year, compared with the same period in 2005.

The data by New Jersey-based Quest Diagnostics Inc. showed the number of workers testing positive for meth dipped dramatically in several Midwest and western states, but surged along the East Coast.

Federal authorities describe meth as a powerful, highly addictive drug that dramatically affects the central nervous system. Its most common ingredient is pseudoephedrine or ephedrine, which are found in cold medicines.

But other ingredients used to make meth create health and public safety hazards, officials say. They include ether, paint thinner, acetone, drain cleaner and battery acid. Those ingredients make meth-producing labs toxic and potentially explosive.

Officials said the public can help by reporting any signs of potential meth-making activity, such as a strong smell of ammonia, urine or ether, propane tanks with fittings that have turned blue and large amounts of discarded cold tablet containers.

Meth users often pick or scratch their skin, creating open sores that may become infected. They also often grind their teeth and clench their jaws.

One of the first indicators that the meth problem had reached Connecticut came in June 2005, when police discovered meth labs in two homes in East Hampton.

The busts came after authorities got a tip from a farm supply store owner, who reported some people buying large amounts of iodine solution, another meth ingredient. Three people were arrested.

Authorities said two meth labs have been found in Connecticut this year.

Brian Crowell, a top Drug Enforcement Administration agent in Connecticut, said there isn't a scourge of meth labs in the state, probably because they are more difficult to hide here than in rural states. He also said meth could be making its way to Connecticut through well-established drug distribution routes.

Most of the meth in the United States is coming from so-called "super labs" in Mexico, Crowell said.

The DEA has agents trained to deal with meth labs, and it has trained more than 1,500 police officers and emergency responders in New England on handling the drug factories.

"If you produce or traffic methamphetamine in Connecticut, you will be apprehended and you will go to jail," Crowell said.

Rell said a new federal law that took effect Sept. 30 is helping to fight the problem. The law bans over-the-counter sales of certain cold medicines that have ingredients used to make meth, including pseudoephedrine and ephedrine. It requires consumers to show a photo identification, and they can only buy a 30-day supply of such medicines.

The governor said she would be calling on the legislature next year to increase the penalties for selling or manufacturing meth. Proposals she made earlier this year were not approved in the 2006 legislative session.

Under Rell's plan, first-time violators could face up to 15 years in prison and/or a fine up to $50,000. For a second offense, they'd face up to 30 years in prison and/or a fine up to $100,000. Subsequent offenses would call for an automatic 30-year prison term with a fine of up to $250,000.

"We need to send that message that the sale and possession of this drug will land you in jail," Rell said.

State Hopes To Thwart Growth Of Meth Use (NHR)

By Gregory B. Hladky

New Haven Register, December 1, 2006

HARTFORD — If your neighbor's house stinks of cat urine and you see piles of empty Sudafed packages in their trash, state and federal law enforcement officials want to know right away.

Although it may sound bizarre, those are two of the indicators that the occupants of that house could be running an illegal lab to create the highly addictive and dangerous drug methamphetamine.

Thursday was National Methamphetamine Awareness Day and key federal and state officials used the occasion to urge residents to help keep "the scourge of methamphetamine" from overrunning this state.

"We're lucky that it hasn't taken hold (in Connecticut) as it has in so many other states," said Gov. M. Jodi Rell. She said law enforcement officials in Connecticut are using a coordinated approach to try and stifle the use of meth here before it becomes a major drug problem.

Kevin J. O'Connor, the U.S. attorney for Connecticut, said authorities last year shut down three meth labs in this state and two more were discovered this year.

O'Connor called meth, also known on the street as "ice," "crank" or "speed," a "very addictive, deadly and devastating drug."

O'Connor said that, in 1992, the only state with a documented meth problem was Oregon. Today, virtually every western state has active meth addicts.

One reason meth hasn't spread in a major way to the northeastern U.S. is that illegal meth labs that manufacture the drug tend to be both dangerous and very smelly. Such labs are much more easily concealed in the vast rural areas of western and Midwestern states than in highly urbanized areas such as Connecticut.

A new federal law that took effect Sept. 30 requires pharmacies to get photo identification and keep records on people who buy cold medicines like Sudafed that contain pseudoephedrine or ephedrine, two of the substances most commonly "cooked" down in illegal labs to create meth.

O'Connor said states that have passed their own laws requiring such restrictions on those cold medicines have seen a dramatic reduction in locally produced meth.

Other materials used in making meth include diet aides, drain cleaners containing lye, acetone, brake cleaner, iodine solution or crystals, camp stove fuel, rubbing alcohol, engine starting fluid, paint thinner, Freon benzene and battery acid.

Officials said the meth "cooking" process can be dangerous in terms of fire and the hazardous chemicals used, and also because the process creates toxic waste products that are potentially serious environmental pollutants.

One byproduct of a meth lab is the smell it produces, which experts describe as something like ammonia or cat urine.

Shutting down meth labs won't solve the whole problem, officials warned, because so-called "meth super-labs" are now in operation in Mexico, creating large quantities of the drug for the U.S. market.

Meth is being smuggled into this country along the same supply chains used to bring in heroin and cocaine, according to state Public Safety Commissioner Leonard C. Boyle.

But Brian R. Crowell, special agent in charge in this state for the federal Drug Enforcement Administration, said it isn't inevitable that meth will join cocaine and heroin as a major problem drug in Connecticut, and that it's possible to "be aggressive and keep it from getting a foothold here."

Rell said she will ask the 2007 General Assembly to create stiffer penalties for possession and sale of methamphetamine.

Gregory B. Hladky can be contacted at ghladky@nhregister.com or at (860) 524-0719.

Group To Monitor Spread Of Meth (PROJO)

By Tom Mooneyjournal

The Providence Journal, December 1, 2006

CRANSTON — A group of health officials and law enforcement representatives came together yesterday to raise awareness of a drug plague that they say has so far spared much of New England but will come.

The spread of methamphetamine use and addiction has ravaged other parts of the country, said U.S. Attorney Robert Corrente. In Hawaii, for instance, methamphetamine addiction has surpassed alcohol abuse, he said. We want "to get out in front of the problem and be prepared when the problem is here," Corrente said.

To do so, Corrente and others announced the formation of a coalition of experts to monitor and hopefully prevent the drug's spread. The announcement coincided with similar announcements being made across the country as part of National Methamphetamine Awareness Day.

Dr. Ellen Nelson, director of the state Department of Mental Health Retardation and Hospitals, said methamphetamine "is a very potent substance that here at the department of MHRH we are concerned about."

Methamphetamine is a highly addictive stimulant, she said, that can devastate the central nervous system. It comes in several forms, including powder, crystal, rocks and tablets. When the drug is “cooked” into crystals, it is called crystal meth.

Long-term meth users often experience anxiety, sleeplessness, confusion, violent rages and cravings for more of the drug. It can also produce a condition known as “meth mouth,” a serious deterioration of teeth and gums.

The Drug Enforcement Agency reported that in 2005 about 20 methamphetamine labs were discovered in New England. In contrast, there were 2,176 such discoveries in Missouri last year, the DEA reported.

The only significant methamphetamine case to emerge in Rhode Island in the last year involved two Rhode Island men who were charged last month for allegedly running a meth lab in Coventry.

Corrente said the local prevalence of cheap heroin and cocaine is perhaps the reason New England has yet to see widespread abuse of methamphetamines.

“Even though we are among the last states to witness the ravages of methamphetamine addiction,” said Corrente, “we would be foolish to believe that the spread of methamphetamine will stop at our borders.”

The first way to attack the problem, he said, was by raising awareness of the problem. Women looking to lose weight and college students determine to stay awake to study, could easily become addicted to methamphetamine use if they tried it as an alternative to “speed” drugs.

The coalition will include members of the U.S. Attorney’s office, the Drug Enforcement Administration, the governor’s office, the state attorney general’s office, the MHRH, the departments of health and education, and substance abuse treatment agencies such as CODAC.

Corrente said members of the coalition will, for now, meet once every few months to discuss ways to educate people about the dangers of the drug.

Attorney General Patrick C. Lynch also announced, in recognition of the national awareness day, that he would, for a second year, submit legislation to toughen penalties for the manufacture and possession of methamphetamine.

Law Officials Eye 'meth' Flow (NHUL)

By Rick Dumont

The New Hampshire Union Leader, December 1, 2006

Seabrook – Last month law enforcement officials netted the largest ever methamphetamine bust in New England history.

Two of the four individuals arrested in connection with transporting 12 pounds of the 99-percent pure drug into New Hampshire were arrested in Seabrook.

The other two were arrested in Lynn, Mass.

All four were indicted this month on federal narcotics charges and could face life in prison if convicted.

What has law enforcement and government officials on edge is that the four all came to the area by way of Atlanta just to try and open a market for the highly addictive and dangerous drug.

Arthur Soto-Saavedra, Omar Hervis, Jose Ambriz and Tyler James all are being held in federal custody pending trials currently scheduled for Dec. 12, U.S. Attorney for New Hampshire Tom Colantuono said. Soto-Saavedra is a Mexican national who was living in Atlanta.

In a press conference at the Seabrook Police station yesterday morning, Colantuono, along with Rockingham County Attorney Jim Reams, law enforcement officials from several agencies in Massachusetts, New Hampshire, the DEA and state health officials spoke on the arrest and what plans officials have to keep New Hampshire and New England from becoming inundated with the notorious drug.

Worth over a million dollars on the street, 12 pounds of "crystal meth" is enough to feed the habits of thousands of people, officials said.

"These people were attempting to establish a market for crystal methamphetamine in the New England area," Colantuono said.

Court documents allege undercover officials had contact with Soto-Saavedra and had arranged the buy with him and Hervis. Ambriz and James, ages 19 and 20 respectively, were transporting the drug from Atlanta for the sale on Oct. 24.

Through their investigation officials discovered there was not a steady stream of meth coming into New England, and that several dealers were "struggling to get a distribution network set up to capture the market," court records showed.

DEA officials dealt with Soto-Saavedra and Hervis who was the so-called debt enforcer for Soto-Saavedra's operation to arrange the buy, court records showed.

In response to the growing nationwide problem of crystal meth manufacturing distribution and use, Nov. 30 has been dubbed National Methamphetamine Awareness Day by both the President and Gov. John Lynch.

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As such officials, in addition to announcing the arrests, spoke about their plan to help keep the scourge of meth from devastating families and communities in New England like has happened in several Midwestern states.

E-mail Warns College Students Of Meth Dangers (AP)

Associated Press, December 1, 2006

ATLANTA - Georgia college students will soon be getting an e-mail warning them of the dangers of methamphetamine.

The e-mail, which features graphic photos of meth users with oozing sores and rotting teeth, will be sent to the 260,000 Georgia college students at the state's 35 schools in the coming days. The initiative was announced at a state Capitol news conference on Thursday by U.S. Attorney David Nahmias and other state and federal law enforcement and education officials.

"It's an ugly, painful way to go," the e-mail says.

Law enforcement officials stressed that meth is a highly addictive drug and students who might use it to stay awake to study for exams or heighten sexual performance are in for a long recovery program down the road.

"There are no recreational meth users," Sherri Strange, head of the Drug Enforcement Administration's Atlanta office, said. "Your first hit and you're hooked."

While the number of mom-and-pop meth labs in Georgia has declined in recent years, the state has become a hub for traffickers bringing pure forms of crystal meth over the border from Mexico, officials said.

The education initiative in Georgia is part of National Meth Awareness Day.

Graphic Meth Anti-drug Ads Await Students (AJC)

By Saeed Ahmed

The Atlanta Journal-Constitution, November 30, 2006

As more than 300,000 college students in Georgia open their school-provided e-mail in-boxes in the next few days, they will be greeted by disturbing images of young people with bloodied faces, rotting teeth and backs covered with scabs.

This is how state officials plan to drive home the point to the 18-to-25 year-old set about the dangers of methamphetamine.

The U.S. Attorney's Office in Atlanta, along with state officials and representatives from the state's public and private colleges, announced the e-mail campaign in a news conference at the state Capitol on Thursday morning in observance of "National Meth Awareness Day."

More than 100 activities are planned nationwide Thursday, but Georgia's approach is unique, officials said.

Some colleges began sending out the e-mails Thursday; others might not get around to it until Friday. The pictures are graphic:

A close-up of a girl's mouth — blackened crooked teeth and dark red sores on her lips — is paired with the message: "You'll never worry about lipstick on your teeth again."

In another, a teenager with hollow eyes and a disfigured face stares out at the viewer. The text underneath: "Actually, doing meth won't make it easier to hook up."

"A lot of young people, they aren't scared of dying. But they don't want to be ugly," said U.S. Attorney David Nahmias, explaining how the images can be effective in curbing methamphetamine use. "[These pictures show that] if you use meth, you will be unhappy and ugly."

Authorities zeroed in on the college-aged demographic because national studies show they are the most likely to use methamphetamine.

Meth use among all Georgia age groups is five times the national average, but the state ranks in the bottom eighth nationally in recorded meth use by 18-to-25-year olds, official said.

Becky Vaughn, president of the Georgia Council on Substance Abuse, said the agencies were targeting the college-age students in hopes that they could "stop it now before it becomes a problem."

Metro Atlanta also has become one of the leading distribution centers. Six of the 14 significant seizures nationally since 2005 have been in Georgia, including the largest on record – 378 pounds in Hall County in August, said Drug Enforcement Administration Special Agent Sherri Strange.

"If this amount is coming into Georgia, then a good portion is being used," Strange said.

The contents of the e-mail were sent to the colleges and universities for distribution. The federal government was not given the students' e-mail addresses, Nahmias said.

The University System of Georgia will be sending out the message to each of its 260,000 students in 35 campuses. Another 60,000 students in 25 private colleges will receive the e-mails, as will more than 12,000 students at Emory University.

New Push To Halt Meth Abuse (WXIA)

DOJ_NMG_0100557

WXIA-TV Atlanta, December 1, 2006

On the campus of Georgia State University it seems everyone knows someone who has abused methamphetamine.

"You know, their teeth rot out, they are really strung out they get little weird clicks and just act not normal. It's really kind of sad," said student Carrie Newman.

"It affects their relationships, their work, their motor skills, how they act, and their emotions. Big changes," said Brett Opstad.

Meth use is more prevalent among 18 to 25 year olds than any other age group.

Officials with the U.S. Justice Department Thursday announced a joint effort with several other agencies to get the word out about the dangers of this highly addictive drug.

"Today's meth is a drug that if used even once can have very real and very negative consequences," said U.S. Attorney David Nahmias.

"Meth is probably the most dangerous and devastating drug I've seen in my career. It's dangerous to the user and their family. There are no recreational users. The first hit and you're hooked," said D.E.A Agent Sherri Strange.

In the coming days, 300,000 Georgia college students will receive an e-mail outlining what the drug can do to teeth, skin, and lives. The email includes graphic pictures of methamphetamine's effects on real people.

"This is one of many steps the justice department is taking against meth. We all know meth kills and when enough people understand that we will have made a difference in our communities and made them a safer places to live," said Nahmias.

FBI Director Visits Richmond (RTD)

By Mark Bowes, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, December 1, 2006

FBI Director Robert S. Mueller paid a visit to the bureau's Richmond office yesterday to talk with local agents and review the agency's priorities, ranging from terrorism to public corruption.

Mueller has visited 37 of the agency's 50 field offices across the country this year to talk strategy and become better acquainted with local operations. Under tight security, he spoke briefly with Richmond reporters yesterday before flying by helicopter to his next stop - the bureau's Norfolk office.

"Since Sept. 11, our first priority is preventing another terrorist attack," said Mueller, who was sworn in as director seven days before the attacks. "And consequently, there is not a lead that does not go unreviewed, not a lead that we do not pursue when it comes to the threat of terrorism. So that has been a substantial change for us."

In addition to terrorism, the bureau also has prioritized violent crime - particularly murder and gang activity - along with public corruption, cyber crime and counterintelligence initiatives. "And they've done great work in [the Richmond] division over a substantial period of time in each one of these areas," Mueller said.

The Richmond division, he added, has done a very good job in investigating public-corruption cases.

"There have been some arrests recently that have become fairly well known," he said. "And I will tell you - not just with this division but across the country - public corruption has been our No. 1 criminal priority. Over the last two years, we've convicted more than 1,700 officials at the federal, state and local level who have abused the trust and broken the laws."

Mueller said the bureau's success is largely dependent on its relationships with state and local law-enforcement agencies, and those ties are especially good in the Richmond area, he said.

"I'm very pleased to know that down here we have exceptional relationships with [Chief] Rodney Monroe of the Richmond Police Department, with whom I worked when I was in Washington," Mueller said. Contact staff writer Mark Bowes at mbowes@timesdispatch.com or (804) 649-6450.

Richmond Division Of FBI Fighting Cyber Crimes (WRIC)

WRIC-TV, December 1, 2006

The Richmond division of the FBI is making strides in the fight against violent and cyber crime. That's according to FBI director Robert Mueller, who made a stop here Thursday. Mueller says Richmond special agents working with state and local law enforcement are more effective than ever.

He also applauds outreach programs aimed at the area's Muslim community.

FBI Director Robert Mueller says, "We are your friends we want to work with you to prevent terrorist attacks and that to the extent you can be helpful, we need your help."

According to Mueller, the bureau's top priority here and across the country is counter-terrorism.

FBI Chief: Hampton Roads Unit Vital To Agency Work (DPHR)

By Beverly N. Williams 247-4755

Daily Press, December 1, 2006

Robert S. Mueller III visits the region's field office in Norfolk, praising its investigations.

NORFOLK -- Cyber crime, terrorism, public corruption and violent crime are among the chief concerns for FBI agents working in the Hampton Roads area, the agency's director said Thursday during a stop at the Norfolk office.

"Norfolk is a very important city given the naval contingent," said Robert S. Mueller III. The FBI's Norfolk Division "also is important to us, and it has done tremendous work over the last several years, whether it's terrorism, cyber crime, public corruption or violent crime," he said.

"Each of these are priorities for the FBI, and we've made substantial strides in this division against these various threats," said Mueller, who was appointed by President Bush to head the agency in September 2001, just seven days before the Sept. 11 terrorist attacks.

Mueller, who flew in from Washington by helicopter to meet with FBI agents in Hampton Roads on Thursday, said part of the division's success stems from its agents working closely with local and state law enforcement officials. One such collaboration focuses on cyber crime in Hampton Roads.

"Cyber crime is our number three priority," Mueller said during a short press conference at the FBI's Norfolk office. "We're concerned about the ability of government-sponsored hackers to address our naval or military capabilities or the infrastructure. We're concerned about individual hackers that can cause millions if not billions of dollars in damage, not just here but around the world."

Other cyber issues include child pornography, the migration of child pornography to the Internet and the luring of children on the Internet, he said.

"All of these are areas in the cyber arena that we have built up over the past three to four years, so we have the capability of undertaking these investigations and gathering the evidence and having successful prosecutions," Mueller said. "And this division is one of those that's been in the forefront of this activity."

In 2003, the FBI's Norfolk Division created the Cyber Crime Working Group, whose members include the Virginia State Police, the U.S. Attorney's Office, the U.S. Secret Service, U.S. Immigration and Customs Enforcement, and police departments from Newport News, Hampton, Norfolk, Virginia Beach and Chesapeake. The Naval Criminal Investigative Service and the NASA Office of the Inspector General also participate.

Mueller said that while some people have lost confidence in the bureau because of things such as the espionage case involving Robert Hanssen, a former FBI counterintelligence agent, the agency is improving as an organization.

The bureau is also growing as domestic and global agency, he said.

"We've reviewed our security, and we're more flexible and more responsive, but we still have a way to go," Mueller said. "There's not anyone in the FBI who doesn't understand that we need to improve and grow to protect the United States against those who want to hurt us."

FBI Director: Agency More Sensitive To Rights (VP)

By Tim Mcglone

Virginian-Pilot, December 1, 2006

NORFOLK - The FBI has changed the way its agents deal with members of the Muslim and Arab American communities in light of criticisms that followed post-9/11 terrorism investigations, the agency's director said Thursday.

FBI Director Robert S. Mueller III spoke briefly with reporters at the agency's Norfolk field office after meeting with agents as part of a periodic visit.

Counterterrorism became the FBI's No. 1 priority after the Sept. 11, 2001, attacks in New York and Washington.

But the agency had been criticized for heavy-handed tactics, in Hampton Roads and nationally.

Mueller defended the initial response by his agents but said procedures have changed.

"In the wake of Sept. 11, quite obviously we did not know what we had on our hands," said Mueller, who became director only seven days before the attack.

"We did not know whether we had any additional hijackers in the United States," he added. "There was some substantial threat of a second wave."

He said agents immediately spread out across the country searching for accomplices in the attacks and interviewing flight school students. Several of the hijackers had taken lessons to learn how to fly the jets that were hijacked.

Sometimes, Mueller said, people were detained on outstanding warrants or immigration issues even though they had no knowledge of the attacks or information on the hijackers.

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Often those people were detained for extended periods of time, a tactic that was called into question by the Justice Department's inspector general.

A 2003 report by the inspector general found that the FBI had violated the civil rights of hundreds of immigrants, most of Middle Eastern and South Asian descent.

"What the inspector general rightfully pointed out is that we should have done a better job in looking at the status of each of those individuals, even though they were rightfully detained, in terms of how long they were detained," Mueller said.

"We have changed our processes to make sure we look at that status immediately," he said.

He would not provide additional information Thursday on why two of the Sept. 11 hijackers had visited Hampton Roads in the months prior to the attacks. The pair, Mohamed Atta and Marwan al-Shehhi, stayed at a local hotel, cashed checks for $18,000 and visited a small grocery store in Newport News.

During his meeting with agents, Mueller said he heard their frustrations about a lack of personnel and frequent transfers, issues he said he is addressing.

Reach Tim McGlone at (757) 446-2343 or tim.mcglone@pilotonline.com.

Briefly (FWST)

The Fort Worth Star-Telegram, November 30, 2006

Wreck involving officer kills baby

DALLAS -- A 9-month-old boy died late Tuesday and a police officer was seriously injured in a collision in south Dallas County, officials said. The child, Cortlan Jefferson of Dallas, died about 8:30 p.m. at Children's Medical Center in Dallas after the wreck in the 1900 block of Hampton Road in Glenn Heights, said a spokeswoman for the Dallas County medical examiner's office. The accident occurred about 8 p.m. when an Ovilla police patrol car collided with a car carrying the child and his mother, NBC5i.com reported. That vehicle was trying to make a left turn. The officer was ejected from the patrol car, which rolled over several times, officials said. She was airlifted to Baylor Medical Center in Dallas with very serious injuries, according to NBC5i.com.

-- Bill Miller

Man gets life on meth charges

DALLAS -- A 44-year-old Dallas man was sentenced to life in federal prison Tuesday after pleading guilty in July to one count of conspiracy to possess with intent to distribute more than 500 grams of methamphetamine. Alejandro Tamayo was arrested in February. During the search and arrest in February, four Dallas officers suffered non-life-threatening injuries while helping the Drug Enforcement Administration serve a warrant at Tamayo's home. A report found that a Dallas SWAT officer accidentally shot a colleague in the leg and may have shot himself in the hand while returning fire during the incident. During the search, police seized cash, firearms and two kilograms of cocaine. Tamayo was ordered to forfeit his interest in the house at 1228 Oak Park Drive, two vehicles, $130,000 in cash, and eight firearms and ammunition seized during the execution of the warrant. Tamayo must also pay $37,662 in restitution to the city of Dallas for the injured officers' medical bills.

-- Mitch Mitchell

4 indicted in torture,

beating of teenagers

LUBBOCK - A grand jury has indicted four people who police say beat two teenagers and tortured them with a battery charger. Court records show that the boys, ages 15 and 16, were forced to sleep in a closet, starved and fed habanero peppers as punishment. The boys' father, Steve Lively, 40, and their stepmother, Melissa Lively, 37, were indicted on four counts of aggravated assault Tuesday. Amy Lively, the boys' 19-year-old sister, has denied all charges against her parents, Jason C. Lively, 19, a stepbrother, was indicted on 10 counts of aggravated assault. Kyle B. Sexton, 20, who lived with the Livelys, was indicted on multiple charges of aggravated assault.

- The Associated Press

Baby found alongside road was dead teen's

WESLACO - Hidalgo County authorities have determined that a 7-month-old baby found alongside a road is the child of a teenage girl whose burned body was found hours later in a field about 20 miles away. The baby was lying unclothed on her stomach beside a road north of Weslaco when a passing driver spotted her Monday night, Sheriff Lupe Trevino said. The next morning, farm workers reported finding the teenager's body in a sugar cane field south of Donna. Later Tuesday, authorities identified the young woman as Aida Mae Rodriguez, 16. The baby was identified as her daughter, Briggette Mae Rodriguez. Doctors said Briggette Mae was unharmed, although she was being treated for bronchitis. She has been turned over to Child Protective Services. Authorities say the girl's father is not a suspect.

- The Associated Press

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Feds Bust Flashy Crime-fighter (PHI)

By Dave Davies, Michael Hinkelman & Chris Reber

The Philadelphia Inquirer, December 1, 2006

JOE MAMMANA is the kind of larger-than-life figure Philadelphians love - the kid who overcomes a crime-ridden youth to spend a fortune fighting crime; the ex-Marine who bluntly calls his rewards for missing thugs "bounties"; the Italian-American businessman who cares enough to pay for young victims' funerals.

And he does it all in style, wearing a diamond-studded Rolex and driving a silver Lamborghini.

But Mammana's world came crashing down yesterday when FBI agents descended on his North Philadelphia egg-processing business and his expansive Yardley home, searching both - as well as his Lamborghini and customized black Hummer.

Mammana was arrested on weapons charges after the feds found a loaded .357 Magnum in his nightstand, but it appears his troubles run much deeper than that.

Search warrants indicated that interest in Mammana was rooted in the FBI's economic crimes squad, and the feds were after business and tax records for evidence of suspected tax evasion, mail and wire fraud.

Details of the feds' suspicions about Mammana were unavailable yesterday.

His attorney, Martin L. Trichon, didn't return calls for comment.

Mammana faces a detention hearing on his weapons charge today.

His Philadelphia arrest comes as he's embroiled in a bizarre controversy involving a Columbus, Ohio, crime-fighting group that accused him of welching on a reward promise.

After the group threatened to sue Mammana, its president, Kevin Miles, was attacked and beaten outside his house by a man wielding a baseball bat, who told him to "drop the charges or anything you have filed," according to a police report.

Police say Mammana is not a suspect in the case, but he was asked about it during an appearance on Geraldo Rivera's TV show Wednesday night.

He insisted he had nothing to do with the attack on Miles, adding, "If Kevin Miles is interviewing and walking, then it wasn't me."

"Because if you did it, you would have done the job right?" Rivera asked.

"I do everything completely," Mammana said.

Two days before Miles was attacked, the lawyer for his group, Central Ohio Crime Stoppers, said he was confronted after work by a man fitting the description of Miles' assailant.

Attorney Kinsley Nyce said he'd noticed the man hanging around outside the law firm's office, and that when Nyce went to his car, the man rushed toward him saying, "I'm with Joe."

Nyce said he drove away before the man reached the car.

Miles said he was struck several times by his bat-wielding assailant, who also clubbed Miles' dog. The attacker fled when Miles pointed a handgun that he carries at him.

"I believe the guy was trying to kill me," Miles said.

In a phone interview yesterday, Miles declined to discuss what his attacker said to him, but according to the police report, Miles heard him say, "Keep your mouth shut, drop the charges or anything you have filed, or we'll kill you."

Columbus police Detective Amy Morris said Miles' conflict with Mammana is a matter of interest, but that he's not considered a suspect at this point.

Although Mammana has seemed to be a successful and respectable businessman for years, he isn't a complete stranger to violence.

In 1991, he was convicted of hitting his wife with a counter-top and served eight months for assault. And a Philadelphia magazine profile said Mammana was charged with raping an ex-girlfriend in 1988 and was allowed to plead guilty to sexual harassment.

Besides those episodes, Mammana racked up a long list of criminal charges in the late '80s that included auto theft, forgery, and drug counts.

Mammana pulled his life together in the mid-'90s. A key, he told Philadelphia magazine, was a prison term that allowed him to kick steroids, which he'd gotten accustomed to using when he was a body-builder.

He became chief executive officer and eventually owner of the North Philadelphia egg-processing plant now called Yardley Farms. It takes raw eggs and turns them into powdered, liquid and frozen egg products.

Mammana has spoken with pride of hiring poor and working people from the community, and in recent years has become active as an anti-crime vigilante, dispensing tough talk and offering "bounties" on suspected criminals.

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"Just bring these cowards in strapped to a horse, ankles to wrists," Mammana said of the killers of young Faheem Thomas-Childs, adding that he hoped when the thugs were arrested that other inmates knew they were child-killers.

"When I say jailhouse justice, I hope the inmates read between the lines and know what I'm talking about," Mammana said.

John Apeldorn, president of the Citizens Crime Commission, said Mammana had offered rewards and paid them for four or five local crimes, and he has one more that is "pending."

Recently, Mammana said he would pay up to $2 million for information solving the cases of 20 missing children, $100,000 per case.

Nyce said he believes authorities began looking more closely at Mammana because it seemed unlikely that his business could generate the income to support such efforts, not to mention his extravagant lifestyle.

There is some evidence that Mammana's egg-cracking business is struggling financially. Court records show a half-dozen lawsuits from creditors beginning in August of last year.

Attorney Edward Stock said Mammana's firm stopped paying his client, D.L. Snader, a Lancaster County trucking company, in October 2005.

Stock said Yardley Farms owes Snader $80,000 for bringing eggs from places as far away as Ohio, and he said the state revenue department also has sued the firm for $12,500 in back taxes.

Attorney Donald Wellford, who represents Mammana's firm in business litigation, declined comment.

Philanthropist Faces A Gun Charge (PHI)

By Larry Eichel

The Philadelphia Inquirer, December 1, 2006

Despite a criminal past, he had built a reputation as an anticrime crusader, helping to bankroll reward funds in some of the region's highest-profile murders and kidnappings.

Now Joseph Mammana finds himself back in trouble with the law.

Mammana, who lives in Yardley, was in federal custody yesterday, charged with violating the statute that bars convicted felons - which he is - from owning a gun.

Arrested Wednesday, he is to be arraigned today in U.S. District Court in Philadelphia. If found guilty, he could face a maximum sentence of 10 years in prison and a $250,000 fine.

His attorney, Martin Trichon, could not be reached for comment.

According to a federal affidavit, the arrest resulted from a search of Mammana's house conducted as part of an IRS probe into possible mail fraud, wire fraud and tax evasion.

During the search, the affidavit said, federal agents found a loaded .357 Ruger revolver in a nightstand in the master bedroom. The handgun, officials said, originally belonged to Mammana's late father.

There's no crime in possessing such a firearm, unless one has been convicted of a major crime. Mammana falls into that category, having amassed a long list of charges in three states between 1987 and 1991.

"It's kind of ironic that Joseph Mammana offers rewards for solving crimes and here obviously he's a convicted felon, and we find a gun," said Peter Alvarado, IRS special agent-in-charge in Philadelphia.

Mammana spent about two years in prison in Montgomery County, Camden County and Florida for burglary, grand theft and drug possession. In 1991, he pleaded guilty to a felony charge of aggravated assault for hitting his wife in the head with a countertop and threatening her with a knife.

"Any of my criminal past and things like that are irrelevant," Mammana, a bodybuilder and ex-Marine with a degree in criminal justice, told The Inquirer two years ago. "Everybody makes mistakes when they're kids."

In recent years, Mammana, who runs an egg-processing plant in North Philadelphia, has become known as a benefactor of various reward funds, including those managed by the Citizens Crime Commission of Delaware Valley.

For instance, he offered $10,000 for information leading to a conviction in the 2004 shooting death of 10-year-old Faheem Thomas-Childs outside a North Philadelphia elementary school. He put up $5,000 to help solve the Center City killing of Patricia McDermott in 2005.

He also reportedly pledged $250,000 in the disappearance of Alabama teenager Natalee Holloway in Aruba.

John Apeldorn, president of the local crime commission, described Mammana as a valued supporter of the organization who has invariably made good on his pledges.

"Joe's always put his money where his mouth is," Apeldorn said. "We hope that everything works out for him."

Last month, a citizens' anticrime organization in Ohio sued Mammana, claiming he had not made good on a pledge connected to the 2005 slaying of a 20-year-old female student at Ohio State University.

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He replied that he pays only for convictions and that there had been no conviction in the case. But the organization, Central Ohio Crime Stoppers, said that it pays rewards for arrests and indictments.

Several days after the suit was filed, the president of the group reported being attacked by a man with a baseball bat who told him to drop the litigation. Mammana denied any knowledge of the alleged attack.

F.B.I. Arrest Philadelphia Philanthropist (KYW)

KYW-TV, December 1, 2006

(CBS 3) PHILADELPHIA Philadelphia Philanthropist Joseph Mammana was arrested at his Bucks County home Wednesday for possession of a firearm.

An F.B.I. arrest affidavit released Thursday states businessman Joseph Mammana, owner of Yardley Farms LLC, was arrested on a firearms violations.

The affidavit states, "…Mammana knowingly possessed in and affecting interstate and foreign commerce a firearm after previously having been convicted of a crime punishable by more than one year in prison… ."

His past criminal record includes felony convictions for aggravated assault, larceny and narcotics violations, which prohibits him from possessing a gun.

Authorities said the F.B.I. searched Mammana's home in the 600 block of Sedgley Avenue in Yardley, Wednesday, in connection to an I.R.S. investigation, seeking tax and business records.

During the search agents discovered a loaded handgun in a master-bedroom nightstand registered to his deceased father, Edward Mammana.

"We're looking for information related to, what we considered to be economic fraud and tax violations," said U.S. Attorney Pat Meehan.

Mammana is well known throughout the Delaware Valley for making generous donations to the Citizen's Crime Commission, providing reward money to help solve high profile criminal cases.

When Natalie Halloway went missing in Aruba, her mother Beth Twitty took to the airways in Philadelphia asking for help. Mammana came to her aid and pledged $250,000 to Halloway's reward fund.

As police searched for the gunman who shot Faheem Thomas-Childs, Mammanna pledged a $40,000 reward.

The question now is could the money he has pledged to reward funds in Philadelphia and across the country be in jeopardy. A spokesperson from the Philadelphia Citizen's Crime Commission said they will look at the money that has been pledged and confront issues as they arise re-post any money if necessary.

Mammana is being held in federal custody and is scheduled to be arraigned in federal court Friday morning.

Pa. Felon-turned-philanthropist Arrested For Having Gun (AP)

By Patrick Walters

AP, December 1, 2006

A convicted felon-turned-philanthropist who has offered up reward money in several high-profile cases was arrested on a gun charge, authorities said Thursday.

Federal agents discovered a handgun in a nightstand Wednesday while they were searching Joseph Mammana's home in the Philadelphia suburb of Yardley for evidence of possible mail and wire fraud, according to an arrest warrant.

As a felon it is illegal for Mammana to possess a gun. He has a lengthy criminal record that includes convictions for aggravated assault, larceny and narcotics violations.

Records showed that the gun, which was loaded, was purchased by Mammana's father in 1979, authorities said.

Mammana has offered reward money in numerous high-profile crimes, including the disappearance of Alabama teenager Natalee Holloway in Aruba last year.

He also has assisted in the case of Julie Popovich, whose skeletal remains were found Sept. 1 near an Ohio reservoir. She was last seen leaving a bar near Ohio State University on Aug. 11.

He also co-sponsored a gun buyback program in Philadelphia in which people were offered shopping vouchers if they gave up their guns.

The telephone listing for Mammana's home was unpublished and a message left at his office was not returned. He remained in federal custody pending a hearing scheduled for Friday.

A message left with Mammana's attorney Thursday morning was not immediately returned.

Mammana, who owns a Pennsylvania egg farm, is currently embroiled in controversy in Ohio over the Popovich reward.

The head of an Ohio crime-stoppers group, Kevin Miles, is suing Mammana. Miles says someone with a baseball bat attacked him and told him to drop the lawsuit.

Mammana said he had nothing to do with the attack, but suggested the beating was deserved.

"If he was able to talk, it wasn't me," Mammana said in an interview last week with The Associated Press.

Miles' group, Central Ohio Crime Stoppers, sued Mammana on Nov. 15, seeking up to $131,000 it said he had pledged for information in Popovich's slaying.

Mammana has said he will pay the money if the man who was arrested is convicted in the killing. But Crime Stoppers' policy is to pay rewards for arrests and indictments, not convictions, something Mammana understood when he signed a contract, according to Miles.

Investigators Looking For Motive After Arson Ruled In Plastics Fire (LONGNJ)

By ADAM J. HOLLAND

Longview (TX) News-Journal, December 1, 2006

Now that federal fire investigators have determined arson as the cause of a September fire at a Longview plastics recycling plant, they are bracing for the most difficult part of their probe.

Earlier this week, the Bureau of Alcohol, Tobacco, Firearms and Explosives determined that an accelerant was used to start the blaze Sept. 22 at the Southwest Plastics office on Estes Parkway.

It was the facility's second fire in less than three weeks, with the first one destroying the company's 35,000-square-foot warehouse on Sept. 5.

"Unfortunately, arson investigations are the longest to work and the hardest to prove," ATF agent Clay Alexander said.

Alexander said the next phase of the investigation would involve interviews with former and current employees who had access to the scene, and similar crime patterns that may have existed in and around the area.

"Right now we are just looking for motive — who would want to burn the business and why," Alexander said.

Southwest Plastics owner John Thompson could not be reached for comment Thursday, but has said that he had no known enemies.

His wife, Suzane Thompson, said Thursday that she was concerned that investigators have nothing to research, since the building remains were cleared to make way for a temporary facility.

"The only thing we had was video surveillance tape from our security system, and we haven't heard anything about that," Thompson said.

Alexander said that the tape is currently being reconstructed at the ATF laboratory in San Francisco, but he was hopeful that it could be sent to Tyler within a week or so.

"We hope (the tape) shows something, but it's just one avenue of the investigation," Alexander said.

He added that the ATF has already gathered evidence from the scene, and it was no longer necessary to scour it for additional clues.

There has been no cause released for the fire that destroyed the warehouse on Sept. 5.

TAX:

Democrats To Offer Permanent Tax Cut (WT)

By Charles Hurt

The Washington Times, December 1, 2006

Democrats have long attacked President Bush for the historic tax cuts he ushered through Congress during his first term and have promised to reverse at least some of them.

But among their top priorities when they take over Congress next month is passing a permanent tax cut of their own.

Included in their "Six for '06" platform that they say helped them win majorities in the House and Senate, Democrats promised to: "Make college tuition deductible from taxes, permanently."

Their tax cut promise is neither an election-year gimmick, Democrats say, nor a reversal in their long-standing opposition to Mr. Bush's tax cuts.

"Democrats have made it clear that the middle class will be our priority and making college more affordable is a key concern of working families," said incoming House Majority Leader Steny H. Hoyer, Maryland Democrat.

They have been less clear, however, about their plans for other tax cuts that expire in 2010 and or how to raise the revenue required to institute the "pay-go" rules they have promised. Those rules prohibit adding any new spending to the budget or cutting taxes unless there is money in the budget.

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Though Republicans dramatically sliced taxes without money in the budget, they now can point to historic levels of tax receipts because of the healthy economy that was, they say, spurred by the tax cut.

The only hints from Democrats about their tax plans have come from Rep. Charles B. Rangel, the New York Democrat who will be chairman of the Ways and Means Committee. He has told reporters that tax increases are on the table, but Democratic leaders quickly reined him in and continue to adamantly insist that they have no such plans for the time being.

The tuition tax deduction, along with a handful of other popular tax cuts, have been on the table in Congress ever since they expired at the end of the 2005 tax year. Tax filers next spring will not be able to deduct tuition costs unless something is done retroactively before then.

The tax cut is such a popular one that Republicans have tried for months to pair it with the elimination of the estate tax -- an idea most Democrats in Congress vehemently oppose. Though the elimination of the death tax had majority support in the Senate with Democratic backers, it could not pass the 60-vote threshold that Democrats required. So, Republicans added an increase in the minimum wage to further sweeten the deal.

Democrats still refused. And Republicans refused to strip out the popular tax deductions and pass them on their own.

Sen. Charles E. Grassley, Iowa Republican and outgoing chairman of the Finance Committee, has been critical of both sides for not already approving the tax relief.

"It's all because of political calculations," he said. "That's a shame."

Mr. Grassley and others have urged Republican leaders to go ahead and approve the popular tax cuts and make those cuts permanent before the end of the year.

"The election is over; the political outcome is certain," Mr. Grassley said. "We need to give taxpayers the same certainty about tax provisions that affect their bottom line. I hope the House and Senate use the lame-duck session to redeem themselves from lameness."

Regardless of whether Republicans can accomplish this in the coming weeks, Democrats have every intention of doing so when they take over.

"Democrats have made it a priority to cut taxes for the middle class," said Will Edgar, a spokesman for incoming Senate Majority Leader Harry Reid of Nevada. "The American people made clear they want change, and we're ready to work with the Republicans to move America forward."

Mr. Hoyer signaled a similar eagerness to work across the aisle on the matter.

"Democrats have been strong supporters of extending the college-tuition deduction and would like to join with our Republican colleagues to pass an extension before Congress adjourns for the holidays," he said. "Middle-class families deserve to know that this deduction will be there to help them pay for their children's education next year."

CONGRESS-ADMINISTRATION:

Defense Chief Nominee Meets Democrats (AP)

By Laurie Kellman

AP, December 1, 2006

Robert Gates, President Bush's choice to take over the Defense Department while the Iraq war rages, met Thursday with three Democratic senators who will be asked to vote on his confirmation next week.

Gates did not run into any immediate opposition, even from senators who in 1991 voted against his confirmation to head the CIA when Bush's father was president.

The Senate Armed Services Committee has scheduled a confirmation hearing Tuesday on Gates, who would succeed Donald H. Rumsfeld. A vote by the full Senate is expected later in the week.

"I don't start out with any minuses on the ledger," Sen. Robert Byrd, D-W.Va., said after his meeting with Gates.

Sen. Edward Kennedy, D-Mass., also pledged to approach the hearings with an open mind.

"Mr. Gates must persuade Congress and the American people that he will be a strong leader, that he is firmly committed to working within the administration and with the Congress toward a new course in Iraq," Kennedy said. "And that he deserves the trust of our nation, and especially our men and women in the armed forces."

Gates also met with Sen. Byron Dorgan, D-N.D., who in recent months has orchestrated a series of Democratic-led discussions featuring former generals and other officials critical of the Bush administration's conduct of the war.

"Although I will want to see what the Senate hearing discloses, unless something unusual arises, I am inclined to support the Gates nomination," Dorgan said. "We need new leadership at the Pentagon, and we need to move forward as quickly as possible to fill this vacancy."

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Bush, smarting from his party's defeat at the polls three weeks ago, announced the day after the election that Rumsfeld was stepping down as Pentagon chief and Gates was the choice to take over.

Bush said Gates' background as CIA director would give the Pentagon and the war in Iraq more focus on intelligence.

Democrats about to take control of Congress have said they would gauge Gates' willingness to change the U.S. conduct of the war but so far have signaled no opposition to his confirmation.

"Presidents ought to get the Cabinet they want," said Sen. Christopher Dodd, D-Conn.

White House Warned On Airlines (WT)

By Sean Lengell

The Washington Times, December 1, 2006

A congressional committee has warned the Bush administration it faces legal action if it goes ahead with plans to relax foreign ownership rules of domestic airlines.

The Transportation Department, under orders from President Bush, is proposing to allow foreign investors to increase stock ownership in U.S. airlines from 25 percent to 49 percent.

The proposal wouldn't require congressional approval because it reinterprets -- rather than alters -- a decades-old aviation law, the agency says.

But some lawmakers reject the idea of increasing foreign investment in the U.S. airline industry. They also accuse the administration of using the Transportation Department to bypass Congress' legislative authority.

In a letter sent to White House Chief of Staff Joshua B. Bolten on Tuesday, the House Transportation and Infrastructure Committee says only Congress -- not the administration or federal agencies -- can change laws regarding foreign ownership of U.S. airlines.

"Making the rule final in the face of bipartisan congressional opposition would be a very poor start to the 110th Congress," says the letter, signed by two committee members from each party, including Rep. James L. Oberstar of Minnesota, the panel's ranking Democrat who is expected to become chairman in January.

The letter also was signed by Rep. Jerry F. Costello of Illinois, the ranking Democrat on the House Transportation and Infrastructure aviation subcommittee; Rep. Frank A. LoBiondo, New Jersey Republican; and Rep. Ted Poe, Texas Republican.

The issue centers on a long-standing requirement that U.S. citizens have "actual control" of domestic airlines. Under the plan, which was introduced late last year, Americans would need to control only certain aspects of a U.S. airline, such as safety and security measures. Commercial decisions, including which cities an airline can serve and the purchase of aircraft, could be foreign-controlled.

But any reinterpretation of foreign ownership rules would have difficulty standing up to legal challenge, the committee members say.

"The courts have ruled that an executive branch agency does not have the authority to interpret a law in a manner inconsistent with the plain meaning of the words of the law," the letter says. "We can see no basis for an argument that DOT's proposed interpretation of 'actual control' is consistent with the plain meaning of these words."

Reinterpreting existing laws goes against the spirit in which they were originally written, says Jim Berard, Democratic spokesman for the Transportation Committee.

"To reinterpret this term 'actual control' and limiting it so narrowly to just security and military operations, and leaving everything else that the airline does ... to foreign control totally circumvents what Congress intended when that law was passed," he said.

"If the administration wants to change the law they should come to Congress, give us an opportunity to hold hearings, debate the issue and pass legislation to send to the president."

Mr. Bolten is accompanying Mr. Bush this week on the president's trip abroad and was unavailable for comment.

"The letter has been received, and we are aware of the members' position," White House spokesman Tony Fratto said. "There's nothing to announce at this time."

Another foreign ownership issue created an uproar in Congress earlier this year after a Dubai company, DP World, acquired six U.S. ports from British-owned P&O Ports North America. The controversy was so intense that DP World quickly agreed to find an American buyer for its U.S. properties, which include ports in Baltimore, New York, Philadelphia, Miami, New Orleans and Newark, N.J.

But foreign investment would help boost the ailing airline industry that saw four bankruptcies -- US Airways, Delta Air Lines, Northwest and United Airlines -- in recent years, the Transportation Department says.

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Transportation officials also have said the proposal is key to the ongoing negotiations over the Open Skies agreement with the European Union, which would liberalize rules for international commercial aviation between the United States and the 25 EU countries, allowing for more flights to Europe by U.S. airlines.

Europe has threatened to delay the signing of the treaty unless the United States allows for greater foreign investment in U.S. airlines.

The Transportation Department has given no timetable for when it expects to reach a decision and declined to discuss the letter. But some on Capitol Hill think the agency wants to have the proposal in place before a meeting of European transportation ministers later this month

Pay Raise Proposed By Bush Would Be Smallest In 18 Years (WP)

By Stephen Barr

The Washington Post, December 1, 2006

About 1.8 million federal employees would receive a 1.7 percent increase in their basic pay and a 0.5 percent average increase in their locality pay next year under a plan that President Bush sent to Congress yesterday, administration officials said.

Bush recommended a 2.2 percent average raise in his fiscal 2007 budget, released in February. Under a 1990 pay law, yesterday was the deadline for the president to authorize an alternative plan if Congress had not stipulated a raise.

If federal employees receive an average raise of 2.2 percent next year, it would be their lowest annual salary increase in 18 years, according to congressional aides.

House and Senate spending bills propose a 2.7 percent average raise for federal employees, but the bills seem unlikely to pass in the lame-duck session. Congress, meanwhile, has voted for a 2.2 percent raise for the military, raising the prospect that lawmakers will go along with the smaller increase for the civil service when they wrap up their budget bills.

The president's plan would give higher locality adjustments to the metropolitan areas with the largest "pay gaps," as determined by Labor Department surveys comparing federal jobs with their private-sector counterparts.

Under the formula in the president's plan, federal employees in the Washington-Baltimore area would receive a 2.64 percent pay raise next year, starting with the first full pay period in January, officials at the Office of Personnel Management said.

The highest adjustment would go to federal employees in the New York City area -- 3.02 percent. In contrast, the majority of federal employees, who work outside the big cities and are lumped in a "rest of U.S." category, would receive a raise of 1.81 percent.

Colleen M. Kelley, president of the National Treasury Employees Union, objected to the pay formula at a meeting of the Federal Salary Council in October, saying she was concerned that most federal employees would receive a raise of less than 2 percent.

The council, an advisory group, pulled back from approving the pay plan, and Kelley yesterday called the decision to go ahead with the formula "inappropriate" and "very disappointing."

She said "an awful lot of unknowns" swirl around next year's federal pay raise because of disagreements on Capitol Hill over whether to keep the government open on short-term funding or to bundle spending bills into a year-long omnibus measure.

"As far as we are concerned, the 2.7 percent raise is in play and we are going to do all we can to keep that alive," Kelley said.

By sending Congress his pay plan yesterday, Bush avoided triggering a part of the 1990 law that would have provided federal employees with an overall pay raise of 8.6 percent, which would have met a congressional goal of narrowing differences in salaries between the government and the private sector. Bush said a raise of that size would have cost $8.8 billion, an outlay that he said would interfere with higher priorities, such as maintaining the war against terrorism.

Officials said the pay plan would not be effective until Bush issues an executive order, probably late this month.GSA Studies Office Merger

The General Services Administration is looking at merging its policy shop into the office that handles congressional affairs, the agency's spokeswoman said yesterday.

Claire L. Dorrell, the GSA's spokeswoman, said "a pre-decisional, draft proposal" is being circulated inside the agency for comment to determine whether government-wide issues could be handled more efficiently and at reduced cost. There is no deadline for a decision, she said.

But some officials, who spoke on condition of anonymity because they are not authorized to speak about the merger, said they have no doubts that the consolidation will go forward, after a brief review.

Those officials noted that Lurita Doan, the administrator of general services, named Kevin Messner as the acting administrator of the GSA Office of Governmentwide Policy last month. Messner, a former chief of staff to Rep. Jim Kolbe (R-Ariz.), also is the head of the GSA Office of Congressional and Intergovernmental Affairs.

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Messner, a political appointee, replaced a career executive, John G. Sindelar, who had been acting head of the policy office. Sindelar remains the office's deputy associate administrator.

The GSA policy office develops best management practices for the government in such areas as property, travel and transportation, technology and regulatory information. It also has helped support parts of the president's management agenda, such as electronic government initiatives.Talk Shows

Robert Linn, managing director of Ferris, Baker Watts, and David Kauffman, a certified financial planner with the firm, will discuss retirement planning on "FedTalk" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

Douglas J. Bourgeois, director of the Interior Department's National Business Center, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

Pat Roberts May Be Leaving Senate Intelligence Committee (MCT)

By Matt Stearns

McClatchy Newspapers, December 1, 2006

WASHINGTON - Republican Sen. Pat Roberts of Kansas is preparing to leave the Senate Intelligence Committee after an intense four years as chairman, according to Senate officials.

Roberts has been a lightning rod for partisan criticism throughout his tenure, which began just weeks before the United States invaded Iraq in March 2003.

The Intelligence Committee, once noted for bipartisan collegiality, was increasingly swept into the maelstrom of vitriol surrounding the intelligence that led to the Iraq war, the Bush administration's domestic surveillance program and the treatment of suspected terrorists in custody.

Neither Roberts nor his spokeswoman would comment for this story.

Critics say Roberts did the bidding of the Bush administration and dragged his feet on oversight, especially the investigations of pre-war intelligence leading to the Iraq invasion. A year ago, Democrats briefly forced a shutdown of the Senate to protest Roberts' stewardship of the investigations. Committee Vice Chairman Jay Rockefeller, D-W.Va., once accused Roberts of taking "all his talking points from the White House."

Roberts' defenders say he provided appropriate, forward-looking oversight and tried to avoid airing dirty laundry that could have compromised national security. Republican committee member Christopher Bond of Missouri applauded Roberts for "working hard on a bipartisan basis to try to move forward."

"Reasonable people can disagree about whether he did a really good job or whether he saved the president's hide," said John Pike, the director of Globalsecurity.org, a nonpartisan defense research center. "But it was an unusually tough assignment. How do you balance the intelligence community's obsession with secrecy with a public that has a difficult time understanding why no one stopped Sept. 11 and why the intelligence on Iraq was so at odds with reality?"

Among Roberts' accomplishments: A committee report issued unanimously in July 2004 that found intelligence leading to up to the war was faulty; overseeing a massive reorganization of the U.S. intelligence community; and persuading the White House to brief the entire committee on the domestic surveillance program, rather than just the chairman and vice chairman.

The committee has released two of its five so-called "Phase II" investigations that delve more deeply into issues regarding pre-war intelligence on Iraq. Still to come is the most potentially explosive: Comparing the pre-war statements of government officials with the intelligence available at the time.

The Senate officials, speaking on condition of anonymity because Senate committee assignments still are being worked out, said Roberts was weary of the carping associated with the committee's work and was concerned that partisanship might increase as Democrats lead the committee in the final years of the Bush administration. Roberts has been on the committee since his arrival in the Senate in 1997.

Roberts, 70, plans to run for re-election in 2008. He had no major party opposition in 2002, but since then the Democratic Party has had a resurgence in Kansas. Taking a different committee assignment would allow him to do more work directly related to Kansas and become less associated in the public mind with the increasingly unpopular Iraq war, the officials noted.

It's unclear who would replace Roberts as the top Republican on the Intelligence Committee. Sen. Orrin Hatch of Utah is next in line, but one official said Hatch may prefer to become ranking Republican on another committee. Hatch's office would not comment.

That would leave the job open to Bond, who has taken an increasingly prominent - and frequently partisan - role in intelligence matters over the last two years. Bond, who often served as GOP sound-bite bad cop to Roberts' more reserved good cop, also is writing a book on terrorism in Southeast Asia. Bond said that as far as he knew, Roberts would remain top Republican on the committee.

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Treasury Undersecretary's Dual Roles Raise Questions (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 1, 2006

Robert K. Steel is a Washington oddity. He holds two high-powered jobs, one inside and the other outside government.

As the new undersecretary of the Treasury in charge of domestic finance, Steel supervises thousands of federal employees and helps oversee the nation's multi-trillion-dollar financial markets. At the same time, he moonlights as the unpaid chairman of the Board of Trustees of Duke University, a major recipient of federal funds and one of the country's most richly endowed colleges.

Experts say it is rare for a senior executive branch official -- in this case a Treasury official ranked just below the department's No. 2 -- to hold a significant position outside government. Top federal executives customarily drop their nongovernmental posts to devote themselves to their time-consuming federal tasks and to avoid even the appearance of a conflict of interest with their public responsibilities.

"This situation is unusual," said Paul C. Light, a professor of public service at New York University and an expert on federal bureaucracy.

Steel insisted that he keep his chairmanship at Duke -- his alma mater and that of his parents -- as a condition of taking the Treasury job. Government and university ethics officials approved the combination as long as Steel did nothing that had a "direct and predictable effect" on Duke's finances, a stipulation that he accepted.

The Senate Finance Committee was also informed about the pact, a Steel spokeswoman said.

Still, watchdog groups and others have expressed concern about Steel's situation. They worry that he will inevitably have to choose between his fiduciary duty to Duke, which has an endowment of $4.5 billion and about $3 billion in other investments, and his role at Treasury. His position there makes him privy to often-sensitive price-moving information about U.S. markets, especially those involving management of the government's $8.6 trillion in debt.

They also doubt that a senior Treasury official, whose hours are grueling, would have enough spare time to also chair a major research university. In addition, they question the propriety of allowing a top federal official to head an organization that in fiscal 2006 alone, according to Duke, received $1.1 billion in federal funds, including $45,543 from Treasury for a clinic for low-income taxpayers.

"It's a conflict of interest," said Thomas J. Fitton, president of Judicial Watch, a conservative government watchdog group. "In his role as the chairman of the Board of Trustees, there will be decisions he will make that will be in conflict with his role as a high-level government official."

Melanie Sloan, executive director of the left-leaning Citizens for Responsibility and Ethics in Washington, agreed. "The concept of having a government job is that you work only on behalf of the American people, and being a trustee creates a divided loyalty," she said.

Barbara Roper, director of investor protection for the Consumer Federation of America, added: "He's creating the very real possibility that he will face situations where he has not just the appearance of a conflict but the reality of a conflict and then will have to decide how to behave. There will always be questions about whether he handled that kind of situation appropriately."

The Senate is keeping a close watch on the Steel-Duke arrangement. "I intend to monitor this situation," said Sen. Charles E. Grassley (R-Iowa), chairman of the Finance Committee, which has jurisdiction over Treasury. "I also want to make sure that serving as Duke's board chairman doesn't take time away from Treasury duties. I've learned from my review of nonprofit organizations that serving on a board can be very time-consuming if the board takes its responsibilities seriously."

Steel, a former vice chairman of the investment banking firm Goldman Sachs, does not foresee trouble. His spokeswoman, Jennifer Zuccarelli, said Steel's deal was blessed at Treasury and the Office of Government Ethics and was disclosed to the Senate, which confirmed him in October. Steel has agreed not to raise funds for Duke and is no longer directly involved in its endowment or investments. Any effort he puts into Duke, she said, comes out of his private time.

Duke's trustees were consulted about Steel's new job and decided to retain him as chairman. According to minutes of the board's executive committee meeting in August, Steel explained what his role in Washington would be and said he would have to step away from direct dealings with Duke's funding. After a discussion without Steel in the room, the executive committee "agreed that Mr. Steel's service in Washington would not have a negative impact on his service to Duke."

Still, the board requires plenty of his attention. It meets four times a year for two days each time, usually Friday and Saturday. In addition, the board's executive committee, which Steel also chairs, meets seven times a year between board meetings.

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The board is responsible for the school's well-being, financial and otherwise. "In essence, the Board of Trustees owns Duke University," said John F. Burness, a Duke senior vice president. "The trustees have ultimate responsibility for the university in all of its aspects, including financial."

As undersecretary, Steel has one of the largest portfolios at Treasury. He supervises the assistant secretary for financial markets, the assistant secretary for financial institutions, the fiscal assistant secretary, the deputy assistant secretary for community development policy and the director of the Community Development Financial Institutions Fund. He also oversees the Bureau of the Public Debt and, through the fiscal assistant secretary, the Financial Management Service.

The Bureau of the Public Debt borrows the money needed to operate the federal government and services the debt by issuing trillions of dollars in Treasury securities. The Financial Management Service receives and disburses all public monies, maintains government accounts and oversees a daily cash flow of $50 billion. The Community Development Financial Institutions Fund was created to expand credit in distressed communities.

Steel is not the first Duke chairman to hold federal office. In the 1990s, John Koskinen kept his Duke post when he became deputy director for management of the White House budget office. He removed himself from all higher-education issues and did not raise money for Duke. But even with those restrictions, he said, the double duty was unusual. "Generally, you have to give up everything if you get into a high position," he said.

Light, the NYU professor, said that there is good reason for the rule and that Steel should resign from Duke's board. "The potential conflicts are significant," he said. "His positions violate the spirit of the law that separates public and private service."

Reid's Skills On Offense To Be Tested (LAT)

By Noam N. Levey

The Los Angeles Times, December 1, 2006

WASHINGTON — Sen. Harry Reid was playing tour guide as he welcomed the new class of Democratic senators to his ornate office days after last month's historic midterm election.

He chatted about Joshua trees in a wilderness area he helped create in his home state of Nevada and showed off a painting of the Mojave Desert shack where he grew up. Then, as eight nervous newcomers clustered around him, he pointed to a portrait above his desk of an aging Andrew Jackson.

"I like it because he's lost all his teeth," Reid said of the work he chose over more dashing renderings of the former president.

If the selection is unorthodox, it befits the man who will become Senate majority leader when Democrats assume power on Capitol Hill in January.

Unpolished and a little grandfatherly, Reid in many ways seems an unlikely torchbearer for his party.

He is uncomfortable delivering sound bites and policy pronouncements. He often interrupts his comments with awkward pauses that give the impression he has lost his train of thought. He seems to enjoy chatting about a legendary Nevada killer who eluded authorities in the 1920s and '30s as much as discussing the business of government. And he makes no secret of his indifference for the spotlight. "I don't think it's what the job calls for," Reid said in a recent interview.

As minority leader the last two years, his approach proved highly effective: By playing defense, Reid bottled up many GOP initiatives.

But with Democrats catapulted into control of the Senate, the former amateur boxer will assume a broader responsibility for charting alternatives to the Bush agenda. On Iraq, for example, Reid has promised a vigorous drive to withdraw troops.

As he prepares for his new job, however, Reid faces a huge question: Can he cobble together a legislative record his party can be proud of? Though his low-key style masks toughness and great political dexterity, it is unclear if that will be enough.

The Democrats will have a bare one-vote majority. And Reid will not have the platform commanded by President Bush or Rep. Nancy Pelosi (D-San Francisco), who as the next House speaker will preside over a chamber where a leader can exercise much greater control.

Reid also can expect to come under more scrutiny. In recent years, ethical questions have been raised about his sponsorship of legislation that benefited clients of his sons and son-in-law, his efforts to secure federal money for a bridge near land he owns, and political contributions he received from Indian tribes represented by imprisoned lobbyist Jack Abramoff. Reid has denied any impropriety.

"It's not going to be easy," said Barbara Sinclair, a UCLA political scientist. "Senate majority leader can be an obscure post … and people always think you should be able to do more than you actually can."

Reid, 66, agrees. "I understand my limitations," he said.

But those who have worked with Reid and watched him battle and cut deals say he should not be underestimated.

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"He may have learned it in the ring, but he knows how to assess people," said former Sen. John B. Breaux, a centrist Louisiana Democrat. "You have to have a feel for it. You either have it or you don't. Harry has it."

The son of a hard-rock miner who killed himself and a mother who did the laundry for a bordello, Reid grew up in the tiny town of Searchlight, about 60 miles south of Las Vegas.

His home, fashioned from railroad ties, lacked indoor plumbing. He hitchhiked 40 miles to get to high school. And he put himself through law school at George Washington University by working as a U.S. Capitol Police officer.

By the time he was 30, Reid — who became a Mormon as a young man — had been elected to the state Assembly and won his race for lieutenant governor.

In the late 1970s, he did a stint on Nevada's Gaming Commission and tangled with organized crime; at one point, the Reid family's station wagon was wired with a bomb that failed to go off.

He was elected to the U.S. House of Representatives in 1982 and, after serving four years, won a seat in the Senate.

As an abortion opponent and champion of mining interests and gun rights, Reid has broken from some of his party's core positions. And as a backer of development in his fast-growing state, he sometimes squares off against environmentalists.

Still, Reid's genuineness has won fans across the party's ideological spectrum. Sen. Barbara Boxer (D-Calif.), a liberal and fierce defender of abortion rights, calls Reid "my brother."

The Nevada senator rarely seems scripted, whether musing about Western writers with a visiting college professor or discussing the personal habits of Lyndon B. Johnson — "a horrible man," Reid said of the former president and Senate majority leader.

Reid also has proved adroit at the little things that cement loyalties, such as scheduling votes to accommodate members' schedules, arranging committee assignments, even helping to find extra office space.

"It all stems from relationships…. He was masterful," said former Sen. Tom Daschle, a South Dakota Democrat who as majority and minority leader worked with Reid.

Reid has developed a close relationship with Nevada's junior senator, Republican John Ensign. The two squared off in a bitter campaign in 1998, and Reid won reelection by fewer than 450 votes. Two years later, Ensign won the state's other Senate seat, and soon afterward they reached what they term a "nonaggression pact."

"There are a lot of people who try to get us to go at each other," Ensign said recently. But "it's developed into a friendship."

Still, since he took over as minority leader in 2004, Reid has proved a fierce partisan warrior.

That year's election devastated Democrats — President Bush swept to a second term, Republicans expanded their majorities in Congress, Daschle lost his reelection bid and Reid's party was left with fewer Senate seats than at any time since the early days of the Great Depression.

Reid quickly prepared to fight, setting up a war room on the Capitol's third floor — where young aides monitored a wall of televisions and pumped out news releases to counter Bush and his congressional allies.

When the president began a national tour to promote his plan to partially privatize Social Security, Reid traveled the country to speak against it. He and his leadership team gathered signatures from 42 Democratic senators opposing the plan — a key, early sign that it would lack essential bipartisan support.

"He rallied [his colleagues]. He held them…. He demonstrated that in unity there was strength," said Democratic political consultant Paul Begala. "That was the first big turning point for the Democrats" during Bush's second term.

Other victories followed as Reid gently prodded his caucus to block the Republican majority, mindful not to push his personal agenda too hard.

Reid stepped out of the way this fall to let more liberal Democrats rally the votes to stop a measure long sought by social conservatives that would have strengthened parental consent requirements for abortion. Reid voted for the GOP measure.

"You have to give people rein," Reid said as he discussed managing a notoriously fractious Democratic caucus.

At a recent coffee, Reid told the new Democratic senators much the same. But he asked for one thing in return.

"Be honest," he said, warning that he has never forgotten the one senator who lied to him about a vote. "Be careful when you tell us, 'I'm for you.' "

Reid has been speaking a lot about the need for bipartisanship. "I tried to set the right tone by not gloating" after the Democrats' midterm success, he said.

He expressed hope that the Democrats would be able to work with at least some Republicans to raise the federal minimum wage, increase oversight of the administration's war policies and pass other initiatives.

But he clearly remains troubled about the prospects of working with Bush, whose commitment to changing course in Iraq Reid said he doubted.

"Certainly, I don't dislike him," Reid said of the president, whom he once called a liar. "It's just difficult, because I don't believe in what he's doing most of the time."

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Newly Elected Muslim Lawmaker Under Fire (USAT)

By Andrea Stone

USA Today, December 1, 2006

WASHINGTON — The first Muslim elected to Congress hasn't been sworn into office yet, but his act of allegiance has already been criticized by a conservative commentator.

In a column posted Tuesday on the conservative website Townhall.com, Dennis Prager blasted Minnesota Democrat Keith Ellison's decision to take the oath of office Jan. 4 with his hand on a Quran, the Muslim holy book.

“He should not be allowed to do so,” Prager wrote, “not because of any American hostility to the Koran, but because the act undermines American culture.”

He said Ellison, a convert from Catholicism, should swear on a Christian Bible — which “America holds as its holiest book … If you are incapable of taking an oath on that book, don't serve in Congress.”

The post generated nearly 800 comments on Townhall.com and sparked a tempest in the conservative blogosphere. Many who posted comments called the United States a Christian country and said Muslims are beginning to gain too much influence. Others wrote about the separation of church and state and said the Constitution protects all religions.

Dave Colling, Ellison's spokesman, said he was unavailable for comment. Earlier, Ellison told the online Minnesota Monitor, “The Constitution guarantees for everyone to take the oath of office on whichever book they prefer. And that's what the freedom of religion is all about.”

Colling said Ellison's office has received hundreds of “very bigoted and racist” e-mails and phone calls since Prager's column appeared. “The vast majority said ‘You should resign from office if you're not willing to use the book our country was founded on,' ” Colling said.

“Requiring somebody to take an oath of office on a religious text that's not his” violates the Constitution, said Kevin Hasson, president of The Becket Fund for Religious Liberty.

Members of the House of Representatives traditionally raise their right hands and are sworn in together on the floor of the chamber. The ritual sometimes seen as the swearing-in is actually a ceremonial photo op with the speaker of the House that usually involves a Bible.

“They can bring in whatever they want,” says Fred Beuttler, deputy historian of the House.

Prager, who is Jewish, wrote that no Mormon elected official has “demanded to put his hand on the Book of Mormon.” But Republican Sen. Gordon Smith of Oregon, a Mormon, carried an expanded Bible that included the Book of Mormon at his swearing-in ceremony in 1997.

Lawmaker Intends To Take Oath Of Office On Quran (MCT)

By Rob Hotakainen

McClatchy Newspapers, December 1, 2006

WASHINGTON - As he prepares to become the first Muslim in Congress, Rep.-elect Keith Ellison says the Constitution gives him the right to take the oath of office on the Quran, and that's what he intends to do Jan. 4.

The Minnesota Democrat's decision is stirring a debate among academicians and conservatives, with some saying it's appropriate to take an oath of office only on the Bible.

"Mr. Ellison, America, not you, decides on what book its public servants take their oath," radio talk-show host and author Dennis Prager wrote in a column this week. He said American Jews routinely had taken their oaths on the Bible, even though they didn't believe in the New Testament, and that if Ellison refused to do so, "don't serve in Congress."

Eugene Volokh, a professor of law at the University of California at Los Angeles, said the Constitution authorized people not to swear their oaths at all, protecting atheists and agnostics.

"Why would Muslims and others not be equally protected?" he wrote in National Review Online.

Ellison was attending meetings in Washington on Thursday and couldn't be reached for comment, according to Dave Colling, his spokesman.

But Ellison defended his plan to use the Quran, Islam's holy book, in an interview with Abdi Aynte, a reporter from Minneapolis who writes for Minnesota Monitor.

"The Constitution guarantees for everyone to take the oath of office on whichever book they prefer," Ellison was quoted as saying. "And that's what the freedom of religion is all about." Colling confirmed the quote.

Ellison's decision drew support from one prominent conservative firebrand, Colorado Republican Rep. Tom Tancredo, who champions a fence along the border with Mexico and thinks that unfettered immigration endangers American culture.

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"He wants to take his oath on the Quran, that's fine," Tancredo said. "I think whatever you believe is necessary for you to uphold your obligations to the Constitution, that is fine with me."

In his weekly column, Prager said Ellison's decision is "an act of hubris that perfectly exemplifies multiculturalist activism."

"When all elected officials take their oaths of office with their hands on the very same book, they all affirm that some unifying value system underlies American civilization," Prager wrote. "If Keith Ellison is allowed to change that, he will be doing more damage to the unity of Americans and to the value system that has formed this country than the terrorists of 9/11."

In the National Review, Volokh noted that two former presidents - Franklin Pierce and Herbert Hoover - didn't swear their oaths but chose to affirm them.

He said the Supreme Court long had held that Americans had the right to be treated equally, regardless of their religion, and that forcing Ellison to use the Bible would violate his rights.

"Letting Christians swear the oath of office, while allowing members of other denominations only to swear what ends up being a mockery of an oath - a religious ceremony appealing to a religious belief system that they do not share - would be discriminatory," Volokh wrote.

Taking an oath on the Quran isn't unprecedented.

In 1999, the News-India Times reported that Osman Siddique, a Virginia businessman of Bangladeshi origin, used the Quran to take the oath when he became the U.S. ambassador to Fiji and three other Pacific nations: Nauru, Tonga and Tuvalu. He took the oath on the Bible and the Quran, with the Quran on top, the newspaper reported.

McClatchy Newspapers correspondent Lesley Clark contributed to this report.

Lawmaker To Take Oath On Koran, Faces Flak (WT)

By Eric Pfeiffer

The Washington Times, December 1, 2006

Rep.-elect Keith Ellison, the first Muslim elected to Congress, will take his oath of office on the Koran, not the Bible.

Although some have criticized the Minnesota Democrat's decision, his campaign manager cites historical precedent in describing it as a nonissue.

"Well, he will be the first to do it with the Koran," Dave Colling said. "But most members do not even take an individual oath with any book. Keith Ellison will be taking his oath in the chamber with the other members of Congress."

House members are sworn in en masse in the chamber, and no Bible or other religious document is used for the oath. However, several incoming House members use Bibles for their individual swearing-in, which is administered by the House speaker and takes place after the official group oath.

Mr. Ellison has been criticized by some Christian organizations and conservative radio host Dennis Prager, who say that even if the law allows him to take an oath on the Koran, he should adhere to what they call the historical tradition of taking the oath of office on the Bible.

"In your personal life, we will fight for your right to prefer any other book. We will even fight for your right to publish cartoons mocking our Bible. But, Mr. Ellison, America, not you, decides on what book its public servants take their oath," Mr. Prager, who is Jewish, wrote in an online column.

The American Family Association (AFA) posted an "Action Alert" on its Web site requesting that supporters urge lawmakers to pass a law requiring that the Bible be used in congressional swearing-in ceremonies. "What book will America base its values on, the Bible or the Koran?" the AFA posting said.

"The premise of the attack is false," Mr. Colling said, adding that Mr. Ellison has not refused to take an oath on the Bible, because his refusal would imply that such a requirement exists.

According to the Library of Congress, Theodore Roosevelt became the first and only president to take an oath without a Bible in 1901. In 1961, John F. Kennedy took his oath on a Catholic (Douay) version of the Bible. Several Jewish members of Congress have taken their oath on the Torah. Article VI of the Constitution specifies that "... no religious Test shall ever be required as a Qualification to any Office or public Trust under the United States."

In 2005, a North Carolina judge refused to allow a Muslim woman to take her oath on the Koran before testifying. Guilford County Superior Judge W. Douglas Albright cited state law in the case, which reads that oaths are to be made upon "Holy Scriptures," which analysts agreed is a reference to the Bible.

However, in 1997, a federal judge hearing a terrorism case in Washington allowed witnesses to make such an oath to Allah.

"This is a tempest in an Internet teapot," said Ibrahim Hooper, spokesman for the Center for American-Islamic Relations. "With the rising level of Islamophobia in America, you have some people who see the empowerment of any Muslim as a threat to the Constitution. In reality, they should see the empowerment of such an individual as strengthening the Constitution."

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Democratic Power Struggle (WP)

By E. J. Dionne Jr.

The Washington Post, December 1, 2006

The most important tension within the new Democratic majority in the House of Representatives is not between liberals and conservatives or free traders and fair traders. It is between older members who once enjoyed the power and perks of majority status, and their younger colleagues who will experience real power for the first time.

The older members -- many of whom will be taking over committee chairmanships -- came to political maturity in the pre-Clinton, pre-Gingrich era, before the full flowering of the permanent campaign. They governed from a House in which committee leaders typically had more power than the House speaker in shaping legislation.

But nearly two-thirds of the Democrats in the new House have been elected since 1994, meaning they have only known life in the opposition during a time when Republicans radically centralized control in their leadership. In their hunger to overturn the Republican majority, these younger Democrats honed their strategic shrewdness by taking the lesson from Bill Clinton and Newt Gingrich that politics and policy are inevitably linked.

The key to Nancy Pelosi's success as speaker will be to find a way to bring the old bulls and the Young Turks together.

Democratic optimists -- now that the party has again won an election the phrase is no longer an oxymoron -- think the management of the 2006 campaign is a signal that Pelosi will draw on the talents of both groups. She entrusted campaign strategy to Rep. Rahm Emanuel of Illinois, the quintessential Young Turk and Clinton administration veteran who out-toughed Karl Rove in a contest of political will.

Emanuel, who turned 47 on Wednesday, surrounded himself with a talented group of lieutenants, including Reps. Debbie Wasserman Schultz of Florida (she's 40 and was elected in 2004) and Chris Van Hollen of Maryland (47, elected in 2002). Such younger members are passionately devoted to the proposition that electoral victory is the precondition for accomplishing anything else.

And despite some moments of culture clash, the more senior Democrats largely went along with the program since they, too, had become desperate for power. For example, Rep. John Conyers (D-Mich.), incoming chairman of the Judiciary Committee, played down his proposal to open hearings on impeaching President Bush when Republicans tried to use his pledge to drown out stronger Democratic issues.

But now that Democrats have the majority, Pelosi will not have the authority Gingrich had to centralize power and override the wishes of the committee chairs, even when doing so might be politically useful. Because Gingrich was widely seen as the architect of the Republicans' 1994 victory, he in effect became leader of the entire party. Neither Pelosi nor, for that matter, any other speaker in the foreseeable future can hope for such dominance.

Moreover, one of the Democrats' core promises is to democratize the House by reinvigorating the committees and giving the Republican minority more rights than Democrats were granted under Republican rule.

The upshot is that Pelosi will be cajoling her committee leaders (the average age of the anticipated chairmen is close to 67) to keep their eyes on separate time frames: two years and, say, a decade. Democrats will need to be -- and also look-- effective enough to reelect their majority, and perhaps even win the presidency, in 2008. And they have to accept that many of the reforms they seek will take far more than a single congressional term to achieve.

There is also this: The basis for this new majority is very different from the one Democrats enjoyed between 1954 and 1994. The old majority depended heavily on representatives from the big cities of the North and rural areas in the South. The new majority, as Emanuel has been preaching, was built on gains in suburban and exurban areas and a new brand called "suburban populism," which he defines as "a revolt against Rovian polarization politics." The Democrats are increasingly the party of the metropolitan areas, suburban as well as urban, especially outside the South.

After a good election year, Pelosi has had a bumpy start with her unsuccessful intervention in the contest for majority leader and the controversy surrounding the chairmanship of the intelligence committee.

But the real test of her leadership is yet to come, and it involves squaring a series of circles: how to democratize the House without giving up the ability to coordinate its actions; how to emphasize the substance of policy without losing sight of the imperatives of the next election; and how to bring together the legislative experience of the old with the political energy of the young. Compared with Pelosi, Gingrich had it easy.

Legislative Shuffle Could Give D.C. Vote In Congress (USAT)

By Kathy Kiely

USA Today, December 1, 2006

DOJ_NMG_0100574

WASHINGTON — For more than 200 years, residents of the District of Columbia have lived in the shadow of the U.S. Capitol without having a vote that counts there.

For the district's 550,000 residents, that may be about to change.

Monday, the Utah Legislature will set in motion a plan that would permanently increase the size of the U.S. House of Representatives for the first time since 1911.

Gov. Jon Huntsman summoned the lawmakers into a special session last week to approve a redistricting plan that would give the predominantly Republican state a fourth member of Congress. Utah came within a few hundred votes of qualifying for a fourth House member in the last Census. Mike Morrow, a spokesman for Huntsman, says the count failed to include Mormon missionaries who were out of the state at the time.

In return, Eleanor Holmes Norton, the longtime delegate for the predominantly Democratic District of Columbia, would win full voting privileges. That would increase the number of House members from 435 to 437.

Ray Smock, director of the Robert C. Byrd Legislative Research Center at Shepherd University and a former House historian, says it's about time. “This business of trying to squeeze the whole country into a 1911-sized bag is ridiculous,” he says.

The U.S. population has more than tripled since the 1910 Census, from 92.2 million to more than 300 million. That means there was one representative for every 212,000 Americans in 1911 compared with one for every 690,000 now.

Backers press for the House and Senate to approve legislation increasing the House's membership before this congressional term ends, as early as next week.

“This compromise is the closest the district has come to having a voice in Congress,” Mayor Anthony Williams says. “It's amazing to me that anyone can still argue that D.C. residents — who pay taxes, fight in wars and participate in every other way in our democracy — should in any way not be represented.”

The District of Columbia has petitioned for representation in Congress since 1801, when residents lost the right to vote for House and Senate members in Maryland and Virginia, the states that ceded land to create the federal city. The district's population is larger than that of Wyoming, which has two senators and one House member.

“America is unique on Earth in not granting voting representation in the national Legislature to people who live in the capital city,” says Jamin Raskin, a constitutional law professor at American University.

Opponents of congressional representation for the District of Columbia say it's not constitutional. “The Constitution clearly provides how congressmen and senators are allocated to states,” says Rep. Patrick McHenry, R-N.C. “The federal city is not a state.”

Others see politics as the reason D.C. has been denied congressional representation. “The district is too Democrat and too black,” says Ron Walters, a political scientist at the University of Maryland.

Washington's population is 57% African-American; 73% of its voters are registered Democrat.

The Utah-District of Columbia representation deal, crafted by Norton and Rep. Tom Davis, R-Va., attempts to neutralize partisan opposition by balancing the federal city's gain with one for Utah, almost certain to elect another Republican. President Bush won the state in 2004 with 67% of the vote.

The district would get a House vote under the Davis-Norton bill but still be without representation in the Senate.

Bush has not said whether he would sign the legislation, but Norton says she's confident “he'll do the right thing.”

Davis urges fellow Republicans to support a House vote for the District of Columbia. “As American men and women are fighting for democracy in Baghdad,” he says, Congress should take “a momentous step toward bringing democracy to our nation's capital.”

D.C. Fights Clock, But Approval Of Voting Bill Stalls (WP)

By Mary Beth Sheridan And Yolanda Woodlee

The Washington Post, December 1, 2006

D.C. Mayor-elect Adrian M. Fenty went to Capitol Hill yesterday and Utah prepared to redraw its congressional districts as members of both parties said a plan to add House seats for the District and Utah had good prospects for approval next year.

Fenty and Del. Eleanor Holmes Norton met with House Speaker-elect Nancy Pelosi (D-Calif.) to push for passage next week of the voting rights bill, before the current session of Congress adjourns. That appears unlikely, according to congressional leaders. A more probable scenario, they said, has the bill reemerging early next year in a new, Democrat-controlled Congress.

"Early on, we should be able to get this through," said Norton (D), the District's nonvoting member of the House and a co-sponsor of the legislation. She said she remained hopeful for a vote next week, but "the enemy is time."

The bill would create two House seats -- one for the mostly Democratic District and the other for Utah, a Republican stronghold. Utah legislators are scheduled to vote Monday on boundaries for their proposed extra district. Congressional leaders in Washington had insisted on such a map before moving forward.

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Fenty (D) and others hoped that the Utah action would propel Congress to act next week. But Republicans, who control the House, said they doubted the bill would get a vote in the session beginning Tuesday. A Democratic leadership aide, speaking on background, agreed.

In the Senate, Mitch McConnell (R-Ky.), the majority whip, said this week that he had heard no discussion about bringing the voting-rights bill to the floor in that chamber. And Amy Call, a spokeswoman for Senate Majority leader Bill Frist (R-Tenn.), said yesterday that a vote was "probably unlikely at this point."

Fenty said yesterday that he is hopeful, too.

"We're taking every step possible to get it passed next week. A lot of people have worked hard. It's very possible it could pass," he said in an interview after the 15-minute meeting with Pelosi.

He acknowledged that there is only a short window to act in the lame-duck session. He said he is planning to contact McConnell as well as such prominent politicians as Sen. Barack Obama (D-Ill.) in the next few days to generate momentum. He said he has spoken to some key members of both parties, including Sen. Trent Lott (R-Miss.) and Sen. Mary Landrieu (D-La.).

The bill is considered the most promising effort in years to gain a full House seat for the District. In 1978, Congress approved a constitutional amendment to give the District two votes in the Senate and one vote in the House. The effort collapsed when it failed to win ratification by two-thirds of state legislatures.

President Bush has said he will review the bill, but he has not taken a stand on it.

In their visit, Fenty and Norton also spoke to Pelosi about gaining more budget and legislative autonomy for the District. Pelosi, who was on the D.C. appropriations subcommittee at one time, agreed that Congress should interfere less in the city's affairs, according to a news release from Norton.

The voting-rights bill was overwhelmingly approved last spring by the House Committee on Government Reform, chaired by Rep. Thomas M. Davis III (R-Va.), who crafted the legislation.

But it became bogged down by details. Legislators have tried to draw the extra House district in Utah in a way that is constitutional and acceptable to Democrats, who fear losing the seat they hold in the state. Now that issue is nearing a resolution. A key legislative committee in Utah signed off on the boundaries Wednesday, and the full state legislature is scheduled to meet in a special session Monday to approve the new map.

Under the current law, the District's representative in Congress can sponsor legislation, belong to committees and take part in debates but is not entitled to a vote on the House floor. The bill would give the representative full voting rights. It would permanently expand the House from 435 to 437 members.

An aide to Davis agreed with Norton that the bill would probably pass early next year if Congress does not approve it next week. Pelosi predicted that initial action could be taken by the time of the State of the Union address in late January, Fenty said.

A spokesman for the California congresswoman, Drew Hammill, said Pelosi "indicated she is supportive of that legislation," which she co-sponsored.

Dave Marin, the Davis aide, said it would be the first piece of legislation that Davis would introduce in the new Congress.

"Whether it's next week or in February 2007, this will get done," he said.

Norton said the bill should pass easily because it has been debated in House committees and won support from members of both parties. However, she said, the Democratic leadership has issued a list of priorities it expects to tackle at the start of the new Congress, and it did not include the D.C. vote issue.

"They didn't expect the D.C. bill would still be pending," Norton said.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, December 1, 2006

The Red State of the Holiday White House

George and Laura Bush hosted the first of 24 White House holiday-season parties last night (nah, we didn't get an invite, either), just hours after the first lady unveiled this year's decorations, inspired by the mansion's Red Room.

The look: Two 12-foot trees covered in poinsettias greeted guests in the Grand Foyer, along with vases of red carnations, lots of candy canes, cranberry topiaries and 4,638 shiny red balls on the trees and garlands. The 18-foot Douglas fir in the Blue Room is decorated in glass, crystal and that cottony kind of fake snow, as well as tiny red bows.

The showstopper: Because she hasn't found a replacement for pastry chef Thaddeus DuBois, the first lady persuaded his predecessor, Roland Mesnier, to make the 300-pound gingerbread White House on display in the State Dining Room. Tiny renderings of Barney and Miss Beazley sit in Santa's sleigh on the rooftop; Willie the cat lies under a small birdhouse; 800 icing snowflakes cover the house.

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The menu: New executive chef Cristeta Comerford added some Bush favorites to the traditional holiday buffets -- mini-chicken-fried steaks with white onion gravy, sweet potato souffle and tamales, which the Texans always eat on Christmas Eve.

During a round of early-morning interviews, the first lady said the tree upstairs in the private residence is covered with family ornaments. No word whether the twins will be home for Christmas, but they'll open presents that morning. "George's family has a very strict rule that it's Christmas Day," she told ABC. "My family always opened on Christmas Eve. But he's the president, so he gets his way on Christmas Day."

Gearing Up for Honorable Mentions

It's time for the annual Hollywood-on-the-Potomac schmoozefest -- this weekend's Kennedy Center Honors, where a cluster of A-list stars will line up for Sunday's red-carpet tribute. It's always fun to guess which celebs will show up to salute the honorees -- this year, the awards go to Dolly Parton, Steven Spielberg, Smokey Robinson, Andrew Lloyd Webber and Zubin Mehta. The list of presenters is super-secret, but be on the lookout for Reese Witherspoon, Jessica Simpson, George Lucas, Berry Gordy, Barbara Cook, Sarah Brightman, Barbara Walters, Ron Silver, Arthur Mitchell and Christine Ebersole. (Alas, newly single Kid Rock, a member of the "artists committee" for the honors and a guest in previous years, is not scheduled to attend.)

Write us at reliablesource@ washpost.com if you spot them around town; bonus points if you catch Reese or Jessica with hot new boy toys.

LOVE, ETC.

Engaged: "Desperate Housewives" star Eva Longoria, 31, and her San Antonio Spur sweetie of two years, Tony Parker, 24. Her rep says we should look for a big wedding next summer in Parker's homeland of France, "with lots of family and friends" -- and paparazzi in helicopters.

Born: A daughter, to acclaimed hipster filmmaker Sofia Coppola and her French rock-star boyfriend, Thomas Mars, Tuesday in Paris. They named her Romy, and you just know she's going to be the coolest kid in pre-K.

SURREAL ESTATE

Buyer: Evan and Cindy Jones

Price: $16 million

Details: The chief executive of Maryland biotech giant Digene and his socially prominent wife just purchased a four-acre waterfront lot on Nantucket -- one of the highest prices ever paid for a property on the exclusive Massachu- setts island. Jones, 49, just gave up day-to-day operations of the company to spend more time doing fun things such as sailing. A 100-year-old house on the land will become a guesthouse, and the couple are building a new home for themselves overlooking the harbor -- all the better to keep an eye on their 44-foot-long sailboat.

OTHER NEWS:

Consumer Spending Advances At Cautious Pace (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, December 1, 2006

Despite strong gains in wages and salaries, American consumers increased their spending at an unexpectedly modest pace in October, showing caution in the face of a struggling housing market.

Personal spending rose $16.9 billion in October, up 0.2% from the previous month, the Commerce Department reported. Spending had fallen 0.2% in September but was up 0.1% in August.

Adjusted for inflation, consumer spending rose 0.4% in October, helped by a decline in gasoline prices. Some economists had expected stronger spending in October, considering the sharp drops in gasoline prices in recent months. Gasoline fell to roughly $2.29 in late November from an average topping $3.08 a gallon in early August. Each one-cent decline in gasoline prices adds roughly $1 billion to consumers' spending power, at an annualized rate.

The modest gains in spending were especially surprising given that consumers' incomes grew at a healthy pace in October. Personal income advanced at a seasonally adjusted rate of 0.4%, following a 0.5% gain in each of the three preceding months, the Commerce Department said.

Wages and salaries, which account for a large share of personal income, climbed 0.6% in October, matching September's advance. Economists said wages are rising because companies are finding that they must compete for qualified workers in an increasingly tight labor market. The unemployment rate was 4.4% in October, a five-year low.

Nonetheless, analysts said some consumers remain guarded about spending because the struggling housing market makes them feel less wealthy and there's a concern that energy prices could escalate. "We hoped the drop-off in gas prices

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would have added more vigor" to consumer spending in October, said Stephen Gallagher, an economist at Société Générale SA in New York. "Maybe they're worried about their home values and gas prices."

Retailers have reported mixed results this holiday season. For November, Wal-Mart Stores Inc. posted its weakest monthly same-store sales in more than 10 years, and the giant discounter said it expects sales to rise 1% or less this month. Other large retailers, including Target Corp., reported healthy sales gains for last month. Overall, the National Retail Federation expects total retail sales in November and December -- excluding sales of cars and at restaurants and gas stations -- to rise a combined 5% to $457.4 billion, compared with the same period last year.

Still, economists expect uneven shopping patterns this holiday season. Although affluent shoppers are expected to spend briskly this quarter and boost total consumption, lower-wage earners remain price-sensitive and could cut back on spending as they cope with the lingering effect of this summer's high fuel prices, said Diane Swonk, chief economist at Mesirow Financial in Chicago.

Yesterday's data suggest that "consumers in the aggregate are fine," said Ms. Swonk. She projects that consumption will rise at a seasonally adjusted annual rate of 3% in the current quarter and slightly below that pace in the first half of next year. However, other recent data suggest that lower-wage earners "are still hurting a bit from high energy prices [last quarter]. There's not a consumer-spending collapse out there. But this holiday season won't be one to pop champagne corks over, either," she said.

The personal-income and spending data indicated that inflationary pressures persist. Excluding food and energy, prices rose 0.2% in October from September, and climbed 2.4% from October 2005, matching September's rates. Analysts had expected the core rate of the Commerce Department's inflation measure, known as the personal-consumption expenditures index, to rise a tad slower in October. Yesterday's report "doesn't give much peace" to Federal Reserve officials who this week warned that inflation is too high, said David Resler, chief economist at Nomura Securities International Inc. in New York.

A separate report yesterday confirmed that the housing market continues to cool. The Office of Federal Housing Enterprise Oversight reported that its home-price index rose at an annual rate of 3.45% in the third quarter, down from a 5.1% gain in the second quarter. The latest increase was the smallest since the second quarter of 1998, Ofheo said. The index showed price declines in five states during the latest quarter: Massachusetts, Michigan, New Hampshire, New York and Rhode Island. A version of the index based only on home purchases, stripping out values estimated during refinancings, rose at 1.5% annual rate in the third quarter.

Also yesterday, the Labor Department said initial claims for unemployment benefits rose by 34,000 to 357,000 in the week ended Saturday. The four-week moving average rose by 7,250 claims to 325,000, the highest level since June 3. A Labor Department official said the rise may be due to seasonal variations common to the holiday season.

Retailers Still Might Make Up For Holiday Season's Slow Start (WSJ)

By Stephanie Kang And Gary Mcwilliams

The Wall Street Journal, December 1, 2006

The nation's retailers remain largely upbeat about the holiday shopping season, despite their mixed performance in November and another warning from Wal-Mart Stores Inc. Procrastinating shoppers could still show up and lift overall holiday sales, industry experts said.

Some high-end department stores and specialty apparel chains reported strong November sales at stores open at least a year, buoyed by post-Thanksgiving Day shopping. But Wal-Mart reported a monthly drop in so-called same-store sales for the first time in nearly 14 years. The world's largest retailer sounded a cautionary note for December too, saying it expects the month's sales to be either flat or up by no more than 1%.

Take a look2 at how a dozen major retailers, including Wal-Mart and Gap, have done over the past year, and use tools to build your own charts. · See a sortable chart3 of results from about 20 retailers.

Analysts said Wal-Mart's disappointing results shouldn't be viewed as an industry indicator this season, but there were other disturbing signs. An index of about 40 major U.S. retailers compiled by New York investment firm Lazard Capital Markets showed that 60% of retailers missed expectations for November same-store sales, compared with 40% that missed those targets in previous months this year.

November was "softer than expected," said Lazard analyst Todd Slater, as warmer weather in certain parts of the country slowed sales of apparel like coats and scarves. "We believe a lot of business will be pushed to late December," he said, driven by chillier weather and procrastinating shoppers hunting for last-minute gifts.

"I think it's going to be a solid holiday," said Madison Riley, strategist and principal with retail consulting firm Kurt Salmon Associates. "Over the [Thanksgiving] weekend consumers decided to hold off and not fight the traditional weekend crowds. I think the spending will come" in the coming three weeks, he said.

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Other analysts worried that a rush of late shoppers could provoke retailers into even deeper discounts than those offered after Thanksgiving. "The good news is that there's momentum for the holiday season," said Michael Niemira, chief economist at the International Council of Shopping Centers, a trade group based in New York. "The bad news is if we get the usual lull in the first couple weeks of December, we may see more promotional activity" later in the month, dragging down the month's same-store sales.

Wal-Mart's weak performance underscores its continuing difficulties in reversing its slump. The Bentonville, Ark., chain said same-store sales overall declined 0.1% in November. What's more, Wal-Mart said its woes spread from clothing, which had contributed to anemic sales all fall, to home furnishings and decor.

The discount retailer has struggled amid signs that its customers are rejecting a move into upscale fashions and lifestyle merchandising. In response, it has recently begun aggressively cutting prices on more than 10,000 items, including toys, electronics, appliances and food.

Wal-Mart said results were stronger in electronics, food and pharmacy. But the overall weaker-than-expected sales results signal that a turnaround at the retail behemoth is further off than expected, analysts said. Several of them have cut forecasts for fourth-quarter earnings.

Discount rival Target Corp. fared better, posting a same-store sales increase of 5.9%. The Minneapolis retailer, known for its trendy fashions and hip marketing, said the sales gain was driven by sales of consumer electronics and health-care products. Other discount chains fell short of analyst expectations. Costco Wholesale Corp., Issaquah, Wash., said same-store sales rose 5%. Analysts expected a 5.7% increase.

Jewelry, cashmere sweaters and designers handbags lured luxury shoppers into high-end department stores. Saks Inc., Birmingham, Ala., said same-store sales grew 7.2%. Federated Department Stores Inc., Cincinnati, was one of the standouts of the month, posting a same-store sales increase of 8.5% and raising its December sales forecast. Dallas-based luxury retailer Neiman Marcus Inc. said same-store sales rose 2.9%. Nordstrom Inc., Seattle, posted same-store sales of 5.4%. But J.C. Penney Co., Plano, Texas, had a same-store sales rise of 1.4%, badly missing analysts' expectations of a 3.7% increase.

Specialty apparel chain Limited Brands Inc., Columbus, Ohio, posted a 12% increase in same-store sales. Gap Inc., San Francisco, showed further signs of declining interest in its fashions at Old Navy, Banana Republic and its flagship chain. It said same-store sales fell 8%.

As Dollar Weakens, Paulson Faces Challenge Of Tempering Its Decline (WSJ)

By Michael M. Phillips In Washington, Joanna Slater In New York And Alistair Macdonald In London

The Wall Street Journal, December 1, 2006

The dollar's continued slide against the euro and British pound highlights the delicate task faced by Treasury Secretary Henry Paulson: allowing the U.S. currency to weaken slowly against other currencies without sending it into a plunge that would damage the nation's economy.

Mr. Paulson has chosen to follow in the footsteps of his predecessor, John Snow, by acquiescing as markets pull the dollar lower. Yesterday, the dollar hit a 20-month low against the euro and a 14-year low against the pound. Over the past year, it has dropped 6.7% against a Federal Reserve index of seven major currencies.

Though Bush administration economic officials are eager to avoid a market-rattling crash, a weaker dollar could help the U.S. deflate its ballooning trade deficit by making American goods cheaper abroad and foreign goods pricier for Americans. It also could help Mr. Paulson fend off what he considers an alarming rise in protectionist sentiment.

"The Treasury cannot help but be pleased to see a gradual decline in the dollar," says Robert Hormats, vice chairman of Goldman Sachs International.

A Treasury spokeswoman refused to discuss the secretary's view of the dollar's recent movements, except to point to Mr. Paulson's repetition this week that "a strong dollar is clearly in our nation's interest, and I feel very good today about the strength of the U.S. economy."

Repeating that phrase, however, underscores the delicacy of Mr. Paulson's mission. Currency markets can respond instantly and forcefully when they sense a change in government policy or rhetoric. So even though Mr. Paulson has given no other hint that he wants the dollar to strengthen, he apparently feels obliged to repeat the strong-dollar mantra to avoid creating turmoil in the markets.

"It's very hard for the Treasury secretary to say anything about the dollar without getting into trouble," says Mr. Hormats. "It's very easy for him to do nothing about the dollar and stay out of trouble, and I think that's what they're going to do. You've got to talk the strong dollar -- and not do anything if the dollar weakens."

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Frank Vargo, vice president for international economics at the National Association of Manufacturers, says the dollar's decline against the euro already is helping narrow the U.S. trade deficit with Europe in manufactured goods, which has grown wider every year for the past decade. NAM expects the gap to shrink to $95 billion this year, down from last year's $100 billion.

DOLLAR'S DECLINE

· Dollar's Decline Boosts Overseas Returns1

· Euro's Impact: Pain, Gain Across the Pond2

The narrowing also may have been caused at least in part by faster economic growth in Europe, which whets Europeans' appetite for U.S. goods, and slower growth in the U.S.

Major European currencies have been boosted lately by the strength of the region's economies and by market perceptions that European interest rates are more likely to keep rising than U.S. rates. Higher interest rates make a currency more attractive to investors because they provide a higher return.

In late New York trading yesterday, one euro bought $1.3244, up from $1.3146 Wednesday, continuing a rally that began last Friday when the European currency broke out of the $1.25 to $1.30 trading range it had occupied for about six months. The dollar has fallen more than 2% against the euro in the past week. The euro also has touched a new high against the Japanese yen.

Yesterday, the pound was lifted by news from British mortgage lender Nationwide Building Society that house prices in the United Kingdom rose 1.4% in November and are now up 9.6% for the year, their fastest growth since February 2005. The markets took that as a sign that the Bank of England might raise interest rates again as early as February. The pound surged to $1.9659 in late New York trading, up from $1.9449 late Wednesday and higher than at any time since September 1992, when it pulled out of the European Union's exchange-rate mechanism, the precursor of the euro.

Mr. Paulson has to tread carefully when it comes to the dollar, balancing competing domestic interests, the administration's own laissez-faire philosophy and the risk of a misstep that could roil financial markets. If he presses overtly for a broad decline in the dollar, he risks spooking financial markets and turning a gradual slide into a steep drop.

"Nobody wants a rout -- a disorderly, panicky decline in the dollar," says Princeton University economist Alan Blinder, a former vice chairman of the Federal Reserve Board. A sharp drop in the dollar probably would lead foreign investors, who lend heavily to the U.S., to demand much higher interest rates.

To fend off protectionist urges in Congress and hostility there toward China, Mr. Paulson has been lobbying Beijing to allow the yuan to rise and, by implication, the dollar to fall. U.S. manufacturers, their workers and their congressional representatives argue that China's policy of keeping its currency artificially weak gives Chinese products an unfair advantage in global markets.

Mr. Paulson is expected to renew his push for the Chinese government to relax its grip on the yuan when he leads a large, high-level U.S. delegation to China later this month.

"We want him to convince [China] to move" on its currency policy, says NAM's Mr. Vargo. "If it doesn't happen, you can believe there will be renewed efforts in Congress to pass legislation of some sort or other, and protectionism is going to rise."

The Chinese have been allowing the yuan to creep higher against the U.S. in the past few months, and the currency is now 5.7% stronger than it was in July 2005, when authorities initially allowed it to move.

Some strategists, meanwhile, expect downward pressure on the dollar against European currencies to persist for the rest of the year as worries about the vigor of the U.S. economy mount. Yesterday's U.S. economic data, particularly a weak reading on the Chicago purchasing-managers index and a report showing a jump in the nation's number of job seekers, contributed to the dollar's decline.

"The risks for U.S. economic data in the very near term are on the downside, with recent numbers suggesting the expected recovery will be postponed to the first quarter of next year. By contrast, European data continue to come in strong," says David Woo, head of global foreign-exchange strategy at Barclays Capital in London.

Grant Aldonas, who was undersecretary of commerce for international trade earlier in the Bush administration, predicts that the dollar's droop will persist. "I think Treasury would be glad to see that happen because it would be in line with economic fundamentals," he says.

Despite a call by French Finance Minister Thierry Breton for collective vigilance on the exchange-rate front, markets see little sign that global governments intend to intervene to arrest the dollar's slide. "To date there hasn't been any unified protest over the weakness of the dollar," says David Gilmore at Foreign Exchange Analytics, a consulting firm. "That is a green light to dollar sellers.

Joseph Quinlan, chief market strategist at Bank of America Corp., says a weaker dollar wouldn't be welcome everywhere. "Such a move would undercut the primary source of growth of many nations: exports" to the U.S, he wrote in a recent report to clients. "The world just isn't ready for a weaker U.S. dollar."

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Seasonal factors may be contributing to dollar weakness, perhaps as European companies and investors sell dollars to repatriate profits. A research note from Barclays Capital says the dollar has fallen against the euro in the first two weeks of December every year since the euro's birth in 1999.

Dollar Slides As US Business Slows (FT)

By Richard Beales In New York

Financial Times, December 1, 2006

The dollar suffered sharp falls on Thursday, hit by reports of weak US business activity and a benign inflation picture.

The euro rose 0.7 per cent against the dollar to $1.3247 by late afternoon in New York after data from Chicago purchasing managers indicated that business activity in the Midwest unexpectedly fell last month.

Sterling rose to its highest level against the dollar since its ejection from the European Exchange Rate Mechanism in September 1992 as UK house prices continued to show rapid growth. The pound rose to $1.9699 before edging back to $1.9658, almost 1 per cent up on the day. The yen also gained, up 0.5 per cent against the dollar to Y115.77.

A report revealed that inflation in US personal consumption expenditure excluding food and energy, the Federal Reserve's preferred inflation benchmark, held steady in October at 2.4 per cent year-on-year. Data suggested further inflation-fighting interest rate rises by the Fed, which could support the dollar, were even less likely to be needed.

The slide in the dollar was briefly arrested on Wednesday following an upward revision to official estimates of US third-quarter growth.

Michael Woolfolk, foreign exchange strategist at Bank of New York, said: "[The] personal income and spending report and Chicago PMI were the one-two punch that knocked the dollar back on the ropes, leaving little doubt over near-term direction in the beleaguered greenback."

The Chicago purchasing managers' index is regarded as a leading indicator of the national manufacturing index from the Institute for Supply Management, due today. The Chicago PMI index fell to 49.9 last month from 53.5 in October. Many economists had expected it to rise. The core personal consumption expenditure deflator, which excludes food and energy prices, rose 0.2 per cent, against a consensus forecast of 0.1 per cent.

Simon Hayley of Capital Economics said risk aversion could start playing a greater role in the dollar's decline, as traders shied away from the carry trade, in which traders borrow cheaply in yen and buy higher-yielding currencies: "The risk of short-term dollar weakness may now be greatest against the yen."

But Alan Ruskin, chief international strategist at RBS Greenwich Capital, said: "Ultimately the lesson from recent days and many other past events is that a weaker US dollar is highly unlikely to turn into a freefall [and] tends not to have a lasting negative impact on US asset markets," he said.

Conflicting Signals Leave Stocks Mixed (USAT)

By Matt Krantz

USA Today, December 1, 2006

Stocks flip-flopped from losses to gains Thursday before settling mixed after the bulls were discouraged by a raft of negative news.

Another jump in the price of oil, a report showing weak manufacturing activity in the Midwest and a disappointing sales forecast from Wal-Mart were some of the headlines souring investors.

The Dow Jones industrial average closed 4.80 points lower at 12,221.93, knocking its year-to-date gain to 14%. Likewise, the tech-heavy Nasdaq composite index fell 0.46 points to 2431.77, reducing its 2006 gain to 10.3%.

The Standard & Poor's 500 resisted the gravitational pull and finished up 1.15 points to 1400.63. The index, though, had been up 6.82 points at its high during the day. Still, the S&P 500 has gained 12.2% this year largely thanks to strength of stocks in the steel, office real estate investment trust and metals and mining industries.

There were too many negatives for investors to overcome Thursday, says Chuck Stutenroth, portfolio manager at ZAR Fund Group. "There are so many undercurrents driving conflicting points of view," he says. "We're seeing markets swing on any piece of news," he says.

Oil was a big factor. The price of a barrel of oil rose 67 cents to $63.13, creating a 7% increase in November.

But a weaker-than-expected reading of the Chicago Purchasing Managers index, which measures Midwest manufacturing, showing economic contraction didn't help. And the dollar fell to a 14-year low against the British pound.

There was some positive news, namely the Commerce Department saying consumer spending rose 0.2% in October. "Investors took some comfort they shouldn't count the consumer out quite yet," says Jack Ablin, chief investment officer at Harris Private Bank.

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But investors are perplexed at all the mixed messages. For instance, the yield on the 10-year Treasury fell 0.06 point to 4.46%, suggesting some investors fear economic weakness, Ablin says.

"It's a market that's seemingly conflicted," he says.

Highlights:

ExxonMobil gained 78 cents to $76.81, and Chevron rose $1.27 to $72.32 in reaction to higher oil prices.

·Wal-Mart fell 79 cents to $46.10 on the retailer's warning that holiday sales would be disappointing. (Story, 3B.)

·Pfizer rose 42 cents to $27.49 after the drugmaker boosted its 2006 profit forecast by 2.5%.

Economic Storm Signals (NYT)

By Paul Krugman

The New York Times, December 1, 2006

"It's tough to make predictions," Yogi Berra is supposed to have said, "especially about the future." Actually, his remark makes perfect sense to economists, who sometimes have trouble making predictions about the present. And this is one of those times.

We're now two-thirds of the way through the fourth quarter of 2006, so you might think we'd already know how the quarter is going. Yet, economists' assessments of the current state of the U.S. economy, never mind the future, are all over the place.

And here's the bad news: this kind of confusion about what's going on is what typically happens when the economy is at a turning point, when an economic expansion is about to turn into a recession (or vice versa). At turning points, the various indicators that usually tell us which way the economic wind is blowing often point in different directions, so that both optimists and pessimists can find data to support their position.

The last time things were this confused was early in 2001, when most economists failed to realize that the United States was sliding into recession. If that sounds ominous, it should: the bond market, which has a pretty good record of forecasting recessions, is pointing toward a serious economic slowdown next year.

Before I explain what the bond market is telling us, let's talk about why the economy may be at a turning point.

Between mid-2003 and mid-2006, economic growth in the United States was fueled mainly by a huge housing boom, which created jobs directly and made it easy for consumers to spend freely by borrowing against their rising home equity.

That housing boom has now gone bust. But the optimists and pessimists disagree both about how bad the bust will get and about how much damage the housing slump will do to the economy as a whole.

The optimists include Alan Greenspan, whom some accuse of letting the housing bubble get out of hand in the first place. On Tuesday, he told investors at a conference that the worst of the housing slump is over, saying that "it looks as though sales figures have stabilized."

But the very next day the government released grim data on new home sales for October, and revised its estimates for earlier months downward. Most, though not all, of the other economic numbers that came out this week were also substantially weaker than expected.

Pessimists feel vindicated by the downbeat data. Nouriel Roubini of Roubini Global Economics, who has been forecasting a housing-led recession for some time, now believes that the economy has already stalled: he predicts zero growth for the current quarter. Economists at Deutsche Bank say the same thing.

But that's still a minority position; most forecasters are still telling us not to worry. So whom should you listen to? And how can you avoid believing what you want to believe?

Maybe the best answer is to look at what the financial markets say. Not the stock market, which is a notoriously bad indicator of the economy's direction, but the bond market. (Paul Samuelson, the Nobel Prize-winning M.I.T. economist, famously quipped that the stock market had predicted nine of the last five recessions).

Since last summer, when the housing bust became unmistakable, interest rates on long-term bonds have fallen sharply. They're now yielding much less than short-term bonds. The fact that investors are willing to buy those long-term bonds anyway tells us that these investors expect interest rates to fall. And that will happen only if the economy weakens, forcing the Federal Reserve to cut rates. So bond buyers are, in effect, betting on a future economic slowdown.

How serious a slump is the bond market predicting? Pretty serious. Right now, statistical models based on the historical correlation between interest rates and recessions give roughly even odds that we're about to experience a formal recession. And since even a slowdown that doesn't formally qualify as a recession can lead to a sharp rise in unemployment, the odds are very good — maybe 2 to 1 — that 2007 will be a very tough year.

Luckily, we've got good leadership for the coming economic storm: the White House is occupied by a man who's ideologically flexible, listens to a wide variety of views, and understands that policy has to be based on careful analysis, not gut instincts. Oh, wait.

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GOP Chairman Urges Party To Get On Track (AP)

By Liz Sidoti

AP, December 1, 2006

The sting of Republican electoral defeats still fresh, the GOP chairman suggested Thursday the party has strayed and challenged it to refocus on core principles and reform.

"We work for the people," Ken Mehlman, the outgoing chairman of the Republican National Committee, said in a speech to a meeting of GOP governors. He reminded the crowd that "good policy makes good politics — and, for Republicans, this must be a time for self-examination when it comes to our policy."

In a disastrous midterm election year for the GOP, Republican candidates lost races across the country and at all levels of government, prompting party leaders to do some soul searching as they seek a winning strategy for 2008 and beyond.

Democrats captured control of the House and Senate, took a majority of governors' posts and gained a decisive edge in state legislatures as Republicans failed to withstand fallout from a sour national mood created by the war in Iraq and scandals in Washington.

"Our nation is stronger and better when Republicans are the party running the government. But, ladies and gentleman, our party should never be the party of government, of Washington, of earmarks, of bureaucracy," Mehlman said, implying that's what the GOP had become at times — or at least what voters perceived on Nov. 7.

Three weeks after the losses, about a dozen GOP governors gathered in this Miami suburb for their association's annual meeting. The 2008 election loomed large, given that the outgoing RGA chairman is Massachusetts Gov. Mitt Romney, who is considering running for president. Arkansas Gov. Mike Huckabee, also weighing a bid, attended the meeting.

Not to be forgotten, Sen. John McCain, R-Ariz., who is widely considered the one to beat and has created a presidential exploratory committee, held a reception for those attending RGA events.

Despite the undercurrent of the presidential race, the focus remained on what went wrong in 2006 and how to ensure the GOP recovers.

"To some degree, we've lost our way," acknowledged Gov. Sonny Perdue of Georgia, the incoming RGA chairman, who said the party must ensure it implements policies that are in line with its principles.

Romney, for his part, suggested that lawmakers in Washington — not GOP governors — are the ones who need to get back on track, saying: "If the Republican Party, nationally, is looking for a place where it can gain a bit of a guiding post, it would by seeing the successes of Republican governors."

He also took a swipe at Republicans on Capitol Hill for promising to hold down spending but then beefing up budget bills with millions for pet projects. "There's nothing that's going to yield a bigger swat — or a thumping if you will — than saying one thing and doing another," Romney said at a news conference, using the spending issue as an example.

Mehlman, who will leave his post when his term ends in January, said the party's most important task in the coming two years will be to rekindle a spirit of reform — changing its governing while staying true to the party's long-standing ideals of limited government, individual freedom and a strong national defense.

"It must be our party that faces the new challenges of the 21st century head-on. It must be our party that recommits itself also to being the party of change. Because it's the Republicans who are the party of reform on all these issues — health care, job creation and the war on terror," he said.

Republicans, Mehlman said, must take power out of Washington and give it back to Americans, arguing that Democrats won't.

"They believe that government and Washington has the answer to every question, the solution to every problem," he said. "We, as Republicans, don't believe that. But, if you think about it, sometimes over the past two years, we've behaved as if we do."

GOP Must Correct Its Mistakes, Mehlman Says (WP)

By Shailagh Murray

The Washington Post, December 1, 2006

MIAMI, Nov. 30 -- Republican National Committee Chairman Ken Mehlman warned a somber and diminished gathering of GOP governors that the party will face years in the political wilderness unless it corrects the mistakes that led to last month's election losses.

"If we shrug our shoulders and say, 'It was just a fluke, a perfect storm of factors out of our control,' then we will lose again in 2008," Mehlman told the Republican Governors Association at its annual meeting, as he prepares to step down from the RNC at the end of the year.

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"If that is the approach we take, then we are destined to spend far more than one term in the minority," Mehlman added. "And we as a party will deserve it."

On Nov. 7, Democrats captured a majority of governorships, as well as control of the House and the Senate, for the first time since the Republican revolution of 1994. The remaining GOP governors will assume a higher national profile while their party is out of power in Washington and may find themselves having to help lead the way for Republican initiatives and a political comeback.

"You're the greatest and most innovative think tank in politics," Mehlman told the governors. "And now, more than ever, our party and our nation need you to do what you do best . . . to change government for changing times."

Mehlman acknowledged voter anger about the Iraq war and a spate of GOP corruption scandals, but he pointed to a broader culprit: the erosion of the core conservative principles of small government and personal responsibility. As Republicans built up their Washington power base, he noted, the center of gravity shifted away from the statehouses that had been the traditional laboratories for policy ideas. The result was a vacuum that delivered little of interest to voters, while devaluing the national Republican brand.

For their part, the governors pointed to vivid images of federal incompetence that had dragged the party down, including the botched response to Hurricane Katrina and Congress's inability to curb spending or tackle issues that voters care about, such as illegal immigration. And they decried the ethics scandals that hurt the party, such as when then-Rep. Mark Foley (R-Fla.) resigned from Congress in September after revelations that he had sent sexually suggestive electronic messages to underage male pages and that House Republican leaders had known about his behavior but had not responded aggressively.

Outgoing Arkansas Gov. Mike Huckabee, trying to put the best face on the losses, compared the elections to a controlled forest fire. "We didn't burn down the overall infrastructure," said Huckabee, who is testing the waters for a possible 2008 presidential run, "but we sure did get rid of a lot of the unnecessary growth and brush that really choked us. It's an opportunity to rebuild." Huckabee's successor is a Democrat.

The good news, Republican pollster Neil Newhouse told the group, is that voters hold Democrats in only slightly higher esteem than they do Republicans, and that the GOP continues to score high marks on national security and issues involving traditional values.

Structurally, the party remains sound. As a result of strong fundraising and a superior GOP voter-identification and turnout operation, many vulnerable Republicans survived. Of the 22 House elections that were determined by margins of two percentage points or less, Republicans won 13, including at least 10 races determined by fewer than 5,000 votes. And although the GOP suffered heavy losses in New England congressional races, Republican governors were reelected in Rhode Island and Vermont, two of the country's most liberal states.

In Rhode Island, Gov. Donald Carcieri narrowly won reelection, while the more moderate Republican Sen. Lincoln D. Chafee was defeated. Vermont Gov. Jim Douglas easily won reelection, although the state sent Rep. Bernard Sanders (I), one of the most liberal members of the House, to the Senate.

In a trend more worrisome to the GOP, voters have grown skeptical that Republicans possess the fresh ideas needed to solve the country's problems. That is one reason many independent and Republican voters decided to take a chance on Democrats last month. "The message is, back to basics," Newhouse said.

Or, as Mehlman told the GOP governors, back to "good policy that makes good politics." He singled out an effort by outgoing Gov. Mitt Romney, another 2008 prospect, to expand health-care coverage to all Massachusetts residents. "That is the kind of innovation we need at the state level, and in Washington," Mehlman said.

Many speakers noted that 12 GOP House seats were lost as a result of ethics scandals, but Mehlman asserted that tightening the rules through legislation would not go far enough. He said the GOP must change its internal culture, which has protected its own. "Every single person in this room and in this party must be absolute and uncompromising in seeking out those who have done wrong, without regard to party or ideology," Mehlman said in his address.

The governors were scornful of Washington spending habits, in particular earmarks, or special provisions that lawmakers like to stuff into legislation to fund pet projects. Most states have strict rules that have forced governors from both parties to cut their budgets aggressively, including in high-priority areas such as low-income health-care coverage.

Romney, who is also being succeeded by a Democrat, bristled at the suggestion that the GOP had run off course. "Where we get in trouble is where we say one thing and do something else," he said. Gesturing at the dozen governors who had joined him at a news conference, he said: "You see governors getting the job done."

'08 Hopefuls Wine, Dine For Support (WT)

By Ralph Z. Hallow

The Washington Times, December 1, 2006

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MIAMI -- Sen. John McCain of Arizona brought his prospective 2008 presidential bid to what amounts to the "home turf" of a rival, Massachusetts Gov. Mitt Romney, seeking to line up support among the nation's Republican governors.

Attendees at the annual conference of the Republican Governors Association (RGA) were wooed at dinners featuring the two men.

Mr. Romney, the outgoing RGA chairman, held two dinners here at the same time on the same night -- one in secret for governors and donors he wanted to recruit to his side for 2008 and the other a publicly scheduled dinner for the remainder of Republican governors, spouses and donors.

Mr. McCain's well-organized campaign, however, has been stalking Republican gatherings of every kind for more than a year. For this event, McCain partisans, despite initial objections from Mr. Romney's RGA, slipped invitations under Doral Hotel room doors Tuesday night, inviting Republicans to a reception the Arizona senator sponsored last night at Don Shula's, a fancy and famous restaurant here.

Historically, governors and ex-governors have had the advantage in presidential elections -- four of the past five presidents were governors first -- but some of Mr. Romney's fellow governors say that right now, the 2008 race is shaping up as a battle between senators, with Mr. McCain the leading prospect on the Republican side and Sen. Hillary Rodham Clinton of New York as the top hopeful for Democrats.

"That's a fair assessment," said Gov. Mark Sanford, a popular South Carolina conservative. "Right now, that's the way a lot of people see it."

Despite Mr. McCain's high ratings in public opinion polls, some conservative Republicans view him with suspicion because of his support for campaign-finance regulation, sponsorship of immigration legislation that would offer citizenship to illegal aliens and other maverick stances.

Mr. Romney, a multimillionaire from a legendary political family, is casting himself as a conservative who can coalesce the anti-McCain forces in the Republican party -- a role once considered perfect for Sen. George Allen of Virginia before his defeat last month. Another conservative, outgoing Senate Majority Leader Bill Frist of Tennessee, announced this week he would not seek the presidency in 2008.

In addition to Mr. McCain and Mr. Romney, the 2008 Republican presidential field also includes former New York Mayor Rudolph W. Giuliani, a popular figure but one whom most in the GOP see as too liberal on social issues to win in crucial primaries and caucuses.

Mr. Sanford, himself courted by some conservatives to make a 2008 run, mentioned Arkansas Gov. Mike Huckabee and Sen. Sam Brownback of Kansas as two other Republican alternatives to Mr. McCain.

"But what I consistently hear from the conservative base that I talk to is that they're still looking," said the South Carolina governor, who was re-elected with 55 percent of the vote this year in a state that hosts a key early presidential primary in 2008.

Georgia Gov. Sonny Perdue, the incoming RGA chairman who shouldered most of the hosting duties at the scheduled dinner, said the 2008 Republican nomination contest is still wide open.

This year's RGA conference was a considerably shrunken affair, with the Republican share of the nation's governors having steadily dwindled from a high of 38 in 1998 to the 22 governors it will have next year after the net loss of six governorships in last month's elections.

Texas Gov. Rick Perry attributed the party's gubernatorial losses to the same anti-Republican mood that cost the party the majority control in Congress.

"National issues, especially the war in Iraq, had a profound impact on state races, including campaigns for governor," he said."Immigration was another powerful issue."

The Texas governor said the party needs to stand up for its conservative principles.

"Nationally, if you don't act like a Republican, the chances are they won't send you back. If the voters want to elect a Democrat, they'll choose the real thing, not a counterfeit," Mr. Perry said.

The McCain-Romney maneuverings created a stir at the RGA conference. Mr. McCain sent dinner invitations to uncommitted governors and other Republicans attending. But the night before, Mr. Romney secretly invited a few fellow Republican governors and wealthy donors to his own special event: a private dinner at a popular South Beach restaurant, Smith & Wolensky, held simultaneously as another dinner at the Pearl Restaurant, listed on the regular published conference schedule.

"Why did Governor Romney invite me?" one Republican governor wondered aloud in a background interview. "Because I'm not committed to him or McCain or anybody else, and so he wanted to recruit me, I suppose. I'm still not committed."

Mr. Romney shuttled back and fourth between the two dinners, held about four blocks apart.

McCain Courts Crucial Support Of Governors (NYT)

By Adam Nagourney

The New York Times, December 1, 2006

DORAL, Fla., Nov. 30 — Last anyone checked, Senator John McCain of Arizona is not — and has never been — a governor.

But no matter. Mr. McCain turned up on Thursday morning at the Doral Golf Resort and Spa here for a guerrillalike visit to the annual meeting of the Republican Governors Association. That is a group headed by Mitt Romney, the Massachusetts governor who is widely viewed as Mr. McCain's chief rival for their party's 2008 presidential nomination.

As Mr. Romney gamely presided over the morning session of the meeting, Mr. McCain commandeered a room at the Doral Resort for eight hours of meetings with nine Republican governors, including Gov.-elect Charlie Crist of Florida, according to Republicans familiar with his schedule.

On Thursday evening, many of those at the conference were bused to an elaborate reception, courtesy of Mr. McCain, at a resort hotel in Miami Lakes. Somehow, no reception rooms were available for him here.

Mr. Romney has hoped, like George W. Bush in 2000 and Bob Dole in 1996, to use the overwhelming support of the Republican governors as a springboard to the presidential nomination. Mr. McCain served notice with his incursion that Mr. Romney could not take them for granted.

That said, the fact that Mr. McCain decided to fly here for three days and spend $50,000 on a reception that lathered governors with platters of shrimp and three open bars suggests just how much Mr. Romney has complicated his efforts to position himself as the inevitable nominee.

Mr. Romney politely deferred questions about 2008 when he appeared at a news conference with about 12 other governors who spent much of the session analyzing the reasons for the Republican defeats on Nov. 7 and what needed to be done to get the party back on track.

"We're not getting into '08 considerations at this press briefing," he said.

But Mr. McCain's team was only too glad to oblige, saying they were scooping up tentative endorsements on Mr. Romney's watch.

"We have a number of governors who are committed to John, but we are not ready to announce them yet," said John Weaver, Mr. McCain's senior political adviser.

Mr. Weaver strode slowly and conspicuously through the Doral lobby, teeming with governors, aides and Washington Republican consultants.

Mr. Romney's aides disputed Mr. Weaver's statement, and indeed, it would not be out of character for Mr. Weaver to be exaggerating a bit as part of a strategy to persuade recalcitrant governors to jump on a departing train.

Mr. McCain, in an interview on Thursday evening, said he was in no way invading Mr. Romney's territory.

"I've known these guys for years," he said. "I've campaigned for these people. I don't see how that's anybody's territory."

All this provided a fair amount of entertainment and helped leaven a meeting that was otherwise filled with somber assessments of the recent election that saw Republicans swept out of power in Congress.

The Republican National Committee chairman, Ken Mehlman, warned against viewing the losses as a temporary setback created by a tough electoral environment.

"We can't simply write this election off as preordained, as the natural order of things to be automatically rectified in two years," Mr. Mehlman said, warning that the party has to figure out ways to increase its appeal.

This very exclusive group that Mr. McCain and Mr. Romney are fighting over was also diminished in the election. There will be just 22 Republican governors next year, compared with 28 now.

Governors' support has historically proved important in primary battles and general elections. Besides the presumed prestige of endorsements, governors can deliver political machines, troves of contributors and control over state offices like boards of elections.

The success of Mr. Bush, then governor of Texas, at establishing himself as a front-runner early in the 2000 race developed in no small part because he became the favorite candidate of Republican governors.

"Often more than House members and senators, governors have state structures and can make significant impacts in their state," Mr. Weaver said.

Mr. McCain's schedule included meetings on Thursday and Friday morning with the governors of Alabama, Mississippi, Indiana, Kentucky, North and South Dakota, Texas and Vermont.

Gov. Tim Pawlenty of Minnesota drove to the evening reception with Mr. McCain and later said in an interview he intended to support Mr. McCain if he ran for president.

Still, several governors said in interviews they would not be making a decision this early.

"I don't know who a single governor is supporting," said Gov. Haley Barbour of Mississippi, a former chairman of the Republican National Committee.

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Mr. Barbour did say, though, that Mr. Romney, whose duties as head of the Republican Governors Association included handing out checks to Republican candidates for governor, was popular with this group of Republicans.

"Everybody likes him, and he did a very good job," he said. "But look, nobody can assume anything."

The guest list for Mr. McCain's reception included Mr. Romney and his political team. They sent their regrets, saying they were too busy with the affairs of the conference.

Mr. Romney was in a bit of a tricky position. On one hand, aides said, he did not want to look as if he was commandeering the association as a campaign tool, particularly when some of Mr. McCain's supporters have been suggesting that he was guilty of precisely that.

That said, Mr. Romney's tenure as head of this group is one reason that he is viewed as being so strongly positioned for 2008. The post has allowed him to travel around the country, including visits to important states like Iowa, appearing before Republican activists and earning good will with the same candidates, elected officials and state party leaders who are going to be critical in winning battles.

A spokesman for Mr. Romney, Eric Fehrnstrom, said the governor was not available for comment on Mr. McCain's political activities.

"Governor Romney's focused on his speech, which looks at a new generation of challenges facing America and what we must do to meet them," Mr. Fehrnstrom said. "It makes sense for Senator McCain to be here honoring Republican governors, because as a group they are fiscally conservative and innovators in education and health care policy. The answers to many of the challenges facing our nation can be found in what they are doing every day."

McCain Rains On Romney's Parade (BOS)

By Scott Helman

The Boston Globe, December 1, 2006

MIAMI -- It's been Governor Mitt Romney's show here at the annual conference of the Republican Governors Association: He's led the program, been the sought-after VIP at swank dinners and parties, and drawn much of the national media spotlight.

Until John McCain showed up.

The Arizona senator, making a strike in what Romney had hoped would be exclusively his terrain for three days, came to town and flexed his political muscle by courting the very governors, GOP activists, and lobbyists who had flown in for Romney's big event at Doral Golf Resort & Spa.

While Romney was holding political meetings and finalizing his speech for last night's RGA dinner, McCain huddled privately with Republican governors at the same resort. Later in the day, McCain's campaign bused RGA attendees from the Doral to a catered reception at a resort owned by former Miami Dolphins coach Don Shula.

"This is only natural," Governor Haley Barbour of Mississippi explained as he sipped a mixed drink at McCain's party, saying that the dogfight for the 2008 Republican presidential nomination was well underway.

To wit: Key Republican players such as Barbour and Governor-elect Charlie Crist of Florida found themselves praised publicly by Romney at a morning press conference, then later, invited on stage next to McCain as he delivered brief remarks at his reception.

The only wrinkle in McCain's plan was the Miami traffic, which delayed him an hour and a half for his own event, leaving guests confused as they picked over the shrimp cocktail, crawfish, and crab legs.

Once he arrived, McCain dismissed a suggestion that he was horning in on Romney's territory.

"This is Florida," McCain told reporters. "I used to be a resident of the state of Florida."

The Romney-McCain tussle occurred as Republican presidential hopefuls worked to take advantage of the sudden departure from the race of Senate majority leader Bill Frist of Tennessee, which opens a slate of donors.

For example, Zachariah P. Zachariah, a Fort Lauderdale cardiologist renowned for raising big money for Republican presidential candidates, backed Frist but is now in the market for a new candidate.

Several candidates have been aggressively courting Zachariah -- Romney met with him last week, he said -- since Frist dropped his candidacy Wednesday.

''I am just digesting all these things and trying to make the decision about which one would be the best president,'' said Zachariah, who plans to choose by the end of the year

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, December 1, 2006

Hire the military

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Pete Metzger, former military assistant to President Reagan (yes, he carried the "nuclear football"), led an intriguing panel discussion yesterday at the Army Navy Club at Farragut Square on the transition from military officer to private-sector leader.

Having held a variety of military and intelligence posts, Mr. Metzger today is vice chairman of Christian & Timbers executive search firm, whose offices are just a few blocks from the White House.

He told the audience that included presidential great-grandson and lawyer William Howard Taft IV and Council on Competitiveness President Deborah Wince-Smith that too many employers today have "preconceived notions" about hiring retired military officers — negative perceptions that he called unwarranted.

A senior military officer doesn't reach his or her rank by accident, Mr. Metzger stressed. Rather they are "highly intelligent" and capable leaders — leadership, he said, that carries over into the private sector.

"One word comes to mind: responsibility," he said.

Another panelist, 41-year-old retired Naval officer Carl C. Liebert III, recalled: "Everything I needed to learn I learned on my first ship."

Just recently, Mr. Liebert became chief executive officer of 24 Hour Fitness Worldwide Inc., the world's largest fitness center company. He had been executive vice president of the Home Depot, responsible for sales, execution and operation across all 2,000-plus U.S. and Mexico stores, and Circuit City's senior vice president.

Hurricane haiku

Yesterday marked the official end of the 2006 Atlantic hurricane season. Talk about a dud.

Not a single major hurricane made landfall, despite dire predictions to the contrary.

"If we can't depend on hurricane forecasts made one to six months ahead of time, how can we expect to depend on predictions about the behavior of hurricanes decades from now," asks David Ridenour, vice president of the National Center for Public Policy Research. "Those who claim that rising global temperatures would definitely lead to more intense hurricanes appear to be relying upon political science, not climate science."

Meanwhile, global-warming skeptic Christopher C. Horner, a fellow at the Competitive Enterprise Institute, sends Inside the Beltway this Japanese haiku he penned:

Hurricane season
Mercifully has ended
Why can't I name one?

By the way, we see where Mr. Horner's much-anticipated book, "The Politically Incorrect Guide to Global Warming and Environmentalism," is now available on Amazon.com, although it's not expected until Feb. 25 — the same day former Vice President Al Gore stands to win best documentary Oscar for his horror flick, "An Inconvenient Truth."

Come and eat

"The event will begin at 5 p.m. and will be off the record, but open to the press."

So reporters were informed in writing before a reception that Arizona Sen. John McCain, a likely 2008 presidential contender, hosted last evening for the nation's Republican governors.

Deck the halls

It took exactly 1,089 feet of garland to deck the halls of the White House this Christmas season.

In addition, 45,000 holiday guests of the first family's will behold 17 Christmas trees, 269 wreaths, and 4,638 red ornament balls while nibbling on 20,000 Christmas cookies, 5,000 mini-tarts, 15,000 chocolate truffle and a 300-pound gingerbread White House.

Mailbag

The bulk of this week's mail addressed Inside the Beltway's item about the Oyster Bilingual School in Northwest posting a sign that said "Holiday Tree Sale" in English and "Venta de Arboles de Navidad" in Spanish — only saying "Christmas" in Spanish, in other words.

"This country has become way too [politically correct] in my opinion," writes Patrick Beckerdite of Des Moines, Iowa. "If someone wants to wish another person 'Merry Christmas,' or have a 'Christmas' pageant at school, we shouldn't feel like we need to make any apology for it."

As far as Ed Grimley of Worcester, Mass., is concerned, "one shouldn't be saying 'Christmas' now, anyway. ... This is only the first week of Advent. Christmas doesn't begin until sundown, December 24. Get it right or shut up!"

'Underdog' Vilsack Officially Launches Campaign (DMR)

By Thomas Beaumont
Des Moines Register, December 1, 2006

DOJ_NMG_0100588

Mount Pleasant, Ia. — Iowa Gov. Tom Vilsack today vowed to make small-town values and Midwestern ingenuity the key to returning the Democrats to the White House and improving the nation's standing in the world, as he launched his campaign for president.

The two-term governor acknowledged his bid's long odds to the audience of more than 800 supporters at Iowa Wesleyan College in the southeast Iowa town Mount Pleasant, where Vilsack served as mayor and represented in the Iowa Senate.

"I have always been the underdog and long shot," said Vilsack, who came from behind in 1998 to win his first term as governor. "And I have always been inspired by stories of ordinary people who struggled, worked hard, but ultimately succeeded."

Vilsack, the first Democrat to enter the 2008 race, was scheduled to leave Iowa early this afternoon for Concord, N.H., to meet with party activists in the lead-off primary state.

Vilsack was expected to visit his native Pittsburgh on Saturday before returning to Des Moines that night for his inaugural presidential fundraiser at the Temple for the Performing Arts. The final leg of the ceremonial campaign kick-off takes him to Nevada, the Southwest's first caucus state, on Sunday and South Carolina, scheduled to host the South's first primary, on Monday.

Warming up the crowd was the Mount Pleasant High School band with the theme from the film "Rocky", among other numbers. The audience included Democrats from around the state, but mostly supporters from Mount Pleasant, population 9,000. Vilsack's wife Christie, who grew up in Mount Pleasant, introduced the governor, with their two adult sons alongside on-stage.

"By any measure or standard we are less safe today as a nation than we were six years ago," Vilsack said in his typically softspoken tone during the 20-minute speech. "Our country needs bold leadership guided by the right values and the right experience."

Supporters in the college gymnasium held a 15-foot banner that read "Main St. USA needs Vilsack", while others waved the blue and red campaign signs emblazoned with the campaign's trademark red "v" for Vilsack. At times they interrupted with chants of "Go Tom Go." After the speech, Vilsack hugged his wife as confetti shot into the air from off-stage.

National polls show Vilsack has the furthest to go among the large field of Democrats weighing 2008 campaigns, with about 1 percent of Democratic voters nationally saying they would support him for the nomination.

Far better-known figures such as New York Sen. Hillary Clinton, former Sen. John Edwards and newcomer Barack Obama, an Illinois senator, rank much higher in those surveys. All of them, as well as others, mostly U.S. senators, are eyeing the 2008 race.

Vilsack, 55, portrayed himself as a Washington outsider, although he only criticized the Bush administration and generally characterized federal as dysfunctional.

"Let us stop the endless debates. Let us stop the empty talk. Let's have a campaign about serious thought, about serious problems," he said.

Vilsack seized immediately on gains Democrats made nationally and in Iowa during the Nov. 7 midterm elections, filing papers two days later forming a federal campaign committee and opening a campaign headquarters in Des Moines.

He has said he plans to attack the doubts of skeptics who say a small-state governor cannot compete for the job of commander in chief during a time of international tension and U.S. fighting overseas.

Pursuing renewable sources of energy nationally, as Vilsack takes credit for achieving in Iowa, will strengthen America's position in Middle East relations, he said.

"Let us embrace a new foreign policy, one that allows us to renew our friendships, strengthen our alliances and isolate our enemies," he said. Although Obama has not said yet he will run, Vilsack joins the junior senator from Illinois as a presidential prospect who has called for withdrawing troops from Iraq.

Vilsack has called for leaving a U.S. military presence in the country to thwart incursions from Iran and Turkey.

"Specifically in Iraq, we must act and we must act now," he said. "We must take our troops out of harm's way and say to the Iraqis, 'It is your responsibility to protect your families."

Vilsack Begins Campaign For Presidency (MGG)

By Todd Dorman

Mason City Globe Gazette, December 1, 2006

MOUNT PLEASANT – Gov. Tom Vilsack formally entered the race for the United States presidency this morning by challenging Americans to have the courage to “create change” in uncertain times at home and abroad.

Vilsack started a quest even he concedes is uphill in the same small town where he entered politics nearly 20 years ago. The two-term Democratic governor delivered his announcement to a crowd in a college gymnasium just blocks from his family’s home on Main Street.

DOJ_NMG_0100589

“America needs a president who builds and creates, who makes our country more secure, who is bold and has the courage to create change,” Vilsack said in a prepared text released before his 9:30 a.m. speech. “I will be that president.”

“So today, in front of the family and friends I love and here in the community I call home, I announce my candidacy to be the next President of the United States,” Vilsack said in the text.

Vilsack argued that the country is less safe, health care costs are skyrocketing and Americans are struggling to buy homes and pay for college. He vowed to address those problems as president.

He called for a new foreign policy that that “renews friendships, develops alliances and isolates enemies.” He called for taking U.S. troops “out of harm’s way” in Iraq while shifting the security burden to Iraqis.

“Let us have the courage to create the bold change we need. Let us stop the endless debates and empty talk,” Vilsack said.

Supporters undaunted by the ice-glazed remnants of a winter storm filled the Howe Center at Iowa Wesleyan College.

Although he is the first Democrat to formally enter the race, he is sure to face a long list of better-known, better-financed opponents. And some of those rivals are preparing to challenge Vilsack on his home turf in Iowa’s first-in-the-nation presidential caucuses in 2008.

Vilsack barely registers on early national polls charting the Democratic race. But his supporters insist it’s early and the governor says he’s not worried.

“I’ve never started out a race for any position other than being the underdog. I’m used to it. I’m comfortable with it,” Vilsack told reporters at a community potluck for supporters Wednesday night.

Vilsack turned to one of his most formidable attributes Thursday – his personal history. He told again of how his orphaned childhood began “in the arms of a stranger.” His adopted mother battled substance abuse while his father struggled to keep his business afloat.

“The deepest hole anyone can dig is addiction and dependency. My mother dug that hole, but she dug herself out,” Vilsack said. “In doing so she taught me a valuable lesson – that the courage to create change can overcome anything and that community can give you the support and confidence to succeed.”

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Comments On This Story

Better not win Iowa wrote on November 30, 2006 10:38 PM:"If he were able to win Iowa the country would be in big trouble. But luckely he wont win Iowa. How you ask well--> I can see into the future and I see Obama sitting in the white house.--> oh wait I see clear now it is Mcain--> no its Hillery. My point is why are we talking about this we are still two years away. Shouldnt Vilsac wait until he leaves office to start all this? I guess the positive thing is that he is doing something unlike the last four years! I will vote for Pedro."

John wrote on November 30, 2006 6:41 PM:"Don't worry folks, he has no chance. The Clinton machine will take him out one way or another. I have never been a big Vilsac lover and think he did a poor job as Governer. He probably won't even win in Iowa. "

Bo wrote on November 30, 2006 5:37 PM:"This is really interesting. A person who has not accomplished any dramatic legislature bills in his state wanting to be president. This is such a no-news item, I really wish not to read anymore about him."

Joe wrote on November 30, 2006 4:30 PM:"The best predictor of future behavior is past behavior. If he were to handle the United States the way he has handled Iowa, what do you think would become of our nation???"

Too early to tell wrote on November 30, 2006 3:47 PM:"Come come now - he doesn't even get a chance to say anything more than he is running? If you're making decisions today that you're not voting for Vilsack but you are voting for someone else - when all of the possible candidates haven't even announced and you don't know all the facts about the choices available - then I don't want people like you voting at all. Do your homework, do your research into the things the candidates have done or haven't done and what their campaign platforms are - then jump on a bandwagon and beat that drum. Until then - please don't jump to conclusions. Remember the little engine that could? None of us know who the next President will be or where that person will come from - it could just be him, who knows. And - frankly - I don't even want to think about any political campaigns for a while - we just got beat over the head with ads for how many months from the last one? "

Please say no wrote on November 30, 2006 12:35 PM:"I hope that Vilsack does not become president. Since he has been govenor in Iowa, I think things have gotten worse. There were many things he could have done for us in Iowa, and he chose big business over us. I do agree on him putting to law the English only though. My health care has risen, child abuse cases were neglected even after review by him. Just say NO America!!!"

Kevin pham wrote on November 30, 2006 12:10 PM:"I will vote for person who chalenging to change the new world."

Vilsack Is First Democrat In Presidential Derby (LAT)

By Mark Barabak

The Los Angeles Times, December 1, 2006

MOUNT PLEASANT, Iowa — With a call for change at home and abroad, Iowa Gov. Tom Vilsack today became the first Democrat to formally declare his candidacy for president.

In remarks delivered in the small town where tragedy first propelled him into politics, Vilsack criticized President Bush for a "divide and conquer" approach to governing and declared, "We are less safe and less secure than we were six years ago."

"Our way of life, our quality of life and our national security have been compromised and put at risk by a national government that has been fiscally irresponsible and by a country that has grown far too dependent on oil," Vilsack said. "Foreign oil from foreign countries, some of which despise us, harbor terrorists, but gladly take our money."

His remarks were broad in sweep and stinting in details. Vilsack called for expanded access to health care, improvements to education and greater energy independence.

On Iraq, Vilsack called for "a new foreign policy, one that allows us to renew our friendships, strengthen our alliances and isolate our enemies… We must take our troops out of harm's way and say to the Iraqis, 'It is your responsibility to protect your families and your communities.'"

Strategists for Vilsack see his life story as a major selling point and he told parts of it in his remarks.

Abandoned on the steps of a Pittsburgh orphanage, he was taken into a home blighted by alcoholism, financial hardship and physical abuse. "I know what it's like to be alone and to feel as if you don't belong," he said of his rough childhood and its cycle of maternal binges and beatings with a metal belt buckle.

He met his wife at Hamilton College and after graduation moved to her hometown, Mount Pleasant, Iowa, to practice law with his father-in-law. Active in the community -- Vilsack served as head of the Rotary Club and Chamber of Commerce, among other volunteer duties -- he was recruited to run for mayor in 1986 when the incumbent was murdered by a man angry over a sewage problem.

After two terms as mayor, Vilsack tried to quit. But residents of the heavily Republican community wrote in his name and elected him a third time. He went on to serve in the state Legislature and in 1998 was elected to the first of two terms as governor. Vilsack has abided by a pledge to step down rather than seek a third term. He leaves office in January.

A run for the White House will be a steep climb, by Vilsack's own admission. "I've always been the underdog and a long shot," he said in launching his candidacy.

Vilsack, 55, registers barely a blip in national opinion surveys and finished fourth in a home-state presidential poll taken last summer by the Des Moines Register. Although the first test of 2008 will be in Iowa -- the precinct caucuses in January 2008 -- none of the other Democrats expected to enter the race in the next few months appear ready to cede the state to Vilsack.

Vilsack plans visits to New Hampshire -- host of the first presidential primary -- and stops in Nevada and South Carolina, two states added to the early voting lineup to spread the candidate selection process more evenly throughout the country.

Vilsack Announces Presidential Bid, Promises Change (CRG)

By James Q. Lynch

Cedar Rapids Gazette, December 1, 2006

MOUNT PLEASANT, IA - America needs a president who is bold and has the courage to create change, and Iowa Gov. Tom Vilsack pledged this morning to be that president.

In his adopted hometown of Mount Pleasant and with his wife, Christie, at his side, the outgoing two-term Democrat formally announced he is running for president.

His campaign, which will take him to New Hampshire, South Carolina and Nevada -- states that are early stops on the road to the Democratic nomination -- as well as his native Pittsburgh, will continue the change American voted for earlier this month, Vilsack said in announcing his candidacy at Iowa Wesleyan College in Mount Pleasant.

"We sent a clear message that we wanted our country led in a new and better direction," he said in remarks prepared for broadcast today, promising to be an agent of "even bolder change (to) build an even stronger future for our great nation."

Courage to create change" is the theme of the Vilsack campaign, and the 55-year-old attorney said it's time to "stop the endless debates and empty talk" and act boldly.

"Most of all, I am running for president to replace the anxiety of today with the hope of tomorrow and to guarantee every American their birthright: Opportunity," Vilsack said. "It will take courage to create this change. But by restoring America's community, optimism and can-do spirit, we will succeed."

The blueprint for the change already exists, he said.

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"In the past eight years, Iowa successfully changed farm fields into energy fields. We changed the traditional idea of agriculture and became the national leader in renewable fuel and energy production. As a state, we became more economically, environmentally and energy secure," Vilsack told his local audience as well as members of the national media on hand for the campaign kick-off that was preceded by a community potluck supper Wednesday night.

"If you drive around Iowa today, you will see a changing landscape marked by new ethanol and bio-fuel production plants and wind farms. We had the courage to create change in education, health care and government itself," Vilsack continued. "And by having the courage to create change, we provided greater security and opportunity to our people."

He wants to continue that work on a national stage -- "to continue our work, and to bring the courage to create change to America."

Vilsack acknowledged the long-shot nature of his campaign.

"I have always been the underdog and long shot," Vilsack said. "And I have always been inspired by stories of ordinary people who struggled, but ultimately succeeded."

Creating change in America not only will take leadership, but "an active sense of community," Vilsack said.

Community is not something found only behind the white picket fences of Mount Pleasant, Vilsack said. In fact, some of the nation's strongest communities have neither picket fences nor yards.

"In these communities there are countless American success stories immigrants from every continent who traveled here to farm field, work in factories and pursue the American Dream,'' he said. "Our country must always remain a destination for those in pursuit of that dream, for a better life for their family and to live in freedom. That too is why I am here,'' Vilsack said.

As a community with courage, he said, the nation can create a health care system that prevents illness and saves lives without bankrupting health care consumers; create n education system to help every child be as "inquisitive and create as God intended them to be," and build a 21st century economy of cutting-edge companies and technologies that lead to energy security.

And, he said, with courage, the nation can embrace a new foreign policy "that renews friendships, develops alliances and isolates enemies."

In Iraq, the U.S. must act to take troops out of "harm's way and allow Iraqis to begin providing for their own security."

Vilsack said he is running for president because every American has the right to pursue changes that will improve their life, to pursue the American dream.

"I am running for president because every community should contribute to our success," he said. "Americans who live in cities, barrios, suburbs and small towns all deserve a president who works for and remembers them.

"America needs a president who builds and create, who makes our country more secure, who is bold and has the courage to create change," Vilsack said. "I will be that president."

Dem Vilsack Enters 2008 White House Race (AP)

By Mike Glover

AP, December 1, 2006

Iowa Gov. Tom Vilsack announced his candidacy for the Democratic presidential nomination Thursday, positioning himself as a Washington outsider with heartland appeal.

Vilsack also emphasized the nexus between oil dependence, national security and the economy, saying he would give high priority to weaning the nation off foreign oil and promoting alternative energy.

"Energy security will revitalize rural America," Vilsack told more than 500 cheering backers in the small town where be began his political career as mayor. "Energy security will allow us once and for all to remove and reduce our dependency on foreign oil from foreign countries that do not like us."

Taking aim at President Bush, Vilsack said: "We have in the White House a president whose first impulse is to divide and to conquer, who preys on our insecurities and fears for partisan gain ... "

Instead, Vilsack, the first Democrat to formally enter the race, vowed to have "the courage to create change" and resist the "endless partisan debates."

In an era when voter unhappiness with corruption and partisan wrangling in Washington is especially high, political analysts said Vilsack is particularly well-positioned as a Midwestern governor to run for the White House as an outsider.

Nevertheless, Vilsack has a low profile outside Iowa and even he acknowledges his candidacy is a long shot.

Vilsack, who is finishing his second term, headed out quickly after his announcement for events in New Hampshire, South Carolina, Nevada and other states holding early tests of strength in the nomination contest.

During his tenure as governor, Vilsack has pushed for developing alternative energy sources such as ethanol, biodiesel and wind power.

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"In the past eight years, I have helped lead our state, Iowa, to successfully changing by making our farm fields into energy fields," said Vilsack. "We became the renewable fuel leader and producer in the country. It helped us to become more economically, environmentally and energy secure."

As governor, Vilsack, 55, has carved out a reputation as a political centrist. He balanced Iowa's budget and resisted raising taxes, but was willing to spend money on such priorities as education and health.

Ticking off some of his accomplishments, Vilsack said the state has the best air quality in the nation, the lowest dropout rate and the second best record for health insurance coverage.

He argued that pushing alternative energy sources is key to bolstering rural sections of the nation that are struggling economically and with vanishing populations.

"If you drive around Iowa today, you will see a changing landscape marked by new ethanol and biofuel production plants and wind farms," Vilsack said.

Promoting alternative energy sources is an issue with broad public appeal. It also has special appeal in some key early voting states, such as Nevada, with its abundant sunshine and geothermal resources.

A national poll last February by the Pew Research Center for People and the Press found overwhelming bipartisan support for promoting alternative energy, including 82 percent in favor of increased federal funding for alternative energy research.

Vilsack signaled a key element of his campaign will be his compelling personal story. Born in Pittsburgh, Vilsack was adopted and speaks often of his adoptive mother's struggle with alcoholism and his adoptive father's financial struggles.

"I began life in an orphanage in the hands of a stranger. I was adopted into a loving but troubled home," Vilsack said. "I know what it is like to feel alone and to feel as if you do not belong."

While Vilsack remains popular with Iowa Democrats, he doesn't start off as the favorite to win the state's leadoff caucuses. Other potential Democratic candidates are already at work in the state.

Former North Carolina Sen. John Edwards was in Iowa Wednesday, and Indiana Sen. Evan Bayh is scheduled to visit next week. Other potential contenders include Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois, and New Mexico Gov. Bill Richardson.

Among Republicans, Sen. John McCain of Arizona, Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani are the most prominent.

Another hurdle for Vilsack is fundraising. Coming from a small population state and without a national money niche to call his own, it remains to be seen whether Vilsack can raise the $20 million political experts estimate he needs to have in hand by June.

Vilsack dismissed those shortcomings.

"I have always been the underdog and long shot," said Vilsack. "And I have always been inspired by stories of ordinary people who struggled, but ultimately succeeded."

Iowa Governor Begins His Bid For President (WP)

By Dan Balz

The Washington Post, December 1, 2006

MOUNT PLEASANT, Iowa, Nov. 30 -- Iowa Gov. Tom Vilsack (D) launched his campaign for president here Thursday with a jab at President Bush's leadership, a warning that America's way of life is threatened, and a pledge to overcome the country's challenges with big ideas on energy, education, the economy and health care.

"America needs a president who builds and creates, who makes our country more secure, who is bold and has the courage to create change," Vilsack told a crowd in his adopted hometown. "I will be that president."

Vilsack, who is stepping down in January after two terms in office, begins his bid for the 2008 Democratic nomination overshadowed by such possible rivals as Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois . He brings to the contest the credentials of a Washington outsider and success as an underdog who appears undaunted by his lesser-known status.

Speaking to several hundred supporters on the campus of Iowa Wesleyan College here, Vilsack talked forthrightly about his standing in the field of candidates. "You know, I've always been an underdog and a long shot," he said. "I've always been inspired by the stories of ordinary citizens who worked hard, overcame adversity and succeeded."

In an interview shortly before leaving Iowa for a campaign swing to New Hampshire and other states with early caucuses and primaries, Vilsack expanded on that theme, predicting that, as people get to know him and his record, he will hold up well against his rivals. "I just want to be on the stage," he said. "If I'm on the stage, I'll take my chances. I'll take my shot with anybody."

DOJ_NMG_0100593

Vilsack is the first official candidate for president in 2008, but his announcement comes at a time of accelerating activity among a large cast of characters in what will be one of the most wide-open campaigns in modern history.

Outgoing Massachusetts Gov. Mitt Romney (R) announced additions to his staff this week as he continues aggressive preparations for a likely run for his party's nomination.

Sen. John McCain (R-Ariz.) set up a presidential exploratory committee last month and delivered a pair of speeches to conservatives outlining his vision for rebuilding a fractured Republican Party. Both he and Romney were in Miami on Thursday courting Republican governors.

Former New York mayor Rudolph W. Giuliani (R) has also established an exploratory committee.

Among Democrats, Obama has been seeking advice in advance of his decision, which aides have said will not come before the end of the year. He has had conversations with prominent Iowa Democrats, and he plans a trip to New Hampshire on Dec. 10. Clinton is quietly weighing her options, and Democrats say her advisers are closely monitoring the groundswell around Obama.

Vilsack did not have his state to himself as he launched his candidacy. On Wednesday, former senator John Edwards (D-N.C.) drew a big crowd at a book signing in Des Moines. Sen. Evan Bayh (D-Ind.) will be in Iowa on Monday -- it will be his 12th such visit to the state, which will hold the first presidential caucuses in 2008.

Vilsack's first challenge will be to win those caucuses, scheduled for January 2008. A Des Moines Register poll of Democratic activists earlier this year showed him running behind Edwards. Vilsack said Thursday that he welcomes all challengers in the state.

"I'm confident that by the end of the process, we will have convinced a lot of Iowans that I have the capacity and the capability to do this job and I deserve to be on that stage, and I think that they will support me," he said in the interview.

He also said he will attempt to force a competition of ideas with his rivals. "There may be people with better ideas, and if they have better ideas then they deserve to win," he said.

Experience as a governor has shown to be a surer route to the White House than experience in the Senate has been. And Vilsack's advisers believe that, in addition to his record as governor, his personal story will prove compelling.

Orphaned as an infant, he was adopted into the home of a mother who battled alcohol and drug addiction and eventually abandoned her family. His mother later overcame her addictions, and the family reunited.

"She relied on her faith and her family and her friends," he said. "And in doing so, she taught me a very valuable lesson. And that is that the courage to create change can overcome the largest of obstacles, and that community can give you the confidence and the support to try and to succeed."

Vilsack, who turns 56 this month, was born in Pittsburgh and came to Iowa through marriage. He and his wife, Christie Vilsack, settled in this small town (population about 8,700), where she was raised, and he practiced law with his father-in-law. He served as the town's mayor and later as a state senator.

In 1998 Vilsack ran for governor, won the primary in an upset and entered the general election as an underdog. He overcame a substantial deficit in the polls and was elected as Iowa's first Democratic governor in three decades. He will leave office with Democrats holding the governor's office and both houses of the state legislature for the first time in four decades.

Vilsack also has played on the national stage. He served as chairman of the Democratic Governors Association, earning a reputation as a serious student of public policy and a hard-charging politician. He is the current chairman of the Democratic Leadership Council, where he has helped to bridge the gap between the centrist and labor wings of the Democratic Party.

Vilsack brings limited national security experience to the presidential campaign but has said he believes that his executive experience and his ability to make good decisions outweigh that gap in his rÃ©sumÃ©.

Vilsack opened his speech Thursday with a rebuke of the Bush presidency, saying, "We have in the White House a president whose first impulse is to divide and to conquer, who preys on our insecurities and fears for partisan gain, who has robbed us of the assets that have made this country great: our collective sense of community, optimism and the can-do spirit that has built tomorrow's hopes and dreams."

He charged that the country is less safe today than it was six years ago. "Our way of life, our quality of life, our national security has been compromised and put at risk by a national government that's been fiscally irresponsible and by a country that has grown far too dependent on oil, foreign oil from foreign countries, some of which despise us, harbor terrorists, but gladly take our money," he said.

He called energy security a critical challenge in the fight against terrorism and global economic competition. "Energy security will revitalize rural America, reestablish our moral leadership on global warming," he said.

On Iraq, he said it is time to begin to withdraw U.S. troops while redoubling reconstruction efforts. He said the next president must rebuild U.S. alliances around the world to combat the threat of terrorism and isolate enemies.

DOJ_NMG_0100594

Iowa Governor Vilsack Launches His Campaign (MINNST)

By Thomas Fitzgerald

Minneapolis Star Tribune, December 1, 2006

MOUNT PLEASANT, IOWA - Iowa Gov. Tom Vilsack became the first Democrat to formally launch his 2008 campaign for president Thursday, attacking the "divide and conquer" leadership of President Bush and promising to restore a sense of community to the nation.

"Our country needs a president that builds and creates," Vilsack said during a rally at Iowa Wesleyan College in his adopted hometown. "Our country needs a president that makes us more secure by confronting our problems ... who will lead bold change."

Vilsack, 55, is a centrist who heads the Democratic Leadership Council. His strategists believe that his profile fits the times, after a midterm election that gave Democrats control of Congress largely because moderate swing voters rebelled against Republican rule.

After all, the profile -- obscure governor from a small state with a head for policy -- worked for Bill Clinton (Arkansas) and Jimmy Carter (Georgia), who happen to be the last two Democratic presidents.

Still, Vilsack faces formidable odds, overshadowed by potential superstar rivals in New York Sen. Hillary Clinton and Illinois Sen. Barack Obama.

Both members of the party's 2004 ticket, Sen. John Kerry of Massachusetts and former Sen. John Edwards of North Carolina, are thinking of running. And there's potential competition from two centrists with gubernatorial experience: Sen. Evan Bayh of Indiana, a former governor, and Gov. Bill Richardson of New Mexico.

His speech was long on vision but short on specific policy prescriptions. Vilsack called for energy independence -- as governor, he has pushed ethanol and biodiesel -- greater access to health care and improvements in education that are deeper than scores on standardized tests.

He also advocated "a new foreign policy, one that allows us to renew our friendships, strengthen our alliances and isolate our enemies." In Iraq, Vilsack said, "We must act and we must act now. We must take our troops out of harm's way and say to the Iraqis, 'It is your responsibility to protect your families and your communities.' "

Iowa Gov. Vilsack Will Seek Democratic Presidential Nomination (CQ)

By David Miller

Congressional Quarterly, December 1, 2006

Democratic Gov. Tom Vilsack of Iowa kicked off his 2008 presidential campaign Thursday with a speech in Mount Pleasant, Iowa, acknowledging his underdog status while pledging to compete hard for the job.

“Let us have the courage, let us have the courage to create the bold change this country needs,” he said. “Let us stop the endless partisan debates. Let us stop the empty talk. Let’s have a campaign of serious thought about serious problems that our nation faces.”

Vilsack has been popular throughout his two terms as governor in Iowa, which hosts the nation's first presidential nominating contest in 2008. Democrats take note that he was the state’s first governor from their party in 32 years. In recent years he has worked hard to broaden his portfolio with a heartland-focused message assailing Washington’s pork barrel spending and arguing for an end to what he derides as corporate giveaways in federal budget and tax policies.

He has raised more than $2 million for his current political action committee, but that pales in comparison to the fundraising capabilities of some other Democratic hopefuls, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Vilsack has also ranked near or at the bottom of polls asking who voters would support in a race for the Democratic nomination.

While governors tend to fare well in presidential races, it is not a safe bet that Vilsack's popularity in Iowa will catapult him to success nationwide: In 1992, Democratic Sen. Tom Harkin's presidential bid quickly lost steam after his win in the Iowa caucuses.

First Governor Says He'll Run For President (USAT)

By Jill Lawrence

USA Today, December 1, 2006

Iowa Gov. Tom Vilsack on Thursday became the first of several governors expected to test their traditional strength as presidential candidates at a time when campaigns are shadowed by terrorism and the Iraq war.

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Former governors have occupied the White House for 26 of the past 30 years, propelled by their experience running states and the absence of voting records ripe for dissection. But in the post-9/11 era, with violence gripping Iraq, they face a special challenge in convincing voters they can keep the country safe.

"For governors, there is always that question, particularly in light of Iraq," says former Virginia governor Mark Warner, who recently decided against a presidential bid.

Former Massachusetts governor Michael Dukakis, the 1988 Democratic presidential nominee, lost to then-Vice President George H.W. Bush, a former diplomat and CIA director, during the Cold War. However, Dukakis says governors can win the presidency in tense times, citing the Cold-War-era victories of former governors Ronald Reagan and Jimmy Carter.

What's more, Dukakis says, Reagan, Carter and Bill Clinton had honed consensus-building skills that helped them succeed on the world stage. "All in their own way proved themselves to be very adept international negotiators," he says.

In 2004, the only governor to run — former Vermont governor Howard Dean — lost the Democratic nomination to Massachusetts Sen. John Kerry, a military veteran long on foreign policy experience. Like other senators before him, dogged by long paper trails and Senate habits such as speaking at length, Kerry went on to lose.

"Senators are difficult candidates," says Karen Hult, a presidential studies professor at Virginia Tech. "There are always some votes that can be singled out and criticized. And senators haven't demonstrated expertise in running large organizations."

Vilsack kicked off a five-day, five-state tour Thursday in Mount Pleasant, Iowa, with a short announcement speech centered largely on his background and accomplishments: an orphan adopted by a woman who conquered alcoholism and prescription drug addiction, a two-term governor who turned "farm fields into energy fields" dotted with wind farms and ethanol and biofuel plants.

Vilsack, chairman of the centrist Democratic Leadership Council, devoted two paragraphs to world affairs. He called for "a new foreign policy that renews friendships, develops alliances and isolates enemies," and said U.S. troops in Iraq must be moved "out of harm's way." He also promoted energy independence, saying the United States must stop sending money to countries that "despise us and harbor terrorists."

Democrats have two other prospects with gubernatorial experience: Sen. Evan Bayh of Indiana, a two-term governor who has gained exposure to foreign affairs in the Senate; and New Mexico Gov. Bill Richardson, who earlier served as U.N. ambassador, U.S. Energy secretary and in Congress and just won his second term in a landslide.

Republican governors Mitt Romney of Massachusetts, Mike Huckabee of Arkansas and George Pataki of New York also are contemplating campaigns, as is former Republican governor Tommy Thompson of Wisconsin. They are known mostly for achievements in areas such as health and welfare.

"If the war on terror is the issue, governors are not the answer," says GOP consultant Mark McKinnon, who helped elect President Bush. He has a dog in the fight: He is an adviser to Arizona Sen. John McCain, a former Navy pilot and Vietnam prisoner of war who has helped shape national defense and foreign policy for years.

The flip side of McKinnon's argument is that governors were not involved in the authorization, management or oversight of the unpopular Iraq war. "It works to their benefit," says Republican strategist Rich Galen, because they can propose solutions without contradicting their past votes or views.

Governors often have some types of security and international experience. They are responsible for National Guard troops, some aspects of homeland security and promoting their states' products abroad. Governors of border states also work with officials from Mexico and Canada on issues such as immigration and drug trafficking.

Had he run, Warner says, he would have highlighted his "ultimate responsibility" for protecting his state after the Sept. 11 attack on the Pentagon. For governors, as opposed to legislators, he says, "the buck stops here."

Vilsack has "done a lot of thinking about agriculture and food security because that's the lifeblood of the state," says Leslie Gelb, former president of the Council on Foreign Relations. Vilsack also has taken advantage of his job to learn his way around the globe.

He recently told the Asia Society he had visited China, Taiwan, Japan, South Korea, Iraq, Afghanistan and India. "Part of it obviously is a result of trade, part obviously a result of visiting troops and having a chance to meet with prime ministers and presidents and foreign ministers," he said. "The job of governor is different than it used to be."

Iowa Governor Is First Democrat To Start Presidential Run (NYT)

By Jeff Zeleny

The New York Times, December 1, 2006

WASHINGTON, Nov. 30 — Gov. Tom Vilsack of Iowa formally opened his campaign for the Democratic presidential nomination on Thursday, billing himself as the not-from-Washington candidate who would strive to renew a forgotten sense of community across America and offer common-sense judgment in foreign policy.

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Mr. Vilsack, who is stepping down in January after two terms as governor, was the first Democrat to declare his presidential intentions officially. He staged a rally in his adopted hometown, Mount Pleasant, Iowa, before setting off on a five-day tour to the early primary states of New Hampshire and South Carolina, as well as his native Pennsylvania.

"I have always been an underdog and a long shot," Mr. Vilsack said, addressing one of the biggest challenges he faces in a fiercely competitive 2008 campaign. "I've always been inspired by the stories of ordinary citizens who worked hard, overcame adversity and succeeded."

Mr. Vilsack, who turns 56 in December, will not have the Democratic presidential race to himself for long. Senators Evan Bayh of Indiana, Hillary Rodham Clinton of New York and Barack Obama of Illinois are among those quietly making preparations for possible campaigns, as is former Senator John Edwards of North Carolina.

But Mr. Vilsack, who opened a presidential campaign account two days after Election Day, was seeking to gain advantages by jumping in first. In a telephone interview from Iowa before boarding a chartered plane to Concord, N.H., he conceded that he lagged behind prospective rivals in name recognition and fund-raising strength, but he said he intended to highlight the centrist record he had built as Iowa's first Democratic governor in 30 years.

"I have to meet as many people as possible and make the case that I have a vision for the future of the country," he said. "We're going to have to work every single day, one contribution at a time. We don't start with an advantage over anyone."

Prospective presidential candidates of both parties are devising strategies to raise about $20 million by the middle of next year. Mr. Vilsack is among those who must start from scratch, because campaign laws do not allow candidates for federal office to transfer money from state accounts or political action committees.

The presidential nominating season traditionally begins with the Iowa caucuses. Rivals say they have no plans to steer clear of the state, as Bill Clinton and others did in 1992 when Senator Tom Harkin of Iowa ran for president. (Mr. Edwards, in fact, was campaigning in Des Moines on the eve of Mr. Vilsack's speech, and Mr. Bayh had plans to head to Iowa Monday.)

In his speech on Thursday, Mr. Vilsack directly criticized the Bush administration, saying the president's "first impulse is to divide and to conquer." He said the United States was "less safe today as a nation than we were six years ago."

While governors have historically made stronger presidential candidates than members of Congress have, a lack of foreign policy experience is among Mr. Vilsack's obvious challenges. In an interview, he said sound judgment was just as critical as foreign policy experience. He said he had conducted trade missions in 22 countries as governor, including a trip to Taiwan, where he was shaken by an earthquake, and had traveled to Iraq and Afghanistan.

Mr. Vilsack did not lay out detailed policies in his announcement, but instead sought to introduce himself through an abbreviated version of his life story: orphaned as an infant in Pittsburgh, adopted by an abusive mother who battled addictions, arrived in Iowa to live in the hometown of his college sweetheart-turned-wife, Christie Vilsack.

His career in politics was unexpectedly born in 1986 when a disgruntled resident of Mount Pleasant barged into a City Council meeting and killed the mayor. Mr. Vilsack, a lawyer, stepped in to serve as mayor. He later ran for the State Senate and in 1998 was elected governor in a campaign that even his closest friends did not believe he could win.

When he hands off the governor's office next month to the recently elected Chet Culver, Democrats will control both chambers of the legislature and the governor's office for the first time in four decades, a legacy that Mr. Vilsack hopes will help his uphill climb for the presidential nomination.

"Iowans are not going to give me a free pass," Mr. Vilsack said in an interview, assessing his chances in the caucuses to be held in 13 months. "And they shouldn't."

Why Tom Vilsack Is Starting So Early (TIME)

By Perry Bacon Jr.

Time, December 1, 2006

If you're thinking about winning the Democratic presidential nomination and you're not already on a first (Hillary) or last name (Obama) basis with millions of Americans, it won't be easy. You have to find a compelling personal story or policy idea to distinguish yourself from at least a half dozen other similar politicians. Then, you need to sell that story convincingly to the news media, to experienced political talent you want on your staff and most importantly, to the deep-pocketed money men or the emerging Netroots who can help you raise upwards of $20 million to run a competitive race. Worse yet, you have to try to do this while all of those groups are to one degree or another sitting on their hands, eagerly anticipating a candidacy from Hillary or Obama. Then, as Howard Dean learned in 2004, you have to turn all that money, buzz and potential into an actual win in Iowa-or at least a close second.

So Tom Vilsack is smart to get started early. The outgoing Iowa Governor declared he was running for president only two days after the mid-term elections and this week kicks off a five-day announcement tour through all the states that have early primaries — Iowa, New Hampshire, South Carolina and Nevada, along with his native Pennsylvania. In announcing his

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candidacy, Vilsack acknowledged the long odds, telling a crowd in Mount Pleasant Iowa, that "I have always been an underdog and a long shot." He cast himself as a candidate with "the courage to create change", a phrase he invoked repeatedly in calling for an improved health care system, the end of bickering in Washington, an energy policy less dependent on foreign oil and pushing Iraqis to take control of their own security. "He may not be as well-known, he may not be as well-funded, so it's important for him to get out as early as possible," said Gordon Fischer, the former head of the Iowa Democratic Party and a Vilsack backer.

For all the obstacles he faces, Vilsack has several strengths as a candidate. Orphaned at birth in Pittsburgh and adopted and raised by an alcoholic mother, he offers just the kind of unique personal narrative that could help him connect with voters. He's been a popular governor, coming back from a 20-point deficit to win an upset victory in the gubernatorial race in 1998 — in the process becoming the first Democrat in 30 years to take the statehouse. He captured 53% of the vote in 2002 only two years before John Kerry narrowly lost the state to President Bush. He's had some major successes, particularly in increasing the number of children in the state who have health insurance.

Being from Iowa would seem an obvious advantage too, but so far, it doesn't look that way. A June Des Moines Register poll put him only in fourth place in Iowa among Democratic primary voters, lagging behind Clinton, John Kerry and John Edwards. While much of the state's Democratic establishment is backing Vilsack, many elected officials and key activists in the state are considering or have already signed on with other candidates. It's a sharp contrast to 1992, when Iowa Senator Tom Harkin ran for president, and the other contenders essentially conceded the state to him. Edwards has been in Iowa so much he's essentially the second presidential candidate who lives in the state. On the day Vilsack announced, Edwards was in Des Moines to sign copies of his new book. Senators Evan Bayh, Chris Dodd and Joe Biden, all considering presidential runs, have already been in the state, as has Obama. And that's just his challenge in Iowa. As the Washington Post reported this week, Vilsack isn't even guaranteed the support from people who have been close advisers in his earlier runs for office. One former top adviser, Chicago-based strategist David Axelrod, is likely to join Obama's team if he runs.

Vilsack will run as centrist with a record of success in a red state, the exact same message that Bayh has — except the Indiana Senator and former governor can also point to his years in the Senate for the foreign policy experience that Vilsack lacks. And in terms of offering a different vision for the country, it will be difficult for Vilsack or any of the candidates to stand out, because all of them largely agree on the issues. In 1991-1992, Bill Clinton could run as a different, new kind of Democrat because many in the party didn't back him on such policies as reforming welfare and supporting a free trade agreement with Mexico. Three years ago, Howard Dean fundamentally disagreed with much of the Democratic field on the Iraq war. Vilsack says he would like to see troops out of harm's way In Iraq and Iraqis take more responsibility for their own country, a position shared by nearly everyone in America except John McCain and a few others who want to send in more troops. While Vilsack has been a leader in the centrist Democratic Leadership Council, the middle class tax cuts and push toward a balanced budget that the DLC pushes have become so mainstream and embraced by so many Democrats that those ideas were part of the six-part "New Direction" that congressional Democrats will act on when they take control in January.

But don't count out Vilsack just yet. The last two Democratic presidents, Clinton and Jimmy Carter, both started as relatively unknown governors who initially polled in the single digits too, and recent history has shown that Senators have a hard time portraying themselves as outsiders capable of bringing change to Washington. Neither Obama nor Clinton has declared they are running and if only one of them does, there's a lot of room for another major challenger to emerge. Aides to other Democratic candidates are already starting to quietly knock the big two, saying Hillary can't win the general election and Obama is too green to be elected president. Tom Vilsack won't come out and say anything that blunt, but he is likely to talk about his own history of success in a swing state. By next June, when Democratic donors start cutting their checks, we'll have a pretty good idea if he can repeat any of that history on a much bigger stage.

For Democrats, 'Not-Hillary' Field Takes Shape (WSJ)

By John Harwood

The Wall Street Journal, December 1, 2006

MOUNT PLEASANT, Iowa -- For two years, the Democratic Party's 2008 presidential field has held an unusually well-defined shape: Sen. Hillary Rodham Clinton and everyone else. Yesterday, Tom Vilsack opened the effort to shake things up.

From a small college gymnasium here, in the town where he once served as mayor, the outgoing Iowa governor declared his candidacy with a call for "the courage to change" by improving health care and education, moving U.S. troops "out of harm's way" in Iraq and delivering "energy security" through development of renewable alternatives to Middle East oil. Policy aside, Mr. Vilsack boasts a home base in this critical swing state and an up-from-an-orphanage personal success story.

Still, he faces the same challenge as the rest of the Democratic field: How to stop a front-runner with opening strength to rival that of Walter Mondale in 1984 and then-Vice President Al Gore in 2000. Sen. Clinton's formidable assets include universal

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name recognition, unrivaled fund-raising capacity and strong ties to Democratic constituencies -- and the most-talented political spouse in American history.

Those represent high barriers even for the array of experienced candidates who might also jump in, from Mr. Gore to 2004 nominee John Kerry to Mr. Kerry's former running mate, John Edwards. Yet a rising sense of Democratic possibility, fueled by the party's sweep of congressional elections last month, has set off a rush to begin testing the vulnerability of Mrs. Clinton -- who so far hasn't declared herself a candidate.

All of her potential challengers have significant flaws. Mr. Gore has delivered hot rhetoric on everything from the war in Iraq to President Bush's overall performance in the six years since his near-miss in 2000. That may have turned him into an even more polarizing Democratic candidate than Mrs. Clinton, who as first lady condemned a "vast right-wing conspiracy" to undermine her husband.

Gore confidantes have said he doesn't plan to run, yet some prominent Democratic strategists discount that. The former vice president's network of political and financial supporters would allow him to bolt into the race on short notice. And the success of his recent documentary, "An Inconvenient Truth," has bolstered the perception that Mr. Gore's emphasis on climate change marks the leading edge of a rising political issue.

As for Mr. Kerry, his self-described "botched joke" on the military this fall may have renewed doubts about his political skills, but the Massachusetts senator hasn't abandoned hopes of reprising his candidacy. Nor has former Sen. Edwards, who has spent the last two years emphasizing his commitment to reducing poverty, recanting his vote to authorize the Iraq war and laying the groundwork for another run. Some Democratic veterans believe his efforts have been successful, though Mr. Edwards, who served one term in the Senate, has a limited record in public life, and in particular on national-security issues.

Potential candidates from the tier of less-familiar faces have the burden of showing they can command the attention and money to compete. Donna Brazile, Mr. Gore's 2000 campaign manager, estimates that any viable candidate must raise at least $40 million in 2007, when campaigning for the presidential race kicks off in earnest.

Among other contenders, centrist Sen. Evan Bayh of Indiana would bring Midwestern appeal; Delaware's Sen. Joseph Biden has foreign-policy credibility and experience from a brief 1988 run; and Gov. Bill Richardson of New Mexico boasts executive credentials, diplomatic service as President Clinton's United Nations ambassador and Hispanic heritage at a time when that constituency is increasingly pivotal.

The person with the greatest chance of altering the race appears to be Sen. Barack Obama, an African-American just two years removed from service in the Illinois state senate, whose message of hope and optimism has created a political sensation. Since disclosing weeks ago that he is reconsidering his previous commitment not to run in 2008, he has shot past all other would-be rivals save Mrs. Clinton; in a Pew Research Center poll last month, she led with 39% support among Democrats to Mr. Obama's 23%.

"Barack Obama is the Robert Kennedy of American politics for 2008," said Democratic pollster Peter Hart. "He generates more passion and more interest ... than any candidate I've seen over the course of the last two generations."

But "whether (he) can demonstrate that he's got the experience and he's got the background and can handle the job, I don't know," Mr. Hart said. "To be able to show that you have the wherewithal to govern in a post-9/11 world is going to be exceptionally important."

The increased premium on command of the national-security realm makes it more difficult for a 2008 long shot to repeat the breakthroughs achieved by small-state governors Jimmy Carter of Georgia in 1976 and Bill Clinton of Arkansas in 1992. Former Gov. Mark Warner of Virginia, once considered the hottest not-Hillary candidate, bowed out of the race to spend time with his family and perhaps await a vice-presidential nod.

Yet Howard Dean from tiny Vermont managed to achieve a meteoric rise in the 2004 Democratic race. That promise of unpredictability -- the hope of every dark horse -- is what Mr. Vilsack is banking on. It doesn't hurt that he has twice won statewide office in the state that opens the delegate-selection process, and that rivals aren't devaluing the state by ceding it the way Mr. Clinton and other Democrats abandoned Iowa in the face of Sen. Tom Harkin's favorite-son candidacy in 1992. Mr. Bayh is visiting Iowa next week, and Mr. Edwards's campaign is staking its strategy on an early Iowa win.

Mr. Vilsack acknowledged that his road won't be easy. But "I have always been the underdog and long shot," said the former mayor, who overcame a deficit in the polls in the campaign homestretch before winning the Iowa governorship in 1998.

Faith Groups Urge Cuts To AIDS Fund (BOS)

By John Donnelly

The Boston Globe, December 1, 2006

DOJ_NMG_0100599

LAKE FOREST, Calif. -- Some leading Christian conservatives, angry over the Global Fund to Fight AIDS's promotion of condoms and its perceived lack of support for faith-based programs, are pushing Congress to cut US support for the AIDS initiative, which was initiated by President Bush in a Rose Garden ceremony five years ago with a $200 million commitment.

The fund -- whose full name is the Global Fund to Fight AIDS, Tuberculosis, and Malaria -- has become one of the pillars of the international effort to fight infectious diseases, growing into a $6.6 billion organization that supports programs in 136 countries.

It is a primary vehicle for the AIDS-fighting efforts of the Bill & Melinda Gates Foundation. The only larger HIV and AIDS program in the world is the president's $15 billion, five-year plan.

But the Global Fund, which works closely with foreign governments, is not nearly as popular among conservative Christians in the United States. Some take issue with the Global Fund's policies, which include buying clean needles for drug users, and many are furious that just 6 percent of its program dollars goes to faith-based groups.

"There's cancer in the fund," said Peter L. Brandt, senior director of government and public policy at the Christian group Focus on the Family. "It does such an unbelievable job in discriminating against faith-based organizations."

Fund officials, worried about the religious right's influence in Congress, are pledging to try to give more money to religious charities. The executive director of the fund, Richard G.A. Feachem , yesterday told 2,000 people at an AIDS conference organized by the influential Saddleback Church in Lake Forest that the battle against the virus "will only succeed if the great faiths of the world become totally mobilized."

Feachem, in an interview, said the fund "wants to see many more programs" run by faith groups, though most funding decisions are made by local boards.

Feachem's visit to the church-organized conference occurred as the Senate is considering a proposal to more than double the Bush administration's $300 million budget request for the fund, to $700 million next year; the House wants to spend $445 million. This year, Congress sent $545 million to the fund, $245 million more than Bush requested.

Nonetheless, Brandt said he wants the government to eliminate all spending on the Global Fund's HIV programs because it is not providing sufficient money to faith groups and has given little support to abstinence messages. Brandt said the government could continue to support the fund's tuberculosis and malaria programs.

Some other Christian activists, such as Raymond Ruddy , president of the Gerard Health Foundation in South Natick, which gives about $2 million annually to anti abortion and abstinence programs worldwide, want all US money cut from the fund.

"I see a direct correlation of dollars given to the Global Fund and dollars taken away from" the Bush administration's AIDS efforts, Ruddy said. "The Global Fund is systematically excluding faith-based groups from getting money, and that's not right."

The Bush administration, for its part, has taken something of a middle ground, favoring spending of no more than $300 million on the fund this year.

"The Global Fund has to work; it has to be an integral part of the global response to AIDS," Ambassador Mark R. Dybul , US global AIDS coordinator, said in an interview in his Washington office. But Dybul said he wants the majority of government funds directed to the president's program because he believes it is "right now our most rapid response" to the AIDS pandemic.

Christian health associations deliver at least 40 percent of healthcare in several African countries, including Lesotho, Zimbabwe, Tanzania, Liberia, and Kenya, according to UN figures. In the past year, the US program spent 24 percent of its funds on faith-based groups.

Christoph Benn , director of external relations for the Global Fund, said 6 percent of the fund's principal recipients are religious groups, but money also flows to faith-based subcontractors, although the organization does not track the spending.

He said its system makes it difficult to earmark contracts to faith-based groups. Country oversight boards, consisting largely of government officials and community activists, put together proposals and a Geneva-based technical advisory panel selects recipients only among submitted plans. Faith-based groups hold 4 percent of seats on the country boards, according to fund documents.

Benn objected to several other allegations US Christians made , saying that many programs support abstinence-only messages for young people and also emphasize marital fidelity.

Some US Christian leaders support the fund. Rick Warren , head of Saddleback Church and author of the bestseller "The Purpose Driven Life ," gave Feachem, the Global Fund's director, a bear hug yesterday and pledged that he would work with the fund.

The battle over the fund, though, only is expected to intensify in the weeks leading up to the vote by Congress, expected early next year.

Shepherd Smith , who was instrumental in persuading Congress to set aside 33 percent of US AIDS prevention funds to support abstinence messages, said he and Ruddy tried a year ago to persuade the fund's board to increase spending on faith-based groups. "We were just blown off," he said.

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Some Christians' objections also are personal. A letter written earlier this year to members of Congress and signed by Ruddy and Focus on the Family decried the election of Asia Russell , a longtime AIDS activist, to the fund's board.

"She served as spokeswoman for the group who tried to strip naked at the [2004 Republican National] Convention as a protest against Bush administration policies," the letter said, adding, "The fact that the fund would elect a woman with zero qualifications to its board sends a clear message that this is not a serious healthcare organization but, rather, a group dedicated to pursuing a social agenda opposed to US policy."

Bernard Rivers , editor of the Global Fund Observer , an independent newsletter that reports on the fund, defended Russell's election, calling her "phenomenally talented and hard - working."

Russell said in an interview that "my qualifications are not the issue. The issue is the extreme, radical religious right attacking the Global Fund and its supporters because the fund is driven by what countries actually want and doesn't fund unscientifically and technically unsound approaches." She was referring to abstinence-only programs.

A Circle Of Strength (WP)

By Jose Antonio Vargas

The Washington Post, December 1, 2006

Every Wednesday the men come to see Gary Isler.

Like him, they are recovering addicts and ex-convicts. Unlike him, they are living with "the sauce," "the alphabets." HIV.

And each week they come to the fluorescent-flooded room in Southeast Washington and sit in the circle of plastic chairs that Isler has arranged for them. Sometimes there are five men, sometimes a dozen. Isler thinks there could be more.

Each week he knocks on doors, calls and calls, fishing for those who live on the margins of the marginalized. It is one thing to be poor in the District of Columbia, Isler explains. It is another to be poor and battling drug addiction. Add to that being an ex-convict trying to reintegrate yourself into a community, often the same one where you once stole and robbed, or worse. Now add HIV, and it becomes a world few see, unless you are a worker like Isler, or living inside it.

"They're like castaways," Isler says, "and they need a place to work on themselves."

About a year ago, he started Project Ujima, as the Wednesday group is called. It is, local AIDS workers say, the only one of its kind in the city. Theirs is not just a place in which poverty, prison, addiction and HIV intersect, the Ujima men say, but a place to heal. An unbroken circle where men with broken lives try to rebuild.

With a few exceptions, most allowed only their first names to be published. What they did share, over the course of six months, is what it feels like to inch toward success, or to hit a wall. To struggle toward a GED, or fall back into addiction. To find a job, or find yourself getting sicker.

* * *

At the D.C. jail, some 19,000 people, 90 percent male and black, are incarcerated each year, a third on drug charges. Some get infected while imprisoned. Others have no idea when they became ill. What's certain is, once they are released, if there is no support system -- a place to live, a family member to turn to -- then life is one precarious day after the next.

This summer, the jail became the first in the country to test all new inmates for HIV, says D.C. Department of Corrections chief Devon Brown. Currently 142 of 3,521 inmates in the city's custody have HIV, the agency says.

"The jail is like the city itself," says Marsha Martin, head of the District's AIDS office. "Both are still trying to figure out the reach of this epidemic. And it's less about the individual who goes to jail and more about the confining reality of the correctional system. We know that inmates are having sex inside. We know they're sharing needles. For drugs. For tattoos. And we know that when they get out of jail, they go back to our neighborhoods."

Then what?

If they are fortunate, Gary Isler knocks on their door.

For more than a year, Isler has worked as an outreach coordinator for Family and Medical Counseling Service Inc. When HIV-positive inmates are released from the D.C. jail, it is Isler's job to make sure they get medical help if they want it.

Sometimes they don't. Sometimes, it's too late. By the time Isler reached one guy this summer, the man was using illegal drugs again. Four others were back behind bars. Another prospective client relapsed, ended up in a nursing home and died.

The stories haunt him.

A man needs more than medicine to heal, Isler says. Which is why he started the project and called it Ujima, also known as the Courage to Change group.

In Swahili, "ujima" means "collective responsibility."

* * *

Just getting to the weekly meeting -- on the second floor of an office building at 2041 Martin Luther King Jr. Ave. SE, from 3:30 to 5 p.m. -- is an accomplishment.

Lee, who has spent nearly half his life behind bars, usually arrives first. He and Isler go way back, to when they were locked up in neighboring buildings in the now-defunct Lorton prison complex in Virginia. Lee's four kids, ages 12 to 27, don't know he's HIV-positive, he says.

Kevin Robinson is usually the second to show. In a bad drug deal 10 years ago, he got whacked in the head with a baseball bat and was pronounced dead at the hospital, he says. Except that he wasn't. Three years later, he contracted HIV.

Russell is a chatty, barrel-chested sports fanatic who'll talk field goals and three-pointers to anyone who'll listen.

Often the guy who's listening most intently is Stanley Richmond. He's so good at listening that the others sometimes wonder if he talks at all.

Then there's Isler, a compact 51-year-old with graying stubble, a quick wit and an air of understanding. He knows where these men have been, because he's been there. Knows what it's like to count every single dime. Which is why each week he gives the men bus tokens for attending. And every third Wednesday, he passes out $10 gift cards from Giant or Safeway.

Lee, Kevin, Russell and Stanley have become Ujima's core. You could fill half a century with the combined number of years they've spent locked up. But in the short time they've known each other, they have learned to see themselves in each other's stories and their new goals.

Kevin, 37, is practicing his multiplication tables to earn his GED.

Russell, 49, is looking for a job: "No one's in a rush of hiring an HIV-positive ex-con."

For Lee, 51, who's on parole until 2011, it's a slow climb to routine daily life, where getting his first credit card application in the mail is a major event. Bank of America is offering a $200 credit line. "I couldn't believe it," he says.

And here are some more numbers:

Four hundred and three dollars. Kevin's monthly income.

Twenty-five. The number of years Stanley, 50, has lived with HIV.

Ten. The number of relatives Ujima men have lost to AIDS complications. A mother, cousins, sisters and brothers.

* * *

After walking out of Lorton on April 19, 1988, Gary Isler tried to do the right thing. He's held on to a job. He's been with the same woman for 15 years. He's stayed clean.

Still, adjusting is hard, he says, recalling several years ago when he bought a used black Mazda MX-3. He was sure someone was going to pull his criminal record and take the car back as he tried to drive it off the lot.

His life still amazes him, and he often wonders how it is that he survived all the dirty needles and unprotected sex with women, without contracting HIV.

"Only by the grace of God," he says. He's lost so many friends to AIDS that he's stopped counting.

* * *

"Where have you been most broken?" Isler asks in the circle one afternoon in mid-July.

The men are silent, then Russell clears his throat.

"I was applying for a job downtown. Administrative aide, something like that," he says. "I was filling out some forms. And I just thought, 'Am I good enough for this? Do I even have a . . .' "

Lee interrupts. "See, you have to have a different mind-set," he says. "You have to think, 'I can get it, I can do this.' "

A few weeks later, it is Lee who revisits the question about being broken. He talks about, of all things, a Curious George doll he picked up at a dollar store.

"I put it underneath my arm the other night, sat on the bed, and broke down like a child. My old lady came around the bed and said, 'What's wrong with you?' . . . And I just told her, 'I miss everybody. They're all gone.' It just hit me all [at] one time."

Someone new always shows up. This time it's a 44-year-old named Michael, who excuses himself to go to the bathroom three times in 15 minutes, then tells the circle that he remains deep in a crack cocaine addiction.

"I always wanted to be a grown-up when I was kid," he says, "and now I'm a man and I'm acting like a boy."

And someone is always missing.

"Where's Drew?" asks Isler.

Drew accepted a role in a skit the men have been practicing, planning to perform it for Ujima's first anniversary celebration. In it, Lee plays an addict who gets jailed for stealing. Kevin plays a dealer. Stanley's the narrator. Russell, not much into acting, sits out. Last week, Drew, 53, was the arresting officer.

Isler turns to Michael. "Are you going to be here next week? I can tell in your face that you're going to be here. Can you play the part?"

"Nah, man," Michael says. "I got a lot on my mind."

"What's on your mind?" Isler asks.

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"I think my parole officer is going to lock me up. . . . I don't want to be locked up . . . but I done enough things to get locked up," Michael says, his face in his hands.

Every meeting ends the same, the men reciting a creed: "We the men of the Courage to Change group are dedicated to resolve our issues, eliminate our pains and improve our circumstances for the better."

* * *

"How do I tell a woman that I'm positive? When do I tell her?" asks Drew. He tested positive three years ago. His three brothers -- Joe, William and Robert -- all intravenous drug users, died of AIDS complications.

Stanley shrugs.

Russell sighs.

"That's a real tough thing." Kevin says. "I gotta tell you, I'm at a point now where I'm cool with telling . . ."

Lee cuts Kevin off.

"Whatever you do, just make sure you tell her before you sleep with her," Lee says. "You don't want that guilt hanging over your head."

Lee learned he was positive in 1993, three days before he was released from a federal prison in New Jersey. He's not sure when he got infected.

"I was in denial about [HIV], didn't want to deal with it," Lee says. For four years, he kept using cocaine and heroin, kept sleeping around with "a lot of women." They didn't ask if he was positive, and he never said anything. "That was the lifestyle I was living."

Adds Kevin: "I'm not ashamed of this thing" anymore. "Any lady I get in contact with, believe me, she knows what I'm dealing with. . . . I don't ever want to give nobody this."

He is one of the few men to give his full name. One of the few who talks about what it has been like in his neighborhood, where the teenagers who once hung out at his place to watch movies, or a game, don't come around much anymore.

"Viracept," the name of an HIV medication, is printed on his backpack.

* * *

Lee is nervous, and Isler is nervous for him.

The audience consists of employees of Family and Medical Counseling Service, the men of Ujima and members of another support group, this one for HIV-positive women. The group of 25 or so is cramped in a windowless basement in late August. On a table in the back is a chocolate cake with yellow icing that reads: "Happy 1 Year Anniversary!"

Isler is explaining the skit he wrote, a moment that the men in Ujima all know: detoxing, alone, in a cell. There is hope, too, he adds, "because we all need some hope."

Lee's character is on his back on the floor, clutching his stomach, screaming:

"Lord! Oh Lord! Oh Lord!"

Isler pushes a button on the CD player and James Brown's "King Heroin" fills the room.

I came to this country without a passport . . .

I can make a mere schoolboy forget his books

I can make a good man forsake his wife

Send a greedy man to prison for the rest of his life

* * *

A year passes and the men of Ujima can measure their lives beyond Wednesdays now.

Kevin is planning to take his GED exam in June.

Stanley won a scholarship to attend next week's "Staying Alive" summit in New Orleans hosted by the National Association of People With AIDS.

A job cleaning Metrobuses didn't come through for Lee, but he recently started a 15-week class for a commercial driver's license. He tore up the credit card application, decided it was too soon.

Isler, himself a man of unfinished business, is taking a class to earn his high school diploma.

Drew hasn't been seen much lately. Neither has Russell.

But Russell landed a telemarketing job that pays $13 an hour, and moved into his own apartment. It's been three months now and counting.

Clinton Helps Broker Deal For Medicine To Treat AIDS (NYT)

By Celia W. Dugger

The New York Times, December 1, 2006

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With the financial backing of a group of nations led by France, former President Bill Clinton announced Thursday that his foundation had negotiated deeply reduced prices for 19 AIDS drugs to treat children, halving the cost of the simplest-to-use therapy — three drugs combined in a single pill — to less than $60 a year for each boy and girl.

The countries, France, Brazil, Britain, Norway and Chile, are putting up $35 million to buy antiretroviral drugs and diagnostic tests to treat 100,000 more children in 40 nations next year. Most of the money was raised through taxes on airline tickets, a dedicated revenue source suited to ensuring the lifelong treatment of children with AIDS.

The Clinton Foundation, which has established a record of lowering AIDS drug prices in recent years, negotiated on the countries' behalf, using their pooled purchasing power to get volume discounts on the drugs.

The countries formed a new Geneva-based organization called Unitaid earlier this year to buy AIDS, tuberculosis and malaria drugs.

Only about 80,000 of the 660,000 children with AIDS who need treatment now get it, the United Nations AIDS agency estimates, and half the children who do not get the drugs die by the time they turn 2 years old. The United Nations Children's Fund, or Unicef, has described children as the invisible face of the AIDS pandemic because they are so much less likely than adults to get life-saving medicines.

"Providing drugs of this quality at these prices makes it even easier to scale up treatment," said Peter McDermott, who runs Unicef's AIDS program. "Unicef is extremely excited by this."

In addition to the Unitaid money to buy the drugs, the Clinton Foundation has raised $15 million to train doctors, upgrade pediatric wards and provide other assistance that the countries in Africa, Asia, Latin America and the Caribbean will need to treat the additional 100,000 children next year.

Cipla and Ranbaxy Laboratories, Indian generic drug manufacturers, will be providing pills that combine three antiretroviral drugs into a single tablet, a formulation that is easier to transport, store and use than multiple pills and syrups. The combination tablets also need no refrigeration, an important advantage in poor countries lacking electricity, and can be dissolved in water for babies and infants too young to swallow pills.

Sandeep Juneja, the H.I.V. project head for Ranbaxy, said in a telephone interview that the company was able to provide the lower prices because of the larger volume of sales and because the Clinton Foundation, buying on Unitaid's behalf, would consolidate many small purchases. He explained that the market for pediatric AIDS drugs was relatively small, fragmented and spread thinly across many countries.

"It would be a nightmare handling those small orders," he said. "Imagine 40 to 60 countries buying a few hundred bottles individually, with no way to predict how many bottles would be needed."

The new prices for 19 pediatric AIDS drugs are on average 45 percent less than the lowest rates offered to poor countries in Doctors without Borders' listing of AIDS drug prices, and were more than 60 percent lower than the prices the World Health Organization reported were actually paid by developing countries, the foundation said.

Mr. Clinton announced the price reductions yesterday at a children's hospital in New Delhi with Sonia Gandhi, the leader of the Congress Party, which is the chief member of India's coalition government. India is among the nation's benefiting from Unitaid's contributions.

Where AIDS Efforts Lag (WP)

By Lola Dare, Jim Yong Kim And Paul Farmer

The Washington Post, December 1, 2006

President Bush made a historic pledge in his 2003 State of the Union address: to get urgently needed AIDS treatment to 2 million people living with HIV in impoverished countries by 2008. Congress concurred and launched a major initiative to fight AIDS focusing on 15 developing nations. At a U.N. General Assembly conference on AIDS this year, the United States went further and committed, along with other countries, to come as close as possible to universal access to HIV treatment by 2010.

We have come a long way since 2000, when AIDS treatment was available to only the fortunate few. Activists campaigned successfully to drive down the cost of treatment with affordable off-patent AIDS medicines that are now available in most developing countries. After initial objections, the U.S. government became a major purchaser of generic drugs.

But now that donor governments are providing more funding and medicines are becoming available, a new bottleneck threatens the success and sustainability of the effort. People with AIDS in Africa are dying simply because there aren't enough nurses, doctors and pharmacists to administer treatment. Without a new effort to train, retain and support health workers in numbers sufficient to meet basic needs, the United States will not be able to keep the deal it made with Africa in 2003.

It takes years to graduate a new doctor or nurse, and most of them prefer to build a career in a major city with well-equipped hospitals. But with modest investments, donor governments can quickly empower and mobilize an army of health workers made up of the hundreds of thousands of unemployed or underemployed people living in the very settings where HIV's

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toll is heaviest. Women in particular are often already serving as caregivers at the community level, usually without training or compensation.

Starting in Haiti's central plateau, the organization Partners in Health has trained and employed hundreds of accompagnateurs, or health companions, across the group's projects in five countries, including the United States. Accompagnateurs are paid a stipend to provide a broad range of services, including drug distribution, disease observation and reporting, clinical referrals, and the social support that people with chronic illness so often need. This modest investment is, we believe, one of the chief reasons that adherence to AIDS therapy is so high within our projects -- and why death rates are so low.

Community health workers are lay people on the front lines who provide effective health services and support in countries reeling from AIDS. These nonprofessionals -- often living with HIV themselves -- are rooted in their communities, can be trained quickly and are less likely to emigrate in search of better wages and working conditions. They have deep knowledge of their communities, where they are familiar and trusted neighbors. With continuing training and support, they can rapidly form a strong and active force filling deadly gaps in health personnel and services.

Many programs have sought to rely on "volunteers" and deny these laborers pay for their services -- a model conceived in wealthy countries. But in poor countries this amounts to exploitation of the poorest to treat the sickest. It should be replaced by programs that ensure living wages, continuing training and a career path.

Community health workers cannot succeed alone; they are not an excuse to cut corners. Professional backup from doctors, nurses and medical officers is necessary to provide supervision and to treat referrals. But the pool of available health professionals in many African countries is too small to address basic primary-care needs and far from adequate to supply new donor-sponsored global health programs.

Unintentionally, the laudable U.S. efforts to fight AIDS and malaria in Africa can end up weakening primary health systems that are already crumbling by hiring doctors and nurses away from public clinics and hospitals where they are also desperately needed. When primary public health systems fail, disease-specific initiatives will also fail. The United States must get serious about increasing the overall supply and retention rates for health professionals in sub-Saharan Africa.

According to World Health Organization estimates, the U.S. share of the global cost of training and supporting a healthy workforce sufficient to meet internationally agreed-upon targets in sub-Saharan Africa is roughly $8 billion over five years.

On this World AIDS Day, we must match the audacity of President Bush's 2003 pledge with a complementary initiative for training and keeping enough new health professionals and community-level workers to fulfill the promises the United States has made.

Lola Dare is executive secretary of the African Council for Sustainable Health Development International. Jim Yong Kim and Paul Farmer are co-founders of Partners in Health International; both teach at Brigham and Women's Hospital and Harvard Medical School.

Keep Hope (WP)

The Washington Post, December 1, 2006

GLOBAL POVERTY stretches out across an endless plane, so the caravan of progress can sometimes appear stationary. Yet in fact there is advance: Since 1990 the proportion of the world's people living on $1 or less a day has fallen by a third, and primary school enrollment in developing countries has gone from 79 percent to 86 percent. One of the most heartening changes -- and the one for which aid donors most clearly deserve credit -- is improved access to medicines in poor countries. The number of people receiving AIDS drugs in sub-Saharan Africa has jumped tenfold in three years, and yesterday the William J. Clinton Foundation announced plans to boost AIDS treatment for children in 62 poor countries. Meanwhile, the Global Alliance for Vaccines and Immunization (GAVI), which since 2000 has prevented more than 1.7 million early deaths by supporting immunization programs, pledged Wednesday to accelerate the deployment of new vaccines for rotavirus, a diarrheal disease that kills 500,000 children a year, and pneumococcus, a major cause of pneumonia, meningitis and blood poisoning.

Over the past 50 years, vaccination campaigns have eradicated smallpox and contained polio, typhoid and measles. Because they do not require expert diagnosis or long-term treatment, vaccines are an especially formidable tool in countries with weak health systems. Some three-quarters of the world's children now receive a standard package of vaccines, saving 3 million lives a year and protecting millions more from disability. The cost of these programs per year of life saved comes to $20 in poor countries, according to the Center for Global Development. By contrast, medical interventions in the United States are considered cost-effective if they save a year of life for $50,000 or even $100,000.

Although vaccines are a bargain, they are not necessarily affordable. New ones have tended to be too expensive for poor countries, with the result that breakthroughs such as the Hib vaccine, which protects against one cause of meningitis as well as other killers, have remained virtually unknown in the poor world over a decade after their rollout in rich countries. This is the delay that GAVI promises to shrink. A pneumococcal vaccine was approved for use in the United States in 2000; it will be available in

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10 countries in Africa and South Asia starting in 2008. Also in 2008, two rotavirus vaccines that were approved in the United States and Europe this year will be available in 13 low-income countries in Eastern Europe and Latin America. As the vaccines are improved and the evidence of their effectiveness strengthens, GAVI will expand its program.

We should still remember that some 800 million people go hungry and that 10 million children die each year before their fifth birthdays. But it's also important to keep hope: The wagon is advancing.

Washington Wire (WSJ)

The Wall Street Journal, December 1, 2006

December 1, 2006; Page A12

Democrats whomped Republicans in last month's midterms, but oddly enough they're still calling in the legal cavalry to contest one of the few races they narrowly lost.

That would be Florida's 13th Congressional District, which runs along the Gulf Coast from just south of Tampa to just north of Fort Myers. The certified winner is Republican Vern Buchanan, who beat Democrat Christine Jennings by fewer than 400 votes out of more than 237,000 cast. Two recounts, which were demanded by Democrats and required by law, have reconfirmed Mr. Buchanan's victory and slightly increased the margin.

Unbowed, the Dems are now suggesting that defective voting machines cost them the race. They point to Sarasota County's 18,000 "undervotes," or incidences where voters cast ballots in other races but not the Buchanan-Jennings contest. Ms. Jennings -- along with such liberal partisans as People for the American Way and the American Civil Liberties Union -- has filed a lawsuit contesting the results based on "statistical and eyewitness evidence of significant machine malfunctions" in Sarasota's iVotronic touch-screen system.

They want a court to declare Ms. Jennings the winner by -- get this -- using statistical models to extrapolate that she would have received most of the undervotes. Short of that, they'll settle for nullifying the November results and holding a new election. But among the many things that are strange here is that if anyone ought to be complaining about undervotes, it's the GOP. Sarasota is the largest and most Republican county in the district, yet the Democrat, Ms. Jennings, carried it handily. In fact, it's the only county in the district that she did carry, which makes it more likely that it was Republicans who declined to vote in the Congressional race, not Democrats.

And there are reasons so many voters might have taken a pass on this race while voting in others on the ballot. For starters, the Republican primary featured an exceptional amount of mudslinging. The primary was also a five-man race with four candidates from Sarasota County. Mr. Buchanan won the GOP nomination with just 32% of the vote, and some of his primary opponents either waited until the last minute to issue a public endorsement or never got around to it. So it's entirely possible that voters were turned off by the negative campaigning and chose neither Mr. Buchanan nor Ms. Jennings in silent protest.

By the way, undervoting isn't uncommon in the district. Two years ago, there were more than 12,000 Sarasota County undervotes in Democrat Jan Schneider's House race against Republican Representative Katherine Harris. The 2000 race for the 13th district seat, which predated the use of touch-screen voting machines, also featured a high number of undervotes.

This week, Florida election officials began auditing the voting machines, which is the very thorough and transparent process for determining whether they worked properly on Election Day. There is still no evidence that the machines malfunctioned.

But never mind. Speaker-in-waiting Nancy Pelosi allowed Ms. Jennings to vote in House leadership elections last month, and Democrats could attempt to disallow the Florida certification and vote to seat Ms. Jennings in January unless a new election is granted. Democrats did precisely that in a contested Indiana House race 20 years ago when they last held Congress.

All of this underscores how anti-Bush hatred has unhinged the political left. They still see Karl Rove lurking outside every voting booth. The Buchanan-Jennings contest has become a particular rallying point for fears about electronic voting, and liberals now want the machines to provide paper trails in the event of a recount. This might be a reasonable request if it were made in good faith. But back during the Florida debacle in 2000, before touch-screen voting was widely used, the same Democrats and liberal columnists deplored the inaccuracy of paper ballots and those "hanging chads."

All of which suggests that their real problem is the outcome of the race, not the integrity of the voting process. Some liberals are so paranoid nowadays that they aren't happy even when they win.

When The Joneses Can't Keep Up (NYT)

The New York Times, December 1, 2006

An article in yesterday's Times about obstetricians who prefer working in Botox boutiques is a reminder that the growing gap between the rich and superrich has an impact on those of us who are neither. The article, by Natasha Singer, reported that

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family practitioners and emergency room physicians have also jumped over into the cosmetic treatment business because the money is so much better.

As The Times has noted in a series of recent articles, the very richest earners are increasing their earnings at twice the rate of their onetime peers, and the average-rich are taking resentful note. Investment bankers are jealous of hedge-fund wunderkinds and, from the sound of it, almost every last person in Silicon Valley is envious of the founders of YouTube (with the likely exception of the Google billionaires who bought their company).

It's hard for people flying in coach to have much patience with those in first class bemoaning their lack of a personal jet. Neither policymakers nor society at large need sympathize with the longing of millionaires to become billionaires. But we do need to worry about the effects on society as a whole when members of the educated elite think they are grossly underpaid. The more they feel as if they are losing ground against their peers, the more likely they are to ditch professions in which the pay is only good — like delivering babies — in favor of less useful careers in which the compensation is off the charts — like eliminating lines from wealthy people's foreheads.

America has long had a problem attracting enough well-trained people to important but not particularly well-compensated positions, like public defender, social worker or teacher. But an era in which a cancer researcher moves over into health-care management consulting because the pay is better — as Louis Uchitelle reported in The Times this week — is something else entirely.

Part of the explanation is undoubtedly a tax code that has sent the incomes of the wealthiest sliver of the nation into hyperdrive. Another might be the spike in education costs, which send many new doctors, lawyers and scientists out into the world armed with a diploma and a six-figure debt. But the bottom line seems to be that in 21st-century America, more people can't feel successful unless they're making a killing.

Dissent Weakens Coalition Pressing Iran On Nuclear Program (NYT)

By Helene Cooper

The New York Times, December 1, 2006

DEAD SEA, Jordan, Nov. 30 — After months of missed deadlines, threats and counterproposals in the effort to rein in Iran's nuclear ambitions, the fragile coalition of six world powers that has been facing down Tehran may be about to splinter.

Secretary of State Condoleezza Rice sounded fed up Thursday with Russia's refusal to sign on to the list of United Nations Security Council sanctions the United States would like to see enacted against Iran.

A senior administration official in Jordan with Ms. Rice said the United States would soon be ready to force the issue by calling for a vote.

"Unity is not an end in itself," Ms. Rice told reporters, in answer to a question about whether the United States was willing to sacrifice a tough sanctions resolution in order to keep the Russians on board. "I'm all for maintaining unity, but I'm also all for action."

Her comments came during a roundtable with reporters on the outskirts of a democracy meeting with Arab leaders in Jordan.

The Iran sanctions issue has been a vexing one for Ms. Rice. It has been six months since the six powers — the United States, Russia, Britain, Germany, France and China — offered Iran a list of incentives to stop enriching uranium and threatened sanctions if Iran did not. In June, at the time of the initial offer, American officials said Iran had "weeks, not months" to comply.

Since then, Iran has not complied, and since September, the six powers have been working on a Security Council resolution. But Russia has balked at the tougher sanctions sought by the United States, Britain and France.

A new draft resolution under consideration at the United Nations has dropped all mention of sanctions against Iran's first nuclear power plant at Bushehr, American and European diplomats said. The United States had initially proposed including Bushehr on the list of programs to single out, but Russia, which has been helping build the power plant with the Iranians, objected.

On Wednesday, Agence France-Presse reported that the International Atomic Energy Agency investigation of Iran's nuclear program was still being hampered by unanswered questions about work hidden by Tehran for almost two decades.

Tehran says its nuclear program is for peaceful purposes, an assertion that is disputed by the United States and its allies.

A senior Bush administration official said that if the six powers could not come to an agreement on the sanctions resolution before the end of the year, the United States would seek to put a resolution up for a vote in a bid to force Russia to take a public stance.

U.S. May Pursue Iran Sanctions Even If Russia Balks (WP)

By Glenn Kessler

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The Washington Post, December 1, 2006

DEAD SEA, Jordan, Nov. 30 -- Secretary of State Condoleezza Rice signaled Thursday that the United States is willing to risk a breach with Russia if the Russians do not soon sign on to a U.N. Security Council resolution to punish Iran for its nuclear activities.

"I am all for maintaining unity, but I am also in favor of action," Rice told reporters traveling with her as she devoted much of her day to other Middle East crises: trying to nurture a fledgling truce between Israel and the Palestinians, and attending talks in Amman, Jordan, between President Bush and Iraqi Prime Minister Nouri al-Maliki.

Six months ago, the United States said it would join European-led talks on Iran's nuclear programs if Iran agreed to halt uranium enrichment. Officials said at the time that they would give Iran "weeks, not months" to comply. But since Iran rejected the offer, the administration has engaged in difficult negotiations with Russia over the terms of a U.N. resolution to impose sanctions.

Until now, a key administration goal has been to keep the five nations on the Security Council that hold veto power, plus Germany, unified on the Iran issue. But Rice's remarks suggested that the administration's patience is waning and that officials could soon offer a resolution, daring Russia to veto it. Officials say they believe Russia would abstain instead, allowing passage of a resolution under Chapter 7 of the U.N. Charter.

Russia has strong business ties with Iran and is building a nuclear reactor in Bushehr, which it has sought to shield from the sanctions resolution.

"Obviously, we'd like to keep the unity of the P5-plus-one," Rice said, referring to the five permanent Security Council members and Germany, "but unity is not an end in itself. The goal is to get a resolution that makes sense in terms of convincing the Iranians that their behavior is not acceptable in the international community. We have to do something."

Rice, who is at this Jordanian resort to attend a conference on Arab democracy, devoted much of her day to trying to revive long-stalled peace talks between Israel and the Palestinians. Palestinian factions and Israel agreed this past weekend to a tenuous cease-fire in the Gaza Strip, and Israeli Prime Minister Ehud Olmert offered to release some Palestinian prisoners, reduce controls on the movement of people and goods in Gaza and the West Bank, and restart negotiations to create a Palestinian state.

Rice met first with the Palestinian Authority president, Mahmoud Abbas, in the West Bank city of Jericho before traveling to Jerusalem, where she met with Olmert and Israeli Foreign Minister Tzipi Livni.

In Jericho, Abbas announced that months of talks to establish a unity government had "unfortunately reached a dead end." The victory by the Islamic Resistance Movement, or Hamas, in legislative elections in January resulted in a cutoff of international aid, so Abbas, who heads the rival Fatah party, said the failure of the talks "is very painful for us because we know how badly the people have been suffering over the last nine months. All options are open, with the exception of civil war, which we will never accept."

Saeb Erekat, chief Palestinian negotiator and a Fatah legislator, said Abbas sought Rice's help on several issues. He asked her to work with Egyptian officials to support a so-far elusive exchange of hundreds of Palestinian prisoners in Israeli jails for Israeli army Cpl. Gilad Shalit, who has been held by Palestinian gunmen since late June.

Abbas also urged Rice to press Israeli officials to adhere to the terms of an agreement she helped broker last year governing the operation of the crossings between Israel and Gaza, Erekat said. Citing security concerns, Israel has kept the key cargo passages closed for much of the year.

Lebanese Sunni-dominated Security Forces Swell (LAT)

By Megan K. Stack

The Los Angeles Times, December 1, 2006

Beirut — The Lebanese government has nearly doubled the size of its security forces with some 11,000 mostly Sunni Muslim and Christian troops in recent months, and armed them with donated weapons and vehicles from the United Arab Emirates, a Sunni Gulf state.

The dramatic increase in interior ministry troops, including the creation of a controversial new intelligence unit and the rapid expansion of a commando force, is meant to counter the growing influence of Iran and its ally here, Hezbollah, Cabinet minister Ahmed Fatfat said in an interview this week.

The quiet, speedy troop build-up indicates that Lebanon's anti-Syria ruling majority, led by Premier Fouad Siniora, has been bracing itself for armed sectarian conflict since the withdrawal of Syrian forces in the spring of 2005. It also reflects growing tensions across the region between U.S.-allied Sunnis who hold power in most Arab nations and the growing influence of Shiite-ruled Iran and Hezbollah.

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Over the past week, government officials have moved some 8,000 additional troops -- 5,000 from the army and 3,000 from the expanded Internal Security Force -- into Beirut in preparation for a massive, Hezbollah-led demonstration set to begin Friday, Fatfat said. Hezbollah chief Sayed Hassan Nasrallah has summoned his loyal followers to flock into the capital from all over the country -- and to stay in the streets until the government collapses.

About a month ago, the new ISF troops were outfitted with weapons and equipment donated by the United Arab Emirates, an opulent confederation of Sunni states, said Fatfat, a Sunni Cabinet member who brokered the deal while serving as Lebanon's interior minister.

Fatfat spoke this week from within the prime minister's offices, where he and other Cabinet ministers have been sleeping and working under tight guard of gunmen and armored personnel carriers. With talk of civil war weighing heavily on the capital and threats of bloodshed flying, the pro-Western ministers fear for their lives.

"In Lebanon, it is dangerous to make politics. When I went into politics in 1991, I paid off (my pension) and took out an American life insurance policy," Fatfat said. "But now it is more serious . . . (Hezbollah and its allies) are trying to make a coup d'etat."

Even now, the military capability of the ISF is inferior to both Hezbollah and the Lebanese army, analysts say. But the ISF is the only Lebanese armed force that is devoted, analysts say, to protecting the embattled, Sunni-led coalition now struggling to cling to power.

Nasrallah, who has declared Fatfat and the rest of the government illegitimate tools of American interests, controls a heavily armed, openly religious militia of Shiite guerrillas. The mixed-sect Lebanese army, which has at least 60,000 ground forces, is overseen by Christians, but is believed to have no strong political allegiances overall.

The role of the United Arab Emirates in the reinvention of the ISF illustrates the broader, regional implications of tensions between Lebanon's Sunnis and their Christian and Druze allies on one side, and Shiite Hezbollah, which has tight ties to both Iran and Syria.

"All of the Arab governments . . . are afraid of the big strength of Iran in all the Middle East," Fatfat said. "In Lebanon, it seems we are an arena between Syria and Israel, but there's a new role for Iran."

The U.S.-led toppling of Iraq's Sunni-dominated regime in 2003, along with the growing power and ambition of Shiite-led Iran, has dramatically fed tensions and fears between Islam's two major sects, analysts say. Sunnis around the region, especially the U.S.-backed Sunni governments of the oil-rich Arab Gulf, have grown increasingly fearful of Shiite power. That animosity has seeped into Lebanon, especially since the strong military performance of Hezbollah against Israel in the summer war.

"After the coming of Americans to Iraq and the revival of the Shiites, everybody is talking along confessional lines," said Elias Hanna, a military analyst and retired Christian general in the Lebanese army.

The U.S. refused earlier this year to donate weaponry to the Lebanese interior ministry, Fatfat said. Still, the U.S. administration is friendly with the United Arab Emirates, and the creation and arming of anti-Hezbollah forces in Lebanon are widely seen to be in Washington's interest.

"Part of the U.S. strategy there is predicated on building the capability of Lebanese forces," said Dan Byman, director of security studies program at Georgetown University and a former Middle East analyst at the CIA.

The U.S. government would like to see Lebanon capable of defeating Hezbollah militarily if need be, he said, "which right now, is not the reality."

Until Damascus was forced to withdraw its soldiers from Lebanon last year, the Interior Ministry was in the hands of Suleiman Franjieh, a Christian with lifelong ties to the Syrian regime. Back then, about 13,000 ISF troops were stationed in Beirut. Most of them had no guns.

In those days, about a quarter of the ISF troops were Shiite, said Amin Hoteit, a military analyst and retired Shiite general in the Lebanese army. Through contacts in military circles and the ISF, Hoteit says he has mapped the sectarian evolution of the ISF troops.

Under de facto Syrian administration, the Interior Ministry didn't have a large enough budget to arm its troops, who were deliberately marginalized in the face of a powerful, Syrian-run Lebanese army, Fatfat said.

That changed shortly after the Syrian withdrawal, when Siniora's government, heady with anti-Syria and independence slogans, was swept to power in national elections. The ministry was taken over by pro-Western Sunnis. A flurry of recruitment rapidly grew the ranks of the ISF to 24,000 troops. To the dismay of many Shiites, the government poured millions of dollars into a new intelligence agency and increased five-fold the black-clad commando unit known as the Panthers.

"The Shiites are very upset. They don't understand why there's this new intelligence agency and they're not represented in it," said Timur Goksel, a Lebanese military analyst and longtime U.N. negotiator. "They feel things are going on, but they don't know what."

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At the same time, the proportion of Shiite recruits to the ISF has dropped drastically, shifting the sectarian balance to favor Sunnis and Christians, Hoteit said. Under Siniora, only about 1,000 of the 11,000 new troops were Shiites, he said. More than 4,000 were Sunnis, he said.

Although Lebanon already had three intelligence agencies, last December's assassination of anti-Syria lawmaker Gibran Tueni convinced the government that Lebanon needed a new, anti-Syria intelligence group, Fatfat said. The charge was led by Saad Hariri, head of the parliament's majority bloc and communal leader of the Sunni sect. Hariri's father, former premier Rafik Hariri, was also assassinated last year in a bombing attack widely blamed on Syria.

The move to equip the intelligence agency and to install surveillance cameras on the streets of Beirut met tremendous political resistance from Hezbollah and Amal, the two Shiite parties, Fatfat said. Fatfat acknowledged that Sunnis and Christians dominate the ISF, but said that Shiites also have a more sizable presence than Hoteit's figures indicate.

Whatever the exact proportion of Shiites, popular perception writes off the ISF an armed wing of the Sunni sect and a staunch backer of Siniora's government. Both on the street and among analysts, there is a conviction that Siniora, Hariri and Fatfat developed the ISF to protect Sunni, pro-Western interests in Lebanon.

"There is no trust of the (ISF) here, they are seen as a sectarian, Sunni force," Goksel said. "Not just the Shiites say it, but the Christians too: That it's to make up for the lack of a Sunni militia."

With Hezbollah vowing to drive the government out of office in coming days, there is growing trepidation among many Lebanese over whether the ISF will become involved in street fighting.

There are also worries over what the ISF would do in case of civil war. Lebanon has a complicated history of official, armed forces dividing along sectarian lines, or devolving into militias, during religious strife.

"The ISF is now perceived as a threat by the Shiites," said Patrick Haenni, a Beirut-based analyst for the International Crisis Group. "The fear of the ISF is because it's very close the government."

Hezbollah Sets Anti-Government Protest, Sit-In (WP)

By Anthony Shadid

The Washington Post, December 1, 2006

BEIRUT, Nov. 30 -- In a dramatic day of dueling statements, Hezbollah's leader called on his supporters and allied forces to pour into Beirut on Friday to bring down the U.S.-backed government, a move Lebanese Prime Minister Fouad Siniora compared to a coup attempt. He insisted that the government would fall only through a vote of parliament, not a show of force in the streets.

The call Thursday by Hezbollah leader Hasan Nasrallah for a protest and open-ended sit-in marks the sharpest escalation yet in a month-long crisis that may decide the direction of Lebanese politics for years ahead, and it represents a potentially precarious step along Beirut's many fault lines of politics, ideology and sect. Lebanese newspapers have described Nasrallah's call as the "zero hour"; Siniora, in a forceful nighttime speech, repeatedly characterized the coming period as "decisive days."

"Lebanon's independence is threatened and its democratic system is in danger," the prime minister said in a televised address from the government headquarters. "Threats will not deter us. Maneuvers and ultimatums will not terrorize us."

He ended with words he used during this summer's war between Israel and Hezbollah, a radical Shiite Muslim movement: "Lebanon will remain, will remain, will remain."

On one level, the crisis pits Hezbollah and its allies, backed by Iran and Syria, against a government, supported by the United States and France, that sees Hezbollah's demands for greater representation in the cabinet as excessive and destabilizing. But in the background are broader struggles over the country's foreign policy -- whether to tilt toward the United States or Iran -- and the power of the Shiite community, Lebanon's largest but long disenfranchised.

In an unusually short televised speech, Nasrallah stressed that the demonstration should be "civilized and peaceful." Sitting before flags of Lebanon and Hezbollah, he spoke slowly, seeming grimmer than he has in past statements, which have often run an hour.

"We have found that negotiations and consultations have hit a wall because the ruling group insists on monopolizing power," Nasrallah said. "We have no choice left but that of a popular movement to put pressure and to achieve this goal."

Within minutes, residents of Beirut's largely Shiite southern suburbs, Hezbollah's stronghold, set off fireworks to celebrate.

"There is no way to overthrow this government except through the parliament," Siniora answered. More fireworks followed his speech, and cars moved through the downtown streets with horns honking.

Hours after Nasrallah's call, Beirut braced for Friday's protest and sit-in. The military has put thousands of troops into the streets, placing armored personnel carriers, roadblocks and barbed wire around the government building and parliament, where Siniora and other ministers have taken up residence. After nightfall, fortifications went up at the nearby U.N. headquarters, within walking distance of the site of Friday's protest.

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The crisis has paralyzed Lebanese politics, largely because hardly anyone sees how the struggle can be resolved. Hezbollah has demanded a share of the cabinet that would effectively give it a veto over political decisions, a move Siniora's government has rejected. In the speeches Thursday, neither side suggested there was a negotiable way out.

Yet some residents expressed satisfaction Thursday that protests threatened since the end of October would finally arrive. Siniora's supporters seemed confident Thursday night, with some sensing that Hezbollah was playing its last card. If the protests fail to topple the government, they said, Hezbollah will be left with few options to try to force change.

"They have the right to demonstrate, and they are more than welcome to stay in the street for as long as they want," said Marwan Hamadeh, the telecommunications minister. "The government is not going anywhere."

Rice Urges Mideast Leaders On Peace Deal (AP)

By Anne Plummer Flaherty

AP, December 1, 2006

Secretary of State Condoleezza Rice tried to build momentum Thursday for a fragile cease-fire agreement between the Israelis and the Palestinians, urging both sides to expand the peace deal beyond the Gaza territory.

But U.S. options were limited, as Palestinian President Mahmoud Abbas said he was finished negotiating with radical Islamic militants who assumed control of the Palestinian government in January. Abbas has been trying to create a new unity government that would lift an international aid boycott, but elected Hamas leaders have refused to meet demands by the West and Israel that they renounce violence against Israel and recognize it as a state.

After a blitz of diplomatic meetings, Rice said she was still hopeful the small window of opportunity afforded by the cease-fire could be expanded into a long-lasting peace agreement.

"You don't expect great leaps forward," Rice told reporters. "You expect just progress and I think we've seen progress."

Rice met briefly with Abbas in the West Bank town of Jericho before driving to Jerusalem to meet separately with Israeli Prime Minster Ehud Olmert and Israeli Foreign Minister Tzipi Livni.

"Hopefully we can take this moment to accelerate our efforts and intensify our efforts toward the two-state solution that we all desire," Rice said at a news conference with Abbas.

Moderate Arab leaders consider a political deal between Israel and the Palestinians a necessity to quieting violence throughout the region, including Iraq and Lebanon.

U.S. and Iraqi officials briefed President Bush Thursday on a plan to accelerate the capability of the Iraqi security forces so U.S. troops can come home sooner. Rice said Bush is considering the recommendations and other proposals and recognizes the Iraq war is not making as much progress as hoped.

Rice said the U.S. would address Iraq and the Israeli-Palestinian conflict on their own merits, but that they were linked.

"What is clear is that in all of those places, you have the obvious contest between moderate forces and extremist forces, and I think that's what common to all of them," Rice said. "And you do have in all of those cases as well an Iranian factor that is undeniable."

Regarding Iran, Rice said the U.S. would continue to press Tehran to stop its nuclear program, even without a detailed international agreement.

"Unity is not an end to itself," she said. "The goal is to get a resolution that makes sense in terms of convincing the Iranians that their behavior is not acceptable in the international community."

The recent cease-fire ended a five-month Israeli military offensive in the Gaza Strip and the firing of rockets by Palestinian militants from Gaza into Israel. Olmert on Monday announced he was prepared to grant Palestinians a state, release desperately needed funds and free prisoners if they choose the path of peace.

But prospects for real progress were dimmed by the political roadblock facing Abbas on Hamas' hardline position.

"Unfortunately now we have reached an impasse," Abbas said.

Asked about Abbas' options now, Rice declined to get involved.

"That's for the president to decide — he's the elected official, not me," she said.

Rice accompanied Bush during morning sessions concerning Iraq in nearby Amman before breaking away for her meetings later with the Palestinian and Israeli leaders.

"Our government strongly believes in the two-state solution," Bush said Thursday at a news conference attended by Rice. "I believe it's in the Palestinian people's interest that they have their own state and I believe it's in Israel's interest that there be a democracy on her border and therefore we're working to that end."

The United States is under pressure from moderate Arab states to urge Israeli restraint and help Palestinians trying to cross the borders. Egyptian Foreign Minister Ahmad Abou al-Gheit told reporters the U.S. must "encourage Israel to soften the measures that they have been applying, at least in the West Bank."

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Rice said she hoped a lasting cease-fire would help alleviate those concerns. She also said the Bush administration wants to ask Congress for money to aid the development of a tougher Palestinian security force.

"It goes without saying that if you want the Palestinians to take more responsibility for security, then they have to have adequate security forces to do it and I think the Israelis understand that," Rice said in a media round-table following a summit meeting.

Foreign Ministry spokesman Mark Regev told reporters that Olmert wants to extend the cease-fire to the West Bank once it has proven effective in the Gaza Strip.

Afterward, Rice attended a U.S.-backed Mideast democracy and development summit in Jordan, where she met with foreign ministers from the Gulf Cooperation Council, as well as Egypt and Jordan. The council is composed of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Rice Presses Palestinians, Israelis To Extend Ceasefire (AFP)

By David Millikin

AFP, December 1, 2006

US Secretary of State Condoleezza Rice pressed Israeli and Palestinian leaders to expand a fledgling ceasefire as a step toward reviving their moribund peace process and easing conditions for millions of Palestinians.

Rice met with moderate Palestinian president Mahmud Abbas in the West Bank town of Jericho and then with Israeli Prime Minister Ehud Olmert in Jerusalem as the fragile truce covering the troubled Gaza Strip enclave entered its fifth day.

"We hope (the truce) will be consolidated so that it can be extended because we would hope in time for a comprehensive ceasefire," Rice said during a joint news conference with Abbas -- a message she repeated after her Jerusalem talks.

The ceasefire has become a main focus of peacemaking efforts after Abbas acknowledged the failure of a months-long bid to create a new Palestinian government amenable to Israel and the West.

He said the negotiations with the radical Islamist movement Hamas, which won control of the self-rule government in elections earlier this year but has been blacklisted by Israel and most Western governments as a terrorist organisation, had "unfortunately reached a dead end".

Abbas aide Yasser Abed Rabbo said "unprecedented political measures" would soon be announced following the collapse of the power-sharing talks.

Israel, the US and the European Union have imposed a devastating aid boycott on the Hamas-led government because it refuses international demands to renounce violence or recognise Israel's right to exist.

The boycott has caused severe hardship for the Palestinians and fed pressure, notably from moderate Arab states, for the US to make a more concerted effort to end the stalemate.

After her talks in Israel, Rice met at a Dead Sea resort in neighboring Jordan with foreign ministers from the six Gulf states, Jordan and Egypt, who renewed the appeal, Egyptian Foreign Minister Ahmed Abul Gheit said.

Gheit told reporters the Arab ministers urged Rice "to encourage Israel to soften the measures that they have been applying, at least in the West Bank".

He said the foreign ministers also backed the demands for a widening of the ceasefire.

Under the current terms of the truce, Palestinian armed groups in Gaza agreed to halt rocket attacks against the Jewish state in exchange for an Israeli troop withdrawal from the territory.

Despite isolated rocket fire the truce has held, ending five months of bloodshed in the Gaza Strip which has left some 400 Palestinians and three Israeli soldiers dead in the territory.

Israeli officials said that if the Gaza ceasefire succeeded, they would be willing to extend it to cover the West Bank and take steps to ease onerous travel restrictions on Palestinians in both areas -- something Rice has been urging for months.

"If the ceasefire works in Gaza, you can duplicate in the West Bank," said foreign ministry spokesman Mark Regev shortly before Rice met with her Israeli counterpart, Tzipi Livni, who is also deputy prime minister.

Regev reaffirmed an offer first made in a speech by Olmert on Monday -- to open key crossing points into the Gaza strip, cut back checkpoints and roadblocks and restrict army operations in the West Bank if security forces loyal to Abbas enforce the ceasefire.

Israel's benchmarks for the ceasefire are a halt to rocket attacks from Gaza, an absence of suicide bombings and an end to the smuggling of arms and explosives through tunnels under the frontier between Gaza and Egypt, he said.

"We don't want the ceasefire to be used by some as a time-out for upgrading the strategic capabilities" of terrorists, Regev said.

To bolster the truce, Abbas asked Rice to help gain quick Israeli approval for the deployment to Gaza of 1,500 fighters from Jordan-based Palestinian militia the Badr Brigade which is loyal to the moderate leader, a Palestinian official said.

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Abbas also wants Israel to permit the provision of funds and arms to his own security force, the official added.

Rice, on her seventh trip to Israel and the Palestinian territories in two years, did not go into specifics about what kind of steps she had asked the Israelis to take.

There was no indication that her latest effort will produce any significant breakthrough in a peace process which has been frozen since the outbreak of a popular Palestinian uprising in 2000.

Abbas Says Palestinian Unity Talks Have Reached An Impasse (NYT)

By Helene Cooper

The New York Times, December 1, 2006

DEAD SEA, Jordan, Nov. 30 — Talks to form a Palestinian unity government are at a dead end, the Palestinian Authority's president, Mahmoud Abbas, said Thursday, ensuring that the Bush administration's plan to start pushing hard for a Middle East peace initiative will stay in a deep freeze for now.

Mr. Abbas gave his grim assessment about the state of talks between his Fatah faction and Hamas, the militant faction that controls the Palestinian government, after a one-hour meeting with Secretary of State Condoleezza Rice in Jericho, in the West Bank. And while this is the second time Mr. Abbas has declared the unity talks dead — he did so in October, and talks resumed this month — there was a sense of defeat at the press briefing, which Mr. Abbas conducted with Ms. Rice.

"We wanted a cabinet capable of easing the suffering of our people," Mr. Abbas said. "This is very painful for us because we know how badly the people have been suffering over the last nine months."

The United States and European governments have said they will continue to boycott the Palestinian government and withhold aid from it until there is a change to a government with which they can do business. That would mean the resignation of the current Hamas administration, which came to power nine months ago in an election, and an agreement on a political program that at least could be interpreted to mean an acceptance of the West's three conditions: recognition of the right of Israel to exist, the rejection of violence and an acceptance of previous Israeli-Palestinian initiatives.

Ms. Rice, who is in Jordan for a democracy forum, took a six-hour side trip to Jericho and Jerusalem as part of the administration's new effort to address repeated requests from its Sunni Arab allies that the United States do more to push forward a peace initiative in the Middle East.

She spent more time shuttling between Jordan, Jericho and Jerusalem than in her lightning-quick meetings with Mr. Abbas and with Prime Minister Ehud Olmert and Foreign Minister Tzipi Livni of Israel.

American officials said they had hoped to use this trip to build on the fragile Gaza cease-fire reached Saturday between the Israelis and the Palestinians, and perhaps to start a Middle East peace initiative. That hope was bolstered Monday after Mr. Olmert offered to release Palestinian prisoners in exchange for a captured Israeli soldier and said he was reaching out "for peace."

But chances for a new initiative evaporated Wednesday after the Hamas leader, Prime Minister Ismail Haniya, took off on a monthlong trip to visit Arab allies, a clear indication that the unity talks between Hamas and Fatah had reached an impasse.

On Thursday, Israeli soldiers in the West Bank shot and killed a 16-year-old Palestinian, who they said had thrown explosives at them.

Mr. Abbas said he was considering new options to get around the unity-government impasse, but he declined to elaborate. "In the past few days we have come to the conclusion that the doors are locked," he said. An Abbas aide, Yasir Abed Rabbo, said Mr. Abbas would take "unprecedented political steps."

Referring to Mr. Abbas, Ms. Rice told reporters, "He gave Hamas its chance." She added, "I think you're going to see forward movement now on a number of fronts."

American, Israeli and Palestinian officials said options included dissolving the Palestinian government and calling for elections. But it is unclear whether the Palestinian constitution allows for such a step and how it could be brought about.

The United States and Israel would welcome the dissolution of the Hamas-led government, particularly if new elections showed that Palestinians had become fed up with Hamas and voted out its representatives. But Hamas unexpectedly won the previous parliamentary elections, ousting Mr. Abbas's Fatah party.

President Bush offered his support to Mr. Abbas. The Palestinian leader, he said, "deserves the support of the world and he deserves support in peeling his government away from those who do not recognize Israel's right to exist."

Rice Urges Widening Of Gaza Cease-fire (WT)

By Joshua Mitnik

The Washington Times, December 1, 2006

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TEL AVIV -- On a quick swing of shuttle diplomacy in the West Bank and Jerusalem, Secretary of State Condoleezza Rice yesterday praised Israelis and Palestinians for efforts to restart peace negotiations while urging both sides to widen a five-day-old truce in the Gaza Strip.

With President Bush in Amman, Jordan, for strategy talks with Iraqi Prime Minister Nouri al-Maliki, Miss Rice stopped first in Jericho to meet with Palestinian Authority President Mahmoud Abbas, who informed her that talks with Hamas to set up a unity government had reached an impasse.

In Jerusalem, the secretary of state held separate meetings with Israeli Foreign Minister Tzipi Livni and Prime Minister Ehud Olmert.

The detour into Israel and the West Bank was set up this week after Mr. Olmert delivered a conciliatory speech to the Palestinians offering a state with contiguity and sovereignty, in addition to a list of gestures aimed at relieving economic pressure on the Palestinian public.

"I also appreciate the statement of restraint that the Israeli government has issued concerning the cease-fire because it is quite fragile, but we would like to see it consolidated and extended," Miss Rice said alongside Mrs. Livni.

Officials said no breakthrough was expected to come out of the talks and that the primary purpose was to demonstrate U.S. involvement despite only a faint glimmer of optimism for an end to the hostilities.

The Gaza cease-fire has ended five months of violence in which 375 Palestinians were killed and which brought Israel to the brink of ordering an all-out invasion into Gaza.

The Palestinians want to expand the cease-fire to the West Bank, but the Israeli security establishment probably will recommend against that in the short term.

Mrs. Livni said the truce and Mr. Olmert's speech made for "a special week."

"I'm seeking the implementation of the cease-fire," she added.

The Israeli foreign minister also updated Miss Rice on the Egyptian-mediated negotiations to release Cpl. Gilad Shalit, whose abduction in June spurred a major Israeli push into the Gaza Strip.

In Jericho, Miss Rice heard Palestinian pleas to lift roadblocks in the West Bank and stop the growth of Jewish settlements in the region.

Few observers expect Mr. Abbas to be able to rein in scores of gunmen responsible for firing rockets, but the photo opportunity with Miss Rice and the potential for a renewed negotiations are helping to bolster his standing at a time of increasing anarchy among Palestinians.

The breakdown of the Palestinian unity government talks between Mr. Abbas and Hamas could doom chances of a wider deal on a prisoner swap for Cpl. Shalit.

A U.S. official said that the secretary of state's "last-minute" trip was designed as a briefing on Israeli and Palestinian thoughts about the latest cease-fire -- the third major truce between the sides since the start of the uprising in 2000. The official acknowledged that Mr. Olmert's speech contained few new ideas, but added that it didn't matter.

"It's true this wasn't something new and novel, but you don't need something new and novel when you can move back on the track," the official said.

In Somalia, Rare Suicide Attack Kills 5 (WP/AP)

The Washington Post, December 1, 2006

MOGADISHU, Somalia, Nov. 30 -- Three bombers exploded cars outside the base of Somalia's interim government Thursday, killing themselves and five other people, officials said. The government blamed foreign al-Qaeda fighters for the attack, which was believed to be only the second suicide bombing ever in the country.

Deputy Defense Minister Salad Ali Jelle said the bombers detonated the explosives as police tried to inspect their vehicles at a government checkpoint outside Baidoa, the only town the government controls. One of the bombers reportedly was a woman.

Jelle said the dead included two policemen and three accomplices of the bombers. Four civilians were wounded.

A policeman at the scene, Mohammed Ahmed Mohamud, said three non-Somali men were captured at the checkpoint. There have been numerous reports of foreign Islamic radicals coming to Somalia to join the fighting.

The Islamic movement that controls most of southern Somalia denied that it was behind the bombing. "Terrorism is not our principle, and we have nothing to do with what has happened," said Mohamed Ibrahim Bilal, a spokesman for the movement.

Tensions are high in Somalia, where the Islamic movement and the interim government are vying for control. The Islamic group has steadily gained ground since seizing the capital, Mogadishu, in June. A confidential U.N. report obtained last month said that as many as 8,000 Ethiopian troops are in the country supporting the government.

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Ethiopia has acknowledged sending military advisers to help the Somali government. Earlier Thursday, the Ethiopian Parliament authorized military action if Ethiopia was attacked by the Islamic movement.

Somalia has not had an effective government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another.

Rice Prods Congress On India Nuke Bill (AP)

By Foster Klug

AP, December 1, 2006

Secretary of State Condoleezza Rice says relations with India could suffer if Congress fails to satisfy White House objections to legislation that would allow shipments of U.S. civilian nuclear fuel to India.

Critics of the plan say the Bush administration wants to remove what they say are the few remaining restraints against the spread of nuclear weapons. The plan, which President Bush considers a priority, would reverse decades of U.S. anti-proliferation policy.

Rice's misgivings were expressed in a letter to leading lawmakers that The Associated Press obtained Thursday.

Her intervention could complicate prospects for approval of the legislation. Lawmakers are trying to finish work on a final version of the bill before they leave for the year. They must reconcile competing bills passed by the House and Senate.

Rice's letter attempts to deal with objections from both the administration and India.

For example, before the U.S. could begin nuclear cooperation with India, the president would have to determine that India was "fully and actively" helping U.S.-led efforts to confront Iran's nuclear program, according to the Senate's version.

Rice said this would be viewed by India "as adding additional conditions" to the original agreement and "could reopen the terms of the initiative to renegotiating."

Rice also cited a section in the Senate bill that would ban the transfer of nuclear enrichment and reprocessing equipment or facilities to India. "It is not appropriate to single out India, which has been a responsible steward of its nuclear technology," she wrote.

Supporters say the accord strengthens an important relationship with a friendly Asian power that long has maintained what the United States considers a responsible nuclear program.

"There's been a consistent sense by the Indian side that there's been a movement of the goal posts" as Congress considers an agreement reached in July 2005 by Bush and Indian Prime Minister Manmohan Singh, said Rep. Joseph Crowley, D-N.Y.

"The failure to follow through on the reached agreement between the two countries would send a very negative message to India," Crowley said.

Critics say the plan could boost India's nuclear arsenal and spark an arms race in South Asia.

"It's not a good day for nuclear nonproliferation," said Rep. Edward Markey, D-Mass. "Apparently, Secretary Rice is allergic to even these few nonproliferation fig leaves which have allowed the flawed agreement to proceed."

Bush Calls Latin American Presidents (AP)

AP, December 1, 2006

President Bush called two Latin American presidents Thursday whose countries are in the middle of leadership changes.

Bush's calls to outgoing Mexican President Vicente Fox and Ecuador's President-elect Rafael Correa came as the U.S. leader was flying back to Washington after a four-day trip overseas.

Bush called Fox to wish him well as he ends his presidency Friday with the inauguration of President-elect Felipe Calderon, said National Security Council spokeswoman Kate Starr. Starr said the call and the other to congratulate Correa each lasted a few minutes.

The left-leaning Correa has worried Washington with calls to limit foreign debt payments. He is friends with anti-U.S. President Hugo Chavez of Venezuela. Correa has called President Bush "dimwitted" and wants to limit U.S. military activities in Ecuador.

Starr said Bush congratulated Correa personally and the Ecuadorian people more broadly for their commitment to democracy. "The two leaders expressed their interest in working together to solve common problems," Starr said.

Mexico's Besieged New Leader Faces Tough Challenges (NYT)

By James C. McKinley Jr.

The New York Times, December 1, 2006

DOJ_NMG_0100615

MEXICO CITY, Nov. 30 — It is a measure of the problems Felipe Calderón will confront as president when he is sworn in on Friday that both his conservative supporters and leftist opponents have camped out on the dais in Congress where the ceremony is to take place.

The leftists swear they will stop Mr. Calderón from taking the oath of office. The conservatives vow to ensure that he does. The standoff has become comic, as legislators from both sides have stayed up all night singing ranchero songs in between hurling fists and insults.

But the antics in Congress reflect a real gulf between people throughout this country that opened during the hotly contested national elections in July. They also reveal the paralysis that Mr. Calderón will have to overcome to deal with a range of pressing issues from job creation and poverty relief to a worsening war between drug cartels and violent social strife.

Mr. Calderón won by a bare 240,000 votes, and his main opponent, Andrés Manuel López Obrador, a populist former mayor of Mexico City, has never conceded defeat, charging that the presidential election was rigged against him by a powerful alliance of businessmen and President Vicente Fox, who belongs to Mr. Calderón's conservative National Action Party.

That Mr. López Obrador's supporters do not recognize him as the winner is only one of Mr. Calderón's woes. More than 2,000 people have died this year in an underworld war between drug cartels, among them scores of police officers and other law enforcement officials.

The United States, meanwhile, has hardened its position against illegal immigration, a traditional escape valve for the unemployed. And the southern state of Oaxaca continues to be crippled as leftist protesters seeking the ouster of the governor have clashed repeatedly with government paramilitary groups, leaving more than a dozen people dead and scores wounded.

What is more, Mr. López Obrador, the candidate of the leftist Democratic Revolutionary Party, has declared himself "the legitimate president" of Mexico. He has set up a shadow government and has promised to call mass protests any time Mr. Calderón makes decisions on policy that the leftist party does not agree with.

While Mr. López Obrador is clearly running the risk of becoming a professional political gadfly, he also threatens to be a permanent thorn in the side of Mr. Calderón's presidency.

Mr. Calderón, 44, the man who must take on these challenges, possesses little charisma, even his admirers admit. But he is a stubborn and pragmatic politician.

"He lacks worldliness, he lacks vision, but it is nothing that cannot be learned, and there comes into play his tenacity," said Germán Dehesa, a writer and columnist.

Political analysts say it would be a mistake to underestimate Mr. Calderón, who holds advanced degrees in law, economics and public administration. The son of one of the Nation Action Party's founders, he has been active in politics since he was a youth and became the party's youngest leader in its history in 1993.

Most recently, he served for 13 months in the Fox administration, first as the head of a development bank and then as energy minister. He served two terms in Congress and proved to be a tough negotiator when he was the head of the party's delegation from 2000 to 2003, good at forming coalitions and bridging partisan differences. That is a skill he will need to navigate the rough waters ahead — and one Mr. Fox never seemed to possess.

"Felipe Calderón is a very young man, an intelligent man, who is clear about the relations he must have with political forces, relations that President Fox never had," said Jaime Sánchez Susarrey, a conservative columnist.

Mr. Calderón's campaign revealed his ability to surprise. He soundly beat Mr. Fox's chosen candidate for the party's nomination last year and then went on to narrowly defeat Mr. López Obrador with a well-oiled negative campaign. Only six months earlier, the leftist candidate had been predicted to win by at least 10 percentage points.

Since the nation's highest electoral court declared him the winner in early September, Mr. Calderón has done his best to call for unity and reconciliation. He has said his top priorities will be fighting poverty and reducing crime. He has promised tax incentives to spur investment and vows to reorganize Mexico's fractured and ineffective police forces to take on drug cartels.

"In the light of all the problems and national challenges, now is the time for unity and not futile divisions," he said in a recent speech.

His choices for cabinet members have suggested that he may take a hard line against the sort of civil disobedience that has disrupted Mexico for the last few months. For instance, he appointed Francisco Ramírez Acuña, a former governor of Jalisco, to the all-important post of interior minister. As governor, Mr. Acuña gained notoriety for brutally quashing leftist protesters in May 2004.

Mr. Calderón has also tapped a former high-ranking official of the International Monetary Fund, Agustín Carstens, to lead his budget office, sending a signal that he intends to follow a tight monetary policy, keep inflation low and avoid overspending on public programs.

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The country Mr. Calderón inherits on Friday has changed in many ways since 2000, when Mr. Fox's election ended the 71-year monopoly on power held by the Institutional Revolutionary Party. Under Mr. Fox, Mexico has become a country with stronger democratic institutions, vociferous public debate and the end of an imperial-style presidency.

Mr. Fox managed to put an end to decades of economic mismanagement. He also made some headway with social programs, particularly a vast public housing initiative that provided low-cost mortgages to millions of households. The number of families living in desperate poverty has dropped.

But Mr. Fox's tenure was a disappointment in many other ways.

As the election made clear, social divisions and a lack of opportunity still define the country. At least a quarter of working-age Mexicans labor in an underground economy, selling contraband in street markets or washing cars in parking lots. Some 400,000 emigrate to the United States every year in search of work.

Mr. Fox also failed to get key energy and tax reforms through a divided Congress. Oil production at the government-owned oil monopoly has begun to fall, even as the government continues to depend on oil revenues rather than tax collection, a barrier to deeper political reform.

Nor did Mr. Fox take on the public and private monopolies, like those in energy and telecommunications. Changes in labor laws never made it to Congress, and Mr. Fox was unwilling to curb public employee unions, particularly the teachers' union.

Mr. Calderón will now have to address the leftover slate of issues. One of his greatest challenges will be to create jobs that could finally begin to reduce Mexico's vast income gap, one of the widest in the world. But to do that he will need to form alliances in the divided Congress to push through the changes that Mr. Fox could not.

He will face opposition from some of Mexico's business leaders, who have fought attempts to break the dominance of a few big companies. It will be hard, since many of them also backed his campaign. He must also take on powerful unions that oppose competition in the energy industry and changes to the education system.

In a speech earlier this month, Mr. Calderón said his goal was "a clean Mexico, a Mexico, in short, that has the conditions our children deserve to live in, a truly winning Mexico in a world that competes ferociously."

"To do this, it is necessary to put aside our differences, to reach agreements and define a strategy for the country that we want, that Mexican's dream of and that should be reality for the next generation."

It Was Not A Happy Dais, So Push Came To Shove (LAT)

By Hector Tobar

The Los Angeles Times, December 1, 2006

Mexico City — When you cover politics in Latin America, you get used to odd happenings.

Once I was traveling with a campaign through rural Bolivia when a presidential candidate stopped his caravan to go to the bathroom -- on a tree by the side of the road.

I've seen a president who lasted a day in office (in Argentina), a president who owned a stolen car (in Paraguay), and met another who offered to disrobe to prove he hadn't been beaten during a failed coup.

"No, Senor Presidente," reporters shouted back as Hugo Chavez of Venezuela unbuttoned his shirt at a Caracas news conference. "That won't be necessary!"

Even by those lofty standards, the occurrences this week in Mexico's Legislative Palace score high on the strangeness meter.

On Tuesday, the elected representatives of the Mexican people began assaulting each other with soft-drink cans and pizza boxes, and then bedded down between aisles in the Legislative Palace, staying up late into the night singing ballads like "El Rey."

Congress has been locked for months in a battle over the presidential election in July. Supporters of the losing leftist candidate, Andres Manuel Lopez Obrador, have said they won't allow conservative President-elect Felipe Calderon to take the oath of office Friday before a joint session of Congress, as required by Mexican law. Already, leftists had kept outgoing President Vicente Fox from delivering his final State of the Nation speech on Sept. 1.

So on Tuesday, lawmakers of Calderon's National Action Party (PAN in Spanish) took over the stage in a pre-emptive strike that set off a shoving match.

I arrived in time to see a leftist lawmaker from Veracruz with a heavily bandaged ankle being carried out of the chambers.

"They threw me off the stage," Congressman Juan Dario Lemarroy Martinez told me with a grimace of pain.

On the stage, lawmakers of the left and right were massed in an elbow-to-elbow scrum, each guarding a precious piece of the rostrum. When I asked them questions, I inadvertently started their argument all over again.

"This mess began when one of the PRD people pulled the tie of one of our deputies," said Congressman Obdulio Avila Mayo of the PAN. "It was clear the PRD was going to take the stage, so we assumed a defensive posture."

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"That's a lie," interjected Alliet Bautista of the PRD, who was standing a few bodies away. "Play back the video and you'll see what happened."

A few minutes later, the passions cooled: sandwiches and cookies arrived for the leftists. Later the conservatives would receive sleeping bags as their occupation of the stage dragged on for hours, then for a day, then for two days.

"We're all stuck here and there's no way out," said Congressman Carlos Madrazo of the PAN.

Two days of negotiations failed to undo the scrum. As of late Thursday, it remained unclear if Calderon would be inaugurated there, even though Calderon insisted he would.

The PAN occupied a greater portion of the dais. At one point, Congressman Victor Varela of the PRD tried to climb on a table, in a bid to conquer more "territory" for his party. A conservative congresswoman pelted him with soda cans.

The fighting lawmakers were widely reviled at home and abroad. But, like other strange political happenings I've seen in Latin America, the melee was less strange when you took a closer look.

Mexico is a relatively young democracy. Only once in its long history has power transferred peacefully from one political party to another. The U.S. has longer democratic traditions, but fisticuffs were once a feature of life in its Capitol, with a South Carolina senator nearly beating to death an abolitionist lawmaker in 1856.

For the moment, nothing indicates the dispute in Mexico's Congress will become more violent than your average "lucha libre" wrestling match (in which, of course, most of the blows are fake).

On Thursday morning there was a sign of peace. Congressmen from both sides were still massed on the stage, unwilling to surrender an inch to their rivals. But that didn't stop them from sharing a tamale breakfast.

It's High Noon In Mexico (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, December 1, 2006

Felipe Calderón is scheduled to travel to the national legislative hall of San Lázaro in downtown Mexico City this morning, ascend the dais before Congress and take the presidential oath.

The current Mexican executive -- Vicente Fox -- will remove the tricolored presidential sash he is wearing and place it across the shoulder of the president-elect, ushering in a new six-year term for their country's young and fragile democracy. President Calderón of the National Action Party (PAN) will then give his inauguration speech.

That's how the script reads anyway. But it won't happen if supporters of losing presidential candidate Andrés Manuel López Obrador from the Revolutionary Democratic Party (PRD) have their way. They are refusing to accept Mr. Calderón's narrow victory in the July election and have warned that they intend to sabotage today's event.

In this, the PRD has some experience: When Mr. Fox was scheduled to deliver his final state of the union address on Sept. 1, PRD legislators crowded around the podium ahead of time and refused to let the president approach. Observing the human barricade, Mr. Fox left a copy of his talk with Congress and went away. On Tuesday a brawl broke out on the floor of the congress when the PRD tried to get control of the rostrum ahead of Friday so they could do to Mr. Calderón what they had done to Mr. Fox in September.

That effort failed and Mr. Calderón is confidently promising to take the oath in San Lázaro, as Mexican law dictates. This suggests there could be violence and Mexican law enforcement has been rehearsing for weeks to ensure his safety. Yet despite the tension, many Mexicans seem genuinely relieved that their new president has taken a decisive and unambiguous stand in the matter. His approach differs starkly from the often waffling and accommodating Mr. Fox, who, throughout his presidency, tended to seek peace in our time at the expense of the rule of law, and ended up with neither.

The inauguration is but a ceremony. Yet the future of the Calderón presidency will depend heavily on whether the rule of law can be re-established and defended, and that means that what happens today matters a lot. A successful inauguration will be one step in the direction that Mr. Calderón must lead the country.

Mexican lawlessness is reaching epidemic proportions. It is true that AMLO -- as the Mexican press calls the defeated PRD candidate -- is now mostly an unpopular annoyance even to those who voted for him. It is also true that if the PRD wants to remain a serious political party it has to show that it is willing to work within the system. But other violent actors who prefer the path of terror and extortion to gain power and resources are threatening national security. Some of the blame lies with Mr. Fox and his weak response to extreme political groups. Some of it lies with the U.S. demand for illegal drugs, which is fueling an ever more powerful organized-crime problem in a country ill-equipped to fight back.

The most immediate challenge for the new president will be establishing order in the southern city of Oaxaca. What started there in May as a teachers' strike by the most militant local chapter of the national teachers union has deteriorated into a low-grade war between armed activists and the Mexican police. Mr. Fox tried, back in July, to settle things peacefully by negotiating a

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ridiculously generous settlement for the teachers -- something the country cannot afford and, if national test scores are any guide, the union does not deserve.

But never mind that. Far from ending the protests, Mr. Fox's acquiescence to the teachers' blackmail acted like blood in shark-infested water. Most teachers went back to work; but having witnessed their success, local militants schooled in the methods of mob threats against the state stepped up their own demands. Led by the Popular Association of Oaxacan People (APPO), they began agitating for the resignation of the state governor.

To his credit, Mr. Fox has refused that ultimatum and in October he sent in federal troops to quell the violence. But that hasn't worked. Now it seems that the most extreme elements of Mexico's left are joining the fray. Earlier this month APPO sympathizers set off three bombs in Mexico City and last weekend, APPO and others stormed Oaxaca with Molotov cocktails, stones and rocket launchers. The nearby photo is evidence of their handiwork. According to the Mexican daily Reforma, militants burned down or damaged 19 properties, including a hospital and a theater, and wrecked five cars and 15 buses. The destruction was so vast that even APPO leaders have tried to distance themselves from the violence, blaming it on outsiders.

What is clear is that these groups are well-organized and well-funded criminal networks. Their existence is all the more troubling because of the Mexican organized-crime rackets that are trafficking drugs from Guatemala into the U.S. Last week Reforma reported that despite the fact that the number of operations against drug traffickers increased 27 times under Mr. Fox, the drug trade has grown by 20% in recent years. Meanwhile, the death toll among police and journalists is skyrocketing and law enforcement is increasingly outgunned.

Particularly frightening is the thought that organized crime groups like those operating in Oaxaca might team up with those running drugs. This is what has happened in Colombia, with devastating results to stability, personal security and growth.

Given the strong U.S. demand for drugs it is not clear that Mexico can overcome narcotrafficking any more than the U.S. could defeat the underworld during Prohibition. What is clear is that the problem is not just Mexico's, and if the U.S. doesn't accept that fact, it too will suffer the consequences.

Bush To Host Mbeki Dec 8 (AFP)

AFP, December 1, 2006

US President George W. Bush will welcome South African President Thabo Mbeki on December 8 for talks on issues like the violence in Sudan's Darfur province, the White House announced.

The two leaders "will discuss African regional issues, especially Darfur, the Democratic Republic of Congo, and Zimbabwe," Bush spokesman Tony Snow said in a statement.

"The two leaders will also review joint efforts to combat HIV/AIDS in South Africa, where US government-supported programs reach over 200,000 with anti-retroviral treatment and many more with HIV prevention and care," he said.

"They will exchange views on United Nations issues in light of South Africa's recent election to a non-permanent seat on the UN Security Council for 2007-2008. President Bush looks forward to the opportunity to recognize South Africa's contributions to peace and stability on the African continent," said Snow.

U.S. Repudiates Analyst's Jab At Britain (AP)

By George Gedda

AP, December 1, 2006

The State Department repudiated on Thursday comments by a veteran department analyst who said that British Prime Minister Tony Blair's relationship with the United States was "totally one-sided" in Washington's favor.

Deputy spokesman Tom Casey said that Kendall Myers, the official who made the off-message remarks, was summoned by his superiors at the Bureau of Intelligence and Research to a meeting to explain his remarks.

"The comments, frankly, I think could be described as ill-informed, and I think, from our perspective, just plain wrong," Casey said.

Myers is a 30-year member of the Civil Service and is an expert in U.S. British relations. He spoke Tuesday to a gathering at the Johns Hopkins School for Advanced International Studies, where is an adjunct professor. Casey said Myers thought his appearance was at a closed academic forum.

The Times of London reported Thursday that Myers said Britain's role as a bridge between the United States and Europe was "disappearing before our eyes."

Myers said that despite British attempts to influence U.S. policy, "we typically ignore them and take no notice — it's a sad business."

Casey said department officials meeting with Myers were attempting to determine the facts of the events on Tuesday. He did not rule out the possibility of disciplinary action, stressing that Myers does not have a policymaking role.

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Efforts to reach Myers by telephone at his office were unsuccessful.

In October, State Department official Alberto Fernandez ran afoul of his superiors when he told Al-Jazeera television that the United States had displayed "arrogance" and "stupidity" in Iraq.

Fernandez is an Arab-speaker assigned to tell the U.S. side of the Iraq story to Middle East audiences.

He issued a written apology, saying he "seriously misspoke." Soon thereafter, the State Department said Fernandez was still on the payroll and that the matter was closed.

Myers' misstep appears to be more serious than that of Fernandez. In contrast to Fernandez, whose mistake involved a brief lapse, Myers' speech was sprinkled with comments that do not reflect official thinking.

Casey said the United States and Britain "have worked together to successfully deal with some of the most difficult issues before the international community." The two countries, he said, have a special relationship.

U.S. Authorities Probe How Smartmatic Won Venezuela Election Pact (WSJ)

By Bob Davis And Glenn Simpson

The Wall Street Journal, December 1, 2006

WASHINGTON -- Federal investigators are looking into whether Smartmatic Corp., a voting-machine company whose equipment is used widely in the U.S. and abroad, paid bribes to win a Venezuela election contract in 2004.

Smartmatic's actions already are under a separate investigation by the Committee on Foreign Investment in the U.S., which reviews foreign acquisitions to see if they pose national-security concerns. In 2005, Smartmatic, which is owned by Venezuelan investors who split their time between Caracas and Boca Raton, Fla., purchased a U.S. voting-machine company, Sequoia Voting Systems Inc. Cfius is looking at whether that acquisition should be reversed on national-security grounds.

At the same time, the Justice Department has been conducting a probe of Smartmatic for possible violations of the Foreign Corrupt Practices Act and recently started looking at possible tax evasion as well, said two individuals familiar with the case. The Justice Department has informed Cfius representatives from U.S. agencies about their inquiry, these people said.

Jeffrey Bialos, an attorney for Smartmatic, said yesterday the Justice Department told the company it was looking into its actions, but that Smartmatic wasn't a target of an investigation. Smartmatic employees haven't been subpoenaed in the inquiry, Mr. Bialos added. That suggests that the probe is at an early stage.

"The company believes it conducted itself properly and within the law," Mr. Bialos said. A Justice Department spokeswoman declined to comment.

Smartmatic has drawn attention because of concerns that the government of Venezuelan President Hugo Chávez, an opponent of U.S. policies, has a stake in the company. That is a focus of the Cfius review. In 2004, Smartmatic's machines were used in an election to recall President Chávez, which Mr. Chávez won handily -- and which members of the Venezuelan opposition say was riddled with fraud. Smartmatic machines will be used Sunday in Venezuela's presidential election.

The company said it is the victim of false allegations made by two former executives, whom the company declined to name. Smartmatic said it would shortly send the two former employees a letter to "cease and desist their activities," which Smartmatic said violated agreements they made with the company. News of the Justice Department probe was reported earlier by el Nuevo Herald, a Spanish-language newspaper in Miami.

Essentially, the Justice Department is looking into whether Smartmatic got its start in Venezuela by bribing officials and then improperly avoiding its tax liability in the U.S. The company says it paid $1.5 million to a Venezuelan consultant who is close to the Chávez government and helped to win Smartmatic business.

The allegation being investigated is that Smartmatic actually paid as much as $4 million to the consultant, then deleted a substantial portion of those payments from its corporate records to hide the extent of its payments to a friend of the Chávez regime. Antonio Mugica, Smartmatic's chief executive, said the company had budgeted a larger amount for the consultant than it ended up paying him, thus explaining the difference between the two amounts.

The tax question dates to late 2004 when Smartmatic scrapped a simple corporate structure, under which it was based in the U.S. with a Venezuelan subsidiary. It adopted a complex offshore structure, with headquarters in the Netherlands Antilles; a main subsidiary in the Netherlands; and a variety of subsidiaries in the U.S., Barbados, Venezuela and Mexico.

That raised the question of where to pay taxes on $25 million in revenue from a contract to supply voting machines for Venezuelan regional elections: the U.S. or a lower-tax jurisdiction. Smartmatic paid taxes in Barbados, which the company said was proper because one of its international companies signed the deal. "The taxes due and owed are to Barbados authorities," said Mr. Mugica, who added that the company had consulted legal counsel and accounting firms on the issue.

Mr. Mugica said the company hasn't thus far been harmed by publicity about the probes. Customers "welcome the fact" that the company is trying to clear up allegations concerning its actions, he said.

Chávez Says Police Foiled Sniper Attack On Opponent (USAT/AP)

By Frank Bajak

USA Today, December 1, 2006

CARACAS, Venezuela — President Hugo Chávez said Thursday that authorities had foiled a planned sniper attack against his main opponent in this weekend's elections.

As campaigning ended ahead of Sunday's vote, Chávez said "fascist" militants had planned to use a rifle with a telescopic sight to shoot Manuel Rosales during a speech and then blame it on Chávez's government in hopes of derailing the balloting.

"It was to say that Chávez sent them to kill him, and generate chaos," Chávez told reporters at the presidential palace.

The Venezuelan leader used the 3½-hour news conference to laud achievements of his "people's revolution" — claiming to have lowered unemployment and poverty and created petroleum-fueled economic growth. He said analysts from major foreign banks say the most dangerous scenario for this politically polarized country would be a Chávez election loss.

On the alleged assassination plot, Chávez said authorities had seized the rifle from a vehicle and that a military officer had been arrested. He did not offer further details.

Rosales' campaign said it had no knowledge of the plan.

"This is a smoke screen. It's to manipulate the people, but nobody believes that," said Timoteo Zambrano, one of Rosales' campaign managers.

"The government is obliged to safeguard the lives of all Venezuelans, and that includes the presidential candidate," Zambrano said. "If something were to happen to our candidate, the government would be responsible."

Campaigning ended Thursday. Rosales supporters cite polls showing Sunday's balloting will be tight, although an independent AP-Ipsos survey and other recent polls found Chávez with a large lead.

Rosales has called the vote a choice between democracy and an increasingly authoritarian Cuban-style system. Chávez, who won election in 1998, calls Rosales a lackey for the United States.

Chávez has taken advantage of Venezuela's oil wealth to lavish the poor with programs that provide everything from subsidized food to free health care and education. And he persistently accuses the U.S. government of trying to topple him, saying on Thursday that the "U.S. empire" had done more damage to Latin America than colonial Spain.

He urged his enemies to respect the result of the vote, calling an upset impossible and suggesting that some opposition activists are planning post-election violence.

"There are two options here — ours and that of the U.S. empire and its flunkeys here, who were the ones who staged the coup," Chávez said, referring to a two-day coup in 2002. Chávez was returned to power by street protests and loyalists in the military.

Rosales said his supporters would be on alert for possible vote fraud. "It has to be a clean game. … If that happens, all of us will be calm," Rosales, a political veteran who is ex-governor of Zulia state, told The Associated Press shortly before closing his campaign with a rally of hundreds of thousands in Maracaibo, Venezuela's second-largest city.

He has managed to unite Venezuela's opposition movement for the first time since a crushing defeat in a 2004 recall referendum against Chávez.

Chávez insisted that his proposal for changing Venezuela's constitution to do away with presidential term limits "is not a dictatorship, it's democracy."

He noted that presidents of France have served long periods in power.

Venezuela has become increasingly polarized along class lines, with the wealthier supporting Rosales, the poor backing Chávez and a fractured middle class.

Shoppers are packing supermarkets to stock up on supplies, fearful that Sunday's outcome could prompt street demonstrations and violence.

Venezuelan High Life: Bulletproof BMW And A Vote For Chávez (WSJ)

By José De Córdoba

The Wall Street Journal, December 1, 2006

CARACAS, Venezuela -- Most of Hugo Chávez's supporters live in shantytowns and count on subsidies from the government. Most of his opponents live in middle-class apartment buildings and mansions in leafy neighborhoods and are horrified by the likelihood of a Chávez victory in Sunday's presidential election.

Then there are people like shipping tycoon Wilmer Ruperti, who tools around town in a chauffeur-driven bulletproof BMW and who owes much of his fortune to the Chávez government. Along with other, well-connected businessmen, known as Boliburgueses -- Bolivarian bourgeoisie -- Mr. Ruperti is rooting for Chávez's re-election.

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At his office a few days ago, the 46-year-old Mr. Ruperti, a gregarious, bearlike man with thinning, red-tinted hair and a thick gold chain, pored over a poll he says he commissioned for about $60,000 that showed Mr. Chávez winning comfortably. "I agree with the president," said Mr. Ruperti. "He is the only person who has identified himself with the poor."

As an oil trader, Mr. Ruperti hit the big time in 2003 when he came to the rescue of Mr. Chávez's government, which was then fighting to survive a strike that had shut down the state-owned oil company, Petróleos de Venezuela SA. With the country running out of gasoline, Mr. Ruperti used his fleet of tankers to unload fuel oil in Venezuelan ports, showing frightened insurers that they were secure. That opened the way for other tankers to bring in gasoline, which Mr. Ruperti bought and then resold to PDVSA, breaking the back of the strike. A grateful Mr. Chávez decorated Mr. Ruperti with the army's Star of Carabobo medal.

Now Mr. Ruperti embodies the contradictions of Chávez-era Venezuela -- a country that is dedicated to socialist redistribution of wealth, but which is also enjoying an oil-backed capitalist boom that is further dividing rich and poor. Eighteen-year-old whiskeys are the rage, and Hummers and top-of-the-line SUVs clog the streets of Caracas, while four out of 10 Venezuelans survive on $2 a day or less.

These days, Mr. Ruperti, whose father, an Italian immigrant who worked as a chef in restaurants here, cuts a wide swath in Caracas society. Last year, he sponsored the event of the season -- a charity concert by tenor Luciano Pavarotti, which succeeded in bringing together the Boliburgueses and the anti-Chávez grand dames of Caracas society. A year earlier, he paid $1.7 million at a New York auction for a pair of ornate French pistols made by Napoleon's gunsmith in 1804 for Simón Bolívar, Venezuela's independence hero. Caracas gossip had it that Mr. Ruperti planned to present the pistols to Mr. Chávez, who is so enamored of Bolívar that he changed Venezuela's name to the Bolivarian Republic of Venezuela to honor his hero.

"Those pistols had to be in the hands of Venezuelans," says Mr. Ruperti, who says he plans to leave them to his children. "We have to rescue the Venezuelan-ness of our people."

His critics hold up Mr. Ruperti's business practices as an example of what has gone wrong in the country. This year, Transparency International, the anticorruption watchdog, lists Venezuela as No. 141 out of 163 countries it surveys in its ranking of "perceived levels of corruption."

Last year, a congressional commission dominated by members of Mr. Chávez's party looked into allegations that Mr. Ruperti made millions from double-billing the state oil company for gasoline shipments during the strike at PDVSA when the company's accounting system broke down. The commission also investigated whether Mr. Ruperti received sweetheart contracts to ship asphalt with PDVSA's Citgo subsidiary in the U.S. The commission cleared the oil trader. "Ruperti performed vital services for PDVSA, and he was paid for them," says Jesús Alberto García, the panel's president.

But the saga continues. Earlier this year, Mr. Chávez's office sent a letter to Congress asking lawmakers to take another look at the controversy. Among the issues the president's office wants investigated: whether PDVSA lost $30 million due to double billing and bogus invoices by Mr. Ruperti, and whether he used "company names without their knowledge for the fraudulent acquisition of fuel." Mr. Ruperti denies any wrongdoing.

So far, the controversy hasn't had much effect on his business. He now runs a 19-ship tanker fleet and says he plans to start a maritime bank. Mr. Ruperti is also investing $26 million in a cable-television station he wants to turn into a 24-hour news operation. "I'm going to call it Channel I, I for intelligence, impartiality and information," he says, as the small TV screen in his BMW, tuned to the government station, silently shows President Chávez exuberantly speaking to followers.

But earlier this year, Venezuela's revolutionary contradictions took a bad bounce for Mr. Ruperti, an avid golfer, when Caracas's Chavista mayor started legal procedures to seize the Caracas Country Club's golf course and replace it with public housing. The matter is still in court. "My heart tells me I don't agree with that," says Mr. Ruperti, who has founded a golf school for children from the city's barrios.

For many Venezuelans, Caracas's Dolce Vita of premium wines, premium whiskeys and premium cars brings to mind Venezuela's first big oil boom during the 1970s, a time remembered as the years of "Saudi Venezuela."

Then, President Carlos Andrés Pérez, who nationalized foreign oil companies to create PDVSA in 1976, favored a clique of friends, known as the "12 Apostles," who made enormous fortunes through government contracts. Now, says Ben Amí Fihman, the editor of a magazine called "Exceso," or Excess, "the 12 Apostles have become the 40 thieves."

Today Caracas is as divided as it was during the days of the oil strike. Mr. Ruperti's name heads the list of "collaborators of the regime" posted on the Internet by "Democratic Soldiers," an organization of anti-Chávez officers purged from the armed forces. "Keep the names ... and remember them for when it becomes necessary," the list says, adding information about Mr. Ruperti's residence, friends, business dealings, and where his private jet is parked.

"A lot of people think I'm a devil, but it's not true," says Mr. Ruperti. "I sleep easily at night and morally I'm satisfied." Nevertheless, Mr. Ruperti takes no chances. He rides in Caracas's traffic-choked streets in his armor-plated car, accompanied by two South Korean bodyguards, Yong Lee and Rim Paek. Mr. Ruperti says the Koreans are tae kwon do masters who can brain an assailant with a butter knife at a distance of 20 meters.

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"If one of my enemies comes in here tonight, I'll have them show you," he joked before sitting down to dinner at the best Italian restaurant in Caracas. After dinner, he left the restaurant through a back door. "For safety's sake," he said.

Venezuela's Ch?vez Nears A Victory Fed By Free Stew (CSM)

By Sara Miller Llana

The Christian Science Monitor, December 1, 2006

CARACAS, VENEZUELA

Odalys Ibarra has lived in the same home - a decrepit, two-bedroom brick house that she shares with 10 others - her entire life.

Yet these days, on her walk home up the steep slope of El Valle, one of the poorest neighborhoods in this capital city, she passes a free medical clinic staffed with Cuban doctors, a supermarket that sells discounted rice and tomato sauce, and a state-funded kitchen that prepares and gives out free meat stew and cookies - programs called "missions" that are the cornerstone of President Hugo Chávez's domestic policy.

While Mr. Chávez's strident anti-Americanism has caused ripples abroad - calling President Bush the devil and supporting leftist candidates and leaders throughout Latin America, as well as befriending Iran and North Korea - those with the power to vote him into another six-year term this Sunday care more about his social missions than his international mediations.

After eight years at the helm of Venezuela - having withstood a coup attempt, a national oil strike led by his opponents, and a recall referendum in 2004 that he easily won - Mr. Chávez is poised to prevail in the 2006 presidential election on Sunday. The latest state-funded poll by the US firm Evans/ McDonough puts him 19 points ahead of his only opponent, Manuel Rosales, a career politician and governor of the oil-rich western state of Zulia.

Venezuelans are bitterly divided over Chávez's ideology, but they can agree on one thing: Many will vote for him Sunday because the billions he has poured into literacy programs, free food, and doctor visits have proved a potent enticement.

"They love Chávez because Chávez is including them; he is giving them opportunity," says Luis Vicente Leon, director of the polling firm Datanalisis in Caracas. Rosales the Retroactive?

But is Chávez solving their problems? Mr. Leon says "no" - that his missions are a tool to gain popularity, not an answer to the root problems of healthcare or poverty in the country. Others say Chávez is the only leader who cares about a new social order and that Mr. Rosales would, as so many other politicians before him, leave the majority behind.

Venezuela had been governed for decades by a political class that excluded the majority, says Rodolfo Magallanes, a political science professor at the Central University of Venezuela in Caracas. "But Chávez offered something new; his popularity was immediate," he says.

Today, what he is offering indeed feels new in places like El Valle. Ms. Ibarra now takes her two children to the medical clinic down the street, where slogans such as "Long live the revolution!" hang on posters between breast feeding instructions.

The bags of rice Ibarra buys depict indigenous people kicking a devil-like figure dressed in a business suit; her milk and pasta contain excerpts from the Constitution. But what she really cares about is the price: In her local store, as in 15,000 such state-run supermarkets across the country, prices are about 30 percent less than in private grocery stores. "He is helping us; the president is with us," says Ibarra.

While the missions make a difference in individual lives, measuring Chávez's macro impact is difficult, since experts say indicators vary widely. Government numbers from the National Statistics Institute show poverty decreasing to 34 percent from 44 percent in 1998, yet opposition leaders put the number of poor Venezuelans as high as 70 percent. Government numbers show a 10-percent unemployment rate, but others say that figure does not include those working in the informal economy who don't make enough to support themselves.

Chávez's international policies have been more ambiguous. He has made important international gains - spearheading a meeting to revive OPEC in 2000 with price-setting mechanisms. He has focused on regional integration, joining Mercosur, the South American trade bloc, and focusing on energy policies in the Caribbean, says Jennifer McCoy, a Venezuela expert at Georgia State University.

But many associate his foreign policy with anti-Americanism, despite the fact that, according to the US State Department, the US is Venezuela's most important trading partner and Venezuela is one of the US's top four suppliers of oil. Indeed, a major Rosales platform is that Chávez has squandered the country's enormous oil wealth.

"He is ignoring security and employment in this country that is the fifth-largest oil producer on the planet, under this ground," says William Ojeda, a Rosales campaign leader and former opposition candidate, as he stomps his foot angrily on the floor. He says Chávez's oil programs abroad, including 90,000 barrels of oil sent daily to Cuba, have trumped a focus on crime and corruption at home.

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"He is garbage," says Hector Pereira outside a shopping mall in the ritzy Las Mercedes neighborhood in Caracas. Mr. Pereira, who owns an insurance company, says he voted for Chávez initially, but says that since he aligned with Cuba, especially importing doctors into the country, his views have shifted. "I thought he was the best option, that we needed change," he says. "Chávez has shown us that he is worse."

Some say they worry that Rosales represents a return to the past - with traditional leaders who only care about the upper class - but Mr. Ojeda whips out a card with the words "Mi Negra" on it to illustrate Rosales's plan for the poor. It's a debit-card program that would direct about a fifth of Venezuela's oil income to 2.5 million of the poorest families in the country, or between $300 and $400 per family a month. "It's a crisis of ideologies"

Yet among the biggest challenges the opposition faces is an inability to define itself beyond a group that opposes the government. Through the national oil strike in 2002 and 2003, and a referendum two years later, their ideologies have not been clear, analysts say, except for their desire to defeat Chávez. They boycotted legislative elections last year, which handed Chávez control of every seat in the National Assembly.

Angelo Rivero-Santos, a Latin America expert at Georgetown University in Washington, says the opposition's unity behind Rosales is a sign of progress for their movement. Still, he says, "as a cohesive force, it is very difficult to decipher what they stand for. It's a crisis of ideologies," he says. "If you want to defeat a charismatic leader [who] has 100-percent support in the National Assembly, 20 governorships out of 22, and the military behind him, as well as the oil industry, you have to come up with a plan other than just trying to get rid of him."

For Chavez, Firm Rule And Favors (WP)

By Juan Forero

The Washington Post, December 1, 2006

CARACAS, Venezuela, Nov. 30 -- This country's populist president, Hugo ChÃ¡vez, beloved by his followers, has achieved a cultlike status by mixing his considerable charisma with a free-spending policy of funneling billions into social programs. But that hasn't stopped his oil-rich government from using every tool at its disposal to ensure that voters flock to its side in Sunday's presidential election.

Ramon Antonio Perez, 41, found that out the hard way. Never shy about expressing his dislike for the government, Perez said he was fired from his job in the publicly run Caracas subway system after ignoring repeated warnings about his political activities. "From night to day," he said, "I've been left with nothing."

At the state oil company, a young lawyer -- also opposed to the government -- described how the red T-shirts government supporters wear are handed out in bulk to workers, who are then expected to don them for pro-ChÃ¡vez rallies.

"When everyone is in red and going to rallies and you don't go along, then you begin to worry," said the lawyer, who asked that she not be identified for fear of being fired.

A secretly taped video disseminated by the opposition in early November shows Rafael RamÃ-rez, the president of the company, telling workers in a packed auditorium that there could not be "the tiniest doubt that the new Pdvsa is with ChÃ¡vez," using the abbreviation for PetrÃ³leos de Venezuela. RamÃ-rez also says a manager was fired for permitting a plane carrying ChÃ¡vez's main opponent in the election, Manuel Rosales, to land on a company-operated airstrip.

"What's that about?" RamÃ-rez says in the video. "Is it that people are getting crazy? Is it true then that we have infiltration from the squalid ones here, the enemies of the revolution?"

ChÃ¡vez is poised to easily win a second six-year term in which his government will seek to solidify its control over the private sector and accelerate its redistribution of wealth to the country's poor. Aside from two pollsters closely tied to the opposition, a dozen polls -- including some by anti-ChÃ¡vez analysts -- show ChÃ¡vez winning by a wide margin.

Government officials say the polls underscore the wellspring of support that comes from the poor barrios where ChÃ¡vez has drawn much of his strength since his emergence as a restless army colonel whose first attempt at taking power, in a 1992 coup, failed. Since then, he has won a string of elections: the 1998 landslide that put him in office; referendums that led to a new constitution and a new National Assembly; and a 2004 vote that dealt a stunning blow to an opposition effort to recall him.

"This is not a dictatorship," ChÃ¡vez told reporters Thursday. "This is a democracy."

Few outside of the most radical opposition leaders argue that ChÃ¡vez's magnetic persona and the state's focus on social programs haven't helped propel him from one victory to the next. But political analysts here and in the United States say the Venezuelan government has also grown in influence and power through a system that mixes the trappings of democracy with old-fashioned patronage, a touch of intimidation and the theatrical warnings ChÃ¡vez frequently makes about the United States, pronouncements that keep his supporters in a state of agitation.

And though Venezuela's press remains one of Latin America's feistiest, and its anti-government leaders rail against ChÃ¡vez, limits have been imposed. A 2004 law aimed at broadcast media has prompted self-censorship, journalists here say.

Another law makes it illegal for anyone to show disrespect for public officials. Some opposition leaders, notably in the stridently anti-ChÃ¡vez group Sumate, have been threatened with jail.

With few checks and balances, the president has overwhelming control of every state institution and makes virtually all key decisions. The 167-member National Assembly, which has not had an opposition politician in its ranks since the president's foes boycotted last year's elections, and the courts are little more than adornments. The military is represented in ministries and departments across the government, from city halls to the apparatus that runs elections.

Perhaps most important, billions of dollars flow directly from PetrÃ³leos de Venezuela to the executive branch.

"All presidents try to maximize their power," said Javier Corrales, an Amherst College political science professor who writes about Latin America. "They don't succeed as much. This is what happens when you have strong institutions. But in Venezuela, ChÃ¡vez has succeeded."

The opposition's tactics have strengthened the president's hand, giving him a seemingly endless supply of verbal ammunition to hurl at his foes. A 2002 coup, which the White House tacitly supported, and a national strike months later, which nearly shuttered PetrÃ³leos de Venezuela, infuriated poor Venezuelans.

The leaders of the opposition, drawn mainly from Venezuela's upper classes, have also failed to comprehend ChÃ¡vez's appeal among the poor.

Rosales, ChÃ¡vez's electoral opponent, has fashioned an alternative message, talking about crime and promising populist giveaways. But he has recently stepped up the timeworn accusations that ChÃ¡vez is taking Venezuela on the road to "Castro Communism."

"He wants to take Venezuela to a system that has a democratic facade," Rosales said in an interview. "But it's one that uses the model of Cuba, with an eternal presidency, with one party, where there is no private property, where there is no liberty of expression."

In a country where insults are traded freely and capitalist consumer culture reigns as perhaps nowhere else in Latin America, such comments have failed to reverberate with the masses.

ChÃ¡vez seems to relish the attacks.

"Here they talk of Castro Communism," he said at a news conference. "It's like they're frozen in the 1960s."

At the Carmen Maiso de Bello School, where students ages 10 to 80 learn how to read and handle simple math problems, ChÃ¡vez means progress. Teacher Elizabeth Rodriguez, 21, owes her job to the government, which is also putting her through college.

"The people are very happy with what President ChÃ¡vez is doing," she said. "He's the one who's taking us out of the darkness."

ChÃ¡vez's most committed backers, poor people who felt forgotten until his arrival, do not raise an eyebrow when the president remarks that his presidency may last another generation.

"How long will ChÃ¡vez rule? Until 2000-forever, because we're all with him," said Maria Nava, 56. "He's the only leader of everyone. We love him to death."

Political analysts say that kind of fervent support may be heartfelt, but it is also part of a carefully cultivated strategy by the government. ChÃ¡vez has demonized his opponents, radicalizing his more numerous supporters and instilling in them a deep-seated fear that if he is voted out, they will lose all that they have gained. The government here says that if ChÃ¡vez loses, the winners would be oligarchs and opportunists allied with the Bush administration, which is highly unpopular in Latin America.

"Let's not forget that we are facing the very devil," the president told hundreds of thousands of supporters at a rally Sunday. "On December 3, we face at the ballot box the imperialist government of the United States of America."

To ensure what ChÃ¡vez promises will be a "crushing" victory that will turn his opponents into "dust," the government appears to be employing its considerable influence to marshal votes. State resources are used freely in campaigns, and for workers in Venezuela's burgeoning bureaucracy, it is perfectly clear where their sympathies should lie.

"They get a kit, and the kit is a red cap and a red T-shirt," said Froilan Barrios, a leader in the country's main labor confederation.

With more than 2 million workers, the public bureaucracy is important to both candidates. Electoral observers said the pressure has ranged from soft -- an early Christmas bonus -- to hard, with workers at the tax collection agency allegedly pressured to sell bonds to help fund the ChÃ¡vez campaign.

"There has been an excessive use of state resources to favor the president," said Pedro Nikken, one of five directors of Electoral Eye, a watchdog group that has otherwise found an audit of voting machines adequate.

Gabriela RamÃ-rez, a congresswoman closely allied with ChÃ¡vez, defended the government's efforts to ensure that workers at state entities, especially the oil company, are "red, very red." She recalled how employees at PetrÃ³leos de Venezuela had revolted against the government in a failed bid to bring down ChÃ¡vez.

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"When we talk of being red, very red, we're talking of being committed to the revolution," she said. "We're talking about a government for the majority."

Those who have been found to support the opposition have learned the hard way that they're not wanted.

Lawyer Rocio San Miguel, 40, lost her job in 2004 after she signed a petition that led to the presidential recall vote ChÃ¡vez later won. Her name had been among 3.4 million signatures leaked to a pro-government congressman who later posted them on his Web site.

San Miguel said she knows what state workers who oppose the government are going through. "It is a climate of fear," she said, "and fear works, especially when it's related to your work."

Radioactive Trail Is Found In Case Of Poisoned Spy (NYT)

By Sarah Lyall And Steven Lee Myers

The New York Times, December 1, 2006

LONDON, Nov. 30 — In the latest turn in the mystery surrounding Alexander Litvinenko, the former Russian spy who died of radiation poisoning here a week ago, the British government said Thursday that radiation had been detected in 12 locations around London, and that it was likely to be found in more.

The radioactive trail, which might help establish Mr. Litvinenko's movements around the time he fell ill, includes the two hospitals where he was treated and places he visited on Nov. 1, the day he became sick. It also includes two British Airways Boeing 767s that routinely fly between London and Moscow and are now grounded at Heathrow Airport.

Speaking in Parliament, the home secretary, John Reid, said the authorities were examining two other airplanes — a third British Airways Boeing 767, which is on the ground in Moscow, and a Boeing 737, which is leased by the Russian company Transaero and arrived at Heathrow on Thursday. He said that the risk to the public was very low and that no one else had yet tested positive for radiation poisoning.

Mr. Litvinenko, 43, an outspoken critic of the government of the Russian president, Vladimir V. Putin, died on Nov. 23 after an agonizing illness that caused his hair to fall out, his immune system to shut down and his organs to fail. As he lay dying from what turned out to be radiation poisoning caused by the radioactive isotope polonium 210, Mr. Litvinenko accused Mr. Putin's government of killing him. The Kremlin has dismissed the notion as nonsense.

But Alex Goldfarb, a friend of Mr. Litvinenko's who is acting as a spokesman for his family, said the discovery of radiation on the jets pointed squarely at the Russian intelligence services and "reinforces the theory that the origin of this material that killed Alexander was in Moscow."

If that is the case — and it is by no means clear that it is — then it would follow that whoever brought the polonium 210 into Britain was himself unknowingly contaminated with minute traces of it, enough to leave a trail that sensitive equipment could pick up later.

Dr. Mark Hill, a physicist at the Medical Research Council's Radiation and Genome Stability Unit, said that while scientists in a lab would take the utmost care to prevent radiation from leaking out, it was possible that someone paying less scrupulous attention might end up with traces of the material on, for instance, his hands or clothing.

Investigators still have not said for sure whether the trail of radiation around London was left by Mr. Litvinenko alone, by someone else who handled the polonium 210 he ingested or by someone who came into contact with him after he became contaminated.

Dr. Philip Walker, a professor of physics at the University of Surrey, said in an interview that a substance like polonium 210 was most likely to be excreted in urine or feces and that it could conceivably have been spread in minuscule doses as Mr. Litvinenko traveled around London. But he was hard-pressed to conjure a surefire scenario. "There isn't a lot of experience in giving people doses of polonium 210," he said.

The incident has cast somewhat of a pall on British relations with Russia, an ally whose human rights record Britain has publicly criticized. The foreign secretary, Margaret Beckett, met with Russia's foreign minister on Wednesday and formally requested "all necessary cooperation with the ongoing investigation," Mr. Reid said. "The Russian foreign minister assured her this cooperation would be forthcoming."

In Moscow, the newspaper Kommersant reported that Andrei Lugovi, one of the two Russians who met with Mr. Litvinenko at the Millennium hotel on the day he became sick, said he had flown on one of the contaminated British Airways jets on Nov. 3.

Mr. Lugovi has denied poisoning Mr. Litvinenko.

Doctors treating Yegor T. Gaidar, a former prime minister and academic who fell ill in Ireland the day after Mr. Litvinenko died, concluded that he had been poisoned, though the substance remained unknown, a spokesman for Mr. Gaidar said.

"They can say he was poisoned, but they cannot say what the substance was," the spokesman, Valery A. Natarov, said by telephone. "It was not natural. It was not some sort of food or drink."

Yekaterina Y. Genieva, director general of Russia's State Foreign Literature Library, traveled with Mr. Gaidar to Ireland and shared breakfast with him on the morning he became ill.

She said he had fruit salad and tea, served by an elderly woman at the site of the conference, the National University of Ireland, Maynooth. "I say this because this was the only other person he encountered" who was not part of the group, she said in an interview on the telephone.

Ms. Genieva said Mr. Gaidar had complained that he felt ill and made arrangements to return to Moscow, but proceeded to give a lecture, then excused himself from the discussion.

Ms. Genieva said she found him in a corridor, vomiting and bleeding from his nose, and waited with him until an ambulance came. He was hospitalized and returned to Moscow two days later on Nov. 26. She declined to speculate on his illness, but added: "It was not normal at all. There were no obvious signs" of anything untoward.

British Find Radiation At 12 Locations (WP)

By Kevin Sullivan And Peter Finn

The Washington Post, December 1, 2006

LONDON, Nov. 30 -- The trail of radiation found in London expanded to 12 sites Thursday, and British authorities turned their attention to two Russian aircraft in their efforts to track the poison that killed a former Russian intelligence officer, a British government minister told Parliament on Thursday.

The four newly disclosed sites include two hospitals where former spy Alexander Litvinenko was treated, the Sheraton Park Lane Hotel in central London and a car found in north London, according to Scotland Yard. Police released no further details about the car; Litvinenko lived in north London, and radiation was also discovered in his home.

On Thursday, a plane belonging to the Russian airline Transaero was checked for radiation and cleared after it landed at London's Heathrow Airport. British Home Secretary John Reid told Parliament that "there is one other Russian plane that we know of that we think we may be interested in."

Reid said that about 24 venues had been examined and that it was probable that additional sites would be tested for radiation as police "continue to trace possible witnesses and examine Mr. Litvinenko's movements."

The former officer in the Federal Security Service, or FSB, the domestic successor to the KGB, died Nov. 23 of exposure to the radioactive substance polonium-210. He was a fierce critic of Russian President Vladimir Putin and in a deathbed statement accused the Kremlin of ordering his assassination. Russian authorities have labeled that charge as absurd.

Former Russian prime minister Yegor Gaidar, who suddenly fell ill in Dublin last Friday, continued to recuperate in a Moscow clinic Thursday, according to his spokesman and an Irish diplomat. His daughter repeated earlier statements that her father could have been poisoned. But doctors have not confirmed that, and Irish authorities, who are conducting an inquiry into the illness, said they had no evidence of it.

Gaidar discharged himself from a Dublin hospital and then spent Saturday at the Russian Embassy in Dublin before returning to Moscow.

British police have released little information about the locations where the radiation has been detected in London. But the expansion of the probe to the examination of aircraft that flew between London and Moscow, among other destinations, and a hotel that Litvinenko apparently did not visit take the inquiry beyond the movements of the former spy.

Litvinenko became sick Nov. 1 after several meetings in London's upscale Mayfair neighborhood. Contamination had already been discovered in a Japanese restaurant where he met an Italian academic, a hotel bar where he met three Russian men, and three office buildings.

Among the office buildings was one at 7 Down St. used by Boris Berezovsky, the exiled Russian tycoon who fell out with Putin in 2000 and has waged a long-distance campaign against him since then. Litvinenko was close to Berezovsky, who is wanted in Russia on numerous charges, among them calling for the violent overthrow of the government. He denies the allegations.

Another building, at 25 Grosvenor St., is the office of an international security company. Litvinenko visited both sites Nov. 1.

Police have not disclosed what connection, if any, Litvinenko had with a building at 58 Grosvenor St., where radiation was also detected. Traces of radiation from polonium-210 were found in a ground-floor office there, according to a two-page flier the British Health Protection Agency gave to employees.

Dated last Friday, it says the office "has now been closed and is the subject of a police investigation." It also notes that "very small amounts of polonium 210" were found in the reception area on a sofa, which has been removed, as well as "two other sites" in the building.

"It is not yet clear how it entered the premises," says the flier, a copy of which was obtained by The Washington Post.

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Andrei Lugovoy, one of three Russian businessmen who met Litvinenko at the Millennium Hotel bar, told the Russian newspaper Kommersant that he had flown home to Moscow Nov. 3 on one of the three British Airways aircraft now grounded. Lugovoy, another former Russian intelligence officer, met Litvinenko with Dmitry Kovtun, who told Echo Moskvy radio last week that he was a business consultant in Moscow. Lugovoy once worked for Berezovsky in Moscow.

A third man, Vyacheslav Sikolenko, who runs an association of security companies in Moscow, said in a broadcast by the radio station that he exchanged a brief greeting with Litvinenko at the Millennium Hotel.

The Russian visitors, who had studied together in the 1980s at a Moscow military college, attended a soccer match here between teams from Moscow and London in the European championship league.

Lugovoy said that the meeting lasted 20 or 30 minutes and that no one ate. He also said Litvinenko did not drink anything. Kovtun said he was interested in meeting Litvinenko because "he had serious contacts with serious British companies which wanted to get into the Russian market but had experienced difficulty with this."

Lugovoy, who met with British investigators at the British Embassy in Moscow, has denied any involvement in Litvinenko's death. He has checked into a Moscow clinic, according to news reports there.

Lugovoy was an official bodyguard in the early 1990s to Gaidar, the former prime minister.

Mario Scaramella, an Italian who was on the staff of an Italian parliamentary investigation that looked into the KGB, also met with Litvinenko that day. He has denied any involvement in the poisoning and said he has been tested and shows no signs of radiation contamination.

A British coroner opened an inquest into Litvinenko's death Thursday. It was adjourned after a few minutes to allow police to continue their investigation.

Andrew Reid, who presided at the coroner's court, said three pathologists would take part in an autopsy Friday at the Royal London Hospital -- one representing the government, another for Litvinenko's wife and the third as an independent specialist in case there is a later criminal prosecution.

The FBI has agreed to participate in the poisoning probe at the request of British investigators, a spokesman in Washington said. FBI experts in weapons of mass destruction will provide "technical assistance only," Special Agent Richard Kolko said.

At the moment, the case has no apparent connection to the United States or to U.S. citizens, officials said.

British health officials have repeatedly stressed that the radiation's threat to public health is low and that radiation from polonium-210 must be inhaled or ingested to be dangerous. But more than 1,700 people have called a special National Health Service hotline established to handle questions about the issue. And 5,500 people have called a British Airways hotline.

Finn reported from Moscow. Special correspondent Karla Adam in London and staff writer Dan Eggen in Washington contributed to this report.

Radioactive Traces Found At 12 Sites In Spy Probe (USAT)

By Ellen Tumposky Special For

USA Today, December 1, 2006

LONDON — An autopsy today could shed light on the mysterious death of former KGB agent Alexander Litvinenko, whose last movements have left behind a radiation trail that officials say now includes 12 contaminated sites.

Litvinenko, 43, died Nov. 23 from poisoning blamed on a massive dose of the rare radioactive isotope polonium-210. At an inquest Thursday, coroner Andrew Reid said a forensic pathologist will conduct the autopsy at Royal London Hospital today with radiation protection in place.

Before he died, Litvinenko accused Russian President Vladimir Putin and his government of arranging his assassination. The Kremlin has denied the accusation.

The mystery of Litvinenko's death intensified Thursday as:

·More than 5,500 airline passengers called hotlines set up to assist travelers who flew recently on three British Airways jets. Traces of radioactive substances have been found on two BA 767s by investigators looking into Litvinenko's death.

The airline estimates that 33,000 passengers and 3,000 crew and airport personnel had contact with the 221 flights being scrutinized. All of the planes had flown between London and Moscow.

BA said it got 60,000 hits on its website since Wednesday. The site lists the flights by the planes in question.

·Speaking to Parliament, Home Secretary John Reid referred to “one other Russian plane of interest” and said there might be others.

·Reid told Parliament that police found radioactive traces at 12 of 24 locations checked in connection with the death of the former spy, who had become a fierce critic of Putin after moving to Britain.

Britain's Health Protection Agency said there was “no significant risk to public health” at seven other sites, including the two hospitals where Litvinenko was treated and the Millennium Hotel, where he met Russian contacts on Nov. 1, the day he fell ill.

Before he died, Litvinenko said those Russian contacts had traveled to London from Moscow, a revelation that prompted the searches of planes.

·The FBI said it had been asked to assist with the Litvinenko probe. FBI spokesman Richard Kolko said the bureau's experts on weapons of mass destruction would provide scientific analysis.

British Airways is contacting customers who flew on the planes as far back as Oct. 25. The health risk “has been deemed very low level,” spokeswoman Nicola Newman said. The three 767s — two at Heathrow, one in Moscow — remained on the ground.

Reid did not say whether radioactivity found at sites around London was polonium-210, which was found at the hotel and sushi bar where Litvinenko had meetings on Nov. 1. It was also found at four other Mayfair locations, including the office of exiled Russian tycoon Boris Berezovsky, also a Putin critic.

Litvinenko's friend and fellow Russian exile Alex Goldfarb told reporters the discovery of radiation on the aircraft confirmed Litvinenko's own view of how he was poisoned. “This reinforces the theory that the origins of the material that killed Alexander is in Moscow,” Goldfarb said.

Goldfarb discounted any connection between the former KGB agent's death and the illness of Yegor Gaidar, 50, a former Russian prime minister who now is in the liberal opposition to Putin. Gaidar vomited and fainted in Dublin last week and now is under care in Moscow. “I don't think it's related,” Goldfarb said.

It was not clear how radiation got into the planes. Terry Kemp, professor of chemistry at the University of Warwick, said scientists working with radioactive isotopes normally wear protective clothing to avoid contamination. Couriers or agents might be far less careful, he said. “Suppose a small number of tiny droplets drifted onto your shirt cuffs and then you went on a plane. You would simply transfer it,” he said.

Polonium 210 (WSJ)

By Peter D. Zimmerman

The Wall Street Journal, December 1, 2006

LONDON -- The gruesome death of former KGB Lt. Col. Alexander Litvinenko will make history. Litvinenko is undoubtedly the first person murdered by the administration of an alpha-particle emitting radioactive isotope; that makes him the first known fatality resulting from a radiological assassination. The isotope, polonium 210, is largely unknown to the public.

Litvinenko's death was as ghastly as it is possible to imagine. The radioactive material went to his gastrointestinal tract, where it rapidly killed the cells lining his gut. They sloughed off, causing nausea, severe internal bleeding and enormous pain. It was as if his internal organs received a severe sunburn, and peeled. If the dose was high enough, it was a death sentence, no matter what the doctors tried to do. At best they could have tried to make Litvinenko comfortable until the end.

Radiation poisoning was not detected immediately, even though the symptoms were at least consistent with that cause. At a moderately early stage, according to visitors to the bedside, radiation was suspected, and a simple monitor was passed over Litvinenko's body. It failed to register significant radiation. That is not surprising because of the perverse genius of the choice of poison.

Alpha rays, emitted from certain very heavy atomic nuclei, are nothing but the nuclei of helium atoms. They pack a lot of energy, but because they are heavy and slow moving, they do not penetrate the way that gamma rays -- the most common radioactive emission -- do. Alphas are stopped in no more than a sheet of paper or a piece of aluminum foil, while gammas of the same energy will go through inches of lead. The alphas from the polonium 210 coursing through Litvinenko's body were stopped by his flesh, his skin and his clothing. There was nothing to be detected from outside.

Polonium is 5,000 times as radioactive per gram as radium; it takes very little to kill when it is ingested. There isn't much data, given that only two people are known to have died from acute polonium poisoning, one of whom was Madame Curie's assistant almost 100 years ago.

The Health Physics Society suggests that only three millicuries of polonium will do the trick; a fellow physicist estimated seven millicuries; and using data from a tragic episode in Goiania, Brazil, where five people died after eating a different isotope, I calculated the lethal dose at five millicuries. A "curie" is the amount of radiation given off by one gram of radium in one second; a millicurie is that given off by one-thousandth of a gram of radium. Because polonium's radioactivity is so high, one millicurie of polonium would weigh only 0.2 millionths of a gram, or about seven billionths of an ounce. Given the paucity of the data, three, five and seven are all "the same number," and it might be best to say the lethal dose is "around 10 millicuries." That is probably no bigger than a few grains of salt.

As this newspaper goes to press, the British authorities are investigating polonium contamination in at least a dozen locations in the West End of London, and British Airways has taken three Boeing 767 aircraft out of service for forensic examination. Many people who have been at or even near those locations fear for their own safely -- not surprising given the way Litvinenko died. In all likelihood there is no cause for any worry: The contamination must be at a very low level, particularly if it came from Litvinenko's body. The British government is partly to blame for the panic. It has announced "contamination," but has not indicated the amounts. It has sent a few people for follow-up screening, but has not explained that they are unlikely to be in any danger, and that the screening is probably only to gather forensic evidence.

Po-210 is a strange beast of a metal. The energy of each radioactive disintegration is so great that small chunks, perhaps a few hundred atoms in size, are blasted out of the surface and then drift around the room. Like dust they settle, but unlike dust they are radioactive themselves. And so, if one looks for alpha radiation with a sensitive detector, the micro-specks will announce themselves. But if such specks are all the contamination that exists, they are far too small to be dangerous.

When the use of polonium to kill Litvinenko was revealed, most scientists said that preparing the poison required the resources of a government, or at least the use of a nuclear research reactor. The only economical way to make the material is in a reactor where a target is bombarded with neutrons; the resulting tiny amounts of polonium are then carefully separated in a radiochemistry laboratory. The basic techniques date back to Pierre and Marie Curie's 1898 discoveries.

But it turns out that polonium 210 is a fairly common industrial isotope, one for which there are few substitutes. The radiation from a Po-210 source is used to ionize air, so that static electricity can be dissipated from textiles being pulled along rollers, from rapidly moving bands of paper, such as newsprint, and from photographic film. Alpha radiation makes it possible to brush off dust from film without having it immediately yanked back by a static charge.

Indeed, the U.S. Nuclear Regulatory Commission does not even require much in the way of licensing or paperwork to buy polonium sources smaller than two curies. Antistatic brushes, when fresh, can contain up to 10% of a lethal dose of Po-210; air ionizers for use in industry can contain up to the limit without coming under serious regulation, but larger and more useful sources are controlled. Such brushes, and somewhat larger ones, remain on the market.

As the threat of "dirty bombs," or radiological dispersion devices (RDDs), became well known a few years ago, thought was given to controlling alpha sources almost as tightly as gamma sources. However, it was recognized that alpha-emitters were not useful in RDDs because the radioactive material was only dangerous if you could persuade the victim to eat, drink or inhale it, something which seemed improbable. The allowed sealed radioactive sources are extremely hard to open, and extracting the microscopic speck of polonium is even more difficult.

Does the Litvinenko murder change things drastically? Not immediately, in my opinion. Polonium sources are still valuable in industry, and substituting small x-ray devices would be expensive and would take years to accomplish. The lesson from the Litvinenko murder is not that radioactive sources should be banned, not even alpha sources. It is that radiological weapons have the power to frighten us and to disrupt our lives, even when they cannot be used to cause widespread death and injury, and that an inarticulate government can make things much worse.

Mr. Zimmerman, a physicist, is professor of science and security at King's College London, and previously was chief scientist at the Senate Foreign Relations Committee and science adviser at the State Department during the Clinton administration.

Puffing On Polonium (NYT)

By Robert N. Proctor

The New York Times, December 1, 2006

Stanford, Calif.

WHEN the former K.G.B. agent Alexander V. Litvinenko was found to have been poisoned by radioactive polonium 210 last week, there was one group that must have been particularly horrified: the tobacco industry.

The industry has been aware at least since the 1960s that cigarettes contain significant levels of polonium. Exactly how it gets into tobacco is not entirely understood, but uranium “daughter products” naturally present in soils seem to be selectively absorbed by the tobacco plant, where they decay into radioactive polonium. High-phosphate fertilizers may worsen the problem, since uranium tends to associate with phosphates. In 1975, Philip Morris scientists wondered whether the secret to tobacco growers’ longevity in the Caucasus might be that farmers there avoided phosphate fertilizers.

How much polonium is in tobacco? In 1968, the American Tobacco Company began a secret research effort to find out. Using precision analytic techniques, the researchers found that smokers inhale an average of about .04 picocuries of polonium 210 per cigarette. The company also found, no doubt to its dismay, that the filters being considered to help trap the isotope were not terribly effective. (Disclosure: I’ve served as a witness in litigation against the tobacco industry.)

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A fraction of a trillionth of a curie (a unit of radiation named for polonium's discoverers, Marie and Pierre Curie) may not sound like much, but remember that we're talking about a powerful radionuclide disgorging alpha particles — the most dangerous kind when it comes to lung cancer — at a much higher rate even than the plutonium used in the bomb dropped on Nagasaki. Polonium 210 has a half life of about 138 days, making it thousands of times more radioactive than the nuclear fuels used in early atomic bombs.

We should also recall that people smoke a lot of cigarettes — about 5.7 trillion worldwide every year, enough to make a continuous chain from the earth to the sun and back, with enough left over for a few side-trips to Mars. If .04 picocuries of polonium are inhaled with every cigarette, about a quarter of a curie of one of the world's most radioactive poisons is inhaled along with the tar, nicotine and cyanide of all the world's cigarettes smoked each year. Pack-and-a-half smokers are dosed to the tune of about 300 chest X-rays.

Is it therefore really correct to say, as Britain's Health Protection Agency did this week, that the risk of having been exposed to this substance remains low? That statement might be true for whatever particular supplies were used to poison Mr. Litvinenko, but consider also this: London's smokers (and those Londoners exposed to secondhand smoke), taken as a group, probably inhale more polonium 210 on any given day than the former spy ingested with his sushi.

No one knows how many people may be dying from the polonium part of tobacco. There are hundreds of toxic chemicals in cigarette smoke, and it's hard to sort out how much one contributes compared to another — and interactive effects can be diabolical.

In a sense, it doesn't really matter. Taking one toxin out usually means increasing another — one reason "lights" don't appear to be much safer. What few experts will dispute is the magnitude of the hazard: the World Health Organization estimates that 10 million people will be dying annually from cigarettes by the year 2020 — a third of these in China. Cigarettes, which claimed about 100 million lives in the 20th century, could claim close to a billion in the present century.

The tobacco industry of course doesn't like to have attention drawn to the more exotic poisons in tobacco smoke. Arsenic, cyanide and nicotine, bad enough. But radiation? As more people learn more about the secrets hidden in the golden leaf, it may become harder for the industry to align itself with candy and coffee — and harder to maintain, as we often hear in litigation, that the dangers of tobacco have long been "common knowledge." I suspect that even some of our more enlightened smokers will be surprised to learn that cigarette smoke is radioactive, and that these odd fears spilling from a poisoned K.G.B. man may be molehills compared with our really big cancer mountains.

Pope Prays In Turkey With Muslim And Orthodox Leaders (NYT)

By Ian Fisher

The New York Times, December 1, 2006

ISTANBUL, Nov. 30 — Pope Benedict XVI, who spurred waves of anger among Muslims just two months ago, stood Thursday in silent prayer, facing Mecca, beside a Muslim prelate in one of the world's most important mosques.

The image of two men in white — the 79-year-old pope and Mustafa Cagrici, the chief of religious affairs for Istanbul — under the ornate domes of the Blue Mosque sealed a trip in which Pope Benedict repeatedly underscored his desire to reconcile Christians and Muslims.

How much of that goal he achieved here is unclear, after the deep anger over a speech criticized as equating Islam with violence. But Mr. Cagrici proclaimed the start good, with Benedict becoming only the second pope in 2,000 years known to have visited a mosque.

"Spring will not arrive by a single swallow," he told the pope. "But more swallows will arrive, and we're going to enjoy spring in the world all together."

The two men exchanged nearly identical gifts of paintings of doves as signs of peace, a coincidence that seemed to amuse the pope. In turn, he told Mr. Cagrici, "With the help of God, we must find the way of peace together, for the good of humanity."

But even with the symbolism of the mosque visit and a more diplomatic style, Pope Benedict showed Thursday that many of his basic concerns about the relationship between Christianity and Islam, as well as between West and East, had not vanished.

Twice on Thursday, the last day of his visit to Turkey, he referred to the "Christian roots of Europe" — long one of his themes, and one that has provoked some anger as seeming to minimize the contributions of others who now live there, especially the growing Muslim population.

He went further in a joint declaration with Bartholomew, the Orthodox Patriarch of Constantinople, of referring also to the Christian roots of Turkey — a historical fact, with the Byzantine church based here for more than a millennium, but a declaration that seemed to run the risk of offending his Muslim hosts.

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On Thursday he again seemed to endorse Turkey's entering the European Union — repeating the good-will gesture he made on Tuesday, his first day here — but he linked the step to a hope for specific progress in respecting the rights of minorities here. Turkey's small population of Orthodox Christians complains of official harassment and bureaucratic obstacles that have prevented its members from operating freely.

Of the European Union, the pope wrote in his joint declaration with Patriarch Bartholomew, "Those engaged in this great project should not fail to take into consideration all aspects affecting the inalienable rights of the human person, especially religious freedom, a witness and guarantor of respect for all other freedoms."

"In every step toward unification," they wrote, "minorities must be protected, with their cultural traditions and the distinguishing features of their religion."

Finally, he repeated a theme from the speech that caused the negative reaction in September in Regensburg, Germany, about his worry about violence in the cause of religion, though this time without mentioning any religion by name.

"Above all, we wish to affirm that killing innocent people in God's name is an offense against him and against human dignity," he and the patriarch wrote in their statement.

In all, the pope has seemed to toe a careful line of not backing down in substance — with the exception of cautiously blessing the progress of Turkey toward membership in the European Union — while presenting a more open, warmer face to an Islamic world that now deeply distrusts him.

The pope's spokesman, the Rev. Federico Lombardi, said the September speech, however painful, had helped open a new vein of dialogue between Christians and Muslims. "Regensburg bore a positive fruit, in a certain sense," he told reporters after the pope's visit to the mosque.

Before Benedict's visit, John Paul II became the first pope known to visit a mosque. It is usually reported that he did so first in Damascus in 2001, though a Jesuit priest active in interfaith dialogue said recently that the first such visit was actually in Senegal in 1992.

Benedict's relations with Muslims were only one facet of the trip, and for the Vatican not the most important one in the long run. On Thursday, Benedict continued what he considered his main task here, to help heal the 1,000-year rift with the world's 220 million Orthodox Christians.

For 40 years the two churches have been engaged in halting talks toward reuniting, and on Thursday the pope attended an Orthodox Divine Liturgy, and he and Bartholomew traded speeches that expressed hope for future negotiations toward unity.

Bartholomew is the spiritual head of the world's Orthodox Christians, though not with the same power the pope holds over the world's billion Catholics. The patriarch called the pope's presence in Turkey part of the "unwavering journey toward the restoration of full communion among our churches," which he said was God's will and command.

"May it be so," Bartholomew said.

Benedict's twin goals of overcoming enmities, old and new, between Christians and Muslims and among Christians themselves, could not find a more apt or complicated stage than Istanbul, a fact that seemed particularly vivid in the final day before he travels back to Rome.

Here the dramas of two millenniums of conflict, distant but very real, play out perhaps as in no other place, endowing the pope's visit with deep symbolic value — and presenting endless dangers for offense.

Before the pope visited the Blue Mosque, he toured Hagia Sophia, the present structure of which was built in the sixth century. It was the seat of the Byzantine church, which split from Roman Catholicism in 1054. After the Ottoman Turks defeated the Byzantines in 1453, the church was turned into a mosque. Ataturk, founder of the modern, secular Turkish state, turned it into a museum in 1935, making it neither Christian nor Muslim.

Hagia Sophia was closed to the general public during the pope's tour, and quiet except for a handful of stray cats that scampered across the ancient marble. Many Turks were watching Benedict carefully to see if he would pray. Pope Paul VI got down on his knees when he visited in 1967. Though Pope Paul had permission, he outraged many Turks, who felt he was subtly claiming the building back for Christianity.

But Benedict played very much the tourist, merely nodding and asking questions as he stopped at an alcove that displayed the church's split identity. Images of the Virgin Mary and the Christ child, in a ninth-century fresco, looked down from a dome to walls covered with Arabic calligraphy citing the names of God and the Prophet Muhammad.

After his tour the pope walked across the plaza — under the tightest security, with helicopters overhead and riot-equipped police officers with shields and tear gas — to the Blue Mosque, built in the early 17th century by Sultan Ahmed. The sultan's goal was also part of the competition between religions, to prove that Muslims could outdo Christians, even in the majesty of their buildings.

Silent Prayer, Words Of Hope As Pope Visits Mosque (WP)

By Molly Moore
The Washington Post, December 1, 2006

ISTANBUL, Nov. 30 -- Pope Benedict XVI slipped out of his red Prada loafers and padded in white slippered feet across the carpeted floor of Istanbul's revered Blue Mosque on Thursday, in only the second papal visit ever to a Muslim house of worship.

Near the end of the tour, the pope's host, Istanbul's chief cleric, Mustafa Cagrici, said quietly, "Now, I'm going to pray." The Christian world's most powerful leader lowered his eyes and appeared to mouth his own brief, silent prayer as the lights of the mosque glinted off the heavy gold cross nestled against his white frock.

For just under a minute, Benedict stood facing Mecca alongside the Islamic cleric beneath the exquisite blue-tiled dome of one of the world's most famous mosques, a visual gesture of reverence to a Muslim world he angered in September by quoting a Byzantine emperor who accused Islam of embracing violence.

"Thank you for this moment of prayer," the pope told Cagrici as they shuffled out of the cavernous 17th-century structure, known formally as Sultan Ahmet Mosque, with Benedict's white stocking slippers peeking from beneath his floor-length robes. In Islam, it is forbidden to wear shoes inside a mosque.

"This visit will help us find together the way of peace for the good of all humanity," the pope said.

"A single swallow can't bring spring," Cagrici told the pope. "But many swallows will follow, and we will enjoy a spring in this world."

Some Turks were angry that the Roman Catholic leader, on his first trip to a Muslim country in the 19 months he has been pope, entered a mosque. Police dispersed a few dozen demonstrators who protested outside the Blue Mosque several hours before Benedict's arrival.

Others welcomed the pope's gestures of goodwill. "Each message the pope gives in Turkey is important," said Ali Adakoglu, editor of Gercek Hayat, a weekly magazine popular among conservative Muslim university students. "It's important not only for Turkey, but for the world, which could have a clash of civilizations."

Adakoglu added, "But is he saying nice things only for the sake of being polite, or is he really behind his warm messages?"

Snipers stood guard in the mosque's minarets. Just before the pope arrived, the wail of the call to prayer competed with the rumble of helicopters policing the area from above, part of the stringent security precautions Turkey has taken for the pontiff's four-day trip, which ends Friday.

Benedict's predecessor, John Paul II, made the first papal visit to a mosque, in Damascus in 2001. Benedict added the Blue Mosque to his itinerary as an overture to Muslims and Turkish nationalists suspicious of his visits here with leaders of Orthodox and Armenian Christian churches, who have complained of discrimination and repression in Turkey.

Benedict's tour has tested his diplomatic skills as he treads carefully across the fault lines of religious conflict both modern and ancient. He has used the trip not only to try to mend his relations with the Muslim world, but also to try to improve the Vatican's ties with the Orthodox and Armenian Christian churches, which split with Rome centuries ago.

Ecumenical Patriarch Bartholomew I, who from his seat in Istanbul acts of spiritual head of Orthodox Christianity's 250 million members worldwide, invited the pontiff to Turkey a year ago, long before the pope's speech that incited Muslims.

After nearly a millennium of conflict between Rome and the Orthodox church, the pope and the patriarch called Thursday for a combined effort to salvage the declining membership and stature of both churches in Europe, where Christians are increasingly abandoning religion as Islam gains followers and influence.

"In Europe, while remaining open to other religions and to their cultural contributions, we must unite our efforts to preserve Christian roots, traditions and values," the leaders said in a joint statement after an elaborate, two-hour St. Andrew's Day service in the Orthodox Church of St. George near the banks of the Bosporus Strait.

And while the pope was willing to pray in the Blue Mosque, he avoided any overt show of prayer when he visited the Haghia Sophia -- once considered Christendom's grandest house of worship. In 1453, Ottoman Turks captured Constantinople, now Istanbul, and turned the church into a mosque. It was declared a museum in 1935 after Turkey became a secular republic.

Press and television commentators here had speculated about whether the pope would attempt a prayer in Haghia Sophia or make a comment urging the government to return it to its status as a place of worship.

He did neither. He did, however, raise folded hands for a few seconds toward the recently refurbished ceiling mosaic of the Virgin Mary, and as he entered the soaring spaces of the onetime cathedral, his face seemed more animated than in any other public appearance of his trip.

Pope Prays In Turkish Mosque (WT)

By John Phillips
The Washington Times, December 1, 2006

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ISTANBUL -- Pope Benedict XVI prayed alongside a top Muslim cleric yesterday in Istanbul's dazzling Blue Mosque, climaxing a four-day visit in which the pontiff emphasized protecting the rights of religious minorities.

Hours earlier, Benedict stood beside the spiritual leader of the world's Orthodox Christians, Ecumenical Patriarch Bartholomew I, and they encouraged Turkey in its bid to join the European Union.

"In every step towards unification, minorities must be protected, with their cultural traditions and the distinguishing features of their religion," Benedict and Bartholomew said in a joint declaration after a morning service.

The service at St. George's Patriarchal Church marked the feast of St. Andrew, the patron saint of the Ecumenical Patriarchate and brother of St. Peter.

In the afternoon, Benedict visited the mosque, replacing his shoes with white slippers and walking beside Istanbul's top Muslim cleric, Grand Mufti Mustafa Cagrici.

"This visit will help us find together the way of peace for the good of all humanity," the German pope told Mufti Cagrici inside the 17th-century structure.

The Rev. Federico Lombardi, the Vatican spokesman, said the pope had stopped for "a moment of reflection and meditation that one can also call personal prayer" in the mosque, which officially is named after Sultan Ahmet I and opened in 1616.

A major attraction for tourists, its popular name derives from the fine blue Iznik tiles in the main prayer room.

Receiving a gift of a glazed tile decorated with a dove and a painting showing a view of the Sea of Marmara, the pope gave the imam in return a painting showing four doves. "Let us pray for brotherhood and for all humanity," the 79-year-old pontiff said in Italian.

The mosque visit was "truly a great step forward" in relations between Muslims and Christians, Father Lombardi said. "The welcome the pope received certainly was very cordial without any coldness or reserve."

Benedict also toured the 1,500-year-old Hagia Sophia complex, now a museum but for centuries a Christian church. In 1453, it was converted to a mosque during the Muslim conquest of Constantinople.

The site was converted to a museum under the secular Turkish republic proclaimed in 1923.

"In our diversity, we find ourselves before faith in the unique God," Benedict wrote in the museum visitors' book. "May God enlighten us and allow us to find the path of love and peace."

The pope's inscription was released on a Turkish newspaper's Web site and Father Lombardi confirmed it as authentic.

Several dozen protesters linked to the far-right Grey Wolves party gathered outside the building yesterday morning waving banners saying, "Pope get out of Turkey."

However, the pope's message of reconciliation resonated throughout the trip, winning widespread praise that contrasted sharply with worldwide Muslim anger in Turkey and elsewhere over remarks on violence and the prophet Muhammad.

Benedict's predecessor, Pope John Paul II, made the first papal visit to a mosque during a visit to Damascus, the Syrian capital, in 2001.

Meeting Bartholomew was the original aim of the pope's visit in an effort to end the nearly 1,000-year schism between the Catholic and Orthodox churches, which Benedict yesterday described as a "scandal to the world."

The pope is slated to return to the Vatican today.

Conviction Of Researcher For New York Times In China Is Upheld (WP)

By Maureen Fan

The Washington Post, December 1, 2006

BEIJING, Dec. 1 -- The three-year fraud sentence of a Beijing-based researcher for the New York Times was upheld by Beijing's High Court on Friday, the only remaining charge against him after a more serious accusation of leaking state secrets was dismissed in August.

"The fraud charge itself is not fair because they didn't give our witness any chance to speak in court," said Zhao's attorney, Guan Anping, who was kept waiting outside the courthouse with reporters and did not appear with his client. "The fraud charge depended heavily on evidence, and this evidence was not presented in court. Both the prosecutors and the defense only submitted written statements."

For Zhao Yan, 44, it was the end of a lengthy legal process that could have meant 10 years in prison. It was not clear Friday whether he could appeal to the central government's Supreme People's Court for reconsideration through a "supervisory process," Guan said, which is technically outside normal legal procedures.

Zhao was detained in September 2004, 10 days after a Times article accurately predicted that former president Jiang Zemin would resign his last official position as head of China's Central Military Commission. Zhao and the Times have

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consistently denied that he was the source for news about Jiang's retirement, which was not unexpected but viewed as a state secret.

Zhao's case was originally dismissed in March, weeks before current President Hu Jintao visited the United States. But Zhao remained in detention, and prosecutors renewed their charges in May. His case has been the subject of lobbying by President Bush.

After the more serious charge was dropped, Zhao was sentenced in August to three years for the unrelated fraud charge, in connection with his job as a Chinese newspaper reporter before he worked for the Times. Prosecutors say that Zhao promised to help a man in Jilin province in exchange for $2,500 but that he did not deliver the help.

Zhao maintains his innocence. The man did not complain to police or file a legal complaint, and the fraud charge was leveled only after authorities began investigating the state secrets charge, Zhao's attorneys have said.

Zhao has served more than two years of his sentence and has 10 months remaining. He could be released in September.

His daughter, aunt and uncle appeared in court Friday. It was Zhao's relatives who came outside about 9:15 a.m. and informed Zhao's attorney and the media of the result.

"Zhao told the court: 'You even made a mistake with my birthplace and my age. How can you give me a trial?' " said the uncle, Zhao Hongfeng, 56. "It's not what I expected. I believe he's innocent."

Sex Abuse Of Girls Is Stubborn Scourge In Africa (NYT)

By Sharon Lafraniere

The New York Times, December 1, 2006

SAMBAVA, Madagascar — Thirty miles outside this down-at-the-heels seaside town, Justin Betombo tends his vanilla plants and cheers the local soccer team as if he had not a care in the world. And in fact, what was once his greatest worry has been almost magically lifted from his shoulders.

In the local prosecutor's office, a file filled with accusations that he had sodomized his 9-year-old niece has vanished.

Mr. Betombo was arrested in 2003 after the girl, Kenia, said he had savagely assaulted her. The police obtained his confession, which he later recanted, and a doctor's certificate that Kenia had been sexually violated, rendering her incontinent and anorexic. Twice they sent the case file to the prosecutor.

There matters ended. Mr. Betombo attended one hearing in the prosecutor's office, but Kenia's parents say they were not told about it. The records are nowhere to be found. And Mr. Betombo walked away a free man. Kenia's parents, distressed by what they saw as a travesty of justice, asked that her name be published, hoping that her case would set an example.

Among sub-Saharan Africa's children, such stories are disturbingly common. Even as this region races to adopt many of the developed world's norms for children, including universal education and limits on child labor, one problem — child sexual abuse — remains stubbornly resistant to change.

In much of the continent, child advocates say, perpetrators are shielded by the traditionally low status of girls, a lingering view that sexual abuse should be dealt with privately, and justice systems that constitute obstacle courses for victims. Data is sparse and sexual violence is notoriously underreported. But South African police reports give an inkling of the sweep of child victimization. In the 12 months ending in March 2005, the police reported more than 22,000 cases of child rape. In contrast, England and Wales, with nine million more people than South Africa, reported just 13,300 rapes of women and girls in the most recent 12-month period.

"The prevalence of child rape in South Africa goes from really, really high to astronomically high," said Dr. Rachel Jewkes, a specialist on sexual violence with South Africa's Medical Research Council.

Africa is not unique in its high rates of abuse. While a survey of nine countries last year by the World Health Organization found the highest incidence of child sexual abuse in Namibia — more than one in five women there reported being sexually abused before age 15 — it also found frequent abuse in Peru, Japan and Brazil, among other nations. Relatives are frequent perpetrators in Africa, as in much of the world. But this continent's children face added risks, especially at school. Half of Malawian schoolgirls surveyed in 2006 said male teachers or classmates had touched them in a sexual manner without their permission.

The number of abuse cases is rising in South Africa, Zimbabwe, Zambia, Uganda, Kenya, Sierra Leone and other African countries, statistics show. Whether that means more children are being victimized or more are coming forward — or both — is impossible to determine, experts say.

Researchers cite various reasons that abuse is so common: poverty, which makes it harder for parents to keep children safe; a legacy of violent, oppressed societies, and cultural mores that allow offenders to escape criminal punishment, often by marrying their victims or compensating their victims' families.

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But, ultimately, said Dr. Jewkes, of the Medical Research Council, the vast gap between the status of men and boys and that of women and girls explains much of the climate of relative tolerance. “If I had to put my finger on one overriding issue, it would be gender inequality,” she said.

Increasingly, African nations are openly acknowledging the problem, partly because AIDS has made children more likely to fall ill or die from sexual abuse. Campaigns against abuse are under way in Zimbabwe, Lesotho, Swaziland, Kenya, Sierra Leone and elsewhere.

The impact is apparent in Zimbabwe, where a child rights group estimates that at least 2,000 child rape victims have died of AIDS since 1998. “Literally for the first time in Zimbabwe’s history, child abuse is no longer a taboo subject,” said James Elder, a Unicef spokesman.

That said, the response is minuscule compared with the extent of abuse, said Pamela Shifman, a child protection specialist at Unicef headquarters in New York. “We see huge numbers of girls affected,” she said. “These crimes are still treated as the fault or the problem of the victim.”

South Africa is perhaps furthest along in developing the specialized courts, medical treatment and counseling that have long been standard fare in the West. But even there, Dr. Jewkes said, appalling police work — for example, not verifying the addresses of suspects and accusers — routinely dooms prosecutions.

Beyond that, said Joan van Niekerk, national coordinator of Childline, which runs South Africa’s child crisis hot lines, children regularly complain that coping with the criminal justice system is worse than the sexual abuse itself.

Like much of the region, Madagascar, an island of 18 million off Africa’s southeastern coast, is making headway, but still falls short of even South Africa’s low standard.

Since 2000, Unicef has set up 11 child-protection teams of doctors, educators and judges to inform the public about sex abuse and assist victims. Hassan Mouigni, who leads vice investigations at the main police station in Antananarivo, Madagascar’s capital of 1.4 million, sees some results. This year, he said, the station has investigated 95 cases, compared with 40 in all of 2003.

But medical and legal authorities say the vast majority of families still hew to a tradition of accepting payment from perpetrators. The few who press charges are plunged into a criminal justice process that Mr. Mouigni calls deeply frustrating.

He can offer victims who arrive at his station little more than an officer behind a typewriter — no counselors, no video cameras to record testimony, no toy-filled rooms or friendly intermediaries. Instead, girls as young as 5 are expected to confront their tormentors face to face. Perhaps most daunting, poor families must produce at least $15 to cover investigation costs like gloves and paper for medical exams.

That was nearly enough to deter Claudine Ravoniarisoa, who appeared at Mr. Mouigni’s station one recent Thursday with her 15-year-old daughter. Wringing her hands nonstop, the girl told officers that a neighbor had raped her while her mother was hospitalized. “He destroyed my life and my body,” she said.

But once her mother learned of the costs, she decided to identify the perpetrator only as “Mr. X.”

“I have no money to pursue this,” she protested, while an officer tried to persuade her to do so.

In another room, Domoima Rahamtanirima pressed a case against her brother-in-law in the molestation of her 5-year-old, Menja. For two weeks afterward, Mrs. Rahamtanirima said, the girl cried when she urinated.

Mrs. Rahamtanirima borrowed money for the required medical exam. Nothing was left to buy the medicine the doctor had prescribed for Menja. Her file complete, the little girl traipsed in her frilly white dress to a courthouse as packed with accusers, accused and their supporters as a New York subway station at rush hour. She waited four hours, then sat down at a table before them all and, in a tiny voice, identified her uncle, seated across from her, as her assailant.

“We had to do it,” said her mother, who said that everyone in her village knew about the case and asked that her daughter’s name and picture be used. “Everybody should be aware that things like this should not happen to children.”

A Quest for Redress

Kenia’s parents, Antoine and Joazandry Moravelo, are equally passionate about the need for justice for their daughter. But after four fruitless years, they have all but given up hope. Though her photograph and name have appeared in local newspapers, they say, no one has been held accountable.

Kenia, the sixth of eight children, moved in with her aunt and uncle Lydia and Justin Betombo at the age of 8 after they promised to educate her. Sharing child care is common in Africa, and the Betombos, who lived 45 minutes away, had more than the Moravelos: a car and a two-room, tree-shaded house with sheet metal walls instead of the Moravelos’ thatched-roof reed hut.

But Kenia said the house was no haven. She said, “my uncle showed me his penis whenever he had a chance, and I always ran away.” Her aunt’s stock response, she said, was, “Don’t talk about that.”

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One night in mid-2002, when her aunt was out, Kenia said, her uncle summoned her to his bed. “Because I refused, he came over to my bed,” she said. Afterward, she said, he told her, “If you talk about what happened, I will kill you.” She said she told her aunt anyway, and was instructed to keep quiet. The physical consequences of the attack, however, were hard to hide.

Kenia lost control of her bowels, had to quit school and was increasingly homebound. For six months or more, her only treatment was from a traditional healer who told her to boil herbs and wash with them. Finally, emaciated and weak, Kenia approached a neighbor. “She said, ‘I am sick; I am sick,’ and she was crying,” said the neighbor, Suzanne Mboty, who knew Kenia’s parents.

Hours after the neighbor reached his village, Mr. Moravelo retrieved Kenia. “She was so thin, so thin, I couldn’t believe it,” he said. Her mother said Kenia could not even sit down. “I opened her bag, and I saw all her underwear full of feces,” she said. “I said, ‘My God, what is this?’ ”

Kenia refused to say. But at the local health clinic, the nurse held up scissors and threatened to operate if Kenia did not talk.

That began nearly four years of medical procedures for Kenia, including a colostomy, two operations to close it, and repeated hospitalizations for wasting, incontinence and anorexia. Her mother said she sometimes refuses to eat because defecation is painful. Medical reports indicate that the muscle controlling defecation has been largely destroyed and her anal canal is heavily scarred.

The family is rent: Kenia’s parents had to sell their rice field and move to Diego-Suarez in the north for her treatment. Most of their other children remained behind, in the care of elder siblings. Kenia, now 13, is temporarily in Antananarivo, where a doctor is trying to treat her with a special diet.

A surgeon who recently examined her said a full recovery was unlikely. The uncertainty preys on Kenia, her mother said. “Sometimes she tells me, ‘My body is hurting. I have so many problems. I don’t go to school. I just feel this sickness all around me,’ ” she said.

The family’s legal efforts have met even less success. Mr. Moravelo lodged a complaint with the cash-short police, but the officers had no car; he hired a taxi so they could pick up Mr. Betombo for questioning. Frightened and sobbing, Kenia confronted her uncle at the chaotic station.

Justice Subverted

Mr. Betombo and his wife denied Kenia’s account. But ultimately — after the police beat him, Mr. Betombo said — he signed a confession, was arrested and carted off to the prosecutor’s office in nearby Antalaha.

Kenia’s father said that was the last he heard until a few days later, when friends told him that Justin Betombo was “free and happy” back in his village.

Mr. Betombo said he had convinced the prosecutor that his confession was false. Kenia’s parents say they were never summoned to contradict him.

“I took this girl in as my daughter,” Mr. Betombo said. “I really can’t understand why they say that I could have done such an awful thing to her. I think they were jealous of me and they wanted to ruin my life.”

Sambava’s police department again sent the file to the prosecutor’s office months later. But Sophie Ramahakaraha, the prosecutor in charge, now says that she has no record or memory of it. Real instances of child rape are rare, she said. “Very often the parents are poor and they use this procedure to get money,” she said.

But to Daul Randriamalaza, a Sambava police inspector, there is no question about who was the victim here.

“I don’t want to talk about corruption here, but that is what could have happened in this case,” he said as prisoners watched from the station’s tiny cell.

“I have children myself. How can I be happy about this?”

Mexico's New Day (LAT)

The Los Angeles Times, December 1, 2006

VICENTE FOX exits the stage today in Mexico, handing over the presidency to 44-year-old Felipe Calderon. The two men hail from the same conservative party (the National Action Party, or PAN), but Calderon's inauguration takes place against a backdrop radically different from Fox's swearing-in six years ago. Calderon seems immeasurably weaker than Fox was when he vanquished the long-dominant Institutional Revolutionary Party, or PRI, in 2000. But that may be as much an opportunity as a hindrance.

Fox, though still personally popular, has been an ineffective, lame-duck president for so long it is easy to forget his rock-star status — not just at home but around the globe — on first taking office. Expectations in Mexico were so high then that even leftist intellectuals flocked to his side.

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His successor takes office under far less auspicious circumstances. Indeed, there is some question about whether he will be able to be sworn in as customary in the Congress. Leftist legislators still grousing (absurdly) that fraud accounts for Calderon's narrow victory at the polls are vowing to block the path to the podium.

Calderon has nowhere to go but up, just as Fox had nowhere to go but down. There is a recent precedent in Mexico of a president who needed to legitimize himself in office — Carlos Salinas de Gortari — taking bold risks. Salinas, a member of the PRI, shocked Mexico by taking on the powerful oil workers' union and making peace with the Roman Catholic Church.

Calderon could show his boldness by taking on his backers in the business community. There has been a lot of nonsensical talk since the July 2 election about the need for the new president to borrow some of the ideas of Andres Manuel Lopez Obrador, the leftist former mayor of Mexico City who lost the election by less than a percentage point. That would be a mistake.

Mexico needs to spend more on welfare programs, sure, but overall it needs freer markets, not a return to the days of heavy-handed government control of the economy (Lopez Obrador's vision). And in order to create more economic freedom and stimulate growth, Calderon needs to break up the monopolies and duopolies that enrich the elites (the Telmex behemoth in telecommunications is Exhibit A) and act as a brake on growth.

Calderon will have to become an avid trust-buster if he is to succeed in office. He'd be taking on powerful interests, but the move could also help him broaden his base of support. A technocratic political insider who surrounds himself with hard-core conservative advisors, Calderon has plenty of other challenges, including rising drug-trafficking violence nationwide. But if he makes progress in standing up to big business and in restoring the rule of law, he could someday attain rock-star status of his own.

DOJ_NMG_0100638

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TERRORISM NEWS:

DOJ Asks 4th Circuit Panel To Overturn Moussaoui Civil Evidentiary Ruling. The AP (12/1, O'Dell) reports, "A federal appeals court in Richmond will decide in coming weeks whether some families of the Sept. 11 victims should be given evidence from the trial of confessed al-Qaida conspirator Zacarias Moussaoui for civil lawsuits filed in New York." The AP continues, "U.S. District Judge Leonie Brinkema of Alexandria has ordered the government to give the plaintiffs nonsensitive information that prosecutors turned over to Moussaoui's attorneys but was never introduced at his trial." The AP adds, "Justice Department lawyer Steven Lane yesterday urged a three-judge panel of the 4th U.S. Circuit Court of Appeals in Richmond to overturn that ruling. He argued that Brinkema lacked authority in the New York cases and that there is no precedent for allowing civil plaintiffs to intervene in a criminal case. … Lane said the case isn't about whether the plaintiffs are entitled to the evidence; it's about the proper procedures for obtaining it. … 'We're prepared to respond in good faith to discovery requests made in New York under settled civil-discovery procedures,' Lane said, adding that 'there was no need for the district court to create from whole cloth a novel procedure' in this case." The AP notes, "Nathan Lewin, attorney for the plaintiffs, argued that Brinkema properly exercised her discretion to allow access to the evidence in 'an unusual case involving victims of the worst terrorist act in the history of mankind.' … Appeals court Judge Roger Gregory asked if Brinkema's order amounts to an open door for any citizen to intervene in a criminal case. … It does not, Lewin said, because Brinkema made it clear that this is a rare case in which the plaintiffs have demonstrated a compelling need for the evidence."

Judge Rules No NSA Surveillance Used In Faris Case. In a widely-distributed story, the AP (12/1, Welsh-Huggins) reports, "A federal judge who dismissed a challenge of the Bush administration's domestic spying program said the case against a convicted al-Qaida supporter was built on statements he made to investigators, not evidence from warrantless eavesdropping. The challenge by Iyman Faris, now serving a 20-year prison sentence" for plotting to bomb the Brooklyn Bridge, "was among the first to seek evidence of warrantless eavesdropping by the National Security Agency." The AP notes, "The government has said information from a court-ordered wiretap led them to Faris," but US District Judge Leonie Brinkema "said her review of government documents found no evidence that the 'constitutional rights of Faris were infringed by the manner in which his name came to the attention of the FBI.'"

Britons Lose Court Case, Face Extradition To US. The Washington Post/AP (12/1) reports a British court ruled Thursday that Haroon Rashid Aswat and Babar Ahmad, two British men charged with terrorism-related offenses, could be extradited to the United States. Lord Justice John Laws said the argument made by lawyers for Aswat and Ahmad that their clients would be mistreated, or tried and sentenced as enemy combatants, "would require proof of a quality entirely lacking here." The AP added, "Ahmad faces charges of supporting terrorism, conspiring to kill Americans and running a Web site used to fund terrorists. Aswat is accused of plotting to set up a camp in Bly, Ore., to train Islamic fighters."

Dodd Bill Would Restore Habeas Protection For Terror Suspects. The New Haven Register (12/1, O'Leary) reports Sen. Christopher Dodd "has proposed revamping the newly authorized military commissions to restore habeas corpus protections for terrorism suspects, as well as to curb executive interpretation." Sen. Patrick Leahy "is expected to co-sponsor the legislation, according to Dodd's office." The Register notes, "Dodd also has written to President Bush, asking that implementation of the commissions be delayed until a new secretary of defense is given a chance to scrutinize elements of the new law. … Dodd feels the lack of habeas corpus protections for detainees undermines the moral authority of the United States and puts American servicemen and women in jeopardy."

Australian Prisoner At Guantanamo Wins Country's Support For Release. The New York Times (12/1, Bonner) reports, "David Hicks, a 30-year-old Australian who is about to begin his sixth year at Guantánamo Bay, is gaining supporters for his release from diverse

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quarters." On Monday, "the attorney generals from Australia's eight states and territories sent a letter to the federal attorney general demanding" that Hicks "be brought home, and asking 10 specific questions about the conditions of his detention." Australia's intelligence agency considers Hicks "a dedicated enemy of the West," but Australian counterterrorism police "see him as a misguided soul, a wanderer in search of meaning." Michael Pelly, a spokesman for Philip Ruddock, the federal attorney general, said "the Australian government was extremely frustrated that Mr. Hicks had not yet been brought to trial. It has repeatedly expressed this frustration to the Bush administration."

LATimes Criticizes Administration For Seeking Warrantless Access To Email. The Los Angeles Times (12/1) says in an editorial, "In the latest illustration of the Bush administration's disregard for your privacy, the Justice Department is trying to convince a panel of federal judges that the FBI should be free to read your e-mail without obtaining a warrant." It is "not all your e-mail — only messages left on a Web-based system such as Hotmail or on your Internet service provider's computers. A 1986 law forbids the interception and disclosure of e-mail and other online transmissions without a warrant. But there is an exception. If the messages are more than 180 days old, they can be obtained merely with a subpoena or a court order, which investigators can obtain more easily than a warrant." Now the Justice Department "is arguing, in a case before an appeals court in Ohio, that even new messages can be obtained without a warrant if their intended recipient has already read them. The Justice Department views an opened e-mail left on a service provider's computer as more like a postcard left on a table than a sealed letter in a drawer. Which is to say, its owner has no reasonable expectation of privacy." The US 6th Circuit Court of Appeals "should rein in the feds and strike down the provisions of the law that are out of sync with the technological realities of the broadband era — and the privacy expectations of Americans."

Mayfield Has "Mixed Feelings" About Settlement. In an overwhelmingly sympathetic interview with Brandon Mayfield and his wife, The Oregonian (12/1, Rose, 318K) reports, "Two years after he was locked up as a possible suspect in an act of terrorism he knew nothing about, the often-disheveled, soft-spoken Muslim still seems reluctant to go into detail about what his family endured. 'I want to write a book,' he says. Then, with a sigh, he relents, offering an invitation into his Beaverton home. The settlement money is for his family's suffering. People, he says Thursday, should get a taste of what their government is paying for." The Oregonian adds that "the Mayfield house is as neat as a pin. Volumes of the Holy Quran…sit on a shelf next to a television. A fire burns in a wood stove. 'I guess I'm happy I settled, but I have mixed feelings,' he says. 'I envisioned my day in court. I guess I'm a little disappointed I couldn't shed a little more light on what happened behind the scenes.' It's also hard, he says, to shake the chill left by the government secretly spying on him. … What conversations did they hear? What intimate moments did they see? It's a secret. Mayfield will never know."

HOMELAND RESPONSE:

Specter Says Better CIA-FBI Communication Could Have Prevented 9/11. Under the headline "Specter: No New Spy Law For Now," the Philadelphia Inquirer (12/1, Goldstein, 385K) reports in a story widely-distributed by McClatchy, Sen. Arlen Specter "said Thursday that attempts to legislate review of the government's domestic surveillance program were virtually dead for this year and expressed doubts that a solution would soon be found under a Democratic-controlled Congress. … 'I think it would be ideal to have congressional oversight on the program in detail, and I look forward to what will happen next year,' he told an American Bar Association gathering. 'I have grave reservations as to how successful we will be, given the administration's unwillingness to share those secrets.'" The Inquirer notes Specter "also groused about 'endless unproductive activity of Congress' and the failures of congressional oversight to review controversial Bush administration programs. Specter said FBI Director Robert Mueller would testify before his panel Wednesday on whether law enforcement and intelligence agencies are sharing information. The Sept. 11 terrorist attacks 'could have been prevented if the CIA and the FBI had communicated,' Specter asserted."

DHS Sees "No Information To Corroborate" Financial Cyberterror Threat. USA Today (12/1, 2A, Hall) reports, "A jihadist website warns that attacks will be launched beginning today against online stock trading and banking websites, but it's highly likely that the threat is

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baseless, the Homeland Security Department said Thursday." DHS spokesman Russ Knocke said there was "no information to corroborate this … threat," and that the US Computer Emergency Readiness Team had "informed financial services 'out of an abundance of caution as a routine matter.'"

The Wall Street Journal (12/1, A6, Block, Smith) reports, "A government official said the alert followed a message-board posting yesterday from al Qaeda sympathizers, urging followers to join in cyber attacks against US financial targets over the next month. Financial institutions took the warning in stride, with many of them indicating that they get such warnings from time to time and that this particular warning hadn't changed their level of vigilance. … The threat allegedly came from a previously unknown group called the e-Jihaddi hackers," who "called for a 'Guantanamo' revenge raid on 'infidel banks' and said non-Muslims willing to help 'will be welcomed.'"

Imam Removed From Flight Once Worked For Group Linked To Hamas. In an article based on an interview with Omar Shahin, one of six imams removed from a US Airways flight last week, the Washington Times (12/1, Hudson) reports that Shahin "says he has traveled the country since the September 11 attacks to promote understanding of the Muslim religion, but he once worked for a group linked to terrorist financing. He insists that the terrorists who leveled the World Trade Center were not Muslims." Referring to the hijackers, Shahin said, "Despite what religion they claim, even if they are all Arabs, to say they are Muslims is wrong, completely wrong." Shahin said he "had no clue" what KindHearts, a group for which he "was a representative and fundraiser," was doing. The Treasury Department has frozen the groups' assets, saying it "coordinated with Hamas leaders and made contributions to Hamas-affiliated organizations." Regarding the US Airways incident, Shahin says "they were not led off the plane in handcuffs, as reported, nor were they kept in handcuffs during their five-hour detention, and they were not harassed by dogs."

USA Today Says Clerics' Behavior Provided "Grounds For Concern." Under the headline "Imams' Eviction From Plane Reflects Tough Post-9/11 Calls," USA Today (12/1, 21A) editorializes, "Based on the official report of what crew and passengers told police, it appears that the clerics' behavior lacked self-awareness or was intentionally provocative. Either way, it provided reasonable grounds for concern." Meanwhile, some elements of the case remain "in dispute and warrant further investigation. If nothing else, it underscores the tough judgment calls that airline crews and security personnel have to make under tight time pressure."

US Program Assigns "Terror Score" To International Travelers. The New York Times/AP (12/1) reported, "Without notifying the public, federal agents for the past four years have assigned millions of international travelers, including Americans, computer-generated scores rating the risk they pose of being terrorists or criminals. The travelers are not allowed to see or directly challenge the risk assessments, which the government plans to hold for 40 years." The Department of Homeland Security, which disclosed the existence of the Automated Targeting System in the Federal Register earlier this month, "said the nation's ability to spot criminals and other security threats 'would be critically impaired without access to this data.' Still, privacy advocates view the program with alarm."

TSA To Test "Backscatter" Machine At Phoenix Airport. USA Today (12/1, 1A, Frank) reports on its front page that a "backscatter" machine, which "takes potentially revealing X-ray photos of travelers in an effort to find bombs and other weapons," will be tested by TSA screeners at Phoenix Sky Harbor International Airport this month. Though the machines have "been labeled a 'virtual strip search' by the American Civil Liberties Union," they "will blur or shade images to obscure body parts and medical devices" in tests at Phoenix and another yet-to-be-decided airport. "The TSA also will look at using the machines in subways." The agency "has been considering the machines since 2002 while struggling with privacy issues," but spokesman Randy Null said they are now "'very comfortable' with privacy protections manufacturers have built into the machines."

Paulison Says FEMA Has Learned From Katrina. McClatchy Newspapers (12/1, Rosen) reports in a speech at the National Press Club Thursday, FEMA director David Paulison said the agency "has made huge strides in the 15 months since" Hurricane Katrina. He "pointed to a series of organizational and procedural changes that are designed to clarify the roles of the various federal, state and local agencies during a disaster and to speed relief to those stricken. While Paulison was bullish on the changes at his

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agency, which was roundly criticized for its failures during Katrina, there has been little independent evaluation of FEMA's new actions to improve its response." Paulison also "said he doesn't agree with some lawmakers' calls to make FEMA an independent department again, saying its inclusion in Department of Homeland Security helps improve coordination with other agencies."

The Federal Times (11/30, Losey) reported Paulison said increased "cooperation and preparation at the Federal Emergency Management Agency and all levels of government will help prevent a repeat of the Hurricane Katrina debacle." He said "that the federal government no longer can afford to wait until state and local emergency responders are overwhelmed before acting. This has been FEMA's past strategy, and it helped contribute to a sluggish response to the storm and ensuing flood that devastated the Gulf Coast region last year."

Paulison Disappointed In Housing Aid Ruling. The AP (11/30, Apuzzo) reported that Paulison also said "he was disappointed that a judge, in a sharply critical ruling, ordered the agency to resume housing aid to thousands of Hurricane Katrina evacuees. 'It's almost a thing of no good deed goes unpunished,' Director R. David Paulison told reporters at the National Press Club. 'We felt like we did a good job.' He said the agency had "used the same forms that we have used for decades."

The Palm Beach Post (FL) (12/1, Lipman) reports, "FEMA spokesman Aaron Walker said after Paulison's speech that the agency is still considering whether to appeal Leon's ruling." Paulison said the agency's "role is to provide only temporary housing, and that the agency was under pressure from its inspector general to verify that the people receiving the housing aid were eligible."

10,000 Receive Road Home Grant Letters In Louisiana. The New York Times (12/1, Eaton) reports, "In a sign of painstaking progress for Louisiana's biggest rebuilding program, the state has sent letters to more than 10,000 families stating how much money they can receive to rebuild their homes" under the $7.5-billion Road Home program, state officials said yesterday. "But fewer than 50 families had actually collected the money as of Tuesday, prompting renewed concern among homeowners and some government officials about the pace of the program. … On Nov. 6, Gov. Kathleen Babineaux Blanco ordered the private contractor managing the program for the state to reach the 10,000 mark by the end of November. Yesterday, the governor said she would require the contractor, ICF International, to send out 15,000 more award letters before the end of the year."

Crime On The Rise In Recovering New Orleans. Under the headline "Crime Takes Hold Of New New Orleans," USA Today (12/1, Konigsmark) reports, "Crime, that old menace of the old New Orleans, is back, and it's bedeviling a city trying to recover from Hurricane Katrina. There have been 147 people killed in New Orleans this year, police say, down from 204 by this time in 2005. But the city's population is about half what it was before Katrina flooded 80% of the city, forcing an almost-complete evacuation." USA Today adds that with many traditionally violent areas still "nearly empty, crime has moved to upscale, high-traffic areas such as the Marigny, the French Quarter and Uptown, leaving residents with one more reason to question their decision to remain in the city.

WAR NEWS:

Bush Offers Support For Maliki, Says US Will "Stay In Iraq To Get The Job Done." President Bush and Iraqi Prime Minister Nouri Al-Malaki met in Jordan yesterday. All three networks led with the summit, and all three showed a snippet of Bush at a news conference with Maliki, saying of the Iraqi leader, "He's the right guy for Iraq, and we're going to help him. And it's in our interest to help him, for the sake of peace." Another major focus of media attention was the following Bush statement in a news conference with Maliki: "I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq. We're going to stay in Iraq to get the job done, so long as the government wants us there." ABC World News (11/30, lead story, 2:45, Raddatz) called the remark "a pre-emptive strike on the so-called Baker-Hamilton report," while the Wall Street Journal (12/1, Dreazen, Simpson) says the President laid down "a marker ahead of the official release" of the report. The Washington Post (12/1, A24, Abramowitz, Raghavan) also says Bush "sought to preempt a growing clamor to start a phased withdrawal of US troops from Iraq, a proposed policy shift that has gained traction as a result of the Nov. 7 congressional elections and that is expected to be endorsed by the Iraq Study Group." The Post also notes that "although the president was not asked directly about the panel's recommendations, which will be made public next week but

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which were partially leaked to reporters late Wednesday, he did say that 'this business about graceful exit just simply has no realism to it whatsoever.'" The New York Times (12/1, Broder, Stolberg) notes "some analysts have suggested that the report could offer a face-saving way for Mr. Bush to begin withdrawing from Iraq," but the President "adamantly rejected that view."

Another New York Times story (12/1, Sanger) reports that "despite the Democrats' victory this month in an election viewed as a referendum on the war, the idea of a rapid American troop withdrawal is fast receding as a viable option. … But that may be the only solace for Mr. Bush as he returns from a messy encounter" with Maliki. The Times adds, "In the 23 days since the election, the debate in Washington and much of the country appears to have turned away from Mr. Bush's oft-repeated insistence that the only viable option is to stay and fight smarter. The most talked-about alternatives now include renewed efforts to prepare the Iraqi forces while preparing to pull American combat brigades back to their bases, or back home, sometime next year. The message to Iraq's warring parties would be clear: Washington's commitment to making Iraq work is not open-ended."

The meeting is generally being portrayed as unproductive. McClatchy (12/1, Douglas, Youssef) reports "White House officials offered few specifics," while the Financial Times (12/1, Dinmore, Devi) reports "Maliki returned to Baghdad and a crisis in his coalition government apparently with little to show from their summit in Jordan, other than rhetorical commitments." Similarly, the Los Angeles Times (12/1, Wallsten, Moore) says "the leaders announced no new initiatives or specific plans, and Bush returned to Washington and offered no details." The CBS Evening News (11/30, lead story, 2:55, Axelrod), in a statement typical of the tenor of the coverage, said Bush "sounded more like stay the course than change the course." ABC World News (11/30, lead story, 2:45, Raddatz) said Bush made it "clear that he has no plans for dramatic changes in Iraq. … No bold, new ideas were discussed." A New York Times (12/1, Fattah), titled "As The Summit On Iraq Ends, Arabs Wonder, Is That All?," says that "as the summit meeting…concluded Thursday morning, the Arab world was left dumbfounded that nothing had come of it."

McClatchy (12/1, Hutcheson, Youssef, Strobel), meanwhile, reports that "among common Iraqis, there was little interest in the Bush-al-Maliki meeting. After all, the public previously has hung its hopes on numerous committees, summits and resolutions to end the spread of sectarian violence, only to see the situation worsen." The New York Times (12/1, Semple) runs a similar story under the headline "Having Pinned Little Hope On Talks, Many Iraqis Appear To Be Beyond Disappointment."

Maliki Says Iraqi Forces Could Take Over By June 2008. The CBS Evening News (11/30, lead story, 2:55, Couric) reported Bush "does summits the way he plays golf -- quickly. His round of summitry" with Maliki "was brief and to the point, and if you were expect a breakthrough, there wasn't one. Here's what there was: A promise to speed up the transfer of responsibility for Iraqi security to the Iraqis. A top Iraqi official tells CBS News, they could be ready to handle it on their own as early as June of next year. The President again rejected a timetable for US withdrawal and gave the Prime Minister a strong vote of confidence." The AP (12/1, Riechmann) reports, "A senior al-Maliki aide who attended Thursday's talks said the Iraqi leader presented Bush a blueprint for the equipping and training of Iraqi security forces. The aide, who spoke anonymously because of the sensitive nature of the information, declined to give details."

In an interview on ABC World News (11/30, story 3, 3:15, Gibson), Malaki said, "I can say that the Iraqi forces would be ready. And I can tell you that by next June, our forces will take over the security of the country." Gibson: "Meaning no disrespect. But there is great skepticism in the United States, that the training of the Iraqi forces really is effective. That rather than serving the unity government, the Iraqi forces that are train trained are essentially Shia forces, Sunni forces or Kurd forces. And that is their great loyalty, not to the central government." Maliki (Via Translator): "We refuse to accept this premise, because we do not have such things in the Iraqi forces. The reality is that the Kurdish or Sunni or Shia soldiers are soldiers [of] Iraq. And I am the supreme commander of the Iraqi forces." Following up on the interview, ABC World News (11/30, story 4, 1:40, McCarthy) commented on the Prime Minister's assertion "that Iraqi troops can take over for US troops in six months. … We talked to military experts tonight. They say six months is way too short. But embedding trainers with the Iraqi military is helping. But the time for that will be much longer than six months."

The CBS Evening News (11/30, story 4, 2:50, Couric) spoke to Hoshyer Zabari, the Iraq Foreign Minister. Asked whether Iraqis taking "greater control" over security would "pave the way for a reduction in US troops," Zabari said, "I

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believe so. I mean, that that is really the formula from day one." But "I think any premature withdrawal of multinational forces, to leave behind a vacuum would be a disaster." But the CBS Evening News (11/30, story 2, 2:35, Palmer) painted a grim picture of the state of Iraq's security forces: "The new Iraqi army now has almost 119,000 members. That's 10 divisions. Only one responsible for this relatively stable area south of Baghdad reports to Iraq's Prime Minister. By coincidence, on Monday, a second division base in the remote northwest will also be transferred to Iraqi command. The rest of Iraq's army is still under coalition command, and it's all riddled with problems. Inadequate training, a high desertion rate, and shortages of equipment, food, and even wages. And underlying all that," corruption. CBS added that it is "also far from clear is whether a now-weakened…Maliki has either the backbone or the political strength to put his soldiers on to streets controlled by militias." Maliki and Zabari's statements were given much more favorable treatment in a Washington Times story (12/1, Dinan) titled "Iraq Sets Timetable For Transfer."

As the summit took place, says the AP (12/1, Hendawi), "Maliki faced a widening revolt within his divided government as two senior Sunni politicians joined prominent Shiite lawmakers and Cabinet members in criticizing his policies." Vice President Tariq al-Hashemi "said he wanted to see al-Maliki's government gone and another 'understanding' for a new coalition put in place with guarantees that ensure collective decision making. … Al-Maliki's No. 2, Deputy Prime Minister Salam Zikam Ali al-Zubaie, also a Sunni, argued that the president's government failed to curb the spread of sectarian politics. A boycott by 30 lawmakers and five Cabinet ministers loyal to anti-American Shiite cleric Muqtada al-Sadr was in protest of al-Maliki's meeting with…Bush in Jordan on Thursday. The Sadrists said the meeting amounted to an affront to the Iraqi people."

Rice Says "Transfer Of Security Responsibilities" Is Key. Secretary of State Condoleezza Rice yesterday restated the Administration's case in interviews with CBS and NBC. In her interview with CBS Evening News (11/30, story 5, 2:05, Couric, 7.66M), Rice said Maliki is "someone who, when you look in his eyes, you know his commitment to his people. Not only is he trying to bring a country out of the circumstances of tyranny into a functioning democracy, but he's trying to do so with terrorists who quite clearly set out to is the off sectarian conflict between Iraqis." Asked about US troop deployments, Rice said, "The whole goal here is to transfer responsibility to the Iraqis and to give them enough capability to take those responsibilities. Obviously, as those responsibilities are transferred as the capability improves, then American forces will be less in evidence and less needed. That's a natural outcome." Meanwhile, Rice told NBC Nightly News (11/30, story 5, 3;15, Williams, 9.87M) "from the point of view of the United States, the transfer of security responsibility to Iraqis over time as they're ready to receive it has been the focal point of our policy from the very beginning."

State Department spokesman Tom Casey, on MSNBC's Hardball (11/30, Shuster), said, "We're talking about building security forces from the ground up, and capability isn't simply about putting people in uniform and handing them guns, it's about training them, it's about developing the logistical support, it's about developing the command structure. … The process is well under way, and it has moved forward, there are troops out there, there are Iraqis that have maintained responsibility for several provinces now. And we're going to keep that transition going."

White House, Iraqis Downplay Memo Leak, Cancelled Meeting. NBC Nightly News (11/30, lead story, 2:50, Gregory) said "the joint Bush-Maliki appearance followed Maliki's abrupt cancellation of a meeting with the President and Jordan's King Abdullah last night. But both the White House and Iraqis downplayed the apparent snub." The Wall Street Journal (12/1, Dreazen, Simpson) says Bush yesterday "went out of his way to praise Mr. Maliki, a clear attempt to soothe the Iraqi leader's feelings after the leak."

The Washington Times (12/1, Dinan) notes the "classified memo written by Mr. Bush's top national security aide that questioned whether Mr. al-Maliki is cut out for his job. The Nov. 8 memo said Mr. al-Maliki is either 'ignorant' of the situation on the ground, being deceptive toward the United States about his intentions, or is incapable of turning those intentions into action." The aide, National Security Adviser Stephen J. Hadley, "said the memo did not come up specifically and did not affect the meeting. 'That's what I was worried about,' he acknowledged. 'But in terms of the body language in the meeting, the candor of the conversation, the relaxed character of the meeting between the two leaders, the great relief to me was that it did not seem to have an effect on the meeting.'"

Attorney General Alberto Gonzales, appearing on CNN's The Situation Room (11/30, Blitzer), was asked about the leak of NSA Stephen Hadley's memo on Iraqi PM Nouri

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al-Maliki. Gonzales said, "With respect to any kind of possible leak of classified information, we have a typical process. Normally, the offended agency would submit a request to the department. We would send back a list of questions for them to answer. Based upon the responses to those questions, we would make a determination as to whether or not a leak investigation would be warranted. And so, we have a process that we normally follow in these kinds of cases, and I suspect that that would be the process that would be followed in this case."

Appearing on MSNBC's Hardball (11/30, Shuster), Sen. Christopher Dodd said the Jordan summit was "pretty much a failure. … The leaked memo certainly didn't help. I don't understand what the logic of that was. But certainly we're still back where we've been here, and that is that they keep on looking for a military solution to this. … Don't give up on the President yet. Let the Baker-Hamilton report come out. I suspect there may a growing bipartisan support in this country for what Jim Baker, Lee Hamilton and the other members of that commission have put together."

Rice Scoffs At Talk Of A Maliki "Snub." On MSNBC (11/30), Brian Williams asked Secretary Rice how the cancellation of the first Bush-Maliki meeting can be "not seen as a snub to the Americans." Rice replied, "Oh, come now. The Prime Minister met with the King of Jordan, who was his host, in a very successful bilateral; went on to a meeting with the Jordanian Prime Minister and his government. And they decided they really didn't need a trilateral. They would wait, and the President would meet with Prime Minister Maliki this morning. And that's what happened. And they had a wonderful meeting this morning. I think you could see that the chemistry between the two men is very, very good."

Bush Criticized For Not Changing Policies. In an editorial, the New York Times (12/1) says that "the president's performance this week -- his refusal to impose any deadlines on Mr. Maliki to start reconciliation talks and break with the militias, and his refusal to give the Pentagon a deadline to stand up an effective Iraqi Army -- tells us once again that Mr. Bush does not listen. That does not bode well for James Baker and the Iraq Study Group, which, according to reports, is likely to call for some pullback of American combat troops along with more aggressive regional diplomacy. Yesterday, Mr. Bush seemed eager to preempt that advice, brushing off suggestions that he talk directly to Iran and insisting that there would be no 'graceful exit' from Iraq." Bush's "lack of curiosity was well known even before he became president, but as time has gone on and bad news has mounted, that disinterested quality has turned into a stubborn refusal to hear bad news. The country simply cannot afford it any longer. Three years of having Mr. Bush trust only his gut has plunged Iraq into bloody chaos and done untold damage to America. There needs to be an urgent change in policy. … The president's advisers need to tell him all the harsh truths about Iraq in the vivid terms they require; they need to tell him how little time he has left to act. This administration has been orchestrating a foreign policy disaster of epic proportions, and history will remember both that the president failed to hear the warning bells and that many others failed to ring them loudly enough."

Eugene Robinson writes in the Washington Post (12/1, A29), "More than three weeks after an election in which the Republican Party lost control of both houses of Congress because of the debacle in Iraq, there has been no real indication that the president heard what voters said. Yes, he did get rid of Rumsfeld, but the basic policy in Iraq has been the Decider's. Rumsfeld just screwed up the execution, and his public statements about the war were becoming so impolitic and flat-out weird that Bush had been planning his defenestration for some time. … So don't get your hopes up, people. Sounds to me as if the Decider has already decided."

State Department Proposes End Of US Outreach To Sunni Insurgents. The Washington Post (12/1, A1, Wright) reports, "The Bush administration is deliberating whether to abandon US reconciliation efforts with Sunni insurgents and instead give priority to Shiites and Kurds, who won elections and now dominate the government, according to US officials." The proposal, "put forward by the State Department as part of a crash White House review of Iraq policy, follows an assessment that the ambitious US outreach to Sunni dissidents has failed. US officials are increasingly concerned that their reconciliation efforts may even have backfired, alienating the Shiite majority and leaving the United States vulnerable to having no allies in Iraq, according to sources familiar with the State Department proposal." The Post adds, "Some insiders call the proposal the '80 percent' solution, a term that makes other parties to the White House policy review cringe. Sunni Arabs make up about 20 percent of Iraq's 26 million people." The proposal "has met serious resistance from both US Ambassador Zalmay Khalilzad and military commanders in Iraq, who believe that intensive diplomatic efforts to bring Sunni

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insurgents into the political process are pivotal to stabilizing the war-ravaged country, the sources said. … But over 10 days of intense discussions recently among top policymakers in the White House review, State Department officials argued that intervening in Iraqi politics is increasingly counterproductive, particularly after elections for a permanent government last December. Reconciliation, they also argued, is now exceptionally unlikely and could actually jeopardize US relations with Iraq's Shiites, who make up about 60 percent of the population, according to sources familiar with the debate." The Post also reports, "State Department counselor Philip D. Zelikow, author of the proposal, argued that the United States has compromised its prospects of success by reaching too far, according to the sources."

David Ignatius writes in the Washington Post (12/1, A29, Ignatius), "As administration officials review Iraq strategy, one failed element is the policy of 'Sunni outreach' pursued by…Khalilzad. Some officials have concluded that Khalilzad's approach made Iraqi Shiites fear that America was abandoning them, without achieving any meaningful reduction of the Sunni insurgency. A few officials argue flatly that it's time for America to take the Shiite side in the Iraqi conflict. 'National reconciliation is a fallacy,' one senior intelligence analyst said in an interview this week, insisting that, in Iraq, 'You have to pick a winner.'"

Former DOD Official Says US Strategy Must Change. Jack David, deputy assistant secretary of defense for combating weapons of mass destruction and negotiations policy from 2004 to September 2006, writes in a Wall Street Journal (12/1) titled "Our Iraq Policy Must Change," that "the initially envisaged ending for the war counted on the Iraqis as our partners, and was directly tied to America's overriding strategic goal -- making the Middle East more stable and secure. But if Iraqis now are unwilling to do what is necessary to end the war as we expected, isn't it time to shift the U.S. focus to policies advancing our Middle East interests in ways that place less reliance on them? … If the Iraqis now remain unwilling to make the sacrifices necessary to have an effective democratic government -- including compromises with one another -- to forge a stable, secure future, the war cannot end as we envisioned. In that case, we must place our reliance elsewhere and pursue options for achieving our goals that do not depend on the Iraqis ending the war they have made their own. The goals that were important to the security of the region and to the West are as valid today as they were at the outset. We must pursue them as best as we can, with or without the democratic Iraq which we have worked so hard to help Iraqis build."

ISG To Recommend Removal Of US Combat Troops From Iraq By 2008. ABC World News (11/30, story 2, 2:40, Gibson) reported, "In Washington today, we got early indications from the highly-anticipated report of what the Iraq Study Group will say." ABC (Karl) added, "The report sets no firm timetable for withdrawing US forces. But ABC New has learned it does set a goal of moving US combat troops out of Iraq, by the first quarter of 2008. The plan calls for shifting the US military's mission in Iraq from combat to training and supporting the Iraqi security forces. Under the plan, the 15 brigades of US combat troops now in Iraq, that's about 70,000 troops, would gradually be moved out of the country, with a goal of removing most of them by early 2008. That's not a total pullout. Tens of thousands of US troops would remain to train and support Iraqi troops. It's also not an unconditional pullout. Sources familiar with the report says military commanders should be given flexibility to determine the exact timing of withdrawal." Commission member Alan Simpson "would not discuss details. But he told ABC News the report will not please everyone. It won't please Republicans like John McCain, who have called for more troops in Iraq. And it won't please those who have demanded a clear timetable." Sen. Carl Levin: "It would be much better if they had a clear beginning date. It would be much better, in my book, if some of the things they are allegedly leaving vague would be much more specific."

The Los Angeles Times (12/1, Richter) says "the report envisions that the US force of about 140,000 troops could shrink substantially over the next several years as it shifts from a combat role to an advisory and logistical role, the sources said, speaking on condition of anonymity because the report has not formally released." The Times adds, "Analysts said the report could be particularly important in emboldening more elected Republican officials to call for a pullback, putting pressure on a president who must pay attention to his own party. The report's drawdown blueprint, though vague, seemed to suit the political needs of Republican candidates, who want to put Iraq behind them before the 2008 elections, analysts said."

The Washington Post (12/1, A1, Baker, Ricks) notes "the call to pull out combat brigades by early 2008 would be more a conditional goal than a firm timetable, predicated on

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the assumption that circumstances on the ground would permit it, according to the sources." The Post also reports, "The choice of early 2008 as a goal could also, intentionally or not, change the nature of the debate over the war at the height of the US presidential primary season. If the commission's plan is successful, the war might recede as an issue, as many strategists in both parties hope. But if US commanders do not meet that goal, or if they do but violence only escalates, it may inflame the struggles for both parties' nominations."

The AP (12/1, Baldor) reports "a former top US official consulted by the commission said he expected the recommended withdrawal would not be conditioned on the Iraqi government establishing benchmarks to improve security. Many remaining US forces would be lighter support and intelligence units, said the official, who spoke on condition of anonymity because the panel's deliberations were private."

USA Today (12/1, 11A, Brook, Kelley) reports "US troops pulled from Iraq as suggested by the Iraq Study Group could be based in friendly countries nearby to provide a quick reaction force in case serious violence erupts, military experts say." The remaining troops "would be stationed in Baghdad, along Iraq's borders and as trainers for the Iraqi military and police, said Michael Eisenstadt, a Middle East military expert who advised the panel but has not read the report."

The CBS Evening News (11/30, story 3, 2:40, Martin) reported, "A source close to the study group said its members feel the Iraqi government has been slow to enact badly needed reforms. The group's 50-page report establishes milestones the government must achieve, such as reconciling the warring factions and distributing its billions of dollars in oil revenue. If they don't carry this out, we will reduce military, economic, and political support, this source said. … The strategy has always been to build up Iraqi forces so they can take over the fighting. Now the Iraqi Study Group is saying do it or else."

NBC Nightly News (11/30, story 3, 3:05, Williams) showed Michael Beschloss, "NBC News Presidential historian," saying, "In most cases you would think that a President in this situation would accept recommendations from all sides to wind down this war in some way. But George W. Bush on a number of other occasions has proven he is oftentimes the exception to the rule." Mitchell: "But there is growing pressure from Congress, the allies and now the public for some kind of new strategy."

The Christian Science Monitor (12/1, Chaddock) reports, "After winning back control of the House and Senate largely on the basis of opposition to the war in Iraq, Democrats are ramping up to find a bipartisan way out of it. So far, the leading exit strategies on Capitol Hill -- more troops, fewer troops, partition of Iraq, and timetables for phased or immediate withdrawal -- are tied to individual sponsors. Disagreements cross party lines." But "leading Democrats now say that any exit strategy must be bipartisan. While eager to respect commitments to voters, Democrats don't want to own a war that many believe is already beyond winning -- or to be tagged with the consequences of a botched exit. That's why the recommendations of the bipartisan Iraq Study Group, to be released on Dec. 6, have taken such a high profile on Capitol Hill."

Sen. John Kerry said on CNN's The Situation Room (11/30, Blitzer), "I think that the Baker report is going to move in a very different direction, and I think it's going to change the debate in this country. We all want to get the job done, let's understand that. There's a difference of opinion about how you get the job done. Our own intelligence agencies are telling us that our presence of American troops in Iraq is creating more terrorism, creating more terrorists, delaying the willingness of the Iraqis to stand up for themselves. So I think we're going to have a very big debate in America."

Republican Sen. John Cornyn said on CNN's Your World Today (11/30, Holmes), "We're all talking about withdrawal; the question is whether that withdrawal will be based upon security considerations or based upon domestic politics here in the United States." The Iraq Study Group "is I think is going to perform a useful service by reassuring people that every possible choice has been explored without regard to ideology or partisan concerns and I think that is a useful exercise. But I don't think they're going to come up with a solution that's going to be easy because I don't think we have any easy answers to this very difficult situation." Cornyn made similar comments on Fox News (11/30, Hemmer), saying, "I think we all share the same goal and that is to bring our troops home as fast as possible. The only question is going to be whether it's based on security considerations or domestic politics here in the United States."

Sen.-elect Bob Corker, also a Republican, appeared on MSNBC's Hardball (11/30, Shuster). He said, "I think we have to be there until the people of Iraq can secure themselves. Until there is a government that's accountable, I think it would

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be, obviously, very destabilizing in the Middle East if that does not occur."

Panel To Call For Talks With Iran, Syria. The Wall Street Journal (12/1, A8, King, Jaffe) reports, "From the Baker-Hamilton panel on Iraq to British Prime Minister Tony Blair to top Democrats in Congress, calls are growing for President Bush to drop his opposition to engaging with Syria and Iran about the future of Iraq." But "behind all of the clamor for a regional approach lies several tough questions: Do Syria and Iran really want to deal with the U.S. on Iraq? What price would the two countries demand for lending a hand? And even if they did agree to help, would their assistance significantly help to tilt events for the better in Iraq, with which both share a border?" The Journal adds, "The answers on all counts don't appear promising. Iran and Syria are both longtime foes of the US and could demand a high price for their cooperation. As a result, enlisting their help could require the administration to sacrifice other goals for uncertain gains in stabilizing Iraq."

Charles Krauthammer, in a column for the Washington Post (12/1, A29), writes that "to suggest that Iran and Syria share our interests in stability is the height of fantasy. In fact, Iran and Syria have an overriding interest in chaos in Iraq -- which is precisely why they each have been abetting the insurgency and fanning civil war. Perhaps in some long-term future they will want a stable Iraq as a tame client state of the Syria-Iran axis. For now they want chaos. What in God's name will a negotiation with them yield?"

Democrats Not Expected To Try To Cut Iraq Spending Bill. The AP (12/1, Taylor) reports, "The Bush administration is hammering out its largest-ever appeal for more Iraq war funds -- a record $100 billion, at least, and that figure reflects cuts from wish lists originally circulating around the Pentagon. The measure will give Democrats, who take control of Congress next year, an early chance to try changing the conduct of the war. But they are limited and do not want to be cast as unsympathetic to US troops. 'We're not going to do anything to limit funding or cut off funds,' says Senate Democratic leader Harry Reid, D-Nev." The AP adds, "In addition to the money already approved, the cost of the total military spending for Iraq and Afghanistan could come close to $200 billion in 2007. About $120 billion was spent in the 2006 budget year, according to the Congressional Budget Office. Despite widespread discontent over the Iraq war and President Bush's handling of it, Democrats are expected to grant the vast majority of the request. … There is much sentiment among Democrats to protect troops and fear about being portrayed as unsympathetic to men and women in uniform."

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Gonzales Talks About Iraq, Regrets, Meth Awareness. CNN's The Situation Room (11/30, 5:00 p.m.) Wolf interviewed Gonzales. Wolf asked "if the justice department will now launch an investigation over who leaked it." Gonzales: "Oh, I Don't know, Wolf. With respect to any kind of possible leak of classified information, we have a typical process. Normally, the offended agency would submit a request to the department. We would send back a list of questions for them to answer, based upon the responses to those questions, we would make a determination as to whether or not a leak investigation would be warranted. And so we have a process that we normally follow in these kinds of cases, and I suspect that would be the process that will be followed in this case." On methamphetamine, "It has been an issue in the past on the counterparts. We've had numerous discussions with the Mexican officials about the implementation of meth through the southern border. You also have to remember there's a reason why that's happened. Because we have a huge command problem in this country. There are thing has we need to do as well within the United States states of America. Clearly, if this arises tomorrow, I'll talk about the specific issue. And we'll go forward with the dialogue, particularly with the Mexican attorney general with this." On Brandon Mayfield, the attorney out in the pacific northwest who just got two million dollars from the federal government because of the false charges that were leveled against him a couple years back, Gonzales said, "Listen, there was a mistake made. There was a mistake made in reading of fingerprints and we're accountable for the successes. We're also accountable for the mistakes. The mistake here was made by the department justice, we acknowledge that, that's why the settlement has been reached." On decisions "deeply regretted," he said, "Obviously, I'm not going to say that I am perfect. And that I've been perfect in doing my job. Obviously, I've made some recommendations to my client. Some of those recommendations have not been supported in the courts. In hindsight, you sometimes wonder, whether perhaps the recommendation should have been something different. But I

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do the very best I can as a lawyer. Evaluating the law. Looking at the precedent. Looking at the words of the statute. Words of the constitution, in making that in good-faith to the President of the United States. That's all that I can do. And that's what I'll continue to do as attorney general of the United States."

CORPORATE SCANDALS:

Thompson Says Tactics In Memo Were Intended For Limited Use. The AP (12/1, Jordan) reports, "A former top Justice Department official who wrote the government's policy to crack down on corporate lawbreaking said Thursday that prosecutors appear to have overreached when targeting some businesses." The AP continues, "Former Deputy Attorney General Larry Thompson defended the policy's overall goal, which was crafted in the aftermath of widespread fraud and illegal scheming at corporate giants such as Enron and WorldCom. But prosecutors now may be too aggressive when pressuring businesses to cooperate with investigations of wrongdoing by company executives or employees, he said." The AP adds, "The legal tactics outlined in the 'Thompson Memo' in 2003 were intended for very limited use, Thompson said. … 'There seems to be a sort of a disconnect,' Thompson told an audience at the Heritage Foundation, a conservative think tank in Washington. … He said his former Justice Department colleagues claim they rarely pressure businesses to disclose confidential attorney-client information in exchange for more lenient prosecutions, but defense lawyers say such demands happen in many cases." The AP notes, "The Justice Department is discussing whether to roll back some of the harsher guidelines in the Thompson Memo, which suggests that companies failing to cooperate with prosecutors will be more readily indicted - a death knell in an ethics-sensitive business era. Those changes could come as early as next week. … 'We may be entering an era where the department should consider perhaps making appropriate revisions to the memo,' said Thompson, now general counsel at PepsiCo."

The New York Times (12/1, Browning) reports that Thompson "said yesterday that prosecutors should only rarely use one of the guidelines: asking companies to disclose legal communications." The Times reports, "Department lawyers can have a revised document ready for signing by Deputy Attorney General Paul J. McNulty as early as next week, according to people who have been briefed on the issue. The revised guidelines may require prosecutors to obtain approval from the highest levels of the Justice Department before disclosures are requested. … A department spokesman, Brian Roehrkasse, said yesterday that 'no decisions have been made to amend our current guidance.'" The Times notes, "Senator Arlen Specter, Republican of Pennsylvania, the departing chairman of the Senate Judiciary Committee, threatened yesterday to introduce legislation next week if the Justice Department did not amend the guidelines by then. Mr. Specter is demanding that the department eliminate the guideline on the disclosure of communications, but it is unclear if Mr. McNulty will agree to that."

Federal Indictments May Depend On Firms' Reactions To Options Probes. The AP (12/1, Tong) reports, "The federal prosecutor overseeing Silicon Valley said Thursday the way a company responds to stock option backdating allegations is crucial to whether or not it will be indicted." The AP continues, "Kevin Ryan, the U.S. attorney for the Northern District of California, in July created a task force to pursue criminal charges related to stock option backdating. The group includes investigators from the U.S. attorney's office, the Internal Revenue Service and the Federal Bureau of Investigation. … 'How a corporation chooses to react is crucial to whether the corporation is indicted or not,' Ryan told a securities litigation conference sponsored by the International Quality & Productivity Center on Thursday." The aP adds, "The Securities and Exchange Commission and U.S. Department of Justice are pursuing civil investigations related to backdating of stock options. Ryan's task force is focused on seeking targets for potential criminal charges in Silicon Valley, where many companies used stock options to compensate employees in the 1990s. … He said prosecutors would 'look at whether the corporation has impeded the investigation while purporting to cooperate.' Ryan said his office would use as a guiding principle the Thompson memo, which directs prosecutors to look at the authenticity of a company's effort to cooperate with an investigation. The memo was written by former Deputy Attorney General Larry Thompson."

Judge Bars Ousted UnitedHealthGroup CEO From Exercising Stock Options. The Wall Street Journal (12/1, B7, Fuhrmans, Lublin) reports, "In an unusual move, a federal judge has temporarily barred ousted UnitedHealth Group Inc. Chief Executive William McGuire from exercising stock options or receiving any retirement pay

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or other exit benefits while an external, board-appointed committee establishes whether the health insurer has claims against him." The Journal continues, "The order, which backs a joint motion by attorneys for several shareholder lawsuits and Dr. McGuire himself, puts on hold any agreement between UnitedHealth and its longtime chief executive over the terms of his departure until those legal questions have been answered. Dr. McGuire agreed to resign in October after an internal report concluded millions of stock options were likely backdated on his watch. He left the company yesterday with negotiations over his retirement package still unresolved." The Journal adds, "The injunction is unusual in the annals of executive pay. U.S. District Judge James Rosenbaum of Minnesota handed it down late Wednesday partly at the request of attorneys representing a group of shareholder plaintiffs who have filed lawsuits against UnitedHealth. The complaints argue that the option backdating lined the pockets of Dr. McGuire and other top executives at the expense of the company. … Several compensation and governance experts say they believe the ruling may encourage aggrieved shareholders elsewhere to try to block unjustified exit packages before directors dole them out."

Finisar Stocks Sink Following Announcement Of Options Probe. The AP (12/1) reports, "Shares of network components maker Finisar Corp. sank Thursday in after-hours trading the company said it launched a voluntary investigation into its historical stock option grants and that restatements will likely follow." The AP continues, "The company's stock plunged 20 cents, or 5.2 percent, to $3.63 in after-market trading on the INET electronic exchange, after adding 8 cents to close at $3.83 on the Nasdaq. The shares have ranged between $1.73 and $5.49 over the past year. … Finisar joins a list of at least 187 companies that have disclosed Securities and Exchange Commission, Justice Department or internal probes into possible stock options backdating, according to an AP review." The AP adds, "The company said it reviewed grants made since its initial public offering in 1999 and concluded that it is likely that measurement dates for certain stock option grants differed from the recorded grant dates, and that it will probably need to restate past historical statements to correct the accounting. The company said it does not yet know the financial impact of the restatements, and that the investigation is ongoing. … Finisar also said it will delay filing full fiscal second-quarter results until the probe is complete."

Bankruptcy Judge Approves Delphi's Settlement With SEC. The AP (12/1, Fowler) reports, "A federal bankruptcy judge on Thursday approved the settlement of accounting fraud charges against Delphi Corp. and six people, including the auto-parts supplier's former chief financial officer." The AP continues, "Judge Robert Drain of the Southern District of New York called the settlement with the Securities and Exchange Commission 'fair and equitable' and said it was in Delphi's best interest." The AP adds, "The SEC, in a filing in federal court in Detroit, had charged former Delphi Chief Executive J.T. Battenberg and others with participating in or aiding and abetting the company's fraud. It said on Oct. 30 that it had reached a settlement with Delphi and the six people. … Delphi, the nation's largest auto-parts supplier, filed for bankruptcy protection in October 2005. Resolving the SEC probe could help it move closer to emerging from bankruptcy next year." The AP notes, "Under the settlement, the Troy, Mich.-based company will not face penalties because of its cooperation with investigators. Delphi settled the charges 'without admitting or denying the Commission's allegations,' the SEC said at the time. … Under the settlement, former Chief Financial Officer Alan Dawes agreed to pay $687,000 in fines and restitution, and five others agreed to pay penalties." The AP notes, "The SEC investigation found that Delphi manipulated its earnings from 2000 to 2004, using several illegal schemes to boost its earnings, including the concealment of a $237 million transaction in 2000 with its former parent company, General Motors Corp., involving warranty costs. … The Justice Department has also been conducting a criminal investigation of the company related to the accounting practices."

State Officials Critical Of Panel's Call For Eased Corporate Regulations. The Wall Street Journal (12/1, C3, Solomon, Scannell) reports, "A blue-ribbon report calling for relaxation of some financial regulation and less-aggressive civil and criminal investigations drew a rebuke from state prosecutors, who called some of the recommendations 'absurd.' At the same time, business groups and former regulators urged the Securities and Exchange Commission and Congress to move forward with several of the suggestions, saying existing rules and laws are

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handicapping US financial markets. The report, details of which were previously reported, was released publicly yesterday." The criticisms "suggest that the attempt to trim rules adopted in the wake of recent corporate scandals such as at Enron Corp. and WorldCom Inc. will prompt a politically charged debate and slow possible action." The Committee on Capital Markets Regulation "was financed with about $500,000 from the Starr Foundation, a wealthy nonprofit chaired by Maurice R. 'Hank' Greenberg, former chairman of American International Group Inc. Mr. Greenberg resigned from AIG amid a state and federal investigation into improper accounting at the insurance giant. Lawyers for Mr. Greenberg have denied that he did anything wrong." The Washington Post (12/1, D1, Connolly) runs a similar report.

CRIMINAL LAW:

Philadelphia Mayor's Brother Pleads Not Guilty To Corruption Charges. The Philadelphia Inquirer (12/1, Shiffman, 385K) reports, "Mayor Street's unpredictable brother somberly entered the U.S. Courthouse yesterday and pleaded not guilty to tax and corruption charges. T. Milton Street Sr., who defended himself in extensive and emphatic media interviews after Tuesday's indictment, took a different approach yesterday. He declined to answer reporters' questions, as did his attorney, Jeanne K. Damirgian." The Inquirer adds, "During the brief arraignment, U.S. Magistrate Judge Louis Felipe Restrepo set routine bail conditions for Street, 67, of Moorestown. While awaiting trial, Street may not travel beyond eastern Pennsylvania, New Jersey, Delaware and Maryland. Restrepo told Street that he would not have to post bail, but that if he fled, he would have to forfeit $25,000. Afterward, Street was fingerprinted and photographed by FBI agents and U.S. marshals."

The Philadelphia Daily News (12/1, Hinkelman, 106K) also notes that Street "wasn't yukking it up with the news media yesterday as he did the day before when he spoke with reporters." The Daily News adds that former Philadelphia Airport Services employees Matthias A. Schwabe and John H. Velardi Sr. "also were charged in the case. Schwabe's lawyer, Harvey A. Sernovitz, said Schwabe intends to plead guilty to fraud and tax charges and cooperate with prosecutors if asked. Velardi pleaded not guilty to fraud charges yesterday. He also was released under conditions similar to Street's." The AP (12/1, Matheson) reports, "Prosecutors said that soon after his brother took office in 2000, Street began hiring himself out as a high-priced consultant to companies that wanted to do business with the city. One firm paid Street, who is a longtime hot dog vendor, a $30,000-a.m.onth consulting fee and required him to do no work, authorities said."

DOJ Probes Smartmatic For Alleged Venezuelan Bribery. The Wall Street Journal (12/1, A9, Davis, Simpson) reports, "Federal investigators are looking into whether Smartmatic Corp., a voting-machine company whose equipment is used widely in the U.S. and abroad, paid bribes to win a Venezuela election contract in 2004." The Journal continues, "Smartmatic's actions already are under a separate investigation by the Committee on Foreign Investment in the U.S., which reviews foreign acquisitions to see if they pose national-security concerns. In 2005, Smartmatic, which is owned by Venezuelan investors who split their time between Caracas and Boca Raton, Fla., purchased a U.S. voting-machine company, Sequoia Voting Systems Inc. Cfius is looking at whether that acquisition should be reversed on national-security grounds." The Journal adds, "At the same time, the Justice Department has been conducting a probe of Smartmatic for possible violations of the Foreign Corrupt Practices Act and recently started looking at possible tax evasion as well, said two individuals familiar with the case. The Justice Department has informed Cfius representatives from U.S. agencies about their inquiry, these people said. … Jeffrey Bialos, an attorney for Smartmatic, said yesterday the Justice Department told the company it was looking into its actions, but that Smartmatic wasn't a target of an investigation. Smartmatic employees haven't been subpoenaed in the inquiry, Mr. Bialos added. That suggests that the probe is at an early stage. … Smartmatic has drawn attention because of concerns that the government of Venezuelan President Hugo Chávez, an opponent of U.S. policies, has a stake in the company. That is a focus of the Cfius review. In 2004, Smartmatic's machines were used in an election to recall President Chávez, which Mr. Chávez won handily -- and which members of the Venezuelan opposition say was riddled with fraud. Smartmatic machines will be used Sunday in Venezuela's presidential election. … Essentially, the Justice Department is looking into whether Smartmatic got its start in Venezuela by bribing officials and then improperly avoiding its tax liability in the U.S. The company says it paid $1.5 million

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to a Venezuelan consultant who is close to the Chávez government and helped to win Smartmatic business."

US Prison Population Sets New Record. The Washington Post/AP (12/1, A3) reports, "A record 7 million people -- one in every 32 U.S. adults -- were behind bars, on probation or on parole by the end of last year," a Justice Department report released yesterday shows. Of the 7 million, "2.2 million were in prison or jail, an increase of 2.7 percent over the previous year." Men "still far outnumber women in prisons and jails," but the female population "is growing faster," increasing by 2.6 percent more. The study found that "racial disparities among prisoners persist," and there were "significant changes in some states' prison populations." For example, in South Dakota, the number of inmates "increased 11 percent over the past year, more than in any other state." Montana and Kentucky "were next, with increases of 10.4 and 7.9 percent, respectively." Georgia had the largest decrease, "losing 4.6 percent of its prison population," followed by Maryland and Louisiana.

Federal Prosecutors Face Challenge In AIPAC Case. United Press International (12/1, Waterman) reports, "The government has been set a high bar for conviction in the AIPAC secrets case -- prosecutors must show the two lobbyists charged under espionage laws knew that the disclosure of the material they allegedly passed to reporters and Israeli officials would hurt the United States." UPI continues, "The defendants, Steven Rosen and Keith Weissman, lobbyists for the American-Israel Public Affairs Committee, or AIPAC, are charged with conspiring with Department of Defense intelligence analyst Larry Franklin to leak U.S. secrets in an apparent effort to influence U.S. policy towards Iran. … In a transcript of a recent pre-trial hearing, made available Tuesday, the judge in the case made it clear that prosecutors must prove intention, or…'mens rea' …for every element of the conspiracy. … 'The Court imposed the requirement that the government prove that the defendant knew the information ... would harm the United States,' Judge Thomas Ellis told the Nov. 16 hearing, though prosecutors had asked that this requirement be lifted." UPI adds, "That is important, explains government transparency advocate Steven Aftergood of the Federation of American Scientists, because it means the defendants, if found guilty, will have been proved to have 'the intention of hurting the United States.' … 'That distinguishes the activities with which they are charged from the routine activities of reporters and advocates,' Aftergood told United Press International, 'who may made trade in classified information,' but don't so with the intention of harming U.S. security. … He called the bar set by the ruling 'a considerable, possibly insurmountable obstacle' to the government. … In a statement announcing the indictment, prosecutors alleged that since at least April 1999, Rosen and Weissman had 'use[d] their contacts within the U.S. government ... to gather sensitive U.S. government information, including classified information ... for subsequent unlawful communication, delivery, and transmission to persons not entitled to receive it.' .. .The case has raised the hackles of civil liberties advocates who charge that zealous prosecutors are abusing an over-broad statute designed to punish spies to criminalize the everyday behavior of reporters, lobbyists, and researchers, all of whom occasionally trade in secrets, the stock-in-trade of Washington's back-room policy process."

DOJ Pursuit Of Child Model Photographer Raises Concerns. CNET News (12/1, McCullagh) reports, "Jeff Pierson is a photographer whose action shots of hopped-up American autos laying waste to the asphalt at Alabama dragways have appeared in racing magazines and commercial advertisements. … Pierson's Web site boasted he has the 'most wonderful wife in the world and two fantastic daughters.' And until recently, he ran a business called Beautiful Super Models that charged $175 for portraits of aspiring models under 18." CNET continues, "In a federal indictment announced this week, the U.S. Department of Justice accused Pierson, 43, of being a child pornographer-- even though even prosecutors acknowledge there's no evidence he has ever taken a single photograph of an unclothed minor. … Rather, they argue, his models struck poses that were illegally provocative. 'The images charged are not legitimate child modeling, but rather lascivious poses one would expect to see in an adult magazine,' Alice Martin, U.S. attorney for the northern district of Alabama, said in a statement." CNET adds, "Pierson's child pornography indictment arises out of an FBI and U.S. Postal Inspection Service investigation of so-called child modeling sites, which have been the subject of a series of critical congressional hearings and news reports in the last few years. An August article in The New York Times, for instance, called the modeling Web sites 'the latest trend in child exploitation.' … In addition to Pierson, the U.S. attorney also announced

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indictments against Marc Greenberg, 42, Jeffrey Libman, 39, partners in a Fort Lauderdale, Fla., business called Webe Web, which in turn ran the now-defunct ChildSuperModels.com site. It was one of the larger sites that featured photographs of child models, allegedly from Pierson, and became the target of a report on Florida's NBC6 affiliate suggesting that it was a magnet for pedophiles. … First Amendment scholars interviewed Wednesday raised questions about the Justice Department's attack on Internet child modeling. They warned that any legal precedent might endanger the mainstream use of child models in advertising and suggested that prosecutors' budgets might be better spent investigating actual cases of child molestation."

8th Circuit Reinstates Attorney's Sentence In Sex Sting. The AP (12/1) reports from Kansas City, MO, "-A lawyer convicted in an Internet sex sting was sentenced to five years in prison, capping a legal battle that challenged a common tool police use to catch sexual predators online." The AP continues, "Moments after a federal jury convicted Jan P. Helder Jr. in August 2005, the judge set aside the verdict and ordered him acquitted. … U.S. District Judge Dean Whipple said Helder could not be guilty because the person he communicated with online was actually an undercover detective in Platte County, Missouri, not a 14-year-old girl as he had believed." The AP adds, "Defense attorneys in similar cases around the country had raised the same argument as such stings became a common tool for trapping Internet sexual predators. Whipple's ruling was believed to be the first in which the argument succeeded. … The 8th U.S. Circuit Court of Appeals in St. Louis on Wednesday reinstated the jury's verdict against Helder and sent the case back to Whipple for sentencing. The appeals court said the critical issue was that Helder thought he was seducing a minor, not whether the minor truly existed."

Former CIS Supervisor Pleads Guilty To Taking Bribes. The Washington Post (12/1, A16, Markon) reports Robert T. Schofield, a former supervisor for US Citizenship and Immigration Services, "pleaded guilty yesterday to pocketing more than $600,000 in bribes in exchange for falsifying immigration documents to help Asian immigrants obtain US citizenship." Court documents said that Schofield, operating out of his Fairfax County office, "employed a network of brokers who brought him immigrants needing citizenship, a green card or entry into the United States. … Over the past decade, federal officials investigated numerous bribery allegations involving Schofield and Asian immigration applicants when he worked at the former Immigration and Naturalization Service, according to court documents unsealed when Schofield was charged in June."

The Washington Times (12/1, Seper) reports US Attorney Chuck Rosenberg "said an immigration officer at USCIS provided Homeland Security's Office of Inspector General with a list of aliens who received from Schofield naturalization certificates to which they were not entitled. He said the officer reported numerous aliens appearing at naturalization ceremonies asking for or carrying paperwork with Schofield's name."

The AP (11/30, Barakat) reported Schofield "faces as many as 25 years in prison when he is sentenced in February. Prosecutors said they will seek the maximum sentence."

Two Memphis City Councilmen Charged With Taking Bribes. In a widely-distributed story, the AP (12/1, Baird) reports, "Two city councilmen, including the uncle of U.S. Rep. Harold Ford Jr., were charged Thursday with taking thousands of dollars of bribes in exchange for their votes to allow new billboards in the city. Memphis council members Edmund Ford and Rickey Peete face federal charges that they took nearly $7,000 and $12,000, respectively, from an informant" who allegedly paid them "in exchange for their votes on a real estate proposal and the repeal of a moratorium on putting up billboards in the city, the FBI said. The informant…made audio and video recordings of cash payments to the men, the charges said." The AP notes, "The charges are unrelated to the 2005 public corruption sting that ensnared five former and current Tennessee lawmakers, including Edmund Ford's brother, state Sen. John Ford."

The Commercial Appeal (11/30) reported Memphis City Council members Edmund Ford and Rickey Peete "were arrested …on federal bribery charges in connection with a public corruption investigation dubbed 'Main Street Sweeper.'" Businessman Joe Cooper "was charged with money laundering in a separate investigation called 'Clean Sweep.'" Cooper's money laundering charges "are based on his receipt of $3,500 in cash and a money order as partial payment toward the purchases of automobiles by drug dealers. The indictment said the charges arose from a long-running narcotics investigation that has already resulted in

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indictments charging 26 defendants." The Commercial Appeal notes the DEA's involvement in the investigation.

In a separate story, the Commercial Appeal (12/1) reports, "In a criminal complaint released Thursday, DEA Task Force Officer Kevin Helms said Cooper used Cadillacs to help alleged drug dealer Korreco Green launder illegal proceeds. Cooper registered a $37,875 Cadillac Escalade under a friend's name, then allowed Green to use the car after he made a $7,500 cash down payment and agreed to make monthly payments of $1,300."

Judge Overturns Sailor's Conviction In 1997 Virginia Rape-Murder. The Washington Post (12/1, B3, Jackman) reports, "A Norfolk judge has ruled that a sailor convicted in a 1997 rape and murder should be retried or released because his attorney did not attempt to have the sailor's confession thrown out." The Post continues, "Derek E. Tice, 36, is one of the convicted 'Norfolk 4' sailors, who have launched a campaign to establish their innocence in the attack on Navy wife Michelle Moore-Bosko. Three of the four -- Tice, Danial Williams, 34, and Joseph Dick, 30 -- received life sentences for murder. Williams and Dick pleaded guilty. A fourth sailor, Eric Wilson, 29, was acquitted of murder but convicted of rape, served eight years, and has been released." The Post adds, "At one point, Norfolk authorities charged seven sailors in Moore-Bosko's rape and death, which occurred July 8, 1997, while her husband was at sea. But the defendants' DNA did not match DNA from the scene; their statements contained inaccuracies; and the Norfolk apartment yielded no evidence of a gang rape. … Then, an eighth man, Omar Ballard, confessed and said he had acted alone. And his DNA did match. Prosecutors dismissed charges against three of the sailors and went to trial against Tice and Wilson." The Post notes, "Last year, lawyers agreed to take on the cases of Tice, Williams and Dick at the request of the Innocence Project, which works on behalf of inmates the group believes were wrongly convicted. The group filed clemency petitions with the governor late last year, contending in part that the men were coerced into falsely confessing. The petitions are pending. .. But Deborah L. Boardman, a Washington attorney for Tice, also filed a civil habeas corpus suit alleging that Tice was being illegally imprisoned. In particular, she asked how Norfolk homicide detectives obtained Tice's incriminating statement and whether Tice's attorney did enough to suppress it. Such suits rarely succeed."

WPost Says Kaine Should Free Norfolk 4. The Washington Post (12/1, A28) says in an editorial, "This week, a judge in Norfolk threw out the conviction of Derek E. Tice, who is serving a life term in Virginia for rape and murder. The decision by Judge Everett A. Martin Jr. should move Gov. Timothy M. Kaine (D) to examine one of the most disturbing potential miscarriages of justice the commonwealth has seen in a long time." Tice is "one of four Navy sailors prosecuted for the 1997 rape and murder of a Navy wife, Michelle Moore-Bosko. All four confessed but now say their confessions were coerced with aggressive interrogation and threats of the death penalty. All have asked Mr. Kaine to free them, and they have made what seems a powerful case for their innocence. Yet for technical reasons, Mr. Tice is the only one who still has recourse to the courts -- which have now declared his conviction unconstitutional. Mr. Kaine is the only possible source of justice for the others." The "case of the 'Norfolk 4' puts the governor in a difficult position," but "aside from the confessions, no evidence implicated anyone except a man named Omar Ballard, whose DNA was found at the scene."

Court Allows Ryan To Remain Free Pending Appeal. The AP (11/30, Robinson) reported, "In a stunning decision, a federal appeals court has ruled that former Gov. George Ryan does not have to start his 61/2-year prison sentence as scheduled and may remain free on bond pending appeal. But the appeals court said in its ruling Tuesday that if it upholds the racketeering and fraud conviction handed down by a federal court jury last April, the 72-year-old Ryan must go immediately to prison. The appeals court's decision represented a setback for federal prosecutors who had argued that Ryan should start serving his sentence Jan. 4, as ordered by U.S. District Judge Rebecca Pallmeyer." The AP noted, "A spokesman for the U.S. attorney's office, Randall Samborn, said Wednesday that the government would have no comment on the U.S. 7th Circuit Court of Appeals decision. Reporters did not realize the ruling had been issued Tuesday until Wednesday morning."

The Chicago Tribune (11/30, Bush, O'Connor, Long, 617K) reported that the ruling provided Ryan with "a measure of hope that he ultimately may be vindicated. … 'It's a Christmas blessing,' former First Lady Lura Lynn Ryan said from the doorway of the family's Kankakee home. But several jurors who convicted Ryan in April considered the news a slap in the face. 'If you wanted me to speak of my emotions,

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you couldn't print it,' said James Cwick, 23, of Glen Ellyn." The Tribune added, "The news wasn't all good for Ryan Wednesday. In Springfield, the seven-member General Assembly Retirement System voted unanimously to permanently cancel Ryan's $197,000-a-year pension because of his conviction."

Nevada Attorney General Asks FBI To Take Over Land Development Probe. KLAS-TV Las Vegas (11/30, Ralston) reported on its Web site from a story broadcast yesterday, "A day after the I-Team's George Knapp interviewed land developer Billy Walters, the FBI is now involved in the case." Attorney General George Chanos "met Thursday morning with FBI agents and asked them to take over the investigation of Walters' dealings with the city of Las Vegas. This is the latest round in what's becoming an increasingly nasty fight between A.G. George Chanos and Billy Walters. It all stems back to a proposal to turn Royal Links Golf Club into a housing development. Chanos is asking the FBI to take over because he believes Walters has made him a potential witness in the case. He denies any wrongdoing." KLAS noted, "The FBI will have to look into the case before deciding whether to investigate."

The AP (12/1, Riley) adds, "Chanos said that in his meeting with Steve Martinez, special agent in charge of the FBI's Las Vegas office, he also asked for a review of Walters' allegations that Chanos may have been involved in a deal with developer Brett Torino to get the same land. 'I told Mr. Martinez that I would be happy to take a polygraph, and testify under oath before a grand jury that what Walters said about me is absolutely false,' Chanos said."

FBI Arrests NYC Chiropractors On Health Care Fraud Charges. The AP (12/1, Neumeister) reports, "Two Wall Street chiropractors were arrested Thursday on charges that they defrauded health care programs for the last six years by charging for services that were never provided. Christopher Green, of Wantagh, and Michael Horowitz, of Marlboro, N.J., even submitted forms to insurance companies for services they claimed to have provided when they were out of town, according to a complaint in U.S. District Court in Manhattan signed by FBI Special Agent Shawn R. Mullen. The probe into Green, 39, and Horowitz, 38, began after an FBI representative was told at a summer 2005 meeting of the National Health Care Antifraud Association that Green had billed Oxford Health Plans about $172,000 for treating Horowitz and Horowitz's wife, Mullen said." The AP notes, "The men were charged with fraud and mail fraud. Each was released on $150,000 bail after an initial court appearance Thursday."

The New York Daily News (12/1, Zambito, 729K) reports, "The feds say Green submitted claims for an undercover FBI agent on two days the agent hadn't even visited his offices at 80 Wall St. The partners were accused of using the identical diagnosis for different patients and suggesting one treatment that would have caused debilitating injuries had it been tried. Agents said the doctors recommended that a patient with a metal rod implanted in the spine receive electric stimulation. Experts consulted by the FBI said such a procedure was a bad idea."

NYC Priest Pleads Guilty To Child Porn Charges. Newsday (12/1, Gonzales) reports, "A Catholic priest based in Roosevelt pleaded guilty Thursday to possession of child pornography and acknowledged grappling with sexually compulsive behavior years before his arrest. Thomas G. Saloy admitted in a steady voice to Judge Joseph F. Bianco that he kept at least three sexually explicit images of minors in his rectory computer. The felony plea could cost Saloy, 45, up to 10 years in prison or a psychological treatment facility." Newsday notes, "'After the FBI investigation began, I took an overdose of pills and slit my wrists,' the slightly built cleric said, looking straight at the judge who asked him several questions about his mental state in preparation for sentencing on March 23."

The AP (12/1) reports, "FBI agents seized computer equipment near Milwaukee last year and found an e-mail from Saloy depicting sexually explicit images of boys. That prompted authorities to open an investigation into Saloy, who was assigned to a church in West Babylon at the time. In September and October of this year, authorities said, Saloy contacted an undercover detective who was posing as a 16-year-old boy in an AOL chat room. … On Nov. 6, the FBI and the Suffolk County Police Department raided Saloy's rectory residence and confiscated his computer, which contained images and videos of children engaged in sexually explicit conduct."

Florida Man Pleads Guilty To Stealing Roosevelt Pistol. The AP (12/1, Hazell) reports, "A man who stole the gun Theodore Roosevelt used in the Spanish-American War's most famous battle has pleaded guilty to

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violating a law designed to protect cherished U.S. antiquities, prosecutors said. 'Today's guilty plea effectively ends a 16-year-old mystery, and a treasured piece of American history has been returned to the public,' U.S. Attorney Roslynn Mauskopf said Thursday in a statement." The AP notes, "The gun, which was valued at up to $500,000, was stolen in April 1990 from the Sagamore Hill National Historical Site," and "the FBI recovered the gun this year. … Anthony Joseph Tulino, a postal worker from DeLand, Fla., who was living in New York, pleaded guilty to a violation of the American Antiquities Act of 1906," and he "faces up to 90 days in jail and a $500 fine." The New York Times (12/1, Lee, 1.16M) also briefly reports on the plea, noting that the pistol "was recovered this year by the F.B.I."

Milwaukee Shows Spike In Violent Crime. The Milwaukee Journal Sentinel (12/1, Diedrich) reports, "Milwaukee is among the leaders in a spike in violent crime being reported this year in numerous cities across the country, according to figures presented at a conference here this week." The Sentinel continues, "In the first six months of 2006, robberies were up 36% and aggravated assaults were up 31.6% compared with the same period in 2005, according to a survey published by the Police Executive Research Forum. Of the 55 U.S. police departments in the survey, only Minneapolis had a higher combined increase in those categories. … Certain cities, especially the largest, have not had a similar rise in violence, prompting some experts to caution that more data is needed before concluding that the nation as a whole is seeing a new wave of crime." The Sentinel adds, "Others, however, are convinced that crime is on an upward trend. … 'I think there is something important going on out there,' David Kennedy, director of the Center for Crime Prevention and Control at the John Jay College of Criminal Justice, which hosted the conference, said Thursday. 'My bones tell me that something is changing.' … Several police chiefs have concluded that the jump in violent crime is not a blip but the start of a troubling trend that must be tackled, said Dean Esserman, chief in Providence, R.I. … Violent crime nationally in 2005 showed the largest single-year increase in 14 years, and many cities report that the trend is continuing this year." The Sentinel notes, "Esserman noted that chiefs and mayors from 50 cities attended a conference in August, and most reported violent crime is on the rise. At the time, Los Angeles Chief William Bratton called it a 'gathering storm,' though it has not hit his city yet. … In Milwaukee, police reported a leap in violent crime in 2005 compared with the previous year. Officials acknowledge an increase but cautioned that their 2004 figures might have been faulty because of computer problems. But whatever the increase in 2005, the key categories of robbery and aggravated assault are up significantly this year. … So far, homicides in Milwaukee are down - almost 16% compared with this time last year, with 97 killings to date and 115 at this time in 2005. But officials say non-fatal shootings are rising. Froedtert Hospital in Wauwatosa expects to treat 34% more gunshot victims this year than last, and Children's Hospital of Wisconsin is up 38%."

CIVIL LAW:

DOJ Fights Group's Access To White House Documents On Morning-After Pill. The AP (12/1) reports, "A reproductive rights group is on a 'fishing expedition' and should be denied access to White House e-mails and other documents it seek as part of a lawsuit promoting unfettered access to the morning-after pill, the Justice Department said Thursday." The AP continues, "The Center for Reproductive Rights subpoenaed the White House in mid-November as part of its lawsuit against the Food and Drug Administration. The group sued seeking to lift all age restrictions on nonprescription sales of the Plan B emergency contraceptive pills. It wants the White House documents to determine whether it interfered with the FDA's handling of a request by manufacturer Barr Pharmaceuticals Inc. to allow unrestricted, over-the-counter sales of the pills." The AP adds, "In a Thursday letter, Justice Department attorney John R. Tyler told the Center it hadn't demonstrated the adequate need required to gain access to White House documents. … 'Plaintiffs have not met this heightened standard, and the subpoena is a fishing expedition to probe the internal processes of the White House,' Tyler wrote. … The Center will continue to pursue the lawsuit and compel the White House to provide the documents it wants, spokeswoman Dionne Scott said." The AP notes, "The Center's lawsuit hit a snag Nov. 21 when a judge issued a stay that keeps the FDA from having to turn over further agency documents. Scott said the stay doesn't apply to the White House subpoena; Tyler said the stay, until lifted, made it 'inappropriate' for Center lawyers to pursue the subpoena."

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Florida Hospital, Individuals Settle Health Fraud Charges With DOJ For $15.4 Million. The South Florida Business Journal (12/1) reports, "Larkin Community Hospital in Miami and its current and former owners have paid $15.4 million to settle federal and Florida civil health care fraud claims against them. … The Justice Department said the individuals involved are Dr. Jack Michel, Dr. James Desnick, Morris Esformes and Philip Esformes." The Journal continues, "Also involved in the settlement: 34 related companies owned by the Esformes used to operate nine assisted living facilities; Claudia Pace, an employee of one of the Esformes-owned companies; and Frank Palacios, a longtime employee of the hospital. … The settlement resolves the civil case United States v. Jack Jacobo Michel, M.D., et al., which the government filed in 2004, alleging violations of the False Claims Act. … The state of Florida joined the suit later that year. … 'The Department of Justice is committed to vigorously litigating cases about conduct that undermines the integrity of the Medicare and Medicaid programs,' said Peter D. Keisler, assistant attorney general for the department's civil division. 'We will not tolerate health care providers who pay kickbacks or perform medically unnecessary treatments on elderly beneficiaries in order to generate Medicare and Medicaid payments.'"

SCOTUS To Review Crucial False Claims Act Issue. The National Law Journal (12/1, Coyle) reports, "A 17-year-old whistleblower suit by a now 81-year-old former engineer at the Rocky Flats nuclear weapons plant has triggered U.S. Supreme Court review of a crucial issue under the fastest growing area of federal civil litigation today, the False Claims Act." The Journal continues, "In Rockwell International Corp. v. U.S. and ex rel. Stone, No. 05-1272, the justices on Dec. 5 will examine a critical restriction on who can bring so-called qui tam lawsuits under the act. … Was Principal Engineer James S. Stone 'an original source of the information' that served as the basis for a jury's finding that Rockwell, starting in 1987, violated the act by hiding from the government environmental, safety and health problems related to its processing of nuclear waste?" The Journal adds, "The high court's interpretation of a statute that Justice Samuel A. Alito Jr. as a lower court judge criticized as unclear will affect not only who qualifies as a qui tam 'relator' but also the ability of defendants, often large corporations, to dismiss early these complex and expensive suits. … The False Claims Act is becoming the principal tool by which the federal government combats fraud, said FCA practitioner Peter B. Hutt II, a partner at Miller & Chevalier, who filed an amicus brief supporting Rockwell on behalf of the Washington Legal Foundation. .. .The FCA provides for treble damages and penalties and a lesser burden of proof than criminal statutes that require proof beyond a reasonable doubt and do not necessarily allow the government to recover as much money, he explained."

4th Circuit Limits Reach Of State Anti-Spam Laws. The National Law Journal (12/1, Maclean) reports, "An Oklahoma-based anti-spam crusader who sued over repeated cruise vacation e-mail ads has put wind in the sails of spammers with the first federal appellate court ruling limiting the reach of state laws that restrict unwanted e-mail." The Journal continues, "The 4th U.S. Circuit Court of Appeals held that a 2003 federal law, known as the CAN-SPAM Act, pre-empts state laws that allow suits for false information in junk e-mails if the misrepresentation is 'immaterial.' … Spam is a 'serious and pervasive problem' but the federal law 'does not impose liability at the mere drop of a hat,' wrote Judge J. Harvie Wilkenson. 'Congress did not intend "falsity" to encompass bare error because such a reading would upset the Act's careful balance between preserving a potentially useful commercial tool and preventing its abuse,' he wrote." The Journal adds, "The decision is significant for companies that use mass e-mail to get their products in front of likely customers but face potentially costly legal judgments if they conceal the source of transmission or contain false information. … Most states have laws restricting mass junk e-mail, known as spam, and allow suits for damages for violations. The 4th Circuit held that the federal act partially pre-empts Oklahoma's laws allowing damages if e-mail misrepresents who transmits it, omits the point of origin or contains false information 'insofar as [state laws] applied to immaterial misrepresentations.' … The court has sent 'an important signal to commercial e-mailers: If they comply with the federal act then they have nothing to worry about from crusaders who pursue these lawsuits,' said James Hodges, a Reston, Va., solo practitioner who represented Omega World Travel Inc., which sent the cruise line ads."

CIVIL RIGHTS:

Schumer Asks Gonzales To Justify Decision Not To Probe Maryland GOP Election Fliers.

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The AP (12/1) reports, "Unhappy that the Justice Department denied his request to investigate campaign fliers handed out by Maryland Republicans on Election Day, New York Sen. Charles E. Schumer, fired-off a letter to Attorney General Alberto Gonzales asking him to justify the decision. … 'Unfortunately, the midterm elections held on Nov. 7, 2006, were tarnished by countless dirty trick and ugly tactics. The ploy used in Maryland stands out for its sheer cynicism and brazenness,' said Schumer, chairman of the Senate Democratic campaign committee, in a letter sent on Wednesday." The AP continues, "Schumer's letter refers to fliers distributed on Election Day by homeless people bused in from Philadelphia by campaign committees for Gov. Robert Ehrlich's re-election bid and Lt. Gov. Michael Steele's race for Senate. … Fliers handed out in Prince George's County gave the impression they were a Democratic sample ballot, but listed Ehrlich and Steele along with Democratic candidates for county and legislative offices. The fliers also made it appear that two prominent black Democrats - Prince George's County Executive Jack Johnson and former Rep. Kweisi Mfume - were supporting Ehrlich and Steele. Both supported Democratic candidates - Baltimore Mayor Martin O'Malley for governor and Rep. Ben Cardin for the Senate." The AP adds, "The Department of Justice notified Schumer in a Nov. 16 letter that it had looked into the complaint and concluded 'that there is an insufficient legal basis to initiate a formal investigation.'"

Kansas High Court Rejects Clinic's Request In Abortion Records Dispute. The AP (12/1) reports, "The Kansas Supreme Court refused Thursday to intervene on behalf of two abortion clinics who wanted it to investigate the state attorney general and a popular conservative talk show host over the host's statements that he had information from Kansas abortion records." The AP continues, "The clinics asked the court to seize records that Attorney General Phill Kline, an outspoken abortion opponent, obtained on 90 of the clinics' patients. Kline received edited versions of the records in October after arguing he wanted to review the records for evidence of possible crimes, including rape and illegal abortions." The AP adds, "The clinics wanted a special prosecutor to determine if Fox television talk show host Bill O'Reilly's information came from Kline's records. A show spokesman has said he did not know how O'Reilly, who also interviewed Kline, obtained the information. … The clinics also accused Kline of violating patients' privacy and not being objective." The AP notes, "The court offered no explanation for its decision Thursday. The ruling means Kline can continue his investigation, refer potential cases to county prosecutors or file charges himself before leaving office. … The issue grew dramatically last month when the clinics filed their court request a day before the Nov. 7 election, in which the Republican Kline lost his bid for a second term. … Days before, in a Nov. 3 broadcast of 'The O'Reilly Factor,' the conservative host said a 'source inside' told the show the director of one of the clinics, Dr. George Tiller, performs late-term abortions and had broken state law by failing to report potential rapes of victims ages 10 to 15. … Tiller, one of the few U.S. doctors to perform late-term abortions, has been targeted by protesters for years. His clinic was bombed in 1985, and he was shot by a protester in 1993."

Fort Lauderdale Residents, NAACP Call For FBI Probe Of Police Shooting. The Miami Herald (12/1, DeMarzo, Simon, 286K) reports, "More than 200 people packed a Fort Lauderdale community center Thursday night, demanding to know why city police shot two 21-year-old men Tuesday, killing one and wounding the other. Some -- including family members of one of the men -- cried and shouted at the meeting in the city's predominantly black northwest district, where Troy Eddines and Travis Jackson were shot. A gun was not found at the scene, said police chief Bruce Roberts. It was the fourth time Fort Lauderdale police had killed someone in the past six months." Fort Lauderdale NAACP president Marsha Ellison "told the crowd that she will meet with the FBI on Wednesday to discuss the shootings. The NAACP has also filed a complaint with the Department of Justice asking them to investigate the shootings, police procedures and use of deadly force.

Gonzales Says DOJ Investigation Of Atlanta Police Shooting In Early Stage. WSB- TV (11/30, 6:00 p.m.) Atlanta broadcasted, "US Attorney General Alberto Gonzales told 'Channel 2 Action News' today the local investigations could become before oftentimes we defer first to state and local officials. It may be easier to prove their state charges than it would be to prove the civil rights violations. Gonzales also said his office's investigation is in the very early stages and it's very important to find out the facts before taking any other step. The investigation now has reached all the way to Washington, DC. Today Alberto Gonzales confirmed to 'Channel 2 Action News' that the Justice Department is

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looking into the case. He says the basis of the investigation will be to see if any civil rights were violated. Also, the NAACP has planned a community meeting for Monday. Now there are new allegations about another no-knock warrant in Atlanta."

Mystery Witness Sought In Probe Of New York Police Shooting. The AP (12/1, Hays) reports, "The search for a key missing witness in the police killing of an unarmed black man who died in a hail of 50 bullets intensified with the arrest of four people who have provided clues about the witness' identity, a law enforcement official said." The AP continues, "At a news conference Thursday, police Commissioner Raymond Kelly said the Wednesday raid that led to the arrests was related to the shooting investigation. He refused to elaborate." The AP adds, "Another law enforcement official later told The Associated Press that the arrests of three men and one woman on gun charges had produced information about the identity of an important witness to the shooting. That witness was possibly with the three victims on Saturday when officers fired 50 shots at their car, somehow escaped and disappeared. … A lawyer for the victims denied that such a person exists. An attorney for five others at the bachelor party also said there was no fourth person in the car." The AP notes, "The shooting killed 23-year-old Sean Bell on his wedding day and wounded two of his companions, setting off a storm of outrage in New York, especially in the black community. The three victims are black, and the police officers included two blacks, two whites and one Hispanic. … Officers armed with a search warrant raided the Queens apartment, a known drug-dealing location, based on a tip that "persons of interest" lived there, said the official, who spoke on condition of anonymity because the investigation was still under way. It was unclear if a loaded semiautomatic pistol recovered inside the home had any connection to last week's incident, the official added. … An unnamed undercover shooter and four others - identified as detectives Mike Oliver, Mark Cooper and Paul Hedley and Officer Mike Carey - have been placed on paid administrative leave while the Queens district attorney's office conducts a grand jury investigation that could result in criminal charges. … The intensity of the search for the mysterious fourth man reflected its potential impact on a case rife with conflicting accounts and unanswered questions about why the five officers unleashed the barrage of bullets."

Federal Agency Warns Electronic Voting Systems Lack Security. The Washington Post (12/1, A1, Barr) reports in a front page story, "Paperless electronic voting machines used throughout the Washington region and much of the country 'cannot be made secure,' according to draft recommendations issued this week by a federal agency that advises the U.S. Election Assistance Commission." The assessment "by the National Institute of Standards and Technology, one of the government's premier research centers, is the most sweeping condemnation of such voting systems by a federal agency." NIST's report, "hailed by critics of electronic voting," said that "voting systems should allow election officials to recount ballots independently from a voting machine's software. The recommendations endorse 'optical-scan' systems in which voters mark paper ballots that are read by a computer and electronic systems that print a paper summary of each ballot, which voters review and elections officials save for recounts."

LULAC Contends Texas Governor Set Later Date For Runoff. The AP (12/1, Gamboa) reports, "Gov. Rick Perry set the election to replace a deceased state lawmaker a week later than he scheduled a congressional runoff election, a Latino group objecting to the earlier voting day said in a document filed with the Justice Department." The AP continues, "The League of United Latin American Citizens is objecting to the Dec. 12 date set for voters in District 23 to decide whether to pick Republican Rep. Henry Bonilla or Democrat Ciro Rodriguez as their U.S. House representative." The AP adds, "Perry and Secretary of State Roger Williams set Dec. 19 for a special election to replace Republican state Rep. Glenda Dawson. Orders for the two elections were submitted the same day. … Scott Haywood, Williams' spokesman, said the special election to replace Dawson was set at the earliest possible date it could be set under the Texas election code. 'Because there are different types of elections, different sets of laws would apply to fill a vacancy,' he said." The AP notes, "LULAC has objected to the date for the District 23 runoff because it falls on the Feast of the Virgin of Guadalupe, a religious holy day celebrated by many Catholic Hispanics by attending Mass, holding processions and family gatherings and other events. The district that stretches from near El Paso to South Texas and takes in several counties on the border has a 61 percent Hispanic voting age population. .. 'The state representative district is predominantly white-Anglo population and would

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not be affected by "El dia de la Virgen de Guadalupe",' LULAC national attorney Luis Vera Jr. said in the DOJ filing, using the Spanish translation of the Day of the Virgin of Guadalupe. … The 23rd district's voters are 'adversely affected by setting it on the holiest of religious holidays. There can possibly be no other reason for the different dates than an attempt to suppress the Latino vote.' … Vera also contends the state could have set the District 23 on a Saturday and that it did not have to be on a Tuesday. … Because Texas has a history of discriminating against minority voters, it is required to seek approval of election changes and decisions from the Department of Justice. Vera is asking DOJ not to approve the runoff date unless the state extends early voting to include a Saturday or Sunday and the election date is not on a holy day and a day that provides adequate time for all voters to be notified of the election."

Maryland High Court Considers Gay Marriage. The Washington Times (12/1, Ward) reports, "Maryland's highest court is scheduled to hear arguments Monday on the same-sex 'marriage' issue," which came from a lower court ruling in January "in which a judge decided a 1973 statute defining marriage as between a man and woman violated the state constitution." The original suit, "brought in 2004 by nine homosexual couples and one single homosexual," "will be challenging" to win "because it seeks to change the law." The Maryland Attorney General's Office "defended Maryland's law defining marriage as a union between a man and a woman, but indicated an openness to legislation that would pave the way for the legislation of the same-sex 'marriage.'" Kenneth Y. Choe, "one of the plaintiffs' attorneys and with the American Civil Liberties Union," said he "will appeal to three provisions of state law, but primarily he will point to the state's equal rights amendment."

Conservative Rabbis May Reconsider Position On Homosexuality. The Washington Post (12/1, A11, Cooperman) reports, "A panel of 25 eminent Conservative rabbis will meet in New York next week to consider five proposed teshuvot, or answers, to the question of whether homosexual sex is permitted under Jewish law." Two proposals "defend the traditional position that Leviticus 18:22…prohibits homosexuality between men and, by extension, between women." Three other proposals "offer various arguments for reinterpreting that prohibition," and say that "on a practical level, they could open the way for Conservative rabbis to perform same-sex commitment ceremonies and for Conservative seminaries to ordain openly gay rabbis." Rabbi Joel H. Meyers, executive vice president of the Rabbinical Assembly, said, "I think the committee is deeply divided -- like the rest of society is divided, like our movement is divided. But the tension has grown to the point that the committee is hard-pressed to give some clear guidance to the movement." Rabbi Avis D. Miller of Washington's Congregation Adas Israel said the "'rabbinical scuttlebutt' is that the panel -- the Committee on Jewish Law and Standards -- will approve two conflicting answers, one upholding the status quo and one calling for change."

ANTITRUST:

DOJ Subpoenas AMD In Antitrust Probe. The AP (12/1) reports, "Advanced Micro Devices Inc. said late Thursday that it had received a subpoena from the Justice Department regarding an investigation into possible antitrust violations in the graphics processors and cards business." The AP continues, Sunnyvale-based AMD, the world's No. 2 maker of the microprocessors that act as the core calculating engines of computers, entered the graphics chip market earlier this year with the $5.4 billion acquisition of ATI Technologies Inc." The AP adds, "The move was seen as a strategic blow to AMD's larger rival, Intel Corp., and one that would allow AMD to broaden its product portfolio and shed its image as a boutique player that sells only microprocessors and flash memory chips. The deal was completed in October. … AMD said that the Justice Department has not made any specific allegations against AMD or ATI, and that the company intends to cooperate with the investigation. … The scope of the Justice Department investigation was unclear."

Bloomberg (12/1, Shankar) reports, "The Justice Department hasn't made any specific allegations against Advanced Micro or ATI, Sunnyvale, California-based Advanced Micro said today in a statement sent by Business Wire. It plans to cooperate with the investigation." Bloomberg continues, "The acquisition of ATI, the largest maker of computer graphics chips for notebook computers, was Advanced Micro's biggest ever. The deal leaves Advanced Micro and ATI rival Nvidia Corp. dominant in the graphics-chip business, Global Crown Capital analyst David Wu said. … 'The two duopolies are AMD and Nvidia,' San Francisco-based Wu said. The probe will benefit lawyers, and not stockholders or taxpayers, he said." Bloomberg notes, "The

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Justice Department may subpoena Nvidia also if it is investigating the larger graphics market, Wu said. He said he covers Nvidia and Intel Corp., the world's largest maker of semiconductors, and owns Intel shares. … With the acquisition, Advanced Micro is seeking to win orders from makers of business laptop computers who currently rely on larger rival Intel's Centrino product. Advanced Micro shares, down 30 percent this year, rose 16 cents to $21.57 in New York Stock Exchange composite trading today."

Judge In Telecom Merger Takes Tough Stand. Market Watch (12/1, Boles) reports, "A judge presiding over a technical hearing into a previous round of telecommunications mergers Thursday took a tough stance that could have ramifications for another deal, the proposed takeover of BellSouth Corp. by AT&T Inc." Market Watch continues, "The oral hearing evaluated the conditions attached by the Justice Department to the mergers between Verizon Communications and MCI and between SBC Communications' and AT&T. Judge Emmett Sullivan seemed to indicate he could try to toughen conditions, and this stance could embolden the FCC to ask for more conditions in the proposed AT&T-BellSouth merger, analysts said." Market Watch adds, "Sullivan asked Claude Scott, a lawyer for the Department of Justice, whether the current proposed merger should enter his thinking when pondering the case of the previous mergers. Scott responded that the two matters are entirely separate. … The hearing's purpose was to evaluate the conditions agreed to by the Justice Department's antitrust unit and the two companies formed by the separate mergers, AT&T and Verizon. … As part of the decree, the companies agreed they would sell part or all of the 'black fiber' controlled in commercial properties in more than 700 buildings across the U.S. That would allow smaller competitors access to the business clients within the buildings. Both companies say they have buyers lined up for the fiber. .. .Sullivan also appeared to somewhat angrily reject the argument put forward by John Thorne, an attorney for Verizon, that the deals had already closed and the hearing should deal only with a minor part of a much larger matter. … 'I may not be required to do anyone else's work, but I will do an independent evaluation of the materials. I can assure you of that, and we will see where the merger stands at that point,' said Sullivan."

CNET News (12/1, Broache) reports that Judge Sullivan "continued to press the Department of Justice to explain why he should approve twin mergers involving some of the nation's largest telephone companies, but did not say when he will make a final decision." CNET reports that Sullivan "warned multiple times that he has no intention of 'rubber-stamping' the mergers--proposed between AT&T-SBC Communications and Verizon-MCI--and plans to issue an opinion only after an 'independent review' of the materials presented to him. … 'Don't I have to scrutinize that merger to determine if it's in the public interest?' Sullivan asked at the outset of an afternoon hearing here that lasted more than two hours." CNET adds, "The pair of deals got the green light more than a year ago from the Federal Communications Commission and the DOJ's antitrust division, which collectively imposed only minor conditions aimed at alleviating competition concerns. … Both AT&T and Verizon have since closed the books on their respective acquisitions, which prompted Sullivan to remark Thursday with some measure of disdain: 'It's a done deal. The MCI Center became the Verizon Center, and everyone goes on their own way.' (He was referring to the Washington D.C.'s downtown sports and entertainment complex.) .. Some observers say Sullivan's actions could also affect the outcome of another megamerger, between AT&T and BellSouth, which won unconditional approval from the Justice Department this fall. The FCC has repeatedly postponed a decision on that deal because of reported disagreements over what restrictions to impose."

DOJ Seeks More Information On Cemex Bid For Rinker. Bloomberg (12/1, Steffens) reports, "Rinker Group Ltd., Australia's biggest building materials maker, said U.S. antitrust regulators have asked for more details on Cemex SA's hostile $11.7 billion takeover bid for the company. … 'Rinker received a request for additional information' yesterday, the Sydney-based company said in a statement to the Australian Stock Exchange today. Monterrey, Mexico-based Cemex will also have to provide more details before it gets a ruling on the deal, according to the statement." Bloomberg continues, "Cemex wants to buy the Australian company for its business in the U.S., which accounts for more than 80 percent of earnings. The deal would make the Mexican company the world's biggest cement maker. Rinker is focused on Florida, Arizona and Nevada, which the census bureau forecasts will be the fastest-growing U.S. states. … The U.S. Department of Justice request will extend the bidding process. It also

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indicates Cemex may have to sell some assets in Arizona and Florida, where both companies have strong market positions, to gain approval for its plans, according to Andrew Dale, an analyst at Macquarie Bank Ltd. in Sydney. He has a `neutral' rating on Rinker." Bloomberg adds, "The Federal Trade Commission and the Department of Justice ask for additional information 'only when there is a strong likelihood that some part of a transaction would violate the antitrust laws,' Dale wrote in a note to clients. The regulators have passed about 95 percent of all merger proposals in the past five years without further requests, he said."

Grassley Questions NASD Merger. The New York Times (12/1, Morgenson) reports that Iowa Sen. Charles E. Grassley "has asked NASD, the securities industry's largest self-regulatory organization, to describe in detail how it identifies and tracks possible insider trading among its members." Grassley's staff "is investigating the Securities and Exchange Commission's handling of an insider-trading case involving a prominent hedge fund," since "insider trading appears to be a growing problem for regulators." Grassley "sent his request to Mary L. Schapiro, the chairwoman and chief executive of NASD, in a letter on Tuesday — the same day that NASD announced that it was merging its oversight operations with those of the New York Stock Exchange." He asked for NASD to respond by Dec. 18. The letter "parallels his September request that the Government Accountability Office investigate how the SEC polices the financial markets and pursues insider-trading cases."

MiRealSource Settles Antitrust Complaint With FTC. Inman News (12/1, Roberts) reports, "MiRealSource, a broker-owned multiple listing service in Michigan, has agreed to settle a Federal Trade Commission complaint that challenged MLS rules the agency claimed violate antitrust laws." Inman continues, "The FTC last month announced settlement agreements with five MLSs and complaints against two other MLSs related to MLS policies that blocked some property listings from reaching some public property-search Web sites, such as Realtor.com and MLS-operated sites. On Monday the FTC posted a notice stating that the complaint against MiRealSource was withdrawn to allow the commission to consider a proposed settlement agreement with that MLS. … Members of the FTC will consider whether to approve the proposed agreement." Inman adds, "Virginia Blatt, CEO for MiRealSource, which formed in 1966 and has about 7,000 members, said Wednesday that the MLS board voted to approve the consent agreement and MLS managers will 'make some modification to our rules as a result of it. We think it will work out in a positive.' The MLS must implement new rules within 45 days of the FTC's final approval of the consent agreement. … In its 13-page complaint against MiRealSource, the FTC stated that the MLS 'adopted rules and policies that limit the acceptance, publication and marketing of certain properties, based on the terms of the listing contract entered into between a real estate broker and the customer who wishes to sell a property.' The FTC charged that these rules violate federal antitrust laws. … The complaint focuses on rules that blocked a type of property listing from the MLS in which homeowners had entered into 'exclusive agency' contracts with MLS members, and also on a rule that required brokers to offer a specific set of services in order for the MLS to accept property listings submitted by them."

EU Charges Continuing Collusion By Energy Suppliers, Grids. Bloomberg (12/1, Mitchell) reports, "The European Union official heading an antitrust inquiry into the energy market said a requirement for energy suppliers and distribution grids to become separate legal entities has failed to open up the industry." Bloomberg continues, "A report by the European Commission, the EU's executive body, will be released on Jan. 10. The body plans to use it as a basis for improving the rules that govern the energy market and to take legal action against companies. … 'Legal unbundling has not prevented systematic communication between network and supply branches' of companies, said Lars Kjoelbye, head of the team that has been working on the probe since June 2005, in Brussels yesterday. … He cited the case in which Eni SpA, Italy's former gas monopoly, was fined 290 million euros ($382 million) in February by Italy's antitrust authority for blocking access to its pipeline that transports gas from Algeria. … 'The network branch had planned to invest expanding the capacity of a gas pipeline to Italy but the supply branch said the project should be dropped because the extra energy could put prices under pressure,' Kjoelbye said." Bloomberg notes, 'Rome-based Eni's appeal against the fine was partially accepted yesterday, news agency Ansa reported. Eni will get a reduction in the penalty, the amount of which hasn't yet been published, Ansa said."

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WSJ Urges Google To Forge Pacts With Content Providers. The Wall Street Journal (12/1, A12) editorializes, "Google's stock price seems to defy gravity. It topped $500 last week, and so far investors have responded with great favor to its $1.6 billion purchase last month of the young video file-sharing company YouTube. This acquisition helped lift Google's market cap to $150 billion -- more than IBM, AT&T, General Motors and Chevron. Google has already become an American technology-sector icon, the Microsoft of the early 21st century." The Journal continues, "There's one big problem. The firm's practice of downloading and reproducing books, articles, photographs and other creative materials without approval of the copyright owners is legally ambiguous. And in our time, what's legally ambiguous gets sued. What's new here is that, on an unprecedented scale, Google pits the rights of intellectual property owners against the Web's ability to "democratize" information for everyone." The Journal adds, "Google has a mixed record defending itself in court. But with its acquisition of YouTube, the waiting line of potential plaintiffs just got longer. Media and entertainment companies like Time Warner are suing YouTube for making it possible to see pirated videos of everything from Saturday Night Live skits to Beatles music videos to HBO movie clips. Google's deep pockets could trigger many more of these lawsuits, and it has established a $200 million fund to protect against YouTube litigation. … How Google fares in court will help define the vague and unsettled parameters of protection for intellectual property rights in the digital age." The Journal concludes, "The U.S. government is rightly fixated on deterring piracy of U.S. patents and copyrights in nations such as China and India -- a theft that costs American firms tens of billions of dollars. If the U.S. government won't fully protect these intellectual-property rights at home, it undermines the case for protecting them abroad. Google ought to steer clear of this expensive legal thicket by accelerating what it has already started to do: Enter into revenue-sharing agreements with such content providers as Sony…and the Associated Press. … A recent Cato Institute paper argues that 'transformative' technologies like search engines should be exempt from many of these copyright lawsuits because they create entirely new products out of the old. They argue that the role of 'copyright law is to promote, not impede technological progress.' That's true. But without rigorous enforcement of intellectual-property rights, there may not be much technological progress to promote."

ENVIRONMENT:

EPA Drops Part Of Plan To Ease Pollution Reporting Rules. The AP (12/1, Heilprin) reports, "The Bush administration, looking at the prospect of stronger oversight from a Democratic-led Congress, is withdrawing a proposal to let big polluters report less often on what they spew from their smokestacks. … The administration, however, is going ahead with a plan to make one-third less provide detailed figures at all." The AP continues, "The government last year proposed easing air regulations to exempt some companies from having to tell the Environmental Protection Agency about what it considers to be small releases of toxic pollutants. .. That proposal is still alive. But abandoned now is the idea of making companies that must make such reports, known as toxic release inventory, do so every other year instead of annually. … 'You will be pleased to know that I have decided against moving forward with changes to TRI reporting frequency,' EPA Administrator Stephen Johnson wrote Democratic Sens. Frank Lautenberg and Robert Menendez this week." The AP notes, "Johnson decided the program would not be effective unless the reporting was done each year, agency spokeswoman Jennifer Wood said Thursday. .. .The EPA does plan to change the inventory requirements, easing what it called the 'regulatory burden' on companies through use of a short form for reporting toxic pollution."

Bush Opposed To Airline Emission Cut Plans. The AP (12/1, Heilprin) reports, "The White House opposes plans by European nations to require airlines to curb greenhouse gases, saying it would unfairly disadvantage US carriers. 'We are strongly opposed to the imposition of a tax. We think this will violate trade rules,' James Connaughton, chairman of the White House Council on Environmental Quality, told a group of international reporters Thursday." Connaughton "said a better approach is to 'come up with a partnership to ensure new approaches that are efficient, but also to relieve congestion that is in the airways. There are real restrictions between our markets and also with Asia that causes a tremendous extra consumption of fuel that's necessary.'"

EPA Aides Ask Congress to Probe Agency's Global Warming Programs. The Christian Science Monitor (12/1, Spotts) reports, "This week, labor leaders

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representing more than 10,000 Environmental Protection Agency scientists, engineers, and staff have asked Congress to hold aggressive oversight hearings on the agency's own greenhouse-gas emissions programs. Under the Bush administration's voluntary approach, the labor leaders' petition says," the EPA "isn't doing enough to encourage the use of current technology to control carbon-dioxide emissions, the leading cause of human-induced climate change. In fact, the time for a voluntary program is over, the leaders say." The labor leaders, who are "presidents of the EPA's 22 union locals," also "called on lawmakers to ensure that agency experts are allowed to speak freely and openly about global warming with the public and Congress 'without fear of reprisal.'"

Congressional Democrats Expected To Clash On CAFE Standards. The Wall Street Journal (12/1, A4, Harwood) reports in its "Washington Wire" column, "Cafe clash looms among Capitol Hill Democrats. Senate leaders, including incoming Energy Chairman Bingaman, back an Obama plan forcing government to raise corporate average fuel-economy standards for autos by one mile per gallon each year, unless regulators prove it isn't feasible. Obama notes the current U.S. car standard of 27.5 miles per gallon has been 'frozen' for 20 years, while Japan has gone to 45 mpg." House Energy Chairman-to-be Dingell "of Detroit blasts CAFE as outmoded, and instead backs incentives for flex-fuel cars. Deron Lovaas, a vehicle expert at the Natural Resources Defense Council, says House Democrats, the auto industry and United Auto Workers face rising pressure to 'cut some sort of deal' with the Senate."

NYTimes Says Snowmobiles Should Be Banned In Yellowstone. The New York Times (12/1) says in an editorial, "Yet another winter and here we are, still wrangling over snowmobiles in Yellowstone. Last week the National Park Service released a draft environmental impact statement that would allow 720 snowmobiles a day into the park. It would also require snowmobilers to ride with guides and to use the newest generation of supposedly environmentally friendly machines. But everything we have learned about snowmobiles in Yellowstone — thanks to an apparently unending series of publicly funded studies — tells us that there should be no snowmobiles there at all." Scientific studies "funded by the Clinton and Bush administrations have made it clear again and again that snowmobiles seriously degrade the environment of Yellowstone. The park service needs a new plan, and if it can't provide one then Congress should intervene. There should be no snowmobiles in Yellowstone."

FBI/DEA/ATF/USMS:

Gonzales Urges Action To Curb Meth Use, Manufacture. In an op-ed in the Austin (TX) American-Statesman (12/1), Attorney General Alberto Gonzales writes, "It has become a familiar scene on the evening news across the country: Neighbors watch in stunned silence as police raid the house next door and the nice couple who kept to themselves is hauled away for running a methamphetamine lab in the basement. How could this happen, the neighbors ask, in our neighborhood? Isn't this the kind of thing you only see . . . somewhere else?" Gonzales continues, "Compared with marijuana, heroin or cocaine, methamphetamine, or meth, is relatively new in the headlines. But it has had a tremendous and terrible impact in a short time. … Once thought to be a problem primarily affecting America's rural communities, we now know that no community is safe from the destruction caused by meth." Gonzales adds, "Users quickly learn that methamphetamine is far from glamorous. Their teeth rot, they can't sleep, and they become emaciated from lack of appetite. But they're addicted, and they usually cannot stop without help. … So we should care about the drug addict? They are their own victims — no one forced them to use an illegal drug, right? They deserve to suffer. … But while some consider drug abuse to be a victimless crime, meth does not just affect the user. It affects users' children, it affects the community, and in a very real and lasting way, it affects the environment." Gonzales notes, "Last March, Congress passed the Combat Methamphetamine Act, which gave us tools for targeting meth traffickers. The law, signed by President Bush, provides a national standard for the retail sale of products containing the ingredients needed to make meth, like pseudoephedrine. … One change you may have noticed is that local retailers moved some cold medicines behind the counter. It seems like a small step, but thanks to this and other initiatives — particularly at the state level — we have made tremendous progress in cutting production of meth. .. Now we're focused on halting the manufacture and smuggling of meth from superlabs controlled by Mexican drug traffickers operating in the United States and Mexico and to reducing demand in this country." Gonzales

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concludes, "Recent events around the country have educated people about the dangers of the drug. The Justice Department is working with its partners at the federal, state and local level, in government and in the private and nonprofit sectors, to raise understanding of this problem. … Education efforts do indeed reduce demand. To put it simply, the more people know about meth, the less likely they are to use it. … Meth poses a tremendous challenge for law enforcement and society. We all share a responsibility to ensure a safe, successful and drug-free future for our children and grandchildren. Progress will be something very worthy of giving thanks for this holiday season."

On Fox News, Gonzales said that "we're finding meth labs in homes, in vehicles, in apartments, in parks. And while that presents its own set of challenges, it leaves a trail. … Whenever you have a meth lab, it produces toxic waste. There are, you know, odors that come from the meth labs. And so, for people in the community, it's not so difficult to seek clues about the production of meth within the local community. … we are seeing the meth usage actually move across the country from the west to the east. We are seeing reductions in certain areas because of laws passed by states and federal laws passed by the Congress restricting access to precursor chemicals which are necessary in the production of meth in these mom and pop labs. … We still have some challenges, some issues that we have to deal with with respect to the importation of meth through our southern border. So, again, we're seeing some progress in certain areas of the country. Obviously, some challenges remain in other parts of the country."

Gonzales Hosts Discussion On Meth Products. KTVU- TV (11/30, 6 p.m.) in San Francisco, Oakland, San Jose broadcasted, "America's meth problem was the topic for government leaders in Washington, DC today. US Attorney General Alberto Gonzales hosted a panel discussion with leading experts in the field. Among the topics covered were the product of meth and how to control it. He says laws limiting sales of products that just cold medicine which can be used to mass produce meth are helping."

NC8- TV (11/30, 5:00 p.m.) Washington DC broadcasted, "US Attorney General Alberto Gonzales led a round table discussion on the dangers of the drug today at the Whitman-Walker clinic in northwest. A White House report found that meth-use is surging in Connecticut and Maine. And it has increased by a whopping 115- percent in the District."

WTTE- TV (11/30, 10:00 p.m.) Columbus broadcasts, "The White House is so concerned, it hosted a Meth Awareness Day, to shine a spotlight on the epidemic. Gonzales said, 'We are making some progress I think you're seeing some positive signs in terms of the level of meth use among certain age groups but it still remains a serious problem. A problem not just for the feds, but for state and local communities.' The Justice Department says that meth use and cooking labs aren't only in rural areas anymore, they're also in the nation's big cities." This story was covered nation-wide. KPHO- TV in Phoenix, WMC- TV in Memphis, WXII- TV in Greensboro, Winston, Salem, High Point, WRGT-TV in Dayton, WBIR- TV and WVLT- TV in Knoxville, WTVR-TV in Richmond, WTVQ- TV In Lexington, WMTW- TV in Portland, Auburn, KETV- TV In Omaha, WTVC- TV in Chattanooga, KEYT- TV in Santa Barbara, WCAV- TV in Charlottesville all broadcasted the same story.

Meth Labs Found In New York, 10 Accused Of Importing Restricted Chemicals. The New York Post (12/1) reports, "The trailer-park drug known as 'hillbilly crack' has been putting on the Ritz lately - as federal drug agents uncovered a crystal-meth lab inside the $6,000-a-month Manhattan penthouse of a bank executive, authorities said yesterday. Michael Knibb, an information-technology vice president at Citigroup, ran the sophisticated drug operation from the living room of his luxury apartment overlooking the United Nations, said Drug Enforcement Administration officials. … Knibb was one of 10 alleged do-it-yourself drug makers busted this week as part of a federal anti-meth sweep dubbed Operation Red Fusion."

The New York Sun (12/1) reports a Citicorp executive "accused of manufacturing methamphetamine in his East Side penthouse was one of 10 people charged with operating nine illegal drug labs in New York City and Long Island, Drug Enforcement Agency officials announced yesterday. Michael Knibb, 36, allegedly cooked up the highly addictive drug in the living room of his apartment on East 39th Street overlooking the United Nations, officials said. Officials identified him as a vice president of IT Test Systems at Citicorp, a subsidiary of Citigroup."

The New York Daily News (12/1) reports, "For six months, agents tracked the purchase of red phosphorous and other chemicals from an Internet-based foreign company. The most prominent alleged mad meth scientist was Michael Knibb, a vice president for information technology for

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Citigroup. He was tracked ordering 100 grams of meth's component chemical, court papers allege."

The AP (12/1, Milton) reports a Manhattan corporate executive "accused of cooking up methamphetamine in his penthouse apartment was one of 10 people busted in a crackdown on clandestine drug labs in the city and Long Island, Drug Enforcement Administration officials announced Thursday. The six-month investigation, dubbed 'Operation Red Fusion,' targeted suspects who allegedly imported chemicals used to make the drug from the same Web site, said John Gilbride. The suspects were making the drug for individual use and not for sale, said Gilbride." The AP story was used by WNBC-TV, New York and WINS Radio, New York.

The Washington Times (12/1, Seper) reports DEA agents "have arrested seven suspected drug traffickers who operated methamphetamine laboratories throughout New York City and Long Island. Those arrested included a corporate executive, an automobile mechanic and a university teaching assistant. 'The danger of meth labs has spread from mid-America to Midtown,' DEA Administrator Karen P. Tandy said. 'In New York City, the potential for damage is enormous -- drug criminals are playing with fire in apartment buildings that thousands of innocent people call home,' she said. 'With today's arrests, we're extinguishing those fires before they become explosions and ensuring that those who put New York's citizens at risk pay the price.'"

Network TV Coverage. NBC Nightly News (11/30, story 7, 2:20, Williams) aired, "There is what is being called urgent new information from the US government tonight on methamphetamines, widely considered the nation's number one problem drug. It was once considered a regional problem, concentrated mostly in the West and Midwest. But it's now spreading in the heavily populated cities of the East Coast. And the people who are using it might surprise you." NBC added, "A familiar scene -- Federal drug agents shutting down illegal meth labs this week, but in an unfamiliar setting, New York City. Among the 10 people arrested, a bank vice president accused of operating a lab in this penthouse overlooking the UN. If they can make it there, DEA says, they can make it anywhere." John Gilbride, DEA: "A new animal has been unleashed in New York City: methamphetamine being produced in small, toxic labs." Attorney General Alberto Gonzales: "Because it is so difficult to kick meth, it causes a tremendous burden upon social service of a community." NBC continued, "Federal drug agents are in a race, succeeding at shutting down domestic labs, but fighting a surge of meth from Mexico that's finding new markets."

Local TV Coverage. WABC-TV, New York (11/30, 6:00 p.m.) aired, "The Drug Enforcement Administration and other federal and local agencies [tracked] ten different people who operated secret meth labs like these in four out of five burroughs. The common thread which gave them away: the Internet. All of the defendants allegedly purchasing red phosphorus from the same place online, and it is an ingredient for [cooking] methamphetamine."

WCBS-TV, New York (11/30, 11:00 p.m.) aired, "Officials say a Citicorp vice president was one of [the] people arrested cooking up crystal meth in this…apartment high-rise, also arrested two mechanics who allegedly ran a meth lab inside a…car dealership. Ten people were arrested."

WLNY-TV, (11/30, 11:00 p.m.) aired, "A New York corporate executive, a teaching assistant, and a car mechanic find themselves suspects in a major undercover drug sweep. … As President Bush today announced National Methamphetamine Awareness Day, several New York residents are part of a crackdown on one of the fastest growing drugs in America. Authorities say none of those in New York [who were] arrested intended to sell the drug."

WNYW-TV, (11/30, 10:00 p.m.) aired, "A bad day for drug makers and takers, resulting in the takedown of an executive. … Employees…say they had no idea two of their co-workers were allegedly cooking methamphetamine while on the job. Their arrests are part of Operation Red Fusion when police busted labs with methamphetamine known as crystal, crank, and speed. … One lab was in an unlikely apartment across the street from the United Nations."

Meth Awareness Day Recognized. The El Paso (TX) Times (12/1) reports law enforcement officials in El Paso "joined the nation…in recognizing National Methamphetamine Awareness Day, which was proclaimed by President Bush as a day to raise awareness about the dangers of meth abuse and reduce demand for the drug. Zoran B. Yankovich, special agent in charge of the Drug Enforcement Administration in El Paso, said methamphetamine is manufactured from a variety of store-bought chemicals and can dramatically affects users' minds and bodies. Chronic use can lead to violent behavior, paranoia, and an inability to cope with the ordinary demands of life."

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The Miami Herald (12/1, Weaver) reports the number of meth labs in Florida "dipped during the past year, but law enforcement officials issued dire warnings Thursday about the scourge. 'We're working like never before to combat this epidemic,' said Fred Ganem, associate special agent in charge of the Drug Enforcement Administration in Miami. … The DEA and U.S. attorney's office hosted a local workshop as part of a national campaign to raise awareness about the highly addictive, inexpensive drug."

The Hagerstown (MD) Herald-Mail (11/30) reported, "In observation of today's National Methamphetamine Awareness Day, the Hagerstown chapter of the Drug Enforcement Administration wants to remind the public of its anonymous meth tip hot line. Kyle Williamson, resident agent in charge of the Drug Enforcement Administration in Hagerstown, said that those who have information about methamphetamine activity may leave anonymous tips" by calling the hot line.

In the Lebanon (PA) Daily News, David J. Arnold Jr. writes, "Unfortunately, meth is a national problem that has reached Pennsylvania. Once thought to be isolated to the midwestern United States, it is increasingly moving east and into the mainstream. In fact, in the last two years in Pennsylvania 189 labs have been shut down."

The Louisville (KY) Courier-Journal (11/30) noted, "The awareness day was proclaimed by President Bush and is sponsored by the U.S. Department of Justice."

The Louisville (KY) Courier-Journal (12/1) again notes National Methamphetamine Awareness Day and writes, "Increasingly, meth is being imported from Mexico in a highly pure form called crystal meth that can be smoked, leading to an instant high. … Meth ranks third, behind marijuana and cocaine, in popularity among illegal drugs in the region, but it leads all drugs in devastation, said Richard A. Badaracco, assistant special agent in charge of the Drug Enforcement Administration's Louisville office."

Palm Springs, California's Desert Sun (11/30) reported, "Today is National Methamphetamine Awareness Day. Federal, state and local agencies are making the public aware of the problems of methamphetamine and what the public can do to fight the spread of this deadly synthetic drug." Agencies "consider the Coachella Valley a hub for meth distribution because much of the production of this deadly drug has shifted to Mexico."

The Fresno (CA) State News (11/30) reported, "As the U.S. observes National Methamphetamine Awareness Day today, researchers at California State University, Fresno are studying meth use and abuse in the Central Valley as part of the fight against the damaging effects of the dangerous and highly addictive drug. Nov. 30 has been designated by the Substance Abuse Mental Health Administration and the United States Department of Justice."

The Hutchinson (KS) News (12/1) reports, "Today has been declared National Methamphetamine Awareness Day by the U.S. Department of Justice." Here "are some statistics" from SAMHSA "about meth use and abuse in Kansas and the nation." Kansas "is ranked 13th in the nation in the number of meth labs or dump sites found so far in 2006." Treatment "admissions of persons with meth as the primary use problem increased from 21,000 in 1993 to 117,000 in 2003."

The Black Hills Pioneer (12/1, Pitlick) reports, "Methamphetamine use in Lawrence County [South Dakota] is significantly lower than it was two years ago, State's Attorney John Fitzgerald said this week." He "attributes that to the state crack down on pseudoephedrine sales, and a national education campaign about the dangers of methamphetamine." That's "good news, in a sea of what has become a growing epidemic nationwide. But government leaders nationwide, as well as civic and social groups throughout the country have designated today, Nov. 30, as National Methamphetamine Awareness Day." According to a study conducted by the SAMHSA, "individuals ages 18-25 make up the largest percentage of the 1.3 million people who used meth last year."

Guam's Pacific Daily News (12/1) reports, "In an effort to raise awareness on the perils associated with the drug ice on Guam, several federal and local law enforcement agencies launched their public outreach programs in conjunction with the U.S. Department of Justice-sponsored National Methamphetamine Awareness Day. … The crystallized form of the drug is the most prevalent of illegal drugs on Guam. 'We're making headway,' Tony Marquez, resident agent in-charge of the Drug Enforcement Administration on Guam, said, in reference to DEA's enforcement efforts."

In the Rochester (NY) Democrat and Chronicle (11/30) Jennifer Faringer wrote, "The National Council on Alcoholism and Drug Dependence-Rochester Area, a program of DePaul Addiction Services, is engaged in a communitywide campaign to raise awareness to the potential impact of methamphetamine. With the invaluable input of city/county/state law enforcement, the Monroe County District Attorney's Office, Drug Enforcement Administration, schools,

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universities and addictions professionals, we are in a position to monitor and work together to prevent the local influx of meth."

NOW-TV Syracuse, New York (11/30) reported on its Web site, "Today is National Methamphetamine Awareness Day. In an effort to combat meth labs, the Alcohol and Substance Abuse Council in Jefferson County is embarking on a specific methamphetamine prevention initiative to help ensure that meth stays out of the community." The center "is partnering with local law enforcement to make sure that everyone in the community is aware of the effects of meth."

WRC-TV Washington, D.C. (11/30) reported on its Web site, "The U.S. Department of Justice has declared Thursday the first national Meth Awareness Day to underscore the dangers and highlight the importance of education and awareness about the risks of the highly addictive drug." In Virginia, "government officials joined law enforcement and treatment and prevention specialists in 'Meth 360,' a demand reduction campaign."

KCRG-TV Cedar Rapids, Iowa (11/30, Mathis) reported on its Web site the Gov. Tom Vilsack "signed a law almost 20 months ago to ban psuedoephedrine purchases in an attempt to try to shut down meth labs. And Thursday, National Meth Awareness Day, those in the know say the law is working. U.S. prosecutors, law enforcement and local drug counselors all say they can see a difference in their work since the ban took effect." But "meth addicts are still finding the drug. That's why the Area Substance Abuse Council (ASAC) qualified for a $1.5 million grant" to fund its "new Novus Center."

KAIT-TV, Jonesboro, Arkansas (12/1) reports on its Web site, "The war on drugs is a battle that's been fought across the United States for years, but Thursday the emphasis was on meth, which accounts for up to 90 percent of all drug cases in many Midwest communities. … 'Methamphetamine is currently the number one most abused drug in the country,' said DEA Task Force Officer Roger Case, 'Primarily in Arkansas, it's a scourged drug. It's taken the place of almost all the other major drugs including cocaine and crack cocaine as the number one abused drug in the state.'"

On its Web site, KTHV, Little Rock, Arkansas (11/30) reports President Bush "declared Thursday National Methamphetamine Awareness Day. In addition, he's asking for $25 million in his 2007 budget for recovery programs for addicts. Here locally, Arkansas DEA agents are busy fighting the spread of meth coming in from Mexico. In his more than 30 years in law enforcement, DEA Assistant Special Agent in Charge Bill Bryant says meth is by far the most devastating drug he's seen."

On its Web site, WAVE-TV, Louisville, Kentucky (12/1) reports a large meth seizure last week "brought into Kentucky from Mexico underscores the point drug enforcement officials hoped to make through Methamphetamine Awareness Day -- which was Thursday, November 30. Despite the decrease in actual labs throughout Kentuckiana…the dangers of meth may be greater than ever. … The bad news is part of the on-going problem itself: with meth lab seizures declining, imports of a more highly concentrated form of the drug -- often called Crystal Meth or Ice -- are coming from south of the border. Officials say 80 percent of meth in this country is coming from Mexico."

On its Web site under "National Meth Awareness Day," Eyewitness News Memphis/ABC 24 (12/1) reports, "The Drug Enforcement Agency is reporting some shocking numbers. The DEA says Tennessee is responsible for 75 percent of meth lab seizures in the Southeast. The agency says most of the methamphetamine used in the state is being brought in from Mexico and the Southwest Border area."

On its Web site KLTV, Tyler, Texas (11/30) reports, "Across the nation and locally law enforcement agencies gathered Thursday in support of Methamphetamine Awareness Day. The goal of the national campaign is to raise awareness about meth use. … Last March, a joint investigation between state and federal agencies broke a major methemphatmine ring in East Texas, known as Operation Icebox. That meth was being brought in from Mexico. The DEA says the organization responsible no longer exists."

On its Web site, KNTV-TV, San Jose, San Francisco, Oakland (12/1) reports students at a San Francisco high school "got a different kind of lesson Thursday. It was part of a new national campaign to raise awareness about one of the nation's most dangerous street drugs -- methamphetamine. … 'It's probably our most dangerous drug that's out there as far as destroying families destroying lives,' said Javier Pena of the U.S. Drug Enforcement Administration."

North Carolina's News 14 Charlotte (12/1) reports yesterday "was proclaimed National Methamphetamine Awareness Day by President Bush, who has set a national goal of reducing the number of methamphetamine labs in the country by 25 percent in the next three years. … In order to combat meth use, state lawmakers passed a law in January

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that placed restrictions on the amount of those medications that can be purchased, and required that they were moved from their place on the pharmacy shelves to behind the counter. The law appears to be working, as the number of meth labs in North Carolina failed to rise for the first time since 1999."

WFMZ-TV (11/30) reported on its Web site that Bucks County, Pennsylvania, "is marking Methamphetamine Awareness Day. The federal DEA held an educational presentation this morning to teach the community about the dangers of the hazards and dangers of the drug."

Berman Honored. The Tyler (TX) Morning Telegraph (11/30) reported state Rep. Leo Berman "was honored Thursday as part of National Methamphetamine Awareness Day, an observation designed to stress drug prevention, education and treatment. Berman led the charge to pass HB 164 in August, which requires retailers to remove medications used in the manufacture of methamphetamine from the shelves and place them behind the pharmacy counter. Officials from the Eastern District U.S. Attorney's Office, Drug Enforcement Administration, FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives paused to acknowledge the representative's efforts."

In Tyler, Texas, the News Journal (12/1) reports, "Even though state Rep. Leo Berman, R-Tyler, was pleased to be honored by federal officials Thursday for his fight against illegal drugs, he said there is still more work to be done. … Berman wants to take the law one step further, which could make investigations into meth manufacturing more efficient and effective, he said. 'I'd like to go to electronic filing of pseudoephedrine purchases so that law enforcement officials statewide can see records on a Web site,' Berman said." The News Journal continues, "Statewide, the number of meth lab seizures declined by 62 percent during the seven months after Aug. 1, 2005, when Berman's bill became law, according to a report released Thursday by the White House Office of National Drug Control Policy. The same period one year earlier yielded 285 seizures."

Meth In New England. In Hartford, Connecticut, the AP (12/1, Collins) reports the two maps "displayed by federal and state officials at the Capitol on Thursday showed the alarming spread of methamphetamine problems across the country. … The problems are clearly spreading to the eastern half of the United States, and top state and federal officials in Connecticut said Thursday that they have anti-meth efforts under way but they also need help from the public." U.S. Attorney Kevin O'Connor "was joined by Gov. M. Jodi Rell and officials from state and federal law enforcement and public health agencies on the first National Methamphetamine Awareness Day sponsored by the U.S. Department of Justice."

The New Haven (CT) Register (12/1) reports Thursday "was National Methamphetamine Awareness Day and key federal and state officials used the occasion to urge residents to help keep "the scourge of methamphetamine" from overrunning this state. … Brian R. Crowell, special agent in charge in this state for the federal Drug Enforcement Administration, said it isn't inevitable that meth will join cocaine and heroin as a major problem drug in Connecticut, and that it's possible to 'be aggressive and keep it from getting a foothold here.'"

The Providence (RI) Journal (12/1) reports a group of health officials and law-enforcement representatives "came together yesterday to raise awareness of a drug plague that they say has so far spared much of New England but will come. The spread of methamphetamine use and addiction has ravaged other parts of the country, said U.S. Attorney Robert Corrente. … Corrente and others announced the formation of a coalition of experts to monitor and hopefully prevent the drug's spread. The announcement coincided with similar announcements being made across the country as part of National Methamphetamine Awareness Day."

Manchester, New Hampshire's Union Leader (12/1) reports, "Last month law enforcement officials netted the largest ever methamphetamine bust in New England history. Two of the four individuals arrested in connection with transporting 12 pounds of the 99-percent pure drug into New Hampshire were arrested in Seabrook. The other two were arrested in Lynn, Mass. … What has law enforcement and government officials on edge is that the four all came to the area by way of Atlanta just to try and open a market for the highly addictive and dangerous drug." The Union Leader adds, "In response to the growing nationwide problem of crystal meth manufacturing distribution and use, Nov. 30 has been dubbed National Methamphetamine Awareness Day by both the President and Gov. John Lynch."

E-Mail To Warn Georgia College Students About Meth Risks. The AP (11/30) reported Georgia college students "will soon be getting an e-mail warning them of the dangers of methamphetamine. The e-mail, which features graphic photos of meth users with oozing sores and rotting teeth, will be sent to the 260,000 Georgia college students at

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the state's 35 schools in the coming days. … 'There are no recreational meth users,' Sherri Strange, head of the Drug Enforcement Administration's Atlanta office, said. 'Your first hit and you're hooked.'" The education initiative in Georgia "is part of National Meth Awareness Day."

The Atlanta Journal-Constitution (11/30, Ahmed) reported, "As more than 300,000 college students in Georgia open their school-provided e-mail in-boxes in the next few days, they will be greeted by disturbing images of young people with bloodied faces, rotting teeth and backs covered with scabs. This is how state officials plan to drive home the point to the 18-to-25 year-old set about the dangers of methamphetamine. … Metro Atlanta also has become one of the leading distribution centers. Six of the 14 significant seizures nationally since 2005 have been in Georgia, including the largest on record – 378 pounds in Hall County in August, said…Strange."

On its Web site, WXIA-TV, Atlanta (12/1) reports officials with the Justice Department yesterday "announced a joint effort with several other agencies to get the word out about the dangers of [meth]. In the coming days, 300,000 Georgia college students will receive an e-mail outlining what [meth] can do to teeth, skin, and lives. The e-mail includes graphic pictures of methamphetamine's effects on real people."

Mueller Visits FBI Offices In Richmond, Norfolk. The Richmond Times-Dispatch (12/1, Bowes) reports, "FBI Director Robert S. Mueller paid a visit to the bureau's Richmond office yesterday to talk with local agents and review the agency's priorities, ranging from terrorism to public corruption. Mueller has visited 37 of the agency's 50 field offices across the country this year to talk strategy and become better acquainted with local operations. … 'Since Sept. 11, our first priority is preventing another terrorist attack,' said Mueller, who was sworn in as director seven days before the attacks. 'And consequently, there is not a lead that does not go unreviewed, not a lead that we do not pursue when it comes to the threat of terrorism. So that has been a substantial change for us.' In addition to terrorism, the bureau also has prioritized violent crime…along with public corruption, cyber crime and counterintelligence initiatives. 'And they've done great work in [the Richmond] division over a substantial period of time in each one of these areas,' Mueller said." The Times Dispatch adds, "Mueller said the bureau's success is largely dependent on its relationships with state and local law-enforcement agencies, and those ties are especially good in the Richmond area, he said."

WRIC-TV Richmond (11/30) reported on its Web site from a story broadcast yesterday, "The Richmond division of the FBI is making strides in the fight against violent and cyber crime. That's according to FBI director Robert Mueller, who made a stop here Thursday. … He also applauds outreach programs aimed at the area's Muslim community. FBI Director Robert Mueller says, 'We are your friends we want to work with you to prevent terrorist attacks and that to the extent you can be helpful, we need your help.' According to Mueller, the bureau's top priority here and across the country is counter-terrorism." WCAV-TV Charlottesville (11/20, 11:00 p.m.) reported, "FBI Robert Mueller made a stop in Virginia today, taking the time to talk to agents at the field office in Richmond. Once every couple of years, the Director of the FBI 'checks in' on the various field offices, by making a site visit and talking to the agents. He shared with staff his priorities for the Richmond-Charlottesville crime fighting unit and where he would like to see the division go in the future." In their 11:00 p.m. broadcasts, Richmond stations WTVR-TV, WWBT-TV and WVAW-TV also reported on Mueller's visit.

WAVY-TV Norfolk (11/30, 11:00 p.m.) reported, "The top gun stopped by Hampton Roads today. Robert Mueller visited in an effort to reach out to his staff. He talked about cyber crime, port security and September 11." WVEC- TV Norfolk (11/30, 10:00 p.m.) reported, "The nation's top law enforcement agent was in Norfolk today, vowing to crack down on violent crime." Mueller "says the Justice Department will use FBI data to find solutions to gang activity and violent crimes such as rape, murder and robbery. All have increased more than two percent since 2001."

The (Hampton Roads) Daily Press (12/1, Williams, 94K) reports, "Cyber crime, terrorism, public corruption and violent crime are among the chief concerns for FBI agents working in the Hampton Roads area, the agency's director said Thursday during a stop at the Norfolk office. 'Norfolk is a very important city given the naval contingent,' said Robert S. Mueller III. The FBI's Norfolk Division 'also is important to us, and it has done tremendous work over the last several years, whether it's terrorism, cyber crime, public corruption or violent crime,' he said." Mueller "said part of the division's success stems from its agents working closely with local and state law enforcement officials. One such collaboration focuses on cyber crime in Hampton Roads." Mueller added, "Cyber crime is our number three priority. We're concerned about

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the ability of government-sponsored hackers to address our naval or military capabilities or the infrastructure. We're concerned about individual hackers that can cause millions if not billions of dollars in damage, not just here but around the world." The Daily Press notes, "Mueller said that while some people have lost confidence in the bureau because of things such as the espionage case involving Robert Hanssen…the agency is improving as an organization. … 'We've reviewed our security, and we're more flexible and more responsive, but we still have a way to go,' Mueller said. 'There's not anyone in the FBI who doesn't understand that we need to improve and grow to protect the United States against those who want to hurt us."

Meanwhile, under the headline "FBI Director: Agency More Sensitive To Rights," the (Norfolk) Virginian-Pilot (12/1, McGlone) reports, "The FBI has changed the way its agents deal with members of the Muslim and Arab American communities in light of criticisms that followed post-9/11 terrorism investigations, the agency's director said Thursday. … Counterterrorism became the FBI's No. 1 priority after" 9/11, "but the agency had been criticized for heavy-handed tactics, in Hampton Roads and nationally. Mueller defended the initial response by his agents but said procedures have changed. 'In the wake of Sept. 11, quite obviously we did not know what we had on our hands,' said Mueller, who became director only seven days before the attack. 'We did not know whether we had any additional hijackers in the United States,' he added. 'There was some substantial threat of a second wave.'" The Virginian-Pilot notes, "A 2003 report by the inspector general found that the FBI had violated the civil rights of hundreds of immigrants, most of Middle Eastern and South Asian descent. 'What the inspector general rightfully pointed out is that we should have done a better job in looking at the status of each of those individuals, even though they were rightfully detained, in terms of how long they were detained,' Mueller said. 'We have changed our processes to make sure we look at that status immediately,' he said."

Dallas Man Gets Life Sentence After Pleading Guilty To Meth Charge. The Fort Worth (TX) Star-Telegram (11/30) reported a 44-year-old Dallas man "was sentenced to life in federal prison Tuesday after pleading guilty in July to one count of conspiracy to possess with intent to distribute more than 500 grams of methamphetamine. Alejandro Tamayo was arrested in February. During the search and arrest in February, four Dallas officers suffered non-life-threatening injuries while helping the Drug Enforcement Administration serve a warrant at Tamayo's home. A report found that a Dallas SWAT officer accidentally shot a colleague in the leg and may have shot himself in the hand while returning fire during the incident."

FBI Arrests Philadelphia Philanthropist On Weapons Charges. The Philadelphia Daily News (12/1, Davies, Hinkelman, Reber, 106K) reports, "Joe Mammana is the kind of larger-than-life figure Philadelphians love - the kid who overcomes a crime-ridden youth to spend a fortune fighting crime; the ex-Marine who bluntly calls his rewards for missing thugs 'bounties'; the Italian-American businessman who cares enough to pay for young victims' funerals. … But Mammana's world came crashing down yesterday when FBI agents descended on his North Philadelphia egg-processing business and his expansive Yardley home, searching both -- as well as his Lamborghini and customized black Hummer. Mammana was arrested on weapons charges after the feds found a loaded .357 Magnum in his nightstand, but it appears his troubles run much deeper than that. Search warrants indicated that interest in Mammana was rooted in the FBI's economic crimes squad, and the feds were after business and tax records for evidence of suspected tax evasion, mail and wire fraud."

The Philadelphia Inquirer (12/1, Eichel, 385K) reports, "According to a federal affidavit, the arrest resulted from a search of Mammana's house conducted as part of an IRS probe into possible mail fraud, wire fraud and tax evasion. … There's no crime in possessing such a firearm, unless one has been convicted of a major crime. Mammana falls into that category, having amassed a long list of charges in three states between 1987 and 1991. 'It's kind of ironic that Joseph Mammana offers rewards for solving crimes and here obviously he's a convicted felon, and we find a gun,' said Peter Alvarado, IRS special agent-in-charge in Philadelphia." KYW-TV Philadelphia (11/30) reported on its Web site, "Mammana is well known throughout the Delaware Valley for making generous donations to the Citizen's Crime Commission, providing reward money to help solve high profile criminal cases. … The question now is could the money he has pledged to reward funds in Philadelphia and across the country be in jeopardy. A spokesperson from the Philadelphia Citizen's Crime Commission said they will look at the money that has been pledged and confront issues as

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they arise re-post any money if necessary." The AP (12/1, Walters) also reports on the arrest.

ATF Searches For Motive In Texas Plastics Recycling Plant Arson. The Longview (TX) News-Journal (12/1, Holland) reports, "Now that federal fire investigators have determined arson as the cause of a September fire at a Longview plastics recycling plant, they are bracing for the most difficult part of their probe." The News-Journal continues, "Earlier this week, the Bureau of Alcohol, Tobacco, Firearms and Explosives determined that an accelerant was used to start the blaze Sept. 22 at the Southwest Plastics office on Estes Parkway. … It was the facility's second fire in less than three weeks, with the first one destroying the company's 35,000-square-foot warehouse on Sept. 5. … 'Unfortunately, arson investigations are the longest to work and the hardest to prove,' ATF agent Clay Alexander said." The News-Journal adds, "Alexander said the next phase of the investigation would involve interviews with former and current employees who had access to the scene, and similar crime patterns that may have existed in and around the area. … 'Right now we are just looking for motive — who would want to burn the business and why,' Alexander said. … Southwest Plastics owner John Thompson could not be reached for comment Thursday, but has said that he had no known enemies. … His wife, Suzane Thompson, said Thursday that she was concerned that investigators have nothing to research, since the building remains were cleared to make way for a temporary facility. … 'The only thing we had was video surveillance tape from our security system, and we haven't heard anything about that,' Thompson said. … Alexander said that the tape is currently being reconstructed at the ATF laboratory in San Francisco, but he was hopeful that it could be sent to Tyler within a week or so."

TAX:

Tax Cuts, Deductions Could Be Focus Of Lame Duck Session. The Wall Street Journal (12/1, A4, Harwood) reports in its "Washington Wire" column that the focus of the lame duck session of Congress could be "tax horse-trading. … Sales-tax states are confident of two-year extension for federal deductions, as home states of Senate leaders Frist of Tennessee and Reid of Nevada both benefit. Business wants similar treatment for R&D credit renewal, while Democrats seek additional alternative-minimum tax fix now, to avoid paying for it after they reinstate 'pay-as-you go' budget rules. Republicans bristle, but White House needs deal to move trade bills. Under pressure from doctors, lawmakers work to block drop in expected Medicare payments. Revenue likely would come out of $10 billion 'stabilization' fund for regional health plans."

Democrats To Seek Permanent College Tuition Tax Deduction. The Washington Times (12/1, Hurt) reports, "Democrats have long attacked President Bush for the historic tax cuts he ushered through Congress during his first term and have promised to reverse at least some of them." But "among their top priorities when they take over Congress next month is passing a permanent tax cut of their own. Included in their 'Six for '06' platform that they say helped them win majorities in the House and Senate, Democrats promised to: 'Make college tuition deductible from taxes, permanently.'" Their "tax cut promise is neither an election-year gimmick, Democrats say, nor a reversal in their long-standing opposition to Mr. Bush's tax cuts. 'Democrats have made it clear that the middle class will be our priority and making college more affordable is a key concern of working families,' said incoming House Majority Leader Steny H. Hoyer, Maryland Democrat."

CONGRESS-ADMINISTRATION:

Gates Meets With Key Senate Democrats. The AP (12/1, Kellman) reports, "Robert Gates, President Bush's choice to take over the Defense Department while the Iraq war rages, met Thursday with three Democratic senators who will be asked to vote on his confirmation next week." Gates "did not run into any immediate opposition, even from senators who in 1991 voted against his confirmation to head the CIA when Bush's father was president." The nominee met with Sens. Edward Kennedy, Robert Byrd and Byron Dorgan.

House Committee Warns White House On Foreign Ownership Of Airlines. The Washington Times (12/1, Lengell) reports the House Transportation and Infrastructure Committee "has warned the Bush administration it faces legal action if it goes ahead with plans to relax foreign ownership rules of domestic airlines." In a letter sent to White House Chief of Staff Joshua B. Bolten on Tuesday, the committee accused "the administration of using the Transportation Department to bypass Congress' legislative authority," arguing that "only Congress…can

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change laws regarding foreign ownership of US airlines." However, "foreign investment would help boost the ailing airline industry," and Transportation officials have said the proposal to allow foreign investors to increase stock ownership in US airlines "is key to the ongoing negotiations over the Open Skies agreement with the European Union."

Bush Proposes Lowest Federal Salary Increase In Nearly Two Decades. Under the headline, "Pay Raise Proposed by Bush Would Be Smallest in 18 Years," the Washington Post's (12/1, D4, Barr) "Federal Diary" column reports, "About 1.8 million federal employees would receive a 1.7 percent increase in their basic pay and a 0.5 percent average increase in their locality pay next year under a plan that President Bush sent to Congress," which would amount to the "lowest annual salary increase in 18 years, according to congressional aides. House and Senate spending bills propose a 2.7 percent average raise for federal employees, but the bills seem unlikely to pass in the lame-duck session." The Post adds that "by sending Congress his pay plan yesterday, Bush avoided triggering a part of the 1990 law that would have provided federal employees with an overall pay raise of 8.6 percent," saying that "a raise of that size would have cost $8.8 billion, an outlay that he said would interfere with higher priorities, such as maintaining the war against terrorism."

Warner May Take Top GOP Post On Intelligence Panel. The Wall Street Journal (12/1, A4, Harwood) reports in its "Washington Wire" column, "Republican Shuffle: Virginia's Warner could yet pass on top party post on Senate Environment panel, instead taking ranking Intelligence slot. He would succeed Kansan Roberts, who feuds with incoming Chairman Rockefeller. Roberts could then reclaim ranking on Agriculture panel in time for farm bill important back home."

In fact, McClatchy (12/1, Stearns) reports Roberts "is preparing to leave the Senate Intelligence Committee after an intense four years as chairman, according to Senate officials." Roberts "has been a lightning rod for partisan criticism throughout his tenure, which began just weeks before the United States invaded Iraq in March 2003." The Intelligence Committee, "once noted for bipartisan collegiality, was increasingly swept into the maelstrom of vitriol surrounding the intelligence that led to the Iraq war, the Bush administration's domestic surveillance program and the treatment of suspected terrorists in custody. Neither Roberts nor his spokeswoman would comment for this story."

Treasury Official's Position At Duke Raises Conflict Of Interest Concerns. The Washington Post (12/1, A27, Birnbaum) reports Robert K. Steel "is a Washington oddity. He holds two high-powered jobs, one inside and the other outside government." Steel, the "new undersecretary of the Treasury in charge of domestic finance…supervises thousands of federal employees and helps oversee the nation's multi-trillion-dollar financial markets. At the same time, he moonlights as the unpaid chairman of the Board of Trustees of Duke University, a major recipient of federal funds and one of the country's most richly endowed colleges." Experts say "it is rare for a senior executive branch official -- in this case a Treasury official ranked just below the department's No. 2 -- to hold a significant position outside government. Top federal executives customarily drop their nongovernmental posts to devote themselves to their time-consuming federal tasks and to avoid even the appearance of a conflict of interest with their public responsibilities."

Reid Faces Challenge In Moving From Minority To Majority Leader. The Los Angeles Times (12/1, Levey) reports, "Unpolished and a little grandfatherly," incoming Senate Majority Leader Harry Reid "in many ways seems an unlikely torchbearer for his party. He is uncomfortable delivering sound bites and policy pronouncements. He often interrupts his comments with awkward pauses that give the impression he has lost his train of thought." As "minority leader the last two years, his approach proved highly effective: By playing defense, Reid bottled up many GOP initiatives." But with Democrats "catapulted into control of the Senate, the former amateur boxer will assume a broader responsibility for charting alternatives to the Bush agenda. On Iraq, for example, Reid has promised a vigorous drive to withdraw troops." But as he "prepares for his new job, however, Reid faces a huge question: Can he cobble together a legislative record his party can be proud of? Though his low-key style masks toughness and great political dexterity, it is unclear if that will be enough." The Democrats "will have a bare one-vote majority. And Reid will not have the platform commanded by President Bush or Rep. Nancy Pelosi (D-San Francisco), who as the next House speaker will preside over a chamber where a

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leader can exercise much greater control." Reid also "can expect to come under more scrutiny. In recent years, ethical questions have been raised about his sponsorship of legislation that benefited clients of his sons and son-in-law, his efforts to secure federal money for a bridge near land he owns, and political contributions he received from Indian tribes represented by imprisoned lobbyist Jack Abramoff. Reid has denied any impropriety."

Ellison's Decision To Take Oath Of Office On Quran Stirs Controversy. USA Today (12/1, 3A, Stone) reports, "The first Muslim elected to Congress hasn't been sworn into office yet, but his act of allegiance has already been criticized by a conservative commentator. In a column posted Tuesday on the conservative website Townhall.com, Dennis Prager blasted Minnesota Democrat Keith Ellison's decision to take the oath of office Jan. 4 with his hand on a Quran, the Muslim holy book. 'He should not be allowed to do so,' Prager wrote, 'not because of any American hostility to the Koran, but because the act undermines American culture.'" He "said Ellison, a convert from Catholicism, should swear on a Christian Bible -- which 'America holds as its holiest book … If you are incapable of taking an oath on that book, don't serve in Congress.'" The post "generated nearly 800 comments on Townhall.com and sparked a tempest in the conservative blogosphere."

McClatchy (12/1, Hotakainen) says "taking an oath on the Quran isn't unprecedented. In 1999, the News-India Times reported that Osman Siddique, a Virginia businessman of Bangladeshi origin, used the Quran to take the oath when he became the US ambassador to Fiji and three other Pacific nations: Nauru, Tonga and Tuvalu. He took the oath on the Bible and the Quran, with the Quran on top, the newspaper reported." But the Washington Times (12/1, Pfeiffer) notes that "in 2005, a North Carolina judge refused to allow a Muslim woman to take her oath on the Koran before testifying. Guilford County Superior Judge W. Douglas Albright cited state law in the case, which reads that oaths are to be made upon 'Holy Scriptures,' which analysts agreed is a reference to the Bible. However, in 1997, a federal judge hearing a terrorism case in Washington allowed witnesses to make such an oath to Allah."

Pelosi Said To Face Challenge Of Leading "Old Bulls," "Young Turks." In his Washington Post column (12/1, A29), E.J. Dionne says, "The most important tension within the new Democratic majority in the House of Representatives is not between liberals and conservatives or free traders and fair traders. It is between older members who once enjoyed the power and perks of majority status, and their younger colleagues who will experience real power for the first time." The older members – "many of whom will be taking over committee chairmanships -- came to political maturity in the pre-Clinton, pre-Gingrich era, before the full flowering of the permanent campaign. They governed from a House in which committee leaders typically had more power than the House speaker in shaping legislation." But "nearly two-thirds of the Democrats in the new House have been elected since 1994, meaning they have only known life in the opposition during a time when Republicans radically centralized control in their leadership. In their hunger to overturn the Republican majority, these younger Democrats honed their strategic shrewdness by taking the lesson from Bill Clinton and Newt Gingrich that politics and policy are inevitably linked." The "key to Nancy Pelosi's success as speaker will be to find a way to bring the old bulls and the Young Turks together. Democratic optimists -- now that the party has again won an election the phrase is no longer an oxymoron -- think the management of the 2006 campaign is a signal that Pelosi will draw on the talents of both groups."

Compromise Would Give Utah Fourth House Seat, DC Voting Rights. USA Today (12/1, 6A, Kiely) reports that the Utah Legislature "will set in motion a plan that would permanently increase the size of the U.S. House of Representatives for the first time since 1911." Gov. Jon Huntsman "summoned the lawmakers into a special session last week to approve a redistricting plan that would give the predominantly Republican state a fourth member of Congress. Utah came within a few hundred votes of qualifying for a fourth House member in the last Census." In return, Eleanor Holmes Norton, "the longtime delegate for the predominantly Democratic District of Columbia, would win full voting privileges. That would increase the number of House members from 435 to 437." Backers "press for the House and Senate to approve legislation increasing the House's membership before this congressional term ends, as early as next week."

The Washington Post (12/1, A1, Sheridan, Woodlee) reports DC Mayor-elect Adrian M. Fenty "went to Capitol Hill yesterday and Utah prepared to redraw its congressional

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districts as members of both parties said a plan to add House seats for the District and Utah had good prospects for approval next year." Fenty and Del. Eleanor Holmes Norton "met with House Speaker-elect Nancy Pelosi (D-Calif.) to push for passage next week of the voting rights bill, before the current session of Congress adjourns. That appears unlikely, according to congressional leaders. A more probable scenario, they said, has the bill reemerging early next year in a new, Democrat-controlled Congress." Fenty (D) and others "hoped that the Utah action would propel Congress to act next week. But Republicans, who control the House, said they doubted the bill would get a vote in the session beginning Tuesday."

Bush Host First "Holiday Season" Parties. The Washington Post (12/1, Argetsinger, Roberts) reports, "George and Laura Bush hosted the first of 24 White House holiday-season parties last night (nah, we didn't get an invite, either), just hours after the first lady unveiled this year's decorations, inspired by the mansion's Red Room." The "menu: New executive chef Cristeta Comerford added some Bush favorites to the traditional holiday buffets -- mini-chicken-fried steaks with white onion gravy, sweet potato souffle and tamales, which the Texans always eat on Christmas Eve."

OTHER NEWS:

Consumer Spending Sees Modest Gains; Retail Sales Mixed. The Wall Street Journal (12/1, A3, Gerena-Morales) reports, "Despite strong gains in wages and salaries, American consumers increased their spending at an unexpectedly modest pace in October, showing caution in the face of a struggling housing market. Personal spending rose $16.9 billion in October, up 0.2% from the previous month, the Commerce Department reported. Spending had fallen 0.2% in September but was up 0.1% in August." The Journal adds, "Adjusted for inflation, consumer spending rose 0.4% in October, helped by a decline in gasoline prices. Some economists had expected stronger spending in October, considering the sharp drops in gasoline prices in recent months." The "modest gains in spending were especially surprising given that consumers' incomes grew at a healthy pace in October. Personal income advanced at a seasonally adjusted rate of 0.4%, following a 0.5% gain in each of the three preceding months, the Commerce Department said. Wages and salaries, which account for a large share of personal income, climbed 0.6% in October, matching September's advance."

NBC Nightly News (11/30, story 9, 0:25, Williams) reported, "We are getting a first snapshot of the early Christmas shopping season with stores reporting their sales numbers for November today. And it is a decidedly mixed picture. All the stores reporting in saw an increase of 2.1% over last November's numbers and that is a bit below expectations. Wal-Mart was the big surprise today. Its sales were down 0.1%. That's the first time that's happened in 10 years. Wal-Mart's stock was down sharply on that news today." Another Wall Street Journal story (12/1, A2, Kang, McWilliams) says "the nation's retailers remain largely upbeat about the holiday shopping season, despite their mixed performance in November and another warning from Wal-Mart Stores Inc. Procrastinating shoppers could still show up and lift overall holiday sales, industry experts said. … November was 'softer than expected,' said Lazard analyst Todd Slater, as warmer weather in certain parts of the country slowed sales of apparel like coats and scarves. 'We believe a lot of business will be pushed to late December,' he said, driven by chillier weather and procrastinating shoppers hunting for last-minute gifts. 'I think it's going to be a solid holiday,' said Madison Riley, strategist and principal with retail consulting firm Kurt Salmon Associates."

US Dollar Hits 20-Month Low Against Euro. The Wall Street Journal (12/1, A1, Phillips, Slater, MacDonald) reports, "The dollar's continued slide against the euro and British pound highlights the delicate task faced by Treasury Secretary Henry Paulson: allowing the US currency to weaken slowly against other currencies without sending it into a plunge that would damage the nation's economy." Paulson "has chosen to follow in the footsteps of his predecessor, John Snow, by acquiescing as markets pull the dollar lower. Yesterday, the dollar hit a 20-month low against the euro and a 14-year low against the pound. Over the past year, it has dropped 6.7% against a Federal Reserve index of seven major currencies." The Journal adds, "Though Bush administration economic officials are eager to avoid a market-rattling crash, a weaker dollar could help the U.S. deflate its ballooning trade deficit by making American goods cheaper abroad and foreign goods pricier for Americans. It also could help Mr. Paulson fend off what he considers an alarming rise in protectionist sentiment." The Financial Times (12/1, Beales) runs a similar report under the headline

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"Dollar Slides As US Business Slows," in which it says the slide occurred "after data from Chicago purchasing managers indicated that business activity in the Midwest unexpectedly fell last month."

Stocks Mixed. NBC Nightly News (11/30, story 10, 0:15, Williams) reported, "The Dow was off just under 5 points [to close at 12,221.93]. NASDAQ lost about half a point [to close at 2.431.77]." USA Today (12/1, 6B, Krantz) noted "the Standard & Poor's 500 resisted the gravitational pull and finished up 1.15 points to 1400.63."

Krugman Suggests A Recession Is Coming. Paul Krugman writes in the New York Times (12/1) that "this kind of confusion about what's going on is what typically happens when the economy is at a turning point, when an economic expansion is about to turn into a recession (or vice versa). At turning points, the various indicators that usually tell us which way the economic wind is blowing often point in different directions, so that both optimists and pessimists can find data to support their position. The last time things were this confused was early in 2001, when most economists failed to realize that the United States was sliding into recession." Krugman adds, "If that sounds ominous, it should: the bond market, which has a pretty good record of forecasting recessions, is pointing toward a serious economic slowdown next year. … Luckily, we've got good leadership for the coming economic storm: the White House is occupied by a man who's ideologically flexible, listens to a wide variety of views, and understands that policy has to be based on careful analysis, not gut instincts. Oh, wait."

Mehlman Says GOP Needs To Return To Principles. The AP (12/1, Sidoti) reports that with the "sting of Republican electoral defeats still fresh," outgoing Republican National Committee Chairman Ken Mehlman "suggested Thursday the party has strayed and challenged it to refocus on core principles and reform." Speaking to the Republican Governors Association, Mehlman said, "We work for the people." Mehlman "reminded the crowd that 'good policy makes good politics — and, for Republicans, this must be a time for self-examination when it comes to our policy.'" Mehlman said, "Our nation is stronger and better when Republicans are the party running the government. But, ladies and gentleman, our party should never be the party of government, of Washington, of earmarks, of bureaucracy." The AP adds, "Three weeks after the losses, about a dozen GOP governors gathered in this Miami suburb for their association's annual meeting. The 2008 election loomed large, given that the outgoing RGA chairman is Massachusetts Gov. Mitt Romney, who is considering running for president. Arkansas Gov. Mike Huckabee, also weighing a bid, attended the meeting." Sen. John McCain, "who is widely considered the one to beat and has created a presidential exploratory committee, held a reception for those attending RGA events."

The Washington Post (12/1, A6, Murray) reports Mehlman "warned a somber and diminished gathering of GOP governors that the party will face years in the political wilderness unless it corrects the mistakes that led to last month's election losses." Mehlman said, "If we shrug our shoulders and say, 'It was just a fluke, a perfect storm of factors out of our control,' then we will lose again in 2008." Mehlman added, "If that is the approach we take, then we are destined to spend far more than one term in the minority. And we as a party will deserve it." The Post adds Mehlman "acknowledged voter anger about the Iraq war and a spate of GOP corruption scandals, but he pointed to a broader culprit: the erosion of the core conservative principles of small government and personal responsibility. As Republicans built up their Washington power base, he noted, the center of gravity shifted away from the statehouses that had been the traditional laboratories for policy ideas. The result was a vacuum that delivered little of interest to voters, while devaluing the national Republican brand."

McCain, Romney Vie For Support At Annual RGA Event. The Washington Times (12/1, Hallow) reports that Arizona Sen. John McCain, in Miami, FL on Thursday, "brought his prospective 2008 presidential bid to what amounts to the 'home turf' of a rival, Massachusetts Gov. Mitt Romney, seeking to line up support among the nation's Republican governors. Attendees at the annual conference of the Republican Governors Association (RGA) were wooed at dinners featuring the two men. Mr. Romney, the outgoing RGA chairman, held two dinners here at the same time on the same night -- one in secret for governors and donors he wanted to recruit to his side for 2008 and the other a publicly scheduled dinner for the remainder of Republican governors, spouses and donors. Mr. McCain's well-organized campaign, however, has been stalking Republican gatherings of every kind for more than a year. For this event, McCain partisans, despite initial objections from Mr. Romney's RGA, slipped invitations under Doral Hotel room

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doors Tuesday night, inviting Republicans to a reception the Arizona senator sponsored last night at Don Shula's, a fancy and famous restaurant here."

The New York Times (12/1, A1, Nagourney) reports that McCain "turned up on Thursday morning at the Doral Golf Resort and Spa here for a guerrillalike visit to the annual meeting of the Republican Governors Association. … As Mr. Romney gamely presided over the morning session of the meeting, Mr. McCain commandeered a room at the Doral Resort for eight hours of meetings with nine Republican governors, including Gov.-elect Charlie Crist of Florida, according to Republicans familiar with his schedule. On Thursday evening, many of those at the conference were bused to an elaborate reception, courtesy of Mr. McCain, at a resort hotel in Miami Lakes." Romney "has hoped, like George W. Bush in 2000 and Bob Dole in 1996, to use the overwhelming support of the Republican governors as a springboard to the presidential nomination. Mr. McCain served notice with his incursion that Mr. Romney could not take them for granted."

The Boston Globe (12/1, Helman) reports, "'This is only natural,' Governor Haley Barbour of Mississippi explained as he sipped a mixed drink at McCain's party, saying that the dogfight for the 2008 Republican presidential nomination was well underway. To wit: Key Republican players such as Barbour and Governor-elect Charlie Crist of Florida found themselves praised publicly by Romney at a morning press conference, then later, invited on stage next to McCain as he delivered brief remarks at his reception." McCain "dismissed a suggestion that he was horning in on Romney's territory. 'This is Florida,' McCain told reporters. 'I used to be a resident of the state of Florida.'"

McCain Invites Reporters To Off Record Reception At RGA Meeting. The Washington Times (12/1, McCaslin) reports in its "Inside The Beltway" column, "'The event will begin at 5 p.m. and will be off the record, but open to the press.' So reporters were informed in writing before a reception that Arizona Sen. John McCain, a likely 2008 presidential contender, hosted last evening for the nation's Republican governors."

Vilsack Launches Bid For White House. Iowa Gov. Tom Vilsack on Thursday formally kicked off his bid for president. The Des Moines Register (12/1, Beaumont) reports that Vilsack "vowed to make small-town values and Midwestern ingenuity the key to returning the Democrats to the White House and improving the nation's standing in the world." He also "acknowledged his bid's long odds to the audience of more than 800 supporters at Iowa Wesleyan College in the southeast Iowa town Mount Pleasant, where Vilsack served as mayor and represented in the Iowa Senate. 'I have always been the underdog and long shot,' said Vilsack, who came from behind in 1998 to win his first term as governor." Vilsack, who is "the first Democrat to enter the 2008 race, was scheduled to leave Iowa early this afternoon for Concord, N.H., to meet with party activists in the lead-off primary state. Vilsack was expected to visit his native Pittsburgh on Saturday before returning to Des Moines that night for his inaugural presidential fundraiser. … The final leg of the ceremonial campaign kick-off takes him to Nevada, the Southwest's first caucus state, on Sunday and South Carolina, scheduled to host the South's first primary, on Monday."

The Mason City Globe Gazette (11/30, Dorman) reported that Vilsack "argued that the country is less safe, health care costs are skyrocketing and Americans are struggling to buy homes and pay for college. He vowed to address those problems as president. He called for a new foreign policy that that 'renews friendships, develops alliances and isolates enemies.' He called for taking U.S. troops 'out of harm's way' in Iraq while shifting the security burden to Iraqis." Vilsack also "turned to one of his most formidable attributes Thursday – his personal history. He told again of how his orphaned childhood began 'in the arms of a stranger.' His adopted mother battled substance abuse while his father struggled to keep his business afloat. 'The deepest hole anyone can dig is addiction and dependency. My mother dug that hole, but she dug herself out,' Vilsack said. 'In doing so she taught me a valuable lesson -- that the courage to create change can overcome anything and that community can give you the support and confidence to succeed.'"

The Los Angeles Times (12/1, Barbarak) reports, "Strategists for Vilsack see his life story as a major selling point and he told parts of it in his remarks. Abandoned on the steps of a Pittsburgh orphanage, he was taken into a home blighted by alcoholism, financial hardship and physical abuse. 'I know what it's like to be alone and to feel as if you don't belong,' he said of his rough childhood and its cycle of maternal binges and beatings with a metal belt buckle."

The Cedar Rapids Gazette (11/30, Lynch) reported that Vilsack said "he is running for president because every American has the right to pursue changes that will improve their life, to pursue the American dream. 'I am running for

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president because every community should contribute to our success,' he said. 'Americans who live in cities, barrios, suburbs and small towns all deserve a president who works for and remembers them.'"

The AP (12/1, Glover) reports that Vilsack "also emphasized the nexus between oil dependence, national security and the economy, saying he would give high priority to weaning the nation off foreign oil and promoting alternative energy. 'Energy security will revitalize rural America,'" Vilsack said, adding, "Energy security will allow us once and for all to remove and reduce our dependency on foreign oil from foreign countries that do not like us." As governor, Vilsack "has pushed for developing alternative energy sources such as ethanol, biodiesel and wind power."

Vilsack said on Fox News (11/30, Cameron), "I'm looking forward to this campaign because we're going to encourage Americans to challenge themselves to embrace change. As a governor, I've had to create a vision and then lead a state to that vision. One of the issues we're going to talk a great deal about is energy security. I don't there's anybody in the country that can talk about it as well as I can, based on what we've done in Iowa as a renewable fuel leader. So we're going to start focusing on big ideas and change, and governors basically know how to do that."

The Washington Post (12/1, A3, Balz) reports that Vilsack "did not have his state to himself as he launched his candidacy. On Wednesday, former senator John Edwards (D-N.C.) drew a big crowd at a book signing in Des Moines. Sen. Evan Bayh (D-Ind.) will be in Iowa on Monday -- it will be his 12th such visit to the state, which will hold the first presidential caucuses in 2008." Vilsack said yesterday "that he welcomes all challengers in the state. 'I'm confident that by the end of the process, we will have convinced a lot of Iowans that I have the capacity and the capability to do this job and I deserve to be on that stage, and I think that they will support me,'" he said in an interview following his speech.

McClatchy (12/1, Fitzgerald), noting that Vilsack "is a centrist who heads the Democratic Leadership Council," reports, "His strategists believe that his profile fits the times, after a midterm election that gave Democrats control of Congress largely because moderate swing voters rebelled against Republican rule. After all, the profile -- obscure governor from a small state with a head for policy -- worked for Bill Clinton (Arkansas) and Jimmy Carter (Georgia), who happen to be the last two Democratic presidents."

CQ Politics (11/30, Miller) reported that Vilsack "has raised more than $2 million for his current political action committee, but that pales in comparison to the fundraising capabilities of some other Democratic hopefuls, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois. Vilsack has also ranked near or at the bottom of polls asking who voters would support in a race for the Democratic nomination."

Lack Of Foreign Policy Experience Seen As Hurdle For Vilsack. USA Today (12/1, 6A, Lawrence) reports that with his announcement Thursday, Vilsack "became the first of several governors expected to test their traditional strength as presidential candidates at a time when campaigns are shadowed by terrorism and the Iraq war. Former governors have occupied the White House for 26 of the past 30 years, propelled by their experience running states and the absence of voting records ripe for dissection. But in the post-9/11 era, with violence gripping Iraq, they face a special challenge in convincing voters they can keep the country safe. … 'If the war on terror is the issue, governors are not the answer,' says GOP consultant Mark McKinnon, who helped elect President Bush" and is an adviser to Arizona Sen. John McCain." USA notes, "The flip side of McKinnon's argument is that governors were not involved in the authorization, management or oversight of the unpopular Iraq war. 'It works to their benefit,' says Republican strategist Rich Galen, because they can propose solutions without contradicting their past votes or views."

The New York Times (12/1, Zeleny) reports, "While governors have historically made stronger presidential candidates than members of Congress have, a lack of foreign policy experience is among Mr. Vilsack's obvious challenges. In an interview, he said sound judgment was just as critical as foreign policy experience. He said he had conducted trade missions in 22 countries as governor, including a trip to Taiwan, where he was shaken by an earthquake, and had traveled to Iraq and Afghanistan." The Times notes, "When he hands off the governor's office next month to the recently elected Chet Culver, Democrats will control both chambers of the legislature and the governor's office for the first time in four decades, a legacy that Mr. Vilsack hopes will help his uphill climb for the presidential nomination. 'Iowans are not going to give me a free pass,' Mr. Vilsack said in an interview, assessing his chances in the caucuses to be held in 13 months. 'And they shouldn't.'"

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Vilsack Said To Be "Smart" To Get Early Start On White House Bid. In an article titled "Why Tom Vilsack is Starting So Early," Perry Bacon Jr. wrote on TIME.com (11/30, Bacon Jr.), "If you're thinking about winning the Democratic presidential nomination and you're not already on a first (Hillary) or last name (Obama) basis with millions of Americans, it won't be easy. You have to find a compelling personal story or policy idea to distinguish yourself from at least a half dozen other similar politicians. Then, you need to sell that story convincingly to the news media, to experienced political talent you want on your staff and most importantly, to the deep-pocketed money men or the emerging Netroots who can help you raise upwards of $20 million to run a competitive race. Worse yet, you have to try to do this while all of those groups are to one degree or another sitting on their hands, eagerly anticipating a candidacy from Hillary or Obama. Then, as Howard Dean learned in 2004, you have to turn all that money, buzz and potential into an actual win in Iowa-or at least a close second. So Tom Vilsack is smart to get started early."

Expected Clinton Bid Would Pose Formidable Challenge For Vilsack, Other Democratic Hopefuls. The Wall Street Journal (12/1, Harwood) reports, "For two years, the Democratic Party's 2008 presidential field has held an unusually well-defined shape: Sen. Hillary Rodham Clinton and everyone else." With his announcement Thursday, Vilsack "opened the effort to shake things up." However, "he faces the same challenge as the rest of the Democratic field: How to stop a front-runner with opening strength to rival that of Walter Mondale in 1984 and then-Vice President Al Gore in 2000. Sen. Clinton's formidable assets include universal name recognition, unrivaled fund-raising capacity and strong ties to Democratic constituencies -- and the most-talented political spouse in American history. Those represent high barriers even for the array of experienced candidates who might also jump in, from Mr. Gore to 2004 nominee John Kerry to Mr. Kerry's former running mate, John Edwards. … Yet Howard Dean from tiny Vermont managed to achieve a meteoric rise in the 2004 Democratic race. That promise of unpredictability -- the hope of every dark horse -- is what Mr. Vilsack is banking on."

Christian Conservatives Want To Cut US Support For AIDS Fund. The Boston Globe (12/1, Donnelly) reports, "Some leading Christian conservatives, angry over the Global Fund to Fight AIDS's promotion of condoms and its perceived lack of support for faith-based programs, are pushing Congress to cut US support for the AIDS initiative, which was initiated by President Bush in a Rose Garden ceremony five years ago with a $200 million commitment." The fund – "whose full name is the Global Fund to Fight AIDS, Tuberculosis, and Malaria -- has become one of the pillars of the international effort to fight infectious diseases, growing into a $6.6 billion organization that supports programs in 136 countries." Some conservative Christians in the US "take issue with the Global Fund's policies, which include buying clean needles for drug users, and many are furious that just 6 percent of its program dollars goes to faith-based groups." Fund officials, "worried about the religious right's influence in Congress, are pledging to try to give more money to religious charities. The executive director of the fund, Richard G.A. Feachem , yesterday told 2,000 people at an AIDS conference organized by the influential Saddleback Church in Lake Forest that the battle against the virus 'will only succeed if the great faiths of the world become totally mobilized.'"

Project Ujima Aims To Help DC AIDS-Infected Addicts In Recovery, Treatment. The Washington Post (12/1, A1, Vargas) reports in a front page story about a Wednesday support group for HIV-infected drug addicts in Washington called Project Ujima. It is, "local AIDS workers say, the only one of its kind in the city. Theirs is not just a place in which poverty, prison, addiction and HIV intersect, the Ujima men say, but a place to heal. An unbroken circle where men with broken lives try to rebuild."

Clinton Foundation Helps Reduce Medicine Prices For AIDS. The New York Times (12/1, Dugger) reports, "With the financial backing of a group of nations led by France, former President Bill Clinton announced Thursday that his foundation had negotiated deeply reduced prices for 19 AIDS drugs to treat children, halving the cost of the simplest-to-use therapy — three drugs combined in a single pill -- to less than $60 a year for each boy and girl." The countries, France, Brazil, Britain, Norway and Chile, "are putting up $35 million to buy antiretroviral drugs and diagnostic tests to treat 100,000 more children in 40 nations next year." The Clinton Foundation "negotiated on the countries' behalf, using their pooled purchasing power to get volume discounts on the drugs," and the countries "formed a new Geneva-based organization called Unitaid earlier this year to buy AIDS, tuberculosis and malaria drugs." The Clinton Foundation has also "raised $15 million to train doctors, upgrade

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pediatric wards and provide other assistance that the countries in Africa, Asia, Latin America and the Caribbean will need to treat the additional 100,000 children next year."

US Urged To Increase Efforts To Fight AIDS In Africa. In an op-ed column in The Washington Post (12/1, A29, Dare, Kim, Farmer) Lola Dare, Jim Yong Kim and Paul Farmer write, now "that donor governments are providing more funding and medicines are becoming available, a new bottleneck threatens the success and sustainability of the effort." People with AIDS in Africa are dying "simply because there aren't enough nurses, doctors and pharmacists to administer treatment." The United States "must get serious about increasing the overall supply and retention rates for health professionals in sub-Saharan Africa," and on "this World AIDS Day, we must match the audacity of President Bush's 2003 pledge with a complementary initiative for training and keeping enough new health professionals and community-level workers to fulfill the promises the United States has made."

More Commentary. The Washington Post (12/1, A28) editorializes that "global poverty stretches out across an endless plane," yet "in fact there is advance:" Since 1990 "the proportion of the world's people living on $1 or less a day has fallen by a third, and primary school enrollment in developing countries has gone from 79 percent to 86 percent." Also, the number of people "receiving AIDS drugs in sub-Saharan Africa has jumped tenfold in three years, and yesterday the William J. Clinton Foundation announced plans to boost AIDS treatment for children in 62 poor countries." Although "we should still remember that some 800 million people go hungry and that 10 million children die each year before their fifth birthdays," "it's also important to keep hope: The wagon is advancing."

WSJournal Criticizes Democrats For Contesting Florida's 13th CD Result. The Wall Street Journal (12/1) says in an editorial, "Democrats whomped Republicans in last month's midterms, but oddly enough they're still calling in the legal cavalry to contest one of the few races they narrowly lost" in Florida's 13th CD. The "certified winner is Republican Vern Buchanan, who beat Democrat Christine Jennings by fewer than 400 votes out of more than 237,000 cast. Two recounts, which were demanded by Democrats and required by law, have reconfirmed Mr. Buchanan's victory and slightly increased the margin." Democrats are "now suggesting that defective voting machines cost them the race. They point to Sarasota County's 18,000 'undervotes,' or incidences where voters cast ballots in other races but not the Buchanan-Jennings contest." Jennings – "along with such liberal partisans as People for the American Way and the American Civil Liberties Union -- has filed a lawsuit contesting the results based on 'statistical and eyewitness evidence of significant machine malfunctions' in Sarasota's iVotronic touch-screen system." They "want a court to declare Ms. Jennings the winner by -- get this -- using statistical models to extrapolate that she would have received most of the undervotes. Short of that, they'll settle for nullifying the November results and holding a new election." The bottom line, according to the Journal, is that the Democrats' "real problem is the outcome of the race, not the integrity of the voting process. Some liberals are so paranoid nowadays that they aren't happy even when they win."

NYTimes Criticizes Perceived Link Between Wealth, Success. The New York Times (12/1) says in an editorial, "As The Times has noted in a series of recent articles, the very richest earners are increasing their earnings at twice the rate of their onetime peers, and the average-rich are taking resentful note." Part of the "explanation is undoubtedly a tax code that has sent the incomes of the wealthiest sliver of the nation into hyperdrive. Another might be the spike in education costs, which send many new doctors, lawyers and scientists out into the world armed with a diploma and a six-figure debt. But the bottom line seems to be that in 21st-century America, more people can't feel successful unless they're making a killing."

Rice Growing Impatient On UN Iran Resolution. The New York Times (12/1, A21, Cooper, 1.16M) reports that "after months of missed deadlines, threats and counterproposals in the effort to rein in Iran's nuclear ambitions, the fragile coalition of six world powers that has been facing down Tehran may be about to splinter." According to the Times, Secretary Rice "sounded fed up Thursday with Russia's refusal to sign on to the list" of UN sanctions. Meanwhile, a senior administration official traveling in Jordan with Rice said the United States "would soon be ready to force the issue by calling for a vote." Asked by reporters if Washington was "willing to sacrifice a tough sanctions resolution in order to keep the Russians on board,"

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Rice said, "Unity is not an end in itself. I'm all for maintaining unity, but I'm also all for action."

Similarly, the Washington Post (12/1, A22, Kessler, 690K) says Rice "signaled" Thursday that the US is "willing to risk a breach with Russia" if the Russians do not soon sign on to the resolution. The Post notes that "until now, a key administration goal has been to keep the five nations on the Security Council that hold veto power, plus Germany, unified on the Iran issue. But Rice's remarks suggested that the administration's patience is waning and that officials could soon offer a resolution, daring Russia to veto it."

Lebanon Increases Security Forces To Counter Iranian Influence. The Los Angeles Times (12/1, A1, Stack) reports in a front page article that the Lebanese government has "nearly doubled the size of its security forces with some 11,000 mostly Sunni Muslim and Christian troops in recent months, and armed them with donated weapons and vehicles from the United Arab Emirates." The Times says the "dramatic increase in interior ministry troops, including the creation of a controversial new intelligence unit and the rapid expansion of a commando force, is meant to counter the growing influence of Iran and its ally here, Hezbollah," Cabinet minister Ahmed Fatfat said in an interview this week. The "quiet, speedy troop build-up" also "reflects growing tensions across the region between US-allied Sunnis who hold power in most Arab nations and the growing influence of Shiite-ruled Iran and Hezbollah."

Hezbollah Calls For Street Protests Friday. The Washington Post (12/1, A23, Shadid) reports that in "a dramatic day of dueling statements" Hezbollah leader Hasan Nasrallah "called on his supporters and allied forces to pour into Beirut on Friday to bring down the US-backed government," a move Lebanese Prime Minister Fouad Siniora "compared to a coup attempt," but "insisted that the government would fall only through a vote of parliament, not a show of force in the streets." However, the Post says the call for protests "marks the sharpest escalation yet in a month-long crisis that may decide the direction of Lebanese politics for years ahead, and it represents a potentially precarious step along Beirut's many fault lines of politics, ideology and sect." Meanwhile, "some residents expressed satisfaction Thursday that protests threatened since the end of October would finally arrive...sensing that Hezbollah was playing its last card. If the protests fail to topple the government, they said, Hezbollah will be left with few options to try to force change."

Rice Urges Mideast Leaders To Expand Ceasefire. The AP (12/1, Flaherty) reports Secretary Rice "tried to build momentum Thursday for a fragile cease-fire agreement between the Israelis and the Palestinians, urging both sides to expand the peace deal beyond the Gaza territory." However, the AP says "US options were limited, as Palestinian President Mahmoud Abbas said he was finished negotiating" with Hamas to create a new unity government. After "a blitz of diplomatic meetings," Rice said she was "still hopeful the small window of opportunity afforded by the cease-fire could be expanded into a long-lasting peace agreement." However, she cautioned, "You don't expect great leaps forward. You expect just progress and I think we've seen progress." At a press conference with Abbas, Rice said, "Hopefully we can take this moment to accelerate our efforts and intensify our efforts toward the two-state solution that we all desire." In order to help the Palestinians establish a lasting cease-fire, Rice "said the Bush administration wants to ask Congress for money to aid the development of a tougher Palestinian security force."

AFP (12/1, Millikin) notes that Rice "did not go into specifics about what kind of steps she had asked the Israelis to take," nor was "there was no indication that her latest effort will produce any significant breakthrough."

The Wall Street Journal (12/1, A3, Dreazen, Simpson, 2.04M) reports that Washington's "next steps in Middle East diplomacy appear to include speeding the transfer of Iraqi security forces from American to local control and stepping up efforts toward renewed Israeli-Palestinian talks. But obstacles emerged on both fronts yesterday, as President Bush...made clear he will resist calls to change his Iraq policy and Secretary of State Condoleezza Rice appeared to leave it to Palestinian Authority President Mahmoud Abbas to determine the next move in that peace process." The Journal says that although Rice "publicly declared her desire to 'accelerate our efforts and intensify our efforts' to bring about peace, little new appeared to be gained from the talks."

The New York Times (12/1, A21, Cooper, 1.16M) says Rice "took a six-hour side trip to Jericho and Jerusalem as part of the administration's new effort to address repeated requests from its Sunni Arab allies that the United States do more to push forward a peace initiative in the Middle East." However, "She spent more time shuttling between Jordan,

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Jericho and Jerusalem than in her lightning-quick meetings" with Abbas and Israeli Prime Minister Ehud Olmert and Foreign Minister Tzipi Livni of Israel. American officials "said they had hoped to use this trip to build on the fragile Gaza cease-fire," but "chances for a new initiative evaporated Wednesday after the Hamas leader, Prime Minister Ismail Haniya, took off on a month-long trip to visit Arab allies, a clear indication that the unity talks between Hamas and Fatah had reached an impasse," the Times says.

Similarly, the Washington Times (12/1, Mitnik) calls Rice's trip "a quick swing of shuttle diplomacy," noting that during the "detour" no "breakthrough was expected." Instead, "the primary purpose was to demonstrate US involvement despite only a faint glimmer of optimism for an end to the hostilities."

The Washington Post (12/1, A22, Kessler, 690K) reports that Palestinian negotiator Saeb Erekat "said Abbas sought Rice's help on several issues," including asking her "to work with Egyptian officials to support a so-far elusive exchange of hundreds of Palestinian prisoners in Israeli jails for Israeli army Cpl. Gilad Shalit," who was captured late June.

Rare Suicide Attack Kills 5 In Somalia. The Washington Post/AP (12/1, A22) reports that three bombers "exploded cars outside the base of Somalia's interim government Thursday, killing themselves and five other people," officials said. The government "blamed foreign al-Qaeda fighters for the attack," which was believed to be only the second suicide bombing ever in the country. The AP notes that there have been "numerous reports of foreign Islamic radicals coming to Somalia to join the fighting."

Rice Urges Congress To Approve India Nuclear Bill. The AP (12/1, Klug) reports Secretary Rice "says relations with India could suffer if Congress fails to satisfy White House objections to legislation that would allow shipments of US civilian nuclear fuel to India." Rice's "misgivings were expressed in a letter to leading lawmakers," obtained by the AP Thursday. The AP says her "intervention could complicate prospects for approval of the legislation." Rice warned that revisions by Congress could "be viewed by India 'as adding additional conditions' to the original agreement and 'could reopen the terms of the initiative to renegotiating.'" In her letter, Rice also cited a section in the Senate bill that would ban the transfer of nuclear enrichment and reprocessing equipment or facilities to India, saying "It is not appropriate to single out India, which has been a responsible steward of its nuclear technology."

Bush Calls Fox, Correa. The AP (12/1) reports President Bush called "two Latin American presidents Thursday whose countries are in the middle of leadership changes." During his flight back to the US, Bush made calls to outgoing Mexican President Vicente Fox and Ecuador's President-elect Rafael Correa. Bush called Fox "to wish him well" as he ends his presidency Friday with the inauguration of President-elect Felipe Calderon, said National Security Council spokeswoman Kate Starr. Starr said the call and the other "to congratulate Correa" each lasted "a few minutes."

Mexico's Calderón Faces Tough Challenges. The New York Times (12/1, McKinley) reports, "It is a measure of the problems Felipe Calderón will confront as president when he is sworn in on Friday that both his conservative supporters and leftist opponents have camped out on the dais in Congress where the ceremony is to take place. The leftists swear they will stop Mr. Calderón from taking the oath of office. The conservatives vow to ensure that he does. The standoff has become comic, as legislators from both sides have stayed up all night singing ranchero songs in between hurling fists and insults. But the antics in Congress reflect a real gulf between people throughout this country that opened during the hotly contested national elections in July. They also reveal the paralysis that Mr. Calderón will have to overcome to deal with a range of pressing issues from job creation and poverty relief to a worsening war between drug cartels and violent social strife."

Similarly, the Los Angeles Times (12/1, Tobar) notes that on Tuesday, the "elected representatives of the Mexican people began assaulting each other with soft-drink cans and pizza boxes, and then bedded down between aisles in the Legislative Palace, staying up late into the night singing ballads."

Columnist Says Calderón Will Help End Lawlessness. The Wall Street Journal's (12/1) Mary Anastasia O'Grady says that "despite the tension, many Mexicans seem genuinely relieved that their new president has taken a decisive and unambiguous stand." His approach, she says, "differs starkly from the often waffling and accommodating Mr. Fox, who, throughout his presidency, tended to seek peace in our time at the expense of the rule of law, and ended up with neither." Mexican lawlessness, she

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continues, is "reaching epidemic proportions," and "what is clear is that the problem is not just Mexico's, and if the US doesn't accept that fact, it too will suffer the consequences."

Bush To Meet With South African President. AFP (12/1) reports President Bush will meet with South African President Thabo Mbeki on December 8 "for talks on issues like the violence in Sudan's Darfur province," the White House announced. The two leaders "will discuss African regional issues, especially Darfur, the Democratic Republic of Congo, and Zimbabwe," spokesman Tony Snow said in a statement. "The two leaders will also review joint efforts to combat HIV/AIDS in South Africa, where US government-supported programs reach over 200,000 with anti-retroviral treatment and many more with HIV prevention and care," he said. Snow noted that the two will also "exchange views on United Nations issues in light of South Africa's recent election to a non-permanent seat on the UN Security Council for 2007-2008."

State Department Repudiates Analyst's Remarks About Blair's Relationship With US. The AP (12/1, Gedda) reports the State Department "repudiated on Thursday comments by a veteran department analyst who said that British Prime Minister Tony Blair's relationship with the United States was 'totally one-sided' in Washington's favor." Deputy spokesman Tom Casey said Kendall Myers, the official who made the "off-message" remarks, was "summoned by his superiors" at the Bureau of Intelligence and Research to a meeting to explain his remarks. Casey said the comments "could be described as ill-informed" and "just plain wrong." Casey said department officials meeting with Myers were attempting "to determine the facts of the events on Tuesday," but "did not rule out the possibility of disciplinary action."

US Investigating Venezuelan Voting Machine Contract. The Wall Street Journal (12/1, A9, Davis, Simpson) reports US federal investigators are "looking into whether Smartmatic Corp., a voting-machine company whose equipment is used widely in the US and abroad, paid bribes to win a Venezuela election contract in 2004." At the same time, the Justice Department has been conducting a probe of Smartmatic "for possible violations of the Foreign Corrupt Practices Act and recently started looking at possible tax evasion as well," said two individuals familiar with the case. The Journal says Smartmatic has drawn attention "because of concerns that the government of Venezuelan President Hugo Chávez…has a stake in the company."

Chávez Says Police Foiled Attack On Opponent. USA Today/AP (12/1, 13A, Bajak) reports Venezuelan President Hugo Chávez said Thursday that authorities had "foiled a planned sniper attack against his main opponent in this weekend's elections." Chávez said "fascist" militants had "planned to use a rifle with a telescopic sight to shoot Manuel Rosales during a speech and then blame it on Chávez's government in hopes of derailing the balloting."

Venezuelan Voters Divided By Class. In a front page article, the Wall Street Journal (12/1, A1, De Córdoba) notes that "most of Hugo Chávez's supporters live in shantytowns and count on subsidies from the government," while "most of his opponents live in middle-class apartment buildings and mansions in leafy neighborhoods and are horrified by the likelihood of a Chávez victory in Sunday's presidential election." However, the Journal notes there are "contradictions" to this rule in the "Chávez-era Venezuela -- a country that is dedicated to socialist redistribution of wealth, but which is also enjoying an oil-backed capitalist boom that is further dividing rich and poor."

In a similar report, the Christian Science Monitor (12/1, Llana) says that "while Mr. Chávez's strident anti-Americanism has caused ripples abroad -- calling President Bush the devil and supporting leftist candidates and leaders throughout Latin America, as well as befriending Iran and North Korea -- those with the power to vote him into another six-year term this Sunday care more about his social missions than his international mediations." And although Venezuelans are "bitterly divided over Chávez's ideology," they "can agree on one thing: Many will vote for him Sunday because the billions he has poured into literacy programs, free food, and doctor visits have proved a potent enticement." Meanwhile, the Washington Post (12/1, A19, Forero) says he has "achieved a cult-like status by mixing his considerable charisma with a free-spending policy of funneling billions into social programs. But that hasn't stopped his oil-rich government from using every tool at its disposal to ensure that voters flock to its side in Sunday's presidential election."

British Government Finds Radioactive Trail In Probe Of Spy's Death. The New York Times (12/1, Lyall, Myers) reports that the British government said Thursday "that radiation had been detected in 12 locations around London, and that it was likely to be found in more."

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The "radioactive trail, which might help establish Mr. Litvinenko's movements around the time he fell ill, includes the two hospitals where he was treated and places he visited on Nov. 1, the day he became sick," and "two British Airways Boeing 767s that routinely fly between London and Moscow." Home Secretary John Redi said "the authorities were examining two other airplanes — a third British Airways Boeing 767, which is on the ground in Moscow, and a Boeing 737, which is leased by the Russian company Transaero and arrived at Heathrow on Thursday." He added that "the risk to the public was very low and that no one else had yet tested positive for radiation poisoning." Alex Goldfarb, a friend of Litvinenko's "who is acting as a spokesman for his family," said "the discovery of radiation on the jets pointed squarely at the Russian intelligence services and 'reinforces the theory that the origin of this material that killed Alexander was in Moscow.'" Investigators did not say "whether the trail of radiation around London was left by Litvinenko alone, by someone else who handled the polonium 210 he ingested or by someone who came into contact with him after he became contaminated."

The Washington Post (12/1, A1, Sullivan, Finn) reports, "The trail of radiation found in London expanded to 12 sites Thursday, and British authorities turned their attention to two Russian aircraft in their efforts to track the poison that killed a former Russian intelligence officer, a British government minister told Parliament on Thursday." The four newly disclosed sites "include two hospitals where former spy Alexander Litvinenko was treated, the Sheraton Park Lane Hotel in central London and a car found in north London, according to Scotland Yard." Reid told Parliament that "there is one other Russian plane that we know of that we think we may be interested in." The FBI "agreed to participate in the poisoning probe at the request of British investigators," but FBI experts in weapons of mass destruction "will provide 'technical assistance only,'" according to Special Agent Richard Kolko. Currently, the case has "has no apparent connection to the United States or to U.S. citizens," officials said.

USA Today (12/1, 2A, For) reports, "An autopsy today could shed light on the mysterious death of former KGB agent Alexander Litvinenko, whose last movements have left behind a radiation trail that officials say now includes 12 contaminated sites." At an inquest Thursday, coroner Andrew Reid said "a forensic pathologist will conduct the autopsy at Royal London Hospital today with radiation protection in place." Goldfarb "discounted any connection between the former KGB agent's death and the illness of Yegor Gaidar."

More Commentary. In The Wall Street Journal (12/1, Zimmerman) Peter D. Zimmerman writes in an op-ed article that in regards to the radiation scare in Britain, "in all likelihood there is no cause for any worry," and "the contamination must be at a very low level, particularly if it came from Litvinenko's body." The British government is "partly to blame for the panic," because it didn't indicate the amounts of contamination. The lesson from the Litvinenko murder "is not that radioactive sources should be banned," but that "radiological weapons have the power to frighten us and to disrupt our lives, even when they cannot be used to cause widespread death and injury, and that an inarticulate government can make things much worse."

Columnist Robert F. Proctor from The New York Times (12/1, Proctor) writes that Litvinenko's poisoning should have "horrified" the tobacco industry since "cigarettes contain significant levels of polonium." In 1968, the American Tobacco Company found "that smokers inhale an average of about .04 picocuries of polonium 210 per cigarette," and "that the filters being considered to help trap the isotope were not terribly effective." Britain's Health Protection Agency statement "that the risk of having been exposed to this substance remains low," would be true, but Proctor says to consider that London's smokers "probably inhale more polonium 210 on any given day than the former spy ingested with his sushi." He also "suspects that even some of our more enlightened smokers will be surprised to learn that cigarette smoke is radioactive, and that these odd fears spilling from a poisoned KGB man may be molehills compared with our really big cancer mountains."

Pope, Muslim Prelate Pray Together At Turkish Mosque. The New York Times (12/1, Fisher) reports, "Pope Benedict XVI, who spurred waves of anger among Muslims just two months ago, stood Thursday in silent prayer, facing Mecca, beside a Muslim prelate in one of the world's most important mosques." Mustafa Cagrici, the chief of religious affairs for Istanbul said, "Spring will not arrive by a single swallow. But more swallows will arrive, and we're going to enjoy spring in the world all together." The two men "exchanged nearly identical gifts of paintings of doves as signs of peace, a coincidence that seemed to amuse the pope." However, Pope Benedict showed Thursday that "many of his basic concerns about the relationship between

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Christianity and Islam, as well as between West and East, had not vanished," and "referred to the "Christian roots of Europe" — long one of his themes." Before Benedict's visit, John Paul II was the first pope known to visit a mosque.

The Washington Post (12/1, A21, Moore) reports that upon the Pope's visit to the Blue Mosque with host Cagrici, the pope said, "This visit will help us find together the way of peace for the good of all humanity." Some Turks "were angry that the Roman Catholic leader, on his first trip to a Muslim country in the 19 months he has been pope, entered a mosque," while "others welcomed the pope's gestures of goodwill." Police dispersed "a few dozen demonstrators who protested outside the Blue Mosque several hours before Benedict's arrival."

The Washington Times (12/1, Phillips) reports that Pope Benedict XVI "stood beside the spiritual leader of the world's Orthodox Christians, Ecumenical Patriarch Bartholomew I, and they encouraged Turkey in its bid to join the European Union." The Rev. Federico Lombardi, the Vatican spokesman, said "the pope had stopped for a moment of reflection and meditation that one can also call personal prayer in the mosque." Father Lombardi added, "The mosque visit was 'truly a great step forward' in relations between Muslims and Christians. The welcome the pope received certainly was very cordial without any coldness or reserve." Benedict "also toured the 1,500-year-old Hagia Sophia complex, now a museum but for centuries a Christian church," and is "slated to return to the Vatican today."

Beijing Upholds NYTimes Researcher's Conviction. The Washington Post (12/1, A20, Fan) reports, "The three-year fraud sentence of a Beijing-based researcher for the New York Times was upheld by Beijing's High Court on Friday, the only remaining charge against him after a more serious accusation of leaking state secrets was dismissed in August." It was not clear Friday whether Zhao Yan "could appeal to the central government's Supreme People's Court for reconsideration through a 'supervisory process.'" Zhao "was detained in September 2004, 10 days after a Times article accurately predicted that former president Jiang Zemin would resign his last official position as head of China's Central Military Commission." Zhao and the Times have "consistently denied that he was the source for news about Jiang's retirement, which was not unexpected but viewed as a state secret." Zhao "has served more than two years of his sentence and has 10 months remaining," and "could be released in September."

Child Sexual Abuse Remains A Serious Problem In Africa. The New York Times (12/1, LaFraniere) reports that even as the African region "races to adopt many of the developed world's norms for children, including universal education and limits on child labor, one problem — child sexual abuse — remains stubbornly resistant to change." Perpetrators are "shielded by the traditionally low status of girls, a lingering view that sexual abuse should be dealt with privately, and justice systems that constitute obstacle courses for victims." Data "is sparse and sexual violence is notoriously underreported." Relatives are "frequent perpetrators in Africa, as in much of the world," and the "number of abuse cases is rising in South Africa, Zimbabwe, Zambia, Uganda, Kenya, Sierra Leone and other African countries, statistics show." Researchers "cite various reasons that abuse is so common," but "ultimately," the "vast gap between the status of men and boys and that of women and girls explains much of the climate of relative tolerance."

LATimes Says Calderon Has Potential To Be Successful. The Los Angeles Times (12/1) editorializes, "Vicente Fox exits the stage today in Mexico, handing over the presidency to 44-year-old Felipe Calderon." Calderon "has nowhere to go but up, just as Fox had nowhere to go but down." Calderon "could show his boldness by taking on his backers in the business community." While Mexico "needs to spend more on welfare programs, … overall it needs freer markets." Calderon "needs to break up the monopolies and duopolies that enrich the elites," and "will have to become an avid trust-buster if he is to succeed in office." If Calderon "makes progress in standing up to big business and in restoring the rule of law, he could someday attain rock-star status of his own."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"L.A. Fire Chief May Step Down Today."
"Young Wine Fanatic Ups The Ante."
"A Big-Picture Citizenship Test."
"Lebanon Builds Up Security Forces."

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"Better Oversight Of 401(k) Plans Urged."

USA Today:

"TV Host Upgrades Astronaut Meals."
"Crime Takes Hold Of New Orleans."
"Phoenix Test Site For TSA X-ray."

New York Times:

"Bush, In Meeting On Iraq, Rejects A Quick Pullout."
"Medicaid Plan Prods Patients Toward Health."
"Owners To Sell Starrett City In Brooklyn."
"McCain Courts Crucial Support Of Governors."
"Sex Abuse Of Girls Is Stubborn Scourge In Africa."
"Plain Clothes, Perilous Choices."
"Profit And Questions On Prostate Cancer Therapy."

Washington Post:

"A Circle Of Strength."
"Iraq Panel To Urge Pullout Of Combat Troops by '08."
"Security Of Electronic Voting Is Condemned."
"Train Hits 2 Metro Workers, Killing 1."
"U.S. Considers Ending Outreach To Insurgents."
"British Find Radiation At 12 Locations."
"D.C. Fights Clock, But Approval Of Voting Bill Stalls."

Washington Times:

"Iraq Sets Timetable For Transfer."
"Lanier favors Adding Cameras."
"Imam Defends Tie To Hamas."
"'08 Hopefuls Wine, Dine For Support."
"Pope Prays In Turkish Mosque."
"White House Warned On Airlines."
"Will 'Mel Factor' Keep Moviegoers From Film?"

Atlanta Journal-Constitution:

"Iraqis Want Control By June."
"Cops In Fatal Raid Hold High Ratings."
"The Ultimate Entrance Exam."
"Legislator Owes IRS $347,318."
"Theater's Christmas Carol's Almost Scrooged."

Houston Chronicle:

"Calderon Is Sworn In At Midnight."
"What It Means To Be An American."
"With Right Care, A Chance At Life."
"Bush rejects Calls For Quick Troop Withdrawals."

Story Lineup From Last Night's Network News:

ABC: Middle East Summit Concluded; Reaction To The ISG Report; Maliki Interview; Iraq's Future; Litvenenko Investigation; Pope's Middle East Visit; Strange Weather; Reaction To The Iraq Debate.

CBS: Middle East Summit; Iraq's Army; ISG Report; Iraqi Officials Interviewed; Secretary Rice Interview; Strange Weather; Litvinenko Investigation; Food Addiction; Middle East Prep School.

NBC: Middle Eats Summit; Middle East Summit-Analysis; ISG Report; Middle East Reaction-ISG Report; Secretary Rice Interview; Pope Middle East Visit; Meth Labs-NY; Strange Weather; Holiday Shopping; Stock Market; Litvinenko Investigation; Weather Predictions.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Snowstorm In Central US; Homeland Security-Terrorist Cyber Attack Warning; Wall Street; Mexico's President-Elect-Inauguration.

CBS: Snowstorm In Central US; Iraq Study Group; Homeland Security-Terrorist Cyber Attack Warning; World AIDS Day;

NPR: Iraq Study Group; Rice-Olmert Meeting; Mexico's President-Elect-Inauguration; Tokyo Stock Market; Philippines-Typhoon Durian; China-Easier Access For Foreign Journalists Covering Beijing Olympics; FBI-Litvinenko Investigation.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — In Washington.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: AFRICA OIL-GAS _ The Corporate Council on Africa holds its Africa Oil and Gas Forum. Highlights: 9 a.m. Energy Secretary Bodman discusses energy interdependence. Note: Media availability follows immediately. 10:15 a.m. Session on the changing global energy environment, with Guy Caruso, Administrator, Energy Information Administration; David Kirsch, Oil Markets Department, PFC Energy; Ariel Cohen, Heritage Foundation; Buyelwa Patience Sonjica, Minister of Minerals & Energy Affairs, South Africa. Location: Bethesda Marriott Hotel, 5151 Pooks Hill Rd., Bethesda, Md.

SECURITY LAW _ The American Bar Association Standing Committee on Law and National Security joins the

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Center for national Security Law, University of Virginia School of Law, and the Center on Law, Ethics and National Security, Duke University School of Law, for the 16th annual Review of the Field of National Security Law. Highlights: 1:30 p.m. Rep. Jane Harman, D-Calif., ranking member, House Permanent Select Committee on Intelligence, delivers keynote luncheon address. 2:30 p.m. - 4:15 p.m. Panel on national security secrets and democracy: leaks, whistleblowers and the press. Suzanne Spaulding Principal Bingham Consulting Group; Dan Meyer Director, Civilian Reprisal Investigations Office of Deputy Inspector General U.S. Department of Defense; Dana Priest, National Security Correspondent The Washington Post; Kate Martin Director Center for National Security Studies; and Chuck Rosenberg U.S. Attorney Eastern District of Virginia U.S. Department of Justice. Location: Marriott at Metro Center, Main Ballroom, 775 12th St., NW.

DEMOCRATIC MEETING _ The Democratic National Committee's Executive Committee meets for its annual December meeting. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

MONETARY CONFERENCE _ The Federal Reserve Board, others, hold the 4th annual International Research Forum on Monetary Policy. Highlights: 9 a.m. Federal Reserve Board Chairman Ben Bernanke. 9:15 a.m. Session on ``Three Great American Disinflations," with authors Michael Bordo, Rutgers University; Christopher Erceg, Federal Reserve Board; Andrew Levin, Federal Reserve Board; Ryan Michaels, University of Michigan. 1:15 p.m. Luncheon speaker - Lucas Papademos, Vice-President, European Central Bank. 8 p.m. FRB Vice Chairman Donald Kohn. Location: FRB, 20th and C Sts. NW.

HEALTH CARE _ 8:30 a.m. - 4 p.m. The National Committee for Quality Assurance (NCQA) is convening a one-day conference entitled Pay for Performance: A Critical Examination. Leading experts will debate and discuss the effectiveness of Pay for Performance, the method of rewarding providers based on quality instead of quantity, as a means to improve the quality and affordability of health care. Highlights: 9:15 a.m. ``Will Pay for Performance Improve the Quality and Efficiency of Health Care?" A point/counterpoint discussion featuring: Newt Gingrich, Former Speaker of the House; Founder, Center for Health Transformation Bruce Vladeck, Former Administrator, U.S. Health Care Financing Administration; Interim President, University of Medicine and Dentistry of New Jersey. 1 p.m. Leslie Norwalk, Deputy Administrator for the Centers for Medicare & Medicaid Services. 2 p.m. ``How Will the New Congressional Leadership Approach Pay for Performance for Physicians, Hospitals, Health Plans, and Others?" Congressman Pete Stark, D-Calif., others. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

ASIAN SECURITY _ 9 a.m. - 2 p.m. George Washington University holds a conference on strategic interactions and security in Easat Asia and Taiwan. Highlights: 12:30 p.m. Luncheon speaker - Amb. James Lilley. Location: 7th floor, 1957 E St. NW.

PENATGON-IRAQ SECURITY _ 9 a.m. Army Maj. Gen. Benjamin R. Mixon, commander of Multinational Division-North and the 25th Infantry Division, will brief live from Iraq to give an update on ongoing security operations in Iraq.urnalists without a Pentagon building pass will be picked up at the North Parking Entrance only. Plan to arrive no later than 45 minutes prior to the event; have proof of affiliation and two forms of photo identification. Please call (703) 697-5131 for escort into the building. Location: DOD Briefing Studio, Pentagon 2E579.

PROPERTY RIGHTS _ 9 a.m. The Cato Institutes Center for Constitutional Studies hosts a conference, ``Property Rights on the March: Where from Here?" Speakers: Roger Pilon, Vice President for Legal Affairs, Cato Institute; Steven Anderson, Director, Castle Coalition, Institute for Justice; Steven J. Eagle, Professor of Law, George Mason University School of Law; Ross Day, Director of Legal Affairs, Oregonians in Action; Richard Mersereau, Director of Policy, California State Assembly Republican Caucus; Carol W. LaGrasse, President, Property Rights Foundation of America; and Bobby Harrell, Speaker, South Carolina House of Representatives. Location: Cato Institute, 1000 Massachusetts Ave. NW.

RUSSIA-GAS _ 9 a.m. Radio Free Europe/Radio Liberty holds a briefing by Tom Mayne of Global Witness on Russian gas transmission through the Ukraine. Location: 4th floor conference room, 1201 Connecticut Ave. NW.

VENEZUELA _ 10 a.m. The American Enterprise Institute holds a forum on Hugo Chavez and the Venezuelan presidential elections scheduled for Dec. 3. Participants include Rep. Connie Mack; Gustavo Coronel, former board member of Petroleos de Venezuela; Thor Halvorssen of the Human Rights Foundation and Roger Noriega of AEI. Location: 12th floor, AEI, 1150 17th St. NW.

LEBANON _ 10:30 a.m. The Saban Center for Middle East Policy at the Brookings Institution releases the latest

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University of Maryland/Zogby International public opinion poll in Lebanon. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

VENEZUELA-US _ 10:30 a.m. The Council on Foreign Relations holds an on-the-record telephone briefing on the expected upcoming term of Venezuelan President Hugo Chavez, with Richard Lapper, author of a new council report on US-Venezuelan policy. Notes: Callin number: 800-593-9038; passcode: Chavez. RSVP required by 5 p.m., Thursday. Open to media only.

MARVIN KALB _ 12:30 p.m. Marvin Kalb, host of the Kalb Report and senior fellow at the Shorenstein Center for the Press, Politics and Public Policy at Harvard University's John F. Kennedy School of Government, addresses a National Press Club luncheon. Topic: ``A Reporter's Lament ... And A Call To Arms." Location: National Press Club, Holeman Lounge.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 1, 2006 7:45 AM EST

TODAY'S EDITION

Terrorism News:

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TERRORISM NEWS:

DOJ Asks 4th Circuit Panel To Overturn Moussaoui Civil Evidentiary Ruling. The AP (12/1, O'Dell) reports, "A federal appeals court in Richmond will decide in coming weeks whether some families of the Sept. 11 victims should be given evidence from the trial of confessed al-Qaida conspirator Zacarias Moussaoui for civil lawsuits filed in New York." The AP continues, "U.S. District Judge Leonie Brinkema of Alexandria has ordered the government to give the plaintiffs nonsensitive information that prosecutors turned over to Moussaoui's attorneys but was never introduced at his trial." The AP adds, "Justice Department lawyer Steven Lane yesterday urged a three-judge panel of the 4th U.S. Circuit Court of Appeals in Richmond to overturn that ruling. He argued that Brinkema lacked authority in the New York cases and that there is no precedent for allowing civil plaintiffs to intervene in a criminal case. … Lane said the case isn't about whether the plaintiffs are entitled to the evidence; it's about the proper procedures for obtaining it. … 'We're prepared to respond in good faith to discovery requests made in New York under settled civil-discovery procedures,' Lane said, adding that 'there was no need for the district court to create from whole cloth a novel procedure' in this case." The AP notes, "Nathan Lewin, attorney for the plaintiffs, argued that Brinkema properly exercised her discretion to allow access to the evidence in 'an unusual case involving victims of the worst terrorist act in the history of mankind.' … Appeals court Judge Roger Gregory asked if Brinkema's order amounts to an open door for any citizen to intervene in a criminal case. … It does not, Lewin said, because Brinkema made it clear that this is a rare case in which the plaintiffs have demonstrated a compelling need for the evidence."

Judge Rules No NSA Surveillance Used In Faris Case. In a widely-distributed story, the AP (12/1, Welsh-Huggins) reports, "A federal judge who dismissed a challenge of the Bush administration's domestic spying program said the case against a convicted al-Qaida supporter was built on statements he made to investigators, not evidence from warrantless eavesdropping. The challenge by Iyman Faris, now serving a 20-year prison sentence" for plotting to bomb the Brooklyn Bridge, "was among the first to seek evidence of warrantless eavesdropping by the National Security Agency." The AP notes, "The government has said information from a court-ordered wiretap led them to Faris," but US District Judge Leonie Brinkema "said her review of government documents found no evidence that the 'constitutional rights of Faris were infringed by the manner in which his name came to the attention of the FBI.'"

Britons Lose Court Case, Face Extradition To US. The Washington Post/AP (12/1) reports a British court ruled Thursday that Haroon Rashid Aswat and Babar Ahmad, two British men charged with terrorism-related offenses, could be extradited to the United States. Lord Justice John Laws said the argument made by lawyers for Aswat and Ahmad that their clients would be mistreated, or tried and sentenced as enemy combatants, "would require proof of a quality entirely lacking here." The AP added, "Ahmad faces charges of supporting terrorism, conspiring to kill Americans and running a Web site used to fund terrorists. Aswat is accused of plotting to set up a camp in Bly, Ore., to train Islamic fighters."

Dodd Bill Would Restore Habeas Protection For Terror Suspects. The New Haven Register (12/1, O'Leary) reports Sen. Christopher Dodd "has proposed revamping the newly authorized military commissions to restore habeas corpus protections for terrorism suspects, as well as to curb executive interpretation." Sen. Patrick Leahy "is expected to co-sponsor the legislation, according to Dodd's office." The Register notes, "Dodd also has written to President Bush, asking that implementation of the commissions be delayed until a new secretary of defense is given a chance to scrutinize elements of the new law. … Dodd feels the lack of habeas corpus protections for detainees undermines the moral authority of the United States and puts American servicemen and women in jeopardy."

Australian Prisoner At Guantanamo Wins Country's Support For Release. The New York Times (12/1, Bonner) reports, "David Hicks, a 30-year-old Australian who is about to begin his sixth year at Guantánamo Bay, is gaining supporters for his release from diverse quarters." On Monday, "the attorney generals from Australia's eight states and territories sent a letter to the federal attorney general demanding" that Hicks "be brought home, and asking 10 specific questions about the conditions of his detention." Australia's intelligence agency considers Hicks "a dedicated enemy of the West," but Australian counterterrorism police "see him as a misguided soul, a wanderer in search of meaning." Michael Pelly, a spokesman for Philip Ruddock, the federal attorney general, said "the Australian government was extremely frustrated that Mr. Hicks had not yet been brought to trial. It has repeatedly expressed this frustration to the Bush administration."

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LATimes Criticizes Administration For Seeking Warrantless Access To Email. The Los Angeles Times (12/1) says in an editorial, "In the latest illustration of the Bush administration's disregard for your privacy, the Justice Department is trying to convince a panel of federal judges that the FBI should be free to read your e-mail without obtaining a warrant." It is "not all your e-mail — only messages left on a Web-based system such as Hotmail or on your Internet service provider's computers. A 1986 law forbids the interception and disclosure of e-mail and other online transmissions without a warrant. But there is an exception. If the messages are more than 180 days old, they can be obtained merely with a subpoena or a court order, which investigators can obtain more easily than a warrant." Now the Justice Department "is arguing, in a case before an appeals court in Ohio, that even new messages can be obtained without a warrant if their intended recipient has already read them. The Justice Department views an opened e-mail left on a service provider's computer as more like a postcard left on a table than a sealed letter in a drawer. Which is to say, its owner has no reasonable expectation of privacy." The US 6th Circuit Court of Appeals "should rein in the feds and strike down the provisions of the law that are out of sync with the technological realities of the broadband era — and the privacy expectations of Americans."

Mayfield Has "Mixed Feelings" About Settlement. In an overwhelmingly sympathetic interview with Brandon Mayfield and his wife, The Oregonian (12/1, Rose, 318K) reports, "Two years after he was locked up as a possible suspect in an act of terrorism he knew nothing about, the often-disheveled, soft-spoken Muslim still seems reluctant to go into detail about what his family endured. 'I want to write a book,' he says. Then, with a sigh, he relents, offering an invitation into his Beaverton home. The settlement money is for his family's suffering. People, he says Thursday, should get a taste of what their government is paying for." The Oregonian adds that "the Mayfield house is as neat as a pin. Volumes of the Holy Quran…sit on a shelf next to a television. A fire burns in a wood stove. 'I guess I'm happy I settled, but I have mixed feelings,' he says. 'I envisioned my day in court. I guess I'm a little disappointed I couldn't shed a little more light on what happened behind the scenes.' It's also hard, he says, to shake the chill left by the government secretly spying on him. … What conversations did they hear? What intimate moments did they see? It's a secret. Mayfield will never know."

HOMELAND RESPONSE:

Specter Says Better CIA-FBI Communication Could Have Prevented 9/11. Under the headline "Specter: No New Spy Law For Now," the Philadelphia Inquirer (12/1, Goldstein, 385K) reports in a story widely-distributed by McClatchy, Sen. Arlen Specter "said Thursday that attempts to legislate review of the government's domestic surveillance program were virtually dead for this year and expressed doubts that a solution would soon be found under a Democratic-controlled Congress. … 'I think it would be ideal to have congressional oversight on the program in detail, and I look forward to what will happen next year,' he told an American Bar Association gathering. 'I have grave reservations as to how successful we will be, given the administration's unwillingness to share those secrets.'" The Inquirer notes Specter "also groused about 'endless unproductive activity of Congress' and the failures of congressional oversight to review controversial Bush administration programs. Specter said FBI Director Robert Mueller would testify before his panel Wednesday on whether law enforcement and intelligence agencies are sharing information. The Sept. 11 terrorist attacks 'could have been prevented if the CIA and the FBI had communicated,' Specter asserted."

DHS Sees "No Information To Corroborate" Financial Cyberterror Threat. USA Today (12/1, 2A, Hall) reports, "A jihadist website warns that attacks will be launched beginning today against online stock trading and banking websites, but it's highly likely that the threat is baseless, the Homeland Security Department said Thursday." DHS spokesman Russ Knocke said there was "no information to corroborate this … threat," and that the US Computer Emergency Readiness Team had "informed financial services 'out of an abundance of caution as a routine matter.'"

The Wall Street Journal (12/1, A6, Block, Smith) reports, "A government official said the alert followed a message-board posting yesterday from al Qaeda sympathizers, urging followers to join in cyber attacks against US financial targets over the next month. Financial institutions took the warning in stride, with many of them indicating that they get such warnings from time to time and that this particular warning hadn't changed their level of vigilance. … The threat allegedly came from a previously unknown group called the e-Jihaddi hackers," who "called for a 'Guantanamo' revenge raid on 'infidel banks' and said non-Muslims willing to help 'will be welcomed.'"

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Imam Removed From Flight Once Worked For Group Linked To Hamas. In an article based on an interview with Omar Shahin, one of six imams removed from a US Airways flight last week, the Washington Times (12/1, Hudson) reports that Shahin "says he has traveled the country since the September 11 attacks to promote understanding of the Muslim religion, but he once worked for a group linked to terrorist financing. He insists that the terrorists who leveled the World Trade Center were not Muslims." Referring to the hijackers, Shahin said, "Despite what religion they claim, even if they are all Arabs, to say they are Muslims is wrong, completely wrong." Shahin said he "had no clue" what KindHearts, a group for which he "was a representative and fundraiser," was doing. The Treasury Department has frozen the groups' assets, saying it "coordinated with Hamas leaders and made contributions to Hamas-affiliated organizations." Regarding the US Airways incident, Shahin says "they were not led off the plane in handcuffs, as reported, nor were they kept in handcuffs during their five-hour detention, and they were not harassed by dogs."

USA Today Says Clerics' Behavior Provided "Grounds For Concern." Under the headline "Imams' Eviction From Plane Reflects Tough Post-9/11 Calls," USA Today (12/1, 21A) editorializes, "Based on the official report of what crew and passengers told police, it appears that the clerics' behavior lacked self-awareness or was intentionally provocative. Either way, it provided reasonable grounds for concern." Meanwhile, some elements of the case remain "in dispute and warrant further investigation. If nothing else, it underscores the tough judgment calls that airline crews and security personnel have to make under tight time pressure."

US Program Assigns "Terror Score" To International Travelers. The New York Times/AP (12/1) reported, "Without notifying the public, federal agents for the past four years have assigned millions of international travelers, including Americans, computer-generated scores rating the risk they pose of being terrorists or criminals. The travelers are not allowed to see or directly challenge the risk assessments, which the government plans to hold for 40 years." The Department of Homeland Security, which disclosed the existence of the Automated Targeting System in the Federal Register earlier this month, "said the nation's ability to spot criminals and other security threats 'would be critically impaired without access to this data.' Still, privacy advocates view the program with alarm."

TSA To Test "Backscatter" Machine At Phoenix Airport. USA Today (12/1, 1A, Frank) reports on its front page that a "backscatter" machine, which "takes potentially revealing X-ray photos of travelers in an effort to find bombs and other weapons," will be tested by TSA screeners at Phoenix Sky Harbor International Airport this month. Though the machines have "been labeled a 'virtual strip search' by the American Civil Liberties Union," they "will blur or shade images to obscure body parts and medical devices" in tests at Phoenix and another yet-to-be-decided airport. "The TSA also will look at using the machines in subways." The agency "has been considering the machines since 2002 while struggling with privacy issues," but spokesman Randy Null said they are now "'very comfortable' with privacy protections manufacturers have built into the machines."

Paulison Says FEMA Has Learned From Katrina. McClatchy Newspapers (12/1, Rosen) reports in a speech at the National Press Club Thursday, FEMA director David Paulison said the agency "has made huge strides in the 15 months since" Hurricane Katrina. He "pointed to a series of organizational and procedural changes that are designed to clarify the roles of the various federal, state and local agencies during a disaster and to speed relief to those stricken. While Paulison was bullish on the changes at his agency, which was roundly criticized for its failures during Katrina, there has been little independent evaluation of FEMA's new actions to improve its response." Paulison also "said he doesn't agree with some lawmakers' calls to make FEMA an independent department again, saying its inclusion in Department of Homeland Security helps improve coordination with other agencies."

The Federal Times (11/30, Losey) reported Paulison said increased "cooperation and preparation at the Federal Emergency Management Agency and all levels of government will help prevent a repeat of the Hurricane Katrina debacle." He said "that the federal government no longer can afford to wait until state and local emergency responders are overwhelmed before acting. This has been FEMA's past strategy, and it helped contribute to a sluggish response to the storm and ensuing flood that devastated the Gulf Coast region last year."

Paulison Disappointed In Housing Aid Ruling. The AP (11/30, Apuzzo) reported that Paulison also said "he was disappointed that a judge, in a sharply critical ruling, ordered the agency to resume housing aid to thousands of Hurricane Katrina evacuees. 'It's almost a thing of no good deed goes unpunished,' Director R. David Paulison told reporters at the National Press Club. 'We felt like we did a good job.' He said the agency had "used the same forms that we have used for decades."

The Palm Beach Post (FL) (12/1, Lipman) reports, "FEMA spokesman Aaron Walker said after Paulison's speech that the agency is still considering whether to appeal Leon's ruling." Paulison said the agency's "role is to provide only temporary housing, and that the agency was under

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pressure from its inspector general to verify that the people receiving the housing aid were eligible."

10,000 Receive Road Home Grant Letters In Louisiana. The New York Times (12/1, Eaton) reports, "In a sign of painstaking progress for Louisiana's biggest rebuilding program, the state has sent letters to more than 10,000 families stating how much money they can receive to rebuild their homes" under the $7.5-billion Road Home program, state officials said yesterday. "But fewer than 50 families had actually collected the money as of Tuesday, prompting renewed concern among homeowners and some government officials about the pace of the program. … On Nov. 6, Gov. Kathleen Babineaux Blanco ordered the private contractor managing the program for the state to reach the 10,000 mark by the end of November. Yesterday, the governor said she would require the contractor, ICF International, to send out 15,000 more award letters before the end of the year."

Crime On The Rise In Recovering New Orleans. Under the headline "Crime Takes Hold Of New New Orleans," USA Today (12/1, Konigsmark) reports, "Crime, that old menace of the old New Orleans, is back, and it's bedeviling a city trying to recover from Hurricane Katrina. There have been 147 people killed in New Orleans this year, police say, down from 204 by this time in 2005. But the city's population is about half what it was before Katrina flooded 80% of the city, forcing an almost-complete evacuation." USA Today adds that with many traditionally violent areas still "nearly empty, crime has moved to upscale, high-traffic areas such as the Marigny, the French Quarter and Uptown, leaving residents with one more reason to question their decision to remain in the city.

WAR NEWS:

Bush Offers Support For Maliki, Says US Will "Stay In Iraq To Get The Job Done." President Bush and Iraqi Prime Minister Nouri Al-Malaki met in Jordan yesterday. All three networks led with the summit, and all three showed a snippet of Bush at a news conference with Maliki, saying of the Iraqi leader, "He's the right guy for Iraq, and we're going to help him. And it's in our interest to help him, for the sake of peace." Another major focus of media attention was the following Bush statement in a news conference with Maliki: "I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq. We're going to stay in Iraq to get the job done, so long as the government wants us there." ABC World News (11/30, lead story, 2:45, Raddatz) called the remark "a pre-emptive strike on the so-called Baker-Hamilton report," while the Wall Street Journal (12/1, Dreazen, Simpson) says the President laid down "a marker ahead of the official release" of the report. The Washington Post (12/1, A24, Abramowitz, Raghavan) also says Bush "sought to preempt a growing clamor to start a phased withdrawal of US troops from Iraq, a proposed policy shift that has gained traction as a result of the Nov. 7 congressional elections and that is expected to be endorsed by the Iraq Study Group." The Post also notes that "although the president was not asked directly about the panel's recommendations, which will be made public next week but which were partially leaked to reporters late Wednesday, he did say that 'this business about graceful exit just simply has no realism to it whatsoever.'" The New York Times (12/1, Broder, Stolberg) notes "some analysts have suggested that the report could offer a face-saving way for Mr. Bush to begin withdrawing from Iraq," but the President "adamantly rejected that view."

Another New York Times story (12/1, Sanger) reports that "despite the Democrats' victory this month in an election viewed as a referendum on the war, the idea of a rapid American troop withdrawal is fast receding as a viable option. … But that may be the only solace for Mr. Bush as he returns from a messy encounter" with Maliki. The Times adds, "In the 23 days since the election, the debate in Washington and much of the country appears to have turned away from Mr. Bush's oft-repeated insistence that the only viable option is to stay and fight smarter. The most talked-about alternatives now include renewed efforts to prepare the Iraqi forces while preparing to pull American combat brigades back to their bases, or back home, sometime next year. The message to Iraq's warring parties would be clear: Washington's commitment to making Iraq work is not open-ended."

The meeting is generally being portrayed as unproductive. McClatchy (12/1, Douglas, Youssef) reports "White House officials offered few specifics," while the Financial Times (12/1, Dinmore, Devi) reports "Maliki returned to Baghdad and a crisis in his coalition government apparently with little to show from their summit in Jordan, other than rhetorical commitments." Similarly, the Los Angeles Times (12/1, Wallsten, Moore) says "the leaders announced no new initiatives or specific plans, and Bush returned to Washington and offered no details." The CBS Evening News (11/30, lead story, 2:55, Axelrod), in a statement typical of the tenor of the coverage, said Bush "sounded more like stay the course than change the course." ABC World News (11/30, lead story, 2:45, Raddatz) said Bush made it "clear that he has no plans for dramatic changes in Iraq. … No bold, new ideas were discussed." A New York Times (12/1, Fattah), titled "As The Summit On Iraq Ends, Arabs Wonder, Is That All?," says that "as the summit meeting…concluded Thursday morning, the Arab world was left dumbfounded that nothing had come of it."

McClatchy (12/1, Hutcheson, Youssef, Strobel), meanwhile, reports that "among common Iraqis, there was little interest in the Bush-al-Maliki meeting. After all, the

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public previously has hung its hopes on numerous committees, summits and resolutions to end the spread of sectarian violence, only to see the situation worsen." The New York Times (12/1, Semple) runs a similar story under the headline "Having Pinned Little Hope On Talks, Many Iraqis Appear To Be Beyond Disappointment."

Maliki Says Iraqi Forces Could Take Over By June 2008. The CBS Evening News (11/30, lead story, 2:55, Couric) reported Bush "does summits the way he plays golf -- quickly. His round of summitry" with Maliki "was brief and to the point, and if you were expect a breakthrough, there wasn't one. Here's what there was: A promise to speed up the transfer of responsibility for Iraqi security to the Iraqis. A top Iraqi official tells CBS News, they could be ready to handle it on their own as early as June of next year. The President again rejected a timetable for US withdrawal and gave the Prime Minister a strong vote of confidence." The AP (12/1, Riechmann) reports, "A senior al-Maliki aide who attended Thursday's talks said the Iraqi leader presented Bush a blueprint for the equipping and training of Iraqi security forces. The aide, who spoke anonymously because of the sensitive nature of the information, declined to give details."

In an interview on ABC World News (11/30, story 3, 3:15, Gibson), Malaki said, "I can say that the Iraqi forces would be ready. And I can tell you that by next June, our forces will take over the security of the country." Gibson: "Meaning no disrespect. But there is great skepticism in the United States, that the training of the Iraqi forces really is effective. That rather than serving the unity government, the Iraqi forces that are train trained are essentially Shia forces, Sunni forces or Kurd forces. And that is their great loyalty, not to the central government." Maliki (Via Translator): "We refuse to accept this premise, because we do not have such things in the Iraqi forces. The reality is that the Kurdish or Sunni or Shia soldiers are soldiers [of] Iraq. And I am the supreme commander of the Iraqi forces." Following up on the interview, ABC World News (11/30, story 4, 1:40, McCarthy) commented on the Prime Minister's assertion "that Iraqi troops can take over for US troops in six months. … We talked to military experts tonight. They say six months is way too short. But embedding trainers with the Iraqi military is helping. But the time for that will be much longer than six months."

The CBS Evening News (11/30, story 4, 2:50, Couric) spoke to Hoshyer Zabari, the Iraq Foreign Minister. Asked whether Iraqis taking "greater control" over security would "pave the way for a reduction in US troops," Zabari said, "I believe so. I mean, that that is really the formula from day one." But "I think any premature withdrawal of multinational forces, to leave behind a vacuum would be a disaster." But the CBS Evening News (11/30, story 2, 2:35, Palmer) painted a grim picture of the state of Iraq's security forces: "The new Iraqi army now has almost 119,000 members. That's 10 divisions. Only one responsible for this relatively stable area south of Baghdad reports to Iraq's Prime Minister. By coincidence, on Monday, a second division base in the remote northwest will also be transferred to Iraqi command. The rest of Iraq's army is still under coalition command, and it's all riddled with problems. Inadequate training, a high desertion rate, and shortages of equipment, food, and even wages. And underlying all that," corruption. CBS added that it is "also far from clear is whether a now-weakened…Maliki has either the backbone or the political strength to put his soldiers on to streets controlled by militias." Maliki and Zabari's statements were given much more favorable treatment in a Washington Times story (12/1, Dinan) titled "Iraq Sets Timetable For Transfer."

As the summit took place, says the AP (12/1, Hendawi), "Maliki faced a widening revolt within his divided government as two senior Sunni politicians joined prominent Shiite lawmakers and Cabinet members in criticizing his policies." Vice President Tariq al-Hashemi "said he wanted to see al-Maliki's government gone and another 'understanding' for a new coalition put in place with guarantees that ensure collective decision making. … Al-Maliki's No. 2, Deputy Prime Minister Salam Zikam Ali al-Zubaie, also a Sunni, argued that the president's government failed to curb the spread of sectarian politics. A boycott by 30 lawmakers and five Cabinet ministers loyal to anti-American Shiite cleric Muqtada al-Sadr was in protest of al-Maliki's meeting with…Bush in Jordan on Thursday. The Sadrists said the meeting amounted to an affront to the Iraqi people."

Rice Says "Transfer Of Security Responsibilities" Is Key. Secretary of State Condoleezza Rice yesterday restated the Administration's case in interviews with CBS and NBC. In her interview with CBS Evening News (11/30, story 5, 2:05, Couric, 7.66M), Rice said Maliki is "someone who, when you look in his eyes, you know his commitment to his people. Not only is he trying to bring a country out of the circumstances of tyranny into a functioning democracy, but he's trying to do so with terrorists who quite clearly set out to is the off sectarian conflict between Iraqis." Asked about US troop deployments, Rice said, "The whole goal here is to transfer responsibility to the Iraqis and to give them enough capability to take those responsibilities. Obviously, as those responsibilities are transferred as the capability improves, then American forces will be less in evidence and less needed. That's a natural outcome." Meanwhile, Rice told NBC Nightly News (11/30, story 5, 3;15, Williams, 9.87M) "from the point of view of the United States, the transfer of security responsibility to Iraqis over time as they're ready to receive it has been the focal point of our policy from the very beginning."

State Department spokesman Tom Casey, on MSNBC's Hardball (11/30, Shuster), said, "We're talking about building security forces from the ground up, and

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capability isn't simply about putting people in uniform and handing them guns, it's about training them, it's about developing the logistical support, it's about developing the command structure. … The process is well under way, and it has moved forward, there are troops out there, there are Iraqis that have maintained responsibility for several provinces now. And we're going to keep that transition going."

White House, Iraqis Downplay Memo Leak, Cancelled Meeting. NBC Nightly News (11/30, lead story, 2:50, Gregory) said "the joint Bush-Maliki appearance followed Maliki's abrupt cancellation of a meeting with the President and Jordan's King Abdullah last night. But both the White House and Iraqis downplayed the apparent snub." The Wall Street Journal (12/1, Dreazen, Simpson) says Bush yesterday "went out of his way to praise Mr. Maliki, a clear attempt to soothe the Iraqi leader's feelings after the leak."

The Washington Times (12/1, Dinan) notes the "classified memo written by Mr. Bush's top national security aide that questioned whether Mr. al-Maliki is cut out for his job. The Nov. 8 memo said Mr. al-Maliki is either 'ignorant' of the situation on the ground, being deceptive toward the United States about his intentions, or is incapable of turning those intentions into action." The aide, National Security Adviser Stephen J. Hadley, "said the memo did not come up specifically and did not affect the meeting. 'That's what I was worried about,' he acknowledged. 'But in terms of the body language in the meeting, the candor of the conversation, the relaxed character of the meeting between the two leaders, the great relief to me was that it did not seem to have an effect on the meeting.'"

Attorney General Alberto Gonzales, appearing on CNN's The Situation Room (11/30, Blitzer), was asked about the leak of NSA Stephen Hadley's memo on Iraqi PM Nouri al-Maliki. Gonzales said, "With respect to any kind of possible leak of classified information, we have a typical process. Normally, the offended agency would submit a request to the department. We would send back a list of questions for them to answer. Based upon the responses to those questions, we would make a determination as to whether or not a leak investigation would be warranted. And so, we have a process that we normally follow in these kinds of cases, and I suspect that that would be the process that would be followed in this case."

Appearing on MSNBC's Hardball (11/30, Shuster), Sen. Christopher Dodd said the Jordan summit was "pretty much a failure. … The leaked memo certainly didn't help. I don't understand what the logic of that was. But certainly we're still back where we've been here, and that is that they keep on looking for a military solution to this. … Don't give up on the President yet. Let the Baker-Hamilton report come out. I suspect there may a growing bipartisan support in this country for what Jim Baker, Lee Hamilton and the other members of that commission have put together."

Rice Scoffs At Talk Of A Maliki "Snub." On MSNBC (11/30), Brian Williams asked Secretary Rice how the cancellation of the first Bush-Maliki meeting can be "not seen as a snub to the Americans." Rice replied, "Oh, come now. The Prime Minister met with the King of Jordan, who was his host, in a very successful bilateral; went on to a meeting with the Jordanian Prime Minister and his government. And they decided they really didn't need a trilateral. They would wait, and the President would meet with Prime Minister Maliki this morning. And that's what happened. And they had a wonderful meeting this morning. I think you could see that the chemistry between the two men is very, very good."

Bush Criticized For Not Changing Policies. In an editorial, the New York Times (12/1) says that "the president's performance this week -- his refusal to impose any deadlines on Mr. Maliki to start reconciliation talks and break with the militias, and his refusal to give the Pentagon a deadline to stand up an effective Iraqi Army -- tells us once again that Mr. Bush does not listen. That does not bode well for James Baker and the Iraq Study Group, which, according to reports, is likely to call for some pullback of American combat troops along with more aggressive regional diplomacy. Yesterday, Mr. Bush seemed eager to preempt that advice, brushing off suggestions that he talk directly to Iran and insisting that there would be no 'graceful exit' from Iraq." Bush's "lack of curiosity was well known even before he became president, but as time has gone on and bad news has mounted, that disinterested quality has turned into a stubborn refusal to hear bad news. The country simply cannot afford it any longer. Three years of having Mr. Bush trust only his gut has plunged Iraq into bloody chaos and done untold damage to America. There needs to be an urgent change in policy. … The president's advisers need to tell him all the harsh truths about Iraq in the vivid terms they require; they need to tell him how little time he has left to act. This administration has been orchestrating a foreign policy disaster of epic proportions, and history will remember both that the president failed to hear the warning bells and that many others failed to ring them loudly enough."

Eugene Robinson writes in the Washington Post (12/1, A29), "More than three weeks after an election in which the Republican Party lost control of both houses of Congress because of the debacle in Iraq, there has been no real indication that the president heard what voters said. Yes, he did get rid of Rumsfeld, but the basic policy in Iraq has been the Decider's. Rumsfeld just screwed up the execution, and his public statements about the war were becoming so impolitic and flat-out weird that Bush had been planning his defenestration for some time. … So don't get your hopes up, people. Sounds to me as if the Decider has already decided."

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State Department Proposes End Of US Outreach To Sunni Insurgents. The Washington Post (12/1, A1, Wright) reports, "The Bush administration is deliberating whether to abandon US reconciliation efforts with Sunni insurgents and instead give priority to Shiites and Kurds, who won elections and now dominate the government, according to US officials." The proposal, "put forward by the State Department as part of a crash White House review of Iraq policy, follows an assessment that the ambitious US outreach to Sunni dissidents has failed. US officials are increasingly concerned that their reconciliation efforts may even have backfired, alienating the Shiite majority and leaving the United States vulnerable to having no allies in Iraq, according to sources familiar with the State Department proposal." The Post adds, "Some insiders call the proposal the '80 percent' solution, a term that makes other parties to the White House policy review cringe. Sunni Arabs make up about 20 percent of Iraq's 26 million people." The proposal "has met serious resistance from both US Ambassador Zalmay Khalilzad and military commanders in Iraq, who believe that intensive diplomatic efforts to bring Sunni insurgents into the political process are pivotal to stabilizing the war-ravaged country, the sources said. … But over 10 days of intense discussions recently among top policymakers in the White House review, State Department officials argued that intervening in Iraqi politics is increasingly counterproductive, particularly after elections for a permanent government last December. Reconciliation, they also argued, is now exceptionally unlikely and could actually jeopardize US relations with Iraq's Shiites, who make up about 60 percent of the population, according to sources familiar with the debate." The Post also reports, "State Department counselor Philip D. Zelikow, author of the proposal, argued that the United States has compromised its prospects of success by reaching too far, according to the sources."

David Ignatius writes in the Washington Post (12/1, A29, Ignatius), "As administration officials review Iraq strategy, one failed element is the policy of 'Sunni outreach' pursued by…Khalilzad. Some officials have concluded that Khalilzad's approach made Iraqi Shiites fear that America was abandoning them, without achieving any meaningful reduction of the Sunni insurgency. A few officials argue flatly that it's time for America to take the Shiite side in the Iraqi conflict. 'National reconciliation is a fallacy,' one senior intelligence analyst said in an interview this week, insisting that, in Iraq, 'You have to pick a winner.'"

Former DOD Official Says US Strategy Must Change. Jack David, deputy assistant secretary of defense for combating weapons of mass destruction and negotiations policy from 2004 to September 2006, writes in a Wall Street Journal (12/1) titled "Our Iraq Policy Must Change," that "the initially envisaged ending for the war counted on the Iraqis as our partners, and was directly tied to America's overriding strategic goal -- making the Middle East more stable and secure. But if Iraqis now are unwilling to do what is necessary to end the war as we expected, isn't it time to shift the U.S. focus to policies advancing our Middle East interests in ways that place less reliance on them? … If the Iraqis now remain unwilling to make the sacrifices necessary to have an effective democratic government -- including compromises with one another -- to forge a stable, secure future, the war cannot end as we envisioned. In that case, we must place our reliance elsewhere and pursue options for achieving our goals that do not depend on the Iraqis ending the war they have made their own. The goals that were important to the security of the region and to the West are as valid today as they were at the outset. We must pursue them as best as we can, with or without the democratic Iraq which we have worked so hard to help Iraqis build."

ISG To Recommend Removal Of US Combat Troops From Iraq By 2008. ABC World News (11/30, story 2, 2:40, Gibson) reported, "In Washington today, we got early indications from the highly-anticipated report of what the Iraq Study Group will say." ABC (Karl) added, "The report sets no firm timetable for withdrawing US forces. But ABC New has learned it does set a goal of moving US combat troops out of Iraq, by the first quarter of 2008. The plan calls for shifting the US military's mission in Iraq from combat to training and supporting the Iraqi security forces. Under the plan, the 15 brigades of US combat troops now in Iraq, that's about 70,000 troops, would gradually be moved out of the country, with a goal of removing most of them by early 2008. That's not a total pullout. Tens of thousands of US troops would remain to train and support Iraqi troops. It's also not an unconditional pullout. Sources familiar with the report says military commanders should be given flexibility to determine the exact timing of withdrawal." Commission member Alan Simpson "would not discuss details. But he told ABC News the report will not please everyone. It won't please Republicans like John McCain, who have called for more troops in Iraq. And it won't please those who have demanded a clear timetable." Sen. Carl Levin: "It would be much better if they had a clear beginning date. It would be much better, in my book, if some of the things they are allegedly leaving vague would be much more specific."

The Los Angeles Times (12/1, Richter) says "the report envisions that the US force of about 140,000 troops could shrink substantially over the next several years as it shifts from a combat role to an advisory and logistical role, the sources said, speaking on condition of anonymity because the report has not formally released." The Times adds, "Analysts said the report could be particularly important in emboldening more elected Republican officials to call for a

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pullback, putting pressure on a president who must pay attention to his own party. The report's drawdown blueprint, though vague, seemed to suit the political needs of Republican candidates, who want to put Iraq behind them before the 2008 elections, analysts said."

The Washington Post (12/1, A1, Baker, Ricks) notes "the call to pull out combat brigades by early 2008 would be more a conditional goal than a firm timetable, predicated on the assumption that circumstances on the ground would permit it, according to the sources." The Post also reports, "The choice of early 2008 as a goal could also, intentionally or not, change the nature of the debate over the war at the height of the US presidential primary season. If the commission's plan is successful, the war might recede as an issue, as many strategists in both parties hope. But if US commanders do not meet that goal, or if they do but violence only escalates, it may inflame the struggles for both parties' nominations."

The AP (12/1, Baldor) reports "a former top US official consulted by the commission said he expected the recommended withdrawal would not be conditioned on the Iraqi government establishing benchmarks to improve security. Many remaining US forces would be lighter support and intelligence units, said the official, who spoke on condition of anonymity because the panel's deliberations were private."

USA Today (12/1, 11A, Brook, Kelley) reports "US troops pulled from Iraq as suggested by the Iraq Study Group could be based in friendly countries nearby to provide a quick reaction force in case serious violence erupts, military experts say." The remaining troops "would be stationed in Baghdad, along Iraq's borders and as trainers for the Iraqi military and police, said Michael Eisenstadt, a Middle East military expert who advised the panel but has not read the report."

The CBS Evening News (11/30, story 3, 2:40, Martin) reported, "A source close to the study group said its members feel the Iraqi government has been slow to enact badly needed reforms. The group's 50-page report establishes milestones the government must achieve, such as reconciling the warring factions and distributing its billions of dollars in oil revenue. If they don't carry this out, we will reduce military, economic, and political support, this source said. … The strategy has always been to build up Iraqi forces so they can take over the fighting. Now the Iraqi Study Group is saying do it or else."

NBC Nightly News (11/30, story 3, 3:05, Williams) showed Michael Beschloss, "NBC News Presidential historian," saying, "In most cases you would think that a President in this situation would accept recommendations from all sides to wind down this war in some way. But George W. Bush on a number of other occasions has proven he is oftentimes the exception to the rule." Mitchell: "But there is growing pressure from Congress, the allies and now the public for some kind of new strategy."

The Christian Science Monitor (12/1, Chaddock) reports, "After winning back control of the House and Senate largely on the basis of opposition to the war in Iraq, Democrats are ramping up to find a bipartisan way out of it. So far, the leading exit strategies on Capitol Hill -- more troops, fewer troops, partition of Iraq, and timetables for phased or immediate withdrawal -- are tied to individual sponsors. Disagreements cross party lines." But "leading Democrats now say that any exit strategy must be bipartisan. While eager to respect commitments to voters, Democrats don't want to own a war that many believe is already beyond winning -- or to be tagged with the consequences of a botched exit. That's why the recommendations of the bipartisan Iraq Study Group, to be released on Dec. 6, have taken such a high profile on Capitol Hill."

Sen. John Kerry said on CNN's The Situation Room (11/30, Blitzer), "I think that the Baker report is going to move in a very different direction, and I think it's going to change the debate in this country. We all want to get the job done, let's understand that. There's a difference of opinion about how you get the job done. Our own intelligence agencies are telling us that our presence of American troops in Iraq is creating more terrorism, creating more terrorists, delaying the willingness of the Iraqis to stand up for themselves. So I think we're going to have a very big debate in America."

Republican Sen. John Cornyn said on CNN's Your World Today (11/30, Holmes), "We're all talking about withdrawal; the question is whether that withdrawal will be based upon security considerations or based upon domestic politics here in the United States." The Iraq Study Group "is I think is going to perform a useful service by reassuring people that every possible choice has been explored without regard to ideology or partisan concerns and I think that is a useful exercise. But I don't think they're going to come up with a solution that's going to be easy because I don't think we have any easy answers to this very difficult situation." Cornyn made similar comments on Fox News (11/30, Hemmer), saying, "I think we all share the same goal and that is to bring our troops home as fast as possible. The only question is going to be whether it's based on security considerations or domestic politics here in the United States."

Sen.-elect Bob Corker, also a Republican, appeared on MSNBC's Hardball (11/30, Shuster). He said, "I think we have to be there until the people of Iraq can secure themselves. Until there is a government that's accountable, I think it would be, obviously, very destabilizing in the Middle East if that does not occur."

Panel To Call For Talks With Iran, Syria. The Wall Street Journal (12/1, A8, King, Jaffe) reports, "From the Baker-Hamilton panel on Iraq to British Prime Minister Tony Blair to top Democrats in Congress, calls are growing for

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President Bush to drop his opposition to engaging with Syria and Iran about the future of Iraq." But "behind all of the clamor for a regional approach lies several tough questions: Do Syria and Iran really want to deal with the U.S. on Iraq? What price would the two countries demand for lending a hand? And even if they did agree to help, would their assistance significantly help to tilt events for the better in Iraq, with which both share a border?" The Journal adds, "The answers on all counts don't appear promising. Iran and Syria are both longtime foes of the US and could demand a high price for their cooperation. As a result, enlisting their help could require the administration to sacrifice other goals for uncertain gains in stabilizing Iraq."

Charles Krauthammer, in a column for the Washington Post (12/1, A29), writes that "to suggest that Iran and Syria share our interests in stability is the height of fantasy. In fact, Iran and Syria have an overriding interest in chaos in Iraq -- which is precisely why they each have been abetting the insurgency and fanning civil war. Perhaps in some long-term future they will want a stable Iraq as a tame client state of the Syria-Iran axis. For now they want chaos. What in God's name will a negotiation with them yield?"

Democrats Not Expected To Try To Cut Iraq Spending Bill. The AP (12/1, Taylor) reports, "The Bush administration is hammering out its largest-ever appeal for more Iraq war funds -- a record $100 billion, at least, and that figure reflects cuts from wish lists originally circulating around the Pentagon. The measure will give Democrats, who take control of Congress next year, an early chance to try changing the conduct of the war. But they are limited and do not want to be cast as unsympathetic to US troops. 'We're not going to do anything to limit funding or cut off funds,' says Senate Democratic leader Harry Reid, D-Nev." The AP adds, "In addition to the money already approved, the cost of the total military spending for Iraq and Afghanistan could come close to $200 billion in 2007. About $120 billion was spent in the 2006 budget year, according to the Congressional Budget Office. Despite widespread discontent over the Iraq war and President Bush's handling of it, Democrats are expected to grant the vast majority of the request. … There is much sentiment among Democrats to protect troops and fear about being portrayed as unsympathetic to men and women in uniform."

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Gonzales Talks About Iraq, Regrets, Meth Awareness. CNN's The Situation Room (11/30, 5:00 p.m.) Wolf interviewed Gonzales. Wolf asked "if the justice department will now launch an investigation over who leaked it." Gonzales: "Oh, I Don't know, Wolf. With respect to any kind of possible leak of classified information, we have a typical process. Normally, the offended agency would submit a request to the department. We would send back a list of questions for them to answer, based upon the responses to those questions, we would make a determination as to whether or not a leak investigation would be warranted. And so we have a process that we normally follow in these kinds of cases, and I suspect that would be the process that will be followed in this case." On methamphetamine, "It has been an issue in the past on the counterparts. We've had numerous discussions with the Mexican officials about the implementation of meth through the southern border. You also have to remember there's a reason why that's happened. Because we have a huge command problem in this country. There are thing has we need to do as well within the United States states of America. Clearly, if this arises tomorrow, I'll talk about the specific issue. And we'll go forward with the dialogue, particularly with the Mexican attorney general with this." On Brandon Mayfield, the attorney out in the pacific northwest who just got two million dollars from the federal government because of the false charges that were leveled against him a couple years back, Gonzales said, "Listen, there was a mistake made. There was a mistake made in reading of fingerprints and we're accountable for the successes. We're also accountable for the mistakes. The mistake here was made by the department justice, we acknowledge that, that's why the settlement has been reached." On decisions "deeply regretted," he said, "Obviously, I'm not going to say that I am perfect. And that I've been perfect in doing my job. Obviously, I've made some recommendations to my client. Some of those recommendations have not been supported in the courts. In hindsight, you sometimes wonder, whether perhaps the recommendation should have been something different. But I do the very best I can as a lawyer. Evaluating the law. Looking at the precedent. Looking at the words of the statute. Words of the constitution, in making that in good-faith to the President of the United States. That's all that I can do. And that's what I'll continue to do as attorney general of the United States."

CORPORATE SCANDALS:

Thompson Says Tactics In Memo Were Intended For Limited Use. The AP (12/1, Jordan) reports, "A former top Justice Department official who wrote the government's policy to crack down on corporate lawbreaking said Thursday that prosecutors appear to have overreached when targeting some businesses." The AP continues, "Former Deputy Attorney General Larry Thompson defended the policy's overall goal, which was crafted in the aftermath of widespread fraud and illegal scheming at

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corporate giants such as Enron and WorldCom. But prosecutors now may be too aggressive when pressuring businesses to cooperate with investigations of wrongdoing by company executives or employees, he said." The AP adds, "The legal tactics outlined in the 'Thompson Memo' in 2003 were intended for very limited use, Thompson said. … 'There seems to be a sort of a disconnect,' Thompson told an audience at the Heritage Foundation, a conservative think tank in Washington. … He said his former Justice Department colleagues claim they rarely pressure businesses to disclose confidential attorney-client information in exchange for more lenient prosecutions, but defense lawyers say such demands happen in many cases." The AP notes, "The Justice Department is discussing whether to roll back some of the harsher guidelines in the Thompson Memo, which suggests that companies failing to cooperate with prosecutors will be more readily indicted - a death knell in an ethics-sensitive business era. Those changes could come as early as next week. … 'We may be entering an era where the department should consider perhaps making appropriate revisions to the memo,' said Thompson, now general counsel at PepsiCo."

The New York Times (12/1, Browning) reports that Thompson "said yesterday that prosecutors should only rarely use one of the guidelines: asking companies to disclose legal communications." The Times reports, "Department lawyers can have a revised document ready for signing by Deputy Attorney General Paul J. McNulty as early as next week, according to people who have been briefed on the issue. The revised guidelines may require prosecutors to obtain approval from the highest levels of the Justice Department before disclosures are requested. … A department spokesman, Brian Roehrkasse, said yesterday that 'no decisions have been made to amend our current guidance.'" The Times notes, "Senator Arlen Specter, Republican of Pennsylvania, the departing chairman of the Senate Judiciary Committee, threatened yesterday to introduce legislation next week if the Justice Department did not amend the guidelines by then. Mr. Specter is demanding that the department eliminate the guideline on the disclosure of communications, but it is unclear if Mr. McNulty will agree to that."

Federal Indictments May Depend On Firms' Reactions To Options Probes. The AP (12/1, Tong) reports, "The federal prosecutor overseeing Silicon Valley said Thursday the way a company responds to stock option backdating allegations is crucial to whether or not it will be indicted." The AP continues, "Kevin Ryan, the U.S. attorney for the Northern District of California, in July created a task force to pursue criminal charges related to stock option backdating. The group includes investigators from the U.S. attorney's office, the Internal Revenue Service and the Federal Bureau of Investigation. … 'How a corporation chooses to react is crucial to whether the corporation is indicted or not,' Ryan told a securities litigation conference sponsored by the International Quality & Productivity Center on Thursday." The aP adds, "The Securities and Exchange Commission and U.S. Department of Justice are pursuing civil investigations related to backdating of stock options. Ryan's task force is focused on seeking targets for potential criminal charges in Silicon Valley, where many companies used stock options to compensate employees in the 1990s. … He said prosecutors would 'look at whether the corporation has impeded the investigation while purporting to cooperate.' Ryan said his office would use as a guiding principle the Thompson memo, which directs prosecutors to look at the authenticity of a company's effort to cooperate with an investigation. The memo was written by former Deputy Attorney General Larry Thompson."

Judge Bars Ousted UnitedHealthGroup CEO From Exercising Stock Options. The Wall Street Journal (12/1, B7, Fuhrmans, Lublin) reports, "In an unusual move, a federal judge has temporarily barred ousted UnitedHealth Group Inc. Chief Executive William McGuire from exercising stock options or receiving any retirement pay or other exit benefits while an external, board-appointed committee establishes whether the health insurer has claims against him." The Journal continues, "The order, which backs a joint motion by attorneys for several shareholder lawsuits and Dr. McGuire himself, puts on hold any agreement between UnitedHealth and its longtime chief executive over the terms of his departure until those legal questions have been answered. Dr. McGuire agreed to resign in October after an internal report concluded millions of stock options were likely backdated on his watch. He left the company yesterday with negotiations over his retirement package still unresolved." The Journal adds, "The injunction is unusual in the annals of executive pay. U.S. District Judge James Rosenbaum of Minnesota handed it down late Wednesday partly at the request of attorneys representing a group of shareholder plaintiffs who have filed lawsuits against UnitedHealth. The complaints argue that the option backdating lined the pockets of Dr. McGuire and other top executives at the expense of the company. … Several compensation and governance experts say they believe the ruling may encourage aggrieved shareholders elsewhere to try to block unjustified exit packages before directors dole them out."

Finisar Stocks Sink Following Announcement Of Options Probe. The AP (12/1) reports, "Shares of network components maker Finisar Corp. sank Thursday in after-hours trading the company said it launched a voluntary investigation into its historical stock option grants and that

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restatements will likely follow." The AP continues, "The company's stock plunged 20 cents, or 5.2 percent, to $3.63 in after-market trading on the INET electronic exchange, after adding 8 cents to close at $3.83 on the Nasdaq. The shares have ranged between $1.73 and $5.49 over the past year. … Finisar joins a list of at least 187 companies that have disclosed Securities and Exchange Commission, Justice Department or internal probes into possible stock options backdating, according to an AP review." The AP adds, "The company said it reviewed grants made since its initial public offering in 1999 and concluded that it is likely that measurement dates for certain stock option grants differed from the recorded grant dates, and that it will probably need to restate past historical statements to correct the accounting. The company said it does not yet know the financial impact of the restatements, and that the investigation is ongoing. … Finisar also said it will delay filing full fiscal second-quarter results until the probe is complete."

Bankruptcy Judge Approves Delphi's Settlement With SEC. The AP (12/1, Fowler) reports, "A federal bankruptcy judge on Thursday approved the settlement of accounting fraud charges against Delphi Corp. and six people, including the auto-parts supplier's former chief financial officer." The AP continues, "Judge Robert Drain of the Southern District of New York called the settlement with the Securities and Exchange Commission 'fair and equitable' and said it was in Delphi's best interest." The AP adds, "The SEC, in a filing in federal court in Detroit, had charged former Delphi Chief Executive J.T. Battenberg and others with participating in or aiding and abetting the company's fraud. It said on Oct. 30 that it had reached a settlement with Delphi and the six people. … Delphi, the nation's largest auto-parts supplier, filed for bankruptcy protection in October 2005. Resolving the SEC probe could help it move closer to emerging from bankruptcy next year." The AP notes, "Under the settlement, the Troy, Mich.-based company will not face penalties because of its cooperation with investigators. Delphi settled the charges 'without admitting or denying the Commission's allegations,' the SEC said at the time. … Under the settlement, former Chief Financial Officer Alan Dawes agreed to pay $687,000 in fines and restitution, and five others agreed to pay penalties." The AP notes, "The SEC investigation found that Delphi manipulated its earnings from 2000 to 2004, using several illegal schemes to boost its earnings, including the concealment of a $237 million transaction in 2000 with its former parent company, General Motors Corp., involving warranty costs. … The Justice Department has also been conducting a criminal investigation of the company related to the accounting practices."

State Officials Critical Of Panel's Call For Eased Corporate Regulations. The Wall Street Journal (12/1, C3, Solomon, Scannell) reports, "A blue-ribbon report calling for relaxation of some financial regulation and less-aggressive civil and criminal investigations drew a rebuke from state prosecutors, who called some of the recommendations 'absurd.' At the same time, business groups and former regulators urged the Securities and Exchange Commission and Congress to move forward with several of the suggestions, saying existing rules and laws are handicapping US financial markets. The report, details of which were previously reported, was released publicly yesterday." The criticisms "suggest that the attempt to trim rules adopted in the wake of recent corporate scandals such as at Enron Corp. and WorldCom Inc. will prompt a politically charged debate and slow possible action." The Committee on Capital Markets Regulation "was financed with about $500,000 from the Starr Foundation, a wealthy nonprofit chaired by Maurice R. 'Hank' Greenberg, former chairman of American International Group Inc. Mr. Greenberg resigned from AIG amid a state and federal investigation into improper accounting at the insurance giant. Lawyers for Mr. Greenberg have denied that he did anything wrong." The Washington Post (12/1, D1, Connolly) runs a similar report.

CRIMINAL LAW:

Philadelphia Mayor's Brother Pleads Not Guilty To Corruption Charges. The Philadelphia Inquirer (12/1, Shiffman, 385K) reports, "Mayor Street's unpredictable brother somberly entered the U.S. Courthouse yesterday and pleaded not guilty to tax and corruption charges. T. Milton Street Sr., who defended himself in extensive and emphatic media interviews after Tuesday's indictment, took a different approach yesterday. He declined to answer reporters' questions, as did his attorney, Jeanne K. Damirgian." The Inquirer adds, "During the brief arraignment, U.S. Magistrate Judge Louis Felipe Restrepo set routine bail conditions for Street, 67, of Moorestown. While awaiting trial, Street may not travel beyond eastern Pennsylvania, New Jersey, Delaware and Maryland. Restrepo told Street that he would not have to post bail, but that if he fled, he would have to forfeit $25,000. Afterward, Street was fingerprinted and photographed by FBI agents and U.S. marshals."

The Philadelphia Daily News (12/1, Hinkelman, 106K) also notes that Street "wasn't yukking it up with the news media yesterday as he did the day before when he spoke with reporters." The Daily News adds that former Philadelphia Airport Services employees Matthias A. Schwabe and John H. Velardi Sr. "also were charged in the case. Schwabe's lawyer, Harvey A. Sernovitz, said Schwabe

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intends to plead guilty to fraud and tax charges and cooperate with prosecutors if asked. Velardi pleaded not guilty to fraud charges yesterday. He also was released under conditions similar to Street's." The AP (12/1, Matheson) reports, "Prosecutors said that soon after his brother took office in 2000, Street began hiring himself out as a high-priced consultant to companies that wanted to do business with the city. One firm paid Street, who is a longtime hot dog vendor, a $30,000-a.m.onth consulting fee and required him to do no work, authorities said."

DOJ Probes Smartmatic For Alleged Venezuelan Bribery. The Wall Street Journal (12/1, A9, Davis, Simpson) reports, "Federal investigators are looking into whether Smartmatic Corp., a voting-machine company whose equipment is used widely in the U.S. and abroad, paid bribes to win a Venezuela election contract in 2004." The Journal continues, "Smartmatic's actions already are under a separate investigation by the Committee on Foreign Investment in the U.S., which reviews foreign acquisitions to see if they pose national-security concerns. In 2005, Smartmatic, which is owned by Venezuelan investors who split their time between Caracas and Boca Raton, Fla., purchased a U.S. voting-machine company, Sequoia Voting Systems Inc. Cfius is looking at whether that acquisition should be reversed on national-security grounds." The Journal adds, "At the same time, the Justice Department has been conducting a probe of Smartmatic for possible violations of the Foreign Corrupt Practices Act and recently started looking at possible tax evasion as well, said two individuals familiar with the case. The Justice Department has informed Cfius representatives from U.S. agencies about their inquiry, these people said. … Jeffrey Bialos, an attorney for Smartmatic, said yesterday the Justice Department told the company it was looking into its actions, but that Smartmatic wasn't a target of an investigation. Smartmatic employees haven't been subpoenaed in the inquiry, Mr. Bialos added. That suggests that the probe is at an early stage. … Smartmatic has drawn attention because of concerns that the government of Venezuelan President Hugo Chávez, an opponent of U.S. policies, has a stake in the company. That is a focus of the Cfius review. In 2004, Smartmatic's machines were used in an election to recall President Chávez, which Mr. Chávez won handily -- and which members of the Venezuelan opposition say was riddled with fraud. Smartmatic machines will be used Sunday in Venezuela's presidential election. … Essentially, the Justice Department is looking into whether Smartmatic got its start in Venezuela by bribing officials and then improperly avoiding its tax liability in the U.S. The company says it paid $1.5 million to a Venezuelan consultant who is close to the Chávez government and helped to win Smartmatic business."

US Prison Population Sets New Record. The Washington Post/AP (12/1, A3) reports, "A record 7 million people -- one in every 32 U.S. adults -- were behind bars, on probation or on parole by the end of last year," a Justice Department report released yesterday shows. Of the 7 million, "2.2 million were in prison or jail, an increase of 2.7 percent over the previous year." Men "still far outnumber women in prisons and jails," but the female population "is growing faster," increasing by 2.6 percent more. The study found that "racial disparities among prisoners persist," and there were "significant changes in some states' prison populations." For example, in South Dakota, the number of inmates "increased 11 percent over the past year, more than in any other state." Montana and Kentucky "were next, with increases of 10.4 and 7.9 percent, respectively." Georgia had the largest decrease, "losing 4.6 percent of its prison population," followed by Maryland and Louisiana.

Federal Prosecutors Face Challenge In AIPAC Case. United Press International (12/1, Waterman) reports, "The government has been set a high bar for conviction in the AIPAC secrets case -- prosecutors must show the two lobbyists charged under espionage laws knew that the disclosure of the material they allegedly passed to reporters and Israeli officials would hurt the United States." UPI continues, "The defendants, Steven Rosen and Keith Weissman, lobbyists for the American-Israel Public Affairs Committee, or AIPAC, are charged with conspiring with Department of Defense intelligence analyst Larry Franklin to leak U.S. secrets in an apparent effort to influence U.S. policy towards Iran. … In a transcript of a recent pre-trial hearing, made available Tuesday, the judge in the case made it clear that prosecutors must prove intention, or…'mens rea' …for every element of the conspiracy. … 'The Court imposed the requirement that the government prove that the defendant knew the information ... would harm the United States,' Judge Thomas Ellis told the Nov. 16 hearing, though prosecutors had asked that this requirement be lifted." UPI adds, "That is important, explains government transparency advocate Steven Aftergood of the Federation of American Scientists, because it means the defendants, if found guilty, will have been proved to have 'the intention of hurting the United States.' … 'That distinguishes the activities with which they are charged from the routine activities of reporters and advocates,' Aftergood told United Press International, 'who may made trade in classified information,' but don't so with the intention of harming U.S. security. … He called the bar set by the ruling 'a considerable, possibly insurmountable obstacle' to the government. … In a statement announcing the indictment, prosecutors alleged that since at least April 1999, Rosen and Weissman had 'use[d] their contacts within the U.S. government ... to gather sensitive U.S. government

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information, including classified information ... for subsequent unlawful communication, delivery, and transmission to persons not entitled to receive it.' .. .The case has raised the hackles of civil liberties advocates who charge that zealous prosecutors are abusing an over-broad statute designed to punish spies to criminalize the everyday behavior of reporters, lobbyists, and researchers, all of whom occasionally trade in secrets, the stock-in-trade of Washington's back-room policy process."

DOJ Pursuit Of Child Model Photographer Raises Concerns. CNET News (12/1, McCullagh) reports, "Jeff Pierson is a photographer whose action shots of hopped-up American autos laying waste to the asphalt at Alabama dragways have appeared in racing magazines and commercial advertisements. … Pierson's Web site boasted he has the 'most wonderful wife in the world and two fantastic daughters.' And until recently, he ran a business called Beautiful Super Models that charged $175 for portraits of aspiring models under 18." CNET continues, "In a federal indictment announced this week, the U.S. Department of Justice accused Pierson, 43, of being a child pornographer--even though even prosecutors acknowledge there's no evidence he has ever taken a single photograph of an unclothed minor. … Rather, they argue, his models struck poses that were illegally provocative. 'The images charged are not legitimate child modeling, but rather lascivious poses one would expect to see in an adult magazine,' Alice Martin, U.S. attorney for the northern district of Alabama, said in a statement." CNET adds, "Pierson's child pornography indictment arises out of an FBI and U.S. Postal Inspection Service investigation of so-called child modeling sites, which have been the subject of a series of critical congressional hearings and news reports in the last few years. An August article in The New York Times, for instance, called the modeling Web sites 'the latest trend in child exploitation.' … In addition to Pierson, the U.S. attorney also announced indictments against Marc Greenberg, 42, Jeffrey Libman, 39, partners in a Fort Lauderdale, Fla., business called Webe Web, which in turn ran the now-defunct ChildSuperModels.com site. It was one of the larger sites that featured photographs of child models, allegedly from Pierson, and became the target of a report on Florida's NBC6 affiliate suggesting that it was a magnet for pedophiles. … First Amendment scholars interviewed Wednesday raised questions about the Justice Department's attack on Internet child modeling. They warned that any legal precedent might endanger the mainstream use of child models in advertising and suggested that prosecutors' budgets might be better spent investigating actual cases of child molestation."

8th Circuit Reinstates Attorney's Sentence In Sex Sting. The AP (12/1) reports from Kansas City, MO, "-A lawyer convicted in an Internet sex sting was sentenced to five years in prison, capping a legal battle that challenged a common tool police use to catch sexual predators online." The AP continues, "Moments after a federal jury convicted Jan P. Helder Jr. in August 2005, the judge set aside the verdict and ordered him acquitted. … U.S. District Judge Dean Whipple said Helder could not be guilty because the person he communicated with online was actually an undercover detective in Platte County, Missouri, not a 14-year-old girl as he had believed." The AP adds, "Defense attorneys in similar cases around the country had raised the same argument as such stings became a common tool for trapping Internet sexual predators. Whipple's ruling was believed to be the first in which the argument succeeded. … The 8th U.S. Circuit Court of Appeals in St. Louis on Wednesday reinstated the jury's verdict against Helder and sent the case back to Whipple for sentencing. The appeals court said the critical issue was that Helder thought he was seducing a minor, not whether the minor truly existed."

Former CIS Supervisor Pleads Guilty To Taking Bribes. The Washington Post (12/1, A16, Markon) reports Robert T. Schofield, a former supervisor for US Citizenship and Immigration Services, "pleaded guilty yesterday to pocketing more than $600,000 in bribes in exchange for falsifying immigration documents to help Asian immigrants obtain US citizenship." Court documents said that Schofield, operating out of his Fairfax County office, "employed a network of brokers who brought him immigrants needing citizenship, a green card or entry into the United States. … Over the past decade, federal officials investigated numerous bribery allegations involving Schofield and Asian immigration applicants when he worked at the former Immigration and Naturalization Service, according to court documents unsealed when Schofield was charged in June."

The Washington Times (12/1, Seper) reports US Attorney Chuck Rosenberg "said an immigration officer at USCIS provided Homeland Security's Office of Inspector General with a list of aliens who received from Schofield naturalization certificates to which they were not entitled. He said the officer reported numerous aliens appearing at naturalization ceremonies asking for or carrying paperwork with Schofield's name."

The AP (11/30, Barakat) reported Schofield "faces as many as 25 years in prison when he is sentenced in February. Prosecutors said they will seek the maximum sentence."

Two Memphis City Councilmen Charged With Taking Bribes. In a widely-distributed story, the AP (12/1,

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Baird) reports, "Two city councilmen, including the uncle of U.S. Rep. Harold Ford Jr., were charged Thursday with taking thousands of dollars of bribes in exchange for their votes to allow new billboards in the city. Memphis council members Edmund Ford and Rickey Peete face federal charges that they took nearly $7,000 and $12,000, respectively, from an informant" who allegedly paid them "in exchange for their votes on a real estate proposal and the repeal of a moratorium on putting up billboards in the city, the FBI said. The informant…made audio and video recordings of cash payments to the men, the charges said." The AP notes, "The charges are unrelated to the 2005 public corruption sting that ensnared five former and current Tennessee lawmakers, including Edmund Ford's brother, state Sen. John Ford."

The Commercial Appeal (11/30) reported Memphis City Council members Edmund Ford and Rickey Peete "were arrested …on federal bribery charges in connection with a public corruption investigation dubbed 'Main Street Sweeper.'" Businessman Joe Cooper "was charged with money laundering in a separate investigation called 'Clean Sweep.'" Cooper's money laundering charges "are based on his receipt of $3,500 in cash and a money order as partial payment toward the purchases of automobiles by drug dealers. The indictment said the charges arose from a long-running narcotics investigation that has already resulted in indictments charging 26 defendants." The Commercial Appeal notes the DEA's involvement in the investigation.

In a separate story, the Commercial Appeal (12/1) reports, "In a criminal complaint released Thursday, DEA Task Force Officer Kevin Helms said Cooper used Cadillacs to help alleged drug dealer Korreco Green launder illegal proceeds. Cooper registered a $37,875 Cadillac Escalade under a friend's name, then allowed Green to use the car after he made a $7,500 cash down payment and agreed to make monthly payments of $1,300."

Judge Overturns Sailor's Conviction In 1997 Virginia Rape-Murder. The Washington Post (12/1, B3, Jackman) reports, "A Norfolk judge has ruled that a sailor convicted in a 1997 rape and murder should be retried or released because his attorney did not attempt to have the sailor's confession thrown out." The Post continues, "Derek E. Tice, 36, is one of the convicted 'Norfolk 4' sailors, who have launched a campaign to establish their innocence in the attack on Navy wife Michelle Moore-Bosko. Three of the four -- Tice, Danial Williams, 34, and Joseph Dick, 30 -- received life sentences for murder. Williams and Dick pleaded guilty. A fourth sailor, Eric Wilson, 29, was acquitted of murder but convicted of rape, served eight years, and has been released." The Post adds, "At one point, Norfolk authorities charged seven sailors in Moore-Bosko's rape and death, which occurred July 8, 1997, while her husband was at sea. But the defendants' DNA did not match DNA from the scene; their statements contained inaccuracies; and the Norfolk apartment yielded no evidence of a gang rape. … Then, an eighth man, Omar Ballard, confessed and said he had acted alone. And his DNA did match. Prosecutors dismissed charges against three of the sailors and went to trial against Tice and Wilson." The Post notes, "Last year, lawyers agreed to take on the cases of Tice, Williams and Dick at the request of the Innocence Project, which works on behalf of inmates the group believes were wrongly convicted. The group filed clemency petitions with the governor late last year, contending in part that the men were coerced into falsely confessing. The petitions are pending. .. But Deborah L. Boardman, a Washington attorney for Tice, also filed a civil habeas corpus suit alleging that Tice was being illegally imprisoned. In particular, she asked how Norfolk homicide detectives obtained Tice's incriminating statement and whether Tice's attorney did enough to suppress it. Such suits rarely succeed."

WPost Says Kaine Should Free Norfolk 4. The Washington Post (12/1, A28) says in an editorial, "This week, a judge in Norfolk threw out the conviction of Derek E. Tice, who is serving a life term in Virginia for rape and murder. The decision by Judge Everett A. Martin Jr. should move Gov. Timothy M. Kaine (D) to examine one of the most disturbing potential miscarriages of justice the commonwealth has seen in a long time." Tice is "one of four Navy sailors prosecuted for the 1997 rape and murder of a Navy wife, Michelle Moore-Bosko. All four confessed but now say their confessions were coerced with aggressive interrogation and threats of the death penalty. All have asked Mr. Kaine to free them, and they have made what seems a powerful case for their innocence. Yet for technical reasons, Mr. Tice is the only one who still has recourse to the courts -- which have now declared his conviction unconstitutional. Mr. Kaine is the only possible source of justice for the others." The "case of the 'Norfolk 4' puts the governor in a difficult position," but "aside from the confessions, no evidence implicated anyone except a man named Omar Ballard, whose DNA was found at the scene."

Court Allows Ryan To Remain Free Pending Appeal. The AP (11/30, Robinson) reported, "In a stunning decision, a federal appeals court has ruled that former Gov. George Ryan does not have to start his 61/2-year prison sentence as scheduled and may remain free on bond pending appeal. But the appeals court said in its ruling Tuesday that if it upholds the racketeering and fraud conviction handed down by a federal court jury last April, the 72-year-old Ryan must go immediately to prison. The appeals court's decision represented a setback for federal prosecutors who had argued that Ryan should start serving

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his sentence Jan. 4, as ordered by U.S. District Judge Rebecca Pallmeyer." The AP noted, "A spokesman for the U.S. attorney's office, Randall Samborn, said Wednesday that the government would have no comment on the U.S. 7th Circuit Court of Appeals decision. Reporters did not realize the ruling had been issued Tuesday until Wednesday morning."

The Chicago Tribune (11/30, Bush, O'Connor, Long, 617K) reported that the ruling provided Ryan with "a measure of hope that he ultimately may be vindicated. … 'It's a Christmas blessing,' former First Lady Lura Lynn Ryan said from the doorway of the family's Kankakee home. But several jurors who convicted Ryan in April considered the news a slap in the face. 'If you wanted me to speak of my emotions, you couldn't print it,' said James Cwick, 23, of Glen Ellyn." The Tribune added, "The news wasn't all good for Ryan Wednesday. In Springfield, the seven-member General Assembly Retirement System voted unanimously to permanently cancel Ryan's $197,000-a-year pension because of his conviction."

Nevada Attorney General Asks FBI To Take Over Land Development Probe. KLAS-TV Las Vegas (11/30, Ralston) reported on its Web site from a story broadcast yesterday, "A day after the I-Team's George Knapp interviewed land developer Billy Walters, the FBI is now involved in the case." Attorney General George Chanos "met Thursday morning with FBI agents and asked them to take over the investigation of Walters' dealings with the city of Las Vegas. This is the latest round in what's becoming an increasingly nasty fight between A.G. George Chanos and Billy Walters. It all stems back to a proposal to turn Royal Links Golf Club into a housing development. Chanos is asking the FBI to take over because he believes Walters has made him a potential witness in the case. He denies any wrongdoing." KLAS noted, "The FBI will have to look into the case before deciding whether to investigate."

The AP (12/1, Riley) adds, "Chanos said that in his meeting with Steve Martinez, special agent in charge of the FBI's Las Vegas office, he also asked for a review of Walters' allegations that Chanos may have been involved in a deal with developer Brett Torino to get the same land. 'I told Mr. Martinez that I would be happy to take a polygraph, and testify under oath before a grand jury that what Walters said about me is absolutely false,' Chanos said."

FBI Arrests NYC Chiropractors On Health Care Fraud Charges. The AP (12/1, Neumeister) reports, "Two Wall Street chiropractors were arrested Thursday on charges that they defrauded health care programs for the last six years by charging for services that were never provided. Christopher Green, of Wantagh, and Michael Horowitz, of Marlboro, N.J., even submitted forms to insurance companies for services they claimed to have provided when they were out of town, according to a complaint in U.S. District Court in Manhattan signed by FBI Special Agent Shawn R. Mullen. The probe into Green, 39, and Horowitz, 38, began after an FBI representative was told at a summer 2005 meeting of the National Health Care Antifraud Association that Green had billed Oxford Health Plans about $172,000 for treating Horowitz and Horowitz's wife, Mullen said." The AP notes, "The men were charged with fraud and mail fraud. Each was released on $150,000 bail after an initial court appearance Thursday."

The New York Daily News (12/1, Zambito, 729K) reports, "The feds say Green submitted claims for an undercover FBI agent on two days the agent hadn't even visited his offices at 80 Wall St. The partners were accused of using the identical diagnosis for different patients and suggesting one treatment that would have caused debilitating injuries had it been tried. Agents said the doctors recommended that a patient with a metal rod implanted in the spine receive electric stimulation. Experts consulted by the FBI said such a procedure was a bad idea."

NYC Priest Pleads Guilty To Child Porn Charges. Newsday (12/1, Gonzales) reports, "A Catholic priest based in Roosevelt pleaded guilty Thursday to possession of child pornography and acknowledged grappling with sexually compulsive behavior years before his arrest. Thomas G. Saloy admitted in a steady voice to Judge Joseph F. Bianco that he kept at least three sexually explicit images of minors in his rectory computer. The felony plea could cost Saloy, 45, up to 10 years in prison or a psychological treatment facility." Newsday notes, "'After the FBI investigation began, I took an overdose of pills and slit my wrists,' the slightly built cleric said, looking straight at the judge who asked him several questions about his mental state in preparation for sentencing on March 23."

The AP (12/1) reports, "FBI agents seized computer equipment near Milwaukee last year and found an e-mail from Saloy depicting sexually explicit images of boys. That prompted authorities to open an investigation into Saloy, who was assigned to a church in West Babylon at the time. In September and October of this year, authorities said, Saloy contacted an undercover detective who was posing as a 16-year-old boy in an AOL chat room. … On Nov. 6, the FBI and the Suffolk County Police Department raided Saloy's rectory residence and confiscated his computer, which contained images and videos of children engaged in sexually explicit conduct."

Florida Man Pleads Guilty To Stealing Roosevelt Pistol. The AP (12/1, Hazell) reports, "A man

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who stole the gun Theodore Roosevelt used in the Spanish-American War's most famous battle has pleaded guilty to violating a law designed to protect cherished U.S. antiquities, prosecutors said. 'Today's guilty plea effectively ends a 16-year-old mystery, and a treasured piece of American history has been returned to the public,' U.S. Attorney Roslynn Mauskopf said Thursday in a statement." The AP notes, "The gun, which was valued at up to $500,000, was stolen in April 1990 from the Sagamore Hill National Historical Site," and "the FBI recovered the gun this year. … Anthony Joseph Tulino, a postal worker from DeLand, Fla., who was living in New York, pleaded guilty to a violation of the American Antiquities Act of 1906," and he "faces up to 90 days in jail and a $500 fine." The New York Times (12/1, Lee, 1.16M) also briefly reports on the plea, noting that the pistol "was recovered this year by the F.B.I."

Milwaukee Shows Spike In Violent Crime. The Milwaukee Journal Sentinel (12/1, Diedrich) reports, "Milwaukee is among the leaders in a spike in violent crime being reported this year in numerous cities across the country, according to figures presented at a conference here this week." The Sentinel continues, "In the first six months of 2006, robberies were up 36% and aggravated assaults were up 31.6% compared with the same period in 2005, according to a survey published by the Police Executive Research Forum. Of the 55 U.S. police departments in the survey, only Minneapolis had a higher combined increase in those categories. … Certain cities, especially the largest, have not had a similar rise in violence, prompting some experts to caution that more data is needed before concluding that the nation as a whole is seeing a new wave of crime." The Sentinel adds, "Others, however, are convinced that crime is on an upward trend. … 'I think there is something important going on out there,' David Kennedy, director of the Center for Crime Prevention and Control at the John Jay College of Criminal Justice, which hosted the conference, said Thursday. 'My bones tell me that something is changing.' … Several police chiefs have concluded that the jump in violent crime is not a blip but the start of a troubling trend that must be tackled, said Dean Esserman, chief in Providence, R.I. … Violent crime nationally in 2005 showed the largest single-year increase in 14 years, and many cities report that the trend is continuing this year." The Sentinel notes, "Esserman noted that chiefs and mayors from 50 cities attended a conference in August, and most reported violent crime is on the rise. At the time, Los Angeles Chief William Bratton called it a 'gathering storm,' though it has not hit his city yet. … In Milwaukee, police reported a leap in violent crime in 2005 compared with the previous year. Officials acknowledge an increase but cautioned that their 2004 figures might have been faulty because of computer problems. But whatever the increase in 2005, the key categories of robbery and aggravated assault are up significantly this year. … So far, homicides in Milwaukee are down - almost 16% compared with this time last year, with 97 killings to date and 115 at this time in 2005. But officials say non-fatal shootings are rising. Froedtert Hospital in Wauwatosa expects to treat 34% more gunshot victims this year than last, and Children's Hospital of Wisconsin is up 38%."

CIVIL LAW:

DOJ Fights Group's Access To White House Documents On Morning-After Pill. The AP (12/1) reports, "A reproductive rights group is on a 'fishing expedition' and should be denied access to White House e-mails and other documents it seek as part of a lawsuit promoting unfettered access to the morning-after pill, the Justice Department said Thursday." The AP continues, "The Center for Reproductive Rights subpoenaed the White House in mid-November as part of its lawsuit against the Food and Drug Administration. The group sued seeking to lift all age restrictions on nonprescription sales of the Plan B emergency contraceptive pills. It wants the White House documents to determine whether it interfered with the FDA's handling of a request by manufacturer Barr Pharmaceuticals Inc. to allow unrestricted, over-the-counter sales of the pills." The AP adds, "In a Thursday letter, Justice Department attorney John R. Tyler told the Center it hadn't demonstrated the adequate need required to gain access to White House documents. … 'Plaintiffs have not met this heightened standard, and the subpoena is a fishing expedition to probe the internal processes of the White House,' Tyler wrote. … The Center will continue to pursue the lawsuit and compel the White House to provide the documents it wants, spokeswoman Dionne Scott said." The AP notes, "The Center's lawsuit hit a snag Nov. 21 when a judge issued a stay that keeps the FDA from having to turn over further agency documents. Scott said the stay doesn't apply to the White House subpoena; Tyler said the stay, until lifted, made it 'inappropriate' for Center lawyers to pursue the subpoena."

Florida Hospital, Individuals Settle Health Fraud Charges With DOJ For $15.4 Million. The South Florida Business Journal (12/1) reports, "Larkin Community Hospital in Miami and its current and former owners have paid $15.4 million to settle federal and Florida civil health care fraud claims against them. … The Justice Department said the individuals involved are Dr. Jack Michel, Dr. James Desnick, Morris Esformes and Philip Esformes." The Journal continues, "Also involved in the settlement: 34 related companies owned by the Esformes used to operate nine assisted living facilities; Claudia Pace, an employee of one of the Esformes-owned companies; and Frank Palacios, a

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longtime employee of the hospital. … The settlement resolves the civil case United States v. Jack Jacobo Michel, M.D., et al., which the government filed in 2004, alleging violations of the False Claims Act. … The state of Florida joined the suit later that year. … 'The Department of Justice is committed to vigorously litigating cases about conduct that undermines the integrity of the Medicare and Medicaid programs,' said Peter D. Keisler, assistant attorney general for the department's civil division. 'We will not tolerate health care providers who pay kickbacks or perform medically unnecessary treatments on elderly beneficiaries in order to generate Medicare and Medicaid payments.'"

SCOTUS To Review Crucial False Claims Act Issue. The National Law Journal (12/1, Coyle) reports, "A 17-year-old whistleblower suit by a now 81-year-old former engineer at the Rocky Flats nuclear weapons plant has triggered U.S. Supreme Court review of a crucial issue under the fastest growing area of federal civil litigation today, the False Claims Act." The Journal continues, "In Rockwell International Corp. v. U.S. and ex rel. Stone, No. 05-1272, the justices on Dec. 5 will examine a critical restriction on who can bring so-called qui tam lawsuits under the act. … Was Principal Engineer James S. Stone 'an original source of the information' that served as the basis for a jury's finding that Rockwell, starting in 1987, violated the act by hiding from the government environmental, safety and health problems related to its processing of nuclear waste?" The Journal adds, "The high court's interpretation of a statute that Justice Samuel A. Alito Jr. as a lower court judge criticized as unclear will affect not only who qualifies as a qui tam 'relator' but also the ability of defendants, often large corporations, to dismiss early these complex and expensive suits. … The False Claims Act is becoming the principal tool by which the federal government combats fraud, said FCA practitioner Peter B. Hutt II, a partner at Miller & Chevalier, who filed an amicus brief supporting Rockwell on behalf of the Washington Legal Foundation. .. .The FCA provides for treble damages and penalties and a lesser burden of proof than criminal statutes that require proof beyond a reasonable doubt and do not necessarily allow the government to recover as much money, he explained."

4th Circuit Limits Reach Of State Anti-Spam Laws. The National Law Journal (12/1, Maclean) reports, "An Oklahoma-based anti-spam crusader who sued over repeated cruise vacation e-mail ads has put wind in the sails of spammers with the first federal appellate court ruling limiting the reach of state laws that restrict unwanted e-mail." The Journal continues, "The 4th U.S. Circuit Court of Appeals held that a 2003 federal law, known as the CAN-SPAM Act, pre-empts state laws that allow suits for false information in junk e-mails if the misrepresentation is 'immaterial.' … Spam is a 'serious and pervasive problem' but the federal law 'does not impose liability at the mere drop of a hat,' wrote Judge J. Harvie Wilkenson. 'Congress did not intend "falsity" to encompass bare error because such a reading would upset the Act's careful balance between preserving a potentially useful commercial tool and preventing its abuse,' he wrote." The Journal adds, "The decision is significant for companies that use mass e-mail to get their products in front of likely customers but face potentially costly legal judgments if they conceal the source of transmission or contain false information. … Most states have laws restricting mass junk e-mail, known as spam, and allow suits for damages for violations. The 4th Circuit held that the federal act partially pre-empts Oklahoma's laws allowing damages if e-mail misrepresents who transmits it, omits the point of origin or contains false information 'insofar as [state laws] applied to immaterial misrepresentations.' … The court has sent 'an important signal to commercial e-mailers: If they comply with the federal act then they have nothing to worry about from crusaders who pursue these lawsuits,' said James Hodges, a Reston, Va., solo practitioner who represented Omega World Travel Inc., which sent the cruise line ads."

CIVIL RIGHTS:

Schumer Asks Gonzales To Justify Decision Not To Probe Maryland GOP Election Fliers. The AP (12/1) reports, "Unhappy that the Justice Department denied his request to investigate campaign fliers handed out by Maryland Republicans on Election Day, New York Sen. Charles E. Schumer, fired-off a letter to Attorney General Alberto Gonzales asking him to justify the decision. … 'Unfortunately, the midterm elections held on Nov. 7, 2006, were tarnished by countless dirty trick and ugly tactics. The ploy used in Maryland stands out for its sheer cynicism and brazenness,' said Schumer, chairman of the Senate Democratic campaign committee, in a letter sent on Wednesday." The AP continues, "Schumer's letter refers to fliers distributed on Election Day by homeless people bused in from Philadelphia by campaign committees for Gov. Robert Ehrlich's re-election bid and Lt. Gov. Michael Steele's race for Senate. … Fliers handed out in Prince George's County gave the impression they were a Democratic sample ballot, but listed Ehrlich and Steele along with Democratic candidates for county and legislative offices. The fliers also made it appear that two prominent black Democrats - Prince George's County Executive Jack Johnson and former Rep. Kweisi Mfume - were supporting Ehrlich and Steele. Both supported Democratic candidates - Baltimore Mayor Martin O'Malley for governor and Rep. Ben Cardin for the Senate." The AP adds, "The Department of Justice notified Schumer in

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a Nov. 16 letter that it had looked into the complaint and concluded 'that there is an insufficient legal basis to initiate a formal investigation.'"

Kansas High Court Rejects Clinic's Request In Abortion Records Dispute. The AP (12/1) reports, "The Kansas Supreme Court refused Thursday to intervene on behalf of two abortion clinics who wanted it to investigate the state attorney general and a popular conservative talk show host over the host's statements that he had information from Kansas abortion records." The AP continues, "The clinics asked the court to seize records that Attorney General Phill Kline, an outspoken abortion opponent, obtained on 90 of the clinics' patients. Kline received edited versions of the records in October after arguing he wanted to review the records for evidence of possible crimes, including rape and illegal abortions." The AP adds, "The clinics wanted a special prosecutor to determine if Fox television talk show host Bill O'Reilly's information came from Kline's records. A show spokesman has said he did not know how O'Reilly, who also interviewed Kline, obtained the information. … The clinics also accused Kline of violating patients' privacy and not being objective." The AP notes, "The court offered no explanation for its decision Thursday. The ruling means Kline can continue his investigation, refer potential cases to county prosecutors or file charges himself before leaving office. … The issue grew dramatically last month when the clinics filed their court request a day before the Nov. 7 election, in which the Republican Kline lost his bid for a second term. … Days before, in a Nov. 3 broadcast of 'The O'Reilly Factor,' the conservative host said a 'source inside' told the show the director of one of the clinics, Dr. George Tiller, performs late-term abortions and had broken state law by failing to report potential rapes of victims ages 10 to 15. … Tiller, one of the few U.S. doctors to perform late-term abortions, has been targeted by protesters for years. His clinic was bombed in 1985, and he was shot by a protester in 1993."

Fort Lauderdale Residents, NAACP Call For FBI Probe Of Police Shooting. The Miami Herald (12/1, DeMarzo, Simon, 286K) reports, "More than 200 people packed a Fort Lauderdale community center Thursday night, demanding to know why city police shot two 21-year-old men Tuesday, killing one and wounding the other. Some -- including family members of one of the men -- cried and shouted at the meeting in the city's predominantly black northwest district, where Troy Eddines and Travis Jackson were shot. A gun was not found at the scene, said police chief Bruce Roberts. It was the fourth time Fort Lauderdale police had killed someone in the past six months." Fort Lauderdale NAACP president Marsha Ellison "told the crowd that she will meet with the FBI on Wednesday to discuss the shootings. The NAACP has also filed a complaint with the Department of Justice asking them to investigate the shootings, police procedures and use of deadly force.

Gonzales Says DOJ Investigation Of Atlanta Police Shooting In Early Stage. WSB- TV (11/30, 6:00 p.m.) Atlanta broadcasted, "US Attorney General Alberto Gonzales told 'Channel 2 Action News' today the local investigations could become before oftentimes we defer first to state and local officials. It may be easier to prove their state charges than it would be to prove the civil rights violations. Gonzales also said his office's investigation is in the very early stages and it's very important to find out the facts before taking any other step. The investigation now has reached all the way to Washington, DC. Today Alberto Gonzales confirmed to 'Channel 2 Action News' that the Justice Department is looking into the case. He says the basis of the investigation will be to see if any civil rights were violated. Also, the NAACP has planned a community meeting for Monday. Now there are new allegations about another no-knock warrant in Atlanta."

Mystery Witness Sought In Probe Of New York Police Shooting. The AP (12/1, Hays) reports, "The search for a key missing witness in the police killing of an unarmed black man who died in a hail of 50 bullets intensified with the arrest of four people who have provided clues about the witness' identity, a law enforcement official said." The AP continues, "At a news conference Thursday, police Commissioner Raymond Kelly said the Wednesday raid that led to the arrests was related to the shooting investigation. He refused to elaborate." The AP adds, "Another law enforcement official later told The Associated Press that the arrests of three men and one woman on gun charges had produced information about the identity of an important witness to the shooting. That witness was possibly with the three victims on Saturday when officers fired 50 shots at their car, somehow escaped and disappeared. … A lawyer for the victims denied that such a person exists. An attorney for five others at the bachelor party also said there was no fourth person in the car." The AP notes, "The shooting killed 23-year-old Sean Bell on his wedding day and wounded two of his companions, setting off a storm of outrage in New York, especially in the black community. The three victims are black, and the police officers included two blacks, two whites and one Hispanic. … Officers armed with a search warrant raided the Queens apartment, a known drug-dealing location, based on a tip that "persons of interest" lived there, said the official, who spoke on condition of anonymity because the investigation was still under way. It was unclear if a loaded semiautomatic pistol recovered inside the home had any connection to last week's incident, the official added. … An unnamed undercover shooter and four others - identified as detectives Mike Oliver, Mark Cooper and Paul Hedley and Officer Mike Carey - have been placed on paid administrative

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leave while the Queens district attorney's office conducts a grand jury investigation that could result in criminal charges. … The intensity of the search for the mysterious fourth man reflected its potential impact on a case rife with conflicting accounts and unanswered questions about why the five officers unleashed the barrage of bullets."

Federal Agency Warns Electronic Voting Systems Lack Security. The Washington Post (12/1, A1, Barr) reports in a front page story, "Paperless electronic voting machines used throughout the Washington region and much of the country 'cannot be made secure,' according to draft recommendations issued this week by a federal agency that advises the U.S. Election Assistance Commission." The assessment "by the National Institute of Standards and Technology, one of the government's premier research centers, is the most sweeping condemnation of such voting systems by a federal agency." NIST's report, "hailed by critics of electronic voting," said that "voting systems should allow election officials to recount ballots independently from a voting machine's software. The recommendations endorse 'optical-scan' systems in which voters mark paper ballots that are read by a computer and electronic systems that print a paper summary of each ballot, which voters review and elections officials save for recounts."

LULAC Contends Texas Governor Set Later Date For Runoff. The AP (12/1, Gamboa) reports, "Gov. Rick Perry set the election to replace a deceased state lawmaker a week later than he scheduled a congressional runoff election, a Latino group objecting to the earlier voting day said in a document filed with the Justice Department." The AP continues, "The League of United Latin American Citizens is objecting to the Dec. 12 date set for voters in District 23 to decide whether to pick Republican Rep. Henry Bonilla or Democrat Ciro Rodriguez as their U.S. House representative." The AP adds, "Perry and Secretary of State Roger Williams set Dec. 19 for a special election to replace Republican state Rep. Glenda Dawson. Orders for the two elections were submitted the same day. … Scott Haywood, Williams' spokesman, said the special election to replace Dawson was set at the earliest possible date it could be set under the Texas election code. 'Because there are different types of elections, different sets of laws would apply to fill a vacancy,' he said." The AP notes, "LULAC has objected to the date for the District 23 runoff because it falls on the Feast of the Virgin of Guadalupe, a religious holy day celebrated by many Catholic Hispanics by attending Mass, holding processions and family gatherings and other events. The district that stretches from near El Paso to South Texas and takes in several counties on the border has a 61 percent Hispanic voting age population. .. 'The state representative district is predominantly white-Anglo population and would not be affected by "El dia de la Virgen de Guadalupe",' LULAC national attorney Luis Vera Jr. said in the DOJ filing, using the Spanish translation of the Day of the Virgin of Guadalupe. … The 23rd district's voters are 'adversely affected by setting it on the holiest of religious holidays. There can possibly be no other reason for the different dates than an attempt to suppress the Latino vote.' … Vera also contends the state could have set the District 23 on a Saturday and that it did not have to be on a Tuesday. … Because Texas has a history of discriminating against minority voters, it is required to seek approval of election changes and decisions from the Department of Justice. Vera is asking DOJ not to approve the runoff date unless the state extends early voting to include a Saturday or Sunday and the election date is not on a holy day and a day that provides adequate time for all voters to be notified of the election."

Maryland High Court Considers Gay Marriage. The Washington Times (12/1, Ward) reports, "Maryland's highest court is scheduled to hear arguments Monday on the same-sex 'marriage' issue," which came from a lower court ruling in January "in which a judge decided a 1973 statute defining marriage as between a man and woman violated the state constitution." The original suit, "brought in 2004 by nine homosexual couples and one single homosexual," "will be challenging" to win "because it seeks to change the law." The Maryland Attorney General's Office "defended Maryland's law defining marriage as a union between a man and a woman, but indicated an openness to legislation that would pave the way for the legislation of the same-sex 'marriage.'" Kenneth Y. Choe, "one of the plaintiffs' attorneys and with the American Civil Liberties Union," said he "will appeal to three provisions of state law, but primarily he will point to the state's equal rights amendment."

Conservative Rabbis May Reconsider Position On Homosexuality. The Washington Post (12/1, A11, Cooperman) reports, "A panel of 25 eminent Conservative rabbis will meet in New York next week to consider five proposed teshuvot, or answers, to the question of whether homosexual sex is permitted under Jewish law." Two proposals "defend the traditional position that Leviticus 18:22…prohibits homosexuality between men and, by extension, between women." Three other proposals "offer various arguments for reinterpreting that prohibition," and say that "on a practical level, they could open the way for Conservative rabbis to perform same-sex commitment ceremonies and for Conservative seminaries to ordain openly gay rabbis." Rabbi Joel H. Meyers, executive vice president of the Rabbinical Assembly, said, "I think the committee is deeply divided -- like the rest of society is divided, like our movement is divided. But the tension has grown to the point that the committee is hard-pressed to give some clear

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guidance to the movement." Rabbi Avis D. Miller of Washington's Congregation Adas Israel said the "'rabbinical scuttlebutt' is that the panel -- the Committee on Jewish Law and Standards -- will approve two conflicting answers, one upholding the status quo and one calling for change."

ANTITRUST:

DOJ Subpoenas AMD In Antitrust Probe. The AP (12/1) reports, "Advanced Micro Devices Inc. said late Thursday that it had received a subpoena from the Justice Department regarding an investigation into possible antitrust violations in the graphics processors and cards business." The AP continues, Sunnyvale-based AMD, the world's No. 2 maker of the microprocessors that act as the core calculating engines of computers, entered the graphics chip market earlier this year with the $5.4 billion acquisition of ATI Technologies Inc." The AP adds, "The move was seen as a strategic blow to AMD's larger rival, Intel Corp., and one that would allow AMD to broaden its product portfolio and shed its image as a boutique player that sells only microprocessors and flash memory chips. The deal was completed in October. … AMD said that the Justice Department has not made any specific allegations against AMD or ATI, and that the company intends to cooperate with the investigation. … The scope of the Justice Department investigation was unclear."

Bloomberg (12/1, Shankar) reports, "The Justice Department hasn't made any specific allegations against Advanced Micro or ATI, Sunnyvale, California-based Advanced Micro said today in a statement sent by Business Wire. It plans to cooperate with the investigation." Bloomberg continues, "The acquisition of ATI, the largest maker of computer graphics chips for notebook computers, was Advanced Micro's biggest ever. The deal leaves Advanced Micro and ATI rival Nvidia Corp. dominant in the graphics-chip business, Global Crown Capital analyst David Wu said. … 'The two duopolies are AMD and Nvidia,' San Francisco-based Wu said. The probe will benefit lawyers, and not stockholders or taxpayers, he said." Bloomberg notes, "The Justice Department may subpoena Nvidia also if it is investigating the larger graphics market, Wu said. He said he covers Nvidia and Intel Corp., the world's largest maker of semiconductors, and owns Intel shares. … With the acquisition, Advanced Micro is seeking to win orders from makers of business laptop computers who currently rely on larger rival Intel's Centrino product. Advanced Micro shares, down 30 percent this year, rose 16 cents to $21.57 in New York Stock Exchange composite trading today."

Judge In Telecom Merger Takes Tough Stand. Market Watch (12/1, Boles) reports, "A judge presiding over a technical hearing into a previous round of telecommunications mergers Thursday took a tough stance that could have ramifications for another deal, the proposed takeover of BellSouth Corp. by AT&T Inc." Market Watch continues, "The oral hearing evaluated the conditions attached by the Justice Department to the mergers between Verizon Communications and MCI and between SBC Communications' and AT&T. Judge Emmett Sullivan seemed to indicate he could try to toughen conditions, and this stance could embolden the FCC to ask for more conditions in the proposed AT&T-BellSouth merger, analysts said." Market Watch adds, "Sullivan asked Claude Scott, a lawyer for the Department of Justice, whether the current proposed merger should enter his thinking when pondering the case of the previous mergers. Scott responded that the two matters are entirely separate. … The hearing's purpose was to evaluate the conditions agreed to by the Justice Department's antitrust unit and the two companies formed by the separate mergers, AT&T and Verizon. … As part of the decree, the companies agreed they would sell part or all of the 'black fiber' controlled in commercial properties in more than 700 buildings across the U.S. That would allow smaller competitors access to the business clients within the buildings. Both companies say they have buyers lined up for the fiber. .. .Sullivan also appeared to somewhat angrily reject the argument put forward by John Thorne, an attorney for Verizon, that the deals had already closed and the hearing should deal only with a minor part of a much larger matter. … 'I may not be required to do anyone else's work, but I will do an independent evaluation of the materials. I can assure you of that, and we will see where the merger stands at that point,' said Sullivan."

CNET News (12/1, Broache) reports that Judge Sullivan "continued to press the Department of Justice to explain why he should approve twin mergers involving some of the nation's largest telephone companies, but did not say when he will make a final decision." CNET reports that Sullivan "warned multiple times that he has no intention of 'rubber-stamping' the mergers--proposed between AT&T-SBC Communications and Verizon-MCI--and plans to issue an opinion only after an 'independent review' of the materials presented to him. … 'Don't I have to scrutinize that merger to determine if it's in the public interest?' Sullivan asked at the outset of an afternoon hearing here that lasted more than two hours." CNET adds, "The pair of deals got the green light more than a year ago from the Federal Communications Commission and the DOJ's antitrust division, which collectively imposed only minor conditions aimed at alleviating competition concerns. … Both AT&T and Verizon have since closed the books on their respective acquisitions, which prompted Sullivan to remark Thursday with some measure of disdain: 'It's a done deal. The MCI Center became the Verizon Center, and everyone goes on their own way.' (He was referring to the Washington D.C.'s downtown

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sports and entertainment complex.) .. Some observers say Sullivan's actions could also affect the outcome of another megamerger, between AT&T and BellSouth, which won unconditional approval from the Justice Department this fall. The FCC has repeatedly postponed a decision on that deal because of reported disagreements over what restrictions to impose."

DOJ Seeks More Information On Cemex Bid For Rinker. Bloomberg (12/1, Steffens) reports, "Rinker Group Ltd., Australia's biggest building materials maker, said U.S. antitrust regulators have asked for more details on Cemex SA's hostile $11.7 billion takeover bid for the company. … 'Rinker received a request for additional information' yesterday, the Sydney-based company said in a statement to the Australian Stock Exchange today. Monterrey, Mexico-based Cemex will also have to provide more details before it gets a ruling on the deal, according to the statement." Bloomberg continues, "Cemex wants to buy the Australian company for its business in the U.S., which accounts for more than 80 percent of earnings. The deal would make the Mexican company the world's biggest cement maker. Rinker is focused on Florida, Arizona and Nevada, which the census bureau forecasts will be the fastest-growing U.S. states. … The U.S. Department of Justice request will extend the bidding process. It also indicates Cemex may have to sell some assets in Arizona and Florida, where both companies have strong market positions, to gain approval for its plans, according to Andrew Dale, an analyst at Macquarie Bank Ltd. in Sydney. He has a `neutral' rating on Rinker." Bloomberg adds, "The Federal Trade Commission and the Department of Justice ask for additional information 'only when there is a strong likelihood that some part of a transaction would violate the antitrust laws,' Dale wrote in a note to clients. The regulators have passed about 95 percent of all merger proposals in the past five years without further requests, he said."

Grassley Questions NASD Merger. The New York Times (12/1, Morgenson) reports that Iowa Sen. Charles E. Grassley "has asked NASD, the securities industry's largest self-regulatory organization, to describe in detail how it identifies and tracks possible insider trading among its members." Grassley's staff "is investigating the Securities and Exchange Commission's handling of an insider-trading case involving a prominent hedge fund," since "insider trading appears to be a growing problem for regulators." Grassley "sent his request to Mary L. Schapiro, the chairwoman and chief executive of NASD, in a letter on Tuesday — the same day that NASD announced that it was merging its oversight operations with those of the New York Stock Exchange." He asked for NASD to respond by Dec. 18. The letter "parallels his September request that the Government Accountability Office investigate how the SEC polices the financial markets and pursues insider-trading cases."

MiRealSource Settles Antitrust Complaint With FTC. Inman News (12/1, Roberts) reports, "MiRealSource, a broker-owned multiple listing service in Michigan, has agreed to settle a Federal Trade Commission complaint that challenged MLS rules the agency claimed violate antitrust laws." Inman continues, "The FTC last month announced settlement agreements with five MLSs and complaints against two other MLSs related to MLS policies that blocked some property listings from reaching some public property-search Web sites, such as Realtor.com and MLS-operated sites. On Monday the FTC posted a notice stating that the complaint against MiRealSource was withdrawn to allow the commission to consider a proposed settlement agreement with that MLS. … Members of the FTC will consider whether to approve the proposed agreement." Inman adds, "Virginia Blatt, CEO for MiRealSource, which formed in 1966 and has about 7,000 members, said Wednesday that the MLS board voted to approve the consent agreement and MLS managers will 'make some modification to our rules as a result of it. We think it will work out in a positive.' The MLS must implement new rules within 45 days of the FTC's final approval of the consent agreement. … In its 13-page complaint against MiRealSource, the FTC stated that the MLS 'adopted rules and policies that limit the acceptance, publication and marketing of certain properties, based on the terms of the listing contract entered into between a real estate broker and the customer who wishes to sell a property.' The FTC charged that these rules violate federal antitrust laws. … The complaint focuses on rules that blocked a type of property listing from the MLS in which homeowners had entered into 'exclusive agency' contracts with MLS members, and also on a rule that required brokers to offer a specific set of services in order for the MLS to accept property listings submitted by them."

EU Charges Continuing Collusion By Energy Suppliers, Grids. Bloomberg (12/1, Mitchell) reports, "The European Union official heading an antitrust inquiry into the energy market said a requirement for energy suppliers and distribution grids to become separate legal entities has failed to open up the industry." Bloomberg continues, "A report by the European Commission, the EU's executive body, will be released on Jan. 10. The body plans to use it as a basis for improving the rules that govern the energy market and to take legal action against companies. … 'Legal unbundling has not prevented systematic communication between network and supply branches' of companies, said Lars Kjoelbye, head of the team that has been working on the probe since June 2005, in Brussels yesterday. … He cited

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the case in which Eni SpA, Italy's former gas monopoly, was fined 290 million euros ($382 million) in February by Italy's antitrust authority for blocking access to its pipeline that transports gas from Algeria. … 'The network branch had planned to invest expanding the capacity of a gas pipeline to Italy but the supply branch said the project should be dropped because the extra energy could put prices under pressure,' Kjoelbye said." Bloomberg notes, 'Rome-based Eni's appeal against the fine was partially accepted yesterday, news agency Ansa reported. Eni will get a reduction in the penalty, the amount of which hasn't yet been published, Ansa said."

WSJ Urges Google To Forge Pacts With Content Providers. The Wall Street Journal (12/1, A12) editorializes, "Google's stock price seems to defy gravity. It topped $500 last week, and so far investors have responded with great favor to its $1.6 billion purchase last month of the young video file-sharing company YouTube. This acquisition helped lift Google's market cap to $150 billion -- more than IBM, AT&T, General Motors and Chevron. Google has already become an American technology-sector icon, the Microsoft of the early 21st century." The Journal continues, "There's one big problem. The firm's practice of downloading and reproducing books, articles, photographs and other creative materials without approval of the copyright owners is legally ambiguous. And in our time, what's legally ambiguous gets sued. What's new here is that, on an unprecedented scale, Google pits the rights of intellectual property owners against the Web's ability to "democratize" information for everyone." The Journal adds, "Google has a mixed record defending itself in court. But with its acquisition of YouTube, the waiting line of potential plaintiffs just got longer. Media and entertainment companies like Time Warner are suing YouTube for making it possible to see pirated videos of everything from Saturday Night Live skits to Beatles music videos to HBO movie clips. Google's deep pockets could trigger many more of these lawsuits, and it has established a $200 million fund to protect against YouTube litigation. … How Google fares in court will help define the vague and unsettled parameters of protection for intellectual property rights in the digital age." The Journal concludes, "The U.S. government is rightly fixated on deterring piracy of U.S. patents and copyrights in nations such as China and India -- a theft that costs American firms tens of billions of dollars. If the U.S. government won't fully protect these intellectual-property rights at home, it undermines the case for protecting them abroad. Google ought to steer clear of this expensive legal thicket by accelerating what it has already started to do: Enter into revenue-sharing agreements with such content providers as Sony…and the Associated Press. … A recent Cato Institute paper argues that 'transformative' technologies like search engines should be exempt from many of these copyright lawsuits because they create entirely new products out of the old. They argue that the role of 'copyright law is to promote, not impede technological progress.' That's true. But without rigorous enforcement of intellectual-property rights, there may not be much technological progress to promote."

ENVIRONMENT:

EPA Drops Part Of Plan To Ease Pollution Reporting Rules. The AP (12/1, Heilprin) reports, "The Bush administration, looking at the prospect of stronger oversight from a Democratic-led Congress, is withdrawing a proposal to let big polluters report less often on what they spew from their smokestacks. … The administration, however, is going ahead with a plan to make one-third less provide detailed figures at all." The AP continues, "The government last year proposed easing air regulations to exempt some companies from having to tell the Environmental Protection Agency about what it considers to be small releases of toxic pollutants. .. That proposal is still alive. But abandoned now is the idea of making companies that must make such reports, known as toxic release inventory, do so every other year instead of annually. … 'You will be pleased to know that I have decided against moving forward with changes to TRI reporting frequency,' EPA Administrator Stephen Johnson wrote Democratic Sens. Frank Lautenberg and Robert Menendez this week." The AP notes, "Johnson decided the program would not be effective unless the reporting was done each year, agency spokeswoman Jennifer Wood said Thursday. .. .The EPA does plan to change the inventory requirements, easing what it called the 'regulatory burden' on companies through use of a short form for reporting toxic pollution."

Bush Opposed To Airline Emission Cut Plans. The AP (12/1, Heilprin) reports, "The White House opposes plans by European nations to require airlines to curb greenhouse gases, saying it would unfairly disadvantage US carriers. 'We are strongly opposed to the imposition of a tax. We think this will violate trade rules,' James Connaughton, chairman of the White House Council on Environmental Quality, told a group of international reporters Thursday." Connaughton "said a better approach is to 'come up with a partnership to ensure new approaches that are efficient, but also to relieve congestion that is in the airways. There are real restrictions between our markets and also with Asia that causes a tremendous extra consumption of fuel that's necessary.'"

EPA Aides Ask Congress to Probe Agency's Global Warming Programs. The Christian Science Monitor (12/1, Spotts) reports, "This week, labor leaders

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representing more than 10,000 Environmental Protection Agency scientists, engineers, and staff have asked Congress to hold aggressive oversight hearings on the agency's own greenhouse-gas emissions programs. Under the Bush administration's voluntary approach, the labor leaders' petition says," the EPA "isn't doing enough to encourage the use of current technology to control carbon-dioxide emissions, the leading cause of human-induced climate change. In fact, the time for a voluntary program is over, the leaders say." The labor leaders, who are "presidents of the EPA's 22 union locals," also "called on lawmakers to ensure that agency experts are allowed to speak freely and openly about global warming with the public and Congress 'without fear of reprisal.'"

Congressional Democrats Expected To Clash On CAFE Standards. The Wall Street Journal (12/1, A4, Harwood) reports in its "Washington Wire" column, "Cafe clash looms among Capitol Hill Democrats. Senate leaders, including incoming Energy Chairman Bingaman, back an Obama plan forcing government to raise corporate average fuel-economy standards for autos by one mile per gallon each year, unless regulators prove it isn't feasible. Obama notes the current U.S. car standard of 27.5 miles per gallon has been 'frozen' for 20 years, while Japan has gone to 45 mpg." House Energy Chairman-to-be Dingell "of Detroit blasts CAFE as outmoded, and instead backs incentives for flex-fuel cars. Deron Lovaas, a vehicle expert at the Natural Resources Defense Council, says House Democrats, the auto industry and United Auto Workers face rising pressure to 'cut some sort of deal' with the Senate."

NYTimes Says Snowmobiles Should Be Banned In Yellowstone. The New York Times (12/1) says in an editorial, "Yet another winter and here we are, still wrangling over snowmobiles in Yellowstone. Last week the National Park Service released a draft environmental impact statement that would allow 720 snowmobiles a day into the park. It would also require snowmobilers to ride with guides and to use the newest generation of supposedly environmentally friendly machines. But everything we have learned about snowmobiles in Yellowstone — thanks to an apparently unending series of publicly funded studies — tells us that there should be no snowmobiles there at all." Scientific studies "funded by the Clinton and Bush administrations have made it clear again and again that snowmobiles seriously degrade the environment of Yellowstone. The park service needs a new plan, and if it can't provide one then Congress should intervene. There should be no snowmobiles in Yellowstone."

FBI/DEA/ATF/USMS:

Gonzales Urges Action To Curb Meth Use, Manufacture. In an op-ed in the Austin (TX) American-Statesman (12/1), Attorney General Alberto Gonzales writes, "It has become a familiar scene on the evening news across the country: Neighbors watch in stunned silence as police raid the house next door and the nice couple who kept to themselves is hauled away for running a methamphetamine lab in the basement. How could this happen, the neighbors ask, in our neighborhood? Isn't this the kind of thing you only see . . . somewhere else?" Gonzales continues, "Compared with marijuana, heroin or cocaine, methamphetamine, or meth, is relatively new in the headlines. But it has had a tremendous and terrible impact in a short time. … Once thought to be a problem primarily affecting America's rural communities, we now know that no community is safe from the destruction caused by meth." Gonzales adds, "Users quickly learn that methamphetamine is far from glamorous. Their teeth rot, they can't sleep, and they become emaciated from lack of appetite. But they're addicted, and they usually cannot stop without help. … So we should care about the drug addict? They are their own victims — no one forced them to use an illegal drug, right? They deserve to suffer. … But while some consider drug abuse to be a victimless crime, meth does not just affect the user. It affects users' children, it affects the community, and in a very real and lasting way, it affects the environment." Gonzales notes, "Last March, Congress passed the Combat Methamphetamine Act, which gave us tools for targeting meth traffickers. The law, signed by President Bush, provides a national standard for the retail sale of products containing the ingredients needed to make meth, like pseudoephedrine. … One change you may have noticed is that local retailers moved some cold medicines behind the counter. It seems like a small step, but thanks to this and other initiatives — particularly at the state level — we have made tremendous progress in cutting production of meth. .. Now we're focused on halting the manufacture and smuggling of meth from superlabs controlled by Mexican drug traffickers operating in the United States and Mexico and to reducing demand in this country." Gonzales concludes, "Recent events around the country have educated people about the dangers of the drug. The Justice Department is working with its partners at the federal, state and local level, in government and in the private and nonprofit sectors, to raise understanding of this problem. … Education efforts do indeed reduce demand. To put it simply, the more people know about meth, the less likely they are to use it. … Meth poses a tremendous challenge for law enforcement and society. We all share a responsibility to ensure a safe, successful and drug-free future for our children and

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grandchildren. Progress will be something very worthy of giving thanks for this holiday season."

On Fox News, Gonzales said that "we're finding meth labs in homes, in vehicles, in apartments, in parks. And while that presents its own set of challenges, it leaves a trail. … Whenever you have a meth lab, it produces toxic waste. There are, you know, odors that come from the meth labs. And so, for people in the community, it's not so difficult to seek clues about the production of meth within the local community. … we are seeing the meth usage actually move across the country from the west to the east. We are seeing reductions in certain areas because of laws passed by states and federal laws passed by the Congress restricting access to precursor chemicals which are necessary in the production of meth in these mom and pop labs. … We still have some challenges, some issues that we have to deal with with respect to the importation of meth through our southern border. So, again, we're seeing some progress in certain areas of the country. Obviously, some challenges remain in other parts of the country."

Gonzales Hosts Discussion On Meth Products. KTVU- TV (11/30, 6 p.m.) in San Francisco, Oakland, San Jose broadcasted, "America's meth problem was the topic for government leaders in Washington, DC today. US Attorney General Alberto Gonzales hosted a panel discussion with leading experts in the field. Among the topics covered were the product of meth and how to control it. He says laws limiting sales of products that just cold medicine which can be used to mass produce meth are helping."

NC8- TV (11/30, 5:00 p.m.) Washington DC broadcasted, "US Attorney General Alberto Gonzales led a round table discussion on the dangers of the drug today at the Whitman-Walker clinic in northwest. A White House report found that meth-use is surging in Connecticut and Maine. And it has increased by a whopping 115- percent in the District."

WTTE- TV (11/30, 10:00 p.m.) Columbus broadcasts, "The White House is so concerned, it hosted a Meth Awareness Day, to shine a spotlight on the epidemic. Gonzales said, 'We are making some progress I think you're seeing some positive signs in terms of the level of meth use among certain age groups but it still remains a serious problem. A problem not just for the feds, but for state and local communities.' The Justice Department says that meth use and cooking labs aren't only in rural areas anymore, they're also in the nation's big cities." This story was covered nation-wide. KPHO- TV in Phoenix, WMC- TV in Memphis, WXII- TV in Greensboro, Winston, Salem, High Point, WRGT- TV in Dayton, WBIR- TV and WVLT- TV in Knoxville, WTVR- TV in Richmond, WTVQ- TV In Lexington, WMTW-TV in Portland, Auburn, KETV- TV In Omaha, WTVC- TV in Chattanooga, KEYT- TV in Santa Barbara, WCAV- TV in Charlottesville all broadcasted the same story.

Meth Labs Found In New York, 10 Accused Of Importing Restricted Chemicals. The New York Post (12/1) reports, "The trailer-park drug known as 'hillbilly crack' has been putting on the Ritz lately - as federal drug agents uncovered a crystal-meth lab inside the $6,000-a-month Manhattan penthouse of a bank executive, authorities said yesterday. Michael Knibb, an information-technology vice president at Citigroup, ran the sophisticated drug operation from the living room of his luxury apartment overlooking the United Nations, said Drug Enforcement Administration officials. … Knibb was one of 10 alleged do-it-yourself drug makers busted this week as part of a federal anti-meth sweep dubbed Operation Red Fusion."

The New York Sun (12/1) reports a Citicorp executive "accused of manufacturing methamphetamine in his East Side penthouse was one of 10 people charged with operating nine illegal drug labs in New York City and Long Island, Drug Enforcement Agency officials announced yesterday. Michael Knibb, 36, allegedly cooked up the highly addictive drug in the living room of his apartment on East 39th Street overlooking the United Nations, officials said. Officials identified him as a vice president of IT Test Systems at Citicorp, a subsidiary of Citigroup."

The New York Daily News (12/1) reports, "For six months, agents tracked the purchase of red phosphorous and other chemicals from an Internet-based foreign company. The most prominent alleged mad meth scientist was Michael Knibb, a vice president for information technology for Citigroup. He was tracked ordering 100 grams of meth's component chemical, court papers allege."

The AP (12/1, Milton) reports a Manhattan corporate executive "accused of cooking up methamphetamine in his penthouse apartment was one of 10 people busted in a crackdown on clandestine drug labs in the city and Long Island, Drug Enforcement Administration officials announced Thursday. The six-month investigation, dubbed 'Operation Red Fusion,' targeted suspects who allegedly imported chemicals used to make the drug from the same Web site, said John Gilbride. The suspects were making the drug for individual use and not for sale, said Gilbride." The AP story was used by WNBC-TV, New York and WINS Radio, New York.

The Washington Times (12/1, Seper) reports DEA agents "have arrested seven suspected drug traffickers who operated methamphetamine laboratories throughout New York City and Long Island. Those arrested included a corporate executive, an automobile mechanic and a university teaching assistant. 'The danger of meth labs has spread from mid-America to Midtown,' DEA Administrator Karen P. Tandy said. 'In New York City, the potential for damage is enormous -- drug criminals are playing with fire in apartment buildings that thousands of innocent people call

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home,' she said. 'With today's arrests, we're extinguishing those fires before they become explosions and ensuring that those who put New York's citizens at risk pay the price.'"

Network TV Coverage. NBC Nightly News (11/30, story 7, 2:20, Williams) aired, "There is what is being called urgent new information from the US government tonight on methamphetamines, widely considered the nation's number one problem drug. It was once considered a regional problem, concentrated mostly in the West and Midwest. But it's now spreading in the heavily populated cities of the East Coast. And the people who are using it might surprise you." NBC added, "A familiar scene -- Federal drug agents shutting down illegal meth labs this week, but in an unfamiliar setting, New York City. Among the 10 people arrested, a bank vice president accused of operating a lab in this penthouse overlooking the UN. If they can make it there, DEA says, they can make it anywhere." John Gilbride, DEA: "A new animal has been unleashed in New York City: methamphetamine being produced in small, toxic labs." Attorney General Alberto Gonzales: "Because it is so difficult to kick meth, it causes a tremendous burden upon social service of a community." NBC continued, "Federal drug agents are in a race, succeeding at shutting down domestic labs, but fighting a surge of meth from Mexico that's finding new markets."

Local TV Coverage. WABC-TV, New York (11/30, 6:00 p.m.) aired, "The Drug Enforcement Administration and other federal and local agencies [tracked] ten different people who operated secret meth labs like these in four out of five burroughs. The common thread which gave them away: the Internet. All of the defendants allegedly purchasing red phosphorus from the same place online, and it is an ingredient for [cooking] methamphetamine."

WCBS-TV, New York (11/30, 11:00 p.m.) aired, "Officials say a Citicorp vice president was one of [the] people arrested cooking up crystal meth in this…apartment high-rise, also arrested two mechanics who allegedly ran a meth lab inside a…car dealership. Ten people were arrested."

WLNY-TV, (11/30, 11:00 p.m.) aired, "A New York corporate executive, a teaching assistant, and a car mechanic find themselves suspects in a major undercover drug sweep. … As President Bush today announced National Methamphetamine Awareness Day, several New York residents are part of a crackdown on one of the fastest growing drugs in America. Authorities say none of those in New York [who were] arrested intended to sell the drug."

WNYW-TV, (11/30, 10:00 p.m.) aired, "A bad day for drug makers and takers, resulting in the takedown of an executive. … Employees…say they had no idea two of their co-workers were allegedly cooking methamphetamine while on the job. Their arrests are part of Operation Red Fusion when police busted labs with methamphetamine known as crystal, crank, and speed. … One lab was in an unlikely apartment across the street from the United Nations."

Meth Awareness Day Recognized. The El Paso (TX) Times (12/1) reports law enforcement officials in El Paso "joined the nation…in recognizing National Methamphetamine Awareness Day, which was proclaimed by President Bush as a day to raise awareness about the dangers of meth abuse and reduce demand for the drug. Zoran B. Yankovich, special agent in charge of the Drug Enforcement Administration in El Paso, said methamphetamine is manufactured from a variety of store-bought chemicals and can dramatically affects users' minds and bodies. Chronic use can lead to violent behavior, paranoia, and an inability to cope with the ordinary demands of life."

The Miami Herald (12/1, Weaver) reports the number of meth labs in Florida "dipped during the past year, but law enforcement officials issued dire warnings Thursday about the scourge. 'We're working like never before to combat this epidemic,' said Fred Ganem, associate special agent in charge of the Drug Enforcement Administration in Miami. … The DEA and U.S. attorney's office hosted a local workshop as part of a national campaign to raise awareness about the highly addictive, inexpensive drug."

The Hagerstown (MD) Herald-Mail (11/30) reported, "In observation of today's National Methamphetamine Awareness Day, the Hagerstown chapter of the Drug Enforcement Administration wants to remind the public of its anonymous meth tip hot line. Kyle Williamson, resident agent in charge of the Drug Enforcement Administration in Hagerstown, said that those who have information about methamphetamine activity may leave anonymous tips" by calling the hot line.

In the Lebanon (PA) Daily News, David J. Arnold Jr. writes, "Unfortunately, meth is a national problem that has reached Pennsylvania. Once thought to be isolated to the midwestern United States, it is increasingly moving east and into the mainstream. In fact, in the last two years in Pennsylvania 189 labs have been shut down."

The Louisville (KY) Courier-Journal (11/30) noted, "The awareness day was proclaimed by President Bush and is sponsored by the U.S. Department of Justice."

The Louisville (KY) Courier-Journal (12/1) again notes National Methamphetamine Awareness Day and writes, "Increasingly, meth is being imported from Mexico in a highly pure form called crystal meth that can be smoked, leading to an instant high. … Meth ranks third, behind marijuana and cocaine, in popularity among illegal drugs in the region, but it leads all drugs in devastation, said Richard A. Badaracco, assistant special agent in charge of the Drug Enforcement Administration's Louisville office."

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Palm Springs, California's Desert Sun (11/30) reported, "Today is National Methamphetamine Awareness Day. Federal, state and local agencies are making the public aware of the problems of methamphetamine and what the public can do to fight the spread of this deadly synthetic drug." Agencies "consider the Coachella Valley a hub for meth distribution because much of the production of this deadly drug has shifted to Mexico."

The Fresno (CA) State News (11/30) reported, "As the U.S. observes National Methamphetamine Awareness Day today, researchers at California State University, Fresno are studying meth use and abuse in the Central Valley as part of the fight against the damaging effects of the dangerous and highly addictive drug. Nov. 30 has been designated by the Substance Abuse Mental Health Administration and the United States Department of Justice."

The Hutchinson (KS) News (12/1) reports, "Today has been declared National Methamphetamine Awareness Day by the U.S. Department of Justice." Here "are some statistics" from SAMHSA "about meth use and abuse in Kansas and the nation." Kansas "is ranked 13th in the nation in the number of meth labs or dump sites found so far in 2006." Treatment "admissions of persons with meth as the primary use problem increased from 21,000 in 1993 to 117,000 in 2003."

The Black Hills Pioneer (12/1, Pitlick) reports, "Methamphetamine use in Lawrence County [South Dakota] is significantly lower than it was two years ago, State's Attorney John Fitzgerald said this week." He "attributes that to the state crack down on pseudoephedrine sales, and a national education campaign about the dangers of methamphetamine." That's "good news, in a sea of what has become a growing epidemic nationwide. But government leaders nationwide, as well as civic and social groups throughout the country have designated today, Nov. 30, as National Methamphetamine Awareness Day." According to a study conducted by the SAMHSA, "individuals ages 18-25 make up the largest percentage of the 1.3 million people who used meth last year."

Guam's Pacific Daily News (12/1) reports, "In an effort to raise awareness on the perils associated with the drug ice on Guam, several federal and local law enforcement agencies launched their public outreach programs in conjunction with the U.S. Department of Justice-sponsored National Methamphetamine Awareness Day. … The crystallized form of the drug is the most prevalent of illegal drugs on Guam. 'We're making headway,' Tony Marquez, resident agent in-charge of the Drug Enforcement Administration on Guam, said, in reference to DEA's enforcement efforts."

In the Rochester (NY) Democrat and Chronicle (11/30) Jennifer Faringer wrote, "The National Council on Alcoholism and Drug Dependence-Rochester Area, a program of DePaul Addiction Services, is engaged in a communitywide campaign to raise awareness to the potential impact of methamphetamine. With the invaluable input of city/county/state law enforcement, the Monroe County District Attorney's Office, Drug Enforcement Administration, schools, universities and addictions professionals, we are in a position to monitor and work together to prevent the local influx of meth."

NOW-TV Syracuse, New York (11/30) reported on its Web site, "Today is National Methamphetamine Awareness Day. In an effort to combat meth labs, the Alcohol and Substance Abuse Council in Jefferson County is embarking on a specific methamphetamine prevention initiative to help ensure that meth stays out of the community." The center "is partnering with local law enforcement to make sure that everyone in the community is aware of the effects of meth."

WRC-TV Washington, D.C. (11/30) reported on its Web site, "The U.S. Department of Justice has declared Thursday the first national Meth Awareness Day to underscore the dangers and highlight the importance of education and awareness about the risks of the highly addictive drug." In Virginia, "government officials joined law enforcement and treatment and prevention specialists in 'Meth 360,' a demand reduction campaign."

KCRG-TV Cedar Rapids, Iowa (11/30, Mathis) reported on its Web site the Gov. Tom Vilsack "signed a law almost 20 months ago to ban psuedoephedrine purchases in an attempt to try to shut down meth labs. And Thursday, National Meth Awareness Day, those in the know say the law is working. U.S. prosecutors, law enforcement and local drug counselors all say they can see a difference in their work since the ban took effect." But "meth addicts are still finding the drug. That's why the Area Substance Abuse Council (ASAC) qualified for a $1.5 million grant" to fund its "new Novus Center."

KAIT-TV, Jonesboro, Arkansas (12/1) reports on its Web site, "The war on drugs is a battle that's been fought across the United States for years, but Thursday the emphasis was on meth, which accounts for up to 90 percent of all drug cases in many Midwest communities. … 'Methamphetamine is currently the number one most abused drug in the country,' said DEA Task Force Officer Roger Case, 'Primarily in Arkansas, it's a scourged drug. It's taken the place of almost all the other major drugs including cocaine and crack cocaine as the number one abused drug in the state.'"

On its Web site, KTHV, Little Rock, Arkansas (11/30) reports President Bush "declared Thursday National Methamphetamine Awareness Day. In addition, he's asking for $25 million in his 2007 budget for recovery programs for addicts. Here locally, Arkansas DEA agents are busy fighting the spread of meth coming in from Mexico. In his more than 30 years in law enforcement, DEA Assistant Special Agent in

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Charge Bill Bryant says meth is by far the most devastating drug he's seen."

On its Web site, WAVE-TV, Louisville, Kentucky (12/1) reports a large meth seizure last week "brought into Kentucky from Mexico underscores the point drug enforcement officials hoped to make through Methamphetamine Awareness Day -- which was Thursday, November 30. Despite the decrease in actual labs throughout Kentuckiana…the dangers of meth may be greater than ever. … The bad news is part of the on-going problem itself: with meth lab seizures declining, imports of a more highly concentrated form of the drug -- often called Crystal Meth or Ice -- are coming from south of the border. Officials say 80 percent of meth in this country is coming from Mexico."

On its Web site under "National Meth Awareness Day," Eyewitness News Memphis/ABC 24 (12/1) reports, "The Drug Enforcement Agency is reporting some shocking numbers. The DEA says Tennessee is responsible for 75 percent of meth lab seizures in the Southeast. The agency says most of the methamphetamine used in the state is being brought in from Mexico and the Southwest Border area."

On its Web site KLTV, Tyler, Texas (11/30) reports, "Across the nation and locally law enforcement agencies gathered Thursday in support of Methamphetamine Awareness Day. The goal of the national campaign is to raise awareness about meth use. … Last March, a joint investigation between state and federal agencies broke a major methemphatmine ring in East Texas, known as Operation Icebox. That meth was being brought in from Mexico. The DEA says the organization responsible no longer exists."

On its Web site, KNTV-TV, San Jose, San Francisco, Oakland (12/1) reports students at a San Francisco high school "got a different kind of lesson Thursday. It was part of a new national campaign to raise awareness about one of the nation's most dangerous street drugs -- methamphetamine. … 'It's probably our most dangerous drug that's out there as far as destroying families destroying lives,' said Javier Pena of the U.S. Drug Enforcement Administration."

North Carolina's News 14 Charlotte (12/1) reports yesterday "was proclaimed National Methamphetamine Awareness Day by President Bush, who has set a national goal of reducing the number of methamphetamine labs in the country by 25 percent in the next three years. … In order to combat meth use, state lawmakers passed a law in January that placed restrictions on the amount of those medications that can be purchased, and required that they were moved from their place on the pharmacy shelves to behind the counter. The law appears to be working, as the number of meth labs in North Carolina failed to rise for the first time since 1999."

WFMZ-TV (11/30) reported on its Web site that Bucks County, Pennsylvania, "is marking Methamphetamine Awareness Day. The federal DEA held an educational presentation this morning to teach the community about the dangers of the hazards and dangers of the drug."

Berman Honored. The Tyler (TX) Morning Telegraph (11/30) reported state Rep. Leo Berman "was honored Thursday as part of National Methamphetamine Awareness Day, an observation designed to stress drug prevention, education and treatment. Berman led the charge to pass HB 164 in August, which requires retailers to remove medications used in the manufacture of methamphetamine from the shelves and place them behind the pharmacy counter. Officials from the Eastern District U.S. Attorney's Office, Drug Enforcement Administration, FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives paused to acknowledge the representative's efforts."

In Tyler, Texas, the News Journal (12/1) reports, "Even though state Rep. Leo Berman, R-Tyler, was pleased to be honored by federal officials Thursday for his fight against illegal drugs, he said there is still more work to be done. … Berman wants to take the law one step further, which could make investigations into meth manufacturing more efficient and effective, he said. 'I'd like to go to electronic filing of pseudoephedrine purchases so that law enforcement officials statewide can see records on a Web site,' Berman said." The News Journal continues, "Statewide, the number of meth lab seizures declined by 62 percent during the seven months after Aug. 1, 2005, when Berman's bill became law, according to a report released Thursday by the White House Office of National Drug Control Policy. The same period one year earlier yielded 285 seizures."

Meth In New England. In Hartford, Connecticut, the AP (12/1, Collins) reports the two maps "displayed by federal and state officials at the Capitol on Thursday showed the alarming spread of methamphetamine problems across the country. … The problems are clearly spreading to the eastern half of the United States, and top state and federal officials in Connecticut said Thursday that they have anti-meth efforts under way but they also need help from the public." U.S. Attorney Kevin O'Connor "was joined by Gov. M. Jodi Rell and officials from state and federal law enforcement and public health agencies on the first National Methamphetamine Awareness Day sponsored by the U.S. Department of Justice."

The New Haven (CT) Register (12/1) reports Thursday "was National Methamphetamine Awareness Day and key federal and state officials used the occasion to urge residents to help keep "the scourge of methamphetamine" from overrunning this state. … Brian R. Crowell, special agent in charge in this state for the federal Drug Enforcement Administration, said it isn't inevitable that meth will join cocaine and heroin as a major problem drug in Connecticut, and that it's possible to 'be aggressive and keep it from getting a foothold here.'"

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The Providence (RI) Journal (12/1) reports a group of health officials and law-enforcement representatives "came together yesterday to raise awareness of a drug plague that they say has so far spared much of New England but will come. The spread of methamphetamine use and addiction has ravaged other parts of the country, said U.S. Attorney Robert Corrente. … Corrente and others announced the formation of a coalition of experts to monitor and hopefully prevent the drug's spread. The announcement coincided with similar announcements being made across the country as part of National Methamphetamine Awareness Day."

Manchester, New Hampshire's Union Leader (12/1) reports, "Last month law enforcement officials netted the largest ever methamphetamine bust in New England history. Two of the four individuals arrested in connection with transporting 12 pounds of the 99-percent pure drug into New Hampshire were arrested in Seabrook. The other two were arrested in Lynn, Mass. … What has law enforcement and government officials on edge is that the four all came to the area by way of Atlanta just to try and open a market for the highly addictive and dangerous drug." The Union Leader adds, "In response to the growing nationwide problem of crystal meth manufacturing distribution and use, Nov. 30 has been dubbed National Methamphetamine Awareness Day by both the President and Gov. John Lynch."

E-Mail To Warn Georgia College Students About Meth Risks. The AP (11/30) reported Georgia college students "will soon be getting an e-mail warning them of the dangers of methamphetamine. The e-mail, which features graphic photos of meth users with oozing sores and rotting teeth, will be sent to the 260,000 Georgia college students at the state's 35 schools in the coming days. … 'There are no recreational meth users,' Sherri Strange, head of the Drug Enforcement Administration's Atlanta office, said. 'Your first hit and you're hooked.'" The education initiative in Georgia "is part of National Meth Awareness Day."

The Atlanta Journal-Constitution (11/30, Ahmed) reported, "As more than 300,000 college students in Georgia open their school-provided e-mail in-boxes in the next few days, they will be greeted by disturbing images of young people with bloodied faces, rotting teeth and backs covered with scabs. This is how state officials plan to drive home the point to the 18-to-25 year-old set about the dangers of methamphetamine. … Metro Atlanta also has become one of the leading distribution centers. Six of the 14 significant seizures nationally since 2005 have been in Georgia, including the largest on record – 378 pounds in Hall County in August, said…Strange."

On its Web site, WXIA-TV, Atlanta (12/1) reports officials with the Justice Department yesterday "announced a joint effort with several other agencies to get the word out about the dangers of [meth]. In the coming days, 300,000 Georgia college students will receive an e-mail outlining what [meth] can do to teeth, skin, and lives. The e-mail includes graphic pictures of methamphetamine's effects on real people."

Mueller Visits FBI Offices In Richmond, Norfolk.

The Richmond Times-Dispatch (12/1, Bowes) reports, "FBI Director Robert S. Mueller paid a visit to the bureau's Richmond office yesterday to talk with local agents and review the agency's priorities, ranging from terrorism to public corruption. Mueller has visited 37 of the agency's 50 field offices across the country this year to talk strategy and become better acquainted with local operations. … 'Since Sept. 11, our first priority is preventing another terrorist attack,' said Mueller, who was sworn in as director seven days before the attacks. 'And consequently, there is not a lead that does not go unreviewed, not a lead that we do not pursue when it comes to the threat of terrorism. So that has been a substantial change for us.' In addition to terrorism, the bureau also has prioritized violent crime…along with public corruption, cyber crime and counterintelligence initiatives. 'And they've done great work in [the Richmond] division over a substantial period of time in each one of these areas,' Mueller said." The Times Dispatch adds, "Mueller said the bureau's success is largely dependent on its relationships with state and local law-enforcement agencies, and those ties are especially good in the Richmond area, he said."

WRIC-TV Richmond (11/30) reported on its Web site from a story broadcast yesterday, "The Richmond division of the FBI is making strides in the fight against violent and cyber crime. That's according to FBI director Robert Mueller, who made a stop here Thursday. … He also applauds outreach programs aimed at the area's Muslim community. FBI Director Robert Mueller says, 'We are your friends we want to work with you to prevent terrorist attacks and that to the extent you can be helpful, we need your help.' According to Mueller, the bureau's top priority here and across the country is counter-terrorism." WCAV-TV Charlottesville (11/20, 11:00 p.m.) reported, "FBI Robert Mueller made a stop in Virginia today, taking the time to talk to agents at the field office in Richmond. Once every couple of years, the Director of the FBI 'checks in' on the various field offices, by making a site visit and talking to the agents. He shared with staff his priorities for the Richmond-Charlottesville crime fighting unit and where he would like to see the division go in the future." In their 11:00 p.m. broadcasts, Richmond stations WTVR-TV, WWBT-TV and WVAW-TV also reported on Mueller's visit.

WAVY-TV Norfolk (11/30, 11:00 p.m.) reported, "The top gun stopped by Hampton Roads today. Robert Mueller visited in an effort to reach out to his staff. He talked about cyber crime, port security and September 11." WVEC- TV Norfolk (11/30, 10:00 p.m.) reported, "The nation's top law enforcement agent was in Norfolk today, vowing to crack

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down on violent crime." Mueller "says the Justice Department will use FBI data to find solutions to gang activity and violent crimes such as rape, murder and robbery. All have increased more than two percent since 2001."

The (Hampton Roads) Daily Press (12/1, Williams, 94K) reports, "Cyber crime, terrorism, public corruption and violent crime are among the chief concerns for FBI agents working in the Hampton Roads area, the agency's director said Thursday during a stop at the Norfolk office. 'Norfolk is a very important city given the naval contingent,' said Robert S. Mueller III. The FBI's Norfolk Division 'also is important to us, and it has done tremendous work over the last several years, whether it's terrorism, cyber crime, public corruption or violent crime,' he said." Mueller "said part of the division's success stems from its agents working closely with local and state law enforcement officials. One such collaboration focuses on cyber crime in Hampton Roads." Mueller added, "Cyber crime is our number three priority. We're concerned about the ability of government-sponsored hackers to address our naval or military capabilities or the infrastructure. We're concerned about individual hackers that can cause millions if not billions of dollars in damage, not just here but around the world." The Daily Press notes, "Mueller said that while some people have lost confidence in the bureau because of things such as the espionage case involving Robert Hanssen…the agency is improving as an organization. … 'We've reviewed our security, and we're more flexible and more responsive, but we still have a way to go,' Mueller said. 'There's not anyone in the FBI who doesn't understand that we need to improve and grow to protect the United States against those who want to hurt us."

Meanwhile, under the headline "FBI Director: Agency More Sensitive To Rights," the (Norfolk) Virginian-Pilot (12/1, McGlone) reports, "The FBI has changed the way its agents deal with members of the Muslim and Arab American communities in light of criticisms that followed post-9/11 terrorism investigations, the agency's director said Thursday. … Counterterrorism became the FBI's No. 1 priority after" 9/11, "but the agency had been criticized for heavy-handed tactics, in Hampton Roads and nationally. Mueller defended the initial response by his agents but said procedures have changed. 'In the wake of Sept. 11, quite obviously we did not know what we had on our hands,' said Mueller, who became director only seven days before the attack. 'We did not know whether we had any additional hijackers in the United States,' he added. 'There was some substantial threat of a second wave.'" The Virginian-Pilot notes, "A 2003 report by the inspector general found that the FBI had violated the civil rights of hundreds of immigrants, most of Middle Eastern and South Asian descent. 'What the inspector general rightfully pointed out is that we should have done a better job in looking at the status of each of those individuals, even though they were rightfully detained, in terms of how long they were detained,' Mueller said. 'We have changed our processes to make sure we look at that status immediately,' he said."

Dallas Man Gets Life Sentence After Pleading Guilty To Meth Charge. The Fort Worth (TX) Star-Telegram (11/30) reported a 44-year-old Dallas man "was sentenced to life in federal prison Tuesday after pleading guilty in July to one count of conspiracy to possess with intent to distribute more than 500 grams of methamphetamine. Alejandro Tamayo was arrested in February. During the search and arrest in February, four Dallas officers suffered non-life-threatening injuries while helping the Drug Enforcement Administration serve a warrant at Tamayo's home. A report found that a Dallas SWAT officer accidentally shot a colleague in the leg and may have shot himself in the hand while returning fire during the incident."

FBI Arrests Philadelphia Philanthropist On Weapons Charges. The Philadelphia Daily News (12/1, Davies, Hinkelman, Reber, 106K) reports, "Joe Mammana is the kind of larger-than-life figure Philadelphians love - the kid who overcomes a crime-ridden youth to spend a fortune fighting crime; the ex-Marine who bluntly calls his rewards for missing thugs 'bounties'; the Italian-American businessman who cares enough to pay for young victims' funerals. … But Mammana's world came crashing down yesterday when FBI agents descended on his North Philadelphia egg-processing business and his expansive Yardley home, searching both -- as well as his Lamborghini and customized black Hummer. Mammana was arrested on weapons charges after the feds found a loaded .357 Magnum in his nightstand, but it appears his troubles run much deeper than that. Search warrants indicated that interest in Mammana was rooted in the FBI's economic crimes squad, and the feds were after business and tax records for evidence of suspected tax evasion, mail and wire fraud."

The Philadelphia Inquirer (12/1, Eichel, 385K) reports, "According to a federal affidavit, the arrest resulted from a search of Mammana's house conducted as part of an IRS probe into possible mail fraud, wire fraud and tax evasion. … There's no crime in possessing such a firearm, unless one has been convicted of a major crime. Mammana falls into that category, having amassed a long list of charges in three states between 1987 and 1991. 'It's kind of ironic that Joseph Mammana offers rewards for solving crimes and here obviously he's a convicted felon, and we find a gun,' said Peter Alvarado, IRS special agent-in-charge in Philadelphia." KYW-TV Philadelphia (11/30) reported on its Web site, "Mammana is well known throughout the Delaware Valley for making generous donations to the Citizen's Crime Commission, providing reward money to help solve high profile criminal cases. … The question now is could the

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money he has pledged to reward funds in Philadelphia and across the country be in jeopardy. A spokesperson from the Philadelphia Citizen's Crime Commission said they will look at the money that has been pledged and confront issues as they arise re-post any money if necessary." The AP (12/1, Walters) also reports on the arrest.

ATF Searches For Motive In Texas Plastics Recycling Plant Arson. The Longview (TX) News-Journal (12/1, Holland) reports, "Now that federal fire investigators have determined arson as the cause of a September fire at a Longview plastics recycling plant, they are bracing for the most difficult part of their probe." The News-Journal continues, "Earlier this week, the Bureau of Alcohol, Tobacco, Firearms and Explosives determined that an accelerant was used to start the blaze Sept. 22 at the Southwest Plastics office on Estes Parkway. … It was the facility's second fire in less than three weeks, with the first one destroying the company's 35,000-square-foot warehouse on Sept. 5. … 'Unfortunately, arson investigations are the longest to work and the hardest to prove,' ATF agent Clay Alexander said." The News-Journal adds, "Alexander said the next phase of the investigation would involve interviews with former and current employees who had access to the scene, and similar crime patterns that may have existed in and around the area. … 'Right now we are just looking for motive — who would want to burn the business and why,' Alexander said. … Southwest Plastics owner John Thompson could not be reached for comment Thursday, but has said that he had no known enemies. … His wife, Suzane Thompson, said Thursday that she was concerned that investigators have nothing to research, since the building remains were cleared to make way for a temporary facility. … 'The only thing we had was video surveillance tape from our security system, and we haven't heard anything about that,' Thompson said. … Alexander said that the tape is currently being reconstructed at the ATF laboratory in San Francisco, but he was hopeful that it could be sent to Tyler within a week or so."

TAX:

Tax Cuts, Deductions Could Be Focus Of Lame Duck Session. The Wall Street Journal (12/1, A4, Harwood) reports in its "Washington Wire" column that the focus of the lame duck session of Congress could be "tax horse-trading. … Sales-tax states are confident of two-year extension for federal deductions, as home states of Senate leaders Frist of Tennessee and Reid of Nevada both benefit. Business wants similar treatment for R&D credit renewal, while Democrats seek additional alternative-minimum tax fix now, to avoid paying for it after they reinstate 'pay-as-you go' budget rules. Republicans bristle, but White House needs deal to move trade bills. Under pressure from doctors, lawmakers work to block drop in expected Medicare payments. Revenue likely would come out of $10 billion 'stabilization' fund for regional health plans."

Democrats To Seek Permanent College Tuition Tax Deduction. The Washington Times (12/1, Hurt) reports, "Democrats have long attacked President Bush for the historic tax cuts he ushered through Congress during his first term and have promised to reverse at least some of them." But "among their top priorities when they take over Congress next month is passing a permanent tax cut of their own. Included in their 'Six for '06' platform that they say helped them win majorities in the House and Senate, Democrats promised to: 'Make college tuition deductible from taxes, permanently.'" Their "tax cut promise is neither an election-year gimmick, Democrats say, nor a reversal in their long-standing opposition to Mr. Bush's tax cuts. 'Democrats have made it clear that the middle class will be our priority and making college more affordable is a key concern of working families,' said incoming House Majority Leader Steny H. Hoyer, Maryland Democrat."

CONGRESS-ADMINISTRATION:

Gates Meets With Key Senate Democrats. The AP (12/1, Kellman) reports, "Robert Gates, President Bush's choice to take over the Defense Department while the Iraq war rages, met Thursday with three Democratic senators who will be asked to vote on his confirmation next week." Gates "did not run into any immediate opposition, even from senators who in 1991 voted against his confirmation to head the CIA when Bush's father was president." The nominee met with Sens. Edward Kennedy, Robert Byrd and Byron Dorgan.

House Committee Warns White House On Foreign Ownership Of Airlines. The Washington Times (12/1, Lengell) reports the House Transportation and Infrastructure Committee "has warned the Bush administration it faces legal action if it goes ahead with plans to relax foreign ownership rules of domestic airlines." In a letter sent to White House Chief of Staff Joshua B. Bolten on Tuesday, the committee accused "the administration of using the Transportation Department to bypass Congress' legislative authority," arguing that "only Congress…can change laws regarding foreign ownership of US airlines." However, "foreign investment would help boost the ailing airline industry," and Transportation officials have said the proposal to allow foreign investors to increase stock ownership in US airlines "is key to the ongoing negotiations over the Open Skies agreement with the European Union."

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Bush Proposes Lowest Federal Salary Increase In Nearly Two Decades. Under the headline, "Pay Raise Proposed by Bush Would Be Smallest in 18 Years," the Washington Post's (12/1, D4, Barr) "Federal Diary" column reports, "About 1.8 million federal employees would receive a 1.7 percent increase in their basic pay and a 0.5 percent average increase in their locality pay next year under a plan that President Bush sent to Congress," which would amount to the "lowest annual salary increase in 18 years, according to congressional aides. House and Senate spending bills propose a 2.7 percent average raise for federal employees, but the bills seem unlikely to pass in the lame-duck session." The Post adds that "by sending Congress his pay plan yesterday, Bush avoided triggering a part of the 1990 law that would have provided federal employees with an overall pay raise of 8.6 percent," saying that "a raise of that size would have cost $8.8 billion, an outlay that he said would interfere with higher priorities, such as maintaining the war against terrorism."

Warner May Take Top GOP Post On Intelligence Panel. The Wall Street Journal (12/1, A4, Harwood) reports in its "Washington Wire" column, "Republican Shuffle: Virginia's Warner could yet pass on top party post on Senate Environment panel, instead taking ranking Intelligence slot. He would succeed Kansan Roberts, who feuds with incoming Chairman Rockefeller. Roberts could then reclaim ranking on Agriculture panel in time for farm bill important back home."

In fact, McClatchy (12/1, Stearns) reports Roberts "is preparing to leave the Senate Intelligence Committee after an intense four years as chairman, according to Senate officials." Roberts "has been a lightning rod for partisan criticism throughout his tenure, which began just weeks before the United States invaded Iraq in March 2003." The Intelligence Committee, "once noted for bipartisan collegiality, was increasingly swept into the maelstrom of vitriol surrounding the intelligence that led to the Iraq war, the Bush administration's domestic surveillance program and the treatment of suspected terrorists in custody. Neither Roberts nor his spokeswoman would comment for this story."

Treasury Official's Position At Duke Raises Conflict Of Interest Concerns. The Washington Post (12/1, A27, Birnbaum) reports Robert K. Steel "is a Washington oddity. He holds two high-powered jobs, one inside and the other outside government." Steel, the "new undersecretary of the Treasury in charge of domestic finance…supervises thousands of federal employees and helps oversee the nation's multi-trillion-dollar financial markets. At the same time, he moonlights as the unpaid chairman of the Board of Trustees of Duke University, a major recipient of federal funds and one of the country's most richly endowed colleges." Experts say "it is rare for a senior executive branch official -- in this case a Treasury official ranked just below the department's No. 2 -- to hold a significant position outside government. Top federal executives customarily drop their nongovernmental posts to devote themselves to their time-consuming federal tasks and to avoid even the appearance of a conflict of interest with their public responsibilities."

Reid Faces Challenge In Moving From Minority To Majority Leader. The Los Angeles Times (12/1, Levey) reports, "Unpolished and a little grandfatherly," incoming Senate Majority Leader Harry Reid "in many ways seems an unlikely torchbearer for his party. He is uncomfortable delivering sound bites and policy pronouncements. He often interrupts his comments with awkward pauses that give the impression he has lost his train of thought." As "minority leader the last two years, his approach proved highly effective: By playing defense, Reid bottled up many GOP initiatives." But with Democrats "catapulted into control of the Senate, the former amateur boxer will assume a broader responsibility for charting alternatives to the Bush agenda. On Iraq, for example, Reid has promised a vigorous drive to withdraw troops." But as he "prepares for his new job, however, Reid faces a huge question: Can he cobble together a legislative record his party can be proud of? Though his low-key style masks toughness and great political dexterity, it is unclear if that will be enough." The Democrats "will have a bare one-vote majority. And Reid will not have the platform commanded by President Bush or Rep. Nancy Pelosi (D-San Francisco), who as the next House speaker will preside over a chamber where a leader can exercise much greater control." Reid also "can expect to come under more scrutiny. In recent years, ethical questions have been raised about his sponsorship of legislation that benefited clients of his sons and son-in-law, his efforts to secure federal money for a bridge near land he owns, and political contributions he received from Indian tribes represented by imprisoned lobbyist Jack Abramoff. Reid has denied any impropriety."

Ellison's Decision To Take Oath Of Office On Quran Stirs Controversy. USA Today (12/1, 3A, Stone) reports, "The first Muslim elected to Congress hasn't been sworn into office yet, but his act of allegiance has already been criticized by a conservative commentator. In a column posted Tuesday on the conservative website Townhall.com, Dennis Prager blasted Minnesota Democrat Keith Ellison's decision to take the oath of office Jan. 4 with his hand on a Quran, the Muslim holy book. 'He should not be allowed to do so,' Prager wrote, 'not because of any

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American hostility to the Koran, but because the act undermines American culture.'" He "said Ellison, a convert from Catholicism, should swear on a Christian Bible -- which 'America holds as its holiest book … If you are incapable of taking an oath on that book, don't serve in Congress.'" The post "generated nearly 800 comments on Townhall.com and sparked a tempest in the conservative blogosphere."

McClatchy (12/1, Hotakainen) says "taking an oath on the Quran isn't unprecedented. In 1999, the News-India Times reported that Osman Siddique, a Virginia businessman of Bangladeshi origin, used the Quran to take the oath when he became the US ambassador to Fiji and three other Pacific nations: Nauru, Tonga and Tuvalu. He took the oath on the Bible and the Quran, with the Quran on top, the newspaper reported." But the Washington Times (12/1, Pfeiffer) notes that "in 2005, a North Carolina judge refused to allow a Muslim woman to take her oath on the Koran before testifying. Guilford County Superior Judge W. Douglas Albright cited state law in the case, which reads that oaths are to be made upon 'Holy Scriptures,' which analysts agreed is a reference to the Bible. However, in 1997, a federal judge hearing a terrorism case in Washington allowed witnesses to make such an oath to Allah."

Pelosi Said To Face Challenge Of Leading "Old Bulls," "Young Turks." In his Washington Post column (12/1, A29), E.J. Dionne says, "The most important tension within the new Democratic majority in the House of Representatives is not between liberals and conservatives or free traders and fair traders. It is between older members who once enjoyed the power and perks of majority status, and their younger colleagues who will experience real power for the first time." The older members – "many of whom will be taking over committee chairmanships -- came to political maturity in the pre-Clinton, pre-Gingrich era, before the full flowering of the permanent campaign. They governed from a House in which committee leaders typically had more power than the House speaker in shaping legislation." But "nearly two-thirds of the Democrats in the new House have been elected since 1994, meaning they have only known life in the opposition during a time when Republicans radically centralized control in their leadership. In their hunger to overturn the Republican majority, these younger Democrats honed their strategic shrewdness by taking the lesson from Bill Clinton and Newt Gingrich that politics and policy are inevitably linked." The "key to Nancy Pelosi's success as speaker will be to find a way to bring the old bulls and the Young Turks together. Democratic optimists -- now that the party has again won an election the phrase is no longer an oxymoron -- think the management of the 2006 campaign is a signal that Pelosi will draw on the talents of both groups."

Compromise Would Give Utah Fourth House Seat, DC Voting Rights. USA Today (12/1, 6A, Kiely) reports that the Utah Legislature "will set in motion a plan that would permanently increase the size of the U.S. House of Representatives for the first time since 1911." Gov. Jon Huntsman "summoned the lawmakers into a special session last week to approve a redistricting plan that would give the predominantly Republican state a fourth member of Congress. Utah came within a few hundred votes of qualifying for a fourth House member in the last Census." In return, Eleanor Holmes Norton, "the longtime delegate for the predominantly Democratic District of Columbia, would win full voting privileges. That would increase the number of House members from 435 to 437." Backers "press for the House and Senate to approve legislation increasing the House's membership before this congressional term ends, as early as next week."

The Washington Post (12/1, A1, Sheridan, Woodlee) reports DC Mayor-elect Adrian M. Fenty "went to Capitol Hill yesterday and Utah prepared to redraw its congressional districts as members of both parties said a plan to add House seats for the District and Utah had good prospects for approval next year." Fenty and Del. Eleanor Holmes Norton "met with House Speaker-elect Nancy Pelosi (D-Calif.) to push for passage next week of the voting rights bill, before the current session of Congress adjourns. That appears unlikely, according to congressional leaders. A more probable scenario, they said, has the bill reemerging early next year in a new, Democrat-controlled Congress." Fenty (D) and others "hoped that the Utah action would propel Congress to act next week. But Republicans, who control the House, said they doubted the bill would get a vote in the session beginning Tuesday."

Bush Host First "Holiday Season" Parties. The Washington Post (12/1, Argetsinger, Roberts) reports, "George and Laura Bush hosted the first of 24 White House holiday-season parties last night (nah, we didn't get an invite, either), just hours after the first lady unveiled this year's decorations, inspired by the mansion's Red Room." The "menu: New executive chef Cristeta Comerford added some Bush favorites to the traditional holiday buffets -- mini-chicken-fried steaks with white onion gravy, sweet potato souffle and tamales, which the Texans always eat on Christmas Eve."

OTHER NEWS:

Consumer Spending Sees Modest Gains; Retail Sales Mixed. The Wall Street Journal (12/1, A3, Gerena-Morales) reports, "Despite strong gains in wages and

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salaries, American consumers increased their spending at an unexpectedly modest pace in October, showing caution in the face of a struggling housing market. Personal spending rose $16.9 billion in October, up 0.2% from the previous month, the Commerce Department reported. Spending had fallen 0.2% in September but was up 0.1% in August." The Journal adds, "Adjusted for inflation, consumer spending rose 0.4% in October, helped by a decline in gasoline prices. Some economists had expected stronger spending in October, considering the sharp drops in gasoline prices in recent months." The "modest gains in spending were especially surprising given that consumers' incomes grew at a healthy pace in October. Personal income advanced at a seasonally adjusted rate of 0.4%, following a 0.5% gain in each of the three preceding months, the Commerce Department said. Wages and salaries, which account for a large share of personal income, climbed 0.6% in October, matching September's advance."

NBC Nightly News (11/30, story 9, 0:25, Williams) reported, "We are getting a first snapshot of the early Christmas shopping season with stores reporting their sales numbers for November today. And it is a decidedly mixed picture. All the stores reporting in saw an increase of 2.1% over last November's numbers and that is a bit below expectations. Wal-Mart was the big surprise today. Its sales were down 0.1%. That's the first time that's happened in 10 years. Wal-Mart's stock was down sharply on that news today." Another Wall Street Journal story (12/1, A2, Kang, McWilliams) says "the nation's retailers remain largely upbeat about the holiday shopping season, despite their mixed performance in November and another warning from Wal-Mart Stores Inc. Procrastinating shoppers could still show up and lift overall holiday sales, industry experts said. … November was 'softer than expected,' said Lazard analyst Todd Slater, as warmer weather in certain parts of the country slowed sales of apparel like coats and scarves. 'We believe a lot of business will be pushed to late December,' he said, driven by chillier weather and procrastinating shoppers hunting for last-minute gifts. 'I think it's going to be a solid holiday,' said Madison Riley, strategist and principal with retail consulting firm Kurt Salmon Associates."

US Dollar Hits 20-Month Low Against Euro. The Wall Street Journal (12/1, A1, Phillips, Slater, MacDonald) reports, "The dollar's continued slide against the euro and British pound highlights the delicate task faced by Treasury Secretary Henry Paulson: allowing the US currency to weaken slowly against other currencies without sending it into a plunge that would damage the nation's economy." Paulson "has chosen to follow in the footsteps of his predecessor, John Snow, by acquiescing as markets pull the dollar lower. Yesterday, the dollar hit a 20-month low against the euro and a 14-year low against the pound. Over the past year, it has dropped 6.7% against a Federal Reserve index of seven major currencies." The Journal adds, "Though Bush administration economic officials are eager to avoid a market-rattling crash, a weaker dollar could help the U.S. deflate its ballooning trade deficit by making American goods cheaper abroad and foreign goods pricier for Americans. It also could help Mr. Paulson fend off what he considers an alarming rise in protectionist sentiment." The Financial Times (12/1, Beales) runs a similar report under the headline "Dollar Slides As US Business Slows," in which it says the slide occurred "after data from Chicago purchasing managers indicated that business activity in the Midwest unexpectedly fell last month."

Stocks Mixed. NBC Nightly News (11/30, story 10, 0:15, Williams) reported, "The Dow was off just under 5 points [to close at 12,221.93]. NASDAQ lost about half a point [to close at 2.431.77]." USA Today (12/1, 6B, Krantz) noted "the Standard & Poor's 500 resisted the gravitational pull and finished up 1.15 points to 1400.63."

Krugman Suggests A Recession Is Coming. Paul Krugman writes in the New York Times (12/1) that "this kind of confusion about what's going on is what typically happens when the economy is at a turning point, when an economic expansion is about to turn into a recession (or vice versa). At turning points, the various indicators that usually tell us which way the economic wind is blowing often point in different directions, so that both optimists and pessimists can find data to support their position. The last time things were this confused was early in 2001, when most economists failed to realize that the United States was sliding into recession." Krugman adds, "If that sounds ominous, it should: the bond market, which has a pretty good record of forecasting recessions, is pointing toward a serious economic slowdown next year. … Luckily, we've got good leadership for the coming economic storm: the White House is occupied by a man who's ideologically flexible, listens to a wide variety of views, and understands that policy has to be based on careful analysis, not gut instincts. Oh, wait."

Mehlman Says GOP Needs To Return To Principles. The AP (12/1, Sidoti) reports that with the "sting of Republican electoral defeats still fresh," outgoing Republican National Committee Chairman Ken Mehlman "suggested Thursday the party has strayed and challenged it to refocus on core principles and reform." Speaking to the Republican Governors Association, Mehlman said, "We work for the people." Mehlman "reminded the crowd that 'good policy makes good politics — and, for Republicans, this must be a time for self-examination when it comes to our policy.'" Mehlman said, "Our nation is stronger and better when Republicans are the party running the government. But, ladies and gentleman, our party should never be the party of government, of Washington, of earmarks, of bureaucracy." The AP adds, "Three weeks after the losses, about a dozen

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GOP governors gathered in this Miami suburb for their association's annual meeting. The 2008 election loomed large, given that the outgoing RGA chairman is Massachusetts Gov. Mitt Romney, who is considering running for president. Arkansas Gov. Mike Huckabee, also weighing a bid, attended the meeting." Sen. John McCain, "who is widely considered the one to beat and has created a presidential exploratory committee, held a reception for those attending RGA events."

The Washington Post (12/1, A6, Murray) reports Mehlman "warned a somber and diminished gathering of GOP governors that the party will face years in the political wilderness unless it corrects the mistakes that led to last month's election losses." Mehlman said, "If we shrug our shoulders and say, 'It was just a fluke, a perfect storm of factors out of our control,' then we will lose again in 2008." Mehlman added, "If that is the approach we take, then we are destined to spend far more than one term in the minority. And we as a party will deserve it." The Post adds Mehlman "acknowledged voter anger about the Iraq war and a spate of GOP corruption scandals, but he pointed to a broader culprit: the erosion of the core conservative principles of small government and personal responsibility. As Republicans built up their Washington power base, he noted, the center of gravity shifted away from the statehouses that had been the traditional laboratories for policy ideas. The result was a vacuum that delivered little of interest to voters, while devaluing the national Republican brand."

McCain, Romney Vie For Support At Annual RGA Event. The Washington Times (12/1, Hallow) reports that Arizona Sen. John McCain, in Miami, FL on Thursday, "brought his prospective 2008 presidential bid to what amounts to the 'home turf' of a rival, Massachusetts Gov. Mitt Romney, seeking to line up support among the nation's Republican governors. Attendees at the annual conference of the Republican Governors Association (RGA) were wooed at dinners featuring the two men. Mr. Romney, the outgoing RGA chairman, held two dinners here at the same time on the same night -- one in secret for governors and donors he wanted to recruit to his side for 2008 and the other a publicly scheduled dinner for the remainder of Republican governors, spouses and donors. Mr. McCain's well-organized campaign, however, has been stalking Republican gatherings of every kind for more than a year. For this event, McCain partisans, despite initial objections from Mr. Romney's RGA, slipped invitations under Doral Hotel room doors Tuesday night, inviting Republicans to a reception the Arizona senator sponsored last night at Don Shula's, a fancy and famous restaurant here."

The New York Times (12/1, A1, Nagourney) reports that McCain "turned up on Thursday morning at the Doral Golf Resort and Spa here for a guerrillalike visit to the annual meeting of the Republican Governors Association. … As Mr. Romney gamely presided over the morning session of the meeting, Mr. McCain commandeered a room at the Doral Resort for eight hours of meetings with nine Republican governors, including Gov.-elect Charlie Crist of Florida, according to Republicans familiar with his schedule. On Thursday evening, many of those at the conference were bused to an elaborate reception, courtesy of Mr. McCain, at a resort hotel in Miami Lakes." Romney "has hoped, like George W. Bush in 2000 and Bob Dole in 1996, to use the overwhelming support of the Republican governors as a springboard to the presidential nomination. Mr. McCain served notice with his incursion that Mr. Romney could not take them for granted."

The Boston Globe (12/1, Helman) reports, "'This is only natural,' Governor Haley Barbour of Mississippi explained as he sipped a mixed drink at McCain's party, saying that the dogfight for the 2008 Republican presidential nomination was well underway. To wit: Key Republican players such as Barbour and Governor-elect Charlie Crist of Florida found themselves praised publicly by Romney at a morning press conference, then later, invited on stage next to McCain as he delivered brief remarks at his reception." McCain "dismissed a suggestion that he was horning in on Romney's territory. 'This is Florida,' McCain told reporters. 'I used to be a resident of the state of Florida.'"

McCain Invites Reporters To Off Record Reception At RGA Meeting. The Washington Times (12/1, McCaslin) reports in its "Inside The Beltway" column, "'The event will begin at 5 p.m. and will be off the record, but open to the press.' So reporters were informed in writing before a reception that Arizona Sen. John McCain, a likely 2008 presidential contender, hosted last evening for the nation's Republican governors."

Vilsack Launches Bid For White House. Iowa Gov. Tom Vilsack on Thursday formally kicked off his bid for president. The Des Moines Register (12/1, Beaumont) reports that Vilsack "vowed to make small-town values and Midwestern ingenuity the key to returning the Democrats to the White House and improving the nation's standing in the world." He also "acknowledged his bid's long odds to the audience of more than 800 supporters at Iowa Wesleyan College in the southeast Iowa town Mount Pleasant, where Vilsack served as mayor and represented in the Iowa Senate. 'I have always been the underdog and long shot,' said Vilsack, who came from behind in 1998 to win his first term as governor." Vilsack, who is "the first Democrat to enter the 2008 race, was scheduled to leave Iowa early this afternoon for Concord, N.H., to meet with party activists in the lead-off primary state. Vilsack was expected to visit his native Pittsburgh on Saturday before returning to Des Moines that

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night for his inaugural presidential fundraiser. … The final leg of the ceremonial campaign kick-off takes him to Nevada, the Southwest's first caucus state, on Sunday and South Carolina, scheduled to host the South's first primary, on Monday."

The Mason City Globe Gazette (11/30, Dorman) reported that Vilsack "argued that the country is less safe, health care costs are skyrocketing and Americans are struggling to buy homes and pay for college. He vowed to address those problems as president. He called for a new foreign policy that that 'renews friendships, develops alliances and isolates enemies.' He called for taking U.S. troops 'out of harm's way' in Iraq while shifting the security burden to Iraqis." Vilsack also "turned to one of his most formidable attributes Thursday – his personal history. He told again of how his orphaned childhood began 'in the arms of a stranger.' His adopted mother battled substance abuse while his father struggled to keep his business afloat. 'The deepest hole anyone can dig is addiction and dependency. My mother dug that hole, but she dug herself out,' Vilsack said. 'In doing so she taught me a valuable lesson -- that the courage to create change can overcome anything and that community can give you the support and confidence to succeed.'"

The Los Angeles Times (12/1, Barbarak) reports, "Strategists for Vilsack see his life story as a major selling point and he told parts of it in his remarks. Abandoned on the steps of a Pittsburgh orphanage, he was taken into a home blighted by alcoholism, financial hardship and physical abuse. 'I know what it's like to be alone and to feel as if you don't belong,' he said of his rough childhood and its cycle of maternal binges and beatings with a metal belt buckle."

The Cedar Rapids Gazette (11/30, Lynch) reported that Vilsack said "he is running for president because every American has the right to pursue changes that will improve their life, to pursue the American dream. 'I am running for president because every community should contribute to our success,' he said. 'Americans who live in cities, barrios, suburbs and small towns all deserve a president who works for and remembers them.'"

The AP (12/1, Glover) reports that Vilsack "also emphasized the nexus between oil dependence, national security and the economy, saying he would give high priority to weaning the nation off foreign oil and promoting alternative energy. 'Energy security will revitalize rural America,'" Vilsack said, adding, "Energy security will allow us once and for all to remove and reduce our dependency on foreign oil from foreign countries that do not like us." As governor, Vilsack "has pushed for developing alternative energy sources such as ethanol, biodiesel and wind power."

Vilsack said on Fox News (11/30, Cameron), "I'm looking forward to this campaign because we're going to encourage Americans to challenge themselves to embrace change. As a governor, I've had to create a vision and then lead a state to that vision. One of the issues we're going to talk a great deal about is energy security. I don't there's anybody in the country that can talk about it as well as I can, based on what we've done in Iowa as a renewable fuel leader. So we're going to start focusing on big ideas and change, and governors basically know how to do that."

The Washington Post (12/1, A3, Balz) reports that Vilsack "did not have his state to himself as he launched his candidacy. On Wednesday, former senator John Edwards (D-N.C.) drew a big crowd at a book signing in Des Moines. Sen. Evan Bayh (D-Ind.) will be in Iowa on Monday -- it will be his 12th such visit to the state, which will hold the first presidential caucuses in 2008." Vilsack said yesterday "that he welcomes all challengers in the state. 'I'm confident that by the end of the process, we will have convinced a lot of Iowans that I have the capacity and the capability to do this job and I deserve to be on that stage, and I think that they will support me,'" he said in an interview following his speech.

McClatchy (12/1, Fitzgerald), noting that Vilsack "is a centrist who heads the Democratic Leadership Council," reports, "His strategists believe that his profile fits the times, after a midterm election that gave Democrats control of Congress largely because moderate swing voters rebelled against Republican rule. After all, the profile -- obscure governor from a small state with a head for policy -- worked for Bill Clinton (Arkansas) and Jimmy Carter (Georgia), who happen to be the last two Democratic presidents."

CQ Politics (11/30, Miller) reported that Vilsack "has raised more than $2 million for his current political action committee, but that pales in comparison to the fundraising capabilities of some other Democratic hopefuls, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois. Vilsack has also ranked near or at the bottom of polls asking who voters would support in a race for the Democratic nomination."

Lack Of Foreign Policy Experience Seen As Hurdle For Vilsack. USA Today (12/1, 6A, Lawrence) reports that with his announcement Thursday, Vilsack "became the first of several governors expected to test their traditional strength as presidential candidates at a time when campaigns are shadowed by terrorism and the Iraq war. Former governors have occupied the White House for 26 of the past 30 years, propelled by their experience running states and the absence of voting records ripe for dissection. But in the post-9/11 era, with violence gripping Iraq, they face a special challenge in convincing voters they can keep the country safe. … 'If the war on terror is the issue, governors are not the answer,' says GOP consultant Mark McKinnon, who helped elect President Bush" and is an adviser to Arizona Sen. John McCain." USA notes, "The flip side of McKinnon's argument is that governors were not involved in the authorization, management or oversight of the unpopular Iraq war. 'It works

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to their benefit,' says Republican strategist Rich Galen, because they can propose solutions without contradicting their past votes or views."

The New York Times (12/1, Zeleny) reports, "While governors have historically made stronger presidential candidates than members of Congress have, a lack of foreign policy experience is among Mr. Vilsack's obvious challenges. In an interview, he said sound judgment was just as critical as foreign policy experience. He said he had conducted trade missions in 22 countries as governor, including a trip to Taiwan, where he was shaken by an earthquake, and had traveled to Iraq and Afghanistan." The Times notes, "When he hands off the governor's office next month to the recently elected Chet Culver, Democrats will control both chambers of the legislature and the governor's office for the first time in four decades, a legacy that Mr. Vilsack hopes will help his uphill climb for the presidential nomination. 'Iowans are not going to give me a free pass,' Mr. Vilsack said in an interview, assessing his chances in the caucuses to be held in 13 months. 'And they shouldn't.'"

Vilsack Said To Be "Smart" To Get Early Start On White House Bid. In an article titled "Why Tom Vilsack is Starting So Early," Perry Bacon Jr. wrote on TIME.com (11/30, Bacon Jr.), "If you're thinking about winning the Democratic presidential nomination and you're not already on a first (Hillary) or last name (Obama) basis with millions of Americans, it won't be easy. You have to find a compelling personal story or policy idea to distinguish yourself from at least a half dozen other similar politicians. Then, you need to sell that story convincingly to the news media, to experienced political talent you want on your staff and most importantly, to the deep-pocketed money men or the emerging Netroots who can help you raise upwards of $20 million to run a competitive race. Worse yet, you have to try to do this while all of those groups are to one degree or another sitting on their hands, eagerly anticipating a candidacy from Hillary or Obama. Then, as Howard Dean learned in 2004, you have to turn all that money, buzz and potential into an actual win in Iowa-or at least a close second. So Tom Vilsack is smart to get started early."

Expected Clinton Bid Would Pose Formidable Challenge For Vilsack, Other Democratic Hopefuls. The Wall Street Journal (12/1, Harwood) reports, "For two years, the Democratic Party's 2008 presidential field has held an unusually well-defined shape: Sen. Hillary Rodham Clinton and everyone else." With his announcement Thursday, Vilsack "opened the effort to shake things up." However, "he faces the same challenge as the rest of the Democratic field: How to stop a front-runner with opening strength to rival that of Walter Mondale in 1984 and then-Vice President Al Gore in 2000. Sen. Clinton's formidable assets include universal name recognition, unrivaled fund-raising capacity and strong ties to Democratic constituencies -- and the most-talented political spouse in American history. Those represent high barriers even for the array of experienced candidates who might also jump in, from Mr. Gore to 2004 nominee John Kerry to Mr. Kerry's former running mate, John Edwards. … Yet Howard Dean from tiny Vermont managed to achieve a meteoric rise in the 2004 Democratic race. That promise of unpredictability -- the hope of every dark horse -- is what Mr. Vilsack is banking on."

Christian Conservatives Want To Cut US Support For AIDS Fund. The Boston Globe (12/1, Donnelly) reports, "Some leading Christian conservatives, angry over the Global Fund to Fight AIDS's promotion of condoms and its perceived lack of support for faith-based programs, are pushing Congress to cut US support for the AIDS initiative, which was initiated by President Bush in a Rose Garden ceremony five years ago with a $200 million commitment." The fund – "whose full name is the Global Fund to Fight AIDS, Tuberculosis, and Malaria -- has become one of the pillars of the international effort to fight infectious diseases, growing into a $6.6 billion organization that supports programs in 136 countries." Some conservative Christians in the US "take issue with the Global Fund's policies, which include buying clean needles for drug users, and many are furious that just 6 percent of its program dollars goes to faith-based groups." Fund officials, "worried about the religious right's influence in Congress, are pledging to try to give more money to religious charities. The executive director of the fund, Richard G.A. Feachem , yesterday told 2,000 people at an AIDS conference organized by the influential Saddleback Church in Lake Forest that the battle against the virus 'will only succeed if the great faiths of the world become totally mobilized.'"

Project Ujima Aims To Help DC AIDS-Infected Addicts In Recovery, Treatment. The Washington Post (12/1, A1, Vargas) reports in a front page story about a Wednesday support group for HIV-infected drug addicts in Washington called Project Ujima. It is, "local AIDS workers say, the only one of its kind in the city. Theirs is not just a place in which poverty, prison, addiction and HIV intersect, the Ujima men say, but a place to heal. An unbroken circle where men with broken lives try to rebuild."

Clinton Foundation Helps Reduce Medicine Prices For AIDS. The New York Times (12/1, Dugger) reports, "With the financial backing of a group of nations led by France, former President Bill Clinton announced Thursday that his foundation had negotiated deeply reduced prices for 19 AIDS drugs to treat children, halving the cost of the simplest-to-use therapy — three drugs combined in a single pill -- to less than $60 a year for each boy and girl." The countries, France, Brazil, Britain, Norway and Chile, "are putting up $35 million to buy antiretroviral drugs and diagnostic tests to treat 100,000 more children in 40 nations

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next year." The Clinton Foundation "negotiated on the countries' behalf, using their pooled purchasing power to get volume discounts on the drugs," and the countries "formed a new Geneva-based organization called Unitaid earlier this year to buy AIDS, tuberculosis and malaria drugs." The Clinton Foundation has also "raised $15 million to train doctors, upgrade pediatric wards and provide other assistance that the countries in Africa, Asia, Latin America and the Caribbean will need to treat the additional 100,000 children next year."

US Urged To Increase Efforts To Fight AIDS In Africa. In an op-ed column in The Washington Post (12/1, A29, Dare, Kim, Farmer) Lola Dare, Jim Yong Kim and Paul Farmer write, now "that donor governments are providing more funding and medicines are becoming available, a new bottleneck threatens the success and sustainability of the effort." People with AIDS in Africa are dying "simply because there aren't enough nurses, doctors and pharmacists to administer treatment." The United States "must get serious about increasing the overall supply and retention rates for health professionals in sub-Saharan Africa," and on "this World AIDS Day, we must match the audacity of President Bush's 2003 pledge with a complementary initiative for training and keeping enough new health professionals and community-level workers to fulfill the promises the United States has made."

More Commentary. The Washington Post (12/1, A28) editorializes that "global poverty stretches out across an endless plane," yet "in fact there is advance:" Since 1990 "the proportion of the world's people living on $1 or less a day has fallen by a third, and primary school enrollment in developing countries has gone from 79 percent to 86 percent." Also, the number of people "receiving AIDS drugs in sub-Saharan Africa has jumped tenfold in three years, and yesterday the William J. Clinton Foundation announced plans to boost AIDS treatment for children in 62 poor countries." Although "we should still remember that some 800 million people go hungry and that 10 million children die each year before their fifth birthdays," "it's also important to keep hope: The wagon is advancing."

WSJournal Criticizes Democrats For Contesting Florida's 13th CD Result. The Wall Street Journal (12/1) says in an editorial, "Democrats whomped Republicans in last month's midterms, but oddly enough they're still calling in the legal cavalry to contest one of the few races they narrowly lost" in Florida's 13th CD. The "certified winner is Republican Vern Buchanan, who beat Democrat Christine Jennings by fewer than 400 votes out of more than 237,000 cast. Two recounts, which were demanded by Democrats and required by law, have reconfirmed Mr. Buchanan's victory and slightly increased the margin." Democrats are "now suggesting that defective voting machines cost them the race. They point to Sarasota County's 18,000 'undervotes,' or incidences where voters cast ballots in other races but not the Buchanan-Jennings contest." Jennings – "along with such liberal partisans as People for the American Way and the American Civil Liberties Union -- has filed a lawsuit contesting the results based on 'statistical and eyewitness evidence of significant machine malfunctions' in Sarasota's iVotronic touch-screen system." They "want a court to declare Ms. Jennings the winner by -- get this -- using statistical models to extrapolate that she would have received most of the undervotes. Short of that, they'll settle for nullifying the November results and holding a new election." The bottom line, according to the Journal, is that the Democrats' "real problem is the outcome of the race, not the integrity of the voting process. Some liberals are so paranoid nowadays that they aren't happy even when they win."

NYTimes Criticizes Perceived Link Between Wealth, Success. The New York Times (12/1) says in an editorial, "As The Times has noted in a series of recent articles, the very richest earners are increasing their earnings at twice the rate of their onetime peers, and the average-rich are taking resentful note." Part of the "explanation is undoubtedly a tax code that has sent the incomes of the wealthiest sliver of the nation into hyperdrive. Another might be the spike in education costs, which send many new doctors, lawyers and scientists out into the world armed with a diploma and a six-figure debt. But the bottom line seems to be that in 21st-century America, more people can't feel successful unless they're making a killing."

Rice Growing Impatient On UN Iran Resolution. The New York Times (12/1, A21, Cooper, 1.16M) reports that "after months of missed deadlines, threats and counterproposals in the effort to rein in Iran's nuclear ambitions, the fragile coalition of six world powers that has been facing down Tehran may be about to splinter." According to the Times, Secretary Rice "sounded fed up Thursday with Russia's refusal to sign on to the list" of UN sanctions. Meanwhile, a senior administration official traveling in Jordan with Rice said the United States "would soon be ready to force the issue by calling for a vote." Asked by reporters if Washington was "willing to sacrifice a tough sanctions resolution in order to keep the Russians on board," Rice said, "Unity is not an end in itself. I'm all for maintaining unity, but I'm also all for action."

Similarly, the Washington Post (12/1, A22, Kessler, 690K) says Rice "signaled" Thursday that the US is "willing to risk a breach with Russia" if the Russians do not soon sign on to the resolution. The Post notes that "until now, a key administration goal has been to keep the five nations on the

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Security Council that hold veto power, plus Germany, unified on the Iran issue. But Rice's remarks suggested that the administration's patience is waning and that officials could soon offer a resolution, daring Russia to veto it."

Lebanon Increases Security Forces To Counter Iranian Influence. The Los Angeles Times (12/1, A1, Stack) reports in a front page article that the Lebanese government has "nearly doubled the size of its security forces with some 11,000 mostly Sunni Muslim and Christian troops in recent months, and armed them with donated weapons and vehicles from the United Arab Emirates." The Times says the "dramatic increase in interior ministry troops, including the creation of a controversial new intelligence unit and the rapid expansion of a commando force, is meant to counter the growing influence of Iran and its ally here, Hezbollah," Cabinet minister Ahmed Fatfat said in an interview this week. The "quiet, speedy troop build-up" also "reflects growing tensions across the region between US-allied Sunnis who hold power in most Arab nations and the growing influence of Shiite-ruled Iran and Hezbollah."

Hezbollah Calls For Street Protests Friday. The Washington Post (12/1, A23, Shadid) reports that in "a dramatic day of dueling statements" Hezbollah leader Hasan Nasrallah "called on his supporters and allied forces to pour into Beirut on Friday to bring down the US-backed government," a move Lebanese Prime Minister Fouad Siniora "compared to a coup attempt," but "insisted that the government would fall only through a vote of parliament, not a show of force in the streets." However, the Post says the call for protests "marks the sharpest escalation yet in a month-long crisis that may decide the direction of Lebanese politics for years ahead, and it represents a potentially precarious step along Beirut's many fault lines of politics, ideology and sect." Meanwhile, "some residents expressed satisfaction Thursday that protests threatened since the end of October would finally arrive...sensing that Hezbollah was playing its last card. If the protests fail to topple the government, they said, Hezbollah will be left with few options to try to force change."

Rice Urges Mideast Leaders To Expand Ceasefire. The AP (12/1, Flaherty) reports Secretary Rice "tried to build momentum Thursday for a fragile cease-fire agreement between the Israelis and the Palestinians, urging both sides to expand the peace deal beyond the Gaza territory." However, the AP says "US options were limited, as Palestinian President Mahmoud Abbas said he was finished negotiating" with Hamas to create a new unity government. After "a blitz of diplomatic meetings," Rice said she was "still hopeful the small window of opportunity afforded by the cease-fire could be expanded into a long-lasting peace agreement." However, she cautioned, "You don't expect great leaps forward. You expect just progress and I think we've seen progress." At a press conference with Abbas, Rice said, "Hopefully we can take this moment to accelerate our efforts and intensify our efforts toward the two-state solution that we all desire." In order to help the Palestinians establish a lasting cease-fire, Rice "said the Bush administration wants to ask Congress for money to aid the development of a tougher Palestinian security force."

AFP (12/1, Millikin) notes that Rice "did not go into specifics about what kind of steps she had asked the Israelis to take," nor was "there was no indication that her latest effort will produce any significant breakthrough."

The Wall Street Journal (12/1, A3, Dreazen, Simpson, 2.04M) reports that Washington's "next steps in Middle East diplomacy appear to include speeding the transfer of Iraqi security forces from American to local control and stepping up efforts toward renewed Israeli-Palestinian talks. But obstacles emerged on both fronts yesterday, as President Bush...made clear he will resist calls to change his Iraq policy and Secretary of State Condoleezza Rice appeared to leave it to Palestinian Authority President Mahmoud Abbas to determine the next move in that peace process." The Journal says that although Rice "publicly declared her desire to 'accelerate our efforts and intensify our efforts' to bring about peace, little new appeared to be gained from the talks."

The New York Times (12/1, A21, Cooper, 1.16M) says Rice "took a six-hour side trip to Jericho and Jerusalem as part of the administration's new effort to address repeated requests from its Sunni Arab allies that the United States do more to push forward a peace initiative in the Middle East." However, "She spent more time shuttling between Jordan, Jericho and Jerusalem than in her lightning-quick meetings" with Abbas and Israeli Prime Minister Ehud Olmert and Foreign Minister Tzipi Livni of Israel. American officials "said they had hoped to use this trip to build on the fragile Gaza cease-fire," but "chances for a new initiative evaporated Wednesday after the Hamas leader, Prime Minister Ismail Haniya, took off on a month-long trip to visit Arab allies, a clear indication that the unity talks between Hamas and Fatah had reached an impasse," the Times says.

Similarly, the Washington Times (12/1, Mitnik) calls Rice's trip "a quick swing of shuttle diplomacy," noting that during the "detour" no "breakthrough was expected." Instead, "the primary purpose was to demonstrate US involvement despite only a faint glimmer of optimism for an end to the hostilities."

The Washington Post (12/1, A22, Kessler, 690K) reports that Palestinian negotiator Saeb Erekat "said Abbas sought Rice's help on several issues," including asking her "to work with Egyptian officials to support a so-far elusive exchange of hundreds of Palestinian prisoners in Israeli jails

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for Israeli army Cpl. Gilad Shalit," who was captured late June.

Rare Suicide Attack Kills 5 In Somalia. The Washington Post/AP (12/1, A22) reports that three bombers "exploded cars outside the base of Somalia's interim government Thursday, killing themselves and five other people," officials said. The government "blamed foreign al-Qaeda fighters for the attack," which was believed to be only the second suicide bombing ever in the country. The AP notes that there have been "numerous reports of foreign Islamic radicals coming to Somalia to join the fighting."

Rice Urges Congress To Approve India Nuclear Bill. The AP (12/1, Klug) reports Secretary Rice "says relations with India could suffer if Congress fails to satisfy White House objections to legislation that would allow shipments of US civilian nuclear fuel to India." Rice's "misgivings were expressed in a letter to leading lawmakers," obtained by the AP Thursday. The AP says her "intervention could complicate prospects for approval of the legislation." Rice warned that revisions by Congress could "be viewed by India 'as adding additional conditions' to the original agreement and 'could reopen the terms of the initiative to renegotiating.'" In her letter, Rice also cited a section in the Senate bill that would ban the transfer of nuclear enrichment and reprocessing equipment or facilities to India, saying "It is not appropriate to single out India, which has been a responsible steward of its nuclear technology."

Bush Calls Fox, Correa. The AP (12/1) reports President Bush called "two Latin American presidents Thursday whose countries are in the middle of leadership changes." During his flight back to the US, Bush made calls to outgoing Mexican President Vicente Fox and Ecuador's President-elect Rafael Correa. Bush called Fox "to wish him well" as he ends his presidency Friday with the inauguration of President-elect Felipe Calderon, said National Security Council spokeswoman Kate Starr. Starr said the call and the other "to congratulate Correa" each lasted "a few minutes."

Mexico's Calderón Faces Tough Challenges. The New York Times (12/1, McKinley) reports, "It is a measure of the problems Felipe Calderón will confront as president when he is sworn in on Friday that both his conservative supporters and leftist opponents have camped out on the dais in Congress where the ceremony is to take place. The leftists swear they will stop Mr. Calderón from taking the oath of office. The conservatives vow to ensure that he does. The standoff has become comic, as legislators from both sides have stayed up all night singing ranchero songs in between hurling fists and insults. But the antics in Congress reflect a real gulf between people throughout this country that opened during the hotly contested national elections in July. They also reveal the paralysis that Mr. Calderón will have to overcome to deal with a range of pressing issues from job creation and poverty relief to a worsening war between drug cartels and violent social strife."

Similarly, the Los Angeles Times (12/1, Tobar) notes that on Tuesday, the "elected representatives of the Mexican people began assaulting each other with soft-drink cans and pizza boxes, and then bedded down between aisles in the Legislative Palace, staying up late into the night singing ballads."

Columnist Says Calderón Will Help End Lawlessness. The Wall Street Journal's (12/1) Mary Anastasia O'Grady says that "despite the tension, many Mexicans seem genuinely relieved that their new president has taken a decisive and unambiguous stand." His approach, she says, "differs starkly from the often waffling and accommodating Mr. Fox, who, throughout his presidency, tended to seek peace in our time at the expense of the rule of law, and ended up with neither." Mexican lawlessness, she continues, is "reaching epidemic proportions," and "what is clear is that the problem is not just Mexico's, and if the US doesn't accept that fact, it too will suffer the consequences."

Bush To Meet With South African President. AFP (12/1) reports President Bush will meet with South African President Thabo Mbeki on December 8 "for talks on issues like the violence in Sudan's Darfur province," the White House announced. The two leaders "will discuss African regional issues, especially Darfur, the Democratic Republic of Congo, and Zimbabwe," spokesman Tony Snow said in a statement. "The two leaders will also review joint efforts to combat HIV/AIDS in South Africa, where US government-supported programs reach over 200,000 with anti-retroviral treatment and many more with HIV prevention and care," he said. Snow noted that the two will also "exchange views on United Nations issues in light of South Africa's recent election to a non-permanent seat on the UN Security Council for 2007-2008."

State Department Repudiates Analyst's Remarks About Blair's Relationship With US. The AP (12/1, Gedda) reports the State Department "repudiated on Thursday comments by a veteran department analyst who said that British Prime Minister Tony Blair's relationship with the United States was 'totally one-sided' in Washington's favor." Deputy spokesman Tom Casey said Kendall Myers, the official who made the "off-message" remarks, was "summoned by his superiors" at the Bureau of Intelligence and Research to a meeting to explain his remarks. Casey said the comments "could be described as ill-informed" and "just plain wrong." Casey said department

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officials meeting with Myers were attempting "to determine the facts of the events on Tuesday," but "did not rule out the possibility of disciplinary action."

US Investigating Venezuelan Voting Machine Contract. The Wall Street Journal (12/1, A9, Davis, Simpson) reports US federal investigators are "looking into whether Smartmatic Corp., a voting-machine company whose equipment is used widely in the US and abroad, paid bribes to win a Venezuela election contract in 2004." At the same time, the Justice Department has been conducting a probe of Smartmatic "for possible violations of the Foreign Corrupt Practices Act and recently started looking at possible tax evasion as well," said two individuals familiar with the case. The Journal says Smartmatic has drawn attention "because of concerns that the government of Venezuelan President Hugo Chávez…has a stake in the company."

Chávez Says Police Foiled Attack On Opponent. USA Today/AP (12/1, 13A, Bajak) reports Venezuelan President Hugo Chávez said Thursday that authorities had "foiled a planned sniper attack against his main opponent in this weekend's elections." Chávez said "fascist" militants had "planned to use a rifle with a telescopic sight to shoot Manuel Rosales during a speech and then blame it on Chávez's government in hopes of derailing the balloting."

Venezuelan Voters Divided By Class. In a front page article, the Wall Street Journal (12/1, A1, De Córdoba) notes that "most of Hugo Chávez's supporters live in shantytowns and count on subsidies from the government," while "most of his opponents live in middle-class apartment buildings and mansions in leafy neighborhoods and are horrified by the likelihood of a Chávez victory in Sunday's presidential election." However, the Journal notes there are "contradictions" to this rule in the "Chávez-era Venezuela -- a country that is dedicated to socialist redistribution of wealth, but which is also enjoying an oil-backed capitalist boom that is further dividing rich and poor."

In a similar report, the Christian Science Monitor (12/1, Llana) says that "while Mr. Chávez's strident anti-Americanism has caused ripples abroad -- calling President Bush the devil and supporting leftist candidates and leaders throughout Latin America, as well as befriending Iran and North Korea -- those with the power to vote him into another six-year term this Sunday care more about his social missions than his international mediations." And although Venezuelans are "bitterly divided over Chávez's ideology," they "can agree on one thing: Many will vote for him Sunday because the billions he has poured into literacy programs, free food, and doctor visits have proved a potent enticement." Meanwhile, the Washington Post (12/1, A19, Forero) says he has "achieved a cult-like status by mixing his considerable charisma with a free-spending policy of funneling billions into social programs. But that hasn't stopped his oil-rich government from using every tool at its disposal to ensure that voters flock to its side in Sunday's presidential election."

British Government Finds Radioactive Trail In Probe Of Spy's Death. The New York Times (12/1, Lyall, Myers) reports that the British government said Thursday "that radiation had been detected in 12 locations around London, and that it was likely to be found in more." The "radioactive trail, which might help establish Mr. Litvinenko's movements around the time he fell ill, includes the two hospitals where he was treated and places he visited on Nov. 1, the day he became sick," and "two British Airways Boeing 767s that routinely fly between London and Moscow." Home Secretary John Redi said "the authorities were examining two other airplanes — a third British Airways Boeing 767, which is on the ground in Moscow, and a Boeing 737, which is leased by the Russian company Transaero and arrived at Heathrow on Thursday." He added that "the risk to the public was very low and that no one else had yet tested positive for radiation poisoning." Alex Goldfarb, a friend of Litvinenko's "who is acting as a spokesman for his family," said "the discovery of radiation on the jets pointed squarely at the Russian intelligence services and 'reinforces the theory that the origin of this material that killed Alexander was in Moscow.'" Investigators did not say "whether the trail of radiation around London was left by Litvinenko alone, by someone else who handled the polonium 210 he ingested or by someone who came into contact with him after he became contaminated."

The Washington Post (12/1, A1, Sullivan, Finn) reports, "The trail of radiation found in London expanded to 12 sites Thursday, and British authorities turned their attention to two Russian aircraft in their efforts to track the poison that killed a former Russian intelligence officer, a British government minister told Parliament on Thursday." The four newly disclosed sites "include two hospitals where former spy Alexander Litvinenko was treated, the Sheraton Park Lane Hotel in central London and a car found in north London, according to Scotland Yard." Reid told Parliament that "there is one other Russian plane that we know of that we think we may be interested in." The FBI "agreed to participate in the poisoning probe at the request of British investigators," but FBI experts in weapons of mass destruction "will provide 'technical assistance only,'" according to Special Agent Richard Kolko. Currently, the case has "has no apparent connection to the United States or to U.S. citizens," officials said.

USA Today (12/1, 2A, For) reports, "An autopsy today could shed light on the mysterious death of former KGB agent Alexander Litvinenko, whose last movements have left behind a radiation trail that officials say now includes 12

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contaminated sites." At an inquest Thursday, coroner Andrew Reid said "a forensic pathologist will conduct the autopsy at Royal London Hospital today with radiation protection in place." Goldfarb "discounted any connection between the former KGB agent's death and the illness of Yegor Gaidar."

More Commentary. In The Wall Street Journal (12/1, Zimmerman) Peter D. Zimmerman writes in an op-ed article that in regards to the radiation scare in Britain, "in all likelihood there is no cause for any worry," and "the contamination must be at a very low level, particularly if it came from Litvinenko's body." The British government is "partly to blame for the panic," because it didn't indicate the amounts of contamination. The lesson from the Litvinenko murder "is not that radioactive sources should be banned," but that "radiological weapons have the power to frighten us and to disrupt our lives, even when they cannot be used to cause widespread death and injury, and that an inarticulate government can make things much worse."

Columnist Robert F. Proctor from The New York Times (12/1, Proctor) writes that Litvinenko's poisoning should have "horrified" the tobacco industry since "cigarettes contain significant levels of polonium." In 1968, the American Tobacco Company found "that smokers inhale an average of about .04 picocuries of polonium 210 per cigarette," and "that the filters being considered to help trap the isotope were not terribly effective." Britain's Health Protection Agency statement "that the risk of having been exposed to this substance remains low," would be true, but Proctor says to consider that London's smokers "probably inhale more polonium 210 on any given day than the former spy ingested with his sushi." He also "suspects that even some of our more enlightened smokers will be surprised to learn that cigarette smoke is radioactive, and that these odd fears spilling from a poisoned KGB man may be molehills compared with our really big cancer mountains."

Pope, Muslim Prelate Pray Together At Turkish Mosque. The New York Times (12/1, Fisher) reports, "Pope Benedict XVI, who spurred waves of anger among Muslims just two months ago, stood Thursday in silent prayer, facing Mecca, beside a Muslim prelate in one of the world's most important mosques." Mustafa Cagrici, the chief of religious affairs for Istanbul said, "Spring will not arrive by a single swallow. But more swallows will arrive, and we're going to enjoy spring in the world all together." The two men "exchanged nearly identical gifts of paintings of doves as signs of peace, a coincidence that seemed to amuse the pope." However, Pope Benedict showed Thursday that "many of his basic concerns about the relationship between Christianity and Islam, as well as between West and East, had not vanished," and "referred to the "Christian roots of Europe" — long one of his themes." Before Benedict's visit, John Paul II was the first pope known to visit a mosque.

The Washington Post (12/1, A21, Moore) reports that upon the Pope's visit to the Blue Mosque with host Cagrici, the pope said, "This visit will help us find together the way of peace for the good of all humanity." Some Turks "were angry that the Roman Catholic leader, on his first trip to a Muslim country in the 19 months he has been pope, entered a mosque," while "others welcomed the pope's gestures of goodwill." Police dispersed "a few dozen demonstrators who protested outside the Blue Mosque several hours before Benedict's arrival."

The Washington Times (12/1, Phillips) reports that Pope Benedict XVI "stood beside the spiritual leader of the world's Orthodox Christians, Ecumenical Patriarch Bartholomew I, and they encouraged Turkey in its bid to join the European Union." The Rev. Federico Lombardi, the Vatican spokesman, said "the pope had stopped for a moment of reflection and meditation that one can also call personal prayer in the mosque." Father Lombardi added, "The mosque visit was 'truly a great step forward' in relations between Muslims and Christians. The welcome the pope received certainly was very cordial without any coldness or reserve." Benedict "also toured the 1,500-year-old Hagia Sophia complex, now a museum but for centuries a Christian church," and is "slated to return to the Vatican today."

Beijing Upholds NYTimes Researcher's Conviction. The Washington Post (12/1, A20, Fan) reports, "The three-year fraud sentence of a Beijing-based researcher for the New York Times was upheld by Beijing's High Court on Friday, the only remaining charge against him after a more serious accusation of leaking state secrets was dismissed in August." It was not clear Friday whether Zhao Yan "could appeal to the central government's Supreme People's Court for reconsideration through a 'supervisory process.'" Zhao "was detained in September 2004, 10 days after a Times article accurately predicted that former president Jiang Zemin would resign his last official position as head of China's Central Military Commission." Zhao and the Times have "consistently denied that he was the source for news about Jiang's retirement, which was not unexpected but viewed as a state secret." Zhao "has served more than two years of his sentence and has 10 months remaining," and "could be released in September."

Child Sexual Abuse Remains A Serious Problem In Africa. The New York Times (12/1, LaFraniere) reports that even as the African region "races to adopt many of the developed world's norms for children, including universal education and limits on child labor, one problem — child sexual abuse — remains stubbornly

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resistant to change." Perpetrators are "shielded by the traditionally low status of girls, a lingering view that sexual abuse should be dealt with privately, and justice systems that constitute obstacle courses for victims." Data "is sparse and sexual violence is notoriously underreported." Relatives are "frequent perpetrators in Africa, as in much of the world," and the "number of abuse cases is rising in South Africa, Zimbabwe, Zambia, Uganda, Kenya, Sierra Leone and other African countries, statistics show." Researchers "cite various reasons that abuse is so common," but "ultimately," the "vast gap between the status of men and boys and that of women and girls explains much of the climate of relative tolerance."

LATimes Says Calderon Has Potential To Be Successful. The Los Angeles Times (12/1) editorializes, "Vicente Fox exits the stage today in Mexico, handing over the presidency to 44-year-old Felipe Calderon." Calderon "has nowhere to go but up, just as Fox had nowhere to go but down." Calderon "could show his boldness by taking on his backers in the business community." While Mexico "needs to spend more on welfare programs, … overall it needs freer markets." Calderon "needs to break up the monopolies and duopolies that enrich the elites," and "will have to become an avid trust-buster if he is to succeed in office." If Calderon "makes progress in standing up to big business and in restoring the rule of law, he could someday attain rock-star status of his own."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"L.A. Fire Chief May Step Down Today."
"Young Wine Fanatic Ups The Ante."
"A Big-Picture Citizenship Test."
"Lebanon Builds Up Security Forces."
"Better Oversight Of 401(k) Plans Urged."

USA Today:
"TV Host Upgrades Astronaut Meals."
"Crime Takes Hold Of New Orleans."
"Phoenix Test Site For TSA X-ray."

New York Times:
"Bush, In Meeting On Iraq, Rejects A Quick Pullout."
"Medicaid Plan Prods Patients Toward Health."
"Owners To Sell Starrett City In Brooklyn."
"McCain Courts Crucial Support Of Governors."
"Sex Abuse Of Girls Is Stubborn Scourge In Africa."
"Plain Clothes, Perilous Choices."
"Profit And Questions On Prostate Cancer Therapy."

Washington Post:
"A Circle Of Strength."
"Iraq Panel To Urge Pullout Of Combat Troops by '08."
"Security Of Electronic Voting Is Condemned."
"Train Hits 2 Metro Workers, Killing 1."
"U.S. Considers Ending Outreach To Insurgents."
"British Find Radiation At 12 Locations."
"D.C. Fights Clock, But Approval Of Voting Bill Stalls."

Washington Times:
"Iraq Sets Timetable For Transfer."
"Lanier favors Adding Cameras."
"Imam Defends Tie To Hamas."
"'08 Hopefuls Wine, Dine For Support."
"Pope Prays In Turkish Mosque."
"White House Warned On Airlines."
"Will 'Mel Factor' Keep Moviegoers From Film?"

Atlanta Journal-Constitution:
"Iraqis Want Control By June."
"Cops In Fatal Raid Hold High Ratings."
"The Ultimate Entrance Exam."
"Legislator Owes IRS $347,318."
"Theater's Christmas Carol's Almost Scrooged."

Houston Chronicle:
"Calderon Is Sworn In At Midnight."
"What It Means To Be An American."
"With Right Care, A Chance At Life."
"Bush rejects Calls For Quick Troop Withdrawals."

Story Lineup From Last Night's Network News:
ABC: Middle East Summit Concluded; Reaction To The ISG Report; Maliki Interview; Iraq's Future; Litvenenko Investigation; Pope's Middle East Visit; Strange Weather; Reaction To The Iraq Debate.
CBS: Middle East Summit; Iraq's Army; ISG Report; Iraqi Officials Interviewed; Secretary Rice Interview; Strange Weather; Litvinenko Investigation; Food Addiction; Middle East Prep School.
NBC: Middle Eats Summit; Middle East Summit-Analysis; ISG Report; Middle East Reaction-ISG Report; Secretary Rice Interview; Pope Middle East Visit; Meth Labs-NY; Strange Weather; Holiday Shopping; Stock Market; Litvinenko Investigation; Weather Predictions.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Snowstorm In Central US; Homeland Security-Terrorist Cyber Attack Warning; Wall Street; Mexico's President-Elect-Inauguration.
CBS: Snowstorm In Central US; Iraq Study Group; Homeland Security-Terrorist Cyber Attack Warning; World AIDS Day;
NPR: Iraq Study Group; Rice-Olmert Meeting; Mexico's President-Elect-Inauguration; Tokyo Stock Market;

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Philippines-Typhoon Durian; China-Easier Access For Foreign Journalists Covering Beijing Olympics; FBI-Litvinenko Investigation.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — In Washington.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: AFRICA OIL-GAS _ The Corporate Council on Africa holds its Africa Oil and Gas Forum. Highlights: 9 a.m. Energy Secretary Bodman discusses energy interdependence. Note: Media availability follows immediately. 10:15 a.m. Session on the changing global energy environment, with Guy Caruso, Administrator, Energy Information Administration; David Kirsch, Oil Markets Department, PFC Energy; Ariel Cohen, Heritage Foundation; Buyelwa Patience Sonjica, Minister of Minerals & Energy Affairs, South Africa. Location: Bethesda Marriott Hotel, 5151 Pooks Hill Rd., Bethesda, Md.

SECURITY LAW _ The American Bar Association Standing Committee on Law and National Security joins the Center for national Security Law, University of Virginia School of Law, and the Center on Law, Ethics and National Security, Duke University School of Law, for the 16th annual Review of the Field of National Security Law. Highlights: 1:30 p.m. Rep. Jane Harman, D-Calif., ranking member, House Permanent Select Committee on Intelligence, delivers keynote luncheon address. 2:30 p.m. - 4:15 p.m. Panel on national security secrets and democracy: leaks, whistleblowers and the press. Suzanne Spaulding Principal Bingham Consulting Group; Dan Meyer Director, Civilian Reprisal Investigations Office of Deputy Inspector General U.S. Department of Defense; Dana Priest, National Security Correspondent The Washington Post; Kate Martin Director Center for National Security Studies; and Chuck Rosenberg U.S. Attorney Eastern District of Virginia U.S. Department of Justice. Location: Marriott at Metro Center, Main Ballroom, 775 12th St., NW.

DEMOCRATIC MEETING _ The Democratic National Committee's Executive Committee meets for its annual December meeting. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

MONETARY CONFERENCE _ The Federal Reserve Board, others, hold the 4th annual International Research Forum on Monetary Policy. Highlights: 9 a.m. Federal Reserve Board Chairman Ben Bernanke. 9:15 a.m. Session on ``Three Great American Disinflations," with authors Michael Bordo, Rutgers University; Christopher Erceg, Federal Reserve Board; Andrew Levin, Federal Reserve Board; Ryan Michaels, University of Michigan. 1:15 p.m. Luncheon speaker - Lucas Papademos, Vice-President, European Central Bank. 8 p.m. FRB Vice Chairman Donald Kohn. Location: FRB, 20th and C Sts. NW.

HEALTH CARE _ 8:30 a.m. - 4 p.m. The National Committee for Quality Assurance (NCQA) is convening a one-day conference entitled Pay for Performance: A Critical Examination. Leading experts will debate and discuss the effectiveness of Pay for Performance, the method of rewarding providers based on quality instead of quantity, as a means to improve the quality and affordability of health care. Highlights: 9:15 a.m. ``Will Pay for Performance Improve the Quality and Efficiency of Health Care?" A point/counterpoint discussion featuring: Newt Gingrich, Former Speaker of the House; Founder, Center for Health Transformation Bruce Vladeck, Former Administrator, U.S. Health Care Financing Administration; Interim President, University of Medicine and Dentistry of New Jersey. 1 p.m. Leslie Norwalk, Deputy Administrator for the Centers for Medicare & Medicaid Services. 2 p.m. ``How Will the New Congressional Leadership Approach Pay for Performance for Physicians, Hospitals, Health Plans, and Others?" Congressman Pete Stark, D-Calif., others. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

ASIAN SECURITY _ 9 a.m. - 2 p.m. George Washington University holds a conference on strategic interactions and security in Easat Asia and Taiwan. Highlights: 12:30 p.m. Luncheon speaker - Amb. James Lilley. Location: 7th floor, 1957 E St. NW.

PENATGON-IRAQ SECURITY _ 9 a.m. Army Maj. Gen. Benjamin R. Mixon, commander of Multinational Division-North and the 25th Infantry Division, will brief live from Iraq to give an update on ongoing security operations in Iraq.urnalists without a Pentagon building pass will be picked up at the North Parking Entrance only. Plan to arrive no later than 45 minutes prior to the event; have proof of affiliation and two forms of photo identification. Please call (703) 697-5131 for escort into the building. Location: DOD Briefing Studio, Pentagon 2E579.

PROPERTY RIGHTS _ 9 a.m. The Cato Institutes Center for Constitutional Studies hosts a conference, ``Property Rights on the March: Where from Here?" Speakers: Roger Pilon, Vice President for Legal Affairs, Cato Institute; Steven Anderson, Director, Castle Coalition, Institute for Justice; Steven J. Eagle, Professor of Law, George Mason University School of Law; Ross Day, Director of Legal Affairs, Oregonians in Action; Richard Mersereau, Director of Policy, California State Assembly Republican Caucus; Carol W. LaGrasse, President, Property Rights Foundation of America; and Bobby Harrell, Speaker, South

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Carolina House of Representatives. Location: Cato Institute, 1000 Massachusetts Ave. NW.

RUSSIA-GAS _ 9 a.m. Radio Free Europe/Radio Liberty holds a briefing by Tom Mayne of Global Witness on Russian gas transmission through the Ukraine. Location: 4th floor conference room, 1201 Connecticut Ave. NW.

VENEZUELA _ 10 a.m. The American Enterprise Institute holds a forum on Hugo Chavez and the Venezuelan presidential elections scheduled for Dec. 3. Participants include Rep. Connie Mack; Gustavo Coronel, former board member of Petroleos de Venezuela; Thor Halvorssen of the Human Rights Foundation and Roger Noriega of AEI. Location: 12th floor, AEI, 1150 17th St. NW.

LEBANON _ 10:30 a.m. The Saban Center for Middle East Policy at the Brookings Institution releases the latest University of Maryland/Zogby International public opinion poll in Lebanon. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

VENEZUELA-US _ 10:30 a.m. The Council on Foreign Relations holds an on-the-record telephone briefing on the expected upcoming term of Venezuelan President Hugo Chavez, with Richard Lapper, author of a new council report on US-Venezuelan policy. Notes: Callin number: 800-593-9038; passcode: Chavez. RSVP required by 5 p.m., Thursday. Open to media only.

MARVIN KALB _ 12:30 p.m. Marvin Kalb, host of the Kalb Report and senior fellow at the Shorenstein Center for the Press, Politics and Public Policy at Harvard University's John F. Kennedy School of Government, addresses a National Press Club luncheon. Topic: ``A Reporter's Lament ... And A Call To Arms." Location: National Press Club, Holeman Lounge.

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Sent: Friday, December 01, 2006 10:28 AM
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Subject: 12/1/2006 Civil Division News

High Court Vets False Claims Act

Larkin Community Hospital paid $15.4 million to settle claims it used kickbacks to bring in patients and defraud Medicare

KBR to pay $8M settlement for overcharging Army

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U.S., CANADIAN LUMBER GROUPS OPPOSE DISMISSAL OF NAFTA CASE

U.S. FDA seeks injunction of seafood processor

Airport denies fault in crash; Responds to lawsuit against it by Comair

FEMA chief disappointed with order on housing aid

Editorial: No hope for a Cobell-only settlement

The National Law Journal
12-01-2006

High Court Vets False Claims Act

By Marcia Coyle
A 17-year-old whistleblower suit by a now 81-year-old former engineer at the Rocky Flats nuclear weapons plant has triggered U.S. Supreme Court review of a crucial issue under the fastest growing area of federal civil litigation today, the False Claims Act.

In *Rockwell International Corp. v. U.S. and ex rel. Stone*, No. 05-1272, the justices on Dec. 5 will examine a critical restriction on who can bring so-called qui tam lawsuits under the act.

Was Principal Engineer James S. Stone "an original source of the information" that served as the basis for a jury's finding that Rockwell, starting in 1987, violated the act by hiding from the government environmental, safety and health problems related to its processing of nuclear waste?

The high court's interpretation of a statute that Justice Samuel A. Alito Jr. as a lower court judge criticized as unclear will affect not only who qualifies as a qui tam "relator" but also the ability of defendants, often large corporations, to dismiss early these complex and expensive suits.

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The False Claims Act is becoming the principal tool by which the federal government combats fraud, said FCA practitioner Peter B. Hutt II, a partner at Miller & Chevalier, who filed an amicus brief supporting Rockwell on behalf of the Washington Legal Foundation.

The FCA provides for treble damages and penalties and a lesser burden of proof than criminal statutes that require proof beyond a reasonable doubt and do not necessarily allow the government to recover as much money, he explained.

"Anyone who does business with the federal government and takes federal money in any way is a potential target of an FCA lawsuit either by the federal government directly or by a qui tam plaintiff," said Hutt. "There has been a constant, slow increase in the number of cases, constantly changing theories of liability and new classes of industries as defendants."

And where there is alleged fraud by large companies, such as by the most recent target -- pharmaceutical companies -- Hutt said, "The dollars get very large, very quickly."

From fiscal years 1987 through 2005, settlements and judgments for the federal government in FCA cases have exceeded $15 billion, of which $9.6 billion, or 64 percent, was for cases filed by whistleblowers under the FCA's qui tam provisions, according to a report last January by the U.S. Government Accountability Office. The whistleblowers' share of the qui tam settlements and judgments was more than $1.6 billion during this period.

QUI TAM HURDLES

The FCA provides that any person who knowingly submits, or causes the submission of, false claims for government funds or property is liable for damages and penalties.

Under the FCA, the government can prosecute an action on its own, or a private person may bring a qui tam action. The FCA calls a qui tam plaintiff a "relator," also known popularly as a whistleblower.

The government has the right to intervene in the relator's lawsuit. If the government declines intervention, the relator has the right to go forward alone.

To prevent so-called parasitic lawsuits by relators who try to capitalize on information about fraud already made public, the FCA prohibits qui tam suits "based upon the public disclosure of allegations or transactions in a criminal, civil, or administrative hearing, in a congressional, administrative, or [Government Accountability Office] report, hearing, audit, or investigation, or from the news media."

This "public disclosure" bar has one exception. A qui tam suit that triggers the public-disclosure bar may proceed only if the relator is "an original source of the information." An original source must have "direct and independent knowledge of the information on which the allegations are based," and have "voluntarily provided the information to the Government before filing [a suit] which is based on the information."

The original-source exception is at the heart of Rockwell's case in the Supreme Court. It has argued unsuccessfully before a district court and an appeals court that Stone was not an original source because he had no first-hand knowledge of the fraud at issue.

"The public-disclosure bar with its original-source exception is the single most litigated issue in the entire False Claims Act jurisprudence," said John T. Boese, partner in the Washington office of New York's Fried, Frank, Harris, Shriver & Jacobson and author of the leading FCA treatise, *Civil False Claims and Qui Tam Actions*.

The government, he said, intervenes in about 20 percent of all qui tam cases. In the 80 percent proceeding without the government, the original-source issue arises in much more than half, he said, adding, "It also can arise, as in *Rockwell*, where the government intervenes, and that is more and more true because of the legal fees issue."

If a relator can be dismissed on the original-source issue, the defendant doesn't have to pay legal fees and costs if it loses, explained Boese.

"You can imagine the amount in a case litigated as actively and vigorously as the *Rockwell* case," he said, estimating legal fees at up to four times the $4.2 million jury award. "And the government doesn't have to pay the relator a share of what it recovers."

Over the years, the courts have expanded what is a public disclosure, and therefore the original-source exception has become more important, said James Moorman, president of Taxpayers Against Fraud Education Fund, which operates a False Claims Act Legal Center and will file an amicus brief supporting Stone.

"None other than then Judge Alito ruled in a FCA case that when the government gave a document to a relator who had filed a [Freedom of Information Act] request, it had, in effect, issued a public report triggering the public-disclosure bar," Moorman said. "This astounded everybody, but there it is.

"So the original-source rule, which protects you from being bumped out by the public-disclosure bar, is crucial."

ORIGINAL SOURCE?

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Rockwell operated the Rocky Flats nuclear weapons facility in Colorado under a contract with the U.S. Department of Energy from 1975 through 1989. Stone worked as principal engineer there from November 1980 until March 1986.

After Stone was laid off, he informed an FBI agent that environmental crimes had allegedly been committed at Rocky Flats during his period of employment. The FBI agent prepared an affidavit, obtained a search warrant and conducted a search. About a month after the search, Stone filed his qui tam action alleging that in an effort to maximize its receipt of award fees and other payments under its government contract, Rockwell had violated the FCA by falsely representing to DOE that it had complied with applicable environmental, safety and health requirements in its operation of the facility.

In the meantime, the government conducted a criminal investigation into Rockwell's management of Rocky Flats. In March 1992, Rockwell pleaded guilty to 10 environmental violations.

In 1995, the government intervened in Stone's qui tam action and both filed an amended complaint restating Stone's initial allegations and asserting additional claims.

At trial, the primary issue was whether Rockwell had concealed from DOE environmental, safety and health problems related to the processing and storage of saltcrete and pondcrete, two forms of processed toxic waste.

Rockwell's counsel, veteran high court litigator Maureen Mahoney, head of the appellate practice at Latham & Watkins from the firm's Washington office, argues that Stone had no direct and independent knowledge that the pondcrete leaked toxic waste or that Rockwell had represented otherwise to DOE because he left Rocky Flats before either the pondcrete or the toxic waste statements were made.

The 10th U.S. Circuit Court of Appeals, Mahoney contends, incorrectly interpreted the statute's requirement of "direct and independent knowledge" of the later fraud to require only limited knowledge "underlying or supporting" the fraud allegation.

"The 10th Circuit expanded that narrow exception so broadly that it effectively swallows the jurisdictional bar," she wrote in court papers regarding the original-source exception.

Noting that the federal circuits have adopted varying standards, Mahoney argues, "The best reading is that the relator must have direct and independent knowledge of information sufficient to permit the trier of fact to conclude that a false statement was made to the Government in support of a fraudulent claim for payment."

NO PARASITE

In its opposition to Supreme Court review and in lower court proceedings, the government argued that Rockwell had understated substantially the significance of Stone's knowledge. He had been instructed in his job not to divulge environmental and other problems to DOE, and he had uncovered through his own efforts design problems for the pondcrete blocks that would result in toxic-waste releases.

"Stone's role in this case was therefore very different from that of the 'parasitic' relators at whom the 'public disclosure' bar is directed," the government argued in its opposition brief.

Stone's high court counsel, Maria T. Vullo, a partner in New York's Paul, Weiss, Rifkind, Wharton & Garrison, said there is no confusion in the circuits on how to interpret the original-source exception.

"I think the way the circuits have approached the issue is really a function of how they describe particular facts of the case," she said.

"The plain language of the statute is what it is and to the extent Rockwell has a gripe, that's a gripe for the Congress to add some standard that's not existing in the statutory language right now. We will argue that we meet all of Rockwell's new tests."

Fried Frank's Boese noted that defendants and the government can question whether someone is an original source at any stage of the litigation because it is a jurisdictional issue.

"What Rockwell is arguing very effectively is that Stone's theory of liability was abandoned both by Stone and the government and never presented to the jury," he said. "What was presented was a whole new theory that the government developed in course of its criminal investigation. They argue he was not the original source of the theory of fraud that was eventually successful."

But Rockwell is "throwing all kinds of smoke" in front of the Supreme Court, countered Moorman of Taxpayers Against Fraud. The case, he said, is part of a continuing campaign by business and industry "to hobble and undermine" whistleblower lawsuits.

"They struck out on their constitutional attacks on the statute and now they're trying to get an interpretation that would do the same thing," said Moorman.

END

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Miami Herald

Dec. 01, 2006

Larkin Community Hospital paid $15.4 million to settle claims it used kickbacks to bring in patients and defraud Medicare.

BY JOHN DORSCHNER

Larkin Community Hospital in South Miami and six persons connected with it agreed to pay $15.4 million to settle state and federal claims that the facility defrauded government programs, federal prosecutors announced Thursday.

The government had alleged in a civil suit that from 1997 through 1999 owners of the hospital conspired to drive up Medicare bills by paying doctors kickbacks to steer patients to the facility, where they frequently received unnecessary treatment.

Many of the patients came from nursing homes linked to the conspirators, even though the homes, as far away as North Miami and Hialeah, were much closer to other hospitals.

The primary recipient of the payments was alleged to be Jack Michel, a physician-entrepreneur who later purchased Larkin. At one point, court documents charge, Michel told a hospital employee: ``Ask your boss if he would pay $1 million to make $5 million.''

In a 2004 lawsuit, prosecutors charged that Michel and a corporation connected with him were paid $70,000 a month by the hospital for Michel and his brother-physician, George Michel, to admit patients to Larkin. In 1997, the two accounted for half of the hospital's Medicare patients, the lawsuit alleged.

"The lawsuit is being dismissed," Jack Michel told The Miami Herald Thursday in a statement. ``There was no admission of wrongdoing. Our position in the lawsuit has consistently been that the allegations are false.''

Paying the settlement are the hospital; Jack Michel; former hospital owner James Desnick; Morris Esformes and Phillip Esformes, who at one time owned part of the hospital and operated nine assisted living facilities that sent patients to the hospital; 34 companies connected to the Esformes brothers; Claudia Pace, an employee of an Esformes-owned company; and Frank Palacios, a hospital employee.

The government charged that in 1997, when the hospital was owned by Desnick, he paid kickbacks to doctors to get them to admit patients.

Some alleged false payments involved Medicare, the federal program for the elderly and disabled. Other payments involved Medicaid, a state-federal program for the poor.

Jack Michel purchased the hospital in 1998 and, prosecutors charged, conspired with others to admit patients. According to court documents, a survey by the Agency for Health Care Administration found that half of the services rendered to Medicaid patients at Larkin in 1998 and 1999 were medically unnecessary.

In 2000, Desnick was one of several persons who paid $14 million in response to allegations of a similar kickback scheme from 1992 to 2000 at another hospital he owned, Doctors Hospital of Hyde Park in Chicago.

END

Army Times

December 1, 2006

KBR to pay $8M settlement for overcharging Army

Staff report

Kellogg, Brown and Root has agreed to pay $8 million to settle allegations of overcharging and other procurement irregularities related to a contract to provide the Army with logistical support in the Balkans in 1999 and 2000, according to a Justice Department press release.

The settlement resolves allegations under the False Claims Act concerning various purchase orders awarded to 10 foreign KBR subcontractors or vendors. Some of the allegations were related to double-billing and the delivery of products that didn’t meet the specifications promised in the contract. Those items were meant to be used in the construction of Camp Bondsteel in Kosovo, according to the Justice Department. The other allegations generally involved price inflation for various goods.

Army Criminal Investigation Command and the Defense Criminal Investigative Service participated in the investigation.

END

AP

December 1, 2006

Morning-after pill lawsuit overruled; Rights group denied access to White House files.

Associated Press

WASHINGTON - A reproductive rights group is on a "fishing expedition" and should be denied access to White House e-mails it seeks as part of a lawsuit promoting access to the morning-after pill, the Justice Department said Thursday.

The Center for Reproductive Rights subpoenaed the White House in mid-November as part of its lawsuit against the Food and Drug Administration. The group sued seeking to lift all age restrictions on nonprescription sales of the Plan B emergency contraceptive pills. It wants the White House documents to determine whether it interfered with the FDA's handling of a request by manufacturer Barr Pharmaceuticals Inc. to allow unrestricted, over-the-counter sales of the pills.

In a Thursday letter, Justice Department attorney John R. Tyler told the center it hadn't demonstrated the adequate need required to gain access to White House documents.

"Plaintiffs have not met this heightened standard, and the subpoena is a fishing expedition to probe the internal processes of the White House," Tyler wrote.

The center will continue to pursue the lawsuit, spokeswoman Dionne Scott said.

The suit hit a snag Nov. 21 when a judge issued a stay that keeps the FDA from having

to turn over further agency documents. Scott said the stay doesn't apply to the subpoena; Tyler said the stay, until lifted, made it "inappropriate" for center lawyers to pursue the subpoena

END

Inside US Trade

December 1, 2006

U.S., CANADIAN LUMBER GROUPS OPPOSE DISMISSAL OF NAFTA CASE

Groups representing lumber producers in the U.S. and Canada are resisting efforts by their governments to dismiss a constitutional challenge of the dispute settlement system under the North American Free Trade Agreement that is being considered by the U.S. Court of Appeals for the District of Columbia. This is just one way litigation, sometimes even between the U.S. and Canadian governments, has continued in the two months since the U.S. and Canada signed what was to be a durable softwood lumber agreement.

The Coalition for Fair Lumber Imports, the main group representing U.S. mills, brought the challenge last year arguing that the NAFTA panel process violates the U.S. Constitution. This challenge was brought after a NAFTA panel decided that the U.S. Commerce Department incorrectly found that U.S. lumber producers were being injured by Canadian imports.

The Coalition had argued that NAFTA dispute panel decisions could have forced the U.S. to remove those orders, which would have injured members of the Coalition.

The Coalition is arguing that the challenge should not be dismissed as moot because of the softwood lumber agreement completed by the U.S. and Canada in October. However, the two federal governments say the lumber agreement does render the Coalition's case moot, since the deal eliminated antidumping and countervailing duty orders on Canadian lumber imports to the U.S., and replaced them with a Canadian export tax that was agreed to by both governments.

A decision in the case would not directly impact the softwood lumber agreement, but sources from groups on both sides of the border said it could significantly affect future litigation on lumber, which the Coalition in briefs on the constitutional case argues is almost certain to take place. The Coalition wants the constitutional case to go forward because it would ensure that when the fight resumes, adverse NAFTA decisions could not force the U.S. to remove duties.

"Should this court refrain from adjudicating this case, it is certain that [binational panels] will review AD/CVD

determinations in the future, and almost certain that the Coalition will again be an interested party in a [binational panel] proceeding," the Coalition said in an Oct. 19 brief in the constitutional case.

U.S. and Canadian officials have hailed the softwood lumber agreement as a longer-term solution that would end a decades-long fight. However, while the agreement is set to run for seven years, it could be terminated by either party after two years.

The Coalition is also arguing that a decision in the CIT would immediately benefit its members by making it more likely that Canadian parties would drop other litigation related to the case. One industry source added that the group is continuing the case partly because some Canadian companies have continued other litigation in the softwood dispute.

The Coalition is getting support for its position that the case should not be dismissed from unlikely allies, including the Canadian Lumber Trade Alliance and the government of Ontario. While the CLTA and Ontario disagree that NAFTA's dispute settlement system is unconstitutional, they argue the softwood lumber agreement does not make the Coalition's case moot and that it should not be dismissed.

The CLTA brief said all of the parties had a continuing interest in a resolution of the case. It said the CLTA agrees with the Coalition that "there is almost certain to be future lumber litigation" which it said would be instigated by the Coalition, and that the parties would inevitably end up in front of a NAFTA panel again. "Both the American and Canadian private parties therefore share a continuing interest in obtaining a final judicial determination" of the constitutionality of the NAFTA dispute settlement process.

The CLTA also said the two government have an interest in such a decision since both have continually stated their intentions to abide by NAFTA decisions.

The government of Ontario said the case should not be dismissed in a separate brief that said the provincial government agreed with the arguments put forth by the CLTA.

In their brief filed on Nov. 6, the U.S. and Canada argued the constitutional challenge should be dismissed because U.S. statute only allows parties to have standing in constitutional challenges of NAFTA if they are affected by a specific determination under NAFTA. It said the orders had been revoked because of the softwood lumber agreement, not a NAFTA decision, and that the disposition of the Coalition's case could have no impact on the orders or the underlying determinations.

The Coalition is no longer suffering any injury that could be redressed by the court on the validity of the NAFTA panel system, and the case is moot, according to the U.S. brief. The U.S. acknowledged the possibility that the Coalition could be "aggrieved" by a future NAFTA decision to which it is a party, but said "this possibility is far too remote to support the exercise of federal jurisdiction over the constitutional challenge here."

Separately, Canada in a Nov. 28 brief opposed a U.S. motion asking the U.S. Court of International Trade to reconsider and vacate a decision that the U.S. should not have used Section 129 of U.S. trade law to keep U.S. antidumping and countervailing duties in place after a NAFTA panel ruled that they should have been terminated. Section 129 allows the U.S. to issue new determinations in response to adverse WTO decisions, but the U.S. used a 129 decision as a way of justifying the maintenance of duties despite a NAFTA case that said the duties should be eliminated.

The CIT also said all duties collected in the case should be liquidated in a decision issued one day after the U.S. and Canada finalized the softwood deal and asked the CIT to dismiss Canada's challenge of the Section 129 determination. A Canadian lumber firm, Tembec, did not drop its separate challenge of the determination.

The U.S. had argued the decision should be vacated because the softwood lumber agreement made it moot by revoking antidumping and countervailing orders, but in the Nov. 28 brief, Canada disagreed. It noted that not all of the duties collected in the softwood lumber fight were being refunded as a result of the revocation of the orders. It said a controversy continued to exist on Oct. 13, the date the court said all duties should be liquidated, and that as a result the court retained jurisdiction to issue its decision, which Canada said was not moot. It added the U.S. had not found any manifest error in the decision that would justify reconsideration.

If the CIT does not vacate the decision, sources said the U.S. would be almost certain to appeal. The deadline for an appeal is Dec. 12, although this could be postponed for consideration of the motions to vacate the decision.

If the CIT decision were not appealed, it would suggest that Canadian parties that win a NAFTA challenge of antidumping and countervailing duty determinations would see deposits paid to cover those duties returned, despite U.S. arguments

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that NAFTA decisions only have prospective effects.

If the U.S. successfully appealed the CIT decision, it could lead Canada to decide against challenging the U.S. in both the WTO and NAFTA, since this outcome would uphold the ability of the U.S. to cite changes made in response to a WTO dispute as justification for avoiding further efforts to comply with a NAFTA ruling. Some sources have said in this case, Canada could decide only to challenge the U.S. under the NAFTA.

The original softwood lumber agreement negotiated by the U.S. and Canada would have required all parties to end their litigation, but this was amended in the final deal in October. The final agreement only called on the U.S. and Canadian governments to ask the Court of International Trade to dismiss Canada's challenge of the continued antidumping and countervailing duties justified by the Section 129 determination.

END

Medical Letter on the CDC & FDA

December 10, 2006

U.S. FDA seeks injunction of seafood processor

The Food and Drug Administration (FDA) announced that it is seeking a permanent injunction against Worldwide Fish & Seafood, Inc. (Worldwide Fish), Suzanne Weinstein, its president and owner, and Timothy A. Lauer, its general manager. Worldwide Fish does business as Coastal Seafood, a seafood processor located at 2330 Minnehaha Avenue, in Minneapolis, Minnesota.

The firm distributes seafood products to restaurants in Wisconsin, Minnesota, Iowa, and North and South Dakota.

The government's complaint, filed by the United States Department of Justice in the U.S. District Court for the District of Minnesota after settlement talks failed, charges the defendants with violating the Federal Food, Drug, and Cosmetic Act by processing seafood products under conditions that may cause the food to become injurious to health.

According to the government's complaint, seven FDA inspections over the past six years, including an inspection conducted on November 1-3, and November 6, revealed that the defendants had failed to establish and implement adequate Hazard Analysis Critical Control Point (HACCP) plans to prevent and control food safety hazards associated with each type of potentially hazardous seafood product that they process, as required by FDA regulations. The seafood HACCP regulations require that all seafood processors develop and implement adequate HACCP plans that (1) include all food safety hazards that are likely to occur for each kind of seafood product, and (2) contain preventative measures that the food processor can implement to control those hazards.

FDA inspections also showed that the defendants did not ensure that their equipment was actually recording refrigerator temperatures and that the defendants did not monitor their temperature recording devices. Despite repeated warnings from FDA, including a Warning Letter following one of the inspections, Worldwide Fish has consistently failed to have and implement adequate seafood HACCP plans for each of its potentially hazardous products.

The defendants' lack of appropriate seafood HACCP plans poses a public health risk, because some of the seafood products handled by Worldwide Fish, e.g., clams, oysters, and smoked salmon, can be sources of pathogenic bacteria, including Escherichia coli (E. coli), Staphylococcus aureus, Listeria monocytogenes, and Clostridium botulinum. In addition, Worldwide Fish handles fish species such as tuna, mahi-mahi, and mackerel that when handled inappropriately are known to develop histamine, which can cause adverse reactions, such as severe rash, nausea, vomiting and diarrhea of varying degrees of severity.

The fish and fishery products handled by Worldwide Fish are susceptible to pathogen growth and histamine formation when exposed to abusive conditions. HACCP programs rely on strict temperature control to prevent the growth of harmful bacteria and to prevent excessive histamine accumulation.

The FDA has initiated this action to promote and protect the public health by enforcing federal food and drug laws. FDA's mission includes ensuring the safety or safety and effectiveness of food, human and animal drugs, vaccines, blood products, medical devices, electronic products that emit radiation, and cosmetics.

END

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Lexington Herald-Leader (KY)

December 1, 2006

Airport denies fault in crash; Responds to lawsuit against it by Comair

By Brandon Ortiz, HERALD-LEADER STAFF WRITER

Blue Grass Airport shares no blame in the Comair Flight 5191 crash that killed 49 people, and "the sole proximate cause of the tragic accident ... was the negligent and wrongful conduct of Comair and its flight crew," the airport said in court documents yesterday.

In its response to Comair's lawsuit against it and the federal government, the Urban County Airport Board reiterated its stance that the airport is safe and said that the Flight 5191 crew made a series of errors that led to the Aug. 27 crash.

The airport contended that either Comair failed to provide pilots information about recent airport construction and runway changes or pilots failed to read that information, called Notices to Airmen. The airport uses Notices to Airmen, or NOTAMS, to inform pilots of changes in signs, markings or construction work.

Pilots also failed to devote all their attention to cockpit and taxi procedures, the airport alleged.

The airport said that it cannot be sued because of sovereign immunity, which prohibits lawsuits against government entities in many instances. It is asking a U.S. District Court judge in Lexington to dismiss a lawsuit Comair filed, contending that the airport shares responsibility for the crash.

"As today's filings demonstrate, Comair's lawsuit ignores the law and does not have the facts on its side," airport officials said in a statement.

The airport accused Comair of trying to have it both ways by denying liability in lawsuits filed by crash victims' families but trying to spread blame in the carrier's lawsuit against the airport and Federal Aviation Administration.

"If Comair and (its) insurance company really believe they are not liable, they should not be asking others to share a financial burden," the airport said.

Comair spokeswoman Kate Marx said the airline wants to ensure that everyone who contributed to the accident pays their fair share of damages. It has always said it wants to pursue prompt settlement with the families, Marx said.

Marx said Kentucky law is not so clear on the issue of sovereign immunity, echoing what some attorneys representing the families have said.

Responding to the NOTAMS allegation, Marx said that the airline passes on all pertinent FAA and airport communications to pilots. But she could not say whether that indeed happened with Flight 5191, citing the pending investigation by the National Transportation Safety Board.

In October, Comair filed a lawsuit demanding that the FAA and the airport pay part of any settlements or judgments resulting from the crash. Comair said that the FAA and the airport made several errors that confused pilots, who took off from the wrong runway and crashed into a nearby field.

The airport's filing said "literally hundreds of commercial flights and thousands of additional private flights" had successfully departed Runway 22 without any problems. Prior flights to Atlanta in the 5191 slot departed without any glitches, including those on several consecutive early mornings before the accident, the airport said.

Airport attorney Tom Halbleib Jr. of Louisville said yesterday that the airport was in compliance with FAA regulations at the time of the crash, and recently passed an inspection on Nov. 21.

"We have answered their allegations with what we have always said: Blue Grass Airport is a safe airport," Halbleib said.

The airport said Comair and its crew made several errors, which include:

Failing to observe and follow taxiway and runway signs and air traffic control instructions to Runway 22, the airport's 7,000-foot main runway.

DOJ_NMG_0100746

Not cross-checking the runway heading and directional and heading instruments in the plane.

Failing to notice signs that would have warned them they were on Runway 26, an unlighted runway that is 3,500 feet long and too short for takeoff by the Bombardier regional jet.

Not maintaining "proper situational awareness" while taxiing, and failing to direct "all of their attention to cockpit and taxi procedures."

Not aborting the takeoff after they knew or should have known they were on the wrong runway.

Not taking appropriate pre-flight, taxi and runway confirmation procedures.

Halbleib declined yesterday to discuss the specifics of the allegations.

"I don't want to argue our evidence in the newspaper," he said.

Discovery, or document and information sharing between the parties, has not yet begun in the lawsuit. But both Comair and the airport are parties to the NTSB investigation, meaning they have access to information not yet released to the public.

The NTSB has not yet released information from the flight's voice and data recorders. Nor has the FAA released recordings of conversations between the pilots and control tower, despite open-records requests from numerous media outlets since the day of the accident. Those could shed light on what pilots were discussing and what they were focusing on before they took off from the wrong runway.The Tragedy of Flight 5191

END

Jackson, MS, Clarion-Ledger

December 1, 2006

FEMA chief disappointed with order on housing aid

From staff and wire reports

WASHINGTON — The director of the Federal Emergency Management Agency said Thursday he was disappointed that a judge ordered the agency to resume housing aid to scores of Hurricane Katrina evacuees.

"It's almost a thing of no good deed goes unpunished," director R. David Paulison told reporters at the National Press Club. "We felt like we did a good job."

The decision was one of two court battles won by Katrina victims this week, but both could prove short-lived. The other ruling was against insurance firms.

U.S. District Judge Richard J. Leon's ruling Wednesday criticized FEMA for cutting housing funding and subjecting victims of the 2005 storm to a convoluted application process.

Leon said FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer.

The court order is expected to affect about 11,000 Katrina and Rita victims, most of them in Louisiana and Texas.

FEMA officials said the agency sent letters outlining the program changes, explaining why some people were ineligible and describing the appeals process.

Leon, however, said those letters contained only program codes and agency jargon and did not explain anything. Until FEMA explains itself and allows victims to appeal, Leon said the government must keep making housing payments.

In the other case, on Monday, a federal judge in Louisiana said that many homeowners might be entitled to more insurance money for flood damage.

END

Indianz.Com.

December 1, 2006

Editorial: No hope for a Cobell-only settlement

"The Individual Indian Money trust remains a troubled realm, and it is likely to stay that way well into the next Congress.

Indian country was right to reject the case settlement concepts offered by the administration. But as spelled out by the next Senate Committee on Indian Affairs chairman, Sen. Byron Dorgan, D-N.D., failure to resolve the IIM litigation "overhangs everything else" in federal Indian affairs, on the funding front above all.

That overhang, 10 years in the making, isn't likely to get any less severe under a Democratic Congress over the next couple of years. Another leading figure on the issue, Sen. John McCain, R-Ariz., has stated outright that he will not vote for a bill to settle the IIM litigation if it does not also settle as many subsidiary trust claims as may be possible. He wants a "whole" settlement, in contrast to an IIM-only settlement that would be considered "partial." As a Republican of high stock right now and a probable presidential candidate in 2008, McCain's views will take many lawmakers along with him.

So for now, any hope of an IIM-only, "partial" settlement is out.

So is any hope of the huge settlement described as fair by the IIM plaintiff class. Remember, the litigation itself is only about an accounting. When the frail pages of the lawsuit are found among other fossils many centuries from now, they may show that a court has "settled" the mismanaged accounts for a larger sum than the government will agree to, left to its own devices. But the government can litigate for decades yet at a cost still light-years from the settlement figure(s) the plaintiffs have initiated."

END

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USDOJ- Office of Public Affairs

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Subject:	Department of Justice News Clips for Saturday, December 02, 2006
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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 2, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Agent Describes Group's Jihad Plot (HC)

By Thomas Korosec

Houston Chronicle, December 2, 2006

DALLAS — An FBI agent testified in federal court Friday that at least four aspiring jihadists conducted firearms training and discussed going to war against the United States on two weekend camping trips near Willis earlier this year.

"The group had discussions about traveling to Pakistan to engage (the) United States and coalition forces," Special Agent John McKinley, who is assigned to an international counterterrorism squad in Houston, told a federal judge.

McKinley, testifying during a detention hearing for 19-year-old Syed Maaz Shah, described how the group conducted paramilitary training, fired high-powered guns such as AR-15s, and referred to themselves as mujahedeen, or Muslims involved in a fight or struggle.

The group included two Houston-area men who were arrested and charged earlier this week with conspiracy to aid the Taliban.

During the first weekend gathering, which began Jan. 13, Shah held up his passport, which shows he has traveled to Oman, the United Arab Emirates, Pakistan and Great Britain and asked the group "if they wanted to see the passport of a terrorist," McKinley testified.

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Shah, a sophomore electrical engineering student at the University of Texas at Dallas who lists Islam as his religion in several Web postings, lectured the group on jihad and criticized certain Islamic imams for "what he described as weak sermons on jihad," the agent said. A second weekend training session began March 10.

Judge denies bailFBI counterterrorism agents in Houston and Dallas have been investigating Shah since September 2005, Special Agent Melinda Tilton, with the Dallas office, said during the hearing.

Shah was arrested Tuesday on two charges of illegal possession of a firearm by an alien. On Friday, U.S. Magistrate Judge Jeff Kaplan ordered Shah held without bail.

During the hearing, McKinley testified the property at Willis — a Montgomery County city on the opposite side of Interstate 45 from Lake Conroe — is owned by the Islamic Society of Greater Houston.

Three photographs entered as exhibits at the hearing showed Shah at the training sessions wearing camouflage clothing and holding different AR-15 rifles.

In one photo, Shah is seen with Adnan Mirza, 29, who is holding a shotgun, and Kobie Williams, 33, who is holding a rifle. Those are the two men arrested this week in Houston.

Williams pleaded guilty to the conspiracy charge Tuesday and has been cooperating with authorities, his attorneys have said.

A fourth man seen in the photos had not been arrested or charged in the case "so far," the agent testified. U.S. Attorney Don DeGabrielle in Houston hinted further charges were unlikely.

"We believe the most serious conduct has already been addressed," he said. "We believe that (the investigation) is at an end and is not ongoing. But, until people are sentenced, it is safe to assume some measure of investigation continues. This investigation is not as active as it perhaps might be otherwise."

McKinley said his testimony about the group's activities and discussions was based on interviews with participants at the two training sessions. Because of a prosecutor's objection, he was not required to answer a question about the origin of the photos.

In country illegallyRobina Shah, Shah's aunt, testified that Shah was a "straight A" student who never has harmed anybody.

After the hearing, his aunt was asked if her nephew was a terrorist. "No, he's not," said Shah, who with her husband owns a convenience store franchise in New York.

Shah listened intently and stared at the defense table through much of the hearing. He did not address the court.

Tilton said Shah is in the country illegally. He obtained a student visa in September 2005, when he began college, but the U.S. State Department revoked it last January.

He lived in Houston for nine years with his parents, who work in the oil industry and are living in Nigeria, she said. He was living on the UTD campus at Richardson, where a scholarship pays his tuition and some of his living expenses.

Shah reportedly was on his way to take a final exam when he was arrested.

Strong beliefsAccording to some of his Internet postings, Shah was born in Karachi, Pakistan. He listed his interests as "Islam, basketball and computer gaming."

In a 2003 posting on Young Muslims of North America Forum, he agreed with a blogger's view of the Sept. 11, 2001, attack that read, "I felt that America was getting wat (sic) was comin (sic) to them (600,000 dead Iraqi children, forget the 3000 Americans)"

Shah's defense attorney, Donald Fulton, said he did not know the extent of his client's involvement in jihad. "I only know what I heard in court today," he said.

Assistant U.S. Attorney Christopher Stokes said Shah will likely be held in a federal jail in Seagoville and eventually transferred to Houston, where the two-count indictment against him was returned.

UTD Student Accused Of Jihadist Ties (DMN)

By Sergio Chapa, Jason Trahan

The Dallas Morning News, December 2, 2006

DOJ_NMG_0100755

A federal judge in Dallas on Friday ordered a 19-year-old University of Texas at Dallas student to remain in custody on a firearms charge after prosecutors said he was linked to two Houston men who wanted to fight for the Taliban.

Federal authorities allege that Syed Maaz Shah joined the other men over several days in January to train with assault rifles in a rural area near Willis, Texas, north of Houston. The goal of the two Houston men was to "hone their skills with weapons to assist fighters engaging United States forces in Afghanistan, Pakistan and Iraq," according to conspiracy indictments for Kobie Williams, 33, and Adnan Babar Mirza, 29.

Mr. Shah's indictment, handed down Tuesday and sealed until Wednesday, accuses the Pakistani native only of illegally possessing an assault weapon – believed to be an Armalite assault rifle. His indictment makes no mention of the Taliban conspiracy.

Mr. Shah's attorney denied that his client was involved in any illegal activities.

"The facts are that he has not been shown to be a violent person here or to harm anyone here," Mr. Shah's attorney, Donald T. Fulton, said at Friday's bail hearing.

The conspiracy indictments unsealed Tuesday in Houston only apply to Mr. Williams, a U.S. citizen and University of Houston student, and Mr. Mirza, a Pakistani citizen who entered the U.S. on a student visa in 2001. Mr. Williams has pleaded guilty to the charges.

Records showed Friday that Mr. Shah and Mr. Mirza have yet to enter pleas.

At Mr. Shah's hearing Friday, authorities said he is a close associate of the Houston men, who they said were trying to form a mini- mujahedeen aimed ultimately at fighting against U.S. forces with the Taliban.

John McKinley, an FBI counterterrorism agent from Houston, testified that Mr. Shah was photographed participating in guerrilla combat training and using assault weapons.

In a secretly recorded conversation, federal officials say, the group talked about jihad, or Islamic holy war.

"The group had a discussion where they considered themselves to be mujahedeen, and they planned to travel to Pakistan and to fight U.S. forces there," the agent said in court.

Agent McKinley said Mr. Shah was recorded giving a fiery sermon supporting jihad and denouncing some local clerics as weak.

"He displayed his passport to another member of the group and asked him if he wanted to see what the passport of a terrorist looked like," the agent testified in court. "His passport had stamps from Oman, the United Arab Emirates, London and the United States."

The government said the Houston men trained with weapons several times between mid-2005 and March. Indictments also accused Mr. Williams of making two payments totaling $350 in the summers of 2005 and 2006 for the use of Taliban "fighters and their families," but court documents don't elaborate.

Earlier this week, U.S. Attorney Donald J. DeGabrielle Jr., from the Southern District of Texas in Houston, said neither Mr. Williams nor Mr. Mirza had any real contact with terrorist groups. He said the investigation was nearly two years old and began with a referral from the U.S. Border Patrol.

U.S. Magistrate Judge Jeff Kaplan denied bail for Mr. Shah.

"The evidence presented by the prosecution shows the defendant traveled to Houston to participate in the training. ... While there might be a perfectly reasonable explanation, the court has heard none," Judge Kaplan said in court.

Mr. Shah could face 10 years in federal prison on two separate counts of illegally possessing a weapon. Mr. Williams faces a maximum sentence of five years in federal prison. Mr. Mirza's maximum sentence would be 35 years in prison if he's convicted.

Melinda Tilton, an FBI agent from Dallas, testified that the agency began investigating Mr. Shah in September 2005. Agent Tilton said his visa was revoked in January.

Mr. Shah is an electrical engineering major who has been a student at UTD for about a year. According to the student newspaper, The UTD Mercury, he also is secretary of the school's Muslim Students' Association and a student government senator.

Mr. Shah is expected to be transferred to Houston, where the other two men remain in federal custody.

DOJ_NMG_0100756

HOMELAND RESPONSE:

Threats To Celebrities Bring Charges (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, December 2, 2006

A federal grand jury indicted a Woodland Hills man Friday on charges of sending threatening letters with white powder to half a dozen politicians and celebrities, including incoming House Speaker Nancy Pelosi and television personalities Jon Stewart and Keith Olbermann.

The 14-count indictment accuses Chad Conrad Castagana, 39, of sending the letters from Sept. 7 through Nov. 9 to those three as well as Democratic Sen. Charles Schumer of New York, comedian and late-night talk show host David Letterman and Viacom Inc. Chairman Sumner Redstone. The powder turned out to be harmless.

According to an affidavit by Los Angeles FBI Agent Mary Hogan, the investigation began Sept. 6 when agents in New York were called to the apartment of comedian Jon Stewart and found a threatening letter, postmarked from Santa Clarita with an unknown white powder.

The letter, the affidavit says, included a reference to Alan Berg, a Jewish talk radio host who was assassinated by white supremacists in Denver in 1984.

Three weeks later, FBI agents in New York were called to the apartment of Olbermann, an MSNBC commentator, and found a similarly threatening letter also containing an unknown powder. "There are too many demagogues in America," it read. "All of you are poisoning the well! Time to give your kind a taste of your own medicine."

Subsequent letters were sent to "The Daily Show" host Stewart, Olbermann and Letterman before the first threats were mailed to Redstone's office in New York, Schumer's New York City office, and Pelosi's district office in San Francisco, according to the affidavit. The indictment alleges that six letters were sent to Stewart, four to Olbermann and one each to Letterman, Pelosi, Schumer and Redstone.

During the investigation by the FBI, California Highway Patrol and postal inspectors, authorities determined that a money order in the case was made out to "Friends of Katherine Harris," the former Republican secretary of state in Florida who recently lost a bid for U.S. Senate in that state. That money order, according to the affidavit, was traced to Castagana's address in Woodland Hills.

"It appears the individuals were targeted based on what he described as their liberal politics," Assistant U.S. Atty. Donald Gaffney said Friday after the indictment was returned.

"He described himself as a compulsive voter who voted conservatively or Republican and he did not like the politics of these individuals."

The powder in the envelopes, Gaffney said, turned out to be laundry detergent, household cleansers or other products commonly found in the home.

"We have had a number of cases where we have had these hoaxes, whether it was sending fake anthrax in the mail or making a fake bomb threat to a plane," Gaffney said. "These hoaxes consume an enormous amount of investigative time and energy so we take them very seriously, especially when you are talking about a [threatened] chemical or a biological weapon."

Castagana remains in custody in lieu of $350,000 bail.

greg.krikorian@latimes.com

Man Indicted In Letters Sent To Celebs (MERCN)

By Jeremiah Marquez

The San Jose Mercury News, December 2, 2006

LOS ANGELES - A man was indicted Friday on charges that he sent more than a dozen threatening letters laced with white powder to celebrities, politicians and other high-profile figures. Chad Conrad Castagana, 39, was being held in federal custody in lieu of $350,000 bail, authorities said.

DOJ_NMG_0100757

Prosecutors allege Conrad sent letters bearing fake return addresses to Democratic Rep. Nancy Pelosi of California; comedians Jon Stewart and David Letterman; Democratic Sen. Charles Schumer of New York; MSNBC host Keith Olbermann; and Viacom Inc. Chairman Sumner Redstone.

The powder in the letters was harmless, authorities have said.

Castagana was charged with 14 federal counts of threats and hoaxes, one for each letter he is accused of sending. Each count carries a 5-year sentence.

Alicia Blanco, a public defender who has represented Castagana, did not immediately return a call seeking comment. She has said previously Castagana has no criminal history.

The letters were sent from September to November, according to the indictment. Six were sent to Stewart, four to Olbermann and one each to the other recipients.

In court documents, an FBI agent who questioned Castagana said the letters contained "whatever household items were available such as baking soda, Borax/laundry detergent, and Ajax."

The letters were stuffed inside Ready Post envelopes sold from a Los Angeles post office.

Investigators determined that someone who bought envelopes from that post office also bought a money order, the identification number of which was registered to Castagana. Assistant U.S. Attorney Donald Gaffney said the money order was for a contribution to benefit a political cause for Republican Rep. Katherine Harris of Florida.

Castagana has described himself as a regular voter who favors Republicans, Gaffney said.

The FBI has said federal agents watched Castagana walk from his home to a public mailbox and deposit several letters. One was addressed to someone previously targeted and contained the white powder.

U.S. Gov't Terror Ratings Draw Outrage (AP)

By Michael Sniffin

AP, December 2, 2006

WASHINGTON (AP) -- A leader of the new Democratic Congress, business travelers and privacy advocates expressed outrage Friday over the unannounced assignment of terrorism risk assessments to American international travelers by a computerized system managed from an unmarked, two-story brick building in Northern Virginia.

Incoming Senate Judiciary Chairman Sen. Patrick Leahy of Vermont pledged greater scrutiny of such government database-mining projects after reading that during the past four years millions of Americans have been evaluated without their knowledge to assess the risks that they are terrorists or criminals.

"Data banks like this are overdue for oversight," said Leahy, who will take over Judiciary in January. "That is going to change in the new Congress."

The Associated Press reported Thursday that Americans and foreigners crossing U.S. borders since 2002 have been assessed by the Homeland Security Department's computerized Automated Targeting System, or ATS.

The travelers are not allowed to see or directly challenge these risk assessments, which the government intends to keep on file for 40 years. Some or all data in the system can be shared with state, local and foreign governments for use in hiring, contracting and licensing decisions. Courts and even some private contractors can obtain some of the data under certain circumstances.

"It is simply incredible that the Bush administration is willing to share this sensitive information with foreign governments and even private employers, while refusing to allow U.S. citizens to see or challenge their own terror scores," Leahy said. This system "highlights the danger of government use of technology to conduct widespread surveillance of our daily lives without proper safeguards for privacy."

The concerns spread beyond Congress.

"I have never seen anything as egregious as this," said Kevin Mitchell, president of the Business Travel Coalition, which advocates for business travelers. It's "evidence of what can happen when there isn't proper oversight and accountability."

DOJ_NMG_0100758

By late Friday, the government had received 22 written public comments about its after-the-fact disclosure of the program last month in the Federal Register, a fine-print compendium of federal rules. All either opposed it outright or objected to the lack of a direct means for people to correct any errors in the database about themselves.

"As a U.S. citizen who spends much time outside the U.S., I can understand the need for good security," wrote one who identified himself as Colin Edmunds. "However, just as I would not participate in a banking/credit card system where I have no recourse to correct or even view my personal data, I cannot accept the same of my government."

Privacy advocates also were alarmed.

"Never before in American history has our government gotten into the business of creating mass `risk assessment' ratings of its own citizens," said Barry Steinhardt, a lawyer for the American Civil Liberties Union. "We are stunned" the program has been undertaken "with virtually no opportunity for the public to evaluate or comment on it."

The Homeland Security Department says the nation's ability to spot criminals and other security threats "would be critically impaired without access to this data."

And on Friday as the normal daily flow of a million or more people entered the United States by air, sea and land, the ATS program's computers continued their silent scrutiny. At that Virginia building with no sign, the managers of the National Targeting Center allowed an Associated Press photographer to briefly roam their work space.

But he couldn't reveal the building's exact location. None of the dozens of workers under the bright fluorescent lights could be named. Some could not be photographed.

The only clue he might have entered a government building was a montage of photos in the reception area of President Bush's visit to the center. But there was only one guard and a sign-in book.

Inside, red digital clocks on the walls showed the time in Istanbul, Baghdad, Islamabad, Bangkok, Singapore, Tokyo, and Sydney. Although billboard-size video screens on the walls showed multiple cable news shows, there was little noise in the basketball-court-sized main workroom. Each desk had dual computer screens and earphones to hear the video soundtrack. Conferences were held in smaller workrooms divided by glass walls from the windowless main room.

Round the clock, the targeters from Homeland Security's Customs and Border Protection agency analyze information from multiple sources, not just ATS. They compare names to terrorist watch lists and mine the Treasury Enforcement Communications System and other automated systems that bring data about cargo, travelers and commercial workers entering or leaving the 317 U.S. ports, searching for suspicious people and cargo.

Almost every person entering and leaving the United States by air, sea or land is assessed based on ATS' analysis of their travel records and other data, including items such as where they are from, how they paid for tickets, their motor vehicle records, past one-way travel, seating preference and what kind of meal they ordered.

Government officials could not say whether ATS has apprehended any terrorists. Based on all the information available to them, federal agents turn back about 45 foreign criminals a day at U.S. borders, according to Homeland Security's Customs and Border Protection spokesman Bill Anthony. He could not say how many were spotted by ATS.

Officials described how the system works: applying rules learned from experience with the activities and characteristics of terrorists and criminals to the traveler data. But they would not describe in detail the format in which border agents see the results or in which the databases store the results of the ATS risk assessments.

Acting Assistant Homeland Security Secretary Paul Rosenzweig told reporters Friday they could call it scoring. "It can be reduced to a number," he said, but he clearly preferred the longer description about how the rules are used.

Times Asks End To Suit On Anthrax Inquiry (NYT)

By Neil A. Lewis, David Johnston

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — The New York Times filed a motion with a federal judge on Friday asking him to dismiss a suit by a germ-warfare scientist who said a series of columns by Nicholas D. Kristof about the deadly anthrax mailings of 2001 defamed him.

DOJ_NMG_0100759

The scientist, Stephen J. Hatfill, who formerly worked in the Army laboratories at Fort Detrick, Md., has said Mr. Kristof's columns about the slow pace of the anthrax investigation defamed him because they suggested that he was responsible for the attacks.

In the motion filed Friday, lawyers for The Times asked Judge Claude M. Hilton of Federal District Court in Alexandria, Va., to dismiss the suit. The motion said Dr. Hatfill was a public figure because of his role in administering bioterrorism programs and speaking publicly about the issue.

As a public figure, The Times's lawyers argued, Dr. Hatfill has a high burden to establish that he was defamed, including showing that the newspaper knowingly conveyed the idea that he was responsible for the attacks.

"No evidence indicates that The Times ever intended to imply plaintiff was in fact guilty of the anthrax mailings, and overwhelming evidence exists to the contrary," the filing said.

The pleading also said that Dr. Hatfill could not demonstrate that the columns were published with "actual malice," a standard for defaming public figures, because Mr. Kristof did not know whether Dr. Hatfill was responsible for the attacks, only that he was worthy of investigation.

Dr. Hatfill's lawyers are scheduled to file a response this month in which they may well argue that he is not a public figure.

The legal papers filed by The Times included dozens of exhibits that made public for the first time internal F.B.I. memorandums about the inquiry, along with e-mail messages sent to and from Mr. Kristof.

One undated memorandum, apparently prepared to answer questions posed by the Senate Judiciary Committee, appears to have been written in the fall of 2002. It said that investigators interviewed Dr. Hatfill on four occasions in 2002 and that he consented to a polygraph examination in January 2002. Subsequently, the memorandum said, he declined additional polygraph examinations.

Another memorandum from the Federal Bureau of Investigation, dated Dec. 3, 2001, showed how the bureau investigated "persons of interest" in the case. The memorandum said the bureau had a three-tier system. Some people would "deserve the most active investigative attention" and others would be "screened out of consideration by the most reasonable and expedient manner available to include an interview."

A brief in support of the motion to dismiss the case was also filed Friday, but its contents were not made public because it included material that parties in the case agreed to keep sealed. In addition, volumes of supplementary exhibits were filed but not released. The brief and some of the exhibits could be made public as early as Monday.

Five people died in the anthrax attacks. Although the federal authorities identified Dr. Hatfill as a "person of interest" in the case, they have not charged him with any crimes.

Mr. Kristof wrote about a government scientist he initially referred to as Mr. Z, saying he had become the overwhelming focus of the investigation. In August 2002, Mr. Kristof wrote that Dr. Hatfill had acknowledged that he was Mr. Z at a news conference in which he said the news media had mistreated him.

The case was initially dismissed by a trial judge who said the columns did not defame Dr. Hatfill but merely reported on the investigation. An appeals court reversed that ruling, saying a jury should decide the issue of defamation.

After the case went back to the trial court, a federal judge magistrate ruled that The Times had no basis to refuse to identify all of Mr. Kristof's confidential sources. After The Times refused to identify two F.B.I. officials who were among the many sources, Magistrate Judge Liam O'Grady, also in Alexandria, ruled last month that The Times could not rely in any way on information from those sources in defending against Dr. Hatfill's suit.

Kafka And Katrina (NYT)

The New York Times, December 2, 2006

One of the many victims of Hurricane Katrina may turn out to be the hospitality that American cities, particularly Houston, showed to people fleeing the storm. Thanks largely to the Bush administration's catastrophic handling of the relocation crisis, Houston endured much more civic strain than it should have in caring for the tens of thousands of Louisianans who landed on its doorstep.

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The administration's mishandling of the crisis has often looked like a calculated attempt to discourage displaced people from seeking housing aid, even if it means leaving them vulnerable to homelessness. A federal district court judge implied as much this week, when he found that the Federal Emergency Management Agency's aid application process was so convoluted and confusing as to be unconstitutional — and likened it to something out of a horror story by Kafka.

Judge Richard Leon ruled that FEMA had unconstitutionally denied housing aid to thousands of residents who were displaced by hurricanes Katrina and Rita. He ordered the government to resume payments immediately, pointing to blind alleys and contradictory information that often led vulnerable families to lose aid without understanding why or having reasonable recourse to appeal.

In Houston, people are at least being housed now in apartments rather than remote trailer camps where other displaced Louisianans have now been trapped for more than a year . But throughout this saga, FEMA has whipsawed the survivors and their host communities with unpredictable policy changes that have hindered the resettlement process and kept everyone on edge. Despite those obstacles, many have managed to get on their feet.

But Houston must still worry about impoverished and hard-to-employ refugees who represent an enormous burden in health care, law enforcement and education costs. City officials also say that the federal government has been unpredictably late and tightfisted with badly needed aid.

The administration made its most disastrous misstep when it failed to enlist the Department of Housing and Urban Development, which was created to deal with just these kinds of situations. If the administration had provided Section 8 housing vouchers through HUD, families could have been directed to affordable housing all over the country. No one city would have been asked to absorb tens of thousands of people.

Congress needs to make sure that its housing application process is rendered intelligible. But it needs to go much further. It has to make sure that the survivors who qualify are given aid through programs like Section 8 that allow them to pick up their lives quickly, and that there will be no more Houstons in the American history of disaster response.

WAR NEWS:

Iraq Plan Strives To Bridge Divide (WP)

By Peter Baker, Thomas E. Ricks

The Washington Post, December 2, 2006

The emerging plan by the Iraq Study Group tries to find a middle road between President Bush's adamant refusal to leave Iraq until the job is done and Democratic demands to pull out U.S. troops. But in achieving unanimity among its Republican and Democratic members, the commission has outlined a strategy with its own political and military risks.

If they choose, leaders in both parties could embrace the plan in the interest of putting aside the polarizing differences of the past three years. This post-election moment, many say, presents the best and perhaps last chance for consensus. And some military experts say the commission's plan to pull out combat units by early 2008 and shift remaining troops into a supporting role may be a logical response to the sectarian violence.

But there are already signs of discord over the plan, as Bush on one side and the fiercest war opponents on the other stake out positions suggesting they may not come together after all. Some military and diplomatic veterans warn that the commission's plan may not be the magic solution so many hope for. It could, they say, even open the door to a broader and ever more brutal civil war between radical Shiite and Sunni forces competing for power in the resulting vacuum.

Even before its release next week, the report, which comes after the midterm elections and Bush's subsequent dismissal of Defense Secretary Donald H. Rumsfeld, has taken on an enormous role in the debate in Washington because leaders in both parties are eager for a resolution of the war. The fact that the five Republicans and five Democrats on the congressionally chartered commission all supported the recommendations has sparked hope that the report could bridge the debate over the war.

The details that have leaked out so far arguably contain something for both sides, depending on interpretation. The commission's recommendation to pull out combat units by early 2008 seems to track Democratic plans for a phased withdrawal.

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But the report, according to sources familiar with it, also says commanders should decide whether such a pullout is feasible, which echoes Bush's insistence that troop levels be determined by conditions on the ground rather than by an artificial timeline.

The question then becomes whether the sides will focus on elements of the plan they support and declare it acceptable, or dwell on differences and reject it. With a new defense secretary coming in, the administration conducting its own policy review and Democrats, soon to be the majority party in Congress, taking some ownership of the issue, some see hope.

"The political stars may be aligned in the right way," said a senior administration official, who discussed the politically sensitive subject on the condition of anonymity. "Prevailing in Iraq is in the national interest . . . and I think people on both sides of the aisle know that, so there is an opening there. Probably more than any time in recent times, we've got a chance for the two parties to come together and adopt a common approach to Iraq."

So far, though, Bush's language suggests he is resisting. During a trip to the Middle East to meet with Iraqi Prime Minister Nouri al-Maliki this week, he stuck by his position that remaining in Iraq is important and scoffed at the notion of a "graceful exit." Rep. John P. Murtha (D-Pa.), a leader of the antiwar forces in Congress, yesterday called the Iraq Study Group's plan "unacceptable to me" because it would not withdraw troops immediately. "If it depends on circumstances on the ground, it's not a lot different than what President Bush is saying," he said on CNN.

Richard N. Haass, a former top Bush State Department official who now heads the Council on Foreign Relations, said expectations that the Iraq Study Group can solve the problem have grown too high. "The idea that the ISG is going to deliver a report and the administration's going to say, 'Thank you very much' and substitute it for U.S. foreign policy is not realistic," he said in a recent interview.

The commission, led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), plans to recommend that the U.S. military mission shift to advising, training and supporting Iraqi forces, who would take the lead in securing their country. As part of that, U.S. soldiers would increasingly embed with Iraqi troops to guide them.

"Baker-Hamilton is doable, and is probably the course we would have followed anyway," said retired Army Col. Robert Killebrew, a military strategist and Vietnam War veteran. But he said the outcome in Iraq may largely be determined before the recommendations can be implemented. Within a year or so, he predicted, Iraqi security forces either will be able to hold their own or will have fallen apart.

Retired Army Lt. Gen. Jay M. Garner, the first head of the U.S. occupation effort in Iraq, said that he has long advocated a more robust training effort but that it could be dangerous to withdraw combat troops before building up that program. "The moment you start pulling troops out, Maliki will hedge his bets by crawling up closer to al-Sadr," he said, referring to radical Shiite cleric and militia leader Moqtada al-Sadr.

And those troops who remain in a diminished role may face new risks. "To scatter troops around amongst the Iraqis sounds like a low-profile way to keep some presence on the ground, but that will backfire the moment a captured trainer shows up on one of those Islamic kill videos on the Internet," said military historian James Bartlett. "Then we'll hear cries to pull them out as well."

Experts debated whether the plan resembled the "Vietnamization" program that the United States used to get out of the Vietnam War, gradually withdrawing its combat forces. "It does look like Vietnamization to me," said James H. Willbanks, who was an adviser to the Vietnamese army and has written histories of the time, including "Abandoning Vietnam." In Iraq, he said, "my fear is that there will be a precipitous pullout while leaving advisers holding the bag."

But Terry Daly, a counterinsurgency expert who also served in Vietnam, said he thinks the Iraq plan has little in common with Vietnamization because the situation in Iraq is far more dire. "Vietnam had a functioning government, even though it was corrupt and inefficient," he said.

Some say it is too late for the United States to determine the outcome of the war in Iraq either way. "For all the excitement in Washington, this will be decided on the ground in Baghdad," said Richard C. Holbrooke, the former U.S. ambassador to the United Nations who brokered the Dayton peace accords, which ended the Bosnian war in the 1990s. "The United States has lost its capacity to shape the events on the ground, regardless of what's recommended by the commission, regardless of what's done by the U.S. military and the president."

DOJ_NMG_0100762

Study Group To Echo Bush (WT)

By Rowan Scarborough

The Washington Times, December 2, 2006

President Bush and the Iraq Study Group are not far apart when it comes to a final plan for getting U.S. troops out of Iraq.

A senior commander in Iraq said yesterday the group's idea to shift more duties to Iraqis and gradually pull out forces is current Pentagon policy.

"It certainly reflects what we're doing now," Army Maj. Gen. Benjamin Mixon, who commands U.S. forces in northern Iraq, told reporters at the Pentagon when asked to comment on the study group. "I can certainly see great opportunity to reduce the amount of combat forces on the ground in Multinational Division North and turn more responsibility over to Iraqi security forces."

Noting that it took time to train an army in Bosnia-Herzegovina, Gen. Mixon added, "We need to allow the Iraqis the same time to get their security forces on the ground, to get their government working and then have a gradual withdrawal of American security forces, but continue to partner with them over the long term."

Meanwhile in Baghdad yesterday, the Associated Press reported that U.S. and Iraqi forces launched six raids against insurgents, including one that killed at least three Iraqis in house-to-house fighting and another in which American forces wounded a female Iraqi who the U.S. command said was being used as a "human shield."

In some of the fiercest fighting, Iraqi soldiers backed by U.S. helicopters swept through Fadhil, one of Baghdad's oldest areas, in house-to-house combat, police Lt. Ali Muhsin said.

Concerning the Iraq Study Group report expected Wednesday, Mr. Bush opposes an immediate troop pullout, as some Democrats have suggested. He is also against a date-certain timeline for bringing out the current 15 brigades, unit by unit, as Sen. Carl Levin, Michigan Democrat, is pushing.

On those two points, the study group essentially agrees with Mr. Bush.

It does, however, seek a goal of 18 months to pull out most combat troops, leaving support units for the Iraqi army and police. But it says the withdrawal could be delayed because of battlefield conditions. Mr. Bush has said conditions in the war should dictate a gradual withdrawal, not a rigid timeline.

Nonetheless, the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, Indiana Democrat, does put more pressure on the White House to act. The Pentagon, State Department and National Security Council are doing their own strategy reviews.

The study group's idea is similar to a plan announced in October by Army Gen. George Casey, the top U.S. commander in Iraq. He said he was accelerating the training of Iraq's 300,000-plus army and police forces and targeting mid-2008 as the time they would take over the security "lead" in all 18 Iraqi provinces.

Gen. Casey did not say specifically the takeover would lead to U.S. troops coming home. But Army Gen. John Abizaid, the regional commander, told Congress last month that the idea is for a gradual withdrawal of U.S. forces. And, instead of 18 months, said he thought the handoff could be achieved in late 2007.

A defense source told The Washington Times this week that the Joint Chiefs of Staff oppose a pullout now and a date-certain timeline for withdrawals.

"Under the current circumstances, I would not recommend troop withdrawals," Gen. Abizaid told the Senate Armed Services Committee last month.

A second defense source said some Democratic Iraq Study Group members wanted specific timelines and numbers, but Republicans did not want to go against the president. To gain a 10-0 vote, the group reached a compromise for staged withdrawal if conditions are met.

Meanwhile, Gen. Mixon explained how Gen. Casey's plan is working. Gen. Mixon said that within four months, he will turn over lead security duties to four Iraqi army divisions in the six provinces under his control. That shift, he said, should result in fewer American soldiers in Iraq next summer.

"There will be decisions made, I'm sure above my level, where we may see a reduction in the numbers of forces that are on the ground," Gen. Mixon said, adding there would be an increase in U.S. trainers.

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As a comparison, he said in May only half of 40 Iraqi battalions could conduct counterinsurgency missions with little support from Americans. Today, the number is 35.

Gen. Mixon did not dodge the poor security situation. He singled out Diyala province as the worst, saying it is infested with al Qaeda terrorists, criminals and Sunni and Shi'ite gangs that take turns killing each other and civilians.

"This has locked Diyala into a cycle of sectarian violence," he said.

Iraq A Plethora Of Plans About What's Next (WSJ)

By Gerald F. Seib

The Wall Street Journal, December 2, 2006

When an independent commission led by former Secretary of State James Baker issues its report Wednesday, the event is likely to be portrayed as the end of a broad review of the mess in Iraq.

In reality, the long-awaited Baker report will be only the beginning of a Washington rethink.

Though the Baker group has soaked up all the attention, several other efforts to devise a new approach in Iraq are under way, some perhaps equally important. Inside the Pentagon, a team of three colonels has been outlining a series of options for Gen. Peter Pace, the chairman of the Joint Chiefs of Staff. The group, which has been working since October, is likely to continue to meet through mid- to late December.

While the outside panel led by Mr. Baker and former Rep. Lee Hamilton is expected to call for a gradual redeployment of American forces in Iraq, Gen. Pace's group has looked far more favorably on temporarily increasing the size of the U.S. force in Baghdad in an effort to get the city under control. It also is pushing a far more robust program of American military advisers in the hopes that improving the competence of Iraqi Army forces will allow a reduction in U.S. troops.

More intriguingly, President Bush's national security adviser, Stephen Hadley, has been quietly canvassing around Washington for advice about where to go next in Iraq. With Defense Secretary Donald Rumsfeld gone, and Secretary of State Condoleezza Rice increasingly drawn to a broader effort to revive Arab-Israeli peace talks, Mr. Hadley is emerging as a kind of presidential fix-it man on Iraq.

Then, of course, the new Democratic majority in Congress is about to try to put its own stamp on Iraq policy. There is no one Democratic plan for Iraq. But the approach that probably has attracted the most support is one put forth by Sen. Carl Levin of Michigan, who is about to become chairman of the Senate Armed Services Committee. Sen. Levin proposes that the U.S. tell Iraq that it will begin a phased withdrawal within four to six months, a step that would be accompanied by a much more intense effort to train Iraqi security forces and an international conference to generate support for a political settlement within Iraq.

The Baker group has strained to portray its coming report as a statement of bipartisan "consensus" about what to do in Iraq. But whether there really is a consensus within Washington, or only a cacophony of divergent voices, will be clear only when these other juries are in. It isn't obvious yet that there is agreement on even the most basic steps -- whether the number of American troops should go up or down in the short run, for example, or whether talking directly to Iran and Syria about their role in Iraq is wise.

The risk for the White House is that the situation could shift rapidly from too few ideas on Iraq to too many disjointed ones.

Officials Expect No Big Changes, No Matter What Panel Advises (WP)

By Robin Wright

The Washington Post, December 2, 2006

With the Iraq Study Group report due on Wednesday, the Bush administration has notified allies that it will not budge on certain aspects of Iraq policy, whatever recommendations are put forth by the independent panel of 10 prominent Republicans and Democrats.

At a private briefing for diplomats this past Wednesday, State Department and National Security Council officials said they do not expect any major policy shifts to emerge from either a White House review or the bipartisan panel, led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), according to diplomats familiar with the meeting. The diplomats spoke on the condition of anonymity because the briefing was private.

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The officials also said any recommendations for policy shifts would have to fit in with long-term U.S. strategic objectives for Iraq, including ensuring that the nation can govern and defend itself and that it is stable, not a threat to neighbors, and an ally in the fight against terrorism.

In a further indication that the White House may be digging in its heels, the U.S. officials told the diplomats that President Bush looks forward to seeing the Iraq Study Group report, but they stressed that he will have the last word on what happens next and will not succumb to outside pressure, the sources said.

On the study group's reported recommendation of a withdrawal of most combat troops by early 2008, the U.S. officials said that any withdrawal would depend on conditions on the ground -- and that they would resist the imposition of an arbitrary date.

Anticipating a recommendation that Washington should adopt a regional approach to the Iraq crisis, however, the officials told the diplomats that the administration might be interested in pressing for action on the Arab-Israeli dispute as a way of defusing Arab anger and showing peaceful U.S. intent in the region.

Iraq Panel Co-chairmen Face Uphill Task (AP)

By Hope Yen

AP, December 1, 2006

WASHINGTON - One is a Bush family loyalist who served four presidents and guided George W. Bush to legal victory in the disputed 2000 election. The other is a resolute Democrat, a 34-year congressman who steered a divided 9/11 commission to unanimity.

Former GOP Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., are known as two of Washington's age-old fixers - wise men who can rise above the fray in critical moments of history.

As co-chairmen of a 10-member bipartisan panel on Iraq, Baker, 76, and Hamilton, 75, face a Herculean task of extricating the U.S. from an increasingly unpopular war. Preliminary details of their unanimous report, which calls for a gradual troop pullback without setting firm timetables and more regional diplomacy, are already generating fire from some Democrats in Congress, while President Bush is deriding the notion of a graceful exit as having "no realism to it whatsoever."

Ultimately, it may be the co-chairmen's diplomatic powers and cache of bipartisan goodwill that bring disgruntled players together over a conflict that has killed more than 2,880 Americans and many more Iraqis, cost taxpayers more than $300 billion and left Iraq near civil war.

Their long-awaited 100-page report will be released Wednesday.

"Americans are waiting for them to come down from Mt. Sinai bearing tablets of the law," said Steven Simon, an expert on Middle East relations at the Council on Foreign Relations. "But it's not so much what they bring to the table. It's more about who they are.

"They may serve as a kind of deus ex machina that provides a path to a resolution," he said.

The co-chairs have no illusions about their mission.

"This war has split the American people very badly," Hamilton typically says in interviews. "What has to happen here, no matter what you do, is a lot of things have to go right. And I don't know if a lot of things can go right."

"We're not going to wring our hands over the past," adds Baker, a longtime friend and tennis partner of the first President Bush who has criticized the current president's military strategy. "We're here, what do we do now?"

The Iraq Study Group, whose formation was spurred last year by Rep. Frank Wolf, R-Va., began with little notice in March. Wolf said the goal was to provide a "fresh look" at U.S. policies in Iraq.

The members include five Republicans and five Democrats - Baker, retired Supreme Court Justice Sandra Day O'Connor, former Secretary of State Lawrence Eagleburger, former Attorney General Edwin Meese and former Sen. Alan Simpson; and Hamilton, former Clinton aide Leon Panetta, lobbyist Vernon Jordan, former Defense Secretary William Perry and former Sen. Charles Robb of Virginia.

In the beginning, some Republicans hoped the group's cache could foster support for Bush's "stay the course" strategy.

Now, with voters restive over growing sectarian violence and rising U.S. casualties, both parties are looking to the commission for political cover as a wide-open 2008 presidential race begins.

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Enter Baker, a Houston lawyer who started a life in politics 36 years ago to run the unsuccessful Senate campaign of the elder George Bush.

Baker is no stranger to foreign affairs: as a former secretary of State under the elder Bush, he presided over the end of the Cold War and organized the U.S., European and Arab coalition that supported the U.S. invasion of Iraq in the 1990-91 Gulf War.

He also served in three administrations as undersecretary of Commerce (Ford), secretaries of Treasury (Reagan) and State (the elder Bush) as well as White House chief of staff (Reagan and the elder Bush). He then delivered the White House to the younger Bush in the disputed 2000 election.

Baker's influence with the younger Bush is murky. Baker argued against ousting Saddam Hussein in 1991 and isn't shy about saying the current administration made "costly mistakes" in the Mideast. Bush, meanwhile, has made clear the White House will conduct its own crash policy review on Iraq.

Still, friends say Baker's loyal service remains an undeniable asset.

"Jim is someone who is affable and fun, but very focused when the time comes," said former Commerce Secretary Robert Mosbacher, a fellow Texan who is a close friend of Baker and the Bush family. He described Baker as a "Mr. Reliable" who time and again got the job done under extraordinary pressure.

"In my view, there isn't any magic bullet here. But if anyone can find one, he can," said Mosbacher, 79.

It is spring 2004, and Hamilton, a bespectacled man with a 50s-style crew cut, is helping lead a meeting of the Sept. 11 commission. That day, members are in a heated discussion about particularly contentious topics: Iraq and a former counterterror chief's charge that the Bush administration ignored the al-Qaida threat.

Tempers flare, and members threaten to leave. But Hamilton, the panel's vice chairman, stands up, regaling the group with stories of his early days in Congress when bipartisanship was king. Soon enough, the members calm down and are back to work.

"When you go into a discussion, he is always prepared, always has his own opinion but is always looking for the middle ground," said former Republican New Jersey Gov. Thomas Kean, who chaired the 9/11 panel. "It is very very difficult to reach consensus. But with Lee, it was always a pleasure."

Hamilton has plenty of experience to draw on. First elected in 1965, he later became chairman of the House Foreign Affairs and Intelligence committees. He quickly established a reputation for independence, breaking with Democratic President Lyndon Johnson in 1967 to sponsor the first amendments to scale back the U.S. presence in Vietnam.

He also co-chaired the committee that investigated the Iran-Contra scandal and was influential in bipartisan talks between the White House and Congress on issues such as the U.S. deployment in Lebanon.

Bernard Aronson, who as former assistant secretary of state served under Baker and worked with Hamilton in Congress, said the two co-chairmen share a common bond of pragmatism. While that approach might balance competing political interests, it risks pleasing no one.

"There are no good choices, given where we are," Aronson said. "They're trying to reach some consensus to avoid a disaster, a debacle. But the danger with that is they will be criticized from both the left and right."

Bush To Meet With Head Of Iraq Shiite Party (NYT)

By David E. Sanger, Edward Wong

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — The White House said Friday that President Bush would meet next week with Abdul Aziz al-Hakim, the head of one of the most powerful Shiite parties in Iraq, the latest step in a burst of new administration attempts to try different approaches to bolstering the fragile Iraqi government.

The effort is part of a White House strategy that calls for reaching out to a wider circle of Iraqi politicians to give greater support to the weak government of Prime Minister Nuri Kamal al-Maliki, and lessen his dependence on Moktada al-Sadr, the anti-American Shiite cleric.

But it immerses Washington even deeper into Baghdad's byzantine coalition politics, and it risks being interpreted in Baghdad as a sign that Mr. Bush is hedging his bets.

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"If you think Maliki may not survive," said one senior administration official, "you'd want to make sure that the president is talking to the guy who might well form the next government."

Mr. Hakim heads a party, the Supreme Council for the Islamic Revolution in Iraq, that is closely tied to Iran, so much so that just a few years ago, Washington shunned it. The party, usually referred to by its acronym, Sciri, was founded in Iran and its armed wing, the Badr Brigade, fought against Iraq in the Iran-Iraq war in the 1980s.

The meeting comes at a time when the administration is overhauling its approach to dealing with Iraq's leadership, though there are arguments over how deeply Washington can involve itself in the politics of a country in such political turmoil. One question is whether to tilt American support more heavily toward the majority Shiite government, rather than the minority Sunnis.

A senior Pentagon official said Friday that the Bush administration was also weighing whether to back away from efforts to reach out to Sunni extremists because the approach had not worked, and was alienating moderate Shiite groups.

But other administration officials insisted in interviews on Friday that they were not abandoning two years of efforts at reconciliation with the Sunnis, including former backers of Saddam Hussein.

Several officials involved in the many-layered internal discussions within the administration described its complex calculations about how to engage the various rivals in Baghdad; their common theme was that the White House needed to preserve its flexibility at a time of great flux in the administration's policy, but none claimed to have a definitive explanation or would agree to be identified.

On Wednesday, Mr. Bush will receive the report of the Iraq Study Group, which includes a diplomatic strategy that calls on Mr. Bush to reverse policy and deal with the Iranians in an effort to stabilize Iraq. By meeting Mr. Hakim, Mr. Bush has a chance to open a channel to the Iranians and to pre-empt the study group's criticism that he has been too slow to deal with American rivals in the region. Or, he could try to woo Mr. Hakim away from Tehran.

While administration officials suggested it was Mr. Hakim who sought the meeting, Mr. Hakim's son, Amar al-Hakim, said in a telephone interview that the invitation came from Mr. Bush. The elder Hakim will discuss the Iraq situation with the president, conduct negotiations and visit Iraqis living in the United States, his son said, but he declined to talk in more detail. When asked whether Mr. Hakim was going to discuss matters related to Iran, with which Mr. Hakim has very close ties, his son said, "They're only talking about Iraqi matters."

The announcement of Mr. Hakim's visit comes as the administration and American commanders are trying to get Mr. Maliki to distance himself from Mr. Sadr, whose militia, the Mahdi Army, has rebelled twice against the Americans and is widening the country's sectarian rift through the killings of Sunni Arabs.

Mr. Maliki is beholden to Mr. Sadr because he lacks Mr. Hakim's support. The Maliki-Sadr alliance was forged last spring when the religious Shiite coalition, which dominates the 275-member Parliament, held an internal vote to pick a candidate for prime minister. Mr. Sadr, who controls 30 seats in Parliament, threw his votes behind Mr. Maliki's Islamic Dawa Party, to keep Mr. Hakim's candidate from the top job. Mr. Sadr and Mr. Hakim are fierce rivals, stretching back to the days when their fathers, both prominent clerics, competed for influence.

Mr. Hakim ceded the fight, mostly because the senior Shiite ayatollahs in Najaf, led by Grand Ayatollah Ali al-Sistani, have stressed the importance of unity to Shiite politicians.

The American reasoning, mentioned last month in a memorandum to Mr. Bush from his national security adviser, Stephen J. Hadley, was that if Mr. Hakim backed Mr. Maliki, then Mr. Maliki would not need Mr. Sadr. Mr. Hakim and Mr. Sadr, controlling 30 parliamentary seats each, have equal power in the Shiite coalition. While Mr. Hakim's party is well organized, Mr. Sadr commands much greater popular support.

Though Mr. Hakim may want to undermine Mr. Sadr's power, there are indications that he still wants his party to hold the position of prime minister, and so he might balk at supporting Mr. Maliki. In a recent interview, Mr. Hakim's candidate for prime minister, Adel Abdul Mehdi, now a vice president, criticized Mr. Maliki's soft approach to the problem of the Mahdi Army.

"The government should say they are going to take things into their own hands," Mr. Abdul Mehdi said. "If it's not going to, it should say, 'I am weak,' " and, he implied, step aside for another Shiite leader.

American commanders rarely mention Mr. Hakim's Badr Organization as a threat. In the first couple of years after the American invasion, many Sunni Arabs complained of abductions and killings by both it and the Mahdi Army. These days, the

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Sunnis and the Americans attribute militia violence almost exclusively to the Mahdi Army. Both Mr. Hakim and the Sunni leaders see Mr. Sadr as the biggest threat right now, and though they distrust each other deeply, they could decide to work together to oust Mr. Sadr.

Next month, President Bush is scheduled to meet with Tariq al-Hashemi, the Sunni Arab vice president and leader of the most powerful Sunni Arab party, a senior administration official said. Mr. Hashemi is a religious conservative and fiercely pro-Sunni. His political group, the Iraqi Islamic Party, often issues reports of atrocities by Shiite militants.

A wild card in any power struggle among the Shiites would be Ayatollah Sistani. The elderly cleric has generally remained silent in recent months, apparently reluctant to involve himself too deeply in the political quagmire of Iraq. But if it looked like a severe Shiite split might take place, the ayatollah could step in and force the parties to make peace.

This week, though, Ayatollah Sistani said nothing when Mr. Sadr withdrew officials loyal to him — 30 parliamentarians and six ministers — from Mr. Maliki's government. Baha al-Aaraji, a leader of the parliamentarians, said the Sadr officials would not return until Mr. Maliki had wrested more control of Iraqi forces from the Americans and improved basic services. In a news conference after his meeting with Mr. Bush, Mr. Maliki urged the Sadr followers to rejoin the government.

Bush Set To Meet Iraqi Shiite Leader With Ties To Iran (LAT)

By James Gerstenzang

The Los Angeles Times, December 2, 2006

WASHINGTON — One day after returning from Middle East meetings that defined anew the depths of his administration's problems in Iraq, President Bush invited two key Iraqi leaders to the White House in the coming weeks, expanding his contacts among the Shiite and Sunni Arab communities.

Bush plans to meet Monday with Abdelaziz Hakim, leader of one of the main two parties in the United Iraqi Alliance, the majority Shiite Muslim governing bloc, and in January with Iraqi Vice President Tariq Hashimi, the head of the largest party representing Iraq's Sunni Muslim minority.

The meetings, following the president's session Thursday in Amman, Jordan, with Prime Minister Nouri Maliki, a Shiite, reflect the many factions often working at cross-purposes in Iraq and the difficulty the Bush administration faces as it seeks to gain cooperation from competing power centers and sects.

Hashimi was chosen to fill the Sunni seat in a power-sharing arrangement that puts Sunni Arabs and Kurds in senior government positions under Maliki.

In the last seven months, Hashimi has lost a sister and a brother to Iraq's civil war.

Hakim heads the Supreme Council for Islamic Revolution in Iraq, or SCIRI. It was established in Iran in 1982, providing a political home for Iraqi Shiite exiles there during the rule of Saddam Hussein, which favored Sunnis. SCIRI today is part of the United Iraqi Alliance.

Hakim will be part of a delegation of Iraqi politicians visiting the United States.

Given his role in SCIRI, his meeting with Bush represents a reaching out to a leader with ties to Iran, even as the administration steadfastly refuses to deal directly with the government in Tehran.

Members of an armed wing of Hakim's organization, the Badr Brigade, have been accused of engaging in criminal activity under the cover of official Iraqi security forces.

But Hakim, a Shiite cleric, is thought to follow a more mainstream approach.

He is scheduled to visit Bush shortly before the Iraq Study Group, a bipartisan commission led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, an Indiana Democrat, is expected to make public a report proposing shifts in the administration's Iraq policy.

Gordon D. Johndroe, spokesman for the White House National Security Council, noted that Bush had met with other senior Iraqi officials during tours of Washington.

He said Bush was "not specifically looking for anything from them," but that he wanted "to hear how they see things in Iraq."

U.S. Rethinking Iraqi Unification Goal (AP)

By Anne Gearan, Ap Diplomatic Writer

DOJ_NMG_0100768

AP, December 2, 2006

The Bush administration is re-evaluating its efforts to unite Iraq's fractious sectarian and political factions in an attempt to preserve U.S. options in Iraq no matter what happens, officials familiar with an internal administration review of Iraq policy said Friday.

A senior U.S. official said that as part of that examination, the administration has debated whether to abandon U.S. efforts to bring Sunni insurgents into the political process to stabilize Iraq and instead leave that outreach to the majority Shiites and Iraq's third major group, the Kurds. No decision has been made.

Some U.S. officials have argued that the outreach to Sunni dissidents has failed and may be alienating Shiites, who dominate the government and are the country's largest sect.

The official, who spoke on condition of anonymity because of the sensitivity of the debate, said senior State Department officials have countered that ending U.S. attempts to increase the Sunni stake in government would leave the root causes of the insurgency unaddressed. Opponents of the strategy say that it could also appear the United States is taking sides in Iraq's sectarian divide and could alienate close U.S. allies in the region.

The administration has watched as its stated goal of helping the Iraqis erect a model democracy grew increasingly remote this year. Sectarian violence has intensified and thousands of Iraqis have fled their neighborhoods or left the country to escape tit-for-tat killings and kidnappings.

The administration's internal review may recommend a revamped U.S. approach that focuses less on the major Shiite and Sunni political factions in the Baghdad government and more on identifying U.S. interests across a diffuse power structure and reducing the U.S. role as middleman in some of the most contentious Iraqi political fights.

The administration also does not plan to alter its strategy of isolating adversaries Iran and Syria, despite mounting pressure to enlist those influential Middle East nations in a diplomatic push to stabilize Iraq, officials said. They spoke on condition of anonymity because the internal review is still under way.

Leaders of the internal administration review presented their incomplete conclusions to Bush on Sunday. A final report is expected in about two weeks and will reflect the views of senior officials at the State Department, White House National Security Council, Pentagon and other agencies.

The group's work parallels that of a congressionally chartered bipartisan commission whose recommendations are due next week. The commission, known as the Iraq Study Group, will recommend engaging Iran and Syria as part of a larger group and perhaps one-on-one, officials familiar with the panel's findings have said.

The Iraq Study Group, headed by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., will also recommend gradually phasing out the mission of U.S. troops in Iraq from combat to training and supporting Iraqi units. However, the report due Wednesday sets no timetable, according to officials familiar with the group's deliberations.

Expanding on previous reports that the commission would urge troop withdrawals beginning early next year, a U.S. official said the report also recommends a "conditions-based" goal of completing combat troop withdrawals by early 2008. That is short of a firm timetable, and would leave in place troops needed to train and support the Iraqis.

The commander of coalition forces in northern Iraq said Friday that four Iraqi army divisions in his area will be put under Baghdad's control by next March.

"I can certainly see great opportunity to reduce the amount of combat forces on the ground" in the north "and turn more responsibility over to Iraqi security forces," Maj. Gen. Benjamin Mixon told Pentagon reporters in a videoconference from his headquarters near Tikrit.

Some U.S. commanders in Iraq already are shifting some troops from combat to support roles while giving the Iraqi Defense Ministry more control over Iraq troops.

Bush repeatedly has rejected a wholesale troop withdrawal or what he calls artificial deadlines. There are about 140,000 American troops are in Iraq.

Bush and Secretary of State Condoleezza Rice are to meet Monday in Washington with Abdul-Aziz al-Hakim, one of Iraq's most powerful Shiite politicians, in a bid to find a new approach. One official said the president will meet in Washington in January with a Sunni leader — Iraqi Vice President Tariq al-Hashemi.

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Associated Press writers Lolita Baldor, Barry Schweid, Katherine Shrader and Robert Burns contributed to this report.

Maliki Criticized As Violence Flares (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 2, 2006

BAGHDAD — Violence flared in the Iraqi capital Friday, adding to sectarian tensions as raids and shootings erupted in the streets and bombs exploded in crowded marketplaces.

Throughout the day, Iraqi and U.S. troops conducted raids and traded gunfire with insurgents, including a daylong raid in Baghdad's Fadhil neighborhood, a Sunni Muslim area.

Prime Minister Nouri Maliki has attempted to reassert his authority in recent weeks, confronting U.S. leaders, demanding more control over national security and weighing plans to reconfigure his Cabinet. In a meeting with President Bush on Thursday, Maliki had promised that Iraqi security forces would be able to protect citizens without U.S. military support by June.

But Iraqi leaders and citizens were skeptical Friday that the prime minister could fight the rising tide of civil war.

Abdelaziz Hakim, leader of Iraq's largest Shiite Muslim party, the Supreme Council for Islamic Revolution in Iraq, attempted to reach out to opponents Friday, speaking at a mosque in neighboring Jordan and appealing to Sunnis for national unity.

The week before, Hakim had warned Sunnis that they would suffer most if Iraq's civil war worsened. This time, he appealed for an end to violence. "All of us, Sunnis and Shiites, should stand in the way of this sickness that is manifesting [itself in] the body of our nation," he said. Hakim is scheduled to meet with Bush in Washington on Monday.

On Friday, however, those gathering at mosques across Iraq, Sunni and Shiite, said they saw Maliki's meeting with Bush as largely unproductive, and yet another sign their country was falling apart.

"The wicked American administration is the basic reason for these seditions happening among our peoples," Sheik Abdul Zahra Swaidi told worshipers at Hikma Mosque in Sadr City, the capital's largest Shiite neighborhood, where car bombs killed more than 150 people last week. Iraqi officials must choose between loyalty to the U.S. government and to the Iraqi people, he added. If they choose the U.S., he said, they can expect more rebellion.

Sheik Abdullah Hassan, a Sunni preacher in Fallouja, told worshipers the Iraqi government had become dysfunctional, its leaders divided by ethnic and religious ties and under the sway of foreign powers.

"We have reached a point where we are required to tell the government that you have failed to provide services and security to Iraqis," he said. " … What I see is that the politicians are helping the occupier and putting their hands between the hands of foreigners to create sectarian sedition."

Iraq's Interior Ministry reported Friday that 1,862 civilians had been killed in violence in November. The figure is based on deaths registered at police stations and morgues. United Nations figures put the civilian death toll higher.

On Friday, at least 14 more Iraqi civilians were killed across the country in sectarian violence, including a woman who was used as a human shield by insurgents in Baghdad and two people killed by a suicide bomber in the northern city of Kirkuk.

The U.S. military announced Friday that a soldier had been killed Thursday, bringing the total of U.S. troops killed since the conflict began more than three years ago to 2,885, according to http://www.icasualties.org . The military also reported that a detainee at Baghdad's Camp Cropper died of natural causes late Thursday after being admitted to the hospital Nov. 2 for treatment of a preexisting condition.

Also in the capital Friday, the manager of a professional Baghdad soccer team was reported kidnapped. Hadib Majhoul, 52, a Sunni father of two from a wealthy family who managed the Talaba soccer club, was abducted Thursday, according to Malaib newspaper, published by Iraq's National Olympic Committee.

In the fighting in and around the Fadhil neighborhood, an Iraqi soldier was killed and eight soldiers and six civilians injured. An Interior Ministry source said 28 insurgents had been arrested during the raid; the Ministry of Defense reported 43 people detained.

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Police said seven people were killed and 33 wounded in separate Baghdad explosions early Friday — a car bomb in the Ghazil pet market and a roadside bomb in Wathba Square, two Friday gathering places in central Baghdad. Four people were killed and three injured by shelling in the mainly Sunni area of Rashdiya in northern Baghdad.

Shooting continued late Friday in alleys near Wathba Square, where a charred metal telephone cable box marked the site of the morning's explosion.

"Watch out — there is a sniper," a boy cried as he darted across the dusty road leading to Ghazil and Fadhil.

A nearby grocer said the only reason to travel the road these days would be "if you want to die."

A beggar in a wheelchair pointed to the site of the roadside bomb, littered with ashes and glass from car windows.

"It seems that Fadhil is burning up," he said.

Facts And Body Language Bring Clues And Questions At Bush-Maliki Meeting (NYT)

By Sheryl Gay Stolberg

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — Nobody expected a love fest when President Bush and Prime Minister Nuri Kamal al-Maliki of Iraq met in Jordan this week. As they wrapped up their breakfast at the Four Seasons hotel in Amman on Thursday morning, aides warned that reporters, dozens of whom were packed inside a brightly lit ballroom for a news conference, would be on the lookout for any sign of bad blood.

That's when the president hugged the prime minister.

"Somebody said, 'They're going to try to see if there's any tension between you,' " one senior administration official said. "So the president did a big hug, and put his cheek right next to Maliki's. He started laughing, like, 'See how close we are.' "

The question of how close Mr. Bush and Mr. Maliki are — or are not — was the subject of much speculation in Jordan this week. The official story line at the White House is that the two are comfortable and candid with each other, and that Mr. Bush, as he himself told reporters on Thursday, believes that Mr. Maliki is "the right guy for Iraq."

The facts, though, raise questions.

Mr. Maliki, after all, scrubbed a meeting on Wednesday night between himself, Mr. Bush and King Abdullah II of Jordan, and did not see the president until Thursday morning, even though the two were staying at the same hotel. Mr. Bush, for his part, had to face Mr. Maliki after the leak of a memorandum written by Stephen J. Hadley, the national security adviser, who raised doubts about the prime minister's leadership.

The fates of these two politicians have been intertwined ever since Mr. Maliki, a taciturn 56-year-old Shiite who was an opposition leader when Saddam Hussein was still in power, became prime minister in April. The breakfast in Amman was their third face-to-face rendezvous.

It is a complicated entanglement. Mr. Bush, who has staked his presidency on success in Iraq, needs the Maliki government as an ally. But Mr. Maliki's survival depends, in part, on his ability to demonstrate that he is his own man, not an American puppet. The president's "right guy for Iraq" line might have gone over well in the United States, but it might not have done Mr. Maliki much good at home.

"It's very clear that Bush needs Maliki. Period, end of sentence," said Kenneth M. Pollack, an expert on Iraq at the Saban Center for Middle East Policy at the Brookings Institution. "I don't think it's clear that Maliki needs Bush."

Theories abound as to why Mr. Maliki backed out on the Wednesday night meeting. The quickie pop analysis, by the ever-skeptical White House press corps, was that Mr. Maliki was irked by the Hadley memo. In the press center of the Amman Sheraton, after two White House officials struggled to put a positive spin on the surprise change of schedule, Mark Knoller, the longtime CBS News correspondent, summed up the sentiment with a catchy rhyme.

"The White House," Mr. Knoller proclaimed, his voice booming into a microphone, "insists the scrubbing of the meeting was not a snubbing!"

The inherent hazards of challenging the official version of events meant that people who offered alternative accounts, like the senior administration official who described the presidential hug, would do so only on condition of anonymity.

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Some suggested that if anyone was being snubbed by Mr. Maliki, it was the Jordanian king, who had irritated the Iraqi leader by meeting with Sunni Arab leaders in Iraq before the summit meeting.

A Kurdish official offered yet another theory — that Mr. Maliki spent the night trying to quell a political uproar in Baghdad, where followers of Moktada al-Sadr, the anti-American Shiite cleric, had announced earlier in the day that they were boycotting the Maliki government over the meeting with Mr. Bush.

"By leaving it open that he had canceled a meeting with Bush, even though it was for one day, it could help him with street cred," the Kurdish official said.

Whatever the reason, the Hadley memo clearly hovered over the summit meeting, enough that Mr. Bush opened the breakfast meeting with a little ice-breaker at the expense of Mr. Hadley, who was by his side. "He said, 'Mr. Prime Minister, do you know Steve Hadley?' " the senior administration official said of Mr. Bush. "He kind of looked back and smirked at Steve, and everybody laughed. It obviously served his purpose."

Mr. Maliki, though, did not look very happy with Mr. Bush at the news conference. When the president heaped praise upon the prime minister, lauding him for his courage, Mr. Maliki barely looked Mr. Bush's way. Though much was made afterward of the body language, White House officials blamed the language barrier, saying each man was listening intently into his earpiece for a translation of the other's words.

But there did not seem to be any translation lag when the president asked if Mr. Maliki wanted to take a few extra questions from reporters. In an instant, Mr. Maliki's head swiveled toward Mr. Bush, his eyes wide open in a glare as he blurted out, "We said six questions, now this is the seventh — this is the eighth — eight questions."

Mr. Bush, who had promised minutes earlier that there would be no "graceful exit" from Iraq, quickly found a graceful exit from the news conference, grabbing Mr. Maliki's hand for the obligatory handshake picture, before the two leaders disappeared behind a curtain of flags.

Saudis' Worst Nightmare (WT)

By Claude Salhani

The Washington Times, December 2, 2006

A precipitous withdrawal of U.S. troops from Iraq will result in an immediate and massive Saudi Arabian military intervention to stop Iranian-backed Shi'ite militias from "butchering Iraqi Sunnis."

Nawaf Obaid, a Saudi security expert who is managing director of the Saudi National Security Assessment Project in Riyadh and an adjunct fellow at the Center for Strategic and International Studies in Washington, says that over the past year much has changed. What was then unthinkable is now feared. A sudden departure of U.S. forces will place the future of Iraq's Sunnis in serious jeopardy from well-armed Shi'ite militias backed by Tehran. Numerous voices, says Mr. Obaid, have called for Saudi Arabia to protect the Sunni community in Iraq and to counter Iran's growing influence.

Mr. Obaid told United Press International that the Saudi leadership feels it would have no choice but to intervene militarily in Iraq in the event of a premature American pullout. But, adds Mr. Obaid, "I don't think they will withdraw any time soon, not any time soon." But in politics saying one thing and following through is not always a guarantee.

And when it comes to pulling U.S. forces out of Iraq there are two opposing schools of thought. The first is that the United States will not withdraw from Iraq until the security void can be filled (by Iraqis) to prevent further deterioration in what is already being called a civil war. If the Bush administration still refuses to admit the violence tearing that country apart is in fact a civil war, a number of major media outlets in the United States have applied that label to it.

President Bush has reiterated numerous times he would not pull out U.S. troops and leave the ground open to terrorists and pro-Ba'athist insurgents. But again, things change.

The second school of thought -- albeit a rather Machiavellian one -- sees a unique "opportunity" to entangle the Muslim world in a fratricidal war that would keep Islamic forces occupied for years, if not decades, to come. Should in fact the U.S. choose to remove its troops from Iraq and in the process leave that country's Sunni community in harm's way, there is no doubt Saudi Arabia will intervene, as it said it would, by sending its military in great force to protect their co-religionists. What could ensue is a protracted Shi'ite-Sunni war.

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This could turn out to be the worst case or worst nightmare for Saudi Arabia and other countries in the region. But for some policymakers it could provide the answer to what they perceive as a rising threat that three years of continued all-out war by the world's best-armed, best-trained, best-equipped and most motivated army could not resolve.

Under this scenario, Saudi troops, along with billions of Saudi petro-dollars, would be tied up for years fighting Iranian-backed insurgents in Iraq. Chances are that the fighting might very well spill over into neighboring countries such as Saudi Arabia itself, Jordan, Iran and possibly beyond. In fact chances of this happening would be very high.

The thinking supporting that theory is that this would tie down fundamentalist forces on both sides for years to come. Saudi Arabia would be funneling large sums to sustain Iraq's Sunnis and their troops in that country. That would be money diverted from other Saudi projects, such as financing Islamic schools and mosques in Europe and North America.

Intra-Muslim fighting would also weaken the Shi'ites in Iraq as well as in neighboring Iran. As a result, a weakened Iran would be less inclined -- and certainly less financially inclined -- to pursue its nuclear program or to foment revolts beyond its borders. Or even be too preoccupied by what is going on its own front yard to continue its active support for Lebanon's Hezbollah Party.

Saudi King Abdullah is worried enough by this concept that he asked for an urgent meeting with Vice President Dick Cheney, prompting the vice president to fly an 18,000-mile round-trip for a two-hour meeting with the Saudi sovereign.

For the moment, Mr. Obaid says President Bush told King Abdullah that U.S. troops would stand fast in Iraq. In return, the Saudi king gave his word that Saudi Arabia would not meddle in Iraq, despite repeated requests from Sunni tribesmen that they do so. But as Mr. Obaid notes, these requests will be heeded if American troops are withdrawn and the Sunnis find themselves under fire and threat of ethnic cleansing.

Claude Salhani is international editor for United Press International.

U.S., Iraq Stage Raids In Capital (WP/AP)

By Thomas Wagner

The Washington Post, December 2, 2006

BAGHDAD, Dec. 1 -- U.S. and Iraqi forces launched six raids against insurgents Friday, including one that killed at least three Iraqis and another in which American forces wounded an Iraqi female who the U.S. command said was being used as a "human shield."

The U.S. military also reported that an American soldier was killed in combat in the capital Thursday.

In some of the fiercest fighting Friday, Iraqi soldiers backed by U.S. helicopters swept through Fadhil, one of the oldest areas of Baghdad, and engaged in house-to-house combat, police Lt. Ali Muhsin said. The neighborhood is about a mile from the heavily fortified Green Zone, where Iraq's parliament and foreign diplomatic facilities are based.

Fighting in the narrow streets and alleys, suspected insurgents with rifles and machine guns killed one Iraqi soldier and two civilians, Muhsin said. U.S. helicopter gunships hovered overhead but did not open fire on the crowded neighborhoods of one-story homes, he said.

State-run al-Iraqiya television said 43 suspected insurgents were taken into custody. Lt. Col. Scott Bleichwehl, a U.S. military spokesman, said 28 people were detained in an operation aimed at capturing insurgents.

U.S. forces killed two insurgents and detained 27 Iraqis in five other raids. The sweeps took place in Baghdad, the town of Yusufiyah to the south, and two locations to the north: near Taji, the U.S. Air Force base, and the town of Tarmiyah.

In the Taji area, soldiers killed one insurgent and wounded "a female local national who was being used as human shield by the terrorist," the U.S. command said. The female, whose name and age were not given, was hospitalized, it said.

It was the fourth time this week that a female Iraqi civilian has been killed or wounded in crossfire between U.S. forces and insurgents.

"Terrorists continue to deliberately place innocent Iraqi women and children in danger by their actions and presence," the U.S. statement said.

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Meanwhile, a U.S. official announced that President Bush will meet with Abdul Aziz al-Hakim, one of Iraq's most powerful Shiite Muslim politicians. The meeting, to take place Monday, will focus on the continued bid to find a new approach to ending sectarian violence, said National Security Council spokesman Gordon Johndroe.

Hakim is the leader of the United Iraqi Alliance coalition, the largest bloc in the Iraqi parliament.

Next month, Bush will meet with a Sunni Arab leader, Vice President Tariq al-Hashemi, according to a senior administration official who spoke on condition of anonymity.

Sectarian attacks continued Friday in Baghdad, with at least 12 Iraqis killed and a Sunni mosque damaged, despite a weekly four-hour vehicle ban aimed at preventing suicide car bombings during prayers.

The bullet-riddled bodies of 14 Kurdish farmers were found in a village 28 miles west of the Syrian border, said Dekhel Qasim, a provincial official.

Gunmen also kidnapped the Sunni head of one of Iraq's leading soccer clubs on Thursday and, in separate incidents Friday, abducted two Iraqi women, ages 17 and 20.

Iraq Takes Over Army Division From US (FT)

By Guy Dinmore

Financial Times, December 2, 2006

Iraq's government on Friday took command over another army division in the north, a US general announced, in an apparent demonstration of the US's commitment to accelerate the handover of military control to Nouri al-Maliki, prime minister.

Mr Maliki said after his summit with President George W. Bush in Amman that all Iraqi security forces would be ready to come under his command by next June. Mr Bush said he had listened to Mr Maliki's "frustration" at not having the tools to do his job.

Washington has refused to confirm Mr Maliki's timeline in public, saying the transfer is complex and depends on conditions on the ground.

Nonetheless the announcement by General Benjamin Mixon, commander of US forces in northern Iraq, that a second division had been handed over and the remaining two northern divisions would follow by February 2007, appeared intended to demonstrate that the US was making progress and would be able to scale back its own combat operations.

Adoption by the US of a background role focused more on support and training, combined with the gradual withdrawal of the 15 US combat brigades possibly by early 2008, is expected to form one of the core recommendations of the bipartisan Iraq Study Group, which will publish its findings next Wednesday.

Officials accompanying Mr Bush in Amman on Thursday said only two of Iraq's 10 divisions – totalling some 140,000 troops – were under Mr Maliki's full command at that point. Control of most of the Iraqi military is shared with General George Casey, overall commander of US forces in Iraq.

US officials have expressed concern over too rapid a transfer of authority, because of a lack of training and fears that some Iraqi troops uphold their sectarian allegiances above their loyalty to the state.

Rogue units of Iraq's police forces – which are not under US control – have been accused of carrying out extrajudicial killings and torture.

Gen Mixon, speaking by satellite from a base near Tikrit, north of Baghdad, said US troops in the north would take a more indirect security role and focus on combating al-Qaeda forces as Iraqi troops became more capable.

He said that within three to six months, Iraqi forces in the six northern provinces would assume full responsibility for the security of civilians.

"I can certainly see great opportunity to reduce the amount of [US] combat forces on the ground," Gen Mixon said.

Chris Dodd, a Democrat senator, said Mr Bush should listen carefully to the Iraq Study Group, which is led by James Baker, a former secretary of state, and Lee Hamilton, a former congressman.

Senators in both parties wanted a change of direction in Iraq, he said. "The administration can find themselves very, very isolated on this," he warned.

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Stephen Hadley, national security adviser, has said the president will probably decide on a “new direction” within weeks after the completion of various internal strategic reviews.

Mr Bush said on Thursday that he would not respond to the pressure of reports calling for a “graceful exit” from Iraq.

Coalition Head: Iraq Transfer Under Way (AP)

By Lolita C. Baldor,

AP, December 2, 2006

The commander of coalition forces in northern Iraq said Friday the transfer of responsibility for security from U.S. to Iraqi forces, reportedly among the recommendations of a special study group, already is under way.

"I think it certainly reflects what we're doing now" in northern Iraq, Army Maj. Gen. Benjamin Mixon told reporters at the Pentagon through a videoteleconference from his headquarters near Tikrit.

In the report the bipartisan Iraq Study Group is expected to release next Wednesday, the U.S. government would be called upon to rely more on diplomacy than deadlines in its Iraq policy. But that would rob many war critics of the impetus they wanted to force a speedy, sizable U.S. troop withdrawal from the battlefield.

The study team recommends a gradual reduction of U.S. forces and a more aggressive regional diplomacy, but sets no timetable, according to officials familiar with the group's deliberations. The report could give President Bush political cover to shift tactics in the increasingly unpopular war.

Some media reports suggested that the commission would recommend withdrawing nearly all U.S. combat forces from Iraq by early 2008, leaving behind only those troops needed to train and support the Iraqis. The reports described the recommendation as goal rather than a firm timetable.

At least some U.S. commanders in Iraq already are shifting a growing number of their troops from combat to support roles, while giving the Iraqi Ministry of Defense more control over Iraq troops.

Mixon spoke to this, specifically, on Friday.

He said he is on track to place all four Iraqi army divisions in his area under Iraqi control by March. Mixon was asked about the study group's expected recommendation to transition to Iraqi security control within a year or so.

"I can certainly see great opportunity to reduce the amount of combat forces on the ground" in the north "and turn more responsibility over to Iraqi security forces," he said. Mixon also said that even after that transition is complete in his area, U.S. troops would continue to support Iraqi forces and conduct U.S. combat operations against al-Qaida "operatives."

White House national security adviser Stephen J. Hadley noted on Thursday that the president has solicited a separate in-house review of Iraq policy. Bush probably would make any changes or decisions arising from the various reports in "weeks rather than months," Hadley said.

"It's really going to be when the president is comfortable in his own mind as to where he wants to go" and has coordinated with Iraqi leaders on a "common plan," Hadley said.

Members of Congress seized on the report as their own benchmark for success.

"The fact that they reached a consensus poses a challenge to the Congress to try and reach its own consensus with the president," outgoing Senate Armed Services Committee Chairman John Warner, R-Va., said.

Sen. Christopher Dodd, D-Conn., said the report could foster "growing bipartisan support in this country."

Under the panel's recommendations, U.S. troops could be pulled back slowly from the front lines, acting as more of a support structure for the Iraqi security forces, officials said. Several officials spoke about the report on condition of anonymity because the panel's deliberations were private.

Yet advisers to the panel and others aware of its work also noted that many of the recommendations will not differ greatly from either current policy or from ideas already under debate within the administration.

Bush repeatedly has rejected a wholesale troop withdrawal or what he calls artificial deadlines, vowing that he would not "pull the troops off the battlefield before the mission is complete."

"This business about a graceful exit just simply has no realism to it at all," Bush said Thursday.

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Congressional Democrats were thrust back into power in the House and Senate in midterm elections last month widely viewed as voters calling for change in Iraqi policy. Democrats hoped the commission's report would give them leverage in seeking a new course in Iraq. They generally want troop withdrawals to begin sometime in 2007 but are divided over how many troops to withdraw, and when and where to reassign them.

The Washington Post, meanwhile, reported Friday that the U.S. was considering whether to abandon efforts to bring Sunni insurgents into the political process to stabilize Iraq. The concern is that the outreach to Sunni dissidents has failed and may be alienating the country's majority Shiites, who dominate the government. The report cited unidentified sources familiar with the proposal.

The Iraq Study Group's approximately 100-page report will indicate the presence of U.S. troops is part of the problem in Iraq, one official said. The panel will demand more accountability from the Iraqi government, although it is not clear how progress would be measured, the official said.

The congressionally chartered panel, whose recommendations are not binding, will encourage Bush to engage U.S. adversaries Syria and Iran to improve regional dialogue, several officials said. That outreach could include a regional conference among all of Iraq's neighbors or a wider gathering of Middle East nations that also would address separate Middle East peace issues.

A senior U.S. official who participated in the deliberations said the recommendations would include resumption of Mideast peace talks.

The administration has not completely ruled out diplomacy with Iran and Syria, but has been reluctant to enter talks that could be seen as reward for what Washington calls bad behavior.

The report suggests that Bush give Iraqi leaders notice that America's military commitment is not open-ended. The panel's Republican and Democratic members could not agree on bolder proposals. Options to quickly bring home a large percentage of the 140,000 U.S. forces supporting the fragile government in Baghdad or set a clear timeline for withdrawal were on the table.

Without firm benchmarks for a U.S. military withdrawal, the recommendations would essentially back up Bush's policy of using security conditions in Iraq, not a calendar, to guide battlefield decisions. The administration long has said U.S. forces will stand down as Iraqi forces are able to stand up.

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Associated Press writers Anne Gearan, Barry Schweid, Katherine Shrader and Robert Burns contributed to this report.

Soldiers In Iraq Take On New Role (AP)

By Robert Burns

AP, December 1, 2006

WASHINGTON — Normally, U.S. soldiers train to fight, not to train. But these are not normal times — not in a chaotic Iraq where President Bush is banking on improving Iraqi security forces so the American military can begin to pull out, or at least pull back.

U.S. soldiers and Marines are being plucked out of combat positions to be "embedded" with Iraqi army and police units as trainers and advisers.

They face numerous obstacles, including language, a lack of resources and loose linkages between the Iraqi security forces and their civilian leaders. But U.S. commanders see this effort as the key to winding down American combat action in a country wracked by internal strife.

In Washington, the bipartisan Iraq Study Group examining new courses of action in the war is planning to recommend next week that thousands more advisers be sent to accelerate the development of Iraqi security forces.

Pentagon officials are studying ways to expand the adviser corps. But in the view of some who have studied the problem, fielding substantially more advisers — and making them effective — may be more difficult than commonly believed.

"Training is a specialty. Training of foreign forces is an art," said Daniel Goure, a military analyst at the private Lexington Institute. "That's the difficulty here, and compound that difficulty by the language barrier."

Goure on Friday described the training and advising effort as "better than nothing, but not great."

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Thus far, at least 3,500 U.S. advisers are operating inside Iraqi army and police units, and more are arriving weekly. Gen. John Abizaid, the top U.S. commander for the Middle East, told Congress recently that he would like to expand the number but was studying how many could be added without enlarging the overall U.S. forces in Iraq, now numbering about 140,000.

Maj. Gen. Benjamin Mixon, commander of coalition forces in northern Iraq, said Friday he had discussed with Abizaid a plan to add about 2,000 advisers to the roughly 2,500 he already has in his region. He said he believed he could accomplish that without having to increase the size of his force.

Teams of 10 to 15 advisers live and work with Iraqi army, national police and border agent units. They go on raids and other missions to coach the Iraqis and assess weaknesses, and they act as role models, steering them away from corruption, human rights abuses and other problems.

So far, U.S. advisers are giving the program mixed reviews. Some of them complain they spend much of their time making sure Iraqi soldiers are paid and have the equipment they need.

"Most of the time we can't advise. We are too busy running around protecting ourselves from attack or just making sure the army has the basics," one Marine adviser, Sgt. Thomas Ciccarelli, 37, of South Lake Tahoe, Calif., said last month.

American commanders concede they have had to upgrade how they train U.S. advisers, with less time studying slide presentations and more emphasis on cultural awareness and hands-on work with weapons and communications.

"As an Army we were not doing this as well as we needed to do it" even a year ago, Army Maj. Gen. Carter Ham said in a recent interview. He is commander of the 1st Infantry Division, which has been pulled out of the Iraq combat rotation in order to put prospective U.S. trainers through a 60-day training program at Fort Riley, Kan.

The idea is to coach the Iraqis, but that's not a role most American troops are used to performing. U.S. military officials acknowledge that soldiers have to change their mindset to perform as advisers.

"We are asking American (combat) leaders to do what is not natural, and that is leading from behind," Ham said.

Serving as advisers is not entirely foreign to the Army, which fielded thousands of combat advisers in the early years of the Vietnam War. In Vietnam the advising gave way to the introduction of hundreds of thousands of U.S. combat forces, whereas in Iraq the advisers are seen as a way to get combat forces out.

"This is a business we were kind of out of for a number of years — we're not obviously back into it big time," Stephen Hadley, Bush's national security adviser, told reporters Thursday after Bush met with Iraqi Prime Minister Nouri al-Maliki in Jordan.

On the other hand, Army leaders say they foresee a future in which soldiers can more readily adapt to non-traditional roles — be it training of foreign forces or conducting humanitarian or other non-combat missions.

"These are true pentathletes we are creating," Gen. Richard Cody, the Army's vice chief of staff, said recently.

This sort of work has traditionally been the province of Army Special Forces, the elite Green Berets who are fluent in the language of a particular region and spend time there training indigenous forces. There are simply too few Special Forces available to accomplish the training and advising in Iraq that is deemed necessary.

Spy Chief: Unlike Vietnam War, Iraqi Capital Among Most Insecure Spots (AP)

AP, December 1, 2006

WASHINGTON (AP) — National Intelligence Director John Negroponte says Iraq's cities are less secure and the enemy harder to identify in comparison to the situation in much of Vietnam when he served as a U.S. diplomat there in the 1960s.

An expert on Vietnam and one-time adviser to former Secretary of State Henry Kissinger, Negroponte said he sees more differences than similarities between the two conflicts. In Vietnam, for example, there was a clear enemy, given Soviet support of the North Vietnamese. "We didn't have has as many debates about the nature of the enemy as we seem to be having with respect to Iraq," Negroponte said.

Additionally, "in Vietnam, the cities were secure. The province capitals were secure. I walked around that country as an unarmed civilian for almost four years without ever having any serious brushes," said Negroponte, who served in the U.S. Embassy in Saigon. "In Iraq, even the capital is highly insecure — perhaps one of the most insecure places in the country."

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Negroponte made the remarks in a wide-ranging interview that airs Sunday evening on C-SPAN's Q&A program. A transcript was made available to The Associated Press.

Negroponte took over as the nation's top intelligence official last year, assuming a post created to unify the 16 intelligence agencies. He indicated in the interview that he wants to stay on through the Bush administration. Many associates have expected Negroponte to return to his diplomatic roots, perhaps serving as deputy secretary of state, a position open since July.

His answer to the question — will he "stay with it for a while?" — didn't completely close to door to a new assignment. "In my own mind at least, I visualize staying with it through the end of this administration and, then I think, probably that'll be about the right time to pack it in," he said.

Negroponte, a former U.S. ambassador to Baghdad, said Iraqis must take more responsibility for their security and defense. The key, he said, is Baghdad, where the violence is greatest. His comments closely tracked the conclusions of an independent group led by former secretary of state James Baker that is advising the administration as it redraws its Iraq policy.

"This has really got to become more and more of an Iraqi problem, and less and less of a U.S. one," he said. "I would hope that our forces can take more of a support role and a training role, and fall more into the background rather than being in the lead in the months ahead."

Negroponte said he wasn't certain of the impact should an Iraq court follow through with its Nov. 5 sentence to hang former dictator Saddam Hussein for ordering the execution of nearly 150 Shiite Muslims. The sentence triggered an automatic appeal.

"There are a lot of the Iraqis that want some kind of closure in this situation," Negroponte said. "There are probably also some insurgents, some Sunni extremist insurgents, who are fighting in the belief that — under the illusion that — they may be fighting to bring Mr. Saddam back to power, so it could have the effect of actually discouraging some of the Sunni extremists."

Negroponte voiced one regret about the nine months he served as ambassador to Iraq: that the United States wasn't able to convince Sunni politicians to scrap their boycott of the January 2005 elections. "I think that that was a real setback for the political process," he said.

Italian Troops Leave As Iraq Says Army Could Take Over In 2007 (AFP)

By Jay Deshmukh

AFP, December 2, 2006

The last Italian troops in Iraq have headed home as Prime Minister Nuri al-Maliki said his forces could take over the battered nation's security by June 2007.

Despite the optimism, violence raged unabated across the country with at least 13 people killed Friday, highlighting the difficulties faced by the embattled premier.

Baghdad itself echoed to the sound of machine gun fire as insurgents clashed with Iraqi troops in the Fadhel neighbourhood, killing one soldier and wounding nine people, including five civilians.

US attack helicopters circled the site of the fighting.

Iraqi state television described the clashes as an operation against "terrorist hideouts" in the central Baghdad district.

The British military told AFP that the last Italian troops were set to leave the southern Dhi Qar province Friday, ending their three-year mission as part of the US-led coalition forces.

Earlier this year they handed over the province's security to Iraqi forces.

"The last of the Italians are leaving today to Kuwait and from there they will go to Italy," British military spokesman Major Charlie Burbridge said, adding that the troops had ended military operations in the past six weeks.

"All of them will be gone by the afternoon," he said.

On Monday Italian Prime Minister Romano Prodi said the remaining 70 troops of the 3,000 sent to Iraq in 2003 would return home in the first few days of December.

Italy's centre-left parties, backing Prodi's government which replaced the conservative administration of Silvio Berlusconi after April elections, made withdrawal from Iraq one of the centrepieces of their election campaign.

Berlusconi was one of US President George W. Bush's key allies in Europe.

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The Italians were deployed in Iraq's south along with British, Australians and Romanian forces. At least 31 Italian soldiers have been killed in Iraq since 2003.

The troops were stationed in Nasiriyah, the provincial seat of Dhi Qar, a relatively peaceful region compared with Iraq's central and western regions where US forces are battling a raging insurgency and a brutal sectarian conflict.

Maliki told the US television network ABC Thursday that his forces will be ready to take charge of Iraq's security in June 2007.

"I can say that Iraqi forces will be ready, fully ready to receive this command and to command its own forces, and I can tell you that by next June our forces will be ready," Maliki said.

His statement came a few hours after his meeting with Bush in Jordan where the two leaders discussed Iraq's ability to secure the country on its own and whether it could curb the current sectarian bloodshed.

Upon his return to Baghdad from Amman, Maliki told reporters that Bush was "responsive" to his government, wishing "success to his government so that we could ultimately be ready to gradually do away with the foreign forces".

Bush had hailed Maliki as a strong leader.

Maliki said he had won an agreement from Bush that he will take control of Iraq's security forces more quickly than planned, to allow him to fight the insurgency in his own way and also stop the communal bloodletting.

Currently most of the fledgling Iraqi army comes under the day-to-day control of a US-led coalition, which also has 150,000 American troops.

Meanwhile powerful Iraqi Shiite leader Abdel Aziz al-Hakim said Iraq's sectarian conflict could "burn everyone" and threaten the security of the entire region.

Calling for Iraqi unity in Jordan's largest mosque of King Hussein, Hakim said "we do not want a Shiite government that sidelines the Sunnis and we don't want a Sunni government that marginalises the Shiites". Hakim's Supreme Council of Islamic Revolution in Iraq (SCIRI) is a key part of the ruling coalition government in Baghdad.

His Friday sermon came two days after confusion over alleged remarks attributed to Hakim after talks Wednesday with Jordan's King Abdullah II in Amman.

After the meeting the royal palace quoted him as saying "if a civil war were to take place, the biggest losers will be our brothers in the Sunni community".

But on Thursday, a statement from the SCIRI delegation to Amman described reports of the meeting as "inaccurate".

In continued unrest across Iraq, 12 more people were killed, including six in two bomb attacks in and around Baghdad, security officials said.

The US military also announced the deaths of two more soldiers in the capital, taking its losses since the war to 2,883, according to an AFP count based on Pentagon figures.

Iraqi Professor Urges Dialogue (LAT)

By Tony Perry

The Los Angeles Times, December 2, 2006

SAN DIEGO — Forced to flee her homeland and her teaching post at the University of Baghdad, Naba Saleem Hamid has spent three years speaking in the United States and Europe about the chaos and pain in her country.

Her message is simple: While life under Saddam Hussein was horrible, because of the violence and power struggles, life since the U.S. invasion is worse. "My people live in misery and poverty, struggling for basic survival," Hamid told an audience at San Diego State University on Thursday night.

In her many speeches, she implores Americans to think of Iraq not as a military target but as an ancient country of 27 million people.

Governments have failed, she said, and so it is time for the citizens of the U.S. and Iraq to begin communicating. Both countries are suffering from the mess in Iraq.

"We are all victims, we are all losers," she said as students nodded.

Hamid said she is not calling for the U.S. to pull out its troops: "Their presence is part of the problem and of the solution."

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But she feels it is imperative for President Bush to work with leaders in Iran and Syria to cobble together a regional solution to suppressing the violence and repairing the massive damage. So far, Bush has ruled out such discussions.

Her speaking voice is soft, causing audience members on Thursday to push forward in their seats to hear her. She took questions politely and later said she was satisfied with the students' curiosity: that younger Americans seem more willing to learn about Iraq than older ones.

Hamid, who is in her mid-50s, has come to San Diego three times and has a fourth trip planned in February. Her supporters, working through the Scholars at Risk network based at New York University, hope to help her and her husband, an architectural professor, find teaching jobs in San Diego and get the appropriate visas to move here.

She has been able to make only brief, unannounced visits to her home and job as a biology professor. Six months ago, on one such trip, she had an experience that left her shaken: A man sternly upbraided her for not covering her head.

When she spoke to her department chairman at the university, he replied only that Baghdad is not safe now for women, as gangs of ultraconservatives roam the streets trying to enforce a Taliban-esque domination.

"I am floating," Hamid said in an interview Friday as she prepared to leave San Diego. "I do not know where I am going to land."

Three weeks ago, while she was on her speaking tour, Hamid received word that a massive car bomb had detonated near her home in Baghdad. She expects to find the home ransacked the next time she is able to return.

Her latest trip to San Diego was sponsored by Voices of Women, a group dedicated to finding nonviolent solutions to global conflicts.

In addition to San Diego State, she has lectured at the Joan B. Kroc Institute for Peace and Justice at the University of San Diego.

In 2003, Hamid founded New Horizons for Women, dedicated to helping Iraqi women and girls assert their rights and become politically involved, a threatening proposition to some sectarians.

Although she said she would like to take up residence in San Diego — if visa and other complications can be worked out — she said her heart will forever be in Baghdad.

"I am like a fish," she said. "If this fish leaves water, I will die."

Civilian Iraq Death Up 43 Pct. In Nov. (AP)

By Kim Gamel, Associated Press Writer

AP, December 2, 2006

An Interior Ministry official said Friday that 1,846 civilians were killed in Iraq in November, a 43 percent increase from the estimated toll in October.

The official, who spoke on condition of anonymity for security reasons, did not elaborate on the monthly figure, which was up from an estimated 1,289 civilians killed in October.

According to a count by The Associated Press, 1,923 civilians were killed in Iraq in November.

Rising sectarian tensions have pushed the country toward the verge of civil war. Last month saw the worst attack of the war when suspected Sunni insurgents killed at least 215 people in Sadr City, Baghdad's Shiite slum, on Nov. 23.

The United Nations put the number of civilian deaths in October at 3,709, the highest monthly toll since the 2003 U.S. invasion. The figure, based on reports from the Iraqi Health Ministry, hospitals and the Medico-Legal Institute in Baghdad, was three times higher than the Iraqi Interior Ministry figure for that month.

There was no explanation for the discrepancy between the two figures and it was not immediately known whether the figures on Friday from the Interior Ministry used all of the sources cited by the U.N.

Chessboard Endgame (WSJ)

By Garry Kasparov

The Wall Street Journal, December 2, 2006

For the past few years, the dictators and terrorists have been gaining ground, and with good reason. The deepening catastrophe in Iraq has distracted the world's sole superpower from its true goals, and weakened the U.S. politically as well as

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militarily. With new congressional leadership threatening to make the same mistake -- failing to see Iraq as only one piece of a greater puzzle -- it is time to return to the basics of strategic planning.

Thirty years as a chess player ingrained in me the importance of never losing sight of the big picture. Paying too much attention to one area of the chessboard can quickly lead to the collapse of your entire position. America and its allies are so focused on Iraq they are ceding territory all over the map. Even the vague goals of President Bush's ambiguous war on terror have been pushed aside by the crisis in Baghdad.

The U.S. must refocus and recognize the failure of its post-9/11 foreign policy. Pre-emptive strikes and deposing dictators may or may not have been a good plan, but at least it was a plan. However, if you attack Iraq, the potential to go after Iran and Syria must also be on the table. Instead, the U.S. finds itself supervising a civil war while helplessly making concessions elsewhere.

This dire situation is a result of the only thing worse than a failed strategy: the inability to recognize, or to admit, that a strategy has failed. Since the invasion of Iraq in March 2003, North Korea has tested a nuclear weapon. Iran is openly boasting of its uranium enrichment program while pouring money into Hezbollah and Hamas. A resurgent Taliban is on the rise in Afghanistan. Nearly off the radar, Somalia is becoming an al Qaeda haven. Worst of all is the answer to the question that ties all of these burning fuses together: No, we are not safer now than we were before.

The seeds for this situation were sown in the one real success the West has had. The attack on the Taliban and al Qaeda in Afghanistan went so well that the U.S. and its allies did not appreciate all the reasons for the success. Almost every player on the world stage benefited from the attack on Afghanistan. The rout of the Sunni Taliban delighted Iran. Russia and China have no love for religious extremism near their borders. India was happy to see the U.S. launch a direct attack on Muslim terrorists.

Only Pakistan was put under uncomfortable pressure, although even there, Pervez Musharraf has been able to play both sides well enough to appear to be an essential ally to the West, while terrorists and weapons cross his borders freely. Gen. Musharraf has perfected the formula of holding himself up as the last defense against the extremists in order to gain immunity for his dictatorship. Not only was there a confluence of world opinion aided by sympathy for the U.S. after 9/11, but the proverbial bad guys were undoubtedly bad, and we knew where they were. As subsequent events have shown, effectively bombing terrorists is a rare opportunity.

Learning from our defeats is obvious, but too often we fail to appreciate the reasons for our successes; we take them for granted. The U.S. charged into Iraq without appreciating the far greater difficulty of the postwar task there, and how it would be complicated by the increasingly hostile global opinion of America's military adventures.

America's role as "bad cop" has been a flop on the global stage. Without the American presence in Iraq as a target and scapegoat, Iraqis would be forced to make the hard political decisions they are currently avoiding. We won't know if Iraq can stand on its own until the U.S. forces leave. Meanwhile, South Korea and China refuse to take action on North Korea while accusing the U.S. of provocative behavior. How quickly would their attitudes change if the U.S. pulled its troops out of the Korean Peninsula? Or if Japan -- not to mention Taiwan -- announced nuclear weapon plans?

From Caracas to Moscow to Pyongyang, everyone follows their own agenda while ignoring President Bush and the U.N. Here in Russia, for example, Vladimir Putin gets Mr. Bush's endorsement for membership to the World Trade Organization while selling advanced air defense missile systems to Iran and imposing sanctions on Georgia, itself a WTO member. WTO membership is not going to benefit ordinary Russians, but it will provide more cover for Mr. Putin and his gang of oligarchs to continue to loot the country and launder the money abroad with no resistance from a distracted, discredited and enfeebled West.

We might not know what works, but we have many fine examples of what doesn't work and we cannot continue to ignore them. As the world's sole superpower, the U.S. has become a lightening rod. Any intervention causes resentment and even many traditional allies oppose U.S. plans almost out of hand. America's overly proactive foreign policy has also allowed other nations to avoid responsibility for their own safety, and to avoid making the tough decisions that come with that responsibility.

At the same time, the U.N. has become a perfect example of a broken institution. When leaders are afraid to take real action they go to the U.N., where they know nothing tangible will be achieved. Resolutions are routinely ignored without consequences and, in fact, are openly flouted. Hezbollah proudly waved weapons as the Israeli army left Lebanon and the kidnapped Israeli soldiers have yet to be released.

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So what then, to do? "Mission accomplished" jokes aside, the original goals in Iraq -- deposing Saddam Hussein and holding elections -- have been achieved. Nation-building was never on the agenda and it should not be added now. All the allied troops in the world aren't going to stop the Iraqi people from continuing their civil war if this is their choice. As long as Muslim leaders in Iraq and elsewhere are unwilling to confront their own radical elements, outsiders will be spectators in the line of fire.

As for stability, if allied troops leave Iraq:What stability? I won't say things can't get worse -- if we've learned anything, it's that things in the Middle East can always get worse;but at least the current deadly dynamic would be changed. And with change there is always hope for improvement. Without change, we are expecting a different result from the same behavior, something once defined as insanity.

Mr. Kasparov, a former world chess champion, is chairman of the United Civil Front in Russia.

Afghan District Makes Own Deal With The Taliban (NYT)

By Carlotta Gall, Abdul Waheed Wafa

The New York Times, December 2, 2006

KABUL, Afghanistan, Nov. 29 — After a series of bruising battles between British troops and Taliban fighters, the Afghan government struck a peace deal with tribal elders in Helmand Province, arranging for a cease-fire and the withdrawal of both sides from one southern district. A month later, the ripples are still being felt in the capital and beyond.

The accord, reached with virtually no public consultation and mediated by the local governor, has brought some welcome peace for residents of the district, Musa Qala, and a reprieve for British troops, who had been under siege by the Taliban in a compound there for three months.

But it has sharply divided former government officials, legislators and ordinary Afghans.

Some say the agreement points the way forward in bringing peace to war-torn parts of the country. Others warn that it sets a dangerous precedent and represents a capitulation to the Taliban and a potential reversal of five years of American policy to build a strong central government. They say the accord gives up too much power to local leaders, who initiated it and are helping to enforce it.

“The Musa Qala project has sent two messages: one, recognition for the enemy, and two, military defeat,” said Mustafa Qazemi, a member of Afghanistan’s Parliament and a former resistance fighter with the Northern Alliance, which fought the Taliban for seven years.

“This is a model for the destruction of the country,” he said, “and it is just a defeat for NATO, just a defeat.”

As part of the deal, the district has been allowed to choose its own officials and police officers, something one member of Parliament warned would open a Pandora’s box as more districts clamored for the right to do the same.

Some compare the deal to agreements that Pakistan has struck with leaders in its tribal areas along the Afghan border, which have given those territories more autonomy and, critics say, empowered the Taliban who have taken sanctuary there and allowed them to regroup.

“It is the calm before the storm,” one senior Afghan military officer said of the accord.

Even President Hamid Karzai, who sanctioned the deal, has admitted to mixed feelings. “There are some suspicions in society about this,” he said in a recent radio interview with Radio Free Europe.

“I trust everything these elders say,” Mr. Karzai said, but he added that two recent episodes in the area — of killing and intimidation — gave pause and needed investigation.

For their part, foreign military officials and diplomats expressed cautious optimism, saying the accord had at least opened a debate over the virtues of such deals and time is needed to see if it will work. “If it works, and so far it appears to work, it could be a pointer to similar understandings elsewhere,” said one diplomat, who would speak on the topic only if not identified.

The governor of Helmand, Mohammad Daud, brokered the deal and defended it strongly as a vital exercise to unite the Pashtun tribes in the area and strengthen their leaders so they could reject the Taliban militants.

Appointed at the beginning of the year, Mr. Daud has struggled to win over the people and control the lawlessness of his province, which is the largest opium-producing region as well as a Taliban stronghold.

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Some 5,000 British soldiers deployed in the province this year as part of an expanding NATO presence have come under repeated attack. Civilians have suffered scores of casualties across the south as NATO troops have often resorted to airstrikes, even on residential areas, to defeat the insurgents.

It was the civilians of Musa Qala who made the first bid for peace, Mr. Daud explained.

"They made a council of elders and came to us saying, 'We want to make the Taliban leave Musa Qala,' " he said in a telephone interview from the provincial capital, Lashkar Gah. "At first we did not accept their request, and we waited to see how strong the elders were."

But the governor and the British forces soon demanded a cease-fire, and when it held for more than a month, they negotiated a withdrawal of British troops from the district, as well as the Afghan police who had been fighting alongside them. The Taliban then also withdrew.

Eventually the governor agreed on a 15-point accord with the elders, who pledged to support the government and the Afghan flag, keep schools open, allow development and reconstruction, and work to ensure the security and stability of the region. That included trying to limit the arming of people who do not belong to the government, namely the Taliban insurgents.

They drew up a list of local candidates for the posts of district chief and police chief, from which the governor appointed the new officials. They also chose 60 local people to serve as police officers in the district, sending the first 20 to the provincial capital for 20 days of basic training, according to provincial officials.

One energetic supporter of the deal is Abdul Ali Seraj, a nephew of King Amanullah, who ruled in the 1920s, and leader of the Coalition for National Dialogue With the Tribes of Afghanistan, which is working to bring peace through the tribal structures.

"Musa Qala is the way to do it," Mr. Seraj said. "Sixty days since the agreement, and there has not been a shot fired."

The agreement has been welcomed by residents of Musa Qala, who said in interviews by telephone or in neighboring Kandahar Province that people were rebuilding their houses and shops and planting winter crops, including the ubiquitous poppy, the source of opium.

The onset of the lucrative poppy planting season may have been one of the incentives behind their desire for peace, diplomats and government officials admitted.

Elders and residents of the area say the accord has brought calm, at least for now. "There is no Taliban authority there," said Haji Shah Agha, 55, who led 50 members of the Musa Qala elders' council to Kabul recently to counter criticism that the district was in the hands of the Taliban.

"The Taliban stopped fighting because we convinced them that fighting would not be to our benefit," he said. "We told the Taliban, 'Fighting will kill our women and children, and they are your women and children as well.' "

What the Taliban gained was the withdrawal of the British forces without having to risk further fighting. Meantime, the Taliban presence remains strong in the province, so much so that road travel to Musa Qala for a foreign journalist is not advised by United Nations security officials. While residents are happy with the peace, they do not deny that the militants who were fighting British forces all summer have neither disbanded nor been disarmed.

According to a local shopkeeper, Haji Bismillah, 40, who owns a pharmacy in the center of Musa Qala, the Taliban have pulled back to their villages and often come into town, but without their weapons.

"The Taliban are not allowed to enter the bazaar with their weapons," he said in a telephone interview. "If they resist with guns, the tribal elders will disarm them," he said.

He said the elders had temporarily given the Taliban "some kind of permission to arrest thieves and drug addicts and put them in their own prison," since the elders did not yet have a police force of their own.

The district's newly appointed police chief, Haji Malang, said the Taliban and the police had agreed not to encroach on each other's territory. "They have their place which we cannot enter, and we have our place and they must not come in," he said in a telephone interview this week.

Some residents said the deal would benefit the Taliban. "This is a very good chance for the Taliban," said Abdul Bari, 33, a farmer who accompanied a sick relative to a hospital in neighboring Kandahar province.

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"The people now view the Taliban as a force, since without the Taliban, the government could not bring peace in the regions." he said. "It is not sure how this agreement will work, but maybe the Taliban will get more strength and then move against the elders."

Opponents of the agreement warned that the elders were merely doing the bidding of the Taliban and would never be strong enough to face down Taliban commanders.

"The Taliban reappeared by the power of the gun, and the only way to defeat them is fighting, not dealing," said Haji Aadil Khan, 47, a former police chief from Gereshk, another district of Helmand.

One event that has alarmed all sides was the killing and beheading of Haji Ahmad Shah, the former chief of a neighboring district, who returned to his home after the agreement was signed. Beheading is a tactic favored by some Taliban groups, and his friends say it is a clear sign that the Taliban are in control of the area. Elders of Musa Qala said that Mr. Shah had personal enemies and that they were behind the killing.

The governor, Mr. Daud, and the elders said a number of the opponents to the agreement were former militia leaders who did not want peace. "The people of Musa Qala took a step for peace with this agreement," said the chief elder, Haji Shah Agha. "The Taliban are sitting calmly in their houses."

Another elder, Amini, who uses only one name, said: "For four months we had fighting in Musa Qala and now we have peace. What is wrong with it, if we have peace?"

Afghanistan Opium Crop Sets Record (WP)

By Karen DeYoung

The Washington Post, December 2, 2006

Opium production in Afghanistan, which provides more than 90 percent of the world's heroin, broke all records in 2006, reaching a historic high despite ongoing U.S.-sponsored eradication efforts, the Bush administration reported yesterday.

In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the amount of land under cultivation in opium poppies grew by 61 percent. Cultivation in the two main production provinces, Helmand in the southwest and Oruzgan in central Afghanistan, was up by 132 percent.

White House drug policy chief John Walters called the news "disappointing."

The administration has cited resurgent Taliban forces as the main impediment to stabilization and reconstruction efforts in Afghanistan, and the U.S. military investment has far exceeded anti-narcotic and development programs. But U.S. military and intelligence officials have increasingly described the drug trade as a problem that rivals and in some ways exceeds the Taliban, threatening to derail other aspects of U.S. policy.

"It is truly the Achilles' heel of Afghanistan," Gen. James L. Jones, the supreme allied commander for NATO, said in a recent speech at the Council on Foreign Relations. Afghanistan is NATO's biggest operation, with more than 30,000 troops. Drug cartels with their own armies engage in regular combat with NATO forces deployed in Afghanistan, he said. "It would be wrong to say that this is just the Taliban. I think I need to set that record straight," he added.

"They have their own capability to inflict damage, to make sure that the roads and the passages stay open and they get to where they want to go, whether it's through Pakistan, Iran, up through Russia and all the known trade routes. So this is a very violent cartel," Jones said. "They are buying their protection by funding other organizations, from criminal gangs to tribes, to inciting any kind of resistance to keep the government off of their back."

Any disruption of the drug trade has enormous implications for Afghanistan's economic and political stability. Although its relative strength in the overall economy has diminished as other sectors have expanded in recent years, narcotics is a $2.6 billion-a-year industry that this year provided more than a third of the country's gross domestic product. Farmers who cultivate opium poppies receive only a small percentage of the profits, but U.S. officials estimate the crop provides up to 12 times as much income per acre as conventional farming, and there is violent local resistance to eradication.

"It's almost the devil's own problem," CIA Director Michael V. Hayden told Congress last month. "Right now the issue is stability. . . . Going in there in itself and attacking the drug trade actually feeds the instability that you want to overcome."

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"Attacking the problem directly in terms of the drug trade . . . would undermine the attempt to gain popular support in the region," agreed Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency. "There's a real conflict, I think."

The Afghan government has prohibited the aerial herbicide spraying used by U.S. anti-narcotic programs in Latin America. Instead, opium poppy plants in Afghanistan are destroyed by tractors dragging heavy bars. But only 38,500 of nearly 430,000 acres under cultivation were eradicated this year.

Because of security concerns and local sensibilities, all eradication is done by Afghan police, and corruption is a major problem at every level from cultivation to international trafficking. Although the drug trade is believed to provide some financing to the Taliban, most experts believe it is largely an organized criminal enterprise. According to a major report on the Afghan drug industry jointly released last week by the World Bank and the U.N. Office on Drugs and Crime, key narcotics traffickers "work closely with sponsors in top government and political positions."

The report drew specific attention to the Afghan Interior Ministry, saying its officials were increasingly involved in providing protection for and facilitating consolidation of the drug industry in the hands of leading traffickers. "At the lower levels," the report said, "payments to police to avoid eradication or arrest reportedly are very widespread. At higher levels, provincial and district police chief appointments appear to be a tool for key traffickers and sponsors to exercise control and favor their proteges at middle levels in the drug industry."

Opium cultivation was outlawed during Taliban rule in the late 1990s and was nearly eliminated by 2001. After the overthrow of the Taliban government by U.S. forces in the fall of that year, the Bush administration said that keeping a lid on production was among its highest priorities. But corruption and alliances formed by Washington and the Afghan government with anti-Taliban tribal chieftains, some of whom are believed to be deeply involved in the trade, undercut the effort.

Afghan President Hamid Karzai recently noted that "once we thought terrorism was Afghanistan's biggest enemy" but said that now "poppy, its cultivation and drugs are Afghanistan's major enemy."

Eradication and alternative development programs have made little discernible headway. Cultivation -- measured annually with high-resolution satellite imagery that is then parsed by analysts using specialized computer software -- is nearly double its highest pre-Karzai level.

"There is supposed to be a tremendous energy associated with this," Jones said of the counter-narcotics programs, "but it needs a fresh look because . . . we're losing ground.

DOJ:

Buchanan Named To New Post (PTR)

By Chris Buckley

Pittsburgh Tribune-Review, December 2, 2006

Mary Beth Buchanan has been named acting director of the Justice Department's Office on Violence Against Women.

This Washington, D.C.-based office administers financial and technical assistance to communities around the country that are creating programs, policies and practices aimed at ending domestic violence, dating violence, sexual assault and stalking.

OVW's mission is to provide leadership in developing the nation's capacity to reduce violence against women through implementation of the Violence Against Women Act. The Office's ultimate goal is to change perceptions about violence against women so that those crimes are considered unacceptable and no longer tolerated in our society.

As director, Buchanan will oversee the administration of approximately $400 million in grant funding. One of the program areas the grants will go to is the Campus Program.

The Grants to Reduce Violent Crimes Against Women on Campus program is designed to encourage institutions of higher education to adopt comprehensive, coordinated responses to violent crimes against women on campuses, including sexual assault, stalking, domestic violence, and dating violence.

Working in partnership with community-based nonprofit victim advocacy organizations and local criminal justice or civil legal agencies, campuses must adopt protocols and policies that treat violence against women as a serious offense and develop victim services and programs in which victim safety, offender accountability, and the prevention of such crimes are central.

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Many campuses are beginning to address violent crimes against women by developing campus-based responses that include campus victim services, campus law enforcement, health services, housing authorities, campus administration, student organizations, and disciplinary boards.

Buchanan will continue to serve as United States Attorney for Western Pennsylvania in addition to her new challenges leading the OVW.

Appointed by President George W. Bush Sept. 5, 2001, and confirmed by the United States Senate Sept. 14, 2001, Buchanan is the first woman and youngest person in Pennsylvania's history to be presidentially appointed to this position.

As United States Attorney, Buchanan oversees the prosecution of all federal crimes, and the litigation of civil matters in which the federal government has an interest, throughout the 25 counties in Western Pennsylvania.

Buchanan also served from June 2004 until June 2005 as the director of the Executive Office for United States Attorneys. This Washington D.C.-based office provides administrative support to the 94 United States Attorneys' Offices nationwide.

A native of Roscoe, Buchanan is a 1984 graduate of California University of Pennsylvania, and a 1987 graduate of the University of Pittsburgh School of Law. In March 1999, she received California University of Pennsylvania's Alumni Professional Achievement Award.

Chris Buckley can be reached at cbuckley@tribweb.com or (724) 684-2642.

CORPORATE SCANDALS:

SEC Tries To Force The Mother Of Ex-Fidelity Trader To Testify (WSJ)

By Jennifer Levitz

The Wall Street Journal, December 2, 2006

The Securities and Exchange Commission is trying to force the mother of a former Fidelity Investments trader to testify about purchase of shares made in her account at about the time the mutual-fund titan was buying the same security.

Under securities laws, money managers and traders are forbidden from making a personal profit from their inside market knowledge of what their company is buying or selling, or from passing that information to others. Using that advance knowledge -- a practice often called "front-running" -- can be valuable because stocks often rise after big firms like Fidelity make a purchase.

In a filing in U.S. District Court in Boston, the SEC says it wants to compel testimony from Concetta Donovan, mother of former Fidelity trader David Donovan Jr. Along with testimony, the SEC also wants both of Mr. Donovan's parents to produce documents in connection with the purchase of Covad Communications Group Inc. stock in Ms. Donovan's brokerage account in 2003. The SEC's filing says it is also investigating trading based on "material nonpublic information" in the shares of Comverse Technology Inc., and CellStar Corp. and certain other unidentified securities, though it provided few details.

Richard E. Nicolazzo, a spokesman for Mr. Donovan, said "he never took any actions that violated company policies and procedures" while at Fidelity and "remains confident that when the inquiries are completed he will be vindicated."

A lawyer for Concetta Donovan has said her client has been unable to testify because she is on pain medications "that affect her ability to think clearly and process information," the SEC filing said.

Fidelity spokeswoman Anne Crowley said the Boston firm alerted regulators to matters concerning Mr. Donovan in early 2005. He left the company in December 2004, according to National Association of Securities Dealers records.

Since late 2004, the SEC and the NASD have also been probing whether Fidelity traders improperly accepted gifts from brokerage houses doing business with the company, the nation's largest mutual-fund firm. Ms. Crowley said the company had conducted its own review of these matters and sanctioned about 20 employees on Fidelity's equity-trading desk.

Many of them left the company. This week's filing also says that the SEC is investigating the Jefferies & Co. unit of Jefferies Group Inc., which bought and sold stocks for Fidelity and whose employees paid for expensive dinners, golf outings, and private airplane travel for Fidelity traders, people familiar with the matter say. Neither the SEC or NASD has charged Fidelity, Jefferies, Mr. Donovan or members of his family.

Write to Jennifer Levitz at jennifer.levitz@wsj.com1

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S.E.C. Asks Court To Force Parents Of Former Trader To Cooperate (NYT)

By Bloomberg News

The New York Times, December 2, 2006

The Securities and Exchange Commission asked a federal court to force the parents of a former Fidelity Investments trader to cooperate in an investigation of whether they bought stock based on nonpublic information from their son.

The parents, Concetta and David Donovan Sr., failed to comply with subpoenas issued in April 2005 in connection with their purchase of Covad Communications shares in 2003, according to a filing made by the S.E.C. Thursday in Federal District Court in Boston. Their son, David Donovan Jr., was a trader at Fidelity until March 2005, when he left the company.

The S.E.C. asserts in an affidavit that 55,000 Covad shares were purchased by a brokerage account owned by Concetta Donovan in August 2003 and were sold a month later for a profit of $89,775.

Richard Nicolazzo, a spokesman for David Donovan Jr., said his client "never took any action that violated company policies or procedures," and he intends to cooperate with regulators. David Bergers, head of the S.E.C.'s Boston office, declined to comment.

The commission's filings do not allege that either Mr. Donovan or his parents engaged in illegal trading, and do not accuse Fidelity of wrongdoing. A telephone message left for Valerie Carter, a lawyer for Concetta and David Donovan Sr., was not immediately returned.

Shares of Covad, a provider of Internet and network services, tripled in August 2003. Fidelity, the world's largest mutual-fund company, bought 3.2 million shares for its clients in the preceding month, the S.E.C. filings say.

The S.E.C. asked the court to order Concetta and David Donovan Sr. to provide documents and testify, and to show why they cannot comply with the subpoenas.

A Fidelity spokeswoman, Anne Crowley, said "to our knowledge" the Donovan investigation is a separate incident and not part of any larger investigation of insider trading at the money manager.

Lerach's Enron Lawsuit Against AllianceBernstein Is Dismissed (WSJ)

By Peter Lattman

The Wall Street Journal, December 2, 2006

The federal judge overseeing the Enron Corp. shareholders' class-action lawsuit has dismissed a $1 billion claim brought by plaintiffs' lawyer William Lerach against investment firm Alliance Capital Management LP, now known as AllianceBernstein LP.

In a step unusual in securities class-action cases, U.S. District Judge Melinda Harmon in Houston ordered the plaintiffs to pay Alliance's attorney's fees. She also stated that the payment of attorney's fees would be "more appropriate" to "be borne" by plaintiffs' counsel.

"We're disappointed in her ruling but Judge Harmon calls 'em as she sees 'em," said Mr. Lerach of Lerach Coughlin Stoia Geller Rudman & Robbins LLP. He added that he hopes the judge may change her view or that the plaintiffs may prevail on the issue on appeal, but he says that if attorney's fees "are going to be paid, we're the ones who are going to pay them."

The class-action lawsuit was brought against investment firms for alleged fraud related to their underwriting of Enron securities.

This particular claim concerned the service of an Alliance executive, Frank Savage, on Enron's board of directors and his signing of a false registration statement for the issuance of $1 billion of Enron bonds.

The shareholders alleged that Alliance had placed Mr. Savage on Enron's board to serve its own interest or, at the very least, approved Mr. Savage's Enron board service and thus controlled his actions on the board.

The judge rejected the shareholders' claim, saying, "There is no evidence that Alliance had any authority to influence, supervise or determine Savage's actions at Enron, nor any evidence that Alliance induced Savage to watch out for Alliance's interests while on Enron's board, nor that Savage did watch out for Alliance's interest after joining the Enron board."

She also noted that the shareholders provided no evidence that Mr. Savage "knew or should have known or suspected" that the registration statement was false and misleading at the time he signed it.

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Mr. Savage was also named as a defendant in the shareholders' class action and, along with other directors, settled the claim against him without admitting wrongdoing.

"From a public-policy perspective, what we were really litigating here was whether an employer can be held liable for the acts of its employee serving on the board of another company independently," said Alliance's lawyer, Mark Kirsch of Clifford Chance LLP.

Mr. Lerach's firm has secured more than $7 billion in civil settlements for Enron shareholders.

Write to Peter Lattman at peter.lattman@wsj.com1

In Unusual Ruling, Law Firm Is Told To Pay Opponent's Legal Fees In Enron Case (NYT)

By Floyd Norris

The New York Times, December 2, 2006

In a decision that she conceded flies in the face of previous rulings by other courts, a federal judge in Houston has ordered the law firm of William S. Lerach, a leading class-action lawyer, to pay the legal fees and costs of a company he sued.

The company, Alliance Capital, a money management firm, was sued by Mr. Lerach's firm as part of a large Enron class-action case. The lawsuit argued that Alliance should be held responsible for the Enron fraud because an Alliance official was also a director of Enron.

In a decision issued late Thursday, Judge Melinda Harmon of Federal District Court issued a summary judgment dismissing the case against Alliance, and also invoked a rule requiring the payment of Alliance's legal fees by the plaintiff's lawyer, on the ground that the case was pursued after it became clear it was without merit. The decision appears to be the first in which a law firm, and not the plaintiff, has been ordered to pay under that section of the securities law.

It is not clear how much the ruling will cost the Lerach firm, Lerach, Coughlin, Stoia, Geller, Rudman & Robbins of San Diego. Alliance, now known as AllianceBernstein, was directed to submit its bills for the months since Mr. Lerach's firm should have known the case was unreasonable.

In a telephone interview, Mr. Lerach said he would appeal the ruling. "I think we are a long way from paying anybody's legal fees," he said. "At the end of the day, I'll be very surprised if we have to pay."

What was most unusual about the decision was that the penalty was assessed against the law firm. The judge noted that one appellate court — the United States Court of Appeals for the Second Circuit, in New York — had held that the part of the law permitting such rulings, known as Section 11(e) of the Securities Act of 1933, "was not intended to authorize an award against the parties' attorney."

But Judge Harmon said that no other circuit had adopted that rule, and that "it appears to this court more appropriate that an award of fees and costs under Section 11(e) should be borne by counsel: non-attorney clients more likely than not would not have the ability to determine at what point, based on what evidence, an action becomes legally 'frivolous,' while its licensed counsel should be and is held to such a standard."

The ruling did not cite any other case in which a law firm was held to be liable under the section.

Judge Harmon, who was appointed to the bench by President George H. W. Bush in 1989, said the plaintiff's suspicions about Alliance "were not unreasonable" when the case was filed. But at some point after Mark Savage, the former Enron director and Alliance official, gave a deposition in January 2005, it should have been clear to the Lerach firm that the case had no merit, she said. She said the costs Alliance incurred in preparing for an argument over summary judgment should be paid by the Lerach firm.

"The crux of the judge's order," said Mark Kirsch, a partner in the Clifford Chance law firm, which represented Alliance, "is that after all the facts were known, plaintiffs should have dropped what was clearly an innocent party. They refused to do that. And by assessing fees, the judge said in no uncertain terms that that's wrong, that's not how class-action litigation is supposed to work." Alliance was ordered to submit itemized costs that the Lerach firm should pay.

Mr. Kirsch said Alliance, in asking for Section 11(e) penalties, had not specified whether the law firm or the investors who were plaintiffs in the class-action suit should be held responsible. The plaintiffs were led by the University of California Board of Regents.

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Alliance, one of the largest money managers in the country, was thoroughly humiliated by the Enron collapse. It bought shares as they fell in 2001, believing that the market was overreacting to reports about Enron's accounting problems, and its clients suffered large losses.

Mr. Savage, who was an Alliance executive while he served on the Enron board from 1999 to 2001, was named in the suit because he had signed a registration statement for a bond issue that included false financial statements.

For Alliance to be liable, the judge wrote, it would have had to control Mr. Savage at the time he signed the statement. The judge ruled that there was no evidence of such control, adding that in any case the plaintiffs did not offer evidence "that Alliance or Savage knew or should have known or suspected that the registration statement was false and misleading at the time Savage signed it."

Mr. Lerach's firm was formed in 2004 after he split off from Milberg Weiss, a New York law firm active in class-action suits. Milberg Weiss and two of its partners are now under indictment in connection with what the government contends are illegal payments to class-action plaintiffs, but no charges have been filed against Mr. Lerach or his firm.

Mr. Kirsch, the Clifford Chance partner, said all five lawsuits filed against Alliance over Enron had now been dismissed, including a case filed by the State of Florida, which used Alliance as a money manager for a pension fund. That case ended in a jury verdict in favor of Alliance.

CRIMINAL LAW:

Rabbi Sentenced In Internet Sex Sting (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, December 2, 2006

A Maryland rabbi caught in a television sting operation was sentenced to 6 1/2 years in prison yesterday for trying to solicit sex from a 13-year-old boy over the Internet.

David A. Kaye, 56, told the judge that he traveled to Herndon for what he thought would be sex with a boy "as a cry out for help to fight my personal demons." Sobbing as he acknowledged his father, who sat in the courtroom in a wheelchair, Kaye said his conviction had made him face "the reality of who I am. . . . I know I need help. I pray that God allows me to get that help."

Kaye's attorney, Peter D. Greenspun, said the rabbi, who was featured last year on the "To Catch a Predator" series on "Dateline NBC," kept his sexuality secret and spent thousands of hours chatting online in search of liaisons.

Kaye thought that he was chatting online with a young adult, Greenspun said. He said Kaye, who is divorced, is in therapy, and he urged a sentence on the low end of federal guidelines, which recommended a term of 63 to 78 months in prison.

"There is a very decent core to this man," Greenspun said.

But U.S. District Judge James C. Cacheris in Alexandria settled on 78 months and said Kaye would then face 10 years of supervised release. The judge said that during that time, Kaye will be forbidden to accept any job involving children, and he ordered him to never be around children younger than 18 without an adult present.

Assistant U.S. Attorney Ed Power had called for a tough sentence and said Kaye's conduct was "a crime of violence in which he essentially tried to rape a 13-year-old boy."

U.S. Attorney Chuck Rosenberg said the lesson of the case "is pretty simple: Stay away from our children."

Kaye, of Potomac, is the former vice president of program at Rockville-based PANIM: The Institute for Jewish Leaders and Values, an educational foundation that trains Jewish leaders. He resigned last year after informing the organization that he would be on "Dateline."

Kaye was convicted in September after a two-day bench trial in which prosecutors presented evidence of sexually graphic chats between him and the boy. In reality, the boy was a 26-year-old man working for Perverted Justice, a group that tries to expose adults who use the Internet for sexual activity with children.

Perverted Justice was working with "Dateline," which paid the watchdog group to create a pedophile sting that ran as a series of TV reports. When Kaye arrived at the Herndon house that the group had set up, he was confronted on camera by NBC correspondent Chris Hansen.

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"You know I'm in trouble. I know I'm in trouble," Kaye told Hansen, according to Cacheris's opinion. The judge convicted Kaye on one count of coercion and enticement and one count of travel with intent to engage in illicit sexual conduct.

Other men lured to the Herndon home included a schoolteacher from Prince George's County and a physician from the Eastern Shore.

Some defense lawyers have challenged the TV sting operations as entrapment, and experts in media ethics have questioned NBC's decision to pay Perverted Justice, because mainstream news organizations typically do not pay sources for their cooperation. NBC has defended the arrangement, saying that the programs have raised public awareness of Internet pedophilia.

Cacheris's opinion said that NBC paid Perverted Justice $100,000.

During the trial, prosecutors presented outtakes from the NBC show and a log of Kaye's chats with the person posing as a 13-year-old. Using the screen name "REDBD," Kaye initiated the chats, Cacheris wrote.

Rabbi Sentenced In Web Sex Sting (AP)

By Matthew Barakat, Associated Press

AP, December 2, 2006

A Rockville rabbi ensnared in a nationally televised sex sting was sentenced to 61/2 years in prison yesterday for attempting to have sex with someone whom he thought to be a 13-year-old boy.

David A. Kaye, 56, was convicted in U.S. District Court in Alexandria in September of enticement and traveling across state lines to engage in illegal sexual conduct.

Most of the evidence came from a televised sting on "Dateline NBC" that was conducted in conjunction with an Internet watchdog group called Perverted Justice.

A Perverted Justice member posing as a 13-year-old boy met Kaye in an online chat room in August 2005, and Kaye solicited sex acts.

When Kaye drove to what he thought was the boy's home in Herndon, he was instead confronted by a television reporter and camera crew and conceded he was there for "not something good."

During yesterday's hearing, prosecutors said Kaye's crime was not an isolated incident and submitted affidavits from others who claimed Kaye engaged in improper conduct, including one incident at a youth camp as far back as 1974.

Details of that incident were not discussed, and the affidavits are under seal. Kaye denied any improper conduct.

The 78-month sentence from U.S. District Judge James Cacheris was at the high end of federal sentencing guidelines, and will be followed by an unusually long period of supervised release -- 10 years.

Kaye also will be required to register as a sex offender and is barred from having unsupervised contact with minors.

Kaye yesterday said that he thinks his actions last year were "a cry out for help."

"I do accept responsibility for my actions last year, and I know I need help," said Kaye, who broke down sporadically throughout the hearing, usually when he turned back to the courtroom gallery and made eye contact with his elderly father.

Kaye testified at his trial that he led a double life and frequently used the Internet to facilitate homosexual liaisons.

He said he knew the person he was chatting with was older than 13 and assumed he was an adult, but played along with what he assumed to be role playing.

Judge Cacheris, who convicted Kaye following the bench trial, wrote in his opinion that Kaye's testimony was not credible in "veracity, demeanor, cadence, tenor and inflection of his voice as well as the consistency of his answers on cross examination."

Kaye was a rabbi at a congregation in Potomac for 16 years and at the time of the sting he was vice president of a Rockville-based Jewish youth organization called PANIM: the Institute for Jewish Leaders and Values.

The Perverted Justice sting at the Herndon home, which ensnared 19 men over a three-day period, has resulted in multiple convictions and prison sentences.

Perverted Justice says its stings have resulted in more than 100 convictions nationwide since 2004. The group has an ongoing partnership with NBC to produce additional shows, titled "To Catch a Predator."

Critics say that Perverted Justice's methods border on vigilantism.

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Last month in Texas, a man about to be arrested after being caught in a Perverted Justice sting shot and killed himself when police tried to arrest him.

Consultant Pleads Guilty In Bridge Commission Scam (PHI)

By Toni Callas

The Philadelphia Inquirer, December 2, 2006

Robert Stears, a consultant and lobbyist, pleaded guilty today to defrauding the Burlington County Bridge Commission of hundreds of thousands of dollars, and failing to pay federal taxes for six years.

During his plea hearing before U.S. District Judge Jerome B. Simandle, Stears, 51, answered "yes" to 31 allegations, holding his head in his hands as the list continued.

He admitted that he submitted inflated and fraudulent bills to the bridge commission from 1997 to 2003. He also did not file income tax forms from 1999 to 2004.

In pleading guilty, Stears gave up his right to an appeal. His sentencing date is scheduled for March 30, and he faces up to 25 years in prison.

Stears told the court he created the Strategy Group, a Trenton consulting firm that performed lobbying and public relations work for the commission from 1997 to 2002. Stears admitted that he was the sole liaison between the commission and the consulting group and was aware of "virtually all transactions," the U.S. Justice Department said. Stears also said he prepared the invoices submitted to the commission monthly.

The company paid the group $300,000 a year from 1997-1999 and more than $500,000 a year from 2000 to 2002.

In 2002, Stears received more than $300,000 in taxable income on which he did not pay income taxes; he owes $112,863 in taxes on that alone. He admitted that he tried to hide that money from the government in a checking account under the name of his new venture: Governmental Strategies. He did not file federal income taxes from 1999 to 2004, the justice department said.

In 2003, Stears left Strategy Group and started the new firm, of which he was the sole owner. Subsequently, the commission parted with Strategy Group and signed on with Stears' new venture.

He collected more than $100,000 from the commission under this business.

In the first four months after starting the new company, Stears admitted, he handed in false invoices, stating that his employees did work that they did not perform.

Voting Machine Firm Denies Tax, Bribery Allegations (MH)

By Alfonso Chardy And Jay Weaver

The Miami Herald, December 2, 2006

Smartmatic, an international company with offices in Boca Raton, has contacted the Justice Department to deny allegations that its Venezuelan owners paid a bribe to secure a $91 million contract to supply electronic voting machines in Venezuela, an attorney for the firm said Friday.

"We have informally told the Justice Department that there is no basis for these allegations," said Jeffrey Bialos, a Washington, D.C. attorney retained by Smartmatic.

He said Justice officials told the company this fall that it was not the target of a criminal investigation, nor has it received any subpoenas.

The company, incorporated in Delaware, also denied allegations that it failed to pay U.S. income taxes.

Smartmatic's denials mark yet another chapter in the convoluted saga of the Boca Raton firm that last year bought Sequoia Voting Systems of Oakland, Calif., one of the nation's leading suppliers of electronic voting machines. Sequoia machines operate in Washington, D.C. and 16 states, including four counties in Florida: Palm Beach, Indian River, Hillsborough and Pinellas. Smartmatic machines will be used in Sunday's presidential election in Venezuela.

Smartmatic also is being investigated by a Treasury-led panel over whether the government of Venezuelan President Hugo Chávez, increasingly at odds with President Bush, is a secret business partner. Smartmatic has denied any link to the Chávez government.

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In another development, Rep. Carolyn Maloney, D-N.Y., who helped spark the Smartmatic probe by the Treasury-led Committee on Foreign Investment in the United States, sent a letter Thursday to Treasury Secretary Henry Paulson Jr. to urge his agency to publicize its findings as soon as the review is completed.

The Wall Street Journal reported Friday that the Justice Department has been probing Smartmatic for possible violations of the Foreign Corrupt Practices Act and possible tax evasion. A Justice Department spokesman on Friday refused to comment.

El Nuevo Herald reported Thursday that agents from the Internal Revenue Service and the Federal Bureau of Investigation are investigating allegations involving tax evasion, an excessive commission to a lobbyist in Caracas and alleged death threats by Smartmatic President Antonio Mugica.

In a statement sent to El Nuevo Herald, a copy of which the company sent Friday to The Miami Herald, Smartmatic said Mugica ``has never threatened any employee."

The statement said the company has concluded that the allegations came from two former employees who ``appear to be acting in a manner inconsistent with their separation and confidentiality agreements."

Bialos said Smartmatic sent the ex-employees -- a chief financial officer and comptroller -- "cease and desist" letters, reminding them of the confidential nature of their "voluntary termination" agreements. He said Smartmatic would take legal action, if necessary, but was not attempting to stop them from talking with authorities.

"The company's policy is one of full and open disclosure," Bialos said.

Smartmatic raised suspicions among Chávez's critics after The Miami Herald revealed in May 2004 that two of its main owners, Mugica and Alfredo Anzola, also owned Bizta Corp. -- a small software company in Caracas in which the Venezuelan government had a 28 percent ownership stake.

The disclosure sparked concern among Chávez's political opponents because Bizta, Smartmatic and Venezuelan telephone giant CANTV had won the $91 million contract to supply electronic voting machines before the 2004 referendum that Chávez won. Just before the referendum took place, Bizta announced it would buy back the government shares.

Concern resurfaced after Smartmatic acquired Sequoia last year and Maloney asked the Treasury-led group to investigate. The Miami Herald reported in October that the interagency panel had begun a full-fledged investigation into whether the Chávez government played a behind-the-scenes role in Smartmatic. Smartmatic later confirmed that it had "voluntarily submitted" to the review.

Brookly McLaughlin, a Treasury spokeswoman, said Friday there was nothing new to report on the investigation.

The panel determines whether a particular foreign investment "threatens to impair the national security of the United States." The panel has an initial 30 days to review a transaction but can extend the probe 45 more days if at least one member of the committee determines that a particular investment threatens to impair national security. Though no one would say whether the probe is now in the 45-day stage, all indications are that it is. The Miami Herald reported on the original review in July.

According to procedures, the panel can recommend that the president suspend or prohibit the investment in question or offer another recommendation or none at all.

El Nuevo Herald said Thursday that federal investigators were reviewing Smartmatic payments to Morris Loyo, a retired Venezuelan air force captain with "ample connections" to the Chávez government, as commissions for helping to obtain the voting machine contract.

Smartmatic confirmed employing Loyo "as a lobbyist/salesperson and independent contractor to assist in securing election contracts in Venezuela" but would not say how much he was paid.

Getting 40 Gold Coins, And A Role In A Corrupt Governor's Downfall (NYT)

By Alison Leigh Cowan

The New York Times, December 2, 2006

To many people, Lawrence E. Alibozek epitomized much that was wrong with the ill fated administration of Gov. John G. Rowland of Connecticut.

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From the moment Mr. Alibozek joined the governor's office as his deputy chief of staff in the fall of 1997, the improper favors flowed. It started with $9,500 from a state contractor so that he could buy a new car. Later, Mr. Alibozek's boss, Peter N. Ellef, handed him an envelope stuffed with cash in the Capitol parking lot with a promise of more to come.

After five years, enough money and gifts had changed hands at the highest levels of state government that federal prosecutors needed 22 pages to list everything that was taken and to tell a bit of the stories behind them.

In the case of Mr. Alibozek, there were limousine rides to hotels in Boston and New York, vacations in Maine and Florida, the use of a 65-foot yacht, and dinners and getaways for him and his mistress, a state official. There were the 40 gold coins he buried in his backyard — a symbol of corruption at its most blatant — that he had accepted in exchange for steering a contract.

But what the public did not know was how much the government's successful prosecution of Mr. Rowland on bid-rigging charges, which drove him from office in his third term, depended on Mr. Alibozek's cooperation, and the price he has paid.

"I can tell you this," said Hugh F. Keefe, the lawyer who represented Mr. Ellef, the governor's co-chief of staff, "he was a significant part of the prosecution's case, in my case, in Ellef's case."

Federal prosecutors advised Mr. Alibozek not to comment because they needed his testimony at a trial of his former associates. His own sentencing was put off until their cases were resolved so that the value of his assertions could be assessed. His lawyer, William T. Gerace, said yesterday: "He's in limbo right now. He can't move on, and he'd like to."

But now that those cases have been successfully prosecuted, Mr. Alibozek's own sentencing is scheduled for January, suggesting that the impasse may be ending. It will be a cathartic end to a long-running investigation in which he was derided as an unstable informer and a symbol for much of the misconduct, and later was the subject of harassment.

"Let's hope so," said Hope Seeley, a Hartford lawyer who has represented several figures in the investigation, including Kristine Ragaglia, Mr. Alibozek's former mistress. "It's a sad chapter in Connecticut."

The public will also get a more complete portrait of a man who feasted on improper favors, but who belatedly tried to distance himself from his co-conspirators.

Mr. Alibozek, 61, grew up in Torrington, Conn., graduated from what is now Central Connecticut State University, and spent four years in the Air Force, rising to staff sergeant. "He's no fancy-pants Republican," said Tom D'Amore, a neighbor in New Hartford who was once the head of the state Republican Party.

Soon after taking office in 1995, Mr. Rowland, a Republican, hired Mr. Ellef, a Cigna executive, to head his economic development team. Mr. Ellef, in turn, recruited Mr. Alibozek, a colleague at Cigna.

In 1997, Mr. Ellef became a chief of staff for the governor, and Mr. Alibozek was named the deputy. At Cigna, the two executives had become acquainted with William A. Tomasso, a contractor with ambitions for his family's construction and property-management business. Once Mr. Ellef and Mr. Alibozek joined the governor's inner circle, Mr. Tomasso's share of state business increased by tens of millions of dollars.

Court papers detail many of their secret arrangements. In one, Mr. Alibozek told prosecutors that in 1998 Mr. Ellef handed him a cash-filled envelope in the Capitol parking lot. He said he was told the money from Mr. Tomasso was theirs to split — with the understanding that Mr. Ellef would steer business his way.

Mr. Alibozek also told of receiving the $9,500 from Mr. Tomasso for a car and the 40 American Eagle gold coins worth $10,800; the coins were given to him because as the year 2000 approached, there were widespread fears that computer problems could bring the economy to a halt.

Mr. Alibozek also described how Mr. Tomasso bought him expensive dinners, gave him limousine rides and provided him with cash — perks he often shared with Ms. Ragaglia, at the time the head of the State Department of Children and Families.

In November 1998, when the state decided to build a juvenile prison, Mr. Ellef and Mr. Alibozek saw to it that Mr. Tomasso was the only potential bidder to accompany state officials to an Ohio correctional facility that was emerging as the model for the project.

In addition, Ms. Ragaglia — who told investigators last summer that she and Mr. Alibozek were romantically involved at the time — admitted in a sworn statement that she used her influence, at Mr. Alibozek's behest, to help steer the contract to Mr. Tomasso by telling a subordinate to make sure that his company was on the short list of bidders.

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Later, when she was serving on a panel that selected the contractor, she said she heeded Mr. Ellef's instructions and voted for Mr. Tomasso. Although never charged with a crime, Ms. Ragaglia resigned from state government in July. Her lawyers declined to comment about her.

Once the juvenile prison was on track, Mr. Alibozek left the governor's office in July 1999 and spent several months running a lawn-and-garden business that prosecutors later described as yet another way for Mr. Tomasso to funnel money to Mr. Alibozek and his former colleagues.

With Connecticut reeling from the news in September 1999 that a former state treasurer, Paul Silvester, pleaded guilty to corrupt acts while in office, court papers show that Mr. Alibozek informed his partners in the landscaping business "shortly thereafter" that he wanted to pull out. They obliged him by dissolving the business, he told prosecutors, and he then "walked away" for good and ended his friendship with Mr. Ellef.

Three years later, investigators, emboldened by their prosecution of Mr. Silvester on corruption charges, came calling on Mr. Alibozek at his home in August 2002. By September, Mr. Alibozek had reached a formal agreement with prosecutors to cooperate in the investigation of Mr. Rowland and his aides.

Less than two months later, Mr. Rowland was handily elected to a third term, so Connecticut residents hardly knew what to make of the announcement the following spring by the United States attorney that Mr. Alibozek had pleaded guilty to accepting "cash, gold, and other items and services" in exchange for steering contracts to an unidentified contractor when he was the governor's deputy chief of staff.

Governor Rowland insisted he was not under investigation. Yet behind the scenes, Mr. Alibozek's cooperation was credited by many lawyers in the case with providing the road map used to convict Mr. Ellef and Mr. Tomasso on conspiracy charges and the governor on charges he deprived the public of honest services.

Mr. Rowland pleaded guilty in December 2004 and has already completed the year-and-a-day sentence handed down by Judge Peter C. Dorsey. Mr. Ellef and Mr. Tomasso are still serving the 30-month sentences they received in October 2005.

And Mr. Alibozek waits. Still married, he keeps busy by helping neighbors with their landscaping and caring for his two teenage children.

Mr. D'Amore, a friend of 30 years, said Mr. Alibozek was under great strain because of the publicity, exacerbated by a heart condition and efforts by Mr. Tomasso's lawyers to refute or shake Mr. Alibozek's testimony.

Investigators, for instance, have examined whether someone associated with Mr. Tomasso was involved in tapping Mr. Alibozek's phone, slashing his tires, or stealing his mail. Mr. Alibozek's family has also complained of being followed in their cars and even being bumped. Federal agents at one point seized surveillance equipment belonging to Mr. Tomasso's private investigators, but a spokesman for the United States attorney declined to comment.

Mr. Gerace, Mr. Alibozek's lawyer, said his client "has suffered greatly."

A sign that the investigation into the role of Mr. Alibozek was nearing an end emerged recently when he was scheduled for sentencing next month before Judge Dorsey.

The plea agreement calls for a sentence of 24 to 30 months, but some defense lawyers and friends say a reduced sentence is warranted.

But how much is a matter of dispute.

Feds Indict Daley Campaign Worker (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, December 2, 2006

HDO coordinator charged in hiring probe

Pressing forward with their investigation of Mayor Richard Daley's political machine, federal prosecutors unsealed an indictment Friday against a campaign coordinator in the powerful Hispanic Democratic Organization.

John Resa, 48, an employee with the city's Water Management Department, was charged with lying when he told a grand jury that he had not sought city jobs to reward campaign workers for HDO.

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Prosecutors alleged that Resa regularly lobbied his superiors in HDO--including a former high-ranking city official--to get jobs, promotions and other benefits for his political workers. He pleaded not guilty Friday morning.

Resa's indictment offered a new glimpse into how authorities are homing in on HDO, which for years was the most potent street army in Daley's political organization.

Authorities say HDO was deeply involved in a long-running scheme to rig city hiring for Daley loyalists, in violation of court decrees restricting political influence in City Hall hiring. The mayor's patronage chief, Robert Sorich, and three other former city officials were sentenced to prison in November for their roles in the scheme.

In Sorich's trial last summer, prosecutors described HDO leaders and former Daley aides Victor Reyes and Al Sanchez as co-schemers. Neither man has been charged with a crime.

Resa is the first HDO member to be indicted in the hiring investigation and the first person charged in the hiring scheme since Sorich's arrest in July 2005.

Investigation heats up

Resa was granted immunity from prosecution in exchange for his testimony in front of the grand jury in October. In recent months, investigators have scoured the Southeast Side--where Resa and Sanchez are from--questioning other HDO members about the group's activities and leaders.

Resa testified that he told the campaign workers that he would pass along their requests only as a ploy to "keep them coming to campaigns," according to the indictment.

"Once you tell them they ain't nothing in there, they're going to take off on you," the indictment quoted him as saying.

Resa acknowledged to the grand jury that many of his campaign workers got jobs as city truck drivers, but he claimed that he did not lobby on their behalf, prosecutors alleged.

During Sorich's trial, prosecutors tracked the hiring scheme to 1989, the year Daley became mayor. Under Daley, patronage spoils at City Hall shifted from Democratic ward organizations to new political groups.

HDO became the largest patronage army in the new Daley machine, growing particularly powerful after Reyes joined the mayor's office and Daley appointed Sanchez as his Streets and Sanitation commissioner.

At election time, HDO workers fanned out across the city's burgeoning Latino neighborhoods to help elect Daley, Gov. Rod Blagojevich, U.S. Rep. Rahm Emanuel (D-Ill.) and other politicians. Hundreds of HDO campaign workers won coveted blue-collar spots on the city payroll, even as the group's leaders denied that they promised public employment to reward political help.

Fresh details of clout

Resa's indictment offers fresh details of HDO's clout. High-ranking Daley administration officials engineered entry-level city jobs, promotions, "increased overtime opportunities," transfers to preferred job sites and raises for HDO members, prosecutors alleged.

Resa was part of HDO Southeast, which had as many as 500 campaign workers, and Resa commanded the largest unit, with as many as 70, prosecutors said.

From 1994 until early 2005, Resa's superiors in HDO were a high-ranking city official and another Daley administration official. Although the indictment does not name those two individuals, Sanchez fits the description of the high-ranking city official who led HDO Southeast. Sources said the city official who assisted him was George Esquivel, now an assistant Streets and Sanitation commissioner.

Esquivel said Friday he had spoken with federal investigators but declined to comment further.

Asked about Resa's indictment, Sanchez's lawyer, Daniel Pierce, said, "I have no idea what they are talking about."

Sanchez was Resa's political sponsor when he sought a city hoisting engineer job in the early 1990s, according to a clout list maintained by Daley's office. Resa and his family members have contributed $4,075 to HDO and HDO-backed candidates, public records show.

The city put Resa on paid administrative leave after his indictment Friday. Resa went on disability leave in April 2003 and returned to work Nov. 15 as a watchman.

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City Worker Charged With Lying, Sign Of More To Come (CHIST)

By NATASHA KORECKI And TIM NOVAK, Staff Reporters

Chicago Sun-Times, December 2, 2006

A city worker with ties to the Hispanic Democratic Organization was charged Friday with lying to a federal grand jury — a clear signal federal authorities are tearing into the powerful political group.

John Resa, 48, was accused of lying to a grand jury probing HDO activities by denying he helped get political campaign workers city jobs through his ties with the organization.

The indictment lays out the HDO structure and its active voter outreach efforts, in a sign there's more to come.

When Resa wanted to get jobs for workers, he went to a former high-ranking city official for help, identified as "Individual A" in the indictment.

Resa, who worked in the water department, was featured in October in the Sun-Times investigation of clout-backed city workers on sick leave. Resa missed more than 1,100 days of work since 2003 because of injuries he reported to his neck, back and left arm suffered while riding in a city truck on Feb. 6, 2003.

Assistant U.S. Attorney Patrick Collins said Resa headed a political army made up of 70 to 80 volunteers.

"This is part of a bigger investigation that does allege a scheme," Collins said.

Resa, a Southeast Side political coordinator for HDO, appeared in court this morning with his lawyer John Callahan Jr. and pleaded not guilty.

Prosecutors call the charges against Resa an outgrowth of the Hired Truck federal probe, initially spurred by a comprehensive 2004 Sun-Times investigation into waste and mismanagement in that program. Resa is the 45th person charged in the investigation.

FBI Taps Cell Phone Mic As Eavesdropping Tool (CNET)

By Declan McCullagh And Anne Broache, Staff Writer, CNET News.com

CNET News.com, December 2, 2006

Agency used novel surveillance technique on alleged Mafioso: activating his cell phone's microphone and then just listening.

The FBI appears to have begun using a novel form of electronic surveillance in criminal investigations: remotely activating a mobile phone's microphone and using it to eavesdrop on nearby conversations.

The technique is called a "roving bug," and was approved by top U.S. Department of Justice officials for use against members of a New York organized crime family who were wary of conventional surveillance techniques such as tailing a suspect or wiretapping him.

Nextel cell phones owned by two alleged mobsters, John Ardito and his attorney Peter Peluso, were used by the FBI to listen in on nearby conversations. The FBI views Ardito as one of the most powerful men in the Genovese family, a major part of the national Mafia.

The surveillance technique came to light in an opinion published this week by U.S. District Judge Lewis Kaplan. He ruled that the "roving bug" was legal because federal wiretapping law is broad enough to permit eavesdropping even of conversations that take place near a suspect's cell phone.

Kaplan's opinion said that the eavesdropping technique "functioned whether the phone was powered on or off." Some handsets can't be fully powered down without removing the battery; for instance, some Nokia models will wake up when turned off if an alarm is set.

While the Genovese crime family prosecution appears to be the first time a remote-eavesdropping mechanism has been used in a criminal case, the technique has been discussed in security circles for years.

The U.S. Commerce Department's security office warns that "a cellular telephone can be turned into a microphone and transmitter for the purpose of listening to conversations in the vicinity of the phone." An article in the Financial Times last year

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said mobile providers can "remotely install a piece of software on to any handset, without the owner's knowledge, which will activate the microphone even when its owner is not making a call."

Nextel and Samsung handsets and the Motorola Razr are especially vulnerable to software downloads that activate their microphones, said James Atkinson, a counter-surveillance consultant who has worked closely with government agencies. "They can be remotely accessed and made to transmit room audio all the time," he said. "You can do that without having physical access to the phone."

Because modern handsets are miniature computers, downloaded software could modify the usual interface that always displays when a call is in progress. The spyware could then place a call to the FBI and activate the microphone--all without the owner knowing it happened. (The FBI declined to comment on Friday.)

"If a phone has in fact been modified to act as a bug, the only way to counteract that is to either have a bugsweeper follow you around 24-7, which is not practical, or to peel the battery off the phone," Atkinson said. Security-conscious corporate executives routinely remove the batteries from their cell phones, he added.

FBI's physical bugs discovered

The FBI's Joint Organized Crime Task Force, which includes members of the New York police department, had little luck with conventional surveillance of the Genovese family. They did have a confidential source who reported the suspects met at restaurants including Brunello Trattoria in New Rochelle, N.Y., which the FBI then bugged.

But in July 2003, Ardito and his crew discovered bugs in three restaurants, and the FBI quietly removed the rest. Conversations recounted in FBI affidavits show the men were also highly suspicious of being tailed by police and avoided conversations on cell phones whenever possible.

That led the FBI to resort to "roving bugs," first of Ardito's Nextel handset and then of Peluso's. U.S. District Judge Barbara Jones approved them in a series of orders in 2003 and 2004, and said she expected to "be advised of the locations" of the suspects when their conversations were recorded.

Details of how the Nextel bugs worked are sketchy. Court documents, including an affidavit (p1) and (p2) prepared by Assistant U.S. Attorney Jonathan Kolodner in September 2003, refer to them as a "listening device placed in the cellular telephone." That phrase could refer to software or hardware.

One private investigator interviewed by CNET News.com, Skipp Porteous of Sherlock Investigations in New York, said he believed the FBI planted a physical bug somewhere in the Nextel handset and did not remotely activate the microphone.

"They had to have physical possession of the phone to do it," Porteous said. "There are several ways that they could have gotten physical possession. Then they monitored the bug from fairly near by."

But other experts thought microphone activation is the more likely scenario, mostly because the battery in a tiny bug would not have lasted a year and because court documents say the bug works anywhere "within the United States"--in other words, outside the range of a nearby FBI agent armed with a radio receiver.

In addition, a paranoid Mafioso likely would be suspicious of any ploy to get him to hand over a cell phone so a bug could be planted. And Kolodner's affidavit seeking a court order lists Ardito's phone number, his 15-digit International Mobile Subscriber Identifier, and lists Nextel Communications as the service provider, all of which would be unnecessary if a physical bug were being planted.

A BBC article from 2004 reported that intelligence agencies routinely employ the remote-activiation method. "A mobile sitting on the desk of a politician or businessman can act as a powerful, undetectable bug," the article said, "enabling them to be activated at a later date to pick up sounds even when the receiver is down."

For its part, Nextel said through spokesman Travis Sowders: "We're not aware of this investigation, and we weren't asked to participate."

Other mobile providers were reluctant to talk about this kind of surveillance. Verizon Wireless said only that it "works closely with law enforcement and public safety officials. When presented with legally authorized orders, we assist law enforcement in every way possible."

A Motorola representative said that "your best source in this case would be the FBI itself." Cingular, T-Mobile, and the CTIA trade association did not immediately respond to requests for comment. Mobsters: The surveillance vanguard

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This isn't the first time the federal government has pushed at the limits of electronic surveillance when investigating reputed mobsters.

In one case involving Nicodemo S. Scarfo, the alleged mastermind of a loan shark operation in New Jersey, the FBI found itself thwarted when Scarfo used Pretty Good Privacy software (PGP) to encode confidential business data.

So with a judge's approval, FBI agents repeatedly snuck into Scarfo's business to plant a keystroke logger and monitor its output.

Like Ardito's lawyers, Scarfo's defense attorneys argued that the then-novel technique was not legal and that the information gleaned through it could not be used. Also like Ardito, Scarfo's lawyers lost when a judge ruled in January 2002 that the evidence was admissible.

This week, Judge Kaplan in the southern district of New York concluded that the "roving bugs" were legally permitted to capture hundreds of hours of conversations because the FBI had obtained a court order and alternatives probably wouldn't work.

The FBI's "applications made a sufficient case for electronic surveillance," Kaplan wrote. "They indicated that alternative methods of investigation either had failed or were unlikely to produce results, in part because the subjects deliberately avoided government surveillance."

Bill Stollhans, president of the Private Investigators Association of Virginia, said such a technique would be legally reserved for police armed with court orders, not private investigators.

There is "no law that would allow me as a private investigator to use that type of technique," he said. "That is exclusively for law enforcement. It is not allowable or not legal in the private sector. No client of mine can ask me to overhear telephone or strictly oral conversations."

Surreptitious activation of built-in microphones by the FBI has been done before. A 2003 lawsuit revealed that the FBI was able to surreptitiously turn on the built-in microphones in automotive systems like General Motors' OnStar to snoop on passengers' conversations.

When FBI agents remotely activated the system and were listening in, passengers in the vehicle could not tell that their conversations were being monitored.

Malicious hackers have followed suit. A report last year said Spanish authorities had detained a man who write a Trojan horse that secretly activated a computer's video camera and forwarded him the recordings.

New Hampshire: Phone-Jamming Settlement (NYT/AP)

The New York Times, December 2, 2006

The New Hampshire Democratic Party, which had sought compensation in an Election Day 2002 phone-jamming scheme, settled its lawsuit against the Republican Party for an undisclosed sum, state Republicans said. The case had been expected to go to trial Monday. Republicans had hired a telemarketing firm to place hundreds of hang-up calls to phone banks for the Democrats and the Manchester firefighters' union, a nonpartisan group offering rides to the polls. Service was disrupted for nearly two hours. Wayne Semprini, the Republican state committee chairman, said the party deplored the phone-jamming that took place.

Police Seek No Charges For Gov.-elect (LAT)

The Los Angeles Times, December 2, 2006

Las Vegas police said they would recommend that no criminal charges be filed against Republican Gov.-elect Jim Gibbons, who was accused by a cocktail waitress of assaulting her in a parking garage three weeks before election day.

The investigation into Chrissy Mazzeo's accusation has been completed and sent to Clark County Dist. Atty. David Roger, police said. Roger has the final say as to whether the five-term congressman, who defeated his Democratic opponent, Dina Titus, by 4 percentage points, will be charged. Roger said he would review the file before reaching a decision.

L.A. Archdiocese To Pay $60 Million To Settle 45 Sex Abuse Cases (WP)

By John Pomfret, Washington Post Staff Writer

The Washington Post, December 2, 2006

DOJ_NMG_0100798

LOS ANGELES, Dec. 1 -- Almost five years after a sex scandal erupted within the Roman Catholic Church, the nation's largest archdiocese announced Friday that it will pay $60 million to settle 45 lawsuits alleging sex abuse by priests.

The deal, which involves incidents alleged to have occurred before 1955 and after 1986, constitutes the largest settlement made by the archdiocese and follows years of legal battles waged under the leadership of Cardinal Roger Mahony. The archdiocese still faces more than 500 lawsuits by other individuals alleging sexual abuse.

In a statement, Mahony called the settlement "a positive step forward in the Church's efforts to promote healing and reconciliation for those who have suffered abuse by members of the clergy."

"The sexual abuse of minors is both a sin and a crime, and there is no place in the priesthood for those who have abused children," Mahony said. "I pray that the settlement of the initial group of cases will help the victims involved to move forward with their lives and to build a brighter future for themselves and their families."

Ray Boucher, the lead plaintiff's attorney, said the settlement involved 22 priests who were accused of a broad spectrum of sexual behavior, including impregnating a woman and multiple acts of sodomy against young boys. "You have serial pedophiles and priests accused of one or two acts," he said. The archdiocese will pay $52 million and religious orders $8 million, he said.

Jeff Anderson, another attorney in the case, said a main sticking point between the victims and the archdiocese was not so much the money but the victims' demands that documents held by the church related to sexual abuse be released to the public.

"There is no doubt that there are documents there that are extremely incriminating to the hierarchy of the archdiocese of L.A., to the cardinal and his lieutenants and his predecessor," Anderson said, adding that the diocese had fought victims' demands that the documents be released all the way to the Supreme Court.

Substantial allegations of sexual abuse by priests surfaced in early 2002 focusing on the Archdiocese of Boston. Victims groups sprang up around the country, and lawsuits rolled in. In California, the state legislature passed a law in 2002 suspending for one year the statute of limitations for sex crimes. As such, more than 1,000 cases alleging sexual abuse by priests were filed in California, the highest in the nation by a factor of five.

Sex abuse by Roman Catholic priests has cost the U.S. church at least $1.5 billion since 1950. According to research commissioned by the U.S. Conference of Catholic Bishops, more than 5,000 priests, close to 5 percent of all priests who have served in the country, have been credibly accused of abusing more than 12,500 people. Four dioceses -- Tucson; Spokane, Wash.; Portland, Ore.; and Davenport, Iowa -- sought bankruptcy protection from a flood of lawsuits. Only Tucson has emerged from the process.

The payout announced Friday will constitute one of the highest per capita awards nationwide. In total value, it will be the second-largest in California, behind the Diocese of Orange's 2004 agreement to spend $100 million to settle 90 abuse claims.

William F. McMurry, a lawyer from Louisville who won a $26 million settlement from the Archdiocese of Louisville in 2003, called Mahony's decision the wise and moral thing to do and predicted it would help to heal the church's reputation.

But David Clohessy, the national director of the Survivors Network of Those Abused by Priests, charged that no diocese had dragged the process out longer than Los Angeles. Clohessy said all U.S. bishops or archbishops embraced legal maneuvers, such as citing the First Amendment or the statute of limitations, to protect their dioceses and themselves against lawsuits and criminal proceedings. But, he said, Mahony was the most aggressive.

"He's exhausted the full panoply of delay tactics, and he's gone beyond to invent others," Clohessy said. Among those tactics, Mahony has claimed that any communication between a priest and his superiors must be interpreted as a confession and therefore is protected under the law. And, his attorneys have argued, any communication made by a seminarian is privileged as well.

Tod M. Tamberg, director of media relations for the archdiocese, countered that what Mahony should be known for is his attempts to help victims heal. "Cardinal Mahony has been unique among American bishops in conducting private meetings with victims," he said. "He prays for the victims every day in Mass. He prays in his personal chapel."

Archdiocese In Los Angeles Settles Claims Of Sex Abuse (NYT)

By Cindy Chang

The New York Times, December 2, 2006

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LOS ANGELES, Dec. 1 — The Roman Catholic Archdiocese of Los Angeles has agreed to a $60 million settlement of claims by 45 people against clergymen who had sexually abused them as children, the archdiocese announced Friday.

The average payment of about $1.3 million to each plaintiff is among the highest in a sexual abuse settlement involving clergy members. In October, the archdiocese settled seven other claims for a total of $10 million.

The archdiocese will pay $40 million of the settlement from its central operations fund with the rest coming from insurance money and the religious orders of the 25 accused clergymen. The money will not be taken from individual parishes, Cardinal Roger M. Mahony, the head of the archdiocese, said in a telephone interview.

Over 500 sexual abuse lawsuits are still pending against the archdiocese, the country's largest. Payouts in those cases would come mostly from insurance, but the archdiocese may have to sell property or reduce ministry services to make up the difference, Cardinal Mahony said.

"Is it going to hurt? Oh sure, we could have used the money for other pastoral works," he said. "But it's also an acknowledgment and a recognition of our responsibility, that the church failed these people. The church accepts responsibility, and I accept responsibility."

The settlement also involves the release of some documents related to the abuse cases, in a manner to be determined by a judge.

Raymond P. Boucher, a lawyer for 31 of the plaintiffs, criticized the archdiocese for announcing the settlement before the details were final, but he did not dispute its general terms. Payments to individual plaintiffs range from about $500,000 to as much as $3.5 million, Mr. Boucher said.

"You look at the 45 victims, and you see that almost all of them would have lived normal lives and normal healthy lives and had wonderful childhoods if the church had taken responsibility to stop these priests from molesting these children," Mr. Boucher said. "It's a clear indictment of the church and the pattern of cover-up they've engaged in for years and years."

The earliest of the accusations dates from the 1940s and the most recent from the late 1990s. Many of the accused were repeat offenders, Mr. Boucher said, including Michael Wempe, a retired priest who was sentenced in May to three years in prison for molesting a boy.

Another accused priest in the settlement, according to Mr. Boucher, was the Rev. Michael Baker, who confessed to then-Archbishop Mahony in 1986 that he had had a sexual relationship with two young boys. After undergoing counseling, Father Baker was assigned to parishes where he still had access to young boys, according to files released by the archdiocese.

Prosecutors have charged Mr. Baker, who was removed from the priesthood in 2000, with sexually abusing a boy for 12 years beginning in 1984 when the victim was 7.

"Many years ago, we really believed that these offenders could be cured and we acted on that information," Cardinal Mahony said in the interview. "We found out in the early 1990s that that was not true."

Barbara Blaine, president of the Survivors Network of those Abused by Priests, said the archdiocese made "a business decision" to avoid the expense of going to trial. She said of the victims, "I don't believe any amount of money can restore their shattered childhoods, the innocence that was destroyed or the emotional scars that haunt them today."

L.A. Catholic Sex Suits Settled (AP)

AP, December 2, 2006

LOS ANGELES (AP) -- The nation's largest Roman Catholic archdiocese said yesterday it will pay $60 million to settle 45 sex abuse lawsuits, the largest payout yet by the Archdiocese of Los Angeles and among the biggest resulting from the molestation crisis that has plagued the church.

"It's a day of healing and reconciliation as we move forward with these 45 cases," Cardinal Roger Mahony said. "This is very special for these victims in their moment of healing."

The claims settled yesterday involve 22 priests and include accusations from two periods when the archdiocese had limited or no insurance against sexual abuse claims -- prior to the mid-1950s and after 1987.

Cardinal Mahony said $40 million of the payment would come from the archdiocese, while $20 million would be from religious orders plus a small amount of independent insurance coverage.

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Negotiations on the deal had been in progress for at least a year but were held up because attorneys for the plaintiffs wanted the church to release the accused priests' private files.

The agreement calls for an independent judge to review those files and decide which documents can be released to the victims. That process is expected to take several months.

Ray Boucher, the lead plaintiffs' attorney, said the settlement was the largest the Los Angeles Archdiocese had reached "by far." Mr. Boucher said at least two plaintiffs had died while awaiting the resolution.

"I wasn't certain we would ever get it done, but thankfully 45 very injured people will have a chance to begin to heal, particularly at this time of the year," he said. "The big concern is the 700 or 800 victims who are out there who still have claims pending."

Mr. Boucher said that not all of the plaintiffs' attorneys had signed off on the finalized documents, but that process was expected to be completed by Monday.

David Clohessy, national director for the Survivors Network of Those Abused by Priests, said he was happy for the victims who were part of the settlement but remained angry at Cardinal Mahony and other church leaders.

"We recognize it for what it is, which is a purely business move designed to keep Mahony out of depositions and off the witness stand. That's what every bishop fears the most and that's why they settled," Mr. Clohessy said.

Sex abuse by Roman Catholic priests has cost the U.S. church at least $1.5 billion since 1950.

Catholic clergy abuse cases

Sexual abuse by Roman Catholic priests has cost the U.S. church more than $1.5 billion since 1950. The following is a list of some of the largest known payouts to victims.

•Diocese of Orange, Calif., 2004, $100 million for 90 abuse claims

•Diocese of Covington, Ky., 2006, up to $85 million for roughly 350 people

•Archdiocese of Boston, 2003, $85 million for 552 claims

•Archdiocese of Los Angeles, 2006, $60 million for 45 lawsuits

•Diocese of Oakland, Calif., 2005, $56 million to 56 persons

•Archdiocese of Louisville, Ky., 2003, $25.7 million to 243 victims

•Diocese of Tucson, Ariz., 2005, agrees to fund a settlement trust worth about $22 million for more than 50 victims as part of a plan to emerge from bankruptcy protection.

CIVIL LAW:

Justices To Decide If Citizens May Challenge White House's Religion-Based Initiative (NYT)

By Linda Greenhouse

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — The Supreme Court agreed Friday to decide whether private citizens are entitled to go to court to challenge activities of the White House office in charge of the Bush administration's religion-based initiative.

A lower court had blocked a lawsuit challenging conferences the White House office holds for the purpose of teaching religious organizations how to apply and compete for federal grants. That constitutional challenge, by a group advocating the strict separation of church and state, was reinstated by an appeals court; the administration in turn appealed to the Supreme Court.

The case is one of three appeals the justices added to their calendar for argument in February. A question in one of the other cases is whether a public school principal in Juneau, Alaska, violated a student's free-speech rights by suspending him from school for displaying, at a public off-campus event, a banner promoting drug use.

Together with a third new case, on whether federal land-management officials can be sued under the racketeering statute for actions they take against private landowners, the additions to the court's docket raised the metabolism of what had begun to look like an unusually quiet term. It had been just short of a month since the justices accepted any new cases.

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As in the case the justices heard on Wednesday on the administration's refusal to regulate automobile emissions that contribute to climate change, the question in the White House case is the technical one of "standing to sue." And as the argument on Wednesday demonstrated, standing is a crucially important aspect of litigation against the government.

In its lawsuit challenging the White House conferences, filed in Federal District Court in Madison, Wis., in 2004, an organization called the Freedom From Religion Foundation named as defendants more than a dozen administration officials who oversaw or participated in the conferences.

The lawsuit alleged that the officials were using tax dollars in ways that violated the separation of church and state required by the Establishment Clause of the First Amendment. For example, the complaint quoted Rod Paige, then the secretary of education, as telling the audience at a 2002 White House conference that "we are here because we have a president, who is true, is a true man of God" and who wanted to enable "good people" to "act on their spiritual imperative" by running social service programs with federal financial support.

Judge John C. Shabaz of Federal District Court dismissed the lawsuit for lack of standing, finding that the officials' activities were not sufficiently tied to specific Congressional appropriations. Taxpayers' objections to the use of general appropriations could not be a basis for standing, he said. The president's Faith-Based and Community Initiative was created through a series of executive orders and not by Congress, he noted.

The decision was overturned, and the lawsuit reinstated, in a 2-to-1 ruling by the United States Court of Appeals for the Seventh Circuit, in Chicago. Writing for the majority, Judge Richard A. Posner said the distinction cited by Judge Shabaz made no difference. Judge Posner said the plaintiffs were entitled to challenge the conferences "as propaganda vehicles for religion," even if they were neither financed through a specific Congressional appropriation nor made grants directly to religious groups.

As a general matter, people do not have standing, based solely on their status as taxpayers, to challenge the expenditure of federal money. The Supreme Court's precedents have carved out religion cases as an exception to this general rule.

In its appeal, Hein v. Freedom From Religion Foundation, No. 06-157, the administration is arguing the exception is a narrow one, "designed to prevent the specific historic evil of direct legislative subsidization of religious entities," a definition that the administration says does not apply to the conferences. For the federal courts to permit such a lawsuit, its brief asserts, would upset "the delicate balance of power between the judicial and executive branches" and open the courthouse door to anyone with a "generalized grievance."

The student free-speech case the justices accepted, Morse v. Frederick, No. 06-278, is an appeal by a high school principal, Deborah Morse, who suspended a student, Joseph Frederick, after an incident during the Olympic Torch Relay that came through Juneau in 2002. Students were allowed to leave class to watch the parade. Mr. Frederick and some friends unfurled a 20-foot-long banner proclaiming "Bong hits 4 Jesus," a reference to smoking marijuana.

When the student refused to take down the banner, claiming a First Amendment right to display it off school property, the principal confiscated it and eventually suspended him for 10 days. Mr. Frederick filed a lawsuit, which the Federal District Court in Juneau dismissed.

But the United States Court of Appeals for the Ninth Circuit held that the punishment violated the student's First Amendment rights and, further, that the principal was liable for damages, in an amount to be determined by the district court. Ms. Morse's Supreme Court appeal challenges both the appeals court's interpretation of the First Amendment and its refusal to shield her from financial liability through a doctrine known as qualified immunity.

The third new case, Wilkie v. Robbins, No. 06-219, is a government appeal on behalf of employees of the Bureau of Land Management in a dispute with a Wyoming landowner who charged them with using tactics amounting to extortion to get him to grant public access to his property. The federal appeals court in Denver held that a racketeering suit based on the extortion charge could proceed.

Blind Welcome Change In Bills (PTR)

By Andrew Johnson, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, December 2, 2006

In a world where trust is in short supply, the kindness of strangers has always worked for Korene Kegg.

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"The five's on top," said Lori Waleslagle, 26, of Debbie's Diner in Greenfield, as she handed back $9 in change to Kegg.

Kegg, who has been blind since she was 5, can't possibly know if Waleslagle is telling the truth; still, the Greenfield woman instinctively folds what she believes to be that five neatly in half and then in half again, and keeps it separate from what presumably are four ones, after purchasing a hot tea from Waleslagle.

After living 22 years on Greenfield Avenue, Kegg, 49, said she knows the neighborhood well enough to trust most people.

Kegg's need for others to distinguish paper money might end if a recent court ruling holds.

The American Council of the Blind filed a lawsuit four years ago in U.S. District Court in Washington, charging that the U.S. Treasury Department discriminates against the blind by not distinguishing denominations of paper money by size or feel.

The currency violates Section 504 of the federal Rehabilitation Act, which says the federal government shall not discriminate, said Day Al-Mohamed, director of advocacy and governmental affairs for the council.

U.S. District Judge James Roberston this week ordered the government to fix the problem.

"It's great," Al-Mohamed said.

The Treasury Department had no comment, spokeswoman Jennifer Zuccarelli said.

The Justice Department has until Friday to decide whether to appeal to the U.S. Circuit Court of Appeals, said Charles Miller, spokesman for the Justice Department's civil division, which is defending the Treasury Department in the case.

If it chooses not to appeal, Miller said, the government has 30 days from Tuesday's decision to discuss how to fix the problem.

Al-Mohamed said the ruling could benefit the estimated 7 million visually impaired or blind Americans.

"It sounds like such a small thing," she said. But, "it's going to lead to more independence, and it's going to lead to more jobs" for the blind. At the very least, it will benefit those already working.

Mike Matthews, 27, has operated the cash register at the State Office Building's snack bar, Downtown, for nearly five years. He was born with glaucoma and is legally blind.

Still, "I think it would help," he said, when it comes to doing his job.

Matthews said he struggles to read the "fives" and "tens" on crisp new bills. When he's dealing with faded bills, Matthews will ask a colleague for help.

A change in the size of bills won't help with the worst problem, though, Matthews said.

"I don't like dollar coins," he said, explaining they feel like Kennedy half-dollars.

John Cicchitello, 38, of Swissvale, the snack bar's owner -- who is blind -- said he knows that a change wouldn't be a cure-all.

"If you're in a hurry, you're not going to have time to tell," he said about different bill sizes, especially a business like his that serves about 200 people a day. "There's still going to be a problem."

Cicchitello guesses that he has been cheated twice in the two years he has owned the luncheonette.

Cicchitello follows a line of blind owners at the snack bar, including Matthews' mother, Ester Morganstern.

Some merchants said any change in paper currency wouldn't radically alter their relationship with blind customers.

Sabrina Pasparage, 27, human resources manager at the Giant Eagle in Greenfield, said Kegg is one of seven blind people who regularly shop there. Many of them call ahead, asking if an employee can help them shop.

Kegg said most blind people develop a cash-folding system. Her $1 bills are folded once in half. Her 20s are folded once, but the long way. On the rare occasion she gets 50s and 100s, she might put them in a different pocket.

Kegg said she's never been cheated.

"The overwhelming majority of people are nice," she said.

Still, a change in bills would be exciting, Kegg said.

"You used to have disabled (people) adapt to the environment," she said. "Now, you see a lot of the environment adapting to the disabled."

Andrew Johnson can be reached at ajohnson@tribweb.com or 412-380-5632.

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CIVIL RIGHTS:

FBI Investigates Police-involved Shooting Of Unarmed Man In Fort Lauderdale (BRAH)

The Bradenton Herald, December 2, 2006

FORT LAUDERDALE, Fla. - The FBI has begun a civil rights investigation into the case of unarmed black man shot dead by police while driving a carjacked sport utility vehicle, authorities said.

Troy Eddines, 21, was killed and Travis Jackson was wounded when the officers fired on the stolen vehicle they were riding in Tuesday. Two officers had pulled over the SUV, which reversed as they approached and hit one of them in the leg, authorities said.

The officers fired fewer than eight shots, said Detective Kathy Collins, a Fort Lauderdale police spokeswoman.

The FBI opened its investigation Thursday after receiving phone calls from City Commissioner Carlton Moore and the NAACP, FBI spokeswoman Judy Orihuela said.

The death is the fourth fatal shooting by Fort Lauderdale police this year, authorities said.

Fort Lauderdale NAACP leaders have called for a reform of the police department's internal oversight system, saying the department had lost the ability to police itself.

The Fort Lauderdale Police Department and an NAACP spokesman did not return phone calls Saturday to The Associated Press.

Legislators And Black Leaders Urge State Action (FLSUNSEN)

By Akilah Johnson And Gregory Lewis, South Florida Sun-sentinel

South Florida Sun-Sentinel, December 2, 2006

Fort Lauderdale · Two state legislators on Friday joined the chorus of black leaders calling for greater scrutiny of the Fort Lauderdale Police Department following this week's fatal police shooting, the fourth for the department this year.

State Rep. Perry Thurston Jr., D-Fort Lauderdale, wrote a letter asking the Florida Department of Law Enforcement to investigate the three shootings that involved black men, saying his constituents "question the tactics of our police department."

State Sen. Mandy Dawson, D-Fort Lauderdale, said she would ask Senate leaders to take a statewide look at police-involved shootings to determine such factors as how often they occur and the age of officers involved.

The FBI has already begun a civil rights investigation into Tuesday's fatal shooting of Troy Eddines and the wounding of Travis Jackson, both 21.

Marsha Ellison, president of the Fort Lauderdale branch of the National Association for the Advancement of Colored People, said her office plans to ask federal officials to broaden that investigation. She wants them to look at all recent Fort Lauderdale police shootings, along with the department's policies, procedures and practices, particularly when it comes to use of force.

"We believe that the Fort Lauderdale Police Department cannot police itself," Ellison said. "Sadly, a few bad apples can spoil the efforts of those men and women who put their lives on the line to serve and protect the community."

Eddines and Jackson were shot in the 500 block of Northwest 17th Avenue on Tuesday afternoon, after police pulled them over in a Mistubishi that had been carjacked a few days earlier in Coconut Creek. Police said that when officers pulled over the SUV, Eddines put the car in reverse and accelerated.

Officers Robert Norvis, 35, and Todd Hill, 33, opened fire. Eddines died at the scene. Jackson was treated at Broward General Medical Center.

Adora Obi Nweze, state NAACP president, said officers need better training to be more culturally sensitive to the people in the minority neighborhoods they patrol.

"The NAACP is going to build profiles on each officer," Nweze said. "We want to know who they arrest, by age, race and gender; who is involved when they are discharging their weapons, by age, race and gender; and who they are killing, by age, race and gender."

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At a chaotic community meeting at the Mizell Center on Thursday night, Police Chief Bruce Roberts told the crowd that each officer receives 40 hours of diversity training each year. Capt. Gregory Salters said the department is increasing recruitment efforts to improve diversity.

Some in the community remain skeptical.

"It is not felt by the community that our Police Department is making an effort to find out what took place," City Commissioner Carlton Moore said Friday.

Moore said the department seems more concerned with highlighting Eddines' and Jackson's criminal records. Eddines has been arrested 10 times since 2003 and Jackson 26 times since 1999, state criminal records show.

"It doesn't matter if he stole a Popsicle the day before," Moore said. "What matters is he's dead, and there was not a weapon at the site to show the public that there was a need for this type of use of force."

Officers fired "less than" eight bullets, officials said Thursday night. But exactly why the officers fired is not known because Hill and Norvis have not, yet, been interviewed. Such delays are not unusual because officers in such shootings are allowed to secure legal representation first.

The NAACP said Friday that they also planned to become a conduit by which members of the northwest community can file complaints against the police. Often, Ellison said, people are too intimidated to file complaints with the city.

"When we file a complaint, the one we file a complaint on comes back and harasses us," Sharanda Morgan, 37, said Thursday night.

To help combat this, Ellison said the organization will collect complaints at the Mizell Center, file complaints on a citizen's behalf, or NAACP members will accompany people to the Police Department to file complaints.

Staff Writer Brittany Wallman contributed to this report.

Akilah Johnson can be reached at akjohnson@sun-sentinel.com or 954-356-4527.

ONLINE

Watch NAACP reaction to the police shootings at Sun-Sentinel.com.

Court Takes 'Bong Hits 4 Jesus' Free Speech Case (AP)

AP, December 2, 2006

WASHINGTON (AP) — The Supreme Court stepped into a dispute over free speech Friday involving a suspended high school student and his banner that proclaimed "Bong Hits 4 Jesus."

The justices agreed to hear the appeal by the Juneau, Alaska, school board and principal Deborah Morse of a lower court ruling that allowed the student's civil rights lawsuit to proceed. The school board hired former Whitewater prosecutor Kenneth Starr to argue its case to the high court.

Morse suspended Joseph Frederick after he displayed the banner, with its reference to marijuana use, when the Olympic torch passed through Juneau in 2002 on its way to the Winter Games in Salt Lake City.

Frederick, then a senior, was off school property when he hoisted the banner but was suspended for violating the school's policy of promoting illegal substances at a school-sanctioned event.

The Alaska case was one of three appeals the court accepted Friday.

ON DEADLINE: Your thoughts?

It will also consider a request from the Bush administration to kill a lawsuit challenging the White House's promotion of federal financing for faith-based charities.

The program has been a staple of President Bush's political agenda since 2001, when he created the White House Office of Faith-Based and Community Initiatives.

The Freedom from Religion Foundation, based in Madison, Wis., claims that the administration is violating a constitutional ban on state-supported religions by singling out particular faith-based organizations as worthy of federal funding.

Over administration objections, a federal appeals court earlier said the foundation's members could mount a court challenge to a program funded by Congress.

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The court also agreed to hear an appeal from federal Bureau of Land Management officials who are trying to stop a lawsuit by Wyoming ranch owner Harvey Frank Robbins. Robbins accuses the federal officials of persecuting him in an effort to get him to give the government access to roads that cut across his land.

In the banner case, the school board upheld the suspension, and a federal judge initially dismissed Frederick's lawsuit. The 9th Circuit U.S. Court of Appeals said the banner was vague and nonsensical and Frederick's civil rights had been violated.

At that point, the school board retained Starr, who investigated President Clinton's relationship with White House intern Monica Lewinsky. He took the case free of charge.

The appeals court said that even if the banner could be construed as a positive message about marijuana use, the school could not punish or censor a student's speech because it promotes a social message contrary to one the school favors.

Frederick said his motivation for unfurling the banner, at least 14 feet long, was simple: He wanted it seen on television since the torch relay event was being covered by local stations. When Morse saw it, she crossed the street from the school, grabbed the banner and crumpled it. She later suspended Frederick for 10 days.

The court is expected to hear arguments in the case in late February. In addition to the First Amendment issue, the court also will consider whether Morse can be held personally liable for monetary damages.

Morse, now the Juneau district's coordinator of facilities planning, said: "I think it's important for school administrators all across the country to have some guidance in how to enforce school rules at school activities without risking liability."

Frederick, who had been attending the University of Idaho, is teaching abroad this semester, said Michael Macleod-Ball of the ACLU of Alaska Foundation. An ACLU lawyer has been representing Frederick.

"I suppose we are a little surprised" that the court took the case," Macleod-Ball said. "The facts are so unique that I don't think they lend themselves well to crafting significant new law."

The cases are Juneau School Board v. Frederick, 06-278, Grace v. Freedom From Religion Foundation, 06-157, and Wilkie et al v. Robbins, 06-219.

Federal Oversight Of Mental Health System Ends (AP)

AP, December 2, 2006

U.S. District Judge David Ezra has signed an order ending more than 15 years of federal oversight of the state's mental health system.

The oversight, which began in 1991 with a U.S. Justice Department lawsuit alleging violations of the constitutional rights of patients at Hawai'i State Hospital, ended Thursday, state officials announced yesterday.

"This is a historic moment in the reform of state services for persons in our community with severe and persistent mental illness who need hospital care and community-based follow-up," state Department of Health Director Chiyome Fukino said.

"The state has made tremendous improvements in our mental health system, and ... we will continue to move forward to build on and improve the way these services are provided," she said.

The hospital emerged from oversight in late 2004, but the federal government kept watch over how the state provided services to the mentally ill in the community. On Oct. 24, Ezra cleared the way for the federal oversight to end when he essentially approved the latest federal magistrate's status report.

Cops I.D. 4th Man - But Vics Rip Their Story (NYDN)

By Alison Gendar, Ethan Rouen And Corky Siemaszko, Daily News Staff Writers

New York Daily News, December 2, 2006

A confidental NYPD document providing the most detailed account of the police shooting that plunged the city into crisis was obtained yesterday by the Daily News - as sources unmasked the mystery man who cops say fled the scene. High-ranking law enforcement sources identified Jean Nelson, a 27-year-old Queens man known on the streets as M.O., as the so-called fourth man.

Investigators believe Nelson ran off just before the 50-shot police barrage that killed Sean Bell on his wedding day - a claim Nelson's lawyer and the two survivors reject as absurd.

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In the confidential police report obtained by The News, Lt. Gary Napoli, the highest-ranking officer at the shooting, references the mystery man - and says he believes Bell knew the plainclothes lieutenant was a cop before shots were fired.

Napoli says that he "may have observed a male attempting to get into the passenger side" of Bell's car early Saturday outside a strip club in Jamaica, Queens, although he was unsure if the man was trying to get into the front- or backseat - or even if he got into the car.

Napoli also says that when his unmarked car passed Bell's Nissan Altima a "male with whom he had made eye contact . . . knew that he was a police officer."

"Lt. Napoli could not fully verbalize why he felt this way," the report states, although Napoli is white and the neighborhood is largely black.

"Lt. Napoli then observed the Altima abruptly accelerate in an apparent attempt to leave."

Napoli, who ducked for cover when the shooting erupted, was not one of the five cops who fired, killing Bell, 23, and wounding Trent Benefield, 23, and Joseph Guzman, 31.

The three men were not armed. Napoli's account is significant because Benefield and Guzman say Bell hit the gas thinking they were about to be carjacked - and insist they didn't know the plainclothes officers were cops.

Benefield, who was wounded by three bullets, and Guzman, who was hit 11 times, both say there was no fourth man.

Napoli does not mention Nelson by name. But if there was a fourth man and cops can prove he had a gun, the shooting could be viewed differently by the grand jury probing Bell's death.

A police source said cops have figured out which officer or officers fired the rounds that killed Bell. But NYPD brass refused to comment last night.

The city's medical examiner recovered all four bullets that hit Bell. Three were intact - including the shots to his neck and right hip, which killed him. The fourth shattered in his arm, but all fragments were recovered.

Bell, Benefield and Guzman were shot after an undercover cop followed them out of the Kalua Cabaret. Believing Guzman had a gun, the undercover tailed the men to Bell's car and says he fired the opening salvo after Bell clipped him with the car and Guzman reached toward his waistband.

Nelson, who attended Bell's bachelor bash at the club, was taken into custody Thursday during a series of police raids, as The News revealed yesterday. But he was released after he called his lawyer, Charlie King.

King and attorneys for other witnesses blasted the police tactics, charging that cops were running a "parallel" investigation to the grand jury probe in a bid to rattle witnesses. King said Nelson had already agreed to testify before the grand jury before cops grabbed him Thursday night outside his apartment.

"It is almost as if there are two investigations," King said. "I don't know who is authorizing their investigation, but it seems hellbent on trying to find a phantom gunman."

King leveled the charges as hundreds crowded a Queens church for the wrenching wake and funeral for Bell. King said he wasn't blaming Police Commissioner Raymond Kelly or Mayor Bloomberg for ratcheting up tensions in Jamaica. King even credited Bloomberg, who called the shooting excessive, for setting "the right tone."

"The real problem from my vantage point is on the low level of the police, at the precinct level," King said. "This kind of police conduct is frightening."

The National Urban League called for immediate intervention by the U.S. Justice Department's Civil Rights Division. But Deputy Police Commissioner Paul Browne insisted there was no parallel investigation. The NYPD is assisting the Queens district attorney's investigation, he said. The NYPD raids began early Wednesday and led to the arrests of three people on gun charges unrelated to last Saturday's shooting. One of the men picked up, Eric Kellam, a 29-year-old Bronx man with a rap sheet, told The News cops busted his nose.

"They were screaming, 'Where's the f-----g gun!' " he said. "I'm like, 'What are you talking about? What gun?' " Kellam - who said he does not know Bell, the wounded men or Nelson - was not charged with a crime.

The cops who shot Bell - two black, two white and one dark-skinned Hispanic - have been placed on paid leave and told to give up their guns, pending the grand jury probe.

With Greg Wilson, Scott Shifrel and Kerry Burke

SU Official Cooperates In Probe (BRADV)

By Jordan Blum, Advocate Capitol News Bureau

Baton Rouge Advocate, December 2, 2006

Slaughter surrenders documents

Southern University System President Ralph Slaughter is cooperating with a federal grand jury investigating sexual harassment allegations against governor's aide Johnny Anderson, who also is head of Southern's governing body, the lawyer representing Slaughter said Friday.

Slaughter responded to a subpoena and turned over all documentation of the claims Southern employees made against Anderson, said attorney Liz Craft of Baton Rouge.

The request came through the U.S. Department of Justice this week, said Craft, who personally represents Slaughter.

The information could not be confirmed through the Justice Department late Friday.

Slaughter has declined commenting all week.

"He (Slaughter) wants to protect the women who were courageous enough to come forward," Craft said.

The Governor's Office received the allegations Oct. 31, Craft said.

Anderson is Gov. Kathleen Blanco's assistant chief of staff. He also is chairman of the Southern University System Board, which makes him Slaughter's boss.

Blanco recently ordered an independent investigation into the allegations led by Mark Falcon, a local lawyer.

Falcon had expressed his frustration throughout the week at the lack of progress he made in getting records of the accusations from the university.

But Falcon said he received a letter Friday from Southern Board of Supervisors Vice Chairman Myron Lawson stating that the university will begin cooperating fully.

Anderson has maintained his innocence and argued that the allegations are politically motivated, while criticizing Slaughter for not handling the matter internally.

Knowledge of the accusations against Anderson were first publicized a month after Slaughter sent a letter to state Sen. Charles D. Jones, D-Monroe, who is chairman of the Senate and Governmental Affairs Committee, asking for a confidential investigation.

Meanwhile, at news conference Friday, more than 100 people heard several pastors offer support to Anderson, including Southern Chancellor Ed Jackson, Athletics Director Greg LaFleur, former Attorney General Richard Ieyoub and Metro Councilman Byron Sharper.

Sharper said he could relate to Anderson since he had a sexual harassment complaint against him earlier this year that was later dropped.

Ieyoub, for whom Anderson worked in the attorney general's office, said he is disappointed that it seems politics has come into play too much.

Friday's news conference at Greater Mount Olive Baptist Church was organized by local pastors the Rev. S.C. Dixon of Greater Mount Olive Missionary Baptist Church, the Rev. Gerard Robinson of McKowen Baptist Church and Rev. Leo Cyrus of New Hope Baptist Church and Second Baptist Church.

Cyrus said he wanted to support Anderson, who he said would never do anything to hurt Southern. He described the accusations and the way they were publicized as a politically-motivated "power struggle," declining to name names.

Profiled In Prince George's (WP)

By Leonard Pitts Jr.

The Washington Post, December 2, 2006

I have a question for Prince George's County Executive Jack B. Johnson and Police Chief Melvin C. High.

It concerns my youngest son, who is 21. He was walking to his car at Bowie Town Center after working a shift at one of the stores there Sunday night when a police officer met him at his car and asked if he had seen anything "suspicious." Bryan said no.

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The officer asked where he was coming from. Bryan told him. The officer asked for his license and registration. Bryan gave them to him.

After 20 minutes my son was allowed to drive away. Less than two minutes later he was pulled over, still at the mall. He asked why. "I'll ask the questions," said this officer. The questions were: Where are you going, where are you coming from? Again, Bryan answered. Again, he was asked for his license and registration. A few minutes later, he was ordered out of his car with his hands up, and police began to search the vehicle.

Six police cars converged on this scene. Having received a call from a friend who happened to be at the mall, I went, too.

I went because there are periods when Prince George's police pull one or another of my sons over about once a week. I went because a police officer once Maced my middle son in the face -- five people saw this -- for no reason. I went because that son was once punched in the face by a Prince George's officer while handcuffed. I went because of the time that police, looking for a 5-foot-7 suspect, arrested Bryan, who is 6-foot-3. I went because a police officer cursed my 16-year-old daughter one night after she refused to leave the safe and lighted area where she was waiting for her mom to pick her up from the movies. I went because I am sick and tired of being sick and tired.

And I went because of the obstructed windshield.

That's what it said on the citation when Bryan was pulled over last year. He went to court and took the "obstruction" with him: one of those air fresheners in the shape of a Christmas tree. The judge barely bothered to hide her contempt while dismissing the charges.

Sunday night at the mall, I got into an argument with a couple of officers and mentioned that incident as an example of blatant, oppressive harassment. One officer responded that "technically" the citation was correct.

I found that a telling defense. I mean, "technically," you can probably be arrested for spitting on the sidewalk. How can citizens have confidence in police who justify such transparent harassment with such flimsy excuses? That's what I asked those officers and, receiving no satisfactory reply, now ask their superiors.

One police officer answered my question with a question: "What does a drug dealer look like?" he asked. The implication being that, because you can never tell who the bad guy is on sight, police must sometimes be creative in finding reasons to stop people they have suspicions about.

I might find it easier to buy that argument if the people who are being stopped didn't always seem to look pretty much the same -- that is, pretty much like my son: young, black and male. Maybe I'm wrong, but I suspect there aren't all that many white women who have to show up in court because of air fresheners. No, when you go to the courthouse, virtually all the people you see telling it to the judge (and "virtually all" is an overwhelming percentage, even in a county that is 65 percent African American) are black.

If somebody commits a crime -- my son or anybody else's son -- he or she should pay the price. I mean that. And I respect police who do that difficult and often thankless job with honor. I mean that, too. But the price my sons pay in being stopped with such regularity has nothing to do with crime, and I cannot respect arrogance, rudeness, wrongness and racial profiling that hide behind a badge.

It's no accident that this department spent years under investigation by the Justice Department for federal civil rights violations. Or that a 2001 government study found Prince George's police more brutal in dealing with black suspects than white ones. Or that a 2001 report in The Post found that Prince George's police shoot more people -- half of them unarmed -- than virtually any other urban department in the country.

For years we have been promised that all this will change. Yet there sits my son on the ground while police write up a citation. Windows too darkly tinted and an open-container violation -- which my son strongly denies -- are the latest excuses.

How can I respect a police force that operates like this? Until the county executive and the police chief give a better answer than their officer did Sunday, I'll assume they don't know either.

Leonard Pitts Jr. is a columnist for the Miami Herald.

Fallout From Racial Bias Case Forces L.A. Fire Chief To Quit (WP)

By Sonya Geis

DOJ_NMG_0100809

The Washington Post, December 2, 2006

LOS ANGELES, Dec. 1 -- The Los Angeles fire chief was forced to resign yesterday amid a political firestorm sparked when the City Council offered a huge legal settlement to a black firefighter whose colleagues served him dog food.

The ouster of the fire chief capped weeks of racially divisive controversy over the dog-food incident, which some called a prank and others a humiliating racial attack. After the Los Angeles City Council offered the firefighter a $2.7 million settlement last month, local radio talk show hosts ridiculed the size of the award and urged listeners to send cans of dog food to council members.

Mayor Antonio Villaraigosa (D) vetoed the proposed settlement but also began distancing himself from Chief William Bamattre, who is white. In response to a question at a news conference Wednesday, Villaraigosa said he would be proud to have the department headed by an African American, a woman or a Latino.

Bamattre was recruited in 1995 to transform a department bashed by repeated discrimination lawsuits from women and minorities. Earlier this week he called his revisions in the department "an organizational failure" and "a personal failure." Bamattre said with no harsher punishment than a 30-day suspension at his disposal, he could not force the changes he sought.

The recent action is just one in a string of lawsuits by female and minority Los Angeles firefighters, 12 percent of whom are black, 53 percent white and 29 percent Latino.

In his lawsuit, firefighter Tennie Pierce, a 6-foot-5-inch 19-year veteran of the department, alleged that in 2004 fellow firefighters served him a plate of spaghetti laced with dog food, laughed as he ate it and barked at him for a year afterward. Pierce, 51, sued alleging racial discrimination, retaliation and intentional infliction of emotional distress.

Pierce nearly wept as he told the city council this week: "This is wrong. If four black firemen did it to a white fireman, I would stand up [with] the white fireman and say it was wrong."

Pierce admitted he took part in hazing rituals himself after photos publicized by radio hosts John Kobylt and Ken Chiampou showed Pierce and others spraying a bound firefighter with water and helping shave a firefighter's groin. Pierce told the City Council he considered those pranks that did not rise to the level of what he suffered.

The firefighters who served Pierce the dog food said they were trying to humble Pierce, who called himself "Big Dog."

Council member Herb Wesson said yesterday that he thinks the city will lose money by allowing Pierce's case to go to trial. An audit last year, which would likely be admissible in court, describes a culture of racism and sexism in the Los Angeles Fire Department, Wesson noted.

"If I were his attorney, I'd be salivating right now," he said. "She goes in with so much ammo, I'm flabbergasted that we're not settling."

Wesson added: "When the fire alarms go off in the fire stations in L.A., our guys, and ladies, do a great job. It's when they get back to the dormitories, I just don't know what the heck happens."

Fire Chief Submits Resignation (LAT)

By Duke Helfand, Steve Hymon

The Los Angeles Times, December 2, 2006

Los Angeles Fire Chief William Bamattre submitted his resignation to Mayor Antonio Villaraigosa today, announcing that he will leave his post on Jan. 1.

A Villaraigosa aide said the mayor spoke with Bamattre this morning and accepted his resignation.

The fire chief, a 31-year veteran of the department and a former mayor of Dana Point, will be replaced by Villaraigosa over allegations of racial harassment and bias that have plagued the fire department for years.

"I have always placed the interest of the department above my own personal interest," Bamattre said, reading from prepared remarks at his afternoon news conference where he was flanked by about 50 uniformed officers. "I am also a political realist. Over the past few days I have come to appreciate that these current issues have political implications beyond the scope of the Fire Department.

"I have become the focus of the debate," Bamattre added, "and that is to the detriment of the LAFD. I will not allow that to continue. This is my decision and the appropriate time. I have spoken with the mayor and he is in agreement."

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Bamattre kept his composure nearly all the way through his remarks. He departed only briefly from his prepared comments at the end, when he said "I would like to thank all of the firefighters" — as he began choking up — "and my family."

He did not take any questions and was escorted to his Toyota Prius by firefighters. His sister then leaned inside the car window and kissed him.

Standing nearby was Councilman Dennis Zine, who had driven to the fire station after the council's meeting in Van Nuys had ended. Zine said he wanted to personally thank Bamattre for his service, but didn't have a chance.

Zine has been the council's leading opponent of settling the case that ultimately brought down the chief.

Bamattre's departure has been the subject of discussions between the mayor's office and the chief for several months.

The two sides began talking about needed changes and the best time for the chief to leave in the aftermath of an audit released earlier this year by City Controller Laura Chick. The audit found that many minority recruits reported either experiencing or hearing of harassment within the department.

Villaraigosa did not ask Bamattre directly for his resignation. Instead, his chief of staff, Robin Kramer, met with Bamattre earlier this week to convey the mayor's view that it was time for a change in leadership to address the ongoing allegations of bias and harassment in the fire department.

"She sat down with him and they agreed that a change in leadership was in the best interest of firefighters in the department and the city at large," said a City Hall source who spoke on condition of anonymity. "They had a frank discussion. The mutual conclusion was that now was the time to make a change, and if you're gong to change the culture of the department, you have to make a change at the top."

Bamattre is the seventh fire chief in the past 50 years, and only the second since 1983. He was promoted to the top job in 1995, a 43-year-old agent of reform charged with the difficult task of cleaning up a department then reeling from allegations that female and African American firefighters were being pushed of the department by their own peers.

But Bamattre's position grew shaky in recent months with the arrival of Chick's audit and amid escalating tensions over the case of former firefighter Tennie Piece, an African American who sued the city alleging that he had been fed a spaghetti dinner laced with dog food as part of a racist stunt.

The City Council agreed to a $2.7-million settlement with Pierce, but Villaraigosa vetoed the deal after a public uproar ensued and photos of Pierce engaging in hazing came to light. The council upheld the mayor's veto on Wednesday.

As the drama played out at City Hall, the Piece case became a tipping point for Bamattre.

"I think it's the right move," said Pat McOsker, the outgoing president of United Firefighters of Los Angeles, the city's firefighter's union. "We appreciate his service for the last 11 years, but he was hired to fix these issues in the fire service and here we are again."

"We need someone who has a stake in the outcome and who will be around and can be held accountable for the changes that need to be made," McOsker added.

Asked what criteria he wants to see in a fire chief, Villaraigosa said:

"I want a change agent. Whether that chief is white, black, a woman, gay, lesbian. Whatever it is. We want a change agent. Someone who will not tolerate discrimination….If there were a vacancy, make no mistake, we would want someone from within, from without, who wants to address this issue."

Villaraigosa's office tried to carefully choreograph Bamattre's departure, allowing the chief to hold his news conference before the mayor weighed in. Villaraigosa has scheduled a 3 p.m. news conference at City Hall.

One Villaraigosa aide said the idea was to let Bamattre "be a man," allowing the chief to announce his departure on his own terms.

Many leaders in the black community implored the Council this week to defy the mayor and override his veto of the $2.7-million settlement. The council fell four votes short, but the issue deeply divided the 15-member body.

Fire Chief Steps Down In Los Angeles In Bias Case (NYT)

By Jennifer Steinhauer

The New York Times, December 2, 2006

LOS ANGELES, Dec. 1 — The chief of the Los Angeles Fire Department resigned Friday under pressure from Mayor Antonio R. Villaraigosa, after a hazing scandal in which a black firefighter sued the city, claiming his dinner was laced with dog food by his white colleagues.

The chief, William Bamattre, who was hired in 1996, had been given responsibility for overhauling the culture of a department dogged by charges of discrimination. On Friday, Chief Bamattre did not discuss the reasons for his resignation in the prepared statement announcing his departure.

The incident involving the Los Angeles firefighter, Tennie Pierce, elucidated the complex culture of the urban firehouse, in which hazing rituals are common and gender and race remain underlying tinderboxes of departmental relationships. In January, the city's controller released a report documenting a long pattern of harassment and discrimination in the department.

In his suit, Mr. Pierce described a dinner in his Westchester neighborhood firehouse, during which he realized that his meal had been tainted with dog food, while other firefighters looked on, laughing. At the city attorney's urging, the City Council voted to pay the firefighter $2.7 million to settle the suit quietly.

But that settlement, which would have been among the largest of its kind in the city's history, was vetoed by Mayor Villaraigosa when it was revealed by a local radio program that the firefighter himself had participated in numerous fire station pranks over the years.

Among them were spraying colleagues with mustard and in one instance helping to shave the genital area of a firefighter who had been bound to a gurney.

On Wednesday, the Council upheld the mayor's veto — the only veto he has issued during 17 months in office — in a 9-to-6 vote. Among the six who voted to overturn the veto were the Council's three African-American members.

In emotional testimony before the Council, Mr. Pierce argued that the prank perpetrated against him was different from other hazing rituals because it was delivered with a racial subtext, something some civil rights groups concurred with.

Hazing has long been a tradition in fire departments around the nation, and one that has come under increased scrutiny as firehouses have become more racially diverse and hired more women.

While some of the rituals clearly have sexual and racial overtones, others are more ambiguous, and the punishments can seem arbitrary.

"The thing that is interesting about firefighter culture is that the whole hazing and practical joking and slamming and all that stuff that goes on serves a purpose among firefighters," said Carol Chetkovich, an associate professor of public policy at Mills College in Oakland and the author of a book about gender and race in the fire service. "The firefighters are concerned with personal qualities of people they work with, because lives depend on each other."

This week, the Los Angeles Fire Commission has unanimously approved departmentwide disciplinary guidelines, which outline harsher penalties for hazing.

Councilman Dennis Zine, a former police officer and the lone vote against the original settlement, said Friday that he felt the fire chief was being scapegoated, and that the department needed to overhaul its internal practices.

"This whole issue here is the rituals they go through," he said, "which turns a firehouse into a nursery school."

Los Angeles Fire Chief Retires Amid Racial, Hazing Flaps (AP)

AP, December 1, 2006

LOS ANGELES, California (AP) -- The city's fire chief announced his retirement Friday amid a racially charged furor involving a black firefighter who was served spaghetti mixed with dog food.

Chief William Bamattre, 54, said the scandal had "political implications beyond the scope of the Fire Department."

"I have become the focus of the debate and that is to the detriment of the LAFD," he said. He planned to step down January 1.

The firefighter who was fed the spaghetti claimed that it was racial discrimination and that he was harassed after reporting it. But other firefighters insisted it was an ordinary firehouse prank with no racist intent. A department investigation suggested the prank was prompted by the way firefighter Tennie Pierce called himself the "Big Dog" during a volleyball game.

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Bamattre, whose predecessor left abruptly a decade ago during a similar crisis, was given charge of the 3,900-member department in the mid-1990s with a mandate to stamp out racism and sexism.

But the city controller released an audit almost a year ago that concluded discrimination, hazing and harassment persisted in the department despite a zero-tolerance policy for such behavior.

Pierce, 51, said his 20-year career was destroyed after he broke a code of silence and spoke out against the spaghetti prank. The department disciplined two white captains and one Latino firefighter.

The issue blew up last month after the City Council approved a $2.7 million settlement to Pierce.

The council approved the settlement on advice of the city attorney before photos surfaced showing that Pierce himself engaged in crude firehouse hazing, smearing mustard and dumping water on colleagues.

The mayor vetoed the settlement, and a council majority refused to override it despite an emotional plea by Pierce, backed by black community leaders. Pierce's lawsuit is now headed to trial.

Mayor Antonio Villaraigosa said Bamattre's departure was "a joint decision."

"It's not about changing the leadership at the top -- it's about changing the culture," he said. In the search for a successor, the mayor said he would look for "a change agent."

Pat McOsker, president of the city's firefighter union, said the Pierce case reflected a heavy-handed management style that has emphasized discipline over addressing problems in departmental culture.

"As of right now, morale is very low. People are pitted against one another, broken up into camps," McOsker said. "We need a culture in the Fire Department that values subordinate employees, instead of devaluing them."

Bamattre, a firefighter for 31 years, moved up from battalion chief to chief in 1995 when predecessor Donald Manning suddenly resigned. In his decision to step down, Manning cited "false allegations and innuendoes" about claims of discrimination in the department.

Democrats Face Pressure To Pass Minorities' Bills (WT)

By Brian Debose

The Washington Times, December 2, 2006

Democratic leaders will face pressure from minority voters to pass legislation during the next two years on many issues that have stalled in Congress, particularly those designed to close racial disparities.

Voters will expect swift results from House Speaker-elect Nancy Pelosi of California and Senate Majority Leader-elect Harry Reid of Nevada on legislation to balance the budget, fix Social Security and the Medicare prescription-drug program and reform immigration.

But there are other, older issues that minorities and civil rights groups have fought for years to get passed with few results. A lack of progress on those issues could reflect poorly on Democrats in the run-up to the 2008 presidential election.

"The question people -- African-Americans, Latinos, Asians -- will be asking after two years will be what difference has been made by having Pelosi as the speaker and Reid as majority leader for minorities, and really all Americans will be asking that," said a senior Democratic aide, who spoke on the condition of anonymity.

The top lobbyist for the National Association for the Advancement of Colored People (NAACP) said two of the priorities are raising the minimum wage and extending a new version of the Ryan White Act, which provides funding for research and treatment for HIV/AIDS patients.

"That bill must be dealt with very quickly, and we are working to get it done this month," said Hilary Shelton, NAACP-D.C. bureau director. "The problem is that while the bill did increase funding for rural and suburban communities, the formula hurt cities, and it isn't like the problem with HIV in cities is any less."

Mr. Shelton said laws setting a federal standard for appropriate use of force by police and punishments for racial profiling are also priorities, especially in light of a shooting of three unarmed men by New York police on Nov. 25. One of the men, Sean Bell, 23, died.

Universal health care, particularly for children "born and unborn" is also a top issue for the NAACP, as well as a measure to reduce mandatory minimum sentences for drug offenses.

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"These are not new issues, and Speaker Pelosi and Leader Reid have either authored or co-signed on many of these bills in the past. What we need is a strategy to organize the Congress towards passage," Mr. Shelton said.

Mrs. Pelosi has said the Democratic-controlled Congress will increase the minimum wage and impose strict pay-as-you-go budget rules in the first 100 hours, and that ethics reform will be the first major bill negotiated.

Some individual Congressional Black Caucus members also are talking about the issues they think should be at the forefront.

"The unforgivable reality is that more Americans than ever find themselves in need of food, shelter, clothing and health care," said Rep. G.K. Butterfield, North Carolina Democrat, who represents the 15th-poorest congressional district in the country.

He said Congress should close the Medicare prescription drug "doughnut hole," or gap in coverage, which occurs after the first $2,250 of coverage.

Mr. Butterfield said the farm bill also should be written, and not be delayed until 2008 or beyond, as some suggest. He said the nation must extend subsidy-support prices for American farmers facing a tough competition from foreign entities.

Checking The Vote (WP)

The Washington Post, December 2, 2006

FLORIDA AND Katherine Harris are forever linked with American skepticism about the integrity of the voting system. So it is strangely appropriate that six years after a controversy over hanging chads ended with George W. Bush in the White House, a fight over election results to fill Ms. Harris's 13th Congressional District seat is raising new questions about voting.

A state audit is underway to determine why some 18,000 ballots in Sarasota County did not show votes in a race ultimately decided, by a mere 369 votes, in favor of the Republican candidate. Did voters intentionally opt not to cast a vote? Did the electronic voting machines malfunction? Or, was it simply, as many believe, a case of a badly designed ballot that made it easy to overlook the Democratic candidate? It's important that these questions be answered, not just to determine the outcome of this race but to maintain the integrity of voting for contests where more than one congressional district could be at stake.

Unfortunately, the chances of finding a definitive reason for the "missing" votes are diminished because of Florida's failure to require a way to verify and audit votes recorded by touch-screen voting machines. A new alarm about the consequences of not having such a backup for the machines -- which are used not just in Sarasota but in the Washington area and much of the nation -- was sounded this week by an influential group that gives advice to the federal government. The U.S. Election Assistance Commission will review the draft report next week and, we hope, add its voice to the growing chorus for some type of paper trail that voters can use to verify their vote and that election officials can audit in close and disputed races.

Our support for a paper trail is not rooted in any belief that machines are to be mistrusted. Nor are we inclined to credit the theories about how election machines can be rigged. There is no evidence that any such fraud has occurred, and while there were scattered problems in the recent midterm election, overall the system functioned well.

It's only prudent that there be additional safeguards. It's likely that when the Democratic-led Congress convenes next year, there will be a renewed push to mandate paper trails, as well as a broader discussion of election

reform.

The sooner this conversation occurs, the better. The next presidential election is not that far off, and the last thing this country needs is more lingering questions from Florida.

ANTITRUST:

AMD, Nvidia In Antitrust Investigation (SFC)

By Benjamin Pimentel, Chronicle Staff Writer

San Francisco Chronicle, December 2, 2006

Federal probe is focusing on PC graphics card industry

The Justice Department is investigating Advanced Micro Devices Inc. and Nvidia Corp. in a federal probe of possible antitrust violations in the computer graphics card industry.

Both Silicon Valley companies, the two leading makers of PC graphics cards, said they have received subpoenas from the Justice Department, although the agency has not made any specific allegations.

In separate statements, AMD and Nvidia said they were cooperating with the investigation.

Michael Hara, vice president of corporate communications at Nvidia, said the Justice Department requested documents going back eight or nine years.

"It's a broad range of documents relating to customers, competitors, product stack, prices, market studies -- everything, pretty much," he said. "Our position now is to comply with their request and get them what they need."

Gina Talamona, a spokeswoman for the Justice Department, said the agency does not comment on specific companies under investigation.

"I will confirm that the antitrust division is investigating the possibility of anticompetitive practices involving the graphics processing units and cards industry," she said in an e-mail.

Founded in 1993, Nvidia of Santa Clara is one of the top sellers of programmable graphics processors, many of which are used in video games.

AMD is one of the biggest makers of semiconductors and the main rival of Intel Corp., the dominant player in the chip industry.

The Sunnyvale company became a stronger competitor in the graphics card processor industry after its $5.4 billion acquisition of ATI Technologies, one of the leading makers of computer graphics cards.

The merger was completed in October.

Although the nature of the federal probe is still unclear, analyst Crawford Del Prete of International Data Corp. said the investigation is not surprising.

"I am not surprised that (the Justice Department) is looking into this as there are few suppliers left, which aggregates pricing power," he said in an e-mail.

But another IDC analyst, Bob O'Donnell, said he is puzzled by the Justice Department probe.

"What's behind this? That's really the question everyone is trying to make sense of," he said. "Based on very limited information, it does not make a great deal of sense. There's been no dramatic change in the market, except for the purchase of ATI by AMD."

AMD shares dipped 88 cents, or 4.08 percent, to $20.69 in after-hours trading Friday.

Nvidia stock dropped $1.45, or 3.92 percent, to $35.54.

Nvidia Gets Subpoena In Antitrust Probe (MERCN)

By Therese Poletti

The San Jose Mercury News, December 2, 2006

A federal probe of possible antitrust activity in the computer graphics chip industry has widened beyond Advanced Micro Devices to include Santa Clara-based Nvidia.

Nvidia issued a statement Friday stating it had received a subpoena from the Department of Justice as part of an investigation into antitrust violations in the graphics processors and card business. Advanced Micro Devices of Sunnyvale acknowledged Thursday it had received a similar subpoena in connection with a company it recently acquired, ATI Technologies.

Both companies said they will cooperate with the investigation.

This is the second Justice Department investigation in the semiconductor industry in the past two months. In October, Justice officials said they were looking into the static random access memory (SRAM) chip business. Cypress Semiconductor of San Jose, a maker of SRAMs used in cell phones and digital music players, said it was cooperating with the investigation.

AMD entered the graphics business in October when it completed a $5.4 billion acquisition of ATI, a Markham, Ontario, developer of graphics chips. Analysts said they did not think AMD's acquisition of ATI was the cause or the target of the review by the Justice Department.

ATI and Nvidia are fierce competitors in the PC graphics chip business, where they develop the chips and add-on cards that boost graphics performance in PCs, especially the high-end systems favored by video gamers. Their chips render two- and three-dimensional graphics, making video games more lifelike with each new generation.

Michael Hara, a spokesman for Nvidia in Santa Clara, said that the request for documents goes back to the late 1990s.

``It's a fairly broad request," Hara said. He said the Justice Department is asking for documents involving customers, product lines, competition, pricing of products, prices of competitors' products, market studies and product volumes. Nvidia has until early next year to comply.

The companies did not provide any further details. A spokeswoman for the Department of Justice would not confirm it was looking at individual companies, only the industry.

``The antitrust division is investigating the possibility of anti-competitive practices involving the graphics processing units and cards industry," said Gina Talmona, a Justice Department spokeswoman in Washington.

Analysts who follow the chip industry speculated that the investigation is looking into some sort of price collusion or other collusive behavior.

``I have to believe this stuff traces back into history," said Doug Freeman, an analyst with American Technology Research. ``As a consumer, I have noticed that the price points of video cards have always been pretty equal. The first mover comes out with a product that is $500 and the follower comes out with a product that is $500. They tend not to be in price wars."

Ashok Kumar, an analyst with Raymond James, said the Justice Department was possibly alerted by customers, such as PC makers or the so-called white-box clone PC makers based in Taiwan who try to keep their prices as low as possible.

``The question is, do prices fall with the normal trajectory of the costs?" Kumar said.

Shares of both companies slipped on the news. Shares of AMD fell 88 cents, or 4.08 percent, to close at $20.69 on the New York Stock Exchange and Nvidia eased $1.45, or 3.92 percent, to close at $35.54 on the Nasdaq.

Leading Graphic Card Maker Nvidia Hit With Federal Subpoena (AP)

By Paul Elias

AP, December 2, 2006

SAN FRANCISCO - Nvidia Corp. said Friday it has been subpoenaed by federal investigators who are probing possible anticompetive practices among makers of computer graphics chips.

The Department of Justice investigators asked Nvidia for pricing documents, customer agreements and other documents, company spokesman Michael Hara said Friday.

"They have asked for a pretty big data dump that goes back to the late '90s," Hara said. "It's a fairly broad request."

The Santa Clara-based company said no "specific allegations have been against Nvidia" and said it plans to cooperate with the investigation.

On Thursday, Advanced Micro Devices Inc. - Nvidia's chief rival - announced it had received a subpoena. The Sunnyvale-based company, which recently bought graphics chip.m.aker ATI Technologies, said the government has not made "specific allegations" and that it intends to cooperate with the probe.

An AMD spokesman said the government demanded the company turn over documents related to graphic processors, but declined further comment.

Justice spokeswoman Gina Talamona confirmed Friday the government is investigating the possibility of anticompetitive practices involving the graphics processing units and cards industry.

Shares of Nvidia dropped $1.45 a share to close at $35.54 in Friday trading on the Nasdaq Stock Market.

The AMD and Nvidia subpoenas come on the heels of a 4-year-old price-fixing probe among memory chip makers. To date, four companies and 17 people have been charged, and the Justice Department has secured fines totaling more that $731 million in the probe of the dynamic random access memory, or DRAM, industry.

Government investigators also have demanded Sony Corp., Cypress Semiconductor Inc., Samsung Electronics and Toshiba Corp. turn over information related to another flavor of memory chip - static random access memory, or SRAM.

Nvidia Receives Subpoena In Federal Antitrust Probe (Update3) (BLOOM)

By John Stebbins

Bloomberg, December 2, 2006

Dec. 1 (Bloomberg) -- Nvidia Corp., the third-largest maker of graphics chips for computers, received a subpoena from U.S. Justice Department antitrust prosecutors who are conducting a criminal price-fixing investigation of the industry.

The subpoena made no specific allegations, Santa Clara, California-based Nvidia said today in a statement. The company said it's cooperating. Nvidia shares fell $1.45, or 3.9 percent, to $35.54 at 4 p.m. New York time in Nasdaq Stock Market composite trading.

Federal investigators may be looking at the fact that Nvidia and larger rival ATI Technologies Inc. have similar pricing among some competing product lines, Doug Freedman, an American Technology Research analyst, said today in an interview. Advanced Micro Devices Inc., which bought ATI in October for $5.4 billion, was subpoenaed Nov. 29.

``When looking on the outside, it does seem suspect that the prices are similar," Freedman said. The Greenwich, Connecticut-based analyst rates the shares of Nvidia and Advanced Micro ``buy" and doesn't own them.

ATI is the second-largest maker of computer-graphics chips behind Intel Corp. The combination of Advanced Micro and ATI puts the merged company in direct competition with Intel and Nvidia for sales of graphics chips. Intel hasn't received a subpoena, said Chuck Mulloy, spokesman for the Santa Clara, California-based company.

Probe Confirmed

Justice Department spokeswoman Gina Talamona said the agency ``is investigating the possibility of anticompetitive practices involving the graphics processing units and cards industry." She declined to comment on subpoenas to specific companies.

Nvidia spokesman Michael Hara said the graphics industry is ``controlled by outside forces."

``Intel controls how the hardware works and Microsoft controls how the software works, and we have to work within those parameters," he said, referring to Microsoft Corp., the world's largest software company.

Hara said Nvidia is ``playing by everyone else's rules," and that the Justice Department wants to ``make sure the playing field is level and fair." He said he couldn't be more specific about the information requested.

Back to 1990s

``We don't know a lot -- only that they asked for a lot of documents that go back to the late 1990s," Hara said. ``It's really broad in scope."

Drew Prairie, an Advanced Micro spokesman, declined to comment beyond saying the company received a subpoena.

Unlike ATI and Nvidia, Intel doesn't make stand-alone graphics chips, Mulloy said. Its graphics semiconductors are combined with its other products. Intel also competes with Advanced Micro in computer processors.

Nvidia has been beating ATI to market with faster graphics chips and other technologies, Freedman said. ``It usually goes that the technology leader gets to set the price, and followers try to meet that price," he said. ``But, if you look closely, Nvidia's profit margins on those products are usually better than ATI's."

U.S. antitrust investigators have examined the market for memory chips used in computers and opened a probe in October into possible price-fixing for another type of memory chip used in cell phones, Freedman said.

In the second quarter, Intel got 40 percent of global sales of graphics chips, according to Tiburon, California-based Jon Peddie Research. ATI had 28 percent, and Nvidia had 20 percent.

In sales of stand-alone graphics chips used in desktop computers, Nvidia had 52 percent and ATI had 48 percent, according to Jon Peddie.

AMD Being Investigated By Justice Department (ATU)

By Larry Rulison, Business writer

Albany Times-Union, December 2, 2006

Advanced Micro Devices Inc., the California computer chip manufacturer that plans to build a $3.2 billion chip factory in Saratoga County, is being investigated by the U.S. Department of Justice for possible antitrust violations.

AMD says it has received a subpoena from the Justice Department's antitrust division in connection with the department's investigation into "potential antitrust violations related to graphics processors and cards."

AMD recently got into the graphics processor business, which is key to video game and multimedia devices, by acquiring ATI Technologies Inc., a company located near Toronto.

AMD said in a press release that the Justice Department has not made any specific allegations against the company and that it will cooperate with the investigation.

Stock analysts have said that AMD's decision to build its chip fab in Saratoga County will hinge upon the success of the ATI merger. AMD paid $5.4 billion for the company.

CBOT, Chicago Merc Say Justice Department Wants More Information On Buyout (AP)

AP, December 2, 2006

CHICAGO - The parent companies of the Chicago Mercantile Exchange and the Chicago Board of Trade said Friday that the Justice Department has requested additional information about their pending $8 billion deal to combine operations into a single unit.

Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc., which has agreed to be bought by its longtime crosstown rival, both said they plan to respond promptly and expect the transaction to close by mid-2007. They did not discuss specifics of the request, which they said was not unexpected.

The two exchanges announced an agreement in October to combine both the electronic and floor trading platforms of their more than century-old operations. The $8 billion deal will create the world's largest futures market.

The Justice Department, which must sign off on the deal, is assessing any potential anti-competitive impact formed by the powerhouse combination. Officials of the exchanges have said they don't expect it to encounter antitrust problems.

If approved, the exchanges located six blocks apart will move to a single trading location at the Chicago Board of Trade. Retaining both historic names, the combined company will be named CME Group Inc., a Chicago Board of Trade company.

Shares of CBOT Holdings fell $2.50 to close at $156.44 on the New York Stock Exchange. CME shares fell $4.20 to $531.40.

FCC Chief Tries To Break Telecom Deal Deadlock (AP)

By Bruce Meyerson

AP, December 2, 2006

NEW YORK - FCC Chairman Kevin Martin on Friday initiated a process that may break the deadlock in the agency's vote on AT&T's proposed acquisition of BellSouth by allowing a fifth commissioner who had recused himself to participate.

Martin asked the general counsel for the Federal Communications Commission to consider whether Robert McDowell ought to be authorized to participate in the deliberations on the $81.6 billion deal, FCC officials said Friday.

The chairman sent letters to the relevant committees in Congress advising them of the request, according to McDowell's office and an FCC official who spoke on condition of anonymity because Martin's office had not issued a public statement.

McDowell, one of three Republicans on the five-person commission, had recused himself because he is a former lobbyist for a trade group that opposes the merger.

Without McDowell, the vote has been deadlocked at 2-2, with Martin and another Republican appointee favoring approval of the deal, and the two Democrats demanding the companies offer additional concessions to ensure it doesn't harm consumers.

The Antitrust Division of the Justice Department cleared the deal Oct. 11, declaring that there were no competitive concerns and opting not to require the combined company to divest any assets or make any other concessions. The takeover, the biggest ever in U.S. telecommunications history, also has been approved by regulators in 18 states, leaving the FCC as the final hurdle.

A copy of Martin's letter to congressional leaders viewed by the Associated Press expressed frustration with the holdup.

McDowell issued a short statement saying he looks forward to the general counsel's analysis ``regarding my potential participation."

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McDowell once worked for the trade association Comptel. Federal ethics regulations permit the FCC's general counsel to clear McDowell to vote as long as the ``interest of the government in the employee's participation" outweighs any concerns about how the vote may affect the agency's integrity.

FCC Chairman Moves To End AT&T Impasse (LAT)

By Jim Puzzanghera, Times Staff Writer

The Los Angeles Times, December 2, 2006

Kevin Martin asks that a commissioner's recusal be overridden to break a tie over the telecom deal.

WASHINGTON — The chairman of the Federal Communications Commission moved Friday to break an impasse over approval of AT&T Inc.'s purchase of BellSouth Corp. by trying to force a commissioner who recused himself to cast the tie-breaking vote.

In a letter to congressional leaders, Chairman Kevin J. Martin said he had asked the FCC's general counsel to review Commissioner Robert M. McDowell's recusal. A fellow Republican, McDowell has declined to participate in the review of the deal because he had worked for a trade association of smaller phone companies that opposes the roughly $80-billion merger.

With McDowell on the sideline, the commission has been split evenly between Republicans and Democrats. Martin said he wanted the FCC to approve the deal unconditionally, and Republican Deborah Taylor Tate was expected to back him.

But upset that the Justice Department gave unconditional approval to the deal in October, the two Democratic commissioners, Michael J. Copps and Jonathan S. Adelstein, have pressed for the FCC to impose strong conditions. They are concerned about the clout that would be created by the merger. A more muscular AT&T would dominate the market in California and 21 other states.

Among the sticking points are requirements that the Democrats would like to impose to prevent AT&T from charging some websites for higher-speed delivery of their content, an issue known as network neutrality.

Negotiations have been going on for seven weeks and Martin has postponed scheduled votes three times. With another commission meeting set for Dec. 20 and AT&T and BellSouth pushing for approval before the end of the year, Martin is trying to bring McDowell into the process.

"Given the commission's inability to reach consensus on this matter, I have asked the general counsel to consider whether the government's interest would be served by permitting Commissioner McDowell … to participate," Martin wrote.

Martin also could be motivated to secure approval of the deal before Democrats take control of Congress in January. Some Democrats, including the incoming chairmen of the House and Senate commerce committees, have been critical of large industry mergers and could hold hearings on the deal.

McDowell said he had received a copy of the letter. "I look forward to receiving the general counsel's analysis regarding my potential participation," he said.

AT&T has been frustrated by the delays, but did not comment directly on Martin's move.

"We've been at this for a long time," said Jim Cicconi, AT&T's senior executive vice president for external and legislative affairs. "It's unfortunate, but after months of intense effort on our part, we remain at an impasse."

Before joining the FCC in June, McDowell served as senior vice president and assistant general counsel for Comptel, an association of small phone companies and suppliers. Federal law calls for government employees to recuse themselves whenever "a reasonable person" might question impartiality. The law specifically refers to conflicts involving companies for which a federal employee has worked within the last year.

But the law allows those conflict-of-interest concerns to be overridden if they are outweighed by the government's interest in resolving a deadlock.

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Microsoft Accused Of Overcharging Iowans (BLOOM)

By Bob Van Voris, BLOOMBERG NEWS

Bloomberg, December 2, 2006

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Microsoft Corp. used its monopoly position to overcharge Iowans for software products including Windows, Word and Excel, a lawyer told jurors Friday at the opening of an antitrust trial in Des Moines.

Roxanne Conlin, representing statewide buyers of Microsoft products since 1994, said the company violated Iowa antitrust law by taking advantage of monopolies in personal computer operating systems and software applications to charge inflated prices.

"The law requires of Microsoft what it requires of all companies: that they compete fair and square," Conlin told a jury of seven men and five women. "Microsoft did not."

The lawsuit is one of only two such cases Microsoft hasn't settled or persuaded judges to dismiss. The customers claim $329 million in damages, and a jury award can be tripled under Iowa antitrust law.

The Iowa case and one in Mississippi are the last of dozens filed by groups of consumers after an antitrust suit against Microsoft brought by the U.S. government and several states, including Iowa, in 1998.

The company settled the case, agreeing to give computer makers the freedom to promote competing software programs, such as Web browsers and media players, for prominent display on Windows-powered personal computers.

In the Iowa case, District Judge Scott Rosenberg ruled Nov. 2 that Conlin may call Microsoft Chairman Bill Gates and Chief Executive Steve Ballmer as witnesses.

Conlin said the trial may last at least six months.

The company claims it didn't limit competition and says the company is successful because it offers high-quality software at low prices. Microsoft lawyers will make their opening statements next week.

"At the end of this, we're confident the record will show that Iowans received high-quality products from Microsoft at a reasonable price," Microsoft lawyer Rich Wallis said in an interview. "These allegations are 15, 20 years old. This is ancient history."

Conlin began her opening after the judge spent Thursday and part of Friday morning reading instructions to the jury.

The attorney showed jurors selections from the more than 25 million documents she said she has collected from Microsoft in the case.

They included memorandums from senior company executives starting in the 1980s that Conlin said show the company's attempts to block competition from another operating system made by Digital Research Inc.

She said Microsoft's monopoly allowed it to raise the price of Windows by an average of $42.49 and $10.55 for Word.

The case was filed in 2000 by Joe Comes, a Des Moines businessman.

It was certified in 2003 as a class-action suit on behalf of indirect buyers of Microsoft software from May 1994 to June 2006 -- people and businesses that bought computers loaded with Microsoft software or that bought the software from sources other than the company.

Before the trial, Rosenberg adopted many of the findings from the Justice Department trial, including the conclusion that Microsoft held illegal monopoly power in the market for Intel-compatible personal computer operating systems before June 1999.

The case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County (Des Moines).

ENVIRONMENT:

House GOP To Rush Drilling Bill (WT/AP)

The Washington Times, December 2, 2006

House Republicans agreed yesterday to move a compromise offshore-drilling bill passed by the Senate this summer that would open new territory in the Gulf Coast area to oil rigs and create a cash cow for nearby states.

But it wasn't clear whether party leaders could summon enough votes to pass it quickly before lawmakers adjourn in the coming weeks.

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With time running out on the party's majority rule, Republican leaders will send the measure to the floor Tuesday as a "suspension" bill requiring a two-thirds majority to pass, said Kevin Madden, a spokesman for House Majority Leader John A. Boehner of Ohio.

House leaders previously had blocked the bill, hoping for more ambitious legislation that would allow drilling in coastal waters across the country unless a state objects. But industry groups have lobbied heavily for Republicans to take what they can get and pass the Senate bill.

Mr. Madden said Republican leaders would support the compromise measure and work to pass it. Moving it as a "suspension" bill will speed the process and block amendments, lawmakers said.

Dave Parker, president and chief executive of the American Gas Association, said the hurdle of winning a two-thirds majority could prove difficult but that he was optimistic.

"We're pleased that this bill is going to move ... you take what you can get," Mr. Parker said.

President Bush has offered lukewarm support, at best, for the measure. He has said he supports new offshore exploration but has criticized revenue-sharing provisions that would divert money from federal coffers.

The bill would allow new oil and natural gas development in 8.3 million acres of federally controlled waters in the eastern-central Gulf of Mexico, with backers saying it would help ease tight markets, particularly for natural gas. The Senate passed the bill 71-25 in August.

With opening new territory, the bill would sharply increase royalty shares for Louisiana, Mississippi, Alabama and Texas from less than 2 percent to 37.5 percent. In 2017, the new royalty formula would apply to all oil and gas produced in the Gulf, not just from the 8.3 million acres newly opened.

"We're obviously working hard to make sure that we have the necessary votes," said Rep. Bobby Jindal, Louisiana Republican, who has pushed the proposal. "We're optimistic this time. It's a compromise approach, and I think it's done in a way that can get that supermajority."

At least one lawmaker who previously opposed the compromise, Rep. John E. Peterson, Pennsylvania Republican, said he would support it as an incremental improvement even though he thinks it accomplishes too little.

Rep. Jack Kingston, Georgia Republican, said the bill would send a positive signal to voters as Republicans transition into the minority.

"It would be good if we could get a few things done on the way out the door and show people that ... we really can govern."

Wasted Energy (WP)

The Washington Post, December 2, 2006

EVER SINCE President Bush lamented the nation's addiction to oil in his State of the Union address, energy policy has been on the rhetorical agenda. But neither the administration nor Congress has shown much appetite for action beyond subsidies for research on alternative fuels. A new analysis of the energy market from the McKinsey Global Institute offers a reminder that inventing technologies can matter less than ensuring they are used. If the world were to adopt existing technologies that pay for themselves within 10 years, the growth of energy consumption could be cut by about three-quarters, according to McKinsey. But such technologies aren't going to be adopted unless governments embrace regulatory and tax incentives. Market forces aren't powerful enough to do the job alone.

Consider electricity generation: Switching from old-fashioned generators to new ones can almost halve the amount of energy needed for a given level of output. Oil refineries and steel producers could implement similar changes, and there are even greater savings to be had from construction techniques. Better insulation, wider use of low-energy compact fluorescent lighting and more efficient water heating would slow the growth of residential energy demand worldwide from 1.4 percent to 0.5 percent a year.

The reality, however, is that optimizing energy efficiency is not the first thing that consumers think about when they get out of bed. Some may not realize that an energy-saving investment can pay for itself in 10 years or less. Some may lack capital to finance the investment. Most just have other stuff to worry about: They want comfort, hence larger houses; they want

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convenience, hence more appliances; they want sex appeal, hence fast cars. Because the savings from energy conservation are marginal to the budgets of most households, they don't carry much weight.

This is not a reason to give up on price signals, but it is an argument for strengthening them with taxes and regulations that drive conservation. Japan, which has both high energy prices and strict efficiency standards, consumes less energy per unit of output than any other country; its gas and coal power plants are more than 70 percent more efficient than Russian ones, and its standards for air conditioners are nearly 50 percent stricter than China's. Europe's experiment with gasoline taxes also shows that policy can make a difference. Its vehicles are 15 percent more efficient than U.S. cars in the same class.

The McKinsey report drives home one further point: No strategy can control the growth in energy consumption unless it includes developing countries. An estimated 13 percent of the growth in global energy demand between now and 2020 will come from new Chinese power plants, with Chinese vehicles and buildings adding to the load. Meanwhile fuel subsidies in many oil-exporting countries encourage careless consumption, while the lack of metering of Russian residential gas usage creates an all-you-can-eat attitude. Energy policy is hard enough when it's confined to Washington, but there's no escaping the imperative to pursue it internationally, too.

In West, Conservatives Emphasize The "Conserve" (WP)

By Blaine Harden

The Washington Post, December 2, 2006

SEATTLE -- Nearly a decade ago, historian Patricia Nelson Limerick set the modern American West to verse:

The West has been lucky, it's true.

It did not grow old -- it grew new.

As it grew older, it got fresher and bolder.

Don't you wish it could happen to you?

Limerick and others said in the 1990s that the New West was shedding its slavish reliance on mining, logging, ranching and dams. They prophesied that it would become a region where the economy, politics and popular culture were dominated by urban people who went outdoors not to chop down trees, punch cows or pour concrete but to recreate, appreciate and preserve.

That prophecy proved premature. Working-class indignation exploded in the Interior West against environmentalists, Democrats and outside agitators, stalling efforts by the Clinton administration to rewrite grazing, mining and forestry laws. Republicans shrewdly harnessed the populist anger and consolidated political control, and in 2000 they began an aggressive push for oil, gas and mineral extraction on public land.

Last month's elections, though, may signal the end of Republican dominance and fierce resistance to many conservation measures. Profound demographic and economic change seems finally to be asserting itself across the region. Westerners cast votes suggesting that the protection of their natural surroundings is not a negotiable condition for living well.

"Self-interest has intersected with reality," said Limerick, chair of the board of the Center of the American West at the University of Colorado at Boulder. "To have open spaces and nice places, people realize, they cannot be a bunch of individuals pursuing self-indulgence. They have to act collectively."

To that end, much of the West rejected ballot measures that could have shredded state and local land-use rules limiting growth, controlling sprawl and ensuring open space. Voters in Idaho, Washington and California soundly defeated "takings" measures, intended to compensate individual owners whose land is devalued by land-use or zoning laws. Arizona voters approved their law. Courts had earlier tossed out the measures in Montana and Nevada.

At the same time, Democrats consolidated gains from 2004, picking up the governorship in Colorado, a Senate seat in Montana and two House seats in Arizona. Democrats already controlled governor's seats in Arizona, Montana, New Mexico, Oregon, Washington and Wyoming.

Perhaps more significant, Democratic and Republican politicians from New Mexico to Montana have found common ground with hunters and anglers in opposing widespread energy development on wild public lands, halting drilling in several areas where the public felt that wildlife and scenic values trumped economic consideration. In the past year, bipartisan grass-

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roots opposition has also killed off a number of proposals to sell federal land and use the revenue to pay for governmental operations.

There has been widespread change, too, in state attitudes toward the Clinton-era roadless rule, a broad land-protection measure that put nearly a third of the national forests off-limits to most development. The 2001 rule, which was overturned by the Bush administration but reinstated by a federal judge in September, initially had almost no public support from state fish and game agencies or from Western governors.

Now, fish and game agencies in Arizona, Colorado, New Mexico, Washington, Oregon, Colorado and Montana all support protecting the forests from roads, as do the governors of those states.

Even in Idaho, probably the most conservative and solidly Republican Western state, the Fish and Game Department advocates keeping wild areas roadless, and Gov. James E. Risch (R) said he intends to manage 8.5 million acres of the state's roadless forests in a way that is consistent with the conservation spirit of the Clinton rule.

"Idahoans care about how these roadless areas are managed," Risch told a panel in Washington, D.C., this week. "These are places where they hunt, fish and hike."

Like many politicians across the West, Risch is responding to changing public attitudes, said Rick Johnson, executive director of the Idaho Conservation League.

"It used to be that the West was big enough that you could pretty much do anything you wanted," Johnson said. He lives in Boise, the largest city in Idaho, a state outpaced in growth by only Nevada and Arizona. "The natural surroundings are now being lost, and we sit in traffic like everyone else. We want to protect what's left," he said. "We just don't like Washington, D.C., telling us how to do it."

While it remains the most rural part of the country in terms of land use, the West has also become the most densely urban in terms of where people live. Compared with new neighborhoods in the East or South, houses in new developments in the West tend to be planted much closer together.

"The New West is best understood as islands of urban economics in a rural setting," said Ray Rasker, executive director of Headwaters Economics, a think tank in Bozeman, Mont. "They are made possible by a combination of environmental amenities combined with the presence of transportation, especially good airports."

Newcomers with deep pockets populate many of these islands. Retirement and investment money accounts for about a third of total personal income across the Rocky Mountain West, according to federal figures. In some states, this money dwarfs the personal income from mining, forestry, farming and energy extraction.

"What had been seen as a 'war on the West' by outside forces is not seen that way anymore," said Thomas Michael Power, chairman of the economics department at the University of Montana in Missoula.

"It is more visible to everyone now that the economy has changed fundamentally," he said. "The people who are ranching and farming know these things, and that is why they are willing to be bought out, why they are willing to sell part of their water rights."

There is widespread agreement among economists, demographers and politicians that the region's moneyed newcomers tend to be conservative when it comes to government involvement in their lives. But they also want government to protect and preserve the natural beauty that lured them to the Rocky Mountain West.

"Folks don't want a whole lot of government, but they want things like clean water, and they want us to be careful," Jon Tester, the Democratic senator-elect from Montana, said in an interview before the election.

A final key piece in the long-awaited emergence of the New West as a place inclined to support land and water conservation has to do with how environmental groups work with local people.

In the 1990s, environmental groups rarely bothered to listen to the concerns of farmers, ranchers or business leaders, according to Chris Wood, vice president for conservation programs at Trout Unlimited.

"We thought we didn't need to, that we could ride these demographic changes to a better regulatory outcome for the environment," Wood said. "Now we are recognizing that we can still achieve good outcomes by sitting and listening to people, without landowners feeling like we forced it down their throats."

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FBI/DEA/ATF/USMS:

THE BALCO CASE Chronicle Appeals Order To Imprison Reporters Court Asked To Adopt Test To Weigh Effects Of Grand Jury Leaks (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, December 2, 2006

The Chronicle, challenging a judge's order to imprison two of its reporters for refusing to reveal who leaked grand jury testimony about athletes and steroids, told a federal appeals court Friday that the public interest and evolving legal doctrines require recognition of a journalist's right to protect confidential sources.

"Confidentiality is essential for the reporters to sustain the relationships they need with sources and to obtain sensitive information from them," Jonathan Donnellan, a lawyer for the newspaper and the reporters, said in papers filed with the Ninth U.S. Circuit Court of Appeals in San Francisco. "Without it, the press cannot effectively serve the public by keeping it informed."

The contempt-of-court order against the two reporters, if upheld, would be "an unprecedented extension of subpoena power against the press," the brief argued, saying the only comparable cases in the past have involved national security.

The brief said the reporting in this case did no harm to the prosecution, which had long since concluded, and had served the public interest by exposing steroid use by prominent athletes and triggering a national debate.

The court should adopt a new standard for evaluating reporters' claims of confidentiality in cases of grand jury leaks, the newspaper argued -- weighing the value of information revealed by the reporting against the damage, if any, caused by the leak. Such a balancing test has not yet been accepted by federal courts, which have upheld grand juries' power to compel testimony from journalists.

The brief also argued that the judge who ordered the reporters confined for up to 18 months in September gave too little weight to a 1996 U.S. Supreme Court ruling that allowed psychotherapists to refuse to disclose information from their patients. That decision compels federal courts to extend the same rights to journalists, the brief said.

The reporters, Mark Fainaru-Wada and Lance Williams, remain free while their case is considered by the appeals court, which has scheduled a hearing Feb. 12 in San Francisco. The court will also review the judge's contempt order and fine of up to $1,000 a day against The Chronicle, likewise on hold until the case is decided.

The case stems from a federal grand jury investigation of the Bay Area Laboratory Co-Operative, or BALCO, and its supplying of illegal performance-enhancing drugs to professional athletes.

Five defendants, including BALCO founder Victor Conte, have pleaded guilty to drug distribution charges. One defendant, Greg Anderson, Barry Bonds' trainer, served a sentence in the BALCO case last year and is back in prison for refusing to testify against Bonds. The Giants outfielder is being investigated by a separate grand jury for possible perjury in his denial that he knowingly used steroids.

Fainaru-Wada and Williams, two veteran reporters, broke a number of stories on the case, including articles in 2004 that quoted grand jury testimony by Bonds, Gary Sheffield and Jason Giambi of the New York Yankees, and track star Tim Montgomery. All but Bonds admitted using steroids from BALCO.

The articles led to a congressional investigation and a new steroid testing policy for professional baseball. They also prompted a federal judge to order an investigation of the leaks, resulting in subpoenas to the reporters and the newspaper in May demanding the source or sources of the grand jury transcripts.

U.S. District Judge Jeffrey White upheld the subpoenas in August and, a month later, ordered Fainaru-Wada and Williams imprisoned until they testified or for up to 18 months, the maximum term of the grand jury. He rejected their claims of a constitutional right to withhold their sources, saying a 1972 Supreme Court ruling had established that journalists have no special privilege to withhold information from a federal grand jury in a criminal investigation.

In a statement Friday, Fainaru-Wada and Williams said the case jeopardized "the people's right to independent information about the federal government."

"The Justice Department claims it has the absolute right to force reporters to betray their confidential sources any time prosecutors choose," they said. "If reporters can no longer promise confidentiality to a news source, whistle-blowers won't come forward, injustices will never be exposed, and the public will be less informed."

Chronicle Editor Phil Bronstein noted that President Bush had commended both reporters, telling them at a White House reception that they had "performed a service."

"If the public was served by these two journalists, how much is the public harmed if these and other stories of value cannot be published?" he asked.

Friday's filing argued that the customary need for grand jury secrecy was diminished in this case -- the transcripts had been disclosed to the BALCO defendants with the expectation that the information would be aired publicly at a trial, and the prosecution had concluded long before the leak investigation started.

It also said the 1972 Supreme Court decision was far less ironclad than White portrayed it, and must be reinterpreted in light of the court's 1996 ruling that recognized psychotherapists' privilege to protect confidential information supplied by their patients.

In the 1996 case, the brief said, the court said other professions may be entitled to similar rights, and listed factors for lower courts to consider: the public interest, the impact on evidence-gathering, and recognition of those rights by the states.

All those factors weigh in favor of a reporter's privilege of confidentiality, the newspaper's brief said, noting that 49 states -- all except Wyoming -- have a shield law or court rulings protecting journalists from state prosecution, and that California's law is one of the strongest. That law does not apply in federal court but should be taken into account by a federal judge in a California case, the brief said.

Although the right of confidentiality should not be absolute, the brief said, it should be honored in a case like this, where the leak caused minimal harm -- "there is no breach of national security, no act of terrorism, no violent crime that would go unpunished" -- and enabled important news coverage.

"The Chronicle's articles focused public attention on an issue of great importance and transformed what was principally a debate among policymakers into a national dialogue which led to real reform," it said.

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CONGRESS-ADMINISTRATION:

Reyes To Head House Intelligence Panel (AP)

By Katherine Shrader

AP, December 1, 2006

WASHINGTON - A Border Patrol agent-turned-congressman will take over as chairman of the House Intelligence Committee next month, pledging to keep a closer eye on the nation's spy agencies and the Bush administration.

Rep. Silvestre Reyes, D-Texas, chosen Friday by House Speaker-to-be Nancy Pelosi, said in El Paso, "For the first time in about six years, there's going to be some checks and balances. We will see true oversight, real consequences."

Pelosi's announcement ended weeks of speculation within the party about who would get the key position, a question that had created political turmoil for her before she takes her new leadership post.

The California Democrat chose Reyes over two more senior committee Democrats - Jane Harman of California and Alcee Hastings of Florida. Harman's supporters included nearly two dozen moderate Democrats known as Blue Dogs. Hastings had the support of the NAACP and the Congressional Black Caucus. Reyes will be the first Hispanic to chair the panel.

The Texan has said he will demand more information on the Bush administration's most classified programs, including the detention of enemy combatants and the National Security Agency's warrantless surveillance of domestic communications.

He also plans to focus on the war in Iraq, threats from terrorists, the spread of weapons, diversity at U.S. intelligence agencies and civil liberties.

Known as "Silver" to friends, Reyes came to Congress after Army service that included 13 months in Vietnam, and then 26 years of work in the U.S. Border Patrol. He won his El Paso congressional seat in 1996.

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Pelosi said his experience gives him an understanding of the needs of both troops and policymakers. "His appreciation for the dangers inherent in the operation of secret activities in a democracy ensures that he will be a zealous protector of the civil liberties," she said.

In a recent interview, Reyes said Republicans have made a habit of rubber-stamping the Bush administration's programs. Democrats, he said, must act quickly to show they will dig deeply into the government's actions.

Overseeing the 16 U.S. spy agencies is among the most challenging - and thankless - tasks in Congress. Given the committee's inherently secret nature, much of the work is done behind closed doors. Few members of Congress have a significant constituency in the spy world, and one presidential commission weighing recent intelligence changes called the agencies "headstrong."

Harman is currently the committee's top Democrat, and her term on the panel expires this year. She could have been reappointed by Pelosi, but the two are said to have differences. In a statement, Harman congratulated Reyes and offered him her "full and enthusiastic support."

As for Hastings, some critics and ethics watchdogs had questioned whether the Florida lawmaker - who was impeached as a federal judge - was the right person for a post that has access to some of the nation's top secrets.

In a sign that not all hard feelings are gone, a Hastings statement this week announcing he would not get the job closed with: "Sorry, haters, God is not finished with me yet."

Pelosi passed over a member of the Black Caucus for a second time. In 2000, she allowed Harman to leapfrog Rep. Sanford Bishop of Georgia for the intelligence panel's top Democratic slot. By choosing Reyes, she elevated the panel's No. 3 Democrat and gained favor with Hispanic groups who represent the fastest growing demographic classification in America.

Janet Murguia, president of the National Council of La Raza, called Reyes' new assignment "an important breakthrough for the Latino community." Her civil rights group has been seeking more Hispanics in leadership positions.

Nowhere in Congress have relations between Republicans and Democrats been more publicly nasty than on the House Intelligence Committee, which saw partisan spats in October over the release of information about a corrupt GOP congressman and the leak of a high-level intelligence estimate on terrorism.

In an interview last month, Reyes said the situation among committee members "can't get worse. It has gotten as bad as it could."

The current House intelligence chairman - Rep. Peter Hoekstra, R-Mich. - said committee Republicans will work with the Democrats. "The threats and challenges facing our great nation know no political bounds," he said in a statement congratulating Reyes.

National Intelligence Director John Negroponte and CIA Director Michael Hayden both issued statements welcoming Reyes' selection. "His comprehensive understanding of the intelligence community and the challenges it faces, ideally qualifies him for this important chairmanship," Negroponte said.

Texas' Reyes To Lead Intelligence Panel (HC)

By Michelle Mittelstadt

Houston Chronicle, December 2, 2006

WASHINGTON — Rep. Silvestre Reyes was tapped Friday to chair the House Intelligence Committee, putting the El Paso lawmaker and former Border Patrol supervisor in the center of the national security debate and giving the Texas congressional delegation a boost.

Politicians from both parties welcomed incoming House Speaker Nancy Pelosi's appointment of the Democrat, whose 26-year career in the Border Patrol and Vietnam combat experience give him a unique vantage point on security matters.

The Reyes selection ended a messy process for Pelosi, who snubbed two senior Intelligence Committee members, Jane Harman of California and Alcee Hastings of Florida, before settling on the Texan.

Reyes may have helped himself by not lobbying Pelosi directly for the chairmanship because, he said, she knew him well from their prior service together on the Intelligence Committee.

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Pelosi, who has strained relations with Harman, was reportedly angered when her fellow Californian launched an aggressive campaign for the job. Pelosi this week bypassed Hastings, who was impeached as a federal judge, after critics questioned his suitability for the sensitive job.

Reyes "has impeccable national security credentials," Pelosi said. "When tough questions are required, whether they relate to intelligence shortcomings before the 9/11 attacks or the war in Iraq, or to the quality on intelligence on Iran or North Korea, he does not hesitate to ask them."

The 62-year-old congressman pledged vigorous oversight of the 17 agencies that comprise the U.S. intelligence community, as well as the classified counterterror strategies of the Bush administration.

Looking aheadCritics contend that the Republican congressional majority, which dissolves in January, failed to conduct serious oversight of the intelligence community's faulty prewar intelligence on Iraq, and didn't challenge the administration on post-9/11 surveillance, interrogation and detention programs that were criticized.

"One of the things that's going to change dramatically will be the fact that for the first time in about six years we'll have some checks and balances," Reyes said at a news conference in El Paso. "The administration and the different agencies that work for the administration will see what I believe will be true oversight.

"And there will be real consequences that perhaps haven't been there the last six years," he added.

But Reyes indicated little desire to revisit past battles.

"I think our time is better spent looking at how we can be more effective, how we can be more accountable through oversight, in terms of what's going on in the Middle East and really other critical parts of the world as well."

Texas Republicans and Democrats alike praised Reyes, saying his experience and bipartisan nature would be important assets.

"He is the perfect choice," said Sen. Kay Bailey Hutchison, R-Texas. "He will not be partisan. He will be independent."

Rep. Chet Edwards, D-Waco, said Reyes' elevation benefits the GOP-dominated Texas delegation, which will suffer something of a power drain with Democrats assuming control of Congress in January. Reyes will be the only full committee chairman in the 34-member delegation.

"This is a tremendous appointment for our country, the state of Texas, and the new Congress," Edwards said.

While welcoming the selection, fellow Intelligence Committee member Mac Thornberry, R-Clarendon, voiced concern that Reyes and the committee may come under political pressure from Pelosi. He noted that Harman was criticized by Pelosi for being insufficiently critical of the administration.

"If I've got one concern, which is not related to him specifically but in general, it is whether the committee will be able to do its job in an independent way," Thornberry said. "I worry that Ms. Pelosi is going to expect not only the chairman but all the members to do what she says. If that's the case, then the country is not going to be very well served."

Strong supportFormer 9/11 Commission member Tim Roemer, a former Democratic congressman from Indiana who served with him on the Intelligence Committee, praised Reyes' experience, background and work ethic, and said he has "the intestinal fortitude, the tenacity and the strong will" to withstand pressure.

The dean of the Texas Democrats, Rep. Solomon Ortiz of Corpus Christi, also professed no concerns about Reyes' independence.

Referring to his friend by his nickname, Ortiz said that "Silver will serve the House and the nation with excellence, bringing all sides of an issue together and standing up to anyone who is not candid with the Congress."

Roemer and others praised Reyes' focus on rebuilding human intelligence capabilities and diversifying the operative and analyst ranks to bring in people with greater expertise in the Middle East, Asia and other regions of interest to U.S. intelligence.

Reyes To Lead Intelligence Panel (WT)

By Amy Fagan

The Washington Times, December 2, 2006

Speaker-elect Nancy Pelosi yesterday named a former Border Patrol agent to lead the powerful House intelligence panel, sidestepping two more senior choices and ending an internal party struggle over the post.

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Rep. Silvestre Reyes, Texas Democrat who has served a decade in the House, will take over the committee in January as his party prepares to step up scrutiny of the Bush administration on a range of issues, including intelligence gathering.

"When tough questions are required, whether they relate to intelligence shortcomings before the 9/11 attacks or the war in Iraq, or to the quality on intelligence on Iran or North Korea, he does not hesitate to ask them," said Mrs. Pelosi, California Democrat, who praised Mr. Reyes' "impeccable national security credentials."

The decision had been a tough test for the speaker-elect because the top two Democrats currently on the panel -- Reps. Jane Harman of California and Alcee L. Hastings of Florida -- also had been vying for the post.

Mrs. Pelosi was widely expected to skip over Mrs. Harman, since the two reportedly have political differences. That left Mr. Hastings, who was backed by the powerful Congressional Black Caucus but who was tainted by his impeachment and removal as a federal judge in 1989.

This week, Mrs. Pelosi announced she wouldn't choose Mr. Hastings -- a wise move some said, especially if Democrats want access to more intelligence information.

"Pelosi has dodged a bullet here," said Loren Thompson, a defense analyst at the Lexington Institute. "The intelligence people I talked to were saying they were going to pull the wagons tight around them if it were Hastings."

Known as "Silver" to his friends, Mr. Reyes will be the first Hispanic chairman of the committee. After serving in Vietnam, he spent nearly 27 years with the Border Patrol, rising to sector chief of El Paso and McAllen, Texas, during his tenure.

"It's a historic moment for the Hispanic community," said Janet Murguia, president of the National Council of La Raza, a Hispanic civil rights group.

Mr. Thompson said Mrs. Harman was clearly the most experienced for the post, but Mr. Reyes is "solid" and "people will be inclined to trust [him] because he has been on the other side of the table" as a border agent.

Mr. Reyes said in an interview last month that he will require more information than Republicans did from the administration regarding their most classified programs, and he'll also look at the role of intelligence three years after the invasion of Iraq and the state of traditional spy craft, the Associated Press reported.

"We haven't required or haven't had the administration give us the details, evaluation or plan of how these classic programs are functioning," he said.

Mrs. Pelosi noted yesterday that Mr. Reyes' "appreciation for the dangers inherent in the operation of secret activities in a democracy ensures that he will be a zealous protector of the civil liberties that define us as a nation."

Yesterday, she praised both Mrs. Harman and Mr. Hastings.

Mrs. Harman "served with distinction" in her four years as the top Democrat on the panel and "worked tirelessly under difficult circumstances" to ensure intelligence agencies had needed resources, direction and leadership. Mr. Hastings "has brought foreign affairs expertise, deep patriotism, and dedication to the work of the committee," Mrs. Pelosi said.

Mrs. Harman, who won't be reassigned to the panel next year, congratulated Mr. Reyes on his appointment, offering him her "full and enthusiastic support."

The outgoing intelligence panel chairman offered his good wishes as well, even as he urged a bipartisan atmosphere next year.

"The threats and challenges facing our great nation know no political bounds," said Rep. Peter Hoekstra, Michigan Republican. "It is this reality that I hope will guide current and incoming members of the House intelligence committee in its work to secure America's future."

Mr. Reyes has made some bipartisan moves in the past, including praising the nomination of former CIA Director Robert M. Gates to be the next defense secretary.

Pelosi Picks Reyes For Intelligence Panel Chairman (HILL)

By Josephine Hearn

The Hill, December 1, 2006

Pleasing Hispanic lawmakers and ending weeks of speculation, Speaker-designate Nancy Pelosi (D-Calif.) named Rep. Silvestre Reyes (D-Texas) chairman of the House intelligence committee Friday morning.

A veteran and former border patrol agent, Reyes ranked third on the committee behind Reps. Jane Harman (D-Calif.) and Alcee Hastings (D-Fla.), both of whom Pelosi had already ruled out.

"Congressman Silvestre Reyes has impeccable national security credentials…When tough questions are required, whether they relate to intelligence shortcomings before the 9/11 attacks or the war in Iraq, or to the quality on intelligence on Iran or North Korea, he does not hesitate to ask them," Pelosi said in a statement.

In his own statement, Reyes said he would tackle the tough issues.

"I am honored by the serious responsibility that has been placed on my shoulders," said Reyes. "The Intelligence Committee oversees many activities that play a critical role in safeguarding our nation, and will address many of the challenges we are facing in Iraq and Afghanistan. It is important for the committee to ask the tough questions and enact strong policies to keep us safe while protecting the constitutionally guaranteed rights of Americans."

Reyes is the second Hispanic slated to lead a committee in the 110th Congress. Rep. Nydia Velazquez (D-N.Y.) is in line to chair the Small Business Committee.

Pelosi Names Reyes Intel Chair (RC)

By Jennifer Yachnin

Roll Call, December 1, 2006

Incoming Speaker Nancy Pelosi (D-Calif.) tapped Rep. Silvestre Reyes (D-Texas) on Friday morning to chair the House Intelligence Committee in the 110th Congress.

"Congressman Silvestre Reyes has impeccable national security credentials. He has served our country as a soldier in combat, a senior law enforcement officer on our southern border, and in Congress as a member of the Select Intelligence, Armed Services, and Veterans' Affairs Committees," Pelosi said of Reyes, who retired from the Immigration and Naturalization Services' U.S. Border Patrol in 1995.

The Texas lawmaker, who had been the third-ranking Democrat on the panel, will move ahead of current ranking member Rep. Jane Harman (D-Calif.) and Rep. Alcee Hastings (D-Fla.).

Democratic observers had widely expected Pelosi to pass over Harman for the chairmanship, giving the a tumultuous relationship between the California lawmakers in recent times.

"I offer my sincere congratulations to my friend and colleague Silver Reyes on being named Chair of the House Intelligence Committee," Harman said in a statement, and later added: "I will do everything I can to make the transition a smooth one. I remain passionate about the issues, and will stay actively involved in security matters on the Homeland Security and Energy and Commerce Committees, as well as with Secure U.S. — the political action committee I established last year to train candidates and elected officials on national security policies and messages."

"I leave this position with incredible respect for the women and men of the Intelligence Community. They operate in austere places often under cover and under fire, and I have visited with them in virtually every corner of the world," Harman said. "I pledge to them that I will continue to look after their interests and the interests of the intelligence industrial base that is largely centered in my congressional district in California."

The Speaker-to-be announced Tuesday that Hastings, the second-ranking Democrat on the panel, would not ascend to the chairmanship. Although she did not offer a specific reason, the decision came as Hastings had sought to quell concerns over his 1988 impeachment as a federal judge, which was the subject of numerous media reports in recent weeks.

In her statement, Pelsoi praised both Harman and Hastings: "All of the Democrats who serve on the Intelligence Committee in the 109th Congress will continue to be great resources on national security matters to the Democratic Caucus, the Congress, and the country."

Texas Democrat To Head House Intelligence Panel (WP)

By Jonathan Weisman

The Washington Post, December 2, 2006

DOJ_NMG_0100829

House Speaker-elect Nancy Pelosi (D-Calif.) named Rep. Silvestre Reyes (D-Tex.) to chair the House intelligence committee yesterday, skipping over the two most senior Democrats on the panel to hand the sensitive post to a Vietnam War veteran and former U.S. Border Patrol agent.

Pelosi signaled weeks ago that she would not elevate the panel's top Democrat, Rep. Jane Harman (Calif.), to the chairmanship and announced this past week that she would also pass over Rep. Alcee L. Hastings (D-Fla.), who could not overcome the stigma of his 1988 impeachment and 1989 removal from a federal judgeship.

Reyes, a five-term House member from El Paso, is a well-liked Democrat. And now, as a key party spokesman on national defense issues, he becomes perhaps the most visible Latino in Congress.

"Congressman Silvestre Reyes has impeccable national security credentials," Pelosi said. "When tough questions are required, whether they relate to intelligence shortcomings before the 9/11 attacks or the war in Iraq, or to the quality of intelligence on Iran or North Korea, he does not hesitate to ask them."

Reyes signaled that he will use his post to confront the Bush administration on national security and intelligence issues that he said Republicans have shied away from.

"On warrantless tapping, on their policy on detention and interrogation, their policy on secret prisons, all of those have undermined our position in the world," Reyes said in an interview yesterday. "And we have been complicit in Congress by rubber-stamping everything the administration has proposed."

"It's a good, solid appointment," said former congressman Timothy J. Roemer (D-Ind.), a member of the bipartisan commission that examined the attacks of Sept. 11, 2001.

But Reyes has been linked to past controversies. The inspector general of the government's General Services Administration looked into the serious failures of a $239 million network of cameras and sensors along the Mexican and Canadian borders, an investigation that focused in part on the contractor's employment of Reyes's daughter Rebecca.

Reyes has been a key backer of the system and its contractor, International Microwave Corp. Shortly after its 1999 contract award, the firm hired Rebecca Reyes to serve as a liaison to what was then the Immigration and Naturalization Service. She ultimately became IMC's vice president for contracts. IMC also hired her brother, Silvestre Reyes Jr., as a technician on the program, known as the Integrated Surveillance Intelligence System, or ISIS.

Rep. Reyes said that he never interceded on his daughter's behalf or with U.S. officials to help her company win a contract, and that he backed the firm's search for funding only because he supports the system of border sensors and cameras. And, he said, the investigation was concluded with no charges of improprieties by the company, his daughter or himself.

The choice of a House intelligence chairman has been a difficult one for Democrats. Pelosi's decision to skip over Hastings angered the Congressional Black Caucus, prompting some consideration of Rep. Sanford Bishop (D-Ga.). Bishop, an African American, had been bumped from the committee in 2001 to make room for Harman, who returned to the House after an unsuccessful gubernatorial bid.

The Congressional Hispanic Caucus launched its own campaign for Reyes, a past caucus chairman. While African Americans will chair four House committees next year, including the powerful Ways and Means and Judiciary committees, Latinos were slated to head only one, the small-business panel.

"We felt we needed more of a presence than that," said Rep. Raul M. Grijalva (D-Ariz.). "What the leadership has to understand is, as more of us are integrated into high-profile leadership positions, the more we can help in the long run to solidify this constituency with the party. That can only help the Democratic Party."

After the Vietnam War, Reyes served with the Border Patrol for a quarter of a century, from Texas to Georgia, rising to chief patrol agent in El Paso, where he cut the flow of illegal immigrants by more than half, an achievement that propelled him to the House.

Reyes's task now will be to balance the need for bipartisanship on a sensitive committee with the demands of many Democrats, including Pelosi, to push the Bush administration hard on its program of warrantless wiretapping of terrorism suspects, its network of secret CIA prisons and the scandals left largely unexplored by Republicans, such as the role of intelligence officials in Iraq's Abu Ghraib prison.

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"How do you make a committee that's supposed to work in a bipartisan way work that way and keep the support of the caucus?" Roemer asked. "That is a delicate balance."

Next Chairman For Intelligence Opposed War (NYT)

By Mark Mazzetti, Jeff Zeleny

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — Representative Nancy Pelosi, the incoming House speaker, sent a strong new signal on Friday that Democrats intend to confront the White House by naming a Texas congressman who opposed the war in Iraq as the next chairman of the House intelligence committee.

This choice, of Representative Silvestre Reyes to head one of Congress's most important committees, ended weeks of closed-door lobbying and public posturing among Democrats who had been competing for the post. By choosing Mr. Reyes, a former Border Patrol agent and Vietnam combat veteran, Mrs. Pelosi passed over the panel's top Democrat, Representative Jane Harman of California, a more hawkish figure who voted to authorize the war in Iraq and a political rival with whom Mrs. Pelosi has long had a stormy relationship.

Mr. Reyes, an affable West Texan, has a far lower profile in national security circles than does Ms. Harman, an outspoken and strong-willed centrist who has become a regular guest on Sunday talk shows since the Sept. 11 attacks.

But Mrs. Pelosi chose him over Ms. Harman in part because he has repeatedly taken a more combative stance toward Bush administration policies like the invasion of Iraq, military tribunals for terrorist suspects, and the National Security Agency's domestic surveillance program.

Mr. Reyes voted against authorizing President Bush to go to war with Iraq, and in June he said that the failures in Iraq "cry out for oversight."

In September, Mr. Reyes blasted the White House's justifications for the National Security Agency wiretapping program.

"I take very seriously our obligation to provide the president with the tools that he needs to provide for national security," he said, "but I also reject the notion that the authorization for use of military force allows the president to ignore the Fourth Amendment and conduct warrantless surveillance on American citizens."

The choice of an intelligence committee chairman had emerged as the second controversial decision in the early leadership tenure of Mrs. Pelosi. Committee chairmanships are normally decided by seniority, but it is Mrs. Pelosi's prerogative to choose someone else.

Last month, the Democratic caucus soundly rejected Mrs. Pelosi's choice for majority leader, electing Steny H. Hoyer of Maryland over John P. Murtha of Pennsylvania. Then, the signal by Mrs. Pelosi that she intended to bypass Ms. Harman for the intelligence post stirred dissent among moderate Democrats, particularly members of the conservative Blue Dog Coalition, who mounted a campaign for Ms. Harman.

Ms. Harman made the case publicly that the centrist course she had taken on national security issues would be crucial to the Democrats maintaining a majority in Congress. Alcee L. Hastings, a liberal Florida congressman who was one of Ms. Harman's competitors for the position, had also been marshaling support to his side, and had the backing of the powerful Congressional Black Caucus.

But Mr. Hastings, who was impeached and removed from a federal judgeship in 1989 because of a bribery scandal, was opposed by conservative Democrats and ultimately deemed by Mrs. Pelosi to be too controversial for the position.

Mrs. Pelosi called Ms. Harman on Friday morning to deliver the news, and the two Californians spoke for about 10 minutes, according to people familiar with both sides of the conversation. Mrs. Pelosi thanked Ms. Harman for her "service and intellectual contribution."

Ms. Harman, though, beat Mrs. Pelosi to the punch in announcing the news. In a break of political protocol, she sent out a statement congratulating Mr. Reyes before Mrs. Pelosi's office had even made the appointment official. In a statement on Friday, Ms. Harman gave her "full and enthusiastic support" for Mr. Reyes and pledged to "stay actively involved in security matters."

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Representative Lincoln Davis, Democrat of Tennessee, was one of the Blue Dog Democrats who signed a letter to Mrs. Pelosi last month urging her to select Ms. Harman. It was Ms. Harman's instruction on intelligence matters, he said, that helped several Democrats win election and defuse the charge that Democrats are soft on national security.

"Obviously, some of us would have been happier with Jane Harman. She has a grasp of national intelligence issues," Mr. Davis said in a telephone interview on Friday from his district in Middle Tennessee.

"I really don't know what the problem is," he added. "They are both from California, you know."

But Mr. Davis also said that Mr. Reyes was an excellent compromise and he predicted the storm would quickly blow over inside the Democratic caucus.

Representative Anna G. Eshoo, a California Democrat who sits on the Intelligence Committee and is close to Mrs. Pelosi, said that Mr. Reyes's low profile would serve him well in the new job.

"He doesn't shoot from the lip. He's not a showboat," Ms. Eshoo said in a telephone interview Friday from California. "He doesn't alienate people when he offers his views. He's firm, yet he's open-minded."

Born and raised in Canutillo, Tex., a town on the outskirts of El Paso, Mr. Reyes was drafted into the army and spent 13 months in Vietnam as a helicopter crew chief. He lost hearing in his right ear when an explosion rocked his bunker there. Shortly after returning from Vietnam he began what would become a 26-year career in the Border Patrol.

After retiring from the Border Patrol in 1995, he was elected to Congress the next year and has served on the Intelligence Committee since 2001. He will become the seventh Hispanic representative to lead a full House committee.

But he will inherit a committee that in recent years has become one of Congress's most dysfunctional and partisan panels.

The past two months have been particularly rancorous, beginning in October when Ms. Harman released the findings of a committee investigation over the objection of the panel's chairman, Representative Peter Hoekstra, Republican of Michigan.

Soon afterward, Mr. Hoekstra suspended the access of a Democratic staff member to classified material on the suspicion that he was the source of a leaked National Intelligence Estimate on global terrorism.

The staff member, Larry Hanauer, was later cleared of wrongdoing.

Pelosi Hopes Pick Will End Turmoil (WSJ)

By David Rogers, Jay Solomon

The Wall Street Journal, December 2, 2006

WASHINGTON -- In picking Texas Rep. Silvestre Reyes to lead the House Intelligence Committee, Democrats hope to have found both a solid chairman and an end to weeks of speculation that have roiled the party.

John Negroponte, director of National Intelligence for the Bush administration, said Mr. Reyes's background, including six years on the panel, "ideally qualifies him for this important chairmanship." But the selection process has been a distraction for future House Speaker Nancy Pelosi. Even now, her choice faces some skepticism in the intelligence community -- ironically, because of Mr. Reyes's travels with a Republican.

A helicopter crew chief and door gunner in Vietnam, Mr. Reyes won a seat on the House Armed Services Committee early in his career before also being named to Intelligence in 2001. As a member of Armed Services, he has frequently traveled overseas as part of delegations led by one of the panel's most senior and controversial Republicans, Pennsylvania Rep. Curt Weldon.

Mr. Weldon, who was defeated in last month's midterm elections, has made high-profile stops in North Korea, Libya and Russia in recent years, and has been outspoken about the threat posed by Iran. An August 2003 trip included a stopover in Paris that drew the ire of the Central Intelligence Agency, according to two recently retired members of the agency's Directorate of Operations.

Included was a meeting at a Paris hotel with group of Iranian exiles to discuss Iran's alleged role in terrorism and developing weapons of mass destruction. Among the leaders of the Iranian delegation was Manucher Ghorbanifar, a central figure in the Reagan administration's Iran-Contra scandal and a man the CIA had accused of providing bogus intelligence to the Americans.

In an interview Friday, William Murray, who was the CIA's station chief in Paris at the time, said he tried to prevent the lawmakers from going to the meeting after he learned that Mr. Ghorbanifar would be attending. But he said that his advice went unheeded. "Reyes was one of the guys who met with Ghorbanifar," Mr. Murray said.

Mr. Reyes's office said Friday that he has never met with Mr. Ghorbanifar, and didn't attend the hotel meeting during the Paris stopover.

The significance of the trip, in any case, is a matter of dispute. Some critics argue that going against the advice of a CIA station chief is naive. Others say Democrats on a Republican-led delegation have a responsibility to attend all meetings, and going against a local CIA officer's advice isn't without precedent for traveling lawmakers.

With his elevation, Mr. Reyes vaults past two more senior members of the Intelligence panel who had openly campaigned for the post: Reps. Jane Harman of California and Alcee Hastings of Florida. Both had liabilities for Ms. Pelosi.

Ms. Harman has exhausted the customary time allowed for service on the panel, and as the top Democrat in recent years, her tenure was marked by frequent turnover in staff. Mr. Hastings, next in line, was impeached as a federal judge and removed from the bench before being elected to Congress.

In announcing her choice, Ms. Pelosi took care Friday to praise both Reps. Harman and Hastings. But the weeks of speculation had become a costly distraction for Ms. Pelosi, and especially aggravating for her, given her own history of serving on the Intelligence Committee.

No modern leader of the House has ever served as long on the panel as Ms. Pelosi, and as the future speaker, she is empowered to single-handedly appoint the chair and members for the new Congress. Yet she found her discretion being challenged by many in the Washington establishment, where Ms. Harman has her own following.

This pressure has increased since Ms. Pelosi defied expectations last month by publicly interceding on behalf of Rep. John Murtha (D., Pa.) in his uphill and ultimately unsuccessful contest against Rep. Steny Hoyer (D., Md.) to become House majority leader.

Ms. Pelosi said she was backing Mr. Murtha out of friendship and in recognition of his speaking out against the war in Iraq. But in going against the establishment and then losing, she opened herself to more pressure from the Harman camp, which backed Mr. Hoyer.

Reyes To Lead House Panel On Intelligence (LAT)

By Greg Miller, Times Staff Writer

The Los Angeles Times, December 2, 2006

He is widely seen as a compromise candidate for Speaker-to-be Pelosi, who bypassed two more-senior members.

WASHINGTON — Incoming House Speaker Nancy Pelosi on Friday tapped Texas Congressman and former Border Patrol agent Silvestre Reyes to be the next chairman of the House Intelligence Committee, ending what had become a distracting fight among Democrats over who should get the influential post.

Reyes will occupy a key position for Democrats seeking to use their newfound majority status to challenge the Bush administration on a range of national security issues including conduct of the Iraq war, and the capture and interrogation of terrorism suspects abroad.

"One of the frustrations that I have felt has been a propensity for Congress to be a rubber stamp to just about anything the [Bush] administration has proposed," Reyes said in a telephone interview Friday. "I intend to be much more aggressive."

His appointment comes amid signs of a shake-up on the Senate Intelligence Committee. Senate aides said GOP leaders planned to remove Sen. Pat Roberts (R-Kan.) as the top Republican on the panel. Possible replacements include Sen. Orrin G. Hatch (R-Utah) and Sen. John W. Warner (R-Va.), the outgoing chairman of the Senate Armed Services Committee. A spokeswoman for Roberts declined to comment.

In selecting Reyes — widely viewed as a compromise candidate — Pelosi sought to quiet a controversy over her handling of personnel issues in assembling her leadership team. Pelosi, of San Francisco, had drawn criticism from some of her Democratic colleagues for deciding to bypass two more-senior members of the panel — Reps. Jane Harman (D-Venice) and Alcee L. Hastings (D-Fla.) — who had lobbied for the job.

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Harman, currently the senior Democrat on the intelligence committee, was pushed aside in part because of a political feud with Pelosi. Hastings was rejected largely over ethics concerns. In the 1980s, Hastings was forced to step down as a federal judge in Florida after being impeached by the House and convicted by the Senate of conspiring to accept a bribe from two defendants convicted in his court of racketeering.

Harman was viewed by some Democrats as being too reluctant to criticize the Bush administration over Iraq. Reyes, unlike Harman, voted against the war in a key 2002 vote.

In a sign that Democrats are eager to shift the focus away from the acrimonious competition for the job, Harman praised the selection of Reyes, saying he brings "great experience" to the position because of his years on the intelligence and armed services committees as well as in border enforcement.

Reyes, 62, has served on the intelligence committee since 2001, earning a reputation for diligence in focusing on border security and domestic threats. But current and former congressional aides said Reyes had yet to acquire a deep understanding of the issues and inner workings of the sprawling U.S. intelligence community.

"He's a thoughtful member, well respected by other members and staff," said a former senior Republican aide on the committee who spoke on condition of anonymity. "He's a solid guy. But he's still in the process of learning the business."

Reyes will be expected by Democrats to carry out an aggressive oversight agenda, and to bring fresh scrutiny to an array of classified intelligence operations and programs launched by the Bush administration after the Sept. 11 attacks. He also faces the challenge of leading a panel that has become increasingly partisan.

In recent years, the House Intelligence Committee has been less aggressive than its Senate counterpart in investigating intelligence failures including erroneous prewar claims about Iraq's alleged stockpiles of biological and chemical weapons.

At the same time, a series of highly classified intelligence operations authorized by President Bush have been exposed in the media — including the secret transfers of terrorism suspects overseas and the wiretapping of international phone calls made by U.S. citizens.

Reyes said he intended to examine these intelligence programs and others.

"I think in general terms we have seen the erosion of what our traditional American values are in terms of techniques that are used to interrogate, secret prisons, wiretapping of American citizens," he said.

In a statement, Pelosi said Reyes "has impeccable national security credentials" and would serve as a "zealous protector of the civil liberties that define us as a nation."

Reyes was elected to Congress in 1996 after a 26-year career in the U.S. Border Patrol, where he was sector chief in El Paso. He is also a Vietnam War veteran who earned a Purple Heart for injuries that left him without hearing in his right ear.

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Defense Nominee's Business Ties Raise Concerns (LAT)

By Walter F. Roche

The Los Angeles Times, December 2, 2006

WASHINGTON — In the 14 years since he left government, former CIA director Robert M. Gates has jetted cross-country to advise 10 different companies, assessing issues as varied as Saudi oil drilling, mutual fund performance and restaurant sales at Romano's Macaroni Grill.

"I first sought him out because I considered him to be of exceptional good judgment and intelligence," said Rodney B. Mitchell, president of the Mitchell Group, a Houston investment firm that used Gates as a senior advisor. Impressed with Gates' recent performance as president of Texas A&M University, Mitchell believed Gates offered "pragmatism" to a firm that aims "to exploit the rapidly changing dynamics of world energy markets."

But as Gates awaits Senate confirmation as President Bush's secretary of Defense, ethics watchdogs worry about the revolving door between government and private business that allowed Gates to align himself with defense contractors, investment houses and a global drilling company involved with Vice President Dick Cheney's former employer, Halliburton Co.

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Companies with which Gates has been affiliated have secured hefty no-bid Pentagon contracts, and "you have to wonder if these companies will continue to get around bidding requirements once Gates is secretary," said Alex Knott, political director of the Center for Public Integrity, a Washington-based watchdog group.

Common Cause, another nonprofit watchdog, believes Gates should take steps now to insulate himself, including placing his stock holdings — some of which he acquired in return for board service — in a blind trust to avoid conflicts of interest with companies seeking federal work.

A criticized administration

The Bush administration has been dogged by allegations that past corporate affiliations of administration officials led to favored treatment in federal contract awards. Much of the criticism has focused on Cheney's relationship with Houston oil services giant Halliburton, which has secured $1.5 billion in no-bid contracts for reconstruction in Iraq. Cheney was the firm's chief executive and retained Halliburton stock when he became vice president.

The Senate Armed Services Committee required outgoing Defense Secretary Donald H. Rumsfeld to divest himself of defense-related stocks to avoid conflicts. But it allowed him to keep holdings worth as much as $25 million in Gilead Sciences Inc., a California company that developed a drug used to treat bird flu.

Gilead, for which Rumsfeld served as board chairman, has seen its stock prices soar with sales to the Pentagon and other government customers. Rumsfeld, who through the Pentagon has denied any conflict, reported $5 million in Gilead capital gains in 2005.

In preparation for hearings set to begin next week, the armed services panel has asked Gates to complete a standard questionnaire about his corporate affiliations and stock holdings. Gates, in a 1994 opinion piece, compared the process of Senate confirmation to a "root canal," warning prospective public officials to prepare for scrutiny of every aspect of their personal finances and corporate relationships.

Financial disclosure forms filed in recent years with the Texas Ethics Commission show that Gates juggled various corporate relationships with his job as Texas A&M president. The university last year paid him $525,000 in salary, and he nearly doubled his income through outside directorships, Securities and Exchange Commission documents show.

Gates' personal holdings have grown substantially since he left government, when he had no more than $165,000 in savings and retirement accounts. Now, he has $1.1 million in holdings with Fidelity Investments, as well as stock holdings in some of the companies where he has served as director.

Links to contractors

Gates' relationships with defense companies date to 1993, soon after he left government after 27 years in intelligence work. He joined the board of SAIC, which is a contractor for the Pentagon, CIA and other federal agencies. Gates' brief tenure came as the company weathered a Justice Department investigation into defense contract irregularities that it eventually settled for $2.5 million.

Gates later served on the advisory board for VoteHere, an electronic voting machine firm tied to SAIC, and on the boards of defense contractors TRW, now part of Northrop Grumann Corp., and the Massachusetts-based Charles Stark Draper Laboratory.

Gates' knowledge of international issues won him a place on the board of Houston-based Parker Drilling Co., a global firm with 3,000 employees and operations in 10 countries. Gates earned $52,000 last year from the company, which values his "unique background and experience," spokeswoman Rose Bratton said. A Parker proxy statement reports that Gates owns 12,000 shares — worth more than $115,000 at Friday's stock price — with rights to acquire 60,000 more.

Parker reports that Halliburton is a "significant customer," often leasing equipment for international projects. Parker has partnered with Halliburton in a major drilling project in southern Mexico and in smaller efforts, such as a rig worker training program in Russia.

Gates' largest source of outside income last year, at $373,000, was from Boston-based Fidelity Investments, one of the world's largest investment houses. Gates' Fidelity holdings are described as deferred compensation, according to his disclosures.

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Gates said recently that he would resign from Fidelity's board, on which he has served for nine years. Elected last year as chairman of the board's independent directors, Gates and his group oversee 345 mutual funds, including ones featuring U.S. defense and energy stocks.

He commuted from Texas for 11 board meetings a year, once noting that he had missed only one meeting because of a conflict with a college event. Gates' Fidelity salary was set by the independent directors.

Independent directors are charged with protecting the interests of individual investors, but, Fidelity spokesman Vin Loporchio said, the directors "are not involved in stock selection."

Gates also is on the board of Ohio-based NACCO Industries Inc., which has a mining division and manufactures forklift trucks and household appliances. Gates holds at least 1,000 shares of NACCO stock, according to his disclosures, worth about $149,000 Friday.

Gates reports other fees as a board member of Brinker International, a food service company with 1,400 family-style restaurants, including Chili's and Macaroni Grill.

Key Rumsfeld Aide Resigns (AFP)

AFP, December 2, 2006

WASHINGTON (AFP) - The Defense Department's top intelligence official will resign at the end of the year, the Pentagon announced.

Stephen Cambone, undersecretary of defense for intelligence, is the most senior Pentagon official to announce he is leaving since US Defense Secretary Donald Rumsfeld tendered his resignation last month.

Cambone, who came to the Pentagon with Rumsfeld in January 2001, has been a key player in his efforts to transform the US military into a lighter, high tech force and in carving out a larger role for US military intelligence.

The Defense Department expanded espionage and other covert intelligence gathering activities under Cambone, drawing criticism from some in Congress that it was intruding on turf traditionally dominated by the CIA.

General Michael Hayden, the CIA director, said in a radio interview November 22 that reports of tension between the CIA and the Pentagon over its intelligence gathering programs were exaggerated.

"There is a bit of an urban legend out there, that the distance between here and the Pentagon, which is about seven miles down the river, is the line of confrontation," Hayden told WTOP radio. "That's simply not true."

"The Defense Department performing additional intelligence tasks is good news for America; it brings more resources to a problem we have discussed as being very, very difficult," he said.

"The only question, of course, is like any team, that the performance and activities of the new players are coordinated with the squad already out there on the field. And I have to tell you, that activity is coordinated."

Hayden said Robert Gates, a former CIA director who has been tapped to replace Rumsfeld, would reinforce "the success that we've had under Secretary Rumsfeld, and frankly, with Under Secretary for Intelligence Steve Cambone."

In its announcement, the Pentagon said Cambone had no specific plans after his departure December 31 but "looks forward to spending more time with his family."

Cambone is one of the last members of the original team that came to the Pentagon with Rumsfeld, who announced his resignation November 8.

Pentagon Intelligence Chief To Step Down (AP)

By Lolita C. Baldor,

AP, December 2, 2006

Stephen A. Cambone, the Pentagon's top intelligence official and a close ally of Defense Secretary Donald H. Rumsfeld, will step down at the end of the year, becoming the first key department member to leave in the wake of Rumsfeld's resignation.

It had been widely speculated that Cambone, the undersecretary of defense for intelligence, would resign as the Pentagon prepares for the expected Senate confirmation of a new defense chief — former CIA director Robert Gates.

The Pentagon's intelligence-gathering has come under fire during Cambone's tenure, with critics accusing the Defense Department of trying to take expanded control over the nation's intelligence activities.

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Cambone was in charge of intelligence when it was disclosed a year ago that a Pentagon database of suspicious activities contained the names of anti-war groups that had been found not be security risks. Cambone ordered a review of the program.

Pentagon spokesman Lt. Col. Todd Vician said Gates did not request Cambone's resignation.

"This was an independent decision," said Vician. "Dr. Cambone decided that now is a good time for a change to enable him to spend more time with his family."

Cambone came to the Pentagon with Rumsfeld in January 2001, and served in three other top level posts before taking over the intelligence job in March 2003.

The Red State Of The Holiday White House (WP)

By Amy Argetsinger, Roxanne Roberts

The Washington Post, December 2, 2006

George and Laura Bush hosted the first of 24 White House holiday-season parties last night (nah, we didn't get an invite, either), just hours after the first lady unveiled this year's decorations, inspired by the mansion's Red Room.

The look: Two 12-foot trees covered in poinsettias greeted guests in the Grand Foyer, along with vases of red carnations, lots of candy canes, cranberry topiaries and 4,638 shiny red balls on the trees and garlands. The 18-foot Douglas fir in the Blue Room is decorated in glass, crystal and that cottony kind of fake snow, as well as tiny red bows.

The showstopper: Because she hasn't found a replacement for pastry chef Thaddeus DuBois, the first lady persuaded his predecessor, Roland Mesnier, to make the 300-pound gingerbread White House on display in the State Dining Room. Tiny renderings of Barney and Miss Beazley sit in Santa's sleigh on the rooftop; Willie the cat lies under a small birdhouse; 800 icing snowflakes cover the house.

The menu: New executive chef Cristeta Comerford added some Bush favorites to the traditional holiday buffets -- mini-chicken-fried steaks with white onion gravy, sweet potato souffle and tamales, which the Texans always eat on Christmas Eve.

During a round of early-morning interviews, the first lady said the tree upstairs in the private residence is covered with family ornaments. No word whether the twins will be home for Christmas, but they'll open presents that morning. "George's family has a very strict rule that it's Christmas Day," she told ABC. "My family always opened on Christmas Eve. But he's the president, so he gets his way on Christmas Day."Gearing Up for Honorable Mentions

It's time for the annual Hollywood-on-the-Potomac schmoozefest -- this weekend's Kennedy Center Honors, where a cluster of A-list stars will line up for Sunday's red-carpet tribute. It's always fun to guess which celebs will show up to salute the honorees -- this year, the awards go to Dolly Parton, Steven Spielberg, Smokey Robinson, Andrew Lloyd Webber and Zubin Mehta. The list of presenters is super-secret, but be on the lookout for Reese Witherspoon, Jessica Simpson, George Lucas, Berry Gordy, Barbara Cook, Sarah Brightman, Barbara Walters, Ron Silver, Arthur Mitchell and Christine Ebersole. (Alas, newly single Kid Rock, a member of the "artists committee" for the honors and a guest in previous years, is not scheduled to attend.)

Write us at reliablesource@ washpost.com if you spot them around town; bonus points if you catch Reese or Jessica with hot new boy toys.

LOVE, ETC.

Engaged: "Desperate Housewives" star Eva Longoria, 31, and her San Antonio Spur sweetie of two years, Tony Parker, 24. Her rep says we should look for a big wedding next summer in Parker's homeland of France, "with lots of family and friends" -- and paparazzi in helicopters.

Born: A daughter, to acclaimed hipster filmmaker Sofia Coppola and her French rock-star boyfriend, Thomas Mars, Tuesday in Paris. They named her Romy, and you just know she's going to be the coolest kid in pre-K.

SURREAL ESTATE

Buyer: Evan and Cindy Jones

Price: $16 million

Details: The chief executive of Maryland biotech giant Digene and his socially prominent wife just purchased a four-acre waterfront lot on Nantucket -- one of the highest prices ever paid for a property on the exclusive Massachu- setts island. Jones, 49, just gave up day-to-day operations of the company to spend more time doing fun things such as sailing. A 100-year-old house

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on the land will become a guesthouse, and the couple are building a new home for themselves overlooking the harbor -- all the better to keep an eye on their 44-foot-long sailboat.

Bush Says AIDS Can Be Defeated (AP)

AP, December 1, 2006

WASHINGTON — President Bush marked Worlds AIDS Day on Friday by declaring: "The pandemic of HIV/AIDS can be defeated."

Bush and first lady Laura Bush met in the Roosevelt Room with Health and Human Services Secretary Michael Leavitt, U.S. Global AIDS Coordinator Mark Dybul and community leaders from the U.S. and Africa.

"It's a day for the world to recognize the fact that there are 39 million people living with HIV/AIDS," Bush said. "And a day to remember the fact that 25 million people have died of AIDS."

Bush's AIDS initiative, announced in 2003, is the largest international health initiative dedicated to a single disease.

It targets 15 countries that are home to about half of the world's 39 million people who are HIV-positive. The countries are: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam and Zambia.

The Bush initiative committed $15 billion over five years to support treatment for 2 million people, prevention for 7 million and care for 10 million. The White House says that today, more than 800,000 people are receiving lifesaving drugs.

Adding the 770,000 people treated with the drugs through the Global Fund to Fight AIDS, Tuberculosis and Malaria means that more than 1 million people living with AIDS are being treated worldwide. The Global Fund is a public-private partnership that has committed $6.8 billion to fight the three diseases in 136 countries.

"Four years ago, almost nobody in Africa and elsewhere in the developing world was receiving treatment," said Richard Feachem, director of the Global Fund. "That well over 1 million people with AIDS are on now on treatment through the support of Global Fund and PEPFAR is a remarkable achievement. We must now build on this progress to reach the millions more who are still in urgent need."

While the president's treatment program is widely praised, critics of Bush's initiative complain that not enough is being done to prevent people from contracting HIV.

Richard Holbrooke, former U.S. ambassador to the United Nations who now leads the Global Business Coalition on HIV/AIDS, said the treatment program might not be sustainable, because the number of people with HIV continues to grow. According to the U.N. agency on AIDS, there will be 4.3 million new infections this year.

Proponents of the Bush initiative argue that a three-pronged HIV prevention strategy — emphasizing abstinence, fidelity and condom use — offers people the best options to protect themselves from AIDS. Democrats in Congress have condemned a provision in the Bush initiative that requires that 33 percent of all money committed to prevention programs be spent to promote abstinence. That restriction, they say, has more to do with conservative ideology than scientifically proven programs.

Bush also urged Congress to reauthorize the $2.1 billion Ryan White Care Act, the largest federal program specifically for people with HIV/AIDS.

Supporters say changes are needed in the act because AIDS has moved beyond urban centers into rural areas. But in September, they failed to overcome objections from senators in New York and New Jersey, states that stand to lose AIDS money under proposed revisions to the act.

Senate Democratic Leader Harry Reid said that in America, infection rates are skyrocketing in minority communities. HIV/AIDS is the leading cause of death for African American women ages 25-34 and the fourth leading cause of death for both African American and Hispanic women ages 45-54, he said.

"We can — and we must — do more to address this ongoing crisis," Reid said.

GSA Chief Seeks To Cut Budget For Audits (WP)

By Scott Higham, Robert O'Harrow

The Washington Post, December 2, 2006

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The new chief of the U.S. General Services Administration is trying to limit the ability of the agency's inspector general to audit contracts for fraud or waste and has said oversight efforts are intimidating the workforce, according to government documents and interviews.

GSA Administrator Lurita Alexis Doan, a Bush political appointee and former government contractor, has proposed cutting $5 million in spending on audits and shifting some responsibility for contract reviews to small, private audit contractors.

Doan also has chided Inspector General Brian D. Miller for not going along with her attempts to streamline the agency's contracting efforts. In a private staff meeting Aug. 18, Doan said Miller's effort to examine contracts had "gone too far and is eroding the health of the organization," according to notes of the meeting written by an unidentified participant from the Office of Inspector General (OIG).

The GSA is responsible for managing about $56 billion worth of contracts each year for the departments of Defense and Homeland Security and other agencies.

Doan compared Miller and his staff to terrorists, according to a copy of the notes obtained by The Washington Post.

"There are two kinds of terrorism in the US: the external kind; and, internally, the IGs have terrorized the Regional Administrators," Doan said, according to the notes.

Through a spokesman, Doan said she respects the inspector general's role and is not doing anything to undercut his independence. She also denied that she had referred to Miller, a former terrorism prosecutor, or his staff as terrorists.

"She's trying to reduce wasteful spending," said GSA spokesman David Bethel. "Just like any other office within GSA, she has asked the OIG to live within his budget, and she's hopeful that the IG is going to embrace that concept. She is not singling him out for this attention. She's not challenging the IG's independence. This is about fiscal discipline and reducing wasteful spending and creating a business environment that can be embraced by everyone.

"By law, she can't reduce the IG's independence, and she's aware of that."

Doan, who was confirmed as administrator May 26, has publicly criticized Miller on other occasions. In her Nov. 10 annual report, Doan stated there was only one GSA manager unwilling to "confront programs and policies that had outlived their usefulness and were wasting taxpayer money." She later told Miller that she was referring to him, according to officials familiar with Doan's statement who asked not to be identified for fear of retribution.

Doan also complained in the annual report that Miller was being "unsupportive of recent changes" and said vendors and government contracting officials had reported that his auditors and investigators were exerting "undue pressure."

Bethel said yesterday that Doan's statement in her annual report "speaks for itself," and he declined to elaborate.

Miller declined to discuss his relationship with Doan.

"Let's keep our eyes on the larger picture, which is that GSA's $60 billion operations need to have objective and independent scrutiny," Miller said. "My office provides that public scrutiny. Not everyone is happy with this level of scrutiny. Nevertheless, my task is to keep our office focused on fulfilling our mission of working with GSA to enhance the quality and effectiveness of the services it provides, protect the integrity of GSA operations, and to keep fraud, waste and abuse away from its doorstep."

Before joining the GSA in August 2005, Miller served as a federal prosecutor and worked on the government's case against al-Qaeda terrorist Zacarias Moussaoui.

Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, has written to Doan expressing his concerns.

"The primary mission of the IG in your agency and every other government agency is to be a sentry standing guard against fraud, waste, and abuse wherever it occurs regardless of circumstances," Grassley wrote on Oct. 20. "This cannot be accomplished if the IG's independence is impaired or hindered by the agency in any way, shape, or form."

Doan responded by acknowledging his concerns and saying she was mainly focusing on balancing her agency's budget.

"Please be assured that I do not -- and should not -- decide which audits or investigations the IG pursues," she wrote to Grassley. "That would be inappropriate."

Inspector general's offices were given by Congress a mandate to operate as independent watchdogs in the executive branch, working on behalf of taxpayers to guard against wasteful spending. The Inspector General Act of 1978 stated: "Neither

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the head of the establishment nor the officer next in rank below such head shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation."

The GSA inspector general's office's audits have helped the agency recover billions of dollars in recent years from flawed or fraudulent contracts. Some vendors and government workers have complained that the audits have made contracting more cumbersome than necessary.

Soon after Doan was nominated to lead the GSA this spring, she promised outside vendors that she would make contracting with the agency much easier for both government bureaucrats and corporations. After she assumed the post, she began trimming the budget proposal of the inspector general's office. She wrote in her annual report that the office's budget and staff had "grown annually and substantially" in the past five years.

Since 2000, the number of employees in the inspector general's office has grown from 297 to 309, according to the office.

In August, a budget official in the inspector general's office described Doan's efforts to cut funding and to limit the number of audits as "unprecedented," according to an e-mail obtained by The Post. The official, John C. Lebo, said that "for the first time in memory, the Budget Office changed or deleted portions of our budget without notifying us prior to their changes."

Lebo, who has since left the agency, said the changes were troubling.

"The Administrator's Office wants to change the IG's overall approach from independently rooting out crime, fraud and abuse, to one in which the OIG is a team player working with GSA," he wrote.

Remark By Webb Arouses Passions (WP)

By Michael D. Shear

The Washington Post, December 2, 2006

RICHMOND, Dec. 1 -- An icy exchange between President Bush and Virginia Sen.-elect James Webb that was made public this week has turned Webb into something of a folk hero among critics of the president, who have longed for someone to challenge his bravado.

At the same time, Webb's refusal to play the gentlemanly political games so common in Washington has angered conservatives and renewed questions about how well he fits with other politicians in a sharply divided Congress, where compromise will be key.

"He already has become what Washington did not need another of, a subtraction from the city's civility and clear speaking," conservative columnist George Will wrote Thursday.

On the campaign trail, Webb rarely minced words about Bush, repeatedly calling the Iraq war "a blunder of historic proportions." At the White House reception last month, Webb said, he tried to avoid interacting with the president. But when Bush walked up to Webb to ask about his son, a Marine in Iraq, Webb hinted at the campaign criticism.

"I'd like to get them out of Iraq, Mr. President," Webb said, according to a description of the conversation by several people familiar with the exchange. Webb confirmed the account this week.

"That's not what I asked you," Bush replied. "How's your boy?"

"That's between me and my boy, Mr. President," Webb responded.

Norman J. Ornstein, a resident scholar at the American Enterprise Institute, said that in the short run, the incident will boost Webb's standing among the part of the electorate that is angry about the Iraq war and eager to see Bush blamed for it.

"People will see he deeply cares about this issue and is willing to stand up to the president," Ornstein said. "He's not going to be driven by the normal proprieties in this business."

Virginia Attorney General Robert F. McDonnell (R), whose daughter was stationed in Iraq this year, said it was Webb who turned the president's question into an issue.

"I understand having a child over in harm's way in Iraq. You take the situation over there much more personally," McDonnell said. "The problem for Mr. Webb is he's got to learn a little bit better about having a sense of decorum. To be an effective U.S. senator, you have to deal in a collegial manner."

But Webb chief of staff Paul J. Reagan said the senator-elect is going to be effective once he takes office next month.

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"Sen.-elect Webb is looking forward to a successful term working with the administration and his colleagues in the Senate from both sides of the aisle on the critical issues facing the country," Reagan said. "He does not consider the incident two weeks ago to be consequential."

Ornstein said he doubts whether there will be any long-lasting impact for either Bush or Webb. The president has vetoed only one bill in the six years he has been in office, so it is unlikely he would veto Webb legislation just because of the brief conversation, Ornstein said.

And Webb's influence is likely to extend beyond individual bills. His military background -- and now his reputation for speaking bluntly -- will give him more power in the Senate on the Iraq war and foreign policy, Ornstein said. Webb will serve on the foreign relations and armed services committees.

"The Senate always has a few iconoclasts," he said. "I think the president was trying to be a nice guy. It was classic Webb, in a way, because he feels so strongly about the war."

That is clearly how some people saw it this week.

Among hundreds of comments posted on The Washington Post Web site, many Virginia residents and others praised Webb's courage in standing up to Bush.

"Webb is someone who is going to bring things to [Bush's] attention and let him know that not all these fawning bureaucrats represent what's going on in the nation," said Robert A. Brunner, 79, a retired chef in Fossil, Ore.

"You get the impression that these are all back-slapping cronies and wheeling dealing" in Washington, Brunner said. "I really think he needs someone to pull him up short and say, 'Hey, this is reality.' "

John Zemler, 45, a retired Army captain who teaches scripture and theology at Marquette University, said he was impressed by Webb's rejection of the niceties of Capitol Hill politics.

"I hate when someone campaigns on being different, and then they go to Washington and they're just another gray suit with a red or blue tie," he said. "I don't see that in Jim Webb."

But the conversation rankled others in the country, who said the president was trying to be kind by asking about Webb's son. Many said Webb's responses violated basic tenets of politeness and respect for the presidency.

In an opinion piece published Friday in the Washington Times, R. Emmett Tyrrell Jr., a founder of the conservative American Spectator newspaper, compared Webb to Sens. Hillary Rodham Clinton (N.Y.) and John F. Kerry (Mass.), National Committee Chairman Howard Dean, former vice president Al Gore and "so many other Democratic notables as a rebarbative blowhard with whom you would not want to share a gondola."

Tyrrell accused Webb of "boorish behavior" and said he "is going to be a vast source of amusement, and he will fit in nicely with the unpleasant pols whose political base is the Angry Left."

Teri Meintel, 47, a health-care worker from Richmond, was equally critical of Webb.

A single mother of six and the daughter of a military father, she said that she was embarrassed for Virginians and that Webb treated the president with disrespect.

"It was such a Dixie Chick thing to do," she said, referring to the band whose lead singer was ridiculed for insulting Bush in 2003. "Nothing personal against the Dixie Chicks. But you can have all the opinion you want that he's wrong. But he's still the president."

Meintel, whose son is in the military serving in Kosovo, said Webb's reaction to Bush's question seemed designed to make a point.

"I think that 'How's your son doing?' is the most bipartisan thing the president could ask him," Meintel said Friday. "What else is he supposed to say?"

Grace Under Pressure (WSJ)

By Peggy Noonan

The Wall Street Journal, December 2, 2006

We're going to need grace. We are going to need a great outbreak of grace to navigate the next difficult months.

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America is turning against a war it supported, for the essential reason that no one is able to promise a believable path to a successful outcome, and Americans are a practical people. It is not true that Americans are historical romantics. They are patriots who, once committed, commit on all levels, including emotionally. But they don't wake up in the morning looking for new flags to follow over old cliffs. They want to pay the mortgage, protect their children, and try to be better parents in a jittery time. They are not isolationist. They want to help where they can, and feel called to support the poor and the sick wherever they are. They are also, still, American exceptionalists, meaning they believe the creation of America -- the long journey across the sea, the genius cluster that invented the republic, the historic codifying of freedom -- was providential, and good news not only for us but the world. "And the glow from that fire can truly light the world."

Much has been strained. We were all concussed by 9/11 -- we reeled -- and came down where we came down. For the administration, extreme events prompted radical thinking. American exceptionalism was yesterday. They would be universalists, their operating style at once dreamy and aggressive: All men want the same thing, and we're giving it to them whether they want it or not. Now the dreamers hope to be saved by men -- James Baker, Vernon Jordan -- they once dismissed as cynics. And the two truest statements on Iraq are, still, Colin Powell's "You break it, you own it" and Pat Buchanan's "A constitution doesn't make a country, a country makes a constitution." Iraq has a constitution but not a country.

When history runs hot, bitterness bubbles. Democrats who should be feeling happy are, from what I've observed in New York and Washington, not. The closest they come to joy is a more energetic smugness. Republicans are fighting among themselves -- or, rather, grumbling. They haven't, amazingly, broken out in war, and if they did, no one would be debating if it were a civil war. It would be like Iraq, like a dropped pane of glass that is jagged, shattered, dangerous.

We will need grace to get through this time: through the discussion of the Baker-Hamilton report, through debate on the war, through a harmonious transfer of legislative power in January, through the beginning of the post-Bush era.

People often speak of an absence of civility in Washington, but that's not quite the problem. Faking civility is a primary operating style: "My esteemed colleague."

What is needed is grace -- sensitivity, mercy, generosity of spirit, a courtesy so deep it amounts to beauty. We will have to summon it. And the dreadful thing is you can't really fake it.

A very small theory, but my latest, is that many politicians and journalists lack a certain public grace because they spent their formative years in the American institution most likely to encourage base assumptions and coldness toward the foe. Yes, boarding school, and tony private schools in general. The last people with grace in America are poor Christians and religiously educated people of the middle class. The rich gave it up as an affectation long ago. Too bad, since they stayed in power.

The latest example of a lack of grace in Washington is the exchange between Jim Webb and President Bush at a White House Christmas party. Mr. Webb did not want to pose with the president and so didn't join the picture line. Fair enough, everyone feels silly on a picture line. Mr. Bush approached him later and asked after his son, a Marine. Mr. Webb said he'd like his son back from Iraq. Mr. Bush then, according to the Washington Post, said: "That's not what I asked you. How's your son?" Mr. Webb replied that's between him and his son.

For this Mr. Webb has been roundly criticized. And on reading the exchange I thought it had the sound of the rattling little aggressions of our day, but not on Mr. Webb's side. Imagine Lincoln saying, in such circumstances, "That's not what I asked you." Or JFK. Or Gerald Ford!

"That's not what I asked you" is a sentence straight from cable TV, from which many Americans are acquiring an attitude toward public and even private presentation.

Our interviewers and anchors have been taught, or learned, that they must show who's in charge, who's demanding answers, who's uncompromising in his search for truth. But of course they're not in search of truth; they're on a search for dominance.

Interviewers now always, as you have noticed, interrupt the person they're interviewing. Yes, they are trying to show who's in control of this conversation, and yes, they're trying to catch the interviewee off guard in hope of making news. They are attempting to keep trained and practiced politicians from launching unfruitful filibusters and boring everyone.

But interviewers also interrupt their subjects because they don't want the camera on the subject. They want the camera on themselves. They interrupt to keep the camera where it belongs. If they don't, the camera will stay on the interviewee and not the

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journalist, which will not help the journalist rise. They know their bosses, after all. They do not want the boss to say, "What an enlightening interview, who did it?" They want him to say, "You looked great, you were all over that guy, you grilled him!"

The Dominance of the Face leads to the inevitability of the interruption:

"Why did you vote 'no'?"

"I felt -- "

"But why'd you do it?"

"Well, the implications of the question, and the merits of the arguments seemed -- "

"That's not what I asked you!"

Because of this style, no one in America has been allowed to finish a sentence in the past 10 years. And it is not confined to cable but has spread to the networks, to government, and is starting to affect regular people, encouraging in them a conversational style that is not friendly or graceful, but depositional.

This has not contributed to the presence of grace in our public life. And too bad, because right now and for the next few months we'll need grace more than ever.

Coast Guard Finds Flaws In Converted Patrol Boats (WP)

By Renae Merle

The Washington Post, December 2, 2006

Months after a whistle-blower took to the popular Web site YouTube to warn of communications problems with converted patrol boats, the Coast Guard says it has stopped using the ships after finding structural problems that made them potentially dangerous.

In August, Michael De Kort, a former engineer at Bethesda-based Lockheed Martin, posted a 10-minute video saying there were blind spots in the ships' security cameras, equipment that malfunctioned in cold weather and other problems.

But the Coast Guard said yesterday that the problems that prompted the sidelining of the ships were structural. "They had nothing to do with secure communications," said Cmdr. Jeff Carter, the Coast Guard's chief spokesman.

The ships were part of a massive modernization program run by Lockheed Martin and Northrop Grumman to replace the service's aging ships and helicopters. But the four-year-old program has seen cost increases -- from $17 billion to $24 billion -- and run into technical and management problems. In an August report, the Homeland Security Department's inspector general said the department's oversight of the modernization was hampered by funding limitations and lack of experience with this type of program.

As part of the Lockheed-Northrop program, the Coast Guard initially planned to upgrade 49 patrol boats but stopped in 2005 after noticing problems with the hull and cracks in the deck. At that time, the eight ships already converted were put on restrictive duty that forbade them operating where the waves were higher than eight feet.

Then earlier this month, the Coast Guard's chief engineer, Rear Adm. Dale Gabel, began inspecting the ships after buckling in the structure underneath the main engine was reported on one of them. He found similar problems on other patrol boats as well as signs of hull weakness, Carter said. The Coast Guard was "not willing to put the crew's safety in jeopardy," he said.

The Coast Guard is studying how to fix the ships, which would incur additional costs for the modernization program, he said.

"We're confident that we can manage this," Carter said. "There will be some pain involved, of course, but we will continue to execute our mission."

Integrated Coast Guard Systems, the Lockheed-Northrop consortium that runs the program, said in a statement that it will assist the Coast Guard in "developing a cost effective solution that addresses their current patrol boat hours gap as well as understand the underlying reasons for the problems on the 123-foot cutters."

De Kort had posted his video on YouTube after complaining to his bosses, government investigators and congressmen.

His allegations are still under investigations by the Homeland Security Department's inspector general, said spokeswoman Tamara Faulkner.

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"I believe I am going to be told soon that my issues had merit, and that the majority if not all of them have not been taken care of," De Kort said in an interview yesterday. "However, it appears that with the hull and propeller issues, maybe some of my issues were second fiddle to the fact that the boat can't be operated."

How To Make College More Affordable (LAT)

The Los Angeles Times, December 2, 2006

COLLEGE AFFORDABILITY was one of the Democrats' main campaign promises this year. It was a pledge calculated as much to frustrate Republicans as to please working- and middle-class families. Who wants to oppose giving more students a chance at college?

The outgoing Congress had made itself curiously vulnerable on the issue, cutting funding for Pell Grants, which go to the most impoverished students, and moving too slowly to end unnecessary subsidies to private lenders, though the worst were eventually eliminated. To ease the situation, Democrats are suggesting four remedies. Three of them have merit.

• Increasing funding for Pell Grants and raising the maximum annual grant, which hasn't increased in four years, to $5,100 from $4,050. Only students in families that earn less than $45,000 a year qualify for Pell Grants. Last year, the average grant was lower than in 2003-04. Because many Pell students attend public colleges, the grants go a long way toward covering their expenses.

• Increasing to $12,000 from $4,000 the amount of college tuition that families can deduct from their taxes. Tax deductions are one of the few ways to make college more affordable for middle-class families, which often get insufficient financial aid and have difficulty paying for college costs that can hit $40,000 a year.

• Reviving the so-called Star program proposed by Sen. Edward M. Kennedy (D-Mass.), which foundered in Congress last year. Under this program, the federal government would expand its direct-loan program by offering loans through universities that choose to join, rather than through private banks. Much of the savings from this less-costly system would allow these universities to give more students financial aid.

Currently, about a fourth of federal loans are made through the direct program; increasing that to half would save up to $1 billion a year. But eliminating the subsidized private-lending program altogether isn't desirable either. Competition has made both programs more efficient. Kennedy's proposal strikes the proper balance.

The Star program should eliminate any need for the fourth Democratic proposal: cutting the interest rate for federal student loans in half, to 3.4%. The cut would cost about $3 billion a year but would reduce a graduate's monthly payment by only about 14%. The difference won't keep anyone from attending college.

Some Republicans have made the argument that giving students more financial assistance will only encourage colleges to raise their fees. This has it backward. Students need more financial assistance to cope with rising college fees. At any rate, Republicans would be better off working with Democrats to help make college more affordable for working families — of any political stripe.

Politician, Police Thyself (NYT)

By Josh Chafetz

The New York Times, December 2, 2006

WITH three-quarters of voters in the recent election saying that corruption and scandals helped determine how they cast their ballots, one of the first items of business for the Democrats in January should be putting their Congressional houses in order. Indeed, at the orientation sessions for members-elect last month, they were taught, in the words of incoming Representative Michele Bachmann, “how to hire a chief of staff, how to hire other staff, how to stay out of jail.”

But if the new leadership is going to get serious about ethics, it should think less about the legal system and more about its own internal disciplinary procedures. This has been a year of high-profile Congressional scandals — the names Cunningham, Jefferson and Foley spring to mind — but the reason discontent spreads beyond these members’ districts is a belief that their colleagues simply do not care to police themselves.

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The Constitution, however, provides for internal discipline as a major check on Congressional corruption — indeed, a check second in importance only to elections. Article I states that each house may "determine the rules of its proceedings, punish its members for disorderly behavior, and, with the concurrence of two thirds, expel a member."

For the founders, this was no idle threat. In England, Parliamentary self-discipline had always been the norm, and to this day it is the House of Commons itself, not the courts, that punishes members for bribery. (The same was true in America until a 1972 Supreme Court decision.) Members of the House of Commons found to have behaved corruptly were frequently expelled and sometimes imprisoned.

From 1690 to 1710, six members were expelled for corruption, and in 1695 the House sent the powerful Henry Guy, a royal favorite, to the Tower of London for more than two months for taking a bribe. In 1721, seven members were expelled for their role in the South Sea Company scandal, and two — including Chancellor of the Exchequer John Aislabie — were sent to the Tower.

In the United States, neither house of Congress has ever imprisoned a member, but it's clear that they have the power to do so. After all, the chambers have proven quite willing to imprison non-members for contempt (including, as early as the Fourth Congress, in 1795, for attempting to bribe a member of Congress). And the Houses' power to punish members is explicit, whereas their power to punish non-members — a power upheld by the Supreme Court in 1821 — is inferred from constitutional structure and parliamentary history. If Congress can imprison a non-member despite the lack of clear textual basis, then surely it can imprison a member, over whom it has explicit punishment powers.

Imprisonment aside, the houses have the powers of expulsion (with a two-thirds vote), censure or reprimand, fine and the stripping of seniority. Perhaps more important, they have the power to investigate — to bring corruption to light and thereby shame the member into resigning. If the member proves shameless, the investigation will, at the very least, provide fodder for opponents in the next election.

The two chambers do sometimes use these powers, but their use has been in decline since the courts started hearing cases related to Congressional misconduct in the 1970s. Dan Rostenkowski, who served 15 months in prison for his role in the House Post Office scandal in the 1990s, was never disciplined by the House. Although Tom DeLay was admonished by the House ethics committee, the House never took any action against him, either. Nor has any action yet been taken against William Jefferson, and the House ethics committee did not even open an investigation until after the Department of Justice made clear its interest in him.

Indeed, in the last 20 years, the two houses combined have reprimanded or "denounced" only four members and expelled only one. For three of the members (Representatives Austin Murphy, Barney Frank and Newt Gingrich), the punishments were so weak as to have no appreciable effect on their subsequent political fortunes. And James Traficant was expelled from the House of Representatives only after his conviction in federal court on charges including bribery and racketeering.

At a time when the public has routinely perceived Congress as corrupt, the House and Senate clearly are doing almost nothing to dispel that perception.

The leaders of the 110th Congress should prove that they are serious about governing in a more responsible way by reinvigorating Congressional self-discipline. Each chamber's ethics committee should have a regular and well-publicized system by which anyone can bring complaints against members.

These complaints should be taken seriously, and if initial investigation turns up evidence sufficient to warrant rational suspicion, the committee should hold open hearings. The hearings should not be dependent on or derivative of criminal investigations launched by the Justice Department. A good model might be the procedures used by the British Parliamentary Commissioner for Standards, an office created in 1995 and given the job of standardizing complaint procedures and conducting initial investigations into allegations of improprieties by members of Parliament.

Perhaps most important, in light of the Mark Foley page scandal, a member who knows of wrongdoing by a colleague and fails to file a complaint should be held in contempt of Congress. Members' first responsibility is to the American people, not to their colleagues, and they have a duty to us to report any misconduct.

The Republican leadership lost the confidence of voters in part because they were seen to care more about the perks of power than about the duty of representation. The new Democratic leadership can get off on the right foot by making a serious and sustained effort at self-regulation, even if that means some uncomfortable moments around the caucus table.

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Josh Chafetz, a student at the Yale Law School, is the author of the forthcoming "Democracy's Privileged Few: Legislative Privilege and Democratic Norms in the British and American Constitutions."

OTHER NEWS:

Cracks Widen In U.S. Economy (WT)

By Patrice Hill

The Washington Times, December 2, 2006

Economic weakness spread beyond the stricken housing and auto sectors last month, with reports showing U.S. manufacturing shrank for the first time in 31/2 years and construction dropped the most since the September 11, 2001, terrorist attacks.

U.S. industries broadly cut back production, adding to factory shutdowns caused by deepening recessions in auto- and housing-related industries such as wood, furniture and appliances, according to a report yesterday from the Institute for Supply Management.

An unexpected decline in construction of offices and other business facilities in October added to a record string of drops in housing construction of more than 1 percent in the last seven months to cause the biggest drop in construction spending in six years, the Commerce Department said yesterday.

"Industry is clearly going through a rough patch" that few anticipated, said Daniel Jester, analyst at Moody's Economy.com. Outside housing and autos, the Federal Reserve had expected business to pick up rather than decline this fall, supporting a so-called "soft landing" in the economy.

The weakness in manufacturing started with autos, was compounded by housing, and recently has spread to big-ticket capital goods such as technology and telecommunications equipment, Mr. Jester said. In addition, a broad array of manufacturers are cutting back because of an unexpected buildup of inventories this fall that has to be worked off, he said.

"It is clear that several segments of the industrial base have weakened measurably over the past few months. This may now be spilling over to heretofore healthy segments related to business investment," he said.

"The signal of declining production should not come as a surprise," said Daniel J. Meckstroth, chief economist at the Manufacturers Alliance. "Two major manufacturing markets are declining -- motor vehicles and housing -- and many other industries are trying to adjust inventories to adjust for a period of much slower growth ahead in 2007."

The "awful" collapse of the construction market in October means that sector is likely to be a major drag on economic growth for the fourth straight quarter in the final quarter of 2006, according to Economy.com estimates.

David Wyss, economist at Standard & Poor's Corp., noted that the downbeat tone of recent economic news contrasts sharply with upbeat assessments this week coming from Fed Chairman Ben S. Bernanke and other Fed officials. Mr. Wyss said there is cause for worry.

"Weak retail sales and a drop in consumer confidence in November create worries about the consumer," he said, adding that "home sales and prices are dropping and the manufacturing sector appears to be retreating for the first time in over three years."

While Mr. Bernanke and other Fed officials maintain that the economy can avoid recession even with the critical housing and car industries in decline, many economists disagree.

"Housing slowdowns tend to lead recessions rather than result from them," said John Makin, economist with the American Enterprise Institute. "An annual drop in the growth rate of residential investment of more than 10 percent has coincided with a recession five of the seven times it has occurred since 1965."

Housing, the biggest contributor to a halving of economic growth this year, plummeted at an 11 percent rate in the spring, 18 percent in the summer, and an estimated 9 percent in the fall.

"The intensity of the fall in U.S. residential investment during the middle two quarters of 2006 is approaching potential recession territory," Mr. Makin said, but whether a downturn occurs depends on whether the Fed changes its stance and starts to cut interest rates.

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Interest rates declined in the bond market yesterday in expectation that the Fed will reverse course and start cutting rates by March.

Roger M. Kubarych, economist with Unicredit Markets, said the Fed will reconsider its position at a meeting later this month. Mr. Bernanke signaled that the central bank is starting to become concerned about the housing market in a speech this week that for the first time designated a housing collapse as the biggest risk to economic growth.

"It seems the Fed is beginning to get nervous about the economic outlook," he said.

Shares Drop On Manufacturing Data (NYT/AP)

The New York Times, December 2, 2006

Wall Street stumbled yesterday after a survey showed manufacturing unexpectedly contracted in November for the first time in more than three years, raising concerns that the economy will not be able to achieve a soft landing.

Stocks and the dollar were hurt after the Institute for Supply Management said its index of manufacturing fell to 49.5 from 51.2 in October. Economists had been expecting 51.5. Anything under 50 indicates that the manufacturing sector is contracting.

The report, based on a survey of corporate purchasing managers, was seen by some on Wall Street as a sign that the Federal Reserve might have overshot the mark in more than two years of interest rate increases that ended in June. Wall Street had been expecting that the Fed would hold interest rates steady at its Dec. 12 meeting, and now there is a growing belief that the central bank may soon cut rates because of economic weakness.

“This is just additional confirmation that the economy is not only slowing but quite possibly going into a recession,” said Hugh Moore, a partner with the investment firm Guerite Advisors. “It’s not just the housing and auto industry any longer, now we’re finding out that manufacturing in general is slowing.”

Mr. Moore said a number below 50 in the institute’s manufacturing index has preceded every recession in the United States since the 1960s.

The Big Board was led lower in volatile trading by the shares of manufacturers like 3M, Caterpillar and United States Steel.

The Dow Jones industrial average fell 27.80 points, or 0.23 percent, to 12,194.13.

Broader stock indicators also declined. The Standard & Poor’s 500-stock index dropped 3.92 points, or 0.28 percent, to 1,396.71, and the Nasdaq composite index fell 18.56 points, or 0.76 percent, to 2,413.21.

The drop does not bode well for Wall Street hopes to finish the year with double-digit growth. The Dow is up 13.78 percent so far this year, while the S.&P. 500 has gained 11.89 percent and the Nasdaq is up 9.43 percent.

The news about the manufacturing index had a big effect on other markets. Bonds rose, with the benchmark 10-year Treasury note gaining 7/32, to 101 17/32. The yield, which moves in the opposite direction from the price, fell to an 11-month low of 4.43 percent from 4.46 percent late Thursday.

The dollar continued its slide against major currencies, except the yen. The dollar was also hit by a Commerce Department report that construction spending posted its biggest decline in five years during October.

Yesterday’s news focused attention on afternoon speeches by the presidents of several regional banks of the Federal Reserve system though the comments ultimately seemed to have little effect. The Fed chairman, Ben S. Bernanke, made no comment on the economic outlook during a speech yesterday morning, although on Tuesday he said that risks from inflation could further complicate an economy suffering from a general slowdown.

Michael Moskow, president of the Chicago Fed, said yesterday that inflation was moving in the right direction but that further interest rate increases could be necessary.

The weak manufacturing snapshot came after a report Thursday from Chicago-area corporate purchasing managers that indicated business activity in the Midwest slowed faster than anticipated. It also follows a bigger-than-expected decline in home sales for October.

Manufacturers were among the biggest decliners, touching sectors from chip makers to steel companies. Caterpillar fell 84 cents, to $61.19. Intel declined 47 cents, or 2.2 percent, to $20.93. United States Steel fell $1.79, or 2.4 percent, to $73. 3M was off $1.48, to $79.98.

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Automakers were also in focus as they reported November car and truck sales. Ford fell 9 cents, to $8.04, after it reported sales in the United States slipped 9.6 percent, while DaimlerChrysler dropped 29 cents, to $57.99, after posting a 4.7 percent rise. Toyota's monthly sales surpassed Ford's for only the second time ever.

General Motors rose 46 cents, to $29.69, in heavy volume after a report that the financier Kirk Kerkorian shed his stake in the automaker for more than $800 million. Investors seemed little moved by the company's November auto sales report, which showed an increase of 5.8 percent.

Home Depot shares surged $1, or 2.6 percent, to $38.97 on speculation the home improvement chain might be an acquisition target by several private equity firms.

H&R Block declined after it reported a wider-than-expected loss during the second quarter as its mortgage lending arm continues to lose money. H&R Block fell 25 cents, to $23.75.

Warner Music Group fell 62 cents, to $24.80, after third-quarter results fell short of Wall Street projections.

Investors Question The Fed's Outlook (WP)

By Nell Henderson

The Washington Post, December 2, 2006

Many investors aren't buying the Federal Reserve's forecast for a mild economic slowdown, worrying that a series of recently released figures might signal the onset of a sharper, more prolonged slump.

Stock prices fell yesterday and the dollar extended its recent decline after reports showing that construction spending fell in October at the steepest rate in five years, while the nation's factories produced less in November -- the first monthly drop in manufacturing activity in more than three years.

Those reports followed others last week showing the holiday shopping season got off to a tepid start and that new orders for big-ticket durable goods like airplanes and automobiles fell sharply in October.

The data prompted many analysts to challenge Fed Chairman Ben S. Bernanke's upbeat assessment Tuesday that most of the economy outside of the housing market "appears to be expanding at a solid rate," and his forecast for moderate economic growth through next year.

Investors also boosted their bets yesterday that the Fed, wary of the possibility of a recession, will cut interest rates early next year. They apparently gave little credence to Bernanke's warning that the Fed is more likely to raise rates to tamp down inflation than to lower borrowing costs anytime soon.

Financial markets "are paying more attention to the latest data, which largely contradict what Bernanke was saying," Paul Ashworth, senior economist at Capital Economics, wrote in an analysis for clients yesterday. "It is getting harder for the Fed to argue that the housing slump is not affecting the wider economy. It clearly is."

Some analysts were even harsher. Bernanke is "in denial" about the depth of the economy's slowdown, Ian Shepherdson, chief U.S. economist for High Frequency Economics, told clients on Thursday. Yesterday, he expressed hope the lousy data would push the Fed to consider cutting interest rates by March, if not before.

"The sooner the Fed is shaken out of its complacency about growth, the better," Shepherdson said. "The Fed hiked too far, and has already left it too late to avert a deeper slowdown than was needed."

Some optimists remained unshaken, sharing the Fed's view that consumer spending, which accounts for two-thirds of economic activity, will hold up fine because of low unemployment, rising wages and lower fuel prices.

"I think the markets are way overreacting," said Richard A. Yamarone, director of economic research at Argus Research Corp. "The economy is still moving, but maybe just not at a speed we've been accustomed to in recent years."

Yamarone pointed to the nation's low 4.4 percent unemployment rate in October, saying, "this economy is fully employed. Everybody who wants a job has a job, and that's what determines spending."

A Commerce Department report this week showed greater economic momentum in the summer than previously thought, with the nation's total output of goods and services rising at a moderate 2.2 percent annual rate from July through September.

But pessimists dwelt yesterday on more recent, and grimmer, numbers. Construction spending fell 1 percent in October, for a second consecutive monthly drop, the Census Bureau said. The 1.9 percent drop in homebuilding was the seventh

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consecutive monthly decline and was widely expected. More troubling was the lack of growth in non-residential construction, which was flat in October and September after more than a year of growth.

"Strength in non-residential construction was supposed to offset the recession in housing. Now that assumption is in question," said Nariman Behravesh, chief economist at Global Insight.

Many economists had also expected factories to continue cranking out enough goods to more than make up for falling production of lumber, nails, roof tiles and other residential building materials. But the Institute for Supply Management said yesterday that its index of total manufacturing activity fell to 49.5 last month from 51.2. A number at 50 or above signifies expansion. It was the first time since April 2003 the index had dropped below 50.

Oil prices also rose this week, with light sweet crude closing at $63.55 a barrel yesterday on the New York Mercantile Exchange.

Stock prices slid yesterday, leaving all the major indexes down for the day. The Dow Jones industrial average lost 27.80 points, or 0.2 percent, to close at 12,194.13.

To some observers, the recent softness appeared uncomfortably reminiscent of the economy's sudden sputtering in late 2000, which gave way to a recession the next year. As late as their meeting in November 2000, Fed policymakers believed the technology sector's sharp downturn would not seriously weaken the broader economy, which still had a very low unemployment rate, 3.9 percent. They remained more worried about inflation and indicated they were more likely to raise than reduce interest rates.

Seven weeks later, on Jan. 3, 2001, the Fed cut its benchmark overnight interest rate to 6 percent from 6.5 percent, expressing concern about the economy's strength. The recession began in March and lasted through November.

The experience in late 2000 demonstrated how quickly the economic outlook can turn, said Laurence H. Meyer, who was a Fed board member then.

Meyer, now vice chairman of Macroeconomic Advisers, said his firm was lowering its forecasts for economic growth this year and next but doesn't foresee the current slowdown snowballing into a recession.

His optimism partly reflects another lesson he draws from the 2000 episode: Fed policy "can equally change quickly."

Bernanke's latest comments do not mean the Fed won't cut interest rates quickly if the economy deteriorates, Meyer said. "Obviously, the beauty of monetary policy is you can turn on a dime."

Manufacturing May Be Slowing, Fueling Forecasts For Fed Rate Cuts (WSJ)

By Christopher Conkey

The Wall Street Journal, December 2, 2006

Fresh data suggest the manufacturing sector is beginning to contract, giving new ammunition to those who view the Federal Reserve's upbeat economic outlook as overly optimistic.

The Institute for Supply Management, an Arizona-based group of corporate purchasing managers, Friday said its index of manufacturing activity slid to 49.5 in November from 51.2 in October. Readings below 50 indicate contraction, and the decline ended a 41-month expansion among manufacturers.

"November was a defining month," said Norbert Ore, who oversees the survey and also serves as procurement director for paper manufacturer Georgia-Pacific Corp. "Since April we've seen a pretty consistent decline in the growth of manufacturing. Now we've moved into a no-growth position."

If sustained, it could spell more trouble for the economy at a time when the housing market is in a major slump. The critical question is how soon these impediments to economic growth -- brought on in large part by excessive inventories and scaled-back production of cars and houses -- can be reversed.

There is much debate among economists on this score, and a big divide between bond-market investors and Fed Chairman Ben Bernanke over the next move on interest rates. The bond market is pessimistic about the prospects for near-term economic growth and views inflation as contained. It expects the Fed to lower interest rates early next year in an effort to reignite the economy. Mr. Bernanke has struck a more sanguine note, saying the weakness is primarily confined to the housing market.

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In a speech earlier this week, he also reiterated the need to stand guard against inflation and suggested that rate cuts are unlikely in the months ahead.

Friday's data strengthened the gloomy outlook in the bond market and among other pessimists. Bond prices continued to rally, pushing the yield on the benchmark 10-year Treasury note down to 4.437%. Stocks fell on the news, as did the dollar. (See related story1.)

Futures-market traders, mulling the prospect of a manufacturing recession and slower economic growth, increased the probability that the Fed would cut interest rates by April to roughly 74% from 51% earlier in the day. And many economists lowered their outlook for economic growth this quarter after the ISM report's release.

Many economists still argue the economy will rebound by mid-2007, as excess inventories of cars and houses ease. They say a competitive labor market and low unemployment rate are helping to lift incomes and provide support for the all-important factor of consumer spending. "The fundamentals are still not bad," said Daniel Jester, an economist with Moody's Economy.com.

Fisher Barton Inc., a Wisconsin-based manufacturer of blades for agricultural and lawn and garden equipment, sees good and bad. The company has seen revenue grow 10% so far this year compared with last year, but expects sales to be flat next year.

Demand "has really gone south," due to the weakening housing market and the broader slowdown in economic growth, said company President Dick Wilkey. "It's possible we might have to cut our staff, but it's too early to tell."

Another worrisome sign for the economy surfaced Friday in a Commerce Department report on construction spending. According to the report, nonresidential construction fell in October for the second consecutive month, partially affected by a 3.1% drop in private manufacturing construction. Until recently, a surge in commercial construction had helped offset some of the pain caused by the downturn in residential construction.

Residential construction retreated for the seventh consecutive month. Overall, construction spending fell 1% in October from September, the biggest drop in five years.

Santa Or Scrooge? Holidays Worry Investors (WSJ)

By Justin Lahart

The Wall Street Journal, December 2, 2006

With less than a month left to the year, the question for investors is whether they should be singing "Deck the Halls" or worrying that the economy is about to get decked.

Stocks fell for the second week in a row and Treasury yields dropped to their lowest level in more than 10 months, after reports from the malls suggested that holiday shopping over the Thanksgiving weekend wasn't as strong as investors had hoped and a closely watched manufacturing gauge unexpectedly fell.

"Clearly, the focus here is on underlying economic weakness," said hedge-fund manager Seth Tobias, general partner at the Circle T family of funds.

The Dow Jones Industrial Average ended Friday down 27.80 points, or 0.2%, to 12194.13, after falling as much as 120 points during the day. The Institute for Supply Management said its manufacturing index slipped to 49.5 in November -- its lowest level in more than three years -- from 51.2 in October. Anything below 50 represents contracting manufacturing activity.

The Dow fell 86.04 points, or 0.7%, for the week but is still up 14% for the year.

The week got off to a bad start after Wal-Mart Stores said it expected to post a drop in same-store sales in November and reports filtered out that other retailers' post-Thanksgiving holiday sales were weaker than what investors had expected.

Since retailers garner a large portion of their annual sales during the holiday season, investor interest in retailers during this time of the year is always keen. Amid worries that housing weakness could sap consumers' spending, investors are even more focused on how the retailers are doing.

The broad Standard & Poor's 500-stock index fell 0.3% Friday, or 3.92 points, to 1396.71, down 0.3% for the week. It is up 12% for the year. The Nasdaq Composite Index fell 0.8%, or 18.56 points, to 2413.21 and was off 1.9% for the week. For the year it is up 9.4%.

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The dollar took a beating throughout the week, falling to its lowest level against the euro in nearly 21 months, which also took a toll on stocks amid worries that the U.S. could become a less attractive place to invest.

Todd Clark, director of stock trading at Nollenberger Capital Partners in San Francisco, thinks investors may have overreacted to reports of sales weakness. "I don't think the consumer is going to roll over and play dead," he said. "To get concerned when Wal-Mart says one thing, I think, misses the point."

Mr. Clark did find Friday's manufacturing report disconcerting. He worries that even if the economy is slowing, the threat of inflation is still too strong for Federal Reserve policy makers to cut short-term interest rates. This could put a damper on the stock market as lower rates cut borrowing costs for businesses and consumers and tend to boost share prices.

"I'm not bearish, but more along the lines of what we've seen this week is not going to help," he said.

Still, stocks could have closed out the week in worse shape than they did, if it hadn't been for the late-day recovery Friday. Behind that comeback: speculation that, after a break for Thanksgiving, next week could see another round of merger-and-acquisition news.

With many deals struck lately, such speculation has been a big driver behind the market, said Brett Gallagher, an equity portfolio manager with Julius Baer Investment Management in New York. That's one reason that even though he's cautious on the economy, he's not sure the stock market is done going up for the year yet. But at the same time, he reckons that there are only a couple of weeks left before the deal makers head home for the holidays.

"If the market is going to do anything, I think it has to do it in the next week or two," he said.

In major U.S. market action:

Stocks fell, and bond prices rose. The 10-year note rose 8/32 point, or $2.50 for each $1,000 invested, pushing the yield down to 4.437%.

The dollar fell. Against the Japanese currency, the dollar fell to 115.47 yen compared with 115.75 yen. The euro rose to $1.3336 compared with $1.3244.

As Their End-of-Year Results Near, Stock-Market Skeptics Fall In Line (WSJ)

By E.S. Browning

The Wall Street Journal, December 2, 2006

Late in October, senior money managers from J.P. Morgan Chase & Co. met in a Park Avenue office and discussed the billions of dollars they were holding out of the quickly rising stock market. Stocks had surprised them by soaring 13% since mid-July, and their clients were missing the party.

Some at the meeting still were nervous a Democratic victory in November's congressional elections would cause a slide. Nevertheless, the bankers took note of improving economic indicators and changed course, shifting half their cash into U.S. stocks. "The momentum we have now could carry us through to the end of the year," says Peter Wall, chief investment officer for J.P. Morgan Private Client Services, which alone shifted more than $1.5 billion. "It is hard to see what would stop it except surprising economic data."

Similar meetings have been happening across the country -- and the urgency is increasing this month as the end of the year approaches. Money managers are judged, and compensated, based largely on how well they do as of Dec. 31 -- especially at hedge funds, which typically keep 20% of each year's profit for themselves. Mutual funds also live and die on their ability to show strong annual returns. Those who have kept betting against the stock market face real pain if they fall too far behind their more bullish competitors.

The stock market's four-month rally, marked by 18 record closes in the Dow Jones Industrial Average since the start of October, isn't being driven primarily by bullish investors -- but by still-skeptical former bears who increasingly see no choice but to join in. (See related article1.) Hedge-fund managers, who can change course more quickly than their rule-bound mutual-fund counterparts, have been steadily reversing their bets on a downturn since the summer. That has increased the pressure on remaining holdouts as money managers' year-end performance figures loom and their fear of clients' wrath heightens.

Although stocks have pulled back slightly in the past two weeks and the DJIA fell 27.80 points yesterday, the average still finished at 12194.13, a little less than 150 points off the record 12342.56 set Nov. 17.

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If enough investors capitulate and start chasing the market, it could be a signal that stocks are nearing a top, since there would be little free money left to move into the market. That doesn't seem to be happening yet. Even some of the big investors who have shifted money to stocks still have held out some extra cash, debating whether to move that into the market as well. And one key group hasn't succumbed yet: Individual investors, many still bruised from the 2000-2002 bear market, have been almost as likely to withdraw money from U.S. stock mutual funds as to put new money in this year.

Some pros view the little guys' doubts as an indication of the market's strength. In the sometimes-perverse logic of the market, as long as a significant number of bears remain, there still is potential for fresh money to push stocks higher. Wall Street rallies often don't falter until Main Street investors finally jump in.

"We still get an awful lot of calls from older clients who are skeptical of this market advance," says Paul Desmond, president of market-research service Lowry's Reports in North Palm Beach, Fla.

The gains have come despite a steady stream of unsettling news from Iraq, Iran, Lebanon and North Korea, which once might have driven oil prices up and stocks down. Many professional investors have been ignoring these international distractions. Like the Dow industrial average, the Standard & Poor's 500-stock index and the Nasdaq Composite Index have posted strong gains, though they remain well short of their own March 2000 records. Less prominent small-stock indexes have set records, propelled by money from hedge funds looking for quick gains before the year ends.

"There are a fair number of hedge funds that have underperformed and there is a sense that they need to catch up, or chase the market here," says Seth Tobias, who manages $250 million at hedge fund Circle T Partners in midtown Manhattan. He figures he alone has shifted around $75 million into stocks since August, much of it formerly bet against the market.

He compares today to 1995, the first year of a five-year run of double-digit gains for major stock indexes. "Earnings have continued to come through. The cycle of interest-rate hikes is ending. The economy is growing. Energy prices have tempered. You have taken a fair amount of inflationary pressure out of the economy. I am very bullish on stocks," he says.

There still are plenty of doubters. December and January are usually strong months because of the year-end push for gains and contributions to yearly investment and retirement plans after the first of the year. Some investment managers believe the market already has racked up those gains, leaving it to stagnate or decline in December.

Money manager Brett Gallagher at Julius Baer Investment Management notes that the July-October period typically is soft, but it was the rally period this time. He considers U.S. stocks overpriced, and his investments are tilted toward Europe.

Veteran Wall Street analyst Louise Yamada worries that the current run could end badly -- but she also compares the current period, in which China and other developing countries are expanding rapidly, to the long boom period from 1942 to 1966, when the world was rebuilding after World War II. Her question is whether the DJIA is more likely to go to 13000, or as far as 16000, before reversing course.

Investors have absorbed several rounds of news that often would hurt stocks but had little impact this time. Long-running trouble spots such as Iraq, and the generally higher oil prices that accompany them, seem already priced in to the stock market. Even the Democratic election victory, which made some investors worry government will be less friendly to business, didn't rock investors in the end. They concluded it won't affect corporate profits or interest rates, the two things they care most about.

Some investors also are concluding that the Federal Reserve and its chairman, Ben Bernanke, are bringing off a rarity -- a slower-growing economy that will keep inflation under control but avoid a recession.

In recent decades, when the Fed has tamed inflation, it often has clamped down too hard and thrown the economy into recession. Some expected a recession to start by now, especially with the air going out of the housing-market bubble. But it hasn't, and some experts contend the worst of the housing slide may be over. Growth, while slowed, still is healthy. Corporate profits, expected to rise 14% in the third quarter, instead surged 19%, according to Thomson First Call, which tracks those numbers.

Meanwhile, Treasury bond yields have been plunging since June, as hopes have spread that the Fed could begin cutting interest rates early next year -- despite Mr. Bernanke's recent warnings about possibly resuming rate increases. Low interest rates make it cheap to borrow money and buy stocks, and they also support investment, borrowing and spending by businesses and consumers alike.

Above all, investors are moving to stocks simply because they don't want to be left behind.

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Back in May, when stocks peaked and suddenly went into a swoon, the widespread expectation was that they were headed down at least 10%, probably 15%. It was viewed as a healthy shakeout that would leave stocks cheaply priced. Many savvy investors pulled money out of stocks, waiting to buy them back at bargain-basement prices.

By the time the DJIA began its rampaging gains on July 14, it was down only 7.8% from its May 10 closing high. Many pros figured it hadn't finished its decline. They were caught off guard and, as the industrial average surged over the following months, more and more were forced to dive back into stocks against their better judgment.

So-called global macro hedge funds that make broad market bets -- a category managing an estimated $115 billion -- were huge buyers of stock futures from July to late October, according to a study by Merrill Lynch & Co. That meant they were betting on higher prices. They initially used their big cash positions to buy large stocks and lately have shifted toward higher-octane small stocks and technology stocks.

"Hedge funds started buying in earnest in mid-September. Then they stampeded," says Cam Hui, a Merrill analyst who tracks hedge-fund trading. By early November, hedge funds held positions controlling about $20 billion of S&P 500 futures contracts, a record level for these investors, Merrill says. They have since trimmed their holdings to a still-high $17.6 billion.

As autumn wore on, even on days when the news wasn't particularly positive, the unwinding of bearish positions kept pushing stocks higher. It became self-fulfilling. The higher the market went, the more skeptics had to throw in the towel or risk finishing the year behind the competition.

Individual stocks have benefited from the rising tide. Early in November, for example, Fort Myers, Fla., clothing retailer Chico's FAS Inc. reported a sales decline for October and said quarterly earnings would miss analysts' expectations. Some hedge-fund managers bet against the stock. After an initial decline, Chico's rebounded. Many of those who sold it short had to race to cover their bets.

Analysts at Minneapolis money-management firm Leuthold Weeden Research, which manages mutual funds and other investment accounts, were among the market skeptics. This summer, about 22% of the firm's $2.4 billion in core accounts was sold short, meaning it bet on stock declines. Short-sellers borrow shares from a broker and sell them, hoping to profit by replacing those shares with cheaper ones bought later. If stocks become more expensive instead, short sellers can lose a lot of money fast.

In September, somewhat to Leuthold's surprise, indicators including inflation, oil prices, interest rates, economic growth and market sentiment all started giving positive signals. The firm covered its short positions by buying new shares to replace the borrowed ones, which pumped money back into the stock market. Leuthold managers had placed cash with its broker as collateral for the borrowed stock and invested most of that money as well, partly in developing-country stocks and partly in U.S. stocks. All told, they shifted more than $800 million into stocks.

Senior Leuthold analyst Eric Bjorgen says he remains skeptical and is watching the market closely, ready to become more bearish if stocks seem to be topping out. He thinks that moment could come as soon as January. "You haven't seen Main Street dial in yet," he said. "When you get to a market peak, you get that as a red-flag indicator."

Hard Landing Fears Hit Dollar (FT)

By Peter Garnham, Christopher Brown-Humes, Krishna Guha

Financial Times, December 2, 2006

The dollar fell further on Friday as weak US economic data heightened investor fears that the country's economy could be heading for a hard landing.

The latest sell-off, which was particularly sharp against the euro and sterling, came after data suggested US manufacturing contracted for the first time in 3½ years in November.

The US currency fell as much as 0.8 per cent to a new 20-month low of $1.3348 against the euro and 1 per cent to $1.9847 against the pound, a new 14-year trough.

In afternoon trade in New York, the euro was worth $1.3322 and the pound $1.9798. During the week, the dollar lost 1.7 per cent against the euro and more than 2 per cent against sterling, taking its drop for the year to about 13 per cent and 15 per cent respectively.

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The fall in the Institute for Supply Management's factory index to 49.5 from 51.2 in October – a reading below 50 indicates that manufacturing is contracting – followed US data releases showing weakness in house prices and business activity.

Some economists said the ISM survey proves the slowdown is spreading from housing to other parts of the economy.

"Combined with other soft US data, the ISM data will reinforce fears of a hard landing and will add to the momentum behind the dollar sell-off," said Martin Slaney at GFT Global Markets.

Ashraf Laidi of CMC Markets said: "Traders are going to be less cautious about selling the dollar against the euro and sterling going into next week."

Private sector analysts have been predicting a 2.5 per cent rise in US gross domestic product in 2007. While there is no direct relationship between ISM data and GDP, James Knightley at ING Financial Markets said the ISM figures were consistent with growth slowing below 2 per cent.

Other economists, however, believe manufacturing is going through an inventory correction, and will recover next year. Ben Bernanke, Federal Reserve chairman, said this week he believed manufacturing remained in reasonably good shape.

The dollar's fall helped push European shares down 2 per cent this week, while the S&P 500 index of leading US shares lost 0.3 per cent. But Federal Reserve have remained hawkish on interest rates.

Marc Chandler, currency strategist at Brown Brothers Harriman in New York, said the Fed and the market differed over the outlook for the US economy.

Volatile Dollar May Not Be Scary To Washington (NYT)

By Steven R. Weisman

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — As the dollar tumbled against the euro this week, reflecting fresh concern about a possible weakening of the American economy, Treasury Secretary Henry M. Paulson Jr. issued the usual phrase from the catechism: "A strong dollar is clearly in our nation's best interest."

Treasury secretaries since Robert E. Rubin in the 1990s have, with rare exceptions, offered precisely that formula whenever the subject comes up.

But many economists say that Mr. Paulson's statement does not reflect what the United States actually seeks right now. For one thing, the Bush administration is in active pursuit of a weaker dollar against China's currency, which would probably encourage similar changes with other Asian competitors. The goal would be making American exports there less expensive, and imports more expensive, helping to spur an industrial revival at home.

And though there are high risks if the dollar were to continue to fall rapidly against the euro and the British pound, the United States is generally seen as hoping for the economic gains delivered by a lower dollar as American exports become more competitive against planes, machinery and other goods produced in Europe.

"Paulson has got to like a euro that's appreciating in value," said C. Fred Bergsten, director of the Peterson Institute of International Economics and a longtime advocate of a weak dollar. "He came into office facing an overall American trade deficit that is close to $1 trillion a year. He's got to welcome something that shows the trade deficit likely to go down."

Still, the fluctuations of the dollar have unsettled many in the world of finance this last week, when it sagged about 2 percent against the euro, bringing its decline this year to more than 12 percent. On Friday, the dollar fell to 1.33 euros; it dropped against the British pound as well, with it now taking $1.98 to buy a pound.

By contrast, against the Japanese currency, the dollar has slipped much less, closing Friday at 115.35 yen.

In Europe, the French finance minister, Thierry Breton, has expressed concern about a weakening dollar, noting that exports have helped Europe's recent economic recovery. But other European finance ministers said this week that at least for now, gains in the euro do not appear to threaten prospects for growth in Europe.

The gyrations of the dollar highlight the sensitivity of Mr. Paulson's role at this particular moment, as he prepares for his biggest overseas trip so far as Treasury chief: a veritable expedition to China, accompanied by five cabinet members and by Ben S. Bernanke, the Federal Reserve chairman.

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The goal of the trip, which starts Dec. 14, is to engage China on a range of economic issues but most particularly to press Beijing to let its currency, the yuan, rise in value against the dollar. That would help, American officials hope, to narrow a Chinese trade surplus with the United States that soared past $200 billion last year.

As a former investment banker who lived and breathed the logic of international markets for decades at Goldman Sachs, Mr. Paulson is trying to engineer a kind of correction in which China would cease what American officials say have been currency manipulations aimed at pumping out exports.

Against the background of the rise of the euro, the China trip illustrates the three-cornered complexities of the world economy and of Mr. Paulson's dollar diplomacy.

Suddenly with a declining dollar, Europeans are stepping up their purchases of American goods, and it has become more expensive for Americans to visit Europe as tourists or business officials. American investors overseas, meanwhile, are enjoying the extra kick that a falling dollar delivers on their foreign profits.

The decline of the dollar against the euro, while the dollar-to-yuan ration remains stable, also has the effect of increasing tensions between Europe and China. European businesses, like their American counterparts, are already upset about cheap Chinese exports to Europe. Now these goods are even cheaper because the yuan is declining against the euro, pulled down by the dollar.

The Chinese, meanwhile, are likely to get more nervous than ever that a decline in the dollar against the yuan will damp their exports and reduce the value of their dollar-denominated assets, putting pressure on Chinese banks that are holding those assets.

China has resisted American appeals to let the yuan rise in value, arguing that China is already undertaking painful economic reforms — writing off bad loans and closing money-losing state enterprises — and cannot afford further social disturbance brought on by new difficulties in exports.

"We are committed to a market-based exchange-rate mechanism," said a senior Chinese official, speaking anonymously under Chinese ground rules. "But we will do it in a responsible way — responsible to the health of our country, the United States, Asia and beyond."

Part of the reason for the dollar sell-off, many analysts say, has been a recent sense of disappointment about the American economy even as Europe has picked up some momentum, prompting traders to look for more promising investments in markets overseas. The prospect of higher interest rates in Europe while rates remain stuck or drift lower in the United States has also drawn funds out of the dollar.

Some analysts also say that the dollar decline has been partly seasonal — that there is always a decline in investment in dollar-denominated investments at the end of the year, despite the huge need by the United States to finance its current-account and budget deficits.

"There's always a little seasonal weakening of the dollar at year-end," said Robert Sinche, head of global currency research and strategy at Bank of America. "With its large imbalances, the United States needs to attract capital every day. Capital flows tend to slow down at this time, because people go on holidays or are closing their books."

"It's like musical chairs," he added. "When the music stops, those who have deficits are going to suffer."

If American policy makers are pleased about the prospect of the dollar's providing a kick for exports, they fear a dollar falling so far and fast that it fuels inflation in the United States. Higher inflation might force the Federal Reserve, which is still concerned that price increases are outside its comfort zone, to raise interest rates, slowing the American economy further.

"The fall of the dollar has both benefits and risks," said Nouriel Roubini, chairman of Roubini Global Economics. "The danger is that the willingness of foreign investors to buy dollars is shrinking. If the fall of the dollar accelerates, investors could start dumping U.S. assets, and you'll get a hard landing for the economy."

The fear of a loss in the value of its assets is a factor in China's rebuffing American imprecations to let its currency float more flexibly against the dollar, many analysts say. China has amassed $1 trillion in foreign exchange reserves after years of trade surpluses with Europe and the United States.

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About $700 billion of those reserves are said by many economists to be in dollars. One reason China does not want a cheaper dollar against the yuan, these economists say, is that the value of its holdings would decrease, limiting the lending ability of its banks.

Nevertheless, Mr. Paulson's trip is organized around the principle that China needs a bit of a weaker dollar now because its current path of binging on exports will overheat the Chinese economy — it is growing at 10 percent a year — and cause a collapse sooner or later if it is not cooled off slowly.

The dollar has declined about 5 percent against the yuan in the last year and a half, but American policy makers say that the yuan is still artificially low. That is also the view of leading members of Congress, especially Representative Nancy Pelosi, the California Democrat who becomes the speaker of the House in January.

Not all economists agree that am upward revaluation of the yuan will benefit the American economy. They note that cheap exports from China are desired by American consumers, and that Chinese imports have not led to rising unemployment, as critics charge.

"Let's say China revalues by 10 percent overnight," Mr. Sinche said. "Then prices at Wal-Mart go up by 10 percent. So we then see worse inflation numbers, the Fed tightens monetary policies, and we end up with higher inflation, higher prices and higher interest rates. Remind me again why that's what we want."

U.S. Auto Sales Turn In A Sluggish November (WSJ)

By Terry Kosdrosky, John D. Stoll

The Wall Street Journal, December 2, 2006

U.S. auto sales downshifted in November to the slowest seasonally adjusted pace since October 2005, and General Motors Corp. and Ford Motor Co. said they will cut North American production in the first quarter of 2007 amid signs of flattening demand.

The sluggish market didn't slow down all auto makers. For the second month this year, long-time No. 2 auto maker Ford was outsold by Toyota Motor Corp., whose sales rose 15.9%.

With mixed signals coming from the broader U.S. economy, sales of cars and light trucks in the U.S. rose 2.9% in November, compared with relatively weak year-earlier levels. That translated to a seasonally adjusted annual selling rate of 16.01 million vehicles. In October 2005, the sales pace fell to 14.8 million vehicles following the end of heavily promoted sales by the Detroit Big Three. U.S. consumers and businesses bought 16.9 million cars and light trucks in 2005.

The planned production cuts at GM and Ford reflect a consensus among industry forecasters that overall 2007 U.S. car and truck demand will likely be flat or down from this year. Further, Detroit's Big Three auto makers are still wrestling to sell down excess inventories of unsold vehicles.

At Nov. 30, GM, Ford and DaimlerChrysler AG's Chrysler Group had a total of more than 2.2 million cars and trucks in stock, equivalent to the total amount of vehicles that the trio sold in the first quarter of 2006, according to Ward's Automotive Reports. Dealers, led by No. 1 auto retailer AutoNation Inc., have increasingly resisted the Detroit auto makers' pleas for them to warehouse more cars on their lots, pushing instead for auto makers to reduce stocks to 60 days' supply or less.

GM, the world's largest auto maker by global sales volume, said its U.S. sales rose 6.1% in November from a year earlier. But GM said it plans to cut first-quarter North American production by 9% from a year earlier to 1.14 million vehicles. The majority of the production cut in the first quarter is to reduce daily rental-fleet sales, GM said, and the rest is to shift production to the company's new full-size pickups and to cut inventory levels. GM has about 120,000 large sport-utility vehicles in stock, which is roughly four months' supply at current sales rates. "We'd like to be more along the lines of 100,000," said Paul Ballew, GM's director of sales and industry analysis. Overall, GM shaved 50,000 vehicles from its inventory during November, with the unsold dealer stock sitting at about 1.1 million vehicles, Mr. Ballew said.

GM, like its domestic competitors, has been trying to both cut sales to fleet customers, including rental-car companies, and reduce reliance on sales incentives to retail customers. GM relied on a "Red Tag" sale launched in mid-November to help boost the month's sales. GM is offering discounts of as much as $2,000 on many of its vehicles through year end.

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GM shares were up 46 cents at $29.69 at 4 p.m. Friday in New York Stock Exchange composite trading, following billionaire investor Kirk Kerkorian's move Thursday to sell his entire 7.4% remaining stake in GM.

Ford, citing concerns about weakness in the housing market and a plan to suspend minivan production, cut its previous fourth-quarter North American production forecast by another 15,000 vehicles and said first-quarter 2007 North American production will fall 14.4% to 750,000 vehicles. Ford, which earlier this past week announced that 38,000 hourly workers have agreed to leave the company as it restructures, had a 10% drop in sales in November from a year earlier.

Ford's sales analyst, George Pipas, called November's result disappointing and warned that the company's sales in 2007 will be lower as it scales back deliveries to rental fleets and closes plants. As for total industry-wide vehicle sales in 2007, Mr. Pipas said Ford expects total car and light-truck volume to slow "somewhat," compared with 2006. Ford expects between 16.9 million and 17 million vehicle sales in 2006, including medium-duty and heavy-duty vehicles, while GM expects about 16.5 million light vehicles to be sold. Ford shares fell nine cents Friday to close at $8.04 in NYSE trading.

Separately, DaimlerChrysler said sales at its Chrysler unit rose 2.9% in November, and Chrysler said it had cut inventories of unsold vehicles to 499,000.

Toyota's November Numbers Eclipse Ford For A Second Time (WP/AP)

By Joseph Altman

The Washington Post, December 2, 2006

DETROIT, Dec. 1 -- Toyota sold more vehicles than Ford in the United States in November, the second time that the No. 2 domestic automaker was outsold by its Japanese rival.

Ford reported Friday that its U.S. sales in November fell 9.6 percent from November 2005. Toyota sold 196,695 vehicles in November, a 15.9 percent increase, compared with Ford's 182,259.

General Motors's sales rose 6.1 percent, while DaimlerChrysler's were up 4.7 percent.

GM sold 293,558 vehicles last month, the most of any manufacturer. It sold 109,985 cars, a 7.9 percent decline from November 2005, but truck sales rose 16.6 percent, to 183,573. GM's figures include the Swedish Saab brand.

Sales at DaimlerChrysler's Chrysler Group rose 2.9 percent from November 2005, to 164,556, while Mercedes-Benz sold 22,079 vehicles, its third-highest performance and 21 percent higher than a year earlier.

Toyota's sales, including its Lexus luxury brand, included a 17.8 percent increase in light truck sales. Sales of the RAV4 compact sport-utility vehicle rose 156.9 percent, to 11,425. Toyota's car sales were up 14.5 percent, to 109,126.

Ford's light-truck sales fell 12.9 percent, to 120,407, including a 16.1 percent drop in sales of F-Series pickups. Ford's car sales fell 2.6 percent, to 61,852, reflecting lower deliveries to fleet customers.

In a conference call with industry analysts and reporters, Ford sales analyst George Pipas blamed the company's monthly sales performance in part on a late start on advertising improvements to its 2007 models and promoting its year-end sale.

"It was disappointing," Pipas said. "We missed our own internal sales target for the month."

But Ford said sales of the Fusion, Mercury Milan and Lincoln MKZ mid-size sedans to individual retail customers were up. Ford's figures include the Ford, Lincoln, Mercury, Jaguar, Volvo and Land Rover brands.

Ford's share of the domestic market has declined from about 26 percent in the early 1990s to 17.6 percent at the end of October, when Toyota's share was 15.5 percent. In July, Ford sold fewer vehicles in the United States than Toyota for the first time, but Ford's U.S. sales surpassed the Japanese company's in August through October.

Toyota spokesman Xavier Dominicis said the company isn't focused on market share.

"Our ranking within the industry is really driven by actions our competitors take or don't take," he said. "Our fundamental approach remains unabated. We supply consumers with the right product at the right time."

Ford Dropped To 4th Place In Market Share Last Month (NYT)

By Nick Bunkley

The New York Times, December 2, 2006

DETROIT, Dec. 1 — Sales by the Ford Motor Company declined even more last month than its management had expected.

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The company fell into fourth place in November for the first time in its history, behind Toyota Motor of Japan and the German-American automaker DaimlerChrysler, figures released Friday show.

Ford sold 10 percent fewer vehicles than it did a year ago, sending its market share in the United States down to 14.8 percent from 16.9 percent last November, according to Ward's AutoInfoBank.

By contrast, Toyota's sales increased 16 percent, giving it a market share of 16.5 percent, while DaimlerChrysler, which includes the Chrysler Group and Mercedes-Benz, sold 5 percent more vehicles to earn a share of 15.6 percent. General Motors is the largest automaker, with a share of 24.6 percent.

Ford's numbers were particularly disappointing because they were being compared with last November, one of the worst months in company history, when Hurricanes Katrina and Rita cut demand for trucks as gas prices spiked.

The results capped a bleak few days for Ford in which it revealed plans to mortgage its factories and other assets to raise $18 billion in cash, then projected that in the next year it would spend much of that in payments to the 40 percent of its hourly workers who are taking company buyouts and leaving their jobs.

"It was disappointing," Ford's chief sales analyst, George Pipas, said on a conference call with reporters and Wall Street analysts. "We missed our own internal sales targets for the month."

G.M. reported a 6 percent sales increase in November, and the Chrysler Group ended a long streak of declines and placed No. 3 for the first time since March by posting a gain of 3 percent. Both sold fewer passenger cars but more trucks than a year ago, while Ford's sales declined in both categories.

Ford and G.M. said they would reduce production in the first quarter of 2007 — Ford by 14.4 percent and G.M. by 9 percent — to help clear inventories and to prepare for planned cuts in sales to rental car agencies. Ford said it expected to produce 620,000 vehicles in the fourth quarter. That is 15,000 below prior estimates, which already reflected a 20 percent cut because of a temporary halt in building the Freestar minivan.

Ford attributed much of its sales decline in November to fewer rental agency sales, which are significantly less profitable than transactions at dealerships. In October, Ford stopped building the Taurus, a midsize sedan that was sold exclusively as a rental car in its final years.

Ford's turnaround plan calls for more emphasis on retail sales in a bid to regain profitability even at the expense of some market share. The company has said that it expects its market share to stabilize at a level of 14 to 15 percent.

"We'd like to sell as much as the next person or more," Mr. Pipas said. "We're much more interested in returning our business to profitability."

Although Toyota passed Ford in November, analysts expect Ford to do better through the winter, when sales of the sport utility vehicles that make up much of its lineup tend to be higher. But Ford's plan to close plants and reduce its production capacity means it cannot fend off Toyota for long.

"By the time we get to July of next year, Toyota will permanently replace Ford as the No. 2 automaker," said Jesse Toprak, director of industry analysis at Edmunds.com, a Web site that gives consumers advice about buying cars. "By that time, Ford will never be able to catch up with Toyota."

Ford is hoping for good news in December, when its long-awaited crossover vehicle, the Edge, goes on sale. The Edge was to reach dealerships in November but was delayed while Ford addressed supply problems.

But Ford could face tougher competition than it has expected in the lucrative pickup truck segment, which its F-Series has long dominated. Sales of the F-Series fell 16 percent in November, while G.M.'s redesigned Chevrolet Silverado and GMC Sierra pickups increased 21 percent. Toyota will add considerable pressure in early 2007 with a new version of its Tundra pickup.

All three Detroit automakers managed to shrink their inventories of unsold vehicles somewhat in November, but their dealership lots are still far more crowded than those of their Asian competitors.

Chrysler, which lost $1.5 billion in the third quarter because of slumping sales, had more than 500,000 unsold vehicles at the end of November: 499,000 in what it calls dealer inventory and thousands more that were built without an order from a specific dealer.

Chrysler's vice president for sales, Steven J. Landry, would not say how many cars were in the order bank — there were nearly 100,000 earlier this year — but he said "we are on track" to reach zero by year's end.

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But reducing inventory has come at a steep cost. In November, Chrysler spent $4,224 a vehicle on incentives, nearly double the national average, according to Edmunds.com. And the discounts have failed to persuade shoppers to buy 2006 models, which were replaced by new versions around September and typically are almost sold out this late in the year.

About a third of the vehicles Chrysler has on hand are 2006 models, compared with 15 percent for Ford and 14 percent for G.M.

G.M., whose market share rose to 24.6 percent because of a 16 percent increase in truck sales, said it was pleased with its performance. After losing $10.6 billion in 2005, G.M. has posted an operating profit for three consecutive quarters.

"We feel very good about our product cadence, and we feel very good about our progress the last six months," said G.M.'s chief sales analyst, Paul Ballew.

Besides the cutback in rental sales, Ford said it hurt itself in November by starting its year-end marketing campaign later than competitors after focusing on unloading 2006 models since the summer.

"We probably paid the price for that," Mr. Pipas said.

Ford Sales Slip In November (FT)

By Bernard Simon

Financial Times, December 2, 2006

Ford Motor lost its traditional second spot in US vehicle sales last month, slumping to fourth place behind General Motors, Toyota and DaimlerChrysler.

The troubled Detroit-based carmaker's sales fell by 9.6 per cent in November from a year earlier, due partly to an unexpectedly steep 16 per cent drop in demand for its F-Series pick-up truck, north America's top-selling vehicle and one of the biggest contributors to Ford's bottom line.

By contrast, GM's sales grew by 6.1 per cent while Toyota reported its best-ever November, with a 15.9 per cent improvement. DaimlerChrysler, including the Detroit-based Chrysler group and Mercedes Benz, posted a 5 per cent increase.

Paul Ballew, GM's sales analyst, said that overall vehicle demand remained weaker than expected. According to preliminary estimates, light-vehicle sales totaled 16.3m vehicles last month at a seasonally-adjusted annual rate, unchanged from October.

Toyota pulled ahead of Ford for the first time in July, but slipped back for the next three months. The Japanese carmaker's star performer has been the small RAV4 sports-utility vehicle, whose sales have more than doubled in the past year.

George Pipas, Ford's sales analyst, described November's performance as disappointing, adding that the company had missed internal sales targets.

Besides the fall in pick-up sales, Mr Pipas said that the Ford had lagged in advertising new features on its mid-sized sedans.

Ford's sales to car-rental and other fleet operators also fell markedly in line with a drive by all three Detroit-based carmakers to lower their dependence on these low-margin customers. GM reported a "a fairly substantial" improvement in prices on its rental-car sales.

Ford, which posted a $5.2bn third-quarter loss, has warned that its market share is likely to continue dropping for some time, partly reflecting lower fleet sales.

The sagging US housing market has dampened demand for pick-up trucks, many of which are used in construction work. But the launch of new GM and Toyota models are expected to buoy sales at Ford's expense. Sales of big Chevrolet big pick-ups grew by 22.9 per cent last month.

Meanwhile, Chrysler unveiled plans this week to mail $1,000 coupons to 3m prospective customers in a continuing drive to bring down swollen inventories and generate interest in a slew of new models.

Edmunds.com, an online pricing service, estimates that Chrysler's Jeep brand offered an average of $5,398 in perks for each vehicle last month, the highest of any brand.

One Threat Averted But More Await G.M. (NYT)

By Micheline Maynard

DOJ_NMG_0100859

The New York Times, December 2, 2006

DETROIT, Dec. 1 — Top executives of General Motors, wrestling with one of the biggest financial crises in its history, have not had much to celebrate this year.

But they scored a big victory late Thursday when the billionaire Kirk Kerkorian retreated, selling off the last of $1.2 billion in shares he bought last year in a bid to shake up the company's strategy and possibly its management ranks.

He had caused them no end of consternation in the last 18 months, trying to push G.M. into an alliance with two foreign automakers, Renault of France and Nissan of Japan.

In many respects, this city has felt under siege from outsiders and, to many, Mr. Kerkorian's departure could not come too soon. "Goodbye and don't let the door hit you in the tushie," said one reader comment posted Friday on the Web site of The Detroit Free Press after an article about Mr. Kerkorian's decision.

But seen from another perspective, Mr. Kerkorian's departure represents not so much a surrender as a lack of faith in the future of G.M.

And he has a lot of company. About 35,000 workers decided last summer to take G.M.'s incentive packages to leave or retire early from jobs that have been a ticket to prosperity for generations of blue-collar workers. This week, Ford Motor disclosed a preliminary tally that 36,000 of its workers were taking similar deals to leave the company.

With these buyouts, too, there is some good news for leaders at G.M. and Ford. In a matter of months, they have been able to drastically reduce their long-term labor-cost structure.

That is a big boost in both companies' efforts to transform themselves in the face of another siege, by foreign competitors, who are wresting market share from them every month.

But the successes are tinged with defeat — of a way of doing business that built G.M. and Ford into symbols of American industrial power. In a sense, they are a vote of no-confidence from both a big investor and thousands of men and women who worked in their factories.

"Kerkorian's going away puts a brighter spotlight on G.M. management to prove that it can fix the company," said John Casesa, an auto industry analyst with Casesa Shapiro Partners.

Auto workers, meanwhile, are "sending a message that these businesses will not return to the level of prosperity that they once had," Mr. Casesa added.

Indeed, the bad news for Detroit continued this week.

On Friday, November sales figures showed that Toyota pushed past Ford for the second month this year to rank as the country's No. 2 carmaker, behind G.M. Ford, in fact, fell below DaimlerChrysler to fourth place.

This week, Ford had to mortgage virtually all its most valuable assets — including its factories, the Swedish automaker Volvo and even its blue oval trademark — to guarantee $18 billion in loans that will pay for its turnaround efforts.

It was a high-stakes version of a home equity loan, and it was a significant gamble by the company's new chief executive, Alan R. Mulally, who joined Ford in September from Boeing.

To be sure, Mr. Mulally has reassured employees that Ford's turnaround program, the Way Forward, will save the company.

G.M. executives are also confident that they are making the right moves to help their company return to prosperity.

In Los Angeles this week, G.M.'s chief executive, Rick Wagoner, announced that his company was developing a hybrid-electric vehicle that could be plugged in to be recharged, giving G.M. a step up on Toyota, which is only studying the idea despite having a broad lineup of hybrid models.

Appearing with Tiger Woods alongside another new model, a sport utility vehicle called the Buick Enclave that is built on a car chassis, Mr. Wagoner said he was confident the turnaround efforts he was leading were taking hold but he said more work remained.

David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich., said Mr. Kerkorian's retreat essentially provided more short-term security for Mr. Wagoner. Now the company can continue to carry out its turnaround plan, seemingly without the threat that Mr. Kerkorian might try to gain control.

"It was the shootout at the O.K. Corral that never materialized," Mr. Cole said.

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Recent improvements in G.M.'s financial situation hurt Mr. Kerkorian's case that the company needed new leadership, and he apparently decided he could not afford the time it would take to get his way, Mr. Cole said.

Even so, it was a surprise that Mr. Kerkorian backed away so quickly, especially since G.M. gave a board seat in February to his representative, Jerome B. York, said Charles Elson, a professor at the University of Delaware and an expert in corporate governance.

Mr. York left the G.M. board in October, after G.M. broke off talks with Renault and Nissan that Mr. Kerkorian had encouraged.

"I'm sorry Mr. York didn't stay," Professor Elson said. "The lesson you learn is you stick it out; you might not win on first blush, but you might win the next time."

If Mr. Kerkorian returns for a next round, however, it could mean that Mr. Wagoner has not succeeded in his primary task of overhauling G.M. so that it can withstand competition from Toyota, which is on track to pass G.M. to become the world's biggest carmaker, perhaps as soon as next year.

Should that happen, the global industry would be led by a company with solid profit and billions of cash to reinvest in itself, said Jonathan Steinmetz, an industry analyst with Morgan Stanley.

In a research report Friday, Mr. Steinmetz said Mr. Kerkorian's departure could turn out to be another loss for G.M. ""Having somebody chase after you often makes you run faster than you otherwise would," Mr. Steinmetz wrote.

Indeed, no one in the industry should become complacent. ""The uncertainties are just enormous out there, between gas prices and the Middle East," said Michael Useem, a professor at the Wharton School of the University of Pennsylvania.

No matter how tempting it might be to celebrate, he added, "For the moment, it is tough times in Detroit."

Capital Flight (WSJ)

The Wall Street Journal, December 2, 2006

It won't be news to readers of these columns that increased regulatory burdens and litigation costs are undermining the competitive position of America's capital markets. But this week's interim report from the blue-ribbon Committee on Capital Markets Regulation performs a public service by marshaling evidence of the decline that is hard to refute.

The committee, directed by Hal Scott of Harvard Law School and co-chaired by Glenn Hubbard and the Brookings Institution's John Thornton, is a privately funded, bipartisan group of executives and academics who have put their heads together to assess the state of our capital markets. Its first report is detailed and analytical, which may explain why Eliot Spitzer immediately attacked it.

It's well known that more large global IPOs are happening outside the United States, and the report notes this fact. But most regulators have chosen to explain away this trend rather than confront it. Charles Niemeier, a board member of the Public Company Accounting Oversight Board -- created by Sarbanes-Oxley -- even made the case in a prominent September speech that U.S. financial-market regulation was an optimal mix of costs and benefits. He said companies choosing to list abroad may do so because their managers or controlling shareholders prefer to engage in self-dealing that would be prohibited in the U.S.

Mr. Niemeier also argued that U.S. capital costs are lower than elsewhere in the world, implying that investors are still willing to pay a premium for companies that subject themselves to U.S. regulations. And U.S. capital costs are lower than elsewhere. But as the new report documents, that premium has been shrinking. What's more, it's been shrinking faster vis-a-vis other developed countries -- such as Japan and the U.K. -- than it has against developing-world markets.

This suggests that it is stiff competition from relatively well-regulated markets, not from shifty, nontransparent Third World markets, that is taking the biggest toll. This could mean that overseas regulation is improving, not that U.S. regulation is getting more onerous. But even if this were the case, it would not change the main point: Global capital markets are becoming more competitive, and the U.S. is now more likely to be punished for over-regulation than it was in the past.

The report also sheds light on some other significant financial trends. For example, the vast majority of those global IPOs -- over 90% -- that bypass the U.S. public markets still elect to sell their shares to so-called "qualified" U.S. investors. Qualified investors are institutions and individuals rich enough to buy stakes in these companies outside of the publicly traded equity markets. Like a hedge fund, a company that markets only to the very rich is not subject to most securities laws or Sarbox. So in

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other words, non-U.S. companies are still raising billions in the U.S. through IPOs. They're just doing it in a way that skirts most of our capital-market regulation.

Another warning sign is venture capital, long an engine of American economic growth. Traditionally, VC firms have used the U.S. IPO market as their exit strategy; in the 1990s, IPOs accounted for 90% of VC investment "exits." Today, however, nearly 90% of those venture-capital-backed startups are sold to strategic buyers in private transactions.

This has serious repercussions for the venture capitalist business model. For one thing, valuations are lower in private transactions and liquidity is poorer. Finding a strategic buyer can also prove more difficult than taking a company public, which is why private-equity firms have been increasingly scooping up startups incubated by VCs. "From 2001 to 2005," the report observes, "VC-backed private equity exits reaped a total of $94.85 billion, while VC-backed IPO exits raised only $12.06 billion." This is not a purely profit-driven trend, because valuations are generally lower in the less-liquid private markets. Rather, it is a reflection of where the money increasingly can be found.

Defenders of current regulation claim that the rise in private equity has been driven by low interest rates globally, and there's some truth in this. But that doesn't explain why so much of this global liquidity has gone into private equity rather than, say, the stock markets. The Hubbard-Scott report makes the case that overregulation and litigation risk are a big part of that reason.

Finally, it's worth noting that this report is not, despite some of the media sniping, a laissez-faire manifesto. It recommends no legislative changes to Sarbanes-Oxley, for example, only more rational regulatory interpretation of that misbegotten statute. We don't have the space today to discuss all of its many useful recommendations, 32 in all. But the report's best contribution is the seriousness with which it examines the evidence of U.S. competitive decline -- evidence that defenders of the status quo should now be obliged to answer.

Obama And Evangelical Megachurch In Sync On AIDS (AP)

AP, December 1, 2006

LAKE FOREST, California (AP) -- Potential presidential candidate Barack Obama stood before one of the country's largest evangelical churches Friday and declared that condoms should be made more widely available to fight AIDS.

The Democratic senator's appearance at Saddleback megachurch was a source of dispute among evangelical leaders, with some of the most conservative saying that a politician who supports abortion rights should not have been allowed to speak at such a prominent church.

Obama urged unity despite political differences to fight the disease that has killed 25 million people since the first case was reported in 1981. About 40 million currently are infected with HIV, the virus that causes AIDS.

"We are all sick because of AIDS," Obama said. "We are all challenged by this crisis."

In a show of political unity, Obama took an AIDS test with a potential White House rival on the Republican side -- Sen. Sam Brownback of Kansas. Brownback draws his support from the conservative evangelical community, but Obama has been urging liberals not to allow the Republican Party to claim it is the party of Christians. Warren also was tested.

After addressing Brownback as his friend and applauding his efforts on issues such as AIDS, Obama said: "There is one thing I've got to say, Sam, though: This is my house too. This is God's house. So I just want to be clear."

In another show of bipartisanship, the Illinois senator said President Bush doesn't get enough credit for committing $15 million against HIV and AIDS over five years.

He called the dispute over condoms a "false argument."

"I also believe we can't ignore the fact that abstinence and fidelity, although the ideal, may not always be the reality, that we're dealing with flesh-and-blood men and women and not abstractions, and that if condoms and potentially things like microbicides can prevent millions of deaths, then they should be made more widely available," Obama said. "That's my belief."

He said men and women often are "contracting HIV because sex was no longer part of a sacred covenant, but a mechanical physical act." He said government programs cannot solve that problem, but churches can make a real difference by providing people with a moral framework to make better choices.

"I don't care whether you're conservative or liberal, you've got to lift up that aspect of this struggle," said Obama, who at times drew applause.

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Obama repeated a story he had read in the Chicago Tribune about a South African woman named Hlengiwe Leocardia Mchunu who lost five of her seven siblings to AIDS. He said he couldn't imagine what it would be like to have AIDS affect his family, but "here's the thing -- my faith tells me that Leo's family is my family."

The summit came on World AIDS Day and the 25th anniversary of the discovery of the disease.

AIDS Fight Needs Churches, Obama Says (LAT)

By Michael Finnegan

The Los Angeles Times, December 2, 2006

U.S. Sen. Barack Obama of Illinois told more than 2,000 evangelical leaders in Orange County on Friday that he "respectfully but unequivocally" disagrees with those who oppose condom distribution to fight the AIDS pandemic. But he said a solution to the worldwide spread of AIDS would also come from churches guiding people to make moral decisions.

Obama, a Democrat weighing a run for the White House, made his remarks at an evangelical AIDS conference sponsored by Saddleback Church in Lake Forest.

Some conservatives, offended by Obama's support for legal abortion, had called on the mega-church's pastor, Rick Warren, to rescind his invitation to the senator.

Yet Obama drew a standing ovation from the 2,072 pastors and others who came from 39 states and 18 nations to explore church solutions to the AIDS pandemic, which has killed 25 million people worldwide. In measured words, he dismissed the notion that simply discouraging promiscuity could stop the spread of HIV, the virus that causes AIDS.

"We can't ignore the fact that abstinence and fidelity, although the ideal, may not always be the reality — that we're dealing with flesh and blood men and women and not abstractions, and that if condoms and, potentially, things like microbicides, can prevent millions of deaths, then they should be made more widely available," he said.

He recalled traveling last summer to Kenya and South Africa, where he said he heard "stories of men and women contracting HIV because sex was no longer part of a sacred covenant, but a mechanical physical act; because men had visited prostitutes and then brought the disease home to their wives, or young girls had been subjected to rape and abuse. These are issues of prevention we can't walk away from."

But Obama also noted the power of religion to slow the spread of HIV. Churches, he said, must offer "a moral framework with a faith basis to make better choices."

"Let me say this loud and clear: I don't think that we can deny that there is a moral and spiritual component to prevention, that in too many places all over the world where HIV/AIDS is prevalent — including, by the way, right here in the United States — the relationship between men and women, between sexuality and spirituality, has broken down, and needs to be repaired," he said.

For Obama, the Saddleback appearance offered a high-profile venue to highlight the role of religious faith in his life as he steps into a more prominent role on the national political stage. A parishioner at Trinity United Church of Christ on Chicago's South Side, he has described religion as an important moral force in politics and urged fellow Democrats to reach out to evangelicals.

Evangelicals, particularly those who are white, have strongly favored Republicans in national elections for decades. The Saddleback event also enabled Obama to spotlight his efforts to find common ground with Republicans on AIDS and other matters. Chris Lehane, a Democratic strategist, said that after years of fierce partisan combat in Washington, D.C., voters were likely to look favorably on a presidential candidate who champions efforts to work together for the common good.

"At a political level, it's a very smart thing for him to do," he said of Obama's improbable stop at a mega-church in Republican-leaning Orange County.

In his speech at Saddleback's cavernous worship center in the foothills of the Santa Ana Mountains, Obama applauded the Bush administration for spending billions on AIDS programs abroad.

"I don't do that that often," he said to laughter, "and sometimes unfairly so, because this is an area where I think the Bush administration has not gotten enough credit. The administration and this Congress have been serious about putting resources in contributing to the fight against HIV and AIDS."

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Before Obama spoke, Warren, leader of Saddleback's 20,000-strong congregation and author of the best-seller "The Purpose Driven Life," called on church leaders around the world to unite in efforts to fight AIDS. The pastor, dressed in blue jeans, cited the millions of African children from families afflicted with HIV.

"Friends, that's a continent sliding into the ocean," he told the crowd. "It is a race against time," he said. "People are dying."

Warren referred indirectly to the criticism that followed his invitation to Obama, saying people should listen respectfully to Democrats like Obama and Republicans like fellow speaker and Sen. Sam Brownback (R-Kan.).

"I've got two friends here, a Republican and a Democrat. Why?" Warren asked. "Because you've got to have two wings to fly."

Brownback seconded the sentiment when he spoke to the crowd, saying Democrats and Republicans need to "reach across the aisle" to combat AIDS.

"There's nothing political about dealing with malaria and global HIV," he said.

The Kansas senator, a conservative and also a potential presidential candidate, recalled his travels to Sudan and other parts of Africa, where he witnessed people suffering from AIDS and malaria and saw regions that had experienced genocide.

"If we'll just give them the crumbs off our table, they can live, and we can save our souls," Brownback said.

At a news conference after their speeches, Obama, Brownback and Warren were each administered HIV tests with a cheek swab — a gesture aimed at lifting the stigma of HIV. Each tested negative.

Asked about the objections to his visit, Obama said: "I don't demonize other folks."

"I found that I've never learned anything from refusing to listen to other people or refusing to engage in conversation with them," he said, "and that surely can't be the basis for healthy politics in our society."

Obama and Brownback declined to discuss their potential candidacies for the U.S. presidency, saying that would distract from the summit's focus on AIDS.

What's In A Name, Barry? (NYT)

By Maureen Dowd

The New York Times, December 2, 2006

If you call Barack Obama's office to check the spelling of his middle name, the reply comes back: "Like the dictator."

In the first rush of our blind date with the young senator from Illinois, we are still discovering things that are going to take some getting used to. Like his middle name: Hussein.

There were already a few top Democrats scoffing at the idea that a man whose surname sounded like a Middle East terrorist could get elected president. Now it turns out that his middle name sounds like a Middle East dictator. So with one moniker, he evokes both maniacal villains of the Bush administration. And to top it off, as Jennifer Senior noted in New York magazine, Barack rhymes with Iraq.

Republican wizards have whipped up nasty soufflés with far less tasty ingredients than that.

The middle name — the first name of his Muslim grandfather, a Kenyan farmer, and the middle name of his father, a Kenyan goatherd — had been cited in a few places, like Ms. Senior's piece. But there hadn't been much focus on the unfortunate coincidence of the senator from the city known as the Hog Butcher to the World having the same name as the Butcher of Baghdad until a Republican operative dropped the H-bomb on "Hardball" this week.

Ed Rogers, a Bush 41 official, said he was underwhelmed with "Barack Hussein Obama," dismissing him as "a blank canvas where people project their desires."

This set off indignation among liberal bloggers and in the Obama camp, where the middle name has not been hidden, but has not been mentioned much, either, even on the senator's August odyssey to his paternal home in Africa. The hush-hush on Hussein is a bit odd given that Mr. Inclusive is presenting himself as the American dream in human form, a multiethnic quilt whose journey is his qualification for higher office.

Obama aides thought Mr. Rogers was trying to stir up racial and religious biases.

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"It wasn't a slip of the tongue, I know that," said Robert Gibbs, the senator's director of communications. "The 2006 election proved that people are far smarter than the spin and fearmongering. You can't solve Iraq with a campaign about people's middle names."

He said that when Mr. Obama was running for the Senate, there were conservative Web sites that crowned the Democrat's picture with a turban and tried to make an issue of Obama and Osama sounding alike — just as G.O.P. strategists shamefully linked Max Cleland with Osama in 2002, and claimed in 2004 and 2006 that a win for the Democrats counted as a win for the terrorists.

Mr. Gibbs said some had suggested to Mr. Obama early in his pursuit of a Senate seat that, given 9/11, he might want to go by his childhood nickname, Barry. (Then it could have been Barry! vs. Hillary!)

In his book "The Audacity of Hope," the senator describes a lunch with a media consultant in late September 2001. Looking down at a newspaper picture of Osama, the politico shook his head and said: "Really bad luck. You can't change your name, of course. Voters are suspicious of that kind of thing. Maybe if you were at the start of your career, you know, you could use a nickname or something. But now ..."

The senator wrote: "His voice trailed off and he shrugged apologetically before signaling the waiter to bring us the check. I suspected he was right, and that realization ate away at me."

The Republicans are expert at tying Democrats to villains. Mr. Rogers's bad-boy mentor, Lee Atwater, yoked Willie Horton to Michael Dukakis. Mr. Atwater and his successors also liked to present their side as being more American. Traveling on the campaign trail with Bush Senior in '88, Loretta Lynn made fun of Mr. Dukakis's ethnicity, noting, "Why, I can't even pronounce his name." And in 2004, a Bush 43 campaign adviser trashed John Kerry for looking French.

Names can be fraught in politics. Hillary Rodham felt she had to switch to Mrs. Clinton after her husband lost the Arkansas statehouse in 1980.

Mr. Rogers denies he was playing hardball when he lobbed "Hussein" on "Hardball."

"No, I wasn't trying to say he is Saddam-like," he laughed. "The context was, this guy's a lightweight. Never have I seen so much swoon for so little biography. If he can make something out of this, it proves he's very thin-skinned and he ain't ready. Hillary will beat him like a rented mule." That would be Hillary Diane Rodham Clinton to you, Ed.

Bayh Moves Toward Presidential Bid (AP)

By David Espo

AP, December 1, 2006

WASHINGTON -- Indiana Sen. Evan Bayh, a Democrat with a record of political success in a Republican-leaning state, intends to take the first official step toward a 2008 presidential campaign early next week, officials said Friday.

Bayh's plans include creation of a presidential exploratory committee, as well as appearances Monday in Iowa and next weekend in New Hampshire, two early states on the campaign calendar.

Bayh would be the second Democrat to take a formal step toward a presidential campaign. Iowa Gov. Tom Vilsack is already in the race. Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois are among numerous other potential rivals who are expected to decide within a few weeks whether to run.

Republicans also are likely to have a crowded field of contenders. So far, only Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani have created exploratory committees, which permit fundraising to finance a candidate's travels.

The officials who described Bayh's plans did so on condition of anonymity, saying they had not been authorized to discuss them.

Bayh has been pointing toward a run for the White House for months, and had $10.5 million in his Senate campaign bank account as of Sept. 30. The money can be transferred to his exploratory committee.

In addition, the senator recently hired his first paid organizer for Iowa, the state whose caucuses will be the opening competition of the campaign. The aide, Chris Haylor, worked in Iowa for Sen. John Kerry in the 2004 campaign.

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As a member of the Senate Intelligence and Armed Services committees, Bayh was one of the first Democrats to support military action in Iraq. But in December 2005, he changed his position, saying he would not have supported legislation authorizing the invasion if the facts the Bush administration used to support the move had been presented to him accurately.

Bayh, 50, has charted a centrist's course throughout his political career, including two terms as governor and eight years in the Senate. He also has served as chairman of the Democratic Leadership Council, which is a prominent voice for moderation within the party, and has helped establish the centrist New Democrat Coalition.

Elected governor in 1988, he was the first Democrat in 20 years to hold that office and -- at 33 -- the youngest state chief executive in the United States.

Bayh was often referred to as a "Republicrat" who courted the middle. He never raised taxes and he left office with a humming state economy, low unemployment and a record budget surplus.

His approval rating was an astonishing 79 percent in a state that hasn't voted for a Democratic presidential nominee since Lyndon Johnson's 1964 landslide.

He drew national notice, too, as his tenure neared an end. Bayh was tapped to give the keynote address at the 1996 Democratic National Convention.

He was elected to the Senate two years later.

In recent years, Bayh voted against confirmation of Chief Justice John Roberts as well as Supreme Court Justice Samuel Alito; opposed legislation to open a portion of an Arctic wildlife refuge to oil drilling; supported a comprehensive immigration bill that included a path to citizenship for millions of men and women in the country illegally.

Bayh is the son of Birch Bayh, who won three terms in the Senate from Indiana before losing his seat to Dan Quayle in the Republican landslide of 1980.

Ross Baker, a political science professor at Rutgers University who once worked for Bayh's father, said Bayh's having been a popular governor was a plus. But he said Bayh's campaign would face a challenge to gain support in Democratic primaries. "He has been identified as a centrist, whereas the primary Democratic electorate is comprised of fairly liberal voters," Baker said.

Morris Reid, a Democratic strategist, said Bayh has made a good start on his campaign, having traveled extensively to key primary states and stumped for candidates lower on the ladder, including state legislative candidates in Iowa and New Hampshire.

"People expect so much of him," Reid said. "Evan Bayh has been bred to run for the presidency, and that is a lot of pressure."

With two years until the presidential election, potential candidates from both parties have been busy ramping up their organizations. Vilsack is in the midst of a cross-country tour to launch his campaign, and Obama discussed a possible bid with his top advisers during a meeting in his hometown of Chicago on Wednesday.

On the Republican side, Massachusetts Gov. Mitt Romney has scheduled a trip to Asia next week to beef up his foreign policy credentials. Kansas Sen. Sam Brownback is expected to announce soon whether he will move forward with his presidential ambitions.

Workers A Thorny Issue For Romney (LAT)

By Elizabeth Mehren

The Los Angeles Times, December 2, 2006

BOSTON — Massachusetts Gov. Mitt Romney, a 2008 GOP presidential aspirant and an outspoken critic of illegal immigration, apparently employed undocumented landscape workers at his home near Boston.

Responding to a report in Friday's Boston Globe, the governor's communications director said Friday that Romney was unaware that several of the landscapers who kept up his suburban Belmont property were in this country illegally.

"Gov. Romney has no information or knowledge to corroborate the Globe's allegations," Eric Fehrnstrom said Friday. "He hired a legitimate lawn service company and he knows the owner as a decent, hardworking person who is a legal resident."

As he explores a run for the presidency in 2008, Romney has made illegal immigration a priority issue, urging stiff penalties for employers who knowingly hire undocumented workers.

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The governor has endorsed construction of a 700-mile fence along the U.S. border with Mexico and has advocated that National Guard troops be stationed along the border until the fence is finished. After Romney declared his support for the fence on a Fox television show in September, host Bill O'Reilly christened the barrier "the Mitt Romney Memorial Wall."

After receiving a tip that illegal workers were tending the governor's 2½-acre property, the Globe sent a team of reporters to Guatemala to interview four current and former employees of Community Lawn Service With a Heart. The small company, based in Chelsea, Mass., had maintained Romney's grounds for a decade. The company is owned by Ricardo Saenz, a legal immigrant from Colombia.

Only one of the landscapers interviewed by the Globe said he had proper documentation to work in the United States. Another told Globe reporters that he had paid smugglers about $5,000 to take him across the U.S-Mexican border.

The Guatemalan laborers told the Globe that the governor sometimes greeted them by saying buenos dias.

The same landscaping service also maintained the nearby property of the governor's son Taggart, the Globe reported.

In California's 1994 U.S. Senate election, GOP Rep. Michael Huffington was defeated after admitting that an illegal immigrant had worked as his children's nanny for five years.

Mormon Political Clout Grows (GAN)

By Diana Marrero

Gannett, December 2, 2006

WASHINGTON — When Sen. Harry Reid becomes Senate majority leader next year, he will be the most powerful Mormon in Washington.

But that reign could be short-lived if Massachusetts Gov. Mitt Romney makes a bid for the presidency in 2008 and wins. Romney is considering a run in what is expected to be a wide-open field.

Reid is a Democrat from Nevada and Romney is a Republican. Though they have chosen different political stripes, they are bonded in a faith whose leaders encourage members to become active in public life.

Mormons are heeding the call. Typically conservative, they are more politically active than average Americans, according to a recent study. And the 15 Mormons in Congress is a slightly greater representation than the religious group's percentage of the general population.

"From the pulpit, they talk about the importance of being involved in the community, being involved in politics," said Dean Heller, a Mormon who was just elected to represent Nevada in the House. "They want members of the church to be integrated into society."

The Church of Jesus Christ of Latter-day Saints, as the church is officially called, believes the nation's founders were men of God and that the U.S. Constitution was divinely inspired.

But as politically active as Mormons may be, their faith is largely misunderstood by most Americans.

Some evangelical Christians consider the faith a cult, and 35% of Americans say they would not vote for a Mormon for president, according to a recent poll.

That presents a particular challenge for Romney, who so far has steered clear of any public discussion about his religion.

"Because religion matters in politics, it represents opportunities and challenges for candidates," said John Green, at the Pew Forum on Religion and Public Life. "Candidates have to be very cautious when it comes to talking about their faith."

A Time magazine story set to hit the news stands next week features an article titled "Can a Mormon be president?"

Quin Monson, a political science professor at Brigham Young University in Provo, Utah, says Romney's faith would likely matter to only a minority of voters.

"If a Mormon can be elected as governor of Massachusetts and a Mormon can be Senate majority leader, certainly a Mormon can be president," he said.

A religious minority, Mormons represent less than 2% of the American population with 5.5 million members across the country. The church, which claims a total of 12 million members, is one of the fastest growing faiths in the world.

Roughly 80% of Americans consider themselves Christians, with Protestants making up about half of that group. About a quarter are Catholic.

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Like Mormons, Jews and Episcopalians are also overrepresented in Congress. For example, Episcopalians make up less than 1% of the American population but 8% of Congress.

John M. Haddow, a former legislative director for Utah Sen. Orrin Hatch, said the senator was always open about his Mormon faith. Hatch briefly ran for the GOP presidential nomination six years ago.

Mormons have come a long way since Joseph Smith founded the church in upstate New York in the early 1800s. An angry mob killed Smith shortly after he announced his candidacy for president in 1844.

Sixty years later, Utah Republican Reed Smoot became the first Mormon elected to the Senate. His arrival sparked congressional hearings on polygamy, a practice officially banned by Mormon leaders in 1890. Smoot, who was not a polygamist, served five terms.

Mormons still face questions about polygamy — fueled in part by the HBO show Big Love about a Utah man and his multiple wives. Recent news coverage of a rape trial against the leader of the Fundamentalist Church of Latter-day Saints, has also kept the issue in the public arena.

But church members and others say these associations are unfair.

They point to John F. Kennedy, who overcame questions about his religion to become the first Catholic elected president in 1960.

"He broke the ground for people like Romney to run without regard to their specific faith tradition," said the Rev. Bob Edgar, of the National Council of Churches and a former Pennsylvania congressman.

Reid, who attends a Mormon church just outside Washington and keeps the Book of Mormon in his office, was not born into the faith. He joined the church in college and raised his five children in the church.

"The church has been a wonderful thing in my life," he said. "It helps me try to always do the right thing, understand that what you do has consequences."

Still, he recently drew sharp criticism from church leaders by voting against a constitutional amendment against gay marriage. He thinks gay marriage is a states' rights issue.

Although Mormon religious leaders do not endorse specific candidates, the church has at times expressed its opinion on issues such as gambling and same-sex marriage, said church spokeswoman Kim Farah.

"We believe we have an obligation as members of the communities in which we live and as citizens of the nation to engage in the political process in an informed way," she said in an e-mail. "However, church members are to make their own choices and affiliations in partisan politics."

Kerry Assessing Impact Of "Botched Joke" On '08 Prospects (AP)

AP, December 1, 2006

BOSTON, Massachusetts (AP) -- In the space of barely a minute, John Kerry's political life took an abrupt turn.

There's before The Joke, when the Massachusetts senator appeared to be well on his way toward making a political comeback, laying the groundwork for a White House bid despite losing the 2004 presidential election.

Then there's after The Joke, when even fellow Democrats and former supporters question whether Kerry is still politically viable.

Kerry's quip just before the November 7 midterm elections that those who don't study hard "get stuck in Iraq" not only forced him into isolation in the campaign's final days, it rekindled criticism about his failure to beat a war-plagued president two years ago. It also highlighted a shallowness to what he and his aides still considered to be widespread public support.

"The joke stopped that momentum in its track," said Jerry Crawford, a Des Moines attorney who was chairman of Kerry's Iowa campaign in 2004. "I don't think it was fair the way it was used against him, but it's nevertheless the reality. And it knocks him back to the place where he was shortly after the '04 election."

Crawford will be supporting Tom Vilsack, Iowa's outgoing governor, as he makes a run for the Democratic nomination in 2008. He said that is based on their longstanding relationship, not any falling out with Kerry.Just a joke

Kerry dismissed the education comment as a "botched joke" directed at President Bush, who was two years behind him at Yale. He said Republicans inflamed the issue to try to curtail expected Democratic gains on Election Day.

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Since then, Kerry has said it will be up to voters to decide what effect it may have on his presidential prospects.

"That was a slip-up of one word," he said Thursday on CNN's "The Situation Room." "I really think people have made much too much out of it."

Behind the scenes, Kerry apparently has been having doubts, calling current and former Democratic confidantes to inquire just how much his gaffe hurt his presidential chances, according to several Democrats who spoke on condition of anonymity because the conversations were private.

Kerry, who turns 63 next month, had been planning to announce a comeback campaign in December or January. He had thrown himself into helping his party reclaim Congress in the midterm election, campaigning for roughly 80 House, Senate and gubernatorial candidates.

He also has a political account of $14 million -- about the same as New York Sen. Hillary Rodham Clinton, the Democratic front-runner.Democrats' victory a factor

Two things have delayed Kerry's plans: fallout from the joke, and the Democrats' newfound control over the House and Senate.

As a member of the incoming majority party, come January Kerry will be chairman of the Senate Small Business Committee and the Foreign Relations East Asian and Pacific affairs subcommittee. He will be in attendance when the new Foreign Relations Committee chairman, Sen. Joe Biden, D-Delaware, convenes hearings on the future of U.S. military action in Iraq.

These responsibilities will impede Kerry's ability to jet around the country, attending fundraisers and courting political operatives, as he did in 2002 and 2003 when Democrats were in the congressional minority and largely powerless.

"Everybody's clock's been slowed down by the move into the majority," said Edward Reilly, Kerry's top political consultant. "Clearly the election was about Iraq and people want change -- and this new Congress to deliver it."

Nonetheless, "We're still very much in a go-mode on this thing," Reilly said. Kerry and his wife, Teresa Heinz Kerry, hope to boost their public reemergence with a book about the environment slated for publication next April.

The senator faces other challenges in mounting a second presidential campaign. No Democrat other than an incumbent president has won his party's nomination twice since Adlai Stevenson failed in back-to-back campaigns in 1952 and 1956.

First, Kerry is up for re-election in 2008, which means he will have to simultaneously run for president and the Senate if he doesn't want to take an all-or-nothing chance on the White House.

He is helped by the anemic Massachusetts Republican Party, which is in tatters after losing the governor's office on November 7. The party's most prominent candidate, Lt. Gov. Kerry Healey, was trounced, and another potential Senate candidate, Republican Gov. Mitt Romney, is preparing for his own presidential campaign.

Potential Democratic challengers, including several members of the Massachusetts House delegation, are also rethinking strategy after their party's wins win gave them newfound power in Congress.Next best thing to Clinton

The bigger threat is to Kerry's principal campaign rationale that he is the most viable alternative to Clinton. The former first lady leads polls among potential Democratic presidential candidates, although she has not committed to a 2008 campaign.

Among some Democratic operatives, including former Kerry campaign staffers who would only speak on the condition of anonymity to avoid angering the senator, the joke and Kerry's response undercut his claim to that distinction. Kerry finished last in a Quinnipiac University poll released Monday that asked voters to rate 20 politicians. (Full story)

"I don't think it's personality; I think it's strategic," said Jeffrey Berry, a political science professor at Tufts University. "The reason John Kerry won the nomination in 2004 was that Democrats in Iowa calculated that the best chance to beat George Bush was to nominate someone with military experience, who could be effective in fighting off Republican criticism that Democrats are 'soft on terror.'"

Berry added: "The war has become such a catastrophe for the Republicans, the Democrats don't need a war hero. The Republicans are going to be on the defensive next time."

At the same time, other Democrats are offering a fresh face.

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Sen. Barack Obama, D-Illinois, one of the party's most popular figures, has changed course and now says he is considering a campaign even though he has served in the Senate only two years. Sen. Evan Bayh, D-Indiana, a former Midwestern governor, has $10 million he can use on a campaign.

And Kerry's 2004 running mate, former Sen. John Edwards of North Carolina, is touring the country, promoting a new book and laying the groundwork for his own 2008 campaign.

William Shaheen, a veteran New Hampshire activist whose wife, Jeanne, served as the state's governor and Kerry's campaign chairwoman, said the senator remains viable as a presidential candidate because he has a clear strategy on Iraq, a plan for improving health care nationwide and an outline for energy independence.

"John Kerry is a very complicated guy who offers a lot," he said.

As for whom he will support going forward, Shaheen replied: "I'm certainly leaning toward him, because he's done nothing to violate my trust. I appreciate the race he ran in '04 and I appreciated what he did this fall."

With An Eye Cast To 2008, Pataki Hires A Chief Aide (NYT)

By Patrick Healy

The New York Times, December 2, 2006

Gov. George E. Pataki hired a former aide to Vice President Dick Cheney yesterday as the chief fund-raiser for the political operation that is laying groundwork for Mr. Pataki's possible bid for the Republican presidential nomination in 2008.

Mr. Pataki, who will leave office at the end of the month, is now preparing to move into new offices in his hometown of Peekskill, N.Y., where he will oversee his political action committee, the 21st Century Freedom PAC.

The new aide, Kara Ahern, is joining PAC as the national finance director to raise money for Republican allies of Mr. Pataki — and for the governor himself if he makes a bid for president or perhaps vice president.

Ms. Ahern worked with Mr. Pataki when she was the Northeast finance director for President Bush's campaign in 2004. Afterward, she was political director to Mr. Cheney, and this year she was a fund-raiser for the Republican nominee for governor of Massachusetts, Lt. Gov. Kerry Healey. (Ms. Healey lost last month.)

Mr. Pataki is viewed in Republican circles as a long shot for his party's nomination in 2008, given his moderate stance on social issues — he supports abortion rights, for instance — and given his unpopularity in New York as his third term winds down.

Even the newly elected chairman of the New York Republican Party, Joseph N. Mondello, has been openly skeptical of Mr. Pataki's prospects.

While three top Republican operatives in Iowa recently resigned from the Pataki PAC, re-enforcing uncertainty about his 2008 chances, Ms. Ahern said in an interview that she was excited about Mr. Pataki's future, and added that she was drawn to his sunny nature.

"What I like about him is he's very positive," she said. "He looks to what's right with the country, and the things we're doing right, and the things we need to change. He's very positive."

Despite her work in Massachusetts, Ms. Ahern said she had not considered working for the state's governor, Mitt Romney, another presidential hopeful.

Steele Takes Active Role In Maryland Politics, Eyes 2010 (WT)

By S.A. Miller

The Washington Times, December 2, 2006

Maryland Lt. Gov. Michael S. Steele has rebounded from his election loss by returning to an active role in state Republican politics, positioning himself for a potential run for governor in four years.

"I'm just trying to make sure our party gets back on its feet and stands tall," Mr. Steele told The Washington Times. "If we don't do the groundwork now and pull ourselves up, 2010 won't matter and 2008 won't matter, either."

Since his loss Nov. 7 in the U.S. Senate race, Mr. Steele has helped recruit and promote candidates for state party chairman and members of the central executive committee, who will be elected today at the state party convention in Annapolis.

Mr. Steele, who served as state party chairman from 2000 to 2002, said it was "too soon" to commit to a run for governor, but he did not rule out the possibility.

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"I'll always be prepared for opportunities," he said.

He also said that after the re-election loss of Gov. Robert L. Ehrlich Jr., the state's first Republican governor in more than 30 years, the party must rebuild the way it did after 1998. That year, Republican Ellen R. Sauerbrey narrowly lost a second gubernatorial election to Gov. Parris N. Glendening, a Democrat.

"We struck gold right out of the box," Mr. Steele said of his 2002 win with Mr. Ehrlich. "I think we can do it again."

Senate Minority Whip Andrew P. Harris said he was "encouraged that [Mr. Steele] wants to have influence" in party elections.

"That means Michael Steele is here to stay with us as a political force in Maryland," said Mr. Harris, Baltimore County Republican.

Carol L. Hirschburg, a Republican political consultant in Maryland, said Mr. Steele remains a "rallying point" for the party even after it suffered major setbacks in the election.

The nation's anti-Republican mood helped restore the Democratic Party's almost complete control of state government in Maryland, where Democrats outnumber Republicans nearly 2 to 1.

Mrs. Hirschburg joined Mr. Harris and other party insiders who anticipate a 2010 gubernatorial run by Mr. Steele, who entered the Senate race as a rising star in the party and continues to attract national attention.

"It was always assumed ... that he would run for governor," Mrs. Hirschburg said.

Mr. Steele's involvement in the party elections is a stark contrast to Mr. Ehrlich, who has assumed a low profile since his loss to Gov.-elect Martin O'Malley, a Democrat.

The governor "is busy governing and making his transition to private life," said Ehrlich spokesman Henry Fawell.

Despite the lieutenant governor's influence, the race for party chairman is contested.

Mr. Steele has aggressively lobbied central committee members to elect as chairman Jim Pelura, a Davidsonville veterinarian who served as state chairman of President Bush's 2004 campaign and as the Anne Arundel County chairman of Mr. Ehrlich's 2006 campaign.

However, a nomination for party chairman also went to Annapolis businessman John White, a political newcomer who last month lost the race for the 3rd Congressional District seat by a large margin to Democrat John P. Sarbanes.

Candidates had to be nominated by at least three county chairmen before the 7:30 p.m. deadline yesterday.

Mr. Steele's efforts helped establish Mr. Pelura as the frontrunner heading into the vote today by the party's 238 central committee members.

Maryland Republican Party Chairman John M. Kane, who is stepping down after one four-year term, said Mr. Steele's endorsement of Mr. Pelura is expected to "sway a lot of voters."

Mr. Steele, who lost the U.S. Senate race to Sen.-elect Benjamin L. Cardin, a Democrat, was expected to land somewhere on the national stage.

He was briefly rumored to be the next RNC chairman before the post was offered to Sen. Mel Martinez of Florida, a former member of Mr. Bush's Cabinet.

Mr. Steele said he plans to stay involved in state and national politics, including supporting the party's congressional and presidential candidates.

"I'm going to try to play at both levels," he said. "I'm going to continue the message I struck a chord with over the last year."

The lieutenant governor's interest in the party elections has Maryland Republicans continuing to pin their hopes on him. Mr. Steele's Senate run demonstrated his ability to appeal to swing voters and voters who traditionally back Democrats.

"That's where the future of the Republican Party in Maryland lies," Mr. Harris said.

New President Takes Helm Of Divided Mexico (WP)

By Lorraine Orlandi

The Washington Post, December 2, 2006

DOJ_NMG_0100871

MEXICO CITY, Dec. 1 -- Felipe Calderon, a free-trade booster and career politician, was sworn in as president of Mexico on Friday in a ceremony undercut by lawmakers' jeers and fisticuffs, a chaotic scene that reflected the country's deep political and economic divisions.

Calderon, 44, slipped through a side door into the congressional chamber to recite the oath of office, as opposition legislators made a final push to barricade the entrances and block his inauguration. Moments earlier, rival lawmakers had brawled briefly on the assembly's floor, shoving each other and throwing chairs.

The perfunctory ceremony lasted less than five minutes and was nearly drowned out by whistling and catcalls from opponents who said Calderon had stolen the July election through fraud.

It was an unprecedented departure from the typical somber pageantry of Mexico's transfer of power and a long way from the mass euphoria that greeted Vicente Fox's 2000 election victory, which ended 71 years of single-party rule. It was also an indication of the challenges that await Calderon.

In a speech at the National Auditorium a few hours after the inauguration, the new president acknowledged the turmoil, but he also called on rivals to put aside political differences.

"To those who voted for other political options, I say I will not ignore the reasons behind your vote, and I ask you to let me win your confidence through action," he said, speaking from the vast stage where he was briefly joined by his wife and three young children.

"Clearly, Mexico is living through tense times. . . . I am aware of the seriousness of our differences and take full responsibility to solve them and reunite Mexico."

Andres Manuel Lopez Obrador, the popular former mayor of Mexico City who lost the election to Calderon, has declared himself the "legitimate" president. He mobilized mass street protests that paralyzed the city center for weeks after the election. On Friday, he led a march against Calderon through the capital's downtown and pledged to "defend democracy."

"We will not accept a democratic farce," he told cheering supporters.

Calderon, of the National Action Party, won the election by less than one percentage point. The nation's top electoral court found no evidence to support allegations of widespread fraud and rejected Lopez Obrador's calls for a vote-by-vote recount, instead certifying Calderon the winner after a recount of about 9 percent of returns.

That left a bitter taste among some Mexican voters, especially those disappointed with Fox's failure to close the gap between rich and poor, rein in rampant drug-related violence and street crime, and create new jobs in a nation where 40 percent of the population lives in poverty.

Such social inequalities have recently helped feed unrest in parts of the country. Violent protests in the historic southern city of Oaxaca have claimed several lives in the past few months and left the tourist center damaged. A handful of bombs apparently placed by groups sympathetic to the Oaxaca protesters exploded across Mexico City recently. And a turf war among drug gangs has produced gory headlines daily.

"Fox is bequeathing to Calderon a country without government," said Homero Aridjis, a 66-year-old poet, commentator and environmentalist who attended Calderon's speech.

"The political parties are in a pitched battle, it's like lucha libre," or freestyle wrestling, said Aridjis. "In Oaxaca, a historic city has been ruined by negligence and social and labor unrest. We have drug executions daily. At breakfast you read in the paper how many people were killed today."

Calderon pledged to fight crime with an overhaul of the police and the justice system, to combat poverty and to repay Mexico's "enormous debt to the poor" with more, and more efficient, social spending. He also promised to create jobs and attract investment to stem illegal migration.

He has used strong language to denounce Washington's plan to extend a wall along the border to stop illegal immigrants, but he has said he believes there is "room for improvement" on immigration and other bilateral issues after Democratic gains in the U.S. Congress.

In perhaps his most dramatic gesture and one that echoed Lopez Obrador's calls for government austerity, Calderon on Friday promised to immediately slash salaries of the president and high-ranking officials and asked Congress to review the pay scales for all public officials.

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Fox's 2006 salary was 2.7 million pesos, or about $245,000. In Peru, a similar gesture by center-left President Alan Garcia boosted his approval ratings soon after he took office in July.

Like Fox, Calderon will face a divided Congress. His party holds the largest voting bloc, but Lopez Obrador's Democratic Revolutionary Party, or PRD, makes up the second-largest force.

Among Calderon's first challenges may be confronting Mexico's privileged business elite -- seen by many as the pillar of his support base but which benefits from tax and regulatory breaks that economists say squeeze ordinary Mexicans with high prices for basic services.

"Mexican capitalists, the big ones, were protected by the old PRI system, and Fox didn't touch that," said Marifeli PÃ©rez-Stable, an analyst with the Washington-based Inter-American Dialogue, referring to the Institutional Revolutionary Party, which lost power in 2000.

Rogelio Ramirez de la O, an economist who advised Lopez Obrador's campaign, said Calderon must take on the oligarchy where Mexico's wealth is concentrated, as well as corrupt unions and vested interests at state-owned oil monopoly Pemex.

"If he presents himself like Teddy Roosevelt going up against the robber barons, that would be a sign that would create a positive environment," he said. "But if he doesn't govern for the other half of Mexico, then Mexico will be increasingly partitioned."

Tens of thousands of anti-Calderon protesters gathered in Mexico City's central plaza on Friday to voice their displeasure with the inauguration. Among them was Lilia Gomez, a 42-year-old housewife from the southern state of Veracruz who took not a little joy in seeing Calderon have to squirrel himself into Congress.

"He never thought he would have to go in the back door," she said.

Amid Catcalls, Mexico's President Is Sworn In (NYT)

By James C. McKinley

The New York Times, December 2, 2006

MEXICO CITY, Dec. 1 — It was not pretty, but Felipe Calderón, the new president of Mexico, managed to take the oath of office in Congress Friday, as opposition lawmakers whistled and catcalled and the losing leftist candidate staged a massive march down the central avenue of the capital.

Never before in modern Mexican history has a president been sworn in under such chaotic and divisive conditions. At midnight, as President Vicente Fox's term ran out, the government took the step of broadcasting the private swearing-in of Mr. Calderón at the presidential residence, a legal necessity usually not publicized.

Minutes later, Mr. Calderón spoke on national television to urge lawmakers to "respect the Constitution" and let the ceremony take place.

The call went unheeded. Mr. Calderón's opponents from the leftist Democratic Revolution Party tried to block the entrances to Congress to prevent him from being publicly sworn in. But with his conservative National Action Party supporters ringing the podium, he and Mr. Fox were spirited in by bodyguards through a door near the dais at the front of the chamber at 9:50 a.m.

Mr. Calderón quickly took the oath of office, and Mr. Fox handed over the traditional presidential sash, then both left the chamber. The entire ceremony lasted four minutes. Opposition politicians blew whistles, screamed insults and displayed banners saying Mr. Calderón was "a traitor to democracy."

The tug of war over the ceremony provoked fistfights and pushing matches between lawmakers. It was the culmination of months of bitter disagreement over Mexico's hotly contested July 2 election, which the courts determined Mr. Calderón had won by a mere 240,000 votes out of 41 million ballots cast.

His leftist rival, Andrés Manuel López Obrador, the former Mexico City mayor, has never conceded defeat, and just before the swearing-in Friday morning, he held a rally in the city's historic central square, the Plaza of the Constitution, with more than 100,000 supporters.

Then he led a march down Paseo de la Reforma, the city's main avenue, toward the National Auditorium, where President Calderón spoke at noon to several thousand invited guests as hundreds of police officers in riot gear ringed the building and blocked roads for miles around.

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While on the street Mr. López Obrador's supporters chanted slogans and waved banners, inside the auditorium the atmosphere was more like the Academy Awards than a political rally, with smooth-voiced announcers praising Mr. Calderón to a well-dressed crowd while a big-screen television showed a rosy biography of him.

As he has many times in the last two months, Mr. Calderón reached out to his leftist adversaries and called on them to put the national interest above partisan differences.

"To those who voted for other political options, I will not ignore the reasons and causes for your votes," he said. "And I ask you to let me gain your confidence with acts."

"It's clear that Mexico is living through tense times between the main political forces but, conscious of the seriousness of the disagreements, I assume completely the responsibility to resolve them and reunify Mexico," he added.

He went on to announce he would immediately push for two proposals near and dear to Mr. López Obrador. He promised to cut the salaries of the president and high government officials (a staple in his adversary's stump speech), as well as to provide universal health care to children.

Those gestures were not likely to make peace. Speaking to his supporters, Mr. López Obrador charged that the election was fraudulent and that Mr. Calderón's victory was engineered by a "neofascist oligarchy." He claimed the "imposition" of Mr. Calderón as president amounted to a "coup d'état."

"We are not rebels without a cause," he said. "Sometimes they forget the heart of the matter, which is that they robbed us of the election."

He also hinted darkly that he and his party might resort to violent protests in their efforts to "defend democracy."

He said: "We don't want to generate problems, but they have to understand for once and for all, we are going to defend the democracy of this country. We have always acted in a responsible manner, but understand me well, everything has its limit."

In Congress, the left and right seemed as entrenched as ever after the donnybrooks and yelling matches of the morning, boding ill for any agreements on important changes that economists say the country needs to remain competitive.

In the end, the conservative legislative leaders were successful not only in getting Mr. Calderón to the podium, but also in ensuring that dignitaries like former President George H. W. Bush, who represented the United States, were able to attend.

The raucous behavior of the lawmakers of the Democratic Revolution Party, known by its Spanish initials as the P.R.D., provoked strong reactions. "The Democratic Revolution Party should lose its party registration because they don't respect institutions," said Héctor Larios, the National Action Party leader in the Chamber of Deputies. "We have put a stop to the continual threats and extortions of the P.R.D., and that's the way it must be, because this should not happen. We cannot respect people who don't respect institutions."

But the leftists, for their part, continued to lob verbal grenades at the new president, suggesting his refusal to accept a recount in the general election had pushed the country to the brink of revolution.

"Felipe Calderón does not enjoy legitimacy in his position, even when he has the law on his side," said Senator Carlos Navarrete of the P.R.D. said. "Calderón's government has started its rule by throwing matches everywhere, on dry straw."

Mexico's Calderón Is Sworn In Amid Protests (WSJ)

By David Luhnow and John Lyons

The Wall Street Journal, December 2, 2006

MEXICO CITY -- President Felipe Calderón took office yesterday, facing down leftist lawmakers who had vowed to block his inauguration and putting the country on notice that he won't retreat as easily in the face of opposition as his predecessor did.

Opposition lawmakers had warned Mr. Calderón, who won a disputed victory in July, that there could be trouble if he took his oath of office in Congress, as called for by the Constitution. But the conservative said he wanted to make a point of abiding by the law. While there were some fistfights among lawmakers from both sides -- which visiting California Gov. Arnold Schwarzenegger called "good action" -- the ceremony ended quickly and without major incident.

The symbolic gesture sent a loud message in Mexico, a country that only saw its first fully democratic transition in 2000, but that has been slowly becoming more violent and ungovernable since that year's election of President Vicente Fox, who

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repeatedly backed down in the face of protests and opposition demands. The resulting drift has let Mexico fall ever further behind its Asian rivals in attracting investment to create jobs and ease poverty.

"This suggests a leader who isn't afraid to do his duty. It's positive in that it reflects a firmness that was absent under Fox," said Jorge Chabat, a professor who follows the presidency at the CIDE research university in Mexico City.

Mr. Calderón called for reconciliation in a country divided over the election. His opponent, populist Andrés Manuel López Obrador, still hasn't accepted the result, and recently held his own inauguration as the "legitimate" president. While a third of Mexicans believe there was fraud of some kind in the election, which was deemed clean by international observers, about 85% say they accept Mr. Calderón as leader.

In his first speech as president, Mr. Calderón made fighting crime, reducing poverty and overhauling a clubby political system his first priorities. Taking a page from his left-wing rival's playbook, the new president said he would reduce his pay and that of his senior staff -- posing a challenge to Congress to approve broader legislation that would reduce salaries of elected officials, as well as to cut state funding for political parties and shorten campaign periods. Mexico's democracy is one of the world's most expensive.

Seeking to reach out to his rival's supporters, Mr. Calderón said he would boost social-welfare spending to expand health-care coverage for poor children, increase cash subsidies for poor families and provide more scholarships. Addressing Mr. López Obrador's supporters, he said, "I don't ignore the causes and reasons for your discontent. But I ask you to give me a chance to win you over through my actions."

Chaos Reigns For Mexican Inauguration (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, December 2, 2006

Felipe Calderon is sworn in amid battles in the legislative palace. He promises to reach out to mend rifts.

MEXICO CITY — Felipe Calderon, a diminutive but determined 44-year-old conservative, was inaugurated Friday as president of a deeply divided Mexico amid fisticuffs between rival lawmakers and raucous protests in the country's "legislative palace."

Leaders of the largest opposition party in Congress, the leftist Democratic Revolution Party, or PRD, say Calderon's election was illegitimate, and they battled conservative congressional deputies and senators on the floor most of the week. But the leftists failed in their attempt to keep legislators out of the chambers to prevent a quorum for the joint session of Congress.

Friday morning, after leftist lawmakers barricaded most of the doors with chairs in a last-ditch attempt to keep the president-elect out, Calderon emerged through a back entrance. He squeezed into a phalanx of bodyguards and loyalist legislators, and took the oath of office.

With European princes, Latin American leaders, former U.S. President George H.W. Bush, California Gov. Arnold Schwarzenegger and other dignitaries looking on from two balconies, Calderon raised his hand and sometimes shouted as he recited the 62-word oath amid a chorus of derisive whistles.

The swearing-in ceremony lasted less than two minutes.

"Felipe will fall! Felipe will fall!" leftist legislators chanted.

"Yes we did it! Yes we did it!" the legislators of Calderon's National Action Party, or PAN, shouted as Calderon exited.

In a speech later before a friendly audience of invited dignitaries and political leaders at the city's National Auditorium, Calderon said he would reach out to his rivals and try to heal the wounds of a long and bitter fight over the election.

"It's obvious that Mexico is living moments of tension between its leading political movements," Calderon said. "I am aware of the seriousness of our differences, and I assume full responsibility to resolve them and reunify Mexico."

Calderon's rival, leftist Andres Manuel Lopez Obrador, had declared himself Mexico's legitimate president in his own swearing-in ceremony Nov. 20 before 100,000 people in this city's central square, the Zocalo.

On Friday, a much smaller crowd came to the Zocalo to hear Lopez Obrador speak.

"We are not rebels without a cause," Lopez Obrador said. "People forget that they stole the election from us. People forget that a neofascist oligarchy blocked our path. That minority is the one responsible for the political crisis in this country."

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Sen. Rosario Ibarra of Lopez Obrador's PRD drew laughter from the crowd when she described how Calderon had entered the legislative palace.

"That spurious man had to take the stage with an escort of PAN members and guarded by the presidential guard," Ibarra said. "He came in through the back door and left through the back door."

"Like a dog!" people in the crowd shouted back.

Lopez Obrador had suggested his followers would stage a mass march on the legislative palace, which was sealed off with steel barriers and protected by navy commandos and police. Despite the heated rhetoric, the march never reached Congress and ended peacefully.

The day's events marked the end of a battle that began just hours after the polls closed July 2, with both Calderon and Lopez Obrador declaring victory.

The often nasty campaign had laid bare Mexico's profound economic and regional divisions. Lopez Obrador won among the poor and in southern Mexico. Calderon was favored in northern Mexico and among its affluent and middle class.

After partial recounts and legal battles that stretched into September, Mexico's highest electoral court declared Calderon the winner by less than 1 percentage point. Calderon's come-from-behind victory was the closest in the nation's history.

The ambivalence many Mexicans feel toward Calderon's presidency was evident in a poll released Friday by the newspaper El Universal. Seven in 10 respondents said they opposed efforts to block the inauguration, although 42% said they believed Calderon's victory was fraudulent.

The political battle took on new life as the inauguration approached.

Conservative and leftist legislators Tuesday began to fight over the dais where Calderon would take the oath. Part wrestling match, part sit-in, the struggle endured for three days and ended with the conservatives in control of the better part of the stage.

Lawmakers on both sides were protected from arrest by the legal immunity granted to legislators here, which also prevented police from entering the chambers to restore order.

On Friday morning, while leftist members used heavy chairs to barricade the entrances, conservative lawmakers built a barrier on the dais with other chairs to protect the back door.

"What we are doing is defending the institutions of democracy," said Congressman Luis Xavier Maawad of the PAN.

If Calderon had failed to take the oath in Congress as mandated by a century of tradition and the Mexican Constitution, his tenure could have faced legal challenges, analysts said.

"It was his obligation to be here, and it was ours too," Sen. Santiago Creel of the PAN told reporters after the inauguration — not long after the senator had narrowly avoided being bowled over by a charge of leftist legislators. "This is our house. And no one wants violence in their house."

Calderon's defiant appearance on the dais was in sharp contrast with the attitude of his predecessor, Vicente Fox, during his final months in office. In September, Fox backed down in the face of protests by Lopez Obrador supporters, who prevented him from giving his last state of the union address before Congress and his traditional "shout of independence" in the Zocalo.

Earlier in the day, the threats of protest inside and outside Congress caused part of the transfer-of-power ritual to be held in private for the first time. In the presidential residence Los Pinos, Fox handed over a ceremonial flag and sash to the new president in an awkward, apparently improvised televised scene just after midnight.

After the inauguration, leftist legislators said the PANcontrolled congressional leadership had trampled the rules to have Calderon inaugurated.

"There is no quorum here," said Congressman Raymundo Cardenas of the PRD. "They made up the quorum. They never called the roll. This is a complete farce."

Calderon will face many challenges, including a dissident movement in the southern state of Oaxaca and drug cartels that appear to operate with impunity.

In his speech at the National Auditorium, Calderon promised to crack down on crime and address the country's rampant poverty. And he embraced a theme of the Lopez Obrador campaign, saying he would move to cut the salaries of top bureaucrats.

"I know that we have to find real solutions to the inequality among Mexicans, and especially the inequality between north and south, between the city and the countryside, and between those who are Indians and those who are not," he said.

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In handling those problems, Calderon may be helped by the scenes of his first day, analysts said.

Taking the stage Friday was "an act of political symbolism that could end up defining his presidency on the first day of his term," said Armand Peschard-Sverdrup, a Mexico expert with the Center for Strategic and International Studies in Washington. "It's the difference between a president who is going to be seen as politically strong or politically frail from Day One."

Times staff writer Sam Enriquez, and Carlos Martinez and Cecilia Sanchez of

The Times' Mexico City bureau contributed to this report.

Roughhouse Swearing-in (WT/AP)

By Ioan Grillo

The Washington Times, December 2, 2006

MEXICO CITY -- Felipe Calderon took the oath of office as Mexico's president yesterday amid jeers and whistles, in a lightning-fast ceremony before lawmakers who exchanged punches and insults over the conservative leader's narrow victory.

Mr. Calderon entered through a back door and appeared suddenly on the speaker's platform, the site of three days of fistfights and sit-ins by lawmakers seeking to control the stage.

Physically protected by sympathetic lawmakers and flanked by outgoing President Vicente Fox, Mr. Calderon ignored the chaos around him and calmly raised his arm as he swore to uphold the constitution in a voice almost inaudible over the noise.

Congress' leader ordered the national anthem played, momentarily stilling the catcalls and shouting, before Mr. Calderon made a quick exit and Congress adjourned.

"It's good action," said California Gov. Arnold Schwarzenegger as he arrived to join other foreign dignitaries -- including the first President George Bush, Colombian President Alvaro Uribe and Spanish Prince Felipe of Asturias.

They barely warmed their seats in a balcony overlooking the scene before Mr. Calderon departed.

"He did it. He did it," chanted ruling party lawmakers, who danced and embraced each other in celebration.

The new Mexican leader called on his adversaries to negotiate, but indicated his confidence of governing with or without them.

"I will always be willing to talk, but I won't await dialogue in order to get to work," Mr. Calderon told a large and carefully screened crowd of supporters and dignitaries several hours after assuming the presidency.

Mr. Calderon outlined an ambitious agenda to combat underworld violence and poverty, create good-paying jobs, improve Mexico's global competitiveness and reform the country's political party system. To do that, he will need the cooperation of Congress, where his political opponents hold the majority.

Andres Manuel Lopez Obrador, of the Democratic Revolution Party (PRD), asserts he was robbed of the presidency and has declared himself Mexico's "legitimate president."

In September, the Federal Electoral Tribunal declared Mr. Calderon the winner of the disputed race by less than a percentage point.

After the inauguration, Mr. Lopez Obrador led tens of thousands of supporters down Mexico City's elegant Reforma Avenue, the same boulevard they occupied for weeks this past summer to protest Mr. Calderon's victory.

Carrying banners that read "Lopez Obrador is president," the sea of people marched toward the heavily guarded National Auditorium, where Mr. Calderon was to address the nation.

Later in the day, Mr. Calderon was to attend a military ceremony in which army commanders swear allegiance to him.

Mr. Lopez Obrador said he would never recognize Mr. Calderon as president because that "would be accepting fraud."

"If we don't protest and we remain silent, there will never be democracy in our country," he said.

After camping out in Congress for three days in an attempt to control the speaker's podium and prevent Mr. Calderon from taking office, leftist lawmakers seized the chamber's entrances yesterday morning.

They draped a giant banner across the chamber reading, "Mexico doesn't deserve a traitor to democracy as president," exchanged punches with ruling-party lawmakers and erected barricades of chairs as Calderon supporters chanted, "Mexico wants peace."

"I have never been in such an exciting session," said Sen. Santiago Creel, who was Mr. Fox's former interior secretary.

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Mr. Calderon acknowledged the political chaos during an unusual midnight ceremony Thursday in which he took control of the presidential residence from Mr. Fox."I am not unaware of the complexity of the political times we are living through, nor of our differences," he said. "But I am convinced that today we should put an end to our disagreements and from there, start a new stage whose only aim would be to place the interests of the nation above our differences."

Pomp And Punches (HC)

By Dudley Althaus, Marion Lloyd

Houston Chronicle, December 2, 2006

MEXICO CITY — Mexico has a new president. But whether he has the country remains an open question.

Having taken office Friday in a tumult, Felipe Calderon called again on his adversaries to negotiate but made clear he's confident of governing with or without them.

"I will always be willing to talk but I won't await dialogue in order to get to work," Calderon, 44, told a large and carefully screened crowd of supporters and dignitaries several hours after assuming the presidency.

"We politicians are obliged to resolve citizens' problems, not oppress them with our disagreements," he said. "Conflicts between politicians only harm the people, especially the neediest."

Calderon outlined an ambitious agenda to combat underworld violence and extreme poverty, create good-paying jobs and improve Mexico's global competitiveness and reform the country's political party system. To do that, he'll need the cooperation of Congress, where his political opponents hold the majority.

But leftist politician Andres Manuel Lopez Obrador, who narrowly lost to Calderon in July's elections, vowed again never to bargain with him. Lopez Obrador's Democratic Revolution Party holds the second largest block of seats in the lower chamber of Congress.

"We are not going to sell out," Lopez Obrador told supporters before leading tens of thousands on a protest march through the heart of the Mexican capital. "We will never betray the confidence of the people."

Bizarre developmentThe fashion in which Calderon was forced to claim his office Friday suggests that the next six years of his presidency could prove a bumpy ride indeed.

In what will rank among the more bizarre Mexican inaugurations in a history full of them, Calderon symbolically assumed the presidency at midnight Friday in Los Pinos, the presidential compound.

But he was constitutionally bound to take the oath of office before a joint session of Congress. So Calderon and outgoing President Vicente Fox sneaked into Congress at 9:45 a.m. for a besieged ceremony that lasted less than four minutes.

As opposition lawmakers screamed abuse and his loyalists physically shielded him from attack, Calderon quickly swore to uphold the constitution and joined in the national anthem. Then he and Fox slipped away through the same back door through which they had sauntered in.

"Felipe Calderon just faced the first day of his nightmare," said Luis Hernandez, a columnist for the leftist newspaper La Jornada, which has been supportive of Lopez Obrador's movement.

"Felipe has a very tough job ahead, while Lopez Obrador retains an unmistakable capacity for mobilization," he said. "He can make life miserable for Felipe Calderon, and I'm sure he'll do it."

Fistfights broke out earlier Friday morning on the floor of Congress between dozens of legislators loyal to Calderon and those who support Lopez Obrador.

Following the brief brawl, Calderon supporters formed a human wall around the podium while Lopez Obrador's backers moved to block the building's entrances, futilely trying to prevent Calderon's arrival.

"It's a great, great victory," Gustavo Madero, a PAN senator from northern Chihuahua state said afterward. "The president managed to take his oath and not subject himself to blackmail and threats."

But as Calderon was slipping into power, Lopez Obrador and his supporters filled the Mexico City's sprawling central plaza, the Zocalo, for yet another rally and then marched down its main boulevard.

The protesters were stopped by metal barricades and riot police lined up four rows deep across the Paseo de la Reforma a few blocks from the U.S. Embassy.

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"I feel insulted more than anything by the president who just left and by the one they are about to put in power," Alejandro Rivera, 37, owner of a Mexico City grocery, said of Fox and Calderon. "That is not the will of the people.

"This is the will of the people," Rivera said, gesturing toward the protesting throng.

But Friday's protest march was much smaller than those in the past. And how Lopez Obrador's continued opposition plays with the Mexican public at large might greatly determine Calderon's fortunes as president.

A voice of optimismJasmin Diaz, 26, who was walking near the protest with her 7-year-old daughter, said she voted for Lopez Obrador but had come to regret it during the endless protests of last summer.

"I think that there are people who don't accept that they lost," she said. Diaz said she now thinks Calderon will be a good president because "he's a studious person.

"Let's hope he takes the country forward," she said.

An opinion poll published Friday in the newspaper Reforma — which Lopez Obrador accuses of being biased against him — reported that 52 percent of Mexicans have a favorable opinion of Calderon while 18 percent don't like him. The rest are undecided.

The poll showed respondents evenly split about whether Calderon would be a good president. Sixty percent said they had yet to hear any specific proposals from him.

Though the way Calderon took office might project an image of weakness, some analysts said, the fact he was able to at all is a major setback for Lopez Obrador.

"The ceremony lasted just three minutes, but it happened," said political scientist Marcela Bobadilla. "Institutions are still working."

Challenges aheadThough the presidency remains Mexico's premier political institution, power has become more evenly distributed in the past decade, especially since Fox's election in 2000 ended the 71-year rule of the Institutional Revolutionary Party, or PRI.

Fox was unable to get many of his bigger proposals through a congress dominated by the PRI and Lopez Obrador's party. But some analysts think Calderon, who spent years in Congress, will have an easier time, especially since he has made alliances with the PRI.

"Calderon is going to have a lot of maneuvering room because expectations are so low," said political scientist Federico Estevez. "No one can expect much. That's perfect for him."

Still, if his larger policy initiatives have a chance, Calderon's congressional allies will have to somehow forge agreements with Lopez Obrador's camp.

Those are tomorrow's worries.

"I'll talk to whoever is willing to talk and I'll build with whoever wants to build," Calderon said in what amounted to his inaugural speech, given at the National Auditorium across the city from the Congress.

"If we have to change the rules," the new president said, "let's change the rules."

Protesters Can't Stop Calderón (DMN)

By Alfredo Corchado, Laurence Iliff

The Dallas Morning News, December 2, 2006

MEXICO CITY – President Felipe Calderón outmaneuvered opposition lawmakers vowing to disrupt his inauguration and took the oath of office before Congress on Friday. He quickly vowed to crack down on drug cartels while creating jobs to slow illegal immigration to the United States.

"One of the three priorities of the government that I am going to head is, precisely, the fight to restore public security and legality," Mr. Calderón said before members of his conservative National Action Party, or PAN, and foreign dignitaries in a speech at the National Auditorium. "The institutions responsible for public security require profound transformations."

He said his Cabinet has 90 days to come up with a plan.

Deaths related to the drug trade reached 2,000 this year, and common crime is on the rise in Mexico.

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Mr. Calderón, 44, also said that illegal immigration to the United States is detrimental to Mexican families and their communities and that job creation at home, with the help of foreign investment, is the ultimate goal of his economic program.

"Rather than our labor leaving for the United States in search of investment, it would be better for the investment to come here where our labor is and no longer divide our families and our communities," Mr. Calderón said.

Mr. Calderón said that his government's third priority, in addition to restoring security and creating jobs to reduce immigration, will be fighting poverty.

Earlier, Mr. Calderón slipped into the lower house of Congress, the Chamber of Deputies, through a back door to avoid opposition legislators who had vowed to block him from reaching the congressional podium.

PAN members had fought for control of the podium area with their fists three days earlier and camped out in Congress to guarantee that Mr. Calderón could say the oath of office there. Opposition legislators also camped out but were outnumbered and were unable to dislodge the ruling party.

Mexico's constitution requires the new president to declare the brief oath of office "before Congress" on his first day as president. Failure to do so can result in an interim president being named, although legal experts disagreed on whether that would have happened in Mr. Calderón's case.

As Mr. Calderón quickly read the oath and promised to uphold the Mexican constitution, opposition legislators tried to shout him down. The new president, standing next to outgoing President Vicente Fox, then put on the presidential sash and sang the national anthem along with legislators.

The ceremony lasted less than five minutes, and Mr. Calderón headed for the National Auditorium and a friendlier crowd.

Lawmakers fight

Earlier, foreign dignitaries appeared taken aback when opposing lawmakers broke into a fistfight shortly before the ceremony. One lawmaker threatened to throw a chair. But Texas Gov. Rick Perry said the drama inside Congress was a sign that Mexican democracy was progressing.

"I was pretty excited about a little fisticuff, a little protest ... kind of like our own elections, and in a sense a good progression ... for Mexico. ... [They're] really feeling comfortable about expressing their opinions," Mr. Perry said later at the residence of U.S. Ambassador Tony Garza. "It's not like we haven't seen a house fight in Texas. Just not sure there was a chair involved."

Outside the National Auditorium, as Mr. Calderón spoke inside, losing presidential candidate Andrés Manuel López Obrador protested with thousands of supporters, who chanted "fraud" and "illegitimate." Mr. López Obrador, who lost the July 2 election by 0.5 percent of the vote, claimed the election was stolen from him. But independent electoral authorities ruled that the vote was clean.

During a rally in the central Zócalo plaza, Mr. López Obrador sought to justify his quixotic "parallel" presidency and months of protests that have cost his leftist Party of the Democratic Revolution, or PRD, dearly in terms of public opinion. Only about 20 percent of voters support the PRD cause, opinion polls show, down from the 35 percent of the vote Mr. López Obrador received on July 2.

"We are here protesting the electoral fraud of July 2, we are here because we don't accept this imposition.We are here because we want democracy in our country," said Mr. López Obrador, a former mayor of Mexico City and a fiery orator. "We are not rebels without a cause."

Mr. López Obrador compared Friday's transfer of power from Mr. Fox to Mr. Calderón to a "coup."

Also Online

U.S. delegation points to Mexico's important role

Supporters of Mr. López Obrador vowed to become a thorn in the side of Mr. Calderón until the last day of his term.

"What we're witnessing here is an imposition against the will of the people," said María Dolores Uribe, 61, a homemaker. "Calderón will always be seen as a false president. And we won't let him forget that, ever."

Mr. Calderón has been a democracy activist during much of his life. Before the PAN came to power in 2000, Mexico had been ruled by the Institutional Revolutionary Party, or PRI, for 71 years.

According to his autobiography, Mr. Calderón and girlfriend Margarita Zavala, now his wife, tried to sneak into the presidential residence of Los Pinos by hiding in the trunk of a car. That was in the late 1980s. The trunk was opened by secret

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service agents, and Mr. Calderón, with considerably more hair than he has now, stood up and held a sign that read, "Long Live Democracy."

Now the police agents are protecting him from demonstrators.

Along the route taken by the protesters' from the Zócalo to the National Auditorium, thousands of riot police lined the Reforma thoroughfare, and special-forces troops toting high-powered weapons ringed the auditorium. Aside from scuffles among lawmakers inside the legislative palace, there were no reports of violence or arrests.

Mr. Calderón said he would reach out to the opposition, but would not wait indefinitely.

No party has majority control of either house of Congress, although Mr. Calderón has made overtures to the PRI to form a loose coalition.

"I will always be open to dialogue, but I will not wait for dialogue in order to get to work," Mr. Calderón said. "Beyond the interests of group or party, there is a society ready to work."

The inauguration day ceremonies began at 12:01 a.m., when Mr. Fox handed over the presidential residence of Los Pinos to Mr. Calderón in a symbolic but unusual ceremony. Legally, that is the moment in which Mr. Calderón became president.

Mr. Fox removed the presidential sash and handed it to a military cadet for later transfer to Mr. Calderón before Congress.

"I have received the presidential offices from President Vicente Fox, the start of the process of taking possession of the presidency," Mr. Calderón said. "Later, I will appear before Congress to take the constitutional oath."

Extensive coverage

The week's events were covered extensively on Mexican TV, especially the fistfights, the lawmakers' three-day vigil in the Chamber of Deputies, and the tense situation before Mr. Calderón's arrival Friday.

But just before Mr. Calderón's arrival at Congress, television and radio stations were required to carry an official broadcast of the event produced by the president's office, causing chatter on radio talk shows about whether the government was imposing its version of events and trying to minimize the protests.

Along the Reforma thoroughfare, Elsa Martínez, 70, sat and watched the drama unfold. A tear ran down her wrinkled face. Asked why she was crying, Ms. Martínez responded, "I'm not crying for any of these fools, that's for sure. I'm shedding a tear for Mexico, poor Mexico."

She listened to the radio with earphones, following the inauguration ceremony and waiting for supporters of Mr. López Obrador to march by. "They're like little boys fighting for their marbles," she said. "What a shame."

Mexico's New President (NYT)

The New York Times, December 2, 2006

For virtually all of Mexico's history, whoever has ruled the country has done so with unchecked power. Then came Vicente Fox — elected president in 2000 — a decent man with many good ideas who lacked the skill and appetite to muscle his programs through. To some, his passivity was just what Mexico needed after 71 years of dictatorship. For others, his failures began to give democracy a bad name.

This week marked Mr. Fox's departure and the inauguration of Felipe Calderón. Like Mr. Fox, Mr. Calderón favors modernizing a corrupt and antiquated energy sector, simplifying the tax system, taking on dinosaur unions, creating jobs and improving education. The difference is that Mr. Calderón may have the political savvy to succeed.

The political challenges he's up against were made clear yesterday, as leftist lawmakers whistled and catcalled through his brief inaugural ceremony. Mr. Calderón won a disputed election with less than 36 percent of the vote, and his party controls only 41 percent of Congress. His defeated leftist opponent, Andrés Manuel López Obrador, still insists he won, although he has lost sympathy by vowing to block Mr. Calderón's efforts. Mr. Calderón has gained approval, seeking reconciliation.

The new president's biggest challenges will be fighting poverty and crime and reforming the economy. Mr. Calderón has chosen a mostly good cabinet and a steady economic team. But he has already flinched on one huge challenge: breaking up big phone, television and cement monopolies, apparently allowing them to veto his choice of an anti-monopoly reformer for his cabinet.

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Mr. Calderón announced yesterday that he would push for universal health insurance for children and an expansion of the country's antipoverty programs. He is taking a page from Mr. López Obrador's agenda — which is good for Mexico and might win the new president some of the political capital he will need to push through reforms.

Crisis Intensifies In Lebanon As Hezbollah Takes To Streets (WP)

By Anthony Shadid

The Washington Post, December 2, 2006

BEIRUT, Dec. 1 -- Hezbollah and its allies escalated Lebanon's month-long political crisis into a popular confrontation Friday, sending hundreds of thousands of supporters into the streets, parking lots and sidewalks of downtown Beirut, vowing to topple the government of Prime Minister Fouad Siniora and reorient the country.

The city's stylish downtown, to some a symbol of recovery from the 15-year civil war that ended in 1990, was awash in red-white-and-green Lebanese flags, interspersed with banners in the colors of various sectarian and political leaders. The winter sun glinted off coils of wire and barricades encircling the colonnaded government headquarters nearby, where Siniora and other ministers have taken up residence. But the crowd was more festive than angry, more celebratory than militant, as the theater of the moment intersected, perhaps a little dissonantly, with the drama of a struggle as decisive as any in Lebanon's history.

"I wish that our prime minister and his ministers were here among us today, rather than hiding behind army tanks and barbed wire," Michel Aoun, an influential Christian leader allied with Hezbollah, told the crowd. "The one who has support of his people does not need barbed wire." Moments later, he added, "I call on the prime minister and his ministers to resign."

In symbolism, numbers and aims, the protest marked a collision between two countries that have coexisted uneasily inside Lebanon following the assassination of former prime minister Rafiq al-Hariri in February 2005, when dueling protests convened in downtown Beirut over Syria's 29-year military presence here. They share almost no common ground: the culture of resistance to Israel celebrated by Hezbollah or the accommodation promoted by Siniora's government; the influence of Hezbollah's patrons in Iran and Syria or that of the government's French and American allies; a divided social perspective, one more religiously traditional, one more liberal. Also at issue is the extent of power due the long-disenfranchised Shiite Muslim community, the country's single largest, that Hezbollah and its militia largely represent.

"One Lebanon, one voice!" some people shouted Friday. But the question playing out across downtown Beirut, under the statue of one of Lebanon's founders, Riyad es-Solh, was the same question asked at Lebanon's independence in 1943 and so often since: What kind of Lebanon?

What is happening is more than just a political struggle unleashed by Hezbollah's demand in October for a share of the cabinet that would give it an effective veto over government decisions. Competing narratives of the country's past and future are on display.

Both sides utter the same words -- independence, sovereignty, national unity -- yet they hold two visions of what those words represent. In broadcasts, both Hezbollah's leader, Hasan Nasrallah, and Siniora urged their supporters to fly the Lebanese flag, either at the protest or, for the prime minister's supporters, from their homes. Each man speaks with sincerity underlined by the desperate conviction that the other side poses an existential threat. Both claim legitimacy from a long list of martyrs, whether Hezbollah's dead in this summer's war with Israel or Hariri and other anti-Syrian figures assassinated in Beirut since his death.

And both speak with certainty of a majority they claim to represent in Lebanon.

"Us," sign after sign read Friday. In Arabic, the consonants used can also mean, "We want a clean government."

"The government ruling us right now is dictatorial. It's a minority claiming to be a majority," said Boudy Mbarak, 24, a Christian supporter of Aoun from the village of Balouneh. "And I think we're showing today who's the majority."

Behind him, chants cascaded across the crowd: "Siniora out! We want a free government!" Drums added a cadence to the slogans thundering from banks of speakers. Youths danced in circles: "Hey, hey, you government of thieves!"

With Friday's protest, the crisis now gains momentum. Hezbollah has said the demonstrations will be open-ended. Long after nightfall, white tents went up in the downtown area, where thousands of people were expected to stay indefinitely, and speakers blared Hezbollah anthems. Groups lit fires with placards, one reading, "All of us for the nation." Others played cards or smoked water pipes in a carnival-like atmosphere.

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"I'm staying until the year 2100 or until Sayyid Hasan speaks again," vowed Hassan Karnib, a 20-year-old protester, using an honorific for the Hezbollah leader.

If the protests fail to force the government's resignation, flatly ruled out by Siniora in a speech Thursday, Hezbollah's supporters have talked about resignations from parliament, work stoppages or civil disobedience to shut down ministries.

The group's opponents, sensing that Friday's mass demonstration was the biggest card it had to play, promised to wait.

"They decided to go to the streets. Let them do that, and let them stay there as long as they want," said Walid Jumblatt, the leader of the Druze community, who has shifted alliances since the civil war and is now one of Hezbollah's most outspoken opponents. "We will stay in our homes, raise our flags and wait one month, two months, as long as they want."

Hezbollah announced the protest Thursday, and by early morning the movement, among the best-organized in the Middle East, was in full swing. The southern suburbs, devastated by Israeli bombing this summer, were almost frenetic, with buses plying roads and flags of Hezbollah and Lebanon flying from windows. Mopeds sped through streets plastered with portraits of Nasrallah, who has inspired a cult of personality among his followers and others in the Arab world. "I promise you victory always," read one of his posters near a warren of shops along a street snarled with traffic.

Protesters ventured downtown along streets adorned with the iconography of Hezbollah's opponents. One sign read in French, "I love life." Another, written in red, said in Arabic, "We want to live." Both were critiques of Hezbollah's celebration of martyrdom.

"They don't love life; they love the throne," quipped Maha Kanj, 16.

A Hezbollah placard read: "Because we love life."

Each side boasted of the numbers, or lack thereof, at the protest. Hezbollah's television station, al-Manar, put the figure at 1.5 million. Future Television, loyal to Hariri's son, Saad, who has inherited leadership of the Sunni community, estimated tens of thousands. Although it was larger than last week's funeral for assassinated cabinet minister Pierre Gemayel, it appeared smaller, according to anecdotal impressions, than the March 14 protest that climaxed last year's demonstrations.

While al-Manar provided minute-by-minute coverage of the protest's early hours, Future broadcast a cooking show. During the protest's peak, Future broadcast a split screen. On one side were images of an empty Martyrs' Square, with troops, armored personnel carriers and firetrucks barring demonstrators from entering. On the other were images of protests the night before in support of the prime minister. On al-Manar, the numbers themselves were the message: "This is probably the view Siniora had of the demonstrations," the announcer said as footage rolled. "We wonder whether he heard and saw."

Hezbollah went to lengths to portray the demonstration as less its own and more an expression of what it calls the national opposition. No Hezbollah speakers appeared; Aoun, a Christian, gave the main address, although the number of his supporters paled in comparison to Hezbollah's. The demonstrators themselves were eclectic, from sober-looking clerics in traditional robes to supporters of Aoun who had dyed their hair his group's trademark orange. Others had donned orange wigs and cowboy hats. Some of the slogans were sectarian: "God, Nasrallah and all the southern suburbs." At times, though, the crowd aimed for chants with broader appeal: "Green, yellow, orange," the colors of Hezbollah, an allied movement and Aoun, "we want to topple the government."

The slogans played on themes that Hezbollah and its allies have pushed relentlessly since the crisis began. Corruption was a key complaint. Many chants were directed at Siniora, some ridiculing him for crying in public during the war. "We've had enough lies and tears," one went.

Often the language was directed against the United States' sway in Lebanon. Nasrallah has called the government more loyal to U.S. Ambassador Jeffrey D. Feltman than Siniora himself, and in conversation after conversation, protesters, occasionally even Aoun's supporters, cast the protest as a way to deflect U.S. influence, usually ignoring the roles played by Iran and neighboring Syria as Hezbollah's allies.

"This is the government of Feltman!" shouted Zein Sleiman, 16.

"Siniora is an Israeli," added his friend Samer Salim.

"No, he's an American," Sleiman answered. He paused. "There's no difference!"

In some ways, the most poignant theme was the legacy of this summer's war: Hezbollah's opponents blame it for starting the conflict; Hezbollah celebrates it as a victory, with anger at what it sees as the government's lack of support as it fought. The

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war's imagery suffused the conversations and message of the protest. In Lebanese politics, the conflict left Hezbollah emboldened, and the sequence of events has proved an unbroken chain, with Hezbollah now pressing for unprecedented power.

As Ali Younis sat with his three sons, he used the words heard so often among Hezbollah's supporters in southern Lebanon during the war: pride and empowerment.

Behind them a banner played on a slogan from the conflict: "As with victory, change is coming, coming, coming." Younis spoke with the fervor of a man who wants to be listened to.

"I'm staying until the government falls," he said, narrowing his eyes. "Dignity is more important than anything else."

In Beirut, High Spirits And Demand For Change (NYT)

By Michael Slackman

The New York Times, December 2, 2006

BEIRUT, Lebanon, Dec. 1 — The official goal was to overthrow the government, but the atmosphere was bizarrely festive on Friday as hundreds of thousands of Hezbollah supporters poured into the center of Beirut, banging drums, chanting slogans, pressing shoulder to shoulder as they surged past army troops seeking to keep order.

Families with little children, old people and young people, all heeded the call of Hezbollah, the Shiite Muslim party and militia, packing buses and cars all over the country. By nighttime, however, only several thousand demonstrators remained, smoking water pipes, playing music and vowing to stay, some in tents, until the Western-backed government fell.

“We are having fun, yes,” said Hussein Hanoum, 27, of Hermil in the Bekaa Valley of eastern Lebanon, as he lay across a sidewalk in the midst of a huge crowd. “We have no work. We have nothing else to do, so we came to overthrow the government.”

The mood was lighthearted, but the turnout underscored the challenge this politically divided and fragile country faces as it confronts its most dangerous political crisis since the end of a 15-year civil war in 1990. The government was holed up in the Grand Serail, an Ottoman-era building on a hill overlooking the demonstrations. The prime minister, Fouad Siniora, said that the people could stay in the streets as long as they liked, but that neither he nor the other ministers would resign.

The political crisis threatens to undermine a donors conference scheduled for January in Paris to help rebuild the nation’s infrastructure after the 34-day war between Hezbollah and Israel. The crisis has already hurt a ploddingly slow effort to rebuild the mainly Shiite areas that were severely damaged in the war.

But that did not seem to matter as anger spilled out, carnival style.

“Tut, tut, tut, Shiites are in Beirut,” crowds chanted in a rhyme as they marched through the streets.

“Siniora step down,” a group of men chanted. “This chair needs a real man.”

People started to jam into the city well before the demonstration’s scheduled 3 p.m. start. The army closed off Martyrs Square, a symbolic site, blocking it with swirls of razor wire and guarding it with armored personnel carriers and heavily armed troops. Hezbollah security guards made a barrier between the crowds and the razor wire, ready to head off any potential clash between their supporters and the military.

So the crowds poured into two squares, one named for the prime minister who served in 1943 when Lebanon won its independence, the second in the shadow of a popular symbol of the civil war, a bubble-shaped theater riddled with bullet holes rising over Martyrs Square.

A recorded message by Sheik Hassan Nasrallah, the leader of Hezbollah, echoed over the square: “As I’ve always promised you victory, I promise you victory again.”

In this fight, the battle lines are not so much ideologically driven as leader driven. Many said they were present because their leaders had asked them to participate, including the few noticeable followers of Gen. Michel Aoun, the Christian whose party is allied with Hezbollah.

“Maybe Michel Aoun has made a mistake with this alliance, but the March 14 forces have made many mistakes over the years,” said Bernadette Chemail, of Kesrun, using the name for the governing coalition. “The Shiites are Lebanese; we cannot throw them away.”

General Aoun was the special guest at the rally and gave a brief speech from a lectern protected by bulletproof glass.

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"We seek to return to power — not to rest on the seats of authority, but for the sake of our participation," General Aoun told the crowd.

On one side of this fight are Hezbollah, its Shiite ally, the Amal party, and its Christian ally, General Aoun and his Free Patriotic Movement. Their alliance, which is considered pro-Iranian and pro-Syrian, wants veto power over all government actions. On the other side are the March 14 coalition: Sunni, Druse and Christian parties aligned with the United States and France who control the largest bloc in Parliament, and therefore the government.

General Aoun's alliance with Hezbollah caused a huge split within the Christian community and may have cost him some political support. It was also clear that the Sunni Muslim community, one of the largest in Lebanon, was clearly in support of this government. In a rare show of support, the grand mufti, Muhammad Qabbani, gave the Friday Prayer from inside the Grand Serail.

The protest demonstration came after six government ministers aligned with Hezbollah resigned — and a seventh minister, Pierre Gemayel, from the March 14 coalition, was assassinated.

The question hanging over Lebanon is, What next? Hezbollah has promised its followers it will force the government to resign, and the government has promised that it will not. The fear is the next escalation, whatever that is, could prompt violence.

Nevertheless, the spirit of the Hezbollah-allied protest on Friday was a stark contrast to the political gathering held on the day Mr. Gemayel, the minister, was buried last week. On that day, hundreds of thousands of Sunni, Christian and Druse supporters of the government condemned Hezbollah and General Aoun with harsh and confrontational slogans.

There were moments on Friday when the protesters did offer personal attacks on members of the government. Crowds mocked the prime minister because he cried on Aug. 7 while giving a speech to Arab foreign ministers during Hezbollah's war with Israel. "We do not want someone who defends us with tears," said Alaa Shahine, a 12-year-old who was repeating a common Hezbollah refrain.

Others chanted, "Ahmed Fatfat is a Jew," referring to the minister of sports and youth, who had been acting interior minister.

Hezbollah Sit-in Has Beirut At A Standstill (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, December 2, 2006

The Shiite party and its allies say they're staying until the U.S.-backed government falls.

BEIRUT — Hundreds of thousands of Hezbollah supporters and their allies poured into the capital Friday in a mass protest that paralyzed the city center, laid siege to the prime minister's office and threatened an escalating campaign of civil disobedience until the U.S.-backed government collapses.

After sunset, thousands of men encircled the government palace where Prime Minister Fouad Siniora and his political allies have been holed up for days, fearful of assassination.

Shouting for Siniora to resign, the men pushed right up to the security checkpoints of razor wire, armed guards and tanks. Then they pitched tents, carried in water tanks and portable toilets and spread out prayer mats.

The men, who moved under strict directives from hundreds of Hezbollah security agents with walkie-talkies and matching baseball caps, vowed to keep up their siege until the government falls.

"We warned them," a man's voice boomed over a loudspeaker as the demonstrators ringed the hilltop government offices. "But they didn't listen."

The declaration of an open-ended sit-in has pushed the Shiite organization and the government into a precarious standoff, raising fears of street violence. Both sides say they are defending the nation against nefarious forces: Hezbollah and its allies say they have launched a peaceful revolution to overthrow an illegitimate government; the government says it faces a Syria-backed coup d'etat and that Lebanon's hard-won independence is at stake.

The scene was uncannily reminiscent of anti-Syria demonstrations that erupted here after the 2005 assassination of former Lebanese Prime Minister Rafik Hariri, father of today's leader of Lebanon's Sunni Muslims. The assassination was widely blamed on Syria.

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Then, weeks of demonstrations in downtown Beirut felled Lebanon's Syria-backed government and forced Damascus to pull its soldiers out of Lebanon. An anti-Syria coalition led by Saad Hariri swept to power in national elections.

Now the onetime demonstrators are on the receiving end of a similar uprising.

Friday's demonstration was peaceful, but Hezbollah is a powerful Shiite Muslim party with a heavily armed militia — and its campaign is just getting started. Hezbollah members have threatened to block major highways and seize control of ports and airports if the government doesn't step down.

"We will make disorder in this country," said Nabil Malim, a 29-year-old Shiite who took the bus north from the southern town of Nabatiyeh.

Hezbollah bused in supporters from all corners of the country; they were joined by followers of Gen. Michel Aoun, who is arguably Lebanon's most popular Christian leader, and members of Amal, another Shiite party.

Up to a quarter of the nation's population of about 4 million packed the streets of Beirut.

In a country where political factions compete bitterly to turn out larger crowds, the outpouring was an embarrassing challenge to the government's legitimacy. The opposition calls Siniora's government a tool of the U.S. Embassy and says Shiites and Christians are not fairly represented.

"I wish our prime minister and his ministers were here among us today rather than hiding behind army tanks and barbed wire," Aoun told the cheering crowd. "We consider that the only way out is the resignation of the Cabinet."

Siniora and his ministers remained steadfast.

"No matter how long they stay in the street … this will not bring down the government," Hariri said.

For hours, the roads that run from the tony seaside city center to Beirut's scruffy southern suburbs were choked with people. They kept coming, down blacktop roads gleaming in the glare of afternoon sun, through a corridor of drab apartment blocks with laundry flapping from the balconies.

"We want to topple the government!" they yelled as they marched.

Flocks of women marching in black robes and head scarves; schoolgirls holding hands; groups of young men with the Lebanese flag knotted over their heads as bandannas; fathers who tucked their children behind the handlebars of their mopeds — all were greeted by members of Hezbollah's security forces, who wore clipped-on badges that read, simply, "discipline."

The guards rifled through bags in search of weapons and, keen to prove the rally was inter-religious, ordered marchers to hide Hezbollah's yellow militia flags and pictures of Hezbollah chief Sheik Hassan Nasrallah. Lebanese security forces guarded government buildings but steered clear of the demonstrators, leaving security in the hands of Hezbollah.

Members of the newly beefed-up Internal Security Forces, believed to be loyal to the Sunni-dominated government, were jeered and taunted by Hezbollah supporters.

Thousands of people, virtually all men, jammed the squares and parking lots overnight, sleeping in tents or huddled in thin blankets on the ground. Hezbollah anthems boomed from massive speakers; demonstrators banged on drums, burned their political signs to keep warm and smoked apple-flavored tobacco from water pipes they'd lugged from home.

"These men in the government were warlords during the civil war. They might do anything to disturb the stability of the demonstration," said Jihad Ali Farhat, a Shiite cleric who had traveled from the south Lebanon town of Zahrane.

"If I die here it will be for the sake of the country," he said. "This is a peaceful, social and cultural revolution."

The calls for Siniora's ouster tapped into the festering animosities against Sunni Muslims, as Shiite and Christian demonstrators complained that Sunnis held too much power in the government.

In a show of solidarity, the spiritual head of Lebanon's Sunnis, Grand Mufti Mohammed Rashid Kabbani, spent Friday prayers with Siniora.

"We think the government only represents one faith, and that's Sunni," said Aboud Aboud, a 32-year-old Christian who sported a button with Nasrallah and Aoun's faces juxtaposed. "We won't leave until the government falls."

Common threads ran through the speech of the demonstrators, much of it gleaned directly from Nasrallah's instructions: They spoke about the need for a "national unity government" to replace Siniora's government.

Many insisted there would be no street violence, saying they were out to prove that Hezbollah, contrary to its militant image, was a sophisticated movement that could pull off a peaceful revolution.

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"We have commands from Nasrallah saying that even if they attack us, we should not attack them back," said Youssef Ezzedinne, a carpenter who traveled with his family from the southern port city of Tyre. "We should show how civilized we are."

But other young men shrugged off Nasrallah's orders.

"He says this, but the people decide. Can he stop all the people?" said Awad Abanoun, 22, a student from Beirut's southern suburbs.

"Because peacefully, the government is not changing. Only violence will do it."

Protesters Seek Lebanon PM Resignation (AP)

By Sam F. Ghattas, Associated Press Writer

AP, December 2, 2006

Hundreds of thousands of protesters from Hezbollah and its pro-Syrian allies massed Friday in downtown Beirut seeking to force the resignation of Western-backed Prime Minister Fuad Saniora, who was holed up in his office ringed by hundreds of police and combat troops.

The protest, which police estimated at 800,000, created a sea of Lebanese flags that blanketed downtown and spilled onto the surrounding streets. Hezbollah officials put the number at 1 million — one-fourth of Lebanon's population.

"Saniora out! We want a free government!" protesters shouted through loudspeakers. The crowd roared in approval amid the deafening sound of Hezbollah revolutionary and nationalist songs. "We want a clean government," read one placard, in what has become the opposition's motto.

Launching a long-threatened campaign to force Lebanon's U.S.-backed government from office, Hezbollah and its pro-Syrian allies said the demonstration would be followed by a wave of open-ended protests. Hezbollah had threatened demonstrations unless it and its allies obtained a veto share of the Cabinet — a demand Saniora and Lebanon's anti-Syrian parties rejected. The protests now aim to generate enough popular pressure to paralyze the Saniora government and force it out.

"People have a right to express their political opinions, but in terms of this being part of the Iran-Syria inspired coup d'etat against the government of Lebanon, we're obviously quite concerned about it," said U.S. Ambassador to the United Nations John Bolton.

State Department deputy spokesman Tom Casey said U.S. diplomats in Beirut had telephoned Lebanese government officials to offer their support.

"The demonstrations ... are aimed at toppling Lebanon's legitimate and democratically elected government," Casey said. "And certainly threats of intimidation or violence isn't something that I think anyone would consider democratic or a constitutional mechanism for changing government."

Heavily armed soldiers and police had closed all roads to downtown, feverishly unfurling barbed wire and placing barricades.

Despite Hezbollah's assurances the protests will be peaceful, the heavy security came amid fears the protests may turn into clashes between pro- and anti-Syrian factions or that Hezbollah supporters could try to storm Saniora's government headquarters.

Hezbollah's security men, donning caps, formed two lines between the protesters and the security forces to prevent clashes.

"I wish that the prime minister and his ministers were among us today, not hiding behind barbed wire and army armored carriers. He who has his people behind him does not need barbed wire," Michel Aoun, a Christian leader and Hezbollah ally, told the crowd.

Hezbollah's leader Hassan Nasrallah, who has not made a public appearance since a September rally for the militant group, could not be seen Friday. But his speeches, blared through loudspeakers, drove the crowd wild with cheers.

At the rally, some protesters occasionally cried "Death to Israel" and "We want Feltman's government to go," in reference to Lebanon's U.S. Ambassador Jeffrey Feltman.

"We don't want the (U.S.) Embassy inside the prime ministry," said one demonstrator, Mahmoud Zeineddin.

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Inside, Saniora went about his schedule, in what appeared to be a tactic to ignore the throngs outside. A day earlier, he vowed his government would not fall but warned that "Lebanon's independence is threatened and its democratic system is in danger."

A demonstration last week for a slain anti-Syrian politician also drew hundreds of thousands of people downtown, filling Martyr's Square. But Friday's appeared larger, as protesters swarmed not only that square but others, as well as nearby streets and parking lots.

Supporters planned to set up camp around the clock in tents erected on a road outside Saniora's office and in a downtown square.

Hezbollah has tried to depict the protest as rallying all Lebanese, not just its supporters. It urged demonstrators to wave only the red and white Lebanese flag with its green cedar tree, in contrast to past protests that featured the group's yellow flag with a fist and Kalashnikov rifle.

The battle is a fallout from the summer war between Hezbollah and Israel that ravaged parts of Lebanon. The guerrilla force's strong resistance against Israeli troops sent its support among Shiites skyrocketing, emboldening it to grab more political power. Hezbollah also feels Saniora did not do enough to support it during the fight.

Pro-government groups, in turn, resent Hezbollah for sparking the fight by snatching two Israeli soldiers, dragging Lebanon into war with Israel.

French presidential candidate Segolene Royal, on a Middle East tour, called Friday for the soldiers' release.

"The liberation of the two soldiers is absolutely vital," Royal told reporters. She said she might bring the subject up in meetings later Friday with Hezbollah officials, though "perhaps not publicly."

Government supporters accuse Syria of being behind the Hezbollah campaign, trying to regain its lost influence in its smaller neighbor. Hezbollah and its allies, in turn, say the country has fallen under U.S. domination and that they have lost their rightful portion of power.

Tension have been running high between Sunni Muslims, who generally support the anti-Syrian government, and Shiites, who lead the pro-Syrian opposition, and Lebanon's Christians, who are divided between the two.

In a stark sign of the divide, the spiritual leader of Lebanon's Sunnis, Grand Mufti Mohammed Rashid Kabbani, gave Friday prayers at the prime minister's headquarters in a show of support for Saniora, a Sunni.

"Fear has gripped the Lebanese," Kabbani said, appealing for the protests to end. "The constitution guarantees freedom of expression, but trying to overthrow the government in the street is a call for stirring up discord among people, and we will not accept this."

Hezbollah's deputy leader, Sheik Naim Kassim, made it clear the fight is against "American tutelage" and said the protest action will continue until the government falls.

"We will not let you sell Lebanon, we will protect the constitution and people of Lebanon," Kassim said on television Friday, addressing Saniora.

The United States has made Lebanon a key front in its attempts to rein in Syria and its ally, regional powerhouse Iran. President Bush warned earlier this week that the two countries were trying to destabilize Lebanon.

Lebanon has witnessed a string of assassinations of anti-Syrian figures over the past two years, including a prominent Christian government minister gunned down last week and former prime minister Rafik Hariri, who was killed in a February 2005 bombing.

Protesters Set Up Camp In Beirut (BBC)

BBC.com, December 2, 2006

Thousand of supporters of Hezbollah and its pro-Syrian allies in Lebanon have spent the night camped out in Beirut, to protest against the government.

Demonstrators slept in tents outside the office of Prime Minister Fouad Siniora, who they say is hostile to Syria and must resign.

Hezbollah supporters staged a mass rally in Beirut on Friday.

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Lebanon's government has been weakened by resignations and the assassination of a leading anti-Syrian politician.

The opposition says it will keep up the pressure until the government steps down.

Protesters pitched tents in central Beirut, on streets leading to the government's headquarters.

The BBC's Kim Ghattas in Beirut says there is no sign that either side is giving up.

The demonstrators brought their water pipes, small radios and even musical instruments for entertainment.

Amid tight security, loudspeakers blared slogans denouncing Mr Siniora.

Soldiers cordoned off the office complex with barbed wire and armoured vehicles.

Demonstrators had earlier temporarily blocked all roads leading to the prime minister's office, although the blockade eased after a flurry of late-night diplomacy.

The opposition has now promised to carry out more surprise moves to bring down the cabinet.

A Hezbollah member of parliament Ali Ammar said: "We won't leave these squares until this authority complies with the will of the majority of the people - most of whom want to escape this crisis and form a unity government."

Mr Siniora has said he will not be forced from office by mass protests.

His government has vowed to stand firm against what he has called an attempted coup.

"Lebanon's independence is threatened and its democratic system is in danger," he said on Thursday.

The US denounced what it described as "threats of intimidation violence" in Lebanon.

Demonstrators waved red and white Lebanese flags A state department spokesman, Tom Casey, accused Syria and Iran of instigating the protests which he said were aimed at toppling the democratically elected government.

US Ambassador to the UN John Bolton called the Hezbollah demonstration "part of the Iran-Syria inspired coup".

Under Lebanon's constitution, the death or resignation of another two ministers will automatically topple it.

During Friday afternoon, the huge crowd listened to Hezbollah songs and speeches.

Police estimated its size at 800,000 people, but Hezbollah claimed it was larger.

Speaking from behind a bullet-proof glass screen, Christian opposition leader Michel Aoun told cheering supporters that the government was unconstitutional and should resign.

He said they had "made corruption a daily affair".

Hezbollah has been demanding a bigger share in the cabinet that would give it the power to veto government decisions.

Mr Siniora warned any attempt to topple his government would fail The government came to office last year in the first election held after the withdrawal of Syrian troops originally stationed in Lebanon during the civil war.

Syria was forced to withdraw its military presence after massive street protests and international pressure, triggered by the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri.

A UN investigation has implicated several Syrian officials in the killing, although Syria has denied any involvement.

The government in Beirut has also accused Damascus of ordering the assassination on 21 November of anti-Syrian cabinet minister Pierre Gemayel.

Israeli Overflights Continue, U.N. Says (NYT)

The New York Times, December 2, 2006

UNITED NATIONS, Dec. 1 — Secretary General Kofi Annan said Friday that the cease-fire that ended fighting between Israel and Hezbollah fighters on Aug. 14 was holding, but that Israeli overflights in the border area were occurring almost daily.

In a periodic report to the Security Council, Mr. Annan said that Israel saw the incursions as a “necessary security measure.”

He said the United Nations continued to receive reports of illegal arms smuggling across the Syrian border but had been unable to verify them. An assessment team, he added, found “significant deficiencies” in border control.

About 60,000 cluster bomblets have been cleared, but 17 people have died in accidents from unexploded ordnance, with 135 wounded. Israel had not yet furnished promised maps that Mr. Annan said “would significantly assist operators on the ground.”

P.L.O. Panel Is Convened Amid Standoff With Hamas (NYT)

By Greg Myre

The New York Times, December 2, 2006

JERUSALEM, Dec. 1 — The Palestinian Authority president, Mahmoud Abbas, convened the Palestine Liberation Organization's top decision-making group on Friday amid growing signs of a possible political showdown with Hamas, the faction that currently leads the Palestinian government.

Negotiations between Mr. Abbas's Fatah faction and its main rival, Hamas, toward a Palestinian unity government have been going on for months. But Mr. Abbas told Secretary of State Condoleezza Rice on Thursday that the negotiations had reached a "dead end." Fatah is the dominant faction in the Palestine Liberation Organization and its executive committee, the body that held talks Friday in the West Bank city of Ramallah.

It is expected to meet for several days before deciding what action to take, if any. After the session Friday, one member, Samir Ghosheh, said that Prime Minister Ismail Haniya, who is from Hamas, a militant Islamic group, should resign to make way for a new unity government.

"The dialogue has stopped and there is no chance of resuming it in the same manner," the P.L.O. executive committee said in a statement.

However, Nizar Rian, a senior Hamas leader, called on Mr. Abbas "to be rational and return to the negotiating table," adding, "We are serious about a national unity government, but that doesn't mean getting rid of Hamas."

With the Palestinian government broke and isolated, Fatah and Hamas had agreed in principle on a unity government made up of professionals and technocrats. But they have not been able to agree on how to divide up important ministerial positions. There is no clear way out of the political standoff if they cannot reach an agreement.

Mr. Abbas could dismiss the current government, led by Mr. Haniya and Hamas, and install a new one. But a new government would need approval from the parliament, which is dominated by Hamas.

Mr. Abbas could also call for a referendum on early elections, but it is far from clear whether Palestinians would support such a move so soon after the last vote. Hamas came to power following the parliamentary elections in January.

Meanwhile, Palestinian militants fired a rocket from the Gaza Strip into southern Israel on Friday, and Israel said the shaky truce in Gaza would have to prove successful before it could be extended to the West Bank.

"At the moment, the Palestinians are in less than full compliance with the cease-fire," said Mark Regev, a spokesman for the Israeli Foreign Ministry. "We can't seriously consider duplicating the cease-fire in the West Bank, if the Gaza cease-fire is not a success. The jury is still out."

Ms. Rice met separately with Palestinian and Israeli leaders on Thursday and encouraged them to expand the cease-fire to the West Bank, where Israeli troops and Palestinian militants have clashed almost daily.

But in the West Bank, Israeli forces arrested 29 suspected militants overnight, all but one of them members of Hamas, the Israeli military said.

In the West Bank town of Hebron, Israeli border policemen shot and killed a Palestinian who threw a firebomb, lightly wounding one policeman, Israeli officials said.

Prime Minister Ehud Olmert's cabinet plans to discuss the Gaza cease-fire, which took effect last Sunday, and the prospects for including the West Bank, at a session on Sunday, Mr. Regev said.

In Gaza, the Al Aksa Martyrs Brigades claimed responsibility for firing the rocket into Israel on Friday and said they would not abide by the truce unless Israel met a series of demands. "We cannot just give this truce as a present," said Khaled al-Jabari, one Al Aksa leader in Gaza.

Lofty Goals Are Scaled Down At Meetings On Mideast Democracy (NYT)

By Helene Cooper

The New York Times, December 2, 2006

DEAD SEA, Jordan, Dec. 1 — Two years ago, when Western governments conjured a conference on democracy in the Middle East and North Africa, an air of optimism and promise held sway. The Iraqis and Afghans soon held elections. So did the Palestinians, who voted in the moderate Mahmoud Abbas as their president. Change was on its way to Egypt and Lebanon, too.

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But with the recent setbacks to democracy throughout the region, the goals at this year's conference here on Friday were often smaller and, presumably, a bit more attainable.

"They actually have a paragraph in there that says, 'We support increasing literacy for women,' " said Sanem Gunes, a program officer for a Turkish advocacy group, rolling her eyes and dismissing the line as "almost like a beauty pageant answer." She added, "It doesn't take scores of foreign ministers coming from all over the region to come up with 'education for women.' "

Such was the Forum for the Future's third annual meeting. When the Group of 8 summit meeting took place a few years ago in Sea Island, Ga., the Bush administration and its European allies came up with the idea for the conference. An offspring of the Sept. 11 attacks, the idea was to prod the Arab and Muslim world's autocratic governments toward democracy and stronger civil society, as sort of a bulwark against the hopelessness and disenchantment that could lead to extremism.

It was an ambitious goal, and things seemed promising at first. Democracy protests pushed Syria out of Lebanon. In Egypt, President Hosni Mubarak allowed opposition candidates on the ballot.

But that was the new Middle East, before the old one quickly reasserted itself. After the Muslim Brotherhood won a lot of seats in Egypt's parliamentary elections last year, Mr. Mubarak's government put off municipal elections for another two years. Parliamentary elections in Qatar were postponed.

Iraq, Afghanistan and Lebanon? All are struggling desperately against violence or sectarian division.

The Palestinians had another election and voted in Hamas, promptly setting off a Western aid boycott. Yemen's government cracked down on the news media that had criticized the government. Saudi Arabia's King Abdullah refused calls to have the country's consultative council be elected. This summer, Bahrain, host to the conference last year, unceremoniously kicked out of the country a representative of an American democracy advocacy group.

On Friday, security was ultratight, the road in front of the King Hussein Bin Talal Convention Center virtually empty. After making their scheduled — and brief — speeches in the convention hall to the 40 or so nongovernmental representatives who showed up, most of the foreign dignitaries quickly retired to private salons to talk to one another.

A session on political participation, elections and the news media was under way in the main hall, while in a nearby hall, Secretary of State Condoleezza Rice held talks with a steady succession of her counterparts from Britain, Italy and the European Union on matters like how to rein in Iran's nuclear ambitions.

On the other side of the convention center, in front of the darkened and empty Aqaba Hall, Foreign Minister Sergey V. Lavrov of Russia, a host of the conference, and his retinue of six dark-suited aides chatted among themselves, then sauntered to the terrace for a smoking break.

A few yards away, under a giant framed photo of the conference's other host, King Abdullah II of Jordan — who skipped the festivities and flew to India — Mansour Ahmad Khan, representing Pakistan's foreign ministry, was talking up his country's democratic record to a reporter.

Mr. Khan had just gotten to the part about how much Pakistan's military dictator, Gen. Pervez Musharraf, has been doing to encourage democracy and women's rights when his boss, Khusro Bakhtyar, the foreign affairs minister, appeared, interrupting the conversation to expound further. "Reform is not just an option, but a necessity in this part of the world," Mr. Bakhtyar said. "Our governments are heeding the winds of change."

Ms. Rice had been diplomatic the night before when a reporter asked her whether it was incongruous that Russia, which passed a law restricting nongovernmental organizations, was a host of a democracy conference in Jordan. "We're using this international forum to push political change," she said, delicately. "It doesn't mean everybody that's sitting around the table is a perfect example of democratic development."

As much as they criticized the lack of progress at the conference, the nongovernmental organizations were quick to say that they were glad to be there and supported its ideals, though some were unable to speak with the foreign dignitaries. "We don't get too much access to the officials, actually," said Jamil Mouawad, a youth organizer and program manager for the Lebanese Center for Policy Studies. "And an action plan would be nice." The conference did not issue such a plan.

"Hey, is that Elliott Abrams?" asked Khalil Gebara, an executive director of No Corruption, a Lebanese organization, pointing to Mr. Abrams, the top White House adviser for Middle East affairs, who was standing near the coffee-and-Danish table talking to two fellow American officials. "Can you introduce me to him? He's a big guy, I hear."

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But the Abrams retinue quickly swept around the corner, back into the embrace of the American officials and accompanying Secret Service agents outside the hall where Ms. Rice was holding her meetings.

Mr. Gebara shook his head. “They all just walk around in groups, so you have to chase after them, but you can never catch them,” he said. “This is supposed to be the venue where people actually get heard.”

Perhaps another time. Diplomats said Qatar, Yemen and the United Arab Emirates are jostling to be the host of next year’s conference.

At Dead Sea Forum, Incongruities Abound (WP)

By Glenn Kessler

The Washington Post, December 2, 2006

DEAD SEA, Jordan, Dec. 1 -- The official purpose of the third annual session of the U.S.-promoted Forum for the Future was to promote rule of law, press freedom and greater attention to nongovernmental organizations in the Arab world. But the official co-host of the meeting was Russia -- which under President Vladimir Putin has backtracked on democracy, curtailed the news media and cracked down on NGOs.

This uncomfortable irony was apparent to many people who attended the meeting set in a vast conference center with a spectacular view over the Dead Sea. But with the Bush administration's push to promote democracy in the Middle East facing setbacks in Iraq, Lebanon and the Palestinian territories, irony was not in short supply.

"The whole scenario is full of contradictions and a lot of double standards," said Salam Mansour, executive director of a Cairo-based democracy youth group who took part in a presentation at the meeting. "Some people don't recognize the U.S. as a full democracy."

Russia became co-host because the forum is officially sanctioned by the Group of Eight major industrial democracies, and Moscow this year was host of the annual G-8 meeting, despite objections that it doesn't belong in the group. The forum was launched at the 2004 G-8 meeting in Sea Island, Ga., and the United States has pushed for the fledging organization to take root.

Arab nations have been skeptical from the start. The Saudi foreign minister, Prince Saud al-Faisal, told the gathering here that democracy cannot be imposed and cited Africa as an example of where Western notions of democracy have led to turmoil and conflict, according to a Saudi official.

Last year's meeting, held in Bahrain, dissolved into bickering over the wording of the final communique, so organizers this year decided to dispense with such a statement.

By all accounts, Jordan -- a moderate Arab monarchy eager to curry favor with the United States -- took responsibility for organizing the conference. Secretary of State Condoleezza Rice, in her remarks to the conference, cited King Abdullah as a "champion of reform and tolerance" but did not mention Russia.

"There are enormous problems and there have been real setbacks in terms of Russian democracy," Rice acknowledged to reporters traveling with her. But she said it would be a mistake to think that "we were going to be better off by isolating Russia somehow from democratic fora."

ITAR-Tass, the Russian news agency, never mentioned democracy in a report on the meeting, quoting Foreign Ministry spokesman Mikhail Kamynin as saying, "The forum plans to discuss key regional problems, such as the Middle East settlement, the situation around Iraq, the situation in Lebanon."

Khalil Gebara, co-executive director of the Lebanese Transparency Association, a group that tries to promote good government, said: "The Russians are the least interested in this conference. They are hard to reach and are just not talking to anyone."

Russian Foreign Minister Sergei Lavrov seemed to spend most of his time out of the main hall, smoking on a sunny terrace surrounded by a retinue of aides.

Rice also held a series of bilateral meetings -- for instance, with a Sudanese official for a tough talk on the crisis in Darfur -- and skipped the final news conference to fly back to Washington when the sessions ran late.

Mansour, an 18-year-old activist, said the youth groups had met for two days to brainstorm ideas to present to ministers to encourage greater participation by young people in promoting good government.

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But she said that the ministers had arrived with prepared remarks and that they did not engage in any real discussion. "It was typical," she said. "They applauded our presentations. But there were no promises -- as usual."

Russian Minister Says Iran Talks Coming (AP)

AP, December 2, 2006

Foreign Minister Sergey Lavrov said Friday that talks on proposed sanctions against Iran's nuclear program could take place early next week, Russian news agencies reported.

He said the meeting, suggested by France, would focus on the draft U.N. resolution on Iran and would take place at a top diplomatic level, the ITAR-Tass news agency reported from Jordan, where he was on an official visit.

Undersecretary of State Nicholas Burns will attend a European conference in Brussels next week, probably on Tuesday, and will confer there with European diplomats about the resolution.

Secretary of State Condoleezza Rice, British Foreign Secretary Margaret Beckett and German Foreign Minister Frank-Walter Steinmeier all agreed Friday to the meeting, Lavrov said, according to the Interfax news agency. China also might attend, although it is not clear if it will.

Lavrov said Russia was ready to vote for a U.N. ban on exports of nuclear materials and sensitive technologies to Iran. But he said Moscow was opposed "to such sanctions and steps that could affect the International Atomic Energy Agency's activities in Iran," ITAR-Tass reported.

The Europeans and Americans pushed for tough, broad sanctions against Iran after it ignored a U.N.-imposed Aug. 31 deadline to halt uranium enrichment.

Russia has said it will agree only to more narrowly focused sanctions.

In Washington, the State Department said it remained confident that a resolution imposing sanctions on Iran would ultimately be adopted.

"No action is not acceptable," spokesman Tom Casey said. "We have to do something."

Russia and China, who have major commercial ties with Iran, have urged the U.N. to seek talks rather than sanctions, despite the failure of a European Union effort to draw Iran to the negotiating table.

The Europeans circulated a draft U.N. Security Council resolution in October that would order all countries not to sell Iran materials and technology that could contribute to its nuclear and missile programs.

The draft resolution would also impose a travel ban and asset freeze on any companies, individuals and organizations involved in those programs.

The draft sanctions would not halt construction of a nuclear power plant at Bushehr, Iran, being built by the Russians. They would bar the sale of nuclear fuel needed for the reactor.

Russia proposed major changes that would limit sanctions solely to measures that would keep Iran from developing nuclear weapons and ballistic missiles. Russia wants to eliminate any travel ban, asset freeze, or mention of Bushehr.

A Limited Time Offer To Iran (NYT)

By George Perkovich, Pierre Goldschmidt

The New York Times, December 2, 2006

IN October, Iran began operating a second group of 164 uranium enrichment centrifuges, violating a legally binding demand by the United Nations Security Council that Iran suspend such activities until the international community is confident that the country's nuclear program "is for exclusively peaceful purposes." Iran's response was that a suspension would abrogate its rights under the Nuclear Nonproliferation Treaty — even though under international law, it has temporarily surrendered these rights by violating the obligations that condition them.

Beneath the legalese, Iran is moving as fast as it can to master uranium enrichment, while threatening its neighbors and refusing to provide transparency that the International Atomic Energy Agency requires. Tehran bets that Russia will continue to buy it time by slowing and diluting Security Council sanctions. Once Iran has fully mastered enrichment, it will have gained confidence that it can produce weapons-grade uranium quickly if it decides to do so.

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With this confidence, Iran would assess the costs and benefits of continuing the construction of a large-scale uranium enrichment plant. If Russia were prepared to join the United States, Europe and others in imposing significant costs, Iran might choose to negotiate a handsome benefits package in exchange for suspending enrichment-related activities. If the Security Council were to remain lenient, on the other hand, Iran would have complete freedom to maneuver.

International interlocutors must disabuse Iran that it can have its uranium cake and eat it, too. The vital security objective all along has been to prevent Iran from acquiring the capacity to make nuclear weapons fuel. Once Iran has mastered uranium enrichment, this objective will have been largely lost. At that point, it would make no further sense to offer Iran exceptional nuclear energy cooperation, political benefits or access to international markets, capital and technology.

Thus, Iran's interlocutors should clarify now that the positive incentives the world wishes to negotiate with Iran will be withdrawn if it does not immediately accede to the binding Security Council demand for suspension.

The message from the Security Council, including Russia and China, should be: "You can get the uranium enrichment capacity you seek, even though, because you have violated your Nuclear Nonproliferation Treaty and International Atomic Energy Agency Safeguards obligations, it threatens international peace and security. But you will lose the prospects of many benefits. The International Atomic Energy Agency and the Security Council will continue to press for the greater transparency required to verify 'that there are no undeclared nuclear materials or activities in Iran.' Maybe we can tighten the sanctions you will face, maybe we can't, but the case won't be closed, and you will not become an acceptable nuclear trade partner."

Failure to clarify the limited duration of positive incentives only encourages those in Iran who argue that there are no real costs to defying the Security Council and continuing the enrichment program. Conversely, if Iran suspends enrichment while it is still meaningful, interlocutors should be willing to negotiate generously to meet the country's nuclear energy, economic and security interests. This could ultimately include helping Iran develop its nuclear fuel cycle, if and when doubts about the peacefulness of its nuclear ambitions have been durably allayed.

Russia, China and perhaps others will be tempted to argue that pressing Iran this way could be an American attempt to precipitate a crisis and set the stage for military action. To pre-empt such charges, President Bush should clarify that if Iran complies with the Security Council's demands, suspends its fuel-cycle activities and gives up its unjust support for organizations that commit violence against unarmed civilians, the United States will commit not to threaten Iran's sovereignty or territorial integrity. Such a security guarantee, perhaps expressed in the Security Council, would facilitate not only longer-term nuclear negotiations with Iran, but also broader rapprochement.

Iranian national security decisions are made collectively. A precarious consensus emerged in 2005 to defy international demands and press on with enrichment. This consensus will not be reconsidered as long as the policy appears cost-free and the option of cashing in on restraint seems so open-ended that it could be still available after enrichment has been mastered.

The Iranian people, their neighbors and the world deserve a more considered debate of Iran's options and of their consequences. Iran will never be in a better position than it is now to obtain a favorable deal that would improve its economy, employment and quality of life.

George Perkovich is the director of the nonproliferation program at the Carnegie Endowment for International Peace. Pierre Goldschmidt is a non-resident scholar there and a former deputy director of the International Atomic Energy Agency.

For Chávez, A Feisty Electoral Challenger (WSJ)

By José De Córdoba

The Wall Street Journal, December 2, 2006

Venezuelan President Hugo Chávez's exasperated opponents got a gleeful surprise at a rally ahead of Sunday's election, when a giant inflatable figure of the nation's fiery and famously voluble leader inexplicably began to deflate.

"It's a sign! A premonition!" cheered Irene Alvarado, a 50-year-old realtor, as embarrassed Chávistas dragged away the melting figure while the crowd chanted "This government is already down and out!" and set off fireworks.

"He's going to lose," Ms. Alvarado said.

While that looks unlikely -- most polls show Mr. Chávez with a comfortable edge -- Venezuela's often fractured and famously inept opposition is at least putting up a respectable fight this time. They are marching into electoral battle united behind Manuel

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Rosales, 54, a hard-nosed and experienced professional politician who has, by all accounts, mounted a feisty challenge to Mr. Chávez. That challenge, to be sure, is fueled by desperation.

Mr. Chávez, 52, is a fervent admirer of Cuban leader Fidel Castro and has vowed to accelerate what he calls his "Bolivarian revolution" if he wins. Most foes take him at his word, and believe Mr. Chávez would do everything possible to reshape Venezuela along Cuban lines.

The stakes have the country bracing for trouble: Grocery stores have been denuded of food in expectation of possible violence, especially if the election is close.

Mr. Rosales, a governor of oil-rich Zulia state, faces long odds in his quest to oust the incumbent, who has been in power since 1998 and is seeking another six-year term. Mr. Chávez's administration retains a strong following among the majority of poor Venezuelans, on whom he has showered uncounted billions to subsidize health, education and employment programs.

Mr. Chávez also has fear on his side: His minions haven't shrunk from firing employees from government jobs or state companies for showing opposition leanings. Last month, Rafael Ramírez, who is both energy minister and president of the state oil company, Petroleos de Venezuela SA, was secretly videotaped before an auditorium full of company workers, declaiming there shouldn't be any doubt that PDVSA "was 100% supporting President Chávez."

Potential voters also fear a fingerprint machine that will be used in some Venezuelan states -- ostensibly to avoid electoral fraud -- could be used to identify opposition voters, making them susceptible to government retribution. State companies and government use lists culled from ballot records to blackball applicants for everything from jobs to loans.

Mr. Rosales has pledged to continue many popular Chávez programs, while making them more effective. What's more, he has pledged to give all poor Venezuelans a bank card, called "Mi Negra," which will allow them to draw a monthly stipend, directly tapping into the country's oil wealth.

The opposition argues that polls are meaningless in the Venezuelan context, and that impatience with presidential tirades against the U.S., disgust with epidemic crime and wariness of a Castro-type regime will help voters overcome the fear factor and pull the lever for their man.

But Chávez support runs deep. "Poor people have never had a president who has cared about them," says Yelitza Ojeda, a maid who works in a Caracas luxury hotel. Rattling off an exhaustive list of brothers, cousins and sisters, Ms. Ojeda says her whole family, which lives in a poor sector of the capital, plans to vote for Mr. Chávez.

Polls On Chavez Range From Huge Victory To Dead Heat (WT)

By Kelly Hearn

The Washington Times, December 2, 2006

CARACAS, Venezuela -- Venezuelan President Hugo Chavez heads into tomorrow's election with some polls showing a victory margin of more than 30 percent while others show a dead heat for the fiery leftist who calls President Bush the devil.

His conservative rival, Manuel Rosales, has managed to unite a fragmented opposition and made inroads into Mr. Chavez's base by attacking the president's lavish spending on leftist causes throughout Latin America and his support for Cuba's Fidel Castro.

"Let's not forget that we are facing the very devil," Mr. Chavez said in one of his final speeches before campaigning officially ended. "On Dec. 3, we face at the ballot box the imperialist government of the United States of America. That is our real adversary."

A state-funded poll by the Evans/McDonough Co. Wednesday gave Mr. Chavez 57 percent of the vote, a 19-point lead. On Nov. 23 an Ipsos/Associated Press opinion poll said Mr. Chavez held a 32 percentage-point advantage.

But Penn, Schoen & Berland, another U.S.-based pollster, recently gave Mr. Chavez only 52 percent while reporting a strong 48 percent for Mr. Rosales. Another firm, ASKA Partners, has reported similar numbers.

"This is a very close race, with what appears to be an evenly divided electorate," said Douglas Schoen of Penn, Schoen & Berland.

Opposition leaders have attacked the credibility of state-sponsored pollsters and accused international news outlets of reporting polls that favor Mr. Chavez to the exclusion of others.

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Diego Arrias, a former Venezuelan ambassador to the United Nations, said the government has contracted "fly-by-night" polling companies.

He also said international news outlets have been "resistant to quote serious pollsters" that show Mr. Rosales gaining support.

Many say a surprise showing by Mr. Rosales could cause political disturbances.

On Wednesday the U.S. Embassy advised Americans to limit their travel and stock up on food, water and medications in the event of postelection protests.

"In light of recent history of street disturbances occasioned by political activity, and current levels of anti-U.S. Government sentiment on the part of the Venezuelan government, American citizens in Venezuela should maintain a high level of personal security awareness, especially during the election period," the embassy stated.

A win for Mr. Chavez would further embolden his so-called "Bolivarian" revolution, which he claims has taken hold in Bolivia, Nicaragua, Cuba and elsewhere. Ecuador joined those ranks in recent days when Rafael Correa, a leftist colleague of Mr. Chavez, was elected president.

U.S. officials say Mr. Chavez is a destabilizing force in the region, pursuing what they say is an unjustified military buildup, largely with Russian-made planes and weapons.

As Crime Soars For Venezuela, Chávez Coasts (NYT)

By Simon Romero

The New York Times, December 2, 2006

CARACAS, Venezuela, Dec. 1 — Walk into an emergency room in many poor parts of this booming, oil-rich nation on a weekend night and you will be overwhelmed — victims of gunshot wounds and drunken clashes line the corridors. Homicides are up 67 percent since 1999, and violent crime is the top concern of Venezuela's voters as they head to the polls on Sunday.

Yet the man in charge since then, President Hugo Chávez, rarely addresses the problem publicly and is sailing toward an easy election for a third time. Analysts say Mr. Chávez is able to ignore the issue by governing through a system of extensive handouts that eases the purchase of basic goods but does little to ensure public order.

"Chávez has shielded himself from the issue because people see his government as an important arbiter in their daily life," said Miguel Tinker-Salas, an expert on Venezuelan history at Pomona College in Claremont, Calif. "Chávez's policies have made a difference among the poor, and that's what is recognized." He pointed to subsidized groceries, health care and literacy, in particular.

Crime analysts say part of the problem is that the government and its allies have politicized police forces throughout the country, marginalizing officers viewed as disagreeing with Mr. Chávez's "Bolivarian Revolution," which uses militaristic and nationalistic rhetoric in an attempt to reconfigure society with vague socialist ideals.

A similar process has taken place in government ministries, the national oil company and the armed forces after the coup that briefly removed Mr. Chávez from the presidency in 2002.

Analysts say police forces have also largely been urged to tread lightly in poor neighborhoods, turning a blind eye to small demonstrations and petty crime like burning tires. Critics say it is part of Mr. Chávez's efforts to maintain support in poor neighborhoods.

Meanwhile, crime has exploded. According to human rights groups and a Unesco study, Venezuela has the highest rate of gun-related deaths of 57 countries surveyed — far surpassing Brazil, one of the most violent nations in Latin America.

"Venezuela has undeniably become one of the most violent countries in the world," said Julio Jacobo Waiselfisz, the researcher who conducted the Unesco study.

Though he trails badly in most polls, Mr. Chávez's opponent, Manuel Rosales, 53, governor of Zulia State in western Venezuela, has been pounding the crime issue, questioning why murders have surged since Mr. Chávez entered office in 1999, to 9,962 in 2005 from 5,974 in 1999, according to figures from the Criminal Investigations Police.

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Officials in the Justice Ministry did not respond to repeated requests for comment on the government's crime policies. The National Assembly, controlled by supporters of Mr. Chávez, is considering legislation to diminish police corruption by centralizing more authority in a national police force.

Mr. Rosales, the candidate of a coalition of opposition parties, laid the blame squarely at the feet of the president, saying his confrontational style and tendency to turn the courts, military and the police into tools of his own power, are feeding the crime epidemic.

"Chávez nourishes the anarchic forces that are tearing Venezuela apart with a discourse advocating aggression on all fronts," the candidate has said. Polls show Mr. Rosales trailing Mr. Chávez, though his approval ratings have inched up since the start of the campaign several months ago.

Concern over crime has jumped this year after a series of brutal episodes pierced even the relatively sheltered existence of the upper middle class and the diplomatic and international business communities. Street protests broke out in April after three brothers with Canadian citizenship, John Faddoul, 17, Kevin Faddoul, 13, and Jason Faddoul, 12, were kidnapped and found executed.

Around the same time, burglars shot Walter Rehberger, a consul at the Austrian Embassy here, during a break-in. Diplomats were singled out again this month, when thieves broke into the trade office for the Chinese Embassy and stole $14,000.

The highway from the international airport in Maiquetía to Caracas has also proved particularly dangerous, with armed gangs rear-ending cars and robbing passengers of their belongings. Carlos Colina, a consultant for Hewlett-Packard, was shot to death on the route in July, one of several incidents that led the United States Embassy in Caracas to issue a warning against traveling on the road after nightfall.

While much of the recent attention has focused on killings among the privileged, the vast majority of homicides in Venezuela occur in the country's poorest communities — Mr. Chávez's strongest base.

Killings tend to spike during weekends and around paydays in the middle and end of the month, when robberies are also common, according to criminologists. The large majority of incidents involve boys and men ages 15 to 25.

Mr. Waiselfisz, the Unesco researcher, found that gun-related deaths in Venezuela were surging, to 41.4 per 100,000 inhabitants in 2002, the last year for which figures are available, from 34.3 in 2000.

One of the most unsettling aspects of the spike in killings is that it has developed as Venezuela's economy has boomed — thanks to high oil prices. Gross domestic product climbed 10.2 percent last quarter, making Venezuela the fastest-growing economy in Latin America.

Previous economic booms helped Venezuela avoid the crippling violence and social conflict that plagued neighboring Andean countries like Colombia and Peru.

Though the accuracy of official statistics is sometimes questioned by the government's opponents, the channeling of oil revenues seems to have alleviated poverty somewhat in recent years. The Venezuelans living in poverty has fallen to 34 percent from 44 percent in 1998, the year before Mr. Chávez took office, according to government figures.

Some of that decline has clearly happened as Mr. Chávez has used oil revenues to finance a broad range of social welfare programs, like adult literacy programs, subsidized basic foodstuffs and medical care in poor areas provided by Cuban doctors.

"We're witnessing a reduction in infant mortality rates only to see our boys killed when they turn 16," said Ana María Sanjuán, a sociologist at Central University in Caracas and an official with Provea, a nongovernmental organization that monitors human rights issues.

Citing figures from the Criminal Investigations Police, Ms. Sanjuán said the number of homicides in Venezuela climbed 23 percent from January to August of this year, to 7,616. "The politicization and decrepitude of our policing structures may have more to do with our culture of violence than just poverty," Ms. Sanjuán said.

Pedro Ure, chief inspector for the municipal police in Sucre, a sprawling district of Caracas, led a visitor on a nighttime patrol of slum streets and said tolerant policing methods were part of an attempt to instill respect among his officers for human rights.

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"This means a citizen can enjoy his rum on the street if he wishes, even though this could be an infraction," he said, though he acknowledged that many homicides occurred when suspects were drinking.

Meanwhile, however, a history of far graver abuses by the police has gone unchecked, some crime analysts note. Last year, the attorney general's office said it was investigating 5,520 presumed executions by the police between 2000 and 2005, involving 6,127 victims. Of the police officials implicated, prosecutors have filed charges against 517, and fewer than 100 had been convicted, according to Human Rights Watch.

"We're experiencing the worst crime wave in modern Venezuelan history," said Marcos Tarre Briceño, director of the nongovernmental organization Secure Venezuela, "and the government barely acknowledges its inability to control its own police forces."

Plan For South American Pipeline Has Ambitions Beyond Gas (NYT)

By Jens Erik Gould

The New York Times, December 2, 2006

GÜIRIA, Venezuela — President Hugo Chávez is not modest about his energy plans. He wants to build a 5,000-mile natural gas pipeline that stretches from this remote northern tip of South America to the bottom end of the continent.

Erecting possibly the longest pipeline in the world is the centerpiece of a broader effort by Mr. Chávez to strengthen ties among Latin America's economies and shrink their dependence on the United States.

But from the outset, the $20 billion "great gas pipeline of the south," planned to be more than twice as long as the United States border with Mexico, has generated political and environmental controversy at home and abroad.

Mr. Chávez, who deeply distrusts the United States and has raised the prospect that it may invade Venezuela to seize its oil, is seeking to diversify his country's energy exports away from its biggest client and toward countries as far away as China and as close as Brazil.

Mr. Chávez has strengthened political ties with Brazil and Argentina in recent years.

[The voting is Sunday, with most polls showing Mr. Chávez ahead by a wide margin.]

And these days, he is dangling Venezuela's significant reserves as an incentive as he asks his neighbors for a long-term natural gas commitment.

During a recent visit to the pipeline's projected starting point, as oil workers and local residents crowded just outside this fishing town in Venezuela's northeast, Mr. Chávez proclaimed, as he stood next to a row of national flags: "Here in this South America, from the Caribbean to Patagonia, we'll build a great bloc of political, economic and social power to seek world equilibrium this century, where we don't have one policeman who wants to be the owner of the world."

That geopolitical aim is, in fact, the project's biggest hurdle, energy analysts maintain. They say that the decision by Mr. Chávez to give his ideological goals priority over profit jeopardizes the success of the project.

"You don't build a pipeline for political reasons," said Robert E. Ebel, energy analyst at the Center for Strategic and International Studies in Washington. "It should be a financially viable operation."

Though Venezuela could reap higher profit margins by exporting liquefied natural gas to higher-price markets like the United States, Venezuelan officials acknowledge that is not their goal.

"It's not that the economic part doesn't matter," said Ángel González, general director of exploration and production at the Energy Ministry, "but it's really not the most important part of this project."

Venezuela is not the only country to use gas pipelines for political influence. Critics in the United States accused Russia of using energy politics after its giant company Gazprom stopped supplying Ukraine in an effort to raise prices at the start of the year.

Still, it is not clear that Mr. Chávez can muster long-term support in South America for a huge pipeline that would take at least a decade to complete. There is already skepticism and bickering over other energy deals, analysts say.

"Does political will last that long?" asked Michelle Billig of the PIRA Energy Group in New York, a consulting firm.

Brazil, for instance, may be wary of committing itself to a pipeline with Venezuela after Mr. Chávez applauded Bolivia's nationalization of energy industries in 2006. That move jeopardized the natural gas investments of Petrobras, Brazil's state-owned oil company, in Bolivia, said Anne Korin, co-director of the Institute for the Analysis of Global Security in Washington.

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Argentina and Brazil, expected to be the project's largest users, would find themselves dependent for supplies of gas on Venezuela and Bolivia, nations that have shown themselves to be politically volatile. Venezuela halted oil exports during a two-month national strike starting late in 2002, and tensions in Bolivia over how to manage energy resources have helped topple two recent presidents. Paraguay and Uruguay would also take part in the pipeline.

"In South America there is no project more challenging than this one in its history," said Ricardo Savini, a business development manager for Petrobras. He said his company could take part in the pipeline if feasibility studies turned out favorable.

Venezuela's natural gas reserves are largely undeveloped, and over the years, gas has taken a back seat to petroleum in Venezuela, one of the world's leading oil exporters.

The Chávez government has made laws more attractive for investors in gas. That contrasts sharply with the blunt measures that have wrested control from foreign companies producing oil. Chevron has already found enough gas in the Plataforma Deltana area in the east for Venezuela to begin processing liquefied natural gas. Chevron expects to export liquefied gas to the United States and European markets through a $5.6 billion complex that the state oil company, Petróleos de Venezuela, plans to build outside Güiria.

Now, the state company also wants the complex to feed the transcontinental pipeline and says those plans are a higher priority than exporting liquefied gas.

Energy analysts say it will be a tall order for Venezuela's budding gas industry to produce enough for both the L.N.G. plant and the pipeline, especially when current output does not even satisfy domestic demand for natural gas.

The pipeline also faces resistance from environmental groups because it would cut through the Brazilian Amazon and cross several large rivers to reach its destinations. Watchdog groups, like Greenpeace, say it could devastate some of the least-developed and least-studied areas in the dense rainforest and that the influx of laborers could bring diseases to remote indigenous communities.

"It will be terrible," said Paulo Adario, Amazon campaign coordinator for Greenpeace. "The environmental impact seems very high."

There is concern in Güiria, too, a city of 35,000 people. A month after Mr. Chavez broke ground for the gas complex on the environmentally sensitive Paria peninsula in September, the monument built for his nationally televised speech was still littered with the empty water bottles and soda cans of those who attended. "You manage a project that you supposedly consider won't create any environmental impact on an international level — and then you do this," said Rodolfo Foucault, a Güiria resident, when he saw the trash on an otherwise unspoiled coastline.

Still, many locals welcome Petróleos de Venezuela's promise to spend more than $1 billion on infrastructure and local industries in Sucre, the northeastern state where Güiria is situated. "We want the development for our community," said Antonio Calazán, who fishes mackerel and shark in the waters off Güiria.

While even critics are optimistic that the state oil company will keep its promise to build the liquefied natural gas plant, many say that the pipeline will be the latest in a long line of Venezuelan energy plans that never got off the ground or have been significantly delayed. For example, Mariscal Sucre, a promising offshore natural gas project, has been stalled for more than a decade.

Government officials have yet to disclose details on its routes or costs, saying that technical teams are performing preliminary studies. A model of the complex in Güiria's airport does not offer any clues either, nor does it illustrate what part of the plant's terminal will feed the transcontinental line.

There was no actual construction to be seen along the main road cutting through the plant site in Güiria other than the monument that Mr. Chávez opened — and even that appeared abandoned. The wind had torn down the young coconut trees that provided the president's television backdrop.

Yet Mr. Chávez and his energy officials continue to champion the proposal. They have even devised a slogan for Güiria on the plaque, which Carlos Figueredo, Petróleos de Venezuela's general manager for offshore natural gas, repeated at an industry conference in October in Sucre state.

"We have called Güiria the place where the gas is born that unites the people," he said. "That gives you an idea of the magnitude that we're looking at."

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China To Allow More Freedom For Journalists From Abroad (WP)

By Edward Cody

The Washington Post, December 2, 2006

BEIJING, Dec. 1 -- China has decided to substantially liberalize restrictions on coverage by foreign journalists ahead of the 2008 Olympic Games in Beijing, the government announced Friday.

A decree from Premier Wen Jiabao's government said foreign reporters, whether assigned here permanently or visiting for the Olympics, will be allowed to roam most of the country freely and report without interference by local police or propaganda officials from Jan. 1, 2007, until Oct. 17, 2008. The Games are in August 2008.

As explained by Foreign Ministry spokesman Liu Jianchao, the new rules departed clearly -- if temporarily -- from long-standing orders. They also marked a significant watershed for China, where information has long been treated as government property to be manipulated and controlled by propaganda officials.

The new rules apply only to foreign reporters, Liu said, and restrictions on Chinese journalists remain in effect, including Communist Party censorship of all publications and broadcasts. In addition, travel restrictions in Tibet and Xinjiang will continue to apply to foreign correspondents, effectively limiting coverage of those restive areas.

If followed by authorities across the country, the decree nevertheless would for more than 21 months eliminate some major barriers to accurate reporting about China: regulations that legally oblige foreign correspondents to work through local propaganda officials when gathering news. Those restrictions, when followed, have limited frank conversation with Chinese people and emphasized the official version of news.

In practice, foreign reporters in recent years frequently have managed to report on their own, speaking directly with Chinese people while using subterfuge and stealth to avoid getting caught by local police. Those who have been spotted, however, often have been detained, lectured and forced to write confessions that they broke the law. In many cases, their notes and camera equipment have been confiscated. At times, they have been shoved around by police.

In seeking to bring the 2008 Olympics to Beijing, the government had pledged to the International Olympic Committee that the situation would change. In effect, it said reporting in China would be as free as it has been in previous Olympics elsewhere.

But doubts persisted among diplomats, journalists and other foreigners because of China's long history of rigid controls. In particular, they said, Chinese security officials were unlikely to allow free reporting on anti-government groups, such as the banned Falun Gong spiritual movement, that might try to take advantage of the Olympics to advertise their dissatisfaction.

Bob Ctvrtlik, a member of the IOC, said Friday that China's announcement debunked the notion that authorities would not adapt to welcome the Games.

"This is a very important step for us," Ctvrtlik said. "The IOC and the IOC membership received criticism for the decision six years ago" to award the Games to Beijing, "and I think many people at the time said significant changes could not occur. I think this action proves that not to be the case."

Even so, there have been indications recently that officials might not be so flexible. The deputy director of the Beijing Public Security Bureau, Liu Shaowu, told reporters last week that the three main threats to Olympic security were terrorism, organized crime and "mass disturbances," a term officials use to describe protests.

A manual published by the Public Security Ministry and handed out to Beijing police, who are studying English in preparation for the Olympics, contained a dialogue making clear how ministry officials believe reporting should be approached. It described a hypothetical situation in which a policeman comes upon a foreign reporter inquiring about Falun Gong:

"But Falun Gong has nothing to do with the games," the policeman says.

"What does that matter?" the reporter replies.

"It's beyond the permit."

"What permit?"

"You're a sports reporter. You should only cover the games."

"But I'm interested in Falun Gong."

"It's beyond the limit of your coverage and illegal. As a foreign reporter in China, you should obey China law and do nothing against your status."

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"Oh, I see. May I go now?"

"No. Come with us."

A Beijing policeman said the manual was distributed to him and his colleagues, along with a tape recording of the various dialogues, as practice material to supplement three-month-long formal English courses that have been underway since 2002.

Asked how that fit in with the new rules, Liu said that in the coming month there will be briefings on the changes for Chinese government departments, including the Public Security Ministry and provincial, municipal and county propaganda officials who routinely seek to impede coverage of news in their areas. Beginning Jan. 1, those officials will no longer have the right to detain foreign reporters seeking to interview people, he said, and the Foreign Ministry can be called on to intercede if they try.

"To interview organizations or individuals in China, foreign journalists need only to obtain their prior consent," said the sixth of nine regulations.

As published, the decree changed foreign reporting rules only until Oct. 17, 2008. But Liu suggested at a news conference that the changes might be extended after the Olympics. Conditions for foreign correspondents in China will get "better and better," he said.

China Plans Temporary Easing Of Curbs On Foreign Journalists (NYT)

By Jim Yardley

The New York Times, December 2, 2006

BEIJING, Dec. 1 — China announced temporary regulations on Friday loosening restrictions on foreign journalists, a step intended to fulfill the country's promise to allow visiting reporters to work freely in advance of the 2008 Beijing Olympics.

The rules, announced by the Foreign Ministry, will supersede existing restrictions that require journalists to obtain government approval before traveling or conducting interviews. Under the new rules, a foreign journalist will only need to obtain the permission of the person being interviewed.

"It is crystal clear that as long as the interviewee agrees, you can do your reporting," the ministry spokesman, Liu Jianchao, told reporters at a briefing.

The Foreign Correspondents' Club of China, a Beijing-based association of international news bureaus, applauded the new rules and singled out the Foreign Ministry for praise. But the group also called on the government to make the regulations permanent. The rules take effect on Jan. 1 and end Oct. 17, 2008, after the conclusion of the Paralympics.

"Depending on how they are implemented, we hope they'll one day be looked back upon as a major step in bringing correspondents' reporting conditions in China much closer to international standards," the group said in a statement.

Reporters Without Borders, the international press advocacy group, also praised the new rules but noted that the announcement came on the same day that a Beijing appeals court upheld a fraud conviction against Zhao Yan, a Chinese researcher for The New York Times.

Mr. Zhao's case has brought international criticism; some analysts considered his conviction an implicit warning to foreign journalists and their Chinese news assistants. According to the Reporters Without Borders Web site, at least 32 Chinese journalists were jailed in China as of January. The new rules will not apply to Chinese journalists, who still face heavy censorship.

For China, the relaxed reporting rules for foreigners are an important public relations gesture as Beijing prepares for the Olympic Games in August 2008. More than 20,000 journalists are expected to attend the Games, and Beijing promised the International Olympic Committee that reporters would be allowed to report freely.

Historically, China has tightly monitored foreign reporting and censored the Chinese news media on issues deemed politically delicate. In an earlier era, state security agents often tried to intercede or follow foreign reporters who tried to travel without permission.

Currently, foreign journalists work in something of a gray zone. Journalists are rarely followed, though many reporters assume that their e-mail messages, telephones, offices and possibly homes are monitored with listening devices. Many journalists now travel without government permission and also conduct interviews without applying for approval. Often such trips are completed without incident.

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But the restrictions create a tense atmosphere that leaves reporters vulnerable to official scrutiny and, in some cases, arrest. Journalists can be identified by a special "J" designation on their visas. Hotel clerks are supposed to notify local public security bureaus anytime someone with a "J" visa registers for a room.

In addition, foreign journalists visiting remote areas sometimes attract suspicion if they are not ethnic Chinese. Reporters caught traveling without permission are sometimes detained and questioned by the local police. In some cases Chinese residents have been harassed or even arrested after being quoted in news articles.

Jonathan Watts, the Beijing bureau chief for The Guardian, the British newspaper, applauded the new rules but also noted that the proof would come in how they were carried out. "As with everything in China, it is going to depend on implementation," Mr. Watts said. "But the fact is that they have set a precedent."

The new regulations apply to reporting about the Olympics and "related matters." But Mr. Liu, the Foreign Ministry spokesman, said the regulations could be broadly interpreted and "actually expands the areas on which foreign journalists can report."

"Foreign journalists will not limit their activities to the Games themselves," Mr. Liu said, according to The Associated Press. "They will also cover politics, science, technology and the economy."

He added that the police would maintain the right to intervene with reporters during emergencies or protests. That caveat raised questions about what barriers journalists would face if they should try to cover events like the numerous protests and riots that have occurred throughout China in recent years.

US Urges Opec Not To Cut Output Further (FT)

By Carola Hoyos

Financial Times, December 2, 2006

The US on Friday urged the Organisation of the Petroleum Exporting Countries not to make further cuts to its oil production.

Samuel Bodman, US energy secretary, said: "I encourage them to keep markets well-supplied."

But almost simultaneously in Cairo Ali Naimi, Saudi Arabia's oil minister, indicated that the cartel needed to give serious consideration to further reducing its production when it met in Abuja, Nigeria's capital, on December 14. He told reporters that demand was "okay", US inventories were high, and 100m barrels of oil would have to be removed from the market to achieve a balance.

Several of Opec's most hawkish members, including Venezuela and Nigeria, have called on the group to reduce its production by at least another 500,000 barrels a day. Libya, Algeria and Kuwait, more moderate Opec members, have been more guarded about whether further cuts are needed.

In late October, Opec agreed to reduce its output by 1.2m b/d to stem a 25 per cent fall in oil prices since the summer and to try to enforce a minimum price level of $60 a barrel. Even though the cartel has not fully stuck to its agreement, its decision has been largely successful. So far Opec's 10 active members have reduced their output by only 785,000 barrels a day, according to a [news organization's] poll. Even so, oil prices are again above $60 a barrel.

Crude oil futures traded on the New York Mercantile Exchange on Friday moved slightly lower after hitting a two-month high of $63.77 a barrel on Thursday. In London Brent crude futures were also down slightly, trading between $63.35 and $64.30.

Opec this week also saw success in its long-term expansion strategy as Angola, Africa's second largest oil producer, agreed to join the group and Sudan said it was working towards joining.

Together the two countries, among the world's fastest-growing energy suppliers, produce almost 2m barrels of oil a day.

The deep waters off Angola's coast are a particularly important new investment sphere for the world's biggest listed energy groups, while Sudan is critical to China, which has invested heavily there despite international pressure not to do so.

Speaking at an African oil and gas forum in the US, Mr Bodman acknowledged Africa's growing clout, saying that increasing oil demand put Africa "in an position of increasing strategic importance to the US and global markets".

Two Others Test Positive For Radiation, British Officials Say (WP)

By Mary Jordan, Sarah Delaney

DOJ_NMG_0100902

The Washington Post, December 2, 2006

LONDON, Dec. 1 -- The radioactive substance that killed former Russian spy Alexander Litvinenko has contaminated his wife and an Italian security consultant he met the day he fell ill, British officials and a Litvinenko family friend said Friday.

Officials said that neither was showing symptoms of poisoning from the substance, polonium-210. Although thousands of people have called hotlines worried about possible exposure, Mario Scaramella and Marina Litvinenko are the only two who have tested positive for the radiation since Litvinenko's mysterious death on Nov. 23.

British authorities have detected traces of polonium-210 in at least 12 sites around London and on two British Airways jetliners. A third plane was returning to Moscow on Friday for checks. Investigators are trying to use those findings to determine where the poison came from and who transported it.

Scaramella, who met with Litvinenko at a sushi restaurant on Nov. 1, was the more severely affected. Health officials said he had "significant" amounts of radiation in his body, and he was hospitalized Friday awaiting further tests this weekend.

"He is currently well and shows no symptoms of radiation poisoning," Keith Patterson, a doctor at University College Hospital, told reporters outside the hospital Friday night. "Tests have detected polonium-210 in Mr. Scaramella's body, but at a considerably lower level than Mr. Litvinenko."

Alex Goldfarb, a family friend of the Litvinenkos, said in an interview that Marina Litvinenko, 44, a ballet teacher, was told by doctors that "minuscule levels" of polonium-210 had been found in her urine.

"For three days when he was home and vomiting, she was taking care of him," Goldfarb said. He said she was not particularly worried about her health, but noted that because the poison is "so unique, its long-term effects are not known."

"The levels are not significant enough to result in any illness in the short term," the Health Protection Agency said in a statement that identified the contaminated person only as an "adult family member" of Litvinenko. It added, "The results are reassuring in that any increased risk in the long term is likely to be very small."

Nick Priest, a British scientist and expert in polonium-210, said in an interview that "everyone has a different resistance to radiation." He said the worry is that it might cause "a depletion of bone marrow" and an increased risk of cancer.

Litvinenko's unexplained death has created Cold War-like tensions between London and Moscow. Litvinenko was an outspoken critic of Russian President Vladimir Putin, and his friends say that before his death he accused Putin of ordering his murder. The Kremlin has dismissed those allegations as "nonsense."

In Moscow, a former KGB agent who met Litvinenko on Nov. 1 at the Millennium Hotel in Grosvenor Square, within sight of the U.S. Embassy, denied any involvement in Litvinenko's death.

Scaramella said at a news conference in Rome last week that he showed Litvinenko e-mails during their meeting that warned their lives might be in danger.

Sergio Rastrelli, a lawyer for Scaramella, was asked in a televised interview in Italy on Friday whether Scaramella was a witness or suspect in the case. "He is absolutely a witness, and now, unfortunately, he is also a person who has been offended by a crime committed by a third party."

In Russia, human rights activists said a letter written by a former Russian intelligence agent claimed that the Federal Security Service, or FSB, had established death squads to kill Litvinenko and other critics of the Kremlin.

"Back in 2002, I warned Litvinenko that they had formed a team to kill him," the letter said. Activists said the letter was written by Mikhail Trepashkin, a former officer of the KGB and its successor, the FSB.

Trepashkin was sentenced to four years in prison in 2005 for divulging state secrets. Before his arrest, Trepashkin was investigating the possible role of the FSB in a series of apartment bombings in 1999 in which hundreds of people died -- a subject about which Litvinenko had written a book. Amnesty International and other human rights groups have said Trepashkin was jailed to prevent further investigation into the bombings.

Police in Sussex, south of London, said they assisted Scotland Yard and the Health Protection Agency in an investigation at the Ashdown Park Hotel in East Sussex on Friday. British and Italian media said Scaramella had stayed at the hotel recently and that authorities were looking for traces of radiation.

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Matthew Long, deputy general manager at the Ashdown Park Hotel, said in an interview that police found "no evidence of radiation" after searching for hours. Long said the investigation was started because of concern that "we had a guest who might have been suffering from radiation."

Pathologists in protective gear conducted a postmortem exam on Litvinenko's body Friday. Results are not expected to be announced for several days. The BBC reported that because of the radiation, his remains will be buried in a sealed coffin.

Pat Troop, chief executive of the Health Protection Agency, said the risk to others who came into casual contact with Litvinenko remains negligible.

Radiation Detected In Man Who Met With Ex-Spy (NYT)

By Sarah Lyall

The New York Times, December 2, 2006

LONDON, Dec. 1 — One of three men who last met the former K.G.B. officer Alexander V. Litvinenko before he fell fatally ill with radiation poisoning was himself admitted to a London hospital on Friday, the authorities said, after tests showed that he had a significant amount of radioactive material in his body.

The hospitalization of the man, an Italian investigator named Mario Scaramella, adds a further layer of confusion to the puzzle surrounding the death of Mr. Litvinenko, a vocal critic-in-exile of the Russian government. Although tests have been conducted on dozens of people who came into contact with Mr. Litvinenko after he fell ill, including his doctors, Mr. Scaramella is so far the only one to show more than a negligible amount of radiation in his body.

The Health Protection Agency, which deals with public health issues in Britain, also said Friday that “an adult member of Mr. Litvinenko’s family” who was in close contact with him during his illness — a description that apparently applies only to his wife — had tested positive for low levels of radiation exposure. But the agency added, “The levels are not significant enough to result in any illness in the short term.”

Mr. Scaramella has said all along that he felt fine, that he was suffering from none of the debilitating symptoms that characterized Mr. Litvinenko’s illness and that earlier tests for polonium 210, the isotope that killed Mr. Litvinenko, had turned up negative. University College Hospital, where he was admitted Friday, said Mr. Scaramella was “currently well and shows no symptoms of radiation poisoning.”

Dr. Keith Patterson, a consulting hematologist at the hospital, said that while tests had shown the presence of polonium 210 in Mr. Scaramella’s body, they were “at considerably lower levels than Mr. Litvinenko.”

The health agency would not say how much radiation Mr. Scaramella had ingested, only that he had “a significant quantity” of polonium 210 in his body. Mr. Scaramella’s lawyer, Sergio Rastrelli, said in Rome that his client was undergoing more tests.

Mr. Litvinenko’s body underwent an autopsy on Friday at the Royal London Hospital in Whitechapel, a hospital spokeswoman said. The autopsy, which might help disclose how the radiation entered his system and in what quantities, was presided over by a forensic pathologist appointed by the Home Office. Also present were an independent pathologist and a third who had been hired by Mr. Litvinenko’s family.

The results of the autopsy may not be available until next week.

All the pathologists wore protective clothing. Alex Goldfarb, a close friend of Mr. Litvinenko’s who has emerged as a family spokesman, said that he had been told that his friend’s body would have to be sealed in an airtight container and that it was so contaminated that it could not be cremated for 22 years.

With each new development, there are more mysteries to be solved in the case, which has still not been characterized as a murder by the London police. Who gave Mr. Litvinenko the polonium 210? Where did they get it? How much was he given? How did he ingest it? What is the significance of the traces of radiation that have been found in at least a dozen places, including on two British Airways jets? Two Russians who also met with Mr. Litvinenko on the day he fell ill had traveled on the planes.

Mr. Scaramella’s role is also something of a mystery.

Mr. Scaramella was a consultant for the Mitrokhin Commission, a parliamentary panel in Italy looking into reported connections between the K.G.B. and Italian politicians. It was disbanded this year.

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Mr. Litvinenko also worked for the Mitrokhin Commission, Mr. Goldfarb said, and had known Mr. Scaramella for a decade. The two met regularly in London. Their last meeting took place at the Piccadilly branch of the Itsu sushi restaurant on Nov. 1, the day Mr. Litvinenko became sick.

Flanked by bodyguards in Rome last month, Mr. Scaramella told reporters that during the meeting — in which he drank water and Mr. Litvinenko ate sushi and soup — he presented Mr. Litvinenko with e-mailed documents showing their names on a list of people whose lives were in danger from Russian criminals. Mr. Scaramella said the same criminals had killed Anna Politkovskaya, a Russian investigative journalist, in Moscow in October.

Mr. Scaramella has been in London for the last week. He said that he and Mr. Litvinenko were friends and that he was not a suspect. Mr. Litvinenko said on his deathbed that he believed forces working for the government of President Vladimir V. Putin were responsible, a charge the Kremlin has dismissed as ridiculous.

Mr. Goldfarb said that his friend was certain he had been poisoned during one of two meetings on Nov. 1 — either the one at Itsu, or another, with the two Russian men, at the Millennium Hotel in Mayfair.

"It's mystery over mystery over mystery," he said. Of the news that Mr. Scaramella had tested positive for radiation, Mr. Goldfarb said, "Obviously he received a much lower dose than Alexander. He might have been an innocent bystander; he might have been a target; he might have been someone who the perpetrators contaminated after the fact; or he may himself be involved. Nobody knows."

Poison Also Found In Italian (LAT)

By Kim Murphy

The Los Angeles Times, December 2, 2006

LONDON — An Italian KGB expert who had warned poisoned Russian dissident Alexander Litvinenko that his life might be in danger has a "significant quantity" of radioactive polonium-210 in his body, authorities said Friday.

British health officials also said they had detected a small quantity in a close relative of Litvinenko. Neither has shown signs of illness.

The announcements came as police zeroed in on radiation found on British Airways jets that flew between Moscow and London, one of which might have transported suspects carrying the poison.

After days of investigation, police have begun to trace a radiation trail across flight manifests and London hotels and offices that security experts said could eventually pinpoint how the radioactive substance was brought to London and possibly by whom.

The exposure of Italian academic Mario Scaramella increases the likelihood that the poison was administered at the sushi restaurant in central London where the two men met briefly Nov. 1 — hours before Litvinenko became sick — especially since the radiation trail appears to follow Litvinenko's movements across London after that rendezvous.

Scaramella has done exhaustive research into the archives of Vasili Mitrokhin, a KGB major who defected to the West in 1992 and took along numerous secret files. Scaramella became acquainted with several former KGB agents, including Litvinenko, who had accused his former colleagues of involvement in several killings and assaults and had obtained political asylum in Britain.

The Italian asked Litvinenko to meet with him after he received an e-mail suggesting that criminals in St. Petersburg, Russia, were behind the recent slaying of Russian journalist Anna Politkovskaya in Moscow and were preparing to strike against Litvinenko and Scaramella.

Litvinenko discounted the threat, and the meeting was brief. Scaramella, who had already eaten, had only a glass of water. Litvinenko ate lunch. He died 22 days later in a London hospital.

Scaramella has cooperated in the investigation, and authorities have not identified him as a suspect. After he arrived at London's University College Hospital on Friday wearing a mask, hospital officials said he had been admitted for examination.

"Tests have detected polonium-210 in Mr. Scaramella's body, but at a considerably lower level than Mr. Litvinenko. He is currently well and shows no symptoms of radiation poisoning," hospital spokesman Dr. Keith Patterson said in a statement.

Meanwhile, in another possible poisoning, former acting Prime Minister Yegor T. Gaidar remained hospitalized in Moscow with a still-undiagnosed ailment. He fell ill suddenly a week ago during an academic conference in Ireland.

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British police are investigating whether there are any links between the two cases.

After meeting with Scaramella, Litvinenko had tea with his former partner in the KGB, Andrei Lugovoy — who was on Gaidar's security detail in the early 1990s, a Gaidar aide confirmed Friday. After Lugovoy left the KGB, he became head of security at the Russian television network ORT. He remained friends with Litvinenko.

Lugovoy was in London with his family and numerous other Russian soccer fans for a match between Moscow's CSKA team and London's Arsenal, according to the Moscow newspaper Kommersant.

Russian businessman Dmitry Kovtun accompanied Lugovoy to the Litvinenko meeting at London's elite Millennium Hotel, where several traces of polonium-210 reportedly have been found.

Litvinenko, who left a note blaming Russian President Vladimir V. Putin for his impending death, was convinced he was poisoned at one of the two meetings but was not sure which, close friend Alex Goldfarb said in an interview.

"He clearly said that he knows it's one of them, but he didn't want to accuse anybody because he would hate to put a shadow on an innocent person," Goldfarb said. He works for a foundation funded by exiled Russian billionaire Boris Berezovsky, whose offices, visited by Litvinenko after his poisoning, also showed traces of polonium-210.

And another finger pointed at Russian security services. According to a Nov. 18 letter to Litvinenko from former KGB agent Mikhail Trepashkin: In 2002, Trepashkin reported a meeting with a Russian agent who spoke of "a very serious group" that would be "snuffing out everybody connected with Berezovsky and Litvinenko."

Trepashkin's letter said the agent worked for the Federal Security Service, the KGB's successor, and sought details about Litvinenko's family.

Trepashkin was the primary source for a book by Litvinenko accusing Russia's government of organizing several apartment-building explosions across Russia before the second Chechen war. A copy of his letter to Litvinenko was provided Friday to The Times by sources in Russia.

Goldfarb released a similar letter from Trepashkin, dated the day of Litvinenko's death. He called on British authorities to question Trepashkin, who is in prison in Russia on charges of revealing state secrets.

Trepashkin "names names," Goldfarb said.

The Guardian newspaper, quoting unidentified British intelligence sources, reported that London police were coming closer to the view that "rogue elements" within or formerly with the Federal Security Service probably were involved in the killing.

It said police were "closing in on" five or more men who arrived on soccer fans' flight and returned to Moscow soon after.

Prodi To Sue Over Allegations Of KGB Links (FT)

By Tony Barber

Financial Times, December 2, 2006

The suspicious death of a former Russian agent in London was enmeshed in alleged dirty tricks in Italian politics on Friday after Romano Prodi, Italy's prime minister, announced legal action against people linking him to the KGB, the former Soviet intelligence service.

The main person who has made this accusation, which Mr Prodi rejects as utterly unfounded, is Mario Scaramella, a self-styled expert on Soviet espionage in Italy.

Mr Scaramella met Alexander Litvinenko, the former Russian agent, in a London sushi bar on November 1, shortly before Litvinenko fell ill.

Before he died on November 23 of poisoning from polonium 210, a rare radioactive substance, Litvinenko accused Vladimir Putin, Russia's president and a former KGB agent, of ordering his death. The Kremlin dismissed his charge as nonsense.

The Litvinenko affair has spilled into Italian politics because Mr Scaramella was appointed in 2003 as a consultant to a parliamentary inquiry, known as the Mitrokhin commission, which was investigating KGB activities in Italy.

The commission wound up its work before Mr Prodi's victory in Italy's general election last April. But Mr Scaramella reported to the commission's chairman in January that he had been looking into alleged links between Mr Prodi and the KGB.

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He told the chairman, Paolo Guzzanti, a member of then prime minister Silvio Berlusconi's Forza Italia party, that there was no evidence Mr Prodi was a KGB agent, but that some signs pointed to "friendly relations" between Mr Prodi and the KGB.

Mr Prodi was so offended by Mr Scaramella's allegations, which appeared in the Italian press this week, that he announced on Thursday night that he planned legal action against the people behind them. He named no one in particular.

Mr Scaramella had no background as a specialist in Soviet affairs before 2003, and Massimo D'Alema, Italy's foreign minister, said on Wednesday that Mr Scaramella "has had and has no organic relationship with the Italian secret services".

Politicians in Mr Prodi's centre-left coalition suspect that one purpose of the Mitrokhin commission, which was set up under Mr Berlusconi, was to plant material to discredit the centre-left, especially ahead of the April election. Mr Berlusconi's party has ridiculed the idea of a smear campaign.

"They have tried to upset the country's democracy," said Piero Fassino, leader of the Democrats of the Left, the largest party in Mr Prodi's government. "A campaign of personal denigration and institutional destabilisation has been pursued."

Mr Prodi's camp contends that there have been other attempts to destroy his reputation. Prosecutors said in October that several members of the Italian tax police and other state employees had illegally broken into the financial records of Mr Prodi and his wife Flavia.

During Mr Berlusconi's five-year premiership, Mr Prodi was plagued by allegations – which he denied adn were never proven – that, when he was prime minister from 1996 to 1998, he took kickbacks in the purchase by Telecom Italia, the Italian telecommunications group, of a stake in Telekom Serbia, the Serbia telecoms company.

Last month Mr Prodi's government shook up Italy's espionage services by dismissing the country's three top intelligence officers.

Russia's Hidden Power Struggle (WP)

By Masha Lipman

The Washington Post, December 2, 2006

MOSCOW -- "Give the elections back to the people, bastards!" These words were emblazoned on a bright yellow banner more than 30 feet long that hung over the Moscow River facing the Kremlin. A couple of young activists positioned themselves in the ropework holding up the banner for about 30 minutes, until they were taken off and delivered to a police station.

Such extravagant political performances may be typical at, say, a Greenpeace protest but not over something that has in fact become increasingly common: a government encroachment on voting rights.

Russia is undergoing yet another round of election-rule tightening -- as usual, a product of the country's rubber-stamp legislature. The protesters see it as marking the "virtual elimination of the system of free elections" in Russia, as they said in their statement. Over the past two years, election rules have been repeatedly refashioned and readjusted so that no undesired forces or figures can slip through the process.

Meanwhile, the Kremlin has managed to obstruct the financing of unwelcome political projects. Russian businessmen, while afraid to sponsor autonomous political activity, have given generously to pro-Kremlin political groups, movements and initiatives. With the best and biggest companies increasingly coming under the Kremlin's control, pro-Kremlin political forces are assured of virtually unlimited budgets. In addition, political loyalists can draw on what's called the "administrative resource" -- a network of administrators at various levels who are eager to do the regime's bidding.

In such a political environment, election results are preordained. There is a flatness about campaigns -- a lack of enthusiasm and emotion. Which is the way the Kremlin likes it.

One of the innovations of the new election bill is a ban on creating a "negative image" of political opponents. This is one way of depriving a campaign of any meaning whatsoever, as just challenging the policies of the incumbent authorities can now be interpreted as a violation of the law.

So while there is always a constituency that dutifully turns out on Election Day to vote "as the bosses say," a great many others will choose to stay home, since they assume their vote will make no difference.

Of course, a low turnout might call into question the legitimacy of the representative branch, but apparently the Kremlin thinks it can live with this image problem. Another provision of the new bill eliminates the minimum percentage turnout

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requirement for an election to be valid. The ruling elite thus largely reduces its power base to the core of Soviet-style voters who accept a no-choice vote -- while alienating the more advanced and entrepreneurial elements of the population.

Essentially, the protesters hanging on the ropes with their banner over the Moscow River can do nothing about all this. A boycott of elections -- proposed in their statement as the "only real means of political struggle left in the opposition's arsenal" -- will make no sense if there is no minimum-turnout requirement. The authority of the Kremlin, on the other hand, is unconstrained.

And thus the encroachment on political rights will continue. One recent initiative has been to abolish mayoral elections. With gubernatorial elections already replaced by Kremlin appointments, this is a logical next step in the dismantling of representative democracy.

A common argument has it that President Vladimir Putin may have cracked down on freedoms and democracy and recentralized power in the Kremlin, but at least he has ensured order and stability. In fact, Putin may have "stabilized" public politics, but there's no more law or order about his regime than there was in Boris Yeltsin's "chaotic" Russia.

The political scene has been fully cleared of genuine competition, and the executive and legislative branches filled with loyalists who need not worry about public accountability. As a result, the members of this greedy bureaucracy have become a privileged circle in which they seek to amass power, which in Russia is closely linked to property and wealth. In the process, they force those with less clout to sell their lucrative properties, as happened not long ago with a Urals titanium factory. If the owner doesn't accept the deal, he can expect the tax police to "discover" huge instances of evasion, the environmental agency to reveal improper use of his lands or the prosecutor's office to begin proceedings against him. All these government agencies would be working on behalf of the powerful buyer. This is hardly law and order.

Meanwhile, the regime's loyalists are themselves engaged in a fierce struggle, especially as the crucial 2007-08 elections draw near. All are wondering what the power shifts that Putin has in mind will mean for them personally. Thus, disputes among them grow ever more intense and vicious, creating an atmosphere of rampant corruption and crime. Court rulings are commonly twisted as a result of bribery or pressure from the executive. Contract killings are used to settle scores with rivals and adversaries.

Aside from the recent high-profile assassinations, there have been the killings, in a period of less than three months, of three bankers, one of them deputy chairman of the central bank. All were slain by contract murderers. A contender for the mayoralty in a Far Eastern town was killed at the height of the election campaign. A pro-Moscow Chechen commander was shot by a group of Chechen law enforcers in broad daylight in the middle of Moscow -- in front of passersby and a group of Moscow militiamen who, according to newspaper reports, watched from across the street. None of the perpetrators was arrested.

Real competitive politics, if they were ever allowed, might be a threat to the ruling elite. Fierce infighting within the regime is a threat to the entire nation and its future.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

Pope Wins Over Muslims With Nod To Mecca, Message (WT)

By John Phillips

The Washington Times, December 2, 2006

ISTANBUL -- Pope Benedict XVI concluded a historic trip to the Muslim world yesterday after soothing an outraged Islamic population with his Christian message of peace and reconciliation.

The Roman Catholic pontiff wound up his triumphant four-day visit to Turkey with a parting message of good will to Muslims as Turkish clerics and commentators lauded the German-born pope for facing Mecca as he prayed alongside a top Islamic clergyman in Istanbul's Blue Mosque on Thursday.

"You know well that the church wishes to impose nothing on anyone, and that she merely asks to live in freedom," Benedict said at the Holy Spirit Cathedral in Istanbul.

In the last of several gestures aimed at healing the rift with the Orthodox Church -- the original theme of a trip that was overshadowed by Muslim rage -- the pope was joined in the church by Patriarch Bartholomew I.

Benedict looked pleased as he entered the cathedral after doing much to repair the uproar he started two months ago by criticizing Islam in a speech in Germany.

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The grand mufti of Istanbul, Mustafa Cagrici, who prayed side by side with the pope at the mosque on Thursday, said Benedict had faced Mecca while praying, like a Muslim would.

"These were very nice gestures," he told NTV television. "I allocated 30, 40 seconds for [the prayer]. I finished my prayer. But the pope must have been so overcome that he took much longer."

The Turkish daily Askam agreed. "The pope's dreaded visit was concluded with a wonderful surprise," it reported.

The mass-circulation Hurriyet newspaper joined in the chorus of approval. "He turned toward Mecca and prayed like Muslims," said the daily, which dubbed Benedict "the congenial pope."

Vatican officials described the stop at the massive mosque, one of the main tourist attractions in Istanbul, as a vital moment of reconciliation.

Throughout his trip, however, the pope also gently stressed Rome's concept of reciprocity in which respect for Muslims in the West warrants respect for religious minorities such as Christians and Jews in majority Muslim lands, including the beleaguered community of 90,000 Christians in Turkey.

"Your communities walk the humble path of daily companionship with those who do not share our faith," the pope told the congregation filling a 160-year-old cathedral that contains the relics of a 1st-century Christian martyr.

Strengthening Christian bonds should be "at the forefront," Benedict told the throng.

"I would compare the pope's visit to the mosque to Pope John Paul's gesture at the Western Wall [in Jerusalem], said Cardinal Roger Etchegaray, the veteran French Vatican diplomat who frequently is a trouble-shooter for the Holy See in the Middle East.

In his last moments in Turkey, the 79-year-old pope walked down a red carpet before boarding a special Turkish Airlines jetliner to Rome.

"I hope this visit contributes to peace and dialogue between faiths," Benedict told the governor of Istanbul, Muammer Guler, at Istanbul's international airport.

Pope Ends Visit Of Conciliation (LAT)

By Tracy Wilkinson, Times Staff Writer

The Los Angeles Times, December 2, 2006

Even his critics give praise for the pontiff's outreach to Muslims in Turkey.

ISTANBUL, TURKEY — Just as the Bible speaks of converting swords into plowshares, Pope Benedict XVI has used his extraordinary pilgrimage to Turkey this week to transform outrage over provocative remarks he made about Islam into an emerging image of conciliation and outreach.

His efforts have been hailed by many here and could have crucial influence on the future of the troubled relations between Islam and Christianity.

During his four-day visit, which ended Friday, the pope faced Mecca and prayed shoulder to shoulder with an Islamic cleric in Turkey's most important mosque. He shook the hand of one of his sternest Muslim critics. He even hoisted a Turkish flag bearing the Islamic symbol of a crescent moon.

By most accounts, Benedict was successful in winning over begrudging hearts and minds in the Islamic world.

It was, as one Italian commentator put it, the theological Benedict replaced by the diplomatic Benedict, an infrequently seen facet of this complex and deeply intellectual pope.

"People here were worried about the message he would give, what he would say about Islam and whether he would show respect," said Mustafa Akyol, a Turkish writer who specializes in interfaith issues and who considers himself a devout Muslim. "He did way better than expected. This was very fruitful for him."

Turkish newspapers, some of which had harshly criticized the pope just days earlier, on Friday gave generally positive coverage to the pontiff's visit to the majestic 17th century Blue Mosque. A photograph of him praying silently Thursday along side the grand mufti of Istanbul dominated almost every front page.

"The whole world watched this historic moment," the centrist Milliyet newspaper said. "Sympathetic pope … continued to surprise the world," declared the top-selling Hurriyet daily.

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Cardinal Roger Etchegaray, who accompanied the pope and is a recognized expert in diplomacy, compared Benedict's gesture at the mosque to the historic moment in 2000 when his predecessor, Pope John Paul II, stood and prayed at the Western Wall in Jerusalem.

At the stone wall that is among Judaism's holiest sites, John Paul wrote a note seeking forgiveness for centuries of abuse of Jews by Catholics, in what became a seminal act signaling a new era in the Roman Catholic Church's relationship with its predecessor faith.

"These are two very important symbolic moments," Etchegaray said Friday. "Benedict XVI did with the Muslims yesterday what John Paul II did with the Jews."

It was a speech that Benedict gave in September that ended up setting the agenda for his first trip to a predominantly Muslim country. In that speech in Regensburg, Germany, Benedict linked Islam to violence and quoted a Byzantine emperor who saw only evil in the faith founded by the prophet Muhammad.

The remarks enraged the Muslim world and threatened to destroy bridges built during the 26-year papacy of John Paul.

Father Federico Lombardi, the Vatican's chief spokesman, has maintained the hope that the silver lining of the uproar would be the opening of a frank and sincere dialogue between the largest Christian faith and Islam. As the Turkey trip ended, he said he believed that process had been launched.

"I think we have moved beyond Regensburg, and, in a way, Regensburg has borne positive fruit," Lombardi said.

The pope, as he departed Istanbul for the flight home to Rome, told the regional governor who saw him off that he hoped his visit would bring the religions closer together.

"As a pastor of the Catholic Church, I think it is my duty to contribute to the understanding and dialogue among cultures and religions," he said.

The praise for Benedict was by no means universal.

Nationalist Turks found fault, especially with his overtures to Turkey's Christian minorities. He engaged in hours of prayer and celebration with Patriarch Bartholomew I, the titular head of the world's 250 million Orthodox Christians. He saluted him as the "ecumenical patriarch," a term loathed by Turks because it suggests authority elevated beyond the Turkish state.

Additional criticism came from the Christian side of the aisle, with some suggesting that, in his eagerness to appease the Muslims, the pope failed to adequately lobby on behalf of the beleaguered Christian community.

But if the Christians whom the pope came to support felt slighted, most did not indicate it.

Bartholomew, a sprightly man with a bushy white beard, expressed satisfaction with the pope's visit. He combined a little Italian and English to say he was "happisimo" — "very happy" with the pope's presence.

"He brought the attention of the world on the problems we suffer," said Anthony Limberakis, national commander of the Order of St. Andrew, one of numerous Greek-American delegations in Istanbul to support their religious brethren.

Benedict made a final gentle plea on behalf of Christians during the Mass he said Friday at the Catholic Holy Spirit Cathedral.

He noted that the Christian minorities in Turkey "walk the humble path of daily companionship with those who do not share our faith" but who belong to the brotherhood of monotheistic descendants of Abraham.

"You know well that the church wishes to impose nothing on anyone, and that she merely asks to live in freedom, in order to reveal the one whom she cannot hide, Christ Jesus," he said.

Another important gesture that won favor for Benedict was the softening of his opposition to Turkey's long-sought membership in the European Union.

In a reversal of sorts, the pope told Prime Minister Recep Tayyip Erdogan that he would support EU membership for Turkey. He previously had maintained that Turkey, as a Muslim nation, was "in permanent contrast" with Europe and did not belong.

Some Turkish commentators said they thought Benedict backtracked toward the end of his visit when he spoke of the need to preserve Europe's Christian roots. But another reading of those comments suggests that he was stating the conditions under which Turkey could join the EU, conditions such as respect for religious freedom that the EU itself is demanding.

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Turkey Holds Firm On Foreign Policy (WT)

By Andrew Borowiec

The Washington Times, December 2, 2006

NICOSIA, Cyprus -- The Turkish government this week tried to minimize the impact of the European Union's threat to partially freeze accession talks, saying its foreign policy remained unchanged.

The watchword in Ankara's official circles is "continuation in the same direction," said a senior official, who rejected EU insistence that Turkey must open its airports and harbors to traffic from Cyprus.

In Cyprus, the Greek Cypriot government said the bloc was giving Turkey too much leeway, thus damaging efforts to find a solution to the Mediterranean island's partition.

Despite the EU threat to freeze eight key aspects of the accession talks, Turkish officials said the Greek Cypriot air and maritime traffic would be allowed only after an economic boycott of the Turkish Cypriot zone in the north of the island is lifted.

On Wednesday, the European Commission, the EU executive body, rejected Turkey's condition, stressing that all candidates for membership in the 25-nation bloc must conform to its rules.

"It's Turkey, which should adjust to EU regulations, and not vice versa," an EU official said, stressing that Turkey was a signatory to the protocol governing trade relations with the 10 latest EU members, including Cyprus.

EU officials said the proposed halt in discussions of eight of the 35 "accession chapters" would be applied only after approval at the EU summit meeting in mid-December. Some EU heads of government, including British Prime Minister Tony Blair, say the bloc should refrain from "sending a negative signal" to Turkey, a predominantly Muslim nation of 70 million.

Nonetheless, the EU Commission's recommendation was a significant warning and a blow to Turkey's ambition to join what some in the Turkish press call "the Christian Europe." EU membership is the cornerstone of Prime Minister Recep Tayyip Erdogan's foreign policy.

The Turkish press was comforted by a statement attributed to visiting Pope Benedict XVI saying he "encourages the passage of dialogue for inserting Turkey in the EU, on the basis of specific common values." The pontiff, earlier this year, opposed Turkey's EU membership.

Meanwhile, Greek Cypriot officials and politicians described the European Commission's warning as inadequate, saying it reduced the pressure on Turkey and consequently prolonged the long-lasting political stalemate on the island.

"We disagree and we insist that the EU should send a clear message to Turkey that it can't ignore its obligations under EU law," said Andros Kyprianou, spokesman for the Progressive Party of Working People, the dominant communist party known by its acronym AKEL.

Government spokesman Christodoulos Pashiardis described the EU action as the "ratification of the ease that only Turkey enjoys by not fulfilling its obligations."

Since the beginning of its EU negotiations a year ago, Turkey has been warning that there is no question of compromise in its attitude toward Cyprus, where Ankara maintains an expeditionary force and backs a separate government of the Turkish Cypriots.

U.S. Proposing Regional Force To Monitor Somalia Violence (NYT)

By Warren Hoge

The New York Times, December 2, 2006

UNITED NATIONS, Dec. 1 — The United States circulated a draft resolution on Somalia on Friday, urging a regional peacekeeping force to monitor a struggle for control between the country's embattled government and its powerful Islamist foes, and calling for a partial lifting of an arms embargo to enable the equipping of local security units.

The 8,000-member force would come from seven East African nations but not from neighboring states of Kenya, Djibouti and Ethiopia. This restriction was added out of concern that the proposed United Nations move, aimed at calming tensions, might end up provoking wider hostilities.

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The International Crisis Group, a Brussels-based study group with expertise in the area, raised alarm this week by predicting that deploying a force, particularly one that included soldiers from neighboring countries, “could trigger all-out war in Somalia and destablize the entire Horn of Africa region.”

John R. Bolton, the American ambassador, expressed annoyance with this view. “You know, people criticize us when we take action on the ground, that our taking action makes the situation worse,” he said. “O.K., so what is the answer, not to take action?”

He said, “What we want to do is endorse the insertion of the regional peacekeeping force, which many of the African states have called for, in order to provide some measure of stability there to permit a political solution.”

Somalia has not had an effective government since 1991, when warlords overthrew the president and then turned on each other.

The interim government, formed two years ago and supported by the United Nations, controls only Baidoa, the provincial town where it is headquartered, while the Islamic alliance, known as the Union of Islamic Courts, has taken over Mogadishu, the capital, and increased its grip on the rest of the country.

Ethiopia supports the interim government and has sent troops into the country. Washington earlier backed a coalition of warlords to try to combat the Islamists, who the United States believed harbored terrorists.

The draft urged the Islamists to “cease any further military expansion and reject those with an extremist agenda or links with international terrorism.” It noted the Security Council’s willingness “to engage with all parties in Somalia, including the Union of Islamic Courts, if they are committed to achieving a political settlement through peaceful and inclusive dialogue.”

There is fear that Ethiopia and Eritrea, which are in a tense faceoff over their disputed border, are fighting a proxy war in Somalia. Eritrea also would most likely be barred from participating in the peacekeeping force under the resolution.

The United Nations arms embargo on Somalia, which has been notoriously porous, began in 1992.

Mr. Bolton said that the text would be circulated to various capitals over the weekend, and that he hoped that reactions could start to be incorporated into the document at drafters’ meetings beginning Monday. “And then we’ll proceed as rapidly as we can after that,” he said.

U.S. Calls For Regional Somalia Force (AP)

By Edith M. Lederer, Associated Press Writer

AP, December 2, 2006

The United States circulated a U.N. Security Council draft resolution Friday that would authorize a regional force to protect Somalia's weak government and threaten Security Council action against those who block peace efforts and attempt to overthrow it.

The draft, obtained by The Associated Press, would lift a 1992 arms embargo against Somalia so that troops in the "protection and training mission" could be militarily equipped.

It would ban Somalia's neighbors from sending soldiers — a demand by a seven-nation East African group expected to contribute soldiers to the force, as well as European members of the Security Council who want to ensure the force's aim is to promote peace.

U.S. Ambassador John Bolton said he expects Security Council experts to discuss the draft on Monday "and then we'll proceed as rapidly as we can after that."

The move comes after a veiled woman and two other suicide bombers exploded cars Thursday outside the western Somali town of Baidoa, the only area under the government's control. Ten people were killed in the attack.

No one claimed responsibility for the attack but the government blamed the Islamic movement vying for control of the country. The Islamic group denied any involvement.

Police questioned six suspects Friday, but declined to provide details about them.

Somalia has not had an effective government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another. A government was formed with the help of the U.N. two years ago, but has struggled to assert its authority. Islamic militants, meanwhile, have been rising up since June and now control the capital and most of the country's south.

DOJ_NMG_0100912

A confidential U.N. report obtained recently by the AP said 6,000 to 8,000 Ethiopian troops were in Somalia or along the border, supporting the transitional government. It also said 2,000 soldiers from Eritrea were inside Somalia, supporting the Islamic militia.

There are fears that Somalia could become a proxy battleground for Ethiopia and Eritrea, which fought a border war in 1998-2000. Eritrea denies having any troops in Somalia, while Ethiopia insists it has sent only a few hundred advisers.

There was no mention of troops already in Somalia in the U.S. draft resolution.

The draft resolution emphasizes the council's "willingness to engage with all parties in Somalia, including the Islamic courts movement, if they are committed to achieving a political settlement through peaceful and inclusive dialogue."

The regional force would protect the U.N.-backed transitional government and train some of the local forces. Council diplomats said the seven-nation East African group envisions a force of eight battalions, each with 700 to 800 troops, but only two would be deployed in the first phase.

"It's very limited," said Britain's U.N. Ambassador Emyr Jones Parry. "The situation in Somalia ... remains very difficult and complex, and there isn't a simple solution, and there certainly isn't a massive imposed military solution from outside."

Bolton said Somalia's stability is in "grave peril" because of the pressure being placed on the government by the Islamic movement.

"What we want to do is introduce this regional peacekeeping force ... in order to provide some measure of stability there to permit a political solution," he said.

The goal is to eventually persuade the Islamists that a military victory is impossible, thus creating conditions for a negotiated settlement between the two sides, council diplomats said, speaking on condition of anonymity because they were not authorized to speak publicly.

In the draft, the council said it would consider taking measures "against those that seek to prevent or block a peaceful dialogue process, overthrow the transitional federal institutions by force, or take action that further threatens regional stability."

The U.S. did not specify what measures might be considered but the resolution was drafted under Chapter 7 of the U.N. Charter, which deals with threats to international peace and security and authorizes a range of measures from breaking diplomatic and trade relations to military intervention.

Bolton circulated the resolution two days after the Security Council adopted a resolution asking Secretary-General Kofi Annan to re-establish a monitoring group to investigate violations of the arms embargo for a six-month period.

A report earlier this month by the last monitoring group accused 10 countries of providing weapons, money and training to rival sides in Somalia. Many of those named denied any involvement and complained about being on the list.

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Associated Press Writer Salad Duhul contributed to this report from Mogadishu, Somalia.

DOJ_NMG_0100913

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 2, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Agent Describes Group's Jihad Plot (HC)

By Thomas Korosec

Houston Chronicle, December 2, 2006

DALLAS — An FBI agent testified in federal court Friday that at least four aspiring jihadists conducted firearms training and discussed going to war against the United States on two weekend camping trips near Willis earlier this year.

"The group had discussions about traveling to Pakistan to engage (the) United States and coalition forces," Special Agent John McKinley, who is assigned to an international counterterrorism squad in Houston, told a federal judge.

McKinley, testifying during a detention hearing for 19-year-old Syed Maaz Shah, described how the group conducted paramilitary training, fired high-powered guns such as AR-15s, and referred to themselves as mujahedeen, or Muslims involved in a fight or struggle.

The group included two Houston-area men who were arrested and charged earlier this week with conspiracy to aid the Taliban.

During the first weekend gathering, which began Jan. 13, Shah held up his passport, which shows he has traveled to Oman, the United Arab Emirates, Pakistan and Great Britain and asked the group "if they wanted to see the passport of a terrorist," McKinley testified.

Shah, a sophomore electrical engineering student at the University of Texas at Dallas who lists Islam as his religion in several Web postings, lectured the group on jihad and criticized certain Islamic imams for "what he described as weak sermons on jihad," the agent said. A second weekend training session began March 10.

Judge denies bailFBI counterterrorism agents in Houston and Dallas have been investigating Shah since September 2005, Special Agent Melinda Tilton, with the Dallas office, said during the hearing.

Shah was arrested Tuesday on two charges of illegal possession of a firearm by an alien. On Friday, U.S. Magistrate Judge Jeff Kaplan ordered Shah held without bail.

During the hearing, McKinley testified the property at Willis — a Montgomery County city on the opposite side of Interstate 45 from Lake Conroe — is owned by the Islamic Society of Greater Houston.

Three photographs entered as exhibits at the hearing showed Shah at the training sessions wearing camouflage clothing and holding different AR-15 rifles.

In one photo, Shah is seen with Adnan Mirza, 29, who is holding a shotgun, and Kobie Williams, 33, who is holding a rifle. Those are the two men arrested this week in Houston.

Williams pleaded guilty to the conspiracy charge Tuesday and has been cooperating with authorities, his attorneys have said.

A fourth man seen in the photos had not been arrested or charged in the case "so far," the agent testified. U.S. Attorney Don DeGabrielle in Houston hinted further charges were unlikely.

"We believe the most serious conduct has already been addressed," he said. "We believe that (the investigation) is at an end and is not ongoing. But, until people are sentenced, it is safe to assume some measure of investigation continues. This investigation is not as active as it perhaps might be otherwise."

McKinley said his testimony about the group's activities and discussions was based on interviews with participants at the two training sessions. Because of a prosecutor's objection, he was not required to answer a question about the origin of the photos.

In country illegallyRobina Shah, Shah's aunt, testified that Shah was a "straight A" student who never has harmed anybody.

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After the hearing, his aunt was asked if her nephew was a terrorist. "No, he's not," said Shah, who with her husband owns a convenience store franchise in New York.

Shah listened intently and stared at the defense table through much of the hearing. He did not address the court.

Tilton said Shah is in the country illegally. He obtained a student visa in September 2005, when he began college, but the U.S. State Department revoked it last January.

He lived in Houston for nine years with his parents, who work in the oil industry and are living in Nigeria, she said. He was living on the UTD campus at Richardson, where a scholarship pays his tuition and some of his living expenses.

Shah reportedly was on his way to take a final exam when he was arrested.

Strong beliefsAccording to some of his Internet postings, Shah was born in Karachi, Pakistan. He listed his interests as "Islam, basketball and computer gaming."

In a 2003 posting on Young Muslims of North America Forum, he agreed with a blogger's view of the Sept. 11, 2001, attack that read, "I felt that America was getting wat (sic) was comin (sic) to them (600,000 dead Iraqi children, forget the 3000 Americans)"

Shah's defense attorney, Donald Fulton, said he did not know the extent of his client's involvement in jihad. "I only know what I heard in court today," he said.

Assistant U.S. Attorney Christopher Stokes said Shah will likely be held in a federal jail in Seagoville and eventually transferred to Houston, where the two-count indictment against him was returned.

UTD Student Accused Of Jihadist Ties (DMN)

By Sergio Chapa, Jason Trahan

The Dallas Morning News, December 2, 2006

A federal judge in Dallas on Friday ordered a 19-year-old University of Texas at Dallas student to remain in custody on a firearms charge after prosecutors said he was linked to two Houston men who wanted to fight for the Taliban.

Federal authorities allege that Syed Maaz Shah joined the other men over several days in January to train with assault rifles in a rural area near Willis, Texas, north of Houston. The goal of the two Houston men was to "hone their skills with weapons to assist fighters engaging United States forces in Afghanistan, Pakistan and Iraq," according to conspiracy indictments for Kobie Williams, 33, and Adnan Babar Mirza, 29.

Mr. Shah's indictment, handed down Tuesday and sealed until Wednesday, accuses the Pakistani native only of illegally possessing an assault weapon – believed to be an Armalite assault rifle. His indictment makes no mention of the Taliban conspiracy.

Mr. Shah's attorney denied that his client was involved in any illegal activities.

"The facts are that he has not been shown to be a violent person here or to harm anyone here," Mr. Shah's attorney, Donald T. Fulton, said at Friday's bail hearing.

The conspiracy indictments unsealed Tuesday in Houston only apply to Mr. Williams, a U.S. citizen and University of Houston student, and Mr. Mirza, a Pakistani citizen who entered the U.S. on a student visa in 2001. Mr. Williams has pleaded guilty to the charges.

Records showed Friday that Mr. Shah and Mr. Mirza have yet to enter pleas.

At Mr. Shah's hearing Friday, authorities said he is a close associate of the Houston men, who they said were trying to form a mini- mujahedeen aimed ultimately at fighting against U.S. forces with the Taliban.

John McKinley, an FBI counterterrorism agent from Houston, testified that Mr. Shah was photographed participating in guerrilla combat training and using assault weapons.

In a secretly recorded conversation, federal officials say, the group talked about jihad, or Islamic holy war.

"The group had a discussion where they considered themselves to be mujahedeen, and they planned to travel to Pakistan and to fight U.S. forces there," the agent said in court.

Agent McKinley said Mr. Shah was recorded giving a fiery sermon supporting jihad and denouncing some local clerics as weak.

"He displayed his passport to another member of the group and asked him if he wanted to see what the passport of a terrorist looked like," the agent testified in court. "His passport had stamps from Oman, the United Arab Emirates, London and the United States."

The government said the Houston men trained with weapons several times between mid-2005 and March. Indictments also accused Mr. Williams of making two payments totaling $350 in the summers of 2005 and 2006 for the use of Taliban "fighters and their families," but court documents don't elaborate.

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Earlier this week, U.S. Attorney Donald J. DeGabrielle Jr., from the Southern District of Texas in Houston, said neither Mr. Williams nor Mr. Mirza had any real contact with terrorist groups. He said the investigation was nearly two years old and began with a referral from the U.S. Border Patrol.

U.S. Magistrate Judge Jeff Kaplan denied bail for Mr. Shah.

"The evidence presented by the prosecution shows the defendant traveled to Houston to participate in the training. ... While there might be a perfectly reasonable explanation, the court has heard none," Judge Kaplan said in court.

Mr. Shah could face 10 years in federal prison on two separate counts of illegally possessing a weapon. Mr. Williams faces a maximum sentence of five years in federal prison. Mr. Mirza's maximum sentence would be 35 years in prison if he's convicted.

Melinda Tilton, an FBI agent from Dallas, testified that the agency began investigating Mr. Shah in September 2005. Agent Tilton said his visa was revoked in January.

Mr. Shah is an electrical engineering major who has been a student at UTD for about a year. According to the student newspaper, The UTD Mercury, he also is secretary of the school's Muslim Students' Association and a student government senator.

Mr. Shah is expected to be transferred to Houston, where the other two men remain in federal custody.

HOMELAND RESPONSE:

Threats To Celebrities Bring Charges (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, December 2, 2006

A federal grand jury indicted a Woodland Hills man Friday on charges of sending threatening letters with white powder to half a dozen politicians and celebrities, including incoming House Speaker Nancy Pelosi and television personalities Jon Stewart and Keith Olbermann.

The 14-count indictment accuses Chad Conrad Castagana, 39, of sending the letters from Sept. 7 through Nov. 9 to those three as well as Democratic Sen. Charles Schumer of New York, comedian and late-night talk show host David Letterman and Viacom Inc. Chairman Sumner Redstone. The powder turned out to be harmless.

According to an affidavit by Los Angeles FBI Agent Mary Hogan, the investigation began Sept. 6 when agents in New York were called to the apartment of comedian Jon Stewart and found a threatening letter, postmarked from Santa Clarita with an unknown white powder.

The letter, the affidavit says, included a reference to Alan Berg, a Jewish talk radio host who was assassinated by white supremacists in Denver in 1984.

Three weeks later, FBI agents in New York were called to the apartment of Olbermann, an MSNBC commentator, and found a similarly threatening letter also containing an unknown powder. "There are too many demagogues in America," it read. "All of you are poisoning the well! Time to give your kind a taste of your own medicine."

Subsequent letters were sent to "The Daily Show" host Stewart, Olbermann and Letterman before the first threats were mailed to Redstone's office in New York, Schumer's New York City office, and Pelosi's district office in San Francisco, according to the affidavit. The indictment alleges that six letters were sent to Stewart, four to Olbermann and one each to Letterman, Pelosi, Schumer and Redstone.

During the investigation by the FBI, California Highway Patrol and postal inspectors, authorities determined that a money order in the case was made out to "Friends of Katherine Harris," the former Republican secretary of state in Florida who recently lost a bid for U.S. Senate in that state. That money order, according to the affidavit, was traced to Castagana's address in Woodland Hills.

"It appears the individuals were targeted based on what he described as their liberal politics," Assistant U.S. Atty. Donald Gaffney said Friday after the indictment was returned.

"He described himself as a compulsive voter who voted conservatively or Republican and he did not like the politics of these individuals."

The powder in the envelopes, Gaffney said, turned out to be laundry detergent, household cleansers or other products commonly found in the home.

"We have had a number of cases where we have had these hoaxes, whether it was sending fake anthrax in the mail or making a fake bomb threat to a plane," Gaffney said. "These hoaxes consume an enormous amount of investigative time and energy so we take them very seriously, especially when you are talking about a [threatened] chemical or a biological weapon."

Castagana remains in custody in lieu of $350,000 bail.

DOJ_NMG_0100918

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Man Indicted In Letters Sent To Celebs (MERCN)

By Jeremiah Marquez

The San Jose Mercury News, December 2, 2006

LOS ANGELES - A man was indicted Friday on charges that he sent more than a dozen threatening letters laced with white powder to celebrities, politicians and other high-profile figures. Chad Conrad Castagana, 39, was being held in federal custody in lieu of $350,000 bail, authorities said.

Prosecutors allege Conrad sent letters bearing fake return addresses to Democratic Rep. Nancy Pelosi of California; comedians Jon Stewart and David Letterman; Democratic Sen. Charles Schumer of New York; MSNBC host Keith Olbermann; and Viacom Inc. Chairman Sumner Redstone.

The powder in the letters was harmless, authorities have said.

Castagana was charged with 14 federal counts of threats and hoaxes, one for each letter he is accused of sending. Each count carries a 5-year sentence.

Alicia Blanco, a public defender who has represented Castagana, did not immediately return a call seeking comment. She has said previously Castagana has no criminal history.

The letters were sent from September to November, according to the indictment. Six were sent to Stewart, four to Olbermann and one each to the other recipients.

In court documents, an FBI agent who questioned Castagana said the letters contained "whatever household items were available such as baking soda, Borax/laundry detergent, and Ajax."

The letters were stuffed inside Ready Post envelopes sold from a Los Angeles post office.

Investigators determined that someone who bought envelopes from that post office also bought a money order, the identification number of which was registered to Castagana. Assistant U.S. Attorney Donald Gaffney said the money order was for a contribution to benefit a political cause for Republican Rep. Katherine Harris of Florida.

Castagana has described himself as a regular voter who favors Republicans, Gaffney said.

The FBI has said federal agents watched Castagana walk from his home to a public mailbox and deposit several letters. One was addressed to someone previously targeted and contained the white powder.

U.S. Gov't Terror Ratings Draw Outrage (AP)

By Michael Sniffin

AP, December 2, 2006

WASHINGTON (AP) -- A leader of the new Democratic Congress, business travelers and privacy advocates expressed outrage Friday over the unannounced assignment of terrorism risk assessments to American international travelers by a computerized system managed from an unmarked, two-story brick building in Northern Virginia.

Incoming Senate Judiciary Chairman Sen. Patrick Leahy of Vermont pledged greater scrutiny of such government database-mining projects after reading that during the past four years millions of Americans have been evaluated without their knowledge to assess the risks that they are terrorists or criminals.

"Data banks like this are overdue for oversight," said Leahy, who will take over Judiciary in January. "That is going to change in the new Congress."

The Associated Press reported Thursday that Americans and foreigners crossing U.S. borders since 2002 have been assessed by the Homeland Security Department's computerized Automated Targeting System, or ATS.

The travelers are not allowed to see or directly challenge these risk assessments, which the government intends to keep on file for 40 years. Some or all data in the system can be shared with state, local and foreign governments for use in hiring, contracting and licensing decisions. Courts and even some private contractors can obtain some of the data under certain circumstances.

"It is simply incredible that the Bush administration is willing to share this sensitive information with foreign governments and even private employers, while refusing to allow U.S. citizens to see or challenge their own terror scores," Leahy said. This system "highlights the danger of government use of technology to conduct widespread surveillance of our daily lives without proper safeguards for privacy."

The concerns spread beyond Congress.

"I have never seen anything as egregious as this," said Kevin Mitchell, president of the Business Travel Coalition, which advocates for business travelers. It's "evidence of what can happen when there isn't proper oversight and accountability."

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By late Friday, the government had received 22 written public comments about its after-the-fact disclosure of the program last month in the Federal Register, a fine-print compendium of federal rules. All either opposed it outright or objected to the lack of a direct means for people to correct any errors in the database about themselves.

"As a U.S. citizen who spends much time outside the U.S., I can understand the need for good security," wrote one who identified himself as Colin Edmunds. "However, just as I would not participate in a banking/credit card system where I have no recourse to correct or even view my personal data, I cannot accept the same of my government."

Privacy advocates also were alarmed.

"Never before in American history has our government gotten into the business of creating mass `risk assessment' ratings of its own citizens," said Barry Steinhardt, a lawyer for the American Civil Liberties Union. "We are stunned" the program has been undertaken "with virtually no opportunity for the public to evaluate or comment on it."

The Homeland Security Department says the nation's ability to spot criminals and other security threats "would be critically impaired without access to this data."

And on Friday as the normal daily flow of a million or more people entered the United States by air, sea and land, the ATS program's computers continued their silent scrutiny. At that Virginia building with no sign, the managers of the National Targeting Center allowed an Associated Press photographer to briefly roam their work space.

But he couldn't reveal the building's exact location. None of the dozens of workers under the bright fluorescent lights could be named. Some could not be photographed.

The only clue he might have entered a government building was a montage of photos in the reception area of President Bush's visit to the center. But there was only one guard and a sign-in book.

Inside, red digital clocks on the walls showed the time in Istanbul, Baghdad, Islamabad, Bangkok, Singapore, Tokyo, and Sydney. Although billboard-size video screens on the walls showed multiple cable news shows, there was little noise in the basketball-court-sized main workroom. Each desk had dual computer screens and earphones to hear the video soundtrack. Conferences were held in smaller workrooms divided by glass walls from the windowless main room.

Round the clock, the targeters from Homeland Security's Customs and Border Protection agency analyze information from multiple sources, not just ATS. They compare names to terrorist watch lists and mine the Treasury Enforcement Communications System and other automated systems that bring data about cargo, travelers and commercial workers entering or leaving the 317 U.S. ports, searching for suspicious people and cargo.

Almost every person entering and leaving the United States by air, sea or land is assessed based on ATS' analysis of their travel records and other data, including items such as where they are from, how they paid for tickets, their motor vehicle records, past one-way travel, seating preference and what kind of meal they ordered.

Government officials could not say whether ATS has apprehended any terrorists. Based on all the information available to them, federal agents turn back about 45 foreign criminals a day at U.S. borders, according to Homeland Security's Customs and Border Protection spokesman Bill Anthony. He could not say how many were spotted by ATS.

Officials described how the system works: applying rules learned from experience with the activities and characteristics of terrorists and criminals to the traveler data. But they would not describe in detail the format in which border agents see the results or in which the databases store the results of the ATS risk assessments.

Acting Assistant Homeland Security Secretary Paul Rosenzweig told reporters Friday they could call it scoring. "It can be reduced to a number," he said, but he clearly preferred the longer description about how the rules are used.

Times Asks End To Suit On Anthrax Inquiry (NYT)

By Neil A. Lewis, David Johnston

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — The New York Times filed a motion with a federal judge on Friday asking him to dismiss a suit by a germ-warfare scientist who said a series of columns by Nicholas D. Kristof about the deadly anthrax mailings of 2001 defamed him.

The scientist, Stephen J. Hatfill, who formerly worked in the Army laboratories at Fort Detrick, Md., has said Mr. Kristof's columns about the slow pace of the anthrax investigation defamed him because they suggested that he was responsible for the attacks.

In the motion filed Friday, lawyers for The Times asked Judge Claude M. Hilton of Federal District Court in Alexandria, Va., to dismiss the suit. The motion said Dr. Hatfill was a public figure because of his role in administering bioterrorism programs and speaking publicly about the issue.

As a public figure, The Times's lawyers argued, Dr. Hatfill has a high burden to establish that he was defamed, including showing that the newspaper knowingly conveyed the idea that he was responsible for the attacks.

"No evidence indicates that The Times ever intended to imply plaintiff was in fact guilty of the anthrax mailings, and overwhelming evidence exists to the contrary," the filing said.

The pleading also said that Dr. Hatfill could not demonstrate that the columns were published with "actual malice," a standard for defaming public figures, because Mr. Kristof did not know whether Dr. Hatfill was responsible for the attacks, only that he was worthy of investigation.

Dr. Hatfill's lawyers are scheduled to file a response this month in which they may well argue that he is not a public figure.

The legal papers filed by The Times included dozens of exhibits that made public for the first time internal F.B.I. memorandums about the inquiry, along with e-mail messages sent to and from Mr. Kristof.

One undated memorandum, apparently prepared to answer questions posed by the Senate Judiciary Committee, appears to have been written in the fall of 2002. It said that investigators interviewed Dr. Hatfill on four occasions in 2002 and that he consented to a polygraph examination in January 2002. Subsequently, the memorandum said, he declined additional polygraph examinations.

Another memorandum from the Federal Bureau of Investigation, dated Dec. 3, 2001, showed how the bureau investigated "persons of interest" in the case. The memorandum said the bureau had a three-tier system. Some people would "deserve the most active investigative attention" and others would be "screened out of consideration by the most reasonable and expedient manner available to include an interview."

A brief in support of the motion to dismiss the case was also filed Friday, but its contents were not made public because it included material that parties in the case agreed to keep sealed. In addition, volumes of supplementary exhibits were filed but not released. The brief and some of the exhibits could be made public as early as Monday.

Five people died in the anthrax attacks. Although the federal authorities identified Dr. Hatfill as a "person of interest" in the case, they have not charged him with any crimes.

Mr. Kristof wrote about a government scientist he initially referred to as Mr. Z, saying he had become the overwhelming focus of the investigation. In August 2002, Mr. Kristof wrote that Dr. Hatfill had acknowledged that he was Mr. Z at a news conference in which he said the news media had mistreated him.

The case was initially dismissed by a trial judge who said the columns did not defame Dr. Hatfill but merely reported on the investigation. An appeals court reversed that ruling, saying a jury should decide the issue of defamation.

After the case went back to the trial court, a federal judge magistrate ruled that The Times had no basis to refuse to identify all of Mr. Kristof's confidential sources. After The Times refused to identify two F.B.I. officials who were among the many sources, Magistrate Judge Liam O'Grady, also in Alexandria, ruled last month that The Times could not rely in any way on information from those sources in defending against Dr. Hatfill's suit.

Kafka And Katrina (NYT)

The New York Times, December 2, 2006

One of the many victims of Hurricane Katrina may turn out to be the hospitality that American cities, particularly Houston, showed to people fleeing the storm. Thanks largely to the Bush administration's catastrophic handling of the relocation crisis, Houston endured much more civic strain than it should have in caring for the tens of thousands of Louisianans who landed on its doorstep.

The administration's mishandling of the crisis has often looked like a calculated attempt to discourage displaced people from seeking housing aid, even if it means leaving them vulnerable to homelessness. A federal district court judge implied as much this week, when he found that the Federal Emergency Management Agency's aid application process was so convoluted and confusing as to be unconstitutional — and likened it to something out of a horror story by Kafka.

Judge Richard Leon ruled that FEMA had unconstitutionally denied housing aid to thousands of residents who were displaced by hurricanes Katrina and Rita. He ordered the government to resume payments immediately, pointing to blind alleys and contradictory information that often led vulnerable families to lose aid without understanding why or having reasonable recourse to appeal.

In Houston, people are at least being housed now in apartments rather than remote trailer camps where other displaced Louisianans have now been trapped for more than a year . But throughout this saga, FEMA has whipsawed the survivors and their host communities with unpredictable policy changes that have hindered the resettlement process and kept everyone on edge. Despite those obstacles, many have managed to get on their feet.

But Houston must still worry about impoverished and hard-to-employ refugees who represent an enormous burden in health care, law enforcement and education costs. City officials also say that the federal government has been unpredictably late and tightfisted with badly needed aid.

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The administration made its most disastrous misstep when it failed to enlist the Department of Housing and Urban Development, which was created to deal with just these kinds of situations. If the administration had provided Section 8 housing vouchers through HUD, families could have been directed to affordable housing all over the country. No one city would have been asked to absorb tens of thousands of people.

Congress needs to make sure that its housing application process is rendered intelligible. But it needs to go much further. It has to make sure that the survivors who qualify are given aid through programs like Section 8 that allow them to pick up their lives quickly, and that there will be no more Houstons in the American history of disaster response.

WAR NEWS:

Iraq Plan Strives To Bridge Divide (WP)

By Peter Baker, Thomas E. Ricks

The Washington Post, December 2, 2006

The emerging plan by the Iraq Study Group tries to find a middle road between President Bush's adamant refusal to leave Iraq until the job is done and Democratic demands to pull out U.S. troops. But in achieving unanimity among its Republican and Democratic members, the commission has outlined a strategy with its own political and military risks.

If they choose, leaders in both parties could embrace the plan in the interest of putting aside the polarizing differences of the past three years. This post-election moment, many say, presents the best and perhaps last chance for consensus. And some military experts say the commission's plan to pull out combat units by early 2008 and shift remaining troops into a supporting role may be a logical response to the sectarian violence.

But there are already signs of discord over the plan, as Bush on one side and the fiercest war opponents on the other stake out positions suggesting they may not come together after all. Some military and diplomatic veterans warn that the commission's plan may not be the magic solution so many hope for. It could, they say, even open the door to a broader and ever more brutal civil war between radical Shiite and Sunni forces competing for power in the resulting vacuum.

Even before its release next week, the report, which comes after the midterm elections and Bush's subsequent dismissal of Defense Secretary Donald H. Rumsfeld, has taken on an enormous role in the debate in Washington because leaders in both parties are eager for a resolution of the war. The fact that the five Republicans and five Democrats on the congressionally chartered commission all supported the recommendations has sparked hope that the report could bridge the debate over the war.

The details that have leaked out so far arguably contain something for both sides, depending on interpretation. The commission's recommendation to pull out combat units by early 2008 seems to track Democratic plans for a phased withdrawal. But the report, according to sources familiar with it, also says commanders should decide whether such a pullout is feasible, which echoes Bush's insistence that troop levels be determined by conditions on the ground rather than by an artificial timeline.

The question then becomes whether the sides will focus on elements of the plan they support and declare it acceptable, or dwell on differences and reject it. With a new defense secretary coming in, the administration conducting its own policy review and Democrats, soon to be the majority party in Congress, taking some ownership of the issue, some see hope.

"The political stars may be aligned in the right way," said a senior administration official, who discussed the politically sensitive subject on the condition of anonymity. "Prevailing in Iraq is in the national interest . . . and I think people on both sides of the aisle know that, so there is an opening there. Probably more than any time in recent times, we've got a chance for the two parties to come together and adopt a common approach to Iraq."

So far, though, Bush's language suggests he is resisting. During a trip to the Middle East to meet with Iraqi Prime Minister Nouri al-Maliki this week, he stuck by his position that remaining in Iraq is important and scoffed at the notion of a "graceful exit." Rep. John P. Murtha (D-Pa.), a leader of the antiwar forces in Congress, yesterday called the Iraq Study Group's plan "unacceptable to me" because it would not withdraw troops immediately. "If it depends on circumstances on the ground, it's not a lot different than what President Bush is saying," he said on CNN.

Richard N. Haass, a former top Bush State Department official who now heads the Council on Foreign Relations, said expectations that the Iraq Study Group can solve the problem have grown too high. "The idea that the ISG is going to deliver a report and the administration's going to say, 'Thank you very much' and substitute it for U.S. foreign policy is not realistic," he said in a recent interview.

The commission, led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), plans to recommend that the U.S. military mission shift to advising, training and supporting Iraqi forces, who would take the lead in securing their country. As part of that, U.S. soldiers would increasingly embed with Iraqi troops to guide them.

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"Baker-Hamilton is doable, and is probably the course we would have followed anyway," said retired Army Col. Robert Killebrew, a military strategist and Vietnam War veteran. But he said the outcome in Iraq may largely be determined before the recommendations can be implemented. Within a year or so, he predicted, Iraqi security forces either will be able to hold their own or will have fallen apart.

Retired Army Lt. Gen. Jay M. Garner, the first head of the U.S. occupation effort in Iraq, said that he has long advocated a more robust training effort but that it could be dangerous to withdraw combat troops before building up that program. "The moment you start pulling troops out, Maliki will hedge his bets by crawling up closer to al-Sadr," he said, referring to radical Shiite cleric and militia leader Moqtada al-Sadr.

And those troops who remain in a diminished role may face new risks. "To scatter troops around amongst the Iraqis sounds like a low-profile way to keep some presence on the ground, but that will backfire the moment a captured trainer shows up on one of those Islamic kill videos on the Internet," said military historian James Bartlett. "Then we'll hear cries to pull them out as well."

Experts debated whether the plan resembled the "Vietnamization" program that the United States used to get out of the Vietnam War, gradually withdrawing its combat forces. "It does look like Vietnamization to me," said James H. Willbanks, who was an adviser to the Vietnamese army and has written histories of the time, including "Abandoning Vietnam." In Iraq, he said, "my fear is that there will be a precipitous pullout while leaving advisers holding the bag."

But Terry Daly, a counterinsurgency expert who also served in Vietnam, said he thinks the Iraq plan has little in common with Vietnamization because the situation in Iraq is far more dire. "Vietnam had a functioning government, even though it was corrupt and inefficient," he said.

Some say it is too late for the United States to determine the outcome of the war in Iraq either way. "For all the excitement in Washington, this will be decided on the ground in Baghdad," said Richard C. Holbrooke, the former U.S. ambassador to the United Nations who brokered the Dayton peace accords, which ended the Bosnian war in the 1990s. "The United States has lost its capacity to shape the events on the ground, regardless of what's recommended by the commission, regardless of what's done by the U.S. military and the president."

Study Group To Echo Bush (WT)

By Rowan Scarborough

The Washington Times, December 2, 2006

President Bush and the Iraq Study Group are not far apart when it comes to a final plan for getting U.S. troops out of Iraq.

A senior commander in Iraq said yesterday the group's idea to shift more duties to Iraqis and gradually pull out forces is current Pentagon policy.

"It certainly reflects what we're doing now," Army Maj. Gen. Benjamin Mixon, who commands U.S. forces in northern Iraq, told reporters at the Pentagon when asked to comment on the study group. "I can certainly see great opportunity to reduce the amount of combat forces on the ground in Multinational Division North and turn more responsibility over to Iraqi security forces."

Noting that it took time to train an army in Bosnia-Herzegovina, Gen. Mixon added, "We need to allow the Iraqis the same time to get their security forces on the ground, to get their government working and then have a gradual withdrawal of American security forces, but continue to partner with them over the long term."

Meanwhile in Baghdad yesterday, the Associated Press reported that U.S. and Iraqi forces launched six raids against insurgents, including one that killed at least three Iraqis in house-to-house fighting and another in which American forces wounded a female Iraqi who the U.S. command said was being used as a "human shield."

In some of the fiercest fighting, Iraqi soldiers backed by U.S. helicopters swept through Fadhil, one of Baghdad's oldest areas, in house-to-house combat, police Lt. Ali Muhsin said.

Concerning the Iraq Study Group report expected Wednesday, Mr. Bush opposes an immediate troop pullout, as some Democrats have suggested. He is also against a date-certain timeline for bringing out the current 15 brigades, unit by unit, as Sen. Carl Levin, Michigan Democrat, is pushing.

On those two points, the study group essentially agrees with Mr. Bush.

It does, however, seek a goal of 18 months to pull out most combat troops, leaving support units for the Iraqi army and police. But it says the withdrawal could be delayed because of battlefield conditions. Mr. Bush has said conditions in the war should dictate a gradual withdrawal, not a rigid timeline.

Nonetheless, the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, Indiana Democrat, does put more pressure on the White House to act. The Pentagon, State Department and National Security Council are doing their own strategy reviews.

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The study group's idea is similar to a plan announced in October by Army Gen. George Casey, the top U.S. commander in Iraq. He said he was accelerating the training of Iraq's 300,000-plus army and police forces and targeting mid-2008 as the time they would take over the security "lead" in all 18 Iraqi provinces.

Gen. Casey did not say specifically the takeover would lead to U.S. troops coming home. But Army Gen. John Abizaid, the regional commander, told Congress last month that the idea is for a gradual withdrawal of U.S. forces. And, instead of 18 months, said he thought the handoff could be achieved in late 2007.

A defense source told The Washington Times this week that the Joint Chiefs of Staff oppose a pullout now and a date-certain timeline for withdrawals.

"Under the current circumstances, I would not recommend troop withdrawals," Gen. Abizaid told the Senate Armed Services Committee last month.

A second defense source said some Democratic Iraq Study Group members wanted specific timelines and numbers, but Republicans did not want to go against the president. To gain a 10-0 vote, the group reached a compromise for staged withdrawal if conditions are met.

Meanwhile, Gen. Mixon explained how Gen. Casey's plan is working. Gen. Mixon said that within four months, he will turn over lead security duties to four Iraqi army divisions in the six provinces under his control. That shift, he said, should result in fewer American soldiers in Iraq next summer.

"There will be decisions made, I'm sure above my level, where we may see a reduction in the numbers of forces that are on the ground," Gen. Mixon said, adding there would be an increase in U.S. trainers.

As a comparison, he said in May only half of 40 Iraqi battalions could conduct counterinsurgency missions with little support from Americans. Today, the number is 35.

Gen. Mixon did not dodge the poor security situation. He singled out Diyala province as the worst, saying it is infested with al Qaeda terrorists, criminals and Sunni and Shi'ite gangs that take turns killing each other and civilians.

"This has locked Diyala into a cycle of sectarian violence," he said.

Iraq A Plethora Of Plans About What's Next (WSJ)

By Gerald F. Seib

The Wall Street Journal, December 2, 2006

When an independent commission led by former Secretary of State James Baker issues its report Wednesday, the event is likely to be portrayed as the end of a broad review of the mess in Iraq.

In reality, the long-awaited Baker report will be only the beginning of a Washington rethink.

Though the Baker group has soaked up all the attention, several other efforts to devise a new approach in Iraq are under way, some perhaps equally important. Inside the Pentagon, a team of three colonels has been outlining a series of options for Gen. Peter Pace, the chairman of the Joint Chiefs of Staff. The group, which has been working since October, is likely to continue to meet through mid- to late December.

While the outside panel led by Mr. Baker and former Rep. Lee Hamilton is expected to call for a gradual redeployment of American forces in Iraq, Gen. Pace's group has looked far more favorably on temporarily increasing the size of the U.S. force in Baghdad in an effort to get the city under control. It also is pushing a far more robust program of American military advisers in the hopes that improving the competence of Iraqi Army forces will allow a reduction in U.S. troops.

More intriguingly, President Bush's national security adviser, Stephen Hadley, has been quietly canvassing around Washington for advice about where to go next in Iraq. With Defense Secretary Donald Rumsfeld gone, and Secretary of State Condoleezza Rice increasingly drawn to a broader effort to revive Arab-Israeli peace talks, Mr. Hadley is emerging as a kind of presidential fix-it man on Iraq.

Then, of course, the new Democratic majority in Congress is about to try to put its own stamp on Iraq policy. There is no one Democratic plan for Iraq. But the approach that probably has attracted the most support is one put forth by Sen. Carl Levin of Michigan, who is about to become chairman of the Senate Armed Services Committee. Sen. Levin proposes that the U.S. tell Iraq that it will begin a phased withdrawal within four to six months, a step that would be accompanied by a much more intense effort to train Iraqi security forces and an international conference to generate support for a political settlement within Iraq.

The Baker group has strained to portray its coming report as a statement of bipartisan "consensus" about what to do in Iraq. But whether there really is a consensus within Washington, or only a cacophony of divergent voices, will be clear only when these other juries are in. It isn't obvious yet that there is agreement on even the most basic steps -- whether the number of American troops should go up or down in the short run, for example, or whether talking directly to Iran and Syria about their role in Iraq is wise.

The risk for the White House is that the situation could shift rapidly from too few ideas on Iraq to too many disjointed ones.

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Officials Expect No Big Changes, No Matter What Panel Advises (WP)

By Robin Wright

The Washington Post, December 2, 2006

With the Iraq Study Group report due on Wednesday, the Bush administration has notified allies that it will not budge on certain aspects of Iraq policy, whatever recommendations are put forth by the independent panel of 10 prominent Republicans and Democrats.

At a private briefing for diplomats this past Wednesday, State Department and National Security Council officials said they do not expect any major policy shifts to emerge from either a White House review or the bipartisan panel, led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), according to diplomats familiar with the meeting. The diplomats spoke on the condition of anonymity because the briefing was private.

The officials also said any recommendations for policy shifts would have to fit in with long-term U.S. strategic objectives for Iraq, including ensuring that the nation can govern and defend itself and that it is stable, not a threat to neighbors, and an ally in the fight against terrorism.

In a further indication that the White House may be digging in its heels, the U.S. officials told the diplomats that President Bush looks forward to seeing the Iraq Study Group report, but they stressed that he will have the last word on what happens next and will not succumb to outside pressure, the sources said.

On the study group's reported recommendation of a withdrawal of most combat troops by early 2008, the U.S. officials said that any withdrawal would depend on conditions on the ground -- and that they would resist the imposition of an arbitrary date.

Anticipating a recommendation that Washington should adopt a regional approach to the Iraq crisis, however, the officials told the diplomats that the administration might be interested in pressing for action on the Arab-Israeli dispute as a way of defusing Arab anger and showing peaceful U.S. intent in the region.

Iraq Panel Co-chairmen Face Uphill Task (AP)

By Hope Yen

AP, December 1, 2006

WASHINGTON - One is a Bush family loyalist who served four presidents and guided George W. Bush to legal victory in the disputed 2000 election. The other is a resolute Democrat, a 34-year congressman who steered a divided 9/11 commission to unanimity.

Former GOP Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., are known as two of Washington's age-old fixers - wise men who can rise above the fray in critical moments of history.

As co-chairmen of a 10-member bipartisan panel on Iraq, Baker, 76, and Hamilton, 75, face a Herculean task of extricating the U.S. from an increasingly unpopular war. Preliminary details of their unanimous report, which calls for a gradual troop pullback without setting firm timetables and more regional diplomacy, are already generating fire from some Democrats in Congress, while President Bush is deriding the notion of a graceful exit as having "no realism to it whatsoever."

Ultimately, it may be the co-chairmen's diplomatic powers and cache of bipartisan goodwill that bring disgruntled players together over a conflict that has killed more than 2,880 Americans and many more Iraqis, cost taxpayers more than $300 billion and left Iraq near civil war.

Their long-awaited 100-page report will be released Wednesday.

"Americans are waiting for them to come down from Mt. Sinai bearing tablets of the law," said Steven Simon, an expert on Middle East relations at the Council on Foreign Relations. "But it's not so much what they bring to the table. It's more about who they are.

"They may serve as a kind of deus ex machina that provides a path to a resolution," he said.

The co-chairs have no illusions about their mission.

"This war has split the American people very badly," Hamilton typically says in interviews. "What has to happen here, no matter what you do, is a lot of things have to go right. And I don't know if a lot of things can go right."

"We're not going to wring our hands over the past," adds Baker, a longtime friend and tennis partner of the first President Bush who has criticized the current president's military strategy. "We're here, what do we do now?"

The Iraq Study Group, whose formation was spurred last year by Rep. Frank Wolf, R-Va., began with little notice in March. Wolf said the goal was to provide a "fresh look" at U.S. policies in Iraq.

The members include five Republicans and five Democrats - Baker, retired Supreme Court Justice Sandra Day O'Connor, former Secretary of State Lawrence Eagleburger, former Attorney General Edwin Meese and former Sen. Alan Simpson; and

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Hamilton, former Clinton aide Leon Panetta, lobbyist Vernon Jordan, former Defense Secretary William Perry and former Sen. Charles Robb of Virginia.

In the beginning, some Republicans hoped the group's cache could foster support for Bush's "stay the course" strategy.

Now, with voters restive over growing sectarian violence and rising U.S. casualties, both parties are looking to the commission for political cover as a wide-open 2008 presidential race begins.

Enter Baker, a Houston lawyer who started a life in politics 36 years ago to run the unsuccessful Senate campaign of the elder George Bush.

Baker is no stranger to foreign affairs: as a former secretary of State under the elder Bush, he presided over the end of the Cold War and organized the U.S., European and Arab coalition that supported the U.S. invasion of Iraq in the 1990-91 Gulf War.

He also served in three administrations as undersecretary of Commerce (Ford), secretaries of Treasury (Reagan) and State (the elder Bush) as well as White House chief of staff (Reagan and the elder Bush). He then delivered the White House to the younger Bush in the disputed 2000 election.

Baker's influence with the younger Bush is murky. Baker argued against ousting Saddam Hussein in 1991 and isn't shy about saying the current administration made "costly mistakes" in the Mideast. Bush, meanwhile, has made clear the White House will conduct its own crash policy review on Iraq.

Still, friends say Baker's loyal service remains an undeniable asset.

"Jim is someone who is affable and fun, but very focused when the time comes," said former Commerce Secretary Robert Mosbacher, a fellow Texan who is a close friend of Baker and the Bush family. He described Baker as a "Mr. Reliable" who time and again got the job done under extraordinary pressure.

"In my view, there isn't any magic bullet here. But if anyone can find one, he can," said Mosbacher, 79.

It is spring 2004, and Hamilton, a bespectacled man with a 50s-style crew cut, is helping lead a meeting of the Sept. 11 commission. That day, members are in a heated discussion about particularly contentious topics: Iraq and a former counterterror chief's charge that the Bush administration ignored the al-Qaida threat.

Tempers flare, and members threaten to leave. But Hamilton, the panel's vice chairman, stands up, regaling the group with stories of his early days in Congress when bipartisanship was king. Soon enough, the members calm down and are back to work.

"When you go into a discussion, he is always prepared, always has his own opinion but is always looking for the middle ground," said former Republican New Jersey Gov. Thomas Kean, who chaired the 9/11 panel. "It is very very difficult to reach consensus. But with Lee, it was always a pleasure."

Hamilton has plenty of experience to draw on. First elected in 1965, he later became chairman of the House Foreign Affairs and Intelligence committees. He quickly established a reputation for independence, breaking with Democratic President Lyndon Johnson in 1967 to sponsor the first amendments to scale back the U.S. presence in Vietnam.

He also co-chaired the committee that investigated the Iran-Contra scandal and was influential in bipartisan talks between the White House and Congress on issues such as the U.S. deployment in Lebanon.

Bernard Aronson, who as former assistant secretary of state served under Baker and worked with Hamilton in Congress, said the two co-chairmen share a common bond of pragmatism. While that approach might balance competing political interests, it risks pleasing no one.

"There are no good choices, given where we are," Aronson said. "They're trying to reach some consensus to avoid a disaster, a debacle. But the danger with that is they will be criticized from both the left and right."

Bush To Meet With Head Of Iraq Shiite Party (NYT)

By David E. Sanger, Edward Wong

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — The White House said Friday that President Bush would meet next week with Abdul Aziz al-Hakim, the head of one of the most powerful Shiite parties in Iraq, the latest step in a burst of new administration attempts to try different approaches to bolstering the fragile Iraqi government.

The effort is part of a White House strategy that calls for reaching out to a wider circle of Iraqi politicians to give greater support to the weak government of Prime Minister Nuri Kamal al-Maliki, and lessen his dependence on Moktada al-Sadr, the anti-American Shiite cleric.

But it immerses Washington even deeper into Baghdad's byzantine coalition politics, and it risks being interpreted in Baghdad as a sign that Mr. Bush is hedging his bets.

"If you think Maliki may not survive," said one senior administration official, "you'd want to make sure that the president is talking to the guy who might well form the next government."

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Mr. Hakim heads a party, the Supreme Council for the Islamic Revolution in Iraq, that is closely tied to Iran, so much so that just a few years ago, Washington shunned it. The party, usually referred to by its acronym, Sciri, was founded in Iran and its armed wing, the Badr Brigade, fought against Iraq in the Iran-Iraq war in the 1980s.

The meeting comes at a time when the administration is overhauling its approach to dealing with Iraq's leadership, though there are arguments over how deeply Washington can involve itself in the politics of a country in such political turmoil. One question is whether to tilt American support more heavily toward the majority Shiite government, rather than the minority Sunnis.

A senior Pentagon official said Friday that the Bush administration was also weighing whether to back away from efforts to reach out to Sunni extremists because the approach had not worked, and was alienating moderate Shiite groups.

But other administration officials insisted in interviews on Friday that they were not abandoning two years of efforts at reconciliation with the Sunnis, including former backers of Saddam Hussein.

Several officials involved in the many-layered internal discussions within the administration described its complex calculations about how to engage the various rivals in Baghdad; their common theme was that the White House needed to preserve its flexibility at a time of great flux in the administration's policy, but none claimed to have a definitive explanation or would agree to be identified.

On Wednesday, Mr. Bush will receive the report of the Iraq Study Group, which includes a diplomatic strategy that calls on Mr. Bush to reverse policy and deal with the Iranians in an effort to stabilize Iraq. By meeting Mr. Hakim, Mr. Bush has a chance to open a channel to the Iranians and to pre-empt the study group's criticism that he has been too slow to deal with American rivals in the region. Or, he could try to woo Mr. Hakim away from Tehran.

While administration officials suggested it was Mr. Hakim who sought the meeting, Mr. Hakim's son, Amar al-Hakim, said in a telephone interview that the invitation came from Mr. Bush. The elder Hakim will discuss the Iraq situation with the president, conduct negotiations and visit Iraqis living in the United States, his son said, but he declined to talk in more detail. When asked whether Mr. Hakim was going to discuss matters related to Iran, with which Mr. Hakim has very close ties, his son said, "They're only talking about Iraqi matters."

The announcement of Mr. Hakim's visit comes as the administration and American commanders are trying to get Mr. Maliki to distance himself from Mr. Sadr, whose militia, the Mahdi Army, has rebelled twice against the Americans and is widening the country's sectarian rift through the killings of Sunni Arabs.

Mr. Maliki is beholden to Mr. Sadr because he lacks Mr. Hakim's support. The Maliki-Sadr alliance was forged last spring when the religious Shiite coalition, which dominates the 275-member Parliament, held an internal vote to pick a candidate for prime minister. Mr. Sadr, who controls 30 seats in Parliament, threw his votes behind Mr. Maliki's Islamic Dawa Party, to keep Mr. Hakim's candidate from the top job. Mr. Sadr and Mr. Hakim are fierce rivals, stretching back to the days when their fathers, both prominent clerics, competed for influence.

Mr. Hakim ceded the fight, mostly because the senior Shiite ayatollahs in Najaf, led by Grand Ayatollah Ali al-Sistani, have stressed the importance of unity to Shiite politicians.

The American reasoning, mentioned last month in a memorandum to Mr. Bush from his national security adviser, Stephen J. Hadley, was that if Mr. Hakim backed Mr. Maliki, then Mr. Maliki would not need Mr. Sadr. Mr. Hakim and Mr. Sadr, controlling 30 parliamentary seats each, have equal power in the Shiite coalition. While Mr. Hakim's party is well organized, Mr. Sadr commands much greater popular support.

Though Mr. Hakim may want to undermine Mr. Sadr's power, there are indications that he still wants his party to hold the position of prime minister, and so he might balk at supporting Mr. Maliki. In a recent interview, Mr. Hakim's candidate for prime minister, Adel Abdul Mehdi, now a vice president, criticized Mr. Maliki's soft approach to the problem of the Mahdi Army.

"The government should say they are going to take things into their own hands," Mr. Abdul Mehdi said. "If it's not going to, it should say, 'I am weak,' " and, he implied, step aside for another Shiite leader.

American commanders rarely mention Mr. Hakim's Badr Organization as a threat. In the first couple of years after the American invasion, many Sunni Arabs complained of abductions and killings by both it and the Mahdi Army. These days, the Sunnis and the Americans attribute militia violence almost exclusively to the Mahdi Army. Both Mr. Hakim and the Sunni leaders see Mr. Sadr as the biggest threat right now, and though they distrust each other deeply, they could decide to work together to oust Mr. Sadr.

Next month, President Bush is scheduled to meet with Tariq al-Hashemi, the Sunni Arab vice president and leader of the most powerful Sunni Arab party, a senior administration official said. Mr. Hashemi is a religious conservative and fiercely pro-Sunni. His political group, the Iraqi Islamic Party, often issues reports of atrocities by Shiite militants.

A wild card in any power struggle among the Shiites would be Ayatollah Sistani. The elderly cleric has generally remained silent in recent months, apparently reluctant to involve himself too deeply in the political quagmire of Iraq. But if it looked like a severe Shiite split might take place, the ayatollah could step in and force the parties to make peace.

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This week, though, Ayatollah Sistani said nothing when Mr. Sadr withdrew officials loyal to him — 30 parliamentarians and six ministers — from Mr. Maliki's government. Baha al-Aaraji, a leader of the parliamentarians, said the Sadr officials would not return until Mr. Maliki had wrested more control of Iraqi forces from the Americans and improved basic services. In a news conference after his meeting with Mr. Bush, Mr. Maliki urged the Sadr followers to rejoin the government.

Bush Set To Meet Iraqi Shiite Leader With Ties To Iran (LAT)

By James Gerstenzang

The Los Angeles Times, December 2, 2006

WASHINGTON — One day after returning from Middle East meetings that defined anew the depths of his administration's problems in Iraq, President Bush invited two key Iraqi leaders to the White House in the coming weeks, expanding his contacts among the Shiite and Sunni Arab communities.

Bush plans to meet Monday with Abdelaziz Hakim, leader of one of the main two parties in the United Iraqi Alliance, the majority Shiite Muslim governing bloc, and in January with Iraqi Vice President Tariq Hashimi, the head of the largest party representing Iraq's Sunni Muslim minority.

The meetings, following the president's session Thursday in Amman, Jordan, with Prime Minister Nouri Maliki, a Shiite, reflect the many factions often working at cross-purposes in Iraq and the difficulty the Bush administration faces as it seeks to gain cooperation from competing power centers and sects.

Hashimi was chosen to fill the Sunni seat in a power-sharing arrangement that puts Sunni Arabs and Kurds in senior government positions under Maliki.

In the last seven months, Hashimi has lost a sister and a brother to Iraq's civil war.

Hakim heads the Supreme Council for Islamic Revolution in Iraq, or SCIRI. It was established in Iran in 1982, providing a political home for Iraqi Shiite exiles there during the rule of Saddam Hussein, which favored Sunnis. SCIRI today is part of the United Iraqi Alliance.

Hakim will be part of a delegation of Iraqi politicians visiting the United States.

Given his role in SCIRI, his meeting with Bush represents a reaching out to a leader with ties to Iran, even as the administration steadfastly refuses to deal directly with the government in Tehran.

Members of an armed wing of Hakim's organization, the Badr Brigade, have been accused of engaging in criminal activity under the cover of official Iraqi security forces.

But Hakim, a Shiite cleric, is thought to follow a more mainstream approach.

He is scheduled to visit Bush shortly before the Iraq Study Group, a bipartisan commission led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, an Indiana Democrat, is expected to make public a report proposing shifts in the administration's Iraq policy.

Gordon D. Johndroe, spokesman for the White House National Security Council, noted that Bush had met with other senior Iraqi officials during tours of Washington.

He said Bush was "not specifically looking for anything from them," but that he wanted "to hear how they see things in Iraq."

U.S. Rethinking Iraqi Unification Goal (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, December 2, 2006

The Bush administration is re-evaluating its efforts to unite Iraq's fractious sectarian and political factions in an attempt to preserve U.S. options in Iraq no matter what happens, officials familiar with an internal administration review of Iraq policy said Friday.

A senior U.S. official said that as part of that examination, the administration has debated whether to abandon U.S. efforts to bring Sunni insurgents into the political process to stabilize Iraq and instead leave that outreach to the majority Shiites and Iraq's third major group, the Kurds. No decision has been made.

Some U.S. officials have argued that the outreach to Sunni dissidents has failed and may be alienating Shiites, who dominate the government and are the country's largest sect.

The official, who spoke on condition of anonymity because of the sensitivity of the debate, said senior State Department officials have countered that ending U.S. attempts to increase the Sunni stake in government would leave the root causes of the insurgency unaddressed. Opponents of the strategy say that it could also appear the United States is taking sides in Iraq's sectarian divide and could alienate close U.S. allies in the region.

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The administration has watched as its stated goal of helping the Iraqis erect a model democracy grew increasingly remote this year. Sectarian violence has intensified and thousands of Iraqis have fled their neighborhoods or left the country to escape tit-for-tat killings and kidnappings.

The administration's internal review may recommend a revamped U.S. approach that focuses less on the major Shiite and Sunni political factions in the Baghdad government and more on identifying U.S. interests across a diffuse power structure and reducing the U.S. role as middleman in some of the most contentious Iraqi political fights.

The administration also does not plan to alter its strategy of isolating adversaries Iran and Syria, despite mounting pressure to enlist those influential Middle East nations in a diplomatic push to stabilize Iraq, officials said. They spoke on condition of anonymity because the internal review is still under way.

Leaders of the internal administration review presented their incomplete conclusions to Bush on Sunday. A final report is expected in about two weeks and will reflect the views of senior officials at the State Department, White House National Security Council, Pentagon and other agencies.

The group's work parallels that of a congressionally chartered bipartisan commission whose recommendations are due next week. The commission, known as the Iraq Study Group, will recommend engaging Iran and Syria as part of a larger group and perhaps one-on-one, officials familiar with the panel's findings have said.

The Iraq Study Group, headed by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., will also recommend gradually phasing out the mission of U.S. troops in Iraq from combat to training and supporting Iraqi units. However, the report due Wednesday sets no timetable, according to officials familiar with the group's deliberations.

Expanding on previous reports that the commission would urge troop withdrawals beginning early next year, a U.S. official said the report also recommends a "conditions-based" goal of completing combat troop withdrawals by early 2008. That is short of a firm timetable, and would leave in place troops needed to train and support the Iraqis.

The commander of coalition forces in northern Iraq said Friday that four Iraqi army divisions in his area will be put under Baghdad's control by next March.

"I can certainly see great opportunity to reduce the amount of combat forces on the ground" in the north "and turn more responsibility over to Iraqi security forces," Maj. Gen. Benjamin Mixon told Pentagon reporters in a videoconference from his headquarters near Tikrit.

Some U.S. commanders in Iraq already are shifting some troops from combat to support roles while giving the Iraqi Defense Ministry more control over Iraq troops.

Bush repeatedly has rejected a wholesale troop withdrawal or what he calls artificial deadlines. There are about 140,000 American troops are in Iraq.

Bush and Secretary of State Condoleezza Rice are to meet Monday in Washington with Abdul-Aziz al-Hakim, one of Iraq's most powerful Shiite politicians, in a bid to find a new approach. One official said the president will meet in Washington in January with a Sunni leader — Iraqi Vice President Tariq al-Hashemi.

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Associated Press writers Lolita Baldor, Barry Schweid, Katherine Shrader and Robert Burns contributed to this report.

Maliki Criticized As Violence Flares (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 2, 2006

BAGHDAD — Violence flared in the Iraqi capital Friday, adding to sectarian tensions as raids and shootings erupted in the streets and bombs exploded in crowded marketplaces.

Throughout the day, Iraqi and U.S. troops conducted raids and traded gunfire with insurgents, including a daylong raid in Baghdad's Fadhil neighborhood, a Sunni Muslim area.

Prime Minister Nouri Maliki has attempted to reassert his authority in recent weeks, confronting U.S. leaders, demanding more control over national security and weighing plans to reconfigure his Cabinet. In a meeting with President Bush on Thursday, Maliki had promised that Iraqi security forces would be able to protect citizens without U.S. military support by June.

But Iraqi leaders and citizens were skeptical Friday that the prime minister could fight the rising tide of civil war.

Abdelaziz Hakim, leader of Iraq's largest Shiite Muslim party, the Supreme Council for Islamic Revolution in Iraq, attempted to reach out to opponents Friday, speaking at a mosque in neighboring Jordan and appealing to Sunnis for national unity.

The week before, Hakim had warned Sunnis that they would suffer most if Iraq's civil war worsened. This time, he appealed for an end to violence. "All of us, Sunnis and Shiites, should stand in the way of this sickness that is manifesting [itself in] the body of our nation," he said. Hakim is scheduled to meet with Bush in Washington on Monday.

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On Friday, however, those gathering at mosques across Iraq, Sunni and Shiite, said they saw Maliki's meeting with Bush as largely unproductive, and yet another sign their country was falling apart.

"The wicked American administration is the basic reason for these seditions happening among our peoples," Sheik Abdul Zahra Swaidi told worshipers at Hikma Mosque in Sadr City, the capital's largest Shiite neighborhood, where car bombs killed more than 150 people last week. Iraqi officials must choose between loyalty to the U.S. government and to the Iraqi people, he added. If they choose the U.S., he said, they can expect more rebellion.

Sheik Abdullah Hassan, a Sunni preacher in Fallouja, told worshipers the Iraqi government had become dysfunctional, its leaders divided by ethnic and religious ties and under the sway of foreign powers.

"We have reached a point where we are required to tell the government that you have failed to provide services and security to Iraqis," he said. " … What I see is that the politicians are helping the occupier and putting their hands between the hands of foreigners to create sectarian sedition."

Iraq's Interior Ministry reported Friday that 1,862 civilians had been killed in violence in November. The figure is based on deaths registered at police stations and morgues. United Nations figures put the civilian death toll higher.

On Friday, at least 14 more Iraqi civilians were killed across the country in sectarian violence, including a woman who was used as a human shield by insurgents in Baghdad and two people killed by a suicide bomber in the northern city of Kirkuk.

The U.S. military announced Friday that a soldier had been killed Thursday, bringing the total of U.S. troops killed since the conflict began more than three years ago to 2,885, according to http://www.icasualties.org . The military also reported that a detainee at Baghdad's Camp Cropper died of natural causes late Thursday after being admitted to the hospital Nov. 2 for treatment of a preexisting condition.

Also in the capital Friday, the manager of a professional Baghdad soccer team was reported kidnapped. Hadib Majhoul, 52, a Sunni father of two from a wealthy family who managed the Talaba soccer club, was abducted Thursday, according to Malaib newspaper, published by Iraq's National Olympic Committee.

In the fighting in and around the Fadhil neighborhood, an Iraqi soldier was killed and eight soldiers and six civilians injured. An Interior Ministry source said 28 insurgents had been arrested during the raid; the Ministry of Defense reported 43 people detained.

Police said seven people were killed and 33 wounded in separate Baghdad explosions early Friday — a car bomb in the Ghazil pet market and a roadside bomb in Wathba Square, two Friday gathering places in central Baghdad. Four people were killed and three injured by shelling in the mainly Sunni area of Rashdiya in northern Baghdad.

Shooting continued late Friday in alleys near Wathba Square, where a charred metal telephone cable box marked the site of the morning's explosion.

"Watch out — there is a sniper," a boy cried as he darted across the dusty road leading to Ghazil and Fadhil.

A nearby grocer said the only reason to travel the road these days would be "if you want to die."

A beggar in a wheelchair pointed to the site of the roadside bomb, littered with ashes and glass from car windows.

"It seems that Fadhil is burning up," he said.

Facts And Body Language Bring Clues And Questions At Bush-Maliki Meeting (NYT)

By Sheryl Gay Stolberg

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — Nobody expected a love fest when President Bush and Prime Minister Nuri Kamal al-Maliki of Iraq met in Jordan this week. As they wrapped up their breakfast at the Four Seasons hotel in Amman on Thursday morning, aides warned that reporters, dozens of whom were packed inside a brightly lit ballroom for a news conference, would be on the lookout for any sign of bad blood.

That's when the president hugged the prime minister.

"Somebody said, 'They're going to try to see if there's any tension between you,' " one senior administration official said. "So the president did a big hug, and put his cheek right next to Maliki's. He started laughing, like, 'See how close we are.' "

The question of how close Mr. Bush and Mr. Maliki are — or are not — was the subject of much speculation in Jordan this week. The official story line at the White House is that the two are comfortable and candid with each other, and that Mr. Bush, as he himself told reporters on Thursday, believes that Mr. Maliki is "the right guy for Iraq."

The facts, though, raise questions.

Mr. Maliki, after all, scrubbed a meeting on Wednesday night between himself, Mr. Bush and King Abdullah II of Jordan, and did not see the president until Thursday morning, even though the two were staying at the same hotel. Mr. Bush, for his part, had to face Mr. Maliki after the leak of a memorandum written by Stephen J. Hadley, the national security adviser, who raised doubts about the prime minister's leadership.

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The fates of these two politicians have been intertwined ever since Mr. Maliki, a taciturn 56-year-old Shiite who was an opposition leader when Saddam Hussein was still in power, became prime minister in April. The breakfast in Amman was their third face-to-face rendezvous.

It is a complicated entanglement. Mr. Bush, who has staked his presidency on success in Iraq, needs the Maliki government as an ally. But Mr. Maliki's survival depends, in part, on his ability to demonstrate that he is his own man, not an American puppet. The president's "right guy for Iraq" line might have gone over well in the United States, but it might not have done Mr. Maliki much good at home.

"It's very clear that Bush needs Maliki. Period, end of sentence," said Kenneth M. Pollack, an expert on Iraq at the Saban Center for Middle East Policy at the Brookings Institution. "I don't think it's clear that Maliki needs Bush."

Theories abound as to why Mr. Maliki backed out on the Wednesday night meeting. The quickie pop analysis, by the ever-skeptical White House press corps, was that Mr. Maliki was irked by the Hadley memo. In the press center of the Amman Sheraton, after two White House officials struggled to put a positive spin on the surprise change of schedule, Mark Knoller, the longtime CBS News correspondent, summed up the sentiment with a catchy rhyme.

"The White House," Mr. Knoller proclaimed, his voice booming into a microphone, "insists the scrubbing of the meeting was not a snubbing!"

The inherent hazards of challenging the official version of events meant that people who offered alternative accounts, like the senior administration official who described the presidential hug, would do so only on condition of anonymity.

Some suggested that if anyone was being snubbed by Mr. Maliki, it was the Jordanian king, who had irritated the Iraqi leader by meeting with Sunni Arab leaders in Iraq before the summit meeting.

A Kurdish official offered yet another theory — that Mr. Maliki spent the night trying to quell a political uproar in Baghdad, where followers of Moktada al-Sadr, the anti-American Shiite cleric, had announced earlier in the day that they were boycotting the Maliki government over the meeting with Mr. Bush.

"By leaving it open that he had canceled a meeting with Bush, even though it was for one day, it could help him with street cred," the Kurdish official said.

Whatever the reason, the Hadley memo clearly hovered over the summit meeting, enough that Mr. Bush opened the breakfast meeting with a little ice-breaker at the expense of Mr. Hadley, who was by his side. "He said, 'Mr. Prime Minister, do you know Steve Hadley?' " the senior administration official said of Mr. Bush. "He kind of looked back and smirked at Steve, and everybody laughed. It obviously served his purpose."

Mr. Maliki, though, did not look very happy with Mr. Bush at the news conference. When the president heaped praise upon the prime minister, lauding him for his courage, Mr. Maliki barely looked Mr. Bush's way. Though much was made afterward of the body language, White House officials blamed the language barrier, saying each man was listening intently into his earpiece for a translation of the other's words.

But there did not seem to be any translation lag when the president asked if Mr. Maliki wanted to take a few extra questions from reporters. In an instant, Mr. Maliki's head swiveled toward Mr. Bush, his eyes wide open in a glare as he blurted out, "We said six questions, now this is the seventh — this is the eighth — eight questions."

Mr. Bush, who had promised minutes earlier that there would be no "graceful exit" from Iraq, quickly found a graceful exit from the news conference, grabbing Mr. Maliki's hand for the obligatory handshake picture, before the two leaders disappeared behind a curtain of flags.

Saudis' Worst Nightmare (WT)

By Claude Salhani

The Washington Times, December 2, 2006

A precipitous withdrawal of U.S. troops from Iraq will result in an immediate and massive Saudi Arabian military intervention to stop Iranian-backed Shi'ite militias from "butchering Iraqi Sunnis."

Nawaf Obaid, a Saudi security expert who is managing director of the Saudi National Security Assessment Project in Riyadh and an adjunct fellow at the Center for Strategic and International Studies in Washington, says that over the past year much has changed. What was then unthinkable is now feared. A sudden departure of U.S. forces will place the future of Iraq's Sunnis in serious jeopardy from well-armed Shi'ite militias backed by Tehran. Numerous voices, says Mr. Obaid, have called for Saudi Arabia to protect the Sunni community in Iraq and to counter Iran's growing influence.

Mr. Obaid told United Press International that the Saudi leadership feels it would have no choice but to intervene militarily in Iraq in the event of a premature American pullout. But, adds Mr. Obaid, "I don't think they will withdraw any time soon, not any time soon." But in politics saying one thing and following through is not always a guarantee.

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And when it comes to pulling U.S. forces out of Iraq there are two opposing schools of thought. The first is that the United States will not withdraw from Iraq until the security void can be filled (by Iraqis) to prevent further deterioration in what is already being called a civil war. If the Bush administration still refuses to admit the violence tearing that country apart is in fact a civil war, a number of major media outlets in the United States have applied that label to it.

President Bush has reiterated numerous times he would not pull out U.S. troops and leave the ground open to terrorists and pro-Ba'athist insurgents. But again, things change.

The second school of thought -- albeit a rather Machiavellian one -- sees a unique "opportunity" to entangle the Muslim world in a fratricidal war that would keep Islamic forces occupied for years, if not decades, to come. Should in fact the U.S. choose to remove its troops from Iraq and in the process leave that country's Sunni community in harm's way, there is no doubt Saudi Arabia will intervene, as it said it would, by sending its military in great force to protect their co-religionists. What could ensue is a protracted Shi'ite-Sunni war.

This could turn out to be the worst case or worst nightmare for Saudi Arabia and other countries in the region. But for some policymakers it could provide the answer to what they perceive as a rising threat that three years of continued all-out war by the world's best-armed, best-trained, best-equipped and most motivated army could not resolve.

Under this scenario, Saudi troops, along with billions of Saudi petro-dollars, would be tied up for years fighting Iranian-backed insurgents in Iraq. Chances are that the fighting might very well spill over into neighboring countries such as Saudi Arabia itself, Jordan, Iran and possibly beyond. In fact chances of this happening would be very high.

The thinking supporting that theory is that this would tie down fundamentalist forces on both sides for years to come. Saudi Arabia would be funneling large sums to sustain Iraq's Sunnis and their troops in that country. That would be money diverted from other Saudi projects, such as financing Islamic schools and mosques in Europe and North America.

Intra-Muslim fighting would also weaken the Shi'ites in Iraq as well as in neighboring Iran. As a result, a weakened Iran would be less inclined -- and certainly less financially inclined -- to pursue its nuclear program or to foment revolts beyond its borders. Or even be too preoccupied by what is going on its own front yard to continue its active support for Lebanon's Hezbollah Party.

Saudi King Abdullah is worried enough by this concept that he asked for an urgent meeting with Vice President Dick Cheney, prompting the vice president to fly an 18,000-mile round-trip for a two-hour meeting with the Saudi sovereign.

For the moment, Mr. Obaid says President Bush told King Abdullah that U.S. troops would stand fast in Iraq. In return, the Saudi king gave his word that Saudi Arabia would not meddle in Iraq, despite repeated requests from Sunni tribesmen that they do so. But as Mr. Obaid notes, these requests will be heeded if American troops are withdrawn and the Sunnis find themselves under fire and threat of ethnic cleansing.

Claude Salhani is international editor for United Press International.

U.S., Iraq Stage Raids In Capital (WP/AP)

By Thomas Wagner

The Washington Post, December 2, 2006

BAGHDAD, Dec. 1 -- U.S. and Iraqi forces launched six raids against insurgents Friday, including one that killed at least three Iraqis and another in which American forces wounded an Iraqi female who the U.S. command said was being used as a "human shield."

The U.S. military also reported that an American soldier was killed in combat in the capital Thursday.

In some of the fiercest fighting Friday, Iraqi soldiers backed by U.S. helicopters swept through Fadhil, one of the oldest areas of Baghdad, and engaged in house-to-house combat, police Lt. Ali Muhsin said. The neighborhood is about a mile from the heavily fortified Green Zone, where Iraq's parliament and foreign diplomatic facilities are based.

Fighting in the narrow streets and alleys, suspected insurgents with rifles and machine guns killed one Iraqi soldier and two civilians, Muhsin said. U.S. helicopter gunships hovered overhead but did not open fire on the crowded neighborhoods of one-story homes, he said.

State-run al-Iraqiya television said 43 suspected insurgents were taken into custody. Lt. Col. Scott Bleichwehl, a U.S. military spokesman, said 28 people were detained in an operation aimed at capturing insurgents.

U.S. forces killed two insurgents and detained 27 Iraqis in five other raids. The sweeps took place in Baghdad, the town of Yusufiyah to the south, and two locations to the north: near Taji, the U.S. Air Force base, and the town of Tarmiyah.

In the Taji area, soldiers killed one insurgent and wounded "a female local national who was being used as human shield by the terrorist," the U.S. command said. The female, whose name and age were not given, was hospitalized, it said.

It was the fourth time this week that a female Iraqi civilian has been killed or wounded in crossfire between U.S. forces and insurgents.

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"Terrorists continue to deliberately place innocent Iraqi women and children in danger by their actions and presence," the U.S. statement said.

Meanwhile, a U.S. official announced that President Bush will meet with Abdul Aziz al-Hakim, one of Iraq's most powerful Shiite Muslim politicians. The meeting, to take place Monday, will focus on the continued bid to find a new approach to ending sectarian violence, said National Security Council spokesman Gordon Johndroe.

Hakim is the leader of the United Iraqi Alliance coalition, the largest bloc in the Iraqi parliament.

Next month, Bush will meet with a Sunni Arab leader, Vice President Tariq al-Hashemi, according to a senior administration official who spoke on condition of anonymity.

Sectarian attacks continued Friday in Baghdad, with at least 12 Iraqis killed and a Sunni mosque damaged, despite a weekly four-hour vehicle ban aimed at preventing suicide car bombings during prayers.

The bullet-riddled bodies of 14 Kurdish farmers were found in a village 28 miles west of the Syrian border, said Dekhel Qasim, a provincial official.

Gunmen also kidnapped the Sunni head of one of Iraq's leading soccer clubs on Thursday and, in separate incidents Friday, abducted two Iraqi women, ages 17 and 20.

Iraq Takes Over Army Division From US (FT)

By Guy Dinmore

Financial Times, December 2, 2006

Iraq's government on Friday took command over another army division in the north, a US general announced, in an apparent demonstration of the US's commitment to accelerate the handover of military control to Nouri al-Maliki, prime minister.

Mr Maliki said after his summit with President George W. Bush in Amman that all Iraqi security forces would be ready to come under his command by next June. Mr Bush said he had listened to Mr Maliki's "frustration" at not having the tools to do his job.

Washington has refused to confirm Mr Maliki's timeline in public, saying the transfer is complex and depends on conditions on the ground.

Nonetheless the announcement by General Benjamin Mixon, commander of US forces in northern Iraq, that a second division had been handed over and the remaining two northern divisions would follow by February 2007, appeared intended to demonstrate that the US was making progress and would be able to scale back its own combat operations.

Adoption by the US of a background role focused more on support and training, combined with the gradual withdrawal of the 15 US combat brigades possibly by early 2008, is expected to form one of the core recommendations of the bipartisan Iraq Study Group, which will publish its findings next Wednesday.

Officials accompanying Mr Bush in Amman on Thursday said only two of Iraq's 10 divisions – totalling some 140,000 troops – were under Mr Maliki's full command at that point. Control of most of the Iraqi military is shared with General George Casey, overall commander of US forces in Iraq.

US officials have expressed concern over too rapid a transfer of authority, because of a lack of training and fears that some Iraqi troops uphold their sectarian allegiances above their loyalty to the state.

Rogue units of Iraq's police forces – which are not under US control – have been accused of carrying out extrajudicial killings and torture.

Gen Mixon, speaking by satellite from a base near Tikrit, north of Baghdad, said US troops in the north would take a more indirect security role and focus on combating al-Qaeda forces as Iraqi troops became more capable.

He said that within three to six months, Iraqi forces in the six northern provinces would assume full responsibility for the security of civilians.

"I can certainly see great opportunity to reduce the amount of [US] combat forces on the ground," Gen Mixon said.

Chris Dodd, a Democrat senator, said Mr Bush should listen carefully to the Iraq Study Group, which is led by James Baker, a former secretary of state, and Lee Hamilton, a former congressman.

Senators in both parties wanted a change of direction in Iraq, he said. "The administration can find themselves very, very isolated on this," he warned.

Stephen Hadley, national security adviser, has said the president will probably decide on a "new direction" within weeks after the completion of various internal strategic reviews.

Mr Bush said on Thursday that he would not respond to the pressure of reports calling for a "graceful exit" from Iraq.

Coalition Head: Iraq Transfer Under Way (AP)

By Lolita C. Baldor,

DOJ_NMG_0100933

AP, December 2, 2006

The commander of coalition forces in northern Iraq said Friday the transfer of responsibility for security from U.S. to Iraqi forces, reportedly among the recommendations of a special study group, already is under way.

"I think it certainly reflects what we're doing now" in northern Iraq, Army Maj. Gen. Benjamin Mixon told reporters at the Pentagon through a videoteleconference from his headquarters near Tikrit.

In the report the bipartisan Iraq Study Group is expected to release next Wednesday, the U.S. government would be called upon to rely more on diplomacy than deadlines in its Iraq policy. But that would rob many war critics of the impetus they wanted to force a speedy, sizable U.S. troop withdrawal from the battlefield.

The study team recommends a gradual reduction of U.S. forces and a more aggressive regional diplomacy, but sets no timetable, according to officials familiar with the group's deliberations. The report could give President Bush political cover to shift tactics in the increasingly unpopular war.

Some media reports suggested that the commission would recommend withdrawing nearly all U.S. combat forces from Iraq by early 2008, leaving behind only those troops needed to train and support the Iraqis. The reports described the recommendation as goal rather than a firm timetable.

At least some U.S. commanders in Iraq already are shifting a growing number of their troops from combat to support roles, while giving the Iraqi Ministry of Defense more control over Iraq troops.

Mixon spoke to this, specifically, on Friday.

He said he is on track to place all four Iraqi army divisions in his area under Iraqi control by March. Mixon was asked about the study group's expected recommendation to transition to Iraqi security control within a year or so.

"I can certainly see great opportunity to reduce the amount of combat forces on the ground" in the north "and turn more responsibility over to Iraqi security forces," he said. Mixon also said that even after that transition is complete in his area, U.S. troops would continue to support Iraqi forces and conduct U.S. combat operations against al-Qaida "operatives."

White House national security adviser Stephen J. Hadley noted on Thursday that the president has solicited a separate in-house review of Iraq policy. Bush probably would make any changes or decisions arising from the various reports in "weeks rather than months," Hadley said.

"It's really going to be when the president is comfortable in his own mind as to where he wants to go" and has coordinated with Iraqi leaders on a "common plan," Hadley said.

Members of Congress seized on the report as their own benchmark for success.

"The fact that they reached a consensus poses a challenge to the Congress to try and reach its own consensus with the president," outgoing Senate Armed Services Committee Chairman John Warner, R-Va., said.

Sen. Christopher Dodd, D-Conn., said the report could foster "growing bipartisan support in this country."

Under the panel's recommendations, U.S. troops could be pulled back slowly from the front lines, acting as more of a support structure for the Iraqi security forces, officials said. Several officials spoke about the report on condition of anonymity because the panel's deliberations were private.

Yet advisers to the panel and others aware of its work also noted that many of the recommendations will not differ greatly from either current policy or from ideas already under debate within the administration.

Bush repeatedly has rejected a wholesale troop withdrawal or what he calls artificial deadlines, vowing that he would not "pull the troops off the battlefield before the mission is complete."

"This business about a graceful exit just simply has no realism to it at all," Bush said Thursday.

Congressional Democrats were thrust back into power in the House and Senate in midterm elections last month widely viewed as voters calling for change in Iraqi policy. Democrats hoped the commission's report would give them leverage in seeking a new course in Iraq. They generally want troop withdrawals to begin sometime in 2007 but are divided over how many troops to withdraw, and when and where to reassign them.

The Washington Post, meanwhile, reported Friday that the U.S. was considering whether to abandon efforts to bring Sunni insurgents into the political process to stabilize Iraq. The concern is that the outreach to Sunni dissidents has failed and may be alienating the country's majority Shiites, who dominate the government. The report cited unidentified sources familiar with the proposal.

The Iraq Study Group's approximately 100-page report will indicate the presence of U.S. troops is part of the problem in Iraq, one official said. The panel will demand more accountability from the Iraqi government, although it is not clear how progress would be measured, the official said.

The congressionally chartered panel, whose recommendations are not binding, will encourage Bush to engage U.S. adversaries Syria and Iran to improve regional dialogue, several officials said. That outreach could include a regional conference

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among all of Iraq's neighbors or a wider gathering of Middle East nations that also would address separate Middle East peace issues.

A senior U.S. official who participated in the deliberations said the recommendations would include resumption of Mideast peace talks.

The administration has not completely ruled out diplomacy with Iran and Syria, but has been reluctant to enter talks that could be seen as reward for what Washington calls bad behavior.

The report suggests that Bush give Iraqi leaders notice that America's military commitment is not open-ended. The panel's Republican and Democratic members could not agree on bolder proposals. Options to quickly bring home a large percentage of the 140,000 U.S. forces supporting the fragile government in Baghdad or set a clear timeline for withdrawal were on the table.

Without firm benchmarks for a U.S. military withdrawal, the recommendations would essentially back up Bush's policy of using security conditions in Iraq, not a calendar, to guide battlefield decisions. The administration long has said U.S. forces will stand down as Iraqi forces are able to stand up.

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Associated Press writers Anne Gearan, Barry Schweid, Katherine Shrader and Robert Burns contributed to this report.

Soldiers In Iraq Take On New Role (AP)

By Robert Burns

AP, December 1, 2006

WASHINGTON — Normally, U.S. soldiers train to fight, not to train. But these are not normal times — not in a chaotic Iraq where President Bush is banking on improving Iraqi security forces so the American military can begin to pull out, or at least pull back.

U.S. soldiers and Marines are being plucked out of combat positions to be "embedded" with Iraqi army and police units as trainers and advisers.

They face numerous obstacles, including language, a lack of resources and loose linkages between the Iraqi security forces and their civilian leaders. But U.S. commanders see this effort as the key to winding down American combat action in a country wracked by internal strife.

In Washington, the bipartisan Iraq Study Group examining new courses of action in the war is planning to recommend next week that thousands more advisers be sent to accelerate the development of Iraqi security forces.

Pentagon officials are studying ways to expand the adviser corps. But in the view of some who have studied the problem, fielding substantially more advisers — and making them effective — may be more difficult than commonly believed.

"Training is a specialty. Training of foreign forces is an art," said Daniel Goure, a military analyst at the private Lexington Institute. "That's the difficulty here, and compound that difficulty by the language barrier."

Goure on Friday described the training and advising effort as "better than nothing, but not great."

Thus far, at least 3,500 U.S. advisers are operating inside Iraqi army and police units, and more are arriving weekly. Gen. John Abizaid, the top U.S. commander for the Middle East, told Congress recently that he would like to expand the number but was studying how many could be added without enlarging the overall U.S. forces in Iraq, now numbering about 140,000.

Maj. Gen. Benjamin Mixon, commander of coalition forces in northern Iraq, said Friday he had discussed with Abizaid a plan to add about 2,000 advisers to the roughly 2,500 he already has in his region. He said he believed he could accomplish that without having to increase the size of his force.

Teams of 10 to 15 advisers live and work with Iraqi army, national police and border agent units. They go on raids and other missions to coach the Iraqis and assess weaknesses, and they act as role models, steering them away from corruption, human rights abuses and other problems.

So far, U.S. advisers are giving the program mixed reviews. Some of them complain they spend much of their time making sure Iraqi soldiers are paid and have the equipment they need.

"Most of the time we can't advise. We are too busy running around protecting ourselves from attack or just making sure the army has the basics," one Marine adviser, Sgt. Thomas Ciccarelli, 37, of South Lake Tahoe, Calif., said last month.

American commanders concede they have had to upgrade how they train U.S. advisers, with less time studying slide presentations and more emphasis on cultural awareness and hands-on work with weapons and communications.

"As an Army we were not doing this as well as we needed to do it" even a year ago, Army Maj. Gen. Carter Ham said in a recent interview. He is commander of the 1st Infantry Division, which has been pulled out of the Iraq combat rotation in order to put prospective U.S. trainers through a 60-day training program at Fort Riley, Kan.

The idea is to coach the Iraqis, but that's not a role most American troops are used to performing. U.S. military officials acknowledge that soldiers have to change their mindset to perform as advisers.

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"We are asking American (combat) leaders to do what is not natural, and that is leading from behind," Ham said.

Serving as advisers is not entirely foreign to the Army, which fielded thousands of combat advisers in the early years of the Vietnam War. In Vietnam the advising gave way to the introduction of hundreds of thousands of U.S. combat forces, whereas in Iraq the advisers are seen as a way to get combat forces out.

"This is a business we were kind of out of for a number of years — we're not obviously back into it big time," Stephen Hadley, Bush's national security adviser, told reporters Thursday after Bush met with Iraqi Prime Minister Nouri al-Maliki in Jordan.

On the other hand, Army leaders say they foresee a future in which soldiers can more readily adapt to non-traditional roles — be it training of foreign forces or conducting humanitarian or other non-combat missions.

"These are true pentathletes we are creating," Gen. Richard Cody, the Army's vice chief of staff, said recently.

This sort of work has traditionally been the province of Army Special Forces, the elite Green Berets who are fluent in the language of a particular region and spend time there training indigenous forces. There are simply too few Special Forces available to accomplish the training and advising in Iraq that is deemed necessary.

Spy Chief: Unlike Vietnam War, Iraqi Capital Among Most Insecure Spots (AP)

AP, December 1, 2006

WASHINGTON (AP) — National Intelligence Director John Negroponte says Iraq's cities are less secure and the enemy harder to identify in comparison to the situation in much of Vietnam when he served as a U.S. diplomat there in the 1960s.

An expert on Vietnam and one-time adviser to former Secretary of State Henry Kissinger, Negroponte said he sees more differences than similarities between the two conflicts. In Vietnam, for example, there was a clear enemy, given Soviet support of the North Vietnamese. "We didn't have has as many debates about the nature of the enemy as we seem to be having with respect to Iraq," Negroponte said.

Additionally, "in Vietnam, the cities were secure. The province capitals were secure. I walked around that country as an unarmed civilian for almost four years without ever having any serious brushes," said Negroponte, who served in the U.S. Embassy in Saigon. "In Iraq, even the capital is highly insecure — perhaps one of the most insecure places in the country."

Negroponte made the remarks in a wide-ranging interview that airs Sunday evening on C-SPAN's Q&A program. A transcript was made available to The Associated Press.

Negroponte took over as the nation's top intelligence official last year, assuming a post created to unify the 16 intelligence agencies. He indicated in the interview that he wants to stay on through the Bush administration. Many associates have expected Negroponte to return to his diplomatic roots, perhaps serving as deputy secretary of state, a position open since July.

His answer to the question — will he "stay with it for a while?" — didn't completely close to door to a new assignment. "In my own mind at least, I visualize staying with it through the end of this administration and, then I think, probably that'll be about the right time to pack it in," he said.

Negroponte, a former U.S. ambassador to Baghdad, said Iraqis must take more responsibility for their security and defense. The key, he said, is Baghdad, where the violence is greatest. His comments closely tracked the conclusions of an independent group led by former secretary of state James Baker that is advising the administration as it redraws its Iraq policy.

"This has really got to become more and more of an Iraqi problem, and less and less of a U.S. one," he said. "I would hope that our forces can take more of a support role and a training role, and fall more into the background rather than being in the lead in the months ahead."

Negroponte said he wasn't certain of the impact should an Iraq court follow through with its Nov. 5 sentence to hang former dictator Saddam Hussein for ordering the execution of nearly 150 Shiite Muslims. The sentence triggered an automatic appeal.

"There are a lot of the Iraqis that want some kind of closure in this situation," Negroponte said. "There are probably also some insurgents, some Sunni extremist insurgents, who are fighting in the belief that — under the illusion that — they may be fighting to bring Mr. Saddam back to power, so it could have the effect of actually discouraging some of the Sunni extremists."

Negroponte voiced one regret about the nine months he served as ambassador to Iraq: that the United States wasn't able to convince Sunni politicians to scrap their boycott of the January 2005 elections. "I think that that was a real setback for the political process," he said.

Italian Troops Leave As Iraq Says Army Could Take Over In 2007 (AFP)

By Jay Deshmukh

AFP, December 2, 2006

The last Italian troops in Iraq have headed home as Prime Minister Nuri al-Maliki said his forces could take over the battered nation's security by June 2007.

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Despite the optimism, violence raged unabated across the country with at least 13 people killed Friday, highlighting the difficulties faced by the embattled premier.

Baghdad itself echoed to the sound of machine gun fire as insurgents clashed with Iraqi troops in the Fadhel neighbourhood, killing one soldier and wounding nine people, including five civilians.

US attack helicopters circled the site of the fighting.

Iraqi state television described the clashes as an operation against "terrorist hideouts" in the central Baghdad district.

The British military told AFP that the last Italian troops were set to leave the southern Dhi Qar province Friday, ending their three-year mission as part of the US-led coalition forces.

Earlier this year they handed over the province's security to Iraqi forces.

"The last of the Italians are leaving today to Kuwait and from there they will go to Italy," British military spokesman Major Charlie Burbridge said, adding that the troops had ended military operations in the past six weeks.

"All of them will be gone by the afternoon," he said.

On Monday Italian Prime Minister Romano Prodi said the remaining 70 troops of the 3,000 sent to Iraq in 2003 would return home in the first few days of December.

Italy's centre-left parties, backing Prodi's government which replaced the conservative administration of Silvio Berlusconi after April elections, made withdrawal from Iraq one of the centrepieces of their election campaign.

Berlusconi was one of US President George W. Bush's key allies in Europe.

The Italians were deployed in Iraq's south along with British, Australians and Romanian forces. At least 31 Italian soldiers have been killed in Iraq since 2003.

The troops were stationed in Nasiriyah, the provincial seat of Dhi Qar, a relatively peaceful region compared with Iraq's central and western regions where US forces are battling a raging insurgency and a brutal sectarian conflict.

Maliki told the US television network ABC Thursday that his forces will be ready to take charge of Iraq's security in June 2007.

"I can say that Iraqi forces will be ready, fully ready to receive this command and to command its own forces, and I can tell you that by next June our forces will be ready," Maliki said.

His statement came a few hours after his meeting with Bush in Jordan where the two leaders discussed Iraq's ability to secure the country on its own and whether it could curb the current sectarian bloodshed.

Upon his return to Baghdad from Amman, Maliki told reporters that Bush was "responsive" to his government, wishing "success to his government so that we could ultimately be ready to gradually do away with the foreign forces".

Bush had hailed Maliki as a strong leader.

Maliki said he had won an agreement from Bush that he will take control of Iraq's security forces more quickly than planned, to allow him to fight the insurgency in his own way and also stop the communal bloodletting.

Currently most of the fledgling Iraqi army comes under the day-to-day control of a US-led coalition, which also has 150,000 American troops.

Meanwhile powerful Iraqi Shiite leader Abdel Aziz al-Hakim said Iraq's sectarian conflict could "burn everyone" and threaten the security of the entire region.

Calling for Iraqi unity in Jordan's largest mosque of King Hussein, Hakim said "we do not want a Shiite government that sidelines the Sunnis and we don't want a Sunni government that marginalises the Shiites". Hakim's Supreme Council of Islamic Revolution in Iraq (SCIRI) is a key part of the ruling coalition government in Baghdad.

His Friday sermon came two days after confusion over alleged remarks attributed to Hakim after talks Wednesday with Jordan's King Abdullah II in Amman.

After the meeting the royal palace quoted him as saying "if a civil war were to take place, the biggest losers will be our brothers in the Sunni community".

But on Thursday, a statement from the SCIRI delegation to Amman described reports of the meeting as "inaccurate".

In continued unrest across Iraq, 12 more people were killed, including six in two bomb attacks in and around Baghdad, security officials said.

The US military also announced the deaths of two more soldiers in the capital, taking its losses since the war to 2,883, according to an AFP count based on Pentagon figures.

Iraqi Professor Urges Dialogue (LAT)

By Tony Perry

The Los Angeles Times, December 2, 2006

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SAN DIEGO — Forced to flee her homeland and her teaching post at the University of Baghdad, Naba Saleem Hamid has spent three years speaking in the United States and Europe about the chaos and pain in her country.

Her message is simple: While life under Saddam Hussein was horrible, because of the violence and power struggles, life since the U.S. invasion is worse. "My people live in misery and poverty, struggling for basic survival," Hamid told an audience at San Diego State University on Thursday night.

In her many speeches, she implores Americans to think of Iraq not as a military target but as an ancient country of 27 million people.

Governments have failed, she said, and so it is time for the citizens of the U.S. and Iraq to begin communicating. Both countries are suffering from the mess in Iraq.

"We are all victims, we are all losers," she said as students nodded.

Hamid said she is not calling for the U.S. to pull out its troops: "Their presence is part of the problem and of the solution."

But she feels it is imperative for President Bush to work with leaders in Iran and Syria to cobble together a regional solution to suppressing the violence and repairing the massive damage. So far, Bush has ruled out such discussions.

Her speaking voice is soft, causing audience members on Thursday to push forward in their seats to hear her. She took questions politely and later said she was satisfied with the students' curiosity: that younger Americans seem more willing to learn about Iraq than older ones.

Hamid, who is in her mid-50s, has come to San Diego three times and has a fourth trip planned in February. Her supporters, working through the Scholars at Risk network based at New York University, hope to help her and her husband, an architectural professor, find teaching jobs in San Diego and get the appropriate visas to move here.

She has been able to make only brief, unannounced visits to her home and job as a biology professor. Six months ago, on one such trip, she had an experience that left her shaken: A man sternly upbraided her for not covering her head.

When she spoke to her department chairman at the university, he replied only that Baghdad is not safe now for women, as gangs of ultraconservatives roam the streets trying to enforce a Taliban-esque domination.

"I am floating," Hamid said in an interview Friday as she prepared to leave San Diego. "I do not know where I am going to land."

Three weeks ago, while she was on her speaking tour, Hamid received word that a massive car bomb had detonated near her home in Baghdad. She expects to find the home ransacked the next time she is able to return.

Her latest trip to San Diego was sponsored by Voices of Women, a group dedicated to finding nonviolent solutions to global conflicts.

In addition to San Diego State, she has lectured at the Joan B. Kroc Institute for Peace and Justice at the University of San Diego.

In 2003, Hamid founded New Horizons for Women, dedicated to helping Iraqi women and girls assert their rights and become politically involved, a threatening proposition to some sectarians.

Although she said she would like to take up residence in San Diego — if visa and other complications can be worked out — she said her heart will forever be in Baghdad.

"I am like a fish," she said. "If this fish leaves water, I will die."

Civilian Iraq Death Up 43 Pct. In Nov. (AP)

By Kim Gamel, Associated Press Writer

AP, December 2, 2006

An Interior Ministry official said Friday that 1,846 civilians were killed in Iraq in November, a 43 percent increase from the estimated toll in October.

The official, who spoke on condition of anonymity for security reasons, did not elaborate on the monthly figure, which was up from an estimated 1,289 civilians killed in October.

According to a count by The Associated Press, 1,923 civilians were killed in Iraq in November.

Rising sectarian tensions have pushed the country toward the verge of civil war. Last month saw the worst attack of the war when suspected Sunni insurgents killed at least 215 people in Sadr City, Baghdad's Shiite slum, on Nov. 23.

The United Nations put the number of civilian deaths in October at 3,709, the highest monthly toll since the 2003 U.S. invasion. The figure, based on reports from the Iraqi Health Ministry, hospitals and the Medico-Legal Institute in Baghdad, was three times higher than the Iraqi Interior Ministry figure for that month.

There was no explanation for the discrepancy between the two figures and it was not immediately known whether the figures on Friday from the Interior Ministry used all of the sources cited by the U.N.

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Chessboard Endgame (WSJ)

By Garry Kasparov

The Wall Street Journal, December 2, 2006

For the past few years, the dictators and terrorists have been gaining ground, and with good reason. The deepening catastrophe in Iraq has distracted the world's sole superpower from its true goals, and weakened the U.S. politically as well as militarily. With new congressional leadership threatening to make the same mistake -- failing to see Iraq as only one piece of a greater puzzle -- it is time to return to the basics of strategic planning.

Thirty years as a chess player ingrained in me the importance of never losing sight of the big picture. Paying too much attention to one area of the chessboard can quickly lead to the collapse of your entire position. America and its allies are so focused on Iraq they are ceding territory all over the map. Even the vague goals of President Bush's ambiguous war on terror have been pushed aside by the crisis in Baghdad.

The U.S. must refocus and recognize the failure of its post-9/11 foreign policy. Pre-emptive strikes and deposing dictators may or may not have been a good plan, but at least it was a plan. However, if you attack Iraq, the potential to go after Iran and Syria must also be on the table. Instead, the U.S. finds itself supervising a civil war while helplessly making concessions elsewhere.

This dire situation is a result of the only thing worse than a failed strategy: the inability to recognize, or to admit, that a strategy has failed. Since the invasion of Iraq in March 2003, North Korea has tested a nuclear weapon. Iran is openly boasting of its uranium enrichment program while pouring money into Hezbollah and Hamas. A resurgent Taliban is on the rise in Afghanistan. Nearly off the radar, Somalia is becoming an al Qaeda haven. Worst of all is the answer to the question that ties all of these burning fuses together: No, we are not safer now than we were before.

The seeds for this situation were sown in the one real success the West has had. The attack on the Taliban and al Qaeda in Afghanistan went so well that the U.S. and its allies did not appreciate all the reasons for the success. Almost every player on the world stage benefited from the attack on Afghanistan. The rout of the Sunni Taliban delighted Iran. Russia and China have no love for religious extremism near their borders. India was happy to see the U.S. launch a direct attack on Muslim terrorists.

Only Pakistan was put under uncomfortable pressure, although even there, Pervez Musharraf has been able to play both sides well enough to appear to be an essential ally to the West, while terrorists and weapons cross his borders freely. Gen. Musharraf has perfected the formula of holding himself up as the last defense against the extremists in order to gain immunity for his dictatorship. Not only was there a confluence of world opinion aided by sympathy for the U.S. after 9/11, but the proverbial bad guys were undoubtedly bad, and we knew where they were. As subsequent events have shown, effectively bombing terrorists is a rare opportunity.

Learning from our defeats is obvious, but too often we fail to appreciate the reasons for our successes; we take them for granted. The U.S. charged into Iraq without appreciating the far greater difficulty of the postwar task there, and how it would be complicated by the increasingly hostile global opinion of America's military adventures.

America's role as "bad cop" has been a flop on the global stage. Without the American presence in Iraq as a target and scapegoat, Iraqis would be forced to make the hard political decisions they are currently avoiding. We won't know if Iraq can stand on its own until the U.S. forces leave. Meanwhile, South Korea and China refuse to take action on North Korea while accusing the U.S. of provocative behavior. How quickly would their attitudes change if the U.S. pulled its troops out of the Korean Peninsula? Or if Japan -- not to mention Taiwan -- announced nuclear weapon plans?

From Caracas to Moscow to Pyongyang, everyone follows their own agenda while ignoring President Bush and the U.N. Here in Russia, for example, Vladimir Putin gets Mr. Bush's endorsement for membership to the World Trade Organization while selling advanced air defense missile systems to Iran and imposing sanctions on Georgia, itself a WTO member. WTO membership is not going to benefit ordinary Russians, but it will provide more cover for Mr. Putin and his gang of oligarchs to continue to loot the country and launder the money abroad with no resistance from a distracted, discredited and enfeebled West.

We might not know what works, but we have many fine examples of what doesn't work and we cannot continue to ignore them. As the world's sole superpower, the U.S. has become a lightening rod. Any intervention causes resentment and even many traditional allies oppose U.S. plans almost out of hand. America's overly proactive foreign policy has also allowed other nations to avoid responsibility for their own safety, and to avoid making the tough decisions that come with that responsibility.

At the same time, the U.N. has become a perfect example of a broken institution. When leaders are afraid to take real action they go to the U.N., where they know nothing tangible will be achieved. Resolutions are routinely ignored without consequences and, in fact, are openly flouted. Hezbollah proudly waved weapons as the Israeli army left Lebanon and the kidnapped Israeli soldiers have yet to be released.

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So what then, to do? "Mission accomplished" jokes aside, the original goals in Iraq -- deposing Saddam Hussein and holding elections -- have been achieved. Nation-building was never on the agenda and it should not be added now. All the allied troops in the world aren't going to stop the Iraqi people from continuing their civil war if this is their choice. As long as Muslim leaders in Iraq and elsewhere are unwilling to confront their own radical elements, outsiders will be spectators in the line of fire.

As for stability, if allied troops leave Iraq:What stability? I won't say things can't get worse -- if we've learned anything, it's that things in the Middle East can always get worse;but at least the current deadly dynamic would be changed. And with change there is always hope for improvement. Without change, we are expecting a different result from the same behavior, something once defined as insanity.

Mr. Kasparov, a former world chess champion, is chairman of the United Civil Front in Russia.

Afghan District Makes Own Deal With The Taliban (NYT)

By Carlotta Gall, Abdul Waheed Wafa

The New York Times, December 2, 2006

KABUL, Afghanistan, Nov. 29 — After a series of bruising battles between British troops and Taliban fighters, the Afghan government struck a peace deal with tribal elders in Helmand Province, arranging for a cease-fire and the withdrawal of both sides from one southern district. A month later, the ripples are still being felt in the capital and beyond.

The accord, reached with virtually no public consultation and mediated by the local governor, has brought some welcome peace for residents of the district, Musa Qala, and a reprieve for British troops, who had been under siege by the Taliban in a compound there for three months.

But it has sharply divided former government officials, legislators and ordinary Afghans.

Some say the agreement points the way forward in bringing peace to war-torn parts of the country. Others warn that it sets a dangerous precedent and represents a capitulation to the Taliban and a potential reversal of five years of American policy to build a strong central government. They say the accord gives up too much power to local leaders, who initiated it and are helping to enforce it.

“The Musa Qala project has sent two messages: one, recognition for the enemy, and two, military defeat,” said Mustafa Qazemi, a member of Afghanistan’s Parliament and a former resistance fighter with the Northern Alliance, which fought the Taliban for seven years.

“This is a model for the destruction of the country,” he said, “and it is just a defeat for NATO, just a defeat.”

As part of the deal, the district has been allowed to choose its own officials and police officers, something one member of Parliament warned would open a Pandora’s box as more districts clamored for the right to do the same.

Some compare the deal to agreements that Pakistan has struck with leaders in its tribal areas along the Afghan border, which have given those territories more autonomy and, critics say, empowered the Taliban who have taken sanctuary there and allowed them to regroup.

“It is the calm before the storm,” one senior Afghan military officer said of the accord.

Even President Hamid Karzai, who sanctioned the deal, has admitted to mixed feelings. “There are some suspicions in society about this,” he said in a recent radio interview with Radio Free Europe.

“I trust everything these elders say,” Mr. Karzai said, but he added that two recent episodes in the area — of killing and intimidation — gave pause and needed investigation.

For their part, foreign military officials and diplomats expressed cautious optimism, saying the accord had at least opened a debate over the virtues of such deals and time is needed to see if it will work. “If it works, and so far it appears to work, it could be a pointer to similar understandings elsewhere,” said one diplomat, who would speak on the topic only if not identified.

The governor of Helmand, Mohammad Daud, brokered the deal and defended it strongly as a vital exercise to unite the Pashtun tribes in the area and strengthen their leaders so they could reject the Taliban militants.

Appointed at the beginning of the year, Mr. Daud has struggled to win over the people and control the lawlessness of his province, which is the largest opium-producing region as well as a Taliban stronghold.

Some 5,000 British soldiers deployed in the province this year as part of an expanding NATO presence have come under repeated attack. Civilians have suffered scores of casualties across the south as NATO troops have often resorted to airstrikes, even on residential areas, to defeat the insurgents.

It was the civilians of Musa Qala who made the first bid for peace, Mr. Daud explained.

“They made a council of elders and came to us saying, ‘We want to make the Taliban leave Musa Qala,’ ” he said in a telephone interview from the provincial capital, Lashkar Gah. “At first we did not accept their request, and we waited to see how strong the elders were.”

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But the governor and the British forces soon demanded a cease-fire, and when it held for more than a month, they negotiated a withdrawal of British troops from the district, as well as the Afghan police who had been fighting alongside them. The Taliban then also withdrew.

Eventually the governor agreed on a 15-point accord with the elders, who pledged to support the government and the Afghan flag, keep schools open, allow development and reconstruction, and work to ensure the security and stability of the region. That included trying to limit the arming of people who do not belong to the government, namely the Taliban insurgents.

They drew up a list of local candidates for the posts of district chief and police chief, from which the governor appointed the new officials. They also chose 60 local people to serve as police officers in the district, sending the first 20 to the provincial capital for 20 days of basic training, according to provincial officials.

One energetic supporter of the deal is Abdul Ali Seraj, a nephew of King Amanullah, who ruled in the 1920s, and leader of the Coalition for National Dialogue With the Tribes of Afghanistan, which is working to bring peace through the tribal structures.

"Musa Qala is the way to do it," Mr. Seraj said. "Sixty days since the agreement, and there has not been a shot fired."

The agreement has been welcomed by residents of Musa Qala, who said in interviews by telephone or in neighboring Kandahar Province that people were rebuilding their houses and shops and planting winter crops, including the ubiquitous poppy, the source of opium.

The onset of the lucrative poppy planting season may have been one of the incentives behind their desire for peace, diplomats and government officials admitted.

Elders and residents of the area say the accord has brought calm, at least for now. "There is no Taliban authority there," said Haji Shah Agha, 55, who led 50 members of the Musa Qala elders' council to Kabul recently to counter criticism that the district was in the hands of the Taliban.

"The Taliban stopped fighting because we convinced them that fighting would not be to our benefit," he said. "We told the Taliban, 'Fighting will kill our women and children, and they are your women and children as well.' "

What the Taliban gained was the withdrawal of the British forces without having to risk further fighting. Meantime, the Taliban presence remains strong in the province, so much so that road travel to Musa Qala for a foreign journalist is not advised by United Nations security officials. While residents are happy with the peace, they do not deny that the militants who were fighting British forces all summer have neither disbanded nor been disarmed.

According to a local shopkeeper, Haji Bismillah, 40, who owns a pharmacy in the center of Musa Qala, the Taliban have pulled back to their villages and often come into town, but without their weapons.

"The Taliban are not allowed to enter the bazaar with their weapons," he said in a telephone interview. "If they resist with guns, the tribal elders will disarm them," he said.

He said the elders had temporarily given the Taliban "some kind of permission to arrest thieves and drug addicts and put them in their own prison," since the elders did not yet have a police force of their own.

The district's newly appointed police chief, Haji Malang, said the Taliban and the police had agreed not to encroach on each other's territory. "They have their place which we cannot enter, and we have our place and they must not come in," he said in a telephone interview this week.

Some residents said the deal would benefit the Taliban. "This is a very good chance for the Taliban," said Abdul Bari, 33, a farmer who accompanied a sick relative to a hospital in neighboring Kandahar province.

"The people now view the Taliban as a force, since without the Taliban, the government could not bring peace in the regions." he said. "It is not sure how this agreement will work, but maybe the Taliban will get more strength and then move against the elders."

Opponents of the agreement warned that the elders were merely doing the bidding of the Taliban and would never be strong enough to face down Taliban commanders.

"The Taliban reappeared by the power of the gun, and the only way to defeat them is fighting, not dealing," said Haji Aadil Khan, 47, a former police chief from Gereshk, another district of Helmand.

One event that has alarmed all sides was the killing and beheading of Haji Ahmad Shah, the former chief of a neighboring district, who returned to his home after the agreement was signed. Beheading is a tactic favored by some Taliban groups, and his friends say it is a clear sign that the Taliban are in control of the area. Elders of Musa Qala said that Mr. Shah had personal enemies and that they were behind the killing.

The governor, Mr. Daud, and the elders said a number of the opponents to the agreement were former militia leaders who did not want peace. "The people of Musa Qala took a step for peace with this agreement," said the chief elder, Haji Shah Agha. "The Taliban are sitting calmly in their houses."

Another elder, Amini, who uses only one name, said: "For four months we had fighting in Musa Qala and now we have peace. What is wrong with it, if we have peace?"

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Afghanistan Opium Crop Sets Record (WP)

By Karen DeYoung

The Washington Post, December 2, 2006

Opium production in Afghanistan, which provides more than 90 percent of the world's heroin, broke all records in 2006, reaching a historic high despite ongoing U.S.-sponsored eradication efforts, the Bush administration reported yesterday.

In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the amount of land under cultivation in opium poppies grew by 61 percent. Cultivation in the two main production provinces, Helmand in the southwest and Oruzgan in central Afghanistan, was up by 132 percent.

White House drug policy chief John Walters called the news "disappointing."

The administration has cited resurgent Taliban forces as the main impediment to stabilization and reconstruction efforts in Afghanistan, and the U.S. military investment has far exceeded anti-narcotic and development programs. But U.S. military and intelligence officials have increasingly described the drug trade as a problem that rivals and in some ways exceeds the Taliban, threatening to derail other aspects of U.S. policy.

"It is truly the Achilles' heel of Afghanistan," Gen. James L. Jones, the supreme allied commander for NATO, said in a recent speech at the Council on Foreign Relations. Afghanistan is NATO's biggest operation, with more than 30,000 troops. Drug cartels with their own armies engage in regular combat with NATO forces deployed in Afghanistan, he said. "It would be wrong to say that this is just the Taliban. I think I need to set that record straight," he added.

"They have their own capability to inflict damage, to make sure that the roads and the passages stay open and they get to where they want to go, whether it's through Pakistan, Iran, up through Russia and all the known trade routes. So this is a very violent cartel," Jones said. "They are buying their protection by funding other organizations, from criminal gangs to tribes, to inciting any kind of resistance to keep the government off of their back."

Any disruption of the drug trade has enormous implications for Afghanistan's economic and political stability. Although its relative strength in the overall economy has diminished as other sectors have expanded in recent years, narcotics is a $2.6 billion-a-year industry that this year provided more than a third of the country's gross domestic product. Farmers who cultivate opium poppies receive only a small percentage of the profits, but U.S. officials estimate the crop provides up to 12 times as much income per acre as conventional farming, and there is violent local resistance to eradication.

"It's almost the devil's own problem," CIA Director Michael V. Hayden told Congress last month. "Right now the issue is stability. . . . Going in there in itself and attacking the drug trade actually feeds the instability that you want to overcome."

"Attacking the problem directly in terms of the drug trade . . . would undermine the attempt to gain popular support in the region," agreed Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency. "There's a real conflict, I think."

The Afghan government has prohibited the aerial herbicide spraying used by U.S. anti-narcotic programs in Latin America. Instead, opium poppy plants in Afghanistan are destroyed by tractors dragging heavy bars. But only 38,500 of nearly 430,000 acres under cultivation were eradicated this year.

Because of security concerns and local sensibilities, all eradication is done by Afghan police, and corruption is a major problem at every level from cultivation to international trafficking. Although the drug trade is believed to provide some financing to the Taliban, most experts believe it is largely an organized criminal enterprise. According to a major report on the Afghan drug industry jointly released last week by the World Bank and the U.N. Office on Drugs and Crime, key narcotics traffickers "work closely with sponsors in top government and political positions."

The report drew specific attention to the Afghan Interior Ministry, saying its officials were increasingly involved in providing protection for and facilitating consolidation of the drug industry in the hands of leading traffickers. "At the lower levels," the report said, "payments to police to avoid eradication or arrest reportedly are very widespread. At higher levels, provincial and district police chief appointments appear to be a tool for key traffickers and sponsors to exercise control and favor their proteges at middle levels in the drug industry."

Opium cultivation was outlawed during Taliban rule in the late 1990s and was nearly eliminated by 2001. After the overthrow of the Taliban government by U.S. forces in the fall of that year, the Bush administration said that keeping a lid on production was among its highest priorities. But corruption and alliances formed by Washington and the Afghan government with anti-Taliban tribal chieftains, some of whom are believed to be deeply involved in the trade, undercut the effort.

Afghan President Hamid Karzai recently noted that "once we thought terrorism was Afghanistan's biggest enemy" but said that now "poppy, its cultivation and drugs are Afghanistan's major enemy."

Eradication and alternative development programs have made little discernible headway. Cultivation -- measured annually with high-resolution satellite imagery that is then parsed by analysts using specialized computer software -- is nearly double its highest pre-Karzai level.

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"There is supposed to be a tremendous energy associated with this," Jones said of the counter-narcotics programs, "but it needs a fresh look because . . . we're losing ground.

DOJ:

Buchanan Named To New Post (PTR)

By Chris Buckley

Pittsburgh Tribune-Review, December 2, 2006

Mary Beth Buchanan has been named acting director of the Justice Department's Office on Violence Against Women.

This Washington, D.C.-based office administers financial and technical assistance to communities around the country that are creating programs, policies and practices aimed at ending domestic violence, dating violence, sexual assault and stalking.

OVW's mission is to provide leadership in developing the nation's capacity to reduce violence against women through implementation of the Violence Against Women Act. The Office's ultimate goal is to change perceptions about violence against women so that those crimes are considered unacceptable and no longer tolerated in our society.

As director, Buchanan will oversee the administration of approximately $400 million in grant funding. One of the program areas the grants will go to is the Campus Program.

The Grants to Reduce Violent Crimes Against Women on Campus program is designed to encourage institutions of higher education to adopt comprehensive, coordinated responses to violent crimes against women on campuses, including sexual assault, stalking, domestic violence, and dating violence.

Working in partnership with community-based nonprofit victim advocacy organizations and local criminal justice or civil legal agencies, campuses must adopt protocols and policies that treat violence against women as a serious offense and develop victim services and programs in which victim safety, offender accountability, and the prevention of such crimes are central.

Many campuses are beginning to address violent crimes against women by developing campus-based responses that include campus victim services, campus law enforcement, health services, housing authorities, campus administration, student organizations, and disciplinary boards.

Buchanan will continue to serve as United States Attorney for Western Pennsylvania in addition to her new challenges leading the OVW.

Appointed by President George W. Bush Sept. 5, 2001, and confirmed by the United States Senate Sept. 14, 2001, Buchanan is the first woman and youngest person in Pennsylvania's history to be presidentially appointed to this position.

As United States Attorney, Buchanan oversees the prosecution of all federal crimes, and the litigation of civil matters in which the federal government has an interest, throughout the 25 counties in Western Pennsylvania.

Buchanan also served from June 2004 until June 2005 as the director of the Executive Office for United States Attorneys. This Washington D.C.-based office provides administrative support to the 94 United States Attorneys' Offices nationwide.

A native of Roscoe, Buchanan is a 1984 graduate of California University of Pennsylvania, and a 1987 graduate of the University of Pittsburgh School of Law. In March 1999, she received California University of Pennsylvania's Alumni Professional Achievement Award.

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CORPORATE SCANDALS:

SEC Tries To Force The Mother Of Ex-Fidelity Trader To Testify (WSJ)

By Jennifer Levitz

The Wall Street Journal, December 2, 2006

The Securities and Exchange Commission is trying to force the mother of a former Fidelity Investments trader to testify about purchase of shares made in her account at about the time the mutual-fund titan was buying the same security.

Under securities laws, money managers and traders are forbidden from making a personal profit from their inside market knowledge of what their company is buying or selling, or from passing that information to others. Using that advance knowledge -- a practice often called "front-running" -- can be valuable because stocks often rise after big firms like Fidelity make a purchase.

In a filing in U.S. District Court in Boston, the SEC says it wants to compel testimony from Concetta Donovan, mother of former Fidelity trader David Donovan Jr. Along with testimony, the SEC also wants both of Mr. Donovan's parents to produce documents in connection with the purchase of Covad Communications Group Inc. stock in Ms. Donovan's brokerage account in

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2003. The SEC's filing says it is also investigating trading based on "material nonpublic information" in the shares of Comverse Technology Inc., and CellStar Corp. and certain other unidentified securities, though it provided few details.

Richard E. Nicolazzo, a spokesman for Mr. Donovan, said "he never took any actions that violated company policies and procedures" while at Fidelity and "remains confident that when the inquiries are completed he will be vindicated."

A lawyer for Concetta Donovan has said her client has been unable to testify because she is on pain medications "that affect her ability to think clearly and process information," the SEC filing said.

Fidelity spokeswoman Anne Crowley said the Boston firm alerted regulators to matters concerning Mr. Donovan in early 2005. He left the company in December 2004, according to National Association of Securities Dealers records.

Since late 2004, the SEC and the NASD have also been probing whether Fidelity traders improperly accepted gifts from brokerage houses doing business with the company, the nation's largest mutual-fund firm. Ms. Crowley said the company had conducted its own review of these matters and sanctioned about 20 employees on Fidelity's equity-trading desk.

Many of them left the company. This week's filing also says that the SEC is investigating the Jefferies & Co. unit of Jefferies Group Inc., which bought and sold stocks for Fidelity and whose employees paid for expensive dinners, golf outings, and private airplane travel for Fidelity traders, people familiar with the matter say. Neither the SEC or NASD has charged Fidelity, Jefferies, Mr. Donovan or members of his family.

Write to Jennifer Levitz at jennifer.levitz@wsj.com1

S.E.C. Asks Court To Force Parents Of Former Trader To Cooperate (NYT)

By Bloomberg News

The New York Times, December 2, 2006

The Securities and Exchange Commission asked a federal court to force the parents of a former Fidelity Investments trader to cooperate in an investigation of whether they bought stock based on nonpublic information from their son.

The parents, Concetta and David Donovan Sr., failed to comply with subpoenas issued in April 2005 in connection with their purchase of Covad Communications shares in 2003, according to a filing made by the S.E.C. Thursday in Federal District Court in Boston. Their son, David Donovan Jr., was a trader at Fidelity until March 2005, when he left the company.

The S.E.C. asserts in an affidavit that 55,000 Covad shares were purchased by a brokerage account owned by Concetta Donovan in August 2003 and were sold a month later for a profit of $89,775.

Richard Nicolazzo, a spokesman for David Donovan Jr., said his client “never took any action that violated company policies or procedures,” and he intends to cooperate with regulators. David Bergers, head of the S.E.C.’s Boston office, declined to comment.

The commission’s filings do not allege that either Mr. Donovan or his parents engaged in illegal trading, and do not accuse Fidelity of wrongdoing. A telephone message left for Valerie Carter, a lawyer for Concetta and David Donovan Sr., was not immediately returned.

Shares of Covad, a provider of Internet and network services, tripled in August 2003. Fidelity, the world’s largest mutual-fund company, bought 3.2 million shares for its clients in the preceding month, the S.E.C. filings say.

The S.E.C. asked the court to order Concetta and David Donovan Sr. to provide documents and testify, and to show why they cannot comply with the subpoenas.

A Fidelity spokeswoman, Anne Crowley, said “to our knowledge” the Donovan investigation is a separate incident and not part of any larger investigation of insider trading at the money manager.

Lerach's Enron Lawsuit Against AllianceBernstein Is Dismissed (WSJ)

By Peter Lattman

The Wall Street Journal, December 2, 2006

The federal judge overseeing the Enron Corp. shareholders' class-action lawsuit has dismissed a $1 billion claim brought by plaintiffs' lawyer William Lerach against investment firm Alliance Capital Management LP, now known as AllianceBernstein LP.

In a step unusual in securities class-action cases, U.S. District Judge Melinda Harmon in Houston ordered the plaintiffs to pay Alliance's attorney's fees. She also stated that the payment of attorney's fees would be "more appropriate" to "be borne" by plaintiffs' counsel.

"We're disappointed in her ruling but Judge Harmon calls 'em as she sees 'em," said Mr. Lerach of Lerach Coughlin Stoia Geller Rudman & Robbins LLP. He added that he hopes the judge may change her view or that the plaintiffs may prevail on the issue on appeal, but he says that if attorney's fees "are going to be paid, we're the ones who are going to pay them."

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The class-action lawsuit was brought against investment firms for alleged fraud related to their underwriting of Enron securities.

This particular claim concerned the service of an Alliance executive, Frank Savage, on Enron's board of directors and his signing of a false registration statement for the issuance of $1 billion of Enron bonds.

The shareholders alleged that Alliance had placed Mr. Savage on Enron's board to serve its own interest or, at the very least, approved Mr. Savage's Enron board service and thus controlled his actions on the board.

The judge rejected the shareholders' claim, saying, "There is no evidence that Alliance had any authority to influence, supervise or determine Savage's actions at Enron, nor any evidence that Alliance induced Savage to watch out for Alliance's interests while on Enron's board, nor that Savage did watch out for Alliance's interest after joining the Enron board."

She also noted that the shareholders provided no evidence that Mr. Savage "knew or should have known or suspected" that the registration statement was false and misleading at the time he signed it.

Mr. Savage was also named as a defendant in the shareholders' class action and, along with other directors, settled the claim against him without admitting wrongdoing.

"From a public-policy perspective, what we were really litigating here was whether an employer can be held liable for the acts of its employee serving on the board of another company independently," said Alliance's lawyer, Mark Kirsch of Clifford Chance LLP.

Mr. Lerach's firm has secured more than $7 billion in civil settlements for Enron shareholders.

Write to Peter Lattman at peter.lattman@wsj.com1

In Unusual Ruling, Law Firm Is Told To Pay Opponent's Legal Fees In Enron Case (NYT)

By Floyd Norris

The New York Times, December 2, 2006

In a decision that she conceded flies in the face of previous rulings by other courts, a federal judge in Houston has ordered the law firm of William S. Lerach, a leading class-action lawyer, to pay the legal fees and costs of a company he sued.

The company, Alliance Capital, a money management firm, was sued by Mr. Lerach's firm as part of a large Enron class-action case. The lawsuit argued that Alliance should be held responsible for the Enron fraud because an Alliance official was also a director of Enron.

In a decision issued late Thursday, Judge Melinda Harmon of Federal District Court issued a summary judgment dismissing the case against Alliance, and also invoked a rule requiring the payment of Alliance's legal fees by the plaintiff's lawyer, on the ground that the case was pursued after it became clear it was without merit. The decision appears to be the first in which a law firm, and not the plaintiff, has been ordered to pay under that section of the securities law.

It is not clear how much the ruling will cost the Lerach firm, Lerach, Coughlin, Stoia, Geller, Rudman & Robbins of San Diego. Alliance, now known as AllianceBernstein, was directed to submit its bills for the months since Mr. Lerach's firm should have known the case was unreasonable.

In a telephone interview, Mr. Lerach said he would appeal the ruling. "I think we are a long way from paying anybody's legal fees," he said. "At the end of the day, I'll be very surprised if we have to pay."

What was most unusual about the decision was that the penalty was assessed against the law firm. The judge noted that one appellate court — the United States Court of Appeals for the Second Circuit, in New York — had held that the part of the law permitting such rulings, known as Section 11(e) of the Securities Act of 1933, "was not intended to authorize an award against the parties' attorney."

But Judge Harmon said that no other circuit had adopted that rule, and that "it appears to this court more appropriate that an award of fees and costs under Section 11(e) should be borne by counsel: non-attorney clients more likely than not would not have the ability to determine at what point, based on what evidence, an action becomes legally 'frivolous,' while its licensed counsel should be and is held to such a standard."

The ruling did not cite any other case in which a law firm was held to be liable under the section.

Judge Harmon, who was appointed to the bench by President George H. W. Bush in 1989, said the plaintiff's suspicions about Alliance "were not unreasonable" when the case was filed. But at some point after Mark Savage, the former Enron director and Alliance official, gave a deposition in January 2005, it should have been clear to the Lerach firm that the case had no merit, she said. She said the costs Alliance incurred in preparing for an argument over summary judgment should be paid by the Lerach firm.

"The crux of the judge's order," said Mark Kirsch, a partner in the Clifford Chance law firm, which represented Alliance, "is that after all the facts were known, plaintiffs should have dropped what was clearly an innocent party. They refused to do that.

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And by assessing fees, the judge said in no uncertain terms that that's wrong, that's not how class-action litigation is supposed to work." Alliance was ordered to submit itemized costs that the Lerach firm should pay.

Mr. Kirsch said Alliance, in asking for Section 11(e) penalties, had not specified whether the law firm or the investors who were plaintiffs in the class-action suit should be held responsible. The plaintiffs were led by the University of California Board of Regents.

Alliance, one of the largest money managers in the country, was thoroughly humiliated by the Enron collapse. It bought shares as they fell in 2001, believing that the market was overreacting to reports about Enron's accounting problems, and its clients suffered large losses.

Mr. Savage, who was an Alliance executive while he served on the Enron board from 1999 to 2001, was named in the suit because he had signed a registration statement for a bond issue that included false financial statements.

For Alliance to be liable, the judge wrote, it would have had to control Mr. Savage at the time he signed the statement. The judge ruled that there was no evidence of such control, adding that in any case the plaintiffs did not offer evidence "that Alliance or Savage knew or should have known or suspected that the registration statement was false and misleading at the time Savage signed it."

Mr. Lerach's firm was formed in 2004 after he split off from Milberg Weiss, a New York law firm active in class-action suits. Milberg Weiss and two of its partners are now under indictment in connection with what the government contends are illegal payments to class-action plaintiffs, but no charges have been filed against Mr. Lerach or his firm.

Mr. Kirsch, the Clifford Chance partner, said all five lawsuits filed against Alliance over Enron had now been dismissed, including a case filed by the State of Florida, which used Alliance as a money manager for a pension fund. That case ended in a jury verdict in favor of Alliance.

CRIMINAL LAW:

Rabbi Sentenced In Internet Sex Sting (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, December 2, 2006

A Maryland rabbi caught in a television sting operation was sentenced to 6 1/2 years in prison yesterday for trying to solicit sex from a 13-year-old boy over the Internet.

David A. Kaye, 56, told the judge that he traveled to Herndon for what he thought would be sex with a boy "as a cry out for help to fight my personal demons." Sobbing as he acknowledged his father, who sat in the courtroom in a wheelchair, Kaye said his conviction had made him face "the reality of who I am. . . . I know I need help. I pray that God allows me to get that help."

Kaye's attorney, Peter D. Greenspun, said the rabbi, who was featured last year on the "To Catch a Predator" series on "Dateline NBC," kept his sexuality secret and spent thousands of hours chatting online in search of liaisons.

Kaye thought that he was chatting online with a young adult, Greenspun said. He said Kaye, who is divorced, is in therapy, and he urged a sentence on the low end of federal guidelines, which recommended a term of 63 to 78 months in prison.

"There is a very decent core to this man," Greenspun said.

But U.S. District Judge James C. Cacheris in Alexandria settled on 78 months and said Kaye would then face 10 years of supervised release. The judge said that during that time, Kaye will be forbidden to accept any job involving children, and he ordered him to never be around children younger than 18 without an adult present.

Assistant U.S. Attorney Ed Power had called for a tough sentence and said Kaye's conduct was "a crime of violence in which he essentially tried to rape a 13-year-old boy."

U.S. Attorney Chuck Rosenberg said the lesson of the case "is pretty simple: Stay away from our children."

Kaye, of Potomac, is the former vice president of program at Rockville-based PANIM: The Institute for Jewish Leaders and Values, an educational foundation that trains Jewish leaders. He resigned last year after informing the organization that he would be on "Dateline."

Kaye was convicted in September after a two-day bench trial in which prosecutors presented evidence of sexually graphic chats between him and the boy. In reality, the boy was a 26-year-old man working for Perverted Justice, a group that tries to expose adults who use the Internet for sexual activity with children.

Perverted Justice was working with "Dateline," which paid the watchdog group to create a pedophile sting that ran as a series of TV reports. When Kaye arrived at the Herndon house that the group had set up, he was confronted on camera by NBC correspondent Chris Hansen.

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"You know I'm in trouble. I know I'm in trouble," Kaye told Hansen, according to Cacheris's opinion. The judge convicted Kaye on one count of coercion and enticement and one count of travel with intent to engage in illicit sexual conduct.

Other men lured to the Herndon home included a schoolteacher from Prince George's County and a physician from the Eastern Shore.

Some defense lawyers have challenged the TV sting operations as entrapment, and experts in media ethics have questioned NBC's decision to pay Perverted Justice, because mainstream news organizations typically do not pay sources for their cooperation. NBC has defended the arrangement, saying that the programs have raised public awareness of Internet pedophilia.

Cacheris's opinion said that NBC paid Perverted Justice $100,000.

During the trial, prosecutors presented outtakes from the NBC show and a log of Kaye's chats with the person posing as a 13-year-old. Using the screen name "REDBD," Kaye initiated the chats, Cacheris wrote.

Rabbi Sentenced In Web Sex Sting (AP)

By Matthew Barakat, Associated Press

AP, December 2, 2006

A Rockville rabbi ensnared in a nationally televised sex sting was sentenced to 61/2 years in prison yesterday for attempting to have sex with someone whom he thought to be a 13-year-old boy.

David A. Kaye, 56, was convicted in U.S. District Court in Alexandria in September of enticement and traveling across state lines to engage in illegal sexual conduct.

Most of the evidence came from a televised sting on "Dateline NBC" that was conducted in conjunction with an Internet watchdog group called Perverted Justice.

A Perverted Justice member posing as a 13-year-old boy met Kaye in an online chat room in August 2005, and Kaye solicited sex acts.

When Kaye drove to what he thought was the boy's home in Herndon, he was instead confronted by a television reporter and camera crew and conceded he was there for "not something good."

During yesterday's hearing, prosecutors said Kaye's crime was not an isolated incident and submitted affidavits from others who claimed Kaye engaged in improper conduct, including one incident at a youth camp as far back as 1974.

Details of that incident were not discussed, and the affidavits are under seal. Kaye denied any improper conduct.

The 78-month sentence from U.S. District Judge James Cacheris was at the high end of federal sentencing guidelines, and will be followed by an unusually long period of supervised release -- 10 years.

Kaye also will be required to register as a sex offender and is barred from having unsupervised contact with minors.

Kaye yesterday said that he thinks his actions last year were "a cry out for help."

"I do accept responsibility for my actions last year, and I know I need help," said Kaye, who broke down sporadically throughout the hearing, usually when he turned back to the courtroom gallery and made eye contact with his elderly father.

Kaye testified at his trial that he led a double life and frequently used the Internet to facilitate homosexual liaisons.

He said he knew the person he was chatting with was older than 13 and assumed he was an adult, but played along with what he assumed to be role playing.

Judge Cacheris, who convicted Kaye following the bench trial, wrote in his opinion that Kaye's testimony was not credible in "veracity, demeanor, cadence, tenor and inflection of his voice as well as the consistency of his answers on cross examination."

Kaye was a rabbi at a congregation in Potomac for 16 years and at the time of the sting he was vice president of a Rockville-based Jewish youth organization called PANIM: the Institute for Jewish Leaders and Values.

The Perverted Justice sting at the Herndon home, which ensnared 19 men over a three-day period, has resulted in multiple convictions and prison sentences.

Perverted Justice says its stings have resulted in more than 100 convictions nationwide since 2004. The group has an ongoing partnership with NBC to produce additional shows, titled "To Catch a Predator."

Critics say that Perverted Justice's methods border on vigilantism.

Last month in Texas, a man about to be arrested after being caught in a Perverted Justice sting shot and killed himself when police tried to arrest him.

Consultant Pleads Guilty In Bridge Commission Scam (PHI)

By Toni Callas

The Philadelphia Inquirer, December 2, 2006

DOJ_NMG_0100947

Robert Stears, a consultant and lobbyist, pleaded guilty today to defrauding the Burlington County Bridge Commission of hundreds of thousands of dollars, and failing to pay federal taxes for six years.

During his plea hearing before U.S. District Judge Jerome B. Simandle, Stears, 51, answered "yes" to 31 allegations, holding his head in his hands as the list continued.

He admitted that he submitted inflated and fraudulent bills to the bridge commission from 1997 to 2003. He also did not file income tax forms from 1999 to 2004.

In pleading guilty, Stears gave up his right to an appeal. His sentencing date is scheduled for March 30, and he faces up to 25 years in prison.

Stears told the court he created the Strategy Group, a Trenton consulting firm that performed lobbying and public relations work for the commission from 1997 to 2002. Stears admitted that he was the sole liaison between the commission and the consulting group and was aware of "virtually all transactions," the U.S. Justice Department said. Stears also said he prepared the invoices submitted to the commission monthly.

The company paid the group $300,000 a year from 1997-1999 and more than $500,000 a year from 2000 to 2002.

In 2002, Stears received more than $300,000 in taxable income on which he did not pay income taxes; he owes $112,863 in taxes on that alone. He admitted that he tried to hide that money from the government in a checking account under the name of his new venture: Governmental Strategies. He did not file federal income taxes from 1999 to 2004, the justice department said.

In 2003, Stears left Strategy Group and started the new firm, of which he was the sole owner. Subsequently, the commission parted with Strategy Group and signed on with Stears' new venture.

He collected more than $100,000 from the commission under this business.

In the first four months after starting the new company, Stears admitted, he handed in false invoices, stating that his employees did work that they did not perform.

Voting Machine Firm Denies Tax, Bribery Allegations (MH)

By Alfonso Chardy And Jay Weaver

The Miami Herald, December 2, 2006

Smartmatic, an international company with offices in Boca Raton, has contacted the Justice Department to deny allegations that its Venezuelan owners paid a bribe to secure a $91 million contract to supply electronic voting machines in Venezuela, an attorney for the firm said Friday.

"We have informally told the Justice Department that there is no basis for these allegations," said Jeffrey Bialos, a Washington, D.C. attorney retained by Smartmatic.

He said Justice officials told the company this fall that it was not the target of a criminal investigation, nor has it received any subpoenas.

The company, incorporated in Delaware, also denied allegations that it failed to pay U.S. income taxes.

Smartmatic's denials mark yet another chapter in the convoluted saga of the Boca Raton firm that last year bought Sequoia Voting Systems of Oakland, Calif., one of the nation's leading suppliers of electronic voting machines. Sequoia machines operate in Washington, D.C. and 16 states, including four counties in Florida: Palm Beach, Indian River, Hillsborough and Pinellas. Smartmatic machines will be used in Sunday's presidential election in Venezuela.

Smartmatic also is being investigated by a Treasury-led panel over whether the government of Venezuelan President Hugo Chávez, increasingly at odds with President Bush, is a secret business partner. Smartmatic has denied any link to the Chávez government.

In another development, Rep. Carolyn Maloney, D-N.Y., who helped spark the Smartmatic probe by the Treasury-led Committee on Foreign Investment in the United States, sent a letter Thursday to Treasury Secretary Henry Paulson Jr. to urge his agency to publicize its findings as soon as the review is completed.

The Wall Street Journal reported Friday that the Justice Department has been probing Smartmatic for possible violations of the Foreign Corrupt Practices Act and possible tax evasion. A Justice Department spokesman on Friday refused to comment.

El Nuevo Herald reported Thursday that agents from the Internal Revenue Service and the Federal Bureau of Investigation are investigating allegations involving tax evasion, an excessive commission to a lobbyist in Caracas and alleged death threats by Smartmatic President Antonio Mugica.

In a statement sent to El Nuevo Herald, a copy of which the company sent Friday to The Miami Herald, Smartmatic said Mugica ``has never threatened any employee."

The statement said the company has concluded that the allegations came from two former employees who ``appear to be acting in a manner inconsistent with their separation and confidentiality agreements."

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Bialos said Smartmatic sent the ex-employees -- a chief financial officer and comptroller -- "cease and desist" letters, reminding them of the confidential nature of their "voluntary termination" agreements. He said Smartmatic would take legal action, if necessary, but was not attempting to stop them from talking with authorities.

"The company's policy is one of full and open disclosure," Bialos said.

Smartmatic raised suspicions among Chávez's critics after The Miami Herald revealed in May 2004 that two of its main owners, Mugica and Alfredo Anzola, also owned Bizta Corp. -- a small software company in Caracas in which the Venezuelan government had a 28 percent ownership stake.

The disclosure sparked concern among Chávez's political opponents because Bizta, Smartmatic and Venezuelan telephone giant CANTV had won the $91 million contract to supply electronic voting machines before the 2004 referendum that Chávez won. Just before the referendum took place, Bizta announced it would buy back the government shares.

Concern resurfaced after Smartmatic acquired Sequoia last year and Maloney asked the Treasury-led group to investigate. The Miami Herald reported in October that the interagency panel had begun a full-fledged investigation into whether the Chávez government played a behind-the-scenes role in Smartmatic. Smartmatic later confirmed that it had "voluntarily submitted" to the review.

Brookly McLaughlin, a Treasury spokeswoman, said Friday there was nothing new to report on the investigation.

The panel determines whether a particular foreign investment "threatens to impair the national security of the United States." The panel has an initial 30 days to review a transaction but can extend the probe 45 more days if at least one member of the committee determines that a particular investment threatens to impair national security. Though no one would say whether the probe is now in the 45-day stage, all indications are that it is. The Miami Herald reported on the original review in July.

According to procedures, the panel can recommend that the president suspend or prohibit the investment in question or offer another recommendation or none at all.

El Nuevo Herald said Thursday that federal investigators were reviewing Smartmatic payments to Morris Loyo, a retired Venezuelan air force captain with "ample connections" to the Chávez government, as commissions for helping to obtain the voting machine contract.

Smartmatic confirmed employing Loyo "as a lobbyist/salesperson and independent contractor to assist in securing election contracts in Venezuela" but would not say how much he was paid.

Getting 40 Gold Coins, And A Role In A Corrupt Governor's Downfall (NYT)

By Alison Leigh Cowan

The New York Times, December 2, 2006

To many people, Lawrence E. Alibozek epitomized much that was wrong with the ill fated administration of Gov. John G. Rowland of Connecticut.

From the moment Mr. Alibozek joined the governor's office as his deputy chief of staff in the fall of 1997, the improper favors flowed. It started with $9,500 from a state contractor so that he could buy a new car. Later, Mr. Alibozek's boss, Peter N. Ellef, handed him an envelope stuffed with cash in the Capitol parking lot with a promise of more to come.

After five years, enough money and gifts had changed hands at the highest levels of state government that federal prosecutors needed 22 pages to list everything that was taken and to tell a bit of the stories behind them.

In the case of Mr. Alibozek, there were limousine rides to hotels in Boston and New York, vacations in Maine and Florida, the use of a 65-foot yacht, and dinners and getaways for him and his mistress, a state official. There were the 40 gold coins he buried in his backyard — a symbol of corruption at its most blatant — that he had accepted in exchange for steering a contract.

But what the public did not know was how much the government's successful prosecution of Mr. Rowland on bid-rigging charges, which drove him from office in his third term, depended on Mr. Alibozek's cooperation, and the price he has paid.

"I can tell you this," said Hugh F. Keefe, the lawyer who represented Mr. Ellef, the governor's co-chief of staff, "he was a significant part of the prosecution's case, in my case, in Ellef's case."

Federal prosecutors advised Mr. Alibozek not to comment because they needed his testimony at a trial of his former associates. His own sentencing was put off until their cases were resolved so that the value of his assertions could be assessed. His lawyer, William T. Gerace, said yesterday: "He's in limbo right now. He can't move on, and he'd like to."

But now that those cases have been successfully prosecuted, Mr. Alibozek's own sentencing is scheduled for January, suggesting that the impasse may be ending. It will be a cathartic end to a long-running investigation in which he was derided as an unstable informer and a symbol for much of the misconduct, and later was the subject of harassment.

"Let's hope so," said Hope Seeley, a Hartford lawyer who has represented several figures in the investigation, including Kristine Ragaglia, Mr. Alibozek's former mistress. "It's a sad chapter in Connecticut."

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The public will also get a more complete portrait of a man who feasted on improper favors, but who belatedly tried to distance himself from his co-conspirators.

Mr. Alibozek, 61, grew up in Torrington, Conn., graduated from what is now Central Connecticut State University, and spent four years in the Air Force, rising to staff sergeant. "He's no fancy-pants Republican," said Tom D'Amore, a neighbor in New Hartford who was once the head of the state Republican Party.

Soon after taking office in 1995, Mr. Rowland, a Republican, hired Mr. Ellef, a Cigna executive, to head his economic development team. Mr. Ellef, in turn, recruited Mr. Alibozek, a colleague at Cigna.

In 1997, Mr. Ellef became a chief of staff for the governor, and Mr. Alibozek was named the deputy. At Cigna, the two executives had become acquainted with William A. Tomasso, a contractor with ambitions for his family's construction and property-management business. Once Mr. Ellef and Mr. Alibozek joined the governor's inner circle, Mr. Tomasso's share of state business increased by tens of millions of dollars.

Court papers detail many of their secret arrangements. In one, Mr. Alibozek told prosecutors that in 1998 Mr. Ellef handed him a cash-filled envelope in the Capitol parking lot. He said he was told the money from Mr. Tomasso was theirs to split — with the understanding that Mr. Ellef would steer business his way.

Mr. Alibozek also told of receiving the $9,500 from Mr. Tomasso for a car and the 40 American Eagle gold coins worth $10,800; the coins were given to him because as the year 2000 approached, there were widespread fears that computer problems could bring the economy to a halt.

Mr. Alibozek also described how Mr. Tomasso bought him expensive dinners, gave him limousine rides and provided him with cash — perks he often shared with Ms. Ragaglia, at the time the head of the State Department of Children and Families.

In November 1998, when the state decided to build a juvenile prison, Mr. Ellef and Mr. Alibozek saw to it that Mr. Tomasso was the only potential bidder to accompany state officials to an Ohio correctional facility that was emerging as the model for the project.

In addition, Ms. Ragaglia — who told investigators last summer that she and Mr. Alibozek were romantically involved at the time — admitted in a sworn statement that she used her influence, at Mr. Alibozek's behest, to help steer the contract to Mr. Tomasso by telling a subordinate to make sure that his company was on the short list of bidders.

Later, when she was serving on a panel that selected the contractor, she said she heeded Mr. Ellef's instructions and voted for Mr. Tomasso. Although never charged with a crime, Ms. Ragaglia resigned from state government in July. Her lawyers declined to comment about her.

Once the juvenile prison was on track, Mr. Alibozek left the governor's office in July 1999 and spent several months running a lawn-and-garden business that prosecutors later described as yet another way for Mr. Tomasso to funnel money to Mr. Alibozek and his former colleagues.

With Connecticut reeling from the news in September 1999 that a former state treasurer, Paul Silvester, pleaded guilty to corrupt acts while in office, court papers show that Mr. Alibozek informed his partners in the landscaping business "shortly thereafter" that he wanted to pull out. They obliged him by dissolving the business, he told prosecutors, and he then "walked away" for good and ended his friendship with Mr. Ellef.

Three years later, investigators, emboldened by their prosecution of Mr. Silvester on corruption charges, came calling on Mr. Alibozek at his home in August 2002. By September, Mr. Alibozek had reached a formal agreement with prosecutors to cooperate in the investigation of Mr. Rowland and his aides.

Less than two months later, Mr. Rowland was handily elected to a third term, so Connecticut residents hardly knew what to make of the announcement the following spring by the United States attorney that Mr. Alibozek had pleaded guilty to accepting "cash, gold, and other items and services" in exchange for steering contracts to an unidentified contractor when he was the governor's deputy chief of staff.

Governor Rowland insisted he was not under investigation. Yet behind the scenes, Mr. Alibozek's cooperation was credited by many lawyers in the case with providing the road map used to convict Mr. Ellef and Mr. Tomasso on conspiracy charges and the governor on charges he deprived the public of honest services.

Mr. Rowland pleaded guilty in December 2004 and has already completed the year-and-a-day sentence handed down by Judge Peter C. Dorsey. Mr. Ellef and Mr. Tomasso are still serving the 30-month sentences they received in October 2005.

And Mr. Alibozek waits. Still married, he keeps busy by helping neighbors with their landscaping and caring for his two teenage children.

Mr. D'Amore, a friend of 30 years, said Mr. Alibozek was under great strain because of the publicity, exacerbated by a heart condition and efforts by Mr. Tomasso's lawyers to refute or shake Mr. Alibozek's testimony.

Investigators, for instance, have examined whether someone associated with Mr. Tomasso was involved in tapping Mr. Alibozek's phone, slashing his tires, or stealing his mail. Mr. Alibozek's family has also complained of being followed in their cars

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and even being bumped. Federal agents at one point seized surveillance equipment belonging to Mr. Tomasso's private investigators, but a spokesman for the United States attorney declined to comment.

Mr. Gerace, Mr. Alibozek's lawyer, said his client "has suffered greatly."

A sign that the investigation into the role of Mr. Alibozek was nearing an end emerged recently when he was scheduled for sentencing next month before Judge Dorsey.

The plea agreement calls for a sentence of 24 to 30 months, but some defense lawyers and friends say a reduced sentence is warranted.

But how much is a matter of dispute.

Feds Indict Daley Campaign Worker (CHIT)

By Rudolph Bush And Dan Mihalopoulos, Tribune Staff Reporters

Chicago Tribune, December 2, 2006

HDO coordinator charged in hiring probe

Pressing forward with their investigation of Mayor Richard Daley's political machine, federal prosecutors unsealed an indictment Friday against a campaign coordinator in the powerful Hispanic Democratic Organization.

John Resa, 48, an employee with the city's Water Management Department, was charged with lying when he told a grand jury that he had not sought city jobs to reward campaign workers for HDO.

Prosecutors alleged that Resa regularly lobbied his superiors in HDO--including a former high-ranking city official--to get jobs, promotions and other benefits for his political workers. He pleaded not guilty Friday morning.

Resa's indictment offered a new glimpse into how authorities are homing in on HDO, which for years was the most potent street army in Daley's political organization.

Authorities say HDO was deeply involved in a long-running scheme to rig city hiring for Daley loyalists, in violation of court decrees restricting political influence in City Hall hiring. The mayor's patronage chief, Robert Sorich, and three other former city officials were sentenced to prison in November for their roles in the scheme.

In Sorich's trial last summer, prosecutors described HDO leaders and former Daley aides Victor Reyes and Al Sanchez as co-schemers. Neither man has been charged with a crime.

Resa is the first HDO member to be indicted in the hiring investigation and the first person charged in the hiring scheme since Sorich's arrest in July 2005.

Investigation heats up

Resa was granted immunity from prosecution in exchange for his testimony in front of the grand jury in October. In recent months, investigators have scoured the Southeast Side--where Resa and Sanchez are from--questioning other HDO members about the group's activities and leaders.

Resa testified that he told the campaign workers that he would pass along their requests only as a ploy to "keep them coming to campaigns," according to the indictment.

"Once you tell them they ain't nothing in there, they're going to take off on you," the indictment quoted him as saying.

Resa acknowledged to the grand jury that many of his campaign workers got jobs as city truck drivers, but he claimed that he did not lobby on their behalf, prosecutors alleged.

During Sorich's trial, prosecutors tracked the hiring scheme to 1989, the year Daley became mayor. Under Daley, patronage spoils at City Hall shifted from Democratic ward organizations to new political groups.

HDO became the largest patronage army in the new Daley machine, growing particularly powerful after Reyes joined the mayor's office and Daley appointed Sanchez as his Streets and Sanitation commissioner.

At election time, HDO workers fanned out across the city's burgeoning Latino neighborhoods to help elect Daley, Gov. Rod Blagojevich, U.S. Rep. Rahm Emanuel (D-Ill.) and other politicians. Hundreds of HDO campaign workers won coveted blue-collar spots on the city payroll, even as the group's leaders denied that they promised public employment to reward political help.

Fresh details of clout

Resa's indictment offers fresh details of HDO's clout. High-ranking Daley administration officials engineered entry-level city jobs, promotions, "increased overtime opportunities," transfers to preferred job sites and raises for HDO members, prosecutors alleged.

Resa was part of HDO Southeast, which had as many as 500 campaign workers, and Resa commanded the largest unit, with as many as 70, prosecutors said.

From 1994 until early 2005, Resa's superiors in HDO were a high-ranking city official and another Daley administration official. Although the indictment does not name those two individuals, Sanchez fits the description of the high-ranking city official

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who led HDO Southeast. Sources said the city official who assisted him was George Esquivel, now an assistant Streets and Sanitation commissioner.

Esquivel said Friday he had spoken with federal investigators but declined to comment further.

Asked about Resa's indictment, Sanchez's lawyer, Daniel Pierce, said, "I have no idea what they are talking about."

Sanchez was Resa's political sponsor when he sought a city hoisting engineer job in the early 1990s, according to a clout list maintained by Daley's office. Resa and his family members have contributed $4,075 to HDO and HDO-backed candidates, public records show.

The city put Resa on paid administrative leave after his indictment Friday. Resa went on disability leave in April 2003 and returned to work Nov. 15 as a watchman.

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City Worker Charged With Lying, Sign Of More To Come (CHIST)

By NATASHA KORECKI And TIM NOVAK, Staff Reporters

Chicago Sun-Times, December 2, 2006

A city worker with ties to the Hispanic Democratic Organization was charged Friday with lying to a federal grand jury — a clear signal federal authorities are tearing into the powerful political group.

John Resa, 48, was accused of lying to a grand jury probing HDO activities by denying he helped get political campaign workers city jobs through his ties with the organization.

The indictment lays out the HDO structure and its active voter outreach efforts, in a sign there's more to come.

When Resa wanted to get jobs for workers, he went to a former high-ranking city official for help, identified as "Individual A" in the indictment.

Resa, who worked in the water department, was featured in October in the Sun-Times investigation of clout-backed city workers on sick leave. Resa missed more than 1,100 days of work since 2003 because of injuries he reported to his neck, back and left arm suffered while riding in a city truck on Feb. 6, 2003.

Assistant U.S. Attorney Patrick Collins said Resa headed a political army made up of 70 to 80 volunteers.

"This is part of a bigger investigation that does allege a scheme," Collins said.

Resa, a Southeast Side political coordinator for HDO, appeared in court this morning with his lawyer John Callahan Jr. and pleaded not guilty.

Prosecutors call the charges against Resa an outgrowth of the Hired Truck federal probe, initially spurred by a comprehensive 2004 Sun-Times investigation into waste and mismanagement in that program. Resa is the 45th person charged in the investigation.

FBI Taps Cell Phone Mic As Eavesdropping Tool (CNET)

By Declan McCullagh And Anne Broache, Staff Writer, CNET News.com

CNET News.com, December 2, 2006

Agency used novel surveillance technique on alleged Mafioso: activating his cell phone's microphone and then just listening.

The FBI appears to have begun using a novel form of electronic surveillance in criminal investigations: remotely activating a mobile phone's microphone and using it to eavesdrop on nearby conversations.

The technique is called a "roving bug," and was approved by top U.S. Department of Justice officials for use against members of a New York organized crime family who were wary of conventional surveillance techniques such as tailing a suspect or wiretapping him.

Nextel cell phones owned by two alleged mobsters, John Ardito and his attorney Peter Peluso, were used by the FBI to listen in on nearby conversations. The FBI views Ardito as one of the most powerful men in the Genovese family, a major part of the national Mafia.

The surveillance technique came to light in an opinion published this week by U.S. District Judge Lewis Kaplan. He ruled that the "roving bug" was legal because federal wiretapping law is broad enough to permit eavesdropping even of conversations that take place near a suspect's cell phone.

Kaplan's opinion said that the eavesdropping technique "functioned whether the phone was powered on or off." Some handsets can't be fully powered down without removing the battery; for instance, some Nokia models will wake up when turned off if an alarm is set.

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While the Genovese crime family prosecution appears to be the first time a remote-eavesdropping mechanism has been used in a criminal case, the technique has been discussed in security circles for years.

The U.S. Commerce Department's security office warns that "a cellular telephone can be turned into a microphone and transmitter for the purpose of listening to conversations in the vicinity of the phone." An article in the Financial Times last year said mobile providers can "remotely install a piece of software on to any handset, without the owner's knowledge, which will activate the microphone even when its owner is not making a call."

Nextel and Samsung handsets and the Motorola Razr are especially vulnerable to software downloads that activate their microphones, said James Atkinson, a counter-surveillance consultant who has worked closely with government agencies. "They can be remotely accessed and made to transmit room audio all the time," he said. "You can do that without having physical access to the phone."

Because modern handsets are miniature computers, downloaded software could modify the usual interface that always displays when a call is in progress. The spyware could then place a call to the FBI and activate the microphone--all without the owner knowing it happened. (The FBI declined to comment on Friday.)

"If a phone has in fact been modified to act as a bug, the only way to counteract that is to either have a bugsweeper follow you around 24-7, which is not practical, or to peel the battery off the phone," Atkinson said. Security-conscious corporate executives routinely remove the batteries from their cell phones, he added.

FBI's physical bugs discovered

The FBI's Joint Organized Crime Task Force, which includes members of the New York police department, had little luck with conventional surveillance of the Genovese family. They did have a confidential source who reported the suspects met at restaurants including Brunello Trattoria in New Rochelle, N.Y., which the FBI then bugged.

But in July 2003, Ardito and his crew discovered bugs in three restaurants, and the FBI quietly removed the rest. Conversations recounted in FBI affidavits show the men were also highly suspicious of being tailed by police and avoided conversations on cell phones whenever possible.

That led the FBI to resort to "roving bugs," first of Ardito's Nextel handset and then of Peluso's. U.S. District Judge Barbara Jones approved them in a series of orders in 2003 and 2004, and said she expected to "be advised of the locations" of the suspects when their conversations were recorded.

Details of how the Nextel bugs worked are sketchy. Court documents, including an affidavit (p1) and (p2) prepared by Assistant U.S. Attorney Jonathan Kolodner in September 2003, refer to them as a "listening device placed in the cellular telephone." That phrase could refer to software or hardware.

One private investigator interviewed by CNET News.com, Skipp Porteous of Sherlock Investigations in New York, said he believed the FBI planted a physical bug somewhere in the Nextel handset and did not remotely activate the microphone.

"They had to have physical possession of the phone to do it," Porteous said. "There are several ways that they could have gotten physical possession. Then they monitored the bug from fairly near by."

But other experts thought microphone activation is the more likely scenario, mostly because the battery in a tiny bug would not have lasted a year and because court documents say the bug works anywhere "within the United States"--in other words, outside the range of a nearby FBI agent armed with a radio receiver.

In addition, a paranoid Mafioso likely would be suspicious of any ploy to get him to hand over a cell phone so a bug could be planted. And Kolodner's affidavit seeking a court order lists Ardito's phone number, his 15-digit International Mobile Subscriber Identifier, and lists Nextel Communications as the service provider, all of which would be unnecessary if a physical bug were being planted.

A BBC article from 2004 reported that intelligence agencies routinely employ the remote-activiation method. "A mobile sitting on the desk of a politician or businessman can act as a powerful, undetectable bug," the article said, "enabling them to be activated at a later date to pick up sounds even when the receiver is down."

For its part, Nextel said through spokesman Travis Sowders: "We're not aware of this investigation, and we weren't asked to participate."

Other mobile providers were reluctant to talk about this kind of surveillance. Verizon Wireless said only that it "works closely with law enforcement and public safety officials. When presented with legally authorized orders, we assist law enforcement in every way possible."

A Motorola representative said that "your best source in this case would be the FBI itself." Cingular, T-Mobile, and the CTIA trade association did not immediately respond to requests for comment. Mobsters: The surveillance vanguard

This isn't the first time the federal government has pushed at the limits of electronic surveillance when investigating reputed mobsters.

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In one case involving Nicodemo S. Scarfo, the alleged mastermind of a loan shark operation in New Jersey, the FBI found itself thwarted when Scarfo used Pretty Good Privacy software (PGP) to encode confidential business data.

So with a judge's approval, FBI agents repeatedly snuck into Scarfo's business to plant a keystroke logger and monitor its output.

Like Ardito's lawyers, Scarfo's defense attorneys argued that the then-novel technique was not legal and that the information gleaned through it could not be used. Also like Ardito, Scarfo's lawyers lost when a judge ruled in January 2002 that the evidence was admissible.

This week, Judge Kaplan in the southern district of New York concluded that the "roving bugs" were legally permitted to capture hundreds of hours of conversations because the FBI had obtained a court order and alternatives probably wouldn't work.

The FBI's "applications made a sufficient case for electronic surveillance," Kaplan wrote. "They indicated that alternative methods of investigation either had failed or were unlikely to produce results, in part because the subjects deliberately avoided government surveillance."

Bill Stollhans, president of the Private Investigators Association of Virginia, said such a technique would be legally reserved for police armed with court orders, not private investigators.

There is "no law that would allow me as a private investigator to use that type of technique," he said. "That is exclusively for law enforcement. It is not allowable or not legal in the private sector. No client of mine can ask me to overhear telephone or strictly oral conversations."

Surreptitious activation of built-in microphones by the FBI has been done before. A 2003 lawsuit revealed that the FBI was able to surreptitiously turn on the built-in microphones in automotive systems like General Motors' OnStar to snoop on passengers' conversations.

When FBI agents remotely activated the system and were listening in, passengers in the vehicle could not tell that their conversations were being monitored.

Malicious hackers have followed suit. A report last year said Spanish authorities had detained a man who write a Trojan horse that secretly activated a computer's video camera and forwarded him the recordings.

New Hampshire: Phone-Jamming Settlement (NYT/AP)

The New York Times, December 2, 2006

The New Hampshire Democratic Party, which had sought compensation in an Election Day 2002 phone-jamming scheme, settled its lawsuit against the Republican Party for an undisclosed sum, state Republicans said. The case had been expected to go to trial Monday. Republicans had hired a telemarketing firm to place hundreds of hang-up calls to phone banks for the Democrats and the Manchester firefighters' union, a nonpartisan group offering rides to the polls. Service was disrupted for nearly two hours. Wayne Semprini, the Republican state committee chairman, said the party deplored the phone-jamming that took place.

Police Seek No Charges For Gov.-elect (LAT)

The Los Angeles Times, December 2, 2006

Las Vegas police said they would recommend that no criminal charges be filed against Republican Gov.-elect Jim Gibbons, who was accused by a cocktail waitress of assaulting her in a parking garage three weeks before election day.

The investigation into Chrissy Mazzeo's accusation has been completed and sent to Clark County Dist. Atty. David Roger, police said. Roger has the final say as to whether the five-term congressman, who defeated his Democratic opponent, Dina Titus, by 4 percentage points, will be charged. Roger said he would review the file before reaching a decision.

L.A. Archdiocese To Pay $60 Million To Settle 45 Sex Abuse Cases (WP)

By John Pomfret, Washington Post Staff Writer

The Washington Post, December 2, 2006

LOS ANGELES, Dec. 1 -- Almost five years after a sex scandal erupted within the Roman Catholic Church, the nation's largest archdiocese announced Friday that it will pay $60 million to settle 45 lawsuits alleging sex abuse by priests.

The deal, which involves incidents alleged to have occurred before 1955 and after 1986, constitutes the largest settlement made by the archdiocese and follows years of legal battles waged under the leadership of Cardinal Roger Mahony. The archdiocese still faces more than 500 lawsuits by other individuals alleging sexual abuse.

In a statement, Mahony called the settlement "a positive step forward in the Church's efforts to promote healing and reconciliation for those who have suffered abuse by members of the clergy."

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"The sexual abuse of minors is both a sin and a crime, and there is no place in the priesthood for those who have abused children," Mahony said. "I pray that the settlement of the initial group of cases will help the victims involved to move forward with their lives and to build a brighter future for themselves and their families."

Ray Boucher, the lead plaintiff's attorney, said the settlement involved 22 priests who were accused of a broad spectrum of sexual behavior, including impregnating a woman and multiple acts of sodomy against young boys. "You have serial pedophiles and priests accused of one or two acts," he said. The archdiocese will pay $52 million and religious orders $8 million, he said.

Jeff Anderson, another attorney in the case, said a main sticking point between the victims and the archdiocese was not so much the money but the victims' demands that documents held by the church related to sexual abuse be released to the public.

"There is no doubt that there are documents there that are extremely incriminating to the hierarchy of the archdiocese of L.A., to the cardinal and his lieutenants and his predecessor," Anderson said, adding that the diocese had fought victims' demands that the documents be released all the way to the Supreme Court.

Substantial allegations of sexual abuse by priests surfaced in early 2002 focusing on the Archdiocese of Boston. Victims groups sprang up around the country, and lawsuits rolled in. In California, the state legislature passed a law in 2002 suspending for one year the statute of limitations for sex crimes. As such, more than 1,000 cases alleging sexual abuse by priests were filed in California, the highest in the nation by a factor of five.

Sex abuse by Roman Catholic priests has cost the U.S. church at least $1.5 billion since 1950. According to research commissioned by the U.S. Conference of Catholic Bishops, more than 5,000 priests, close to 5 percent of all priests who have served in the country, have been credibly accused of abusing more than 12,500 people. Four dioceses -- Tucson; Spokane, Wash.; Portland, Ore.; and Davenport, Iowa -- sought bankruptcy protection from a flood of lawsuits. Only Tucson has emerged from the process.

The payout announced Friday will constitute one of the highest per capita awards nationwide. In total value, it will be the second-largest in California, behind the Diocese of Orange's 2004 agreement to spend $100 million to settle 90 abuse claims.

William F. McMurry, a lawyer from Louisville who won a $26 million settlement from the Archdiocese of Louisville in 2003, called Mahony's decision the wise and moral thing to do and predicted it would help to heal the church's reputation.

But David Clohessy, the national director of the Survivors Network of Those Abused by Priests, charged that no diocese had dragged the process out longer than Los Angeles. Clohessy said all U.S. bishops or archbishops embraced legal maneuvers, such as citing the First Amendment or the statute of limitations, to protect their dioceses and themselves against lawsuits and criminal proceedings. But, he said, Mahony was the most aggressive.

"He's exhausted the full panoply of delay tactics, and he's gone beyond to invent others," Clohessy said. Among those tactics, Mahony has claimed that any communication between a priest and his superiors must be interpreted as a confession and therefore is protected under the law. And, his attorneys have argued, any communication made by a seminarian is privileged as well.

Tod M. Tamberg, director of media relations for the archdiocese, countered that what Mahony should be known for is his attempts to help victims heal. "Cardinal Mahony has been unique among American bishops in conducting private meetings with victims," he said. "He prays for the victims every day in Mass. He prays in his personal chapel."

Archdiocese In Los Angeles Settles Claims Of Sex Abuse (NYT)

By Cindy Chang

The New York Times, December 2, 2006

LOS ANGELES, Dec. 1 — The Roman Catholic Archdiocese of Los Angeles has agreed to a $60 million settlement of claims by 45 people against clergymen who had sexually abused them as children, the archdiocese announced Friday.

The average payment of about $1.3 million to each plaintiff is among the highest in a sexual abuse settlement involving clergy members. In October, the archdiocese settled seven other claims for a total of $10 million.

The archdiocese will pay $40 million of the settlement from its central operations fund with the rest coming from insurance money and the religious orders of the 25 accused clergymen. The money will not be taken from individual parishes, Cardinal Roger M. Mahony, the head of the archdiocese, said in a telephone interview.

Over 500 sexual abuse lawsuits are still pending against the archdiocese, the country's largest. Payouts in those cases would come mostly from insurance, but the archdiocese may have to sell property or reduce ministry services to make up the difference, Cardinal Mahony said.

"Is it going to hurt? Oh sure, we could have used the money for other pastoral works," he said. "But it's also an acknowledgment and a recognition of our responsibility, that the church failed these people. The church accepts responsibility, and I accept responsibility."

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The settlement also involves the release of some documents related to the abuse cases, in a manner to be determined by a judge.

Raymond P. Boucher, a lawyer for 31 of the plaintiffs, criticized the archdiocese for announcing the settlement before the details were final, but he did not dispute its general terms. Payments to individual plaintiffs range from about $500,000 to as much as $3.5 million, Mr. Boucher said.

"You look at the 45 victims, and you see that almost all of them would have lived normal lives and normal healthy lives and had wonderful childhoods if the church had taken responsibility to stop these priests from molesting these children," Mr. Boucher said. "It's a clear indictment of the church and the pattern of cover-up they've engaged in for years and years."

The earliest of the accusations dates from the 1940s and the most recent from the late 1990s. Many of the accused were repeat offenders, Mr. Boucher said, including Michael Wempe, a retired priest who was sentenced in May to three years in prison for molesting a boy.

Another accused priest in the settlement, according to Mr. Boucher, was the Rev. Michael Baker, who confessed to then-Archbishop Mahony in 1986 that he had had a sexual relationship with two young boys. After undergoing counseling, Father Baker was assigned to parishes where he still had access to young boys, according to files released by the archdiocese.

Prosecutors have charged Mr. Baker, who was removed from the priesthood in 2000, with sexually abusing a boy for 12 years beginning in 1984 when the victim was 7.

"Many years ago, we really believed that these offenders could be cured and we acted on that information," Cardinal Mahony said in the interview. "We found out in the early 1990s that that was not true."

Barbara Blaine, president of the Survivors Network of those Abused by Priests, said the archdiocese made "a business decision" to avoid the expense of going to trial. She said of the victims, "I don't believe any amount of money can restore their shattered childhoods, the innocence that was destroyed or the emotional scars that haunt them today."

L.A. Catholic Sex Suits Settled (AP)

AP, December 2, 2006

LOS ANGELES (AP) -- The nation's largest Roman Catholic archdiocese said yesterday it will pay $60 million to settle 45 sex abuse lawsuits, the largest payout yet by the Archdiocese of Los Angeles and among the biggest resulting from the molestation crisis that has plagued the church.

"It's a day of healing and reconciliation as we move forward with these 45 cases," Cardinal Roger Mahony said. "This is very special for these victims in their moment of healing."

The claims settled yesterday involve 22 priests and include accusations from two periods when the archdiocese had limited or no insurance against sexual abuse claims -- prior to the mid-1950s and after 1987.

Cardinal Mahony said $40 million of the payment would come from the archdiocese, while $20 million would be from religious orders plus a small amount of independent insurance coverage.

Negotiations on the deal had been in progress for at least a year but were held up because attorneys for the plaintiffs wanted the church to release the accused priests' private files.

The agreement calls for an independent judge to review those files and decide which documents can be released to the victims. That process is expected to take several months.

Ray Boucher, the lead plaintiffs' attorney, said the settlement was the largest the Los Angeles Archdiocese had reached "by far." Mr. Boucher said at least two plaintiffs had died while awaiting the resolution.

"I wasn't certain we would ever get it done, but thankfully 45 very injured people will have a chance to begin to heal, particularly at this time of the year," he said. "The big concern is the 700 or 800 victims who are out there who still have claims pending."

Mr. Boucher said that not all of the plaintiffs' attorneys had signed off on the finalized documents, but that process was expected to be completed by Monday.

David Clohessy, national director for the Survivors Network of Those Abused by Priests, said he was happy for the victims who were part of the settlement but remained angry at Cardinal Mahony and other church leaders.

"We recognize it for what it is, which is a purely business move designed to keep Mahony out of depositions and off the witness stand. That's what every bishop fears the most and that's why they settled," Mr. Clohessy said.

Sex abuse by Roman Catholic priests has cost the U.S. church at least $1.5 billion since 1950.

Catholic clergy abuse cases

Sexual abuse by Roman Catholic priests has cost the U.S. church more than $1.5 billion since 1950. The following is a list of some of the largest known payouts to victims.

·Diocese of Orange, Calif., 2004, $100 million for 90 abuse claims

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·Diocese of Covington, Ky., 2006, up to $85 million for roughly 350 people
·Archdiocese of Boston, 2003, $85 million for 552 claims
·Archdiocese of Los Angeles, 2006, $60 million for 45 lawsuits
·Diocese of Oakland, Calif., 2005, $56 million to 56 persons
·Archdiocese of Louisville, Ky., 2003, $25.7 million to 243 victims
·Diocese of Tucson, Ariz., 2005, agrees to fund a settlement trust worth about $22 million for more than 50 victims as part of a plan to emerge from bankruptcy protection.

CIVIL LAW:

Justices To Decide If Citizens May Challenge White House's Religion-Based Initiative (NYT)

By Linda Greenhouse
The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — The Supreme Court agreed Friday to decide whether private citizens are entitled to go to court to challenge activities of the White House office in charge of the Bush administration's religion-based initiative.

A lower court had blocked a lawsuit challenging conferences the White House office holds for the purpose of teaching religious organizations how to apply and compete for federal grants. That constitutional challenge, by a group advocating the strict separation of church and state, was reinstated by an appeals court; the administration in turn appealed to the Supreme Court.

The case is one of three appeals the justices added to their calendar for argument in February. A question in one of the other cases is whether a public school principal in Juneau, Alaska, violated a student's free-speech rights by suspending him from school for displaying, at a public off-campus event, a banner promoting drug use.

Together with a third new case, on whether federal land-management officials can be sued under the racketeering statute for actions they take against private landowners, the additions to the court's docket raised the metabolism of what had begun to look like an unusually quiet term. It had been just short of a month since the justices accepted any new cases.

As in the case the justices heard on Wednesday on the administration's refusal to regulate automobile emissions that contribute to climate change, the question in the White House case is the technical one of "standing to sue." And as the argument on Wednesday demonstrated, standing is a crucially important aspect of litigation against the government.

In its lawsuit challenging the White House conferences, filed in Federal District Court in Madison, Wis., in 2004, an organization called the Freedom From Religion Foundation named as defendants more than a dozen administration officials who oversaw or participated in the conferences.

The lawsuit alleged that the officials were using tax dollars in ways that violated the separation of church and state required by the Establishment Clause of the First Amendment. For example, the complaint quoted Rod Paige, then the secretary of education, as telling the audience at a 2002 White House conference that "we are here because we have a president, who is true, is a true man of God" and who wanted to enable "good people" to "act on their spiritual imperative" by running social service programs with federal financial support.

Judge John C. Shabaz of Federal District Court dismissed the lawsuit for lack of standing, finding that the officials' activities were not sufficiently tied to specific Congressional appropriations. Taxpayers' objections to the use of general appropriations could not be a basis for standing, he said. The president's Faith-Based and Community Initiative was created through a series of executive orders and not by Congress, he noted.

The decision was overturned, and the lawsuit reinstated, in a 2-to-1 ruling by the United States Court of Appeals for the Seventh Circuit, in Chicago. Writing for the majority, Judge Richard A. Posner said the distinction cited by Judge Shabaz made no difference. Judge Posner said the plaintiffs were entitled to challenge the conferences "as propaganda vehicles for religion," even if they were neither financed through a specific Congressional appropriation nor made grants directly to religious groups.

As a general matter, people do not have standing, based solely on their status as taxpayers, to challenge the expenditure of federal money. The Supreme Court's precedents have carved out religion cases as an exception to this general rule.

In its appeal, Hein v. Freedom From Religion Foundation, No. 06-157, the administration is arguing the exception is a narrow one, "designed to prevent the specific historic evil of direct legislative subsidization of religious entities," a definition that the administration says does not apply to the conferences. For the federal courts to permit such a lawsuit, its brief asserts, would upset "the delicate balance of power between the judicial and executive branches" and open the courthouse door to anyone with a "generalized grievance."

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The student free-speech case the justices accepted, Morse v. Frederick, No. 06-278, is an appeal by a high school principal, Deborah Morse, who suspended a student, Joseph Frederick, after an incident during the Olympic Torch Relay that came through Juneau in 2002. Students were allowed to leave class to watch the parade. Mr. Frederick and some friends unfurled a 20-foot-long banner proclaiming “Bong hits 4 Jesus,” a reference to smoking marijuana.

When the student refused to take down the banner, claiming a First Amendment right to display it off school property, the principal confiscated it and eventually suspended him for 10 days. Mr. Frederick filed a lawsuit, which the Federal District Court in Juneau dismissed.

But the United States Court of Appeals for the Ninth Circuit held that the punishment violated the student’s First Amendment rights and, further, that the principal was liable for damages, in an amount to be determined by the district court. Ms. Morse’s Supreme Court appeal challenges both the appeals court’s interpretation of the First Amendment and its refusal to shield her from financial liability through a doctrine known as qualified immunity.

The third new case, Wilkie v. Robbins, No. 06-219, is a government appeal on behalf of employees of the Bureau of Land Management in a dispute with a Wyoming landowner who charged them with using tactics amounting to extortion to get him to grant public access to his property. The federal appeals court in Denver held that a racketeering suit based on the extortion charge could proceed.

Blind Welcome Change In Bills (PTR)

By Andrew Johnson, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, December 2, 2006

In a world where trust is in short supply, the kindness of strangers has always worked for Korene Kegg.

"The five's on top," said Lori Waleslagle, 26, of Debbie's Diner in Greenfield, as she handed back $9 in change to Kegg.

Kegg, who has been blind since she was 5, can't possibly know if Waleslagle is telling the truth; still, the Greenfield woman instinctively folds what she believes to be that five neatly in half and then in half again, and keeps it separate from what presumably are four ones, after purchasing a hot tea from Waleslagle.

After living 22 years on Greenfield Avenue, Kegg, 49, said she knows the neighborhood well enough to trust most people.

Kegg's need for others to distinguish paper money might end if a recent court ruling holds.

The American Council of the Blind filed a lawsuit four years ago in U.S. District Court in Washington, charging that the U.S. Treasury Department discriminates against the blind by not distinguishing denominations of paper money by size or feel.

The currency violates Section 504 of the federal Rehabilitation Act, which says the federal government shall not discriminate, said Day Al-Mohamed, director of advocacy and governmental affairs for the council.

U.S. District Judge James Roberston this week ordered the government to fix the problem.

"It's great," Al-Mohamed said.

The Treasury Department had no comment, spokeswoman Jennifer Zuccarelli said.

The Justice Department has until Friday to decide whether to appeal to the U.S. Circuit Court of Appeals, said Charles Miller, spokesman for the Justice Department's civil division, which is defending the Treasury Department in the case.

If it chooses not to appeal, Miller said, the government has 30 days from Tuesday's decision to discuss how to fix the problem.

Al-Mohamed said the ruling could benefit the estimated 7 million visually impaired or blind Americans.

"It sounds like such a small thing," she said. But, "it's going to lead to more independence, and it's going to lead to more jobs" for the blind. At the very least, it will benefit those already working.

Mike Matthews, 27, has operated the cash register at the State Office Building's snack bar, Downtown, for nearly five years. He was born with glaucoma and is legally blind.

Still, "I think it would help," he said, when it comes to doing his job.

Matthews said he struggles to read the "fives" and "tens" on crisp new bills. When he's dealing with faded bills, Matthews will ask a colleague for help.

A change in the size of bills won't help with the worst problem, though, Matthews said.

"I don't like dollar coins," he said, explaining they feel like Kennedy half-dollars.

John Cicchitello, 38, of Swissvale, the snack bar's owner -- who is blind -- said he knows that a change wouldn't be a cure-all.

"If you're in a hurry, you're not going to have time to tell," he said about different bill sizes, especially a business like his that serves about 200 people a day. "There's still going to be a problem."

Cicchitello guesses that he has been cheated twice in the two years he has owned the luncheonette.

Cicchitello follows a line of blind owners at the snack bar, including Matthews' mother, Ester Morganstern.

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Some merchants said any change in paper currency wouldn't radically alter their relationship with blind customers.

Sabrina Pasparage, 27, human resources manager at the Giant Eagle in Greenfield, said Kegg is one of seven blind people who regularly shop there. Many of them call ahead, asking if an employee can help them shop.

Kegg said most blind people develop a cash-folding system. Her $1 bills are folded once in half. Her 20s are folded once, but the long way. On the rare occasion she gets 50s and 100s, she might put them in a different pocket.

Kegg said she's never been cheated.

"The overwhelming majority of people are nice," she said.

Still, a change in bills would be exciting, Kegg said.

"You used to have disabled (people) adapt to the environment," she said. "Now, you see a lot of the environment adapting to the disabled."

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CIVIL RIGHTS:

FBI Investigates Police-involved Shooting Of Unarmed Man In Fort Lauderdale (BRAH)

The Bradenton Herald, December 2, 2006

FORT LAUDERDALE, Fla. - The FBI has begun a civil rights investigation into the case of unarmed black man shot dead by police while driving a carjacked sport utility vehicle, authorities said.

Troy Eddines, 21, was killed and Travis Jackson was wounded when the officers fired on the stolen vehicle they were riding in Tuesday. Two officers had pulled over the SUV, which reversed as they approached and hit one of them in the leg, authorities said.

The officers fired fewer than eight shots, said Detective Kathy Collins, a Fort Lauderdale police spokeswoman.

The FBI opened its investigation Thursday after receiving phone calls from City Commissioner Carlton Moore and the NAACP, FBI spokeswoman Judy Orihuela said.

The death is the fourth fatal shooting by Fort Lauderdale police this year, authorities said.

Fort Lauderdale NAACP leaders have called for a reform of the police department's internal oversight system, saying the department had lost the ability to police itself.

The Fort Lauderdale Police Department and an NAACP spokesman did not return phone calls Saturday to The Associated Press.

Legislators And Black Leaders Urge State Action (FLSUNSEN)

By Akilah Johnson And Gregory Lewis, South Florida Sun-sentinel

South Florida Sun-Sentinel, December 2, 2006

Fort Lauderdale · Two state legislators on Friday joined the chorus of black leaders calling for greater scrutiny of the Fort Lauderdale Police Department following this week's fatal police shooting, the fourth for the department this year.

State Rep. Perry Thurston Jr., D-Fort Lauderdale, wrote a letter asking the Florida Department of Law Enforcement to investigate the three shootings that involved black men, saying his constituents "question the tactics of our police department."

State Sen. Mandy Dawson, D-Fort Lauderdale, said she would ask Senate leaders to take a statewide look at police-involved shootings to determine such factors as how often they occur and the age of officers involved.

The FBI has already begun a civil rights investigation into Tuesday's fatal shooting of Troy Eddines and the wounding of Travis Jackson, both 21.

Marsha Ellison, president of the Fort Lauderdale branch of the National Association for the Advancement of Colored People, said her office plans to ask federal officials to broaden that investigation. She wants them to look at all recent Fort Lauderdale police shootings, along with the department's policies, procedures and practices, particularly when it comes to use of force.

"We believe that the Fort Lauderdale Police Department cannot police itself," Ellison said. "Sadly, a few bad apples can spoil the efforts of those men and women who put their lives on the line to serve and protect the community."

Eddines and Jackson were shot in the 500 block of Northwest 17th Avenue on Tuesday afternoon, after police pulled them over in a Mistubishi that had been carjacked a few days earlier in Coconut Creek. Police said that when officers pulled over the SUV, Eddines put the car in reverse and accelerated.

Officers Robert Norvis, 35, and Todd Hill, 33, opened fire. Eddines died at the scene. Jackson was treated at Broward General Medical Center.

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Adora Obi Nweze, state NAACP president, said officers need better training to be more culturally sensitive to the people in the minority neighborhoods they patrol.

"The NAACP is going to build profiles on each officer," Nweze said. "We want to know who they arrest, by age, race and gender; who is involved when they are discharging their weapons, by age, race and gender; and who they are killing, by age, race and gender."

At a chaotic community meeting at the Mizell Center on Thursday night, Police Chief Bruce Roberts told the crowd that each officer receives 40 hours of diversity training each year. Capt. Gregory Salters said the department is increasing recruitment efforts to improve diversity.

Some in the community remain skeptical.

"It is not felt by the community that our Police Department is making an effort to find out what took place," City Commissioner Carlton Moore said Friday.

Moore said the department seems more concerned with highlighting Eddines' and Jackson's criminal records. Eddines has been arrested 10 times since 2003 and Jackson 26 times since 1999, state criminal records show.

"It doesn't matter if he stole a Popsicle the day before," Moore said. "What matters is he's dead, and there was not a weapon at the site to show the public that there was a need for this type of use of force."

Officers fired "less than" eight bullets, officials said Thursday night. But exactly why the officers fired is not known because Hill and Norvis have not, yet, been interviewed. Such delays are not unusual because officers in such shootings are allowed to secure legal representation first.

The NAACP said Friday that they also planned to become a conduit by which members of the northwest community can file complaints against the police. Often, Ellison said, people are too intimidated to file complaints with the city.

"When we file a complaint, the one we file a complaint on comes back and harasses us," Sharanda Morgan, 37, said Thursday night.

To help combat this, Ellison said the organization will collect complaints at the Mizell Center, file complaints on a citizen's behalf, or NAACP members will accompany people to the Police Department to file complaints.

Staff Writer Brittany Wallman contributed to this report.

Akilah Johnson can be reached at akjohnson@sun-sentinel.com or 954-356-4527.

ONLINE

Watch NAACP reaction to the police shootings at Sun-Sentinel.com.

Court Takes 'Bong Hits 4 Jesus' Free Speech Case (AP)

AP, December 2, 2006

WASHINGTON (AP) — The Supreme Court stepped into a dispute over free speech Friday involving a suspended high school student and his banner that proclaimed "Bong Hits 4 Jesus."

The justices agreed to hear the appeal by the Juneau, Alaska, school board and principal Deborah Morse of a lower court ruling that allowed the student's civil rights lawsuit to proceed. The school board hired former Whitewater prosecutor Kenneth Starr to argue its case to the high court.

Morse suspended Joseph Frederick after he displayed the banner, with its reference to marijuana use, when the Olympic torch passed through Juneau in 2002 on its way to the Winter Games in Salt Lake City.

Frederick, then a senior, was off school property when he hoisted the banner but was suspended for violating the school's policy of promoting illegal substances at a school-sanctioned event.

The Alaska case was one of three appeals the court accepted Friday.

ON DEADLINE: Your thoughts?

It will also consider a request from the Bush administration to kill a lawsuit challenging the White House's promotion of federal financing for faith-based charities.

The program has been a staple of President Bush's political agenda since 2001, when he created the White House Office of Faith-Based and Community Initiatives.

The Freedom from Religion Foundation, based in Madison, Wis., claims that the administration is violating a constitutional ban on state-supported religions by singling out particular faith-based organizations as worthy of federal funding.

Over administration objections, a federal appeals court earlier said the foundation's members could mount a court challenge to a program funded by Congress.

The court also agreed to hear an appeal from federal Bureau of Land Management officials who are trying to stop a lawsuit by Wyoming ranch owner Harvey Frank Robbins. Robbins accuses the federal officials of persecuting him in an effort to get him to give the government access to roads that cut across his land.

In the banner case, the school board upheld the suspension, and a federal judge initially dismissed Frederick's lawsuit. The 9th Circuit U.S. Court of Appeals said the banner was vague and nonsensical and Frederick's civil rights had been violated.

At that point, the school board retained Starr, who investigated President Clinton's relationship with White House intern Monica Lewinsky. He took the case free of charge.

The appeals court said that even if the banner could be construed as a positive message about marijuana use, the school could not punish or censor a student's speech because it promotes a social message contrary to one the school favors.

Frederick said his motivation for unfurling the banner, at least 14 feet long, was simple: He wanted it seen on television since the torch relay event was being covered by local stations. When Morse saw it, she crossed the street from the school, grabbed the banner and crumpled it. She later suspended Frederick for 10 days.

The court is expected to hear arguments in the case in late February. In addition to the First Amendment issue, the court also will consider whether Morse can be held personally liable for monetary damages.

Morse, now the Juneau district's coordinator of facilities planning, said: "I think it's important for school administrators all across the country to have some guidance in how to enforce school rules at school activities without risking liability."

Frederick, who had been attending the University of Idaho, is teaching abroad this semester, said Michael Macleod-Ball of the ACLU of Alaska Foundation. An ACLU lawyer has been representing Frederick.

"I suppose we are a little surprised" that the court took the case," Macleod-Ball said. "The facts are so unique that I don't think they lend themselves well to crafting significant new law."

The cases are Juneau School Board v. Frederick, 06-278, Grace v. Freedom From Religion Foundation, 06-157, and Wilkie et al v. Robbins, 06-219.

Federal Oversight Of Mental Health System Ends (AP)

AP, December 2, 2006

U.S. District Judge David Ezra has signed an order ending more than 15 years of federal oversight of the state's mental health system.

The oversight, which began in 1991 with a U.S. Justice Department lawsuit alleging violations of the constitutional rights of patients at Hawai'i State Hospital, ended Thursday, state officials announced yesterday.

"This is a historic moment in the reform of state services for persons in our community with severe and persistent mental illness who need hospital care and community-based follow-up," state Department of Health Director Chiyome Fukino said.

"The state has made tremendous improvements in our mental health system, and ... we will continue to move forward to build on and improve the way these services are provided," she said.

The hospital emerged from oversight in late 2004, but the federal government kept watch over how the state provided services to the mentally ill in the community. On Oct. 24, Ezra cleared the way for the federal oversight to end when he essentially approved the latest federal magistrate's status report.

Cops I.D. 4th Man - But Vics Rip Their Story (NYDN)

By Alison Gendar, Ethan Rouen And Corky Siemaszko, Daily News Staff Writers

New York Daily News, December 2, 2006

A confidental NYPD document providing the most detailed account of the police shooting that plunged the city into crisis was obtained yesterday by the Daily News - as sources unmasked the mystery man who cops say fled the scene. High-ranking law enforcement sources identified Jean Nelson, a 27-year-old Queens man known on the streets as M.O., as the so-called fourth man.

Investigators believe Nelson ran off just before the 50-shot police barrage that killed Sean Bell on his wedding day - a claim Nelson's lawyer and the two survivors reject as absurd.

In the confidential police report obtained by The News, Lt. Gary Napoli, the highest-ranking officer at the shooting, references the mystery man - and says he believes Bell knew the plainclothes lieutenant was a cop before shots were fired.

Napoli says that he "may have observed a male attempting to get into the passenger side" of Bell's car early Saturday outside a strip club in Jamaica, Queens, although he was unsure if the man was trying to get into the front- or backseat - or even if he got into the car.

Napoli also says that when his unmarked car passed Bell's Nissan Altima a "male with whom he had made eye contact . . . knew that he was a police officer."

"Lt. Napoli could not fully verbalize why he felt this way," the report states, although Napoli is white and the neighborhood is largely black.

"Lt. Napoli then observed the Altima abruptly accelerate in an apparent attempt to leave."

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Napoli, who ducked for cover when the shooting erupted, was not one of the five cops who fired, killing Bell, 23, and wounding Trent Benefield, 23, and Joseph Guzman, 31.

The three men were not armed. Napoli's account is significant because Benefield and Guzman say Bell hit the gas thinking they were about to be carjacked - and insist they didn't know the plainclothes officers were cops.

Benefield, who was wounded by three bullets, and Guzman, who was hit 11 times, both say there was no fourth man.

Napoli does not mention Nelson by name. But if there was a fourth man and cops can prove he had a gun, the shooting could be viewed differently by the grand jury probing Bell's death.

A police source said cops have figured out which officer or officers fired the rounds that killed Bell. But NYPD brass refused to comment last night.

The city's medical examiner recovered all four bullets that hit Bell. Three were intact - including the shots to his neck and right hip, which killed him. The fourth shattered in his arm, but all fragments were recovered.

Bell, Benefield and Guzman were shot after an undercover cop followed them out of the Kalua Cabaret. Believing Guzman had a gun, the undercover tailed the men to Bell's car and says he fired the opening salvo after Bell clipped him with the car and Guzman reached toward his waistband.

Nelson, who attended Bell's bachelor bash at the club, was taken into custody Thursday during a series of police raids, as The News revealed yesterday. But he was released after he called his lawyer, Charlie King.

King and attorneys for other witnesses blasted the police tactics, charging that cops were running a "parallel" investigation to the grand jury probe in a bid to rattle witnesses. King said Nelson had already agreed to testify before the grand jury before cops grabbed him Thursday night outside his apartment.

"It is almost as if there are two investigations," King said. "I don't know who is authorizing their investigation, but it seems hellbent on trying to find a phantom gunman."

King leveled the charges as hundreds crowded a Queens church for the wrenching wake and funeral for Bell. King said he wasn't blaming Police Commissioner Raymond Kelly or Mayor Bloomberg for ratcheting up tensions in Jamaica. King even credited Bloomberg, who called the shooting excessive, for setting "the right tone."

"The real problem from my vantage point is on the low level of the police, at the precinct level," King said. "This kind of police conduct is frightening."

The National Urban League called for immediate intervention by the U.S. Justice Department's Civil Rights Division. But Deputy Police Commissioner Paul Browne insisted there was no parallel investigation. The NYPD is assisting the Queens district attorney's investigation, he said. The NYPD raids began early Wednesday and led to the arrests of three people on gun charges unrelated to last Saturday's shooting. One of the men picked up, Eric Kellam, a 29-year-old Bronx man with a rap sheet, told The News cops busted his nose.

"They were screaming, 'Where's the f-----g gun!' " he said. "I'm like, 'What are you talking about? What gun?' " Kellam - who said he does not know Bell, the wounded men or Nelson - was not charged with a crime.

The cops who shot Bell - two black, two white and one dark-skinned Hispanic - have been placed on paid leave and told to give up their guns, pending the grand jury probe.

With Greg Wilson, Scott Shifrel and Kerry Burke

SU Official Cooperates In Probe (BRADV)

By Jordan Blum, Advocate Capitol News Bureau

Baton Rouge Advocate, December 2, 2006

Slaughter surrenders documents

Southern University System President Ralph Slaughter is cooperating with a federal grand jury investigating sexual harassment allegations against governor's aide Johnny Anderson, who also is head of Southern's governing body, the lawyer representing Slaughter said Friday.

Slaughter responded to a subpoena and turned over all documentation of the claims Southern employees made against Anderson, said attorney Liz Craft of Baton Rouge.

The request came through the U.S. Department of Justice this week, said Craft, who personally represents Slaughter.

The information could not be confirmed through the Justice Department late Friday.

Slaughter has declined commenting all week.

"He (Slaughter) wants to protect the women who were courageous enough to come forward," Craft said.

The Governor's Office received the allegations Oct. 31, Craft said.

Anderson is Gov. Kathleen Blanco's assistant chief of staff. He also is chairman of the Southern University System Board, which makes him Slaughter's boss.

Blanco recently ordered an independent investigation into the allegations led by Mark Falcon, a local lawyer.

Falcon had expressed his frustration throughout the week at the lack of progress he made in getting records of the accusations from the university.

But Falcon said he received a letter Friday from Southern Board of Supervisors Vice Chairman Myron Lawson stating that the university will begin cooperating fully.

Anderson has maintained his innocence and argued that the allegations are politically motivated, while criticizing Slaughter for not handling the matter internally.

Knowledge of the accusations against Anderson were first publicized a month after Slaughter sent a letter to state Sen. Charles D. Jones, D-Monroe, who is chairman of the Senate and Governmental Affairs Committee, asking for a confidential investigation.

Meanwhile, at news conference Friday, more than 100 people heard several pastors offer support to Anderson, including Southern Chancellor Ed Jackson, Athletics Director Greg LaFleur, former Attorney General Richard Ieyoub and Metro Councilman Byron Sharper.

Sharper said he could relate to Anderson since he had a sexual harassment complaint against him earlier this year that was later dropped.

Ieyoub, for whom Anderson worked in the attorney general's office, said he is disappointed that it seems politics has come into play too much.

Friday's news conference at Greater Mount Olive Baptist Church was organized by local pastors the Rev. S.C. Dixon of Greater Mount Olive Missionary Baptist Church, the Rev. Gerard Robinson of McKowen Baptist Church and Rev. Leo Cyrus of New Hope Baptist Church and Second Baptist Church.

Cyrus said he wanted to support Anderson, who he said would never do anything to hurt Southern. He described the accusations and the way they were publicized as a politically-motivated "power struggle," declining to name names.

Profiled In Prince George's (WP)

By Leonard Pitts Jr.

The Washington Post, December 2, 2006

I have a question for Prince George's County Executive Jack B. Johnson and Police Chief Melvin C. High.

It concerns my youngest son, who is 21. He was walking to his car at Bowie Town Center after working a shift at one of the stores there Sunday night when a police officer met him at his car and asked if he had seen anything "suspicious." Bryan said no. The officer asked where he was coming from. Bryan told him. The officer asked for his license and registration. Bryan gave them to him.

After 20 minutes my son was allowed to drive away. Less than two minutes later he was pulled over, still at the mall. He asked why. "I'll ask the questions," said this officer. The questions were: Where are you going, where are you coming from? Again, Bryan answered. Again, he was asked for his license and registration. A few minutes later, he was ordered out of his car with his hands up, and police began to search the vehicle.

Six police cars converged on this scene. Having received a call from a friend who happened to be at the mall, I went, too.

I went because there are periods when Prince George's police pull one or another of my sons over about once a week. I went because a police officer once Maced my middle son in the face -- five people saw this -- for no reason. I went because that son was once punched in the face by a Prince George's officer while handcuffed. I went because of the time that police, looking for a 5-foot-7 suspect, arrested Bryan, who is 6-foot-3. I went because a police officer cursed my 16-year-old daughter one night after she refused to leave the safe and lighted area where she was waiting for her mom to pick her up from the movies. I went because I am sick and tired of being sick and tired.

And I went because of the obstructed windshield.

That's what it said on the citation when Bryan was pulled over last year. He went to court and took the "obstruction" with him: one of those air fresheners in the shape of a Christmas tree. The judge barely bothered to hide her contempt while dismissing the charges.

Sunday night at the mall, I got into an argument with a couple of officers and mentioned that incident as an example of blatant, oppressive harassment. One officer responded that "technically" the citation was correct.

I found that a telling defense. I mean, "technically," you can probably be arrested for spitting on the sidewalk. How can citizens have confidence in police who justify such transparent harassment with such flimsy excuses? That's what I asked those officers and, receiving no satisfactory reply, now ask their superiors.

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One police officer answered my question with a question: "What does a drug dealer look like?" he asked. The implication being that, because you can never tell who the bad guy is on sight, police must sometimes be creative in finding reasons to stop people they have suspicions about.

I might find it easier to buy that argument if the people who are being stopped didn't always seem to look pretty much the same -- that is, pretty much like my son: young, black and male. Maybe I'm wrong, but I suspect there aren't all that many white women who have to show up in court because of air fresheners. No, when you go to the courthouse, virtually all the people you see telling it to the judge (and "virtually all" is an overwhelming percentage, even in a county that is 65 percent African American) are black.

If somebody commits a crime -- my son or anybody else's son -- he or she should pay the price. I mean that. And I respect police who do that difficult and often thankless job with honor. I mean that, too. But the price my sons pay in being stopped with such regularity has nothing to do with crime, and I cannot respect arrogance, rudeness, wrongness and racial profiling that hide behind a badge.

It's no accident that this department spent years under investigation by the Justice Department for federal civil rights violations. Or that a 2001 government study found Prince George's police more brutal in dealing with black suspects than white ones. Or that a 2001 report in The Post found that Prince George's police shoot more people -- half of them unarmed -- than virtually any other urban department in the country.

For years we have been promised that all this will change. Yet there sits my son on the ground while police write up a citation. Windows too darkly tinted and an open-container violation -- which my son strongly denies -- are the latest excuses.

How can I respect a police force that operates like this? Until the county executive and the police chief give a better answer than their officer did Sunday, I'll assume they don't know either.

Leonard Pitts Jr. is a columnist for the Miami Herald.

Fallout From Racial Bias Case Forces L.A. Fire Chief To Quit (WP)

By Sonya Geis

The Washington Post, December 2, 2006

LOS ANGELES, Dec. 1 -- The Los Angeles fire chief was forced to resign yesterday amid a political firestorm sparked when the City Council offered a huge legal settlement to a black firefighter whose colleagues served him dog food.

The ouster of the fire chief capped weeks of racially divisive controversy over the dog-food incident, which some called a prank and others a humiliating racial attack. After the Los Angeles City Council offered the firefighter a $2.7 million settlement last month, local radio talk show hosts ridiculed the size of the award and urged listeners to send cans of dog food to council members.

Mayor Antonio Villaraigosa (D) vetoed the proposed settlement but also began distancing himself from Chief William Bamattre, who is white. In response to a question at a news conference Wednesday, Villaraigosa said he would be proud to have the department headed by an African American, a woman or a Latino.

Bamattre was recruited in 1995 to transform a department bashed by repeated discrimination lawsuits from women and minorities. Earlier this week he called his revisions in the department "an organizational failure" and "a personal failure." Bamattre said with no harsher punishment than a 30-day suspension at his disposal, he could not force the changes he sought.

The recent action is just one in a string of lawsuits by female and minority Los Angeles firefighters, 12 percent of whom are black, 53 percent white and 29 percent Latino.

In his lawsuit, firefighter Tennie Pierce, a 6-foot-5-inch 19-year veteran of the department, alleged that in 2004 fellow firefighters served him a plate of spaghetti laced with dog food, laughed as he ate it and barked at him for a year afterward. Pierce, 51, sued alleging racial discrimination, retaliation and intentional infliction of emotional distress.

Pierce nearly wept as he told the city council this week: "This is wrong. If four black firemen did it to a white fireman, I would stand up [with] the white fireman and say it was wrong."

Pierce admitted he took part in hazing rituals himself after photos publicized by radio hosts John Kobylt and Ken Chiampou showed Pierce and others spraying a bound firefighter with water and helping shave a firefighter's groin. Pierce told the City Council he considered those pranks that did not rise to the level of what he suffered.

The firefighters who served Pierce the dog food said they were trying to humble Pierce, who called himself "Big Dog."

Council member Herb Wesson said yesterday that he thinks the city will lose money by allowing Pierce's case to go to trial. An audit last year, which would likely be admissible in court, describes a culture of racism and sexism in the Los Angeles Fire Department, Wesson noted.

"If I were his attorney, I'd be salivating right now," he said. "She goes in with so much ammo, I'm flabbergasted that we're not settling."

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Wesson added: "When the fire alarms go off in the fire stations in L.A., our guys, and ladies, do a great job. It's when they get back to the dormitories, I just don't know what the heck happens."

Fire Chief Submits Resignation (LAT)

By Duke Helfand, Steve Hymon

The Los Angeles Times, December 2, 2006

Los Angeles Fire Chief William Bamattre submitted his resignation to Mayor Antonio Villaraigosa today, announcing that he will leave his post on Jan. 1.

A Villaraigosa aide said the mayor spoke with Bamattre this morning and accepted his resignation.

The fire chief, a 31-year veteran of the department and a former mayor of Dana Point, will be replaced by Villaraigosa over allegations of racial harassment and bias that have plagued the fire department for years.

"I have always placed the interest of the department above my own personal interest," Bamattre said, reading from prepared remarks at his afternoon news conference where he was flanked by about 50 uniformed officers. "I am also a political realist. Over the past few days I have come to appreciate that these current issues have political implications beyond the scope of the Fire Department.

"I have become the focus of the debate," Bamattre added, "and that is to the detriment of the LAFD. I will not allow that to continue. This is my decision and the appropriate time. I have spoken with the mayor and he is in agreement."

Bamattre kept his composure nearly all the way through his remarks. He departed only briefly from his prepared comments at the end, when he said "I would like to thank all of the firefighters" — as he began choking up — "and my family."

He did not take any questions and was escorted to his Toyota Prius by firefighters. His sister then leaned inside the car window and kissed him.

Standing nearby was Councilman Dennis Zine, who had driven to the fire station after the council's meeting in Van Nuys had ended. Zine said he wanted to personally thank Bamattre for his service, but didn't have a chance.

Zine has been the council's leading opponent of settling the case that ultimately brought down the chief.

Bamattre's departure has been the subject of discussions between the mayor's office and the chief for several months.

The two sides began talking about needed changes and the best time for the chief to leave in the aftermath of an audit released earlier this year by City Controller Laura Chick. The audit found that many minority recruits reported either experiencing or hearing of harassment within the department.

Villaraigosa did not ask Bamattre directly for his resignation. Instead, his chief of staff, Robin Kramer, met with Bamattre earlier this week to convey the mayor's view that it was time for a change in leadership to address the ongoing allegations of bias and harassment in the fire department.

"She sat down with him and they agreed that a change in leadership was in the best interest of firefighters in the department and the city at large," said a City Hall source who spoke on condition of anonymity. "They had a frank discussion. The mutual conclusion was that now was the time to make a change, and if you're gong to change the culture of the department, you have to make a change at the top."

Bamattre is the seventh fire chief in the past 50 years, and only the second since 1983. He was promoted to the top job in 1995, a 43-year-old agent of reform charged with the difficult task of cleaning up a department then reeling from allegations that female and African American firefighters were being pushed of the department by their own peers.

But Bamattre's position grew shaky in recent months with the arrival of Chick's audit and amid escalating tensions over the case of former firefighter Tennie Piece, an African American who sued the city alleging that he had been fed a spaghetti dinner laced with dog food as part of a racist stunt.

The City Council agreed to a $2.7-million settlement with Pierce, but Villaraigosa vetoed the deal after a public uproar ensued and photos of Pierce engaging in hazing came to light. The council upheld the mayor's veto on Wednesday.

As the drama played out at City Hall, the Piece case became a tipping point for Bamattre.

"I think it's the right move," said Pat McOsker, the outgoing president of United Firefighters of Los Angeles, the city's firefighter's union. "We appreciate his service for the last 11 years, but he was hired to fix these issues in the fire service and here we are again."

"We need someone who has a stake in the outcome and who will be around and can be held accountable for the changes that need to be made," McOsker added.

Asked what criteria he wants to see in a fire chief, Villaraigosa said:

"I want a change agent. Whether that chief is white, black, a woman, gay, lesbian. Whatever it is. We want a change agent. Someone who will not tolerate discrimination….If there were a vacancy, make no mistake, we would want someone from within, from without, who wants to address this issue."

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Villaraigosa's office tried to carefully choreograph Bamattre's departure, allowing the chief to hold his news conference before the mayor weighed in. Villaraigosa has scheduled a 3 p.m. news conference at City Hall.

One Villaraigosa aide said the idea was to let Bamattre "be a man," allowing the chief to announce his departure on his own terms.

Many leaders in the black community implored the Council this week to defy the mayor and override his veto of the $2.7-million settlement. The council fell four votes short, but the issue deeply divided the 15-member body.

Fire Chief Steps Down In Los Angeles In Bias Case (NYT)

By Jennifer Steinhauer

The New York Times, December 2, 2006

LOS ANGELES, Dec. 1 — The chief of the Los Angeles Fire Department resigned Friday under pressure from Mayor Antonio R. Villaraigosa, after a hazing scandal in which a black firefighter sued the city, claiming his dinner was laced with dog food by his white colleagues.

The chief, William Bamattre, who was hired in 1996, had been given responsibility for overhauling the culture of a department dogged by charges of discrimination. On Friday, Chief Bamattre did not discuss the reasons for his resignation in the prepared statement announcing his departure.

The incident involving the Los Angeles firefighter, Tennie Pierce, elucidated the complex culture of the urban firehouse, in which hazing rituals are common and gender and race remain underlying tinderboxes of departmental relationships. In January, the city's controller released a report documenting a long pattern of harassment and discrimination in the department.

In his suit, Mr. Pierce described a dinner in his Westchester neighborhood firehouse, during which he realized that his meal had been tainted with dog food, while other firefighters looked on, laughing. At the city attorney's urging, the City Council voted to pay the firefighter $2.7 million to settle the suit quietly.

But that settlement, which would have been among the largest of its kind in the city's history, was vetoed by Mayor Villaraigosa when it was revealed by a local radio program that the firefighter himself had participated in numerous fire station pranks over the years.

Among them were spraying colleagues with mustard and in one instance helping to shave the genital area of a firefighter who had been bound to a gurney.

On Wednesday, the Council upheld the mayor's veto — the only veto he has issued during 17 months in office — in a 9-to-6 vote. Among the six who voted to overturn the veto were the Council's three African-American members.

In emotional testimony before the Council, Mr. Pierce argued that the prank perpetrated against him was different from other hazing rituals because it was delivered with a racial subtext, something some civil rights groups concurred with.

Hazing has long been a tradition in fire departments around the nation, and one that has come under increased scrutiny as firehouses have become more racially diverse and hired more women.

While some of the rituals clearly have sexual and racial overtones, others are more ambiguous, and the punishments can seem arbitrary.

"The thing that is interesting about firefighter culture is that the whole hazing and practical joking and slamming and all that stuff that goes on serves a purpose among firefighters," said Carol Chetkovich, an associate professor of public policy at Mills College in Oakland and the author of a book about gender and race in the fire service. "The firefighters are concerned with personal qualities of people they work with, because lives depend on each other."

This week, the Los Angeles Fire Commission has unanimously approved departmentwide disciplinary guidelines, which outline harsher penalties for hazing.

Councilman Dennis Zine, a former police officer and the lone vote against the original settlement, said Friday that he felt the fire chief was being scapegoated, and that the department needed to overhaul its internal practices.

"This whole issue here is the rituals they go through," he said, "which turns a firehouse into a nursery school."

Los Angeles Fire Chief Retires Amid Racial, Hazing Flaps (AP)

AP, December 1, 2006

LOS ANGELES, California (AP) -- The city's fire chief announced his retirement Friday amid a racially charged furor involving a black firefighter who was served spaghetti mixed with dog food.

Chief William Bamattre, 54, said the scandal had "political implications beyond the scope of the Fire Department."

"I have become the focus of the debate and that is to the detriment of the LAFD," he said. He planned to step down January 1.

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The firefighter who was fed the spaghetti claimed that it was racial discrimination and that he was harassed after reporting it. But other firefighters insisted it was an ordinary firehouse prank with no racist intent. A department investigation suggested the prank was prompted by the way firefighter Tennie Pierce called himself the "Big Dog" during a volleyball game.

Bamattre, whose predecessor left abruptly a decade ago during a similar crisis, was given charge of the 3,900-member department in the mid-1990s with a mandate to stamp out racism and sexism.

But the city controller released an audit almost a year ago that concluded discrimination, hazing and harassment persisted in the department despite a zero-tolerance policy for such behavior.

Pierce, 51, said his 20-year career was destroyed after he broke a code of silence and spoke out against the spaghetti prank. The department disciplined two white captains and one Latino firefighter.

The issue blew up last month after the City Council approved a $2.7 million settlement to Pierce.

The council approved the settlement on advice of the city attorney before photos surfaced showing that Pierce himself engaged in crude firehouse hazing, smearing mustard and dumping water on colleagues.

The mayor vetoed the settlement, and a council majority refused to override it despite an emotional plea by Pierce, backed by black community leaders. Pierce's lawsuit is now headed to trial.

Mayor Antonio Villaraigosa said Bamattre's departure was "a joint decision."

"It's not about changing the leadership at the top -- it's about changing the culture," he said. In the search for a successor, the mayor said he would look for "a change agent."

Pat McOsker, president of the city's firefighter union, said the Pierce case reflected a heavy-handed management style that has emphasized discipline over addressing problems in departmental culture.

"As of right now, morale is very low. People are pitted against one another, broken up into camps," McOsker said. "We need a culture in the Fire Department that values subordinate employees, instead of devaluing them."

Bamattre, a firefighter for 31 years, moved up from battalion chief to chief in 1995 when predecessor Donald Manning suddenly resigned. In his decision to step down, Manning cited "false allegations and innuendoes" about claims of discrimination in the department.

Democrats Face Pressure To Pass Minorities' Bills (WT)

By Brian Debose

The Washington Times, December 2, 2006

Democratic leaders will face pressure from minority voters to pass legislation during the next two years on many issues that have stalled in Congress, particularly those designed to close racial disparities.

Voters will expect swift results from House Speaker-elect Nancy Pelosi of California and Senate Majority Leader-elect Harry Reid of Nevada on legislation to balance the budget, fix Social Security and the Medicare prescription-drug program and reform immigration.

But there are other, older issues that minorities and civil rights groups have fought for years to get passed with few results. A lack of progress on those issues could reflect poorly on Democrats in the run-up to the 2008 presidential election.

"The question people -- African-Americans, Latinos, Asians -- will be asking after two years will be what difference has been made by having Pelosi as the speaker and Reid as majority leader for minorities, and really all Americans will be asking that," said a senior Democratic aide, who spoke on the condition of anonymity.

The top lobbyist for the National Association for the Advancement of Colored People (NAACP) said two of the priorities are raising the minimum wage and extending a new version of the Ryan White Act, which provides funding for research and treatment for HIV/AIDS patients.

"That bill must be dealt with very quickly, and we are working to get it done this month," said Hilary Shelton, NAACP-D.C. bureau director. "The problem is that while the bill did increase funding for rural and suburban communities, the formula hurt cities, and it isn't like the problem with HIV in cities is any less."

Mr. Shelton said laws setting a federal standard for appropriate use of force by police and punishments for racial profiling are also priorities, especially in light of a shooting of three unarmed men by New York police on Nov. 25. One of the men, Sean Bell, 23, died.

Universal health care, particularly for children "born and unborn" is also a top issue for the NAACP, as well as a measure to reduce mandatory minimum sentences for drug offenses.

"These are not new issues, and Speaker Pelosi and Leader Reid have either authored or co-signed on many of these bills in the past. What we need is a strategy to organize the Congress towards passage," Mr. Shelton said.

Mrs. Pelosi has said the Democratic-controlled Congress will increase the minimum wage and impose strict pay-as-you-go budget rules in the first 100 hours, and that ethics reform will be the first major bill negotiated.

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Some individual Congressional Black Caucus members also are talking about the issues they think should be at the forefront.

"The unforgivable reality is that more Americans than ever find themselves in need of food, shelter, clothing and health care," said Rep. G.K. Butterfield, North Carolina Democrat, who represents the 15th-poorest congressional district in the country.

He said Congress should close the Medicare prescription drug "doughnut hole," or gap in coverage, which occurs after the first $2,250 of coverage.

Mr. Butterfield said the farm bill also should be written, and not be delayed until 2008 or beyond, as some suggest. He said the nation must extend subsidy-support prices for American farmers facing a tough competition from foreign entities.

Checking The Vote (WP)

The Washington Post, December 2, 2006

FLORIDA AND Katherine Harris are forever linked with American skepticism about the integrity of the voting system. So it is strangely appropriate that six years after a controversy over hanging chads ended with George W. Bush in the White House, a fight over election results to fill Ms. Harris's 13th Congressional District seat is raising new questions about voting.

A state audit is underway to determine why some 18,000 ballots in Sarasota County did not show votes in a race ultimately decided, by a mere 369 votes, in favor of the Republican candidate. Did voters intentionally opt not to cast a vote? Did the electronic voting machines malfunction? Or, was it simply, as many believe, a case of a badly designed ballot that made it easy to overlook the Democratic candidate? It's important that these questions be answered, not just to determine the outcome of this race but to maintain the integrity of voting for contests where more than one congressional district could be at stake.

Unfortunately, the chances of finding a definitive reason for the "missing" votes are diminished because of Florida's failure to require a way to verify and audit votes recorded by touch-screen voting machines. A new alarm about the consequences of not having such a backup for the machines -- which are used not just in Sarasota but in the Washington area and much of the nation -- was sounded this week by an influential group that gives advice to the federal government. The U.S. Election Assistance Commission will review the draft report next week and, we hope, add its voice to the growing chorus for some type of paper trail that voters can use to verify their vote and that election officials can audit in close and disputed races.

Our support for a paper trail is not rooted in any belief that machines are to be mistrusted. Nor are we inclined to credit the theories about how election machines can be rigged. There is no evidence that any such fraud has occurred, and while there were scattered problems in the recent midterm election, overall the system functioned well.

It's only prudent that there be additional safeguards. It's likely that when the Democratic-led Congress convenes next year, there will be a renewed push to mandate paper trails, as well as a broader discussion of election

reform.

The sooner this conversation occurs, the better. The next presidential election is not that far off, and the last thing this country needs is more lingering questions from Florida.

ANTITRUST:

AMD, Nvidia In Antitrust Investigation (SFC)

By Benjamin Pimentel, Chronicle Staff Writer

San Francisco Chronicle, December 2, 2006

Federal probe is focusing on PC graphics card industry

The Justice Department is investigating Advanced Micro Devices Inc. and Nvidia Corp. in a federal probe of possible antitrust violations in the computer graphics card industry.

Both Silicon Valley companies, the two leading makers of PC graphics cards, said they have received subpoenas from the Justice Department, although the agency has not made any specific allegations.

In separate statements, AMD and Nvidia said they were cooperating with the investigation.

Michael Hara, vice president of corporate communications at Nvidia, said the Justice Department requested documents going back eight or nine years.

"It's a broad range of documents relating to customers, competitors, product stack, prices, market studies -- everything, pretty much," he said. "Our position now is to comply with their request and get them what they need."

Gina Talamona, a spokeswoman for the Justice Department, said the agency does not comment on specific companies under investigation.

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"I will confirm that the antitrust division is investigating the possibility of anticompetitive practices involving the graphics processing units and cards industry," she said in an e-mail.

Founded in 1993, Nvidia of Santa Clara is one of the top sellers of programmable graphics processors, many of which are used in video games.

AMD is one of the biggest makers of semiconductors and the main rival of Intel Corp., the dominant player in the chip industry.

The Sunnyvale company became a stronger competitor in the graphics card processor industry after its $5.4 billion acquisition of ATI Technologies, one of the leading makers of computer graphics cards.

The merger was completed in October.

Although the nature of the federal probe is still unclear, analyst Crawford Del Prete of International Data Corp. said the investigation is not surprising.

"I am not surprised that (the Justice Department) is looking into this as there are few suppliers left, which aggregates pricing power," he said in an e-mail.

But another IDC analyst, Bob O'Donnell, said he is puzzled by the Justice Department probe.

"What's behind this? That's really the question everyone is trying to make sense of," he said. "Based on very limited information, it does not make a great deal of sense. There's been no dramatic change in the market, except for the purchase of ATI by AMD."

AMD shares dipped 88 cents, or 4.08 percent, to $20.69 in after-hours trading Friday.

Nvidia stock dropped $1.45, or 3.92 percent, to $35.54.

Nvidia Gets Subpoena In Antitrust Probe (MERCN)

By Therese Poletti

The San Jose Mercury News, December 2, 2006

A federal probe of possible antitrust activity in the computer graphics chip industry has widened beyond Advanced Micro Devices to include Santa Clara-based Nvidia.

Nvidia issued a statement Friday stating it had received a subpoena from the Department of Justice as part of an investigation into antitrust violations in the graphics processors and card business. Advanced Micro Devices of Sunnyvale acknowledged Thursday it had received a similar subpoena in connection with a company it recently acquired, ATI Technologies.

Both companies said they will cooperate with the investigation.

This is the second Justice Department investigation in the semiconductor industry in the past two months. In October, Justice officials said they were looking into the static random access memory (SRAM) chip business. Cypress Semiconductor of San Jose, a maker of SRAMs used in cell phones and digital music players, said it was cooperating with the investigation.

AMD entered the graphics business in October when it completed a $5.4 billion acquisition of ATI, a Markham, Ontario, developer of graphics chips. Analysts said they did not think AMD's acquisition of ATI was the cause or the target of the review by the Justice Department.

ATI and Nvidia are fierce competitors in the PC graphics chip business, where they develop the chips and add-on cards that boost graphics performance in PCs, especially the high-end systems favored by video gamers. Their chips render two- and three-dimensional graphics, making video games more lifelike with each new generation.

Michael Hara, a spokesman for Nvidia in Santa Clara, said that the request for documents goes back to the late 1990s.

``It's a fairly broad request," Hara said. He said the Justice Department is asking for documents involving customers, product lines, competition, pricing of products, prices of competitors' products, market studies and product volumes. Nvidia has until early next year to comply.

The companies did not provide any further details. A spokeswoman for the Department of Justice would not confirm it was looking at individual companies, only the industry.

``The antitrust division is investigating the possibility of anti-competitive practices involving the graphics processing units and cards industry," said Gina Talmona, a Justice Department spokeswoman in Washington.

Analysts who follow the chip industry speculated that the investigation is looking into some sort of price collusion or other collusive behavior.

``I have to believe this stuff traces back into history," said Doug Freeman, an analyst with American Technology Research. ``As a consumer, I have noticed that the price points of video cards have always been pretty equal. The first mover comes out with a product that is $500 and the follower comes out with a product that is $500. They tend not to be in price wars."

Ashok Kumar, an analyst with Raymond James, said the Justice Department was possibly alerted by customers, such as PC makers or the so-called white-box clone PC makers based in Taiwan who try to keep their prices as low as possible.

``The question is, do prices fall with the normal trajectory of the costs?'' Kumar said.

Shares of both companies slipped on the news. Shares of AMD fell 88 cents, or 4.08 percent, to close at $20.69 on the New York Stock Exchange and Nvidia eased $1.45, or 3.92 percent, to close at $35.54 on the Nasdaq.

Leading Graphic Card Maker Nvidia Hit With Federal Subpoena (AP)

By Paul Elias

AP, December 2, 2006

SAN FRANCISCO - Nvidia Corp. said Friday it has been subpoenaed by federal investigators who are probing possible anticompetive practices among makers of computer graphics chips.

The Department of Justice investigators asked Nvidia for pricing documents, customer agreements and other documents, company spokesman Michael Hara said Friday.

"They have asked for a pretty big data dump that goes back to the late '90s," Hara said. "It's a fairly broad request."

The Santa Clara-based company said no "specific allegations have been against Nvidia" and said it plans to cooperate with the investigation.

On Thursday, Advanced Micro Devices Inc. - Nvidia's chief rival - announced it had received a subpoena. The Sunnyvale-based company, which recently bought graphics chip.m.aker ATI Technologies, said the government has not made "specific allegations" and that it intends to cooperate with the probe.

An AMD spokesman said the government demanded the company turn over documents related to graphic processors, but declined further comment.

Justice spokeswoman Gina Talamona confirmed Friday the government is investigating the possibility of anticompetitive practices involving the graphics processing units and cards industry.

Shares of Nvidia dropped $1.45 a share to close at $35.54 in Friday trading on the Nasdaq Stock Market.

The AMD and Nvidia subpoenas come on the heels of a 4-year-old price-fixing probe among memory chip makers. To date, four companies and 17 people have been charged, and the Justice Department has secured fines totaling more that $731 million in the probe of the dynamic random access memory, or DRAM, industry.

Government investigators also have demanded Sony Corp., Cypress Semiconductor Inc., Samsung Electronics and Toshiba Corp. turn over information related to another flavor of memory chip - static random access memory, or SRAM.

Nvidia Receives Subpoena In Federal Antitrust Probe (Update3) (BLOOM)

By John Stebbins

Bloomberg, December 2, 2006

Dec. 1 (Bloomberg) -- Nvidia Corp., the third-largest maker of graphics chips for computers, received a subpoena from U.S. Justice Department antitrust prosecutors who are conducting a criminal price-fixing investigation of the industry.

The subpoena made no specific allegations, Santa Clara, California-based Nvidia said today in a statement. The company said it's cooperating. Nvidia shares fell $1.45, or 3.9 percent, to $35.54 at 4 p.m. New York time in Nasdaq Stock Market composite trading.

Federal investigators may be looking at the fact that Nvidia and larger rival ATI Technologies Inc. have similar pricing among some competing product lines, Doug Freedman, an American Technology Research analyst, said today in an interview. Advanced Micro Devices Inc., which bought ATI in October for $5.4 billion, was subpoenaed Nov. 29.

``When looking on the outside, it does seem suspect that the prices are similar,'' Freedman said. The Greenwich, Connecticut-based analyst rates the shares of Nvidia and Advanced Micro ``buy'' and doesn't own them.

ATI is the second-largest maker of computer-graphics chips behind Intel Corp. The combination of Advanced Micro and ATI puts the merged company in direct competition with Intel and Nvidia for sales of graphics chips. Intel hasn't received a subpoena, said Chuck Mulloy, spokesman for the Santa Clara, California-based company.

Probe Confirmed

Justice Department spokeswoman Gina Talamona said the agency ``is investigating the possibility of anticompetitive practices involving the graphics processing units and cards industry.'' She declined to comment on subpoenas to specific companies.

Nvidia spokesman Michael Hara said the graphics industry is ``controlled by outside forces.''

``Intel controls how the hardware works and Microsoft controls how the software works, and we have to work within those parameters,'' he said, referring to Microsoft Corp., the world's largest software company.

Hara said Nvidia is ``playing by everyone else's rules,'' and that the Justice Department wants to ``make sure the playing field is level and fair.'' He said he couldn't be more specific about the information requested.

Back to 1990s

``We don't know a lot -- only that they asked for a lot of documents that go back to the late 1990s," Hara said. ``It's really broad in scope."

Drew Prairie, an Advanced Micro spokesman, declined to comment beyond saying the company received a subpoena.

Unlike ATI and Nvidia, Intel doesn't make stand-alone graphics chips, Mulloy said. Its graphics semiconductors are combined with its other products. Intel also competes with Advanced Micro in computer processors.

Nvidia has been beating ATI to market with faster graphics chips and other technologies, Freedman said. ``It usually goes that the technology leader gets to set the price, and followers try to meet that price," he said. ``But, if you look closely, Nvidia's profit margins on those products are usually better than ATI's."

U.S. antitrust investigators have examined the market for memory chips used in computers and opened a probe in October into possible price-fixing for another type of memory chip used in cell phones, Freedman said.

In the second quarter, Intel got 40 percent of global sales of graphics chips, according to Tiburon, California-based Jon Peddie Research. ATI had 28 percent, and Nvidia had 20 percent.

In sales of stand-alone graphics chips used in desktop computers, Nvidia had 52 percent and ATI had 48 percent, according to Jon Peddie.

AMD Being Investigated By Justice Department (ATU)

By Larry Rulison, Business writer

Albany Times-Union, December 2, 2006

Advanced Micro Devices Inc., the California computer chip manufacturer that plans to build a $3.2 billion chip factory in Saratoga County, is being investigated by the U.S. Department of Justice for possible antitrust violations.

AMD says it has received a subpoena from the Justice Department's antitrust division in connection with the department's investigation into "potential antitrust violations related to graphics processors and cards."

AMD recently got into the graphics processor business, which is key to video game and multimedia devices, by acquiring ATI Technologies Inc., a company located near Toronto.

AMD said in a press release that the Justice Department has not made any specific allegations against the company and that it will cooperate with the investigation.

Stock analysts have said that AMD's decision to build its chip fab in Saratoga County will hinge upon the success of the ATI merger. AMD paid $5.4 billion for the company.

CBOT, Chicago Merc Say Justice Department Wants More Information On Buyout (AP)

AP, December 2, 2006

CHICAGO - The parent companies of the Chicago Mercantile Exchange and the Chicago Board of Trade said Friday that the Justice Department has requested additional information about their pending $8 billion deal to combine operations into a single unit.

Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc., which has agreed to be bought by its longtime crosstown rival, both said they plan to respond promptly and expect the transaction to close by mid-2007. They did not discuss specifics of the request, which they said was not unexpected.

The two exchanges announced an agreement in October to combine both the electronic and floor trading platforms of their more than century-old operations. The $8 billion deal will create the world's largest futures market.

The Justice Department, which must sign off on the deal, is assessing any potential anti-competitive impact formed by the powerhouse combination. Officials of the exchanges have said they don't expect it to encounter antitrust problems.

If approved, the exchanges located six blocks apart will move to a single trading location at the Chicago Board of Trade. Retaining both historic names, the combined company will be named CME Group Inc., a Chicago Board of Trade company.

Shares of CBOT Holdings fell $2.50 to close at $156.44 on the New York Stock Exchange. CME shares fell $4.20 to $531.40.

FCC Chief Tries To Break Telecom Deal Deadlock (AP)

By Bruce Meyerson

AP, December 2, 2006

NEW YORK - FCC Chairman Kevin Martin on Friday initiated a process that may break the deadlock in the agency's vote on AT&T's proposed acquisition of BellSouth by allowing a fifth commissioner who had recused himself to participate.

Martin asked the general counsel for the Federal Communications Commission to consider whether Robert McDowell ought to be authorized to participate in the deliberations on the $81.6 billion deal, FCC officials said Friday.

The chairman sent letters to the relevant committees in Congress advising them of the request, according to McDowell's office and an FCC official who spoke on condition of anonymity because Martin's office had not issued a public statement.

McDowell, one of three Republicans on the five-person commission, had recused himself because he is a former lobbyist for a trade group that opposes the merger.

Without McDowell, the vote has been deadlocked at 2-2, with Martin and another Republican appointee favoring approval of the deal, and the two Democrats demanding the companies offer additional concessions to ensure it doesn't harm consumers.

The Antitrust Division of the Justice Department cleared the deal Oct. 11, declaring that there were no competitive concerns and opting not to require the combined company to divest any assets or make any other concessions. The takeover, the biggest ever in U.S. telecommunications history, also has been approved by regulators in 18 states, leaving the FCC as the final hurdle.

A copy of Martin's letter to congressional leaders viewed by the Associated Press expressed frustration with the holdup.

McDowell issued a short statement saying he looks forward to the general counsel's analysis ``regarding my potential participation."

McDowell once worked for the trade association Comptel. Federal ethics regulations permit the FCC's general counsel to clear McDowell to vote as long as the ``interest of the government in the employee's participation" outweighs any concerns about how the vote may affect the agency's integrity.

FCC Chairman Moves To End AT&T Impasse (LAT)

By Jim Puzzanghera, Times Staff Writer

The Los Angeles Times, December 2, 2006

Kevin Martin asks that a commissioner's recusal be overridden to break a tie over the telecom deal.

WASHINGTON — The chairman of the Federal Communications Commission moved Friday to break an impasse over approval of AT&T Inc.'s purchase of BellSouth Corp. by trying to force a commissioner who recused himself to cast the tie-breaking vote.

In a letter to congressional leaders, Chairman Kevin J. Martin said he had asked the FCC's general counsel to review Commissioner Robert M. McDowell's recusal. A fellow Republican, McDowell has declined to participate in the review of the deal because he had worked for a trade association of smaller phone companies that opposes the roughly $80-billion merger.

With McDowell on the sideline, the commission has been split evenly between Republicans and Democrats. Martin said he wanted the FCC to approve the deal unconditionally, and Republican Deborah Taylor Tate was expected to back him.

But upset that the Justice Department gave unconditional approval to the deal in October, the two Democratic commissioners, Michael J. Copps and Jonathan S. Adelstein, have pressed for the FCC to impose strong conditions. They are concerned about the clout that would be created by the merger. A more muscular AT&T would dominate the market in California and 21 other states.

Among the sticking points are requirements that the Democrats would like to impose to prevent AT&T from charging some websites for higher-speed delivery of their content, an issue known as network neutrality.

Negotiations have been going on for seven weeks and Martin has postponed scheduled votes three times. With another commission meeting set for Dec. 20 and AT&T and BellSouth pushing for approval before the end of the year, Martin is trying to bring McDowell into the process.

"Given the commission's inability to reach consensus on this matter, I have asked the general counsel to consider whether the government's interest would be served by permitting Commissioner McDowell … to participate," Martin wrote.

Martin also could be motivated to secure approval of the deal before Democrats take control of Congress in January. Some Democrats, including the incoming chairmen of the House and Senate commerce committees, have been critical of large industry mergers and could hold hearings on the deal.

McDowell said he had received a copy of the letter. "I look forward to receiving the general counsel's analysis regarding my potential participation," he said.

AT&T has been frustrated by the delays, but did not comment directly on Martin's move.

"We've been at this for a long time," said Jim Cicconi, AT&T's senior executive vice president for external and legislative affairs. "It's unfortunate, but after months of intense effort on our part, we remain at an impasse."

Before joining the FCC in June, McDowell served as senior vice president and assistant general counsel for Comptel, an association of small phone companies and suppliers. Federal law calls for government employees to recuse themselves

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whenever "a reasonable person" might question impartiality. The law specifically refers to conflicts involving companies for which a federal employee has worked within the last year.

But the law allows those conflict-of-interest concerns to be overridden if they are outweighed by the government's interest in resolving a deadlock.

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Microsoft Accused Of Overcharging Iowans (BLOOM)

By Bob Van Voris, BLOOMBERG NEWS

Bloomberg, December 2, 2006

Microsoft Corp. used its monopoly position to overcharge Iowans for software products including Windows, Word and Excel, a lawyer told jurors Friday at the opening of an antitrust trial in Des Moines.

Roxanne Conlin, representing statewide buyers of Microsoft products since 1994, said the company violated Iowa antitrust law by taking advantage of monopolies in personal computer operating systems and software applications to charge inflated prices.

"The law requires of Microsoft what it requires of all companies: that they compete fair and square," Conlin told a jury of seven men and five women. "Microsoft did not."

The lawsuit is one of only two such cases Microsoft hasn't settled or persuaded judges to dismiss. The customers claim $329 million in damages, and a jury award can be tripled under Iowa antitrust law.

The Iowa case and one in Mississippi are the last of dozens filed by groups of consumers after an antitrust suit against Microsoft brought by the U.S. government and several states, including Iowa, in 1998.

The company settled the case, agreeing to give computer makers the freedom to promote competing software programs, such as Web browsers and media players, for prominent display on Windows-powered personal computers.

In the Iowa case, District Judge Scott Rosenberg ruled Nov. 2 that Conlin may call Microsoft Chairman Bill Gates and Chief Executive Steve Ballmer as witnesses.

Conlin said the trial may last at least six months.

The company claims it didn't limit competition and says the company is successful because it offers high-quality software at low prices. Microsoft lawyers will make their opening statements next week.

"At the end of this, we're confident the record will show that Iowans received high-quality products from Microsoft at a reasonable price," Microsoft lawyer Rich Wallis said in an interview. "These allegations are 15, 20 years old. This is ancient history."

Conlin began her opening after the judge spent Thursday and part of Friday morning reading instructions to the jury.

The attorney showed jurors selections from the more than 25 million documents she said she has collected from Microsoft in the case.

They included memorandums from senior company executives starting in the 1980s that Conlin said show the company's attempts to block competition from another operating system made by Digital Research Inc.

She said Microsoft's monopoly allowed it to raise the price of Windows by an average of $42.49 and $10.55 for Word.

The case was filed in 2000 by Joe Comes, a Des Moines businessman.

It was certified in 2003 as a class-action suit on behalf of indirect buyers of Microsoft software from May 1994 to June 2006 -- people and businesses that bought computers loaded with Microsoft software or that bought the software from sources other than the company.

Before the trial, Rosenberg adopted many of the findings from the Justice Department trial, including the conclusion that Microsoft held illegal monopoly power in the market for Intel-compatible personal computer operating systems before June 1999.

The case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County (Des Moines).

ENVIRONMENT:

House GOP To Rush Drilling Bill (WT/AP)

The Washington Times, December 2, 2006

House Republicans agreed yesterday to move a compromise offshore-drilling bill passed by the Senate this summer that would open new territory in the Gulf Coast area to oil rigs and create a cash cow for nearby states.

But it wasn't clear whether party leaders could summon enough votes to pass it quickly before lawmakers adjourn in the coming weeks.

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With time running out on the party's majority rule, Republican leaders will send the measure to the floor Tuesday as a "suspension" bill requiring a two-thirds majority to pass, said Kevin Madden, a spokesman for House Majority Leader John A. Boehner of Ohio.

House leaders previously had blocked the bill, hoping for more ambitious legislation that would allow drilling in coastal waters across the country unless a state objects. But industry groups have lobbied heavily for Republicans to take what they can get and pass the Senate bill.

Mr. Madden said Republican leaders would support the compromise measure and work to pass it. Moving it as a "suspension" bill will speed the process and block amendments, lawmakers said.

Dave Parker, president and chief executive of the American Gas Association, said the hurdle of winning a two-thirds majority could prove difficult but that he was optimistic.

"We're pleased that this bill is going to move ... you take what you can get," Mr. Parker said.

President Bush has offered lukewarm support, at best, for the measure. He has said he supports new offshore exploration but has criticized revenue-sharing provisions that would divert money from federal coffers.

The bill would allow new oil and natural gas development in 8.3 million acres of federally controlled waters in the eastern-central Gulf of Mexico, with backers saying it would help ease tight markets, particularly for natural gas. The Senate passed the bill 71-25 in August.

With opening new territory, the bill would sharply increase royalty shares for Louisiana, Mississippi, Alabama and Texas from less than 2 percent to 37.5 percent. In 2017, the new royalty formula would apply to all oil and gas produced in the Gulf, not just from the 8.3 million acres newly opened.

"We're obviously working hard to make sure that we have the necessary votes," said Rep. Bobby Jindal, Louisiana Republican, who has pushed the proposal. "We're optimistic this time. It's a compromise approach, and I think it's done in a way that can get that supermajority."

At least one lawmaker who previously opposed the compromise, Rep. John E. Peterson, Pennsylvania Republican, said he would support it as an incremental improvement even though he thinks it accomplishes too little.

Rep. Jack Kingston, Georgia Republican, said the bill would send a positive signal to voters as Republicans transition into the minority.

"It would be good if we could get a few things done on the way out the door and show people that ... we really can govern."

Wasted Energy (WP)

The Washington Post, December 2, 2006

EVER SINCE President Bush lamented the nation's addiction to oil in his State of the Union address, energy policy has been on the rhetorical agenda. But neither the administration nor Congress has shown much appetite for action beyond subsidies for research on alternative fuels. A new analysis of the energy market from the McKinsey Global Institute offers a reminder that inventing technologies can matter less than ensuring they are used. If the world were to adopt existing technologies that pay for themselves within 10 years, the growth of energy consumption could be cut by about three-quarters, according to McKinsey. But such technologies aren't going to be adopted unless governments embrace regulatory and tax incentives. Market forces aren't powerful enough to do the job alone.

Consider electricity generation: Switching from old-fashioned generators to new ones can almost halve the amount of energy needed for a given level of output. Oil refineries and steel producers could implement similar changes, and there are even greater savings to be had from construction techniques. Better insulation, wider use of low-energy compact fluorescent lighting and more efficient water heating would slow the growth of residential energy demand worldwide from 1.4 percent to 0.5 percent a year.

The reality, however, is that optimizing energy efficiency is not the first thing that consumers think about when they get out of bed. Some may not realize that an energy-saving investment can pay for itself in 10 years or less. Some may lack capital to finance the investment. Most just have other stuff to worry about: They want comfort, hence larger houses; they want convenience, hence more appliances; they want sex appeal, hence fast cars. Because the savings from energy conservation are marginal to the budgets of most households, they don't carry much weight.

This is not a reason to give up on price signals, but it is an argument for strengthening them with taxes and regulations that drive conservation. Japan, which has both high energy prices and strict efficiency standards, consumes less energy per unit of output than any other country; its gas and coal power plants are more than 70 percent more efficient than Russian ones, and its standards for air conditioners are nearly 50 percent stricter than China's. Europe's experiment with gasoline taxes also shows that policy can make a difference. Its vehicles are 15 percent more efficient than U.S. cars in the same class.

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The McKinsey report drives home one further point: No strategy can control the growth in energy consumption unless it includes developing countries. An estimated 13 percent of the growth in global energy demand between now and 2020 will come from new Chinese power plants, with Chinese vehicles and buildings adding to the load. Meanwhile fuel subsidies in many oil-exporting countries encourage careless consumption, while the lack of metering of Russian residential gas usage creates an all-you-can-eat attitude. Energy policy is hard enough when it's confined to Washington, but there's no escaping the imperative to pursue it internationally, too.

In West, Conservatives Emphasize The "Conserve" (WP)

By Blaine Harden

The Washington Post, December 2, 2006

SEATTLE -- Nearly a decade ago, historian Patricia Nelson Limerick set the modern American West to verse:

The West has been lucky, it's true.

It did not grow old -- it grew new.

As it grew older, it got fresher and bolder.

Don't you wish it could happen to you?

Limerick and others said in the 1990s that the New West was shedding its slavish reliance on mining, logging, ranching and dams. They prophesied that it would become a region where the economy, politics and popular culture were dominated by urban people who went outdoors not to chop down trees, punch cows or pour concrete but to recreate, appreciate and preserve.

That prophecy proved premature. Working-class indignation exploded in the Interior West against environmentalists, Democrats and outside agitators, stalling efforts by the Clinton administration to rewrite grazing, mining and forestry laws. Republicans shrewdly harnessed the populist anger and consolidated political control, and in 2000 they began an aggressive push for oil, gas and mineral extraction on public land.

Last month's elections, though, may signal the end of Republican dominance and fierce resistance to many conservation measures. Profound demographic and economic change seems finally to be asserting itself across the region. Westerners cast votes suggesting that the protection of their natural surroundings is not a negotiable condition for living well.

"Self-interest has intersected with reality," said Limerick, chair of the board of the Center of the American West at the University of Colorado at Boulder. "To have open spaces and nice places, people realize, they cannot be a bunch of individuals pursuing self-indulgence. They have to act collectively."

To that end, much of the West rejected ballot measures that could have shredded state and local land-use rules limiting growth, controlling sprawl and ensuring open space. Voters in Idaho, Washington and California soundly defeated "takings" measures, intended to compensate individual owners whose land is devalued by land-use or zoning laws. Arizona voters approved their law. Courts had earlier tossed out the measures in Montana and Nevada.

At the same time, Democrats consolidated gains from 2004, picking up the governorship in Colorado, a Senate seat in Montana and two House seats in Arizona. Democrats already controlled governor's seats in Arizona, Montana, New Mexico, Oregon, Washington and Wyoming.

Perhaps more significant, Democratic and Republican politicians from New Mexico to Montana have found common ground with hunters and anglers in opposing widespread energy development on wild public lands, halting drilling in several areas where the public felt that wildlife and scenic values trumped economic consideration. In the past year, bipartisan grass-roots opposition has also killed off a number of proposals to sell federal land and use the revenue to pay for governmental operations.

There has been widespread change, too, in state attitudes toward the Clinton-era roadless rule, a broad land-protection measure that put nearly a third of the national forests off-limits to most development. The 2001 rule, which was overturned by the Bush administration but reinstated by a federal judge in September, initially had almost no public support from state fish and game agencies or from Western governors.

Now, fish and game agencies in Arizona, Colorado, New Mexico, Washington, Oregon, Colorado and Montana all support protecting the forests from roads, as do the governors of those states.

Even in Idaho, probably the most conservative and solidly Republican Western state, the Fish and Game Department advocates keeping wild areas roadless, and Gov. James E. Risch (R) said he intends to manage 8.5 million acres of the state's roadless forests in a way that is consistent with the conservation spirit of the Clinton rule.

"Idahoans care about how these roadless areas are managed," Risch told a panel in Washington, D.C., this week. "These are places where they hunt, fish and hike."

Like many politicians across the West, Risch is responding to changing public attitudes, said Rick Johnson, executive director of the Idaho Conservation League.

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"It used to be that the West was big enough that you could pretty much do anything you wanted," Johnson said. He lives in Boise, the largest city in Idaho, a state outpaced in growth by only Nevada and Arizona. "The natural surroundings are now being lost, and we sit in traffic like everyone else. We want to protect what's left," he said. "We just don't like Washington, D.C., telling us how to do it."

While it remains the most rural part of the country in terms of land use, the West has also become the most densely urban in terms of where people live. Compared with new neighborhoods in the East or South, houses in new developments in the West tend to be planted much closer together.

"The New West is best understood as islands of urban economics in a rural setting," said Ray Rasker, executive director of Headwaters Economics, a think tank in Bozeman, Mont. "They are made possible by a combination of environmental amenities combined with the presence of transportation, especially good airports."

Newcomers with deep pockets populate many of these islands. Retirement and investment money accounts for about a third of total personal income across the Rocky Mountain West, according to federal figures. In some states, this money dwarfs the personal income from mining, forestry, farming and energy extraction.

"What had been seen as a 'war on the West' by outside forces is not seen that way anymore," said Thomas Michael Power, chairman of the economics department at the University of Montana in Missoula.

"It is more visible to everyone now that the economy has changed fundamentally," he said. "The people who are ranching and farming know these things, and that is why they are willing to be bought out, why they are willing to sell part of their water rights."

There is widespread agreement among economists, demographers and politicians that the region's moneyed newcomers tend to be conservative when it comes to government involvement in their lives. But they also want government to protect and preserve the natural beauty that lured them to the Rocky Mountain West.

"Folks don't want a whole lot of government, but they want things like clean water, and they want us to be careful," Jon Tester, the Democratic senator-elect from Montana, said in an interview before the election.

A final key piece in the long-awaited emergence of the New West as a place inclined to support land and water conservation has to do with how environmental groups work with local people.

In the 1990s, environmental groups rarely bothered to listen to the concerns of farmers, ranchers or business leaders, according to Chris Wood, vice president for conservation programs at Trout Unlimited.

"We thought we didn't need to, that we could ride these demographic changes to a better regulatory outcome for the environment," Wood said. "Now we are recognizing that we can still achieve good outcomes by sitting and listening to people, without landowners feeling like we forced it down their throats."

FBI/DEA/ATF/USMS:

THE BALCO CASE Chronicle Appeals Order To Imprison Reporters Court Asked To Adopt Test To Weigh Effects Of Grand Jury Leaks (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, December 2, 2006

The Chronicle, challenging a judge's order to imprison two of its reporters for refusing to reveal who leaked grand jury testimony about athletes and steroids, told a federal appeals court Friday that the public interest and evolving legal doctrines require recognition of a journalist's right to protect confidential sources.

"Confidentiality is essential for the reporters to sustain the relationships they need with sources and to obtain sensitive information from them," Jonathan Donnellan, a lawyer for the newspaper and the reporters, said in papers filed with the Ninth U.S. Circuit Court of Appeals in San Francisco. "Without it, the press cannot effectively serve the public by keeping it informed."

The contempt-of-court order against the two reporters, if upheld, would be "an unprecedented extension of subpoena power against the press," the brief argued, saying the only comparable cases in the past have involved national security.

The brief said the reporting in this case did no harm to the prosecution, which had long since concluded, and had served the public interest by exposing steroid use by prominent athletes and triggering a national debate.

The court should adopt a new standard for evaluating reporters' claims of confidentiality in cases of grand jury leaks, the newspaper argued -- weighing the value of information revealed by the reporting against the damage, if any, caused by the leak. Such a balancing test has not yet been accepted by federal courts, which have upheld grand juries' power to compel testimony from journalists.

The brief also argued that the judge who ordered the reporters confined for up to 18 months in September gave too little weight to a 1996 U.S. Supreme Court ruling that allowed psychotherapists to refuse to disclose information from their patients. That decision compels federal courts to extend the same rights to journalists, the brief said.

The reporters, Mark Fainaru-Wada and Lance Williams, remain free while their case is considered by the appeals court, which has scheduled a hearing Feb. 12 in San Francisco. The court will also review the judge's contempt order and fine of up to $1,000 a day against The Chronicle, likewise on hold until the case is decided.

The case stems from a federal grand jury investigation of the Bay Area Laboratory Co-Operative, or BALCO, and its supplying of illegal performance-enhancing drugs to professional athletes.

Five defendants, including BALCO founder Victor Conte, have pleaded guilty to drug distribution charges. One defendant, Greg Anderson, Barry Bonds' trainer, served a sentence in the BALCO case last year and is back in prison for refusing to testify against Bonds. The Giants outfielder is being investigated by a separate grand jury for possible perjury in his denial that he knowingly used steroids.

Fainaru-Wada and Williams, two veteran reporters, broke a number of stories on the case, including articles in 2004 that quoted grand jury testimony by Bonds, Gary Sheffield and Jason Giambi of the New York Yankees, and track star Tim Montgomery. All but Bonds admitted using steroids from BALCO.

The articles led to a congressional investigation and a new steroid testing policy for professional baseball. They also prompted a federal judge to order an investigation of the leaks, resulting in subpoenas to the reporters and the newspaper in May demanding the source or sources of the grand jury transcripts.

U.S. District Judge Jeffrey White upheld the subpoenas in August and, a month later, ordered Fainaru-Wada and Williams imprisoned until they testified or for up to 18 months, the maximum term of the grand jury. He rejected their claims of a constitutional right to withhold their sources, saying a 1972 Supreme Court ruling had established that journalists have no special privilege to withhold information from a federal grand jury in a criminal investigation.

In a statement Friday, Fainaru-Wada and Williams said the case jeopardized "the people's right to independent information about the federal government."

"The Justice Department claims it has the absolute right to force reporters to betray their confidential sources any time prosecutors choose," they said. "If reporters can no longer promise confidentiality to a news source, whistle-blowers won't come forward, injustices will never be exposed, and the public will be less informed."

Chronicle Editor Phil Bronstein noted that President Bush had commended both reporters, telling them at a White House reception that they had "performed a service."

"If the public was served by these two journalists, how much is the public harmed if these and other stories of value cannot be published?" he asked.

Friday's filing argued that the customary need for grand jury secrecy was diminished in this case -- the transcripts had been disclosed to the BALCO defendants with the expectation that the information would be aired publicly at a trial, and the prosecution had concluded long before the leak investigation started.

It also said the 1972 Supreme Court decision was far less ironclad than White portrayed it, and must be reinterpreted in light of the court's 1996 ruling that recognized psychotherapists' privilege to protect confidential information supplied by their patients.

In the 1996 case, the brief said, the court said other professions may be entitled to similar rights, and listed factors for lower courts to consider: the public interest, the impact on evidence-gathering, and recognition of those rights by the states.

All those factors weigh in favor of a reporter's privilege of confidentiality, the newspaper's brief said, noting that 49 states -- all except Wyoming -- have a shield law or court rulings protecting journalists from state prosecution, and that California's law is one of the strongest. That law does not apply in federal court but should be taken into account by a federal judge in a California case, the brief said.

Although the right of confidentiality should not be absolute, the brief said, it should be honored in a case like this, where the leak caused minimal harm -- "there is no breach of national security, no act of terrorism, no violent crime that would go unpunished" -- and enabled important news coverage.

"The Chronicle's articles focused public attention on an issue of great importance and transformed what was principally a debate among policymakers into a national dialogue which led to real reform," it said.

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CONGRESS-ADMINISTRATION:

Reyes To Head House Intelligence Panel (AP)

By Katherine Shrader

AP, December 1, 2006

WASHINGTON - A Border Patrol agent-turned-congressman will take over as chairman of the House Intelligence Committee next month, pledging to keep a closer eye on the nation's spy agencies and the Bush administration.

Rep. Silvestre Reyes, D-Texas, chosen Friday by House Speaker-to-be Nancy Pelosi, said in El Paso, "For the first time in about six years, there's going to be some checks and balances. We will see true oversight, real consequences."

Pelosi's announcement ended weeks of speculation within the party about who would get the key position, a question that had created political turmoil for her before she takes her new leadership post.

The California Democrat chose Reyes over two more senior committee Democrats - Jane Harman of California and Alcee Hastings of Florida. Harman's supporters included nearly two dozen moderate Democrats known as Blue Dogs. Hastings had the support of the NAACP and the Congressional Black Caucus. Reyes will be the first Hispanic to chair the panel.

The Texan has said he will demand more information on the Bush administration's most classified programs, including the detention of enemy combatants and the National Security Agency's warrantless surveillance of domestic communications.

He also plans to focus on the war in Iraq, threats from terrorists, the spread of weapons, diversity at U.S. intelligence agencies and civil liberties.

Known as "Silver" to friends, Reyes came to Congress after Army service that included 13 months in Vietnam, and then 26 years of work in the U.S. Border Patrol. He won his El Paso congressional seat in 1996.

Pelosi said his experience gives him an understanding of the needs of both troops and policymakers. "His appreciation for the dangers inherent in the operation of secret activities in a democracy ensures that he will be a zealous protector of the civil liberties," she said.

In a recent interview, Reyes said Republicans have made a habit of rubber-stamping the Bush administration's programs. Democrats, he said, must act quickly to show they will dig deeply into the government's actions.

Overseeing the 16 U.S. spy agencies is among the most challenging - and thankless - tasks in Congress. Given the committee's inherently secret nature, much of the work is done behind closed doors. Few members of Congress have a significant constituency in the spy world, and one presidential commission weighing recent intelligence changes called the agencies "headstrong."

Harman is currently the committee's top Democrat, and her term on the panel expires this year. She could have been reappointed by Pelosi, but the two are said to have differences. In a statement, Harman congratulated Reyes and offered him her "full and enthusiastic support."

As for Hastings, some critics and ethics watchdogs had questioned whether the Florida lawmaker - who was impeached as a federal judge - was the right person for a post that has access to some of the nation's top secrets.

In a sign that not all hard feelings are gone, a Hastings statement this week announcing he would not get the job closed with: "Sorry, haters, God is not finished with me yet."

Pelosi passed over a member of the Black Caucus for a second time. In 2000, she allowed Harman to leapfrog Rep. Sanford Bishop of Georgia for the intelligence panel's top Democratic slot. By choosing Reyes, she elevated the panel's No. 3 Democrat and gained favor with Hispanic groups who represent the fastest growing demographic classification in America.

Janet Murguia, president of the National Council of La Raza, called Reyes' new assignment "an important breakthrough for the Latino community." Her civil rights group has been seeking more Hispanics in leadership positions.

Nowhere in Congress have relations between Republicans and Democrats been more publicly nasty than on the House Intelligence Committee, which saw partisan spats in October over the release of information about a corrupt GOP congressman and the leak of a high-level intelligence estimate on terrorism.

In an interview last month, Reyes said the situation among committee members "can't get worse. It has gotten as bad as it could."

The current House intelligence chairman - Rep. Peter Hoekstra, R-Mich. - said committee Republicans will work with the Democrats. "The threats and challenges facing our great nation know no political bounds," he said in a statement congratulating Reyes.

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National Intelligence Director John Negroponte and CIA Director Michael Hayden both issued statements welcoming Reyes' selection. "His comprehensive understanding of the intelligence community and the challenges it faces, ideally qualifies him for this important chairmanship," Negroponte said.

Texas' Reyes To Lead Intelligence Panel (HC)

By Michelle Mittelstadt

Houston Chronicle, December 2, 2006

WASHINGTON — Rep. Silvestre Reyes was tapped Friday to chair the House Intelligence Committee, putting the El Paso lawmaker and former Border Patrol supervisor in the center of the national security debate and giving the Texas congressional delegation a boost.

Politicians from both parties welcomed incoming House Speaker Nancy Pelosi's appointment of the Democrat, whose 26-year career in the Border Patrol and Vietnam combat experience give him a unique vantage point on security matters.

The Reyes selection ended a messy process for Pelosi, who snubbed two senior Intelligence Committee members, Jane Harman of California and Alcee Hastings of Florida, before settling on the Texan.

Reyes may have helped himself by not lobbying Pelosi directly for the chairmanship because, he said, she knew him well from their prior service together on the Intelligence Committee.

Pelosi, who has strained relations with Harman, was reportedly angered when her fellow Californian launched an aggressive campaign for the job. Pelosi this week bypassed Hastings, who was impeached as a federal judge, after critics questioned his suitability for the sensitive job.

Reyes "has impeccable national security credentials," Pelosi said. "When tough questions are required, whether they relate to intelligence shortcomings before the 9/11 attacks or the war in Iraq, or to the quality on intelligence on Iran or North Korea, he does not hesitate to ask them."

The 62-year-old congressman pledged vigorous oversight of the 17 agencies that comprise the U.S. intelligence community, as well as the classified counterterror strategies of the Bush administration.

Looking aheadCritics contend that the Republican congressional majority, which dissolves in January, failed to conduct serious oversight of the intelligence community's faulty prewar intelligence on Iraq, and didn't challenge the administration on post-9/11 surveillance, interrogation and detention programs that were criticized.

"One of the things that's going to change dramatically will be the fact that for the first time in about six years we'll have some checks and balances," Reyes said at a news conference in El Paso. "The administration and the different agencies that work for the administration will see what I believe will be true oversight.

"And there will be real consequences that perhaps haven't been there the last six years," he added.

But Reyes indicated little desire to revisit past battles.

"I think our time is better spent looking at how we can be more effective, how we can be more accountable through oversight, in terms of what's going on in the Middle East and really other critical parts of the world as well."

Texas Republicans and Democrats alike praised Reyes, saying his experience and bipartisan nature would be important assets.

"He is the perfect choice," said Sen. Kay Bailey Hutchison, R-Texas. "He will not be partisan. He will be independent."

Rep. Chet Edwards, D-Waco, said Reyes' elevation benefits the GOP-dominated Texas delegation, which will suffer something of a power drain with Democrats assuming control of Congress in January. Reyes will be the only full committee chairman in the 34-member delegation.

"This is a tremendous appointment for our country, the state of Texas, and the new Congress," Edwards said.

While welcoming the selection, fellow Intelligence Committee member Mac Thornberry, R-Clarendon, voiced concern that Reyes and the committee may come under political pressure from Pelosi. He noted that Harman was criticized by Pelosi for being insufficiently critical of the administration.

"If I've got one concern, which is not related to him specifically but in general, it is whether the committee will be able to do its job in an independent way," Thornberry said. "I worry that Ms. Pelosi is going to expect not only the chairman but all the members to do what she says. If that's the case, then the country is not going to be very well served."

Strong supportFormer 9/11 Commission member Tim Roemer, a former Democratic congressman from Indiana who served with him on the Intelligence Committee, praised Reyes' experience, background and work ethic, and said he has "the intestinal fortitude, the tenacity and the strong will" to withstand pressure.

The dean of the Texas Democrats, Rep. Solomon Ortiz of Corpus Christi, also professed no concerns about Reyes' independence.

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Referring to his friend by his nickname, Ortiz said that "Silver will serve the House and the nation with excellence, bringing all sides of an issue together and standing up to anyone who is not candid with the Congress."

Roemer and others praised Reyes' focus on rebuilding human intelligence capabilities and diversifying the operative and analyst ranks to bring in people with greater expertise in the Middle East, Asia and other regions of interest to U.S. intelligence.

Reyes To Lead Intelligence Panel (WT)

By Amy Fagan

The Washington Times, December 2, 2006

Speaker-elect Nancy Pelosi yesterday named a former Border Patrol agent to lead the powerful House intelligence panel, sidestepping two more senior choices and ending an internal party struggle over the post.

Rep. Silvestre Reyes, Texas Democrat who has served a decade in the House, will take over the committee in January as his party prepares to step up scrutiny of the Bush administration on a range of issues, including intelligence gathering.

"When tough questions are required, whether they relate to intelligence shortcomings before the 9/11 attacks or the war in Iraq, or to the quality on intelligence on Iran or North Korea, he does not hesitate to ask them," said Mrs. Pelosi, California Democrat, who praised Mr. Reyes' "impeccable national security credentials."

The decision had been a tough test for the speaker-elect because the top two Democrats currently on the panel -- Reps. Jane Harman of California and Alcee L. Hastings of Florida -- also had been vying for the post.

Mrs. Pelosi was widely expected to skip over Mrs. Harman, since the two reportedly have political differences. That left Mr. Hastings, who was backed by the powerful Congressional Black Caucus but who was tainted by his impeachment and removal as a federal judge in 1989.

This week, Mrs. Pelosi announced she wouldn't choose Mr. Hastings -- a wise move some said, especially if Democrats want access to more intelligence information.

"Pelosi has dodged a bullet here," said Loren Thompson, a defense analyst at the Lexington Institute. "The intelligence people I talked to were saying they were going to pull the wagons tight around them if it were Hastings."

Known as "Silver" to his friends, Mr. Reyes will be the first Hispanic chairman of the committee. After serving in Vietnam, he spent nearly 27 years with the Border Patrol, rising to sector chief of El Paso and McAllen, Texas, during his tenure.

"It's a historic moment for the Hispanic community," said Janet Murguia, president of the National Council of La Raza, a Hispanic civil rights group.

Mr. Thompson said Mrs. Harman was clearly the most experienced for the post, but Mr. Reyes is "solid" and "people will be inclined to trust [him] because he has been on the other side of the table" as a border agent.

Mr. Reyes said in an interview last month that he will require more information than Republicans did from the administration regarding their most classified programs, and he'll also look at the role of intelligence three years after the invasion of Iraq and the state of traditional spy craft, the Associated Press reported.

"We haven't required or haven't had the administration give us the details, evaluation or plan of how these classic programs are functioning," he said.

Mrs. Pelosi noted yesterday that Mr. Reyes' "appreciation for the dangers inherent in the operation of secret activities in a democracy ensures that he will be a zealous protector of the civil liberties that define us as a nation."

Yesterday, she praised both Mrs. Harman and Mr. Hastings.

Mrs. Harman "served with distinction" in her four years as the top Democrat on the panel and "worked tirelessly under difficult circumstances" to ensure intelligence agencies had needed resources, direction and leadership. Mr. Hastings "has brought foreign affairs expertise, deep patriotism, and dedication to the work of the committee," Mrs. Pelosi said.

Mrs. Harman, who won't be reassigned to the panel next year, congratulated Mr. Reyes on his appointment, offering him her "full and enthusiastic support."

The outgoing intelligence panel chairman offered his good wishes as well, even as he urged a bipartisan atmosphere next year.

"The threats and challenges facing our great nation know no political bounds," said Rep. Peter Hoekstra, Michigan Republican. "It is this reality that I hope will guide current and incoming members of the House intelligence committee in its work to secure America's future."

Mr. Reyes has made some bipartisan moves in the past, including praising the nomination of former CIA Director Robert M. Gates to be the next defense secretary.

Pelosi Picks Reyes For Intelligence Panel Chairman (HILL)

By Josephine Hearn

The Hill, December 1, 2006

Pleasing Hispanic lawmakers and ending weeks of speculation, Speaker-designate Nancy Pelosi (D-Calif.) named Rep. Silvestre Reyes (D-Texas) chairman of the House intelligence committee Friday morning.

A veteran and former border patrol agent, Reyes ranked third on the committee behind Reps. Jane Harman (D-Calif.) and Alcee Hastings (D-Fla.), both of whom Pelosi had already ruled out.

"Congressman Silvestre Reyes has impeccable national security credentials…When tough questions are required, whether they relate to intelligence shortcomings before the 9/11 attacks or the war in Iraq, or to the quality on intelligence on Iran or North Korea, he does not hesitate to ask them," Pelosi said in a statement.

In his own statement, Reyes said he would tackle the tough issues.

"I am honored by the serious responsibility that has been placed on my shoulders," said Reyes. "The Intelligence Committee oversees many activities that play a critical role in safeguarding our nation, and will address many of the challenges we are facing in Iraq and Afghanistan. It is important for the committee to ask the tough questions and enact strong policies to keep us safe while protecting the constitutionally guaranteed rights of Americans."

Reyes is the second Hispanic slated to lead a committee in the 110th Congress. Rep. Nydia Velazquez (D-N.Y.) is in line to chair the Small Business Committee.

Pelosi Names Reyes Intel Chair (RC)

By Jennifer Yachnin

Roll Call, December 1, 2006

Incoming Speaker Nancy Pelosi (D-Calif.) tapped Rep. Silvestre Reyes (D-Texas) on Friday morning to chair the House Intelligence Committee in the 110th Congress.

"Congressman Silvestre Reyes has impeccable national security credentials. He has served our country as a soldier in combat, a senior law enforcement officer on our southern border, and in Congress as a member of the Select Intelligence, Armed Services, and Veterans' Affairs Committees," Pelosi said of Reyes, who retired from the Immigration and Naturalization Services' U.S. Border Patrol in 1995.

The Texas lawmaker, who had been the third-ranking Democrat on the panel, will move ahead of current ranking member Rep. Jane Harman (D-Calif.) and Rep. Alcee Hastings (D-Fla.).

Democratic observers had widely expected Pelosi to pass over Harman for the chairmanship, giving the a tumultuous relationship between the California lawmakers in recent times.

"I offer my sincere congratulations to my friend and colleague Silver Reyes on being named Chair of the House Intelligence Committee," Harman said in a statement, and later added: "I will do everything I can to make the transition a smooth one. I remain passionate about the issues, and will stay actively involved in security matters on the Homeland Security and Energy and Commerce Committees, as well as with Secure U.S. — the political action committee I established last year to train candidates and elected officials on national security policies and messages."

"I leave this position with incredible respect for the women and men of the Intelligence Community. They operate in austere places often under cover and under fire, and I have visited with them in virtually every corner of the world," Harman said. "I pledge to them that I will continue to look after their interests and the interests of the intelligence industrial base that is largely centered in my congressional district in California."

The Speaker-to-be announced Tuesday that Hastings, the second-ranking Democrat on the panel, would not ascend to the chairmanship. Although she did not offer a specific reason, the decision came as Hastings had sought to quell concerns over his 1988 impeachment as a federal judge, which was the subject of numerous media reports in recent weeks.

In her statement, Pelsoi praised both Harman and Hastings: "All of the Democrats who serve on the Intelligence Committee in the 109th Congress will continue to be great resources on national security matters to the Democratic Caucus, the Congress, and the country."

Texas Democrat To Head House Intelligence Panel (WP)

By Jonathan Weisman

The Washington Post, December 2, 2006

House Speaker-elect Nancy Pelosi (D-Calif.) named Rep. Silvestre Reyes (D-Tex.) to chair the House intelligence committee yesterday, skipping over the two most senior Democrats on the panel to hand the sensitive post to a Vietnam War veteran and former U.S. Border Patrol agent.

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Pelosi signaled weeks ago that she would not elevate the panel's top Democrat, Rep. Jane Harman (Calif.), to the chairmanship and announced this past week that she would also pass over Rep. Alcee L. Hastings (D-Fla.), who could not overcome the stigma of his 1988 impeachment and 1989 removal from a federal judgeship.

Reyes, a five-term House member from El Paso, is a well-liked Democrat. And now, as a key party spokesman on national defense issues, he becomes perhaps the most visible Latino in Congress.

"Congressman Silvestre Reyes has impeccable national security credentials," Pelosi said. "When tough questions are required, whether they relate to intelligence shortcomings before the 9/11 attacks or the war in Iraq, or to the quality of intelligence on Iran or North Korea, he does not hesitate to ask them."

Reyes signaled that he will use his post to confront the Bush administration on national security and intelligence issues that he said Republicans have shied away from.

"On warrantless tapping, on their policy on detention and interrogation, their policy on secret prisons, all of those have undermined our position in the world," Reyes said in an interview yesterday. "And we have been complicit in Congress by rubber-stamping everything the administration has proposed."

"It's a good, solid appointment," said former congressman Timothy J. Roemer (D-Ind.), a member of the bipartisan commission that examined the attacks of Sept. 11, 2001.

But Reyes has been linked to past controversies. The inspector general of the government's General Services Administration looked into the serious failures of a $239 million network of cameras and sensors along the Mexican and Canadian borders, an investigation that focused in part on the contractor's employment of Reyes's daughter Rebecca.

Reyes has been a key backer of the system and its contractor, International Microwave Corp. Shortly after its 1999 contract award, the firm hired Rebecca Reyes to serve as a liaison to what was then the Immigration and Naturalization Service. She ultimately became IMC's vice president for contracts. IMC also hired her brother, Silvestre Reyes Jr., as a technician on the program, known as the Integrated Surveillance Intelligence System, or ISIS.

Rep. Reyes said that he never interceded on his daughter's behalf or with U.S. officials to help her company win a contract, and that he backed the firm's search for funding only because he supports the system of border sensors and cameras. And, he said, the investigation was concluded with no charges of improprieties by the company, his daughter or himself.

The choice of a House intelligence chairman has been a difficult one for Democrats. Pelosi's decision to skip over Hastings angered the Congressional Black Caucus, prompting some consideration of Rep. Sanford Bishop (D-Ga.). Bishop, an African American, had been bumped from the committee in 2001 to make room for Harman, who returned to the House after an unsuccessful gubernatorial bid.

The Congressional Hispanic Caucus launched its own campaign for Reyes, a past caucus chairman. While African Americans will chair four House committees next year, including the powerful Ways and Means and Judiciary committees, Latinos were slated to head only one, the small-business panel.

"We felt we needed more of a presence than that," said Rep. Raul M. Grijalva (D-Ariz.). "What the leadership has to understand is, as more of us are integrated into high-profile leadership positions, the more we can help in the long run to solidify this constituency with the party. That can only help the Democratic Party."

After the Vietnam War, Reyes served with the Border Patrol for a quarter of a century, from Texas to Georgia, rising to chief patrol agent in El Paso, where he cut the flow of illegal immigrants by more than half, an achievement that propelled him to the House.

Reyes's task now will be to balance the need for bipartisanship on a sensitive committee with the demands of many Democrats, including Pelosi, to push the Bush administration hard on its program of warrantless wiretapping of terrorism suspects, its network of secret CIA prisons and the scandals left largely unexplored by Republicans, such as the role of intelligence officials in Iraq's Abu Ghraib prison.

"How do you make a committee that's supposed to work in a bipartisan way work that way and keep the support of the caucus?" Roemer asked. "That is a delicate balance."

Next Chairman For Intelligence Opposed War (NYT)

By Mark Mazzetti, Jeff Zeleny

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — Representative Nancy Pelosi, the incoming House speaker, sent a strong new signal on Friday that Democrats intend to confront the White House by naming a Texas congressman who opposed the war in Iraq as the next chairman of the House intelligence committee.

This choice, of Representative Silvestre Reyes to head one of Congress's most important committees, ended weeks of closed-door lobbying and public posturing among Democrats who had been competing for the post. By choosing Mr. Reyes, a

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former Border Patrol agent and Vietnam combat veteran, Mrs. Pelosi passed over the panel's top Democrat, Representative Jane Harman of California, a more hawkish figure who voted to authorize the war in Iraq and a political rival with whom Mrs. Pelosi has long had a stormy relationship.

Mr. Reyes, an affable West Texan, has a far lower profile in national security circles than does Ms. Harman, an outspoken and strong-willed centrist who has become a regular guest on Sunday talk shows since the Sept. 11 attacks.

But Mrs. Pelosi chose him over Ms. Harman in part because he has repeatedly taken a more combative stance toward Bush administration policies like the invasion of Iraq, military tribunals for terrorist suspects, and the National Security Agency's domestic surveillance program.

Mr. Reyes voted against authorizing President Bush to go to war with Iraq, and in June he said that the failures in Iraq "cry out for oversight."

In September, Mr. Reyes blasted the White House's justifications for the National Security Agency wiretapping program.

"I take very seriously our obligation to provide the president with the tools that he needs to provide for national security," he said, "but I also reject the notion that the authorization for use of military force allows the president to ignore the Fourth Amendment and conduct warrantless surveillance on American citizens."

The choice of an intelligence committee chairman had emerged as the second controversial decision in the early leadership tenure of Mrs. Pelosi. Committee chairmanships are normally decided by seniority, but it is Mrs. Pelosi's prerogative to choose someone else.

Last month, the Democratic caucus soundly rejected Mrs. Pelosi's choice for majority leader, electing Steny H. Hoyer of Maryland over John P. Murtha of Pennsylvania. Then, the signal by Mrs. Pelosi that she intended to bypass Ms. Harman for the intelligence post stirred dissent among moderate Democrats, particularly members of the conservative Blue Dog Coalition, who mounted a campaign for Ms. Harman.

Ms. Harman made the case publicly that the centrist course she had taken on national security issues would be crucial to the Democrats maintaining a majority in Congress. Alcee L. Hastings, a liberal Florida congressman who was one of Ms. Harman's competitors for the position, had also been marshaling support to his side, and had the backing of the powerful Congressional Black Caucus.

But Mr. Hastings, who was impeached and removed from a federal judgeship in 1989 because of a bribery scandal, was opposed by conservative Democrats and ultimately deemed by Mrs. Pelosi to be too controversial for the position.

Mrs. Pelosi called Ms. Harman on Friday morning to deliver the news, and the two Californians spoke for about 10 minutes, according to people familiar with both sides of the conversation. Mrs. Pelosi thanked Ms. Harman for her "service and intellectual contribution."

Ms. Harman, though, beat Mrs. Pelosi to the punch in announcing the news. In a break of political protocol, she sent out a statement congratulating Mr. Reyes before Mrs. Pelosi's office had even made the appointment official. In a statement on Friday, Ms. Harman gave her "full and enthusiastic support" for Mr. Reyes and pledged to "stay actively involved in security matters."

Representative Lincoln Davis, Democrat of Tennessee, was one of the Blue Dog Democrats who signed a letter to Mrs. Pelosi last month urging her to select Ms. Harman. It was Ms. Harman's instruction on intelligence matters, he said, that helped several Democrats win election and defuse the charge that Democrats are soft on national security.

"Obviously, some of us would have been happier with Jane Harman. She has a grasp of national intelligence issues," Mr. Davis said in a telephone interview on Friday from his district in Middle Tennessee.

"I really don't know what the problem is," he added. "They are both from California, you know."

But Mr. Davis also said that Mr. Reyes was an excellent compromise and he predicted the storm would quickly blow over inside the Democratic caucus.

Representative Anna G. Eshoo, a California Democrat who sits on the Intelligence Committee and is close to Mrs. Pelosi, said that Mr. Reyes's low profile would serve him well in the new job.

"He doesn't shoot from the lip. He's not a showboat," Ms. Eshoo said in a telephone interview Friday from California. "He doesn't alienate people when he offers his views. He's firm, yet he's open-minded."

Born and raised in Canutillo, Tex., a town on the outskirts of El Paso, Mr. Reyes was drafted into the army and spent 13 months in Vietnam as a helicopter crew chief. He lost hearing in his right ear when an explosion rocked his bunker there. Shortly after returning from Vietnam he began what would become a 26-year career in the Border Patrol.

After retiring from the Border Patrol in 1995, he was elected to Congress the next year and has served on the Intelligence Committee since 2001. He will become the seventh Hispanic representative to lead a full House committee.

But he will inherit a committee that in recent years has become one of Congress's most dysfunctional and partisan panels.

The past two months have been particularly rancorous, beginning in October when Ms. Harman released the findings of a committee investigation over the objection of the panel's chairman, Representative Peter Hoekstra, Republican of Michigan.

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Soon afterward, Mr. Hoekstra suspended the access of a Democratic staff member to classified material on the suspicion that he was the source of a leaked National Intelligence Estimate on global terrorism.

The staff member, Larry Hanauer, was later cleared of wrongdoing.

Pelosi Hopes Pick Will End Turmoil (WSJ)

By David Rogers, Jay Solomon

The Wall Street Journal, December 2, 2006

WASHINGTON -- In picking Texas Rep. Silvestre Reyes to lead the House Intelligence Committee, Democrats hope to have found both a solid chairman and an end to weeks of speculation that have roiled the party.

John Negroponte, director of National Intelligence for the Bush administration, said Mr. Reyes's background, including six years on the panel, "ideally qualifies him for this important chairmanship." But the selection process has been a distraction for future House Speaker Nancy Pelosi. Even now, her choice faces some skepticism in the intelligence community -- ironically, because of Mr. Reyes's travels with a Republican.

A helicopter crew chief and door gunner in Vietnam, Mr. Reyes won a seat on the House Armed Services Committee early in his career before also being named to Intelligence in 2001. As a member of Armed Services, he has frequently traveled overseas as part of delegations led by one of the panel's most senior and controversial Republicans, Pennsylvania Rep. Curt Weldon.

Mr. Weldon, who was defeated in last month's midterm elections, has made high-profile stops in North Korea, Libya and Russia in recent years, and has been outspoken about the threat posed by Iran. An August 2003 trip included a stopover in Paris that drew the ire of the Central Intelligence Agency, according to two recently retired members of the agency's Directorate of Operations.

Included was a meeting at a Paris hotel with group of Iranian exiles to discuss Iran's alleged role in terrorism and developing weapons of mass destruction. Among the leaders of the Iranian delegation was Manucher Ghorbanifar, a central figure in the Reagan administration's Iran-Contra scandal and a man the CIA had accused of providing bogus intelligence to the Americans.

In an interview Friday, William Murray, who was the CIA's station chief in Paris at the time, said he tried to prevent the lawmakers from going to the meeting after he learned that Mr. Ghorbanifar would be attending. But he said that his advice went unheeded. "Reyes was one of the guys who met with Ghorbanifar," Mr. Murray said.

Mr. Reyes's office said Friday that he has never met with Mr. Ghorbanifar, and didn't attend the hotel meeting during the Paris stopover.

The significance of the trip, in any case, is a matter of dispute. Some critics argue that going against the advice of a CIA station chief is naive. Others say Democrats on a Republican-led delegation have a responsibility to attend all meetings, and going against a local CIA officer's advice isn't without precedent for traveling lawmakers.

With his elevation, Mr. Reyes vaults past two more senior members of the Intelligence panel who had openly campaigned for the post: Reps. Jane Harman of California and Alcee Hastings of Florida. Both had liabilities for Ms. Pelosi.

Ms. Harman has exhausted the customary time allowed for service on the panel, and as the top Democrat in recent years, her tenure was marked by frequent turnover in staff. Mr. Hastings, next in line, was impeached as a federal judge and removed from the bench before being elected to Congress.

In announcing her choice, Ms. Pelosi took care Friday to praise both Reps. Harman and Hastings. But the weeks of speculation had become a costly distraction for Ms. Pelosi, and especially aggravating for her, given her own history of serving on the Intelligence Committee.

No modern leader of the House has ever served as long on the panel as Ms. Pelosi, and as the future speaker, she is empowered to single-handedly appoint the chair and members for the new Congress. Yet she found her discretion being challenged by many in the Washington establishment, where Ms. Harman has her own following.

This pressure has increased since Ms. Pelosi defied expectations last month by publicly interceding on behalf of Rep. John Murtha (D., Pa.) in his uphill and ultimately unsuccessful contest against Rep. Steny Hoyer (D., Md.) to become House majority leader.

Ms. Pelosi said she was backing Mr. Murtha out of friendship and in recognition of his speaking out against the war in Iraq. But in going against the establishment and then losing, she opened herself to more pressure from the Harman camp, which backed Mr. Hoyer.

Reyes To Lead House Panel On Intelligence (LAT)

By Greg Miller, Times Staff Writer

DOJ_NMG_0100984

The Los Angeles Times, December 2, 2006

He is widely seen as a compromise candidate for Speaker-to-be Pelosi, who bypassed two more-senior members.

WASHINGTON — Incoming House Speaker Nancy Pelosi on Friday tapped Texas Congressman and former Border Patrol agent Silvestre Reyes to be the next chairman of the House Intelligence Committee, ending what had become a distracting fight among Democrats over who should get the influential post.

Reyes will occupy a key position for Democrats seeking to use their newfound majority status to challenge the Bush administration on a range of national security issues including conduct of the Iraq war, and the capture and interrogation of terrorism suspects abroad.

"One of the frustrations that I have felt has been a propensity for Congress to be a rubber stamp to just about anything the [Bush] administration has proposed," Reyes said in a telephone interview Friday. "I intend to be much more aggressive."

His appointment comes amid signs of a shake-up on the Senate Intelligence Committee. Senate aides said GOP leaders planned to remove Sen. Pat Roberts (R-Kan.) as the top Republican on the panel. Possible replacements include Sen. Orrin G. Hatch (R-Utah) and Sen. John W. Warner (R-Va.), the outgoing chairman of the Senate Armed Services Committee. A spokeswoman for Roberts declined to comment.

In selecting Reyes — widely viewed as a compromise candidate — Pelosi sought to quiet a controversy over her handling of personnel issues in assembling her leadership team. Pelosi, of San Francisco, had drawn criticism from some of her Democratic colleagues for deciding to bypass two more-senior members of the panel — Reps. Jane Harman (D-Venice) and Alcee L. Hastings (D-Fla.) — who had lobbied for the job.

Harman, currently the senior Democrat on the intelligence committee, was pushed aside in part because of a political feud with Pelosi. Hastings was rejected largely over ethics concerns. In the 1980s, Hastings was forced to step down as a federal judge in Florida after being impeached by the House and convicted by the Senate of conspiring to accept a bribe from two defendants convicted in his court of racketeering.

Harman was viewed by some Democrats as being too reluctant to criticize the Bush administration over Iraq. Reyes, unlike Harman, voted against the war in a key 2002 vote.

In a sign that Democrats are eager to shift the focus away from the acrimonious competition for the job, Harman praised the selection of Reyes, saying he brings "great experience" to the position because of his years on the intelligence and armed services committees as well as in border enforcement.

Reyes, 62, has served on the intelligence committee since 2001, earning a reputation for diligence in focusing on border security and domestic threats. But current and former congressional aides said Reyes had yet to acquire a deep understanding of the issues and inner workings of the sprawling U.S. intelligence community.

"He's a thoughtful member, well respected by other members and staff," said a former senior Republican aide on the committee who spoke on condition of anonymity. "He's a solid guy. But he's still in the process of learning the business."

Reyes will be expected by Democrats to carry out an aggressive oversight agenda, and to bring fresh scrutiny to an array of classified intelligence operations and programs launched by the Bush administration after the Sept. 11 attacks. He also faces the challenge of leading a panel that has become increasingly partisan.

In recent years, the House Intelligence Committee has been less aggressive than its Senate counterpart in investigating intelligence failures including erroneous prewar claims about Iraq's alleged stockpiles of biological and chemical weapons.

At the same time, a series of highly classified intelligence operations authorized by President Bush have been exposed in the media — including the secret transfers of terrorism suspects overseas and the wiretapping of international phone calls made by U.S. citizens.

Reyes said he intended to examine these intelligence programs and others.

"I think in general terms we have seen the erosion of what our traditional American values are in terms of techniques that are used to interrogate, secret prisons, wiretapping of American citizens," he said.

In a statement, Pelosi said Reyes "has impeccable national security credentials" and would serve as a "zealous protector of the civil liberties that define us as a nation."

Reyes was elected to Congress in 1996 after a 26-year career in the U.S. Border Patrol, where he was sector chief in El Paso. He is also a Vietnam War veteran who earned a Purple Heart for injuries that left him without hearing in his right ear.

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Defense Nominee's Business Ties Raise Concerns (LAT)

By Walter F. Roche

The Los Angeles Times, December 2, 2006

DOJ_NMG_0100985

WASHINGTON — In the 14 years since he left government, former CIA director Robert M. Gates has jetted cross-country to advise 10 different companies, assessing issues as varied as Saudi oil drilling, mutual fund performance and restaurant sales at Romano's Macaroni Grill.

"I first sought him out because I considered him to be of exceptional good judgment and intelligence," said Rodney B. Mitchell, president of the Mitchell Group, a Houston investment firm that used Gates as a senior advisor. Impressed with Gates' recent performance as president of Texas A&M University, Mitchell believed Gates offered "pragmatism" to a firm that aims "to exploit the rapidly changing dynamics of world energy markets."

But as Gates awaits Senate confirmation as President Bush's secretary of Defense, ethics watchdogs worry about the revolving door between government and private business that allowed Gates to align himself with defense contractors, investment houses and a global drilling company involved with Vice President Dick Cheney's former employer, Halliburton Co.

Companies with which Gates has been affiliated have secured hefty no-bid Pentagon contracts, and "you have to wonder if these companies will continue to get around bidding requirements once Gates is secretary," said Alex Knott, political director of the Center for Public Integrity, a Washington-based watchdog group.

Common Cause, another nonprofit watchdog, believes Gates should take steps now to insulate himself, including placing his stock holdings — some of which he acquired in return for board service — in a blind trust to avoid conflicts of interest with companies seeking federal work.

A criticized administration

The Bush administration has been dogged by allegations that past corporate affiliations of administration officials led to favored treatment in federal contract awards. Much of the criticism has focused on Cheney's relationship with Houston oil services giant Halliburton, which has secured $1.5 billion in no-bid contracts for reconstruction in Iraq. Cheney was the firm's chief executive and retained Halliburton stock when he became vice president.

The Senate Armed Services Committee required outgoing Defense Secretary Donald H. Rumsfeld to divest himself of defense-related stocks to avoid conflicts. But it allowed him to keep holdings worth as much as $25 million in Gilead Sciences Inc., a California company that developed a drug used to treat bird flu.

Gilead, for which Rumsfeld served as board chairman, has seen its stock prices soar with sales to the Pentagon and other government customers. Rumsfeld, who through the Pentagon has denied any conflict, reported $5 million in Gilead capital gains in 2005.

In preparation for hearings set to begin next week, the armed services panel has asked Gates to complete a standard questionnaire about his corporate affiliations and stock holdings. Gates, in a 1994 opinion piece, compared the process of Senate confirmation to a "root canal," warning prospective public officials to prepare for scrutiny of every aspect of their personal finances and corporate relationships.

Financial disclosure forms filed in recent years with the Texas Ethics Commission show that Gates juggled various corporate relationships with his job as Texas A&M president. The university last year paid him $525,000 in salary, and he nearly doubled his income through outside directorships, Securities and Exchange Commission documents show.

Gates' personal holdings have grown substantially since he left government, when he had no more than $165,000 in savings and retirement accounts. Now, he has $1.1 million in holdings with Fidelity Investments, as well as stock holdings in some of the companies where he has served as director.

Links to contractors

Gates' relationships with defense companies date to 1993, soon after he left government after 27 years in intelligence work. He joined the board of SAIC, which is a contractor for the Pentagon, CIA and other federal agencies. Gates' brief tenure came as the company weathered a Justice Department investigation into defense contract irregularities that it eventually settled for $2.5 million.

Gates later served on the advisory board for VoteHere, an electronic voting machine firm tied to SAIC, and on the boards of defense contractors TRW, now part of Northrop Grumann Corp., and the Massachusetts-based Charles Stark Draper Laboratory.

Gates' knowledge of international issues won him a place on the board of Houston-based Parker Drilling Co., a global firm with 3,000 employees and operations in 10 countries. Gates earned $52,000 last year from the company, which values his "unique background and experience," spokeswoman Rose Bratton said. A Parker proxy statement reports that Gates owns 12,000 shares — worth more than $115,000 at Friday's stock price — with rights to acquire 60,000 more.

Parker reports that Halliburton is a "significant customer," often leasing equipment for international projects. Parker has partnered with Halliburton in a major drilling project in southern Mexico and in smaller efforts, such as a rig worker training program in Russia.

DOJ_NMG_0100986

Gates' largest source of outside income last year, at $373,000, was from Boston-based Fidelity Investments, one of the world's largest investment houses. Gates' Fidelity holdings are described as deferred compensation, according to his disclosures.

Gates said recently that he would resign from Fidelity's board, on which he has served for nine years. Elected last year as chairman of the board's independent directors, Gates and his group oversee 345 mutual funds, including ones featuring U.S. defense and energy stocks.

He commuted from Texas for 11 board meetings a year, once noting that he had missed only one meeting because of a conflict with a college event. Gates' Fidelity salary was set by the independent directors.

Independent directors are charged with protecting the interests of individual investors, but, Fidelity spokesman Vin Loporchio said, the directors "are not involved in stock selection."

Gates also is on the board of Ohio-based NACCO Industries Inc., which has a mining division and manufactures forklift trucks and household appliances. Gates holds at least 1,000 shares of NACCO stock, according to his disclosures, worth about $149,000 Friday.

Gates reports other fees as a board member of Brinker International, a food service company with 1,400 family-style restaurants, including Chili's and Macaroni Grill.

Key Rumsfeld Aide Resigns (AFP)

AFP, December 2, 2006

WASHINGTON (AFP) - The Defense Department's top intelligence official will resign at the end of the year, the Pentagon announced.

Stephen Cambone, undersecretary of defense for intelligence, is the most senior Pentagon official to announce he is leaving since US Defense Secretary Donald Rumsfeld tendered his resignation last month.

Cambone, who came to the Pentagon with Rumsfeld in January 2001, has been a key player in his efforts to transform the US military into a lighter, high tech force and in carving out a larger role for US military intelligence.

The Defense Department expanded espionage and other covert intelligence gathering activities under Cambone, drawing criticism from some in Congress that it was intruding on turf traditionally dominated by the CIA.

General Michael Hayden, the CIA director, said in a radio interview November 22 that reports of tension between the CIA and the Pentagon over its intelligence gathering programs were exaggerated.

"There is a bit of an urban legend out there, that the distance between here and the Pentagon, which is about seven miles down the river, is the line of confrontation," Hayden told WTOP radio. "That's simply not true."

"The Defense Department performing additional intelligence tasks is good news for America; it brings more resources to a problem we have discussed as being very, very difficult," he said.

"The only question, of course, is like any team, that the performance and activities of the new players are coordinated with the squad already out there on the field. And I have to tell you, that activity is coordinated."

Hayden said Robert Gates, a former CIA director who has been tapped to replace Rumsfeld, would reinforce "the success that we've had under Secretary Rumsfeld, and frankly, with Under Secretary for Intelligence Steve Cambone."

In its announcement, the Pentagon said Cambone had no specific plans after his departure December 31 but "looks forward to spending more time with his family."

Cambone is one of the last members of the original team that came to the Pentagon with Rumsfeld, who announced his resignation November 8.

Pentagon Intelligence Chief To Step Down (AP)

By Lolita C. Baldor,

AP, December 2, 2006

Stephen A. Cambone, the Pentagon's top intelligence official and a close ally of Defense Secretary Donald H. Rumsfeld, will step down at the end of the year, becoming the first key department member to leave in the wake of Rumsfeld's resignation.

It had been widely speculated that Cambone, the undersecretary of defense for intelligence, would resign as the Pentagon prepares for the expected Senate confirmation of a new defense chief — former CIA director Robert Gates.

The Pentagon's intelligence-gathering has come under fire during Cambone's tenure, with critics accusing the Defense Department of trying to take expanded control over the nation's intelligence activities.

Cambone was in charge of intelligence when it was disclosed a year ago that a Pentagon database of suspicious activities contained the names of anti-war groups that had been found not be security risks. Cambone ordered a review of the program.

Pentagon spokesman Lt. Col. Todd Vician said Gates did not request Cambone's resignation.

"This was an independent decision," said Vician. "Dr. Cambone decided that now is a good time for a change to enable him to spend more time with his family."

Cambone came to the Pentagon with Rumsfeld in January 2001, and served in three other top level posts before taking over the intelligence job in March 2003.

The Red State Of The Holiday White House (WP)

By Amy Argetsinger, Roxanne Roberts

The Washington Post, December 2, 2006

George and Laura Bush hosted the first of 24 White House holiday-season parties last night (nah, we didn't get an invite, either), just hours after the first lady unveiled this year's decorations, inspired by the mansion's Red Room.

The look: Two 12-foot trees covered in poinsettias greeted guests in the Grand Foyer, along with vases of red carnations, lots of candy canes, cranberry topiaries and 4,638 shiny red balls on the trees and garlands. The 18-foot Douglas fir in the Blue Room is decorated in glass, crystal and that cottony kind of fake snow, as well as tiny red bows.

The showstopper: Because she hasn't found a replacement for pastry chef Thaddeus DuBois, the first lady persuaded his predecessor, Roland Mesnier, to make the 300-pound gingerbread White House on display in the State Dining Room. Tiny renderings of Barney and Miss Beazley sit in Santa's sleigh on the rooftop; Willie the cat lies under a small birdhouse; 800 icing snowflakes cover the house.

The menu: New executive chef Cristeta Comerford added some Bush favorites to the traditional holiday buffets -- mini-chicken-fried steaks with white onion gravy, sweet potato souffle and tamales, which the Texans always eat on Christmas Eve.

During a round of early-morning interviews, the first lady said the tree upstairs in the private residence is covered with family ornaments. No word whether the twins will be home for Christmas, but they'll open presents that morning. "George's family has a very strict rule that it's Christmas Day," she told ABC. "My family always opened on Christmas Eve. But he's the president, so he gets his way on Christmas Day."Gearing Up for Honorable Mentions

It's time for the annual Hollywood-on-the-Potomac schmoozefest -- this weekend's Kennedy Center Honors, where a cluster of A-list stars will line up for Sunday's red-carpet tribute. It's always fun to guess which celebs will show up to salute the honorees -- this year, the awards go to Dolly Parton, Steven Spielberg, Smokey Robinson, Andrew Lloyd Webber and Zubin Mehta. The list of presenters is super-secret, but be on the lookout for Reese Witherspoon, Jessica Simpson, George Lucas, Berry Gordy, Barbara Cook, Sarah Brightman, Barbara Walters, Ron Silver, Arthur Mitchell and Christine Ebersole. (Alas, newly single Kid Rock, a member of the "artists committee" for the honors and a guest in previous years, is not scheduled to attend.)

Write us at reliablesource@ washpost.com if you spot them around town; bonus points if you catch Reese or Jessica with hot new boy toys.

LOVE, ETC.

Engaged: "Desperate Housewives" star Eva Longoria, 31, and her San Antonio Spur sweetie of two years, Tony Parker, 24. Her rep says we should look for a big wedding next summer in Parker's homeland of France, "with lots of family and friends" -- and paparazzi in helicopters.

Born: A daughter, to acclaimed hipster filmmaker Sofia Coppola and her French rock-star boyfriend, Thomas Mars, Tuesday in Paris. They named her Romy, and you just know she's going to be the coolest kid in pre-K.

SURREAL ESTATE

Buyer: Evan and Cindy Jones

Price: $16 million

Details: The chief executive of Maryland biotech giant Digene and his socially prominent wife just purchased a four-acre waterfront lot on Nantucket -- one of the highest prices ever paid for a property on the exclusive Massachu- setts island. Jones, 49, just gave up day-to-day operations of the company to spend more time doing fun things such as sailing. A 100-year-old house on the land will become a guesthouse, and the couple are building a new home for themselves overlooking the harbor -- all the better to keep an eye on their 44-foot-long sailboat.

Bush Says AIDS Can Be Defeated (AP)

AP, December 1, 2006

WASHINGTON — President Bush marked Worlds AIDS Day on Friday by declaring: "The pandemic of HIV/AIDS can be defeated."

Bush and first lady Laura Bush met in the Roosevelt Room with Health and Human Services Secretary Michael Leavitt, U.S. Global AIDS Coordinator Mark Dybul and community leaders from the U.S. and Africa.

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"It's a day for the world to recognize the fact that there are 39 million people living with HIV/AIDS," Bush said. "And a day to remember the fact that 25 million people have died of AIDS."

Bush's AIDS initiative, announced in 2003, is the largest international health initiative dedicated to a single disease.

It targets 15 countries that are home to about half of the world's 39 million people who are HIV-positive. The countries are: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam and Zambia.

The Bush initiative committed $15 billion over five years to support treatment for 2 million people, prevention for 7 million and care for 10 million. The White House says that today, more than 800,000 people are receiving lifesaving drugs.

Adding the 770,000 people treated with the drugs through the Global Fund to Fight AIDS, Tuberculosis and Malaria means that more than 1 million people living with AIDS are being treated worldwide. The Global Fund is a public-private partnership that has committed $6.8 billion to fight the three diseases in 136 countries.

"Four years ago, almost nobody in Africa and elsewhere in the developing world was receiving treatment," said Richard Feachem, director of the Global Fund. "That well over 1 million people with AIDS are on now on treatment through the support of Global Fund and PEPFAR is a remarkable achievement. We must now build on this progress to reach the millions more who are still in urgent need."

While the president's treatment program is widely praised, critics of Bush's initiative complain that not enough is being done to prevent people from contracting HIV.

Richard Holbrooke, former U.S. ambassador to the United Nations who now leads the Global Business Coalition on HIV/AIDS, said the treatment program might not be sustainable, because the number of people with HIV continues to grow. According to the U.N. agency on AIDS, there will be 4.3 million new infections this year.

Proponents of the Bush initiative argue that a three-pronged HIV prevention strategy — emphasizing abstinence, fidelity and condom use — offers people the best options to protect themselves from AIDS. Democrats in Congress have condemned a provision in the Bush initiative that requires that 33 percent of all money committed to prevention programs be spent to promote abstinence. That restriction, they say, has more to do with conservative ideology than scientifically proven programs.

Bush also urged Congress to reauthorize the $2.1 billion Ryan White Care Act, the largest federal program specifically for people with HIV/AIDS.

Supporters say changes are needed in the act because AIDS has moved beyond urban centers into rural areas. But in September, they failed to overcome objections from senators in New York and New Jersey, states that stand to lose AIDS money under proposed revisions to the act.

Senate Democratic Leader Harry Reid said that in America, infection rates are skyrocketing in minority communities. HIV/AIDS is the leading cause of death for African American women ages 25-34 and the fourth leading cause of death for both African American and Hispanic women ages 45-54, he said.

"We can — and we must — do more to address this ongoing crisis," Reid said.

GSA Chief Seeks To Cut Budget For Audits (WP)

By Scott Higham, Robert O'Harrow

The Washington Post, December 2, 2006

The new chief of the U.S. General Services Administration is trying to limit the ability of the agency's inspector general to audit contracts for fraud or waste and has said oversight efforts are intimidating the workforce, according to government documents and interviews.

GSA Administrator Lurita Alexis Doan, a Bush political appointee and former government contractor, has proposed cutting $5 million in spending on audits and shifting some responsibility for contract reviews to small, private audit contractors.

Doan also has chided Inspector General Brian D. Miller for not going along with her attempts to streamline the agency's contracting efforts. In a private staff meeting Aug. 18, Doan said Miller's effort to examine contracts had "gone too far and is eroding the health of the organization," according to notes of the meeting written by an unidentified participant from the Office of Inspector General (OIG).

The GSA is responsible for managing about $56 billion worth of contracts each year for the departments of Defense and Homeland Security and other agencies.

Doan compared Miller and his staff to terrorists, according to a copy of the notes obtained by The Washington Post.

"There are two kinds of terrorism in the US: the external kind; and, internally, the IGs have terrorized the Regional Administrators," Doan said, according to the notes.

Through a spokesman, Doan said she respects the inspector general's role and is not doing anything to undercut his independence. She also denied that she had referred to Miller, a former terrorism prosecutor, or his staff as terrorists.

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"She's trying to reduce wasteful spending," said GSA spokesman David Bethel. "Just like any other office within GSA, she has asked the OIG to live within his budget, and she's hopeful that the IG is going to embrace that concept. She is not singling him out for this attention. She's not challenging the IG's independence. This is about fiscal discipline and reducing wasteful spending and creating a business environment that can be embraced by everyone.

"By law, she can't reduce the IG's independence, and she's aware of that."

Doan, who was confirmed as administrator May 26, has publicly criticized Miller on other occasions. In her Nov. 10 annual report, Doan stated there was only one GSA manager unwilling to "confront programs and policies that had outlived their usefulness and were wasting taxpayer money." She later told Miller that she was referring to him, according to officials familiar with Doan's statement who asked not to be identified for fear of retribution.

Doan also complained in the annual report that Miller was being "unsupportive of recent changes" and said vendors and government contracting officials had reported that his auditors and investigators were exerting "undue pressure."

Bethel said yesterday that Doan's statement in her annual report "speaks for itself," and he declined to elaborate.

Miller declined to discuss his relationship with Doan.

"Let's keep our eyes on the larger picture, which is that GSA's $60 billion operations need to have objective and independent scrutiny," Miller said. "My office provides that public scrutiny. Not everyone is happy with this level of scrutiny. Nevertheless, my task is to keep our office focused on fulfilling our mission of working with GSA to enhance the quality and effectiveness of the services it provides, protect the integrity of GSA operations, and to keep fraud, waste and abuse away from its doorstep."

Before joining the GSA in August 2005, Miller served as a federal prosecutor and worked on the government's case against al-Qaeda terrorist Zacarias Moussaoui.

Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, has written to Doan expressing his concerns.

"The primary mission of the IG in your agency and every other government agency is to be a sentry standing guard against fraud, waste, and abuse wherever it occurs regardless of circumstances," Grassley wrote on Oct. 20. "This cannot be accomplished if the IG's independence is impaired or hindered by the agency in any way, shape, or form."

Doan responded by acknowledging his concerns and saying she was mainly focusing on balancing her agency's budget.

"Please be assured that I do not -- and should not -- decide which audits or investigations the IG pursues," she wrote to Grassley. "That would be inappropriate."

Inspector general's offices were given by Congress a mandate to operate as independent watchdogs in the executive branch, working on behalf of taxpayers to guard against wasteful spending. The Inspector General Act of 1978 stated: "Neither the head of the establishment nor the officer next in rank below such head shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation."

The GSA inspector general's office's audits have helped the agency recover billions of dollars in recent years from flawed or fraudulent contracts. Some vendors and government workers have complained that the audits have made contracting more cumbersome than necessary.

Soon after Doan was nominated to lead the GSA this spring, she promised outside vendors that she would make contracting with the agency much easier for both government bureaucrats and corporations. After she assumed the post, she began trimming the budget proposal of the inspector general's office. She wrote in her annual report that the office's budget and staff had "grown annually and substantially" in the past five years.

Since 2000, the number of employees in the inspector general's office has grown from 297 to 309, according to the office.

In August, a budget official in the inspector general's office described Doan's efforts to cut funding and to limit the number of audits as "unprecedented," according to an e-mail obtained by The Post. The official, John C. Lebo, said that "for the first time in memory, the Budget Office changed or deleted portions of our budget without notifying us prior to their changes."

Lebo, who has since left the agency, said the changes were troubling.

"The Administrator's Office wants to change the IG's overall approach from independently rooting out crime, fraud and abuse, to one in which the OIG is a team player working with GSA," he wrote.

Remark By Webb Arouses Passions (WP)

By Michael D. Shear

The Washington Post, December 2, 2006

RICHMOND, Dec. 1 -- An icy exchange between President Bush and Virginia Sen.-elect James Webb that was made public this week has turned Webb into something of a folk hero among critics of the president, who have longed for someone to challenge his bravado.

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At the same time, Webb's refusal to play the gentlemanly political games so common in Washington has angered conservatives and renewed questions about how well he fits with other politicians in a sharply divided Congress, where compromise will be key.

"He already has become what Washington did not need another of, a subtraction from the city's civility and clear speaking," conservative columnist George Will wrote Thursday.

On the campaign trail, Webb rarely minced words about Bush, repeatedly calling the Iraq war "a blunder of historic proportions." At the White House reception last month, Webb said, he tried to avoid interacting with the president. But when Bush walked up to Webb to ask about his son, a Marine in Iraq, Webb hinted at the campaign criticism.

"I'd like to get them out of Iraq, Mr. President," Webb said, according to a description of the conversation by several people familiar with the exchange. Webb confirmed the account this week.

"That's not what I asked you," Bush replied. "How's your boy?"

"That's between me and my boy, Mr. President," Webb responded.

Norman J. Ornstein, a resident scholar at the American Enterprise Institute, said that in the short run, the incident will boost Webb's standing among the part of the electorate that is angry about the Iraq war and eager to see Bush blamed for it.

"People will see he deeply cares about this issue and is willing to stand up to the president," Ornstein said. "He's not going to be driven by the normal proprieties in this business."

Virginia Attorney General Robert F. McDonnell (R), whose daughter was stationed in Iraq this year, said it was Webb who turned the president's question into an issue.

"I understand having a child over in harm's way in Iraq. You take the situation over there much more personally," McDonnell said. "The problem for Mr. Webb is he's got to learn a little bit better about having a sense of decorum. To be an effective U.S. senator, you have to deal in a collegial manner."

But Webb chief of staff Paul J. Reagan said the senator-elect is going to be effective once he takes office next month.

"Sen.-elect Webb is looking forward to a successful term working with the administration and his colleagues in the Senate from both sides of the aisle on the critical issues facing the country," Reagan said. "He does not consider the incident two weeks ago to be consequential."

Ornstein said he doubts whether there will be any long-lasting impact for either Bush or Webb. The president has vetoed only one bill in the six years he has been in office, so it is unlikely he would veto Webb legislation just because of the brief conversation, Ornstein said.

And Webb's influence is likely to extend beyond individual bills. His military background -- and now his reputation for speaking bluntly -- will give him more power in the Senate on the Iraq war and foreign policy, Ornstein said. Webb will serve on the foreign relations and armed services committees.

"The Senate always has a few iconoclasts," he said. "I think the president was trying to be a nice guy. It was classic Webb, in a way, because he feels so strongly about the war."

That is clearly how some people saw it this week.

Among hundreds of comments posted on The Washington Post Web site, many Virginia residents and others praised Webb's courage in standing up to Bush.

"Webb is someone who is going to bring things to [Bush's] attention and let him know that not all these fawning bureaucrats represent what's going on in the nation," said Robert A. Brunner, 79, a retired chef in Fossil, Ore.

"You get the impression that these are all back-slapping cronies and wheeling dealing" in Washington, Brunner said. "I really think he needs someone to pull him up short and say, 'Hey, this is reality.' "

John Zemler, 45, a retired Army captain who teaches scripture and theology at Marquette University, said he was impressed by Webb's rejection of the niceties of Capitol Hill politics.

"I hate when someone campaigns on being different, and then they go to Washington and they're just another gray suit with a red or blue tie," he said. "I don't see that in Jim Webb."

But the conversation rankled others in the country, who said the president was trying to be kind by asking about Webb's son. Many said Webb's responses violated basic tenets of politeness and respect for the presidency.

In an opinion piece published Friday in the Washington Times, R. Emmett Tyrrell Jr., a founder of the conservative American Spectator newspaper, compared Webb to Sens. Hillary Rodham Clinton (N.Y.) and John F. Kerry (Mass.), National Committee Chairman Howard Dean, former vice president Al Gore and "so many other Democratic notables as a rebarbative blowhard with whom you would not want to share a gondola."

Tyrrell accused Webb of "boorish behavior" and said he "is going to be a vast source of amusement, and he will fit in nicely with the unpleasant pols whose political base is the Angry Left."

Teri Meintel, 47, a health-care worker from Richmond, was equally critical of Webb.

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A single mother of six and the daughter of a military father, she said that she was embarrassed for Virginians and that Webb treated the president with disrespect.

"It was such a Dixie Chick thing to do," she said, referring to the band whose lead singer was ridiculed for insulting Bush in 2003. "Nothing personal against the Dixie Chicks. But you can have all the opinion you want that he's wrong. But he's still the president."

Meintel, whose son is in the military serving in Kosovo, said Webb's reaction to Bush's question seemed designed to make a point.

"I think that 'How's your son doing?' is the most bipartisan thing the president could ask him," Meintel said Friday. "What else is he supposed to say?"

Grace Under Pressure (WSJ)

By Peggy Noonan

The Wall Street Journal, December 2, 2006

We're going to need grace. We are going to need a great outbreak of grace to navigate the next difficult months.

America is turning against a war it supported, for the essential reason that no one is able to promise a believable path to a successful outcome, and Americans are a practical people. It is not true that Americans are historical romantics. They are patriots who, once committed, commit on all levels, including emotionally. But they don't wake up in the morning looking for new flags to follow over old cliffs. They want to pay the mortgage, protect their children, and try to be better parents in a jittery time. They are not isolationist. They want to help where they can, and feel called to support the poor and the sick wherever they are. They are also, still, American exceptionalists, meaning they believe the creation of America -- the long journey across the sea, the genius cluster that invented the republic, the historic codifying of freedom -- was providential, and good news not only for us but the world. "And the glow from that fire can truly light the world."

Much has been strained. We were all concussed by 9/11 -- we reeled -- and came down where we came down. For the administration, extreme events prompted radical thinking. American exceptionalism was yesterday. They would be universalists, their operating style at once dreamy and aggressive: All men want the same thing, and we're giving it to them whether they want it or not. Now the dreamers hope to be saved by men -- James Baker, Vernon Jordan -- they once dismissed as cynics. And the two truest statements on Iraq are, still, Colin Powell's "You break it, you own it" and Pat Buchanan's "A constitution doesn't make a country, a country makes a constitution." Iraq has a constitution but not a country.

When history runs hot, bitterness bubbles. Democrats who should be feeling happy are, from what I've observed in New York and Washington, not. The closest they come to joy is a more energetic smugness. Republicans are fighting among themselves -- or, rather, grumbling. They haven't, amazingly, broken out in war, and if they did, no one would be debating if it were a civil war. It would be like Iraq, like a dropped pane of glass that is jagged, shattered, dangerous.

We will need grace to get through this time: through the discussion of the Baker-Hamilton report, through debate on the war, through a harmonious transfer of legislative power in January, through the beginning of the post-Bush era.

People often speak of an absence of civility in Washington, but that's not quite the problem. Faking civility is a primary operating style: "My esteemed colleague."

What is needed is grace -- sensitivity, mercy, generosity of spirit, a courtesy so deep it amounts to beauty. We will have to summon it. And the dreadful thing is you can't really fake it.

A very small theory, but my latest, is that many politicians and journalists lack a certain public grace because they spent their formative years in the American institution most likely to encourage base assumptions and coldness toward the foe. Yes, boarding school, and tony private schools in general. The last people with grace in America are poor Christians and religiously educated people of the middle class. The rich gave it up as an affectation long ago. Too bad, since they stayed in power.

The latest example of a lack of grace in Washington is the exchange between Jim Webb and President Bush at a White House Christmas party. Mr. Webb did not want to pose with the president and so didn't join the picture line. Fair enough, everyone feels silly on a picture line. Mr. Bush approached him later and asked after his son, a Marine. Mr. Webb said he'd like his son back from Iraq. Mr. Bush then, according to the Washington Post, said: "That's not what I asked you. How's your son?" Mr. Webb replied that's between him and his son.

For this Mr. Webb has been roundly criticized. And on reading the exchange I thought it had the sound of the rattling little aggressions of our day, but not on Mr. Webb's side. Imagine Lincoln saying, in such circumstances, "That's not what I asked you." Or JFK. Or Gerald Ford!

"That's not what I asked you" is a sentence straight from cable TV, from which many Americans are acquiring an attitude toward public and even private presentation.

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Our interviewers and anchors have been taught, or learned, that they must show who's in charge, who's demanding answers, who's uncompromising in his search for truth. But of course they're not in search of truth; they're on a search for dominance.

Interviewers now always, as you have noticed, interrupt the person they're interviewing. Yes, they are trying to show who's in control of this conversation, and yes, they're trying to catch the interviewee off guard in hope of making news. They are attempting to keep trained and practiced politicians from launching unfruitful filibusters and boring everyone.

But interviewers also interrupt their subjects because they don't want the camera on the subject. They want the camera on themselves. They interrupt to keep the camera where it belongs. If they don't, the camera will stay on the interviewee and not the journalist, which will not help the journalist rise. They know their bosses, after all. They do not want the boss to say, "What an enlightening interview, who did it?" They want him to say, "You looked great, you were all over that guy, you grilled him!"

The Dominance of the Face leads to the inevitability of the interruption:

"Why did you vote 'no'?"

"I felt -- "

"But why'd you do it?"

"Well, the implications of the question, and the merits of the arguments seemed -- "

"That's not what I asked you!"

Because of this style, no one in America has been allowed to finish a sentence in the past 10 years. And it is not confined to cable but has spread to the networks, to government, and is starting to affect regular people, encouraging in them a conversational style that is not friendly or graceful, but depositional.

This has not contributed to the presence of grace in our public life. And too bad, because right now and for the next few months we'll need grace more than ever.

Coast Guard Finds Flaws In Converted Patrol Boats (WP)

By Renae Merle

The Washington Post, December 2, 2006

Months after a whistle-blower took to the popular Web site YouTube to warn of communications problems with converted patrol boats, the Coast Guard says it has stopped using the ships after finding structural problems that made them potentially dangerous.

In August, Michael De Kort, a former engineer at Bethesda-based Lockheed Martin, posted a 10-minute video saying there were blind spots in the ships' security cameras, equipment that malfunctioned in cold weather and other problems.

But the Coast Guard said yesterday that the problems that prompted the sidelining of the ships were structural. "They had nothing to do with secure communications," said Cmdr. Jeff Carter, the Coast Guard's chief spokesman.

The ships were part of a massive modernization program run by Lockheed Martin and Northrop Grumman to replace the service's aging ships and helicopters. But the four-year-old program has seen cost increases -- from $17 billion to $24 billion -- and run into technical and management problems. In an August report, the Homeland Security Department's inspector general said the department's oversight of the modernization was hampered by funding limitations and lack of experience with this type of program.

As part of the Lockheed-Northrop program, the Coast Guard initially planned to upgrade 49 patrol boats but stopped in 2005 after noticing problems with the hull and cracks in the deck. At that time, the eight ships already converted were put on restrictive duty that forbade them operating where the waves were higher than eight feet.

Then earlier this month, the Coast Guard's chief engineer, Rear Adm. Dale Gabel, began inspecting the ships after buckling in the structure underneath the main engine was reported on one of them. He found similar problems on other patrol boats as well as signs of hull weakness, Carter said. The Coast Guard was "not willing to put the crew's safety in jeopardy," he said.

The Coast Guard is studying how to fix the ships, which would incur additional costs for the modernization program, he said.

"We're confident that we can manage this," Carter said. "There will be some pain involved, of course, but we will continue to execute our mission."

Integrated Coast Guard Systems, the Lockheed-Northrop consortium that runs the program, said in a statement that it will assist the Coast Guard in "developing a cost effective solution that addresses their current patrol boat hours gap as well as understand the underlying reasons for the problems on the 123-foot cutters."

De Kort had posted his video on YouTube after complaining to his bosses, government investigators and congressmen.

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His allegations are still under investigations by the Homeland Security Department's inspector general, said spokeswoman Tamara Faulkner.

"I believe I am going to be told soon that my issues had merit, and that the majority if not all of them have not been taken care of," De Kort said in an interview yesterday. "However, it appears that with the hull and propeller issues, maybe some of my issues were second fiddle to the fact that the boat can't be operated."

How To Make College More Affordable (LAT)

The Los Angeles Times, December 2, 2006

COLLEGE AFFORDABILITY was one of the Democrats' main campaign promises this year. It was a pledge calculated as much to frustrate Republicans as to please working- and middle-class families. Who wants to oppose giving more students a chance at college?

The outgoing Congress had made itself curiously vulnerable on the issue, cutting funding for Pell Grants, which go to the most impoverished students, and moving too slowly to end unnecessary subsidies to private lenders, though the worst were eventually eliminated. To ease the situation, Democrats are suggesting four remedies. Three of them have merit.

· Increasing funding for Pell Grants and raising the maximum annual grant, which hasn't increased in four years, to $5,100 from $4,050. Only students in families that earn less than $45,000 a year qualify for Pell Grants. Last year, the average grant was lower than in 2003-04. Because many Pell students attend public colleges, the grants go a long way toward covering their expenses.

· Increasing to $12,000 from $4,000 the amount of college tuition that families can deduct from their taxes. Tax deductions are one of the few ways to make college more affordable for middle-class families, which often get insufficient financial aid and have difficulty paying for college costs that can hit $40,000 a year.

· Reviving the so-called Star program proposed by Sen. Edward M. Kennedy (D-Mass.), which foundered in Congress last year. Under this program, the federal government would expand its direct-loan program by offering loans through universities that choose to join, rather than through private banks. Much of the savings from this less-costly system would allow these universities to give more students financial aid.

Currently, about a fourth of federal loans are made through the direct program; increasing that to half would save up to $1 billion a year. But eliminating the subsidized private-lending program altogether isn't desirable either. Competition has made both programs more efficient. Kennedy's proposal strikes the proper balance.

The Star program should eliminate any need for the fourth Democratic proposal: cutting the interest rate for federal student loans in half, to 3.4%. The cut would cost about $3 billion a year but would reduce a graduate's monthly payment by only about 14%. The difference won't keep anyone from attending college.

Some Republicans have made the argument that giving students more financial assistance will only encourage colleges to raise their fees. This has it backward. Students need more financial assistance to cope with rising college fees. At any rate, Republicans would be better off working with Democrats to help make college more affordable for working families — of any political stripe.

Politician, Police Thyself (NYT)

By Josh Chafetz

The New York Times, December 2, 2006

WITH three-quarters of voters in the recent election saying that corruption and scandals helped determine how they cast their ballots, one of the first items of business for the Democrats in January should be putting their Congressional houses in order. Indeed, at the orientation sessions for members-elect last month, they were taught, in the words of incoming Representative Michele Bachmann, “how to hire a chief of staff, how to hire other staff, how to stay out of jail.”

But if the new leadership is going to get serious about ethics, it should think less about the legal system and more about its own internal disciplinary procedures. This has been a year of high-profile Congressional scandals — the names Cunningham, Jefferson and Foley spring to mind — but the reason discontent spreads beyond these members’ districts is a belief that their colleagues simply do not care to police themselves.

The Constitution, however, provides for internal discipline as a major check on Congressional corruption — indeed, a check second in importance only to elections. Article I states that each house may “determine the rules of its proceedings, punish its members for disorderly behavior, and, with the concurrence of two thirds, expel a member.”

For the founders, this was no idle threat. In England, Parliamentary self-discipline had always been the norm, and to this day it is the House of Commons itself, not the courts, that punishes members for bribery. (The same was true in America until a

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1972 Supreme Court decision.) Members of the House of Commons found to have behaved corruptly were frequently expelled and sometimes imprisoned.

From 1690 to 1710, six members were expelled for corruption, and in 1695 the House sent the powerful Henry Guy, a royal favorite, to the Tower of London for more than two months for taking a bribe. In 1721, seven members were expelled for their role in the South Sea Company scandal, and two — including Chancellor of the Exchequer John Aislabie — were sent to the Tower.

In the United States, neither house of Congress has ever imprisoned a member, but it's clear that they have the power to do so. After all, the chambers have proven quite willing to imprison non-members for contempt (including, as early as the Fourth Congress, in 1795, for attempting to bribe a member of Congress). And the Houses' power to punish members is explicit, whereas their power to punish non-members — a power upheld by the Supreme Court in 1821 — is inferred from constitutional structure and parliamentary history. If Congress can imprison a non-member despite the lack of clear textual basis, then surely it can imprison a member, over whom it has explicit punishment powers.

Imprisonment aside, the houses have the powers of expulsion (with a two-thirds vote), censure or reprimand, fine and the stripping of seniority. Perhaps more important, they have the power to investigate — to bring corruption to light and thereby shame the member into resigning. If the member proves shameless, the investigation will, at the very least, provide fodder for opponents in the next election.

The two chambers do sometimes use these powers, but their use has been in decline since the courts started hearing cases related to Congressional misconduct in the 1970s. Dan Rostenkowski, who served 15 months in prison for his role in the House Post Office scandal in the 1990s, was never disciplined by the House. Although Tom DeLay was admonished by the House ethics committee, the House never took any action against him, either. Nor has any action yet been taken against William Jefferson, and the House ethics committee did not even open an investigation until after the Department of Justice made clear its interest in him.

Indeed, in the last 20 years, the two houses combined have reprimanded or "denounced" only four members and expelled only one. For three of the members (Representatives Austin Murphy, Barney Frank and Newt Gingrich), the punishments were so weak as to have no appreciable effect on their subsequent political fortunes. And James Traficant was expelled from the House of Representatives only after his conviction in federal court on charges including bribery and racketeering.

At a time when the public has routinely perceived Congress as corrupt, the House and Senate clearly are doing almost nothing to dispel that perception.

The leaders of the 110th Congress should prove that they are serious about governing in a more responsible way by reinvigorating Congressional self-discipline. Each chamber's ethics committee should have a regular and well-publicized system by which anyone can bring complaints against members.

These complaints should be taken seriously, and if initial investigation turns up evidence sufficient to warrant rational suspicion, the committee should hold open hearings. The hearings should not be dependent on or derivative of criminal investigations launched by the Justice Department. A good model might be the procedures used by the British Parliamentary Commissioner for Standards, an office created in 1995 and given the job of standardizing complaint procedures and conducting initial investigations into allegations of improprieties by members of Parliament.

Perhaps most important, in light of the Mark Foley page scandal, a member who knows of wrongdoing by a colleague and fails to file a complaint should be held in contempt of Congress. Members' first responsibility is to the American people, not to their colleagues, and they have a duty to us to report any misconduct.

The Republican leadership lost the confidence of voters in part because they were seen to care more about the perks of power than about the duty of representation. The new Democratic leadership can get off on the right foot by making a serious and sustained effort at self-regulation, even if that means some uncomfortable moments around the caucus table.

Josh Chafetz, a student at the Yale Law School, is the author of the forthcoming "Democracy's Privileged Few: Legislative Privilege and Democratic Norms in the British and American Constitutions."

OTHER NEWS:

Cracks Widen In U.S. Economy (WT)

By Patrice Hill

The Washington Times, December 2, 2006

DOJ_NMG_0100995

Economic weakness spread beyond the stricken housing and auto sectors last month, with reports showing U.S. manufacturing shrank for the first time in 31/2 years and construction dropped the most since the September 11, 2001, terrorist attacks.

U.S. industries broadly cut back production, adding to factory shutdowns caused by deepening recessions in auto- and housing-related industries such as wood, furniture and appliances, according to a report yesterday from the Institute for Supply Management.

An unexpected decline in construction of offices and other business facilities in October added to a record string of drops in housing construction of more than 1 percent in the last seven months to cause the biggest drop in construction spending in six years, the Commerce Department said yesterday.

"Industry is clearly going through a rough patch" that few anticipated, said Daniel Jester, analyst at Moody's Economy.com. Outside housing and autos, the Federal Reserve had expected business to pick up rather than decline this fall, supporting a so-called "soft landing" in the economy.

The weakness in manufacturing started with autos, was compounded by housing, and recently has spread to big-ticket capital goods such as technology and telecommunications equipment, Mr. Jester said. In addition, a broad array of manufacturers are cutting back because of an unexpected buildup of inventories this fall that has to be worked off, he said.

"It is clear that several segments of the industrial base have weakened measurably over the past few months. This may now be spilling over to heretofore healthy segments related to business investment," he said.

"The signal of declining production should not come as a surprise," said Daniel J. Meckstroth, chief economist at the Manufacturers Alliance. "Two major manufacturing markets are declining -- motor vehicles and housing -- and many other industries are trying to adjust inventories to adjust for a period of much slower growth ahead in 2007."

The "awful" collapse of the construction market in October means that sector is likely to be a major drag on economic growth for the fourth straight quarter in the final quarter of 2006, according to Economy.com estimates.

David Wyss, economist at Standard & Poor's Corp., noted that the downbeat tone of recent economic news contrasts sharply with upbeat assessments this week coming from Fed Chairman Ben S. Bernanke and other Fed officials. Mr. Wyss said there is cause for worry.

"Weak retail sales and a drop in consumer confidence in November create worries about the consumer," he said, adding that "home sales and prices are dropping and the manufacturing sector appears to be retreating for the first time in over three years."

While Mr. Bernanke and other Fed officials maintain that the economy can avoid recession even with the critical housing and car industries in decline, many economists disagree.

"Housing slowdowns tend to lead recessions rather than result from them," said John Makin, economist with the American Enterprise Institute. "An annual drop in the growth rate of residential investment of more than 10 percent has coincided with a recession five of the seven times it has occurred since 1965."

Housing, the biggest contributor to a halving of economic growth this year, plummeted at an 11 percent rate in the spring, 18 percent in the summer, and an estimated 9 percent in the fall.

"The intensity of the fall in U.S. residential investment during the middle two quarters of 2006 is approaching potential recession territory," Mr. Makin said, but whether a downturn occurs depends on whether the Fed changes its stance and starts to cut interest rates.

Interest rates declined in the bond market yesterday in expectation that the Fed will reverse course and start cutting rates by March.

Roger M. Kubarych, economist with Unicredit Markets, said the Fed will reconsider its position at a meeting later this month. Mr. Bernanke signaled that the central bank is starting to become concerned about the housing market in a speech this week that for the first time designated a housing collapse as the biggest risk to economic growth.

"It seems the Fed is beginning to get nervous about the economic outlook," he said.

Shares Drop On Manufacturing Data (NYT/AP)

The New York Times, December 2, 2006

Wall Street stumbled yesterday after a survey showed manufacturing unexpectedly contracted in November for the first time in more than three years, raising concerns that the economy will not be able to achieve a soft landing.

Stocks and the dollar were hurt after the Institute for Supply Management said its index of manufacturing fell to 49.5 from 51.2 in October. Economists had been expecting 51.5. Anything under 50 indicates that the manufacturing sector is contracting.

The report, based on a survey of corporate purchasing managers, was seen by some on Wall Street as a sign that the Federal Reserve might have overshot the mark in more than two years of interest rate increases that ended in June. Wall Street

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had been expecting that the Fed would hold interest rates steady at its Dec. 12 meeting, and now there is a growing belief that the central bank may soon cut rates because of economic weakness.

"This is just additional confirmation that the economy is not only slowing but quite possibly going into a recession," said Hugh Moore, a partner with the investment firm Guerite Advisors. "It's not just the housing and auto industry any longer, now we're finding out that manufacturing in general is slowing."

Mr. Moore said a number below 50 in the institute's manufacturing index has preceded every recession in the United States since the 1960s.

The Big Board was led lower in volatile trading by the shares of manufacturers like 3M, Caterpillar and United States Steel.

The Dow Jones industrial average fell 27.80 points, or 0.23 percent, to 12,194.13.

Broader stock indicators also declined. The Standard & Poor's 500-stock index dropped 3.92 points, or 0.28 percent, to 1,396.71, and the Nasdaq composite index fell 18.56 points, or 0.76 percent, to 2,413.21.

The drop does not bode well for Wall Street hopes to finish the year with double-digit growth. The Dow is up 13.78 percent so far this year, while the S.&P. 500 has gained 11.89 percent and the Nasdaq is up 9.43 percent.

The news about the manufacturing index had a big effect on other markets. Bonds rose, with the benchmark 10-year Treasury note gaining 7/32, to 101 17/32. The yield, which moves in the opposite direction from the price, fell to an 11-month low of 4.43 percent from 4.46 percent late Thursday.

The dollar continued its slide against major currencies, except the yen. The dollar was also hit by a Commerce Department report that construction spending posted its biggest decline in five years during October.

Yesterday's news focused attention on afternoon speeches by the presidents of several regional banks of the Federal Reserve system though the comments ultimately seemed to have little effect. The Fed chairman, Ben S. Bernanke, made no comment on the economic outlook during a speech yesterday morning, although on Tuesday he said that risks from inflation could further complicate an economy suffering from a general slowdown.

Michael Moskow, president of the Chicago Fed, said yesterday that inflation was moving in the right direction but that further interest rate increases could be necessary.

The weak manufacturing snapshot came after a report Thursday from Chicago-area corporate purchasing managers that indicated business activity in the Midwest slowed faster than anticipated. It also follows a bigger-than-expected decline in home sales for October.

Manufacturers were among the biggest decliners, touching sectors from chip makers to steel companies. Caterpillar fell 84 cents, to $61.19. Intel declined 47 cents, or 2.2 percent, to $20.93. United States Steel fell $1.79, or 2.4 percent, to $73. 3M was off $1.48, to $79.98.

Automakers were also in focus as they reported November car and truck sales. Ford fell 9 cents, to $8.04, after it reported sales in the United States slipped 9.6 percent, while DaimlerChrysler dropped 29 cents, to $57.99, after posting a 4.7 percent rise. Toyota's monthly sales surpassed Ford's for only the second time ever.

General Motors rose 46 cents, to $29.69, in heavy volume after a report that the financier Kirk Kerkorian shed his stake in the automaker for more than $800 million. Investors seemed little moved by the company's November auto sales report, which showed an increase of 5.8 percent.

Home Depot shares surged $1, or 2.6 percent, to $38.97 on speculation the home improvement chain might be an acquisition target by several private equity firms.

H&R Block declined after it reported a wider-than-expected loss during the second quarter as its mortgage lending arm continues to lose money. H&R Block fell 25 cents, to $23.75.

Warner Music Group fell 62 cents, to $24.80, after third-quarter results fell short of Wall Street projections.

Investors Question The Fed's Outlook (WP)

By Nell Henderson

The Washington Post, December 2, 2006

Many investors aren't buying the Federal Reserve's forecast for a mild economic slowdown, worrying that a series of recently released figures might signal the onset of a sharper, more prolonged slump.

Stock prices fell yesterday and the dollar extended its recent decline after reports showing that construction spending fell in October at the steepest rate in five years, while the nation's factories produced less in November -- the first monthly drop in manufacturing activity in more than three years.

Those reports followed others last week showing the holiday shopping season got off to a tepid start and that new orders for big-ticket durable goods like airplanes and automobiles fell sharply in October.

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The data prompted many analysts to challenge Fed Chairman Ben S. Bernanke's upbeat assessment Tuesday that most of the economy outside of the housing market "appears to be expanding at a solid rate," and his forecast for moderate economic growth through next year.

Investors also boosted their bets yesterday that the Fed, wary of the possibility of a recession, will cut interest rates early next year. They apparently gave little credence to Bernanke's warning that the Fed is more likely to raise rates to tamp down inflation than to lower borrowing costs anytime soon.

Financial markets "are paying more attention to the latest data, which largely contradict what Bernanke was saying," Paul Ashworth, senior economist at Capital Economics, wrote in an analysis for clients yesterday. "It is getting harder for the Fed to argue that the housing slump is not affecting the wider economy. It clearly is."

Some analysts were even harsher. Bernanke is "in denial" about the depth of the economy's slowdown, Ian Shepherdson, chief U.S. economist for High Frequency Economics, told clients on Thursday. Yesterday, he expressed hope the lousy data would push the Fed to consider cutting interest rates by March, if not before.

"The sooner the Fed is shaken out of its complacency about growth, the better," Shepherdson said. "The Fed hiked too far, and has already left it too late to avert a deeper slowdown than was needed."

Some optimists remained unshaken, sharing the Fed's view that consumer spending, which accounts for two-thirds of economic activity, will hold up fine because of low unemployment, rising wages and lower fuel prices.

"I think the markets are way overreacting," said Richard A. Yamarone, director of economic research at Argus Research Corp. "The economy is still moving, but maybe just not at a speed we've been accustomed to in recent years."

Yamarone pointed to the nation's low 4.4 percent unemployment rate in October, saying, "this economy is fully employed. Everybody who wants a job has a job, and that's what determines spending."

A Commerce Department report this week showed greater economic momentum in the summer than previously thought, with the nation's total output of goods and services rising at a moderate 2.2 percent annual rate from July through September.

But pessimists dwelt yesterday on more recent, and grimmer, numbers. Construction spending fell 1 percent in October, for a second consecutive monthly drop, the Census Bureau said. The 1.9 percent drop in homebuilding was the seventh consecutive monthly decline and was widely expected. More troubling was the lack of growth in non-residential construction, which was flat in October and September after more than a year of growth.

"Strength in non-residential construction was supposed to offset the recession in housing. Now that assumption is in question," said Nariman Behravesh, chief economist at Global Insight.

Many economists had also expected factories to continue cranking out enough goods to more than make up for falling production of lumber, nails, roof tiles and other residential building materials. But the Institute for Supply Management said yesterday that its index of total manufacturing activity fell to 49.5 last month from 51.2. A number at 50 or above signifies expansion. It was the first time since April 2003 the index had dropped below 50.

Oil prices also rose this week, with light sweet crude closing at $63.55 a barrel yesterday on the New York Mercantile Exchange.

Stock prices slid yesterday, leaving all the major indexes down for the day. The Dow Jones industrial average lost 27.80 points, or 0.2 percent, to close at 12,194.13.

To some observers, the recent softness appeared uncomfortably reminiscent of the economy's sudden sputtering in late 2000, which gave way to a recession the next year. As late as their meeting in November 2000, Fed policymakers believed the technology sector's sharp downturn would not seriously weaken the broader economy, which still had a very low unemployment rate, 3.9 percent. They remained more worried about inflation and indicated they were more likely to raise than reduce interest rates.

Seven weeks later, on Jan. 3, 2001, the Fed cut its benchmark overnight interest rate to 6 percent from 6.5 percent, expressing concern about the economy's strength. The recession began in March and lasted through November.

The experience in late 2000 demonstrated how quickly the economic outlook can turn, said Laurence H. Meyer, who was a Fed board member then.

Meyer, now vice chairman of Macroeconomic Advisers, said his firm was lowering its forecasts for economic growth this year and next but doesn't foresee the current slowdown snowballing into a recession.

His optimism partly reflects another lesson he draws from the 2000 episode: Fed policy "can equally change quickly."

Bernanke's latest comments do not mean the Fed won't cut interest rates quickly if the economy deteriorates, Meyer said. "Obviously, the beauty of monetary policy is you can turn on a dime."

Manufacturing May Be Slowing, Fueling Forecasts For Fed Rate Cuts (WSJ)

By Christopher Conkey

DOJ_NMG_0100998

The Wall Street Journal, December 2, 2006

Fresh data suggest the manufacturing sector is beginning to contract, giving new ammunition to those who view the Federal Reserve's upbeat economic outlook as overly optimistic.

The Institute for Supply Management, an Arizona-based group of corporate purchasing managers, Friday said its index of manufacturing activity slid to 49.5 in November from 51.2 in October. Readings below 50 indicate contraction, and the decline ended a 41-month expansion among manufacturers.

"November was a defining month," said Norbert Ore, who oversees the survey and also serves as procurement director for paper manufacturer Georgia-Pacific Corp. "Since April we've seen a pretty consistent decline in the growth of manufacturing. Now we've moved into a no-growth position."

If sustained, it could spell more trouble for the economy at a time when the housing market is in a major slump. The critical question is how soon these impediments to economic growth -- brought on in large part by excessive inventories and scaled-back production of cars and houses -- can be reversed.

There is much debate among economists on this score, and a big divide between bond-market investors and Fed Chairman Ben Bernanke over the next move on interest rates. The bond market is pessimistic about the prospects for near-term economic growth and views inflation as contained. It expects the Fed to lower interest rates early next year in an effort to reignite the economy. Mr. Bernanke has struck a more sanguine note, saying the weakness is primarily confined to the housing market. In a speech earlier this week, he also reiterated the need to stand guard against inflation and suggested that rate cuts are unlikely in the months ahead.

Friday's data strengthened the gloomy outlook in the bond market and among other pessimists. Bond prices continued to rally, pushing the yield on the benchmark 10-year Treasury note down to 4.437%. Stocks fell on the news, as did the dollar. (See related story1.)

Futures-market traders, mulling the prospect of a manufacturing recession and slower economic growth, increased the probability that the Fed would cut interest rates by April to roughly 74% from 51% earlier in the day. And many economists lowered their outlook for economic growth this quarter after the ISM report's release.

Many economists still argue the economy will rebound by mid-2007, as excess inventories of cars and houses ease. They say a competitive labor market and low unemployment rate are helping to lift incomes and provide support for the all-important factor of consumer spending. "The fundamentals are still not bad," said Daniel Jester, an economist with Moody's Economy.com.

Fisher Barton Inc., a Wisconsin-based manufacturer of blades for agricultural and lawn and garden equipment, sees good and bad. The company has seen revenue grow 10% so far this year compared with last year, but expects sales to be flat next year.

Demand "has really gone south," due to the weakening housing market and the broader slowdown in economic growth, said company President Dick Wilkey. "It's possible we might have to cut our staff, but it's too early to tell."

Another worrisome sign for the economy surfaced Friday in a Commerce Department report on construction spending. According to the report, nonresidential construction fell in October for the second consecutive month, partially affected by a 3.1% drop in private manufacturing construction. Until recently, a surge in commercial construction had helped offset some of the pain caused by the downturn in residential construction.

Residential construction retreated for the seventh consecutive month. Overall, construction spending fell 1% in October from September, the biggest drop in five years.

Santa Or Scrooge? Holidays Worry Investors (WSJ)

By Justin Lahart

The Wall Street Journal, December 2, 2006

With less than a month left to the year, the question for investors is whether they should be singing "Deck the Halls" or worrying that the economy is about to get decked.

Stocks fell for the second week in a row and Treasury yields dropped to their lowest level in more than 10 months, after reports from the malls suggested that holiday shopping over the Thanksgiving weekend wasn't as strong as investors had hoped and a closely watched manufacturing gauge unexpectedly fell.

"Clearly, the focus here is on underlying economic weakness," said hedge-fund manager Seth Tobias, general partner at the Circle T family of funds.

The Dow Jones Industrial Average ended Friday down 27.80 points, or 0.2%, to 12194.13, after falling as much as 120 points during the day. The Institute for Supply Management said its manufacturing index slipped to 49.5 in November -- its lowest level in more than three years -- from 51.2 in October. Anything below 50 represents contracting manufacturing activity.

The Dow fell 86.04 points, or 0.7%, for the week but is still up 14% for the year.

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The week got off to a bad start after Wal-Mart Stores said it expected to post a drop in same-store sales in November and reports filtered out that other retailers' post-Thanksgiving holiday sales were weaker than what investors had expected.

Since retailers garner a large portion of their annual sales during the holiday season, investor interest in retailers during this time of the year is always keen. Amid worries that housing weakness could sap consumers' spending, investors are even more focused on how the retailers are doing.

The broad Standard & Poor's 500-stock index fell 0.3% Friday, or 3.92 points, to 1396.71, down 0.3% for the week. It is up 12% for the year. The Nasdaq Composite Index fell 0.8%, or 18.56 points, to 2413.21 and was off 1.9% for the week. For the year it is up 9.4%.

The dollar took a beating throughout the week, falling to its lowest level against the euro in nearly 21 months, which also took a toll on stocks amid worries that the U.S. could become a less attractive place to invest.

Todd Clark, director of stock trading at Nollenberger Capital Partners in San Francisco, thinks investors may have overreacted to reports of sales weakness. "I don't think the consumer is going to roll over and play dead," he said. "To get concerned when Wal-Mart says one thing, I think, misses the point."

Mr. Clark did find Friday's manufacturing report disconcerting. He worries that even if the economy is slowing, the threat of inflation is still too strong for Federal Reserve policy makers to cut short-term interest rates. This could put a damper on the stock market as lower rates cut borrowing costs for businesses and consumers and tend to boost share prices.

"I'm not bearish, but more along the lines of what we've seen this week is not going to help," he said.

Still, stocks could have closed out the week in worse shape than they did, if it hadn't been for the late-day recovery Friday. Behind that comeback: speculation that, after a break for Thanksgiving, next week could see another round of merger-and-acquisition news.

With many deals struck lately, such speculation has been a big driver behind the market, said Brett Gallagher, an equity portfolio manager with Julius Baer Investment Management in New York. That's one reason that even though he's cautious on the economy, he's not sure the stock market is done going up for the year yet. But at the same time, he reckons that there are only a couple of weeks left before the deal makers head home for the holidays.

"If the market is going to do anything, I think it has to do it in the next week or two," he said.

In major U.S. market action:

Stocks fell, and bond prices rose. The 10-year note rose 8/32 point, or $2.50 for each $1,000 invested, pushing the yield down to 4.437%.

The dollar fell. Against the Japanese currency, the dollar fell to 115.47 yen compared with 115.75 yen. The euro rose to $1.3336 compared with $1.3244.

As Their End-of-Year Results Near, Stock-Market Skeptics Fall In Line (WSJ)

By E.S. Browning

The Wall Street Journal, December 2, 2006

Late in October, senior money managers from J.P. Morgan Chase & Co. met in a Park Avenue office and discussed the billions of dollars they were holding out of the quickly rising stock market. Stocks had surprised them by soaring 13% since mid-July, and their clients were missing the party.

Some at the meeting still were nervous a Democratic victory in November's congressional elections would cause a slide. Nevertheless, the bankers took note of improving economic indicators and changed course, shifting half their cash into U.S. stocks. "The momentum we have now could carry us through to the end of the year," says Peter Wall, chief investment officer for J.P. Morgan Private Client Services, which alone shifted more than $1.5 billion. "It is hard to see what would stop it except surprising economic data."

Similar meetings have been happening across the country -- and the urgency is increasing this month as the end of the year approaches. Money managers are judged, and compensated, based largely on how well they do as of Dec. 31 -- especially at hedge funds, which typically keep 20% of each year's profit for themselves. Mutual funds also live and die on their ability to show strong annual returns. Those who have kept betting against the stock market face real pain if they fall too far behind their more bullish competitors.

The stock market's four-month rally, marked by 18 record closes in the Dow Jones Industrial Average since the start of October, isn't being driven primarily by bullish investors -- but by still-skeptical former bears who increasingly see no choice but to join in. (See related article1.) Hedge-fund managers, who can change course more quickly than their rule-bound mutual-fund counterparts, have been steadily reversing their bets on a downturn since the summer. That has increased the pressure on remaining holdouts as money managers' year-end performance figures loom and their fear of clients' wrath heightens.

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Although stocks have pulled back slightly in the past two weeks and the DJIA fell 27.80 points yesterday, the average still finished at 12194.13, a little less than 150 points off the record 12342.56 set Nov. 17.

If enough investors capitulate and start chasing the market, it could be a signal that stocks are nearing a top, since there would be little free money left to move into the market. That doesn't seem to be happening yet. Even some of the big investors who have shifted money to stocks still have held out some extra cash, debating whether to move that into the market as well. And one key group hasn't succumbed yet: Individual investors, many still bruised from the 2000-2002 bear market, have been almost as likely to withdraw money from U.S. stock mutual funds as to put new money in this year.

Some pros view the little guys' doubts as an indication of the market's strength. In the sometimes-perverse logic of the market, as long as a significant number of bears remain, there still is potential for fresh money to push stocks higher. Wall Street rallies often don't falter until Main Street investors finally jump in.

"We still get an awful lot of calls from older clients who are skeptical of this market advance," says Paul Desmond, president of market-research service Lowry's Reports in North Palm Beach, Fla.

The gains have come despite a steady stream of unsettling news from Iraq, Iran, Lebanon and North Korea, which once might have driven oil prices up and stocks down. Many professional investors have been ignoring these international distractions. Like the Dow industrial average, the Standard & Poor's 500-stock index and the Nasdaq Composite Index have posted strong gains, though they remain well short of their own March 2000 records. Less prominent small-stock indexes have set records, propelled by money from hedge funds looking for quick gains before the year ends.

"There are a fair number of hedge funds that have underperformed and there is a sense that they need to catch up, or chase the market here," says Seth Tobias, who manages $250 million at hedge fund Circle T Partners in midtown Manhattan. He figures he alone has shifted around $75 million into stocks since August, much of it formerly bet against the market.

He compares today to 1995, the first year of a five-year run of double-digit gains for major stock indexes. "Earnings have continued to come through. The cycle of interest-rate hikes is ending. The economy is growing. Energy prices have tempered. You have taken a fair amount of inflationary pressure out of the economy. I am very bullish on stocks," he says.

There still are plenty of doubters. December and January are usually strong months because of the year-end push for gains and contributions to yearly investment and retirement plans after the first of the year. Some investment managers believe the market already has racked up those gains, leaving it to stagnate or decline in December.

Money manager Brett Gallagher at Julius Baer Investment Management notes that the July-October period typically is soft, but it was the rally period this time. He considers U.S. stocks overpriced, and his investments are tilted toward Europe.

Veteran Wall Street analyst Louise Yamada worries that the current run could end badly -- but she also compares the current period, in which China and other developing countries are expanding rapidly, to the long boom period from 1942 to 1966, when the world was rebuilding after World War II. Her question is whether the DJIA is more likely to go to 13000, or as far as 16000, before reversing course.

Investors have absorbed several rounds of news that often would hurt stocks but had little impact this time. Long-running trouble spots such as Iraq, and the generally higher oil prices that accompany them, seem already priced in to the stock market. Even the Democratic election victory, which made some investors worry government will be less friendly to business, didn't rock investors in the end. They concluded it won't affect corporate profits or interest rates, the two things they care most about.

Some investors also are concluding that the Federal Reserve and its chairman, Ben Bernanke, are bringing off a rarity -- a slower-growing economy that will keep inflation under control but avoid a recession.

In recent decades, when the Fed has tamed inflation, it often has clamped down too hard and thrown the economy into recession. Some expected a recession to start by now, especially with the air going out of the housing-market bubble. But it hasn't, and some experts contend the worst of the housing slide may be over. Growth, while slowed, still is healthy. Corporate profits, expected to rise 14% in the third quarter, instead surged 19%, according to Thomson First Call, which tracks those numbers.

Meanwhile, Treasury bond yields have been plunging since June, as hopes have spread that the Fed could begin cutting interest rates early next year -- despite Mr. Bernanke's recent warnings about possibly resuming rate increases. Low interest rates make it cheap to borrow money and buy stocks, and they also support investment, borrowing and spending by businesses and consumers alike.

Above all, investors are moving to stocks simply because they don't want to be left behind.

Back in May, when stocks peaked and suddenly went into a swoon, the widespread expectation was that they were headed down at least 10%, probably 15%. It was viewed as a healthy shakeout that would leave stocks cheaply priced. Many savvy investors pulled money out of stocks, waiting to buy them back at bargain-basement prices.

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By the time the DJIA began its rampaging gains on July 14, it was down only 7.8% from its May 10 closing high. Many pros figured it hadn't finished its decline. They were caught off guard and, as the industrial average surged over the following months, more and more were forced to dive back into stocks against their better judgment.

So-called global macro hedge funds that make broad market bets -- a category managing an estimated $115 billion -- were huge buyers of stock futures from July to late October, according to a study by Merrill Lynch & Co. That meant they were betting on higher prices. They initially used their big cash positions to buy large stocks and lately have shifted toward higher-octane small stocks and technology stocks.

"Hedge funds started buying in earnest in mid-September. Then they stampeded," says Cam Hui, a Merrill analyst who tracks hedge-fund trading. By early November, hedge funds held positions controlling about $20 billion of S&P 500 futures contracts, a record level for these investors, Merrill says. They have since trimmed their holdings to a still-high $17.6 billion.

As autumn wore on, even on days when the news wasn't particularly positive, the unwinding of bearish positions kept pushing stocks higher. It became self-fulfilling. The higher the market went, the more skeptics had to throw in the towel or risk finishing the year behind the competition.

Individual stocks have benefited from the rising tide. Early in November, for example, Fort Myers, Fla., clothing retailer Chico's FAS Inc. reported a sales decline for October and said quarterly earnings would miss analysts' expectations. Some hedge-fund managers bet against the stock. After an initial decline, Chico's rebounded. Many of those who sold it short had to race to cover their bets.

Analysts at Minneapolis money-management firm Leuthold Weeden Research, which manages mutual funds and other investment accounts, were among the market skeptics. This summer, about 22% of the firm's $2.4 billion in core accounts was sold short, meaning it bet on stock declines. Short-sellers borrow shares from a broker and sell them, hoping to profit by replacing those shares with cheaper ones bought later. If stocks become more expensive instead, short sellers can lose a lot of money fast.

In September, somewhat to Leuthold's surprise, indicators including inflation, oil prices, interest rates, economic growth and market sentiment all started giving positive signals. The firm covered its short positions by buying new shares to replace the borrowed ones, which pumped money back into the stock market. Leuthold managers had placed cash with its broker as collateral for the borrowed stock and invested most of that money as well, partly in developing-country stocks and partly in U.S. stocks. All told, they shifted more than $800 million into stocks.

Senior Leuthold analyst Eric Bjorgen says he remains skeptical and is watching the market closely, ready to become more bearish if stocks seem to be topping out. He thinks that moment could come as soon as January. "You haven't seen Main Street dial in yet," he said. "When you get to a market peak, you get that as a red-flag indicator."

Hard Landing Fears Hit Dollar (FT)

By Peter Garnham, Christopher Brown-Humes, Krishna Guha

Financial Times, December 2, 2006

The dollar fell further on Friday as weak US economic data heightened investor fears that the country's economy could be heading for a hard landing.

The latest sell-off, which was particularly sharp against the euro and sterling, came after data suggested US manufacturing contracted for the first time in 3½ years in November.

The US currency fell as much as 0.8 per cent to a new 20-month low of $1.3348 against the euro and 1 per cent to $1.9847 against the pound, a new 14-year trough.

In afternoon trade in New York, the euro was worth $1.3322 and the pound $1.9798. During the week, the dollar lost 1.7 per cent against the euro and more than 2 per cent against sterling, taking its drop for the year to about 13 per cent and 15 per cent respectively.

The fall in the Institute for Supply Management's factory index to 49.5 from 51.2 in October – a reading below 50 indicates that manufacturing is contracting – followed US data releases showing weakness in house prices and business activity.

Some economists said the ISM survey proves the slowdown is spreading from housing to other parts of the economy.

"Combined with other soft US data, the ISM data will reinforce fears of a hard landing and will add to the momentum behind the dollar sell-off," said Martin Slaney at GFT Global Markets.

Ashraf Laidi of CMC Markets said: "Traders are going to be less cautious about selling the dollar against the euro and sterling going into next week."

Private sector analysts have been predicting a 2.5 per cent rise in US gross domestic product in 2007. While there is no direct relationship between ISM data and GDP, James Knightley at ING Financial Markets said the ISM figures were consistent with growth slowing below 2 per cent.

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Other economists, however, believe manufacturing is going through an inventory correction, and will recover next year. Ben Bernanke, Federal Reserve chairman, said this week he believed manufacturing remained in reasonably good shape.

The dollar's fall helped push European shares down 2 per cent this week, while the S&P 500 index of leading US shares lost 0.3 per cent. But Federal Reserve have remained hawkish on interest rates.

Marc Chandler, currency strategist at Brown Brothers Harriman in New York, said the Fed and the market differed over the outlook for the US economy.

Volatile Dollar May Not Be Scary To Washington (NYT)

By Steven R. Weisman

The New York Times, December 2, 2006

WASHINGTON, Dec. 1 — As the dollar tumbled against the euro this week, reflecting fresh concern about a possible weakening of the American economy, Treasury Secretary Henry M. Paulson Jr. issued the usual phrase from the catechism: "A strong dollar is clearly in our nation's best interest."

Treasury secretaries since Robert E. Rubin in the 1990s have, with rare exceptions, offered precisely that formula whenever the subject comes up.

But many economists say that Mr. Paulson's statement does not reflect what the United States actually seeks right now. For one thing, the Bush administration is in active pursuit of a weaker dollar against China's currency, which would probably encourage similar changes with other Asian competitors. The goal would be making American exports there less expensive, and imports more expensive, helping to spur an industrial revival at home.

And though there are high risks if the dollar were to continue to fall rapidly against the euro and the British pound, the United States is generally seen as hoping for the economic gains delivered by a lower dollar as American exports become more competitive against planes, machinery and other goods produced in Europe.

"Paulson has got to like a euro that's appreciating in value," said C. Fred Bergsten, director of the Peterson Institute of International Economics and a longtime advocate of a weak dollar. "He came into office facing an overall American trade deficit that is close to $1 trillion a year. He's got to welcome something that shows the trade deficit likely to go down."

Still, the fluctuations of the dollar have unsettled many in the world of finance this last week, when it sagged about 2 percent against the euro, bringing its decline this year to more than 12 percent. On Friday, the dollar fell to 1.33 euros; it dropped against the British pound as well, with it now taking $1.98 to buy a pound.

By contrast, against the Japanese currency, the dollar has slipped much less, closing Friday at 115.35 yen.

In Europe, the French finance minister, Thierry Breton, has expressed concern about a weakening dollar, noting that exports have helped Europe's recent economic recovery. But other European finance ministers said this week that at least for now, gains in the euro do not appear to threaten prospects for growth in Europe.

The gyrations of the dollar highlight the sensitivity of Mr. Paulson's role at this particular moment, as he prepares for his biggest overseas trip so far as Treasury chief: a veritable expedition to China, accompanied by five cabinet members and by Ben S. Bernanke, the Federal Reserve chairman.

The goal of the trip, which starts Dec. 14, is to engage China on a range of economic issues but most particularly to press Beijing to let its currency, the yuan, rise in value against the dollar. That would help, American officials hope, to narrow a Chinese trade surplus with the United States that soared past $200 billion last year.

As a former investment banker who lived and breathed the logic of international markets for decades at Goldman Sachs, Mr. Paulson is trying to engineer a kind of correction in which China would cease what American officials say have been currency manipulations aimed at pumping out exports.

Against the background of the rise of the euro, the China trip illustrates the three-cornered complexities of the world economy and of Mr. Paulson's dollar diplomacy.

Suddenly with a declining dollar, Europeans are stepping up their purchases of American goods, and it has become more expensive for Americans to visit Europe as tourists or business officials. American investors overseas, meanwhile, are enjoying the extra kick that a falling dollar delivers on their foreign profits.

The decline of the dollar against the euro, while the dollar-to-yuan ration remains stable, also has the effect of increasing tensions between Europe and China. European businesses, like their American counterparts, are already upset about cheap Chinese exports to Europe. Now these goods are even cheaper because the yuan is declining against the euro, pulled down by the dollar.

The Chinese, meanwhile, are likely to get more nervous than ever that a decline in the dollar against the yuan will damp their exports and reduce the value of their dollar-denominated assets, putting pressure on Chinese banks that are holding those assets.

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China has resisted American appeals to let the yuan rise in value, arguing that China is already undertaking painful economic reforms — writing off bad loans and closing money-losing state enterprises — and cannot afford further social disturbance brought on by new difficulties in exports.

"We are committed to a market-based exchange-rate mechanism," said a senior Chinese official, speaking anonymously under Chinese ground rules. "But we will do it in a responsible way — responsible to the health of our country, the United States, Asia and beyond."

Part of the reason for the dollar sell-off, many analysts say, has been a recent sense of disappointment about the American economy even as Europe has picked up some momentum, prompting traders to look for more promising investments in markets overseas. The prospect of higher interest rates in Europe while rates remain stuck or drift lower in the United States has also drawn funds out of the dollar.

Some analysts also say that the dollar decline has been partly seasonal — that there is always a decline in investment in dollar-denominated investments at the end of the year, despite the huge need by the United States to finance its current-account and budget deficits.

"There's always a little seasonal weakening of the dollar at year-end," said Robert Sinche, head of global currency research and strategy at Bank of America. "With its large imbalances, the United States needs to attract capital every day. Capital flows tend to slow down at this time, because people go on holidays or are closing their books."

"It's like musical chairs," he added. "When the music stops, those who have deficits are going to suffer."

If American policy makers are pleased about the prospect of the dollar's providing a kick for exports, they fear a dollar falling so far and fast that it fuels inflation in the United States. Higher inflation might force the Federal Reserve, which is still concerned that price increases are outside its comfort zone, to raise interest rates, slowing the American economy further.

"The fall of the dollar has both benefits and risks," said Nouriel Roubini, chairman of Roubini Global Economics. "The danger is that the willingness of foreign investors to buy dollars is shrinking. If the fall of the dollar accelerates, investors could start dumping U.S. assets, and you'll get a hard landing for the economy."

The fear of a loss in the value of its assets is a factor in China's rebuffing American imprecations to let its currency float more flexibly against the dollar, many analysts say. China has amassed $1 trillion in foreign exchange reserves after years of trade surpluses with Europe and the United States.

About $700 billion of those reserves are said by many economists to be in dollars. One reason China does not want a cheaper dollar against the yuan, these economists say, is that the value of its holdings would decrease, limiting the lending ability of its banks.

Nevertheless, Mr. Paulson's trip is organized around the principle that China needs a bit of a weaker dollar now because its current path of binging on exports will overheat the Chinese economy — it is growing at 10 percent a year — and cause a collapse sooner or later if it is not cooled off slowly.

The dollar has declined about 5 percent against the yuan in the last year and a half, but American policy makers say that the yuan is still artificially low. That is also the view of leading members of Congress, especially Representative Nancy Pelosi, the California Democrat who becomes the speaker of the House in January.

Not all economists agree that am upward revaluation of the yuan will benefit the American economy. They note that cheap exports from China are desired by American consumers, and that Chinese imports have not led to rising unemployment, as critics charge.

"Let's say China revalues by 10 percent overnight," Mr. Sinche said. "Then prices at Wal-Mart go up by 10 percent. So we then see worse inflation numbers, the Fed tightens monetary policies, and we end up with higher inflation, higher prices and higher interest rates. Remind me again why that's what we want."

U.S. Auto Sales Turn In A Sluggish November (WSJ)

By Terry Kosdrosky, John D. Stoll

The Wall Street Journal, December 2, 2006

U.S. auto sales downshifted in November to the slowest seasonally adjusted pace since October 2005, and General Motors Corp. and Ford Motor Co. said they will cut North American production in the first quarter of 2007 amid signs of flattening demand.

The sluggish market didn't slow down all auto makers. For the second month this year, long-time No. 2 auto maker Ford was outsold by Toyota Motor Corp., whose sales rose 15.9%.

With mixed signals coming from the broader U.S. economy, sales of cars and light trucks in the U.S. rose 2.9% in November, compared with relatively weak year-earlier levels. That translated to a seasonally adjusted annual selling rate of

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16.01 million vehicles. In October 2005, the sales pace fell to 14.8 million vehicles following the end of heavily promoted sales by the Detroit Big Three. U.S. consumers and businesses bought 16.9 million cars and light trucks in 2005.

The planned production cuts at GM and Ford reflect a consensus among industry forecasters that overall 2007 U.S. car and truck demand will likely be flat or down from this year. Further, Detroit's Big Three auto makers are still wrestling to sell down excess inventories of unsold vehicles.

At Nov. 30, GM, Ford and DaimlerChrysler AG's Chrysler Group had a total of more than 2.2 million cars and trucks in stock, equivalent to the total amount of vehicles that the trio sold in the first quarter of 2006, according to Ward's Automotive Reports. Dealers, led by No. 1 auto retailer AutoNation Inc., have increasingly resisted the Detroit auto makers' pleas for them to warehouse more cars on their lots, pushing instead for auto makers to reduce stocks to 60 days' supply or less.

GM, the world's largest auto maker by global sales volume, said its U.S. sales rose 6.1% in November from a year earlier. But GM said it plans to cut first-quarter North American production by 9% from a year earlier to 1.14 million vehicles. The majority of the production cut in the first quarter is to reduce daily rental-fleet sales, GM said, and the rest is to shift production to the company's new full-size pickups and to cut inventory levels. GM has about 120,000 large sport-utility vehicles in stock, which is roughly four months' supply at current sales rates. "We'd like to be more along the lines of 100,000," said Paul Ballew, GM's director of sales and industry analysis. Overall, GM shaved 50,000 vehicles from its inventory during November, with the unsold dealer stock sitting at about 1.1 million vehicles, Mr. Ballew said.

GM, like its domestic competitors, has been trying to both cut sales to fleet customers, including rental-car companies, and reduce reliance on sales incentives to retail customers. GM relied on a "Red Tag" sale launched in mid-November to help boost the month's sales. GM is offering discounts of as much as $2,000 on many of its vehicles through year end.

GM shares were up 46 cents at $29.69 at 4 p.m. Friday in New York Stock Exchange composite trading, following billionaire investor Kirk Kerkorian's move Thursday to sell his entire 7.4% remaining stake in GM.

Ford, citing concerns about weakness in the housing market and a plan to suspend minivan production, cut its previous fourth-quarter North American production forecast by another 15,000 vehicles and said first-quarter 2007 North American production will fall 14.4% to 750,000 vehicles. Ford, which earlier this past week announced that 38,000 hourly workers have agreed to leave the company as it restructures, had a 10% drop in sales in November from a year earlier.

Ford's sales analyst, George Pipas, called November's result disappointing and warned that the company's sales in 2007 will be lower as it scales back deliveries to rental fleets and closes plants. As for total industry-wide vehicle sales in 2007, Mr. Pipas said Ford expects total car and light-truck volume to slow "somewhat," compared with 2006. Ford expects between 16.9 million and 17 million vehicle sales in 2006, including medium-duty and heavy-duty vehicles, while GM expects about 16.5 million light vehicles to be sold. Ford shares fell nine cents Friday to close at $8.04 in NYSE trading.

Separately, DaimlerChrysler said sales at its Chrysler unit rose 2.9% in November, and Chrysler said it had cut inventories of unsold vehicles to 499,000.

Toyota's November Numbers Eclipse Ford For A Second Time (WP/AP)

By Joseph Altman

The Washington Post, December 2, 2006

DETROIT, Dec. 1 -- Toyota sold more vehicles than Ford in the United States in November, the second time that the No. 2 domestic automaker was outsold by its Japanese rival.

Ford reported Friday that its U.S. sales in November fell 9.6 percent from November 2005. Toyota sold 196,695 vehicles in November, a 15.9 percent increase, compared with Ford's 182,259.

General Motors's sales rose 6.1 percent, while DaimlerChrysler's were up 4.7 percent.

GM sold 293,558 vehicles last month, the most of any manufacturer. It sold 109,985 cars, a 7.9 percent decline from November 2005, but truck sales rose 16.6 percent, to 183,573. GM's figures include the Swedish Saab brand.

Sales at DaimlerChrysler's Chrysler Group rose 2.9 percent from November 2005, to 164,556, while Mercedes-Benz sold 22,079 vehicles, its third-highest performance and 21 percent higher than a year earlier.

Toyota's sales, including its Lexus luxury brand, included a 17.8 percent increase in light truck sales. Sales of the RAV4 compact sport-utility vehicle rose 156.9 percent, to 11,425. Toyota's car sales were up 14.5 percent, to 109,126.

Ford's light-truck sales fell 12.9 percent, to 120,407, including a 16.1 percent drop in sales of F-Series pickups. Ford's car sales fell 2.6 percent, to 61,852, reflecting lower deliveries to fleet customers.

In a conference call with industry analysts and reporters, Ford sales analyst George Pipas blamed the company's monthly sales performance in part on a late start on advertising improvements to its 2007 models and promoting its year-end sale.

"It was disappointing," Pipas said. "We missed our own internal sales target for the month."

But Ford said sales of the Fusion, Mercury Milan and Lincoln MKZ mid-size sedans to individual retail customers were up. Ford's figures include the Ford, Lincoln, Mercury, Jaguar, Volvo and Land Rover brands.

Ford's share of the domestic market has declined from about 26 percent in the early 1990s to 17.6 percent at the end of October, when Toyota's share was 15.5 percent. In July, Ford sold fewer vehicles in the United States than Toyota for the first time, but Ford's U.S. sales surpassed the Japanese company's in August through October.

Toyota spokesman Xavier Dominicis said the company isn't focused on market share.

"Our ranking within the industry is really driven by actions our competitors take or don't take," he said. "Our fundamental approach remains unabated. We supply consumers with the right product at the right time."

Ford Dropped To 4th Place In Market Share Last Month (NYT)

By Nick Bunkley

The New York Times, December 2, 2006

DETROIT, Dec. 1 — Sales by the Ford Motor Company declined even more last month than its management had expected.

The company fell into fourth place in November for the first time in its history, behind Toyota Motor of Japan and the German-American automaker DaimlerChrysler, figures released Friday show.

Ford sold 10 percent fewer vehicles than it did a year ago, sending its market share in the United States down to 14.8 percent from 16.9 percent last November, according to Ward's AutoInfoBank.

By contrast, Toyota's sales increased 16 percent, giving it a market share of 16.5 percent, while DaimlerChrysler, which includes the Chrysler Group and Mercedes-Benz, sold 5 percent more vehicles to earn a share of 15.6 percent. General Motors is the largest automaker, with a share of 24.6 percent.

Ford's numbers were particularly disappointing because they were being compared with last November, one of the worst months in company history, when Hurricanes Katrina and Rita cut demand for trucks as gas prices spiked.

The results capped a bleak few days for Ford in which it revealed plans to mortgage its factories and other assets to raise $18 billion in cash, then projected that in the next year it would spend much of that in payments to the 40 percent of its hourly workers who are taking company buyouts and leaving their jobs.

"It was disappointing," Ford's chief sales analyst, George Pipas, said on a conference call with reporters and Wall Street analysts. "We missed our own internal sales targets for the month."

G.M. reported a 6 percent sales increase in November, and the Chrysler Group ended a long streak of declines and placed No. 3 for the first time since March by posting a gain of 3 percent. Both sold fewer passenger cars but more trucks than a year ago, while Ford's sales declined in both categories.

Ford and G.M. said they would reduce production in the first quarter of 2007 — Ford by 14.4 percent and G.M. by 9 percent — to help clear inventories and to prepare for planned cuts in sales to rental car agencies. Ford said it expected to produce 620,000 vehicles in the fourth quarter. That is 15,000 below prior estimates, which already reflected a 20 percent cut because of a temporary halt in building the Freestar minivan.

Ford attributed much of its sales decline in November to fewer rental agency sales, which are significantly less profitable than transactions at dealerships. In October, Ford stopped building the Taurus, a midsize sedan that was sold exclusively as a rental car in its final years.

Ford's turnaround plan calls for more emphasis on retail sales in a bid to regain profitability even at the expense of some market share. The company has said that it expects its market share to stabilize at a level of 14 to 15 percent.

"We'd like to sell as much as the next person or more," Mr. Pipas said. "We're much more interested in returning our business to profitability."

Although Toyota passed Ford in November, analysts expect Ford to do better through the winter, when sales of the sport utility vehicles that make up much of its lineup tend to be higher. But Ford's plan to close plants and reduce its production capacity means it cannot fend off Toyota for long.

"By the time we get to July of next year, Toyota will permanently replace Ford as the No. 2 automaker," said Jesse Toprak, director of industry analysis at Edmunds.com, a Web site that gives consumers advice about buying cars. "By that time, Ford will never be able to catch up with Toyota."

Ford is hoping for good news in December, when its long-awaited crossover vehicle, the Edge, goes on sale. The Edge was to reach dealerships in November but was delayed while Ford addressed supply problems.

But Ford could face tougher competition than it has expected in the lucrative pickup truck segment, which its F-Series has long dominated. Sales of the F-Series fell 16 percent in November, while G.M.'s redesigned Chevrolet Silverado and GMC Sierra pickups increased 21 percent. Toyota will add considerable pressure in early 2007 with a new version of its Tundra pickup.

All three Detroit automakers managed to shrink their inventories of unsold vehicles somewhat in November, but their dealership lots are still far more crowded than those of their Asian competitors.

Chrysler, which lost $1.5 billion in the third quarter because of slumping sales, had more than 500,000 unsold vehicles at the end of November: 499,000 in what it calls dealer inventory and thousands more that were built without an order from a specific dealer.

Chrysler's vice president for sales, Steven J. Landry, would not say how many cars were in the order bank — there were nearly 100,000 earlier this year — but he said "we are on track" to reach zero by year's end.

But reducing inventory has come at a steep cost. In November, Chrysler spent $4,224 a vehicle on incentives, nearly double the national average, according to Edmunds.com. And the discounts have failed to persuade shoppers to buy 2006 models, which were replaced by new versions around September and typically are almost sold out this late in the year.

About a third of the vehicles Chrysler has on hand are 2006 models, compared with 15 percent for Ford and 14 percent for G.M.

G.M., whose market share rose to 24.6 percent because of a 16 percent increase in truck sales, said it was pleased with its performance. After losing $10.6 billion in 2005, G.M. has posted an operating profit for three consecutive quarters.

"We feel very good about our product cadence, and we feel very good about our progress the last six months," said G.M.'s chief sales analyst, Paul Ballew.

Besides the cutback in rental sales, Ford said it hurt itself in November by starting its year-end marketing campaign later than competitors after focusing on unloading 2006 models since the summer.

"We probably paid the price for that," Mr. Pipas said.

Ford Sales Slip In November (FT)

By Bernard Simon

Financial Times, December 2, 2006

Ford Motor lost its traditional second spot in US vehicle sales last month, slumping to fourth place behind General Motors, Toyota and DaimlerChrysler.

The troubled Detroit-based carmaker's sales fell by 9.6 per cent in November from a year earlier, due partly to an unexpectedly steep 16 per cent drop in demand for its F-Series pick-up truck, north America's top-selling vehicle and one of the biggest contributors to Ford's bottom line.

By contrast, GM's sales grew by 6.1 per cent while Toyota reported its best-ever November, with a 15.9 per cent improvement. DaimlerChrysler, including the Detroit-based Chrysler group and Mercedes Benz, posted a 5 per cent increase.

Paul Ballew, GM's sales analyst, said that overall vehicle demand remained weaker than expected. According to preliminary estimates, light-vehicle sales totaled 16.3m vehicles last month at a seasonally-adjusted annual rate, unchanged from October.

Toyota pulled ahead of Ford for the first time in July, but slipped back for the next three months. The Japanese carmaker's star performer has been the small RAV4 sports-utility vehicle, whose sales have more than doubled in the past year.

George Pipas, Ford's sales analyst, described November's performance as disappointing, adding that the company had missed internal sales targets.

Besides the fall in pick-up sales, Mr Pipas said that the Ford had lagged in advertising new features on its mid-sized sedans.

Ford's sales to car-rental and other fleet operators also fell markedly in line with a drive by all three Detroit-based carmakers to lower their dependence on these low-margin customers. GM reported a "a fairly substantial" improvement in prices on its rental-car sales.

Ford, which posted a $5.2bn third-quarter loss, has warned that its market share is likely to continue dropping for some time, partly reflecting lower fleet sales.

The sagging US housing market has dampened demand for pick-up trucks, many of which are used in construction work. But the launch of new GM and Toyota models are expected to buoy sales at Ford's expense. Sales of big Chevrolet big pick-ups grew by 22.9 per cent last month.

Meanwhile, Chrysler unveiled plans this week to mail $1,000 coupons to 3m prospective customers in a continuing drive to bring down swollen inventories and generate interest in a slew of new models.

Edmunds.com, an online pricing service, estimates that Chrysler's Jeep brand offered an average of $5,398 in perks for each vehicle last month, the highest of any brand.

One Threat Averted But More Await G.M. (NYT)

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By Micheline Maynard

The New York Times, December 2, 2006

DETROIT, Dec. 1 — Top executives of General Motors, wrestling with one of the biggest financial crises in its history, have not had much to celebrate this year.

But they scored a big victory late Thursday when the billionaire Kirk Kerkorian retreated, selling off the last of $1.2 billion in shares he bought last year in a bid to shake up the company's strategy and possibly its management ranks.

He had caused them no end of consternation in the last 18 months, trying to push G.M. into an alliance with two foreign automakers, Renault of France and Nissan of Japan.

In many respects, this city has felt under siege from outsiders and, to many, Mr. Kerkorian's departure could not come too soon. "Goodbye and don't let the door hit you in the tushie," said one reader comment posted Friday on the Web site of The Detroit Free Press after an article about Mr. Kerkorian's decision.

But seen from another perspective, Mr. Kerkorian's departure represents not so much a surrender as a lack of faith in the future of G.M.

And he has a lot of company. About 35,000 workers decided last summer to take G.M.'s incentive packages to leave or retire early from jobs that have been a ticket to prosperity for generations of blue-collar workers. This week, Ford Motor disclosed a preliminary tally that 36,000 of its workers were taking similar deals to leave the company.

With these buyouts, too, there is some good news for leaders at G.M. and Ford. In a matter of months, they have been able to drastically reduce their long-term labor-cost structure.

That is a big boost in both companies' efforts to transform themselves in the face of another siege, by foreign competitors, who are wresting market share from them every month.

But the successes are tinged with defeat — of a way of doing business that built G.M. and Ford into symbols of American industrial power. In a sense, they are a vote of no-confidence from both a big investor and thousands of men and women who worked in their factories.

"Kerkorian's going away puts a brighter spotlight on G.M. management to prove that it can fix the company," said John Casesa, an auto industry analyst with Casesa Shapiro Partners.

Auto workers, meanwhile, are "sending a message that these businesses will not return to the level of prosperity that they once had," Mr. Casesa added.

Indeed, the bad news for Detroit continued this week.

On Friday, November sales figures showed that Toyota pushed past Ford for the second month this year to rank as the country's No. 2 carmaker, behind G.M. Ford, in fact, fell below DaimlerChrysler to fourth place.

This week, Ford had to mortgage virtually all its most valuable assets — including its factories, the Swedish automaker Volvo and even its blue oval trademark — to guarantee $18 billion in loans that will pay for its turnaround efforts.

It was a high-stakes version of a home equity loan, and it was a significant gamble by the company's new chief executive, Alan R. Mulally, who joined Ford in September from Boeing.

To be sure, Mr. Mulally has reassured employees that Ford's turnaround program, the Way Forward, will save the company.

G.M. executives are also confident that they are making the right moves to help their company return to prosperity.

In Los Angeles this week, G.M.'s chief executive, Rick Wagoner, announced that his company was developing a hybrid-electric vehicle that could be plugged in to be recharged, giving G.M. a step up on Toyota, which is only studying the idea despite having a broad lineup of hybrid models.

Appearing with Tiger Woods alongside another new model, a sport utility vehicle called the Buick Enclave that is built on a car chassis, Mr. Wagoner said he was confident the turnaround efforts he was leading were taking hold but he said more work remained.

David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich., said Mr. Kerkorian's retreat essentially provided more short-term security for Mr. Wagoner. Now the company can continue to carry out its turnaround plan, seemingly without the threat that Mr. Kerkorian might try to gain control.

"It was the shootout at the O.K. Corral that never materialized," Mr. Cole said.

Recent improvements in G.M.'s financial situation hurt Mr. Kerkorian's case that the company needed new leadership, and he apparently decided he could not afford the time it would take to get his way, Mr. Cole said.

Even so, it was a surprise that Mr. Kerkorian backed away so quickly, especially since G.M. gave a board seat in February to his representative, Jerome B. York, said Charles Elson, a professor at the University of Delaware and an expert in corporate governance.

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Mr. York left the G.M. board in October, after G.M. broke off talks with Renault and Nissan that Mr. Kerkorian had encouraged.

"I'm sorry Mr. York didn't stay," Professor Elson said. "The lesson you learn is you stick it out; you might not win on first blush, but you might win the next time."

If Mr. Kerkorian returns for a next round, however, it could mean that Mr. Wagoner has not succeeded in his primary task of overhauling G.M. so that it can withstand competition from Toyota, which is on track to pass G.M. to become the world's biggest carmaker, perhaps as soon as next year.

Should that happen, the global industry would be led by a company with solid profit and billions of cash to reinvest in itself, said Jonathan Steinmetz, an industry analyst with Morgan Stanley.

In a research report Friday, Mr. Steinmetz said Mr. Kerkorian's departure could turn out to be another loss for G.M. ""Having somebody chase after you often makes you run faster than you otherwise would," Mr. Steinmetz wrote.

Indeed, no one in the industry should become complacent. ""The uncertainties are just enormous out there, between gas prices and the Middle East," said Michael Useem, a professor at the Wharton School of the University of Pennsylvania.

No matter how tempting it might be to celebrate, he added, "For the moment, it is tough times in Detroit."

Capital Flight (WSJ)

The Wall Street Journal, December 2, 2006

It won't be news to readers of these columns that increased regulatory burdens and litigation costs are undermining the competitive position of America's capital markets. But this week's interim report from the blue-ribbon Committee on Capital Markets Regulation performs a public service by marshaling evidence of the decline that is hard to refute.

The committee, directed by Hal Scott of Harvard Law School and co-chaired by Glenn Hubbard and the Brookings Institution's John Thornton, is a privately funded, bipartisan group of executives and academics who have put their heads together to assess the state of our capital markets. Its first report is detailed and analytical, which may explain why Eliot Spitzer immediately attacked it.

It's well known that more large global IPOs are happening outside the United States, and the report notes this fact. But most regulators have chosen to explain away this trend rather than confront it. Charles Niemeier, a board member of the Public Company Accounting Oversight Board -- created by Sarbanes-Oxley -- even made the case in a prominent September speech that U.S. financial-market regulation was an optimal mix of costs and benefits. He said companies choosing to list abroad may do so because their managers or controlling shareholders prefer to engage in self-dealing that would be prohibited in the U.S.

Mr. Niemeier also argued that U.S. capital costs are lower than elsewhere in the world, implying that investors are still willing to pay a premium for companies that subject themselves to U.S. regulations. And U.S. capital costs are lower than elsewhere. But as the new report documents, that premium has been shrinking. What's more, it's been shrinking faster vis-a-vis other developed countries -- such as Japan and the U.K. -- than it has against developing-world markets.

This suggests that it is stiff competition from relatively well-regulated markets, not from shifty, nontransparent Third World markets, that is taking the biggest toll. This could mean that overseas regulation is improving, not that U.S. regulation is getting more onerous. But even if this were the case, it would not change the main point: Global capital markets are becoming more competitive, and the U.S. is now more likely to be punished for over-regulation than it was in the past.

The report also sheds light on some other significant financial trends. For example, the vast majority of those global IPOs -- over 90% -- that bypass the U.S. public markets still elect to sell their shares to so-called "qualified" U.S. investors. Qualified investors are institutions and individuals rich enough to buy stakes in these companies outside of the publicly traded equity markets. Like a hedge fund, a company that markets only to the very rich is not subject to most securities laws or Sarbox. So in other words, non-U.S. companies are still raising billions in the U.S. through IPOs. They're just doing it in a way that skirts most of our capital-market regulation.

Another warning sign is venture capital, long an engine of American economic growth. Traditionally, VC firms have used the U.S. IPO market as their exit strategy; in the 1990s, IPOs accounted for 90% of VC investment "exits." Today, however, nearly 90% of those venture-capital-backed startups are sold to strategic buyers in private transactions.

This has serious repercussions for the venture capitalist business model. For one thing, valuations are lower in private transactions and liquidity is poorer. Finding a strategic buyer can also prove more difficult than taking a company public, which is why private-equity firms have been increasingly scooping up startups incubated by VCs. "From 2001 to 2005," the report observes, "VC-backed private equity exits reaped a total of $94.85 billion, while VC-backed IPO exits raised only $12.06 billion." This is not a purely profit-driven trend, because valuations are generally lower in the less-liquid private markets. Rather, it is a reflection of where the money increasingly can be found.

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Defenders of current regulation claim that the rise in private equity has been driven by low interest rates globally, and there's some truth in this. But that doesn't explain why so much of this global liquidity has gone into private equity rather than, say, the stock markets. The Hubbard-Scott report makes the case that overregulation and litigation risk are a big part of that reason.

Finally, it's worth noting that this report is not, despite some of the media sniping, a laissez-faire manifesto. It recommends no legislative changes to Sarbanes-Oxley, for example, only more rational regulatory interpretation of that misbegotten statute. We don't have the space today to discuss all of its many useful recommendations, 32 in all. But the report's best contribution is the seriousness with which it examines the evidence of U.S. competitive decline -- evidence that defenders of the status quo should now be obliged to answer.

Obama And Evangelical Megachurch In Sync On AIDS (AP)

AP, December 1, 2006

LAKE FOREST, California (AP) -- Potential presidential candidate Barack Obama stood before one of the country's largest evangelical churches Friday and declared that condoms should be made more widely available to fight AIDS.

The Democratic senator's appearance at Saddleback megachurch was a source of dispute among evangelical leaders, with some of the most conservative saying that a politician who supports abortion rights should not have been allowed to speak at such a prominent church.

Obama urged unity despite political differences to fight the disease that has killed 25 million people since the first case was reported in 1981. About 40 million currently are infected with HIV, the virus that causes AIDS.

"We are all sick because of AIDS," Obama said. "We are all challenged by this crisis."

In a show of political unity, Obama took an AIDS test with a potential White House rival on the Republican side -- Sen. Sam Brownback of Kansas. Brownback draws his support from the conservative evangelical community, but Obama has been urging liberals not to allow the Republican Party to claim it is the party of Christians. Warren also was tested.

After addressing Brownback as his friend and applauding his efforts on issues such as AIDS, Obama said: "There is one thing I've got to say, Sam, though: This is my house too. This is God's house. So I just want to be clear."

In another show of bipartisanship, the Illinois senator said President Bush doesn't get enough credit for committing $15 million against HIV and AIDS over five years.

He called the dispute over condoms a "false argument."

"I also believe we can't ignore the fact that abstinence and fidelity, although the ideal, may not always be the reality, that we're dealing with flesh-and-blood men and women and not abstractions, and that if condoms and potentially things like microbicides can prevent millions of deaths, then they should be made more widely available," Obama said. "That's my belief."

He said men and women often are "contracting HIV because sex was no longer part of a sacred covenant, but a mechanical physical act." He said government programs cannot solve that problem, but churches can make a real difference by providing people with a moral framework to make better choices.

"I don't care whether you're conservative or liberal, you've got to lift up that aspect of this struggle," said Obama, who at times drew applause.

Obama repeated a story he had read in the Chicago Tribune about a South African woman named Hlengiwe Leocardia Mchunu who lost five of her seven siblings to AIDS. He said he couldn't imagine what it would be like to have AIDS affect his family, but "here's the thing -- my faith tells me that Leo's family is my family."

The summit came on World AIDS Day and the 25th anniversary of the discovery of the disease.

AIDS Fight Needs Churches, Obama Says (LAT)

By Michael Finnegan

The Los Angeles Times, December 2, 2006

U.S. Sen. Barack Obama of Illinois told more than 2,000 evangelical leaders in Orange County on Friday that he "respectfully but unequivocally" disagrees with those who oppose condom distribution to fight the AIDS pandemic. But he said a solution to the worldwide spread of AIDS would also come from churches guiding people to make moral decisions.

Obama, a Democrat weighing a run for the White House, made his remarks at an evangelical AIDS conference sponsored by Saddleback Church in Lake Forest.

Some conservatives, offended by Obama's support for legal abortion, had called on the mega-church's pastor, Rick Warren, to rescind his invitation to the senator.

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Yet Obama drew a standing ovation from the 2,072 pastors and others who came from 39 states and 18 nations to explore church solutions to the AIDS pandemic, which has killed 25 million people worldwide. In measured words, he dismissed the notion that simply discouraging promiscuity could stop the spread of HIV, the virus that causes AIDS.

"We can't ignore the fact that abstinence and fidelity, although the ideal, may not always be the reality — that we're dealing with flesh and blood men and women and not abstractions, and that if condoms and, potentially, things like microbicides, can prevent millions of deaths, then they should be made more widely available," he said.

He recalled traveling last summer to Kenya and South Africa, where he said he heard "stories of men and women contracting HIV because sex was no longer part of a sacred covenant, but a mechanical physical act; because men had visited prostitutes and then brought the disease home to their wives, or young girls had been subjected to rape and abuse. These are issues of prevention we can't walk away from."

But Obama also noted the power of religion to slow the spread of HIV. Churches, he said, must offer "a moral framework with a faith basis to make better choices."

"Let me say this loud and clear: I don't think that we can deny that there is a moral and spiritual component to prevention, that in too many places all over the world where HIV/AIDS is prevalent — including, by the way, right here in the United States — the relationship between men and women, between sexuality and spirituality, has broken down, and needs to be repaired," he said.

For Obama, the Saddleback appearance offered a high-profile venue to highlight the role of religious faith in his life as he steps into a more prominent role on the national political stage. A parishioner at Trinity United Church of Christ on Chicago's South Side, he has described religion as an important moral force in politics and urged fellow Democrats to reach out to evangelicals.

Evangelicals, particularly those who are white, have strongly favored Republicans in national elections for decades. The Saddleback event also enabled Obama to spotlight his efforts to find common ground with Republicans on AIDS and other matters. Chris Lehane, a Democratic strategist, said that after years of fierce partisan combat in Washington, D.C., voters were likely to look favorably on a presidential candidate who champions efforts to work together for the common good.

"At a political level, it's a very smart thing for him to do," he said of Obama's improbable stop at a mega-church in Republican-leaning Orange County.

In his speech at Saddleback's cavernous worship center in the foothills of the Santa Ana Mountains, Obama applauded the Bush administration for spending billions on AIDS programs abroad.

"I don't do that that often," he said to laughter, "and sometimes unfairly so, because this is an area where I think the Bush administration has not gotten enough credit. The administration and this Congress have been serious about putting resources in contributing to the fight against HIV and AIDS."

Before Obama spoke, Warren, leader of Saddleback's 20,000-strong congregation and author of the best-seller "The Purpose Driven Life," called on church leaders around the world to unite in efforts to fight AIDS. The pastor, dressed in blue jeans, cited the millions of African children from families afflicted with HIV.

"Friends, that's a continent sliding into the ocean," he told the crowd. "It is a race against time," he said. "People are dying."

Warren referred indirectly to the criticism that followed his invitation to Obama, saying people should listen respectfully to Democrats like Obama and Republicans like fellow speaker and Sen. Sam Brownback (R-Kan.).

"I've got two friends here, a Republican and a Democrat. Why?" Warren asked. "Because you've got to have two wings to fly."

Brownback seconded the sentiment when he spoke to the crowd, saying Democrats and Republicans need to "reach across the aisle" to combat AIDS.

"There's nothing political about dealing with malaria and global HIV," he said.

The Kansas senator, a conservative and also a potential presidential candidate, recalled his travels to Sudan and other parts of Africa, where he witnessed people suffering from AIDS and malaria and saw regions that had experienced genocide.

"If we'll just give them the crumbs off our table, they can live, and we can save our souls," Brownback said.

At a news conference after their speeches, Obama, Brownback and Warren were each administered HIV tests with a cheek swab — a gesture aimed at lifting the stigma of HIV. Each tested negative.

Asked about the objections to his visit, Obama said: "I don't demonize other folks."

"I found that I've never learned anything from refusing to listen to other people or refusing to engage in conversation with them," he said, "and that surely can't be the basis for healthy politics in our society."

Obama and Brownback declined to discuss their potential candidacies for the U.S. presidency, saying that would distract from the summit's focus on AIDS.

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What's In A Name, Barry? (NYT)

By Maureen Dowd

The New York Times, December 2, 2006

If you call Barack Obama's office to check the spelling of his middle name, the reply comes back: "Like the dictator."

In the first rush of our blind date with the young senator from Illinois, we are still discovering things that are going to take some getting used to. Like his middle name: Hussein.

There were already a few top Democrats scoffing at the idea that a man whose surname sounded like a Middle East terrorist could get elected president. Now it turns out that his middle name sounds like a Middle East dictator. So with one moniker, he evokes both maniacal villains of the Bush administration. And to top it off, as Jennifer Senior noted in New York magazine, Barack rhymes with Iraq.

Republican wizards have whipped up nasty soufflés with far less tasty ingredients than that.

The middle name — the first name of his Muslim grandfather, a Kenyan farmer, and the middle name of his father, a Kenyan goatherd — had been cited in a few places, like Ms. Senior's piece. But there hadn't been much focus on the unfortunate coincidence of the senator from the city known as the Hog Butcher to the World having the same name as the Butcher of Baghdad until a Republican operative dropped the H-bomb on "Hardball" this week.

Ed Rogers, a Bush 41 official, said he was underwhelmed with "Barack Hussein Obama," dismissing him as "a blank canvas where people project their desires."

This set off indignation among liberal bloggers and in the Obama camp, where the middle name has not been hidden, but has not been mentioned much, either, even on the senator's August odyssey to his paternal home in Africa. The hush-hush on Hussein is a bit odd given that Mr. Inclusive is presenting himself as the American dream in human form, a multiethnic quilt whose journey is his qualification for higher office.

Obama aides thought Mr. Rogers was trying to stir up racial and religious biases.

"It wasn't a slip of the tongue, I know that," said Robert Gibbs, the senator's director of communications. "The 2006 election proved that people are far smarter than the spin and fearmongering. You can't solve Iraq with a campaign about people's middle names."

He said that when Mr. Obama was running for the Senate, there were conservative Web sites that crowned the Democrat's picture with a turban and tried to make an issue of Obama and Osama sounding alike — just as G.O.P. strategists shamefully linked Max Cleland with Osama in 2002, and claimed in 2004 and 2006 that a win for the Democrats counted as a win for the terrorists.

Mr. Gibbs said some had suggested to Mr. Obama early in his pursuit of a Senate seat that, given 9/11, he might want to go by his childhood nickname, Barry. (Then it could have been Barry! vs. Hillary!)

In his book "The Audacity of Hope," the senator describes a lunch with a media consultant in late September 2001. Looking down at a newspaper picture of Osama, the politico shook his head and said: "Really bad luck. You can't change your name, of course. Voters are suspicious of that kind of thing. Maybe if you were at the start of your career, you know, you could use a nickname or something. But now ..."

The senator wrote: "His voice trailed off and he shrugged apologetically before signaling the waiter to bring us the check. I suspected he was right, and that realization ate away at me."

The Republicans are expert at tying Democrats to villains. Mr. Rogers's bad-boy mentor, Lee Atwater, yoked Willie Horton to Michael Dukakis. Mr. Atwater and his successors also liked to present their side as being more American. Traveling on the campaign trail with Bush Senior in '88, Loretta Lynn made fun of Mr. Dukakis's ethnicity, noting, "Why, I can't even pronounce his name." And in 2004, a Bush 43 campaign adviser trashed John Kerry for looking French.

Names can be fraught in politics. Hillary Rodham felt she had to switch to Mrs. Clinton after her husband lost the Arkansas statehouse in 1980.

Mr. Rogers denies he was playing hardball when he lobbed "Hussein" on "Hardball."

"No, I wasn't trying to say he is Saddam-like," he laughed. "The context was, this guy's a lightweight. Never have I seen so much swoon for so little biography. If he can make something out of this, it proves he's very thin-skinned and he ain't ready. Hillary will beat him like a rented mule." That would be Hillary Diane Rodham Clinton to you, Ed.

Bayh Moves Toward Presidential Bid (AP)

By David Espo

AP, December 1, 2006

DOJ_NMG_0101012

WASHINGTON -- Indiana Sen. Evan Bayh, a Democrat with a record of political success in a Republican-leaning state, intends to take the first official step toward a 2008 presidential campaign early next week, officials said Friday.

Bayh's plans include creation of a presidential exploratory committee, as well as appearances Monday in Iowa and next weekend in New Hampshire, two early states on the campaign calendar.

Bayh would be the second Democrat to take a formal step toward a presidential campaign. Iowa Gov. Tom Vilsack is already in the race. Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois are among numerous other potential rivals who are expected to decide within a few weeks whether to run.

Republicans also are likely to have a crowded field of contenders. So far, only Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani have created exploratory committees, which permit fundraising to finance a candidate's travels.

The officials who described Bayh's plans did so on condition of anonymity, saying they had not been authorized to discuss them.

Bayh has been pointing toward a run for the White House for months, and had $10.5 million in his Senate campaign bank account as of Sept. 30. The money can be transferred to his exploratory committee.

In addition, the senator recently hired his first paid organizer for Iowa, the state whose caucuses will be the opening competition of the campaign. The aide, Chris Haylor, worked in Iowa for Sen. John Kerry in the 2004 campaign.

As a member of the Senate Intelligence and Armed Services committees, Bayh was one of the first Democrats to support military action in Iraq. But in December 2005, he changed his position, saying he would not have supported legislation authorizing the invasion if the facts the Bush administration used to support the move had been presented to him accurately.

Bayh, 50, has charted a centrist's course throughout his political career, including two terms as governor and eight years in the Senate. He also has served as chairman of the Democratic Leadership Council, which is a prominent voice for moderation within the party, and has helped establish the centrist New Democrat Coalition.

Elected governor in 1988, he was the first Democrat in 20 years to hold that office and -- at 33 -- the youngest state chief executive in the United States.

Bayh was often referred to as a "Republicrat" who courted the middle. He never raised taxes and he left office with a humming state economy, low unemployment and a record budget surplus.

His approval rating was an astonishing 79 percent in a state that hasn't voted for a Democratic presidential nominee since Lyndon Johnson's 1964 landslide.

He drew national notice, too, as his tenure neared an end. Bayh was tapped to give the keynote address at the 1996 Democratic National Convention.

He was elected to the Senate two years later.

In recent years, Bayh voted against confirmation of Chief Justice John Roberts as well as Supreme Court Justice Samuel Alito; opposed legislation to open a portion of an Arctic wildlife refuge to oil drilling; supported a comprehensive immigration bill that included a path to citizenship for millions of men and women in the country illegally.

Bayh is the son of Birch Bayh, who won three terms in the Senate from Indiana before losing his seat to Dan Quayle in the Republican landslide of 1980.

Ross Baker, a political science professor at Rutgers University who once worked for Bayh's father, said Bayh's having been a popular governor was a plus. But he said Bayh's campaign would face a challenge to gain support in Democratic primaries. "He has been identified as a centrist, whereas the primary Democratic electorate is comprised of fairly liberal voters," Baker said.

Morris Reid, a Democratic strategist, said Bayh has made a good start on his campaign, having traveled extensively to key primary states and stumped for candidates lower on the ladder, including state legislative candidates in Iowa and New Hampshire.

"People expect so much of him," Reid said. "Evan Bayh has been bred to run for the presidency, and that is a lot of pressure."

With two years until the presidential election, potential candidates from both parties have been busy ramping up their organizations. Vilsack is in the midst of a cross-country tour to launch his campaign, and Obama discussed a possible bid with his top advisers during a meeting in his hometown of Chicago on Wednesday.

On the Republican side, Massachusetts Gov. Mitt Romney has scheduled a trip to Asia next week to beef up his foreign policy credentials. Kansas Sen. Sam Brownback is expected to announce soon whether he will move forward with his presidential ambitions.

Workers A Thorny Issue For Romney (LAT)

By Elizabeth Mehren

DOJ_NMG_0101013

The Los Angeles Times, December 2, 2006

BOSTON — Massachusetts Gov. Mitt Romney, a 2008 GOP presidential aspirant and an outspoken critic of illegal immigration, apparently employed undocumented landscape workers at his home near Boston.

Responding to a report in Friday's Boston Globe, the governor's communications director said Friday that Romney was unaware that several of the landscapers who kept up his suburban Belmont property were in this country illegally.

"Gov. Romney has no information or knowledge to corroborate the Globe's allegations," Eric Fehrnstrom said Friday. "He hired a legitimate lawn service company and he knows the owner as a decent, hardworking person who is a legal resident."

As he explores a run for the presidency in 2008, Romney has made illegal immigration a priority issue, urging stiff penalties for employers who knowingly hire undocumented workers.

The governor has endorsed construction of a 700-mile fence along the U.S. border with Mexico and has advocated that National Guard troops be stationed along the border until the fence is finished. After Romney declared his support for the fence on a Fox television show in September, host Bill O'Reilly christened the barrier "the Mitt Romney Memorial Wall."

After receiving a tip that illegal workers were tending the governor's 2½-acre property, the Globe sent a team of reporters to Guatemala to interview four current and former employees of Community Lawn Service With a Heart. The small company, based in Chelsea, Mass., had maintained Romney's grounds for a decade. The company is owned by Ricardo Saenz, a legal immigrant from Colombia.

Only one of the landscapers interviewed by the Globe said he had proper documentation to work in the United States. Another told Globe reporters that he had paid smugglers about $5,000 to take him across the U.S-Mexican border.

The Guatemalan laborers told the Globe that the governor sometimes greeted them by saying buenos dias.

The same landscaping service also maintained the nearby property of the governor's son Taggart, the Globe reported.

In California's 1994 U.S. Senate election, GOP Rep. Michael Huffington was defeated after admitting that an illegal immigrant had worked as his children's nanny for five years.

Mormon Political Clout Grows (GAN)

By Diana Marrero

Gannett, December 2, 2006

WASHINGTON — When Sen. Harry Reid becomes Senate majority leader next year, he will be the most powerful Mormon in Washington.

But that reign could be short-lived if Massachusetts Gov. Mitt Romney makes a bid for the presidency in 2008 and wins. Romney is considering a run in what is expected to be a wide-open field.

Reid is a Democrat from Nevada and Romney is a Republican. Though they have chosen different political stripes, they are bonded in a faith whose leaders encourage members to become active in public life.

Mormons are heeding the call. Typically conservative, they are more politically active than average Americans, according to a recent study. And the 15 Mormons in Congress is a slightly greater representation than the religious group's percentage of the general population.

"From the pulpit, they talk about the importance of being involved in the community, being involved in politics," said Dean Heller, a Mormon who was just elected to represent Nevada in the House. "They want members of the church to be integrated into society."

The Church of Jesus Christ of Latter-day Saints, as the church is officially called, believes the nation's founders were men of God and that the U.S. Constitution was divinely inspired.

But as politically active as Mormons may be, their faith is largely misunderstood by most Americans.

Some evangelical Christians consider the faith a cult, and 35% of Americans say they would not vote for a Mormon for president, according to a recent poll.

That presents a particular challenge for Romney, who so far has steered clear of any public discussion about his religion.

"Because religion matters in politics, it represents opportunities and challenges for candidates," said John Green, at the Pew Forum on Religion and Public Life. "Candidates have to be very cautious when it comes to talking about their faith."

A Time magazine story set to hit the news stands next week features an article titled "Can a Mormon be president?"

Quin Monson, a political science professor at Brigham Young University in Provo, Utah, says Romney's faith would likely matter to only a minority of voters.

"If a Mormon can be elected as governor of Massachusetts and a Mormon can be Senate majority leader, certainly a Mormon can be president," he said.

A religious minority, Mormons represent less than 2% of the American population with 5.5 million members across the country. The church, which claims a total of 12 million members, is one of the fastest growing faiths in the world.

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Roughly 80% of Americans consider themselves Christians, with Protestants making up about half of that group. About a quarter are Catholic.

Like Mormons, Jews and Episcopalians are also overrepresented in Congress. For example, Episcopalians make up less than 1% of the American population but 8% of Congress.

John M. Haddow, a former legislative director for Utah Sen. Orrin Hatch, said the senator was always open about his Mormon faith. Hatch briefly ran for the GOP presidential nomination six years ago.

Mormons have come a long way since Joseph Smith founded the church in upstate New York in the early 1800s. An angry mob killed Smith shortly after he announced his candidacy for president in 1844.

Sixty years later, Utah Republican Reed Smoot became the first Mormon elected to the Senate. His arrival sparked congressional hearings on polygamy, a practice officially banned by Mormon leaders in 1890. Smoot, who was not a polygamist, served five terms.

Mormons still face questions about polygamy — fueled in part by the HBO show Big Love about a Utah man and his multiple wives. Recent news coverage of a rape trial against the leader of the Fundamentalist Church of Latter-day Saints, has also kept the issue in the public arena.

But church members and others say these associations are unfair.

They point to John F. Kennedy, who overcame questions about his religion to become the first Catholic elected president in 1960.

"He broke the ground for people like Romney to run without regard to their specific faith tradition," said the Rev. Bob Edgar, of the National Council of Churches and a former Pennsylvania congressman.

Reid, who attends a Mormon church just outside Washington and keeps the Book of Mormon in his office, was not born into the faith. He joined the church in college and raised his five children in the church.

"The church has been a wonderful thing in my life," he said. "It helps me try to always do the right thing, understand that what you do has consequences."

Still, he recently drew sharp criticism from church leaders by voting against a constitutional amendment against gay marriage. He thinks gay marriage is a states' rights issue.

Although Mormon religious leaders do not endorse specific candidates, the church has at times expressed its opinion on issues such as gambling and same-sex marriage, said church spokeswoman Kim Farah.

"We believe we have an obligation as members of the communities in which we live and as citizens of the nation to engage in the political process in an informed way," she said in an e-mail. "However, church members are to make their own choices and affiliations in partisan politics."

Kerry Assessing Impact Of "Botched Joke" On '08 Prospects (AP)

AP, December 1, 2006

BOSTON, Massachusetts (AP) -- In the space of barely a minute, John Kerry's political life took an abrupt turn.

There's before The Joke, when the Massachusetts senator appeared to be well on his way toward making a political comeback, laying the groundwork for a White House bid despite losing the 2004 presidential election.

Then there's after The Joke, when even fellow Democrats and former supporters question whether Kerry is still politically viable.

Kerry's quip just before the November 7 midterm elections that those who don't study hard "get stuck in Iraq" not only forced him into isolation in the campaign's final days, it rekindled criticism about his failure to beat a war-plagued president two years ago. It also highlighted a shallowness to what he and his aides still considered to be widespread public support.

"The joke stopped that momentum in its track," said Jerry Crawford, a Des Moines attorney who was chairman of Kerry's Iowa campaign in 2004. "I don't think it was fair the way it was used against him, but it's nevertheless the reality. And it knocks him back to the place where he was shortly after the '04 election."

Crawford will be supporting Tom Vilsack, Iowa's outgoing governor, as he makes a run for the Democratic nomination in 2008. He said that is based on their longstanding relationship, not any falling out with Kerry.Just a joke

Kerry dismissed the education comment as a "botched joke" directed at President Bush, who was two years behind him at Yale. He said Republicans inflamed the issue to try to curtail expected Democratic gains on Election Day.

Since then, Kerry has said it will be up to voters to decide what effect it may have on his presidential prospects.

"That was a slip-up of one word," he said Thursday on CNN's "The Situation Room." "I really think people have made much too much out of it."

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Behind the scenes, Kerry apparently has been having doubts, calling current and former Democratic confidantes to inquire just how much his gaffe hurt his presidential chances, according to several Democrats who spoke on condition of anonymity because the conversations were private.

Kerry, who turns 63 next month, had been planning to announce a comeback campaign in December or January. He had thrown himself into helping his party reclaim Congress in the midterm election, campaigning for roughly 80 House, Senate and gubernatorial candidates.

He also has a political account of $14 million -- about the same as New York Sen. Hillary Rodham Clinton, the Democratic front-runner.Democrats' victory a factor

Two things have delayed Kerry's plans: fallout from the joke, and the Democrats' newfound control over the House and Senate.

As a member of the incoming majority party, come January Kerry will be chairman of the Senate Small Business Committee and the Foreign Relations East Asian and Pacific affairs subcommittee. He will be in attendance when the new Foreign Relations Committee chairman, Sen. Joe Biden, D-Delaware, convenes hearings on the future of U.S. military action in Iraq.

These responsibilities will impede Kerry's ability to jet around the country, attending fundraisers and courting political operatives, as he did in 2002 and 2003 when Democrats were in the congressional minority and largely powerless.

"Everybody's clock's been slowed down by the move into the majority," said Edward Reilly, Kerry's top political consultant. "Clearly the election was about Iraq and people want change -- and this new Congress to deliver it."

Nonetheless, "We're still very much in a go-mode on this thing," Reilly said. Kerry and his wife, Teresa Heinz Kerry, hope to boost their public reemergence with a book about the environment slated for publication next April.

The senator faces other challenges in mounting a second presidential campaign. No Democrat other than an incumbent president has won his party's nomination twice since Adlai Stevenson failed in back-to-back campaigns in 1952 and 1956.

First, Kerry is up for re-election in 2008, which means he will have to simultaneously run for president and the Senate if he doesn't want to take an all-or-nothing chance on the White House.

He is helped by the anemic Massachusetts Republican Party, which is in tatters after losing the governor's office on November 7. The party's most prominent candidate, Lt. Gov. Kerry Healey, was trounced, and another potential Senate candidate, Republican Gov. Mitt Romney, is preparing for his own presidential campaign.

Potential Democratic challengers, including several members of the Massachusetts House delegation, are also rethinking strategy after their party's wins win gave them newfound power in Congress.Next best thing to Clinton

The bigger threat is to Kerry's principal campaign rationale that he is the most viable alternative to Clinton. The former first lady leads polls among potential Democratic presidential candidates, although she has not committed to a 2008 campaign.

Among some Democratic operatives, including former Kerry campaign staffers who would only speak on the condition of anonymity to avoid angering the senator, the joke and Kerry's response undercut his claim to that distinction. Kerry finished last in a Quinnipiac University poll released Monday that asked voters to rate 20 politicians. (Full story)

"I don't think it's personality; I think it's strategic," said Jeffrey Berry, a political science professor at Tufts University. "The reason John Kerry won the nomination in 2004 was that Democrats in Iowa calculated that the best chance to beat George Bush was to nominate someone with military experience, who could be effective in fighting off Republican criticism that Democrats are 'soft on terror.'"

Berry added: "The war has become such a catastrophe for the Republicans, the Democrats don't need a war hero. The Republicans are going to be on the defensive next time."

At the same time, other Democrats are offering a fresh face.

Sen. Barack Obama, D-Illinois, one of the party's most popular figures, has changed course and now says he is considering a campaign even though he has served in the Senate only two years. Sen. Evan Bayh, D-Indiana, a former Midwestern governor, has $10 million he can use on a campaign.

And Kerry's 2004 running mate, former Sen. John Edwards of North Carolina, is touring the country, promoting a new book and laying the groundwork for his own 2008 campaign.

William Shaheen, a veteran New Hampshire activist whose wife, Jeanne, served as the state's governor and Kerry's campaign chairwoman, said the senator remains viable as a presidential candidate because he has a clear strategy on Iraq, a plan for improving health care nationwide and an outline for energy independence.

"John Kerry is a very complicated guy who offers a lot," he said.

As for whom he will support going forward, Shaheen replied: "I'm certainly leaning toward him, because he's done nothing to violate my trust. I appreciate the race he ran in '04 and I appreciated what he did this fall."

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With An Eye Cast To 2008, Pataki Hires A Chief Aide (NYT)

By Patrick Healy

The New York Times, December 2, 2006

Gov. George E. Pataki hired a former aide to Vice President Dick Cheney yesterday as the chief fund-raiser for the political operation that is laying groundwork for Mr. Pataki's possible bid for the Republican presidential nomination in 2008.

Mr. Pataki, who will leave office at the end of the month, is now preparing to move into new offices in his hometown of Peekskill, N.Y., where he will oversee his political action committee, the 21st Century Freedom PAC.

The new aide, Kara Ahern, is joining PAC as the national finance director to raise money for Republican allies of Mr. Pataki — and for the governor himself if he makes a bid for president or perhaps vice president.

Ms. Ahern worked with Mr. Pataki when she was the Northeast finance director for President Bush's campaign in 2004. Afterward, she was political director to Mr. Cheney, and this year she was a fund-raiser for the Republican nominee for governor of Massachusetts, Lt. Gov. Kerry Healey. (Ms. Healey lost last month.)

Mr. Pataki is viewed in Republican circles as a long shot for his party's nomination in 2008, given his moderate stance on social issues — he supports abortion rights, for instance — and given his unpopularity in New York as his third term winds down.

Even the newly elected chairman of the New York Republican Party, Joseph N. Mondello, has been openly skeptical of Mr. Pataki's prospects.

While three top Republican operatives in Iowa recently resigned from the Pataki PAC, re-enforcing uncertainty about his 2008 chances, Ms. Ahern said in an interview that she was excited about Mr. Pataki's future, and added that she was drawn to his sunny nature.

"What I like about him is he's very positive," she said. "He looks to what's right with the country, and the things we're doing right, and the things we need to change. He's very positive."

Despite her work in Massachusetts, Ms. Ahern said she had not considered working for the state's governor, Mitt Romney, another presidential hopeful.

Steele Takes Active Role In Maryland Politics, Eyes 2010 (WT)

By S.A. Miller

The Washington Times, December 2, 2006

Maryland Lt. Gov. Michael S. Steele has rebounded from his election loss by returning to an active role in state Republican politics, positioning himself for a potential run for governor in four years.

"I'm just trying to make sure our party gets back on its feet and stands tall," Mr. Steele told The Washington Times. "If we don't do the groundwork now and pull ourselves up, 2010 won't matter and 2008 won't matter, either."

Since his loss Nov. 7 in the U.S. Senate race, Mr. Steele has helped recruit and promote candidates for state party chairman and members of the central executive committee, who will be elected today at the state party convention in Annapolis.

Mr. Steele, who served as state party chairman from 2000 to 2002, said it was "too soon" to commit to a run for governor, but he did not rule out the possibility.

"I'll always be prepared for opportunities," he said.

He also said that after the re-election loss of Gov. Robert L. Ehrlich Jr., the state's first Republican governor in more than 30 years, the party must rebuild the way it did after 1998. That year, Republican Ellen R. Sauerbrey narrowly lost a second gubernatorial election to Gov. Parris N. Glendening, a Democrat.

"We struck gold right out of the box," Mr. Steele said of his 2002 win with Mr. Ehrlich. "I think we can do it again."

Senate Minority Whip Andrew P. Harris said he was "encouraged that [Mr. Steele] wants to have influence" in party elections.

"That means Michael Steele is here to stay with us as a political force in Maryland," said Mr. Harris, Baltimore County Republican.

Carol L. Hirschburg, a Republican political consultant in Maryland, said Mr. Steele remains a "rallying point" for the party even after it suffered major setbacks in the election.

The nation's anti-Republican mood helped restore the Democratic Party's almost complete control of state government in Maryland, where Democrats outnumber Republicans nearly 2 to 1.

Mrs. Hirschburg joined Mr. Harris and other party insiders who anticipate a 2010 gubernatorial run by Mr. Steele, who entered the Senate race as a rising star in the party and continues to attract national attention.

"It was always assumed ... that he would run for governor," Mrs. Hirschburg said.

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Mr. Steele's involvement in the party elections is a stark contrast to Mr. Ehrlich, who has assumed a low profile since his loss to Gov.-elect Martin O'Malley, a Democrat.

The governor "is busy governing and making his transition to private life," said Ehrlich spokesman Henry Fawell.

Despite the lieutenant governor's influence, the race for party chairman is contested.

Mr. Steele has aggressively lobbied central committee members to elect as chairman Jim Pelura, a Davidsonville veterinarian who served as state chairman of President Bush's 2004 campaign and as the Anne Arundel County chairman of Mr. Ehrlich's 2006 campaign.

However, a nomination for party chairman also went to Annapolis businessman John White, a political newcomer who last month lost the race for the 3rd Congressional District seat by a large margin to Democrat John P. Sarbanes.

Candidates had to be nominated by at least three county chairmen before the 7:30 p.m. deadline yesterday.

Mr. Steele's efforts helped establish Mr. Pelura as the frontrunner heading into the vote today by the party's 238 central committee members.

Maryland Republican Party Chairman John M. Kane, who is stepping down after one four-year term, said Mr. Steele's endorsement of Mr. Pelura is expected to "sway a lot of voters."

Mr. Steele, who lost the U.S. Senate race to Sen.-elect Benjamin L. Cardin, a Democrat, was expected to land somewhere on the national stage.

He was briefly rumored to be the next RNC chairman before the post was offered to Sen. Mel Martinez of Florida, a former member of Mr. Bush's Cabinet.

Mr. Steele said he plans to stay involved in state and national politics, including supporting the party's congressional and presidential candidates.

"I'm going to try to play at both levels," he said. "I'm going to continue the message I struck a chord with over the last year."

The lieutenant governor's interest in the party elections has Maryland Republicans continuing to pin their hopes on him. Mr. Steele's Senate run demonstrated his ability to appeal to swing voters and voters who traditionally back Democrats.

"That's where the future of the Republican Party in Maryland lies," Mr. Harris said.

New President Takes Helm Of Divided Mexico (WP)

By Lorraine Orlandi

The Washington Post, December 2, 2006

MEXICO CITY, Dec. 1 -- Felipe Calderon, a free-trade booster and career politician, was sworn in as president of Mexico on Friday in a ceremony undercut by lawmakers' jeers and fisticuffs, a chaotic scene that reflected the country's deep political and economic divisions.

Calderon, 44, slipped through a side door into the congressional chamber to recite the oath of office, as opposition legislators made a final push to barricade the entrances and block his inauguration. Moments earlier, rival lawmakers had brawled briefly on the assembly's floor, shoving each other and throwing chairs.

The perfunctory ceremony lasted less than five minutes and was nearly drowned out by whistling and catcalls from opponents who said Calderon had stolen the July election through fraud.

It was an unprecedented departure from the typical somber pageantry of Mexico's transfer of power and a long way from the mass euphoria that greeted Vicente Fox's 2000 election victory, which ended 71 years of single-party rule. It was also an indication of the challenges that await Calderon.

In a speech at the National Auditorium a few hours after the inauguration, the new president acknowledged the turmoil, but he also called on rivals to put aside political differences.

"To those who voted for other political options, I say I will not ignore the reasons behind your vote, and I ask you to let me win your confidence through action," he said, speaking from the vast stage where he was briefly joined by his wife and three young children.

"Clearly, Mexico is living through tense times. . . . I am aware of the seriousness of our differences and take full responsibility to solve them and reunite Mexico."

Andres Manuel Lopez Obrador, the popular former mayor of Mexico City who lost the election to Calderon, has declared himself the "legitimate" president. He mobilized mass street protests that paralyzed the city center for weeks after the election. On Friday, he led a march against Calderon through the capital's downtown and pledged to "defend democracy."

"We will not accept a democratic farce," he told cheering supporters.

Calderon, of the National Action Party, won the election by less than one percentage point. The nation's top electoral court found no evidence to support allegations of widespread fraud and rejected Lopez Obrador's calls for a vote-by-vote recount, instead certifying Calderon the winner after a recount of about 9 percent of returns.

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That left a bitter taste among some Mexican voters, especially those disappointed with Fox's failure to close the gap between rich and poor, rein in rampant drug-related violence and street crime, and create new jobs in a nation where 40 percent of the population lives in poverty.

Such social inequalities have recently helped feed unrest in parts of the country. Violent protests in the historic southern city of Oaxaca have claimed several lives in the past few months and left the tourist center damaged. A handful of bombs apparently placed by groups sympathetic to the Oaxaca protesters exploded across Mexico City recently. And a turf war among drug gangs has produced gory headlines daily.

"Fox is bequeathing to Calderon a country without government," said Homero Aridjis, a 66-year-old poet, commentator and environmentalist who attended Calderon's speech.

"The political parties are in a pitched battle, it's like lucha libre," or freestyle wrestling, said Aridjis. "In Oaxaca, a historic city has been ruined by negligence and social and labor unrest. We have drug executions daily. At breakfast you read in the paper how many people were killed today."

Calderon pledged to fight crime with an overhaul of the police and the justice system, to combat poverty and to repay Mexico's "enormous debt to the poor" with more, and more efficient, social spending. He also promised to create jobs and attract investment to stem illegal migration.

He has used strong language to denounce Washington's plan to extend a wall along the border to stop illegal immigrants, but he has said he believes there is "room for improvement" on immigration and other bilateral issues after Democratic gains in the U.S. Congress.

In perhaps his most dramatic gesture and one that echoed Lopez Obrador's calls for government austerity, Calderon on Friday promised to immediately slash salaries of the president and high-ranking officials and asked Congress to review the pay scales for all public officials.

Fox's 2006 salary was 2.7 million pesos, or about $245,000. In Peru, a similar gesture by center-left President Alan Garcia boosted his approval ratings soon after he took office in July.

Like Fox, Calderon will face a divided Congress. His party holds the largest voting bloc, but Lopez Obrador's Democratic Revolutionary Party, or PRD, makes up the second-largest force.

Among Calderon's first challenges may be confronting Mexico's privileged business elite -- seen by many as the pillar of his support base but which benefits from tax and regulatory breaks that economists say squeeze ordinary Mexicans with high prices for basic services.

"Mexican capitalists, the big ones, were protected by the old PRI system, and Fox didn't touch that," said Marifeli PÃ©rez-Stable, an analyst with the Washington-based Inter-American Dialogue, referring to the Institutional Revolutionary Party, which lost power in 2000.

Rogelio Ramirez de la O, an economist who advised Lopez Obrador's campaign, said Calderon must take on the oligarchy where Mexico's wealth is concentrated, as well as corrupt unions and vested interests at state-owned oil monopoly Pemex.

"If he presents himself like Teddy Roosevelt going up against the robber barons, that would be a sign that would create a positive environment," he said. "But if he doesn't govern for the other half of Mexico, then Mexico will be increasingly partitioned."

Tens of thousands of anti-Calderon protesters gathered in Mexico City's central plaza on Friday to voice their displeasure with the inauguration. Among them was Lilia Gomez, a 42-year-old housewife from the southern state of Veracruz who took not a little joy in seeing Calderon have to squirrel himself into Congress.

"He never thought he would have to go in the back door," she said.

Amid Catcalls, Mexico's President Is Sworn In (NYT)

By James C. McKinley

The New York Times, December 2, 2006

MEXICO CITY, Dec. 1 — It was not pretty, but Felipe Calderón, the new president of Mexico, managed to take the oath of office in Congress Friday, as opposition lawmakers whistled and catcalled and the losing leftist candidate staged a massive march down the central avenue of the capital.

Never before in modern Mexican history has a president been sworn in under such chaotic and divisive conditions. At midnight, as President Vicente Fox's term ran out, the government took the step of broadcasting the private swearing-in of Mr. Calderón at the presidential residence, a legal necessity usually not publicized.

Minutes later, Mr. Calderón spoke on national television to urge lawmakers to "respect the Constitution" and let the ceremony take place.

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The call went unheeded. Mr. Calderón's opponents from the leftist Democratic Revolution Party tried to block the entrances to Congress to prevent him from being publicly sworn in. But with his conservative National Action Party supporters ringing the podium, he and Mr. Fox were spirited in by bodyguards through a door near the dais at the front of the chamber at 9:50 a.m.

Mr. Calderón quickly took the oath of office, and Mr. Fox handed over the traditional presidential sash, then both left the chamber. The entire ceremony lasted four minutes. Opposition politicians blew whistles, screamed insults and displayed banners saying Mr. Calderón was "a traitor to democracy."

The tug of war over the ceremony provoked fistfights and pushing matches between lawmakers. It was the culmination of months of bitter disagreement over Mexico's hotly contested July 2 election, which the courts determined Mr. Calderón had won by a mere 240,000 votes out of 41 million ballots cast.

His leftist rival, Andrés Manuel López Obrador, the former Mexico City mayor, has never conceded defeat, and just before the swearing-in Friday morning, he held a rally in the city's historic central square, the Plaza of the Constitution, with more than 100,000 supporters.

Then he led a march down Paseo de la Reforma, the city's main avenue, toward the National Auditorium, where President Calderón spoke at noon to several thousand invited guests as hundreds of police officers in riot gear ringed the building and blocked roads for miles around.

While on the street Mr. López Obrador's supporters chanted slogans and waved banners, inside the auditorium the atmosphere was more like the Academy Awards than a political rally, with smooth-voiced announcers praising Mr. Calderón to a well-dressed crowd while a big-screen television showed a rosy biography of him.

As he has many times in the last two months, Mr. Calderón reached out to his leftist adversaries and called on them to put the national interest above partisan differences.

"To those who voted for other political options, I will not ignore the reasons and causes for your votes," he said. "And I ask you to let me gain your confidence with acts."

"It's clear that Mexico is living through tense times between the main political forces but, conscious of the seriousness of the disagreements, I assume completely the responsibility to resolve them and reunify Mexico," he added.

He went on to announce he would immediately push for two proposals near and dear to Mr. López Obrador. He promised to cut the salaries of the president and high government officials (a staple in his adversary's stump speech), as well as to provide universal health care to children.

Those gestures were not likely to make peace. Speaking to his supporters, Mr. López Obrador charged that the election was fraudulent and that Mr. Calderón's victory was engineered by a "neofascist oligarchy." He claimed the "imposition" of Mr. Calderón as president amounted to a "coup d'état."

"We are not rebels without a cause," he said. "Sometimes they forget the heart of the matter, which is that they robbed us of the election."

He also hinted darkly that he and his party might resort to violent protests in their efforts to "defend democracy."

He said: "We don't want to generate problems, but they have to understand for once and for all, we are going to defend the democracy of this country. We have always acted in a responsible manner, but understand me well, everything has its limit."

In Congress, the left and right seemed as entrenched as ever after the donnybrooks and yelling matches of the morning, boding ill for any agreements on important changes that economists say the country needs to remain competitive.

In the end, the conservative legislative leaders were successful not only in getting Mr. Calderón to the podium, but also in ensuring that dignitaries like former President George H. W. Bush, who represented the United States, were able to attend.

The raucous behavior of the lawmakers of the Democratic Revolution Party, known by its Spanish initials as the P.R.D., provoked strong reactions. "The Democratic Revolution Party should lose its party registration because they don't respect institutions," said Héctor Larios, the National Action Party leader in the Chamber of Deputies. "We have put a stop to the continual threats and extortions of the P.R.D., and that's the way it must be, because this should not happen. We cannot respect people who don't respect institutions."

But the leftists, for their part, continued to lob verbal grenades at the new president, suggesting his refusal to accept a recount in the general election had pushed the country to the brink of revolution.

"Felipe Calderón does not enjoy legitimacy in his position, even when he has the law on his side," said Senator Carlos Navarrete of the P.R.D. said. "Calderón's government has started its rule by throwing matches everywhere, on dry straw."

Mexico's Calderón Is Sworn In Amid Protests (WSJ)

By David Luhnow and John Lyons

The Wall Street Journal, December 2, 2006

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MEXICO CITY -- President Felipe Calderón took office yesterday, facing down leftist lawmakers who had vowed to block his inauguration and putting the country on notice that he won't retreat as easily in the face of opposition as his predecessor did.

Opposition lawmakers had warned Mr. Calderón, who won a disputed victory in July, that there could be trouble if he took his oath of office in Congress, as called for by the Constitution. But the conservative said he wanted to make a point of abiding by the law. While there were some fistfights among lawmakers from both sides -- which visiting California Gov. Arnold Schwarzenegger called "good action" -- the ceremony ended quickly and without major incident.

The symbolic gesture sent a loud message in Mexico, a country that only saw its first fully democratic transition in 2000, but that has been slowly becoming more violent and ungovernable since that year's election of President Vicente Fox, who repeatedly backed down in the face of protests and opposition demands. The resulting drift has let Mexico fall ever further behind its Asian rivals in attracting investment to create jobs and ease poverty.

"This suggests a leader who isn't afraid to do his duty. It's positive in that it reflects a firmness that was absent under Fox," said Jorge Chabat, a professor who follows the presidency at the CIDE research university in Mexico City.

Mr. Calderón called for reconciliation in a country divided over the election. His opponent, populist Andrés Manuel López Obrador, still hasn't accepted the result, and recently held his own inauguration as the "legitimate" president. While a third of Mexicans believe there was fraud of some kind in the election, which was deemed clean by international observers, about 85% say they accept Mr. Calderón as leader.

In his first speech as president, Mr. Calderón made fighting crime, reducing poverty and overhauling a clubby political system his first priorities. Taking a page from his left-wing rival's playbook, the new president said he would reduce his pay and that of his senior staff -- posing a challenge to Congress to approve broader legislation that would reduce salaries of elected officials, as well as to cut state funding for political parties and shorten campaign periods. Mexico's democracy is one of the world's most expensive.

Seeking to reach out to his rival's supporters, Mr. Calderón said he would boost social-welfare spending to expand health-care coverage for poor children, increase cash subsidies for poor families and provide more scholarships. Addressing Mr. López Obrador's supporters, he said, "I don't ignore the causes and reasons for your discontent. But I ask you to give me a chance to win you over through my actions."

Chaos Reigns For Mexican Inauguration (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, December 2, 2006

Felipe Calderon is sworn in amid battles in the legislative palace. He promises to reach out to mend rifts.

MEXICO CITY — Felipe Calderon, a diminutive but determined 44-year-old conservative, was inaugurated Friday as president of a deeply divided Mexico amid fisticuffs between rival lawmakers and raucous protests in the country's "legislative palace."

Leaders of the largest opposition party in Congress, the leftist Democratic Revolution Party, or PRD, say Calderon's election was illegitimate, and they battled conservative congressional deputies and senators on the floor most of the week. But the leftists failed in their attempt to keep legislators out of the chambers to prevent a quorum for the joint session of Congress.

Friday morning, after leftist lawmakers barricaded most of the doors with chairs in a last-ditch attempt to keep the president-elect out, Calderon emerged through a back entrance. He squeezed into a phalanx of bodyguards and loyalist legislators, and took the oath of office.

With European princes, Latin American leaders, former U.S. President George H.W. Bush, California Gov. Arnold Schwarzenegger and other dignitaries looking on from two balconies, Calderon raised his hand and sometimes shouted as he recited the 62-word oath amid a chorus of derisive whistles.

The swearing-in ceremony lasted less than two minutes.

"Felipe will fall! Felipe will fall!" leftist legislators chanted.

"Yes we did it! Yes we did it!" the legislators of Calderon's National Action Party, or PAN, shouted as Calderon exited.

In a speech later before a friendly audience of invited dignitaries and political leaders at the city's National Auditorium, Calderon said he would reach out to his rivals and try to heal the wounds of a long and bitter fight over the election.

"It's obvious that Mexico is living moments of tension between its leading political movements," Calderon said. "I am aware of the seriousness of our differences, and I assume full responsibility to resolve them and reunify Mexico."

Calderon's rival, leftist Andres Manuel Lopez Obrador, had declared himself Mexico's legitimate president in his own swearing-in ceremony Nov. 20 before 100,000 people in this city's central square, the Zocalo.

On Friday, a much smaller crowd came to the Zocalo to hear Lopez Obrador speak.

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"We are not rebels without a cause," Lopez Obrador said. "People forget that they stole the election from us. People forget that a neofascist oligarchy blocked our path. That minority is the one responsible for the political crisis in this country."

Sen. Rosario Ibarra of Lopez Obrador's PRD drew laughter from the crowd when she described how Calderon had entered the legislative palace.

"That spurious man had to take the stage with an escort of PAN members and guarded by the presidential guard," Ibarra said. "He came in through the back door and left through the back door."

"Like a dog!" people in the crowd shouted back.

Lopez Obrador had suggested his followers would stage a mass march on the legislative palace, which was sealed off with steel barriers and protected by navy commandos and police. Despite the heated rhetoric, the march never reached Congress and ended peacefully.

The day's events marked the end of a battle that began just hours after the polls closed July 2, with both Calderon and Lopez Obrador declaring victory.

The often nasty campaign had laid bare Mexico's profound economic and regional divisions. Lopez Obrador won among the poor and in southern Mexico. Calderon was favored in northern Mexico and among its affluent and middle class.

After partial recounts and legal battles that stretched into September, Mexico's highest electoral court declared Calderon the winner by less than 1 percentage point. Calderon's come-from-behind victory was the closest in the nation's history.

The ambivalence many Mexicans feel toward Calderon's presidency was evident in a poll released Friday by the newspaper El Universal. Seven in 10 respondents said they opposed efforts to block the inauguration, although 42% said they believed Calderon's victory was fraudulent.

The political battle took on new life as the inauguration approached.

Conservative and leftist legislators Tuesday began to fight over the dais where Calderon would take the oath. Part wrestling match, part sit-in, the struggle endured for three days and ended with the conservatives in control of the better part of the stage.

Lawmakers on both sides were protected from arrest by the legal immunity granted to legislators here, which also prevented police from entering the chambers to restore order.

On Friday morning, while leftist members used heavy chairs to barricade the entrances, conservative lawmakers built a barrier on the dais with other chairs to protect the back door.

"What we are doing is defending the institutions of democracy," said Congressman Luis Xavier Maawad of the PAN.

If Calderon had failed to take the oath in Congress as mandated by a century of tradition and the Mexican Constitution, his tenure could have faced legal challenges, analysts said.

"It was his obligation to be here, and it was ours too," Sen. Santiago Creel of the PAN told reporters after the inauguration — not long after the senator had narrowly avoided being bowled over by a charge of leftist legislators. "This is our house. And no one wants violence in their house."

Calderon's defiant appearance on the dais was in sharp contrast with the attitude of his predecessor, Vicente Fox, during his final months in office. In September, Fox backed down in the face of protests by Lopez Obrador supporters, who prevented him from giving his last state of the union address before Congress and his traditional "shout of independence" in the Zocalo.

Earlier in the day, the threats of protest inside and outside Congress caused part of the transfer-of-power ritual to be held in private for the first time. In the presidential residence Los Pinos, Fox handed over a ceremonial flag and sash to the new president in an awkward, apparently improvised televised scene just after midnight.

After the inauguration, leftist legislators said the PANcontrolled congressional leadership had trampled the rules to have Calderon inaugurated.

"There is no quorum here," said Congressman Raymundo Cardenas of the PRD. "They made up the quorum. They never called the roll. This is a complete farce."

Calderon will face many challenges, including a dissident movement in the southern state of Oaxaca and drug cartels that appear to operate with impunity.

In his speech at the National Auditorium, Calderon promised to crack down on crime and address the country's rampant poverty. And he embraced a theme of the Lopez Obrador campaign, saying he would move to cut the salaries of top bureaucrats.

"I know that we have to find real solutions to the inequality among Mexicans, and especially the inequality between north and south, between the city and the countryside, and between those who are Indians and those who are not," he said.

In handling those problems, Calderon may be helped by the scenes of his first day, analysts said.

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Taking the stage Friday was "an act of political symbolism that could end up defining his presidency on the first day of his term," said Armand Peschard-Sverdrup, a Mexico expert with the Center for Strategic and International Studies in Washington. "It's the difference between a president who is going to be seen as politically strong or politically frail from Day One."

Times staff writer Sam Enriquez, and Carlos Martinez and Cecilia Sanchez of

The Times' Mexico City bureau contributed to this report.

Roughhouse Swearing-in (WT/AP)

By Ioan Grillo

The Washington Times, December 2, 2006

MEXICO CITY -- Felipe Calderon took the oath of office as Mexico's president yesterday amid jeers and whistles, in a lightning-fast ceremony before lawmakers who exchanged punches and insults over the conservative leader's narrow victory.

Mr. Calderon entered through a back door and appeared suddenly on the speaker's platform, the site of three days of fistfights and sit-ins by lawmakers seeking to control the stage.

Physically protected by sympathetic lawmakers and flanked by outgoing President Vicente Fox, Mr. Calderon ignored the chaos around him and calmly raised his arm as he swore to uphold the constitution in a voice almost inaudible over the noise.

Congress' leader ordered the national anthem played, momentarily stilling the catcalls and shouting, before Mr. Calderon made a quick exit and Congress adjourned.

"It's good action," said California Gov. Arnold Schwarzenegger as he arrived to join other foreign dignitaries -- including the first President George Bush, Colombian President Alvaro Uribe and Spanish Prince Felipe of Asturias.

They barely warmed their seats in a balcony overlooking the scene before Mr. Calderon departed.

"He did it. He did it," chanted ruling party lawmakers, who danced and embraced each other in celebration.

The new Mexican leader called on his adversaries to negotiate, but indicated his confidence of governing with or without them.

"I will always be willing to talk, but I won't await dialogue in order to get to work," Mr. Calderon told a large and carefully screened crowd of supporters and dignitaries several hours after assuming the presidency.

Mr. Calderon outlined an ambitious agenda to combat underworld violence and poverty, create good-paying jobs, improve Mexico's global competitiveness and reform the country's political party system. To do that, he will need the cooperation of Congress, where his political opponents hold the majority.

Andres Manuel Lopez Obrador, of the Democratic Revolution Party (PRD), asserts he was robbed of the presidency and has declared himself Mexico's "legitimate president."

In September, the Federal Electoral Tribunal declared Mr. Calderon the winner of the disputed race by less than a percentage point.

After the inauguration, Mr. Lopez Obrador led tens of thousands of supporters down Mexico City's elegant Reforma Avenue, the same boulevard they occupied for weeks this past summer to protest Mr. Calderon's victory.

Carrying banners that read "Lopez Obrador is president," the sea of people marched toward the heavily guarded National Auditorium, where Mr. Calderon was to address the nation.

Later in the day, Mr. Calderon was to attend a military ceremony in which army commanders swear allegiance to him.

Mr. Lopez Obrador said he would never recognize Mr. Calderon as president because that "would be accepting fraud."

"If we don't protest and we remain silent, there will never be democracy in our country," he said.

After camping out in Congress for three days in an attempt to control the speaker's podium and prevent Mr. Calderon from taking office, leftist lawmakers seized the chamber's entrances yesterday morning.

They draped a giant banner across the chamber reading, "Mexico doesn't deserve a traitor to democracy as president," exchanged punches with ruling-party lawmakers and erected barricades of chairs as Calderon supporters chanted, "Mexico wants peace."

"I have never been in such an exciting session," said Sen. Santiago Creel, who was Mr. Fox's former interior secretary.

Mr. Calderon acknowledged the political chaos during an unusual midnight ceremony Thursday in which he took control of the presidential residence from Mr. Fox."I am not unaware of the complexity of the political times we are living through, nor of our differences," he said. "But I am convinced that today we should put an end to our disagreements and from there, start a new stage whose only aim would be to place the interests of the nation above our differences."

Pomp And Punches (HC)

By Dudley Althaus, Marion Lloyd

Houston Chronicle, December 2, 2006

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MEXICO CITY — Mexico has a new president. But whether he has the country remains an open question.

Having taken office Friday in a tumult, Felipe Calderon called again on his adversaries to negotiate but made clear he's confident of governing with or without them.

"I will always be willing to talk but I won't await dialogue in order to get to work," Calderon, 44, told a large and carefully screened crowd of supporters and dignitaries several hours after assuming the presidency.

"We politicians are obliged to resolve citizens' problems, not oppress them with our disagreements," he said. "Conflicts between politicians only harm the people, especially the neediest."

Calderon outlined an ambitious agenda to combat underworld violence and extreme poverty, create good-paying jobs and improve Mexico's global competitiveness and reform the country's political party system. To do that, he'll need the cooperation of Congress, where his political opponents hold the majority.

But leftist politician Andres Manuel Lopez Obrador, who narrowly lost to Calderon in July's elections, vowed again never to bargain with him. Lopez Obrador's Democratic Revolution Party holds the second largest block of seats in the lower chamber of Congress.

"We are not going to sell out," Lopez Obrador told supporters before leading tens of thousands on a protest march through the heart of the Mexican capital. "We will never betray the confidence of the people."

Bizarre developmentThe fashion in which Calderon was forced to claim his office Friday suggests that the next six years of his presidency could prove a bumpy ride indeed.

In what will rank among the more bizarre Mexican inaugurations in a history full of them, Calderon symbolically assumed the presidency at midnight Friday in Los Pinos, the presidential compound.

But he was constitutionally bound to take the oath of office before a joint session of Congress. So Calderon and outgoing President Vicente Fox sneaked into Congress at 9:45 a.m. for a besieged ceremony that lasted less than four minutes.

As opposition lawmakers screamed abuse and his loyalists physically shielded him from attack, Calderon quickly swore to uphold the constitution and joined in the national anthem. Then he and Fox slipped away through the same back door through which they had sauntered in.

"Felipe Calderon just faced the first day of his nightmare," said Luis Hernandez, a columnist for the leftist newspaper La Jornada, which has been supportive of Lopez Obrador's movement.

"Felipe has a very tough job ahead, while Lopez Obrador retains an unmistakable capacity for mobilization," he said. "He can make life miserable for Felipe Calderon, and I'm sure he'll do it."

Fistfights broke out earlier Friday morning on the floor of Congress between dozens of legislators loyal to Calderon and those who support Lopez Obrador.

Following the brief brawl, Calderon supporters formed a human wall around the podium while Lopez Obrador's backers moved to block the building's entrances, futilely trying to prevent Calderon's arrival.

"It's a great, great victory," Gustavo Madero, a PAN senator from northern Chihuahua state said afterward. "The president managed to take his oath and not subject himself to blackmail and threats."

But as Calderon was slipping into power, Lopez Obrador and his supporters filled the Mexico City's sprawling central plaza, the Zocalo, for yet another rally and then marched down its main boulevard.

The protesters were stopped by metal barricades and riot police lined up four rows deep across the Paseo de la Reforma a few blocks from the U.S. Embassy.

"I feel insulted more than anything by the president who just left and by the one they are about to put in power," Alejandro Rivera, 37, owner of a Mexico City grocery, said of Fox and Calderon. "That is not the will of the people.

"This is the will of the people," Rivera said, gesturing toward the protesting throng.

But Friday's protest march was much smaller than those in the past. And how Lopez Obrador's continued opposition plays with the Mexican public at large might greatly determine Calderon's fortunes as president.

A voice of optimismJasmin Diaz, 26, who was walking near the protest with her 7-year-old daughter, said she voted for Lopez Obrador but had come to regret it during the endless protests of last summer.

"I think that there are people who don't accept that they lost," she said. Diaz said she now thinks Calderon will be a good president because "he's a studious person.

"Let's hope he takes the country forward," she said.

An opinion poll published Friday in the newspaper Reforma — which Lopez Obrador accuses of being biased against him — reported that 52 percent of Mexicans have a favorable opinion of Calderon while 18 percent don't like him. The rest are undecided.

The poll showed respondents evenly split about whether Calderon would be a good president. Sixty percent said they had yet to hear any specific proposals from him.

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Though the way Calderon took office might project an image of weakness, some analysts said, the fact he was able to at all is a major setback for Lopez Obrador.

"The ceremony lasted just three minutes, but it happened," said political scientist Marcela Bobadilla. "Institutions are still working."

Challenges aheadThough the presidency remains Mexico's premier political institution, power has become more evenly distributed in the past decade, especially since Fox's election in 2000 ended the 71-year rule of the Institutional Revolutionary Party, or PRI.

Fox was unable to get many of his bigger proposals through a congress dominated by the PRI and Lopez Obrador's party. But some analysts think Calderon, who spent years in Congress, will have an easier time, especially since he has made alliances with the PRI.

"Calderon is going to have a lot of maneuvering room because expectations are so low," said political scientist Federico Estevez. "No one can expect much. That's perfect for him."

Still, if his larger policy initiatives have a chance, Calderon's congressional allies will have to somehow forge agreements with Lopez Obrador's camp.

Those are tomorrow's worries.

"I'll talk to whoever is willing to talk and I'll build with whoever wants to build," Calderon said in what amounted to his inaugural speech, given at the National Auditorium across the city from the Congress.

"If we have to change the rules," the new president said, "let's change the rules."

Protesters Can't Stop Calderón (DMN)

By Alfredo Corchado, Laurence Iliff

The Dallas Morning News, December 2, 2006

MEXICO CITY – President Felipe Calderón outmaneuvered opposition lawmakers vowing to disrupt his inauguration and took the oath of office before Congress on Friday. He quickly vowed to crack down on drug cartels while creating jobs to slow illegal immigration to the United States.

"One of the three priorities of the government that I am going to head is, precisely, the fight to restore public security and legality," Mr. Calderón said before members of his conservative National Action Party, or PAN, and foreign dignitaries in a speech at the National Auditorium. "The institutions responsible for public security require profound transformations."

He said his Cabinet has 90 days to come up with a plan.

Deaths related to the drug trade reached 2,000 this year, and common crime is on the rise in Mexico.

Mr. Calderón, 44, also said that illegal immigration to the United States is detrimental to Mexican families and their communities and that job creation at home, with the help of foreign investment, is the ultimate goal of his economic program.

"Rather than our labor leaving for the United States in search of investment, it would be better for the investment to come here where our labor is and no longer divide our families and our communities," Mr. Calderón said.

Mr. Calderón said that his government's third priority, in addition to restoring security and creating jobs to reduce immigration, will be fighting poverty.

Earlier, Mr. Calderón slipped into the lower house of Congress, the Chamber of Deputies, through a back door to avoid opposition legislators who had vowed to block him from reaching the congressional podium.

PAN members had fought for control of the podium area with their fists three days earlier and camped out in Congress to guarantee that Mr. Calderón could say the oath of office there. Opposition legislators also camped out but were outnumbered and were unable to dislodge the ruling party.

Mexico's constitution requires the new president to declare the brief oath of office "before Congress" on his first day as president. Failure to do so can result in an interim president being named, although legal experts disagreed on whether that would have happened in Mr. Calderón's case.

As Mr. Calderón quickly read the oath and promised to uphold the Mexican constitution, opposition legislators tried to shout him down. The new president, standing next to outgoing President Vicente Fox, then put on the presidential sash and sang the national anthem along with legislators.

The ceremony lasted less than five minutes, and Mr. Calderón headed for the National Auditorium and a friendlier crowd.

Lawmakers fight

Earlier, foreign dignitaries appeared taken aback when opposing lawmakers broke into a fistfight shortly before the ceremony. One lawmaker threatened to throw a chair. But Texas Gov. Rick Perry said the drama inside Congress was a sign that Mexican democracy was progressing.

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"I was pretty excited about a little fisticuff, a little protest ... kind of like our own elections, and in a sense a good progression ... for Mexico. ... [They're] really feeling comfortable about expressing their opinions," Mr. Perry said later at the residence of U.S. Ambassador Tony Garza. "It's not like we haven't seen a house fight in Texas. Just not sure there was a chair involved."

Outside the National Auditorium, as Mr. Calderón spoke inside, losing presidential candidate Andrés Manuel López Obrador protested with thousands of supporters, who chanted "fraud" and "illegitimate." Mr. López Obrador, who lost the July 2 election by 0.5 percent of the vote, claimed the election was stolen from him. But independent electoral authorities ruled that the vote was clean.

During a rally in the central Zócalo plaza, Mr. López Obrador sought to justify his quixotic "parallel" presidency and months of protests that have cost his leftist Party of the Democratic Revolution, or PRD, dearly in terms of public opinion. Only about 20 percent of voters support the PRD cause, opinion polls show, down from the 35 percent of the vote Mr. López Obrador received on July 2.

"We are here protesting the electoral fraud of July 2, we are here because we don't accept this imposition.We are here because we want democracy in our country," said Mr. López Obrador, a former mayor of Mexico City and a fiery orator. "We are not rebels without a cause."

Mr. López Obrador compared Friday's transfer of power from Mr. Fox to Mr. Calderón to a "coup."

Also Online

U.S. delegation points to Mexico's important role

Supporters of Mr. López Obrador vowed to become a thorn in the side of Mr. Calderón until the last day of his term.

"What we're witnessing here is an imposition against the will of the people," said María Dolores Uribe, 61, a homemaker. "Calderón will always be seen as a false president. And we won't let him forget that, ever."

Mr. Calderón has been a democracy activist during much of his life. Before the PAN came to power in 2000, Mexico had been ruled by the Institutional Revolutionary Party, or PRI, for 71 years.

According to his autobiography, Mr. Calderón and girlfriend Margarita Zavala, now his wife, tried to sneak into the presidential residence of Los Pinos by hiding in the trunk of a car. That was in the late 1980s. The trunk was opened by secret service agents, and Mr. Calderón, with considerably more hair than he has now, stood up and held a sign that read, "Long Live Democracy."

Now the police agents are protecting him from demonstrators.

Along the route taken by the protesters' from the Zócalo to the National Auditorium, thousands of riot police lined the Reforma thoroughfare, and special-forces troops toting high-powered weapons ringed the auditorium. Aside from scuffles among lawmakers inside the legislative palace, there were no reports of violence or arrests.

Mr. Calderón said he would reach out to the opposition, but would not wait indefinitely.

No party has majority control of either house of Congress, although Mr. Calderón has made overtures to the PRI to form a loose coalition.

"I will always be open to dialogue, but I will not wait for dialogue in order to get to work," Mr. Calderón said. "Beyond the interests of group or party, there is a society ready to work."

The inauguration day ceremonies began at 12:01 a.m., when Mr. Fox handed over the presidential residence of Los Pinos to Mr. Calderón in a symbolic but unusual ceremony. Legally, that is the moment in which Mr. Calderón became president.

Mr. Fox removed the presidential sash and handed it to a military cadet for later transfer to Mr. Calderón before Congress.

"I have received the presidential offices from President Vicente Fox, the start of the process of taking possession of the presidency," Mr. Calderón said. "Later, I will appear before Congress to take the constitutional oath."

Extensive coverage

The week's events were covered extensively on Mexican TV, especially the fistfights, the lawmakers' three-day vigil in the Chamber of Deputies, and the tense situation before Mr. Calderón's arrival Friday.

But just before Mr. Calderón's arrival at Congress, television and radio stations were required to carry an official broadcast of the event produced by the president's office, causing chatter on radio talk shows about whether the government was imposing its version of events and trying to minimize the protests.

Along the Reforma thoroughfare, Elsa Martínez, 70, sat and watched the drama unfold. A tear ran down her wrinkled face. Asked why she was crying, Ms. Martínez responded, "I'm not crying for any of these fools, that's for sure. I'm shedding a tear for Mexico, poor Mexico."

She listened to the radio with earphones, following the inauguration ceremony and waiting for supporters of Mr. López Obrador to march by. "They're like little boys fighting for their marbles," she said. "What a shame."

Mexico's New President (NYT)

DOJ_NMG_0101026

The New York Times, December 2, 2006

For virtually all of Mexico's history, whoever has ruled the country has done so with unchecked power. Then came Vicente Fox — elected president in 2000 — a decent man with many good ideas who lacked the skill and appetite to muscle his programs through. To some, his passivity was just what Mexico needed after 71 years of dictatorship. For others, his failures began to give democracy a bad name.

This week marked Mr. Fox's departure and the inauguration of Felipe Calderón. Like Mr. Fox, Mr. Calderón favors modernizing a corrupt and antiquated energy sector, simplifying the tax system, taking on dinosaur unions, creating jobs and improving education. The difference is that Mr. Calderón may have the political savvy to succeed.

The political challenges he's up against were made clear yesterday, as leftist lawmakers whistled and catcalled through his brief inaugural ceremony. Mr. Calderón won a disputed election with less than 36 percent of the vote, and his party controls only 41 percent of Congress. His defeated leftist opponent, Andrés Manuel López Obrador, still insists he won, although he has lost sympathy by vowing to block Mr. Calderón's efforts. Mr. Calderón has gained approval, seeking reconciliation.

The new president's biggest challenges will be fighting poverty and crime and reforming the economy. Mr. Calderón has chosen a mostly good cabinet and a steady economic team. But he has already flinched on one huge challenge: breaking up big phone, television and cement monopolies, apparently allowing them to veto his choice of an anti-monopoly reformer for his cabinet.

Mr. Calderón announced yesterday that he would push for universal health insurance for children and an expansion of the country's antipoverty programs. He is taking a page from Mr. López Obrador's agenda — which is good for Mexico and might win the new president some of the political capital he will need to push through reforms.

Crisis Intensifies In Lebanon As Hezbollah Takes To Streets (WP)

By Anthony Shadid

The Washington Post, December 2, 2006

BEIRUT, Dec. 1 -- Hezbollah and its allies escalated Lebanon's month-long political crisis into a popular confrontation Friday, sending hundreds of thousands of supporters into the streets, parking lots and sidewalks of downtown Beirut, vowing to topple the government of Prime Minister Fouad Siniora and reorient the country.

The city's stylish downtown, to some a symbol of recovery from the 15-year civil war that ended in 1990, was awash in red-white-and-green Lebanese flags, interspersed with banners in the colors of various sectarian and political leaders. The winter sun glinted off coils of wire and barricades encircling the colonnaded government headquarters nearby, where Siniora and other ministers have taken up residence. But the crowd was more festive than angry, more celebratory than militant, as the theater of the moment intersected, perhaps a little dissonantly, with the drama of a struggle as decisive as any in Lebanon's history.

"I wish that our prime minister and his ministers were here among us today, rather than hiding behind army tanks and barbed wire," Michel Aoun, an influential Christian leader allied with Hezbollah, told the crowd. "The one who has support of his people does not need barbed wire." Moments later, he added, "I call on the prime minister and his ministers to resign."

In symbolism, numbers and aims, the protest marked a collision between two countries that have coexisted uneasily inside Lebanon following the assassination of former prime minister Rafiq al-Hariri in February 2005, when dueling protests convened in downtown Beirut over Syria's 29-year military presence here. They share almost no common ground: the culture of resistance to Israel celebrated by Hezbollah or the accommodation promoted by Siniora's government; the influence of Hezbollah's patrons in Iran and Syria or that of the government's French and American allies; a divided social perspective, one more religiously traditional, one more liberal. Also at issue is the extent of power due the long-disenfranchised Shiite Muslim community, the country's single largest, that Hezbollah and its militia largely represent.

"One Lebanon, one voice!" some people shouted Friday. But the question playing out across downtown Beirut, under the statue of one of Lebanon's founders, Riyad es-Solh, was the same question asked at Lebanon's independence in 1943 and so often since: What kind of Lebanon?

What is happening is more than just a political struggle unleashed by Hezbollah's demand in October for a share of the cabinet that would give it an effective veto over government decisions. Competing narratives of the country's past and future are on display.

Both sides utter the same words -- independence, sovereignty, national unity -- yet they hold two visions of what those words represent. In broadcasts, both Hezbollah's leader, Hasan Nasrallah, and Siniora urged their supporters to fly the Lebanese flag, either at the protest or, for the prime minister's supporters, from their homes. Each man speaks with sincerity underlined by the desperate conviction that the other side poses an existential threat. Both claim legitimacy from a long list of martyrs, whether Hezbollah's dead in this summer's war with Israel or Hariri and other anti-Syrian figures assassinated in Beirut since his death.

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And both speak with certainty of a majority they claim to represent in Lebanon.

"Us," sign after sign read Friday. In Arabic, the consonants used can also mean, "We want a clean government."

"The government ruling us right now is dictatorial. It's a minority claiming to be a majority," said Boudy Mbarak, 24, a Christian supporter of Aoun from the village of Balouneh. "And I think we're showing today who's the majority."

Behind him, chants cascaded across the crowd: "Siniora out! We want a free government!" Drums added a cadence to the slogans thundering from banks of speakers. Youths danced in circles: "Hey, hey, you government of thieves!"

With Friday's protest, the crisis now gains momentum. Hezbollah has said the demonstrations will be open-ended. Long after nightfall, white tents went up in the downtown area, where thousands of people were expected to stay indefinitely, and speakers blared Hezbollah anthems. Groups lit fires with placards, one reading, "All of us for the nation." Others played cards or smoked water pipes in a carnival-like atmosphere.

"I'm staying until the year 2100 or until Sayyid Hasan speaks again," vowed Hassan Karnib, a 20-year-old protester, using an honorific for the Hezbollah leader.

If the protests fail to force the government's resignation, flatly ruled out by Siniora in a speech Thursday, Hezbollah's supporters have talked about resignations from parliament, work stoppages or civil disobedience to shut down ministries.

The group's opponents, sensing that Friday's mass demonstration was the biggest card it had to play, promised to wait.

"They decided to go to the streets. Let them do that, and let them stay there as long as they want," said Walid Jumblatt, the leader of the Druze community, who has shifted alliances since the civil war and is now one of Hezbollah's most outspoken opponents. "We will stay in our homes, raise our flags and wait one month, two months, as long as they want."

Hezbollah announced the protest Thursday, and by early morning the movement, among the best-organized in the Middle East, was in full swing. The southern suburbs, devastated by Israeli bombing this summer, were almost frenetic, with buses plying roads and flags of Hezbollah and Lebanon flying from windows. Mopeds sped through streets plastered with portraits of Nasrallah, who has inspired a cult of personality among his followers and others in the Arab world. "I promise you victory always," read one of his posters near a warren of shops along a street snarled with traffic.

Protesters ventured downtown along streets adorned with the iconography of Hezbollah's opponents. One sign read in French, "I love life." Another, written in red, said in Arabic, "We want to live." Both were critiques of Hezbollah's celebration of martyrdom.

"They don't love life; they love the throne," quipped Maha Kanj, 16.

A Hezbollah placard read: "Because we love life."

Each side boasted of the numbers, or lack thereof, at the protest. Hezbollah's television station, al-Manar, put the figure at 1.5 million. Future Television, loyal to Hariri's son, Saad, who has inherited leadership of the Sunni community, estimated tens of thousands. Although it was larger than last week's funeral for assassinated cabinet minister Pierre Gemayel, it appeared smaller, according to anecdotal impressions, than the March 14 protest that climaxed last year's demonstrations.

While al-Manar provided minute-by-minute coverage of the protest's early hours, Future broadcast a cooking show. During the protest's peak, Future broadcast a split screen. On one side were images of an empty Martyrs' Square, with troops, armored personnel carriers and firetrucks barring demonstrators from entering. On the other were images of protests the night before in support of the prime minister. On al-Manar, the numbers themselves were the message: "This is probably the view Siniora had of the demonstrations," the announcer said as footage rolled. "We wonder whether he heard and saw."

Hezbollah went to lengths to portray the demonstration as less its own and more an expression of what it calls the national opposition. No Hezbollah speakers appeared; Aoun, a Christian, gave the main address, although the number of his supporters paled in comparison to Hezbollah's. The demonstrators themselves were eclectic, from sober-looking clerics in traditional robes to supporters of Aoun who had dyed their hair his group's trademark orange. Others had donned orange wigs and cowboy hats. Some of the slogans were sectarian: "God, Nasrallah and all the southern suburbs." At times, though, the crowd aimed for chants with broader appeal: "Green, yellow, orange," the colors of Hezbollah, an allied movement and Aoun, "we want to topple the government."

The slogans played on themes that Hezbollah and its allies have pushed relentlessly since the crisis began. Corruption was a key complaint. Many chants were directed at Siniora, some ridiculing him for crying in public during the war. "We've had enough lies and tears," one went.

Often the language was directed against the United States' sway in Lebanon. Nasrallah has called the government more loyal to U.S. Ambassador Jeffrey D. Feltman than Siniora himself, and in conversation after conversation, protesters, occasionally even Aoun's supporters, cast the protest as a way to deflect U.S. influence, usually ignoring the roles played by Iran and neighboring Syria as Hezbollah's allies.

"This is the government of Feltman!" shouted Zein Sleiman, 16.

"Siniora is an Israeli," added his friend Samer Salim.

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"No, he's an American," Sleiman answered. He paused. "There's no difference!"

In some ways, the most poignant theme was the legacy of this summer's war: Hezbollah's opponents blame it for starting the conflict; Hezbollah celebrates it as a victory, with anger at what it sees as the government's lack of support as it fought. The war's imagery suffused the conversations and message of the protest. In Lebanese politics, the conflict left Hezbollah emboldened, and the sequence of events has proved an unbroken chain, with Hezbollah now pressing for unprecedented power.

As Ali Younis sat with his three sons, he used the words heard so often among Hezbollah's supporters in southern Lebanon during the war: pride and empowerment.

Behind them a banner played on a slogan from the conflict: "As with victory, change is coming, coming, coming." Younis spoke with the fervor of a man who wants to be listened to.

"I'm staying until the government falls," he said, narrowing his eyes. "Dignity is more important than anything else."

In Beirut, High Spirits And Demand For Change (NYT)

By Michael Slackman

The New York Times, December 2, 2006

BEIRUT, Lebanon, Dec. 1 — The official goal was to overthrow the government, but the atmosphere was bizarrely festive on Friday as hundreds of thousands of Hezbollah supporters poured into the center of Beirut, banging drums, chanting slogans, pressing shoulder to shoulder as they surged past army troops seeking to keep order.

Families with little children, old people and young people, all heeded the call of Hezbollah, the Shiite Muslim party and militia, packing buses and cars all over the country. By nighttime, however, only several thousand demonstrators remained, smoking water pipes, playing music and vowing to stay, some in tents, until the Western-backed government fell.

“We are having fun, yes,” said Hussein Hanoum, 27, of Hermil in the Bekaa Valley of eastern Lebanon, as he lay across a sidewalk in the midst of a huge crowd. “We have no work. We have nothing else to do, so we came to overthrow the government.”

The mood was lighthearted, but the turnout underscored the challenge this politically divided and fragile country faces as it confronts its most dangerous political crisis since the end of a 15-year civil war in 1990. The government was holed up in the Grand Serail, an Ottoman-era building on a hill overlooking the demonstrations. The prime minister, Fouad Siniora, said that the people could stay in the streets as long as they liked, but that neither he nor the other ministers would resign.

The political crisis threatens to undermine a donors conference scheduled for January in Paris to help rebuild the nation’s infrastructure after the 34-day war between Hezbollah and Israel. The crisis has already hurt a ploddingly slow effort to rebuild the mainly Shiite areas that were severely damaged in the war.

But that did not seem to matter as anger spilled out, carnival style.

“Tut, tut, tut, Shiites are in Beirut,” crowds chanted in a rhyme as they marched through the streets.

“Siniora step down,” a group of men chanted. “This chair needs a real man.”

People started to jam into the city well before the demonstration’s scheduled 3 p.m. start. The army closed off Martyrs Square, a symbolic site, blocking it with swirls of razor wire and guarding it with armored personnel carriers and heavily armed troops. Hezbollah security guards made a barrier between the crowds and the razor wire, ready to head off any potential clash between their supporters and the military.

So the crowds poured into two squares, one named for the prime minister who served in 1943 when Lebanon won its independence, the second in the shadow of a popular symbol of the civil war, a bubble-shaped theater riddled with bullet holes rising over Martyrs Square.

A recorded message by Sheik Hassan Nasrallah, the leader of Hezbollah, echoed over the square: “As I’ve always promised you victory, I promise you victory again.”

In this fight, the battle lines are not so much ideologically driven as leader driven. Many said they were present because their leaders had asked them to participate, including the few noticeable followers of Gen. Michel Aoun, the Christian whose party is allied with Hezbollah.

“Maybe Michel Aoun has made a mistake with this alliance, but the March 14 forces have made many mistakes over the years,” said Bernadette Chemail, of Kesrun, using the name for the governing coalition. “The Shiites are Lebanese; we cannot throw them away.”

General Aoun was the special guest at the rally and gave a brief speech from a lectern protected by bulletproof glass.

“We seek to return to power — not to rest on the seats of authority, but for the sake of our participation,” General Aoun told the crowd.

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On one side of this fight are Hezbollah, its Shiite ally, the Amal party, and its Christian ally, General Aoun and his Free Patriotic Movement. Their alliance, which is considered pro-Iranian and pro-Syrian, wants veto power over all government actions. On the other side are the March 14 coalition: Sunni, Druse and Christian parties aligned with the United States and France who control the largest bloc in Parliament, and therefore the government.

General Aoun's alliance with Hezbollah caused a huge split within the Christian community and may have cost him some political support. It was also clear that the Sunni Muslim community, one of the largest in Lebanon, was clearly in support of this government. In a rare show of support, the grand mufti, Muhammad Qabbani, gave the Friday Prayer from inside the Grand Serail.

The protest demonstration came after six government ministers aligned with Hezbollah resigned — and a seventh minister, Pierre Gemayel, from the March 14 coalition, was assassinated.

The question hanging over Lebanon is, What next? Hezbollah has promised its followers it will force the government to resign, and the government has promised that it will not. The fear is the next escalation, whatever that is, could prompt violence.

Nevertheless, the spirit of the Hezbollah-allied protest on Friday was a stark contrast to the political gathering held on the day Mr. Gemayel, the minister, was buried last week. On that day, hundreds of thousands of Sunni, Christian and Druse supporters of the government condemned Hezbollah and General Aoun with harsh and confrontational slogans.

There were moments on Friday when the protesters did offer personal attacks on members of the government. Crowds mocked the prime minister because he cried on Aug. 7 while giving a speech to Arab foreign ministers during Hezbollah's war with Israel. "We do not want someone who defends us with tears," said Alaa Shahine, a 12-year-old who was repeating a common Hezbollah refrain.

Others chanted, "Ahmed Fatfat is a Jew," referring to the minister of sports and youth, who had been acting interior minister.

Hezbollah Sit-in Has Beirut At A Standstill (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, December 2, 2006

The Shiite party and its allies say they're staying until the U.S.-backed government falls.

BEIRUT — Hundreds of thousands of Hezbollah supporters and their allies poured into the capital Friday in a mass protest that paralyzed the city center, laid siege to the prime minister's office and threatened an escalating campaign of civil disobedience until the U.S.-backed government collapses.

After sunset, thousands of men encircled the government palace where Prime Minister Fouad Siniora and his political allies have been holed up for days, fearful of assassination.

Shouting for Siniora to resign, the men pushed right up to the security checkpoints of razor wire, armed guards and tanks. Then they pitched tents, carried in water tanks and portable toilets and spread out prayer mats.

The men, who moved under strict directives from hundreds of Hezbollah security agents with walkie-talkies and matching baseball caps, vowed to keep up their siege until the government falls.

"We warned them," a man's voice boomed over a loudspeaker as the demonstrators ringed the hilltop government offices. "But they didn't listen."

The declaration of an open-ended sit-in has pushed the Shiite organization and the government into a precarious standoff, raising fears of street violence. Both sides say they are defending the nation against nefarious forces: Hezbollah and its allies say they have launched a peaceful revolution to overthrow an illegitimate government; the government says it faces a Syria-backed coup d'etat and that Lebanon's hard-won independence is at stake.

The scene was uncannily reminiscent of anti-Syria demonstrations that erupted here after the 2005 assassination of former Lebanese Prime Minister Rafik Hariri, father of today's leader of Lebanon's Sunni Muslims. The assassination was widely blamed on Syria.

Then, weeks of demonstrations in downtown Beirut felled Lebanon's Syria-backed government and forced Damascus to pull its soldiers out of Lebanon. An anti-Syria coalition led by Saad Hariri swept to power in national elections.

Now the onetime demonstrators are on the receiving end of a similar uprising.

Friday's demonstration was peaceful, but Hezbollah is a powerful Shiite Muslim party with a heavily armed militia — and its campaign is just getting started. Hezbollah members have threatened to block major highways and seize control of ports and airports if the government doesn't step down.

"We will make disorder in this country," said Nabil Malim, a 29-year-old Shiite who took the bus north from the southern town of Nabatiyeh.

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Hezbollah bused in supporters from all corners of the country; they were joined by followers of Gen. Michel Aoun, who is arguably Lebanon's most popular Christian leader, and members of Amal, another Shiite party.

Up to a quarter of the nation's population of about 4 million packed the streets of Beirut.

In a country where political factions compete bitterly to turn out larger crowds, the outpouring was an embarrassing challenge to the government's legitimacy. The opposition calls Siniora's government a tool of the U.S. Embassy and says Shiites and Christians are not fairly represented.

"I wish our prime minister and his ministers were here among us today rather than hiding behind army tanks and barbed wire," Aoun told the cheering crowd. "We consider that the only way out is the resignation of the Cabinet."

Siniora and his ministers remained steadfast.

"No matter how long they stay in the street … this will not bring down the government," Hariri said.

For hours, the roads that run from the tony seaside city center to Beirut's scruffy southern suburbs were choked with people. They kept coming, down blacktop roads gleaming in the glare of afternoon sun, through a corridor of drab apartment blocks with laundry flapping from the balconies.

"We want to topple the government!" they yelled as they marched.

Flocks of women marching in black robes and head scarves; schoolgirls holding hands; groups of young men with the Lebanese flag knotted over their heads as bandannas; fathers who tucked their children behind the handlebars of their mopeds — all were greeted by members of Hezbollah's security forces, who wore clipped-on badges that read, simply, "discipline."

The guards rifled through bags in search of weapons and, keen to prove the rally was inter-religious, ordered marchers to hide Hezbollah's yellow militia flags and pictures of Hezbollah chief Sheik Hassan Nasrallah. Lebanese security forces guarded government buildings but steered clear of the demonstrators, leaving security in the hands of Hezbollah.

Members of the newly beefed-up Internal Security Forces, believed to be loyal to the Sunni-dominated government, were jeered and taunted by Hezbollah supporters.

Thousands of people, virtually all men, jammed the squares and parking lots overnight, sleeping in tents or huddled in thin blankets on the ground. Hezbollah anthems boomed from massive speakers; demonstrators banged on drums, burned their political signs to keep warm and smoked apple-flavored tobacco from water pipes they'd lugged from home.

"These men in the government were warlords during the civil war. They might do anything to disturb the stability of the demonstration," said Jihad Ali Farhat, a Shiite cleric who had traveled from the south Lebanon town of Zahrane.

"If I die here it will be for the sake of the country," he said. "This is a peaceful, social and cultural revolution."

The calls for Siniora's ouster tapped into the festering animosities against Sunni Muslims, as Shiite and Christian demonstrators complained that Sunnis held too much power in the government.

In a show of solidarity, the spiritual head of Lebanon's Sunnis, Grand Mufti Mohammed Rashid Kabbani, spent Friday prayers with Siniora.

"We think the government only represents one faith, and that's Sunni," said Aboud Aboud, a 32-year-old Christian who sported a button with Nasrallah and Aoun's faces juxtaposed. "We won't leave until the government falls."

Common threads ran through the speech of the demonstrators, much of it gleaned directly from Nasrallah's instructions: They spoke about the need for a "national unity government" to replace Siniora's government.

Many insisted there would be no street violence, saying they were out to prove that Hezbollah, contrary to its militant image, was a sophisticated movement that could pull off a peaceful revolution.

"We have commands from Nasrallah saying that even if they attack us, we should not attack them back," said Youssef Ezzedinne, a carpenter who traveled with his family from the southern port city of Tyre. "We should show how civilized we are."

But other young men shrugged off Nasrallah's orders.

"He says this, but the people decide. Can he stop all the people?" said Awad Abanoun, 22, a student from Beirut's southern suburbs.

"Because peacefully, the government is not changing. Only violence will do it."

Protesters Seek Lebanon PM Resignation (AP)

By Sam F. Ghattas, Associated Press Writer

AP, December 2, 2006

Hundreds of thousands of protesters from Hezbollah and its pro-Syrian allies massed Friday in downtown Beirut seeking to force the resignation of Western-backed Prime Minister Fuad Saniora, who was holed up in his office ringed by hundreds of police and combat troops.

The protest, which police estimated at 800,000, created a sea of Lebanese flags that blanketed downtown and spilled onto the surrounding streets. Hezbollah officials put the number at 1 million — one-fourth of Lebanon's population.

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"Saniora out! We want a free government!" protesters shouted through loudspeakers. The crowd roared in approval amid the deafening sound of Hezbollah revolutionary and nationalist songs. "We want a clean government," read one placard, in what has become the opposition's motto.

Launching a long-threatened campaign to force Lebanon's U.S.-backed government from office, Hezbollah and its pro-Syrian allies said the demonstration would be followed by a wave of open-ended protests. Hezbollah had threatened demonstrations unless it and its allies obtained a veto share of the Cabinet — a demand Saniora and Lebanon's anti-Syrian parties rejected. The protests now aim to generate enough popular pressure to paralyze the Saniora government and force it out.

"People have a right to express their political opinions, but in terms of this being part of the Iran-Syria inspired coup d'etat against the government of Lebanon, we're obviously quite concerned about it," said U.S. Ambassador to the United Nations John Bolton.

State Department deputy spokesman Tom Casey said U.S. diplomats in Beirut had telephoned Lebanese government officials to offer their support.

"The demonstrations ... are aimed at toppling Lebanon's legitimate and democratically elected government," Casey said. "And certainly threats of intimidation or violence isn't something that I think anyone would consider democratic or a constitutional mechanism for changing government."

Heavily armed soldiers and police had closed all roads to downtown, feverishly unfurling barbed wire and placing barricades.

Despite Hezbollah's assurances the protests will be peaceful, the heavy security came amid fears the protests may turn into clashes between pro- and anti-Syrian factions or that Hezbollah supporters could try to storm Saniora's government headquarters.

Hezbollah's security men, donning caps, formed two lines between the protesters and the security forces to prevent clashes.

"I wish that the prime minister and his ministers were among us today, not hiding behind barbed wire and army armored carriers. He who has his people behind him does not need barbed wire," Michel Aoun, a Christian leader and Hezbollah ally, told the crowd.

Hezbollah's leader Hassan Nasrallah, who has not made a public appearance since a September rally for the militant group, could not be seen Friday. But his speeches, blared through loudspeakers, drove the crowd wild with cheers.

At the rally, some protesters occasionally cried "Death to Israel" and "We want Feltman's government to go," in reference to Lebanon's U.S. Ambassador Jeffrey Feltman.

"We don't want the (U.S.) Embassy inside the prime ministry," said one demonstrator, Mahmoud Zeineddin.

Inside, Saniora went about his schedule, in what appeared to be a tactic to ignore the throngs outside. A day earlier, he vowed his government would not fall but warned that "Lebanon's independence is threatened and its democratic system is in danger."

A demonstration last week for a slain anti-Syrian politician also drew hundreds of thousands of people downtown, filling Martyr's Square. But Friday's appeared larger, as protesters swarmed not only that square but others, as well as nearby streets and parking lots.

Supporters planned to set up camp around the clock in tents erected on a road outside Saniora's office and in a downtown square.

Hezbollah has tried to depict the protest as rallying all Lebanese, not just its supporters. It urged demonstrators to wave only the red and white Lebanese flag with its green cedar tree, in contrast to past protests that featured the group's yellow flag with a fist and Kalashnikov rifle.

The battle is a fallout from the summer war between Hezbollah and Israel that ravaged parts of Lebanon. The guerrilla force's strong resistance against Israeli troops sent its support among Shiites skyrocketing, emboldening it to grab more political power. Hezbollah also feels Saniora did not do enough to support it during the fight.

Pro-government groups, in turn, resent Hezbollah for sparking the fight by snatching two Israeli soldiers, dragging Lebanon into war with Israel.

French presidential candidate Segolene Royal, on a Middle East tour, called Friday for the soldiers' release.

"The liberation of the two soldiers is absolutely vital," Royal told reporters. She said she might bring the subject up in meetings later Friday with Hezbollah officials, though "perhaps not publicly."

Government supporters accuse Syria of being behind the Hezbollah campaign, trying to regain its lost influence in its smaller neighbor. Hezbollah and its allies, in turn, say the country has fallen under U.S. domination and that they have lost their rightful portion of power.

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Tension have been running high between Sunni Muslims, who generally support the anti-Syrian government, and Shiites, who lead the pro-Syrian opposition, and Lebanon's Christians, who are divided between the two.

In a stark sign of the divide, the spiritual leader of Lebanon's Sunnis, Grand Mufti Mohammed Rashid Kabbani, gave Friday prayers at the prime minister's headquarters in a show of support for Saniora, a Sunni.

"Fear has gripped the Lebanese," Kabbani said, appealing for the protests to end. "The constitution guarantees freedom of expression, but trying to overthrow the government in the street is a call for stirring up discord among people, and we will not accept this."

Hezbollah's deputy leader, Sheik Naim Kassim, made it clear the fight is against "American tutelage" and said the protest action will continue until the government falls.

"We will not let you sell Lebanon, we will protect the constitution and people of Lebanon," Kassim said on television Friday, addressing Saniora.

The United States has made Lebanon a key front in its attempts to rein in Syria and its ally, regional powerhouse Iran. President Bush warned earlier this week that the two countries were trying to destabilize Lebanon.

Lebanon has witnessed a string of assassinations of anti-Syrian figures over the past two years, including a prominent Christian government minister gunned down last week and former prime minister Rafik Hariri, who was killed in a February 2005 bombing.

Protesters Set Up Camp In Beirut (BBC)

BBC.com, December 2, 2006

Thousand of supporters of Hezbollah and its pro-Syrian allies in Lebanon have spent the night camped out in Beirut, to protest against the government.

Demonstrators slept in tents outside the office of Prime Minister Fouad Siniora, who they say is hostile to Syria and must resign.

Hezbollah supporters staged a mass rally in Beirut on Friday.

Lebanon's government has been weakened by resignations and the assassination of a leading anti-Syrian politician.

The opposition says it will keep up the pressure until the government steps down.

Protesters pitched tents in central Beirut, on streets leading to the government's headquarters.

The BBC's Kim Ghattas in Beirut says there is no sign that either side is giving up.

The demonstrators brought their water pipes, small radios and even musical instruments for entertainment.

Amid tight security, loudspeakers blared slogans denouncing Mr Siniora.

Soldiers cordoned off the office complex with barbed wire and armoured vehicles.

Demonstrators had earlier temporarily blocked all roads leading to the prime minister's office, although the blockade eased after a flurry of late-night diplomacy.

The opposition has now promised to carry out more surprise moves to bring down the cabinet.

A Hezbollah member of parliament Ali Ammar said: "We won't leave these squares until this authority complies with the will of the majority of the people - most of whom want to escape this crisis and form a unity government."

Mr Siniora has said he will not be forced from office by mass protests.

His government has vowed to stand firm against what he has called an attempted coup.

"Lebanon's independence is threatened and its democratic system is in danger," he said on Thursday.

The US denounced what it described as "threats of intimidation violence" in Lebanon.

Demonstrators waved red and white Lebanese flags A state department spokesman, Tom Casey, accused Syria and Iran of instigating the protests which he said were aimed at toppling the democratically elected government.

US Ambassador to the UN John Bolton called the Hezbollah demonstration "part of the Iran-Syria inspired coup".

Under Lebanon's constitution, the death or resignation of another two ministers will automatically topple it.

During Friday afternoon, the huge crowd listened to Hezbollah songs and speeches.

Police estimated its size at 800,000 people, but Hezbollah claimed it was larger.

Speaking from behind a bullet-proof glass screen, Christian opposition leader Michel Aoun told cheering supporters that the government was unconstitutional and should resign.

He said they had "made corruption a daily affair".

Hezbollah has been demanding a bigger share in the cabinet that would give it the power to veto government decisions.

Mr Siniora warned any attempt to topple his government would fail The government came to office last year in the first election held after the withdrawal of Syrian troops originally stationed in Lebanon during the civil war.

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Syria was forced to withdraw its military presence after massive street protests and international pressure, triggered by the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri.

A UN investigation has implicated several Syrian officials in the killing, although Syria has denied any involvement.

The government in Beirut has also accused Damascus of ordering the assassination on 21 November of anti-Syrian cabinet minister Pierre Gemayel.

Israeli Overflights Continue, U.N. Says (NYT)

The New York Times, December 2, 2006

UNITED NATIONS, Dec. 1 — Secretary General Kofi Annan said Friday that the cease-fire that ended fighting between Israel and Hezbollah fighters on Aug. 14 was holding, but that Israeli overflights in the border area were occurring almost daily.

In a periodic report to the Security Council, Mr. Annan said that Israel saw the incursions as a "necessary security measure."

He said the United Nations continued to receive reports of illegal arms smuggling across the Syrian border but had been unable to verify them. An assessment team, he added, found "significant deficiencies" in border control.

About 60,000 cluster bomblets have been cleared, but 17 people have died in accidents from unexploded ordnance, with 135 wounded. Israel had not yet furnished promised maps that Mr. Annan said "would significantly assist operators on the ground."

P.L.O. Panel Is Convened Amid Standoff With Hamas (NYT)

By Greg Myre

The New York Times, December 2, 2006

JERUSALEM, Dec. 1 — The Palestinian Authority president, Mahmoud Abbas, convened the Palestine Liberation Organization's top decision-making group on Friday amid growing signs of a possible political showdown with Hamas, the faction that currently leads the Palestinian government.

Negotiations between Mr. Abbas's Fatah faction and its main rival, Hamas, toward a Palestinian unity government have been going on for months. But Mr. Abbas told Secretary of State Condoleezza Rice on Thursday that the negotiations had reached a "dead end." Fatah is the dominant faction in the Palestine Liberation Organization and its executive committee, the body that held talks Friday in the West Bank city of Ramallah.

It is expected to meet for several days before deciding what action to take, if any. After the session Friday, one member, Samir Ghosheh, said that Prime Minister Ismail Haniya, who is from Hamas, a militant Islamic group, should resign to make way for a new unity government.

"The dialogue has stopped and there is no chance of resuming it in the same manner," the P.L.O. executive committee said in a statement.

However, Nizar Rian, a senior Hamas leader, called on Mr. Abbas "to be rational and return to the negotiating table," adding, "We are serious about a national unity government, but that doesn't mean getting rid of Hamas."

With the Palestinian government broke and isolated, Fatah and Hamas had agreed in principle on a unity government made up of professionals and technocrats. But they have not been able to agree on how to divide up important ministerial positions. There is no clear way out of the political standoff if they cannot reach an agreement.

Mr. Abbas could dismiss the current government, led by Mr. Haniya and Hamas, and install a new one. But a new government would need approval from the parliament, which is dominated by Hamas.

Mr. Abbas could also call for a referendum on early elections, but it is far from clear whether Palestinians would support such a move so soon after the last vote. Hamas came to power following the parliamentary elections in January.

Meanwhile, Palestinian militants fired a rocket from the Gaza Strip into southern Israel on Friday, and Israel said the shaky truce in Gaza would have to prove successful before it could be extended to the West Bank.

"At the moment, the Palestinians are in less than full compliance with the cease-fire," said Mark Regev, a spokesman for the Israeli Foreign Ministry. "We can't seriously consider duplicating the cease-fire in the West Bank, if the Gaza cease-fire is not a success. The jury is still out."

Ms. Rice met separately with Palestinian and Israeli leaders on Thursday and encouraged them to expand the cease-fire to the West Bank, where Israeli troops and Palestinian militants have clashed almost daily.

But in the West Bank, Israeli forces arrested 29 suspected militants overnight, all but one of them members of Hamas, the Israeli military said.

In the West Bank town of Hebron, Israeli border policemen shot and killed a Palestinian who threw a firebomb, lightly wounding one policeman, Israeli officials said.

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Prime Minister Ehud Olmert's cabinet plans to discuss the Gaza cease-fire, which took effect last Sunday, and the prospects for including the West Bank, at a session on Sunday, Mr. Regev said.

In Gaza, the Al Aksa Martyrs Brigades claimed responsibility for firing the rocket into Israel on Friday and said they would not abide by the truce unless Israel met a series of demands. "We cannot just give this truce as a present," said Khaled al-Jabari, one Al Aksa leader in Gaza.

Lofty Goals Are Scaled Down At Meetings On Mideast Democracy (NYT)

By Helene Cooper

The New York Times, December 2, 2006

DEAD SEA, Jordan, Dec. 1 — Two years ago, when Western governments conjured a conference on democracy in the Middle East and North Africa, an air of optimism and promise held sway. The Iraqis and Afghans soon held elections. So did the Palestinians, who voted in the moderate Mahmoud Abbas as their president. Change was on its way to Egypt and Lebanon, too.

But with the recent setbacks to democracy throughout the region, the goals at this year's conference here on Friday were often smaller and, presumably, a bit more attainable.

"They actually have a paragraph in there that says, 'We support increasing literacy for women,' " said Sanem Gunes, a program officer for a Turkish advocacy group, rolling her eyes and dismissing the line as "almost like a beauty pageant answer." She added, "It doesn't take scores of foreign ministers coming from all over the region to come up with 'education for women.' "

Such was the Forum for the Future's third annual meeting. When the Group of 8 summit meeting took place a few years ago in Sea Island, Ga., the Bush administration and its European allies came up with the idea for the conference. An offspring of the Sept. 11 attacks, the idea was to prod the Arab and Muslim world's autocratic governments toward democracy and stronger civil society, as sort of a bulwark against the hopelessness and disenchantment that could lead to extremism.

It was an ambitious goal, and things seemed promising at first. Democracy protests pushed Syria out of Lebanon. In Egypt, President Hosni Mubarak allowed opposition candidates on the ballot.

But that was the new Middle East, before the old one quickly reasserted itself. After the Muslim Brotherhood won a lot of seats in Egypt's parliamentary elections last year, Mr. Mubarak's government put off municipal elections for another two years. Parliamentary elections in Qatar were postponed.

Iraq, Afghanistan and Lebanon? All are struggling desperately against violence or sectarian division.

The Palestinians had another election and voted in Hamas, promptly setting off a Western aid boycott. Yemen's government cracked down on the news media that had criticized the government. Saudi Arabia's King Abdullah refused calls to have the country's consultative council be elected. This summer, Bahrain, host to the conference last year, unceremoniously kicked out of the country a representative of an American democracy advocacy group.

On Friday, security was ultratight, the road in front of the King Hussein Bin Talal Convention Center virtually empty. After making their scheduled — and brief — speeches in the convention hall to the 40 or so nongovernmental representatives who showed up, most of the foreign dignitaries quickly retired to private salons to talk to one another.

A session on political participation, elections and the news media was under way in the main hall, while in a nearby hall, Secretary of State Condoleezza Rice held talks with a steady succession of her counterparts from Britain, Italy and the European Union on matters like how to rein in Iran's nuclear ambitions.

On the other side of the convention center, in front of the darkened and empty Aqaba Hall, Foreign Minister Sergey V. Lavrov of Russia, a host of the conference, and his retinue of six dark-suited aides chatted among themselves, then sauntered to the terrace for a smoking break.

A few yards away, under a giant framed photo of the conference's other host, King Abdullah II of Jordan — who skipped the festivities and flew to India — Mansour Ahmad Khan, representing Pakistan's foreign ministry, was talking up his country's democratic record to a reporter.

Mr. Khan had just gotten to the part about how much Pakistan's military dictator, Gen. Pervez Musharraf, has been doing to encourage democracy and women's rights when his boss, Khusro Bakhtyar, the foreign affairs minister, appeared, interrupting the conversation to expound further. "Reform is not just an option, but a necessity in this part of the world," Mr. Bakhtyar said. "Our governments are heeding the winds of change."

Ms. Rice had been diplomatic the night before when a reporter asked her whether it was incongruous that Russia, which passed a law restricting nongovernmental organizations, was a host of a democracy conference in Jordan. "We're using this international forum to push political change," she said, delicately. "It doesn't mean everybody that's sitting around the table is a perfect example of democratic development."

As much as they criticized the lack of progress at the conference, the nongovernmental organizations were quick to say that they were glad to be there and supported its ideals, though some were unable to speak with the foreign dignitaries. "We

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don't get too much access to the officials, actually," said Jamil Mouawad, a youth organizer and program manager for the Lebanese Center for Policy Studies. "And an action plan would be nice." The conference did not issue such a plan.

"Hey, is that Elliott Abrams?" asked Khalil Gebara, an executive director of No Corruption, a Lebanese organization, pointing to Mr. Abrams, the top White House adviser for Middle East affairs, who was standing near the coffee-and-Danish table talking to two fellow American officials. "Can you introduce me to him? He's a big guy, I hear."

But the Abrams retinue quickly swept around the corner, back into the embrace of the American officials and accompanying Secret Service agents outside the hall where Ms. Rice was holding her meetings.

Mr. Gebara shook his head. "They all just walk around in groups, so you have to chase after them, but you can never catch them," he said. "This is supposed to be the venue where people actually get heard."

Perhaps another time. Diplomats said Qatar, Yemen and the United Arab Emirates are jostling to be the host of next year's conference.

At Dead Sea Forum, Incongruities Abound (WP)

By Glenn Kessler

The Washington Post, December 2, 2006

DEAD SEA, Jordan, Dec. 1 -- The official purpose of the third annual session of the U.S.-promoted Forum for the Future was to promote rule of law, press freedom and greater attention to nongovernmental organizations in the Arab world. But the official co-host of the meeting was Russia -- which under President Vladimir Putin has backtracked on democracy, curtailed the news media and cracked down on NGOs.

This uncomfortable irony was apparent to many people who attended the meeting set in a vast conference center with a spectacular view over the Dead Sea. But with the Bush administration's push to promote democracy in the Middle East facing setbacks in Iraq, Lebanon and the Palestinian territories, irony was not in short supply.

"The whole scenario is full of contradictions and a lot of double standards," said Salam Mansour, executive director of a Cairo-based democracy youth group who took part in a presentation at the meeting. "Some people don't recognize the U.S. as a full democracy."

Russia became co-host because the forum is officially sanctioned by the Group of Eight major industrial democracies, and Moscow this year was host of the annual G-8 meeting, despite objections that it doesn't belong in the group. The forum was launched at the 2004 G-8 meeting in Sea Island, Ga., and the United States has pushed for the fledging organization to take root.

Arab nations have been skeptical from the start. The Saudi foreign minister, Prince Saud al-Faisal, told the gathering here that democracy cannot be imposed and cited Africa as an example of where Western notions of democracy have led to turmoil and conflict, according to a Saudi official.

Last year's meeting, held in Bahrain, dissolved into bickering over the wording of the final communique, so organizers this year decided to dispense with such a statement.

By all accounts, Jordan -- a moderate Arab monarchy eager to curry favor with the United States -- took responsibility for organizing the conference. Secretary of State Condoleezza Rice, in her remarks to the conference, cited King Abdullah as a "champion of reform and tolerance" but did not mention Russia.

"There are enormous problems and there have been real setbacks in terms of Russian democracy," Rice acknowledged to reporters traveling with her. But she said it would be a mistake to think that "we were going to be better off by isolating Russia somehow from democratic fora."

ITAR-Tass, the Russian news agency, never mentioned democracy in a report on the meeting, quoting Foreign Ministry spokesman Mikhail Kamynin as saying, "The forum plans to discuss key regional problems, such as the Middle East settlement, the situation around Iraq, the situation in Lebanon."

Khalil Gebara, co-executive director of the Lebanese Transparency Association, a group that tries to promote good government, said: "The Russians are the least interested in this conference. They are hard to reach and are just not talking to anyone."

Russian Foreign Minister Sergei Lavrov seemed to spend most of his time out of the main hall, smoking on a sunny terrace surrounded by a retinue of aides.

Rice also held a series of bilateral meetings -- for instance, with a Sudanese official for a tough talk on the crisis in Darfur -- and skipped the final news conference to fly back to Washington when the sessions ran late.

Mansour, an 18-year-old activist, said the youth groups had met for two days to brainstorm ideas to present to ministers to encourage greater participation by young people in promoting good government.

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But she said that the ministers had arrived with prepared remarks and that they did not engage in any real discussion. "It was typical," she said. "They applauded our presentations. But there were no promises -- as usual."

Russian Minister Says Iran Talks Coming (AP)

AP, December 2, 2006

Foreign Minister Sergey Lavrov said Friday that talks on proposed sanctions against Iran's nuclear program could take place early next week, Russian news agencies reported.

He said the meeting, suggested by France, would focus on the draft U.N. resolution on Iran and would take place at a top diplomatic level, the ITAR-Tass news agency reported from Jordan, where he was on an official visit.

Undersecretary of State Nicholas Burns will attend a European conference in Brussels next week, probably on Tuesday, and will confer there with European diplomats about the resolution.

Secretary of State Condoleezza Rice, British Foreign Secretary Margaret Beckett and German Foreign Minister Frank-Walter Steinmeier all agreed Friday to the meeting, Lavrov said, according to the Interfax news agency. China also might attend, although it is not clear if it will.

Lavrov said Russia was ready to vote for a U.N. ban on exports of nuclear materials and sensitive technologies to Iran. But he said Moscow was opposed "to such sanctions and steps that could affect the International Atomic Energy Agency's activities in Iran," ITAR-Tass reported.

The Europeans and Americans pushed for tough, broad sanctions against Iran after it ignored a U.N.-imposed Aug. 31 deadline to halt uranium enrichment.

Russia has said it will agree only to more narrowly focused sanctions.

In Washington, the State Department said it remained confident that a resolution imposing sanctions on Iran would ultimately be adopted.

"No action is not acceptable," spokesman Tom Casey said. "We have to do something."

Russia and China, who have major commercial ties with Iran, have urged the U.N. to seek talks rather than sanctions, despite the failure of a European Union effort to draw Iran to the negotiating table.

The Europeans circulated a draft U.N. Security Council resolution in October that would order all countries not to sell Iran materials and technology that could contribute to its nuclear and missile programs.

The draft resolution would also impose a travel ban and asset freeze on any companies, individuals and organizations involved in those programs.

The draft sanctions would not halt construction of a nuclear power plant at Bushehr, Iran, being built by the Russians. They would bar the sale of nuclear fuel needed for the reactor.

Russia proposed major changes that would limit sanctions solely to measures that would keep Iran from developing nuclear weapons and ballistic missiles. Russia wants to eliminate any travel ban, asset freeze, or mention of Bushehr.

A Limited Time Offer To Iran (NYT)

By George Perkovich, Pierre Goldschmidt

The New York Times, December 2, 2006

IN October, Iran began operating a second group of 164 uranium enrichment centrifuges, violating a legally binding demand by the United Nations Security Council that Iran suspend such activities until the international community is confident that the country's nuclear program "is for exclusively peaceful purposes." Iran's response was that a suspension would abrogate its rights under the Nuclear Nonproliferation Treaty — even though under international law, it has temporarily surrendered these rights by violating the obligations that condition them.

Beneath the legalese, Iran is moving as fast as it can to master uranium enrichment, while threatening its neighbors and refusing to provide transparency that the International Atomic Energy Agency requires. Tehran bets that Russia will continue to buy it time by slowing and diluting Security Council sanctions. Once Iran has fully mastered enrichment, it will have gained confidence that it can produce weapons-grade uranium quickly if it decides to do so.

With this confidence, Iran would assess the costs and benefits of continuing the construction of a large-scale uranium enrichment plant. If Russia were prepared to join the United States, Europe and others in imposing significant costs, Iran might choose to negotiate a handsome benefits package in exchange for suspending enrichment-related activities. If the Security Council were to remain lenient, on the other hand, Iran would have complete freedom to maneuver.

International interlocutors must disabuse Iran that it can have its uranium cake and eat it, too. The vital security objective all along has been to prevent Iran from acquiring the capacity to make nuclear weapons fuel. Once Iran has mastered uranium

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enrichment, this objective will have been largely lost. At that point, it would make no further sense to offer Iran exceptional nuclear energy cooperation, political benefits or access to international markets, capital and technology.

Thus, Iran's interlocutors should clarify now that the positive incentives the world wishes to negotiate with Iran will be withdrawn if it does not immediately accede to the binding Security Council demand for suspension.

The message from the Security Council, including Russia and China, should be: "You can get the uranium enrichment capacity you seek, even though, because you have violated your Nuclear Nonproliferation Treaty and International Atomic Energy Agency Safeguards obligations, it threatens international peace and security. But you will lose the prospects of many benefits. The International Atomic Energy Agency and the Security Council will continue to press for the greater transparency required to verify 'that there are no undeclared nuclear materials or activities in Iran.' Maybe we can tighten the sanctions you will face, maybe we can't, but the case won't be closed, and you will not become an acceptable nuclear trade partner."

Failure to clarify the limited duration of positive incentives only encourages those in Iran who argue that there are no real costs to defying the Security Council and continuing the enrichment program. Conversely, if Iran suspends enrichment while it is still meaningful, interlocutors should be willing to negotiate generously to meet the country's nuclear energy, economic and security interests. This could ultimately include helping Iran develop its nuclear fuel cycle, if and when doubts about the peacefulness of its nuclear ambitions have been durably allayed.

Russia, China and perhaps others will be tempted to argue that pressing Iran this way could be an American attempt to precipitate a crisis and set the stage for military action. To pre-empt such charges, President Bush should clarify that if Iran complies with the Security Council's demands, suspends its fuel-cycle activities and gives up its unjust support for organizations that commit violence against unarmed civilians, the United States will commit not to threaten Iran's sovereignty or territorial integrity. Such a security guarantee, perhaps expressed in the Security Council, would facilitate not only longer-term nuclear negotiations with Iran, but also broader rapprochement.

Iranian national security decisions are made collectively. A precarious consensus emerged in 2005 to defy international demands and press on with enrichment. This consensus will not be reconsidered as long as the policy appears cost-free and the option of cashing in on restraint seems so open-ended that it could be still available after enrichment has been mastered.

The Iranian people, their neighbors and the world deserve a more considered debate of Iran's options and of their consequences. Iran will never be in a better position than it is now to obtain a favorable deal that would improve its economy, employment and quality of life.

George Perkovich is the director of the nonproliferation program at the Carnegie Endowment for International Peace. Pierre Goldschmidt is a non-resident scholar there and a former deputy director of the International Atomic Energy Agency.

For Chávez, A Feisty Electoral Challenger (WSJ)

By José De Córdoba

The Wall Street Journal, December 2, 2006

Venezuelan President Hugo Chávez's exasperated opponents got a gleeful surprise at a rally ahead of Sunday's election, when a giant inflatable figure of the nation's fiery and famously voluble leader inexplicably began to deflate.

"It's a sign! A premonition!" cheered Irene Alvarado, a 50-year-old realtor, as embarrassed Chávistas dragged away the melting figure while the crowd chanted "This government is already down and out!" and set off fireworks.

"He's going to lose," Ms. Alvarado said.

While that looks unlikely -- most polls show Mr. Chávez with a comfortable edge -- Venezuela's often fractured and famously inept opposition is at least putting up a respectable fight this time. They are marching into electoral battle united behind Manuel Rosales, 54, a hard-nosed and experienced professional politician who has, by all accounts, mounted a feisty challenge to Mr. Chávez. That challenge, to be sure, is fueled by desperation.

Mr. Chávez, 52, is a fervent admirer of Cuban leader Fidel Castro and has vowed to accelerate what he calls his "Bolivarian revolution" if he wins. Most foes take him at his word, and believe Mr. Chávez would do everything possible to reshape Venezuela along Cuban lines.

The stakes have the country bracing for trouble: Grocery stores have been denuded of food in expectation of possible violence, especially if the election is close.

Mr. Rosales, a governor of oil-rich Zulia state, faces long odds in his quest to oust the incumbent, who has been in power since 1998 and is seeking another six-year term. Mr. Chávez's administration retains a strong following among the majority of poor Venezuelans, on whom he has showered uncounted billions to subsidize health, education and employment programs.

Mr. Chávez also has fear on his side: His minions haven't shrunk from firing employees from government jobs or state companies for showing opposition leanings. Last month, Rafael Ramírez, who is both energy minister and president of the state

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oil company, Petroleos de Venezuela SA, was secretly videotaped before an auditorium full of company workers, declaiming there shouldn't be any doubt that PDVSA "was 100% supporting President Chávez."

Potential voters also fear a fingerprint machine that will be used in some Venezuelan states -- ostensibly to avoid electoral fraud -- could be used to identify opposition voters, making them susceptible to government retribution. State companies and government use lists culled from ballot records to blackball applicants for everything from jobs to loans.

Mr. Rosales has pledged to continue many popular Chávez programs, while making them more effective. What's more, he has pledged to give all poor Venezuelans a bank card, called "Mi Negra," which will allow them to draw a monthly stipend, directly tapping into the country's oil wealth.

The opposition argues that polls are meaningless in the Venezuelan context, and that impatience with presidential tirades against the U.S., disgust with epidemic crime and wariness of a Castro-type regime will help voters overcome the fear factor and pull the lever for their man.

But Chávez support runs deep. "Poor people have never had a president who has cared about them," says Yelitza Ojeda, a maid who works in a Caracas luxury hotel. Rattling off an exhaustive list of brothers, cousins and sisters, Ms. Ojeda says her whole family, which lives in a poor sector of the capital, plans to vote for Mr. Chávez.

Polls On Chavez Range From Huge Victory To Dead Heat (WT)

By Kelly Hearn

The Washington Times, December 2, 2006

CARACAS, Venezuela -- Venezuelan President Hugo Chavez heads into tomorrow's election with some polls showing a victory margin of more than 30 percent while others show a dead heat for the fiery leftist who calls President Bush the devil.

His conservative rival, Manuel Rosales, has managed to unite a fragmented opposition and made inroads into Mr. Chavez's base by attacking the president's lavish spending on leftist causes throughout Latin America and his support for Cuba's Fidel Castro.

"Let's not forget that we are facing the very devil," Mr. Chavez said in one of his final speeches before campaigning officially ended. "On Dec. 3, we face at the ballot box the imperialist government of the United States of America. That is our real adversary."

A state-funded poll by the Evans/McDonough Co. Wednesday gave Mr. Chavez 57 percent of the vote, a 19-point lead. On Nov. 23 an Ipsos/Associated Press opinion poll said Mr. Chavez held a 32 percentage-point advantage.

But Penn, Schoen & Berland, another U.S.-based pollster, recently gave Mr. Chavez only 52 percent while reporting a strong 48 percent for Mr. Rosales. Another firm, ASKA Partners, has reported similar numbers.

"This is a very close race, with what appears to be an evenly divided electorate," said Douglas Schoen of Penn, Schoen & Berland.

Opposition leaders have attacked the credibility of state-sponsored pollsters and accused international news outlets of reporting polls that favor Mr. Chavez to the exclusion of others.

Diego Arrias, a former Venezuelan ambassador to the United Nations, said the government has contracted "fly-by-night" polling companies.

He also said international news outlets have been "resistant to quote serious pollsters" that show Mr. Rosales gaining support.

Many say a surprise showing by Mr. Rosales could cause political disturbances.

On Wednesday the U.S. Embassy advised Americans to limit their travel and stock up on food, water and medications in the event of postelection protests.

"In light of recent history of street disturbances occasioned by political activity, and current levels of anti-U.S. Government sentiment on the part of the Venezuelan government, American citizens in Venezuela should maintain a high level of personal security awareness, especially during the election period," the embassy stated.

A win for Mr. Chavez would further embolden his so-called "Bolivarian" revolution, which he claims has taken hold in Bolivia, Nicaragua, Cuba and elsewhere. Ecuador joined those ranks in recent days when Rafael Correa, a leftist colleague of Mr. Chavez, was elected president.

U.S. officials say Mr. Chavez is a destabilizing force in the region, pursuing what they say is an unjustified military buildup, largely with Russian-made planes and weapons.

As Crime Soars For Venezuela, Chávez Coasts (NYT)

By Simon Romero

The New York Times, December 2, 2006

DOJ_NMG_0101039

CARACAS, Venezuela, Dec. 1 — Walk into an emergency room in many poor parts of this booming, oil-rich nation on a weekend night and you will be overwhelmed — victims of gunshot wounds and drunken clashes line the corridors. Homicides are up 67 percent since 1999, and violent crime is the top concern of Venezuela's voters as they head to the polls on Sunday.

Yet the man in charge since then, President Hugo Chávez, rarely addresses the problem publicly and is sailing toward an easy election for a third time. Analysts say Mr. Chávez is able to ignore the issue by governing through a system of extensive handouts that eases the purchase of basic goods but does little to ensure public order.

"Chávez has shielded himself from the issue because people see his government as an important arbiter in their daily life," said Miguel Tinker-Salas, an expert on Venezuelan history at Pomona College in Claremont, Calif. "Chávez's policies have made a difference among the poor, and that's what is recognized." He pointed to subsidized groceries, health care and literacy, in particular.

Crime analysts say part of the problem is that the government and its allies have politicized police forces throughout the country, marginalizing officers viewed as disagreeing with Mr. Chávez's "Bolivarian Revolution," which uses militaristic and nationalistic rhetoric in an attempt to reconfigure society with vague socialist ideals.

A similar process has taken place in government ministries, the national oil company and the armed forces after the coup that briefly removed Mr. Chávez from the presidency in 2002.

Analysts say police forces have also largely been urged to tread lightly in poor neighborhoods, turning a blind eye to small demonstrations and petty crime like burning tires. Critics say it is part of Mr. Chávez's efforts to maintain support in poor neighborhoods.

Meanwhile, crime has exploded. According to human rights groups and a Unesco study, Venezuela has the highest rate of gun-related deaths of 57 countries surveyed — far surpassing Brazil, one of the most violent nations in Latin America.

"Venezuela has undeniably become one of the most violent countries in the world," said Julio Jacobo Waiselfisz, the researcher who conducted the Unesco study.

Though he trails badly in most polls, Mr. Chávez's opponent, Manuel Rosales, 53, governor of Zulia State in western Venezuela, has been pounding the crime issue, questioning why murders have surged since Mr. Chávez entered office in 1999, to 9,962 in 2005 from 5,974 in 1999, according to figures from the Criminal Investigations Police.

Officials in the Justice Ministry did not respond to repeated requests for comment on the government's crime policies. The National Assembly, controlled by supporters of Mr. Chávez, is considering legislation to diminish police corruption by centralizing more authority in a national police force.

Mr. Rosales, the candidate of a coalition of opposition parties, laid the blame squarely at the feet of the president, saying his confrontational style and tendency to turn the courts, military and the police into tools of his own power, are feeding the crime epidemic.

"Chávez nourishes the anarchic forces that are tearing Venezuela apart with a discourse advocating aggression on all fronts," the candidate has said. Polls show Mr. Rosales trailing Mr. Chávez, though his approval ratings have inched up since the start of the campaign several months ago.

Concern over crime has jumped this year after a series of brutal episodes pierced even the relatively sheltered existence of the upper middle class and the diplomatic and international business communities. Street protests broke out in April after three brothers with Canadian citizenship, John Faddoul, 17, Kevin Faddoul, 13, and Jason Faddoul, 12, were kidnapped and found executed.

Around the same time, burglars shot Walter Rehberger, a consul at the Austrian Embassy here, during a break-in. Diplomats were singled out again this month, when thieves broke into the trade office for the Chinese Embassy and stole $14,000.

The highway from the international airport in Maiquetía to Caracas has also proved particularly dangerous, with armed gangs rear-ending cars and robbing passengers of their belongings. Carlos Colina, a consultant for Hewlett-Packard, was shot to death on the route in July, one of several incidents that led the United States Embassy in Caracas to issue a warning against traveling on the road after nightfall.

While much of the recent attention has focused on killings among the privileged, the vast majority of homicides in Venezuela occur in the country's poorest communities — Mr. Chávez's strongest base.

Killings tend to spike during weekends and around paydays in the middle and end of the month, when robberies are also common, according to criminologists. The large majority of incidents involve boys and men ages 15 to 25.

Mr. Waiselfisz, the Unesco researcher, found that gun-related deaths in Venezuela were surging, to 41.4 per 100,000 inhabitants in 2002, the last year for which figures are available, from 34.3 in 2000.

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One of the most unsettling aspects of the spike in killings is that it has developed as Venezuela's economy has boomed — thanks to high oil prices. Gross domestic product climbed 10.2 percent last quarter, making Venezuela the fastest-growing economy in Latin America.

Previous economic booms helped Venezuela avoid the crippling violence and social conflict that plagued neighboring Andean countries like Colombia and Peru.

Though the accuracy of official statistics is sometimes questioned by the government's opponents, the channeling of oil revenues seems to have alleviated poverty somewhat in recent years. The Venezuelans living in poverty has fallen to 34 percent from 44 percent in 1998, the year before Mr. Chávez took office, according to government figures.

Some of that decline has clearly happened as Mr. Chávez has used oil revenues to finance a broad range of social welfare programs, like adult literacy programs, subsidized basic foodstuffs and medical care in poor areas provided by Cuban doctors.

"We're witnessing a reduction in infant mortality rates only to see our boys killed when they turn 16," said Ana María Sanjuán, a sociologist at Central University in Caracas and an official with Provea, a nongovernmental organization that monitors human rights issues.

Citing figures from the Criminal Investigations Police, Ms. Sanjuán said the number of homicides in Venezuela climbed 23 percent from January to August of this year, to 7,616. "The politicization and decrepitude of our policing structures may have more to do with our culture of violence than just poverty," Ms. Sanjuán said.

Pedro Ure, chief inspector for the municipal police in Sucre, a sprawling district of Caracas, led a visitor on a nighttime patrol of slum streets and said tolerant policing methods were part of an attempt to instill respect among his officers for human rights.

"This means a citizen can enjoy his rum on the street if he wishes, even though this could be an infraction," he said, though he acknowledged that many homicides occurred when suspects were drinking.

Meanwhile, however, a history of far graver abuses by the police has gone unchecked, some crime analysts note. Last year, the attorney general's office said it was investigating 5,520 presumed executions by the police between 2000 and 2005, involving 6,127 victims. Of the police officials implicated, prosecutors have filed charges against 517, and fewer than 100 had been convicted, according to Human Rights Watch.

"We're experiencing the worst crime wave in modern Venezuelan history," said Marcos Tarre Briceño, director of the nongovernmental organization Secure Venezuela, "and the government barely acknowledges its inability to control its own police forces."

Plan For South American Pipeline Has Ambitions Beyond Gas (NYT)

By Jens Erik Gould

The New York Times, December 2, 2006

GÜIRIA, Venezuela — President Hugo Chávez is not modest about his energy plans. He wants to build a 5,000-mile natural gas pipeline that stretches from this remote northern tip of South America to the bottom end of the continent.

Erecting possibly the longest pipeline in the world is the centerpiece of a broader effort by Mr. Chávez to strengthen ties among Latin America's economies and shrink their dependence on the United States.

But from the outset, the $20 billion "great gas pipeline of the south," planned to be more than twice as long as the United States border with Mexico, has generated political and environmental controversy at home and abroad.

Mr. Chávez, who deeply distrusts the United States and has raised the prospect that it may invade Venezuela to seize its oil, is seeking to diversify his country's energy exports away from its biggest client and toward countries as far away as China and as close as Brazil.

Mr. Chávez has strengthened political ties with Brazil and Argentina in recent years.

[The voting is Sunday, with most polls showing Mr. Chávez ahead by a wide margin.]

And these days, he is dangling Venezuela's significant reserves as an incentive as he asks his neighbors for a long-term natural gas commitment.

During a recent visit to the pipeline's projected starting point, as oil workers and local residents crowded just outside this fishing town in Venezuela's northeast, Mr. Chávez proclaimed, as he stood next to a row of national flags: "Here in this South America, from the Caribbean to Patagonia, we'll build a great bloc of political, economic and social power to seek world equilibrium this century, where we don't have one policeman who wants to be the owner of the world."

That geopolitical aim is, in fact, the project's biggest hurdle, energy analysts maintain. They say that the decision by Mr. Chávez to give his ideological goals priority over profit jeopardizes the success of the project.

"You don't build a pipeline for political reasons," said Robert E. Ebel, energy analyst at the Center for Strategic and International Studies in Washington. "It should be a financially viable operation."

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Though Venezuela could reap higher profit margins by exporting liquefied natural gas to higher-price markets like the United States, Venezuelan officials acknowledge that is not their goal.

"It's not that the economic part doesn't matter," said Ángel González, general director of exploration and production at the Energy Ministry, "but it's really not the most important part of this project."

Venezuela is not the only country to use gas pipelines for political influence. Critics in the United States accused Russia of using energy politics after its giant company Gazprom stopped supplying Ukraine in an effort to raise prices at the start of the year.

Still, it is not clear that Mr. Chávez can muster long-term support in South America for a huge pipeline that would take at least a decade to complete. There is already skepticism and bickering over other energy deals, analysts say.

"Does political will last that long?" asked Michelle Billig of the PIRA Energy Group in New York, a consulting firm.

Brazil, for instance, may be wary of committing itself to a pipeline with Venezuela after Mr. Chávez applauded Bolivia's nationalization of energy industries in 2006. That move jeopardized the natural gas investments of Petrobras, Brazil's state-owned oil company, in Bolivia, said Anne Korin, co-director of the Institute for the Analysis of Global Security in Washington.

Argentina and Brazil, expected to be the project's largest users, would find themselves dependent for supplies of gas on Venezuela and Bolivia, nations that have shown themselves to be politically volatile. Venezuela halted oil exports during a two-month national strike starting late in 2002, and tensions in Bolivia over how to manage energy resources have helped topple two recent presidents. Paraguay and Uruguay would also take part in the pipeline.

"In South America there is no project more challenging than this one in its history," said Ricardo Savini, a business development manager for Petrobras. He said his company could take part in the pipeline if feasibility studies turned out favorable.

Venezuela's natural gas reserves are largely undeveloped, and over the years, gas has taken a back seat to petroleum in Venezuela, one of the world's leading oil exporters.

The Chávez government has made laws more attractive for investors in gas. That contrasts sharply with the blunt measures that have wrested control from foreign companies producing oil. Chevron has already found enough gas in the Plataforma Deltana area in the east for Venezuela to begin processing liquefied natural gas. Chevron expects to export liquefied gas to the United States and European markets through a $5.6 billion complex that the state oil company, Petróleos de Venezuela, plans to build outside Güiria.

Now, the state company also wants the complex to feed the transcontinental pipeline and says those plans are a higher priority than exporting liquefied gas.

Energy analysts say it will be a tall order for Venezuela's budding gas industry to produce enough for both the L.N.G. plant and the pipeline, especially when current output does not even satisfy domestic demand for natural gas.

The pipeline also faces resistance from environmental groups because it would cut through the Brazilian Amazon and cross several large rivers to reach its destinations. Watchdog groups, like Greenpeace, say it could devastate some of the least-developed and least-studied areas in the dense rainforest and that the influx of laborers could bring diseases to remote indigenous communities.

"It will be terrible," said Paulo Adario, Amazon campaign coordinator for Greenpeace. "The environmental impact seems very high."

There is concern in Güiria, too, a city of 35,000 people. A month after Mr. Chavez broke ground for the gas complex on the environmentally sensitive Paria peninsula in September, the monument built for his nationally televised speech was still littered with the empty water bottles and soda cans of those who attended. "You manage a project that you supposedly consider won't create any environmental impact on an international level — and then you do this," said Rodolfo Foucault, a Güiria resident, when he saw the trash on an otherwise unspoiled coastline.

Still, many locals welcome Petróleos de Venezuela's promise to spend more than $1 billion on infrastructure and local industries in Sucre, the northeastern state where Güiria is situated. "We want the development for our community," said Antonio Calazán, who fishes mackerel and shark in the waters off Güiria.

While even critics are optimistic that the state oil company will keep its promise to build the liquefied natural gas plant, many say that the pipeline will be the latest in a long line of Venezuelan energy plans that never got off the ground or have been significantly delayed. For example, Mariscal Sucre, a promising offshore natural gas project, has been stalled for more than a decade.

Government officials have yet to disclose details on its routes or costs, saying that technical teams are performing preliminary studies. A model of the complex in Güiria's airport does not offer any clues either, nor does it illustrate what part of the plant's terminal will feed the transcontinental line.

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There was no actual construction to be seen along the main road cutting through the plant site in Güiria other than the monument that Mr. Chávez opened — and even that appeared abandoned. The wind had torn down the young coconut trees that provided the president's television backdrop.

Yet Mr. Chávez and his energy officials continue to champion the proposal. They have even devised a slogan for Güiria on the plaque, which Carlos Figueredo, Petróleos de Venezuela's general manager for offshore natural gas, repeated at an industry conference in October in Sucre state.

"We have called Güiria the place where the gas is born that unites the people," he said. "That gives you an idea of the magnitude that we're looking at."

China To Allow More Freedom For Journalists From Abroad (WP)

By Edward Cody

The Washington Post, December 2, 2006

BEIJING, Dec. 1 -- China has decided to substantially liberalize restrictions on coverage by foreign journalists ahead of the 2008 Olympic Games in Beijing, the government announced Friday.

A decree from Premier Wen Jiabao's government said foreign reporters, whether assigned here permanently or visiting for the Olympics, will be allowed to roam most of the country freely and report without interference by local police or propaganda officials from Jan. 1, 2007, until Oct. 17, 2008. The Games are in August 2008.

As explained by Foreign Ministry spokesman Liu Jianchao, the new rules departed clearly -- if temporarily -- from long-standing orders. They also marked a significant watershed for China, where information has long been treated as government property to be manipulated and controlled by propaganda officials.

The new rules apply only to foreign reporters, Liu said, and restrictions on Chinese journalists remain in effect, including Communist Party censorship of all publications and broadcasts. In addition, travel restrictions in Tibet and Xinjiang will continue to apply to foreign correspondents, effectively limiting coverage of those restive areas.

If followed by authorities across the country, the decree nevertheless would for more than 21 months eliminate some major barriers to accurate reporting about China: regulations that legally oblige foreign correspondents to work through local propaganda officials when gathering news. Those restrictions, when followed, have limited frank conversation with Chinese people and emphasized the official version of news.

In practice, foreign reporters in recent years frequently have managed to report on their own, speaking directly with Chinese people while using subterfuge and stealth to avoid getting caught by local police. Those who have been spotted, however, often have been detained, lectured and forced to write confessions that they broke the law. In many cases, their notes and camera equipment have been confiscated. At times, they have been shoved around by police.

In seeking to bring the 2008 Olympics to Beijing, the government had pledged to the International Olympic Committee that the situation would change. In effect, it said reporting in China would be as free as it has been in previous Olympics elsewhere.

But doubts persisted among diplomats, journalists and other foreigners because of China's long history of rigid controls. In particular, they said, Chinese security officials were unlikely to allow free reporting on anti-government groups, such as the banned Falun Gong spiritual movement, that might try to take advantage of the Olympics to advertise their dissatisfaction.

Bob Ctvrtlik, a member of the IOC, said Friday that China's announcement debunked the notion that authorities would not adapt to welcome the Games.

"This is a very important step for us," Ctvrtlik said. "The IOC and the IOC membership received criticism for the decision six years ago" to award the Games to Beijing, "and I think many people at the time said significant changes could not occur. I think this action proves that not to be the case."

Even so, there have been indications recently that officials might not be so flexible. The deputy director of the Beijing Public Security Bureau, Liu Shaowu, told reporters last week that the three main threats to Olympic security were terrorism, organized crime and "mass disturbances," a term officials use to describe protests.

A manual published by the Public Security Ministry and handed out to Beijing police, who are studying English in preparation for the Olympics, contained a dialogue making clear how ministry officials believe reporting should be approached. It described a hypothetical situation in which a policeman comes upon a foreign reporter inquiring about Falun Gong:

"But Falun Gong has nothing to do with the games," the policeman says.

"What does that matter?" the reporter replies.

"It's beyond the permit."

"What permit?"

"You're a sports reporter. You should only cover the games."

"But I'm interested in Falun Gong."

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"It's beyond the limit of your coverage and illegal. As a foreign reporter in China, you should obey China law and do nothing against your status."

"Oh, I see. May I go now?"

"No. Come with us."

A Beijing policeman said the manual was distributed to him and his colleagues, along with a tape recording of the various dialogues, as practice material to supplement three-month-long formal English courses that have been underway since 2002.

Asked how that fit in with the new rules, Liu said that in the coming month there will be briefings on the changes for Chinese government departments, including the Public Security Ministry and provincial, municipal and county propaganda officials who routinely seek to impede coverage of news in their areas. Beginning Jan. 1, those officials will no longer have the right to detain foreign reporters seeking to interview people, he said, and the Foreign Ministry can be called on to intercede if they try.

"To interview organizations or individuals in China, foreign journalists need only to obtain their prior consent," said the sixth of nine regulations.

As published, the decree changed foreign reporting rules only until Oct. 17, 2008. But Liu suggested at a news conference that the changes might be extended after the Olympics. Conditions for foreign correspondents in China will get "better and better," he said.

China Plans Temporary Easing Of Curbs On Foreign Journalists (NYT)

By Jim Yardley

The New York Times, December 2, 2006

BEIJING, Dec. 1 — China announced temporary regulations on Friday loosening restrictions on foreign journalists, a step intended to fulfill the country's promise to allow visiting reporters to work freely in advance of the 2008 Beijing Olympics.

The rules, announced by the Foreign Ministry, will supersede existing restrictions that require journalists to obtain government approval before traveling or conducting interviews. Under the new rules, a foreign journalist will only need to obtain the permission of the person being interviewed.

"It is crystal clear that as long as the interviewee agrees, you can do your reporting," the ministry spokesman, Liu Jianchao, told reporters at a briefing.

The Foreign Correspondents' Club of China, a Beijing-based association of international news bureaus, applauded the new rules and singled out the Foreign Ministry for praise. But the group also called on the government to make the regulations permanent. The rules take effect on Jan. 1 and end Oct. 17, 2008, after the conclusion of the Paralympics.

"Depending on how they are implemented, we hope they'll one day be looked back upon as a major step in bringing correspondents' reporting conditions in China much closer to international standards," the group said in a statement.

Reporters Without Borders, the international press advocacy group, also praised the new rules but noted that the announcement came on the same day that a Beijing appeals court upheld a fraud conviction against Zhao Yan, a Chinese researcher for The New York Times.

Mr. Zhao's case has brought international criticism; some analysts considered his conviction an implicit warning to foreign journalists and their Chinese news assistants. According to the Reporters Without Borders Web site, at least 32 Chinese journalists were jailed in China as of January. The new rules will not apply to Chinese journalists, who still face heavy censorship.

For China, the relaxed reporting rules for foreigners are an important public relations gesture as Beijing prepares for the Olympic Games in August 2008. More than 20,000 journalists are expected to attend the Games, and Beijing promised the International Olympic Committee that reporters would be allowed to report freely.

Historically, China has tightly monitored foreign reporting and censored the Chinese news media on issues deemed politically delicate. In an earlier era, state security agents often tried to intercede or follow foreign reporters who tried to travel without permission.

Currently, foreign journalists work in something of a gray zone. Journalists are rarely followed, though many reporters assume that their e-mail messages, telephones, offices and possibly homes are monitored with listening devices. Many journalists now travel without government permission and also conduct interviews without applying for approval. Often such trips are completed without incident.

But the restrictions create a tense atmosphere that leaves reporters vulnerable to official scrutiny and, in some cases, arrest. Journalists can be identified by a special "J" designation on their visas. Hotel clerks are supposed to notify local public security bureaus anytime someone with a "J" visa registers for a room.

In addition, foreign journalists visiting remote areas sometimes attract suspicion if they are not ethnic Chinese. Reporters caught traveling without permission are sometimes detained and questioned by the local police. In some cases Chinese residents have been harassed or even arrested after being quoted in news articles.

Jonathan Watts, the Beijing bureau chief for The Guardian, the British newspaper, applauded the new rules but also noted that the proof would come in how they were carried out. "As with everything in China, it is going to depend on implementation," Mr. Watts said. "But the fact is that they have set a precedent."

The new regulations apply to reporting about the Olympics and "related matters." But Mr. Liu, the Foreign Ministry spokesman, said the regulations could be broadly interpreted and "actually expands the areas on which foreign journalists can report."

"Foreign journalists will not limit their activities to the Games themselves," Mr. Liu said, according to The Associated Press. "They will also cover politics, science, technology and the economy."

He added that the police would maintain the right to intervene with reporters during emergencies or protests. That caveat raised questions about what barriers journalists would face if they should try to cover events like the numerous protests and riots that have occurred throughout China in recent years.

US Urges Opec Not To Cut Output Further (FT)

By Carola Hoyos

Financial Times, December 2, 2006

The US on Friday urged the Organisation of the Petroleum Exporting Countries not to make further cuts to its oil production.

Samuel Bodman, US energy secretary, said: "I encourage them to keep markets well-supplied."

But almost simultaneously in Cairo Ali Naimi, Saudi Arabia's oil minister, indicated that the cartel needed to give serious consideration to further reducing its production when it met in Abuja, Nigeria's capital, on December 14. He told reporters that demand was "okay", US inventories were high, and 100m barrels of oil would have to be removed from the market to achieve a balance.

Several of Opec's most hawkish members, including Venezuela and Nigeria, have called on the group to reduce its production by at least another 500,000 barrels a day. Libya, Algeria and Kuwait, more moderate Opec members, have been more guarded about whether further cuts are needed.

In late October, Opec agreed to reduce its output by 1.2m b/d to stem a 25 per cent fall in oil prices since the summer and to try to enforce a minimum price level of $60 a barrel. Even though the cartel has not fully stuck to its agreement, its decision has been largely successful. So far Opec's 10 active members have reduced their output by only 785,000 barrels a day, according to a [news organization's] poll. Even so, oil prices are again above $60 a barrel.

Crude oil futures traded on the New York Mercantile Exchange on Friday moved slightly lower after hitting a two-month high of $63.77 a barrel on Thursday. In London Brent crude futures were also down slightly, trading between $63.35 and $64.30.

Opec this week also saw success in its long-term expansion strategy as Angola, Africa's second largest oil producer, agreed to join the group and Sudan said it was working towards joining.

Together the two countries, among the world's fastest-growing energy suppliers, produce almost 2m barrels of oil a day.

The deep waters off Angola's coast are a particularly important new investment sphere for the world's biggest listed energy groups, while Sudan is critical to China, which has invested heavily there despite international pressure not to do so.

Speaking at an African oil and gas forum in the US, Mr Bodman acknowledged Africa's growing clout, saying that increasing oil demand put Africa "in an position of increasing strategic importance to the US and global markets".

Two Others Test Positive For Radiation, British Officials Say (WP)

By Mary Jordan, Sarah Delaney

The Washington Post, December 2, 2006

LONDON, Dec. 1 -- The radioactive substance that killed former Russian spy Alexander Litvinenko has contaminated his wife and an Italian security consultant he met the day he fell ill, British officials and a Litvinenko family friend said Friday.

Officials said that neither was showing symptoms of poisoning from the substance, polonium-210. Although thousands of people have called hotlines worried about possible exposure, Mario Scaramella and Marina Litvinenko are the only two who have tested positive for the radiation since Litvinenko's mysterious death on Nov. 23.

British authorities have detected traces of polonium-210 in at least 12 sites around London and on two British Airways jetliners. A third plane was returning to Moscow on Friday for checks. Investigators are trying to use those findings to determine where the poison came from and who transported it.

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Scaramella, who met with Litvinenko at a sushi restaurant on Nov. 1, was the more severely affected. Health officials said he had "significant" amounts of radiation in his body, and he was hospitalized Friday awaiting further tests this weekend.

"He is currently well and shows no symptoms of radiation poisoning," Keith Patterson, a doctor at University College Hospital, told reporters outside the hospital Friday night. "Tests have detected polonium-210 in Mr. Scaramella's body, but at a considerably lower level than Mr. Litvinenko."

Alex Goldfarb, a family friend of the Litvinenkos, said in an interview that Marina Litvinenko, 44, a ballet teacher, was told by doctors that "minuscule levels" of polonium-210 had been found in her urine.

"For three days when he was home and vomiting, she was taking care of him," Goldfarb said. He said she was not particularly worried about her health, but noted that because the poison is "so unique, its long-term effects are not known."

"The levels are not significant enough to result in any illness in the short term," the Health Protection Agency said in a statement that identified the contaminated person only as an "adult family member" of Litvinenko. It added, "The results are reassuring in that any increased risk in the long term is likely to be very small."

Nick Priest, a British scientist and expert in polonium-210, said in an interview that "everyone has a different resistance to radiation." He said the worry is that it might cause "a depletion of bone marrow" and an increased risk of cancer.

Litvinenko's unexplained death has created Cold War-like tensions between London and Moscow. Litvinenko was an outspoken critic of Russian President Vladimir Putin, and his friends say that before his death he accused Putin of ordering his murder. The Kremlin has dismissed those allegations as "nonsense."

In Moscow, a former KGB agent who met Litvinenko on Nov. 1 at the Millennium Hotel in Grosvenor Square, within sight of the U.S. Embassy, denied any involvement in Litvinenko's death.

Scaramella said at a news conference in Rome last week that he showed Litvinenko e-mails during their meeting that warned their lives might be in danger.

Sergio Rastrelli, a lawyer for Scaramella, was asked in a televised interview in Italy on Friday whether Scaramella was a witness or suspect in the case. "He is absolutely a witness, and now, unfortunately, he is also a person who has been offended by a crime committed by a third party."

In Russia, human rights activists said a letter written by a former Russian intelligence agent claimed that the Federal Security Service, or FSB, had established death squads to kill Litvinenko and other critics of the Kremlin.

"Back in 2002, I warned Litvinenko that they had formed a team to kill him," the letter said. Activists said the letter was written by Mikhail Trepashkin, a former officer of the KGB and its successor, the FSB.

Trepashkin was sentenced to four years in prison in 2005 for divulging state secrets. Before his arrest, Trepashkin was investigating the possible role of the FSB in a series of apartment bombings in 1999 in which hundreds of people died -- a subject about which Litvinenko had written a book. Amnesty International and other human rights groups have said Trepashkin was jailed to prevent further investigation into the bombings.

Police in Sussex, south of London, said they assisted Scotland Yard and the Health Protection Agency in an investigation at the Ashdown Park Hotel in East Sussex on Friday. British and Italian media said Scaramella had stayed at the hotel recently and that authorities were looking for traces of radiation.

Matthew Long, deputy general manager at the Ashdown Park Hotel, said in an interview that police found "no evidence of radiation" after searching for hours. Long said the investigation was started because of concern that "we had a guest who might have been suffering from radiation."

Pathologists in protective gear conducted a postmortem exam on Litvinenko's body Friday. Results are not expected to be announced for several days. The BBC reported that because of the radiation, his remains will be buried in a sealed coffin.

Pat Troop, chief executive of the Health Protection Agency, said the risk to others who came into casual contact with Litvinenko remains negligible.

Radiation Detected In Man Who Met With Ex-Spy (NYT)

By Sarah Lyall

The New York Times, December 2, 2006

LONDON, Dec. 1 — One of three men who last met the former K.G.B. officer Alexander V. Litvinenko before he fell fatally ill with radiation poisoning was himself admitted to a London hospital on Friday, the authorities said, after tests showed that he had a significant amount of radioactive material in his body.

The hospitalization of the man, an Italian investigator named Mario Scaramella, adds a further layer of confusion to the puzzle surrounding the death of Mr. Litvinenko, a vocal critic-in-exile of the Russian government. Although tests have been conducted on dozens of people who came into contact with Mr. Litvinenko after he fell ill, including his doctors, Mr. Scaramella is so far the only one to show more than a negligible amount of radiation in his body.

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The Health Protection Agency, which deals with public health issues in Britain, also said Friday that "an adult member of Mr. Litvinenko's family" who was in close contact with him during his illness — a description that apparently applies only to his wife — had tested positive for low levels of radiation exposure. But the agency added, "The levels are not significant enough to result in any illness in the short term."

Mr. Scaramella has said all along that he felt fine, that he was suffering from none of the debilitating symptoms that characterized Mr. Litvinenko's illness and that earlier tests for polonium 210, the isotope that killed Mr. Litvinenko, had turned up negative. University College Hospital, where he was admitted Friday, said Mr. Scaramella was "currently well and shows no symptoms of radiation poisoning."

Dr. Keith Patterson, a consulting hematologist at the hospital, said that while tests had shown the presence of polonium 210 in Mr. Scaramella's body, they were "at considerably lower levels than Mr. Litvinenko."

The health agency would not say how much radiation Mr. Scaramella had ingested, only that he had "a significant quantity" of polonium 210 in his body. Mr. Scaramella's lawyer, Sergio Rastrelli, said in Rome that his client was undergoing more tests.

Mr. Litvinenko's body underwent an autopsy on Friday at the Royal London Hospital in Whitechapel, a hospital spokeswoman said. The autopsy, which might help disclose how the radiation entered his system and in what quantities, was presided over by a forensic pathologist appointed by the Home Office. Also present were an independent pathologist and a third who had been hired by Mr. Litvinenko's family.

The results of the autopsy may not be available until next week.

All the pathologists wore protective clothing. Alex Goldfarb, a close friend of Mr. Litvinenko's who has emerged as a family spokesman, said that he had been told that his friend's body would have to be sealed in an airtight container and that it was so contaminated that it could not be cremated for 22 years.

With each new development, there are more mysteries to be solved in the case, which has still not been characterized as a murder by the London police. Who gave Mr. Litvinenko the polonium 210? Where did they get it? How much was he given? How did he ingest it? What is the significance of the traces of radiation that have been found in at least a dozen places, including on two British Airways jets? Two Russians who also met with Mr. Litvinenko on the day he fell ill had traveled on the planes.

Mr. Scaramella's role is also something of a mystery.

Mr. Scaramella was a consultant for the Mitrokhin Commission, a parliamentary panel in Italy looking into reported connections between the K.G.B. and Italian politicians. It was disbanded this year.

Mr. Litvinenko also worked for the Mitrokhin Commission, Mr. Goldfarb said, and had known Mr. Scaramella for a decade. The two met regularly in London. Their last meeting took place at the Piccadilly branch of the Itsu sushi restaurant on Nov. 1, the day Mr. Litvinenko became sick.

Flanked by bodyguards in Rome last month, Mr. Scaramella told reporters that during the meeting — in which he drank water and Mr. Litvinenko ate sushi and soup — he presented Mr. Litvinenko with e-mailed documents showing their names on a list of people whose lives were in danger from Russian criminals. Mr. Scaramella said the same criminals had killed Anna Politkovskaya, a Russian investigative journalist, in Moscow in October.

Mr. Scaramella has been in London for the last week. He said that he and Mr. Litvinenko were friends and that he was not a suspect. Mr. Litvinenko said on his deathbed that he believed forces working for the government of President Vladimir V. Putin were responsible, a charge the Kremlin has dismissed as ridiculous.

Mr. Goldfarb said that his friend was certain he had been poisoned during one of two meetings on Nov. 1 — either the one at Itsu, or another, with the two Russian men, at the Millennium Hotel in Mayfair.

"It's mystery over mystery over mystery," he said. Of the news that Mr. Scaramella had tested positive for radiation, Mr. Goldfarb said, "Obviously he received a much lower dose than Alexander. He might have been an innocent bystander; he might have been a target; he might have been someone who the perpetrators contaminated after the fact; or he may himself be involved. Nobody knows."

Poison Also Found In Italian (LAT)

By Kim Murphy

The Los Angeles Times, December 2, 2006

LONDON — An Italian KGB expert who had warned poisoned Russian dissident Alexander Litvinenko that his life might be in danger has a "significant quantity" of radioactive polonium-210 in his body, authorities said Friday.

British health officials also said they had detected a small quantity in a close relative of Litvinenko. Neither has shown signs of illness.

The announcements came as police zeroed in on radiation found on British Airways jets that flew between Moscow and London, one of which might have transported suspects carrying the poison.

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After days of investigation, police have begun to trace a radiation trail across flight manifests and London hotels and offices that security experts said could eventually pinpoint how the radioactive substance was brought to London and possibly by whom.

The exposure of Italian academic Mario Scaramella increases the likelihood that the poison was administered at the sushi restaurant in central London where the two men met briefly Nov. 1 — hours before Litvinenko became sick — especially since the radiation trail appears to follow Litvinenko's movements across London after that rendezvous.

Scaramella has done exhaustive research into the archives of Vasili Mitrokhin, a KGB major who defected to the West in 1992 and took along numerous secret files. Scaramella became acquainted with several former KGB agents, including Litvinenko, who had accused his former colleagues of involvement in several killings and assaults and had obtained political asylum in Britain.

The Italian asked Litvinenko to meet with him after he received an e-mail suggesting that criminals in St. Petersburg, Russia, were behind the recent slaying of Russian journalist Anna Politkovskaya in Moscow and were preparing to strike against Litvinenko and Scaramella.

Litvinenko discounted the threat, and the meeting was brief. Scaramella, who had already eaten, had only a glass of water. Litvinenko ate lunch. He died 22 days later in a London hospital.

Scaramella has cooperated in the investigation, and authorities have not identified him as a suspect. After he arrived at London's University College Hospital on Friday wearing a mask, hospital officials said he had been admitted for examination.

"Tests have detected polonium-210 in Mr. Scaramella's body, but at a considerably lower level than Mr. Litvinenko. He is currently well and shows no symptoms of radiation poisoning," hospital spokesman Dr. Keith Patterson said in a statement.

Meanwhile, in another possible poisoning, former acting Prime Minister Yegor T. Gaidar remained hospitalized in Moscow with a still-undiagnosed ailment. He fell ill suddenly a week ago during an academic conference in Ireland.

British police are investigating whether there are any links between the two cases.

After meeting with Scaramella, Litvinenko had tea with his former partner in the KGB, Andrei Lugovoy — who was on Gaidar's security detail in the early 1990s, a Gaidar aide confirmed Friday. After Lugovoy left the KGB, he became head of security at the Russian television network ORT. He remained friends with Litvinenko.

Lugovoy was in London with his family and numerous other Russian soccer fans for a match between Moscow's CSKA team and London's Arsenal, according to the Moscow newspaper Kommersant.

Russian businessman Dmitry Kovtun accompanied Lugovoy to the Litvinenko meeting at London's elite Millennium Hotel, where several traces of polonium-210 reportedly have been found.

Litvinenko, who left a note blaming Russian President Vladimir V. Putin for his impending death, was convinced he was poisoned at one of the two meetings but was not sure which, close friend Alex Goldfarb said in an interview.

"He clearly said that he knows it's one of them, but he didn't want to accuse anybody because he would hate to put a shadow on an innocent person," Goldfarb said. He works for a foundation funded by exiled Russian billionaire Boris Berezovsky, whose offices, visited by Litvinenko after his poisoning, also showed traces of polonium-210.

And another finger pointed at Russian security services. According to a Nov. 18 letter to Litvinenko from former KGB agent Mikhail Trepashkin: In 2002, Trepashkin reported a meeting with a Russian agent who spoke of "a very serious group" that would be "snuffing out everybody connected with Berezovsky and Litvinenko."

Trepashkin's letter said the agent worked for the Federal Security Service, the KGB's successor, and sought details about Litvinenko's family.

Trepashkin was the primary source for a book by Litvinenko accusing Russia's government of organizing several apartment-building explosions across Russia before the second Chechen war. A copy of his letter to Litvinenko was provided Friday to The Times by sources in Russia.

Goldfarb released a similar letter from Trepashkin, dated the day of Litvinenko's death. He called on British authorities to question Trepashkin, who is in prison in Russia on charges of revealing state secrets.

Trepashkin "names names," Goldfarb said.

The Guardian newspaper, quoting unidentified British intelligence sources, reported that London police were coming closer to the view that "rogue elements" within or formerly with the Federal Security Service probably were involved in the killing.

It said police were "closing in on" five or more men who arrived on soccer fans' flight and returned to Moscow soon after.

Prodi To Sue Over Allegations Of KGB Links (FT)

By Tony Barber

Financial Times, December 2, 2006

DOJ_NMG_0101048

The suspicious death of a former Russian agent in London was enmeshed in alleged dirty tricks in Italian politics on Friday after Romano Prodi, Italy's prime minister, announced legal action against people linking him to the KGB, the former Soviet intelligence service.

The main person who has made this accusation, which Mr Prodi rejects as utterly unfounded, is Mario Scaramella, a self-styled expert on Soviet espionage in Italy.

Mr Scaramella met Alexander Litvinenko, the former Russian agent, in a London sushi bar on November 1, shortly before Litvinenko fell ill.

Before he died on November 23 of poisoning from polonium 210, a rare radioactive substance, Litvinenko accused Vladimir Putin, Russia's president and a former KGB agent, of ordering his death. The Kremlin dismissed his charge as nonsense.

The Litvinenko affair has spilled into Italian politics because Mr Scaramella was appointed in 2003 as a consultant to a parliamentary inquiry, known as the Mitrokhin commission, which was investigating KGB activities in Italy.

The commission wound up its work before Mr Prodi's victory in Italy's general election last April. But Mr Scaramella reported to the commission's chairman in January that he had been looking into alleged links between Mr Prodi and the KGB.

He told the chairman, Paolo Guzzanti, a member of then prime minister Silvio Berlusconi's Forza Italia party, that there was no evidence Mr Prodi was a KGB agent, but that some signs pointed to "friendly relations" between Mr Prodi and the KGB.

Mr Prodi was so offended by Mr Scaramella's allegations, which appeared in the Italian press this week, that he announced on Thursday night that he planned legal action against the people behind them. He named no one in particular.

Mr Scaramella had no background as a specialist in Soviet affairs before 2003, and Massimo D'Alema, Italy's foreign minister, said on Wednesday that Mr Scaramella "has had and has no organic relationship with the Italian secret services".

Politicians in Mr Prodi's centre-left coalition suspect that one purpose of the Mitrokhin commission, which was set up under Mr Berlusconi, was to plant material to discredit the centre-left, especially ahead of the April election. Mr Berlusconi's party has ridiculed the idea of a smear campaign.

"They have tried to upset the country's democracy," said Piero Fassino, leader of the Democrats of the Left, the largest party in Mr Prodi's government. "A campaign of personal denigration and institutional destabilisation has been pursued."

Mr Prodi's camp contends that there have been other attempts to destroy his reputation. Prosecutors said in October that several members of the Italian tax police and other state employees had illegally broken into the financial records of Mr Prodi and his wife Flavia.

During Mr Berlusconi's five-year premiership, Mr Prodi was plagued by allegations – which he denied adn were never proven – that, when he was prime minister from 1996 to 1998, he took kickbacks in the purchase by Telecom Italia, the Italian telecommunications group, of a stake in Telekom Serbia, the Serbia telecoms company.

Last month Mr Prodi's government shook up Italy's espionage services by dismissing the country's three top intelligence officers.

Russia's Hidden Power Struggle (WP)

By Masha Lipman

The Washington Post, December 2, 2006

MOSCOW -- "Give the elections back to the people, bastards!" These words were emblazoned on a bright yellow banner more than 30 feet long that hung over the Moscow River facing the Kremlin. A couple of young activists positioned themselves in the ropework holding up the banner for about 30 minutes, until they were taken off and delivered to a police station.

Such extravagant political performances may be typical at, say, a Greenpeace protest but not over something that has in fact become increasingly common: a government encroachment on voting rights.

Russia is undergoing yet another round of election-rule tightening -- as usual, a product of the country's rubber-stamp legislature. The protesters see it as marking the "virtual elimination of the system of free elections" in Russia, as they said in their statement. Over the past two years, election rules have been repeatedly refashioned and readjusted so that no undesired forces or figures can slip through the process.

Meanwhile, the Kremlin has managed to obstruct the financing of unwelcome political projects. Russian businessmen, while afraid to sponsor autonomous political activity, have given generously to pro-Kremlin political groups, movements and initiatives. With the best and biggest companies increasingly coming under the Kremlin's control, pro-Kremlin political forces are assured of virtually unlimited budgets. In addition, political loyalists can draw on what's called the "administrative resource" -- a network of administrators at various levels who are eager to do the regime's bidding.

In such a political environment, election results are preordained. There is a flatness about campaigns -- a lack of enthusiasm and emotion. Which is the way the Kremlin likes it.

One of the innovations of the new election bill is a ban on creating a "negative image" of political opponents. This is one way of depriving a campaign of any meaning whatsoever, as just challenging the policies of the incumbent authorities can now be interpreted as a violation of the law.

So while there is always a constituency that dutifully turns out on Election Day to vote "as the bosses say," a great many others will choose to stay home, since they assume their vote will make no difference.

Of course, a low turnout might call into question the legitimacy of the representative branch, but apparently the Kremlin thinks it can live with this image problem. Another provision of the new bill eliminates the minimum percentage turnout requirement for an election to be valid. The ruling elite thus largely reduces its power base to the core of Soviet-style voters who accept a no-choice vote -- while alienating the more advanced and entrepreneurial elements of the population.

Essentially, the protesters hanging on the ropes with their banner over the Moscow River can do nothing about all this. A boycott of elections -- proposed in their statement as the "only real means of political struggle left in the opposition's arsenal" -- will make no sense if there is no minimum-turnout requirement. The authority of the Kremlin, on the other hand, is unconstrained.

And thus the encroachment on political rights will continue. One recent initiative has been to abolish mayoral elections. With gubernatorial elections already replaced by Kremlin appointments, this is a logical next step in the dismantling of representative democracy.

A common argument has it that President Vladimir Putin may have cracked down on freedoms and democracy and recentralized power in the Kremlin, but at least he has ensured order and stability. In fact, Putin may have "stabilized" public politics, but there's no more law or order about his regime than there was in Boris Yeltsin's "chaotic" Russia.

The political scene has been fully cleared of genuine competition, and the executive and legislative branches filled with loyalists who need not worry about public accountability. As a result, the members of this greedy bureaucracy have become a privileged circle in which they seek to amass power, which in Russia is closely linked to property and wealth. In the process, they force those with less clout to sell their lucrative properties, as happened not long ago with a Urals titanium factory. If the owner doesn't accept the deal, he can expect the tax police to "discover" huge instances of evasion, the environmental agency to reveal improper use of his lands or the prosecutor's office to begin proceedings against him. All these government agencies would be working on behalf of the powerful buyer. This is hardly law and order.

Meanwhile, the regime's loyalists are themselves engaged in a fierce struggle, especially as the crucial 2007-08 elections draw near. All are wondering what the power shifts that Putin has in mind will mean for them personally. Thus, disputes among them grow ever more intense and vicious, creating an atmosphere of rampant corruption and crime. Court rulings are commonly twisted as a result of bribery or pressure from the executive. Contract killings are used to settle scores with rivals and adversaries.

Aside from the recent high-profile assassinations, there have been the killings, in a period of less than three months, of three bankers, one of them deputy chairman of the central bank. All were slain by contract murderers. A contender for the mayoralty in a Far Eastern town was killed at the height of the election campaign. A pro-Moscow Chechen commander was shot by a group of Chechen law enforcers in broad daylight in the middle of Moscow -- in front of passersby and a group of Moscow militiamen who, according to newspaper reports, watched from across the street. None of the perpetrators was arrested.

Real competitive politics, if they were ever allowed, might be a threat to the ruling elite. Fierce infighting within the regime is a threat to the entire nation and its future.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

Pope Wins Over Muslims With Nod To Mecca, Message (WT)

By John Phillips

The Washington Times, December 2, 2006

ISTANBUL -- Pope Benedict XVI concluded a historic trip to the Muslim world yesterday after soothing an outraged Islamic population with his Christian message of peace and reconciliation.

The Roman Catholic pontiff wound up his triumphant four-day visit to Turkey with a parting message of good will to Muslims as Turkish clerics and commentators lauded the German-born pope for facing Mecca as he prayed alongside a top Islamic clergyman in Istanbul's Blue Mosque on Thursday.

"You know well that the church wishes to impose nothing on anyone, and that she merely asks to live in freedom," Benedict said at the Holy Spirit Cathedral in Istanbul.

In the last of several gestures aimed at healing the rift with the Orthodox Church -- the original theme of a trip that was overshadowed by Muslim rage -- the pope was joined in the church by Patriarch Bartholomew I.

Benedict looked pleased as he entered the cathedral after doing much to repair the uproar he started two months ago by criticizing Islam in a speech in Germany.

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The grand mufti of Istanbul, Mustafa Cagrici, who prayed side by side with the pope at the mosque on Thursday, said Benedict had faced Mecca while praying, like a Muslim would.

"These were very nice gestures," he told NTV television. "I allocated 30, 40 seconds for [the prayer]. I finished my prayer. But the pope must have been so overcome that he took much longer."

The Turkish daily Askam agreed. "The pope's dreaded visit was concluded with a wonderful surprise," it reported.

The mass-circulation Hurriyet newspaper joined in the chorus of approval. "He turned toward Mecca and prayed like Muslims," said the daily, which dubbed Benedict "the congenial pope."

Vatican officials described the stop at the massive mosque, one of the main tourist attractions in Istanbul, as a vital moment of reconciliation.

Throughout his trip, however, the pope also gently stressed Rome's concept of reciprocity in which respect for Muslims in the West warrants respect for religious minorities such as Christians and Jews in majority Muslim lands, including the beleaguered community of 90,000 Christians in Turkey.

"Your communities walk the humble path of daily companionship with those who do not share our faith," the pope told the congregation filling a 160-year-old cathedral that contains the relics of a 1st-century Christian martyr.

Strengthening Christian bonds should be "at the forefront," Benedict told the throng.

"I would compare the pope's visit to the mosque to Pope John Paul's gesture at the Western Wall [in Jerusalem], said Cardinal Roger Etchegaray, the veteran French Vatican diplomat who frequently is a trouble-shooter for the Holy See in the Middle East.

In his last moments in Turkey, the 79-year-old pope walked down a red carpet before boarding a special Turkish Airlines jetliner to Rome.

"I hope this visit contributes to peace and dialogue between faiths," Benedict told the governor of Istanbul, Muammer Guler, at Istanbul's international airport.

Pope Ends Visit Of Conciliation (LAT)

By Tracy Wilkinson, Times Staff Writer

The Los Angeles Times, December 2, 2006

Even his critics give praise for the pontiff's outreach to Muslims in Turkey.

ISTANBUL, TURKEY — Just as the Bible speaks of converting swords into plowshares, Pope Benedict XVI has used his extraordinary pilgrimage to Turkey this week to transform outrage over provocative remarks he made about Islam into an emerging image of conciliation and outreach.

His efforts have been hailed by many here and could have crucial influence on the future of the troubled relations between Islam and Christianity.

During his four-day visit, which ended Friday, the pope faced Mecca and prayed shoulder to shoulder with an Islamic cleric in Turkey's most important mosque. He shook the hand of one of his sternest Muslim critics. He even hoisted a Turkish flag bearing the Islamic symbol of a crescent moon.

By most accounts, Benedict was successful in winning over begrudging hearts and minds in the Islamic world.

It was, as one Italian commentator put it, the theological Benedict replaced by the diplomatic Benedict, an infrequently seen facet of this complex and deeply intellectual pope.

"People here were worried about the message he would give, what he would say about Islam and whether he would show respect," said Mustafa Akyol, a Turkish writer who specializes in interfaith issues and who considers himself a devout Muslim. "He did way better than expected. This was very fruitful for him."

Turkish newspapers, some of which had harshly criticized the pope just days earlier, on Friday gave generally positive coverage to the pontiff's visit to the majestic 17th century Blue Mosque. A photograph of him praying silently Thursday alongside the grand mufti of Istanbul dominated almost every front page.

"The whole world watched this historic moment," the centrist Milliyet newspaper said. "Sympathetic pope … continued to surprise the world," declared the top-selling Hurriyet daily.

Cardinal Roger Etchegaray, who accompanied the pope and is a recognized expert in diplomacy, compared Benedict's gesture at the mosque to the historic moment in 2000 when his predecessor, Pope John Paul II, stood and prayed at the Western Wall in Jerusalem.

At the stone wall that is among Judaism's holiest sites, John Paul wrote a note seeking forgiveness for centuries of abuse of Jews by Catholics, in what became a seminal act signaling a new era in the Roman Catholic Church's relationship with its predecessor faith.

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"These are two very important symbolic moments," Etchegaray said Friday. "Benedict XVI did with the Muslims yesterday what John Paul II did with the Jews."

It was a speech that Benedict gave in September that ended up setting the agenda for his first trip to a predominantly Muslim country. In that speech in Regensburg, Germany, Benedict linked Islam to violence and quoted a Byzantine emperor who saw only evil in the faith founded by the prophet Muhammad.

The remarks enraged the Muslim world and threatened to destroy bridges built during the 26-year papacy of John Paul.

Father Federico Lombardi, the Vatican's chief spokesman, has maintained the hope that the silver lining of the uproar would be the opening of a frank and sincere dialogue between the largest Christian faith and Islam. As the Turkey trip ended, he said he believed that process had been launched.

"I think we have moved beyond Regensburg, and, in a way, Regensburg has borne positive fruit," Lombardi said.

The pope, as he departed Istanbul for the flight home to Rome, told the regional governor who saw him off that he hoped his visit would bring the religions closer together.

"As a pastor of the Catholic Church, I think it is my duty to contribute to the understanding and dialogue among cultures and religions," he said.

The praise for Benedict was by no means universal.

Nationalist Turks found fault, especially with his overtures to Turkey's Christian minorities. He engaged in hours of prayer and celebration with Patriarch Bartholomew I, the titular head of the world's 250 million Orthodox Christians. He saluted him as the "ecumenical patriarch," a term loathed by Turks because it suggests authority elevated beyond the Turkish state.

Additional criticism came from the Christian side of the aisle, with some suggesting that, in his eagerness to appease the Muslims, the pope failed to adequately lobby on behalf of the beleaguered Christian community.

But if the Christians whom the pope came to support felt slighted, most did not indicate it.

Bartholomew, a sprightly man with a bushy white beard, expressed satisfaction with the pope's visit. He combined a little Italian and English to say he was "happisimo" — "very happy" with the pope's presence.

"He brought the attention of the world on the problems we suffer," said Anthony Limberakis, national commander of the Order of St. Andrew, one of numerous Greek-American delegations in Istanbul to support their religious brethren.

Benedict made a final gentle plea on behalf of Christians during the Mass he said Friday at the Catholic Holy Spirit Cathedral.

He noted that the Christian minorities in Turkey "walk the humble path of daily companionship with those who do not share our faith" but who belong to the brotherhood of monotheistic descendants of Abraham.

"You know well that the church wishes to impose nothing on anyone, and that she merely asks to live in freedom, in order to reveal the one whom she cannot hide, Christ Jesus," he said.

Another important gesture that won favor for Benedict was the softening of his opposition to Turkey's long-sought membership in the European Union.

In a reversal of sorts, the pope told Prime Minister Recep Tayyip Erdogan that he would support EU membership for Turkey. He previously had maintained that Turkey, as a Muslim nation, was "in permanent contrast" with Europe and did not belong.

Some Turkish commentators said they thought Benedict backtracked toward the end of his visit when he spoke of the need to preserve Europe's Christian roots. But another reading of those comments suggests that he was stating the conditions under which Turkey could join the EU, conditions such as respect for religious freedom that the EU itself is demanding.

wilkinson@latimes.com

Turkey Holds Firm On Foreign Policy (WT)

By Andrew Borowiec

The Washington Times, December 2, 2006

NICOSIA, Cyprus -- The Turkish government this week tried to minimize the impact of the European Union's threat to partially freeze accession talks, saying its foreign policy remained unchanged.

The watchword in Ankara's official circles is "continuation in the same direction," said a senior official, who rejected EU insistence that Turkey must open its airports and harbors to traffic from Cyprus.

In Cyprus, the Greek Cypriot government said the bloc was giving Turkey too much leeway, thus damaging efforts to find a solution to the Mediterranean island's partition.

Despite the EU threat to freeze eight key aspects of the accession talks, Turkish officials said the Greek Cypriot air and maritime traffic would be allowed only after an economic boycott of the Turkish Cypriot zone in the north of the island is lifted.

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On Wednesday, the European Commission, the EU executive body, rejected Turkey's condition, stressing that all candidates for membership in the 25-nation bloc must conform to its rules.

"It's Turkey, which should adjust to EU regulations, and not vice versa," an EU official said, stressing that Turkey was a signatory to the protocol governing trade relations with the 10 latest EU members, including Cyprus.

EU officials said the proposed halt in discussions of eight of the 35 "accession chapters" would be applied only after approval at the EU summit meeting in mid-December. Some EU heads of government, including British Prime Minister Tony Blair, say the bloc should refrain from "sending a negative signal" to Turkey, a predominantly Muslim nation of 70 million.

Nonetheless, the EU Commission's recommendation was a significant warning and a blow to Turkey's ambition to join what some in the Turkish press call "the Christian Europe." EU membership is the cornerstone of Prime Minister Recep Tayyip Erdogan's foreign policy.

The Turkish press was comforted by a statement attributed to visiting Pope Benedict XVI saying he "encourages the passage of dialogue for inserting Turkey in the EU, on the basis of specific common values." The pontiff, earlier this year, opposed Turkey's EU membership.

Meanwhile, Greek Cypriot officials and politicians described the European Commission's warning as inadequate, saying it reduced the pressure on Turkey and consequently prolonged the long-lasting political stalemate on the island.

"We disagree and we insist that the EU should send a clear message to Turkey that it can't ignore its obligations under EU law," said Andros Kyprianou, spokesman for the Progressive Party of Working People, the dominant communist party known by its acronym AKEL.

Government spokesman Christodoulos Pashiardis described the EU action as the "ratification of the ease that only Turkey enjoys by not fulfilling its obligations."

Since the beginning of its EU negotiations a year ago, Turkey has been warning that there is no question of compromise in its attitude toward Cyprus, where Ankara maintains an expeditionary force and backs a separate government of the Turkish Cypriots.

U.S. Proposing Regional Force To Monitor Somalia Violence (NYT)

By Warren Hoge

The New York Times, December 2, 2006

UNITED NATIONS, Dec. 1 — The United States circulated a draft resolution on Somalia on Friday, urging a regional peacekeeping force to monitor a struggle for control between the country's embattled government and its powerful Islamist foes, and calling for a partial lifting of an arms embargo to enable the equipping of local security units.

The 8,000-member force would come from seven East African nations but not from neighboring states of Kenya, Djibouti and Ethiopia. This restriction was added out of concern that the proposed United Nations move, aimed at calming tensions, might end up provoking wider hostilities.

The International Crisis Group, a Brussels-based study group with expertise in the area, raised alarm this week by predicting that deploying a force, particularly one that included soldiers from neighboring countries, "could trigger all-out war in Somalia and destablize the entire Horn of Africa region."

John R. Bolton, the American ambassador, expressed annoyance with this view. "You know, people criticize us when we take action on the ground, that our taking action makes the situation worse," he said. "O.K., so what is the answer, not to take action?"

He said, "What we want to do is endorse the insertion of the regional peacekeeping force, which many of the African states have called for, in order to provide some measure of stability there to permit a political solution."

Somalia has not had an effective government since 1991, when warlords overthrew the president and then turned on each other.

The interim government, formed two years ago and supported by the United Nations, controls only Baidoa, the provincial town where it is headquartered, while the Islamic alliance, known as the Union of Islamic Courts, has taken over Mogadishu, the capital, and increased its grip on the rest of the country.

Ethiopia supports the interim government and has sent troops into the country. Washington earlier backed a coalition of warlords to try to combat the Islamists, who the United States believed harbored terrorists.

The draft urged the Islamists to "cease any further military expansion and reject those with an extremist agenda or links with international terrorism." It noted the Security Council's willingness "to engage with all parties in Somalia, including the Union of Islamic Courts, if they are committed to achieving a political settlement through peaceful and inclusive dialogue."

There is fear that Ethiopia and Eritrea, which are in a tense faceoff over their disputed border, are fighting a proxy war in Somalia. Eritrea also would most likely be barred from participating in the peacekeeping force under the resolution.

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The United Nations arms embargo on Somalia, which has been notoriously porous, began in 1992.

Mr. Bolton said that the text would be circulated to various capitals over the weekend, and that he hoped that reactions could start to be incorporated into the document at drafters' meetings beginning Monday. "And then we'll proceed as rapidly as we can after that," he said.

U.S. Calls For Regional Somalia Force (AP)

By Edith M. Lederer, Associated Press Writer

AP, December 2, 2006

The United States circulated a U.N. Security Council draft resolution Friday that would authorize a regional force to protect Somalia's weak government and threaten Security Council action against those who block peace efforts and attempt to overthrow it.

The draft, obtained by The Associated Press, would lift a 1992 arms embargo against Somalia so that troops in the "protection and training mission" could be militarily equipped.

It would ban Somalia's neighbors from sending soldiers — a demand by a seven-nation East African group expected to contribute soldiers to the force, as well as European members of the Security Council who want to ensure the force's aim is to promote peace.

U.S. Ambassador John Bolton said he expects Security Council experts to discuss the draft on Monday "and then we'll proceed as rapidly as we can after that."

The move comes after a veiled woman and two other suicide bombers exploded cars Thursday outside the western Somali town of Baidoa, the only area under the government's control. Ten people were killed in the attack.

No one claimed responsibility for the attack but the government blamed the Islamic movement vying for control of the country. The Islamic group denied any involvement.

Police questioned six suspects Friday, but declined to provide details about them.

Somalia has not had an effective government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another. A government was formed with the help of the U.N. two years ago, but has struggled to assert its authority. Islamic militants, meanwhile, have been rising up since June and now control the capital and most of the country's south.

A confidential U.N. report obtained recently by the AP said 6,000 to 8,000 Ethiopian troops were in Somalia or along the border, supporting the transitional government. It also said 2,000 soldiers from Eritrea were inside Somalia, supporting the Islamic militia.

There are fears that Somalia could become a proxy battleground for Ethiopia and Eritrea, which fought a border war in 1998-2000. Eritrea denies having any troops in Somalia, while Ethiopia insists it has sent only a few hundred advisers.

There was no mention of troops already in Somalia in the U.S. draft resolution.

The draft resolution emphasizes the council's "willingness to engage with all parties in Somalia, including the Islamic courts movement, if they are committed to achieving a political settlement through peaceful and inclusive dialogue."

The regional force would protect the U.N.-backed transitional government and train some of the local forces. Council diplomats said the seven-nation East African group envisions a force of eight battalions, each with 700 to 800 troops, but only two would be deployed in the first phase.

"It's very limited," said Britain's U.N. Ambassador Emyr Jones Parry. "The situation in Somalia ... remains very difficult and complex, and there isn't a simple solution, and there certainly isn't a massive imposed military solution from outside."

Bolton said Somalia's stability is in "grave peril" because of the pressure being placed on the government by the Islamic movement.

"What we want to do is introduce this regional peacekeeping force ... in order to provide some measure of stability there to permit a political solution," he said.

The goal is to eventually persuade the Islamists that a military victory is impossible, thus creating conditions for a negotiated settlement between the two sides, council diplomats said, speaking on condition of anonymity because they were not authorized to speak publicly.

In the draft, the council said it would consider taking measures "against those that seek to prevent or block a peaceful dialogue process, overthrow the transitional federal institutions by force, or take action that further threatens regional stability."

The U.S. did not specify what measures might be considered but the resolution was drafted under Chapter 7 of the U.N. Charter, which deals with threats to international peace and security and authorizes a range of measures from breaking diplomatic and trade relations to military intervention.

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Bolton circulated the resolution two days after the Security Council adopted a resolution asking Secretary-General Kofi Annan to re-establish a monitoring group to investigate violations of the arms embargo for a six-month period.

A report earlier this month by the last monitoring group accused 10 countries of providing weapons, money and training to rival sides in Somalia. Many of those named denied any involvement and complained about being on the list.

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Associated Press Writer Salad Duhul contributed to this report from Mogadishu, Somalia.

DOJ_NMG_0101055

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 04, 2006 8:54 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Sunday, December 03, 2006
Attachments:	dojclips061203.pdf; dojclips061203.doc

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 3, 2006 7:45 AM EST

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TERRORISM NEWS:

Three-month Roundup Nets 136 Terror Suspects (WT/AFP)

By Suleiman Nimr

The Washington Times, December 3, 2006

RIYADH, Saudi Arabia -- The government yesterday announced the arrest of 136 suspected al Qaeda terrorists over the past three months in one of the largest crackdowns since it began battling Islamist extremists.

The Interior Ministry said the suspects, most of them Saudis, were rounded up during a series of raids across the vast oil-rich kingdom, where al Qaeda militants waged a series of shootings and bombings in May 2003, many targeting Westerners.

Those detained were 115 Saudis and 21 foreigners, and included a cell that had been plotting a suicide bombing, abductions and killings, the ministry said in a statement carried by the official SPA news agency.

That cell consisted of 31 suspects, including four foreign residents, who were detained during a "pre-emptive" security operation in Riyadh on Sept. 12, the ministry said.

The cell had been "on the verge of acting, after issuing fatwas legitimizing the abduction of innocent people, bargaining over them, killing them and raiding [shops] and banks," the ministry said.

"They included one [suspect] who wrote his will, to be publicized after he has carried out a suicide operation targeting innocent people and the nation's resources," the ministry said.

Another 44 Saudis were detained Oct. 26 in a series of simultaneous security operations in Riyadh, the oil-rich Eastern Province and the northern regions of Al-Qassim and Hail, the ministry said.

Six more Saudis had been detained earlier in October in the northern Al-Jawf region, near the borders with Iraq and Jordan, for forming a cell that "used their families to hide wanted [militants] and smuggle them outside" the country, the ministry said.

Other swoops netted a group of 16 suspects, including two foreigners, who were linked to outside "go-betweens" with the purpose of training militants abroad and sending them back to operate inside the kingdom, the ministry said.

Saudi Arabia announced in February it had thwarted a bid to blow up an oil processing plant, the world's largest, at Abqaiq in the Eastern Province.

Western coalition forces said in October they feared possible attacks on oil installations in Saudi Arabia and other Gulf countries.

The Saudi Interior Ministry said security forces seized "weapons, money in various currencies, documents," and communications and electronic equipment during the raids.

It did not specify the nationalities of the foreigners detained.

Saudis Arrest 139 "Sleeper Cell" Suspects (CNN)

CNN.com, December 2, 2006

RIYADH, Saudi Arabia (CNN) -- Saudi security officials said Saturday they foiled a planned terrorist suicide attack and arrested 139 suspected Islamist militants who were in "sleeper cells" believed to be affiliated with al Qaeda.

A senior official in the Saudi Interior Ministry told CNN that the suspects, who are from several Arab nations, were monitored by Saudi security agents for several months. They rounded the men up just before the expected attack was launched.

The suspects, arrested in different areas of Saudi Arabia, were being interrogated Saturday, the official said.

In October 2005, King Abdullah of Saudi Arabia called the threat of al Qaeda in his country "madness and evil" and vowed to "eliminate this scourge" of terrorism. Fifteen of the 19 al Qaeda terrorists participating in the September 11, 2001, attacks were Saudis.

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There has been a series of deadly bombings in Saudi Arabia since then, including Western targets, further aligning the Saudi government with the United States in the war against terror.

In 2003, suicide bombings at residential compounds housing Westerners in Riyadh killed 23 people, and a car bombing in a mostly Arab neighborhood near Riyadh's diplomatic quarter killed at least 17. Both attacks were blamed on al Qaeda.

In December 2004 a Saudi-based al Qaeda group claimed responsibility for an armed raid on the U.S. consulate in Jeddah that left nine people dead.

Last year Saudi security forces, carrying out raids targeting suspected al Qaeda members, killed a man in Medina they said was the leader of al Qaeda on the Arab Peninsula.

"Militants" Held In Saudi Arabia (BBC)

BBC.com, December 2, 2006

The Saudi authorities say they have detained 136 suspected militants, including a potential suicide bomber.

The arrests were made over the past few months in several cities, and those held include members of al-Qaeda-type cells, the interior ministry said.

A ministry spokesman told the BBC that 115 of the suspects were Saudi nationals - the rest were foreigners.

They are accused of planning to bring down the Saudi royal family and attack Western targets.

Militants began a campaign in Saudi Arabia in 2003 with attacks on Western housing compounds.

However violence has declined in recent years in the face of tough security measures.

The only known attempted operation by Islamic militants this year was a foiled attack against the country's largest and most important oil facility.

Religious decrees

The interior ministry spokesman, General Mansoor al-Turki, said some of the militant groups had been about to carry out attacks in Saudi Arabia while others were still in the preparatory stages.

He said the authorities had withheld the announcement of the arrests until all the suspects had been rounded up.

"We're talking about eight different cells that were caught all over the kingdom, in almost all areas," Mr Turki told the BBC.

Some of those arrested were recruiting others to fight in "unstable countries", he added.

Others were allegedly recruiting militants to be trained abroad and then sent back to Saudi Arabia to carry out attacks.

The War On Terror, Under New Scrutiny (NYT)

By James Risen

The New York Times, December 3, 2006

IN the frantic first few months after the Sept. 11, 2001, attacks, the Bush administration created what amounted to a new secret side of the government, based on an expansive view of the president's authority to wage the war on terror. From secret C.I.A. prisons and harsh interrogation tactics overseas to warrantless eavesdropping at home, the new counterterror structure was established with little Congressional oversight or legal scrutiny.

For several years after 9/11, President Bush was given broad latitude by the legislative and judicial branches to fight terrorism as he saw fit. But 2006 has seen the American government's system of checks and balances slowly clicking back into place, forcing the Bush White House to confront new limits and more scrutiny.

A series of developments last week reflected that changed reality. The Justice Department inspector general's office announced that it had begun an internal investigation into the department's role in the National Security Agency's domestic spying program, after the administration agreed to give the office's staff the necessary security clearances.

Separately, the federal government agreed to pay $2 million to a settle a lawsuit brought by an Oregon lawyer wrongly arrested after the F.B.I. mistakenly linked him to the 2004 Madrid train bombings based on a faulty fingerprint match.

In a third case, a German man abducted in 2003 and held in a C.I.A. secret prison in Afghanistan urged a federal appeals court to allow him to pursue a lawsuit against the United States that had been dismissed for national security reasons. He then went to Washington to meet with Congressional aides about his case.

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Those actions followed much more consequential changes in the legal and political landscape this year. The Supreme Court set the tone in June, with its landmark ruling in the case of Hamdan v. Rumsfeld, which struck at the heart of President Bush's assertion of executive power to wage the war on terror.

The court repudiated the president's plan to put detainees at Guantánamo Bay on trial before military commissions, ruling that the panels were unauthorized by federal statute and violated international law.

The ruling forced Congress to set up a system of military commissions, with lawmakers agreeing with the president that evidence could be withheld from terror suspects in some instances, and detainees could be barred from going to court to challenge their confinement.

But the Hamdan ruling also raised questions about the legality of other counterterrorism programs. Two months after the decision, a federal judge in Detroit ruled that the National Security Agency's domestic eavesdropping was unconstitutional, rejecting among other arguments that the president's constitutional authority allowed the program. The ruling set the stage for what seems likely to be a prolonged legal battle.

The impact of the Hamdan ruling was followed by the political impact of last month's Democratic electoral victory. With both the House and Senate now under Democratic control, greater Congressional oversight of the war on terror seems certain, a climate that the administration says will hamper its efforts to protect national security.

"The administration probably feels like it is under attack on all fronts, but I think it is just the fact that the checks and balances in our democracy are beginning to reassert themselves," said Jeffrey Smith, former general counsel of the Central Intelligence Agency and now a Washington lawyer.

"The president was probably correct in the days after 9/11 when he saw that the laws on the books were inadequate to deal with the threat we faced," Mr. Smith added. "But he was very wrong to thus conclude that he could act as he saw fit. The failure to get legal authority meant that he didn't have the legal basis and public support to make these programs sustainable legally and politically."

Suzanne Spaulding, a former Congressional intelligence staffer and now a Washington lawyer, said she believed that the midterm elections and the Hamdan decision have substantially changed the climate in Washington for the war on terror.

"I think the ability of the Justice Department inspector general to get clearances to investigate the N.S.A. program may very well reflect the administration's responses to the changes on the Hill," Ms. Spaulding said.

"And the judiciary is not always impervious to the mood of the country. At the same time, it does have a trickle-down effect when the Supreme Court expresses its opinion."

Representative Jane Harman, the moderate California Democrat who just lost her bid to become chairman of the House Permanent Select Committee on Intelligence, told a Washington conference of experts on national security law on Friday that President Bush missed opportunities to establish a stronger basis for the war on terror by refusing to work with Congress and the courts early on.

"When faced with difficult questions of executive authority, the response of the president has been to claim that the Constitution allows exactly what his office of legal counsel says it does," Ms. Harman said. "This just isn't a good way to run a country."

The Bush administration, meanwhile, continues to assert that it has operated legally, has broad authority to wage the war on terror, and will continue to use that authority to protect Americans.

Desperate Guantanamo Detainees Turn To Each Other For Legal Help (AP)

By John Heilprin

AP, December 3, 2006

WASHINGTON -- Like more than a hundred enemy combatants held without charges at the Navy's Guantanamo Bay in Cuba, Hamid Al Razak of Afghanistan turned to a fellow prisoner for legal help.

His bid for help unleashed a federal judge's condemnation of the U.S. government's detention policies.

Dozens more held at Guantanamo, cut off from the outside world and lacking English language skills or any knowledge of the justice system, are still seeking representation from other detainees -- who are either free now or have access to an attorney.

"It is often said that 'justice delayed is justice denied.' Nothing could be closer to the truth with reference to the Guantanamo Bay cases," U.S. District Judge Gladys Kessler of Washington D.C. wrote in a ruling Friday, spurning the Pentagon's attempt to deny Bisher Al Rawi, another Afghan man held at Guantanamo, from representing his friend Al Razak.

Al Rawi would represent his friend with the help of the Center for Constitutional Rights, which has aided several hundred Guantanamo detainees, and New York lawyer Alan Sussman.

Al Razak's legal filings say he is not a member of the Taliban, al-Qaida or any terrorist group, but has been kept in isolation, repeatedly interrogated and severely beaten, put in cages without privacy, shackled with heavy chains and irons, exposed to extreme temperatures, sexually humiliated and subjected to violent behavior and psychological abuse.

Kessler wrote that Al Razak has been cut off from family, friends and indeed all of the outside world for more than three years, can't speak English, doesn't know the criminal justice system, lacks access to a law library, and has no criminal charges filed against him.

"He has every reason to distrust his captors and keepers. He has every reason to rely on the friendship of other detainees, who speak his language and suffer the same disabilities. He has every reason to challenge his detainment," Kessler wrote. "He cannot communicate with his attorney, nor does he even know at present that he has an attorney. He has no expectation of release, ever."

The Bush administration has argued that it has made numerous efforts to make lawyers available and that more than 200 of the detainees have filed a petition that allows a civilian judge to consider their cases.

A Pentagon spokesman, Navy Cmdr. Jeffrey D. Gordon, on Saturday defended the detention policies at Guantanamo and said multiple reviews have been conducted for each of the people held there. More than 400 detainees remain at Guantanamo; several hundred were allowed to leave the prison for other countries, according to the Pentagon.

Gordon said that "humane treatment is the standard" at Guantanamo, which represents the culmination of a major undertaking to pick up hundreds of military combatants found in Afghanistan or trying to flee into Pakistan, among other places. A U.S. Army colonel is investigating allegations of prisoner abuse at Guantanamo Bay.

"Now they're going to face justice," said Gordon, who lacked an explanation for why the Pentagon had sought to block the dozens of prisoners from being represented from fellow detainees whom they considered friends.

Not so, according to Kessler, who wrote that just because "some of the unfortunate petitioners who have been detained for many years in the terrible conditions at Guantanamo Bay" were able to file a writ of habeus corpus doesn't show that Al Razak should have been able to do it for himself.

William Goodman, legal director for the center, said the judge's insights are universal for all the detainees, particularly those like Al Razak who need a friend to represent them.

"Many of these people are isolated, they do not know English, they do not know the Western legal system and they are intentionally kept in the dark by the Department of Defense," Goodman said. "There are probably well over 100 who have been in his situation, who have to clear this hurdle."

Warrantless Surveillance Issue Demands Scrutiny (CCCT)

Corpus Christi (TX) Caller-Times, December 3, 2006

The Bush administration's warrantless domestic surveillance program came to light a year ago this December. The president had authorized what was then a secret program that allowed the National Security Agency to eavesdrop on calls and e-mails between the United States and foreign countries.

Since then, President Bush has strongly defended the program, saying that the nation's security depends on allowing government agents to tap phone calls or troll for information relating to terrorism.

But many legal experts believe the president's program violates the Foreign Intelligence Surveillance Act, enacted in 1978 to regulate domestic wiretapping. Under this act, the NSA must obtain warrants from a judicial panel before it can engage in wiretap operations.

The 11-member FISA court has approved thousands of wiretap operations, often retroactively. But this court's actions are geared toward specific cases. The spying authorized by the president apparently involves "trolling" for data by listening in on

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thousands or hundreds of thousands of phone calls and e-mail communications. This involves super computers programmed to search the data base for patterns of information, which makes it difficult to seek FISA court approval.

Critics of President Bush's action said that even if the broader surveillance program could be justified in this post-9/11 world, the president erred by not asking Congress to change the FISA law to make the operation legal and constitutional.

U.S. District Judge Anna Diggs Taylor ruled in August that the NSA program is in violation of both statutory and constitutional law. After Taylor's decision, the House passed a measure to overhaul the rules to allow wiretaps without warrants. In the Senate, Arlen Specter drafted legislation to allow the program to continue with legal review. Such efforts to codify the program are considered dead following the November elections.

This week, the Justice Department's inspector general said he will conduct an investigation to determine how the information obtained by the wiretap program has been used. He will also look at compliance with the FISA law.

The 110th Congress, soon after it takes office in January, must deal with this issue. If the Bush White House is right that new tools are needed to permit "data mining" to fight the war on terrorism, then those tools should be incorporated into law, with judicial oversight to protect the rights of American citizens.

If the NSA wiretap program violates the law, as Judge Taylor ruled, then Congress has the authority to direct the president to curtail it until legal oversight is provided. The FISA framework would simply need to be reworked. Oversight of U.S. intelligence operations is a responsibility of Congress. It must act to 1) protect our national security and, 2) protect Americans' constitutional liberties. Neither of these should trump the other.

Better Signs On Wiretaps (TENN)

Nashville Tennessean, December 3, 2006

A decision by the inspector general of the Justice Department to look into the controversial wiretapping program used in the war on terror could restore some public trust, although the scope of the probe is limited.

Inspector General Glenn Fine says investigators will look into how Justice used information gathered from the wiretapping at the National Security Agency.

Fine had previously said no to a review, claiming the role should fall to the department's Office of Professional Responsibility. President Bush did not allow security clearance for investigators from that office.

Concerns were raised when word got out that the NSA was monitoring phone calls between people in the U.S. and other countries without court oversight. The news drew criticism from civil liberties groups. It did not build trust when the Bush administration reacted so strongly that even the existence of the program had become known to the public.

It is important to note that the Justice probe will not deal specifically with whether the NSA program breaks the law or violates the Constitution, but it was also notable recently that members of a special board appointed to examine privacy concerns expressed satisfaction with the way eavesdropping had been conducted.

The developments do suggest that a greater measure of accountability is in store.

The administration may find that with a reasonable amount of disclosure, more Americans will feel comfortable with the techniques being used. But anytime programs are cloaked in secrecy, they invite the very sort of skepticism and scrutiny the program has received. •

WAR NEWS:

Rumsfeld's Memo Of Options For Iraq War (NYT)

The New York Times, December 3, 2006

Following is the text of a classified Nov. 6 memorandum that Defense Secretary Donald H. Rumsfeld sent to the White House suggesting new options in Iraq. The memorandum was sent one day before the midterm Congressional elections and two days before Mr. Rumsfeld resigned.

Nov. 6, 2006

SUBJECT: Iraq — Illustrative New Courses of Action

DOJ_NMG_0101064

The situation in Iraq has been evolving, and U.S. forces have adjusted, over time, from major combat operations to counterterrorism, to counterinsurgency, to dealing with death squads and sectarian violence. In my view it is time for a major adjustment. Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough. Following is a range of options:

ILLUSTRATIVE OPTIONS

Above the Line: (Many of these options could and, in a number of cases, should be done in combination with others)

¶Publicly announce a set of benchmarks agreed to by the Iraqi Government and the U.S. — political, economic and security goals — to chart a path ahead for the Iraqi government and Iraqi people (to get them moving) and for the U.S. public (to reassure them that progress can and is being made).

¶Significantly increase U.S. trainers and embeds, and transfer more U.S. equipment to Iraqi Security forces (ISF), to further accelerate their capabilities by refocusing the assignment of some significant portion of the U.S. troops currently in Iraq.

¶Initiate a reverse embeds program, like the Korean Katusas, by putting one or more Iraqi soldiers with every U.S. and possibly Coalition squad, to improve our units' language capabilities and cultural awareness and to give the Iraqis experience and training with professional U.S. troops.

¶Aggressively beef up the Iraqi MOD and MOI, and other Iraqi ministries critical to the success of the ISF — the Iraqi Ministries of Finance, Planning, Health, Criminal Justice, Prisons, etc. — by reaching out to U.S. military retirees and Reserve/National Guard volunteers (i.e., give up on trying to get other USG Departments to do it.)

¶Conduct an accelerated draw-down of U.S. bases. We have already reduced from 110 to 55 bases. Plan to get down to 10 to 15 bases by April 2007, and to 5 bases by July 2007.

¶Retain high-end SOF capability and necessary support structure to target Al Qaeda, death squads, and Iranians in Iraq, while drawing down all other Coalition forces, except those necessary to provide certain key enablers for the ISF.

¶Initiate an approach where U.S. forces provide security only for those provinces or cities that openly request U.S. help and that actively cooperate, with the stipulation being that unless they cooperate fully, U.S. forces would leave their province.

¶Stop rewarding bad behavior, as was done in Fallujah when they pushed in reconstruction funds, and start rewarding good behavior. Put our reconstruction efforts in those parts of Iraq that are behaving, and invest and create havens of opportunity to reward them for their good behavior. As the old saying goes, "If you want more of something, reward it; if you want less of something, penalize it." No more reconstruction assistance in areas where there is violence.

¶Position substantial U.S. forces near the Iranian and Syrian borders to reduce infiltration and, importantly, reduce Iranian influence on the Iraqi Government.

¶Withdraw U.S. forces from vulnerable positions — cities, patrolling, etc. — and move U.S. forces to a Quick Reaction Force (QRF) status, operating from within Iraq and Kuwait, to be available when Iraqi security forces need assistance.

¶Begin modest withdrawals of U.S. and Coalition forces (start "taking our hand off the bicycle seat"), so Iraqis know they have to pull up their socks, step up and take responsibility for their country.

¶Provide money to key political and religious leaders (as Saddam Hussein did), to get them to help us get through this difficult period.

¶Initiate a massive program for unemployed youth. It would have to be run by U.S. forces, since no other organization could do it.

¶Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis. This will give us the ability to readjust and move to another course, if necessary, and therefore not "lose."

¶Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist.

Below the Line (less attractive options):

¶Continue on the current path.

¶Move a large fraction of all U.S. Forces into Baghdad to attempt to control it.

¶Increase Brigade Combat Teams and U.S. forces in Iraq substantially.

¶Set a firm withdrawal date to leave. Declare that with Saddam gone and Iraq a sovereign nation, the Iraqi people can govern themselves. Tell Iran and Syria to stay out.

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¶Assist in accelerating an aggressive federalism plan, moving towards three separate states — Sunni, Shia, and Kurd.

¶Try a Dayton-like process.

Rumsfeld Memo On Iraq Proposed "Major" Change (NYT)

By Michael R. Gordon, David S. Cloud

The New York Times, December 3, 2006

WASHINGTON, Dec. 2 — Two days before he resigned as defense secretary, Donald H. Rumsfeld submitted a classified memo to the White House that acknowledged that the Bush administration's strategy in Iraq was not working and called for a major course correction.

"In my view it is time for a major adjustment," wrote Mr. Rumsfeld, who has been a symbol of a dogged stay-the-course policy. "Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough."

Nor did Mr. Rumsfeld seem confident that the administration would readily develop an effective alternative. To limit the political fallout from shifting course, he suggested the administration consider a campaign to lower public expectations.

"Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis," he wrote. "This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose.' "

"Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist," he added. The memo suggests frustration with the pace of turning over responsibility to the Iraqi authorities; in fact, the memo calls for examination of ideas that roughly parallel troop withdrawal proposals presented by some of the White House's sharpest Democratic critics. [Text, Page 28.]

The memo's discussion of possible troop reduction options offers a counterpoint to Mr. Rumsfeld's frequent public suggestions that discussions about force levels are driven by requests from American military commanders.

It also puts on the table several ideas for troop redeployments or withdrawals, even as there have been recent pronouncements from American commanders emphasizing the need to maintain troop levels for the time being.

The memorandum sometimes has a finger-wagging tone, as Mr. Rumsfeld says that the Iraqis must "pull up their socks," and suggests that reconstruction aid should be withheld in violent areas to avoid rewarding "bad behavior."

Other options called for shrinking the number of bases, establishing benchmarks that would mark the Iraqis' progress toward political, economic and security goals and conducting a "reverse embeds" program to attach Iraqi soldiers to American squads.

The memo was finished one day after President Bush interviewed Robert M. Gates, the president of Texas A&M University, as a potential successor to Mr. Rumsfeld and one day before the midterm elections. By then it was clear that the Republicans appeared likely to suffer a setback at the polls and that the administration was poised to begin reconsidering its Iraq strategy.

The memo provides no indication that Mr. Rumsfeld intended to leave his Pentagon post. It is unclear whether he knew at that point that he was about to be replaced, though the White House has said that Mr. Bush and Mr. Rumsfeld had a number of conversations on the matter.

Told that The New York Times had obtained a copy of it, a Pentagon spokesman, Eric Ruff, confirmed its authenticity. "As it became clear that people were considering options for the way forward, the secretary had some views on the subject, and this memo reflects those views," he said.

At the Pentagon, Mr. Rumsfeld has been famous for his "snowflakes" — memos that drift down to the bureaucracy from on high and that are used to ask questions, stimulate debate and shape policy. Mr. Rumsfeld's Nov. 6 memorandum, circulated as part of the administration's review of Iraq policy, is written in that spirit and with the same blunt aphorisms that Mr. Rumsfeld frequently uses in public.

Unlike the lawyerly memo on Iraq policy submitted Nov. 8 by Stephen J. Hadley, the national security adviser, Mr. Rumsfeld's listed more than a dozen "illustrative options" that the defense secretary did not endorse, but suggested merited serious consideration. "Many of these options could, and in a number of cases, should be done in combination with others," Mr. Rumsfeld advised.

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With Mr. Rumsfeld's resignation, the options no longer have the same weight. In recent weeks, some have been discarded as the Bush administration tries to adjust its military and political strategy in Iraq. But others, like increasing the number of advisers attached to Iraqi forces, live on and have also been recommended by others.

Mr. Rumsfeld, who has presided over two wars and is one of the longest-serving Pentagon chiefs, is scheduled to leave when his designated successor, Mr. Gates, is confirmed by the Senate, expected later this month.

Titled "Iraq — Illustrative New Courses of Action," the memo reflects mounting concern over a war that, as Mr. Rumsfeld put it, has evolved from "major combat operations to counterterrorism, to counterinsurgency, to dealing with death squads and sectarian violence."

The first section of the memo contains two pages of options that Mr. Rumsfeld describes as "above the line" ideas worthy of consideration. Some that Mr. Rumsfeld found intriguing appear to reflect his long-held view that the United States should use relatively modest force in intervening in foreign countries to avoid creating a dependency on American power. That approach, critics have charged, left the United States unprepared to deal with the chaos that followed the ouster of Saddam Hussein.

Mr. Rumsfeld has frequently emphasized the difficulty of stabilizing Iraq and the need to turn over responsibility to Iraqi authorities as quickly as possible. But he has also been a forceful, even cantankerous, defender of American policy, often insisting his critics were unduly pessimistic. On Oct. 31, just a week before finishing the memo, Mr. Rumsfeld told a radio interviewer, "I feel that we are making good progress with the piece of it the Defense Department has."

One option Mr. Rumsfeld offered calls for modest troop withdrawals "so Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Another option calls for redeploying American troops from "vulnerable positions" in Baghdad and other cities to safer areas in Iraq or Kuwait, where they would act as a "quick reaction force." That idea is similar to a plan suggested by Representative John P. Murtha, a Pennsylvania Democrat, a plan that the White House has soundly rebuffed.

Still another option calls for consolidating the number of American bases in Iraq to 5 from 55 by July 2007, a considerable shrinking of the American footprint. At the same time, Mr. Rumsfeld all but dismisses the idea of setting a firm date for removing forces from Iraq, listing it as one of the less palatable ideas.

One of the more provocative options would punish provinces that failed to cooperate with the Americans by withdrawing economic assistance and security. "Stop rewarding bad behavior, as was done in Falluja when they pushed in reconstruction funds, and start rewarding good behavior," the option reads. "No more reconstruction assistance in areas where there is violence."

Some military officers have said that the idea of denying assistance in some areas ignores the fact that many Iraqis are afraid to cooperate with the Americans for fear of retaliation by insurgents.

Falluja has been the focus of reconstruction efforts following an offensive by Americans that crippled city services and damaged scores of buildings, leaving the United States few options beyond rebuilding or evacuating the city. Now, it is considered by the Marines to be one of the few relatively stable areas in the dangerous Anbar Province. Many of the other towns in the region have become even more hostile because the economic assistance has been minimal, leaving the residents feeling neglected by the authorities in Baghdad, military officers say.

Then, too, work on infrastructure that sprawls across the country, like the electrical grid and the oil pipelines, network, cannot be limited to nonviolent areas.

"There is an element of throwing in the towel and effectively giving up on at least some areas of the country," said James Dobbins, a former State Department official and director of the International Security and Defense Policy Center at RAND.

In any case, administration officials indicated this week that withholding assistance was not under serious consideration.

Reflecting exasperation with much of the American government, another option in the memo raises the possibility of using military reservists to "beef up" the Iraqi government's ministries. "Give up on trying to get other USG Departments to do it," he writes, referring to other United States government agencies.

Taking a leaf out of Mr. Hussein's book, Mr. Rumsfeld seemed to see some merit in the former dictator's practice of paying Iraqi leaders. "Provide money to key political and religious leaders (as Saddam Hussein did), to get them to help us get through this difficult period," one option reads.

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The list of favored options notably does not mention the “clear, hold and build” approach that the White House has touted as its strategy for waging counterinsurgency. That is a troop-intensive approach that calls for clearing contested areas with American and Iraqi troops, holding them with American and Iraqi forces and then carrying out reconstruction programs to win support. Nor does the list make the withdrawal of American forces explicitly contingent on improving conditions in Iraq.

The final page of the memo is a brief list of six “less attractive” options, which Mr. Rumsfeld describes as “below the line.” They include an “aggressive federalism plan,” an international conference modeled on the Dayton accords that produced an agreement on Bosnia and an idea that is currently being seriously discussed by senior administration officials: temporarily sending 20,000 additional American forces or more to Baghdad to try to improve security there and regain momentum.

Moving a large fraction of American forces to Baghdad to “attempt to control it,” Mr. Rumsfeld writes without further elaboration, would be “below the line.”

Rumsfeld Called For Change In War Plan (WP)

By Ann Scott Tyson

The Washington Post, December 3, 2006

Two days before he resigned from the Pentagon, Defense Secretary Donald H. Rumsfeld sent to the White House a classified memo recommending "a major adjustment" in Iraq strategy and acknowledging slow progress there.

"Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough," Rumsfeld wrote in the Nov. 6 memo.

Rumsfeld has made similar comments in public about insufficient progress in Iraq, both before and immediately after his resignation on Nov. 8.

But the defense secretary's unusually expansive memo also laid out a series of 21 possible courses of action regarding Iraq strategy, including many that would transform the U.S. occupation.

Michael O'Hanlon, a defense analyst at the Brookings Institution, said the revelation of the memo would undercut any attempt by President Bush to defend anything resembling a "stay the course" policy in Iraq.

"When you have the outgoing secretary of defense, the main architect of Bush's policy, saying it's failing, that puts a lot more pressure on Bush," he said.

The memo makes clear that Rumsfeld understood acutely the political implications of changing strategy.

"Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis," he wrote in one of the bulleted options. "This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose.' "

He next advised: "Recast the U.S. military mission and the U.S. goals (how we talk about them) -- go minimalist."

Similarly, Rumsfeld advocated announcing "a set of benchmarks" for the Iraqi government -- "to get them moving," he added parenthetically, as well as to "reassure" the U.S. public that progress can be made.

The existence of the memo was first reported last night by the New York Times, which posted it on its Web site. The Pentagon confirmed the memo's authenticity.

Asked about the memo, White House spokeswoman Eryn Witcher said: "The president has said he's been dissatisfied with the progress in Iraq, so the right thing to do is reevaluate our tactics. There are a number of reviews underway, and the president is open to listening to a wide array of options."

Rumsfeld's ideas did not depart radically from the alternative strategies emerging so far from the bipartisan Iraq Study Group or from other military and governmental Iraq policy reviews initiated in recent weeks.

For example, Rumsfeld called for significantly increasing the number of U.S. military trainers embedded with Iraqi forces, and, in a twist, for "a reverse embeds program" that would place Iraqi soldiers with American squads, partly to boost the Arabic-language skills of U.S. troops.

Several options Rumsfeld raised involve withdrawing or pulling back the 140,000 U.S. troops in Iraq as a way to pressure the Iraqi government to take greater responsibility for its own security. This idea, favored by many Democrats in Congress, has not been publicly embraced by Rumsfeld to such a degree. Still, Rumsfeld wrote that he opposed setting a firm withdrawal date.

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"Begin modest withdrawals of U.S. and Coalition forces (start 'taking our hand off the bicycle seat'), so Iraqis know they have to pull up their socks, step up, and take responsibility for their country," Rumsfeld wrote.

Rumsfeld suggested using the security provided by U.S. troops in a carrot-and-stick approach, providing security only for provinces and cities that fully cooperate with U.S. forces. Similarly, reconstruction aid should go only to "those parts of Iraq that are behaving," he wrote, adding: "No more reconstruction assistance in areas where there is violence."

Options the defense secretary characterized as "less attractive" involved U.S. troop increases, such as a surge in U.S. forces into Baghdad or substantially increasing the number of American combat brigades in Iraq. The only place he recommended a U.S. troop increase was along Iraq's borders with Syria and Iran.

Rumsfeld's well-known frustration with other branches of the U.S. government comes through repeatedly in the memo and is far blunter than the secretary has been in public. He called for reaching out to U.S. military retirees and reservists to "aggressively beef up" Iraqi ministries, adding, "i.e. give up on trying to get other USG Departments to do it."

Similarly, he called for a "massive program for unemployed youth" but said it would have to be run by U.S. forces, "since no other organization could do it."

Retired Army Col. Andrew Bacevich, now a professor of international relations at Boston University, said his impression of the memo is that it is a "laundry list" of current ideas entirely lacking in analysis.

"The memo is a tacit admission of desperation and of impending failure," said Bacevich, who has been critical of the conduct of the war.

People in Washington familiar with the workings of the Pentagon and the media were suspicious of the motives behind the leak of the memo.

Retired Army Maj. Gen. Paul Eaton, an Iraq veteran who has been critical of Rumsfeld, said he was bothered by both the timing and the substance of the memo.

"For Mr. Rumsfeld to write this leaked memo, saying things aren't going well, is disingenuous and self-serving," said Eaton.

But he added that he did not think it would affect the morale of troops or officers serving in Iraq, saying he thought they would dismiss it as irrelevant "high-level politics."

Rumsfeld Memo Called For New Iraq Strategy (LAT)

By Josh Meyer, Times Staff Writer

The Los Angeles Times, December 3, 2006

Days before resigning, the secretary urged new strategies, including troop reductions.

WASHINGTON — Two days before he resigned as secretary of Defense, Donald H. Rumsfeld sent a rambling memo to the White House in which he acknowledged that the current U.S. strategy in Iraq was not working and offered several diverging scenarios for reversing course.

In the classified, three-page document, Rumsfeld offered several options for reducing troop presence in Iraq, including some that were similar to proposals by Democratic critics of the war in Iraq and that have been sharply opposed by the Bush administration.

And he suggested one potentially controversial plan of action that had been used in a different form by deposed dictator Saddam Hussein — paying off "key political and religious leaders" so they would be more compliant with U.S. occupying forces in the war-torn country and its capital, Baghdad.

"In my view it is time for a major adjustment," Rumsfeld wrote in the Nov. 6 memo. "Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough."

Until his resignation, Rumsfeld frequently had said that the overall course of action in Iraq was working, even if it needed adjustments. And while he has said he bases his decisions on input from commanders, his memo is peppered with proposals that run counter to the advice of officers, most of whom have opposed redeployments or withdrawals.

Critics immediately seized on the memo as an admission of failure by one of the administration's primary architects of the Iraq war and its aftermath.

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"This is an unbelievable memo. It is an admission of failure. It is more frank than anything that any [administration] official has said publicly in the three years of the war," said Joseph Cirincione, senior vice president for national security at the Center for American Progress, a liberal think tank.

In the memo, first reported Saturday by the New York Times on its website and titled "Illustrative New Courses of Action," Rumsfeld describes a "range of options" for the White House to consider. Many of them involve sharply drawing down U.S. troop presence in Iraq by mid-2007.

"Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist," Rumsfeld suggested. For instance, he proposed an accelerated shuttering or consolidation of most U.S. military bases in Iraq.

"We have already reduced from 110 to 55 bases," he wrote. "Plan to get down to 10 to 15 bases by April 2007, and to 5 bases by July 2007."

Another option: withdrawing U.S. forces from vulnerable positions, such as cities and patrols, and moving them to a "Quick Reaction Force" status, in which they would operate from within Iraq and neighboring Kuwait.

Rumsfeld also proposed keeping high-end special operations forces in Iraq to target Al Qaeda, death squads and Iranians, but "drawing down all other Coalition forces," except for key U.S. advisors.

He suggested a new approach in which U.S. forces would only provide security for those provinces or cities that openly request it — "and that actively cooperate, with the stipulation being that unless they cooperate fully, U.S. forces would leave their province."

In areas where there is continued violence, Rumsfeld proposed that U.S. forces stop helping Iraqis, particularly with reconstruction efforts.

"As the old saying goes, 'If you want more of something, reward it; if you want less of something, penalize it,' " he wrote.

All told, such drawdown efforts would send a strong signal to Iraqis, Rumsfeld said. He described it as " 'taking our hand off the bicycle seat,' so Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Eric Ruff, the senior Pentagon spokesman, said the formulation of the memo evolved over a period of several weeks.

"There had been a lot of discussion over a period of several weeks; people were discussing different options and various approaches, and the secretary had some views on the matter, and the memo reflects those views," Ruff said.

The White House said President Bush was reviewing Rumsfeld's proposals, along with many others. "The president has said he's been dissatisfied with the progress in Iraq. So the right thing to do is reevaluate our tactics," said spokeswoman Eryn Witcher.

The memo was sent one day after Bush had interviewed Rumsfeld's appointed successor, Robert M. Gates, the former CIA director and president of Texas A&M University. But Pentagon and White House officials, speaking on condition of anonymity, said they believed that the timing was coincidental, and that the memo had nothing to do with Rumsfeld's impending departure or any efforts on his behalf to keep his job.

In the memo, Rumsfeld offered alternatives to troop reductions. He proposed stepping up the public relations campaign in Iraq by announcing a set of benchmarks that would reassure the U.S. public and give the appearance "that progress can and is being made."

Even so, Rumsfeld cautioned that the administration should take steps to lower expectations and keep its options open.

"Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis," he wrote. "This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose.' "

Lawrence Di Rita, Rumsfeld's press secretary from 2001 until May, said the memo shows how his former boss operates.

"He is always throwing things out there for people to consider. That is what good leaders do," Di Rita said. "This is his way of recognizing that our policy is in need of adapting to the realities" in Iraq.

A senior administration official said the memo should not be seen as Rumsfeld abdicating his long-held beliefs about the administration's strategy in Iraq. Instead, it shows how the defense secretary was trying to present the White House with all available options to consider when deciding how to go forward with the war in Iraq, he said, speaking on condition of anonymity because the memo had not been formally made public.

"This is vintage Rumsfeld," the senior administration official said.

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(INFOBOX BELOW)

EXCERPTS FROM RUMSFELD MEMO

`It is time for a major adjustment'

The situation in Iraq has been evolving, and U.S. forces have adjusted, over time, from major combat operations to counterterrorism, to counterinsurgency, to dealing with death squads and sectarian violence. In my view it is time for a major adjustment. Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough. Following is a range of options:

Illustrative options

Above the Line (many of these options could and, in a number of cases, should be done in combination with others):

• Publicly announce a set of benchmarks agreed to by the Iraqi government and the U.S. — political, economic and security goals — to chart a path ahead for the Iraqi government and Iraqi people (to get them moving) and for the U.S. public (to reassure them that progress can and is being made).

• Significantly increase U.S. trainers and embeds, and transfer more U.S. equipment to Iraqi security forces (ISF), to further accelerate their capabilities by refocusing the assignment of some significant portion of the U.S. troops currently in Iraq.

• Conduct an accelerated draw-down of U.S. bases.

• Initiate an approach where U.S. forces provide security only for those provinces or cities that openly request U.S. help and that actively cooperate, with the stipulation being that unless they cooperate fully, U.S. forces would leave their province.

• Stop rewarding bad behavior, as was done in Fallouja when they pushed in reconstruction funds, and start rewarding good behavior. Put our reconstruction efforts in those parts of Iraq that are behaving, and invest and create havens of opportunity to reward them for their good behavior. As the old saying goes, "If you want more of something, reward it; if you want less of something, penalize it." No more reconstruction assistance in areas where there is violence.

• Withdraw U.S. forces from vulnerable positions — cities, patrolling, etc. — and move U.S. forces to a Quick Reaction Force (QRF) status, operating from within Iraq and Kuwait, to be available when Iraqi security forces need assistance.

• Begin modest withdrawals of U.S. and coalition forces (start "taking our hand off the bicycle seat"), so Iraqis know they have to pull up their socks, step up and take responsibility for their country.

• Provide money to key political and religious leaders (as Saddam Hussein did), to get them to help us get through this difficult period.

Below the Line (less attractive options):

• Continue on the current path.

• Move a large fraction of all U.S. forces into Baghdad to attempt to control it.

• Increase Brigade Combat Teams and U.S. forces in Iraq substantially.

• Set a firm withdrawal date to leave. Declare that with Saddam gone and Iraq a sovereign nation, the Iraqi people can govern themselves. Tell Iran and Syria to stay out.

• Assist in accelerating an aggressive federalism plan, moving toward three separate states — Sunni, Shia, and Kurd.

Rumsfeld Memo: Iraq Tactics Not Working (AP)

By Robert Burns,

AP, December 3, 2006

President Bush said Saturday he wants to hear all advice before making decisions about changes in Iraq strategy, even as it was disclosed that Donald H. Rumsfeld called for major changes in tactics two days before he resigned as defense secretary.

"In my view it is time for a major adjustment," Rumsfeld wrote in a Nov. 6 memo to the White House. "Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough."

Existence of the classified memo was first reported by The New York Times on its Internet site Saturday evening in a story for the paper's Sunday editions.

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Pentagon press secretary Eric Ruff said he was not the source of the leak to the Times, but confirmed the memo's authenticity to The Associated Press late Saturday.

"The formulation of these ideas evolved over a period of several weeks," Ruff said in a telephone interview.

He said the options presented in the paper were Rumsfeld's personal ideas developed in conversations with a variety of people, not part of a formal Pentagon review that also is under way. Rumsfeld had previously said publicly that he believed U.S. efforts in Iraq were not working well enough or fast enough, but he has not called for a "major adjustment" in the U.S. approach to stabilizing Iraq.

Ruff also emphasized that Rumsfeld does not endorse any one particular recommendation, and that he notes in the memo that "many of these options could and, in a number of cases, should be done in combination with others."

Lawrence Di Rita, who was Rumsfeld's chief spokesman before he left the Pentagon last spring, said in a telephone interview Saturday evening that the broad range of options presented by Rumsfeld belies the notion, often cited by his critics, that he is inflexible and reluctant to consider alternative approaches.

"I see this thing as classic Rumsfeld," Di Rita said. "This is the way he operates."

The president acknowledged the difficulties in Iraq in his Saturday radio address and said: "I recognize that the recent violence in Iraq has been unsettling. Many people in our country are wondering about the way forward. The work ahead will not be easy, yet by helping Prime Minister Nouri al-Maliki strengthen Iraq's democratic institutions and promote national reconciliation, our military leaders and diplomats can help put Iraq on a solid path to liberty and democracy."

Bush added: "The decisions we make in Iraq will be felt across the broader Middle East."

The president is under pressure to decide a new blueprint for U.S. involvement in Iraq. A bipartisan commission headed by James A. Baker III, a former Republican secretary of state and Bush family friend from Texas, and former Democratic Rep. Lee Hamilton of Indiana is to present its recommendations to Bush in the coming week.

There is no hint in the memo Rumsfeld sent to the White House a day before the Nov. 7 elections that he intended to resign. However, a person familiar with the sequence of those events told the AP that Rumsfeld did know when he wrote it that he would be leaving. The person discussed the matter on condition of anonymity.

Bush announced Rumsfeld's impending departure the day after Democrats won control of the House and Senate. The president has designated Robert Gates to replace Rumsfeld.

Before listing options for change — many of which are similar to various proposals by people in and out of government, including Democratic critics in Congress — Rumsfeld noted that the situation in Iraq "has been evolving" and said U.S. forces have adjusted from "major combat operations, to counterterrorism, to counterinsurgency, to dealing with death squads and sectarian violence."

Rumsfeld said the administration should "announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis. This will give us the ability to readjust and move to another course, if necessary, and therefore not `lose.'"

At the end of his list of "above the line" preferred options, he recommended: "Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist."

Specifics on his options checklist:

_"Publicly announce a set of benchmarks agreed to by the Iraqi government and the U.S. ... to chart a path ahead for the Iraqi government and Iraqi people (to get them moving) and for the U.S. public (to reassure them that progress can and is being made)."

_"Significantly increase U.S. trainers and embeds, and transfer more U.S. equipment to Iraqi security forces."

_"Initiate a reverse embeds program ... by putting one or more Iraqi soldiers with every U.S. and possibly coalition squad."

_Aggressively beef up Iraqi ministries by reaching out to U.S. military retirees and Reserve and National Guard volunteers.

_Conduct an accelerated drawdown of U.S. bases, noting they have already been reduced from 110 to 55. "Plan to get down to 10 to 15 bases by April 2007, and to 5 bases by July 2007."

_"Retain high-end ... capability ... to target al-Qaida, death squads, and Iranians in Iraq, while drawing down all other coalition forces, except those necessary to provide certain key enablers" for Iraqi forces.

_Provide U.S. security forces "only for those provinces or cities that openly request U.S. help and that actively cooperate."

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_Stop rewarding "bad behavior" with reconstruction funds and start rewarding "good behavior."

_"Position substantial U.S. forces near the Iranian and Syrian borders to reduce infiltration and, importantly, reduce Iranian influence on the Iraqi government."

_Withdraw U.S. forces from vulnerable positions and move to a quick reaction force status, operating from within Iraq and Kuwait, to be available when Iraqi security forces need assistance.

_"Begin modest withdrawals of U.S. and coalition forces (start `taking our hand off the cycle seat') so Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Rumsfeld also listed a handful of "below the line" (less attractive) options that included continuing on the current path, moving a large fraction of all U.S. forces in Iraq into Baghdad, increasing U.S. forces substantially, setting a firm withdrawal date and pushing "an aggressive federalism plan" that would lead to three separate states — Sunni, Shia and Kurd.

Baghdad Market Is Hit By 3 Bombs (WP)

By Sudarsan Raghavan

The Washington Post, December 3, 2006

BAGHDAD, Dec 2 -- A triple car bombing struck a busy shopping district Saturday, killing at least 51 people and wounding more than 90 in an attack timed to inflict as many casualties as possible, according to Iraqi officials.

Three parked cars exploded just before dinnertime as shoppers were buying meat, fruit and vegetables in the bustling majority Shiite neighborhood of Sadriyah. Columns of black smoke hovered above buildings.

The bombing occurred a day after U.S. and Iraqi forces raided the nearby Sunni neighborhood of Fadhil, capturing dozens of suspected Sunni Arab insurgents. It was the deadliest attack since a barrage of car bombs, mortars and missiles hit the Shiite slums of Sadr City on Nov. 23, killing more than 200 people.

And in a pattern indicative of sectarian violence, the Interior Ministry said 44 bodies had been found in Baghdad in a 24-hour period, most of them shot.

Meanwhile, U.S. and Iraqi forces on Saturday launched an offensive in Baqubah, the provincial capital of Diyala province, about 35 miles northeast of Baghdad. The operation resulted in the arrest of 44 insurgents and the release of a 16-year-old kidnapping victim who was held for ransom for 25 days.

The offensive also led to the seizure of several car bombs that were ready to detonate as well as weapons and posters that encouraged sectarian violence, Iraqi army officials said. Saturday's operation came two days after the U.S. military said in a statement that Baqubah was fully operational.

As the fierce clashes occurred, gunmen opened fire on a man and his son in Aswad district, west of Khalis, 10 miles northwest of Baqubah, killing them both, Lt. Ali Khayyam said.

Elsewhere, a roadside bomb killed a driver in Musayyib and armed men attacked a criminal intelligence commissioner's house in the pre-dawn hours of Saturday in the town of Iskandariyah. The assailants injured the commissioner and shot a missile at the house, but he started shooting back, killing two of the assailants. The gun battle continued until Iraqi forces arrived.

In al-Wahada, 22 miles south of Baghdad, a truck rammed into a bus stop, killing about 20 people, wounding 15 and crushing several cars, police said.

Clashes also broke out Saturday between insurgents and U.S. troops in the predominantly Sunni city of Duluiyah, 45 miles north of Baghdad, police Capt. Qassim Mohammed told the Associated Press.

In Anbar province, a U.S. soldier assigned to 1st Battalion, 1st Armored Division, died Friday from "wounds sustained due to enemy action," the military said Saturday.

In the west Baghdad neighborhood of Jihad, special Iraqi army forces, along with U.S. advisers, captured a member of an insurgent cell believed to have directed car bombing attacks, the military said. The Iraqi forces detained five additional suspects during the raid and confiscated several assault rifles.

At Least 51 Killed In Baghdad (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 3, 2006

DOJ_NMG_0101073

BAGHDAD — Car bombs and mortar attacks killed at least 51 people in Baghdad on Saturday as Prime Minister Nouri Maliki met with tribal leaders from a Shiite stronghold in an attempt to mend his fractured government.

"The enemies are trying to disperse us, but they will not be able to," Maliki said, appearing on state-run Al Iraqiya television with 65 representatives of the Sadr City slum who reportedly asked Maliki for more police to patrol the neighborhood.

Sadr City is the stronghold of anti-U.S. cleric Muqtada Sadr. Thirty legislators and six Cabinet ministers loyal to Sadr suspended participation in parliament and Maliki's government Wednesday to protest the prime minister's meeting with President Bush last week in Amman, Jordan.

As Saturday's meeting took place, violence continued in the capital and beyond. The Interior Ministry said 44 bodies were discovered in Baghdad during the previous 24 hours. Most of the victims were middle-aged and had been shot and stripped of identification.

At least half a dozen other Iraqis died in clashes across the country. The U.S. military reported the death of a soldier who had been injured in combat in western Al Anbar province.

In Baghdad, two car bombs exploded Saturday afternoon in the market area of Sadriya and one in the market at Hafidh Qadhi, about 100 yards away, said police Lt. Haitham Kamil. Three mortar attacks followed soon afterward in the same areas, police said.

By nightfall, no one had claimed responsibility for the attacks. Firefighters were still battling flames near the charred remains of numerous victims, a witness said.

The injured filled the hallways at three hospitals.

"We are so overwhelmed that we have left many of the injured in the hallways due to lack of space," a medical assistant at Kindi Hospital said.

Deputy Prime Minister Salam Zikam Ali Zubaie, a member of the major Sunni legislative bloc, was targeted by gunmen while his convoy was traveling in Ghazaliya, a majority Sunni area of Baghdad, police said. He was unharmed, but one of his bodyguards was injured.

Rockets struck near the office of Adnan Dulaimi, leader of a major Sunni party within Zubaie's bloc.

Dulaimi said he was meeting with Sunni and Shiite leaders at a northwest Baghdad mosque to discuss local security at the time of the attack. They watched five rockets strike the area, hitting a school and a mosque, then a nearby house, killing two men and injuring a third.

Dulaimi said he believed that he was targeted by Shiites and that Maliki's government has not protected him.

"I think today is part of the latest escalation, every day hurting and disastrous events that destroy the country and especially Baghdad," he said, urging Shiite politicians who are boycotting Maliki's government to return.

Maliki met Bush a week after bombings and mortar attacks in Sadr City killed at least 215 people and left more than 200 wounded.

The Sadr City tribal leaders who met with Maliki for a half hour Saturday asked him to hire more local people to patrol their Baghdad neighborhood, increasing the police force from 1,460 to 7,000 officers, said Samir Awad, an Iraqi journalist who helped arrange the meeting.

Awad said the Sadr City representatives also proposed a nationwide meeting of tribal leaders from various groups.

In Jordan, Abdelaziz Hakim, a prominent Iraqi Shiite figure who leads a parliamentary bloc comparable in size to Sadr's, spoke out against suggestions that an international summit could address sectarian divisions. Hakim insisted that Iraq's conflicts are political, not sectarian, and could be resolved internally. U.N. Secretary-General Kofi Annan had suggested the meeting.

"It is illogical, unacceptable and incorrect for the Iraqi people that issues related to their self-determination and destiny be decided and molded through international conferences," said Hakim, who leads the Supreme Council for Islamic Revolution in Iraq. He is scheduled to meet with Bush on Monday.

Meanwhile, Iraqi and U.S. troops launched a joint operation in Baqubah, a city about 35 miles northwest of Baghdad that has been under curfew since Friday morning because of insurgent attacks.

Gunmen were walking the streets Saturday, attacking homes and killing residents, witnesses said.

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"This military operation is designed to separate the terrorists from the honorable people of Baqubah and better enable the Iraqi security forces to maintain a secure and stable environment," said Col. David Sutherland, commander of 3rd Brigade Combat Team of the U.S. Army's 1st Cavalry Division.

Military officials said three suspected insurgents were killed in Baqubah and 44 were detained. Soldiers also freed a 16-year-old captive who had been held for 25 days.

U.S. forces in helicopters, jets, scout planes and 20 vehicles launched another assault late Saturday in Duluiya, about 55 miles north of Baghdad, clashing with gunmen, police said.

Baghdad's Yarmouk Hospital came under fire from attackers with machine guns.

They traded fire with police and soldiers at the front gate for half an hour, killing a police officer and injuring three people before the attackers escaped, police said. Staff members said the hospital manager had earlier received anonymous threats that the building would be hit with mortar rounds or bombs if it continued to treat police and soldiers.

Among the other Iraqis killed Saturday were two people on their way to a funeral in the holy city of Najaf, a contractor in the northern city of Mosul who supplied food to U.S. troops, and two people in the southern city of Iskandariya — a driver killed by a roadside bomb and a 25-year-old man shot by U.S. troops while he was attempting to plant a bomb.

51 Dead In Bombings In Iraq Shiite Area (AP)

By Kim Gamel, Associated Press Writer

AP, December 3, 2006

A triple car bombing struck a food market in a predominantly Shiite area in central Baghdad on Saturday, killing at least 51 people a day after a U.S.-Iraqi raid against Sunni insurgents in a nearby neighborhood.

Three parked cars blew up nearly simultaneously as shoppers were buying fruit, vegetables, meat and other items in the busy al-Sadriyah district.

The blasts sent clouds of black smoke over concrete high-rises in the area, which has narrow alleys that made it difficult for ambulances and fire trucks to navigate. At least 51 people were killed and 90 wounded, said police Lt. Mohammed Khayoun and hospital officials.

A cheese vendor who was wounded said the market was full of people shopping on their way home from work.

"We heard a big explosion from the western side of the area and the second from the eastern side. After one minute the third explosion took place near us," Ahmed Salman said from a hospital bed.

It was one of the worst incidents since a bombing and mortar attack killed 215 people and wounded more than 200 in the Shiite district of Sadr City in Baghdad on Nov. 23 amid escalating sectarian conflict.

Nobody claimed responsibility for the attack, but it followed a Friday raid by Iraqi forces backed by U.S. helicopters targeting Sunni insurgents in al-Fadhil, less than a half mile away.

The Sunni Association of Muslim Scholars in Iraq condemned the al-Fadhil raid in a statement Saturday, alleging six people were killed and 13 detained.

Iraqi police said Friday that one Iraqi soldier and two civilians were killed in the fighting, and the U.S. military said 28 people were detained.

Separately, U.S. and Iraqi forces began an offensive Saturday in Baqouba, capital of Diyala province about 35 miles northeast of Baghdad, where fighting has raged for a week between Sunni insurgents and police, the U.S. command said.

At least 36 suspected militants were detained during one pre-dawn raid in Baqouba, police said. Later in the day, state-run Iraqiya television said one al-Qaida in Iraq insurgent was killed and 43 detained, including two foreigners.

Ahmed Fuad, a senior morgue official in Baqouba, said the morgue had received 102 bodies since Nov. 22, only 20 of which had been retrieved by their families.

"We do believe that there are many bodies in some areas of Diyala province, but neither police nor ambulance could fetch them," he said.

Clashes broke out Saturday between insurgents and U.S. troops in the predominantly Sunni city of Duluiyah 45 miles north of Baghdad, police Capt. Qassim Mohammed said.

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Elsewhere, a truck driving at high speed slammed into a bus stop in al-Wahada, 22 miles south of Baghdad, killing about 20 people, wounding 15 and crushing several cars, police said.

Police Lt. Muhammed Al-Shemari said the crash did not appear to be accidental because the truck, an empty fuel tanker, had no obvious mechanical problems.

The driver fled the overturned truck but was caught by witnesses and turned over to police, al-Shemari said, adding that other witnesses found a body in the vehicle's cabin.

Another police officer, who spoke on condition of anonymity because he was not authorized to discuss the probe, said the driver blamed brake failure.

A U.S. Army soldier was reported killed in fighting in the volatile Anbar province on Friday, the military said, raising to at least 2,887 the number of American military personnel who have died since the Iraq war started in March 2003.

Eight other people were killed in attacks nationwide, including a driver and his assistant who were shot to death as they were delivering soft drinks to stores in Baghdad's volatile Sunni neighborhood of Dora.

Iraqi police also found at least 46 bodies of apparent victims of sectarian death squads in Baghdad and three other towns. Forty-two were handcuffed, blindfolded and marked with signs of torture.

Meanwhile, the last of Italy's troops in Iraq returned to Rome on Saturday, a few weeks earlier than the date promised by Italian Premier Romano Prodi. Italy at one point was Washington's second largest coalition partner in Iraq, after Britain, during reconstruction efforts after Saddam Hussein was ousted nearly four years ago.

Whose War Is It? (LAT)

The Los Angeles Times, December 3, 2006

AMERICAN TROOPS must not be allowed to become helpless bystanders in Iraq's civil war. Nor can they become co-conspirators with a government intent on taking sides in this civil war. These two axioms should guide the Bush administration's Iraq policy in the weeks and months ahead.

The endgame to the administration's Mesopotamian adventure may be in sight, but the timeline cannot be dictated by U.S. electoral politics — whether the triumph of the Democrats last month or the needs of Republican presidential hopefuls in 2008. It should depend on the military and political situation on the ground in Iraq.

U.S. troops should remain in that country, but only as long as the Iraqi government is willing and able to stay above the sectarian fray. Indeed, despite talk in Washington of troop reductions, a short-term increase in the number of U.S. troops may be necessary to help turn the tide on the streets of Baghdad and elsewhere in the country. U.S. troops may have to become even more involved in fighting the Sunni/Al Qaeda insurgency directly and in disarming Shiite militias. But they should only do so if the fledgling Iraqi government proves itself an ally committed to building a state that represents all Iraqi factions.

Iraq's commitment, and America's

That question — what exactly is Iraq's government willing and able to do? — provided the dramatic backdrop to last week's meeting in Jordan between President Bush and Iraqi Prime Minister Nouri Maliki. Bush's insistence that Maliki is the "right guy" to lead Iraq was belied by his own national security advisor, Stephen Hadley, who, in a memo leaked to the New York Times, wondered whether Maliki is simply too weak to crack down on the Shiite death squads run by his supporters, or whether he is unwilling to so do.

It's time to find out the answer. We don't know exactly what Bush told Maliki in private, but we hope he told him to clean up his Interior Ministry and to start arresting Shiite death squad leaders. U.S. forces might also execute — or at least threaten to execute — the outstanding arrest warrant on murder charges for Muqtada Sadr, who controls one of the largest Shiite militias and is now boycotting the government. Maliki needs to break with Sadr if he is to be a credible leader in the eyes of moderate Sunnis, and the U.S. needs to take on Sadr if it is to continue imploring neighboring Sunni nations to help bring stability to Iraq.

At the same time, U.S. forces must redouble their efforts to arrest the Sunni terrorists whose atrocities have so provoked the Shiites. Their leaders should be tried and punished; an end to impunity on both sides could help quell vigilantism and help erase the perception that U.S. forces are becoming bystanders to sectarian slaughter.

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Security remains the necessary condition to the political development of a representative government, and an all-out civil war may soon make Iraqis yearn for the terrible old days of Saddam Hussein. Time is running out for the U.S. and Maliki to restore order.

Maliki has promised that Iraqi troops will be ready to take over from the U.S. within six months. Whether that's realistic or not, it's hard to imagine that the U.S. has any more time than that to improve matters. Bush needs to use the leverage gained by those 140,000 U.S. troops in Iraq to pressure Sunnis and Shiites into peace.

Meanwhile, Bush could make the best use of the growing calls for withdrawal from Iraq to hint to Iran and Syria, very privately, that he might do just that. At the moment, Damascus and Tehran can afford to be spoilers, watching the U.S. bleed in Iraq while (so far) being spared the potentially chaotic consequences of a U.S. withdrawal. Suggestions that Saudi Arabia and Jordan might intervene to protect their Sunni brethren if an Iranian-backed Shiite Iraqi government were to rise in Baghdad, possibly triggering a regional conflagration, should give all sides pause.

These steps could bring pressure to bear on Sunnis, Shiites and Kurds to hammer out a new internal political compact that would keep Iraq intact but provide more local autonomy to deal with sectarian tensions. It would necessarily include a long-overdue deal to divide up the nation's oil wealth. Civil wars rarely end at the negotiating table until one side is defeated, or realizes it soon will be, or until stalemate or exhaustion sets in. That may also prove true in Iraq. But there is still time for the living to change history.

We recognize that none of this adds up to a tidy, satisfying road map; there are no easy exits from a quagmire. The quandary for Bush, in some senses ironic, is that the mission of removing Hussein and of turning the nation of Iraq over to its people has been accomplished — but the outcome is still disastrous.

What is the U.S. to do if a sovereign government that represents the nation's long-oppressed majority is intent on settling scores by engaging in sectarian violence? Having dealt with the international dimensions of the threats posed by Hussein's regime (while continuing to worry about the international threat posed by anarchy within Iraq), Washington cannot indefinitely be held responsible for Iraq's domestic travails.

Which is not to say that it cannot be held responsible now. The Bush administration, let's be clear, did botch the postwar occupation of Iraq. Its poorly planned, arrogant and ahistoric approach to the aftermath of the invasion has been a blow to U.S. prestige and will earn Bush a prominent place among the roll call of failed presidents.

The (mis)uses of history

Decades from now, historians will still be debating whether a more competent occupation would have succeeded in building the peaceful, model democracy the administration once talked about, or whether sectarian violence and civil war were inevitable regardless. For now, we can ask how the most powerful nation in the world squandered billions of dollars and tens of thousands of (mostly Iraqi) lives in such a fiasco.

It is often noted that George Marshall had more than three years to develop his occupation plans for Japan and Germany, while retired Lt. Gen. Jay Garner had 60 days to develop his for Iraq. Yet the fault lies not merely in the short time span but in the erratic nature of the planning, which was yanked from the State Department to the National Security Council to the Pentagon and from Garner to J. Paul Bremer III.

Each team spurned the work of its bureaucratic predecessors, and each refused to listen to their country's leading Middle East experts, whose warnings were interpreted as proof of ideological incorrectness. Each also turned a deaf ear to their British allies, whose experiences occupying Iraq after World War I were to prove shockingly relevant.

Historians may identify April 12, 2003, as the day the United States began to lose the peace in Iraq. That's when Defense Secretary Donald H. Rumsfeld, responding to reports of widespread looting, declined to order up more U.S. troops to keep order and protect Iraqi lives and property. Instead, an irritated Rumsfeld asserted that the looting wasn't as bad as media reports made it seem, that it was an understandable result of the pent-up frustration of decades of repression and that "stuff happens."

"Stuff was tolerated" is more like it — and, as anyone familiar with the "broken windows" theory of crime prevention knows, failure to enforce law and order in small ways tends to encourage more brazen provocations. Veterans of conflicts past warned that day that if more troops did not arrive, terrified Iraqis would turn to their own ethnic kin for self-protection. No one was listening.

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The administration's overreaching de-Baathification policy was another terrible blunder. Garner wanted to fire the top three layers of Hussein loyalists and leave Iraqis to deal with the rest, keeping some semblance of a civilian government in place; the Pentagon's Iraqi siren, Ahmad Chalabi, wanted to gut the ancien regime. Chalabi won, and thousands of low-level Sunnis were sacked and replaced by Shiites who saw no need to provide services to Sunni areas.

The senseless disbanding of the Iraqi army also helped bolster the insurgency. Deputy Defense Secretary Paul Wolfowitz erroneously claimed that the Iraqi army had melted away; without consulting the Joint Chiefs of Staff, he and Bremer scrapped the military's plans to order the Iraqi rank and file back for vetting, in exchange for a $20 bonus (six months' pay).

By the time the U.S. military got that order countermanded, it was July. The armed, unemployed and alienated Sunni soldiers didn't wait for Washington to make a decision. Some joined the insurgency. By the time Al Qaeda began to foment attacks on Shiites in August 2003, Sunnis distrusted and disdained the U.S. and had ample motive to make common cause.

The disbanding of the Iraqi civil service and military was especially damaging in light of the administration's haste to transfer sovereignty to a new government. To this day, Washington is paying the price for relying on governmental institutions that it essentially dismantled at the outset of the occupation.

Tempering hope with realism

The history is instructive and, as usual, the road to the present from the past is more apparent than the road ahead, which can at times feel like the quest for the least-disastrous outcome. Iraq can't be a threat to its neighbors. It can't be a trigger for a regional war. It can't become a hollow, failed state that plays host to international terrorists. That much is clear.

U.S. troops should minimize the bloodshed while there is a pluralistic government in place; widespread ethnic cleansing must be averted. These are murkier goals, harder to pursue.

As for the model shining democracy setting an example for the entire Middle East — well, Iraq's realities may have gotten in the way of this particular Washington fantasy.

And Now, Plan B (WP)

The Washington Post, December 3, 2006

THE IRAQ Study Group appears likely to recommend a new course for U.S policy this week that, in important respects, corresponds with what the Bush administration, leading members of Congress and the Iraqi government already are proposing. The elements of that emerging consensus begin with a commitment to greatly increase the U.S. training and advisory mission for the Iraqi army. During the coming months, command of the army would be steadily transferred to the government, which would then lead the fight against insurgents and renegade militias. As that process went forward, a substantial reduction of U.S. combat troops would take place.

Both the study group and the Pentagon are reportedly considering a halving of the force of 140,000 American troops during 2007, though without adopting a rigid timetable; that's close to what Democratic Sens. Carl M. Levin (Mich.) and Jack Reed (R.I.) have called for. While it's not clear where President Bush stands, Iraqi Prime Minister Nouri al-Maliki said Thursday that he believed that Iraqi forces would be ready for the beginning of a U.S. withdrawal by June.

Mr. Bush is more likely to resist the study group's proposal for a new U.S. diplomatic offensive in the region. That's because it would include contacts with Iran and Syria, along with Iraq's other neighbors, possibly through an international conference. We believe that such a diplomatic initiative, aimed above all at encouraging an accord among Iraq's warring parties, is long overdue. But whether it occurs ultimately is less important than what happens inside Iraq: Outside actors, including the United States, cannot impose order or broker a political solution unless and until the warring Sunni, Shiite and Kurd factions choose to do so.

That's where the potential trouble for a new U.S. policy may begin. The study group proposals, like those being developed by the Bush administration, assume that the army and government of Mr. Maliki are worth a continued, if slowly diminishing, commitment of U.S. military support -- with an inevitable cost in American lives. But are they? Mr. Bush has made his bet: After meeting with Mr. Maliki on Thursday, he called him a "strong leader" and "the right guy for Iraq." Yet a leaked memo by Mr. Bush's national security adviser spells out doubts shared by many Iraqis and Americans. Though Mr. Maliki has frequently committed himself to a pluralistic and democratic Iraq, he has been either unable or unwilling to rein in Shiite militias or prevent

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his own government from pursuing a sectarian agenda. In fact, it may be that Mr. Maliki's government, the army or the political system as a whole are headed toward dissolution; the Bush administration needs a plan for that possibility.

But writing off the government now is not in the U.S. interest. The best remaining option for the United States lies in a long-term effort to bolster Iraq's political administration and army so that it defends the current constitution and slowly gains the ability to take on the enemies of the United States. First among those are the Sunni extremists linked to the Baath Party and al-Qaeda, which continue to inflict more than 70 percent of American casualties.

Giving up on the government, as advocates of a rapid withdrawal suggest, would simply concede the country to those enemies, as well as to Shiite extremists, and betray those Iraqis who believed in the U.S. vision of a democracy at peace with its neighbors. It would mean the destruction of American allies in Iraq and throughout the region. Mr. Bush, who commonly is accused of being out of touch with reality, made one statement last week that struck us as pretty rational: "This business about a graceful exit," the president said, "simply has no realism to it at all."

6 Militants, 3 Others Die In Iraq Raids (AP)

Associated Press, December 3, 2006

BAGHDAD, Iraq (AP) -- U.S. soldiers destroyed two buildings being used by insurgents in a town in Anbar province, killing six militants, two women and a child, the military said Sunday.

It was the latest of several recent raids during which women or children have been killed or wounded by U.S. forces as they attacked insurgents in residential areas. In some of the attacks, the U.S. command accused the militants of using civilians as "human shields" or buildings as "safe houses."

On Saturday night in the town of Karmah, coalition ground and air forces killed six insurgents while destroying two buildings that militants were using, the military said. Searching through one of the destroyed buildings, coalition forces also found a weapons cache and the bodies of two women and a child, the military said, without providing the age of the women or the age and sex of the child. Three suspected insurgents also were detained.

Karmah, 50 miles west of Baghdad, is in Anbar province, the large area of western Iraq where many of the country's Sunni Arab insurgent groups operate.

"Coalition forces take precautions to mitigate risks to civilians while in pursuit of terrorists. However, terrorists continue to put innocent civilians in danger by operating among them," the U.S. military statement said.

On Friday, near Taji, just north of Baghdad, American soldiers killed one insurgent and wounded a woman in her 50s "who was being used as human shield by the terrorist," the U.S. command said. "Terrorists continue to deliberately place innocent Iraqi women and children in danger by their actions and presence," it said.

On Wednesday, two Iraqi women died when U.S. forces backed by aircraft killed eight al-Qaida in Iraq insurgents during a raid near Baqouba, 35 miles northeast of Baghdad, the military said.

The day before, American soldiers fought with suspected insurgents in Ramadi, the capital of Anbar province, killing six Iraqis: one man and five girls, ages 7 months, 12, 14, 15 and 17, the U.S. command said. Another Iraqi woman was wounded. The military quoted residents as saying the building attacked "was a known anti-Iraqi force safe house."

Historic Task For A Top Negotiator (HC)

By Anne Belli

Houston Chronicle, December 3, 2006

James A. Baker III is sitting in his law office above downtown Houston, taking a rare break from his role as co-chair of the Iraq Study Group.

The former U.S. secretary of state is bristling at depictions of him as a sort of magician who will somehow make the nation's Iraq problems disappear.

"It's unfortunate," he says, a bit annoyed. "Expectations are totally out of control. There is no magic formula for our difficulties in Iraq."

That may be true.

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But if anticipation has been great, it's because the 76-year-old Baker — a Republican who was also secretary of state and chief of staff for two presidents — has spent much of the past 35 years pulling rabbits out of hats.

Brokering Middle East peace talks. Winning bipartisan support for tax reform. And galvanizing international support for the first Gulf War, which booted Iraqi troops out of Kuwait.

"He has an extraordinary ability to look at a problem and get to the essence of it," said former Secretary of State Henry Kissinger. "He couples that with an ability to find an operational means to deal with it. ... Everybody knows how effective Baker was when he was operating in Washington."

'Critical moment'Indeed, the man now at the center of what Kissinger and others call a "critical moment in our history" is known as a master negotiator who often solves problems by forging bipartisan support and by turning enemies into friends.

Said former President George H.W. Bush, whose life and career have been entwined with Baker's for decades: "The expectations are indeed high on this latest assignment, the Iraq Study Group. I do not know how all that will come out. I do know that the country is very lucky to have this tough, able, seasoned man as so-called head of the group."

No matter what the panel's recommendations when formally released Wednesday, those who have known Baker well say his legacy as a statesman already has been sealed.

Looking out the window of his office, Baker gives an easy smile while recalling a time in his life when — as a Democratic lawyer and occasional voter in Houston — politics was the last thing on his mind.

"I never dreamed I would do all this," he said. "I was programmed to be a lawyer. I came from a long line of lawyers."

To prove his point, he walks to the wall beside his desk and points out old newspaper clippings and photographs of his grandfather, Capt. James A. Baker. The headline, "Work Hard, Study and Keep out of Politics," was his grandfather's advice and the title of Baker's recent memoir.

As he has recently joked during a speech before the Houston World Affairs Council, "For the first 40 years of my life, that's what I did."

Baker's great-grandfather, a friend of Sam Houston's, founded the law firm Baker Botts. And both his grandfather and father were well-known lawyers.

Baker calls his father a "wonderful man," a stern disciplinarian who instilled in him a strong work ethic, a deep discipline, a healthy sense of competition and a love for the outdoors.

But perhaps the most important advice, Baker says, was what his workaholic father called the "Five P's" — Prior Preparation Prevents Poor Performance.

"People are often surprised to hear a man my age recite it, and without embarrassment," Baker writes in his memoir. "But this was a gift from my father that has helped me in one way or another almost every day of my adult life."

Baker attended Princeton University, where he began honing his political views.

He wrote his senior thesis about the clash in the 1930s between two powerful members of Great Britain's Parliament — Aneurin Bevan, an idealist, and Ernest Bevin, a realist. He argued in favor of the pragmatist Bevin.

The nepotism policy at Baker Botts, where his father still practiced, prevented Baker from joining the family firm after he graduated from the University of Texas Law School. So he took a job with Andrews, Kurth, Campbell & Bradley, where he built a career as a general business lawyer.

The father of four sons, he was living the good life in 1968 when tragedy struck — his wife, Mary Stuart, was diagnosed with breast cancer. She passed away just two years later when Baker was 40. The event was even more difficult because neither Baker nor his wife had told their sons she was dying — "a mistake I now profoundly regret," he writes in his book.

Finding a friendThe path out of deep depression was laid by his friend and tennis partner, George H.W. Bush, who asked Baker to help run his 1970 campaign for Senate.

Though Baker was a Democrat and had no political experience, he agreed to switch parties and aid his good friend. They lost the race, but their partnership would endure.

In 1973, Baker married Susan Winston, a family friend and divorcee with three children of her own. Their blended family now included seven children — six boys and a girl.

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Baker was tapped in 1975 to be undersecretary of the U.S. Commerce Department. It was there, he says, that he made his first big mistake in Washington.

Believing a comment to reporters was off the record, Baker remarked that it was unlikely that the controversial Secretary of State Kissinger would remain in the Cabinet if President Ford was elected the next November.

When the statement was printed in an Oklahoma paper, Kissinger was steamed.

"There have been better beginnings to a relationship," Kissinger said in a recent interview.

Nonetheless, President Ford asked Baker to first become his chief delegate hunter in the primary against Ronald Reagan, then-manager of his general election against Jimmy Carter.

Baker was pinching himself.

"Here I was only seven years away from being a Democratic lawyer in Houston and running a campaign for an incumbent president in a very, very close election," he said.

The next year, after President Ford lost, the Bakers added an eighth child to their brood. Baker, hooked on politics, ran for Texas attorney general in 1978 and lost.

Soon after, his old tennis partner turned to Baker for help again, this time to help him run his first campaign for president. Bush lost the primary to California's then-Gov. Ronald Reagan. But Reagan asked Baker to become his chief of staff, joining Counselor to the President Edwin Meese and Deputy Chief of Staff Michael Deaver in a famous troika of power.

Shortly after Reagan's second term began, Baker and Treasury Secretary Don Regan decided to switch jobs and took the idea to Reagan, who approved it.

Baker flourished at Treasury, while Regan resigned two years later amid the Iran-Contra affair.

Top of his gameThe pinnacle of his Washington career, said Baker, came in 1988. After successfully running Bush's presidential campaign, he was named secretary of state.

During that time, he witnessed the end of the Cold War and the reunification of Germany, and made strides in the Arab-Israeli peace process and the coalition-building diplomatic initiative that preceded entering Kuwait to drive out Iraqi forces.

He also burnished his reputation for being one of the world's most influential negotiators, forging diplomatic ties through his realist policies.

"He was a master at being able to size up the domestic political situation in whatever foreign land he happened to be in order to accomplish something," said Margaret Tutwiler, who served as assistant secretary of state for public affairs and is one of Baker's closest advisers.

"After all," she added, "this is the man who got the parties in the Middle East to come to Madrid and sit at the same table, something that had never happened over 40 years."

Real nerve, and the willingness to exercise power the moment he's given it, also are Baker trademarks.

As deputy secretary of commerce under President Ford in 1976, he one-upped Kissinger just as the president was about to make a key speech.

Kissinger, who pushed for unlimited import of Chinese textiles at the time, wanted wording taken out of Ford's speech and called Air Force One hours before the address and successfully lobbied to remove it. But Baker, suspecting the play, had asked to be called if that happened. He was, and he made an even more successful appeal. The wording was restored.

Years later, hours after President Reagan's inaugural parade — and Baker's first day as chief of staff — he fended off then-Secretary of State Al Haig.

As work crews swept up confetti, Baker, Meese and Deaver were meeting in the White House when Haig suddenly confronted them with a 20-page document naming him the person in charge of crisis management in the administration. The three balked, and Haig accused them of blocking an agreement he already had made with the president. Such a document was approved by the president a year later — but it put Vice President Bush in charge.

One more challengeAs President Bush's term was coming to an end, he asked Baker to run his troubled re-election campaign. Baker said that although his retirement speech from the State Department was one of the hardest things he's ever done, he owed it to Bush to try and help him win another term.

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"When the president asks you to do something, you do it," he said. "But it was more than that. He was more than that. He was my friend."

Still, managing a friend's campaign is thorny business.

"Being a campaign manager for a friend is tough. It's tough," he said. "You always have families who have their own ideas about what ought to be happening."

Said his wife, Susan Baker, "It says an awful lot about George Bush and my man that they survived intact."

For his part, Bush says the two men are lifelong friends whose special relationship weathered highs and lows but endured.

"Over the years, there have been stories of a Bush-Baker rivalry," he said. "Those were nonsense stories. ... We remain good friends because I respect his service to our country, and I just enjoy being with him and Susan. He is almost a brother to me. We are close. Very close family friends. He cares about my family. I care about his."

Baker says unequivocally that without his old friend, he would not have been as successful.

"I tell you one thing with certainty, that I would never have done what I did in public service and politics without him," said Baker, who calls his former tennis partner "jefe," which means "chief" in Spanish.

After Bush's re-election defeat, Baker returned to Houston, accepting a job with Baker Botts, where the nepotism policy was no longer a problem. Then-managing partner Bill Barnett recalls how Baker warned that his name would be worth much less in two or three years.

"He wanted to make sure we understood that," Barnett said.

But that never really happened. Baker helped form the James A. Baker III Institute for Public Policy at Rice University and re-entered the national arena when he flew to Florida and helped George W. Bush secure victory there after the contentious 2000 election.

Last year, he agreed to head a panel reviewing the safety culture at troubled oil giant British Petroleum, and most notably, to co-chair the Iraq Study Group and take a fresh look at the nation's war plan.

Baker insists he agreed to help because the current president asked — not as a favor to his father. "It was 43 who asked me to do this, not 41," he said.

Slowing downLongtime friends and aides say the Baker of today is mellower than he was while at the height of his political career.

"All of us who worked closely with him have noticed how at peace, relaxed and happy he is," Tutwiler said.

Baker agrees.

"Life is so good now," he said. "My schedule is my own."

And he fills that schedule with hunting, fishing and golfing — often with his wife and other family members by his side.

"I was not as good a father as my father," he said. "I was so busy trying to make it in a competitive atmosphere."

His family got bigger a couple of years ago, when Baker discovered a whole new branch of the Baker family tree — an African-American branch, living in Huntsville.

Baker was in that town just north of Houston for the dedication of his great-grandfather's grave when a man walked up to him and identified himself as James Baker, his cousin.

"Boy, was I surprised," he said.

Although he later had the lineage researched, Baker took the man's word for it, and even introduced him and others in his family as long-lost relatives at several public appearances he made that day.

"He was such a gracious person," said Wendell Baker, 84, the former secretary's third cousin. They later met again at a family reunion, and are planning to do so again this summer.

Baker's wife says she has watched her husband's faith grow deeper and broader over the past several years, as has his acceptance of life's curveballs.

"He has learned to take life as it comes," she said. "

But while her husband has what she calls "a great capacity for relaxing," Baker said he would go "stir-crazy" if he retired.

For now, though, all eyes are on him and the report he and others will deliver to the president next week.

Baker insists the main goal is simply to reach a consensus.

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"The one thing we can do is present a report that will represent a unified approach on the part of both Democrats and Republicans — a bipartisan approach to the problems in Iraq," he said.

Is Baker A "Wise Man" Or A Wannabe? (LAT)

By Walter Isaacson

The Los Angeles Times, December 3, 2006

JAMES A. BAKER III has one great goal left as he hones his legacy: trying to make sure that the words "American statesman" appear in his newspaper obituary before the words "Florida recount." That's one reason he's so eager to make the findings of the Iraq Study Group, which he co-chairs, sagacious and bipartisan enough to ensconce him firmly in the pantheon of American "Wise Men."

I applaud the instinct. The Wise Men were a clubby, Cold War coterie; polished gents from a more statesmanlike era for whom sagacity was synonymous with bipartisanship. John J. McCloy was a Wall Street lawyer who helped run the War Department and then became U.S. high commissioner for Germany; Dean Acheson had been President Truman's secretary of State; W. Averell Harriman was a railroad heir who became President Franklin Roosevelt's special envoy; and Robert Lovett was a banker who became secretary of Defense.

The members of the group maintained their influence through much of the postwar 20th century. After they had grayed into elder statesmen, they were summoned back to the White House to advise Lyndon B. Johnson on what to do about the Vietnam War. At first, they suggested that he should stay the course, but by early 1968, they had generally come to the pragmatic and realistic conclusion that the U.S. had to disengage. Throughout their careers and into their old age, they were above all practical and realistic, beholden to no ideology or partisan agenda.

The question facing Baker today is whether he will end up being remembered as a latter-day Lovett, the most emblematic of the Wise Men, or whether he will fall on the other side of a subtle divide and be seen as more like Clark Clifford, who was a skilled statesman but remained a Wise Man wannabe because he could never quite shake his reputation as a partisan wheeler-dealer and manipulator.

By heritage and breeding, Baker most resembles Lovett. They had similar, indeed intertwined, backgrounds as scions of patrician Texas families. In the 1890s, Lovett's father and Baker's grandfather helped build the Houston-based railway law firm then called Baker, Botts, Baker and Lovett (the present James Baker is now a senior partner at the firm).

Like Lovett, Baker approaches issues with a cool yet vinegary pragmatism. Problems are meant to be solved, usually with a blend of firmness and negotiability devoid of emotion, ideology or sentimentality. There's one salient difference, however: Lovett was devoid of any partisanship. When Truman once made a political remark to him, he responded, "Remember, Mr. President, I'm a Republican." Truman replied, "Damn it, I keep forgetting." That's not a line likely to be uttered about Baker (who, among other things, oversaw the Florida recount in the 2000 election for George W. Bush).

Nor would it have been said about Clifford, who began his public career as Truman's counsel and campaign strategist. He was as smooth a Democratic operator as Baker has been a Republican one. Like Baker, Clifford had a velvet manner and the ability to touch his fingertips together in a way that could seem either sagacious or scheming, depending on who was watching.

When Johnson fired his controversial Defense secretary, Robert S. McNamara, in the midst of the Vietnam War, Clifford was called from semi-retirement to replace him. But as hard as he tried to appear like a wise old statesman, he continued to be dogged by his reputation as a political fix-it man and corporate operative whose hands, as time went on, seemed faintly soiled by partisan maneuvers and Arab money.

It is, unfortunately, easy to understand why Baker — and Lee H. Hamilton, Vernon E. Jordan Jr., Sandra Day O'Connor and the other estimables in his study group — have a difficult time achieving Lovett-like status in this day and age. The foremost reason is that foreign policy, like just about everything else in the age of blogs and cable TV and Florida recounts, is far more partisan.

In addition, politicians and the press play a substantially more aggressive gotcha game now than they used to. If he were around today, even a saintly gent like Lovett might have found himself on the defensive about the dealings of his partners and clients at Brown Brothers Harriman & Co., Union Pacific Railroad and Pan American Airways.

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Yet there is a fundamental way in which Baker and his study group members resemble the wise elders of earlier eras. It is not in their nature to be transformationalists or radical visionaries, the way that the neoconservatives and democracy crusaders have been. When they congregate to stroke their chins and reach consensus, not a whole lot of crockery is in danger of being broken. Instead, they will generally tend to be cautious, pragmatic and (yes) wise.

This is partly institutional: Blue-ribbon consensus-seekers tend not to embrace radical or bold visions. It is also personal, especially in the case of the pragmatic realist Baker. He was the secretary of State who urged President George H.W. Bush not to try to occupy Baghdad during the Persian Gulf War in 1991, and he cautioned against the invasion of Iraq in 2003 before it even began.

Having been slammed for these positions by the neocons, he had a difficult time in his recent memoir suppressing his smug awareness that their transformationalist dreams are now seen to have produced what may be the worst foreign policy disaster in U.S. history.

If Baker and his posse can come up with a plan that salvages some threads of our national interest from the debacle of Iraq, and if he stays around to help implement it, that would be such an awesome magic trick that those of us who dabble with the first drafts of history should reward him by carving a niche in the pantheon for him somewhere between Lovett and Acheson.

It's easy to disparage stability and containment as foreign policy goals (as the neocons like to do) and to make fun of blue-ribbon chin-strokers. But the aspiration to be statesmanlike, even if it is partly motivated by the desire to polish a legacy, is a welcome trait these days. So too is the courage to be cautious and the confidence to be humble when it comes to foreign policy.

In our search for contemporary Wise Men, there is one irony that the builders of the original Pantheon would have noted. The closest person we have to a true Wise Man is someone who should be the easiest for the president to tap but, for reasons that only Sophocles or Shakespeare (or perhaps Freud) could explain, is actually the hardest: President Bush the elder.

He was a great realist who choreographed the end of the Cold War and the prudent execution of the first Gulf War. In lieu of him, his consigliere, James Baker, will have to serve as proxy. Fortunately, he is eager to don the mantle.

Walter Isaacson, chief executive of the Aspen Institute, is the coauthor with Evan Thomas of "The Wise Men" and the author of biographies of Henry Kissinger and Benjamin Franklin.

Even The Wise Men Can't Save Us In Iraq (WP)

By Daniel L. Byman

The Washington Post, December 3, 2006

Washington is abuzz as reports about the findings of the Iraq Study Group grow from a trickle to a flow. Doves hope that the group's endorsement of troop withdrawals will be the first step in a speedy exit from Iraq. Hawks hope that the study group will leave enough wiggle room to support President Bush's commitment to remain in Iraq as long as necessary "to get the job done." All sides, in short, are looking to James A. Baker III, Lee H. Hamilton and the other commissioners to evaluate current policies and chart a path forward -- a job that normally should be carried out by, well, Congress and the White House.

Unfortunately, the bipartisan study group is almost certain to disappoint these high and contradictory expectations. This is not a statement on the abilities or intentions of the panel's members; rather, it is the simple realization of the potential pitfalls -- tepid recommendations, partisan divisions, little follow-up and eventual irrelevance -- that have beset countless commissions, study groups and blue ribbon panels since the nation's founding.

Indeed, commissions are nearly as old as the United States. In 1794, George Washington created one to help mediate the Whiskey Rebellion; it flopped, setting a sorry precedent for many of its successors.

Commissions do not come about by accident. Most are created after a disaster or tragedy, such as the Warren Commission investigating the assassination of President John F. Kennedy, or the 9/11 commission, on whose staff I served. Others come about in anticipation of a long-term crisis, such as the 1983 National Commission on Social Security Reform. Often special panels exist because Congress or outsiders do not trust the executive branch to investigate itself, as in the case of the Tower Commission, which examined the Iran-contra scandal. Still other commissions enable leaders to feign decisiveness while they kick the can down the road, such as the National Commission on the Causes and Prevention of Violence, which helped policymakers appear responsive to the assassinations of the Rev. Martin Luther King Jr. and Sen. Robert F. Kennedy.

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Finally, administrations create commissions because they want cover for an already planned change of course. "When it is hopeless," one veteran of several investigations put it to me, "people turn to a commission."

The Iraq Study Group has a touch of all these elements. It is investigating an ongoing policy disaster and proposing long-term solutions; Congress doesn't trust the administration to shift course alone; and all parties hope the commission will show that it is seeking new solutions and will provide cover for their preferred options. A tall order, and one unlikely to be met.

Just as politics leads to the creation of commissions, so, too, does it shape their membership. Political leaders of both parties often try to stack the ranks with their own people, and commissions are thus packed with inside-the-Beltway denizens. For example, Brent Scowcroft, the independent-minded national security adviser under President George H.W. Bush, is the quintessential commission member. Scowcroft has led or served on commissions on strategic forces, arms control and defense management; he was on the Tower Commission; and he has headed groups such as the President's Foreign Intelligence Advisory Board. Such people bring gravitas and knowledge of Beltway realities to commissions, but overall, the overrepresentation of Washington insiders seldom promotes fresh thinking.

Once formed, commissions must find and propose something -- almost anything. Imagine if the Iraq Study Group concludes that there are few good options for Iraq. Such a conclusion would be patently true, but would disappoint everyone and also lead to questions about why the panel existed at all.

In reaching their findings, commission leaders strive to unify their members; otherwise they risk seeing their recommendations swallowed up by Washington's partisan politics. But consensus has its price. As Philip D. Zelikow and Ernest May, the executive director and a senior adviser, respectively, of the 9/11 commission, have written, "Keeping peace within a large and diverse staff and avoiding the appearance of partisan tilt sometimes requires muting interpretation." Unsurprisingly, Bush and Bill Clinton emerged largely unscathed from the 9/11 commission report, while bureaucracies that are not tied to either party -- such as the CIA -- took the lion's share of the blame.

Commissions don't want their findings leaked piecemeal and criticized preemptively, so secrecy is at a premium. As a result, some of their suggestions are not fully vetted, making it more likely that a panel will issue a proposal that is less sound or is unnecessarily contentious. As Hamilton and Thomas H. Kean wrote in their book on the 9/11 commission, "Secrecy is a precursor to cynicism and conspiracy theories."

By their very nature, commissions are temporary creations, often lacking the ability to follow up on their own recommendations. In congressional investigations, hearings can continue as long as a problem lingers unresolved, but commissions are like bees: They sting once and then die. They can make a splash with their recommendations, but savvy bureaucrats know that even widely publicized findings are often forgotten within weeks. How many in Washington, for instance, can remember the good ideas buried in the 2000 report of the National Commission on Terrorism, led by Ambassador L. Paul Bremer?

One of the innovations of the 9/11 commission was a follow-up effort -- known as the 9/11 Public Discourse Project -- that watchdogged the implementation of the panel's recommendations and gave various bureaucracies lousy grades in a widely publicized report card. Yet even that effort has fallen short at times. Democrats in Congress, who have long campaigned on implementing the 9/11 commission report, quickly abandoned that pledge upon recapturing the majority. The leadership has deciding against reorganizing congressional oversight of the intelligence community -- one of the panel's key recommendations. Reform, it seems, is for the other guy.

Indeed, commissions' greatest influence often comes years later, when another disaster leads congressional staffers or mid-level bureaucrats to blow the dust off the old tomes. For example, recommendations from the Hart-Rudman Commission on U.S. national security in the 21st century and the Gilmore Commission on U.S. preparedness for terrorist attacks involving weapons of mass destruction eventually helped create the Department of Homeland Security. But it took the attacks of Sept. 11, 2001, when the government began casting about for ways to protect the nation from further terrorism, for these commission reports to seem relevant again.

Of all the hurdles ahead for the Baker-Hamilton group, the most daunting may prove strictly political. Many commissions have addressed technical policy issues -- say, how to better protect vulnerable U.S. embassies or other facilities worldwide. But the Iraq Study Group exists not just to solve a policy problem, but also to fill a political vacuum. To date, neither the administration

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nor Democrats have admitted the horrific costs of either staying in Iraq or withdrawing troops. For more than a year now, some of the top minds in the military have thought hard about how to change course in Iraq and still win, and some improvements in doctrine and training have emerged. But broadly speaking, there is no technical fix to Iraq that is lying in a musty drawer in the Pentagon. And technical answers don't address the most difficult political questions: What are U.S. interests in Iraq? How would a pullout affect U.S. interests beyond Iraq? And how many more American lives and taxpayer dollars will we risk to protect those interests?

Commissions at times fall back on politically easy answers, or simply bypass the most important questions. Despite the centrality of Iraq to the fight against terrorism, the 9/11 commission basically dodged the war altogether, but it did have time to make a host of recommendations on intelligence restructuring and first-responder radio spectrums. Similarly, the otherwise hard-hitting Robb-Silberman investigation of the intelligence community's performance with regard to Iraq's WMD programs took a dive on the key political question in the public mind: whether the White House manipulated the prewar intelligence.

For the Iraq Study Group, a similarly easy answer would be an uncritical endorsement of "handing off" security to Iraqi forces -- a policy that the Bush administration and Democrats support, and one too often discussed as a nearly magical way to prevent a collapse in Iraq while drawing down U.S. forces. Yet the Iraqi army and police are corrupt, poorly trained, and penetrated by insurgents and militias. Reforming Iraqi security forces is vital, but it is a decade-long effort. They will not be ready to assume responsibility for security in troubled areas or otherwise ease the U.S. burden in the near-term.

The two leaders of the Iraq Study Group are experienced Washington hands who do not need to worry about their findings hurting their popularity or future job prospects. They are respected across the political aisle, and each is willing to criticize his own party's positions. But because they are unlikely to find a technical fix to the Iraq war's political problems, their greatest contribution will be initiating, rather than concluding, a broader debate on how to proceed. In such a debate, the best choices will not (and should not) earn unanimity. A serious escalation is probably necessary to "win" in Iraq, and this will require hundreds of billions more dollars and hundreds of thousands more U.S. troops. If winning is too demanding and politically unfeasible, then the United States must think creatively about ways to draw down significantly while still maintaining some influence in the Iraqi snake pit.

Washington has dithered long enough rather than face these hard, unpalatable choices. At best, the Iraq Study Group will catalyze our leadership and help foster the political will to accept this painful reality. But salvation? Forget about it.

Daniel L. Byman, an associate professor at Georgetown University and senior fellow at the Brookings Institution's Saban Center, was a staff member of the 9/11 commission.

Iraqi Shiite Leader To Prod Bush On Iran (AP)

By Hamza Hendawi And Qassim Abdul-Zahra, Associated Press Writers

AP, December 3, 2006

A Shiite powerbroker reviled by Sunni Arabs for his ties to Iran and a militia linked to sectarian violence will ask President Bush to seek Iran's help in their upcoming White House meeting and try to allay U.S. concerns over Iranian influence in Iraq.

Abdul-Aziz al-Hakim, who is due to meet with Bush on Monday, on Saturday dismissed speculation that his trip to the United States threatened the authority of beleaguered Prime Minister Nouri al-Maliki, who came under criticism for meeting with Bush last week in Jordan.

"This trip to Washington was planned a long time ago and has nothing to do with the meetings that took place in Amman," al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, Iraq's largest Shiite party, told reporters in Amman, Jordan, before his departure.

Al-Hakim is arguably the most powerful Shiite politician in Iraq, but he prefers to work behind the scenes. He wanted a close SCIRI associate, Adil Abdul-Mahdi, to be prime minister after elections in December, but grudgingly accepted al-Maliki as a compromise. The two men have since maintained a public image of cooperation to safeguard the ruling coalition.

Speculation in Iraq that al-Hakim was emerging as a rival for Washington's attention was fueled in part by an internal White House memo that questioned al-Maliki's authority and his ability to handle Iraq's worsening security.

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Written by National Security Adviser Stephen J. Hadley after he met al-Maliki in Baghdad, the memo also spoke of the need for the Iraqi leader to end his alliance with the anti-American cleric Muqtada al-Sadr, whose militia, the Mahdi Army, is blamed for much of Iraq's sectarian violence.

The timing of al-Hakim's meeting with Bush raised the possibility that Washington may also be looking for additional sources of help as it tries to stabilize Iraq, allowing a drawdown on U.S. forces to begin.

Bush's pledges of support for al-Maliki and his Monday meeting with al-Hakim also coincide with an ongoing debate within his administration on whether to abandon efforts to persuade Sunni Arabs to halt their insurgency and instead leave that task to the Shiites and Kurds, according to U.S. officials familiar with the re-evaluation process.

Two al-Maliki aides and third close to al-Hakim said the prime minister and the SCIRI leader had discussed the White House visit. The aides, who spoke on condition of anonymity in exchange for disclosing confidential information, said al-Hakim was expected to try to persuade Bush to enlist Iran's help in quelling violence in Iraq. In return, they said, al-Hakim would pledge not to allow Iran to use him to promote its own interests, said by analysts to be "controlled chaos" that keeps the United States preoccupied with Iraq.

Al-Hakim has close links with Shiite Iran, where he lived in exile for years before he returned to Iraq after the 2003 ouster of Saddam Hussein's Sunni-led regime. His Badr Brigade militia, trained and armed by the Iranians, is blamed for some of Iraq's sectarian violence.

Badr, however, has mostly stayed out of the limelight, leaving the focus on another Shiite militia, the less disciplined and less secretive Mahdi Army.

Al-Hakim's militia links and close ties to Iran, however, have gone unmentioned by Washington, perhaps in recognition of his political leverage.

The two al-Maliki aides, meanwhile, said the Iraqi prime minister won a pledge from Bush to avoid directly involving Washington's Sunni Arab allies — like Jordan, Egypt and Saudi Arabia — who have become alarmed at the rise of Iraq's majority Shiites.

The two aides, who were both briefed by al-Maliki on his meeting, also said Bush again demanded assurances from the Iraqi leader that he would deal swiftly with the Mahdi Army.

Al-Maliki, they said, countered that the militia would cease to be a problem when Iraq's security forces take over from the U.S. military, which al-Maliki said will happen by June.

Al-Maliki has yet to take any concrete action against the Mahdi Army. Al-Sadr's support ensured al-Maliki's election to his job and many in Iraq believe that beholds him to the radical cleric.

The aides, however, said al-Maliki remained committed to diplomacy in dealing with al-Sadr and his militia for the time being and sought to play down the boycott of the government and parliament by 30 lawmakers and five Cabinet members loyal to al-Sadr.

The boycott was announced Wednesday to protest against al-Maliki's meeting with Bush, an encounter the Sadrists said amounted to an insult to Iraqis. They said a timetable for the withdrawal of foreign troops in Iraq and an improvement in public services like electricity were their condition to end the boycott.

"We have not abandoned al-Maliki, but we ask that he too does not abandon us," said Sadrist lawmaker Nasser al-Saadi. "We are an important part of the government and if al-Maliki took our boycott to be an embarrassment to him, so be it. We don't care."

Hendawi was reporting in Baghdad; Abdul-Zahra was in Amman, Jordan.

Exodus From Iraq Unsettles Mideast (BOS)

By Thanassis Cambanis

The Boston Globe, December 3, 2006

AMMAN, Jordan -- As Iraq's bloodshed worsens, the tide of refugees fleeing the country is straining the region's resources and inflaming fears that Iraq's sectarian conflict might spread to neighboring countries.

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A new United Nations report says Iraq is "hemorrhaging" refugees in staggering numbers. Anywhere from 2,000 to 3,000 people are fleeing the country every day.

After 3 1/2 years of nearly constant warfare, at least 1.5 million Iraqi refugees have moved to neighboring countries, reshaping the already complex demographic mosaics of Jordan, Syria, and Lebanon. The influx has prompted government crackdowns and anger from local populations who feel refugees are grabbing scarce jobs and resources.

Another 1.5 million people are displaced inside Iraq, many of them clamoring to leave but lacking the resources. Humanitarian agencies fear this group will drive a continued exodus that could quickly double the already massive refugee population in the region.

The mass migration out of the country is transforming the region's culture, a diaspora rivaled in size only by the 3 million Palestinian refugees, including descendants of those who fled conflicts with Israel since 1948. With no end in sight to the fighting in Iraq, governments in Syria and Jordan worry that Iraqis are becoming the new Palestinians -- a permanent refugee population that will import its sectarian and religious squabbles into the host countries.

But what makes this spiraling refugee crisis different, and uniquely unsettling to Iraq's neighbors, is that a great proportion of those with the resources to flee are rich and well-educated -- and thus able to command more influence than migrants with no resources.

Iraq's refugee crisis has had the most pronounced effect on Jordan, a US-allied kingdom with a population of only 4 million, as many as half of whom are Palestinian refugees.

An estimated 700,000 Iraqis are living in Jordan in a semi-legal limbo. The richest and most powerful Iraqis have long had offices and second homes in Amman, from where they can conduct business and politics with far more safety than in Baghdad.

Until recently, when Jordan began turning away Iraqis at the border, the poorest also poured into Amman -- the most convenient major city, with relatively convenient access to Iraq.

In the first two years of the war, Jordan admitted the refugees with few restrictions. But when Iraqi suicide bombers struck three Amman hotels a year ago, the kingdom reversed course, limiting the number of residency permits, turning away men between the ages of 18 and 35, and rounding up and deporting Iraqis.

Mustafa Ahmed, 29, an unemployed blacksmith, roams Amman's poor downtown, a warren of cheap clothing stores, flophouses, and street corners where day laborers seek jobs.

Ahmed said he's terrified that he'll be deported like his cousin, who was put on a bus from Amman to Baghdad two months ago when police caught him in a roundup. Halfway home, Sunni insurgents in Anbar Province pulled the cousin from the bus; when they saw his Shi'ite name on his identity card, Ahmed said, they executed him.

"If I go back, I will be killed on the road," Ahmed said, drawing a finger across his throat. Dressed in ratty workman's clothes, soiled jeans, and a dirty jacket, he spends his time drinking tea at a restaurant in downtown Amman frequented by other poor Iraqi refugees.

Syria is schooling the children of the 600,000 Iraqi refugees who live there. But Jordan has barred its already inadequate school system to Iraqis; only those Iraqis rich enough to afford private school can educate their children in Jordan.

Kristele Younes, a researcher who tracks displaced Iraqis in Lebanon, Syria, and Jordan for the nonprofit advocacy group Refugees International, said Syria has been the most welcoming country for Iraqis, but like other Arab countries was running out of resources.

"Very slowly but surely, Iraqis are starting to be treated like Palestinians," Younes said in a telephone interview from Washington, where her group is based. "There is a complete lack of political will in the region to admit that these people are not going home any time soon."

Another group, Human Rights Watch, issued a scathing report last week, calling on Jordan to treat displaced Iraqis as refugees, allowing them to stay until the conflict in Iraq subsided and granting them basic rights, including public education for children.

Jordan and Syria are wary of Iraqis spreading that country's sectarian strife. Most countries face their own version of Shi'ite-Sunni rivalry and work hard to keep it from becoming violent.

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UN agencies and human rights groups said they have gathered anecdotal evidence, based on interviews with refugees, that Jordan is seeking to buttress its own Sunni Arab population by allowing Iraqi Sunnis across its borders but denying haven to Shi'ites.

The organizations have no hard data on the demographics of the refugees, and none of the host governments will release any information about the refugee populations inside their borders.

Syria, meanwhile, is ruled by a small minority of Alawites, a small breakaway Shi'ite sect. The same observers believe that Syria has allowed Shi'ites and Christians who will support the regime to settle, but made it hard for Sunni Arabs. An outer ring of predominantly Shi'ite suburbs around the Syrian capital, Damascus, has exploded in population over the last three years, absorbing most of the Iraqi refugees.

Bill Frelick, refugee policy director at Human Rights Watch, who researched and wrote the report on Jordan's treatment of Iraqi refugees, said Jordanians had recently started to block entry by young men and poor Iraqis.

"The people they're admitting are better off," he said.

Most refugees haven't officially registered with the UN High Commissioner for Refugees, which normally handles refugee crises, because the agency has no resources to handle the influx and has stopped processing claims for refugee status. Aid groups have called on international donors -- in particular the United States and Britain, which led the invasion of Iraq -- to help host countries cover the costs of refugees.

But according to the UN estimates, Iraq is the second-greatest producer of refugees in the world, after Afghanistan. The actual number of refugees could easily top 2 million, UN officials said. About 10 percent of Iraq's prewar population of 26 million has fled the country over the last three years.

"Iraq is hemorrhaging. The humanitarian crisis which the international community had feared in 2003 is now unfolding," the UN High Commissioner for Refugees said in its November update. And because of insufficient resources in countries like Jordan and Syria, "tolerance is growing thin," the report added.

In Jordan, a population already suffering from high unemployment has begun to turn against the wealthy Iraqis who have snapped up apartments, created jobs -- usually for other Iraqis -- and created an investment boom that only benefits the very rich.

"They have driven up the prices of everything. They have brought nothing good here," said Nawruz Abida, who delivers tea and water pipes to downtown Amman shops. His family's rent has doubled since the influx of Iraqi refugees, Abida said.

Host countries are all too aware of Iraq's history of conflict.

Amman has become a home away from home for many Sunni Arabs sympathetic to the nationalist insurgency. Even before the fall of Saddam Hussein, Ba'athists and wealthy supporters of the regime had long had business and political ties to the elite in Jordan and Syria, and many now have taken refuge there.

"Only bringing back Saddam can restore stability," said Saleh Jabouri, a merchant who fled Baghdad six months ago and now moves between Damascus and Amman whenever his tourist visa expires.

Abbas F. Shamara, an Iraqi Shi'ite whose company builds power plants in Iraq, runs millions of dollars worth of construction projects in Jordan and the rest of the Middle East. He has homes in Amman and Baghdad and is nominally a refugee -- but he has residency in Jordan and has enrolled his three children in school there.

Shamara, 53, advises a senior Shi'ite cleric in Baghdad and commands the ear of many influential Americans and Iraqis because of the money at his disposal. His holding company has created several hundred jobs for Jordanians, and is building a new office tower in Amman, in part to blunt criticism that Iraqi migrants do nothing for their host countries.

"We've put millions of dollars into Jordan's economy," Shamara said in his Amman office. In contrast with Jordan, Shi'ites fit more comfortably in Syria, whose government is battling its own growing fundamentalist Sunni population. Syria has close ties to Iran, and last month restored diplomatic ties with the Baghdad government after a 24-year rupture.

With wealth and swagger unusual for a refugee population, the Iraqi exodus is already changing the fashion and the culture of the Middle East. That's no more apparent than in the nightlife of the cities the refugees now call home.

At 1 a.m. on a Tuesday at Amman's Al Zawyeh music club, a traditional Iraqi tribal singer belts out heart-rending folk songs about the nation, family, and war. It's a slow night; an older Iraqi couple sings along, and the woman rises from her table to dance slowly on the stage in front of the singer, Fadil Zeidan.

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The club started out five years ago as a gallery for Iraqi artists, with Saddam Hussein as an investor. After the US invasion, however, and the flood of Iraqis to Amman, the gallery owners shuttered their restaurant chain in Iraq and turned Zawyeh into a music club.

Saif Ghariba, 24, the owner's son, said Baghdad's elite quickly reassembled in Amman and sought its old entertainments. The club has a distinctly Sunni and Ba'athist style, decorated with the heavy wood panels and well-lit whiskey bar characteristic of the haunts in Baghdad neighborhoods like Mansour and Jadriya that were fancied by the ruling Ba'athist class before the US invasion.

"Iraqis fled here and wanted to hear their music," Ghariba said. "Our music is full of poetry and emotion."

In Iraq, An Obligation Coming Due (WP)

By Michael Goldfarb

The Washington Post, December 3, 2006

Every time I read about the United States pulling out while Iraq takes the final step into the abyss of civil war, I find myself thinking of a conversation I had with my translator and my driver in April 2003 as the first phase of the war was reaching its climax.

We were coming back from inspecting the damage caused by American airstrikes in a small town at the edge of Saddam Hussein's control in northern Iraq. My translator, Ahmad Shawkat, and driver, Sami Abdul Qader, were chatting in Kurdish.

"What are you guys talking about?" I asked.

"Sami wants to know if you will help him and his family get out of Iraq if Saddam comes back."

"Is he joking?" I said with a casual laugh. "Tell him, yeah, sure, no problem."

"No, he is very serious," Ahmad said. "He cannot believe Saddam will go without a fight. Sami's afraid that because he works with Americans he will be killed."

"Really?"

"Really."

It took me a second to absorb this. Sami was absolutely fearless. Several days earlier we'd come under artillery fire while watching Green Berets and Kurdish pesh merga trying to secure a bridge on the road from Irbil to Mosul. Ahmad and I were roaming through pastureland with the Green Berets and Sami was with the car when the artillery piece opened up. All the other drivers working with reporters on the scene pulled well back. Sami stayed right down by the bridge as the shells came in, refusing to leave us behind.

That he was now genuinely afraid seemed odd, because what he feared was quite improbable. Baghdad was on the verge of falling. As we were having this conversation, American troops were preparing to pull down the statue of Hussein in Firdaus Square.

But my driver's fear was not without basis. I've seen what happens when the "international community" precipitously pulls out of conflict zones. To have had an American job -- working for journalists or for nongovernmental organizations -- is not a good thing at those times.

This is the way things work in war zones: We go, they stay. If the whole escapade falls apart, American journalists and relief workers are evacuated and can be swimming in a hotel pool, all expenses paid, by evening. Our translators, drivers and office managers return to their houses and wait in fear of reprisal against those who collaborate with the Great Satan.

And this is the thought that nags me now. I call a friend in northern Iraq (I'll omit his identification; bad people read this newspaper online at Internet cafes in Iraq). He works for an American nongovernmental organization as a trainer, trying to help people in Iraq relearn the "democratic mentality" gouged out of Iraqi civil society by a quarter-century of totalitarian rule.

We chat about the U.S. midterm elections, and he asks if it's really possible that America will leave Iraq. I assure him it is. Not overnight, I tell him, although I can see a dramatic reduction in troops by the end of 2007.

But they are building the biggest embassy in the world in Baghdad, he says, and what about the businesses Americans have started, and the oil?

I reply: My friend, you have no idea what will be left behind once the decision is made.

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I think of this brave young man traveling all over his country offering seminars on democracy and wonder what will happen to him and those who have attended his training sessions when the United States draws down its force and says to whatever government is in place in Baghdad, "Fellas, it's on you." Provision needs to be made for their safety.

On the drive back to Irbil that hopeful afternoon 3 1/2 years ago, as the metaphorical noose was tied around the neck of Hussein's statue in Baghdad, I reached across into the front seat and put my hand on my driver's shoulder. I looked at my translator. "Tell Sami he has nothing to fear." I paused so he could translate that sentence. "Saddam is finished, but if anything happens, I will make sure he is safe. And his family."

When Ahmad finished translating, I turned to Sami, who spoke some English and said, "Okay?" It was an easy promise to make, since I believed I would never have to honor it. Now I fear I may have to.

Michael Goldfarb, a journalist, is the author of "Ahmad's War, Ahmad's Peace: Surviving Under Saddam, Dying in the New Iraq."

"About Five Minutes Into It, We Had To Take Over" (WP)

By Nancy Trejos

The Washington Post, December 3, 2006

BAGHDAD, Dec. 2 -- The bullets flew from every direction -- from rooftops, windows, alleys and doorways.

Soldiers from the Iraqi army's 9th Division were pinned against a wall. They were under a covered sidewalk. According to accounts from U.S. forces who were with them on Friday, a suspected insurgent with an AK-47 assault rifle aimed at them from a doorway. Pieces of concrete fell as the insurgent's fire ripped into the wall above the Iraqi soldiers.

That's when they froze.

U.S. Army Sgt. 1st Class Kent McQueen, 37, arrived to help. As he tried to get them out, he was hit. The night-vision goggles perched on his helmet fell down his face. They were dented. He had been shot in the head. "God was definitely on my side," McQueen said Saturday.

The scene played out during Operation Lion Strike, the U.S. soldiers recalled. The goal was to capture insurgents in the Fadhil district of central Baghdad. It was the first time the Iraqi army's 9th Division was to be in complete control of an operation in the two years it has been training under the Americans. Teams of U.S. advisers remained close, but planned to leave the fighting to the Iraqis.

"It started out that way. But about five minutes into it, we had to take over," Staff Sgt. Michael Baxter, 35, said.

While the battle was in progress, U.S. military leaders had called it an "outstanding" example of Iraqi forces taking charge. They said the Iraqis captured 43 insurgents while suffering few casualties.

But interviews the following day with U.S. and Iraqi soldiers at Camp al-Rashid in Rustimayah, where they are based, painted a more complex picture.

Strengthening Iraq's police and army is the key to the eventual withdrawal of U.S. forces from Iraq, American commanders say. The bipartisan Iraq Study Group, in its report due to be released next week, is expected to recommend pulling out nearly all U.S. combat units from Iraq by early 2008 and leaving behind troops such as those involved in Friday's fight in Fadhil to train, advise and support Iraqi forces.

Although the Iraqis in the 9th Division have become more effective in the two years since they formed, American soldiers and some Iraqi leaders at Camp al-Rashid said they are not yet ready to operate on their own.

"They're basically a baby army," Baxter said. "They're just now starting up. It's going to take them a while to get the experience."

The unit, the only mechanized division in the Iraqi army, has about 4,000 soldiers.

They are typically older soldiers, recruited from across the country, said Col. Douglass S. Heckman, the senior adviser for the 9th Division Military Transition Team, whose members are part of the 1st Cavalry Division. When U.S. troops first began rebuilding the Iraqi army after the 2003 invasion, recruits would drop out if they were deployed away from their homes, Heckman said. "These guys are not afraid to go anywhere," he said.

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The U.S. military is increasingly ceding more authority to Iraqi leaders, Heckman said. For example, personnel decisions are now up to Iraqi leaders. "It inspires a lot of confidence to have Iraqi units with Iraqi flags," he said.

That confidence appeared to have been shaken on Friday. In one three-block section of Fadhil in a neighborhood known as Jumhuriya, 35 Iraqi soldiers came under fire as soon as they arrived at 6 a.m., their American advisers recalled.

For any army, however well trained, the Jumhuriya battle would have been a difficult one. There were empty shops and tall buildings where snipers could easily hide. The streets were narrow, preventing easy movement of tanks.

The Iraqis knew little about their enemy. They could not quantify them. They couldn't distinguish between a civilian and an insurgent because everyone dressed alike, the Americans and Iraqis said.

Their enemy, however, appeared to know a lot about them. Somehow, they knew where the Americans and Iraqis had set up one of two field headquarters and fired mortar shells at it, said Maj. Thomas J. Boczar.

The Jumhuriya battle was just one small part of Friday's operation, which involved about 500 Iraqis conducting searches and 60 Americans advising them. Other parts of the operation ran smoothly, high-ranking American officers said.

But it was a window on the challenges U.S. forces face in training the Iraqis.

Sitting in a conference room at Camp al-Rashid, American soldiers described Iraqi troops with inadequate training, resources or motivation. When they shoot, they "pray and spray" and do not aim for targets, the soldiers said. They either lack equipment or are not well trained in new equipment. On the battlefield on Friday, the Iraqis communicated by cellphone because their walkie-talkies did not work, the U.S. soldiers said.

The way the Americans see it, the Iraqis are fierce fighters. But they have been depleted of their energy after so many years of war, first against Iran in the 1980s, then against the United States during the 1991 Persian Gulf War, the American soldiers said.

By about 11 a.m. on Friday, the Americans decided it was time to pull out of that part of Jumhuriya.

The sniper bullets kept flying, not just from the rooftops, but from the second and third floors of apartment buildings, they recalled. Grenades flew out the windows. Machine guns fired. It was an all-out ambush, unusual in that it was such a coordinated effort by the insurgents, the Americans said.

While some Iraqis froze in indecision, others fired wildly as they ran across streets. Hollywood heroics, one soldier called it.

"I'm just thinking to myself, oh God, get me out of this because these guys are going to get me killed if we stay here," Baxter said.

The Americans called in helicopters to shoot at the snipers, but it was too chaotic of a scene for the aircraft to make clear shots, they said.

Still pinned against the wall underneath the covered sidewalk, McQueen decided it was time to make a run for his Humvee, he recalled. In Arabic, he told the Iraqis to go.

They gave him a puzzled look. Follow me, he told them. This time they complied.

McQueen got into the Humvee first, then opened the back door. Bullets whizzed by. He pulled the soldiers inside as the Humvee drove away. They squeezed in under the gunner. They jumped on top of one another. "It looked like Twister," McQueen said.

Top Iraqi leaders at the base said the mission proved that they can someday secure their own country without interference from American forces. What they lack is not training, not motivation, not confidence, but equipment, they said. They need better tanks and spare parts, Iraqi officials said. And they really need aircraft.

"Give us the aviation and leave us alone," Brig. Gen. Kasim Maliki, a 25-year veteran of the army, said through an interpreter.

Friday's operation was planned over the course of 48 hours, in consultation with the Defense Ministry, Maliki said.

He scoffed at the idea that the Iraqi army needs better training to carry out such missions. "We have been through wars," he said over a cup of sweet tea.

Lt. Col. Bassim Mohammed, who joined the Iraqi army in 1987, said he did not believe his men were prepared for Friday's operation because they had so little notice. He said he found out about the mission at midnight, and they left at 3:30 a.m. That was not enough time to secure the perimeter, he said.

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They encountered more than 100 insurgents, he said, and killed or wounded about 20 of them. He said he believes his soldiers could have better handled so many insurgents with more notice.

"We've never suffered the way we did yesterday," he said.

Tom Ricks's Inbox (WP)

The Washington Post, December 3, 2006

Tom Ricks's Inbox

Behind the official reports proclaiming steady progress, U.S. officers involved in training Iraqi security forces have found it a difficult and even puzzling process. Below are two excerpts from official debriefing interviews conducted by historians at the Army's Combat Studies Institute at Fort Leavenworth, Kan. Both illustrate the cultural chasm between U.S. and Iraqi soldiers.

* * *

Army Lt. Col. Paul Ciesinski, who worked as a trainer for the Iraqi army in 2005-06, describes how he compelled an Iraqi unit to establish a professional command post:

"I think they looked at us as a necessary annoyance. . . . When we arrived, the main CP [Command Post] was a TV watching room for Lebanese music videos and soccer games. . . . There were no communications. After about a month or two, they actually pulled the [military] radio out of the CP because it was hard to listen to the TV with the radio on. So we launched a full-court press to change that and actually build a main CP. They fought us and resisted because it was hard work and they didn't see the need for it. This was common with the Arab and Kurdish soldiers and leadership. But after we trained them on it and we got it running, it became a point of pride."

* * *

Army Maj. Jeffrey Allen, who advised the Iraqi army in 2004, recalls how an Iraqi battalion commander demanded that he possess one of two available computers -- even though he didn't know how to use it:

"They were authorized ten and two laptops or something like that. Ten computers overall. They had two. We're trying to build this battalion, so I wanted one to go to the S-3 [operations officer] for doing training calendars and all those types of things, and one for the S-1 [personnel officer] for all his accountability, but it would have to be shared amongst the staff. One of those two computers sat on the battalion commander's desk for weeks, not turned on, collecting dust. It was a status symbol for him: he had a computer on his desk. He had no idea how to even turn it on, but it didn't matter -- it was sitting on his desk."

* * *

Tom Ricks is The Post's military correspondent. This feature aims to give readers a snapshot of the conversations about Iraq, Afghanistan and other matters that play out in Ricks's e-mail inbox. Have an interesting document? Send it to TheInbox@washpost.com

Review Finds Army Mishandled Friendly-Fire Case (WP)

By Josh White

The Washington Post, December 3, 2006

Army officials destroyed critical evidence that could have determined who shot and killed Pfc. Jesse R. Buryj at an Iraq checkpoint in May 2004, one of several problems with the friendly-fire inquiry that may permanently shroud Buryj's death in mystery, according to an Army inspector general's review.

The lengthy inquiry found that criminal investigators destroyed bullet fragments, agents failed to collect ballistic evidence from weapons at the checkpoint, medical personnel made incorrect notations on Buryj's records and military officials knew his death was a friendly-fire case months before they officially notified his family.

As a result, Buryj's family buried him believing he was killed when his vehicle was rammed by a dump truck. They did not learn that he was shot by friendly forces until nine months after his death, and a lack of physical evidence means it is nearly impossible to know what happened that night.

Buryj's death -- which came just days after the high-profile friendly-fire killing of former football player Pat Tillman in Afghanistan -- also exposed a rift between U.S. and Polish forces. A group of Polish allied troops was also manning the checkpoint, and U.S. officials sought to blame them for the soldier's death.

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The inspector general found no specific effort to cover up the incident. The review shows, however, that initial investigators believed there was a need for international sensitivity. One unnamed investigator told the inspector general that there was a sense that U.S. investigators could not "say anything bad about the Poles," even though they were convinced Polish shots killed Buryj (pronounced BOO-dee). Investigators ultimately ruled that the Poles probably fired the fatal shot.

Peggy Buryj of Canton, Ohio, has long believed that details of her son's death were obscured or delayed to protect members of his unit or Polish troops in 2004, an election year during which President Bush often praised Poland's contribution to the fight against terrorism. Buryj said she is still furious about the way the Army has handled her son's case, and she feels it has now slammed the door.

"They said that anything that could go wrong did go wrong, that it was a series of unfortunate mistakes," she said after an Army briefing. "They apologized, and I think they were sincere in their apology. But the whole thing just shows incompetence, from the notification to the very end."

Jesse Buryj, 21, of Canton was killed on May 5, 2004, when an Iraqi dump truck sped through a coalition military checkpoint in Karbala and ultimately crashed into his vehicle, sending him tumbling to the ground. Soldiers initially believed that the fall injured Buryj, but he actually took fire from either the U.S. troops around him or the Polish troops nearby. A bullet pierced his back and caused massive internal injuries.

Later, when Buryj's family learned that a gunshot killed him, they believed it was hostile fire, though the people found in the dump truck were not carrying weapons.

The 47-page report, presented to Buryj's family by the Army's inspector general, Lt. Gen. Stanley E. Green, found that criminal investigators failed to conduct ballistic tests on four U.S. weapons fired that night and did not collect Polish weapons for testing.

Because the case was incorrectly labeled a hostile death, criminal investigators inadvertently destroyed the only evidence that could be used to identify a weapon -- a 5.56mm bullet fragment -- in the fall of 2005. At that time, criminal investigators destroyed evidence in a number of hostile-death cases in which evidence could not be matched to individual weapons, and Buryj's case was mistakenly among them, the report said.

"Before September 2005, CID kept the bullet extracted from PFC Buryj as evidence," the report said, referring to the Criminal Investigations Division. "Had the four U.S. weapons been tested, this might have eliminated doubts over whether U.S. weapons fired the fatal round."

The report also exposed a casualty reporting system marred by gaps and inconsistencies. The Buryj case, along with others, prompted major changes in the way the Army notifies families of war casualties. Those new policies were put into effect in April, three months after Buryj's story was reported publicly and after the secretary of the Army asked for a review.

Col. Patrick Gawkins, director of the Army Casualty and Mortuary Affairs Operation Center, said mistakes in the case "prevented a more timely, accurate notification" of the family. He noted that the complexity of the situation added to the confusion and that a vast majority of cases are reported correctly.

"Providing accurate casualty circumstances when you are attempting to rapidly notify a family of a loss is an extremely challenging task," Gawkins said. "We have continued to improve all aspects of casualty support because this is precisely what we owe our fallen soldiers and our families. We have definitely analyzed the Buryj case and other publicized cases to identify problems and fix the system."

Typically, casualty officials in the United States track such deaths via medical records, investigative reports and official notifications from the field. Though Army officials claimed to have notified the family about the nature of Buryj's death not long after it occurred, there are no records of such a conversation, according to the report. Incorrect medical records led to incorrect entries in Buryj's casualty report, which in turn led to incorrect information getting to the family.

"The casualty reporting in the PFC Buryj case was often inaccurate and untimely," leading to errors and delays, according to the inspector general's report.

One of the delays that particularly bothers Peggy Buryj concerns the final investigative report, which places responsibility on the Polish troops. It was completed by Multi-National Corps-Iraq on Sept. 6, 2004, 124 days after the incident. It was then

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forwarded to the U.S. Central Command weeks before the U.S. elections but stayed there until Feb. 18, 2005 -- a total of 165 additional days.

Polish officials have repeatedly disputed the U.S. findings, saying their troops were not responsible for Buryj's death. The inspector general found that U.S. criminal investigative agents were aware of the international sensitivities and the fact that the loose military coalition was losing members at the time.

Peggy Buryj said she is resigned to the idea that she may never know what happened to her son.

"I feel like I gave them my son and they've done nothing but dishonor him," she said.

From Skies To Streets, Woman Warriors Face The Enemy And Change Military Landscape (AP)

By Sharon Cohen

AP, December 2, 2006

A goodwill mission to deliver kerosene heaters to Iraqi schools erupts into the fiery chaos of a roadside bombing — and Maj. Mary Prophit shields a comrade so he can rescue a critically burned Iraqi soldier.

A convoy outside Baghdad is ambushed by machine-gun wielding Iraqi insurgents — and Spc. Ashley Pullen races down a road to save an injured sergeant.

A Black Hawk helicopter is struck by a rocket-propelled grenade in Iraq — and co-pilot Tammy Duckworth, bloody and severely wounded, struggles to stay conscious until the damaged aircraft is down and her crew is safe.

In Iraq and Afghanistan, women warriors are writing a new chapter in military history, serving by the tens of thousands, fending off enemy fire and taking on — and succeeding in — high-profile roles in the battlefield and the skies as never before.

"The American public is beginning to realize that women are playing an equal part in this war and that they are facing the same risks," says Duckworth, who lost both legs in the 2004 insurgent attack. "This is the first time in our nation's history ... when it's normal to see female names as part of the war wounded or those killed in action."

More than 155,000 women have been deployed to Iraq and Afghanistan since 2002, according to the Pentagon, nearly four times the number during the Persian Gulf War. Females now account for 15% of the active duty force.

The number of women casualties — 68 dead and more than 430 injured — represents a tiny fraction of the total. Still, by one estimate, the deaths exceed the number of military women who lost their lives in Korea, Vietnam and the Gulf War combined.

The public, long accustomed to seeing disabled male veterans and grieving widows clutching folded U.S. flags, has adjusted to a new set of somber images: women soldiers coming home with life-changing injuries and tearful farewells to mothers, wives and daughters.

In just two weeks in September, bombs killed four military women in Iraq and Afghanistan. Among them: Sgt. 1st Class Merideth Howard, a 52-year-old former firefighter with a master's degree in marine biology, and 2nd Lt. Emily J.T. Perez, a 23-year-old West Point graduate of the "Class of 9-11" who played the clarinet, spoke fluent German, read the Bible daily and helped start an AIDS ministry at her church.

There is no shared experience that binds together the women of war. Each has a different story, a reason why they're in uniform, an explanation of how their lives have changed.

Some feel pressured to prove themselves as women. Others don't. Some never fire their weapons. Others engage in life-and-death battles. Some are professional soldiers. Others enlist for college money. A few are grandmothers; many more are in their 20s.

Almost all serve anonymously, though a few have captured headlines back home. Former Brig. Gen. Janis Karpinski made news as the highest-ranking officer punished in the Abu Ghraib prisoner abuse scandal. Jessica Lynch, the former prisoner of war, rocketed onto the nation's TV screens when she was portrayed as a guns-blazing, all-American heroine — a depiction she herself disavowed.

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But Lynch's job — Army supply clerk in a maintenance company — illustrates one of the realities of the war: No place is safe. As the insurgency took hold, that grew even more apparent. Front lines don't exist. Combat troops still face the heaviest losses and while women are mostly in support roles, a mortar or bomb can strike anywhere from a mess hall to a supply convoy.

"My dad has friends who constantly tell him, 'Oh, your daughter's fine in Iraq. She's not in harm's way or she's not involved in combat,'" says Capt. Mary Caruso, who served two tours in Iraq, one as a platoon leader in the 194th Military Police Company.

"I don't think the general public really sees what females are doing over there," she says. "We don't have a linear battlefield anymore. The enemy's everywhere."

Women are barred from units assigned to direct ground combat — the infantry, armor and artillery, for example. While many remain in traditional jobs, such as health care, they've also served as translators and mechanics, commanded police companies and support battalions, flown jet fighters and attack helicopters.

They've been heroes, too.

In the Kentucky National Guard's 617th Military Police Company, Army Sgt. Leigh Ann Hester became the first woman since World War II to win the Silver Star for heroism. After a supply convoy was ambushed, she and others counterattacked, killing more than two dozen insurgents.

Spc. Ashley Pullen, another member of the unit, received a Bronze Star for valor, risking her life to help save a wounded soldier in the same attack. In recommending her for a medal, her company commander praised her "incredible courage."

"We now know women can hold their own, they're brave, they do have the physical and mental stamina to face combat-like situations," says retired Navy Capt. Lory Manning, director of the Women in the Military Project at the Women's Research and Education Institute in Washington, D.C. "We now know that men don't go to pieces and the American public doesn't go to pieces if women are killed. And we know that women, in fact, can defend men."

Manning says that represents a change in perceptions.

"I used to get a lot of guff that women can't do this, that women are weakening the military, women are feminizing the military — that's gone with the wind," she says. "The debate about whether they belong there seems to be over."

Not quite. Though women are widely viewed as essential with the nation's fighting forces stretched thin and they perform jobs off-limits to men for cultural reasons — searching Iraqi females, for instance — the critics have not been silenced.

"Engaging the enemy in this uncivilized thing we call war is a job for men, not women," Kate O'Beirne, a conservative pundit and Washington editor of the National Review, said in a radio interview this spring. She likened it to a man sending his wife or daughter to check out a possible home break-in.

Martin van Creveld, a prominent military historian and Iraq war critic, argues the contribution of females in the conflict has been dramatically exaggerated. "They're not occupying any particularly important positions or fighting in the front ... If there were not a single woman (deployed), the war would be the same," he says.

The Center for Military Readiness, a conservative think tank, contends that the Army has ignored its rules that prevent female soldiers from being in units that "physically collocate and remain with" ground combat troops.

Elaine Donnelly, the center's president, says that creates the potential for romantic involvement, morale problems and physical hazards. A woman, she says, might not be strong enough to rescue a wounded male soldier.

"All these social issues do matter," she says. "Cohesion is what lives depend on. It's all about survival. If you start causing doubts, you make the job more difficult or dangerous for everybody."

Last year, some members of Congress tried to curb the role of women in combat zones, but retreated after running into opposition from the Pentagon and lawmakers from both parties.

Capt. Christine Roney was tangled in the debate in 2004 when she was about to take command of a forward support company that would accompany a combat battalion.

She says she was told several male captains fired off e-mails to members of Congress and the Center for Military Readiness opposing the move. One captain, she says, messaged one of her peers asking: "What are you guys doing sending a female over here?"

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When plans changed and a man was chosen to take command, Roney says she was disappointed at first, then reconsidered. "I probably did think having a female would have been disruptive in some sense," she says. "They might think they have to act differently with a woman."

Roney, who ended up commanding a logistics company that conducted more than 500 missions in the streets of Baghdad, thinks gender walls will crumble as more women and men work together.

"Sometimes," she says, "they need to get females in the unit to see they have some of the same abilities, the same competencies as the male soldiers."

Some of that already has happened.

Capt. Tara Stiles was a platoon leader in the 194th Military Police Company supporting the First Marine Expeditionary Force. "At first, they were kind of leery," she says. But after a few weeks "they'd rather have my platoon vs. one of the others led by males. .. They needed their backs covered and we were there. And vice versa."

Stiles' company was commanded by Capt. Terri Dorn, who says she noticed some Marines were uncomfortable dealing with females, but she didn't detect resentment.

"I never felt like someone was trying to tell me we're in the wrong place," she says. "It was, 'Oh my God, what do we do?' ... Really what you're doing is teaching that person how to deal with a female."

Dorn says when men would tell her they'd never had a woman in their unit, she'd reply: "Don't think of them as females. Talk to them as soldiers."

It was advice she, too, found useful. "I wasn't a female," she says. "I was a company commander."

Dorn says some Iraqi military leaders proved a far bigger obstacle. There were those, she says, who refused to shake her hand. "It didn't hinder our conversation," she says. "It didn't hurt my feelings ... I proved myself by not allowing them NOT to speak with me."

For decades there have been questions about men and women bunking in the same quarters and whether they could serve together without distractions. While problems such as sexual harassment and assault remain, some say that gender lines blur when lives are on the line.

"Traditionally, the front is the most sexless place in the world. Behind the lines is where trouble happens," says Joshua Goldstein, a professor emeritus of international relations at American University and author of "War and Gender."

Lt. Col. Cheri Provancha, who commanded a Stryker Brigade Support Battalion in Iraq with 700 soldiers, says she didn't detect a gender gap among her troops.

"It didn't matter if you were male or female," she says. "You're going through the same thing as your buddy. That creates a bond."

Provancha also says she has noticed firsthand how attitudes toward women have changed in her 23 years in the Army.

"In the 1980s when a male soldier walks in the door, the expectation is they are competent. The woman on the other hand, it was 'I've got to see what you have before I give you that level of confidence,'" she says. "Now when I walk in the door, I feel like the guys do."

But other officers say the military is far from having an even playing field.

Janis Karpinski, who was demoted to colonel after the scandal at the Abu Ghraib prison, says she was a scapegoat — and she blames many of her problems on being a woman.

When the prison conditions started unraveling, she says, "there was not a good ole boy network to support me. They wouldn't let me in. ... There was not a male commander to say, 'Hey, Janis, you better watch out.' Had I been a man, I would have been aware of it all along."

Karpinski says the military is still regarded by many men in uniform — especially the older ones — as the "last bastion of male dominance and they're very reluctant to give up this turf to women."

And yet, some see progress, partly because younger men are moving up in the ranks along with women.

"Gender integration is not perfect by any stretch, but it's a heck of lot better than it was 30 years ago when women entered the military academy," says Mady Wechsler Segal, professor of sociology at the University of Maryland and an expert on the military.

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Women have a long history of military service going back to the Revolutionary War, when they sometimes disguised themselves as men to defend their country. Through the many wars, they've been spies and soldiers, nurses and pilots — and prisoners.

Relatively few, however, have fallen from enemy fire. In World War I, for example, nearly 360 servicewomen died, mostly nurses stricken by influenza, according to the Women's Memorial Foundation.

And in World War II, more than 330,000 women served both domestically and abroad, and more than 540 died, mostly from vehicle accidents, air crashes and illness, according to the foundation. Sixteen Army nurses died by enemy fire, the group says.

In the Persian Gulf War, about two-thirds of the 15 women who died lost their lives in non-hostile incidents. (In Iraq and Afghanistan, more than a third of the deaths have been non-combat fatalities.)

After the Gulf War, the Army opened thousands more jobs to women, including piloting attack and scout helicopters.

Maj. Tammy Duckworth — who recently lost a bid for Congress — says when she joined the Illinois Army National Guard, she picked aviation because it was a combat position open to women. "I wanted to be treated equally to the males in my unit ... and I felt part of that was accepting the same kind of risks," she says.

Early on, she says she adapted to being a woman in a man's world. "I tried to be one of the boys, to be tough or tougher," she says. But her attitude changed as she was promoted. "I knew I was a good enough officer on my own and I stopped trying to be extra-macho," she says.

Besides, she adds, some of the guys were already teasing her that she had "ovaries of brass."

But other women say they're mindful of being a minority and feel pressure — some of it self-imposed — to demonstrate their physical strength and their mental toughness so no one thinks they'll crumble when bullets start flying or bombs start exploding.

Alicia Flores says she earned the respect of male comrades in the Army's 92nd Chemical Company by hauling bodies, cleaning up feces, doing everything men did. "I had a lot of guys look up to me and say, 'How could you be out here doing this?' "

Flores says she was determined not to show weakness.

"I saw a lot of guys break down," she says. "Most of the times I did a lot better than they did. ... I wasn't going to break down and cry. Crying wasn't going to get me anywhere. It was just going to get me dirtier."

Aneta Urban stood out as the only women in her Marine police company during training in Camp Pendleton, Calif. She could feel all eyes on her.

"When it's 100 guys and you're the only girl, it's like proving yourself every day," she says. "When you're doing rifle training, close combat training, they're looking at you a lot more closely. They're wondering: Can she do it? Can she handle it? You don't want to be laughed at."

Two years later, when she was deployed, she felt she had measured up.

"They knew they could depend on me," she says. "They knew I could pull my own weight. They knew they could trust me if something happened."

Even so, Urban, a native of Poland who served as translator on a second tour, says she would never complain about "stupid girly issues" such as the lack of bathrooms.

"We were under enough stress as it is ... without worrying about finding a place to go pee," she says.

Some women say hygiene issues, whether it's going to the bathroom in a hole in the ground or not being able to wash your hair for a month, tend to be harder on females than men. Some find creative solutions.

Maj. Mary Prophit, for instance, secured her own shower, trading a Benchmade knife in exchange.

Prophit was part of a four-member Civil Affairs team and one of three women among a task force of 700. If that didn't set her apart, her age did. "I was old enough to be their mother," says the 42-year-old mother of three who is a library assistant in Glenoma, Wash. "I thought it was kind of cool."

Despite two decades in the Army Reserve, Prophit says she felt internal pressures to be a good model. "I knew if I screwed up, someone would say, 'That's why we shouldn't have women in the military,'" she says. "I want to make sure that no one thinks the mission dragged on because I'm there."

In January 2005, Prophit demonstrated her skills when the convoy she was in was attacked by a roadside bomb, ripping into the truck behind her that was carrying Iraqi soldiers.

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With ammunition exploding from the blazing truck, Prophit used her body as a shield so a medic could tend to one of the badly burned Iraqis. Later, she laid down fire at a mosque where insurgents were hiding.

Prophit then propped up the critically wounded Iraqi with her body in the tight quarters of the Stryker armored vehicle, placed his head in her lap and tried to keep him conscious as they raced to the hospital.

"My performance was a testament that women can be in combat," she says. But she draws a line. "I definitely don't think women should be in the infantry. It's not because they're not mentally strong enough or physically strong enough. If you mix genders, that alters the dynamic of the group."

After the war ends, the military and Congress will evaluate these kinds of experiences and there will be renewed discussion about what combat is, but any changes will probably be incremental, not dramatic, says Manning, the military expert.

For now, though, she says, "the public accepts that women are in the military, that there are going to be shootings, that they're going to be dying, and that's fine — with most people."

Homemade Memorial Is Stirring Passions On Iraq (NYT)

By Jesse McKinley

The New York Times, December 3, 2006

LAFAYETTE, Calif., Nov. 30 — The tranquil suburb of Lafayette hardly seems the most likely place in the Bay Area for a battle over the First Amendment and the war in Iraq. Liberal Berkeley is just over the hill, after all, and nearby San Francisco is always spoiling for a fight.

But over the last few weeks, it is Lafayette — an affluent bedroom community 20 miles east of downtown San Francisco — that has become the scene of a passionate debate over the place of political speech in suburbia.

At issue is a hillside memorial, made up of some 450 small white crosses and a 5-by-16-foot sign that reads: "In Memory of 2,867 U.S. Troops Killed in Iraq." The memorial was created by Jeff Heaton, a building contractor and antiwar activist, who said it was meant "to get people involved on a local level" and talking about Iraq.

Sure enough, people here have become involved, including more than 200 people and a half-dozen television news crews and reporters who crammed into the usually sparsely attended City Council meeting last week to voice their opinions about the memorial. And while many there said they found the crosses deeply moving, others called the memorial unpatriotic, disrespectful or just plain ugly.

That camp included Jean Bonadio, a former Marine sergeant who said she was so offended that she stopped her car and climbed the hill to dismantle the sign, which sits with the crosses on private property of a fellow advocate just north of Highway 24, a major Bay Area thoroughfare, and the Lafayette light-rail station.

"My first reaction was, 'What a disgrace to those who have sacrificed,' " said Ms. Bonadio, 53, a dog trainer. "I had no tools with me, so I removed it with my bare hands and feet."

The sign was repaired, but Ms. Bonadio is not the only one trying to take down the sign. Shortly after the memorial was erected, the city government called on Mr. Heaton to remove the accompanying sign, citing a municipal code forbidding anything larger than four square feet to be posted on private property.

That, however, prompted some supporters of the memorial to suggest that the city was engaging in censorship, accusations Mayor Ivor Samson denied. "The content of the sign is not an issue," Mr. Samson said. "If the sign was that size and said 'I love my mom,' it would still be in violation."

Mr. Samson also said that the memorial had drawn attention here precisely because Lafayette, where the median cost of a home is over $1 million, was traditionally apolitical. "I think had this been in Berkeley or Santa Cruz, a community with a greater history of political activism, this wouldn't be news," he said.

No action was taken at Monday's meeting, after the city's attorney said he needed more time to study the issue. But Louise Clark, who owns the property the memorial sits on, said that if the sign had to go, the meaning would be lost.

"If it's just crosses, it's a cemetery," said Ms. Clark, 81. "It's not a cemetery, nobody is buried there. It's a memorial."

But some Lafayette residents question whether the memorial actually meant to remember the dead troops. "There's no American flag flying, it's just very stark and shock value," said Lyn Zusman, 53, whose son is a marine just back from Iraq. "If you

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want to make it a memorial, you personalize it. But if it's a protest, call it that. That's why we live in America, so we can spout our views off."

This is not the first time Mr. Heaton, a longtime Lafayette resident, has tried to erect a memorial in his hometown. Three years ago, he tried to mount a smaller display of crosses on the same hillside. The night after he planted them, however, someone stole them. The next day, he planted the crosses again, and the next night, they disappeared again.

But this time, Mr. Heaton says he feels that the mood about the war has shifted, both nationwide and in Lafayette.

"There's been a real change in the tide of feeling about the war," said Mr. Heaton, 53, who said the inspiration for the crosses came from a visit to the Vietnam Memorial in Washington. "It is much more acceptable now to question the reasons for the war."

He added that Lafayette would be a good place to make a statement because "it is pretty sleepy and conservative and not that much happens there."

City officials in Lafayette also say their city has been slowly changing, with an influx of former Berkeley and San Francisco residents looking for a place with good public schools for their children. Lafayette, Mr. Samson said, now has "people who are very interested in the larger world."

The Lafayette crosses are not the only grass-roots remembrance around, or the only one to stir controversy. Veterans for Peace, a nonprofit antiwar group based in St. Louis, has regularly planted similar arrays of crosses on beaches in Santa Monica and Santa Barbara. Since 2004, the American Friends Service Committee, a Quaker group based in Philadelphia, has sponsored a traveling exhibit called Eyes Wide Open, which features a pair of empty boots for every American solider killed in Iraq.

Michael T. McPhearson, executive director of Veterans for Peace, which also has fields of crosses planted in four other cities, admitted that the displays sometimes provoked angry reactions. "They say we're not supporting the troops, and they say we shouldn't be doing these vigils," said Mr. McPhearson, 42, who served in the first gulf war. "But we feel that especially because we're veterans and we've served, we have the right."

Mr. Samson said he did not know when the city attorney would rule on whether the sign in Lafayette had to go. In the meantime, however, Mr. Heaton and Ms. Clark say they will continue to add crosses — and update the numbers on the sign.

"It's overwhelming just looking at that small number, and that's nowhere near the number of the ones we lost," said Ms. Clark, speaking of the dead in Iraq. "When we get all those crosses up there, everybody will gasp."

As The War Drags On, She Keeps On Wrapping (NYT)

By Peter Applebome

The New York Times, December 3, 2006

It did not begin as Luz Mercado's Christmas tradition.

Instead, it began two years ago as something at once desperate and mundane — a mother's obsessive campaign to make Christmas seem like Christmas for her son in Iraq and the Marines serving under him.

With the holidays coming and her son, Marine Sgt. Luis Mercado Jr., requesting a Santa suit for himself and assorted goodies for the Marines in his unit, Mrs. Mercado turned her garage into a warehouse and herself into a nonprofit foundation called Support Our Heroes. Before long the donations poured in, the gift baskets were stuffed and mailed off, and it was Christmas in Iraq in a war she hoped, prayed and believed would soon be over.

When the next Christmas came, he was home, serving as a Marine drill inspector on Parris Island, S.C. But his buddies were still in Iraq, and she figured she owed it to other moms to do for their children what she had done for her own. So there was a second Christmas blitz, more gift baskets, more bags from Sam's Club and Wal-Mart, more stacks of Big Red gum, Red Bull energy drink and black socks to send to Iraq.

Now the war limps on, and the pictures at www.supportourheroes.net are of Army Pfc. Matt Harvey from Cornwall, N.Y., and Marine Lance Cpl. Chris Smolinski from Newburgh, N.Y., whose platoons will be the recipients of this year's 125 gift bags of snacks, sweets, toiletries and clothes. She also sends packages of supplies throughout the year.

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It feels different from when she began. Most of the flags and yellow ribbons are gone from nearby homes. The war feels like the ailing elephant in the room of American life, too big to ignore, too grim to discuss much. The garage is pretty empty and the fund-raising is a struggle. We need new product in America, and this war feels like something long since marked down and ready to be moved. In September, she sent out 125 letters to previous donors asking for contributions. She got responses from about 10.

But it would feel wrong to move on while the soldiers are still there, so Mrs. Mercado pushed on like someone walking uphill into a stiff wind.

"It's just hard," she said. "People are busy. They only have so much money. I understand that. But I made a promise to keep doing this until all the soldiers are home, and that's what I plan to do."

It's not what she bargained for. When the war began, she thought it would last a few months, a year and a half at the most. Who expected this? It didn't help when she had to have surgery over the summer or when the war news kept getting worse.

But Mrs. Mercado, who sells jewelry and has a 15-year-old son at home, has the laser focus of the woman who manages to get the kids to every event, bake the perfect peach pie and make the trains run on time at home. So she has managed to cook up events, raise money, buy things herself when she finds good sales.

She has help from Pat Smolinski, an occupational therapist, and Linda Harvey, who runs a Montessori school, both of whom come across as modern war moms — terrified and slightly ironic at the same time.

When Mrs. Harvey stopped over on her way to yoga class the other night, Mrs. Mercado was excited to hear that Matt was due home for two weeks in January.

"Don't let him go back," Mrs. Mercado said urgently.

"What am I supposed to do, shoot him?"

"Break his leg or something. There must be a way."

It's not that people don't care. There was a bake sale at the Newburgh auto auction and, a tango dance fund-raiser. People are generous in dropping off things at the yoga studio Mrs. Harvey attends.

Still, it's a struggle.

"People are tired of the war," Mrs. Smolinski said. "And look at our economy. People tend to forget unless you're in their face constantly, and if you're in their face all the time, you're going to alienate them."

She sends her own CARE packages to her son two or three times a week, car magazines, Chef Boyardee ravioli, Skittles, Twizzlers, and tries to keep an even keel. "He seems to be doing wonderfully," she said. "His mother, on the other hand, is a basket case."

Mrs. Mercado has been there. She cried every day her son was away, followed war news intently, shivered over every casualty report. That should be over. It's not.

She still gets that cold chill from the casualty reports, even if her son is safe in South Carolina. She still fusses over those gift bags. She prays this is a tradition that won't last past this year, but figures if it's still needed, she'll be ready to do it again.

In Afghanistan, Lessons In The Face Of Violence (LAT)

By Paul Watson

The Los Angeles Times, December 3, 2006

THE teacher had been warned.

Mohammed Aref was on duty near the front gate of his school. The children were at recess, playing volleyball without a net.

The throaty rumble of a motorcycle broke through their playful shrieks and laughter. The lone rider, a man wearing a traditional shalwar kameez with his face obscured by the long tail of his turban, called Aref over to talk. Then he pulled an AK-47 from under his baggy shirt and fired six bullets into the teacher.

Aref had no way to defend himself. His only weapons were his faith in knowledge, some tattered books and a piece of chalk. He died in the dirt in front of horrified pupils.

Fifteen days earlier, Taliban guerrillas had come in the darkness and posted a "night letter" on the door of his farmhouse, telling the 50-year-old teacher to stay away from the school if he wanted to stay alive.

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Aref, who earned just $50 a month, stood his ground. One of the first victims in the resurgent Taliban's dirty war on education, he gave his life trying to teach Afghan children that there is more to theirs than endless war.

After the U.S. joined with anti-Taliban militias five years ago to bring down the Islamist government, one of the biggest changes was in education. The Taliban, whose name means "students," regard Western-style education as a direct threat to the vision of a pure Islamic state. Its followers regard modern education as a morally toxic force of Western colonialism.

The Taliban's founders learned their disdain for most things modern in radical religious schools in Pakistan, where the only legitimate subject is study of the Koran. Extremist mullahs teach a harsh version of Islam that professes to be a return to traditions established by the prophet Muhammad.

A decade ago, when the Taliban swept across southern Afghanistan to seize the capital, Kabul, the mullahs issued edicts closing the women's university and most girls' schools. A collapsing infrastructure made it difficult for many boys to attend school as well.

When schools reopened in 2002 after the ouster of the Taliban regime, only about a third of Afghanistan's school-age children were in class. Today, the World Bank says, the figure is 87%, about 6.5 million pupils, a reflection of the hope of Afghan parents that the U.S.-backed government will be able to bring their country into the modern world. Some aid workers estimate the figure is much lower.

The United States has distributed textbooks and supplies, trained 50,000 teachers and rebuilt 672 schools.

But once again, education is under pressure from the Taliban. The militants are active once more across at least half of the country, including the southern province of Helmand, where Aref died in December 2005. Afghanistan's corrupt police and weak army are unable to provide much security.

Over the last year, insurgents have burned at least 146 schools, and insecurity has forced 215 others to close, the Afghan Education Ministry says. Zuhoor Afghan, an advisor to Education Minister Mohammed Hanif Atmar, says about 220,000 students have quit school because they fear for their lives.

To his wife and their seven children, and the many villagers who respected him, Aref was a mujahid, a courageous man engaged in a holy struggle to defeat ignorance and hatred so Afghanistan might know peace.

"He loved teaching," said his brother, Mohammed Rafiq Mohammedi. "It was important to him because he wanted students to learn what he knew and build the nation, to work for the people."

Continuing threats

The day after Aref died, none of his school's 1,300 students or their teachers showed up for class.

Their principal, Noor Mohammed, spent weeks trying to undo the damage, sitting with parents for hours, trying to convince them they had to keep the school open.

"They said, 'Unless you guarantee the security of our children, we will not allow them to go to school,' " he recalled outside the deserted school recently. "I said, 'I cannot guarantee the lives of your children, but they must study as much as they can.' "

As he desperately tried to reassure parents and children, Mohammed received his own night letter, which was posted on the gate of the local mosque for all to see.

"Drop this business of teaching and the school or you will be responsible for your own death," it warned. "If you continue, you will have to wash your hands of your life."

Like Aref, the principal kept going, but he couldn't vanquish the terror sown by the Taliban or protect his school.

Even where Taliban violence isn't threatening schools, Afghanistan's other problems are. Across the country, schools are in crisis because of corrupt contractors, shoddy building practices and a chronic shortage of textbooks and trained teachers, said Afghan, the Education Ministry official.

"If they have teachers, they don't have books," he said. "If they have books, they have no chairs. If they have fancy buildings, they have no toilets."

The government doesn't even know how many teachers there are because it is still awaiting the results of a head count started early this year. Despite the progress in many areas, every district in the country is reporting a shortage of qualified teachers, Afghan said.

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"We need thousands of professional teachers, and we also need to train most of our professional teachers who are teaching now," he said. "There are students who have not even finished their schooling yet, but they are teaching. For example, students in grade 10 and 11 are teaching grade 3 or 4, and in some places it's even worse than that."

The situation is likely to improve under Atmar, the education minister, who has a strategic plan to improve the system, said Wagma Battoor Hassan Zumati, education program coordinator for CARE, a U.S.-based aid agency. Atmar won praise from foreign aid donors for his management of the rural reconstruction and development ministry.

But many Afghans are losing patience. Encouraged by the promises of Western leaders, they believed the Taliban's defeat meant the dawn of a new age of rapid progress, in which all children could get a good education. The plodding advances, even relapses to the more familiar rot of war and corruption in large parts of the country, feed a growing cynicism toward foreign governments and aid agencies.

"The optimism has died because these people are not honest with each other or with us," Afghan said. "They are working for their own benefit."

Woman of defiance

FATIMA MUSHTAQ put her life on the line long ago to help educate Afghanistan.

When the Taliban's mullahs ruled, she ran a secret school for women. Now, as head of education for Ghazni province in central Afghanistan, she is defying the extremists' efforts to turn back the clock. And, as a woman in a deeply conservative region, she also fights entrenched sexism and sclerotic bureaucracy.

Mushtaq does not hide her elegant face in public. She dares to adorn it with makeup. She covers her hair with a sheer white scarf, embroidered with delicate flowers, draped over her shoulders. Her voice is soft, but uncompromising.

And she packs a pistol.

"I can use it," she said with a steely smile.

She may have to. Last fall, Mushtaq received a night letter warning that she would be killed if she didn't quit her job and stay home.

"I said, 'Go ahead. Everything that you can do, I'm ready for it.' "

Friends and colleagues have tried to persuade her to give in to the threats. But Mushtaq feels the burden of a nation on her shoulders. She's afraid that if she surrenders, other women will give up too, and then everything they've gained will be lost.

And she has so much left to fight for.

"When we go to people and tell them, 'You should send your daughters to school,' they tell us, 'First you build a school, then we will send you our daughters,' " she said.

Over the last year, insurgents have killed a principal and one of his office staffers and burned more than a dozen of Ghazni's schools. Taliban threats have shut down at least 13 more, forcing their students to study in homes and mosques.

About half the province's schools have no buildings or tents, and 100,000 Ghazni students attend class in the open, many of them sitting in the broiling desert, Mushtaq said. Textbooks are in short supply everywhere.

But she insists on seeing the bright side.

"It's a bad situation with a good future," she said.

It takes a lot of optimism to see good things ahead for Ghazni villages such as Chaghatu, in a patch of windblown desert almost 100 miles southwest of Kabul. It is surrounded by barren, black mountains, a forbidding sanctuary for Taliban insurgents and their allies.

The villagers are ethnic Hazaras, who by one theory are descendants of Genghis Khan's Mongol army that invaded central Afghanistan in the 12th century. They have suffered persecution for generations, but after the Taliban's fall, they enjoyed a brief period of peace.

That changed a year ago when the insurgents suddenly grew stronger here. About 4 a.m. on May 29, marauders came down from the mountains and attacked Chaghatu's small school, just down the road from an Afghan army checkpoint.

A bomb placed in a storage room failed to explode, but ignited a fire that destroyed most of the books and part of the school. Villagers doused the flames with shovels of dirt and buckets of water, Principal Gul Mohammed said.

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"There are a lot of motorcycles and cars passing us, and they are mostly Taliban or their informers," he said, with a worried eye to the dirt track that passes in front of his office window.

Twelve days before the attempted bombing, two men on a motorcycle passed by close to the gate about 5 p.m. One got off to warn the watchman that "girls should not go to school."

Some were moved the next day to a mosque. Several older girls remained in their regular classroom, where on a recent morning they still were studying. Sitting on floor mats, they were learning English.

"They are afraid of suicide attackers," the principal said. "They are afraid that someone might come into their class and explode or throw a grenade."

About 20 first-grade boys filled the scorched remains of the storage room, studying arithmetic under a burned-out ceiling, sitting on the floor in front of a blackboard propped against a charred wall. Other boys had their lessons in the hallway or outside on the hard dirt in the shade of a rear wall.

"Even though the school was burned, our students and teachers are more enthusiastic and they are still coming," said Mohammed Hassan, 25, the girls' cheery English teacher. "We won't be afraid of a single incident. A small warning cannot prevent us from teaching."

Mushtaq runs a department staffed by men, many of whom don't like working under a woman.

On a recent morning, one of her male staff members leaned over her large wooden desk and tried to browbeat her into returning a clerk she had shifted temporarily to another department. An elderly man in a turban demanded tents for his students. Several others reported new threats from the Taliban to kill teachers or burn schools and wanted to know what Mushtaq was going to do to protect them.

"It's the people's duty to protect their schools," she answered repeatedly, urging them to volunteer to guard the schools against Taliban attacks. "People have tried to persuade me to quit. I tell them, 'I'm a lady, but I'm strong and I'm brave.' "

Mushtaq had spent the morning fielding school security alerts on her cellphone, or from officials who traveled from remote villages.

Syed Dilawar, a 60-year-old clerk, joined the scrum of men pressing in around her desk. He had come more than 40 miles from a village in the desert of Qarah Bagh, to plead for protection from insurgents who were threatening to destroy his school.

He had traveled in a car with a woman and two other elderly men. Four Taliban guerrillas stopped them, and when they searched the car, they spotted the belt of Dilawar's satchel poking out from under the seat where he had tried to hide it. They found reports addressed to Mushtaq inside.

Dilawar acknowledged that the bag was his, and as the Taliban led him toward a nearby mountain, the female passenger, a stranger to him, fell at their feet, begging them not to kill him. The two male passengers added their appeals for mercy.

"I told them that I am the servant of the children of this country, and I am the servant of Afghan Muslims and I am the servant of Islam. I am the clerk that brings the salaries to the poor teachers of Ghazni," Dilawar said.

"Then they replied, 'You are not serving Islam, you are serving America, you are serving the infidels. You are misleading our children and you want them to become infidels too.' "

But the woman continued to cry, and on a forsaken stretch that some of the world's most powerful armies could not make safe, her tears were enough to spare Dilawar's life.

"She was the one who saved me," he said.

Challenges ahead

ONE of the children who saw Aref die was Saifullah, a 13-year-old third-grader with a gold pillbox Kandahari cap covered with tiny round mirrors that glint in the midday sun. Aref was his Pashto-language teacher.

Standing in the dirt yard where the educator was killed, the boy stretched his right arm behind his back, nervously clutching the crook of his left, and paid his slain teacher a simple tribute. "I liked him because he did not beat us," he said, adding almost as an afterthought: "And he was teaching very well."

Saifullah wants to be a doctor. His friend, Samidullah, 12, hopes to become an engineer. But the futures of millions of children, and of Afghanistan itself, in some measure depend on whether their schools continue to function.

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Without education, the two boys here are more likely to be sucked back down into Helmand's swamp of war and drug trafficking.

Aref's own son, 10-year-old Mohammed Asif, goes to a nearby school that was recently renovated by an Afghan subcontractor working for the U.S. military. But within weeks, the paint was peeling again, the windowpanes were broken, and the concrete was cracking. The rebuilt road outside was also crumbling.

Afghans accuse the Americans of failing to keep their promise to fix the schools. "And then people think of them as real infidels," said the principal, Mohammed Rahim. The U.S. military said it was assigning engineers to repair teams to make sure it didn't happen again.

But engineering can't protect a school from a determined arsonist or bomber.

A few months after killing Aref, the Taliban guerrillas returned and set his school on fire. The flames destroyed the roof, melted window screens and blackened the mud-and-wattle walls.

In a hallway, an attacker used a piece of charcoal to write a lesson in bold Pashto.

"This is the country of betrayers," it said. "What good will it do you? We will discuss this in the next life and on doomsday."

Nearby, someone scrawled an apparent reply in smaller script: "Do you have hope for the country?"

And, as if to remove any doubt about his defiance, the writer added: "My country."

CRIMINAL LAW:

Alleged Underboss Of New England Mafia Is Arrested (BOS)

By Shelley Murphy And Raja Mishra, Globe Staff

The Boston Globe, December 3, 2006

Reputed Mafia underboss Carmen "The Big Cheese" DiNunzio was arrested on extortion and illegal gambling charges as he emerged from a North End social club yesterday, potentially ending the reign of an underworld leader credited with uniting the fractured Boston mob into a low-key, profit-focused machine.

After State Police removed $6,000 in cash from his pockets and led the portly mobster away in cuffs, officials predicted his arrest would further weaken an organized-crime syndicate already diminished from decades of investigations and infighting.

DiNunzio, 49, ascended to second in command of all New England mobsters around 2002, according to law enforcement officials, after winning the favor of New England godfather Luigi "Baby Shanks" Manocchio of Providence. Law-enforcement officials allege he set about refocusing the mob on money-making crimes, such as extortion and gambling.

"He's a low-key underboss who has been trying to keep the mob's activities under the radar of law enforcement and the media," said one law enforcement official.

According to a source briefed on the investigation, DiNunzio's extortion and gambling operation had been collecting "hundreds of thousands" of dollars per week and involved a "ton" of operatives.

Many of the crimes date to 2001, when the investigation began, and the statute of limitations was going to expire this month, triggering yesterday's arrest at the Gemini social club at the corner of Lynn and Cooper streets.

DiNunzio will be held on $250,000 bail at the Danvers State Police barracks pending arraignment in Salem Superior Court on Monday.

Thomas J. Foley, a longtime organized-crime investigator who retired as superintendent of the State Police in 2004, said the indictment of a Mafia underboss is always significant.

"It puts definite stress on their organization and their leadership," Foley said.

DiNunzio's arrest stems from a State Police investigation that led to the indictment last February of reputed mob soldier William Angelesco on gambling and conspiracy charges. State prosecutors announced in court last February that the State Police had seized about $800,000 since the investigation began in September 2001. Angelesco's case is still pending.

A State Police officer testified in federal court last year that Arthur Gianelli, a Lynnfield bookmaker and brother-in-law of former FBI agent John J. Connolly Jr., was paying $2,000 a month to DiNunzio for permission to operate his gambling business. Gianelli is awaiting trial on federal racketeering charges.

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An Essex County grand jury indicted DiNunzio yesterday on charges of extortion, maintaining or organizing a gaming operation, and conspiracy to maintain or organize gaming operations, according to the Essex district attorney's office.

DiNunzio faces up to 15 years in prison if convicted.

Law enforcement officials said DiNunzio had been shaking down bookmakers, forcing them to pay his syndicate to stay in business, and running a gambling operation that focused on sports betting.

The State Police Special Service Section's organized crime unit launched the investigation in 2001 and secretly recorded local mobsters, using bugs and wiretaps . It was unclear whether DiNunzio was heard on surveillance.

Law enforcement officials predicted that DiNunzio's arrest would disrupt the activities of the New England family, which remains the dominant organized crime group in the region, despite two decades of prosecutions.

DiNunzio, whose nickname comes from his ownership of the Fresh Cheese shop on Endicott Street, owns an interest in Carmen's Kitchen restaurant in East Boston.

DiNunzio, an East Boston native, rose through the ranks to become the underboss and has helped quell infighting in a family splintered into two factions during the bloody reign of former New England Mafia boss Francis "Cadillac Frank" Salemme, according to law enforcement officials.

DiNunzio left Boston in the late 1980s and lived in California. In 1993, while he was there, he was sentenced to four years in federal prison on a charge of extortion for shaking down a Las Vegas gambler for $27,000. He later returned to Boston.

DiNunzio has modeled himself after the old guard of the Boston mob, the Angiulo brothers, who quietly operated the rackets like a business from the 1960s to the early 1980s, making gambling, loan - sharking, and extortion the bread and butter of the organization , officials said.

Whether DiNunzio retains his alleged leadership position while he is under indictment depends on the current structure of the family and whether anyone is willing to step forward to assume control, Foley said.

Citing the wave of federal and state prosecutions that have weakened the Mafia, Foley said, "There's been so much pressure on [La Cosa Nostra] and the people holding those positions that as soon as you take one of those positions, you have to know that you are going to be a target of law enforcement."

But despite the prosecutions, Foley said the local Mafia remains a sophisticated and violent organization that could easily regain the power it had on the region a decade ago if law enforcement doesn't keep up pressure on it.

"There's always that romantic -- unfortunately -- aspect to the mob, and people are still interested in that part of things," Foley said. "There are always certain people looking for the notoriety or the publicity or the power when they try to step into these positions."

FBI Has Establishes Bribe Tip Line (AP)

AP, December 3, 2006

BOZEMAN (AP) — The FBI has established a tip line for people to report individuals working in public offices whom they believe are corrupt.

People can call in to report suspected shady public officials working for school districts, law-enforcement agencies, government offices or in any other public position funded by taxpayers.

The Public Corruption Tip Line, 1-866-50-BRIBE, was established for Montana, Idaho and Utah residents through the FBI's Salt Lake City field office.

In addition, tips regarding public corruption can be made at the FBI's Web site, www.fbi.gov by going to the Web site and clicking on the link to the Salt Lake City field office.

People reporting a tip are encouraged to provide contact information, although anonymous tips can be made.

The FBI announced the establishment of the tip line after charges were filed against three employees of a Utah school district. The employees were accused of misappropriating $4.5 million in public funds, according to an FBI press release.Butte businessmen host Chinese officials

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FIGHT TO THE FINISH William Jefferson Takes Page Out Of Nagin's Playbook In Political Battle With Karen Carter (NOTP)

By Frank Donze, And Michelle Krupa%%par%%staff Writers

New Orleans Times-Picayune, December 3, 2006

Accomplishing a feat widely considered impossible, New Orleans Mayor Ray Nagin managed to get re-elected in May by stitching together an unlikely coalition of working-class black voters and white conservatives.

Now, a few months later, it appears that U.S. Rep. William Jefferson is trying to replicate Nagin's feat, or at least compose a variation on the same theme.

In the fight of his political life, the embattled congressman is running to both the political left and the right of state Rep. Karen Carter.

The two New Orleans Democrats face off Saturday for the 2nd Congressional District seat in a runoff expected to turn on their ability to broaden their established bases along racial lines and to appeal to Jefferson Parish voters, whose influence in the district has expanded since last year's flood emptied New Orleans neighborhoods.

On one hand, Jefferson, for the first time in his long career in public office, is touting his conservative votes in Congress against same-sex marriage and late-term abortions. And he is attacking Carter for having "sold out our family values" through her avowedly abortion-rights stance in the Legislature and her opposition to scheduling a statewide vote on a constitutional amendment that sought to define marriage as the union of "one man and one woman."

At the same time, the eight-term congressman also has been trotting out his liberal credentials as an outspoken advocate of displaced public housing residents and out-of-work public school teachers and hammering away at the campaign contributions Carter has collected from Republicans.

For her part, Carter has focused on telling voters that she would be better respected in Congress and would land a committee assignment from the majority Democratic leadership. It was the Democrats who tossed Jefferson off the House Ways and Means Committee after an unsealed federal affidavit revealed FBI agents had found $90,000 in marked bills in the congressman's freezer during a bribery investigation. Jefferson's attacks on her character are simply an effort to deflect legitimate questions about his integrity raised by the investigation, she says.

Last week, the Carter campaign launched a series of television ads that feature children competing in a spelling bee. They spell words such as "corruption," "unscrupulous" and "deceitful" as a narrator ticks of details of the federal investigation and business deals involving Jefferson and his relatives.

The Carter campaign also claims that Jefferson's focus on conservative "family values" contradicts the perfect score he received for his support of equal rights for homosexuals in 2002 from the Human Rights Campaign, a prominent gay-rights organization.

Stepped-up attacks

Jefferson also is using every opportunity to sully Carter's image by raising questions about the money she has earned from professional service contracts, labeled by Jefferson as "no-bid public contracts." He has also assailed her tenure as chairwoman of the House Insurance Committee, which he describes as the "best-fed, best campaign-financed" panel in Baton Rouge. Carter has said her work as a lawyer on public bond deals and energy regulation, as well as her leadership of the insurance panel, were proper.

Jefferson's gambit appears to have a two-fold purpose: to deflect attention from a federal investigation that has made headlines for more than a year and to paint an unflattering picture of his rival.

The incumbent's likely goal, pollster Bernie Pinsonat said, is to "persuade Carter's voters that she is no better than he is. The idea is to turn off her voters so they won't vote. That's why he's attacking her on anything and everything.

"When you have high negatives, you trash your opponents in an effort to make them as unpopular as you are," Pinsonat said. "You learn that in Politics 101."

Carter, a two-term legislator, entered the contest at a distinct disadvantage in name recognition compared with Jefferson, who has been a fixture on the local political stage for three decades, including the past 16 years in Congress. But in light of

Jefferson's legal problems, Carter's lack of recognition might not be all bad, said Ed Renwick, the longtime director of Loyola University's Institute of Politics.

"Not many people know her," Renwick said. "But that might be all she needs. Being 'anybody but Jefferson' could do it for her."

If financial support is any indication, Jefferson's strategy has not persuaded potential campaign contributors.

According to the most recent campaign finance reports, Carter has raked in $320,000 during the past month, more than four times Jefferson's total in the same period. She is spending the money freely on radio and television ads that pound Jefferson on the criminal probe.

Jefferson responded with a commercial of his own in which he criticizes Carter for her "shameless exploitation" of the children featured in her spelling bee ad before unleashing yet another attack on her "values." He also takes his long-standing claim of innocence to a new level, peering squarely at the camera and telling voters: "I have never taken a bribe from anyone."

Carter, meanwhile, returned Jefferson's attacks on the issue of same-sex marriage. Carter spokeswoman Cheron Brylski charged last week that Jefferson is engaging in hypocrisy, noting that the incumbent has a long history of supporting gay rights.

Brylski said that in addition to his perfect score from the gay-rights group, Jefferson, in his failed 1999 bid for governor, offered this response to a question about job protection for gay workers: "I don't think anyone should be discriminated against because of any status they have. . . . You treat people differently for what they do and how they act, but not who they are. That would be wrong."

Jefferson spokeswoman Melanie Roussell said the incumbent's positions are not inconsistent.

"For him, banning same-sex marriage was a matter of religious conviction," Roussell said. "On the other hand, he does not support discrimination in housing, employment and other areas just because of a person's sexual orientation, which is why he has received high marks from human rights organizations."

The campaign's temperature undoubtedly has heated up in recent days. Though they lobbed a few bombs leading up to the Nov. 7 primary, the candidates mainly limited their attacks to scattershot references in campaign messages that primarily crowed about their own strengths.

Jefferson insisted that despite his ejection from Ways and Means, he alone has the Capitol Hill connections to make sure recovery money keeps flowing to the flood-ravaged district.

Carter, meanwhile, touted support from former U.S. Sens. John Breaux and J. Bennett Johnston, as well as strong ties to such rising Democratic stars as Jesse Jackson Jr., as allies who will bolster her effectiveness as a freshman lawmaker. She also did not miss opportunities to describe her record in public office as unblemished.

Nagin comparisons

If Jefferson's strategy is modeled on Nagin's successful campaign against Lt. Gov. Mitch Landrieu -- a campaign in which the mayor simultaneously portrayed himself as the black voter's friend but as the conservative alternative to Landrieu liberalism -- the congressman also has had to adjust the playbook.

For one thing, Jefferson lacks key assets on which Nagin was able to capitalize: Nagin's record as a fiscal conservative, for example, and his relatively scandal-free first term. Jefferson's attention to a conservative social agenda substitutes for Nagin's market-friendly approach to fiscal conservatism, a self-image that Jefferson could not honestly pull off.

If there was a cloud over Nagin, it was not the thunderhead that hangs over the Jefferson camp. Critics accused Nagin of being a feckless leader at a time of catastrophe and invoked unflattering comparisons with New York Mayor Rudy Giuliani after the Sept. 11 attacks. But Jefferson aides and associates have pleaded guilty to bribery charges, and the cash found in his freezer is a powerful issue with voters.

"It's hard to outdo an FBI investigation and money in your freezer," University of New Orleans political science professor Susan Howell said.

Further, Nagin faced a white opponent whom many black voters viewed as an opportunist seeking to exploit the displacement of tens of thousands of African-Americans after the flood. Though Jefferson has highlighted Carter's backing by two of the city's most potent white Republicans -- developer Joe Canizaro and shipbuilder Boysie Bollinger -- the fact remains that both candidates are black.

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And whereas Landrieu soft-shoed around his assertion that Nagin had flubbed the city's near-term recovery, Carter has taken direct aim at Jefferson's legal problems, accusing him of focusing on his legal defense at a time when the district should be the top priority.

Slim turnout predicted

In light of the primary-election results, Jefferson faces yet another challenge that he has not encountered since entering Congress in 1990. Though he ran first in a 13-candidate field, Jefferson mustered only 30 percent of the vote, a dismal showing for an incumbent who two years ago won with support from more than eight in 10 voters.

Results from the Nov. 7 election show that Jefferson won nearly 50 percent of the vote in precincts where black voter registration is 75 percent or more, according to an analysis by University of New Orleans political scientist Ed Chervenak. But in precincts where white registration is 75 percent and higher, he picked up less than 6 percent.

Carter, meanwhile, carried precincts where voters are predominantly white with more than 30 percent of the vote. In predominantly black precincts, Carter won 14 percent.

Nagin, in his re-election bid, made huge strides because of a coast-to-coast effort featuring the Rev. Jesse Jackson and former New Orleans Mayor Marc Morial, now president of the National Urban League, to make sure displaced voters -- a majority of them African-Americans -- were not disenfranchised in the first post-Katrina election.

In that race, about 113,600 people cast a ballot for mayor, or about 38 percent of the city's 298,500 eligible voters. Nearly 25,000 of those -- almost one-quarter of voters -- mailed or faxed in an absentee ballot or voted in person at one of 10 balloting centers set up around the state for early voting.

Even so, Nagin's margin of victory was a mere 5,000 votes.

Interest in the November congressional primary, which did not feature satellite centers, was only a fraction of that total, with about 3,600 Orleans Parish voters voting early. By late Friday, the runoff numbers were even lower, with about 1,800 voters casting ballots early or by mail. Early voting ended Saturday afternoon.

Given Katrina's virtual emptying of the Central City and 9th Ward neighborhoods that have been Jefferson's traditional base, the lack of substantial out-of-town voting last month could bode poorly for his re-election. So could Saturday turnout, which political handicappers expect will not climb beyond the 24 percent of voters who went to the polls in the primary.

"With each passing day, Christmas gets closer and the calendars get filled up," Renwick said. "It's a terrible time to have an election."

Jefferson Parish key

Given lackluster voter interest, the key to victory lies in which candidate can get his or her base -- black voters in Jefferson's case, white voters for Carter -- to go to the polls.

The real battleground on Saturday will take place on Jefferson Parish's West Bank and a sliver of south Kenner, home to about a third of the district' registered voters. Historically, the Jefferson Parish electorate has had little impact on the outcome of 2nd District races. But Katrina appears to have altered that dynamic.

About 270,000 of the district's voters are registered in Orleans Parish, though many remain displaced by the storm. Jefferson Parish, which houses 12,000 of the district's registered voters, saw about 28 percent turnout in the race, 5 percent more than in New Orleans.

The incumbent enjoyed a significant edge in Jefferson Parish in the primary. More than 31,000 parish residents cast ballots in the race, with the congressman getting 23 percent of those votes, compared with Carter's 8 percent.

But both trailed the only well-known Jefferson Parish entry, state Sen. Derrick Shepherd, a Marrero Democrat who received nearly 11,000, or 34 percent, of the votes on his home turf.

Shepherd, who placed third in the primary with 18 percent, was backed by much of the Jefferson Parish political establishment.

While he has endorsed Jefferson, speculation is rampant in political circles that there might be more to his support than meets the eye: If the incumbent is re-elected and then indicted and forced to resign, Shepherd could make another run at the seat.

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While Carter has attracted the endorsement of some of the elected officials who got behind Shepherd -- notably his close political allies, Jefferson Parish Councilman Byron Lee and state Rep. Terrell Harris -- most of the big names are still neutral, including Assessor Lawrence Chehardy and Gretna Mayor Ronnie Harris. A spokeswoman for Parish President Aaron Broussard said Friday that he is staying out of the endorsement game.

Meanwhile, heavyweights such as District Attorney Paul Connick and Parish Council Chairman John Young, who took no position in the primary, have remained on the sidelines. Councilman-at-large Tom Capella has backed Carter, a former House colleague of his.

Carter's efforts to gain a foothold in Jefferson Parish have been hampered by comments she made to Spike Lee in the filmmaker's Katrina documentary. Carter labeled as unjust, inhumane and un-American the decision by Jefferson Parish law enforcement officials to block New Orleans evacuees from walking across the Crescent City Connection in an effort to flee the flooded city.

Sheriff Harry Lee, who has said the comments were a personal vilification, is expected to send a direct-mail piece Monday to homes across Jefferson Parish encouraging voters to oppose Carter. Though Lee would not discuss the ad, sources close to the sheriff said it asserts that Carter's criticism of law enforcement officials is an insult to all Jefferson Parish residents.

"For some reason, she's ducking the bridge incident," the sheriff said. "If she's not going to say something about it, I'm going to say something about it."

Lee has not endorsed Jefferson, and he said Friday that that he did not coordinate with the Jefferson campaign on the ad.

. . . . . .

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La. Rep. Tries To Save Political Career (AP)

By Cain Burdeau, ASSOCIATED PRESS WRITER

AP, December 3, 2006

NEW ORLEANS -- Embattled U.S. Rep. William Jefferson hunted for votes among churchgoers Sunday as he headed into the final week of a campaign to hold onto his seat and salvage his political fortunes.

FBI raids on his homes and his congressional office, including allegations in an FBI affidavit that he hid $90,000 in bribe money in a freezer, have left Jefferson vulnerable for the first time since he won the seat in 1990.

In the Nov. 7 open multiparty primary, the Democratic congressman netted 30 percent of the vote, considered a poor showing for an incumbent.

In Saturday's runoff, Jefferson faces a stiff challenge from state Rep. Karen Carter, a Democrat and well-financed and energetic lawyer hoping to become the first black female from Louisiana to ever hold a seat in Congress. The runoff is one of the nation's last unresolved elections.

Carter, 37, who picked up 22 percent of the vote in the primary, has outpaced Jefferson handily in fundraising but she's had a harder time convincing the political establishment of her worthiness.

"It's going to be very competitive," said Gary Clark, a political science professor at Dillard University. "There are those who may wish he may lose, but it will take more than wishing. He's a veteran politician and there are those who benefit by his being in office."

Jefferson's legal troubles surfaced shortly before Hurricane Katrina hit Aug. 29, 2005. Though he has not been charged with a crime, the allegations led to his loss of a spot on the House Ways and Means Committee.

Two of Jefferson's associates pleaded guilty to bribery-related charges; one, a Kentucky businessman, admitted paying more than $400,000 in bribes to a phony company headed by Jefferson's wife and family to obtain favors from the congressman.

Jefferson has denied any wrongdoing, and said he would explain his side in due course. So far he has not done that.

Jefferson, 59, has tried to soften voters' opinions of his legal troubles, invoking stories about how he has turned to God in these "difficult times." He has also cast Carter in attack ads as a socially liberal Democrat who supports same-sex marriages and late-term abortions.

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Carter's spokeswoman, Cheron Brylski, said he had distorted her record and his own record of support for same-sex marriages and some forms of abortion.

For her part, Carter has hammered away at Jefferson, calling him a "hypocrite" and "unscrupulous" in a series of ads depicting children at a spelling bee who correctly spell the words used to denigrate Jefferson.

The bitter tone will likely be on full display Thursday night when the two candidates take part in their first head-to-head televised debate.

Cold Cash Congressman Says He Has 'Never Taken A Bribe' In New Campaign Ad (ABC)

ABC News' The Blotter, December 3, 2006

Louisiana Congressman William Jefferson (D-La.) has taken to the airwaves to unequivocally deny the allegations that have plagued him for months. "I have never taken a bribe from anyone," he asserts in a new campaign ad.

Jefferson is running for re-election despite being at the center of a federal bribery investigation. He faces a run-off against fellow Democrat State Rep. Karen Carter on Dec. 9.

Carter has seized on the probe in her campaign against Jefferson, and recently ran an ad quoting a Washington Post article that said the FBI had caught Jefferson accepting a bribe on videotape. In this latest ad, Jefferson responds by saying that Carter's "newspaper source got the facts wrong."

A search warrant issued in May alleged that Jefferson had accepted $100,000 in cash from an FBI informant on behalf of a high-ranking foreign government official in exchange for help with securing a telecommunications contract in Africa. The affidavit states that Jefferson's handling of the briefcase containing the cash was "videotaped by the FBI from several vantage points." Most of the cash was later found in a freezer in Jefferson's house.

Jefferson has not yet been charged with a crime. Two of his associates pled guilty to bribery-related charges earlier in the year.

Is Race A Factor In Corruption Charges? (MCA)

By Michael Erskine

Memphis Commercial Appeal, December 3, 2006

The FBI says absolutely not; others, given the history lately, aren't so sure

When Johnnie R. Turner first heard about the arrests of Memphis City Councilmen Edmund Ford and Rickey Peete last week, it stopped her cold in her tracks.

"Not again," she said to herself in disbelief. Turner's next thought turned to a question of fairness.

"Where are the others?"

Turner, executive director of the Memphis branch of the NAACP, said recent public corruption investigations have given citizens the impression that African-American politicians are "inherently more crooked, and that is not true."

"If you did it, and you're wrong, then you should be punished. But it should be done to other groups just as it's done to ours."

In a city where Old South racial wounds still fester, Ford and Peete joined the dubious ranks of black Memphis elected officials charged in the past two years with taking bribes.

The pair have been accused of pocketing thousands of dollars in cash from a government informant to influence their votes as part of a federal probe dubbed Main Street Sweeper.

Since the first indictments were handed down in the FBI's Tennessee Waltz sting in 2005, not one sitting white elected official from Memphis has been charged. Seven current or former black Memphis elected officials have been.

Out of 15 public officials and their associates charged statewide, three have been white: state Sen. Ward Crutchfield of Chattanooga, former state Rep. Chris Newton of Cleveland and now Memphis businessman Joe Cooper.

Newton, a Republican, was the first elected official to plead guilty last year to Waltz charges and is serving a one-year prison term. Crutchfield, a Democrat, has pleaded not guilty and is awaiting trial set for July.

Cooper, a former Shelby County official, was charged last week with money laundering. Sources say Cooper is the informant who paid bribes to Ford and Peete.

The last time a high-profile white Memphis elected official was convicted for taking bribes was in 1982.

Edgar Gillock, then a state senator, was convicted of taking more than $130,000 in kickbacks for his influence in helping a company sell computers to the state and Shelby County.

His arrest came at a time when most elected officials from the area were white men, a factor that's changed over time.

A spokesman for U.S. Atty. David Kustoff's office declined comment for this story.

But George Bolds, spokesman for the local FBI office, said he understands the race of those charged in recent public corruption cases is an element some people examine.

"It is what it is. We don't attempt to explain it or attach any sociological significance to it. Other people do, and they are entitled to do that," he said.

But Bolds said race by no means is a factor in how the FBI investigates cases.

"We, the FBI, go where the investigation leads us. Race is not a consideration for us. Our job is to investigate credible allegations related to violations of federal statutes, and that's what we do," Bolds said.

The NAACP's Turner said white officials who are abusing the public's trust have escaped prosecution because they've made their money through more legitimate means, by getting lucrative government jobs or contracts.

"Their methods of dishonesty are more sophisticated," she said, adding that investigators need to look for more "viable" strategies to find elected crooks other than black people.

Turner is not the first to suggest the issue of race has been at play with recent corruption charges.

Former state senator Roscoe Dixon, who started his five-year prison term last week for his bribery conviction, sought a dismissal of his Waltz case earlier this year claiming race-based selective prosecution.

U.S. Dist. Judge Jon McCalla rejected Dixon's motion in May, saying it was not supported by evidence that there were non-black individuals who could have been prosecuted for similar offenses but were not.

"It is not enough for Defendant to simply point out that the majority or even all of the individuals prosecuted for a particular offense are of the same race," McCalla wrote.

Later, outside the courthouse, demonstrators marched and carried placards such as "Tennessee Waltz is a Government Conspiracy against Black Democrats."

State Sen. Paul Stanley, a white Republican from Germantown, said he knows all too well that undercover agents cast a wide net in the Waltz.

"They laid a trap with bait in it, and they said, 'Come one, come all.' "

Stanley, at the time a state representative, was approached by agents posing as officials of E-Cycle Management. The sham company, set up by federal investigators, promoted fake legislation to channel surplus state electronic equipment to the company for resale.

Although Stanley was one of seven House members who signed onto E-Cycle's "bill" as a co-sponsor, Stanley said he never received anything from its backers. He said he asked to see financial data from E-Cycle and never heard back.

Stanley said he thinks complaints about racial targeting are nothing more than an excuse.

"The head of the FBI here is an African-American woman," Stanley said, referring to FBI Special Agent in Charge My Harrison. "She's just saying, 'We're going to go and get you if you've done something wrong.' "

The Department of Justice allows agents to offer bribes to a public official only after first establishing predication, or evidence of a predisposition to corruption.

The federal complaint against Peete lists his prior conviction in 1989 for soliciting a bribe as a City Council member. It also alleges that in the new case, the informant, a lobbyist for clients with business before the council, "periodically made cash payments for Peete's influence."

The complaint against Ford says the informant told agents he had performed favors for Ford, including assisting him in acquiring a Cadillac with financing in the name of a third person. The informant said he also helped Ford get a loan to remodel his mortuary.

Sidney Chism, a longtime local black Democratic leader who now sits on the Shelby County Commission, said the recent string of allegations stemmed from black officials being too dependent on the system for their economic survival.

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"I don't think you're going to find a majority of politicians, white or black, that are going to accept money from anybody for doing what they've been elected to do. ... The very few that tend to want to do that is because of their economic positions in life," Chism said.

As a result, Chism said he's long been an advocate that politicians should be financially independent of the system.

Meanwhile, Chism said he "wouldn't dare say" at this point that African-Americans are being targeted in federal stings.

"I'm not sympathetic to anybody that gets caught with his hand in the till," Chism said.

"My concern is that if you find it, be it black or white, it should be stamped out."

DA's Critics Ask Bar, Feds To Intervene (RN&O)

By Joseph Neff, Anne Blythe And Benjamin Niolet

Raleigh News & Observer, December 3, 2006

In the war that is the Duke lacrosse case, Mike Nifong's fierce fight will not end with the trial.

Durham's district attorney will face a barrage of attacks on the federal and state level from foes who are determined to have Nifong investigated, punished and disbarred for his actions in the rape case against three Duke University lacrosse players.

Dozens of people, some connected to the accused, have asked the governor and the state attorney general to intervene. Many have complained to the N.C. State Bar, the agency that licenses and disciplines lawyers. And a lawyer for one of the indicted players has urged members of Congress to have the U.S. Department of Justice open a civil rights investigation.

The request for federal intervention is aggressive and rare, said Richard Myers, a UNC-Chapel Hill law professor and former federal prosecutor.

"It's a fairly strong indication the defense has nothing to hide if they want more eyes on the ground," Myers said. "How effective it's going to be, who knows? You cast a wide net and hope someone gets interested."

The attacks are a sign of the long and vicious battle ahead in the Duke lacrosse controversy.

Three former players, Dave Evans, 23, of Bethesda, Md.; Collin Finnerty, 20, of Garden City, N.Y.; and Reade Seligmann, 20, of Essex Fells, N.J., are charged with rape, kidnapping and sexual offense. They are accused of gang-raping a woman hired though an escort service to dance at a team party in March.

Nifong has been criticized for statements he made in the week after the investigation became public, when he called the players "hooligans" and said he was certain a racially motivated rape had occurred.

After that first week, Nifong's torrent of comments slowed to a trickle. In his silence, the players and their attorneys have attacked Nifong, using his own documents and statements to accuse the veteran prosecutor of misconduct and to highlight weaknesses in the case.

Nifong declined to comment for this report. But in court, news releases and at news conferences, the prosecutor has responded to the criticisms against him, at times using language that sounds like an opening argument he might make to the State Bar in his defense.

At a July news conference, Nifong explained his early statements to the media by saying he was trying to inform the public that an investigation was in progress and to encourage cooperation from witnesses. Bar rules specifically allow prosecutors to make public statements for those reasons.

The request for a federal investigation came from Michael Cornacchia of New York, one of Finnerty's attorneys. He wrote to the U.S. attorney general, the FBI director, the congressional delegations of North Carolina and Long Island and others, saying Nifong had violated the civil rights of the three players. The case merits an immediate investigation by the U.S. Department of Justice, wrote Cornacchia, a former prosecutor who recently served as chief investigative counsel for the probe of the United Nation's oil-for-food program.

N.C. Attorney General Roy Cooper and Gov. Mike Easley received scores of letters requesting that they take over the case, something North Carolina law does not allow. These letters ranged from well-researched, artfully composed missives to profane rants from phony e-mail addresses. They came from family friends and business colleagues of the accused. Some were from outside observers. Many were sent from out of state, and a good number came from Durham.

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Although State Bar complaints are confidential, at least 17 became public records when they were copied to the governor or state attorney general.

"I would think of this as misconduct by a DA and that for some reason, maybe political, he has painted a fabricated picture," wrote Edwin G. Beusse, a New York developer who works with Finnerty's father, in a letter Aug. 9. "Isn't there a check or balance for situations like this that are so far out there, that they're obviously false?"

Molly M. Maguire of Darien, Conn., wrote June 13, "It is frightening to think of any American being victimized by our own legal system and devastating to know that three promising lives are held hostage to a not-so-hidden political agenda." Maguire is a friend of the Finnerty family.

The chances of a federal investigation are unknown; a State Bar investigation is more likely. The bar complaints accuse Nifong of violating the ethics rules governing pretrial publicity and bringing disrepute to the justice system. The complaints cite specific actions by Nifong throughout the investigation as violations of State Bar rules.

Bar officials have responded in writing to the complainants, saying they take the matter seriously. State law prohibits them from saying whether an investigation is under way.

Whatever happens at the State Bar, the organization will be under pressure. The bar has been smarting from its handling of two high-profile cases involving prosecutorial misconduct over the past two years.

In 2004, David Hoke and Debra Graves were reprimanded for withholding evidence during the trial of Alan Gell, who spent nine years behind bars, half of that on death row, for a murder he did not commit. The withheld evidence included statements showing that the murder occurred while Gell was in jail on a petty charge and a tape-recording of the star witness talking about "making up a story" for police.

Bar sharply criticized

The State Bar came under withering criticism for its prosecution of Hoke and Graves. During its investigation, the bar interviewed only Hoke and Graves and did not talk to key witnesses such as detectives or other lawyers. The uproar prompted the bar to conduct an unprecedented public self-examination, which found deficiencies and flawed practices in the case. One of the ensuing conclusions was that the bar should consider hiring outside prosecutors in high-profile cases.

In the second case, also involving a death penalty trial, the bar's prosecutor went after Kenneth Honeycutt and Scott Brewer aggressively, charging them with lying, cheating and withholding evidence. The bar alleged that the former Union County prosecutors had committed a string of felonies, including hiding evidence from the judge and jury, altering documents and lying to the trial judge.

The State Bar's Disciplinary Hearing Commission, a separate entity that acts as judge and jury in such cases, twice dismissed the case on technicalities. The bar has appealed; a special prosecutor is investigating the criminal case against the two lawyers.

The State Bar's charter is not to punish lawyers but to protect the public. The bar has intervened on an emergency basis in some situations, said general counsel Katherine Jean. For example, the State Bar can freeze a lawyer's trust account if it thinks the lawyer has been stealing money. And the bar can suspend the license of a lawyer in prison.

Mary Ann Tally, a defense lawyer who has followed the State Bar's misconduct cases, said that if a complaint against Nifong is later pursued by the grievance committee, there could be questions about why there was not immediate action.

"If they are complaints that have to do with what is going on right now and will continue to go on until this case is resolved, I guess the question I have is why isn't the bar doing anything about it right now?" Tally said. "It seems to me there's a tremendous amount of pressure on the bar and a lot of public expectation on, 'Can you do the right thing, and can you do it in a timely fashion?' "

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CIVIL LAW:

If It Feels Like A Dollar... (NYT)

The New York Times, December 3, 2006

Anybody who has ever handed over a $10 bill thinking it was a dollar knows the problem. Unlike the currency in 180 other countries, the American greenback comes in one size, and one dominant color — green. That can be so confusing for the 3.3 million Americans who are either blind or have very poor sight that a United States District Court judge in the District of Columbia ruled last week that the government had unlawfully denied them access to the nation's paper money.

Changing United States legal tender would be expensive — the government says that redesigning its currency would cost hundreds of millions of dollars. It would also pose problems for those who make or use machines that take money for tickets or soft drinks, or change at the Laundromat. And the government's lawyers have argued that some changes could make it easier to counterfeit United States cash.

Judge James Robertson's opinion makes it clear that the American government simply has not tried very hard to help those Americans who cannot see their money. The Treasury Department has revamped United States currency design twice in the last 10 years without making any real adaptation for the blind — despite numerous pleas. None of the other objections seem convincing. The machines that take dollars could be adapted; in Europe, they work with currency that comes in a variety of sizes. And some of the additions to bills that help the blind, like embossed dots or raised numerals, are used elsewhere as extra safeguards against counterfeiting.

Judge Robertson wisely resisted telling the Bureau of Engraving and Printing exactly how to make its bills more accessible to the visually impaired. He merely wants officials to return soon to his court and offer a plan. United States currency might come in slightly different sizes or textures for each denomination. Perhaps the money-printing machines in Washington could start on the larger-denomination bills first, leaving the most numerous ones — the singles — the same as ever. However it happens, the change could also be a boon to Americans who are not blessed with 20-20 vision.

CIVIL RIGHTS:

Supreme Court To Review Two School-Integration Plans (WP)

By Robert Barnes

The Washington Post, December 3, 2006

Louisville Mayor Jerry E. Abramson is not sure whether it qualifies as irony or not.

For 25 years, his home town was under federal court order to integrate its public schools. Now that the painful and bitter chapter is closed, and the school board has come up with its own plan to make sure the schools remain racially diverse, Louisville could find itself under federal court order to stop.

"You just sort of scratch your head when you think about that," Abramson said.

More than 50 years after the Supreme Court decided in Brown v. Board of Education that separate schools are inherently unequal, the court will consider tomorrow whether race can still be a factor when school systems design programs to promote racial integration. A broadly written decision on Louisville's plan, and on a related one from Seattle, could have a profound impact on school systems across the country.

It is the first time in more than a decade that the Supreme Court will consider what is proper for school systems to do to promote desegregation, and it is the first test on the issue for two new justices who in the past have been skeptical about the use of racial classifications.

Both sides have circled Chief Justice John G. Roberts Jr.'s dissenting opinion in a voting rights case decided in the last term that "it is a sordid business, this divvying us up by race."

Because of the high stakes perceived by both sides of the argument, the cases have produced a blizzard of studies and conflicting legal briefs.

More than 50 groups and organizations have filed friend-of-the-court briefs on behalf of the Louisville and Seattle school systems, which use race as one factor in assigning students under their school-choice plans. The small harm done to a few students who do not get their first choice of schools, Louisville argued in its brief, is outweighed by the value of an integrated school system that "significantly advances the goal of teaching students how to participate in a democracy that has formed a single society out of many diverse people."

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Among the school systems' eclectic band of supporters: The American Psychological Association, a coalition of historians, the NCAA and a group of former professional basketball players, and 10 former high-ranking Defense Department officials.

On the other side, the Bush administration and a number of conservative legal organizations have joined the white parents in the two cities who brought the suits. Children were denied entrance to the schools of their choice, at least initially, for no reason other than the color of their skin, they say.

"School districts have an unquestioned interest in reducing minority isolation through race-neutral means," Solicitor General Paul D. Clement said in his brief to the court. "But the solution to addressing racial imbalance in communities or student bodies is not to adopt race-conscious measures."

It is unclear how many school systems across the country use race as a determining factor, or a "tiebreaker," in school assignments or how many use racial and ethnic breakdowns to help fashion school boundaries that foster integrated schools. Some have already altered their plans because of lower-court decisions.

Montgomery County in Maryland, for instance, has not considered race in assigning students to schools since 2000, when the U.S. Court of Appeals for the 4th Circuit declared that the school system's race-based student transfer policy was unconstitutional, according to Judith Bresler, general counsel to the county school board. Arlington County school officials no longer give extra credit to minorities when deciding admission to the popular Arlington Traditional Elementary School.

Even Seattle, which used race as a tiebreaker in its "open choice" assignment plan for ninth-graders entering high school, ended the practice in 2001, despite an appeals court finding that its plan was constitutional.

Louisville's plan has also survived lower-court challenges. It requires elementary school parents to rank their preferences from among a group of schools in their geographic area. In more than 90 percent of the cases, officials say, parents and students get their first or second choice. If not, they can apply for a transfer. But the Jefferson County Public Schools in Louisville, where African Americans make up 34 percent of the student body, wants to limit the black student population of each school to no less than 15 percent and no more than 50 percent. So in 2002, Joshua McDonald's kindergarten transfer was denied because it would have reduced the number of white students at the school to which he was assigned.

Joshua's mother, Crystal Meredith, joined in a lawsuit with other parents, even though the boy's transfer to his preferred school was approved the following year. In an unusually compact nine-page brief, Teddy B. Gordon, her attorney, asserts that the system violates the child's right to equal protection and "denigrates a five-year-old's self-worth and self-esteem by comporting him to be color-coded throughout his educational career."

Abramson, who, along with the local chamber of commerce, has filed a brief supporting the schools, said he sees the region's integrated schools as a key component of future prosperity. Even with the case before the Supreme Court, he said, the school-choice plan was not an issue in the recent elections, either in his campaign or in the campaigns of those running for the school board.

"Parents feel positive about it; the business community feels positive about it," Abramson said.

But that does not make it constitutional, the Justice Department says. And Terence J. Pell, whose Center for Individual Rights has filed a brief supporting the parents, said local officials can be ham-handed in using race. In Seattle, for instance, students are classified as either "white" or "nonwhite," he said.

That means, he noted, that a school with equal numbers of white, black, Hispanic, Asian American and Native American students would not be considered racially balanced because of the goal that each school must have a white population of at least 25 percent.

What opponents of the plans are really objecting to, said Theodore M. Shaw, president of the NAACP Legal Defense and Educational Fund, is using race at all. To him, that is not a natural outgrowth of the Brown decision but a perversion of it.

"The core question is whether efforts to integrate schools on a voluntary basis are going to be treated like [past] efforts to segregate public schools," he said.

Despite the obvious attention given Brown, the Supreme Court may be more likely to look to its decision three years ago in a case involving the admission policies of the University of Michigan. In that case, the court held that diversity in higher education is a compelling state interest but that remedies involving race must be "narrowly tailored."

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There are obvious differences between an affirmative action policy at a selective law school and university and a public school system that guarantees a spot to every student. But the most important difference may be the makeup of the court.

Justice Sandra Day O'Connor was the deciding fifth vote that upheld the constitutionality of the law school's affirmative action plan. After her retirement, she was replaced by Justice Samuel A. Alito Jr., who as a government lawyer was critical of race-based plans.

Last year, while O'Connor was still on the court, justices declined to hear a school-choice plan from Massachusetts that was nearly identical to Louisville's. But with Alito on board, the court in June decided that the issue was ripe for review.

Supreme Court To Rule On School Diversity (NSDY)

By Tom Brune

Newsday, December 3, 2006

SEATTLE -- Five years after the Seattle School District suspended the use of race as a tie-breaker in assigning students to high schools, the most dramatic result can be seen at Franklin High School.

Located in a landmark 1911 building on a hill above Martin Luther King Jr. Way in Seattle's south-end where most Asians, blacks and Latinos live, Franklin lost 206 of its 339 white students, a drop from 21 percent to 9 percent of enrollment.

"You don't see many white students in the halls," Asian-American 10th grader Genevieve Saarenas said on a rainy day after school last month.

Whether Seattle or any district can voluntarily use race to assign students to create integrated schools -- and avoid that predictable decline in diversity -- will be argued before the Supreme Court Monday.

Based on lawsuits by white parents against the Seattle district and the Jefferson County School Board in Louisville, the case is the latest in a series of key school rulings going back to the historic Brown v. Topeka Board of Education in 1954.

The parents argue that when a child is denied assignment to a nearby school because of race to achieve a racial balance -- not to remedy past discrimination -- it violates the equal treatment guaranteed by the 14th Amendment.

The districts respond that the goal of school integration, and the educational and social benefits that come with it, justifies a careful, limited use of race in deciding where a student should go to school.

How the court rules could affect not only hundreds of public school systems with voluntary integration plans, but also those facing demographic change, including Long Island's 124 racially stratified districts.

"Striking down [integration] policies in public schools," Hofstra University's Jonathan Becker said, "would effectively end any possibility of desegregation efforts on Long Island."

Revisiting 2003 case

The lawsuits also require the court to revisit its 2003 Grutter v. Bollinger 5-4 decision, in which it upheld diversity and the use of race by the selective University of Michigan Law School in choosing students.

Since then, Justice Sandra Day O'Connor, whose swing vote saved diversity, has been replaced by Justice Samuel Alito, an affirmative action foe. That leaves the districts searching for a new fifth vote, possibly Justice Anthony Kennedy.

The case, one of the most significant this term, has stirred widespread interest.

Dozens of civil rights, education and other groups filed 98 legal briefs in support of diversity and the districts. Several lawyers and scholars opposed to affirmative action filed 17 briefs backing the parents.

The Bush administration also weighed in on the side of the parents, arguing race-based student assignments can be used only to "eliminate the vestiges of past discrimination," not to maintain integration.

If the court accepts that argument, said Theodore Shaw of the NAACP Legal Defense Fund, which pioneered school desegregation by winning the Brown decision, "it will be a repudiation of Brown."

Nearly all court-ordered desegregation plans for school districts have been lifted -- Louisville's 25 years under court order ended in 2000 -- and many once-integrated schools, particularly in the South, have since resegregated, he said.

Some still seek diversity

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But as many as 1,000 districts nationally still voluntarily pursue integration using race in some form, according to the Sacramento-based Pacific Legal Foundation, which seeks to end race-based diversity policies. Seattle and Louisville are among them.

In 2000, Seattle's plan kept the children of Jill Kurfirst and Winnie Bachwitz from getting into their first choice, nearby Ballard High School.

With a new building and biotech program, the mostly white and popular Ballard is flooded with applications by students who can go to any of the 10 high schools if there is room.

When too many apply, the district used four tiebreakers; the second is race. It aimed to meet the board's goal of each school falling within 10 percentage points of the system's 40 percent white enrollment.

Kurfirst's son and Bachwitz's daughter, who are white, lost the tiebreaker and were placed at a mostly non-white school.

On their behalf, the nonprofit Parents Involved In Community Schools sued.

Two years later, across the country in Louisville, Crystal Meredith's request for a transfer for her son, who is white, was also denied because of an integration plan.

It assigns students to schools in clusters, then permits requests for transfers within the areas, with a goal of making each school fall within 15 percentage points of the district's overall 34 percent black enrollment, or 15 percent to 50 percent black.

Meredith also sued.

The legal cases of both the parents and the school districts have vulnerabilities.

Cases could get tossed

The Supreme Court could throw out each suit because of lack of standing -- Meredith's son is at the school requested, the Seattle students left the district.

The court also could decide not to use strict scrutiny to analyze the plans, and defer to the expertise of elected school boards and educators, as counseled by conservative Ninth Circuit Judge Alex Kozinski.

But most observers believe the court will require strict scrutiny, which requires the schools to prove they have a compelling state interest in using race and that their programs are narrowly tailored to avoid unneccesary harm.

Louisville's plan could fall if the court decides the numerical goals are quotas. Seattle's use of non-white as a category, instead of more specific categories of Asians, blacks and Latinos, could be a problem.

It's all about neighborhood schools to Kathleen Brose, president of the PIICs which sued the Seattle school district.

Saying it's unfair and inconvenient to ship a student across town to a school he didn't choose because of race, she spread out a city map to show long routes and bad traffic.

Brose acknowledged white enrollment has dropped at Franklin because her neighborhood no longer has to send students there. "We have options now."

When the board suspended the race tie-breaker it had no idea the case would last six years, Seattle schools attorney Shannon McMinimee said. Or that it would create an experiment about what would happen without it.

The legal record, frozen in the 2000-01 school year, will not show that. If justices ask, Seattle's attorney will tell them that diversity remains but is slipping.

Three mostly white schools are whiter, and the two schools with the most black students have become more black, figures show. Then there is Franklin.

But McMinimee said the principle of Brown remains: "'Separate but not equal' remains true. When you have racially isolated schools, you have something missing."

High Court To Look Anew At Race In School Admissions (WT)

The Washington Times, December 3, 2006

The Supreme Court tomorrow will confront the issue of whether race can be used in deciding where students go to school.

In a pair of cases that could affect millions of students nationwide, the high court will consider whether the Constitution's guarantee of equality allows public schools to use race as a factor in admissions.

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The Supreme Court ruling might hinge on the court's newest member, Justice Samuel A. Alito Jr., who replaced Sandra Day O'Connor in January.

A year ago, Justice O'Connor and her colleagues refused to hear a similar school-diversity challenge from Massachusetts. After Justice Alito's arrival, however, the court surprised many observers by agreeing to hear the appeals from Louisville, Ky., and Seattle. Federal appeals courts had ruled in favor of both school systems.

The challenges could prove among the most significant K-12 desegregation cases since the landmark Brown v. Board of Education ruling in 1954 that banned racial segregation in public schools.

Civil rights advocates are not optimistic.

The new cases "put on the table, in a very clear way, the question of how far society, how far government, should go in terms of trying to promote diversity in education in America," said Ellis Cose, the author of a study on affirmative action.

"The core issue of whether the government should be in the business of helping to promote diversity in some way in education is at the heart of all these cases," he said.

The Bush administration is siding with parents against the school districts, arguing the policies are an unconstitutional, albeit well-meaning, "racial balancing" without a compelling justification.

"A well-intentioned quota is still a quota," the administration said in a brief submitted on the Kentucky case.

Civil rights advocates said a ruling that bars schools from taking race into account would deal a devastating blow to the promotion of diversity in schools.

If the court issues a sweeping ruling against using race, "we will be witnessing a reversal of historic proportions," said Ted Shaw, president of the Legal Defense and Educational Foundation of the National Association for the Advancement of Colored People.

"Race-neutral" alternatives such as lotteries or socioeconomic sorting often end up segregating school populations again and hurting black students, according to Mr. Shaw's organization.

About 400 of the nation's 15,000 school districts are under court orders to desegregate. Hundreds more school districts may voluntarily take race into account, but there are no firm figures on how many do.

The Leadership Conference on Civil Rights said banning the voluntary consideration of race in school assignments could result in an "absurd" situation, in which districts are not allowed to promote the diversity they formerly were under order to achieve.

In one case before the high court, Seattle used race as a tie-breaking factor in deciding who can attend which of the city's public high schools when too many students seek admission to the same school.

School officials there aim for each school to have about 40 percent white students and 60 percent racial minorities, reflecting the city's overall racial composition.

In the other case, the Louisville-area school district used racial guidelines to keep black student enrollment at most elementary, middle and high schools at 15 percent to 50 percent to maintain diversity.

School Integration Back Before Supreme Court (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, December 3, 2006

More than 50 years after the U.S. Supreme Court outlawed racial segregation in public schools, the justices are about to consider whether a school district can voluntarily integrate by considering race in campus assignments.

In cases from Seattle and Louisville, Ky., to be argued Monday, the justices will address the question left unanswered by the Brown vs. Board of Education ruling in 1954: What can the government do when the last vestiges of state-sponsored segregation are erased and schools nevertheless remain racially isolated because of housing patterns, parental choice and perhaps societal discrimination?

Facing that situation, officials in Seattle installed a system that allowed race to be considered as one of several factors in determining enrollment in popular high schools. In Jefferson County, Ky., which includes Louisville, the school district was once under a court desegregation order, and officials tried to avoid resegregating by setting minimum minority and white populations at each school.

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"Jefferson County housing is substantially segregated along racial lines," attorney Frances Mellen said in a brief to the court. "The assignment of all (district) students to 'neighborhood schools' would result in a substantial number of racially segregated schools."

After the court desegregation order was lifted in 2000, Mellen said, the 97,000-student district concluded the only way it could prevent resegregation was to seek African American enrollment of 15 to 50 percent at each school. The proportion of blacks in the district was 36 percent.

The student assignment process, she wrote, "is flexible and uses race in a limited and permissible manner."

But Teddy Gordon, the attorney for a white woman whose 5-year-old son was assigned to a more distant Louisville school rather than his neighborhood school, said the district's program was "nothing more than a hard-core, mechanized quota."

The Bush administration agrees. In papers filed with the court, Solicitor General Paul Clement outlined the administration's position: A district can assign students by race when necessary to make up for its own intentional discrimination, but not to integrate schools that were never deliberately segregated.

Allowing "the use of a racial classification to achieve a desired racial balance ... would remove the critical requirement that individuals be considered as individuals," Clement said. Such a program, he said, is just as unconstitutional as the segregated school systems that the Supreme Court struck down in 1954.

The administration is supporting white parents challenging both the Louisville and Seattle programs. The Seattle plan -- suspended since 2002, when it came under legal attack -- gave officials in the city's 46,000-student high school district a list of factors to consider when a school had more applicants than space. Second on the list, after the presence of a brother or sister at the school, was whether the student's race would move the school closer to the district population of 40 percent white and 60 percent nonwhite.

A UC Berkeley law professor who supports school districts' right to consider race in enrollment described the cases as the final chapter of Brown vs. Board of Education.

In the last few decades, "the court has basically ended the business of judicially enforced racial integration," said Goodwin Liu, who filed arguments in the case on behalf of 19 former University of California campus chancellors. "Now the only question is whether school districts on their own accord can integrate. If not, it's fair to say that from the constitutional law standpoint, we've given up on racial integration of public schools."

A report by the Civil Rights Project at Harvard University illustrated the persistence of racial separation in public schools, despite the long-standing ban on intentional segregation.

In 2003, the project said, whites made up 58 percent of the nation's public school enrollment, but the average white student attended a school that was nearly 80 percent white. African Americans accounted for 17 percent of all students, but the average black student attended a school that was 53 percent black. Latinos made up 19 percent of total enrollment, but attended schools that typically were 55 percent Latino.

But another report, by the U.S. Commission on Civil Rights, questioned whether integrated schools were better for students.

Social science studies provide "little evidence that racial and ethnic diversity in elementary and secondary schools results in significant improvements in academic performance," the commission, controlled by appointees of President Bush, said last week.

The case also arises at a time of uncertainty about the constitutional status of race in government programs.

Three years ago, after a series of decisions condemning preferential programs for minorities and women, the Supreme Court was widely expected to forbid the use of race as a factor in admission to public universities.

Instead, over the opposition of the Bush administration, the court left the door open a crack. In a 5-4 decision, the justices said an applicant's race was one of several criteria a public university could consider in the interest of promoting a diverse student body.

The outcome may be different this time. The author of the 2003 ruling, now-retired Justice Sandra Day O'Connor, has been replaced by Justice Samuel Alito, a reliable member of the conservative bloc since his appointment by President Bush in January. In a 1985 application for a promotion in President Ronald Reagan's Justice Department, Alito said he was particularly proud of his work against "racial and ethnic quotas."

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The Supreme Court's agreement to review the Seattle and Louisville cases, after lower courts upheld the districts' integration plans, was a likely signal that Chief Justice John Roberts and his colleagues are preparing to ban racial considerations in public school enrollment, said Pepperdine University law Professor Douglas Kmiec, a Justice Department official under Reagan and President George H.W. Bush.

"Racial balancing is patently unconstitutional, and the Roberts court should -- and will likely -- say so," Kmiec said.

He also said the court probably would leave intact its 2003 decision on college admissions. The Bush administration argues that the school district programs are closer to racial quotas than the university program the court upheld and lack the justification for racial diversity that the court found in higher education.

"In the second grade, you're learning the multiplication tables, not discussing the effects of slavery in the 20th century," said Pacific Legal Foundation attorney Paul Beard, who filed arguments opposing the Louisville program. "The court recognizes a special niche in the First Amendment for universities and colleges to determine their own educational mission."

Supporters of the school districts disagree. "The historic purpose of the public schools is to provide common ground for people in all walks of life," said Berkeley's Liu.

Some analysts say it is possible that Justice Anthony Kennedy, who voted with the dissenters in 2003 to strike down race-conscious admissions at the University of Michigan Law School, will switch sides and provide the decisive vote for the school district plans.

"I think Kennedy is an idealist about American society and the issue of race," said attorney Edward Lazarus, a former Supreme Court clerk and author of a book on the court. Lazarus, who supports racial considerations in enrollment but is not involved in the cases, noted that while Kennedy has been critical of affirmative action, he has never ruled it out altogether.

The ruling, due by the end of June, will have a broad impact, though the exact contours of the case are difficult to measure.

The government has no official figures for the number of school districts with voluntary integration programs. Sharon Browne, a Pacific Legal Foundation lawyer who filed arguments supporting a group of white parents in Seattle, said two conservative scholars estimated in a recent study that nearly 1,000 districts nationwide have some type of race-based enrollment policy.

It's also unclear whether the ruling will affect California. The prevailing view among attorneys and academics is that racial considerations in school admissions are prohibited by Proposition 209, the 1996 initiative that outlawed racial preferences in state and local government programs, regardless of what the Supreme Court finds constitutionally permissible nationwide.

"Even if the case goes the other way, it won't have any effect on California or Michigan," where voters adopted a measure identical to Prop. 209 last month, said Paul Beard, another Pacific Legal Foundation lawyer.

Although the state Supreme Court has not yet ruled on Prop. 209's application to education, he said, an appeals court made it clear that the measure banned "(student) assignments on the basis of race."

The foundation has sued to challenge race-based programs in Los Angeles and Berkeley and is poised to sue San Francisco if the school board tries to reintroduce race as a factor in admissions. Since a court-approved settlement in 2001 ended the use of race for desegregation in San Francisco, single-race enrollment at some schools has risen above 80 percent.

Liu said, however, that a Supreme Court ruling upholding school district integration programs might convince California courts that race-based student assignments are not "preferences" forbidden by Prop 209. He said enrollment at public schools, where attendance is mandatory, could be viewed differently than decisions on hiring, contracting or admission to selective universities, where there are clear winners and losers.

That was the view of Judge Alex Kozinski of the Ninth U.S. Circuit Court of Appeals in San Francisco in an October 2005 opinion that has been widely cited by supporters of the school districts -- in part because Kozinski is a Reagan appointee who once clerked for Kennedy.

In an enrollment plan intended to preserve racial diversity, "there is no competition between the races, and no race is given a preference over another," Kozinski said in a ruling upholding the Seattle program. "That a student is denied the school of his choice may be disappointing, but it carries no racial stigma."

Not so, said Harry Korrell, lawyer for the white parents challenging the Seattle program.

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"Racial balancing prefers one individual to another for no reason other than race," he said in a Supreme Court brief, "and thereby violates the heart of the equal protection clause -- the principle that our Constitution is color-blind."

The cases are Parents Involved in Community Schools vs. Seattle School District, 05-908, and Meredith vs. Jefferson County Board of Education, 05-915. E-mail Bob Egelko at begelko@sfchronicle.com.

Supreme Court To Consider Race-based School Assignments (SLPD)

By Adam Sichko, POST-DISPATCH WASHINGTON BUREAU

St. Louis Post-Dispatch, December 3, 2006

WASHINGTON — The Supreme Court will hear arguments in two cases Monday that challenge the ability of public school systems to consider race when assigning students to schools.

The appeals, involving the school districts of Seattle and Louisville, Ky., are the most significant race-related cases the court has heard in several years. The court's ruling, expected in late spring or early summer, could restrict the ways schools pursue integration, said Gary Orfield, director of the Civil Rights Project at Harvard University.

"The stakes are rising," Orfield said. "We're now talking about if the Supreme Court will find plans that were rejected as not enough in 1968 to be too much in 2006." He said a ban on race-based school assignment aimed at integration would likely lead to "a significant increase in racial segregation across the country."

Critics of Louisville's plan disagree.

"Our communities have come (a) long way since the segregated days of the '40s and the '50s and on into the '70s," wrote attorneys for a Louisville parent whose white child was denied a transfer due to desegregation standards. "There is no going back. We will not turn back the clock,".

The court's ruling is unlikely to affect the St. Louis magnet-school program, attorneys and legal experts said, because it was part of a federal court settlement.

The Seattle and Louisville school systems voluntarily adopted desegregation programs that use race as a factor in admissions and cap how many white or black students can be enrolled at a school.

Parents sued the school districts, saying the programs were unconstitutional. Federal appeals courts ruled in favor of the districts, and the parents appealed.

St. Louis is watching

The Bush administration has weighed in on the side of parents, arguing that race-based school assignments violate the Equal Protection Clause of the 14th Amendment, ratified in 1868 in part to guarantee equal legal rights to blacks.

Such race-based systems "contravene the fundamental liberties guaranteed to each citizen by the Equal Protection Clause," wrote officials from the Justice Department and the Department of Education in a brief filed in the case. "The District's plan is not to assemble a genuinely diverse student body; to the contrary, the plan crudely lumps students into 'white' and 'nonwhite' categories and provides for no individualized, holistic consideration of students."

The other side includes 17 state attorney-generals' offices, including those in Missouri and Illinois. They defend the school districts' desegregation plans and say the districts, not the courts, should decide what's best for their constituents.

A ruling to the contrary "would severely limit their (school boards') ability to seek for children in their district the benefits of learning in an integrated environment," the attorneys general wrote. "The state's interest in integrating schools is consistent with the principles of equality that animate the Fourteenth Amendment."

St. Louis' 27 magnet schools use race as a variable in admissions; each must maintain an enrollment ratio of 60 percent black students and 40 percent others. Students who live in St. Louis or a St. Louis County school district that participates in the desegregation program can attend a magnet school.

The school district's attorney, Ken Brostron, said he hadn't read the Seattle and Louisville cases in-depth but that he doubted their outcome would have any affect on St. Louis' situation.

Christine Rossell, a professor at Boston University who testified as an expert during St. Louis' desegregation case, agreed.

"It's a whole separate ballgame," she said. "The court decision ... won't affect St. Louis at all. (It) was deliberately designed so they could use race forever."

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But merely the fact that the high court agreed to hear the two cases makes William Taylor uneasy. A lawyer with the NAACP Legal Defense and Education Fund, he led the legal effort in St. Louis that ultimately created the area's magnet school program.

He said the court's action "caused a certain degree of apprehension among civil rights advocates like myself, because they didn't take these cases when (former Associate Justice) Sandra Day O'Connor was on the court."

O'Connor is gone

O'Connor was the swing vote in a landmark 2003 decision maintaining that affirmative action was acceptable in state-funded higher education institutions, if the school was considering a potential student's race as part of an effort to strive for diversity. But her retirement, and the death last year of Chief Justice William Rehnquist, created two court openings that were filled by conservative justices who may have a different view.

In that 5-4 opinion, the court also said race quotas were unconstitutional. Yet that's precisely what the Seattle system amounts to, the Bush administration argued.

Seattle's plan is "indistinguishable from a quota," government officials wrote. "It is clear that this program is driven by the numbers."

Supporters argue that "race-neutral" programs have led to racial isolation, and that yanking away a school district's ability to establish race-conscious measures would quickly lead to re-segregation. That has happened in school districts in Nashville, Tenn., and Charlotte, N.C., said panelists at a discussion Friday sponsored by the American Education Research Association, which supports the Seattle and Louisville plans.

"It's not going to cure itself. It's not going to happen by accident," Orfield said. He argued that there would be "very little desegregation" if communities were left to their own devices.

Making their case

Attorneys for the Louisville parents argued that race-based assignments aren't the answer.

"No community can tolerate any longer the public education system that makes race the determining factor of educational outcomes," they wrote. "As long as race consciousness is enforced then our children will continue to be treated differently."

The court could agree with that stance and toss out the Seattle and Louisville desegregation programs as unconstitutional. Such a decision is more likely to have an impact on small school districts that have similar approaches, Orfield said.

Taylor said even if the court limits the weight that race can hold in such plans, so long as it still allows school districts to use it as a variable in admissions, "then we're OK in St. Louis."

"I think the court will understand that there are a number of places around the country trying to preserve desegregation plans, and that if they sweep widely, they could create a lot of havoc," he said.

Can Affirmative Action Survive The New Supreme Court? (LAT)

By Edward Lazarus, Edward Lazarus, A Lawyer In Private Practice, Is The Author Of "Closed Chambers: The Rise, Fall And

The Los Angeles Times, December 3, 2006

A case being argued this week over racial balance in public schools could determine the future of affirmative action programs.

AT THE START of his first full term on the Supreme Court, Justice Anthony Kennedy weighed a legal challenge to a policy in Richmond, Va., that reserved 10% of the city's contracts for minority-owned businesses (Richmond vs. Croson). At the time, Kennedy was thought to be a potential swing vote on a court deeply riven by its views on affirmative action.

The court's liberal wing believed that in light of the nation's racist past, the Constitution's promise of "equal protection of the laws" permitted — indeed, almost mandated — some degree of minority racial preferences. As Justice Harry Blackmun wrote in the Bakke case, in which the court cautiously ratified the concept of affirmative action in graduate school admissions, "To get beyond racism, we must first take account of race."

The most conservative justices rallied around the opposite view. To get beyond racism, they contended, it was essential not to perpetuate a 200-plus-year mistake of letting government classify individuals according to race. Under their reading of the equal protection clause, the Constitution morally demanded colorblindness.

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Kennedy struggled to find a middle ground. Although uncomfortable with affirmative action (and disdainful of Richmond's program, which the court struck down), Kennedy, siding with the majority, rejected the argument that the Constitution categorically bars government from using race-conscious means to achieve such compelling policy objectives as remedying past discrimination. With respect to affirmative action, Kennedy suggested, the Constitution's answer was not "never" but "almost never."

Eighteen years later, on the eve of the court hearing its first set of affirmative action cases under Chief Justice John G. Roberts Jr., the battle over racial preferences continues. On the federal level, former President Clinton's "mend it, don't end it" approach remains essentially in place, though in several states, California and Michigan most notably, anti-affirmative action forces have imposed their version of colorblindness.

Inside the court, although some of the players have changed, the justices remain deeply divided about the means for achieving racial equality. And Kennedy has become even more pivotal to the fate of affirmative action.

Since Croson, the Supreme Court has upheld only one race-based program. Three years ago, to the surprise of many court watchers, it upheld the University of Michigan Law School's program for using race as one non-predominant factor in admissions. Split 5 to 4, the court condemned racial quotas (as it had in Bakke) but ruled that the school's "holistic" one-factor-among-many approach was a barely permissible way to advance what school officials had identified as the compelling interest in maintaining diversity in their classrooms.

The Michigan case, however, preceded Justice Sandra Day O'Connor's retirement. She had provided the fifth vote (together with Justices John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer) to uphold the law school's use of race as a plus in admissions.

Few expect O'Connor's replacement, Justice Samuel A. Alito Jr., to follow her lead. From his days in the Justice Department of the Reagan administration, Alito has been a firm opponent of affirmative action. And much the same can be said of Roberts, who took over after William H. Rehnquist's death and is thought to share his predecessor's affinity for colorblindness.

As a consequence, all eyes are on Kennedy. In voting to strike down the Michigan Law School's admissions program, he again rejected the standard of pure colorblindness and endorsed the idea that schools could seek racial diversity through a narrow, only-as-a-last-resort program of racial preferences. In his view, however, Michigan had failed this stringent test — just as every other affirmative action program had since Croson.

The critical question is whether the programs challenged in the cases scheduled to be heard this week can somehow meet Kennedy's thus-far unmeetable standard.

These cases concern the efforts of two public school districts — one in Seattle and another in Louisville, Ky. — to achieve a reasonable level of racial diversity in their classrooms while also allowing students to attend either neighborhood schools or schools of their choice.

High school students in Seattle initially get to select which of the district's 10 schools they want to attend. Race comes into play when the school district evens out enrollment among oversubscribed and undersubscribed schools, with the goal of keeping the racial makeup of each school within 15% of the district's overall racial makeup. To achieve this, the district uses race as one of several "tie-breaking" factors in reassigning students.

The Louisville program covers elementary school as well as higher grades and starts from the premise that students will attend neighborhood schools. But its basic idea is the same as Seattle's: To ensure that education takes place in a racially diverse setting, the district uses race as one of several criteria for reassigning students.

For example, because the minority student population in the Louisville district is 35%, officials aim to keep black student enrollment in each school between 15% and 50%.

These cases raise a familiar problem. In Brown vs. Board of Education, the Supreme Court outlawed segregated schools but gave no definitive answers to many vexing questions. For example, is it enough for the government simply to stop imposing segregation, or does the Constitution require school districts (or at least formerly segregated districts) to achieve integration? And if the Constitution does not require integrated schools, does it at least permit school officials to create integrated ones because they think racial diversity in the classroom is a social good?

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Our wars over affirmative action in school admissions arose from the last of these questions. Disappointed white applicants rebelled at the idea that public schools could award highly competitive slots in colleges and graduate schools to "less qualified" minority students by adopting racial quotas or by using race as a "plus" factor in evaluating applicants.

The critical question in the Seattle and Louisville cases is whether their school assignment programs are sufficiently different from typical affirmative action programs that Kennedy will find their use of race, while problematic, sufficiently benign to satisfy his "almost never" approach. There is some reason to believe that the answer may be yes.

As several prominent federal appellate judges have observed, the reason the Constitution is skeptical of racial classifications is that, historically, they have been used to oppress minorities (the Jim Crow laws), to stigmatize racial groups (laws enforcing racial separation) or to give members of one racial group a leg up over another (typical affirmative action programs).

The Seattle and Louisville pupil-assignment programs spread none of these poisons. They do not oppress, stigmatize or elevate. True, the plans require state officials to think about individuals in racial terms, and they use race as one factor in making an important choice about where students will go to school. Inevitably, some students will be disappointed by the results. But disappointment will visit white and minority students alike because every student runs a risk of reassignment, and it will not stem from school officials placing greater value on membership in one racial group as opposed to another.

The stakes in how Kennedy views these distinctions are high indeed. Hundreds of school districts, confronting largely segregated neighborhoods, use similar plans to ensure that their classrooms reflect their communities' racial balance and teach by example about a common humanity that can transcend racial or ethnic divides.

In terms of education, how the court decides this week's cases may well determine whether the resegregation of our public schools — a creeping process for years — will take permanent hold because school districts will be effectively barred from stopping it. More broadly still, if the Seattle and Louisville programs do not satisfy Kennedy and a court majority, we will have to wonder, whether the justices say so explicitly or not, whether any use of race to further diversity ever will.

Clueless In Seattle (WP)

By George F. Will

The Washington Post, December 3, 2006

SEATTLE -- This city's school district decided in 2000 that because the son of Jill Kurfirst and the daughter of Winnie Bachwitz are white, they should be assigned to an inferior and distant high school. If they had not left the Seattle school system, this would have required them to rise at 5 a.m. in order to leave home by 5:30 a.m., alone and in the dark, to take the first of three buses, returning home between 8 p.m. and 9 p.m., with almost no time left for homework, family activities and adequate sleep.

The parents argue that the racial school assignments -- actually, assignments by pigmentation -- that so injured their children violate the Constitution's guarantee of equal protection of the laws. The reliably unreliable U.S. Court of Appeals for the 9th Circuit -- often reversed but never in doubt -- predictably ruled, with interesting indifference to pertinent Supreme Court precedents, against the parents. Soon -- oral arguments are tomorrow -- the Supreme Court can remind the 9th Circuit of the Constitution's limits on what schools can do in the name of "diversity."

Students can seek admission to any of Seattle's high schools. But the Seattle School District decided to engineer a precise racial balance in its most popular -- because much better -- high schools, which are chosen by more students than they can accommodate. The district wanted each oversubscribed school to reflect the entire system's ratio of 40 percent whites and 60 percent nonwhites. So it adopted a race-based admission plan to shape the schools' "diversity."

The district gave preference to certain applicants, using considerations it called "tiebreakers." One, which benefited about 10 percent of applicants, was whether the student had a sibling at the desired school. Another was whether the student's race would produce or maintain a 40-60 balance.

When registering children for high school, parents were asked to specify each child's race. If parents did not specify, the district did so based on visual inspection of the parents' or child's pigmentation. The school board president has said that "skin tone matters."

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The two children wanted to attend Ballard High School because of its biotech academy. In the 2000-01 school year, when 82 percent of the city's students sought admission to the five best schools, the children were among the 300 students denied admission to the school of their choice because their race interfered with racial balancing.

Although Seattle never had segregated schools, the district discusses its racial preferences with reference to "segregation" and "integration." But a statement by the district reveals that racial preferences are supposed to serve social engineering: "Diversity in the classroom increases the likelihood that children will discuss racial or ethnic issues and be more likely to socialize with people of different races." Or different skin tones.

Is that a "compelling government interest," sufficient to justify race-based school assignments? The 9th Circuit, siding with the district, argued two propositions, both of which conflict with Supreme Court precedents.

One was that racial preferences are benign if they do not " unduly harm any students" or " uniformly benefit any race or group of individuals to the detriment of another" (emphases added). But the Supreme Court has rejected this idea that the equal protection clause protects group rights rather than individual rights.

Second, the 9th Circuit said broad deference is owed to the judgments of local school districts. But no line of cases has established that high schools enjoy even the limited latitude that universities have in treating race as a factor when deciding who may be admitted. Rather, the Supreme Court has held that public secondary education "must be available to all on equal terms." And here are samples of the Seattle district's judgments which the 9th Circuit thinks deserve deference:

Until June, the school district's Web site declared that "cultural racism" includes "emphasizing individualism as opposed to a more collective ideology," "having a future time orientation" (planning ahead) and "defining one form of English as standard." The site also asserted that only whites can be racists, and disparaged assimilation as the "giving up" of one's culture. After this propaganda provoked outrage, the district, saying it needed to "provide more context to readers" about "institutional racism," put up a page saying that the district's intention is to avoid "unsuccessful concepts such as a melting pot or colorblind mentality."

The Supreme Court has said that all racial classifications by government are "presumptively invalid" unless narrowly tailored to serve a compelling government interest. The district's repellent Web site revealed the interest that the district considers so compelling that it justifies racial preferences. Supreme Court deference to such race-mongering would make a mockery of the equal protection guarantee.

Gay-rights Activists Hopeful About Agenda's New Prospects (LAT)

By Johanna Neuman

The Los Angeles Times, December 3, 2006

WASHINGTON — The gay-rights movement suffered a setback in last month's midterm election when seven states passed initiatives banning same-sex marriage or domestic partnerships. But with Democrats about to take control of Congress, some of its other legislative goals appear within reach — including making violence against gays a hate crime and outlawing workplace discrimination.

For the last 12 years of Republican control of Congress, gay-rights organizations set aside their push for legal protections in order to defend against conservative measures such as same-sex marriage bans.

With the realignment of the House and Senate next month, gay and lesbian groups say they are tantalizingly close to having enough votes to ensure passage of at least the hate crimes bill, and perhaps the discrimination measure, which once failed in the Senate by one vote.

Rep. Barney Frank (D-Mass.), who is gay, said the hate crimes bill had a "very good chance of going to George Bush's desk … in the first half of the year."

He said the discrimination measure might be further off, noting that Democrats may not want to push for too much too soon.

Nevertheless, prospects for change are sufficiently improved that social conservatives are gearing up for battle.

"We're very concerned," said Tom McClusky, lobbyist for the Family Research Council, a prominent conservative group. "We see blocking those pieces of legislation as one of our top priorities."

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The hate crimes bill would provide federal resources to local law enforcement officials; it has the backing of 175 organizations, including the National Sheriffs' Assn., the International Assn. of Chiefs of Police and the U.S. Conference of Mayors. The legislation — prompted by the 1998 killing of Matthew Shepard, a gay man who was beaten and left for dead outside Laramie, Wyo. — has passed the Republican Senate three times and the GOP House once but has never reached the president's desk.

Some gay-rights activists now are demanding that the bill include transgender individuals, which could complicate passage.

And social conservatives contend that hate crimes bills in Sweden and Canada have squelched religious expression. "Pastors have been prosecuted for saying these things [about homosexuality] from the Bible, in their own churches," said Jan LaRue, chief counsel for the conservative Concerned Women for America.

The bill to ban workplace discrimination because of sexual orientation failed by one vote in the Senate 10 years ago. Such discrimination is legal in 33 states; conservatives say businesses should be free to hire employees who reflect their values.

Gay-rights activists say they expect the Democratic leadership to allow just one of their issues to get attention soon after the party takes control, for fear of alienating conservative Democrats. The hate crimes bill has the best chance of early passage, advocates say, because it has support of law enforcement groups.

Rep. Tammy Baldwin (D-Wis.), who is a lesbian, said one advantage of Democratic control was the power to hold hearings to educate the public — and the president — about the importance of the hate crimes bill.

"For 12 years, hearings were not held on these issues," she said. "If you use the hearing process well, it would be hard not to be moved and influenced by the stories from victims of hate crimes or from families of victims of hate crimes who have died.

"If we want to move the president to sign a hate crimes bill, we'll have to move the public."

With a Democratic majority in the House and Senate, social conservatives will be looking to the White House for help. "We'll likely be relying on the president to veto," McClusky said.

Gay-rights activists acknowledge that President Bush could be a problem, given his base of religious conservatives, but are not convinced he would use his veto power.

"Given the broad, broad public support, I'd be very surprised if President Bush would actually veto" the hate crimes bill, said Matt Foreman, executive director of the National Gay and Lesbian Task Force, a civil rights group.

Joe Solmonese, president of the Human Rights Campaign, said of Bush: "Until now he's been beholden to the radical right wing. I hope coming out of this election cycle, he will think more deeply about his legacy."

At the White House, Deputy Press Secretary Dana Perino demurred when asked what Bush would do.

"A lot of ideas are being discussed for the new Congress," she said. "We'll take a look at the details of legislation when it's introduced and moving through the legislative process."

Some gay-rights activists want to press for the hate crimes and workplace discrimination bills simultaneously.

"This seems ultimately doable," Solmonese said. "The public overwhelmingly supports the fact that gay and lesbian people shouldn't be fired just because of who they are and supports more tools for law enforcement."

Still, the Human Rights Campaign has learned from past misfires — including President Clinton's effort to banish discrimination against gays in the military on his first day in office — not to be overly ambitious so early on.

And with Americans listing the war in Iraq and corruption in Congress as their main reasons for voting for Democrats, Solmonese is reminding members that lawmakers will have to focus on those issues first.

"The surest way for this new Congress to go away is if they ignore that tidal wave. It would be shortsighted for us to demand things," he said.

But gay-rights groups say they have already won an important victory: They can now play offense instead of defense.

"One of the most welcome changes with the new Congress is not being on defensive every single minute of the day, which we've been for 12 years," Foreman said. "We've spent so many scarce resources over the years just trying to not lose. It's thrilling to be able to move forward."

New Programs Help Mentally Ill Ex-Cons (AP)

DOJ_NMG_0101127

By Angela Delli Santi, Associated Press Writer

AP, December 3, 2006

Trenton, N.J. (AP) -- Larry Lamb has lived a half-century of failures: three stints in New Jersey state prison, four psych ward confinements, drug and alcohol abuse dating back to adolescence, and more time in county lockups than he can count.

A year ago, he began racking up successes.

Lamb, 50, hasn't had a drug-tainted urine sample since he enrolled in an intensive program for mentally ill inmates as he was being released from jail. He's taking antidepressants, keeping appointments with his therapist, working when he can find a job and paying off court-imposed fines from his prior life of crime and homelessness.

"I knew I needed help," said Lamb, who traces his troubled and isolated life back to a day when he was 7 and he watched as his 9-year-old brother was run over and killed by a truck. "I never let anybody get close to me."

Advocates for the mentally ill say Lamb's situation is common among the nation's inmates, 55 percent of whom suffer from a mental health problem, according to a study released in September by the Justice Department's Office of Justice Programs.

Yet, the availability and intensity of mental health services for people in the nation's criminal justice system varies greatly, said Karen Bower, a lawyer with the Bazelon Center for Mental Health Law, a Washington-based group advocating for the rights of the mentally ill.

A similar disparity in post-incarceration services exists nationally, with some people receiving comprehensive discharge planning before they leave prison or jail, others being offered limited mental health or social services, and some getting none.

"You are much more likely now than you were 10 years ago to get some sort of assistance at discharge," said Tammy Seltzer, director of state policy with the National Council for Community Behavioral Healthcare, a nonprofit association representing community mental health and addiction providers. "Nationally, we're still very far from where we need to be. There are some wonderful programs, but there are not enough programs to serve everybody who is in this situation."

Services are severely lacking for those with dual diagnoses, like mental illness and drug dependence, said Bower. In one class-action lawsuit filed by Bazelon in New York, mentally ill parolees are suing for access to chemical addiction programs. A prior suit brought by a mentally ill inmate in New Jersey forced the state to revamp its prison psychiatric programs to replace the practice of segregating inmates whose psychiatric disorders made them disruptive.

Without adequate support, or access to medication and counseling, those discharged or paroled with serious mental illness — defined as schizophrenia, bipolar or major depression — often wind up cycling back through the criminal justice system, Bower said.

Lamb is among a small group of ex-inmates in New Jersey participating in pilot programs for such parolees. The programs offer comprehensive services — housing and job assistance, medication management, counseling and education — aimed at reducing recidivism among this high-risk, high-maintenance population.

Until this year, New Jersey had no services for the mentally ill after they left state prison, and only nine of the 21 counties have any post-incarceration services for those leaving county jails.

"The dilemma was, 'Where do I put a person like this?'" said Kevin McHugh, director of community programs and grant management for the New Jersey Parole Board. "We don't want to keep them in jail, and the likelihood for them to fail on the outside was high."

In New Jersey, a mental health task force created by former Gov. Richard J. Codey last year brought the oft-forgotten mentally ill inmate population into focus and highlighted the need for new partnerships between state agencies such as mental health and parole, said John Monahan, a task force member and president of Greater Trenton Behavioral HealthCare, a mental health services provider.

Two pilot programs have started since the task force issued its report. PROMISE, or Program for Returning Offenders with Mental Illness Safely and Effectively, provides up to six months of post-incarceration services to paroled inmates who have a history of criminal behavior related to untreated mental illness.

The program began in the spring, now has 16 parolees and can accommodate a maximum of 30. So far, five people have completed the program, and two committed parole violations and returned to prison.

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Monahan's company runs a second pilot project, called Coming Home, which relies on state, county and grant funding to provide outreach services to state and county inmates. Counselors begin working with inmates three months before discharge to develop a plan for living on the outside and continue to work with parolees until they are self-sufficient.

A three-year, $300,000 grant from the Robert Wood Johnson Foundation funds the portion of the project dealing with state prisoners. The money will pay for services for 60 state prisoners and underwrites efforts to amend state policy so such services can become widespread and permanent.

"We have to see to it that people who have serious mental illness get the help that they need so they don't wind up incarcerated and they get help before problems happen for them," Monahan said.

Lamb, who is among the ex-Mercer County Jail inmates in Greater Trenton Behavioral HealthCare's Corrections Project, credits his counselor, Anthony Towns, with his success. But Towns says Lamb is modest.

"I haven't done anything more for Larry than I've done for any other client," Towns said. "In any therapeutic relationship, the client and the counselor should have some type of bond. Larry came to me with motivation to succeed. It just so happens that Larry connected with me."

Lamb just moved into his first apartment, is re-establishing a relationship with his teenage son and says he's hoping, one day, to find someone to share his new life.

Ban On Saucy Beer Labels Brings A Free-Speech Suit (NYT)

By Katie Zezima

The New York Times, December 3, 2006

Santa Claus will not be coming to Maine this year, at least not on a beer label, if state officials have their way.

The state's Bureau of Liquor Enforcement in September rejected three beer labels proposed by Shelton Brothers, a Massachusetts beer importer, including one for "Santa's Butt Winter Porter" that depicts St. Nick from behind, checking a list and drinking a beer, his ample posterior on a wooden barrel.

The bureau said the labels violated a regulation stating that alcohol advertisements cannot contain "undignified or improper illustrations."

The Maine Civil Liberties Union sued the bureau on Thursday in Federal District Court in Portland on behalf of Shelton Brothers, claiming that its right to free speech was being violated.

One of the other rejected labels, for Rose de Gambrinus, a raspberry lambic beer, depicts a watercolor commissioned by its maker, Cantillon of Belgium, of a nude woman sitting on a person's lap. The third, for Les Sans Culottes French blonde ale, uses Delacroix's "Liberty Leading the People," which hangs in the Louvre.

"The illustrations on these labels are artistic, and art is entitled to the protection of the First Amendment," said Zachary Heiden, a staff lawyer with the Maine Civil Liberties Union.

The state told The Associated Press that it feared the Santa label would appeal to children. It said it rejected the others because they depicted bare breasts.

Shelton Brothers has sued at least four other states, including New York, after their labels were rejected, said an owner, Daniel Shelton. The states allowed the labels to be sold after the publicity surrounding the lawsuits, Mr. Shelton said.

Ho Ho Ho? State Says No No No! To Beer Label With Pint-wielding Santa Claus (AP)

AP, December 3, 2006

PORTLAND, Maine (AP) — A beer distributor says Maine is being a Scrooge by barring it from selling a beer with a label depicting Santa Claus enjoying a pint of brew.

In a complaint filed in federal court, Shelton Brothers accuses the Maine Bureau of Liquor Enforcement of censorship for denying applications for labels for Santa's Butt Winter Porter and two other beers it wants to sell in Maine.

The dispute recalls a similar squabble last year when Connecticut told Shelton Brothers it had problems with its Seriously Bad Elf ale.

"Last year it was elves. This year it's Santa. Maybe next year it'll be reindeer," said Daniel Shelton, owner of the company in Belchertown, Mass.

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The lawsuit, filed Thursday, contends the state's action violates the First Amendment by censoring artistic expression.

But the state says it's within its rights. The label with Santa might appeal to children, said Maine State Police Lt. Patrick Fleming. The other two labels are considered inappropriate because they show bare-breasted women.

"We stand by our decision and at some point it'll go through the court system and somebody will make the decision on whether we are right or wrong," he said.

The lawsuit was brought by the Maine Civil Liberties Union, which says the beer labels are entitled to First Amendment protection.

"There is no good reason for the state to censor art, even art found on a beer label," said Zachary Heiden, staff attorney for the MCLU.

The label for the English-made Santa's Butt Winter Porter features a rear view of a beer-drinking Santa Claus sitting atop a barrel. The beer's name refers not only to Santa's ample backside, but also to the barrel. In England, brewers once used a large barrel called a "butt" to store beer.

Maine also denied label applications for Les Sans Culottes, a French ale, and Rose de Gambrinus, a Belgian fruit beer.

Les Sans Culottes' label is illustrated with detail from Eugene Delacroix's 1830 painting "Liberty Leading the People," which hangs in the Louvre and once appeared on the 100-franc bill. Rose de Gambrinus shows a bare-breasted woman in a watercolor painting commissioned by the brewery.

In a letter to Shelton Brothers, the state denied the applications for the labels because they contained "undignified or improper illustration."

The state reviews between 10,000 and 12,000 applications a year for beer and wine labels. It typically denies about a dozen a year because they contain inappropriate language or nudity, or might appeal to children, Fleming said.

"Basically, the standard we use is what are people going to see walking up and down a store aisle," he said.

Shelton said his company filed a lawsuit against the New York State Liquor Authority last month after it denied his applications for six holiday-themed beer labels, including Santa's Butt Winter Porter. The state changed its mind but the lawsuit is going forward, he said.

In years past, the company has had labels challenged in a few states, including Ohio, North Carolina and Missouri, he said.

States have the power to regulate alcohol through the 21st Amendment, which repealed Prohibition in 1933. "But I don't know where they get the idea they can ignore the rest of the Constitution," Shelton said.

ANTITRUST:

A Concentration Of Power (AP)

By Aoife White, Associated Press

AP, December 3, 2006

European antitrust chief says large energy companies need to be broken up

BRUSSELS, BELGIUM — Europe needs to split control of the energy supply chain to stimulate investment and lower prices, European Union antitrust chief Neelie Kroes said last week in a signal that regulators are determined to break up large companies that generate and distribute power.

"I see only one way forward if we are to restore credibility and faith in the market. Europe needs a structural solution that once and for all separates infrastructure from supply and generation," she said.

"A clear separation of interests between the network operators, energy producers and energy companies is imperative," she said at Les Mandarins, France's interconnector facility that feeds energy supplies across the English Channel. "Then we will finally see an end to discrimination, and we will also have laid the ground for a system of proper investment incentives."

Her Brussels office distributed her prepared remarks.

EU regulators say they have identified fundamental problems with the way Europe's gas and electricity sectors work that could best be tackled by "ownership unbundling" that would force large integrated energy companies such as Germany's E.On to focus on either power generation or supply, selling off other units.

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"If we are not solving that one, one way or another, we are running away from our responsibility," Kroes said in Brussels.

Regulators are scheduled to publish their recommendations on Jan. 10.

Kroes said there are major problems connecting energy from one European country to another, mainly caused by the "slow pace of investment in infrastructure under the current vertically integrated regime."

These problems caused blackouts in Europe last month and a natural gas price spike in Britain last winter. Tackling supply bottlenecks would help prevent these issues by allowing suppliers to send power quickly to where it is needed.

But regulators, citing an Italian antitrust ruling against Eni, say that big companies that own infrastructure see no incentive to upgrade pipelines and create more supply when that could bring down prices and give an advantage to rivals in the retail business.

"Chinese walls" forcing a degree of separation between companies in the same group are not working, they said.

Europe's worries over its future energy supplies means it must act, Kroes said.

"We need an expansion of European transmission networks, because more capacity should give Europe more security of supply and more competition," she said. "Where there is vertical integration ... it often seems that investment in new infrastructure is low on the list of priorities for the group as a whole.

"Europe's energy consumers are paying a high price for this lack of initiative," she said.

The European Commission said in February that antitrust problems in the energy sector kept prices too high and let former state-owned energy monopolies keep control of the market.

ENVIRONMENT:

Blowing The Whistle On Big Oil (NYT)

By Edmund L. Andrews

The New York Times, December 3, 2006

DURING a 22-year career, Bobby L. Maxwell routinely won accolades and awards as one of the Interior Department's best auditors in the nation's oil patch, snaring promotions that eventually had him supervising a staff of 120 people.

He and his team scrutinized the books of major oil producers that collectively pumped billions of dollars worth of oil and gas every year from land and coastal waters owned by the public. Along the way, the auditors recovered hundreds of millions of dollars from companies that shortchanged the government on royalties.

"Mr. Maxwell's career has been characterized by exceptional performance and significant contributions," wrote Gale A. Norton, then the secretary of the interior, in a 2003 citation. Ms. Norton praised Mr. Maxwell's "perseverance and leadership" while cataloguing his "many outstanding achievements."

Less than two years later, the Interior Department eliminated his job in what it called a "reorganization." That came exactly one week after a federal judge in Denver unsealed a lawsuit in which Mr. Maxwell contended that a major oil company had spent years cheating on royalty payments.

"When I got this citation, they told me this would be very good for my career," said Mr. Maxwell, smiling during an interview here. "Next thing I knew, they fired me." Today, at 53, Mr. Maxwell lives on a $44,000 annual pension in a two-bedroom bungalow in the hills outside the Hawaiian capital.

But Mr. Maxwell has hardly disappeared. Instead, he is at the center of an escalating battle with both the oil industry and the Bush administration over how the federal government oversees about $60 billion worth of oil and gas produced every year on federal property. In the process, he has become one of the most nettlesome whistle-blowers Big Oil has ever encountered, a face-off that offers an inside look at how the industry and the government do business together.

Invoking a law that rewards private citizens who expose fraud against the government, Mr. Maxwell has filed a suit in federal court in Denver against the Kerr-McGee Corporation. The suit accuses the company, which was recently acquired by Anadarko Petroleum, of bilking the government out of royalty payments. It also contends that the Interior Department ignored audits indicating that Kerr-McGee was cheating. Three other federal auditors, who once worked for Mr. Maxwell and still work at the Interior Department, have since filed similar suits of their own against other energy companies.

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Several of the nation's biggest oil producers, including Exxon Mobil, Chevron, Shell and ConocoPhillips, failed in an effort to block Mr. Maxwell's suit, arguing before an appellate judge that his case would "open the floodgates" to suits by other federal auditors. But the court rejected their pleas, and a trial is set to start on Jan. 16.

Mr. Maxwell's self-interest is as much in play in the suit as is the public interest. If he wins, Kerr-McGee could be forced to pay more than $50 million in unpaid royalties and penalties, Mr. Maxwell said. Mr. Maxwell and his lawyers could be entitled to keep as much as 30 percent of any funds the government recovers — enough to make him a wealthy man.

Anadarko says that the government's rules were followed and that it owes no money because the Interior Department never asked it to pay more. But it is now trying to negotiate a settlement before the trial begins.

"We believe the case is without merit," said John Christiansen, an Anadarko spokesman. "However, as is a fairly common practice, both sides have agreed to meet with a mediator prior to trial."

THE actions of Mr. Maxwell and the other auditors have coincided with broader investigations by Congress and the Interior Department's own inspector general into whether the agency properly collects the money for oil and gas pumped from public land. Investigators say they have found evidence of myriad problems at the department: cronyism and cover-ups of management blunders; capitulation to oil companies in disputes about payments; plunging morale among auditors; and unreliable data-gathering that often makes it impossible to determine how much money companies actually owe.

In February, the Interior Department admitted that energy companies might escape more than $7 billion in royalty payments over the next five years because of errors in leases signed in the 1990s that officials are now scrambling to renegotiate. The errors were discovered in 2000, but were ignored for the next six years and have yet to be fixed.

Congressional investigators are worried about other problems, as well. The Interior Department's inspector general told a House subcommittee in September that senior officials at the agency had repeatedly glossed over ethical lapses and bungling. "Short of crime, anything goes at the highest levels of the Department of the Interior," declared Earl E. Devaney, the inspector general.

The Interior Department, which has described Mr. Maxwell as a renegade former employee motivated by the riches his lawsuit might bring, said its auditing efforts received a clean bill of health from an outside accounting firm in 2005. "The results are clear and irrefutable," the agency said in a statement, adding that it was "accomplishing its job on behalf of the American public."

But Republican leaders on the House Government Reform Committee, which has been reviewing the flawed leases, recently accused Interior officials of perpetuating a "culture of irresponsibility and lack of accountability" at the agency.

The committee ordered the Government Accountability Office, the investigative arm of Congress, to begin a broad examination of issues ranging from the agency's rules and enforcement practices to the accuracy of its most rudimentary data.

The Interior Department "clearly doesn't view their responsibility as maximizing revenue to the American people for resources that belong to the American people," said Representative Darrell E. Issa, a California Republican who oversaw hearings on the flawed leases. "We don't have a system that accurately tells us how much oil is being taken out of the ground."

No one, says Mr. Maxwell, knows that better than he does.

BORN "Bobby," not "Robert," Mr. Maxwell is bald, burly and speaks with a back-country drawl that is occasionally punctuated by a cackling laugh. He said he thrived in the world of wells, pipelines and offshore rigs and meshed comfortably with the oil cultures of Texas and Oklahoma. Genial and unflappable, he describes his politics as "very conservative" and cringes at being labeled a rebel.

"I like the oil and gas industry," he said, as he reminisced about his years as a federal auditor. "We are neither for nor against the profits they make. Our job is to make sure the American public gets a fair return on its assets."

Mr. Maxwell grew up in a poor family in rural Tennessee. After serving in the Army in Hawaii, he earned a bachelor's degree in business at Chaminade University here. He later became a certified public accountant and earned a master's degree in business from Texas A&M. In 1983, after stints as an auditor with the Air Force and the Department of Energy, he joined the Minerals Management Service of the Interior Department.

The M.M.S. is responsible for collecting and overseeing the royalties for all the oil, gas, timber and coal that is produced on federal property. Last year, companies paid nearly $10 billion in royalties on oil and gas alone.

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"I loved going to the oil companies," Mr. Maxwell recalled, saying he spent about half of his time on the road — some of it at offshore drilling rigs. "Sometimes, there would be nothing more than a room and a helicopter pad to land on. But it was an education, and it was highly practical."

Despite Mr. Maxwell's placid demeanor, friends and former colleagues say he was a dogged auditor who sometimes rankled his own bosses. In 1988, he visited a coal mine on federal land in Montana even though, he says, his supervisors scoffed at the trip because they thought that the mine was too small to scrutinize. When Mr. Maxwell arrived, he found that the mine only looked small because it had been underpaying royalties for years. Within months, the company agreed to pay $43 million in back royalties, and it eventually paid more than $100 million.

In 1993, during the Clinton administration, officials in Washington told him to drop a complex dispute with ARCO because they thought his reasoning was dubious. But just as he was about to back down, ARCO executives volunteered to pay $20 million.

The Interior Department gave Mr. Maxwell an award that year, noting that he had "vehemently pressed his position" even though "support seemed lacking." It attributed his success to both his "measured combatant style" and his personal rapport with ARCO executives.

"If he thought there was a case, he had a reason," said Barbara Rothway, a retired Interior Department auditor. But, she added, "I could see how he might sometimes bother the people he worked for."

Patient and stubborn, Mr. Maxwell spent years poring over the accounts of the Jicarilla Apache Tribe in New Mexico, which had long complained that companies were underpaying them for natural gas extracted on their tribal lands. Tribal officials said Interior Department officials had paid little heed until Mr. Maxwell came along. He collected and organized data going back 30 years and found pervasive errors by both oil companies and the government. The tribe eventually recovered more than $20 million in back royalties.

"Anyone knowledgeable about the way Interior processes payments knows there are all sorts of ways for companies to underpay," said Alan R. Taradash, a lawyer in Albuquerque who has represented the tribe for years. "Bobby was one of the few who stood up with us and demanded that the auditing be done properly."

MR. MAXWELL says his first serious doubts about the Interior Department originated in 1998, when the agency reluctantly began to investigate accusations of systematic cheating on royalties for oil.

Several of the nation's biggest oil companies eventually settled that investigation by paying nearly $440 million. The investigation occurred only after outside whistle-blowers argued for years that the government was losing billions.

The cases had been sparked in part by a former oil trader at ARCO named J. Benjamin Johnson Jr., known as Benji, who contended that oil companies had used elaborate swapping schemes to cheat on royalties owed to private and state landowners, as well as the federal government.

Mr. Johnson and another former ARCO trader quit their jobs and became expert witnesses for landowners and state governments who wanted to sue oil companies for back payments. The two traders soon realized that the biggest case by far belonged to the federal government. But no federal officials were interested.

"It was unbelievably difficult," Mr. Johnson recalled in a recent interview. "They brought me to Denver, to the M.M.S. office, in a room with about 30 auditors and managers from the solicitor's office. Their reaction was that I was crazy, that it was impossible, that there was no way they could have actually missed this."

But Mr. Johnson found a way to recover the federal royalties on his own. In 1995, he filed suit under the False Claims Act, a longstanding law intended to encourage whistle-blowers. Under the act, best known for its use against overbilling by military contractors, a private citizen can sue a company, contending that it defrauded the federal government. Companies found guilty have to pay as much as three times the amount of their fraudulent gains, and any person who files a suit is entitled to keep up to 30 percent of the money recovered.

The Justice Department initially refused to join Mr. Johnson's suit, but it eventually did so, in 1998 after concluding that he and other whistle-blowers — including a nonprofit group called the Project on Government Oversight — were on to something. That was when Mr. Maxwell became involved. Working for the Interior Department, he collected data on a number of oil companies, pooling his material with that of Mr. Johnson.

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"Bobby was with us," Mr. Johnson recalled. "He was a straight-shooter, and he saw it." Mobil was the first to settle and paid more than $40 million in 1998. Chevron paid $95 million. Shell paid $110 million. By 2002, 15 oil companies had paid a total of almost $440 million.

The Johnson lawsuit taught Mr. Maxwell three lessons. One was that Mr. Johnson became a wealthy man. (The oil trader and his lawyers received more than $30 million, while two other groups of whistle-blowers received more than $40 million.) The second was that top Interior officials had been obstinately blind to the oil industry's practices. The third was about the power of the False Claims Act. Until Mr. Johnson came along, no one had used it to go after royalty underpayments.

Created in 1849 to manage the nation's publicly owned natural resources, from national forests to parks and waterways, the Interior Department oversees timber, grazing, mining and oil drilling operations over many tens of millions of acres. And while the agency has often tried to increase drilling and mining under Democrats and Republicans alike, current and former officials say the Bush administration elevated that goal above almost all of the department's other mandates.

Mr. Maxwell says his frustrations with the Interior Department escalated after the Bush administration took office in 2001. The Interior Department's top priorities became increasing domestic oil and gas production, offering more incentives to drillers in the Gulf of Mexico and pushing to open the Arctic National Wildlife Refuge and other wilderness areas to drilling. The department trimmed spending on enforcement and cut back on auditors, and sped up approvals for drilling applications.

The agency's senior ranks also became more heavily populated with officials friendly to the energy industry. For example, its new deputy secretary, J. Steven Griles, worked as an oil industry lobbyist before joining the department, and Chevron and Shell had paid him as an expert witness on their behalf in the Benji Johnson case. Mr. Griles declined to comment.Auditors, according to Mr. Maxwell and many others, were told to devote less energy to time-consuming audits and rely more on a computerized monitoring system called "compliance review." Auditors complained that the new system was superficial and riddled with technical problems. Even when the new system flagged potential underpayments, Mr. Maxwell said, it often failed to supply conclusive information.

"We were getting shut down on all kinds of cases," he said. "We started to wish that someone would come along and file a False Claims suit, so we could jump onboard."

Auditing and compliance review had generated an average of about $176 million annually in the 1990s, with an extraordinary peak of $331 million in 2000, according to data from the Congressional Budget Office and the Interior Department. But from 2001 through 2005, a period when energy prices soared to new highs, enforcement revenue averaged about $46 million a year.

In 2004, the Interior Department's inspector general issued a blistering report about the auditing system, saying that many auditors were unqualified, that essential documents were being lost and that the internal review process was "ineffective."

BY 2002, Mr. Maxwell was fed up. He and a team of auditors had worked for months to dissect a complicated marketing deal by Kerr-McGee that they believed was cheating the government. He concluded that Kerr-McGee was selling all its oil at below-market prices to another company that compensated Kerr-McGee by assuming many of its marketing and administrative costs.

Simply put, Kerr-McGee seemed to be getting paid in both cash and services, but it was calculating its royalties only on the cash it received. Mr. Maxwell calculated that the company had underpaid the government by as much as $12 million between 1997 and 2002. State auditors in Louisiana had been investigating exactly the same issue in 2001, and ordered Kerr-McGee to pay an extra $2 million in royalties on oil from state lands.

According to Mr. Maxwell and Interior Department officials, when Mr. Maxwell presented his findings to his superiors, agency lawyers told him to drop the case. When he continued to argue, he recounts in his lawsuit, the agency's chief of enforcement warned him that the director of the M.M.S., Johnnie M. Burton, would be "very upset" if he persisted.

"The word came down from the top, not to issue this order," Mr. Maxwell said in an interview, speaking about the Interior Department. "There have always been people who don't want to pursue things. But now it's grown into a major illness. It's dysfunctional."

In a written response to questions from The New York Times, the Minerals Management Service said it was "rare" to overrule an auditor but that Mr. Maxwell's contentions involved a "questionable application of M.M.S. regulations."

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The matter might have ended there, except that Mr. Maxwell decided to retire in June 2003. As soon as he left the agency, he began researching the possibility of emulating Benji Johnson and filing his own suit under the False Claims Act. As it happened, Mr. Maxwell's "retirement" was brief. In October, the Interior Department rehired him to fill a management gap in its Denver office, and it put him in charge of a 120-person auditing team monitoring the Gulf of Mexico.

Despite rejoining the government, Mr. Maxwell filed his suit against Kerr-McGee in June 2004. The case was unsealed on Jan. 20, 2005; a week later, Mr. Maxwell lost his job.

Arriving at his office shortly before 8 a.m. on Jan. 27, Mr. Maxwell said he was summoned to a meeting with a senior M.M.S. official, who had flown in from Washington. The official handed him a memo, explaining that his job responsibilities were being moved to Houston and that his position would be eliminated.

To this day, Interior officials say they never fired Mr. Maxwell. They say, according to court papers, that he was merely a "re-employed annuitant" who was no longer needed. "The position disappeared," said Ms. Burton, the M.M.S. director, in a meeting with energy reporters in September.

Mr. Maxwell protested. He said he would have relocated or taken a different job. He added that he was a certified public accountant and had a master's degree in business administration; his successor lacked those degrees. But the fight did not last long. When Interior officials offered Mr. Maxwell a confidential financial settlement to leave without a fight, he took the deal and moved to Hawaii.

And he continued to press his case against Kerr-McGee. The company tried and failed to have the suit dismissed, arguing that a federal auditor should not be allowed to take information from work and file a lawsuit under the False Claims Act. In October, eight major oil companies including Chevron and Exxon Mobil weighed in on Kerr-McGee's side.

"Government employees who uncover suspected fraud in the course of carrying out their jobs will receive a tacit invitation" to sue as private citizens, the companies argued in their brief. After the appellate court rejected the industry's plea, Mr. Maxwell's trial was rescheduled for January. Settlement talks are scheduled to begin in Denver this week.

Interior officials contend that Mr. Maxwell and other auditors have a conflict of interest when they stand to gain personally from their enforcement work. "These people could be entitled to collect 30 percent of the money that is owed to the government, for work they were already being paid to do," Ms. Burton told reporters in September.

If Mr. Maxwell had not acted, of course, the government would have had no chance of recovering any money at all. James W. Moorman, president of Taxpayers Against Fraud, a nonprofit organization that specializes in the False Claims Act, acknowledged that it was less than ideal for federal investigators to have a financial stake in rebelling against their bosses. But he said the alternatives might be worse.

"You're talking about a situation where there seems to be complete breakdown in the system," Mr. Moorman said. "If they've got evidence of fraud, why shouldn't a court hear it?"

STANDING in his garage recently, Mr. Maxwell pointed to six big cartons stacked along the wall. They contained 60,000 pages of documents that Kerr-McGee and the Interior Department had provided as part of the discovery process in his lawsuit. Mr. Maxwell, true to form, has gone through every page, and distilled his case into seven modestly sized binders he keeps in his living room. He says he is ready for trial, and even for the possibility of losing.

If he does lose, his lawyers will not charge for their work but he will have to pay about $125,000 to expert witnesses he has hired. "I can manage it," he said. He has saved money all his life, he said, and can live on his savings and his pension.

"He's thought about all the options, and none of them seem life-threatening to him," said his daughter, Angela Maxwell Horn. "What can they do him? They've already fired him."

States Hope To Skirt Forest Protections (LAT)

By Bettina Boxall

The Los Angeles Times, December 3, 2006

The future of some of the West's most unspoiled national forestlands remains in flux more than two months after a federal judge reinstated protections on nearly 50 million acres of backcountry.

Nowhere is that uncertainty more in evidence than in Idaho, which has the largest and wildest assemblage of roadless national forest in the Lower 48 states.

In October, shortly after a district court in California restored President Clinton's ban on most road-building and logging in the backcountry, Idaho petitioned the federal government to loosen the restrictions on its 9.3 million roadless acres.

Then, at a hearing in Washington last week, Idaho Gov. James E. Risch put a much greener spin on his state's intentions, saying he wanted to honor the Clinton prohibitions.

The testimony by Risch, a Republican, not only raised questions, but underscored the degree to which the roadless forest issue remains in play.

Clinton's 2001 road ban placed about a third of the country's national forestlands off-limits to most natural resource development, a move that was immediately divisive.

Environmentalists hailed the protections for guarding what they call "the last best places" — strongholds for wildlife and clean water. But the limits infuriated officials in many conservative Western states with strong timber and mining lobbies.

Lawsuits were filed. The Clinton rule was put on hold by a Wyoming federal court. Then last year the Bush administration dropped the Clinton ban in favor of new regulations giving states an unprecedented role in deciding whether to open their roadless U.S. forestlands to development.

The Bush rule was overturned in September. But that did not put an end to state involvement. States can still use the long-standing Administrative Procedures Act to ask the federal government to alter the Clinton restrictions. Idaho and Colorado have filed petitions, and Utah plans to.

"Our general concern for the overall process is that at the end of the day, we'll have something that praises the value of roadless areas but doesn't do a lot to actually limit the destructive activities that could take place," said Mat Jacobson, deputy director of the Heritage Forests Campaign.

The Idaho petition, for instance, would allow timber-cutting and road-building in the bulk of the state's roadless acreage to maintain "forest health."

Though Risch said roads would be temporary and only dead or dying trees would be cut, the petition language appears much more permissive.

"We have to reconcile the two," acknowledged Dale Harris, co-chairman of the Roadless Area Conservation National Advisory Committee, before which Risch appeared. "We have to take the governor at his word, and we were encouraged by what he said. It made our job easier," Harris said. But the petition is "a work in progress."

The roadless forest committee will forward its recommendations to the U.S. secretary of Agriculture, who will have the final say in whether to grant the states' requests.

Colorado's petition, affecting 4.4 million acres, would drop coal-mining lands and ski areas from the road ban and allow timber-cutting to reduce the wildfire threat around communities.

Utah has indicated it will ask the federal government to jettison the Clinton restrictions on all 4 million acres.

If the petitions are granted, it will take one to two years for them to take effect through the federal rule-making process.

In the meantime, Wyoming is seeking to reopen its lawsuit against the Clinton regulations. And the September ruling could be appealed.

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More Farmers Seek Subsidies As U.S. Eats Imported Produce (NYT)

By Alexei Barrionuevo

The New York Times, December 3, 2006

FRESNO COUNTY, Calif. — For decades, the fiercely independent fruit and vegetable growers of California, Florida and other states have been the only farmers in America who shunned federal subsidies, delivering produce to the tables of millions of Americans on their own.

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But now, in the face of tough new competition primarily from China, even these proud groups are buckling. Produce farmers, their hands newly outstretched, have joined forces for the first time, forming a lobby group intended to pressure politicians over the farm bill to be debated in Congress in January.

Nobody disputes that competitive pressures from abroad are squeezing fruit and vegetable growers, whose garlic, broccoli, lettuce, strawberries and other products are a mainstay of world kitchens. But the issue of whether the United States ought to broaden farm subsidies beyond the commodity crops like corn and cotton, which have historically been protected, is a big flashpoint.

"This is like the tectonic plates of farm policy shifting, because you have a completely new player coming in and demanding money," said Kenneth A. Cook, president of Environmental Working Group, a research group in Washington that has been critical of farm subsidies, which are mandated by federal laws that date to the Great Depression.

Although some farmers may be suffering, American consumers have been big beneficiaries of cheap food imports. On the United States wholesale market, for example, Chinese garlic costs almost half the price of garlic that is grown domestically.

Existing American farm subsidy policies have been the subject of violent protests outside some World Trade Organization meetings, with detractors calling them an antique way of subsidizing United States farmers at the expense of poorer ones. American fruit and vegetable growers, with their much smaller farms, have never been part of this debate, in part because their crops yielded higher returns, did not need much support, and were never organized around a single policy goal.

But times have changed.

Here in the fertile San Joaquin Valley, Mike Mantelli has seen firsthand the substantial changes forced by the rising tide of Chinese garlic into the United States. As the general manager of the largest American garlic company, Christopher Ranch, he remembers when there were 1,200 acres of garlic planted on a 6,000-acre farm here a decade ago.

Today the company plants less than 300 acres because of lower demand for California garlic, he said.

"The Chinese garlic totally caught us off-guard and knocked us down," Mr. Mantelli said recently as he checked on newly planted garlic bulbs. "I think our industry has hit rock bottom. Maybe now we can figure out how to make it a level playing field."

So Mr. Mantelli has joined the coalition of about 75 growers of specialty crops who have united to grab a much bigger slice of the federal subsidy pie.

The group, representing growers of everything from broccoli to strawberries to nuts and flowers and wine, submitted a bill in September asking for what most likely would amount to more than $1 billion for programs they say could help their crops compete better in a tougher global marketplace.

The farmers are not asking for the kind of direct subsidies that have been accused of distorting trade and hurting developing countries' agricultural industries. Hoping to avoid a nasty battle with powerful farm-state politicians in the Midwest and Southeast, they are asking instead for money to help market their products at home and overseas, as well as for research and conservation.

But whatever money the fruit and vegetable farmers might get would probably have to come out of the allocation that already goes to other sorts of farmers. As things stand, the federal farm subsidy program supplies more than $15 billion a year, primarily to growers of five crops: corn, cotton, rice, wheat and soybeans. Those crops are considered interchangeable commodities and are traded on world markets, unlike fruits and vegetables, which are called specialty crops because their taste and quality are viewed as being highly variable.

While some vegetable and fruit groups have previously requested more funds, they have never before mounted a united challenge. "This is the first time these groups have weighed in with a sense of organization and commitment," said Clayton Yeutter, a former agriculture secretary and United States trade representative.

The current agriculture secretary, Mike Johanns, looks favorably on the produce growers' bill. The legislation also has the advantage that the farmers come from states with sizable representation in Congress.

Still, the proposal is likely to face a tough road. There are many other federal budget priorities, and farm experts say there will probably be less money allocated to the farm bill next year than in 2002, when there was a huge increase.

Further, while commodity growers are making courteous noises about the fruit and vegetable farmers' requests, they have historically enjoyed a near monopoly on federal subsidies.

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But fruit and vegetable farmers have been gaining influence. The group's combined cash receipts of $52.2 billion rival or exceed those of the five major commodity crops, which are expected to generate $52 billion this year.

The produce farmers can also point to the competitive situation. California growers once dominated the garlic industry in the United States, but imports from China and Hong Kong have increased from less than 1 million pounds in 2000 to 112 million pounds last year. This year, for the first time, more Chinese garlic will be sold in the United States than California produces, Commerce Department figures show.

China's farmers, who are broadly subsidized, have the advantage in that their nation's currency, the yuan, is tightly regulated to maximize trade opportunities. And the country has a glut of workers for the labor-intensive jobs of growing and harvesting fruits and vegetables.

"Of course consumers are benefiting now," said Peter Morici, an economist at the University of Maryland business school and a former chief economist at the United States International Trade Commission. "But competition should not be based on subsidies."

Other specialty crop groups are also struggling with foreign competition, in particular from China, which has geared its agriculture industry towards labor-intensive, higher-value fruits and vegetables. China has begun to dominate everything from apples to onions. Chinese exports have also eaten into American growers' share of markets in Japan and Hong Kong for items like broccoli and lettuce.

Fruit and vegetable growers have the political advantage of being in states like California, Florida and Arizona, which are likely to be critical in the 2008 presidential election. But it is unclear how important the farm vote will be to the Democrats in the next election.

Under the proposed bill, an overseas marketing program would rise 75 percent, to $350 million a year. An existing specialty crop block-grant program would leap tenfold to $500 million a year. And the government would buy at least $400 million worth of fruits and vegetables annually for school lunch programs.

While the total cost of the proposed bill has yet to be tallied, it will probably reach a few billion dollars, coalition officials said. Whether the fruit and vegetable farmers can win that much will depend in large part on just how much money Congress allocates to farm spending next year.

If the farmers get what they want, consumers could benefit from more information and choice at the grocery store, said Professor Morici of the University of Maryland. At the same time, American growers could become more efficient and competitive.

"Things that help farmers band together and compete are not inherently protectionist or harmful," Professor Morici said. "It is not an unreasonable thing for a fragmented industry to ask the government for assistance to make the virtues of their industry better known."

He added, "Whatever money they put for research would benefit the consumer. That would run down their price, and eventually that information would get around the world."

Mr. Johanns, the agriculture secretary, said in a speech last month that American farm policy needed to be "equitable, predictable and beyond challenge." Noting the fruit and vegetable farmers' proposal, he said that farm programs could no longer be decided among a few commodities in a few parts of the country. "That day has changed," Mr. Johanns said.

The vegetable and fruit growers stood by silently for decades in large part because they did not need government assistance to be successful. While generating close to half of farm receipts, the specialty crops are grown on just 11 million acres of farmland, versus 215 million for the major commodity crops.

In California, new financing could not come soon enough for garlic farms like the Christopher Ranch. The Christophers, fourth-generation farmers in the state, have struggled to hold their market share, and it is not hard to see why: On the wholesale market, Chinese garlic recently cost $15 to $16 for a 30-pound box, compared with $28 for a box of California garlic.

In the late 1990s the Christopher Ranch's garlic production peaked at about 100 million pounds. Since then sales and acreage have fallen by more than 40 percent. In 2001 China began flooding the market with garlic, after managing to find ways around an import tariff of 377 percent.

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As the demand for their garlic has fallen, the Christophers have turned to growing crops like pearl onions and shallots. The family hired a trade lawyer in Washington to try to battle tariff violations. Now they hope that the proposed crop bill will give them a chance to educate consumers and pay for more research into crop diseases.

"We don't want handouts," Mr. Mantelli said. "You don't want to just give people subsidies, because nobody learns from subsidies. But you want to give them opportunities and resources and tools to make their industry better."

Grand Old Protectionists (WP)

By Daniel Gross

The Washington Post, December 3, 2006

Since the midterm elections, concerned internationalists have fretted that the incoming Democratic Congress will curtail the nation's free-trade policies. In Slate, Jacob Weisberg identified the new breed of protectionist Lou Dobbs Democrats. "So is America headed for a bout of protectionist class warfare?" worried the Economist. "With the Democrats having won a majority in Congress, and disquiet over globalization growing, a party faction that has been powerless -- the economic populists -- is emerging," Louis Uchitelle wrote in the New York Times. Washington Post columnist Sebastian Mallaby, reflecting the consensus, concluded that "the two parties have opposing attitudes on the subject of trade: Republicans see it as a source of growth, Democrats as a source of inequality."

However, these arguments misunderstand the new politics of trade. It's not a left-right split. Since 2000, Bush Republicans have done as much as Democrats, if not more, to erect trade barriers and tariffs. President Bush has talked a good game about free trade, and his administration has negotiated bilateral free trade agreements with Australia, Colombia, Morocco and several other countries. But just as free trade was a bipartisan project in the 1990s, this decade's anti-trade backlash has been bipartisan as well. Sens. Charles E. Schumer (D-N.Y.) and Lindsey O. Graham (R-S.C.) share little in common besides a desire to slap huge protective tariffs on Chinese goods. And all by themselves, Republicans have done great damage to the cause of free trade in the past several years.

In March 2002, for example, Bush proudly signed "temporary safeguards" that imposed tariffs of 8 percent to 30 percent on most steel imports for three years. This was a classic Karl Rove option play: Advance the Republican cause in formerly Democratic strongholds of Ohio, Pennsylvania and West Virginia at the expense of the companies and workers in industries nationwide that consume steel. When the World Trade Organization ruled the tariffs illegal, and retaliatory tariffs were set to be imposed on goods produced in Florida and other politically sensitive states, Bush ended the so-called safeguards in December 2003.

In May 2002, Bush signed the Farm Security and Rural Investment Act, which Republicans passed without much help from Democrats. Just six years after President Bill Clinton signed the 1996 Farm Bill, which slashed agricultural subsidies, Bush jacked up federal payments by as much as 80 percent for cash crops such as soybeans and corn and offered new subsidies for crops such as peanuts and lentils. He even revived the subsidies on honey, wool and mohair that Clinton had killed. Bush's signing of this bill led the Economist to brand him just about the worst thing the magazine can call anybody: an anti-globalizer.

The bill inspired threats of retaliation from aggrieved trading partners and contributed to a perception that Washington wasn't serious about making the tough decisions required to further free trade. In fact, some analysts have blamed the failure of the Doha Round of global trade talks this year on the U.S. refusal to alter its expensive anti-consumer, anti-free trade farm policy.

There's more. Earlier this year, Bush proposed dropping the absurd 54 cent-per-gallon tariff on imported ethanol, first enacted in 1980 (although he didn't recommend cutting the 51 cent-per gallon tax credit for domestic ethanol producers). The Republican Congress, filled with members from big corn-producing states, said no.

Even as lame ducks, Republicans in Congress haven't been unanimous voices for free trade. In mid-November, more than 60 Republicans voted against a proposed free-trade deal with Vietnam, supplying the margin of defeat and embarrassing the president on the eve of a state visit. The Wall Street Journal noted that a vote had been delayed in part because Graham and fellow GOP Sen. Elizabeth Dole (N.C.) had put the bill on hold, pending measures protecting U.S. textile companies.

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With the GOP base now shrunk to the Old Confederacy (sugar, cotton, peanuts) and the Great Plains (corn, wheat, soy), look for more of the same protectionism. Senate Minority Whip-elect Trent Lott (Miss.) doesn't like free trade in agricultural products any more than he likes affirmative action.

There's one other critical Republican failure when it comes to free trade. Encouraging the spread of trade means more than receiving cheap goods from China. It's about creating the social and political conditions favorable to the continued expansion of trade. Free trade has exposed U.S. workers to global competition on an unprecedented scale. In recent years, wages have stagnated (despite massive increases in corporate profits and steady economic growth), jobs have become more insecure, and benefits such as pensions and health care are being wiped out. Is free trade the cause of all these woes? Not necessarily. Does free trade coincide with all these woes? Absolutely.

Rightly or wrongly, many Americans, even those who reap the gains of trade daily, identify free trade and globalization with their declining financial security. And the response of Bush and congressional Republicans has essentially been: tough. Companies facing ferocious overseas competition won't provide health care benefits anymore? Open a health savings account. Companies won't provide pensions? Privatize Social Security and cut benefits.

This you're-on-your-own attitude has ultimately been more damaging to the cause of free trade than anything the Democrats could do. Yet, in coming months, we're sure to hear a great deal of talk tarring Sen. Harry M. Reid (Nev.) and Rep. Nancy Pelosi (Calif.) as the present-day incarnations of Sen. Reed Smoot and Rep. Willis C. Hawley, the sponsors of the disastrous Smoot-Hawley Tariff Act of 1930. By slapping massive tariffs on a vast range of imported goods, Smoot-Hawley helped turn a recession into the Great Depression.

But Smoot and Hawley were Republicans. And so was President Herbert Hoover, who signed that disastrous legislation into law. Today, the protectionist gene may no longer be dominant among Republicans, but it's still an important part of the GOP's DNA.

Daniel Gross covers business and finance for Slate, the online magazine at www.slate.com.

Death Toll Rises As Winter Storm Sweeps Across The Northeast (NYT/AP)

The New York Times, December 3, 2006

CHICAGO, Dec. 2 (AP) — The death toll from the Midwest's first big snowstorm of the season rose to 11 as the system blew through the Northeast late Friday and early Saturday.

Two women were killed in Pennsylvania, one by a falling tree and another by a 30-foot-wide section of roof carried by the wind, state and local officials said.

In Ellenville, N.Y., about 100 miles north of New York City, another falling tree landed on a house and killed one person, the authorities said.

Winds of more than 50 miles per hour were recorded in parts of western Pennsylvania, and they hit 67 m.p.h. in western New York, according to the National Weather Service.

At Mr. Z's Food Mart in Mountain Top, Pa., about a half-dozen people suffered minor injuries when windows were blown out and ceiling tiles ripped down, fire officials said.

"The windows were shaking, and they just exploded," said Breanne Ralston, 17, a cashier at the store. "Everybody was screaming."

Earlier, the shoveling of heavy snow was linked to the deaths of two people in Wisconsin. In Affton, Mo., a suburb of St. Louis, an 87-year-old woman died Friday in a house fire that started after an ice-laden tree limb fell on a power line, fire officials said.

Near Paducah, Tex., a vehicle carrying a high school girls' basketball team overturned on an icy highway, killing a 14-year-old player and injuring seven others. Also on the highways, two storm-related deaths were reported Thursday in Missouri, one on Wednesday in Kansas, and one on Thursday in Oklahoma.

Many areas of Illinois, Wisconsin and Missouri got more than a foot of snow, including Racine, Wis., which saw 14.5 inches. As far south as Tulsa, Okla., accumulations measured more than 10 inches. Schools and businesses across the region were closed, and hundreds of airline passengers were stranded.

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The combination of sleet, rain and snow made travel treacherous. The police in Oklahoma urged people not to drive Friday night and early Saturday because snow had melted and was refreezing overnight.

Crews Work To Restore Power After Storm (AP)

AP, December 2, 2006

CHICAGO (AP) — Utility crews worked overtime Saturday to restore electrical service to thousands of customers still blacked out by the Midwest's first big snowstorm of the season.

As temperatures plummeted below freezing in the storm's aftermath, officials said some people could be without power for days. Missouri National Guard teams went door-to-door in the St. Louis area to make sure residents were surviving the cold.

The storm was blamed for at least 13 deaths as it spread ice and deep snow from Texas to Michigan and then blew through the Northeast late Friday and early Saturday. Schools and businesses were shuttered and hundreds of airline passengers had been stranded by canceled flights.

Trees were blown onto homes and cars, and a big Christmas tree in front of the New Hampshire Statehouse was toppled.

Truck driver David Huwe just got his 18-wheeler and load of frozen food back on the road Saturday after being stuck for more than 12 hours at a rest stop near Princeton, Ill., on Interstate 80, which was blocked by scores of trucks and cars that slid off the icy highway.

"I was supposed to be (in California) Sunday night," Huwe said by cellphone Saturday morning. He had revised his arrival time and hoped he'd make it by Monday.

Red Cross volunteers at Decatur had helped out some of those stranded I-80 travelers by ordering 100 McDonald's hamburgers, which were then airlifted by the National Guard.

"We had 35 minutes from the time we got the call to the airlift," Deb Helm said. McDonald's "was what was available."

Many areas of Illinois, Wisconsin and Missouri got more than a foot of snow, including 16 inches in parts of central Missouri and 17 at Manistee, Mich. Fifteen inches fell as far south as Bartlesville, Okla.

Airlines were recovering from the widespread cancellations caused by the storm; delays at Lambert Airport in St. Louis were generally 15 minutes or less Saturday, according to the Federal Aviation Administration. There were no measurable delays Saturday at Chicago's two major airports, said Wendy Abrams, a spokeswoman for the Chicago Department of Aviation.

Highways were mostly clear but still had icy spots. "Nobody really should travel unless you absolutely have to get out," Missouri Gov. Matt Blunt said.

Chicago sent out about 170 snow-removal trucks Saturday morning to clear the city's side streets, after clearing main roads Friday.

About 427,000 Ameren Corp. customers were without power in Missouri and Illinois on Saturday afternoon, along with about 150 customers of ComEd in the greater Chicago area.

"It could be days before it's fully restored because it's really treacherous out there," Ameren spokeswoman Susan Gallagher said.

Blunt dispatched 150 Missouri National Guardsmen to the St. Louis region, along with 30 Humvees and a number of trucks. "We want to make sure our citizens are safe, warm and well cared-for," said Ed Martin, the governor's chief of staff.

As the storm moved east, gusty wind blacked out more customers from Tennessee to New York. About 12,000 homes and businesses were still without power Saturday across upstate New York. About 1,500 waited for power in Michigan. In Pennsylvania, more than 19,000 homes, mostly in the western part of the state, had no electricity, state Emergency Management Agency spokesman Justin Fleming said.

Two tornadoes were reported in Pennsylvania, with one blowing out the windows of Mr. Z's Food Mart in Mountain Top. About a half-dozen people suffered minor injuries, fire officials said.

"The windows were shaking and they just exploded. Everybody was screaming," said Food Mart cashier Breanne Ralston, 17.

Two women were killed in Pennsylvania, one by a falling tree and another by a wind-blown section of roof, and another falling tree landed on a house and killed one person in New York, authorities said. Two men over the age of 60 died after

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shoveling snow in Wisconsin, and an 87-year-old woman died in the St. Louis areas in a house fire that started when an ice-laden tree limb fell on a power line, fire officials said.

Storm-related traffic deaths included two in Missouri, one in Kansas and one in Oklahoma. Near Paducah, Texas, a vehicle carrying high school girls' basketball players overturned on an icy highway, killing a 14-year-old player and injuring seven other people.

In Illinois, a woman died after being struck by a snow plow that was backing up, and a 67-year-old man collapsed died of complications from heart disease after trimming tree limbs with a hand saw.

A Dream Blown Away (WP)

By Joel Garreau

The Washington Post, December 3, 2006

A place near the water has been an American dream for a very long time. Fifty-four percent of Americans live within 50 miles of a coast.

This is the year, however, in which the big boys in global finance got religion about climate change. As a result, this American dream -- as far north as the Washington area, and even New York and New England -- is under attack.

Follow the money. Insurance doesn't sound like a world-changer. It seems so banal and prosaic, like reliable electricity or clean water.

Yet without it -- you want a place to live? You cannot get a mortgage without insurance.

You want a job? A commercial enterprise cannot run without insurance.

Never want a drink of water / Til the well runs dry. / Never miss a real good thing / Til he says good-bye.

Turns out you don't have to wait for the waves to lap around your ankles. The climate is changing, Lord knows exactly how fast. But the money is moving pretty quickly.

Call 2006 the Batten Down the Hatches Moment.

* * *

When Peg and Ronald Buchanan left Silver Spring two years ago for retirement, they saw as their nest egg the house they'd built right on the ocean in the North Carolina Outer Banks.

It's a big place -- eight bedrooms, nine baths, three stories, 5,000 square feet, heated pool, kiddie pool, wild horses out back, dolphins out front. "It sits like a palace in the sky," Peg says. The front door is 12 feet above sea level. They figured on selling it for $2 million. The proceeds would pay for the rest of their lives.

Now they're wondering if they will ever be able to sell it. The map of their part of Carova Beach has been redrawn as a high-risk flood area by the Federal Emergency Management Agency. As a result, it may not be possible for any new buyer to get a mortgage.

Even on their existing loan, the Buchanans are having a hard time getting flood insurance. On a house that cost $700,000 to build and furnish, their lender has been able to get them only a $250,000 policy, with a $50,000 deductible.

The thought of losing their retirement reserve "really makes me mad," Peg says. "I feel like going over with a shotgun."

Emotion, however, does not drive insurance writers. By definition, they are the world's most serious futurists. When it comes to life insurance, for example, they pride themselves on their ability to routinely and accurately predict when a whole lot of people are going to die. If their models are wrong, and they have to pay out too much money too quickly, they go bankrupt.

As a result, these fiduciaries have a long and distinguished history of driving social change. Passion-laden causes move beyond the realm of hand-waving activists when large gray men in large gray suits decide they must.

Highway fatalities dropped when insurance companies started financially punishing unsafe drivers, as well as makers of unsafe cars. Cigarette smokers saw their life insurance premiums skyrocket.

The big buzz in the insurance industry today is climate change.

Lloyd's of London's June report is titled: "Climate Change: Adapt or Bust."

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The 2005 hurricane season gave the United States supposedly once-in-a-century storms, one right after the other. Katrina, Rita and Wilma were among the seven most expensive hurricanes ever to hit the country. Companies that had to eat too much of the $51.5 billion in insured losses went under.

The big problem with climate change for the insurance companies is not the risk. Their whole business is getting paid to accept risks.

The trouble is that their traditional means of calculating what is an acceptable risk -- and how much to charge for it -- is based on history.

It assumes that tomorrow will pretty much behave like yesterday.

Now they think that when it comes to the weather, the world is moving.

Wind and flood seem to be playing by new rules.

Batten down the hatches.Fear of Buying

When insurance companies refuse your trade, it's nothing personal. It's just business.

You can tell by the marvelously emotion-free language the industry uses: "Cat coverage," for example, is about catastrophe. "Wind" means hurricane. "Insufficient capacity" and "the market won't clear" refer to climate risks so difficult to calculate that traditional commercial providers won't sell you new insurance or renew your old insurance at any price.

At any price.

This spring, "astonishingly, the capital markets were full up on Florida wind," says Peter Nakada, managing director of RMS Consulting -- short for Risk Management Solutions, one of the industry's foremost risk modeling firms. "That capacity shut down in the frenzy prior to this wind season. People were scrambling to get coverage. That was brand-new. We saw the market saturate.

"People couldn't renew."

Some of those people facing insurance crises have a hard time understanding why.

"I feel sorry for Katrina victims -- it was a terrible thing," Peg Buchanan says. "But I don't see why the rest of the world should be punished because we like oceanfront."

Bill Hogan, with Twiddy & Co. Realtors in the Outer Banks, explains: "What's happened is that there is a stretch of land north of Corolla with no federally subsidized flood insurance. It's called, locally, the Four Wheel Drive Area. No hard-surface roads. It includes Swan Beach, North Swan Beach and Carova Beach. There are houses up there -- 14-bedroom oceanfronts -- for about $2 million," Hogan says. "Buy a lot for about a million. Build a house for about a million."

But then FEMA redrew the flood map. "All of a sudden, the lenders are requiring flood insurance where they did not in the past." The only source "for the kind of insurance the lender requires is somebody like Lloyd's of London. It might have a $50,000 deductible, and still be prohibitively expensive."

Hogan says he's now seeing "$100,000 lots plummeting in value. I don't know what they're worth. Nothing is selling. Buyers are afraid to buy. All kinds of rumors are flying around -- insurance companies are pulling out. The net effect is you bought property and it was in a good zone, and all of a sudden you sit there and it's deemed to be bad. Right now people are scrambling. Getting letters from banks -- 'We have no record of your flood insurance.' Just the kiss of death for the owner of the lot," Hogan says.

In Delaware, Westfield Insurance has canceled all coastal policies, and "we've been told that there are others who are starting to restrict their coastal writings next year -- bigger players in the market," says Michael Vild, deputy state insurance commissioner. He adds, plaintively, "There have never been hurricane-force winds in the state of Delaware in recorded weather history. We think companies restricting coastal coverage are overreacting. Although if we have a couple more years like 2005, it's going to be extremely difficult to get coverage."

There are 438,000 people living in low-lying Virginia Beach. It is marked by high-rise hotels smack on the water, without even dunes between the boardwalk and the surf.

In October, State Farm stopped writing new insurance on businesses within 2,500 feet of the ocean there. In November, Traveler's Insurance refused to sell or renew residential insurance there without a 3 percent hurricane deductible. On a $500,000 house -- no longer uncommon -- that means if you get hit by a hurricane, the first $15,000 comes out of your pocket.

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In Ocean City, new construction has become formidably fortified. Almost all of the island is expected to be underwater in a major blow. But on the ocean side, which will take the brunt of a storm surge -- a wind-driven wall of a water -- local government requires homes to be built on pilings driven perhaps 20 feet into the ground, sticking up some seven feet. Sixteen-inch bolts then attach the beams on which the house is built to the pilings, and each floor joist is attached to the beams with steel straps. The walls and roof are then held onto the beams and each other with more steel.

"I don't know of any other jurisdiction in the state of Maryland that runs the hurricane system we run," says Mike Richardson, Ocean City's chief building official. It is designed to withstand sustained winds of 90 miles per hour with three-second gusts to 110.

Will such fortifications become common around Washington? "Katrina showed us that inland areas are susceptible to flooding," Richardson says. "We're not just talking about the ocean -- we're talking about Chesapeake Bay, talking about Deep Creek Lake flooding. The Potomac has flooded before. So has the James."Dire Forecasts

So far, climate change has shaken the market most notably in high-value coastal areas. But if weather losses get worse, upheaval will become more common.

There is no question that the insurance industry is focused on how weather losses are getting worse.

In early September, when the leaders of the big European reinsurance companies had their annual gathering -- called the Rendez-Vous, in the posh principality of Monte Carlo -- one of the big discussion points was the gap between supply and demand for reinsurance in U.S. wind-affected areas, according to the industry journal, Reactions.

Reinsurers are the big boys who can throw around numbers with nine or 10 zeroes at the end and still sleep at night. They insure the insurers, buying risk beyond the appetite of ordinary companies. The most romanticized is Lloyd's of London. However, when Swiss Re and Munich Re talk, all conversation in the room ends until whatever is on their minds stops reverberating.

Today, what's on their mind is climate change.

"There are horror stories about the frequency and severity of hurricanes increasing," Reactions reported in September. That plus the skyrocketing number and value of properties on the U.S. coastline "has prompted many to question whether it is possible to write catastrophe business profitably."

At all.

"If you feel the price is not right, you pull out," matter-of-factly acknowledges Kurt Karl, head of economic research and consulting with Swiss Re in New York.

Since 1971, "Insured U.S. weather-related losses are growing 10 times faster than premiums and the overall economy," reports Ceres, a coalition whose observations get attention from the big boys in part because they've built a climate-risk network that includes 50 institutional investors managing more than $3 trillion.

Unacceptable Risk

Insurance companies approach climate change bracingly free of theory. They take only an academic interest in whether the wind blows because of increases in carbon dioxide in the atmosphere, or cyclical fluctuations in the Atlantic, or the huffing and puffing of the Big Bad Wolf.

They just want to calculate the odds. They want to know how many chips to put on the table.

And where.

"Two effects are going on," says Nakada, of the risk modeling firm RMS. "Hurricane activity rates have gone up." But also, "Hurricanes are perceived to be longer-lived. These longer-lived hurricanes have a better chance of sneaking up the coast. The view of vulnerability has changed."

The specter looms of the big hurricanes of 1938 and 1954. Those Category 3 hurricanes devastated New England. Storm surges of 13 and 12 feet, respectively, swept through Providence, R.I. Historic markers demonstrate how high the water rose downtown. They are over your head. Photos show seas crashing over the top of a harbor lighthouse. It is 70 feet tall. Beach homes were swept out to sea.

"Our view is that there are some events that have the potential to be so large as to exceed the capabilities of the insurance industry, as well as the funding and financing capability of individual states," says Michael Trevino, the spokesman for Allstate,

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one of the nation's largest home insurance companies. "Those are events that have the potential to be $100 billion. These events are so enormous, no entity has the ability to manage it."

Some require little imagination, such as a Category 4 hitting Miami or a Category 4 coming up the Houston Ship Channel aimed at the center of the U.S. oil industry, and America's fourth-largest city.

But the one Allstate is focused on is a Category 3 funneling straight north up New York Harbor. Pushing a wall of water perhaps 15 feet tall up Broadway toward the second-story windows of Wall Street.

This is why Allstate has decided not to write new homeowners insurance in the five boroughs of New York City -- Manhattan, Brooklyn, the Bronx, Queens and Staten Island -- plus Westchester County, just north of the city, and the counties that make up Long Island -- Nassau and Suffolk. In the most vulnerable parts of that market, they are also not renewing existing insurance.

"What we decided was that the total insured property values in New York State are about $1.9 trillion. We have a big share of the homes in that state" -- in the eight counties, Allstate's market share was 26 percent.

"Fundamentally, we've got enough exposure, thank you."

To Move or Not to Move

What does this mean for the future of beautiful areas around Washington near big bad bodies of water, from Duck to Rehoboth and from Alexandria to Annapolis?

"If you have a ton of money and don't mind paying three times the insurance as two years ago, you're probably happy," Nakada says. "There'll be all sorts of property available on the coast in warm weather places if the market gets more efficient."

But what about for the rest of us?

"In terms of affecting where people live and do business, three things have to happen: The risk has to go up a lot. And it just did. Number two, the market needs to allow that cost to be passed on to customers, or not. In which case, number three, either the price goes up, or the availability goes down in insurance.

"At that point you would think hard about whether you want to move."

Batten down the hatches.

FBI/DEA/ATF/USMS:

How The FBI Took Down A Deadly Jersey Gang (NSL)

By JOHN P. MARTIN, Star-Ledger Staff

Newark Star-Ledger (NJ), December 3, 2006

Details of 4-year effort reveal depth of problem still facing state

The depth of New Jersey's gang problem dawned on John Havens on a steamy Sunday four years ago as he parked along Ninth Street in Newark.

Havens, a 32-year-old FBI agent, had his eyes on a two-story corner house where nearly 50 young men had gathered for a barbecue. One wore a hidden microphone that piped the proceedings to the agent's vehicle.

Havens and a Newark detective had waited for five hours with the engine off and windows up. Finally, the man known as "Massacre" began to preach.

"I'm the same as you! We Blood," Tewhan Butler thundered to the backyard crowd. "Blood ain't got sh-- to do with how much money you got, how fresh your clothes is! ... It's dealing with Blood, what you gonna live for, what you gonna die for."

Havens had been in law enforcement for a decade and never heard anything like it. Butler, 22, was surprisingly charismatic; his audience was rapt.

"It's no room for ego!" Butler said, in a rant that lasted more than an hour. "Everybody put that big man sh-- to the side! Whether y'all like it or not, I'm running the motherf-- show. I'm gonna stay running this motherf-- show."

The FBI agent suddenly understood why youngsters idolized Butler and why older teens lined up to join his East Orange set. And he realized why New Jersey's gang problem was probably more dangerous than many knew.

The Double ii Bloods, as they were called, brought gangs to a new level. They met weekly to discuss business and Blood codes, and to break in members. Over the years, they absorbed a generation from the same neighborhood.

Their discipline was matched only by their numbing penchant for violence. Double ii members were responsible for at least 27 murders, countless shootings, assaults and drug deals. Crimes were like merit badges -- earned and worn proudly.

Their victims included an East Orange father gunned down in front of his family because he warned gang members to stay away from his 8-year-old son, and a Newark teen killed by a Blood who wanted to try out his new guns.

The meeting recorded that afternoon on Ninth Street marked a turning point in the FBI investigation. Dismantling the set would take four more years, testing agents' ability to follow the trail of violence, entangling informants who risked death, and allowing prosecutors for the first time to pursue gangs as organized enterprises with a single purpose: crime.

It ended last month with the 42nd federal conviction, a guilty verdict against Preston "Death" Jones. Butler and four others took plea deals that will send them to jail for at least 25 years.

A look at the case -- from court documents, transcripts, and interviews with agents, prosecutors, attorneys, a Bloods member -- presents a window into the state's still ripe gang problem.

The crime rate in East Orange plunged after the demise of the Double ii Bloods, with 500 fewer violent offenses last year than in 2002. An ongoing crackdown by local police is pushing that rate even lower.

But investigators aren't fooling themselves. The Double ii's weren't the only gang; drugs are still available in East Orange. And in a recent trip through the set's turf, Havens noticed a boy, probably not more than 12, throwing up hand signals that meant just one thing:

Bloods.

OPERATION CRIMSON TIDE

Like many East Orange residents, LaQuan Brooks had watched as the gangs took control of pockets of his city.

On July 25, 2002, he heard news that sent him over the edge: The corner dealers had taken an interest in his 8-year-old son and namesake, letting little LaQuan handle their cash and jewelry.

Brooks, 29, stormed to 15th Street, where the boy lived with his mother. Witnesses said he began screaming at the crimson-clad young men, warning them to leave his son alone.

One ran off to Amir Winn, a 19-year-old Blood known as "Young Gangster," and reported that the irate father was "disrespecting" the set.

Winn had stashed a weapon in a nearby house. "Take me to get my gun," he told the underling, who later recounted the conversation for agents. "I'm going to show you how to murder someone."

Armed with a .380-caliber weapon, Winn arrived at 15th Street and asked aloud who was looking for him. Brooks stepped forward. As a crowd of children watched, Winn fired a single shot into his chest.

The 8-year-old rushed to his fallen father, witnesses reported. Then he turned to Winn. "Y.G., why you kill my daddy?" the boy asked.

Winn pointed the gun toward the child, paused and strolled away.

He was captured a week later. In the apartment where he had been hiding, police found the murder weapon and photos of Winn posing with it.

Brooks' death was one of 18 killings in East Orange in 2002, the city's highest murder toll in a dozen years. Aggravated assaults and robberies hit eight-year peaks. No one disputed gangs were behind the surge.

What was happening in East Orange had been unfolding across the nation. A 1996 Justice Department study warned gang-related crime had doubled in the previous two decades and was rising in cities of all sizes. Gangs were blamed for more than 580,000 serious crimes a year.

New Jersey was no different. In the early 1990s, under the FBI's new Safe Streets Violent Crime Initiative, the Newark division was among the first nationwide to team agents with local officers to battle street crime and find fugitives. As the problem worsened, the task force was split so one unit, the Violent Crime Criminal Enterprise Task Force, could focus on gangs.

Much of the crime was blamed on pockets of aimless young men who sold drugs and banded together simply because they grew up on the same blocks.

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Toward the end of the decade, task-force members began noticing the widening presence of what some call super-gangs, structured groups that demand discipline from their members but promise strength in numbers. They had officers, codes and a network for guns, drugs and support.

Once confined to California and the Southwest, the Bloods and their rivals, the Crips, had arrived on the East Coast.

Authorities say local prisons did as much to feed the problem as to cure it. Criminals discovered that joining a gang became necessary for survival behind bars. And after being freed, ex-cons brought the gang mentality back to the neighborhoods.

Urban settings like East Orange, where more than a third of the households earn less than $25,000 a year, were fertile ground.

"If you're a poor kid growing up in East Orange, what do you really have?" said Marc Agnifilo, the assistant U.S. attorney who headed the office's gang unit. "You have the neighborhood you're from."

For years, police and prosecutors used a narrow approach when it came to gang members, charging individual criminals with individual crimes. The result meant shorter jail sentences and no real effect on the organizations that groomed gangsters.

But the gang's military-like hierarchy presented a new opportunity.

Racketeering, a charge previously reserved for Mafia cases, allowed the government to pursue gangs as criminal enterprises. By bundling together crimes committed over years, prosecutors would dim the chances for gangsters to return quickly to the streets. If gang members chose to act like mobsters, the thinking went, they should be prosecuted like mobsters.

"What we try to do is dismantle the business of a gang," said Leslie Wiser, special agent in charge of the FBI's Newark division.

Such a strategy had been tried by federal prosecutors in other parts of the country, but never in New Jersey.

In 2001, Agnifilo met with FBI Special Agent Ronald Lyman, a veteran agent supervising the gang task force. Gangs were among the state's most pressing threats, Lyman told the prosecutor. He had first started looking at the local Bloods sets two years earlier; they were ripe for a racketeering prosecution.

Late that year, Lyman assigned the investigation to Havens, a rookie agent who had joined the FBI's Newark division a year earlier after a decade as a cop in Phoenix and Syracuse, N.Y. Serina Vash, another assistant U.S. attorney, also joined the case.

Lyman had already given the investigation a code name, Operation Crimson Tide.

Now they needed to get inside the Double ii's.

THE MONEY, THE BLING

By 1993, East Orange had its share of street gangs, groups with names like the Gutter Ratz, the Drama Lords, the Steel Click crew. But an unlikely pair of visitors consolidated them all.

At the time, Naughty By Nature, the East Orange-based rap group, had climbed the music charts. Fans swarmed as their tour bus pulled into the old neighborhood one day that summer.

Within the tour entourage were two California men, decked out in red Bloods garb. The visitors were aspiring rappers who went by the names True G and Love Child. They were also Bloods members.

At a cookout that week, the two men began preaching Bloods platitudes to the local teens. They promised solidarity, security, an identity. They weren't prominent Bloods back in California, agents later learned, but they had money, they had bling. The East Orange kids were awed.

"We was in love with the thing, ya know what I mean?" said one gang member, who was there at the time, and spoke on the condition of anonymity because he later cooperated with the FBI. "It was just the fact that we was young, we had nothing to grab onto in the neighborhood. We were so accustomed to the same ol' thing every day. And these dudes were really gang-banging. That was something was gonna bring us all together."

They came up with a set name -- the Double ii -- to tie together Inglewood, birthplace of the Bloods, and Illtown, the street nickname for East Orange.

Over the next few years, 15th and William streets transformed into ground zero for the Double ii. Bloods symbols and red spray paint sprouted on sidewalks and walls. Red shirts and bandannas were everywhere. Tired of the endless graffiti, one merchant gave in and painted his entire storefront red.

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Teens studied Blood histories, codes and the 31 rules. Members learned that "031" represents love for Bloods, "235" is shorthand for the Double ii set and that a "550" is a civilian. A gang member marked for punishment became "food." Killing a rival was "puttin' in work."

They identified allies -- sets like the nearby Gangsta Killa Bloods, and Brick City Brims -- and agreed not to cross each others' turfs. They found their enemies -- the North Side Killer Gangstas, a Crips set blocks away.

The most disciplined Double ii's changed their everyday speech, replacing the letter c with b. Words like "cause" and "comfortable" became "bause" and "bomfortable." Crips are Brips; cars are bars.

The Double ii's sold heroin from the street 24 hours a day, splitting it up into four six-hour shifts, the former member said, stashing guns and drugs in an abandoned house dubbed the Rathole. He earned up to $2,500 a shift, but it quickly melted away, spent on clothes, jewelry, concerts, even a new car.

"As quick as you make it, you blow it," he said.

The operation got a boost, he said, when one gang member, Quadree "Trouble" Smith, established a connection with a New York trafficker. Smith was among the older and more experienced gangsters; besides a criminal record, he had scars from nearly a half-dozen bullet wounds.

But if Smith emerged as the set's business brains, Butler, the man they called Massacre, was its soul.

A LEADER EMERGES

Slight, about 5-foot-7 and barely 140 pounds, Butler lived with his mother. Agents learned that he had once been a target for school bullies. Now he was deadly passionate.

Tattoos covered almost every visible patch of Butler's arms and neck. Two teardrops were stenciled under one eye; a single drop under the other. He dyed his dreadlocks red.

"Mass is the only people I can honestly say really, really, really believed in his heart," said his one-time associate. "His tongue was like a sword."

Butler cemented his reputation in October 2000. About 4 a.m. one day, he drove to an East Orange gas station where a rival, Robin Dwayne "Jabb" Thompson, was selling drugs. Butler covered his face, walked up behind Thompson and fired two shots into the back of his head.

The next summer, True G returned to East Orange and officially anointed Butler the set's leader, or 101, during a ceremony in Oval Park, the member said. Nine others were named to so-called "status" posts, with titles like ministers of defense and information.

"Once it became gang-affiliated, it was just like we had a chain of command -- orders was being given, orders had to be followed," the member said.

The gang grew steadily. At the May 26, 2002, barbecue -- the first recorded by agents -- seven more came to join. Butler gathered them together.

"Start from this man, go all the way around," he said, according to a recording and transcript of the meeting introduced at Jones' trial. "Let everybody know who y'all be, why y'all wanna bang."

What followed was something that sounded almost like a 12-step group.

"I be Bloody Mass, I be 101, I be that big homie," Butler told them. "I bang for you, you bang for me. That's how it's gonna go down."

After introductions, Butler asked every gang member to air grievances or share with the group. Holler at the world, he directed.

They did. They complained that some were breaking the rules, missing meetings, using drugs. One challenged how some acted in front of girls.

Then came the beatings.

Butler called on prospective inductees to come forward. To join, each knew, they had to withstand an attack for 31 seconds.

The agent and police detective listened as each young man stepped up to be battered. "Blood 31, Blood 30, Blood 29..." went the chant.

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Not everyone passed the test. One crumbled to the ground under a torrent of punches and kicks.

"Whip his ass!" Butler commanded. "He ain't Blood! Make him never wanna walk back in here!"

As the wannabe lay bleeding and motionless, some began to question whether he was alive. The meeting began to break up. "Put that n-- in the bar, take him somewhere," an unidentified voice said.

Butler seemed less interested in the injured man than in the scattering crowd. He ordered an associate to get the "new breeds" their induction paperwork. And he reminded everyone about the next meeting.

"Hey, yo! Sunday, 2:35, Oval Park," he said. "Sunday, 2:35, Oval Park."

The recording, by a low-level gang member who has never been publicly identified, gave investigators the foundation for a racketeering charge. Membership, a leadership structure, discussion of criminal activity -- it was all there. Butler even admitted that he had "pushed" people, code for murder. Surveillance video helped them match names to faces and voices.

But they needed proof of specific crimes. They needed witnesses. And they needed some luck.

A DEADLY PIPELINE

Infiltrating a gang of young men who use brutal violence and tattoos to identify themselves was a high hurdle. Havens was typical of a newer agent -- a thirtysomething former cop, white, with light hair, a boyish face and a trace of his upstate New York roots in his voice. All of which meant he had no shot of getting inside the Double ii's.

Their first informant had been an unexpected gift, introduced months earlier to Lyman and Havens by an FBI agent in North Carolina. The young man, an East Orange native, had been convicted in a case down there and was coming home for a final visit before prison. The Carolina agent proposed that he help the FBI in New Jersey.

Lyman and Havens met with the prospective cooperator. Over the next few months, before he went to jail, he recorded more than 100 meetings, transactions and conversations with gang members.

A veteran East Orange police detective, Nick Martinez, joined Havens on the investigation. Martinez was one of a handful of local officers detailed to the FBI task force. He knew the neighborhoods and some of the suspects by name, having arrested them over the years.

At the same time, the prosecutors caught another break. Agnifilo and one of his office's investigators, Joe Greco, had been poring over Newark police reports on guns that had been recovered or confiscated in crimes. They were looking for names and patterns when Greco noticed three guns purchased from the same store in Xenia, Ohio, about 20 miles east of Dayton.

Agents traced the gun registrations to students at Wilberforce University in Ohio. Those students told agents that a classmate from Newark, Seon Peton, paid them to act as straw buyers. Confronted, Peton admitted selling the weapons to an Essex County man he knew only as Jay.

From a photo lineup, Peton picked out Jay: It was Quadree Smith.

Shutting the gun pipeline became a priority. The Double ii's insisted that ranking members carry weapons, and few seemed reluctant to use them.

Jamal Coward, known as J-Rock, bought several of the Ohio guns. One was a Leinad semiautomatic, a favorite among gang members because it looked like an Uzi. The other was a .45-caliber handgun.

On a Monday morning in April 2002, Coward told Anthony Ward he wanted to play with his new toys. The pair climbed into a red Acura and drove to 22nd Street in Irvington -- a Crips neighborhood. With weapons in both hands, Coward began spraying the block with gunfire.

Erron Lewin, 19, lived on the street but wasn't a Crip. He was standing near his driveway when a bullet pierced his neck. Lewin collapsed and died. Three others were wounded.

Witnesses had little to offer police; one recalled the shooter yelling out something that sounded like "Bla-dat." What they probably heard was "Blatt," shorthand for "Blood Love All The Time," the Bloods' rallying cry. There were no suspects.

The next day, gang members later told agents, Coward found a reference to the shooting in The Star-Ledger and took the newspaper clip to the set leaders. He wanted credit for "putting in work."

He got it.

Two years would pass before Havens would be able to return to the neighborhood and tell Lewin's aunt they had finally solved the murder. The meeting turned out to be a low point for the agent.

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The aunt explained that her nephew had been looking forward to an upcoming job interview when he was killed. She had even bought the teen a new suit for the occasion.

Instead, she buried him in it.

ENLISTING AN INSIDER

Cultivating confidential informants is among the most important -- and draining -- tasks for federal agents, something akin to adopting troubled children. Many have criminal records, addictions, no real jobs. They need attention, cash, reinforcement.

Approaching the wrong one at the wrong time can be fatal to a case.

For months, Havens and the task force had relied on outsiders to build their case. Some were paid, some cooperated to save themselves.

They bought drugs and guns from lower-level gang members in "controlled buys," transactions that were recorded and monitored by teams of agents and police officers. These were the building blocks for the case, crimes that could be charged at any time. But to flesh out the criminal enterprise, they needed to get closer.

Investigators learned Smith and one of his associates, Michael Harris, had a falling out over money and that Double ii members later robbed Harris. Agents and prosecutors believed that if they could turn Harris, they could get valuable insight into the Double ii's. If they failed, however, they might expose the investigation.

They sent an informant to buy guns and drugs from Harris. Then they waited. In early 2003, they picked up Harris on the minor charges. Quickly, he began cooperating. He laid out the history of the Double ii's, explained to them where Smith bought heroin in New York and how the drugs were distributed and stashed.

Prosecutors now had pieces of both a gun and a drug network.

They had evidence against many of their targets, but decided against a flashy roundup. They wanted to protect informants and keep their wide-ranging case a secret. They also still hoped to flip a ranking gang member and penetrate the Double ii's leadership.

So they began picking up suspects one at a time, waiting until they were alone and quietly hustling them into a minivan driven by Martinez. Most were charged with drug distribution or gun charges, enough to isolate and jail them.

Other agencies also got involved. The Bureau of Alcohol, Tobacco, Firearms and Explosives had already been investigating the Ohio gun store. And federal prosecutors met regularly with their Essex County counterparts to identify unsolved murders and help build a case.

As the lead agent, Havens increasingly spent most of his days -- and many of his nights -- on the Double ii's. His laptop held thousands of photos, documents and files about gang member and their crimes. Sources called at all hours of the night. His Sundays fell into an unsettling pattern: sitting in church in the morning, sitting in an unmarked car outside a Bloods meeting in the afternoon.

His stable of informants had expanded and key Bloods were being jailed.

In October 2002, county prosecutors had jailed Butler, charging him with a double homicide in Newark. FBI agents participated in the arrest, but didn't let on about their racketeering investigation.

In 2003, Smith pleaded guilty to manslaughter charges in Superior Court in Essex County, but he was released on bail and went on the lam.

A confidential informant told Havens and Martinez they could find him in the Bronx, living around a stretch of apartment buildings along Pelham Parkway. The tip was rather broad, but the agents headed to the neighborhood hopeful for any clue, like a car with New Jersey plates.

As they pulled onto the block, they got something even better: Smith crossed the street right in front of them. He had changed his hairstyle, and wore a Boston Celtics jersey and a baseball cap, but couldn't hide his pride. Wrapped around his wrist was a $32,000 diamond-studded watch.

Martinez slipped out of the car and, gun drawn, inched up behind his target. As he lunged for Smith, the stunned gang member fell to the ground. He looked up almost relieved that he was being arrested, not ambushed.

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Butler continued to direct the gang's activities from jail. In late 2003, with many of the gang's status members behind bars, he declared a new, two-tiered hierarchy for the Double ii's, one to oversee the set in prison and a second group to continue running operations in East Orange. He spelled out the plan in a letter delivered back to the neighborhood.

By then the feds had found their insider. Havens had persuaded a ranking Double ii member to secretly cooperate.

Becoming an informant could be deadly. Bloods rules demanded cooperators on the street be killed and that those in prison be slashed in the face, marked in a way all Bloods members would recognize.

But the new informant, the same one who had been awed by the Bloods as a teen in the 1990s, decided cooperating was more appealing that dying behind bars. "I really wanted a way out," he said in a telephone interview last month. "I saw a way out. I saw a light under the tunnel."

Freed from prison, he returned to the neighborhood and discovered the Double ii's had become more aware of law enforcement and more cautious. At least once, he ditched his recording device before a meeting because he feared being strip-searched.

But he resumed his role as a status member. And when the new leaders decided they needed a new hide-out to discuss business, the informant offered a solution.

His "cousin," he said, had moved to tiny one-bedroom apartment just a block from 15th and William streets. For a few bucks, he said, she might let them congregate there.

They agreed. The cousin was slightly older and the gang members took an instant liking to her. One even helped her hang drapes.

But in reality she was no cousin. She was an undercover FBI agent. The apartment was wired, with a hidden camera in the living room. It gave investigators the glimpse inside the Double ii that they had long been seeking.

In one conversation, they heard status members plot the death of a rival Crip who had strayed too often into their turf. (Agents scrambled to warn him of the death threat.) The camera was running when J-Rock admitted to the shooting spree that killed Erron Lewin. It's also how investigators discovered Anthony Copeland's murderer.

Copeland, 16, lived in a Crips neighborhood in East Orange. Prosecutors never found proof he belonged to a gang.

Samir Moses, on the other hand, wanted to join the Double ii's but had been turned down. On a Saturday night in April 2004, he tried to earn his way in.

Cruising in a stolen car in East Orange with two Double ii members, Moses saw Copeland outside his house. He jumped from the car, pointed a .357-caliber snub-nose handgun toward the teen and uttered the Bloods salutation, "What's poppin'?"

Then he shot Copeland in the chest.

The killing wasn't too different from other random gang murders. But as Vash, the assistant U.S. Attorney, pored over the evidence, she was stung in particular by a photo of the victim's clothes. It suddenly reminded her how young he was.

"His socks," she said, "had little puppies on them."

Not long after the shooting, Moses admitted to the killing in a recorded conversation at the apartment. Days later, he was arrested.

By late summer 2004, nearly all the gang members had been jailed on drug or other charges. Prosecutors settled in to finalize their racketeering indictment.

Havens had one thing to do: He went to see Massacre.

SHOW AND TELL

With nearly all of the gang members locked up on drug or other charges, Havens visited Butler for the first time that fall at Trenton State Prison. It was Butler's 25th birthday, Oct. 1, 2004.

The two men had never spoken, but they knew of each other and knew why Havens was there. A racketeering indictment was looming; some members were cooperating. Both men knew many of the defendants would follow Butler's lead. If he took a plea, the rest would, too.

He chose not to.

"I know I'm never going home," Butler said, according to the agent. "I'm Mass. I'm 101."

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But he agreed to exert his influence on one other gang member, his younger brother, Steven Butler. Massacre scrawled a note for Havens to deliver. In it, he gave his brother permission to cooperate and negotiate a plea.

Tell them "about me -- only me," Butler wrote.

Two weeks later, a federal grand jury indicted 19 Double ii members for racketeering. The 94-page charging document laid out the history of the gang set and spelled out five murders, 14 attempted murders and a list of other crimes.

Over the next 15 months, prosecutors twice revised the indictment. Some were crimes the defendants had already been charged with or convicted of in state courts, but were folded in as proof of the criminal enterprise. The last indictment, this past January, added murder allegations against Butler for the 2000 execution of Thompson.

By that time, many lower-ranking Double ii's had pleaded out. The leaders, however, wouldn't budge, perhaps wary of crossing each other. They were slated for a September trial under heavy security and with an anonymous jury.

The logjam broke one morning last April, when Agnifilo and Vash called the attorneys for the remaining defendants to federal court in Newark for a conference. When they arrived, some of the defenders were surprised to see their clients sitting, handcuffed, side by side in the jury box.

Armed U.S. marshals lined the courtroom and hallway. The doors were closed and locked.

The prosecutors began to spell out their case to the defendants, a group "show and tell" designed to push them toward a plea.

The defense attorneys had never seen anything like it. One stormed out. Others objected to the format and huddled in the hallway. But when they asked the gang members if they wanted to continue, all said yes.

Over the next several hours, Agnifilo and Vash let the defendants see what a jury would see. They played audio from the backyard barbecue and aired video from the apartment. They passed around photos of victims.

Vash read from transcripts of their secretly recorded conversations. Agnifilo promised that jurors would hear little LaQuan describe his father's murder.

As the prosecutors spoke, some of the gang members squirmed, turning to see how Butler responded or whispering about who the informants might be. Some asked questions.

"What's in it for us?" Amir Winn finally said. It seemed to be a bold question from the man accused of gunning down the 8-year-old's father.

The reply was terse: You might not spend the rest of your life in prison.

Within weeks, half of the defendants agreed to plead guilty. The rest, including Butler and Smith, held out for five more months. On Sept. 21, as their trial was about to begin, the pair struck a deal.

Butler acknowledged being the set leader, selling heroin, killing Thompson and ordering gang members to commit murders. At one point, Vash asked him if the Double ii's functioned with a chain of command.

"I was the chain of command," Butler told U.S. District Judge Katharine Hayden.

The judge scheduled the sentencings for early next year. Butler is expected to get at least 30 years in prison without parole.

A BATTLE, NOT THE WAR

The gang problem has not disappeared in East Orange. A few days before the pleas in September, the city's civilian police director, Jose Cordero, announced the arrests of 76 gang members in the previous two months. Some identified themselves as Double ii members.

"What we're seeing now is a lot of folks coming out of prison after doing some time," said Cordero, a former New York City anti-gang coordinator.

But it's a far cry from when he arrived two years ago, Cordero said. At that time, he was stunned to see gangs operating brazenly on city streets.

The FBI's Violent Crime Criminal Enterprise task force has other major gang prosecution cases in its pipeline. Last month, agents and local police arrested 22 Crips members in East Orange, Irvington and Newark.

Wiser, the head of the FBI's Newark division, cautioned: "Law enforcement is not the answer to the gang problem. No one should make the mistake in thinking that it is."

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Havens still hears from Double ii informants and witnesses several times a week. Some were relocated for their safety. After living with the case for the past four years, sometimes 24 hours a day, he's grateful it's over.

"I could investigate this case for the rest of my career," he said.

In a recent drive past the Double ii's old neighborhood in East Orange, Vash said she noticed how quiet it was, compared with three years ago. One defense attorney in the case marveled at the same thing.

"You've got all these people who are simply gone," said the attorney, who asked not to be named because he didn't want to antagonize what's left of the gang. "Gone. The whole set is gone."

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IMMIGRATION:

HOLOCAUST JUSTICE HITS A WALL: Exile Or Mercy For Old Nazi Guards? (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, December 3, 2006

As U.S. pushes to deport suspected killers, others say it should just let 3 aging men die at home in Michigan

John Kalymon, Johann Leprich and Iwan Mandycz are old men now, hobbled by the same aches and pains that plague many senior citizens in their 80s.

Only these men are not ordinary senior citizens.

In the 1940s, the U.S. Department of Justice says, they helped the Nazi killing machine as it steamrolled across Europe, exterminating millions of people deemed enemies of Adolf Hitler's Third Reich.

As it has in scores of similar cases, the government has gone to court to strip all three metro Detroit men of their U.S. citizenship so they can be deported.

But getting rid of them has created a moral, legal and diplomatic dilemma.

Their families and neighbors regard them as harmless old men who were victims, forced to choose between the Nazi juggernaut or death. Detroit-area survivors of the Holocaust regard them as tormentors who helped mercilessly kill their loved ones and friends. And the federal government, which is racing to expel them from the country before they die, is having a tough time finding European countries to take them.

"If their mothers and fathers had been killed and if they saw what I saw, they would feel differently," William Weiss, a Holocaust survivor from metro Detroit who lost his mother, father and two sisters during the war, said last week in response to suggestions that the government should let bygones be bygones.

Eli Rosenbaum, head of the Justice Department's Nazi-hunting Office of Special Investigations, is mainly concerned about making travel arrangements for the men.

"Right now, we have six people who we could put on a plane tomorrow," Rosenbaum said, adding that Leprich is one of the six.

"In recent years, we've had great difficulty persuading European nations to take these people back," Rosenbaum said. "And in some cases, we've hit a brick wall."

Rosenbaum said many European countries are too embarrassed to take back people they can't prosecute because they lack the laws or the desire to do so.

Jonathan Drimmer, a former deputy director of the OSI and lead prosecutor in the Mandycz case, said many countries don't want the old men because they don't want to take care of them. And leaning on foreign governments to take them back isn't high on Washington's priority list because of other pressing international issues.

An impassioned defense ...

The problem became apparent in October when the OSI reluctantly agreed to release Leprich to his family on an electronic tether after 39 months in federal custody because Romania, Hungary and Germany wouldn't accept him. Kalymon and Mandycz are free.

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Leprich, an ethnic German born in Romania, served as an SS Death's Head Battalion guard in 1943-44 at the Mauthausen concentration camp in Nazi-held Austria. An estimated 119,000 Jews, Gypsies, Jehovah's Witnesses and others died at the camp.

A federal judge in Detroit stripped Leprich of his citizenship in 1987 for concealing his wartime service to the Nazis before coming to the United States. After losing his citizenship, Leprich went to Canada before the government could initiate deportation proceedings.

Federal agents arrested him in 2003 as he hid in a secret compartment under a stairwell in the home he shared with his wife in Clinton Township. The agents had a judge lock him up as a flight risk.

Leprich, like Kalymon, declined to be interviewed or photographed for this story. Mandycz's lawyer didn't return calls and no one answered the door of Mandycz's home.

Kalymon and Leprich admitted working for the Nazis during the war, but said they did so because they had to and never persecuted anyone. Mandycz denied working for the Nazis, but a judge found otherwise. Leprich and Mandycz were concentration camp guards. Kalymon worked for a Nazi-run auxiliary police force in wartime Poland.

Leprich's lawyer, Joseph McGinness of Cleveland, has defended several people whom the government calls "Nazi persecutors" and accused the government of heavy-handed tactics. He said men like Leprich were compelled to work for the Nazis. He said they merely guarded camp perimeters and were never allowed to enter areas where prisoners were kept.

"The man isn't guilty of anything," McGinness said of Leprich. "Do you have any idea how little influence a 17-year-old private ... in the Waffen SS had? The only influence they had was to go out and get their head shot off on the Eastern Front."

... and skeptical response

But McGinnis' argument doesn't go down well with Holocaust experts like Professor Sidney Bolkosky of the University of Michigan-Dearborn.

"You couldn't guard one of those camps and not have some degree of complicity in brutality," Bolkosky said, adding that decades of research have failed to produce a single case of anyone being shot or shipped to the Eastern Front for refusing to help persecute Jews.

He said there are many instances of people being shot or imprisoned for helping rescue Jews. He said there must be consequences -- such as deportation -- for Nazi persecutors.

For years, the U.S. government did little to prevent them from immigrating to the United States or to make them leave.

From the end of the war until the late 1970s, only one person was stripped of citizenship for helping the Nazis -- Hermine Braunsteiner Ryan, a Queens, N.Y., homemaker and Austrian-born concentration camp guard who was extradited to Germany in 1973. Former prisoners called her "the Stomping Mare" because they said she stomped old women to death with steel-studded jackboots.

U.S. officials began taking an interest in Nazi persecutors in the early 1970s, after then-U.S. Rep. Elizabeth Holtzman, D-N.Y., was shocked to discover that federal immigration officials maintained a list of suspected Nazi persecutors living in the United States but did nothing to remove them.

She persuaded Congress to pass legislation in 1978 to denaturalize and deport participants in wartime persecution. The Office of Special Investigations was created the next year.

Since then, OSI lawyers have investigated 1,700 suspected Nazi persecutors, stripped 84 of their citizenship and deported 63. The office has 50 open Nazi-era investigations and 15 cases in litigation. It has lost only nine cases.

One of its targets was Kalymon, who in 1942-44 served in the Nazi-run Ukrainian Auxiliary Police. The government says the force helped the Germans round up nearly all of the 100,000 Jewish residents of L'viv, Poland, to be killed.

The government asked a federal judge in Detroit in January 2004 to strip Kalymon of his citizenship after discovering captured wartime documents from the former Soviet Union showing that he repeatedly shot at Jews who tried to escape during roundups. Kalymon killed one Jew and wounded another, the reports said.

During 3 1/2 hours of trial testimony in September, Kalymon insisted he never shot his rifle, never persecuted any Jews and never saw any Jews being mistreated or killed in L'viv.

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He also denied submitting a handwritten report showing that an Ivan Kalymun fired four shots during a roundup of Jews at 7 p.m. Aug. 14, 1942, wounding one and killing another.

Kalymon and his lawyer, David Domina of Birmingham, insisted Kalymon is a victim of mistaken identity. They said the shooting reports, which officers submitted to account for ammunition, were created by a precinct commander who was stealing ammunition to sell on the black market.

Kalymon admitted lying to U.S. authorities about his wartime activities on his visa application in 1949. Kalymon, who was born in Poland, said he was afraid of winding up in the hands of the Soviets, who he said killed his wife's father, a Greek Orthodox priest.

They're 'wonderful neighbors'

After arriving in the United States, Kalymon and his wife, Lubow, moved to Detroit, where he worked as a draftsman for Chrysler. He retired in 1989 after 25 years of service.

His son, Alexander Kalymon of Troy, said the past two years have been hard for his family.

"Can you imagine how difficult it is to prove your innocence when no one from that time period is still alive?" Alexander Kalymon said.

"Where do you get the resources to even find out? The government has almost unlimited resources."

He said he doesn't know what his family will do if U.S. District Judge Marianne Battani strips his father of citizenship, paving the way for deportation proceedings.

John Kalymon's neighbor Eleanor Rink, who worked with Kalymon's wife years ago, said she feels bad for the couple.

"They're absolutely wonderful neighbors," Rink said.

She said John Kalymon helps remove snow from her sidewalks since her husband died 10 years ago.

But Weiss, the Holocaust survivor, was skeptical of Kalymon's court testimony.

"How could he not have known what was going on?" said Weiss, 81, who was born in L'viv and lost both sisters and his mother during roundups of Jews conducted by the Ukrainian Auxiliary Police.

Weiss, who survived several concentration camps and prisons and watched his father die when the Nazis forced them to march to a camp, said Ukrainian Auxiliary Police officers were a constant and brutal presence in the L'viv ghetto.

Weiss testified last year in Chicago in a similar court case against another former Ukrainian Auxiliary Police officer and at one point was asked to testify at Kalymon's trial.

Meanwhile, Rosenbaum warns the suspects not to get too comfortable with the idea of remaining in the United States.

"The message I would have for Leprich and the others is this: I suggest you keep your bags packed because we don't give a lot of notice when it's time to go," Rosenbaum said. "The time will come."

Do Immigrants Make Us Safer? (NYT)

By Eyal Press

The New York Times Magazine, December 3, 2006

Although the midterm election failed to render a clear verdict on illegal immigration, the new Democratic Congress may enact sweeping legislation tightening border controls and allowing more guest workers next year. If that happens, the rancorous debate about how undocumented workers affect jobs and wages in the United States will be rejoined. So, too, will an equally rancorous, if less prominent, debate: Do immigrants make the U.S. more crime-ridden and dangerous?

In an age of Latino gangs and Chinese criminal networks, the notion that communities with growing immigrant populations tend to be unsafe is fairly well established, at least in the popular imagination. In a national survey conducted in 2000, 73 percent of Americans said they believe that immigrants are either “somewhat” or “very” likely to increase crime, higher than the 60 percent who fear they are “likely to cause Americans to lose jobs.” Cities like Avon Park, Fla., have considered ordinances recently to dissuade businesses from hiring illegal immigrants, whose presence “destroys our neighborhoods.” Even President Bush, whose perceived generosity to undocumented workers has earned him vilification on the right, commented in a speech this May that illegal immigration “strains state and local budgets and brings crime to our communities.”

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So goes the conventional wisdom. But is it true? In fact, according to evidence cropping up in various places, the opposite may be the case. Ramiro Martinez Jr., a professor of criminal justice at Florida International University, has sifted through homicide records in border cities like San Diego and El Paso, both heavily populated by Mexican immigrants, both places where violent crime has fallen significantly in recent years. "Almost without exception," he told me, "I've discovered that the homicide rate for Hispanics was lower than for other groups, even though their poverty rate was very high, if not the highest, in these metropolitan areas." He found the same thing in the Haitian neighborhoods of Miami. In his book "New York Murder Mystery," the criminologist Andrew Karmen examined the trend in New York City and likewise found that the "disproportionately youthful, male and poor immigrants" who arrived during the 1980s and 1990s "were surprisingly law-abiding" and that their settlement into once-decaying neighborhoods helped "put a brake on spiraling crime rates."

The most prominent advocate of the "more immigrants, less crime" theory is Robert J. Sampson, chairman of the sociology department at Harvard. A year ago, Sampson was an author of an article in The American Journal of Public Health that reported the findings of a detailed study of crime in Chicago. Based on information gathered on the perpetrators of more than 3,000 violent acts committed between 1995 and 2002, supplemented by police records and community surveys, it found that the rate of violence among Mexican-Americans was significantly lower than among both non-Hispanic whites and blacks.

In June, Sampson and I drove out to a neighborhood in Little Village, Chicago's largest Hispanic community. The area we visited is decidedly poor: in terms of per capita income, 84 percent of Chicago neighborhoods are better off and 99 percent have a greater proportion of residents with a high-school education. As we made our way down a side street, Sampson noted that many of the residents make their living as domestic workers and in other low-wage occupations, often paid off the books because they are undocumented. In places of such concentrated disadvantage, a certain level of violence and social disorder is assumed to be inevitable. As we strolled around, Sampson paused on occasion to make a mental note of potential trouble signs: an alley strewn with garbage nobody had bothered to pick up; a sign in Spanish in several windows, complaining about the lack of a park in the vicinity where children can play. Yet for all of this, the neighborhood was strikingly quiet. And, according to the data Sampson has collected, it is surprisingly safe. The burglary rate in the neighborhood is in the bottom fifth of the city. The overall crime rate is nearly in the bottom third.

The safety of neighborhoods like these has received little attention in the debate about immigration — or, for that matter, the debate about crime. Ever since cities like New York began cracking down on panhandling and loitering in the mid-1990s, a move that coincided with a precipitous drop in violence, policy makers have embraced the so-called broken-windows theory, which emphasizes the deterrent effects of punishing such minor offenses. Lately, though, scholars have begun to question whether "broken windows" deserves all the credit for diminishing crime after all. Some researchers have linked progress to the cessation of the crack epidemic. Others point to an improved economy, community-policing initiatives or even the legalization of abortion, which reduced the number of poor, unwanted children growing up in high-risk neighborhoods.

Sampson's theory may be the most provocative yet. Could America's cities be safer today not because fewer unwanted children live in them but because a lot more immigrants do? Could illegal immigration be making the nation a more law-abiding place?

There are, to be sure, scholars who take issue with this rosy picture. Wesley Skogan, a political scientist at Northwestern University, has spent the past 13 years tracking violence and social disorder in the white, black and Latino communities in Chicago. In a new book, "Police and Community in Chicago: A Tale of Three Cities," just out from Oxford University Press, Skogan concludes that the big success story took place not in immigrant areas but in African-American ones, where participation in community-policing programs was highest and violence fell the most. "About two-thirds of the crime decline in Chicago since 1991 took place in black neighborhoods," Skogan says. In Hispanic communities, by contrast, Skogan found that the fear of crime, as measured in surveys of residents, and real social disorder — gang activity, loitering — actually became worse as the foreign-born population increased. Skogan acknowledges that Hispanic immigrants don't show up much in arrest records, but he says he believes part of the explanation for this rests in the fact that those who are undocumented go to enormous lengths to "stay off the radar." Many also come from a country, Mexico, where distrust of law enforcement is endemic, which is why he suspects they underreport crime and participate less in community-policing programs, as his study found.

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Sampson doesn't deny that crime may be underreported in immigrant neighborhoods. Nonetheless, he is quick to note that as the ranks of foreigners in the United States boomed during the 1990s — increasing by more than 50 percent to 31 million — America's cities became markedly less dangerous. That these two trends might be related has been overlooked, he says, in part because immigrants, like African-Americans, often trigger negative associations regardless of how they actually behave. Not long ago, Sampson and Stephen W. Raudenbush, a sociologist who teaches at the University of Chicago, conducted an experiment to test this idea. The experiment drew on interviews with more than 3,500 Chicago residents, each of whom was asked how serious problems like loitering and public drinking were where they lived. The responses were compared with the actual level of chaos in the neighborhood, culled from police data and by having researchers drive along hundreds of blocks to document every sign of decay and disorder they could spot.

The social and ethnic composition of a neighborhood turned out to have a profound bearing on how residents of Chicago perceived it, irrespective of the actual conditions on the streets. "In particular," Sampson and Raudenbush found, "the proportion of blacks and the proportion of Latinos in a neighborhood were related positively and significantly to perceived disorder." Once you adjusted for the ethnic, racial and class composition of a community, "much of the variation in levels of disorder that appeared to be explained by what residents saw was spurious."

In other words, the fact that people think neighborhoods with large concentrations of brown-skinned immigrants are unsafe makes sense in light of popular stereotypes and subliminal associations. But that doesn't mean there is any rational basis for their fears. Such a message hasn't sat well with everyone. As the debate about immigration has grown more heated and polarized, Sampson has found himself barraged with hate mail. "Vicious stuff," he told me, "you know, thinly veiled threats, people saying, 'You should just come and look at the Mexican gangs here.' " But Sampson has also won some far-flung admirers. In Mexico, one of the nation's leading dailies, La Reforma, published a story hailing his findings, under the triumphal heading, "Son barrios de paisanos menos violentos que los blancos " ("Neighborhoods of our countrymen are less violent than white ones").

If immigrants really are making America safer, why is this so? "That," Sampson says, "is the $64,000 question." In discussing the persistence of poverty and the causes of crime, sociologists on the left often emphasize the importance of "structural" factors like unemployment and racism, while scholars on the right tend to focus on individual behavior like having an illegitimate child and using drugs. Sampson prefers to focus on the nature of the social interactions taking place in particular neighborhoods. At one point in Little Village, we strolled past a house where a couple of young girls were playing outside. It didn't seem that anybody was supervising them. Next door, however, an elderly woman was standing just inside the window. The window was open, and as Sampson and I passed by, her eyes did not leave us. "Did you notice that?" asked Sampson as we proceeded down the block. She was making sure the two strangers who had appeared weren't dangerous. It was an example of the kind of informal social control that Sampson says can prevent even the poorest neighborhoods from spiraling into chaos and that he suspects may distinguish many tightknit immigrant communities.

But Sampson also notes the importance of another factor, one often stressed by conservatives: Mexicans in Chicago, his study found, are more likely to be married than either blacks or whites. "The family dynamic is very noticeable here," Sampson remarked as we passed a girl with long braided hair clutching her mother's hand. Her father followed a few steps behind. Sampson does not believe family structure explains everything: the data showed that in immigrant neighborhoods, even individuals who are not in married households are 15 percent less likely to engage in crime. Yet neither did he discount its significance.

To the extent a strong family structure does play a role, it has left Sampson understandably mystified why the most strident opponents of immigration so often come from the right. Shouldn't conservatives concerned about the breakdown of traditional values be celebrating these family-oriented newcomers? This is indeed what David Brooks argued not long ago in a column in The New York Times, gently chiding his fellow conservatives for reflexively assuming foreigners have had a corrosive impact on the nation's moral fiber. "As immigration has surged, violent crime has fallen 57 percent," Brooks noted in the column, which was titled "Immigrants to Be Proud Of."

Sampson wrote Brooks a note complimenting him on the piece. But he is under no illusions that his views on crime and immigration will endear him to Republicans clamoring for America's borders to be sealed. On the other hand, it might not make his colleagues on the left any happier. The flip side of the impulse to demonize immigrants is, after all, the tendency to

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romanticize them as hard-working Horatio Alger types who valiantly lift themselves out of poverty — with the implication that if they can avoid falling victim to drugs, gangs and other inner-city scourges, those who succumb to these forces have only themselves to blame. In calling attention to the virtues of immigrant communities, there is a risk that Sampson's work will be taken by some as a commentary on the high crime rate in some poor African-American communities.

Of course, comparing the experiences of Mexican immigrants and African-Americans may seem grossly unfair, not least because studies have shown that many employers are willing to hire foreigners (on the assumption they work hard) but not blacks (on the assumption they don't). Yet the fact that it is unfair hardly means such comparisons won't be made — even though immigrants commit less crime not only than African-Americans in inner-city neighborhoods but less than American-born white people as well.

Before anyone rushes to conclude that crime would vanish from America's cities if only more foreigners moved here, it is worth considering something else Sampson's study uncovered. It is a finding as troubling as his basic thesis about immigrants is hopeful. Second-generation immigrants in Chicago were significantly more likely to commit crimes than their parents, it turns out, and those of the third generation more likely still.

Opponents of immigration frequently charge that Mexican immigrants threaten America's national identity because of their failure to assimilate. A more reasonable concern might be the opposite of this: not that foreigners in low-income neighborhoods refuse to adopt the norms of the native culture but that their children and grandchildren do.

The sociologists Alejandro Portes and Rubén G. Rumbaut conducted a multiyear longitudinal study of immigrant children in Miami and San Diego. The offspring of foreigners who grow up in impoverished ghettos, they have argued, particularly Mexican-Americans exposed to racial as well as economic discrimination, often lose the drive and optimism their parents had and come to share the widespread attitude among their inner-city peers that survival depends on brandishing an oppositional stance toward school authorities and, more broadly, a culture that looks down on them. "The learning of new cultural patterns and entry into American social circles does not lead in these cases to upward mobility but to exactly the opposite," Portes and Rumbaut contend, a process of "downward assimilation" that has created a new "rainbow underclass." Astoundingly, in a recent paper, Rumbaut and several doctoral students found that the incarceration rate among second-generation Mexicans was eight times higher than for the first generation; among Vietnamese, it was more than 10 times higher. Where the first-generation immigrants in their data were less likely to wind up in prison than native-born whites, the second (with the exception of Filipinos and Chinese) were more likely.

Such findings suggest the class and race divisions that cleave America's social landscape may prove decisive after all. In Sweden, a country with markedly less inequality and more generous social welfare policies — and far less violent crime — studies have shown the rate of offending tends to be lower for the second generation of immigrants than for the first. Of course, America has historically done an admirable job of assimilating newcomers, and the theory of "downward assimilation" has not gone unchallenged. Recently, a team of researchers completed a study in New York of more than 2,200 second-generation immigrants and 1,200 native-born Americans that allowed them to compare the rate of offending among various groups, West Indians versus African-Americans, for instance, or Russians versus American-born whites. According to John Mollenkopf, a political scientist at the CUNY Graduate Center, the arrest rates among the children of immigrants were the same or lower in every case. "The second-generation immigrants are doing better, on the whole, than the native-born," he said.

Clearly, the debate over assimilation will continue, as Sampson acknowledges. When I asked him why he thought the positive trends he and his colleagues had discovered in Chicago seemed to become diluted by the second and third generations, he paused.

"That's another $64,000 question," he said, chuckling softly. Part of the explanation, he went on to speculate, may rest in the exposure subsequent generations have to the things that often lure young people in America's cities to engage in illicit activities: drugs, cash, cars, contraband. Part of it, as well, might be the adoption of streetwise attitudes that lead people to react quickly to insults in the United States. One thing it is difficult for Americans to realize, he said, is how unusually violent their country is, particularly in light of its inordinate wealth. Recently, scholars have become increasingly interested in the historical origins of American violence. Richard Nisbett of the University of Michigan and others have traced our "culture of violence" back

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to the valorization of retribution and dueling among Scotch-Irish immigrants in the American South, suggesting that antique folkways have become encoded into the nation's DNA.

It is a dark view, perhaps, but Sampson is hopeful that the good news about crime in recent years can continue, albeit under certain conditions, among them less alarmism about the supposedly dangerous foreigners in our midst. Sampson shook his head when describing some of the correspondence he has received from people absolutely certain that immigrants are sowing mayhem in our streets. In the last few years, he noted, such people have had somewhat less cause for worry, since the numbers show the flow of newcomers has subsided a bit. Meanwhile, the crime rate in some cities has begun to creep back up. Sampson, for one, does not think this is a mere coincidence. Those clamoring for America to close its borders in order to prevent violence-prone strangers from flooding our shores may well get their way, he acknowledged, but they ought to be careful what they wish for.

Georgia Legislator's Wife Battles Deportation Order (NYT)

By Brenda Goodman

The New York Times, December 3, 2006

ATLANTA, Dec. 1 — The wife of a Georgia legislator known for his strong support of immigrants' rights is in hiding after federal agents came to their home on Tuesday with an order to deport her to her native Colombia, her lawyer said.

In a written statement issued on Wednesday, State Senator Curt Thompson, 37, a Democrat, said his wife, Sascha Herrera, 28, missed an immigration-related court hearing in February 2005. Mr. Thompson said notices about an asylum application that had been mistakenly filed on her behalf had been sent to the wrong address, causing her to miss the hearing.

Because Ms. Herrera did not appear in court, a federal judge issued a deportation order in February 2005, Charles H. Kuck, Ms. Herrera's immigration lawyer, said on Friday.

Mr. Kuck said Mr. Thompson told him that his wife was not at the couple's home when Immigration and Customs Enforcement agents arrived on Tuesday to take her into custody. Mr. Kuck would say only that Ms. Herrera was in a safe place.

"We're making an arrangement, we hope, for her to come in Monday morning," Mr. Kuck said, adding that he would try to persuade an immigration judge to reopen Ms. Herrera's case.

It is usually difficult to get an immigration case reopened, several experts said.

Advocates of immigrants' rights say Ms. Herrera's situation is another indication of how byzantine is the system for applying for legal residency in this country.

"It's a very, very onerous system," said State Senator Sam Zamarripa, a Democrat who was the first Hispanic elected to the Georgia Senate. "If the wife of a state senator can't handle it, how can we expect people who are working in our labor force to handle the bureaucracy?"

"This is going to take a U.S. congressman or a senator to step in," Mr. Zamarripa said. "To say, let's wait a minute. Let's think about this. This is a good person who deserves to be in this country."

Marc Raimondi, a spokesman for Immigration and Customs Enforcement in Washington, said he could not comment on the specifics of Ms. Herrera's case. Generally, Mr. Raimondi said, "People who are here legally are very, very careful about their immigration status." Of the couple's claims of ignorance about the notices, he said, "It sounds like a lot of song and dance."

In his statement, Mr. Thompson also said his wife was the victim of an unscrupulous "notario." In some Spanish-speaking countries, a "notario publico" is a highly regarded lawyer with special power to negotiate with the government. In the United States, however, a "notario" is often a notary public with no special expertise in immigration law. Some notaries, however, advertise themselves within Latino communities and take advantage of the similarity between the two titles to charge high fees to file immigration paperwork with the government.

Mr. Kuck said Ms. Herrera originally paid $1,300 to the notary, whom he identified as Tomas Vilela, to help her file paperwork to extend her visitor's visa so she could take classes at Kennesaw State University, just north of Atlanta.

Mr. Vilela recommended that she apply for asylum, Mr. Kuck said, and had her sign the last page of an application. But after she received an F-1 student visa, for which university officials had helped her apply, Ms. Herrera instructed Mr. Vilela not to file the application, Mr. Kuck said.

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Mr. Kuck said that Mr. Vilela filed the forms anyway, and that because the paperwork listed the address of his business, all subsequent letters from immigration officials were sent there, not to Ms. Herrera's home. Mr. Thompson's statement said the notary did not forward the letters to Ms. Herrera.

She did not know about the filing and never received notices about the hearing, Mr. Kuck said, adding that the deportation order "hit the couple completely out of the blue."

Mr. Vilela did not return several messages left at his office.

Though Ms. Herrera was in the country legally on the student visa, once she missed the date for the asylum hearing and the deportation order was issued, "it trumped all other legal status," Mr. Kuck said.

Mr. Thompson represents parts of DeKalb and Gwinnett Counties, in a district where about one in four residents is foreign born.

The Atlanta Journal-Constitution quoted him as saying that he asked immigration officials about Ms. Herrera's status before their marriage in April 2006 — more than a year after the deportation order was issued — and was told that she was in the country legally. Because her husband is a United States citizen, after their marriage, Ms. Herrera also applied for an adjustment of her status to become a permanent resident and obtain a green card. But the approval process is lengthy, Mr. Kuck said.

If she is deported, Ms. Herrera could be barred from re-entering the United States for 10 years, Mr. Kuck said, "so we have to work with extreme speed to try to fix this."

CONGRESS-ADMINISTRATION:

Editorial: Leahy Has Historic Opportunity (BMTA)

Barre-Montpelier (VT) Times Argus, December 3, 2006

Friends and staff of Sen. Patrick Leahy are already talking about the opportunity now before him to establish a legacy that will place him among the most important senators in Vermont history.

It will not be about the pork he is able to secure from his position on the Appropriations Committee or his long-term work for the interests of the state's dairy farmers. It will be his legacy as a defender of the U.S. Constitution.

Leahy has been almost giddy since the elections last month, with the prospect that he will become chairman of the Senate Judiciary Committee. But the challenges before him are serious indeed.

As chairman he will have the power to focus on the numerous ways that the Bush administration has worked to skirt and undermine the constitutional limits on executive power, straying into activities that might be judged illegal or even criminal. A successful effort to rein in the abuses of the Bush administration will place Leahy in the history books alongside Sen. Ralph Flanders of Vermont, who was instrumental in challenging the abuses of Sen. Joseph McCarthy — except Leahy's challenge is even greater and the abuses more serious than those of the senator from Wisconsin whose name has become synonymous with an era of thuggery and paranoia.

Leahy appears to understand what he is up against. Already he has sent letters to the Justice Department renewing numerous requests for information on a variety of programs and activities that are constitutionally dubious. President Bush has promised to foster a spirit of bipartisanship in his dealings with the new Democratic Congress, but so far the Justice Department and the White House show every sign that they will resist Leahy's efforts to let the sun shine on the doings of the federal government.

Leahy will have to focus both on the specifics of administration activities and on the broader legal and political philosophy the administration has offered in its own defense.

Thus, Leahy has sought documents that would shed light on the administration's decisions related to the detention of prisoners and on unauthorized domestic spying. Of broader concern is the claim of sweeping executive power used by the administration to place itself virtually above the law. Leahy's greatest contribution would be to expose the danger to our constitutional system of Bush's claims and to help re-establish proper limits on the reach of executive power.

This work requires the perspicacity and determination of a statesman. The work of the Judiciary Committee in investigating these issues must not be seen by the public as an effort to settle political scores. The Bush administration will try to cloak its

practices in secrecy on the basis of national security, and Leahy will have the job of discerning the difference between legitimate national security concerns and bogus claims designed for political self-protection. There is plenty of precedent for the bogus, going all the way back to the Pentagon Papers.

The struggle over Bush administration abuses will be of the utmost seriousness. It is likely that Bush has sought legal justification for secret detention and "alternative" interrogation methods as a way to cover up torture and illegal imprisonment that could put members of the administration in legal jeopardy. A policy of torture, which apparently received approval at high levels of government, brings the administration close to the territory of war crimes. As Leahy and his committee get close to that territory, the political warfare will not be pretty.

It will be important for Leahy to maintain a focus on the legal and constitutional issues at stake: that the United States stands for human rights, the rule of law and a system of checks and balances that applies to the president even in a time of war. The American people will be grateful to him if he can establish that a democracy need not resort to the ruthless, lawless methods of a panicked bully. And Vermonters will remember him among the handful of Vermont's greatest statesmen.

Lame-Duck Congress May Run Out The Clock (WP)

By Jonathan Weisman

The Washington Post, December 3, 2006

Sen. Arlen Specter (R-Pa.) wants legislation on President Bush's warrantless wiretapping program. Rep. Christopher H. Smith (R-N.J.) is sure the time has come for Congress to declare that aborted fetuses feel pain. And Rep. Thomas M. Davis III (R-Va.) still insists that the District of Columbia should be granted a vote in the House while the Republicans control Congress.

They shouldn't count on it.

Congress will convene on Tuesday for what some fear will be the lamest of lame-duck sessions, and GOP leaders have decided to take a minimalist approach before turning over the reins of power to the Democrats. Rather than a final surge of legislative activity, Congress will probably wrap up things after a single, short week of work. They have even decided to punt decisions on annual government spending measures to the Democrats next year.

"There is a lot of battle fatigue among members, probably on both sides of the aisle," said Rep. Mike Pence (R-Ind.), usually a reliable conservative firebrand. "Contrary to popular belief, members of Congress are human beings. They have a certain shelf life and a certain amount of energy to be drawn on. We're tired."

Before the midterm elections, GOP leaders had dismissed the Democrats' "do-nothing" label for the 109th Congress as political posturing, promising that a robust post-election session would put the accusation to rest. Instead, Republican lawmakers will have met for one week in November, devoted almost exclusively to leadership elections for next year, and one week in December, largely to pick committee assignments, move offices and pass a measure to keep the government operating through February.

That will mean this Congress will have spent the least time in session of any in at least half a century, according to Thomas E. Mann and Norman J. Ornstein, congressional historians and the authors of "The Broken Branch," a critical look at recent Congresses. In the time they have met, lawmakers have failed to approve a budget resolution or pass at least eight of the 11 annual spending bills.

Other significant pieces of legislation will be hard to find. Bush's push for a comprehensive overhaul of immigration laws produced a partially funded measure to build a border fence. His calls to restructure Social Security, rewrite the tax code and ease the cost of health insurance went unheeded. And GOP lawmakers' pledge to tighten ethics regulations in the wake of the indictments or resignations of four members fell flat.

"Harry Truman's 'do-nothing' Congress passed the Marshall Plan," Mann pointed out.

To be sure, Congress will do something this week. Lawmakers have routinely extended a number of business tax breaks every year or so, including a tax credit for research and development and a break for hiring welfare recipients. But that routine was broken this year when GOP leaders decided to link those business-tax-cut extensions to a deep and permanent cut to the estate tax, a link that Senate Majority Leader Bill Frist (R-Tenn.) had declared inviolable.

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This week, the inviolable link will be broken. The tax extensions will be passed on their own after all, according to legislative aides, perhaps with a multibillion-dollar provision staving off scheduled cuts to physician reimbursements under Medicare.

The House has scheduled a vote on Smith's fetal-pain bill, which, among other things, would require abortion providers to inform patients of the controversial assertion that the procedure may cause pain. Providers would also have to offer anesthesia for the fetus, which the patient would have to accept or reject in writing. But GOP leaders put the measure on the fast track to passage, which means it will need the vote of two-thirds of the House. Even if the bill wins that much support, it will go nowhere in the Senate, Republicans concede.

Likewise, House Republicans on Friday relented on their opposition to a Senate-passed measure opening new territories off the Gulf Coast to oil drilling, with much of the royalty proceeds to be dedicated to Louisiana, Mississippi, Alabama and Texas. That, too, will go on the expedited calendar, where it could be sunk by environmentalist lawmakers and Republicans who believe that the bill does not go nearly far enough to open up new frontiers for oil exploration.

Beyond that, there is little in the offing. Anguished over the Democrats' victory on Nov. 7 and the tumult that has followed, GOP lawmakers want to get out of town. One senior Senate Republican aide called hopes for substantive legislation "delusional."

Much of the problem is as prosaic as office space, GOP aides said. Lawmakers were forced to vacate their offices on Friday, and few of them want to hang around Washington with no place to sit. Retiring House Ways and Means Committee Chairman Bill Thomas (R-Calif.) got angry during a meeting of committee chairmen, demanding to know how he was supposed to complete work on the business tax extension bill without an office, according to one GOP aide present in the meeting.

And attendance is expected to be light. House Resources Committee Chairman Richard W. Pombo (R-Calif.) may be crucial to passage of the offshore-oil-drilling bill, since he had led the charge to broaden the Senate's approach. But he may not have his heart in it, GOP leadership aides conceded. He was defeated on Nov. 7.

Besides, with committee assignments, chairmanships and ranking Republican posts up for grabs next week, there will be campaigns to run, presentations to make and alliances to form. Legislating may be far down the list of priorities.

Some members say they are willing to stick around, but with limits. "Most members feel we ought to stay in as long as we need to get done as much as we can do realistically," said Rep. Tom Price (R-Ga.). "If that's a week, fine. If that's four weeks, fine."

But what's realistic is very limited, and even the firebrands have turned into coldhearted realists.

"If we had a chance to make law before the Democrats took over, I'd be interested in sticking around. If we have the opportunity just to make a point, only to see the Senate stop it, I'm disinclined," Pence said. "The time for Pyrrhic victories has passed."

Revival Of Tax Breaks Tied To Lame-duck Session (WT/AP)

The Washington Times, December 3, 2006

Millions of entrepreneurs, teachers and parents with children in college have a financial stake in whether Congress, in the waning hours of Republican rule, revives tax breaks that expired 11 months ago.

If Congress fails to act, teachers no longer will be able to deduct up to $250 for the books and supplies they pay for out of their own pockets.

Residents of Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming -- each without an income tax -- will miss out on an average $1,500 deduction for state and local sales taxes.

Lawmakers have tried all year to renew the diverse mix of targeted tax breaks. The breaks, which expired Jan. 1, enjoy wide support in both parties. Precisely because of this support, lawmakers have sought to add them as a "sweetener" to contentious legislation in hopes of getting that legislation through.

Before the election, Republicans tried unsuccessfully to link the tax cuts to a bill that would reduce the estate tax. Most Democrats find that bill unacceptable.

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Lawmakers will take one more shot at the tax bill when they return this week to wrap up their work for the year, but they might not have the time or the will to agree on a compromise.

Aides in both the House and the Senate said a deal is possible, with prospects best if the tax bill is not combined with other measures.

Negotiators say they have agreed that the proposal will cover two years, retroactive to 2006 and through 2007.

Businesses could be big losers if Congress fails to renew the research-and-development tax credit, which offers a 20 percent credit for new activities. One estimate puts the value of the credit to businesses at $16.5 billion.

"There are some expenditures by the U.S. government that should really be called investments," William Archey, head of the American Electronics Association, said recently.

Also important, said Philip Beram, chief tax counsel with the U.S. Chamber of Commerce, are provisions that allow employers to claim a tax credit of up to $3,500 for the first year of a worker who received public welfare for an extended time. Businesses also benefit from the provision allowing people from the seven states without income taxes to deduct state and local sales taxes.

The Internal Revenue Service said that on 2004 returns, 11.1 million taxpayers in those states claimed $17.3 billion in deductions from state and local sales taxes.

Also in 2004, an estimated 4.7 million families claimed $10.7 billion in deductions for college tuition and fees. In the legislation that Congress failed to pass before the November election, taxpayers could claim above-the-line deductions of up to $4,000, depending on their income, for higher-education expenses.

In 2004, the full deduction was available to a taxpayer earning up to $65,000, or $130,000 for a couple filing jointly. A person earning up to $80,000, or $160,000 for a couple, could claim up to $2,000.

Meanwhile, 3.4 million teachers took advantage of the $250 deduction for personal costs incurred to purchase supplies for their classrooms.

McConnell's Unlikely Role Models (WP)

By David S. Broder

The Washington Post, December 3, 2006

Ask Sen. Mitch McConnell of Kentucky to name his role models for his responsibilities as Senate minority leader in the next Congress, and the answer is surprising. "Mike Mansfield and George Mitchell," he replied the other day. "I know they're both Democrats, but I admire the way they ran things here."

Mansfield, who was Senate majority leader from 1961 to 1977, took over from Lyndon Johnson and, as McConnell noted, erased Johnson's almost-dictatorial regime and substituted a much more collegial style. Mitchell, who was majority leader from 1989 to 1995, brought down from Maine the studied, judicious approach he had learned as a federal judge.

Both men were effective leaders of their party but were notable also for their willingness to reach across party lines to accomplish legislative goals. Mansfield allowed Everett McKinley Dirksen, his Republican counterpart, to claim most of the credit for the civil rights bills of the 1960s, and he famously began his days by sharing breakfast in the Senate dining room with his close friend George Aiken, the Republican senator from Vermont. Mitchell as majority leader engineered bipartisan agreements on the savings and loan bailout, a minimum wage increase, a major clean air bill and far-reaching immigration reform -- all while Republicans held the White House.

Mansfield and Mitchell shared one other trait. Both were intensely aware of the special role of the Senate and its place in the Constitution. Neither was in any way deferential to the president. Mansfield challenged President Johnson publicly and repeatedly on his Vietnam policy, and Mitchell was often a thorn in the side of President George H.W. Bush.

When McConnell was asked, during a visit to The Post last week, what obligation he felt toward the current President Bush, he replied, "I was elected by Senate Republicans, and they are the ones to whom I am responsible." While emphasizing that he was in "philosophical agreement" with the president, he clearly sees his role differently than did his predecessor, retiring Majority Leader Bill Frist of Tennessee.

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Frist was installed in the leadership job with major help from the Bush White House and often appeared to be more the president's liaison to the Senate than the Senate's leader.

McConnell is in the odd -- and potentially awkward -- position of having his wife, Elaine Chao, serving as secretary of labor in the president's Cabinet. But he is much more a creature of the Senate than Frist was, and he seems determined to set his own course.

In the interview, McConnell repeatedly stressed his belief that divided government -- a Democratic Congress confronting a Republican president -- need not produce gridlock. He cited a wide range of issues, from raising the minimum wage to revising ethics rules to immigration and Social Security reform, where he sees good prospects of legislative agreement.

In judging these words, realists will quickly note McConnell's reputation as a hard-nosed politician and crafty campaign tactician. No one who knows him doubts that high on his agenda is overthrowing the Democrats' shaky two-seat majority in the 2008 Senate elections so that he can become majority leader.

McConnell is no reformer. He has fought Sen. John McCain and other campaign-finance legislation supporters who have tried to rein in fundraising by members of Congress. Earlier this fall the Lexington Herald-Leader described in a lengthy series of investigative reports how McConnell has raised nearly $220 million for himself and other Republicans and how he has served the interests of those who furnished the money.

Cigarette makers, coal mine operators, casinos and a welter of others have found him with hand out, ready to listen to their legislative needs.

But the same practicality that drives his politics may make him a willing partner in dealmaking that can move bills to passage in the closely divided Senate. He is well aware of the power he will wield, with 49 votes, in a Senate where Democrats will have to find help across the aisle to pass any controversial bills.

He will undoubtedly block them on some issues, but he is smart enough to recognize the risks if he is solely an obstructionist for the next two years.

When you think of notable Senate leaders, you don't automatically think of "Three M's" -- Mansfield, Mitchell and McConnell. But if Mitch McConnell makes that linkage in his own mind, it's not a bad start.

He's The Worst Ever (WP)

By Eric Foner

The Washington Post, December 3, 2006

Ever since 1948, when Harvard professor Arthur Schlesinger Sr. asked 55 historians to rank U.S. presidents on a scale from "great" to "failure," such polls have been a favorite pastime for those of us who study the American past.

Changes in presidential rankings reflect shifts in how we view history. When the first poll was taken, the Reconstruction era that followed the Civil War was regarded as a time of corruption and misgovernment caused by granting black men the right to vote. As a result, President Andrew Johnson, a fervent white supremacist who opposed efforts to extend basic rights to former slaves, was rated "near great." Today, by contrast, scholars consider Reconstruction a flawed but noble attempt to build an interracial democracy from the ashes of slavery -- and Johnson a flat failure.

More often, however, the rankings display a remarkable year-to-year uniformity. Abraham Lincoln, George Washington and Franklin D. Roosevelt always figure in the "great" category. Most presidents are ranked "average" or, to put it less charitably, mediocre. Johnson, Franklin Pierce, James Buchanan, Warren G. Harding, Calvin Coolidge and Richard M. Nixon occupy the bottom rung, and now President Bush is a leading contender to join them. A look at history, as well as Bush's policies, explains why.

At a time of national crisis, Pierce and Buchanan, who served in the eight years preceding the Civil War, and Johnson, who followed it, were simply not up to the job. Stubborn, narrow-minded, unwilling to listen to criticism or to consider alternatives to disastrous mistakes, they surrounded themselves with sycophants and shaped their policies to appeal to retrogressive political forces (in that era, pro-slavery and racist ideologues). Even after being repudiated in the midterm elections of 1854, 1858 and 1866, respectively, they ignored major currents of public opinion and clung to flawed policies. Bush's presidency certainly brings theirs to mind.

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Harding and Coolidge are best remembered for the corruption of their years in office (1921-23 and 1923-29, respectively) and for channeling money and favors to big business. They slashed income and corporate taxes and supported employers' campaigns to eliminate unions. Members of their administrations received kickbacks and bribes from lobbyists and businessmen. "Never before, here or anywhere else," declared the Wall Street Journal, "has a government been so completely fused with business." The Journal could hardly have anticipated the even worse cronyism, corruption and pro-business bias of the Bush administration.

Despite some notable accomplishments in domestic and foreign policy, Nixon is mostly associated today with disdain for the Constitution and abuse of presidential power. Obsessed with secrecy and media leaks, he viewed every critic as a threat to national security and illegally spied on U.S. citizens. Nixon considered himself above the law.

Bush has taken this disdain for law even further. He has sought to strip people accused of crimes of rights that date as far back as the Magna Carta in Anglo-American jurisprudence: trial by impartial jury, access to lawyers and knowledge of evidence against them. In dozens of statements when signing legislation, he has asserted the right to ignore the parts of laws with which he disagrees. His administration has adopted policies regarding the treatment of prisoners of war that have disgraced the nation and alienated virtually the entire world. Usually, during wartime, the Supreme Court has refrained from passing judgment on presidential actions related to national defense. The court's unprecedented rebukes of Bush's policies on detainees indicate how far the administration has strayed from the rule of law.

One other president bears comparison to Bush: James K. Polk. Some historians admire him, in part because he made their job easier by keeping a detailed diary during his administration, which spanned the years of the Mexican-American War. But Polk should be remembered primarily for launching that unprovoked attack on Mexico and seizing one-third of its territory for the United States.

Lincoln, then a member of Congress from Illinois, condemned Polk for misleading Congress and the public about the cause of the war -- an alleged Mexican incursion into the United States. Accepting the president's right to attack another country "whenever he shall deem it necessary," Lincoln observed, would make it impossible to "fix any limit" to his power to make war. Today, one wishes that the country had heeded Lincoln's warning.

Historians are loath to predict the future. It is impossible to say with certainty how Bush will be ranked in, say, 2050. But somehow, in his first six years in office he has managed to combine the lapses of leadership, misguided policies and abuse of power of his failed predecessors. I think there is no alternative but to rank him as the worst president in U.S. history.

Eric Foner is DeWitt Clinton professor of history at Columbia University.

He's Only Fifth Worst (WP)

By Michael Lind

The Washington Post, December 3, 2006

It's unfair to claim that George W. Bush is the worst president of all time. He's merely the fifth worst. In the White House Hall of Shame, Bush comes behind four other Oval Officers whose policies were even more disastrous: James Buchanan, Andrew Johnson, Richard M. Nixon and James Madison.

What makes a president horribly, immortally bad? Poor luck is not enough. Some of the greatest presidents, such as Abraham Lincoln and Franklin D. Roosevelt, have inherited crises and risen to the occasion. The damage must be largely self-inflicted. And there's another test: The damage to the nation must be substantial. Minor blunders and petty crimes do not land a president in the rogues' gallery.

Doing nothing can be even worse than doing something wrong. Take the worst president of all time, Buchanan. In office when Lincoln's election in 1860 triggered the secession of one Southern state after another, Buchanan sat by as the country crumbled. In his December 1860 message to Congress, three months before Lincoln was inaugurated, he declared that the states had no right to secede, but that the federal government had no right to stop them. By the time he left office, seven states had left the Union, and the Confederates had looted the arsenals in the South. If Buchanan had exercised his powers as commander in chief, the rebels might have been stopped at far less than the eventual cost of the Civil War -- more than half a

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million American dead and the ruin of the South for generations. (After he left the White House, Buchanan explained that he did not stop secession for fear that hostile blacks would overrun the North.)

The Civil War era also gave us the second-worst president: Johnson, Lincoln's vice president and successor, a Tennessean who vetoed civil rights acts and blocked the 14th Amendment because he didn't like blacks, of whom he declared, "It is vain to deny that they are an inferior race -- very far inferior to the European variety." Johnson's policies led to his impeachment and forced the Republicans in Congress to create a quasi-parliamentary system marginalizing the president. While Lincoln had his own racial prejudices, he was a model of enlightenment next to Johnson and Buchanan.

The third-worst president is Nixon, a criminal in the White House who is still the only commander in chief ever to resign. Many presidents have abused their power, and the "imperial presidency" existed long before Nixon. But he was the only president to run a criminal gang out of the Oval Office engaging in spying and burglary while he sought to corrupt the Justice Department, the FBI and the CIA. (By contrast, Bush's misguided authorization of torture, secret CIA prisons and illegal eavesdropping were at least directed at suspected terrorists, not at his personal and political opponents.)

The damage Nixon inflicted might have endured had he established the principle that the president is above the law. As he told David Frost in a famous 1977 television interview, "Well, when the president does it, that means that it is not illegal." Because of the exposure of Nixon's criminality during Watergate, we still live in a constitutional republic rather than a banana republic with an elective dictatorship.

Refusing to enforce the law while the country disintegrates, trying to re-enslave emancipated blacks, and doubling as chief magistrate and gangster -- what could rival these presidential misdeeds? Well, how about unnecessary and catastrophic wars?

To qualify a president for the Worst of All Time list, a war must be catastrophic as well as unnecessary. Ronald Reagan's invasion of Grenada, George H.W. Bush's invasion of Panama and Bill Clinton's invasion of Haiti don't cut it -- they were unnecessary, but minor. And presidents can be forgiven costly wars that were necessary or hard to avoid, such as Harry S. Truman's stalemated war in Korea and Lyndon B. Johnson's failed war in Vietnam, each of which was a Cold War battle more than a separate conflict. After 1950, U.S. strategy required Washington to go to war to prevent Soviet bloc proxies from taking over South Korea, Indochina and Taiwan -- the amazing thing is that the Cold War ended without a battle for Taiwan, too. Future historians are likely to be as kind to LBJ as they have been to Truman.

The two big, unjustified wars on my list are the War of 1812 and the current conflict in Iraq, and the first was far worse than the second. Madison, the "Father of the Constitution," was a great patriot, a brilliant intellectual -- and an absolutely abysmal president. In his defense, the world situation during the Napoleonic Wars was grim. The United States was a minor neutral nation that was frequently harassed by both of the warring empires, Britain and France. But cold geopolitics should have led Washington to prefer a British victory, which would have preserved a balance of power in Europe, to a French victory that would have left France an unchecked superpower. Instead, eager to conquer Spanish Florida and seize British Canada, Madison sided with the more dangerous power against the less dangerous. It is as though, after Pearl Harbor, FDR had joined the Axis and declared war on Britain, France and the Soviet Union.

It might have been worse. In 1812, Madison wrote Thomas Jefferson to ask what the former president thought of waging war simultaneously against Britain and France. Alarmed, Jefferson replied that this was "a solecism worthy of Don Quixote." Instead, the United States fought only the British, who torched Washington, D.C., while Madison and first lady Dolley fled to Virginia. Gen. Andrew Jackson's victory in the Battle of New Orleans (waged two weeks after the United States and Britain, unknown to Jackson, had signed a peace treaty) helped Americans pretend that the War of 1812 was something other than a total wipe-out.

By contrast, George W. Bush has inadvertently destroyed only Baghdad, not Washington, and the costs of the Iraq war in blood and treasure are far less than those of Korea and Vietnam. Yet he will be remembered for the Iraq conflict for generations, long after tax-cut-driven deficits, No Child Left Behind and comprehensive immigration reform are forgotten. The fact that Bush followed the invasion of Afghanistan, which had sheltered al-Qaeda, with the toppling of Saddam Hussein, will puzzle historians for centuries. It is as though, after Japan had bombed Pearl Harbor, FDR had asked Congress to declare war on Argentina.

Why did Bush do it? Did he really believe that Hussein had weapons of mass destruction? Was it about oil? Israel? Revenge for Hussein's alleged attempt on Bush's father's life? The war will join the sinking of the USS Maine and the grassy knoll

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among the topics to exercise conspiracy theorists for generations, and the photos of torture at Abu Ghraib will join images of the napalmed Vietnamese girl and executed Filipino rebels in the gallery of U.S. atrocities.

Like all presidents, George W. Bush wants to be remembered. He will get his wish -- as the fifth-worst president in U.S. history.

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Move Over, Hoover (WP)

By Douglas Brinkley

The Washington Post, December 3, 2006

Shortly after Thanksgiving I had dinner in California with Ronald Reagan's best biographer, Lou Cannon. Like many historians these days, we discussed whether George W. Bush is, conceivably, the worst U.S. president ever. Cannon bristled at the idea.

Bush has two more years to leave his mark, he argued. What if there is a news flash that U.S. Special Forces have killed Osama bin Laden or that North Korea has renounced its nuclear program? What if a decade from now Iraq is a democracy and a statue of Bush is erected on Firdaus Square where that famously toppled one of Saddam Hussein once stood?

There is wisdom in Cannon's prudence. Clearly it's dangerous for historians to wield the "worst president" label like a scalp-hungry tomahawk simply because they object to Bush's record. But we live in speedy times and, the truth is, after six years in power and barring a couple of miracles, it's safe to bet that Bush will be forever handcuffed to the bottom rungs of the presidential ladder. The reason: Iraq.

Some presidents, such as Bill Clinton and John F. Kennedy, are political sailors -- they tack with the wind, reaching difficult policy objectives through bipartisan maneuvering and pulse-taking. Franklin D. Roosevelt, for example, was deemed a "chameleon on plaid," changing colors regularly to control the zeitgeist of the moment. Other presidents are submariners, refusing to zigzag in rough waters, preferring to go from Point A to Point B with directional certitude. Harry S. Truman and Reagan are exemplars of this modus operandi, and they are the two presidents Bush has tried to emulate.

The problem for Bush is that certitude is only a virtue if the policy enacted is proven correct. Most Americans applaud Truman's dropping of bombs on Hiroshima and Nagasaki because they achieved the desired effect: Japan surrendered. Reagan's anti-communist zeal -- including increased defense budgets and Star Wars -- is only now perceived as positive because the Soviet Union started to unravel on his watch.

Nobody has accused Bush of flinching. After 9/11, he decided to circumvent the United Nations and declare war on Iraq. The principal pretext was that Baghdad supposedly was stockpiling weapons of mass destruction. From the get-go, the Iraq war was a matter of choice. Call it Mr. Bush's War. Like a high-stakes poker player pushing in all his chips on one hand, he bet the credibility of the United States on the notion that Sunnis and Shiites wanted democracy, just like the Poles and the Czechs during the Cold War.

Bush wasn't operating in a historical bubble. Other presidents had gambled on wars of choice and won. James K. Polk, for example, begged Gen. Zachary Taylor to start a border war with Mexico along the Rio Grande. An ardent expansionist, he wanted to annex land in what are now Arizona, California and New Mexico. Nearly half of the American population in 1846 screamed foul, including Henry David Thoreau, who refused to pay taxes for an unjust war. Yet in short order, Polk achieved his land-grab objective with a string of stunning military successes. Mr. Polk's War was a success, even if the pretext was immoral. On virtually every presidential rating poll, Polk is deemed a "near great" president.

Half a century later, William McKinley also launched a war of choice based on the bogus notion that the USS Maine, anchored in Cuba, had been sabotaged by Spain. The Maine, in truth, was crippled by a boiler explosion. An imperialist, McKinley used the Maine as a pretext to fight Spain in the Caribbean and in the Philippines. A group of anti-imperialists led by Mark Twain and William James, among others, vehemently objected, rightfully accusing McKinley of warmongering. But McKinley had the last word in what his secretary of state, John Hay, deemed "a splendid little war." In just six months, McKinley had achieved his objectives. History chalks up Mr. McKinley's War as a U.S. win, and he also polls favorably as a "near great" president.

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Mr. Bush's War, by contrast, has not gone well. When you don't achieve a stealth-like victory in a war of choice, then you're seen as being stuck in a quagmire. Already the United States has fought longer in the Iraq war than in World War II. As the death toll continues to rise, more and more Americans are objecting. The pending Democratic takeover of Congress is only one manifestation of the spiraling disapproval of Bush.

At first, you'd want to compare Bush's Iraq predicament to that of Lyndon B. Johnson during the Vietnam War. But LBJ had major domestic accomplishments to boast about when leaving the White House, such as the Civil Rights Act and Medicare/Medicaid. Bush has virtually none. Look at how he dealt with the biggest post-9/11 domestic crisis of his tenure. He didn't rush to help the Gulf region after Hurricane Katrina because the country was overextended in Iraq and had a massive budget deficit. Texas conservatives always say that LBJ's biggest mistake was thinking that he could fund both the Great Society and Vietnam. They believe he had to choose one or the other. They call Johnson fiscally irresponsible. Bush learned this lesson: He chose Iraq over New Orleans.

So Bush's legacy hinges on Iraq, which is an unmitigated disaster. Instead of being forgiven, like Polk and McKinley, for his phony pretext for war (WMD and al-Qaeda operatives in Baghdad), he stands to be lambasted by future scholars. What once were his two best sound bites -- "Wanted dead or alive" and "Mission accomplished" -- will be used like billy clubs to shatter his legacy every time it gets a revisionist lift. The left will keep battering him for warmongering while the right will remember its outrage that he didn't send enough battalions to Iraq.

There isn't much that Bush can do now to salvage his reputation. His presidential library will someday be built around two accomplishments: that after 9/11, the U.S. homeland wasn't again attacked by terrorists (knock on wood) and that he won two presidential elections, allowing him to appoint conservatives to key judicial posts. I also believe that he is an honest man and that his administration has been largely void of widespread corruption. This will help him from being portrayed as a true villain.

This last point is crucial. Though Bush may be viewed as a laughingstock, he won't have the zero-integrity factors that have kept Nixon and Harding at the bottom in the presidential sweepstakes. Oddly, the president whom Bush most reminds me of is Herbert Hoover, whose name is synonymous with failure to respond to the Great Depression. When the stock market collapsed, Hoover, for ideological reasons, did too little. When 9/11 happened, Bush did too much, attacking the wrong country at the wrong time for the wrong reasons. He has joined Hoover as a case study on how not to be president.

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At Least He's Not Nixon (WP)

By David Greenberg

The Washington Post, December 3, 2006

In 1950, President Harry S. Truman was under fire for "losing" China to communist forces, engaging in deficit spending and seeking to expand unemployment insurance. Harold E. Stassen, a prominent Republican, blasted him as "the worst president ever to occupy the White House."

Four years later, under Dwight D. Eisenhower, job growth had slowed and wages were down. West Virginia Sen. Matthew M. Neely declared Ike "the worst president in United States history."

In 1973, as Richard M. Nixon foundered amid the worsening Watergate scandal, crippling stagflation and increasing social strife, labor leader George Meany asserted, "He will go down in history as one of our worst presidents."

Six years into Ronald Reagan's presidency, the Iran-contra scandal broke and his approval ratings fell into the 40s. Ted Sorensen, who was a speechwriter for John F. Kennedy, suggested that Reagan could well be remembered "as one of our worst presidents."

Considering these moments from history, how likely is it that George W. Bush, as many now assert, is our all-time worst president? Yes, many of us can easily tick off our own lists of Bush policies that we believe have done the United States significant harm. But any declarations that history will consign him to the bottom tier of presidents are premature. As the now-flourishing reputations of Truman, Eisenhower and Reagan attest, the antipathy a president elicits from his contemporaries usually fades over time.

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And as Nixon's still-dismal reputation also attests, in the contest for the dubious title of "worst president," Bush faces stiff competition.

Comparisons of presidents across different eras are typically the stuff of parlor games, not serious historical study. But if anyone can be said to deserve the mantle of the worst, it's Nixon. Indeed, looking at his disastrous presidency may help put Bush's failures in perspective.

Like Bush, Nixon fancied himself a "wartime" president in the manner of Franklin D. Roosevelt and therefore entitled to deference in the face of a national emergency -- a view at odds with how most Americans see these controversial, far-off conflicts. And while the oft-cited analogies between the Vietnam and Iraq wars tend to be glib, each conflict has significantly determined its president's reputation. Like Nixon, Bush has heeded Henry Kissinger's advice not to withdraw from a quagmire, preferring to brand critics cowards or traitors. Like Nixon, Bush has also sought to conceal from the public the full scope of the U.S. commitment. Under blanket assertions of "national security" meant to end public debate, he has used Nixonian wiretapping to achieve his ends. These decisions will surely stain his legacy.

But can we conclude that Bush's war policy is worse than Nixon's? However toxic the fallout from Iraq, it's hard to imagine that it could greatly exceed the damage wrought by Vietnam, the wounds from which are still raw 30 years later, as its role in the 2004 presidential election showed. (On the other hand, Nixon can't be blamed for starting his war, whereas Bush initiated his -- albeit with substantial backing from Democrats.) Bush's view of power and his iron-fisted manner of governance also come from the Nixon playbook. Karl Rove, who headed the College Republicans during Watergate, sought to complete Nixon's mission of building a permanent Republican majority. In Nixonian fashion, the Bush-Rove strategy has been to use bullying to stifle opposition: demonizing the news media, discrediting policy experts, disdaining the separation of powers. Bush's theory of a "unitary" executive power is little more than a restatement of a Nixon utterance: "When the president does it, that means that it is not illegal."

But again, if Bush has given Nixon good chase when it comes to undemocratic hardball politics, he hasn't surpassed the master. Nixon's belief in the inherent legality of his own actions led him to authorize burglaries and approve criminal acts -- paying hush money, trying to get the CIA to lie to the FBI -- to thwart the Watergate investigation. And these were only the most well-known and well-documented of the counts against him in the articles of impeachment approved by the House Judiciary Committee in 1974.

While Nixon had his diehard defenders, something close to a national consensus emerged over the idea that his crimes were unprecedented and required his removal from office. Barry Goldwater conservatives and Lowell Weicker Republicans, libertarians and liberals, Main Streeters and Wall Streeters all agreed that Nixon was, if not necessarily the worst president in U.S. history, deserving of the most extreme reprimand ever visited on a commander in chief. Instead of being impeached and removed from office, Nixon resigned.

No such consensus exists for a Bush impeachment. On the contrary, in this fall's election campaign, Democrats pointedly quashed any talk of seeking his ouster if they were to win control of Congress. One can argue that Bush's sanctioning of illegal wiretapping by the National Security Agency constitutes an impeachable offense. His policy of depriving suspected terrorists and POWs of Geneva Convention protections may also strike some people as grounds for removal -- although Congress, by acquiescing in Bush's military detention policy last fall, made the latter argument a tougher sell.

Either way, judgments about the impeachability of Bush for such offenses are far less clear than those rendered in 1974 about Nixon's law-breaking. Many presidents skirt the edges of unconstitutionality. Only Nixon transgressed it so blatantly that impeachment became, to use a Bush-era phrase, a slam dunk.

Bush has two years left in his presidency and we don't know what they'll hold. They may be as dismal as the first six. Future investigations may bear out many people's worst fears about this administration's violations of civil liberties. And it's conceivable that the consequences of the invasion of Iraq may prove more destructive than those of Nixon's stubborn continuation of the Vietnam War. Should those things happen, Bush will be able to lay a claim to the mantle of U.S. history's worst president. For now, though, I'm sticking with Dick.

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Time's On His Side (WP)

By Vincent J. Cannato

The Washington Post, December 3, 2006

After the 2004 election, a number of terribly depressed people at my university told me what a shame it was that President Bush had been reelected. If only people knew history, they lamented, they would never have voted for him.

It must be a comforting thought that this abstract thing called "history" can give us the wisdom to choose the right president, as if history books were Ouija boards and historians were modern-day oracles.

Certainly, some historians see themselves that way. In early 2004, just three years into the Bush administration, an "informal, unscientific survey of historians" by the History News Network found that more than 80 percent believed that the president was already a failure. And a miserable one at that.

Earlier this year, Princeton University historian Sean Wilentz took to the pages of Rolling Stone to ponder whether Bush is the "worst president in history" and concluded that he "appears headed for colossal historical disgrace."

So, case closed? Not yet. I long ago learned to look with suspicion when members of the left-leaning historical profession delve into contemporary politics or profess near unanimity. Today's pronouncements that Bush is the "worst president ever" are too often ideology masquerading as history.

Historical and popular judgments about presidents are always in flux. Dwight D. Eisenhower used to be considered a banal and lazy chief executive who embodied the "conformist" 1950s. Today, his reputation has improved because of more positive appraisals of his Cold War stewardship. Ronald Reagan, whom many historians dismissed as an amiable dunce, has also had his stock rise. On the flip side, Bill Clinton's presidency looks somewhat different after Monica Lewinsky, the bursting of the dot-com bubble and 9/11 than it did in 1997.

Perhaps Bush can take solace in the case of Harry S. Truman, who was reviled at the end of his presidency, with approval numbers hovering around 30 percent. Too liberal for conservatives and too conservative for liberals, Truman was saddled with an unpopular stalemate in the Korean War and accusations of corruption at home. Many saw him as a belligerent rube, too unsophisticated for the White House.

Today, however, many historians have revised their estimate of his presidency upward. There certainly are echoes of Truman in the current carping about Bush.

Most clearly, the Iraq war colors every judgment about Bush these days -- and increasingly, that color is dark. Weakened by the conflict, the administration is now stymied on challenges such as North Korea and Iran. And while focusing most of its energies on terrorism and Iraq, the Bush administration -- for which I worked briefly as a speechwriter in 2001 -- has been less energetic on the domestic front. Attempts at entitlement reform and tax reform have stalled, as has immigration reform. But there have been domestic policy successes: tax cuts, the No Child Left Behind Act, the prescription drug plan and housing policies that have expanded home ownership. All have their critics, but they represent some semblance of a domestic policy.

Any appraisal of Bush's record must consider that he took over in difficult times. By most objective measures, the economy is doing well: Inflation, interest rates and unemployment are low, economic growth is steady, and the stock market is climbing. Complaints about income inequality are legitimate, but the issue has long-term structural roots, and neither party has done much to address it.

What is disheartening is the tendency of many historians to rate presidents based on their support for liberal social policies. Just as frustrating is the inability to acknowledge the deep debates over law enforcement measures, such as the USA Patriot Act, enacted after 9/11. Rather than acknowledge the tough tradeoffs between security and privacy, we are left with the hyperbole that this administration is "trampling on civil liberties." Sometimes wisely and sometimes rashly, Bush has steered the nation through the post-9/11 world. It has been an uneven trip so far, but the country has not suffered another attack in more than five years.

Much of Bush's legacy will rest on the future trajectory of the fight against terrorism, the nation's continued security and the evolving direction of the Middle East. Things may look grim today, but that doesn't ensure a grim future.

No one expects historians to be perfectly objective. But history should at least teach us humility. Time will cool today's political passions. As years pass, more documents will be released, more insights gleaned and the broader picture of this era will be painted. Only then will we begin to see how George W. Bush fares in the pantheon of U.S. presidents.

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I don't know how history will judge him. My guess is that, like most presidents, he will bequeath a mixed record. We can debate policies and actions now, but honesty should force us to acknowledge that real judgments will have to wait.

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Conflict Management (WP)

By Joel Achenbach

The Washington Post, December 3, 2006

The columnist George Will recently wrote that the Republicans were routed in the November elections because of "war leadership even worse than during the War of 1812." Mr. Will's words carry great weight, because he is among our leading conservative thinkers and was on record opposing both the Iraq war and the War of 1812 from the beginning.

But let's be frank: Most of us don't know anything about the War of 1812 other than the approximate date and the fact that one of the two sides was probably the United States of America (because why else would we have heard of it?). Let me divulge details of this conflict, so that the next time the War of 1812 comes up at a party, you'll be so knowledgeable that the other partygoers will refer to you as the War of 1812 Expert, which will, in turn, make you the object of feverish sexual fantasies.

Our opponent, or perhaps "enemy" is the technical term, was Great Britain. Perversely, the War of 1812 also took place in 1813, 1814 and early 1815, and thus should really be called the "War of 1812ish."

The war was arguably unnecessary. At the very least, it was an optional war, a war of choice -- if you can imagine such a thing. We'd fought the enemy before, and won, but somehow got the notion that we needed to fight the enemy again. The British were hardly blameless -- they had a nasty habit of kidnapping our sailors -- but the "war hawks" in America greatly exaggerated the threat posed by the enemy.

The fools.

How bad was our war management? Well, until recently there were three levels of wartime incompetence: Bad, Very Bad and War of 1812 Bad. Contemplate the fact that, in August 1814, the very refined first lady of the United States was forced to flee the White House and spend the night on the lam, hauled by carriage on dark country roads and finally deposited in a tavern to be hectored by fellow refugees from Washington.

Dolley Madison was, in truth, a hero, having stuck it out at the White House to the last possible moment (and having saved the famous portrait of a grim, humorless George Washington). Not so brilliant was the performance of the general assigned to protect the capital, William Winder, who had a gift for dithering around and running away. Historian Henry Adams wrote, "When he might have prepared defences, he acted as scout; when he might have fought, he still scouted; when he retreated, he retreated in the wrong direction; when he fought, he thought only of retreat; and whether scouting, retreating, or fighting, he never betrayed an idea."

Our leaders lacked a winnable strategy. Worse, they failed to anticipate what might go wrong. (The mind reels.) As British ships sailed up the Chesapeake Bay, someone warned the commander of the Army, John Armstrong Jr., that the Brits might sack Washington. "No, no! Baltimore is the place, sir; that is of so much more consequence," Armstrong responded. He never bothered to erect a single battery to protect the capital, not even a sign saying "Keep Out" or "Bad Dog."

We fought the war without enough troops. (!) We relied mostly on militiamen, which is to say, farmers with hunting rifles. A British officer described them as "country-people, who would have been much more appropriately employed in attending to their agricultural occupations than in standing with muskets in their hands."

His forces smashed, Winder retreated past the capital, deep into Montgomery County, and would have kept going to the Pacific if his men had not been exhausted.

President James Madison, more suited to desk work (he helped write a little thing we call the Constitution), did his best to gallop around the front lines to avert catastrophe, but he finally fled to the country, while the British marched into Washington, ate all the food on his dining room table, drank his wine and burned down his house. That wasn't the rocket's red glare that lighted up the sky; that was his furniture on fire.

"Before midnight the flames of three great conflagrations made the whole country light," Adams wrote, "and from the distant hills of Maryland and Virginia the flying President and Cabinet caught glimpses of the ruin their incompetence had caused."

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That's rock bottom. That's what we mean by War of 1812 Bad. And maybe in a few years, historians will be able to tell us if there's a new standard.

Read Joel Achenbach weekdays at washingtonpost.com/achenblog.

Has He Started Talking To The Walls? (NYT)

By Frank Rich

The New York Times, December 3, 2006

IT turns out we've been reading the wrong Bob Woodward book to understand what's going on with President Bush. The text we should be consulting instead is "The Final Days," the Woodward-Bernstein account of Richard Nixon talking to the portraits on the White House walls while Watergate demolished his presidency. As Mr. Bush has ricocheted from Vietnam to Latvia to Jordan in recent weeks, we've witnessed the troubling behavior of a president who isn't merely in a state of denial but is completely untethered from reality. It's not that he can't handle the truth about Iraq. He doesn't know what the truth is.

The most startling example was his insistence that Al Qaeda is primarily responsible for the country's spiraling violence. Only a week before Mr. Bush said this, the American military spokesman on the scene, Maj. Gen. William Caldwell, called Al Qaeda "extremely disorganized" in Iraq, adding that "I would question at this point how effective they are at all at the state level." Military intelligence estimates that Al Qaeda makes up only 2 percent to 3 percent of the enemy forces in Iraq, according to Jim Miklaszewski of NBC News. The bottom line: America has a commander in chief who can't even identify some 97 percent to 98 percent of the combatants in a war that has gone on longer than our involvement in World War II.

But that's not the half of it. Mr. Bush relentlessly refers to Iraq's "unity government" though it is not unified and can only nominally govern. (In Henry Kissinger's accurate recent formulation, Iraq is not even a nation "in the historic sense.") After that pseudo-government's prime minister, Nuri al-Maliki, brushed him off in Amman, the president nonetheless declared him "the right guy for Iraq" the morning after. This came only a day after The Times's revelation of a secret memo by Mr. Bush's national security adviser, Stephen Hadley, judging Mr. Maliki either "ignorant of what is going on" in his own country or disingenuous or insufficiently capable of running a government. Not that it matters what Mr. Hadley writes when his boss is impervious to facts.

In truth the president is so out of it he wasn't even meeting with the right guy. No one doubts that the most powerful political leader in Iraq is the anti-American, pro-Hezbollah cleric Moktada al-Sadr, without whom Mr. Maliki would be on the scrap heap next to his short-lived predecessors, Ayad Allawi and Ibrahim al-Jaafari. Mr. Sadr's militia is far more powerful than the official Iraqi army that we've been helping to "stand up" at hideous cost all these years. If we're not going to take him out, as John McCain proposed this month, we might as well deal with him directly rather than with Mr. Maliki, his puppet. But our president shows few signs of recognizing Mr. Sadr's existence.

In his classic study, "The Great War and Modern Memory," Paul Fussell wrote of how World War I shattered and remade literature, for only a new language of irony could convey the trauma and waste. Under the auspices of Mr. Bush, the Iraq war is having a comparable, if different, linguistic impact: the more he loses his hold on reality, the more language is severed from its meaning altogether.

When the president persists in talking about staying until "the mission is complete" even though there is no definable military mission, let alone one that can be completed, he is indulging in pure absurdity. The same goes for his talk of "victory," another concept robbed of any definition when the prime minister we are trying to prop up is allied with Mr. Sadr, a man who wants Americans dead and has many scalps to prove it. The newest hollowed-out Bush word to mask the endgame in Iraq is "phase," as if the increasing violence were as transitional as the growing pains of a surly teenager. "Phase" is meant to drown out all the unsettling debate about two words the president doesn't want to hear, "civil war."

When news organizations, politicians and bloggers had their own civil war about the proper usage of that designation last week, it was highly instructive — but about America, not Iraq. The intensity of the squabble showed the corrosive effect the president's subversion of language has had on our larger culture. Iraq arguably passed beyond civil war months ago into what might more accurately be termed ethnic cleansing or chaos. That we were fighting over "civil war" at this late date was a reminder that wittingly or not, we have all taken to following Mr. Bush's lead in retreating from English as we once knew it.

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It's been a familiar pattern for the news media, politicians and the public alike in the Bush era. It took us far too long to acknowledge that the "abuses" at Abu Ghraib and elsewhere might be more accurately called torture. And that the "manipulation" of prewar intelligence might be more accurately called lying. Next up is "pullback," the Iraq Study Group's reported euphemism to stave off the word "retreat" (if not retreat itself).

In the case of "civil war," it fell to a morning television anchor, Matt Lauer, to officially bless the term before the "Today" show moved on to such regular fare as an update on the Olsen twins. That juxtaposition of Iraq and post-pubescent eroticism was only too accurate a gauge of how much the word "war" itself has been drained of its meaning in America after years of waging a war that required no shared sacrifice. Whatever you want to label what's happening in Iraq, it has never impeded our freedom to dote on the Olsen twins.

I have not been one to buy into the arguments that Mr. Bush is stupid or is the sum of his "Bushisms" or is, as feverish Internet speculation periodically has it, secretly drinking again. I still don't. But I have believed he is a cynic — that he could always distinguish between truth and fiction even as he and Karl Rove sold us their fictions. That's why, when the president said that "absolutely, we're winning" in Iraq before the midterms, I just figured it was more of the same: another expedient lie to further his partisan political ends.

But that election has come and gone, and Mr. Bush is more isolated from the real world than ever. That's scary. Neither he nor his party has anything to gain politically by pretending that Iraq is not in crisis. Yet Mr. Bush clings to his delusions with a near-rage — watch him seethe in his press conference with Mr. Maliki — that can't be explained away by sheer stubbornness or misguided principles or a pat psychological theory. Whatever the reason, he is slipping into the same zone as Woodrow Wilson did when refusing to face the rejection of the League of Nations, as a sleepless L.B.J. did when micromanaging bombing missions in Vietnam, as Ronald Reagan did when checking out during Iran-Contra. You can understand why Jim Webb, the Virginia senator-elect with a son in Iraq, was tempted to slug the president at a White House reception for newly elected members of Congress. Mr. Bush asked "How's your boy?" But when Mr. Webb replied, "I'd like to get them out of Iraq," the president refused to so much as acknowledge the subject. Maybe a timely slug would have woken him up.

Or at least sounded an alarm. Some two years ago, I wrote that Iraq was Vietnam on speed, a quagmire for the MTV generation. Those jump cuts are accelerating now. The illusion that America can control events on the ground is just that: an illusion. As the list of theoretical silver bullets for Iraq grows longer (and more theoretical) by the day — special envoy, embedded military advisers, partition, outreach to Iran and Syria, Holbrooke, international conference, NATO — urgent decisions have to be made by a chief executive who is in touch with reality (or such is the minimal job description). Otherwise the events in Iraq will make the Decider's decisions for him, as indeed they are doing already.

The joke, history may note, is that even as Mr. Bush deludes himself that he is bringing "democracy" to Iraq, he is flouting democracy at home. American voters could not have delivered a clearer mandate on the war than they did on Nov. 7, but apparently elections don't register at the White House unless the voters dip their fingers in purple ink. Mr. Bush seems to think that the only decision he had to make was replacing Donald Rumsfeld and the mission of changing course would be accomplished.

Tell that to the Americans in Anbar Province. Back in August the chief of intelligence for the Marines filed a secret report — uncovered by Thomas Ricks of The Washington Post — concluding that American troops "are no longer capable of militarily defeating the insurgency in al-Anbar." That finding was confirmed in an intelligence update last month. Yet American troops are still being tossed into that maw, and at least 90 have been killed there since Labor Day, including five marines, ages 19 to 24, around Thanksgiving.

Civil war? Sectarian violence? A phase? This much is certain: The dead in Iraq don't give a damn what we call it.

Presidential Crisis Management (WP)

The Washington Post, December 3, 2006

I think the American public is very forgiving. The admission that you were on the wrong track and you're changing works well in this country.

We've taken on companies when for one reason or another polls showed that regard for them wasn't very high. You have to change behavior and then communicate that change. The classic example is what Johnson & Johnson did in the Tylenol crisis.

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Six people in Chicago died after taking Tylenol that had been tampered with. The chief executive of Johnson & Johnson took charge of the crisis, and he followed a policy of being as transparent as he possibly could be to protect the public. He implemented a large-scale recall of Tylenol even though he wasn't forced to do it, because he thought it would give greater assurances to Tylenol consumers. The message: Johnson & Johnson is interested in your welfare and will do everything it can to protect you and the product it sells to you.

Another situation I worked on was when Coca-Cola changed its formula and introduced what's referred to now as "New Coke." The public just did not accept it. When the original Coke was reintroduced as Coca-Cola Classic, the president of the company went on television to apologize to the American people for his bad judgment, and Coca-Cola went on to post higher sales than before. It got a hole in one after the ball hit the tree.

The number one lesson for people in government and business: If something bad happens on your watch, the sooner and the more comprehensively you disclose it, the less likely you will be to suffer from it.

Harold Burson,

founder and chairman of the public relations firm Burson Marsteller

The president should prepare America to compassionately welcome all of our troops now in harm's way as they return home, and advocate a plan to help them reenter private life. Soldiers depart to bands playing and colors flying; they return to national silence. He also needs to find those three or four key areas where he can agree with the new Congress and push for legislation that unites the country. In both of these tasks, he must avoid business school solutions. Very few of the solutions our country needs are productively measurable or usefully countable. Besides, we are suffering through one of the worst eras in our history regarding business leadership and ethics. Could Bush even find an executive free of back-dated options? Business and government are very different, and must remain so.

James E. Lukaszewski,

crisis management consultant

What the president should be focusing on right now is saying, "I've had some wins, I've had some losses. What do I want to accomplish for the American people? I know I'm taking a risk in Iraq and Iran and Afghanistan. But here are two or three smaller initiatives that will help the American people." What better way than to get the first lady involved? Laura Bush is still incredibly popular in this country -- getting her more involved in domestic initiatives (such as health care) would be extremely important for his legacy.

Mike Paul,

"The Reputation Doctor" blog

The first two rules of crisis management are: 1) Think clearly; and 2) Take the pain. Think clearly means define the problem to be solved, and understand the consequences of doing nothing, doing something and doing something more. Take the pain means doing what has to be done when it can do you the most good, whether you like it or not.

George W. Bush's presidency risks being defined by his failure to think clearly or to take the pain. From Abu Ghraib (silence followed by dissembling, allowing adversaries to define us) to Hurricane Katrina (delay, denial and delusion) to Iraq (insisting things are fine when they're not), this president has allowed wishful thinking to define his reaction to crises. If he is to have any chance of turning his presidency around, he'll need to follow Winston Churchill's advice: You must look at the facts, for the facts are looking at you.

Helio Fred Garcia,

crisis communications consultant

It's surprising that in the face of the Iraq crisis, the president hasn't embraced time-tested strategies to better manage public expectations or to speak to the fears that attentive audiences are feeling. I think this president has a lingering problem from Hurricane Katrina -- that is, that he is seen as slow to take ownership of thorny problems. Let the American people know that he is absolutely, completely and totally responsible for the prosecution, effects and outcome of the war in Iraq. No question.

Restate the war's objectives and why it is still relevant to Americans and the war on terror. Let America know what victory will look like and what will allow the war to be brought to a close. Exhibit understanding and compassion for the human toll the war is taking on soldiers, their families and innocent civilians. There's an adage in crisis communications: They don't care that you

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know until they know that you care. I'm not sure the president's compassion is showing through, and it's hurting his stature and credibility.

Larry Kamer,
public relations executive

National Intelligence Director Says He'll Stay On (WP)

By Walter Pincus

The Washington Post, December 3, 2006

Director of National Intelligence John D. Negroponte, who had been rumored to be going over to the State Department as deputy secretary, said last week that he plans to remain in his current position through the end of the Bush administration.

"In my own mind at least, I visualize staying . . . through the end of this administration, and then I think probably that'll be about the right time to pack it in," he told Brian Lamb in an interview done Wednesday that will be shown on C-SPAN today.

Concerns had been raised, on Capitol Hill and within the 16 agencies that make up the intelligence community, that Negroponte would leave the newly created position after having assembled a staff from other agencies that now totals 1,200.

"I've pulled together a very good team, and they've stayed with me for the past 18 months," he said, "and I hope they'll stay with me as long as I'm in the job."

Negroponte, 67, said anyone who holds his position has to have a good relationship with the defense secretary. He said he was looking forward to working with Robert M. Gates, President Bush's nominee to replace Donald H. Rumsfeld at the Pentagon.

At the end of the Reagan administration, Negroponte was the deputy national security adviser in the White House under Colin L. Powell and worked with Gates when he was CIA deputy director. "I had worked with him very closely . . . and look forward very much to working with him again," he said.

When Gates later came to the White House under President George H.W. Bush, he replaced Negroponte on the National Security Council staff as deputy director.

"One can't be responsible for overseeing the nation's intelligence activities without having a very good, cooperative and strong relationship with the Pentagon," Negroponte said.

Ironically, Gates, a former CIA director and longtime agency analyst, was openly opposed to the legislation that created the national intelligence director position and turned down the job before it was given to Negroponte.

Under Rumsfeld, the Defense Department's intelligence gathering and analysis activities have increased dramatically, as has overall government spending on intelligence. Rumsfeld also created the job of undersecretary of defense for intelligence in 2003 to coordinate all Pentagon activities. He gave the job to one of his top longtime aides, Stephen A. Cambone.

On Friday, the Pentagon announced that Cambone would be resigning at the end of the month. A Pentagon spokesman said that Gates had not requested Cambone's resignation.

Gates, whose confirmation hearings before the Senate Armed Services Committee are to begin tomorrow, is expected to be questioned about Pentagon intelligence activities. In his responses to the committee's questionnaire, Gates said he did not believe the Defense Department's role was "fundamentally changed" with establishment of the national intelligence director. But he added that he wanted to see "how the program is working in actual practice."

Asked about an earlier article in which Gates had written that "for the last decade, intelligence authority has been quietly leaching from the CIA and to the Pentagon," Gates responded that it was "an area I would look into."

As Trucking Rules Are Eased, A Debate On Safety Grows (NYT)

By Stephen Labaton

The New York Times, December 3, 2006

WASHINGTON, Dec. 2 — As Dorris Edwards slowed for traffic near Kingdom City, Mo., on her way home from a Thanksgiving trip in 2004, an 18-wheeler slammed into her Jeep Cherokee.

The truck crushed the sport-utility vehicle and shoved it down an embankment off Interstate 70. Ms. Edwards, 62, was killed.

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The truck driver accepted blame for the accident, and Ms. Edwards's family filed a lawsuit against the driver and the trucking company.

In the course of pursuing its case, the family broached a larger issue: whether the Bush administration's decision to reject tighter industry regulation and instead reduce what officials viewed as cumbersome rules permitted a poorly trained trucker to stay behind the wheel, alone, instead of resting after a long day of driving.

After intense lobbying by the politically powerful trucking industry, regulators a year earlier had rejected proposals to tighten drivers' hours and instead did the opposite, relaxing the rules on how long truckers could be on the road. That allowed the driver who hit Ms. Edwards to work in the cab nearly 12 hours, 8 of them driving nonstop, which he later acknowledged had tired him.

Government officials had also turned down repeated requests from insurers and safety groups for more rigorous training for new drivers. The driver in the fatal accident was a rookie on his first cross-country trip; his instructor, a 22-year-old with just a year of trucking experience, had been sleeping in a berth behind the cab much of the way.

Federal officials, while declining to comment about the Edwards accident, have dismissed the assertion that deregulation has reduced safety and have maintained that in fact it has helped, though the Edwards family and many other victims of accidents have come to the opposite conclusion.

In loosening the standards, the Federal Motor Carrier Safety Administration was fulfilling President Bush's broader pledge to free industry of what it considered cumbersome rules. In the last six years, the White House has embarked on the boldest strategy of deregulation in more than a generation. Largely unchecked by the Republican-led Congress, federal agencies, often led by former industry officials, have methodically reduced what they see as inefficient, outdated regulations and have delayed enforcement of others. The Bush administration says those efforts have produced huge savings for businesses and consumers.

Those actions, though, have provoked fierce debate about their benefits and risks. The federal government's oversight of the trucking industry is a case study of deregulation, as well as the difficulty of determining an exact calculus of its consequences. Though Ms. Edwards's family and the industry disagree on whether the motor carrier agency's actions contributed to her death, her accident illuminates crucial issues in regulating America's most treacherous industry, as measured by overall deaths and injuries from truck accidents.

The loosened standards, supporters say, have made it faster and cheaper to move goods across the country. They also say the changes promote safety; without longer work hours, the industry would be forced to put more drivers with little experience behind the wheel. Regulators and industry officials point out that the death toll of truck-related accidents — about 5,000 annually — has not increased, while the fatality rate, the number of deaths per miles traveled, has continued a long decline. The number of annual injuries has also been dropping slowly, falling to 114,000 last year.

"This administration has done a good job, and the agency has done a good job, in advancing safety issues in a manner that takes into account all the important factors of our industry," said the top lobbyist for the American Trucking Associations, Timothy P. Lynch.

But advocates of tighter rules say the administration's record of loosening standards endangers motorists. The fatality rate for truck-related accidents remains nearly double that involving only cars, safety and insurance groups say. They note that weakening the rules has reversed a course set by the Clinton administration and has resulted in the federal government repeatedly missing its own targets for reducing the death rate.

"It is a frustrating disappointment that has led to a tragic era," said David F. Snyder, an assistant general counsel at the American Insurance Association who follows the trucking industry closely. "The losses continue to pile up at a high rate. There has been a huge missed opportunity."

An Industry's Influence

In decisions that had the support of the White House, the motor carrier agency has eased the rules on truckers' work hours, rejected proposals for electronic monitoring to combat widespread cheating on drivers' logs and resisted calls for more rigorous driver training.

While applauded by the industry, those decisions have been subject to withering criticism by federal appeals court panels in Washington who say they ignore government safety studies and put the industry's economic interests ahead of public safety.

To advance its agenda, the Bush administration has installed industry officials in influential posts.

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Before Mr. Bush entered the White House, he selected Duane W. Acklie, a leading political fund-raiser and chairman of the American Trucking Associations, and Walter B. McCormick Jr., the group's president, to serve on the Bush-Cheney transition team on transportation matters.

Mr. Bush then appointed Michael P. Jackson, a former top official at the trucking associations, as deputy secretary of the Department of Transportation. To lead the Federal Motor Carrier Safety Administration, the president picked Joseph M. Clapp, the former chairman of Roadway, a trucking company, and the leader of an industry foundation that sponsored research claiming fatigue was not a factor in truck accidents, a conclusion at odds with government and academic studies.

And David S. Addington, a former trucking industry official who led an earlier fight against tougher driving limits, became legal counsel and later chief of staff to Vice President Dick Cheney, an advocate of easing government regulations.

In addition to supplying prominent administration officials, the trucking industry has provided some of the Republican party's most important fund-raisers. From 2000 to 2006, the industry directed more than $14 million in campaign contributions to Republicans. Its donations and lobbying fees — about $37 million from 2000 to 2005 — led to rules that have saved what industry officials estimate are billions of dollars in expenses linked to tougher regulations.

But to the families of accident victims, the motor carrier agency has failed to fulfill a promise to significantly reduce fatalities, exacting a tragic personal price.

"They are not getting much done in Washington," said Daphne Izer of Maine, who founded Parents Against Tired Truckers in 1994 after a Wal-Mart driver fell asleep at the wheel of his rig, killing her son and three other teenagers in the car with him. "As a result, more people will continue to die."

Federal regulators disagree with that assessment of their performance. "We have made significant progress, yet much work remains to achieve our vision," said David H. Hugel, the new deputy administrator of the Federal Motor Carrier Safety Administration. "Our challenges also are increasing because our nation maintains the most extensive and complex transportation system in the world, and that system and number of people who use it continues to grow."

The federal government began overseeing the trucking industry in the 1930s, setting rates, limiting competition and regulating safety practices. From the start, companies won important concessions from Washington, including exemptions from minimum wage and other labor laws. The industry also resisted efforts to impose tougher safety standards, saying it could police itself.

In 1937, the first driving hour limits were set. Truckers were allowed drive up to 10 continuous hours but were required to rest for a minimum of 8 hours. The remaining six hours could be used for other work activities, like loading, or for breaks or meals. Truckers could drive up to 60 hours over 7 consecutive days, or 70 hours over 8 days. To enforce those rules, the government required drivers to keep logs.

Repeated efforts over the years to tighten the rules were blocked, often as a result of vigorous industry lobbying.

Trucking companies have long argued that tougher standards are not necessary to promote safety, and that they would cause devastating economic pressures. Profit margins in the industry are thin, particularly after economic deregulation in 1980 prompted competition. Long hours and low pay for drivers have led to high turnover, and carriers struggle to find replacements. Those conditions, safety experts say, have contributed to widespread safety problems.

The practice of falsifying driver hours is an open secret in the industry; truckers routinely refer to their logs as "comic books." Fines are small. The federal motor carrier agency does not have the staff to monitor closely 700,000 businesses and almost eight million trucks.

Timothy L. Unrine, a 41-year-old driver from Virginia, said in a recent interview that he was taught to conceal excessive driving hours during training last January by his former employer, Boyd Brothers Transportation of Birmingham, Ala. Mr. Unrine said his orientation instructor told his class that government inspectors were allowed to examine a monthly logbook if it was bound. But if the staples were removed, the log was considered "loose leaf" and inspectors could require an examination of only those pages from the most recent seven days, Mr. Unrine said the drivers were told.

Company officials advised drivers to use fuel credit cards that recorded only the date, not the time, of the fuel stop, he said.

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Mr. Unrine added that the company pushed him to work longer hours than permitted, and that his logbooks were "adjusted" many times to make it appear he was within the limits. Several times, when he told a dispatcher he was too tired to make another trip, he said, he was ordered to do so after just a few hours' sleep.

"I never felt safe driving under these conditions," said Mr. Unrine, who left Boyd last June because of a legal dispute over medical bills from a fall. "I talked to many drivers on the fuel islands, truck stops and rest areas. Logbooks are so fake; it scares me that there aren't more accidents on the road."

Richard Bailey, the chief operating officer at Boyd Brothers, and Wayne Fiquett, the company's vice president for safety, disputed Mr. Unrine's claims. They said that drivers might have been instructed to keep only seven days of log entries, but denied that they were encouraged to violate the rules.

"Nobody here will tell someone to do something unsafe," Mr. Fiquett said. "If a driver is tired or over his hours, the system will not allow that driver to continue driving."

In 1995, Congress directed regulators to study truck driver fatigue and its safety consequences and to consider new rules. But the agency then charged with truck safety, the Federal Highway Administration, never did so. Two years later, the Clinton administration vowed to cut the annual death toll of truck-related accidents in half within a decade. In 1999, Congress created the Federal Motor Carrier Safety Administration in response to what lawmakers considered ineffectual regulation and high casualties.

A year later, the agency proposed tighter service hour rules. They would allow long-haul drivers to work a maximum of 12 hours a day, and require them to take 10-hour breaks between shifts. They also required installation of electronic devices to replace driver logs.

Advocates of tighter standards said the rules did not go far enough, while the industry said cutting driver hours could raise costs by $19 billion over a decade, five times more than government estimates. Action stalled when trucking lobbyists inserted language into a spending bill that forced the motor carrier agency to delay action until after the presidential election that November.

Rewriting the Rules

Industry leaders overwhelmingly supported the candidacy of George W. Bush, confident that his administration would be friendlier than one led by his opponent, Al Gore. On the campaign trail, Mr. Bush accused his Democratic rival of wanting to expand government, while Mr. Bush repeatedly expressed his desire to reduce federal regulations.

During the 2000 election cycle, trucking executives and political action committees gave more than $4.3 million in donations to the Republicans and less than $1 million to Democrats, according to the Center for Responsive Politics, a nonpartisan research organization.

In the months before and after the election, a leading industry figure in the campaign against tighter driving rules was Mr. Acklie, who became chairman of the American Trucking Associations in the fall of 2000. A longtime Bush family friend and Republican fund-raiser, he led one of nation's largest trucking companies, Crete Carrier, based in Nebraska. Mr. Acklie, who stepped down from the post about a year after his appointment, did not return telephone calls seeking comment.

Another important advocate was Mr. Addington, then general counsel to the Trucking Associations. In August 2000, when two top transportation officials complained in a press release about the industry's "raw use of political power," he demanded that they be investigated for possibly violating a federal law that prohibits officials from lobbying and issuing propaganda. In January 2001, he joined Mr. Cheney's office, where he is now chief of staff. Lea Anne McBride, the vice president's spokeswoman, said Mr. Addington had not been involved in issues related to his trucking activities.

Other industry officials also joined the administration. Mr. Jackson, a former colleague of Mr. Acklie and Mr. Addington at the trucking group, became the No. 2 official at the Transportation Department, which oversees the industry. Mr. Clapp, the former head of Roadway trucking, took over the motor carrier agency and soon became involved in rewriting the rules.

The insurance industry and safety groups provided studies showing a high percentage of accidents were caused by tired truck drivers. But after the Trucking Associations produced a study concluding that only 2 percent of accidents were caused by fatigued truckers, while more than 80 percent were caused by passenger cars, the agency decided to loosen the hourly restrictions.

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In April 2003, the agency issued rules that increased the maximum driving hours to 77 from 60 over 7 consecutive days and to 88 hours from 70 over 8 consecutive days. It capped daily work hours at 14, which included driving as well as waiting for loading and unloading. The agency also decided not to require truck companies to install electronic monitoring devices.

The agency said the new rules would modestly decrease the number of fatalities by increasing the required time off for drivers, to 10 hours from 8. A year later, the agency set training standards for new drivers: 10 hours of training, none of it on the road.

Congress has provided little scrutiny of the trucking standards.

"There has not been the kind of in-depth examination of these issues that should have occurred," said Representative James L. Oberstar of Minnesota, the ranking Democrat on the House Committee on Transportation and Infrastructure. Mr. Oberstar and others blamed the failure on the political muscle of the industry. From 2000 to 2004, the American Trucking Associations donated $2 million to lawmakers, mostly to Republicans who served on committees with jurisdiction over trucking issues.

The courts have played a more significant role. In July 2004, a three-judge panel from the federal appeals court in Washington issued a harsh opinion in a lawsuit brought by several safety organizations over the trucking work rules.

Judge David B. Sentelle, a conservative Republican appointed by President Ronald Reagan, wrote the opinion, faulting the Federal Motor Carrier Safety Administration for "ignoring its own evidence that fatigue causes many truck accidents."

The opinion continued, "The agency admits that studies show that crash risk increases, in the agency's words, 'geometrically' after the eighth hour on duty." The judges said they could not understand why the agency had not estimated the benefits of electronic monitoring, saying the agency's "passive regulatory approach" probably did not comply with the law. The panel struck down the hour and service rules.

But a year later, in August 2005, the agency issued virtually identical rules, which the safety groups and the Teamsters union are again challenging in court. Oral arguments are set for Monday before another three-judge federal appeals panel here. The agency had a similar legal setback on driver training. A three-member appeals court panel called the regulation "baffling" and criticized the agency for ignoring its own studies on the need for more comprehensive training.

The agency has not responded to the court's decision by issuing any new rules.

Meanwhile, the agency has failed, by growing margins, to meet its annual targets for lowering the death rate for truck-related accidents.

Mr. Hugel, the agency's deputy administrator, blames increasing traffic for the agency's inability to meet its goals. "More trucks, combined with even more passenger vehicles," he said, "leads to more roadway congestion, increased risk and a larger number of fatalities."

In a budget submission to Congress last February, though, the Transportation Department noted its repeated failure to cut the death rate and conceded that the agency "has difficulty demonstrating how its regulatory activities contribute to reaching its safety goal."

Safety experts, for their part, say the numbers reflect the agency's failings.

"The fatalities speak to the agency's lackluster performance," said Jacqueline S. Gillan, vice president of Advocates for Highway and Auto Safety, an alliance of consumer, health and insurance organizations. "These truck crashes happen one at a time in communities across the country and get little attention," Ms. Gillan said. "Can you imagine what the outcry would be at the F.A.A. if we had 25 major airplane crashes a year, which is the equivalent of what is happening with trucks?"

A Family's Lawsuit

After Ms. Edwards's death, her only son, Steve, a professional musician in Chicago, sued the trucking company, Werner Enterprises of Omaha, and the driver involved in the accident, John L. McNeal, 36. Mr. McNeal was dismissed shortly after the accident.

Mr. McNeal said in a sworn deposition that he had been tired from driving all day from Tennessee without a break. He had been in the cab for about 12 hours, including about 8 hours at the wheel. Because he had been driving trucks professionally for only a month, he was assigned a trainer, who had slept much of the trip.

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After Mr. McNeal acknowledged he was at fault, Werner Enterprises settled the lawsuit for $2.4 million. Werner's general counsel, Richard S. Reiser, said that the company had a strong safety record and that its training program far exceeded the federal requirements. Mr. Reiser said that Mr. McNeal was in compliance with both the old and new work hour rules but acknowledged he was unfamiliar with the proposals by safety groups that would have prevented the driver from working as long as he did that day. He also said that any driver who was tired should stop, regardless of how long he had been on the road.

"The driver should be the one who says, 'If I'm tired, I should pull over,' " Mr. Reiser said.

Mr. Edwards, though, thinks responsibility for safety goes beyond individual drivers, and links his mother's death to the Bush administration's decisions against imposing tighter driving limits. "These drivers are working hard every day on the road to make a living," he said. "They are overtired and underpaid."

Mr. Edwards said his mother, who had worked at a Procter & Gamble Company factory before her weakened knees forced her to retire, had been looking forward to traveling, gardening and playing with her grandchildren.

"If there is any silver lining, it is that he hit her so hard she never saw it coming," Mr. Edwards said of the accident. "She probably was happy that she was going to be home soon."

$10M CDC Deal Raises Questions (AJC)

By Alison Young

The Atlanta Journal-Constitution, December 3, 2006

It began when a prominent Atlanta business leader introduced Dr. Julie Gerberding to a man who wanted to be her free management adviser, to help her transform operations at the Centers for Disease Control and Prevention.

Now the agency is scrambling to explain the gyrations it used to give $10 million in business without competition to a consulting firm associated with and recommended by CDC director Gerberding's free adviser.

A CDC public relations risk-management analysis obtained by The Atlanta Journal-Constitution identified several "threats" to the agency, including "significant procurement mistakes" and an "inappropriately backdated" contract document.

The circumstances described in that risk analysis â€" which CDC officials now seek to discredit as merely "conjecture" â€" raise questions about serious and potentially criminal violations of federal procurement law, according to government contract experts.

And an explanation offered late Friday by CDC officials appears to illustrate questionable practices that experts say are designed to award contracts to favored companies, denying others the opportunity to compete and taxpayers the assurance that the government is paying a fair price.

Gerberding and CDC officials have refused repeated requests to release documents involving the firm Celerant Consulting, which worked at the agency from 2003 through 2005. The agency also has refused to release documents relating to whether a conflict of interest existed when James W. Down, Gerberding's volunteer business adviser, recommended Celerant to overhaul CDC's procurement and grants office. He made the recommendation around October 2003, four months after Celerant sent out a press release announcing Down as a new member of the firm's U.S. Advisory Board.

Celerant and Down contend the press release was mistakenly issued and that he never accepted the firm's position.

Down, who lives in Winchester, Mass., and has been a member of the CDC Foundation board of directors since 2004, declined to be interviewed. His attorney, former Massachusetts Attorney General Scott Harshbarger, said Saturday that Down never had a conflict of interest and was only trying to help the CDC. He praised Down's integrity.

"Candidly, I am defending Jim Down here, I'm not defending some of the issues CDC and the foundation need to address," Harshbarger said. He said volunteers like Down are put at risk of questions of impropriety because the agency and the foundation are lax in having procedures for them to make formal disclosures of even potential conflict of interest issues.

Celerant, a global consulting firm with its U.S. headquarters in Lexington, Mass., declined to grant interviews. In a brief statement, the company said: "Celerant's business relationship with the CDC was legal and proper."

And the company said it never had any relationship with Down, despite the 2003 press release. Harshbarger said that while Down had a discussion with Celerant, he never agreed to work for the firm. He said he doesn't know why Celerant never issued a correction.

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CDC officials said Friday that while some mistakes were made in the contracting process, their only intent was to get the agency the expertise it needed to revamp its sluggish contracting office. The agency believed it followed proper procedures, they said, and that taxpayers were well-served, regardless of the process used.

"The procurement and grants office at CDC is a completely different entity than it was a few short years ago," said Alan Kotch, the office's acting director, citing dramatic drops in processing times and increases in productivity as a result of Celerant's help.

Sen. Charles Grassley (R-Iowa), chairman of the Senate Finance Committee, said late Friday that he will be asking the CDC to provide information on its contracting with Celerant. He also said he will ask the Government Accountability Office, the investigative arm of Congress, to examine the CDC's contracting procedures.

Fear of bad publicity

The Atlanta Journal-Constitution has been seeking records about Celerant and Down under the federal Freedom of Information Act since Oct. 3.

After the FOIA request was made, a CDC employee from the Office of the Director performed a risk analysis of issues facing the agency if and when information about its dealings with Celerant became public.

The analysis, obtained by the AJC, said there was "No assurance that CDC received the best value solution to its concerns because [of the] inappropriate procurement process used." It states that the agency "inappropriately backdated a contract document" and notes a "potential conflict of interest between external individual serving as adviser to CDC and Celerant."

The analysis was prepared by Martin Landry, who is listed in an agency directory as a management adviser in Gerberding's office.

Among the "threats" identified by Landry in the document: "Negative publicity will further question top CDC management, as it was so involved in the early process."

And among the top four questions Landry posed â€" without an answer â€" in the memo were: "Why did CDC's top management collude to provide a generous, $10 million, sole-source contract to Celerant, primarily based on the recommendation of another CDC contractor who was discussing potential employment with Celerant at the same time?"

Landry did not respond to interview requests.

Donna Garland, chief of CDC's Office of Enterprise Communications, an arm of the director's office that specializes in risk communications, did not respond to an interview request about Landry's analysis.

She sent an e-mail to all CDC employees and contractors Friday evening, in anticipation of this report, saying the analysis was "an internal document that was not using the facts, but conjecture."

She wrote: "CDC's core values of accountability, respect, and integrity count. When we get it wrong we must own it. The fictitious questions that someone could possibly ask when pursuing a story about PGO [the procurement and grants office] were written down, and I own that this was not a good idea. I apologize for this."

'This is a common abuse'

The road that led to the CDC's hiring of Celerant began with an introduction made by Atlanta businessman Kent "Oz" Nelson, who at the time was board chairman of the CDC Foundation, a nonprofit that supports the agency.

Nelson, former chairman and chief executive officer of United Parcel Service, became a key Gerberding adviser after she was named CDC director in July 2002. Nelson, among other things, worked to identify business consulting expertise to help Gerberding chart a new strategic vision and reorganization of the agency.

"I told her I'd be glad to help and began searching for someone. Coincidentally, around the same time, I got a phone call from Jim Down," said Nelson in an article in the CDC Foundation's 2002-2003 annual report.

In an interview, Nelson said he knew and respected Down from Down's work years earlier as a UPS consultant. Down "was extremely effective in strategic planning," he said.

Nelson said he set up a meeting between Down and Gerberding. "They hit it off very well," he said. And Down agreed to provide his help and expertise for free, flying between Massachusetts and Atlanta nearly every week, Nelson said. The CDC reimbursed Down only for expenses, Nelson added.

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Nelson said he feels "horrible" that Down is facing scrutiny. He added that when the issue first surfaced within the government in 2004, he was so comfortable that Down had done nothing wrong that he added Down to the CDC Foundation board.

"I think he is a very fine, moral man who has made a huge personal sacrifice to try to help the CDC," Nelson said.

In June 2003, while Down was serving as Gerberding's adviser, Celerant Consulting issued the press release announcing that Down had been appointed to the company's advisory board.

Around October 2003, CDC officials began discussing the need to overhaul the operations in its procurement and grants office. Down recommended Celerant for the job to CDC Chief Operating Officer Bill Gimson, said James Seligman, the CDC's chief information officer, in an interview Friday.

Gimson said Down did not mention any potential conflict of interest when he recommended Celerant. "Jim's conversation, as a matter of fact, was extremely brief," Gimson recalled Saturday. "He said 'I would like to introduce you to a company I think would do great work for CDC.' " After the agency became interested, Gimson said, Down had no further involvement.

After examining Celerant and interviewing company officials, CDC decided to hire the firm, CDC officials said.

Rather than open up the consulting contract to competitive bidding, CDC executives went looking for an existing contract elsewhere in the federal government that would allow them to hire Celerant directly. Seligman, Kotch and Gimson said this is a common and accepted practice. "Government agencies are encouraged to use government-wide contracts when they're available and appropriate," said Seligman.

Seligman called contracting officials at the National Institutes of Health, who he said identified a pre-existing contract that would work. According to the NIH Web site, this particular contract, called ECS III, is for the purchase of computer hardware and software "to satisfy your agency's desktop computing needs." CDC officials said it also allowed for the purchase of "services."

And, most important for achieving the agency's goal of hiring Celerant, one of the prime contractors had as a listed vendor Novell, the computer software giant, which at the time owned Celerant.

"This is a common abuse of IT hardware and software contracts," said Christopher Yukins, associate professor of government contracts law at the George Washington University Law School in Washington. "In this case you have an information technology â€" really a hardware/software contract â€" being used for consulting services that have little to do with information technology."

It's called "out-of-scope contracting," and in the wake of revelations that some interrogators at Abu Ghraib prison in Iraq were paid under an IT contract, "this has been a matter of acute concern in the government," Yukins said.

Regardless, the NIH contract is the mechanism CDC used from about December 2003 to February 2004 to hire Celerant to do an initial assessment of how to fix the agency's procurement and grants office. The cost of this initial phase was about $580,000, Seligman said.

The CDC was pleased with Celerant's initial work and wanted the company to go ahead and implement its overhaul plan, at a cost of $10 million. Although the first contract had ended, Seligman said CDC let Celerant continue working and incurring costs while the agency sought NIH approval to again link to the IT contract.

Celerant worked without a contract in place for three months, Kotch said.

Yukins, the government contract law expert, said: "The federal government takes work done without a contract very seriously. ... It's a violation of federal law, [and] technically speaking it is a criminal violation of law." While prosecutions are rare, he said, it is a very serious matter.

A scramble to fix things

In April 2004, an anonymous letter arrived at the U.S. Department of Health and Human Services, the parent agency of both the CDC and the NIH, alleging improprieties in the Celerant contracting process. Gimson said that when HHS notified him of the letter, he immediately sent a memo to HHS asking that it conduct an independent inquiry.

By July 2004, HHS officials were sufficiently concerned about the appropriateness of the contract that they issued a formal stop-work order. HHS officials would not grant interviews on the matter.

In September 2004, the CDC said HHS officials allowed the Celerant contract to be reinstated, but required the CDC to take over managing it. They also required the CDC to renegotiate the terms, which resulted in Celerant reducing its costs by

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$500,000, to $9.5 million. And the CDC set the effective date back to cover the February-May period when Celerant was working without a contract, the agency said.

In a brief statement, HHS spokeswoman Christina Pearson said: "Through internal and independent reviews, we found that CDC entered into what it believed to be an acceptable contracting arrangement through an NIH contract."

The statement noted that HHS identified the need for stronger contracting controls at both the CDC and the NIH and both agencies promptly addressed those issues.

A spokesman for the NIH did not respond to an interview request.

Funding Continues For Illness Scientists Dismiss (WP)

By David Brown

The Washington Post, December 3, 2006

Fifteen years after the end of the 1991 war with Iraq, a Texas researcher is in line to get as much as $75 million in federal funding to press his studies of "Gulf War syndrome," even though most other scientists long ago discounted his theories.

Epidemiologist Robert W. Haley has been trying for 10 years to prove that thousands of Persian Gulf War troops were poisoned by a combination of nerve gas, pesticides, insect repellents and a nerve-gas antidote. With the help of $16 million in past funding obtained by his backers in Congress and the Pentagon, Haley has argued that his "toxicity hypothesis" is the best explanation for the constellation of physical complaints that many veterans reported after returning from the Gulf.

Haley and his supporters, who also include a powerful cluster of veterans and government advisers, are undeterred by the scientific consensus against him.

As recently as September, a panel of the National Academy of Science's Institute of Medicine reached the same conclusion that half a dozen other expert groups had: Gulf War syndrome does not exist. After reviewing 850 studies -- essentially all the scientific literature on the topic -- the 13 scientists wrote that "the nature of the symptoms suffered by many Gulf War veterans does not point to an obvious diagnosis, etiology [cause], or standard treatment."

"Gulf War syndrome" became a catchall name for a spectrum of non-life-threatening complaints that up to 30 percent of the conflict's veterans say they have experienced at some point since the end of the war in 1991. The most commonly cited symptoms are fatigue, memory loss, poor sleep, mood changes, digestive troubles and rashes.

The ground war lasted four days and resulted in 147 battlefield deaths, but almost 199,000 of the 698,000 people who were deployed have since qualified for some degree of service-related disability. Of those, 3,317 people are disabled by "undiagnosed conditions."

From 1994 through 2003, the departments of defense, veterans affairs, and health and human services sponsored 256 studies of Gulf War syndrome, at a total cost of $316 million.Scientists Cry Foul

The size, timing and purpose of the latest appropriation has elicited muffled outrage among scientists who say there is little more to gain from pursuing Haley's ideas.

"This is a tremendously egregious misuse of government funding," said Gregory C. Gray, who headed the Navy's Gulf War illness research center in San Diego before retiring in 2001. He now directs the Center for Emerging Infectious Diseases at the University of Iowa's College of Public Health.

"After hundreds of millions of dollars and a decade or better of research, we really haven't made any significant findings," said John R. Feussner, who was VA's chief research officer from 1996 to 2002 and is now chairman of medicine at the Medical University of South Carolina. "What is the chance we will find something now? Not as high as zero."

At VA, people will not talk on the record about the appropriateness of Haley's grants -- almost all awarded outside the usual competitive routes.

"This is a very sensitive topic around here right now, in part because this might be seen as an apparent shift in how VA selects and funds research," said one official, speaking anonymously so as not to offend members of Congress. A former VA official, also unwilling to be quoted by name, was more straightforward: "Everyone is dismayed."

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Haley's research was originally underwritten by billionaire H. Ross Perot. It later gained the support of VA's Research Advisory Committee on Gulf War Veterans' Illnesses, on which Haley sat until recently, and of a politically diverse group of legislators that includes Reps. Christopher Shays (R-Conn.), Bernard Sanders (I-Vt.) and Dennis J. Kucinich (D-Ohio).

Haley's chief congressional patron is Texas's senior senator, Kay Bailey Hutchison (R), who chairs the Appropriations Committee's subcommittee on military construction and veterans affairs. A year ago, she inserted an earmark in the 2007 federal budget that will channel $15 million to the University of Texas Southwestern Medical Center, where Haley is a professor and chief of epidemiology. The grant can be renewed four times, for a total of $75 million over five years.

VA cemented the arrangement Nov. 14 when it signed a contract saying UT Southwestern will "conduct and manage research projects in order to answer central questions on the nature, causes and treatments of Gulf War veterans' illnesses," said VA spokeswoman Karen Fedele.

Hutchison twice declined a request to talk to The Washington Post for this article, as did Haley.

Just how much money will go to Haley's research is unknown. Other scientists will be able to apply for funding, but the awarding of grants will bypass VA's usual mechanisms and instead go through "a process established by and headed by the dean of the medical school" at UT Southwestern, Fedele said.

Haley's backers say a lack of focus and money are the chief reasons a cause and treatment for the Gulf veterans' ailments have not been found. Hutchison spokesman Marc Short said the senator "doesn't want people to stop doing Gulf War illness research as long as there are symptoms out there that we don't understand."The Conventional Wisdom

Outside Haley's circle, most experts think the syndrome is rooted more in medicine, psychology and culture than in toxicology.

They have concluded that it is the product of a medley of factors, including the stress of the war and the fear that Saddam Hussein might use chemical or biological weapons. For some people -- particularly reservists, in whom the symptoms are more common -- it may be a physical expression of the disruption that deployment caused in their lives. Some of the physical complaints may simply be the ordinary ups and downs of people's health, magnified by public and media attention. Gulf War syndrome may also be the military manifestation of something long seen in civilian medicine: symptoms whose cause is never found despite extensive testing and diagnostic studies.

Haley adamantly rejects that view, especially the stress argument. In three papers published in the Journal of the American Medical Association in January 1997, he outlined six distinct neurological syndromes he identified in several dozen former members of the Navy Reserve "Seabees" construction unit who served in the Gulf. He has spent much of the past decade studying them, focusing on the three most disabling syndromes. For one series of papers, he took 165 measures of neurological function.

Among the things he and his colleagues reported was that in 12 veterans with the most severe complaints, a deep-brain structure called the left basal ganglion was smaller than usual. (The right one was normal.) He also found that some ill veterans tended to have a less active version of the enzyme paraoxonase-1, which breaks down the nerve agent sarin. Veterans with symptoms were also more likely to have abnormal eye reflexes and subtle changes in the daily variation of heart rate. What remains unclear is the significance of these results.Poisoned on the Battlefield

Haley's most controversial claim is that many veterans suffering from the syndromes were probably exposed to a nerve agent during the war.

Nerve gas was released after the war, during the destruction of 816 pounds of sarin and cyclosarin at a storage complex in Khamisiyah, Iraq, in March 1991. The Defense Department modeled the "plume zone" from this explosion and in 1997 notified 98,910 veterans that they may have been briefly exposed downwind of Khamisiyah. That number was later increased to about 102,000.

Haley's backers consider those letters proof that the veterans were exposed to nerve gas. That is the view of James H. Binns Jr., a retired businessman and former deputy assistant secretary in the Defense Department who chairs the VA Gulf War illnesses research panel. "There is no contradicting that there was low-level exposure to sarin gases as a result of destruction of Iraqi weapons depots," he said in an interview.

Defense officials, however, have always been careful to talk of "potential exposures," not definite ones.

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No one doing the demolition reported any symptoms of sarin poisoning at the time. Neither did anyone in the plume zone. Few doubt that air containing the vaporized compound drifted over troops, but there is no evidence that anyone actually came in contact with sarin. Furthermore, the Seabees Haley studied were far outside the plume zone, as were most other soldiers who later complained of persistent symptoms. For sarin to be part of the mix of toxins causing Haley's syndromes, there would had to have been other releases -- something experts say is extremely unlikely.

"I haven't spoken to anyone in the military or in intelligence who believes it is credible that there was deliberate use of sarin and nobody noticed," said Simon Wessely, a psychiatrist and leading British researcher of Gulf War illness.

Evidence that low-level exposure to sarin can lead to chronic illness is equally sparse.

Brain-wave tracings of monkeys exposed to low doses sometimes show changes, although the animals' behavior does not change. Rats exposed to low doses of nerve agent and pesticide perform worse in mazes, but most are back to normal in three months. The relevance of those findings to human illness that includes symptoms as diverse as joint pain and chronic diarrhea is unknown.

The few studies of people who were exposed and survived are also not very enlightening. American and British soldiers exposed to non-fatal doses of nerve gas as human guinea pigs decades ago suffered no chronic illness, but some survivors of two sarin attacks by terrorists in Japan in the 1990s reported tiredness, headaches and vision changes up to five years later.

There is also little evidence that simultaneous exposure to toxins -- even without nerve gas -- has lasting effects. A study published in October found that, properly used, DEET insect repellant, the anti-nerve-gas pill pyridostigmine bromide and insecticide-impregnated uniforms did not cause physical or mental impairment.

Overall, most scientists who have investigated the question share the same conclusion: The chance that thousands of people suffered poisoning they did not recognize at the time, and are now ill with a disease that has never been seen before, is close to nil.

But while the scientific establishment has always been skeptical of Haley's findings, 10 years ago Pentagon officials saw them as possibly the key to the mystery of Gulf War syndrome.Support Lost, and Regained

"In my opinion, Haley was researching the very essence of Gulf War illness," recalled Bernard Rostker, an economist who headed the Defense Department office devoted to that subject. In 1997, his office provided $3 million to Haley out of discretionary funds when the Dallas scientist failed to win a grant through the military's usual competitive funding mechanism.

They money was to give Haley a chance to confirm his findings in a larger, representative sample of veterans. But he did not do that, which became clear when Rostker toured the Dallas research ward in 1998 and encountered only previously examined veterans.

"I thought Dr. Rostker was going to blow a gasket right then and there," recalled Michael E. Kilpatrick, deputy director of deployment health support at the Pentagon, who was on the visit.

Haley eventually did test 336 additional veterans reached through the Dallas VA hospital, identifying 29 with one of his six syndromes. Among the 249 Seabees he had examined earlier, he found 25.

"Basically, Haley stiffed the government," Rostker said recently. He refused to give Haley more money, and Hutchison began inserting budget earmarks to fund Haley's work.

Pentagon and VA officials still say the crucial question that needs answering is whether Haley's syndromes can be found in a larger group of veterans.

To that end, the government is spending more than $10 million to ask a random sample of 10,000 veterans about symptoms, and to study the brains of several hundred who are clearly ill, using MRI scanners. Along with the new appropriation, that will extend efforts to examine Haley's theory to almost the 20th anniversary of the conflict.

More Click It With Threat Of A Ticket (WT)

By Joyce Howard Price

The Washington Times, December 3, 2006

Fewer Americans are wearing seat belts compared with last year, but usage continues to be higher in states where motorists can be pulled over solely because they are not wearing a safety belt, a new federal study shows.

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Seat-belt use climbed from 58 percent in 1994 to 81 percent this year. It reached an all-time high in 2005 at 82 percent, according to a report released last week by the Department of Transportation.

"A seat belt doesn't work if it isn't on," Transportation Secretary Mary E. Peters said in announcing the findings. "Whatever it takes, we all need to do a better job making sure everyone chooses to buckle up" to help reduce rising highway fatalities.

The study gave Western states the highest marks, with usage in that region increasing from 85 percent to 90 percent in the past year.

Seat-belt use in the South edged up from 82 percent in 2005 to 83 percent this year. But it fell from 78 percent to 74 percent in the Northeast and from 79 percent to 77 percent in the Midwest during the same 12-month period, the report showed.

Data released in August by the department's National Highway Traffic Safety Administration revealed that 43,443 persons died in traffic accidents in the United States in 2005. It was the highest level in 15 years and 1.4 percent ahead of 2004, according to NHTSA.

Maryland is one of 24 states, along with the District of Columbia, that have so-called primary-prevention seat-belt laws, which allows drivers to be pulled over and ticketed solely because they are not wearing a safety belt.

Data shows these laws promote seat-belt use, and that was the case again this year, Mrs. Peters said. States with primary-prevention seat-belt laws had a combined seat-belt use rate of 85 percent in 2006, compared with 74 percent in other states.

Mrs. Peters said the department rewarded states with primary-prevention seat-belt laws incentive grants totaling $123 million this year and will continue working with states to encourage use of safety belts.

Data for the study was obtained from the National Occupant Protection Use Survey, which observes seat-belt usage on selected roadways, and by NHTSA's National Center for Statistics and Analysis.

This year's findings were based on a two-week period of observation of seat-belt use by occupants in 126,000 vehicles at about 1,900 sites.

The study found significant jumps in the proportion of front-seat passengers using safety belts between 2005 and this year and in the number of motorists wearing them while driving in heavy traffic and light fog.

The percentage of front-seat passengers who buckled up climbed from 78 percent to 97 percent during the 12-month period. The proportion of drivers wearing seat belts while traveling in light fog rose from 81 percent to 94 percent during the same period. The percentage of drivers using safety belts when traveling in heavy traffic climbed from 87 percent to 96 percent.

Pickup truck drivers are the least likely to use seat belts, the study showed. Only 74 percent currently use them, up from 73 percent last year.

The New, Soft Paternalism (NYT)

By Jim Holt

The New York Times Magazine, December 3, 2006

When the government tells you that you can't smoke marijuana or that you must wear a helmet when you ride your motorcycle even if you happen to like the feeling of the wind in your hair, it is being paternalistic. It is largely treating you the way a parent treats a child, restricting your liberty for what it deems to be your own good. Paternalistic laws aren't very popular in this country. We hew to the principle that, children and the mentally ill apart, an individual is a better judge of what's good for him than the state is and that people should be free to do what they wish as long as their actions don't harm others. Contrary to what many people believe, you can even commit suicide legally (although if you don't live in Oregon, you should think twice about seeking assistance).

But what if it could be shown that even highly competent, well-informed people fail to make choices in their best interest? And what if the government could somehow step in and nudge them in the right direction without interfering with their liberty, or at least not very much? Welcome to the new world of "soft paternalism." The old "hard" paternalism says, We know what's best for you, and we'll force you to do it. By contrast, soft paternalism says, You know what's best for you, and we'll help you to do it.

Here's an example. In some states with casino gambling, like Missouri and Michigan, compulsive gamblers have the option of putting their names on a blacklist, or "self-exclusion" list, that bars them from casinos. Once on the list, they are banned for life. If they violate the ban, they risk being arrested and having their winnings confiscated. In Missouri, more than 10,000

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people have availed themselves of this program. In Michigan, the first person to sign up for it was, as it happens, also the first to be arrested for violating its terms when he couldn't resist sneaking back to the blackjack tables; he was sentenced to a year's probation, and the state kept his winnings of $1,223.

The voluntary gambling blacklist is an example of what's called a self-binding scheme. It is a way of restructuring the external world so that when future temptations arise, you will have no choice but to do what you've judged to be best for you. The classic case is that of Ulysses, who ordered his men to tie him to the mast of his ship so that he could hear the song of the Sirens without being lured to his destruction. As a freely chosen hedge against weakness of the will, self-binding would seem to enlarge individual liberty, not reduce it. So what is there to object to in a program like Missouri's or Michigan's?

Plenty, say libertarian critics. To begin with, they don't like soft paternalism when it involves the state's coercive power; they are much happier with private self-binding schemes, like alcoholism clinics, Christmas savings clubs and Weight Watchers. They also worry that soft paternalism can be a slippery slope to the harder variety, as when campaigns to discourage smoking give way to "sin taxes" and outright bans. But some libertarians have deeper misgivings. What bothers them is the way soft paternalism relies for its justification on the notion that each of us contains multiple selves — and that one of those selves is worth more than the others.

You might naïvely imagine that you are one person, the same entity from day to day. To the 18th-century philosopher David Hume, however, the idea of a permanent "I" was a fiction. Our mind, Hume wrote, "is nothing but a bundle or collection of different perceptions, which succeed each other with an inconceivable rapidity, and are in a perpetual flux and movement." According to this way of thinking, the self that inhabits your body today is only similar to, not identical with, the self that is going to inhabit your body tomorrow. And the self that will inhabit your body decades hence? A virtual stranger.

The idea of multiple selves may seem like a stoner's fantasy, but economists who study human decision-making have found it surprisingly useful. Consider: Most people, if given a choice today between doing seven hours of irksome work on May 1, 2007, versus eight hours on May 15, 2007, opt for the former. When May 1 arrives, however, they will find that their preference has flipped: they now wish to put off the work for a couple of weeks, even at the cost of having to do the extra hour's worth. Why this inconsistency, if the self calling the shots is one and the same?

Further evidence for the fragmented self comes from neuroscience. Brain scans show that the emotional part of the brain, the limbic system, is especially active when the prospect of immediate gratification presents itself. But choice among longer-term options triggers more activity in the "reasoning" part of the brain, located (suitably enough) higher up in the cortex. Now suppose you're tempted by a diet-violating Twinkie. Which part of your brain — the shortsighted emotional part or the farsighted reasoning part — gets to be the decider? There may be no built-in hierarchy here, just two autonomous brain modules in competition. That is why you might find yourself eating the Twinkie even while knowing it's bad for you. (A similar disconnect between two parts of your brain occurs when a visual illusion doesn't go away even after you learn it's an illusion.)

The short-run self cares only about the present. It is perfectly happy to indulge today and offload the costs onto future selves. For example, recent studies show that teenage smokers do not underestimate the risk of getting lung cancer as an adult (if anything, they tend to overestimate it); they simply don't mind making the future self suffer for the pleasure of the moment. The long-run self may deplore this ruinous behavior, but its prudent resolutions are continually ignored. Yet it can enforce its will indirectly by shaping the environment to constrain some short-run selves from exploiting others — by, say, putting a time lock on the refrigerator.

But why, some skeptics ask, should the government side with your prudent long-run self against your hedonistic short-run selves? What's so great about the long-run self, anyway? As the economist Glen Whitman has observed in a shrewd critique of soft paternalism, the harms that selves impose on one another are reciprocal: "The long-run self can harm the short-run self by adopting self-control devices — such as flushing cigarettes down the toilet, refusing to allow ice cream in the house, checking into a clinic and so on." It is not good to be profligate, lazy and obese, but neither is to good to be a miser, a workaholic or an anorexic.

If the goal is to promote freedom, though, there is an interesting argument favoring the long-run self. A distinctive quality of humans, as the third earl of Shaftesbury observed three centuries ago, is that we do not simply have desires; we also have feelings about our desires. Take the unhappy heroin addict: he gives himself an injection because he desires the drug, but he

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also has a desire to be rid of this desire. The philosopher Harry Frankfurt has given such "second order" desires a central role in his analysis of free will: we act freely, he submits, when we act on a desire that we actually desire to have, one that we endorse as our own. Beings that do not reflect on the desirability of their desires — like animals and infants and, perhaps, our short-run selves — are what Frankfurt calls "wantons."

People have fashioned a wide range of techniques for keeping their inner wantons under control — like buying a pint of ice cream instead of the more economical quart because they know they would end up consuming the latter in one sitting. So why can't soft paternalism be left to the private sector, as some libertarians prefer? The problem is that private self-binding schemes are easily subverted when someone can make a buck off your weakness of will. One Michigan man who signed up for a casino's private self-blacklisting program found the owners all too accommodating when he had a change of heart. "Within a half an hour, I was back in," he said.

Editorializing against soft paternalism earlier this year, The Economist warned that "life would be duller if every reckless spirit could outsource self-discipline to the state." There are certainly more exalted ways to achieve mastery over unwelcome impulses. Thinkers of an existentialist kidney, like Jean-Paul Sartre, used to insist that each of us is free to redefine his character through an act of radical choice. For the religiously inclined, an access of divine grace might be what is needed to stiffen the will.

But what if you are one of those people who rely on more mundane stratagems, like self-binding? The general problem you face (as put by the political theorist Jon Elster) is this: For a given uphill goal and a given strength of will, does there exist a path, however circuitous, that will get you to the top of the hill? By adding a new path here and there, state soft paternalism makes it more likely that the answer will be yes.

Is The New Congress To Be Believed? (NYT)

The New York Times, December 3, 2006

Well before Election Day, the smart-money lobbyists of K Street were already shifting campaign donations to safe Democratic incumbents, greasing access to the next Congressional majority. That should be warning enough to the incoming speaker of the House, Nancy Pelosi, and Senate majority leader, Harry Reid, to deliver quickly and credibly on their campaign vows to attack the corrupt, quid-pro-quo culture that besotted the Republican-controlled Capitol.

Yet even before the new Congress arrives, there is disquieting talk of advance compromises on what will be done — or not done. It's fortunate the incoming members will be in the Capitol this week, preparing for January and, not incidentally, observing the lame-duck finale of the Congress that failed on this vital issue.

There will be only one good chance to get this right. Once the new year begins, any feeling of urgency will fade, replaced by a determination to acquire, and protect, whatever power and turf are available. At a minimum, the reforms must include:

Creation of a public integrity office to do more than merely audit lobbyists' filings. If Congress is to regain the public's respect, both houses must create an independent office to investigate the behavioral lapses of lawmakers themselves, not just their sycophants. Anything less, and the ethics issue falls back into the lap of the moribund internal policing machinery that has long protected wayward members.

An enforceable ban, with penalties, on all meals, gifts and travel — not just from lobbyists, but also from the organizations that hire them. The ban should cover staff members as well. Privately financed "fact-finding" junkets should at long last be banned, along with lawmakers' riding as fat cats' chattel on corporate jets for token fares.

Restraints on the revolving-door horde of Congressional alumni turned backslapping lobbyists. Former lawmakers should be required to wait two years, not one, before cashing in on their nice-to-see-you cachet. No lobbyists, even former members, should have access to the floor, gym or cloakroom of either house. If a sitting member of Congress or a staff member starts negotiating for a job in the private sector, he or she should be required to disclose it. The public cannot be expected to tolerate replays of the low moment when architects of the new Medicare drug subsidy plan were secretly working to land lucrative jobs in the pharmaceutical industry while they devised the legislation.

Detailed disclosure of costly and undebated "earmarks" — amendments passed as pork-barrel favors to backdoor pleaders. The secretive spending and midnight conference games should be brought into the sunlight via Internet technology.

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Transparency will not stop lawmakers from trying to get funding for pet projects back home. But it might at least discourage them from doing the same thing on behalf of special interest lobbyists.

The new Congress must realize the ethics issue will test its mettle in the opening hours, and signal if real change is possible. A field general of the incoming majority, Representative Rahm Emanuel of Illinois, is already warning that failure to deliver on ethics reform will be "devastating to our standing" in the very first moment of Democratic power.

He is absolutely right.

OTHER NEWS:

Seeking Clarity On Inflation (NYT)

By Condrad De Aenlle

The New York Times, December 3, 2006

IS inflation getting a second wind?

If you look at bond yields and economic reports like one on Friday that showed weakness in manufacturing, you may not think so. But other evidence may be more worrisome.

Economic growth and inflation often go hand in hand. Some recent reports have shown a bit of resilience in the housing market and an upward revision to the calculation of third-quarter economic output.

Plainly spelling out the risks, Ben S. Bernanke, the Federal Reserve chairman, said in a speech last week that inflation remained "uncomfortably high."

None of this has lifted rates on 10-year Treasury notes, which yield less than 4.5 percent, versus short-term rates above 5 percent.

John Lynch, chief market analyst at Evergreen Investments, attributes the strength in Treasuries to investors' faith in Mr. Bernanke and his ability to curb growth enough to keep inflation in check.

That faith will be tested on Friday, when November jobs data is announced. It is a test that Mr. Lynch expects him to pass. A Bloomberg News poll of economists estimates that the economy added 100,000 jobs last month, up from 92,000 in October, with unemployment rising to 4.5 percent from 4.4 percent. Mr. Lynch sees a gain of 100,000 to 125,000 net new jobs.

The number of Americans filing claims for unemployment benefits has been running high, he noted. "Claims have started to creep up in the last several weeks," he said.

He added that the unemployment rate was anything but indicative of a more severe slump that would send bond yields even lower. "It's hard to have a recession if 95 percent-plus of us are working," he said.

A soft landing may not push bond yields much lower or help stocks much, either. Earnings growth is likely to slow with the economy, and that should limit percentage gains in share prices, to the high single digits next year, Mr. Lynch predicted.

DATA WATCH The Bloomberg poll forecasts a dip in the November reading of the Institute for Supply Management's survey of the service economy, to 55.5 from 57.1; that report is due Tuesday. The University of Michigan's first reading of consumer sentiment in December, due Friday, is predicted to show a slight drop to 92, down from 92.1.

Gender Pay Gap Narrows -- For Unexpected Reasons (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 3, 2006

WASHINGTON — Marie White is a healthcare aide who looks after patients in their homes in Sonoma County, Calif. There's a shortage in her female-dominated profession, which has helped workers unionize and command better pay over the last five years — driving the pay ceiling from $6.75 to $10.50 an hour.

"By organizing, a good many of us have been able to get out of the minimum-wage category," White said.

John Wilson of Los Angeles, meanwhile, is still trying to find a job that pays as much as he earned 12 years ago. Laid off in 1994 from a software programming job that paid $50,000 a year with full health benefits, Wilson went to work as a security officer earning minimum wage.

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Now he works at the Lantana Media Campus in Santa Monica, providing security for such celebrities as Ben Affleck and Cameron Diaz. He has worked his way up to $12.25 an hour, but pays about $100 a month for health insurance for his 15-year-old daughter.

Even though Wilson is making half of what he did before, he feels lucky: Many security guards he knows, mostly men, earn minimum wage without benefits.

White's and Wilson's experiences illustrate a noteworthy trend in the 21st century economy: Women are closing in on men when it comes to wages, but not for the reasons anticipated — or hoped for — when gender pay equity became a rallying cry in the 1970s.

Data show that the pay gap has been narrowing not because women have made great strides, labor experts say, but because men's wages are eroding.

The disparity in median hourly pay between men and women narrowed to 18.3% in August from 21.5% five years earlier, according to recently released census figures. In addition, the U.S. Labor Department noted recently that the wage differential in 2005 was the smallest since the department began tracking it 33 years ago, when it was 36.9%.

Even when men's and women's work patterns are taken into account — men tend to work more hours — the pay gap is narrowing. The difference between men's and women's median annual earnings shrank between 2000 and 2005 from 26.3% to 23%, or 77 cents on each dollar earned by men. Women earned an average $31,858 and men $41,386.

The gap was even smaller in California: 17.8%, with women earning $37,076 and men $45,126.

However — as the economy expanded, profits rose and unemployment fell — men's hourly wages declined a total of 2% from 2000 to 2005 while women's rose 3%, census records show. Women's gains were barely enough to keep up with inflation.

"Wages generally have been depressed, but men's have been more depressed," said Michele Leber, chair of the Washington-based National Committee on Pay Equity, who called the trend "discouraging."

Economists say the forces behind these trends show that men and women are experiencing the economy in different ways.

In the U.S., men have tended to dominate in blue-collar and manufacturing jobs, which have been disappearing — or seeing downward wage pressure — for the last few decades.

Women, on the other hand, have been more prevalent in service jobs such as healthcare, which historically have been lower-paying but have seen wages rise in recent years.

Indeed, economists note that among those with a high school education or less, men's wages have been falling while women's have been rising due to increased demand for service-sector jobs.

Meanwhile, better-educated women have seen their pay rise — but not as much as their male counterparts have. So women's gains relative to men's appear to be coming mostly in lower-wage jobs.

The gap started narrowing in the 1980s due largely to women's increased access to education and better-paying jobs. In the 1990s, their gains leveled out while men's wages rose at all skill levels, thanks to the economic expansion fueled by the dot-com boom, economists say.

Women lost some ground in the recession after 2001, said Heather Boushey, an economist at the Washington-based Center for Economic and Policy Research, and have seen their wage gains resume only recently.

"This year [women's relative pay] reached a new peak, but I don't think it was much to get excited about, especially since the only reason was because men's wages fell faster," Boushey said.

Some say a vanishing pay gap should be celebrated as good news, no matter what the reason.

"All we care about is the ratio," said Claudia Goldin, a Harvard University economics professor who has studied women in the workforce.

While men may be earning less, women are earning more on average than they used to, which is in itself an achievement, said Francine D. Blau, the Frances Perkins professor of Industrial and Labor Relations and Labor Economics at Cornell University.

Indeed, she said, achieving pay equity almost requires a slowdown in men's wage growth. "You can't have it both ways," Blau said. "For women to catch up, their wages have to grow more."

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But other economists and pay equity advocates say the whole idea of narrowing the gap was to help women and their families earn substantively more.

"We're closing the wage gap in exactly the wrong way," said Rebecca Blank, dean of the University of Michigan's Gerald R. Ford School of Public Policy. "The idea was that women's wages were supposed to rise, not that men's wages would fall to women's level."

Economist Jared Bernstein of the Economic Policy Institute in Washington said: "Low-wage men have just been taking it on the chin. What you would like to see, especially during a period when the economy is growing at a good clip, is men's wages rising but women's wages rising more as they move toward equal pay for equal work."

Blank said that men and women's wages would probably stabilize and then rise during the next two decades as baby boomers retire and the labor supply dwindles.

White, the home health worker, said she hoped something could be done sooner to help workers — both men and women — who had seen their pay suffer. She noted that although her pay had risen in recent years, "it's still not a living wage."

"You have loads of people down at the bottom and super jobs at the top and the middle class in between being really squeezed," she said. "It's got to get better because we can't survive on these wages. It's scary."

Downsized, But Not Out Of Demand (LAT)

By P.j. Huffstutter, Times Staff Writer

The Los Angeles Times, December 3, 2006

Former autoworkers find themselves courted by industries elsewhere.

DEARBORN, MICH. — After spending most of his working life on an assembly floor at Ford Motor Co., Harold Jackson wasn't expecting many offers as he trudged into a job fair at the union hall.

Here he was, a 40-year-old factory worker in a state that has lost about 110,000 auto jobs over the last six years.

But John Riddle, a recruiter for CSX Transportation Inc., pressed forward out of the crowd to shake his hand. "Ever thought about moving to the East Coast? Ever wanted to be a train conductor?"

After Riddle finished his spiel, a recruiter from the U.S. Secret Service stepped up, touting the wonder of government service, pointing out that such jobs couldn't be outsourced to India and that no Japanese competitor could underbid the work.

Soon, instructors who train casino dealers were courting Jackson with visions of fat tips and flexible hours.

"I had no idea there were so many options," Jackson said.

After decades of being kicked around by foreign competitors and laid off by the hundreds of thousands by their U.S. employers, the autoworker has unexpectedly become one of the hottest commodities in industrial America.

Last week, Ford announced that 38,000 factory workers had agreed to take buyout and early retirement offers to leave their jobs as soon as January, walking away with payouts of as much as $140,000 each. Nearly 35,000 General Motors employees took buyouts over the summer.

Michigan is suffering through the longest stretch of job losses since the Great Depression, and the outlook for autoworkers is expected to remain grim, according to a recent report by the Research Seminar in Quantitative Economics at the University of Michigan.

From now through the end of 2008, the state's manufacturing sector is expected to lose 11.5% of its remaining workforce, seven in 10 of these jobs from the auto industry, the report said.

But for employers outside the Rust Belt, the bounty of former autoworkers is pure gold. For generations, these workers have epitomized the industrial work ethic, putting in long hours on often mind-numbing tasks involving complex machinery.

"There's a huge pool of people that know how to work hard, have enough skills that they can be retrained and are hungry for a job," said Kathryn Blackwell, a corporate spokeswoman for Union Pacific Railroad. Company recruiters have attended several Midwestern job fairs in search of replacements for its own aging work force.

"Considering the economy's doing well in other parts of the country, what company needing workers wouldn't see this as a prime opportunity?" Blackwell said.

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Squeezing through a dirt-streaked crowd of fellow autoworkers freshly clocked out of their factory shifts, Corey Wilson wandered the packed United Auto Workers Local 600 hall. Every few steps, recruiters stuffed tchotchkes into his hands — along with job applications.

Have a free mug. By the way, electricians are wanted in Florida. Take this pen. Did you know that welders are needed in Wyoming? How about a slice of pizza? You can use your Ford buyout money to open a Little Caesars franchise in the Southwest.

Overwhelmed, Wilson — who has worked on a Ford assembly line for five years — stepped away from the crowd and found a quiet corner.

Framed black-and-white photographs hung along the walls around him: autoworkers marching in 1932 to demand jobs and emergency relief from Ford; police attacking the protesters; and bodies littering the streets.

Suddenly, a recruiter stepped up, blocking Wilson's view.

"What are you looking for?" asked Robert Gale, who was seeking students for Home Building Workshops Inc. "What do you want?"

Wilson, 36, will leave his Ford assembly line job next year with $100,000 in buyout money, no health insurance and no idea of what to do with the rest of his life.

His reply was simple: "Opportunity."

But leaving Michigan to take advantage of job offers sometimes isn't easy.

Couples find themselves scrambling to land jobs in the same city. And cuts in the workforce here have dragged down property values and slowed home sales.

Blackwell — who worked in media relations at Ford and DaimlerChrysler AG before she and her husband headed to Omaha in 2001 so she could take the Union Pacific job — said she has tried over the years to sell friends back home on the idea of following her.

Few have been willing to make the jump.

"I've really had to talk up Nebraska. We don't have any lines at restaurants. We don't have traffic. There's a lot of money here, so there's heavy support for cultural things," Blackwell said. "Sure, the salaries aren't as high as you can make in the auto industry. But there's stability.

"But when you're working for an auto company," she said, "you consider yourself part of a family that built the American dream. Leaving that dream behind is too much for a lot of people."

Other recruiters have enjoyed more success. Campbell County, a rural part of northeast Wyoming where natural gas and coal production is booming, has hosted several job fairs in Michigan this year. More than 100 residents have left the Wolverine State for the Great Plains, said Ruth Benson, executive director of the Campbell County Economic Development Corp.

She's planning another Michigan fair in March, as well as trips next year to Indiana, Wisconsin and Ohio.

"The Midwesterners are hearty, blue-collared folks. They're our kind of people," Benson said. "Now that we're getting them here, the question for us is whether they'll stay here for the long term, or whether the draw back home will be too strong to ignore."

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Health Hazard: Computers Spilling Your History (NYT)

By Milt Freudenheim And Robert Pear

The New York Times, December 3, 2006

BILL CLINTON'S identity was hidden behind a false name when he went to NewYork-Presbyterian Hospital two years ago for heart surgery, but that didn't stop computer hackers, including people working at the hospital, from trying to get a peek at the electronic records of his medical charts.

The same hospital thwarted 1,500 unauthorized attempts by its own employees to look at the patient records of a famous local athlete, said J. David Liss, a vice president at NewYork-Presbyterian.

And just last September, the New York City public hospital system said that dozens of workers at one of its Brooklyn medical centers, including doctors and nurses, technicians and clerks, had improperly looked at the computerized medical records of Nixzmary Brown, a 7-year-old who prosecutors say was beaten to death by her stepfather last winter.

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Powerful forces are lobbying hard for government and private programs that could push the nation's costly and inefficient health care system into the computer age. President Bush strongly favors more use of health information technology. Health insurance and medical device companies are eager supporters, not to mention technology companies like I.B.M. and Google. Furthermore, Intel and Wal-Mart Stores have both said they intend to announce plans this week to embrace electronic health records for their employees.

Others may soon follow. Bills to speed the adoption of information technology by hospitals and doctors have passed both chambers of Congress.

But the legislation has bogged down, largely because of differences over how to balance the health care industry's interest in efficiently collecting, studying and using data with privacy concerns for tens of millions of ordinary Americans — not just celebrities and victims of crime.

Advocates of such legislation, including Representative Joe L. Barton, the Texas Republican who is the chairman of the House Energy and Commerce Committee, said that concern about snooping should not freeze progress on adopting technology that could save money and improve care.

"Privacy is an important issue," said Mr. Barton, who will lose the chairman's post when the Democrats take over next year, "but more important is that we get a health information system in place." Congress can address privacy later "if we need to," he said.

Democrats, however, have made it clear that they are determined to address the issue of medical-records privacy once they take command of both houses of Congress next month. "There is going to be much more emphasis placed upon privacy protections in the next two years than we have seen in the last 12 years," said Representative Edward J. Markey, Democrat of Massachusetts and a longtime privacy advocate.

Mr. Markey, a member of the Energy and Commerce committee, said he supported legislation that would allow individuals to keep their medical records out of electronic databases, and require health care providers to notify patients when health information is "lost, stolen or used for an unauthorized purpose."

Representative John D. Dingell of Michigan, the ranking Democrat who is expected to become chairman of the Energy and Commerce committee next month, said that expanding electronic health care systems "clearly has great potential benefit." But he added that "it also poses serious threats to patients' privacy by creating greater amounts of personal information susceptible to thieves, rascals, rogues and unauthorized users." Members of his committee, as well as the House Ways and Means Committee, have been struggling with such issues.

Academic medical centers like NewYork-Presbyterian have considerable experience with electronic records. But many other hospitals have been slow to jump on board, as have doctors and patients. Only one in four doctors used electronic health records in 2005, according to a recent study by researchers at Massachusetts General Hospital and George Washington University, and fewer than 1 in 10 doctors used the technology for important tasks like prescribing drugs, ordering tests and making treatment decisions.

Cathy Schoen, a senior researcher at the Commonwealth Fund, a nonprofit foundation, said primary-care doctors in the United States were far less likely than doctors in other industrialized countries to use electronic records. In Britain, 89 percent of doctors use them, according to a recent report in the online edition of the journal Health Affairs; in the Netherlands, 98 percent do.

Technology experts have many explanations for the slow adoption of the technology in the United States, including the high initial cost of the equipment, difficulties in communicating among competing systems and fear of lawsuits against hospitals and doctors that share data.

But the toughest challenge may be a human one: acute public concern about security breaches and identity theft. Even when employers pay workers to set up computerized personal health records, many bridle, fearing private information will fall into the wrong hands and be used against them.

"When I talk to employees, the top concern they have is: 'What happens to my information? What about the Social Security numbers on my employee insurance, as well as the identity threat now appearing in health care?' " Harriett P. Pearson, I.B.M.'s chief privacy officer, said in a recent interview. "We have to be proactive about addressing privacy issues."

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Dr. J. Brent Pawlecki, associate medical director at Pitney Bowes, the business services company, said that people in the United States are most concerned that they could lose their health insurance, based on something in their health records. Pitney Bowes is weighing the pros and cons of electronic personal health records for its employees.

The worries are widely held. Most Americans say they are concerned that an employer might use their health insurance records to limit job opportunities, according to several surveys, including a recent one by the nonprofit Markle Foundation.

Some patients are so fearful that they make risky decisions about their health. One in eight respondents in a survey last fall by the California HealthCare Foundation said they had tried to hide a medical problem by using tactics like skipping a prescribed test or asking the doctor to "fudge a diagnosis."

Dr. Stephen J. Walsh, a psychiatrist and former president of the San Francisco Medical Society, said, "I see many patients who don't want any information about their seeing a psychiatrist on a record anywhere."

CONGRESS addressed some of these concerns in 1996, when it passed the Health Insurance Portability and Accountability Act. That made it a federal crime, albeit rarely punished, to disclose private medical information improperly.

But critics say that the law has some worrisome loopholes, that infractions are rarely prosecuted, and that violators have almost never been punished. The law, for example, lets company representatives review employees' medical records in order to process health insurance claims.

Critics say that it would not be unusual in some companies for the same supervisor to be in charge both of insurance claims and of hiring and firing decisions; this could allow companies to comb their ranks for people with expensive illnesses and find some reason to fire them as a way to keep health costs under control. Easily accessible computerized files would make the job that much easier, the critics say.

Joy L. Pritts, a health policy analyst at Georgetown University, said that in developing and promoting health information technology, the government seemed to assume that it could "tack on privacy protections later." But she warned: "That attitude can really backfire. If you don't have the trust of patients, they will withhold information and won't take advantage of the new system."

Executives can hire private tutors who specialize in teaching how to stay on the right side of the rules. But based on the experience so far, there is little chance that executives will be punished if they break them.

The Office for Civil Rights in the Department of Health and Human Services has received more than 22,000 complaints under the portability law since the federal privacy standards took effect in 2003; allegations of "impermissible disclosure" have been among the most common complaints. But the civil rights office has filed only three criminal cases and imposed no civil fines. Instead, it said, it has focused on educating violators about the law and encouraging them to obey it in the future.

With federal enforcement so weak, privacy advocates say they are also concerned about recent efforts in Congress to preempt state consumer protection laws. They often provide stronger privacy rights and remedies, particularly for information on H.I.V. infection, mental illness and other specific conditions.

State laws, unlike the federal law, have resulted in some stiff penalties. Last April, a California state appeals court approved a malpractice award of $291,000 to Nicholas Francies, a San Francisco restaurant manager, who lost his job after his doctor disclosed his H.I.V.-positive status in a worker's compensation notice to Mr. Francies's employer. He also got $160,000 from his employer in a settlement.

Dr. Deborah C. Peel, a psychiatrist and privacy advocate in Austin, Tex., has assembled a broad group called the Patient Privacy Rights Foundation, to lobby in Washington. Members span the political spectrum, from the American Civil Liberties Union and the U.S. Public Interest Research Group to the American Conservative Union and the Family Research Council.

Newt Gingrich, the Republican former House speaker, has called for "a 21st-century intelligent health system" based on electronic records. He also says individuals "must have the ability to control who can access their personal health information."

"People do have a legitimate right to control their records," said Mr. Gingrich, who has worked closely with Senator Hillary Rodham Clinton, Democrat of New York, on the issue of computerized records. On their own, they have also advocated strict rules to protect privacy.

Mr. Gingrich noted that the Senate had twice passed bills to prohibit discrimination based on personal genetic information; the House did not vote on them. Democrats say the outlook for such legislation will improve when they take control of Congress.

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EVEN without new federal laws to guide them, some companies have begun to encourage their employees to embrace electronic medical records. At Pitney Bowes, employees are paid a bonus if they store a copy of their personal health records on WebMD.com, the medical Web site.

"We haven't pushed that, except to make an offering," Dr. Pawlecki said. But for those without electronic records, he added, "any time you go to a different system or a different doctor, the chances are that your records will not be able to follow you." As a result, there is a risk of "harmful care," like drug interactions or side effects, he said, as well as risks of omitting needed care and conducting duplicate tests.

Pitney Bowes and WebMD Health are among a group of 25 companies meeting with Ms. Pearson of I.B.M. to develop a set of principles and best practices that she said would help persuade people that their employers really did not look at private information stored online.

Ms. Pearson's group is working with Janlori Goldman, director of the Health Privacy Project in Washington. Employers need to adopt standards for personal health records that address their workers' privacy, confidentiality and security concerns, Ms. Goldman said.

WebMD, which manages employees' health records for dozens of companies, had discussions earlier this year with Google, which is developing a Web site called Google Health, according to people familiar with the project. Google has not commented on its plans. But commenting generally on the issues, Adam Bosworth, the vice president for engineering at Google, said that privacy is a hurdle for technology companies addressing health care problems.

"There is a huge potential for technology to improve health care and reduce its cost," Mr. Bosworth said in a statement. "But companies that offer products and services must vigorously protect the privacy of users, or adoption of very useful new products and services will fail."

Even before the theft this year of a Veterans Affairs official's laptop that contained private medical records of 28 million people, a consumer survey found that repeated security breaches were raising concerns about the safety of personal health records.

About one in four people were aware of those earlier breaches, according to a national telephone survey of 1,000 adults last year for the California HealthCare Foundation. The margin of error was plus or minus 3 percentage points.

The survey, conducted by Forrester Research, also found that 52 percent were "very concerned" or "somewhat concerned" that insurance claims information might be used by an employer to limit their job opportunities.

The Markle survey, to be published this week, will report even greater worry — 56 percent were very concerned, 18 percent somewhat concerned — about abuse by employers. But despite their worries, the Markle respondents were eager to reap the benefits of Internet technology — for example, having easy access to their own health records.

Companies that have tried to use computers to increase the efficiency of medical care say their success has hinged on security. "The privacy piece was critical," said Al Rapp, corporate health care manager at United Parcel Service, which recently introduced a health care program built on computerizing the records of 80,000 nonunion employees.

U.P.S. offers to add $50 each to workers' flexible spending accounts if they agree to supply information for a personal "health risk appraisal." They can receive another $50 if spouses also participate. More than half accepted, Mr. Rapp said, with the understanding that the information would go to data archives at UnitedHealth Group and Aetna. "We are not involved in any way," he said, referring to U.P.S.'s managers.

Aetna and UnitedHealth combine these appraisals with each person's history of medical claims and prescription drug purchases. When the software signals a personal potential for costly conditions like diabetes, heart problems and asthma, an insurance company nurse, or health coach, telephones the employee with suggestions for preventive care and reminders for checkups, taking medications and the like.

"The employee can tell the nurse who calls that they don't want to participate," Mr. Rapp said. "Thus far, it has been very well accepted."

Last week, he said, the health coach reached out to the spouse of an employee after noting that her condition and weight suggested a potential risk for a heart attack.

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“She asked this person, ‘Are you taking your cholesterol medication, Lipitor?’ She said, ‘I won’t take Lipitor,’ ” and went on to mention the side effects she had read about on the Internet, Mr. Rapp said.

The nurse informed the woman’s doctor, who changed her prescription to a similar drug, Mr. Rapp said. He added that he was one of “a very few select people in the human resources department” who are permitted to see personal health records, under the federal privacy rules.

“I can see the names, to see the issues,” Mr. Rapp said. “I manage the program. I have responsibility for the success of the program.” But he added that he was prohibited under the law from sharing the employee’s data with other U.P.S. managers. “Generally speaking, U.P.S. would have no knowledge of it,” Mr. Rapp said.

Still, worries linger across the health care system. Hospital executives say that private investigators have often tried to bribe hospital employees to obtain medical records that might be useful in court cases, including battles over child custody, divorce, property ownership and inheritance.

But computer technology — the same systems that disseminate data at the click of a mouse — can also enhance security.

Mr. Liss, of NewYork-Presbyterian, said that when unauthorized people tried to gain access to electronic medical records, hospital computers were programmed to ask them to explain why they were seeking the information.

Moreover, Mr. Liss said, the computer warns electronic intruders: “Be aware that your user ID and password have been captured.”

Reality Check For Stem Cell Optimism (LAT)

By Mary Engel

The Los Angeles Times, December 3, 2006

The meeting was almost over when Roman Reed steered his wheelchair to the microphone.

On the table before him sat a 149-page book of budget charts and timetables, the first concrete outline of what California's voter-approved stem cell institute plans to accomplish in its 10-year lifespan.

"I want to thank you from the bottom of my heart," Reed said to the institute's staff and 29-member oversight board in October. "I promised my son that one day I would be able to walk, stand next to him and go hold my wife's hand. And seeing this road map to cures, I know that this will come true."

The room at Los Angeles' Luxe Hotel thundered with applause for the Fremont resident, who broke his neck while playing college football in 1994.

Despite the enthusiasm of Reed and his audience, the book offered no promise of a cure for his paralysis.

Two years after California voters authorized $3 billion in bonds to fund stem cell research, the institute created to oversee the enterprise has just begun what experts see as a long and slow scientific journey. Even with the $150-million state loan approved recently to kick-start work stalled by legal challenges, there are no breakthroughs in sight. Gone are the allusions to healing such afflictions as spinal cord injuries and Parkinson's and Alzheimer's diseases that dominated the 2004 campaign for Proposition 71. In fact, scientists say, there is no guarantee of cures — certainly not any time soon — from the measure that was optimistically titled the California Stem Cell Research and Cures Act.

Set for final approval at UC Irvine this week, the draft plan is clear: "It is unlikely that [the California Institute of Regenerative Medicine] will be able to fully develop stem cell therapy for routine clinical use during the 10 years of the plan."

Instead, the top goal is to establish, in principle, that a therapy developed from human embryonic stem cells can "restore function for at least one disease."

That would be only the first step toward persuading pharmaceutical or biotech companies to fund expanded clinical trials, a process that takes years and millions of dollars. Fewer than 20% of potential therapies that enter trials make it to market.

In addition, the institute hopes to have treatments for two to four more diseases in development within the decade.

"We picked a goal that we thought was realistic, that, with some luck, would be achieved," institute President Zach Hall said. "The field will go on beyond 10 years. We want to have a whole pipeline of things that are in movement."

Honesty appreciated

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Jesse Reynolds of the Oakland-based Center for Genetics and Society, a watchdog group that supports stem cell research but advocates better public accountability, called the goals "refreshingly honest."

"The Prop. 71 campaign went beyond the line of responsible political rhetoric," he said. "If there are therapies, they're decades out."

One TV ad, for instance, showed an unidentified young mother beside a child strapped in a wheelchair and breathing through a tube.

"I will vote 'yes' on Prop. 71, definitely," the woman said. "I believe that it's something that can cure spinal cord injuries."

State Senate Health Committee Chairwoman Deborah Ortiz (D-Sacramento), another research backer, was philosophical about the campaign's optimism.

"A campaign requires a message to be driven home," she said. "You can't raise those hopes and then say, 'Oh by the way, it may take us 10 or 15 years.' That's just the nature of campaigns."

California's attempt to cure diseases by referendum is unique. But touting dramatic cures in exchange for research dollars has become "the American way" of doing medical research, said Robert Blendon, professor of health policy and management at the Harvard School of Public Health.

The Nixon-era "war on cancer" suggested that a country that could put a man on the moon — in less than a decade — could surely find a cure within the same time frame. Now, Blendon said, "You can't just talk about investing in research without the equivalent of the trip to the moon."

Such campaigns appeal to an American public that expresses great faith in science but shows little understanding of the plodding nature of most scientific research. Blendon doesn't see downplaying the time frame as dishonest as long as the research truly holds potential.

Proposition 71 came about in response to President Bush's August 2001 mandate restricting federal funding to only a handful of human embryonic stem cell lines, prompted by moral concerns about destruction of embryos during such research. When the measure passed in November 2004, jubilant supporters had predicted that $350 million a year from bond sales would start flowing to scientists by May 2005.

The first reality check came in the form of lawsuits by taxpayer and antiabortion groups.

A loan from the state

Today, the bonds remain tied up in litigation, though stem cell institute officials are confident that an appellate court will uphold a favorable ruling from a Superior Court judge. To tide over the institute, Gov. Arnold Schwarzenegger in July promised a $150-million state loan. A state finance committee formally approved the loan Nov. 20, and the institute is gearing up to award its first research grants in January.

Even if researchers hit the ground running, the field is young and progress is likely to be slow. Scientists at the University of Wisconsin derived the first human embryonic stem cells just eight years ago, using donated embryos left over from in vitro fertilization clinics.

Dana Cody, executive director of Life Legal Defense Foundation, which represents two of the groups that sued, said the plan's modest ambitions are a sign that the initiative's promise was overblown.

"I just don't understand the fascination with embryonic stem cell research other than that it's something supported by Hollywood," said Cody, whose organization supports research using adult stem cells. "Even proponents say it's going to be years before any breakthroughs are made, if at all."

Those who support the research — especially those whose lives could depend on it — see the institute's plan through a lens of hope.

The science "is coming along fast, in my opinion," said John Ames, whose son David was diagnosed with amyotrophic lateral sclerosis, or Lou Gehrig's disease, four years ago. "I'm not trying to contradict the position of the strategic plan, but we have hope. We're going to win."

The life expectancy of someone diagnosed with the devastatingly progressive neuromuscular disease is three to five years.

"The thing that drives these individuals and their families is hope," said Christopher Thomas Scott, executive director of the Stanford Program on Stem Cells in Society. "Without that hope, it's very difficult to get yourself going."

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Joan Samuelson prefers to call it determination. The Napa Valley attorney founded the Parkinson's Action Network 18 years ago, two years after being diagnosed with early onset Parkinson's disease. She now sits on the institute's oversight board.

"I care deeply about how urgently we pursue the mission of Prop. 71," she said. "I wake up every day with a disorder that gets worse with the passage of time."

To Samuelson, the campaign was about potential. The institute's plan is about day-to-day implementation. They may sound different, she said, but they are steps toward the same goal.

"I read the realism, if you will, as a statement of the fact that this isn't going to be easy," she said. "Nothing great is easy."

Cells' unique ability

What makes embryonic stem cells unique — and so full of potential — is their ability to become any type of cell in the body.

Some researchers envision someday transplanting such cells into patients whose own cells have been damaged by injury or disease, with the hope that the transplanted cells develop into new spinal cord or pancreas cells. But scientists don't yet understand the cues that trigger an undifferentiated embryonic stem cell to become, say, an insulin-secreting pancreas cell.

The plan more accurately reflects what most scientists studying human embryonic stem cells are actually doing, at least in this early stage of the research: not so much curing a disease as studying it.

Scientists, for instance, can introduce the gene for Lou Gehrig's or Parkinson's into a human embryonic stem cell and unravel some of the mysteries of how such diseases develop. They can use such cells to quickly test thousands of drugs.

"What's happening even now is that human embryonic stem cells and their derivatives are being used for models for developing therapies," said Dr. Arnold Kriegstein, who runs the stem cell research program at UC San Francisco. "It allows us for the first time in a petri dish to have a human disease, not an animal disease. It brings us so much closer to coming up with a therapy that really will work."

Who knows? advocates say. Treatments — even cures — sometimes crop up unexpectedly.

Jeff Sheehy, who represents HIV and AIDS patients on the institute's citizen oversight board, tells the story of his friend Jeff Getty, who died in October of complications from AIDS. In 1995, Getty volunteered for a controversial bone marrow transplant from a baboon.

The transplant didn't take, but Getty, who had been near death, experienced a then-amazing remission that lasted more than 10 years. It turned out that the drugs used to prepare him for the transplant anticipated the antiretroviral cocktail that, a year later, would turn AIDS from a death sentence to an often manageable, chronic disease.

Similarly, Sheehy asked, if scientists fail to successfully transplant embryonic stem cells but along the way discover drugs or other treatments that work, wouldn't the research be considered a success?

"My thing is just not to get obsessed with what was presented in the campaign," Sheehy said. "Science is a very complex business. It's full of failure. It's full of opportunity. And failure often equals opportunity."

National Health Care? We're Halfway There (NYT)

By Daniel Gross

The New York Times, December 3, 2006

WHEN Democrats assume control of Congress next month, they may be dusting off some long-dormant proposals on how to deal with the growing disconnect between health insurance and employment. From 2000 to 2005, the proportion of workers aged 18 to 64 with employment-based health benefits fell to 70.6 percent from 74.5 percent, according to the Employee Benefits Research Institute. A record 46.6 million Americans lacked health insurance last year; of them, more than 82 percent lived in households headed by someone holding a job.

Any efforts to expand government's role in providing insurance will likely be opposed by the Bush administration, which says it opposes excessive direct government involvement in an industry that constitutes about 14 percent of the gross domestic product. Michael O. Leavitt , the secretary of health and human services, recently dismissed a proposal to have the government negotiate drug prices for the Medicare benefit, arguing that "it's a surrogate for a much larger issue, which is really government-run health care."

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While the administration may oppose government-run health care in principle, the government's role in the vast health industry has been expanding. By various measures, the United States is about halfway toward a system in which the government and taxpayers fully fund health care. And trends are pushing the government to become more involved each year.

Out of a total population of about 300 million, 35.6 million elderly Americans were on Medicare in 2005. Of the working-age population, which reached 257.8 million in 2005, some 45.5 million were covered by Medicare, Medicaid or military health programs, according to the benefits institute. An additional 18.2 million workers had health insurance through jobs in the public sector, which includes state, federal and local governments, public schools and state universities, according to Paul Fronstin, director of the institute's health research and education program. Millions of those workers' dependents are covered as well. Even if those dependents are not included in the tally, taxpayers paid the bill for almost two-fifths of all Americans with insurance in 2005.

But that's not the full extent of government and taxpayer involvement. Employer-provided health insurance premiums are a form of compensation, yet are not subject to federal payroll or income taxes and are exempt from many state and local taxes. Economists consider these exemptions a form of subsidy. Thomas M. Selden, economist at the federal Agency for Healthcare Research and Quality, estimates that the tax subsidy for employment-related coverage at $208.6 billion in 2006, or 35.4 percent of the amount spent on premiums.

"The tax subsidy is one of the largest public expenditures on health care," Mr. Selden said. In fiscal 2006, by comparison, spending on Medicare was $378.7 billion and federal spending on Medicaid was $180.6 billion.

Viewed strictly in terms of dollars and cents, the government already accounts for more than half of the nation's health care spending. Mining data from the National Health Expenditures Accounts, Mr. Selden found that public expenditures on health care — Medicare, Medicaid, military health care and federal employee benefits — accounted for $888 billion of the $1.96 trillion spent on health care in 2004. Adding in the aforementioned subsidies, and premiums paid for public-sector employees, the total comes to $1.2 trillion, or 61 percent.

Uwe E. Reinhardt, the James Madison professor of political economy at Princeton, suggests adding 5 percent for the federal mandate that hospitals provide free health care to the uninsured. "So government accounts for about two-thirds of health care spending," Mr. Reinhardt said.

The government spends money as if there were a national health insurance program. In 2004, government spending on health care equaled 9.6 percent of the gross domestic product, compared with 6.9 percent in Canada, which has a single-payer universal health care program, said David Himmelstein, associate professor of medicine at Harvard Medical School. And yet some significant components of federal support are not efficient methods of providing health insurance to the people who most need it. Higher-income workers are likely to have higher rates of coverage, higher premiums and higher taxes, all of which means that the tax break for compensation disproportionately helps the well-off.

"We're paying for national health insurance, but we're not getting it," Dr. Himmelstein added.

Taxpayers also don't get as much bang for their bucks because the government guarantees coverage for the elderly and the poor, groups that account for a disproportionately large amount of expenditures.

"A rough rule holds that private insurance covers two-thirds of the population and pays for only one-third of all health care," Mr. Reinhardt said.

THE raw figures may be worrisome, but the trends behind the data are clearly troubling. Despite five consecutive years of economic growth, the private sector has continued to reduce its role in providing insurance. As the population ages, the ranks of Medicare recipients grow. And if the price of health insurance keeps rising at a much faster rate than the average earnings of lower-income people, more and more of the working poor will be priced out of the market.

So even as politicians rail against the pernicious effects of government-run health care, taxpayers, one way or another, are likely to be footing more of the nation's huge and mounting medical bills.

Clinton's Talks With Democrats May Signal Bid For President (NYT)

By Patrick Healy

The New York Times, December 3, 2006

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Senator Hillary Rodham Clinton has begun a calculated series of meetings with top New York Democratic officials to signal that she is likely to run for the presidency in 2008 and to ask for their support if she does, according to one state Democratic official who spoke with her and two others who have been briefed on her plans.

Senator Clinton met last week with Charles B. Rangel, the dean of the New York Congressional delegation, in what her advisers said was an effort to meet with most New York Congressional Democrats by the end of this month to discuss her plans.

On Friday, she also spoke with Herman D. Farrell Jr., the chairman of the State Democratic Party, Mr. Farrell said, and she plans to meet with Governor-elect Eliot Spitzer as early as today. Mr. Farrell confirmed that Senator Clinton briefed him on her 2008 intentions; Mr. Rangel declined to describe their conversation.

Senator Clinton's outreach was disclosed and confirmed yesterday by three New York Democratic officials, all on condition of anonymity because they were not authorized by the Clinton camp to release the information. One of the officials said he was contacted by Senator Clinton directly about her plans. The two others said they were informed by senior Clinton advisers that she was entering a new phase of contacting officials to line up support for a possible presidential bid.

Her maneuvering comes at a time of growing speculation about a hard-fought contest for the Democratic presidential nomination between her and another possible hopeful, Senator Barack Obama of Illinois.

Mr. Obama's political profile has been rising as an antiwar Democrat who proved wildly popular on the campaign trail, aiding candidates in the 2006 elections. With Mr. Obama scheduled this month to visit New Hampshire, the site of the first presidential primary, some Clinton allies see him as the single biggest obstacle to her nomination.

There has been little doubt that Senator Clinton was likely to mount a presidential bid. Her discussion marks a new phase of her exploration, as she seeks to build a united bench of Democratic support in her home state and then reach out for support nationally from elected officials, major donors and allies of both her and her husband, former President Bill Clinton.

Asked yesterday evening about Senator Clinton's conversations with New York Democratic officials, a senior adviser, Howard Wolfson, said, "Senator Clinton made clear that after the election she would begin seriously considering a presidential run, and that process involves reaching out and talking to her colleagues."

Another top adviser to Senator Clinton described the conversations with elected officials in exchange for anonymity because the adviser did not want to be quoted talking about internal deliberations.

"The message is, 'Everybody keep their powder dry,' " the adviser said. "She is seriously looking at it. She's not making any decision yet."

The three Democratic officials said that Senator Clinton was strongly inclined to run for the presidency and was eager to do so, and that her outreach was an important new chapter that was likely to end with her declaration of a candidacy. The one Democrat who described his conversation with her said that Senator Clinton sounded enthusiastic and energized about undertaking a presidential campaign, and that she did not sound equivocal or unsure.

All three Democrats said the Clinton team was clearly moving ahead on a path to a candidacy; Senator Clinton was not seeking advice to make a decision on running, they said, but rather was lining up support so her candidacy was on the strongest possible footing.

While Senator Clinton, in her private conversations with Democrats, is not declaring her candidacy, her outreach is significant because so little had been known until now about her true intentions. And she has been coy at times about whether she would run.

Lengthy magazine articles have speculated about a possible Clinton candidacy, but only now has she taken the affirmative step of asking key officials to support her if she does run.

Such signals, in the political world, are generally interpreted as a sign that a well-positioned politician like Senator Clinton is going to run, barring an unforeseen event or change of heart.

The meetings and telephone calls have involved only Senator Clinton and the elected officials, and not their staffs.

Mr. Rangel, who was instrumental in first recruiting Senator Clinton to run for Senate in 2000, said the two of them had breakfast in New York on Wednesday and discussed her plans.

Mr. Farrell said he received a telephone call directly from her. "I had a discussion with her about her decision to run for president — I'm not telling you what the decision was, only that we had the discussion," he said in an interview yesterday.

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He did note that he has been encouraging Senator Clinton to run, and that her news pleased him.

"And I'm positive that if she runs, the people of the United States will elect her as our next president," Mr. Farrell said.

Other Democratic elected officials, who spoke on condition of anonymity because the Clinton camp has asked them to stay silent, said that Senator Clinton had spent the past week calling allies to describe her plans and her thinking. Somewhat conspicuously, Senator Clinton had no schedule of public events last week, instead holing up at her homes in Washington and in Chappaqua, N.Y., and in private meetings.

Allies of Senator Clinton say that she wants to run for the White House but is weighing whether she can in fact become the first woman to win the presidency. Her advisers appear confident that Senator Clinton could build the sort of broad support among Democrats, independents and women that she had this fall in her landslide re-election victory in New York.

Yet Senator Clinton remains a highly divisive figure for many Americans from her eight years as first lady, her leading role in the failed effort to overhaul the nation's health care system, and the multiple investigations of her husband's administration.

Public polls indicate that Senator Clinton would be the front-runner for the Democratic nomination, were she to run, but they also suggest that a majority of Democrats would prefer to support other party figures — Mr. Obama, former Vice President Al Gore or former United States Senator John Edwards.

Democrats familiar with Senator Clinton's strategy said she had planned to brief New York officials first and then reach out to national party leaders. These Democrats emphasized that she was not declaring her candidacy for the presidency, but they also said that she was expected to become more definitive in her comments about her intentions by the start of the new year.

Senator Clinton also planned to speak with, or had already spoken with, Assembly Speaker Sheldon Silver and other members of the Congressional delegation. Senator Charles E. Schumer, Senator Clinton's Democratic colleague, could not be reached for comment through his spokeswoman last night.

The senior Clinton adviser who spoke on condition of anonymity noted that the Clinton camp, with the political and financial assets accrued during Mr. Clinton's presidency and Senator Clinton's own career, was a powerful political force that did not have to hew to any timetable. At the same time, the adviser acknowledged, she cannot wait too long to assemble a campaign operation.

"She can relax through the holidays and into the beginning of next year," the adviser said. "But beginning of next year, she and everybody else who is thinking about this has to start signaling that you are serious. At some point, you have to start locking down political operatives."

Senator Clinton has also kept her political operation well tuned, with a veteran staff of aides and advisers on hand and more than $10 million left in the bank from her 2006 re-election campaign.

Edwards, Clark Carry Debt From Unsuccessful 2004 White House Bids (AP)

AP, December 2, 2006

NEW YORK (AP) — Democrats John Edwards and Wesley Clark have debts of several hundred thousand dollars from their unsuccessful White House bids in 2004, a burden as they consider presidential runs in 2008.

Edwards, the 2004 Democratic vice presidential nominee, had about $2,200 in his campaign account at the end of September and more than $300,000 in unpaid bills from his failed campaign for his party's nomination.

Clark, who has said he will decide in the next few months whether to run again, had about $390,000 left from the last campaign and debts totaling more than $260,000.

According to the Federal Election Commission, candidates are not obligated to pay off debts from a past presidential campaign before starting a new one.

In the case of Edwards and Clark, their 2004 committees will stay open until the debts are retired, but the men are free to begin fundraising for 2008.

Federal law does prohibit them from rolling whatever is left in their 2004 accounts into a 2008 campaign until outstanding bills are paid.

"The campaign wouldn't be able to transfer any assets to a new committee before the debt is retired," said Michelle Ryan, a spokeswoman for the Federal Election Commission.

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It is not uncommon for losing political campaigns to delay paying their bills or sometimes default on payments entirely. But the notion that Edwards and Clark may run again has angered some of their unpaid 2004 vendors, many of whom run relatively small operations with tight cash flow.

"We'd like to be paid and since Clark is considering running for president again, we hope he'd pay us before the next campaign," said Marty Stone of Stones' Phones, which runs political telephone banks and is owed $10,000.

Both the Edwards and Clark campaigns insist they are waiting for the outcome of a federal audit before retiring their debts. Legally, presidential campaigns that receive federal matching funds are subject to audit by the FEC — a process that can take many years.

"The campaign decided to halt payments and keep a positive balance of cash in reserve just in case there are penalties to be paid once the FEC review is complete. At that time the cash will be expended to satisfy these debts," said Erick Mullen, a spokesman for WesPAC, Clark's political committee.

Edwards, generally considered part of the top tier of potential Democratic presidential contenders, is in a significantly weaker financial position than several other leading hopefuls.

New York Sen. Hillary Rodham Clinton, Indiana Sen. Evan Bayh, and Massachusetts Sen. John Kerry, the Democrats' 2004 presidential nominee, each has more than $10 million in their political accounts.

Edwards, the former North Carolina senator, owes $200,000 to a Washington law firm and $64,000 to David Axelrod, a Chicago-based media consultant.

"Campaigns are not businesses. They end abruptly," Axelrod said. "We've been working with them to reconcile the books."

The Clark campaign owed money to nearly two dozen creditors, including $38,500 to pollster Geoff Garin and nearly $19,000 to a Little Rock, Arkansas-based accounting firm.

Separately, Edwards raised more than $2.4 million for the One America Committee, his political action committee formed to fight poverty and promote Democratic candidates in the recent elections. The committee ended the 2006 campaign season with just $23,000 in the bank. Clark raised about $877,000 for WesPAC, his political action committee, and had $49,000 left.

Money from PACs, however, cannot be transferred to presidential campaign committees.

Other would-be presidential contenders over the years have found themselves hamstrung in campaign debt. Former Ohio Democratic Sen. John Glenn took years to pay off $3 million in debt from his failed 1984 presidential campaign.

A Rarity: No Lone Star Candidates In 2008 Presidential Race (COX)

By Ken Herman

Cox News Service, December 2, 2006

WASHINGTON — There's a Texas-sized hole in the crowded field of candidates hanging around the starting line for the 2008 presidential nominations.

The hole? No Texans.

Depending on how and who you count, there are 24 potential candidates, including three from New York and two each from Arkansas and Massachusetts.

Even Delaware, South Dakota and New Mexico have one apiece.

Texas, the Land of the Big Ego, has none, zilch, nada.

Depending again on how you count, 2008 could be the first time in a third- or a half-century in which there might not be a Texan involved in the presidential race.

And Texans are used to having one of their kind not only in the race for the White House but actually in the White House. When President Bush leaves office in 2009, a Texan will have served as president (if you count Dwight Eisenhower, born in Texas, raised in Kansas) or vice president for 36 of the previous 56 years.

Why no Texans in 2008? Nothing personal against the state, observers say, noting instead that Texas, for once, is short on candidates of presidential caliber.

"I don't think it's anti-Texan," Texas A&M political scientist George Edwards said of the absence of home state contenders. "It's more about not having the right people."

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None of the state's top three elected Republicans (Gov. Rick Perry, Sens. Kay Bailey Hutchison and John Cornyn) are potential 2008 presidential contenders. Hutchison, however, gets mentions as a potential vice presidential candidate, especially if the Democrats nominate New York Sen. Hillary Rodham Clinton and the GOP feels pressured to put a woman on the ticket.

Hutchison could be a tough sell to the GOP's social conservative base because of her support for abortion rights before a fetus is viable outside the womb.

Some of Perry's aides like to see his name added when vice presidential speculation percolates, but that's about as far as that discussion goes.

"The governor is not an impressive figure," said Edwards.

On the other side, there hasn't been serious speculation about a Texas Democrat on a national ticket since the late Lloyd Bentsen did time as Michael Dukakis' running mate in 1988. A Texas Democrat has not won a statewide race since 1994.

The fact that Texas lacks a candidate ready for a presidential race might be fortuitous because the nation probably is not ready for back-to-back Texans in the White House.

"Everyone assumes that there will never be two Texans in a row in the White House," said David Beckwith, a Cornyn aide and longtime GOP political operative who once worked for Vice President Quayle. "So in all likelihood it would be a non-starter even if someone was running."

The last state to have back-to-back presidents was New York, with Chester Allen Arthur elected 1880 and Grover Cleveland in 1884.

Political scientist Edwards, a professor at Texas A&M's Bush School of Government and Public Service, believes the specific Texan now in the White House would be a negative for any Texan who ran in 2008.

"Any association with Bush is not likely to be helpful, certainly in a general election," Edwards said in a nod to Bush's low favorability ratings.

In New Hampshire, a state that prides itself on its pivotal role in picking presidents, veteran GOP operative Tom Rath does not sense any anti-Texan sentiment after six years of Bush, who ran a poor second to Arizona Sen. John McCain in the 2000 GOP primary in the Granite State.

"I don't think it has anything to do with Texas," said Rath, a senior adviser to Massachusetts Gov. Mitt Romney's presidential campaign. "There were those days when there were signs in Texas that said, 'Drive fast. Freeze a Yankee.' Those regional differences have gone away now. We're pretty cosmopolitan here in acceptance of people from all over the country."

The lack of a Texas contender?

"I don't see anything inherently off the mark about Texas other than that in their gestation of candidates they don't have one that's as fully developed" as Bush and other Texans have been, Rath said.

"There's not a New Hampshire person either," he added about the 2008 field. "We haven't has one since Franklin Pierce."

Beckwith, a native of Washington state, acknowledged that the Texas mystique has its upside and downside.

"People are proud to say they are from Texas, and it conjures up an image," he said. "If you say, 'I'm from Illinois,' it conjures up almost nothing. Though I'm sure that periodically the happiness people have in identifying themselves as Texans wears on other people."

Democrats Face A Tough Job, Leader Says (NYT)

By Jeff Zeleny

The New York Times, December 3, 2006

WASHINGTON, Dec. 2 — The Democratic National Committee chairman, Howard Dean, warned party leaders on Saturday not to revel too long in the victories from last month's midterm elections or treat their Congressional majorities as a permanent directive from voters.

"The other party made mistakes in the past claiming that elections are mandates," Mr. Dean said. "Elections are not mandates. The voters of this country loaned the Democrats the power of the country for two years. Now it's our job to earn it back again."

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In a speech to the party's executive committee here, Mr. Dean said "governing is more difficult than campaigning," and declared that Democrats must not squander opportunities to keep building the party. The modest gains winning over evangelical voters, he said, should be strengthened by asserting that "moral values are an important part of foreign policy."

"If George Bush made any single huge mistake," Mr. Dean said, "it's that he thought he could be president by being president for half of America and by treating the rest of us with contempt. That is not a mistake I ever want Democrats to make."

In the celebratory aftermath of the November elections, Democrats have rushed to seize credit for winning control of the House, the Senate and the majority of governor's offices. But despite the jubilation, many longtime party leaders have criticized Mr. Dean's 50-state strategy, saying Democrats could have won even more seats had he not dispatched money and personnel to states that typically favor Republicans.

"Everybody had a huge contribution to make — including some of the participants in all the feuding that was going on," Mr. Dean told reporters. To make his point on Saturday, Mr. Dean invited two newly elected members of the House to address the gathering of a few dozen party officials. The representatives-elect, Tim Walz of Minnesota and Nancy Boyda of Kansas, said they defeated Republican incumbents with the help of Mr. Dean's on-the-ground strategy to reorganize and rebuild the party.

In an interview, Ms. Boyda said it was time to look forward. She said that she and the other Democrats who defeated Republican candidates would face a difficult burden winning re-election if the party did not follow through on pledges made in the midterm elections.

"My personal concern is that the presidential campaign is going to dominate the conversation," Ms. Boyda said. "If that happens and Democrats can't get anything done, we will get kicked out of office just as fast as the Republicans."

Democratic Chairman Says Party Must Show Results (AP)

By Will Lester

AP, December 2, 2006

WASHINGTON — Democrats face a challenge defending their gains in the 2006 congressional elections because "now it's what we do and not what we say," national chairman Howard Dean told party leaders.

Dean told members of the Democratic Party's executive committee on Saturday: "Governing is more difficult than campaigning" — noting the big job the Democrats will face when they take control of Congress in January.

Also on Saturday, a Democratic National Committee rules panel gave preliminary approval to a plan to give bonus delegates to states that hold their presidential contests in April 2008 or later. That plan is intended to discourage states from jamming up the early weeks of presidential voting by moving their contests up.

Democrats, who will take control of both the House and the Senate, have outlined an agenda that includes overhauling ethics, raising the minimum wage and making college more affordable.

Dean said Democrats must prove to people in conservative and swing districts that they can earn the voters' trust.

"Elections are not mandates. Elections are power being loaned to politicians for a two-year period by the voters of this country," Dean said. "Now it's our job to earn it back again in '08." The next presidential vote is in November 2008.

That approach is critical if Democrats are to build on their majority in Congress and retake the White House, said Dean, who said Democrats did well in November because they appealed to all types of voters.

"George Bush made a huge mistake by representing half of America, while treating the rest of us with contempt," Dean said. "We need to reach out to everybody whether they agree with us or not."

Republicans said they will be watching Democrats closely.

"We have already learned the Democrat agenda of raising taxes and surrendering key fronts in the war on terror," said Republican National Committee spokesman Danny Diaz. "Republicans over the next two years will focus on holding Democrats accountable and recommitting to reforms that deliver for hardworking families."

Dean said he was pleased that Democrats drew more support than in the past from "faith voters." Democrats gained among religious voters, including those considered evangelical Christians, because they talked about their values and competed in all parts of the country, Dean said.

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Members of the Democrats' rules panel gave preliminary approval to an incentive system of bonus delegates to the party's national convention to persuade states not to move their presidential nominating contents too early in the 2008 calendar.

The idea is to discourage jamming the primary calendar after moving up Nevada and South Carolina into the first wave of contests to increase diversity in voting. The full Democratic National Committee will consider the bonus plan at their winter meeting in Washington.

Jim Roosevelt, co-chair of the rules panel, said the incentive plan could cause enough big states to hold contests later and keep the presidential competition going until late spring. Some states are already mulling moving their contests up, however.

Two Democrats who defeated Republican incumbents in House races this year told Democratic leaders that the party's commitment to candidates around the country was crucial.

"We have to quit seeing these things as David and Goliath fights and start seeing them as opportunities," said Tim Walz, a high school geography teacher who beat Republican Congressman Gil Gutknecht in Minnesota. "We have the opportunity to extend this to policy and in two years we can extend our majority. There was no controversy to how this was done. It was a great use of resources."

Nancy Boyda, who defeated Republican Congressman Jim Ryun in Kansas, said, "The difference in organization and execution (between the two parties) was so marked, it was startling."

Dean dismissed his critics within the party, who had said his 50-state strategy wouldn't work.

"I think the best thing to do is say 'Look we won,'" he said "Everybody had a huge contribution to make, including some of the participants in all the feuding that was going on."

Denver Tries To Sell New Look To Democrats (NYT)

By Kirk Johnson

The New York Times, December 3, 2006

DENVER, Dec. 2 — In the competition between Denver and New York City to play host to the Democratic Party's presidential nominating convention in 2008, Denver officials readily admit to being the new kids on the block.

New York, they say, has advantages in fund-raising, experience in running national conventions and a track record of success for the Democrats. The last two Democratic presidents, Jimmy Carter in 1976 and Bill Clinton in 1992, both strode onto the big stage in New York. Denver last held a convention in 1908, and the nominee, William Jennings Bryan, a Democrat, was trounced by William Howard Taft.

But if Denver prevails this time — a decision is expected by the end of the year — party members from around the country say it will probably be by virtue of a polished and highly organized effort to turn the city's lemons into lemonade. A new location, Denver's convention-bid organizers have argued to the party hierarchy, is precisely what the Democrats need.

The Rocky Mountain West, they say, is competitive politically and could decide the next presidency, with ranks of disaffected Republicans ripe for the picking and resurgent Democrats ready to be mobilized.

New and newly empowered Democrats across the region, like Senator Harry Reid of Nevada, who vaulted to majority leader with last month's election, and Senator-elect Jon Tester of Montana, whose election helped swing the chamber, have been enlisted to cheer for Denver as well. A Western convention, they say, would bring recognition to a part of the country long taken for granted as the parties focused on the Midwest and the South.

Some political experts question whether the traditionally Republican West is really up for grabs. Frustration with the Iraq war and the big budget deficits run up by Republicans in Washington in recent years, they say, may have made the Democrats a temporary fling for Western voters in the last few elections rather than a permanent love.

And New York has some powerful allies, including both its Democratic senators, Charles E. Schumer and Hillary Rodham Clinton. Mrs. Clinton has said she favors the city because it is the best choice for the party and the economy of her state, not because it might be a nice place for a nomination. Technical issues, including transportation, security and the size of the hotels will weigh heavily on the decision too, and could come down in New York's favor.

But party members across the country say that there is no doubt that Denver has hit on a potent combination of economic development goals and political ambition. A convention with 30,000 eating, drinking, hotel-room-using Democratic partiers and

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journalists would inject perhaps $160 million into the local economy, organizers say, and at the same time crown the city as an unquestioned capital of the interior West — and the two goals are in sync.

"A convention can provide a stage to introduce the nominee in a way that gets the country's attention and tells a story," said Debbie Willhite, a longtime Democratic strategist who came here earlier this year to run Denver's bid as executive director. "And the networks can't come in here without showing the broad plains and Rocky Mountains — that's a very big stage."

A spokeswoman for the Democratic National Committee, Karen Finney, said the final decision would be based on many factors.

"Logistics, fund-raising, the political questions — these are all factors that go into the decision, all of which are important," Ms. Finney said. "Our end goal is to have the best convention possible."

Money is probably Denver's biggest hurdle. Running a national political convention costs about $80 million, of which the host city must raise about $55 million. Denver bid officials believe they are close to that, including more than $12.5 million in cash and in-kind corporate donations just this week, and $5 million to $10 million more that Democratic governors in nearby states have said they could draw from local contributors.

Party members say that last month's election probably bolstered Denver's hopes by underscoring the political argument about a Western realignment and thus making it easier to raise money.

Democrats made gains in Montana, in Mr. Tester's election, and here in Colorado, where the election of Bill Ritter as governor put Democrats in charge of the executive and legislative branches of state government for the first time since 1960. The state's junior senator, Ken Salazar, a Democrat who was elected in 2004, has also become a standard-bearer for Hispanic voters, especially in the Southwest.

"It would be a mistake to have it in New York," Mr. Salazar said. "The Rocky Mountain West and the Southwest are key parts of the new direction for the Democratic Party, so if it's just on the merits, there's no question that it should be held in Denver."

Not too surprisingly, Mr. Schumer disagreed. "The West is an important region," he said. I wouldn't deny that. But we ought to have the city that's best for the convention, and I think New York is it."

Troopers Can Arrest Illegal Immigrants In Romney Deal (BOS)

By Michael Levenson, Jonathan Saltzman

The Boston Globe, December 3, 2006

Governor Mitt Romney has reached an agreement with federal authorities that allows the Massachusetts State Police to arrest immigrants who are in the state illegally, his spokesman said.

Currently, state troopers have no power to detain people for violations of their immigration status alone, said the spokesman, Eric Fehrnstrom. If troopers stop people who they suspect are illegal immigrants, they can call a US Immigration and Customs Enforcement office in Vermont to check on their status and detain them if federal officials request it, he said.

Under the deal, brokered after months of negotiations, troopers can detain people they determine are illegal immigrants during regular police duties, Fehrnstrom said. This authority will be given to two dozen or three dozen troopers who undergo 4 1/2 weeks of training in immigration laws, civil rights, and ways to avoid racial profiling, he said. The troopers will probably be members of special units that pursue violent fugitives or combat street gangs.

Ferhnstrom said the troopers would not go on patrols aimed at rounding up illegal immigrants. But they will be able to arrest, for example, a motorist they stop for a broken tail light if they determine the motorist has violated immigration law. Fehrnstrom, speaking Friday, said the pact would be announced publicly this week. He declined to provide more details yesterday.

Immigration advocates and civil libertarians blasted the agreement yesterday, saying it would lead to racial profiling and foster mistrust of the police in communities with large numbers of immigrants. The deal, reached in the final days of Romney's administration, also sets up a potential conflict with Governor-elect Deval L. Patrick, who has expressed strong opposition to granting the State Police such powers.

Through a spokesman, Patrick declined to say yesterday whether he might rescind the agreement when he takes office in January.

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"This is another last-minute move by Governor Romney that is more about his presidential campaign than about sound public policy for the people of Massachusetts," said Richard Chacon, Patrick's spokesman. "The last election showed that people can tell the difference between the two."

During the campaign, Patrick dismissed as a political gimmick the idea of granting State Police such powers.

"I think the State Police has a lot to do already right now . . . and I think asking the State Police to take on a federal responsibility is not their job," Patrick said on WGBH-TV in June. In September, he told the Globe a "more constructive" approach would be to support federal legislation proposed by US senators John McCain and Edward M. Kennedy that would toughen border enforcement and allow some illegal immigrants to apply for legal status.

Romney's new agreement with Immigration and Customs Enforcement comes at a sensitive time for the governor, who has been sharpening his views on immigration as he prepares a probable run for the presidency in 2008. In September, Romney told Fox TV's "The O'Reilly Factor" that the border must be secured, and affirmed his support for the construction of a fence along the Mexican border.

Last week, however, the Globe reported that illegal immigrants had maintained the grounds around Romney's home in Belmont, as workers for a lawn service company Romney had employed. Romney said after the report that he had dealt only with the owner of the company, Ricardo Saenz, a legal immigrant from Colombia.

In approving the new powers for State Police troopers, Massachusetts joins a handful of states and localities that have entered into such pacts since they were first authorized in 1996. The list includes Florida, Alabama, and a few counties in California and North Carolina, where a limited number of officers have been trained to enforce immigration laws.

Ali Noorani , executive director of the Massachusetts Immigrant and Refugee Advocacy Coalition, yesterday called the pact a "gross mismanagement of public safety resources."

"Now, if you look or sound like an immigrant and are pulled over for any type of minor infraction, you're going to be profiled; there's no way around that," Noorani said. "This will have an incredibly chilling effect on the relationship between all law enforcement -- whether it's Boston police or State Police -- and the immigrant community. Most people don't see the difference between a state trooper and a local officer. A cop is a cop."

State Senator Jarrett T. Barrios , a Cambridge Democrat who is cochairman of the Public Safety and Homeland Security Committee, predicted the plan would add millions to the costs to train troopers and to jail detainees. He said the deal seemed calculated to help Romney's presidential ambitions.

In June, when Romney announced he was seeking the deal, he said it would give the State Police a way of "finding and detaining illegal aliens in the ordinary course of business."

Noorani made clear that Patrick would face pressure to rescind the pact. "Patrick was very strong and steadfast in his opposition to this," Noorani said. "We hope that one of his first actions as governor is to terminate this and restore the Commonwealth's public safety."

Fundraising Beat Goes On For Gov. (LAT)

By Peter Nicholas

The Los Angeles Times, December 3, 2006

SACRAMENTO — Reelection is behind him, but Gov. Arnold Schwarzenegger is keeping his fundraising operation at full throttle, asking donors to pay for a stylish inauguration and seeing to it that he continues to fly private jets and stage public appearances worthy of a Hollywood celebrity.

The governor's political team has approached Chevron Corp., PG&E, Blue Cross of California, AT&T and other businesses, asking for tens of thousands of dollars to pay for a two-day celebration surrounding his Jan. 5 inauguration.

As a newly elected governor taking office in 2003 amid a fiscal crisis, Schwarzenegger staged a relatively modest inauguration. But with the economy improving, his aides said a more festive event is in order. The occasion even has its own "executive producer" — Carl Bendix, a friend of California First Lady Maria Shriver.

A copy of the invitation shows that for $50,000, donors can purchase a "gold" sponsorship that includes 10 tickets to a reception Jan. 4, four reserved seats for the inaugural ceremony the next day and a table for 10 at a legislative luncheon.

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"Silver" sponsorship is $15,000 and buys a pair of tickets to the reception, two for the swearing-in and two for the luncheon, among other perks.

The money goes to a nonprofit committee that can take donations of any size.

At the same time, Schwarzenegger is taking advantage of a new fundraising law he signed three months ago meant for politicians like himself who, for the time being, don't have another race to run. His attorneys have set up a special "office holder" account that allows him to collect up to $200,000 a year for assorted expenses (though not for a political campaign); donors can give $20,000 apiece per year.

As a lame duck, Schwarzenegger is barred from raising money through a reelection fund and wants the new account to underwrite the professional-quality lighting and sound, private air travel and satellite feeds that are fixtures of his operation, aides said. Contributions to the fund must be publicly disclosed.

Another political account is devoted to what Schwarzenegger's aides call "legislative advocacy." If the governor wants to travel around the state urging passage of a particular bill, he intends to use that fund to cover the costs, aides said. Donors must be disclosed.

The fund is not new; the governor has used it to wage ballot campaigns. But he sees less need for that in his second term and plans to use the fund to push his legislative agenda.

The fundraising drive comes as the Schwarzenegger administration is setting a second-term agenda being watched closely by some of the companies paying into the governor's accounts.

One of Schwarzenegger's priorities in the next term, for example, is implementing a new law meant to curb emissions that contribute to global warming. Chevron and other energy companies that must comply with the law have a stake in how it is put into effect.

Campaign watchdog groups said the officeholder account in particular, with its $200,000 threshold, amounts to another vehicle for donors to influence the governor.

"It's designed to enable officeholders to get money from people who want something from them," said Robert Stern, president of the nonpartisan Center for Governmental Studies in Los Angeles and former general counsel to the state's Fair Political Practices Commission.

"I have no problem with a limited officeholder account," Stern said. "But $200,000 is way too high. They are … taking advantage of people coming before them."

The bill authorizing such accounts languished in the Legislature for a year. At midnight in the final hours of the last legislative session, the measure, by Sen. Kevin Murray (D-Culver City), was revived and passed. The governor signed it Sept. 29.

As Schwarzenegger bolsters his fundraising, aides insist he wants to make campaign finance reform part of his 2007 agenda. One idea the governor is considering is a ban on fundraising in the months when state officials are negotiating a new budget, the aides said.

Schwarzenegger, who has raised a record-setting $114 million since jumping into the recall campaign in 2003, has not embraced proposals that would lower caps on what politicians can accept.

"The governor has always said that the issue is stopping the practice of money in, favors out," said Schwarzenegger's communications director, Adam Mendelsohn.

Organizers of the governor's inauguration say they do not yet know how much the events will cost; activities are still being planned. But the invitation that went to donors mentions a reception for sponsors at the California Museum for History, Women and the Arts; the legislative luncheon in the Capitol rotunda; and a party in the ballroom of the Sacramento Convention Center the night of the inauguration.

The centerpiece is the swearing-in, set for 11 a.m. at Sacramento's Memorial Auditorium.

Writing the governor's speech for the occasion is Landon Parvin, who also worked for President Reagan. Schwarzenegger will use the forum to lay out a long-term vision for the state, Mendelsohn said.

He will talk about "how he will spend his final term building the California for 20 years from now that he wants for the people of this state," according to Mendelsohn.

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So far, Southern California Edison has pledged $15,000 for the inaugural events. PG&E, Chevron and AT&T have said they will probably help. Schwarzenegger aides said that although they're not required by law to reveal the names of donors, they will do so voluntarily on the governor's campaign website: http://www.joinarnold.com .

Other parts of the fundraising apparatus are murkier.

A nonprofit jobs commission that underwrites some of the governor's public events here and abroad also raises money from California businesses. The group last disclosed contributors more than a year ago.

Mark Mosher, acting executive director of the commission, said donors would be revealed at an unspecified date "in the future, on a timeline that works for our accountants."

Mosher is principal of a San Francisco consulting and lobbying firm, whose website says that "when you need a decision or vote to go your way, [the company] can get you direct access to the decision-makers."

A special nonprofit residence foundation pays for Schwarzenegger's 1,800-square-foot hotel suite at the Hyatt Regency, across the street from the Capitol. George Kieffer, president of the foundation, said the group has raised $90,500 over the last year from 14 individuals and companies. Donors' identities may remain secret by law.

Kieffer disclosed their names voluntarily. They include Lowe Enterprises, a Los Angeles real estate firm; Herzog Contracting Corp., a Missouri construction contractor with offices in California; and Mercury Air Group Inc., a Los Angeles aviation services firm. Kieffer's list did not say how much each donor gave.

With money coming in from so many sources, and with no uniform method for disclosing donations, it is hard for people to keep track of who is supporting Schwarzenegger and whether they're profiting from the relationship, watchdog groups said.

Sheila Krumholz, acting executive director of the Center for Responsive Politics in Washington, D.C., said Schwarzenegger "should be credited with disclosing donors" to his inauguration fund.

But she added: "Providing lots of additional avenues for donors to seek access and influence makes it difficult for voters to understand the facts behind how policy is decided. It's important that this information be made available so that you can draw the most accurate conclusions about how policy is formed."

Md. GOP Urged To Stick Together (WT)

By S.A. Miller

The Washington Times, December 3, 2006

ANNAPOLIS -- Maryland Gov. Robert L. Ehrlich Jr. called for Republican unity yesterday at the state convention, where the selection of party chairman revealed divisions within the party after last month's widespread election defeats.

"The hard left is in firm control of the state, and we don't have the votes to stop them," Mr. Ehrlich told party leaders in a ballroom at the Doubletree Hotel in Annapolis. "That's not the fate of Maryland in the long term. It's just where we are today."

His remarks were more upbeat than those he made earlier in the day during his last appearance on the "Stateline" program on WBAL-AM radio in Baltimore.

"You just have to ask yourself a really frank, blunt question: Do your views really comport with the majority views in the state of Maryland?" he said. "In this case, clearly at this time, the answer is no, because we got fired."

Mr. Ehrlich also predicted that legislation to legalize slot-machine gambling -- one of his chief goals rejected by Democratic lawmakers -- will pass the General Assembly either next year or in 2008, but that it likely would be tied to a package of tax increases.

"We hear about a graduated income tax," he said. "Given the philosophical foundation of the folks coming into office, that would not surprise me at all. A cigarette tax, potentially a sales tax and, I guess, a gas tax is also being floated. It's various sin taxes wrapped with a slots bill."

Mr. Ehrlich also said party members should not "whine" or play "Monday-morning quarterback" about election losses that restored Democrats almost complete control of state government in Maryland, where they outnumber Republicans nearly 2 to 1.

Mr. Ehrlich, the state's first Republican governor in 36 years, said his party must continue to engage the Democrats in political debate and point out the successes of his administration, including turning an inherited $4 billion deficit into a $2 billion surplus without raising state sales or income taxes.

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He lost re-election to Gov.-elect Martin O'Malley, a Democrat.

Mr. Ehrlich also urged party leaders to be "disciplined and loyal."

"Our party leaders must be respected and supported ... in order to accomplish what we need to accomplish over the next two years," he said.

The governor's remarks followed the election of a party chairman, in which Dr. Jim Pelura, an ally of outgoing Republican officials, beat political upstart John White, who blamed current party leaders for the election losses and advocated retooling the organization.

Mr. White, who last month lost the race for the 3rd Congressional District seat by a large margin to Democrat John P. Sarbanes, said the 70 votes he received for chairman out of the 204 votes cast by central committee members reflected "a desire for change within the party."

After the election, Dr. Pelura told the convention that it was "wonderful to see [different] opinions."

"We are a group now that will work together and see that we are back in the State House in 2011," said Dr. Pelura, a Davidsonville veterinarian who served as state chairman for President Bush's 2004 campaign and as the Anne Arundel County chairman for Mr. Ehrlich's 2006 campaign.

Lt. Gov. Michael S. Steele, a Republican who lost the U.S. Senate race but is the early favorite of party leaders for a 2010 gubernatorial run, also addressed the convention.

"When I walk in this room, I don't see losers," he said. "I don't see quitters. I see the Maryland Republican Party: strong, viable, energized, excited and relevant, very relevant."

Mr. Steele, who actively supported Dr. Pelura in the chairman contest, said he was "excited to work with the new leadership."

Mr. Ehrlich told the convention that party members faced an uphill battle to regain political power and that fundraising would become more difficult.

However, the governor said, he has given the party a foothold by advancing an agenda that included policies not traditionally associated with Republicans, such as focusing on environmental protection, education and transportation. "That is progress at the policy level that people have paid attention to," he said.

On the radio, Mr. Ehrlich said the failure to legalize slots was one of the two biggest disappointments of his term. The other, he said, was "the failure to pass structural reform with respect to medical malpractice [insurance]." The General Assembly imposed a premium tax on HMOs to help reduce the cost of malpractice insurance in 2005, overriding Mr. Ehrlich's veto.

The Reliable Source (WP)

By Amy Argetsinger, Roxanne Roberts

The Washington Post, December 3, 2006

The Governor Cops a Role on 'The Wire'

Bob Ehrlich hasn't said yet what he'll do after he leaves the Maryland governor's mansion next month -- but we hear he looks hot in a state trooper's uniform.

See for yourself. Tonight, HBO will air an episode of the gritty Baltimore-based crime-and-politics drama "The Wire" with a mind-bending scene in which Ehrlich cameos as -- stay with us, here -- a trooper on security detail for the show's fictional governor of Maryland.

Even trippier: The scene -- filmed this summer, months before Ehrlich's reelection loss -- portrays the (fictional) suave young Democratic mayor of Baltimore, Tommy Carcetti, coming to Annapolis to beg for more school funding from the Republican governor whose job he hopes to steal one day. Sound familiar? Carcetti (played by Aiden Gillen) is kept waiting for hours until finally Trooper Ehrlich tells him the governor "will see you now."

When producers called offering a speaking role, Ehrlich jumped at the chance. "He's a huge fan of the show," said spokeswoman Shareese DeLeaver.

Producer David Simon notes that he offered Ehrlich challenger Martin O'Malley an equal-time cameo, though the episodes were slated to run well after the election. But the Baltimore mayor declined. Whether that had anything to do with the assumption

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of many local fans that Carcetti is a stand-in for O'Malley -- well, Simon will entertain no such notions. "Carcetti is not O'Malley; I can't say it enough. Story editor Bill Zorzi covered politics in Maryland [for the Baltimore Sun] for 20 years. There are elements of lots of people in Carcetti."

Several other prominent folks have had parts in the series -- former mayor Kurt Schmoke as a city health commissioner, singer Steve Earle as an addiction counselor, convicted drug kingpin Melvin Williams as a church deacon -- a trick that Simon says enhances the distance between truth and fiction.

"Once you have Ehrlich play a state trooper on the security detail, then he is not the [show's] governor. Therefore, the governor is a fictional character."

Episcopalians Warned Against Leaving Diocese (WT)

By Julia Duin

The Washington Times, December 3, 2006

Virginia Episcopal Bishop Peter J. Lee is threatening to sue conservative Episcopal churches that soon will vote on whether to leave his diocese, saying individual members of each congregation's governing board will be liable.

In a four-page letter released late Friday, the bishop of the country's largest diocese, with 90,000 members, sent a letter to parishes conducting a 40-day period of discernment on whether to leave the Episcopal Church.

Thousands of Episcopalians already have left the 2.2 million-member denomination over arguments about biblical authority and the 2003 consecration of New Hampshire Bishop V. Gene Robinson, an active homosexual.

"I believe your successors in the future will regret that decision and its destructive consequences to the whole church," the bishop wrote of congregations threatening to leave the diocese. Any congregation attempting to leave without a negotiated settlement with the diocese "will have repercussions and possible civil liability for individual vestry members."

The letter was aimed at a handful of Northern Virginia congregations sitting on millions of dollars' worth of real estate. The members of those congregations will vote starting Dec. 10 on whether to leave the church. Leaders of two of them -- Truro Episcopal Church in Fairfax and the Falls Church Episcopal in Falls Church -- met for about five hours yesterday in an emergency session.

Bishop Lee's decision to play hardball with dissenting churches didn't shock Bishop Martyn Minns, rector of Truro, whose governing board voted unanimously Nov. 11 to leave the denomination.

"I'm disappointed, but not surprised," Bishop Minns said yesterday. "This is bizarre because we are following a protocol we worked on with him and his leadership for over a year."

The "Protocol for Departing Congregations," posted on the diocese's Web site (www.thediocese.net), lists several steps a congregation must take, including a stipulation that at least 70 percent of the members agree to leave.

If they do, the diocese and parish must negotiate a sum for the church's property and assets. Truro's assets, including its property in downtown Fairfax, has been estimated at $10 million. The Falls Church's property and assets, which include two sanctuaries and a Colonial cemetery, has been estimated to be worth $17 million to $27 million.

However, Bishop Lee added a new provision in his letter -- that the 40-member executive board of Episcopal Church headquarters in New York could intervene to prevent a church from leaving with its property.

He also reminded conservatives that he has the power to relegate dissenting parishes to mission status, to declare their property "abandoned" and to take custody of it. Episcopal canon law mandates that departing parishes leave their property to the diocese, and with very few exceptions, U.S. courts have upheld it.

Bishop Minns, who expects that Truro will keep its property, said the matter will be discussed today at a parish meeting between morning services. A member of the diocese's standing committee, which advises the bishop, also will speak.

"We are operating in line with Virginia law," Bishop Minns said.

Packets containing the bishop's letter and other documents will be given out during today's services at the Falls Church Episcopal, whose governing board voted 15-2 on Nov. 13 to leave the diocese. Sentiment at the nearly 275-year-old church tilts toward leaving the denomination. Last Sunday, one of the classes listed in its bulletin was titled "Letting Go ... of the Episcopal Church?"

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The Rev. Robert Watkin, an assistant priest at the church, urged members to cast their ballots Dec. 10.

"It'll be the most important vote you'll ever cast -- at least in church," he said.

Elsewhere in the country, a majority of the clergy and lay delegates at the annual meeting of the Diocese of San Joaquin in Central California voted yesterday to identify themselves as members of the worldwide Anglican Communion rather than as a diocese of the Episcopal Church. They stopped short of splitting from the denomination, which would have touched off a huge legal battle over millions of dollars in real estate.

Diocese Nears Break With Episcopal Church (AP)

AP, December 2, 2006

FRESNO, California (AP) -- In a rebuke of the Episcopal Church, a conservative diocese voted Saturday to affirm its membership in the worldwide Anglican Communion after distancing itself from the national church over the ordination of gays and women.

San Joaquin, California, Bishop John-David Schofield called it a first step toward a formal break with the U.S. Anglican denomination, though the proposal makes just minor changes to the diocese's status.

"We have given a signal as to what direction we intend to take," Schofield said Saturday. "We are now in a position to take seriously any offer the archbishops around the world should come up with."

Delegates also approved rewriting the Diocese of San Joaquin's constitution to bring its trust fund under the bishop's control, a move immediately questioned by Episcopal leaders.

The denomination's canons don't give local dioceses sole ownership of church property, said Robert Williams, a spokesman for the Episcopal Church.

"The hope of many is that reconciling dialogue will continue," he said.

Divisions erupted in 2003 when the Episcopal Church, the U.S. wing of the 77 million-member Anglican family, consecrated the first openly gay bishop, V. Gene Robinson of New Hampshire. Traditionalists contend that gay partnerships violate Scripture.

Schofield, who refuses to ordain women and gays, has publicly accused the church's first female leader, Presiding Bishop Katharine Jefferts Schori, of promoting heresy. Under his leadership, the Fresno-based diocese has cut back funds sent to the national church and considered a plan to affiliate with an Anglican diocese in Argentina.

The San Joaquin diocese's proposal to distance itself from the American denomination was approved by a majority of the 204 clergy and lay delegates. It formalizes the diocese's identity as a member of the Anglican Communion, rather than a member of the Episcopal Church, but it and other resolutions approved Saturday won't become final unless they receive a two-thirds majority vote at a meeting at a diocesan convention next year.

The amendment was noticeably weaker than one pulled this week that proposed a formal split with the U.S. denomination, which would have set off a legal battle over the diocese's millions of dollars in real estate throughout central California.

National church leaders had been putting pressure on Schofield and other conservatives to ease off their threats to break with the denomination. They proposed creating a leadership position called a "primatial vicar," who would work with conservative dioceses, performing functions that normally fall to Jefferts Schori, including consecrating local bishops.

Schofield called that offer "absolutely inadequate," but suggested a truce was not off the table.

Six other conservative dioceses also have rejected Jefferts Schori's authority but have stopped short of secession. The 2.2 million-member Episcopal Church estimates that nearly 115,000 people left the church from 2003 to 2005. At least one-third of those departures stemmed from parish conflicts over Robinson.

Episcopal Diocese Votes To Secede From Church (NYT)

By Laurie Goodstein, Carolyn Marshall

The New York Times, December 3, 2006

An Episcopal diocese in California overwhelmingly passed a series of resolutions yesterday that position it to secede from the Episcopal Church and affiliate with conservatives in the global Anglican Communion.

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If the Diocese of San Joaquin affirms the move in a second vote next year, the small diocese, with 48 parishes and 7,000 members, would be the first to try to break from the Episcopal Church, which has been torn by conflict since the consecration of a gay bishop in 2003. Until now, only individual parishes have severed ties.

The vote by the diocese is one more step in a carefully planned strategy by conservative Episcopalians in the United States and primates of Anglican provinces, many in the developing world, to unite the conservatives, claim the mantle of Anglicanism and isolate the Episcopal Church, the 2.3-million-member American branch in the Anglican communion, which claims 77 million members worldwide.

The San Joaquin diocese, which does not ordain women, has long been one of the most conservative of the church's 110 dioceses. It is among seven dioceses that were so disturbed by the church's decision to consecrate a gay bishop that they have refused to accept the authority of the church and its presiding bishop. They have also appealed for "alternative oversight" to the Archbishop of Canterbury, who as head of the Church of England is considered the "first among equals" among the Anglican primates.

"This is the separation," said Craig Petz, a lay delegate to the diocese's convention in Fresno, Calif., where the vote took place. "It's done. There's no equivocating."

Mr. Petz, from St. Mary's Church in Manteca, Calif., said he was delighted by the resolutions, but an active caucus of clergy members and laity who strongly oppose separation from the church were despondent.

"There is a schism, and it's a sin," said the Rev. Rick Matters, a co-founder of Remain Episcopal, the caucus favoring unity. "To secede, we are like one of the Southern states that led to the Civil War."

The step is likely to provoke legal battles in civil and ecclesiastical courts over whether the diocese has the right to divorce itself from the denomination and over who owns the diocese's assets. Another pressing issue is what will happen to parishes and clergy members in the diocese who do not want to disassociate from the church.

"This is unprecedented territory and will take the careful consideration of all parties involved," a spokesman for the Episcopal Church, Bob Williams, said yesterday.

Mr. Williams said one possibility was that the church's presiding bishop, Katharine Jefferts Schori, could declare the diocese vacant, and have it elect a new bishop and other leaders.

One resolution passed yesterday changes the diocese's constitution, removing a line about membership in the Episcopal Church and replacing it with, "The diocese shall be a constituent member of the Anglican Communion and in full communion with the See of Canterbury."

Other references to the church throughout the diocese's constitution are removed, and replaced with "the Anglican Communion."

The Bishop of San Joaquin, John-David Schofield, told the convention on Thursday, "This amending process is the first step in the removal from our constitution of any reference to the Episcopal Church because, in our opinion, they have decided to walk apart from the Anglican Communion."

The wording of the resolutions was changed at the last minute, leading to widespread confusion among the delegates. But Bishop Schofield told the convention that the wording was changed after a recent meeting in Virginia between conservative American bishops and other leaders and conservative primates from other provinces in the Anglican Communion. The global primates advised the Americans to "remain flexible and allow them to provide the necessary leadership for us," by holding off on specifying what structure, or bishop or province, would replace the church's relationship with the diocese.

One crucial amendment effectively erases the borders of the diocese so that it could eventually absorb parishes in other parts of the state or elsewhere in the country that wish to break with the church, Mr. Petz said.

Another amendment says that if the bishop and his coadjutor bishop are absent, unable to act or removed, the standing committee, a lay group, would become the "ecclesiastical authority." The thinking behind this provision, Mr. Petz said, is that it could prevent the church from taking over the diocese by removing the bishop and coadjutor.

Last week, before the vote, the church offered a compromise for "alternative primatial oversight" to the seven disaffected dioceses. After lengthy talks, a committee of bishops proposed that these dioceses could answer to a "primatial vicar," and not the presiding bishop, but that vicar would be appointed by and answerable to the presiding bishop.

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The conservatives, however, immediately rejected the proposal and called it a ploy by Presiding Bishop Jefferts Schori to give them an offer they would have to refuse.

“It’s dead on arrival,” said the Rev. Canon David Anderson, president of the American Anglican Council. “It’s a nonstarter. First of all, who picks the primatial vicar? She does.

“She holds onto all the power, all the authority, and the people who are finding her ministry impossible to remain under are left still under her total thumb.”

But the Archbishop of Canterbury, the Most Rev. Rowan Williams, greeted the proposal for alternative oversight with cautious enthusiasm, saying it represents “a very significant development” and that he would give it “careful consideration.”

Mideast Allies Near A State Of Panic (LAT)

By Paul Richter

The Los Angeles Times, December 3, 2006

WASHINGTON — President Bush and his top advisors fanned out across the troubled Middle East over the last week to showcase their diplomatic initiatives to restore strained relationships with traditional allies and forge new ones with leaders in Iraq.

But instead of flaunting stronger ties and steadfast American influence, the president's journey found friends both old and new near a state of panic. Mideast leaders expressed soaring concern over upheavals across the region that the United States helped ignite through its invasion of Iraq and push for democracy — and fear that the Bush administration may make things worse.

President Bush's summit in Jordan with the Iraqi prime minister proved an awkward encounter that deepened doubts about the relationship. Vice President Dick Cheney's stop in Riyadh, the Saudi capital, yielded a blunt warning from the kingdom's leaders. And Secretary of State Condoleezza Rice's swing through the West Bank and Israel, intended to build Arab support by showing a new U.S. push for peace, found little to work with.

In all, visits designed to show the American team in charge ended instead in diplomatic embarrassment and disappointment, with U.S. leaders rebuked and lectured by Arab counterparts. The trips demonstrated that U.S. allies in the region were struggling to understand what to make of the difficult relationship, and to figure whether, with a new Democratic majority taking over Congress, Bush even had control over his nation's Mideast policy.

Arabs are "trying to figure out what the Americans are going to do, and trying develop their own plans," said Sen. Jack Reed (D-R.I.), one of his party's point men on Iraq. "They're trying to figure out their Plan B."

The allies' predicament was described by Jordan's King Abdullah II last week, before Bush arrived in Amman, the capital. Abdullah, one of America's steadiest friends in the region, warned that the Mideast faced the threat of three simultaneous civil wars — in Iraq, Lebanon and the Palestinian territories. And he made clear that the burden of dealing with it rested largely with the United States.

"Something dramatic" needed to come out of Bush's meetings with Iraqi Prime Minister Nouri Maliki to defuse the three-way threat, Abdullah said, because "I don't think we're in a position where we can come back and visit the problem in early 2007."

The only regional leader to voice unqualified support for the Bush administration has been Israeli Prime Minister Ehud Olmert, who has gone so far as to say that the Iraq invasion contributed to regional stability.

To Middle East observers, Bush can no longer speak for the United States as he did before because of the domestic pressure for a change of course in Iraq, said Nathan Brown, a specialist on Arab politics at the Carnegie Endowment for International Peace.

"He can talk all he wants about 'staying until the job is done,' but these leaders can read about the American political scene and see that he may not be able to deliver that," Brown said.

The Bush-Maliki meeting Thursday, closely watched around the world in anticipation of a possible change in U.S. strategy, produced no shift in declared aims. Rather, it resulted in diplomatic stumbles that seemed to belie the leaders' claims that their relationship was intact.

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On the eve of the summit, a leaked memo written by Bush's national security advisor, Stephen Hadley, showed that U.S. officials questioned Maliki's abilities. But the memo also was a reminder of dwindling U.S. influence over Iraq. Some of the steps that Hadley said the Iraqis should take, such as providing public services to Sunni Arabs as well as Shiites, were moves that the Americans had demanded for many months, without success.

The leak of the memo cast a shadow over the summit, and Maliki abruptly canceled the first scheduled meeting, a conversation among Bush, Maliki and Abdullah. White House aides insisted that the cancellation was not a snub.

One Middle East diplomat said later in an interview that Maliki had canceled the meeting to put distance between him and Bush at a time when Iraq's Shiite lawmakers and Cabinet ministers with ties to militant cleric Muqtada Sadr had halted their participation in the government to protest the summit.

On Saturday, in his regular radio address, Bush said that his relationship with Maliki was, in fact, improving.

"With each meeting, I'm coming to know him better, and I'm becoming more impressed by his desire to make the difficult choices that will put his country on a better path," Bush said.

During the trip, Bush was unable to distance himself from the fierce debate about Iraq policy back home. The president felt the need to respond to news accounts saying that an advisory panel on Iraq would urge a gradual withdrawal of combat troops from the region. He insisted that suggestions for such a "graceful exit" were not realistic.

Despite this, Bush repeated in his radio address that he intended to look for a bipartisan solution to the war, and would listen to the recommendations of the Iraq Study Group, which is scheduled to present its findings Wednesday.

He also said that his own internal review, coming from Pentagon and White House officials, among others, was near completion, suggesting that he may be discussing the options before him over the next several days.

"I want to hear all advice before I make any decisions about adjustments to our strategy in Iraq," Bush said.

Cheney's trip to talk to Saudi King Abdullah was far less visible than Bush's mission, but helped to make painfully clear the gap between U.S. goals and those of its Arab allies.

U.S. officials said Cheney initiated the trip. But foreign diplomats said that Saudi leaders sought the visit to express their concern about the region, including fears of a U.S. departure and what they see as excessive American support for the Shiite faction in Iraq.

After the meeting with Cheney, Saudi officials released an unusual statement pointedly highlighting American responsibility for deterioration of stability in the region.

The Saudi officials cited "the direct influence of … the United States on the issues of the region" and said it was important for U.S. influence "to be in accord with the region's actual condition and its historical equilibrium," an apparent reference to the Sunni-Shiite balance.

The Saudi statement also said the U.S. in the Middle East should "pursue equitable means that contribute to ending its conflicts," pointing to the Israeli-Palestinian situation.

The statement "came pretty close to a rebuke, by Saudi standards," said Charles W. Freeman Jr., a former U.S. ambassador to Saudi Arabia. "It said, in effect, that the United States needs to behave responsibly."

There have been other signals of Saudi anxiety recently.

On Wednesday, an advisor to the Saudi government wrote in the Washington Post that if the United States pulled out of Iraq, "massive Saudi intervention" would ensue to protect Sunnis from Shiite militias.

The Saudi ambassador to the United States, Prince Turki al Faisal, warned in a speech in October against an American withdrawal, saying that "since the United States came into Iraq uninvited, it should not leave Iraq uninvited."

Rice encountered the limits of U.S. influence when she visited Jerusalem and the West Bank town of Jericho last week, trying to entice Arab confidence by displaying a renewed interest in Israeli-Palestinian peace.

But Palestinian Authority President Mahmoud Abbas was gloomy about the prospects for a deal between his Fatah party and the militant group Hamas that would allow formation of a nonsectarian government and open the way for increased aid and, potentially, peace talks with Israel.

Rice said afterward that the administration "cannot create the circumstances" for peace.

"This is the kind of thing that takes time," she said. "You don't expect great leaps forward."

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Expressing deeper unhappiness with the United States, leaders from Jordan, Egypt and Persian Gulf countries told Rice during her trip to an economic development conference in Jordan on Friday that the U.S. had a responsibility to solve the Israeli-Palestinian conflict, which they and many analysts viewed as the key to regional stability.

Amr Moussa, secretary-general of the Arab League, urged greater U.S. action, warning that the Middle East was becoming "an abyss…. The region is facing real failure."

Massive Anti-government Protests Continue In Lebanon (MCT)

By Tom Lasseter

McClatchy Newspapers, December 3, 2006

BEIRUT, Lebanon - A siege on Lebanon's American-backed government continued Saturday with tens of thousands of demonstrators sympathetic to the Shiite Muslim Hezbollah militia and its allies packing downtown Beirut and calling for the resignation of Prime Minister Fuad Saniora and his cabinet.

The demonstrators filled the roads surrounding the center of Beirut, where the prime minister's office is located, effectively shutting down the capital. Hezbollah gave every indication that it is prepared for the long haul: setting up long rows of tents, portable bathrooms and handing out cups of water and sandwiches. Groups of men tended charcoal pits to keep a regular supply for their hookah pipes.

"We have a target, ending the government, and we must achieve it," said Mohammed Khalil, a Hezbollah representative who was sitting with a group of men, all monitoring their walkie-talkies.

Asked if he expected the crowd to turn to violence, Khalil shrugged his shoulders and said, "it is up to them (Lebanese government troops), we want to demonstrate peacefully."

Saniora's government, mostly Christians and Sunni Muslims, has showed no sign of acquiescing.

While Lebanon is a sliver of a nation with a relatively small population of about 4 million, it has long been a battlefield for competing powers in the region. Between Beirut's glittering office buildings, there are still walls pocked by mortar shells, a reminder of the civil war that lasted from 1975 to 1990.

As is true in many other parts of the Middle East, there is in Lebanon an underlying friction: Will the country follow the American model of governance - preferred by Saniora - in which secular administrations pursue free market economies and work toward accommodation with Israel, or will it pursue something closer to Syria and Iran - preferred by Hezbollah - nations that resist U.S. influence and actively oppose Israel.

It is a question that shaped the comments of most Lebanese interviewed Saturday.

Many of those at the demonstration spoke not only about ending Saniora's government, but also of countering U.S. influence. And pro-Saniora officials interviewed Saturday said that they are trying to resist Syrian and Iranian influence.

Both sides agreed that there is potential for violence.

"I don't think the government will resign. I think we are going to see hard times in this country," said Mohammed Kabani, a Sunni Muslim parliament member who backs Saniora. "Whenever you have people in the streets, you cannot disregard the possibility of violence."

Leaning against a tent, and wearing a green ball cap, demonstration organizer Mohammed Marji said that the sooner the government resigns, the better.

"Our prime minister is doing the bidding of the Americans . . . he should leave as soon as possible," said Marji, a member of Amal, a Shiite organization aligned with Hezbollah. "If he doesn't, he will destroy this country, things will deteriorate badly."

The protests are the latest in a round of standoffs between Lebanon's U.S.-backed government and Hezbollah and other supporters of the Syrian government.

Syria was forced to withdraw its troops from Lebanon in 2005 after former Prime Minister Rafik Hariri was killed in a massive bombing downtown. Anti-Syrian factions in Lebanon immediately blamed Syria for the killing and called for an international inquiry.

More assassinations of anti-Syrian figures followed.

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Hezbollah's hand was strengthened in the Shiite community after a 34-day war with Israel this summer that ended in something of stalemate - counted by Hezbollah as a victory because it was able, with less advanced weaponry, to withstand Israel's missile and bombing strikes.

Saniora, on the other hand, appeared ineffectual during the combat, pleading on TV - weeping at one point - for both sides to stop.

Early last month, a White House spokesman said there was evidence that Syria and Iran were planning to overthrow Saniora's government.

Hezbollah cabinet members and their allies had been protesting against Lebanese government plans to approve a United Nations tribunal to investigate Hariri's death. They also agitated for more cabinet seats, wanting the power to veto government action.

When it became apparent they were not going to have their way, all five Hezbollah and Amal cabinet members resigned on Nov. 11, and about a week later, Hezbollah's leader, Hassan Nasrallah, called for street protests to bring down the government.

After Nasrallah's call to action, Pierre Gemayel, a high-profile cabinet member who opposed Syria, was killed in a hail of gunfire in broad daylight.

A protest of hundreds of thousands of Christians and Sunni Muslims followed, and late last month, the remaining 18 cabinet members of the original 24 approved the United Nations measure.

On Friday, Hezbollah and its allies responded in kind, flooding Beirut's downtown streets and bringing the government and businesses to a standstill.

At the demonstration Saturday, a set of loud speakers played recorded speeches by Hezbollah officials and their allies, and thousands of people waved their Lebanese flags and cheered. When Hezbollah leader Hassan Nasrallah's voice boomed out, "we will stand side by side," a roar went through the crowd that shook the air.

Wandering through the crowd, a McClatchy reporter was approached by young men dressed in black who seemed very eager to discuss Hezbollah's merits.

One of them, Fouad Assaf, explained: "During the war we fled our house and Hezbollah gave us food and money"

Lebanese troops stood nearby, behind two rows of concertina wire and flanked by armored personnel carriers.

Interviewed by phone later in the evening, Hezbollah parliament member Ali Mokdad said the demonstrations were only the beginning.

"We have many plans for the future," Mokdad said. "This is just our first step. It has been planned out, day-by-day."

Shiite Sit-in Brings A New Flavor To Beirut (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, December 3, 2006

The poor demonstrators are not the usual denizens of the capital's glitzy downtown.

BEIRUT — The massive sit-in staged by Hezbollah supporters so far has done little to dislodge the U.S.-backed government, but it has managed to turn the Lebanese capital inside out — literally.

Some of the poorest and most marginalized people in the country, Shiite Muslims, have abandoned their homes in suburban slums to camp out on the nation's priciest bit of real estate. Though they often have trudged through Lebanese history as war refugees, now they have managed to displace Lebanon's wealthiest shop owners. They also have surrounded Prime Minister Fouad Siniora, barricaded in his office.

The demonstrators are not the usual frequenters of Beirut's glitzy and freewheeling downtown. Their clothes are scruffier; their food is cheaper; out of modesty, virtually all women melt away before midnight. The men link arms and dance in the streets, wave Lebanese flags in a round-the-clock rally and hunch over backgammon boards.

Mostly, they sit around and wait for the government to fall; they have vowed to stage escalating protests until Siniora and his ministers resign.

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The scene is a snapshot of Lebanon's internal contradictions, and a scrambled glimpse of the two distinct groups that coexist in a single nation. The message of Hezbollah and allies of the powerful Shiite organization is clear: We are here. We are Lebanese too. And we are numerous enough to demand political change.

"My parents are sleeping in a tent in the south, and I'm sleeping here in a tent," said Issa Fallah, a 38-year-old Hezbollah supporter who said his family home was destroyed during the summer war between Israel and Hezbollah. "This land is for all Lebanese. We have paid for it with our blood."

Flooded by tens of thousands of Hezbollah followers and their allies, downtown Beirut has acquired the trappings of a shabby, pious neighborhood. Near shuttered French bistros, vendors hawk kaak, cheap slabs of bread. Young men roast tomatoes over fires built from garbage.

Shops selling Cuban cigars, Rolex watches and Gucci dresses stand dark and deserted, metal grates tugged down over the windows. Stained tents clutter the parking lots where luxury cars usually sit. Men pray near the locked door of the Buddha Bar, a high-end nightclub where, on an ordinary weekend, scantily dressed women drink champagne and dance the night away.

"This place is usually where the rich are," said Ali Rida, a 20-year-old supermarket employee from the southern city of Sidon. "Beirut symbolizes everything for the Lebanese."

That symbolism cuts deep: This neighborhood was razed by religious fighting during Lebanon's 15-year civil war. When Prime Minister Rafik Hariri led the stone-by-stone reconstruction of the crushed downtown, it was a deliberate metaphor for the country — an expression of optimism that Lebanon could leave its bloody past behind.

After the 2005 assassination of Hariri, widely blamed on Syria, it was here that hundreds of thousands of Lebanese flocked to demand independence from the military and political influence of the government in Damascus. The demonstrators were rewarded with the collapse of the Syria-backed government and the withdrawal of Syrian troops.

Hezbollah and its followers were not really a part of that history. The Shiites were the gaping contradiction, undercutting the heady talk of religious unity that bubbled in these streets during the anti-Syria protests.

Shiites have languished for generations in the impoverished east and south of the country. Even when they poured into the capital to escape poverty and war, they ended up squatting on the fringes of the city.

Neglect of their plight provided the fertile ground in which Hezbollah took root, not only as a band of fighters that stood up to Israel, but also as an efficient welfare network. The group built schools, founded clinics and helped squatters win the right to stay in their homes.

Now Hezbollah has led its masses into the center of the capital, and it has pledged to stay there, crippling the economic life of downtown, until the government resigns.

To Siniora and his allies, the open-ended campaign of civil disobedience is an attempted coup.

"This part of town is for the French, for the Americans, for the rich," said Ali Hamdan, 30, a member of the Shiite Amal party. "It's not for us anymore. It's not really Lebanon. This is only on a map."

In a mockery of the nightclubs around them, a band of young men from the southern suburbs pitched an enormous tent of clear plastic on the sidewalk. Inside, they pounded on a drum and pranced to the beats. Outside, wistful would-be partyers were turned away by stern bouncers.

"We want to stay here only to sing, dance, have fun," said Bilal Khazen, a 20-year-old student who had tied a Hezbollah flag over his shoulders like a cape. "This place will help us overthrow the government."

Jad Salim, an 18-year-old engineering student, huddled in a hooded sweatshirt near the razor wire, soldiers and tanks blocking off the hill leading to the prime minister's office.

"We were all attacked by Israel, and this government didn't do anything. If it weren't for Hezbollah, Israel might be here now," Salim said. "Now they are the ones responsible for what might happen tomorrow."

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Beirut Protest Blocks Office Of Premier For A 2nd Day (NYT)

By Michael Slackman

The New York Times, December 3, 2006

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BEIRUT, Lebanon, Dec. 2 — The center of this city remained paralyzed and shuttered on Saturday as thousands of pro-Hezbollah protesters entered the second day of a sit-in aimed at forcing the Western-backed government to resign.

The atmosphere remained festive, almost joyous, though, as protesters emerged from tents pitched in empty lots and chanted slogans, banged drums and appeared to dig in for a long stay.

A small group of mostly young men pressed close to the swirls of razor wire that blocked the entrance to the Grand Serail, the offices of Prime Minister Fouad Siniora. On the other side were a large number of soldiers and armored vehicles.

"Siniora must go," the protesters yelled.

A day earlier, on Friday, hundreds of thousands of protesters from around the country poured into two areas of the city center, one south of Martyrs Square and the other in a square near the Grand Serail, in a great show of defiance to the government. But most left after sundown.

On Saturday, many returned to join the thousands who had camped out. Still, the city center was calmer than on Friday.

The sit-in is happening as Hezbollah and its allies, which are aligned with Syria and Iran, struggle to wrest control of the government from a collection of Sunni, Druse and Christian parties aligned with the United States and France. The government has said that it will not resign and that Hezbollah and its allies are trying to carry out what amounts to a coup.

On Saturday, rumors abounded about what Hezbollah and its alliance, which includes the Christian Free Patriotic Movement, might be planning to escalate the conflict further. There has been talk about blocking roads and members of Parliament resigning en masse.

While the protest had a clear political goal, it also appeared to be making a sharp social statement, highlighting a class conflict that also fuels this political showdown. A majority of the protesters appeared to be Hezbollah supporters from the south — poor, religious Shiites — who seemed delighted to be occupying the wealthy center of the capital, more closely associated with the Sunni Muslims. Groups of people chanted, "Shiites are in Beirut."

The battle in Lebanon for control of the government reverberates far beyond this nation's borders as well, with the outcome determining whether Lebanon will tilt toward Iran and Syria or toward the United States and Europe. Words of support for the government came in from some regional leaders in Egypt, Saudi Arabia and Jordan, leaders who themselves are desperate to preserve the status quo as a way to hold back Iran's growing influence.

At Barricades In Downtown Beirut, Lebanon's Fault Lines Grow Deeper (WP)

By Anthony Shadid

The Washington Post, December 3, 2006

BEIRUT, Dec. 2 -- In a city of frontiers, Beirut built another border Saturday.

On one side of coiled barbed wire and metal barricades were armored personnel carriers manned by soldiers in red berets toting U.S.-made M-16 rifles and guarding the colonnaded, stone government headquarters where Prime Minister Fouad Siniora and other ministers have taken up residence. On the other were the fervent young men of Hezbollah and its allies, who have turned a downtown tailored for the rich into the site of an open-ended protest to force the government's fall.

"This is the point of confrontation between us and them," said Khodr Hassan, who walked 12 hours from his southern village to the protest with 30 other youths. He pointed at his friends at the barricade, some surging forward, others lolling about.

"This is the line of separation," said one of them, Ali Aitawi.

Long divided by the Christian east and largely Muslim west of its 15-year civil war, Beirut is a city snarled today by far more numerous boundaries of sect, perspective and ideology, intersecting and tangling across a capital and country wrestling with a question still unanswered since independence more than 60 years ago: What is Lebanon's identity?

In today's crisis, those fault lines tell the story of the struggle underway between the country's two camps, divided by past and present, with vastly different visions of Lebanon's future: on one side Hezbollah, supported by Iran and Syria, and on the other the government, backed by the United States and France. The fault lines tell, too, of an impasse that perhaps can't be broken.

The borders are drawn by color, flag, portrait and symbol, a claustrophobic contest to lay claim to identity never solely Lebanese. They are defined by ideology: the culture of resistance to Israel celebrated by the Shiite Muslim movement of

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Hezbollah, for instance, or the Christian separatism of civil war-era militias with fascist roots. They follow the contours of leaders who command loyalty through personality over politics. And they offer protection in a country where survival can feel precarious.

In downtown Beirut, Hezbollah's protest, with its backers vowing to stay in the streets until the government is brought down, is subsumed in a broader story of the empowerment of Lebanon's Shiite community, the country's largest. Along an axis stretching from downtown, across tense borders between Sunni and Shiite neighborhoods, are the ingredients of another civil war whose prospect comes up almost casually in conversation. Segregated neighborhoods themselves exude an identity of politics, history and faith so suffocating that even someone living a few blocks away can feel a stranger within them.

"The fault lines are in the minds of the people. It's much more than just the geography of Beirut," said Robert Saliba, a 56-year-old architect and urban planner. "I think the mental geography is more important than what happens on the ground."A Proliferation of Borders

Saliba grabbed a piece of bread filled with spice and made his way Saturday from a trendy cafe to nearby downtown, where thousands had pitched tents as part of the protest. Chants erupted every so often: "Siniora out!" At the barricade, boisterous men held up the front page of the daily as-Safir newspaper: "With its masses, the opposition besieges the government in crisis." Cheers erupted when recordings of speeches by Hezbollah's leader, Hasan Nasrallah, were played.

"People here are boiling," Saliba said, surveying the scene. He gestured back at the cafe. "And over there, they are drinking coffee?" The words were sharp, even surprised, a divergence from the sometimes abstract language of his academic training. A Greek Orthodox Christian, he was more observer than partisan. "Just across the road? It's awful."

He looked out at the barbed wire that coiled along the city's sleek, rebuilt downtown.

"You have a fault line again," he said. "When you cross it, you get an electric shock."

In a day, Beirut's downtown was transformed from a hub of half-million-dollar apartments and designer stores into a far more humble and modest place. Vendors sold bread with melted cheese for 65 cents from rickety wooden stands propped up on rusting bicycles. "Tastiest cheese," one promised. From a battered orange van, popcorn went for half that. "That's the price for Sayyid Hasan," the vendor shouted, using an honorific for the Hezbollah leader. Men hung out in circles, sitting in plastic chairs, tugging listlessly on water pipes.

Portable toilets went up in the streets, next to the fashionable Buddha Bar. Alongside them were white canvas tents where wool blankets were still spread for the protesters, their sandals and shoes left outside. In a carnival-like atmosphere, men from the Shiite-dominated southern suburbs shouted fealty to Hezbollah's leader. "God, Nasrallah and all the suburbs!" Others ridiculed Siniora, calling him "tanoura," Arabic for skirt. Some held signs that read, "Until victory." A few chatted with stern-faced soldiers. "You should leave and let us go in," one suggested, pointing to the government headquarters a shout away.

At a construction site along the street, an advertisement read, "Beirut Gate: The New Heart of the City."

As he walked, Saliba recalled the vision for the downtown of former prime minister Rafiq al-Hariri, who was assassinated in 2005. His detractors were plenty, seeing corruption and questioning whom the downtown was serving. But Hariri viewed it as a crossroads for Beirut's east and west, entertainment and commerce bringing them together. Instead, Saliba said, downtown has become contested space, another border: in March 2005, when Hezbollah's supporters and foes organized mass demonstrations over the Syrian presence here and, in this crisis, as both have mobilized their loyalists in a show of strength.

"It has become a place where power is proven," he said. "It has become the place where things are stated."

He watched crowds barrel down the streets, waving Lebanese flags and Hezbollah banners. Before him was probably the Shiite community's greatest assertion of political power in Lebanese history: seizing the downtown of a capital, in a country where Shiites have historically been disenfranchised. The chants cascaded, uttered with the authority that comes with confidence in numbers and the strength delivered by Hezbollah's organization, its discipline and, unsettling to many other Lebanese, its weapons.

The community's moment? Saliba shrugged.

"This will decide," he said. "It's definitely something that says, 'We are here and for good.' "

"We have this fake notion of coexistence. Now it's being tested the hard way. It's popping up," he said. "Now, in a very decisive way, because they're asking for power. If you want to coexist, then give us power."

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He walked past the St. George Cathedral, a Maronite Catholic church, past the sprawling blue-domed mosque built by Hariri, a Sunni Muslim. The face of Nasrallah, a Shiite cleric by training, peered from posters on the walls and in the streets.

"I always say to my students, you have this segregation everywhere. It's part of any geography," he said, as troops lined the boundary between the protest and the rest of downtown. "It becomes a problem through politics and power struggles."Fears of Neighbors' Intentions

A 15-minute drive away, Saad Fakhran sat in his Internet cafe, a button with Hariri's face pinned to his lapel. Around the corner were posters of Hariri and his son and successor, Saad. "Your words are commands," one banner read. On Fakhran's door was another picture of the former prime minister. "They destroyed the country," it read. "Where are you, Rafiq Hariri?"

Fakhran took a break from a crossword puzzle in a pro-Hariri newspaper that compared Hezbollah's protests to a coup attempt. Sharply dressed in a suit, his hair graying and his moustache trimmed, he raised his hand and pointed toward the borders that delimit his Sunni Muslim neighborhood of Tariq Jdideh, one of the tenser these days in Beirut. You go to the Khashaqji Mosque, he said, then the Qasqas Highway, a traffic circle, the Martyrs' Cemetery ("For us") and the Cemetery of the Two Martyrs ("For them"). "Who are the two martyrs? Only God knows what they mean," Fakhran said.

Shiite neighborhoods, he said, were in both directions.

"And in the middle is Tariq Jdideh, and we're afraid they'll enter," he said. "We're ready. We're ready by all means."

At 42, Fakhran is too young to remember Beirut's earlier incarnation, as a sleepy Mediterranean port dominated by the country's Sunni and Greek Orthodox communities. As he came of age, a far larger city was undergoing another transformation, as Israeli invasions, economic opportunity and civil war drove Shiites from southern Lebanon toward Beirut. For a time, their settlements on the capital's outskirts were known as "the belt of misery." Today, the southern suburbs, known as the Dahiya in Arabic, represent one of Hezbollah's strongholds -- its name uttered in chants -- and a distinctly Shiite part of the city.

Where these suburbs intersect with the Sunni parts of town, trouble has broken out during the month-long crisis. Several clashes erupted after the funeral last month of Pierre Gemayel, a pro-government minister assassinated in an ambush. Sometimes, gangs of youth incite each other; other times, it starts over the placement of banners, posters or flags of the wrong faction. Slogans shouted too loud caused a fight with Shiites in the traditionally Sunni neighborhood of Museitbeh last week. On Thursday night, Fakhran recalled, a few dozen Shiite residents entered Tariq Jdideh on mopeds, flying flags, and yet another fight broke out.

"More of them were hurt," he said with a nod.

Even in the Christian neighborhood of Ashrafiyeh, scores of supporters and opponents of Michel Aoun, a former general allied with Hezbollah, clashed Monday in Sassin Square over putting up his poster. The police and army intervened.

Beirut was never simply divided between east and west, but the surge of trouble along so many fault lines in the city -- fraying, tense and multiplying as they are -- has worried residents old enough to recall the civil war's start in two local ambushes in 1975 that soon spiraled into chaos. A columnist, Darine Helwe, compared the streets, with police posted every so often, to "a military barracks."

"I'm not a little scared," Fakhran said. "I'm scared a lot, a lot, a lot, a lot, a lot."

His fear is not violence, though. It is more existential, he said: worry about his neighbors' intentions. In complaints that echo nearly 1,400 years of history, he wondered why Shiites insulted successors of the prophet Muhammad whom Sunnis revere. He worried about Hezbollah's arsenal. "Who are the missiles for?" he asked. He suggested Hezbollah is more loyal to Iran than Lebanon: "If Iran told them to sit, they would sit." And he is sure Nasrallah has in mind a Shiite Islamic republic.

"In my heart, I think they want to wreck the country," he said. "They don't want to rule it -- they want to wreck it.

"How else could you see it?" he asked.

He talked a little longer, then offered advice: Don't go past the Two Martyrs' Cemetery, the border with the Dahiya.

"Go to Tariq Jdideh, all over the place. But don't go over there. No, no," he said, shaking his head. "Trust me."What About Being Lebanese?

A little before dusk, Zeina el-Zein, a slight, smartly dressed 26-year-old Shiite with long dark hair, walked through the Christian neighborhood of Ashrafiyeh. She lives a short drive away, her neighborhood and the next partitioned by their catalogue of colors, banners and portraits. There is the yellow of Hezbollah, its flags and pictures marking Shiite territory. Hariri's portraits

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stake his family's claim. In Ashrafiyeh, there are other markers: the green and brown of the Phalangist Party, the red of the Lebanese Forces, the orange of Aoun. Each of the leaders has a nickname. Samir Geagea, a Christian, is "the Doctor," Aoun "the General," Nasrallah "the Sayyid."

"We need to remind you this is our neighborhood, our territory," Zein said. She shook her head in disgust. "We do whatever we feel like. This is our territory. If you don't like it, then leave."

"Any wall they can find, anywhere in Beirut, you'll find a poster or a message," she said.

She walked along Monot Street, a fashionable nightspot district.

"Here is a cedar," she said, the symbol of the right-wing Phalangist Party that commanded the largest Christian militia in the civil war. "This is, you know, Bashir," she said, pointing to a picture of Bashir Gemayel, the militia's leader who was elected president after the 1982 Israeli invasion, then assassinated. "We're here to stay in Lebanon," it read.

She walked a little father, past a church, then the neighborhood's sole mosque, as the muezzin's call to prayer drifted across the narrow, winding streets. It reminded her of her days at St. Joseph University, when the mosque's call to prayer and the church's bells would pour through the window of her sociology class, each time forcing the lecturer to stop.

"We were laughing," she recalled. "This is Lebanon."

A little farther were pro-government portraits of anti-Syrian figures assassinated since last year.

"We will never forget," they read.

"You keep nurturing memory," she said. "Everything works in this country so that you cannot forget any single detail of Lebanese history. They don't want us to forget. They really don't, or at least they're not working to let us forget."

Zein is insistently secular, and in a country where being Maronite, Greek Orthodox, Sunni, Shiite or Druze almost immediately imposes a notion of perspective, outlook and politics, she feels alienated.

At the university, she was expected to defend her community's politics. With Christians, she sometimes has to explain why she might hew to a more socially liberal lifestyle.

What about being Lebanese? she asked.

"I could stay up all night, eating and drinking with them, spending a beautiful evening, and in the end, I'm still Zeina el-Zein, a Muslim Shiite who's from the south," she said. "I will always have this identity, whatever I do."

She sat in a cafe in Sassin Square, drinking coffee. The waiter greeted her in French. Draped over the wall of one building was the flag of Geagea's Lebanese Forces. There was a banner for Aoun across the street. Another sign hung nearby: "Ashrafiyeh is the heart of the Lebanese Forces." More pictures were on light poles: Bashir Gemayel, Pierre Gemayel.

"It has never changed, and I don't think it's ever going to change," she said.

She thought for a moment. "They use, they really use the vulnerability of the people here," she said. "I'm disgusted. Really, I am. I cannot even think about the option of civil war. It was one of the most horrible civil wars, the Lebanese one. It was disgusting, really. Really. I cannot believe after all we've seen, read and lived, we can even think about another civil war."

"Shame on us," she said.

She looked at the posters, the men's portraits peering at the traffic, claiming their territory.

She shook her head. "They're not giving us a choice."

Cabinet Shuns Pro-Syria Groups' Call To Quit (WT/AFP)

By Nayla Razzouk

The Washington Times, December 3, 2006

BEIRUT -- Lebanon's Western-backed Cabinet yesterday vowed not to cave in to calls to resign after a massive demonstration led by the pro-Syrian group Hezbollah, as protesters camped outside government offices.

The show of force in central Beirut Friday and smaller demonstrations yesterday tightened the political deadlock in the country, which has been nearly paralyzed because of a fierce struggle for supremacy between pro- and anti-Syrian camps within the power-sharing regime.

Nearly 1 million, or one in four Lebanese, thronged the streets of the capital on Friday, calling for the ouster of the "corrupt" leadership and temporarily blocking access to Prime Minister Fuad Siniora's government headquarters.

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"The massive demonstration ... has given Lebanon one of the most difficult tests that the country has known in a long while," warned the pro-Syrian newspaper Al-Akhbar yesterday.

The Siniora government, which has received strong public backing from Western and some Arab states, pledged not to bow to the opposition led by the Syrian- and Iranian-backed Hezbollah.

"The Syrian-Iranian camp, led by Hezbollah, has begun to implement a plot for a coup" in Lebanon, said the pro-government Al-Mustqabal daily, echoing charges made by the U.S. ambassador to the United Nations, John R. Bolton.

The newspaper is owned by the family of former Prime Minister Rafik Hariri, whose 2005 murder, blamed on Syrian officials and their Lebanese allies, led to massive street protests that forced Damascus to end a three-decade military presence in Lebanon last year.

Parliamentary Majority Leader Saad Hariri, the slain prime minister's son, vowed that "the Siniora government will not fall because of pressure from the street. However long they continue their protest, it will not fall."

Hezbollah-led demonstrators set up tents and several thousand protesters were still camping yesterday on at least two main roads leading to Mr. Siniora's offices, after the blockade was eased to allow access from side streets.

The rally continued into last night, as mainly Shi'ite demonstrators waved Lebanese flags to the tune of Hezbollah war hymns and most Christian protesters lingered around a camp a short distance away on Martyrs Square.

The Syrian government daily Tishrin called the rally a "message from the Lebanese people to the individual who is monopolizing power and carrying out the orders of the ambassadors of superpowers, whose only concern is to make Israel an unwieldy power capable of defeating all Arab states combined."

The prime minister appealed yesterday for renewed talks with the opposition over a deadlock that threatens to block the government's legislative program, including its centerpiece plans for an international tribunal to try the suspects in Mr. Hariri's slaying.

Only the pro-Syrian parliament speaker Nabih Berri, whose supporters joined the opposition protest, has the authority to present draft legislation to parliament.

"The sole way of resolving our problems is by sitting down together," Mr. Siniora said. "I appeal to Mr. Berri to call for a resumption of dialogue."

Palestinian Prime Minister Won't Resign (AP)

By Karin Laub, Associated Press Writer

AP, December 3, 2006

Palestinian Prime Minister Ismail Haniyeh on Saturday rejected demands that his Hamas-led government resign and called for the resumption of talks to form a national unity government with the Fatah Party.

Tensions between the two parties have grown in recent days, with President Mahmoud Abbas of Fatah saying that coalition talks — aimed at ending a crippling foreign aid boycott against the Hamas-led government — had reached a "dead end."

On Friday, the PLO's Executive Committee, which is dominated by Fatah, called on Haniyeh to step down to make way for a new premier who could resume talks with Abbas.

Speaking at a news conference during a trip to Qatar, Haniyeh said that demand was "only creating chaos in the street."

"(Abbas) cannot make any decision regarding this without consulting Hamas, because Hamas is the main party in parliament," he said.

Hamas spokesman Fawzi Barhoum said the call for Haniyeh's resignation amounted to "a coup."

The militant Islamic group won an overwhelming majority in parliamentary elections in January, while Abbas was elected separately last year, setting up government paralysis and leading to tensions in the street.

Hamas denied coalition talks had collapsed, and said Abbas was simply trying to pressure them into making concessions.

"Anyone who is saying that the dialogue among the Palestinian factions is over should take full responsibility for the consequences," Haniyeh said.

On Saturday, Abbas met with top European diplomats in Gaza to brief them on the domestic disagreements.

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EU foreign policy chief Javier Solana said the collapse of the talks killed hopes of ending the international economic sanctions on the Palestinian government, adding that Hamas missed its opportunity.

"Very sadly, I have to say the chance has been lost," he said after meeting with Abbas.

Abbas' choices for breaking the impasse with Hamas are limited. He has the authority to fire the government, but would not win confirmation for a replacement Cabinet from the Hamas-dominated parliament.

Palestinian law does not allow the president to call early elections, though there could be a referendum on whether such elections should be held, Abbas aides said.

A member of a panel Abbas appointed to guide him in the impasse said its members were leaning toward recommending early elections, both for president and parliament.

"This choice, the early election, will be much better than the current situation, even if Fatah lost both the presidential and parliament elections," said Azzam al-Ahmed, leader of the Fatah bloc in parliament.

Pro-government Sunnis Win In Bahrain (AP)

AP, December 3, 2006

Islamic hardliners dominated the Sunni supporters of Bahrain's government who defeated an opposition led by the kingdom's majority Shiites in parliamentary elections, according to official results broadcast Sunday on state television.

The election Saturday for the lower house of parliament reinforced sectarian divisions between Shiites and Sunnis and witnessed a deepening Islamic conservatism in the U.S. ally, considered among the most liberal of Gulf Arab states.

The majority Shiites, who make up about 60 percent of Bahrain's 700,000 residents, have long complained they are squeezed out of power by the Sunni monarchy, which dominates government.

Even though they lost, the vote was hailed as a major step forward for democracy and Bahrain's Shiites. It was the first in which the opposition made a strong run in parliament after boycotting 2002 elections — the first after 26 years of direct rule by the al-Khalifa royal family.

The Shiite al-Wefaq party won 16 of the house's 40 seats in the first round of voting a week ago. It needed five of the 11 seats up for grabs Saturday for a majority but gained only two, giving it a total of 18, state-run Bahrain TV, citing official results.

Conservative Sunni Muslim candidates allied with the government took 13 seats in the first round and nine in the runoff, for a total of 22.

The voting gave a sweeping victory to hard-liners from both of Islam's chief branches who bulldozed challenges by progressive candidates and women. Twelve of the 22 pro-government winners were hardliners.

Ali Fakhro, a political scientist and former government minister, said the liberals were hurt by an ideological association with the United States. The Bush administration's deep unpopularity in the Gulf has strengthened the religious right, he said.

"This is part of the reason the Islamists are heading for control of Bahrain's parliament," Fakhro said before the official results were announced. "The Americans say they are encouraging democratic politicians in the region, but the truth is they are harming them."

Regardless of who controls the lower house, the key levers to power in Bahrain lie with King Hamad bin Isa Al Khalifa, a Sunni who appoints parliament's upper chamber and can veto any legislation.

Officials reported high turnout on Saturday. But the campaign and election were marred by widespread allegations of fraud, and the government did not allow international observers to monitor the vote.

Though several women ran in the elections, only Latifa al-Gaoud, a pro-government female candidate who ran unopposed, was able to win a seat during the election's first round. She became the first-ever female parliamentarian in any Arab Gulf country.

Ukraine PM Aims To Mend Fences With U.S. (AP)

By Mara D. Bellaby, Associated Press Writer

AP, December 3, 2006

He was cast by critics as the Russian-backed bad guy during Ukraine's Orange Revolution two years ago, the burly politician who almost stole the presidential election from the pro-Western leader Viktor Yushchenko. But Prime Minister Viktor

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Yanukovych, scheduled to arrive in Washington Sunday for a four-day visit, says he hopes to renovate his image in the West during his meetings with U.S. officials.

According to his Web site, Yanukovych will meet Vice President Dick Cheney, Secretary of State Condoleezza Rice and Energy Secretary Samuel W. Bodman. He also plans to meet with business leaders in New York.

As for all the news reports that portray him as a tool of the Kremlin, a foe of reform? Spin, Yanukovych said. "As for my party and my myself, we adhere and will adhere to policies that are pro-Ukrainian, and will always defend the national interests of Ukraine," he said.

The Orange Revolution began hours after polls closed in the Nov. 21, 2004, presidential election between Yanukovych, the Kremlin's favorite, and Yushchenko, who called for closer ties to the West. As the Central Election Commission began churning out fraudulent vote counts in favor of Yanukovych, Yushchenko summoned his supporters to Independence Square for night after night of protests.

Twelve days later, the Supreme Court declared the vote count fraudulent and ordered a rerun, which Yushchenko won.

Yanukovych and his supporters complained bitterly that the mass protests, supported by many political leaders in Europe and the U.S., robbed him of the presidency.

But now Yanukovych praises the demonstrators. "On the question of democracy and freedom of speech, no one can deny the country changed for the better," he said. "There is more freedom of speech, more democracy, more freedom."

His political resurrection began in March, when he was the top vote-getter in a parliamentary vote described as Ukraine's freest and fairest. It climaxed in August, when he was named prime minister in a political deal with his former foes.

Yushchenko and Yanukovych share power in the awkward arrangement that was initially billed as an effort to unite Ukraine but instead has turned into a tug-of-war for influence, with the president largely on the losing end.

In the latest battle, lawmakers on Friday fired a key ally of the president, the pro-Western Foreign Minister Borys Tarasyuk, along with Interior Minister Yuriy Lutsenko, one of the leaders of the Orange Revolution. Yushchenko said Tarasyuk's dismissal will be challenged before the nation's Constitutional Court.

Yanukovych is still regarded as the Kremlin's friend in Ukraine — and it has paid off for him. He helped strike a deal on gas prices for next year that, while still a significant increase for the ex-Soviet republic, is lower than what Russia proposed to neighboring states.

Of late, Yanukovych has tried not to overtly antagonize the West. For instance, while delaying Ukraine's membership bid into NATO, he does support continuing cooperation with the alliance. On Tuesday, he called the U.S. "a strategic partner of Ukraine."

The prime minister is trying to improve his soft powers along with his hard-nosed political moves. Before the Orange Revolution, he came across as stiff and grumpy when he met journalists, and when interviews ended, he simply stood up and left.

Now, he smiles and mingles. Meeting with reporters on Tuesday, he loitered long enough to autograph copies of a book celebrating his first 100 days in office. Heading out the door, Yanukovych stopped suddenly, as if remembering something, and spun around to say goodbye.

Political analyst Mykhailo Pohrebinsky said that Yanukovych clearly had changed his presentation.

"We see that he says democratic things and poses himself as a protector of the freedom of speech," Pohrebinsky said. "Whether this is sincere, I can't say."

Who Succeeds Putin? Ask Putin (LAT)

By David Holley

The Los Angeles Times, December 3, 2006

MOSCOW — By showing up together at a Deep Purple concert here this fall, First Deputy Prime Minister Dmitry Medvedev and Defense Minister Sergei B. Ivanov presumably were reliving more carefree days.

Ivanov was a teenager and Medvedev just a child when the British hard-rock group burst onto the international scene, a time when a clutch of Western bands gained near-iconic status among Soviet youths as symbols of social freedom.

The buzz here is that the two men are the leading contestants in a competition to be President Vladimir V. Putin's anointed successor when his second term expires in 2008.

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So these were not just any two high-ranking officials, and their shared enthusiasm for "Smoke on the Water" may signal that they want to be viewed as friends and allies, not competitors.

They could, after all, end up as partners in a new power structure, with one serving as president and the other as prime minister.

"I am, of course, saddened by the fact that I have been made a contestant in some race, but it does not in any way affect my relations with Sergei Borisovich Ivanov," Medvedev told an interviewer for Russia's NTV news channel the day after the concert. The interviewer asked whether the two men had joined in the dancing.

"Well, we just applauded," the 41-year-old Medvedev replied.

What a missed opportunity, mused a columnist for the newspaper Nezavisimaya Gazeta. "You must be thinking that shaking to Deep Purple is no big deal," the columnist wrote. "Yes, it is a big deal, sirs, if the problem of 2008 could be resolved quite easily by such a dance. The one who dances better becomes president."

With Putin enjoying popularity ratings above 70% and holding ever greater centralized power, a presidential endorsement is widely seen here as key to succeeding him. That means the current contest among Medvedev, Ivanov and other potential candidates for the big man's nod may well prove more crucial than the 2008 election in determining Russia's course.

The personality and goals of the winner could nudge the country toward greater authoritarianism or toward a more decentralized and democratic political system.

Russia's constitution bars the president from a third consecutive term, and Putin has repeatedly said he does not favor revising it to allow him to continue in office past 2008. But in nationally televised comments in October, he suggested he might continue to wield influence after he leaves the job.

That comment was taken by some as an indication that Putin might seek to exercise power from another position, such as prime minister, or that he envisioned a role like that played by Deng Xiaoping after the late Chinese leader retired from his official positions.

Putin, 54, has support from more than two-thirds of parliament, so speculation remains that a way may be found for him to stay on as president. One scenario has him giving in to a groundswell of public opinion and allowing the constitution to be revised.

But if he does step down, as most observers think he will, it is clear that whomever he backs as successor will stand a very good chance of being elected. A July survey by the respected Levada Center polling agency found that 40% of respondents said they would vote for a candidate proposed by Putin, compared with 14% who would favor someone else.

As long as the Kremlin elite stays united around one candidate, that person can expect strongly favorable coverage on all nationwide TV channels, which are either state-run or owned by state-controlled businesses. Few observers think an opposition candidate would have much chance of overcoming that advantage.

"If Putin names a successor and backs him, his chances of winning the presidency will be extremely high provided there are no huge surprises," said Sergei Markov, director of the Institute of Political Studies, a Moscow think tank with ties to the Kremlin. "Practically, we are talking about 99% probability here."

Markov said he believed Medvedev and Ivanov had the inside track.

Other possible candidates, he said, include Russian Railways President Vladimir Yakunin; parliamentary speaker Boris Gryzlov; Georgy Poltavchenko and Dmitry Kozak, influential presidential representatives to the southern and central federal districts; Mikhail Prusak, governor of the Novgorod region; and presidential Chief of Staff Sergei Sobyanin.

Markov also suggested the two presumed leading contenders might work as a team: Ivanov, 53, running for president with the understanding that Medvedev would be prime minister.

"This question has not been resolved yet, and this is just one of the possible options," Markov said.

Medvedev and Ivanov were thrust into the limelight as potential successors when they were appointed deputy prime ministers in November 2005. Medvedev was previously Putin's chief of staff, and Ivanov added the new title and broader responsibilities to his job as defense minister.

Ivanov, like Putin, worked for the KGB for many years. An early career with Soviet intelligence has generally been a plus for ambitious officials since Putin became president in 2000.

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Medvedev began his career as a St. Petersburg law professor and legal affairs advisor.

"Medvedev's strength is that he is a pro-Western manager," Markov said.

"His weak side is that he is not connected with the people from the security apparatus, and so far he hasn't shown himself to be a strong leader able to make strong decisions. So far he appears too soft for the job."

Some skeptics question whether all the attention paid to Medvedev and Ivanov since their promotions is just a sideshow, with Putin's real pick likely to be someone with a lower profile.

"I am quite confident that neither Medvedev nor Ivanov will be chosen as a successor," said Dmitry Oreshkin, an analyst at the Russian Academy of Science's Institute of Geography. "The fuss around them is nothing but, to use the KGB terminology, the Kremlin's 'cover operation' to hide the preparation of the real plans.

"If a real successor gets appointed, he will appear some six months before the election like a rabbit from a hat or a devil from a box," Oreshkin said. "The real successor will immediately commit some heroic deed, like defeating Georgia in a lightning military operation, for example, or something on that scale, and thus will get elected by a landslide."

Oreshkin suggested that Yakunin, the railways president, who is considered personally close to Putin, may be a strong contender for that scenario.

Although Yakunin's official biography makes no mention of ties to the KGB, his early career path, which included a stint with the Soviet mission to the United Nations, suggests such links.

Yakunin "can be quite reasonable and demanding as a manager, and he is also a strong proponent of a powerful state," Oreshkin said. "In some ways he may become an even harder and tougher president than Putin himself."

Mikhail G. Delyagin, chairman of the Institute of Globalization Studies, a Moscow think tank, cited the common analysis that the Kremlin is broadly divided into two competing groups: the siloviki, or "powerful ones," and the liberals, with that label used in its classic free-market sense, not in its political-left meaning.

The siloviki have KGB backgrounds or are otherwise associated with security and defense, and are typically more politically hard-line. The liberals are composed largely of economic technocrats who do not have security backgrounds.

Medvedev is widely viewed as the standard-bearer of the liberal camp within the Kremlin, while Putin's deputy chief of staff, Igor Sechin, 46, is seen as leader of the siloviki.

Delyagin noted that most analysts do not consider Sechin a candidate for successor. But he argued that precisely because Sechin is not included on such lists, his chances may be quite good.

"He is the second in command in the country now," Delyagin said. "He is very smart and very influential. Moscow intellectuals like to laugh at him, but that only shows how shortsighted Moscow intellectuals are."

Delyagin, a prominent Putin critic, also offered another scenario for the election.

Putin can yield the throne, but the anointed successor "can quickly get sick after the election," he said, noting that the constitution bars Putin not from a third term, but from a third consecutive term.

Putin, he suggested, could allow "Comrade Medvedev" to be elected president — but with an understanding that he will resign almost immediately, claiming ill health.

In that case, he said, "new elections will be held and Putin will be able to take part in them."

Russian Ex-Spy Lived In A World Of Deceptions (NYT)

By Alan Cowell

The New York Times, December 3, 2006

LONDON, Dec. 2 — The tangled tale of Alexander V. Litvinenko, the maverick Russian K.G.B. agent turned dissident who died of radiation poisoning last week, has seized the headlines recently, but its roots can be traced to a late spring evening in Moscow in 1994.

At just after 5 p.m. on June 7, Boris A. Berezovsky, one of Russia's most powerful oligarchs, was leaving the offices of his car dealership in a chauffeured Mercedes 600. According to Russian news accounts at the time, he and his bodyguard were sitting in the rear seat behind the driver. As the car drove by a parked vehicle, a remote-controlled bomb detonated, decapitating the driver but somehow leaving Mr. Berezovsky unscathed.

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As a high-ranking officer in the organized crime unit of the F.S.B., the successor to the K.G.B., Mr. Litvinenko "was the investigating officer of the assassination attempt," said Alex Goldfarb, a Berezovsky associate and a spokesman for the Litvinenko family, in an interview conducted, fittingly, in the rear seat of a parked Mercedes in central London with a heavyset driver at the wheel. "They became friends."

It was a friendship that was to shape Mr. Litvinenko's career, which began in the roller-coaster politics and self-enrichment of post-Soviet Russia, spanned his desperate flight from Russia through Turkey and then on to Britain to seek asylum. It ended spectacularly and mysteriously, with the British police saying the only thing they knew for sure was that he was dead, poisoned after ingesting an obscure radioactive isotope called polonium 210.

After Mr. Litvinenko's death, sketchy facts and abundant speculation unfolded like some lost chapter of the cold war. But unlike those days of East-West division and the half-light of shadowy, underground conflicts, this saga played out in the bright glare of newspaper headlines and 24-hour news channels.

Although the precise circumstances of his death remain hidden, Mr. Litvinenko lived the last years of his life as a public critic of President Vladimir V. Putin and the Russian government. Assigned to investigate the assassination attempt on Mr. Berezovsky, he ended up accusing the F.S.B. of involvement in a later conspiracy, a charge that severed his ties with the agency. Once in exile in London, his contacts with Mr. Berezovsky and a circle of other Russian émigrés and former agents flourished, even as his criticism of Mr. Putin grew more vigorous. In the weeks before his death, he had begun looking into the shooting death in Moscow of the journalist Anna Politkovskaya, a fierce critic of Mr. Putin and his policies in Chechnya.

Mr. Litvinenko began his lingering decline on Nov. 1, when he met an Italian academic, Mario Scaramella, in a sushi bar and linked up with former K.G.B. colleagues in a five-star hotel. Then he fell ill, wasting away over 22 excruciating days from a muscular, almost boyish figure to a gaunt shadow. Investigators followed a radioactive trail around London and, through British Airways planes found to have traces of radiation, to Moscow. British Airways said 221 flights, carrying 33,000 people, might have been affected. In a bizarre sideshow, a former Russian prime minister, Yegor Gaidar, a quiet critic of the Kremlin, fell ill with symptoms of poisoning.

The episode left Britain's relations with Russia strained: no matter how much Mr. Putin denied it, British officials faced a barrage of newspaper speculation that a supposedly friendly power, or its disaffected agents, had reached onto the streets of London for nefarious purposes.

From his deathbed, Mr. Litvinenko accused Mr. Putin of responsibility for his plight, but that conclusion was far from certain. One thing, though, was abundantly clear: Mr. Litvinenko's death matched his life in a world of conspiracy and betrayal as a former spy.

Links to a Tycoon

Mr. Litvinenko's role in the investigation of the assassination attempt against Mr. Berezovsky, who fled into exile in London in 2000, is not widely chronicled, although it was alluded to in an Associated Press report in 1998, which said the case was never solved.

Nonetheless, it appears to have provided the starting point for an association between Mr. Berezovsky, then one of Russia's richest men and most influential power brokers, and Mr. Litvinenko, who was rapidly acquiring a reputation at the Russian spy agency as a rebel and whistleblower.

Mr. Berezovsky declined to be interviewed for this article, saying through a spokesman that he was not prepared to offer further comment until after the police investigation of Mr. Litvinenko's death.lin a book he published in 2004, "Lubyanka Criminal Group," Mr. Litvinenko referred to a turning point in his life as an agent. In December 1997, he said his superior in the F.S.B. called him into his office with staggering orders: "You, Litvinenko, you know Berezovsky? You have to liquidate him," he said his superior told him.

That claim resurfaced sensationally in the public eye in November 1998, after Mr. Berezovsky accused the F.S.B. of plotting to assassinate him. Mr. Litvinenko and other disaffected agents called a news conference to confirm Mr. Berezovsky's allegations. It was a bizarre spectacle, even by the conspiratorial standards of the time: one dissident F.S.B. officer appeared in a ski mask, another in dark glasses. Mr. Litvinenko did not conceal his identity.

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Mr. Putin, who led the agency at the time, reacted angrily, threatening to dismiss Mr. Litvinenko and the other officers who had spoken out.

According to a transcript published by the Kremlin International News Broadcast, Mr. Litvinenko began with a forthright attack on corruption within the agency. He said some of its units "have been used by certain officials not for constitutional purposes of state and personal security but for their own private political and material purposes, to settle accounts with undesirable persons, to carry out private political and criminal orders for a fee and sometimes simply as an instrument to earn money."

The remarks led to Mr. Litvinenko's suspension from the F.S.B. and a series of criminal court cases on five counts of abuse of power and other charges. In 1999, he spent eight months in pretrial detention in Lefortovo Prison in Moscow. When charges were dropped in November 1999 for lack of evidence, he was rearrested the instant the acquittal was read out, according to an account in Izvestia in 2001. He was released again in December 1999 and ordered not to leave town.

But the weeks and months went by with no indication that the investigations against him would be dropped.

Mr. Litvinenko, his wife, Marina, and son, Anatoly, fled Moscow in October 2000. According to accounts by Mr. Litvinenko at the time, and by others including Mr. Goldfarb and Viktor Suvorov, a former Soviet military intelligence officer and defector, his trail led from Russia to the town of Antalya in southern Turkey, possibly via Ukraine.

But once in Turkey, no one, it seemed, wanted to deal with a renegade Russian agent.

"I brought him to the U.S. Embassy at the end of October in Ankara," said Mr. Goldfarb, by his own account an American citizen who fled the Soviet Union 31 years ago and spent many years in exile working for, among others, the financier George Soros. "We just walked in and said here's the F.S.B. colonel, and they are not interested."

Finally, Mr. Litvinenko left Turkey using a ticket allowing him to transit, but not stay, in London. In November 2000, he arrived at Heathrow airport, surrendered to the British police and claimed asylum, according to accounts by Mr. Litvinenko and in the British press. But he was still not treated as a high-level defector.

Mr. Suvorov, an agent from Russian military intelligence, G.R.U., who defected in 1978, said: "I raised the question, 'Look, there's a man who has lots of information about organized crime' — no one else had so much information — but no one questioned him about it, British, French, Americans. He had incredible knowledge." Neither Turkish nor American officials confirmed this account.

But, to judge from what happened later, Mr. Litvinenko was determined to put his knowledge of Russia's intelligence networks to use.

Émigrés in London

From the minute he landed in Britain, Mr. Litvinenko resumed his association with Mr. Berezovsky, who had arrived some months earlier also seeking asylum. From a modest row house in white-collar Muswell Hill in north London, he appears to have moved easily in security and former espionage circles, frequently visiting Mr. Berezovsky's offices in Mayfair — one of London's most upscale districts.

He was part, too, of a population of an estimated 300,000 Russians in London, including political émigrés, old-time defectors and wealthy tycoons who spend their time in nightclubs and boutiques and buying up real estate and soccer clubs. He was granted British citizenship earlier this year.

But he also maintained contact with his former F.S.B. colleagues, like Mikhail Trepashkin, who was jailed in October 2003 for betraying state secrets while investigating apartment bombings in Moscow and elsewhere in 1999 that killed scores of people. Those bombings formed the basis of a book published in English the same year by Mr. Litvinenko accusing Russia's security services of staging the bombings as a pretext for the second Chechen war.

In a letter released Friday and dated Nov. 23, Mr. Trepashkin said in a reference to the F.S.B., "Back in 2002, I warned Alexander Litvinenko that they set up a special team to kill him."

But Mr. Litvinenko also registered increasing concerns about his safety. "A secret service is designed to fight another secret service," he told The New York Times in a telephone interview in 2004 during the inquiry into the poisoning of Viktor A. Yushchenko, then a Ukrainian presidential candidate. "When a secret service goes after an individual, they have no chance."

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Mr. Litvinenko said his supporters arranged for him to address British legislators, whom he told that members of the Russian secret services were "getting more aggressive, threatening my relatives." He said he knew of 32 Russian spies working in England. "They follow us and prepare provocations and our liquidation," he said.

In September 2004, two weeks after his appeal to Parliament, Mr. Litvinenko said in the interview, bottles containing burning liquid were thrown at his apartment at 1 a.m.

Some of his associates bridled at the idea that he was Mr. Berezovsky's personal agent or go-between. "He was not just someone who came from Russia and said to Berezovsky: give me some money," said Mr. Suvorov, the former G.R.U. agent.

But Mr. Litvinenko nonetheless displayed a knack for confidential business. According to a report in The Times of London in November, he traveled to Israel weeks before he died to hand over a dossier on the Yukos oil affair — in which the company's former chairman, Mikhail B. Khodorkovsky, has been imprisoned for tax evasion — to Leonid Nevzlin, an exiled oil tycoon. Mr. Nevzlin was quoted as confirming the article. On the fateful day when he first took ill, the radiation trail of his movement led to the offices of Erinys, an international security company in Mayfair.

It was in that upscale district on Nov. 1 that he met his former Russian security service colleagues, Andrei Lugovoi and Dmitri Kovtun, in the Millennium Mayfair hotel, and Mr. Scaramella, the Italian consultant and academic, in the sushi bar on nearby Piccadilly. All three men have denied poisoning him.

A Mystery Deepens

But the saga was not over. One week after the police reported that Mr. Litvinenko had been poisoned, Mr. Scaramella himself was hospitalized when concentrations of the isotope were found in his body. Traces were also found on a member of Mr. Litvinenko's family.

The mystery seemed as deep as ever: the police had traced Mr. Litvinenko's movements and his contacts on Nov. 1. Detectives had spent 20 hours interviewing him in the hospital, according to associates. Yet the trail to Moscow seemed elusive and was impossible to confirm. Speculation swirled inconclusively about Kremlin plots and counterplots and efforts by rogue operatives to pursue their own feuds or discredit President Putin. But no one could say where the poison came from or how it entered Mr. Litvinenko's body.

Indeed, Mr. Lugovoi, the former K.G.B. agent, said in a Russian newspaper interview published on Saturday that Mr. Litvinenko might have, in fact, ingested the poison weeks earlier than anyone realized. If true, that would upend some of the most basic assumptions of the investigation — at least as far as it has been made public — and explain why radiation was found on a British Airways plane that flew between Moscow and London on Oct. 25.

"Alexander Litvinenko, my business partner Dmitri Kovtun and I were in London on Oct. 17 at a meeting in the office of Erinys," the private security company, Mr. Lugovoi told the Russian newspaper Kommersant. "Traces of radiation could have been left there after this visit."

Some of Mr. Litvinenko's associates said his position might have been made more precarious when he began to gather information about the death of Ms. Politkovskaya, the Russian investigative reporter shot to death in Moscow in October. "He was a very good investigator himself," said Mr. Suvorov, the former G.R.U. agent. "That made him very dangerous and vulnerable: if anyone called him and said, 'I know who killed Politkovskaya,' he just arranged a meeting. So, definitely, he was very vulnerable."

There's A Reason Russians Are Paranoid (NYT)

By Steven Lee Myers

The New York Times, December 3, 2006

BEING prone to conspiracy theories, as Russians certainly are, doesn't mean that someone is not conspiring against them.

That, in essence, has been the response here to the poisoning of Aleksandr V. Litvinenko, the secret agent turned exile in London who died on Nov. 23 — a case that only grew murkier last week with the discovery of radioactive traces aboard three British airplanes and another mysterious illness in Moscow.

Mr. Litvinenko's slow end, the intrigue of his final healthy days, his deathbed statement accusing President Vladimir V. Putin of culpability (in English, some Russians noted suspiciously) — have nurtured a widely held view here that it was all indeed a conspiracy, only not the one embraced by Mr. Putin's critics.

It was, from this point of view, not a plot by the Kremlin to silence a critic, but one by its enemies to discredit the Kremlin, the obvious suspects being Mr. Putin's critics in exile or, of course, President Bush, the Central Intelligence Agency or the West (generally).

Or it could have been a plot by a faction inside the Kremlin to make it look as if a competing faction inside the Kremlin had done it.

"There is too much evidence" to think otherwise, said Stanislav A. Belkovsky, a political scientist here with ties to Mr. Putin's Kremlin.

Actually, there is not much evidence at all, only questions and suspicions — which is, by the way, equally true of the accusations against Mr. Putin, no matter how fervently his critics believe them.

Every country has its conspiracy theories, of course, and the Spy vs. Spy dramas of the cold war and Hollywood have given life to a fair number of them. But they thrive here in the fertile ground of the Russian imagination as they do in few other places.

The Soviet Union's leaders obsessed over conspiracies, real and imagined. They also rewrote history so regularly, fabricated so many economic reports extolling progress, covered up so many embarrassments like the Chernobyl disaster that few here ever believed they knew the whole truth about anything. And the absence of truth is where conspiracy theories take root.

This remains so, and Mr. Putin is at least partly to blame. He has stifled the news media, and the day-to-day operation of the Kremlin is again as opaque as it was in Soviet times. And there is the inconvenient fact that the Kremlin's critics — including a number of journalists — keep dying in circumstances that investigators have yet to solve.

Mr. Putin's entire presidency has been wrapped up in conspiracy theories, starting with his abrupt rise to power as Boris Yeltsin's successor in 1999. That fall, a series of apartment bombings killed 243 people, fanning popular support for the second war in Chechnya, Russia's separatist region. From the start, the bombings were viewed with suspicion, especially after the discovery of federal agents planting what turned out to be explosives in the basement of another building. (A training exercise, officials finally said.) In Russian politics, the violence clearly played to the advantage of hard-liners like Mr. Putin.

A vocal adherent of the theory that Russian secret services conspired to bomb their own citizens to bolster the Chechen war effort was Mr. Litvinenko, a former agent of the secret service he accused in a book he jointly wrote, "Blowing Up Russia: Terror From Within." The book was published with the help of Boris A. Berezovsky, the self-exiled tycoon who lives in London and has become Mr. Putin's fiercest critic (the feeling is, evidently, mutual).

Aleksei A. Venediktov, a radio host and executive editor of Ekho Moskvy, said the failure of the government to investigate the bombings thoroughly has nurtured distrust. In the same way, there are those who believe the authorities know more than they have told about the terrorist school siege in Beslan, in which 332 hostages and rescuers were killed in 2004.

"As long as the public is not informed, conspiracy theories will multiply and grow," Mr. Venediktov said. "This does not mean there is no conspiracy."

His theory? It was neither Mr. Putin nor the secret services. In fact, few here believe Russia's leaders would have been so obvious as to use a radioactive isotope; it was used, instead, so people would think so!

Mr. Venediktov said a death squad working outside of government control killed Mr. Litvinenko to frighten the political elite into insisting that Mr. Putin, stay on for a third term whether he wants to or not. By law he must step down in 2008.

"The people who are behind this murder want to lay the responsibility in the future on Putin," he said, in order to make him afraid to leave office lest he be prosecuted.

In the Russian press, where objectivity is as elusive as ever, even darker theories abound, almost always pointing the blame away from Mr. Putin's Kremlin and back toward his accusers. Izvestia offered four on Thursday. According to one, Mr. Litvinenko was selling radioactive materials on the black market. Another: he and Mr. Berezovsky were making a nuclear bomb to help Chechnya's separatists.

These theories about Mr. Litvinenko are not just ideas on the fringe. The chairman of the upper house of Parliament, Sergei M. Mironov, noted that the deaths of Mr. Litvinenko and Anna Politkovskaya, the journalist who was murdered in October, took place on the eve of trips by Mr. Putin to Europe. "I do not think the coincidence was accidental," he said.

When news emerged last week that Yegor T. Gaidar, a former prime minister and critic of Mr. Putin's, had fallen ill a day after Mr. Litvinenko died, an ally of Mr. Gaidar's, Anatoly B. Chubais, linked it to the deaths of Mr. Litvinenko and Ms.

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Politkovskaya, but not to Mr. Putin. Mr. Chubais, the head of Russia's electric company, offered a grand conspiracy theory involving an attempted coup against Mr. Putin.

The logic behind the conspiracies — let alone the facts — can sometimes be hard to fathom, but a Kremlin spokesman, Dmitry S. Peskov, said that many people in London, exiles and their supporters, were all too ready to believe anything that reflected poorly on Russia. "It is a negative heritage of the old times," he said.

Pressed, he suggested that "commercial interests" lay behind Mr. Litvinenko's charges.

Even Mr. Putin himself struck a conspiratorial tone, questioning the origins of Mr. Litvinenko's last statement. "If such a note really appeared before Mr. Litvinenko's death, then a question arises: why this note was not made public when he was still alive?"

British Cabinet Told Of Russian Espionage (WT)

By Sean Rayment

The Washington Times, December 3, 2006

LONDON -- The Russian intelligence services, prime suspects in the death of Alexander Litvinenko, have a network of more than 30 spies operating in Britain.

The sophisticated ring represents the greatest espionage threat facing Britain, government and law-enforcement sources told the London Sunday Telegraph.

The startling intelligence was presented last week to Cabinet ministers at a meeting of Cobra, the anti-terrorist task force.

The spies, equivalent in number to one in five of Moscow government officials based in Britain, are known to be monitoring the movements and activities of Russian emigres and opponents of Russian President Vladimir Putin.

But they also are involved in a widespread operation targeting businessmen, members of Parliament and scientists in an attempt to steal commercial and state secrets.

Only the United States has more Russian agents operating on its soil.

Government sources claim that the agents are as active today as they were at the height of the Cold War, despite the fact that the Kremlin is now one of Britain's major allies in the war on terrorism.

They were also told that Mr. Litvinenko, a former KGB agent who died Nov. 23, was "most probably" slain by "state-sponsored" assassins with the radioactive poison polonium 210 and that suspicion centered firmly on Moscow.

"The Russian intelligence services are highly bureaucratic and legalistic. There isn't a great deal of room for personal initiative. Everything has to be officially authorized and signed off. And this murder would have been a highly complex operation involving many people, not one or two acting in isolation," one source told the Telegraph.

The revelations came as the Italian investigator Mario Scaramella, a friend of Mr. Litvinenko, was still being treated in a hospital after also being contaminated with polonium 210 after their meeting at a sushi restaurant.

Last night he was showing "no evidence of radiation toxicity," but doctors said they were continuing to monitor his condition and further tests were expected.

"The results may seem to suggest that Scaramella was an accidental victim, but it is still possible that the perpetrators simply failed to do their job properly, or that Scaramella himself might have had another role," a police source said.

Mr. Scaramella flew to Britain on an Easyjet flight from Naples, Italy, to Stansted Airport on Oct. 31 and flew back on Nov. 3.

Mr. Scaramella's name was one of five on a supposed "hit list" of people targeted for assassination by the Russian intelligence services and a shadowy group of KGB veterans called Dignity and Honor, which is run by a Col. Velentin Velichko.

During the Cobra meeting, government officials and the police were told that Russia is being ruled by a "brutal regime" that regards dissidents such as Mr. Litvinenko and Boris Berezovsky -- a Russian businessman living in exile in Britain -- as terrorists. The Russian state is suspected of ordering the killings of five persons in the past two decades.

Government sources said that Russia continues to spy on Britain because of its "insatiable" appetite for other countries' state secrets. The main areas of interest include finance, the energy industry, defense and electronics.

The threat is so severe that senior businessmen in companies such as BP and Centrica have been warned by MI5, a British intelligence service, that they may be targeted.

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Government officials said that the Russian spies target unsuspecting businessmen at trade fairs and functions at the Russian Embassy.

Meetings usually follow the exchange of business cards, during which a favor is asked and may be rewarded with cash or other "inducements."

Officials said that in a "throwback" to the Cold War, agents communicate by "live letter boxes," in which secret material is carried by one spy to another, or by "dead letter boxes," where the material is left in a covert location.

Raul Castro Asserts Leadership At Big Brother Fidel's Birthday Party (MCT)

By Frances Robles

McClatchy Newspapers, December 3, 2006

In a clear signal that Cuba's post-Castro era has begun, an ailing Fidel Castro failed to appear at a massive military parade in his honor Saturday while his brother and designated successor delivered an inaugural speech of sorts.

Without explaining his brothers' absence, Raul renewed his willingness to negotiate an end to the almost 50 years of animosity between Washington and Havana. But on his own terms.

"We want to reaffirm our disposition to resolve at the negotiating table the prolonged dispute between the United States and Cuba, if and when they accept our country's condition that it will not tolerate any shadows over its independence," Raul said.

Many Cuba-watchers had expected Fidel to make his first public appearance at the parade since undergoing surgery in July and "temporarily" surrendering the presidency to Raul. At that time, Fidel asked that celebrations for his 80th birthday on Aug. 13 be postponed until Saturday.

But Fidel's absence was certain to fuel U.S. reports that he suffers from terminal cancer and likely will not live past 2007. The Cuban government has refused to detail his ailment, only repeating incessantly that he is "recuperating."

Cuba's media said 300,000 soldiers, students and workers marched along the Plaza of the Revolution as Russian-built MiG jets soared overhead, tanks rolled, and the nation's elite watched from the perch of bleachers.

Many of the marchers chanted, "We love you Fidel" and "Viva Raul," and some carried signs praising the revolution, launched Dec. 2, 1956 when the yacht Granma landed in eastern Cuba carrying the Castro brothers and 80 other fighters.

But in other parts of Havana, the capital seemed largely quiet and almost lifeless on a Saturday morning, with only a dampened sense of the celebrations of the birthdays of Fidel or the revolution.

Some Havana residents interviewed by The Miami Herald Saturday seemed to accept that Fidel is on his last legs yet - at least in public and before strangers - insisted that his ideology would survive his death.

"His death will not change anything. It will not mean they can come in and take over," said 83-year-old Sergio, referring to Cuban exiles abroad.

Leading the military display was Raul, still referred to by the Cuban media as defense minister rather than acting president. After a brief introduction by a teenager, Raul gave the only address of the parade.

It was the second time in Raul's rare recent public statements that he mentioned a willingness to work with Washington. But his calls are likely to fall flat for the time being since Bush administration policy is to push for democracy in Cuba - and oppose the kind of succession from one Castro to another that Raul's speech signaled.

"The absence of Fidel at this parade means that Dec. 2 marks the start of the post-Fidel era," said National War College professor Frank Mora. "The eulogies have begun, history and legacy will inform everything, but the message is clear . . . a new era and model of governance has begun."

Raul led the parade aboard a Soviet-era military vehicle, accompanied by three original commanders of the revolution: Ramiro Valdes, Juan Almeida and Guillermo Garcia.

"We are convinced that the way out of the distressing conflicts that humanity faces is not through war but through political solutions," Raul said.

The Bush administration reacted to Raul's speech by reiterating its previous position: The communist government must first initiate a democratic opening - an option long rejected by the Cubans as interference in their internal affairs.

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"The dialogue that needs to take place is one between the Cuban regime and the Cuban people about the democratic future of their island," said State Department spokeswoman Janelle Hironimus, reading from a prepared statement. "As we have repeatedly stated, any deepening of our engagement with Cuba depends on that dialogue and the Cuban regime's willingness to take concrete steps toward a political opening and a transition toward democracy."

Assistant Secretary of State for the Western Hemisphere Thomas Shannon in August specified some of the U.S. conditions: freeing political prisoners, respecting human rights, permitting the creation of independent organizations such as political parties and trade unions, and "creating a pathway" towards elections.

The olive branch that Raul extended toward Washington was not without barbs, however.

"After almost half a century, we are willing to wait patiently for the moment when common sense prevails in the behavior of the circles of power in Washington," he said.

"Three years and seven months after the euphoric and hasty declaration of `mission accomplished' in Iraq by President Bush aboard an aircraft carrier, the cadavers of young American soldiers continue to arrive in the United States," he added. "The government of the United States finds itself at a crossroads with no way out."

Underlining the importance of Raul's speech, the Cuban government swiftly posted translations into English, French, Italian, Portuguese, German, Arabic and Russian in its web site.

Many observers say Raul would be a more pragmatic leader, committed to communist rule but open to reforms away from Cuba's centrally controlled economy. The Revolutionary Armed Forces that Raul Castro leads now runs most of the island's commercial enterprises, such as its tourist industry.

Since Fidel announced plans for Saturday's event four months ago, he has appeared only in sporadic videos and photographs that showed him shrunken and weak, sometimes in pajamas or a loose-fitting tracksuit.

But those weren't the images shown Saturday on Cuban television, which broadcast hours of historic clips of a younger, stronger, triumphant Castro.

Miami Herald Washington correspondent Pablo Bachelet and translator Renato Perez contributed to this report. The name of the correspondent in Havana who also contributed was withheld because the Miami Herald lacks Cuban government authorization to report from there.

Castro A No-show At 80th Birthday Bash (AP)

By Anita Snow, Associated Press Writer

AP, December 3, 2006

Fidel Castro was a no-show Saturday at a major military parade that doubled as his 80th birthday celebration, raising questions about whether the ailing leader will ever return to power as his public absence begins taking on a tone of permanence.

Many Cubans had hoped for at least a glimpse of Castro before dozens of olive-camouflaged tanks rumbled through the Plaza of the Revolution and jet fighters soared above the capital to mark the 50th anniversary of the formation of Cuba's Revolutionary Armed Forces.

Castro hasn't been seen in public since July 26, before he underwent secretive intestinal surgery and temporarily ceded power to his younger brother, Raul. He delayed his 80th birthday celebration from Aug. 13 to this week in order to give himself time to recover, and speculation had been rife whether he would appear.

The military event, which lasted about two hours, culminated five days of events to celebrate Castro's birthday — none of which he attended.

Instead, it was Raul Castro, the island's defense minister, who stood at the mahogany lectern reviewing the troops during Saturday's parade.

The parade's most obvious purpose was to warn the U.S. against taking advantage of Fidel Castro's illness to attack the island. In the last 15 years the Cuban military has taken on a purely defensive role, and is trained to repel invaders.

In a speech that lacked his brother's rhetorical flourishes, Raul Castro reached out to the U.S. government, which has a decades-old trade and travel embargo against the communist-run island. He did not explain the absence of his brother.

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"We take this opportunity to once again state that we are willing to resolve at the negotiating table the long-standing dispute between the United States and Cuba," as long as the U.S. respects Cuba's sovereignty, said Raul Castro, who turned 75 in June.

"After almost half a century, we are willing to wait patiently until the moment when common sense prevails in Washington power circles," he added.

U.S. State Department spokeswoman Janelle Hironimus said Saturday that "the dialogue that needs to take place is one between the Cuban regime and the Cuban people about the democratic future of the island.

"Any deepening of our engagement with Cuba depends on that dialogue and the Cuban regime's willingness to take concrete steps toward a political opening and a transition to democracy," she added.

Raul Castro used the event to underscore cohesion among the Cuban people, the armed forces and the Communist Party — a recurring theme among officials in recent days.

"This unity is our main strategic weapon, which has made it possible for this small island to resist and overcome so many aggressions from imperialism and its allies," he said.

Cuban officials insist Fidel Castro is recovering, but U.S. officials say they believe he suffers from some kind of inoperable cancer and will not live through the end of 2007. He has appeared thin and pale in photographs and videos released by the government in recent months.

Some U.S. doctors have speculated he could have diverticulosis, a condition relatively common among older people that is caused when weak spots form along the colon and intersect with an artery.

Fidel Castro purportedly sent a message to those celebrating his birthday earlier this week, telling a crowd of 5,000 supporters at the opening event Tuesday at a Havana theater that he was too sick to meet with them.

"I direct myself to you, intellectuals and prestigious personalities of the world, with a dilemma," said a note read at the event. "I could not meet with you in a small locale, only in the Karl Marx Theater where all the visitors would fit, and I was not yet in condition, according to the doctors, to face such a colossal encounter."

Magda Avila, a 70-year-old army veteran, said she was not disappointed the elder Castro did not appear at the parade. "It is fine that he didn't come, so that he can recuperate," she said.

In Miami, Alfredo Mesa, executive director of the anti-Castro Cuban-American National Foundation, said the leader's failure to appear was unimportant.

"For us, Fidel Castro is part of the past," Mesa said. "The pressure is on those who did appear, for them to let Cubans in Cuba decide for themselves what kind of future they want."

Venezuelan President Hugo Chavez said in Caracas that Castro, his good friend and ally, was still "alive and kicking" and that Cuba's communist revolution will live on. Chavez could not attend the parade because he faces re-election Sunday.

Among those at the parade were Bolivian President Evo Morales, Haitian President Rene Preval, Nicaraguan President-elect Daniel Ortega and Colombian Nobel laureate Gabriel Garcia Marquez, as well as hundreds of elderly former combatants from Cuba's revolutionary struggle.

In the first major military parade held in Havana in a decade, tens of thousands of Cubans marched behind anti-aircraft missiles, tanks and other armored vehicles while MiG fighter jets and helicopter gunships flew overhead. The crowd of loyalists was more subdued than in other mass events presided over by Fidel Castro.

Thousands of soldiers led the parade, including special forces in red berets, militiamen in blue uniforms and horseback riders wearing the white dress uniform of 19th century Cuban independence fighters.

Cuba's Revolutionary Armed Forces, which replaced the military that existed before the Cuban Revolution, traces its roots to Dec. 2, 1956, when 82 rebels landed on the island on a yacht — the Granma — that sailed from Mexico.

Only 12 survived the landing and initial skirmishes with President Fulgencio Batista's forces in December 1956. Among the survivors were the two Castro brothers and Ernesto "Che" Guevara, who headed for the hills to build a command post for the revolution that drove Batista out of Cuba on Jan. 1, 1959.

A Rare Silence Reverberates In Castro's Long Goodbye (NYT)

By Marc Lacey

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The New York Times, December 3, 2006

HAVANA, Dec. 2 — In his day, Fidel Castro could not stop talking. He was Cuba's talk show host as well as its president, with his frequent long speeches broadcast into homes on radio and television serving as something akin to background music in Cubans' lives.

Anything that popped into his head was material, whether it was his reflections on Cuban history, his outrage at Washington or a meandering story that left audiences scratching their heads.

Now, though, Mr. Castro, Cuba's ailing leader, is silent, leaving a gap on state-run broadcasts and confused audiences.

On Saturday, the final day of a weeklong belated birthday celebration for the 80-year-old Mr. Castro, Cubans expected one last discourse. But he was a no-show at a flashy military parade that capped the week of festivities. That left many Cubans convinced that their leader of nearly half a century had delivered his final speech.

"The old man is as weak as me," said a man in his 70s who sells copies of the Communist Party newspaper from the wheelchair he has used since losing a leg to gangrene. "I will outlast him."

Mr. Castro last addressed Cubans on July 26, then slipped out of view for several days. On July 31, he announced in a statement that he had had abdominal surgery several days before and that his 75-year-old brother, Raúl, would take over as president while he recuperated.

Mr. Castro's illness, details of which are still regarded as a state secret, has awakened Cubans to the notion of life without the only leader most of them have ever known. Life, defenders and critics of his rule agree, is likely to continue largely as it has, only with a new Castro, a more taciturn one, at the top of the Communist Party organizational chart.

"Nothing has changed for us," said José, 38, a mechanic who opened the refrigerator in his tiny, rundown apartment this week to show three shriveled tomatoes, three pieces of garlic and little else. "Every day will continue to be a struggle."

Mr. Castro's Cuba is very much a work in progress. Its education and health care systems are universal, but socialism has not wiped out classism or racism, freedom to speak out is clearly restricted and life for most people is humble, at best.

Mr. Castro's popularity stems in large part from his long standoff with the United States; he has been an irritant for presidents dating back to Eisenhower.

A variety of concerts, conferences and other tributes in the past week have had the feeling of a long goodbye. Mr. Castro's death, which opponents in the United States had predicted for years was imminent, is now widely assumed among Cubans to be looming.

At Saturday's parade, Raúl was the only Castro to speak. In a 20-minute address, he railed at the American government, condemning the war in Iraq and suggesting that Cuba would negotiate with Washington only on equal terms.

"After almost half a century, we are willing to wait patiently until the moment when common sense prevails in the Washington power circles," he said.

The parade, which featured Soviet-made tanks rumbling by and jets streaking overhead, drew onlookers from around the world, including such notables as Gabriel García Márquez, the Nobel prize-winning author from Colombia; Daniel Ortega, the president-elect of Nicaragua; Evo Morales, the president of Bolivia; René Préval, the president of of Haiti; and the French actor Gérard Depardieu.

Expectations were high that Mr. Castro would attend, but when he did not, his supporters made the most of the celebration. "He's not physically here, but he's still here with us," said Deysi Francis, 42, a journalist with the state-run newspaper Granma.

Antonio Jiménez, 70, a retired teacher, held up a photograph of a young, cigar-smoking Mr. Castro and expressed optimism that he would recover. "His doctors are trying to preserve him," Mr. Jimenez said.

When he does die, Fidel Castro's illness has already shown that he will not disappear altogether.

Billboards of his likeness and his words have been erected around Cuba, posted after the country learned he was sick. Television has been showing biographical sketches of him and snippets of speeches from the past.

Mr. Castro even continues to speak in the pages of Granma, which is churning out a serialized version of several long interviews he gave a French academic in recent years.

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“The enemies of the Cuban revolution are counting the minutes waiting and hoping that he dies, without understanding that Fidel no longer is Fidel,” Foreign Minister Felipe Pérez Roque said Thursday at an academic conference devoted to Mr. Castro, the bearded former guerrilla fighter.

“Now, he is the people, and he is every man and woman prepared to fight for the idea that a better world is possible,” said Mr. Pérez Roque, who was for years Mr. Castro’s personal secretary.

While insisting that Mr. Castro would recover, Mr. Pérez Roque described a post-Castro Cuba in which the ideals he spoke of in his many long addresses over the years would endure. “When he and the men of his generation are no longer with us, we have the conviction that our people will have made those ideas and principles theirs forever,” he said.

But Mr. Castro’s long-winded days are almost surely in the past. Brian Latell, a former C.I.A. analyst who specialized in Cuba, describes in his book “After Fidel” one speech from 1968, during a political purge on the island, that went on for 12 hours.

“Probably no other human in any line of work has ever been recorded uttering such avalanches of words,” wrote Mr. Latell, who sifted through many of Mr. Castro’s thousands of speeches over the years in search of clues on his thinking.

On the streets, people speak of him fondly one minute, then whisper criticism of his rule. Saying his name is not necessary — they sometimes stroke an imaginary beard. Opinions are often a jumble of contradictions.

“I don’t have a bad opinion of him, but he has us like we’re in jail,” said Mario Gutiérrez, 19, a rap singer.

José, the mechanic, who provided only his first name out of fear his comments could run afoul of the authorities, said Mr. Castro had become a father figure to Cubans — even those who are dissatisfied with their everyday lives and blame him. “Our father is dying, and that’s sad,” he said, “even though we want him to go.”

No Castro, But Lots Of Speculation (WP)

By Manuel Roig-Franzia

The Washington Post, December 3, 2006

HAVANA, Dec. 2 -- Cubans woke before dawn Saturday and walked miles for a chance to be near Fidel Castro.

There were no guarantees that the Cuban president, who had been absent from public view for more than four months since undergoing stomach surgery, would surface. Just rumors and whispers, whispers and rumors.

The sounds of Havana wrestling with its greatest modern mystery trickled out of faded doorways and clattered off the chipped facades of this gracefully decaying capital.

"He's getting better."

"He's dead."

"Nobody knows."

It went like that all morning, as hundreds of thousands of Cubans ringed the concrete Plaza de la Revolucion for this country's largest military parade in decades. And it went like that long after the last missile launchers and tanks cut smoky paths down the 20th of May Avenue.

The man they had all come to see never showed up. Castro remained hidden away, his illness shrouded in mystery, his whereabouts a jealously guarded state secret.

"We're all wondering what's happening; it's all we talk about," said Angel Gutierrez, a graphic artist who watched the event on television in his home along the parade route, as a half-dozen police officers crowded his doorway to catch a glimpse of the coverage. "Whatever it is, it's bad."

Those in the crowd, waving thousands of Cuban flags attached to splintery poles, got no clues from Castro's handpicked interim successor, his younger brother Raul. Appearing in a green military uniform and a cap, Raul Castro, 75, said Cuba was willing to use "the negotiating table" to improve relations with the United States. But he said little about his brother, other than "Viva Fidel!" -- Long live Fidel!

Many Cubans expected the uncertainty about Fidel Castro to be cleared up Saturday. But the day ended with more confusion.

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The president temporarily relinquished power for the first time in 47 years after his surgery on July 31. The Cuban government canceled a blowout party planned for Aug. 13, his 80th birthday, but set Dec. 2 as the date for his triumphant return. It was to have been both a commemoration of the Cuban revolution's 50th anniversary and a belated birthday celebration.

Stars of Latin America's populist movements -- heirs to Castro's legacy -- poured into Havana. There was Daniel Ortega, the onetime rebel who recently recaptured Nicaragua's presidency, and there was Evo Morales, the plain-spoken indigenous leader who holds Bolivia's presidency.

In absentia, Castro was praised in a series of events over the past three days, and honored by political leaders and intellectuals, such as Gabriel Garcia Marquez, a Nobel Prize-winning author and Castro's friend.

Each event was accompanied by a tingle of anticipation, a buzz in the corridors about whether Castro would appear. On Tuesday night, a spokesman read a rambling statement to a concert audience in which Castro said his doctors advised him against showing up at such a large event.

Diplomats and analysts parsed the statement, searching for meaning. Many foreign officials have concluded that Castro does not have long to live, that he is dying of cancer or some other terminal disease.

The possible demise of the dominant figure in modern Cuban history has sparked an endless conversation here about what comes next. Cubans seem to be accepting Raul Castro's legitimacy as Fidel Castro's heir to power, but they wonder and sometimes fear what the younger brother will do.

Cubans often praise the country's 100 percent literacy rate and its system of free schools and medical treatment. But many, speaking cautiously and almost always anonymously, say they hope a new government might allow more personal freedom, sanction private enterprise and lift travel restrictions that keep most Cubans on the island their entire lives.

"I like a lot of what I have," said Pablo, a state worker. "But so much has to change; it just has to."

Change here is associated with the end of Fidel Castro's reign, or more specifically, the end of his life. But the Cuban government says its "supreme leader" will lead again.

On Friday, at the gala closing of Castro's birthday celebration, Vice President Carlos Lage emphatically declared that Castro would recover and return to power.

"He is not a man," Lage shouted into the microphone. "He is a force of nature!"

Yet Lage also seemed to ponder Castro's demise.

"When Fidel is not here, his works and his thoughts will remain," he said.

But at the military parade Saturday, there was no such talk. An announcer shouted "Viva Fidel! Viva Raul!" as a replica of the Granma, the yacht the Castro brothers sailed from Mexico to start their revolution, eased past the reviewing stand.

The elite crowd of invited guests in the plaza yelled back, "Viva Fidel! Viva Raul !"

But the crowd in Gutierrez's living room, and the even bigger one peering through his window and lining the street, watched in silence.

Fidel's Final Victory (FA)

By Julia E. Sweig

Foreign Affairs, January 1, 2007

From Foreign Affairs, January/February 2007

Summary: The smooth transfer of power from Fidel Castro to his successors is exposing the willful ignorance and wishful thinking of U.S. policy toward Cuba. The post-Fidel transition is already well under way, and change in Cuba will come only gradually from here on out. With or without Fidel, renewed U.S. efforts to topple the revolutionary regime in Havana can do no good -- and have the potential to do considerable harm.

Julia E. Sweig is Nelson and David Rockefeller Senior Fellow and Director of Latin America Studies at the Council on Foreign Relations. She is the author of Inside the Cuban Revolution: Fidel Castro and the Urban Underground and Friendly fire: Losing Friends and Making Enemies in the Anti-American Century.

CUBA AFTER CASTRO?

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Ever since Fidel Castro gained power in 1959, Washington and the Cuban exile community have been eagerly awaiting the moment when he would lose it -- at which point, the thinking went, they would have carte blanche to remake Cuba in their own image. Without Fidel's iron fist to keep Cubans in their place, the island would erupt into a collective demand for rapid change. The long-oppressed population would overthrow Fidel's revolutionary cronies and clamor for capital, expertise, and leadership from the north to transform Cuba into a market democracy with strong ties to the United States.

But that moment has come and gone -- and none of what Washington and the exiles anticipated has come to pass. Even as Cuba-watchers speculate about how much longer the ailing Fidel will survive, the post-Fidel transition is already well under way. Power has been successfully transferred to a new set of leaders, whose priority is to preserve the system while permitting only very gradual reform. Cubans have not revolted, and their national identity remains tied to the defense of the homeland against U.S. attacks on its sovereignty. As the post-Fidel regime responds to pent-up demands for more democratic participation and economic opportunity, Cuba will undoubtedly change -- but the pace and nature of that change will be mostly imperceptible to the naked American eye.

Fidel's almost five decades in power came to a close last summer not with the expected bang, or even really a whimper, but in slow motion, with Fidel himself orchestrating the transition. The transfer of authority from Fidel to his younger brother, Raúl, and half a dozen loyalists -- who have been running the country under Fidel's watch for decades -- has been notably smooth and stable. Not one violent episode in Cuban streets. No massive exodus of refugees. And despite an initial wave of euphoria in Miami, not one boat leaving a florida port for the 90-mile trip. Within Cuba, whether Fidel himself survives for weeks, months, or years is now in many ways beside the point.

In Washington, however, Cuba policy -- aimed essentially at regime change -- has long been dominated by wishful thinking ever more disconnected from the reality on the island. Thanks to the votes and campaign contributions of the 1.5 million Cuban Americans who live in florida and New Jersey, domestic politics has driven policymaking. That tendency has been indulged by a U.S. intelligence community hamstrung by a breathtaking and largely self-imposed isolation from Cuba and reinforced by a political environment that rewards feeding the White House whatever it wants to hear. Why alter the status quo when it is so familiar, so well funded, and so rhetorically pleasing to politicians in both parties?

But if consigning Cuba to domestic politics has been the path of least resistance so far, it will begin to have real costs as the post-Fidel transition continues -- for Cuba and the United States alike. Fidel's death, especially if it comes in the run-up to a presidential election, could bring instability precisely because of the perception in the United States that Cuba will be vulnerable to meddling from abroad. Some exiles may try to draw the United States into direct conflict with Havana, whether by egging on potential Cuban refugees to take to the florida Straits or by appealing to Congress, the White House, and the Pentagon to attempt to strangle the post-Fidel government.

Washington must finally wake up to the reality of how and why the Castro regime has proved so durable -- and recognize that, as a result of its willful ignorance, it has few tools with which to effectively influence Cuba after Fidel is gone. With U.S. credibility in Latin America and the rest of the world at an all-time low, it is time to put to rest a policy that Fidel's handover of power has already so clearly exposed as a complete failure.

CHANGE IN THE WEATHER

On July 31, 2006, Fidel Castro's staff secretary made an announcement: Fidel, just days away from his 80th birthday, had undergone major surgery and turned over "provisional power" to his 75-year-old brother, Raúl, and six senior officials. The gravity of Fidel's illness (rumored to be either terminal intestinal cancer or severe diverticulitis with complications) was immediately clear, both from photographs of the clearly weakened figure and from Fidel's own dire-sounding statements beseeching Cubans to prepare for his demise. Across the island, an air of resignation and anticipation took hold.

The dead of August, with its intense heat and humidity, is a nerve-racking time in Cuba, but as rumors sped from home to home, there was a stunning display of orderliness and seriousness in the streets. Life continued: people went to work and took vacations, watched telenovelas and bootlegged dvds and programs from the Discovery and History channels, waited in lines for buses and weekly rations, made their daily black-market purchases -- repeating the rituals that have etched a deep mark in the Cuban psyche. Only in Miami were some Cubans partying, hoping that Fidel's illness would soon turn to death, not only of a man but also of a half century of divided families and mutual hatred.

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Raúl quickly assumed Fidel's duties as first secretary of the Communist Party, head of the Politburo, and president of the Council of State (and retained control of the armed forces and intelligence services). The other deputies -- two of whom had worked closely with the Castro brothers since the revolution and four of whom had emerged as major players in the 1990s -- took over the other key departments. Ranging in age from their mid-40s through their 70s, they had been preparing for this transition to collective leadership for years. José Ramón Balaguer, a doctor who fought as a guerrilla in the Sierra Maestra during the revolution, assumed authority over public health. José Ramón Machado Ventura, another doctor who fought in the Sierra, and Esteban Lazo Hernández now share power over education. Carlos Lage Dávila -- a key architect of the economic reforms of the 1990s, including efforts to bring in foreign investment -- took charge of the energy sector. Francisco Soberón Valdés, president of the Central Bank of Cuba, and Felipe Pérez Roque, minister of foreign affairs, took over finances in those areas.

At first, U.S. officials simply admitted that they had almost no information about Fidel's illness or plans for succession. President George W. Bush said little beyond soberly (and surprisingly) pointing out that the next leader of Cuba would come from Cuba -- a much-needed warning to the small yet influential group of hard-line exiles (Republican florida Congressman Lincoln Diaz-Balart, a nephew of Fidel's, prominent among them) with aspirations to post-Fidel presidential politics.

A few weeks into the Fidel deathwatch, Raúl gave an interview clearly meant for U.S. consumption. Cuba, he said, "has always been ready to normalize relations on the basis of equality. But we will not accept the arrogant and interventionist policies of this administration," nor will the United States win concessions on Cuba's domestic political model. A few days later, U.S. Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon responded in kind. Washington, he said, would consider lifting its embargo -- but only if Cuba established a route to multiparty democracy, released all political prisoners, and allowed independent civil-society organizations. With or without Fidel, the two governments were stuck where they have been for years: Havana ready to talk about everything except the one condition on which Washington will not budge, Washington offering something Havana does not unconditionally want in exchange for something it is not willing to give.

From Washington's perspective, this paralysis may seem only temporary. Shannon compared post-Fidel Cuba to a helicopter with a broken rotor -- the implication being that a crash is imminent. But that view, pervasive among U.S. policymakers, ignores the uncomfortable truth about Cuba under the Castro regime. Despite Fidel's overwhelming personal authority and Raúl's critical institution-building abilities, the government rests on far more than just the charisma, authority, and legend of these two figures.

POLITICALLY INCORRECT

Cuba is far from a multiparty democracy, but it is a functioning country with highly opinionated citizens where locally elected officials (albeit all from one party) worry about issues such as garbage collection, public transportation, employment, education, health care, and safety. Although plagued by worsening corruption, Cuban institutions are staffed by an educated civil service, battle-tested military officers, a capable diplomatic corps, and a skilled work force. Cuban citizens are highly literate, cosmopolitan, endlessly entrepreneurial, and by global standards quite healthy.

Critics of the Castro regime cringe at such depictions and have worked hard to focus Washington and the world's attention on human rights abuses, political prisoners, and economic and political deprivations. Although those concerns are legitimate, they do not make up for an unwillingness to understand the sources of Fidel's legitimacy -- or the features of the status quo that will sustain Raúl and the collective leadership now in place. On a trip to Cuba in November, I spoke with a host of senior officials, foreign diplomats, intellectuals, and regime critics to get a sense of how those on the ground see the island's future. (I have traveled to Cuba nearly 30 times since 1984 and met with everyone from Fidel himself to human rights activists and political prisoners.) People at all levels of the Cuban government and the Communist Party were enormously confident of the regime's ability to survive Fidel's passing. In and out of government circles, critics and supporters alike -- including in the state-run press -- readily acknowledge major problems with productivity and the delivery of goods and services. But the regime's still-viable entitlement programs and a widespread sense that Raúl is the right man to confront corruption and bring accountable governance give the current leadership more legitimacy than it could possibly derive from repression alone (the usual explanation foreigners give for the regime's staying power).

The regime's continued defiance of the United States also helps. In Cuba's national narrative, outside powers -- whether Spain in the nineteenth century or the United States in the twentieth -- have preyed on Cuba's internal division to dominate Cuban

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politics. Revolutionary ideology emphasizes this history of thwarted independence and imperialist meddling, from the Spanish-American War to the Bay of Pigs, to sustain a national consensus. Unity at home, the message goes, is the best defense against the only external power Cuba still regards as a threat -- the United States.

To give Cubans a stake in this tradeoff between an open society and sovereign nationhood, the revolution built social, educational, and health programs that remain the envy of the developing world. Public education became accessible to the entire population, allowing older generations of illiterate peasants to watch their children and grandchildren become doctors and scientists; by 1979, Cuba's literacy rates had risen above 90 percent. Life expectancy went from under 60 years at the time of the revolution to almost 80 today (virtually identical to life expectancy in the United States). Although infectious disease levels have been historically lower in Cuba than in many parts of Latin America, the revolutionary government's public vaccination programs completely eliminated polio, diphtheria, tetanus, meningitis, and measles. In these ways, the Cuban state truly has served the poor underclass rather than catering to the domestic elite and its American allies.

Foreign policy, meanwhile, put the island on the map geopolitically. The Cubans used the Soviets (who regarded the brash young revolutionaries as reckless) for money, weapons, and insulation from their implacable enemy to the north. Although the government's repression of dissent and tight control over the economy drove many out of the country and turned many others against the Castro regime, most Cubans came to expect the state to guarantee their welfare, deliver the international standing they regard as their cultural and historical destiny, and keep the United States at a healthy distance.

The end of the Cold War seriously threatened this status quo. The Soviet Union withdrew its $4 billion annual subsidy, and the economy contracted by 35 percent overnight. Cuba's political elite recognized that without Soviet support, the survival of the revolutionary regime was in peril -- and, with Fidel's reluctant acquiescence, fashioned a pragmatic response to save it. Cuban officials traveling abroad started using once-anathema terms, such as "civil society." Proposals were circulated to include multiple candidates (although all from the Communist Party) in National Assembly elections and to permit small private businesses. The government legalized self-employment in some 200 service trades, converted state farms to collectively owned cooperatives, and allowed the opening of small farmers' markets. At Raúl's instigation, state enterprises adopted capitalist accounting and business practices; some managers were sent to European business schools. As the notion of a "socialist enterprise" became increasingly unsustainable, words like "market," "efficiency," "ownership," "property," and "competition" began to crop up with ever more frequency in the state-controlled press and in public-policy debates. Foreign investment from Europe, Latin America, Canada, China, and Israel gave a boost to agriculture and the tourism, mining, telecommunications, pharmaceutical, biotechnology, and oil industries.

These changes rendered Cuba almost unrecognizable compared with the Cuba of the Soviet era, but they also allowed Fidel's government to regain its footing. The economy began to recover, and health and educational programs started to deliver again. By the end of the 1990s, Cuba's infant mortality rate (approximately six deaths per 100,000 births) had dropped below that of the United States, and close to 100 percent of children were enrolled in school full time through ninth grade. Housing, although deteriorating and in desperate need of modernization, remained virtually free. And a cosmopolitan society -- albeit one controlled in many ways by the state -- grew increasingly connected to the world through cultural exchanges, sporting events, scientific cooperation, health programs, technology, trade, and diplomacy. Moreover, by 2002, total remittance inflows reached $1 billion, and nearly half of the Cuban population had access to dollars from family abroad.

In 2004, a process of "recentralization" began: the state replaced the dollar with a convertible currency, stepped up tax collection from the self-employed sector, and imposed stricter controls on revenue expenditures by state enterprises. But even with these controls over economic activity, the black market is everywhere. Official salaries are never enough to make ends meet, and the economy has become a hybrid of control, chaos, and free-for-all. The rules of the game are established and broken at every turn, and most Cubans have to violate some law to get by. The administrators of state enterprises steal and then sell the inputs they get from the government, forcing workers to purchase themselves the supplies they need to do their jobs -- rubber for the shoemaker, drinking glasses for the bartender, cooking oil for the chef -- in order to fill production quotas.

At the same time, the revolution's investment in human capital has made Cuba uniquely well positioned to take advantage of the global economy. In fact, the island faces an overcapacity of professional and scientific talent, since it lacks the industrial base and foreign investment necessary to create a large number of productive skilled jobs. With 10,000 students in its science

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and technology university and already successful joint pharmaceutical ventures with China and Malaysia, Cuba is poised to compete with the upper ranks of developing nations.

STRAITS JACKET

The last potential turning point in U.S.-Cuban relations came with the end of the Cold War. Cubans greeted the fall of the Berlin Wall with a collective sigh of relief; it was, they thought, an opportunity to explore the kind of society Cuba might become once it could no longer depend on the Soviet Union. But over the next decade and a half, U.S. policymakers -- hobbled by domestic politics and a fundamental misunderstanding of the reality on the island -- missed opportunity after opportunity to bring decades of enmity to a close.

Instead of allowing debates about reform to take their natural course in Cuba, Washington jumped on the chance to, as Bill Clinton put it in the 1992 presidential campaign, "bring the hammer down" on Fidel. Congress passed and Clinton signed the Cuban Democracy Act, which, among other things, barred foreign subsidiaries of U.S. companies from trading with Cuba and ships traveling from Cuban ports from docking in the United States. Havana reacted with predictable outrage, condemning U.S. imperial designs in dramatic public protests. More important, some reform proposals were put on hold -- lest the slightest crack in Cuba's armor open the way to U.S.-backed counterrevolution. National security trumped everything else.

The next decade saw a series of half steps forward followed by large steps back. Hoping to learn more about the island while driving a wedge between its people and its government, the Clinton administration began to allow licensed travel to Cuba for academic purposes and for the sake of lending "support to the Cuban people." It also embraced a policy of "calibrated response": as Cuba changed, U.S. policy would as well. Without ever relating them to U.S. gestures, Cuba did undertake some important (and largely unreciprocated) reforms, loosening restrictions on family and some professional travel, relaxing residency requirements for writers and artists, and continuing the economic openings. And when 40,000 rafters left for U.S. shores in 1994, after a summer of brutal heat and electricity and food shortages in Havana, U.S. and Cuban officials began secret negotiations in Canada. The result was unprecedented cooperation on migration issues -- Washington would provide 20,000 visas to Cubans a year, and the U.S. Coast Guard would send Cubans picked up at sea to the U.S. naval base at Guantánamo Bay -- and a degree of official and people-to-people contact unknown since a brief opening under Jimmy Carter.

But these tentative steps, bitterly resisted by exiles who feared a slippery slope toward full-blown U.S.-Cuban relations, were soon thwarted. In February 1996, the Cuban air force shot down two planes being flown in the area by an exile group called Brothers to the Rescue. Led by a Bay of Pigs veteran, the group would make surveillance flights over the florida Straits (to inform the U.S. Coast Guard of rafters) and occasionally drop anti-Castro pamphlets over Havana from Cessnas bought at Pentagon tag sales. Sometimes, U.S. officials would join the flights. Havana had repeatedly warned Washington that the flights would not be tolerated, but the shootdown nonetheless resulted in swift congressional retaliation -- in the form of the Cuban Liberty and Democratic Solidary Act, better known as Helms-Burton.

Helms-Burton took the U.S. embargo to new extremes. It attempted to halt all foreign investment in Cuba by allowing investors to be sued in U.S. courts. It mandated that future presidents could lift the embargo only if Cuba complied with a number of conditions, including holding multiparty elections, recognizing private property, and releasing all political prisoners. And it stipulated that any future change in U.S. policy would depend on Fidel and Raúl Castro -- along, implicitly, with other senior officials in the military and the Communist Party -- leaving politics altogether.

The Cuban regime responded with its own hard line. Raúl, although a leading advocate of economic reform domestically, was an absolutist when it came to confronting the United States. Even as some liberalization continued, and a new Cuban constitution opened the way for a religious revival by allowing Communist Party members to practice openly, there was a government-wide purge of academics and intellectuals -- many of them party loyalists -- thought to be associated with the United States or U.S.-backed reforms. The message was chillingly clear: given a choice between national security and a more open society, the revolution would pick security every time.

In the wake of Helms-Burton, the Clinton administration worked to revive a series of goodwill initiatives. When Pope John Paul II visited Havana's jam-packed Revolution Square in 1999, he asked "the world to open to Cuba and Cuba to open to the world." His entreaty gave both Washington and Havana political cover to revive some momentum on improving relations. The countries' coast guards worked together on antidrug operations, and retired U.S. military commanders met with Fidel and Raúl.

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The Baltimore Orioles and the Cuban national baseball team played each other -- once in Baltimore, once in Havana -- and after the musicologist Ry Cooder released an album of traditional Cuban ballads, there was a "Buena Vista Social Club effect," with American artists, musicians, clergy, academics, students, businesspeople, and politicians flocking to Cuba in record numbers. Cuban Americans who had not returned to the island since leaving as small children visited for the first time, and then returned over and over, reconnecting with long-lost family members. A number of prominent Republicans, including former Secretaries of State Henry Kissinger and George Shultz, called for a bipartisan commission to undertake a full-scale review of U.S. policy toward Cuba.

But the day after Thanksgiving in 2000, progress was undermined once again -- this time by the arrival in southern florida of a six-year-old boy named Elián González. Elián had left Cuba with his mother, but she had died on the trip to the United States. At first, the Clinton administration was slow to take Elián from the custody of his relatives in florida and return him to his father in Cuba -- inflaming Cuban nationalism and inciting mass anti-U.S. protests in Havana. Then, when Attorney General Janet Reno ordered federal agents to seize Elián in a predawn raid and return him to his father, the exile community erupted. The incident not only ended the prospect of a further thawing in U.S.-Cuban relations; it also (at least absent a recount) helped tip the presidential election to George W. Bush, who defeated Al Gore in florida by a few hundred votes.

Like most aspiring presidents casting around for votes, candidate Bush had promised to end the Castro regime. But it was not until the September 11 attacks, and the administration's newfound attention to democracy promotion and rogue regimes, that U.S. Cuba policy took a decidedly more aggressive turn. Bush's first-term Latin America team (many of whose members had either helped write or lobbied for Helms-Burton) rejected any business or security cooperation with Havana and encouraged speculation that Cuba was developing bioweapons for export to rogue regimes or use against the United States. (Those allegations, not surprisingly, withered under closer scrutiny.) By the end of its first term, the Bush administration had upended virtually all initiatives, official and unofficial, for improving relations. It ended the bilateral talks on migration. It stopped approving most medical sales, made legal travel to Cuba difficult for all but faith-based groups and some academics, and cut off visas for Cuban academics and artists. And it almost entirely barred Cuban Americans, who lean strongly Republican, from visiting or sending money to Cuba. Only sales of U.S. agricultural products, because they were explicitly allowed by Congress, escaped the crackdown.

INFIDELITY

Although the George H. W. Bush administration ended covert efforts to topple Fidel, the United States today spends about $35 million a year on initiatives described by some as "democracy promotion" and by others as "destabilization." Radio Martí and tv Martí broadcast from florida to Cuba; other U.S. government programs are intended to support dissidents, the families of political prisoners, human rights activists, and independent journalists. Although some Cubans do listen to Radio Martí, the Cuban government blocks the tv Martí signal, and without open ties between the countries, only a fraction of the support actually reaches Cubans living on the island; the lion's share is distributed through no-bid contracts to the anti-Castro cottage industry that has sprung up in Miami, Madrid, and a few Latin American and eastern European capitals. The recipients of such federal largess -- along with the Cuban intelligence agents that routinely penetrate the groups they form -- have become the primary stakeholders in Washington's well-funded, if obviously ineffective, policy toward Cuba.

On the ground in Cuba, moreover, these efforts are generally counterproductive. U.S. economic sanctions have given Cuba's leaders justification for controlling the pace of the island's insertion into the world economy. The perception, pervasive in Cuba, that the United States and the Cuban diaspora are plotting regime change further strengthens domestic hard-liners who argue that only a closed political model with minimal market openings can insulate the island from domination by a foreign power allied with old-money elites. Dissidents who openly associate with U.S. policy and its advocates in Miami or the U.S. Congress mark themselves as stooges of the United States, even if they are not. Moreover, the Cuban government has successfully undermined both the domestic and the international legitimacy of dissidents by "outing" some as sources, assets, or agents of the United States (or of Cuba's own intelligence services). The 2003 arrest and incarceration of 75 dissidents was intended to demonstrate that Cuba could and would preempt outside efforts at regime change regardless of the consequent international outcry and U.S. congressional rebuke.

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There are some genuine dissidents in Cuba untainted by either government and not weakened by infighting. One, Oswaldo Payá, is a devout Catholic who heads the Varela Project, which collected more than 11,000 signatures in 2002 for a petition calling on the Cuban government to hold a referendum on open elections, free speech, free enterprise, and the release of political prisoners. Yet it is only by resisting the embrace of the international community, and of the United States in particular, that Payá has maintained his credibility and autonomy. Meanwhile, below the radar screen (and throughout officially sanctioned Cuban institutions), there are scores of thoughtful nationalists, communists, socialists, social democrats, and progressives who may not yet have the political space to air their views publicly but who express dissent in terms that U.S. policymakers either do not recognize or do not support.

The upshot of a half century of hostility -- especially now with ties severed almost entirely -- is that Washington has virtually no leverage over events in Cuba. With no other way to make good on its campaign commitments to Cuban Americans short of a full-scale invasion, the Bush administration established the Commission for Assistance to a Free Cuba in 2003 and appointed a "Cuba transition coordinator" in 2004. To date, the commission, the membership and deliberations of which have been kept secret, has issued two reports, totaling over 600 pages, on what kind of assistance the U.S. government could, "if requested," provide to a transitional government in Cuba.

The basic assumption behind the commission's planning is that with outside assistance, Cuba's transition will be a hybrid of those in eastern Europe, South Africa, and Chile. Those analogies and the policy prescriptions derived from them do not hold up. Unlike Eastern Europeans in the 1980s, Cubans, though enthusiasts of American culture and dynamism, regard Washington not as a beacon of freedom against tyranny but as an imperialist oppressor that has helped justify domestic repression. (Moreover, the United States had actively promoted travel, commerce, and cultural ties with the Soviet bloc before the transitions there began.) In the case of South Africa, the sanctions that helped topple the apartheid regime were successful because they were, in contrast to the unilateral U.S. embargo on Cuba, international in scope. And in Chile, the U.S. government was able to ease Augusto Pinochet out of power only because it had staunchly supported him for so long.

The second feature of Washington's vision for post-Fidel Cuba is more dangerous than a bad analogy. The Bush administration has made clear that its top priority is to interrupt the Castro regime's succession plans. The Commission for Assistance to a Free Cuba report released just before Fidel underwent intestinal surgery in July states, "The only acceptable result of Fidel Castro's incapacitation, death, or ouster is a genuine democratic transition. ... In order to undermine the regime's succession strategy, it is critical that the U.S. government maintain economic pressure on the regime."

Since the 2003 war in Iraq, Cubans have closely observed the effects of de-Baathification there. Like membership in Iraq's Baath Party under Saddam Hussein, membership in the Cuban Communist Party is a ticket to professional advancement for devout believers and agnostic opportunists alike. Party members include sophisticated intellectuals, reform-minded economists, clergy, brash up-and-coming youth leaders, scientists, professors, military officers, bureaucrats, police officers, and businesspeople in the "revenue-earning sectors" of the economy. In short, it is impossible to know who among the roughly million party members (and 500,000 members of the Union of Communist Youth) is a real fidelista or raulista. Purging party members would leave the country without the skilled individuals it will need after Fidel, whatever the pace of change. And should the United States, or a government that Washington deems adequately transitional, ever be in a position to orchestrate such a purge, it would then face an insurgency of highly trained militias galvanized by anti-American nationalism.

One encouraging development is that the Cuban American community is no longer of one mind with respect to Cuba's future and its role in it. For decades, a vocal minority of hard-line exiles -- some of whom have directly or indirectly advocated violence or terrorism to overthrow Fidel -- have had a lock on Washington's Cuba policy. But Cuban Americans who came to the United States as young children are less passionate and single-minded as voters than their parents and grandparents, and the almost 300,000 migrants who have arrived since 1994 are generally most concerned with paying bills and supporting their families on the island. Now, the majority of Cuban Americans, although still anti-Castro, recognize that the embargo has failed and want to sustain family and humanitarian ties without completely eliminating sanctions. Overall, many want reconciliation rather than revenge.

The State Department is starting to recognize these changes, and many members of Congress must now answer to constituents from other Latin American countries who resent the outsized influence of Cuban Americans. But the hard-liners and

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their allies in Washington will continue to fight any proposed policy overhaul. They worry that if Washington adopts a more realistic approach to the island, the policy train will bypass Miami and head straight for Havana -- and they will have lost their influence at the moment when it matters most.

WASHINGTON'S MOVE

Even with the economy growing and new public-sector investment in transportation, energy, education, health care, and housing, Cubans today are deeply frustrated by the rigors of just making ends meet. They are eager for more democratic participation and economic opportunity. But they also recognize that Cuba's social, economic, and political models will change only gradually, and that such reform will be orchestrated by those whom Fidel has long been grooming to replace him. Washington, too, must accept that there is no alternative to those already running post-Fidel Cuba.

From the perspective of Fidel's chosen successors, the transition comes in a particularly favorable international context. Despite Washington's assiduous efforts, Cuba is far from isolated: it has diplomatic relations with more than 160 countries, students from nearly 100 studying in its schools, and its doctors stationed in 69. The resurgence of Latin America's left, along with the recent rise in anti-American sentiment around the globe, makes Cuba's defiance of the United States even more compelling and less anomalous than it was just after the Cold War. The Cuban-Venezuelan relationship, based on a shared critique of U.S. power, imperialism, and "savage capitalism," has particular symbolic power. Although this alliance is hardly permanent, and American observers often make too much of Venezuela's influence as a power broker, it does deliver Cuba some $2 billion in subsidized oil a year and provide an export market for Cuba's surfeit of doctors and technical advisers. (By providing the backbone for Venezuelan President Hugo Chávez's social programs and assistance in building functional organizations, Havana exercises more influence in Venezuela than Caracas does in Cuba.) Havana, without ceding any authority to Chávez, will optimize this relationship as long as it remains beneficial.

Nor is Venezuela the only country that will resist U.S. efforts to dominate post-Fidel Cuba and purge the country of Fidel's revolutionary legacy. Latin Americans, still deeply nationalistic, have long viewed Fidel as a force for social justice and a necessary check on U.S. influence. As attendance at his funeral will demonstrate, he remains an icon. Latin Americans of diverse ideological stripes, most of them deeply committed to democracy in their own countries, want to see a soft landing in Cuba -- not the violence and chaos that they believe U.S. policy will bring. Given their own failures in the 1990s to translate engagement with Cuba into democratization, and the United States' current credibility problems on this score, it is unlikely that U.S. allies in Latin America or Europe will help Washington use some sort of international initiative to advance its desires for radical change in Cuba.

When Fidel dies, various actors in the United States and the international community will rush to issue and, if they get their way, enforce a series of demands: hold a referendum and multiparty elections, immediately release all political prisoners, return nationalized property and compensate former owners, rewrite the constitution, allow a free press, privatize state companies -- in short, become a country Cuba has never been, even before the revolution. Many of those goals would be desirable if you were inventing a country from scratch. Few of them are now realistic.

After Fidel's funeral, a "transition" government of the sort Washington is hoping for will not occupy the presidential palace in Havana. This means that the White House cannot responsibly wait for the happy day when the outlines of its commission reports can be put to the test. Instead, the current administration should immediately start talking to the senior Cuban leadership. Recognizing that Cuba and the United States share an interest in stability on both sides of the florida Straits, the first priority is to coordinate efforts to prevent a refugee crisis or unforeseen provocations by U.S.-based exile groups eager to exploit a moment of change on the island. Beyond crisis management, Washington and Havana can cooperate on a host of other concerns in the Caribbean Basin, including drug trafficking, migration, customs and port security, terrorism, and the environmental consequences of offshore drilling in the Gulf of Mexico. The two countries have successfully worked on some of these issues in the past: each has bureaucracies staffed by professionals who know the issues, and even know one another. An end to Washington's travel ban, a move already backed by bipartisan majorities in the House of Representatives, would further open the way to a new dynamic between the United States and Cuba. Just as the first Bush White House formally ended covert operations on the island, this Bush administration or its successor should also affirmatively take regime change, long the centerpiece of Washington's policy toward Cuba, off the table.

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By continuing the current course and making threats about what kind of change is and is not acceptable after Fidel, Washington will only slow the pace of liberalization and political reform in Cuba and guarantee many more years of hostility between the two countries. By proposing bilateral crisis management and confidence-building measures, ending economic sanctions, stepping out of the way of Cuban Americans and other Americans who wish to travel freely to Cuba, and giving Cuba the space to chart its own course after Fidel, Washington would help end the siege mentality that has long pervaded the Cuban body politic and, with the applause of U.S. allies, perhaps help accelerate reform. Cubans on and off the island have always battled over its fate -- and attempted to draw American might into their conflicts, directly or indirectly. Lest the next 50 years bring more of the same, the wisest course for Washington is to get out of the way, removing itself from Cuba's domestic politics altogether.

Fidel's successors are already at work. Behind Raúl are a number of other figures with the capacity and the authority to take the reins and continue the transition, even after Raúl is gone. Fortunately for them, Fidel has taught them well: they are working to consolidate the new government, deliver on bread-and-butter issues, devise a model of reform with Cuban characteristics, sustain Cuba's position in Latin America and internationally, and manage the predictable policies of the United States. That these achievements will endure past Fidel's death is one final victory for the ultimate Latin American survivor.

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Gen. Pinochet Suffers Heart Attack (AP)

By Eduardo Gallardo, Associated Press Writer

AP, December 3, 2006

Former dictator Gen. Augusto Pinochet was hospitalized early Sunday after suffering a heart attack and is in serious but stable condition, the Santiago Military Hospital said.

The 91-year-old retired general, who has been under house arrest, was rushed to the hospital after suffering "an acute" heart attack, the hospital said in a statement. "His condition is serious but stable."

The brief statement said Pinochet was at the hospital's emergency room undergoing treatment.

Pinochet, who ruled from 1973 until 1990, was taken to the hospital from his suburban Santiago residence.

Pinochet's spokesman, retired Gen. Guilleremo Garin, said the former strongman was undergoing "thorough medical tests. It's a heart condition. That's all we know now."

Pinochet's health has deteriorated gradually in recent years. He has used a pacemaker for several years and was diagnosed with mild dementia caused by several strokes. He also suffers from diabetes and arthritis.

The former dictator's failing health has helped him escape punishment for human rights abuses committed during his regime, with courts ruling his condition prevented from standing trail in at least two cases in recent years.

But last week, Pinochet was indicted and ordered to remain under house arrest for the execution of two bodyguards of Salvador Allende, the freely elected Marxist president who was toppled in the 1973 coup.

The indictment came after Pinochet's 91st birthday on Nov. 25, which he marked by issuing a statement for the first time taking full political — though not explicitly legal — responsibility for abuses committed by his regime.

"Today, near the end of my days, I want to say that I harbor no rancor against anybody, that I love my fatherland above all and that I take political responsibility for everything that was done which had no other goal than making Chile greater and avoiding its disintegration," he said at the time.

The recent house arrest is the fifth such action taken against Pinochet on charges stemming from human rights violations during his dictatorship.

The indictment alleges kidnapping and homicide in connection with the deaths of two Allende bodyguards who were arrested the day of the coup, Sept. 11, 1973. Both were executed by firing squad four weeks later, the military regime announced at the time.

Pinochet faces two other indictments — another in connection to human rights abuses and one on tax charges.

According to an official report prepared by an independent commission appointed by the first civilian government after Pinochet's rule, 3,197 people were killed for political reasons during his regime and more than 1,000 of them were "disappeared."

Venezuela's Economic Boom Buoys Chávez's Campaign (NYT)

By Simon Romero

The New York Times, December 3, 2006

CARACAS, Venezuela, Dec. 2 — To understand why Hugo Chávez seems set for victory in Sunday's presidential election and a strengthened mandate for what he calls a socialist revolution, consider the vigor here of that most capitalist of institutions: the stock exchange.

Housed in El Rosal, an upscale district with new skyscrapers and hotels, the 59-year-old Caracas stock exchange was the site of frenzied trading this week. Its main index climbed to a record high of 46,741, topping off a 129.2 percent rise this year that has made it one of the best performing markets in the world. On Friday, the index climbed 8 percent for its biggest daily gain in four years.

"For all of Chávez's faults, his government has been extremely pragmatic in economic terms," said José Guerra, a former chief of economic research at Venezuela's central bank. "State-supported capitalism isn't just surviving under Chávez," he said. "It is thriving."

Often lost in the campaigning between Mr. Chávez and his electoral challenger, Manuel Rosales, is that Venezuela, with the largest conventional petroleum reserves outside the Middle East, is having one of the most significant oil booms in its history. Economic growth this year is set to pass 10 percent, making Venezuela the fastest-growing economy in the Americas.

The Chávez government, while wrapping itself in socialist imagery — like red clothing — and deepening its alliance with Fidel Castro's Cuba, has made this expansion possible by quietly working with Venezuela's banking system. The rush of petrodollars into the economy has led bank deposits to climb 84 percent in the past 12 months, according to Softline Consultores, a financial consulting business here.

The boom is evident in an economy that has put financial speculation and conspicuous consumption ahead of domestic manufacturing. For instance, foreign automobile companies Ford and General Motors will sell 300,000 cars in the country this year. Economists describe Venezuela as a "harbor economy" because of its lust for imported goods.

"Many people say we're in a profound political and social crisis," said Michael Penfold-Becerra, an economist at the Institute of Higher Administrative Studies, a Caracas business school. "On the contrary, we've returned to a temporary period of harmony. Oil is buying us a certain social peace and stability."

Neither candidate in Sunday's election seems to acknowledge the growing consumerism in rich and poor households as one of the main reasons Mr. Chávez has resilient popularity ratings after eight years as president. Most opinion polls give him a double-digit lead over Mr. Rosales, governor of the oil-producing Zulia State in the west.

Mr. Chávez makes frequent exhortations in favor of socialism, sometimes describing Jesus Christ as the first socialist and Judas as the first capitalist. Mr. Rosales said in an interview that Mr. Chávez, who has deepened ties with Cuba by bringing thousands of Cuban doctors to Venezuela in exchange for subsidized oil, was "implementing a Castro-style system of autocratic rule in Venezuela."

While Mr. Chávez promises socialism, historians say that in effect he is delivering old-fashioned populism. He is often compared to Carlos Andrés Pérez, the populist president who oversaw economic expansion in the 1970s when Venezuela also benefited from higher oil prices.

"Chávez has a problem in that what he calls his socialist revolution never involved the overthrow of a dictator like Batista or Somoza," said Alberto Barrera Tyszka, who co-wrote an acclaimed biography of Mr. Chávez. "He's redefining socialism as a concept that could exist only in Venezuela, where it is characterized by hatred of George Bush and an excess of BMWs and Audis."

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Some Chávez economic policies draw inspiration from formulas used with mixed results by countries in the developing and industrialized worlds the 1960s and 1970s. These include price controls for food and gasoline, strict limits on buying and selling foreign currency and caps on everything from lending rates at banks to hourly fees at parking lots.

At the same time, the government has channeled billions of dollars in oil revenues into social welfare programs and small cooperatives intended to produce goods to replace imports on the domestic market. The government says these efforts are moving Venezuela toward a vaguely defined "21st-century socialism."

Oil is at the heart of this development model. Venezuela, in contrast to oil-exporting countries like Mexico or Saudi Arabia that tightly circumscribe the operations of foreign oil companies, still produces oil in ventures with some of the largest private energy companies, including Chevron and Royal Dutch Shell. And the government works closely with Venezuelan and foreign banks to maintain economic stability.

Unlike Rafael Correa, the newly elected president of Ecuador, who plans to renegotiate the foreign debt, Mr. Chávez has made every effort to meet Venezuela's obligations with foreign lenders. As a result, markets still consider Venezuelan bonds about as safe an investment as bonds issued by Brazil, a neighboring industrial powerhouse.

The Finance Ministry, meanwhile, has tolerated loopholes for the moneyed classes to circumvent foreign exchange controls by allowing them to buy stocks and bonds that can be exchanged for securities denominated in dollars. Critics of this system say it has allowed a new elite to emerge through opaque dealings with the government.

Fernando Coronil, a Venezuelan historian at the University of Michigan, said Mr. Chávez's policies were reminiscent of the heady years after World War II when Democratic Action, a social democratic party, swept into power on a platform that emphasized distributing oil wealth to the poor. Leaders even called their movement the October Revolution, though populist rule in Venezuela eventually became characterized by a lack of transparency in the distribution of favors through the state.

While earlier booms revolved around huge investments in industrial projects like aluminum smelters, analysts say the latest expansion is especially risky because it focuses mainly on consumption.

Despite boasting of some of South America's most fertile land in an area the size of Texas and Oklahoma combined, Venezuela still imports more than half its food, largely from the United States and Colombia. An overvalued currency, meanwhile, has been disastrous for Venezuelan industry with the number of manufacturing companies falling to about 8,000 today from 17,000 in 1998, according to Mr. Guerra, the former economist at the central bank.

With Chavez, Some Venezuelan Entrepreneurs See Opportunity (WP)

By Juan Forero

The Washington Post, December 3, 2006

CARACAS, Venezuela, Dec. 2 -- Venezuela's business establishment often warns that if President Hugo Chavez wins reelection Sunday, it won't take long before the populist firebrand transforms Venezuela into a communist state, dooming its oil-rich economy. Alejandro Uscategui, an industrialist here, couldn't disagree more.

Overseeing a variety of companies, Uscategui is among a growing number of business leaders who reject the doom-and-gloom scenario and see something else entirely in Venezuela's free-spending government: opportunity.

"We think President Hugo Chavez has done a very good job," said Uscategui, president of an association, Entrepreneurs for Venezuela, that is closely allied with the government. "Here there has been incredible growth in companies. There are businesses that close, sure, but they don't close because of Ch?vez."

Eight years into what Chavez calls "21st century socialism," Venezuela's economy has evolved into one marked by contradictions: the highest growth rate in the Americas and grinding underemployment, out-of-control consumerism and a lack of investment, troubling uncertainty and golden prospects.

The economy is expected to expand by more than 8 percent this year, the highest rate in South America. Gross domestic product has shot up from about $92 billion in 2002 to a projected $170 billion this year. The torrent of oil revenue filters down to companies and consumers, who are on a buying binge for luxury cars, penthouse apartments and 48-inch plasma television sets.

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It is also a country where foreign investment has collapsed, falling from $5.6 billion in 1997 to a projected negative outflow of $2.7 billion this year, according to calculations by Tamara Herrera, an economist with LatinSource, a New York-based group of Latin American economists. The economy is unable to create enough jobs for those entering the workforce, and inflation, at 15 percent, is among the highest in Latin America.

In a foreshadowing of possible trouble, the price of oil has experienced a four-month slide that recently dropped the Venezuelan barrel below $50, about as low as the government wants to go.

"The data continues to shine, but behind it in our opinion are serious problems of sustainability, and of the possibility of stagnation," said Herrera, also chief economist of Sintesis Financiera, a consulting firm in Caracas. "Behind these numbers are a huge dependence on oil, more than we've ever seen."

The question now is where Chavez will take this country of 26 million should he win another six-year term, as the majority of public opinion polls predict. His promise to further consolidate his revolution would surely mean more state control over the private sector, the creation of hundreds, if not thousands, of state cooperatives and the founding of more state-owned companies. If the price of oil holds, billions more would be funneled into social programs.

"Socialism is the only path that will permit us to save the human being, the human species," Chavez said in a recent speech. "Capitalism is the path to the destruction of the world, the destruction of the human being. Capitalism is the path to the destruction of life."

Capitalism, though, along with Venezuela's state spending, seems to have been very good to a new class of entrepreneurs in Venezuela who have either allied themselves with the government or found a way to have a cordial relationship. Many of them have secured lucrative government contracts, and the opposition has dubbed them the Boliburguesia, short for the Bolivarian bourgeoisie.

"Ninety percent of those businessmen are there because they give them the money to be businessmen," said Flavio Fridegotto, owner of a national chain of hardware stores and a leader in Fedecamaras, the nation's largest business association. "They are there because they are opportunists."

Fridegotto is referring to such people as Majed Khalil, a son of Lebanese immigrants who runs a variety of companies. Eveba cans tuna. Hardwell sells and services computers and software and has a contract to provide schools with technology. His companies provide equipment such as taxiway lights to airports, and he now has a contract to work on the construction of an electrical plant.

"With the government opening up, you see offers and opportunities where you can do business," Khalil said in an interview in his office. "Past governments have never invested like this government."

Uscategui, the head of Entrepreneurs for Venezuela, or Empreven, said he and other business leaders close to the government want to replace Fedecamaras as the main business chamber. Those allied with Chavez will never forget that it was the president of Fedecamaras, Pedro Carmona, who in 2002 became interim president in what turned out to be an ill-fated effort to oust Ch?vez.

Sitting in his office, next to a table of pharmaceutical products he hopes to sell to government clinics, Uscategui talks of being committed to the "idea of social capitalism" and warns of business people who "want to exploit Venezuela's riches and go live elsewhere."

"We defend the private property, we defend businessmen, we defend credits," Uscategui said. "Our difference is we don't aspire to political power, we don't question Ch?vez."

Uscategui says altruism motivates him, but he exudes astute self-interest, crucial to survive in Venezuela's topsy-turvy economy. Unlike those who supported the failed coup, and a disastrous national oil strike that lasted two months, Uscategui stuck with the government.

He soon found himself invited to business gatherings, where he would be seated next to Ch?vez. "The business sector has advanced," he said with assurance. "It has not gone to elites."

Alberto Vollmer, 38, who runs Santa Teresa Rum, a distiller that is one of Venezuela's most storied companies, is among those who is admittedly from the traditional upper class. He lost a third of the 7,400 acres that made up his farm to land invaders, but he did not lash back.

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He instead started working closely with the government to implement social programs in the poor barrios nearby. "There are mistakes this government has made and is making, but if you don't have a constructive attitude, you won't get anything done," he said. Vollmer has, to be sure, drawn the ire of some entrepreneurs for working with the government.

"For some of my friends, it's very hard to understand that I get along with Ch?vez," he said. "It doesn't mean I agree with 100 percent of their ideas."

Vollmer is far from being a confidant of the president. He rattles off deep concerns, such as that Venezuela is repeating a disastrous error from the 1970s -- spending oil revenue wildly without creating a climate for solid non-oil investment.

Many economists agree. Domingo Maza Zavala, a director of the Venezuelan Central Bank, said the economy needs to create 1.5 million jobs but cannot do so without huge private investments. "Private investment needs a stable climate, a climate of tranquility, a climate of institutional security," he said.

The government, though, appears intent on spending -- and confident that the price of oil will remain high.

The government's 2007 budget will be 32 percent higher than this year's, according to the National Assembly, which used a cautious projected average oil price of $29 a barrel. "Rather than cut spending, we're encouraged that capital investment is increasing, and that will boost the country's production," the planning minister, Jorge Giordani, said this week.

Alberto Cudemus, 62, who owns a hog butchering and packing company, said he agrees with much of what the government is doing.

On the surface, he is like many of his colleagues at Fedecamaras, where he heads a chamber representing pork producers. He wears a suit, is trim from daily exercise and speaks English and Dutch fluently.

But though he has some misgivings, he said government policies, such as making loans cheap and accessible, have helped reawaken the private sector.

"There are many positive things happening," he said. "I don't think everything is positive. But enough positive things are happening to give me confidence."

Adios Is Not In Chavez's Plans (LAT)

By Chris Kraul

The Los Angeles Times, December 3, 2006

CARACAS, VENEZUELA — The United States had better get used to its Latin American nemesis, Venezuelan President Hugo Chavez. If, as expected, he wins reelection to a new six-year term today, he says he will seek a change in the constitution that would enable him to serve indefinitely.

As many as 14 million Venezuelans will go to the polls to choose between Chavez and Manuel Rosales, the scrappy governor of Zulia state. Rosales started his campaign late, but has fared better than many expected in re-energizing a badly fragmented, dispirited opposition. Still, surveys show Chavez ahead by margins ranging from 4 to 22 percentage points.

Rosales' only hope of victory lies in capturing large numbers of undecided voters.

Many U.S. citizens know Chavez for his diatribes against President Bush. But the key to his support lies in the redistribution of Venezuela's immense oil windfall. He now is spending a third of Venezuela's annual $130 billion in economic output on social outreach, public works and food and housing subsidies, and he is expected to reap the electoral dividends.

Chavez says he has added 4 million people to the payrolls since he took office, the vast majority through social outreach programs called "missions," worker-owned cooperatives and public works programs.

Those government-supported jobs could vanish with a decline in the price of oil, critics say, adding that private investment, industrial output and the creation of skilled jobs all have declined under Chavez's socialist policies.

"What we are seeing is state-led growth, very vulnerable in the medium and long term to a downturn in oil prices," said Michael Penfold, a political scientist at a graduate studies college here known by its Spanish initials IESA. "We are far more dependent on oil than 12 to 15 years ago, and that's what worries me."

But for now, the good times are rolling.

Whiskey and new car sales are at record highs, and polls show most Venezuelans generally feeling optimistic and happy with Chavez's stewardship, according to Datanalysis, a polling firm in Caracas, the capital. Fueled by public spending, the

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Venezuelan economy has grown at an annual rate of 10% for the last three years, said economist Francisco Vivancos of the University of Central Venezuela.

The country has emerged from an economic crisis after a strike by oil workers starting in late 2002 nearly brought crude exports to a halt. The strike followed the unsuccessful effort to oust Chavez in April 2002.

Despite the political problems between the two countries, Venezuela is the fourth-largest exporter of oil to the U.S.

If Chavez has a weakness among his supporters, it's widespread dissatisfaction with his foreign policy, which has included giveaways of oil to Cuba and other Caribbean nations; discounted heating oil to poor people in the United States; medical subsidies in Mexico and Central America; bond purchases in Argentina; and foreign aid to Bolivia.

Rosales, 53, has argued in his campaign that charity should begin and end at home.

A career politician, Rosales has said he would give poor Venezuelans a cash withdrawal card to directly access the nation's oil wealth. He would also expand the "missions," making them available to everyone.

Chavez's anti-U.S. rhetoric also rubs some of his supporters the wrong way, given familial and cultural ties to the United States.

At a Thursday news conference, Chavez unapologetically repeated his description of Bush made before the U.N. General Assembly in September. "Someone has to call the devil the devil," Chavez said with a shrug.

He said Thursday that if he wins today, he will call an assembly to make revisions to the constitution that would allow him to serve an unlimited number of terms. Without that change, Chavez would have to leave office at the end of a new term.

Although more than four-fifths of Venezuelans polled by Datanalysis last month said they were better off under Chavez's leadership, almost as many said the president should do more to fight crime, now among the worst in the hemisphere.

Retired policeman Hector Ortega of Caracas' poor Vargas section is among those who seem ready to look past any misgivings about Chavez because of his commitment to alleviating Venezuela's inequalities. "He speaks our language," Ortega said.

Chavez came to power with high expectations as a reformer in 1999, preceded by a two-decade period in which Venezuela's economy was second-to-last in Latin America, said Francisco Monaldi, also an IESA professor.

The president's popularity started to increase after the missions were launched in 2003 with the Mission Barrio Adentro, which offers free medical help in poor neighborhoods.

Critics accuse Chavez of packing the Supreme Court and the National Electoral Commission with supporters. But the opposition has sometimes made it easy. Opposition candidates boycotted congressional elections last year in a dispute over the vote-counting machines.

Chavez is getting credit for making today's election more transparent than those in the past, agreeing to the auditing of half the ballot boxes and allowing more than 1,000 foreign and national electoral observers.

The biggest fear, expressed by both Chavez and opposition leaders, is that the vote will be so close that neither side will accept defeat, which could lead to turmoil similar to what occurred in Mexico after this summer's disputed election.

Red Cross: Asia Storm Toll May Hit 700 (AP)

AP, December 2, 2006

PADANG, Philippines (AP) — Hopes virtually vanished Sunday for finding survivors of typhoon-triggered mudslides that engulfed entire villages in the eastern Philippines, with the Red Cross fearing the death toll could reach 700.

The government's National Disaster Coordinating Center reported 309 bodies have been retrieved and 298 people remained missing three days after Typhoon Durian struck, triggering mudslides in worst-hit Albay province.

Sen. Richard Gordon, who heads the local Red Cross, said the death toll could easily reach 700 "on the low side," based on official casualty figures and reports his group obtained from mayors of devastated villages.

"There are many unidentified bodies, there could be a lot more hidden below. Whole families may have been wiped out," Gordon told The Associated Press by phone.

No survivors are known to have been pulled from the swampy land since the first hours after Durian blasted ashore Thursday with winds gusting up to 165 mph.

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The storm affected 800,000 people, officials said.

The first funerals took place Saturday evening as bodies rapidly decomposed in the tropical heat.

All but two dozen of the deaths occurred in worst-hit Albay province, including 165 in the town of Guinobatan, swamped by floodwaters in the Mayon volcano's foothills, southeast of the capital Manila. Four other provinces reported fatalities, but accurate casualty figures were hard to come by, with the disaster's devastation so widespread and power and phone lines down.

In some places, rescue workers found only body parts.

"We need food, tents, water, body bags," Philippine National Red Cross official Andrew Nocon told DZMM radio Saturday. "We sent initially 300 bags, but we need more."

Houses along the Yawa River in Padang, about 7 miles from Legazpi, the capital of Albay province, were buried under 5 feet of mud, with only roofs protruding.

In Padang village, 28 bodies were recovered, said Luis Bello, the mayor's aide. Some of the bodies had been washed out to sea, then swept by currents to the shores of an adjacent town.

For nearly three hours late Thursday afternoon, mudslides ripped through Mayon's gullies, uprooting trees, flattening houses and swallowing people.

"Every corner of this province has been hit. It is a total devastation," Albay Gov. Fernando Gonzalez said. "Never before in the history have we seen water like this. Almost every residential area was flooded."

Australia conveyed its condolences through Ambassador Tony Hely to President Gloria Macapagal Arroyo and made an initial pledge of $780,000 in immediate humanitarian relief. Canada earlier donated $876,000, while Japan said it would send $173,000.

From Competitors To Trading Partners (WP)

By Craig Timberg

The Washington Post, December 3, 2006

KANO, Nigeria -- The pasta factory that Umar Sani Marshall's family owns on the outskirts of this ancient city had not churned out so much as a single piece of macaroni in more than a year. The other former titans among Kano's once-mighty manufacturers were doing no better, producing mostly cobwebs as the city's markets overflowed with cheap imports from China.

So last month Marshall, 30, tall and wiry with rectangular, silver-framed glasses and a goatee, decided to forsake his legacy as scion of one of Nigeria's leading industrial families. He strapped $5,000 to his waist and flew off to Asia in search of a new kind of fortune, built not on making goods but trading them.

By the time he returned 12 days later, Marshall had started a new business dealing cars and auto parts, as a middleman between Chinese suppliers and Nigerian consumers. Along the way, he said, he found the kinds of profits that long have eluded Kano's manufacturers, and he learned a few lessons about how to work with Chinese businesses instead of competing against them.

"When you go there with the intention of buying socks, you will come back with a jacket and hat" as well, Marshall said, smiling as he pretended to place a top hat on his head.

His shift, from manufacturing to trading, mirrors a broader one across Nigeria and much of Africa. A 30-year experiment in building local factory capacity has faltered with declining trade barriers and rising global competition, most powerfully from China. African business leaders increasingly are staking their fortunes on old-fashioned extractive industries, such as oil production needed to fuel Asian industry, while also attempting to profit from the flood of finished goods coming in return.

Although the model stirs memories of the kind of economic relationships once common between European powers and their vassal states here, Africans say the Chinese at least treat them as equals and invest in infrastructure projects key to the continent's future.

At a recent trade summit in Beijing, officials from 48 African nations met with Chinese leaders, who promised to double aid to Africa while offering $5 billion in new loans. Already Chinese firms have built dams, roads, railways, port upgrades, mining facilities and telecommunication systems in Africa.

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A Chinese company at the summit announced an $8.3 billion project to build a railway connecting Kano to the port city of Lagos. It will be paid for out of Nigeria's oil revenue, which is burgeoning in part because of rising Chinese demand. Overall, Africa's trade with China rose from $10.6 billon in 2000 to almost $40 billion last year. Projections are that it could reach $100 billion by 2010.

Signs of China's growing prominence on the continent are easy to spot in Kano, a bustling, thousand-year-old city of 3.5 million people that long was a regular stopover for trade flowing through the Sahara, whose sandy southern edge is nearby. Now the city's gaze has shifted to the Far East, with Chinese restaurants spreading across the city, Chinese goods filling shops and a Chinese-owned shoe factory employing more than 2,000 workers, more than any other private employer in northern Nigeria.

A decade ago, the Marshall family's shortcake factory had a similar number of workers and a powerful market position throughout northern Nigeria and into neighboring Cameroon, Niger and beyond. It is now closed, along with the family's pasta factory, victims not so much of competition as of government policies that made it difficult to import durum semolina, a key ingredient, Marshall said.

Business leaders here say the decline of Kano's manufacturers resulted from an influx of Chinese products as trade restrictions fell. Chinese companies had more modern machinery, more reliable sources of electricity and easier access to capital, said Saidu Dattijo Adhama, owner of a textile factory whose payroll has dropped from 335 workers to 24. The raw cotton produced by Chinese farmers, meanwhile, was stronger and yielded more fabric per pound.

"Without a little protection, if the Chinese bring their finished cotton to Nigeria, you cannot compete with them," Adhama said. "The gap is so wide that if you just allow them to come in, you are killing Nigerian companies."

Fifteen years ago, 500 factories hummed with work in Kano, but fewer than 100 remain operational today, most at far less than full capacity, according to the city's Chamber of Commerce. Tens of thousands of jobs have been lost. Meanwhile, Kano's Kwari textile market, the biggest in West Africa, has swelled with stall after stall of Chinese fabrics and clothing.

Liti Kulkul, former chairman of the textile traders association here, estimated that a decade ago, 80 percent of the fabric sold at Kwari was made in Nigeria, compared with 5 percent now. Asian products, mostly from China, make up the rest.

"We have taken this path of neocolonialism," Kulkul said. "They have virtually crippled all aspects of our economy."

Yet others see China not as the ruin of Kano business but as a transformative force pushing the city back to its roots in trading. Beyond Kulkul's stall, which specialized in the colorful Nigerian prints long produced by local textile mills, the market buzzed with dealmaking.

Rows of shops overflowed with Asian-made air conditioners, televisions and DVD players. Beyond them, Kano's noisy, smoggy streets were jammed from curb to curb with Chinese-made motorcycle taxis that largely have replaced the aging stock of Italian-made Vespas, which cost three times more.

Chinese business "revived the economy," said Ahmed Rabiu, deputy president of the Chamber of Commerce. "Trading improved. Manufacturing went down. That's it."

Not everyone in Kano applauds the change. The motorcycle taxi drivers earn less than factory workers once did. And the growth in trade has not absorbed most of the workers laid off in the past decade. There are more beggars and other visible signs of poverty than ever before, residents say.

"We are very bitter that the factory closed down," said Ibrahim Garba, 50, who worked for the Marshall family's pasta factory for 25 years, earning enough to support his two wives, six children and six grandchildren.

Now, instead of going to the factory, where he operated a generator, he farms five dusty acres of corn, beans and millet, most of which he uses to feed his family, not to earn money. His income has plunged from about $50 to about $15 a month, Garba said.

But Marshall, with the education, capital and savvy to adjust to Kano's shifting business climate, is not complaining.

He met with Chinese businessmen in Singapore and quickly spent the $5,000 he brought and $15,000 more he had kept in reserve in Nigeria. In return, he got four used Honda cars and 1 1/2 shipping containers full of car parts. Used automotive products here are known as "Belgium" for the traditional source of many of them, but now most Belgium comes from Asia.

Marshall calculates that he can sell the cars and auto parts for $34,000, a profit of 70 percent on his investment.

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"I'm going back next month, inshallah!" Marshall said, using a common phrase in the Muslim world that means "God willing." "More opportunity is coming."

A Blame Game China Needs To Stop (WP)

By Elizabeth Economy

The Washington Post, December 3, 2006

Last month the International Energy Agency announced that China would probably surpass the United States as the world's largest contributor of the greenhouse gas carbon dioxide by 2009, more than a full decade earlier than anticipated. This forecast could spur China to adopt tough new energy and environmental standards, but it probably won't. China has already embarked on a very different strategy to manage its environmental reputation: launching a political campaign that lays much of the blame for the country's mounting environmental problems squarely on the shoulders of foreigners and, in particular, multinational companies.

While still in its initial stages, the campaign has gained steam over the past month. Senior Chinese officials, the media and even some environmental activists have charged multinational firms and other countries with exporting pollution, lowering their environmental manufacturing standards and willfully ignoring China's environmental regulations. Faced with growing international and popular discontent over the country's environmental crisis, China's leaders are tapping into anti-foreign and nationalist sentiments to deflect attention from their own failures.

In late October a top environmental official, Pan Yue, accused the developed countries of "environmental colonialism": of transferring resource-intensive, polluting industries to China and bearing as little environmental responsibility as possible. At the same time, a leading member of China's National People's Congress claimed that foreign companies were not only exporting their waste but also underpaying Chinese workers. When a Chinese nongovernmental organization released a list of 2,700 companies cited for violations of China's water regulations in late October, the ensuing media frenzy focused exclusively on the 33 multinationals, including 3M, Panasonic, PepsiCo and DuPont, and ignored the more than 2,600 Chinese companies similarly cited. Not surprisingly, Chinese bloggers have taken up the call, discussing the "eco-colonialist" policies of multinationals and calling for "eco-compensation." Even environmental activists who have worked closely with multinationals have accused these corporations of not practicing what they preach.

The logic behind the campaign is simple, if misguided. The rapidly approaching Olympic Games have brought an unwelcome spotlight on China's environmental situation. Beijing won its Olympics bid with the promise of the world's first "green" games. Five years later, there is no talk of a green Olympics, only of how extensive a shutdown of industry and transportation will be needed in Beijing and surrounding provinces just to ensure that the athletes can breathe. Moreover, the climate issue has focused the world's attention not only on China's contribution to global warming but also on its role as the largest contributor to a range of other global environmental problems such as ozone depletion, the illegal timber trade and marine pollution.

Perhaps nothing is more troubling to China's leaders, however, than the environment's contribution to domestic social unrest. In May, China Daily reported that there were 50,000 environmental protests in China in 2005. Some of these demonstrations engaged upward of 30,000 people and resulted in serious injuries and even deaths. In such a climate, scapegoating foreigners can be an attractive policy option.

Certainly, as with most Chinese political campaigns, there is a kernel of truth in some of the accusations. The multinational companies listed should take greater care to ensure that their own factories and those of their suppliers operate under only the highest standards.

Yet, overwhelmingly, China's environmental crisis and its contribution to global pollution are of its own making. Most Chinese businesses are clearly unprepared to be environmental leaders. China's coal-based and largely state-owned power sector, for example, is the No. 1 source of China's air pollution. In a recent poll, only 18 percent of Chinese companies supported the idea that they could both thrive economically and do the right thing environmentally.

China's leaders need to educate and reform Chinese industry, but beyond this they must establish an incentive structure to make it easy for local officials and business leaders to do the right thing. They need to open the door to greater transparency,

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official accountability and the rule of law to ensure effective environmental governance -- a step they have avoided taking for fear of diminishing their political power.

The environment has been one of the most fruitful areas of cooperation between China and the rest of the world for almost two decades. Billions of dollars in environmental assistance have flowed to China from foreign governments and international organizations. In most cases, multinational firms have been at the forefront of raising China's environmental standards, transferring best practices and cutting-edge technologies, and supporting a range of broader environmental initiatives. China should not risk all this -- and its own environmental future -- for the short-term and largely illusory benefits of playing an environmental blame game.

The writer is director for Asia studies at the Council on Foreign Relations.

Canada Liberals Pick New Leader In Upset (NYT)

By Ian Austen

The New York Times, December 3, 2006

MONTREAL, Dec. 2 _ In a surprising outcome, Stéphane Dion, a former professor at the University of Montreal, edged out Michael Ignatieff, a former official at Harvard, for the leadership of Canada's Liberal Party on Saturday.

Mr. Ignatieff, who is also a well-known author and broadcaster, returned to Canada just last year after spending three decades in Britain and the United States. His lack of connections both within the Liberal Party and Canada in general seemed to play a role in his defeat. He led for the first two of the four convention ballots. But unlike Mr. Dion, he was unable to attract endorsements from other significant candidates as they dropped from the race.

On the final ballot, Mr. Dion gathered 54.7 percent of the 4,605 delegates' votes compared with 45.3 percent for Mr. Ignatieff.

As Mr. Dion noted at the start of his victory speech, he will move back into campaign mode almost immediately and try to lead the party back to power through a general election that may come as early as spring. Success in that would make Mr. Dion prime minister.

The Liberals controlled the federal government for most of the last century, leading both supporters and critics to call it Canada's natural governing party. Although Canadians elected a minority Conservative government in January, partly because of a Liberal financing scandal in Quebec, and the Conservatives' hold on power is tenuous.

Canada's Liberal Leader A Surprise Pick (AP)

By Beth Duff-Brown, Associated Press Writer

AP, December 3, 2006

A former environment minister who criticized the conservative prime minister for modeling himself after President Bush won leadership of Canada's Liberal Party on Saturday.

Stephane Dion pledged to unseat Prime Minister Stephen Harper after he scored a surprise defeat of the party front-runner, Michael Ignatieff.

"I am convinced that to beat Harper in the next election, it will not be enough to capitalize on his mistakes," Dion, 51, told the party convention after winning more than half the votes of the 5,000 delegates.

"It will not be enough to be a government-in-waiting. To win, we must offer our own project to Canadians, a generous and ambitious vision that is in stark contrast to Mr. Harper's selfish and narrow idea of Canada."

Dion was part of the team of Liberals under former Prime Minister Jean Chretien who opposed the U.S.-led invasion of Iraq in 2003 and turned down Washington's request to join.

He also has attacked Harper for "blindly" committing Canadian Forces to Afghanistan until 2009. Some 2,300 Canadian troops are helping other NATO forces fight the Taliban in the south.

"Canada has a prime minister who thinks that the United States is not only our ally, but also our model," Dion said in his speech Friday night ahead of the party vote.

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Opponents of Ignatieff, a scholar and human rights expert, had cited his early support the Iraq invasion, a highly unpopular war among Canadians. He initially argued the war was in the best interests of international security, but has since said President Bush made mistakes.

Ignatieff supported Canada's role in Afghanistan.

Dion came into the race in fourth place out of eight candidates. He won 54.7 percent in the fourth round of balloting Saturday after several of the losing candidates in previous rounds threw their support behind him.

In elections in January, Harper's Conservatives unseated the Liberals after nearly 13 years in power. The stunning defeat left the party flailing and delegates are now looking to the person who can rebuild the party and take back the House of Commons in the next elections, expected in 2007.

Ignatieff, 59, had only returned to Canada last year, leaving his position as director of Harvard's Carr Center of Human Rights Policy to win his first seat in Parliament and stake his claim to the leadership position.

After his defeat, called on Liberals to unanimously support Dion.

"This is a day in which every Liberal in this room can feel deeply proud of the party we love," he said. "We have chosen a great leader. We have chosen a principled man, a man with vision, a man with courage."

Dion was environment minister under former Prime Minister Paul Martin and he is a strong supporter of the Kyoto Protocol to cut greenhouse gas emissions — he even has a husky dog named Kyoto. Harper's government has effectively opted out of the global accord, a position that Dion railed against during his campaign. The U.S. has not signed the protocol.

Dion had emphasized his decade of political experience under former Liberal prime ministers Martin and Chretien, as opposed to Ignatieff's lack of time in Ottawa.

Dion is from the French-speaking province of Quebec and has taken some criticism for his heavily accented English.

Canada Liberals Spurn Ignatieff (BBC)

BBC.com, December 3, 2006

A former Canadian minister has beaten prominent writer Michael Ignatieff in a leadership election for the country's opposition Liberal party.

Mr Ignatieff had been favourite to win the race, but was defeated by ex-Environment Minister Stephane Dion.

Mr Dion's campaign focused on green issues, pledging to act on Canada's Kyoto protocol commitments.

The Liberals lost power last January to the Conservatives led by Prime Minister Stephen Harper.

The BBC's Mike Finnerty at the party convention in Montreal says the election was a nail-biter, as 5,000 delegates struggled to decide who was most likely to beat the Conservatives.

Mr Dion needed four rounds of voting to finally beat Mr Ignatieff, the front-runner.

Outsider

Mr Ignatieff is a prominent writer, broadcaster and former Harvard academic.

Despite Michael Ignatieff's fame as an author, his support waned. However his 30-year absence from Canada and his initial support for the US-led invasion of Iraq played against him, our correspondent says.

Mr Dion will lead a party that many have called the natural governing party of Canada because of its dominance in the country's politics.

But a corruption scandal after almost two decades in office meant the party has spent most of 2006 trying to rebuild.

Environmental issues dominated the Montreal convention.

In his victory speech, Mr Dion made clear he would make the Kyoto Protocol on curbing greenhouse gases a key part of the strategy to win the next elections - which analysts say are likely next year.

Prime Minister Harper has called the Kyoto protocol unrealistic and recently cancelled a meeting with European Union leaders where he was expected to be criticised for his stance.

Advocate For Environment To Head Canada's Liberals (WP)

By Doug Struck

The Washington Post, December 3, 2006

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MONTREAL, Dec. 2 -- In a convention that underscored the rising political weight of climate change issues, Canada's Liberal Party on Saturday chose St?phane Dion, a former environment minister, to lead the party and try to wrest power from the ruling Conservatives in the next national election.

Dion, 51, was elected head of the party over seven other candidates, including Michael Ignatieff, a renowned Harvard professor who returned to Canada last year and had quickly become a front-runner in the race to head the opposition against Conservative Prime Minister Stephen Harper.

Ignatieff's drive for the post stumbled in the fourth and last ballot over his opinions on Iraq, Afghanistan and Israel. The fragmented delegations at the convention turned to Dion, whose environmental credentials overcame his thickly accented English and lackluster convention speech.

In his acceptance speech, Dion repeatedly emphasized his main goal: dealing with what he called "the greatest challenge we have today, sustainable development."

He was elected, he said, because "Canadians have a deep concern about the main issue of our time -- building a sustainable environment for our children."

It was a message the delegates embraced.

"We've recognized that global warming and Kyoto are agenda items we have to deal with. Canada has gotten the message," said a delegate on the convention floor, Paul Mulligan, 60, a retired cartographer.

Dion must regroup the Liberals, long the dominant party in Canada, to try to reverse the loss in January to Harper's Conservatives. The party hopes that disillusionment with Harper for cutting social programs, rising despair over Canadian military losses in Afghanistan and opposition to Harper's retreat from the Kyoto environmental accord will topple the Conservative minority government.

As visual evidence of the importance of environmental issues, the sea of green T-shirts worn by Dion's supporters grew as the balloting continued in Montreal's cavernous Palace of Congress. Each of the candidates had pledged to make aggressive strides on the environment, but Dion's long work to strengthen the Kyoto accord carried those who put the issue at the top of the agenda.

An academic and native of Quebec City, Dion entered Parliament a decade ago and has held a variety of cabinet posts under Liberal governments. But in his last post, as environment minister, he won credit for devoting enormous effort to extending the provisions of the Kyoto accord. He owns a husky named Kyoto.

But he is less well-liked in his home province of Quebec because of his opposition to the popular movement to make the French-speaking province an independent country. In the late 1990s, Dion carried on a long-running debate with supporters of separatism and eventually assisted in drafting a law that many Quebecers feel helps block their movement.

"Quebec people don't like St?phane Dion," said Jean Pierre Laine, 54, an alternate delegate from Montreal. "He is a federalist." Quebec newspaper cartoons at the time portrayed him as a rat; he was pilloried as a traitor to his province.

"It will be an uphill struggle for Dion in Quebec," agreed Charles Hubbard, a member of Parliament from New Brunswick, in the convention hall. "The people who question federalism see Dion as the arch devil."

That is a burden for the Liberal Party, which had hoped to strengthen its position in the province. Dion's speaking style, often wooden and stilted, also is seen as a detriment in any matchup with Harper, who is smooth and fluent in both English and French.

Dion "is a bit rigid," said David Carter, 58, a delegate from Medicine Hat, Alberta. But he is "highly principled. He's strong, intelligent and very committed to the country."

In Canada's Parliament and other public appearances, top officials are expected to switch between both official languages with ease. Dion's syntax is sometimes difficult to sort out in English.

"It's important to be bilingual. I think it's horrible to say, but his language skills are not good enough," said Lana Stermac, a party observer from Toronto.

Others disagreed.

"It didn't hurt Chr?tien," said delegate Garry Johnson, noting that former prime minister Jean Chr?tien, also a Quebec native, served for 10 years and spoke heavily accented English.

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"If they keep sending our boys back in body bags from Afghanistan, that is what will do Harper in," he added.

The Afghanistan issue is a tricky one for Liberals, however. A Liberal Paul Martin government committed Canadian troops to Afghanistan. Harper expanded the mission and engineered a Parliament vote in May to keep the troops there until at least 2009. Many Liberal Parliament members voted for the extension.

Harper, described at the convention as a Canadian version of President Bush, has focused on a narrow agenda of conservative social and fiscal goals, and has cut programs that fall outside of that list. As head of a minority government, he has said he will call an election to try to win a majority. Political experts predict that an election called by Harper or forced by the opposition will come next year, possibly early in the year.

The Pope Without His Sting (NYT)

By Ian Fisher

The New York Times, December 3, 2006

HAS the pope gone wobbly?

The question might matter less if he weren't the man he is — and if the images of his facing Mecca in prayer on his trip to Turkey weren't fresh. Supporters have long depended on Benedict XVI for brave talk, even and maybe especially if it was unpleasant to hear. But his was never mere blunt confrontation. With his big brain and the heft of Roman Catholic tradition behind him, Benedict has stood for a remarkably clear idea: there is truth, and we won't retreat from it.

That penchant for truth-telling found its date with history two months ago in the pope's now-famous speech in Regensburg, Germany. Rare for a mainstream leader, he planted a steely marker in the struggle against terror and militant Islam, quoting a Byzantine emperor as saying Islam had brought only things "evil and inhuman." Islam, he seemed to say, was distant from reason and thus prone to violence.

But in his visit to Turkey last week, the face of confrontation, and perhaps the hold on certainty, seemed to soften. Prime Minister Recep Tayyip Erdogan emerged happily from his meeting with Benedict, saying that the pope had endorsed Turkey's bid to join the European Union and so reversed his long-held personal opposition.

In the place of tough talk, Benedict suggested "dialogue" — a concept, with regard to Islam especially, that he had not seemed completely open to before.

And so a new and ever more interesting chapter in this young papacy, as well as in the larger issue of how to engage the Muslim world, including those elements of it that resort to violence, seemed to open on Benedict's four days in Turkey.

The questions are many, starting with whether or not Benedict, the doctrinal purist, has somehow gone soft. To some of his most hard-core supporters, that, indeed, may be the lesson of his visit to Turkey.

"He has signaled to Islam that there are concessions he can make, and reactions other than outrage in the face of intimidation and violence," one conservative blogger wrote in an emblematic posting that found echoes in the concerned Catholic blogosphere. "It is a shame. We needed Benedict, and his withdrawal from the debate is a considerable loss."

But other commentators, with varying views of the pope, put the question another way: can one's idea of truth be expressed differently, especially when reality gets in the way?

By many accounts, the Vatican was deeply shaken at the reaction to the pope's speech, which was at its heart a criticism of the West for being so beholden to reason that it had blocked out other values, like religion. The section on Islam was short, and Benedict made clear he was quoting others in his criticism of Islam.

But the reaction — and here the Vatican officially blames the news media — focused on the sharp, if brief, critique of Islam. And the Muslim world reacted with rage. Demonstrations broke out in many Muslim countries; firebombers attacked churches in the West Bank and Gaza; gunmen killed an Italian nun in Somalia. The pope himself was threatened, accounting for the heavy security on his trip to Turkey.

"This is a pope who hasn't really understood that what he says has consequences for Christians elsewhere," said Sergio Romano, a columnist for Corriere della Sera and the former Italian ambassador to NATO. "He can put them in danger. He has had to adopt a more diplomatic line."

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This new phase in Benedict's papacy, then, is seen by many as a transformation from his understanding of his role primarily as a theologian, concerned with a specific truth, to a greater appreciation of his role as something of a diplomat, who seeks to balance various truths in the service of a greater interest; in this case, that of the church and its believers.

David Gibson, author of "The Rule of Benedict," published in September by HarperSanFranciso, described the pope's performance in Turkey as a crucial moment. With his silent prayer in the mosque and general warmth, he showed himself to be every bit as adept at politics as theology.

"We have seen to some degree the transformation of Joseph Ratzinger the cardinal and theologian to Benedict XVI, pope and statesman," Mr. Gibson said. "He said and did some things that obviously go against his personal grain."

But, he added: "It was really smart. And it cost him nothing."

Like any good politician, Benedict gave a bit to everyone and kept his words vague enough (he himself never came out and explicitly endorsed Turkey's entry into the E.U.) that people could read into them what they wanted. Indeed, the Catholic chattering class was working full time on whether he actually did endorse an E.U. entry or whether he said an actual prayer at the Blue Mosque in Istanbul.

The question for the many longtime supporters of the pope is whether this new Benedict is really the same man, whether the straight talk that distinguished him will be recognizable in a more political outfit.

Philip F. Lawler, editor of Catholic World News, an influential conservative Web site, says he believes that it will be. While he acknowledged that some of Benedict's supporters were not happy about the comments on the European Union or the mosque visit, Benedict continued to raise in Turkey the same issues he always has: concern for religious freedom; respect for religious minorities; denunciation of violence in the name of God.

"I haven't seen any backtracking since Regensburg," he said. "I've seen questions posed in a different manner. And I've seen a concern that he doesn't want to offend people by the way in which he poses the questions. But he's still determined to have those questions posed."

The Rev. Thomas V. Berg, executive director of the Westchester Institute for Ethics, a conservative Catholic research group, said, "Pope Benedict will hold to principle, but he will do so with a gentle smile."

"That approach has allowed him to be so amazingly clear about the problems he has with militant Islam, and at the same time walk right into the heart of one of the epicenters of the Islamic world and emerge as a hero, a mender of fences, a great humanitarian, a man of dialogue," Father Berg said.

But however well Benedict's new approach seemed to go over in Turkey, Mr. Gibson, who described Benedict as a polarizing figure in his book, issued a warning: The clash of East and West, Islam and Christianity, is not over. Benedict's role as conciliator is young, untested and does not come as naturally as his older role as a man of certainty.

"I don't think he wants to play Mr. Touchy-Feely with world Islam," Mr. Gibson said. "I think there are going to be some difficult moments."

German Turks Ask Where They Fit Now (NYT)

By Mark Landler

The New York Times, December 3, 2006

FOR the 2.7 million Turkish immigrants who live in Germany, Pope Benedict XVI's visit to their homeland last week was not quite the occasion for relief, satisfaction, even joy that one might have expected.

The German-born pope did speak of understanding and dialogue between Christians and Muslims, trying to salve wounds caused by a speech in Bavaria in which he had seemed to equate Islam with violence. And he endorsed Turkey's entrance into the European Union, reversing the opposition he had expressed while still a cardinal.

But the pope's message fell short of a full embrace; he never, for example, dropped his definition of Europe as a place with a Christian history. Such ambiguity about welcoming Turkey and Islam into Europe is felt deeply across the continent, and it turns out that the Turks who have migrated here mirror it. They feel part of Germany and Europe, and yet never fully welcomed.

That was plainly the case during a series of conversations here in Kreuzberg, a graffiti-stained district that is one of Berlin's largest Turkish quarters. Benedict's pilgrimage elicited a complex range of feelings that spoke of conflicted loyalties and

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disillusionment, of a people caught between the land of their ancestors and their adopted land. "The pope's power is mainly within the church," said Ramiz Koyuncu, a sporting-goods salesman, as he emerged from morning prayers at Berlin's largest mosque. "What people like Merkel say is more important."

His reference was to Angela Merkel, Germany's chancellor, who opposes granting Turkey full membership in the union. The European Union, in fact, is now weighing whether to suspend part of the negotiations because of Turkey's failure to open trade with Cyprus, and Turks who live in Europe are resigning themselves to a hard reality: their home country may not break into the European club during their lifetimes.

It's more complicated than a simple question of spurning a club that won't have them. Turks who came to Germany as guest workers in the early 1960's are building retirement communities here. Of the estimated 2.7 million people of Turkish origin living in Germany, 900,000 are now German citizens — a percentage that has grown as the influx of new arrivals has slowed because of tougher immigration laws.

While 60 percent of Turks in Germany still favor entry, according to a survey by the Center for Turkish Studies in Essen, that number represents a steep drop from 91 percent in 2004.

Ahmed Hunker, who owns a kebab restaurant in a hard-bitten Berlin neighborhood, said that admitting Turkey would cost Germany billions of euros in aid and erode his standard of living. After scraping together a life in Germany over a decade, Mr. Hunker said he did not want to see his new country saddled with the problems of his old one.

"Why should Turkey be a member of the E.U.?" he asked. "Why should Bulgaria be a member? Why should Romania be a member? The rich countries will just end up paying for them."

Mr. Hunker and his neighbors know about the costs that come with expanding borders. When the reunification of Germany took place more than a decade ago, Turks like him in western Berlin found themselves suddenly competing for jobs with newcomers from the east.

Few Turks speak as bluntly as Mr. Hunker. It is far more typical to hear them say they hope to see Turkey in the union. But some seem to have given up on the idea that the West will ever accept a Muslim society. Pope Benedict's remarks about the Prophet Mohammed confirmed the suspicions of some Turks that Europeans view their club as a Christian one.

"The pope poisoned the atmosphere," Mr. Koyuncu said. "That's why he had to make this gesture to Turkey."

Closer To And Farther From Europe (NYT)

The New York Times, December 3, 2006

The strained relationship between Europe and Turkey took two steps forward last week and, we fear, at least that many backward.

On the plus side, the visit to Turkey by Pope Benedict XVI helped soothe relations, especially after Benedict backed off his opposition to Turkey's application to join the European Union. The pope — who infuriated Muslims a few months ago with a tone-deaf speech criticizing Islam — may have done even more good with his visit to the Blue Mosque in Istanbul, where he prayed facing Mecca.

But those efforts at conciliation may be undercut if the European Union follows through on a recommendation by its enlargement commissioner, Olli Rehn, to freeze part of the negotiating program for Turkey's membership unless Turkey opens its ports to shipping from Cyprus. To many in Turkey — and to us as well — that looked like another ploy to keep Turkey out of the union. Some members are pressing for the European Union to suspend the talks altogether.

There is no question that Turkey has to open its ports, the sooner the better. But the European Union also needs to do a lot more to help end the division of Cyprus — rather than just hitting Turkey over the head with it.

In 2004, Turkey's prime minister, Recep Tayyip Erdogan, courageously changed his country's longstanding policy and persuaded Turkish Cypriots to vote in favor of a United Nations settlement plan.

But the Greek Cypriots — assured by the European Union of membership no matter what they did — rejected the plan. If the union is serious about bringing in Turkey — and it should be — it needs to press the Greek Cypriots to settle.

It is obvious why Turkey would want to join Europe's wealthy club. But Europe and all of the West have a lot to gain as well. The prospect of membership is already encouraging Ankara to make needed political and economic reforms, although a lot

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more needs to be done. Turkey's admission would be a strong sign that the West truly believes its claims of tolerance and respect for all religions.

As he left Istanbul, the pope said he hoped his visit would bring "civilizations progressively closer." The European Union should listen.

Germany To Restrict Smoking, Joining Other Nations In Europe (NYT)

By Mark Landler

The New York Times, December 3, 2006

FRANKFURT, Dec. 2 — Yielding grudgingly to the growing European campaign against smoking in public places, Germany announced Friday that it would seek to ban smoking in restaurants, discos, schools and other public buildings, but not in pubs, bars or beer tents.

The compromise, worked out by the coalition government, would bring this country, Europe's biggest tobacco market, closer to its neighbors in curtailing public smoking. But it would fall short of the recent laws passed by Britain, France, Ireland and Italy, which stamp out cigarettes in pubs and bars as well as other public places.

Antismoking groups said the proposal was a milestone, given Germany's long resistance to any restrictions. They called on the Parliament to broaden the ban when it votes on it, probably next year.

"Germany has been lagging on this issue for 20 years," said Friedrich J. Wiebel, president of the German Medical Action Group on Smoking and Health, an antismoking organization. "There is no reason why one group of customers should be protected and others should not."

German officials defended the loopholes, saying the ban had a better chance of passing that way.

For a people fixated on the virtues of fresh air, Germans are curiously tolerant of smoking in public places. Restaurants here are typically hazy with smoke. Customers who ask for a nonsmoking table are sometimes treated brusquely.

Roughly a third of Germans smoke regularly, a proportion comparable to other major Western European countries. But Germany has more young smokers than many of its neighbors. And while the percentage of men who smoke has declined modestly since 1984, smoking has become more popular among women.

One woman who quit years ago is Chancellor Angela Merkel. That makes her one of the few nonsmoking German leaders. Gerhard Schröder puffs on cigars, Willy Brandt smoked a pipe and Helmut Schmidt has frequently appeared on television talk shows wreathed in cigarette smoke.

Mrs. Merkel's support for a smoking ban, though carefully modulated, helped turn the tide, according to antismoking groups.

Surveys show that, despite their tolerance of secondhand smoke, a majority of Germans now favor banning it in restaurants. The hurdle, Dr. Wiebel said, is the German tobacco industry, which has historically had close ties to the government and has stymied previous efforts to curtail smoking.

Losing The Race Against AIDS (NYT)

The New York Times, December 3, 2006

Despite all the lofty goals set by world leaders, and billions of dollars thrown into the fight to quench the global AIDS pandemic in recent years, it is discouraging to learn the world is still falling behind.

A recent update issued by the United Nations AIDS program and the World Health Organization found some encouraging signs of progress, including a drop in H.I.V. infections in young people in eight African countries, thanks to aggressive prevention programs. But the number of people living with the AIDS virus continued to grow, reaching a record 39.5 million in 2006; 4.3 million people became infected this year; and the number of deaths due to AIDS reached an all-time high.

Most disturbingly, some countries that had been trumpeted as successes in controlling AIDS, like Uganda and Thailand, seemed to be having a resurgence. As one top United Nations official noted, "countries are not moving at the same speed as their epidemics."

Even more troubling was a report from the International Treatment Preparedness Coalition, an advocacy group, which pointed to shortfalls in an area where substantial progress seemed to have been made: the provision of antiretroviral drugs to

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save or extend the lives of AIDS victims. Both the United Nations and the Group of 8 industrialized nations have set a goal of providing "universal access" to AIDS treatment by 2010, by which time they hope to have 9.8 million people receiving antiretroviral drugs. At the current rate, the coalition estimates, they will fall five million short.

Progress has been slowed by many factors, including insufficient testing to identify people who are infected and weak public health services for delivering the drugs. But the overriding problem may be a loss of the sense of urgency and a reluctance by most governments to commit the huge resources needed to provide universal access to treatment, prevention, care and support.

Blame Iceland (WP)

The Washington Post, December 3, 2006

IN A FORM of fishing known as bottom trawling, huge, weighted nets are dragged across the ocean floor, destroying corals and just about everything else in their path. In U.S. waters, the practice is tightly regulated -- and forbidden in certain environmentally sensitive areas. On much of the high seas, however, it's open season. Delicate ecosystems get ravaged with nobody paying attention. The Bush administration, along with several other governments, has been pushing for a moratorium on unregulated trawling on the high seas. Last month, thanks in large part to Iceland, it failed to get that measure.

Iceland did not act alone in preventing a ban: Russia, Japan, China and South Korea joined in. Iceland's embassy, in a statement, said it "strongly objects to claims, made by some environmental organizations, that it was in the forefront of blocking consensus" to ban deep-sea bottom trawling. The denial is disingenuous. In closed-door negotiations, Iceland, along with Russia, took a particularly vocal and aggressive stand against strong action.

Because the arcane rules of high-seas fishing are largely defined by consensus, even small countries that are genuine moral outliers in world attitudes toward oceans can prevent agreement. The result in this case was a mushy resolution that fell far short of what the administration and environmental groups wanted, which in turn is ominous for efforts to protect marine life in international waters. The world's oceans are heading toward environmental collapse, which only bold action will avert. It's hard to imagine that happening if a country that hunts whales and has a population smaller than Washington's can help block a common-sense proposal to safeguard the ecological health of the ocean floor.

Kofi Annan's Legacy (WP)

By Jim Hoagland

The Washington Post, December 3, 2006

UNITED NATIONS -- The melancholy of a decade of might-have-beens mixes with a deep fear of what might yet be as Kofi Annan prepares to leave his 38th-floor global pulpit at the United Nations. But the secretary general's silky voice also betrays a determination to spend his final month in office warning the world of grave threats to its moral and physical existence.

Iran, Iraq, the Middle East and Sudan's Darfur region dominate the final day-to-day business that the career diplomat from Ghana conducts. But he is also delivering a series of thoughtful speeches examining nuclear proliferation, human rights and global governance so that "these issues don't drop off the radar" after he puts down his U.N. megaphone.

As we begin a conversation about his legacy -- easily the most active and therefore most controversial record of a secretary general since Dag Hammarskjold gave the job meaning during the Cold War -- Annan surprises me by going quickly to his concern that the West may underestimate Iran's resolve in pursuing its nuclear program.

"I have told the United States and Britain to be careful, to be sure that the Iranians don't come out of a Security Council debate laughing" because sanctions are not adopted by a divided body, he says. Later Annan adds: "Iran feels itself to be a powerful nation. Its president looked me in the eyes" and said exactly that.

Annan says the simultaneous confrontations with Iran and North Korea demonstrate that "you can't do nonproliferation on a case-by-case basis. You have to find a real mechanism" to prevent the spread of nuclear weapons to new states or even terrorist groups. That is likely to happen only if recognized nuclear states begin to fulfill existing treaty obligations to eventually give up nuclear weapons, rather than continually modernizing them.

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Iran's new self-confidence also suggests that Tehran will not easily agree to U.S. overtures to engage in talks about Iraq, as conventional wisdom in the foreign policy community now recommends. Tehran will instead relentlessly bargain for U.S. concessions as a price for joining a dialogue, in the view of Annan and others.

That possibility was forecast in the contacts that former secretary of state Jim Baker had with Javad Zarif, Iranian ambassador to the United Nations. Iran has no interest in a dialogue limited to Iraq, as Baker suggested to him, Zarif has told diplomats here. Instead, talks must include security guarantees for Iran as a topic.

The might-have-beens of Annan's two terms center on his rocky relations with the Bush administration, which have left scars on both sides. Some U.S. officials treated him "as an enemy" at times because of his opposition to the invasion of Iraq, Annan tells me.

"The United States has a natural leadership role to play in this organization," says Annan, who is American-educated, came to office with strong U.S. support and has worked hard to develop a broad constituency for the United Nations among American private-sector and nongovernmental organizations. "It can get a lot done." He pauses. "But no one nation can always have its way. It has to be possible to disagree" and still work together.

"Iraq has set us back on many issues," including one of Annan's proudest accomplishments. That was to get the United Nations to endorse an international "duty to protect" citizens from their own abusive governments.

In today's polarized atmosphere, it is much more difficult to get governments to take on the burden of humanitarian intervention in places such as Darfur, Annan believes. So he has had to engage a devious Sudanese government in an exasperating political negotiation for getting an effective peacekeeping force into that country.

Despite -- or perhaps because of -- his troubles with Washington, Annan is actively pushing for a regional conference to help resolve Iraq's instability and permit an orderly U.S. withdrawal: "Everybody has an interest in getting Iraq right."

A standing conference intended to last for months, not a few days, and one that would include the major Security Council powers as well as Iraq's neighbors, is his preferred option. The United Nations would sponsor such a meeting, if asked, he predicted to the Iraq Study Group headed by Baker and Lee Hamilton.

The day is late, and the light coming in from the sky over Manhattan's East River is fading as I ask Annan a final question: How should his successor, South Korea's Ban Ki Moon, go about restoring U.S.-U.N. relations?

"My only advice to him about this job is to do it his way. I did it my way, which was to try to work with the United States while being the secretary-general of all United Nations members."

The New Demagogues (WP)

By Niall Ferguson

The Washington Post, December 3, 2006

"We are confronting the devil -- and we will hit a home run off the devil!"

Venezuelan President Hugo Ch?vez was at it again last week, demonizing his archenemy in front of throngs of loyal supporters in downtown Caracas. Forget his opponent in today's presidential elections -- that's not the "devil" he has in mind. Instead, following the example of another great Latin American demagogue, Fidel Castro, Ch?vez directs his rhetorical fire against the United States and President Bush.

The world over, demagogues are back, yelling their slogans and thumping their tubs.

In Latin America, Bolivia's Evo Morales and Mexico's Andr?s Manuel L?pez Obrador have joined Ch?vez in heaping opprobrium on the diabolical gringo imperialists. In the Middle East, Iran's Mahmoud Ahmadinejad and Hezbollah's Hasan Nasrallah denounce the demonic Yankee crusaders and their Zionist confederates with equal fervor. Others have different targets, but their language is no less inflammatory. In Germany, Udo Pastoers of the xenophobic National Democratic Party won a regional election after calling Europe "a cultural space for white people." In South Africa, former deputy president Jacob Zuma belts out "Mshini Wami," an anti-apartheid anthem that includes the line, "Bring me my machine gun."

Their rhetoric may seem overblown, but no one should underestimate the threat these new demagogues pose -- especially to the United States. Irrelevant in Latin America, impotent in the Middle East, ignored in Africa and isolated in Europe, Washington may be facing its biggest foreign policy crisis since the late 1970s, when the Iranian Revolution and the Soviet invasion of

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Afghanistan rocked Jimmy Carter's presidency. And this new generation of rabble-rousers is seizing the moment. The more unpopular the United States becomes, the easier it is for them to win votes by bad-mouthing Uncle Sam.

We have been here before, and it wasn't pretty. When an elected president expresses skepticism about the Holocaust and threatens to wipe the state of Israel from the map, it is not hyperbole to draw comparisons with that most disastrous of demagogues, Adolf Hitler. Like Hitler, Ahmadinejad knows that anti-Semitism is one of the aces in the demagogue's deck, a tried-and-true means of inspiring hatred and suspicion of others -- and of staying in power himself. Hitler also frequently expressed his contempt for the United States, which he dismissed as "a decayed country," racially and culturally inferior to Germany -- and, of course, ruled by Jews. Read Ahmadinejad's latest letter to "the American people," released last week, for a reprise of that theme.

And today, the conditions for truly dangerous demagogues to emerge are almost ideal.

The classic breeding grounds for demagogy are war and revolution. It is no coincidence that Ahmadinejad is a veteran of the 1979 Islamic Revolution in Iran and the war between Iran and Iraq. In a new mood of "realism," the United States would now like Iran to help prevent its neighbor Iraq from collapsing into civil war. Fat chance. Ahmadinejad is bidding for Iranian hegemony in the Middle East. The last thing he needs is to be seen bailing out the Great Satan.

Severe economic volatility can also create a popular appetite for rousing rhetoric. It is significant that economic growth has been so much more variable in Latin America and the Middle East over the past 20 years than it has been in the United States. When people are buffeted by wild fluctuations in income, prices and job security, they are more likely to lose confidence in the political status quo and to heed the words of messianic leaders such as Ch?vez and Morales.

Also relevant is the level of average income. Today, per capita incomes in poorer Latin American countries and most of the Middle East are similar to those of Central Europe between the wars. (That's important, because studies suggest that a democracy's chances of survival are much higher when per capita income is above $6,000.) Illiteracy rates are probably higher than they were in Central Europe. Urbanization rates certainly are. It's an ideal environment for demagogy: masses of people, stuck between the grinding poverty of agrarian societies and the affluence of today's richest countries, living in crowded cities with lousy schools. In such settings, the center seldom holds for long. Soon the maverick speechmaker is strutting in presidential regalia.

That helps explain why so many demagogues swept to power in Central and Eastern Europe in the 1920s and '30s. Hitler was only one of a host of dictators who combined fiery rhetoric with colored shirts, shiny boots -- and an utter disregard for civil liberties, especially those of ethnic minorities. And that's the critical point.

History's lesson is that personal freedom is all too often the demagogue's first victim, especially when popular sentiment is whipped up against some internal or foreign enemy.

The ancient Greek word "demagogos" means simply a spokesman for the people or, more pejoratively, a leader of the mob. Modern usage implies rhetorical gifts and the ability to arouse an audience, usually with the promise of radical measures. It is to the baser impulses of the public that a demagogue usually appeals -- hence the tendency to identify and denounce enemies of the people.

Demagogy is as old as democracy, but not all democracies produce demagogues. The best known of the ancient Greek demagogues was Alcibiades, who sold his fellow Athenians the (bad) idea of conquering Sicily. The Roman Republic produced Marcus Tullius Cicero, whose devastating Philippics sought to thwart the ambitions of Julius Caesar's friend and Cleopatra's lover Mark Antony. (Cicero called Antony a "madman" who wanted a "bloodbath" in Rome.)

The term took on a new significance in the 17th century. If the English Civil War had its demagogue, it was the Puritan parliamentarian John Pym, Charles I's most vehement critic in the House of Commons -- though it was the plainspoken man of action Oliver Cromwell who emerged as dictator.

Not all revolutions produce demagogues. The American Revolution owed more to lawyerly draftsmen and amateur soldiers than to masters of rhetoric. In France, though, intemperate speechifying was the essence of the revolution. Demagogues such as Georges Danton -- nicknamed "Jove the thunderer" and one of the leaders of the Reign of Terror -- gave firebrand oratory a bad name for the better part of a century.

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From the 1880s on, the widening of franchises to include poorer, less educated voters combined with a major economic slowdown to produce a new kind of demagogue: not so much a warmonger or a revolutionary as a vote-winner. The defining moment was William Ewart Gladstone's 1878 Midlothian campaign, when the British Liberal leader made a series of inspirational stump speeches aimed not just at local voters but at the nation.

But as the boom years of the industrial age gave way to deflation and depression, demagogues turned against liberalism. On the left and right alike, from socialists to anti-Semites, radical politicians discovered that the best way to mobilize new voters was to blame economic volatility on enemies of the people. In Austria, the anti-Semite Karl Lueger blamed the troubles of the Viennese petty bourgeoisie after the stock market crash of 1873 on the city's supposedly all-powerful Jews. In Russia, radical socialists such as Leon Trotsky fulminated with equal vehemence against czarism and capitalism. In every case, the demagogue pointed an accusatory finger, blaming this or that group for the sufferings of the masses. Success meant power for the demagogue, and persecution for his targets.

Small wonder, then, that the years between World Wars I and II proved to be the zenith of demagogic politics. After 1914, the world was swept first by war, then by revolutions and finally by the worst depression in economic history. Hitler was of course the arch-demagogue, a hate-filled monster and false Messiah who promised the German people redemption after years of humiliation. But in Italy, Benito Mussolini also strutted and stormed; Oswald Mosley, the renegade socialist who founded the British Union of Fascists, tried the same tricks in England. Central Europe resounded to the diatribes of a horde of similar rabble-rousers. In Poland, National Democrat leader Roman Dmowski prophesied an "international pogrom of the Jews." In Romania, the founder of the Legion of the Archangel Michael, Corneliu Codreanu, pledged to "destroy the Jews before they can destroy us." Hitler was very far from the only demagogue in the 1930s to scapegoat the Jews. When he took Europe to war, he found willing collaborators all over the continent.

The good news about demagogues is that they often find it harder to deliver on election pledges than to deliver election speeches. In September, Morales's deputy, Vice President ?lvaro Garc?a Linera, called on Bolivia's indigenous people to defend Morales's government "with your chest, with your hand, with your Mauser" in response to opposition in the eastern city of Santa Cruz. Such language belies the reality that the Morales government has been forced to modify its plan to nationalize the country's energy sector (though last week it did succeed in pushing through a radical land reform bill). Economic instability and backwardness may bring demagogues to power. But they also constrain them once they get there.

Still, the fact that Chavez and Ahmadinejad sit on top of 6 percent and 11 percent of proven global oil reserves must give us pause. Perhaps the greatest strategic weakness of the interwar demagogues was their lack of fuel. That, indeed, was one of their motives for conquering what Hitler called "living space" from neighboring countries.

Today's demagogues, by contrast, rule oil-rich countries. This may reduce their need to acquire territory. But with oil prices stuck above $60 a barrel, it also guarantees them large payments from oil-importing countries such as the United States and gives them the means to back up their words with action. And you don't need to know a lot of history to know that hot air plus petroleum is a potentially explosive combination.

Niall Ferguson, a history professor at Harvard, is author of "The War of the World: Twentieth-Century Conflict and the Descent of the West" (Penguin).

Felipe Calderon's Daunting To-do List For Mexico (LAT)

By Jorge G. Castañeda

The Los Angeles Times, December 3, 2006

MEXICO'S SEEMINGLY endless electoral ordeal has finally concluded: Felipe Calderon took office as president on Friday, albeit under hardly auspicious circumstances. Constitutional order has prevailed — though just barely — despite the onslaught of a strident and deeply wounded left-wing opposition bent on impeding Calderon's inauguration and a bitter, resentful Institutional Revolution Party (PRI) silently hoping and conspiring for the new president's failure.

The bad news for Calderon is that the telenovela that debuted on election day, July 2, is only the beginning. The toughest challenges lie ahead for him now that he has moved into Los Pinos (as the presidential spread on the edge of Chapultepec Park is called).

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The conventional wisdom in Mexico doesn't fully appreciate Calderon's predicament. If Vicente Fox's term was largely a self-inflicted failure — as is broadly believed — then it would be relatively easy for the new administration to improve on this dismal past. So Calderon would set about imposing respect for the rule of law and the country's institutions, using political skills acquired as a party leader and legislator to broker deals with the PRI for the structural economic reforms Mexico needs to grow at roughly twice the rate of the Fox years (a meager 2% a year), downsizing expectations for dealing with Washington on immigration and cracking down on corruption that has remained rampant over the last six years.

That wouldn't prove so daunting. Alas, this simplistic narrative is not only inaccurate, it is devastatingly misleading.

Fox's six years in office, coupled with the four last years of former President Ernesto Zedillo's mandate, were a milestone. Not since the 1960s had Mexico enjoyed 10 consecutive years of economic stability, low inflation, low interest rates, a stable currency and constant, if mediocre, growth. For the first time, mortgages, automobile loans and consumer credit became available to the lower middle class: This year more homes were built and sold, and more cars were bought, than ever before. Fox can be criticized for indulging disruptive political protesters and an extremist opposition, but what's more important is that he did not resort to the bloody repression for which most of his predecessors came to be known. And as his foreign minister for a time, I am proud that Fox dragged Mexico out of its archaic foreign policy cocoon and put immigration and human rights front and center on Mexico's international agenda.

As far as Fox's inability to build coalitions with other parties (his National Action Party, or PAN, did not control a majority in the Congress, and still doesn't), perhaps it was their fault, not his. Even before taking office, Calderon was unable to accomplish his very first goal: building the coalition government — at least with the PRI — that he repeatedly proclaimed as the solution to the political gridlock that has cursed Mexico since 1997. There are advantages to having a uniform and disciplined, though probably disposable, PAN Cabinet, even one made up largely of lackluster, mostly unknown and untested archconservatives from the heartland, but this is not what Calderon said he wanted. Similarly, no deal was reached with the leftist opposition regarding the inauguration ceremony — thus the chaotic, depressing scenes of Mexican congressmen fighting it out at the podium of their chamber over the course of the last week.

Moreover, local conflicts like those in the southern state of Oaxaca have not been quickly resolved under Fox, either politically or through the use of force. It seems that Mexico's problems are more intractable than just not having Fox to "kick around anymore."

Actually, they may be more simple and complex at the same time. Mexico experienced an abrupt economic opening under former President Carlos Salinas de Gortari (1988-1994), a belated but successful political opening under Zedillo (1994-2000) and, at long last, a true rotation in power thanks to Fox (2000-2006). But all of these historical transformations took place while leaving the essence of the old PRI-inspired machinery intact: The foundations of the system (which political scientists would call "corporativist" because that system managed to subordinate all sectors of society — the party, business, labor, the church and so on under its control), created in the 1930s, remain untouched. They still represent the most formidable obstacles to Mexico's growth and success.

The first pillar of this structure is the public and private economic monopolies that dominate the country. The oil (Pemex) and electric power (Federal Electricity Commission) firms owned by the state are untainted by competition; the private virtual monopolies in telecommunications (Telmex), television networks (Televisa), cement (Cemex), bread and tortilla manufacturing (Bimbo and Maseca, respectively) and banking (Banamex/Citigroup and Bancomer/Banco de Bilbao) face only tepid competition at home, thanks to their cozy relationship with the state. Prices, supply, service and quality suffer as a consequence, and today these monopolies are stronger than ever.

The second pillar is formed by the unions that have controlled the Mexican labor movement since the 1930s. They were granted immense leverage in workplaces, tremendous resources and political power. The power of such organizations as the teachers union (the largest in Latin America), the oil workers union (the richest in Latin America) and the Social Security employees union (that has thwarted any attempt at pension or health reform for years) remains largely unchecked to this day. These unions obtained all their perks in exchange for 70 years of support for the PRI. They retain those perks, though they no longer owe any support to the government.

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The third pillar is the political monopoly. For 70 years, one party had a complete lock on Mexican politics; now three parties do, and no one else can enter the political arena or have access to the taxpayer subsidies handed out to these parties (to the tune of more than half a billion dollars last year) without their consent. In Mexico, Joe Lieberman would not have been reelected to the Senate because, among other reasons, independent candidates are not allowed to run. The parties write their own antitrust legislation, vote their own subsidies and choose their own elected officials, who are just ratified at the polls.

Calderon's daunting assignment is to take on the pillars of the PRI's ancient regime, which have outlasted that party's seven-decade control of the presidency. His administration needs to liberate the union movement, upgrade and enforce antitrust laws to break up private monopolies and allow new competitors — even to the old public monopolies — to enter the marketplace. The barriers of entry into the marketplace of political ideas must also come down.

Can Calderon achieve all this? On one hand, the question might appear nonsensical. Given his weakness at the start, and the virulence and insidiousness of his opposition, taking on more enemies, including some of the powers that be that backed him, seems absurd and impossible. On the other hand, doing so may be the only way to strengthen his presidency. Moreover, his supporters can hardly break with him and join the Andres Manuel Lopez Obrador insurrection or the PRI silent conspiracy. They have nowhere else to go. Nor, indeed, does Calderon. He has to move forward and take up some formidable interests that are standing in the way of Mexico's future. It will not be easy.

Jorge G. Castañeda is a former foreign minister of Mexico and a professor of politics and Latin American studies at New York University.

DOJ_NMG_0101267

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 3, 2006 7:45 AM EST

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TERRORISM NEWS:

Three-month Roundup Nets 136 Terror Suspects (WT/AFP)

By Suleiman Nimr

The Washington Times, December 3, 2006

RIYADH, Saudi Arabia -- The government yesterday announced the arrest of 136 suspected al Qaeda terrorists over the past three months in one of the largest crackdowns since it began battling Islamist extremists.

The Interior Ministry said the suspects, most of them Saudis, were rounded up during a series of raids across the vast oil-rich kingdom, where al Qaeda militants waged a series of shootings and bombings in May 2003, many targeting Westerners.

Those detained were 115 Saudis and 21 foreigners, and included a cell that had been plotting a suicide bombing, abductions and killings, the ministry said in a statement carried by the official SPA news agency.

That cell consisted of 31 suspects, including four foreign residents, who were detained during a "pre-emptive" security operation in Riyadh on Sept. 12, the ministry said.

The cell had been "on the verge of acting, after issuing fatwas legitimizing the abduction of innocent people, bargaining over them, killing them and raiding [shops] and banks," the ministry said.

"They included one [suspect] who wrote his will, to be publicized after he has carried out a suicide operation targeting innocent people and the nation's resources," the ministry said.

Another 44 Saudis were detained Oct. 26 in a series of simultaneous security operations in Riyadh, the oil-rich Eastern Province and the northern regions of Al-Qassim and Hail, the ministry said.

Six more Saudis had been detained earlier in October in the northern Al-Jawf region, near the borders with Iraq and Jordan, for forming a cell that "used their families to hide wanted [militants] and smuggle them outside" the country, the ministry said.

Other swoops netted a group of 16 suspects, including two foreigners, who were linked to outside "go-betweens" with the purpose of training militants abroad and sending them back to operate inside the kingdom, the ministry said.

Saudi Arabia announced in February it had thwarted a bid to blow up an oil processing plant, the world's largest, at Abqaiq in the Eastern Province.

Western coalition forces said in October they feared possible attacks on oil installations in Saudi Arabia and other Gulf countries.

The Saudi Interior Ministry said security forces seized "weapons, money in various currencies, documents," and communications and electronic equipment during the raids.

It did not specify the nationalities of the foreigners detained.

Saudis Arrest 139 "Sleeper Cell" Suspects (CNN)

CNN.com, December 2, 2006

RIYADH, Saudi Arabia (CNN) -- Saudi security officials said Saturday they foiled a planned terrorist suicide attack and arrested 139 suspected Islamist militants who were in "sleeper cells" believed to be affiliated with al Qaeda.

A senior official in the Saudi Interior Ministry told CNN that the suspects, who are from several Arab nations, were monitored by Saudi security agents for several months. They rounded the men up just before the expected attack was launched.

The suspects, arrested in different areas of Saudi Arabia, were being interrogated Saturday, the official said.

In October 2005, King Abdullah of Saudi Arabia called the threat of al Qaeda in his country "madness and evil" and vowed to "eliminate this scourge" of terrorism. Fifteen of the 19 al Qaeda terrorists participating in the September 11, 2001, attacks were Saudis.

There has been a series of deadly bombings in Saudi Arabia since then, including Western targets, further aligning the Saudi government with the United States in the war against terror.

In 2003, suicide bombings at residential compounds housing Westerners in Riyadh killed 23 people, and a car bombing in a mostly Arab neighborhood near Riyadh's diplomatic quarter killed at least 17. Both attacks were blamed on al Qaeda.

In December 2004 a Saudi-based al Qaeda group claimed responsibility for an armed raid on the U.S. consulate in Jeddah that left nine people dead.

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Last year Saudi security forces, carrying out raids targeting suspected al Qaeda members, killed a man in Medina they said was the leader of al Qaeda on the Arab Peninsula.

"Militants" Held In Saudi Arabia (BBC)

BBC.com, December 2, 2006

The Saudi authorities say they have detained 136 suspected militants, including a potential suicide bomber.

The arrests were made over the past few months in several cities, and those held include members of al-Qaeda-type cells, the interior ministry said.

A ministry spokesman told the BBC that 115 of the suspects were Saudi nationals - the rest were foreigners.

They are accused of planning to bring down the Saudi royal family and attack Western targets.

Militants began a campaign in Saudi Arabia in 2003 with attacks on Western housing compounds.

However violence has declined in recent years in the face of tough security measures.

The only known attempted operation by Islamic militants this year was a foiled attack against the country's largest and most important oil facility.

Religious decrees

The interior ministry spokesman, General Mansoor al-Turki, said some of the militant groups had been about to carry out attacks in Saudi Arabia while others were still in the preparatory stages.

He said the authorities had withheld the announcement of the arrests until all the suspects had been rounded up.

"We're talking about eight different cells that were caught all over the kingdom, in almost all areas," Mr Turki told the BBC.

Some of those arrested were recruiting others to fight in "unstable countries", he added.

Others were allegedly recruiting militants to be trained abroad and then sent back to Saudi Arabia to carry out attacks.

The War On Terror, Under New Scrutiny (NYT)

By James Risen

The New York Times, December 3, 2006

IN the frantic first few months after the Sept. 11, 2001, attacks, the Bush administration created what amounted to a new secret side of the government, based on an expansive view of the president's authority to wage the war on terror. From secret C.I.A. prisons and harsh interrogation tactics overseas to warrantless eavesdropping at home, the new counterterror structure was established with little Congressional oversight or legal scrutiny.

For several years after 9/11, President Bush was given broad latitude by the legislative and judicial branches to fight terrorism as he saw fit. But 2006 has seen the American government's system of checks and balances slowly clicking back into place, forcing the Bush White House to confront new limits and more scrutiny.

A series of developments last week reflected that changed reality. The Justice Department inspector general's office announced that it had begun an internal investigation into the department's role in the National Security Agency's domestic spying program, after the administration agreed to give the office's staff the necessary security clearances.

Separately, the federal government agreed to pay $2 million to a settle a lawsuit brought by an Oregon lawyer wrongly arrested after the F.B.I. mistakenly linked him to the 2004 Madrid train bombings based on a faulty fingerprint match.

In a third case, a German man abducted in 2003 and held in a C.I.A. secret prison in Afghanistan urged a federal appeals court to allow him to pursue a lawsuit against the United States that had been dismissed for national security reasons. He then went to Washington to meet with Congressional aides about his case.

Those actions followed much more consequential changes in the legal and political landscape this year. The Supreme Court set the tone in June, with its landmark ruling in the case of Hamdan v. Rumsfeld, which struck at the heart of President Bush's assertion of executive power to wage the war on terror.

The court repudiated the president's plan to put detainees at Guantánamo Bay on trial before military commissions, ruling that the panels were unauthorized by federal statute and violated international law.

The ruling forced Congress to set up a system of military commissions, with lawmakers agreeing with the president that evidence could be withheld from terror suspects in some instances, and detainees could be barred from going to court to challenge their confinement.

But the Hamdan ruling also raised questions about the legality of other counterterrorism programs. Two months after the decision, a federal judge in Detroit ruled that the National Security Agency's domestic eavesdropping was unconstitutional, rejecting among other arguments that the president's constitutional authority allowed the program. The ruling set the stage for what seems likely to be a prolonged legal battle.

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The impact of the Hamdan ruling was followed by the political impact of last month's Democratic electoral victory. With both the House and Senate now under Democratic control, greater Congressional oversight of the war on terror seems certain, a climate that the administration says will hamper its efforts to protect national security.

"The administration probably feels like it is under attack on all fronts, but I think it is just the fact that the checks and balances in our democracy are beginning to reassert themselves," said Jeffrey Smith, former general counsel of the Central Intelligence Agency and now a Washington lawyer.

"The president was probably correct in the days after 9/11 when he saw that the laws on the books were inadequate to deal with the threat we faced," Mr. Smith added. "But he was very wrong to thus conclude that he could act as he saw fit. The failure to get legal authority meant that he didn't have the legal basis and public support to make these programs sustainable legally and politically."

Suzanne Spaulding, a former Congressional intelligence staffer and now a Washington lawyer, said she believed that the midterm elections and the Hamdan decision have substantially changed the climate in Washington for the war on terror.

"I think the ability of the Justice Department inspector general to get clearances to investigate the N.S.A. program may very well reflect the administration's responses to the changes on the Hill," Ms. Spaulding said.

"And the judiciary is not always impervious to the mood of the country. At the same time, it does have a trickle-down effect when the Supreme Court expresses its opinion."

Representative Jane Harman, the moderate California Democrat who just lost her bid to become chairman of the House Permanent Select Committee on Intelligence, told a Washington conference of experts on national security law on Friday that President Bush missed opportunities to establish a stronger basis for the war on terror by refusing to work with Congress and the courts early on.

"When faced with difficult questions of executive authority, the response of the president has been to claim that the Constitution allows exactly what his office of legal counsel says it does," Ms. Harman said. "This just isn't a good way to run a country."

The Bush administration, meanwhile, continues to assert that it has operated legally, has broad authority to wage the war on terror, and will continue to use that authority to protect Americans.

Desperate Guantanamo Detainees Turn To Each Other For Legal Help (AP)

By John Heilprin

AP, December 3, 2006

WASHINGTON -- Like more than a hundred enemy combatants held without charges at the Navy's Guantanamo Bay in Cuba, Hamid Al Razak of Afghanistan turned to a fellow prisoner for legal help.

His bid for help unleashed a federal judge's condemnation of the U.S. government's detention policies.

Dozens more held at Guantanamo, cut off from the outside world and lacking English language skills or any knowledge of the justice system, are still seeking representation from other detainees -- who are either free now or have access to an attorney.

"It is often said that 'justice delayed is justice denied.' Nothing could be closer to the truth with reference to the Guantanamo Bay cases," U.S. District Judge Gladys Kessler of Washington D.C. wrote in a ruling Friday, spurning the Pentagon's attempt to deny Bisher Al Rawi, another Afghan man held at Guantanamo, from representing his friend Al Razak.

Al Rawi would represent his friend with the help of the Center for Constitutional Rights, which has aided several hundred Guantanamo detainees, and New York lawyer Alan Sussman.

Al Razak's legal filings say he is not a member of the Taliban, al-Qaida or any terrorist group, but has been kept in isolation, repeatedly interrogated and severely beaten, put in cages without privacy, shackled with heavy chains and irons, exposed to extreme temperatures, sexually humiliated and subjected to violent behavior and psychological abuse.

Kessler wrote that Al Razak has been cut off from family, friends and indeed all of the outside world for more than three years, can't speak English, doesn't know the criminal justice system, lacks access to a law library, and has no criminal charges filed against him.

"He has every reason to distrust his captors and keepers. He has every reason to rely on the friendship of other detainees, who speak his language and suffer the same disabilities. He has every reason to challenge his detainment," Kessler wrote. "He cannot communicate with his attorney, nor does he even know at present that he has an attorney. He has no expectation of release, ever."

The Bush administration has argued that it has made numerous efforts to make lawyers available and that more than 200 of the detainees have filed a petition that allows a civilian judge to consider their cases.

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A Pentagon spokesman, Navy Cmdr. Jeffrey D. Gordon, on Saturday defended the detention policies at Guantanamo and said multiple reviews have been conducted for each of the people held there. More than 400 detainees remain at Guantanamo; several hundred were allowed to leave the prison for other countries, according to the Pentagon.

Gordon said that "humane treatment is the standard" at Guantanamo, which represents the culmination of a major undertaking to pick up hundreds of military combatants found in Afghanistan or trying to flee into Pakistan, among other places. A U.S. Army colonel is investigating allegations of prisoner abuse at Guantanamo Bay.

"Now they're going to face justice," said Gordon, who lacked an explanation for why the Pentagon had sought to block the dozens of prisoners from being represented from fellow detainees whom they considered friends.

Not so, according to Kessler, who wrote that just because "some of the unfortunate petitioners who have been detained for many years in the terrible conditions at Guantanamo Bay" were able to file a writ of habeus corpus doesn't show that Al Razak should have been able to do it for himself.

William Goodman, legal director for the center, said the judge's insights are universal for all the detainees, particularly those like Al Razak who need a friend to represent them.

"Many of these people are isolated, they do not know English, they do not know the Western legal system and they are intentionally kept in the dark by the Department of Defense," Goodman said. "There are probably well over 100 who have been in his situation, who have to clear this hurdle."

Warrantless Surveillance Issue Demands Scrutiny (CCCT)

Corpus Christi (TX) Caller-Times, December 3, 2006

The Bush administration's warrantless domestic surveillance program came to light a year ago this December. The president had authorized what was then a secret program that allowed the National Security Agency to eavesdrop on calls and e-mails between the United States and foreign countries.

Since then, President Bush has strongly defended the program, saying that the nation's security depends on allowing government agents to tap phone calls or troll for information relating to terrorism.

But many legal experts believe the president's program violates the Foreign Intelligence Surveillance Act, enacted in 1978 to regulate domestic wiretapping. Under this act, the NSA must obtain warrants from a judicial panel before it can engage in wiretap operations.

The 11-member FISA court has approved thousands of wiretap operations, often retroactively. But this court's actions are geared toward specific cases. The spying authorized by the president apparently involves "trolling" for data by listening in on thousands or hundreds of thousands of phone calls and e-mail communications. This involves super computers programmed to search the data base for patterns of information, which makes it difficult to seek FISA court approval.

Critics of President Bush's action said that even if the broader surveillance program could be justified in this post-9/11 world, the president erred by not asking Congress to change the FISA law to make the operation legal and constitutional.

U.S. District Judge Anna Diggs Taylor ruled in August that the NSA program is in violation of both statutory and constitutional law. After Taylor's decision, the House passed a measure to overhaul the rules to allow wiretaps without warrants. In the Senate, Arlen Specter drafted legislation to allow the program to continue with legal review. Such efforts to codify the program are considered dead following the November elections.

This week, the Justice Department's inspector general said he will conduct an investigation to determine how the information obtained by the wiretap program has been used. He will also look at compliance with the FISA law.

The 110th Congress, soon after it takes office in January, must deal with this issue. If the Bush White House is right that new tools are needed to permit "data mining" to fight the war on terrorism, then those tools should be incorporated into law, with judicial oversight to protect the rights of American citizens.

If the NSA wiretap program violates the law, as Judge Taylor ruled, then Congress has the authority to direct the president to curtail it until legal oversight is provided. The FISA framework would simply need to be reworked. Oversight of U.S. intelligence operations is a responsibility of Congress. It must act to 1) protect our national security and, 2) protect Americans' constitutional liberties. Neither of these should trump the other.

Better Signs On Wiretaps (TENN)

Nashville Tennessean, December 3, 2006

A decision by the inspector general of the Justice Department to look into the controversial wiretapping program used in the war on terror could restore some public trust, although the scope of the probe is limited.

Inspector General Glenn Fine says investigators will look into how Justice used information gathered from the wiretapping at the National Security Agency.

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Fine had previously said no to a review, claiming the role should fall to the department's Office of Professional Responsibility. President Bush did not allow security clearance for investigators from that office.

Concerns were raised when word got out that the NSA was monitoring phone calls between people in the U.S. and other countries without court oversight. The news drew criticism from civil liberties groups. It did not build trust when the Bush administration reacted so strongly that even the existence of the program had become known to the public.

It is important to note that the Justice probe will not deal specifically with whether the NSA program breaks the law or violates the Constitution, but it was also notable recently that members of a special board appointed to examine privacy concerns expressed satisfaction with the way eavesdropping had been conducted.

The developments do suggest that a greater measure of accountability is in store.

The administration may find that with a reasonable amount of disclosure, more Americans will feel comfortable with the techniques being used. But anytime programs are cloaked in secrecy, they invite the very sort of skepticism and scrutiny the program has received. ·

WAR NEWS:

Rumsfeld's Memo Of Options For Iraq War (NYT)

The New York Times, December 3, 2006

Following is the text of a classified Nov. 6 memorandum that Defense Secretary Donald H. Rumsfeld sent to the White House suggesting new options in Iraq. The memorandum was sent one day before the midterm Congressional elections and two days before Mr. Rumsfeld resigned.

Nov. 6, 2006

SUBJECT: Iraq — Illustrative New Courses of Action

The situation in Iraq has been evolving, and U.S. forces have adjusted, over time, from major combat operations to counterterrorism, to counterinsurgency, to dealing with death squads and sectarian violence. In my view it is time for a major adjustment. Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough. Following is a range of options:

ILLUSTRATIVE OPTIONS

Above the Line: (Many of these options could and, in a number of cases, should be done in combination with others)

¶Publicly announce a set of benchmarks agreed to by the Iraqi Government and the U.S. — political, economic and security goals — to chart a path ahead for the Iraqi government and Iraqi people (to get them moving) and for the U.S. public (to reassure them that progress can and is being made).

¶Significantly increase U.S. trainers and embeds, and transfer more U.S. equipment to Iraqi Security forces (ISF), to further accelerate their capabilities by refocusing the assignment of some significant portion of the U.S. troops currently in Iraq.

¶Initiate a reverse embeds program, like the Korean Katusas, by putting one or more Iraqi soldiers with every U.S. and possibly Coalition squad, to improve our units' language capabilities and cultural awareness and to give the Iraqis experience and training with professional U.S. troops.

¶Aggressively beef up the Iraqi MOD and MOI, and other Iraqi ministries critical to the success of the ISF — the Iraqi Ministries of Finance, Planning, Health, Criminal Justice, Prisons, etc. — by reaching out to U.S. military retirees and Reserve/National Guard volunteers (i.e., give up on trying to get other USG Departments to do it.)

¶Conduct an accelerated draw-down of U.S. bases. We have already reduced from 110 to 55 bases. Plan to get down to 10 to 15 bases by April 2007, and to 5 bases by July 2007.

¶Retain high-end SOF capability and necessary support structure to target Al Qaeda, death squads, and Iranians in Iraq, while drawing down all other Coalition forces, except those necessary to provide certain key enablers for the ISF.

¶Initiate an approach where U.S. forces provide security only for those provinces or cities that openly request U.S. help and that actively cooperate, with the stipulation being that unless they cooperate fully, U.S. forces would leave their province.

¶Stop rewarding bad behavior, as was done in Fallujah when they pushed in reconstruction funds, and start rewarding good behavior. Put our reconstruction efforts in those parts of Iraq that are behaving, and invest and create havens of opportunity to reward them for their good behavior. As the old saying goes, "If you want more of something, reward it; if you want less of something, penalize it." No more reconstruction assistance in areas where there is violence.

¶Position substantial U.S. forces near the Iranian and Syrian borders to reduce infiltration and, importantly, reduce Iranian influence on the Iraqi Government.

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¶Withdraw U.S. forces from vulnerable positions — cities, patrolling, etc. — and move U.S. forces to a Quick Reaction Force (QRF) status, operating from within Iraq and Kuwait, to be available when Iraqi security forces need assistance.

¶Begin modest withdrawals of U.S. and Coalition forces (start "taking our hand off the bicycle seat"), so Iraqis know they have to pull up their socks, step up and take responsibility for their country.

¶Provide money to key political and religious leaders (as Saddam Hussein did), to get them to help us get through this difficult period.

¶Initiate a massive program for unemployed youth. It would have to be run by U.S. forces, since no other organization could do it.

¶Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis. This will give us the ability to readjust and move to another course, if necessary, and therefore not "lose."

¶Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist.

Below the Line (less attractive options):

¶Continue on the current path.

¶Move a large fraction of all U.S. Forces into Baghdad to attempt to control it.

¶Increase Brigade Combat Teams and U.S. forces in Iraq substantially.

¶Set a firm withdrawal date to leave. Declare that with Saddam gone and Iraq a sovereign nation, the Iraqi people can govern themselves. Tell Iran and Syria to stay out.

¶Assist in accelerating an aggressive federalism plan, moving towards three separate states — Sunni, Shia, and Kurd.

¶Try a Dayton-like process.

Rumsfeld Memo On Iraq Proposed "Major" Change (NYT)

By Michael R. Gordon, David S. Cloud

The New York Times, December 3, 2006

WASHINGTON, Dec. 2 — Two days before he resigned as defense secretary, Donald H. Rumsfeld submitted a classified memo to the White House that acknowledged that the Bush administration's strategy in Iraq was not working and called for a major course correction.

"In my view it is time for a major adjustment," wrote Mr. Rumsfeld, who has been a symbol of a dogged stay-the-course policy. "Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough."

Nor did Mr. Rumsfeld seem confident that the administration would readily develop an effective alternative. To limit the political fallout from shifting course, he suggested the administration consider a campaign to lower public expectations.

"Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis," he wrote. "This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose.' "

"Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist," he added. The memo suggests frustration with the pace of turning over responsibility to the Iraqi authorities; in fact, the memo calls for examination of ideas that roughly parallel troop withdrawal proposals presented by some of the White House's sharpest Democratic critics. [Text, Page 28.]

The memo's discussion of possible troop reduction options offers a counterpoint to Mr. Rumsfeld's frequent public suggestions that discussions about force levels are driven by requests from American military commanders.

It also puts on the table several ideas for troop redeployments or withdrawals, even as there have been recent pronouncements from American commanders emphasizing the need to maintain troop levels for the time being.

The memorandum sometimes has a finger-wagging tone, as Mr. Rumsfeld says that the Iraqis must "pull up their socks," and suggests that reconstruction aid should be withheld in violent areas to avoid rewarding "bad behavior."

Other options called for shrinking the number of bases, establishing benchmarks that would mark the Iraqis' progress toward political, economic and security goals and conducting a "reverse embeds" program to attach Iraqi soldiers to American squads.

The memo was finished one day after President Bush interviewed Robert M. Gates, the president of Texas A&M University, as a potential successor to Mr. Rumsfeld and one day before the midterm elections. By then it was clear that the Republicans appeared likely to suffer a setback at the polls and that the administration was poised to begin reconsidering its Iraq strategy.

The memo provides no indication that Mr. Rumsfeld intended to leave his Pentagon post. It is unclear whether he knew at that point that he was about to be replaced, though the White House has said that Mr. Bush and Mr. Rumsfeld had a number of conversations on the matter.

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Told that The New York Times had obtained a copy of it, a Pentagon spokesman, Eric Ruff, confirmed its authenticity. "As it became clear that people were considering options for the way forward, the secretary had some views on the subject, and this memo reflects those views," he said.

At the Pentagon, Mr. Rumsfeld has been famous for his "snowflakes" — memos that drift down to the bureaucracy from on high and that are used to ask questions, stimulate debate and shape policy. Mr. Rumsfeld's Nov. 6 memorandum, circulated as part of the administration's review of Iraq policy, is written in that spirit and with the same blunt aphorisms that Mr. Rumsfeld frequently uses in public.

Unlike the lawyerly memo on Iraq policy submitted Nov. 8 by Stephen J. Hadley, the national security adviser, Mr. Rumsfeld's listed more than a dozen "illustrative options" that the defense secretary did not endorse, but suggested merited serious consideration. "Many of these options could, and in a number of cases, should be done in combination with others," Mr. Rumsfeld advised.

With Mr. Rumsfeld's resignation, the options no longer have the same weight. In recent weeks, some have been discarded as the Bush administration tries to adjust its military and political strategy in Iraq. But others, like increasing the number of advisers attached to Iraqi forces, live on and have also been recommended by others.

Mr. Rumsfeld, who has presided over two wars and is one of the longest-serving Pentagon chiefs, is scheduled to leave when his designated successor, Mr. Gates, is confirmed by the Senate, expected later this month.

Titled "Iraq — Illustrative New Courses of Action," the memo reflects mounting concern over a war that, as Mr. Rumsfeld put it, has evolved from "major combat operations to counterterrorism, to counterinsurgency, to dealing with death squads and sectarian violence."

The first section of the memo contains two pages of options that Mr. Rumsfeld describes as "above the line" ideas worthy of consideration. Some that Mr. Rumsfeld found intriguing appear to reflect his long-held view that the United States should use relatively modest force in intervening in foreign countries to avoid creating a dependency on American power. That approach, critics have charged, left the United States unprepared to deal with the chaos that followed the ouster of Saddam Hussein.

Mr. Rumsfeld has frequently emphasized the difficulty of stabilizing Iraq and the need to turn over responsibility to Iraqi authorities as quickly as possible. But he has also been a forceful, even cantankerous, defender of American policy, often insisting his critics were unduly pessimistic. On Oct. 31, just a week before finishing the memo, Mr. Rumsfeld told a radio interviewer, "I feel that we are making good progress with the piece of it the Defense Department has."

One option Mr. Rumsfeld offered calls for modest troop withdrawals "so Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Another option calls for redeploying American troops from "vulnerable positions" in Baghdad and other cities to safer areas in Iraq or Kuwait, where they would act as a "quick reaction force." That idea is similar to a plan suggested by Representative John P. Murtha, a Pennsylvania Democrat, a plan that the White House has soundly rebuffed.

Still another option calls for consolidating the number of American bases in Iraq to 5 from 55 by July 2007, a considerable shrinking of the American footprint. At the same time, Mr. Rumsfeld all but dismisses the idea of setting a firm date for removing forces from Iraq, listing it as one of the less palatable ideas.

One of the more provocative options would punish provinces that failed to cooperate with the Americans by withdrawing economic assistance and security. "Stop rewarding bad behavior, as was done in Falluja when they pushed in reconstruction funds, and start rewarding good behavior," the option reads. "No more reconstruction assistance in areas where there is violence."

Some military officers have said that the idea of denying assistance in some areas ignores the fact that many Iraqis are afraid to cooperate with the Americans for fear of retaliation by insurgents.

Falluja has been the focus of reconstruction efforts following an offensive by Americans that crippled city services and damaged scores of buildings, leaving the United States few options beyond rebuilding or evacuating the city. Now, it is considered by the Marines to be one of the few relatively stable areas in the dangerous Anbar Province. Many of the other towns in the region have become even more hostile because the economic assistance has been minimal, leaving the residents feeling neglected by the authorities in Baghdad, military officers say.

Then, too, work on infrastructure that sprawls across the country, like the electrical grid and the oil pipelines, network, cannot be limited to nonviolent areas.

"There is an element of throwing in the towel and effectively giving up on at least some areas of the country," said James Dobbins, a former State Department official and director of the International Security and Defense Policy Center at RAND.

In any case, administration officials indicated this week that withholding assistance was not under serious consideration.

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Reflecting exasperation with much of the American government, another option in the memo raises the possibility of using military reservists to “beef up” the Iraqi government’s ministries. “Give up on trying to get other USG Departments to do it,” he writes, referring to other United States government agencies.

Taking a leaf out of Mr. Hussein’s book, Mr. Rumsfeld seemed to see some merit in the former dictator’s practice of paying Iraqi leaders. “Provide money to key political and religious leaders (as Saddam Hussein did), to get them to help us get through this difficult period,” one option reads.

The list of favored options notably does not mention the “clear, hold and build” approach that the White House has touted as its strategy for waging counterinsurgency. That is a troop-intensive approach that calls for clearing contested areas with American and Iraqi troops, holding them with American and Iraqi forces and then carrying out reconstruction programs to win support. Nor does the list make the withdrawal of American forces explicitly contingent on improving conditions in Iraq.

The final page of the memo is a brief list of six “less attractive” options, which Mr. Rumsfeld describes as “below the line.” They include an “aggressive federalism plan,” an international conference modeled on the Dayton accords that produced an agreement on Bosnia and an idea that is currently being seriously discussed by senior administration officials: temporarily sending 20,000 additional American forces or more to Baghdad to try to improve security there and regain momentum.

Moving a large fraction of American forces to Baghdad to “attempt to control it,” Mr. Rumsfeld writes without further elaboration, would be “below the line.”

Rumsfeld Called For Change In War Plan (WP)

By Ann Scott Tyson

The Washington Post, December 3, 2006

Two days before he resigned from the Pentagon, Defense Secretary Donald H. Rumsfeld sent to the White House a classified memo recommending "a major adjustment" in Iraq strategy and acknowledging slow progress there.

"Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough," Rumsfeld wrote in the Nov. 6 memo.

Rumsfeld has made similar comments in public about insufficient progress in Iraq, both before and immediately after his resignation on Nov. 8.

But the defense secretary's unusually expansive memo also laid out a series of 21 possible courses of action regarding Iraq strategy, including many that would transform the U.S. occupation.

Michael O'Hanlon, a defense analyst at the Brookings Institution, said the revelation of the memo would undercut any attempt by President Bush to defend anything resembling a "stay the course" policy in Iraq.

"When you have the outgoing secretary of defense, the main architect of Bush's policy, saying it's failing, that puts a lot more pressure on Bush," he said.

The memo makes clear that Rumsfeld understood acutely the political implications of changing strategy.

"Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis," he wrote in one of the bulleted options. "This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose.' "

He next advised: "Recast the U.S. military mission and the U.S. goals (how we talk about them) -- go minimalist."

Similarly, Rumsfeld advocated announcing "a set of benchmarks" for the Iraqi government -- "to get them moving," he added parenthetically, as well as to "reassure" the U.S. public that progress can be made.

The existence of the memo was first reported last night by the New York Times, which posted it on its Web site. The Pentagon confirmed the memo's authenticity.

Asked about the memo, White House spokeswoman Eryn Witcher said: "The president has said he's been dissatisfied with the progress in Iraq, so the right thing to do is reevaluate our tactics. There are a number of reviews underway, and the president is open to listening to a wide array of options."

Rumsfeld's ideas did not depart radically from the alternative strategies emerging so far from the bipartisan Iraq Study Group or from other military and governmental Iraq policy reviews initiated in recent weeks.

For example, Rumsfeld called for significantly increasing the number of U.S. military trainers embedded with Iraqi forces, and, in a twist, for "a reverse embeds program" that would place Iraqi soldiers with American squads, partly to boost the Arabic-language skills of U.S. troops.

Several options Rumsfeld raised involve withdrawing or pulling back the 140,000 U.S. troops in Iraq as a way to pressure the Iraqi government to take greater responsibility for its own security. This idea, favored by many Democrats in Congress, has not been publicly embraced by Rumsfeld to such a degree. Still, Rumsfeld wrote that he opposed setting a firm withdrawal date.

"Begin modest withdrawals of U.S. and Coalition forces (start 'taking our hand off the bicycle seat'), so Iraqis know they have to pull up their socks, step up, and take responsibility for their country," Rumsfeld wrote.

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Rumsfeld suggested using the security provided by U.S. troops in a carrot-and-stick approach, providing security only for provinces and cities that fully cooperate with U.S. forces. Similarly, reconstruction aid should go only to "those parts of Iraq that are behaving," he wrote, adding: "No more reconstruction assistance in areas where there is violence."

Options the defense secretary characterized as "less attractive" involved U.S. troop increases, such as a surge in U.S. forces into Baghdad or substantially increasing the number of American combat brigades in Iraq. The only place he recommended a U.S. troop increase was along Iraq's borders with Syria and Iran.

Rumsfeld's well-known frustration with other branches of the U.S. government comes through repeatedly in the memo and is far blunter than the secretary has been in public. He called for reaching out to U.S. military retirees and reservists to "aggressively beef up" Iraqi ministries, adding, "i.e. give up on trying to get other USG Departments to do it."

Similarly, he called for a "massive program for unemployed youth" but said it would have to be run by U.S. forces, "since no other organization could do it."

Retired Army Col. Andrew Bacevich, now a professor of international relations at Boston University, said his impression of the memo is that it is a "laundry list" of current ideas entirely lacking in analysis.

"The memo is a tacit admission of desperation and of impending failure," said Bacevich, who has been critical of the conduct of the war.

People in Washington familiar with the workings of the Pentagon and the media were suspicious of the motives behind the leak of the memo.

Retired Army Maj. Gen. Paul Eaton, an Iraq veteran who has been critical of Rumsfeld, said he was bothered by both the timing and the substance of the memo.

"For Mr. Rumsfeld to write this leaked memo, saying things aren't going well, is disingenuous and self-serving," said Eaton.

But he added that he did not think it would affect the morale of troops or officers serving in Iraq, saying he thought they would dismiss it as irrelevant "high-level politics."

Rumsfeld Memo Called For New Iraq Strategy (LAT)

By Josh Meyer, Times Staff Writer

The Los Angeles Times, December 3, 2006

Days before resigning, the secretary urged new strategies, including troop reductions.

WASHINGTON — Two days before he resigned as secretary of Defense, Donald H. Rumsfeld sent a rambling memo to the White House in which he acknowledged that the current U.S. strategy in Iraq was not working and offered several diverging scenarios for reversing course.

In the classified, three-page document, Rumsfeld offered several options for reducing troop presence in Iraq, including some that were similar to proposals by Democratic critics of the war in Iraq and that have been sharply opposed by the Bush administration.

And he suggested one potentially controversial plan of action that had been used in a different form by deposed dictator Saddam Hussein — paying off "key political and religious leaders" so they would be more compliant with U.S. occupying forces in the war-torn country and its capital, Baghdad.

"In my view it is time for a major adjustment," Rumsfeld wrote in the Nov. 6 memo. "Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough."

Until his resignation, Rumsfeld frequently had said that the overall course of action in Iraq was working, even if it needed adjustments. And while he has said he bases his decisions on input from commanders, his memo is peppered with proposals that run counter to the advice of officers, most of whom have opposed redeployments or withdrawals.

Critics immediately seized on the memo as an admission of failure by one of the administration's primary architects of the Iraq war and its aftermath.

"This is an unbelievable memo. It is an admission of failure. It is more frank than anything that any [administration] official has said publicly in the three years of the war," said Joseph Cirincione, senior vice president for national security at the Center for American Progress, a liberal think tank.

In the memo, first reported Saturday by the New York Times on its website and titled "Illustrative New Courses of Action," Rumsfeld describes a "range of options" for the White House to consider. Many of them involve sharply drawing down U.S. troop presence in Iraq by mid-2007.

"Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist," Rumsfeld suggested. For instance, he proposed an accelerated shuttering or consolidation of most U.S. military bases in Iraq.

"We have already reduced from 110 to 55 bases," he wrote. "Plan to get down to 10 to 15 bases by April 2007, and to 5 bases by July 2007."

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Another option: withdrawing U.S. forces from vulnerable positions, such as cities and patrols, and moving them to a "Quick Reaction Force" status, in which they would operate from within Iraq and neighboring Kuwait.

Rumsfeld also proposed keeping high-end special operations forces in Iraq to target Al Qaeda, death squads and Iranians, but "drawing down all other Coalition forces," except for key U.S. advisors.

He suggested a new approach in which U.S. forces would only provide security for those provinces or cities that openly request it — "and that actively cooperate, with the stipulation being that unless they cooperate fully, U.S. forces would leave their province."

In areas where there is continued violence, Rumsfeld proposed that U.S. forces stop helping Iraqis, particularly with reconstruction efforts.

"As the old saying goes, 'If you want more of something, reward it; if you want less of something, penalize it,' " he wrote.

All told, such drawdown efforts would send a strong signal to Iraqis, Rumsfeld said. He described it as " 'taking our hand off the bicycle seat,' so Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Eric Ruff, the senior Pentagon spokesman, said the formulation of the memo evolved over a period of several weeks.

"There had been a lot of discussion over a period of several weeks; people were discussing different options and various approaches, and the secretary had some views on the matter, and the memo reflects those views," Ruff said.

The White House said President Bush was reviewing Rumsfeld's proposals, along with many others. "The president has said he's been dissatisfied with the progress in Iraq. So the right thing to do is reevaluate our tactics," said spokeswoman Eryn Witcher.

The memo was sent one day after Bush had interviewed Rumsfeld's appointed successor, Robert M. Gates, the former CIA director and president of Texas A&M University. But Pentagon and White House officials, speaking on condition of anonymity, said they believed that the timing was coincidental, and that the memo had nothing to do with Rumsfeld's impending departure or any efforts on his behalf to keep his job.

In the memo, Rumsfeld offered alternatives to troop reductions. He proposed stepping up the public relations campaign in Iraq by announcing a set of benchmarks that would reassure the U.S. public and give the appearance "that progress can and is being made."

Even so, Rumsfeld cautioned that the administration should take steps to lower expectations and keep its options open.

"Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis," he wrote. "This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose.' "

Lawrence Di Rita, Rumsfeld's press secretary from 2001 until May, said the memo shows how his former boss operates.

"He is always throwing things out there for people to consider. That is what good leaders do," Di Rita said. "This is his way of recognizing that our policy is in need of adapting to the realities" in Iraq.

A senior administration official said the memo should not be seen as Rumsfeld abdicating his long-held beliefs about the administration's strategy in Iraq. Instead, it shows how the defense secretary was trying to present the White House with all available options to consider when deciding how to go forward with the war in Iraq, he said, speaking on condition of anonymity because the memo had not been formally made public.

"This is vintage Rumsfeld," the senior administration official said.

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(INFOBOX BELOW)

EXCERPTS FROM RUMSFELD MEMO

`It is time for a major adjustment'

The situation in Iraq has been evolving, and U.S. forces have adjusted, over time, from major combat operations to counterterrorism, to counterinsurgency, to dealing with death squads and sectarian violence. In my view it is time for a major adjustment. Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough. Following is a range of options:

Illustrative options

Above the Line (many of these options could and, in a number of cases, should be done in combination with others):

· Publicly announce a set of benchmarks agreed to by the Iraqi government and the U.S. — political, economic and security goals — to chart a path ahead for the Iraqi government and Iraqi people (to get them moving) and for the U.S. public (to reassure them that progress can and is being made).

· Significantly increase U.S. trainers and embeds, and transfer more U.S. equipment to Iraqi security forces (ISF), to further accelerate their capabilities by refocusing the assignment of some significant portion of the U.S. troops currently in Iraq.

· Conduct an accelerated draw-down of U.S. bases.

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· Initiate an approach where U.S. forces provide security only for those provinces or cities that openly request U.S. help and that actively cooperate, with the stipulation being that unless they cooperate fully, U.S. forces would leave their province.

· Stop rewarding bad behavior, as was done in Fallouja when they pushed in reconstruction funds, and start rewarding good behavior. Put our reconstruction efforts in those parts of Iraq that are behaving, and invest and create havens of opportunity to reward them for their good behavior. As the old saying goes, "If you want more of something, reward it; if you want less of something, penalize it." No more reconstruction assistance in areas where there is violence.

· Withdraw U.S. forces from vulnerable positions — cities, patrolling, etc. — and move U.S. forces to a Quick Reaction Force (QRF) status, operating from within Iraq and Kuwait, to be available when Iraqi security forces need assistance.

· Begin modest withdrawals of U.S. and coalition forces (start "taking our hand off the bicycle seat"), so Iraqis know they have to pull up their socks, step up and take responsibility for their country.

· Provide money to key political and religious leaders (as Saddam Hussein did), to get them to help us get through this difficult period.

Below the Line (less attractive options):

· Continue on the current path.

· Move a large fraction of all U.S. forces into Baghdad to attempt to control it.

· Increase Brigade Combat Teams and U.S. forces in Iraq substantially.

· Set a firm withdrawal date to leave. Declare that with Saddam gone and Iraq a sovereign nation, the Iraqi people can govern themselves. Tell Iran and Syria to stay out.

· Assist in accelerating an aggressive federalism plan, moving toward three separate states — Sunni, Shia, and Kurd.

Rumsfeld Memo: Iraq Tactics Not Working (AP)

By Robert Burns,

AP, December 3, 2006

President Bush said Saturday he wants to hear all advice before making decisions about changes in Iraq strategy, even as it was disclosed that Donald H. Rumsfeld called for major changes in tactics two days before he resigned as defense secretary.

"In my view it is time for a major adjustment," Rumsfeld wrote in a Nov. 6 memo to the White House. "Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough."

Existence of the classified memo was first reported by The New York Times on its Internet site Saturday evening in a story for the paper's Sunday editions.

Pentagon press secretary Eric Ruff said he was not the source of the leak to the Times, but confirmed the memo's authenticity to The Associated Press late Saturday.

"The formulation of these ideas evolved over a period of several weeks," Ruff said in a telephone interview.

He said the options presented in the paper were Rumsfeld's personal ideas developed in conversations with a variety of people, not part of a formal Pentagon review that also is under way. Rumsfeld had previously said publicly that he believed U.S. efforts in Iraq were not working well enough or fast enough, but he has not called for a "major adjustment" in the U.S. approach to stabilizing Iraq.

Ruff also emphasized that Rumsfeld does not endorse any one particular recommendation, and that he notes in the memo that "many of these options could and, in a number of cases, should be done in combination with others."

Lawrence Di Rita, who was Rumsfeld's chief spokesman before he left the Pentagon last spring, said in a telephone interview Saturday evening that the broad range of options presented by Rumsfeld belies the notion, often cited by his critics, that he is inflexible and reluctant to consider alternative approaches.

"I see this thing as classic Rumsfeld," Di Rita said. "This is the way he operates."

The president acknowledged the difficulties in Iraq in his Saturday radio address and said: "I recognize that the recent violence in Iraq has been unsettling. Many people in our country are wondering about the way forward. The work ahead will not be easy, yet by helping Prime Minister Nouri al-Maliki strengthen Iraq's democratic institutions and promote national reconciliation, our military leaders and diplomats can help put Iraq on a solid path to liberty and democracy."

Bush added: "The decisions we make in Iraq will be felt across the broader Middle East."

The president is under pressure to decide a new blueprint for U.S. involvement in Iraq. A bipartisan commission headed by James A. Baker III, a former Republican secretary of state and Bush family friend from Texas, and former Democratic Rep. Lee Hamilton of Indiana is to present its recommendations to Bush in the coming week.

There is no hint in the memo Rumsfeld sent to the White House a day before the Nov. 7 elections that he intended to resign. However, a person familiar with the sequence of those events told the AP that Rumsfeld did know when he wrote it that he would be leaving. The person discussed the matter on condition of anonymity.

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Bush announced Rumsfeld's impending departure the day after Democrats won control of the House and Senate. The president has designated Robert Gates to replace Rumsfeld.

Before listing options for change — many of which are similar to various proposals by people in and out of government, including Democratic critics in Congress — Rumsfeld noted that the situation in Iraq "has been evolving" and said U.S. forces have adjusted from "major combat operations, to counterterrorism, to counterinsurgency, to dealing with death squads and sectarian violence."

Rumsfeld said the administration should "announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis. This will give us the ability to readjust and move to another course, if necessary, and therefore not `lose.'"

At the end of his list of "above the line" preferred options, he recommended: "Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist."

Specifics on his options checklist:

_"Publicly announce a set of benchmarks agreed to by the Iraqi government and the U.S. ... to chart a path ahead for the Iraqi government and Iraqi people (to get them moving) and for the U.S. public (to reassure them that progress can and is being made)."

_"Significantly increase U.S. trainers and embeds, and transfer more U.S. equipment to Iraqi security forces."

_"Initiate a reverse embeds program ... by putting one or more Iraqi soldiers with every U.S. and possibly coalition squad."

_Aggressively beef up Iraqi ministries by reaching out to U.S. military retirees and Reserve and National Guard volunteers.

_Conduct an accelerated drawdown of U.S. bases, noting they have already been reduced from 110 to 55. "Plan to get down to 10 to 15 bases by April 2007, and to 5 bases by July 2007."

_"Retain high-end ... capability ... to target al-Qaida, death squads, and Iranians in Iraq, while drawing down all other coalition forces, except those necessary to provide certain key enablers" for Iraqi forces.

_Provide U.S. security forces "only for those provinces or cities that openly request U.S. help and that actively cooperate."

_Stop rewarding "bad behavior" with reconstruction funds and start rewarding "good behavior."

_"Position substantial U.S. forces near the Iranian and Syrian borders to reduce infiltration and, importantly, reduce Iranian influence on the Iraqi government."

_Withdraw U.S. forces from vulnerable positions and move to a quick reaction force status, operating from within Iraq and Kuwait, to be available when Iraqi security forces need assistance.

_"Begin modest withdrawals of U.S. and coalition forces (start `taking our hand off the cycle seat') so Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Rumsfeld also listed a handful of "below the line" (less attractive) options that included continuing on the current path, moving a large fraction of all U.S. forces in Iraq into Baghdad, increasing U.S. forces substantially, setting a firm withdrawal date and pushing "an aggressive federalism plan" that would lead to three separate states — Sunni, Shia and Kurd.

Baghdad Market Is Hit By 3 Bombs (WP)

By Sudarsan Raghavan

The Washington Post, December 3, 2006

BAGHDAD, Dec 2 -- A triple car bombing struck a busy shopping district Saturday, killing at least 51 people and wounding more than 90 in an attack timed to inflict as many casualties as possible, according to Iraqi officials.

Three parked cars exploded just before dinnertime as shoppers were buying meat, fruit and vegetables in the bustling majority Shiite neighborhood of Sadriyah. Columns of black smoke hovered above buildings.

The bombing occurred a day after U.S. and Iraqi forces raided the nearby Sunni neighborhood of Fadhil, capturing dozens of suspected Sunni Arab insurgents. It was the deadliest attack since a barrage of car bombs, mortars and missiles hit the Shiite slums of Sadr City on Nov. 23, killing more than 200 people.

And in a pattern indicative of sectarian violence, the Interior Ministry said 44 bodies had been found in Baghdad in a 24-hour period, most of them shot.

Meanwhile, U.S. and Iraqi forces on Saturday launched an offensive in Baqubah, the provincial capital of Diyala province, about 35 miles northeast of Baghdad. The operation resulted in the arrest of 44 insurgents and the release of a 16-year-old kidnapping victim who was held for ransom for 25 days.

The offensive also led to the seizure of several car bombs that were ready to detonate as well as weapons and posters that encouraged sectarian violence, Iraqi army officials said. Saturday's operation came two days after the U.S. military said in a statement that Baqubah was fully operational.

As the fierce clashes occurred, gunmen opened fire on a man and his son in Aswad district, west of Khalis, 10 miles northwest of Baqubah, killing them both, Lt. Ali Khayyam said.

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Elsewhere, a roadside bomb killed a driver in Musayyib and armed men attacked a criminal intelligence commissioner's house in the pre-dawn hours of Saturday in the town of Iskandariyah. The assailants injured the commissioner and shot a missile at the house, but he started shooting back, killing two of the assailants. The gun battle continued until Iraqi forces arrived.

In al-Wahada, 22 miles south of Baghdad, a truck rammed into a bus stop, killing about 20 people, wounding 15 and crushing several cars, police said.

Clashes also broke out Saturday between insurgents and U.S. troops in the predominantly Sunni city of Duluiyah, 45 miles north of Baghdad, police Capt. Qassim Mohammed told the Associated Press.

In Anbar province, a U.S. soldier assigned to 1st Battalion, 1st Armored Division, died Friday from "wounds sustained due to enemy action," the military said Saturday.

In the west Baghdad neighborhood of Jihad, special Iraqi army forces, along with U.S. advisers, captured a member of an insurgent cell believed to have directed car bombing attacks, the military said. The Iraqi forces detained five additional suspects during the raid and confiscated several assault rifles.

At Least 51 Killed In Baghdad (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 3, 2006

BAGHDAD — Car bombs and mortar attacks killed at least 51 people in Baghdad on Saturday as Prime Minister Nouri Maliki met with tribal leaders from a Shiite stronghold in an attempt to mend his fractured government.

"The enemies are trying to disperse us, but they will not be able to," Maliki said, appearing on state-run Al Iraqiya television with 65 representatives of the Sadr City slum who reportedly asked Maliki for more police to patrol the neighborhood.

Sadr City is the stronghold of anti-U.S. cleric Muqtada Sadr. Thirty legislators and six Cabinet ministers loyal to Sadr suspended participation in parliament and Maliki's government Wednesday to protest the prime minister's meeting with President Bush last week in Amman, Jordan.

As Saturday's meeting took place, violence continued in the capital and beyond. The Interior Ministry said 44 bodies were discovered in Baghdad during the previous 24 hours. Most of the victims were middle-aged and had been shot and stripped of identification.

At least half a dozen other Iraqis died in clashes across the country. The U.S. military reported the death of a soldier who had been injured in combat in western Al Anbar province.

In Baghdad, two car bombs exploded Saturday afternoon in the market area of Sadriya and one in the market at Hafidh Qadhi, about 100 yards away, said police Lt. Haitham Kamil. Three mortar attacks followed soon afterward in the same areas, police said.

By nightfall, no one had claimed responsibility for the attacks. Firefighters were still battling flames near the charred remains of numerous victims, a witness said.

The injured filled the hallways at three hospitals.

"We are so overwhelmed that we have left many of the injured in the hallways due to lack of space," a medical assistant at Kindi Hospital said.

Deputy Prime Minister Salam Zikam Ali Zubaie, a member of the major Sunni legislative bloc, was targeted by gunmen while his convoy was traveling in Ghazaliya, a majority Sunni area of Baghdad, police said. He was unharmed, but one of his bodyguards was injured.

Rockets struck near the office of Adnan Dulaimi, leader of a major Sunni party within Zubaie's bloc.

Dulaimi said he was meeting with Sunni and Shiite leaders at a northwest Baghdad mosque to discuss local security at the time of the attack. They watched five rockets strike the area, hitting a school and a mosque, then a nearby house, killing two men and injuring a third.

Dulaimi said he believed that he was targeted by Shiites and that Maliki's government has not protected him.

"I think today is part of the latest escalation, every day hurting and disastrous events that destroy the country and especially Baghdad," he said, urging Shiite politicians who are boycotting Maliki's government to return.

Maliki met Bush a week after bombings and mortar attacks in Sadr City killed at least 215 people and left more than 200 wounded.

The Sadr City tribal leaders who met with Maliki for a half hour Saturday asked him to hire more local people to patrol their Baghdad neighborhood, increasing the police force from 1,460 to 7,000 officers, said Samir Awad, an Iraqi journalist who helped arrange the meeting.

Awad said the Sadr City representatives also proposed a nationwide meeting of tribal leaders from various groups.

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In Jordan, Abdelaziz Hakim, a prominent Iraqi Shiite figure who leads a parliamentary bloc comparable in size to Sadr's, spoke out against suggestions that an international summit could address sectarian divisions. Hakim insisted that Iraq's conflicts are political, not sectarian, and could be resolved internally. U.N. Secretary-General Kofi Annan had suggested the meeting.

"It is illogical, unacceptable and incorrect for the Iraqi people that issues related to their self-determination and destiny be decided and molded through international conferences," said Hakim, who leads the Supreme Council for Islamic Revolution in Iraq. He is scheduled to meet with Bush on Monday.

Meanwhile, Iraqi and U.S. troops launched a joint operation in Baqubah, a city about 35 miles northwest of Baghdad that has been under curfew since Friday morning because of insurgent attacks.

Gunmen were walking the streets Saturday, attacking homes and killing residents, witnesses said.

"This military operation is designed to separate the terrorists from the honorable people of Baqubah and better enable the Iraqi security forces to maintain a secure and stable environment," said Col. David Sutherland, commander of 3rd Brigade Combat Team of the U.S. Army's 1st Cavalry Division.

Military officials said three suspected insurgents were killed in Baqubah and 44 were detained. Soldiers also freed a 16-year-old captive who had been held for 25 days.

U.S. forces in helicopters, jets, scout planes and 20 vehicles launched another assault late Saturday in Duluiya, about 55 miles north of Baghdad, clashing with gunmen, police said.

Baghdad's Yarmouk Hospital came under fire from attackers with machine guns.

They traded fire with police and soldiers at the front gate for half an hour, killing a police officer and injuring three people before the attackers escaped, police said. Staff members said the hospital manager had earlier received anonymous threats that the building would be hit with mortar rounds or bombs if it continued to treat police and soldiers.

Among the other Iraqis killed Saturday were two people on their way to a funeral in the holy city of Najaf, a contractor in the northern city of Mosul who supplied food to U.S. troops, and two people in the southern city of Iskandariya — a driver killed by a roadside bomb and a 25-year-old man shot by U.S. troops while he was attempting to plant a bomb.

51 Dead In Bombings In Iraq Shiite Area (AP)

By Kim Gamel, Associated Press Writer

AP, December 3, 2006

A triple car bombing struck a food market in a predominantly Shiite area in central Baghdad on Saturday, killing at least 51 people a day after a U.S.-Iraqi raid against Sunni insurgents in a nearby neighborhood.

Three parked cars blew up nearly simultaneously as shoppers were buying fruit, vegetables, meat and other items in the busy al-Sadriyah district.

The blasts sent clouds of black smoke over concrete high-rises in the area, which has narrow alleys that made it difficult for ambulances and fire trucks to navigate. At least 51 people were killed and 90 wounded, said police Lt. Mohammed Khayoun and hospital officials.

A cheese vendor who was wounded said the market was full of people shopping on their way home from work.

"We heard a big explosion from the western side of the area and the second from the eastern side. After one minute the third explosion took place near us," Ahmed Salman said from a hospital bed.

It was one of the worst incidents since a bombing and mortar attack killed 215 people and wounded more than 200 in the Shiite district of Sadr City in Baghdad on Nov. 23 amid escalating sectarian conflict.

Nobody claimed responsibility for the attack, but it followed a Friday raid by Iraqi forces backed by U.S. helicopters targeting Sunni insurgents in al-Fadhil, less than a half mile away.

The Sunni Association of Muslim Scholars in Iraq condemned the al-Fadhil raid in a statement Saturday, alleging six people were killed and 13 detained.

Iraqi police said Friday that one Iraqi soldier and two civilians were killed in the fighting, and the U.S. military said 28 people were detained.

Separately, U.S. and Iraqi forces began an offensive Saturday in Baqouba, capital of Diyala province about 35 miles northeast of Baghdad, where fighting has raged for a week between Sunni insurgents and police, the U.S. command said.

At least 36 suspected militants were detained during one pre-dawn raid in Baqouba, police said. Later in the day, state-run Iraqiya television said one al-Qaida in Iraq insurgent was killed and 43 detained, including two foreigners.

Ahmed Fuad, a senior morgue official in Baqouba, said the morgue had received 102 bodies since Nov. 22, only 20 of which had been retrieved by their families.

"We do believe that there are many bodies in some areas of Diyala province, but neither police nor ambulance could fetch them," he said.

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Clashes broke out Saturday between insurgents and U.S. troops in the predominantly Sunni city of Duluiyah 45 miles north of Baghdad, police Capt. Qassim Mohammed said.

Elsewhere, a truck driving at high speed slammed into a bus stop in al-Wahada, 22 miles south of Baghdad, killing about 20 people, wounding 15 and crushing several cars, police said.

Police Lt. Muhammed Al-Shemari said the crash did not appear to be accidental because the truck, an empty fuel tanker, had no obvious mechanical problems.

The driver fled the overturned truck but was caught by witnesses and turned over to police, al-Shemari said, adding that other witnesses found a body in the vehicle's cabin.

Another police officer, who spoke on condition of anonymity because he was not authorized to discuss the probe, said the driver blamed brake failure.

A U.S. Army soldier was reported killed in fighting in the volatile Anbar province on Friday, the military said, raising to at least 2,887 the number of American military personnel who have died since the Iraq war started in March 2003.

Eight other people were killed in attacks nationwide, including a driver and his assistant who were shot to death as they were delivering soft drinks to stores in Baghdad's volatile Sunni neighborhood of Dora.

Iraqi police also found at least 46 bodies of apparent victims of sectarian death squads in Baghdad and three other towns. Forty-two were handcuffed, blindfolded and marked with signs of torture.

Meanwhile, the last of Italy's troops in Iraq returned to Rome on Saturday, a few weeks earlier than the date promised by Italian Premier Romano Prodi. Italy at one point was Washington's second largest coalition partner in Iraq, after Britain, during reconstruction efforts after Saddam Hussein was ousted nearly four years ago.

Whose War Is It? (LAT)

The Los Angeles Times, December 3, 2006

AMERICAN TROOPS must not be allowed to become helpless bystanders in Iraq's civil war. Nor can they become co-conspirators with a government intent on taking sides in this civil war. These two axioms should guide the Bush administration's Iraq policy in the weeks and months ahead.

The endgame to the administration's Mesopotamian adventure may be in sight, but the timeline cannot be dictated by U.S. electoral politics — whether the triumph of the Democrats last month or the needs of Republican presidential hopefuls in 2008. It should depend on the military and political situation on the ground in Iraq.

U.S. troops should remain in that country, but only as long as the Iraqi government is willing and able to stay above the sectarian fray. Indeed, despite talk in Washington of troop reductions, a short-term increase in the number of U.S. troops may be necessary to help turn the tide on the streets of Baghdad and elsewhere in the country. U.S. troops may have to become even more involved in fighting the Sunni/Al Qaeda insurgency directly and in disarming Shiite militias. But they should only do so if the fledgling Iraqi government proves itself an ally committed to building a state that represents all Iraqi factions.

Iraq's commitment, and America's

That question — what exactly is Iraq's government willing and able to do? — provided the dramatic backdrop to last week's meeting in Jordan between President Bush and Iraqi Prime Minister Nouri Maliki. Bush's insistence that Maliki is the "right guy" to lead Iraq was belied by his own national security advisor, Stephen Hadley, who, in a memo leaked to the New York Times, wondered whether Maliki is simply too weak to crack down on the Shiite death squads run by his supporters, or whether he is unwilling to so do.

It's time to find out the answer. We don't know exactly what Bush told Maliki in private, but we hope he told him to clean up his Interior Ministry and to start arresting Shiite death squad leaders. U.S. forces might also execute — or at least threaten to execute — the outstanding arrest warrant on murder charges for Muqtada Sadr, who controls one of the largest Shiite militias and is now boycotting the government. Maliki needs to break with Sadr if he is to be a credible leader in the eyes of moderate Sunnis, and the U.S. needs to take on Sadr if it is to continue imploring neighboring Sunni nations to help bring stability to Iraq.

At the same time, U.S. forces must redouble their efforts to arrest the Sunni terrorists whose atrocities have so provoked the Shiites. Their leaders should be tried and punished; an end to impunity on both sides could help quell vigilantism and help erase the perception that U.S. forces are becoming bystanders to sectarian slaughter.

Security remains the necessary condition to the political development of a representative government, and an all-out civil war may soon make Iraqis yearn for the terrible old days of Saddam Hussein. Time is running out for the U.S. and Maliki to restore order.

Maliki has promised that Iraqi troops will be ready to take over from the U.S. within six months. Whether that's realistic or not, it's hard to imagine that the U.S. has any more time than that to improve matters. Bush needs to use the leverage gained by those 140,000 U.S. troops in Iraq to pressure Sunnis and Shiites into peace.

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Meanwhile, Bush could make the best use of the growing calls for withdrawal from Iraq to hint to Iran and Syria, very privately, that he might do just that. At the moment, Damascus and Tehran can afford to be spoilers, watching the U.S. bleed in Iraq while (so far) being spared the potentially chaotic consequences of a U.S. withdrawal. Suggestions that Saudi Arabia and Jordan might intervene to protect their Sunni brethren if an Iranian-backed Shiite Iraqi government were to rise in Baghdad, possibly triggering a regional conflagration, should give all sides pause.

These steps could bring pressure to bear on Sunnis, Shiites and Kurds to hammer out a new internal political compact that would keep Iraq intact but provide more local autonomy to deal with sectarian tensions. It would necessarily include a long-overdue deal to divide up the nation's oil wealth. Civil wars rarely end at the negotiating table until one side is defeated, or realizes it soon will be, or until stalemate or exhaustion sets in. That may also prove true in Iraq. But there is still time for the living to change history.

We recognize that none of this adds up to a tidy, satisfying road map; there are no easy exits from a quagmire. The quandary for Bush, in some senses ironic, is that the mission of removing Hussein and of turning the nation of Iraq over to its people has been accomplished — but the outcome is still disastrous.

What is the U.S. to do if a sovereign government that represents the nation's long-oppressed majority is intent on settling scores by engaging in sectarian violence? Having dealt with the international dimensions of the threats posed by Hussein's regime (while continuing to worry about the international threat posed by anarchy within Iraq), Washington cannot indefinitely be held responsible for Iraq's domestic travails.

Which is not to say that it cannot be held responsible now. The Bush administration, let's be clear, did botch the postwar occupation of Iraq. Its poorly planned, arrogant and ahistoric approach to the aftermath of the invasion has been a blow to U.S. prestige and will earn Bush a prominent place among the roll call of failed presidents.

The (mis)uses of history

Decades from now, historians will still be debating whether a more competent occupation would have succeeded in building the peaceful, model democracy the administration once talked about, or whether sectarian violence and civil war were inevitable regardless. For now, we can ask how the most powerful nation in the world squandered billions of dollars and tens of thousands of (mostly Iraqi) lives in such a fiasco.

It is often noted that George Marshall had more than three years to develop his occupation plans for Japan and Germany, while retired Lt. Gen. Jay Garner had 60 days to develop his for Iraq. Yet the fault lies not merely in the short time span but in the erratic nature of the planning, which was yanked from the State Department to the National Security Council to the Pentagon and from Garner to J. Paul Bremer III.

Each team spurned the work of its bureaucratic predecessors, and each refused to listen to their country's leading Middle East experts, whose warnings were interpreted as proof of ideological incorrectness. Each also turned a deaf ear to their British allies, whose experiences occupying Iraq after World War I were to prove shockingly relevant.

Historians may identify April 12, 2003, as the day the United States began to lose the peace in Iraq. That's when Defense Secretary Donald H. Rumsfeld, responding to reports of widespread looting, declined to order up more U.S. troops to keep order and protect Iraqi lives and property. Instead, an irritated Rumsfeld asserted that the looting wasn't as bad as media reports made it seem, that it was an understandable result of the pent-up frustration of decades of repression and that "stuff happens."

"Stuff was tolerated" is more like it — and, as anyone familiar with the "broken windows" theory of crime prevention knows, failure to enforce law and order in small ways tends to encourage more brazen provocations. Veterans of conflicts past warned that day that if more troops did not arrive, terrified Iraqis would turn to their own ethnic kin for self-protection. No one was listening.

The administration's overreaching de-Baathification policy was another terrible blunder. Garner wanted to fire the top three layers of Hussein loyalists and leave Iraqis to deal with the rest, keeping some semblance of a civilian government in place; the Pentagon's Iraqi siren, Ahmad Chalabi, wanted to gut the ancien regime. Chalabi won, and thousands of low-level Sunnis were sacked and replaced by Shiites who saw no need to provide services to Sunni areas.

The senseless disbanding of the Iraqi army also helped bolster the insurgency. Deputy Defense Secretary Paul Wolfowitz erroneously claimed that the Iraqi army had melted away; without consulting the Joint Chiefs of Staff, he and Bremer scrapped the military's plans to order the Iraqi rank and file back for vetting, in exchange for a $20 bonus (six months' pay).

By the time the U.S. military got that order countermanded, it was July. The armed, unemployed and alienated Sunni soldiers didn't wait for Washington to make a decision. Some joined the insurgency. By the time Al Qaeda began to foment attacks on Shiites in August 2003, Sunnis distrusted and disdained the U.S. and had ample motive to make common cause.

The disbanding of the Iraqi civil service and military was especially damaging in light of the administration's haste to transfer sovereignty to a new government. To this day, Washington is paying the price for relying on governmental institutions that it essentially dismantled at the outset of the occupation.

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Tempering hope with realism

The history is instructive and, as usual, the road to the present from the past is more apparent than the road ahead, which can at times feel like the quest for the least-disastrous outcome. Iraq can't be a threat to its neighbors. It can't be a trigger for a regional war. It can't become a hollow, failed state that plays host to international terrorists. That much is clear.

U.S. troops should minimize the bloodshed while there is a pluralistic government in place; widespread ethnic cleansing must be averted. These are murkier goals, harder to pursue.

As for the model shining democracy setting an example for the entire Middle East — well, Iraq's realities may have gotten in the way of this particular Washington fantasy.

And Now, Plan B (WP)

The Washington Post, December 3, 2006

THE IRAQ Study Group appears likely to recommend a new course for U.S policy this week that, in important respects, corresponds with what the Bush administration, leading members of Congress and the Iraqi government already are proposing. The elements of that emerging consensus begin with a commitment to greatly increase the U.S. training and advisory mission for the Iraqi army. During the coming months, command of the army would be steadily transferred to the government, which would then lead the fight against insurgents and renegade militias. As that process went forward, a substantial reduction of U.S. combat troops would take place.

Both the study group and the Pentagon are reportedly considering a halving of the force of 140,000 American troops during 2007, though without adopting a rigid timetable; that's close to what Democratic Sens. Carl M. Levin (Mich.) and Jack Reed (R.I.) have called for. While it's not clear where President Bush stands, Iraqi Prime Minister Nouri al-Maliki said Thursday that he believed that Iraqi forces would be ready for the beginning of a U.S. withdrawal by June.

Mr. Bush is more likely to resist the study group's proposal for a new U.S. diplomatic offensive in the region. That's because it would include contacts with Iran and Syria, along with Iraq's other neighbors, possibly through an international conference. We believe that such a diplomatic initiative, aimed above all at encouraging an accord among Iraq's warring parties, is long overdue. But whether it occurs ultimately is less important than what happens inside Iraq: Outside actors, including the United States, cannot impose order or broker a political solution unless and until the warring Sunni, Shiite and Kurd factions choose to do so.

That's where the potential trouble for a new U.S. policy may begin. The study group proposals, like those being developed by the Bush administration, assume that the army and government of Mr. Maliki are worth a continued, if slowly diminishing, commitment of U.S. military support -- with an inevitable cost in American lives. But are they? Mr. Bush has made his bet: After meeting with Mr. Maliki on Thursday, he called him a "strong leader" and "the right guy for Iraq." Yet a leaked memo by Mr. Bush's national security adviser spells out doubts shared by many Iraqis and Americans. Though Mr. Maliki has frequently committed himself to a pluralistic and democratic Iraq, he has been either unable or unwilling to rein in Shiite militias or prevent his own government from pursuing a sectarian agenda. In fact, it may be that Mr. Maliki's government, the army or the political system as a whole are headed toward dissolution; the Bush administration needs a plan for that possibility.

But writing off the government now is not in the U.S. interest. The best remaining option for the United States lies in a long-term effort to bolster Iraq's political administration and army so that it defends the current constitution and slowly gains the ability to take on the enemies of the United States. First among those are the Sunni extremists linked to the Baath Party and al-Qaeda, which continue to inflict more than 70 percent of American casualties.

Giving up on the government, as advocates of a rapid withdrawal suggest, would simply concede the country to those enemies, as well as to Shiite extremists, and betray those Iraqis who believed in the U.S. vision of a democracy at peace with its neighbors. It would mean the destruction of American allies in Iraq and throughout the region. Mr. Bush, who commonly is accused of being out of touch with reality, made one statement last week that struck us as pretty rational: "This business about a graceful exit," the president said, "simply has no realism to it at all."

6 Militants, 3 Others Die In Iraq Raids (AP)

Associated Press, December 3, 2006

BAGHDAD, Iraq (AP) -- U.S. soldiers destroyed two buildings being used by insurgents in a town in Anbar province, killing six militants, two women and a child, the military said Sunday.

It was the latest of several recent raids during which women or children have been killed or wounded by U.S. forces as they attacked insurgents in residential areas. In some of the attacks, the U.S. command accused the militants of using civilians as "human shields" or buildings as "safe houses."

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On Saturday night in the town of Karmah, coalition ground and air forces killed six insurgents while destroying two buildings that militants were using, the military said. Searching through one of the destroyed buildings, coalition forces also found a weapons cache and the bodies of two women and a child, the military said, without providing the age of the women or the age and sex of the child. Three suspected insurgents also were detained.

Karmah, 50 miles west of Baghdad, is in Anbar province, the large area of western Iraq where many of the country's Sunni Arab insurgent groups operate.

"Coalition forces take precautions to mitigate risks to civilians while in pursuit of terrorists. However, terrorists continue to put innocent civilians in danger by operating among them," the U.S. military statement said.

On Friday, near Taji, just north of Baghdad, American soldiers killed one insurgent and wounded a woman in her 50s "who was being used as human shield by the terrorist," the U.S. command said. "Terrorists continue to deliberately place innocent Iraqi women and children in danger by their actions and presence," it said.

On Wednesday, two Iraqi women died when U.S. forces backed by aircraft killed eight al-Qaida in Iraq insurgents during a raid near Baqouba, 35 miles northeast of Baghdad, the military said.

The day before, American soldiers fought with suspected insurgents in Ramadi, the capital of Anbar province, killing six Iraqis: one man and five girls, ages 7 months, 12, 14, 15 and 17, the U.S. command said. Another Iraqi woman was wounded. The military quoted residents as saying the building attacked "was a known anti-Iraqi force safe house."

Historic Task For A Top Negotiator (HC)

By Anne Belli

Houston Chronicle, December 3, 2006

James A. Baker III is sitting in his law office above downtown Houston, taking a rare break from his role as co-chair of the Iraq Study Group.

The former U.S. secretary of state is bristling at depictions of him as a sort of magician who will somehow make the nation's Iraq problems disappear.

"It's unfortunate," he says, a bit annoyed. "Expectations are totally out of control. There is no magic formula for our difficulties in Iraq."

That may be true.

But if anticipation has been great, it's because the 76-year-old Baker — a Republican who was also secretary of state and chief of staff for two presidents — has spent much of the past 35 years pulling rabbits out of hats.

Brokering Middle East peace talks. Winning bipartisan support for tax reform. And galvanizing international support for the first Gulf War, which booted Iraqi troops out of Kuwait.

"He has an extraordinary ability to look at a problem and get to the essence of it," said former Secretary of State Henry Kissinger. "He couples that with an ability to find an operational means to deal with it. ... Everybody knows how effective Baker was when he was operating in Washington."

'Critical moment'Indeed, the man now at the center of what Kissinger and others call a "critical moment in our history" is known as a master negotiator who often solves problems by forging bipartisan support and by turning enemies into friends.

Said former President George H.W. Bush, whose life and career have been entwined with Baker's for decades: "The expectations are indeed high on this latest assignment, the Iraq Study Group. I do not know how all that will come out. I do know that the country is very lucky to have this tough, able, seasoned man as so-called head of the group."

No matter what the panel's recommendations when formally released Wednesday, those who have known Baker well say his legacy as a statesman already has been sealed.

Looking out the window of his office, Baker gives an easy smile while recalling a time in his life when — as a Democratic lawyer and occasional voter in Houston — politics was the last thing on his mind.

"I never dreamed I would do all this," he said. "I was programmed to be a lawyer. I came from a long line of lawyers."

To prove his point, he walks to the wall beside his desk and points out old newspaper clippings and photographs of his grandfather, Capt. James A. Baker. The headline, "Work Hard, Study and Keep out of Politics," was his grandfather's advice and the title of Baker's recent memoir.

As he has recently joked during a speech before the Houston World Affairs Council, "For the first 40 years of my life, that's what I did."

Baker's great-grandfather, a friend of Sam Houston's, founded the law firm Baker Botts. And both his grandfather and father were well-known lawyers.

Baker calls his father a "wonderful man," a stern disciplinarian who instilled in him a strong work ethic, a deep discipline, a healthy sense of competition and a love for the outdoors.

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But perhaps the most important advice, Baker says, was what his workaholic father called the "Five P's" — Prior Preparation Prevents Poor Performance.

"People are often surprised to hear a man my age recite it, and without embarrassment," Baker writes in his memoir. "But this was a gift from my father that has helped me in one way or another almost every day of my adult life."

Baker attended Princeton University, where he began honing his political views.

He wrote his senior thesis about the clash in the 1930s between two powerful members of Great Britain's Parliament — Aneurin Bevan, an idealist, and Ernest Bevin, a realist. He argued in favor of the pragmatist Bevin.

The nepotism policy at Baker Botts, where his father still practiced, prevented Baker from joining the family firm after he graduated from the University of Texas Law School. So he took a job with Andrews, Kurth, Campbell & Bradley, where he built a career as a general business lawyer.

The father of four sons, he was living the good life in 1968 when tragedy struck — his wife, Mary Stuart, was diagnosed with breast cancer. She passed away just two years later when Baker was 40. The event was even more difficult because neither Baker nor his wife had told their sons she was dying — "a mistake I now profoundly regret," he writes in his book.

Finding a friendThe path out of deep depression was laid by his friend and tennis partner, George H.W. Bush, who asked Baker to help run his 1970 campaign for Senate.

Though Baker was a Democrat and had no political experience, he agreed to switch parties and aid his good friend. They lost the race, but their partnership would endure.

In 1973, Baker married Susan Winston, a family friend and divorcee with three children of her own. Their blended family now included seven children — six boys and a girl.

Baker was tapped in 1975 to be undersecretary of the U.S. Commerce Department. It was there, he says, that he made his first big mistake in Washington.

Believing a comment to reporters was off the record, Baker remarked that it was unlikely that the controversial Secretary of State Kissinger would remain in the Cabinet if President Ford was elected the next November.

When the statement was printed in an Oklahoma paper, Kissinger was steamed.

"There have been better beginnings to a relationship," Kissinger said in a recent interview.

Nonetheless, President Ford asked Baker to first become his chief delegate hunter in the primary against Ronald Reagan, then-manager of his general election against Jimmy Carter.

Baker was pinching himself.

"Here I was only seven years away from being a Democratic lawyer in Houston and running a campaign for an incumbent president in a very, very close election," he said.

The next year, after President Ford lost, the Bakers added an eighth child to their brood. Baker, hooked on politics, ran for Texas attorney general in 1978 and lost.

Soon after, his old tennis partner turned to Baker for help again, this time to help him run his first campaign for president. Bush lost the primary to California's then-Gov. Ronald Reagan. But Reagan asked Baker to become his chief of staff, joining Counselor to the President Edwin Meese and Deputy Chief of Staff Michael Deaver in a famous troika of power.

Shortly after Reagan's second term began, Baker and Treasury Secretary Don Regan decided to switch jobs and took the idea to Reagan, who approved it.

Baker flourished at Treasury, while Regan resigned two years later amid the Iran-Contra affair.

Top of his gameThe pinnacle of his Washington career, said Baker, came in 1988. After successfully running Bush's presidential campaign, he was named secretary of state.

During that time, he witnessed the end of the Cold War and the reunification of Germany, and made strides in the Arab-Israeli peace process and the coalition-building diplomatic initiative that preceded entering Kuwait to drive out Iraqi forces.

He also burnished his reputation for being one of the world's most influential negotiators, forging diplomatic ties through his realist policies.

"He was a master at being able to size up the domestic political situation in whatever foreign land he happened to be in order to accomplish something," said Margaret Tutwiler, who served as assistant secretary of state for public affairs and is one of Baker's closest advisers.

"After all," she added, "this is the man who got the parties in the Middle East to come to Madrid and sit at the same table, something that had never happened over 40 years."

Real nerve, and the willingness to exercise power the moment he's given it, also are Baker trademarks.

As deputy secretary of commerce under President Ford in 1976, he one-upped Kissinger just as the president was about to make a key speech.

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Kissinger, who pushed for unlimited import of Chinese textiles at the time, wanted wording taken out of Ford's speech and called Air Force One hours before the address and successfully lobbied to remove it. But Baker, suspecting the play, had asked to be called if that happened. He was, and he made an even more successful appeal. The wording was restored.

Years later, hours after President Reagan's inaugural parade — and Baker's first day as chief of staff — he fended off then-Secretary of State Al Haig.

As work crews swept up confetti, Baker, Meese and Deaver were meeting in the White House when Haig suddenly confronted them with a 20-page document naming him the person in charge of crisis management in the administration. The three balked, and Haig accused them of blocking an agreement he already had made with the president. Such a document was approved by the president a year later — but it put Vice President Bush in charge.

One more challengeAs President Bush's term was coming to an end, he asked Baker to run his troubled re-election campaign. Baker said that although his retirement speech from the State Department was one of the hardest things he's ever done, he owed it to Bush to try and help him win another term.

"When the president asks you to do something, you do it," he said. "But it was more than that. He was more than that. He was my friend."

Still, managing a friend's campaign is thorny business.

"Being a campaign manager for a friend is tough. It's tough," he said. "You always have families who have their own ideas about what ought to be happening."

Said his wife, Susan Baker, "It says an awful lot about George Bush and my man that they survived intact."

For his part, Bush says the two men are lifelong friends whose special relationship weathered highs and lows but endured.

"Over the years, there have been stories of a Bush-Baker rivalry," he said. "Those were nonsense stories. ... We remain good friends because I respect his service to our country, and I just enjoy being with him and Susan. He is almost a brother to me. We are close. Very close family friends. He cares about my family. I care about his."

Baker says unequivocally that without his old friend, he would not have been as successful.

"I tell you one thing with certainty, that I would never have done what I did in public service and politics without him," said Baker, who calls his former tennis partner "jefe," which means "chief" in Spanish.

After Bush's re-election defeat, Baker returned to Houston, accepting a job with Baker Botts, where the nepotism policy was no longer a problem. Then-managing partner Bill Barnett recalls how Baker warned that his name would be worth much less in two or three years.

"He wanted to make sure we understood that," Barnett said.

But that never really happened. Baker helped form the James A. Baker III Institute for Public Policy at Rice University and re-entered the national arena when he flew to Florida and helped George W. Bush secure victory there after the contentious 2000 election.

Last year, he agreed to head a panel reviewing the safety culture at troubled oil giant British Petroleum, and most notably, to co-chair the Iraq Study Group and take a fresh look at the nation's war plan.

Baker insists he agreed to help because the current president asked — not as a favor to his father. "It was 43 who asked me to do this, not 41," he said.

Slowing downLongtime friends and aides say the Baker of today is mellower than he was while at the height of his political career.

"All of us who worked closely with him have noticed how at peace, relaxed and happy he is," Tutwiler said.

Baker agrees.

"Life is so good now," he said. "My schedule is my own."

And he fills that schedule with hunting, fishing and golfing — often with his wife and other family members by his side.

"I was not as good a father as my father," he said. "I was so busy trying to make it in a competitive atmosphere."

His family got bigger a couple of years ago, when Baker discovered a whole new branch of the Baker family tree — an African-American branch, living in Huntsville.

Baker was in that town just north of Houston for the dedication of his great-grandfather's grave when a man walked up to him and identified himself as James Baker, his cousin.

"Boy, was I surprised," he said.

Although he later had the lineage researched, Baker took the man's word for it, and even introduced him and others in his family as long-lost relatives at several public appearances he made that day.

"He was such a gracious person," said Wendell Baker, 84, the former secretary's third cousin. They later met again at a family reunion, and are planning to do so again this summer.

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Baker's wife says she has watched her husband's faith grow deeper and broader over the past several years, as has his acceptance of life's curveballs.

"He has learned to take life as it comes," she said. "

But while her husband has what she calls "a great capacity for relaxing," Baker said he would go "stir-crazy" if he retired.

For now, though, all eyes are on him and the report he and others will deliver to the president next week.

Baker insists the main goal is simply to reach a consensus.

"The one thing we can do is present a report that will represent a unified approach on the part of both Democrats and Republicans — a bipartisan approach to the problems in Iraq," he said.

Is Baker A "Wise Man" Or A Wannabe? (LAT)

By Walter Isaacson

The Los Angeles Times, December 3, 2006

JAMES A. BAKER III has one great goal left as he hones his legacy: trying to make sure that the words "American statesman" appear in his newspaper obituary before the words "Florida recount." That's one reason he's so eager to make the findings of the Iraq Study Group, which he co-chairs, sagacious and bipartisan enough to ensconce him firmly in the pantheon of American "Wise Men."

I applaud the instinct. The Wise Men were a clubby, Cold War coterie; polished gents from a more statesmanlike era for whom sagacity was synonymous with bipartisanship. John J. McCloy was a Wall Street lawyer who helped run the War Department and then became U.S. high commissioner for Germany; Dean Acheson had been President Truman's secretary of State; W. Averell Harriman was a railroad heir who became President Franklin Roosevelt's special envoy; and Robert Lovett was a banker who became secretary of Defense.

The members of the group maintained their influence through much of the postwar 20th century. After they had grayed into elder statesmen, they were summoned back to the White House to advise Lyndon B. Johnson on what to do about the Vietnam War. At first, they suggested that he should stay the course, but by early 1968, they had generally come to the pragmatic and realistic conclusion that the U.S. had to disengage. Throughout their careers and into their old age, they were above all practical and realistic, beholden to no ideology or partisan agenda.

The question facing Baker today is whether he will end up being remembered as a latter-day Lovett, the most emblematic of the Wise Men, or whether he will fall on the other side of a subtle divide and be seen as more like Clark Clifford, who was a skilled statesman but remained a Wise Man wannabe because he could never quite shake his reputation as a partisan wheeler-dealer and manipulator.

By heritage and breeding, Baker most resembles Lovett. They had similar, indeed intertwined, backgrounds as scions of patrician Texas families. In the 1890s, Lovett's father and Baker's grandfather helped build the Houston-based railway law firm then called Baker, Botts, Baker and Lovett (the present James Baker is now a senior partner at the firm).

Like Lovett, Baker approaches issues with a cool yet vinegary pragmatism. Problems are meant to be solved, usually with a blend of firmness and negotiability devoid of emotion, ideology or sentimentality. There's one salient difference, however: Lovett was devoid of any partisanship. When Truman once made a political remark to him, he responded, "Remember, Mr. President, I'm a Republican." Truman replied, "Damn it, I keep forgetting." That's not a line likely to be uttered about Baker (who, among other things, oversaw the Florida recount in the 2000 election for George W. Bush).

Nor would it have been said about Clifford, who began his public career as Truman's counsel and campaign strategist. He was as smooth a Democratic operator as Baker has been a Republican one. Like Baker, Clifford had a velvet manner and the ability to touch his fingertips together in a way that could seem either sagacious or scheming, depending on who was watching.

When Johnson fired his controversial Defense secretary, Robert S. McNamara, in the midst of the Vietnam War, Clifford was called from semi-retirement to replace him. But as hard as he tried to appear like a wise old statesman, he continued to be dogged by his reputation as a political fix-it man and corporate operative whose hands, as time went on, seemed faintly soiled by partisan maneuvers and Arab money.

It is, unfortunately, easy to understand why Baker — and Lee H. Hamilton, Vernon E. Jordan Jr., Sandra Day O'Connor and the other estimables in his study group — have a difficult time achieving Lovett-like status in this day and age. The foremost reason is that foreign policy, like just about everything else in the age of blogs and cable TV and Florida recounts, is far more partisan.

In addition, politicians and the press play a substantially more aggressive gotcha game now than they used to. If he were around today, even a saintly gent like Lovett might have found himself on the defensive about the dealings of his partners and clients at Brown Brothers Harriman & Co., Union Pacific Railroad and Pan American Airways.

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Yet there is a fundamental way in which Baker and his study group members resemble the wise elders of earlier eras. It is not in their nature to be transformationalists or radical visionaries, the way that the neoconservatives and democracy crusaders have been. When they congregate to stroke their chins and reach consensus, not a whole lot of crockery is in danger of being broken. Instead, they will generally tend to be cautious, pragmatic and (yes) wise.

This is partly institutional: Blue-ribbon consensus-seekers tend not to embrace radical or bold visions. It is also personal, especially in the case of the pragmatic realist Baker. He was the secretary of State who urged President George H.W. Bush not to try to occupy Baghdad during the Persian Gulf War in 1991, and he cautioned against the invasion of Iraq in 2003 before it even began.

Having been slammed for these positions by the neocons, he had a difficult time in his recent memoir suppressing his smug awareness that their transformationalist dreams are now seen to have produced what may be the worst foreign policy disaster in U.S. history.

If Baker and his posse can come up with a plan that salvages some threads of our national interest from the debacle of Iraq, and if he stays around to help implement it, that would be such an awesome magic trick that those of us who dabble with the first drafts of history should reward him by carving a niche in the pantheon for him somewhere between Lovett and Acheson.

It's easy to disparage stability and containment as foreign policy goals (as the neocons like to do) and to make fun of blue-ribbon chin-strokers. But the aspiration to be statesmanlike, even if it is partly motivated by the desire to polish a legacy, is a welcome trait these days. So too is the courage to be cautious and the confidence to be humble when it comes to foreign policy.

In our search for contemporary Wise Men, there is one irony that the builders of the original Pantheon would have noted. The closest person we have to a true Wise Man is someone who should be the easiest for the president to tap but, for reasons that only Sophocles or Shakespeare (or perhaps Freud) could explain, is actually the hardest: President Bush the elder.

He was a great realist who choreographed the end of the Cold War and the prudent execution of the first Gulf War. In lieu of him, his consigliere, James Baker, will have to serve as proxy. Fortunately, he is eager to don the mantle.

Walter Isaacson, chief executive of the Aspen Institute, is the coauthor with Evan Thomas of "The Wise Men" and the author of biographies of Henry Kissinger and Benjamin Franklin.

Even The Wise Men Can't Save Us In Iraq (WP)

By Daniel L. Byman

The Washington Post, December 3, 2006

Washington is abuzz as reports about the findings of the Iraq Study Group grow from a trickle to a flow. Doves hope that the group's endorsement of troop withdrawals will be the first step in a speedy exit from Iraq. Hawks hope that the study group will leave enough wiggle room to support President Bush's commitment to remain in Iraq as long as necessary "to get the job done." All sides, in short, are looking to James A. Baker III, Lee H. Hamilton and the other commissioners to evaluate current policies and chart a path forward -- a job that normally should be carried out by, well, Congress and the White House.

Unfortunately, the bipartisan study group is almost certain to disappoint these high and contradictory expectations. This is not a statement on the abilities or intentions of the panel's members; rather, it is the simple realization of the potential pitfalls -- tepid recommendations, partisan divisions, little follow-up and eventual irrelevance -- that have beset countless commissions, study groups and blue ribbon panels since the nation's founding.

Indeed, commissions are nearly as old as the United States. In 1794, George Washington created one to help mediate the Whiskey Rebellion; it flopped, setting a sorry precedent for many of its successors.

Commissions do not come about by accident. Most are created after a disaster or tragedy, such as the Warren Commission investigating the assassination of President John F. Kennedy, or the 9/11 commission, on whose staff I served. Others come about in anticipation of a long-term crisis, such as the 1983 National Commission on Social Security Reform. Often special panels exist because Congress or outsiders do not trust the executive branch to investigate itself, as in the case of the Tower Commission, which examined the Iran-contra scandal. Still other commissions enable leaders to feign decisiveness while they kick the can down the road, such as the National Commission on the Causes and Prevention of Violence, which helped policymakers appear responsive to the assassinations of the Rev. Martin Luther King Jr. and Sen. Robert F. Kennedy. Finally, administrations create commissions because they want cover for an already planned change of course. "When it is hopeless," one veteran of several investigations put it to me, "people turn to a commission."

The Iraq Study Group has a touch of all these elements. It is investigating an ongoing policy disaster and proposing long-term solutions; Congress doesn't trust the administration to shift course alone; and all parties hope the commission will show that it is seeking new solutions and will provide cover for their preferred options. A tall order, and one unlikely to be met.

Just as politics leads to the creation of commissions, so, too, does it shape their membership. Political leaders of both parties often try to stack the ranks with their own people, and commissions are thus packed with inside-the-Beltway denizens.

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For example, Brent Scowcroft, the independent-minded national security adviser under President George H.W. Bush, is the quintessential commission member. Scowcroft has led or served on commissions on strategic forces, arms control and defense management; he was on the Tower Commission; and he has headed groups such as the President's Foreign Intelligence Advisory Board. Such people bring gravitas and knowledge of Beltway realities to commissions, but overall, the overrepresentation of Washington insiders seldom promotes fresh thinking.

Once formed, commissions must find and propose something -- almost anything. Imagine if the Iraq Study Group concludes that there are few good options for Iraq. Such a conclusion would be patently true, but would disappoint everyone and also lead to questions about why the panel existed at all.

In reaching their findings, commission leaders strive to unify their members; otherwise they risk seeing their recommendations swallowed up by Washington's partisan politics. But consensus has its price. As Philip D. Zelikow and Ernest May, the executive director and a senior adviser, respectively, of the 9/11 commission, have written, "Keeping peace within a large and diverse staff and avoiding the appearance of partisan tilt sometimes requires muting interpretation." Unsurprisingly, Bush and Bill Clinton emerged largely unscathed from the 9/11 commission report, while bureaucracies that are not tied to either party -- such as the CIA -- took the lion's share of the blame.

Commissions don't want their findings leaked piecemeal and criticized preemptively, so secrecy is at a premium. As a result, some of their suggestions are not fully vetted, making it more likely that a panel will issue a proposal that is less sound or is unnecessarily contentious. As Hamilton and Thomas H. Kean wrote in their book on the 9/11 commission, "Secrecy is a precursor to cynicism and conspiracy theories."

By their very nature, commissions are temporary creations, often lacking the ability to follow up on their own recommendations. In congressional investigations, hearings can continue as long as a problem lingers unresolved, but commissions are like bees: They sting once and then die. They can make a splash with their recommendations, but savvy bureaucrats know that even widely publicized findings are often forgotten within weeks. How many in Washington, for instance, can remember the good ideas buried in the 2000 report of the National Commission on Terrorism, led by Ambassador L. Paul Bremer?

One of the innovations of the 9/11 commission was a follow-up effort -- known as the 9/11 Public Discourse Project -- that watchdogged the implementation of the panel's recommendations and gave various bureaucracies lousy grades in a widely publicized report card. Yet even that effort has fallen short at times. Democrats in Congress, who have long campaigned on implementing the 9/11 commission report, quickly abandoned that pledge upon recapturing the majority. The leadership has deciding against reorganizing congressional oversight of the intelligence community -- one of the panel's key recommendations. Reform, it seems, is for the other guy.

Indeed, commissions' greatest influence often comes years later, when another disaster leads congressional staffers or mid-level bureaucrats to blow the dust off the old tomes. For example, recommendations from the Hart-Rudman Commission on U.S. national security in the 21st century and the Gilmore Commission on U.S. preparedness for terrorist attacks involving weapons of mass destruction eventually helped create the Department of Homeland Security. But it took the attacks of Sept. 11, 2001, when the government began casting about for ways to protect the nation from further terrorism, for these commission reports to seem relevant again.

Of all the hurdles ahead for the Baker-Hamilton group, the most daunting may prove strictly political. Many commissions have addressed technical policy issues -- say, how to better protect vulnerable U.S. embassies or other facilities worldwide. But the Iraq Study Group exists not just to solve a policy problem, but also to fill a political vacuum. To date, neither the administration nor Democrats have admitted the horrific costs of either staying in Iraq or withdrawing troops. For more than a year now, some of the top minds in the military have thought hard about how to change course in Iraq and still win, and some improvements in doctrine and training have emerged. But broadly speaking, there is no technical fix to Iraq that is lying in a musty drawer in the Pentagon. And technical answers don't address the most difficult political questions: What are U.S. interests in Iraq? How would a pullout affect U.S. interests beyond Iraq? And how many more American lives and taxpayer dollars will we risk to protect those interests?

Commissions at times fall back on politically easy answers, or simply bypass the most important questions. Despite the centrality of Iraq to the fight against terrorism, the 9/11 commission basically dodged the war altogether, but it did have time to make a host of recommendations on intelligence restructuring and first-responder radio spectrums. Similarly, the otherwise hard-hitting Robb-Silberman investigation of the intelligence community's performance with regard to Iraq's WMD programs took a dive on the key political question in the public mind: whether the White House manipulated the prewar intelligence.

For the Iraq Study Group, a similarly easy answer would be an uncritical endorsement of "handing off" security to Iraqi forces -- a policy that the Bush administration and Democrats support, and one too often discussed as a nearly magical way to prevent a collapse in Iraq while drawing down U.S. forces. Yet the Iraqi army and police are corrupt, poorly trained, and

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penetrated by insurgents and militias. Reforming Iraqi security forces is vital, but it is a decade-long effort. They will not be ready to assume responsibility for security in troubled areas or otherwise ease the U.S. burden in the near-term.

The two leaders of the Iraq Study Group are experienced Washington hands who do not need to worry about their findings hurting their popularity or future job prospects. They are respected across the political aisle, and each is willing to criticize his own party's positions. But because they are unlikely to find a technical fix to the Iraq war's political problems, their greatest contribution will be initiating, rather than concluding, a broader debate on how to proceed. In such a debate, the best choices will not (and should not) earn unanimity. A serious escalation is probably necessary to "win" in Iraq, and this will require hundreds of billions more dollars and hundreds of thousands more U.S. troops. If winning is too demanding and politically unfeasible, then the United States must think creatively about ways to draw down significantly while still maintaining some influence in the Iraqi snake pit.

Washington has dithered long enough rather than face these hard, unpalatable choices. At best, the Iraq Study Group will catalyze our leadership and help foster the political will to accept this painful reality. But salvation? Forget about it.

Daniel L. Byman, an associate professor at Georgetown University and senior fellow at the Brookings Institution's Saban Center, was a staff member of the 9/11 commission.

Iraqi Shiite Leader To Prod Bush On Iran (AP)

By Hamza Hendawi And Qassim Abdul-Zahra, Associated Press Writers

AP, December 3, 2006

A Shiite powerbroker reviled by Sunni Arabs for his ties to Iran and a militia linked to sectarian violence will ask President Bush to seek Iran's help in their upcoming White House meeting and try to allay U.S. concerns over Iranian influence in Iraq.

Abdul-Aziz al-Hakim, who is due to meet with Bush on Monday, on Saturday dismissed speculation that his trip to the United States threatened the authority of beleaguered Prime Minister Nouri al-Maliki, who came under criticism for meeting with Bush last week in Jordan.

"This trip to Washington was planned a long time ago and has nothing to do with the meetings that took place in Amman," al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, Iraq's largest Shiite party, told reporters in Amman, Jordan, before his departure.

Al-Hakim is arguably the most powerful Shiite politician in Iraq, but he prefers to work behind the scenes. He wanted a close SCIRI associate, Adil Abdul-Mahdi, to be prime minister after elections in December, but grudgingly accepted al-Maliki as a compromise. The two men have since maintained a public image of cooperation to safeguard the ruling coalition.

Speculation in Iraq that al-Hakim was emerging as a rival for Washington's attention was fueled in part by an internal White House memo that questioned al-Maliki's authority and his ability to handle Iraq's worsening security.

Written by National Security Adviser Stephen J. Hadley after he met al-Maliki in Baghdad, the memo also spoke of the need for the Iraqi leader to end his alliance with the anti-American cleric Muqtada al-Sadr, whose militia, the Mahdi Army, is blamed for much of Iraq's sectarian violence.

The timing of al-Hakim's meeting with Bush raised the possibility that Washington may also be looking for additional sources of help as it tries to stabilize Iraq, allowing a drawdown on U.S. forces to begin.

Bush's pledges of support for al-Maliki and his Monday meeting with al-Hakim also coincide with an ongoing debate within his administration on whether to abandon efforts to persuade Sunni Arabs to halt their insurgency and instead leave that task to the Shiites and Kurds, according to U.S. officials familiar with the re-evaluation process.

Two al-Maliki aides and third close to al-Hakim said the prime minister and the SCIRI leader had discussed the White House visit. The aides, who spoke on condition of anonymity in exchange for disclosing confidential information, said al-Hakim was expected to try to persuade Bush to enlist Iran's help in quelling violence in Iraq. In return, they said, al-Hakim would pledge not to allow Iran to use him to promote its own interests, said by analysts to be "controlled chaos" that keeps the United States preoccupied with Iraq.

Al-Hakim has close links with Shiite Iran, where he lived in exile for years before he returned to Iraq after the 2003 ouster of Saddam Hussein's Sunni-led regime. His Badr Brigade militia, trained and armed by the Iranians, is blamed for some of Iraq's sectarian violence.

Badr, however, has mostly stayed out of the limelight, leaving the focus on another Shiite militia, the less disciplined and less secretive Mahdi Army.

Al-Hakim's militia links and close ties to Iran, however, have gone unmentioned by Washington, perhaps in recognition of his political leverage.

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The two al-Maliki aides, meanwhile, said the Iraqi prime minister won a pledge from Bush to avoid directly involving Washington's Sunni Arab allies — like Jordan, Egypt and Saudi Arabia — who have become alarmed at the rise of Iraq's majority Shiites.

The two aides, who were both briefed by al-Maliki on his meeting, also said Bush again demanded assurances from the Iraqi leader that he would deal swiftly with the Mahdi Army.

Al-Maliki, they said, countered that the militia would cease to be a problem when Iraq's security forces take over from the U.S. military, which al-Maliki said will happen by June.

Al-Maliki has yet to take any concrete action against the Mahdi Army. Al-Sadr's support ensured al-Maliki's election to his job and many in Iraq believe that beholds him to the radical cleric.

The aides, however, said al-Maliki remained committed to diplomacy in dealing with al-Sadr and his militia for the time being and sought to play down the boycott of the government and parliament by 30 lawmakers and five Cabinet members loyal to al-Sadr.

The boycott was announced Wednesday to protest against al-Maliki's meeting with Bush, an encounter the Sadrists said amounted to an insult to Iraqis. They said a timetable for the withdrawal of foreign troops in Iraq and an improvement in public services like electricity were their condition to end the boycott.

"We have not abandoned al-Maliki, but we ask that he too does not abandon us," said Sadrist lawmaker Nasser al-Saadi. "We are an important part of the government and if al-Maliki took our boycott to be an embarrassment to him, so be it. We don't care."

Hendawi was reporting in Baghdad; Abdul-Zahra was in Amman, Jordan.

Exodus From Iraq Unsettles Mideast (BOS)

By Thanassis Cambanis

The Boston Globe, December 3, 2006

AMMAN, Jordan -- As Iraq's bloodshed worsens, the tide of refugees fleeing the country is straining the region's resources and inflaming fears that Iraq's sectarian conflict might spread to neighboring countries.

A new United Nations report says Iraq is "hemorrhaging" refugees in staggering numbers. Anywhere from 2,000 to 3,000 people are fleeing the country every day.

After 3 1/2 years of nearly constant warfare, at least 1.5 million Iraqi refugees have moved to neighboring countries, reshaping the already complex demographic mosaics of Jordan, Syria, and Lebanon. The influx has prompted government crackdowns and anger from local populations who feel refugees are grabbing scarce jobs and resources.

Another 1.5 million people are displaced inside Iraq, many of them clamoring to leave but lacking the resources. Humanitarian agencies fear this group will drive a continued exodus that could quickly double the already massive refugee population in the region.

The mass migration out of the country is transforming the region's culture, a diaspora rivaled in size only by the 3 million Palestinian refugees, including descendants of those who fled conflicts with Israel since 1948. With no end in sight to the fighting in Iraq, governments in Syria and Jordan worry that Iraqis are becoming the new Palestinians -- a permanent refugee population that will import its sectarian and religious squabbles into the host countries.

But what makes this spiraling refugee crisis different, and uniquely unsettling to Iraq's neighbors, is that a great proportion of those with the resources to flee are rich and well-educated -- and thus able to command more influence than migrants with no resources.

Iraq's refugee crisis has had the most pronounced effect on Jordan, a US-allied kingdom with a population of only 4 million, as many as half of whom are Palestinian refugees.

An estimated 700,000 Iraqis are living in Jordan in a semi-legal limbo. The richest and most powerful Iraqis have long had offices and second homes in Amman, from where they can conduct business and politics with far more safety than in Baghdad.

Until recently, when Jordan began turning away Iraqis at the border, the poorest also poured into Amman -- the most convenient major city, with relatively convenient access to Iraq.

In the first two years of the war, Jordan admitted the refugees with few restrictions. But when Iraqi suicide bombers struck three Amman hotels a year ago, the kingdom reversed course, limiting the number of residency permits, turning away men between the ages of 18 and 35, and rounding up and deporting Iraqis.

Mustafa Ahmed, 29, an unemployed blacksmith, roams Amman's poor downtown, a warren of cheap clothing stores, flophouses, and street corners where day laborers seek jobs.

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Ahmed said he's terrified that he'll be deported like his cousin, who was put on a bus from Amman to Baghdad two months ago when police caught him in a roundup. Halfway home, Sunni insurgents in Anbar Province pulled the cousin from the bus; when they saw his Shi'ite name on his identity card, Ahmed said, they executed him.

"If I go back, I will be killed on the road," Ahmed said, drawing a finger across his throat. Dressed in ratty workman's clothes, soiled jeans, and a dirty jacket, he spends his time drinking tea at a restaurant in downtown Amman frequented by other poor Iraqi refugees.

Syria is schooling the children of the 600,000 Iraqi refugees who live there. But Jordan has barred its already inadequate school system to Iraqis; only those Iraqis rich enough to afford private school can educate their children in Jordan.

Kristele Younes, a researcher who tracks displaced Iraqis in Lebanon, Syria, and Jordan for the nonprofit advocacy group Refugees International, said Syria has been the most welcoming country for Iraqis, but like other Arab countries was running out of resources.

"Very slowly but surely, Iraqis are starting to be treated like Palestinians," Younes said in a telephone interview from Washington, where her group is based. "There is a complete lack of political will in the region to admit that these people are not going home any time soon."

Another group, Human Rights Watch, issued a scathing report last week, calling on Jordan to treat displaced Iraqis as refugees, allowing them to stay until the conflict in Iraq subsided and granting them basic rights, including public education for children.

Jordan and Syria are wary of Iraqis spreading that country's sectarian strife. Most countries face their own version of Shi'ite-Sunni rivalry and work hard to keep it from becoming violent.

UN agencies and human rights groups said they have gathered anecdotal evidence, based on interviews with refugees, that Jordan is seeking to buttress its own Sunni Arab population by allowing Iraqi Sunnis across its borders but denying haven to Shi'ites.

The organizations have no hard data on the demographics of the refugees, and none of the host governments will release any information about the refugee populations inside their borders.

Syria, meanwhile, is ruled by a small minority of Alawites, a small breakaway Shi'ite sect. The same observers believe that Syria has allowed Shi'ites and Christians who will support the regime to settle, but made it hard for Sunni Arabs. An outer ring of predominantly Shi'ite suburbs around the Syrian capital, Damascus, has exploded in population over the last three years, absorbing most of the Iraqi refugees.

Bill Frelick, refugee policy director at Human Rights Watch, who researched and wrote the report on Jordan's treatment of Iraqi refugees, said Jordanians had recently started to block entry by young men and poor Iraqis.

"The people they're admitting are better off," he said.

Most refugees haven't officially registered with the UN High Commissioner for Refugees, which normally handles refugee crises, because the agency has no resources to handle the influx and has stopped processing claims for refugee status. Aid groups have called on international donors -- in particular the United States and Britain, which led the invasion of Iraq -- to help host countries cover the costs of refugees.

But according to the UN estimates, Iraq is the second-greatest producer of refugees in the world, after Afghanistan. The actual number of refugees could easily top 2 million, UN officials said. About 10 percent of Iraq's prewar population of 26 million has fled the country over the last three years.

"Iraq is hemorrhaging. The humanitarian crisis which the international community had feared in 2003 is now unfolding," the UN High Commissioner for Refugees said in its November update. And because of insufficient resources in countries like Jordan and Syria, "tolerance is growing thin," the report added.

In Jordan, a population already suffering from high unemployment has begun to turn against the wealthy Iraqis who have snapped up apartments, created jobs -- usually for other Iraqis -- and created an investment boom that only benefits the very rich.

"They have driven up the prices of everything. They have brought nothing good here," said Nawruz Abida, who delivers tea and water pipes to downtown Amman shops. His family's rent has doubled since the influx of Iraqi refugees, Abida said.

Host countries are all too aware of Iraq's history of conflict.

Amman has become a home away from home for many Sunni Arabs sympathetic to the nationalist insurgency. Even before the fall of Saddam Hussein, Ba'athists and wealthy supporters of the regime had long had business and political ties to the elite in Jordan and Syria, and many now have taken refuge there.

"Only bringing back Saddam can restore stability," said Saleh Jabouri, a merchant who fled Baghdad six months ago and now moves between Damascus and Amman whenever his tourist visa expires.

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Abbas F. Shamara, an Iraqi Shi'ite whose company builds power plants in Iraq, runs millions of dollars worth of construction projects in Jordan and the rest of the Middle East. He has homes in Amman and Baghdad and is nominally a refugee -- but he has residency in Jordan and has enrolled his three children in school there.

Shamara, 53, advises a senior Shi'ite cleric in Baghdad and commands the ear of many influential Americans and Iraqis because of the money at his disposal. His holding company has created several hundred jobs for Jordanians, and is building a new office tower in Amman, in part to blunt criticism that Iraqi migrants do nothing for their host countries.

"We've put millions of dollars into Jordan's economy," Shamara said in his Amman office. In contrast with Jordan, Shi'ites fit more comfortably in Syria, whose government is battling its own growing fundamentalist Sunni population. Syria has close ties to Iran, and last month restored diplomatic ties with the Baghdad government after a 24-year rupture.

With wealth and swagger unusual for a refugee population, the Iraqi exodus is already changing the fashion and the culture of the Middle East. That's no more apparent than in the nightlife of the cities the refugees now call home.

At 1 a.m. on a Tuesday at Amman's Al Zawyeh music club, a traditional Iraqi tribal singer belts out heart-rending folk songs about the nation, family, and war. It's a slow night; an older Iraqi couple sings along, and the woman rises from her table to dance slowly on the stage in front of the singer, Fadil Zeidan.

The club started out five years ago as a gallery for Iraqi artists, with Saddam Hussein as an investor. After the US invasion, however, and the flood of Iraqis to Amman, the gallery owners shuttered their restaurant chain in Iraq and turned Zawyeh into a music club.

Saif Ghariba, 24, the owner's son, said Baghdad's elite quickly reassembled in Amman and sought its old entertainments. The club has a distinctly Sunni and Ba'athist style, decorated with the heavy wood panels and well-lit whiskey bar characteristic of the haunts in Baghdad neighborhoods like Mansour and Jadriya that were fancied by the ruling Ba'athist class before the US invasion.

"Iraqis fled here and wanted to hear their music," Ghariba said. "Our music is full of poetry and emotion."

In Iraq, An Obligation Coming Due (WP)

By Michael Goldfarb

The Washington Post, December 3, 2006

Every time I read about the United States pulling out while Iraq takes the final step into the abyss of civil war, I find myself thinking of a conversation I had with my translator and my driver in April 2003 as the first phase of the war was reaching its climax.

We were coming back from inspecting the damage caused by American airstrikes in a small town at the edge of Saddam Hussein's control in northern Iraq. My translator, Ahmad Shawkat, and driver, Sami Abdul Qader, were chatting in Kurdish.

"What are you guys talking about?" I asked.

"Sami wants to know if you will help him and his family get out of Iraq if Saddam comes back."

"Is he joking?" I said with a casual laugh. "Tell him, yeah, sure, no problem."

"No, he is very serious," Ahmad said. "He cannot believe Saddam will go without a fight. Sami's afraid that because he works with Americans he will be killed."

"Really?"

"Really."

It took me a second to absorb this. Sami was absolutely fearless. Several days earlier we'd come under artillery fire while watching Green Berets and Kurdish pesh merga trying to secure a bridge on the road from Irbil to Mosul. Ahmad and I were roaming through pastureland with the Green Berets and Sami was with the car when the artillery piece opened up. All the other drivers working with reporters on the scene pulled well back. Sami stayed right down by the bridge as the shells came in, refusing to leave us behind.

That he was now genuinely afraid seemed odd, because what he feared was quite improbable. Baghdad was on the verge of falling. As we were having this conversation, American troops were preparing to pull down the statue of Hussein in Firdaus Square.

But my driver's fear was not without basis. I've seen what happens when the "international community" precipitously pulls out of conflict zones. To have had an American job -- working for journalists or for nongovernmental organizations -- is not a good thing at those times.

This is the way things work in war zones: We go, they stay. If the whole escapade falls apart, American journalists and relief workers are evacuated and can be swimming in a hotel pool, all expenses paid, by evening. Our translators, drivers and office managers return to their houses and wait in fear of reprisal against those who collaborate with the Great Satan.

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And this is the thought that nags me now. I call a friend in northern Iraq (I'll omit his identification; bad people read this newspaper online at Internet cafes in Iraq). He works for an American nongovernmental organization as a trainer, trying to help people in Iraq relearn the "democratic mentality" gouged out of Iraqi civil society by a quarter-century of totalitarian rule.

We chat about the U.S. midterm elections, and he asks if it's really possible that America will leave Iraq. I assure him it is. Not overnight, I tell him, although I can see a dramatic reduction in troops by the end of 2007.

But they are building the biggest embassy in the world in Baghdad, he says, and what about the businesses Americans have started, and the oil?

I reply: My friend, you have no idea what will be left behind once the decision is made.

I think of this brave young man traveling all over his country offering seminars on democracy and wonder what will happen to him and those who have attended his training sessions when the United States draws down its force and says to whatever government is in place in Baghdad, "Fellas, it's on you." Provision needs to be made for their safety.

On the drive back to Irbil that hopeful afternoon 3 1/2 years ago, as the metaphorical noose was tied around the neck of Hussein's statue in Baghdad, I reached across into the front seat and put my hand on my driver's shoulder. I looked at my translator. "Tell Sami he has nothing to fear." I paused so he could translate that sentence. "Saddam is finished, but if anything happens, I will make sure he is safe. And his family."

When Ahmad finished translating, I turned to Sami, who spoke some English and said, "Okay?" It was an easy promise to make, since I believed I would never have to honor it. Now I fear I may have to.

Michael Goldfarb, a journalist, is the author of "Ahmad's War, Ahmad's Peace: Surviving Under Saddam, Dying in the New Iraq."

"About Five Minutes Into It, We Had To Take Over" (WP)

By Nancy Trejos

The Washington Post, December 3, 2006

BAGHDAD, Dec. 2 -- The bullets flew from every direction -- from rooftops, windows, alleys and doorways.

Soldiers from the Iraqi army's 9th Division were pinned against a wall. They were under a covered sidewalk. According to accounts from U.S. forces who were with them on Friday, a suspected insurgent with an AK-47 assault rifle aimed at them from a doorway. Pieces of concrete fell as the insurgent's fire ripped into the wall above the Iraqi soldiers.

That's when they froze.

U.S. Army Sgt. 1st Class Kent McQueen, 37, arrived to help. As he tried to get them out, he was hit. The night-vision goggles perched on his helmet fell down his face. They were dented. He had been shot in the head. "God was definitely on my side," McQueen said Saturday.

The scene played out during Operation Lion Strike, the U.S. soldiers recalled. The goal was to capture insurgents in the Fadhil district of central Baghdad. It was the first time the Iraqi army's 9th Division was to be in complete control of an operation in the two years it has been training under the Americans. Teams of U.S. advisers remained close, but planned to leave the fighting to the Iraqis.

"It started out that way. But about five minutes into it, we had to take over," Staff Sgt. Michael Baxter, 35, said.

While the battle was in progress, U.S. military leaders had called it an "outstanding" example of Iraqi forces taking charge. They said the Iraqis captured 43 insurgents while suffering few casualties.

But interviews the following day with U.S. and Iraqi soldiers at Camp al-Rashid in Rustimayah, where they are based, painted a more complex picture.

Strengthening Iraq's police and army is the key to the eventual withdrawal of U.S. forces from Iraq, American commanders say. The bipartisan Iraq Study Group, in its report due to be released next week, is expected to recommend pulling out nearly all U.S. combat units from Iraq by early 2008 and leaving behind troops such as those involved in Friday's fight in Fadhil to train, advise and support Iraqi forces.

Although the Iraqis in the 9th Division have become more effective in the two years since they formed, American soldiers and some Iraqi leaders at Camp al-Rashid said they are not yet ready to operate on their own.

"They're basically a baby army," Baxter said. "They're just now starting up. It's going to take them a while to get the experience."

The unit, the only mechanized division in the Iraqi army, has about 4,000 soldiers.

They are typically older soldiers, recruited from across the country, said Col. Douglass S. Heckman, the senior adviser for the 9th Division Military Transition Team, whose members are part of the 1st Cavalry Division. When U.S. troops first began rebuilding the Iraqi army after the 2003 invasion, recruits would drop out if they were deployed away from their homes, Heckman said. "These guys are not afraid to go anywhere," he said.

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The U.S. military is increasingly ceding more authority to Iraqi leaders, Heckman said. For example, personnel decisions are now up to Iraqi leaders. "It inspires a lot of confidence to have Iraqi units with Iraqi flags," he said.

That confidence appeared to have been shaken on Friday. In one three-block section of Fadhil in a neighborhood known as Jumhuriya, 35 Iraqi soldiers came under fire as soon as they arrived at 6 a.m., their American advisers recalled.

For any army, however well trained, the Jumhuriya battle would have been a difficult one. There were empty shops and tall buildings where snipers could easily hide. The streets were narrow, preventing easy movement of tanks.

The Iraqis knew little about their enemy. They could not quantify them. They couldn't distinguish between a civilian and an insurgent because everyone dressed alike, the Americans and Iraqis said.

Their enemy, however, appeared to know a lot about them. Somehow, they knew where the Americans and Iraqis had set up one of two field headquarters and fired mortar shells at it, said Maj. Thomas J. Boczar.

The Jumhuriya battle was just one small part of Friday's operation, which involved about 500 Iraqis conducting searches and 60 Americans advising them. Other parts of the operation ran smoothly, high-ranking American officers said.

But it was a window on the challenges U.S. forces face in training the Iraqis.

Sitting in a conference room at Camp al-Rashid, American soldiers described Iraqi troops with inadequate training, resources or motivation. When they shoot, they "pray and spray" and do not aim for targets, the soldiers said. They either lack equipment or are not well trained in new equipment. On the battlefield on Friday, the Iraqis communicated by cellphone because their walkie-talkies did not work, the U.S. soldiers said.

The way the Americans see it, the Iraqis are fierce fighters. But they have been depleted of their energy after so many years of war, first against Iran in the 1980s, then against the United States during the 1991 Persian Gulf War, the American soldiers said.

By about 11 a.m. on Friday, the Americans decided it was time to pull out of that part of Jumhuriya.

The sniper bullets kept flying, not just from the rooftops, but from the second and third floors of apartment buildings, they recalled. Grenades flew out the windows. Machine guns fired. It was an all-out ambush, unusual in that it was such a coordinated effort by the insurgents, the Americans said.

While some Iraqis froze in indecision, others fired wildly as they ran across streets. Hollywood heroics, one soldier called it.

"I'm just thinking to myself, oh God, get me out of this because these guys are going to get me killed if we stay here," Baxter said.

The Americans called in helicopters to shoot at the snipers, but it was too chaotic of a scene for the aircraft to make clear shots, they said.

Still pinned against the wall underneath the covered sidewalk, McQueen decided it was time to make a run for his Humvee, he recalled. In Arabic, he told the Iraqis to go.

They gave him a puzzled look. Follow me, he told them. This time they complied.

McQueen got into the Humvee first, then opened the back door. Bullets whizzed by. He pulled the soldiers inside as the Humvee drove away. They squeezed in under the gunner. They jumped on top of one another. "It looked like Twister," McQueen said.

Top Iraqi leaders at the base said the mission proved that they can someday secure their own country without interference from American forces. What they lack is not training, not motivation, not confidence, but equipment, they said. They need better tanks and spare parts, Iraqi officials said. And they really need aircraft.

"Give us the aviation and leave us alone," Brig. Gen. Kasim Maliki, a 25-year veteran of the army, said through an interpreter.

Friday's operation was planned over the course of 48 hours, in consultation with the Defense Ministry, Maliki said.

He scoffed at the idea that the Iraqi army needs better training to carry out such missions. "We have been through wars," he said over a cup of sweet tea.

Lt. Col. Bassim Mohammed, who joined the Iraqi army in 1987, said he did not believe his men were prepared for Friday's operation because they had so little notice. He said he found out about the mission at midnight, and they left at 3:30 a.m. That was not enough time to secure the perimeter, he said.

They encountered more than 100 insurgents, he said, and killed or wounded about 20 of them. He said he believes his soldiers could have better handled so many insurgents with more notice.

"We've never suffered the way we did yesterday," he said.

Tom Ricks's Inbox (WP)

The Washington Post, December 3, 2006

Tom Ricks's Inbox

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Behind the official reports proclaiming steady progress, U.S. officers involved in training Iraqi security forces have found it a difficult and even puzzling process. Below are two excerpts from official debriefing interviews conducted by historians at the Army's Combat Studies Institute at Fort Leavenworth, Kan. Both illustrate the cultural chasm between U.S. and Iraqi soldiers.

* * *

Army Lt. Col. Paul Ciesinski, who worked as a trainer for the Iraqi army in 2005-06, describes how he compelled an Iraqi unit to establish a professional command post:

"I think they looked at us as a necessary annoyance. . . . When we arrived, the main CP [Command Post] was a TV watching room for Lebanese music videos and soccer games. . . . There were no communications. After about a month or two, they actually pulled the [military] radio out of the CP because it was hard to listen to the TV with the radio on. So we launched a full-court press to change that and actually build a main CP. They fought us and resisted because it was hard work and they didn't see the need for it. This was common with the Arab and Kurdish soldiers and leadership. But after we trained them on it and we got it running, it became a point of pride."

* * *

Army Maj. Jeffrey Allen, who advised the Iraqi army in 2004, recalls how an Iraqi battalion commander demanded that he possess one of two available computers -- even though he didn't know how to use it:

"They were authorized ten and two laptops or something like that. Ten computers overall. They had two. We're trying to build this battalion, so I wanted one to go to the S-3 [operations officer] for doing training calendars and all those types of things, and one for the S-1 [personnel officer] for all his accountability, but it would have to be shared amongst the staff. One of those two computers sat on the battalion commander's desk for weeks, not turned on, collecting dust. It was a status symbol for him: he had a computer on his desk. He had no idea how to even turn it on, but it didn't matter -- it was sitting on his desk."

* * *

Tom Ricks is The Post's military correspondent. This feature aims to give readers a snapshot of the conversations about Iraq, Afghanistan and other matters that play out in Ricks's e-mail inbox. Have an interesting document? Send it to TheInbox@washpost.com

Review Finds Army Mishandled Friendly-Fire Case (WP)

By Josh White

The Washington Post, December 3, 2006

Army officials destroyed critical evidence that could have determined who shot and killed Pfc. Jesse R. Buryj at an Iraq checkpoint in May 2004, one of several problems with the friendly-fire inquiry that may permanently shroud Buryj's death in mystery, according to an Army inspector general's review.

The lengthy inquiry found that criminal investigators destroyed bullet fragments, agents failed to collect ballistic evidence from weapons at the checkpoint, medical personnel made incorrect notations on Buryj's records and military officials knew his death was a friendly-fire case months before they officially notified his family.

As a result, Buryj's family buried him believing he was killed when his vehicle was rammed by a dump truck. They did not learn that he was shot by friendly forces until nine months after his death, and a lack of physical evidence means it is nearly impossible to know what happened that night.

Buryj's death -- which came just days after the high-profile friendly-fire killing of former football player Pat Tillman in Afghanistan -- also exposed a rift between U.S. and Polish forces. A group of Polish allied troops was also manning the checkpoint, and U.S. officials sought to blame them for the soldier's death.

The inspector general found no specific effort to cover up the incident. The review shows, however, that initial investigators believed there was a need for international sensitivity. One unnamed investigator told the inspector general that there was a sense that U.S. investigators could not "say anything bad about the Poles," even though they were convinced Polish shots killed Buryj (pronounced BOO-dee). Investigators ultimately ruled that the Poles probably fired the fatal shot.

Peggy Buryj of Canton, Ohio, has long believed that details of her son's death were obscured or delayed to protect members of his unit or Polish troops in 2004, an election year during which President Bush often praised Poland's contribution to the fight against terrorism. Buryj said she is still furious about the way the Army has handled her son's case, and she feels it has now slammed the door.

"They said that anything that could go wrong did go wrong, that it was a series of unfortunate mistakes," she said after an Army briefing. "They apologized, and I think they were sincere in their apology. But the whole thing just shows incompetence, from the notification to the very end."

Jesse Buryj, 21, of Canton was killed on May 5, 2004, when an Iraqi dump truck sped through a coalition military checkpoint in Karbala and ultimately crashed into his vehicle, sending him tumbling to the ground. Soldiers initially believed that

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the fall injured Buryj, but he actually took fire from either the U.S. troops around him or the Polish troops nearby. A bullet pierced his back and caused massive internal injuries.

Later, when Buryj's family learned that a gunshot killed him, they believed it was hostile fire, though the people found in the dump truck were not carrying weapons.

The 47-page report, presented to Buryj's family by the Army's inspector general, Lt. Gen. Stanley E. Green, found that criminal investigators failed to conduct ballistic tests on four U.S. weapons fired that night and did not collect Polish weapons for testing.

Because the case was incorrectly labeled a hostile death, criminal investigators inadvertently destroyed the only evidence that could be used to identify a weapon -- a 5.56mm bullet fragment -- in the fall of 2005. At that time, criminal investigators destroyed evidence in a number of hostile-death cases in which evidence could not be matched to individual weapons, and Buryj's case was mistakenly among them, the report said.

"Before September 2005, CID kept the bullet extracted from PFC Buryj as evidence," the report said, referring to the Criminal Investigations Division. "Had the four U.S. weapons been tested, this might have eliminated doubts over whether U.S. weapons fired the fatal round."

The report also exposed a casualty reporting system marred by gaps and inconsistencies. The Buryj case, along with others, prompted major changes in the way the Army notifies families of war casualties. Those new policies were put into effect in April, three months after Buryj's story was reported publicly and after the secretary of the Army asked for a review.

Col. Patrick Gawkins, director of the Army Casualty and Mortuary Affairs Operation Center, said mistakes in the case "prevented a more timely, accurate notification" of the family. He noted that the complexity of the situation added to the confusion and that a vast majority of cases are reported correctly.

"Providing accurate casualty circumstances when you are attempting to rapidly notify a family of a loss is an extremely challenging task," Gawkins said. "We have continued to improve all aspects of casualty support because this is precisely what we owe our fallen soldiers and our families. We have definitely analyzed the Buryj case and other publicized cases to identify problems and fix the system."

Typically, casualty officials in the United States track such deaths via medical records, investigative reports and official notifications from the field. Though Army officials claimed to have notified the family about the nature of Buryj's death not long after it occurred, there are no records of such a conversation, according to the report. Incorrect medical records led to incorrect entries in Buryj's casualty report, which in turn led to incorrect information getting to the family.

"The casualty reporting in the PFC Buryj case was often inaccurate and untimely," leading to errors and delays, according to the inspector general's report.

One of the delays that particularly bothers Peggy Buryj concerns the final investigative report, which places responsibility on the Polish troops. It was completed by Multi-National Corps-Iraq on Sept. 6, 2004, 124 days after the incident. It was then forwarded to the U.S. Central Command weeks before the U.S. elections but stayed there until Feb. 18, 2005 -- a total of 165 additional days.

Polish officials have repeatedly disputed the U.S. findings, saying their troops were not responsible for Buryj's death. The inspector general found that U.S. criminal investigative agents were aware of the international sensitivities and the fact that the loose military coalition was losing members at the time.

Peggy Buryj said she is resigned to the idea that she may never know what happened to her son.

"I feel like I gave them my son and they've done nothing but dishonor him," she said.

From Skies To Streets, Woman Warriors Face The Enemy And Change Military Landscape (AP)

By Sharon Cohen

AP, December 2, 2006

A goodwill mission to deliver kerosene heaters to Iraqi schools erupts into the fiery chaos of a roadside bombing — and Maj. Mary Prophit shields a comrade so he can rescue a critically burned Iraqi soldier.

A convoy outside Baghdad is ambushed by machine-gun wielding Iraqi insurgents — and Spc. Ashley Pullen races down a road to save an injured sergeant.

A Black Hawk helicopter is struck by a rocket-propelled grenade in Iraq — and co-pilot Tammy Duckworth, bloody and severely wounded, struggles to stay conscious until the damaged aircraft is down and her crew is safe.

In Iraq and Afghanistan, women warriors are writing a new chapter in military history, serving by the tens of thousands, fending off enemy fire and taking on — and succeeding in — high-profile roles in the battlefield and the skies as never before.

"The American public is beginning to realize that women are playing an equal part in this war and that they are facing the same risks," says Duckworth, who lost both legs in the 2004 insurgent attack. "This is the first time in our nation's history ... when it's normal to see female names as part of the war wounded or those killed in action."

More than 155,000 women have been deployed to Iraq and Afghanistan since 2002, according to the Pentagon, nearly four times the number during the Persian Gulf War. Females now account for 15% of the active duty force.

The number of women casualties — 68 dead and more than 430 injured — represents a tiny fraction of the total. Still, by one estimate, the deaths exceed the number of military women who lost their lives in Korea, Vietnam and the Gulf War combined.

The public, long accustomed to seeing disabled male veterans and grieving widows clutching folded U.S. flags, has adjusted to a new set of somber images: women soldiers coming home with life-changing injuries and tearful farewells to mothers, wives and daughters.

In just two weeks in September, bombs killed four military women in Iraq and Afghanistan. Among them: Sgt. 1st Class Merideth Howard, a 52-year-old former firefighter with a master's degree in marine biology, and 2nd Lt. Emily J.T. Perez, a 23-year-old West Point graduate of the "Class of 9-11" who played the clarinet, spoke fluent German, read the Bible daily and helped start an AIDS ministry at her church.

There is no shared experience that binds together the women of war. Each has a different story, a reason why they're in uniform, an explanation of how their lives have changed.

Some feel pressured to prove themselves as women. Others don't. Some never fire their weapons. Others engage in life-and-death battles. Some are professional soldiers. Others enlist for college money. A few are grandmothers; many more are in their 20s.

Almost all serve anonymously, though a few have captured headlines back home. Former Brig. Gen. Janis Karpinski made news as the highest-ranking officer punished in the Abu Ghraib prisoner abuse scandal. Jessica Lynch, the former prisoner of war, rocketed onto the nation's TV screens when she was portrayed as a guns-blazing, all-American heroine — a depiction she herself disavowed.

But Lynch's job — Army supply clerk in a maintenance company — illustrates one of the realities of the war: No place is safe. As the insurgency took hold, that grew even more apparent. Front lines don't exist. Combat troops still face the heaviest losses and while women are mostly in support roles, a mortar or bomb can strike anywhere from a mess hall to a supply convoy.

"My dad has friends who constantly tell him, 'Oh, your daughter's fine in Iraq. She's not in harm's way or she's not involved in combat,'" says Capt. Mary Caruso, who served two tours in Iraq, one as a platoon leader in the 194th Military Police Company.

"I don't think the general public really sees what females are doing over there," she says. "We don't have a linear battlefield anymore. The enemy's everywhere."

Women are barred from units assigned to direct ground combat — the infantry, armor and artillery, for example. While many remain in traditional jobs, such as health care, they've also served as translators and mechanics, commanded police companies and support battalions, flown jet fighters and attack helicopters.

They've been heroes, too.

In the Kentucky National Guard's 617th Military Police Company, Army Sgt. Leigh Ann Hester became the first woman since World War II to win the Silver Star for heroism. After a supply convoy was ambushed, she and others counterattacked, killing more than two dozen insurgents.

Spc. Ashley Pullen, another member of the unit, received a Bronze Star for valor, risking her life to help save a wounded soldier in the same attack. In recommending her for a medal, her company commander praised her "incredible courage."

"We now know women can hold their own, they're brave, they do have the physical and mental stamina to face combat-like situations," says retired Navy Capt. Lory Manning, director of the Women in the Military Project at the Women's Research and Education Institute in Washington, D.C. "We now know that men don't go to pieces and the American public doesn't go to pieces if women are killed. And we know that women, in fact, can defend men."

Manning says that represents a change in perceptions.

"I used to get a lot of guff that women can't do this, that women are weakening the military, women are feminizing the military — that's gone with the wind," she says. "The debate about whether they belong there seems to be over."

Not quite. Though women are widely viewed as essential with the nation's fighting forces stretched thin and they perform jobs off-limits to men for cultural reasons — searching Iraqi females, for instance — the critics have not been silenced.

"Engaging the enemy in this uncivilized thing we call war is a job for men, not women," Kate O'Beirne, a conservative pundit and Washington editor of the National Review, said in a radio interview this spring. She likened it to a man sending his wife or daughter to check out a possible home break-in.

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Martin van Creveld, a prominent military historian and Iraq war critic, argues the contribution of females in the conflict has been dramatically exaggerated. "They're not occupying any particularly important positions or fighting in the front ... If there were not a single woman (deployed), the war would be the same," he says.

The Center for Military Readiness, a conservative think tank, contends that the Army has ignored its rules that prevent female soldiers from being in units that "physically collocate and remain with" ground combat troops.

Elaine Donnelly, the center's president, says that creates the potential for romantic involvement, morale problems and physical hazards. A woman, she says, might not be strong enough to rescue a wounded male soldier.

"All these social issues do matter," she says. "Cohesion is what lives depend on. It's all about survival. If you start causing doubts, you make the job more difficult or dangerous for everybody."

Last year, some members of Congress tried to curb the role of women in combat zones, but retreated after running into opposition from the Pentagon and lawmakers from both parties.

Capt. Christine Roney was tangled in the debate in 2004 when she was about to take command of a forward support company that would accompany a combat battalion.

She says she was told several male captains fired off e-mails to members of Congress and the Center for Military Readiness opposing the move. One captain, she says, messaged one of her peers asking: "What are you guys doing sending a female over here?"

When plans changed and a man was chosen to take command, Roney says she was disappointed at first, then reconsidered. "I probably did think having a female would have been disruptive in some sense," she says. "They might think they have to act differently with a woman."

Roney, who ended up commanding a logistics company that conducted more than 500 missions in the streets of Baghdad, thinks gender walls will crumble as more women and men work together.

"Sometimes," she says, "they need to get females in the unit to see they have some of the same abilities, the same competencies as the male soldiers."

Some of that already has happened.

Capt. Tara Stiles was a platoon leader in the 194th Military Police Company supporting the First Marine Expeditionary Force. "At first, they were kind of leery," she says. But after a few weeks "they'd rather have my platoon vs. one of the others led by males. .. They needed their backs covered and we were there. And vice versa."

Stiles' company was commanded by Capt. Terri Dorn, who says she noticed some Marines were uncomfortable dealing with females, but she didn't detect resentment.

"I never felt like someone was trying to tell me we're in the wrong place," she says. "It was, 'Oh my God, what do we do?' ... Really what you're doing is teaching that person how to deal with a female."

Dorn says when men would tell her they'd never had a woman in their unit, she'd reply: "Don't think of them as females. Talk to them as soldiers."

It was advice she, too, found useful. "I wasn't a female," she says. "I was a company commander."

Dorn says some Iraqi military leaders proved a far bigger obstacle. There were those, she says, who refused to shake her hand. "It didn't hinder our conversation," she says. "It didn't hurt my feelings ... I proved myself by not allowing them NOT to speak with me."

For decades there have been questions about men and women bunking in the same quarters and whether they could serve together without distractions. While problems such as sexual harassment and assault remain, some say that gender lines blur when lives are on the line.

"Traditionally, the front is the most sexless place in the world. Behind the lines is where trouble happens," says Joshua Goldstein, a professor emeritus of international relations at American University and author of "War and Gender."

Lt. Col. Cheri Provancha, who commanded a Stryker Brigade Support Battalion in Iraq with 700 soldiers, says she didn't detect a gender gap among her troops.

"It didn't matter if you were male or female," she says. "You're going through the same thing as your buddy. That creates a bond."

Provancha also says she has noticed firsthand how attitudes toward women have changed in her 23 years in the Army.

"In the 1980s when a male soldier walks in the door, the expectation is they are competent. The woman on the other hand, it was 'I've got to see what you have before I give you that level of confidence,'" she says. "Now when I walk in the door, I feel like the guys do."

But other officers say the military is far from having an even playing field.

Janis Karpinski, who was demoted to colonel after the scandal at the Abu Ghraib prison, says she was a scapegoat — and she blames many of her problems on being a woman.

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When the prison conditions started unraveling, she says, "there was not a good ole boy network to support me. They wouldn't let me in. ... There was not a male commander to say, 'Hey, Janis, you better watch out.' Had I been a man, I would have been aware of it all along."

Karpinski says the military is still regarded by many men in uniform — especially the older ones — as the "last bastion of male dominance and they're very reluctant to give up this turf to women."

And yet, some see progress, partly because younger men are moving up in the ranks along with women.

"Gender integration is not perfect by any stretch, but it's a heck of lot better than it was 30 years ago when women entered the military academy," says Mady Wechsler Segal, professor of sociology at the University of Maryland and an expert on the military.

Women have a long history of military service going back to the Revolutionary War, when they sometimes disguised themselves as men to defend their country. Through the many wars, they've been spies and soldiers, nurses and pilots — and prisoners.

Relatively few, however, have fallen from enemy fire. In World War I, for example, nearly 360 servicewomen died, mostly nurses stricken by influenza, according to the Women's Memorial Foundation.

And in World War II, more than 330,000 women served both domestically and abroad, and more than 540 died, mostly from vehicle accidents, air crashes and illness, according to the foundation. Sixteen Army nurses died by enemy fire, the group says.

In the Persian Gulf War, about two-thirds of the 15 women who died lost their lives in non-hostile incidents. (In Iraq and Afghanistan, more than a third of the deaths have been non-combat fatalities.)

After the Gulf War, the Army opened thousands more jobs to women, including piloting attack and scout helicopters.

Maj. Tammy Duckworth — who recently lost a bid for Congress — says when she joined the Illinois Army National Guard, she picked aviation because it was a combat position open to women. "I wanted to be treated equally to the males in my unit ... and I felt part of that was accepting the same kind of risks," she says.

Early on, she says she adapted to being a woman in a man's world. "I tried to be one of the boys, to be tough or tougher," she says. But her attitude changed as she was promoted. "I knew I was a good enough officer on my own and I stopped trying to be extra-macho," she says.

Besides, she adds, some of the guys were already teasing her that she had "ovaries of brass."

But other women say they're mindful of being a minority and feel pressure — some of it self-imposed — to demonstrate their physical strength and their mental toughness so no one thinks they'll crumble when bullets start flying or bombs start exploding.

Alicia Flores says she earned the respect of male comrades in the Army's 92nd Chemical Company by hauling bodies, cleaning up feces, doing everything men did. "I had a lot of guys look up to me and say, 'How could you be out here doing this?' "

Flores says she was determined not to show weakness.

"I saw a lot of guys break down," she says. "Most of the times I did a lot better than they did. ... I wasn't going to break down and cry. Crying wasn't going to get me anywhere. It was just going to get me dirtier."

Aneta Urban stood out as the only women in her Marine police company during training in Camp Pendleton, Calif. She could feel all eyes on her.

"When it's 100 guys and you're the only girl, it's like proving yourself every day," she says. "When you're doing rifle training, close combat training, they're looking at you a lot more closely. They're wondering: Can she do it? Can she handle it? You don't want to be laughed at."

Two years later, when she was deployed, she felt she had measured up.

"They knew they could depend on me," she says. "They knew I could pull my own weight. They knew they could trust me if something happened."

Even so, Urban, a native of Poland who served as translator on a second tour, says she would never complain about "stupid girly issues" such as the lack of bathrooms.

"We were under enough stress as it is ... without worrying about finding a place to go pee," she says.

Some women say hygiene issues, whether it's going to the bathroom in a hole in the ground or not being able to wash your hair for a month, tend to be harder on females than men. Some find creative solutions.

Maj. Mary Prophit, for instance, secured her own shower, trading a Benchmade knife in exchange.

Prophit was part of a four-member Civil Affairs team and one of three women among a task force of 700. If that didn't set her apart, her age did. "I was old enough to be their mother," says the 42-year-old mother of three who is a library assistant in Glenoma, Wash. "I thought it was kind of cool."

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Despite two decades in the Army Reserve, Prophit says she felt internal pressures to be a good model. "I knew if I screwed up, someone would say, 'That's why we shouldn't have women in the military,'" she says. "I want to make sure that no one thinks the mission dragged on because I'm there."

In January 2005, Prophit demonstrated her skills when the convoy she was in was attacked by a roadside bomb, ripping into the truck behind her that was carrying Iraqi soldiers.

With ammunition exploding from the blazing truck, Prophit used her body as a shield so a medic could tend to one of the badly burned Iraqis. Later, she laid down fire at a mosque where insurgents were hiding.

Prophit then propped up the critically wounded Iraqi with her body in the tight quarters of the Stryker armored vehicle, placed his head in her lap and tried to keep him conscious as they raced to the hospital.

"My performance was a testament that women can be in combat," she says. But she draws a line. "I definitely don't think women should be in the infantry. It's not because they're not mentally strong enough or physically strong enough. If you mix genders, that alters the dynamic of the group."

After the war ends, the military and Congress will evaluate these kinds of experiences and there will be renewed discussion about what combat is, but any changes will probably be incremental, not dramatic, says Manning, the military expert.

For now, though, she says, "the public accepts that women are in the military, that there are going to be shootings, that they're going to be dying, and that's fine — with most people."

Homemade Memorial Is Stirring Passions On Iraq (NYT)

By Jesse McKinley

The New York Times, December 3, 2006

LAFAYETTE, Calif., Nov. 30 — The tranquil suburb of Lafayette hardly seems the most likely place in the Bay Area for a battle over the First Amendment and the war in Iraq. Liberal Berkeley is just over the hill, after all, and nearby San Francisco is always spoiling for a fight.

But over the last few weeks, it is Lafayette — an affluent bedroom community 20 miles east of downtown San Francisco — that has become the scene of a passionate debate over the place of political speech in suburbia.

At issue is a hillside memorial, made up of some 450 small white crosses and a 5-by-16-foot sign that reads: “In Memory of 2,867 U.S. Troops Killed in Iraq.” The memorial was created by Jeff Heaton, a building contractor and antiwar activist, who said it was meant “to get people involved on a local level” and talking about Iraq.

Sure enough, people here have become involved, including more than 200 people and a half-dozen television news crews and reporters who crammed into the usually sparsely attended City Council meeting last week to voice their opinions about the memorial. And while many there said they found the crosses deeply moving, others called the memorial unpatriotic, disrespectful or just plain ugly.

That camp included Jean Bonadio, a former Marine sergeant who said she was so offended that she stopped her car and climbed the hill to dismantle the sign, which sits with the crosses on private property of a fellow advocate just north of Highway 24, a major Bay Area thoroughfare, and the Lafayette light-rail station.

“My first reaction was, ‘What a disgrace to those who have sacrificed,’ ” said Ms. Bonadio, 53, a dog trainer. “I had no tools with me, so I removed it with my bare hands and feet.”

The sign was repaired, but Ms. Bonadio is not the only one trying to take down the sign. Shortly after the memorial was erected, the city government called on Mr. Heaton to remove the accompanying sign, citing a municipal code forbidding anything larger than four square feet to be posted on private property.

That, however, prompted some supporters of the memorial to suggest that the city was engaging in censorship, accusations Mayor Ivor Samson denied. “The content of the sign is not an issue,” Mr. Samson said. “If the sign was that size and said ‘I love my mom,’ it would still be in violation.”

Mr. Samson also said that the memorial had drawn attention here precisely because Lafayette, where the median cost of a home is over $1 million, was traditionally apolitical. “I think had this been in Berkeley or Santa Cruz, a community with a greater history of political activism, this wouldn’t be news,” he said.

No action was taken at Monday’s meeting, after the city’s attorney said he needed more time to study the issue. But Louise Clark, who owns the property the memorial sits on, said that if the sign had to go, the meaning would be lost.

“If it’s just crosses, it’s a cemetery,” said Ms. Clark, 81. “It’s not a cemetery, nobody is buried there. It’s a memorial.”

But some Lafayette residents question whether the memorial actually meant to remember the dead troops. “There’s no American flag flying, it’s just very stark and shock value,” said Lyn Zusman, 53, whose son is a marine just back from Iraq. “If you want to make it a memorial, you personalize it. But if it’s a protest, call it that. That’s why we live in America, so we can spout our views off.”

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This is not the first time Mr. Heaton, a longtime Lafayette resident, has tried to erect a memorial in his hometown. Three years ago, he tried to mount a smaller display of crosses on the same hillside. The night after he planted them, however, someone stole them. The next day, he planted the crosses again, and the next night, they disappeared again.

But this time, Mr. Heaton says he feels that the mood about the war has shifted, both nationwide and in Lafayette.

"There's been a real change in the tide of feeling about the war," said Mr. Heaton, 53, who said the inspiration for the crosses came from a visit to the Vietnam Memorial in Washington. "It is much more acceptable now to question the reasons for the war."

He added that Lafayette would be a good place to make a statement because "it is pretty sleepy and conservative and not that much happens there."

City officials in Lafayette also say their city has been slowly changing, with an influx of former Berkeley and San Francisco residents looking for a place with good public schools for their children. Lafayette, Mr. Samson said, now has "people who are very interested in the larger world."

The Lafayette crosses are not the only grass-roots remembrance around, or the only one to stir controversy. Veterans for Peace, a nonprofit antiwar group based in St. Louis, has regularly planted similar arrays of crosses on beaches in Santa Monica and Santa Barbara. Since 2004, the American Friends Service Committee, a Quaker group based in Philadelphia, has sponsored a traveling exhibit called Eyes Wide Open, which features a pair of empty boots for every American solider killed in Iraq.

Michael T. McPhearson, executive director of Veterans for Peace, which also has fields of crosses planted in four other cities, admitted that the displays sometimes provoked angry reactions. "They say we're not supporting the troops, and they say we shouldn't be doing these vigils," said Mr. McPhearson, 42, who served in the first gulf war. "But we feel that especially because we're veterans and we've served, we have the right."

Mr. Samson said he did not know when the city attorney would rule on whether the sign in Lafayette had to go. In the meantime, however, Mr. Heaton and Ms. Clark say they will continue to add crosses — and update the numbers on the sign.

"It's overwhelming just looking at that small number, and that's nowhere near the number of the ones we lost," said Ms. Clark, speaking of the dead in Iraq. "When we get all those crosses up there, everybody will gasp."

As The War Drags On, She Keeps On Wrapping (NYT)

By Peter Applebome

The New York Times, December 3, 2006

It did not begin as Luz Mercado's Christmas tradition.

Instead, it began two years ago as something at once desperate and mundane — a mother's obsessive campaign to make Christmas seem like Christmas for her son in Iraq and the Marines serving under him.

With the holidays coming and her son, Marine Sgt. Luis Mercado Jr., requesting a Santa suit for himself and assorted goodies for the Marines in his unit, Mrs. Mercado turned her garage into a warehouse and herself into a nonprofit foundation called Support Our Heroes. Before long the donations poured in, the gift baskets were stuffed and mailed off, and it was Christmas in Iraq in a war she hoped, prayed and believed would soon be over.

When the next Christmas came, he was home, serving as a Marine drill inspector on Parris Island, S.C. But his buddies were still in Iraq, and she figured she owed it to other moms to do for their children what she had done for her own. So there was a second Christmas blitz, more gift baskets, more bags from Sam's Club and Wal-Mart, more stacks of Big Red gum, Red Bull energy drink and black socks to send to Iraq.

Now the war limps on, and the pictures at www.supportourheroes.net are of Army Pfc. Matt Harvey from Cornwall, N.Y., and Marine Lance Cpl. Chris Smolinski from Newburgh, N.Y., whose platoons will be the recipients of this year's 125 gift bags of snacks, sweets, toiletries and clothes. She also sends packages of supplies throughout the year.

It feels different from when she began. Most of the flags and yellow ribbons are gone from nearby homes. The war feels like the ailing elephant in the room of American life, too big to ignore, too grim to discuss much. The garage is pretty empty and the fund-raising is a struggle. We need new product in America, and this war feels like something long since marked down and ready to be moved. In September, she sent out 125 letters to previous donors asking for contributions. She got responses from about 10.

But it would feel wrong to move on while the soldiers are still there, so Mrs. Mercado pushed on like someone walking uphill into a stiff wind.

"It's just hard," she said. "People are busy. They only have so much money. I understand that. But I made a promise to keep doing this until all the soldiers are home, and that's what I plan to do."

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It's not what she bargained for. When the war began, she thought it would last a few months, a year and a half at the most. Who expected this? It didn't help when she had to have surgery over the summer or when the war news kept getting worse.

But Mrs. Mercado, who sells jewelry and has a 15-year-old son at home, has the laser focus of the woman who manages to get the kids to every event, bake the perfect peach pie and make the trains run on time at home. So she has managed to cook up events, raise money, buy things herself when she finds good sales.

She has help from Pat Smolinski, an occupational therapist, and Linda Harvey, who runs a Montessori school, both of whom come across as modern war moms — terrified and slightly ironic at the same time.

When Mrs. Harvey stopped over on her way to yoga class the other night, Mrs. Mercado was excited to hear that Matt was due home for two weeks in January.

"Don't let him go back," Mrs. Mercado said urgently.

"What am I supposed to do, shoot him?"

"Break his leg or something. There must be a way."

It's not that people don't care. There was a bake sale at the Newburgh auto auction and, a tango dance fund-raiser. People are generous in dropping off things at the yoga studio Mrs. Harvey attends.

Still, it's a struggle.

"People are tired of the war," Mrs. Smolinski said. "And look at our economy. People tend to forget unless you're in their face constantly, and if you're in their face all the time, you're going to alienate them."

She sends her own CARE packages to her son two or three times a week, car magazines, Chef Boyardee ravioli, Skittles, Twizzlers, and tries to keep an even keel. "He seems to be doing wonderfully," she said. "His mother, on the other hand, is a basket case."

Mrs. Mercado has been there. She cried every day her son was away, followed war news intently, shivered over every casualty report. That should be over. It's not.

She still gets that cold chill from the casualty reports, even if her son is safe in South Carolina. She still fusses over those gift bags. She prays this is a tradition that won't last past this year, but figures if it's still needed, she'll be ready to do it again.

In Afghanistan, Lessons In The Face Of Violence (LAT)

By Paul Watson

The Los Angeles Times, December 3, 2006

THE teacher had been warned.

Mohammed Aref was on duty near the front gate of his school. The children were at recess, playing volleyball without a net.

The throaty rumble of a motorcycle broke through their playful shrieks and laughter. The lone rider, a man wearing a traditional shalwar kameez with his face obscured by the long tail of his turban, called Aref over to talk. Then he pulled an AK-47 from under his baggy shirt and fired six bullets into the teacher.

Aref had no way to defend himself. His only weapons were his faith in knowledge, some tattered books and a piece of chalk. He died in the dirt in front of horrified pupils.

Fifteen days earlier, Taliban guerrillas had come in the darkness and posted a "night letter" on the door of his farmhouse, telling the 50-year-old teacher to stay away from the school if he wanted to stay alive.

Aref, who earned just $50 a month, stood his ground. One of the first victims in the resurgent Taliban's dirty war on education, he gave his life trying to teach Afghan children that there is more to theirs than endless war.

After the U.S. joined with anti-Taliban militias five years ago to bring down the Islamist government, one of the biggest changes was in education. The Taliban, whose name means "students," regard Western-style education as a direct threat to the vision of a pure Islamic state. Its followers regard modern education as a morally toxic force of Western colonialism.

The Taliban's founders learned their disdain for most things modern in radical religious schools in Pakistan, where the only legitimate subject is study of the Koran. Extremist mullahs teach a harsh version of Islam that professes to be a return to traditions established by the prophet Muhammad.

A decade ago, when the Taliban swept across southern Afghanistan to seize the capital, Kabul, the mullahs issued edicts closing the women's university and most girls' schools. A collapsing infrastructure made it difficult for many boys to attend school as well.

When schools reopened in 2002 after the ouster of the Taliban regime, only about a third of Afghanistan's school-age children were in class. Today, the World Bank says, the figure is 87%, about 6.5 million pupils, a reflection of the hope of Afghan parents that the U.S.-backed government will be able to bring their country into the modern world. Some aid workers estimate the figure is much lower.

The United States has distributed textbooks and supplies, trained 50,000 teachers and rebuilt 672 schools.

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But once again, education is under pressure from the Taliban. The militants are active once more across at least half of the country, including the southern province of Helmand, where Aref died in December 2005. Afghanistan's corrupt police and weak army are unable to provide much security.

Over the last year, insurgents have burned at least 146 schools, and insecurity has forced 215 others to close, the Afghan Education Ministry says. Zuhoor Afghan, an advisor to Education Minister Mohammed Hanif Atmar, says about 220,000 students have quit school because they fear for their lives.

To his wife and their seven children, and the many villagers who respected him, Aref was a mujahid, a courageous man engaged in a holy struggle to defeat ignorance and hatred so Afghanistan might know peace.

"He loved teaching," said his brother, Mohammed Rafiq Mohammedi. "It was important to him because he wanted students to learn what he knew and build the nation, to work for the people."

Continuing threats

The day after Aref died, none of his school's 1,300 students or their teachers showed up for class.

Their principal, Noor Mohammed, spent weeks trying to undo the damage, sitting with parents for hours, trying to convince them they had to keep the school open.

"They said, 'Unless you guarantee the security of our children, we will not allow them to go to school,' " he recalled outside the deserted school recently. "I said, 'I cannot guarantee the lives of your children, but they must study as much as they can.' "

As he desperately tried to reassure parents and children, Mohammed received his own night letter, which was posted on the gate of the local mosque for all to see.

"Drop this business of teaching and the school or you will be responsible for your own death," it warned. "If you continue, you will have to wash your hands of your life."

Like Aref, the principal kept going, but he couldn't vanquish the terror sown by the Taliban or protect his school.

Even where Taliban violence isn't threatening schools, Afghanistan's other problems are. Across the country, schools are in crisis because of corrupt contractors, shoddy building practices and a chronic shortage of textbooks and trained teachers, said Afghan, the Education Ministry official.

"If they have teachers, they don't have books," he said. "If they have books, they have no chairs. If they have fancy buildings, they have no toilets."

The government doesn't even know how many teachers there are because it is still awaiting the results of a head count started early this year. Despite the progress in many areas, every district in the country is reporting a shortage of qualified teachers, Afghan said.

"We need thousands of professional teachers, and we also need to train most of our professional teachers who are teaching now," he said. "There are students who have not even finished their schooling yet, but they are teaching. For example, students in grade 10 and 11 are teaching grade 3 or 4, and in some places it's even worse than that."

The situation is likely to improve under Atmar, the education minister, who has a strategic plan to improve the system, said Wagma Battoor Hassan Zumati, education program coordinator for CARE, a U.S.-based aid agency. Atmar won praise from foreign aid donors for his management of the rural reconstruction and development ministry.

But many Afghans are losing patience. Encouraged by the promises of Western leaders, they believed the Taliban's defeat meant the dawn of a new age of rapid progress, in which all children could get a good education. The plodding advances, even relapses to the more familiar rot of war and corruption in large parts of the country, feed a growing cynicism toward foreign governments and aid agencies.

"The optimism has died because these people are not honest with each other or with us," Afghan said. "They are working for their own benefit."

Woman of defiance

FATIMA MUSHTAQ put her life on the line long ago to help educate Afghanistan.

When the Taliban's mullahs ruled, she ran a secret school for women. Now, as head of education for Ghazni province in central Afghanistan, she is defying the extremists' efforts to turn back the clock. And, as a woman in a deeply conservative region, she also fights entrenched sexism and sclerotic bureaucracy.

Mushtaq does not hide her elegant face in public. She dares to adorn it with makeup. She covers her hair with a sheer white scarf, embroidered with delicate flowers, draped over her shoulders. Her voice is soft, but uncompromising.

And she packs a pistol.

"I can use it," she said with a steely smile.

She may have to. Last fall, Mushtaq received a night letter warning that she would be killed if she didn't quit her job and stay home.

"I said, 'Go ahead. Everything that you can do, I'm ready for it.' "

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Friends and colleagues have tried to persuade her to give in to the threats. But Mushtaq feels the burden of a nation on her shoulders. She's afraid that if she surrenders, other women will give up too, and then everything they've gained will be lost.

And she has so much left to fight for.

"When we go to people and tell them, 'You should send your daughters to school,' they tell us, 'First you build a school, then we will send you our daughters,' " she said.

Over the last year, insurgents have killed a principal and one of his office staffers and burned more than a dozen of Ghazni's schools. Taliban threats have shut down at least 13 more, forcing their students to study in homes and mosques.

About half the province's schools have no buildings or tents, and 100,000 Ghazni students attend class in the open, many of them sitting in the broiling desert, Mushtaq said. Textbooks are in short supply everywhere.

But she insists on seeing the bright side.

"It's a bad situation with a good future," she said.

It takes a lot of optimism to see good things ahead for Ghazni villages such as Chaghatu, in a patch of windblown desert almost 100 miles southwest of Kabul. It is surrounded by barren, black mountains, a forbidding sanctuary for Taliban insurgents and their allies.

The villagers are ethnic Hazaras, who by one theory are descendants of Genghis Khan's Mongol army that invaded central Afghanistan in the 12th century. They have suffered persecution for generations, but after the Taliban's fall, they enjoyed a brief period of peace.

That changed a year ago when the insurgents suddenly grew stronger here. About 4 a.m. on May 29, marauders came down from the mountains and attacked Chaghatu's small school, just down the road from an Afghan army checkpoint.

A bomb placed in a storage room failed to explode, but ignited a fire that destroyed most of the books and part of the school. Villagers doused the flames with shovels of dirt and buckets of water, Principal Gul Mohammed said.

"There are a lot of motorcycles and cars passing us, and they are mostly Taliban or their informers," he said, with a worried eye to the dirt track that passes in front of his office window.

Twelve days before the attempted bombing, two men on a motorcycle passed by close to the gate about 5 p.m. One got off to warn the watchman that "girls should not go to school."

Some were moved the next day to a mosque. Several older girls remained in their regular classroom, where on a recent morning they still were studying. Sitting on floor mats, they were learning English.

"They are afraid of suicide attackers," the principal said. "They are afraid that someone might come into their class and explode or throw a grenade."

About 20 first-grade boys filled the scorched remains of the storage room, studying arithmetic under a burned-out ceiling, sitting on the floor in front of a blackboard propped against a charred wall. Other boys had their lessons in the hallway or outside on the hard dirt in the shade of a rear wall.

"Even though the school was burned, our students and teachers are more enthusiastic and they are still coming," said Mohammed Hassan, 25, the girls' cheery English teacher. "We won't be afraid of a single incident. A small warning cannot prevent us from teaching."

Mushtaq runs a department staffed by men, many of whom don't like working under a woman.

On a recent morning, one of her male staff members leaned over her large wooden desk and tried to browbeat her into returning a clerk she had shifted temporarily to another department. An elderly man in a turban demanded tents for his students. Several others reported new threats from the Taliban to kill teachers or burn schools and wanted to know what Mushtaq was going to do to protect them.

"It's the people's duty to protect their schools," she answered repeatedly, urging them to volunteer to guard the schools against Taliban attacks. "People have tried to persuade me to quit. I tell them, 'I'm a lady, but I'm strong and I'm brave.' "

Mushtaq had spent the morning fielding school security alerts on her cellphone, or from officials who traveled from remote villages.

Syed Dilawar, a 60-year-old clerk, joined the scrum of men pressing in around her desk. He had come more than 40 miles from a village in the desert of Qarah Bagh, to plead for protection from insurgents who were threatening to destroy his school.

He had traveled in a car with a woman and two other elderly men. Four Taliban guerrillas stopped them, and when they searched the car, they spotted the belt of Dilawar's satchel poking out from under the seat where he had tried to hide it. They found reports addressed to Mushtaq inside.

Dilawar acknowledged that the bag was his, and as the Taliban led him toward a nearby mountain, the female passenger, a stranger to him, fell at their feet, begging them not to kill him. The two male passengers added their appeals for mercy.

"I told them that I am the servant of the children of this country, and I am the servant of Afghan Muslims and I am the servant of Islam. I am the clerk that brings the salaries to the poor teachers of Ghazni," Dilawar said.

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"Then they replied, 'You are not serving Islam, you are serving America, you are serving the infidels. You are misleading our children and you want them to become infidels too.' "

But the woman continued to cry, and on a forsaken stretch that some of the world's most powerful armies could not make safe, her tears were enough to spare Dilawar's life.

"She was the one who saved me," he said.

Challenges ahead

ONE of the children who saw Aref die was Saifullah, a 13-year-old third-grader with a gold pillbox Kandahari cap covered with tiny round mirrors that glint in the midday sun. Aref was his Pashto-language teacher.

Standing in the dirt yard where the educator was killed, the boy stretched his right arm behind his back, nervously clutching the crook of his left, and paid his slain teacher a simple tribute. "I liked him because he did not beat us," he said, adding almost as an afterthought: "And he was teaching very well."

Saifullah wants to be a doctor. His friend, Samidullah, 12, hopes to become an engineer. But the futures of millions of children, and of Afghanistan itself, in some measure depend on whether their schools continue to function.

Without education, the two boys here are more likely to be sucked back down into Helmand's swamp of war and drug trafficking.

Aref's own son, 10-year-old Mohammed Asif, goes to a nearby school that was recently renovated by an Afghan subcontractor working for the U.S. military. But within weeks, the paint was peeling again, the windowpanes were broken, and the concrete was cracking. The rebuilt road outside was also crumbling.

Afghans accuse the Americans of failing to keep their promise to fix the schools. "And then people think of them as real infidels," said the principal, Mohammed Rahim. The U.S. military said it was assigning engineers to repair teams to make sure it didn't happen again.

But engineering can't protect a school from a determined arsonist or bomber.

A few months after killing Aref, the Taliban guerrillas returned and set his school on fire. The flames destroyed the roof, melted window screens and blackened the mud-and-wattle walls.

In a hallway, an attacker used a piece of charcoal to write a lesson in bold Pashto.

"This is the country of betrayers," it said. "What good will it do you? We will discuss this in the next life and on doomsday."

Nearby, someone scrawled an apparent reply in smaller script: "Do you have hope for the country?"

And, as if to remove any doubt about his defiance, the writer added: "My country."

CRIMINAL LAW:

Alleged Underboss Of New England Mafia Is Arrested (BOS)

By Shelley Murphy And Raja Mishra, Globe Staff

The Boston Globe, December 3, 2006

Reputed Mafia underboss Carmen "The Big Cheese" DiNunzio was arrested on extortion and illegal gambling charges as he emerged from a North End social club yesterday, potentially ending the reign of an underworld leader credited with uniting the fractured Boston mob into a low-key, profit-focused machine.

After State Police removed $6,000 in cash from his pockets and led the portly mobster away in cuffs, officials predicted his arrest would further weaken an organized-crime syndicate already diminished from decades of investigations and infighting.

DiNunzio, 49, ascended to second in command of all New England mobsters around 2002, according to law enforcement officials, after winning the favor of New England godfather Luigi "Baby Shanks" Manocchio of Providence. Law-enforcement officials allege he set about refocusing the mob on money-making crimes, such as extortion and gambling.

"He's a low-key underboss who has been trying to keep the mob's activities under the radar of law enforcement and the media," said one law enforcement official.

According to a source briefed on the investigation, DiNunzio's extortion and gambling operation had been collecting "hundreds of thousands" of dollars per week and involved a "ton" of operatives.

Many of the crimes date to 2001, when the investigation began, and the statute of limitations was going to expire this month, triggering yesterday's arrest at the Gemini social club at the corner of Lynn and Cooper streets.

DiNunzio will be held on $250,000 bail at the Danvers State Police barracks pending arraignment in Salem Superior Court on Monday.

Thomas J. Foley, a longtime organized-crime investigator who retired as superintendent of the State Police in 2004, said the indictment of a Mafia underboss is always significant.

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"It puts definite stress on their organization and their leadership," Foley said.

DiNunzio's arrest stems from a State Police investigation that led to the indictment last February of reputed mob soldier William Angelesco on gambling and conspiracy charges. State prosecutor s announced in court last February that the State Police had seized about $800,000 since the investigation began in September 2001. Angelesco's case is still pending.

A State Police officer testified in federal court last year that Arthur Gianelli, a Lynnfield bookmaker and brother-in-law of former FBI agent John J. Connolly Jr., was paying $2,000 a month to DiNunzio for permission to operate his gambling business. Gianelli is awaiting trial on federal racketeering charges.

An Essex County grand jury indicted DiNunzio yesterday on charges of extortion, maintaining or organizing a gaming operation, and conspiracy to maintain or organize gaming operations, according to the Essex district attorney's office.

DiNunzio faces up to 15 years in prison if convicted.

Law enforcement officials said DiNunzio had been shaking down bookmakers, forcing them to pay his syndicate to stay in business, and running a gambling operation that focused on sports betting.

The State Police Special Service Section's organized crime unit launched the investigation in 2001 and secretly recorded local mobsters, using bugs and wiretaps . It was unclear whether DiNunzio was heard on surveillance.

Law enforcement officials predicted that DiNunzio's arrest would disrupt the activities of the New England family, which remains the dominant organized crime group in the region, despite two decades of prosecutions.

DiNunzio, whose nickname comes from his ownership of the Fresh Cheese shop on Endicott Street, owns an interest in Carmen's Kitchen restaurant in East Boston.

DiNunzio, an East Boston native, rose through the ranks to become the underboss and has helped quell infighting in a family splintered into two factions during the bloody reign of former New England Mafia boss Francis "Cadillac Frank" Salemme, according to law enforcement officials.

DiNunzio left Boston in the late 1980s and lived in California. In 1993, while he was there, he was sentenced to four years in federal prison on a charge of extortion for shaking down a Las Vegas gambler for $27,000. He later returned to Boston.

DiNunzio has modeled himself after the old guard of the Boston mob, the Angiulo brothers, who quietly operated the rackets like a business from the 1960s to the early 1980s, making gambling, loan - sharking, and extortion the bread and butter of the organization , officials said.

Whether DiNunzio retains his alleged leadership position while he is under indictment depends on the current structure of the family and whether anyone is willing to step forward to assume control, Foley said.

Citing the wave of federal and state prosecutions that have weakened the Mafia, Foley said, "There's been so much pressure on [La Cosa Nostra] and the people holding those positions that as soon as you take one of those positions, you have to know that you are going to be a target of law enforcement."

But despite the prosecutions, Foley said the local Mafia remains a sophisticated and violent organization that could easily regain the power it had on the region a decade ago if law enforcement doesn't keep up pressure on it.

"There's always that romantic -- unfortunately -- aspect to the mob, and people are still interested in that part of things," Foley said. "There are always certain people looking for the notoriety or the publicity or the power when they try to step into these positions."

FBI Has Establishes Bribe Tip Line (AP)

AP, December 3, 2006

BOZEMAN (AP) — The FBI has established a tip line for people to report individuals working in public offices whom they believe are corrupt.

People can call in to report suspected shady public officials working for school districts, law-enforcement agencies, government offices or in any other public position funded by taxpayers.

The Public Corruption Tip Line, 1-866-50-BRIBE, was established for Montana, Idaho and Utah residents through the FBI's Salt Lake City field office.

In addition, tips regarding public corruption can be made at the FBI's Web site, www.fbi.gov by going to the Web site and clicking on the link to the Salt Lake City field office.

People reporting a tip are encouraged to provide contact information, although anonymous tips can be made.

The FBI announced the establishment of the tip line after charges were filed against three employees of a Utah school district. The employees were accused of misappropriating $4.5 million in public funds, according to an FBI press release.Butte businessmen host Chinese officials

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FIGHT TO THE FINISH William Jefferson Takes Page Out Of Nagin's Playbook In Political Battle With Karen Carter (NOTP)

By Frank Donze, And Michelle Krupa%%par%%staff Writers

New Orleans Times-Picayune, December 3, 2006

Accomplishing a feat widely considered impossible, New Orleans Mayor Ray Nagin managed to get re-elected in May by stitching together an unlikely coalition of working-class black voters and white conservatives.

Now, a few months later, it appears that U.S. Rep. William Jefferson is trying to replicate Nagin's feat, or at least compose a variation on the same theme.

In the fight of his political life, the embattled congressman is running to both the political left and the right of state Rep. Karen Carter.

The two New Orleans Democrats face off Saturday for the 2nd Congressional District seat in a runoff expected to turn on their ability to broaden their established bases along racial lines and to appeal to Jefferson Parish voters, whose influence in the district has expanded since last year's flood emptied New Orleans neighborhoods.

On one hand, Jefferson, for the first time in his long career in public office, is touting his conservative votes in Congress against same-sex marriage and late-term abortions. And he is attacking Carter for having "sold out our family values" through her avowedly abortion-rights stance in the Legislature and her opposition to scheduling a statewide vote on a constitutional amendment that sought to define marriage as the union of "one man and one woman."

At the same time, the eight-term congressman also has been trotting out his liberal credentials as an outspoken advocate of displaced public housing residents and out-of-work public school teachers and hammering away at the campaign contributions Carter has collected from Republicans.

For her part, Carter has focused on telling voters that she would be better respected in Congress and would land a committee assignment from the majority Democratic leadership. It was the Democrats who tossed Jefferson off the House Ways and Means Committee after an unsealed federal affidavit revealed FBI agents had found $90,000 in marked bills in the congressman's freezer during a bribery investigation. Jefferson's attacks on her character are simply an effort to deflect legitimate questions about his integrity raised by the investigation, she says.

Last week, the Carter campaign launched a series of television ads that feature children competing in a spelling bee. They spell words such as "corruption," "unscrupulous" and "deceitful" as a narrator ticks of details of the federal investigation and business deals involving Jefferson and his relatives.

The Carter campaign also claims that Jefferson's focus on conservative "family values" contradicts the perfect score he received for his support of equal rights for homosexuals in 2002 from the Human Rights Campaign, a prominent gay-rights organization.

Stepped-up attacks

Jefferson also is using every opportunity to sully Carter's image by raising questions about the money she has earned from professional service contracts, labeled by Jefferson as "no-bid public contracts." He has also assailed her tenure as chairwoman of the House Insurance Committee, which he describes as the "best-fed, best campaign-financed" panel in Baton Rouge. Carter has said her work as a lawyer on public bond deals and energy regulation, as well as her leadership of the insurance panel, were proper.

Jefferson's gambit appears to have a two-fold purpose: to deflect attention from a federal investigation that has made headlines for more than a year and to paint an unflattering picture of his rival.

The incumbent's likely goal, pollster Bernie Pinsonat said, is to "persuade Carter's voters that she is no better than he is. The idea is to turn off her voters so they won't vote. That's why he's attacking her on anything and everything.

"When you have high negatives, you trash your opponents in an effort to make them as unpopular as you are," Pinsonat said. "You learn that in Politics 101."

Carter, a two-term legislator, entered the contest at a distinct disadvantage in name recognition compared with Jefferson, who has been a fixture on the local political stage for three decades, including the past 16 years in Congress. But in light of Jefferson's legal problems, Carter's lack of recognition might not be all bad, said Ed Renwick, the longtime director of Loyola University's Institute of Politics.

"Not many people know her," Renwick said. "But that might be all she needs. Being 'anybody but Jefferson' could do it for her."

If financial support is any indication, Jefferson's strategy has not persuaded potential campaign contributors.

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According to the most recent campaign finance reports, Carter has raked in $320,000 during the past month, more than four times Jefferson's total in the same period. She is spending the money freely on radio and television ads that pound Jefferson on the criminal probe.

Jefferson responded with a commercial of his own in which he criticizes Carter for her "shameless exploitation" of the children featured in her spelling bee ad before unleashing yet another attack on her "values." He also takes his long-standing claim of innocence to a new level, peering squarely at the camera and telling voters: "I have never taken a bribe from anyone."

Carter, meanwhile, returned Jefferson's attacks on the issue of same-sex marriage. Carter spokeswoman Cheron Brylski charged last week that Jefferson is engaging in hypocrisy, noting that the incumbent has a long history of supporting gay rights.

Brylski said that in addition to his perfect score from the gay-rights group, Jefferson, in his failed 1999 bid for governor, offered this response to a question about job protection for gay workers: "I don't think anyone should be discriminated against because of any status they have. . . . You treat people differently for what they do and how they act, but not who they are. That would be wrong."

Jefferson spokeswoman Melanie Roussell said the incumbent's positions are not inconsistent.

"For him, banning same-sex marriage was a matter of religious conviction," Roussell said. "On the other hand, he does not support discrimination in housing, employment and other areas just because of a person's sexual orientation, which is why he has received high marks from human rights organizations."

The campaign's temperature undoubtedly has heated up in recent days. Though they lobbed a few bombs leading up to the Nov. 7 primary, the candidates mainly limited their attacks to scattershot references in campaign messages that primarily crowed about their own strengths.

Jefferson insisted that despite his ejection from Ways and Means, he alone has the Capitol Hill connections to make sure recovery money keeps flowing to the flood-ravaged district.

Carter, meanwhile, touted support from former U.S. Sens. John Breaux and J. Bennett Johnston, as well as strong ties to such rising Democratic stars as Jesse Jackson Jr., as allies who will bolster her effectiveness as a freshman lawmaker. She also did not miss opportunities to describe her record in public office as unblemished.

Nagin comparisons

If Jefferson's strategy is modeled on Nagin's successful campaign against Lt. Gov. Mitch Landrieu -- a campaign in which the mayor simultaneously portrayed himself as the black voter's friend but as the conservative alternative to Landrieu liberalism -- the congressman also has had to adjust the playbook.

For one thing, Jefferson lacks key assets on which Nagin was able to capitalize: Nagin's record as a fiscal conservative, for example, and his relatively scandal-free first term. Jefferson's attention to a conservative social agenda substitutes for Nagin's market-friendly approach to fiscal conservatism, a self-image that Jefferson could not honestly pull off.

If there was a cloud over Nagin, it was not the thunderhead that hangs over the Jefferson camp. Critics accused Nagin of being a feckless leader at a time of catastrophe and invoked unflattering comparisons with New York Mayor Rudy Giuliani after the Sept. 11 attacks. But Jefferson aides and associates have pleaded guilty to bribery charges, and the cash found in his freezer is a powerful issue with voters.

"It's hard to outdo an FBI investigation and money in your freezer," University of New Orleans political science professor Susan Howell said.

Further, Nagin faced a white opponent whom many black voters viewed as an opportunist seeking to exploit the displacement of tens of thousands of African-Americans after the flood. Though Jefferson has highlighted Carter's backing by two of the city's most potent white Republicans -- developer Joe Canizaro and shipbuilder Boysie Bollinger -- the fact remains that both candidates are black.

And whereas Landrieu soft-shoed around his assertion that Nagin had flubbed the city's near-term recovery, Carter has taken direct aim at Jefferson's legal problems, accusing him of focusing on his legal defense at a time when the district should be the top priority.

Slim turnout predicted

In light of the primary-election results, Jefferson faces yet another challenge that he has not encountered since entering Congress in 1990. Though he ran first in a 13-candidate field, Jefferson mustered only 30 percent of the vote, a dismal showing for an incumbent who two years ago won with support from more than eight in 10 voters.

Results from the Nov. 7 election show that Jefferson won nearly 50 percent of the vote in precincts where black voter registration is 75 percent or more, according to an analysis by University of New Orleans political scientist Ed Chervenak. But in precincts where white registration is 75 percent and higher, he picked up less than 6 percent.

Carter, meanwhile, carried precincts where voters are predominantly white with more than 30 percent of the vote. In predominantly black precincts, Carter won 14 percent.

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Nagin, in his re-election bid, made huge strides because of a coast-to-coast effort featuring the Rev. Jesse Jackson and former New Orleans Mayor Marc Morial, now president of the National Urban League, to make sure displaced voters -- a majority of them African-Americans -- were not disenfranchised in the first post-Katrina election.

In that race, about 113,600 people cast a ballot for mayor, or about 38 percent of the city's 298,500 eligible voters. Nearly 25,000 of those -- almost one-quarter of voters -- mailed or faxed in an absentee ballot or voted in person at one of 10 balloting centers set up around the state for early voting.

Even so, Nagin's margin of victory was a mere 5,000 votes.

Interest in the November congressional primary, which did not feature satellite centers, was only a fraction of that total, with about 3,600 Orleans Parish voters voting early. By late Friday, the runoff numbers were even lower, with about 1,800 voters casting ballots early or by mail. Early voting ended Saturday afternoon.

Given Katrina's virtual emptying of the Central City and 9th Ward neighborhoods that have been Jefferson's traditional base, the lack of substantial out-of-town voting last month could bode poorly for his re-election. So could Saturday turnout, which political handicappers expect will not climb beyond the 24 percent of voters who went to the polls in the primary.

"With each passing day, Christmas gets closer and the calendars get filled up," Renwick said. "It's a terrible time to have an election."

Jefferson Parish key

Given lackluster voter interest, the key to victory lies in which candidate can get his or her base -- black voters in Jefferson's case, white voters for Carter -- to go to the polls.

The real battleground on Saturday will take place on Jefferson Parish's West Bank and a sliver of south Kenner, home to about a third of the district' registered voters. Historically, the Jefferson Parish electorate has had little impact on the outcome of 2nd District races. But Katrina appears to have altered that dynamic.

About 270,000 of the district's voters are registered in Orleans Parish, though many remain displaced by the storm. Jefferson Parish, which houses 12,000 of the district's registered voters, saw about 28 percent turnout in the race, 5 percent more than in New Orleans.

The incumbent enjoyed a significant edge in Jefferson Parish in the primary. More than 31,000 parish residents cast ballots in the race, with the congressman getting 23 percent of those votes, compared with Carter's 8 percent.

But both trailed the only well-known Jefferson Parish entry, state Sen. Derrick Shepherd, a Marrero Democrat who received nearly 11,000, or 34 percent, of the votes on his home turf.

Shepherd, who placed third in the primary with 18 percent, was backed by much of the Jefferson Parish political establishment.

While he has endorsed Jefferson, speculation is rampant in political circles that there might be more to his support than meets the eye: If the incumbent is re-elected and then indicted and forced to resign, Shepherd could make another run at the seat.

While Carter has attracted the endorsement of some of the elected officials who got behind Shepherd -- notably his close political allies, Jefferson Parish Councilman Byron Lee and state Rep. Terrell Harris -- most of the big names are still neutral, including Assessor Lawrence Chehardy and Gretna Mayor Ronnie Harris. A spokeswoman for Parish President Aaron Broussard said Friday that he is staying out of the endorsement game.

Meanwhile, heavyweights such as District Attorney Paul Connick and Parish Council Chairman John Young, who took no position in the primary, have remained on the sidelines. Councilman-at-large Tom Capella has backed Carter, a former House colleague of his.

Carter's efforts to gain a foothold in Jefferson Parish have been hampered by comments she made to Spike Lee in the filmmaker's Katrina documentary. Carter labeled as unjust, inhumane and un-American the decision by Jefferson Parish law enforcement officials to block New Orleans evacuees from walking across the Crescent City Connection in an effort to flee the flooded city.

Sheriff Harry Lee, who has said the comments were a personal vilification, is expected to send a direct-mail piece Monday to homes across Jefferson Parish encouraging voters to oppose Carter. Though Lee would not discuss the ad, sources close to the sheriff said it asserts that Carter's criticism of law enforcement officials is an insult to all Jefferson Parish residents.

"For some reason, she's ducking the bridge incident," the sheriff said. "If she's not going to say something about it, I'm going to say something about it."

Lee has not endorsed Jefferson, and he said Friday that that he did not coordinate with the Jefferson campaign on the ad.

. . . . . .

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La. Rep. Tries To Save Political Career (AP)

By Cain Burdeau, ASSOCIATED PRESS WRITER

AP, December 3, 2006

NEW ORLEANS -- Embattled U.S. Rep. William Jefferson hunted for votes among churchgoers Sunday as he headed into the final week of a campaign to hold onto his seat and salvage his political fortunes.

FBI raids on his homes and his congressional office, including allegations in an FBI affidavit that he hid $90,000 in bribe money in a freezer, have left Jefferson vulnerable for the first time since he won the seat in 1990.

In the Nov. 7 open multiparty primary, the Democratic congressman netted 30 percent of the vote, considered a poor showing for an incumbent.

In Saturday's runoff, Jefferson faces a stiff challenge from state Rep. Karen Carter, a Democrat and well-financed and energetic lawyer hoping to become the first black female from Louisiana to ever hold a seat in Congress. The runoff is one of the nation's last unresolved elections.

Carter, 37, who picked up 22 percent of the vote in the primary, has outpaced Jefferson handily in fundraising but she's had a harder time convincing the political establishment of her worthiness.

"It's going to be very competitive," said Gary Clark, a political science professor at Dillard University. "There are those who may wish he may lose, but it will take more than wishing. He's a veteran politician and there are those who benefit by his being in office."

Jefferson's legal troubles surfaced shortly before Hurricane Katrina hit Aug. 29, 2005. Though he has not been charged with a crime, the allegations led to his loss of a spot on the House Ways and Means Committee.

Two of Jefferson's associates pleaded guilty to bribery-related charges; one, a Kentucky businessman, admitted paying more than $400,000 in bribes to a phony company headed by Jefferson's wife and family to obtain favors from the congressman.

Jefferson has denied any wrongdoing, and said he would explain his side in due course. So far he has not done that.

Jefferson, 59, has tried to soften voters' opinions of his legal troubles, invoking stories about how he has turned to God in these "difficult times." He has also cast Carter in attack ads as a socially liberal Democrat who supports same-sex marriages and late-term abortions.

Carter's spokeswoman, Cheron Brylski, said he had distorted her record and his own record of support for same-sex marriages and some forms of abortion.

For her part, Carter has hammered away at Jefferson, calling him a "hypocrite" and "unscrupulous" in a series of ads depicting children at a spelling bee who correctly spell the words used to denigrate Jefferson.

The bitter tone will likely be on full display Thursday night when the two candidates take part in their first head-to-head televised debate.

Cold Cash Congressman Says He Has 'Never Taken A Bribe' In New Campaign Ad (ABC)

ABC News' The Blotter, December 3, 2006

Louisiana Congressman William Jefferson (D-La.) has taken to the airwaves to unequivocally deny the allegations that have plagued him for months. "I have never taken a bribe from anyone," he asserts in a new campaign ad.

Jefferson is running for re-election despite being at the center of a federal bribery investigation. He faces a run-off against fellow Democrat State Rep. Karen Carter on Dec. 9.

Carter has seized on the probe in her campaign against Jefferson, and recently ran an ad quoting a Washington Post article that said the FBI had caught Jefferson accepting a bribe on videotape. In this latest ad, Jefferson responds by saying that Carter's "newspaper source got the facts wrong."

A search warrant issued in May alleged that Jefferson had accepted $100,000 in cash from an FBI informant on behalf of a high-ranking foreign government official in exchange for help with securing a telecommunications contract in Africa. The affidavit states that Jefferson's handling of the briefcase containing the cash was "videotaped by the FBI from several vantage points." Most of the cash was later found in a freezer in Jefferson's house.

Jefferson has not yet been charged with a crime. Two of his associates pled guilty to bribery-related charges earlier in the year.

Is Race A Factor In Corruption Charges? (MCA)

By Michael Erskine

Memphis Commercial Appeal, December 3, 2006

The FBI says absolutely not; others, given the history lately, aren't so sure

When Johnnie R. Turner first heard about the arrests of Memphis City Councilmen Edmund Ford and Rickey Peete last week, it stopped her cold in her tracks.

"Not again," she said to herself in disbelief. Turner's next thought turned to a question of fairness.

"Where are the others?"

Turner, executive director of the Memphis branch of the NAACP, said recent public corruption investigations have given citizens the impression that African-American politicians are "inherently more crooked, and that is not true."

"If you did it, and you're wrong, then you should be punished. But it should be done to other groups just as it's done to ours."

In a city where Old South racial wounds still fester, Ford and Peete joined the dubious ranks of black Memphis elected officials charged in the past two years with taking bribes.

The pair have been accused of pocketing thousands of dollars in cash from a government informant to influence their votes as part of a federal probe dubbed Main Street Sweeper.

Since the first indictments were handed down in the FBI's Tennessee Waltz sting in 2005, not one sitting white elected official from Memphis has been charged. Seven current or former black Memphis elected officials have been.

Out of 15 public officials and their associates charged statewide, three have been white: state Sen. Ward Crutchfield of Chattanooga, former state Rep. Chris Newton of Cleveland and now Memphis businessman Joe Cooper.

Newton, a Republican, was the first elected official to plead guilty last year to Waltz charges and is serving a one-year prison term. Crutchfield, a Democrat, has pleaded not guilty and is awaiting trial set for July.

Cooper, a former Shelby County official, was charged last week with money laundering. Sources say Cooper is the informant who paid bribes to Ford and Peete.

The last time a high-profile white Memphis elected official was convicted for taking bribes was in 1982.

Edgar Gillock, then a state senator, was convicted of taking more than $130,000 in kickbacks for his influence in helping a company sell computers to the state and Shelby County.

His arrest came at a time when most elected officials from the area were white men, a factor that's changed over time.

A spokesman for U.S. Atty. David Kustoff's office declined comment for this story.

But George Bolds, spokesman for the local FBI office, said he understands the race of those charged in recent public corruption cases is an element some people examine.

"It is what it is. We don't attempt to explain it or attach any sociological significance to it. Other people do, and they are entitled to do that," he said.

But Bolds said race by no means is a factor in how the FBI investigates cases.

"We, the FBI, go where the investigation leads us. Race is not a consideration for us. Our job is to investigate credible allegations related to violations of federal statutes, and that's what we do," Bolds said.

The NAACP's Turner said white officials who are abusing the public's trust have escaped prosecution because they've made their money through more legitimate means, by getting lucrative government jobs or contracts.

"Their methods of dishonesty are more sophisticated," she said, adding that investigators need to look for more "viable" strategies to find elected crooks other than black people.

Turner is not the first to suggest the issue of race has been at play with recent corruption charges.

Former state senator Roscoe Dixon, who started his five-year prison term last week for his bribery conviction, sought a dismissal of his Waltz case earlier this year claiming race-based selective prosecution.

U.S. Dist. Judge Jon McCalla rejected Dixon's motion in May, saying it was not supported by evidence that there were non-black individuals who could have been prosecuted for similar offenses but were not.

"It is not enough for Defendant to simply point out that the majority or even all of the individuals prosecuted for a particular offense are of the same race," McCalla wrote.

Later, outside the courthouse, demonstrators marched and carried placards such as "Tennessee Waltz is a Government Conspiracy against Black Democrats."

State Sen. Paul Stanley, a white Republican from Germantown, said he knows all too well that undercover agents cast a wide net in the Waltz.

"They laid a trap with bait in it, and they said, 'Come one, come all.' "

Stanley, at the time a state representative, was approached by agents posing as officials of E-Cycle Management. The sham company, set up by federal investigators, promoted fake legislation to channel surplus state electronic equipment to the company for resale.

Although Stanley was one of seven House members who signed onto E-Cycle's "bill" as a co-sponsor, Stanley said he never received anything from its backers. He said he asked to see financial data from E-Cycle and never heard back.

Stanley said he thinks complaints about racial targeting are nothing more than an excuse.

"The head of the FBI here is an African-American woman," Stanley said, referring to FBI Special Agent in Charge My Harrison. "She's just saying, 'We're going to go and get you if you've done something wrong.' "

The Department of Justice allows agents to offer bribes to a public official only after first establishing predication, or evidence of a predisposition to corruption.

The federal complaint against Peete lists his prior conviction in 1989 for soliciting a bribe as a City Council member. It also alleges that in the new case, the informant, a lobbyist for clients with business before the council, "periodically made cash payments for Peete's influence."

The complaint against Ford says the informant told agents he had performed favors for Ford, including assisting him in acquiring a Cadillac with financing in the name of a third person. The informant said he also helped Ford get a loan to remodel his mortuary.

Sidney Chism, a longtime local black Democratic leader who now sits on the Shelby County Commission, said the recent string of allegations stemmed from black officials being too dependent on the system for their economic survival.

"I don't think you're going to find a majority of politicians, white or black, that are going to accept money from anybody for doing what they've been elected to do. ... The very few that tend to want to do that is because of their economic positions in life," Chism said.

As a result, Chism said he's long been an advocate that politicians should be financially independent of the system.

Meanwhile, Chism said he "wouldn't dare say" at this point that African-Americans are being targeted in federal stings.

"I'm not sympathetic to anybody that gets caught with his hand in the till," Chism said.

"My concern is that if you find it, be it black or white, it should be stamped out."

DA's Critics Ask Bar, Feds To Intervene (RN&O)

By Joseph Neff, Anne Blythe And Benjamin Niolet

Raleigh News & Observer, December 3, 2006

In the war that is the Duke lacrosse case, Mike Nifong's fierce fight will not end with the trial.

Durham's district attorney will face a barrage of attacks on the federal and state level from foes who are determined to have Nifong investigated, punished and disbarred for his actions in the rape case against three Duke University lacrosse players.

Dozens of people, some connected to the accused, have asked the governor and the state attorney general to intervene. Many have complained to the N.C. State Bar, the agency that licenses and disciplines lawyers. And a lawyer for one of the indicted players has urged members of Congress to have the U.S. Department of Justice open a civil rights investigation.

The request for federal intervention is aggressive and rare, said Richard Myers, a UNC-Chapel Hill law professor and former federal prosecutor.

"It's a fairly strong indication the defense has nothing to hide if they want more eyes on the ground," Myers said. "How effective it's going to be, who knows? You cast a wide net and hope someone gets interested."

The attacks are a sign of the long and vicious battle ahead in the Duke lacrosse controversy.

Three former players, Dave Evans, 23, of Bethesda, Md.; Collin Finnerty, 20, of Garden City, N.Y.; and Reade Seligmann, 20, of Essex Fells, N.J., are charged with rape, kidnapping and sexual offense. They are accused of gang-raping a woman hired though an escort service to dance at a team party in March.

Nifong has been criticized for statements he made in the week after the investigation became public, when he called the players "hooligans" and said he was certain a racially motivated rape had occurred.

After that first week, Nifong's torrent of comments slowed to a trickle. In his silence, the players and their attorneys have attacked Nifong, using his own documents and statements to accuse the veteran prosecutor of misconduct and to highlight weaknesses in the case.

Nifong declined to comment for this report. But in court, news releases and at news conferences, the prosecutor has responded to the criticisms against him, at times using language that sounds like an opening argument he might make to the State Bar in his defense.

At a July news conference, Nifong explained his early statements to the media by saying he was trying to inform the public that an investigation was in progress and to encourage cooperation from witnesses. Bar rules specifically allow prosecutors to make public statements for those reasons.

The request for a federal investigation came from Michael Cornacchia of New York, one of Finnerty's attorneys. He wrote to the U.S. attorney general, the FBI director, the congressional delegations of North Carolina and Long Island and others, saying Nifong had violated the civil rights of the three players. The case merits an immediate investigation by the U.S.

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Department of Justice, wrote Cornacchia, a former prosecutor who recently served as chief investigative counsel for the probe of the United Nation's oil-for-food program.

N.C. Attorney General Roy Cooper and Gov. Mike Easley received scores of letters requesting that they take over the case, something North Carolina law does not allow. These letters ranged from well-researched, artfully composed missives to profane rants from phony e-mail addresses. They came from family friends and business colleagues of the accused. Some were from outside observers. Many were sent from out of state, and a good number came from Durham.

Although State Bar complaints are confidential, at least 17 became public records when they were copied to the governor or state attorney general.

"I would think of this as misconduct by a DA and that for some reason, maybe political, he has painted a fabricated picture," wrote Edwin G. Beusse, a New York developer who works with Finnerty's father, in a letter Aug. 9. "Isn't there a check or balance for situations like this that are so far out there, that they're obviously false?"

Molly M. Maguire of Darien, Conn., wrote June 13, "It is frightening to think of any American being victimized by our own legal system and devastating to know that three promising lives are held hostage to a not-so-hidden political agenda." Maguire is a friend of the Finnerty family.

The chances of a federal investigation are unknown; a State Bar investigation is more likely. The bar complaints accuse Nifong of violating the ethics rules governing pretrial publicity and bringing disrepute to the justice system. The complaints cite specific actions by Nifong throughout the investigation as violations of State Bar rules.

Bar officials have responded in writing to the complainants, saying they take the matter seriously. State law prohibits them from saying whether an investigation is under way.

Whatever happens at the State Bar, the organization will be under pressure. The bar has been smarting from its handling of two high-profile cases involving prosecutorial misconduct over the past two years.

In 2004, David Hoke and Debra Graves were reprimanded for withholding evidence during the trial of Alan Gell, who spent nine years behind bars, half of that on death row, for a murder he did not commit. The withheld evidence included statements showing that the murder occurred while Gell was in jail on a petty charge and a tape-recording of the star witness talking about "making up a story" for police.

Bar sharply criticized

The State Bar came under withering criticism for its prosecution of Hoke and Graves. During its investigation, the bar interviewed only Hoke and Graves and did not talk to key witnesses such as detectives or other lawyers. The uproar prompted the bar to conduct an unprecedented public self-examination, which found deficiencies and flawed practices in the case. One of the ensuing conclusions was that the bar should consider hiring outside prosecutors in high-profile cases.

In the second case, also involving a death penalty trial, the bar's prosecutor went after Kenneth Honeycutt and Scott Brewer aggressively, charging them with lying, cheating and withholding evidence. The bar alleged that the former Union County prosecutors had committed a string of felonies, including hiding evidence from the judge and jury, altering documents and lying to the trial judge.

The State Bar's Disciplinary Hearing Commission, a separate entity that acts as judge and jury in such cases, twice dismissed the case on technicalities. The bar has appealed; a special prosecutor is investigating the criminal case against the two lawyers.

The State Bar's charter is not to punish lawyers but to protect the public. The bar has intervened on an emergency basis in some situations, said general counsel Katherine Jean. For example, the State Bar can freeze a lawyer's trust account if it thinks the lawyer has been stealing money. And the bar can suspend the license of a lawyer in prison.

Mary Ann Tally, a defense lawyer who has followed the State Bar's misconduct cases, said that if a complaint against Nifong is later pursued by the grievance committee, there could be questions about why there was not immediate action.

"If they are complaints that have to do with what is going on right now and will continue to go on until this case is resolved, I guess the question I have is why isn't the bar doing anything about it right now?" Tally said. "It seems to me there's a tremendous amount of pressure on the bar and a lot of public expectation on, 'Can you do the right thing, and can you do it in a timely fashion?' "

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CIVIL LAW:

If It Feels Like A Dollar... (NYT)

The New York Times, December 3, 2006

Anybody who has ever handed over a $10 bill thinking it was a dollar knows the problem. Unlike the currency in 180 other countries, the American greenback comes in one size, and one dominant color — green. That can be so confusing for the 3.3 million Americans who are either blind or have very poor sight that a United States District Court judge in the District of Columbia ruled last week that the government had unlawfully denied them access to the nation's paper money.

Changing United States legal tender would be expensive — the government says that redesigning its currency would cost hundreds of millions of dollars. It would also pose problems for those who make or use machines that take money for tickets or soft drinks, or change at the Laundromat. And the government's lawyers have argued that some changes could make it easier to counterfeit United States cash.

Judge James Robertson's opinion makes it clear that the American government simply has not tried very hard to help those Americans who cannot see their money. The Treasury Department has revamped United States currency design twice in the last 10 years without making any real adaptation for the blind — despite numerous pleas. None of the other objections seem convincing. The machines that take dollars could be adapted; in Europe, they work with currency that comes in a variety of sizes. And some of the additions to bills that help the blind, like embossed dots or raised numerals, are used elsewhere as extra safeguards against counterfeiting.

Judge Robertson wisely resisted telling the Bureau of Engraving and Printing exactly how to make its bills more accessible to the visually impaired. He merely wants officials to return soon to his court and offer a plan. United States currency might come in slightly different sizes or textures for each denomination. Perhaps the money-printing machines in Washington could start on the larger-denomination bills first, leaving the most numerous ones — the singles — the same as ever. However it happens, the change could also be a boon to Americans who are not blessed with 20-20 vision.

CIVIL RIGHTS:

Supreme Court To Review Two School-Integration Plans (WP)

By Robert Barnes

The Washington Post, December 3, 2006

Louisville Mayor Jerry E. Abramson is not sure whether it qualifies as irony or not.

For 25 years, his home town was under federal court order to integrate its public schools. Now that the painful and bitter chapter is closed, and the school board has come up with its own plan to make sure the schools remain racially diverse, Louisville could find itself under federal court order to stop.

"You just sort of scratch your head when you think about that," Abramson said.

More than 50 years after the Supreme Court decided in Brown v. Board of Education that separate schools are inherently unequal, the court will consider tomorrow whether race can still be a factor when school systems design programs to promote racial integration. A broadly written decision on Louisville's plan, and on a related one from Seattle, could have a profound impact on school systems across the country.

It is the first time in more than a decade that the Supreme Court will consider what is proper for school systems to do to promote desegregation, and it is the first test on the issue for two new justices who in the past have been skeptical about the use of racial classifications.

Both sides have circled Chief Justice John G. Roberts Jr.'s dissenting opinion in a voting rights case decided in the last term that "it is a sordid business, this divvying us up by race."

Because of the high stakes perceived by both sides of the argument, the cases have produced a blizzard of studies and conflicting legal briefs.

More than 50 groups and organizations have filed friend-of-the-court briefs on behalf of the Louisville and Seattle school systems, which use race as one factor in assigning students under their school-choice plans. The small harm done to a few students who do not get their first choice of schools, Louisville argued in its brief, is outweighed by the value of an integrated school system that "significantly advances the goal of teaching students how to participate in a democracy that has formed a single society out of many diverse people."

Among the school systems' eclectic band of supporters: The American Psychological Association, a coalition of historians, the NCAA and a group of former professional basketball players, and 10 former high-ranking Defense Department officials.

On the other side, the Bush administration and a number of conservative legal organizations have joined the white parents in the two cities who brought the suits. Children were denied entrance to the schools of their choice, at least initially, for no reason other than the color of their skin, they say.

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"School districts have an unquestioned interest in reducing minority isolation through race-neutral means," Solicitor General Paul D. Clement said in his brief to the court. "But the solution to addressing racial imbalance in communities or student bodies is not to adopt race-conscious measures."

It is unclear how many school systems across the country use race as a determining factor, or a "tiebreaker," in school assignments or how many use racial and ethnic breakdowns to help fashion school boundaries that foster integrated schools. Some have already altered their plans because of lower-court decisions.

Montgomery County in Maryland, for instance, has not considered race in assigning students to schools since 2000, when the U.S. Court of Appeals for the 4th Circuit declared that the school system's race-based student transfer policy was unconstitutional, according to Judith Bresler, general counsel to the county school board. Arlington County school officials no longer give extra credit to minorities when deciding admission to the popular Arlington Traditional Elementary School.

Even Seattle, which used race as a tiebreaker in its "open choice" assignment plan for ninth-graders entering high school, ended the practice in 2001, despite an appeals court finding that its plan was constitutional.

Louisville's plan has also survived lower-court challenges. It requires elementary school parents to rank their preferences from among a group of schools in their geographic area. In more than 90 percent of the cases, officials say, parents and students get their first or second choice. If not, they can apply for a transfer. But the Jefferson County Public Schools in Louisville, where African Americans make up 34 percent of the student body, wants to limit the black student population of each school to no less than 15 percent and no more than 50 percent. So in 2002, Joshua McDonald's kindergarten transfer was denied because it would have reduced the number of white students at the school to which he was assigned.

Joshua's mother, Crystal Meredith, joined in a lawsuit with other parents, even though the boy's transfer to his preferred school was approved the following year. In an unusually compact nine-page brief, Teddy B. Gordon, her attorney, asserts that the system violates the child's right to equal protection and "denigrates a five-year-old's self-worth and self-esteem by comporting him to be color-coded throughout his educational career."

Abramson, who, along with the local chamber of commerce, has filed a brief supporting the schools, said he sees the region's integrated schools as a key component of future prosperity. Even with the case before the Supreme Court, he said, the school-choice plan was not an issue in the recent elections, either in his campaign or in the campaigns of those running for the school board.

"Parents feel positive about it; the business community feels positive about it," Abramson said.

But that does not make it constitutional, the Justice Department says. And Terence J. Pell, whose Center for Individual Rights has filed a brief supporting the parents, said local officials can be ham-handed in using race. In Seattle, for instance, students are classified as either "white" or "nonwhite," he said.

That means, he noted, that a school with equal numbers of white, black, Hispanic, Asian American and Native American students would not be considered racially balanced because of the goal that each school must have a white population of at least 25 percent.

What opponents of the plans are really objecting to, said Theodore M. Shaw, president of the NAACP Legal Defense and Educational Fund, is using race at all. To him, that is not a natural outgrowth of the Brown decision but a perversion of it.

"The core question is whether efforts to integrate schools on a voluntary basis are going to be treated like [past] efforts to segregate public schools," he said.

Despite the obvious attention given Brown, the Supreme Court may be more likely to look to its decision three years ago in a case involving the admission policies of the University of Michigan. In that case, the court held that diversity in higher education is a compelling state interest but that remedies involving race must be "narrowly tailored."

There are obvious differences between an affirmative action policy at a selective law school and university and a public school system that guarantees a spot to every student. But the most important difference may be the makeup of the court.

Justice Sandra Day O'Connor was the deciding fifth vote that upheld the constitutionality of the law school's affirmative action plan. After her retirement, she was replaced by Justice Samuel A. Alito Jr., who as a government lawyer was critical of race-based plans.

Last year, while O'Connor was still on the court, justices declined to hear a school-choice plan from Massachusetts that was nearly identical to Louisville's. But with Alito on board, the court in June decided that the issue was ripe for review.

Supreme Court To Rule On School Diversity (NSDY)

By Tom Brune

Newsday, December 3, 2006

SEATTLE -- Five years after the Seattle School District suspended the use of race as a tie-breaker in assigning students to high schools, the most dramatic result can be seen at Franklin High School.

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Located in a landmark 1911 building on a hill above Martin Luther King Jr. Way in Seattle's south-end where most Asians, blacks and Latinos live, Franklin lost 206 of its 339 white students, a drop from 21 percent to 9 percent of enrollment.

"You don't see many white students in the halls," Asian-American 10th grader Genevieve Saarenas said on a rainy day after school last month.

Whether Seattle or any district can voluntarily use race to assign students to create integrated schools -- and avoid that predictable decline in diversity -- will be argued before the Supreme Court Monday.

Based on lawsuits by white parents against the Seattle district and the Jefferson County School Board in Louisville, the case is the latest in a series of key school rulings going back to the historic Brown v. Topeka Board of Education in 1954.

The parents argue that when a child is denied assignment to a nearby school because of race to achieve a racial balance -- not to remedy past discrimination -- it violates the equal treatment guaranteed by the 14th Amendment.

The districts respond that the goal of school integration, and the educational and social benefits that come with it, justifies a careful, limited use of race in deciding where a student should go to school.

How the court rules could affect not only hundreds of public school systems with voluntary integration plans, but also those facing demographic change, including Long Island's 124 racially stratified districts.

"Striking down [integration] policies in public schools," Hofstra University's Jonathan Becker said, "would effectively end any possibility of desegregation efforts on Long Island."

Revisiting 2003 case

The lawsuits also require the court to revisit its 2003 Grutter v. Bollinger 5-4 decision, in which it upheld diversity and the use of race by the selective University of Michigan Law School in choosing students.

Since then, Justice Sandra Day O'Connor, whose swing vote saved diversity, has been replaced by Justice Samuel Alito, an affirmative action foe. That leaves the districts searching for a new fifth vote, possibly Justice Anthony Kennedy.

The case, one of the most significant this term, has stirred widespread interest.

Dozens of civil rights, education and other groups filed 98 legal briefs in support of diversity and the districts. Several lawyers and scholars opposed to affirmative action filed 17 briefs backing the parents.

The Bush administration also weighed in on the side of the parents, arguing race-based student assignments can be used only to "eliminate the vestiges of past discrimination," not to maintain integration.

If the court accepts that argument, said Theodore Shaw of the NAACP Legal Defense Fund, which pioneered school desegregation by winning the Brown decision, "it will be a repudiation of Brown."

Nearly all court-ordered desegregation plans for school districts have been lifted -- Louisville's 25 years under court order ended in 2000 -- and many once-integrated schools, particularly in the South, have since resegregated, he said.

Some still seek diversity

But as many as 1,000 districts nationally still voluntarily pursue integration using race in some form, according to the Sacramento-based Pacific Legal Foundation, which seeks to end race-based diversity policies. Seattle and Louisville are among them.

In 2000, Seattle's plan kept the children of Jill Kurfirst and Winnie Bachwitz from getting into their first choice, nearby Ballard High School.

With a new building and biotech program, the mostly white and popular Ballard is flooded with applications by students who can go to any of the 10 high schools if there is room.

When too many apply, the district used four tiebreakers; the second is race. It aimed to meet the board's goal of each school falling within 10 percentage points of the system's 40 percent white enrollment.

Kurfirst's son and Bachwitz's daughter, who are white, lost the tiebreaker and were placed at a mostly non-white school.

On their behalf, the nonprofit Parents Involved In Community Schools sued.

Two years later, across the country in Louisville, Crystal Meredith's request for a transfer for her son, who is white, was also denied because of an integration plan.

It assigns students to schools in clusters, then permits requests for transfers within the areas, with a goal of making each school fall within 15 percentage points of the district's overall 34 percent black enrollment, or 15 percent to 50 percent black.

Meredith also sued.

The legal cases of both the parents and the school districts have vulnerabilities.

Cases could get tossed

The Supreme Court could throw out each suit because of lack of standing -- Meredith's son is at the school requested, the Seattle students left the district.

The court also could decide not to use strict scrutiny to analyze the plans, and defer to the expertise of elected school boards and educators, as counseled by conservative Ninth Circuit Judge Alex Kozinski.

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But most observers believe the court will require strict scrutiny, which requires the schools to prove they have a compelling state interest in using race and that their programs are narrowly tailored to avoid unneccesary harm.

Louisville's plan could fall if the court decides the numerical goals are quotas. Seattle's use of non-white as a category, instead of more specific categories of Asians, blacks and Latinos, could be a problem.

It's all about neighborhood schools to Kathleen Brose, president of the PIICs which sued the Seattle school district.

Saying it's unfair and inconvenient to ship a student across town to a school he didn't choose because of race, she spread out a city map to show long routes and bad traffic.

Brose acknowledged white enrollment has dropped at Franklin because her neighborhood no longer has to send students there. "We have options now."

When the board suspended the race tie-breaker it had no idea the case would last six years, Seattle schools attorney Shannon McMinimee said. Or that it would create an experiment about what would happen without it.

The legal record, frozen in the 2000-01 school year, will not show that. If justices ask, Seattle's attorney will tell them that diversity remains but is slipping.

Three mostly white schools are whiter, and the two schools with the most black students have become more black, figures show. Then there is Franklin.

But McMinimee said the principle of Brown remains: "'Separate but not equal' remains true. When you have racially isolated schools, you have something missing."

High Court To Look Anew At Race In School Admissions (WT)

The Washington Times, December 3, 2006

The Supreme Court tomorrow will confront the issue of whether race can be used in deciding where students go to school.

In a pair of cases that could affect millions of students nationwide, the high court will consider whether the Constitution's guarantee of equality allows public schools to use race as a factor in admissions.

The Supreme Court ruling might hinge on the court's newest member, Justice Samuel A. Alito Jr., who replaced Sandra Day O'Connor in January.

A year ago, Justice O'Connor and her colleagues refused to hear a similar school-diversity challenge from Massachusetts. After Justice Alito's arrival, however, the court surprised many observers by agreeing to hear the appeals from Louisville, Ky., and Seattle. Federal appeals courts had ruled in favor of both school systems.

The challenges could prove among the most significant K-12 desegregation cases since the landmark Brown v. Board of Education ruling in 1954 that banned racial segregation in public schools.

Civil rights advocates are not optimistic.

The new cases "put on the table, in a very clear way, the question of how far society, how far government, should go in terms of trying to promote diversity in education in America," said Ellis Cose, the author of a study on affirmative action.

"The core issue of whether the government should be in the business of helping to promote diversity in some way in education is at the heart of all these cases," he said.

The Bush administration is siding with parents against the school districts, arguing the policies are an unconstitutional, albeit well-meaning, "racial balancing" without a compelling justification.

"A well-intentioned quota is still a quota," the administration said in a brief submitted on the Kentucky case.

Civil rights advocates said a ruling that bars schools from taking race into account would deal a devastating blow to the promotion of diversity in schools.

If the court issues a sweeping ruling against using race, "we will be witnessing a reversal of historic proportions," said Ted Shaw, president of the Legal Defense and Educational Foundation of the National Association for the Advancement of Colored People.

"Race-neutral" alternatives such as lotteries or socioeconomic sorting often end up segregating school populations again and hurting black students, according to Mr. Shaw's organization.

About 400 of the nation's 15,000 school districts are under court orders to desegregate. Hundreds more school districts may voluntarily take race into account, but there are no firm figures on how many do.

The Leadership Conference on Civil Rights said banning the voluntary consideration of race in school assignments could result in an "absurd" situation, in which districts are not allowed to promote the diversity they formerly were under order to achieve.

In one case before the high court, Seattle used race as a tie-breaking factor in deciding who can attend which of the city's public high schools when too many students seek admission to the same school.

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School officials there aim for each school to have about 40 percent white students and 60 percent racial minorities, reflecting the city's overall racial composition.

In the other case, the Louisville-area school district used racial guidelines to keep black student enrollment at most elementary, middle and high schools at 15 percent to 50 percent to maintain diversity.

School Integration Back Before Supreme Court (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, December 3, 2006

More than 50 years after the U.S. Supreme Court outlawed racial segregation in public schools, the justices are about to consider whether a school district can voluntarily integrate by considering race in campus assignments.

In cases from Seattle and Louisville, Ky., to be argued Monday, the justices will address the question left unanswered by the Brown vs. Board of Education ruling in 1954: What can the government do when the last vestiges of state-sponsored segregation are erased and schools nevertheless remain racially isolated because of housing patterns, parental choice and perhaps societal discrimination?

Facing that situation, officials in Seattle installed a system that allowed race to be considered as one of several factors in determining enrollment in popular high schools. In Jefferson County, Ky., which includes Louisville, the school district was once under a court desegregation order, and officials tried to avoid resegregating by setting minimum minority and white populations at each school.

"Jefferson County housing is substantially segregated along racial lines," attorney Frances Mellen said in a brief to the court. "The assignment of all (district) students to 'neighborhood schools' would result in a substantial number of racially segregated schools."

After the court desegregation order was lifted in 2000, Mellen said, the 97,000-student district concluded the only way it could prevent resegregation was to seek African American enrollment of 15 to 50 percent at each school. The proportion of blacks in the district was 36 percent.

The student assignment process, she wrote, "is flexible and uses race in a limited and permissible manner."

But Teddy Gordon, the attorney for a white woman whose 5-year-old son was assigned to a more distant Louisville school rather than his neighborhood school, said the district's program was "nothing more than a hard-core, mechanized quota."

The Bush administration agrees. In papers filed with the court, Solicitor General Paul Clement outlined the administration's position: A district can assign students by race when necessary to make up for its own intentional discrimination, but not to integrate schools that were never deliberately segregated.

Allowing "the use of a racial classification to achieve a desired racial balance ... would remove the critical requirement that individuals be considered as individuals," Clement said. Such a program, he said, is just as unconstitutional as the segregated school systems that the Supreme Court struck down in 1954.

The administration is supporting white parents challenging both the Louisville and Seattle programs. The Seattle plan -- suspended since 2002, when it came under legal attack -- gave officials in the city's 46,000-student high school district a list of factors to consider when a school had more applicants than space. Second on the list, after the presence of a brother or sister at the school, was whether the student's race would move the school closer to the district population of 40 percent white and 60 percent nonwhite.

A UC Berkeley law professor who supports school districts' right to consider race in enrollment described the cases as the final chapter of Brown vs. Board of Education.

In the last few decades, "the court has basically ended the business of judicially enforced racial integration," said Goodwin Liu, who filed arguments in the case on behalf of 19 former University of California campus chancellors. "Now the only question is whether school districts on their own accord can integrate. If not, it's fair to say that from the constitutional law standpoint, we've given up on racial integration of public schools."

A report by the Civil Rights Project at Harvard University illustrated the persistence of racial separation in public schools, despite the long-standing ban on intentional segregation.

In 2003, the project said, whites made up 58 percent of the nation's public school enrollment, but the average white student attended a school that was nearly 80 percent white. African Americans accounted for 17 percent of all students, but the average black student attended a school that was 53 percent black. Latinos made up 19 percent of total enrollment, but attended schools that typically were 55 percent Latino.

But another report, by the U.S. Commission on Civil Rights, questioned whether integrated schools were better for students.

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Social science studies provide "little evidence that racial and ethnic diversity in elementary and secondary schools results in significant improvements in academic performance," the commission, controlled by appointees of President Bush, said last week.

The case also arises at a time of uncertainty about the constitutional status of race in government programs.

Three years ago, after a series of decisions condemning preferential programs for minorities and women, the Supreme Court was widely expected to forbid the use of race as a factor in admission to public universities.

Instead, over the opposition of the Bush administration, the court left the door open a crack. In a 5-4 decision, the justices said an applicant's race was one of several criteria a public university could consider in the interest of promoting a diverse student body.

The outcome may be different this time. The author of the 2003 ruling, now-retired Justice Sandra Day O'Connor, has been replaced by Justice Samuel Alito, a reliable member of the conservative bloc since his appointment by President Bush in January. In a 1985 application for a promotion in President Ronald Reagan's Justice Department, Alito said he was particularly proud of his work against "racial and ethnic quotas."

The Supreme Court's agreement to review the Seattle and Louisville cases, after lower courts upheld the districts' integration plans, was a likely signal that Chief Justice John Roberts and his colleagues are preparing to ban racial considerations in public school enrollment, said Pepperdine University law Professor Douglas Kmiec, a Justice Department official under Reagan and President George H.W. Bush.

"Racial balancing is patently unconstitutional, and the Roberts court should -- and will likely -- say so," Kmiec said.

He also said the court probably would leave intact its 2003 decision on college admissions. The Bush administration argues that the school district programs are closer to racial quotas than the university program the court upheld and lack the justification for racial diversity that the court found in higher education.

"In the second grade, you're learning the multiplication tables, not discussing the effects of slavery in the 20th century," said Pacific Legal Foundation attorney Paul Beard, who filed arguments opposing the Louisville program. "The court recognizes a special niche in the First Amendment for universities and colleges to determine their own educational mission."

Supporters of the school districts disagree. "The historic purpose of the public schools is to provide common ground for people in all walks of life," said Berkeley's Liu.

Some analysts say it is possible that Justice Anthony Kennedy, who voted with the dissenters in 2003 to strike down race-conscious admissions at the University of Michigan Law School, will switch sides and provide the decisive vote for the school district plans.

"I think Kennedy is an idealist about American society and the issue of race," said attorney Edward Lazarus, a former Supreme Court clerk and author of a book on the court. Lazarus, who supports racial considerations in enrollment but is not involved in the cases, noted that while Kennedy has been critical of affirmative action, he has never ruled it out altogether.

The ruling, due by the end of June, will have a broad impact, though the exact contours of the case are difficult to measure.

The government has no official figures for the number of school districts with voluntary integration programs. Sharon Browne, a Pacific Legal Foundation lawyer who filed arguments supporting a group of white parents in Seattle, said two conservative scholars estimated in a recent study that nearly 1,000 districts nationwide have some type of race-based enrollment policy.

It's also unclear whether the ruling will affect California. The prevailing view among attorneys and academics is that racial considerations in school admissions are prohibited by Proposition 209, the 1996 initiative that outlawed racial preferences in state and local government programs, regardless of what the Supreme Court finds constitutionally permissible nationwide.

"Even if the case goes the other way, it won't have any effect on California or Michigan," where voters adopted a measure identical to Prop. 209 last month, said Paul Beard, another Pacific Legal Foundation lawyer.

Although the state Supreme Court has not yet ruled on Prop. 209's application to education, he said, an appeals court made it clear that the measure banned "(student) assignments on the basis of race."

The foundation has sued to challenge race-based programs in Los Angeles and Berkeley and is poised to sue San Francisco if the school board tries to reintroduce race as a factor in admissions. Since a court-approved settlement in 2001 ended the use of race for desegregation in San Francisco, single-race enrollment at some schools has risen above 80 percent.

Liu said, however, that a Supreme Court ruling upholding school district integration programs might convince California courts that race-based student assignments are not "preferences" forbidden by Prop 209. He said enrollment at public schools, where attendance is mandatory, could be viewed differently than decisions on hiring, contracting or admission to selective universities, where there are clear winners and losers.

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That was the view of Judge Alex Kozinski of the Ninth U.S. Circuit Court of Appeals in San Francisco in an October 2005 opinion that has been widely cited by supporters of the school districts -- in part because Kozinski is a Reagan appointee who once clerked for Kennedy.

In an enrollment plan intended to preserve racial diversity, "there is no competition between the races, and no race is given a preference over another," Kozinski said in a ruling upholding the Seattle program. "That a student is denied the school of his choice may be disappointing, but it carries no racial stigma."

Not so, said Harry Korrell, lawyer for the white parents challenging the Seattle program.

"Racial balancing prefers one individual to another for no reason other than race," he said in a Supreme Court brief, "and thereby violates the heart of the equal protection clause -- the principle that our Constitution is color-blind."

The cases are Parents Involved in Community Schools vs. Seattle School District, 05-908, and Meredith vs. Jefferson County Board of Education, 05-915. E-mail Bob Egelko at begelko@sfchronicle.com.

Supreme Court To Consider Race-based School Assignments (SLPD)

By Adam Sichko, POST-DISPATCH WASHINGTON BUREAU

St. Louis Post-Dispatch, December 3, 2006

WASHINGTON — The Supreme Court will hear arguments in two cases Monday that challenge the ability of public school systems to consider race when assigning students to schools.

The appeals, involving the school districts of Seattle and Louisville, Ky., are the most significant race-related cases the court has heard in several years. The court's ruling, expected in late spring or early summer, could restrict the ways schools pursue integration, said Gary Orfield, director of the Civil Rights Project at Harvard University.

"The stakes are rising," Orfield said. "We're now talking about if the Supreme Court will find plans that were rejected as not enough in 1968 to be too much in 2006." He said a ban on race-based school assignment aimed at integration would likely lead to "a significant increase in racial segregation across the country."

Critics of Louisville's plan disagree.

"Our communities have come (a) long way since the segregated days of the '40s and the '50s and on into the '70s," wrote attorneys for a Louisville parent whose white child was denied a transfer due to desegregation standards. "There is no going back. We will not turn back the clock,".

The court's ruling is unlikely to affect the St. Louis magnet-school program, attorneys and legal experts said, because it was part of a federal court settlement.

The Seattle and Louisville school systems voluntarily adopted desegregation programs that use race as a factor in admissions and cap how many white or black students can be enrolled at a school.

Parents sued the school districts, saying the programs were unconstitutional. Federal appeals courts ruled in favor of the districts, and the parents appealed.

St. Louis is watching

The Bush administration has weighed in on the side of parents, arguing that race-based school assignments violate the Equal Protection Clause of the 14th Amendment, ratified in 1868 in part to guarantee equal legal rights to blacks.

Such race-based systems "contravene the fundamental liberties guaranteed to each citizen by the Equal Protection Clause," wrote officials from the Justice Department and the Department of Education in a brief filed in the case. "The District's plan is not to assemble a genuinely diverse student body; to the contrary, the plan crudely lumps students into 'white' and 'nonwhite' categories and provides for no individualized, holistic consideration of students."

The other side includes 17 state attorney-generals' offices, including those in Missouri and Illinois. They defend the school districts' desegregation plans and say the districts, not the courts, should decide what's best for their constituents.

A ruling to the contrary "would severely limit their (school boards') ability to seek for children in their district the benefits of learning in an integrated environment," the attorneys general wrote. "The state's interest in integrating schools is consistent with the principles of equality that animate the Fourteenth Amendment."

St. Louis' 27 magnet schools use race as a variable in admissions; each must maintain an enrollment ratio of 60 percent black students and 40 percent others. Students who live in St. Louis or a St. Louis County school district that participates in the desegregation program can attend a magnet school.

The school district's attorney, Ken Brostron, said he hadn't read the Seattle and Louisville cases in-depth but that he doubted their outcome would have any affect on St. Louis' situation.

Christine Rossell, a professor at Boston University who testified as an expert during St. Louis' desegregation case, agreed.

"It's a whole separate ballgame," she said. "The court decision ... won't affect St. Louis at all. (It) was deliberately designed so they could use race forever."

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But merely the fact that the high court agreed to hear the two cases makes William Taylor uneasy. A lawyer with the NAACP Legal Defense and Education Fund, he led the legal effort in St. Louis that ultimately created the area's magnet school program.

He said the court's action "caused a certain degree of apprehension among civil rights advocates like myself, because they didn't take these cases when (former Associate Justice) Sandra Day O'Connor was on the court."

O'Connor is gone

O'Connor was the swing vote in a landmark 2003 decision maintaining that affirmative action was acceptable in state-funded higher education institutions, if the school was considering a potential student's race as part of an effort to strive for diversity. But her retirement, and the death last year of Chief Justice William Rehnquist, created two court openings that were filled by conservative justices who may have a different view.

In that 5-4 opinion, the court also said race quotas were unconstitutional. Yet that's precisely what the Seattle system amounts to, the Bush administration argued.

Seattle's plan is "indistinguishable from a quota," government officials wrote. "It is clear that this program is driven by the numbers."

Supporters argue that "race-neutral" programs have led to racial isolation, and that yanking away a school district's ability to establish race-conscious measures would quickly lead to re-segregation. That has happened in school districts in Nashville, Tenn., and Charlotte, N.C., said panelists at a discussion Friday sponsored by the American Education Research Association, which supports the Seattle and Louisville plans.

"It's not going to cure itself. It's not going to happen by accident," Orfield said. He argued that there would be "very little desegregation" if communities were left to their own devices.

Making their case

Attorneys for the Louisville parents argued that race-based assignments aren't the answer.

"No community can tolerate any longer the public education system that makes race the determining factor of educational outcomes," they wrote. "As long as race consciousness is enforced then our children will continue to be treated differently."

The court could agree with that stance and toss out the Seattle and Louisville desegregation programs as unconstitutional. Such a decision is more likely to have an impact on small school districts that have similar approaches, Orfield said.

Taylor said even if the court limits the weight that race can hold in such plans, so long as it still allows school districts to use it as a variable in admissions, "then we're OK in St. Louis."

"I think the court will understand that there are a number of places around the country trying to preserve desegregation plans, and that if they sweep widely, they could create a lot of havoc," he said.

Can Affirmative Action Survive The New Supreme Court? (LAT)

By Edward Lazarus, Edward Lazarus, A Lawyer In Private Practice, Is The Author Of "Closed Chambers: The Rise, Fall And

The Los Angeles Times, December 3, 2006

A case being argued this week over racial balance in public schools could determine the future of affirmative action programs.

AT THE START of his first full term on the Supreme Court, Justice Anthony Kennedy weighed a legal challenge to a policy in Richmond, Va., that reserved 10% of the city's contracts for minority-owned businesses (Richmond vs. Croson). At the time, Kennedy was thought to be a potential swing vote on a court deeply riven by its views on affirmative action.

The court's liberal wing believed that in light of the nation's racist past, the Constitution's promise of "equal protection of the laws" permitted — indeed, almost mandated — some degree of minority racial preferences. As Justice Harry Blackmun wrote in the Bakke case, in which the court cautiously ratified the concept of affirmative action in graduate school admissions, "To get beyond racism, we must first take account of race."

The most conservative justices rallied around the opposite view. To get beyond racism, they contended, it was essential not to perpetuate a 200-plus-year mistake of letting government classify individuals according to race. Under their reading of the equal protection clause, the Constitution morally demanded colorblindness.

Kennedy struggled to find a middle ground. Although uncomfortable with affirmative action (and disdainful of Richmond's program, which the court struck down), Kennedy, siding with the majority, rejected the argument that the Constitution categorically bars government from using race-conscious means to achieve such compelling policy objectives as remedying past discrimination. With respect to affirmative action, Kennedy suggested, the Constitution's answer was not "never" but "almost never."

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Eighteen years later, on the eve of the court hearing its first set of affirmative action cases under Chief Justice John G. Roberts Jr., the battle over racial preferences continues. On the federal level, former President Clinton's "mend it, don't end it" approach remains essentially in place, though in several states, California and Michigan most notably, anti-affirmative action forces have imposed their version of colorblindness.

Inside the court, although some of the players have changed, the justices remain deeply divided about the means for achieving racial equality. And Kennedy has become even more pivotal to the fate of affirmative action.

Since Croson, the Supreme Court has upheld only one race-based program. Three years ago, to the surprise of many court watchers, it upheld the University of Michigan Law School's program for using race as one non-predominant factor in admissions. Split 5 to 4, the court condemned racial quotas (as it had in Bakke) but ruled that the school's "holistic" one-factor-among-many approach was a barely permissible way to advance what school officials had identified as the compelling interest in maintaining diversity in their classrooms.

The Michigan case, however, preceded Justice Sandra Day O'Connor's retirement. She had provided the fifth vote (together with Justices John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer) to uphold the law school's use of race as a plus in admissions.

Few expect O'Connor's replacement, Justice Samuel A. Alito Jr., to follow her lead. From his days in the Justice Department of the Reagan administration, Alito has been a firm opponent of affirmative action. And much the same can be said of Roberts, who took over after William H. Rehnquist's death and is thought to share his predecessor's affinity for colorblindness.

As a consequence, all eyes are on Kennedy. In voting to strike down the Michigan Law School's admissions program, he again rejected the standard of pure colorblindness and endorsed the idea that schools could seek racial diversity through a narrow, only-as-a-last-resort program of racial preferences. In his view, however, Michigan had failed this stringent test — just as every other affirmative action program had since Croson.

The critical question is whether the programs challenged in the cases scheduled to be heard this week can somehow meet Kennedy's thus-far unmeetable standard.

These cases concern the efforts of two public school districts — one in Seattle and another in Louisville, Ky. — to achieve a reasonable level of racial diversity in their classrooms while also allowing students to attend either neighborhood schools or schools of their choice.

High school students in Seattle initially get to select which of the district's 10 schools they want to attend. Race comes into play when the school district evens out enrollment among oversubscribed and undersubscribed schools, with the goal of keeping the racial makeup of each school within 15% of the district's overall racial makeup. To achieve this, the district uses race as one of several "tie-breaking" factors in reassigning students.

The Louisville program covers elementary school as well as higher grades and starts from the premise that students will attend neighborhood schools. But its basic idea is the same as Seattle's: To ensure that education takes place in a racially diverse setting, the district uses race as one of several criteria for reassigning students.

For example, because the minority student population in the Louisville district is 35%, officials aim to keep black student enrollment in each school between 15% and 50%.

These cases raise a familiar problem. In Brown vs. Board of Education, the Supreme Court outlawed segregated schools but gave no definitive answers to many vexing questions. For example, is it enough for the government simply to stop imposing segregation, or does the Constitution require school districts (or at least formerly segregated districts) to achieve integration? And if the Constitution does not require integrated schools, does it at least permit school officials to create integrated ones because they think racial diversity in the classroom is a social good?

Our wars over affirmative action in school admissions arose from the last of these questions. Disappointed white applicants rebelled at the idea that public schools could award highly competitive slots in colleges and graduate schools to "less qualified" minority students by adopting racial quotas or by using race as a "plus" factor in evaluating applicants.

The critical question in the Seattle and Louisville cases is whether their school assignment programs are sufficiently different from typical affirmative action programs that Kennedy will find their use of race, while problematic, sufficiently benign to satisfy his "almost never" approach. There is some reason to believe that the answer may be yes.

As several prominent federal appellate judges have observed, the reason the Constitution is skeptical of racial classifications is that, historically, they have been used to oppress minorities (the Jim Crow laws), to stigmatize racial groups (laws enforcing racial separation) or to give members of one racial group a leg up over another (typical affirmative action programs).

The Seattle and Louisville pupil-assignment programs spread none of these poisons. They do not oppress, stigmatize or elevate. True, the plans require state officials to think about individuals in racial terms, and they use race as one factor in making an important choice about where students will go to school. Inevitably, some students will be disappointed by the results. But

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disappointment will visit white and minority students alike because every student runs a risk of reassignment, and it will not stem from school officials placing greater value on membership in one racial group as opposed to another.

The stakes in how Kennedy views these distinctions are high indeed. Hundreds of school districts, confronting largely segregated neighborhoods, use similar plans to ensure that their classrooms reflect their communities' racial balance and teach by example about a common humanity that can transcend racial or ethnic divides.

In terms of education, how the court decides this week's cases may well determine whether the resegregation of our public schools — a creeping process for years — will take permanent hold because school districts will be effectively barred from stopping it. More broadly still, if the Seattle and Louisville programs do not satisfy Kennedy and a court majority, we will have to wonder, whether the justices say so explicitly or not, whether any use of race to further diversity ever will.

Clueless In Seattle (WP)

By George F. Will

The Washington Post, December 3, 2006

SEATTLE -- This city's school district decided in 2000 that because the son of Jill Kurfirst and the daughter of Winnie Bachwitz are white, they should be assigned to an inferior and distant high school. If they had not left the Seattle school system, this would have required them to rise at 5 a.m. in order to leave home by 5:30 a.m., alone and in the dark, to take the first of three buses, returning home between 8 p.m. and 9 p.m., with almost no time left for homework, family activities and adequate sleep.

The parents argue that the racial school assignments -- actually, assignments by pigmentation -- that so injured their children violate the Constitution's guarantee of equal protection of the laws. The reliably unreliable U.S. Court of Appeals for the 9th Circuit -- often reversed but never in doubt -- predictably ruled, with interesting indifference to pertinent Supreme Court precedents, against the parents. Soon -- oral arguments are tomorrow -- the Supreme Court can remind the 9th Circuit of the Constitution's limits on what schools can do in the name of "diversity."

Students can seek admission to any of Seattle's high schools. But the Seattle School District decided to engineer a precise racial balance in its most popular -- because much better -- high schools, which are chosen by more students than they can accommodate. The district wanted each oversubscribed school to reflect the entire system's ratio of 40 percent whites and 60 percent nonwhites. So it adopted a race-based admission plan to shape the schools' "diversity."

The district gave preference to certain applicants, using considerations it called "tiebreakers." One, which benefited about 10 percent of applicants, was whether the student had a sibling at the desired school. Another was whether the student's race would produce or maintain a 40-60 balance.

When registering children for high school, parents were asked to specify each child's race. If parents did not specify, the district did so based on visual inspection of the parents' or child's pigmentation. The school board president has said that "skin tone matters."

The two children wanted to attend Ballard High School because of its biotech academy. In the 2000-01 school year, when 82 percent of the city's students sought admission to the five best schools, the children were among the 300 students denied admission to the school of their choice because their race interfered with racial balancing.

Although Seattle never had segregated schools, the district discusses its racial preferences with reference to "segregation" and "integration." But a statement by the district reveals that racial preferences are supposed to serve social engineering: "Diversity in the classroom increases the likelihood that children will discuss racial or ethnic issues and be more likely to socialize with people of different races." Or different skin tones.

Is that a "compelling government interest," sufficient to justify race-based school assignments? The 9th Circuit, siding with the district, argued two propositions, both of which conflict with Supreme Court precedents.

One was that racial preferences are benign if they do not " unduly harm any students" or " uniformly benefit any race or group of individuals to the detriment of another" (emphases added). But the Supreme Court has rejected this idea that the equal protection clause protects group rights rather than individual rights.

Second, the 9th Circuit said broad deference is owed to the judgments of local school districts. But no line of cases has established that high schools enjoy even the limited latitude that universities have in treating race as a factor when deciding who may be admitted. Rather, the Supreme Court has held that public secondary education "must be available to all on equal terms." And here are samples of the Seattle district's judgments which the 9th Circuit thinks deserve deference:

Until June, the school district's Web site declared that "cultural racism" includes "emphasizing individualism as opposed to a more collective ideology," "having a future time orientation" (planning ahead) and "defining one form of English as standard." The site also asserted that only whites can be racists, and disparaged assimilation as the "giving up" of one's culture. After this

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propaganda provoked outrage, the district, saying it needed to "provide more context to readers" about "institutional racism," put up a page saying that the district's intention is to avoid "unsuccessful concepts such as a melting pot or colorblind mentality."

The Supreme Court has said that all racial classifications by government are "presumptively invalid" unless narrowly tailored to serve a compelling government interest. The district's repellent Web site revealed the interest that the district considers so compelling that it justifies racial preferences. Supreme Court deference to such race-mongering would make a mockery of the equal protection guarantee.

Gay-rights Activists Hopeful About Agenda's New Prospects (LAT)

By Johanna Neuman

The Los Angeles Times, December 3, 2006

WASHINGTON — The gay-rights movement suffered a setback in last month's midterm election when seven states passed initiatives banning same-sex marriage or domestic partnerships. But with Democrats about to take control of Congress, some of its other legislative goals appear within reach — including making violence against gays a hate crime and outlawing workplace discrimination.

For the last 12 years of Republican control of Congress, gay-rights organizations set aside their push for legal protections in order to defend against conservative measures such as same-sex marriage bans.

With the realignment of the House and Senate next month, gay and lesbian groups say they are tantalizingly close to having enough votes to ensure passage of at least the hate crimes bill, and perhaps the discrimination measure, which once failed in the Senate by one vote.

Rep. Barney Frank (D-Mass.), who is gay, said the hate crimes bill had a "very good chance of going to George Bush's desk … in the first half of the year."

He said the discrimination measure might be further off, noting that Democrats may not want to push for too much too soon.

Nevertheless, prospects for change are sufficiently improved that social conservatives are gearing up for battle.

"We're very concerned," said Tom McClusky, lobbyist for the Family Research Council, a prominent conservative group. "We see blocking those pieces of legislation as one of our top priorities."

The hate crimes bill would provide federal resources to local law enforcement officials; it has the backing of 175 organizations, including the National Sheriffs' Assn., the International Assn. of Chiefs of Police and the U.S. Conference of Mayors. The legislation — prompted by the 1998 killing of Matthew Shepard, a gay man who was beaten and left for dead outside Laramie, Wyo. — has passed the Republican Senate three times and the GOP House once but has never reached the president's desk.

Some gay-rights activists now are demanding that the bill include transgender individuals, which could complicate passage.

And social conservatives contend that hate crimes bills in Sweden and Canada have squelched religious expression. "Pastors have been prosecuted for saying these things [about homosexuality] from the Bible, in their own churches," said Jan LaRue, chief counsel for the conservative Concerned Women for America.

The bill to ban workplace discrimination because of sexual orientation failed by one vote in the Senate 10 years ago. Such discrimination is legal in 33 states; conservatives say businesses should be free to hire employees who reflect their values.

Gay-rights activists say they expect the Democratic leadership to allow just one of their issues to get attention soon after the party takes control, for fear of alienating conservative Democrats. The hate crimes bill has the best chance of early passage, advocates say, because it has support of law enforcement groups.

Rep. Tammy Baldwin (D-Wis.), who is a lesbian, said one advantage of Democratic control was the power to hold hearings to educate the public — and the president — about the importance of the hate crimes bill.

"For 12 years, hearings were not held on these issues," she said. "If you use the hearing process well, it would be hard not to be moved and influenced by the stories from victims of hate crimes or from families of victims of hate crimes who have died.

"If we want to move the president to sign a hate crimes bill, we'll have to move the public."

With a Democratic majority in the House and Senate, social conservatives will be looking to the White House for help. "We'll likely be relying on the president to veto," McClusky said.

Gay-rights activists acknowledge that President Bush could be a problem, given his base of religious conservatives, but are not convinced he would use his veto power.

"Given the broad, broad public support, I'd be very surprised if President Bush would actually veto" the hate crimes bill, said Matt Foreman, executive director of the National Gay and Lesbian Task Force, a civil rights group.

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Joe Solmonese, president of the Human Rights Campaign, said of Bush: "Until now he's been beholden to the radical right wing. I hope coming out of this election cycle, he will think more deeply about his legacy."

At the White House, Deputy Press Secretary Dana Perino demurred when asked what Bush would do.

"A lot of ideas are being discussed for the new Congress," she said. "We'll take a look at the details of legislation when it's introduced and moving through the legislative process."

Some gay-rights activists want to press for the hate crimes and workplace discrimination bills simultaneously.

"This seems ultimately doable," Solmonese said. "The public overwhelmingly supports the fact that gay and lesbian people shouldn't be fired just because of who they are and supports more tools for law enforcement."

Still, the Human Rights Campaign has learned from past misfires — including President Clinton's effort to banish discrimination against gays in the military on his first day in office — not to be overly ambitious so early on.

And with Americans listing the war in Iraq and corruption in Congress as their main reasons for voting for Democrats, Solmonese is reminding members that lawmakers will have to focus on those issues first.

"The surest way for this new Congress to go away is if they ignore that tidal wave. It would be shortsighted for us to demand things," he said.

But gay-rights groups say they have already won an important victory: They can now play offense instead of defense.

"One of the most welcome changes with the new Congress is not being on defensive every single minute of the day, which we've been for 12 years," Foreman said. "We've spent so many scarce resources over the years just trying to not lose. It's thrilling to be able to move forward."

New Programs Help Mentally Ill Ex-Cons (AP)

By Angela Delli Santi, Associated Press Writer

AP, December 3, 2006

Trenton, N.J. (AP) -- Larry Lamb has lived a half-century of failures: three stints in New Jersey state prison, four psych ward confinements, drug and alcohol abuse dating back to adolescence, and more time in county lockups than he can count.

A year ago, he began racking up successes.

Lamb, 50, hasn't had a drug-tainted urine sample since he enrolled in an intensive program for mentally ill inmates as he was being released from jail. He's taking antidepressants, keeping appointments with his therapist, working when he can find a job and paying off court-imposed fines from his prior life of crime and homelessness.

"I knew I needed help," said Lamb, who traces his troubled and isolated life back to a day when he was 7 and he watched as his 9-year-old brother was run over and killed by a truck. "I never let anybody get close to me."

Advocates for the mentally ill say Lamb's situation is common among the nation's inmates, 55 percent of whom suffer from a mental health problem, according to a study released in September by the Justice Department's Office of Justice Programs.

Yet, the availability and intensity of mental health services for people in the nation's criminal justice system varies greatly, said Karen Bower, a lawyer with the Bazelon Center for Mental Health Law, a Washington-based group advocating for the rights of the mentally ill.

A similar disparity in post-incarceration services exists nationally, with some people receiving comprehensive discharge planning before they leave prison or jail, others being offered limited mental health or social services, and some getting none.

"You are much more likely now than you were 10 years ago to get some sort of assistance at discharge," said Tammy Seltzer, director of state policy with the National Council for Community Behavioral Healthcare, a nonprofit association representing community mental health and addiction providers. "Nationally, we're still very far from where we need to be. There are some wonderful programs, but there are not enough programs to serve everybody who is in this situation."

Services are severely lacking for those with dual diagnoses, like mental illness and drug dependence, said Bower. In one class-action lawsuit filed by Bazelon in New York, mentally ill parolees are suing for access to chemical addiction programs. A prior suit brought by a mentally ill inmate in New Jersey forced the state to revamp its prison psychiatric programs to replace the practice of segregating inmates whose psychiatric disorders made them disruptive.

Without adequate support, or access to medication and counseling, those discharged or paroled with serious mental illness — defined as schizophrenia, bipolar or major depression — often wind up cycling back through the criminal justice system, Bower said.

Lamb is among a small group of ex-inmates in New Jersey participating in pilot programs for such parolees. The programs offer comprehensive services — housing and job assistance, medication management, counseling and education — aimed at reducing recidivism among this high-risk, high-maintenance population.

Until this year, New Jersey had no services for the mentally ill after they left state prison, and only nine of the 21 counties have any post-incarceration services for those leaving county jails.

"The dilemma was, 'Where do I put a person like this?'" said Kevin McHugh, director of community programs and grant management for the New Jersey Parole Board. "We don't want to keep them in jail, and the likelihood for them to fail on the outside was high."

In New Jersey, a mental health task force created by former Gov. Richard J. Codey last year brought the oft-forgotten mentally ill inmate population into focus and highlighted the need for new partnerships between state agencies such as mental health and parole, said John Monahan, a task force member and president of Greater Trenton Behavioral HealthCare, a mental health services provider.

Two pilot programs have started since the task force issued its report. PROMISE, or Program for Returning Offenders with Mental Illness Safely and Effectively, provides up to six months of post-incarceration services to paroled inmates who have a history of criminal behavior related to untreated mental illness.

The program began in the spring, now has 16 parolees and can accommodate a maximum of 30. So far, five people have completed the program, and two committed parole violations and returned to prison.

Monahan's company runs a second pilot project, called Coming Home, which relies on state, county and grant funding to provide outreach services to state and county inmates. Counselors begin working with inmates three months before discharge to develop a plan for living on the outside and continue to work with parolees until they are self-sufficient.

A three-year, $300,000 grant from the Robert Wood Johnson Foundation funds the portion of the project dealing with state prisoners. The money will pay for services for 60 state prisoners and underwrites efforts to amend state policy so such services can become widespread and permanent.

"We have to see to it that people who have serious mental illness get the help that they need so they don't wind up incarcerated and they get help before problems happen for them," Monahan said.

Lamb, who is among the ex-Mercer County Jail inmates in Greater Trenton Behavioral HealthCare's Corrections Project, credits his counselor, Anthony Towns, with his success. But Towns says Lamb is modest.

"I haven't done anything more for Larry than I've done for any other client," Towns said. "In any therapeutic relationship, the client and the counselor should have some type of bond. Larry came to me with motivation to succeed. It just so happens that Larry connected with me."

Lamb just moved into his first apartment, is re-establishing a relationship with his teenage son and says he's hoping, one day, to find someone to share his new life.

Ban On Saucy Beer Labels Brings A Free-Speech Suit (NYT)

By Katie Zezima

The New York Times, December 3, 2006

Santa Claus will not be coming to Maine this year, at least not on a beer label, if state officials have their way.

The state's Bureau of Liquor Enforcement in September rejected three beer labels proposed by Shelton Brothers, a Massachusetts beer importer, including one for "Santa's Butt Winter Porter" that depicts St. Nick from behind, checking a list and drinking a beer, his ample posterior on a wooden barrel.

The bureau said the labels violated a regulation stating that alcohol advertisements cannot contain "undignified or improper illustrations."

The Maine Civil Liberties Union sued the bureau on Thursday in Federal District Court in Portland on behalf of Shelton Brothers, claiming that its right to free speech was being violated.

One of the other rejected labels, for Rose de Gambrinus, a raspberry lambic beer, depicts a watercolor commissioned by its maker, Cantillon of Belgium, of a nude woman sitting on a person's lap. The third, for Les Sans Culottes French blonde ale, uses Delacroix's "Liberty Leading the People," which hangs in the Louvre.

"The illustrations on these labels are artistic, and art is entitled to the protection of the First Amendment," said Zachary Heiden, a staff lawyer with the Maine Civil Liberties Union.

The state told The Associated Press that it feared the Santa label would appeal to children. It said it rejected the others because they depicted bare breasts.

Shelton Brothers has sued at least four other states, including New York, after their labels were rejected, said an owner, Daniel Shelton. The states allowed the labels to be sold after the publicity surrounding the lawsuits, Mr. Shelton said.

Ho Ho Ho? State Says No No No! To Beer Label With Pint-wielding Santa Claus (AP)

AP, December 3, 2006

PORTLAND, Maine (AP) — A beer distributor says Maine is being a Scrooge by barring it from selling a beer with a label depicting Santa Claus enjoying a pint of brew.

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In a complaint filed in federal court, Shelton Brothers accuses the Maine Bureau of Liquor Enforcement of censorship for denying applications for labels for Santa's Butt Winter Porter and two other beers it wants to sell in Maine.

The dispute recalls a similar squabble last year when Connecticut told Shelton Brothers it had problems with its Seriously Bad Elf ale.

"Last year it was elves. This year it's Santa. Maybe next year it'll be reindeer," said Daniel Shelton, owner of the company in Belchertown, Mass.

The lawsuit, filed Thursday, contends the state's action violates the First Amendment by censoring artistic expression.

But the state says it's within its rights. The label with Santa might appeal to children, said Maine State Police Lt. Patrick Fleming. The other two labels are considered inappropriate because they show bare-breasted women.

"We stand by our decision and at some point it'll go through the court system and somebody will make the decision on whether we are right or wrong," he said.

The lawsuit was brought by the Maine Civil Liberties Union, which says the beer labels are entitled to First Amendment protection.

"There is no good reason for the state to censor art, even art found on a beer label," said Zachary Heiden, staff attorney for the MCLU.

The label for the English-made Santa's Butt Winter Porter features a rear view of a beer-drinking Santa Claus sitting atop a barrel. The beer's name refers not only to Santa's ample backside, but also to the barrel. In England, brewers once used a large barrel called a "butt" to store beer.

Maine also denied label applications for Les Sans Culottes, a French ale, and Rose de Gambrinus, a Belgian fruit beer.

Les Sans Culottes' label is illustrated with detail from Eugene Delacroix's 1830 painting "Liberty Leading the People," which hangs in the Louvre and once appeared on the 100-franc bill. Rose de Gambrinus shows a bare-breasted woman in a watercolor painting commissioned by the brewery.

In a letter to Shelton Brothers, the state denied the applications for the labels because they contained "undignified or improper illustration."

The state reviews between 10,000 and 12,000 applications a year for beer and wine labels. It typically denies about a dozen a year because they contain inappropriate language or nudity, or might appeal to children, Fleming said.

"Basically, the standard we use is what are people going to see walking up and down a store aisle," he said.

Shelton said his company filed a lawsuit against the New York State Liquor Authority last month after it denied his applications for six holiday-themed beer labels, including Santa's Butt Winter Porter. The state changed its mind but the lawsuit is going forward, he said.

In years past, the company has had labels challenged in a few states, including Ohio, North Carolina and Missouri, he said.

States have the power to regulate alcohol through the 21st Amendment, which repealed Prohibition in 1933. "But I don't know where they get the idea they can ignore the rest of the Constitution," Shelton said.

ANTITRUST:

A Concentration Of Power (AP)

By Aoife White, Associated Press

AP, December 3, 2006

European antitrust chief says large energy companies need to be broken up

BRUSSELS, BELGIUM — Europe needs to split control of the energy supply chain to stimulate investment and lower prices, European Union antitrust chief Neelie Kroes said last week in a signal that regulators are determined to break up large companies that generate and distribute power.

"I see only one way forward if we are to restore credibility and faith in the market. Europe needs a structural solution that once and for all separates infrastructure from supply and generation," she said.

"A clear separation of interests between the network operators, energy producers and energy companies is imperative," she said at Les Mandarins, France's interconnector facility that feeds energy supplies across the English Channel. "Then we will finally see an end to discrimination, and we will also have laid the ground for a system of proper investment incentives."

Her Brussels office distributed her prepared remarks.

EU regulators say they have identified fundamental problems with the way Europe's gas and electricity sectors work that could best be tackled by "ownership unbundling" that would force large integrated energy companies such as Germany's E.On to focus on either power generation or supply, selling off other units.

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"If we are not solving that one, one way or another, we are running away from our responsibility," Kroes said in Brussels.

Regulators are scheduled to publish their recommendations on Jan. 10.

Kroes said there are major problems connecting energy from one European country to another, mainly caused by the "slow pace of investment in infrastructure under the current vertically integrated regime."

These problems caused blackouts in Europe last month and a natural gas price spike in Britain last winter. Tackling supply bottlenecks would help prevent these issues by allowing suppliers to send power quickly to where it is needed.

But regulators, citing an Italian antitrust ruling against Eni, say that big companies that own infrastructure see no incentive to upgrade pipelines and create more supply when that could bring down prices and give an advantage to rivals in the retail business.

"Chinese walls" forcing a degree of separation between companies in the same group are not working, they said.

Europe's worries over its future energy supplies means it must act, Kroes said.

"We need an expansion of European transmission networks, because more capacity should give Europe more security of supply and more competition," she said. "Where there is vertical integration ... it often seems that investment in new infrastructure is low on the list of priorities for the group as a whole.

"Europe's energy consumers are paying a high price for this lack of initiative," she said.

The European Commission said in February that antitrust problems in the energy sector kept prices too high and let former state-owned energy monopolies keep control of the market.

ENVIRONMENT:

Blowing The Whistle On Big Oil (NYT)

By Edmund L. Andrews

The New York Times, December 3, 2006

DURING a 22-year career, Bobby L. Maxwell routinely won accolades and awards as one of the Interior Department's best auditors in the nation's oil patch, snaring promotions that eventually had him supervising a staff of 120 people.

He and his team scrutinized the books of major oil producers that collectively pumped billions of dollars worth of oil and gas every year from land and coastal waters owned by the public. Along the way, the auditors recovered hundreds of millions of dollars from companies that shortchanged the government on royalties.

"Mr. Maxwell's career has been characterized by exceptional performance and significant contributions," wrote Gale A. Norton, then the secretary of the interior, in a 2003 citation. Ms. Norton praised Mr. Maxwell's "perseverance and leadership" while cataloguing his "many outstanding achievements."

Less than two years later, the Interior Department eliminated his job in what it called a "reorganization." That came exactly one week after a federal judge in Denver unsealed a lawsuit in which Mr. Maxwell contended that a major oil company had spent years cheating on royalty payments.

"When I got this citation, they told me this would be very good for my career," said Mr. Maxwell, smiling during an interview here. "Next thing I knew, they fired me." Today, at 53, Mr. Maxwell lives on a $44,000 annual pension in a two-bedroom bungalow in the hills outside the Hawaiian capital.

But Mr. Maxwell has hardly disappeared. Instead, he is at the center of an escalating battle with both the oil industry and the Bush administration over how the federal government oversees about $60 billion worth of oil and gas produced every year on federal property. In the process, he has become one of the most nettlesome whistle-blowers Big Oil has ever encountered, a face-off that offers an inside look at how the industry and the government do business together.

Invoking a law that rewards private citizens who expose fraud against the government, Mr. Maxwell has filed a suit in federal court in Denver against the Kerr-McGee Corporation. The suit accuses the company, which was recently acquired by Anadarko Petroleum, of bilking the government out of royalty payments. It also contends that the Interior Department ignored audits indicating that Kerr-McGee was cheating. Three other federal auditors, who once worked for Mr. Maxwell and still work at the Interior Department, have since filed similar suits of their own against other energy companies.

Several of the nation's biggest oil producers, including Exxon Mobil, Chevron, Shell and ConocoPhillips, failed in an effort to block Mr. Maxwell's suit, arguing before an appellate judge that his case would "open the floodgates" to suits by other federal auditors. But the court rejected their pleas, and a trial is set to start on Jan. 16.

Mr. Maxwell's self-interest is as much in play in the suit as is the public interest. If he wins, Kerr-McGee could be forced to pay more than $50 million in unpaid royalties and penalties, Mr. Maxwell said. Mr. Maxwell and his lawyers could be entitled to keep as much as 30 percent of any funds the government recovers — enough to make him a wealthy man.

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Anadarko says that the government's rules were followed and that it owes no money because the Interior Department never asked it to pay more. But it is now trying to negotiate a settlement before the trial begins.

"We believe the case is without merit," said John Christiansen, an Anadarko spokesman. "However, as is a fairly common practice, both sides have agreed to meet with a mediator prior to trial."

THE actions of Mr. Maxwell and the other auditors have coincided with broader investigations by Congress and the Interior Department's own inspector general into whether the agency properly collects the money for oil and gas pumped from public land. Investigators say they have found evidence of myriad problems at the department: cronyism and cover-ups of management blunders; capitulation to oil companies in disputes about payments; plunging morale among auditors; and unreliable data-gathering that often makes it impossible to determine how much money companies actually owe.

In February, the Interior Department admitted that energy companies might escape more than $7 billion in royalty payments over the next five years because of errors in leases signed in the 1990s that officials are now scrambling to renegotiate. The errors were discovered in 2000, but were ignored for the next six years and have yet to be fixed.

Congressional investigators are worried about other problems, as well. The Interior Department's inspector general told a House subcommittee in September that senior officials at the agency had repeatedly glossed over ethical lapses and bungling. "Short of crime, anything goes at the highest levels of the Department of the Interior," declared Earl E. Devaney, the inspector general.

The Interior Department, which has described Mr. Maxwell as a renegade former employee motivated by the riches his lawsuit might bring, said its auditing efforts received a clean bill of health from an outside accounting firm in 2005. "The results are clear and irrefutable," the agency said in a statement, adding that it was "accomplishing its job on behalf of the American public."

But Republican leaders on the House Government Reform Committee, which has been reviewing the flawed leases, recently accused Interior officials of perpetuating a "culture of irresponsibility and lack of accountability" at the agency.

The committee ordered the Government Accountability Office, the investigative arm of Congress, to begin a broad examination of issues ranging from the agency's rules and enforcement practices to the accuracy of its most rudimentary data.

The Interior Department "clearly doesn't view their responsibility as maximizing revenue to the American people for resources that belong to the American people," said Representative Darrell E. Issa, a California Republican who oversaw hearings on the flawed leases. "We don't have a system that accurately tells us how much oil is being taken out of the ground."

No one, says Mr. Maxwell, knows that better than he does.

BORN "Bobby," not "Robert," Mr. Maxwell is bald, burly and speaks with a back-country drawl that is occasionally punctuated by a cackling laugh. He said he thrived in the world of wells, pipelines and offshore rigs and meshed comfortably with the oil cultures of Texas and Oklahoma. Genial and unflappable, he describes his politics as "very conservative" and cringes at being labeled a rebel.

"I like the oil and gas industry," he said, as he reminisced about his years as a federal auditor. "We are neither for nor against the profits they make. Our job is to make sure the American public gets a fair return on its assets."

Mr. Maxwell grew up in a poor family in rural Tennessee. After serving in the Army in Hawaii, he earned a bachelor's degree in business at Chaminade University here. He later became a certified public accountant and earned a master's degree in business from Texas A&M. In 1983, after stints as an auditor with the Air Force and the Department of Energy, he joined the Minerals Management Service of the Interior Department.

The M.M.S. is responsible for collecting and overseeing the royalties for all the oil, gas, timber and coal that is produced on federal property. Last year, companies paid nearly $10 billion in royalties on oil and gas alone.

"I loved going to the oil companies," Mr. Maxwell recalled, saying he spent about half of his time on the road — some of it at offshore drilling rigs. "Sometimes, there would be nothing more than a room and a helicopter pad to land on. But it was an education, and it was highly practical."

Despite Mr. Maxwell's placid demeanor, friends and former colleagues say he was a dogged auditor who sometimes rankled his own bosses. In 1988, he visited a coal mine on federal land in Montana even though, he says, his supervisors scoffed at the trip because they thought that the mine was too small to scrutinize. When Mr. Maxwell arrived, he found that the mine only looked small because it had been underpaying royalties for years. Within months, the company agreed to pay $43 million in back royalties, and it eventually paid more than $100 million.

In 1993, during the Clinton administration, officials in Washington told him to drop a complex dispute with ARCO because they thought his reasoning was dubious. But just as he was about to back down, ARCO executives volunteered to pay $20 million.

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The Interior Department gave Mr. Maxwell an award that year, noting that he had "vehemently pressed his position" even though "support seemed lacking." It attributed his success to both his "measured combatant style" and his personal rapport with ARCO executives.

"If he thought there was a case, he had a reason," said Barbara Rothway, a retired Interior Department auditor. But, she added, "I could see how he might sometimes bother the people he worked for."

Patient and stubborn, Mr. Maxwell spent years poring over the accounts of the Jicarilla Apache Tribe in New Mexico, which had long complained that companies were underpaying them for natural gas extracted on their tribal lands. Tribal officials said Interior Department officials had paid little heed until Mr. Maxwell came along. He collected and organized data going back 30 years and found pervasive errors by both oil companies and the government. The tribe eventually recovered more than $20 million in back royalties.

"Anyone knowledgeable about the way Interior processes payments knows there are all sorts of ways for companies to underpay," said Alan R. Taradash, a lawyer in Albuquerque who has represented the tribe for years. "Bobby was one of the few who stood up with us and demanded that the auditing be done properly."

MR. MAXWELL says his first serious doubts about the Interior Department originated in 1998, when the agency reluctantly began to investigate accusations of systematic cheating on royalties for oil.

Several of the nation's biggest oil companies eventually settled that investigation by paying nearly $440 million. The investigation occurred only after outside whistle-blowers argued for years that the government was losing billions.

The cases had been sparked in part by a former oil trader at ARCO named J. Benjamin Johnson Jr., known as Benji, who contended that oil companies had used elaborate swapping schemes to cheat on royalties owed to private and state landowners, as well as the federal government.

Mr. Johnson and another former ARCO trader quit their jobs and became expert witnesses for landowners and state governments who wanted to sue oil companies for back payments. The two traders soon realized that the biggest case by far belonged to the federal government. But no federal officials were interested.

"It was unbelievably difficult," Mr. Johnson recalled in a recent interview. "They brought me to Denver, to the M.M.S. office, in a room with about 30 auditors and managers from the solicitor's office. Their reaction was that I was crazy, that it was impossible, that there was no way they could have actually missed this."

But Mr. Johnson found a way to recover the federal royalties on his own. In 1995, he filed suit under the False Claims Act, a longstanding law intended to encourage whistle-blowers. Under the act, best known for its use against overbilling by military contractors, a private citizen can sue a company, contending that it defrauded the federal government. Companies found guilty have to pay as much as three times the amount of their fraudulent gains, and any person who files a suit is entitled to keep up to 30 percent of the money recovered.

The Justice Department initially refused to join Mr. Johnson's suit, but it eventually did so, in 1998 after concluding that he and other whistle-blowers — including a nonprofit group called the Project on Government Oversight — were on to something. That was when Mr. Maxwell became involved. Working for the Interior Department, he collected data on a number of oil companies, pooling his material with that of Mr. Johnson.

"Bobby was with us," Mr. Johnson recalled. "He was a straight-shooter, and he saw it." Mobil was the first to settle and paid more than $40 million in 1998. Chevron paid $95 million. Shell paid $110 million. By 2002, 15 oil companies had paid a total of almost $440 million.

The Johnson lawsuit taught Mr. Maxwell three lessons. One was that Mr. Johnson became a wealthy man. (The oil trader and his lawyers received more than $30 million, while two other groups of whistle-blowers received more than $40 million.) The second was that top Interior officials had been obstinately blind to the oil industry's practices. The third was about the power of the False Claims Act. Until Mr. Johnson came along, no one had used it to go after royalty underpayments.

Created in 1849 to manage the nation's publicly owned natural resources, from national forests to parks and waterways, the Interior Department oversees timber, grazing, mining and oil drilling operations over many tens of millions of acres. And while the agency has often tried to increase drilling and mining under Democrats and Republicans alike, current and former officials say the Bush administration elevated that goal above almost all of the department's other mandates.

Mr. Maxwell says his frustrations with the Interior Department escalated after the Bush administration took office in 2001. The Interior Department's top priorities became increasing domestic oil and gas production, offering more incentives to drillers in the Gulf of Mexico and pushing to open the Arctic National Wildlife Refuge and other wilderness areas to drilling. The department trimmed spending on enforcement and cut back on auditors, and sped up approvals for drilling applications.

The agency's senior ranks also became more heavily populated with officials friendly to the energy industry. For example, its new deputy secretary, J. Steven Griles, worked as an oil industry lobbyist before joining the department, and Chevron and Shell had paid him as an expert witness on their behalf in the Benji Johnson case. Mr. Griles declined to comment.Auditors,

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according to Mr. Maxwell and many others, were told to devote less energy to time-consuming audits and rely more on a computerized monitoring system called "compliance review." Auditors complained that the new system was superficial and riddled with technical problems. Even when the new system flagged potential underpayments, Mr. Maxwell said, it often failed to supply conclusive information.

"We were getting shut down on all kinds of cases," he said. "We started to wish that someone would come along and file a False Claims suit, so we could jump onboard."

Auditing and compliance review had generated an average of about $176 million annually in the 1990s, with an extraordinary peak of $331 million in 2000, according to data from the Congressional Budget Office and the Interior Department. But from 2001 through 2005, a period when energy prices soared to new highs, enforcement revenue averaged about $46 million a year.

In 2004, the Interior Department's inspector general issued a blistering report about the auditing system, saying that many auditors were unqualified, that essential documents were being lost and that the internal review process was "ineffective."

BY 2002, Mr. Maxwell was fed up. He and a team of auditors had worked for months to dissect a complicated marketing deal by Kerr-McGee that they believed was cheating the government. He concluded that Kerr-McGee was selling all its oil at below-market prices to another company that compensated Kerr-McGee by assuming many of its marketing and administrative costs.

Simply put, Kerr-McGee seemed to be getting paid in both cash and services, but it was calculating its royalties only on the cash it received. Mr. Maxwell calculated that the company had underpaid the government by as much as $12 million between 1997 and 2002. State auditors in Louisiana had been investigating exactly the same issue in 2001, and ordered Kerr-McGee to pay an extra $2 million in royalties on oil from state lands.

According to Mr. Maxwell and Interior Department officials, when Mr. Maxwell presented his findings to his superiors, agency lawyers told him to drop the case. When he continued to argue, he recounts in his lawsuit, the agency's chief of enforcement warned him that the director of the M.M.S., Johnnie M. Burton, would be "very upset" if he persisted.

"The word came down from the top, not to issue this order," Mr. Maxwell said in an interview, speaking about the Interior Department. "There have always been people who don't want to pursue things. But now it's grown into a major illness. It's dysfunctional."

In a written response to questions from The New York Times, the Minerals Management Service said it was "rare" to overrule an auditor but that Mr. Maxwell's contentions involved a "questionable application of M.M.S. regulations."

The matter might have ended there, except that Mr. Maxwell decided to retire in June 2003. As soon as he left the agency, he began researching the possibility of emulating Benji Johnson and filing his own suit under the False Claims Act. As it happened, Mr. Maxwell's "retirement" was brief. In October, the Interior Department rehired him to fill a management gap in its Denver office, and it put him in charge of a 120-person auditing team monitoring the Gulf of Mexico.

Despite rejoining the government, Mr. Maxwell filed his suit against Kerr-McGee in June 2004. The case was unsealed on Jan. 20, 2005; a week later, Mr. Maxwell lost his job.

Arriving at his office shortly before 8 a.m. on Jan. 27, Mr. Maxwell said he was summoned to a meeting with a senior M.M.S. official, who had flown in from Washington. The official handed him a memo, explaining that his job responsibilities were being moved to Houston and that his position would be eliminated.

To this day, Interior officials say they never fired Mr. Maxwell. They say, according to court papers, that he was merely a "re-employed annuitant" who was no longer needed. "The position disappeared," said Ms. Burton, the M.M.S. director, in a meeting with energy reporters in September.

Mr. Maxwell protested. He said he would have relocated or taken a different job. He added that he was a certified public accountant and had a master's degree in business administration; his successor lacked those degrees. But the fight did not last long. When Interior officials offered Mr. Maxwell a confidential financial settlement to leave without a fight, he took the deal and moved to Hawaii.

And he continued to press his case against Kerr-McGee. The company tried and failed to have the suit dismissed, arguing that a federal auditor should not be allowed to take information from work and file a lawsuit under the False Claims Act. In October, eight major oil companies including Chevron and Exxon Mobil weighed in on Kerr-McGee's side.

"Government employees who uncover suspected fraud in the course of carrying out their jobs will receive a tacit invitation" to sue as private citizens, the companies argued in their brief. After the appellate court rejected the industry's plea, Mr. Maxwell's trial was rescheduled for January. Settlement talks are scheduled to begin in Denver this week.

Interior officials contend that Mr. Maxwell and other auditors have a conflict of interest when they stand to gain personally from their enforcement work. "These people could be entitled to collect 30 percent of the money that is owed to the government, for work they were already being paid to do," Ms. Burton told reporters in September.

If Mr. Maxwell had not acted, of course, the government would have had no chance of recovering any money at all. James W. Moorman, president of Taxpayers Against Fraud, a nonprofit organization that specializes in the False Claims Act, acknowledged that it was less than ideal for federal investigators to have a financial stake in rebelling against their bosses. But he said the alternatives might be worse.

"You're talking about a situation where there seems to be complete breakdown in the system," Mr. Moorman said. "If they've got evidence of fraud, why shouldn't a court hear it?"

STANDING in his garage recently, Mr. Maxwell pointed to six big cartons stacked along the wall. They contained 60,000 pages of documents that Kerr-McGee and the Interior Department had provided as part of the discovery process in his lawsuit. Mr. Maxwell, true to form, has gone through every page, and distilled his case into seven modestly sized binders he keeps in his living room. He says he is ready for trial, and even for the possibility of losing.

If he does lose, his lawyers will not charge for their work but he will have to pay about $125,000 to expert witnesses he has hired. "I can manage it," he said. He has saved money all his life, he said, and can live on his savings and his pension.

"He's thought about all the options, and none of them seem life-threatening to him," said his daughter, Angela Maxwell Horn. "What can they do him? They've already fired him."

States Hope To Skirt Forest Protections (LAT)

By Bettina Boxall

The Los Angeles Times, December 3, 2006

The future of some of the West's most unspoiled national forestlands remains in flux more than two months after a federal judge reinstated protections on nearly 50 million acres of backcountry.

Nowhere is that uncertainty more in evidence than in Idaho, which has the largest and wildest assemblage of roadless national forest in the Lower 48 states.

In October, shortly after a district court in California restored President Clinton's ban on most road-building and logging in the backcountry, Idaho petitioned the federal government to loosen the restrictions on its 9.3 million roadless acres.

Then, at a hearing in Washington last week, Idaho Gov. James E. Risch put a much greener spin on his state's intentions, saying he wanted to honor the Clinton prohibitions.

The testimony by Risch, a Republican, not only raised questions, but underscored the degree to which the roadless forest issue remains in play.

Clinton's 2001 road ban placed about a third of the country's national forestlands off-limits to most natural resource development, a move that was immediately divisive.

Environmentalists hailed the protections for guarding what they call "the last best places" — strongholds for wildlife and clean water. But the limits infuriated officials in many conservative Western states with strong timber and mining lobbies.

Lawsuits were filed. The Clinton rule was put on hold by a Wyoming federal court. Then last year the Bush administration dropped the Clinton ban in favor of new regulations giving states an unprecedented role in deciding whether to open their roadless U.S. forestlands to development.

The Bush rule was overturned in September. But that did not put an end to state involvement. States can still use the long-standing Administrative Procedures Act to ask the federal government to alter the Clinton restrictions. Idaho and Colorado have filed petitions, and Utah plans to.

"Our general concern for the overall process is that at the end of the day, we'll have something that praises the value of roadless areas but doesn't do a lot to actually limit the destructive activities that could take place," said Mat Jacobson, deputy director of the Heritage Forests Campaign.

The Idaho petition, for instance, would allow timber-cutting and road-building in the bulk of the state's roadless acreage to maintain "forest health."

Though Risch said roads would be temporary and only dead or dying trees would be cut, the petition language appears much more permissive.

"We have to reconcile the two," acknowledged Dale Harris, co-chairman of the Roadless Area Conservation National Advisory Committee, before which Risch appeared. "We have to take the governor at his word, and we were encouraged by what he said. It made our job easier," Harris said. But the petition is "a work in progress."

The roadless forest committee will forward its recommendations to the U.S. secretary of Agriculture, who will have the final say in whether to grant the states' requests.

Colorado's petition, affecting 4.4 million acres, would drop coal-mining lands and ski areas from the road ban and allow timber-cutting to reduce the wildfire threat around communities.

Utah has indicated it will ask the federal government to jettison the Clinton restrictions on all 4 million acres.

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If the petitions are granted, it will take one to two years for them to take effect through the federal rule-making process.

In the meantime, Wyoming is seeking to reopen its lawsuit against the Clinton regulations. And the September ruling could be appealed.

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More Farmers Seek Subsidies As U.S. Eats Imported Produce (NYT)

By Alexei Barrionuevo

The New York Times, December 3, 2006

FRESNO COUNTY, Calif. — For decades, the fiercely independent fruit and vegetable growers of California, Florida and other states have been the only farmers in America who shunned federal subsidies, delivering produce to the tables of millions of Americans on their own.

But now, in the face of tough new competition primarily from China, even these proud groups are buckling. Produce farmers, their hands newly outstretched, have joined forces for the first time, forming a lobby group intended to pressure politicians over the farm bill to be debated in Congress in January.

Nobody disputes that competitive pressures from abroad are squeezing fruit and vegetable growers, whose garlic, broccoli, lettuce, strawberries and other products are a mainstay of world kitchens. But the issue of whether the United States ought to broaden farm subsidies beyond the commodity crops like corn and cotton, which have historically been protected, is a big flashpoint.

"This is like the tectonic plates of farm policy shifting, because you have a completely new player coming in and demanding money," said Kenneth A. Cook, president of Environmental Working Group, a research group in Washington that has been critical of farm subsidies, which are mandated by federal laws that date to the Great Depression.

Although some farmers may be suffering, American consumers have been big beneficiaries of cheap food imports. On the United States wholesale market, for example, Chinese garlic costs almost half the price of garlic that is grown domestically.

Existing American farm subsidy policies have been the subject of violent protests outside some World Trade Organization meetings, with detractors calling them an antique way of subsidizing United States farmers at the expense of poorer ones. American fruit and vegetable growers, with their much smaller farms, have never been part of this debate, in part because their crops yielded higher returns, did not need much support, and were never organized around a single policy goal.

But times have changed.

Here in the fertile San Joaquin Valley, Mike Mantelli has seen firsthand the substantial changes forced by the rising tide of Chinese garlic into the United States. As the general manager of the largest American garlic company, Christopher Ranch, he remembers when there were 1,200 acres of garlic planted on a 6,000-acre farm here a decade ago.

Today the company plants less than 300 acres because of lower demand for California garlic, he said.

"The Chinese garlic totally caught us off-guard and knocked us down," Mr. Mantelli said recently as he checked on newly planted garlic bulbs. "I think our industry has hit rock bottom. Maybe now we can figure out how to make it a level playing field."

So Mr. Mantelli has joined the coalition of about 75 growers of specialty crops who have united to grab a much bigger slice of the federal subsidy pie.

The group, representing growers of everything from broccoli to strawberries to nuts and flowers and wine, submitted a bill in September asking for what most likely would amount to more than $1 billion for programs they say could help their crops compete better in a tougher global marketplace.

The farmers are not asking for the kind of direct subsidies that have been accused of distorting trade and hurting developing countries' agricultural industries. Hoping to avoid a nasty battle with powerful farm-state politicians in the Midwest and Southeast, they are asking instead for money to help market their products at home and overseas, as well as for research and conservation.

But whatever money the fruit and vegetable farmers might get would probably have to come out of the allocation that already goes to other sorts of farmers. As things stand, the federal farm subsidy program supplies more than $15 billion a year, primarily to growers of five crops: corn, cotton, rice, wheat and soybeans. Those crops are considered interchangeable commodities and are traded on world markets, unlike fruits and vegetables, which are called specialty crops because their taste and quality are viewed as being highly variable.

While some vegetable and fruit groups have previously requested more funds, they have never before mounted a united challenge. "This is the first time these groups have weighed in with a sense of organization and commitment," said Clayton Yeutter, a former agriculture secretary and United States trade representative.

The current agriculture secretary, Mike Johanns, looks favorably on the produce growers' bill. The legislation also has the advantage that the farmers come from states with sizable representation in Congress.

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Still, the proposal is likely to face a tough road. There are many other federal budget priorities, and farm experts say there will probably be less money allocated to the farm bill next year than in 2002, when there was a huge increase.

Further, while commodity growers are making courteous noises about the fruit and vegetable farmers' requests, they have historically enjoyed a near monopoly on federal subsidies.

But fruit and vegetable farmers have been gaining influence. The group's combined cash receipts of $52.2 billion rival or exceed those of the five major commodity crops, which are expected to generate $52 billion this year.

The produce farmers can also point to the competitive situation. California growers once dominated the garlic industry in the United States, but imports from China and Hong Kong have increased from less than 1 million pounds in 2000 to 112 million pounds last year. This year, for the first time, more Chinese garlic will be sold in the United States than California produces, Commerce Department figures show.

China's farmers, who are broadly subsidized, have the advantage in that their nation's currency, the yuan, is tightly regulated to maximize trade opportunities. And the country has a glut of workers for the labor-intensive jobs of growing and harvesting fruits and vegetables.

"Of course consumers are benefiting now," said Peter Morici, an economist at the University of Maryland business school and a former chief economist at the United States International Trade Commission. "But competition should not be based on subsidies."

Other specialty crop groups are also struggling with foreign competition, in particular from China, which has geared its agriculture industry towards labor-intensive, higher-value fruits and vegetables. China has begun to dominate everything from apples to onions. Chinese exports have also eaten into American growers' share of markets in Japan and Hong Kong for items like broccoli and lettuce.

Fruit and vegetable growers have the political advantage of being in states like California, Florida and Arizona, which are likely to be critical in the 2008 presidential election. But it is unclear how important the farm vote will be to the Democrats in the next election.

Under the proposed bill, an overseas marketing program would rise 75 percent, to $350 million a year. An existing specialty crop block-grant program would leap tenfold to $500 million a year. And the government would buy at least $400 million worth of fruits and vegetables annually for school lunch programs.

While the total cost of the proposed bill has yet to be tallied, it will probably reach a few billion dollars, coalition officials said. Whether the fruit and vegetable farmers can win that much will depend in large part on just how much money Congress allocates to farm spending next year.

If the farmers get what they want, consumers could benefit from more information and choice at the grocery store, said Professor Morici of the University of Maryland. At the same time, American growers could become more efficient and competitive.

"Things that help farmers band together and compete are not inherently protectionist or harmful," Professor Morici said. "It is not an unreasonable thing for a fragmented industry to ask the government for assistance to make the virtues of their industry better known."

He added, "Whatever money they put for research would benefit the consumer. That would run down their price, and eventually that information would get around the world."

Mr. Johanns, the agriculture secretary, said in a speech last month that American farm policy needed to be "equitable, predictable and beyond challenge." Noting the fruit and vegetable farmers' proposal, he said that farm programs could no longer be decided among a few commodities in a few parts of the country. "That day has changed," Mr. Johanns said.

The vegetable and fruit growers stood by silently for decades in large part because they did not need government assistance to be successful. While generating close to half of farm receipts, the specialty crops are grown on just 11 million acres of farmland, versus 215 million for the major commodity crops.

In California, new financing could not come soon enough for garlic farms like the Christopher Ranch. The Christophers, fourth-generation farmers in the state, have struggled to hold their market share, and it is not hard to see why: On the wholesale market, Chinese garlic recently cost $15 to $16 for a 30-pound box, compared with $28 for a box of California garlic.

In the late 1990s the Christopher Ranch's garlic production peaked at about 100 million pounds. Since then sales and acreage have fallen by more than 40 percent. In 2001 China began flooding the market with garlic, after managing to find ways around an import tariff of 377 percent.

As the demand for their garlic has fallen, the Christophers have turned to growing crops like pearl onions and shallots. The family hired a trade lawyer in Washington to try to battle tariff violations. Now they hope that the proposed crop bill will give them a chance to educate consumers and pay for more research into crop diseases.

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"We don't want handouts," Mr. Mantelli said. "You don't want to just give people subsidies, because nobody learns from subsidies. But you want to give them opportunities and resources and tools to make their industry better."

Grand Old Protectionists (WP)

By Daniel Gross

The Washington Post, December 3, 2006

Since the midterm elections, concerned internationalists have fretted that the incoming Democratic Congress will curtail the nation's free-trade policies. In Slate, Jacob Weisberg identified the new breed of protectionist Lou Dobbs Democrats. "So is America headed for a bout of protectionist class warfare?" worried the Economist. "With the Democrats having won a majority in Congress, and disquiet over globalization growing, a party faction that has been powerless -- the economic populists -- is emerging," Louis Uchitelle wrote in the New York Times. Washington Post columnist Sebastian Mallaby, reflecting the consensus, concluded that "the two parties have opposing attitudes on the subject of trade: Republicans see it as a source of growth, Democrats as a source of inequality."

However, these arguments misunderstand the new politics of trade. It's not a left-right split. Since 2000, Bush Republicans have done as much as Democrats, if not more, to erect trade barriers and tariffs. President Bush has talked a good game about free trade, and his administration has negotiated bilateral free trade agreements with Australia, Colombia, Morocco and several other countries. But just as free trade was a bipartisan project in the 1990s, this decade's anti-trade backlash has been bipartisan as well. Sens. Charles E. Schumer (D-N.Y.) and Lindsey O. Graham (R-S.C.) share little in common besides a desire to slap huge protective tariffs on Chinese goods. And all by themselves, Republicans have done great damage to the cause of free trade in the past several years.

In March 2002, for example, Bush proudly signed "temporary safeguards" that imposed tariffs of 8 percent to 30 percent on most steel imports for three years. This was a classic Karl Rove option play: Advance the Republican cause in formerly Democratic strongholds of Ohio, Pennsylvania and West Virginia at the expense of the companies and workers in industries nationwide that consume steel. When the World Trade Organization ruled the tariffs illegal, and retaliatory tariffs were set to be imposed on goods produced in Florida and other politically sensitive states, Bush ended the so-called safeguards in December 2003.

In May 2002, Bush signed the Farm Security and Rural Investment Act, which Republicans passed without much help from Democrats. Just six years after President Bill Clinton signed the 1996 Farm Bill, which slashed agricultural subsidies, Bush jacked up federal payments by as much as 80 percent for cash crops such as soybeans and corn and offered new subsidies for crops such as peanuts and lentils. He even revived the subsidies on honey, wool and mohair that Clinton had killed. Bush's signing of this bill led the Economist to brand him just about the worst thing the magazine can call anybody: an anti-globalizer.

The bill inspired threats of retaliation from aggrieved trading partners and contributed to a perception that Washington wasn't serious about making the tough decisions required to further free trade. In fact, some analysts have blamed the failure of the Doha Round of global trade talks this year on the U.S. refusal to alter its expensive anti-consumer, anti-free trade farm policy.

There's more. Earlier this year, Bush proposed dropping the absurd 54 cent-per-gallon tariff on imported ethanol, first enacted in 1980 (although he didn't recommend cutting the 51 cent-per gallon tax credit for domestic ethanol producers). The Republican Congress, filled with members from big corn-producing states, said no.

Even as lame ducks, Republicans in Congress haven't been unanimous voices for free trade. In mid-November, more than 60 Republicans voted against a proposed free-trade deal with Vietnam, supplying the margin of defeat and embarrassing the president on the eve of a state visit. The Wall Street Journal noted that a vote had been delayed in part because Graham and fellow GOP Sen. Elizabeth Dole (N.C.) had put the bill on hold, pending measures protecting U.S. textile companies.

With the GOP base now shrunk to the Old Confederacy (sugar, cotton, peanuts) and the Great Plains (corn, wheat, soy), look for more of the same protectionism. Senate Minority Whip-elect Trent Lott (Miss.) doesn't like free trade in agricultural products any more than he likes affirmative action.

There's one other critical Republican failure when it comes to free trade. Encouraging the spread of trade means more than receiving cheap goods from China. It's about creating the social and political conditions favorable to the continued expansion of trade. Free trade has exposed U.S. workers to global competition on an unprecedented scale. In recent years, wages have stagnated (despite massive increases in corporate profits and steady economic growth), jobs have become more insecure, and benefits such as pensions and health care are being wiped out. Is free trade the cause of all these woes? Not necessarily. Does free trade coincide with all these woes? Absolutely.

Rightly or wrongly, many Americans, even those who reap the gains of trade daily, identify free trade and globalization with their declining financial security. And the response of Bush and congressional Republicans has essentially been: tough.

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Companies facing ferocious overseas competition won't provide health care benefits anymore? Open a health savings account. Companies won't provide pensions? Privatize Social Security and cut benefits.

This you're-on-your-own attitude has ultimately been more damaging to the cause of free trade than anything the Democrats could do. Yet, in coming months, we're sure to hear a great deal of talk tarring Sen. Harry M. Reid (Nev.) and Rep. Nancy Pelosi (Calif.) as the present-day incarnations of Sen. Reed Smoot and Rep. Willis C. Hawley, the sponsors of the disastrous Smoot-Hawley Tariff Act of 1930. By slapping massive tariffs on a vast range of imported goods, Smoot-Hawley helped turn a recession into the Great Depression.

But Smoot and Hawley were Republicans. And so was President Herbert Hoover, who signed that disastrous legislation into law. Today, the protectionist gene may no longer be dominant among Republicans, but it's still an important part of the GOP's DNA.

Daniel Gross covers business and finance for Slate, the online magazine at www.slate.com.

Death Toll Rises As Winter Storm Sweeps Across The Northeast (NYT/AP)

The New York Times, December 3, 2006

CHICAGO, Dec. 2 (AP) — The death toll from the Midwest's first big snowstorm of the season rose to 11 as the system blew through the Northeast late Friday and early Saturday.

Two women were killed in Pennsylvania, one by a falling tree and another by a 30-foot-wide section of roof carried by the wind, state and local officials said.

In Ellenville, N.Y., about 100 miles north of New York City, another falling tree landed on a house and killed one person, the authorities said.

Winds of more than 50 miles per hour were recorded in parts of western Pennsylvania, and they hit 67 m.p.h. in western New York, according to the National Weather Service.

At Mr. Z's Food Mart in Mountain Top, Pa., about a half-dozen people suffered minor injuries when windows were blown out and ceiling tiles ripped down, fire officials said.

"The windows were shaking, and they just exploded," said Breanne Ralston, 17, a cashier at the store. "Everybody was screaming."

Earlier, the shoveling of heavy snow was linked to the deaths of two people in Wisconsin. In Affton, Mo., a suburb of St. Louis, an 87-year-old woman died Friday in a house fire that started after an ice-laden tree limb fell on a power line, fire officials said.

Near Paducah, Tex., a vehicle carrying a high school girls' basketball team overturned on an icy highway, killing a 14-year-old player and injuring seven others. Also on the highways, two storm-related deaths were reported Thursday in Missouri, one on Wednesday in Kansas, and one on Thursday in Oklahoma.

Many areas of Illinois, Wisconsin and Missouri got more than a foot of snow, including Racine, Wis., which saw 14.5 inches. As far south as Tulsa, Okla., accumulations measured more than 10 inches. Schools and businesses across the region were closed, and hundreds of airline passengers were stranded.

The combination of sleet, rain and snow made travel treacherous. The police in Oklahoma urged people not to drive Friday night and early Saturday because snow had melted and was refreezing overnight.

Crews Work To Restore Power After Storm (AP)

AP, December 2, 2006

CHICAGO (AP) — Utility crews worked overtime Saturday to restore electrical service to thousands of customers still blacked out by the Midwest's first big snowstorm of the season.

As temperatures plummeted below freezing in the storm's aftermath, officials said some people could be without power for days. Missouri National Guard teams went door-to-door in the St. Louis area to make sure residents were surviving the cold.

The storm was blamed for at least 13 deaths as it spread ice and deep snow from Texas to Michigan and then blew through the Northeast late Friday and early Saturday. Schools and businesses were shuttered and hundreds of airline passengers had been stranded by canceled flights.

Trees were blown onto homes and cars, and a big Christmas tree in front of the New Hampshire Statehouse was toppled.

Truck driver David Huwe just got his 18-wheeler and load of frozen food back on the road Saturday after being stuck for more than 12 hours at a rest stop near Princeton, Ill., on Interstate 80, which was blocked by scores of trucks and cars that slid off the icy highway.

"I was supposed to be (in California) Sunday night," Huwe said by cellphone Saturday morning. He had revised his arrival time and hoped he'd make it by Monday.

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Red Cross volunteers at Decatur had helped out some of those stranded I-80 travelers by ordering 100 McDonald's hamburgers, which were then airlifted by the National Guard.

"We had 35 minutes from the time we got the call to the airlift," Deb Helm said. McDonald's "was what was available."

Many areas of Illinois, Wisconsin and Missouri got more than a foot of snow, including 16 inches in parts of central Missouri and 17 at Manistee, Mich. Fifteen inches fell as far south as Bartlesville, Okla.

Airlines were recovering from the widespread cancellations caused by the storm; delays at Lambert Airport in St. Louis were generally 15 minutes or less Saturday, according to the Federal Aviation Administration. There were no measurable delays Saturday at Chicago's two major airports, said Wendy Abrams, a spokeswoman for the Chicago Department of Aviation.

Highways were mostly clear but still had icy spots. "Nobody really should travel unless you absolutely have to get out," Missouri Gov. Matt Blunt said.

Chicago sent out about 170 snow-removal trucks Saturday morning to clear the city's side streets, after clearing main roads Friday.

About 427,000 Ameren Corp. customers were without power in Missouri and Illinois on Saturday afternoon, along with about 150 customers of ComEd in the greater Chicago area.

"It could be days before it's fully restored because it's really treacherous out there," Ameren spokeswoman Susan Gallagher said.

Blunt dispatched 150 Missouri National Guardsmen to the St. Louis region, along with 30 Humvees and a number of trucks. "We want to make sure our citizens are safe, warm and well cared-for," said Ed Martin, the governor's chief of staff.

As the storm moved east, gusty wind blacked out more customers from Tennessee to New York. About 12,000 homes and businesses were still without power Saturday across upstate New York. About 1,500 waited for power in Michigan. In Pennsylvania, more than 19,000 homes, mostly in the western part of the state, had no electricity, state Emergency Management Agency spokesman Justin Fleming said.

Two tornadoes were reported in Pennsylvania, with one blowing out the windows of Mr. Z's Food Mart in Mountain Top. About a half-dozen people suffered minor injuries, fire officials said.

"The windows were shaking and they just exploded. Everybody was screaming," said Food Mart cashier Breanne Ralston, 17.

Two women were killed in Pennsylvania, one by a falling tree and another by a wind-blown section of roof, and another falling tree landed on a house and killed one person in New York, authorities said. Two men over the age of 60 died after shoveling snow in Wisconsin, and an 87-year-old woman died in the St. Louis areas in a house fire that started when an ice-laden tree limb fell on a power line, fire officials said.

Storm-related traffic deaths included two in Missouri, one in Kansas and one in Oklahoma. Near Paducah, Texas, a vehicle carrying high school girls' basketball players overturned on an icy highway, killing a 14-year-old player and injuring seven other people.

In Illinois, a woman died after being struck by a snow plow that was backing up, and a 67-year-old man collapsed died of complications from heart disease after trimming tree limbs with a hand saw.

A Dream Blown Away (WP)

By Joel Garreau

The Washington Post, December 3, 2006

A place near the water has been an American dream for a very long time. Fifty-four percent of Americans live within 50 miles of a coast.

This is the year, however, in which the big boys in global finance got religion about climate change. As a result, this American dream -- as far north as the Washington area, and even New York and New England -- is under attack.

Follow the money. Insurance doesn't sound like a world-changer. It seems so banal and prosaic, like reliable electricity or clean water.

Yet without it -- you want a place to live? You cannot get a mortgage without insurance.

You want a job? A commercial enterprise cannot run without insurance.

Never want a drink of water / Til the well runs dry. / Never miss a real good thing / Til he says good-bye.

Turns out you don't have to wait for the waves to lap around your ankles. The climate is changing, Lord knows exactly how fast. But the money is moving pretty quickly.

Call 2006 the Batten Down the Hatches Moment.

* * *

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When Peg and Ronald Buchanan left Silver Spring two years ago for retirement, they saw as their nest egg the house they'd built right on the ocean in the North Carolina Outer Banks.

It's a big place -- eight bedrooms, nine baths, three stories, 5,000 square feet, heated pool, kiddie pool, wild horses out back, dolphins out front. "It sits like a palace in the sky," Peg says. The front door is 12 feet above sea level. They figured on selling it for $2 million. The proceeds would pay for the rest of their lives.

Now they're wondering if they will ever be able to sell it. The map of their part of Carova Beach has been redrawn as a high-risk flood area by the Federal Emergency Management Agency. As a result, it may not be possible for any new buyer to get a mortgage.

Even on their existing loan, the Buchanans are having a hard time getting flood insurance. On a house that cost $700,000 to build and furnish, their lender has been able to get them only a $250,000 policy, with a $50,000 deductible.

The thought of losing their retirement reserve "really makes me mad," Peg says. "I feel like going over with a shotgun."

Emotion, however, does not drive insurance writers. By definition, they are the world's most serious futurists. When it comes to life insurance, for example, they pride themselves on their ability to routinely and accurately predict when a whole lot of people are going to die. If their models are wrong, and they have to pay out too much money too quickly, they go bankrupt.

As a result, these fiduciaries have a long and distinguished history of driving social change. Passion-laden causes move beyond the realm of hand-waving activists when large gray men in large gray suits decide they must.

Highway fatalities dropped when insurance companies started financially punishing unsafe drivers, as well as makers of unsafe cars. Cigarette smokers saw their life insurance premiums skyrocket.

The big buzz in the insurance industry today is climate change.

Lloyd's of London's June report is titled: "Climate Change: Adapt or Bust."

The 2005 hurricane season gave the United States supposedly once-in-a-century storms, one right after the other. Katrina, Rita and Wilma were among the seven most expensive hurricanes ever to hit the country. Companies that had to eat too much of the $51.5 billion in insured losses went under.

The big problem with climate change for the insurance companies is not the risk. Their whole business is getting paid to accept risks.

The trouble is that their traditional means of calculating what is an acceptable risk -- and how much to charge for it -- is based on history.

It assumes that tomorrow will pretty much behave like yesterday.

Now they think that when it comes to the weather, the world is moving.

Wind and flood seem to be playing by new rules.

Batten down the hatches.Fear of Buying

When insurance companies refuse your trade, it's nothing personal. It's just business.

You can tell by the marvelously emotion-free language the industry uses: "Cat coverage," for example, is about catastrophe. "Wind" means hurricane. "Insufficient capacity" and "the market won't clear" refer to climate risks so difficult to calculate that traditional commercial providers won't sell you new insurance or renew your old insurance at any price.

At any price.

This spring, "astonishingly, the capital markets were full up on Florida wind," says Peter Nakada, managing director of RMS Consulting -- short for Risk Management Solutions, one of the industry's foremost risk modeling firms. "That capacity shut down in the frenzy prior to this wind season. People were scrambling to get coverage. That was brand-new. We saw the market saturate.

"People couldn't renew."

Some of those people facing insurance crises have a hard time understanding why.

"I feel sorry for Katrina victims -- it was a terrible thing," Peg Buchanan says. "But I don't see why the rest of the world should be punished because we like oceanfront."

Bill Hogan, with Twiddy & Co. Realtors in the Outer Banks, explains: "What's happened is that there is a stretch of land north of Corolla with no federally subsidized flood insurance. It's called, locally, the Four Wheel Drive Area. No hard-surface roads. It includes Swan Beach, North Swan Beach and Carova Beach. There are houses up there -- 14-bedroom oceanfronts -- for about $2 million," Hogan says. "Buy a lot for about a million. Build a house for about a million."

But then FEMA redrew the flood map. "All of a sudden, the lenders are requiring flood insurance where they did not in the past." The only source "for the kind of insurance the lender requires is somebody like Lloyd's of London. It might have a $50,000 deductible, and still be prohibitively expensive."

Hogan says he's now seeing "$100,000 lots plummeting in value. I don't know what they're worth. Nothing is selling. Buyers are afraid to buy. All kinds of rumors are flying around -- insurance companies are pulling out. The net effect is you

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bought property and it was in a good zone, and all of a sudden you sit there and it's deemed to be bad. Right now people are scrambling. Getting letters from banks -- 'We have no record of your flood insurance.' Just the kiss of death for the owner of the lot," Hogan says.

In Delaware, Westfield Insurance has canceled all coastal policies, and "we've been told that there are others who are starting to restrict their coastal writings next year -- bigger players in the market," says Michael Vild, deputy state insurance commissioner. He adds, plaintively, "There have never been hurricane-force winds in the state of Delaware in recorded weather history. We think companies restricting coastal coverage are overreacting. Although if we have a couple more years like 2005, it's going to be extremely difficult to get coverage."

There are 438,000 people living in low-lying Virginia Beach. It is marked by high-rise hotels smack on the water, without even dunes between the boardwalk and the surf.

In October, State Farm stopped writing new insurance on businesses within 2,500 feet of the ocean there. In November, Traveler's Insurance refused to sell or renew residential insurance there without a 3 percent hurricane deductible. On a $500,000 house -- no longer uncommon -- that means if you get hit by a hurricane, the first $15,000 comes out of your pocket.

In Ocean City, new construction has become formidably fortified. Almost all of the island is expected to be underwater in a major blow. But on the ocean side, which will take the brunt of a storm surge -- a wind-driven wall of a water -- local government requires homes to be built on pilings driven perhaps 20 feet into the ground, sticking up some seven feet. Sixteen-inch bolts then attach the beams on which the house is built to the pilings, and each floor joist is attached to the beams with steel straps. The walls and roof are then held onto the beams and each other with more steel.

"I don't know of any other jurisdiction in the state of Maryland that runs the hurricane system we run," says Mike Richardson, Ocean City's chief building official. It is designed to withstand sustained winds of 90 miles per hour with three-second gusts to 110.

Will such fortifications become common around Washington? "Katrina showed us that inland areas are susceptible to flooding," Richardson says. "We're not just talking about the ocean -- we're talking about Chesapeake Bay, talking about Deep Creek Lake flooding. The Potomac has flooded before. So has the James."Dire Forecasts

So far, climate change has shaken the market most notably in high-value coastal areas. But if weather losses get worse, upheaval will become more common.

There is no question that the insurance industry is focused on how weather losses are getting worse.

In early September, when the leaders of the big European reinsurance companies had their annual gathering -- called the Rendez-Vous, in the posh principality of Monte Carlo -- one of the big discussion points was the gap between supply and demand for reinsurance in U.S. wind-affected areas, according to the industry journal, Reactions.

Reinsurers are the big boys who can throw around numbers with nine or 10 zeroes at the end and still sleep at night. They insure the insurers, buying risk beyond the appetite of ordinary companies. The most romanticized is Lloyd's of London. However, when Swiss Re and Munich Re talk, all conversation in the room ends until whatever is on their minds stops reverberating.

Today, what's on their mind is climate change.

"There are horror stories about the frequency and severity of hurricanes increasing," Reactions reported in September. That plus the skyrocketing number and value of properties on the U.S. coastline "has prompted many to question whether it is possible to write catastrophe business profitably."

At all.

"If you feel the price is not right, you pull out," matter-of-factly acknowledges Kurt Karl, head of economic research and consulting with Swiss Re in New York.

Since 1971, "Insured U.S. weather-related losses are growing 10 times faster than premiums and the overall economy," reports Ceres, a coalition whose observations get attention from the big boys in part because they've built a climate-risk network that includes 50 institutional investors managing more than $3 trillion.

Unacceptable Risk

Insurance companies approach climate change bracingly free of theory. They take only an academic interest in whether the wind blows because of increases in carbon dioxide in the atmosphere, or cyclical fluctuations in the Atlantic, or the huffing and puffing of the Big Bad Wolf.

They just want to calculate the odds. They want to know how many chips to put on the table.

And where.

"Two effects are going on," says Nakada, of the risk modeling firm RMS. "Hurricane activity rates have gone up." But also, "Hurricanes are perceived to be longer-lived. These longer-lived hurricanes have a better chance of sneaking up the coast. The view of vulnerability has changed."

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The specter looms of the big hurricanes of 1938 and 1954. Those Category 3 hurricanes devastated New England. Storm surges of 13 and 12 feet, respectively, swept through Providence, R.I. Historic markers demonstrate how high the water rose downtown. They are over your head. Photos show seas crashing over the top of a harbor lighthouse. It is 70 feet tall. Beach homes were swept out to sea.

"Our view is that there are some events that have the potential to be so large as to exceed the capabilities of the insurance industry, as well as the funding and financing capability of individual states," says Michael Trevino, the spokesman for Allstate, one of the nation's largest home insurance companies. "Those are events that have the potential to be $100 billion. These events are so enormous, no entity has the ability to manage it."

Some require little imagination, such as a Category 4 hitting Miami or a Category 4 coming up the Houston Ship Channel aimed at the center of the U.S. oil industry, and America's fourth-largest city.

But the one Allstate is focused on is a Category 3 funneling straight north up New York Harbor. Pushing a wall of water perhaps 15 feet tall up Broadway toward the second-story windows of Wall Street.

This is why Allstate has decided not to write new homeowners insurance in the five boroughs of New York City -- Manhattan, Brooklyn, the Bronx, Queens and Staten Island -- plus Westchester County, just north of the city, and the counties that make up Long Island -- Nassau and Suffolk. In the most vulnerable parts of that market, they are also not renewing existing insurance.

"What we decided was that the total insured property values in New York State are about $1.9 trillion. We have a big share of the homes in that state" -- in the eight counties, Allstate's market share was 26 percent.

"Fundamentally, we've got enough exposure, thank you."

To Move or Not to Move

What does this mean for the future of beautiful areas around Washington near big bad bodies of water, from Duck to Rehoboth and from Alexandria to Annapolis?

"If you have a ton of money and don't mind paying three times the insurance as two years ago, you're probably happy," Nakada says. "There'll be all sorts of property available on the coast in warm weather places if the market gets more efficient."

But what about for the rest of us?

"In terms of affecting where people live and do business, three things have to happen: The risk has to go up a lot. And it just did. Number two, the market needs to allow that cost to be passed on to customers, or not. In which case, number three, either the price goes up, or the availability goes down in insurance.

"At that point you would think hard about whether you want to move."

Batten down the hatches.

FBI/DEA/ATF/USMS:

How The FBI Took Down A Deadly Jersey Gang (NSL)

By JOHN P. MARTIN, Star-Ledger Staff

Newark Star-Ledger (NJ), December 3, 2006

Details of 4-year effort reveal depth of problem still facing state

The depth of New Jersey's gang problem dawned on John Havens on a steamy Sunday four years ago as he parked along Ninth Street in Newark.

Havens, a 32-year-old FBI agent, had his eyes on a two-story corner house where nearly 50 young men had gathered for a barbecue. One wore a hidden microphone that piped the proceedings to the agent's vehicle.

Havens and a Newark detective had waited for five hours with the engine off and windows up. Finally, the man known as "Massacre" began to preach.

"I'm the same as you! We Blood," Tewhan Butler thundered to the backyard crowd. "Blood ain't got sh-- to do with how much money you got, how fresh your clothes is! ... It's dealing with Blood, what you gonna live for, what you gonna die for."

Havens had been in law enforcement for a decade and never heard anything like it. Butler, 22, was surprisingly charismatic; his audience was rapt.

"It's no room for ego!" Butler said, in a rant that lasted more than an hour. "Everybody put that big man sh-- to the side! Whether y'all like it or not, I'm running the motherf-- show. I'm gonna stay running this motherf-- show."

The FBI agent suddenly understood why youngsters idolized Butler and why older teens lined up to join his East Orange set. And he realized why New Jersey's gang problem was probably more dangerous than many knew.

The Double ii Bloods, as they were called, brought gangs to a new level. They met weekly to discuss business and Blood codes, and to break in members. Over the years, they absorbed a generation from the same neighborhood.

Their discipline was matched only by their numbing penchant for violence. Double ii members were responsible for at least 27 murders, countless shootings, assaults and drug deals. Crimes were like merit badges -- earned and worn proudly.

Their victims included an East Orange father gunned down in front of his family because he warned gang members to stay away from his 8-year-old son, and a Newark teen killed by a Blood who wanted to try out his new guns.

The meeting recorded that afternoon on Ninth Street marked a turning point in the FBI investigation. Dismantling the set would take four more years, testing agents' ability to follow the trail of violence, entangling informants who risked death, and allowing prosecutors for the first time to pursue gangs as organized enterprises with a single purpose: crime.

It ended last month with the 42nd federal conviction, a guilty verdict against Preston "Death" Jones. Butler and four others took plea deals that will send them to jail for at least 25 years.

A look at the case -- from court documents, transcripts, and interviews with agents, prosecutors, attorneys, a Bloods member -- presents a window into the state's still ripe gang problem.

The crime rate in East Orange plunged after the demise of the Double ii Bloods, with 500 fewer violent offenses last year than in 2002. An ongoing crackdown by local police is pushing that rate even lower.

But investigators aren't fooling themselves. The Double ii's weren't the only gang; drugs are still available in East Orange. And in a recent trip through the set's turf, Havens noticed a boy, probably not more than 12, throwing up hand signals that meant just one thing:

Bloods.

OPERATION CRIMSON TIDE

Like many East Orange residents, LaQuan Brooks had watched as the gangs took control of pockets of his city.

On July 25, 2002, he heard news that sent him over the edge: The corner dealers had taken an interest in his 8-year-old son and namesake, letting little LaQuan handle their cash and jewelry.

Brooks, 29, stormed to 15th Street, where the boy lived with his mother. Witnesses said he began screaming at the crimson-clad young men, warning them to leave his son alone.

One ran off to Amir Winn, a 19-year-old Blood known as "Young Gangster," and reported that the irate father was "disrespecting" the set.

Winn had stashed a weapon in a nearby house. "Take me to get my gun," he told the underling, who later recounted the conversation for agents. "I'm going to show you how to murder someone."

Armed with a .380-caliber weapon, Winn arrived at 15th Street and asked aloud who was looking for him. Brooks stepped forward. As a crowd of children watched, Winn fired a single shot into his chest.

The 8-year-old rushed to his fallen father, witnesses reported. Then he turned to Winn. "Y.G., why you kill my daddy?" the boy asked.

Winn pointed the gun toward the child, paused and strolled away.

He was captured a week later. In the apartment where he had been hiding, police found the murder weapon and photos of Winn posing with it.

Brooks' death was one of 18 killings in East Orange in 2002, the city's highest murder toll in a dozen years. Aggravated assaults and robberies hit eight-year peaks. No one disputed gangs were behind the surge.

What was happening in East Orange had been unfolding across the nation. A 1996 Justice Department study warned gang-related crime had doubled in the previous two decades and was rising in cities of all sizes. Gangs were blamed for more than 580,000 serious crimes a year.

New Jersey was no different. In the early 1990s, under the FBI's new Safe Streets Violent Crime Initiative, the Newark division was among the first nationwide to team agents with local officers to battle street crime and find fugitives. As the problem worsened, the task force was split so one unit, the Violent Crime Criminal Enterprise Task Force, could focus on gangs.

Much of the crime was blamed on pockets of aimless young men who sold drugs and banded together simply because they grew up on the same blocks.

Toward the end of the decade, task-force members began noticing the widening presence of what some call super-gangs, structured groups that demand discipline from their members but promise strength in numbers. They had officers, codes and a network for guns, drugs and support.

Once confined to California and the Southwest, the Bloods and their rivals, the Crips, had arrived on the East Coast.

Authorities say local prisons did as much to feed the problem as to cure it. Criminals discovered that joining a gang became necessary for survival behind bars. And after being freed, ex-cons brought the gang mentality back to the neighborhoods.

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Urban settings like East Orange, where more than a third of the households earn less than $25,000 a year, were fertile ground.

"If you're a poor kid growing up in East Orange, what do you really have?" said Marc Agnifilo, the assistant U.S. attorney who headed the office's gang unit. "You have the neighborhood you're from."

For years, police and prosecutors used a narrow approach when it came to gang members, charging individual criminals with individual crimes. The result meant shorter jail sentences and no real effect on the organizations that groomed gangsters.

But the gang's military-like hierarchy presented a new opportunity.

Racketeering, a charge previously reserved for Mafia cases, allowed the government to pursue gangs as criminal enterprises. By bundling together crimes committed over years, prosecutors would dim the chances for gangsters to return quickly to the streets. If gang members chose to act like mobsters, the thinking went, they should be prosecuted like mobsters.

"What we try to do is dismantle the business of a gang," said Leslie Wiser, special agent in charge of the FBI's Newark division.

Such a strategy had been tried by federal prosecutors in other parts of the country, but never in New Jersey.

In 2001, Agnifilo met with FBI Special Agent Ronald Lyman, a veteran agent supervising the gang task force. Gangs were among the state's most pressing threats, Lyman told the prosecutor. He had first started looking at the local Bloods sets two years earlier; they were ripe for a racketeering prosecution.

Late that year, Lyman assigned the investigation to Havens, a rookie agent who had joined the FBI's Newark division a year earlier after a decade as a cop in Phoenix and Syracuse, N.Y. Serina Vash, another assistant U.S. attorney, also joined the case.

Lyman had already given the investigation a code name, Operation Crimson Tide.

Now they needed to get inside the Double ii's.

THE MONEY, THE BLING

By 1993, East Orange had its share of street gangs, groups with names like the Gutter Ratz, the Drama Lords, the Steel Click crew. But an unlikely pair of visitors consolidated them all.

At the time, Naughty By Nature, the East Orange-based rap group, had climbed the music charts. Fans swarmed as their tour bus pulled into the old neighborhood one day that summer.

Within the tour entourage were two California men, decked out in red Bloods garb. The visitors were aspiring rappers who went by the names True G and Love Child. They were also Bloods members.

At a cookout that week, the two men began preaching Bloods platitudes to the local teens. They promised solidarity, security, an identity. They weren't prominent Bloods back in California, agents later learned, but they had money, they had bling. The East Orange kids were awed.

"We was in love with the thing, ya know what I mean?" said one gang member, who was there at the time, and spoke on the condition of anonymity because he later cooperated with the FBI. "It was just the fact that we was young, we had nothing to grab onto in the neighborhood. We were so accustomed to the same ol' thing every day. And these dudes were really gang-banging. That was something was gonna bring us all together."

They came up with a set name -- the Double ii -- to tie together Inglewood, birthplace of the Bloods, and Illtown, the street nickname for East Orange.

Over the next few years, 15th and William streets transformed into ground zero for the Double ii. Bloods symbols and red spray paint sprouted on sidewalks and walls. Red shirts and bandannas were everywhere. Tired of the endless graffiti, one merchant gave in and painted his entire storefront red.

Teens studied Blood histories, codes and the 31 rules. Members learned that "031" represents love for Bloods, "235" is shorthand for the Double ii set and that a "550" is a civilian. A gang member marked for punishment became "food." Killing a rival was "puttin' in work."

They identified allies -- sets like the nearby Gangsta Killa Bloods, and Brick City Brims -- and agreed not to cross each others' turfs. They found their enemies -- the North Side Killer Gangstas, a Crips set blocks away.

The most disciplined Double ii's changed their everyday speech, replacing the letter c with b. Words like "cause" and "comfortable" became "bause" and "bomfortable." Crips are Brips; cars are bars.

The Double ii's sold heroin from the street 24 hours a day, splitting it up into four six-hour shifts, the former member said, stashing guns and drugs in an abandoned house dubbed the Rathole. He earned up to $2,500 a shift, but it quickly melted away, spent on clothes, jewelry, concerts, even a new car.

"As quick as you make it, you blow it," he said.

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The operation got a boost, he said, when one gang member, Quadree "Trouble" Smith, established a connection with a New York trafficker. Smith was among the older and more experienced gangsters; besides a criminal record, he had scars from nearly a half-dozen bullet wounds.

But if Smith emerged as the set's business brains, Butler, the man they called Massacre, was its soul.

A LEADER EMERGES

Slight, about 5-foot-7 and barely 140 pounds, Butler lived with his mother. Agents learned that he had once been a target for school bullies. Now he was deadly passionate.

Tattoos covered almost every visible patch of Butler's arms and neck. Two teardrops were stenciled under one eye; a single drop under the other. He dyed his dreadlocks red.

"Mass is the only people I can honestly say really, really, really believed in his heart," said his one-time associate. "His tongue was like a sword."

Butler cemented his reputation in October 2000. About 4 a.m. one day, he drove to an East Orange gas station where a rival, Robin Dwayne "Jabb" Thompson, was selling drugs. Butler covered his face, walked up behind Thompson and fired two shots into the back of his head.

The next summer, True G returned to East Orange and officially anointed Butler the set's leader, or 101, during a ceremony in Oval Park, the member said. Nine others were named to so-called "status" posts, with titles like ministers of defense and information.

"Once it became gang-affiliated, it was just like we had a chain of command -- orders was being given, orders had to be followed," the member said.

The gang grew steadily. At the May 26, 2002, barbecue -- the first recorded by agents -- seven more came to join. Butler gathered them together.

"Start from this man, go all the way around," he said, according to a recording and transcript of the meeting introduced at Jones' trial. "Let everybody know who y'all be, why y'all wanna bang."

What followed was something that sounded almost like a 12-step group.

"I be Bloody Mass, I be 101, I be that big homie," Butler told them. "I bang for you, you bang for me. That's how it's gonna go down."

After introductions, Butler asked every gang member to air grievances or share with the group. Holler at the world, he directed.

They did. They complained that some were breaking the rules, missing meetings, using drugs. One challenged how some acted in front of girls.

Then came the beatings.

Butler called on prospective inductees to come forward. To join, each knew, they had to withstand an attack for 31 seconds.

The agent and police detective listened as each young man stepped up to be battered. "Blood 31, Blood 30, Blood 29..." went the chant.

Not everyone passed the test. One crumbled to the ground under a torrent of punches and kicks.

"Whip his ass!" Butler commanded. "He ain't Blood! Make him never wanna walk back in here!"

As the wannabe lay bleeding and motionless, some began to question whether he was alive. The meeting began to break up. "Put that n-- in the bar, take him somewhere," an unidentified voice said.

Butler seemed less interested in the injured man than in the scattering crowd. He ordered an associate to get the "new breeds" their induction paperwork. And he reminded everyone about the next meeting.

"Hey, yo! Sunday, 2:35, Oval Park," he said. "Sunday, 2:35, Oval Park."

The recording, by a low-level gang member who has never been publicly identified, gave investigators the foundation for a racketeering charge. Membership, a leadership structure, discussion of criminal activity -- it was all there. Butler even admitted that he had "pushed" people, code for murder. Surveillance video helped them match names to faces and voices.

But they needed proof of specific crimes. They needed witnesses. And they needed some luck.

A DEADLY PIPELINE

Infiltrating a gang of young men who use brutal violence and tattoos to identify themselves was a high hurdle. Havens was typical of a newer agent -- a thirtysomething former cop, white, with light hair, a boyish face and a trace of his upstate New York roots in his voice. All of which meant he had no shot of getting inside the Double ii's.

Their first informant had been an unexpected gift, introduced months earlier to Lyman and Havens by an FBI agent in North Carolina. The young man, an East Orange native, had been convicted in a case down there and was coming home for a final visit before prison. The Carolina agent proposed that he help the FBI in New Jersey.

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Lyman and Havens met with the prospective cooperator. Over the next few months, before he went to jail, he recorded more than 100 meetings, transactions and conversations with gang members.

A veteran East Orange police detective, Nick Martinez, joined Havens on the investigation. Martinez was one of a handful of local officers detailed to the FBI task force. He knew the neighborhoods and some of the suspects by name, having arrested them over the years.

At the same time, the prosecutors caught another break. Agnifilo and one of his office's investigators, Joe Greco, had been poring over Newark police reports on guns that had been recovered or confiscated in crimes. They were looking for names and patterns when Greco noticed three guns purchased from the same store in Xenia, Ohio, about 20 miles east of Dayton.

Agents traced the gun registrations to students at Wilberforce University in Ohio. Those students told agents that a classmate from Newark, Seon Peton, paid them to act as straw buyers. Confronted, Peton admitted selling the weapons to an Essex County man he knew only as Jay.

From a photo lineup, Peton picked out Jay: It was Quadree Smith.

Shutting the gun pipeline became a priority. The Double ii's insisted that ranking members carry weapons, and few seemed reluctant to use them.

Jamal Coward, known as J-Rock, bought several of the Ohio guns. One was a Leinad semiautomatic, a favorite among gang members because it looked like an Uzi. The other was a .45-caliber handgun.

On a Monday morning in April 2002, Coward told Anthony Ward he wanted to play with his new toys. The pair climbed into a red Acura and drove to 22nd Street in Irvington -- a Crips neighborhood. With weapons in both hands, Coward began spraying the block with gunfire.

Erron Lewin, 19, lived on the street but wasn't a Crip. He was standing near his driveway when a bullet pierced his neck. Lewin collapsed and died. Three others were wounded.

Witnesses had little to offer police; one recalled the shooter yelling out something that sounded like "Bla-dat." What they probably heard was "Blatt," shorthand for "Blood Love All The Time," the Bloods' rallying cry. There were no suspects.

The next day, gang members later told agents, Coward found a reference to the shooting in The Star-Ledger and took the newspaper clip to the set leaders. He wanted credit for "putting in work."

He got it.

Two years would pass before Havens would be able to return to the neighborhood and tell Lewin's aunt they had finally solved the murder. The meeting turned out to be a low point for the agent.

The aunt explained that her nephew had been looking forward to an upcoming job interview when he was killed. She had even bought the teen a new suit for the occasion.

Instead, she buried him in it.

ENLISTING AN INSIDER

Cultivating confidential informants is among the most important -- and draining -- tasks for federal agents, something akin to adopting troubled children. Many have criminal records, addictions, no real jobs. They need attention, cash, reinforcement.

Approaching the wrong one at the wrong time can be fatal to a case.

For months, Havens and the task force had relied on outsiders to build their case. Some were paid, some cooperated to save themselves.

They bought drugs and guns from lower-level gang members in "controlled buys," transactions that were recorded and monitored by teams of agents and police officers. These were the building blocks for the case, crimes that could be charged at any time. But to flesh out the criminal enterprise, they needed to get closer.

Investigators learned Smith and one of his associates, Michael Harris, had a falling out over money and that Double ii members later robbed Harris. Agents and prosecutors believed that if they could turn Harris, they could get valuable insight into the Double ii's. If they failed, however, they might expose the investigation.

They sent an informant to buy guns and drugs from Harris. Then they waited. In early 2003, they picked up Harris on the minor charges. Quickly, he began cooperating. He laid out the history of the Double ii's, explained to them where Smith bought heroin in New York and how the drugs were distributed and stashed.

Prosecutors now had pieces of both a gun and a drug network.

They had evidence against many of their targets, but decided against a flashy roundup. They wanted to protect informants and keep their wide-ranging case a secret. They also still hoped to flip a ranking gang member and penetrate the Double ii's leadership.

So they began picking up suspects one at a time, waiting until they were alone and quietly hustling them into a minivan driven by Martinez. Most were charged with drug distribution or gun charges, enough to isolate and jail them.

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Other agencies also got involved. The Bureau of Alcohol, Tobacco, Firearms and Explosives had already been investigating the Ohio gun store. And federal prosecutors met regularly with their Essex County counterparts to identify unsolved murders and help build a case.

As the lead agent, Havens increasingly spent most of his days -- and many of his nights -- on the Double ii's. His laptop held thousands of photos, documents and files about gang member and their crimes. Sources called at all hours of the night. His Sundays fell into an unsettling pattern: sitting in church in the morning, sitting in an unmarked car outside a Bloods meeting in the afternoon.

His stable of informants had expanded and key Bloods were being jailed.

In October 2002, county prosecutors had jailed Butler, charging him with a double homicide in Newark. FBI agents participated in the arrest, but didn't let on about their racketeering investigation.

In 2003, Smith pleaded guilty to manslaughter charges in Superior Court in Essex County, but he was released on bail and went on the lam.

A confidential informant told Havens and Martinez they could find him in the Bronx, living around a stretch of apartment buildings along Pelham Parkway. The tip was rather broad, but the agents headed to the neighborhood hopeful for any clue, like a car with New Jersey plates.

As they pulled onto the block, they got something even better: Smith crossed the street right in front of them. He had changed his hairstyle, and wore a Boston Celtics jersey and a baseball cap, but couldn't hide his pride. Wrapped around his wrist was a $32,000 diamond-studded watch.

Martinez slipped out of the car and, gun drawn, inched up behind his target. As he lunged for Smith, the stunned gang member fell to the ground. He looked up almost relieved that he was being arrested, not ambushed.

Butler continued to direct the gang's activities from jail. In late 2003, with many of the gang's status members behind bars, he declared a new, two-tiered hierarchy for the Double ii's, one to oversee the set in prison and a second group to continue running operations in East Orange. He spelled out the plan in a letter delivered back to the neighborhood.

By then the feds had found their insider. Havens had persuaded a ranking Double ii member to secretly cooperate.

Becoming an informant could be deadly. Bloods rules demanded cooperators on the street be killed and that those in prison be slashed in the face, marked in a way all Bloods members would recognize.

But the new informant, the same one who had been awed by the Bloods as a teen in the 1990s, decided cooperating was more appealing that dying behind bars. "I really wanted a way out," he said in a telephone interview last month. "I saw a way out. I saw a light under the tunnel."

Freed from prison, he returned to the neighborhood and discovered the Double ii's had become more aware of law enforcement and more cautious. At least once, he ditched his recording device before a meeting because he feared being strip-searched.

But he resumed his role as a status member. And when the new leaders decided they needed a new hide-out to discuss business, the informant offered a solution.

His "cousin," he said, had moved to tiny one-bedroom apartment just a block from 15th and William streets. For a few bucks, he said, she might let them congregate there.

They agreed. The cousin was slightly older and the gang members took an instant liking to her. One even helped her hang drapes.

But in reality she was no cousin. She was an undercover FBI agent. The apartment was wired, with a hidden camera in the living room. It gave investigators the glimpse inside the Double ii that they had long been seeking.

In one conversation, they heard status members plot the death of a rival Crip who had strayed too often into their turf. (Agents scrambled to warn him of the death threat.) The camera was running when J-Rock admitted to the shooting spree that killed Erron Lewin. It's also how investigators discovered Anthony Copeland's murderer.

Copeland, 16, lived in a Crips neighborhood in East Orange. Prosecutors never found proof he belonged to a gang.

Samir Moses, on the other hand, wanted to join the Double ii's but had been turned down. On a Saturday night in April 2004, he tried to earn his way in.

Cruising in a stolen car in East Orange with two Double ii members, Moses saw Copeland outside his house. He jumped from the car, pointed a .357-caliber snub-nose handgun toward the teen and uttered the Bloods salutation, "What's poppin'?"

Then he shot Copeland in the chest.

The killing wasn't too different from other random gang murders. But as Vash, the assistant U.S. Attorney, pored over the evidence, she was stung in particular by a photo of the victim's clothes. It suddenly reminded her how young he was.

"His socks," she said, "had little puppies on them."

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Not long after the shooting, Moses admitted to the killing in a recorded conversation at the apartment. Days later, he was arrested.

By late summer 2004, nearly all the gang members had been jailed on drug or other charges. Prosecutors settled in to finalize their racketeering indictment.

Havens had one thing to do: He went to see Massacre.

SHOW AND TELL

With nearly all of the gang members locked up on drug or other charges, Havens visited Butler for the first time that fall at Trenton State Prison. It was Butler's 25th birthday, Oct. 1, 2004.

The two men had never spoken, but they knew of each other and knew why Havens was there. A racketeering indictment was looming; some members were cooperating. Both men knew many of the defendants would follow Butler's lead. If he took a plea, the rest would, too.

He chose not to.

"I know I'm never going home," Butler said, according to the agent. "I'm Mass. I'm 101."

But he agreed to exert his influence on one other gang member, his younger brother, Steven Butler. Massacre scrawled a note for Havens to deliver. In it, he gave his brother permission to cooperate and negotiate a plea.

Tell them "about me -- only me," Butler wrote.

Two weeks later, a federal grand jury indicted 19 Double ii members for racketeering. The 94-page charging document laid out the history of the gang set and spelled out five murders, 14 attempted murders and a list of other crimes.

Over the next 15 months, prosecutors twice revised the indictment. Some were crimes the defendants had already been charged with or convicted of in state courts, but were folded in as proof of the criminal enterprise. The last indictment, this past January, added murder allegations against Butler for the 2000 execution of Thompson.

By that time, many lower-ranking Double ii's had pleaded out. The leaders, however, wouldn't budge, perhaps wary of crossing each other. They were slated for a September trial under heavy security and with an anonymous jury.

The logjam broke one morning last April, when Agnifilo and Vash called the attorneys for the remaining defendants to federal court in Newark for a conference. When they arrived, some of the defenders were surprised to see their clients sitting, handcuffed, side by side in the jury box.

Armed U.S. marshals lined the courtroom and hallway. The doors were closed and locked.

The prosecutors began to spell out their case to the defendants, a group "show and tell" designed to push them toward a plea.

The defense attorneys had never seen anything like it. One stormed out. Others objected to the format and huddled in the hallway. But when they asked the gang members if they wanted to continue, all said yes.

Over the next several hours, Agnifilo and Vash let the defendants see what a jury would see. They played audio from the backyard barbecue and aired video from the apartment. They passed around photos of victims.

Vash read from transcripts of their secretly recorded conversations. Agnifilo promised that jurors would hear little LaQuan describe his father's murder.

As the prosecutors spoke, some of the gang members squirmed, turning to see how Butler responded or whispering about who the informants might be. Some asked questions.

"What's in it for us?" Amir Winn finally said. It seemed to be a bold question from the man accused of gunning down the 8-year-old's father.

The reply was terse: You might not spend the rest of your life in prison.

Within weeks, half of the defendants agreed to plead guilty. The rest, including Butler and Smith, held out for five more months. On Sept. 21, as their trial was about to begin, the pair struck a deal.

Butler acknowledged being the set leader, selling heroin, killing Thompson and ordering gang members to commit murders. At one point, Vash asked him if the Double ii's functioned with a chain of command.

"I was the chain of command," Butler told U.S. District Judge Katharine Hayden.

The judge scheduled the sentencings for early next year. Butler is expected to get at least 30 years in prison without parole.

A BATTLE, NOT THE WAR

The gang problem has not disappeared in East Orange. A few days before the pleas in September, the city's civilian police director, Jose Cordero, announced the arrests of 76 gang members in the previous two months. Some identified themselves as Double ii members.

"What we're seeing now is a lot of folks coming out of prison after doing some time," said Cordero, a former New York City anti-gang coordinator.

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But it's a far cry from when he arrived two years ago, Cordero said. At that time, he was stunned to see gangs operating brazenly on city streets.

The FBI's Violent Crime Criminal Enterprise task force has other major gang prosecution cases in its pipeline. Last month, agents and local police arrested 22 Crips members in East Orange, Irvington and Newark.

Wiser, the head of the FBI's Newark division, cautioned: "Law enforcement is not the answer to the gang problem. No one should make the mistake in thinking that it is."

Havens still hears from Double ii informants and witnesses several times a week. Some were relocated for their safety. After living with the case for the past four years, sometimes 24 hours a day, he's grateful it's over.

"I could investigate this case for the rest of my career," he said.

In a recent drive past the Double ii's old neighborhood in East Orange, Vash said she noticed how quiet it was, compared with three years ago. One defense attorney in the case marveled at the same thing.

"You've got all these people who are simply gone," said the attorney, who asked not to be named because he didn't want to antagonize what's left of the gang. "Gone. The whole set is gone."

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IMMIGRATION:

HOLOCAUST JUSTICE HITS A WALL: Exile Or Mercy For Old Nazi Guards? (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, December 3, 2006

As U.S. pushes to deport suspected killers, others say it should just let 3 aging men die at home in Michigan

John Kalymon, Johann Leprich and Iwan Mandycz are old men now, hobbled by the same aches and pains that plague many senior citizens in their 80s.

Only these men are not ordinary senior citizens.

In the 1940s, the U.S. Department of Justice says, they helped the Nazi killing machine as it steamrolled across Europe, exterminating millions of people deemed enemies of Adolf Hitler's Third Reich.

As it has in scores of similar cases, the government has gone to court to strip all three metro Detroit men of their U.S. citizenship so they can be deported.

But getting rid of them has created a moral, legal and diplomatic dilemma.

Their families and neighbors regard them as harmless old men who were victims, forced to choose between the Nazi juggernaut or death. Detroit-area survivors of the Holocaust regard them as tormentors who helped mercilessly kill their loved ones and friends. And the federal government, which is racing to expel them from the country before they die, is having a tough time finding European countries to take them.

"If their mothers and fathers had been killed and if they saw what I saw, they would feel differently," William Weiss, a Holocaust survivor from metro Detroit who lost his mother, father and two sisters during the war, said last week in response to suggestions that the government should let bygones be bygones.

Eli Rosenbaum, head of the Justice Department's Nazi-hunting Office of Special Investigations, is mainly concerned about making travel arrangements for the men.

"Right now, we have six people who we could put on a plane tomorrow," Rosenbaum said, adding that Leprich is one of the six.

"In recent years, we've had great difficulty persuading European nations to take these people back," Rosenbaum said. "And in some cases, we've hit a brick wall."

Rosenbaum said many European countries are too embarrassed to take back people they can't prosecute because they lack the laws or the desire to do so.

Jonathan Drimmer, a former deputy director of the OSI and lead prosecutor in the Mandycz case, said many countries don't want the old men because they don't want to take care of them. And leaning on foreign governments to take them back isn't high on Washington's priority list because of other pressing international issues.

An impassioned defense ...

The problem became apparent in October when the OSI reluctantly agreed to release Leprich to his family on an electronic tether after 39 months in federal custody because Romania, Hungary and Germany wouldn't accept him. Kalymon and Mandycz are free.

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Leprich, an ethnic German born in Romania, served as an SS Death's Head Battalion guard in 1943-44 at the Mauthausen concentration camp in Nazi-held Austria. An estimated 119,000 Jews, Gypsies, Jehovah's Witnesses and others died at the camp.

A federal judge in Detroit stripped Leprich of his citizenship in 1987 for concealing his wartime service to the Nazis before coming to the United States. After losing his citizenship, Leprich went to Canada before the government could initiate deportation proceedings.

Federal agents arrested him in 2003 as he hid in a secret compartment under a stairwell in the home he shared with his wife in Clinton Township. The agents had a judge lock him up as a flight risk.

Leprich, like Kalymon, declined to be interviewed or photographed for this story. Mandycz's lawyer didn't return calls and no one answered the door of Mandycz's home.

Kalymon and Leprich admitted working for the Nazis during the war, but said they did so because they had to and never persecuted anyone. Mandycz denied working for the Nazis, but a judge found otherwise. Leprich and Mandycz were concentration camp guards. Kalymon worked for a Nazi-run auxiliary police force in wartime Poland.

Leprich's lawyer, Joseph McGinness of Cleveland, has defended several people whom the government calls "Nazi persecutors" and accused the government of heavy-handed tactics. He said men like Leprich were compelled to work for the Nazis. He said they merely guarded camp perimeters and were never allowed to enter areas where prisoners were kept.

"The man isn't guilty of anything," McGinness said of Leprich. "Do you have any idea how little influence a 17-year-old private ... in the Waffen SS had? The only influence they had was to go out and get their head shot off on the Eastern Front."

... and skeptical response

But McGinnis' argument doesn't go down well with Holocaust experts like Professor Sidney Bolkosky of the University of Michigan-Dearborn.

"You couldn't guard one of those camps and not have some degree of complicity in brutality," Bolkosky said, adding that decades of research have failed to produce a single case of anyone being shot or shipped to the Eastern Front for refusing to help persecute Jews.

He said there are many instances of people being shot or imprisoned for helping rescue Jews. He said there must be consequences -- such as deportation -- for Nazi persecutors.

For years, the U.S. government did little to prevent them from immigrating to the United States or to make them leave.

From the end of the war until the late 1970s, only one person was stripped of citizenship for helping the Nazis -- Hermine Braunsteiner Ryan, a Queens, N.Y., homemaker and Austrian-born concentration camp guard who was extradited to Germany in 1973. Former prisoners called her "the Stomping Mare" because they said she stomped old women to death with steel-studded jackboots.

U.S. officials began taking an interest in Nazi persecutors in the early 1970s, after then-U.S. Rep. Elizabeth Holtzman, D-N.Y., was shocked to discover that federal immigration officials maintained a list of suspected Nazi persecutors living in the United States but did nothing to remove them.

She persuaded Congress to pass legislation in 1978 to denaturalize and deport participants in wartime persecution. The Office of Special Investigations was created the next year.

Since then, OSI lawyers have investigated 1,700 suspected Nazi persecutors, stripped 84 of their citizenship and deported 63. The office has 50 open Nazi-era investigations and 15 cases in litigation. It has lost only nine cases.

One of its targets was Kalymon, who in 1942-44 served in the Nazi-run Ukrainian Auxiliary Police. The government says the force helped the Germans round up nearly all of the 100,000 Jewish residents of L'viv, Poland, to be killed.

The government asked a federal judge in Detroit in January 2004 to strip Kalymon of his citizenship after discovering captured wartime documents from the former Soviet Union showing that he repeatedly shot at Jews who tried to escape during roundups. Kalymon killed one Jew and wounded another, the reports said.

During 3 1/2 hours of trial testimony in September, Kalymon insisted he never shot his rifle, never persecuted any Jews and never saw any Jews being mistreated or killed in L'viv.

He also denied submitting a handwritten report showing that an Ivan Kalymun fired four shots during a roundup of Jews at 7 p.m. Aug. 14, 1942, wounding one and killing another.

Kalymon and his lawyer, David Domina of Birmingham, insisted Kalymon is a victim of mistaken identity. They said the shooting reports, which officers submitted to account for ammunition, were created by a precinct commander who was stealing ammunition to sell on the black market.

Kalymon admitted lying to U.S. authorities about his wartime activities on his visa application in 1949. Kalymon, who was born in Poland, said he was afraid of winding up in the hands of the Soviets, who he said killed his wife's father, a Greek Orthodox priest.

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They're 'wonderful neighbors'

After arriving in the United States, Kalymon and his wife, Lubow, moved to Detroit, where he worked as a draftsman for Chrysler. He retired in 1989 after 25 years of service.

His son, Alexander Kalymon of Troy, said the past two years have been hard for his family.

"Can you imagine how difficult it is to prove your innocence when no one from that time period is still alive?" Alexander Kalymon said.

"Where do you get the resources to even find out? The government has almost unlimited resources."

He said he doesn't know what his family will do if U.S. District Judge Marianne Battani strips his father of citizenship, paving the way for deportation proceedings.

John Kalymon's neighbor Eleanor Rink, who worked with Kalymon's wife years ago, said she feels bad for the couple.

"They're absolutely wonderful neighbors," Rink said.

She said John Kalymon helps remove snow from her sidewalks since her husband died 10 years ago.

But Weiss, the Holocaust survivor, was skeptical of Kalymon's court testimony.

"How could he not have known what was going on?" said Weiss, 81, who was born in L'viv and lost both sisters and his mother during roundups of Jews conducted by the Ukrainian Auxiliary Police.

Weiss, who survived several concentration camps and prisons and watched his father die when the Nazis forced them to march to a camp, said Ukrainian Auxiliary Police officers were a constant and brutal presence in the L'viv ghetto.

Weiss testified last year in Chicago in a similar court case against another former Ukrainian Auxiliary Police officer and at one point was asked to testify at Kalymon's trial.

Meanwhile, Rosenbaum warns the suspects not to get too comfortable with the idea of remaining in the United States.

"The message I would have for Leprich and the others is this: I suggest you keep your bags packed because we don't give a lot of notice when it's time to go," Rosenbaum said. "The time will come."

Do Immigrants Make Us Safer? (NYT)

By Eyal Press

The New York Times Magazine, December 3, 2006

Although the midterm election failed to render a clear verdict on illegal immigration, the new Democratic Congress may enact sweeping legislation tightening border controls and allowing more guest workers next year. If that happens, the rancorous debate about how undocumented workers affect jobs and wages in the United States will be rejoined. So, too, will an equally rancorous, if less prominent, debate: Do immigrants make the U.S. more crime-ridden and dangerous?

In an age of Latino gangs and Chinese criminal networks, the notion that communities with growing immigrant populations tend to be unsafe is fairly well established, at least in the popular imagination. In a national survey conducted in 2000, 73 percent of Americans said they believe that immigrants are either “somewhat” or “very” likely to increase crime, higher than the 60 percent who fear they are “likely to cause Americans to lose jobs.” Cities like Avon Park, Fla., have considered ordinances recently to dissuade businesses from hiring illegal immigrants, whose presence “destroys our neighborhoods.” Even President Bush, whose perceived generosity to undocumented workers has earned him vilification on the right, commented in a speech this May that illegal immigration “strains state and local budgets and brings crime to our communities.”

So goes the conventional wisdom. But is it true? In fact, according to evidence cropping up in various places, the opposite may be the case. Ramiro Martinez Jr., a professor of criminal justice at Florida International University, has sifted through homicide records in border cities like San Diego and El Paso, both heavily populated by Mexican immigrants, both places where violent crime has fallen significantly in recent years. “Almost without exception,” he told me, “I’ve discovered that the homicide rate for Hispanics was lower than for other groups, even though their poverty rate was very high, if not the highest, in these metropolitan areas.” He found the same thing in the Haitian neighborhoods of Miami. In his book “New York Murder Mystery,” the criminologist Andrew Karmen examined the trend in New York City and likewise found that the “disproportionately youthful, male and poor immigrants” who arrived during the 1980s and 1990s “were surprisingly law-abiding” and that their settlement into once-decaying neighborhoods helped “put a brake on spiraling crime rates.”

The most prominent advocate of the “more immigrants, less crime” theory is Robert J. Sampson, chairman of the sociology department at Harvard. A year ago, Sampson was an author of an article in The American Journal of Public Health that reported the findings of a detailed study of crime in Chicago. Based on information gathered on the perpetrators of more than 3,000 violent acts committed between 1995 and 2002, supplemented by police records and community surveys, it found that the rate of violence among Mexican-Americans was significantly lower than among both non-Hispanic whites and blacks.

In June, Sampson and I drove out to a neighborhood in Little Village, Chicago’s largest Hispanic community. The area we visited is decidedly poor: in terms of per capita income, 84 percent of Chicago neighborhoods are better off and 99 percent have

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a greater proportion of residents with a high-school education. As we made our way down a side street, Sampson noted that many of the residents make their living as domestic workers and in other low-wage occupations, often paid off the books because they are undocumented. In places of such concentrated disadvantage, a certain level of violence and social disorder is assumed to be inevitable. As we strolled around, Sampson paused on occasion to make a mental note of potential trouble signs: an alley strewn with garbage nobody had bothered to pick up; a sign in Spanish in several windows, complaining about the lack of a park in the vicinity where children can play. Yet for all of this, the neighborhood was strikingly quiet. And, according to the data Sampson has collected, it is surprisingly safe. The burglary rate in the neighborhood is in the bottom fifth of the city. The overall crime rate is nearly in the bottom third.

The safety of neighborhoods like these has received little attention in the debate about immigration — or, for that matter, the debate about crime. Ever since cities like New York began cracking down on panhandling and loitering in the mid-1990s, a move that coincided with a precipitous drop in violence, policy makers have embraced the so-called broken-windows theory, which emphasizes the deterrent effects of punishing such minor offenses. Lately, though, scholars have begun to question whether "broken windows" deserves all the credit for diminishing crime after all. Some researchers have linked progress to the cessation of the crack epidemic. Others point to an improved economy, community-policing initiatives or even the legalization of abortion, which reduced the number of poor, unwanted children growing up in high-risk neighborhoods.

Sampson's theory may be the most provocative yet. Could America's cities be safer today not because fewer unwanted children live in them but because a lot more immigrants do? Could illegal immigration be making the nation a more law-abiding place?

There are, to be sure, scholars who take issue with this rosy picture. Wesley Skogan, a political scientist at Northwestern University, has spent the past 13 years tracking violence and social disorder in the white, black and Latino communities in Chicago. In a new book, "Police and Community in Chicago: A Tale of Three Cities," just out from Oxford University Press, Skogan concludes that the big success story took place not in immigrant areas but in African-American ones, where participation in community-policing programs was highest and violence fell the most. "About two-thirds of the crime decline in Chicago since 1991 took place in black neighborhoods," Skogan says. In Hispanic communities, by contrast, Skogan found that the fear of crime, as measured in surveys of residents, and real social disorder — gang activity, loitering — actually became worse as the foreign-born population increased. Skogan acknowledges that Hispanic immigrants don't show up much in arrest records, but he says he believes part of the explanation for this rests in the fact that those who are undocumented go to enormous lengths to "stay off the radar." Many also come from a country, Mexico, where distrust of law enforcement is endemic, which is why he suspects they underreport crime and participate less in community-policing programs, as his study found.

Sampson doesn't deny that crime may be underreported in immigrant neighborhoods. Nonetheless, he is quick to note that as the ranks of foreigners in the United States boomed during the 1990s — increasing by more than 50 percent to 31 million — America's cities became markedly less dangerous. That these two trends might be related has been overlooked, he says, in part because immigrants, like African-Americans, often trigger negative associations regardless of how they actually behave. Not long ago, Sampson and Stephen W. Raudenbush, a sociologist who teaches at the University of Chicago, conducted an experiment to test this idea. The experiment drew on interviews with more than 3,500 Chicago residents, each of whom was asked how serious problems like loitering and public drinking were where they lived. The responses were compared with the actual level of chaos in the neighborhood, culled from police data and by having researchers drive along hundreds of blocks to document every sign of decay and disorder they could spot.

The social and ethnic composition of a neighborhood turned out to have a profound bearing on how residents of Chicago perceived it, irrespective of the actual conditions on the streets. "In particular," Sampson and Raudenbush found, "the proportion of blacks and the proportion of Latinos in a neighborhood were related positively and significantly to perceived disorder." Once you adjusted for the ethnic, racial and class composition of a community, "much of the variation in levels of disorder that appeared to be explained by what residents saw was spurious."

In other words, the fact that people think neighborhoods with large concentrations of brown-skinned immigrants are unsafe makes sense in light of popular stereotypes and subliminal associations. But that doesn't mean there is any rational basis for their fears. Such a message hasn't sat well with everyone. As the debate about immigration has grown more heated and polarized, Sampson has found himself barraged with hate mail. "Vicious stuff," he told me, "you know, thinly veiled threats, people saying, 'You should just come and look at the Mexican gangs here.' " But Sampson has also won some far-flung admirers. In Mexico, one of the nation's leading dailies, La Reforma, published a story hailing his findings, under the triumphal heading, "Son barrios de paisanos menos violentos que los blancos " ("Neighborhoods of our countrymen are less violent than white ones").

If immigrants really are making America safer, why is this so? "That," Sampson says, "is the $64,000 question." In discussing the persistence of poverty and the causes of crime, sociologists on the left often emphasize the importance of

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“structural” factors like unemployment and racism, while scholars on the right tend to focus on individual behavior like having an illegitimate child and using drugs. Sampson prefers to focus on the nature of the social interactions taking place in particular neighborhoods. At one point in Little Village, we strolled past a house where a couple of young girls were playing outside. It didn’t seem that anybody was supervising them. Next door, however, an elderly woman was standing just inside the window. The window was open, and as Sampson and I passed by, her eyes did not leave us. “Did you notice that?” asked Sampson as we proceeded down the block. She was making sure the two strangers who had appeared weren’t dangerous. It was an example of the kind of informal social control that Sampson says can prevent even the poorest neighborhoods from spiraling into chaos and that he suspects may distinguish many tightknit immigrant communities.

But Sampson also notes the importance of another factor, one often stressed by conservatives: Mexicans in Chicago, his study found, are more likely to be married than either blacks or whites. “The family dynamic is very noticeable here,” Sampson remarked as we passed a girl with long braided hair clutching her mother’s hand. Her father followed a few steps behind. Sampson does not believe family structure explains everything: the data showed that in immigrant neighborhoods, even individuals who are not in married households are 15 percent less likely to engage in crime. Yet neither did he discount its significance.

To the extent a strong family structure does play a role, it has left Sampson understandably mystified why the most strident opponents of immigration so often come from the right. Shouldn’t conservatives concerned about the breakdown of traditional values be celebrating these family-oriented newcomers? This is indeed what David Brooks argued not long ago in a column in The New York Times, gently chiding his fellow conservatives for reflexively assuming foreigners have had a corrosive impact on the nation’s moral fiber. “As immigration has surged, violent crime has fallen 57 percent,” Brooks noted in the column, which was titled “Immigrants to Be Proud Of.”

Sampson wrote Brooks a note complimenting him on the piece. But he is under no illusions that his views on crime and immigration will endear him to Republicans clamoring for America’s borders to be sealed. On the other hand, it might not make his colleagues on the left any happier. The flip side of the impulse to demonize immigrants is, after all, the tendency to romanticize them as hard-working Horatio Alger types who valiantly lift themselves out of poverty — with the implication that if they can avoid falling victim to drugs, gangs and other inner-city scourges, those who succumb to these forces have only themselves to blame. In calling attention to the virtues of immigrant communities, there is a risk that Sampson’s work will be taken by some as a commentary on the high crime rate in some poor African-American communities.

Of course, comparing the experiences of Mexican immigrants and African-Americans may seem grossly unfair, not least because studies have shown that many employers are willing to hire foreigners (on the assumption they work hard) but not blacks (on the assumption they don’t). Yet the fact that it is unfair hardly means such comparisons won’t be made — even though immigrants commit less crime not only than African-Americans in inner-city neighborhoods but less than American-born white people as well.

Before anyone rushes to conclude that crime would vanish from America’s cities if only more foreigners moved here, it is worth considering something else Sampson’s study uncovered. It is a finding as troubling as his basic thesis about immigrants is hopeful. Second-generation immigrants in Chicago were significantly more likely to commit crimes than their parents, it turns out, and those of the third generation more likely still.

Opponents of immigration frequently charge that Mexican immigrants threaten America’s national identity because of their failure to assimilate. A more reasonable concern might be the opposite of this: not that foreigners in low-income neighborhoods refuse to adopt the norms of the native culture but that their children and grandchildren do.

The sociologists Alejandro Portes and Rubén G. Rumbaut conducted a multiyear longitudinal study of immigrant children in Miami and San Diego. The offspring of foreigners who grow up in impoverished ghettos, they have argued, particularly Mexican-Americans exposed to racial as well as economic discrimination, often lose the drive and optimism their parents had and come to share the widespread attitude among their inner-city peers that survival depends on brandishing an oppositional stance toward school authorities and, more broadly, a culture that looks down on them. “The learning of new cultural patterns and entry into American social circles does not lead in these cases to upward mobility but to exactly the opposite,” Portes and Rumbaut contend, a process of “downward assimilation” that has created a new “rainbow underclass.” Astoundingly, in a recent paper, Rumbaut and several doctoral students found that the incarceration rate among second-generation Mexicans was eight times higher than for the first generation; among Vietnamese, it was more than 10 times higher. Where the first-generation immigrants in their data were less likely to wind up in prison than native-born whites, the second (with the exception of Filipinos and Chinese) were more likely.

Such findings suggest the class and race divisions that cleave America’s social landscape may prove decisive after all. In Sweden, a country with markedly less inequality and more generous social welfare policies — and far less violent crime — studies have shown the rate of offending tends to be lower for the second generation of immigrants than for the first. Of course,

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America has historically done an admirable job of assimilating newcomers, and the theory of "downward assimilation" has not gone unchallenged. Recently, a team of researchers completed a study in New York of more than 2,200 second-generation immigrants and 1,200 native-born Americans that allowed them to compare the rate of offending among various groups, West Indians versus African-Americans, for instance, or Russians versus American-born whites. According to John Mollenkopf, a political scientist at the CUNY Graduate Center, the arrest rates among the children of immigrants were the same or lower in every case. "The second-generation immigrants are doing better, on the whole, than the native-born," he said.

Clearly, the debate over assimilation will continue, as Sampson acknowledges. When I asked him why he thought the positive trends he and his colleagues had discovered in Chicago seemed to become diluted by the second and third generations, he paused.

"That's another $64,000 question," he said, chuckling softly. Part of the explanation, he went on to speculate, may rest in the exposure subsequent generations have to the things that often lure young people in America's cities to engage in illicit activities: drugs, cash, cars, contraband. Part of it, as well, might be the adoption of streetwise attitudes that lead people to react quickly to insults in the United States. One thing it is difficult for Americans to realize, he said, is how unusually violent their country is, particularly in light of its inordinate wealth. Recently, scholars have become increasingly interested in the historical origins of American violence. Richard Nisbett of the University of Michigan and others have traced our "culture of violence" back to the valorization of retribution and dueling among Scotch-Irish immigrants in the American South, suggesting that antique folkways have become encoded into the nation's DNA.

It is a dark view, perhaps, but Sampson is hopeful that the good news about crime in recent years can continue, albeit under certain conditions, among them less alarmism about the supposedly dangerous foreigners in our midst. Sampson shook his head when describing some of the correspondence he has received from people absolutely certain that immigrants are sowing mayhem in our streets. In the last few years, he noted, such people have had somewhat less cause for worry, since the numbers show the flow of newcomers has subsided a bit. Meanwhile, the crime rate in some cities has begun to creep back up. Sampson, for one, does not think this is a mere coincidence. Those clamoring for America to close its borders in order to prevent violence-prone strangers from flooding our shores may well get their way, he acknowledged, but they ought to be careful what they wish for.

Georgia Legislator's Wife Battles Deportation Order (NYT)

By Brenda Goodman

The New York Times, December 3, 2006

ATLANTA, Dec. 1 — The wife of a Georgia legislator known for his strong support of immigrants' rights is in hiding after federal agents came to their home on Tuesday with an order to deport her to her native Colombia, her lawyer said.

In a written statement issued on Wednesday, State Senator Curt Thompson, 37, a Democrat, said his wife, Sascha Herrera, 28, missed an immigration-related court hearing in February 2005. Mr. Thompson said notices about an asylum application that had been mistakenly filed on her behalf had been sent to the wrong address, causing her to miss the hearing.

Because Ms. Herrera did not appear in court, a federal judge issued a deportation order in February 2005, Charles H. Kuck, Ms. Herrera's immigration lawyer, said on Friday.

Mr. Kuck said Mr. Thompson told him that his wife was not at the couple's home when Immigration and Customs Enforcement agents arrived on Tuesday to take her into custody. Mr. Kuck would say only that Ms. Herrera was in a safe place.

"We're making an arrangement, we hope, for her to come in Monday morning," Mr. Kuck said, adding that he would try to persuade an immigration judge to reopen Ms. Herrera's case.

It is usually difficult to get an immigration case reopened, several experts said.

Advocates of immigrants' rights say Ms. Herrera's situation is another indication of how byzantine is the system for applying for legal residency in this country.

"It's a very, very onerous system," said State Senator Sam Zamarripa, a Democrat who was the first Hispanic elected to the Georgia Senate. "If the wife of a state senator can't handle it, how can we expect people who are working in our labor force to handle the bureaucracy?"

"This is going to take a U.S. congressman or a senator to step in," Mr. Zamarripa said. "To say, let's wait a minute. Let's think about this. This is a good person who deserves to be in this country."

Marc Raimondi, a spokesman for Immigration and Customs Enforcement in Washington, said he could not comment on the specifics of Ms. Herrera's case. Generally, Mr. Raimondi said, "People who are here legally are very, very careful about their immigration status." Of the couple's claims of ignorance about the notices, he said, "It sounds like a lot of song and dance."

In his statement, Mr. Thompson also said his wife was the victim of an unscrupulous "notario." In some Spanish-speaking countries, a "notario publico" is a highly regarded lawyer with special power to negotiate with the government. In the United

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States, however, a "notario" is often a notary public with no special expertise in immigration law. Some notaries, however, advertise themselves within Latino communities and take advantage of the similarity between the two titles to charge high fees to file immigration paperwork with the government.

Mr. Kuck said Ms. Herrera originally paid $1,300 to the notary, whom he identified as Tomas Vilela, to help her file paperwork to extend her visitor's visa so she could take classes at Kennesaw State University, just north of Atlanta.

Mr. Vilela recommended that she apply for asylum, Mr. Kuck said, and had her sign the last page of an application. But after she received an F-1 student visa, for which university officials had helped her apply, Ms. Herrera instructed Mr. Vilela not to file the application, Mr. Kuck said.

Mr. Kuck said that Mr. Vilela filed the forms anyway, and that because the paperwork listed the address of his business, all subsequent letters from immigration officials were sent there, not to Ms. Herrera's home. Mr. Thompson's statement said the notary did not forward the letters to Ms. Herrera.

She did not know about the filing and never received notices about the hearing, Mr. Kuck said, adding that the deportation order "hit the couple completely out of the blue."

Mr. Vilela did not return several messages left at his office.

Though Ms. Herrera was in the country legally on the student visa, once she missed the date for the asylum hearing and the deportation order was issued, "it trumped all other legal status," Mr. Kuck said.

Mr. Thompson represents parts of DeKalb and Gwinnett Counties, in a district where about one in four residents is foreign born.

The Atlanta Journal-Constitution quoted him as saying that he asked immigration officials about Ms. Herrera's status before their marriage in April 2006 — more than a year after the deportation order was issued — and was told that she was in the country legally. Because her husband is a United States citizen, after their marriage, Ms. Herrera also applied for an adjustment of her status to become a permanent resident and obtain a green card. But the approval process is lengthy, Mr. Kuck said.

If she is deported, Ms. Herrera could be barred from re-entering the United States for 10 years, Mr. Kuck said, "so we have to work with extreme speed to try to fix this."

CONGRESS-ADMINISTRATION:

Editorial: Leahy Has Historic Opportunity (BMTA)

Barre-Montpelier (VT) Times Argus, December 3, 2006

Friends and staff of Sen. Patrick Leahy are already talking about the opportunity now before him to establish a legacy that will place him among the most important senators in Vermont history.

It will not be about the pork he is able to secure from his position on the Appropriations Committee or his long-term work for the interests of the state's dairy farmers. It will be his legacy as a defender of the U.S. Constitution.

Leahy has been almost giddy since the elections last month, with the prospect that he will become chairman of the Senate Judiciary Committee. But the challenges before him are serious indeed.

As chairman he will have the power to focus on the numerous ways that the Bush administration has worked to skirt and undermine the constitutional limits on executive power, straying into activities that might be judged illegal or even criminal. A successful effort to rein in the abuses of the Bush administration will place Leahy in the history books alongside Sen. Ralph Flanders of Vermont, who was instrumental in challenging the abuses of Sen. Joseph McCarthy — except Leahy's challenge is even greater and the abuses more serious than those of the senator from Wisconsin whose name has become synonymous with an era of thuggery and paranoia.

Leahy appears to understand what he is up against. Already he has sent letters to the Justice Department renewing numerous requests for information on a variety of programs and activities that are constitutionally dubious. President Bush has promised to foster a spirit of bipartisanship in his dealings with the new Democratic Congress, but so far the Justice Department and the White House show every sign that they will resist Leahy's efforts to let the sun shine on the doings of the federal government.

Leahy will have to focus both on the specifics of administration activities and on the broader legal and political philosophy the administration has offered in its own defense.

Thus, Leahy has sought documents that would shed light on the administration's decisions related to the detention of prisoners and on unauthorized domestic spying. Of broader concern is the claim of sweeping executive power used by the administration to place itself virtually above the law. Leahy's greatest contribution would be to expose the danger to our constitutional system of Bush's claims and to help re-establish proper limits on the reach of executive power.

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This work requires the perspicacity and determination of a statesman. The work of the Judiciary Committee in investigating these issues must not be seen by the public as an effort to settle political scores. The Bush administration will try to cloak its practices in secrecy on the basis of national security, and Leahy will have the job of discerning the difference between legitimate national security concerns and bogus claims designed for political self-protection. There is plenty of precedent for the bogus, going all the way back to the Pentagon Papers.

The struggle over Bush administration abuses will be of the utmost seriousness. It is likely that Bush has sought legal justification for secret detention and "alternative" interrogation methods as a way to cover up torture and illegal imprisonment that could put members of the administration in legal jeopardy. A policy of torture, which apparently received approval at high levels of government, brings the administration close to the territory of war crimes. As Leahy and his committee get close to that territory, the political warfare will not be pretty.

It will be important for Leahy to maintain a focus on the legal and constitutional issues at stake: that the United States stands for human rights, the rule of law and a system of checks and balances that applies to the president even in a time of war. The American people will be grateful to him if he can establish that a democracy need not resort to the ruthless, lawless methods of a panicked bully. And Vermonters will remember him among the handful of Vermont's greatest statesmen.

Lame-Duck Congress May Run Out The Clock (WP)

By Jonathan Weisman

The Washington Post, December 3, 2006

Sen. Arlen Specter (R-Pa.) wants legislation on President Bush's warrantless wiretapping program. Rep. Christopher H. Smith (R-N.J.) is sure the time has come for Congress to declare that aborted fetuses feel pain. And Rep. Thomas M. Davis III (R-Va.) still insists that the District of Columbia should be granted a vote in the House while the Republicans control Congress.

They shouldn't count on it.

Congress will convene on Tuesday for what some fear will be the lamest of lame-duck sessions, and GOP leaders have decided to take a minimalist approach before turning over the reins of power to the Democrats. Rather than a final surge of legislative activity, Congress will probably wrap up things after a single, short week of work. They have even decided to punt decisions on annual government spending measures to the Democrats next year.

"There is a lot of battle fatigue among members, probably on both sides of the aisle," said Rep. Mike Pence (R-Ind.), usually a reliable conservative firebrand. "Contrary to popular belief, members of Congress are human beings. They have a certain shelf life and a certain amount of energy to be drawn on. We're tired."

Before the midterm elections, GOP leaders had dismissed the Democrats' "do-nothing" label for the 109th Congress as political posturing, promising that a robust post-election session would put the accusation to rest. Instead, Republican lawmakers will have met for one week in November, devoted almost exclusively to leadership elections for next year, and one week in December, largely to pick committee assignments, move offices and pass a measure to keep the government operating through February.

That will mean this Congress will have spent the least time in session of any in at least half a century, according to Thomas E. Mann and Norman J. Ornstein, congressional historians and the authors of "The Broken Branch," a critical look at recent Congresses. In the time they have met, lawmakers have failed to approve a budget resolution or pass at least eight of the 11 annual spending bills.

Other significant pieces of legislation will be hard to find. Bush's push for a comprehensive overhaul of immigration laws produced a partially funded measure to build a border fence. His calls to restructure Social Security, rewrite the tax code and ease the cost of health insurance went unheeded. And GOP lawmakers' pledge to tighten ethics regulations in the wake of the indictments or resignations of four members fell flat.

"Harry Truman's 'do-nothing' Congress passed the Marshall Plan," Mann pointed out.

To be sure, Congress will do something this week. Lawmakers have routinely extended a number of business tax breaks every year or so, including a tax credit for research and development and a break for hiring welfare recipients. But that routine was broken this year when GOP leaders decided to link those business-tax-cut extensions to a deep and permanent cut to the estate tax, a link that Senate Majority Leader Bill Frist (R-Tenn.) had declared inviolable.

This week, the inviolable link will be broken. The tax extensions will be passed on their own after all, according to legislative aides, perhaps with a multibillion-dollar provision staving off scheduled cuts to physician reimbursements under Medicare.

The House has scheduled a vote on Smith's fetal-pain bill, which, among other things, would require abortion providers to inform patients of the controversial assertion that the procedure may cause pain. Providers would also have to offer anesthesia for the fetus, which the patient would have to accept or reject in writing. But GOP leaders put the measure on the fast track to

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passage, which means it will need the vote of two-thirds of the House. Even if the bill wins that much support, it will go nowhere in the Senate, Republicans concede.

Likewise, House Republicans on Friday relented on their opposition to a Senate-passed measure opening new territories off the Gulf Coast to oil drilling, with much of the royalty proceeds to be dedicated to Louisiana, Mississippi, Alabama and Texas. That, too, will go on the expedited calendar, where it could be sunk by environmentalist lawmakers and Republicans who believe that the bill does not go nearly far enough to open up new frontiers for oil exploration.

Beyond that, there is little in the offing. Anguished over the Democrats' victory on Nov. 7 and the tumult that has followed, GOP lawmakers want to get out of town. One senior Senate Republican aide called hopes for substantive legislation "delusional."

Much of the problem is as prosaic as office space, GOP aides said. Lawmakers were forced to vacate their offices on Friday, and few of them want to hang around Washington with no place to sit. Retiring House Ways and Means Committee Chairman Bill Thomas (R-Calif.) got angry during a meeting of committee chairmen, demanding to know how he was supposed to complete work on the business tax extension bill without an office, according to one GOP aide present in the meeting.

And attendance is expected to be light. House Resources Committee Chairman Richard W. Pombo (R-Calif.) may be crucial to passage of the offshore-oil-drilling bill, since he had led the charge to broaden the Senate's approach. But he may not have his heart in it, GOP leadership aides conceded. He was defeated on Nov. 7.

Besides, with committee assignments, chairmanships and ranking Republican posts up for grabs next week, there will be campaigns to run, presentations to make and alliances to form. Legislating may be far down the list of priorities.

Some members say they are willing to stick around, but with limits. "Most members feel we ought to stay in as long as we need to get done as much as we can do realistically," said Rep. Tom Price (R-Ga.). "If that's a week, fine. If that's four weeks, fine."

But what's realistic is very limited, and even the firebrands have turned into coldhearted realists.

"If we had a chance to make law before the Democrats took over, I'd be interested in sticking around. If we have the opportunity just to make a point, only to see the Senate stop it, I'm disinclined," Pence said. "The time for Pyrrhic victories has passed."

Revival Of Tax Breaks Tied To Lame-duck Session (WT/AP)

The Washington Times, December 3, 2006

Millions of entrepreneurs, teachers and parents with children in college have a financial stake in whether Congress, in the waning hours of Republican rule, revives tax breaks that expired 11 months ago.

If Congress fails to act, teachers no longer will be able to deduct up to $250 for the books and supplies they pay for out of their own pockets.

Residents of Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming -- each without an income tax -- will miss out on an average $1,500 deduction for state and local sales taxes.

Lawmakers have tried all year to renew the diverse mix of targeted tax breaks. The breaks, which expired Jan. 1, enjoy wide support in both parties. Precisely because of this support, lawmakers have sought to add them as a "sweetener" to contentious legislation in hopes of getting that legislation through.

Before the election, Republicans tried unsuccessfully to link the tax cuts to a bill that would reduce the estate tax. Most Democrats find that bill unacceptable.

Lawmakers will take one more shot at the tax bill when they return this week to wrap up their work for the year, but they might not have the time or the will to agree on a compromise.

Aides in both the House and the Senate said a deal is possible, with prospects best if the tax bill is not combined with other measures.

Negotiators say they have agreed that the proposal will cover two years, retroactive to 2006 and through 2007.

Businesses could be big losers if Congress fails to renew the research-and-development tax credit, which offers a 20 percent credit for new activities. One estimate puts the value of the credit to businesses at $16.5 billion.

"There are some expenditures by the U.S. government that should really be called investments," William Archey, head of the American Electronics Association, said recently.

Also important, said Philip Beram, chief tax counsel with the U.S. Chamber of Commerce, are provisions that allow employers to claim a tax credit of up to $3,500 for the first year of a worker who received public welfare for an extended time. Businesses also benefit from the provision allowing people from the seven states without income taxes to deduct state and local sales taxes.

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The Internal Revenue Service said that on 2004 returns, 11.1 million taxpayers in those states claimed $17.3 billion in deductions from state and local sales taxes.

Also in 2004, an estimated 4.7 million families claimed $10.7 billion in deductions for college tuition and fees. In the legislation that Congress failed to pass before the November election, taxpayers could claim above-the-line deductions of up to $4,000, depending on their income, for higher-education expenses.

In 2004, the full deduction was available to a taxpayer earning up to $65,000, or $130,000 for a couple filing jointly. A person earning up to $80,000, or $160,000 for a couple, could claim up to $2,000.

Meanwhile, 3.4 million teachers took advantage of the $250 deduction for personal costs incurred to purchase supplies for their classrooms.

McConnell's Unlikely Role Models (WP)

By David S. Broder

The Washington Post, December 3, 2006

Ask Sen. Mitch McConnell of Kentucky to name his role models for his responsibilities as Senate minority leader in the next Congress, and the answer is surprising. "Mike Mansfield and George Mitchell," he replied the other day. "I know they're both Democrats, but I admire the way they ran things here."

Mansfield, who was Senate majority leader from 1961 to 1977, took over from Lyndon Johnson and, as McConnell noted, erased Johnson's almost-dictatorial regime and substituted a much more collegial style. Mitchell, who was majority leader from 1989 to 1995, brought down from Maine the studied, judicious approach he had learned as a federal judge.

Both men were effective leaders of their party but were notable also for their willingness to reach across party lines to accomplish legislative goals. Mansfield allowed Everett McKinley Dirksen, his Republican counterpart, to claim most of the credit for the civil rights bills of the 1960s, and he famously began his days by sharing breakfast in the Senate dining room with his close friend George Aiken, the Republican senator from Vermont. Mitchell as majority leader engineered bipartisan agreements on the savings and loan bailout, a minimum wage increase, a major clean air bill and far-reaching immigration reform -- all while Republicans held the White House.

Mansfield and Mitchell shared one other trait. Both were intensely aware of the special role of the Senate and its place in the Constitution. Neither was in any way deferential to the president. Mansfield challenged President Johnson publicly and repeatedly on his Vietnam policy, and Mitchell was often a thorn in the side of President George H.W. Bush.

When McConnell was asked, during a visit to The Post last week, what obligation he felt toward the current President Bush, he replied, "I was elected by Senate Republicans, and they are the ones to whom I am responsible." While emphasizing that he was in "philosophical agreement" with the president, he clearly sees his role differently than did his predecessor, retiring Majority Leader Bill Frist of Tennessee.

Frist was installed in the leadership job with major help from the Bush White House and often appeared to be more the president's liaison to the Senate than the Senate's leader.

McConnell is in the odd -- and potentially awkward -- position of having his wife, Elaine Chao, serving as secretary of labor in the president's Cabinet. But he is much more a creature of the Senate than Frist was, and he seems determined to set his own course.

In the interview, McConnell repeatedly stressed his belief that divided government -- a Democratic Congress confronting a Republican president -- need not produce gridlock. He cited a wide range of issues, from raising the minimum wage to revising ethics rules to immigration and Social Security reform, where he sees good prospects of legislative agreement.

In judging these words, realists will quickly note McConnell's reputation as a hard-nosed politician and crafty campaign tactician. No one who knows him doubts that high on his agenda is overthrowing the Democrats' shaky two-seat majority in the 2008 Senate elections so that he can become majority leader.

McConnell is no reformer. He has fought Sen. John McCain and other campaign-finance legislation supporters who have tried to rein in fundraising by members of Congress. Earlier this fall the Lexington Herald-Leader described in a lengthy series of investigative reports how McConnell has raised nearly $220 million for himself and other Republicans and how he has served the interests of those who furnished the money.

Cigarette makers, coal mine operators, casinos and a welter of others have found him with hand out, ready to listen to their legislative needs.

But the same practicality that drives his politics may make him a willing partner in dealmaking that can move bills to passage in the closely divided Senate. He is well aware of the power he will wield, with 49 votes, in a Senate where Democrats will have to find help across the aisle to pass any controversial bills.

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He will undoubtedly block them on some issues, but he is smart enough to recognize the risks if he is solely an obstructionist for the next two years.

When you think of notable Senate leaders, you don't automatically think of "Three M's" -- Mansfield, Mitchell and McConnell. But if Mitch McConnell makes that linkage in his own mind, it's not a bad start.

He's The Worst Ever (WP)

By Eric Foner

The Washington Post, December 3, 2006

Ever since 1948, when Harvard professor Arthur Schlesinger Sr. asked 55 historians to rank U.S. presidents on a scale from "great" to "failure," such polls have been a favorite pastime for those of us who study the American past.

Changes in presidential rankings reflect shifts in how we view history. When the first poll was taken, the Reconstruction era that followed the Civil War was regarded as a time of corruption and misgovernment caused by granting black men the right to vote. As a result, President Andrew Johnson, a fervent white supremacist who opposed efforts to extend basic rights to former slaves, was rated "near great." Today, by contrast, scholars consider Reconstruction a flawed but noble attempt to build an interracial democracy from the ashes of slavery -- and Johnson a flat failure.

More often, however, the rankings display a remarkable year-to-year uniformity. Abraham Lincoln, George Washington and Franklin D. Roosevelt always figure in the "great" category. Most presidents are ranked "average" or, to put it less charitably, mediocre. Johnson, Franklin Pierce, James Buchanan, Warren G. Harding, Calvin Coolidge and Richard M. Nixon occupy the bottom rung, and now President Bush is a leading contender to join them. A look at history, as well as Bush's policies, explains why.

At a time of national crisis, Pierce and Buchanan, who served in the eight years preceding the Civil War, and Johnson, who followed it, were simply not up to the job. Stubborn, narrow-minded, unwilling to listen to criticism or to consider alternatives to disastrous mistakes, they surrounded themselves with sycophants and shaped their policies to appeal to retrogressive political forces (in that era, pro-slavery and racist ideologues). Even after being repudiated in the midterm elections of 1854, 1858 and 1866, respectively, they ignored major currents of public opinion and clung to flawed policies. Bush's presidency certainly brings theirs to mind.

Harding and Coolidge are best remembered for the corruption of their years in office (1921-23 and 1923-29, respectively) and for channeling money and favors to big business. They slashed income and corporate taxes and supported employers' campaigns to eliminate unions. Members of their administrations received kickbacks and bribes from lobbyists and businessmen. "Never before, here or anywhere else," declared the Wall Street Journal, "has a government been so completely fused with business." The Journal could hardly have anticipated the even worse cronyism, corruption and pro-business bias of the Bush administration.

Despite some notable accomplishments in domestic and foreign policy, Nixon is mostly associated today with disdain for the Constitution and abuse of presidential power. Obsessed with secrecy and media leaks, he viewed every critic as a threat to national security and illegally spied on U.S. citizens. Nixon considered himself above the law.

Bush has taken this disdain for law even further. He has sought to strip people accused of crimes of rights that date as far back as the Magna Carta in Anglo-American jurisprudence: trial by impartial jury, access to lawyers and knowledge of evidence against them. In dozens of statements when signing legislation, he has asserted the right to ignore the parts of laws with which he disagrees. His administration has adopted policies regarding the treatment of prisoners of war that have disgraced the nation and alienated virtually the entire world. Usually, during wartime, the Supreme Court has refrained from passing judgment on presidential actions related to national defense. The court's unprecedented rebukes of Bush's policies on detainees indicate how far the administration has strayed from the rule of law.

One other president bears comparison to Bush: James K. Polk. Some historians admire him, in part because he made their job easier by keeping a detailed diary during his administration, which spanned the years of the Mexican-American War. But Polk should be remembered primarily for launching that unprovoked attack on Mexico and seizing one-third of its territory for the United States.

Lincoln, then a member of Congress from Illinois, condemned Polk for misleading Congress and the public about the cause of the war -- an alleged Mexican incursion into the United States. Accepting the president's right to attack another country "whenever he shall deem it necessary," Lincoln observed, would make it impossible to "fix any limit" to his power to make war. Today, one wishes that the country had heeded Lincoln's warning.

Historians are loath to predict the future. It is impossible to say with certainty how Bush will be ranked in, say, 2050. But somehow, in his first six years in office he has managed to combine the lapses of leadership, misguided policies and abuse of power of his failed predecessors. I think there is no alternative but to rank him as the worst president in U.S. history.

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Eric Foner is DeWitt Clinton professor of history at Columbia University.

He's Only Fifth Worst (WP)

By Michael Lind

The Washington Post, December 3, 2006

It's unfair to claim that George W. Bush is the worst president of all time. He's merely the fifth worst. In the White House Hall of Shame, Bush comes behind four other Oval Officers whose policies were even more disastrous: James Buchanan, Andrew Johnson, Richard M. Nixon and James Madison.

What makes a president horribly, immortally bad? Poor luck is not enough. Some of the greatest presidents, such as Abraham Lincoln and Franklin D. Roosevelt, have inherited crises and risen to the occasion. The damage must be largely self-inflicted. And there's another test: The damage to the nation must be substantial. Minor blunders and petty crimes do not land a president in the rogues' gallery.

Doing nothing can be even worse than doing something wrong. Take the worst president of all time, Buchanan. In office when Lincoln's election in 1860 triggered the secession of one Southern state after another, Buchanan sat by as the country crumbled. In his December 1860 message to Congress, three months before Lincoln was inaugurated, he declared that the states had no right to secede, but that the federal government had no right to stop them. By the time he left office, seven states had left the Union, and the Confederates had looted the arsenals in the South. If Buchanan had exercised his powers as commander in chief, the rebels might have been stopped at far less than the eventual cost of the Civil War -- more than half a million American dead and the ruin of the South for generations. (After he left the White House, Buchanan explained that he did not stop secession for fear that hostile blacks would overrun the North.)

The Civil War era also gave us the second-worst president: Johnson, Lincoln's vice president and successor, a Tennessean who vetoed civil rights acts and blocked the 14th Amendment because he didn't like blacks, of whom he declared, "It is vain to deny that they are an inferior race -- very far inferior to the European variety." Johnson's policies led to his impeachment and forced the Republicans in Congress to create a quasi-parliamentary system marginalizing the president. While Lincoln had his own racial prejudices, he was a model of enlightenment next to Johnson and Buchanan.

The third-worst president is Nixon, a criminal in the White House who is still the only commander in chief ever to resign. Many presidents have abused their power, and the "imperial presidency" existed long before Nixon. But he was the only president to run a criminal gang out of the Oval Office engaging in spying and burglary while he sought to corrupt the Justice Department, the FBI and the CIA. (By contrast, Bush's misguided authorization of torture, secret CIA prisons and illegal eavesdropping were at least directed at suspected terrorists, not at his personal and political opponents.)

The damage Nixon inflicted might have endured had he established the principle that the president is above the law. As he told David Frost in a famous 1977 television interview, "Well, when the president does it, that means that it is not illegal." Because of the exposure of Nixon's criminality during Watergate, we still live in a constitutional republic rather than a banana republic with an elective dictatorship.

Refusing to enforce the law while the country disintegrates, trying to re-enslave emancipated blacks, and doubling as chief magistrate and gangster -- what could rival these presidential misdeeds? Well, how about unnecessary and catastrophic wars?

To qualify a president for the Worst of All Time list, a war must be catastrophic as well as unnecessary. Ronald Reagan's invasion of Grenada, George H.W. Bush's invasion of Panama and Bill Clinton's invasion of Haiti don't cut it -- they were unnecessary, but minor. And presidents can be forgiven costly wars that were necessary or hard to avoid, such as Harry S. Truman's stalemated war in Korea and Lyndon B. Johnson's failed war in Vietnam, each of which was a Cold War battle more than a separate conflict. After 1950, U.S. strategy required Washington to go to war to prevent Soviet bloc proxies from taking over South Korea, Indochina and Taiwan -- the amazing thing is that the Cold War ended without a battle for Taiwan, too. Future historians are likely to be as kind to LBJ as they have been to Truman.

The two big, unjustified wars on my list are the War of 1812 and the current conflict in Iraq, and the first was far worse than the second. Madison, the "Father of the Constitution," was a great patriot, a brilliant intellectual -- and an absolutely abysmal president. In his defense, the world situation during the Napoleonic Wars was grim. The United States was a minor neutral nation that was frequently harassed by both of the warring empires, Britain and France. But cold geopolitics should have led Washington to prefer a British victory, which would have preserved a balance of power in Europe, to a French victory that would have left France an unchecked superpower. Instead, eager to conquer Spanish Florida and seize British Canada, Madison sided with the more dangerous power against the less dangerous. It is as though, after Pearl Harbor, FDR had joined the Axis and declared war on Britain, France and the Soviet Union.

It might have been worse. In 1812, Madison wrote Thomas Jefferson to ask what the former president thought of waging war simultaneously against Britain and France. Alarmed, Jefferson replied that this was "a solecism worthy of Don Quixote."

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Instead, the United States fought only the British, who torched Washington, D.C., while Madison and first lady Dolley fled to Virginia. Gen. Andrew Jackson's victory in the Battle of New Orleans (waged two weeks after the United States and Britain, unknown to Jackson, had signed a peace treaty) helped Americans pretend that the War of 1812 was something other than a total wipe-out.

By contrast, George W. Bush has inadvertently destroyed only Baghdad, not Washington, and the costs of the Iraq war in blood and treasure are far less than those of Korea and Vietnam. Yet he will be remembered for the Iraq conflict for generations, long after tax-cut-driven deficits, No Child Left Behind and comprehensive immigration reform are forgotten. The fact that Bush followed the invasion of Afghanistan, which had sheltered al-Qaeda, with the toppling of Saddam Hussein, will puzzle historians for centuries. It is as though, after Japan had bombed Pearl Harbor, FDR had asked Congress to declare war on Argentina.

Why did Bush do it? Did he really believe that Hussein had weapons of mass destruction? Was it about oil? Israel? Revenge for Hussein's alleged attempt on Bush's father's life? The war will join the sinking of the USS Maine and the grassy knoll among the topics to exercise conspiracy theorists for generations, and the photos of torture at Abu Ghraib will join images of the napalmed Vietnamese girl and executed Filipino rebels in the gallery of U.S. atrocities.

Like all presidents, George W. Bush wants to be remembered. He will get his wish -- as the fifth-worst president in U.S. history.

Michael Lind is the Whitehead senior fellow at the New America Foundation.

Move Over, Hoover (WP)

By Douglas Brinkley

The Washington Post, December 3, 2006

Shortly after Thanksgiving I had dinner in California with Ronald Reagan's best biographer, Lou Cannon. Like many historians these days, we discussed whether George W. Bush is, conceivably, the worst U.S. president ever. Cannon bristled at the idea.

Bush has two more years to leave his mark, he argued. What if there is a news flash that U.S. Special Forces have killed Osama bin Laden or that North Korea has renounced its nuclear program? What if a decade from now Iraq is a democracy and a statue of Bush is erected on Firdaus Square where that famously toppled one of Saddam Hussein once stood?

There is wisdom in Cannon's prudence. Clearly it's dangerous for historians to wield the "worst president" label like a scalp-hungry tomahawk simply because they object to Bush's record. But we live in speedy times and, the truth is, after six years in power and barring a couple of miracles, it's safe to bet that Bush will be forever handcuffed to the bottom rungs of the presidential ladder. The reason: Iraq.

Some presidents, such as Bill Clinton and John F. Kennedy, are political sailors -- they tack with the wind, reaching difficult policy objectives through bipartisan maneuvering and pulse-taking. Franklin D. Roosevelt, for example, was deemed a "chameleon on plaid," changing colors regularly to control the zeitgeist of the moment. Other presidents are submariners, refusing to zigzag in rough waters, preferring to go from Point A to Point B with directional certitude. Harry S. Truman and Reagan are exemplars of this modus operandi, and they are the two presidents Bush has tried to emulate.

The problem for Bush is that certitude is only a virtue if the policy enacted is proven correct. Most Americans applaud Truman's dropping of bombs on Hiroshima and Nagasaki because they achieved the desired effect: Japan surrendered. Reagan's anti-communist zeal -- including increased defense budgets and Star Wars -- is only now perceived as positive because the Soviet Union started to unravel on his watch.

Nobody has accused Bush of flinching. After 9/11, he decided to circumvent the United Nations and declare war on Iraq. The principal pretext was that Baghdad supposedly was stockpiling weapons of mass destruction. From the get-go, the Iraq war was a matter of choice. Call it Mr. Bush's War. Like a high-stakes poker player pushing in all his chips on one hand, he bet the credibility of the United States on the notion that Sunnis and Shiites wanted democracy, just like the Poles and the Czechs during the Cold War.

Bush wasn't operating in a historical bubble. Other presidents had gambled on wars of choice and won. James K. Polk, for example, begged Gen. Zachary Taylor to start a border war with Mexico along the Rio Grande. An ardent expansionist, he wanted to annex land in what are now Arizona, California and New Mexico. Nearly half of the American population in 1846 screamed foul, including Henry David Thoreau, who refused to pay taxes for an unjust war. Yet in short order, Polk achieved his land-grab objective with a string of stunning military successes. Mr. Polk's War was a success, even if the pretext was immoral. On virtually every presidential rating poll, Polk is deemed a "near great" president.

Half a century later, William McKinley also launched a war of choice based on the bogus notion that the USS Maine, anchored in Cuba, had been sabotaged by Spain. The Maine, in truth, was crippled by a boiler explosion. An imperialist, McKinley used the Maine as a pretext to fight Spain in the Caribbean and in the Philippines. A group of anti-imperialists led by

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Mark Twain and William James, among others, vehemently objected, rightfully accusing McKinley of warmongering. But McKinley had the last word in what his secretary of state, John Hay, deemed "a splendid little war." In just six months, McKinley had achieved his objectives. History chalks up Mr. McKinley's War as a U.S. win, and he also polls favorably as a "near great" president.

Mr. Bush's War, by contrast, has not gone well. When you don't achieve a stealth-like victory in a war of choice, then you're seen as being stuck in a quagmire. Already the United States has fought longer in the Iraq war than in World War II. As the death toll continues to rise, more and more Americans are objecting. The pending Democratic takeover of Congress is only one manifestation of the spiraling disapproval of Bush.

At first, you'd want to compare Bush's Iraq predicament to that of Lyndon B. Johnson during the Vietnam War. But LBJ had major domestic accomplishments to boast about when leaving the White House, such as the Civil Rights Act and Medicare/Medicaid. Bush has virtually none. Look at how he dealt with the biggest post-9/11 domestic crisis of his tenure. He didn't rush to help the Gulf region after Hurricane Katrina because the country was overextended in Iraq and had a massive budget deficit. Texas conservatives always say that LBJ's biggest mistake was thinking that he could fund both the Great Society and Vietnam. They believe he had to choose one or the other. They call Johnson fiscally irresponsible. Bush learned this lesson: He chose Iraq over New Orleans.

So Bush's legacy hinges on Iraq, which is an unmitigated disaster. Instead of being forgiven, like Polk and McKinley, for his phony pretext for war (WMD and al-Qaeda operatives in Baghdad), he stands to be lambasted by future scholars. What once were his two best sound bites -- "Wanted dead or alive" and "Mission accomplished" -- will be used like billy clubs to shatter his legacy every time it gets a revisionist lift. The left will keep battering him for warmongering while the right will remember its outrage that he didn't send enough battalions to Iraq.

There isn't much that Bush can do now to salvage his reputation. His presidential library will someday be built around two accomplishments: that after 9/11, the U.S. homeland wasn't again attacked by terrorists (knock on wood) and that he won two presidential elections, allowing him to appoint conservatives to key judicial posts. I also believe that he is an honest man and that his administration has been largely void of widespread corruption. This will help him from being portrayed as a true villain.

This last point is crucial. Though Bush may be viewed as a laughingstock, he won't have the zero-integrity factors that have kept Nixon and Harding at the bottom in the presidential sweepstakes. Oddly, the president whom Bush most reminds me of is Herbert Hoover, whose name is synonymous with failure to respond to the Great Depression. When the stock market collapsed, Hoover, for ideological reasons, did too little. When 9/11 happened, Bush did too much, attacking the wrong country at the wrong time for the wrong reasons. He has joined Hoover as a case study on how not to be president.

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At Least He's Not Nixon (WP)

By David Greenberg

The Washington Post, December 3, 2006

In 1950, President Harry S. Truman was under fire for "losing" China to communist forces, engaging in deficit spending and seeking to expand unemployment insurance. Harold E. Stassen, a prominent Republican, blasted him as "the worst president ever to occupy the White House."

Four years later, under Dwight D. Eisenhower, job growth had slowed and wages were down. West Virginia Sen. Matthew M. Neely declared Ike "the worst president in United States history."

In 1973, as Richard M. Nixon foundered amid the worsening Watergate scandal, crippling stagflation and increasing social strife, labor leader George Meany asserted, "He will go down in history as one of our worst presidents."

Six years into Ronald Reagan's presidency, the Iran-contra scandal broke and his approval ratings fell into the 40s. Ted Sorensen, who was a speechwriter for John F. Kennedy, suggested that Reagan could well be remembered "as one of our worst presidents."

Considering these moments from history, how likely is it that George W. Bush, as many now assert, is our all-time worst president? Yes, many of us can easily tick off our own lists of Bush policies that we believe have done the United States significant harm. But any declarations that history will consign him to the bottom tier of presidents are premature. As the now-flourishing reputations of Truman, Eisenhower and Reagan attest, the antipathy a president elicits from his contemporaries usually fades over time.

And as Nixon's still-dismal reputation also attests, in the contest for the dubious title of "worst president," Bush faces stiff competition.

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Comparisons of presidents across different eras are typically the stuff of parlor games, not serious historical study. But if anyone can be said to deserve the mantle of the worst, it's Nixon. Indeed, looking at his disastrous presidency may help put Bush's failures in perspective.

Like Bush, Nixon fancied himself a "wartime" president in the manner of Franklin D. Roosevelt and therefore entitled to deference in the face of a national emergency -- a view at odds with how most Americans see these controversial, far-off conflicts. And while the oft-cited analogies between the Vietnam and Iraq wars tend to be glib, each conflict has significantly determined its president's reputation. Like Nixon, Bush has heeded Henry Kissinger's advice not to withdraw from a quagmire, preferring to brand critics cowards or traitors. Like Nixon, Bush has also sought to conceal from the public the full scope of the U.S. commitment. Under blanket assertions of "national security" meant to end public debate, he has used Nixonian wiretapping to achieve his ends. These decisions will surely stain his legacy.

But can we conclude that Bush's war policy is worse than Nixon's? However toxic the fallout from Iraq, it's hard to imagine that it could greatly exceed the damage wrought by Vietnam, the wounds from which are still raw 30 years later, as its role in the 2004 presidential election showed. (On the other hand, Nixon can't be blamed for starting his war, whereas Bush initiated his -- albeit with substantial backing from Democrats.) Bush's view of power and his iron-fisted manner of governance also come from the Nixon playbook. Karl Rove, who headed the College Republicans during Watergate, sought to complete Nixon's mission of building a permanent Republican majority. In Nixonian fashion, the Bush-Rove strategy has been to use bullying to stifle opposition: demonizing the news media, discrediting policy experts, disdaining the separation of powers. Bush's theory of a "unitary" executive power is little more than a restatement of a Nixon utterance: "When the president does it, that means that it is not illegal."

But again, if Bush has given Nixon good chase when it comes to undemocratic hardball politics, he hasn't surpassed the master. Nixon's belief in the inherent legality of his own actions led him to authorize burglaries and approve criminal acts -- paying hush money, trying to get the CIA to lie to the FBI -- to thwart the Watergate investigation. And these were only the most well-known and well-documented of the counts against him in the articles of impeachment approved by the House Judiciary Committee in 1974.

While Nixon had his diehard defenders, something close to a national consensus emerged over the idea that his crimes were unprecedented and required his removal from office. Barry Goldwater conservatives and Lowell Weicker Republicans, libertarians and liberals, Main Streeters and Wall Streeters all agreed that Nixon was, if not necessarily the worst president in U.S. history, deserving of the most extreme reprimand ever visited on a commander in chief. Instead of being impeached and removed from office, Nixon resigned.

No such consensus exists for a Bush impeachment. On the contrary, in this fall's election campaign, Democrats pointedly quashed any talk of seeking his ouster if they were to win control of Congress. One can argue that Bush's sanctioning of illegal wiretapping by the National Security Agency constitutes an impeachable offense. His policy of depriving suspected terrorists and POWs of Geneva Convention protections may also strike some people as grounds for removal -- although Congress, by acquiescing in Bush's military detention policy last fall, made the latter argument a tougher sell.

Either way, judgments about the impeachability of Bush for such offenses are far less clear than those rendered in 1974 about Nixon's law-breaking. Many presidents skirt the edges of unconstitutionality. Only Nixon transgressed it so blatantly that impeachment became, to use a Bush-era phrase, a slam dunk.

Bush has two years left in his presidency and we don't know what they'll hold. They may be as dismal as the first six. Future investigations may bear out many people's worst fears about this administration's violations of civil liberties. And it's conceivable that the consequences of the invasion of Iraq may prove more destructive than those of Nixon's stubborn continuation of the Vietnam War. Should those things happen, Bush will be able to lay a claim to the mantle of U.S. history's worst president. For now, though, I'm sticking with Dick.

David Greenberg teaches history and media studies at Rutgers University.

Time's On His Side (WP)

By Vincent J. Cannato

The Washington Post, December 3, 2006

After the 2004 election, a number of terribly depressed people at my university told me what a shame it was that President Bush had been reelected. If only people knew history, they lamented, they would never have voted for him.

It must be a comforting thought that this abstract thing called "history" can give us the wisdom to choose the right president, as if history books were Ouija boards and historians were modern-day oracles.

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Certainly, some historians see themselves that way. In early 2004, just three years into the Bush administration, an "informal, unscientific survey of historians" by the History News Network found that more than 80 percent believed that the president was already a failure. And a miserable one at that.

Earlier this year, Princeton University historian Sean Wilentz took to the pages of Rolling Stone to ponder whether Bush is the "worst president in history" and concluded that he "appears headed for colossal historical disgrace."

So, case closed? Not yet. I long ago learned to look with suspicion when members of the left-leaning historical profession delve into contemporary politics or profess near unanimity. Today's pronouncements that Bush is the "worst president ever" are too often ideology masquerading as history.

Historical and popular judgments about presidents are always in flux. Dwight D. Eisenhower used to be considered a banal and lazy chief executive who embodied the "conformist" 1950s. Today, his reputation has improved because of more positive appraisals of his Cold War stewardship. Ronald Reagan, whom many historians dismissed as an amiable dunce, has also had his stock rise. On the flip side, Bill Clinton's presidency looks somewhat different after Monica Lewinsky, the bursting of the dot-com bubble and 9/11 than it did in 1997.

Perhaps Bush can take solace in the case of Harry S. Truman, who was reviled at the end of his presidency, with approval numbers hovering around 30 percent. Too liberal for conservatives and too conservative for liberals, Truman was saddled with an unpopular stalemate in the Korean War and accusations of corruption at home. Many saw him as a belligerent rube, too unsophisticated for the White House.

Today, however, many historians have revised their estimate of his presidency upward. There certainly are echoes of Truman in the current carping about Bush.

Most clearly, the Iraq war colors every judgment about Bush these days -- and increasingly, that color is dark. Weakened by the conflict, the administration is now stymied on challenges such as North Korea and Iran. And while focusing most of its energies on terrorism and Iraq, the Bush administration -- for which I worked briefly as a speechwriter in 2001 -- has been less energetic on the domestic front. Attempts at entitlement reform and tax reform have stalled, as has immigration reform. But there have been domestic policy successes: tax cuts, the No Child Left Behind Act, the prescription drug plan and housing policies that have expanded home ownership. All have their critics, but they represent some semblance of a domestic policy.

Any appraisal of Bush's record must consider that he took over in difficult times. By most objective measures, the economy is doing well: Inflation, interest rates and unemployment are low, economic growth is steady, and the stock market is climbing. Complaints about income inequality are legitimate, but the issue has long-term structural roots, and neither party has done much to address it.

What is disheartening is the tendency of many historians to rate presidents based on their support for liberal social policies. Just as frustrating is the inability to acknowledge the deep debates over law enforcement measures, such as the USA Patriot Act, enacted after 9/11. Rather than acknowledge the tough tradeoffs between security and privacy, we are left with the hyperbole that this administration is "trampling on civil liberties." Sometimes wisely and sometimes rashly, Bush has steered the nation through the post-9/11 world. It has been an uneven trip so far, but the country has not suffered another attack in more than five years.

Much of Bush's legacy will rest on the future trajectory of the fight against terrorism, the nation's continued security and the evolving direction of the Middle East. Things may look grim today, but that doesn't ensure a grim future.

No one expects historians to be perfectly objective. But history should at least teach us humility. Time will cool today's political passions. As years pass, more documents will be released, more insights gleaned and the broader picture of this era will be painted. Only then will we begin to see how George W. Bush fares in the pantheon of U.S. presidents.

I don't know how history will judge him. My guess is that, like most presidents, he will bequeath a mixed record. We can debate policies and actions now, but honesty should force us to acknowledge that real judgments will have to wait.

Vincent J. Cannato teaches history at the University of Massachusetts in Boston.

Conflict Management (WP)

By Joel Achenbach

The Washington Post, December 3, 2006

The columnist George Will recently wrote that the Republicans were routed in the November elections because of "war leadership even worse than during the War of 1812." Mr. Will's words carry great weight, because he is among our leading conservative thinkers and was on record opposing both the Iraq war and the War of 1812 from the beginning.

But let's be frank: Most of us don't know anything about the War of 1812 other than the approximate date and the fact that one of the two sides was probably the United States of America (because why else would we have heard of it?). Let me divulge

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details of this conflict, so that the next time the War of 1812 comes up at a party, you'll be so knowledgeable that the other partygoers will refer to you as the War of 1812 Expert, which will, in turn, make you the object of feverish sexual fantasies.

Our opponent, or perhaps "enemy" is the technical term, was Great Britain. Perversely, the War of 1812 also took place in 1813, 1814 and early 1815, and thus should really be called the "War of 1812ish."

The war was arguably unnecessary. At the very least, it was an optional war, a war of choice -- if you can imagine such a thing. We'd fought the enemy before, and won, but somehow got the notion that we needed to fight the enemy again. The British were hardly blameless -- they had a nasty habit of kidnapping our sailors -- but the "war hawks" in America greatly exaggerated the threat posed by the enemy.

The fools.

How bad was our war management? Well, until recently there were three levels of wartime incompetence: Bad, Very Bad and War of 1812 Bad. Contemplate the fact that, in August 1814, the very refined first lady of the United States was forced to flee the White House and spend the night on the lam, hauled by carriage on dark country roads and finally deposited in a tavern to be hectored by fellow refugees from Washington.

Dolley Madison was, in truth, a hero, having stuck it out at the White House to the last possible moment (and having saved the famous portrait of a grim, humorless George Washington). Not so brilliant was the performance of the general assigned to protect the capital, William Winder, who had a gift for dithering around and running away. Historian Henry Adams wrote, "When he might have prepared defences, he acted as scout; when he might have fought, he still scouted; when he retreated, he retreated in the wrong direction; when he fought, he thought only of retreat; and whether scouting, retreating, or fighting, he never betrayed an idea."

Our leaders lacked a winnable strategy. Worse, they failed to anticipate what might go wrong. (The mind reels.) As British ships sailed up the Chesapeake Bay, someone warned the commander of the Army, John Armstrong Jr., that the Brits might sack Washington. "No, no! Baltimore is the place, sir; that is of so much more consequence," Armstrong responded. He never bothered to erect a single battery to protect the capital, not even a sign saying "Keep Out" or "Bad Dog."

We fought the war without enough troops. (!) We relied mostly on militiamen, which is to say, farmers with hunting rifles. A British officer described them as "country-people, who would have been much more appropriately employed in attending to their agricultural occupations than in standing with muskets in their hands."

His forces smashed, Winder retreated past the capital, deep into Montgomery County, and would have kept going to the Pacific if his men had not been exhausted.

President James Madison, more suited to desk work (he helped write a little thing we call the Constitution), did his best to gallop around the front lines to avert catastrophe, but he finally fled to the country, while the British marched into Washington, ate all the food on his dining room table, drank his wine and burned down his house. That wasn't the rocket's red glare that lighted up the sky; that was his furniture on fire.

"Before midnight the flames of three great conflagrations made the whole country light," Adams wrote, "and from the distant hills of Maryland and Virginia the flying President and Cabinet caught glimpses of the ruin their incompetence had caused."

That's rock bottom. That's what we mean by War of 1812 Bad. And maybe in a few years, historians will be able to tell us if there's a new standard.

Read Joel Achenbach weekdays at washingtonpost.com/achenblog.

Has He Started Talking To The Walls? (NYT)

By Frank Rich

The New York Times, December 3, 2006

IT turns out we've been reading the wrong Bob Woodward book to understand what's going on with President Bush. The text we should be consulting instead is "The Final Days," the Woodward-Bernstein account of Richard Nixon talking to the portraits on the White House walls while Watergate demolished his presidency. As Mr. Bush has ricocheted from Vietnam to Latvia to Jordan in recent weeks, we've witnessed the troubling behavior of a president who isn't merely in a state of denial but is completely untethered from reality. It's not that he can't handle the truth about Iraq. He doesn't know what the truth is.

The most startling example was his insistence that Al Qaeda is primarily responsible for the country's spiraling violence. Only a week before Mr. Bush said this, the American military spokesman on the scene, Maj. Gen. William Caldwell, called Al Qaeda "extremely disorganized" in Iraq, adding that "I would question at this point how effective they are at all at the state level." Military intelligence estimates that Al Qaeda makes up only 2 percent to 3 percent of the enemy forces in Iraq, according to Jim Miklaszewski of NBC News. The bottom line: America has a commander in chief who can't even identify some 97 percent to 98 percent of the combatants in a war that has gone on longer than our involvement in World War II.

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But that's not the half of it. Mr. Bush relentlessly refers to Iraq's "unity government" though it is not unified and can only nominally govern. (In Henry Kissinger's accurate recent formulation, Iraq is not even a nation "in the historic sense.") After that pseudo-government's prime minister, Nuri al-Maliki, brushed him off in Amman, the president nonetheless declared him "the right guy for Iraq" the morning after. This came only a day after The Times's revelation of a secret memo by Mr. Bush's national security adviser, Stephen Hadley, judging Mr. Maliki either "ignorant of what is going on" in his own country or disingenuous or insufficiently capable of running a government. Not that it matters what Mr. Hadley writes when his boss is impervious to facts.

In truth the president is so out of it he wasn't even meeting with the right guy. No one doubts that the most powerful political leader in Iraq is the anti-American, pro-Hezbollah cleric Moktada al-Sadr, without whom Mr. Maliki would be on the scrap heap next to his short-lived predecessors, Ayad Allawi and Ibrahim al-Jaafari. Mr. Sadr's militia is far more powerful than the official Iraqi army that we've been helping to "stand up" at hideous cost all these years. If we're not going to take him out, as John McCain proposed this month, we might as well deal with him directly rather than with Mr. Maliki, his puppet. But our president shows few signs of recognizing Mr. Sadr's existence.

In his classic study, "The Great War and Modern Memory," Paul Fussell wrote of how World War I shattered and remade literature, for only a new language of irony could convey the trauma and waste. Under the auspices of Mr. Bush, the Iraq war is having a comparable, if different, linguistic impact: the more he loses his hold on reality, the more language is severed from its meaning altogether.

When the president persists in talking about staying until "the mission is complete" even though there is no definable military mission, let alone one that can be completed, he is indulging in pure absurdity. The same goes for his talk of "victory," another concept robbed of any definition when the prime minister we are trying to prop up is allied with Mr. Sadr, a man who wants Americans dead and has many scalps to prove it. The newest hollowed-out Bush word to mask the endgame in Iraq is "phase," as if the increasing violence were as transitional as the growing pains of a surly teenager. "Phase" is meant to drown out all the unsettling debate about two words the president doesn't want to hear, "civil war."

When news organizations, politicians and bloggers had their own civil war about the proper usage of that designation last week, it was highly instructive — but about America, not Iraq. The intensity of the squabble showed the corrosive effect the president's subversion of language has had on our larger culture. Iraq arguably passed beyond civil war months ago into what might more accurately be termed ethnic cleansing or chaos. That we were fighting over "civil war" at this late date was a reminder that wittingly or not, we have all taken to following Mr. Bush's lead in retreating from English as we once knew it.

It's been a familiar pattern for the news media, politicians and the public alike in the Bush era. It took us far too long to acknowledge that the "abuses" at Abu Ghraib and elsewhere might be more accurately called torture. And that the "manipulation" of prewar intelligence might be more accurately called lying. Next up is "pullback," the Iraq Study Group's reported euphemism to stave off the word "retreat" (if not retreat itself).

In the case of "civil war," it fell to a morning television anchor, Matt Lauer, to officially bless the term before the "Today" show moved on to such regular fare as an update on the Olsen twins. That juxtaposition of Iraq and post-pubescent eroticism was only too accurate a gauge of how much the word "war" itself has been drained of its meaning in America after years of waging a war that required no shared sacrifice. Whatever you want to label what's happening in Iraq, it has never impeded our freedom to dote on the Olsen twins.

I have not been one to buy into the arguments that Mr. Bush is stupid or is the sum of his "Bushisms" or is, as feverish Internet speculation periodically has it, secretly drinking again. I still don't. But I have believed he is a cynic — that he could always distinguish between truth and fiction even as he and Karl Rove sold us their fictions. That's why, when the president said that "absolutely, we're winning" in Iraq before the midterms, I just figured it was more of the same: another expedient lie to further his partisan political ends.

But that election has come and gone, and Mr. Bush is more isolated from the real world than ever. That's scary. Neither he nor his party has anything to gain politically by pretending that Iraq is not in crisis. Yet Mr. Bush clings to his delusions with a near-rage — watch him seethe in his press conference with Mr. Maliki — that can't be explained away by sheer stubbornness or misguided principles or a pat psychological theory. Whatever the reason, he is slipping into the same zone as Woodrow Wilson did when refusing to face the rejection of the League of Nations, as a sleepless L.B.J. did when micromanaging bombing missions in Vietnam, as Ronald Reagan did when checking out during Iran-Contra. You can understand why Jim Webb, the Virginia senator-elect with a son in Iraq, was tempted to slug the president at a White House reception for newly elected members of Congress. Mr. Bush asked "How's your boy?" But when Mr. Webb replied, "I'd like to get them out of Iraq," the president refused to so much as acknowledge the subject. Maybe a timely slug would have woken him up.

Or at least sounded an alarm. Some two years ago, I wrote that Iraq was Vietnam on speed, a quagmire for the MTV generation. Those jump cuts are accelerating now. The illusion that America can control events on the ground is just that: an illusion. As the list of theoretical silver bullets for Iraq grows longer (and more theoretical) by the day — special envoy, embedded

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military advisers, partition, outreach to Iran and Syria, Holbrooke, international conference, NATO — urgent decisions have to be made by a chief executive who is in touch with reality (or such is the minimal job description). Otherwise the events in Iraq will make the Decider's decisions for him, as indeed they are doing already.

The joke, history may note, is that even as Mr. Bush deludes himself that he is bringing "democracy" to Iraq, he is flouting democracy at home. American voters could not have delivered a clearer mandate on the war than they did on Nov. 7, but apparently elections don't register at the White House unless the voters dip their fingers in purple ink. Mr. Bush seems to think that the only decision he had to make was replacing Donald Rumsfeld and the mission of changing course would be accomplished.

Tell that to the Americans in Anbar Province. Back in August the chief of intelligence for the Marines filed a secret report — uncovered by Thomas Ricks of The Washington Post — concluding that American troops "are no longer capable of militarily defeating the insurgency in al-Anbar." That finding was confirmed in an intelligence update last month. Yet American troops are still being tossed into that maw, and at least 90 have been killed there since Labor Day, including five marines, ages 19 to 24, around Thanksgiving.

Civil war? Sectarian violence? A phase? This much is certain: The dead in Iraq don't give a damn what we call it.

Presidential Crisis Management (WP)

The Washington Post, December 3, 2006

I think the American public is very forgiving. The admission that you were on the wrong track and you're changing works well in this country.

We've taken on companies when for one reason or another polls showed that regard for them wasn't very high. You have to change behavior and then communicate that change. The classic example is what Johnson & Johnson did in the Tylenol crisis. Six people in Chicago died after taking Tylenol that had been tampered with. The chief executive of Johnson & Johnson took charge of the crisis, and he followed a policy of being as transparent as he possibly could be to protect the public. He implemented a large-scale recall of Tylenol even though he wasn't forced to do it, because he thought it would give greater assurances to Tylenol consumers. The message: Johnson & Johnson is interested in your welfare and will do everything it can to protect you and the product it sells to you.

Another situation I worked on was when Coca-Cola changed its formula and introduced what's referred to now as "New Coke." The public just did not accept it. When the original Coke was reintroduced as Coca-Cola Classic, the president of the company went on television to apologize to the American people for his bad judgment, and Coca-Cola went on to post higher sales than before. It got a hole in one after the ball hit the tree.

The number one lesson for people in government and business: If something bad happens on your watch, the sooner and the more comprehensively you disclose it, the less likely you will be to suffer from it.

Harold Burson,

founder and chairman of the public relations firm Burson Marsteller

The president should prepare America to compassionately welcome all of our troops now in harm's way as they return home, and advocate a plan to help them reenter private life. Soldiers depart to bands playing and colors flying; they return to national silence. He also needs to find those three or four key areas where he can agree with the new Congress and push for legislation that unites the country. In both of these tasks, he must avoid business school solutions. Very few of the solutions our country needs are productively measurable or usefully countable. Besides, we are suffering through one of the worst eras in our history regarding business leadership and ethics. Could Bush even find an executive free of back-dated options? Business and government are very different, and must remain so.

James E. Lukaszewski,

crisis management consultant

What the president should be focusing on right now is saying, "I've had some wins, I've had some losses. What do I want to accomplish for the American people? I know I'm taking a risk in Iraq and Iran and Afghanistan. But here are two or three smaller initiatives that will help the American people." What better way than to get the first lady involved? Laura Bush is still incredibly popular in this country -- getting her more involved in domestic initiatives (such as health care) would be extremely important for his legacy.

Mike Paul,

"The Reputation Doctor" blog

The first two rules of crisis management are: 1) Think clearly; and 2) Take the pain. Think clearly means define the problem to be solved, and understand the consequences of doing nothing, doing something and doing something more. Take the pain means doing what has to be done when it can do you the most good, whether you like it or not.

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George W. Bush's presidency risks being defined by his failure to think clearly or to take the pain. From Abu Ghraib (silence followed by dissembling, allowing adversaries to define us) to Hurricane Katrina (delay, denial and delusion) to Iraq (insisting things are fine when they're not), this president has allowed wishful thinking to define his reaction to crises. If he is to have any chance of turning his presidency around, he'll need to follow Winston Churchill's advice: You must look at the facts, for the facts are looking at you.

Helio Fred Garcia,

crisis communications consultant

It's surprising that in the face of the Iraq crisis, the president hasn't embraced time-tested strategies to better manage public expectations or to speak to the fears that attentive audiences are feeling. I think this president has a lingering problem from Hurricane Katrina -- that is, that he is seen as slow to take ownership of thorny problems. Let the American people know that he is absolutely, completely and totally responsible for the prosecution, effects and outcome of the war in Iraq. No question.

Restate the war's objectives and why it is still relevant to Americans and the war on terror. Let America know what victory will look like and what will allow the war to be brought to a close. Exhibit understanding and compassion for the human toll the war is taking on soldiers, their families and innocent civilians. There's an adage in crisis communications: They don't care that you know until they know that you care. I'm not sure the president's compassion is showing through, and it's hurting his stature and credibility.

Larry Kamer,

public relations executive

National Intelligence Director Says He'll Stay On (WP)

By Walter Pincus

The Washington Post, December 3, 2006

Director of National Intelligence John D. Negroponte, who had been rumored to be going over to the State Department as deputy secretary, said last week that he plans to remain in his current position through the end of the Bush administration.

"In my own mind at least, I visualize staying . . . through the end of this administration, and then I think probably that'll be about the right time to pack it in," he told Brian Lamb in an interview done Wednesday that will be shown on C-SPAN today.

Concerns had been raised, on Capitol Hill and within the 16 agencies that make up the intelligence community, that Negroponte would leave the newly created position after having assembled a staff from other agencies that now totals 1,200.

"I've pulled together a very good team, and they've stayed with me for the past 18 months," he said, "and I hope they'll stay with me as long as I'm in the job."

Negroponte, 67, said anyone who holds his position has to have a good relationship with the defense secretary. He said he was looking forward to working with Robert M. Gates, President Bush's nominee to replace Donald H. Rumsfeld at the Pentagon.

At the end of the Reagan administration, Negroponte was the deputy national security adviser in the White House under Colin L. Powell and worked with Gates when he was CIA deputy director. "I had worked with him very closely . . . and look forward very much to working with him again," he said.

When Gates later came to the White House under President George H.W. Bush, he replaced Negroponte on the National Security Council staff as deputy director.

"One can't be responsible for overseeing the nation's intelligence activities without having a very good, cooperative and strong relationship with the Pentagon," Negroponte said.

Ironically, Gates, a former CIA director and longtime agency analyst, was openly opposed to the legislation that created the national intelligence director position and turned down the job before it was given to Negroponte.

Under Rumsfeld, the Defense Department's intelligence gathering and analysis activities have increased dramatically, as has overall government spending on intelligence. Rumsfeld also created the job of undersecretary of defense for intelligence in 2003 to coordinate all Pentagon activities. He gave the job to one of his top longtime aides, Stephen A. Cambone.

On Friday, the Pentagon announced that Cambone would be resigning at the end of the month. A Pentagon spokesman said that Gates had not requested Cambone's resignation.

Gates, whose confirmation hearings before the Senate Armed Services Committee are to begin tomorrow, is expected to be questioned about Pentagon intelligence activities. In his responses to the committee's questionnaire, Gates said he did not believe the Defense Department's role was "fundamentally changed" with establishment of the national intelligence director. But he added that he wanted to see "how the program is working in actual practice."

Asked about an earlier article in which Gates had written that "for the last decade, intelligence authority has been quietly leaching from the CIA and to the Pentagon," Gates responded that it was "an area I would look into."

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As Trucking Rules Are Eased, A Debate On Safety Grows (NYT)

By Stephen Labaton

The New York Times, December 3, 2006

WASHINGTON, Dec. 2 — As Dorris Edwards slowed for traffic near Kingdom City, Mo., on her way home from a Thanksgiving trip in 2004, an 18-wheeler slammed into her Jeep Cherokee.

The truck crushed the sport-utility vehicle and shoved it down an embankment off Interstate 70. Ms. Edwards, 62, was killed.

The truck driver accepted blame for the accident, and Ms. Edwards's family filed a lawsuit against the driver and the trucking company.

In the course of pursuing its case, the family broached a larger issue: whether the Bush administration's decision to reject tighter industry regulation and instead reduce what officials viewed as cumbersome rules permitted a poorly trained trucker to stay behind the wheel, alone, instead of resting after a long day of driving.

After intense lobbying by the politically powerful trucking industry, regulators a year earlier had rejected proposals to tighten drivers' hours and instead did the opposite, relaxing the rules on how long truckers could be on the road. That allowed the driver who hit Ms. Edwards to work in the cab nearly 12 hours, 8 of them driving nonstop, which he later acknowledged had tired him.

Government officials had also turned down repeated requests from insurers and safety groups for more rigorous training for new drivers. The driver in the fatal accident was a rookie on his first cross-country trip; his instructor, a 22-year-old with just a year of trucking experience, had been sleeping in a berth behind the cab much of the way.

Federal officials, while declining to comment about the Edwards accident, have dismissed the assertion that deregulation has reduced safety and have maintained that in fact it has helped, though the Edwards family and many other victims of accidents have come to the opposite conclusion.

In loosening the standards, the Federal Motor Carrier Safety Administration was fulfilling President Bush's broader pledge to free industry of what it considered cumbersome rules. In the last six years, the White House has embarked on the boldest strategy of deregulation in more than a generation. Largely unchecked by the Republican-led Congress, federal agencies, often led by former industry officials, have methodically reduced what they see as inefficient, outdated regulations and have delayed enforcement of others. The Bush administration says those efforts have produced huge savings for businesses and consumers.

Those actions, though, have provoked fierce debate about their benefits and risks. The federal government's oversight of the trucking industry is a case study of deregulation, as well as the difficulty of determining an exact calculus of its consequences. Though Ms. Edwards's family and the industry disagree on whether the motor carrier agency's actions contributed to her death, her accident illuminates crucial issues in regulating America's most treacherous industry, as measured by overall deaths and injuries from truck accidents.

The loosened standards, supporters say, have made it faster and cheaper to move goods across the country. They also say the changes promote safety; without longer work hours, the industry would be forced to put more drivers with little experience behind the wheel. Regulators and industry officials point out that the death toll of truck-related accidents — about 5,000 annually — has not increased, while the fatality rate, the number of deaths per miles traveled, has continued a long decline. The number of annual injuries has also been dropping slowly, falling to 114,000 last year.

"This administration has done a good job, and the agency has done a good job, in advancing safety issues in a manner that takes into account all the important factors of our industry," said the top lobbyist for the American Trucking Associations, Timothy P. Lynch.

But advocates of tighter rules say the administration's record of loosening standards endangers motorists. The fatality rate for truck-related accidents remains nearly double that involving only cars, safety and insurance groups say. They note that weakening the rules has reversed a course set by the Clinton administration and has resulted in the federal government repeatedly missing its own targets for reducing the death rate.

"It is a frustrating disappointment that has led to a tragic era," said David F. Snyder, an assistant general counsel at the American Insurance Association who follows the trucking industry closely. "The losses continue to pile up at a high rate. There has been a huge missed opportunity."

An Industry's Influence

In decisions that had the support of the White House, the motor carrier agency has eased the rules on truckers' work hours, rejected proposals for electronic monitoring to combat widespread cheating on drivers' logs and resisted calls for more rigorous driver training.

While applauded by the industry, those decisions have been subject to withering criticism by federal appeals court panels in Washington who say they ignore government safety studies and put the industry's economic interests ahead of public safety.

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To advance its agenda, the Bush administration has installed industry officials in influential posts.

Before Mr. Bush entered the White House, he selected Duane W. Acklie, a leading political fund-raiser and chairman of the American Trucking Associations, and Walter B. McCormick Jr., the group's president, to serve on the Bush-Cheney transition team on transportation matters.

Mr. Bush then appointed Michael P. Jackson, a former top official at the trucking associations, as deputy secretary of the Department of Transportation. To lead the Federal Motor Carrier Safety Administration, the president picked Joseph M. Clapp, the former chairman of Roadway, a trucking company, and the leader of an industry foundation that sponsored research claiming fatigue was not a factor in truck accidents, a conclusion at odds with government and academic studies.

And David S. Addington, a former trucking industry official who led an earlier fight against tougher driving limits, became legal counsel and later chief of staff to Vice President Dick Cheney, an advocate of easing government regulations.

In addition to supplying prominent administration officials, the trucking industry has provided some of the Republican party's most important fund-raisers. From 2000 to 2006, the industry directed more than $14 million in campaign contributions to Republicans. Its donations and lobbying fees — about $37 million from 2000 to 2005 — led to rules that have saved what industry officials estimate are billions of dollars in expenses linked to tougher regulations.

But to the families of accident victims, the motor carrier agency has failed to fulfill a promise to significantly reduce fatalities, exacting a tragic personal price.

"They are not getting much done in Washington," said Daphne Izer of Maine, who founded Parents Against Tired Truckers in 1994 after a Wal-Mart driver fell asleep at the wheel of his rig, killing her son and three other teenagers in the car with him. "As a result, more people will continue to die."

Federal regulators disagree with that assessment of their performance. "We have made significant progress, yet much work remains to achieve our vision," said David H. Hugel, the new deputy administrator of the Federal Motor Carrier Safety Administration. "Our challenges also are increasing because our nation maintains the most extensive and complex transportation system in the world, and that system and number of people who use it continues to grow."

The federal government began overseeing the trucking industry in the 1930s, setting rates, limiting competition and regulating safety practices. From the start, companies won important concessions from Washington, including exemptions from minimum wage and other labor laws. The industry also resisted efforts to impose tougher safety standards, saying it could police itself.

In 1937, the first driving hour limits were set. Truckers were allowed drive up to 10 continuous hours but were required to rest for a minimum of 8 hours. The remaining six hours could be used for other work activities, like loading, or for breaks or meals. Truckers could drive up to 60 hours over 7 consecutive days, or 70 hours over 8 days. To enforce those rules, the government required drivers to keep logs.

Repeated efforts over the years to tighten the rules were blocked, often as a result of vigorous industry lobbying.

Trucking companies have long argued that tougher standards are not necessary to promote safety, and that they would cause devastating economic pressures. Profit margins in the industry are thin, particularly after economic deregulation in 1980 prompted competition. Long hours and low pay for drivers have led to high turnover, and carriers struggle to find replacements. Those conditions, safety experts say, have contributed to widespread safety problems.

The practice of falsifying driver hours is an open secret in the industry; truckers routinely refer to their logs as "comic books." Fines are small. The federal motor carrier agency does not have the staff to monitor closely 700,000 businesses and almost eight million trucks.

Timothy L. Unrine, a 41-year-old driver from Virginia, said in a recent interview that he was taught to conceal excessive driving hours during training last January by his former employer, Boyd Brothers Transportation of Birmingham, Ala. Mr. Unrine said his orientation instructor told his class that government inspectors were allowed to examine a monthly logbook if it was bound. But if the staples were removed, the log was considered "loose leaf" and inspectors could require an examination of only those pages from the most recent seven days, Mr. Unrine said the drivers were told.

Company officials advised drivers to use fuel credit cards that recorded only the date, not the time, of the fuel stop, he said.

Mr. Unrine added that the company pushed him to work longer hours than permitted, and that his logbooks were "adjusted" many times to make it appear he was within the limits. Several times, when he told a dispatcher he was too tired to make another trip, he said, he was ordered to do so after just a few hours' sleep.

"I never felt safe driving under these conditions," said Mr. Unrine, who left Boyd last June because of a legal dispute over medical bills from a fall. "I talked to many drivers on the fuel islands, truck stops and rest areas. Logbooks are so fake; it scares me that there aren't more accidents on the road."

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Richard Bailey, the chief operating officer at Boyd Brothers, and Wayne Fiquett, the company's vice president for safety, disputed Mr. Unrine's claims. They said that drivers might have been instructed to keep only seven days of log entries, but denied that they were encouraged to violate the rules.

"Nobody here will tell someone to do something unsafe," Mr. Fiquett said. "If a driver is tired or over his hours, the system will not allow that driver to continue driving."

In 1995, Congress directed regulators to study truck driver fatigue and its safety consequences and to consider new rules. But the agency then charged with truck safety, the Federal Highway Administration, never did so. Two years later, the Clinton administration vowed to cut the annual death toll of truck-related accidents in half within a decade. In 1999, Congress created the Federal Motor Carrier Safety Administration in response to what lawmakers considered ineffectual regulation and high casualties.

A year later, the agency proposed tighter service hour rules. They would allow long-haul drivers to work a maximum of 12 hours a day, and require them to take 10-hour breaks between shifts. They also required installation of electronic devices to replace driver logs.

Advocates of tighter standards said the rules did not go far enough, while the industry said cutting driver hours could raise costs by $19 billion over a decade, five times more than government estimates. Action stalled when trucking lobbyists inserted language into a spending bill that forced the motor carrier agency to delay action until after the presidential election that November.

Rewriting the Rules

Industry leaders overwhelmingly supported the candidacy of George W. Bush, confident that his administration would be friendlier than one led by his opponent, Al Gore. On the campaign trail, Mr. Bush accused his Democratic rival of wanting to expand government, while Mr. Bush repeatedly expressed his desire to reduce federal regulations.

During the 2000 election cycle, trucking executives and political action committees gave more than $4.3 million in donations to the Republicans and less than $1 million to Democrats, according to the Center for Responsive Politics, a nonpartisan research organization.

In the months before and after the election, a leading industry figure in the campaign against tighter driving rules was Mr. Acklie, who became chairman of the American Trucking Associations in the fall of 2000. A longtime Bush family friend and Republican fund-raiser, he led one of nation's largest trucking companies, Crete Carrier, based in Nebraska. Mr. Acklie, who stepped down from the post about a year after his appointment, did not return telephone calls seeking comment.

Another important advocate was Mr. Addington, then general counsel to the Trucking Associations. In August 2000, when two top transportation officials complained in a press release about the industry's "raw use of political power," he demanded that they be investigated for possibly violating a federal law that prohibits officials from lobbying and issuing propaganda. In January 2001, he joined Mr. Cheney's office, where he is now chief of staff. Lea Anne McBride, the vice president's spokeswoman, said Mr. Addington had not been involved in issues related to his trucking activities.

Other industry officials also joined the administration. Mr. Jackson, a former colleague of Mr. Acklie and Mr. Addington at the trucking group, became the No. 2 official at the Transportation Department, which oversees the industry. Mr. Clapp, the former head of Roadway trucking, took over the motor carrier agency and soon became involved in rewriting the rules.

The insurance industry and safety groups provided studies showing a high percentage of accidents were caused by tired truck drivers. But after the Trucking Associations produced a study concluding that only 2 percent of accidents were caused by fatigued truckers, while more than 80 percent were caused by passenger cars, the agency decided to loosen the hourly restrictions.

In April 2003, the agency issued rules that increased the maximum driving hours to 77 from 60 over 7 consecutive days and to 88 hours from 70 over 8 consecutive days. It capped daily work hours at 14, which included driving as well as waiting for loading and unloading. The agency also decided not to require truck companies to install electronic monitoring devices.

The agency said the new rules would modestly decrease the number of fatalities by increasing the required time off for drivers, to 10 hours from 8. A year later, the agency set training standards for new drivers: 10 hours of training, none of it on the road.

Congress has provided little scrutiny of the trucking standards.

"There has not been the kind of in-depth examination of these issues that should have occurred," said Representative James L. Oberstar of Minnesota, the ranking Democrat on the House Committee on Transportation and Infrastructure. Mr. Oberstar and others blamed the failure on the political muscle of the industry. From 2000 to 2004, the American Trucking Associations donated $2 million to lawmakers, mostly to Republicans who served on committees with jurisdiction over trucking issues.

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The courts have played a more significant role. In July 2004, a three-judge panel from the federal appeals court in Washington issued a harsh opinion in a lawsuit brought by several safety organizations over the trucking work rules.

Judge David B. Sentelle, a conservative Republican appointed by President Ronald Reagan, wrote the opinion, faulting the Federal Motor Carrier Safety Administration for "ignoring its own evidence that fatigue causes many truck accidents."

The opinion continued, "The agency admits that studies show that crash risk increases, in the agency's words, 'geometrically' after the eighth hour on duty." The judges said they could not understand why the agency had not estimated the benefits of electronic monitoring, saying the agency's "passive regulatory approach" probably did not comply with the law. The panel struck down the hour and service rules.

But a year later, in August 2005, the agency issued virtually identical rules, which the safety groups and the Teamsters union are again challenging in court. Oral arguments are set for Monday before another three-judge federal appeals panel here. The agency had a similar legal setback on driver training. A three-member appeals court panel called the regulation "baffling" and criticized the agency for ignoring its own studies on the need for more comprehensive training.

The agency has not responded to the court's decision by issuing any new rules.

Meanwhile, the agency has failed, by growing margins, to meet its annual targets for lowering the death rate for truck-related accidents.

Mr. Hugel, the agency's deputy administrator, blames increasing traffic for the agency's inability to meet its goals. "More trucks, combined with even more passenger vehicles," he said, "leads to more roadway congestion, increased risk and a larger number of fatalities."

In a budget submission to Congress last February, though, the Transportation Department noted its repeated failure to cut the death rate and conceded that the agency "has difficulty demonstrating how its regulatory activities contribute to reaching its safety goal."

Safety experts, for their part, say the numbers reflect the agency's failings.

"The fatalities speak to the agency's lackluster performance," said Jacqueline S. Gillan, vice president of Advocates for Highway and Auto Safety, an alliance of consumer, health and insurance organizations. "These truck crashes happen one at a time in communities across the country and get little attention," Ms. Gillan said. "Can you imagine what the outcry would be at the F.A.A. if we had 25 major airplane crashes a year, which is the equivalent of what is happening with trucks?"

A Family's Lawsuit

After Ms. Edwards's death, her only son, Steve, a professional musician in Chicago, sued the trucking company, Werner Enterprises of Omaha, and the driver involved in the accident, John L. McNeal, 36. Mr. McNeal was dismissed shortly after the accident.

Mr. McNeal said in a sworn deposition that he had been tired from driving all day from Tennessee without a break. He had been in the cab for about 12 hours, including about 8 hours at the wheel. Because he had been driving trucks professionally for only a month, he was assigned a trainer, who had slept much of the trip.

After Mr. McNeal acknowledged he was at fault, Werner Enterprises settled the lawsuit for $2.4 million. Werner's general counsel, Richard S. Reiser, said that the company had a strong safety record and that its training program far exceeded the federal requirements. Mr. Reiser said that Mr. McNeal was in compliance with both the old and new work hour rules but acknowledged he was unfamiliar with the proposals by safety groups that would have prevented the driver from working as long as he did that day. He also said that any driver who was tired should stop, regardless of how long he had been on the road.

"The driver should be the one who says, 'If I'm tired, I should pull over,' " Mr. Reiser said.

Mr. Edwards, though, thinks responsibility for safety goes beyond individual drivers, and links his mother's death to the Bush administration's decisions against imposing tighter driving limits. "These drivers are working hard every day on the road to make a living," he said. "They are overtired and underpaid."

Mr. Edwards said his mother, who had worked at a Procter & Gamble Company factory before her weakened knees forced her to retire, had been looking forward to traveling, gardening and playing with her grandchildren.

"If there is any silver lining, it is that he hit her so hard she never saw it coming," Mr. Edwards said of the accident. "She probably was happy that she was going to be home soon."

$10M CDC Deal Raises Questions (AJC)

By Alison Young

The Atlanta Journal-Constitution, December 3, 2006

It began when a prominent Atlanta business leader introduced Dr. Julie Gerberding to a man who wanted to be her free management adviser, to help her transform operations at the Centers for Disease Control and Prevention.

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Now the agency is scrambling to explain the gyrations it used to give $10 million in business without competition to a consulting firm associated with and recommended by CDC director Gerberding's free adviser.

A CDC public relations risk-management analysis obtained by The Atlanta Journal-Constitution identified several "threats" to the agency, including "significant procurement mistakes" and an "inappropriately backdated" contract document.

The circumstances described in that risk analysis â€" which CDC officials now seek to discredit as merely "conjecture" â€" raise questions about serious and potentially criminal violations of federal procurement law, according to government contract experts.

And an explanation offered late Friday by CDC officials appears to illustrate questionable practices that experts say are designed to award contracts to favored companies, denying others the opportunity to compete and taxpayers the assurance that the government is paying a fair price.

Gerberding and CDC officials have refused repeated requests to release documents involving the firm Celerant Consulting, which worked at the agency from 2003 through 2005. The agency also has refused to release documents relating to whether a conflict of interest existed when James W. Down, Gerberding's volunteer business adviser, recommended Celerant to overhaul CDC's procurement and grants office. He made the recommendation around October 2003, four months after Celerant sent out a press release announcing Down as a new member of the firm's U.S. Advisory Board.

Celerant and Down contend the press release was mistakenly issued and that he never accepted the firm's position.

Down, who lives in Winchester, Mass., and has been a member of the CDC Foundation board of directors since 2004, declined to be interviewed. His attorney, former Massachusetts Attorney General Scott Harshbarger, said Saturday that Down never had a conflict of interest and was only trying to help the CDC. He praised Down's integrity.

"Candidly, I am defending Jim Down here, I'm not defending some of the issues CDC and the foundation need to address," Harshbarger said. He said volunteers like Down are put at risk of questions of impropriety because the agency and the foundation are lax in having procedures for them to make formal disclosures of even potential conflict of interest issues.

Celerant, a global consulting firm with its U.S. headquarters in Lexington, Mass., declined to grant interviews. In a brief statement, the company said: "Celerant's business relationship with the CDC was legal and proper."

And the company said it never had any relationship with Down, despite the 2003 press release. Harshbarger said that while Down had a discussion with Celerant, he never agreed to work for the firm. He said he doesn't know why Celerant never issued a correction.

CDC officials said Friday that while some mistakes were made in the contracting process, their only intent was to get the agency the expertise it needed to revamp its sluggish contracting office. The agency believed it followed proper procedures, they said, and that taxpayers were well-served, regardless of the process used.

"The procurement and grants office at CDC is a completely different entity than it was a few short years ago," said Alan Kotch, the office's acting director, citing dramatic drops in processing times and increases in productivity as a result of Celerant's help.

Sen. Charles Grassley (R-Iowa), chairman of the Senate Finance Committee, said late Friday that he will be asking the CDC to provide information on its contracting with Celerant. He also said he will ask the Government Accountability Office, the investigative arm of Congress, to examine the CDC's contracting procedures.

Fear of bad publicity

The Atlanta Journal-Constitution has been seeking records about Celerant and Down under the federal Freedom of Information Act since Oct. 3.

After the FOIA request was made, a CDC employee from the Office of the Director performed a risk analysis of issues facing the agency if and when information about its dealings with Celerant became public.

The analysis, obtained by the AJC, said there was "No assurance that CDC received the best value solution to its concerns because [of the] inappropriate procurement process used." It states that the agency "inappropriately backdated a contract document" and notes a "potential conflict of interest between external individual serving as adviser to CDC and Celerant."

The analysis was prepared by Martin Landry, who is listed in an agency directory as a management adviser in Gerberding's office.

Among the "threats" identified by Landry in the document: "Negative publicity will further question top CDC management, as it was so involved in the early process."

And among the top four questions Landry posed â€" without an answer â€" in the memo were: "Why did CDC's top management collude to provide a generous, $10 million, sole-source contract to Celerant, primarily based on the recommendation of another CDC contractor who was discussing potential employment with Celerant at the same time?"

Landry did not respond to interview requests.

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Donna Garland, chief of CDC's Office of Enterprise Communications, an arm of the director's office that specializes in risk communications, did not respond to an interview request about Landry's analysis.

She sent an e-mail to all CDC employees and contractors Friday evening, in anticipation of this report, saying the analysis was "an internal document that was not using the facts, but conjecture."

She wrote: "CDC's core values of accountability, respect, and integrity count. When we get it wrong we must own it. The fictitious questions that someone could possibly ask when pursuing a story about PGO [the procurement and grants office] were written down, and I own that this was not a good idea. I apologize for this."

'This is a common abuse'

The road that led to the CDC's hiring of Celerant began with an introduction made by Atlanta businessman Kent "Oz" Nelson, who at the time was board chairman of the CDC Foundation, a nonprofit that supports the agency.

Nelson, former chairman and chief executive officer of United Parcel Service, became a key Gerberding adviser after she was named CDC director in July 2002. Nelson, among other things, worked to identify business consulting expertise to help Gerberding chart a new strategic vision and reorganization of the agency.

"I told her I'd be glad to help and began searching for someone. Coincidentally, around the same time, I got a phone call from Jim Down," said Nelson in an article in the CDC Foundation's 2002-2003 annual report.

In an interview, Nelson said he knew and respected Down from Down's work years earlier as a UPS consultant. Down "was extremely effective in strategic planning," he said.

Nelson said he set up a meeting between Down and Gerberding. "They hit it off very well," he said. And Down agreed to provide his help and expertise for free, flying between Massachusetts and Atlanta nearly every week, Nelson said. The CDC reimbursed Down only for expenses, Nelson added.

Nelson said he feels "horrible" that Down is facing scrutiny. He added that when the issue first surfaced within the government in 2004, he was so comfortable that Down had done nothing wrong that he added Down to the CDC Foundation board.

"I think he is a very fine, moral man who has made a huge personal sacrifice to try to help the CDC," Nelson said.

In June 2003, while Down was serving as Gerberding's adviser, Celerant Consulting issued the press release announcing that Down had been appointed to the company's advisory board.

Around October 2003, CDC officials began discussing the need to overhaul the operations in its procurement and grants office. Down recommended Celerant for the job to CDC Chief Operating Officer Bill Gimson, said James Seligman, the CDC's chief information officer, in an interview Friday.

Gimson said Down did not mention any potential conflict of interest when he recommended Celerant. "Jim's conversation, as a matter of fact, was extremely brief," Gimson recalled Saturday. "He said 'I would like to introduce you to a company I think would do great work for CDC.' " After the agency became interested, Gimson said, Down had no further involvement.

After examining Celerant and interviewing company officials, CDC decided to hire the firm, CDC officials said.

Rather than open up the consulting contract to competitive bidding, CDC executives went looking for an existing contract elsewhere in the federal government that would allow them to hire Celerant directly. Seligman, Kotch and Gimson said this is a common and accepted practice. "Government agencies are encouraged to use government-wide contracts when they're available and appropriate," said Seligman.

Seligman called contracting officials at the National Institutes of Health, who he said identified a pre-existing contract that would work. According to the NIH Web site, this particular contract, called ECS III, is for the purchase of computer hardware and software "to satisfy your agency's desktop computing needs." CDC officials said it also allowed for the purchase of "services."

And, most important for achieving the agency's goal of hiring Celerant, one of the prime contractors had as a listed vendor Novell, the computer software giant, which at the time owned Celerant.

"This is a common abuse of IT hardware and software contracts," said Christopher Yukins, associate professor of government contracts law at the George Washington University Law School in Washington. "In this case you have an information technology â€" really a hardware/software contract â€" being used for consulting services that have little to do with information technology."

It's called "out-of-scope contracting," and in the wake of revelations that some interrogators at Abu Ghraib prison in Iraq were paid under an IT contract, "this has been a matter of acute concern in the government," Yukins said.

Regardless, the NIH contract is the mechanism CDC used from about December 2003 to February 2004 to hire Celerant to do an initial assessment of how to fix the agency's procurement and grants office. The cost of this initial phase was about $580,000, Seligman said.

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The CDC was pleased with Celerant's initial work and wanted the company to go ahead and implement its overhaul plan, at a cost of $10 million. Although the first contract had ended, Seligman said CDC let Celerant continue working and incurring costs while the agency sought NIH approval to again link to the IT contract.

Celerant worked without a contract in place for three months, Kotch said.

Yukins, the government contract law expert, said: "The federal government takes work done without a contract very seriously. ... It's a violation of federal law, [and] technically speaking it is a criminal violation of law." While prosecutions are rare, he said, it is a very serious matter.

A scramble to fix things

In April 2004, an anonymous letter arrived at the U.S. Department of Health and Human Services, the parent agency of both the CDC and the NIH, alleging improprieties in the Celerant contracting process. Gimson said that when HHS notified him of the letter, he immediately sent a memo to HHS asking that it conduct an independent inquiry.

By July 2004, HHS officials were sufficiently concerned about the appropriateness of the contract that they issued a formal stop-work order. HHS officials would not grant interviews on the matter.

In September 2004, the CDC said HHS officials allowed the Celerant contract to be reinstated, but required the CDC to take over managing it. They also required the CDC to renegotiate the terms, which resulted in Celerant reducing its costs by $500,000, to $9.5 million. And the CDC set the effective date back to cover the February-May period when Celerant was working without a contract, the agency said.

In a brief statement, HHS spokeswoman Christina Pearson said: "Through internal and independent reviews, we found that CDC entered into what it believed to be an acceptable contracting arrangement through an NIH contract."

The statement noted that HHS identified the need for stronger contracting controls at both the CDC and the NIH and both agencies promptly addressed those issues.

A spokesman for the NIH did not respond to an interview request.

Funding Continues For Illness Scientists Dismiss (WP)

By David Brown

The Washington Post, December 3, 2006

Fifteen years after the end of the 1991 war with Iraq, a Texas researcher is in line to get as much as $75 million in federal funding to press his studies of "Gulf War syndrome," even though most other scientists long ago discounted his theories.

Epidemiologist Robert W. Haley has been trying for 10 years to prove that thousands of Persian Gulf War troops were poisoned by a combination of nerve gas, pesticides, insect repellents and a nerve-gas antidote. With the help of $16 million in past funding obtained by his backers in Congress and the Pentagon, Haley has argued that his "toxicity hypothesis" is the best explanation for the constellation of physical complaints that many veterans reported after returning from the Gulf.

Haley and his supporters, who also include a powerful cluster of veterans and government advisers, are undeterred by the scientific consensus against him.

As recently as September, a panel of the National Academy of Science's Institute of Medicine reached the same conclusion that half a dozen other expert groups had: Gulf War syndrome does not exist. After reviewing 850 studies -- essentially all the scientific literature on the topic -- the 13 scientists wrote that "the nature of the symptoms suffered by many Gulf War veterans does not point to an obvious diagnosis, etiology [cause], or standard treatment."

"Gulf War syndrome" became a catchall name for a spectrum of non-life-threatening complaints that up to 30 percent of the conflict's veterans say they have experienced at some point since the end of the war in 1991. The most commonly cited symptoms are fatigue, memory loss, poor sleep, mood changes, digestive troubles and rashes.

The ground war lasted four days and resulted in 147 battlefield deaths, but almost 199,000 of the 698,000 people who were deployed have since qualified for some degree of service-related disability. Of those, 3,317 people are disabled by "undiagnosed conditions."

From 1994 through 2003, the departments of defense, veterans affairs, and health and human services sponsored 256 studies of Gulf War syndrome, at a total cost of $316 million.Scientists Cry Foul

The size, timing and purpose of the latest appropriation has elicited muffled outrage among scientists who say there is little more to gain from pursuing Haley's ideas.

"This is a tremendously egregious misuse of government funding," said Gregory C. Gray, who headed the Navy's Gulf War illness research center in San Diego before retiring in 2001. He now directs the Center for Emerging Infectious Diseases at the University of Iowa's College of Public Health.

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"After hundreds of millions of dollars and a decade or better of research, we really haven't made any significant findings," said John R. Feussner, who was VA's chief research officer from 1996 to 2002 and is now chairman of medicine at the Medical University of South Carolina. "What is the chance we will find something now? Not as high as zero."

At VA, people will not talk on the record about the appropriateness of Haley's grants -- almost all awarded outside the usual competitive routes.

"This is a very sensitive topic around here right now, in part because this might be seen as an apparent shift in how VA selects and funds research," said one official, speaking anonymously so as not to offend members of Congress. A former VA official, also unwilling to be quoted by name, was more straightforward: "Everyone is dismayed."

Haley's research was originally underwritten by billionaire H. Ross Perot. It later gained the support of VA's Research Advisory Committee on Gulf War Veterans' Illnesses, on which Haley sat until recently, and of a politically diverse group of legislators that includes Reps. Christopher Shays (R-Conn.), Bernard Sanders (I-Vt.) and Dennis J. Kucinich (D-Ohio).

Haley's chief congressional patron is Texas's senior senator, Kay Bailey Hutchison (R), who chairs the Appropriations Committee's subcommittee on military construction and veterans affairs. A year ago, she inserted an earmark in the 2007 federal budget that will channel $15 million to the University of Texas Southwestern Medical Center, where Haley is a professor and chief of epidemiology. The grant can be renewed four times, for a total of $75 million over five years.

VA cemented the arrangement Nov. 14 when it signed a contract saying UT Southwestern will "conduct and manage research projects in order to answer central questions on the nature, causes and treatments of Gulf War veterans' illnesses," said VA spokeswoman Karen Fedele.

Hutchison twice declined a request to talk to The Washington Post for this article, as did Haley.

Just how much money will go to Haley's research is unknown. Other scientists will be able to apply for funding, but the awarding of grants will bypass VA's usual mechanisms and instead go through "a process established by and headed by the dean of the medical school" at UT Southwestern, Fedele said.

Haley's backers say a lack of focus and money are the chief reasons a cause and treatment for the Gulf veterans' ailments have not been found. Hutchison spokesman Marc Short said the senator "doesn't want people to stop doing Gulf War illness research as long as there are symptoms out there that we don't understand."The Conventional Wisdom

Outside Haley's circle, most experts think the syndrome is rooted more in medicine, psychology and culture than in toxicology.

They have concluded that it is the product of a medley of factors, including the stress of the war and the fear that Saddam Hussein might use chemical or biological weapons. For some people -- particularly reservists, in whom the symptoms are more common -- it may be a physical expression of the disruption that deployment caused in their lives. Some of the physical complaints may simply be the ordinary ups and downs of people's health, magnified by public and media attention. Gulf War syndrome may also be the military manifestation of something long seen in civilian medicine: symptoms whose cause is never found despite extensive testing and diagnostic studies.

Haley adamantly rejects that view, especially the stress argument. In three papers published in the Journal of the American Medical Association in January 1997, he outlined six distinct neurological syndromes he identified in several dozen former members of the Navy Reserve "Seabees" construction unit who served in the Gulf. He has spent much of the past decade studying them, focusing on the three most disabling syndromes. For one series of papers, he took 165 measures of neurological function.

Among the things he and his colleagues reported was that in 12 veterans with the most severe complaints, a deep-brain structure called the left basal ganglion was smaller than usual. (The right one was normal.) He also found that some ill veterans tended to have a less active version of the enzyme paraoxonase-1, which breaks down the nerve agent sarin. Veterans with symptoms were also more likely to have abnormal eye reflexes and subtle changes in the daily variation of heart rate. What remains unclear is the significance of these results.Poisoned on the Battlefield

Haley's most controversial claim is that many veterans suffering from the syndromes were probably exposed to a nerve agent during the war.

Nerve gas was released after the war, during the destruction of 816 pounds of sarin and cyclosarin at a storage complex in Khamisiyah, Iraq, in March 1991. The Defense Department modeled the "plume zone" from this explosion and in 1997 notified 98,910 veterans that they may have been briefly exposed downwind of Khamisiyah. That number was later increased to about 102,000.

Haley's backers consider those letters proof that the veterans were exposed to nerve gas. That is the view of James H. Binns Jr., a retired businessman and former deputy assistant secretary in the Defense Department who chairs the VA Gulf War illnesses research panel. "There is no contradicting that there was low-level exposure to sarin gases as a result of destruction of Iraqi weapons depots," he said in an interview.

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Defense officials, however, have always been careful to talk of "potential exposures," not definite ones.

No one doing the demolition reported any symptoms of sarin poisoning at the time. Neither did anyone in the plume zone. Few doubt that air containing the vaporized compound drifted over troops, but there is no evidence that anyone actually came in contact with sarin. Furthermore, the Seabees Haley studied were far outside the plume zone, as were most other soldiers who later complained of persistent symptoms. For sarin to be part of the mix of toxins causing Haley's syndromes, there would had to have been other releases -- something experts say is extremely unlikely.

"I haven't spoken to anyone in the military or in intelligence who believes it is credible that there was deliberate use of sarin and nobody noticed," said Simon Wessely, a psychiatrist and leading British researcher of Gulf War illness.

Evidence that low-level exposure to sarin can lead to chronic illness is equally sparse.

Brain-wave tracings of monkeys exposed to low doses sometimes show changes, although the animals' behavior does not change. Rats exposed to low doses of nerve agent and pesticide perform worse in mazes, but most are back to normal in three months. The relevance of those findings to human illness that includes symptoms as diverse as joint pain and chronic diarrhea is unknown.

The few studies of people who were exposed and survived are also not very enlightening. American and British soldiers exposed to non-fatal doses of nerve gas as human guinea pigs decades ago suffered no chronic illness, but some survivors of two sarin attacks by terrorists in Japan in the 1990s reported tiredness, headaches and vision changes up to five years later.

There is also little evidence that simultaneous exposure to toxins -- even without nerve gas -- has lasting effects. A study published in October found that, properly used, DEET insect repellant, the anti-nerve-gas pill pyridostigmine bromide and insecticide-impregnated uniforms did not cause physical or mental impairment.

Overall, most scientists who have investigated the question share the same conclusion: The chance that thousands of people suffered poisoning they did not recognize at the time, and are now ill with a disease that has never been seen before, is close to nil.

But while the scientific establishment has always been skeptical of Haley's findings, 10 years ago Pentagon officials saw them as possibly the key to the mystery of Gulf War syndrome.Support Lost, and Regained

"In my opinion, Haley was researching the very essence of Gulf War illness," recalled Bernard Rostker, an economist who headed the Defense Department office devoted to that subject. In 1997, his office provided $3 million to Haley out of discretionary funds when the Dallas scientist failed to win a grant through the military's usual competitive funding mechanism.

They money was to give Haley a chance to confirm his findings in a larger, representative sample of veterans. But he did not do that, which became clear when Rostker toured the Dallas research ward in 1998 and encountered only previously examined veterans.

"I thought Dr. Rostker was going to blow a gasket right then and there," recalled Michael E. Kilpatrick, deputy director of deployment health support at the Pentagon, who was on the visit.

Haley eventually did test 336 additional veterans reached through the Dallas VA hospital, identifying 29 with one of his six syndromes. Among the 249 Seabees he had examined earlier, he found 25.

"Basically, Haley stiffed the government," Rostker said recently. He refused to give Haley more money, and Hutchison began inserting budget earmarks to fund Haley's work.

Pentagon and VA officials still say the crucial question that needs answering is whether Haley's syndromes can be found in a larger group of veterans.

To that end, the government is spending more than $10 million to ask a random sample of 10,000 veterans about symptoms, and to study the brains of several hundred who are clearly ill, using MRI scanners. Along with the new appropriation, that will extend efforts to examine Haley's theory to almost the 20th anniversary of the conflict.

More Click It With Threat Of A Ticket (WT)

By Joyce Howard Price

The Washington Times, December 3, 2006

Fewer Americans are wearing seat belts compared with last year, but usage continues to be higher in states where motorists can be pulled over solely because they are not wearing a safety belt, a new federal study shows.

Seat-belt use climbed from 58 percent in 1994 to 81 percent this year. It reached an all-time high in 2005 at 82 percent, according to a report released last week by the Department of Transportation.

"A seat belt doesn't work if it isn't on," Transportation Secretary Mary E. Peters said in announcing the findings. "Whatever it takes, we all need to do a better job making sure everyone chooses to buckle up" to help reduce rising highway fatalities.

The study gave Western states the highest marks, with usage in that region increasing from 85 percent to 90 percent in the past year.

DOJ_NMG_0101379

Seat-belt use in the South edged up from 82 percent in 2005 to 83 percent this year. But it fell from 78 percent to 74 percent in the Northeast and from 79 percent to 77 percent in the Midwest during the same 12-month period, the report showed.

Data released in August by the department's National Highway Traffic Safety Administration revealed that 43,443 persons died in traffic accidents in the United States in 2005. It was the highest level in 15 years and 1.4 percent ahead of 2004, according to NHTSA.

Maryland is one of 24 states, along with the District of Columbia, that have so-called primary-prevention seat-belt laws, which allows drivers to be pulled over and ticketed solely because they are not wearing a safety belt.

Data shows these laws promote seat-belt use, and that was the case again this year, Mrs. Peters said. States with primary-prevention seat-belt laws had a combined seat-belt use rate of 85 percent in 2006, compared with 74 percent in other states.

Mrs. Peters said the department rewarded states with primary-prevention seat-belt laws incentive grants totaling $123 million this year and will continue working with states to encourage use of safety belts.

Data for the study was obtained from the National Occupant Protection Use Survey, which observes seat-belt usage on selected roadways, and by NHTSA's National Center for Statistics and Analysis.

This year's findings were based on a two-week period of observation of seat-belt use by occupants in 126,000 vehicles at about 1,900 sites.

The study found significant jumps in the proportion of front-seat passengers using safety belts between 2005 and this year and in the number of motorists wearing them while driving in heavy traffic and light fog.

The percentage of front-seat passengers who buckled up climbed from 78 percent to 97 percent during the 12-month period. The proportion of drivers wearing seat belts while traveling in light fog rose from 81 percent to 94 percent during the same period. The percentage of drivers using safety belts when traveling in heavy traffic climbed from 87 percent to 96 percent.

Pickup truck drivers are the least likely to use seat belts, the study showed. Only 74 percent currently use them, up from 73 percent last year.

The New, Soft Paternalism (NYT)

By Jim Holt

The New York Times Magazine, December 3, 2006

When the government tells you that you can't smoke marijuana or that you must wear a helmet when you ride your motorcycle even if you happen to like the feeling of the wind in your hair, it is being paternalistic. It is largely treating you the way a parent treats a child, restricting your liberty for what it deems to be your own good. Paternalistic laws aren't very popular in this country. We hew to the principle that, children and the mentally ill apart, an individual is a better judge of what's good for him than the state is and that people should be free to do what they wish as long as their actions don't harm others. Contrary to what many people believe, you can even commit suicide legally (although if you don't live in Oregon, you should think twice about seeking assistance).

But what if it could be shown that even highly competent, well-informed people fail to make choices in their best interest? And what if the government could somehow step in and nudge them in the right direction without interfering with their liberty, or at least not very much? Welcome to the new world of "soft paternalism." The old "hard" paternalism says, We know what's best for you, and we'll force you to do it. By contrast, soft paternalism says, You know what's best for you, and we'll help you to do it.

Here's an example. In some states with casino gambling, like Missouri and Michigan, compulsive gamblers have the option of putting their names on a blacklist, or "self-exclusion" list, that bars them from casinos. Once on the list, they are banned for life. If they violate the ban, they risk being arrested and having their winnings confiscated. In Missouri, more than 10,000 people have availed themselves of this program. In Michigan, the first person to sign up for it was, as it happens, also the first to be arrested for violating its terms when he couldn't resist sneaking back to the blackjack tables; he was sentenced to a year's probation, and the state kept his winnings of $1,223.

The voluntary gambling blacklist is an example of what's called a self-binding scheme. It is a way of restructuring the external world so that when future temptations arise, you will have no choice but to do what you've judged to be best for you. The classic case is that of Ulysses, who ordered his men to tie him to the mast of his ship so that he could hear the song of the Sirens without being lured to his destruction. As a freely chosen hedge against weakness of the will, self-binding would seem to enlarge individual liberty, not reduce it. So what is there to object to in a program like Missouri's or Michigan's?

Plenty, say libertarian critics. To begin with, they don't like soft paternalism when it involves the state's coercive power; they are much happier with private self-binding schemes, like alcoholism clinics, Christmas savings clubs and Weight Watchers. They also worry that soft paternalism can be a slippery slope to the harder variety, as when campaigns to discourage smoking give way to "sin taxes" and outright bans. But some libertarians have deeper misgivings. What bothers them is the way soft

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paternalism relies for its justification on the notion that each of us contains multiple selves — and that one of those selves is worth more than the others.

You might naïvely imagine that you are one person, the same entity from day to day. To the 18th-century philosopher David Hume, however, the idea of a permanent "I" was a fiction. Our mind, Hume wrote, "is nothing but a bundle or collection of different perceptions, which succeed each other with an inconceivable rapidity, and are in a perpetual flux and movement." According to this way of thinking, the self that inhabits your body today is only similar to, not identical with, the self that is going to inhabit your body tomorrow. And the self that will inhabit your body decades hence? A virtual stranger.

The idea of multiple selves may seem like a stoner's fantasy, but economists who study human decision-making have found it surprisingly useful. Consider: Most people, if given a choice today between doing seven hours of irksome work on May 1, 2007, versus eight hours on May 15, 2007, opt for the former. When May 1 arrives, however, they will find that their preference has flipped: they now wish to put off the work for a couple of weeks, even at the cost of having to do the extra hour's worth. Why this inconsistency, if the self calling the shots is one and the same?

Further evidence for the fragmented self comes from neuroscience. Brain scans show that the emotional part of the brain, the limbic system, is especially active when the prospect of immediate gratification presents itself. But choice among longer-term options triggers more activity in the "reasoning" part of the brain, located (suitably enough) higher up in the cortex. Now suppose you're tempted by a diet-violating Twinkie. Which part of your brain — the shortsighted emotional part or the farsighted reasoning part — gets to be the decider? There may be no built-in hierarchy here, just two autonomous brain modules in competition. That is why you might find yourself eating the Twinkie even while knowing it's bad for you. (A similar disconnect between two parts of your brain occurs when a visual illusion doesn't go away even after you learn it's an illusion.)

The short-run self cares only about the present. It is perfectly happy to indulge today and offload the costs onto future selves. For example, recent studies show that teenage smokers do not underestimate the risk of getting lung cancer as an adult (if anything, they tend to overestimate it); they simply don't mind making the future self suffer for the pleasure of the moment. The long-run self may deplore this ruinous behavior, but its prudent resolutions are continually ignored. Yet it can enforce its will indirectly by shaping the environment to constrain some short-run selves from exploiting others — by, say, putting a time lock on the refrigerator.

But why, some skeptics ask, should the government side with your prudent long-run self against your hedonistic short-run selves? What's so great about the long-run self, anyway? As the economist Glen Whitman has observed in a shrewd critique of soft paternalism, the harms that selves impose on one another are reciprocal: "The long-run self can harm the short-run self by adopting self-control devices — such as flushing cigarettes down the toilet, refusing to allow ice cream in the house, checking into a clinic and so on." It is not good to be profligate, lazy and obese, but neither is to good to be a miser, a workaholic or an anorexic.

If the goal is to promote freedom, though, there is an interesting argument favoring the long-run self. A distinctive quality of humans, as the third earl of Shaftesbury observed three centuries ago, is that we do not simply have desires; we also have feelings about our desires. Take the unhappy heroin addict: he gives himself an injection because he desires the drug, but he also has a desire to be rid of this desire. The philosopher Harry Frankfurt has given such "second order" desires a central role in his analysis of free will: we act freely, he submits, when we act on a desire that we actually desire to have, one that we endorse as our own. Beings that do not reflect on the desirability of their desires — like animals and infants and, perhaps, our short-run selves — are what Frankfurt calls "wantons."

People have fashioned a wide range of techniques for keeping their inner wantons under control — like buying a pint of ice cream instead of the more economical quart because they know they would end up consuming the latter in one sitting. So why can't soft paternalism be left to the private sector, as some libertarians prefer? The problem is that private self-binding schemes are easily subverted when someone can make a buck off your weakness of will. One Michigan man who signed up for a casino's private self-blacklisting program found the owners all too accommodating when he had a change of heart. "Within a half an hour, I was back in," he said.

Editorializing against soft paternalism earlier this year, The Economist warned that "life would be duller if every reckless spirit could outsource self-discipline to the state." There are certainly more exalted ways to achieve mastery over unwelcome impulses. Thinkers of an existentialist kidney, like Jean-Paul Sartre, used to insist that each of us is free to redefine his character through an act of radical choice. For the religiously inclined, an access of divine grace might be what is needed to stiffen the will.

But what if you are one of those people who rely on more mundane stratagems, like self-binding? The general problem you face (as put by the political theorist Jon Elster) is this: For a given uphill goal and a given strength of will, does there exist a path, however circuitous, that will get you to the top of the hill? By adding a new path here and there, state soft paternalism makes it more likely that the answer will be yes.

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Is The New Congress To Be Believed? (NYT)

The New York Times, December 3, 2006

Well before Election Day, the smart-money lobbyists of K Street were already shifting campaign donations to safe Democratic incumbents, greasing access to the next Congressional majority. That should be warning enough to the incoming speaker of the House, Nancy Pelosi, and Senate majority leader, Harry Reid, to deliver quickly and credibly on their campaign vows to attack the corrupt, quid-pro-quo culture that besotted the Republican-controlled Capitol.

Yet even before the new Congress arrives, there is disquieting talk of advance compromises on what will be done — or not done. It's fortunate the incoming members will be in the Capitol this week, preparing for January and, not incidentally, observing the lame-duck finale of the Congress that failed on this vital issue.

There will be only one good chance to get this right. Once the new year begins, any feeling of urgency will fade, replaced by a determination to acquire, and protect, whatever power and turf are available. At a minimum, the reforms must include:

Creation of a public integrity office to do more than merely audit lobbyists' filings. If Congress is to regain the public's respect, both houses must create an independent office to investigate the behavioral lapses of lawmakers themselves, not just their sycophants. Anything less, and the ethics issue falls back into the lap of the moribund internal policing machinery that has long protected wayward members.

An enforceable ban, with penalties, on all meals, gifts and travel — not just from lobbyists, but also from the organizations that hire them. The ban should cover staff members as well. Privately financed "fact-finding" junkets should at long last be banned, along with lawmakers' riding as fat cats' chattel on corporate jets for token fares.

Restraints on the revolving-door horde of Congressional alumni turned backslapping lobbyists. Former lawmakers should be required to wait two years, not one, before cashing in on their nice-to-see-you cachet. No lobbyists, even former members, should have access to the floor, gym or cloakroom of either house. If a sitting member of Congress or a staff member starts negotiating for a job in the private sector, he or she should be required to disclose it. The public cannot be expected to tolerate replays of the low moment when architects of the new Medicare drug subsidy plan were secretly working to land lucrative jobs in the pharmaceutical industry while they devised the legislation.

Detailed disclosure of costly and undebated "earmarks" — amendments passed as pork-barrel favors to backdoor pleaders. The secretive spending and midnight conference games should be brought into the sunlight via Internet technology. Transparency will not stop lawmakers from trying to get funding for pet projects back home. But it might at least discourage them from doing the same thing on behalf of special interest lobbyists.

The new Congress must realize the ethics issue will test its mettle in the opening hours, and signal if real change is possible. A field general of the incoming majority, Representative Rahm Emanuel of Illinois, is already warning that failure to deliver on ethics reform will be "devastating to our standing" in the very first moment of Democratic power.

He is absolutely right.

OTHER NEWS:

Seeking Clarity On Inflation (NYT)

By Condrad De Aenlle

The New York Times, December 3, 2006

IS inflation getting a second wind?

If you look at bond yields and economic reports like one on Friday that showed weakness in manufacturing, you may not think so. But other evidence may be more worrisome.

Economic growth and inflation often go hand in hand. Some recent reports have shown a bit of resilience in the housing market and an upward revision to the calculation of third-quarter economic output.

Plainly spelling out the risks, Ben S. Bernanke, the Federal Reserve chairman, said in a speech last week that inflation remained "uncomfortably high."

None of this has lifted rates on 10-year Treasury notes, which yield less than 4.5 percent, versus short-term rates above 5 percent.

John Lynch, chief market analyst at Evergreen Investments, attributes the strength in Treasuries to investors' faith in Mr. Bernanke and his ability to curb growth enough to keep inflation in check.

That faith will be tested on Friday, when November jobs data is announced. It is a test that Mr. Lynch expects him to pass. A Bloomberg News poll of economists estimates that the economy added 100,000 jobs last month, up from 92,000 in October, with unemployment rising to 4.5 percent from 4.4 percent. Mr. Lynch sees a gain of 100,000 to 125,000 net new jobs.

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The number of Americans filing claims for unemployment benefits has been running high, he noted. “Claims have started to creep up in the last several weeks,” he said.

He added that the unemployment rate was anything but indicative of a more severe slump that would send bond yields even lower. “It’s hard to have a recession if 95 percent-plus of us are working,” he said.

A soft landing may not push bond yields much lower or help stocks much, either. Earnings growth is likely to slow with the economy, and that should limit percentage gains in share prices, to the high single digits next year, Mr. Lynch predicted.

DATA WATCH The Bloomberg poll forecasts a dip in the November reading of the Institute for Supply Management’s survey of the service economy, to 55.5 from 57.1; that report is due Tuesday. The University of Michigan’s first reading of consumer sentiment in December, due Friday, is predicted to show a slight drop to 92, down from 92.1.

Gender Pay Gap Narrows -- For Unexpected Reasons (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 3, 2006

WASHINGTON — Marie White is a healthcare aide who looks after patients in their homes in Sonoma County, Calif. There's a shortage in her female-dominated profession, which has helped workers unionize and command better pay over the last five years — driving the pay ceiling from $6.75 to $10.50 an hour.

"By organizing, a good many of us have been able to get out of the minimum-wage category," White said.

John Wilson of Los Angeles, meanwhile, is still trying to find a job that pays as much as he earned 12 years ago. Laid off in 1994 from a software programming job that paid $50,000 a year with full health benefits, Wilson went to work as a security officer earning minimum wage.

Now he works at the Lantana Media Campus in Santa Monica, providing security for such celebrities as Ben Affleck and Cameron Diaz. He has worked his way up to $12.25 an hour, but pays about $100 a month for health insurance for his 15-year-old daughter.

Even though Wilson is making half of what he did before, he feels lucky: Many security guards he knows, mostly men, earn minimum wage without benefits.

White's and Wilson's experiences illustrate a noteworthy trend in the 21st century economy: Women are closing in on men when it comes to wages, but not for the reasons anticipated — or hoped for — when gender pay equity became a rallying cry in the 1970s.

Data show that the pay gap has been narrowing not because women have made great strides, labor experts say, but because men's wages are eroding.

The disparity in median hourly pay between men and women narrowed to 18.3% in August from 21.5% five years earlier, according to recently released census figures. In addition, the U.S. Labor Department noted recently that the wage differential in 2005 was the smallest since the department began tracking it 33 years ago, when it was 36.9%.

Even when men's and women's work patterns are taken into account — men tend to work more hours — the pay gap is narrowing. The difference between men's and women's median annual earnings shrank between 2000 and 2005 from 26.3% to 23%, or 77 cents on each dollar earned by men. Women earned an average $31,858 and men $41,386.

The gap was even smaller in California: 17.8%, with women earning $37,076 and men $45,126.

However — as the economy expanded, profits rose and unemployment fell — men's hourly wages declined a total of 2% from 2000 to 2005 while women's rose 3%, census records show. Women's gains were barely enough to keep up with inflation.

"Wages generally have been depressed, but men's have been more depressed," said Michele Leber, chair of the Washington-based National Committee on Pay Equity, who called the trend "discouraging."

Economists say the forces behind these trends show that men and women are experiencing the economy in different ways.

In the U.S., men have tended to dominate in blue-collar and manufacturing jobs, which have been disappearing — or seeing downward wage pressure — for the last few decades.

Women, on the other hand, have been more prevalent in service jobs such as healthcare, which historically have been lower-paying but have seen wages rise in recent years.

Indeed, economists note that among those with a high school education or less, men's wages have been falling while women's have been rising due to increased demand for service-sector jobs.

Meanwhile, better-educated women have seen their pay rise — but not as much as their male counterparts have. So women's gains relative to men's appear to be coming mostly in lower-wage jobs.

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The gap started narrowing in the 1980s due largely to women's increased access to education and better-paying jobs. In the 1990s, their gains leveled out while men's wages rose at all skill levels, thanks to the economic expansion fueled by the dot-com boom, economists say.

Women lost some ground in the recession after 2001, said Heather Boushey, an economist at the Washington-based Center for Economic and Policy Research, and have seen their wage gains resume only recently.

"This year [women's relative pay] reached a new peak, but I don't think it was much to get excited about, especially since the only reason was because men's wages fell faster," Boushey said.

Some say a vanishing pay gap should be celebrated as good news, no matter what the reason.

"All we care about is the ratio," said Claudia Goldin, a Harvard University economics professor who has studied women in the workforce.

While men may be earning less, women are earning more on average than they used to, which is in itself an achievement, said Francine D. Blau, the Frances Perkins professor of Industrial and Labor Relations and Labor Economics at Cornell University.

Indeed, she said, achieving pay equity almost requires a slowdown in men's wage growth. "You can't have it both ways," Blau said. "For women to catch up, their wages have to grow more."

But other economists and pay equity advocates say the whole idea of narrowing the gap was to help women and their families earn substantively more.

"We're closing the wage gap in exactly the wrong way," said Rebecca Blank, dean of the University of Michigan's Gerald R. Ford School of Public Policy. "The idea was that women's wages were supposed to rise, not that men's wages would fall to women's level."

Economist Jared Bernstein of the Economic Policy Institute in Washington said: "Low-wage men have just been taking it on the chin. What you would like to see, especially during a period when the economy is growing at a good clip, is men's wages rising but women's wages rising more as they move toward equal pay for equal work."

Blank said that men and women's wages would probably stabilize and then rise during the next two decades as baby boomers retire and the labor supply dwindles.

White, the home health worker, said she hoped something could be done sooner to help workers — both men and women — who had seen their pay suffer. She noted that although her pay had risen in recent years, "it's still not a living wage."

"You have loads of people down at the bottom and super jobs at the top and the middle class in between being really squeezed," she said. "It's got to get better because we can't survive on these wages. It's scary."

Downsized, But Not Out Of Demand (LAT)

By P.j. Huffstutter, Times Staff Writer

The Los Angeles Times, December 3, 2006

Former autoworkers find themselves courted by industries elsewhere.

DEARBORN, MICH. — After spending most of his working life on an assembly floor at Ford Motor Co., Harold Jackson wasn't expecting many offers as he trudged into a job fair at the union hall.

Here he was, a 40-year-old factory worker in a state that has lost about 110,000 auto jobs over the last six years.

But John Riddle, a recruiter for CSX Transportation Inc., pressed forward out of the crowd to shake his hand. "Ever thought about moving to the East Coast? Ever wanted to be a train conductor?"

After Riddle finished his spiel, a recruiter from the U.S. Secret Service stepped up, touting the wonder of government service, pointing out that such jobs couldn't be outsourced to India and that no Japanese competitor could underbid the work.

Soon, instructors who train casino dealers were courting Jackson with visions of fat tips and flexible hours.

"I had no idea there were so many options," Jackson said.

After decades of being kicked around by foreign competitors and laid off by the hundreds of thousands by their U.S. employers, the autoworker has unexpectedly become one of the hottest commodities in industrial America.

Last week, Ford announced that 38,000 factory workers had agreed to take buyout and early retirement offers to leave their jobs as soon as January, walking away with payouts of as much as $140,000 each. Nearly 35,000 General Motors employees took buyouts over the summer.

Michigan is suffering through the longest stretch of job losses since the Great Depression, and the outlook for autoworkers is expected to remain grim, according to a recent report by the Research Seminar in Quantitative Economics at the University of Michigan.

From now through the end of 2008, the state's manufacturing sector is expected to lose 11.5% of its remaining workforce, seven in 10 of these jobs from the auto industry, the report said.

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But for employers outside the Rust Belt, the bounty of former autoworkers is pure gold. For generations, these workers have epitomized the industrial work ethic, putting in long hours on often mind-numbing tasks involving complex machinery.

"There's a huge pool of people that know how to work hard, have enough skills that they can be retrained and are hungry for a job," said Kathryn Blackwell, a corporate spokeswoman for Union Pacific Railroad. Company recruiters have attended several Midwestern job fairs in search of replacements for its own aging work force.

"Considering the economy's doing well in other parts of the country, what company needing workers wouldn't see this as a prime opportunity?" Blackwell said.

Squeezing through a dirt-streaked crowd of fellow autoworkers freshly clocked out of their factory shifts, Corey Wilson wandered the packed United Auto Workers Local 600 hall. Every few steps, recruiters stuffed tchotchkes into his hands — along with job applications.

Have a free mug. By the way, electricians are wanted in Florida. Take this pen. Did you know that welders are needed in Wyoming? How about a slice of pizza? You can use your Ford buyout money to open a Little Caesars franchise in the Southwest.

Overwhelmed, Wilson — who has worked on a Ford assembly line for five years — stepped away from the crowd and found a quiet corner.

Framed black-and-white photographs hung along the walls around him: autoworkers marching in 1932 to demand jobs and emergency relief from Ford; police attacking the protesters; and bodies littering the streets.

Suddenly, a recruiter stepped up, blocking Wilson's view.

"What are you looking for?" asked Robert Gale, who was seeking students for Home Building Workshops Inc. "What do you want?"

Wilson, 36, will leave his Ford assembly line job next year with $100,000 in buyout money, no health insurance and no idea of what to do with the rest of his life.

His reply was simple: "Opportunity."

But leaving Michigan to take advantage of job offers sometimes isn't easy.

Couples find themselves scrambling to land jobs in the same city. And cuts in the workforce here have dragged down property values and slowed home sales.

Blackwell — who worked in media relations at Ford and DaimlerChrysler AG before she and her husband headed to Omaha in 2001 so she could take the Union Pacific job — said she has tried over the years to sell friends back home on the idea of following her.

Few have been willing to make the jump.

"I've really had to talk up Nebraska. We don't have any lines at restaurants. We don't have traffic. There's a lot of money here, so there's heavy support for cultural things," Blackwell said. "Sure, the salaries aren't as high as you can make in the auto industry. But there's stability.

"But when you're working for an auto company," she said, "you consider yourself part of a family that built the American dream. Leaving that dream behind is too much for a lot of people."

Other recruiters have enjoyed more success. Campbell County, a rural part of northeast Wyoming where natural gas and coal production is booming, has hosted several job fairs in Michigan this year. More than 100 residents have left the Wolverine State for the Great Plains, said Ruth Benson, executive director of the Campbell County Economic Development Corp.

She's planning another Michigan fair in March, as well as trips next year to Indiana, Wisconsin and Ohio.

"The Midwesterners are hearty, blue-collared folks. They're our kind of people," Benson said. "Now that we're getting them here, the question for us is whether they'll stay here for the long term, or whether the draw back home will be too strong to ignore."

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Health Hazard: Computers Spilling Your History (NYT)

By Milt Freudenheim And Robert Pear

The New York Times, December 3, 2006

BILL CLINTON'S identity was hidden behind a false name when he went to NewYork-Presbyterian Hospital two years ago for heart surgery, but that didn't stop computer hackers, including people working at the hospital, from trying to get a peek at the electronic records of his medical charts.

The same hospital thwarted 1,500 unauthorized attempts by its own employees to look at the patient records of a famous local athlete, said J. David Liss, a vice president at NewYork-Presbyterian.

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And just last September, the New York City public hospital system said that dozens of workers at one of its Brooklyn medical centers, including doctors and nurses, technicians and clerks, had improperly looked at the computerized medical records of Nixzmary Brown, a 7-year-old who prosecutors say was beaten to death by her stepfather last winter.

Powerful forces are lobbying hard for government and private programs that could push the nation's costly and inefficient health care system into the computer age. President Bush strongly favors more use of health information technology. Health insurance and medical device companies are eager supporters, not to mention technology companies like I.B.M. and Google. Furthermore, Intel and Wal-Mart Stores have both said they intend to announce plans this week to embrace electronic health records for their employees.

Others may soon follow. Bills to speed the adoption of information technology by hospitals and doctors have passed both chambers of Congress.

But the legislation has bogged down, largely because of differences over how to balance the health care industry's interest in efficiently collecting, studying and using data with privacy concerns for tens of millions of ordinary Americans — not just celebrities and victims of crime.

Advocates of such legislation, including Representative Joe L. Barton, the Texas Republican who is the chairman of the House Energy and Commerce Committee, said that concern about snooping should not freeze progress on adopting technology that could save money and improve care.

"Privacy is an important issue," said Mr. Barton, who will lose the chairman's post when the Democrats take over next year, "but more important is that we get a health information system in place." Congress can address privacy later "if we need to," he said.

Democrats, however, have made it clear that they are determined to address the issue of medical-records privacy once they take command of both houses of Congress next month. "There is going to be much more emphasis placed upon privacy protections in the next two years than we have seen in the last 12 years," said Representative Edward J. Markey, Democrat of Massachusetts and a longtime privacy advocate.

Mr. Markey, a member of the Energy and Commerce committee, said he supported legislation that would allow individuals to keep their medical records out of electronic databases, and require health care providers to notify patients when health information is "lost, stolen or used for an unauthorized purpose."

Representative John D. Dingell of Michigan, the ranking Democrat who is expected to become chairman of the Energy and Commerce committee next month, said that expanding electronic health care systems "clearly has great potential benefit." But he added that "it also poses serious threats to patients' privacy by creating greater amounts of personal information susceptible to thieves, rascals, rogues and unauthorized users." Members of his committee, as well as the House Ways and Means Committee, have been struggling with such issues.

Academic medical centers like NewYork-Presbyterian have considerable experience with electronic records. But many other hospitals have been slow to jump on board, as have doctors and patients. Only one in four doctors used electronic health records in 2005, according to a recent study by researchers at Massachusetts General Hospital and George Washington University, and fewer than 1 in 10 doctors used the technology for important tasks like prescribing drugs, ordering tests and making treatment decisions.

Cathy Schoen, a senior researcher at the Commonwealth Fund, a nonprofit foundation, said primary-care doctors in the United States were far less likely than doctors in other industrialized countries to use electronic records. In Britain, 89 percent of doctors use them, according to a recent report in the online edition of the journal Health Affairs; in the Netherlands, 98 percent do.

Technology experts have many explanations for the slow adoption of the technology in the United States, including the high initial cost of the equipment, difficulties in communicating among competing systems and fear of lawsuits against hospitals and doctors that share data.

But the toughest challenge may be a human one: acute public concern about security breaches and identity theft. Even when employers pay workers to set up computerized personal health records, many bridle, fearing private information will fall into the wrong hands and be used against them.

"When I talk to employees, the top concern they have is: 'What happens to my information? What about the Social Security numbers on my employee insurance, as well as the identity threat now appearing in health care?' " Harriett P. Pearson, I.B.M.'s chief privacy officer, said in a recent interview. "We have to be proactive about addressing privacy issues."

Dr. J. Brent Pawlecki, associate medical director at Pitney Bowes, the business services company, said that people in the United States are most concerned that they could lose their health insurance, based on something in their health records. Pitney Bowes is weighing the pros and cons of electronic personal health records for its employees.

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The worries are widely held. Most Americans say they are concerned that an employer might use their health insurance records to limit job opportunities, according to several surveys, including a recent one by the nonprofit Markle Foundation.

Some patients are so fearful that they make risky decisions about their health. One in eight respondents in a survey last fall by the California HealthCare Foundation said they had tried to hide a medical problem by using tactics like skipping a prescribed test or asking the doctor to "fudge a diagnosis."

Dr. Stephen J. Walsh, a psychiatrist and former president of the San Francisco Medical Society, said, "I see many patients who don't want any information about their seeing a psychiatrist on a record anywhere."

CONGRESS addressed some of these concerns in 1996, when it passed the Health Insurance Portability and Accountability Act. That made it a federal crime, albeit rarely punished, to disclose private medical information improperly.

But critics say that the law has some worrisome loopholes, that infractions are rarely prosecuted, and that violators have almost never been punished. The law, for example, lets company representatives review employees' medical records in order to process health insurance claims.

Critics say that it would not be unusual in some companies for the same supervisor to be in charge both of insurance claims and of hiring and firing decisions; this could allow companies to comb their ranks for people with expensive illnesses and find some reason to fire them as a way to keep health costs under control. Easily accessible computerized files would make the job that much easier, the critics say.

Joy L. Pritts, a health policy analyst at Georgetown University, said that in developing and promoting health information technology, the government seemed to assume that it could "tack on privacy protections later." But she warned: "That attitude can really backfire. If you don't have the trust of patients, they will withhold information and won't take advantage of the new system."

Executives can hire private tutors who specialize in teaching how to stay on the right side of the rules. But based on the experience so far, there is little chance that executives will be punished if they break them.

The Office for Civil Rights in the Department of Health and Human Services has received more than 22,000 complaints under the portability law since the federal privacy standards took effect in 2003; allegations of "impermissible disclosure" have been among the most common complaints. But the civil rights office has filed only three criminal cases and imposed no civil fines. Instead, it said, it has focused on educating violators about the law and encouraging them to obey it in the future.

With federal enforcement so weak, privacy advocates say they are also concerned about recent efforts in Congress to pre-empt state consumer protection laws. They often provide stronger privacy rights and remedies, particularly for information on H.I.V. infection, mental illness and other specific conditions.

State laws, unlike the federal law, have resulted in some stiff penalties. Last April, a California state appeals court approved a malpractice award of $291,000 to Nicholas Francies, a San Francisco restaurant manager, who lost his job after his doctor disclosed his H.I.V.-positive status in a worker's compensation notice to Mr. Francies's employer. He also got $160,000 from his employer in a settlement.

Dr. Deborah C. Peel, a psychiatrist and privacy advocate in Austin, Tex., has assembled a broad group called the Patient Privacy Rights Foundation, to lobby in Washington. Members span the political spectrum, from the American Civil Liberties Union and the U.S. Public Interest Research Group to the American Conservative Union and the Family Research Council.

Newt Gingrich, the Republican former House speaker, has called for "a 21st-century intelligent health system" based on electronic records. He also says individuals "must have the ability to control who can access their personal health information."

"People do have a legitimate right to control their records," said Mr. Gingrich, who has worked closely with Senator Hillary Rodham Clinton, Democrat of New York, on the issue of computerized records. On their own, they have also advocated strict rules to protect privacy.

Mr. Gingrich noted that the Senate had twice passed bills to prohibit discrimination based on personal genetic information; the House did not vote on them. Democrats say the outlook for such legislation will improve when they take control of Congress.

EVEN without new federal laws to guide them, some companies have begun to encourage their employees to embrace electronic medical records. At Pitney Bowes, employees are paid a bonus if they store a copy of their personal health records on WebMD.com, the medical Web site.

"We haven't pushed that, except to make an offering," Dr. Pawlecki said. But for those without electronic records, he added, "any time you go to a different system or a different doctor, the chances are that your records will not be able to follow you." As a result, there is a risk of "harmful care," like drug interactions or side effects, he said, as well as risks of omitting needed care and conducting duplicate tests.

Pitney Bowes and WebMD Health are among a group of 25 companies meeting with Ms. Pearson of I.B.M. to develop a set of principles and best practices that she said would help persuade people that their employers really did not look at private information stored online.

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Ms. Pearson's group is working with Janlori Goldman, director of the Health Privacy Project in Washington. Employers need to adopt standards for personal health records that address their workers' privacy, confidentiality and security concerns, Ms. Goldman said.

WebMD, which manages employees' health records for dozens of companies, had discussions earlier this year with Google, which is developing a Web site called Google Health, according to people familiar with the project. Google has not commented on its plans. But commenting generally on the issues, Adam Bosworth, the vice president for engineering at Google, said that privacy is a hurdle for technology companies addressing health care problems.

"There is a huge potential for technology to improve health care and reduce its cost," Mr. Bosworth said in a statement. "But companies that offer products and services must vigorously protect the privacy of users, or adoption of very useful new products and services will fail."

Even before the theft this year of a Veterans Affairs official's laptop that contained private medical records of 28 million people, a consumer survey found that repeated security breaches were raising concerns about the safety of personal health records.

About one in four people were aware of those earlier breaches, according to a national telephone survey of 1,000 adults last year for the California HealthCare Foundation. The margin of error was plus or minus 3 percentage points.

The survey, conducted by Forrester Research, also found that 52 percent were "very concerned" or "somewhat concerned" that insurance claims information might be used by an employer to limit their job opportunities.

The Markle survey, to be published this week, will report even greater worry — 56 percent were very concerned, 18 percent somewhat concerned — about abuse by employers. But despite their worries, the Markle respondents were eager to reap the benefits of Internet technology — for example, having easy access to their own health records.

Companies that have tried to use computers to increase the efficiency of medical care say their success has hinged on security. "The privacy piece was critical," said Al Rapp, corporate health care manager at United Parcel Service, which recently introduced a health care program built on computerizing the records of 80,000 nonunion employees.

U.P.S. offers to add $50 each to workers' flexible spending accounts if they agree to supply information for a personal "health risk appraisal." They can receive another $50 if spouses also participate. More than half accepted, Mr. Rapp said, with the understanding that the information would go to data archives at UnitedHealth Group and Aetna. "We are not involved in any way," he said, referring to U.P.S.'s managers.

Aetna and UnitedHealth combine these appraisals with each person's history of medical claims and prescription drug purchases. When the software signals a personal potential for costly conditions like diabetes, heart problems and asthma, an insurance company nurse, or health coach, telephones the employee with suggestions for preventive care and reminders for checkups, taking medications and the like.

"The employee can tell the nurse who calls that they don't want to participate," Mr. Rapp said. "Thus far, it has been very well accepted."

Last week, he said, the health coach reached out to the spouse of an employee after noting that her condition and weight suggested a potential risk for a heart attack.

"She asked this person, 'Are you taking your cholesterol medication, Lipitor?' She said, 'I won't take Lipitor,' " and went on to mention the side effects she had read about on the Internet, Mr. Rapp said.

The nurse informed the woman's doctor, who changed her prescription to a similar drug, Mr. Rapp said. He added that he was one of "a very few select people in the human resources department" who are permitted to see personal health records, under the federal privacy rules.

"I can see the names, to see the issues," Mr. Rapp said. "I manage the program. I have responsibility for the success of the program." But he added that he was prohibited under the law from sharing the employee's data with other U.P.S. managers. "Generally speaking, U.P.S. would have no knowledge of it," Mr. Rapp said.

Still, worries linger across the health care system. Hospital executives say that private investigators have often tried to bribe hospital employees to obtain medical records that might be useful in court cases, including battles over child custody, divorce, property ownership and inheritance.

But computer technology — the same systems that disseminate data at the click of a mouse — can also enhance security.

Mr. Liss, of NewYork-Presbyterian, said that when unauthorized people tried to gain access to electronic medical records, hospital computers were programmed to ask them to explain why they were seeking the information.

Moreover, Mr. Liss said, the computer warns electronic intruders: "Be aware that your user ID and password have been captured."

Reality Check For Stem Cell Optimism (LAT)

By Mary Engel

The Los Angeles Times, December 3, 2006

The meeting was almost over when Roman Reed steered his wheelchair to the microphone.

On the table before him sat a 149-page book of budget charts and timetables, the first concrete outline of what California's voter-approved stem cell institute plans to accomplish in its 10-year lifespan.

"I want to thank you from the bottom of my heart," Reed said to the institute's staff and 29-member oversight board in October. "I promised my son that one day I would be able to walk, stand next to him and go hold my wife's hand. And seeing this road map to cures, I know that this will come true."

The room at Los Angeles' Luxe Hotel thundered with applause for the Fremont resident, who broke his neck while playing college football in 1994.

Despite the enthusiasm of Reed and his audience, the book offered no promise of a cure for his paralysis.

Two years after California voters authorized $3 billion in bonds to fund stem cell research, the institute created to oversee the enterprise has just begun what experts see as a long and slow scientific journey. Even with the $150-million state loan approved recently to kick-start work stalled by legal challenges, there are no breakthroughs in sight. Gone are the allusions to healing such afflictions as spinal cord injuries and Parkinson's and Alzheimer's diseases that dominated the 2004 campaign for Proposition 71. In fact, scientists say, there is no guarantee of cures — certainly not any time soon — from the measure that was optimistically titled the California Stem Cell Research and Cures Act.

Set for final approval at UC Irvine this week, the draft plan is clear: "It is unlikely that [the California Institute of Regenerative Medicine] will be able to fully develop stem cell therapy for routine clinical use during the 10 years of the plan."

Instead, the top goal is to establish, in principle, that a therapy developed from human embryonic stem cells can "restore function for at least one disease."

That would be only the first step toward persuading pharmaceutical or biotech companies to fund expanded clinical trials, a process that takes years and millions of dollars. Fewer than 20% of potential therapies that enter trials make it to market.

In addition, the institute hopes to have treatments for two to four more diseases in development within the decade.

"We picked a goal that we thought was realistic, that, with some luck, would be achieved," institute President Zach Hall said. "The field will go on beyond 10 years. We want to have a whole pipeline of things that are in movement."

Honesty appreciated

Jesse Reynolds of the Oakland-based Center for Genetics and Society, a watchdog group that supports stem cell research but advocates better public accountability, called the goals "refreshingly honest."

"The Prop. 71 campaign went beyond the line of responsible political rhetoric," he said. "If there are therapies, they're decades out."

One TV ad, for instance, showed an unidentified young mother beside a child strapped in a wheelchair and breathing through a tube.

"I will vote 'yes' on Prop. 71, definitely," the woman said. "I believe that it's something that can cure spinal cord injuries."

State Senate Health Committee Chairwoman Deborah Ortiz (D-Sacramento), another research backer, was philosophical about the campaign's optimism.

"A campaign requires a message to be driven home," she said. "You can't raise those hopes and then say, 'Oh by the way, it may take us 10 or 15 years.' That's just the nature of campaigns."

California's attempt to cure diseases by referendum is unique. But touting dramatic cures in exchange for research dollars has become "the American way" of doing medical research, said Robert Blendon, professor of health policy and management at the Harvard School of Public Health.

The Nixon-era "war on cancer" suggested that a country that could put a man on the moon — in less than a decade — could surely find a cure within the same time frame. Now, Blendon said, "You can't just talk about investing in research without the equivalent of the trip to the moon."

Such campaigns appeal to an American public that expresses great faith in science but shows little understanding of the plodding nature of most scientific research. Blendon doesn't see downplaying the time frame as dishonest as long as the research truly holds potential.

Proposition 71 came about in response to President Bush's August 2001 mandate restricting federal funding to only a handful of human embryonic stem cell lines, prompted by moral concerns about destruction of embryos during such research. When the measure passed in November 2004, jubilant supporters had predicted that $350 million a year from bond sales would start flowing to scientists by May 2005.

The first reality check came in the form of lawsuits by taxpayer and antiabortion groups.

A loan from the state

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Today, the bonds remain tied up in litigation, though stem cell institute officials are confident that an appellate court will uphold a favorable ruling from a Superior Court judge. To tide over the institute, Gov. Arnold Schwarzenegger in July promised a $150-million state loan. A state finance committee formally approved the loan Nov. 20, and the institute is gearing up to award its first research grants in January.

Even if researchers hit the ground running, the field is young and progress is likely to be slow. Scientists at the University of Wisconsin derived the first human embryonic stem cells just eight years ago, using donated embryos left over from in vitro fertilization clinics.

Dana Cody, executive director of Life Legal Defense Foundation, which represents two of the groups that sued, said the plan's modest ambitions are a sign that the initiative's promise was overblown.

"I just don't understand the fascination with embryonic stem cell research other than that it's something supported by Hollywood," said Cody, whose organization supports research using adult stem cells. "Even proponents say it's going to be years before any breakthroughs are made, if at all."

Those who support the research — especially those whose lives could depend on it — see the institute's plan through a lens of hope.

The science "is coming along fast, in my opinion," said John Ames, whose son David was diagnosed with amyotrophic lateral sclerosis, or Lou Gehrig's disease, four years ago. "I'm not trying to contradict the position of the strategic plan, but we have hope. We're going to win."

The life expectancy of someone diagnosed with the devastatingly progressive neuromuscular disease is three to five years.

"The thing that drives these individuals and their families is hope," said Christopher Thomas Scott, executive director of the Stanford Program on Stem Cells in Society. "Without that hope, it's very difficult to get yourself going."

Joan Samuelson prefers to call it determination. The Napa Valley attorney founded the Parkinson's Action Network 18 years ago, two years after being diagnosed with early onset Parkinson's disease. She now sits on the institute's oversight board.

"I care deeply about how urgently we pursue the mission of Prop. 71," she said. "I wake up every day with a disorder that gets worse with the passage of time."

To Samuelson, the campaign was about potential. The institute's plan is about day-to-day implementation. They may sound different, she said, but they are steps toward the same goal.

"I read the realism, if you will, as a statement of the fact that this isn't going to be easy," she said. "Nothing great is easy."

Cells' unique ability

What makes embryonic stem cells unique — and so full of potential — is their ability to become any type of cell in the body.

Some researchers envision someday transplanting such cells into patients whose own cells have been damaged by injury or disease, with the hope that the transplanted cells develop into new spinal cord or pancreas cells. But scientists don't yet understand the cues that trigger an undifferentiated embryonic stem cell to become, say, an insulin-secreting pancreas cell.

The plan more accurately reflects what most scientists studying human embryonic stem cells are actually doing, at least in this early stage of the research: not so much curing a disease as studying it.

Scientists, for instance, can introduce the gene for Lou Gehrig's or Parkinson's into a human embryonic stem cell and unravel some of the mysteries of how such diseases develop. They can use such cells to quickly test thousands of drugs.

"What's happening even now is that human embryonic stem cells and their derivatives are being used for models for developing therapies," said Dr. Arnold Kriegstein, who runs the stem cell research program at UC San Francisco. "It allows us for the first time in a petri dish to have a human disease, not an animal disease. It brings us so much closer to coming up with a therapy that really will work."

Who knows? advocates say. Treatments — even cures — sometimes crop up unexpectedly.

Jeff Sheehy, who represents HIV and AIDS patients on the institute's citizen oversight board, tells the story of his friend Jeff Getty, who died in October of complications from AIDS. In 1995, Getty volunteered for a controversial bone marrow transplant from a baboon.

The transplant didn't take, but Getty, who had been near death, experienced a then-amazing remission that lasted more than 10 years. It turned out that the drugs used to prepare him for the transplant anticipated the antiretroviral cocktail that, a year later, would turn AIDS from a death sentence to an often manageable, chronic disease.

Similarly, Sheehy asked, if scientists fail to successfully transplant embryonic stem cells but along the way discover drugs or other treatments that work, wouldn't the research be considered a success?

"My thing is just not to get obsessed with what was presented in the campaign," Sheehy said. "Science is a very complex business. It's full of failure. It's full of opportunity. And failure often equals opportunity."

National Health Care? We're Halfway There (NYT)

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By Daniel Gross

The New York Times, December 3, 2006

WHEN Democrats assume control of Congress next month, they may be dusting off some long-dormant proposals on how to deal with the growing disconnect between health insurance and employment. From 2000 to 2005, the proportion of workers aged 18 to 64 with employment-based health benefits fell to 70.6 percent from 74.5 percent, according to the Employee Benefits Research Institute. A record 46.6 million Americans lacked health insurance last year; of them, more than 82 percent lived in households headed by someone holding a job.

Any efforts to expand government's role in providing insurance will likely be opposed by the Bush administration, which says it opposes excessive direct government involvement in an industry that constitutes about 14 percent of the gross domestic product. Michael O. Leavitt , the secretary of health and human services, recently dismissed a proposal to have the government negotiate drug prices for the Medicare benefit, arguing that "it's a surrogate for a much larger issue, which is really government-run health care."

While the administration may oppose government-run health care in principle, the government's role in the vast health industry has been expanding. By various measures, the United States is about halfway toward a system in which the government and taxpayers fully fund health care. And trends are pushing the government to become more involved each year.

Out of a total population of about 300 million, 35.6 million elderly Americans were on Medicare in 2005. Of the working-age population, which reached 257.8 million in 2005, some 45.5 million were covered by Medicare, Medicaid or military health programs, according to the benefits institute. An additional 18.2 million workers had health insurance through jobs in the public sector, which includes state, federal and local governments, public schools and state universities, according to Paul Fronstin, director of the institute's health research and education program. Millions of those workers' dependents are covered as well. Even if those dependents are not included in the tally, taxpayers paid the bill for almost two-fifths of all Americans with insurance in 2005.

But that's not the full extent of government and taxpayer involvement. Employer-provided health insurance premiums are a form of compensation, yet are not subject to federal payroll or income taxes and are exempt from many state and local taxes. Economists consider these exemptions a form of subsidy. Thomas M. Selden, economist at the federal Agency for Healthcare Research and Quality, estimates that the tax subsidy for employment-related coverage at $208.6 billion in 2006, or 35.4 percent of the amount spent on premiums.

"The tax subsidy is one of the largest public expenditures on health care," Mr. Selden said. In fiscal 2006, by comparison, spending on Medicare was $378.7 billion and federal spending on Medicaid was $180.6 billion.

Viewed strictly in terms of dollars and cents, the government already accounts for more than half of the nation's health care spending. Mining data from the National Health Expenditures Accounts, Mr. Selden found that public expenditures on health care — Medicare, Medicaid, military health care and federal employee benefits — accounted for $888 billion of the $1.96 trillion spent on health care in 2004. Adding in the aforementioned subsidies, and premiums paid for public-sector employees, the total comes to $1.2 trillion, or 61 percent.

Uwe E. Reinhardt, the James Madison professor of political economy at Princeton, suggests adding 5 percent for the federal mandate that hospitals provide free health care to the uninsured. "So government accounts for about two-thirds of health care spending," Mr. Reinhardt said.

The government spends money as if there were a national health insurance program. In 2004, government spending on health care equaled 9.6 percent of the gross domestic product, compared with 6.9 percent in Canada, which has a single-payer universal health care program, said David Himmelstein, associate professor of medicine at Harvard Medical School. And yet some significant components of federal support are not efficient methods of providing health insurance to the people who most need it. Higher-income workers are likely to have higher rates of coverage, higher premiums and higher taxes, all of which means that the tax break for compensation disproportionately helps the well-off.

"We're paying for national health insurance, but we're not getting it," Dr. Himmelstein added.

Taxpayers also don't get as much bang for their bucks because the government guarantees coverage for the elderly and the poor, groups that account for a disproportionately large amount of expenditures.

"A rough rule holds that private insurance covers two-thirds of the population and pays for only one-third of all health care," Mr. Reinhardt said.

THE raw figures may be worrisome, but the trends behind the data are clearly troubling. Despite five consecutive years of economic growth, the private sector has continued to reduce its role in providing insurance. As the population ages, the ranks of Medicare recipients grow. And if the price of health insurance keeps rising at a much faster rate than the average earnings of lower-income people, more and more of the working poor will be priced out of the market.

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So even as politicians rail against the pernicious effects of government-run health care, taxpayers, one way or another, are likely to be footing more of the nation's huge and mounting medical bills.

Clinton's Talks With Democrats May Signal Bid For President (NYT)

By Patrick Healy

The New York Times, December 3, 2006

Senator Hillary Rodham Clinton has begun a calculated series of meetings with top New York Democratic officials to signal that she is likely to run for the presidency in 2008 and to ask for their support if she does, according to one state Democratic official who spoke with her and two others who have been briefed on her plans.

Senator Clinton met last week with Charles B. Rangel, the dean of the New York Congressional delegation, in what her advisers said was an effort to meet with most New York Congressional Democrats by the end of this month to discuss her plans.

On Friday, she also spoke with Herman D. Farrell Jr., the chairman of the State Democratic Party, Mr. Farrell said, and she plans to meet with Governor-elect Eliot Spitzer as early as today. Mr. Farrell confirmed that Senator Clinton briefed him on her 2008 intentions; Mr. Rangel declined to describe their conversation.

Senator Clinton's outreach was disclosed and confirmed yesterday by three New York Democratic officials, all on condition of anonymity because they were not authorized by the Clinton camp to release the information. One of the officials said he was contacted by Senator Clinton directly about her plans. The two others said they were informed by senior Clinton advisers that she was entering a new phase of contacting officials to line up support for a possible presidential bid.

Her maneuvering comes at a time of growing speculation about a hard-fought contest for the Democratic presidential nomination between her and another possible hopeful, Senator Barack Obama of Illinois.

Mr. Obama's political profile has been rising as an antiwar Democrat who proved wildly popular on the campaign trail, aiding candidates in the 2006 elections. With Mr. Obama scheduled this month to visit New Hampshire, the site of the first presidential primary, some Clinton allies see him as the single biggest obstacle to her nomination.

There has been little doubt that Senator Clinton was likely to mount a presidential bid. Her discussion marks a new phase of her exploration, as she seeks to build a united bench of Democratic support in her home state and then reach out for support nationally from elected officials, major donors and allies of both her and her husband, former President Bill Clinton.

Asked yesterday evening about Senator Clinton's conversations with New York Democratic officials, a senior adviser, Howard Wolfson, said, "Senator Clinton made clear that after the election she would begin seriously considering a presidential run, and that process involves reaching out and talking to her colleagues."

Another top adviser to Senator Clinton described the conversations with elected officials in exchange for anonymity because the adviser did not want to be quoted talking about internal deliberations.

"The message is, 'Everybody keep their powder dry,' " the adviser said. "She is seriously looking at it. She's not making any decision yet."

The three Democratic officials said that Senator Clinton was strongly inclined to run for the presidency and was eager to do so, and that her outreach was an important new chapter that was likely to end with her declaration of a candidacy. The one Democrat who described his conversation with her said that Senator Clinton sounded enthusiastic and energized about undertaking a presidential campaign, and that she did not sound equivocal or unsure.

All three Democrats said the Clinton team was clearly moving ahead on a path to a candidacy; Senator Clinton was not seeking advice to make a decision on running, they said, but rather was lining up support so her candidacy was on the strongest possible footing.

While Senator Clinton, in her private conversations with Democrats, is not declaring her candidacy, her outreach is significant because so little had been known until now about her true intentions. And she has been coy at times about whether she would run.

Lengthy magazine articles have speculated about a possible Clinton candidacy, but only now has she taken the affirmative step of asking key officials to support her if she does run.

Such signals, in the political world, are generally interpreted as a sign that a well-positioned politician like Senator Clinton is going to run, barring an unforeseen event or change of heart.

The meetings and telephone calls have involved only Senator Clinton and the elected officials, and not their staffs.

Mr. Rangel, who was instrumental in first recruiting Senator Clinton to run for Senate in 2000, said the two of them had breakfast in New York on Wednesday and discussed her plans.

Mr. Farrell said he received a telephone call directly from her. "I had a discussion with her about her decision to run for president — I'm not telling you what the decision was, only that we had the discussion," he said in an interview yesterday.

He did note that he has been encouraging Senator Clinton to run, and that her news pleased him.

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"And I'm positive that if she runs, the people of the United States will elect her as our next president," Mr. Farrell said.

Other Democratic elected officials, who spoke on condition of anonymity because the Clinton camp has asked them to stay silent, said that Senator Clinton had spent the past week calling allies to describe her plans and her thinking. Somewhat conspicuously, Senator Clinton had no schedule of public events last week, instead holing up at her homes in Washington and in Chappaqua, N.Y., and in private meetings.

Allies of Senator Clinton say that she wants to run for the White House but is weighing whether she can in fact become the first woman to win the presidency. Her advisers appear confident that Senator Clinton could build the sort of broad support among Democrats, independents and women that she had this fall in her landslide re-election victory in New York.

Yet Senator Clinton remains a highly divisive figure for many Americans from her eight years as first lady, her leading role in the failed effort to overhaul the nation's health care system, and the multiple investigations of her husband's administration.

Public polls indicate that Senator Clinton would be the front-runner for the Democratic nomination, were she to run, but they also suggest that a majority of Democrats would prefer to support other party figures — Mr. Obama, former Vice President Al Gore or former United States Senator John Edwards.

Democrats familiar with Senator Clinton's strategy said she had planned to brief New York officials first and then reach out to national party leaders. These Democrats emphasized that she was not declaring her candidacy for the presidency, but they also said that she was expected to become more definitive in her comments about her intentions by the start of the new year.

Senator Clinton also planned to speak with, or had already spoken with, Assembly Speaker Sheldon Silver and other members of the Congressional delegation. Senator Charles E. Schumer, Senator Clinton's Democratic colleague, could not be reached for comment through his spokeswoman last night.

The senior Clinton adviser who spoke on condition of anonymity noted that the Clinton camp, with the political and financial assets accrued during Mr. Clinton's presidency and Senator Clinton's own career, was a powerful political force that did not have to hew to any timetable. At the same time, the adviser acknowledged, she cannot wait too long to assemble a campaign operation.

"She can relax through the holidays and into the beginning of next year," the adviser said. "But beginning of next year, she and everybody else who is thinking about this has to start signaling that you are serious. At some point, you have to start locking down political operatives."

Senator Clinton has also kept her political operation well tuned, with a veteran staff of aides and advisers on hand and more than $10 million left in the bank from her 2006 re-election campaign.

Edwards, Clark Carry Debt From Unsuccessful 2004 White House Bids (AP)

AP, December 2, 2006

NEW YORK (AP) — Democrats John Edwards and Wesley Clark have debts of several hundred thousand dollars from their unsuccessful White House bids in 2004, a burden as they consider presidential runs in 2008.

Edwards, the 2004 Democratic vice presidential nominee, had about $2,200 in his campaign account at the end of September and more than $300,000 in unpaid bills from his failed campaign for his party's nomination.

Clark, who has said he will decide in the next few months whether to run again, had about $390,000 left from the last campaign and debts totaling more than $260,000.

According to the Federal Election Commission, candidates are not obligated to pay off debts from a past presidential campaign before starting a new one.

In the case of Edwards and Clark, their 2004 committees will stay open until the debts are retired, but the men are free to begin fundraising for 2008.

Federal law does prohibit them from rolling whatever is left in their 2004 accounts into a 2008 campaign until outstanding bills are paid.

"The campaign wouldn't be able to transfer any assets to a new committee before the debt is retired," said Michelle Ryan, a spokeswoman for the Federal Election Commission.

It is not uncommon for losing political campaigns to delay paying their bills or sometimes default on payments entirely. But the notion that Edwards and Clark may run again has angered some of their unpaid 2004 vendors, many of whom run relatively small operations with tight cash flow.

"We'd like to be paid and since Clark is considering running for president again, we hope he'd pay us before the next campaign," said Marty Stone of Stones' Phones, which runs political telephone banks and is owed $10,000.

Both the Edwards and Clark campaigns insist they are waiting for the outcome of a federal audit before retiring their debts. Legally, presidential campaigns that receive federal matching funds are subject to audit by the FEC — a process that can take many years.

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"The campaign decided to halt payments and keep a positive balance of cash in reserve just in case there are penalties to be paid once the FEC review is complete. At that time the cash will be expended to satisfy these debts," said Erick Mullen, a spokesman for WesPAC, Clark's political committee.

Edwards, generally considered part of the top tier of potential Democratic presidential contenders, is in a significantly weaker financial position than several other leading hopefuls.

New York Sen. Hillary Rodham Clinton, Indiana Sen. Evan Bayh, and Massachusetts Sen. John Kerry, the Democrats' 2004 presidential nominee, each has more than $10 million in their political accounts.

Edwards, the former North Carolina senator, owes $200,000 to a Washington law firm and $64,000 to David Axelrod, a Chicago-based media consultant.

"Campaigns are not businesses. They end abruptly," Axelrod said. "We've been working with them to reconcile the books."

The Clark campaign owed money to nearly two dozen creditors, including $38,500 to pollster Geoff Garin and nearly $19,000 to a Little Rock, Arkansas-based accounting firm.

Separately, Edwards raised more than $2.4 million for the One America Committee, his political action committee formed to fight poverty and promote Democratic candidates in the recent elections. The committee ended the 2006 campaign season with just $23,000 in the bank. Clark raised about $877,000 for WesPAC, his political action committee, and had $49,000 left.

Money from PACs, however, cannot be transferred to presidential campaign committees.

Other would-be presidential contenders over the years have found themselves hamstrung in campaign debt. Former Ohio Democratic Sen. John Glenn took years to pay off $3 million in debt from his failed 1984 presidential campaign.

A Rarity: No Lone Star Candidates In 2008 Presidential Race (COX)

By Ken Herman

Cox News Service, December 2, 2006

WASHINGTON — There's a Texas-sized hole in the crowded field of candidates hanging around the starting line for the 2008 presidential nominations.

The hole? No Texans.

Depending on how and who you count, there are 24 potential candidates, including three from New York and two each from Arkansas and Massachusetts.

Even Delaware, South Dakota and New Mexico have one apiece.

Texas, the Land of the Big Ego, has none, zilch, nada.

Depending again on how you count, 2008 could be the first time in a third- or a half-century in which there might not be a Texan involved in the presidential race.

And Texans are used to having one of their kind not only in the race for the White House but actually in the White House. When President Bush leaves office in 2009, a Texan will have served as president (if you count Dwight Eisenhower, born in Texas, raised in Kansas) or vice president for 36 of the previous 56 years.

Why no Texans in 2008? Nothing personal against the state, observers say, noting instead that Texas, for once, is short on candidates of presidential caliber.

"I don't think it's anti-Texan," Texas A&M political scientist George Edwards said of the absence of home state contenders. "It's more about not having the right people."

None of the state's top three elected Republicans (Gov. Rick Perry, Sens. Kay Bailey Hutchison and John Cornyn) are potential 2008 presidential contenders. Hutchison, however, gets mentions as a potential vice presidential candidate, especially if the Democrats nominate New York Sen. Hillary Rodham Clinton and the GOP feels pressured to put a woman on the ticket.

Hutchison could be a tough sell to the GOP's social conservative base because of her support for abortion rights before a fetus is viable outside the womb.

Some of Perry's aides like to see his name added when vice presidential speculation percolates, but that's about as far as that discussion goes.

"The governor is not an impressive figure," said Edwards.

On the other side, there hasn't been serious speculation about a Texas Democrat on a national ticket since the late Lloyd Bentsen did time as Michael Dukakis' running mate in 1988. A Texas Democrat has not won a statewide race since 1994.

The fact that Texas lacks a candidate ready for a presidential race might be fortuitous because the nation probably is not ready for back-to-back Texans in the White House.

"Everyone assumes that there will never be two Texans in a row in the White House," said David Beckwith, a Cornyn aide and longtime GOP political operative who once worked for Vice President Quayle. "So in all likelihood it would be a non-starter even if someone was running."

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The last state to have back-to-back presidents was New York, with Chester Allen Arthur elected 1880 and Grover Cleveland in 1884.

Political scientist Edwards, a professor at Texas A&M's Bush School of Government and Public Service, believes the specific Texan now in the White House would be a negative for any Texan who ran in 2008.

"Any association with Bush is not likely to be helpful, certainly in a general election," Edwards said in a nod to Bush's low favorability ratings.

In New Hampshire, a state that prides itself on its pivotal role in picking presidents, veteran GOP operative Tom Rath does not sense any anti-Texan sentiment after six years of Bush, who ran a poor second to Arizona Sen. John McCain in the 2000 GOP primary in the Granite State.

"I don't think it has anything to do with Texas," said Rath, a senior adviser to Massachusetts Gov. Mitt Romney's presidential campaign. "There were those days when there were signs in Texas that said, 'Drive fast. Freeze a Yankee.' Those regional differences have gone away now. We're pretty cosmopolitan here in acceptance of people from all over the country."

The lack of a Texas contender?

"I don't see anything inherently off the mark about Texas other than that in their gestation of candidates they don't have one that's as fully developed" as Bush and other Texans have been, Rath said.

"There's not a New Hampshire person either," he added about the 2008 field. "We haven't has one since Franklin Pierce."

Beckwith, a native of Washington state, acknowledged that the Texas mystique has its upside and downside.

"People are proud to say they are from Texas, and it conjures up an image," he said. "If you say, 'I'm from Illinois,' it conjures up almost nothing. Though I'm sure that periodically the happiness people have in identifying themselves as Texans wears on other people."

Democrats Face A Tough Job, Leader Says (NYT)

By Jeff Zeleny

The New York Times, December 3, 2006

WASHINGTON, Dec. 2 — The Democratic National Committee chairman, Howard Dean, warned party leaders on Saturday not to revel too long in the victories from last month's midterm elections or treat their Congressional majorities as a permanent directive from voters.

"The other party made mistakes in the past claiming that elections are mandates," Mr. Dean said. "Elections are not mandates. The voters of this country loaned the Democrats the power of the country for two years. Now it's our job to earn it back again."

In a speech to the party's executive committee here, Mr. Dean said "governing is more difficult than campaigning," and declared that Democrats must not squander opportunities to keep building the party. The modest gains winning over evangelical voters, he said, should be strengthened by asserting that "moral values are an important part of foreign policy."

"If George Bush made any single huge mistake," Mr. Dean said, "it's that he thought he could be president by being president for half of America and by treating the rest of us with contempt. That is not a mistake I ever want Democrats to make."

In the celebratory aftermath of the November elections, Democrats have rushed to seize credit for winning control of the House, the Senate and the majority of governor's offices. But despite the jubilation, many longtime party leaders have criticized Mr. Dean's 50-state strategy, saying Democrats could have won even more seats had he not dispatched money and personnel to states that typically favor Republicans.

"Everybody had a huge contribution to make — including some of the participants in all the feuding that was going on," Mr. Dean told reporters. To make his point on Saturday, Mr. Dean invited two newly elected members of the House to address the gathering of a few dozen party officials. The representatives-elect, Tim Walz of Minnesota and Nancy Boyda of Kansas, said they defeated Republican incumbents with the help of Mr. Dean's on-the-ground strategy to reorganize and rebuild the party.

In an interview, Ms. Boyda said it was time to look forward. She said that she and the other Democrats who defeated Republican candidates would face a difficult burden winning re-election if the party did not follow through on pledges made in the midterm elections.

"My personal concern is that the presidential campaign is going to dominate the conversation," Ms. Boyda said. "If that happens and Democrats can't get anything done, we will get kicked out of office just as fast as the Republicans."

Democratic Chairman Says Party Must Show Results (AP)

By Will Lester

AP, December 2, 2006

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WASHINGTON — Democrats face a challenge defending their gains in the 2006 congressional elections because "now it's what we do and not what we say," national chairman Howard Dean told party leaders.

Dean told members of the Democratic Party's executive committee on Saturday: "Governing is more difficult than campaigning" — noting the big job the Democrats will face when they take control of Congress in January.

Also on Saturday, a Democratic National Committee rules panel gave preliminary approval to a plan to give bonus delegates to states that hold their presidential contests in April 2008 or later. That plan is intended to discourage states from jamming up the early weeks of presidential voting by moving their contests up.

Democrats, who will take control of both the House and the Senate, have outlined an agenda that includes overhauling ethics, raising the minimum wage and making college more affordable.

Dean said Democrats must prove to people in conservative and swing districts that they can earn the voters' trust.

"Elections are not mandates. Elections are power being loaned to politicians for a two-year period by the voters of this country," Dean said. "Now it's our job to earn it back again in '08." The next presidential vote is in November 2008.

That approach is critical if Democrats are to build on their majority in Congress and retake the White House, said Dean, who said Democrats did well in November because they appealed to all types of voters.

"George Bush made a huge mistake by representing half of America, while treating the rest of us with contempt," Dean said. "We need to reach out to everybody whether they agree with us or not."

Republicans said they will be watching Democrats closely.

"We have already learned the Democrat agenda of raising taxes and surrendering key fronts in the war on terror," said Republican National Committee spokesman Danny Diaz. "Republicans over the next two years will focus on holding Democrats accountable and recommitting to reforms that deliver for hardworking families."

Dean said he was pleased that Democrats drew more support than in the past from "faith voters." Democrats gained among religious voters, including those considered evangelical Christians, because they talked about their values and competed in all parts of the country, Dean said.

Members of the Democrats' rules panel gave preliminary approval to an incentive system of bonus delegates to the party's national convention to persuade states not to move their presidential nominating contents too early in the 2008 calendar.

The idea is to discourage jamming the primary calendar after moving up Nevada and South Carolina into the first wave of contests to increase diversity in voting. The full Democratic National Committee will consider the bonus plan at their winter meeting in Washington.

Jim Roosevelt, co-chair of the rules panel, said the incentive plan could cause enough big states to hold contests later and keep the presidential competition going until late spring. Some states are already mulling moving their contests up, however.

Two Democrats who defeated Republican incumbents in House races this year told Democratic leaders that the party's commitment to candidates around the country was crucial.

"We have to quit seeing these things as David and Goliath fights and start seeing them as opportunities," said Tim Walz, a high school geography teacher who beat Republican Congressman Gil Gutknecht in Minnesota. "We have the opportunity to extend this to policy and in two years we can extend our majority. There was no controversy to how this was done. It was a great use of resources."

Nancy Boyda, who defeated Republican Congressman Jim Ryun in Kansas, said, "The difference in organization and execution (between the two parties) was so marked, it was startling."

Dean dismissed his critics within the party, who had said his 50-state strategy wouldn' t work.

"I think the best thing to do is say 'Look we won,'" he said "Everybody had a huge contribution to make, including some of the participants in all the feuding that was going on."

Denver Tries To Sell New Look To Democrats (NYT)

By Kirk Johnson

The New York Times, December 3, 2006

DENVER, Dec. 2 — In the competition between Denver and New York City to play host to the Democratic Party's presidential nominating convention in 2008, Denver officials readily admit to being the new kids on the block.

New York, they say, has advantages in fund-raising, experience in running national conventions and a track record of success for the Democrats. The last two Democratic presidents, Jimmy Carter in 1976 and Bill Clinton in 1992, both strode onto the big stage in New York. Denver last held a convention in 1908, and the nominee, William Jennings Bryan, a Democrat, was trounced by William Howard Taft.

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But if Denver prevails this time — a decision is expected by the end of the year — party members from around the country say it will probably be by virtue of a polished and highly organized effort to turn the city's lemons into lemonade. A new location, Denver's convention-bid organizers have argued to the party hierarchy, is precisely what the Democrats need.

The Rocky Mountain West, they say, is competitive politically and could decide the next presidency, with ranks of disaffected Republicans ripe for the picking and resurgent Democrats ready to be mobilized.

New and newly empowered Democrats across the region, like Senator Harry Reid of Nevada, who vaulted to majority leader with last month's election, and Senator-elect Jon Tester of Montana, whose election helped swing the chamber, have been enlisted to cheer for Denver as well. A Western convention, they say, would bring recognition to a part of the country long taken for granted as the parties focused on the Midwest and the South.

Some political experts question whether the traditionally Republican West is really up for grabs. Frustration with the Iraq war and the big budget deficits run up by Republicans in Washington in recent years, they say, may have made the Democrats a temporary fling for Western voters in the last few elections rather than a permanent love.

And New York has some powerful allies, including both its Democratic senators, Charles E. Schumer and Hillary Rodham Clinton. Mrs. Clinton has said she favors the city because it is the best choice for the party and the economy of her state, not because it might be a nice place for a nomination. Technical issues, including transportation, security and the size of the hotels will weigh heavily on the decision too, and could come down in New York's favor.

But party members across the country say that there is no doubt that Denver has hit on a potent combination of economic development goals and political ambition. A convention with 30,000 eating, drinking, hotel-room-using Democratic partiers and journalists would inject perhaps $160 million into the local economy, organizers say, and at the same time crown the city as an unquestioned capital of the interior West — and the two goals are in sync.

"A convention can provide a stage to introduce the nominee in a way that gets the country's attention and tells a story," said Debbie Willhite, a longtime Democratic strategist who came here earlier this year to run Denver's bid as executive director. "And the networks can't come in here without showing the broad plains and Rocky Mountains — that's a very big stage."

A spokeswoman for the Democratic National Committee, Karen Finney, said the final decision would be based on many factors.

"Logistics, fund-raising, the political questions — these are all factors that go into the decision, all of which are important," Ms. Finney said. "Our end goal is to have the best convention possible."

Money is probably Denver's biggest hurdle. Running a national political convention costs about $80 million, of which the host city must raise about $55 million. Denver bid officials believe they are close to that, including more than $12.5 million in cash and in-kind corporate donations just this week, and $5 million to $10 million more that Democratic governors in nearby states have said they could draw from local contributors.

Party members say that last month's election probably bolstered Denver's hopes by underscoring the political argument about a Western realignment and thus making it easier to raise money.

Democrats made gains in Montana, in Mr. Tester's election, and here in Colorado, where the election of Bill Ritter as governor put Democrats in charge of the executive and legislative branches of state government for the first time since 1960. The state's junior senator, Ken Salazar, a Democrat who was elected in 2004, has also become a standard-bearer for Hispanic voters, especially in the Southwest.

"It would be a mistake to have it in New York," Mr. Salazar said. "The Rocky Mountain West and the Southwest are key parts of the new direction for the Democratic Party, so if it's just on the merits, there's no question that it should be held in Denver."

Not too surprisingly, Mr. Schumer disagreed. "The West is an important region," he said. I wouldn't deny that. But we ought to have the city that's best for the convention, and I think New York is it."

Troopers Can Arrest Illegal Immigrants In Romney Deal (BOS)

By Michael Levenson, Jonathan Saltzman

The Boston Globe, December 3, 2006

Governor Mitt Romney has reached an agreement with federal authorities that allows the Massachusetts State Police to arrest immigrants who are in the state illegally, his spokesman said.

Currently, state troopers have no power to detain people for violations of their immigration status alone, said the spokesman, Eric Fehrnstrom. If troopers stop people who they suspect are illegal immigrants, they can call a US Immigration and Customs Enforcement office in Vermont to check on their status and detain them if federal officials request it, he said.

Under the deal, brokered after months of negotiations, troopers can detain people they determine are illegal immigrants during regular police duties, Fehrnstrom said. This authority will be given to two dozen or three dozen troopers who undergo 4

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1/2 weeks of training in immigration laws, civil rights, and ways to avoid racial profiling, he said. The troopers will probably be members of special units that pursue violent fugitives or combat street gangs.

Ferhnstrom said the troopers would not go on patrols aimed at rounding up illegal immigrants. But they will be able to arrest, for example, a motorist they stop for a broken tail light if they determine the motorist has violated immigration law. Fehrnstrom, speaking Friday, said the pact would be announced publicly this week. He declined to provide more details yesterday.

Immigration advocates and civil libertarians blasted the agreement yesterday, saying it would lead to racial profiling and foster mistrust of the police in communities with large numbers of immigrants. The deal, reached in the final days of Romney's administration, also sets up a potential conflict with Governor-elect Deval L. Patrick, who has expressed strong opposition to granting the State Police such powers.

Through a spokesman, Patrick declined to say yesterday whether he might rescind the agreement when he takes office in January.

"This is another last-minute move by Governor Romney that is more about his presidential campaign than about sound public policy for the people of Massachusetts," said Richard Chacon, Patrick's spokesman. "The last election showed that people can tell the difference between the two."

During the campaign, Patrick dismissed as a political gimmick the idea of granting State Police such powers.

"I think the State Police has a lot to do already right now . . . and I think asking the State Police to take on a federal responsibility is not their job," Patrick said on WGBH-TV in June. In September, he told the Globe a "more constructive" approach would be to support federal legislation proposed by US senators John McCain and Edward M. Kennedy that would toughen border enforcement and allow some illegal immigrants to apply for legal status.

Romney's new agreement with Immigration and Customs Enforcement comes at a sensitive time for the governor, who has been sharpening his views on immigration as he prepares a probable run for the presidency in 2008. In September, Romney told Fox TV's "The O'Reilly Factor" that the border must be secured, and affirmed his support for the construction of a fence along the Mexican border.

Last week, however, the Globe reported that illegal immigrants had maintained the grounds around Romney's home in Belmont, as workers for a lawn service company Romney had employed. Romney said after the report that he had dealt only with the owner of the company, Ricardo Saenz, a legal immigrant from Colombia.

In approving the new powers for State Police troopers, Massachusetts joins a handful of states and localities that have entered into such pacts since they were first authorized in 1996. The list includes Florida, Alabama, and a few counties in California and North Carolina, where a limited number of officers have been trained to enforce immigration laws.

Ali Noorani , executive director of the Massachusetts Immigrant and Refugee Advocacy Coalition, yesterday called the pact a "gross mismanagement of public safety resources."

"Now, if you look or sound like an immigrant and are pulled over for any type of minor infraction, you're going to be profiled; there's no way around that," Noorani said. "This will have an incredibly chilling effect on the relationship between all law enforcement -- whether it's Boston police or State Police -- and the immigrant community. Most people don't see the difference between a state trooper and a local officer. A cop is a cop."

State Senator Jarrett T. Barrios , a Cambridge Democrat who is cochairman of the Public Safety and Homeland Security Committee, predicted the plan would add millions to the costs to train troopers and to jail detainees. He said the deal seemed calculated to help Romney's presidential ambitions.

In June, when Romney announced he was seeking the deal, he said it would give the State Police a way of "finding and detaining illegal aliens in the ordinary course of business."

Noorani made clear that Patrick would face pressure to rescind the pact. "Patrick was very strong and steadfast in his opposition to this," Noorani said. "We hope that one of his first actions as governor is to terminate this and restore the Commonwealth's public safety."

Fundraising Beat Goes On For Gov. (LAT)

By Peter Nicholas

The Los Angeles Times, December 3, 2006

SACRAMENTO — Reelection is behind him, but Gov. Arnold Schwarzenegger is keeping his fundraising operation at full throttle, asking donors to pay for a stylish inauguration and seeing to it that he continues to fly private jets and stage public appearances worthy of a Hollywood celebrity.

The governor's political team has approached Chevron Corp., PG&E, Blue Cross of California, AT&T and other businesses, asking for tens of thousands of dollars to pay for a two-day celebration surrounding his Jan. 5 inauguration.

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As a newly elected governor taking office in 2003 amid a fiscal crisis, Schwarzenegger staged a relatively modest inauguration. But with the economy improving, his aides said a more festive event is in order. The occasion even has its own "executive producer" — Carl Bendix, a friend of California First Lady Maria Shriver.

A copy of the invitation shows that for $50,000, donors can purchase a "gold" sponsorship that includes 10 tickets to a reception Jan. 4, four reserved seats for the inaugural ceremony the next day and a table for 10 at a legislative luncheon.

"Silver" sponsorship is $15,000 and buys a pair of tickets to the reception, two for the swearing-in and two for the luncheon, among other perks.

The money goes to a nonprofit committee that can take donations of any size.

At the same time, Schwarzenegger is taking advantage of a new fundraising law he signed three months ago meant for politicians like himself who, for the time being, don't have another race to run. His attorneys have set up a special "officeholder" account that allows him to collect up to $200,000 a year for assorted expenses (though not for a political campaign); donors can give $20,000 apiece per year.

As a lame duck, Schwarzenegger is barred from raising money through a reelection fund and wants the new account to underwrite the professional-quality lighting and sound, private air travel and satellite feeds that are fixtures of his operation, aides said. Contributions to the fund must be publicly disclosed.

Another political account is devoted to what Schwarzenegger's aides call "legislative advocacy." If the governor wants to travel around the state urging passage of a particular bill, he intends to use that fund to cover the costs, aides said. Donors must be disclosed.

The fund is not new; the governor has used it to wage ballot campaigns. But he sees less need for that in his second term and plans to use the fund to push his legislative agenda.

The fundraising drive comes as the Schwarzenegger administration is setting a second-term agenda being watched closely by some of the companies paying into the governor's accounts.

One of Schwarzenegger's priorities in the next term, for example, is implementing a new law meant to curb emissions that contribute to global warming. Chevron and other energy companies that must comply with the law have a stake in how it is put into effect.

Campaign watchdog groups said the officeholder account in particular, with its $200,000 threshold, amounts to another vehicle for donors to influence the governor.

"It's designed to enable officeholders to get money from people who want something from them," said Robert Stern, president of the nonpartisan Center for Governmental Studies in Los Angeles and former general counsel to the state's Fair Political Practices Commission.

"I have no problem with a limited officeholder account," Stern said. "But $200,000 is way too high. They are … taking advantage of people coming before them."

The bill authorizing such accounts languished in the Legislature for a year. At midnight in the final hours of the last legislative session, the measure, by Sen. Kevin Murray (D-Culver City), was revived and passed. The governor signed it Sept. 29.

As Schwarzenegger bolsters his fundraising, aides insist he wants to make campaign finance reform part of his 2007 agenda. One idea the governor is considering is a ban on fundraising in the months when state officials are negotiating a new budget, the aides said.

Schwarzenegger, who has raised a record-setting $114 million since jumping into the recall campaign in 2003, has not embraced proposals that would lower caps on what politicians can accept.

"The governor has always said that the issue is stopping the practice of money in, favors out," said Schwarzenegger's communications director, Adam Mendelsohn.

Organizers of the governor's inauguration say they do not yet know how much the events will cost; activities are still being planned. But the invitation that went to donors mentions a reception for sponsors at the California Museum for History, Women and the Arts; the legislative luncheon in the Capitol rotunda; and a party in the ballroom of the Sacramento Convention Center the night of the inauguration.

The centerpiece is the swearing-in, set for 11 a.m. at Sacramento's Memorial Auditorium.

Writing the governor's speech for the occasion is Landon Parvin, who also worked for President Reagan. Schwarzenegger will use the forum to lay out a long-term vision for the state, Mendelsohn said.

He will talk about "how he will spend his final term building the California for 20 years from now that he wants for the people of this state," according to Mendelsohn.

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So far, Southern California Edison has pledged $15,000 for the inaugural events. PG&E, Chevron and AT&T have said they will probably help. Schwarzenegger aides said that although they're not required by law to reveal the names of donors, they will do so voluntarily on the governor's campaign website: http://www.joinarnold.com .

Other parts of the fundraising apparatus are murkier.

A nonprofit jobs commission that underwrites some of the governor's public events here and abroad also raises money from California businesses. The group last disclosed contributors more than a year ago.

Mark Mosher, acting executive director of the commission, said donors would be revealed at an unspecified date "in the future, on a timeline that works for our accountants."

Mosher is principal of a San Francisco consulting and lobbying firm, whose website says that "when you need a decision or vote to go your way, [the company] can get you direct access to the decision-makers."

A special nonprofit residence foundation pays for Schwarzenegger's 1,800-square-foot hotel suite at the Hyatt Regency, across the street from the Capitol. George Kieffer, president of the foundation, said the group has raised $90,500 over the last year from 14 individuals and companies. Donors' identities may remain secret by law.

Kieffer disclosed their names voluntarily. They include Lowe Enterprises, a Los Angeles real estate firm; Herzog Contracting Corp., a Missouri construction contractor with offices in California; and Mercury Air Group Inc., a Los Angeles aviation services firm. Kieffer's list did not say how much each donor gave.

With money coming in from so many sources, and with no uniform method for disclosing donations, it is hard for people to keep track of who is supporting Schwarzenegger and whether they're profiting from the relationship, watchdog groups said.

Sheila Krumholz, acting executive director of the Center for Responsive Politics in Washington, D.C., said Schwarzenegger "should be credited with disclosing donors" to his inauguration fund.

But she added: "Providing lots of additional avenues for donors to seek access and influence makes it difficult for voters to understand the facts behind how policy is decided. It's important that this information be made available so that you can draw the most accurate conclusions about how policy is formed."

Md. GOP Urged To Stick Together (WT)

By S.A. Miller

The Washington Times, December 3, 2006

ANNAPOLIS -- Maryland Gov. Robert L. Ehrlich Jr. called for Republican unity yesterday at the state convention, where the selection of party chairman revealed divisions within the party after last month's widespread election defeats.

"The hard left is in firm control of the state, and we don't have the votes to stop them," Mr. Ehrlich told party leaders in a ballroom at the Doubletree Hotel in Annapolis. "That's not the fate of Maryland in the long term. It's just where we are today."

His remarks were more upbeat than those he made earlier in the day during his last appearance on the "Stateline" program on WBAL-AM radio in Baltimore.

"You just have to ask yourself a really frank, blunt question: Do your views really comport with the majority views in the state of Maryland?" he said. "In this case, clearly at this time, the answer is no, because we got fired."

Mr. Ehrlich also predicted that legislation to legalize slot-machine gambling -- one of his chief goals rejected by Democratic lawmakers -- will pass the General Assembly either next year or in 2008, but that it likely would be tied to a package of tax increases.

"We hear about a graduated income tax," he said. "Given the philosophical foundation of the folks coming into office, that would not surprise me at all. A cigarette tax, potentially a sales tax and, I guess, a gas tax is also being floated. It's various sin taxes wrapped with a slots bill."

Mr. Ehrlich also said party members should not "whine" or play "Monday-morning quarterback" about election losses that restored Democrats almost complete control of state government in Maryland, where they outnumber Republicans nearly 2 to 1.

Mr. Ehrlich, the state's first Republican governor in 36 years, said his party must continue to engage the Democrats in political debate and point out the successes of his administration, including turning an inherited $4 billion deficit into a $2 billion surplus without raising state sales or income taxes.

He lost re-election to Gov.-elect Martin O'Malley, a Democrat.

Mr. Ehrlich also urged party leaders to be "disciplined and loyal."

"Our party leaders must be respected and supported ... in order to accomplish what we need to accomplish over the next two years," he said.

The governor's remarks followed the election of a party chairman, in which Dr. Jim Pelura, an ally of outgoing Republican officials, beat political upstart John White, who blamed current party leaders for the election losses and advocated retooling the organization.

Mr. White, who last month lost the race for the 3rd Congressional District seat by a large margin to Democrat John P. Sarbanes, said the 70 votes he received for chairman out of the 204 votes cast by central committee members reflected "a desire for change within the party."

After the election, Dr. Pelura told the convention that it was "wonderful to see [different] opinions."

"We are a group now that will work together and see that we are back in the State House in 2011," said Dr. Pelura, a Davidsonville veterinarian who served as state chairman for President Bush's 2004 campaign and as the Anne Arundel County chairman for Mr. Ehrlich's 2006 campaign.

Lt. Gov. Michael S. Steele, a Republican who lost the U.S. Senate race but is the early favorite of party leaders for a 2010 gubernatorial run, also addressed the convention.

"When I walk in this room, I don't see losers," he said. "I don't see quitters. I see the Maryland Republican Party: strong, viable, energized, excited and relevant, very relevant."

Mr. Steele, who actively supported Dr. Pelura in the chairman contest, said he was "excited to work with the new leadership."

Mr. Ehrlich told the convention that party members faced an uphill battle to regain political power and that fundraising would become more difficult.

However, the governor said, he has given the party a foothold by advancing an agenda that included policies not traditionally associated with Republicans, such as focusing on environmental protection, education and transportation. "That is progress at the policy level that people have paid attention to," he said.

On the radio, Mr. Ehrlich said the failure to legalize slots was one of the two biggest disappointments of his term. The other, he said, was "the failure to pass structural reform with respect to medical malpractice [insurance]." The General Assembly imposed a premium tax on HMOs to help reduce the cost of malpractice insurance in 2005, overriding Mr. Ehrlich's veto.

The Reliable Source (WP)

By Amy Argetsinger, Roxanne Roberts

The Washington Post, December 3, 2006

The Governor Cops a Role on 'The Wire'

Bob Ehrlich hasn't said yet what he'll do after he leaves the Maryland governor's mansion next month -- but we hear he looks hot in a state trooper's uniform.

See for yourself. Tonight, HBO will air an episode of the gritty Baltimore-based crime-and-politics drama "The Wire" with a mind-bending scene in which Ehrlich cameos as -- stay with us, here -- a trooper on security detail for the show's fictional governor of Maryland.

Even trippier: The scene -- filmed this summer, months before Ehrlich's reelection loss -- portrays the (fictional) suave young Democratic mayor of Baltimore, Tommy Carcetti, coming to Annapolis to beg for more school funding from the Republican governor whose job he hopes to steal one day. Sound familiar? Carcetti (played by Aiden Gillen) is kept waiting for hours until finally Trooper Ehrlich tells him the governor "will see you now."

When producers called offering a speaking role, Ehrlich jumped at the chance. "He's a huge fan of the show," said spokeswoman Shareese DeLeaver.

Producer David Simon notes that he offered Ehrlich challenger Martin O'Malley an equal-time cameo, though the episodes were slated to run well after the election. But the Baltimore mayor declined. Whether that had anything to do with the assumption of many local fans that Carcetti is a stand-in for O'Malley -- well, Simon will entertain no such notions. "Carcetti is not O'Malley; I can't say it enough. Story editor Bill Zorzi covered politics in Maryland [for the Baltimore Sun] for 20 years. There are elements of lots of people in Carcetti."

Several other prominent folks have had parts in the series -- former mayor Kurt Schmoke as a city health commissioner, singer Steve Earle as an addiction counselor, convicted drug kingpin Melvin Williams as a church deacon -- a trick that Simon says enhances the distance between truth and fiction.

"Once you have Ehrlich play a state trooper on the security detail, then he is not the [show's] governor. Therefore, the governor is a fictional character."

Episcopalians Warned Against Leaving Diocese (WT)

By Julia Duin

The Washington Times, December 3, 2006

Virginia Episcopal Bishop Peter J. Lee is threatening to sue conservative Episcopal churches that soon will vote on whether to leave his diocese, saying individual members of each congregation's governing board will be liable.

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In a four-page letter released late Friday, the bishop of the country's largest diocese, with 90,000 members, sent a letter to parishes conducting a 40-day period of discernment on whether to leave the Episcopal Church.

Thousands of Episcopalians already have left the 2.2 million-member denomination over arguments about biblical authority and the 2003 consecration of New Hampshire Bishop V. Gene Robinson, an active homosexual.

"I believe your successors in the future will regret that decision and its destructive consequences to the whole church," the bishop wrote of congregations threatening to leave the diocese. Any congregation attempting to leave without a negotiated settlement with the diocese "will have repercussions and possible civil liability for individual vestry members."

The letter was aimed at a handful of Northern Virginia congregations sitting on millions of dollars' worth of real estate. The members of those congregations will vote starting Dec. 10 on whether to leave the church. Leaders of two of them -- Truro Episcopal Church in Fairfax and the Falls Church Episcopal in Falls Church -- met for about five hours yesterday in an emergency session.

Bishop Lee's decision to play hardball with dissenting churches didn't shock Bishop Martyn Minns, rector of Truro, whose governing board voted unanimously Nov. 11 to leave the denomination.

"I'm disappointed, but not surprised," Bishop Minns said yesterday. "This is bizarre because we are following a protocol we worked on with him and his leadership for over a year."

The "Protocol for Departing Congregations," posted on the diocese's Web site (www.thediocese.net), lists several steps a congregation must take, including a stipulation that at least 70 percent of the members agree to leave.

If they do, the diocese and parish must negotiate a sum for the church's property and assets. Truro's assets, including its property in downtown Fairfax, has been estimated at $10 million. The Falls Church's property and assets, which include two sanctuaries and a Colonial cemetery, has been estimated to be worth $17 million to $27 million.

However, Bishop Lee added a new provision in his letter -- that the 40-member executive board of Episcopal Church headquarters in New York could intervene to prevent a church from leaving with its property.

He also reminded conservatives that he has the power to relegate dissenting parishes to mission status, to declare their property "abandoned" and to take custody of it. Episcopal canon law mandates that departing parishes leave their property to the diocese, and with very few exceptions, U.S. courts have upheld it.

Bishop Minns, who expects that Truro will keep its property, said the matter will be discussed today at a parish meeting between morning services. A member of the diocese's standing committee, which advises the bishop, also will speak.

"We are operating in line with Virginia law," Bishop Minns said.

Packets containing the bishop's letter and other documents will be given out during today's services at the Falls Church Episcopal, whose governing board voted 15-2 on Nov. 13 to leave the diocese. Sentiment at the nearly 275-year-old church tilts toward leaving the denomination. Last Sunday, one of the classes listed in its bulletin was titled "Letting Go ... of the Episcopal Church?"

The Rev. Robert Watkin, an assistant priest at the church, urged members to cast their ballots Dec. 10.

"It'll be the most important vote you'll ever cast -- at least in church," he said.

Elsewhere in the country, a majority of the clergy and lay delegates at the annual meeting of the Diocese of San Joaquin in Central California voted yesterday to identify themselves as members of the worldwide Anglican Communion rather than as a diocese of the Episcopal Church. They stopped short of splitting from the denomination, which would have touched off a huge legal battle over millions of dollars in real estate.

Diocese Nears Break With Episcopal Church (AP)

AP, December 2, 2006

FRESNO, California (AP) -- In a rebuke of the Episcopal Church, a conservative diocese voted Saturday to affirm its membership in the worldwide Anglican Communion after distancing itself from the national church over the ordination of gays and women.

San Joaquin, California, Bishop John-David Schofield called it a first step toward a formal break with the U.S. Anglican denomination, though the proposal makes just minor changes to the diocese's status.

"We have given a signal as to what direction we intend to take," Schofield said Saturday. "We are now in a position to take seriously any offer the archbishops around the world should come up with."

Delegates also approved rewriting the Diocese of San Joaquin's constitution to bring its trust fund under the bishop's control, a move immediately questioned by Episcopal leaders.

The denomination's canons don't give local dioceses sole ownership of church property, said Robert Williams, a spokesman for the Episcopal Church.

"The hope of many is that reconciling dialogue will continue," he said.

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Divisions erupted in 2003 when the Episcopal Church, the U.S. wing of the 77 million-member Anglican family, consecrated the first openly gay bishop, V. Gene Robinson of New Hampshire. Traditionalists contend that gay partnerships violate Scripture.

Schofield, who refuses to ordain women and gays, has publicly accused the church's first female leader, Presiding Bishop Katharine Jefferts Schori, of promoting heresy. Under his leadership, the Fresno-based diocese has cut back funds sent to the national church and considered a plan to affiliate with an Anglican diocese in Argentina.

The San Joaquin diocese's proposal to distance itself from the American denomination was approved by a majority of the 204 clergy and lay delegates. It formalizes the diocese's identity as a member of the Anglican Communion, rather than a member of the Episcopal Church, but it and other resolutions approved Saturday won't become final unless they receive a two-thirds majority vote at a meeting at a diocesan convention next year.

The amendment was noticeably weaker than one pulled this week that proposed a formal split with the U.S. denomination, which would have set off a legal battle over the diocese's millions of dollars in real estate throughout central California.

National church leaders had been putting pressure on Schofield and other conservatives to ease off their threats to break with the denomination. They proposed creating a leadership position called a "primatial vicar," who would work with conservative dioceses, performing functions that normally fall to Jefferts Schori, including consecrating local bishops.

Schofield called that offer "absolutely inadequate," but suggested a truce was not off the table.

Six other conservative dioceses also have rejected Jefferts Schori's authority but have stopped short of secession. The 2.2 million-member Episcopal Church estimates that nearly 115,000 people left the church from 2003 to 2005. At least one-third of those departures stemmed from parish conflicts over Robinson.

Episcopal Diocese Votes To Secede From Church (NYT)

By Laurie Goodstein, Carolyn Marshall

The New York Times, December 3, 2006

An Episcopal diocese in California overwhelmingly passed a series of resolutions yesterday that position it to secede from the Episcopal Church and affiliate with conservatives in the global Anglican Communion.

If the Diocese of San Joaquin affirms the move in a second vote next year, the small diocese, with 48 parishes and 7,000 members, would be the first to try to break from the Episcopal Church, which has been torn by conflict since the consecration of a gay bishop in 2003. Until now, only individual parishes have severed ties.

The vote by the diocese is one more step in a carefully planned strategy by conservative Episcopalians in the United States and primates of Anglican provinces, many in the developing world, to unite the conservatives, claim the mantle of Anglicanism and isolate the Episcopal Church, the 2.3-million-member American branch in the Anglican communion, which claims 77 million members worldwide.

The San Joaquin diocese, which does not ordain women, has long been one of the most conservative of the church's 110 dioceses. It is among seven dioceses that were so disturbed by the church's decision to consecrate a gay bishop that they have refused to accept the authority of the church and its presiding bishop. They have also appealed for "alternative oversight" to the Archbishop of Canterbury, who as head of the Church of England is considered the "first among equals" among the Anglican primates.

"This is the separation," said Craig Petz, a lay delegate to the diocese's convention in Fresno, Calif., where the vote took place. "It's done. There's no equivocating."

Mr. Petz, from St. Mary's Church in Manteca, Calif., said he was delighted by the resolutions, but an active caucus of clergy members and laity who strongly oppose separation from the church were despondent.

"There is a schism, and it's a sin," said the Rev. Rick Matters, a co-founder of Remain Episcopal, the caucus favoring unity. "To secede, we are like one of the Southern states that led to the Civil War."

The step is likely to provoke legal battles in civil and ecclesiastical courts over whether the diocese has the right to divorce itself from the denomination and over who owns the diocese's assets. Another pressing issue is what will happen to parishes and clergy members in the diocese who do not want to disassociate from the church.

"This is unprecedented territory and will take the careful consideration of all parties involved," a spokesman for the Episcopal Church, Bob Williams, said yesterday.

Mr. Williams said one possibility was that the church's presiding bishop, Katharine Jefferts Schori, could declare the diocese vacant, and have it elect a new bishop and other leaders.

One resolution passed yesterday changes the diocese's constitution, removing a line about membership in the Episcopal Church and replacing it with, "The diocese shall be a constituent member of the Anglican Communion and in full communion with the See of Canterbury."

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Other references to the church throughout the diocese's constitution are removed, and replaced with "the Anglican Communion."

The Bishop of San Joaquin, John-David Schofield, told the convention on Thursday, "This amending process is the first step in the removal from our constitution of any reference to the Episcopal Church because, in our opinion, they have decided to walk apart from the Anglican Communion."

The wording of the resolutions was changed at the last minute, leading to widespread confusion among the delegates. But Bishop Schofield told the convention that the wording was changed after a recent meeting in Virginia between conservative American bishops and other leaders and conservative primates from other provinces in the Anglican Communion. The global primates advised the Americans to "remain flexible and allow them to provide the necessary leadership for us," by holding off on specifying what structure, or bishop or province, would replace the church's relationship with the diocese.

One crucial amendment effectively erases the borders of the diocese so that it could eventually absorb parishes in other parts of the state or elsewhere in the country that wish to break with the church, Mr. Petz said.

Another amendment says that if the bishop and his coadjutor bishop are absent, unable to act or removed, the standing committee, a lay group, would become the "ecclesiastical authority." The thinking behind this provision, Mr. Petz said, is that it could prevent the church from taking over the diocese by removing the bishop and coadjutor.

Last week, before the vote, the church offered a compromise for "alternative primatial oversight" to the seven disaffected dioceses. After lengthy talks, a committee of bishops proposed that these dioceses could answer to a "primatial vicar," and not the presiding bishop, but that vicar would be appointed by and answerable to the presiding bishop.

The conservatives, however, immediately rejected the proposal and called it a ploy by Presiding Bishop Jefferts Schori to give them an offer they would have to refuse.

"It's dead on arrival," said the Rev. Canon David Anderson, president of the American Anglican Council. "It's a nonstarter. First of all, who picks the primatial vicar? She does.

"She holds onto all the power, all the authority, and the people who are finding her ministry impossible to remain under are left still under her total thumb."

But the Archbishop of Canterbury, the Most Rev. Rowan Williams, greeted the proposal for alternative oversight with cautious enthusiasm, saying it represents "a very significant development" and that he would give it "careful consideration."

Mideast Allies Near A State Of Panic (LAT)

By Paul Richter

The Los Angeles Times, December 3, 2006

WASHINGTON — President Bush and his top advisors fanned out across the troubled Middle East over the last week to showcase their diplomatic initiatives to restore strained relationships with traditional allies and forge new ones with leaders in Iraq.

But instead of flaunting stronger ties and steadfast American influence, the president's journey found friends both old and new near a state of panic. Mideast leaders expressed soaring concern over upheavals across the region that the United States helped ignite through its invasion of Iraq and push for democracy — and fear that the Bush administration may make things worse.

President Bush's summit in Jordan with the Iraqi prime minister proved an awkward encounter that deepened doubts about the relationship. Vice President Dick Cheney's stop in Riyadh, the Saudi capital, yielded a blunt warning from the kingdom's leaders. And Secretary of State Condoleezza Rice's swing through the West Bank and Israel, intended to build Arab support by showing a new U.S. push for peace, found little to work with.

In all, visits designed to show the American team in charge ended instead in diplomatic embarrassment and disappointment, with U.S. leaders rebuked and lectured by Arab counterparts. The trips demonstrated that U.S. allies in the region were struggling to understand what to make of the difficult relationship, and to figure whether, with a new Democratic majority taking over Congress, Bush even had control over his nation's Mideast policy.

Arabs are "trying to figure out what the Americans are going to do, and trying develop their own plans," said Sen. Jack Reed (D-R.I.), one of his party's point men on Iraq. "They're trying to figure out their Plan B."

The allies' predicament was described by Jordan's King Abdullah II last week, before Bush arrived in Amman, the capital. Abdullah, one of America's steadiest friends in the region, warned that the Mideast faced the threat of three simultaneous civil wars — in Iraq, Lebanon and the Palestinian territories. And he made clear that the burden of dealing with it rested largely with the United States.

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"Something dramatic" needed to come out of Bush's meetings with Iraqi Prime Minister Nouri Maliki to defuse the three-way threat, Abdullah said, because "I don't think we're in a position where we can come back and visit the problem in early 2007."

The only regional leader to voice unqualified support for the Bush administration has been Israeli Prime Minister Ehud Olmert, who has gone so far as to say that the Iraq invasion contributed to regional stability.

To Middle East observers, Bush can no longer speak for the United States as he did before because of the domestic pressure for a change of course in Iraq, said Nathan Brown, a specialist on Arab politics at the Carnegie Endowment for International Peace.

"He can talk all he wants about 'staying until the job is done,' but these leaders can read about the American political scene and see that he may not be able to deliver that," Brown said.

The Bush-Maliki meeting Thursday, closely watched around the world in anticipation of a possible change in U.S. strategy, produced no shift in declared aims. Rather, it resulted in diplomatic stumbles that seemed to belie the leaders' claims that their relationship was intact.

On the eve of the summit, a leaked memo written by Bush's national security advisor, Stephen Hadley, showed that U.S. officials questioned Maliki's abilities. But the memo also was a reminder of dwindling U.S. influence over Iraq. Some of the steps that Hadley said the Iraqis should take, such as providing public services to Sunni Arabs as well as Shiites, were moves that the Americans had demanded for many months, without success.

The leak of the memo cast a shadow over the summit, and Maliki abruptly canceled the first scheduled meeting, a conversation among Bush, Maliki and Abdullah. White House aides insisted that the cancellation was not a snub.

One Middle East diplomat said later in an interview that Maliki had canceled the meeting to put distance between him and Bush at a time when Iraq's Shiite lawmakers and Cabinet ministers with ties to militant cleric Muqtada Sadr had halted their participation in the government to protest the summit.

On Saturday, in his regular radio address, Bush said that his relationship with Maliki was, in fact, improving.

"With each meeting, I'm coming to know him better, and I'm becoming more impressed by his desire to make the difficult choices that will put his country on a better path," Bush said.

During the trip, Bush was unable to distance himself from the fierce debate about Iraq policy back home. The president felt the need to respond to news accounts saying that an advisory panel on Iraq would urge a gradual withdrawal of combat troops from the region. He insisted that suggestions for such a "graceful exit" were not realistic.

Despite this, Bush repeated in his radio address that he intended to look for a bipartisan solution to the war, and would listen to the recommendations of the Iraq Study Group, which is scheduled to present its findings Wednesday.

He also said that his own internal review, coming from Pentagon and White House officials, among others, was near completion, suggesting that he may be discussing the options before him over the next several days.

"I want to hear all advice before I make any decisions about adjustments to our strategy in Iraq," Bush said.

Cheney's trip to talk to Saudi King Abdullah was far less visible than Bush's mission, but helped to make painfully clear the gap between U.S. goals and those of its Arab allies.

U.S. officials said Cheney initiated the trip. But foreign diplomats said that Saudi leaders sought the visit to express their concern about the region, including fears of a U.S. departure and what they see as excessive American support for the Shiite faction in Iraq.

After the meeting with Cheney, Saudi officials released an unusual statement pointedly highlighting American responsibility for deterioration of stability in the region.

The Saudi officials cited "the direct influence of … the United States on the issues of the region" and said it was important for U.S. influence "to be in accord with the region's actual condition and its historical equilibrium," an apparent reference to the Sunni-Shiite balance.

The Saudi statement also said the U.S. in the Middle East should "pursue equitable means that contribute to ending its conflicts," pointing to the Israeli-Palestinian situation.

The statement "came pretty close to a rebuke, by Saudi standards," said Charles W. Freeman Jr., a former U.S. ambassador to Saudi Arabia. "It said, in effect, that the United States needs to behave responsibly."

There have been other signals of Saudi anxiety recently.

On Wednesday, an advisor to the Saudi government wrote in the Washington Post that if the United States pulled out of Iraq, "massive Saudi intervention" would ensue to protect Sunnis from Shiite militias.

The Saudi ambassador to the United States, Prince Turki al Faisal, warned in a speech in October against an American withdrawal, saying that "since the United States came into Iraq uninvited, it should not leave Iraq uninvited."

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Rice encountered the limits of U.S. influence when she visited Jerusalem and the West Bank town of Jericho last week, trying to entice Arab confidence by displaying a renewed interest in Israeli-Palestinian peace.

But Palestinian Authority President Mahmoud Abbas was gloomy about the prospects for a deal between his Fatah party and the militant group Hamas that would allow formation of a nonsectarian government and open the way for increased aid and, potentially, peace talks with Israel.

Rice said afterward that the administration "cannot create the circumstances" for peace.

"This is the kind of thing that takes time," she said. "You don't expect great leaps forward."

Expressing deeper unhappiness with the United States, leaders from Jordan, Egypt and Persian Gulf countries told Rice during her trip to an economic development conference in Jordan on Friday that the U.S. had a responsibility to solve the Israeli-Palestinian conflict, which they and many analysts viewed as the key to regional stability.

Amr Moussa, secretary-general of the Arab League, urged greater U.S. action, warning that the Middle East was becoming "an abyss…. The region is facing real failure."

Massive Anti-government Protests Continue In Lebanon (MCT)

By Tom Lasseter

McClatchy Newspapers, December 3, 2006

BEIRUT, Lebanon - A siege on Lebanon's American-backed government continued Saturday with tens of thousands of demonstrators sympathetic to the Shiite Muslim Hezbollah militia and its allies packing downtown Beirut and calling for the resignation of Prime Minister Fuad Saniora and his cabinet.

The demonstrators filled the roads surrounding the center of Beirut, where the prime minister's office is located, effectively shutting down the capital. Hezbollah gave every indication that it is prepared for the long haul: setting up long rows of tents, portable bathrooms and handing out cups of water and sandwiches. Groups of men tended charcoal pits to keep a regular supply for their hookah pipes.

"We have a target, ending the government, and we must achieve it," said Mohammed Khalil, a Hezbollah representative who was sitting with a group of men, all monitoring their walkie-talkies.

Asked if he expected the crowd to turn to violence, Khalil shrugged his shoulders and said, "it is up to them (Lebanese government troops), we want to demonstrate peacefully."

Saniora's government, mostly Christians and Sunni Muslims, has showed no sign of acquiescing.

While Lebanon is a sliver of a nation with a relatively small population of about 4 million, it has long been a battlefield for competing powers in the region. Between Beirut's glittering office buildings, there are still walls pocked by mortar shells, a reminder of the civil war that lasted from 1975 to 1990.

As is true in many other parts of the Middle East, there is in Lebanon an underlying friction: Will the country follow the American model of governance - preferred by Saniora - in which secular administrations pursue free market economies and work toward accommodation with Israel, or will it pursue something closer to Syria and Iran - preferred by Hezbollah - nations that resist U.S. influence and actively oppose Israel.

It is a question that shaped the comments of most Lebanese interviewed Saturday.

Many of those at the demonstration spoke not only about ending Saniora's government, but also of countering U.S. influence. And pro-Saniora officials interviewed Saturday said that they are trying to resist Syrian and Iranian influence.

Both sides agreed that there is potential for violence.

"I don't think the government will resign. I think we are going to see hard times in this country," said Mohammed Kabani, a Sunni Muslim parliament member who backs Saniora. "Whenever you have people in the streets, you cannot disregard the possibility of violence."

Leaning against a tent, and wearing a green ball cap, demonstration organizer Mohammed Marji said that the sooner the government resigns, the better.

"Our prime minister is doing the bidding of the Americans . . . he should leave as soon as possible," said Marji, a member of Amal, a Shiite organization aligned with Hezbollah. "If he doesn't, he will destroy this country, things will deteriorate badly."

The protests are the latest in a round of standoffs between Lebanon's U.S.-backed government and Hezbollah and other supporters of the Syrian government.

Syria was forced to withdraw its troops from Lebanon in 2005 after former Prime Minister Rafik Hariri was killed in a massive bombing downtown. Anti-Syrian factions in Lebanon immediately blamed Syria for the killing and called for an international inquiry.

More assassinations of anti-Syrian figures followed.

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Hezbollah's hand was strengthened in the Shiite community after a 34-day war with Israel this summer that ended in something of stalemate - counted by Hezbollah as a victory because it was able, with less advanced weaponry, to withstand Israel's missile and bombing strikes.

Saniora, on the other hand, appeared ineffectual during the combat, pleading on TV - weeping at one point - for both sides to stop.

Early last month, a White House spokesman said there was evidence that Syria and Iran were planning to overthrow Saniora's government.

Hezbollah cabinet members and their allies had been protesting against Lebanese government plans to approve a United Nations tribunal to investigate Hariri's death. They also agitated for more cabinet seats, wanting the power to veto government action.

When it became apparent they were not going to have their way, all five Hezbollah and Amal cabinet members resigned on Nov. 11, and about a week later, Hezbollah's leader, Hassan Nasrallah, called for street protests to bring down the government.

After Nasrallah's call to action, Pierre Gemayel, a high-profile cabinet member who opposed Syria, was killed in a hail of gunfire in broad daylight.

A protest of hundreds of thousands of Christians and Sunni Muslims followed, and late last month, the remaining 18 cabinet members of the original 24 approved the United Nations measure.

On Friday, Hezbollah and its allies responded in kind, flooding Beirut's downtown streets and bringing the government and businesses to a standstill.

At the demonstration Saturday, a set of loud speakers played recorded speeches by Hezbollah officials and their allies, and thousands of people waved their Lebanese flags and cheered. When Hezbollah leader Hassan Nasrallah's voice boomed out, "we will stand side by side," a roar went through the crowd that shook the air.

Wandering through the crowd, a McClatchy reporter was approached by young men dressed in black who seemed very eager to discuss Hezbollah's merits.

One of them, Fouad Assaf, explained: "During the war we fled our house and Hezbollah gave us food and money"

Lebanese troops stood nearby, behind two rows of concertina wire and flanked by armored personnel carriers.

Interviewed by phone later in the evening, Hezbollah parliament member Ali Mokdad said the demonstrations were only the beginning.

"We have many plans for the future," Mokdad said. "This is just our first step. It has been planned out, day-by-day."

Shiite Sit-in Brings A New Flavor To Beirut (LAT)

By Megan K. Stack, Times Staff Writer

The Los Angeles Times, December 3, 2006

The poor demonstrators are not the usual denizens of the capital's glitzy downtown.

BEIRUT — The massive sit-in staged by Hezbollah supporters so far has done little to dislodge the U.S.-backed government, but it has managed to turn the Lebanese capital inside out — literally.

Some of the poorest and most marginalized people in the country, Shiite Muslims, have abandoned their homes in suburban slums to camp out on the nation's priciest bit of real estate. Though they often have trudged through Lebanese history as war refugees, now they have managed to displace Lebanon's wealthiest shop owners. They also have surrounded Prime Minister Fouad Siniora, barricaded in his office.

The demonstrators are not the usual frequenters of Beirut's glitzy and freewheeling downtown. Their clothes are scruffier; their food is cheaper; out of modesty, virtually all women melt away before midnight. The men link arms and dance in the streets, wave Lebanese flags in a round-the-clock rally and hunch over backgammon boards.

Mostly, they sit around and wait for the government to fall; they have vowed to stage escalating protests until Siniora and his ministers resign.

The scene is a snapshot of Lebanon's internal contradictions, and a scrambled glimpse of the two distinct groups that coexist in a single nation. The message of Hezbollah and allies of the powerful Shiite organization is clear: We are here. We are Lebanese too. And we are numerous enough to demand political change.

"My parents are sleeping in a tent in the south, and I'm sleeping here in a tent," said Issa Fallah, a 38-year-old Hezbollah supporter who said his family home was destroyed during the summer war between Israel and Hezbollah. "This land is for all Lebanese. We have paid for it with our blood."

Flooded by tens of thousands of Hezbollah followers and their allies, downtown Beirut has acquired the trappings of a shabby, pious neighborhood. Near shuttered French bistros, vendors hawk kaak, cheap slabs of bread. Young men roast tomatoes over fires built from garbage.

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Shops selling Cuban cigars, Rolex watches and Gucci dresses stand dark and deserted, metal grates tugged down over the windows. Stained tents clutter the parking lots where luxury cars usually sit. Men pray near the locked door of the Buddha Bar, a high-end nightclub where, on an ordinary weekend, scantily dressed women drink champagne and dance the night away.

"This place is usually where the rich are," said Ali Rida, a 20-year-old supermarket employee from the southern city of Sidon. "Beirut symbolizes everything for the Lebanese."

That symbolism cuts deep: This neighborhood was razed by religious fighting during Lebanon's 15-year civil war. When Prime Minister Rafik Hariri led the stone-by-stone reconstruction of the crushed downtown, it was a deliberate metaphor for the country — an expression of optimism that Lebanon could leave its bloody past behind.

After the 2005 assassination of Hariri, widely blamed on Syria, it was here that hundreds of thousands of Lebanese flocked to demand independence from the military and political influence of the government in Damascus. The demonstrators were rewarded with the collapse of the Syria-backed government and the withdrawal of Syrian troops.

Hezbollah and its followers were not really a part of that history. The Shiites were the gaping contradiction, undercutting the heady talk of religious unity that bubbled in these streets during the anti-Syria protests.

Shiites have languished for generations in the impoverished east and south of the country. Even when they poured into the capital to escape poverty and war, they ended up squatting on the fringes of the city.

Neglect of their plight provided the fertile ground in which Hezbollah took root, not only as a band of fighters that stood up to Israel, but also as an efficient welfare network. The group built schools, founded clinics and helped squatters win the right to stay in their homes.

Now Hezbollah has led its masses into the center of the capital, and it has pledged to stay there, crippling the economic life of downtown, until the government resigns.

To Siniora and his allies, the open-ended campaign of civil disobedience is an attempted coup.

"This part of town is for the French, for the Americans, for the rich," said Ali Hamdan, 30, a member of the Shiite Amal party. "It's not for us anymore. It's not really Lebanon. This is only on a map."

In a mockery of the nightclubs around them, a band of young men from the southern suburbs pitched an enormous tent of clear plastic on the sidewalk. Inside, they pounded on a drum and pranced to the beats. Outside, wistful would-be partyers were turned away by stern bouncers.

"We want to stay here only to sing, dance, have fun," said Bilal Khazen, a 20-year-old student who had tied a Hezbollah flag over his shoulders like a cape. "This place will help us overthrow the government."

Jad Salim, an 18-year-old engineering student, huddled in a hooded sweatshirt near the razor wire, soldiers and tanks blocking off the hill leading to the prime minister's office.

"We were all attacked by Israel, and this government didn't do anything. If it weren't for Hezbollah, Israel might be here now," Salim said. "Now they are the ones responsible for what might happen tomorrow."

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Beirut Protest Blocks Office Of Premier For A 2nd Day (NYT)

By Michael Slackman

The New York Times, December 3, 2006

BEIRUT, Lebanon, Dec. 2 — The center of this city remained paralyzed and shuttered on Saturday as thousands of pro-Hezbollah protesters entered the second day of a sit-in aimed at forcing the Western-backed government to resign.

The atmosphere remained festive, almost joyous, though, as protesters emerged from tents pitched in empty lots and chanted slogans, banged drums and appeared to dig in for a long stay.

A small group of mostly young men pressed close to the swirls of razor wire that blocked the entrance to the Grand Serail, the offices of Prime Minister Fouad Siniora. On the other side were a large number of soldiers and armored vehicles.

“Siniora must go,” the protesters yelled.

A day earlier, on Friday, hundreds of thousands of protesters from around the country poured into two areas of the city center, one south of Martyrs Square and the other in a square near the Grand Serail, in a great show of defiance to the government. But most left after sundown.

On Saturday, many returned to join the thousands who had camped out. Still, the city center was calmer than on Friday.

The sit-in is happening as Hezbollah and its allies, which are aligned with Syria and Iran, struggle to wrest control of the government from a collection of Sunni, Druse and Christian parties aligned with the United States and France. The government has said that it will not resign and that Hezbollah and its allies are trying to carry out what amounts to a coup.

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On Saturday, rumors abounded about what Hezbollah and its alliance, which includes the Christian Free Patriotic Movement, might be planning to escalate the conflict further. There has been talk about blocking roads and members of Parliament resigning en masse.

While the protest had a clear political goal, it also appeared to be making a sharp social statement, highlighting a class conflict that also fuels this political showdown. A majority of the protesters appeared to be Hezbollah supporters from the south — poor, religious Shiites — who seemed delighted to be occupying the wealthy center of the capital, more closely associated with the Sunni Muslims. Groups of people chanted, “Shiites are in Beirut.”

The battle in Lebanon for control of the government reverberates far beyond this nation’s borders as well, with the outcome determining whether Lebanon will tilt toward Iran and Syria or toward the United States and Europe. Words of support for the government came in from some regional leaders in Egypt, Saudi Arabia and Jordan, leaders who themselves are desperate to preserve the status quo as a way to hold back Iran’s growing influence.

At Barricades In Downtown Beirut, Lebanon's Fault Lines Grow Deeper (WP)

By Anthony Shadid

The Washington Post, December 3, 2006

BEIRUT, Dec. 2 -- In a city of frontiers, Beirut built another border Saturday.

On one side of coiled barbed wire and metal barricades were armored personnel carriers manned by soldiers in red berets toting U.S.-made M-16 rifles and guarding the colonnaded, stone government headquarters where Prime Minister Fouad Siniora and other ministers have taken up residence. On the other were the fervent young men of Hezbollah and its allies, who have turned a downtown tailored for the rich into the site of an open-ended protest to force the government's fall.

"This is the point of confrontation between us and them," said Khodr Hassan, who walked 12 hours from his southern village to the protest with 30 other youths. He pointed at his friends at the barricade, some surging forward, others lolling about.

"This is the line of separation," said one of them, Ali Aitawi.

Long divided by the Christian east and largely Muslim west of its 15-year civil war, Beirut is a city snarled today by far more numerous boundaries of sect, perspective and ideology, intersecting and tangling across a capital and country wrestling with a question still unanswered since independence more than 60 years ago: What is Lebanon's identity?

In today's crisis, those fault lines tell the story of the struggle underway between the country's two camps, divided by past and present, with vastly different visions of Lebanon's future: on one side Hezbollah, supported by Iran and Syria, and on the other the government, backed by the United States and France. The fault lines tell, too, of an impasse that perhaps can't be broken.

The borders are drawn by color, flag, portrait and symbol, a claustrophobic contest to lay claim to identity never solely Lebanese. They are defined by ideology: the culture of resistance to Israel celebrated by the Shiite Muslim movement of Hezbollah, for instance, or the Christian separatism of civil war-era militias with fascist roots. They follow the contours of leaders who command loyalty through personality over politics. And they offer protection in a country where survival can feel precarious.

In downtown Beirut, Hezbollah's protest, with its backers vowing to stay in the streets until the government is brought down, is subsumed in a broader story of the empowerment of Lebanon's Shiite community, the country's largest. Along an axis stretching from downtown, across tense borders between Sunni and Shiite neighborhoods, are the ingredients of another civil war whose prospect comes up almost casually in conversation. Segregated neighborhoods themselves exude an identity of politics, history and faith so suffocating that even someone living a few blocks away can feel a stranger within them.

"The fault lines are in the minds of the people. It's much more than just the geography of Beirut," said Robert Saliba, a 56-year-old architect and urban planner. "I think the mental geography is more important than what happens on the ground."A Proliferation of Borders

Saliba grabbed a piece of bread filled with spice and made his way Saturday from a trendy cafe to nearby downtown, where thousands had pitched tents as part of the protest. Chants erupted every so often: "Siniora out!" At the barricade, boisterous men held up the front page of the daily as-Safir newspaper: "With its masses, the opposition besieges the government in crisis." Cheers erupted when recordings of speeches by Hezbollah's leader, Hasan Nasrallah, were played.

"People here are boiling," Saliba said, surveying the scene. He gestured back at the cafe. "And over there, they are drinking coffee?" The words were sharp, even surprised, a divergence from the sometimes abstract language of his academic training. A Greek Orthodox Christian, he was more observer than partisan. "Just across the road? It's awful."

He looked out at the barbed wire that coiled along the city's sleek, rebuilt downtown.

"You have a fault line again," he said. "When you cross it, you get an electric shock."

In a day, Beirut's downtown was transformed from a hub of half-million-dollar apartments and designer stores into a far more humble and modest place. Vendors sold bread with melted cheese for 65 cents from rickety wooden stands propped up on

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rusting bicycles. "Tastiest cheese," one promised. From a battered orange van, popcorn went for half that. "That's the price for Sayyid Hasan," the vendor shouted, using an honorific for the Hezbollah leader. Men hung out in circles, sitting in plastic chairs, tugging listlessly on water pipes.

Portable toilets went up in the streets, next to the fashionable Buddha Bar. Alongside them were white canvas tents where wool blankets were still spread for the protesters, their sandals and shoes left outside. In a carnival-like atmosphere, men from the Shiite-dominated southern suburbs shouted fealty to Hezbollah's leader. "God, Nasrallah and all the suburbs!" Others ridiculed Siniora, calling him "tanoura," Arabic for skirt. Some held signs that read, "Until victory." A few chatted with stern-faced soldiers. "You should leave and let us go in," one suggested, pointing to the government headquarters a shout away.

At a construction site along the street, an advertisement read, "Beirut Gate: The New Heart of the City."

As he walked, Saliba recalled the vision for the downtown of former prime minister Rafiq al-Hariri, who was assassinated in 2005. His detractors were plenty, seeing corruption and questioning whom the downtown was serving. But Hariri viewed it as a crossroads for Beirut's east and west, entertainment and commerce bringing them together. Instead, Saliba said, downtown has become contested space, another border: in March 2005, when Hezbollah's supporters and foes organized mass demonstrations over the Syrian presence here and, in this crisis, as both have mobilized their loyalists in a show of strength.

"It has become a place where power is proven," he said. "It has become the place where things are stated."

He watched crowds barrel down the streets, waving Lebanese flags and Hezbollah banners. Before him was probably the Shiite community's greatest assertion of political power in Lebanese history: seizing the downtown of a capital, in a country where Shiites have historically been disenfranchised. The chants cascaded, uttered with the authority that comes with confidence in numbers and the strength delivered by Hezbollah's organization, its discipline and, unsettling to many other Lebanese, its weapons.

The community's moment? Saliba shrugged.

"This will decide," he said. "It's definitely something that says, 'We are here and for good.' "

"We have this fake notion of coexistence. Now it's being tested the hard way. It's popping up," he said. "Now, in a very decisive way, because they're asking for power. If you want to coexist, then give us power."

He walked past the St. George Cathedral, a Maronite Catholic church, past the sprawling blue-domed mosque built by Hariri, a Sunni Muslim. The face of Nasrallah, a Shiite cleric by training, peered from posters on the walls and in the streets.

"I always say to my students, you have this segregation everywhere. It's part of any geography," he said, as troops lined the boundary between the protest and the rest of downtown. "It becomes a problem through politics and power struggles."Fears of Neighbors' Intentions

A 15-minute drive away, Saad Fakhran sat in his Internet cafe, a button with Hariri's face pinned to his lapel. Around the corner were posters of Hariri and his son and successor, Saad. "Your words are commands," one banner read. On Fakhran's door was another picture of the former prime minister. "They destroyed the country," it read. "Where are you, Rafiq Hariri?"

Fakhran took a break from a crossword puzzle in a pro-Hariri newspaper that compared Hezbollah's protests to a coup attempt. Sharply dressed in a suit, his hair graying and his moustache trimmed, he raised his hand and pointed toward the borders that delimit his Sunni Muslim neighborhood of Tariq Jdideh, one of the tenser these days in Beirut. You go to the Khashaqji Mosque, he said, then the Qasqas Highway, a traffic circle, the Martyrs' Cemetery ("For us") and the Cemetery of the Two Martyrs ("For them"). "Who are the two martyrs? Only God knows what they mean," Fakhran said.

Shiite neighborhoods, he said, were in both directions.

"And in the middle is Tariq Jdideh, and we're afraid they'll enter," he said. "We're ready. We're ready by all means."

At 42, Fakhran is too young to remember Beirut's earlier incarnation, as a sleepy Mediterranean port dominated by the country's Sunni and Greek Orthodox communities. As he came of age, a far larger city was undergoing another transformation, as Israeli invasions, economic opportunity and civil war drove Shiites from southern Lebanon toward Beirut. For a time, their settlements on the capital's outskirts were known as "the belt of misery." Today, the southern suburbs, known as the Dahiya in Arabic, represent one of Hezbollah's strongholds -- its name uttered in chants -- and a distinctly Shiite part of the city.

Where these suburbs intersect with the Sunni parts of town, trouble has broken out during the month-long crisis. Several clashes erupted after the funeral last month of Pierre Gemayel, a pro-government minister assassinated in an ambush. Sometimes, gangs of youth incite each other; other times, it starts over the placement of banners, posters or flags of the wrong faction. Slogans shouted too loud caused a fight with Shiites in the traditionally Sunni neighborhood of Museitbeh last week. On Thursday night, Fakhran recalled, a few dozen Shiite residents entered Tariq Jdideh on mopeds, flying flags, and yet another fight broke out.

"More of them were hurt," he said with a nod.

Even in the Christian neighborhood of Ashrafiyeh, scores of supporters and opponents of Michel Aoun, a former general allied with Hezbollah, clashed Monday in Sassin Square over putting up his poster. The police and army intervened.

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Beirut was never simply divided between east and west, but the surge of trouble along so many fault lines in the city -- fraying, tense and multiplying as they are -- has worried residents old enough to recall the civil war's start in two local ambushes in 1975 that soon spiraled into chaos. A columnist, Darine Helwe, compared the streets, with police posted every so often, to "a military barracks."

"I'm not a little scared," Fakhran said. "I'm scared a lot, a lot, a lot, a lot, a lot."

His fear is not violence, though. It is more existential, he said: worry about his neighbors' intentions. In complaints that echo nearly 1,400 years of history, he wondered why Shiites insulted successors of the prophet Muhammad whom Sunnis revere. He worried about Hezbollah's arsenal. "Who are the missiles for?" he asked. He suggested Hezbollah is more loyal to Iran than Lebanon: "If Iran told them to sit, they would sit." And he is sure Nasrallah has in mind a Shiite Islamic republic.

"In my heart, I think they want to wreck the country," he said. "They don't want to rule it -- they want to wreck it.

"How else could you see it?" he asked.

He talked a little longer, then offered advice: Don't go past the Two Martyrs' Cemetery, the border with the Dahiya.

"Go to Tariq Jdideh, all over the place. But don't go over there. No, no," he said, shaking his head. "Trust me."What About Being Lebanese?

A little before dusk, Zeina el-Zein, a slight, smartly dressed 26-year-old Shiite with long dark hair, walked through the Christian neighborhood of Ashrafiyeh. She lives a short drive away, her neighborhood and the next partitioned by their catalogue of colors, banners and portraits. There is the yellow of Hezbollah, its flags and pictures marking Shiite territory. Hariri's portraits stake his family's claim. In Ashrafiyeh, there are other markers: the green and brown of the Phalangist Party, the red of the Lebanese Forces, the orange of Aoun. Each of the leaders has a nickname. Samir Geagea, a Christian, is "the Doctor," Aoun "the General," Nasrallah "the Sayyid."

"We need to remind you this is our neighborhood, our territory," Zein said. She shook her head in disgust. "We do whatever we feel like. This is our territory. If you don't like it, then leave."

"Any wall they can find, anywhere in Beirut, you'll find a poster or a message," she said.

She walked along Monot Street, a fashionable nightspot district.

"Here is a cedar," she said, the symbol of the right-wing Phalangist Party that commanded the largest Christian militia in the civil war. "This is, you know, Bashir," she said, pointing to a picture of Bashir Gemayel, the militia's leader who was elected president after the 1982 Israeli invasion, then assassinated. "We're here to stay in Lebanon," it read.

She walked a little father, past a church, then the neighborhood's sole mosque, as the muezzin's call to prayer drifted across the narrow, winding streets. It reminded her of her days at St. Joseph University, when the mosque's call to prayer and the church's bells would pour through the window of her sociology class, each time forcing the lecturer to stop.

"We were laughing," she recalled. "This is Lebanon."

A little farther were pro-government portraits of anti-Syrian figures assassinated since last year.

"We will never forget," they read.

"You keep nurturing memory," she said. "Everything works in this country so that you cannot forget any single detail of Lebanese history. They don't want us to forget. They really don't, or at least they're not working to let us forget."

Zein is insistently secular, and in a country where being Maronite, Greek Orthodox, Sunni, Shiite or Druze almost immediately imposes a notion of perspective, outlook and politics, she feels alienated.

At the university, she was expected to defend her community's politics. With Christians, she sometimes has to explain why she might hew to a more socially liberal lifestyle.

What about being Lebanese? she asked.

"I could stay up all night, eating and drinking with them, spending a beautiful evening, and in the end, I'm still Zeina el-Zein, a Muslim Shiite who's from the south," she said. "I will always have this identity, whatever I do."

She sat in a cafe in Sassin Square, drinking coffee. The waiter greeted her in French. Draped over the wall of one building was the flag of Geagea's Lebanese Forces. There was a banner for Aoun across the street. Another sign hung nearby: "Ashrafiyeh is the heart of the Lebanese Forces." More pictures were on light poles: Bashir Gemayel, Pierre Gemayel.

"It has never changed, and I don't think it's ever going to change," she said.

She thought for a moment. "They use, they really use the vulnerability of the people here," she said. "I'm disgusted. Really, I am. I cannot even think about the option of civil war. It was one of the most horrible civil wars, the Lebanese one. It was disgusting, really. Really. I cannot believe after all we've seen, read and lived, we can even think about another civil war."

"Shame on us," she said.

She looked at the posters, the men's portraits peering at the traffic, claiming their territory.

She shook her head. "They're not giving us a choice."

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Cabinet Shuns Pro-Syria Groups' Call To Quit (WT/AFP)

By Nayla Razzouk

The Washington Times, December 3, 2006

BEIRUT -- Lebanon's Western-backed Cabinet yesterday vowed not to cave in to calls to resign after a massive demonstration led by the pro-Syrian group Hezbollah, as protesters camped outside government offices.

The show of force in central Beirut Friday and smaller demonstrations yesterday tightened the political deadlock in the country, which has been nearly paralyzed because of a fierce struggle for supremacy between pro- and anti-Syrian camps within the power-sharing regime.

Nearly 1 million, or one in four Lebanese, thronged the streets of the capital on Friday, calling for the ouster of the "corrupt" leadership and temporarily blocking access to Prime Minister Fuad Siniora's government headquarters.

"The massive demonstration ... has given Lebanon one of the most difficult tests that the country has known in a long while," warned the pro-Syrian newspaper Al-Akhbar yesterday.

The Siniora government, which has received strong public backing from Western and some Arab states, pledged not to bow to the opposition led by the Syrian- and Iranian-backed Hezbollah.

"The Syrian-Iranian camp, led by Hezbollah, has begun to implement a plot for a coup" in Lebanon, said the pro-government Al-Mustqabal daily, echoing charges made by the U.S. ambassador to the United Nations, John R. Bolton.

The newspaper is owned by the family of former Prime Minister Rafik Hariri, whose 2005 murder, blamed on Syrian officials and their Lebanese allies, led to massive street protests that forced Damascus to end a three-decade military presence in Lebanon last year.

Parliamentary Majority Leader Saad Hariri, the slain prime minister's son, vowed that "the Siniora government will not fall because of pressure from the street. However long they continue their protest, it will not fall."

Hezbollah-led demonstrators set up tents and several thousand protesters were still camping yesterday on at least two main roads leading to Mr. Siniora's offices, after the blockade was eased to allow access from side streets.

The rally continued into last night, as mainly Shi'ite demonstrators waved Lebanese flags to the tune of Hezbollah war hymns and most Christian protesters lingered around a camp a short distance away on Martyrs Square.

The Syrian government daily Tishrin called the rally a "message from the Lebanese people to the individual who is monopolizing power and carrying out the orders of the ambassadors of superpowers, whose only concern is to make Israel an unwieldy power capable of defeating all Arab states combined."

The prime minister appealed yesterday for renewed talks with the opposition over a deadlock that threatens to block the government's legislative program, including its centerpiece plans for an international tribunal to try the suspects in Mr. Hariri's slaying.

Only the pro-Syrian parliament speaker Nabih Berri, whose supporters joined the opposition protest, has the authority to present draft legislation to parliament.

"The sole way of resolving our problems is by sitting down together," Mr. Siniora said. "I appeal to Mr. Berri to call for a resumption of dialogue."

Palestinian Prime Minister Won't Resign (AP)

By Karin Laub, Associated Press Writer

AP, December 3, 2006

Palestinian Prime Minister Ismail Haniyeh on Saturday rejected demands that his Hamas-led government resign and called for the resumption of talks to form a national unity government with the Fatah Party.

Tensions between the two parties have grown in recent days, with President Mahmoud Abbas of Fatah saying that coalition talks — aimed at ending a crippling foreign aid boycott against the Hamas-led government — had reached a "dead end."

On Friday, the PLO's Executive Committee, which is dominated by Fatah, called on Haniyeh to step down to make way for a new premier who could resume talks with Abbas.

Speaking at a news conference during a trip to Qatar, Haniyeh said that demand was "only creating chaos in the street."

"(Abbas) cannot make any decision regarding this without consulting Hamas, because Hamas is the main party in parliament," he said.

Hamas spokesman Fawzi Barhoum said the call for Haniyeh's resignation amounted to "a coup."

The militant Islamic group won an overwhelming majority in parliamentary elections in January, while Abbas was elected separately last year, setting up government paralysis and leading to tensions in the street.

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Hamas denied coalition talks had collapsed, and said Abbas was simply trying to pressure them into making concessions.

"Anyone who is saying that the dialogue among the Palestinian factions is over should take full responsibility for the consequences," Haniyeh said.

On Saturday, Abbas met with top European diplomats in Gaza to brief them on the domestic disagreements.

EU foreign policy chief Javier Solana said the collapse of the talks killed hopes of ending the international economic sanctions on the Palestinian government, adding that Hamas missed its opportunity.

"Very sadly, I have to say the chance has been lost," he said after meeting with Abbas.

Abbas' choices for breaking the impasse with Hamas are limited. He has the authority to fire the government, but would not win confirmation for a replacement Cabinet from the Hamas-dominated parliament.

Palestinian law does not allow the president to call early elections, though there could be a referendum on whether such elections should be held, Abbas aides said.

A member of a panel Abbas appointed to guide him in the impasse said its members were leaning toward recommending early elections, both for president and parliament.

"This choice, the early election, will be much better than the current situation, even if Fatah lost both the presidential and parliament elections," said Azzam al-Ahmed, leader of the Fatah bloc in parliament.

Pro-government Sunnis Win In Bahrain (AP)

AP, December 3, 2006

Islamic hardliners dominated the Sunni supporters of Bahrain's government who defeated an opposition led by the kingdom's majority Shiites in parliamentary elections, according to official results broadcast Sunday on state television.

The election Saturday for the lower house of parliament reinforced sectarian divisions between Shiites and Sunnis and witnessed a deepening Islamic conservatism in the U.S. ally, considered among the most liberal of Gulf Arab states.

The majority Shiites, who make up about 60 percent of Bahrain's 700,000 residents, have long complained they are squeezed out of power by the Sunni monarchy, which dominates government.

Even though they lost, the vote was hailed as a major step forward for democracy and Bahrain's Shiites. It was the first in which the opposition made a strong run in parliament after boycotting 2002 elections — the first after 26 years of direct rule by the al-Khalifa royal family.

The Shiite al-Wefaq party won 16 of the house's 40 seats in the first round of voting a week ago. It needed five of the 11 seats up for grabs Saturday for a majority but gained only two, giving it a total of 18, state-run Bahrain TV, citing official results.

Conservative Sunni Muslim candidates allied with the government took 13 seats in the first round and nine in the runoff, for a total of 22.

The voting gave a sweeping victory to hard-liners from both of Islam's chief branches who bulldozed challenges by progressive candidates and women. Twelve of the 22 pro-government winners were hardliners.

Ali Fakhro, a political scientist and former government minister, said the liberals were hurt by an ideological association with the United States. The Bush administration's deep unpopularity in the Gulf has strengthened the religious right, he said.

"This is part of the reason the Islamists are heading for control of Bahrain's parliament," Fakhro said before the official results were announced. "The Americans say they are encouraging democratic politicians in the region, but the truth is they are harming them."

Regardless of who controls the lower house, the key levers to power in Bahrain lie with King Hamad bin Isa Al Khalifa, a Sunni who appoints parliament's upper chamber and can veto any legislation.

Officials reported high turnout on Saturday. But the campaign and election were marred by widespread allegations of fraud, and the government did not allow international observers to monitor the vote.

Though several women ran in the elections, only Latifa al-Gaoud, a pro-government female candidate who ran unopposed, was able to win a seat during the election's first round. She became the first-ever female parliamentarian in any Arab Gulf country.

Ukraine PM Aims To Mend Fences With U.S. (AP)

By Mara D. Bellaby, Associated Press Writer

AP, December 3, 2006

He was cast by critics as the Russian-backed bad guy during Ukraine's Orange Revolution two years ago, the burly politician who almost stole the presidential election from the pro-Western leader Viktor Yushchenko. But Prime Minister Viktor Yanukovych, scheduled to arrive in Washington Sunday for a four-day visit, says he hopes to renovate his image in the West during his meetings with U.S. officials.

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According to his Web site, Yanukovych will meet Vice President Dick Cheney, Secretary of State Condoleezza Rice and Energy Secretary Samuel W. Bodman. He also plans to meet with business leaders in New York.

As for all the news reports that portray him as a tool of the Kremlin, a foe of reform? Spin, Yanukovych said. "As for my party and my myself, we adhere and will adhere to policies that are pro-Ukrainian, and will always defend the national interests of Ukraine," he said.

The Orange Revolution began hours after polls closed in the Nov. 21, 2004, presidential election between Yanukovych, the Kremlin's favorite, and Yushchenko, who called for closer ties to the West. As the Central Election Commission began churning out fraudulent vote counts in favor of Yanukovych, Yushchenko summoned his supporters to Independence Square for night after night of protests.

Twelve days later, the Supreme Court declared the vote count fraudulent and ordered a rerun, which Yushchenko won.

Yanukovych and his supporters complained bitterly that the mass protests, supported by many political leaders in Europe and the U.S., robbed him of the presidency.

But now Yanukovych praises the demonstrators. "On the question of democracy and freedom of speech, no one can deny the country changed for the better," he said. "There is more freedom of speech, more democracy, more freedom."

His political resurrection began in March, when he was the top vote-getter in a parliamentary vote described as Ukraine's freest and fairest. It climaxed in August, when he was named prime minister in a political deal with his former foes.

Yushchenko and Yanukovych share power in the awkward arrangement that was initially billed as an effort to unite Ukraine but instead has turned into a tug-of-war for influence, with the president largely on the losing end.

In the latest battle, lawmakers on Friday fired a key ally of the president, the pro-Western Foreign Minister Borys Tarasyuk, along with Interior Minister Yuriy Lutsenko, one of the leaders of the Orange Revolution. Yushchenko said Tarasyuk's dismissal will be challenged before the nation's Constitutional Court.

Yanukovych is still regarded as the Kremlin's friend in Ukraine — and it has paid off for him. He helped strike a deal on gas prices for next year that, while still a significant increase for the ex-Soviet republic, is lower than what Russia proposed to neighboring states.

Of late, Yanukovych has tried not to overtly antagonize the West. For instance, while delaying Ukraine's membership bid into NATO, he does support continuing cooperation with the alliance. On Tuesday, he called the U.S. "a strategic partner of Ukraine."

The prime minister is trying to improve his soft powers along with his hard-nosed political moves. Before the Orange Revolution, he came across as stiff and grumpy when he met journalists, and when interviews ended, he simply stood up and left.

Now, he smiles and mingles. Meeting with reporters on Tuesday, he loitered long enough to autograph copies of a book celebrating his first 100 days in office. Heading out the door, Yanukovych stopped suddenly, as if remembering something, and spun around to say goodbye.

Political analyst Mykhailo Pohrebinsky said that Yanukovych clearly had changed his presentation.

"We see that he says democratic things and poses himself as a protector of the freedom of speech," Pohrebinsky said. "Whether this is sincere, I can't say."

Who Succeeds Putin? Ask Putin (LAT)

By David Holley

The Los Angeles Times, December 3, 2006

MOSCOW — By showing up together at a Deep Purple concert here this fall, First Deputy Prime Minister Dmitry Medvedev and Defense Minister Sergei B. Ivanov presumably were reliving more carefree days.

Ivanov was a teenager and Medvedev just a child when the British hard-rock group burst onto the international scene, a time when a clutch of Western bands gained near-iconic status among Soviet youths as symbols of social freedom.

The buzz here is that the two men are the leading contestants in a competition to be President Vladimir V. Putin's anointed successor when his second term expires in 2008.

So these were not just any two high-ranking officials, and their shared enthusiasm for "Smoke on the Water" may signal that they want to be viewed as friends and allies, not competitors.

They could, after all, end up as partners in a new power structure, with one serving as president and the other as prime minister.

"I am, of course, saddened by the fact that I have been made a contestant in some race, but it does not in any way affect my relations with Sergei Borisovich Ivanov," Medvedev told an interviewer for Russia's NTV news channel the day after the concert. The interviewer asked whether the two men had joined in the dancing.

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"Well, we just applauded," the 41-year-old Medvedev replied.

What a missed opportunity, mused a columnist for the newspaper Nezavisimaya Gazeta. "You must be thinking that shaking to Deep Purple is no big deal," the columnist wrote. "Yes, it is a big deal, sirs, if the problem of 2008 could be resolved quite easily by such a dance. The one who dances better becomes president."

With Putin enjoying popularity ratings above 70% and holding ever greater centralized power, a presidential endorsement is widely seen here as key to succeeding him. That means the current contest among Medvedev, Ivanov and other potential candidates for the big man's nod may well prove more crucial than the 2008 election in determining Russia's course.

The personality and goals of the winner could nudge the country toward greater authoritarianism or toward a more decentralized and democratic political system.

Russia's constitution bars the president from a third consecutive term, and Putin has repeatedly said he does not favor revising it to allow him to continue in office past 2008. But in nationally televised comments in October, he suggested he might continue to wield influence after he leaves the job.

That comment was taken by some as an indication that Putin might seek to exercise power from another position, such as prime minister, or that he envisioned a role like that played by Deng Xiaoping after the late Chinese leader retired from his official positions.

Putin, 54, has support from more than two-thirds of parliament, so speculation remains that a way may be found for him to stay on as president. One scenario has him giving in to a groundswell of public opinion and allowing the constitution to be revised.

But if he does step down, as most observers think he will, it is clear that whomever he backs as successor will stand a very good chance of being elected. A July survey by the respected Levada Center polling agency found that 40% of respondents said they would vote for a candidate proposed by Putin, compared with 14% who would favor someone else.

As long as the Kremlin elite stays united around one candidate, that person can expect strongly favorable coverage on all nationwide TV channels, which are either state-run or owned by state-controlled businesses. Few observers think an opposition candidate would have much chance of overcoming that advantage.

"If Putin names a successor and backs him, his chances of winning the presidency will be extremely high provided there are no huge surprises," said Sergei Markov, director of the Institute of Political Studies, a Moscow think tank with ties to the Kremlin. "Practically, we are talking about 99% probability here."

Markov said he believed Medvedev and Ivanov had the inside track.

Other possible candidates, he said, include Russian Railways President Vladimir Yakunin; parliamentary speaker Boris Gryzlov; Georgy Poltavchenko and Dmitry Kozak, influential presidential representatives to the southern and central federal districts; Mikhail Prusak, governor of the Novgorod region; and presidential Chief of Staff Sergei Sobyanin.

Markov also suggested the two presumed leading contenders might work as a team: Ivanov, 53, running for president with the understanding that Medvedev would be prime minister.

"This question has not been resolved yet, and this is just one of the possible options," Markov said.

Medvedev and Ivanov were thrust into the limelight as potential successors when they were appointed deputy prime ministers in November 2005. Medvedev was previously Putin's chief of staff, and Ivanov added the new title and broader responsibilities to his job as defense minister.

Ivanov, like Putin, worked for the KGB for many years. An early career with Soviet intelligence has generally been a plus for ambitious officials since Putin became president in 2000.

Medvedev began his career as a St. Petersburg law professor and legal affairs advisor.

"Medvedev's strength is that he is a pro-Western manager," Markov said.

"His weak side is that he is not connected with the people from the security apparatus, and so far he hasn't shown himself to be a strong leader able to make strong decisions. So far he appears too soft for the job."

Some skeptics question whether all the attention paid to Medvedev and Ivanov since their promotions is just a sideshow, with Putin's real pick likely to be someone with a lower profile.

"I am quite confident that neither Medvedev nor Ivanov will be chosen as a successor," said Dmitry Oreshkin, an analyst at the Russian Academy of Science's Institute of Geography. "The fuss around them is nothing but, to use the KGB terminology, the Kremlin's 'cover operation' to hide the preparation of the real plans.

"If a real successor gets appointed, he will appear some six months before the election like a rabbit from a hat or a devil from a box," Oreshkin said. "The real successor will immediately commit some heroic deed, like defeating Georgia in a lightning military operation, for example, or something on that scale, and thus will get elected by a landslide."

Oreshkin suggested that Yakunin, the railways president, who is considered personally close to Putin, may be a strong contender for that scenario.

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Although Yakunin's official biography makes no mention of ties to the KGB, his early career path, which included a stint with the Soviet mission to the United Nations, suggests such links.

Yakunin "can be quite reasonable and demanding as a manager, and he is also a strong proponent of a powerful state," Oreshkin said. "In some ways he may become an even harder and tougher president than Putin himself."

Mikhail G. Delyagin, chairman of the Institute of Globalization Studies, a Moscow think tank, cited the common analysis that the Kremlin is broadly divided into two competing groups: the siloviki, or "powerful ones," and the liberals, with that label used in its classic free-market sense, not in its political-left meaning.

The siloviki have KGB backgrounds or are otherwise associated with security and defense, and are typically more politically hard-line. The liberals are composed largely of economic technocrats who do not have security backgrounds.

Medvedev is widely viewed as the standard-bearer of the liberal camp within the Kremlin, while Putin's deputy chief of staff, Igor Sechin, 46, is seen as leader of the siloviki.

Delyagin noted that most analysts do not consider Sechin a candidate for successor. But he argued that precisely because Sechin is not included on such lists, his chances may be quite good.

"He is the second in command in the country now," Delyagin said. "He is very smart and very influential. Moscow intellectuals like to laugh at him, but that only shows how shortsighted Moscow intellectuals are."

Delyagin, a prominent Putin critic, also offered another scenario for the election.

Putin can yield the throne, but the anointed successor "can quickly get sick after the election," he said, noting that the constitution bars Putin not from a third term, but from a third consecutive term.

Putin, he suggested, could allow "Comrade Medvedev" to be elected president — but with an understanding that he will resign almost immediately, claiming ill health.

In that case, he said, "new elections will be held and Putin will be able to take part in them."

Russian Ex-Spy Lived In A World Of Deceptions (NYT)

By Alan Cowell

The New York Times, December 3, 2006

LONDON, Dec. 2 — The tangled tale of Alexander V. Litvinenko, the maverick Russian K.G.B. agent turned dissident who died of radiation poisoning last week, has seized the headlines recently, but its roots can be traced to a late spring evening in Moscow in 1994.

At just after 5 p.m. on June 7, Boris A. Berezovsky, one of Russia's most powerful oligarchs, was leaving the offices of his car dealership in a chauffeured Mercedes 600. According to Russian news accounts at the time, he and his bodyguard were sitting in the rear seat behind the driver. As the car drove by a parked vehicle, a remote-controlled bomb detonated, decapitating the driver but somehow leaving Mr. Berezovsky unscathed.

As a high-ranking officer in the organized crime unit of the F.S.B., the successor to the K.G.B., Mr. Litvinenko "was the investigating officer of the assassination attempt," said Alex Goldfarb, a Berezovsky associate and a spokesman for the Litvinenko family, in an interview conducted, fittingly, in the rear seat of a parked Mercedes in central London with a heavyset driver at the wheel. "They became friends."

It was a friendship that was to shape Mr. Litvinenko's career, which began in the roller-coaster politics and self-enrichment of post-Soviet Russia, spanned his desperate flight from Russia through Turkey and then on to Britain to seek asylum. It ended spectacularly and mysteriously, with the British police saying the only thing they knew for sure was that he was dead, poisoned after ingesting an obscure radioactive isotope called polonium 210.

After Mr. Litvinenko's death, sketchy facts and abundant speculation unfolded like some lost chapter of the cold war. But unlike those days of East-West division and the half-light of shadowy, underground conflicts, this saga played out in the bright glare of newspaper headlines and 24-hour news channels.

Although the precise circumstances of his death remain hidden, Mr. Litvinenko lived the last years of his life as a public critic of President Vladimir V. Putin and the Russian government. Assigned to investigate the assassination attempt on Mr. Berezovsky, he ended up accusing the F.S.B. of involvement in a later conspiracy, a charge that severed his ties with the agency. Once in exile in London, his contacts with Mr. Berezovsky and a circle of other Russian émigrés and former agents flourished, even as his criticism of Mr. Putin grew more vigorous. In the weeks before his death, he had begun looking into the shooting death in Moscow of the journalist Anna Politkovskaya, a fierce critic of Mr. Putin and his policies in Chechnya.

Mr. Litvinenko began his lingering decline on Nov. 1, when he met an Italian academic, Mario Scaramella, in a sushi bar and linked up with former K.G.B. colleagues in a five-star hotel. Then he fell ill, wasting away over 22 excruciating days from a muscular, almost boyish figure to a gaunt shadow. Investigators followed a radioactive trail around London and, through British Airways planes found to have traces of radiation, to Moscow. British Airways said 221 flights, carrying 33,000 people, might have

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been affected. In a bizarre sideshow, a former Russian prime minister, Yegor Gaidar, a quiet critic of the Kremlin, fell ill with symptoms of poisoning.

The episode left Britain's relations with Russia strained: no matter how much Mr. Putin denied it, British officials faced a barrage of newspaper speculation that a supposedly friendly power, or its disaffected agents, had reached onto the streets of London for nefarious purposes.

From his deathbed, Mr. Litvinenko accused Mr. Putin of responsibility for his plight, but that conclusion was far from certain. One thing, though, was abundantly clear: Mr. Litvinenko's death matched his life in a world of conspiracy and betrayal as a former spy.

Links to a Tycoon

Mr. Litvinenko's role in the investigation of the assassination attempt against Mr. Berezovsky, who fled into exile in London in 2000, is not widely chronicled, although it was alluded to in an Associated Press report in 1998, which said the case was never solved.

Nonetheless, it appears to have provided the starting point for an association between Mr. Berezovsky, then one of Russia's richest men and most influential power brokers, and Mr. Litvinenko, who was rapidly acquiring a reputation at the Russian spy agency as a rebel and whistleblower.

Mr. Berezovsky declined to be interviewed for this article, saying through a spokesman that he was not prepared to offer further comment until after the police investigation of Mr. Litvinenko's death.Iin a book he published in 2004, "Lubyanka Criminal Group," Mr. Litvinenko referred to a turning point in his life as an agent. In December 1997, he said his superior in the F.S.B. called him into his office with staggering orders: "You, Litvinenko, you know Berezovsky? You have to liquidate him," he said his superior told him.

That claim resurfaced sensationally in the public eye in November 1998, after Mr. Berezovsky accused the F.S.B. of plotting to assassinate him. Mr. Litvinenko and other disaffected agents called a news conference to confirm Mr. Berezovsky's allegations. It was a bizarre spectacle, even by the conspiratorial standards of the time: one dissident F.S.B. officer appeared in a ski mask, another in dark glasses. Mr. Litvinenko did not conceal his identity.

Mr. Putin, who led the agency at the time, reacted angrily, threatening to dismiss Mr. Litvinenko and the other officers who had spoken out.

According to a transcript published by the Kremlin International News Broadcast, Mr. Litvinenko began with a forthright attack on corruption within the agency. He said some of its units "have been used by certain officials not for constitutional purposes of state and personal security but for their own private political and material purposes, to settle accounts with undesirable persons, to carry out private political and criminal orders for a fee and sometimes simply as an instrument to earn money."

The remarks led to Mr. Litvinenko's suspension from the F.S.B. and a series of criminal court cases on five counts of abuse of power and other charges. In 1999, he spent eight months in pretrial detention in Lefortovo Prison in Moscow. When charges were dropped in November 1999 for lack of evidence, he was rearrested the instant the acquittal was read out, according to an account in Izvestia in 2001. He was released again in December 1999 and ordered not to leave town.

But the weeks and months went by with no indication that the investigations against him would be dropped.

Mr. Litvinenko, his wife, Marina, and son, Anatoly, fled Moscow in October 2000. According to accounts by Mr. Litvinenko at the time, and by others including Mr. Goldfarb and Viktor Suvorov, a former Soviet military intelligence officer and defector, his trail led from Russia to the town of Antalya in southern Turkey, possibly via Ukraine.

But once in Turkey, no one, it seemed, wanted to deal with a renegade Russian agent.

"I brought him to the U.S. Embassy at the end of October in Ankara," said Mr. Goldfarb, by his own account an American citizen who fled the Soviet Union 31 years ago and spent many years in exile working for, among others, the financier George Soros. "We just walked in and said here's the F.S.B. colonel, and they are not interested."

Finally, Mr. Litvinenko left Turkey using a ticket allowing him to transit, but not stay, in London. In November 2000, he arrived at Heathrow airport, surrendered to the British police and claimed asylum, according to accounts by Mr. Litvinenko and in the British press. But he was still not treated as a high-level defector.

Mr. Suvorov, an agent from Russian military intelligence, G.R.U., who defected in 1978, said: "I raised the question, 'Look, there's a man who has lots of information about organized crime' — no one else had so much information — but no one questioned him about it, British, French, Americans. He had incredible knowledge." Neither Turkish nor American officials confirmed this account.

But, to judge from what happened later, Mr. Litvinenko was determined to put his knowledge of Russia's intelligence networks to use.

Émigrés in London

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From the minute he landed in Britain, Mr. Litvinenko resumed his association with Mr. Berezovsky, who had arrived some months earlier also seeking asylum. From a modest row house in white-collar Muswell Hill in north London, he appears to have moved easily in security and former espionage circles, frequently visiting Mr. Berezovsky's offices in Mayfair — one of London's most upscale districts.

He was part, too, of a population of an estimated 300,000 Russians in London, including political émigrés, old-time defectors and wealthy tycoons who spend their time in nightclubs and boutiques and buying up real estate and soccer clubs. He was granted British citizenship earlier this year.

But he also maintained contact with his former F.S.B. colleagues, like Mikhail Trepashkin, who was jailed in October 2003 for betraying state secrets while investigating apartment bombings in Moscow and elsewhere in 1999 that killed scores of people. Those bombings formed the basis of a book published in English the same year by Mr. Litvinenko accusing Russia's security services of staging the bombings as a pretext for the second Chechen war.

In a letter released Friday and dated Nov. 23, Mr. Trepashkin said in a reference to the F.S.B., "Back in 2002, I warned Alexander Litvinenko that they set up a special team to kill him."

But Mr. Litvinenko also registered increasing concerns about his safety. "A secret service is designed to fight another secret service," he told The New York Times in a telephone interview in 2004 during the inquiry into the poisoning of Viktor A. Yushchenko, then a Ukrainian presidential candidate. "When a secret service goes after an individual, they have no chance."

Mr. Litvinenko said his supporters arranged for him to address British legislators, whom he told that members of the Russian secret services were "getting more aggressive, threatening my relatives." He said he knew of 32 Russian spies working in England. "They follow us and prepare provocations and our liquidation," he said.

In September 2004, two weeks after his appeal to Parliament, Mr. Litvinenko said in the interview, bottles containing burning liquid were thrown at his apartment at 1 a.m.

Some of his associates bridled at the idea that he was Mr. Berezovsky's personal agent or go-between. "He was not just someone who came from Russia and said to Berezovsky: give me some money," said Mr. Suvorov, the former G.R.U. agent.

But Mr. Litvinenko nonetheless displayed a knack for confidential business. According to a report in The Times of London in November, he traveled to Israel weeks before he died to hand over a dossier on the Yukos oil affair — in which the company's former chairman, Mikhail B. Khodorkovsky, has been imprisoned for tax evasion — to Leonid Nevzlin, an exiled oil tycoon. Mr. Nevzlin was quoted as confirming the article. On the fateful day when he first took ill, the radiation trail of his movement led to the offices of Erinys, an international security company in Mayfair.

It was in that upscale district on Nov. 1 that he met his former Russian security service colleagues, Andrei Lugovoi and Dmitri Kovtun, in the Millennium Mayfair hotel, and Mr. Scaramella, the Italian consultant and academic, in the sushi bar on nearby Piccadilly. All three men have denied poisoning him.

A Mystery Deepens

But the saga was not over. One week after the police reported that Mr. Litvinenko had been poisoned, Mr. Scaramella himself was hospitalized when concentrations of the isotope were found in his body. Traces were also found on a member of Mr. Litvinenko's family.

The mystery seemed as deep as ever: the police had traced Mr. Litvinenko's movements and his contacts on Nov. 1. Detectives had spent 20 hours interviewing him in the hospital, according to associates. Yet the trail to Moscow seemed elusive and was impossible to confirm. Speculation swirled inconclusively about Kremlin plots and counterplots and efforts by rogue operatives to pursue their own feuds or discredit President Putin. But no one could say where the poison came from or how it entered Mr. Litvinenko's body.

Indeed, Mr. Lugovoi, the former K.G.B. agent, said in a Russian newspaper interview published on Saturday that Mr. Litvinenko might have, in fact, ingested the poison weeks earlier than anyone realized. If true, that would upend some of the most basic assumptions of the investigation — at least as far as it has been made public — and explain why radiation was found on a British Airways plane that flew between Moscow and London on Oct. 25.

"Alexander Litvinenko, my business partner Dmitri Kovtun and I were in London on Oct. 17 at a meeting in the office of Erinys," the private security company, Mr. Lugovoi told the Russian newspaper Kommersant. "Traces of radiation could have been left there after this visit."

Some of Mr. Litvinenko's associates said his position might have been made more precarious when he began to gather information about the death of Ms. Politkovskaya, the Russian investigative reporter shot to death in Moscow in October. "He was a very good investigator himself," said Mr. Suvorov, the former G.R.U. agent. "That made him very dangerous and vulnerable: if anyone called him and said, 'I know who killed Politkovskaya,' he just arranged a meeting. So, definitely, he was very vulnerable."

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There's A Reason Russians Are Paranoid (NYT)

By Steven Lee Myers

The New York Times, December 3, 2006

BEING prone to conspiracy theories, as Russians certainly are, doesn't mean that someone is not conspiring against them.

That, in essence, has been the response here to the poisoning of Aleksandr V. Litvinenko, the secret agent turned exile in London who died on Nov. 23 — a case that only grew murkier last week with the discovery of radioactive traces aboard three British airplanes and another mysterious illness in Moscow.

Mr. Litvinenko's slow end, the intrigue of his final healthy days, his deathbed statement accusing President Vladimir V. Putin of culpability (in English, some Russians noted suspiciously) — have nurtured a widely held view here that it was all indeed a conspiracy, only not the one embraced by Mr. Putin's critics.

It was, from this point of view, not a plot by the Kremlin to silence a critic, but one by its enemies to discredit the Kremlin, the obvious suspects being Mr. Putin's critics in exile or, of course, President Bush, the Central Intelligence Agency or the West (generally).

Or it could have been a plot by a faction inside the Kremlin to make it look as if a competing faction inside the Kremlin had done it.

"There is too much evidence" to think otherwise, said Stanislav A. Belkovsky, a political scientist here with ties to Mr. Putin's Kremlin.

Actually, there is not much evidence at all, only questions and suspicions — which is, by the way, equally true of the accusations against Mr. Putin, no matter how fervently his critics believe them.

Every country has its conspiracy theories, of course, and the Spy vs. Spy dramas of the cold war and Hollywood have given life to a fair number of them. But they thrive here in the fertile ground of the Russian imagination as they do in few other places.

The Soviet Union's leaders obsessed over conspiracies, real and imagined. They also rewrote history so regularly, fabricated so many economic reports extolling progress, covered up so many embarrassments like the Chernobyl disaster that few here ever believed they knew the whole truth about anything. And the absence of truth is where conspiracy theories take root.

This remains so, and Mr. Putin is at least partly to blame. He has stifled the news media, and the day-to-day operation of the Kremlin is again as opaque as it was in Soviet times. And there is the inconvenient fact that the Kremlin's critics — including a number of journalists — keep dying in circumstances that investigators have yet to solve.

Mr. Putin's entire presidency has been wrapped up in conspiracy theories, starting with his abrupt rise to power as Boris Yeltsin's successor in 1999. That fall, a series of apartment bombings killed 243 people, fanning popular support for the second war in Chechnya, Russia's separatist region. From the start, the bombings were viewed with suspicion, especially after the discovery of federal agents planting what turned out to be explosives in the basement of another building. (A training exercise, officials finally said.) In Russian politics, the violence clearly played to the advantage of hard-liners like Mr. Putin.

A vocal adherent of the theory that Russian secret services conspired to bomb their own citizens to bolster the Chechen war effort was Mr. Litvinenko, a former agent of the secret service he accused in a book he jointly wrote, "Blowing Up Russia: Terror From Within." The book was published with the help of Boris A. Berezovsky, the self-exiled tycoon who lives in London and has become Mr. Putin's fiercest critic (the feeling is, evidently, mutual).

Aleksei A. Venediktov, a radio host and executive editor of Ekho Moskvy, said the failure of the government to investigate the bombings thoroughly has nurtured distrust. In the same way, there are those who believe the authorities know more than they have told about the terrorist school siege in Beslan, in which 332 hostages and rescuers were killed in 2004.

"As long as the public is not informed, conspiracy theories will multiply and grow," Mr. Venediktov said. "This does not mean there is no conspiracy."

His theory? It was neither Mr. Putin nor the secret services. In fact, few here believe Russia's leaders would have been so obvious as to use a radioactive isotope; it was used, instead, so people would think so!

Mr. Venediktov said a death squad working outside of government control killed Mr. Litvinenko to frighten the political elite into insisting that Mr. Putin, stay on for a third term whether he wants to or not. By law he must step down in 2008.

"The people who are behind this murder want to lay the responsibility in the future on Putin," he said, in order to make him afraid to leave office lest he be prosecuted.

In the Russian press, where objectivity is as elusive as ever, even darker theories abound, almost always pointing the blame away from Mr. Putin's Kremlin and back toward his accusers. Izvestia offered four on Thursday. According to one, Mr.

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Litvinenko was selling radioactive materials on the black market. Another: he and Mr. Berezovsky were making a nuclear bomb to help Chechnya's separatists.

These theories about Mr. Litvinenko are not just ideas on the fringe. The chairman of the upper house of Parliament, Sergei M. Mironov, noted that the deaths of Mr. Litvinenko and Anna Politkovskaya, the journalist who was murdered in October, took place on the eve of trips by Mr. Putin to Europe. "I do not think the coincidence was accidental," he said.

When news emerged last week that Yegor T. Gaidar, a former prime minister and critic of Mr. Putin's, had fallen ill a day after Mr. Litvinenko died, an ally of Mr. Gaidar's, Anatoly B. Chubais, linked it to the deaths of Mr. Litvinenko and Ms. Politkovskaya, but not to Mr. Putin. Mr. Chubais, the head of Russia's electric company, offered a grand conspiracy theory involving an attempted coup against Mr. Putin.

The logic behind the conspiracies — let alone the facts — can sometimes be hard to fathom, but a Kremlin spokesman, Dmitry S. Peskov, said that many people in London, exiles and their supporters, were all too ready to believe anything that reflected poorly on Russia. "It is a negative heritage of the old times," he said.

Pressed, he suggested that "commercial interests" lay behind Mr. Litvinenko's charges.

Even Mr. Putin himself struck a conspiratorial tone, questioning the origins of Mr. Litvinenko's last statement. "If such a note really appeared before Mr. Litvinenko's death, then a question arises: why this note was not made public when he was still alive?"

British Cabinet Told Of Russian Espionage (WT)

By Sean Rayment

The Washington Times, December 3, 2006

LONDON -- The Russian intelligence services, prime suspects in the death of Alexander Litvinenko, have a network of more than 30 spies operating in Britain.

The sophisticated ring represents the greatest espionage threat facing Britain, government and law-enforcement sources told the London Sunday Telegraph.

The startling intelligence was presented last week to Cabinet ministers at a meeting of Cobra, the anti-terrorist task force.

The spies, equivalent in number to one in five of Moscow government officials based in Britain, are known to be monitoring the movements and activities of Russian emigres and opponents of Russian President Vladimir Putin.

But they also are involved in a widespread operation targeting businessmen, members of Parliament and scientists in an attempt to steal commercial and state secrets.

Only the United States has more Russian agents operating on its soil.

Government sources claim that the agents are as active today as they were at the height of the Cold War, despite the fact that the Kremlin is now one of Britain's major allies in the war on terrorism.

They were also told that Mr. Litvinenko, a former KGB agent who died Nov. 23, was "most probably" slain by "state-sponsored" assassins with the radioactive poison polonium 210 and that suspicion centered firmly on Moscow.

"The Russian intelligence services are highly bureaucratic and legalistic. There isn't a great deal of room for personal initiative. Everything has to be officially authorized and signed off. And this murder would have been a highly complex operation involving many people, not one or two acting in isolation," one source told the Telegraph.

The revelations came as the Italian investigator Mario Scaramella, a friend of Mr. Litvinenko, was still being treated in a hospital after also being contaminated with polonium 210 after their meeting at a sushi restaurant.

Last night he was showing "no evidence of radiation toxicity," but doctors said they were continuing to monitor his condition and further tests were expected.

"The results may seem to suggest that Scaramella was an accidental victim, but it is still possible that the perpetrators simply failed to do their job properly, or that Scaramella himself might have had another role," a police source said.

Mr. Scaramella flew to Britain on an Easyjet flight from Naples, Italy, to Stansted Airport on Oct. 31 and flew back on Nov. 3.

Mr. Scaramella's name was one of five on a supposed "hit list" of people targeted for assassination by the Russian intelligence services and a shadowy group of KGB veterans called Dignity and Honor, which is run by a Col. Velentin Velichko.

During the Cobra meeting, government officials and the police were told that Russia is being ruled by a "brutal regime" that regards dissidents such as Mr. Litvinenko and Boris Berezovsky -- a Russian businessman living in exile in Britain -- as terrorists. The Russian state is suspected of ordering the killings of five persons in the past two decades.

Government sources said that Russia continues to spy on Britain because of its "insatiable" appetite for other countries' state secrets. The main areas of interest include finance, the energy industry, defense and electronics.

The threat is so severe that senior businessmen in companies such as BP and Centrica have been warned by MI5, a British intelligence service, that they may be targeted.

Government officials said that the Russian spies target unsuspecting businessmen at trade fairs and functions at the Russian Embassy.

Meetings usually follow the exchange of business cards, during which a favor is asked and may be rewarded with cash or other "inducements."

Officials said that in a "throwback" to the Cold War, agents communicate by "live letter boxes," in which secret material is carried by one spy to another, or by "dead letter boxes," where the material is left in a covert location.

Raul Castro Asserts Leadership At Big Brother Fidel's Birthday Party (MCT)

By Frances Robles

McClatchy Newspapers, December 3, 2006

In a clear signal that Cuba's post-Castro era has begun, an ailing Fidel Castro failed to appear at a massive military parade in his honor Saturday while his brother and designated successor delivered an inaugural speech of sorts.

Without explaining his brothers' absence, Raul renewed his willingness to negotiate an end to the almost 50 years of animosity between Washington and Havana. But on his own terms.

"We want to reaffirm our disposition to resolve at the negotiating table the prolonged dispute between the United States and Cuba, if and when they accept our country's condition that it will not tolerate any shadows over its independence," Raul said.

Many Cuba-watchers had expected Fidel to make his first public appearance at the parade since undergoing surgery in July and "temporarily" surrendering the presidency to Raul. At that time, Fidel asked that celebrations for his 80th birthday on Aug. 13 be postponed until Saturday.

But Fidel's absence was certain to fuel U.S. reports that he suffers from terminal cancer and likely will not live past 2007. The Cuban government has refused to detail his ailment, only repeating incessantly that he is "recuperating."

Cuba's media said 300,000 soldiers, students and workers marched along the Plaza of the Revolution as Russian-built MiG jets soared overhead, tanks rolled, and the nation's elite watched from the perch of bleachers.

Many of the marchers chanted, "We love you Fidel" and "Viva Raul," and some carried signs praising the revolution, launched Dec. 2, 1956 when the yacht Granma landed in eastern Cuba carrying the Castro brothers and 80 other fighters.

But in other parts of Havana, the capital seemed largely quiet and almost lifeless on a Saturday morning, with only a dampened sense of the celebrations of the birthdays of Fidel or the revolution.

Some Havana residents interviewed by The Miami Herald Saturday seemed to accept that Fidel is on his last legs yet - at least in public and before strangers - insisted that his ideology would survive his death.

"His death will not change anything. It will not mean they can come in and take over," said 83-year-old Sergio, referring to Cuban exiles abroad.

Leading the military display was Raul, still referred to by the Cuban media as defense minister rather than acting president. After a brief introduction by a teenager, Raul gave the only address of the parade.

It was the second time in Raul's rare recent public statements that he mentioned a willingness to work with Washington. But his calls are likely to fall flat for the time being since Bush administration policy is to push for democracy in Cuba - and oppose the kind of succession from one Castro to another that Raul's speech signaled.

"The absence of Fidel at this parade means that Dec. 2 marks the start of the post-Fidel era," said National War College professor Frank Mora. "The eulogies have begun, history and legacy will inform everything, but the message is clear . . . a new era and model of governance has begun."

Raul led the parade aboard a Soviet-era military vehicle, accompanied by three original commanders of the revolution: Ramiro Valdes, Juan Almeida and Guillermo Garcia.

"We are convinced that the way out of the distressing conflicts that humanity faces is not through war but through political solutions," Raul said.

The Bush administration reacted to Raul's speech by reiterating its previous position: The communist government must first initiate a democratic opening - an option long rejected by the Cubans as interference in their internal affairs.

"The dialogue that needs to take place is one between the Cuban regime and the Cuban people about the democratic future of their island," said State Department spokeswoman Janelle Hironimus, reading from a prepared statement. "As we have repeatedly stated, any deepening of our engagement with Cuba depends on that dialogue and the Cuban regime's willingness to take concrete steps toward a political opening and a transition toward democracy."

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Assistant Secretary of State for the Western Hemisphere Thomas Shannon in August specified some of the U.S. conditions: freeing political prisoners, respecting human rights, permitting the creation of independent organizations such as political parties and trade unions, and "creating a pathway" towards elections.

The olive branch that Raul extended toward Washington was not without barbs, however.

"After almost half a century, we are willing to wait patiently for the moment when common sense prevails in the behavior of the circles of power in Washington," he said.

"Three years and seven months after the euphoric and hasty declaration of `mission accomplished' in Iraq by President Bush aboard an aircraft carrier, the cadavers of young American soldiers continue to arrive in the United States," he added. "The government of the United States finds itself at a crossroads with no way out."

Underlining the importance of Raul's speech, the Cuban government swiftly posted translations into English, French, Italian, Portuguese, German, Arabic and Russian in its web site.

Many observers say Raul would be a more pragmatic leader, committed to communist rule but open to reforms away from Cuba's centrally controlled economy. The Revolutionary Armed Forces that Raul Castro leads now runs most of the island's commercial enterprises, such as its tourist industry.

Since Fidel announced plans for Saturday's event four months ago, he has appeared only in sporadic videos and photographs that showed him shrunken and weak, sometimes in pajamas or a loose-fitting tracksuit.

But those weren't the images shown Saturday on Cuban television, which broadcast hours of historic clips of a younger, stronger, triumphant Castro.

Miami Herald Washington correspondent Pablo Bachelet and translator Renato Perez contributed to this report. The name of the correspondent in Havana who also contributed was withheld because the Miami Herald lacks Cuban government authorization to report from there.

Castro A No-show At 80th Birthday Bash (AP)

By Anita Snow, Associated Press Writer

AP, December 3, 2006

Fidel Castro was a no-show Saturday at a major military parade that doubled as his 80th birthday celebration, raising questions about whether the ailing leader will ever return to power as his public absence begins taking on a tone of permanence.

Many Cubans had hoped for at least a glimpse of Castro before dozens of olive-camouflaged tanks rumbled through the Plaza of the Revolution and jet fighters soared above the capital to mark the 50th anniversary of the formation of Cuba's Revolutionary Armed Forces.

Castro hasn't been seen in public since July 26, before he underwent secretive intestinal surgery and temporarily ceded power to his younger brother, Raul. He delayed his 80th birthday celebration from Aug. 13 to this week in order to give himself time to recover, and speculation had been rife whether he would appear.

The military event, which lasted about two hours, culminated five days of events to celebrate Castro's birthday — none of which he attended.

Instead, it was Raul Castro, the island's defense minister, who stood at the mahogany lectern reviewing the troops during Saturday's parade.

The parade's most obvious purpose was to warn the U.S. against taking advantage of Fidel Castro's illness to attack the island. In the last 15 years the Cuban military has taken on a purely defensive role, and is trained to repel invaders.

In a speech that lacked his brother's rhetorical flourishes, Raul Castro reached out to the U.S. government, which has a decades-old trade and travel embargo against the communist-run island. He did not explain the absence of his brother.

"We take this opportunity to once again state that we are willing to resolve at the negotiating table the long-standing dispute between the United States and Cuba," as long as the U.S. respects Cuba's sovereignty, said Raul Castro, who turned 75 in June.

"After almost half a century, we are willing to wait patiently until the moment when common sense prevails in Washington power circles," he added.

U.S. State Department spokeswoman Janelle Hironimus said Saturday that "the dialogue that needs to take place is one between the Cuban regime and the Cuban people about the democratic future of the island.

"Any deepening of our engagement with Cuba depends on that dialogue and the Cuban regime's willingness to take concrete steps toward a political opening and a transition to democracy," she added.

Raul Castro used the event to underscore cohesion among the Cuban people, the armed forces and the Communist Party — a recurring theme among officials in recent days.

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"This unity is our main strategic weapon, which has made it possible for this small island to resist and overcome so many aggressions from imperialism and its allies," he said.

Cuban officials insist Fidel Castro is recovering, but U.S. officials say they believe he suffers from some kind of inoperable cancer and will not live through the end of 2007. He has appeared thin and pale in photographs and videos released by the government in recent months.

Some U.S. doctors have speculated he could have diverticulosis, a condition relatively common among older people that is caused when weak spots form along the colon and intersect with an artery.

Fidel Castro purportedly sent a message to those celebrating his birthday earlier this week, telling a crowd of 5,000 supporters at the opening event Tuesday at a Havana theater that he was too sick to meet with them.

"I direct myself to you, intellectuals and prestigious personalities of the world, with a dilemma," said a note read at the event. "I could not meet with you in a small locale, only in the Karl Marx Theater where all the visitors would fit, and I was not yet in condition, according to the doctors, to face such a colossal encounter."

Magda Avila, a 70-year-old army veteran, said she was not disappointed the elder Castro did not appear at the parade. "It is fine that he didn't come, so that he can recuperate," she said.

In Miami, Alfredo Mesa, executive director of the anti-Castro Cuban-American National Foundation, said the leader's failure to appear was unimportant.

"For us, Fidel Castro is part of the past," Mesa said. "The pressure is on those who did appear, for them to let Cubans in Cuba decide for themselves what kind of future they want."

Venezuelan President Hugo Chavez said in Caracas that Castro, his good friend and ally, was still "alive and kicking" and that Cuba's communist revolution will live on. Chavez could not attend the parade because he faces re-election Sunday.

Among those at the parade were Bolivian President Evo Morales, Haitian President Rene Preval, Nicaraguan President-elect Daniel Ortega and Colombian Nobel laureate Gabriel Garcia Marquez, as well as hundreds of elderly former combatants from Cuba's revolutionary struggle.

In the first major military parade held in Havana in a decade, tens of thousands of Cubans marched behind anti-aircraft missiles, tanks and other armored vehicles while MiG fighter jets and helicopter gunships flew overhead. The crowd of loyalists was more subdued than in other mass events presided over by Fidel Castro.

Thousands of soldiers led the parade, including special forces in red berets, militiamen in blue uniforms and horseback riders wearing the white dress uniform of 19th century Cuban independence fighters.

Cuba's Revolutionary Armed Forces, which replaced the military that existed before the Cuban Revolution, traces its roots to Dec. 2, 1956, when 82 rebels landed on the island on a yacht — the Granma — that sailed from Mexico.

Only 12 survived the landing and initial skirmishes with President Fulgencio Batista's forces in December 1956. Among the survivors were the two Castro brothers and Ernesto "Che" Guevara, who headed for the hills to build a command post for the revolution that drove Batista out of Cuba on Jan. 1, 1959.

A Rare Silence Reverberates In Castro's Long Goodbye (NYT)

By Marc Lacey

The New York Times, December 3, 2006

HAVANA, Dec. 2 — In his day, Fidel Castro could not stop talking. He was Cuba's talk show host as well as its president, with his frequent long speeches broadcast into homes on radio and television serving as something akin to background music in Cubans' lives.

Anything that popped into his head was material, whether it was his reflections on Cuban history, his outrage at Washington or a meandering story that left audiences scratching their heads.

Now, though, Mr. Castro, Cuba's ailing leader, is silent, leaving a gap on state-run broadcasts and confused audiences.

On Saturday, the final day of a weeklong belated birthday celebration for the 80-year-old Mr. Castro, Cubans expected one last discourse. But he was a no-show at a flashy military parade that capped the week of festivities. That left many Cubans convinced that their leader of nearly half a century had delivered his final speech.

"The old man is as weak as me," said a man in his 70s who sells copies of the Communist Party newspaper from the wheelchair he has used since losing a leg to gangrene. "I will outlast him."

Mr. Castro last addressed Cubans on July 26, then slipped out of view for several days. On July 31, he announced in a statement that he had had abdominal surgery several days before and that his 75-year-old brother, Raúl, would take over as president while he recuperated.

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Mr. Castro's illness, details of which are still regarded as a state secret, has awakened Cubans to the notion of life without the only leader most of them have ever known. Life, defenders and critics of his rule agree, is likely to continue largely as it has, only with a new Castro, a more taciturn one, at the top of the Communist Party organizational chart.

"Nothing has changed for us," said José, 38, a mechanic who opened the refrigerator in his tiny, rundown apartment this week to show three shriveled tomatoes, three pieces of garlic and little else. "Every day will continue to be a struggle."

Mr. Castro's Cuba is very much a work in progress. Its education and health care systems are universal, but socialism has not wiped out classism or racism, freedom to speak out is clearly restricted and life for most people is humble, at best.

Mr. Castro's popularity stems in large part from his long standoff with the United States; he has been an irritant for presidents dating back to Eisenhower.

A variety of concerts, conferences and other tributes in the past week have had the feeling of a long goodbye. Mr. Castro's death, which opponents in the United States had predicted for years was imminent, is now widely assumed among Cubans to be looming.

At Saturday's parade, Raúl was the only Castro to speak. In a 20-minute address, he railed at the American government, condemning the war in Iraq and suggesting that Cuba would negotiate with Washington only on equal terms.

"After almost half a century, we are willing to wait patiently until the moment when common sense prevails in the Washington power circles," he said.

The parade, which featured Soviet-made tanks rumbling by and jets streaking overhead, drew onlookers from around the world, including such notables as Gabriel García Márquez, the Nobel prize-winning author from Colombia; Daniel Ortega, the president-elect of Nicaragua; Evo Morales, the president of Bolivia; René Préval, the president of of Haiti; and the French actor Gérard Depardieu.

Expectations were high that Mr. Castro would attend, but when he did not, his supporters made the most of the celebration. "He's not physically here, but he's still here with us," said Deysi Francis, 42, a journalist with the state-run newspaper Granma.

Antonio Jiménez, 70, a retired teacher, held up a photograph of a young, cigar-smoking Mr. Castro and expressed optimism that he would recover. "His doctors are trying to preserve him," Mr. Jimenez said.

When he does die, Fidel Castro's illness has already shown that he will not disappear altogether.

Billboards of his likeness and his words have been erected around Cuba, posted after the country learned he was sick. Television has been showing biographical sketches of him and snippets of speeches from the past.

Mr. Castro even continues to speak in the pages of Granma, which is churning out a serialized version of several long interviews he gave a French academic in recent years.

"The enemies of the Cuban revolution are counting the minutes waiting and hoping that he dies, without understanding that Fidel no longer is Fidel," Foreign Minister Felipe Pérez Roque said Thursday at an academic conference devoted to Mr. Castro, the bearded former guerrilla fighter.

"Now, he is the people, and he is every man and woman prepared to fight for the idea that a better world is possible," said Mr. Pérez Roque, who was for years Mr. Castro's personal secretary.

While insisting that Mr. Castro would recover, Mr. Pérez Roque described a post-Castro Cuba in which the ideals he spoke of in his many long addresses over the years would endure. "When he and the men of his generation are no longer with us, we have the conviction that our people will have made those ideas and principles theirs forever," he said.

But Mr. Castro's long-winded days are almost surely in the past. Brian Latell, a former C.I.A. analyst who specialized in Cuba, describes in his book "After Fidel" one speech from 1968, during a political purge on the island, that went on for 12 hours.

"Probably no other human in any line of work has ever been recorded uttering such avalanches of words," wrote Mr. Latell, who sifted through many of Mr. Castro's thousands of speeches over the years in search of clues on his thinking.

On the streets, people speak of him fondly one minute, then whisper criticism of his rule. Saying his name is not necessary — they sometimes stroke an imaginary beard. Opinions are often a jumble of contradictions.

"I don't have a bad opinion of him, but he has us like we're in jail," said Mario Gutiérrez, 19, a rap singer.

José, the mechanic, who provided only his first name out of fear his comments could run afoul of the authorities, said Mr. Castro had become a father figure to Cubans — even those who are dissatisfied with their everyday lives and blame him. "Our father is dying, and that's sad," he said, "even though we want him to go."

No Castro, But Lots Of Speculation (WP)

By Manuel Roig-Franzia

The Washington Post, December 3, 2006

HAVANA, Dec. 2 -- Cubans woke before dawn Saturday and walked miles for a chance to be near Fidel Castro.

DOJ_NMG_0101424

There were no guarantees that the Cuban president, who had been absent from public view for more than four months since undergoing stomach surgery, would surface. Just rumors and whispers, whispers and rumors.

The sounds of Havana wrestling with its greatest modern mystery trickled out of faded doorways and clattered off the chipped facades of this gracefully decaying capital.

"He's getting better."

"He's dead."

"Nobody knows."

It went like that all morning, as hundreds of thousands of Cubans ringed the concrete Plaza de la Revolucion for this country's largest military parade in decades. And it went like that long after the last missile launchers and tanks cut smoky paths down the 20th of May Avenue.

The man they had all come to see never showed up. Castro remained hidden away, his illness shrouded in mystery, his whereabouts a jealously guarded state secret.

"We're all wondering what's happening; it's all we talk about," said Angel Gutierrez, a graphic artist who watched the event on television in his home along the parade route, as a half-dozen police officers crowded his doorway to catch a glimpse of the coverage. "Whatever it is, it's bad."

Those in the crowd, waving thousands of Cuban flags attached to splintery poles, got no clues from Castro's handpicked interim successor, his younger brother Raul. Appearing in a green military uniform and a cap, Raul Castro, 75, said Cuba was willing to use "the negotiating table" to improve relations with the United States. But he said little about his brother, other than "Viva Fidel!" -- Long live Fidel!

Many Cubans expected the uncertainty about Fidel Castro to be cleared up Saturday. But the day ended with more confusion.

The president temporarily relinquished power for the first time in 47 years after his surgery on July 31. The Cuban government canceled a blowout party planned for Aug. 13, his 80th birthday, but set Dec. 2 as the date for his triumphant return. It was to have been both a commemoration of the Cuban revolution's 50th anniversary and a belated birthday celebration.

Stars of Latin America's populist movements -- heirs to Castro's legacy -- poured into Havana. There was Daniel Ortega, the onetime rebel who recently recaptured Nicaragua's presidency, and there was Evo Morales, the plain-spoken indigenous leader who holds Bolivia's presidency.

In absentia, Castro was praised in a series of events over the past three days, and honored by political leaders and intellectuals, such as Gabriel Garcia Marquez, a Nobel Prize-winning author and Castro's friend.

Each event was accompanied by a tingle of anticipation, a buzz in the corridors about whether Castro would appear. On Tuesday night, a spokesman read a rambling statement to a concert audience in which Castro said his doctors advised him against showing up at such a large event.

Diplomats and analysts parsed the statement, searching for meaning. Many foreign officials have concluded that Castro does not have long to live, that he is dying of cancer or some other terminal disease.

The possible demise of the dominant figure in modern Cuban history has sparked an endless conversation here about what comes next. Cubans seem to be accepting Raul Castro's legitimacy as Fidel Castro's heir to power, but they wonder and sometimes fear what the younger brother will do.

Cubans often praise the country's 100 percent literacy rate and its system of free schools and medical treatment. But many, speaking cautiously and almost always anonymously, say they hope a new government might allow more personal freedom, sanction private enterprise and lift travel restrictions that keep most Cubans on the island their entire lives.

"I like a lot of what I have," said Pablo, a state worker. "But so much has to change; it just has to."

Change here is associated with the end of Fidel Castro's reign, or more specifically, the end of his life. But the Cuban government says its "supreme leader" will lead again.

On Friday, at the gala closing of Castro's birthday celebration, Vice President Carlos Lage emphatically declared that Castro would recover and return to power.

"He is not a man," Lage shouted into the microphone. "He is a force of nature!"

Yet Lage also seemed to ponder Castro's demise.

"When Fidel is not here, his works and his thoughts will remain," he said.

But at the military parade Saturday, there was no such talk. An announcer shouted "Viva Fidel! Viva Raul!" as a replica of the Granma, the yacht the Castro brothers sailed from Mexico to start their revolution, eased past the reviewing stand.

The elite crowd of invited guests in the plaza yelled back, "Viva Fidel! Viva Raul !"

But the crowd in Gutierrez's living room, and the even bigger one peering through his window and lining the street, watched in silence.

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Fidel's Final Victory (FA)

By Julia E. Sweig

Foreign Affairs, January 1, 2007

From Foreign Affairs, January/February 2007

Summary: The smooth transfer of power from Fidel Castro to his successors is exposing the willful ignorance and wishful thinking of U.S. policy toward Cuba. The post-Fidel transition is already well under way, and change in Cuba will come only gradually from here on out. With or without Fidel, renewed U.S. efforts to topple the revolutionary regime in Havana can do no good -- and have the potential to do considerable harm.

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CUBA AFTER CASTRO?

Ever since Fidel Castro gained power in 1959, Washington and the Cuban exile community have been eagerly awaiting the moment when he would lose it -- at which point, the thinking went, they would have carte blanche to remake Cuba in their own image. Without Fidel's iron fist to keep Cubans in their place, the island would erupt into a collective demand for rapid change. The long-oppressed population would overthrow Fidel's revolutionary cronies and clamor for capital, expertise, and leadership from the north to transform Cuba into a market democracy with strong ties to the United States.

But that moment has come and gone -- and none of what Washington and the exiles anticipated has come to pass. Even as Cuba-watchers speculate about how much longer the ailing Fidel will survive, the post-Fidel transition is already well under way. Power has been successfully transferred to a new set of leaders, whose priority is to preserve the system while permitting only very gradual reform. Cubans have not revolted, and their national identity remains tied to the defense of the homeland against U.S. attacks on its sovereignty. As the post-Fidel regime responds to pent-up demands for more democratic participation and economic opportunity, Cuba will undoubtedly change -- but the pace and nature of that change will be mostly imperceptible to the naked American eye.

Fidel's almost five decades in power came to a close last summer not with the expected bang, or even really a whimper, but in slow motion, with Fidel himself orchestrating the transition. The transfer of authority from Fidel to his younger brother, Raúl, and half a dozen loyalists -- who have been running the country under Fidel's watch for decades -- has been notably smooth and stable. Not one violent episode in Cuban streets. No massive exodus of refugees. And despite an initial wave of euphoria in Miami, not one boat leaving a florida port for the 90-mile trip. Within Cuba, whether Fidel himself survives for weeks, months, or years is now in many ways beside the point.

In Washington, however, Cuba policy -- aimed essentially at regime change -- has long been dominated by wishful thinking ever more disconnected from the reality on the island. Thanks to the votes and campaign contributions of the 1.5 million Cuban Americans who live in florida and New Jersey, domestic politics has driven policymaking. That tendency has been indulged by a U.S. intelligence community hamstrung by a breathtaking and largely self-imposed isolation from Cuba and reinforced by a political environment that rewards feeding the White House whatever it wants to hear. Why alter the status quo when it is so familiar, so well funded, and so rhetorically pleasing to politicians in both parties?

But if consigning Cuba to domestic politics has been the path of least resistance so far, it will begin to have real costs as the post-Fidel transition continues -- for Cuba and the United States alike. Fidel's death, especially if it comes in the run-up to a presidential election, could bring instability precisely because of the perception in the United States that Cuba will be vulnerable to meddling from abroad. Some exiles may try to draw the United States into direct conflict with Havana, whether by egging on potential Cuban refugees to take to the florida Straits or by appealing to Congress, the White House, and the Pentagon to attempt to strangle the post-Fidel government.

Washington must finally wake up to the reality of how and why the Castro regime has proved so durable -- and recognize that, as a result of its willful ignorance, it has few tools with which to effectively influence Cuba after Fidel is gone. With U.S. credibility in Latin America and the rest of the world at an all-time low, it is time to put to rest a policy that Fidel's handover of power has already so clearly exposed as a complete failure.

CHANGE IN THE WEATHER

On July 31, 2006, Fidel Castro's staff secretary made an announcement: Fidel, just days away from his 80th birthday, had undergone major surgery and turned over "provisional power" to his 75-year-old brother, Raúl, and six senior officials. The gravity of Fidel's illness (rumored to be either terminal intestinal cancer or severe diverticulitis with complications) was immediately clear, both from photographs of the clearly weakened figure and from Fidel's own dire-sounding statements beseeching Cubans to prepare for his demise. Across the island, an air of resignation and anticipation took hold.

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The dead of August, with its intense heat and humidity, is a nerve-racking time in Cuba, but as rumors sped from home to home, there was a stunning display of orderliness and seriousness in the streets. Life continued: people went to work and took vacations, watched telenovelas and bootlegged dvds and programs from the Discovery and History channels, waited in lines for buses and weekly rations, made their daily black-market purchases -- repeating the rituals that have etched a deep mark in the Cuban psyche. Only in Miami were some Cubans partying, hoping that Fidel's illness would soon turn to death, not only of a man but also of a half century of divided families and mutual hatred.

Raúl quickly assumed Fidel's duties as first secretary of the Communist Party, head of the Politburo, and president of the Council of State (and retained control of the armed forces and intelligence services). The other deputies -- two of whom had worked closely with the Castro brothers since the revolution and four of whom had emerged as major players in the 1990s -- took over the other key departments. Ranging in age from their mid-40s through their 70s, they had been preparing for this transition to collective leadership for years. José Ramón Balaguer, a doctor who fought as a guerrilla in the Sierra Maestra during the revolution, assumed authority over public health. José Ramón Machado Ventura, another doctor who fought in the Sierra, and Esteban Lazo Hernández now share power over education. Carlos Lage Dávila -- a key architect of the economic reforms of the 1990s, including efforts to bring in foreign investment -- took charge of the energy sector. Francisco Soberón Valdés, president of the Central Bank of Cuba, and Felipe Pérez Roque, minister of foreign affairs, took over finances in those areas.

At first, U.S. officials simply admitted that they had almost no information about Fidel's illness or plans for succession. President George W. Bush said little beyond soberly (and surprisingly) pointing out that the next leader of Cuba would come from Cuba -- a much-needed warning to the small yet influential group of hard-line exiles (Republican florida Congressman Lincoln Diaz-Balart, a nephew of Fidel's, prominent among them) with aspirations to post-Fidel presidential politics.

A few weeks into the Fidel deathwatch, Raúl gave an interview clearly meant for U.S. consumption. Cuba, he said, "has always been ready to normalize relations on the basis of equality. But we will not accept the arrogant and interventionist policies of this administration," nor will the United States win concessions on Cuba's domestic political model. A few days later, U.S. Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon responded in kind. Washington, he said, would consider lifting its embargo -- but only if Cuba established a route to multiparty democracy, released all political prisoners, and allowed independent civil-society organizations. With or without Fidel, the two governments were stuck where they have been for years: Havana ready to talk about everything except the one condition on which Washington will not budge, Washington offering something Havana does not unconditionally want in exchange for something it is not willing to give.

From Washington's perspective, this paralysis may seem only temporary. Shannon compared post-Fidel Cuba to a helicopter with a broken rotor -- the implication being that a crash is imminent. But that view, pervasive among U.S. policymakers, ignores the uncomfortable truth about Cuba under the Castro regime. Despite Fidel's overwhelming personal authority and Raúl's critical institution-building abilities, the government rests on far more than just the charisma, authority, and legend of these two figures.

POLITICALLY INCORRECT

Cuba is far from a multiparty democracy, but it is a functioning country with highly opinionated citizens where locally elected officials (albeit all from one party) worry about issues such as garbage collection, public transportation, employment, education, health care, and safety. Although plagued by worsening corruption, Cuban institutions are staffed by an educated civil service, battle-tested military officers, a capable diplomatic corps, and a skilled work force. Cuban citizens are highly literate, cosmopolitan, endlessly entrepreneurial, and by global standards quite healthy.

Critics of the Castro regime cringe at such depictions and have worked hard to focus Washington and the world's attention on human rights abuses, political prisoners, and economic and political deprivations. Although those concerns are legitimate, they do not make up for an unwillingness to understand the sources of Fidel's legitimacy -- or the features of the status quo that will sustain Raúl and the collective leadership now in place. On a trip to Cuba in November, I spoke with a host of senior officials, foreign diplomats, intellectuals, and regime critics to get a sense of how those on the ground see the island's future. (I have traveled to Cuba nearly 30 times since 1984 and met with everyone from Fidel himself to human rights activists and political prisoners.) People at all levels of the Cuban government and the Communist Party were enormously confident of the regime's ability to survive Fidel's passing. In and out of government circles, critics and supporters alike -- including in the state-run press -- readily acknowledge major problems with productivity and the delivery of goods and services. But the regime's still-viable entitlement programs and a widespread sense that Raúl is the right man to confront corruption and bring accountable governance give the current leadership more legitimacy than it could possibly derive from repression alone (the usual explanation foreigners give for the regime's staying power).

The regime's continued defiance of the United States also helps. In Cuba's national narrative, outside powers -- whether Spain in the nineteenth century or the United States in the twentieth -- have preyed on Cuba's internal division to dominate Cuban politics. Revolutionary ideology emphasizes this history of thwarted independence and imperialist meddling, from the

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Spanish-American War to the Bay of Pigs, to sustain a national consensus. Unity at home, the message goes, is the best defense against the only external power Cuba still regards as a threat -- the United States.

To give Cubans a stake in this tradeoff between an open society and sovereign nationhood, the revolution built social, educational, and health programs that remain the envy of the developing world. Public education became accessible to the entire population, allowing older generations of illiterate peasants to watch their children and grandchildren become doctors and scientists; by 1979, Cuba's literacy rates had risen above 90 percent. Life expectancy went from under 60 years at the time of the revolution to almost 80 today (virtually identical to life expectancy in the United States). Although infectious disease levels have been historically lower in Cuba than in many parts of Latin America, the revolutionary government's public vaccination programs completely eliminated polio, diphtheria, tetanus, meningitis, and measles. In these ways, the Cuban state truly has served the poor underclass rather than catering to the domestic elite and its American allies.

Foreign policy, meanwhile, put the island on the map geopolitically. The Cubans used the Soviets (who regarded the brash young revolutionaries as reckless) for money, weapons, and insulation from their implacable enemy to the north. Although the government's repression of dissent and tight control over the economy drove many out of the country and turned many others against the Castro regime, most Cubans came to expect the state to guarantee their welfare, deliver the international standing they regard as their cultural and historical destiny, and keep the United States at a healthy distance.

The end of the Cold War seriously threatened this status quo. The Soviet Union withdrew its $4 billion annual subsidy, and the economy contracted by 35 percent overnight. Cuba's political elite recognized that without Soviet support, the survival of the revolutionary regime was in peril -- and, with Fidel's reluctant acquiescence, fashioned a pragmatic response to save it. Cuban officials traveling abroad started using once-anathema terms, such as "civil society." Proposals were circulated to include multiple candidates (although all from the Communist Party) in National Assembly elections and to permit small private businesses. The government legalized self-employment in some 200 service trades, converted state farms to collectively owned cooperatives, and allowed the opening of small farmers' markets. At Raúl's instigation, state enterprises adopted capitalist accounting and business practices; some managers were sent to European business schools. As the notion of a "socialist enterprise" became increasingly unsustainable, words like "market," "efficiency," "ownership," "property," and "competition" began to crop up with ever more frequency in the state-controlled press and in public-policy debates. Foreign investment from Europe, Latin America, Canada, China, and Israel gave a boost to agriculture and the tourism, mining, telecommunications, pharmaceutical, biotechnology, and oil industries.

These changes rendered Cuba almost unrecognizable compared with the Cuba of the Soviet era, but they also allowed Fidel's government to regain its footing. The economy began to recover, and health and educational programs started to deliver again. By the end of the 1990s, Cuba's infant mortality rate (approximately six deaths per 100,000 births) had dropped below that of the United States, and close to 100 percent of children were enrolled in school full time through ninth grade. Housing, although deteriorating and in desperate need of modernization, remained virtually free. And a cosmopolitan society -- albeit one controlled in many ways by the state -- grew increasingly connected to the world through cultural exchanges, sporting events, scientific cooperation, health programs, technology, trade, and diplomacy. Moreover, by 2002, total remittance inflows reached $1 billion, and nearly half of the Cuban population had access to dollars from family abroad.

In 2004, a process of "recentralization" began: the state replaced the dollar with a convertible currency, stepped up tax collection from the self-employed sector, and imposed stricter controls on revenue expenditures by state enterprises. But even with these controls over economic activity, the black market is everywhere. Official salaries are never enough to make ends meet, and the economy has become a hybrid of control, chaos, and free-for-all. The rules of the game are established and broken at every turn, and most Cubans have to violate some law to get by. The administrators of state enterprises steal and then sell the inputs they get from the government, forcing workers to purchase themselves the supplies they need to do their jobs -- rubber for the shoemaker, drinking glasses for the bartender, cooking oil for the chef -- in order to fill production quotas.

At the same time, the revolution's investment in human capital has made Cuba uniquely well positioned to take advantage of the global economy. In fact, the island faces an overcapacity of professional and scientific talent, since it lacks the industrial base and foreign investment necessary to create a large number of productive skilled jobs. With 10,000 students in its science and technology university and already successful joint pharmaceutical ventures with China and Malaysia, Cuba is poised to compete with the upper ranks of developing nations.

STRAITS JACKET

The last potential turning point in U.S.-Cuban relations came with the end of the Cold War. Cubans greeted the fall of the Berlin Wall with a collective sigh of relief; it was, they thought, an opportunity to explore the kind of society Cuba might become once it could no longer depend on the Soviet Union. But over the next decade and a half, U.S. policymakers -- hobbled by domestic politics and a fundamental misunderstanding of the reality on the island -- missed opportunity after opportunity to bring decades of enmity to a close.

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Instead of allowing debates about reform to take their natural course in Cuba, Washington jumped on the chance to, as Bill Clinton put it in the 1992 presidential campaign, "bring the hammer down" on Fidel. Congress passed and Clinton signed the Cuban Democracy Act, which, among other things, barred foreign subsidiaries of U.S. companies from trading with Cuba and ships traveling from Cuban ports from docking in the United States. Havana reacted with predictable outrage, condemning U.S. imperial designs in dramatic public protests. More important, some reform proposals were put on hold -- lest the slightest crack in Cuba's armor open the way to U.S.-backed counterrevolution. National security trumped everything else.

The next decade saw a series of half steps forward followed by large steps back. Hoping to learn more about the island while driving a wedge between its people and its government, the Clinton administration began to allow licensed travel to Cuba for academic purposes and for the sake of lending "support to the Cuban people." It also embraced a policy of "calibrated response": as Cuba changed, U.S. policy would as well. Without ever relating them to U.S. gestures, Cuba did undertake some important (and largely unreciprocated) reforms, loosening restrictions on family and some professional travel, relaxing residency requirements for writers and artists, and continuing the economic openings. And when 40,000 rafters left for U.S. shores in 1994, after a summer of brutal heat and electricity and food shortages in Havana, U.S. and Cuban officials began secret negotiations in Canada. The result was unprecedented cooperation on migration issues -- Washington would provide 20,000 visas to Cubans a year, and the U.S. Coast Guard would send Cubans picked up at sea to the U.S. naval base at Guantánamo Bay -- and a degree of official and people-to-people contact unknown since a brief opening under Jimmy Carter.

But these tentative steps, bitterly resisted by exiles who feared a slippery slope toward full-blown U.S.-Cuban relations, were soon thwarted. In February 1996, the Cuban air force shot down two planes being flown in the area by an exile group called Brothers to the Rescue. Led by a Bay of Pigs veteran, the group would make surveillance flights over the florida Straits (to inform the U.S. Coast Guard of rafters) and occasionally drop anti-Castro pamphlets over Havana from Cessnas bought at Pentagon tag sales. Sometimes, U.S. officials would join the flights. Havana had repeatedly warned Washington that the flights would not be tolerated, but the shootdown nonetheless resulted in swift congressional retaliation -- in the form of the Cuban Liberty and Democratic Solidary Act, better known as Helms-Burton.

Helms-Burton took the U.S. embargo to new extremes. It attempted to halt all foreign investment in Cuba by allowing investors to be sued in U.S. courts. It mandated that future presidents could lift the embargo only if Cuba complied with a number of conditions, including holding multiparty elections, recognizing private property, and releasing all political prisoners. And it stipulated that any future change in U.S. policy would depend on Fidel and Raúl Castro -- along, implicitly, with other senior officials in the military and the Communist Party -- leaving politics altogether.

The Cuban regime responded with its own hard line. Raúl, although a leading advocate of economic reform domestically, was an absolutist when it came to confronting the United States. Even as some liberalization continued, and a new Cuban constitution opened the way for a religious revival by allowing Communist Party members to practice openly, there was a government-wide purge of academics and intellectuals -- many of them party loyalists -- thought to be associated with the United States or U.S.-backed reforms. The message was chillingly clear: given a choice between national security and a more open society, the revolution would pick security every time.

In the wake of Helms-Burton, the Clinton administration worked to revive a series of goodwill initiatives. When Pope John Paul II visited Havana's jam-packed Revolution Square in 1999, he asked "the world to open to Cuba and Cuba to open to the world." His entreaty gave both Washington and Havana political cover to revive some momentum on improving relations. The countries' coast guards worked together on antidrug operations, and retired U.S. military commanders met with Fidel and Raúl. The Baltimore Orioles and the Cuban national baseball team played each other -- once in Baltimore, once in Havana -- and after the musicologist Ry Cooder released an album of traditional Cuban ballads, there was a "Buena Vista Social Club effect," with American artists, musicians, clergy, academics, students, businesspeople, and politicians flocking to Cuba in record numbers. Cuban Americans who had not returned to the island since leaving as small children visited for the first time, and then returned over and over, reconnecting with long-lost family members. A number of prominent Republicans, including former Secretaries of State Henry Kissinger and George Shultz, called for a bipartisan commission to undertake a full-scale review of U.S. policy toward Cuba.

But the day after Thanksgiving in 2000, progress was undermined once again -- this time by the arrival in southern florida of a six-year-old boy named Elián González. Elián had left Cuba with his mother, but she had died on the trip to the United States. At first, the Clinton administration was slow to take Elián from the custody of his relatives in florida and return him to his father in Cuba -- inflaming Cuban nationalism and inciting mass anti-U.S. protests in Havana. Then, when Attorney General Janet Reno ordered federal agents to seize Elián in a predawn raid and return him to his father, the exile community erupted. The incident not only ended the prospect of a further thawing in U.S.-Cuban relations; it also (at least absent a recount) helped tip the presidential election to George W. Bush, who defeated Al Gore in florida by a few hundred votes.

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Like most aspiring presidents casting around for votes, candidate Bush had promised to end the Castro regime. But it was not until the September 11 attacks, and the administration's newfound attention to democracy promotion and rogue regimes, that U.S. Cuba policy took a decidedly more aggressive turn. Bush's first-term Latin America team (many of whose members had either helped write or lobbied for Helms-Burton) rejected any business or security cooperation with Havana and encouraged speculation that Cuba was developing bioweapons for export to rogue regimes or use against the United States. (Those allegations, not surprisingly, withered under closer scrutiny.) By the end of its first term, the Bush administration had upended virtually all initiatives, official and unofficial, for improving relations. It ended the bilateral talks on migration. It stopped approving most medical sales, made legal travel to Cuba difficult for all but faith-based groups and some academics, and cut off visas for Cuban academics and artists. And it almost entirely barred Cuban Americans, who lean strongly Republican, from visiting or sending money to Cuba. Only sales of U.S. agricultural products, because they were explicitly allowed by Congress, escaped the crackdown.

INFIDELITY

Although the George H. W. Bush administration ended covert efforts to topple Fidel, the United States today spends about $35 million a year on initiatives described by some as "democracy promotion" and by others as "destabilization." Radio Martí and tv Martí broadcast from florida to Cuba; other U.S. government programs are intended to support dissidents, the families of political prisoners, human rights activists, and independent journalists. Although some Cubans do listen to Radio Martí, the Cuban government blocks the tv Martí signal, and without open ties between the countries, only a fraction of the support actually reaches Cubans living on the island; the lion's share is distributed through no-bid contracts to the anti-Castro cottage industry that has sprung up in Miami, Madrid, and a few Latin American and eastern European capitals. The recipients of such federal largess -- along with the Cuban intelligence agents that routinely penetrate the groups they form -- have become the primary stakeholders in Washington's well-funded, if obviously ineffective, policy toward Cuba.

On the ground in Cuba, moreover, these efforts are generally counterproductive. U.S. economic sanctions have given Cuba's leaders justification for controlling the pace of the island's insertion into the world economy. The perception, pervasive in Cuba, that the United States and the Cuban diaspora are plotting regime change further strengthens domestic hard-liners who argue that only a closed political model with minimal market openings can insulate the island from domination by a foreign power allied with old-money elites. Dissidents who openly associate with U.S. policy and its advocates in Miami or the U.S. Congress mark themselves as stooges of the United States, even if they are not. Moreover, the Cuban government has successfully undermined both the domestic and the international legitimacy of dissidents by "outing" some as sources, assets, or agents of the United States (or of Cuba's own intelligence services). The 2003 arrest and incarceration of 75 dissidents was intended to demonstrate that Cuba could and would preempt outside efforts at regime change regardless of the consequent international outcry and U.S. congressional rebuke.

There are some genuine dissidents in Cuba untainted by either government and not weakened by infighting. One, Oswaldo Payá, is a devout Catholic who heads the Varela Project, which collected more than 11,000 signatures in 2002 for a petition calling on the Cuban government to hold a referendum on open elections, free speech, free enterprise, and the release of political prisoners. Yet it is only by resisting the embrace of the international community, and of the United States in particular, that Payá has maintained his credibility and autonomy. Meanwhile, below the radar screen (and throughout officially sanctioned Cuban institutions), there are scores of thoughtful nationalists, communists, socialists, social democrats, and progressives who may not yet have the political space to air their views publicly but who express dissent in terms that U.S. policymakers either do not recognize or do not support.

The upshot of a half century of hostility -- especially now with ties severed almost entirely -- is that Washington has virtually no leverage over events in Cuba. With no other way to make good on its campaign commitments to Cuban Americans short of a full-scale invasion, the Bush administration established the Commission for Assistance to a Free Cuba in 2003 and appointed a "Cuba transition coordinator" in 2004. To date, the commission, the membership and deliberations of which have been kept secret, has issued two reports, totaling over 600 pages, on what kind of assistance the U.S. government could, "if requested," provide to a transitional government in Cuba.

The basic assumption behind the commission's planning is that with outside assistance, Cuba's transition will be a hybrid of those in eastern Europe, South Africa, and Chile. Those analogies and the policy prescriptions derived from them do not hold up. Unlike Eastern Europeans in the 1980s, Cubans, though enthusiasts of American culture and dynamism, regard Washington not as a beacon of freedom against tyranny but as an imperialist oppressor that has helped justify domestic repression. (Moreover, the United States had actively promoted travel, commerce, and cultural ties with the Soviet bloc before the transitions there began.) In the case of South Africa, the sanctions that helped topple the apartheid regime were successful because they were, in contrast to the unilateral U.S. embargo on Cuba, international in scope. And in Chile, the U.S. government was able to ease Augusto Pinochet out of power only because it had staunchly supported him for so long.

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The second feature of Washington's vision for post-Fidel Cuba is more dangerous than a bad analogy. The Bush administration has made clear that its top priority is to interrupt the Castro regime's succession plans. The Commission for Assistance to a Free Cuba report released just before Fidel underwent intestinal surgery in July states, "The only acceptable result of Fidel Castro's incapacitation, death, or ouster is a genuine democratic transition. ... In order to undermine the regime's succession strategy, it is critical that the U.S. government maintain economic pressure on the regime."

Since the 2003 war in Iraq, Cubans have closely observed the effects of de-Baathification there. Like membership in Iraq's Baath Party under Saddam Hussein, membership in the Cuban Communist Party is a ticket to professional advancement for devout believers and agnostic opportunists alike. Party members include sophisticated intellectuals, reform-minded economists, clergy, brash up-and-coming youth leaders, scientists, professors, military officers, bureaucrats, police officers, and businesspeople in the "revenue-earning sectors" of the economy. In short, it is impossible to know who among the roughly million party members (and 500,000 members of the Union of Communist Youth) is a real fidelista or raulista. Purging party members would leave the country without the skilled individuals it will need after Fidel, whatever the pace of change. And should the United States, or a government that Washington deems adequately transitional, ever be in a position to orchestrate such a purge, it would then face an insurgency of highly trained militias galvanized by anti-American nationalism.

One encouraging development is that the Cuban American community is no longer of one mind with respect to Cuba's future and its role in it. For decades, a vocal minority of hard-line exiles -- some of whom have directly or indirectly advocated violence or terrorism to overthrow Fidel -- have had a lock on Washington's Cuba policy. But Cuban Americans who came to the United States as young children are less passionate and single-minded as voters than their parents and grandparents, and the almost 300,000 migrants who have arrived since 1994 are generally most concerned with paying bills and supporting their families on the island. Now, the majority of Cuban Americans, although still anti-Castro, recognize that the embargo has failed and want to sustain family and humanitarian ties without completely eliminating sanctions. Overall, many want reconciliation rather than revenge.

The State Department is starting to recognize these changes, and many members of Congress must now answer to constituents from other Latin American countries who resent the outsized influence of Cuban Americans. But the hard-liners and their allies in Washington will continue to fight any proposed policy overhaul. They worry that if Washington adopts a more realistic approach to the island, the policy train will bypass Miami and head straight for Havana -- and they will have lost their influence at the moment when it matters most.

WASHINGTON'S MOVE

Even with the economy growing and new public-sector investment in transportation, energy, education, health care, and housing, Cubans today are deeply frustrated by the rigors of just making ends meet. They are eager for more democratic participation and economic opportunity. But they also recognize that Cuba's social, economic, and political models will change only gradually, and that such reform will be orchestrated by those whom Fidel has long been grooming to replace him. Washington, too, must accept that there is no alternative to those already running post-Fidel Cuba.

From the perspective of Fidel's chosen successors, the transition comes in a particularly favorable international context. Despite Washington's assiduous efforts, Cuba is far from isolated: it has diplomatic relations with more than 160 countries, students from nearly 100 studying in its schools, and its doctors stationed in 69. The resurgence of Latin America's left, along with the recent rise in anti-American sentiment around the globe, makes Cuba's defiance of the United States even more compelling and less anomalous than it was just after the Cold War. The Cuban-Venezuelan relationship, based on a shared critique of U.S. power, imperialism, and "savage capitalism," has particular symbolic power. Although this alliance is hardly permanent, and American observers often make too much of Venezuela's influence as a power broker, it does deliver Cuba some $2 billion in subsidized oil a year and provide an export market for Cuba's surfeit of doctors and technical advisers. (By providing the backbone for Venezuelan President Hugo Chávez's social programs and assistance in building functional organizations, Havana exercises more influence in Venezuela than Caracas does in Cuba.) Havana, without ceding any authority to Chávez, will optimize this relationship as long as it remains beneficial.

Nor is Venezuela the only country that will resist U.S. efforts to dominate post-Fidel Cuba and purge the country of Fidel's revolutionary legacy. Latin Americans, still deeply nationalistic, have long viewed Fidel as a force for social justice and a necessary check on U.S. influence. As attendance at his funeral will demonstrate, he remains an icon. Latin Americans of diverse ideological stripes, most of them deeply committed to democracy in their own countries, want to see a soft landing in Cuba -- not the violence and chaos that they believe U.S. policy will bring. Given their own failures in the 1990s to translate engagement with Cuba into democratization, and the United States' current credibility problems on this score, it is unlikely that U.S. allies in Latin America or Europe will help Washington use some sort of international initiative to advance its desires for radical change in Cuba.

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When Fidel dies, various actors in the United States and the international community will rush to issue and, if they get their way, enforce a series of demands: hold a referendum and multiparty elections, immediately release all political prisoners, return nationalized property and compensate former owners, rewrite the constitution, allow a free press, privatize state companies -- in short, become a country Cuba has never been, even before the revolution. Many of those goals would be desirable if you were inventing a country from scratch. Few of them are now realistic.

After Fidel's funeral, a "transition" government of the sort Washington is hoping for will not occupy the presidential palace in Havana. This means that the White House cannot responsibly wait for the happy day when the outlines of its commission reports can be put to the test. Instead, the current administration should immediately start talking to the senior Cuban leadership. Recognizing that Cuba and the United States share an interest in stability on both sides of the florida Straits, the first priority is to coordinate efforts to prevent a refugee crisis or unforeseen provocations by U.S.-based exile groups eager to exploit a moment of change on the island. Beyond crisis management, Washington and Havana can cooperate on a host of other concerns in the Caribbean Basin, including drug trafficking, migration, customs and port security, terrorism, and the environmental consequences of offshore drilling in the Gulf of Mexico. The two countries have successfully worked on some of these issues in the past: each has bureaucracies staffed by professionals who know the issues, and even know one another. An end to Washington's travel ban, a move already backed by bipartisan majorities in the House of Representatives, would further open the way to a new dynamic between the United States and Cuba. Just as the first Bush White House formally ended covert operations on the island, this Bush administration or its successor should also affirmatively take regime change, long the centerpiece of Washington's policy toward Cuba, off the table.

By continuing the current course and making threats about what kind of change is and is not acceptable after Fidel, Washington will only slow the pace of liberalization and political reform in Cuba and guarantee many more years of hostility between the two countries. By proposing bilateral crisis management and confidence-building measures, ending economic sanctions, stepping out of the way of Cuban Americans and other Americans who wish to travel freely to Cuba, and giving Cuba the space to chart its own course after Fidel, Washington would help end the siege mentality that has long pervaded the Cuban body politic and, with the applause of U.S. allies, perhaps help accelerate reform. Cubans on and off the island have always battled over its fate -- and attempted to draw American might into their conflicts, directly or indirectly. Lest the next 50 years bring more of the same, the wisest course for Washington is to get out of the way, removing itself from Cuba's domestic politics altogether.

Fidel's successors are already at work. Behind Raúl are a number of other figures with the capacity and the authority to take the reins and continue the transition, even after Raúl is gone. Fortunately for them, Fidel has taught them well: they are working to consolidate the new government, deliver on bread-and-butter issues, devise a model of reform with Cuban characteristics, sustain Cuba's position in Latin America and internationally, and manage the predictable policies of the United States. That these achievements will endure past Fidel's death is one final victory for the ultimate Latin American survivor.

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Gen. Pinochet Suffers Heart Attack (AP)

By Eduardo Gallardo, Associated Press Writer

AP, December 3, 2006

Former dictator Gen. Augusto Pinochet was hospitalized early Sunday after suffering a heart attack and is in serious but stable condition, the Santiago Military Hospital said.

The 91-year-old retired general, who has been under house arrest, was rushed to the hospital after suffering "an acute" heart attack, the hospital said in a statement. "His condition is serious but stable."

The brief statement said Pinochet was at the hospital's emergency room undergoing treatment.

Pinochet, who ruled from 1973 until 1990, was taken to the hospital from his suburban Santiago residence.

Pinochet's spokesman, retired Gen. Guilleremo Garin, said the former strongman was undergoing "thorough medical tests. It's a heart condition. That's all we know now."

Pinochet's health has deteriorated gradually in recent years. He has used a pacemaker for several years and was diagnosed with mild dementia caused by several strokes. He also suffers from diabetes and arthritis.

The former dictator's failing health has helped him escape punishment for human rights abuses committed during his regime, with courts ruling his condition prevented from standing trail in at least two cases in recent years.

But last week, Pinochet was indicted and ordered to remain under house arrest for the execution of two bodyguards of Salvador Allende, the freely elected Marxist president who was toppled in the 1973 coup.

The indictment came after Pinochet's 91st birthday on Nov. 25, which he marked by issuing a statement for the first time taking full political — though not explicitly legal — responsibility for abuses committed by his regime.

"Today, near the end of my days, I want to say that I harbor no rancor against anybody, that I love my fatherland above all and that I take political responsibility for everything that was done which had no other goal than making Chile greater and avoiding its disintegration," he said at the time.

The recent house arrest is the fifth such action taken against Pinochet on charges stemming from human rights violations during his dictatorship.

The indictment alleges kidnapping and homicide in connection with the deaths of two Allende bodyguards who were arrested the day of the coup, Sept. 11, 1973. Both were executed by firing squad four weeks later, the military regime announced at the time.

Pinochet faces two other indictments — another in connection to human rights abuses and one on tax charges.

According to an official report prepared by an independent commission appointed by the first civilian government after Pinochet's rule, 3,197 people were killed for political reasons during his regime and more than 1,000 of them were "disappeared."

Venezuela's Economic Boom Buoys Chávez's Campaign (NYT)

By Simon Romero

The New York Times, December 3, 2006

CARACAS, Venezuela, Dec. 2 — To understand why Hugo Chávez seems set for victory in Sunday's presidential election and a strengthened mandate for what he calls a socialist revolution, consider the vigor here of that most capitalist of institutions: the stock exchange.

Housed in El Rosal, an upscale district with new skyscrapers and hotels, the 59-year-old Caracas stock exchange was the site of frenzied trading this week. Its main index climbed to a record high of 46,741, topping off a 129.2 percent rise this year that has made it one of the best performing markets in the world. On Friday, the index climbed 8 percent for its biggest daily gain in four years.

"For all of Chávez's faults, his government has been extremely pragmatic in economic terms," said José Guerra, a former chief of economic research at Venezuela's central bank. "State-supported capitalism isn't just surviving under Chávez," he said. "It is thriving."

Often lost in the campaigning between Mr. Chávez and his electoral challenger, Manuel Rosales, is that Venezuela, with the largest conventional petroleum reserves outside the Middle East, is having one of the most significant oil booms in its history. Economic growth this year is set to pass 10 percent, making Venezuela the fastest-growing economy in the Americas.

The Chávez government, while wrapping itself in socialist imagery — like red clothing — and deepening its alliance with Fidel Castro's Cuba, has made this expansion possible by quietly working with Venezuela's banking system. The rush of petrodollars into the economy has led bank deposits to climb 84 percent in the past 12 months, according to Softline Consultores, a financial consulting business here.

The boom is evident in an economy that has put financial speculation and conspicuous consumption ahead of domestic manufacturing. For instance, foreign automobile companies Ford and General Motors will sell 300,000 cars in the country this year. Economists describe Venezuela as a "harbor economy" because of its lust for imported goods.

"Many people say we're in a profound political and social crisis," said Michael Penfold-Becerra, an economist at the Institute of Higher Administrative Studies, a Caracas business school. "On the contrary, we've returned to a temporary period of harmony. Oil is buying us a certain social peace and stability."

Neither candidate in Sunday's election seems to acknowledge the growing consumerism in rich and poor households as one of the main reasons Mr. Chávez has resilient popularity ratings after eight years as president. Most opinion polls give him a double-digit lead over Mr. Rosales, governor of the oil-producing Zulia State in the west.

Mr. Chávez makes frequent exhortations in favor of socialism, sometimes describing Jesus Christ as the first socialist and Judas as the first capitalist. Mr. Rosales said in an interview that Mr. Chávez, who has deepened ties with Cuba by bringing thousands of Cuban doctors to Venezuela in exchange for subsidized oil, was "implementing a Castro-style system of autocratic rule in Venezuela."

While Mr. Chávez promises socialism, historians say that in effect he is delivering old-fashioned populism. He is often compared to Carlos Andrés Pérez, the populist president who oversaw economic expansion in the 1970s when Venezuela also benefited from higher oil prices.

"Chávez has a problem in that what he calls his socialist revolution never involved the overthrow of a dictator like Batista or Somoza," said Alberto Barrera Tyszka, who co-wrote an acclaimed biography of Mr. Chávez. "He's redefining socialism as a

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concept that could exist only in Venezuela, where it is characterized by hatred of George Bush and an excess of BMWs and Audis."

Some Chávez economic policies draw inspiration from formulas used with mixed results by countries in the developing and industrialized worlds the 1960s and 1970s. These include price controls for food and gasoline, strict limits on buying and selling foreign currency and caps on everything from lending rates at banks to hourly fees at parking lots.

At the same time, the government has channeled billions of dollars in oil revenues into social welfare programs and small cooperatives intended to produce goods to replace imports on the domestic market. The government says these efforts are moving Venezuela toward a vaguely defined "21st-century socialism."

Oil is at the heart of this development model. Venezuela, in contrast to oil-exporting countries like Mexico or Saudi Arabia that tightly circumscribe the operations of foreign oil companies, still produces oil in ventures with some of the largest private energy companies, including Chevron and Royal Dutch Shell. And the government works closely with Venezuelan and foreign banks to maintain economic stability.

Unlike Rafael Correa, the newly elected president of Ecuador, who plans to renegotiate the foreign debt, Mr. Chávez has made every effort to meet Venezuela's obligations with foreign lenders. As a result, markets still consider Venezuelan bonds about as safe an investment as bonds issued by Brazil, a neighboring industrial powerhouse.

The Finance Ministry, meanwhile, has tolerated loopholes for the moneyed classes to circumvent foreign exchange controls by allowing them to buy stocks and bonds that can be exchanged for securities denominated in dollars. Critics of this system say it has allowed a new elite to emerge through opaque dealings with the government.

Fernando Coronil, a Venezuelan historian at the University of Michigan, said Mr. Chávez's policies were reminiscent of the heady years after World War II when Democratic Action, a social democratic party, swept into power on a platform that emphasized distributing oil wealth to the poor. Leaders even called their movement the October Revolution, though populist rule in Venezuela eventually became characterized by a lack of transparency in the distribution of favors through the state.

While earlier booms revolved around huge investments in industrial projects like aluminum smelters, analysts say the latest expansion is especially risky because it focuses mainly on consumption.

Despite boasting of some of South America's most fertile land in an area the size of Texas and Oklahoma combined, Venezuela still imports more than half its food, largely from the United States and Colombia. An overvalued currency, meanwhile, has been disastrous for Venezuelan industry with the number of manufacturing companies falling to about 8,000 today from 17,000 in 1998, according to Mr. Guerra, the former economist at the central bank.

With Chavez, Some Venezuelan Entrepreneurs See Opportunity (WP)

By Juan Forero

The Washington Post, December 3, 2006

CARACAS, Venezuela, Dec. 2 -- Venezuela's business establishment often warns that if President Hugo Chavez wins reelection Sunday, it won't take long before the populist firebrand transforms Venezuela into a communist state, dooming its oil-rich economy. Alejandro Uscategui, an industrialist here, couldn't disagree more.

Overseeing a variety of companies, Uscategui is among a growing number of business leaders who reject the doom-and-gloom scenario and see something else entirely in Venezuela's free-spending government: opportunity.

"We think President Hugo Chavez has done a very good job," said Uscategui, president of an association, Entrepreneurs for Venezuela, that is closely allied with the government. "Here there has been incredible growth in companies. There are businesses that close, sure, but they don't close because of Ch?vez."

Eight years into what Chavez calls "21st century socialism," Venezuela's economy has evolved into one marked by contradictions: the highest growth rate in the Americas and grinding underemployment, out-of-control consumerism and a lack of investment, troubling uncertainty and golden prospects.

The economy is expected to expand by more than 8 percent this year, the highest rate in South America. Gross domestic product has shot up from about $92 billion in 2002 to a projected $170 billion this year. The torrent of oil revenue filters down to companies and consumers, who are on a buying binge for luxury cars, penthouse apartments and 48-inch plasma television sets.

It is also a country where foreign investment has collapsed, falling from $5.6 billion in 1997 to a projected negative outflow of $2.7 billion this year, according to calculations by Tamara Herrera, an economist with LatinSource, a New York-based group of Latin American economists. The economy is unable to create enough jobs for those entering the workforce, and inflation, at 15 percent, is among the highest in Latin America.

In a foreshadowing of possible trouble, the price of oil has experienced a four-month slide that recently dropped the Venezuelan barrel below $50, about as low as the government wants to go.

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"The data continues to shine, but behind it in our opinion are serious problems of sustainability, and of the possibility of stagnation," said Herrera, also chief economist of Sintesis Financiera, a consulting firm in Caracas. "Behind these numbers are a huge dependence on oil, more than we've ever seen."

The question now is where Chavez will take this country of 26 million should he win another six-year term, as the majority of public opinion polls predict. His promise to further consolidate his revolution would surely mean more state control over the private sector, the creation of hundreds, if not thousands, of state cooperatives and the founding of more state-owned companies. If the price of oil holds, billions more would be funneled into social programs.

"Socialism is the only path that will permit us to save the human being, the human species," Chavez said in a recent speech. "Capitalism is the path to the destruction of the world, the destruction of the human being. Capitalism is the path to the destruction of life."

Capitalism, though, along with Venezuela's state spending, seems to have been very good to a new class of entrepreneurs in Venezuela who have either allied themselves with the government or found a way to have a cordial relationship. Many of them have secured lucrative government contracts, and the opposition has dubbed them the Boliburguesia, short for the Bolivarian bourgeoisie.

"Ninety percent of those businessmen are there because they give them the money to be businessmen," said Flavio Fridegotto, owner of a national chain of hardware stores and a leader in Fedecamaras, the nation's largest business association. "They are there because they are opportunists."

Fridegotto is referring to such people as Majed Khalil, a son of Lebanese immigrants who runs a variety of companies. Eveba cans tuna. Hardwell sells and services computers and software and has a contract to provide schools with technology. His companies provide equipment such as taxiway lights to airports, and he now has a contract to work on the construction of an electrical plant.

"With the government opening up, you see offers and opportunities where you can do business," Khalil said in an interview in his office. "Past governments have never invested like this government."

Uscategui, the head of Entrepreneurs for Venezuela, or Empreven, said he and other business leaders close to the government want to replace Fedecamaras as the main business chamber. Those allied with Chavez will never forget that it was the president of Fedecamaras, Pedro Carmona, who in 2002 became interim president in what turned out to be an ill-fated effort to oust Ch?vez.

Sitting in his office, next to a table of pharmaceutical products he hopes to sell to government clinics, Uscategui talks of being committed to the "idea of social capitalism" and warns of business people who "want to exploit Venezuela's riches and go live elsewhere."

"We defend the private property, we defend businessmen, we defend credits," Uscategui said. "Our difference is we don't aspire to political power, we don't question Ch?vez."

Uscategui says altruism motivates him, but he exudes astute self-interest, crucial to survive in Venezuela's topsy-turvy economy. Unlike those who supported the failed coup, and a disastrous national oil strike that lasted two months, Uscategui stuck with the government.

He soon found himself invited to business gatherings, where he would be seated next to Ch?vez. "The business sector has advanced," he said with assurance. "It has not gone to elites."

Alberto Vollmer, 38, who runs Santa Teresa Rum, a distiller that is one of Venezuela's most storied companies, is among those who is admittedly from the traditional upper class. He lost a third of the 7,400 acres that made up his farm to land invaders, but he did not lash back.

He instead started working closely with the government to implement social programs in the poor barrios nearby. "There are mistakes this government has made and is making, but if you don't have a constructive attitude, you won't get anything done," he said. Vollmer has, to be sure, drawn the ire of some entrepreneurs for working with the government.

"For some of my friends, it's very hard to understand that I get along with Ch?vez," he said. "It doesn't mean I agree with 100 percent of their ideas."

Vollmer is far from being a confidant of the president. He rattles off deep concerns, such as that Venezuela is repeating a disastrous error from the 1970s -- spending oil revenue wildly without creating a climate for solid non-oil investment.

Many economists agree. Domingo Maza Zavala, a director of the Venezuelan Central Bank, said the economy needs to create 1.5 million jobs but cannot do so without huge private investments. "Private investment needs a stable climate, a climate of tranquility, a climate of institutional security," he said.

The government, though, appears intent on spending -- and confident that the price of oil will remain high.

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The government's 2007 budget will be 32 percent higher than this year's, according to the National Assembly, which used a cautious projected average oil price of $29 a barrel. "Rather than cut spending, we're encouraged that capital investment is increasing, and that will boost the country's production," the planning minister, Jorge Giordani, said this week.

Alberto Cudemus, 62, who owns a hog butchering and packing company, said he agrees with much of what the government is doing.

On the surface, he is like many of his colleagues at Fedecamaras, where he heads a chamber representing pork producers. He wears a suit, is trim from daily exercise and speaks English and Dutch fluently.

But though he has some misgivings, he said government policies, such as making loans cheap and accessible, have helped reawaken the private sector.

"There are many positive things happening," he said. "I don't think everything is positive. But enough positive things are happening to give me confidence."

Adios Is Not In Chavez's Plans (LAT)

By Chris Kraul

The Los Angeles Times, December 3, 2006

CARACAS, VENEZUELA — The United States had better get used to its Latin American nemesis, Venezuelan President Hugo Chavez. If, as expected, he wins reelection to a new six-year term today, he says he will seek a change in the constitution that would enable him to serve indefinitely.

As many as 14 million Venezuelans will go to the polls to choose between Chavez and Manuel Rosales, the scrappy governor of Zulia state. Rosales started his campaign late, but has fared better than many expected in re-energizing a badly fragmented, dispirited opposition. Still, surveys show Chavez ahead by margins ranging from 4 to 22 percentage points.

Rosales' only hope of victory lies in capturing large numbers of undecided voters.

Many U.S. citizens know Chavez for his diatribes against President Bush. But the key to his support lies in the redistribution of Venezuela's immense oil windfall. He now is spending a third of Venezuela's annual $130 billion in economic output on social outreach, public works and food and housing subsidies, and he is expected to reap the electoral dividends.

Chavez says he has added 4 million people to the payrolls since he took office, the vast majority through social outreach programs called "missions," worker-owned cooperatives and public works programs.

Those government-supported jobs could vanish with a decline in the price of oil, critics say, adding that private investment, industrial output and the creation of skilled jobs all have declined under Chavez's socialist policies.

"What we are seeing is state-led growth, very vulnerable in the medium and long term to a downturn in oil prices," said Michael Penfold, a political scientist at a graduate studies college here known by its Spanish initials IESA. "We are far more dependent on oil than 12 to 15 years ago, and that's what worries me."

But for now, the good times are rolling.

Whiskey and new car sales are at record highs, and polls show most Venezuelans generally feeling optimistic and happy with Chavez's stewardship, according to Datanalysis, a polling firm in Caracas, the capital. Fueled by public spending, the Venezuelan economy has grown at an annual rate of 10% for the last three years, said economist Francisco Vivancos of the University of Central Venezuela.

The country has emerged from an economic crisis after a strike by oil workers starting in late 2002 nearly brought crude exports to a halt. The strike followed the unsuccessful effort to oust Chavez in April 2002.

Despite the political problems between the two countries, Venezuela is the fourth-largest exporter of oil to the U.S.

If Chavez has a weakness among his supporters, it's widespread dissatisfaction with his foreign policy, which has included giveaways of oil to Cuba and other Caribbean nations; discounted heating oil to poor people in the United States; medical subsidies in Mexico and Central America; bond purchases in Argentina; and foreign aid to Bolivia.

Rosales, 53, has argued in his campaign that charity should begin and end at home.

A career politician, Rosales has said he would give poor Venezuelans a cash withdrawal card to directly access the nation's oil wealth. He would also expand the "missions," making them available to everyone.

Chavez's anti-U.S. rhetoric also rubs some of his supporters the wrong way, given familial and cultural ties to the United States.

At a Thursday news conference, Chavez unapologetically repeated his description of Bush made before the U.N. General Assembly in September. "Someone has to call the devil the devil," Chavez said with a shrug.

He said Thursday that if he wins today, he will call an assembly to make revisions to the constitution that would allow him to serve an unlimited number of terms. Without that change, Chavez would have to leave office at the end of a new term.

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Although more than four-fifths of Venezuelans polled by Datanalysis last month said they were better off under Chavez's leadership, almost as many said the president should do more to fight crime, now among the worst in the hemisphere.

Retired policeman Hector Ortega of Caracas' poor Vargas section is among those who seem ready to look past any misgivings about Chavez because of his commitment to alleviating Venezuela's inequalities. "He speaks our language," Ortega said.

Chavez came to power with high expectations as a reformer in 1999, preceded by a two-decade period in which Venezuela's economy was second-to-last in Latin America, said Francisco Monaldi, also an IESA professor.

The president's popularity started to increase after the missions were launched in 2003 with the Mission Barrio Adentro, which offers free medical help in poor neighborhoods.

Critics accuse Chavez of packing the Supreme Court and the National Electoral Commission with supporters. But the opposition has sometimes made it easy. Opposition candidates boycotted congressional elections last year in a dispute over the vote-counting machines.

Chavez is getting credit for making today's election more transparent than those in the past, agreeing to the auditing of half the ballot boxes and allowing more than 1,000 foreign and national electoral observers.

The biggest fear, expressed by both Chavez and opposition leaders, is that the vote will be so close that neither side will accept defeat, which could lead to turmoil similar to what occurred in Mexico after this summer's disputed election.

Red Cross: Asia Storm Toll May Hit 700 (AP)

AP, December 2, 2006

PADANG, Philippines (AP) — Hopes virtually vanished Sunday for finding survivors of typhoon-triggered mudslides that engulfed entire villages in the eastern Philippines, with the Red Cross fearing the death toll could reach 700.

The government's National Disaster Coordinating Center reported 309 bodies have been retrieved and 298 people remained missing three days after Typhoon Durian struck, triggering mudslides in worst-hit Albay province.

Sen. Richard Gordon, who heads the local Red Cross, said the death toll could easily reach 700 "on the low side," based on official casualty figures and reports his group obtained from mayors of devastated villages.

"There are many unidentified bodies, there could be a lot more hidden below. Whole families may have been wiped out," Gordon told The Associated Press by phone.

No survivors are known to have been pulled from the swampy land since the first hours after Durian blasted ashore Thursday with winds gusting up to 165 mph.

The storm affected 800,000 people, officials said.

The first funerals took place Saturday evening as bodies rapidly decomposed in the tropical heat.

All but two dozen of the deaths occurred in worst-hit Albay province, including 165 in the town of Guinobatan, swamped by floodwaters in the Mayon volcano's foothills, southeast of the capital Manila. Four other provinces reported fatalities, but accurate casualty figures were hard to come by, with the disaster's devastation so widespread and power and phone lines down.

In some places, rescue workers found only body parts.

"We need food, tents, water, body bags," Philippine National Red Cross official Andrew Nocon told DZMM radio Saturday. "We sent initially 300 bags, but we need more."

Houses along the Yawa River in Padang, about 7 miles from Legazpi, the capital of Albay province, were buried under 5 feet of mud, with only roofs protruding.

In Padang village, 28 bodies were recovered, said Luis Bello, the mayor's aide. Some of the bodies had been washed out to sea, then swept by currents to the shores of an adjacent town.

For nearly three hours late Thursday afternoon, mudslides ripped through Mayon's gullies, uprooting trees, flattening houses and swallowing people.

"Every corner of this province has been hit. It is a total devastation," Albay Gov. Fernando Gonzalez said. "Never before in the history have we seen water like this. Almost every residential area was flooded."

Australia conveyed its condolences through Ambassador Tony Hely to President Gloria Macapagal Arroyo and made an initial pledge of $780,000 in immediate humanitarian relief. Canada earlier donated $876,000, while Japan said it would send $173,000.

From Competitors To Trading Partners (WP)

By Craig Timberg

The Washington Post, December 3, 2006

DOJ_NMG_0101437

KANO, Nigeria -- The pasta factory that Umar Sani Marshall's family owns on the outskirts of this ancient city had not churned out so much as a single piece of macaroni in more than a year. The other former titans among Kano's once-mighty manufacturers were doing no better, producing mostly cobwebs as the city's markets overflowed with cheap imports from China.

So last month Marshall, 30, tall and wiry with rectangular, silver-framed glasses and a goatee, decided to forsake his legacy as scion of one of Nigeria's leading industrial families. He strapped $5,000 to his waist and flew off to Asia in search of a new kind of fortune, built not on making goods but trading them.

By the time he returned 12 days later, Marshall had started a new business dealing cars and auto parts, as a middleman between Chinese suppliers and Nigerian consumers. Along the way, he said, he found the kinds of profits that long have eluded Kano's manufacturers, and he learned a few lessons about how to work with Chinese businesses instead of competing against them.

"When you go there with the intention of buying socks, you will come back with a jacket and hat" as well, Marshall said, smiling as he pretended to place a top hat on his head.

His shift, from manufacturing to trading, mirrors a broader one across Nigeria and much of Africa. A 30-year experiment in building local factory capacity has faltered with declining trade barriers and rising global competition, most powerfully from China. African business leaders increasingly are staking their fortunes on old-fashioned extractive industries, such as oil production needed to fuel Asian industry, while also attempting to profit from the flood of finished goods coming in return.

Although the model stirs memories of the kind of economic relationships once common between European powers and their vassal states here, Africans say the Chinese at least treat them as equals and invest in infrastructure projects key to the continent's future.

At a recent trade summit in Beijing, officials from 48 African nations met with Chinese leaders, who promised to double aid to Africa while offering $5 billion in new loans. Already Chinese firms have built dams, roads, railways, port upgrades, mining facilities and telecommunication systems in Africa.

A Chinese company at the summit announced an $8.3 billion project to build a railway connecting Kano to the port city of Lagos. It will be paid for out of Nigeria's oil revenue, which is burgeoning in part because of rising Chinese demand. Overall, Africa's trade with China rose from $10.6 billon in 2000 to almost $40 billion last year. Projections are that it could reach $100 billion by 2010.

Signs of China's growing prominence on the continent are easy to spot in Kano, a bustling, thousand-year-old city of 3.5 million people that long was a regular stopover for trade flowing through the Sahara, whose sandy southern edge is nearby. Now the city's gaze has shifted to the Far East, with Chinese restaurants spreading across the city, Chinese goods filling shops and a Chinese-owned shoe factory employing more than 2,000 workers, more than any other private employer in northern Nigeria.

A decade ago, the Marshall family's shortcake factory had a similar number of workers and a powerful market position throughout northern Nigeria and into neighboring Cameroon, Niger and beyond. It is now closed, along with the family's pasta factory, victims not so much of competition as of government policies that made it difficult to import durum semolina, a key ingredient, Marshall said.

Business leaders here say the decline of Kano's manufacturers resulted from an influx of Chinese products as trade restrictions fell. Chinese companies had more modern machinery, more reliable sources of electricity and easier access to capital, said Saidu Dattijo Adhama, owner of a textile factory whose payroll has dropped from 335 workers to 24. The raw cotton produced by Chinese farmers, meanwhile, was stronger and yielded more fabric per pound.

"Without a little protection, if the Chinese bring their finished cotton to Nigeria, you cannot compete with them," Adhama said. "The gap is so wide that if you just allow them to come in, you are killing Nigerian companies."

Fifteen years ago, 500 factories hummed with work in Kano, but fewer than 100 remain operational today, most at far less than full capacity, according to the city's Chamber of Commerce. Tens of thousands of jobs have been lost. Meanwhile, Kano's Kwari textile market, the biggest in West Africa, has swelled with stall after stall of Chinese fabrics and clothing.

Liti Kulkul, former chairman of the textile traders association here, estimated that a decade ago, 80 percent of the fabric sold at Kwari was made in Nigeria, compared with 5 percent now. Asian products, mostly from China, make up the rest.

"We have taken this path of neocolonialism," Kulkul said. "They have virtually crippled all aspects of our economy."

Yet others see China not as the ruin of Kano business but as a transformative force pushing the city back to its roots in trading. Beyond Kulkul's stall, which specialized in the colorful Nigerian prints long produced by local textile mills, the market buzzed with dealmaking.

Rows of shops overflowed with Asian-made air conditioners, televisions and DVD players. Beyond them, Kano's noisy, smoggy streets were jammed from curb to curb with Chinese-made motorcycle taxis that largely have replaced the aging stock of Italian-made Vespas, which cost three times more.

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Chinese business "revived the economy," said Ahmed Rabiu, deputy president of the Chamber of Commerce. "Trading improved. Manufacturing went down. That's it."

Not everyone in Kano applauds the change. The motorcycle taxi drivers earn less than factory workers once did. And the growth in trade has not absorbed most of the workers laid off in the past decade. There are more beggars and other visible signs of poverty than ever before, residents say.

"We are very bitter that the factory closed down," said Ibrahim Garba, 50, who worked for the Marshall family's pasta factory for 25 years, earning enough to support his two wives, six children and six grandchildren.

Now, instead of going to the factory, where he operated a generator, he farms five dusty acres of corn, beans and millet, most of which he uses to feed his family, not to earn money. His income has plunged from about $50 to about $15 a month, Garba said.

But Marshall, with the education, capital and savvy to adjust to Kano's shifting business climate, is not complaining.

He met with Chinese businessmen in Singapore and quickly spent the $5,000 he brought and $15,000 more he had kept in reserve in Nigeria. In return, he got four used Honda cars and 1 1/2 shipping containers full of car parts. Used automotive products here are known as "Belgium" for the traditional source of many of them, but now most Belgium comes from Asia.

Marshall calculates that he can sell the cars and auto parts for $34,000, a profit of 70 percent on his investment.

"I'm going back next month, inshallah!" Marshall said, using a common phrase in the Muslim world that means "God willing." "More opportunity is coming."

A Blame Game China Needs To Stop (WP)

By Elizabeth Economy

The Washington Post, December 3, 2006

Last month the International Energy Agency announced that China would probably surpass the United States as the world's largest contributor of the greenhouse gas carbon dioxide by 2009, more than a full decade earlier than anticipated. This forecast could spur China to adopt tough new energy and environmental standards, but it probably won't. China has already embarked on a very different strategy to manage its environmental reputation: launching a political campaign that lays much of the blame for the country's mounting environmental problems squarely on the shoulders of foreigners and, in particular, multinational companies.

While still in its initial stages, the campaign has gained steam over the past month. Senior Chinese officials, the media and even some environmental activists have charged multinational firms and other countries with exporting pollution, lowering their environmental manufacturing standards and willfully ignoring China's environmental regulations. Faced with growing international and popular discontent over the country's environmental crisis, China's leaders are tapping into anti-foreign and nationalist sentiments to deflect attention from their own failures.

In late October a top environmental official, Pan Yue, accused the developed countries of "environmental colonialism": of transferring resource-intensive, polluting industries to China and bearing as little environmental responsibility as possible. At the same time, a leading member of China's National People's Congress claimed that foreign companies were not only exporting their waste but also underpaying Chinese workers. When a Chinese nongovernmental organization released a list of 2,700 companies cited for violations of China's water regulations in late October, the ensuing media frenzy focused exclusively on the 33 multinationals, including 3M, Panasonic, PepsiCo and DuPont, and ignored the more than 2,600 Chinese companies similarly cited. Not surprisingly, Chinese bloggers have taken up the call, discussing the "eco-colonialist" policies of multinationals and calling for "eco-compensation." Even environmental activists who have worked closely with multinationals have accused these corporations of not practicing what they preach.

The logic behind the campaign is simple, if misguided. The rapidly approaching Olympic Games have brought an unwelcome spotlight on China's environmental situation. Beijing won its Olympics bid with the promise of the world's first "green" games. Five years later, there is no talk of a green Olympics, only of how extensive a shutdown of industry and transportation will be needed in Beijing and surrounding provinces just to ensure that the athletes can breathe. Moreover, the climate issue has focused the world's attention not only on China's contribution to global warming but also on its role as the largest contributor to a range of other global environmental problems such as ozone depletion, the illegal timber trade and marine pollution.

Perhaps nothing is more troubling to China's leaders, however, than the environment's contribution to domestic social unrest. In May, China Daily reported that there were 50,000 environmental protests in China in 2005. Some of these demonstrations engaged upward of 30,000 people and resulted in serious injuries and even deaths. In such a climate, scapegoating foreigners can be an attractive policy option.

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Certainly, as with most Chinese political campaigns, there is a kernel of truth in some of the accusations. The multinational companies listed should take greater care to ensure that their own factories and those of their suppliers operate under only the highest standards.

Yet, overwhelmingly, China's environmental crisis and its contribution to global pollution are of its own making. Most Chinese businesses are clearly unprepared to be environmental leaders. China's coal-based and largely state-owned power sector, for example, is the No. 1 source of China's air pollution. In a recent poll, only 18 percent of Chinese companies supported the idea that they could both thrive economically and do the right thing environmentally.

China's leaders need to educate and reform Chinese industry, but beyond this they must establish an incentive structure to make it easy for local officials and business leaders to do the right thing. They need to open the door to greater transparency, official accountability and the rule of law to ensure effective environmental governance -- a step they have avoided taking for fear of diminishing their political power.

The environment has been one of the most fruitful areas of cooperation between China and the rest of the world for almost two decades. Billions of dollars in environmental assistance have flowed to China from foreign governments and international organizations. In most cases, multinational firms have been at the forefront of raising China's environmental standards, transferring best practices and cutting-edge technologies, and supporting a range of broader environmental initiatives. China should not risk all this -- and its own environmental future -- for the short-term and largely illusory benefits of playing an environmental blame game.

The writer is director for Asia studies at the Council on Foreign Relations.

Canada Liberals Pick New Leader In Upset (NYT)

By Ian Austen

The New York Times, December 3, 2006

MONTREAL, Dec. 2 _ In a surprising outcome, Stéphane Dion, a former professor at the University of Montreal, edged out Michael Ignatieff, a former official at Harvard, for the leadership of Canada's Liberal Party on Saturday.

Mr. Ignatieff, who is also a well-known author and broadcaster, returned to Canada just last year after spending three decades in Britain and the United States. His lack of connections both within the Liberal Party and Canada in general seemed to play a role in his defeat. He led for the first two of the four convention ballots. But unlike Mr. Dion, he was unable to attract endorsements from other significant candidates as they dropped from the race.

On the final ballot, Mr. Dion gathered 54.7 percent of the 4,605 delegates' votes compared with 45.3 percent for Mr. Ignatieff.

As Mr. Dion noted at the start of his victory speech, he will move back into campaign mode almost immediately and try to lead the party back to power through a general election that may come as early as spring. Success in that would make Mr. Dion prime minister.

The Liberals controlled the federal government for most of the last century, leading both supporters and critics to call it Canada's natural governing party. Although Canadians elected a minority Conservative government in January, partly because of a Liberal financing scandal in Quebec, and the Conservatives' hold on power is tenuous.

Canada's Liberal Leader A Surprise Pick (AP)

By Beth Duff-Brown, Associated Press Writer

AP, December 3, 2006

A former environment minister who criticized the conservative prime minister for modeling himself after President Bush won leadership of Canada's Liberal Party on Saturday.

Stephane Dion pledged to unseat Prime Minister Stephen Harper after he scored a surprise defeat of the party front-runner, Michael Ignatieff.

"I am convinced that to beat Harper in the next election, it will not be enough to capitalize on his mistakes," Dion, 51, told the party convention after winning more than half the votes of the 5,000 delegates.

"It will not be enough to be a government-in-waiting. To win, we must offer our own project to Canadians, a generous and ambitious vision that is in stark contrast to Mr. Harper's selfish and narrow idea of Canada."

Dion was part of the team of Liberals under former Prime Minister Jean Chretien who opposed the U.S.-led invasion of Iraq in 2003 and turned down Washington's request to join.

He also has attacked Harper for "blindly" committing Canadian Forces to Afghanistan until 2009. Some 2,300 Canadian troops are helping other NATO forces fight the Taliban in the south.

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"Canada has a prime minister who thinks that the United States is not only our ally, but also our model," Dion said in his speech Friday night ahead of the party vote.

Opponents of Ignatieff, a scholar and human rights expert, had cited his early support the Iraq invasion, a highly unpopular war among Canadians. He initially argued the war was in the best interests of international security, but has since said President Bush made mistakes.

Ignatieff supported Canada's role in Afghanistan.

Dion came into the race in fourth place out of eight candidates. He won 54.7 percent in the fourth round of balloting Saturday after several of the losing candidates in previous rounds threw their support behind him.

In elections in January, Harper's Conservatives unseated the Liberals after nearly 13 years in power. The stunning defeat left the party flailing and delegates are now looking to the person who can rebuild the party and take back the House of Commons in the next elections, expected in 2007.

Ignatieff, 59, had only returned to Canada last year, leaving his position as director of Harvard's Carr Center of Human Rights Policy to win his first seat in Parliament and stake his claim to the leadership position.

After his defeat, called on Liberals to unanimously support Dion.

"This is a day in which every Liberal in this room can feel deeply proud of the party we love," he said. "We have chosen a great leader. We have chosen a principled man, a man with vision, a man with courage."

Dion was environment minister under former Prime Minister Paul Martin and he is a strong supporter of the Kyoto Protocol to cut greenhouse gas emissions — he even has a husky dog named Kyoto. Harper's government has effectively opted out of the global accord, a position that Dion railed against during his campaign. The U.S. has not signed the protocol.

Dion had emphasized his decade of political experience under former Liberal prime ministers Martin and Chretien, as opposed to Ignatieff's lack of time in Ottawa.

Dion is from the French-speaking province of Quebec and has taken some criticism for his heavily accented English.

Canada Liberals Spurn Ignatieff (BBC)

BBC.com, December 3, 2006

A former Canadian minister has beaten prominent writer Michael Ignatieff in a leadership election for the country's opposition Liberal party.

Mr Ignatieff had been favourite to win the race, but was defeated by ex-Environment Minister Stephane Dion.

Mr Dion's campaign focused on green issues, pledging to act on Canada's Kyoto protocol commitments.

The Liberals lost power last January to the Conservatives led by Prime Minister Stephen Harper.

The BBC's Mike Finnerty at the party convention in Montreal says the election was a nail-biter, as 5,000 delegates struggled to decide who was most likely to beat the Conservatives.

Mr Dion needed four rounds of voting to finally beat Mr Ignatieff, the front-runner.

Outsider

Mr Ignatieff is a prominent writer, broadcaster and former Harvard academic.

Despite Michael Ignatieff's fame as an author, his support waned. However his 30-year absence from Canada and his initial support for the US-led invasion of Iraq played against him, our correspondent says.

Mr Dion will lead a party that many have called the natural governing party of Canada because of its dominance in the country's politics.

But a corruption scandal after almost two decades in office meant the party has spent most of 2006 trying to rebuild.

Environmental issues dominated the Montreal convention.

In his victory speech, Mr Dion made clear he would make the Kyoto Protocol on curbing greenhouse gases a key part of the strategy to win the next elections - which analysts say are likely next year.

Prime Minister Harper has called the Kyoto protocol unrealistic and recently cancelled a meeting with European Union leaders where he was expected to be criticised for his stance.

Advocate For Environment To Head Canada's Liberals (WP)

By Doug Struck

The Washington Post, December 3, 2006

MONTREAL, Dec. 2 -- In a convention that underscored the rising political weight of climate change issues, Canada's Liberal Party on Saturday chose St?phane Dion, a former environment minister, to lead the party and try to wrest power from the ruling Conservatives in the next national election.

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Dion, 51, was elected head of the party over seven other candidates, including Michael Ignatieff, a renowned Harvard professor who returned to Canada last year and had quickly become a front-runner in the race to head the opposition against Conservative Prime Minister Stephen Harper.

Ignatieff's drive for the post stumbled in the fourth and last ballot over his opinions on Iraq, Afghanistan and Israel. The fragmented delegations at the convention turned to Dion, whose environmental credentials overcame his thickly accented English and lackluster convention speech.

In his acceptance speech, Dion repeatedly emphasized his main goal: dealing with what he called "the greatest challenge we have today, sustainable development."

He was elected, he said, because "Canadians have a deep concern about the main issue of our time -- building a sustainable environment for our children."

It was a message the delegates embraced.

"We've recognized that global warming and Kyoto are agenda items we have to deal with. Canada has gotten the message," said a delegate on the convention floor, Paul Mulligan, 60, a retired cartographer.

Dion must regroup the Liberals, long the dominant party in Canada, to try to reverse the loss in January to Harper's Conservatives. The party hopes that disillusionment with Harper for cutting social programs, rising despair over Canadian military losses in Afghanistan and opposition to Harper's retreat from the Kyoto environmental accord will topple the Conservative minority government.

As visual evidence of the importance of environmental issues, the sea of green T-shirts worn by Dion's supporters grew as the balloting continued in Montreal's cavernous Palace of Congress. Each of the candidates had pledged to make aggressive strides on the environment, but Dion's long work to strengthen the Kyoto accord carried those who put the issue at the top of the agenda.

An academic and native of Quebec City, Dion entered Parliament a decade ago and has held a variety of cabinet posts under Liberal governments. But in his last post, as environment minister, he won credit for devoting enormous effort to extending the provisions of the Kyoto accord. He owns a husky named Kyoto.

But he is less well-liked in his home province of Quebec because of his opposition to the popular movement to make the French-speaking province an independent country. In the late 1990s, Dion carried on a long-running debate with supporters of separatism and eventually assisted in drafting a law that many Quebecers feel helps block their movement.

"Quebec people don't like St?phane Dion," said Jean Pierre Laine, 54, an alternate delegate from Montreal. "He is a federalist." Quebec newspaper cartoons at the time portrayed him as a rat; he was pilloried as a traitor to his province.

"It will be an uphill struggle for Dion in Quebec," agreed Charles Hubbard, a member of Parliament from New Brunswick, in the convention hall. "The people who question federalism see Dion as the arch devil."

That is a burden for the Liberal Party, which had hoped to strengthen its position in the province. Dion's speaking style, often wooden and stilted, also is seen as a detriment in any matchup with Harper, who is smooth and fluent in both English and French.

Dion "is a bit rigid," said David Carter, 58, a delegate from Medicine Hat, Alberta. But he is "highly principled. He's strong, intelligent and very committed to the country."

In Canada's Parliament and other public appearances, top officials are expected to switch between both official languages with ease. Dion's syntax is sometimes difficult to sort out in English.

"It's important to be bilingual. I think it's horrible to say, but his language skills are not good enough," said Lana Stermac, a party observer from Toronto.

Others disagreed.

"It didn't hurt Chr?tien," said delegate Garry Johnson, noting that former prime minister Jean Chr?tien, also a Quebec native, served for 10 years and spoke heavily accented English.

"If they keep sending our boys back in body bags from Afghanistan, that is what will do Harper in," he added.

The Afghanistan issue is a tricky one for Liberals, however. A Liberal Paul Martin government committed Canadian troops to Afghanistan. Harper expanded the mission and engineered a Parliament vote in May to keep the troops there until at least 2009. Many Liberal Parliament members voted for the extension.

Harper, described at the convention as a Canadian version of President Bush, has focused on a narrow agenda of conservative social and fiscal goals, and has cut programs that fall outside of that list. As head of a minority government, he has said he will call an election to try to win a majority. Political experts predict that an election called by Harper or forced by the opposition will come next year, possibly early in the year.

The Pope Without His Sting (NYT)

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By Ian Fisher
The New York Times, December 3, 2006
HAS the pope gone wobbly?

The question might matter less if he weren't the man he is — and if the images of his facing Mecca in prayer on his trip to Turkey weren't fresh. Supporters have long depended on Benedict XVI for brave talk, even and maybe especially if it was unpleasant to hear. But his was never mere blunt confrontation. With his big brain and the heft of Roman Catholic tradition behind him, Benedict has stood for a remarkably clear idea: there is truth, and we won't retreat from it.

That penchant for truth-telling found its date with history two months ago in the pope's now-famous speech in Regensburg, Germany. Rare for a mainstream leader, he planted a steely marker in the struggle against terror and militant Islam, quoting a Byzantine emperor as saying Islam had brought only things "evil and inhuman." Islam, he seemed to say, was distant from reason and thus prone to violence.

But in his visit to Turkey last week, the face of confrontation, and perhaps the hold on certainty, seemed to soften. Prime Minister Recep Tayyip Erdogan emerged happily from his meeting with Benedict, saying that the pope had endorsed Turkey's bid to join the European Union and so reversed his long-held personal opposition.

In the place of tough talk, Benedict suggested "dialogue" — a concept, with regard to Islam especially, that he had not seemed completely open to before.

And so a new and ever more interesting chapter in this young papacy, as well as in the larger issue of how to engage the Muslim world, including those elements of it that resort to violence, seemed to open on Benedict's four days in Turkey.

The questions are many, starting with whether or not Benedict, the doctrinal purist, has somehow gone soft. To some of his most hard-core supporters, that, indeed, may be the lesson of his visit to Turkey.

"He has signaled to Islam that there are concessions he can make, and reactions other than outrage in the face of intimidation and violence," one conservative blogger wrote in an emblematic posting that found echoes in the concerned Catholic blogosphere. "It is a shame. We needed Benedict, and his withdrawal from the debate is a considerable loss."

But other commentators, with varying views of the pope, put the question another way: can one's idea of truth be expressed differently, especially when reality gets in the way?

By many accounts, the Vatican was deeply shaken at the reaction to the pope's speech, which was at its heart a criticism of the West for being so beholden to reason that it had blocked out other values, like religion. The section on Islam was short, and Benedict made clear he was quoting others in his criticism of Islam.

But the reaction — and here the Vatican officially blames the news media — focused on the sharp, if brief, critique of Islam. And the Muslim world reacted with rage. Demonstrations broke out in many Muslim countries; firebombers attacked churches in the West Bank and Gaza; gunmen killed an Italian nun in Somalia. The pope himself was threatened, accounting for the heavy security on his trip to Turkey.

"This is a pope who hasn't really understood that what he says has consequences for Christians elsewhere," said Sergio Romano, a columnist for Corriere della Sera and the former Italian ambassador to NATO. "He can put them in danger. He has had to adopt a more diplomatic line."

This new phase in Benedict's papacy, then, is seen by many as a transformation from his understanding of his role primarily as a theologian, concerned with a specific truth, to a greater appreciation of his role as something of a diplomat, who seeks to balance various truths in the service of a greater interest; in this case, that of the church and its believers.

David Gibson, author of "The Rule of Benedict," published in September by HarperSanFranciso, described the pope's performance in Turkey as a crucial moment. With his silent prayer in the mosque and general warmth, he showed himself to be every bit as adept at politics as theology.

"We have seen to some degree the transformation of Joseph Ratzinger the cardinal and theologian to Benedict XVI, pope and statesman," Mr. Gibson said. "He said and did some things that obviously go against his personal grain."

But, he added: "It was really smart. And it cost him nothing."

Like any good politician, Benedict gave a bit to everyone and kept his words vague enough (he himself never came out and explicitly endorsed Turkey's entry into the E.U.) that people could read into them what they wanted. Indeed, the Catholic chattering class was working full time on whether he actually did endorse an E.U. entry or whether he said an actual prayer at the Blue Mosque in Istanbul.

The question for the many longtime supporters of the pope is whether this new Benedict is really the same man, whether the straight talk that distinguished him will be recognizable in a more political outfit.

Philip F. Lawler, editor of Catholic World News, an influential conservative Web site, says he believes that it will be. While he acknowledged that some of Benedict's supporters were not happy about the comments on the European Union or the

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mosque visit, Benedict continued to raise in Turkey the same issues he always has: concern for religious freedom; respect for religious minorities; denunciation of violence in the name of God.

"I haven't seen any backtracking since Regensburg," he said. "I've seen questions posed in a different manner. And I've seen a concern that he doesn't want to offend people by the way in which he poses the questions. But he's still determined to have those questions posed."

The Rev. Thomas V. Berg, executive director of the Westchester Institute for Ethics, a conservative Catholic research group, said, "Pope Benedict will hold to principle, but he will do so with a gentle smile."

"That approach has allowed him to be so amazingly clear about the problems he has with militant Islam, and at the same time walk right into the heart of one of the epicenters of the Islamic world and emerge as a hero, a mender of fences, a great humanitarian, a man of dialogue," Father Berg said.

But however well Benedict's new approach seemed to go over in Turkey, Mr. Gibson, who described Benedict as a polarizing figure in his book, issued a warning: The clash of East and West, Islam and Christianity, is not over. Benedict's role as conciliator is young, untested and does not come as naturally as his older role as a man of certainty.

"I don't think he wants to play Mr. Touchy-Feely with world Islam," Mr. Gibson said. "I think there are going to be some difficult moments."

German Turks Ask Where They Fit Now (NYT)

By Mark Landler

The New York Times, December 3, 2006

FOR the 2.7 million Turkish immigrants who live in Germany, Pope Benedict XVI's visit to their homeland last week was not quite the occasion for relief, satisfaction, even joy that one might have expected.

The German-born pope did speak of understanding and dialogue between Christians and Muslims, trying to salve wounds caused by a speech in Bavaria in which he had seemed to equate Islam with violence. And he endorsed Turkey's entrance into the European Union, reversing the opposition he had expressed while still a cardinal.

But the pope's message fell short of a full embrace; he never, for example, dropped his definition of Europe as a place with a Christian history. Such ambiguity about welcoming Turkey and Islam into Europe is felt deeply across the continent, and it turns out that the Turks who have migrated here mirror it. They feel part of Germany and Europe, and yet never fully welcomed.

That was plainly the case during a series of conversations here in Kreuzberg, a graffiti-stained district that is one of Berlin's largest Turkish quarters. Benedict's pilgrimage elicited a complex range of feelings that spoke of conflicted loyalties and disillusionment, of a people caught between the land of their ancestors and their adopted land. "The pope's power is mainly within the church," said Ramiz Koyuncu, a sporting-goods salesman, as he emerged from morning prayers at Berlin's largest mosque. "What people like Merkel say is more important."

His reference was to Angela Merkel, Germany's chancellor, who opposes granting Turkey full membership in the union. The European Union, in fact, is now weighing whether to suspend part of the negotiations because of Turkey's failure to open trade with Cyprus, and Turks who live in Europe are resigning themselves to a hard reality: their home country may not break into the European club during their lifetimes.

It's more complicated than a simple question of spurning a club that won't have them. Turks who came to Germany as guest workers in the early 1960's are building retirement communities here. Of the estimated 2.7 million people of Turkish origin living in Germany, 900,000 are now German citizens — a percentage that has grown as the influx of new arrivals has slowed because of tougher immigration laws.

While 60 percent of Turks in Germany still favor entry, according to a survey by the Center for Turkish Studies in Essen, that number represents a steep drop from 91 percent in 2004.

Ahmed Hunker, who owns a kebab restaurant in a hard-bitten Berlin neighborhood, said that admitting Turkey would cost Germany billions of euros in aid and erode his standard of living. After scraping together a life in Germany over a decade, Mr. Hunker said he did not want to see his new country saddled with the problems of his old one.

"Why should Turkey be a member of the E.U.?" he asked. "Why should Bulgaria be a member? Why should Romania be a member? The rich countries will just end up paying for them."

Mr. Hunker and his neighbors know about the costs that come with expanding borders. When the reunification of Germany took place more than a decade ago, Turks like him in western Berlin found themselves suddenly competing for jobs with newcomers from the east.

Few Turks speak as bluntly as Mr. Hunker. It is far more typical to hear them say they hope to see Turkey in the union. But some seem to have given up on the idea that the West will ever accept a Muslim society. Pope Benedict's remarks about the Prophet Mohammed confirmed the suspicions of some Turks that Europeans view their club as a Christian one.

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"The pope poisoned the atmosphere," Mr. Koyuncu said. "That's why he had to make this gesture to Turkey."

Closer To And Farther From Europe (NYT)

The New York Times, December 3, 2006

The strained relationship between Europe and Turkey took two steps forward last week and, we fear, at least that many backward.

On the plus side, the visit to Turkey by Pope Benedict XVI helped soothe relations, especially after Benedict backed off his opposition to Turkey's application to join the European Union. The pope — who infuriated Muslims a few months ago with a tone-deaf speech criticizing Islam — may have done even more good with his visit to the Blue Mosque in Istanbul, where he prayed facing Mecca.

But those efforts at conciliation may be undercut if the European Union follows through on a recommendation by its enlargement commissioner, Olli Rehn, to freeze part of the negotiating program for Turkey's membership unless Turkey opens its ports to shipping from Cyprus. To many in Turkey — and to us as well — that looked like another ploy to keep Turkey out of the union. Some members are pressing for the European Union to suspend the talks altogether.

There is no question that Turkey has to open its ports, the sooner the better. But the European Union also needs to do a lot more to help end the division of Cyprus — rather than just hitting Turkey over the head with it.

In 2004, Turkey's prime minister, Recep Tayyip Erdogan, courageously changed his country's longstanding policy and persuaded Turkish Cypriots to vote in favor of a United Nations settlement plan.

But the Greek Cypriots — assured by the European Union of membership no matter what they did — rejected the plan. If the union is serious about bringing in Turkey — and it should be — it needs to press the Greek Cypriots to settle.

It is obvious why Turkey would want to join Europe's wealthy club. But Europe and all of the West have a lot to gain as well. The prospect of membership is already encouraging Ankara to make needed political and economic reforms, although a lot more needs to be done. Turkey's admission would be a strong sign that the West truly believes its claims of tolerance and respect for all religions.

As he left Istanbul, the pope said he hoped his visit would bring "civilizations progressively closer." The European Union should listen.

Germany To Restrict Smoking, Joining Other Nations In Europe (NYT)

By Mark Landler

The New York Times, December 3, 2006

FRANKFURT, Dec. 2 — Yielding grudgingly to the growing European campaign against smoking in public places, Germany announced Friday that it would seek to ban smoking in restaurants, discos, schools and other public buildings, but not in pubs, bars or beer tents.

The compromise, worked out by the coalition government, would bring this country, Europe's biggest tobacco market, closer to its neighbors in curtailing public smoking. But it would fall short of the recent laws passed by Britain, France, Ireland and Italy, which stamp out cigarettes in pubs and bars as well as other public places.

Antismoking groups said the proposal was a milestone, given Germany's long resistance to any restrictions. They called on the Parliament to broaden the ban when it votes on it, probably next year.

"Germany has been lagging on this issue for 20 years," said Friedrich J. Wiebel, president of the German Medical Action Group on Smoking and Health, an antismoking organization. "There is no reason why one group of customers should be protected and others should not."

German officials defended the loopholes, saying the ban had a better chance of passing that way.

For a people fixated on the virtues of fresh air, Germans are curiously tolerant of smoking in public places. Restaurants here are typically hazy with smoke. Customers who ask for a nonsmoking table are sometimes treated brusquely.

Roughly a third of Germans smoke regularly, a proportion comparable to other major Western European countries. But Germany has more young smokers than many of its neighbors. And while the percentage of men who smoke has declined modestly since 1984, smoking has become more popular among women.

One woman who quit years ago is Chancellor Angela Merkel. That makes her one of the few nonsmoking German leaders. Gerhard Schröder puffs on cigars, Willy Brandt smoked a pipe and Helmut Schmidt has frequently appeared on television talk shows wreathed in cigarette smoke.

Mrs. Merkel's support for a smoking ban, though carefully modulated, helped turn the tide, according to antismoking groups.

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Surveys show that, despite their tolerance of secondhand smoke, a majority of Germans now favor banning it in restaurants. The hurdle, Dr. Wiebel said, is the German tobacco industry, which has historically had close ties to the government and has stymied previous efforts to curtail smoking.

Losing The Race Against AIDS (NYT)

The New York Times, December 3, 2006

Despite all the lofty goals set by world leaders, and billions of dollars thrown into the fight to quench the global AIDS pandemic in recent years, it is discouraging to learn the world is still falling behind.

A recent update issued by the United Nations AIDS program and the World Health Organization found some encouraging signs of progress, including a drop in H.I.V. infections in young people in eight African countries, thanks to aggressive prevention programs. But the number of people living with the AIDS virus continued to grow, reaching a record 39.5 million in 2006; 4.3 million people became infected this year; and the number of deaths due to AIDS reached an all-time high.

Most disturbingly, some countries that had been trumpeted as successes in controlling AIDS, like Uganda and Thailand, seemed to be having a resurgence. As one top United Nations official noted, “countries are not moving at the same speed as their epidemics.”

Even more troubling was a report from the International Treatment Preparedness Coalition, an advocacy group, which pointed to shortfalls in an area where substantial progress seemed to have been made: the provision of antiretroviral drugs to save or extend the lives of AIDS victims. Both the United Nations and the Group of 8 industrialized nations have set a goal of providing “universal access” to AIDS treatment by 2010, by which time they hope to have 9.8 million people receiving antiretroviral drugs. At the current rate, the coalition estimates, they will fall five million short.

Progress has been slowed by many factors, including insufficient testing to identify people who are infected and weak public health services for delivering the drugs. But the overriding problem may be a loss of the sense of urgency and a reluctance by most governments to commit the huge resources needed to provide universal access to treatment, prevention, care and support.

Blame Iceland (WP)

The Washington Post, December 3, 2006

IN A FORM of fishing known as bottom trawling, huge, weighted nets are dragged across the ocean floor, destroying corals and just about everything else in their path. In U.S. waters, the practice is tightly regulated -- and forbidden in certain environmentally sensitive areas. On much of the high seas, however, it's open season. Delicate ecosystems get ravaged with nobody paying attention. The Bush administration, along with several other governments, has been pushing for a moratorium on unregulated trawling on the high seas. Last month, thanks in large part to Iceland, it failed to get that measure.

Iceland did not act alone in preventing a ban: Russia, Japan, China and South Korea joined in. Iceland's embassy, in a statement, said it "strongly objects to claims, made by some environmental organizations, that it was in the forefront of blocking consensus" to ban deep-sea bottom trawling. The denial is disingenuous. In closed-door negotiations, Iceland, along with Russia, took a particularly vocal and aggressive stand against strong action.

Because the arcane rules of high-seas fishing are largely defined by consensus, even small countries that are genuine moral outliers in world attitudes toward oceans can prevent agreement. The result in this case was a mushy resolution that fell far short of what the administration and environmental groups wanted, which in turn is ominous for efforts to protect marine life in international waters. The world's oceans are heading toward environmental collapse, which only bold action will avert. It's hard to imagine that happening if a country that hunts whales and has a population smaller than Washington's can help block a common-sense proposal to safeguard the ecological health of the ocean floor.

Kofi Annan's Legacy (WP)

By Jim Hoagland

The Washington Post, December 3, 2006

UNITED NATIONS -- The melancholy of a decade of might-have-beens mixes with a deep fear of what might yet be as Kofi Annan prepares to leave his 38th-floor global pulpit at the United Nations. But the secretary general's silky voice also betrays a determination to spend his final month in office warning the world of grave threats to its moral and physical existence.

Iran, Iraq, the Middle East and Sudan's Darfur region dominate the final day-to-day business that the career diplomat from Ghana conducts. But he is also delivering a series of thoughtful speeches examining nuclear proliferation, human rights and global governance so that "these issues don't drop off the radar" after he puts down his U.N. megaphone.

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As we begin a conversation about his legacy -- easily the most active and therefore most controversial record of a secretary general since Dag Hammarskjold gave the job meaning during the Cold War -- Annan surprises me by going quickly to his concern that the West may underestimate Iran's resolve in pursuing its nuclear program.

"I have told the United States and Britain to be careful, to be sure that the Iranians don't come out of a Security Council debate laughing" because sanctions are not adopted by a divided body, he says. Later Annan adds: "Iran feels itself to be a powerful nation. Its president looked me in the eyes" and said exactly that.

Annan says the simultaneous confrontations with Iran and North Korea demonstrate that "you can't do nonproliferation on a case-by-case basis. You have to find a real mechanism" to prevent the spread of nuclear weapons to new states or even terrorist groups. That is likely to happen only if recognized nuclear states begin to fulfill existing treaty obligations to eventually give up nuclear weapons, rather than continually modernizing them.

Iran's new self-confidence also suggests that Tehran will not easily agree to U.S. overtures to engage in talks about Iraq, as conventional wisdom in the foreign policy community now recommends. Tehran will instead relentlessly bargain for U.S. concessions as a price for joining a dialogue, in the view of Annan and others.

That possibility was forecast in the contacts that former secretary of state Jim Baker had with Javad Zarif, Iranian ambassador to the United Nations. Iran has no interest in a dialogue limited to Iraq, as Baker suggested to him, Zarif has told diplomats here. Instead, talks must include security guarantees for Iran as a topic.

The might-have-beens of Annan's two terms center on his rocky relations with the Bush administration, which have left scars on both sides. Some U.S. officials treated him "as an enemy" at times because of his opposition to the invasion of Iraq, Annan tells me.

"The United States has a natural leadership role to play in this organization," says Annan, who is American-educated, came to office with strong U.S. support and has worked hard to develop a broad constituency for the United Nations among American private-sector and nongovernmental organizations. "It can get a lot done." He pauses. "But no one nation can always have its way. It has to be possible to disagree" and still work together.

"Iraq has set us back on many issues," including one of Annan's proudest accomplishments. That was to get the United Nations to endorse an international "duty to protect" citizens from their own abusive governments.

In today's polarized atmosphere, it is much more difficult to get governments to take on the burden of humanitarian intervention in places such as Darfur, Annan believes. So he has had to engage a devious Sudanese government in an exasperating political negotiation for getting an effective peacekeeping force into that country.

Despite -- or perhaps because of -- his troubles with Washington, Annan is actively pushing for a regional conference to help resolve Iraq's instability and permit an orderly U.S. withdrawal: "Everybody has an interest in getting Iraq right."

A standing conference intended to last for months, not a few days, and one that would include the major Security Council powers as well as Iraq's neighbors, is his preferred option. The United Nations would sponsor such a meeting, if asked, he predicted to the Iraq Study Group headed by Baker and Lee Hamilton.

The day is late, and the light coming in from the sky over Manhattan's East River is fading as I ask Annan a final question: How should his successor, South Korea's Ban Ki Moon, go about restoring U.S.-U.N. relations?

"My only advice to him about this job is to do it his way. I did it my way, which was to try to work with the United States while being the secretary-general of all United Nations members."

The New Demagogues (WP)

By Niall Ferguson

The Washington Post, December 3, 2006

"We are confronting the devil -- and we will hit a home run off the devil!"

Venezuelan President Hugo Ch?vez was at it again last week, demonizing his archenemy in front of throngs of loyal supporters in downtown Caracas. Forget his opponent in today's presidential elections -- that's not the "devil" he has in mind. Instead, following the example of another great Latin American demagogue, Fidel Castro, Ch?vez directs his rhetorical fire against the United States and President Bush.

The world over, demagogues are back, yelling their slogans and thumping their tubs.

In Latin America, Bolivia's Evo Morales and Mexico's Andr?s Manuel L?pez Obrador have joined Ch?vez in heaping opprobrium on the diabolical gringo imperialists. In the Middle East, Iran's Mahmoud Ahmadinejad and Hezbollah's Hasan Nasrallah denounce the demonic Yankee crusaders and their Zionist confederates with equal fervor. Others have different targets, but their language is no less inflammatory. In Germany, Udo Pastoers of the xenophobic National Democratic Party won a regional election after calling Europe "a cultural space for white people." In South Africa, former deputy president Jacob Zuma belts out "Mshini Wami," an anti-apartheid anthem that includes the line, "Bring me my machine gun."

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Their rhetoric may seem overblown, but no one should underestimate the threat these new demagogues pose -- especially to the United States. Irrelevant in Latin America, impotent in the Middle East, ignored in Africa and isolated in Europe, Washington may be facing its biggest foreign policy crisis since the late 1970s, when the Iranian Revolution and the Soviet invasion of Afghanistan rocked Jimmy Carter's presidency. And this new generation of rabble-rousers is seizing the moment. The more unpopular the United States becomes, the easier it is for them to win votes by bad-mouthing Uncle Sam.

We have been here before, and it wasn't pretty. When an elected president expresses skepticism about the Holocaust and threatens to wipe the state of Israel from the map, it is not hyperbole to draw comparisons with that most disastrous of demagogues, Adolf Hitler. Like Hitler, Ahmadinejad knows that anti-Semitism is one of the aces in the demagogue's deck, a tried-and-true means of inspiring hatred and suspicion of others -- and of staying in power himself. Hitler also frequently expressed his contempt for the United States, which he dismissed as "a decayed country," racially and culturally inferior to Germany -- and, of course, ruled by Jews. Read Ahmadinejad's latest letter to "the American people," released last week, for a reprise of that theme.

And today, the conditions for truly dangerous demagogues to emerge are almost ideal.

The classic breeding grounds for demagogy are war and revolution. It is no coincidence that Ahmadinejad is a veteran of the 1979 Islamic Revolution in Iran and the war between Iran and Iraq. In a new mood of "realism," the United States would now like Iran to help prevent its neighbor Iraq from collapsing into civil war. Fat chance. Ahmadinejad is bidding for Iranian hegemony in the Middle East. The last thing he needs is to be seen bailing out the Great Satan.

Severe economic volatility can also create a popular appetite for rousing rhetoric. It is significant that economic growth has been so much more variable in Latin America and the Middle East over the past 20 years than it has been in the United States. When people are buffeted by wild fluctuations in income, prices and job security, they are more likely to lose confidence in the political status quo and to heed the words of messianic leaders such as Ch?vez and Morales.

Also relevant is the level of average income. Today, per capita incomes in poorer Latin American countries and most of the Middle East are similar to those of Central Europe between the wars. (That's important, because studies suggest that a democracy's chances of survival are much higher when per capita income is above $6,000.) Illiteracy rates are probably higher than they were in Central Europe. Urbanization rates certainly are. It's an ideal environment for demagogy: masses of people, stuck between the grinding poverty of agrarian societies and the affluence of today's richest countries, living in crowded cities with lousy schools. In such settings, the center seldom holds for long. Soon the maverick speechmaker is strutting in presidential regalia.

That helps explain why so many demagogues swept to power in Central and Eastern Europe in the 1920s and '30s. Hitler was only one of a host of dictators who combined fiery rhetoric with colored shirts, shiny boots -- and an utter disregard for civil liberties, especially those of ethnic minorities. And that's the critical point.

History's lesson is that personal freedom is all too often the demagogue's first victim, especially when popular sentiment is whipped up against some internal or foreign enemy.

The ancient Greek word "demagogos" means simply a spokesman for the people or, more pejoratively, a leader of the mob. Modern usage implies rhetorical gifts and the ability to arouse an audience, usually with the promise of radical measures. It is to the baser impulses of the public that a demagogue usually appeals -- hence the tendency to identify and denounce enemies of the people.

Demagogy is as old as democracy, but not all democracies produce demagogues. The best known of the ancient Greek demagogues was Alcibiades, who sold his fellow Athenians the (bad) idea of conquering Sicily. The Roman Republic produced Marcus Tullius Cicero, whose devastating Philippics sought to thwart the ambitions of Julius Caesar's friend and Cleopatra's lover Mark Antony. (Cicero called Antony a "madman" who wanted a "bloodbath" in Rome.)

The term took on a new significance in the 17th century. If the English Civil War had its demagogue, it was the Puritan parliamentarian John Pym, Charles I's most vehement critic in the House of Commons -- though it was the plainspoken man of action Oliver Cromwell who emerged as dictator.

Not all revolutions produce demagogues. The American Revolution owed more to lawyerly draftsmen and amateur soldiers than to masters of rhetoric. In France, though, intemperate speechifying was the essence of the revolution. Demagogues such as Georges Danton -- nicknamed "Jove the thunderer" and one of the leaders of the Reign of Terror -- gave firebrand oratory a bad name for the better part of a century.

From the 1880s on, the widening of franchises to include poorer, less educated voters combined with a major economic slowdown to produce a new kind of demagogue: not so much a warmonger or a revolutionary as a vote-winner. The defining moment was William Ewart Gladstone's 1878 Midlothian campaign, when the British Liberal leader made a series of inspirational stump speeches aimed not just at local voters but at the nation.

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But as the boom years of the industrial age gave way to deflation and depression, demagogues turned against liberalism. On the left and right alike, from socialists to anti-Semites, radical politicians discovered that the best way to mobilize new voters was to blame economic volatility on enemies of the people. In Austria, the anti-Semite Karl Lueger blamed the troubles of the Viennese petty bourgeoisie after the stock market crash of 1873 on the city's supposedly all-powerful Jews. In Russia, radical socialists such as Leon Trotsky fulminated with equal vehemence against czarism and capitalism. In every case, the demagogue pointed an accusatory finger, blaming this or that group for the sufferings of the masses. Success meant power for the demagogue, and persecution for his targets.

Small wonder, then, that the years between World Wars I and II proved to be the zenith of demagogic politics. After 1914, the world was swept first by war, then by revolutions and finally by the worst depression in economic history. Hitler was of course the arch-demagogue, a hate-filled monster and false Messiah who promised the German people redemption after years of humiliation. But in Italy, Benito Mussolini also strutted and stormed; Oswald Mosley, the renegade socialist who founded the British Union of Fascists, tried the same tricks in England. Central Europe resounded to the diatribes of a horde of similar rabble-rousers. In Poland, National Democrat leader Roman Dmowski prophesied an "international pogrom of the Jews." In Romania, the founder of the Legion of the Archangel Michael, Corneliu Codreanu, pledged to "destroy the Jews before they can destroy us." Hitler was very far from the only demagogue in the 1930s to scapegoat the Jews. When he took Europe to war, he found willing collaborators all over the continent.

The good news about demagogues is that they often find it harder to deliver on election pledges than to deliver election speeches. In September, Morales's deputy, Vice President ?lvaro Garc?a Linera, called on Bolivia's indigenous people to defend Morales's government "with your chest, with your hand, with your Mauser" in response to opposition in the eastern city of Santa Cruz. Such language belies the reality that the Morales government has been forced to modify its plan to nationalize the country's energy sector (though last week it did succeed in pushing through a radical land reform bill). Economic instability and backwardness may bring demagogues to power. But they also constrain them once they get there.

Still, the fact that Chavez and Ahmadinejad sit on top of 6 percent and 11 percent of proven global oil reserves must give us pause. Perhaps the greatest strategic weakness of the interwar demagogues was their lack of fuel. That, indeed, was one of their motives for conquering what Hitler called "living space" from neighboring countries.

Today's demagogues, by contrast, rule oil-rich countries. This may reduce their need to acquire territory. But with oil prices stuck above $60 a barrel, it also guarantees them large payments from oil-importing countries such as the United States and gives them the means to back up their words with action. And you don't need to know a lot of history to know that hot air plus petroleum is a potentially explosive combination.

Niall Ferguson, a history professor at Harvard, is author of "The War of the World: Twentieth-Century Conflict and the Descent of the West" (Penguin).

Felipe Calderon's Daunting To-do List For Mexico (LAT)

By Jorge G. Castañeda

The Los Angeles Times, December 3, 2006

MEXICO'S SEEMINGLY endless electoral ordeal has finally concluded: Felipe Calderon took office as president on Friday, albeit under hardly auspicious circumstances. Constitutional order has prevailed — though just barely — despite the onslaught of a strident and deeply wounded left-wing opposition bent on impeding Calderon's inauguration and a bitter, resentful Institutional Revolution Party (PRI) silently hoping and conspiring for the new president's failure.

The bad news for Calderon is that the telenovela that debuted on election day, July 2, is only the beginning. The toughest challenges lie ahead for him now that he has moved into Los Pinos (as the presidential spread on the edge of Chapultepec Park is called).

The conventional wisdom in Mexico doesn't fully appreciate Calderon's predicament. If Vicente Fox's term was largely a self-inflicted failure — as is broadly believed — then it would be relatively easy for the new administration to improve on this dismal past. So Calderon would set about imposing respect for the rule of law and the country's institutions, using political skills acquired as a party leader and legislator to broker deals with the PRI for the structural economic reforms Mexico needs to grow at roughly twice the rate of the Fox years (a meager 2% a year), downsizing expectations for dealing with Washington on immigration and cracking down on corruption that has remained rampant over the last six years.

That wouldn't prove so daunting. Alas, this simplistic narrative is not only inaccurate, it is devastatingly misleading.

Fox's six years in office, coupled with the four last years of former President Ernesto Zedillo's mandate, were a milestone. Not since the 1960s had Mexico enjoyed 10 consecutive years of economic stability, low inflation, low interest rates, a stable currency and constant, if mediocre, growth. For the first time, mortgages, automobile loans and consumer credit became available to the lower middle class: This year more homes were built and sold, and more cars were bought, than ever before.

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Fox can be criticized for indulging disruptive political protesters and an extremist opposition, but what's more important is that he did not resort to the bloody repression for which most of his predecessors came to be known. And as his foreign minister for a time, I am proud that Fox dragged Mexico out of its archaic foreign policy cocoon and put immigration and human rights front and center on Mexico's international agenda.

As far as Fox's inability to build coalitions with other parties (his National Action Party, or PAN, did not control a majority in the Congress, and still doesn't), perhaps it was their fault, not his. Even before taking office, Calderon was unable to accomplish his very first goal: building the coalition government — at least with the PRI — that he repeatedly proclaimed as the solution to the political gridlock that has cursed Mexico since 1997. There are advantages to having a uniform and disciplined, though probably disposable, PAN Cabinet, even one made up largely of lackluster, mostly unknown and untested archconservatives from the heartland, but this is not what Calderon said he wanted. Similarly, no deal was reached with the leftist opposition regarding the inauguration ceremony — thus the chaotic, depressing scenes of Mexican congressmen fighting it out at the podium of their chamber over the course of the last week.

Moreover, local conflicts like those in the southern state of Oaxaca have not been quickly resolved under Fox, either politically or through the use of force. It seems that Mexico's problems are more intractable than just not having Fox to "kick around anymore."

Actually, they may be more simple and complex at the same time. Mexico experienced an abrupt economic opening under former President Carlos Salinas de Gortari (1988-1994), a belated but successful political opening under Zedillo (1994-2000) and, at long last, a true rotation in power thanks to Fox (2000-2006). But all of these historical transformations took place while leaving the essence of the old PRI-inspired machinery intact: The foundations of the system (which political scientists would call "corporativist" because that system managed to subordinate all sectors of society — the party, business, labor, the church and so on under its control), created in the 1930s, remain untouched. They still represent the most formidable obstacles to Mexico's growth and success.

The first pillar of this structure is the public and private economic monopolies that dominate the country. The oil (Pemex) and electric power (Federal Electricity Commission) firms owned by the state are untainted by competition; the private virtual monopolies in telecommunications (Telmex), television networks (Televisa), cement (Cemex), bread and tortilla manufacturing (Bimbo and Maseca, respectively) and banking (Banamex/Citigroup and Bancomer/Banco de Bilbao) face only tepid competition at home, thanks to their cozy relationship with the state. Prices, supply, service and quality suffer as a consequence, and today these monopolies are stronger than ever.

The second pillar is formed by the unions that have controlled the Mexican labor movement since the 1930s. They were granted immense leverage in workplaces, tremendous resources and political power. The power of such organizations as the teachers union (the largest in Latin America), the oil workers union (the richest in Latin America) and the Social Security employees union (that has thwarted any attempt at pension or health reform for years) remains largely unchecked to this day. These unions obtained all their perks in exchange for 70 years of support for the PRI. They retain those perks, though they no longer owe any support to the government.

The third pillar is the political monopoly. For 70 years, one party had a complete lock on Mexican politics; now three parties do, and no one else can enter the political arena or have access to the taxpayer subsidies handed out to these parties (to the tune of more than half a billion dollars last year) without their consent. In Mexico, Joe Lieberman would not have been reelected to the Senate because, among other reasons, independent candidates are not allowed to run. The parties write their own antitrust legislation, vote their own subsidies and choose their own elected officials, who are just ratified at the polls.

Calderon's daunting assignment is to take on the pillars of the PRI's ancient regime, which have outlasted that party's seven-decade control of the presidency. His administration needs to liberate the union movement, upgrade and enforce antitrust laws to break up private monopolies and allow new competitors — even to the old public monopolies — to enter the marketplace. The barriers of entry into the marketplace of political ideas must also come down.

Can Calderon achieve all this? On one hand, the question might appear nonsensical. Given his weakness at the start, and the virulence and insidiousness of his opposition, taking on more enemies, including some of the powers that be that backed him, seems absurd and impossible. On the other hand, doing so may be the only way to strengthen his presidency. Moreover, his supporters can hardly break with him and join the Andres Manuel Lopez Obrador insurrection or the PRI silent conspiracy. They have nowhere else to go. Nor, indeed, does Calderon. He has to move forward and take up some formidable interests that are standing in the way of Mexico's future. It will not be easy.

Jorge G. Castañeda is a former foreign minister of Mexico and a professor of politics and Latin American studies at New York University.

DOJ_NMG_0101450

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 4, 2006 7:45 AM EST

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TERRORISM NEWS:

Video Is A Window Into A Terror Suspect's Isolation (NYT)

By Deborah Sontag

The New York Times, December 4, 2006

One spring day during his three and a half years as an enemy combatant, Jose Padilla experienced a break from the monotony of his solitary confinement in a bare cell in the brig at the Naval Weapons Station in Charleston, S.C.

That day, Mr. Padilla, a Brooklyn-born Muslim convert whom the Bush administration had accused of plotting a dirty bomb attack and had detained without charges, got to go to the dentist.

"Today is May 21," a naval official declared to a camera videotaping the event. "Right now we're ready to do a root canal treatment on Jose Padilla, our enemy combatant."

Several guards in camouflage and riot gear approached cell No. 103. They unlocked a rectangular panel at the bottom of the door and Mr. Padilla's bare feet slid through, eerily disembodied. As one guard held down a foot with his black boot, the others shackled Mr. Padilla's legs. Next, his hands emerged through another hole to be manacled.

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Wordlessly, the guards, pushing into the cell, chained Mr. Padilla's cuffed hands to a metal belt. Briefly, his expressionless eyes met the camera before he lowered his head submissively in expectation of what came next: noise-blocking headphones over his ears and blacked-out goggles over his eyes. Then the guards, whose faces were hidden behind plastic visors, marched their masked, clanking prisoner down the hall to his root canal.

The videotape of that trip to the dentist, which was recently released to Mr. Padilla's lawyers and viewed by The New York Times, offers the first concrete glimpse inside the secretive military incarceration of an American citizen whose detention without charges became a test case of President Bush's powers in the fight against terror. Still frames from the videotape were posted in Mr. Padilla's electronic court file late Friday.

To Mr. Padilla's lawyers, the pictures capture the dehumanization of their client during his military detention from mid-2002 until earlier this year, when the government changed his status from enemy combatant to criminal defendant and transferred him to the federal detention center in Miami. He now awaits trial scheduled for late January.

Together with other documents filed late Friday, the images represent the latest and most aggressive sally by defense lawyers who declared this fall that charges against Mr. Padilla should be dismissed for "outrageous government conduct," saying that he was mistreated and tortured during his years as an enemy combatant.

Now lawyers for Mr. Padilla, 36, suggest that he is unfit to stand trial. They argue that he has been so damaged by his interrogations and prolonged isolation that he suffers post-traumatic stress disorder and is unable to assist in his own defense. His interrogations, they say, included hooding, stress positions, assaults, threats of imminent execution and the administration of "truth serums."

A Pentagon spokesman, Lt. Col. Todd Vician, said Sunday that the military disputes Mr. Padilla's accusations of mistreatment. And, in court papers, prosecutors deny "in the strongest terms" the accusations of torture and say that "Padilla's conditions of confinement were humane and designed to ensure his safety and security."

"His basic needs were met in a conscientious manner, including Halal (Muslim acceptable) food, clothing, sleep and daily medical assessment and treatment when necessary," the government stated. "While in the brig, Padilla never reported any abusive treatment to the staff or medical personnel."

In the brig, Mr. Padilla was denied access to counsel for 21 months. Andrew Patel, one of his lawyers, said his isolation was not only severe but compounded by material and sensory deprivations. In an affidavit filed Friday, he alleged that Mr. Padilla was held alone in a 10-cell wing of the brig; that he had little human contact other than with his interrogators; that his cell was electronically monitored and his meals were passed to him through a slot in the door; that windows were blackened, and there was no clock or calendar; and that he slept on a steel platform after a foam mattress was taken from him, along with his copy of the Koran, "as part of an interrogation plan."

Mr. Padilla's situation, as an American declared an enemy combatant and held without charges by his own government, was extraordinary and the conditions of his detention appear to have been unprecedented in the military justice system.

Philip D. Cave, a former judge advocate general for the Navy and now a lawyer specializing in military law, said, "There's nothing comparable in terms of severity of confinement, in terms of how Padilla was held, especially considering that this was pretrial confinement."

Ali al-Marri, a Qatari and Saudi dual citizen and the only enemy combatant currently detained in the United States, has made similar claims of isolation and deprivation at the brig in South Carolina. The Pentagon spokesman, Lieutenant Vician, said Sunday that he could not comment on the methods used to escort Mr. Padilla to the dentist. Blackened goggles and earphones are rarely employed in internal prison transports in the United States, but riot gear is sometimes used for violent prisoners.

One of Mr. Padilla's lawyers, Orlando do Campo, said, however, that Mr. Padilla was a "completely docile" prisoner. "There was not one disciplinary problem with Jose ever, not one citation, not one act of disobedience," said Mr. do Campo, who is a lawyer at the Miami federal public defender's office.

In his affidavit, Mr. Patel said, "I was told by members of the brig staff that Mr. Padilla's temperament was so docile and inactive that his behavior was like that of 'a piece of furniture.' "

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Federal prosecutors and defense lawyers are locked in a tug of war over the relevancy of Mr. Padilla's military detention to the present criminal case. Federal prosecutors have asked the judge to forbid Mr. Padilla's lawyers from mentioning the circumstances of his military detention during the trial, maintaining that their accusations could "distract and inflame the jury."

But defense lawyers say it is unconscionable to ignore Mr. Padilla's military detention because, among other reasons, it altered him in a way that will impinge on his trial.

Dr. Angela Hegarty, director of forensic psychiatry at the Creedmoor Psychiatric Center in Queens, N.Y., who examined Mr. Padilla for a total of 22 hours in June and September, said in an affidavit filed Friday that he "lacks the capacity to assist in his own defense."

"It is my opinion that as the result of his experiences during his detention and interrogation, Mr. Padilla does not appreciate the nature and consequences of the proceedings against him, is unable to render assistance to counsel, and has impairments in reasoning as the result of a mental illness, i.e., post-traumatic stress disorder, complicated by the neuropsychiatric effects of prolonged isolation," Dr. Hegarty said in an affidavit for the defense.

Mr. Padilla's status was abruptly changed to criminal defendant from enemy combatant last fall. At the time, the Supreme Court was weighing whether to take up the legality of his military detention — and thus the issue of the president's authority to seize an American citizen on American soil and hold him indefinitely without charges — when the Bush administration pre-empted its decision by filing criminal charges against Mr. Padilla.

Mr. Padilla was added as a defendant in a terrorism conspiracy case already under way in Miami. The strong public accusations made during his military detention — about the dirty bomb, Al Qaeda connections and supposed plans to set off natural gas explosions in apartment buildings — appear nowhere in the indictment against him. The indictment does not allege any specific violent plot against America.

Mr. Padilla is portrayed in the indictment as the recruit of a "North American terror support cell" that sent money, goods and recruits abroad to assist "global jihad" in general, with a special interest in Bosnia and Chechnya. Mr. Padilla, the indictment asserts, traveled overseas "to participate in violent jihad" and filled out an application for a mujahedin training camp in Afghanistan.

Michael Caruso, a public defender for Mr. Padilla, pleaded "absolutely not guilty" for him to charges of conspiracy and of providing material support to terrorists. Mr. Padilla faces two charges that each carry a maximum penalty of 15 years.

Over the summer, Judge Marcia G. Cooke of United States District Court in Miami threw out the most serious charge, of conspiracy to murder, kidnap and maim persons in a foreign country, saying that it replicated accusations in the other counts and could lead to multiple punishments for a single crime. This was a setback for the government, which has appealed the dismissal.

Mr. Padilla's lawyers say they have had a difficult time persuading him that they are on his side.

From the time Mr. Padilla was allowed access to counsel, Mr. Patel visited him repeatedly in the brig and in the Miami detention center, and Mr. Padilla has observed Mr. Patel arguing on his behalf in Miami federal court.

But, Mr. Patel said in his affidavit, his client is nonetheless mistrustful. "Mr. Padilla remains unsure if I and the other attorneys working on his case are actually his attorneys or another component of the government's interrogation scheme," Mr. Patel said.

Mr. do Campo said that Mr. Padilla was not incommunicative, and that he expressed curiosity about what was going on in the world, liked to talk about sports and demonstrated particularly keen interest in the Chicago Bears.

But the defense lawyers' questions often echo the questions interrogators have asked Mr. Padilla, and when that happens, he gets jumpy and shuts down, the lawyers said.

Dr. Hegarty said Mr. Padilla refuses to review the video recordings of his interrogations, which have been released to his lawyers but remain classified.

He is especially reluctant to discuss what happened in the brig, fearful that he will be returned there some day, Mr. Patel said in his affidavit.

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"During questioning, he often exhibits facial tics, unusual eye movements and contortions of his body," Mr. Patel said. "The contortions are particularly poignant since he is usually manacled and bound by a belly chain when he has meetings with counsel."

On Tape: An 'Enemy' Interrogation (NSWK)

Newsweek, December 4, 2006

Newsweek

Dec. 11, 2006 issue - Lawyers for "enemy combatant" Jose Padilla claim he is so disoriented from three years of isolation and aggressive interrogations that he is now mentally ill. In new court filings, Padilla's lawyers also assert for the first time that Padilla's interrogations were taped, thereby providing a potentially extensive video record of how the government treated a man once considered a dangerous Qaeda operative.

U.S. officials have denied Padilla's claims that he was mistreated after he was thrown into a U.S. naval brig on orders from President Bush in June 2002. "It is our policy to treat all detainees humanely," said Pentagon spokesman J. D. Gordon. (A Justice spokesman declined to comment on the new claims about Padilla's mental state or the existence of tapes.) But the disputes about Padilla's treatment have raised issues that are likely to come up in future prosecutions, whether in regular criminal courts—where Padilla is due to be tried early next year—or in military commissions where the Bush administration plans to prosecute Qaeda figures. A former Chicago gang member and a U.S. citizen, Padilla was proclaimed an "enemy combatant" by Bush and denied access to a lawyer amid White House assertions he had plans to set off a radiological "dirty" bomb. Administration officials have since backed off that claim. Last year Padilla was removed from the brig and indicted in Miami on charges that he's part of a North American jihad cell that provided material support to Islamic extremists overseas.

Padilla's lawyers recently moved to have the entire case dropped because of government conduct that allegedly included subjecting him to sleep deprivation, extreme cold, injecting noxious fumes into his cell and giving him mind-altering drugs. Justice lawyers said there was not a "shred of record evidence" to support claims of "torture," but have declined to address specific interrogation techniques. Defense lawyers then submitted an affidavit from psychiatrist Dr. Angela Hegarty, who asserted Padilla was so "traumatized" by his treatment that he cannot bear to watch tapes of his interrogation, and when "approached by his lawyers, he begs them, 'Please, please, please' not to have to discuss his case." Hegarty says Padilla is suffering from post-traumatic-stress disorder and cannot assist in his defense—a claim that could be a basis to put off his trial. Another new affidavit says Padilla suffers from "facial tics" and bodily "contortions," and fears that his lawyers are government agents. Human-rights lawyer Scott Horton said he expects lawyers for other Qaeda detainees at Gitmo to make similar claims, and also to press for access to tapes of clients' interrogations. "This is going to wind up being an enormous issue," he said.

A Judge's Sharp Opinion (WP)

The Washington Post, December 4, 2006

U.S. District Judge Gladys Kessler issued a blunt indictment Friday of the Bush administration's legal handling of prisoners at the Guantanamo Bay Naval Base in Cuba. Frustrated with the plight of prisoners held without charges for years at the base, Kessler expressed disgust with the federal government's repeated efforts to block courts from hearing detainees' complaints.

Kessler's written opinion was particularly unusual in that it came in a ruling about a technicality. The Justice Department had asked her to dismiss the complaint of an Afghan detainee, Hamid al-Razak, and to bar him from ever seeking the court's help. Below is a portion of her denial of the government's motion:

-- Carol D. Leonnig

The Petitioner . . . identifies the legal, cultural, and psychological isolation in which the detainee exists which demonstrate his inability to challenge the legality of his detention. They are as follows:

He is a resident of Afghanistan.

He has had virtually no contact with the news media or any word from outside the closed Guantanamo prison system for over 3 years.

He has had no contact with his friends or family members outside Guantanamo.

He is unfamiliar with the United States Court System.

He does not speak English.

He likely does not know what the term Habeas Corpus means.

He has no criminal charges against him.

He has every reason to distrust his captors and keepers.

He has every reason to rely on the friendship with other detainees, who speak his language and suffer the same disabilities.

He has every reason to challenge his confinement.

No party outside Guantanamo is aware of the specific camp in which he is being detained, nor the "grade" or "level" of detention he is presumed to be, each level being determinative of the privileges he receives.

He does not have access to a law library.

He cannot communicate with his attorney, nor does he even know at present that he has an attorney.

He has no expectation of release, ever.

In light of these facts, there can be little doubt in the Court's mind that Mr. Al Razak is not able to challenge the legality of his detention. . . .

The fact that some of the unfortunate petitioners who have been detained for many years in the terrible conditions at Guantanamo Bay have been knowledgeable enough to file their own petitions certainly does not demonstrate that Mr. Al Razak himself had either the sophistication, or confidence in the American justice system which has so delayed ruling on his status without even filing criminal charges against him, or the physical or mental stability, to do so on his own.

Finally, the Government has offered no evidence to contradict Petitioner's statements that he . . . knows that Mr. Al Razak wants a lawyer to assert his legal rights. . . .

In numerous cases, the Court has felt compelled, for purposes of judicial economy and efficiency, to grant Respondents' Motions to stay proceedings of the Guantanamo Bay cases until completion of related appeals. The longer those appellate proceedings drag on, the more problematic it becomes as to whether a stay serves the interest of justice. It is often said that "justice delayed is justice denied."

Nothing could be closer to the truth with reference to the Guantanamo Bay cases.

Gladys Kessler

United States District Judge

Pentagon Invoking Emergency Authority For Guantanamo Court (MBSN/MCT)

By Carol Rosenberg

Myrtle Beach (SC) Sun News/McClatchy, December 4, 2006

MIAMI - The Pentagon is invoking emergency authority to fast-track funding of a comprehensive war-crimes court compound at Guantanamo Bay, Cuba, according to a letter to Congress obtained by The Miami Herald.

Department of Defense spokesmen would not say when - if ever - the Pentagon had last invoked similar authority.

Nor would they specify which military construction already approved by Congress would be frozen to fund the courtroom project, which could cost as much as $125 million, according to U.S. government documents.

But, in a Nov. 17 letter to several Republican and Democratic senators and House members, Deputy Defense Secretary Gordon England explains the unusual move this way:

"Due to national security implications and extreme urgency, emergency construction was authorized pursuant to Section 2808 of title 10, United States Code."

Congressional staff members say the price tag and the funding mechanism have stirred protests among key members of Congress with fiscal and operational oversight of the Department of Defense.

The Pentagon wants to build, in three months, a mini-city on an abandoned airfield to stage the trials - two new courtrooms with space for two more, dining, housing and work space for up to 1,200 military and civilians working at the trials, and media, conference and classified information centers.

At issue is how swiftly and at what cost the Pentagon will kick-start its on-again, off-again Military Commissions process at the U.S. Navy base.

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The military envisions night-and-day court sessions in at least two courtrooms to allege war crimes against about one-fifth of the so-called enemy combatants held as terror suspects at Guantanamo, some since early 2002.

An internal worksheet for what would be Project 68043 says the Pentagon anticipates trying "75 to 80" of the 430 or so detainees under an "increased operations tempo."

In a bipartisan move, Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, and the man who will succeed him in the next Congress, Sen. Carl Levin, D-Mich., have filed a letter of protest, say congressional staff members who asked that they not be named because they were not authorized to speak to reporters.

Moreover, Rep. Duncan Hunter, R-Calif., chairman of the House Armed Services Committee, wrote England in a two-page letter dated Nov. 29 that, while he understands the need for more facilities, the price tag "is a little excessive at this point," said Hunter spokesman Josh Holly.

Hunter has been a key supporter of the Bush administration's detention policy, and last year staged a photo opportunity on Capitol Hill - in which he presented a Guantanamo lemon chicken meal - to answer critics who contend detainees are abused at the facility in southeast Cuba.

But on the court complex, Duncan "would urge significant reductions of costs through greater use of temporary portable or modular structures," added Holly.

"There's no need to build something that needs to be down there for 30 years."

The Pentagon would not elaborate, but it appears to be relying on a National Emergency Construction Authority Executive Order, which President Bush signed more than five years ago - after the Sept. 11, 2001, World Trade Center and Pentagon attacks.

The compound would supplement an existing courtroom, lock-up, office space and security facilities. The Bush administration had held pre-trial hearings there, until the U.S. Supreme Court in June declared them unconstitutional on a challenge by Osama bin Laden's driver.

Now, armed with a new Military Commissions law, the Pentagon is preparing to hold multiple trials in multiple venues - even as Justice and Defense Department lawyers are still writing new guidelines for new trials.

Moreover, new legislation introduced by Sen. Christopher Dodd, D-Conn., in the lame-duck Congress, seeks to redesign the court system again and, significantly, accelerate civilian court scrutiny of the system's constitutionality.

Unclear is what defense projects will be set aside and put at risk with the extraordinary move.

Defense Department spokesman Bryan Whitman said in a Nov. 28 e-mail to The Miami Herald that "offsets have been identified."

Rep. Jim Walsh, R-N.Y., who chairs the House subcommittee on military appropriations, over the weekend declared his opposition to the Pentagon move, too.

Diverting money "would affect military readiness, and we're at war," the 18-year veteran congressman was quoted as saying in the Post-Standard of Syracuse. "It sounds like their priorities are skewed."

In the letter, England asks the Congress members to support a future request to restore the projects that the emergency move would preempt - an idea that Hunter replied was unlikely to succeed.

Also unclear is the true cost of the project.

A Navy presolicitation notice to would-be builders, dated Nov. 3, with a response deadline of Dec. 20, put the value of the project at $75 million to $125 million, and a fast-track deadline of July 2007.

England's Nov. 17 letter put the price tag at $102 million - and did not explain the discrepancy.

The CIA And The Militant Who Eluded It In Norway (WP)

By Craig Whitlock

The Washington Post, December 4, 2006

OSLO -- Two months after he helped kidnap a Muslim cleric in Italy, records show, an undercover CIA officer boarded a flight to Norway on another secret mission. Two other U.S. spies followed a few weeks later and checked into the same hotel.

DOJ_NMG_0101459

Shortly after the agents arrived in the spring of 2003, an Islamic militant living in Oslo known as Mullah Krekar received a warning from an anonymous Norwegian official, according to Krekar's lawyer. The message: Krekar, then head of a Kurdish insurgent group, was a CIA target and should watch his back.

The spies left Norway by the end of the summer, according to records of their travels compiled by European investigators. If the CIA was planning to abduct Krekar, like other Islamic radicals it had secretly apprehended in Europe after the attacks of Sept. 11, 2001, those plans were quietly abandoned.

But it would not be the first or last time that the U.S. government had sought to push Krekar out of Norway. For more than a decade, the Kurdish cleric had enjoyed protection in the Nordic country as a political refugee, even as he frequently slipped back into his homeland in northern Iraq to lead an armed separatist movement called Ansar al-Islam, which has carried out attacks on civilians and U.S. troops.

The case shows how the United States has struggled to deal with Islamic militants who are allowed to live freely in Europe despite being labeled serious security risks. Others have included radical clerics in London and supporters of the Hamburg cell responsible for the Sept. 11 hijackings.

But the pursuit of Krekar also demonstrates how U.S. tactics in confronting those militants have sometimes backfired, giving ammunition to critics who accuse the Bush administration of skirting the law or relying on questionable evidence.

Before the invasion of Iraq, the U.S. government publicly portrayed Krekar and his network as an organizational link between al-Qaeda and the government of Saddam Hussein. Under pressure to prove that connection, the United States tried a variety of tactics to forcibly remove Krekar from Norway and hand him over to friendly security services in the Middle East.

Each attempt failed. Today, although the Norwegian government has declared Krekar a security threat and ordered him deported, the mullah is still in Oslo.

Most evidence against him remains classified. But other charges have been refuted in court or publicly discredited, including allegations by U.S. and Iraqi officials that Krekar ordered followers to carry out suicide bombings and that Ansar controlled a chemical weapons factory.

"At first, I didn't think I had done anything that was a threat to the Americans," Krekar said in an interview. "Later, some people told me I had become a target, but I didn't think the Americans would come for me themselves. They wanted to use me, to show that there was a link between Saddam and al-Qaeda."

The intense U.S. interest in Krekar came at a time when the CIA was targeting other Islamic radicals in Europe for "extraordinary rendition," the clandestine practice of seizing terrorism suspects and transferring them to allied nations that sometimes practice torture. Among suspects grabbed by the CIA: a Muslim cleric in Milan, two Arabs living in Stockholm and two others from Germany.

The CIA and the U.S. Embassy in Norway declined to comment on whether Krekar was a rendition target. In a prepared statement for this article, State Department deputy spokesman Tom Casey said, "The United States continues to consider Krekar to be a threat to national security, and we think the same with respect to Ansar al-Islam."

U.S. officials have made no secret of their desire to see Krekar booted from his Scandinavian haven. As secretary of state, Colin L. Powell repeatedly urged his Norwegian counterparts to expel Krekar, singling out Ansar al-Islam as proof of a connection between the Iraqi government and al-Qaeda in a February 2003 speech to the United Nations.

In August 2003, a few weeks after the CIA operatives left Oslo, Attorney General John Ashcroft made his own trip to this nation of 4.6 million people to ratchet up the pressure. He called Ansar "a very dangerous group," whose leaders "merit the very close attention of those who are fighting terrorism."Made 'Bigger Than He Is'

Krekar, whose real name is Najumuddin Faraj Ahmad, is 50 years old. Fluent in four languages and sporting a bushy black beard, he has become a celebrity in Norway. He has published an autobiography -- "My Own Words" -- and aggressively defended his reputation, saying he quit as Ansar's leader in 2002.

Even as he denies involvement in terrorism, he has praised those who practice it. In an interview with a Kurdish newspaper in June 2006, he called al-Qaeda's founder, Osama bin Laden, "a good Muslim" and wished him a long life. He also lamented the "bad news" about the recent death of Abu Musab al-Zarqawi, chief of al-Qaeda forces in Iraq. "But I am not sad, because he went to paradise," Krekar added.

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Krekar has also been questioned by European counterterrorism investigators about his alleged ties to radicals in Germany, Sweden, Italy and Spain, though none of those countries has filed charges against him.

"Everyone -- the Americans, the Islamists, the Norwegian government -- has built up Mullah Krekar into someone bigger than he is, into a symbol," said Brynjar Meling, one of his Norwegian attorneys. "And he has let them do this."

Krekar hasn't always been an enemy of the United States. He fled northern Iraq in 1990 and received asylum in Norway after claiming he had been persecuted by Saddam Hussein's security services.

After the Persian Gulf War of 1991, he returned for long visits to his Kurdish homeland, which was under the protection of U.S. warplanes maintaining a "no-fly" zone. In early 2001, he said, he and other Kurdish leaders met with three CIA officers to discuss how to overthrow Hussein.

Later that year, Krekar founded Ansar al-Islam, or Followers of Islam. The network carved out a small territory near the Iranian border and engaged in skirmishes with other Kurdish factions. U.S. counterterrorism officials suspected that Ansar sheltered al-Qaeda fugitives who had fled Afghanistan after the U.S. invasion there in 2001.

In September 2002, after crossing the mountainous border with Iran, Krekar was detained by Iranian authorities and put on a flight to Amsterdam. Upon landing, he was arrested again, this time by Dutch authorities, who said he was wanted for extradition to Jordan on drug charges.

Krekar said that the allegations were trumped up and that he had never been to Jordan. His attorneys said U.S. officials had orchestrated the detention.

Dutch officials confirmed U.S. involvement in the case but didn't elaborate. "You can assume the Americans have an interest," Dutch Justice Ministry spokesman Martin Bruinsma told reporters.

While he was held in Amsterdam, Krekar said, he was questioned by FBI agents on two occasions, even though he wasn't wanted on U.S. charges. "They wanted to talk about al-Qaeda," he recalled. "I didn't answer anything. I said, 'Just ask about me and my group.' "

Krekar was released in January 2003 after Jordan failed to provide detailed evidence against him. He flew to Oslo, where authorities weren't eager to let him return but didn't have a legal basis for refusing him entry.In U.S. Spies' Sights

Three months later, on April 24, a CIA officer arrived in Oslo on an SAS flight from New York. He checked into the Radisson SAS Plaza Hotel in Oslo, a few blocks from Krekar's apartment, and registered as an employee of a fictitious technology firm in Hyattsville, Md.

The same CIA officer, using a false cover name, had been present in Milan two months earlier for the abduction of a radical Muslim cleric, Hassan Mustafa Osama Nasr, according to Italian prosecutors.

Nasr was taken to Egypt, where he says he was tortured. Italian authorities have filed kidnapping charges against 25 CIA operatives, including the officer who later flew to Norway. None has been arrested.

The spies' European travels were reconstructed by Italian investigators who traced their frequent-flier and credit-card account records. The existence of the records was first reported by Stavanger Aftenblad, a Norwegian newspaper.

Four days after the CIA officer arrived in Oslo, Krekar's attorney, Meling, said he received a warning about his client from a Norwegian government source, via an intermediary. Although the message was vague, it made clear that U.S. spies had Krekar in their sights. In response, the lawyer wrote a letter to Norwegian police, requesting extra protection for Krekar.

The CIA operative left Norway on May 18. But two weeks later, he was replaced by a female U.S. spy -- also charged in the Italian kidnapping case -- who flew to Oslo from Chicago.

She was joined a month later by another female agent, according to Stavanger Aftenblad. Both women registered under fictitious names and businesses and rented a car for a month, the newspaper reported. Both left the country by summer's end.

What else the spies did in Norway is unknown. But at the time of their visit, their cover was jeopardized as rumors swirled about their presence in Oslo.

In May 2003, local news media reported that the Norwegian government had approved plans for undercover U.S. agents to come to Norway to investigate Islamic radicals, including Krekar. Norwegian officials would not confirm or deny the reports but said foreign intelligence agents would not be allowed to operate in the country independently.

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Meanwhile, Norwegian authorities, with the aid of intelligence provided by U.S. officials, tried to deal with Krekar in other ways.

The cleric was arrested on the eve of the invasion of Iraq in March 2003 but released a few weeks later for lack of evidence. Later that year, Norwegian prosecutors opened another investigation, this time focusing on allegations that Krekar had ordered Ansar recruits to stage suicide bombings in Iraq.

The case hinged on a key witness: a would-be suicide bomber who was captured in Iraq and handed over to U.S. forces. The failed bomber told Iraqi officials that Krekar was behind the plot. When he was interviewed by Norwegian investigators in Baghdad, however, the man recanted, saying he had been tortured until he agreed to testify against Krekar.

Norwegian immigration officials have tried for years to kick Krekar out of the country. Citing classified evidence, the government first declared Krekar a threat to national security in 2003 and ordered him deported.

He has appealed to the courts, where he has lost repeatedly. On Nov. 22, an appellate court upheld the government's decision, declaring, "Reasons exist to fear that the plaintiff has links with terrorist activities and groups."

But chances are remote he'll have to leave Oslo anytime soon.

Under Norwegian law, no one can be deported to a country where he or she could face torture or the death penalty. Judges in Norway have ruled that Iraq is such a place and will probably remain that way for years.

"I think Mullah Krekar can get a mortgage and prepare for a long and secure stay in Norway," Arvid Sjoedin, another of his attorneys, said last month.

HOMELAND RESPONSE:

'Visa Lite' Program Studied To Ease Travel (WT/UPI)

By Shaun Waterman

The Washington Times, December 4, 2006

U.S. officials are providing more details of the president's proposal to broaden the Visa Waiver Program, sketching an ambitious plan for an electronic "visa lite" system that would enable travelers to be cleared against terrorism and immigration watch lists before reaching the United States.

In remarks in Europe last week, President Bush addressed complaints from the leaders of several of the post-Soviet democracies about the restrictive requirements for the program, under which citizens of 27 participating nations are entitled to travel to the United States for up to three months for business or pleasure without a visa.

Mr. Bush said officials in Estonia had been "straightforward and very frank" about the issue. He said there was "deep concern" that people from countries fighting alongside the U.S. military in Iraq weren't able to travel to the United States as freely as they would like.

The issue also arose in Latvia, and had been raised with Mr. Bush by Poland and other former East Bloc countries that are now U.S. allies and in some cases members of NATO and/or the European Union.

Mr. Bush promised last week to send a proposal to Congress to modify the program, "to make sure that nations like Estonia qualify more quickly," while strengthening security.

On Wednesday, the Department of Homeland Security laid down broad outlines of the reform package Mr. Bush would be sending to Congress. They include the new "visa lite" system called an "electronic travel authorization," which would be issued to passport holders before they traveled to the United States, as well as better information-sharing by new member nations on lost and stolen passports and criminal and terrorist watch lists and higher standards for their document and airport security.

In return for subscribing to these additional security measures, officials said, nations that wanted to join the program would be granted flexibility on other requirements of membership, such as the less than 3 percent refusal rate on visa applications.

"We know that, realistically, there are some [countries] that are not going to make the 3 percent bar," said Homeland Security Department spokesman Jarrod Agen, adding that the focus of such measures was on a pre-September 11 conception of how the program might be abused, "looking at economic factors and illegal migration."

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After A Rush To Make Repairs, Pace Of Levee Work Downshifts (NYT)

By John Schwartz

The New York Times, December 4, 2006

NEW ORLEANS — For months, the Army Corps of Engineers raced through the city, frantically patching broken levees and building floodgates to prepare for a hurricane season, now ended, that produced no hurricanes here.

That repair work is essentially complete and the corps has moved on to the task of strengthening flood protection in New Orleans beyond its pre-Hurricane Katrina level, hoping to entice residents back. But lately the bulldozers have been idle, and the trucks motionless. The pace has slowed, those in the region say, with little trace of the round-the-clock frenzy of the first phase.

"We don't see that anymore," said Ivor van Heerden, deputy director of the hurricane center at Louisiana State University.

Contractors are waiting impatiently for the chance to bid on jobs. "By now, I would have expected there to be many more jobs bid and under way," said Robert Boh, the head of Boh Brothers, a major local contractor. "We're going to dance as soon as anyone asks us."

The change of pace is obvious to nonexperts as well. Willis Reed, 64, who was fishing at Lake Pontchartrain along a levee that is to grow higher by several feet, said the contrast between the first phase and the second phase was striking. These days, Mr. Reed said, it seems that "Everybody's dragging a leg." Even some within the corps say things should have been well under way by now. An engineer who left the corps, and was granted anonymity because he continues to work with the agency, said, "We should have been turning dirt months ago."

The new, $6 billion phase involves raising the levees above their new levels, armoring the most vulnerable against erosion and creating pump stations to block the surge from Lake Pontchartrain in future storms.

Instead of the placid bank of earthen levee behind the spot where Mr. Reed was fishing, bulldozers could be shaping the terrain to add height and width to the levee. Dump trucks could be bringing their heavy loads of clay-rich earth drawn from borrow pits in the area. But for now there is no noise to disturb Mr. Reed.

Corps officials say the early work was done in the spirit of addressing a crisis, when they had broad latitude to get the job done. Officials on the ground, who call the current lull a "strategic pause," say the new work has to be planned with great care. And they say it is a greater challenge to design and build new flood protection — the bulk of the second-phase work — than it is to patch breaches.

"The laws of physics have not been repealed," said Lt. Gen. Carl A. Strock, commander and chief of engineers for the corps. "It takes time to think through what needs to be done. It takes time to make things happen. You don't move 5.5 million cubic yards of earth overnight."

All the new projects are still being designed and their contracts drawn up, but already the corps has postponed a two-day industry forum that was scheduled for last week to familiarize contractors with work that had been expected to be awarded within the next three or four months.

Since levees that are built higher must also become much wider, land has to be acquired. And these days, state and local governments, neighborhood groups, historical societies and others must be consulted before the corps can push forward.

Some trees have grown too close to the toes of levees, which has been identified by experts as one possible cause of some of the breaches that led to the city's flooding. Some homeowners have fought the corps' plans to remove the trees. At community meetings, corps officials have been criticized by residents who argue that the city's sheltering trees give it much of its character. They also said the loss of trees would lower their property values.

It is all very different from the first phase, when the corps group known as Task Force Guardian worked in a city so deeply devastated that virtually no one questioned its plans.

"Guardian kicked down the door," said Walter O. Baumy Jr., chief of the engineering division for the corps' New Orleans District, who worked with the group. "We didn't stop for pretty much anything," Mr. Baumy said, and "we were able to get a lot of cooperation from everybody."

Now, Task Force Guardian has been replaced by the Hurricane Protection Office, which works alongside the district. "We still have that same sense of urgency," Mr. Baumy said, but with so many local organizations back on their feet since the storm, "we're not making decisions alone at this point."

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Col. Jeff Bedey, who heads the Hurricane Protection Office, said that what appeared to be a slowdown was just an absence of obvious work like digging and piling dirt; Colonel Bedey said that the planning and contract work was proceeding rapidly. The corps, he added, does not want to build another "system in name only," as its own report referred to the pre-Katrina patchwork of components that failed.

"We've got one opportunity here," he said, "and we've got to do this right."

The challenges are enormous. Congress has ordered the Army Corps to upgrade the city's hurricane protection system to standards first authorized in 1965 — goals that were not reached because of a series of compromises and mistakes, the corps has admitted.

After those standards are reached, the corps must upgrade the system further, to resist a storm that has a 1 in 100 chance of occurring in any given year.

It is also becoming increasingly clear that the billions of dollars in appropriations will not cover the New Orleans area projects Congress has ordered the corps to take on. The situation, in the short run, could require the corps to go back to lawmakers for the authority to move some appropriated money around. Eventually, corps officials say, more money from Congress may be necessary.

To save money, the corps will skip interim steps on some projects and go straight for the higher, 100-year level of protection. But that will leave the city at risk until 2010 at least, say those who oppose the move. The corps has also scaled back plans to armor the levees against being scoured away when water flows over the top. An editorial in The New Orleans Times-Picayune described that cost-saving consideration as "a horrifying argument from an agency whose lack of foresight and competence caused a deadly and costly catastrophe."

But Colonel Bedey said the corps would probably be criticized no matter what it did.

The agency still has not finished its first-phase work on the floodgates for the city's drainage canals. At the $85 million 17th Street Canal project, which has presented the most challenges, the corps has had to do extra work to firm up the mushy soil at the site, and new pumps have had technical problems. There are also not enough pumps at the site to push the enormous amounts of water that would drain into the canals during a hurricane.

Whether the corps is working deliberately and responsibly or "dragging a leg" and falling into old bureaucratic ways is difficult to determine at this early stage, said G. Wayne Clough, president of the Georgia Institute of Technology and chairman of the National Research Council committee that reviewed the corps' post-Katrina investigation. Still, Mr. Clough added, "If they don't get started soon, they will lose momentum, and that's a concern."

What is essential, he said, is oversight from an outside, neutral group — the main recommendation of his committee.

For their part, New Orleans residents say that they want to see more progress from the corps, but that they are cheered by the progress in neighborhoods like Lakeview and Broadmoor, where homeowners are doggedly rebuilding.

Emile Bruneau, a longtime state representative whose renovations on his home in Lakeview are coming along, said, "I'm disappointed by the slowness" of the corps, and added, "If I was the corps, given the colossal failure that their engineering caused here, I would be making every effort to assure as expeditiously as possible that this would never happen again."

Still, Mr. Bruneau said, "Lakeview is going to be fine."

He said the vacant lots where ruined houses had been cleared away reminded him of the 1960s, when the development was first filling up.

Some residents are building for the future without waiting for the corps. One home in the Lakeview neighborhood is being raised on jacks by about 10 feet. Another Hurricane Katrina might not even dampen its carpets.

Whatever the corps does to protect this vulnerable city, homeowners know that the rules of real estate have changed forever.

Instead of "location, location, location," now it's "elevation, elevation, elevation."

WAR NEWS:

Rumsfeld Memo Was Part Of Bush Plan, Officials Say (LAT)

DOJ_NMG_0101464

By Josh Meyer

The Los Angeles Times, December 4, 2006

WASHINGTON — President Bush has been actively soliciting ideas and proposals about a course correction in Iraq from an array of senior aides, congressional and military leaders, Iraqi officials and others, and plans to announce a "new way forward" soon, senior administration officials said Sunday.

National security advisor Stephen Hadley and Ambassador to Iraq Zalmay Khalilzad sought to portray Bush's actions as a bold leadership step, not a reaction to calls for a change in strategy by the Iraq Study Group, congressional Democrats and even his own outgoing Defense secretary, Donald H. Rumsfeld.

They said an internal Rumsfeld memo proposing major changes in Iraq policy that surfaced publicly Saturday was actually part of that initiative, not an admission of failure or a reflection of dissension.

"The president had asked agencies to begin a review of our policy in Iraq, and what Secretary Rumsfeld did, I think, very helpfully, was put together a sort of laundry list of ideas that ought to be considered," Hadley told ABC's "This Week."

"We have to make some changes," he said. "We need a new way forward in Iraq, and that's what this policy review is all about."

On CBS' "Face The Nation," Hadley said there was no timetable for the plan, but "I think it's going to be weeks, not months."

Khalilzad told CNN's "Late Edition" that the efforts by the bipartisan Iraq Study Group — which is expected to release a report Wednesday calling for gradual troop withdrawal — helped spur the administration into seeking its own alternatives on what to do next, particularly from top officials like Rumsfeld.

"It is energizing to review and adjust," Khalilzad said.

Bush repeatedly has rejected a wholesale pullout of troops, or what the White House calls artificially imposed deadlines, saying Thursday: "This business about a graceful exit just simply has no realism to it at all."

On Sunday, Hadley and Khalilzad emphasized that even as the president considers calls for a drawdown by the study group, Rumsfeld, Democrats in Congress and others, his main goal is to shift responsibility to Iraqi political and military leaders and force them to more quickly assume control of the country.

The White House is preparing for an important week in the increasingly contentious debate over Iraq, focusing not only on whether — and when — U.S. troops should be withdrawn, but on administration fears that Iraqi officials will not be able to keep their country from plunging deeper into civil war among Kurds, Shiites and Sunni Arabs.

Officials are particularly concerned whether Iraqi Prime Minister Nouri Maliki and his government can stand up to radical Shiite cleric Muqtada Sadr and his armed followers, whom U.S. officials have characterized as "death squads."

Bush is to meet today with Abdelaziz Hakim, a Shiite cleric and Sadr's main rival, to discuss ways of stanching the bloodshed and strengthening Maliki's fractured government.

Hakim, who is linked to a militia blamed for some of the sectarian killing, will press Bush to accelerate the handover of security control to Iraq in exchange for promises to rein in militias accused of using the Shiite-dominated police force as a cover for killing Sunnis, said Sheik Diyadhin Fayadh, a senior member of the Supreme Council of the Islamic Revolution in Iraq. He will also reassure Bush that Iran will not be allowed to exert undue influence in Iraq, Fayadh said.

Khalilzad said the meeting with Hakim and one planned with Iraqi Vice President Tariq Hashimi, a Sunni leader, are designed to give Bush a chance to encourage Iraqis "to come together, to unite, to reconcile, and to confront extremists."

The officials' appearances on the Sunday television shows came on the heels of two embarrassing leaks, both to the New York Times, concerning the administration's efforts in Iraq. The first disclosed a classified memo from Hadley to Bush expressing concerns about Maliki's leadership abilities. That came Wednesday, just before a meeting between Bush and the Iraqi.

The second came Saturday, when an internal Nov. 6 memo from Rumsfeld to Bush surfaced in which the Defense secretary acknowledged that the current strategy in Iraq "is not working well enough or fast enough."

Rumsfeld, who resigned two days after writing the memo, called for a "major adjustment" in U.S. strategy. His proposals included calls for the administration to be more "minimalist" in its goals in Iraq and its troop presence. Many were similar to ideas pushed by Democrats in Congress.

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Noting the similarities, some Democrats on Sunday condemned Rumsfeld's memo, saying it was emblematic of an administration that was too inflexible on Iraq until after the GOP's crushing electoral defeat that cost it control of Congress.

Others said they still doubted that Bush would offer a substantially new plan. "I don't think he listens to Republicans, and he doesn't listen to Democrats," Sen. Dianne Feinstein (D-Calif.) said on "Late Edition." "He listens only to the selected few around him who essentially cater to this 'stay the course' theory."

Some Republicans were also critical of the White House's promises of change.

"We have to have a reality check here. And memos being leaked and all of that — that's interesting Shakespearean drama," Sen. Chuck Hagel (R-Neb.) told CBS. "But bottom line is, if for no other reason, we need a policy worthy of the young men and women serving in Iraq today. And we don't have one."

Adviser Says Bush Plans To Review Panel's Report And Make 'Significant Changes' On Iraq (NYT)

By Steven R. Weisman

The New York Times, December 4, 2006

WASHINGTON, Dec. 3 — President Bush plans "significant changes" in his approach to Iraq after he reviews options drafted by an outside panel of experts and suggestions from others in the administration and Congress, Stephen J. Hadley, the national security adviser, said Sunday.

Mr. Hadley, whose own internal memo expressing doubts about the Iraqi leadership stirred a debate when it was disclosed last week, said Mr. Bush would announce "a new way forward" in Iraq in the coming weeks, once he goes through the recommendations from various groups.

Among the options to be examined are those expected to be released on Wednesday from the bipartisan Iraq Study Group, led by former Secretary of State James A. Baker III and former Representative Lee H. Hamilton. The group has spent most of the last year studying Iraq strategy.

"The president has said that what is going on in Iraq is not going well enough or fast enough," Mr. Hadley said on the NBC News program "Meet the Press." "The president said we need to make changes. Some of those changes are going to be significant changes."

Mr. Hadley said, however, that the principal goal of helping Iraq become a self-governing country that can defend itself would remain, and that a withdrawal of troops "regardless of what was happening on the ground" would not be adopted.

"That's cut and run, and, of course, as the president has said, cut and run is not his cup of tea," Mr. Hadley said.

Asked when Mr. Bush planned to report to Americans on his own conclusions, Mr. Hadley said, "I think it's going to be weeks, not months."

Mr. Hadley described a leaked memo written by Defense Secretary Donald H. Rumsfeld that called for "a major adjustment" in approach on Iraq, possibly including troop redeployments or withdrawals, as part of the overall review being conducted by the president.

"What Secretary Rumsfeld did, I think very helpfully, was put together a sort of laundry list of ideas that ought to be considered as part of that review," Mr. Hadley said on the ABC News program "This Week," referring to the memo.

Mr. Hadley used the phrase "laundry list" to characterize Mr. Rumsfeld's suggestions on each of his three television appearances on Sunday, the third one being "Face the Nation" on CBS News.

He also said that despite his own memo expressing doubts about Iraq and the leadership of Prime Minister Nuri Kamal al-Maliki, President Bush had confidence in Mr. Maliki and would work hard to help the Iraqis accelerate their training of military and security forces.

"They're not there yet," Mr. Hadley said of the Iraqi government on "This Week." "They face enormous challenges. They don't have all the tools that they need." He said that when Mr. Bush met Mr. Maliki in Amman, Jordan, last week, they resolved to find ways to help the Iraqis "get greater capabilities" and "more responsibility."

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In Mr. Hadley's memo, written on Nov. 8 after he had met with Mr. Maliki in Baghdad, he said it was unclear whether Mr. Maliki was misinformed about violence in Iraq or unwilling or unable to curb sectarian violence, including the spread of Shiite militias loyal to Moktada al-Sadr, one of Mr. Maliki's most important political allies.

But on Sunday, Mr. Hadley said that, since then, the administration had become convinced that Mr. Maliki was doing his best to go after the militias and assume greater responsibility for Iraq's security.

"That memo was written early in the review process, in the first week of November, as a result of a trip I took," Mr. Hadley said on "Meet the Press." "We have been making assessments in a variety of agencies to try and answer the questions I posed in that memo."

After meeting with Mr. Maliki, Mr. Hadley said, Mr. Bush drew the conclusion that, as he put it last week, the Iraqi leader was "the right guy" for Iraq.

On Sunday, Mr. Hadley was repeatedly asked about his memo, which was disclosed in The New York Times last week. He denied that its disclosure was in any way authorized by the White House or his office. He said leaking it was "an effort to embarrass" Mr. Bush and Mr. Maliki on the eve of their summit meeting.

"It was outrageous," he said of the disclosure. "It could have cast a pall over this meeting, a meeting that was very important to Iraqis and to Americans to chart the future in Iraq." He declined to say whether the White House would investigate who disclosed the memo.

Analysis: Bush Parries Pressure On Iraq (AP)

By Jennifer Loven

AP, December 3, 2006

President Bush has walked a fine line between embracing the mission of a bipartisan, high-profile advisory panel on Iraq and maintaining enough distance not to be bound by all — or even most — of its upcoming recommendations.

This week, the congressionally chartered Iraq Study Group presents Bush with its suggestions for a new way forward in the increasingly messy and unpopular war. Hopes went sky-high that the commission has devised a winning prescription for the beleaguered U.S. effort, now well into its fourth year with violence not abating.

Expectations rose in part because two of Washington's most respected graybeards lead the group: Bush family loyalist James A. Baker III, a former secretary of state, and former Democratic Rep. Lee Hamilton, co-chairman of the Sept. 11 commission that produced a gold-standard report on fighting terrorism.

Aware the study group could recommend some bitter prescriptions, the White House has indicated it will take the advice seriously but not accept it automatically. The president says the report will be only one of many he will consider and still insists that American troops should stay in Iraq until the country can take care of itself.

"We are not going to outsource the business of handling the war in Iraq," press secretary Tony Snow said in October when questions began arising about the panel.

Since then, Bush has ordered examinations of Iraq policy throughout the administration, anchored by a review of military options by Gen. Peter Pace, chairman of the Joint Chiefs of Staff. Bush has heard his team's consolidated but still-incomplete conclusions and is expected to get the final report in about two weeks.

Last week, the president portrayed his meeting in Jordan with Iraqi Prime Minister Nouri al-Maliki as part of conducting his own due diligence. Continuing that effort, Bush meets on Monday with Abdul-Aziz al-Hakim, the Shiite leader of the largest bloc in Iraq's parliament. Next month, Bush will see Iraq's Sunni vice president.

Bush's national security adviser, Stephen Hadley, emphasized that the White House will not "shoot from the hip" following the study group's Wednesday presentation. Do not expect an immediate response, Hadley said, but one probably weeks off.

"America is ready to make changes to better support the unity government of Iraq," the president said in his Saturday radio address. "I want to hear all advice before I make any decisions about adjustments to our strategy in Iraq."

Hours after he spoke, it was disclosed by The New York Times that Donald H. Rumsfeld called for major changes in tactics two days before he resigned as defense secretary.

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"In my view it is time for a major adjustment," Rumsfeld wrote in a Nov. 6 memo to the White House. "Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough."

Michael O'Hanlon, a foreign-policy scholar at the Brookings Institution whom the Iraq Study Group consulted, said Bush's parallel maneuvers are not merely attempts to get in front of what may be unpleasant options.

The independent panel took stock of current, smart thinking on Iraq across a broad spectrum. But, O'Hanlon said, it did not do the detailed digging necessary to craft the sort of radical changes needed to turn the tide in Iraq — meaning Bush can go a different direction without too much cost.

"Many got their expectations too high," O'Hanlon said.

Bush's traditional pattern is also at work as he considers how to handle the 100 pages of advice — all nonbinding — he is about to receive.

He often strenuously resists outside recommendations for action, then pivots to embrace them as his own when pressure becomes irresistible.

The president opposed creation of the Sept. 11 commission in the first place, as well as the establishment of a catchall Homeland Security Department. Bush later changed his mind on both points, and ran campaigns on putting in place that commission's recommendations, and against Democrats who balked at the way he wanted to structure the Homeland Security behemoth.

"He believes that his best chance of getting closer to what he wants is to do it this way," said Bruce Buchanan, a University of Texas political scientist who long has studied the Bush family. "What he wants now is to be perceived as still in charge and not pushed into receivership by a group of wise heads."

Seeking to shift Iraq policy more toward diplomacy, for instance, the panel is expected to call for direct pleas for help from Iran and Syria.

Bush remains cool to that idea, publicly and privately. Those Iraq neighbors are the United States' most vexing rivals in the Middle East and two countries that the U.S. has blamed for destabilizing Iraq and fomenting global terrorist activity.

So in recent days, the White House undertook a pre-emptive flurry of Iraq-focused diplomacy with Mideast nations considered friends, such as Saudi Arabia, Egypt and Jordan. At the same time, the in-house review is considering reducing the administration's role as a middleman in some of the most contentious fights between Iraq's fractious sectarian and political factions, say officials familiar with the process.

The Baker commission also will endorse a phased withdrawal of troops, perhaps beginning early next year and not conditioned on progress by Iraqi security forces, according to officials familiar with the group's deliberations. The U.S. force posture could be changed — focused less on front-line fighting and more on support and intelligence.

Bush has rejected any American military drawdown before Iraqi security forces are capable. But the panel is not expected to urge a timetable. Because that is not directly at odds with the president's position, it could give him cover to accept some sort of redeployment.

"He's positioning it so he has the opportunity to take it a la carte, or more if he wants," said Frederick Barton, co-director of the Post-Conflict Reconstruction Project at the Center for Strategic and International Studies.

Buchanan predicted Bush would "grab the things he can accept and portray that as being cooperative."

The president will have to hope that works.

Otherwise, restive Democrats, who won control of Congress in last month's elections in large part because of public dissatisfaction with the war, could try to force him into a specific timeline for troops to come home.

"Redeployment is now the accepted next step" in both parties, said Ivo Daalder, a White House national security aide in the Clinton administration. "So he's pretty alone in saying we should not redeploy."

Aide: Bush Not Seeking Cover For Pullout (AP)

By Ben Feller

AP, December 3, 2006

DOJ_NMG_0101468

While President Bush acknowledges the need for major changes in Iraq, he will not use this week's Iraq Study Group report as political cover for bringing troops home, his national security adviser said Sunday.

"We have not failed in Iraq," Stephen Hadley said as he made the talk show rounds. "We will fail in Iraq if we pull out our troops before we're in a position to help the Iraqis succeed."

But he added: "The president understands that we need to have a way forward in Iraq that is more successful."

The White House readied for an important week in the debate over Iraq: Bush planned a meeting Monday with Abdul-Aziz al-Hakim, the Shiite leader of the largest bloc in Iraq's parliament, and awaited the recommendations Wednesday from the bipartisan commission.

Yet his administration, hoping to find a new way ahead in Iraq, found itself on the defensive from the second recent leak of an insider's memo on Iraq in a week.

The latest, first reported in Sunday's New York Times, showed that Donald H. Rumsfeld called for a "major adjustment" in U.S. tactics on Nov. 6 — the day before an election that cost Republicans the Congress and Rumsfeld his job as defense secretary.

Hadley played down the memo as simply a laundry list of ideas rather than a call for a new course of action.

He said that Bush — just before a pivotal election — was not portraying a different sense of the war to the public than his own defense secretary was giving him in private.

The president "has said publicly what Rumsfeld said, that things are not proceeding well enough or fast enough in Iraq," Hadley said.

Democrats did not buy that.

"The Rumsfeld memo makes it quite clear that one of the greatest concerns is the political fallout from changing course here in the United States," said Sen. Joseph Biden, D-Del., the incoming chairman of the Senate Foreign Relations Committee. "The bottom line is there is no one, including the former secretary, who thought the policy the president continues to pursue makes any sense."

Bush has nominated Robert Gates to replace Rumsfeld. His confirmation hearing before the Senate Armed Services Committee is on Tuesday.

As pressure builds for a new strategy, the report from the Iraq Study Group increasingly is viewed as perhaps clearing the way for a U.S. exit strategy in Iraq. Hadley, though, said the review will be just one factor the White House considers, along with views of congressional leaders, U.S. military commanders and the Iraqi government.

Once the president is comfortable on how to proceed, he will spell out his plan publicly in the coming weeks, Hadley said.

Bush repeatedly has rejected a wholesale pullout or what he calls artificial deadlines, saying Thursday, "This business about a graceful exit just simply has no realism to it at all."

Hadley said Bush was trying to address those who contend the commission "was just going to be cover for an American withdrawal, almost regardless of what was happening on the ground. And the president needed, and felt he needed to stop that right there. That isn't graceful withdrawal, that's cut and run. And, of course, as the president's said, cut and run is not his cup of tea."

Hadley said the goal remains to shift responsibility to Iraqi forces, an increasing point of emphasis as the unpopular war rolls on.

Bush, after a meeting last week in Jordan, expressed confidence that Iraqi Prime Minister Nouri al-Maliki and his government can lead the country toward peace with support from the United States.

Yet Hadley was left Sunday to defend his own memo that called that very point into question.

Written on Nov. 8 but disclosed just before Bush's meeting with the Iraqi leader, the memo described al-Maliki as "either ignorant of what is going on, misrepresenting his intentions or that his capabilities are not yet sufficient to turn his good intentions into action."

Hadley said Sunday about the memo: "I made an assessment, raised a number of questions, hard questions that should have been raised. But if you look at that memo and if you look at what the president said in the press conference after the meeting

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with Prime Minister Maliki, it is clear that this government shares our objective for Iraq and has the will and desire to take responsibility."

The White House maintains that, taken as a whole, the memo was an expression of support for al-Maliki. Hadley rejected the suggestion that Bush administration hadn't shown much displeasure about the leak — or even that it had been authorized to pressure al-Maliki.

"It's unconscionable," he said. "It's an effort to embarrass those two leaders. It could have cast a pall over this meeting."

In Congress, Democrats and Republican continue to wrestle with how and when to withdraw troops without leaving a mess in Iraq, the kind of instability that could jeopardize the region and the United States.

The outgoing Senate Armed Services Committee Chairman John Warner, R-Va., said Bush is "listening, learning, and he's open to take a change in course."

Bush says the U.S. will stay in Iraq as long as it takes to get the job done. That is the wrong message to Iraqis, said Sen. Carl Levin, D-Mich., the incoming chairman of the Senate Armed Services Committee.

"It tells them that it's not their responsibility, it's ours," said Levin, pushing for the start of a phased troop withdrawal.

"Nothing has changed," said Sen. Dianne Feinstein, D-Calif., about the president. "He said he'll continue to be flexible. But he hasn't been flexible. He doesn't listen. And that's just a fact."

Hadley appeared on ABC's "This Week," NBC's "Meet the Press," and `Face the Nation" on CBS. Warner and Levin were on NBC, Biden was on "Fox News Sunday" while Feinstein appeared on "Late Edition" on CNN.

Amid Hints Bush Will Change Policy, Clues He Won't (NYT)

By David E. Sanger

The New York Times, December 4, 2006

WASHINGTON, Dec. 3 — The debate that will engulf Washington and much of the country this week centers on a question that lurks at the intersection of war strategy and the personality of the commander in chief: after three and a half years, is President Bush ready to abandon his declaration that American forces cannot begin to leave Iraq until the Iraqis demonstrate that they are capable of defending themselves?

As administration officials tried to prepare the ground over the weekend for the release of the bipartisan Iraq Study Group's long-awaited report on Wednesday, the president's national security adviser, Stephen J. Hadley, repeatedly sidestepped questions about how the administration would react to the panel's recommendations.

On three television news programs on Sunday, he offered assurances that Mr. Bush would look at all the new ideas landing on his desk to develop what Mr. Hadley referred to — 12 times — as a "new way forward," one that the president would announce to the nation in "weeks, not months."

But Mr. Hadley knows that one of the commission's core conclusions is that the White House should announce a plan for American forces to begin pulling back, whether the Iraqis are ready or not.

The commission's proposal is carefully calibrated, officials familiar with it say, dangling the possibility that American troops would stay longer if the fragile Iraqi government actually takes on the militias and death squads. But without explicit resort to deadlines or timelines, it also threatens accelerated withdrawal if the government fails to act decisively.

Commission members say they concluded that Mr. Bush's strategy so far has created an expectation that the United States will always be there to hold Iraq together. Breaking that culture of dependency, they concluded, is the key to making the long-discussed "Iraqification" of the country's security a reality. But they are uncertain whether they can persuade a famously stubborn president to adopt that view.

"Is George Bush ready to hear that?" one commission member asked over the weekend. "I don't think any of us really know. I don't know if the president himself knows."

The answer may depend on the impact of the bruising political realities of 2006 — and the prospect that Iraq could define Mr. Bush's presidency as Vietnam defined Lyndon B. Johnson's.

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Mr. Bush, of course, has never lacked for certainty about his strategies for Iraq. From his early enthusiastic descriptions about building a model of democracy in the Middle East to his glossy "Victory in Iraq" strategy paper a year ago, Mr. Bush has not shown a hint of doubt in public that eventually his approach would succeed, or that his critics were wildly off course.

That has begun to change just days before the Iraq Study Group's report, which includes a call for phased withdrawal of combat brigades from Iraq, starting next year and ending in 2008. Now Mr. Bush and his aides are suddenly trying to embrace uncertainty as a virtue — a sign of flexibility toward new ideas.

A flood of memos written by Mr. Bush's top advisers — two of them leaked in recent days — offer a host of ideas, some of them internally inconsistent and some proposing actions dismissed by Mr. Bush just months ago as evidence of a lack of national resolve to win.

On Sunday, Mr. Hadley's repetition of the wording "way forward" was no accident. Both the title of the Iraq Study Group's report and the proposed name of the yet-undecided White House strategy are expected to make use of the same language, officials say.

Mr. Hadley portrayed Mr. Bush as "interested in getting a range of new ideas" for many months now — a period that covers the run-up to the midterm elections, when he and Vice President Dick Cheney charged that "phased withdrawal" and timelines were just euphemisms for retreat.

Perhaps so. But Mr. Bush himself told Prime Minister Nuri Kamal al-Maliki on Friday that "this business about graceful exit just simply has no realism to it," a statement that made some commission members wonder if the president was signaling that some of their ideas would be dead on arrival.

Mr. Hadley offered a different explanation on Sunday, saying on NBC's "Meet the Press" that after the first leaks of the Iraq Study Group's conclusions, the president simply felt "he needed to stop" any talk that the commission, led by James A. Baker III and Lee H. Hamilton, was going to provide "cover for an American withdrawal."

"That's cut and run and, of course, as the president has said, cut and run is not his cup of tea," Mr. Hadley said.

But commission members say it is not tea they will be serving on Wednesday, but rather a more powerful brew, infused with the realities of a war on the brink of spinning beyond Washington's control. They insist that their phased approach of incentives and disincentives to Mr. Maliki's government amounts to a last-ditch effort to come up with a strategy with a prayer of working, and that if it was compressed onto a bumper sticker, it would boil down to "train and walk backward."

Administration officials say Mr. Bush is likely to embrace that part of the report, which will call for vastly increasing the number of American trainers embedded in Iraqi units, along with other provisions that he can argue are already being implemented.

And while the White House will call for time to examine the rest of the report, officials say that Mr. Baker, who was secretary of state under Mr. Bush's father and is close to the current president, has kept Mr. Hadley and others apprised of the broad directions of the report.

"There's been more than a little common shaping of concepts here, and I suspect you'll hear that in some of the language used by all sides," said one commission official working on the report.

The risk, commission members say, is that by the time the White House carries out its "new way forward," it may be too late. Gen. George W. Casey Jr., the commander of American forces in Iraq, drafted plans early this year to reduce the number of American combat brigades by a third by the end of this year. That has not happened; instead, the brigades are facing more danger than ever as they try to regain control of Baghdad.

Even Mr. Hadley seemed barely able to suppress his skepticism at Mr. Maliki's vow, renewed last week, that Iraq's military would be able to defend the government itself by the middle of 2007. "Our commanders have looked at that plan; they think it is ambitious," he said.

Bush Is Weighing Options For New Strategy In Iraq, Aide Says (WP)

By Charles Babington

The Washington Post, December 4, 2006

DOJ_NMG_0101471

Nearly four years after invading Iraq, President Bush is sorting through an array of options -- none of them easy -- for a way out, including a partial withdrawal of U.S. troops from violence-plagued cities and a redeployment near Iraq's borders with Iran and Syria, his top security aide said yesterday.

Bush is open to several previously rejected possibilities because he realizes "things are not proceeding well enough or fast enough in Iraq," national security adviser Stephen J. Hadley told ABC News's "This Week." "We have to make some changes."

Hadley said the president is considering a "laundry list of ideas" from a Nov. 6 memo by Secretary of Defense Donald H. Rumsfeld, who announced his resignation two days later -- just after Republicans lost control of the House and Senate in the midterm elections. The options include the redeployment of substantial U.S. forces to areas near the Iranian and Syrian borders, withdrawing U.S. troops from especially vulnerable positions and starting modest drawdowns of American forces to encourage Iraqis, as Rumsfeld wrote, "to pull up their socks, step up and take responsibility for their country."

"Of course they're being considered," Hadley said of the suggestions. Iraqi Prime Minister Nouri al-Maliki, he said, "made very clear to the president that he and his unity government want to take more responsibility. That's what we've been seeking for three years."

"They're not there yet," he added. "They don't have all the tools that they need."

The Rumsfeld memo suggests that in the days leading up to the Nov. 7 elections, the administration was torn between staying on course in Iraq and considering options it repeatedly had rejected. Three days before Rumsfeld wrote the memo, Vice President Cheney said in an interview that the administration would continue "full speed ahead" with its policy in Iraq, regardless of the elections' outcome. Even if the policy proved unpopular, Cheney said, "it doesn't matter, in the sense that we have to continue what we think is right."

Rumsfeld's resignation on Nov. 8 was widely seen as a nod to voter anger over the war and discontent within GOP ranks.

Hadley said Bush will weigh recommendations from Rumsfeld, congressional Democrats and Republicans, military leaders, Iraqi officials, and a soon-to-be-published report by the bipartisan Iraq Study Group. "He is going to then take all of those things and come together with a way forward," Hadley said on NBC's "Meet the Press." "His hope is that it is a way forward that the American people can support."

Some senior Democratic senators, who will be in the majority when Congress convenes next month, said yesterday that the administration continues to move too slowly in pressing Iraqis to assume control of their security and future.

"I'd do the opposite of what the president did a month ago, when he picked up the phone and called Prime Minister Maliki and said, 'Don't worry, we're staying,' " Sen. Evan Bayh (D-Ind.), who is considering a presidential bid, told ABC. "I'd pick up the phone and say, 'You know what, we're not staying forever. You need to start getting your act together.' "

Sen. Joseph R. Biden Jr. (D-Del.), another possible presidential candidate and the incoming chairman of the Senate Foreign Relations Committee, told "Fox News Sunday" that the Rumsfeld memo shows "there was a clear disconnect between what the administration has been saying the last year and what's been going on on the ground." He said no one, including Rumsfeld, "thought the policy the president continues to pursue makes any sense."

Sen. Carl M. Levin (D-Mich.), who will chair the Senate Armed Services Committee, told NBC that Bush is "not capable of admitting mistakes." Levin said the United States should begin withdrawing its troops in four to six months. "I know the president has rejected that," he said. "He's rejected everything that reflects on his policy or that suggests that his policy is wrong or that we've got to change course."

Republican Sen. Lindsey O. Graham (S.C.) took a different tack, saying the United States should send more troops to Iraq to quell the sectarian violence and stabilize the nation. He said Bush "needs to tell the American public a failed state in Iraq is a dramatic loss in the war on terror. . . . We must stay, fight and win in Iraq. I reject timetables" for troop withdrawals.

"And any strategy that unites the country and we lose, I'm against," Graham told "Fox News Sunday." "I'd rather be divided as a nation and win than united and lose."

Hadley Calls Leaked Memo "Constructive" (WT)

By Eric Pfeiffer

The Washington Times, December 4, 2006

DOJ_NMG_0101472

President Bush's national security adviser said a leaked memo from Defense Secretary Donald H. Rumsfeld, which lists redeployment of U.S. forces in Iraq as a potential alternative to current administration strategy, was "constructive" but not a formal proposal by the outgoing Pentagon chief.

"It was a useful and constructive memo, but it was not a proposal for a new course of action," Stephen J. Hadley said during an appearance on CBS' "Face the Nation." "It was much more a list of things that needed to be considered."

Meanwhile yesterday, incoming Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, said that the president should accept the recommendations of the Iraq Study Group, whose findings will be released this week and are expected to include a similar call for troop redeployment.

"I think it's the right timeline," Mr. Biden said during an appearance on "Fox News Sunday." "Because it recognizes the reality: that, by the end of 2008, one of two things is going to have happened. We will either help broker a political settlement where the violence is abated in that country and/or things will be totally out of control."

Although Mr. Hadley twice described the Rumsfeld memo, written the day before last month's elections, as a "laundry list," he said Mr. Bush agrees that a change of course in Iraq is necessary.

"He's said that. He has said publicly what Secretary Rumsfeld said, that things are not proceeding well enough or fast enough in Iraq," Mr. Hadley told George Stephanopoulos, host of ABC's "This Week." "We have to make some changes. We need a new way forward in Iraq, and that's what this policy review is all about."

However, some Senate Democrats remain skeptical that Mr. Bush will embrace either the Iraq Study Group findings or the Rumsfeld memo.

"His stubbornness has continued," said Sen. Carl Levin, Michigan Democrat.

Mr. Levin, slated to lead the Senate Armed Services Committee when the Democrats assume Congress' reins next month, told NBC's "Meet the Press" that he doesn't expect Mr. Bush to make significant changes without pressure from Democratic lawmakers.

"He's not going to make admissions; he's not capable of admitting mistakes," he said. "The Democratic proposal is a modest one. It is not precipitous. It's been characterized as cut and run. It is not."

Added Sen. Dianne Feinstein, California Democrat: "Nothing has changed. [Mr. Bush] said he'll continue to be flexible. But he hasn't been flexible. He doesn't listen. And that's just a fact."

"I don't think he listens to Republicans and he doesn't listen to Democrats. He listens only to the selected few around him who essentially cater to this 'stay the course' theory," she said during an appearance on CNN's "Late Edition."

Yesterday's discussion sets the stage for a busy week for the president on Iraq policy. He meets today with the head of Iraq's largest political party; tomorrow, confirmation hearings begin for Robert M. Gates, whom Mr. Bush has picked to succeed Mr. Rumsfeld at the Pentagon; and Wednesday, the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, releases its report.

Still, Mr. Hadley said during his "Face the Nation" appearance that Mr. Bush will take the various recommendations into account and come up with a bipartisan plan for Iraq.

"He's going to listen to the Baker-Hamilton report. He's going to listen to the reviews that are being done by his agencies. He's going to want to hear what Republicans and Democrats and the Congress think about. Then he's going to pull it together in terms of a way forward in Iraq that hopefully will command support from Republicans, Democrats, the executive branch and the Congress."

Mr. Bush did receive support from a pair of Republican senators who have often criticized him on Iraq.

"Our president is listening, learning, and he's open to take a change in course," Sen. John W. Warner, Virginia Republican, said during his appearance on NBC's "Meet the Press."

Sen. Lindsey Graham, South Carolina Republican, said that he continues to reject calls for a timetable for withdrawal.

"I reject any proposal coming out of the Congress, any commission, the Pentagon or any other source that sets a deadline or a timeline." Mr. Graham told "Fox News Sunday" that a redeployment would embolden terrorists. "If we redeploy to a friendly nation under these circumstances, the terrorists will see that as retreat and defeat, and they will come after us in that friendly nation."

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Bush Weighing Rumsfeld Ideas Among Options (USAT)

By Richard Wolf, Haya El Nasser

USA Today, December 4, 2006

WASHINGTON — President Bush will consider new options for Iraq within weeks, including those suggested by Defense Secretary Donald Rumsfeld before his resignation and by a bipartisan study group this week, his national security adviser said Sunday.

The president's review will take into consideration "a full range of options for changing what we do and how we do it," Stephen Hadley said on CBS' Face the Nation. That will include Rumsfeld's "laundry list," contained in a memo written the day before Election Day and reported Sunday in The New York Times.

In the memo, Rumsfeld said the president should consider beginning "modest withdrawals" of U.S. and coalition forces, particularly from vulnerable areas.

Rumsfeld also listed increasing the number of U.S. forces embedded with Iraqi forces, beefing up security near the Iranian and Syrian borders, and providing money to key political and religious leaders "as Saddam Hussein did."

The memo also said more Iraqi troops could be placed with U.S. units, which would improve "our units' language capabilities."

"Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough," Rumsfeld wrote.

The Defense secretary listed as "less attractive options" increasing U.S. forces, moving far more forces into Baghdad, continuing on the current path or setting a firm withdrawal date.

Hadley said Bush will take all suggestions into consideration. "The president made clear he wanted to open the aperture, really have a re-look and look at a variety of ideas," Hadley said. Rumsfeld's memo was "useful and constructive," he said, "but it was not a proposal for a new course of action."

Bush said Saturday that "I want to hear all advice before I make any decisions about adjustments to our strategy in Iraq. … The decisions we make in Iraq will be felt across the broader Middle East."

The bipartisan Iraq Study Group is expected to emphasize that point Wednesday when it releases its report. The group, chaired by former secretary of State James Baker and former Indiana congressman Lee Hamilton, will recommend withdrawing some troops from Iraq soon, according to two people who participated in writing the report. The Associated Press, citing a U.S. official, reported that the panel might recommend a tentative completion date as early as 2008. It also will recommend a comprehensive Middle East diplomatic initiative.

U.S. Ambassador to Iraq Zalmay Khalilzad said on CNN that the administration should "increase incentives" for Iraq to deal with its own problems and "incentivize" Iran and Syria "to change their behavior."

Rumsfeld's leaked memo generated opposing views Sunday from members of Congress:

•"Iraq has to be solved politically," said Sen. John Kerry, D-Mass., on CNN's Late Edition. Adding troops "is to make the mistake of Vietnam all over again."

• "They can't achieve security if we begin to withdraw," said Sen. Joe Lieberman of Connecticut, an Iraq war supporter who won re-election as an independent last month. "That's the signal to everybody I've talked to that the sectarian violence will get worse and the government will collapse," he said on CBS.

Hadley said Rumsfeld's memo did not appear to be a late effort to save his job.

Rumsfeld announced his resignation Nov. 8, a day after Democrats won control of both houses of Congress. Bush's choice to replace him, former CIA director Robert Gates, has his confirmation hearing Tuesday in the Senate Armed Services Committee.

Iraq Memo Piles The Pressure On Bush (FT)

By Krishna Guha, Edward Luce, Demetri Sevastopulo

Financial Times, December 4, 2006

President George W. Bush's isolation over Iraq deepened on Sunday following the publication of a leaked memo from sacked defence secretary Donald Rumsfeld calling for a "major adjustment" in Iraq policy.

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John Warner, the outgoing Republican chairman of the Senate armed services committee, told NBC's Meet the Press programme that the president should respect the will of the people and seek agreement with the Democrat leaders of Congress on a new Iraq policy.

Top Democrats attacked the president for appearing to dig in his heels ahead of the publication on Wednesday of the bipartisan Baker-Hamilton report on Iraq. Carl Levin, incoming chairman of the Senate armed services committee, said "his stubbornness has continued . . . it seems to me to be more of the same".

Meanwhile Kofi Annan, the secretary-general of the United Nations, told the BBC that he agreed with those who say the "average Iraqi's life" is worse now than it was under Saddam Hussein.

The pressure on Mr Bush, who last week insisted there would be no "graceful exit" from Iraq, comes ahead of what may prove a defining week in US Iraq policy.

Stephen Hadley, White House national security adviser, on Sunday played down the significance of the Rumsfeld memo, which was leaked to The New York Times. It included an option to "begin modest withdrawals of US and coalition forces [start taking our hands off the bicycle seat]" – a policy shift favoured by the Democrats.

Mr Hadley described the memo – released two days before Mr Rumsfeld was fired – as a "laundry list" rather than "a game plan". The White House desperately wants to keep room for manoeuvre and not be bound by the recommendations of the Baker-Hamilton report – which, leaks suggest, will advocate a draw-down of US combat troops and talks with Iran and Syria.

Zalmay Khalilzad, the US ambassador to Iraq, told CNN it would take Mr Bush "a few weeks" to make up his mind on any changes to Iraq policy.

Mr Hadley said the report was an important input to what he characterised as a broader review of Iraq policy.

While Mr Rumsfeld had floated the idea of redefining US goals and going "minimalist", Mr Hadley insisted Mr Bush's goal re-mained the same: "a democratic Iraq that can govern itself, sustain itself and be an ally in the war on terror". He cast the present challenge as one of building Iraqis' ability to take on responsibility for their own security.

A Pentagon official told the FT that when the memo was released, Mr Rumsfeld had known he was to be sacked.

Bush's Shrinking Options (WP)

By Robert D. Novak

The Washington Post, December 4, 2006

George W. Bush passed through seven time zones from Amman, Jordan, on Thursday to land in Washington at 4 p.m., resting briefly before embarking on the annual round of White House Christmas parties. The nightly six-hour chore of handshaking and posing for photos was followed by sitting through the endless annual honors presentation at the Kennedy Center on Sunday night. This regimen, for a president who likes to fine-tune and limit his schedule, fits his loss of control over Iraq.

The notion bruited about Washington that James A. Baker is a deus ex machina imposed by President Bush to resolve the entangled Iraqi plot is nonsense. The Iraq Study Group, co-chaired by former secretary of state Baker and former representative Lee Hamilton, is out of the White House sphere of influence. The White House certainly did not ask Congress for help by creating this commission. Baker has made sure that the report, though leaked in part to the press, has not gone to the White House.

As a creature of Congress (an institution that Bush dislikes), Baker's group spells trouble for Bush when it releases its report Wednesday. It will propose, however muted its tone, gradual withdrawal of U.S. combat forces from Iraq before the president is ready for it. The hope is that Baker will nuance the report's words sufficiently and hedge calls for withdrawal in such a way that Bush can say that is what he has been doing anyway.

Bush has not stepped back from the decisions he has made on Iraq. At the core of Bush's Iraq dilemma is the fact, still denied at the White House, that the president has lost his political base on the overriding issue of the war. In contact mainly with fawning campaign contributors, Bush may not appreciate the steady decline in support of his war policy that I have seen deepening among Republicans in the past year.

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This undercurrent of GOP protest roared to the surface with the party's election debacle Nov. 7. At the Republican grass roots, there is no question that Iraq lost the election. State officials and party leaders who are no specialists on foreign policy tell me the Republican Party simply cannot go into the 2008 campaign with troops still fighting in Iraq.

As a lame-duck president, Bush seems oblivious to the grass-roots sentiment that will be seconded in part by the Baker-Hamilton recommendations. Baker clearly is not doing the president's bidding. On the contrary, Bush aides have suggested that two forthcoming government reports on Iraq (especially one by the Pentagon) are more important than Baker's and should be given more attention.

The president's position is difficult. He does not want to be seen as ignoring a congressional study group. But he has not yet reached the point of accepting unconditional troop withdrawal. If he seems to differ from Baker-Hamilton recommendations, he can expect heavy scolding by the group's members on television.

Increasingly, Republicans on Capitol Hill see no viable alternative to combat troop withdrawal. While Bush's plight is compared to Abraham Lincoln's after his mid-term elections, there is no capture of Atlanta to guarantee an ultimate military victory. This is not that kind of war.

If not able to secure an Atlanta-style victory, could Bush stabilize the situation in Iraq by sending in more troops? Sen. John McCain, the putative front-runner for the Republican presidential nomination, once again has gone against the body of opinion in the party by calling for more U.S. troops in Iraq. Sen. Chuck Hagel, second-ranking Republican on the Senate Foreign Relations Committee and a McCain supporter in 2000, wrote in The Post on Nov. 26: "The time for more U.S. troops in Iraq has passed. We do not have more troops to send and, even if we did, they would not bring a resolution to Iraq."

Bush agrees with that, but not with Hagel's call for a phased troop withdrawal likely to be included in a Baker-Hamilton group recommendation. Hagel sees the report as a last chance to avert "impending disaster in Iraq." While its release is anticipated at the White House as no less annoying than sitting through the Kennedy Center honors, the president faces an opportunity as well as a dilemma.

The Iraq Alternative (WSJ)

By Donald L. Horowitz

The Wall Street Journal, December 4, 2006

Just when you thought the midterm election results had weakened President Bush's hand in Iraq, it turns out the opposite is true. The president has been liberated from a stay-the-course policy that the Iraqi government could pocket as an open-ended commitment. The voters have given Mr. Bush a chance, perhaps a last chance, to turn Iraq in a new direction.

The Iraqi government does not want the U.S. to leave now, but the American electorate has said that the choice is to show real progress or draw down the troops. For the first time in many months, the Bush administration has a credible weapon to use on the Iraqi government and its Sunni opponents, who increasingly see the U.S. as their last line of defense against Iran and against Shiite militias. * * *

Many of Iraq's current problems stem from the Kurdish-Shiite attempt to carve the country into a confederation of three regions with a very weak central government. The result would be to leave the Sunnis, who strongly favor an indivisible Iraq, with a rump region in the center, devoid of most oil revenue. The deal would also leave minorities, large and small, stranded in zones dominated by their opponents and their respective militias. Sunnis hate this deal, and so should we. They fear it will make Iraq an Iranian satellite. If regionalization deteriorates into partition, they will likely be right, at least in the south, where pro-Iranianism, although contested among Shiites, shows signs of winning.

Partition would bring horrific bloodshed as minorities are targeted and forced migration purifies territories. The regions could very well go to war with each other over contested boundaries and people left on the wrong side of a border. Smaller groups will organize to resist, and outside forces will surely be drawn in. Turks may aid Turkomen in the north, as they have already threatened to do. Sunni states, especially Saudi Arabia, are deeply fearful of growing Iranian influence on their own Shiite minorities, and they will probably aid the large Sunni minority in the south of Iraq and those stranded in the center. The position of Islamic radicals will be strengthened.

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If Iraqi politics does not change, this is the most likely outcome. Since it threatens all the Sunni states in the region, partition also means the danger of a wider war. Even though the violent partition of Iraq is not in America's interest, the U.S. will be blamed for it. Or, in the paranoid version, this is what the "Zionist-imperialist conspiracy" planned: division of an Arab country, accompanied by mass killing.

How does the Bush administration use its new leverage to prevent this? If the Iraq Study Group thinks the road to peace in Iraq runs through Iran and Syria, it has missed the point. Neither country has had any interest in fostering stability at a price we would or should be willing to pay. The only chance for peace in Iraq lies in changing the Kurdish-Shiite deal so that the Sunnis are incorporated into an undivided federal Iraq with a real central government, limited regional autonomy, and a new agreement on the distribution of oil revenue.

The odds may not favor such a new dispensation. The violence and distrust have gone too far, and strong measures against militias will be necessary. Still, the Sunnis know that if American forces leave Iraq, they are vulnerable to brutal repression. They would prefer a unitary state to a federal Iraq, but they have been coming around to accepting a federation that is not loaded against their interests, as the current arrangement is. Shiites also have reasons to reconsider. The Maliki government has not been able to put down either the Baathist or the Islamist insurgency. The former is particularly well organized and hard to defeat. Not all Shiite elements in the Iraqi regime are friendly to Iran, and they must understand that foreign Sunni states might just fill a vacuum left by departing Americans.

There is a process in the Iraqi constitution to produce the amendments demanded by Sunni opinion before the 2005 constitutional referendum, but Kurdish leaders and Shiite advocates of an autonomous south have made clear their opposition to fundamental changes. A parliamentary committee was duly appointed to consider amendments; it has wasted months squabbling over trivia. By contrast, last month the Iraqi parliament narrowly approved, over a strong boycott led by Sunnis, secularists and some Shiites, a law prescribing the procedure for the regionalization of the country. So things are going in the wrong direction. The U.S. needs to turn this around.

The Maliki government should have a choice: progress on real Sunni incorporation in the regime, or progress on phased American withdrawal. Sunni incorporation would need to begin with a revitalized and serious constitutional amendment process to avert the de facto partition of the country. To convince Sunnis that this was genuine, the government would have to discuss a Sunni agenda, make serious constitutional proposals in the amendment committee, work harder to cool down Shiite militias, reverse the most extreme de-Baathification purges in the civil service, and possibly reshuffle the cabinet. If it did all this earnestly so that Sunnis were drawn in -- as they would have every reason to be -- the Baathist part of the insurgency might either decline or be less warmly received in the Sunni heartland. Recall that even the Saddamist insurgent Ibrahim al-Douri recently called for a truce. External supporters of the Sunni insurgency would have good reason to urge Sunnis to participate in the new initiative to empower them, and if Sunni insurgents were less active, Shiite revenge killings would probably decline.

Shiites who are not pro-Iranian could find the proposals congenial. These would include some in Mr. Maliki's own Dawa party; supporters of the Fadhila party, which is strong in some southern provinces and opposed to a single, nine-province region there (in which they would be in the minority); and even followers of Muqtada al-Sadr, whose base is not in the south. All are wary of the largest Shiite party, the Supreme Council for the Islamic Revolution in Iraq, and its leader Abdul Aziz al-Hakim, the main proponent of a strongly autonomous south with close ties to Iran. There is a more complex politics in Iraq than the one that has formed the basis of U.S. policy thus far.

If such an initiative failed, there is another option for the Iraqi regime. The Maliki government has periodically complained that the Americans have tied the regime's hands in dealing with insurgents. If we pulled back or drew down our troops, government forces could be expected to deal brutally with Sunni insurgents and the hospitable civilian population in which they flourish. The results might or might not favor the government, but either way they would not be pretty. If the Islamic radicals were defeated and prevented from making a comeback, that short-term result would be congenial to our interests, but it is hard to believe that the U.S. could stand by and watch the brutality that made it possible.

Furthermore, if the Maliki government did succeed in repression on this scale, a truly authoritarian regime would likely emerge, with a Shiite region in the south, forcible Shiite occupation of the center, and de facto independence in the Kurdish

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north. This would be a kind of reverse Saddamism, but without its secular features and with strong Iranian influence. Like partition, this would be a decidedly poor outcome for the U.S. * * *

There are three main options facing Iraq. One is gloves-off repression. The second is protracted conflict, gradual partition, large-scale ethnic cleansing, and the prospect of external intervention or even outright warfare among states in the region. The third is a last-ditch political effort to reconstitute an Iraq that keeps it whole and includes Sunni interests. This alternative aligns the U.S. squarely with ethnic inclusion and territorial integrity, both worthwhile causes, and with Iraqi political forces whose agenda happens to coincide with ours.

The third course may not have a high probability of success, but it is low risk and, if it succeeds, offers great benefits to Iraq and the U.S. This approach recognizes the large area of overlap between Sunni interests (and those of our regional allies, Jordan, Turkey and Saudi Arabia) with our own. It also offers the prospect of attracting Baathists and isolating al Qaeda insurgents, and it recognizes important differences among Shiites, aiding those who do not wish to see Shiite Arabs subordinated to Iran.

This third course probably will not produce a full-fledged democracy, but it could produce minority guarantees and impediments to a nasty, ethnically exclusive autocracy. In the short run, it will not produce complete peace either. But it should still reduce the violence, and eventually could produce a stable regime that limits Iranian influence, Kurdish provocations of the Turks, and terrorist domination of the Sunni areas.

Keeping all the contending groups attached to Iraq would be a major achievement. If, however, this plan fails, nothing will be lost over and above what is already lost. For the U.S. administration, the plan is an attractive option, for it offers what the electorate demanded: real progress or a drawdown of troops. President Bush's newfound power, paradoxically produced by an election loss, makes this a serious option and the threat underlying it credible with the Iraqi regime. There is no reason not to go down this road.

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Can Bush Find An Exit? (TIME)

By Michael Duffy

Time, December 4, 2006

George Bush has a history of long-overdue u-turns. He waited until he woke up, hungover, one morning at age 40 before giving up booze cold. He fought the idea of a homeland-security agency for eight months after 9/11 and then scampered aboard and called it his idea. He dumped Donald Rumsfeld last month as Defense Secretary, although lawmakers and even some generals had been calling for his head since 2005. Bush's biggest reversals usually come after months--even years--of stubborn resistance, when just about everyone has given up on his having any second thoughts at all. That's always been the point: he's a decider, he says, and deciders aren't supposed to undecide. When he does have to Kojak the car and head down the street in the opposite direction, he takes a little extra time getting it done.

But Bush has never had to pull off a U-turn like the one he is contemplating now: to give up on his dream of turning Babylon into an oasis of freedom and democracy and instead begin a staged withdrawal from Iraq, rewrite the mission of the 150,000 U.S. troops there as they begin to draw down, and launch a diplomatic Olympics across the Middle East and between Israel and the Palestinians. Even calling all that a reversal is a misnomer; it would be more like a personality transplant.

So it may take the 43rd President a little more time than it normally does to execute this particular U-turn. And he will do all he can to make it look more like a lane change. But sometime in the next month or so, Bush will begin the biggest foreign policy course correction of his presidency. No matter what else may get stapled onto it, the maneuver will be based on the agreement reached by the bipartisan commission led by former Secretary of State James Baker III and former Indiana Congressman Lee Hamilton. Bush aides said last week that there is already agreement on the name for the restart: A New Way Forward, which borrows from the commission's own title, The Way Forward--New Approach. Among people who have known Bush for decades, there is almost as much certainty that he needs to disengage from Iraq as there are doubts about whether he has the wiring and

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instincts--much less the desire--to pull it off. "He is not stupid," says a commission source. "But he is stubborn. And he is very dug in. It takes a big person to find a way to walk back from some of this and embrace reality."

THE PRESIDENT IS ABOUT TO GET A LOT OF reality therapy. The Baker-Hamilton commission's work has been compared to a family intervention for a substance-addicted cousin, but unlike those encounters, this one won't remain behind closed doors. The entire 10-person commission will brief the President this Wednesday and then repeat the lesson for congressional leaders, both incoming and outgoing, later the same day. What happens next is designed to be even more convincing: several days of nonstop interviews on every media outlet, network and cable-TV station--a media blitz that will run well into the Sunday-morning news programs.

Of course some people don't like being rescued, and there is little reason to think that Bush or anyone around him is going to enjoy the visit by the Baker-Hamilton emergency squad. While there will be no lights flashing or sirens wailing, the commission is proposing nothing short of a repudiation of pretty much all U.S. foreign policy for the past three years. The Iraq Study Group will call for a massive diplomatic push in two areas in which the White House has never put its shoulder to the grindstone: rekindling peace talks between Palestinians and Israelis and holding an international conference that would lead to direct talks between Washington and both Tehran and Damascus. The commission agreed that the political turmoil inside Iraq could only be sorted out with the cooperation of neighboring countries, particularly Syria, Turkey, Iran and Saudi Arabia, which have the strongest ties to the Shi'ite and Sunni groups propelling Iraq ever deeper into civil war.

The study group's military proposals are performance based: they would link a staged withdrawal from Iraq by U.S. forces to stronger actions by the struggling Iraqi government. The report does not set a timetable for troop reductions, but it is expected to offer Baghdad a slower withdrawal if the government takes steps to end the violence. If Baghdad cannot make that happen, the troops would depart at an even faster rate. The genius of the approach is that if security returns as a consequence of this squeeze play, the need for U.S. troops will presumably also decrease. Says an expert who briefed the panel on the idea of trading troops for cooperation: "Unless we use our withdrawal as leverage against reduced violence, anything we do will be drained away in the sands of an ineffective central government." That is why, either way, the report envisions, but stops short of stating flatly, that troop withdrawals should begin sometime next year.

These proposals will push Bush's buttons because they come from outsiders. Vice President Dick Cheney in particular has long resisted outside interference in foreign policy. But last week it was internal interference that upended the Administration's best-laid plans. Bush had no sooner arrived in Amman, Jordan, for talks with Iraqi Prime Minister Nouri al-Maliki than the New York Times published the full text of a memo to Bush from his National Security Adviser Stephen Hadley portraying al-Maliki as isolated, powerless and out of touch with the realities of his country and unable to affect them. This is hardly surprising for a man who can barely leave his home without American logistical support, but the leaked memo from somewhere in the Bush Administration sank the President's plans for a take-charge summit. Al-Maliki abruptly canceled his planned meeting with Bush--a snub for which there is no well-known precedent--and waited until the following morning to have breakfast and a shortened, 45-min. session with him. There was little chemistry in that encounter; by all accounts al-Maliki looked sour and lost. During a short photo break, al-Maliki refused to look at Bush, and the President had to initiate a handshake between them. Ignoring the previous day's discourtesy, Bush declared al-Maliki "the right guy for Iraq," a thumbs-up that did nothing for the Prime Minister's credibility at home, where an endorsement from the U.S. President may be the kiss of death. Bush then offered his first official reaction to the Baker-Hamilton proposals. "There's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq. We're going to stay in Iraq to get the job done, so long as the government wants us there. This business about graceful exit just simply has no realism to it at all."

INSIDE THE COMMISSION

REALISM WAS EXACTLY WHAT THE PEOPLE who cooked up the commission had in mind when they set the bipartisan operation in motion more than a year ago. The review began as an earmark--a $1 million insertion into an appropriations bill by Republican Representative Frank Wolf of Virginia, who had gone to Iraq last year and decided U.S. policy wasn't working or, as he put it, needed "fresh eyes." He slotted the money to the U.S. Institute of Peace, whose president, Richard Solomon, joined two CEOs Wolf trusted to organize the study: David Abshire, of the Center for the Study of the Presidency, and John Hamre, who runs

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the Center for Strategic and International Studies. Those three settled on Baker and Hamilton as chairmen. Hamilton agreed, but Baker wanted Bush's blessing--and he wanted to let Bush know he might not like the outcome.

To bring Bush aboard, Solomon, Hamre and Abshire approached the one person in Bushland who still had a reputation for realism and who could command the President's ear, alone: Secretary of State Condoleezza Rice. Would she propose the commission to the President? After some hesitation, Rice agreed, but she made one request: the commission had to look forward, not backward, in part because she knew the dysfunctional Bush foreign policy operation, tilted as it was so heavily along the Cheney-Rumsfeld axis, would not permit, much less sustain, scrutiny. As the trio departed, a Rice aide asked one of her suitors not to inform anyone at the Pentagon that chairmen had been chosen and the study group was moving forward. If Rumsfeld was alerted to the study group's potential impact, the aide said, he would quickly tell Cheney, who could, with a few words, scuttle the whole thing. Rice got through to Bush the next day, arguing that the thing was going to happen anyway, so he might as well get on board. To his credit, the President agreed.

After rejecting every name that Solomon & Co. proposed, Baker and Hamilton were left to choose their own panelists, and the commission went to work, gathering evidence, making a trip to Baghdad and hearing from more than 100 experts. Retired Supreme Court Justice Sandra Day O'Connor developed a reputation for asking the best questions. Democratic power broker Vernon Jordan emerged as the group's political sage. Former Bill Clinton Defense chief William Perry cornered the military options--and would be a holdout on the final deal. In October, as the number of casualties in Iraq exploded, public support for Bush dropped through the floor. When Democrats swept the November elections, aides to several panelists told TIME that the commission would have more room to make sweeping proposals. Rumsfeld's resignation the next day cemented that feeling--which is not to say the commission thought it had any perfect solutions. "We did not think there were any good options on Iraq," one of the experts told TIME. "What we're really looking at are less-bad options."

But instead of making things easier, the elections actually made them harder. After Bush replaced Rumsfeld with Robert Gates, a member of the Baker-Hamilton commission who had served the first President Bush as head of the CIA, the psychoanalysis rampant in the media about Daddy's team coming back to save the prodigal son steamed everyone at the White House, from the President on down, and led the Administration to dig in its heels. Says a Baker confidant: "Everything that happened on Election Day made for extra work." It wasn't long before senior Administration officials were whispering that the diplomatic proposals coming out of Baker's shop would never fly. Realizing that with Gates moving to the Pentagon, the study group's report may have more impact than they had first thought, Democrats from all quarters began bombarding their allies on the panel with advice about how to stage an organized withdrawal and pressing for a precise drawdown timetable. Baker, who was in touch with the White House, resisted.

Meanwhile, Iraq kept deteriorating, and there was a risk that the panel's proposals would be obsolete before consensus was reached. "It overshadowed everything," says an aide to one member. "They were constantly dealing with new developments over there." Baker turned up last Monday with a draft report he wanted panel members to consider or amend and then get into the President's hands. Democrats led by Hamilton, Perry and Leon Panetta, Clinton's ex--chief of staff, were adamant that the report recommend a firm starting point for troop withdrawals. When the Republicans again refused, members agreed on language that would leave the date vague but the vector clear. And then the group adjourned.

THE ENDGAME

THE HOT WORD IN WASHINGTON THESE days is bandwidth, as in, Does this Administration have the bandwidth to solve all these problems? Even those who back the Baker plan worry about whether there is anyone inside the Administration who can carry it out. There is widespread doubt that the Bush team is emotionally or ideologically able to execute a plan that is so at odds with its collective instincts and that many of its supporters might resist. Of particular concern to members of the study group is the state of the U.S. State Department. Although Rice has restored some of the department's lost influence since replacing Colin Powell, she is currently working without a deputy and has had trouble filling that post. Her top lawyer, Philip Zelikow, is leaving soon, and there is a wide variety of people who wonder whether she--or anyone else--could amass the clout to take on both the Middle East and Iraq security talks in the time that is left to this Administration. That's one reason there are growing calls for a special envoy to the region who can hold all the reins in one hand. Some have even suggested that Bush try to persuade Baker to stay on and take up one last mission for his country.

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Bush will put a few weeks between the big Baker-Hamilton rollout and his own restart. White House officials worry that anything faster would look too reactive--a curious instinct, given the public's overwhelming desire for change and the positive response Bush received when he tossed Rumsfeld over the side after the elections. Says a former government official who has known Bush for 20 years: "If he is going to take political advantage of things he might have done anyhow, why not do them fast instead of slow?" It may be that the President is not yet ready to answer the obvious question when the strategy changes: What is the new definition of success? Bush himself teed that up when he told reporters in October, "You all got to understand, and the parents of our troops must understand, that if I didn't believe we could succeed and didn't believe it was necessary for the security of this country to succeed, I wouldn't have your loved ones there."

But the White House won't wait for the Baker-Hamilton road show to signal that it is changing course. A White House official told TIME over the weekend that the new path the President will outline in coming weeks is "significantly different than what we've been doing. When the President says we're going to get the job done, that doesn't suggest it is an open-ended commitment forever." The inevitability of serious change, it emerges, had become clear even to one so dug in as Rumsfeld. The New York Times reported last week that two days before he was ousted, the Defense Secretary submitted a memo to the White House saying the Iraq strategy was failing and calling for "major adjustment," including possible troop pullbacks.

To seize the initiative, the White House announced a series of new diplomatic actions of its own, inviting Abdul Aziz al-Hakim, head of Iraq's leading Shi'ite party, and Tariq al-Hashemi, the Sunni Vice President, to Washington over the next few weeks as part of an effort to deepen connections to a greater variety of Iraqi political figures. And aides say Bush may call for what were already being dubbed "reciprocal obligations" with the Iraqi government: trading troop deployments for progress on sectarian violence, just as Baker and Hamilton are expected to propose. But there will be no ultimatums. A senior Administration official says, "Bush's plan is eventually going to call for reductions in troops. They're going to do whatever they can to get the security to a level at which it's sustainable so that at some point they can start to draw down the troop levels."

And that points to the biggest weaknesses in any rescue plan. Whether it is the Baker approach or whatever the White House decides to call its own, events in Iraq could easily make any plan for diplomacy and withdrawal irrelevant in the face of a weak central government, a deepening civil war and widespread violence. A commission official put it this way: "What we have produced is a plan for December. We have no idea what things are going to look like in February."

So Now What, Mr. President? (NSWK)

By Evan Thomas

Newsweek, December 4, 2006

Dec. 11, 2006 issue - George W. Bush was doing everything he doesn't usually like to do. He was traveling in foreign lands (when Bush campaigns, he likes to fly home every night to sleep in his own bed). The carefully choreographed president was hit with a sudden change in schedule. Iraqi Prime Minister Nuri Kamal al-Maliki, America's thin hope to create a stable government in Iraq, had seemingly snubbed Bush and was now standing frostily a few feet away at a press conference after a mini-summit meeting, held at a fancy hotel in Jordan because, nearly four years after the fall of Saddam Hussein, it is still too dangerous to meet in Iraq. Maliki was reportedly sore because someone high in the Bush administration had leaked a secret memo from national-security adviser Steve Hadley to the president saying, in essence, that Maliki was well intentioned but either out of touch, weak or deceitful.

Bush hates leaks almost as much as he dislikes meeting with the journalists who now surrounded him, clamoring to know about reports that a long-awaited independent panel was about to call for a substantial troop pullout from Iraq. The Iraq Study Group, also known as the Baker Commission after its co-chairman, former secretary of State James A. Baker, has been widely seen as a gambit by Republican moderates close to Bush's father, the 41st president, to rescue the 43rd president from his disastrous plunge into Iraq. Of all the things Bush dislikes, the idea of needing to be rescued by Daddy may well top the list.

So no wonder the president was a little out of sorts. "I know," Bush began, trying, unsuccessfully, to stifle a tone of deep exasperation, "there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq. This business about a graceful exit just simply has no realism to it at all."

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A few days later, many thousands of miles away at his ranch in Texas, Jim Baker was resting up, lying low, waiting for his moment. The leak, reported in The New York Times, that the Iraq Study Group was about to call for substantial troop pullback was wrong, Baker knew. In fact, the Iraq Study Group report, scheduled to be released this week, will set no timetables or call for any troop reductions, according to a source familiar with the report, who, like everyone involved, requested anonymity owing to the sensitivity of the subject. It will speak more generally of shifting U.S. troops from an active combat role to advising Iraqi forces, and suggest that the president could, not should, begin to withdraw forces in the vaguely defined future. The report will also urge more diplomatic initiatives to secure Iraq and the region.

Persuading Bush to listen—and to change course, even at the margins—will be very difficult. One of the myths that the Bush camp has tried to perpetuate over the years is that the president follows the model, learned as a student at Harvard Business School, of a chief executive who delegates, listens to advice and only then decides. Bush is the "decider," as he calls himself, but there is little evidence that he listens to advice that he doesn't want to hear. It may be that the last really serious call for a midcourse correction heeded by George W. Bush was the hangover he experienced at Colorado's Broadmoor Hotel one morning in the summer of 1986, when he decided to quit drinking—a decision that put him on the path to the presidency. That was indeed a momentous example of evaluating options and choosing to change, but it happened two decades ago.

People who know Bush well say, as one presidential friend put it to NEWSWEEK, that he "realizes that the disappointments on the ground in Iraq—not just the election—require new thinking." (The source spoke anonymously for fear of alienating Bush.) "He is looking for a militarily effective and politically sustainable approach that gives Iraq the chance to succeed in the long term," says the friend, "and I think he is very open to change, very open to the Baker Commission and the internal review," referring to the administration's forthcoming in-house study of Iraq policy. Yet even Bush's most loyal lieutenants can only point to relatively minor examples such as the creation of the Department of Homeland Security (which Bush initially opposed) and the doomed Supreme Court nomination of Harriet Miers as instances of a president's being, as the Bush friend said, "willing to change his mind." (Other Bush confidants point to his decision to fire longtime chief of staff Andy Card and Defense Secretary Don Rumsfeld as evidence of his willingness to change, but both were drawn-out decisions that many friends believed came too late.)

The tone of Bush's senior aides, who were interviewed this week by news-week, was dismissive, even condescending, toward Baker and the Iraq Study Group. The word from the White House was not entirely Stay the Course, but pretty close. The Iraq Study Group is just one of three ongoing reviews of Iraq policy, say the Bush aides, and not the most important one at that. Bush is also hearing from his Joint Chiefs of Staff as well as a team under Hadley. Bush may trim and fiddle here and there, say his advisers, but he is determined to send a signal of unwavering determination—that he is in charge, and he will not abandon Iraq.

Bush's reluctance to change course—Bill Kristol, The Weekly Standard editor, calls Bush "the last neocon in power"—may come as a disappointment to voters who thought they were sending the president a message last Election Day. Bush seems determined to play the role of a 21st-century Winston Churchill, steadfast in the West's darkest hour, when many Americans see Bush as the captain on the bridge of the Titanic. But in fact the dire situation in Iraq—and the reality that there are no magical fixes—may push the president into listening to Baker and other advisers, if only for a moment, and then maybe with only half an ear. At least that is what Baker, according to those who know him, is hoping and maneuvering for—a chance to get his foot in the door of the Oval Office, to make one last pass at getting Bush to make an attempt at true diplomacy in the Middle East.

Bush may have dismissed talk of a "graceful exit," but Baker, who knows something about getting out of tight spots, is looking for just that. Baker realizes, however, that getting any kind of successful outcome will take a great deal of diplomacy on many fronts, starting with his long but somewhat cool relationship with the president of the United States. According to friends familiar with his thinking, Baker realizes that his panel's report could wind up just sitting on a shelf somewhere. But he wants a shot at sitting down with the president—at getting Bush to ponder new approaches to keeping Iraq, and possibly the entire Middle East, from disintegrating even further.

Baker likes to be the man behind the scenes. He is very deferential to his Iraq Study Group co-chairman, Lee Hamilton, a respected former Democratic chairman of the House Foreign Affairs Committee. (Baker refused to be photographed by NEWSWEEK unless Hamilton was also pictured.) Baker is mindful of Ronald Reagan's old dictum that you can accomplish a lot if you don't care who gets the credit. But Baker's critics, on both the left and the right, think he is engaging mostly in a classic

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Washington cover-your-rear operation. He wants, the skeptics say, to get credit for making a noble effort to bring light and reason to the dunderheads in power—even if the effort is doomed. That may be an unduly cynical view of Baker's motivations, though it may describe the ultimate outcome.

The odds for "victory" in Iraq, whatever that means, are long. The star-crossed country first conceived on the back of a British imperialist's envelope 80 years ago seems fated to consume itself in sectarian blood-letting. But the debate roiling in Washington is not just for show. It represents a basic clash of approaches to getting out of the worst American mess since Vietnam. No one wants to say it, but the real question is whether the United States can manage to be defeated in Iraq in a way that does not lead to worse disasters in the region—or another terrorist attack at home.

Baker is a charter member of what is known in foreign-policy circles as the Realist School. The chief apostle of the Realists is Brent Scowcroft, Bush 41's national-security adviser. In public and private statements, Scowcroft has been deeply skeptical of the dream of the neoconservatives to bring democracy to the Middle East. Scowcroft consistently and openly warned that invading Iraq would not herald a new age of freedom in the region but rather inflame old sectarian passions. Better, Scowcroft urged, to aim for policies that would promote stability in the region. Those policies might keep despots in power, but they would at least keep the region from exploding into violence that could cut off America's vital pipeline to Middle East oil and create generations of resentments that could breed more terrorists. Scowcroft's sober-minded op-ed pieces and candid remarks to reporters before, during and after the invasion of Iraq succeeded in making him persona non grata in the White House of George W. Bush.

Baker, Scowcroft's old friend and colleague as Bush 41's secretary of State, has been more circumspect in public, trying not to unnecessarily antagonize the younger Bush and his True Believer followers. Baker and Scowcroft talk often, and they both stay in touch with Bush 41, who is also a charter member of the Realist School, even if he religiously avoids being seen second-guessing his son.

To the neocon faithful who shaped Bush 43's world view after 9/11, Baker is often depicted as a creature of Washington who favors compromise over conviction. For the record, Baker mostly makes jokes about his cautious approach when it comes to the use of force. "I used to get asked why I didn't want to push on to Baghdad [in the 1991 gulf war]," Baker likes to say. "I don't get asked that question much anymore."

It is well known that Baker is a firm believer in talk over force, not just because, as Churchill once said, "jaw-jaw is better than war-war," but because Baker has great faith in his own powers as a negotiator. Time after time through a long career as Reagan's chief of staff and Treasury secretary and as a top adviser to Bush 41, Baker was able to deliver deals against great odds. Baker is crafty and endlessly patient. He can sit for hours listening to statesmen bloviate, waiting for them to run out of gas and start to bargain.

The Iraq Study Group report has been written with the sort of high-minded generalities needed to achieve consensus among strong-minded Republicans and Democrats. It will not demand an international peace conference on the future of the Middle East or insist that the Unites States pressure Israel to restart the vexed peace process with the Palestinians.

Baker starts from the premise that none of Iraq's neighbors, including Iran and Syria, want Iraq to dissolve into the kind of bloody chaos that can spread through the region, pitting Sunnis against Shiites and faction against faction. He has also been a longtime believer that the best way for the United States to establish credibility in the Arab world—and in Europe, for that matter—is to get serious about the creation of a viable Palestinian state. As Bush 41's secretary of State, Baker was willing to lean on the Israelis to try to make peace with the Palestinians by forgoing the establishment of settlements on the West Bank. Under pressure from Israel's friends in Congress, Bush 41's team backed off. But Baker's own desire to use the Israeli-Palestinian peace process as a key to defusing the wider animosities in the region is well known.

Baker also believes a successful negotiator never goes into talks by publicly laying down conditions for the other side to meet. By that measure, President Bush is making a mistake by insisting that Iran agree to give up enriching uranium that can be used to build a nuclear weapon before the United States will even sit down at the table. Of course, slowing or stopping the Iranian nuclear program should be a prime goal for American diplomacy. But, in Baker's view, according to those familiar with his thinking, it won't happen just by refusing to talk to the Iranians. The question of engaging Iran could be the stickiest of all between

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Baker and Bush, for people who know Bush well say that the president regards a nuclear Iran as an issue on par with Iraq—the two nations that, with North Korea, formed the "Axis of Evil" of Bush's post-9/11 presidency.

Of course, Baker's emphasis on diplomacy may be naive. As conservative columnist Charles Krauthammer has argued, the Iranians are content to foment chaos in Iraq that could eventually produce a Shiite state that would lean, if not bend, toward Tehran. The best check on Iranian ambitions in the region would be a stable Iraq that represents Sunnis and Kurds as well as Shiites, and that is what the current administration is working to achieve, if sometimes clumsily and with uncertain success. Why do anything to legitimize the Islamic radicals who run Iran? By the same token, why should the Bush administration want to talk to Syria? The Syrian regime has been trying to impose its will on Lebanon's fragile democracy. This may not be the time to be making nice with Syrian strongman Bashar Assad. Bush has said that Iraq is a sovereign state and should conduct its own diplomacy with its neighbors. He may be right that America's attempts to dicker between Iraq and Iran or Syria are futile and possibly even counterproductive.

On the other hand, Baker may be right that jump-starting the Israeli-Palestinian talks is necessary to achieving some wider Middle East peace process. The Bush administration has already been making some moves to gently push the Israelis toward talking to the Palestinians. Secretary of State Condoleezza Rice has been traveling back and forth to the region, and Vice President Dick Cheney journeyed to Saudi Arabia to visit his old friends in the royal family—to speak privately of many things, no doubt, but also to sound out the Saudis on the seemingly eternal Palestinian crisis.

These diplomatic gestures may be a way of saying that the Baker Commission isn't recommending anything new or different, that the Bush team is already on the case and even a step ahead. Indeed, earlier this fall a top adviser to Bush privately told a NEWSWEEK reporter that Bush's greatest ambition was to leave behind a Palestinian peace pact and a viable Palestinian state. But at the moment, prospects for a deal between Israel and the Palestinians are just about as bad as ever. The Palestinians are feuding among themselves; the lead faction in control of Parliament, the sometimes-terrorist group Hamas, refuses to recognize Israel's right to exist.

The prospects for improving matters on the ground in Iraq seem just as vexed. Last week, Anthony Cordesman, a widely respected analyst at the Center for Strategic and International Studies in Washington, gave a highly discouraging briefing to reporters. The administration's devout wish and goal is to stand down its forces as Iraq stands up its own. Indeed, last week, Prime Minister Maliki asserted that Iraq would be able to take over its own security in six months. Cordesman's statistics make a mockery of that promise. By his count, maybe one in four of Iraq's Army battalions are able to "perform a useful function." Cordesman pointed out that the latest Defense Department report says there is no way to count the number of men in the Iraqi police force, and there is no system for rating the effectiveness of police units. But the daily carnage suggests that the police are overwhelmed—if they're not actually in on the killing of civilians.

Washington's tendency to blame the Iraqi government for the current disaster is misplaced, Cordesman says. "The idea that when you send the bull in to liberate a china shop, you blame the china shop for breaking the china is, shall we say, somewhat ingenuous and probably misleading."

Bush has not given up on Maliki. The president continues to believe in the 56-year-old prime minister as the best hope of creating some kind stability in Iraq, say Bush's advisers. The Americans have been spying on Maliki, according to administration officials who declined to be identified for obvious reasons, and they have not caught him double-dealing or trying to sell out the United States. (A reference in the leaked Hadley memo to "sensitive reporting" may have alluded to eavesdropping on Maliki.) Indeed, his snub of President Bush apparently had more to do with local politics. Maliki did not want to appear to get too close to Jordan's King Abdullah II, who was also meeting with Bush. Abdullah, who keeps warning of Iraq's falling into a "Shiite crescent" stretching across the Middle East, is not popular with the Shiite majority in Iraq.

But if Maliki is, in the old cold-war saying, "our son of a bitch," he's not a very formidable one. At times he seems to be a second-tier bureaucrat caught between Sunnis who want to kill him and his Shiite allies—particular the sinister Moqtada al-Sadr.

Maliki's aides were encouraged by the Bush summit. They asked for and got assurances that Maliki could communicate directly through the White House and not have to work through the balky State Department. The Iraqis don't really expect to have control of their own security by next summer. But they want more freedom to try. "It's like the father with a baby and a bicycle," one

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Maliki aide told Bush. "You have to let him fall and if he scrapes himself you can run and pick him up. But if you hold on too long, trying to mentor everything, he will never be able to ride on his own."

The American military is fed up with Maliki. The ground commanders in Iraq felt betrayed by him this summer when he undermined a push to get control of the streets of Baghdad. The Iraqis failed to deliver on a promise to put enough troops on the ground. A four-star general who declined to be identified discussing a confidential conversation told of this encounter with Gen. Peter Chiarelli, who was in charge of day-to-day ground operations. "Do you have enough forces? Enough to clear an area and stay there to secure it 24/7?" Chiarelli replied, "Of course not." The four-star recalls replying, "It's going to fail, it's absolutely going to fail." The Americans never had enough forces to sweep even half the city, much less secure it. Maliki made their job tougher by in effect forbidding the U.S. military from taking on Shiite fighters; ordering them to lift roadblocks around Sadr City, the Shiite slum, and ordering them to release prisoners suspected of running death squads.

It's not clear whether the military made its frustrations known to the White House. Generals tend to salute and say can-do; if anything, the military has not been accurately portraying the dismal events on the ground, at least in the eyes of some White House aides. But with Donald Rumsfeld's departure, the Pentagon is entering a new era of leadership, in hopes it will be one in which the uniformed brass and their civilian bosses will communicate better. Gen. John Abizaid, the overall theater commander, and Gen. George Casey, the ground commander, are exhausted and overdue for replacement. ("There might be a sense that a fresh perspective is needed," said a senior White House aide.) Rumsfeld's former right-hand man, Stephen Cambone, has announced that he is stepping down. Others are expected to follow, stripping the Pentagon leadership of the group around Rumsfeld whose neocon certainties led to such catastrophic miscalculations in Iraq.

The job of rebuilding a demoralized and war-weary Pentagon will fall to the new Defense secretary, Robert Gates. Popular among the ranks as CIA director under Bush 41, Gates is low-key and rarely acts before he examines all the evidence. He has a dry, sardonic sense of humor; though he can affect Texan bonhomie, he's not really the towel-snapping type. He is said to have some spine. He was a big supporter of Bush 41's desire to dramatically (and unilaterally) scrap the U.S. stockpile of tactical nuclear weapons even though the military warned against such a bold move.

He'll have his work cut out for him winning over President Bush, who is not patient with advisers who take time getting to the point. White House aides speaking anonymously to NEWSWEEK seemed to suggest that Gates would not have a lot of impact on crafting a new Iraq policy; any tweaks in the policy, they say, will be made before Gates is sworn in sometime in January. This portrayal of Gates's role may be a further attempt to play down the picture of Bush 41's old cronies riding to the rescue. Gates is close to Bush 41.

It is not out of the question that Bush 43 will be brought around by the so-called Realists. Fantasies of a liberal democracy in Iraq are long gone. The most Bush can reasonably hope for in Iraq is some measure of stability, which is what the Realists want, too. Bush's situation—and petulant tone—are not unlike Lyndon Johnson's in 1968, when the Vietnam War was getting no better, despite troop levels' reaching a half-million men and a heavy bombing campaign. Johnson's new secretary of Defense, Clark Clifford, was a clever fixer/statesman, just like Baker. Johnson ranted to his advisers, "Let's get one thing clear! I'm telling you now that I'm not going to stop the bombing!" (Bush last week: "There's one thing I'm not going to do: I'm not going to pull the troops off the battlefield before the mission is complete.") But Clifford and the other Wise Men he brought into the White House did persuade LBJ to halt the bombing and open peace talks with the North Vietnamese. Baker & Co. might still nudge Bush onto a track that involves more diplomacy and less force.

There is, however, a cautionary coda to the Vietnam comparison. The revolt of the Wise Men in 1968 did change administration policy—but it did not end the war. The peace talks dragged on until Richard Nixon became president in 1969; he then re-escalated the war, which didn't end until another five years had passed and 25,000 more American soldiers had been lost. Iraq has not cost nearly as many American lives. But Vietnam fundamentally shaped America in ways that reverberate even today, and no matter what happens between George Bush and Jim Baker in the coming days and weeks, it is likely that Iraq will be with us for as long as Vietnam has been—or longer.

This story was written by Evan Thomas with reporting from Richard Wolffe, John Barry, Michael Hirsh and Dan Ephron in Washington; Christopher Dickey in Paris; Kevin Peraino and Sarah Childress in Baghdad, and Michael Hastings in Jerusalem.

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Sticking To His Guns (USNEWS)

By Michael Barone

U.S. News and World Report, December 4, 2006

While George W. Bush's many critics and detractors portray him as facing the same dilemma as Lyndon Johnson in Vietnam, Bush himself seems determined to proceed the way Harry Truman did in Korea–or, as some might put it, as Winston Churchill did after Dunkirk. Leading Democrats like Sen. Carl Levin have been calling for troop pullouts from Iraq starting in four to six months. The Iraq Study Group cochaired by James Baker and Lee Hamilton, the New York Times tells us, will recommend a "gradual pullback" of troops, direct negotiations with Iran and Syria, and pressure on Israel to make concessions to the Palestinians.

But Bush seems unpersuaded. "There's one thing I'm not going to do," he said at last week's NATO summit in Riga, Latvia. "I'm not going to pull our troops off the battlefield before the mission is complete." In this, Bush has the support of others. Defense Secretary-designate Robert Gates opposes a quick pullout. So do all the Joint Chiefs of Staff and the Central Command's Gen. John Abizaid. Retired generals who have criticized Bush testified that we should send more troops into Iraq. Democrats seem disinclined to use their congressional majorities to cut short our mission in Iraq lest they be blamed for the unpleasant consequences many predict.

So maybe the Vietnam analogy will not apply. And it shouldn't, because it's misleading. The Communists' Tet offensive was a smashing defeat for them, not us, as outlined in Peter Braestrup's 1977 book Big Story. Military historian Lewis Sorley has shown how after Tet, Gen. Creighton Abrams produced a strategy that was proving successful-until Congress prevented the United States from fulfilling its promises of aid against the North Vietnamese offensive in 1975. In Iraq, our enemies may not be making all the progress they seek, and changes in our military tactics are likely. Many argue for embedding more U.S. troops in Iraqi Army units. Other recommendations may come from the review commissioned–evidently out of dissatisfaction with current operations–by Joint Chiefs Chairman Gen. Peter Pace.

Bush, like Truman and Churchill, seems determined not to concede defeat. And remember that for Truman on Korea and for Churchill after Dunkirk, no promising military courses were immediately apparent. Truman, after firing Gen. Douglas MacArthur, had forsaken the threat–a nuclear attack–that his successor Dwight Eisenhower deployed to get the Communists to agree to a truce. But Truman's perseverance despite his 22 percent job approval–much lower than Bush's–was essential in preserving the independence of South Korea, which now has the world's 14th-largest economy. Churchill, facing Hitler alone, could promise only "blood, toil, tears, and sweat" until his enemies' mistakes–Hitler's attack on the Soviet Union, the Japanese strike on Pearl Harbor–gave him the allies that made victory possible. Churchill's stubbornness prevented a Nazi victory in midsummer 1940.

No Iranian nukes. We should keep in mind, as well, Bush's repeated vow not to allow Iran to get nuclear weapons. That's in tension with the Iraq Study Group's expected recommendation of direct negotiations with Iran: The obvious quid pro quo for Iranian help in stabilizing Iraq would be dropping our opposition to Iran's nuclear program. In fact, the opposite approach may be what's needed. Historian Arthur Herman in this month's Commentary calls for airstrikes not only on Iran's nuclear facilities but also on its ports and refineries; Iran depends on imports for its gasoline, and without ports and refineries, its economy and military would grind to a halt. That's a move that might be condemned by the "international community," and it risks antagonizing the people of Iran, many of whom tend to hate the mullahs and admire America. But it also might destabilize the regime and dislodge a president who has threatened the destruction of Israel and America. Who today regrets Israel's strike against Iraq's nuclear reactor in 1981?

NBC News has declared that Iraq is in the midst of a "civil war," just as CBS's Walter Cronkite declared Vietnam was lost after Tet. Many in the mainstream media today, as in 1968, see nothing but the prospect of American defeat. George W. Bush seems to have other ideas.

What We Would Leave Behind (TIME)

By Aparisim Ghosh

Time, December 4, 2006

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What would happen to Iraq if Washington follows the recommendations of the Iraq Study Group? The group's underlying assumption is that Iraqi forces will be ready to take over from the U.S. military by early 2008. To test that thesis, it is instructive to look at parts of southern Iraq from which coalition forces have already been withdrawn. There Shi'ite militias backed by Iran have taken control, intimidating government forces into submission and terrorizing Sunnis. On several occasions Prime Minister Nouri al-Maliki, a Shi'ite, has had to plead with radical Shi'ite cleric Muqtada al-Sadr to restrain his fighters from killing soldiers... To get immediate access to this complete story, you must be a TIME Magazine subscriber.

The Iraqi Exodus (USNEWS)

By Kevin Whitelaw

U.S. News and World Report, December 4, 2006

The gunman stood at the foot of his bed. "Are you al-Jaboury?" he yelled. It was 2 o'clock on a stifling July morning, and al-Jaboury had been sound asleep next to his wife. After hearing his name, the young Iraqi police officer didn't hesitate. Grabbing the gun he had been stashing under his pillow every night since he'd joined the police 18 months earlier, he shot the intruder in the throat. The gunman's accomplices all fled.

But the danger wasn't over. "I knew the insurgents would come back, and maybe they would blow up the whole house," al-Jaboury says. "My wife blamed me for joining the police. She said that I am a Sunni and that I know that the insurgents don't like this, and that I would get killed sooner or later." The next day, al-Jaboury left his wife, his daughter, and his home in the troubled Diyala province and took off in a neighbor's pickup truck, loaded with fruit, and headed for Syria. He had $300 in his pocket.

For the past few months, al-Jaboury has just been scraping by in a Damascus suburb packed with poor Iraqis. Back in Iraq, insurgents continue to threaten his wife, telling her that the only part of al-Jaboury they want back is his head. Today, al-Jaboury works in a small Syrian hotel, making $10 a day, plus room and board. "I am living a disgusting life now," he says, "and I can't take the idea of cleaning toilets after being a policeman cleaning society." His chief goal now: making enough money to rent an apartment to be able to send for his wife and child to join him in Syria. "I think," he says, "that will take a long time."

Like al-Jaboury, an average of 2,000 Iraqis a day are fleeing to Syria–and the numbers appear to be growing. The United Nations High Commissioner for Refugees estimates that at least 700,000 Iraqis have taken refuge in Syria, while an additional 700,000 or so are in Jordan. (Iraq's estimated population is 27 million.) Few of the refugees have any legal protections, leaving them hostage to the whims of local government officials and reluctant even to divulge their full names.

While some had fled during Saddam Hussein's reign, most have arrived since the U.S. invasion, desperate to escape the spiraling violence. The numbers jumped sharply after the bombing of the Shiite shrine in Samarra last February that intensified Iraq's sectarian strife. With Iraq slipping toward an all-out civil war amid record numbers of civilians being killed each month, a UNHCR official warns that hundreds of thousands more Iraqis appear to be "teetering" on the brink of departure. Even U.S. officials, many of whom have previously downplayed refugee flows, now acknowledge they are increasingly concerned. "We do know the trend is growing," says a State Department official.

"Brain drain." The tide of refugees is just one of the more visible symptoms of the regional spillover from the chaos in Iraq. Amid concerns that the violence could eventually spread across the border, calls for a more regional approach to Iraq have been intensifying. The Iraq Study Group, created by the U.S. Congress to search for new policy options in Iraq and led by former Secretary of State James Baker, is set to release its keenly awaited report this week. One anticipated recommendation will call for the Bush administration to open a dialogue with Iran and Syria. President Bush was in Jordan last week to meet Iraqi Prime Minister Nouri al-Maliki, while Iraqi President Jalal Talabani made a high-profile visit to Iran.

'Civil War' Or Not? (USNEWS)

By Anna Mulrine

U.S. News and World Report, December 4, 2006

BAGHDAD–With its crisp air and blue skies, the late fall offers some of the best weather in an often unpleasant climate. But as daily violence continues to convulse Baghdad, people tend to go outside only when necessary. The city's many playgrounds are overgrown from disuse, with grass that rises as high as the seats of rusted swing sets. The ambulance siren, residents now say, is the country's national anthem.

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As the capital last week eased out of the round-the-clock curfew imposed after the bombing of the Shiite enclave of Sadr City that killed over 200 people, traffic was light–except on the airport road, where families packed into cars and braved roadside bombs for the chance to fly to another place. Exhausted and heartbroken, many Iraqis who remain are nonetheless reluctant to call the violent turmoil here a civil war. "We've been living all together, Sunni, Shia, Christian," says Baghdad policeman Ali Khalaf Jasim, his tone tinged with disbelief. "This can't be civil war."

Such sentiments are a nod to tribal ties and intermarriage that bind millions together across sects. But with each passing day those relationships seem more strained–along with hopes that the government can do anything about it. Prime Minister Nouri al-Maliki is increasingly viewed as weak and beholden to radical Shiite cleric Moqtada al-Sadr, who temporarily suspended–but did not withdraw, Iraqi government spokesmen were quick to point out–his bloc's membership in the national parliament to protest the prime minister's meeting with President Bush.

Skeptics. Maliki got no boost with the pre-meeting disclosure of an assessment by White House National Security Adviser Stephen Hadley–a memo that allowed that "his intentions seem good." But, it added, "the reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action." Such assessments mirror the views of many in Iraq–minus the part, particularly among Sunnis, about good intentions.

The memo prompted heavy questioning from Iraqi journalists about what, precisely, the prime minister's plans were. Maliki announced one of them–to have his country assume control of its own security forces by June 2007, a development that would, he said, allow U.S. troops to begin withdrawing. In the meantime, a government spokesman added, what Maliki needs are "tools to rise up and to find a solution for the crisis."

Militia power. One of the tools America offered up last week, an infusion of some 3,500 new U.S. troops to Baghdad, was greeted with little more than a shrug among some Iraqis who wondered whether more soldiers will make much of a difference as political parties build militias to consolidate their power. These militias now control access to vital resources like health care and increasingly subscribe to the view that, in the words of one Iraqi journalist, "the best way to defend their turf is to attack."

American soldiers, too, had questions about what, exactly, more troops will do. "'Go secure Baghdad' is a pretty big hand-wave in a general direction," says Maj. Mark Brady, a U.S. military adviser to an Iraqi Army battalion based in Baghdad. "What does that involve? What are they going to do that others aren't doing right now?" And how, others wonder, will they help to convince tired and shut-in Iraqi citizens that their government can deliver on promises they feel it has broken time and again.

For his part, Lt. Col. Steven Duke, a brigade military transition teams commander, feels his U.S. troops here could use some explanations, as well. "I wish there was a better barometer for our soldiers over here to be able to gauge: 'Are we winning? Are we making progress?'" The other day, he says, a suicide bomb at a police recruiting station sent human body parts over the wall near his headquarters. "Are we in a civil war?" he asks. "I don't know. I know there's a lot of people being killed because of their religious sect, and I know the Iraqi Army here is doing their best to get a grip on it-and they need their government to back them up."

The Civil War Behind "Civil War" (TIME)

By James Poniewozik

Time, December 4, 2006

When Katie Couric took over the CBS Evening News, some viewers wondered whether a Today show anchor could claim Walter Cronkite's mantle. Turns out we were wondering about the wrong Today anchor. When Matt Lauer announced that NBC would start referring to the conflict in Iraq as a "civil war," media observers hailed it as a "Cronkite moment," referring to the CBS anchor's 1968 declaration that the Vietnam War was unwinnable, upon which L.B.J. realized he had lost Middle America.

The backlash to Lauer's Cronkitization was quick, for several reasons. First: dude, we're talking Matt Lauer here. Second: Cronkite's language--"We are mired in stalemate"--was far stronger. Third: some newspapers, including the Los Angeles Times and the Christian Science Monitor, quietly started using "civil war" earlier (as did TIME). Last: polls and common sense indicated that most Americans already believed Iraq's sectarian fighting was a civil war.

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So, O.K., NBC's declaration may have no effect on the war in Iraq. But it was a signal moment in the war between the Bush White House and the media. If the issue seems like pointless semantics, it is hardly so to the Administration, which has been fixated on framing issues and politicizing language. It (and Fox News) renamed suicide bombers "homicide bombers." It cast the fight against al-Qaeda as a "war on terror," even though the struggle was unlike old-fashioned wars between armies. Now it wants Iraq not to be a "civil war"--ironically, on the ground that it is unlike old-fashioned civil wars between armies--and has suggested that anyone who calls it one is taking political sides.

The White House got its way for a long time, and that's not surprising. The period from 9/11 through much of the Iraq war was often shameful for the media, especially TV news. There was plenty of excellent, tough, heroic reporting. But from the production offices, where the tone and packaging of the news are set, came hints that, in wartime, the Fourth Estate was on the side of the good guys. Newscasts were adorned with American flags, and press outlets (including, initially, TIME) prematurely made aÂ John Wayne figure ofÂ Private First Class Jessica Lynch.

This was not because the media were jingoistic but because the media business was, and is, existentially scared. TV audiences and print readerships are shrinking, along with media payrolls; nightly newscasts and newspapers wonder how much longer they will exist, much less thrive. The Administration has played on that fear of irrelevance, freezing out big institutions in favor of friendly local outlets and allies. A Bush aide told reporter Ron Suskind that journalists were an ineffectual "reality-based community." Were the mainstream media dying? The ebullient Bushies seemed to answer, They're already dead!

Layered on this was the sense of a conservative swarm sweeping the country. War supporters and "values voters" were coming out of the woodwork in elections, lining up for The Passion of the Christ and making Fox the sole TV-news success story of the era. They were collecting scalps--Bill Maher, Peter Arnett, Dan Rather--and taking names. They had blogs and remotes and money, and they hated the press. Journalists might not slant stories to show their loyalty, but what was the harm in hanging a little bunting on the screen?

The ideology of scared media is me-too-ism: straining to show the audience you like what it likes, be it Harry Potter or Donald Rumsfeld. (He's tough! He's funny! He's a sex symbol! The Philadelphia Inquirer dubbed him a "stud muffin.") With the worsening of Iraq, however, coverage became more assertive, and after Hurricane Katrina, reporters found they could question the Administration without being struck dead. With the "civil war" fight--as with erstwhile stud muffin Rumsfeld--the momentum has reversed. It's less important what the press is calling the war than that the White House is no longer calling the terms.

Of course, all this proves is that me-too-ism knows no party. NBC took its public step only after Bush's midterm thumpin'. Middle America may have been led by Cronkite, but now the reins are firmly in the other hand. In a perfect world, the media would be led by the facts, and the audience by its own mind. But if the public is giving the news permission to be more, well, reality-based, then lead on, folks, lead on.

What I Did On My Travels (TIME)

By Mike Allen

Time, December 4, 2006

There were plenty of reminders of why President Bush doesn't relish traveling abroad. In Moscow, the VIP terminal's red carpet turned out to be just a wide stripe of red paint on the Tarmac. In Jordan, all the King's men formed a wild motorcade, their vehicles nearly crashing into one another as they jostled for position trying to snap photos of the presidential limousine. In between were five other countries for a total of some 37,000 miles and 56 events.

But if there was ever a good time for George W. Bush to leave home for a spell, it was right after the mid-term elections, when Capitol Hill was aswarm with triumphant Democrats. He spent two weeks abroad, separated by a brief Thanksgiving interlude at Camp David. Air Force One, the Boeing 747 that has its own medical facility, among other amenities, circled the globe twice, serving Swiss burgers and taco salad, with snicker-doodles for dessert. On the ground in Amman, the White House staff did grapple with local dishes like chicken frekah and homemade knafeh. The President and First Lady Laura Bush watched a replay of the Michigan--Ohio State game onboard during a 36-hour day that saw the couple in Ho Chi Minh City, Jakarta and across the international date line on their way to Hickam Air Force Base adjoining Pearl Harbor.

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European leaders expecting a humbled Bush at the NATO summit in Latvia instead got a stout speech in which he rearticulated his foreign policy. "We must advance freedom," he said, "as the great alternative to tyranny and terror." When kids in Indonesia asked his hobby, he replied, "Baseball--sports" and told them to go easy on TV. He got his most enthusiastic reception in Vietnam, as curious onlookers lined the roads and waved at his passing motorcade. There was much the country and the visiting dignitary had in common. Neither has much appetite for looking back at the difficulties of the past. Far better to stay on the move.

Why Military Calls To Raise Iraq Effort Grow (WSJ)

By Greg Jaffe, Yochi J. Dreazen

The Wall Street Journal, December 4, 2006

WASHINGTON -- As demands mount to pull U.S. troops out of Iraq, a growing number of senior military officials are arguing that the only way to salvage the situation is to add more U.S. forces and more U.S. money.

Outside the military, most of the debate is focused on a U.S. troop withdrawal. But inside the Pentagon, the recent dismissal of Defense Secretary Donald Rumsfeld has given some new life to arguments by military officers who say the U.S. must pour more troops and money into the country to expand the Iraqi army -- the one institution in Iraq that has shown some promise -- and stabilize the capital.

Right now there are about 140,000 U.S. troops in Iraq. Though there are no firm plans for an increase, some military officials said that as many as 30,000 more troops could be needed. Most of the U.S. troops would be focused on patrolling Baghdad and training the Iraqi Army.

During his tenure Mr. Rumsfeld largely rejected calls for sending in more Americans, countering that Iraqis should take on more security responsibility faster. He was backed in his approach by Gen. John Abizaid, the senior military commander in the Middle East, and Gen. George Casey, the top commander in Iraq. The two generals have argued publicly that the U.S. goal must be to bolster Iraqi Army forces as quickly as feasible.

It isn't clear how much longer the two commanders -- both of whom have served long, grueling tours -- will stay in their jobs. Even before Mr. Rumsfeld's dismissal, the Bush administration was laying plans to replace them as early as this summer. The job of selecting their successors will now fall to Robert Gates, Mr. Bush's nominee to run the Pentagon, who could choose his own team or extend current tours. How hard new commanders might be willing to press to redouble the U.S. commitment in Iraq could have a major effect on U.S. policy going forward.

Even with new leadership in the Pentagon and Iraq, big barriers remain to boosting the size of the U.S. force. Any move to do so will draw the ire of the new Democratic leadership on Capitol Hill. Multiple reviews of U.S. policy in Iraq also seem poised to recommend that the U.S. start to disengage from Iraq.

The bipartisan Iraq Study Group, headed by former Secretary of State James Baker and former Democratic Rep. Lee Hamilton, is likely to recommend in a report later this week a gradual withdrawal of U.S. troops. President Bush has asked for his own internal review, led by National Security Adviser Stephen Hadley, who has suggested that a focus of the administration going forward will be building up Iraqi troops.

Senior military officials seeking to make one last push to stabilize Baghdad might find a receptive ear with President Bush.

The President used a joint appearance last week with Iraqi Prime Minister Nouri al-Maliki to signal that his administration wasn't planning troop reductions any time soon. Senior White House officials say Mr. Bush is open to the idea of a drive to stabilize the country by temporarily increasing the number of U.S. forces there. These officials say Mr. Bush has paid a political price for the war and now has a brief window of time before the 2008 election cycle intensifies to change conditions on the ground there. The officials say Mr. Rumsfeld's ouster was misinterpreted as a sign that a significant shift is coming.

"We have not failed in Iraq," said Stephen Hadley, Mr. Bush's National Security Adviser, on NBC's "Meet the Press" yesterday. "We will fail in Iraq if we pull out our troops before we're in a position to help the Iraqis succeed."

The push among the uniformed military to do more in Iraq is being driven, in part, by a small study group working for Gen. Peter Pace, chairman of the Joint Chiefs of Staff. The group's work, which is classified, lays out several options for Iraq. But it

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seems to favor a temporary increase in U.S. forces as part of a broader effort to build the Iraqi Army, says an officer familiar with its work.

The officers' recommendations largely run counter to Mr. Rumsfeld's own ideas, which were revealed in a leaked memorandum written by Mr. Rumsfeld in early November and published yesterday by the New York Times. In the memo Mr. Rumsfeld suggests a pulling back of U.S. forces to bigger bases and possible withdrawals of U.S. troops "so the Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Most military officers, however, seem to believe that a pullback of U.S. forces would only trigger more violence and make political compromise in the country impossible. These officers argue that 20,000 U.S. troops are needed to bring order to Baghdad. Another 10,000 U.S. soldiers would also be needed to work as advisers with the Iraqi Army, which currently numbers about 134,000 troops and might need to double in size.

Military officials who advocate such an approach warn that it could take years and hundreds of billions of dollars. But many of these officers bristle at the idea that it is too hard or impossible.

"The notion that we can't provide protection for people in one of the capital cities of this world [Baghdad] is just rubbish," says retired Gen. Jack Keane, who has made trips to Iraq to meet with commanders and provide recommendations to senior military officials. Gen. Keane, who advocates sending more U.S. forces into Baghdad neighborhoods and bolstering the Iraq Army, says he is speaking for himself.

Active duty Army officers have also stepped forward publicly in recent days to call for a redoubling of the U.S. commitment in Iraq. Col. Bill Hix, who spent 13 months in Iraq as the chief strategist for Gen. George Casey, wrote last week in Stanford University's Hoover Digest that more money is needed in the country for reconstruction. At the same time he suggested that it would be a mistake to pull out U.S. troops. "Iraq is simply in no position to progress politically or economically without assistance," wrote Col. Hix, who is now a strategist in the Pentagon. He suggests finding $20 billion to revive the anemic and largely ineffective U.S.-led reconstruction effort.

Even backers of an increase in troops acknowledge the plan carries risks that President Bush and Mr. Gates will have to weigh. One worry is that the increase will break an already strained Army and Marine Corps at a time when they might be needed to address other problems in the world. To find the additional troops, the Pentagon likely would have to extend some units' tours in Iraq beyond a year. The Army, which is also short equipment for units, would have to pool equipment from many units back in the U.S. to prepare a few to deploy.

America's Moral Duty In Iraq (WP)

By George F. Will

The Washington Post, December 4, 2006

James Baker almost smiled.

When the poker-faced co-chairman of the Iraq Study Group heard a commentator who had been invited to advise the group say that America's aim must be "victory," Baker's stony visage betrayed the bitter amusement that the word "victory" now occasions. Not even the word "success" seems elastic enough to cover any attainable outcome. Remember the "demonstration effect" that Iraq's self-governance was to have in transforming the region? Although America's vice president calls Iraq "a fellow democracy," it lacks a government whose writ runs beyond Baghdad's Green Zone.

John McCain seethed.

Weeks ago, he had been with a proud father of a Marine who was then in Iraq. Recently McCain had heard that the son's legs had been blown off. "At the hips," McCain said, intensely, several times, with a clenched-jaw fury born of frustration. Fifteen minutes later, on ABC's "This Week," McCain brought a steely clarity to the Iraq debate.

For three years he has been saying, correctly, that there are far too few U.S. troops in Iraq. For months he has said we cannot win without many more troops. That, too, is correct -- if it does not imply that some surge of troops can now guarantee winning. He has also said: Absent a commitment to send significantly more troops to Iraq, it would be "immoral" to keep asking the same number of troops "to risk life and limb so that we might delay our defeat for a few months or a year."

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George Stephanopoulos: "President Bush has said he doesn't want to send more troops now. So by your own standards isn't it currently immoral to keep Marines and soldiers, other service people in Iraq?"

McCain: "Yes it is."

Moments later, Stephanopoulos asked: "At what point do you say, I am not going to be complicit with an immoral policy?"

McCain: "When I think we've exhausted every possibility to do what is necessary to succeed and not until then, because the consequences of failure are catastrophic. . . . We left Vietnam, it was over, we just had to heal the wounds of war. We leave this place, chaos in the region and they'll follow us home. So there's a great deal more at stake here in this conflict in my view. A lot more."

Stephanopoulos: If the Iraq Study Group does not call for an increase in troops as you've advocated, "will you call for American troops to come home?"

McCain: "I will if at the point I think that we have exhausted every option and that we are doomed to failure."

At long last, rigor. McCain applies two principles of moral reasoning. There can be no moral duty to attempt what cannot be done. And: If you will an end, you must will the means to that end.

Sen. John Warner put down a marker.

Four months ago the Virginia Republican said that Congress must "examine very carefully" what it authorized the president to do in 2002 when it authorized military action against Iraq. Warner wondered whether, if there is an "all-out civil war," the president must "come back to the Congress to get further indication of support."

If only Iraq had -- were capable of -- a normal civil war. Its civil war -- fueled by religion and tribal rivalries and leavened by rampant criminality and depravity for its own sake -- does not offer a clear binary choice between regionally based sides that would allow U.S. forces to pick one and help it win.

Today there are many fewer Iraqis than there were three years ago. This is not just, or even primarily, because so many Iraqis, especially from the mobile middle class, have fled the country, taking with them the human capital -- skills, attitudes, mores -- requisite for a successful society. Rather, many -- and more every day -- of those who remain in Iraq no longer think of themselves as Iraqis. It is too dangerous to identify with the nation.

The national government is gossamer, but subgroups are solid. They are in an intensifying melee that has, according to Stephen Biddle of the Council on Foreign Relations, "genocidal stakes." Writing in the National Interest, Biddle says that "the downside risks" for any group that is party to a power-sharing deal include extermination by mass violence from rival groups. America cannot now credibly promise protection commensurate with that risk.

And absent adoption of the McCain policy -- a substantial increase in forces -- America's waning influence on events may derive from the increasing likelihood that the scant protection that American forces now provide will be withdrawn.

Bush To Meet With Top Iraqi Shiite Leader (MCT)

By Greg Gordon, John Walcott

McClatchy Newspapers, December 4, 2006

WASHINGTON - President Bush will hold an Oval Office meeting with a key Iraqi Shiite leader Monday amid a scramble to bolster the strife-torn nation's unity government before it collapses in civil war.

The meeting with Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution, is considered an effort to boost support for Iraqi Prime Minister Nouri al-Maliki, with whom Bush met in Jordan last Thursday. Al-Hakim is a leading opponent of anti-U.S. Shiite Muslim cleric Muqtada al-Sadr, who controls the most powerful bloc in Iraq's ruling coalition.

The administration hopes that by urging Hakim and other al-Sadr rivals to support Maliki more forcefully, they can reign in the growing radical influence of al-Sadr and his Mahdi Army militia, two senior administration officials said Sunday.

Bush's meeting with Hakim, two days before a bipartisan Iraq Study Group issues its recommendations for a new U.S. approach to Iraq, comes in the wake of news leaks reflecting a far more pessimistic outlook about the war among Bush's top advisers than the administration has expressed publicly. In the latest leaked memo, Defense Secretary Donald Rumsfeld wrote two days before his Nov. 8 resignation that the U.S. strategy was "not working well enough or fast enough" and that "a major adjustment" was needed, the New York Times and Washington Post reported.

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On NBC's "Meet the Press" Sunday, National Security Adviser Stephen Hadley dismissed Rumsfeld's memo as "a laundry list of ideas" that was submitted in response to Bush's request to a number of agencies for new approaches.

Hadley said the president is reviewing his Iraq policy and that the study group's report will be "an important input," but that Bush also wants to hear from Congress, his military commanders and Iraqi leaders before making any policy decisions.

While conceding administration mistakes in Iraq, Hadley insisted that the United States has "not failed" in the war. He warned that a pullout of U.S. troops would create "a safe haven" for al-Qaida.

The two senior officials, who insisted upon anonymity because their remarks were not cleared by the White House, said the administration has seized on the central proposal in a leaked, Nov. 8 Hadley memo to Bush that urged an end to Maliki's reliance on al-Sadr.

"The idea is to use the rivalry between Hakim and al-Sadr to encourage Hakim and Badr (the Badr Organization militia of Hakim's Supreme Council) to support the government more energetically and to stand up to Sadr's push for control of Baghdad," one of the officials said.

While both the Supreme Council and Sadr's organization are strongly backed by Iran's Shiite regime, al-Sadr is considered to be more anti-American, reluctant to compromise and more unpredictable.

"They both have issues, but Hakim is more of a grown-up," said the second official.

The officials said that the administration's effort to strengthen Maliki and prod him to resist the Sadrists also would include contacts with other Shiite, Sunni and Kurdish leaders whom it considers moderates. They will be offered unspecified "consideration" for their support, the officials said.

Some within the administration regard the Iraqi prime minister as a lost cause, one official said, because as Hadley's memo suggested, Maliki appears either unwilling or unable to combat the rising power of the Shiite militias, especially al-Sadr's. Some officials at the CIA, State Department and Defense Department worry that it already may be too late to head off Sadr's offensive in Baghdad and against Maliki, the officials said.

But both of the senior officials said the administration has concluded that it has no choice but to try to strengthen Maliki, whose election it hailed as a victory for Iraqi democracy. On NBC, Hadley said that representatives of the Sunnis, who are fighting the Shias, "absolutely" would remain a full partner in the unity government.

Sheikh Jalal al-Sagheer, an Iraqi legislator, senior cleric at the Bratha Mosque and close ally of Hakim's, said that his U.S. visit has been in the making for a year and contended it "has no relation with the latest events in Iraq."

Bush also is expected to meet with vice president Tariq al-Hashimi, who is a Sunni, in the coming month, he said.

A "Civil War" Puts Words On Trial (NYT)

By David Carr

The New York Times, December 4, 2006

Decades ago, I wrote an article about a police officer who was notorious for roughing up suspects before he took them in for booking. The term-of-art within the Minneapolis police department for that kind of officer was “thumper,” and there was plenty in the public record to suggest that the noun fit him nicely.

He called me after the story ran, livid about being labeled a “thumper.” He was a scary guy and I equivocated for a bit before I was finally able to stammer out, “is it worse that I said it, or worse that it’s true?”

That did not calm him down much. But in the current debate over the use of “civil war” — which began in earnest a week ago when Matt Lauer of NBC said the network would begin using the term to describe the conflict in Iraq — that story serves as a reminder that to name something is not to invent it.

The war over words and definitions is not a new one. The current administration has fought to maintain custody of the Iraqi conflict by defining insurgents as “terrorists” and prisoners of war as “unlawful combatants.” During Vietnam, the administration defined civilian casualties as “collateral damage.”

And even the term civil war remains freighted with meaning in American culture. When I was traveling in the South and used the term to describe the war between the North and South, an elderly woman corrected me, saying, “Do you mean the war of Yankee aggression?” And that was only a few years ago.

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There are those who suggest that there is something vaguely seditious in describing the situation in Iraq as a civil war. (The Los Angeles Times preceded NBC across the threshold by a few days but did not blow the trumpets when it did so.) Bill O'Reilly of Fox News has been critical of the actual conduct of the war, but saves much of his powder for those who would doubt — or he would argue, erode — American resolve by defining the conflict as one that is occurring between native combatants.

"First of all, it doesn't matter whether there is a civil war there," he said Thursday on his show. "That's a media-driven situation." He then suggested that defining the conflict as a civil war was a way of turning words into weapons. "We have a press that is invested in seeing that President Bush is humiliated in Iraq," he said. "They may not be rooting for an American defeat, but most are certainly antiwar and anti-Bush."

Others have compared NBC's choice of words to Walter Cronkite's deadpan declaration that the Vietnam war could not be won after the Tet offensive in 1968. But of course, Mr. Lauer made no such bald assertion and much has changed in public discourse since Vietnam. For one thing, the evening news is no longer the force it was, and the term "civil war" has been in rotation on the Web since the beginning of an organized insurgency.

On closer inspection, what seems like a bold, transgressive step by the media is considerably less. It is not a coincidence that some members of the mainstream media were only willing to attempt to redefine the terms of the current debate after a massive electoral setback to the current administration.

All the way back in March — the point when many commentators say an actual civil war began — a Washington Post-ABC News poll found that 80 percent of respondents believed that sectarian violence would lead to a civil war. The willingness to use "civil war" now is less a brave declaration than a wet, sensitive finger in the wind because mainstream media is much more likely to follow, than lead, political debate.

The people who have covered the war and decide how it gets covered at The New York Times have no problem with the phrase, as far as it goes.

"When you stand in Baghdad with the sand under your feet, you are in the middle of a civil war," said Ashley Gilbertson, a veteran freelance photographer who spent three years in Iraq taking pictures for The New York Times, among other publications, and who is currently writing a book about the American experience there. "In January, I met with insurgents and they only talked about Shiite militias and Sunni violence. They did not even mention the American presence.

"In my years there, it tilted closer and closer to civil war until it became one. There is nothing else to call it," he said, calling from a train in Italy where he is working on his book. "If this were Paris and you had dozens of bodies turning up on the street with well-financed militias composed of French nationals and French Arabs, you would call it a civil war."

Bill Keller, the executive editor of The New York Times, has said in public statements that he had no interest in having the paper handcuffed by "reductionist shorthand" for a war that he called "colossally complicated." For months, The Times has been using modifying phrases like "on the brink of" and "on the verge of" before civil war. But in an e-mail last Friday, Mr. Keller said the endless discussion about removing the modifiers was beside the point.

"I bristle at the way a low-grade semantic argument has become — at least among the partisan cud-chewers — a substitute for serious discussion of what's happening in Iraq and what to do about it," he wrote. He added, perhaps for the benefit of a columnist busy putting rubber on a bald tire, "maybe this argument is a symptom of intellectual fatigue in the punditocracy. Don't get me wrong, obviously I believe words matter. We try to choose them carefully. Sometimes our choices cause offense."

One of his war reporters, Dexter Filkins, is now back home on a journalism fellowship after three years on the ground in Iraq. Mr. Filkins said he rode into Iraq in March of 2003 (in a car he rented in Kuwait, by the way) to cover an American invasion, but left behind a civil war.

"For much of the time, you had a Sunni insurgency, with Sunnis killing Americans and Sunni's killing Shiites, until the big bombing at the Shiite shrine last February," he said. "At that point, the restraint was gone, the Shiites took the gloves off and you had a full-on civil war.

"We were using phrases like 'on the verge of' and 'on the brink of' so it wasn't like we were not deciding. We were deciding," he said. "I think 'civil war,' used judiciously and sparingly, is a much more accurate description of events. We're in the business of calling things by their real names."

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Annan Adds His Voice To A Growing Chorus That Is Calling The Situation In Iraq A "Civil War" (NYT)

By Edward Wong

The New York Times, December 4, 2006

BAGHDAD, Dec. 3 — Kofi Annan, the United Nations secretary general, said Sunday that Iraq had descended into a civil war that was even deadlier and more anarchic than the 15-year sectarian bloodshed that tore Lebanon apart.

"When we had the strife in Lebanon and other places, we called that a civil war; this is much worse," Mr. Annan said in an interview with the BBC.

Meanwhile, the American military announced on Sunday the deaths of 10 service members, an unusually high toll.

In making his remarks, Mr. Annan joined a growing number of foreign and Iraqi leaders, policy makers and news organizations who say that Iraq is in the grip of civil war. Former Secretary of State Colin L. Powell said last Wednesday at a conference in the United Arab Emirates that Iraq was in a civil war. A former Iraqi prime minister, Ayad Allawi, said the same in March.

The Bush administration has not characterized the conflict as a civil war.

The debate over the term raged last week in the United States, after NBC and other major news organizations said they were ready to apply it to Iraq. The discussion is highly political because backers of the war fear that calling Iraq a civil war would erode support among ordinary Americans. Scholars say that the widening sectarian conflict meets the common definition of a civil war and that when measured by deaths per year, Iraq is among the top civil wars of the past half-century. The civilian death toll is believed to be at least 50,000.

Last week, Mr. Annan suggested holding an international conference on Iraq that would include all of the country's major political groups and representatives from around the region.

In Baghdad on Sunday, President Jalal Talabani rejected the call by Mr. Annan, saying the Iraqis were working to stanch the bloodshed through their own political process.

"We have an ongoing political process and a council of representatives that is the best in the region," Mr. Talabani said in a written statement, using the formal name of the Iraqi Parliament. "We became an independent sovereign state, and we decide the issues of the country."

In addition to Mr. Annan, a number of American advisers have suggested that the United States and Iraq should hold a conference that would bring together all the countries in the region to try to re-establish stability in Iraq. Such a meeting might include Iran, Syria and Saudi Arabia, all accused by various American and Iraqi leaders of fomenting violence here.

The bipartisan Iraq Study Group led by James A. Baker III and Lee H. Hamilton is expected to recommend in a report this week that the United States open up diplomatic channels with Iran and Syria to discuss the subject. That suggestion has already been coolly received by the White House, where some senior officials say opening talks with those two countries would in itself be a major concession to their authoritarian, anti-American governments.

On Saturday, a powerful Shiite leader, Abdul Aziz al-Hakim, also rejected Mr. Annan's call for a conference. In the past, Mr. Hakim has chafed at the idea that countries in the region dominated by Sunni Arabs could get more involved in Iraq. Mr. Hakim comes from a prominent religious family and has close ties to Iran, which is largely Shiite.

Mr. Hakim is scheduled to meet with President Bush in Washington this week to discuss the rapid deterioration of Prime Minister Nuri Kamal al-Maliki's government.

Like virtually all Kurds, Mr. Talabani is wary of interference here by Turkey, which has warned that it will invade the autonomous region of Iraqi Kurdistan if the Kurds make any move toward independence or try to take control of the oil city of Kirkuk. In his statement, Mr. Talabani also said that it was not the government's top priority to disband militias, and that it was more important to tamp down on the Sunni-led insurgency. The United States has pressed the government to disband militias.

The United States military said Sunday that American forces killed two women, one child and six insurgents on Saturday in assaults on two buildings in the town of Garma, in the hostile Anbar Province. The women and child were killed, along with five insurgents, in an airstrike on one house, the military said.

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Two soldiers were killed by a roadside bomb while on patrol in Anbar on Saturday, and three marines died the same day in Anbar from combat wounds. Another soldier was killed Saturday by a roadside bomb near Taji. A soldier died in combat in Baghdad on Sunday, and two others were killed by a roadside bomb in northern Iraq. The Air Force said Maj. Troy L. Gilbert, a pilot listed as missing after his F-16 crashed last Monday in Anbar, had been killed.

In Baghdad, the police found at least 50 bodies across the city. The body of Hideab Majhool Hasnawi, the leader of a famous soccer club, was identified in the morgue. A leader of the Mandean sect, Talib Salman Areebie, was kidnapped from his home in the Ur neighborhood and killed soon afterward, said a spokesman for the Mandeans.

A car bomb killed three civilians and wounded 10 in northern Baghdad, an Interior Ministry official said. In the city of Mosul, a suicide car bomber rammed into a police station, killing two policemen and wounding four others, he said.

West of Basra, British soldiers fought Shiite militiamen as the British searched buildings in the town of Hayaniya, a stronghold of the Mahdi Army militia, a police official said. At least one Shiite fighter was killed.

What The US Has Learned (so Far) In Iraq (CSM)

By Peter Grier

The Christian Science Monitor, December 4, 2006

Listing things done wrong in Iraq, one veteran US policymaker put it bluntly: Pentagon leaders ignored analyses that indicated they needed more troops to keep order. The military was slow to develop a clear plan to counter the insurgency. For too long, US generals kept assuming that the day when Iraqi troops would be able to stand on their own was just around the corner.

Furthermore, neither the Americans nor the Iraqis moved fast enough to counter the rising influence of the radical Moqtada al-Sadr and his Mahdi Army militia.

Is this critic a Democratic lawmaker, perhaps? A senior fellow from a liberal think-tank? No, he's Paul Bremer, President Bush's choice to head the Coalition Provisional Authority, who makes these points and more in an updated version of his book about his year in Iraq.

"The biggest obstacle [to progress] has been the failure to provide adequate security for the Iraqi people," writes Mr. Bremer in a new afterword.

Bremer isn't despairing - he insists Iraq is (slowly) moving toward real democracy. But neither is he alone in assessing the recent past. Even as Washington looks forward to the recommendations of the Iraq Study Group, expected this week, many experts and policy organizations are looking back to try and glean crucial lessons from the three-plus years of the US experience in Iraq.

It's an unorganized process that involves everything from Army field manuals to the Council on Foreign Relations, and it may never reach consensus, given the range of opinions involved. But even exchanging ideas could be important, since - as hard as it is to believe now - the interests and power of the US mean that at some point it could find itself weighing new sorts of military interventions.

"If we learn from our mistakes, our next engagement to help rebuild a collapsed state might have a more successful outcome," writes Larry Diamond, a democracy expert and former senior adviser to the Coalition Provisional Authority, in his book on his Iraq experience. Military lessons

The US military, for its part, has been examining lessons learned in Iraq about tactics and operations for some time. This fall, the Army published a new field manu-al for counterinsurgency operations that draws extensively on research conducted from returning Iraq veterans.

Among its conclusions: The best counterinsurgency weapons do not shoot. Tactics that work this week might not work next week. The more force protection you use, the less effective you are. Sometimes doing nothing is the best reaction. The most important decisions are not made by generals.

"Clearly, there has to be much more specific preparation for these very challenging counterinsurgency operations," said Lt. Gen. David Petraeus, commander of the Army Combined Arms Center and Fort Leavenworth in Kansas, at a recent Brookings Institution seminar on military training.

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The US reconstruction effort has undergone similar scrutiny. The special inspector general for Iraq, Stuart Bowen, has issued a series of stinging reports that both track individual projects and make recommendations for how the reconstruction process might be improved.

The scale of reconstruction needs simply overwhelmed the scanty preparations made prior to combat operations, according to Mr. Bowen. Among his suggestions: Create a cadre of reserve contracting officials, similar to the military reserve, who could be plucked from civilian life and deployed overseas in a crisis.

The White House has said less publicly what conclusions top administration officials have drawn from Iraq. However, during his stop in Vietnam last month, President Bush did say that the US involvement in the Vietnam War demonstrated something relevant to the nation's current situa-tion.

"One lesson is that we tend to want there to be instant success in the world, and the task in Iraq is going to take a while," Mr. Bush said.

Sen. John McCain (R) of Arizona has also compared Vietnam to Iraq and said that the current generation of US leaders has ignored or forgotten two things learned the hard way in southeast Asia: The White House needs the public's support to wage war, and the military needs to use overwhelming force when fighting it.

But if there is one principle that virtually every expert who reflects upon Iraq might agree on, it might be the obvious point that the US experience there has turned out to be very difficult.

To supporters of the war, it is a hard task at which the US must prevail. To opponents, it has spiraled into something beyond the American ability to influence.

"Regime change, as we've seen in Iraq, is an incredibly risky bet," said Toby Dodge, a Middle East expert at the International Institute for Strategic Studies, at a recent Council on Foreign Relations event on the impact of Iraq on future US policies. Personal experience

Beyond that, the lessons one draws from Iraq depend crucially on political belief and personal experience.

Thus Bremer, the civilian administrator who oversaw the development of Iraq's constitution and the beginning of its current political process, staunchly defends the overall US effort - but does criticize the military for its failure to counter the Iraqi insurgency.

"For too long the military assumed that Iraqi forces would be able to carry on the fight themselves in short order," writes Bremer in the new edition of his book "My Year in Iraq."

Mr. Diamond, the expert in democratic process who tried to jump-start Iraqi democracy in the spring of 2004, judges that Iraq may yet emerge from its current chaos, but that the costs of the US invasion and occupation will be higher than necessary and greater than US leaders had imagined.

Among the lessons learned in Iraq, writes Diamond, is that you can't construct a democratic state unless a state already exists and can control its internal security.

"We cannot get to Jefferson and Madison without going through Thomas Hobbes," writes Diamond in his book "Squandered Victory."

A second lesson is that success in circumstances such as Iraq requires a commitment of substantial human and financial resources for five to 10 years, according to Diamond. A third lesson is that the US needs to organize itself more effectively for postconflict reconstruction.

"The final, overriding lesson of Ameri-ca's misadventure in postwar Iraq is not 'don't do it' but 'don't do it alone,' and 'don't do it with an imperial approach,' " concludes Diamond. Power no substitute for friends

The need for a more coalition-based foreign policy is something that many experts might agree with, as the US proceeds with the difficult tasks of countering Iranian and North Korean nuclear programs.

As great as US power is, it cannot substitute for coalitions and the effective use of international organizations, said Anthony Cordesman, a military expert at the Center for Strategic and International Studies, in his 2004 testimony to Congress on the lessons of Iraq and Afghanistan.

The US now faces a generation-long period of tension and crisis in the Middle East and much of the developing world, said Mr. Cordesman - a different kind of sustained "cold war."

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Given that context, one of the broader strategic lessons of Iraq and Afghanistan may be a deceptively simple-sounding one: the US needs to take the world as it is.

"Policy, analysis, and intelligence must accept the true complexity of the world, deal with it honestly and objectively, and seek 'evolution' while opposing 'revolution,' " said Cordesman in 2004.

'Fear Took Over' In Baghdad Raid (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, December 4, 2006

U.S. advisors lament Iraqi troops' conduct. America's exit strategy hangs in the balance.

BURSTS of AK-47 fire hissed past them from several directions at once, showering the U.S. and Iraqi soldiers with pulverized cement and slapping spider-web fractures into their Humvees' bullet-resistant glass turret-guards.

The joint security forces, undertaking what officials described as a major counterinsurgency operation, were in pursuit of 70 "high-value targets" in Baghdad's crowded Fadhil quarter, a Sunni Arab neighborhood of multistory tenements along the east bank of the Tigris River.

Instead, the soldiers of the Iraqi army's 9th Mechanized Division and their American trainers had walked into a deadly ambush Friday. From upper-story apartments, insurgents stopped the soldiers' advance with grenades and shoulder-fired rockets. Others launched coordinated mortar strikes, hitting one of two nearby Iraqi field posts.

By the time the 11-hour battle was over, one Iraqi soldier had been killed and six others wounded, including one who shot himself in the foot. A U.S. soldier was also wounded and, according to American troops interviewed, additional casualties were averted only because U.S. Apache attack helicopters were called in and American trainers shot their way out of the ambush.

"Fear took over" among the Iraqis, Staff Sgt. Michael Baxter said.

"They refused to move. We were yelling at them to move," he said. "I grabbed one guy and shoved him into a building. I was saying, 'God get me out of this, because these guys are going to get me killed.' "

The offensive was initially billed by U.S. officials in Baghdad as an Iraqi-led success and a case study in support of the Pentagon's increasing reliance on using American troops as military advisors as a way to shift security responsibilities to Iraqi soldiers.

Expansion of teams

U.S. officials say an imminent expansion of the Military Transition Teams — squads of American military advisors traveling with Iraqi army units — will meet demands Iraqi Prime Minister Nouri Maliki made of President Bush at their meeting in Amman, the Jordanian capital, last week for more authority over his own security forces.

But interviews at their joint Rustamiya base with U.S. advisors and Iraqi soldiers involved in Friday's battle revealed a different story. The operation was hastily prepared and badly executed, they said, and plans to let the Iraqis take the lead in the battle were quickly scrapped.

"It started out that way," Baxter said. "But five minutes into it, we had to take over."

Staffed with veterans of the Iraq-Iran war of the 1980s and equipped with a complement of refurbished Soviet tanks and American Humvees, the 4,000-soldier 9th division is considered Iraq's best hope for an eventual U.S. troop withdrawal.

But confusion swiftly reigned as insurgents in Fadhil pummeled dismounted Iraqi troops and their American advisors. U.S. radio jammers seeking to hinder communications between insurgents ended up blocking the Iraqi soldiers' walkie-talkies, forcing them to use unreliable cellphone signals to stay in contact. Voice commands were lost amid the explosions and gunfire echoing off the walls.

At one point, U.S. and Iraqi troops piled into a Humvee to escape the hail of insurgent bullets pinging off the armor cladding.

"I was pulling people in," said Army Sgt. 1st Class Kent McQueen. "We were all bunched in there together with the gunner. It was like a game of Twister."

An insurgent tried to throw a grenade into a Humvee's top hatch, but it bounced off and exploded on the ground.

At times, the overwhelmed Iraqi soldiers fired wildly, sweeping their machine-gun barrels across friendly and insurgent targets alike, witnesses said.

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"I had to throw bullet casings at them to get their attention," said Sgt. 1st Class Agustin Mendoza, another U.S. trainer who manned a Humvee gun turret during the battle. "They had no weapons discipline."

"A round hit the glass shield of my turret behind me," Mendoza said. "I hit a guy down the alley and a propane tank. It exploded in a big fireball."

The number of insurgents in the area was estimated at more than 100. Soldiers said they killed 20 and detained 43 others, including three foreign fighters.

No count was made of the number of civilians killed in the densely populated neighborhood, but U.S. and Iraqi soldiers acknowledged a significant amount of "collateral damage."

Apache helicopters beat down on the dilapidated tenements, drilling hundreds of .50-caliber rounds into concrete walls and rooftops. At least twice they unleashed Hellfire missiles, shattering walls and rooftops with flashing thunderclaps. On the ground, Iraqi T-55 tank commanders fired their main guns down the narrow alleyways, smashing structures into an avalanche of bricks.

McQueen felt something jerk his head back violently and then pressed his finger into a bullet-sized dent in his Kevlar helmet.

At one point he noticed Iraqi soldiers in their armored Humvees pulling away in panic.

"I tried to halt the Iraqi army trucks to stop the trucks to give us cover," he said. "The driver gives me this dumb look."

The U.S. military is ramping up its training program to add 30,000 Iraqi troops by mid-2007 to make up for soldiers who have abandoned their posts or died. The new recruits are also intended to supplement the small number of Iraqi troops willing to travel away from their home bases despite dangerous conditions or the possibility of being ordered to fight against members of their own sect.

Most soldiers in the 9th division, for example, are Shiites, and U.S. and Iraqi officers said they doubted the troops would obey if ordered to fight in Shiite neighborhoods of Baghdad such as Sadr City.

"In August, when we started Operation Together Forward to secure Baghdad, we called on a bunch of units to assist," said U.S. Army Col. Douglass S. Heckman, the commander for the 9th Division Military Transition Team. "This division was the only one that moved into the operation. The others balked."

But Friday's battle suggested that even Iraq's best trained and equipped division is far from having the ability to operate independently. Heckman said attrition and liberal leave policies meant that only 68% of the 9th division is even on duty at any given time.

Another American advisor complained that the division had only 65% of the weapons and other equipment that it had been allocated by the U.S.

"And it's not just my guys," said the advisor, who spoke on condition of anonymity. "As I look across the division MiTT teams, they all tell me the same thing. Some of them have 50% of their equipment, some have 75%, but it's the same thing all over Iraq."

Despite efforts to get more financial support from the Iraqi Defense Ministry, the division stays operational only with help from the U.S. military, which provides everything from food to batteries.

Iraqi unit well regarded

Still, the division had conducted a number of successful joint U.S. and Iraqi operations north of Baghdad, officials say, and is well regarded by American commanders. The U.S. military believed the unit was ready to conduct the latest operation with minimal American ground support.

The operation was proposed by the Iraqi Defense Ministry and approved by U.S. Army Gen. George W. Casey Jr., the top commander in Iraq, only hours before it was carried out.

"We could have used two more days to plan," said U.S. Army Maj. Thomas J. Boczar, who organized the strike with Iraqi division commanders.

Iraqi army Col. Bassim Mohammed, assigned to the division's reconnaissance company, said he learned about the mission only three hours before it began at 4 a.m. Friday.

"We didn't do any reconnaissance. Nobody was briefed on the area. We didn't know the area 100%," Mohammed said. Units that went into Fadhil hadn't plotted egress routes, he said.

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U.S. advisors said impending operations were often kept secret because of infiltrators within Iraqi ranks.

But Boczar suggested that insurgents knew the attack was coming. Aerial drone footage captured before the assault appeared to show them positioning themselves in preparation for the raid, he said.

"This was a coordinated, complex attack," Boczar said of the insurgent ambush. "And the way they maneuvered shows us that they were ready for us."

Having learned from previous encounters that rooftop snipers would be exposed to U.S. helicopters, insurgents fired out of second- and third-story apartments. And like the U.S. troops who called in helicopters for air support, the insurgents staging the ambush called on others to strike Iraqi army positions with mortar rounds.

U.S. Army Lt. Col. Mathew Stanton acknowledged that it was a tough fight, but said he was all right with that.

"It was hard. I understand that," Stanton said shrugging his shoulders. But he was satisfied. "You know what? We're not going to be here forever."

moore1@latimes.com

Toddler Killed In Airstrike Targeting Militants In Iraq (USAT/AP)

USA Today/AP, December 4, 2006

BAGHDAD — A U.S. airstrike flattened a building in a volatile province west of Baghdad, killing two women and a toddler, as well as six militants, the military said Sunday.

The U.S. military also said nine U.S. troops were killed in weekend fighting around Iraq.

The military said it was targeting buildings believed to be harboring foreign fighters Saturday night and intelligence reports had verified that several men were inside during the time of the raid in Anbar province. U.S. forces have accused the militants of taking over buildings for use as safe houses and of using civilians as human shields.

Coalition ground and air forces killed six insurgents while destroying two buildings that militants were using in the town of Karmah, west of Baghdad, the military said.

While searching through one of the destroyed buildings, coalition forces also found a weapons cache and the bodies of two women and a boy, who was believed to be under the age of 2, the military said. Three suspected insurgents also were detained.

In other Iraq news:

•Iraq's president on Sunday rejected suggestions that an international conference be held to address the violence racking his country. “We are an independent and a sovereign nation, and it is we who decide the fate of the nation,” President Jalal Talabani said.

The international conference was suggested last week by United Nations Secretary-General Kofi Annan.

•The U.S. combat deaths announced Sunday included one in Baghdad on Sunday, one near Taji, north of the capital Saturday, and five in Anbar province on Saturday. Two soldiers were killed by an explosion near their vehicle in northern Iraq on Sunday.

•The pilot of an F-16 fighter jet that went down in Anbar last Monday was declared killed in action by the U.S. Air Force on Sunday. It said DNA analysis had confirmed remains found at the crash site 20 miles northwest of Baghdad were those of Maj. Troy L. Gilbert, 34.

•Saddam Hussein's lawyers formally appealed the death sentence against their client for the killing of 148 Shiites.

Five Iraqi judges sentenced Saddam and two other top members of his regime to death by hanging on Nov. 5 for the killings in the town of Dujail, north of Baghdad.

Under Iraqi law, death sentences are automatically appealed before a higher court within 10 days of their pronouncement. However, defense lawyers must file a formal appeal within 30 days, detailing the legal grounds for their action and presenting new evidence that could support their clients' claims of innocence. The lawyers could also make a plea for leniency.

6 Militants, 3 Others Die In Iraq Raids (AP)

Associated Press, December 3, 2006

BAGHDAD, Iraq (AP) -- U.S. soldiers destroyed two buildings being used by insurgents in a town in Anbar province, killing six militants, two women and a child, the military said Sunday.

It was the latest of several recent raids during which women or children have been killed or wounded by U.S. forces as they attacked insurgents in residential areas. In some of the attacks, the U.S. command accused the militants of using civilians as "human shields" or buildings as "safe houses."

On Saturday night in the town of Karmah, coalition ground and air forces killed six insurgents while destroying two buildings that militants were using, the military said. Searching through one of the destroyed buildings, coalition forces also found a weapons cache and the bodies of two women and a child, the military said, without providing the age of the women or the age and sex of the child. Three suspected insurgents also were detained.

Karmah, 50 miles west of Baghdad, is in Anbar province, the large area of western Iraq where many of the country's Sunni Arab insurgent groups operate.

"Coalition forces take precautions to mitigate risks to civilians while in pursuit of terrorists. However, terrorists continue to put innocent civilians in danger by operating among them," the U.S. military statement said.

On Friday, near Taji, just north of Baghdad, American soldiers killed one insurgent and wounded a woman in her 50s "who was being used as human shield by the terrorist," the U.S. command said. "Terrorists continue to deliberately place innocent Iraqi women and children in danger by their actions and presence," it said.

On Wednesday, two Iraqi women died when U.S. forces backed by aircraft killed eight al-Qaida in Iraq insurgents during a raid near Baqouba, 35 miles northeast of Baghdad, the military said.

The day before, American soldiers fought with suspected insurgents in Ramadi, the capital of Anbar province, killing six Iraqis: one man and five girls, ages 7 months, 12, 14, 15 and 17, the U.S. command said. Another Iraqi woman was wounded. The military quoted residents as saying the building attacked "was a known anti-Iraqi force safe house."

Iraq War Has Cost US 350 Billion Dollars (AFP)

AFP, December 4, 2006

The war in Iraq has cost the United States more than 350 billion dollars since the March 2003 invasion, according to an AFP review of Congress figures.

About 290 billion dollars, including 254 billion for military operations, were allocated for the war in fiscal year 2006, which closed on September 30, according to a September 22 report by the Congressional Budget Office (CBO).

The Congressional Research Service estimated the cost at 319 billion dollars, representing 73 percent of US spending for the "war on terror" launched after the September 11, 2001 attacks on the United States.

Congress has approved 70 billion dollars for the "war on terror" in the 2007 defense budget that includes about 50 billion dollars for the Iraq conflict, bringing the three-and-a-half-year spending over 350 billion dollars.

A Democratic senator said last month that the Defense Department will request an additional 127 billion dollars for the wars in Iraq and Afghanistan, an amount that would bring the cost of the "war on terror" over 500 billion dollars.

The new funding request would make the "war on terror" more expensive for the United States than Washington's spending during the Vietnam War that ended in 1975.

The Congressional Research Service said in a September report that the cost of the war in Iraq rose this year to eight billion dollars a month, compared to 6.4 billion a month last year.

F-16 Pilot Downed In Iraq Listed As KIA (AP)

AP, December 4, 2006

An American pilot whose F-16 fighter jet went down in Iraq was listed as killed in action following DNA analysis of remains recovered at the crash site, the U.S. Air Force said Sunday.

Maj. Troy L. Gilbert, 34, was supporting troops fighting in Anbar province, where many of the country's Sunni-Arab insurgent groups operate. Videotape footage obtained by Associated Press Television News after the crash appeared to show the wreckage of the F-16CG in a field and a tangled parachute nearby.

Remains recovered at the crash site 20 miles north of Baghdad were identified as Gilbert's, the Air Force said.

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U.S. forces investigating the crash have said insurgents reached the site before American forces could. The cause of the crash is under investigation, but officials said they did not believe Gilbert was shot down.

Hussein Death Penalty Is Formally Appealed (WP)

By Nancy Trejos

The Washington Post, December 4, 2006

BAGHDAD, Dec. 3 -- Attorneys for former president Saddam Hussein on Sunday formally appealed his death sentence for the killing of 148 Shiite men and boys from the town of Dujail in the 1980s, a spokesman for the Iraqi High Tribunal said.

The case will now go to a higher court, which can rule on it at any time. If the court upholds Hussein's conviction, his execution, by hanging, must occur within 30 days, according to Iraqi law.

Raid Juhi, spokesman for the tribunal, said Sunday that two of Hussein's attorneys had submitted the appeal papers.

Hussein was convicted on Nov. 5 of crimes against humanity for the Dujail killings, which took place after an attempt on his life in 1982. Hussein and two of his seven co-defendants, including his half brother, were sentenced to death. Four defendants received prison terms ranging from 15 years to life, and an eighth was acquitted.

Under Iraqi law, death sentences are automatically appealed within 10 days. But defense lawyers must still file a formal appeal within 30 days of the verdict.

A recent report by New York-based Human Rights Watch concluded that Hussein's trial was so seriously flawed that the verdict could be called into question.

Hussein is currently on trial in another case, involving the killing of tens of thousands of Kurds in the late 1980s.

Deadly violence continued Sunday in many parts of Iraq.

In the northern city of Mosul, a car bomb exploded at a police station, killing two people, a police official said. Four officers were wounded in the attack.

In Baqubah, 35 miles northeast of the capital, the bodies of 16 people were found handcuffed and blindfolded, said Ali al-Khayam, a spokesman for Diyala province.

In Gharma, near the violence-ridden city of Fallujah, U.S. forces raided a safe house used by foreign fighters, the U.S. military said in a statement. The troops fired on the building, killing five suspected insurgents, two women and a child. Two other buildings used by insurgents were destroyed in the raid on Saturday night, the statement said. Another suspected insurgent was also killed in the operation.

The U.S. military announced that a soldier was killed Sunday in Baghdad. Two soldiers were killed by a roadside bomb while on patrol in Anbar on Saturday, and two soldiers and a Marine were killed in a separate incident in the volatile western province. One soldier died Saturday when his convoy struck a roadside bomb near Taji, about 12 miles north of Baghdad.

The U.S. military also announced that Air Force Maj. Troy L. Gilbert was killed last week when his F-16 fighter jet crashed in Anbar province. A DNA analysis positively identified his remains Friday.

Gilbert, 34, had been flying in support of ground troops fighting insurgents when his jet crashed Monday. Officials said the incident was under investigation, but Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, said last week there was no indication that the jet had been shot down.

Gilbert, of Litchfield Park, Ariz., was assigned to the 309th Fighter Squadron at Luke Air Force Base in Arizona and deployed to the 332nd Air Expeditionary Wing at Balad Air Base. He was married and had children.

"He served with courage and commitment and believed in duty, honor and country," Brig. Gen. Tom Jones, commander of Luke's 56th Fighter Wing, said in Arizona.

Meanwhile, Prime Minister Nouri al-Maliki condemned a triple car bombing that killed 51 people in Baghdad on Saturday and said families of the victims would receive compensation.

Report Faults Training Of Afghan Police (NYT)

By James Glanz, David Rohde

The New York Times, December 4, 2006

DOJ_NMG_0101502

Five years after the fall of the Taliban, a joint report by the Pentagon and the State Department has found that the American-trained police force in Afghanistan is largely incapable of carrying out routine law enforcement work, and that managers of the $1.1 billion training program cannot say how many officers are actually on duty or where thousands of trucks and other equipment issued to police units have gone.

In fact, most police units had less than 50 percent of their authorized equipment on hand as of June, says the report, which was issued two weeks ago but is only now circulating among members of relevant Congressional committees.

In its most significant finding, the report said that no effective field training program had been established in Afghanistan, at least in part because of a slow, ineffectual start and understaffing.

Police training experts who have studied or had first-hand experience with the American effort in Afghanistan said they agreed with the report's findings, and some said they had warned for years that field training was the backbone of a strong program. But they said additional problems needed to be investigated, including the quality of private contractors and the cost and effectiveness of relying on them to train the police officers. In particular, the experts questioned why the report focused on United States government managers and only glancingly analyzed the performance of the principal contractor in Afghanistan, DynCorp International of Virginia.

Considering the state of the police force, an estimated $600 million per year will be needed indefinitely to sustain it, says the report, undertaken by the offices of the inspectors general at the Pentagon and the State Department. Howard J. Krongard is the inspector general at State, which led the work on the 97-page report, and Thomas F. Gimble holds the office at the Pentagon.

American advisers will also have to combat endemic corruption in the force, the report says.

Efforts to respond to some of the issues that the report identifies are already under way. Afghan and American officials recently announced that they had instituted an "auxiliary police" program at the end of the summer, which aims to hire 11,200 officers in parts of the country beset by Taliban attacks, primarily in the south.

But those officers receive only two of the standard eight weeks of training, and the police training experts say the program could worsen the situation. They say the new hastily created program could place ill-trained and poorly vetted officers in the field and allow militias and criminals to infiltrate the force.

An American official involved in the new effort said the program became necessary after southern governors besieged by Taliban attacks began hiring police officers on their own. American officials feared they were seeing the beginnings of de facto private militias.

"This was designed to avoid the creation of the militias," said the official, who was not authorized to comment publicly.

The training experts say the United States made some of the same mistakes in training police forces in Afghanistan that it made in Iraq, including offering far too little field training, tracking equipment poorly and relying on private contractors for the actual training. At the same time, those experts say, the failure to create viable police forces to keep order and enforce the law on a local level has played a pivotal role in undermining the American efforts to stabilize both countries.

In Afghanistan, the failure has contributed to the explosion in opium production, government corruption and the resurgence of the Taliban.

In Iraq, the challenge is even larger: Sectarian death squads have infiltrated the police force and helped push the country to what many are now calling a civil war.

"In both places we were extraordinarily late getting started," said Robert M. Perito, a policing expert at the United States Institute of Peace and a former National Security Council, State Department and Justice Department official. "In both places you have a dysfunctional Interior Ministry in control, and in both places the United States has tried to stand up a ministry advisory group to bring order out of chaos."

In an interview this fall, the Afghan president, Hamid Karzai, said the violence in the country's south was partly a result of the lack of a viable force. He called for "much more support" from the United States and for an expansion of the country's force of roughly 70,000 officers.

"It is not that they are strong," he said, referring to the Taliban. "It is that we are not strong enough to defend ourselves."

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Most of the $1.1 billion the United States has spent on the training program in Afghanistan has gone to DynCorp, a technical services company based in Falls Church, Va., with 14,000 employees in about 33 countries. DynCorp also won the largest part of the training work in Iraq; it received a total of $1.6 billion for its training and security work in Iraq and Afghanistan in the 2004, 2005 and 2006 fiscal years, according to Gregory Lagana, a company spokesman. The work accounted for roughly 30 percent of the company's revenue during those years. In May, the company raised $375 million in an initial public offering of its stock.

Under orders from the Defense Department, the company has deployed 377 police advisers to Afghanistan, roughly half the number the United States has deployed in Iraq. Police training experts say far more police advisers are needed in Afghanistan, which is roughly the same size as Iraq. The report says that management of the DynCorp contract by United States government officials in Afghanistan has fallen into a state of disarray; conflicting military and civilian bureaucracies could not even find a copy of the contract to clarify for auditors exactly what it called for.

The report does not suggest that DynCorp held any responsibility for the program's failures, but former Afghan officials and several American policing experts who have examined DynCorp's training on the ground say that the company is partly to blame for long delays and that the use of private contractors for training should be reviewed. Afghan officials have complained about the high cost of the advisers and have said that some have too little experience.

Ali Jalali, an Afghan-American military historian who served as interior minister from 2002 to 2005, said the expertise level of some DynCorp advisers sent to his ministry was mixed. He said he rejected the first group he was offered because their résumés were unimpressive. When a second group arrived, some were retired officers not up to the demands of working in Afghanistan, he said. Others knew virtually nothing about the country.

"They were good on patrols in Oklahoma City, Houston or Miami," said Mr. Jalali, now a professor at the National Defense University in Washington. "But not in a country where you faced rebuilding the police force."

Mr. Lagana defended the company's work and said State Department officials closely monitored their activities. He said the Interior Ministry advisers who drew complaints regarding their experience level were removed.

"We filled positions based on the requirements and salary levels authorized by the State Department," Mr. Lagana said. "As we went along, everyone realized we needed people with experience at higher levels in law enforcement."

Seth Jones, an Afghanistan expert at the RAND Corporation who has made eight trips to Afghanistan since 2003 to study army and police training, called for a review of the company's performance. He said he had repeatedly heard complaints from both Western and Afghan officials in Afghanistan about the quality and experience of DynCorp's advisers.

"I was surprised, based on what I have seen on the ground, that DynCorp was let off the hook so easily," he said of the report. "I think a very frank assessment of DynCorp needs to be done."

Mr. Krongard, the State Department inspector general, acknowledged the seriousness of the report's criticisms. But he said in a statement in answer to questions about the report that in the face of obstacles like largely illiterate recruits, low pay and corruption, the program was "generally well conceived and well executed," but that for the police force to be self-sustaining, "long-term U.S. and international assistance and funding will be required at least beyond 2010."

The report concluded that the official figure of 70,000 trained police officers was inflated and that only where American advisers were present was the counting reliable to some degree.

As a best estimate, the report said that 30,395 Afghan officers — fewer than half the official total — were "trained and equipped to carry out their police functions."

The report also says that the vetting process for recruits, intended to keep the Taliban and people with powerful sectarian or tribal loyalties out of police ranks, has not been effective. After recruits are trained, they are often assigned by local police commanders to menial tasks like guard duty.

The international effort lost critical time when it initially mounted a token effort to train officers in Afghanistan, according to Afghan officials and policing experts. For the first two and a half years after the fall of the Taliban, no systematic police training program existed outside of Afghanistan's capital, according to American and Afghan officials. The United States focused on training a new multiethnic army and paid little attention to the need for policemen. Germany pledged to train a new force but sent only 40 police advisers to Kabul.

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Then, in 2004, the State Department issued a contract to DynCorp to deploy 30 police advisers across Afghanistan and construct seven regional training centers.

The United States spent $164 million building and running the training centers; recruits received two to four weeks of training. The effort was poorly monitored and achieved mixed results, according to a June 2005 report by the Government Accountability Office.

In April 2005, the Defense Department took over police training in Afghanistan and drastically expanded the number of American police advisers; the number is 377 today. Still, police training experts said the Afghanistan effort remained far too small, with small teams of advisers each expected to field train thousands of Afghan policemen.

The small corps of advisers also makes it more difficult to track equipment, and the report said that just 3,000 of 5,000 vehicles issued to the police nationwide could be accounted for. Although the report does not explicitly connect its warnings on corruption to the loss of equipment, the two appear to be closely related.

The weakness of the police has contributed to Afghanistan becoming the world's largest producer of opium, accounting for 92 percent of the world's supply, experts said. A report issued by the United Nations Office of Drug Control and the World Bank on Tuesday found that corruption had stymied efforts to counter opium production and that a handful of politically connected traffickers increasingly dominated the drug trade.

"The drug industry in Afghanistan is becoming increasingly consolidated," the report says. "At the top level, around 25-30 key traffickers, the majority of them in southern Afghanistan, control major transactions and transfers, working closely with sponsors in top government and political positions."

The report on police training strongly recommends expanding the advising program to take care of some of those problems but points out that an expansion would cost the United States much more money "as well as increasing the risk to U.S. personnel."

At Least 3 Die In Afghanistan As Bombing Incites Shooting (NYT)

By Carlotta Gall

The New York Times, December 4, 2006

KABUL, Afghanistan, Dec. 3 — British troops opened fire on civilians in the southern city of Kandahar on Sunday, after a suicide bomber rammed a minibus into their military convoy, wounding three soldiers and setting a vehicle on fire, officials and witnesses said.

At least three people were killed and 15 wounded in the bombing and the shooting afterward, hospital officials said. By late evening [a news service] was reporting that as many as eight people had been killed.

The bomber struck around 11 a.m. on the main road through the city. One military vehicle was ablaze as a helicopter lifted out the wounded soldiers. As crowds and cars started pushing to get past the blocked road, the troops, fearing a second suicide attack, opened fire on at least one civilian vehicle that did not obey hand signals to keep back, said a NATO spokesman in Kabul, Maj. Luke Knittig. At least one person was killed and one was wounded, he said.

Witnesses said that up to 10 people had been wounded by NATO gunfire. Six or seven people were killed or wounded by the bomb blast, relatives said.

"My cousin and I were on the way from Nelgham village to the city in a taxi when British troops came along," said Dost Muhammad, 35, who was at the Kandahar city hospital looking after his cousin, Abdul Khaliq, 30, whom he said had been wounded by British soldiers. "Our driver reduced his speed and tried to stop on the side of the road, and the British came very near and started firing. My cousin and the driver were shot by them. I saw six other men shot by them."

The Taliban claimed responsibility for the suicide attack, a spokesman, Qari Yousef Ahmedi, told The Associated Press by telephone. The bomber was driving in the same direction as the convoy when he exploded his vehicle, said Ahmadullah Faizi, a spokesman for the NATO security force in Kandahar. Three British soldiers were wounded in the attack, he said.

"I saw a Town Ace minibus was moving very slowly just as a British convoy came near to it and it exploded," said Qassim Alokozai, 25, a shopkeeper. "After that I was trying to get myself away from the area because the British started firing on local people. The British took out the injured men from the damaged vehicle, and after that they left their vehicle and escaped."

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A civilian supply helicopter working for NATO went down in bad weather in the mountains of southern Afghanistan on Saturday, according to a NATO statement. A search and rescue team found the helicopter at noon Sunday but was not able to reach the crash site or establish the status of the eight-member crew.

NATO forces on a routine patrol in the Musa Qala district of Helmand Province fought with insurgents for four hours on Saturday night, a NATO statement said Sunday. British troops had negotiated a cease-fire with the Taliban and local tribal elders there in recent weeks, but called in airstrikes on the insurgents on Saturday.

A Troubled 'Afghan Model' (NSWK)

By Fareed Zakaria

Newsweek, December 4, 2006

Dec. 11, 2006 issue - As Iraq has descended into chaos over the last three years, Washington policymakers have often pointed to Afghanistan as the success story in the war on terror. Even those who worry about the situation on the ground agree that the United States and its NATO allies have the right strategy in place; they just think we've devoted too few resources to the problem. In fact, Afghanistan is in danger of becoming a version of Iraq, where the central government has collapsed, disorder is rife and a Qaeda-backed insurgency controls large swathes of the country. In addition, the policies that the United States has in place are at best inadequate. We have tried to handle Afghanistan with an Afghan strategy. But it is now clear that the only way to stabilize the country is to have a Pakistan strategy.

In a forthcoming article in Foreign Affairs, Barnett Rubin, a leading Afghanistan expert, reports after four visits this year that the country is "approaching a tipping point." The Taliban-led insurgency is gaining ground. In some areas, parallel Taliban-run governments have their own courts and administrations. The insurgents now conduct suicide bombings—unprecedented in Afghanistan—and use improvised explosive devices like those in Iraq. In their southern strongholds, 35 percent of schools are closed. "As a result of the government's shaky legitimacy and weak powers," Rubin writes, "the international troop presence is coming to resemble a foreign occupation—and an occupation that Afghans will ultimately reject."

Afghan President Hamid Karzai and his counterpart in Pakistan, Pervez Musharraf, have openly quarreled about the cause of the Taliban's re-emergence. Musharraf blames Karzai's incompetence and weakness. Karzai argues that Pakistan has been tacitly—and often actively—supporting the Taliban along the Afghanistan-Pakistan border, and in Pakistan itself. Having spoken to a number of senior Western officials and independent observers in both countries, I think it's clear that, in the words of a senior U.S. administration official who wished to remain anonymous because of the sensitivity of the subject, "the weight of the evidence supports President Karzai."

Americans want to believe that all good things go together. But here is a telling example of why that's not always true. President Musharraf is a genuine modernizer who has saved his country from becoming a failed state. Despite the compromises he has had to make, he has been more forward-looking on economics, law, religion and even women's rights issues than any government in Pakistan since the early 1970s. But having confronted Islamic extremists on such matters, Musharraf seems to believe that one area where he need not actively thwart them is in their goal of jihad against Karzai's government and its Western backers.

This attitude is part of a traditional Pakistani world view. The Islamabad strategic elite, which essentially means its top military officers, believes that establishing "strategic depth"—having some sway over events in Afghanistan—is crucial for Pakistan. This mechanistic view comes out of the cold war, when India and Afghanistan tilted toward the Soviet Union, and has gained ground as India and Afghanistan have both become pro-American. There are even those in Islamabad who believe that to counter these trends, Pakistan should help drive Western forces out of Afghanistan— even establish a pro-Pakistan, Taliban government in Kabul. That would explain Islamabad's constant refrain that the Taliban must be rehabilitated within the Afghan political system.

At the dinner that Bush threw for both presidents in September, Karzai was extremely blunt, according to those familiar with the discussions (who wish to remain anonymous because of the private nature of the event). Karzai warned that if the United States was forced to leave Afghanistan, Kabul would ally far more closely with India and Russia, which would not be in Pakistan's

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interests. He also urged Musharraf to recognize that in supporting the Taliban and its doctrine of ethnic Pashtun nationalism, Musharraf was creating a problem for himself since there are millions of dissatisfied Pashtuns within Pakistan.

The United States and its NATO allies should push Musharraf to recognize that what Pakistan needs right now is not strategic depth but stability. Its economy is on a roll thanks to a strong reform program established and overseen by its savvy prime minister, Shaukat Aziz. With India and Pakistan growing at 8 percent a year, the Subcontinent could move into a win-win world in which peace and prosperity reinforce each other in an upward spiral of success. South Asia could then look a whole lot more like Southeast Asia, a region where economic growth has alleviated historical tensions and border disputes.

For the United States, too, there is an upside to success but, more important, a real downside to failure. If Washington is not able to persuade President Musharraf to crack down on the Taliban, it will inevitably mean the renewal of Al Qaeda, the only organization that has launched terror attacks across the globe directed at America and Americans. That's not just a problem for the United States' credibility. It is a problem for the safety and security of its citizens.

By The Book: Taliban Fighters Play By Their Own Rules (NSWK)

Newsweek, December 4, 2006

In case a Taliban fighter wonders what is expected of him, he can now refer to a nine-page, blue and white, pocket-size pamphlet called the Layeha, which Mullah Mohammed Omar began distributing last month. The book (NEWSWEEK obtained a copy, and has seen Taliban fighters carrying it in several parts of Afghanistan) lays down 29 strictures for conduct on the battlefield and in villages, as well as sanctions faced by those who break the rules: strict Islamic justice.

CLASS DISMISSED Government teachers—seen as tools of the "puppet regime"—should be warned to stop teaching and beaten if they refuse. If "found to be teaching against Islam" they should be killed by the unit's commander.

VILLAGE CONDUCT Jihadis are forbidden to "disturb innocents," "raid houses," "take weapons from civilians" or "take people's money or personal property" (rules which seem to be frequently broken).

DELETEAFTERMEVICE Under anti-vice guidelines, smoking is banned, as is the practice of bringing "young boys without beards" to the combat zone or to a fighter's home.

RANSOMS Fighters cannot ransom prisoners without the agreement of a senior commander.

SPY JUSTICE Spies cannot be punished until judged by an Islamic court.

Slain Nevada Soldier At Last Gets Wiccan Plaque (WP/AP)

The Washington Post/AP, December 4, 2006

RENO, Nev. -- The widow of a soldier killed in Afghanistan saw a Wiccan symbol placed on a memorial plaque for her husband Saturday, after fighting the federal government for more than a year over the emblem.

Roberta Stewart, widow of Sgt. Patrick Stewart, and Wiccan leaders said it was the first government-issued memorial plaque with a Wiccan pentacle, a five-pointed star enclosed in a circle.

More than 50 friends and family dedicated the plaque at Northern Nevada Veterans Memorial Cemetery in Fernley, Nev., about 45 miles east of Reno.

They praised Gov. Kenny Guinn (R) for his role in getting the Nevada Office of Veterans Services to issue the plaque in September. The agency cited its jurisdiction over the state veterans' cemetery.

The U.S. Department of Veterans Affairs has approved the symbols of 38 other faiths for use in national veterans' cemeteries; about half are versions of the Christian cross.

The Jewish Star of David, the Muslim crescent, the Buddhist wheel, the Mormon angel, the nine-pointed star of Bahai and an atomic whirl for atheists are also permitted, but not the pentacle.

VA officials have said they are rewriting rules for approving emblems, but the process requires a public comment period.

About 1,800 active-duty service members identify themselves as Wiccans, according to 2005 Defense Department statistics, and Wicca is one of the fastest-growing faiths in the country. Its adherents worship the Earth and believe they must give to the community. Some consider themselves "white" or good witches, pagans or neo-pagans.

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Patrick Stewart and four other soldiers died Sept. 25, 2005, when their Chinook helicopter was shot down in Afghanistan. He was posthumously awarded a Bronze Star and a Purple Heart.

Iraq: The War Without Honors (TIME)

By Sally B. Donnelly

Time, December 4, 2006

Are there fewer heroes in the Iraq war than in previous wars? That's the message the Pentagon is sending, say critics, by not awarding today's soldiers nearly as many of the nation's highest military honors. Three and a half years of combat in Iraq, for example, have produced only two winners of the Medal of Honor, the country's highest military award for bravery in combat. There were, by contrast, 464 Medals of Honor handed out during America's involvement in World War II, which lasted the same amount of time. If the government had been as stingy then as it is now, adjusting for the number of Americans who served, there would have been only 30 Medals of Honor won in the fight against fascism. The same applies to the second highest honor, the service crosses: there were 8,716 of those given out during World War II and just 26 so far in Iraq.

So what's different in this war? For one thing, the process for getting medals has become more cumbersome. Some commanders are reacting against what they see as medal inflation in recent wars, especially Gulf War I. And there may be fewer opportunities for Audie Murphy--style heroics when your enemy is planting improvised explosive devices (IEDs) or driving a car bomb. But the nearly 3,000 war dead testify to the peril of those fighting in Iraq, and a growing chorus has been speaking out against the Pentagon's parsimony. They're asking why there have not been more Ã©lite medals and why there have been huge disparities in the number of awards given by different branches of the military. "We need to look into the criteria used and the timing. There are obvious inequities," says Congressman John McHugh, a Republican from New York.

The House Armed Services Subcommittee on Military Personnel that McHugh chairs is launching an inquiry this week into the way medals have been awarded in Iraq. The Department of Defense may be required to issue new standards or even reopen cases in which medals have been turned down or downgraded. The Pentagon, meanwhile, says it needed its own review to consider how combat--and how the military quantifies heroism--has changed since 9/11. It is considering whether there should be new guidelines set for consistency across the services. The Army, for example, has displayed a stunning generosity in handing out the mid-level Bronze Star medals: it has given out an astonishing 52,000 since 9/11, compared with fewer than 1,500 for the Marines.

Some critics think a kind of political correctness may be at play in the military. Says retired Lieut. Colonel Steve Russell, an infantry officer who served in Iraq: "Many senior officers who decide these awards have succumbed to the notion that every soldier is doing a great job and no one should be held out as better than another."

At the same time, some commanders have raised the bar for the highest awards because they say they have seen medals handed out too easily in the past. Army Lieut. General Tom Metz says he remembers clearly how a few soldiers in Vietnam took advantage of the system and won "air ribbons" often simply for taking flights in country. "[In Iraq] I was an award approver for all but the top two awards, and I was tough," says Metz, who authorized a handful of Silver Stars during his two years in Iraq. "I am confident those who got an award with my signature on it earned it."

Perhaps the biggest reason for the scarcity of top medals is the nature of combat in this war, which is so different from that of previous conflicts. The old saying about waiting to see the whites of the enemy's eyes before shooting doesn't apply when that enemy is a quarter of a mile away, looking at you through binoculars to see when to detonate the IED. Yet there are soldiers in Iraq--and Afghanistan--whose valor at least equals that of past generations of Americans. On April 14, 2004, several Marines were manning a checkpoint in western Iraq when an insurgent jumped out of a car and grabbed Jason Dunham, 22, by the throat. When the Iraqi dropped a live grenade during their struggle, the young Marine jumped on it so that his body would absorb the blast, saving the lives of his comrades. He died eight days later. Dunham was awarded the Iraq war's second Medal of Honor last month. It will be presented to his family at the White House by President George W. Bush on Jan. 11.

CRIMINAL LAW:

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Gov't Study: School Killings Up Slightly (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, December 4, 2006

WASHINGTON — At least 21 people were killed at school during the 2004-05 academic year, a slight increase from the year before, the government reported Sunday.

The study by the Bureau of Justice Statistics does not include data from fatal shootings in Wisconsin, Colorado and Pennsylvania this fall. In Pennsylvania, five Amish girls were killed in a one-room schoolhouse by a milk truck driver who then turned the gun on himself.

Overall, fewer students reported being the victims of violent crime at school or school-sponsored events in 2004-2005, the study by the Justice Department agency show. Additionally, school-age children remain far more likely to be assaulted, raped and robbed off school grounds.

The study looked at violent crime against students over several periods of time.

The 21 killings at school-related events, between July 2004 and June 2005, targeted victims between age 5 and 18, said Katrina Baum, co-author of the 2006 Indicators of School Crime and Safety. Over the previous year, 19 people were killed.

It was not immediately clear whether all the victims were students. Still, the preliminary data indicates that students were about 50 times more likely in the 2003-04 school year to be killed away from school than at school, the report shows.

The number of deadly shootings has risen and fallen over the past 15 years. Overall school violence has shown a declining trend, although it has increased lately.

The study notes that four of every 1,000 students in 2004 reported being the victim of violent crimes — compared with six of every 1,000 in 2003. Researchers polled students between 12 and 18 for that part of the survey, co-written by the Education Department's National Center for Education Statistics.

Younger students were found to be more likely crime victims — including those injured by bullies, the report showed. Last year, 28 percent of students polled said they had been bullied.

Also in 2005, 24 percent of students questioned said that gangs were at their schools — up 3 percent from 2003. The rates of fights, drinking alcoholic beverages, and weapons found at schools remained at 2003 levels, the report noted.

The Next Crime Wave (TIME)

By Kathleen Kingsbury

Time, December 3, 2006

It's as if Milwaukee, Wis., had reverted to a state of lethal chaos. A Special Olympian is killed for his wallet as he waits for a bus. An 11-year-old girl is gang-raped by as many as 19 men. A woman is strangled, her body found burning in a city-owned garbage cart. Twenty-eight people are shot, four fatally, over a holiday weekend.

These are the kinds of crimes American cities expected never to see in high numbers again. In the 1990s police departments nationwide began applying the so-called broken-windows theory: arrest the bad guys for minor offenses, and they wouldn't be around to commit more serious ones. This zero-tolerance approach--combined with more cops on the street to enforce it, a strong economy and a fortuitous demographic change that reduced the population of young men who typically cause the most trouble--lowered the rates of murder, robbery and rape for 10 consecutive years. Until last year. Not only did crime suddenly begin to rise in 2005, but the most violent crimes led the trend. Homicides shot up 3.4%. Robberies, 3.9%. Aggravated assaults, 1.8%. Hardest hit were not metropolises like New York City and Los Angeles but cities with populations between 400,000 and 1 million--such as Baltimore, Md.; Charlotte, N.C.; St. Louis, Mo.; and Oakland, Calif.--and this year looks to see similar rates of increase, if not worse.

Few places have suffered more than Milwaukee. The homicide count for the city of 590,000 fell from 130 in 1996 to just 88 in 2004. But last year, according to FBI figures, Milwaukee saw the country's largest jump in homicides--up 40%, to 121. This year's total will probably be lower, but as the killings over that bloody holiday weekend and other crimes show, violence has returned to the city. "You'll be able to read about something even more heinous tomorrow," laments Milwaukee Archbishop Timothy Dolan. "People are scared."

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Like the residents of dozens of other recently crime-afflicted midsize cities across the country, people in Milwaukee are trying to figure out why their town has suddenly become so dangerous. While the cohort of young adults is ground zero for violent crime, the reason isn't as simple as a rapidly growing population. Since the late 1990s, the number of Americans under 30 has increased at a rate consistent with that of the general U.S. population, about 6%. Some other likely explanations have emerged.

FEWER COPS ON THE BEAT

Most municipalities count on grants from the Justice Department's State and Local Law Enforcement Assistance and Office of Community-Oriented Policing Services, or COPS, program to help pay for officers on their force. But $1.9 billion, or 45%, of that funding has disappeared since the Sept. 11 terrorism attacks, as federal resources are increasingly directed toward homeland security and the wars in Iraq and Afghanistan. Midsize cities, which depend more heavily on federal funds than larger ones do, have nearly 25% fewer officers than they did in 2001, and the White House's budget proposal for next year would sweep away an additional $1.5 billion. In Milwaukee, COPS universal hiring funds dropped from more than $1 million in 2002 to zero last year. That has left more than 200 police vacancies out of a force less than 2,000 strong. The city is hard pressed to fill the gap, since the police budget eats up nearly the entire Milwaukee tax levy of $213 million. Mayor Tom Barrett is hoping that the feds will start pitching in again. "We've spent five years on homeland security," Barrett says. "Now we need to focus on a little hometown security."

Further exacerbating the city's police shortage is the redeployment of cops from the streets of Milwaukee to those of Baghdad, Mosul and Kabul. As many as 135 officers at one time have gone on leave to serve in Wisconsin's National Guard or military reserve units in Iraq and Afghanistan. "It's difficult to manage a force that's always coming and going," says police chief Nanette Hegerty. Those left to hold down the fort at home feel overstretched and underappreciated. "Morale is low," says Officer John Balcerzak, head of the police union. "We're racing to a new crime before we've investigated the last. That leaves criminals out there on the streets."

Residents feel equally frustrated. "The police simply showing up can be half the battle in many people's minds," says Steve O'Connell, who lives in the working-class Sherman Park neighborhood. This summer, Milwaukee's 911 dispatchers received, on average, 1,700 calls a day. As police captain Donald Gaglione told a community meeting, "If your 911 call is not a high priority, it may take several hours before we respond, if at all." But people who live in volatile neighborhoods say they need police to intercede before minor disturbances become serious matters.

If police are struggling to answer 911 calls, they have even less time to patrol neighborhoods, so they can't build the trust essential to preventing crime. Tensions between the city's African-American community and police are particularly high--40% of the population is black and 47% is white, but there are three times as many white cops on the force. As Alderman Ashanti Hamilton explains, "If the only time people in black neighborhoods see a police officer there it is to arrest somebody, then, of course, they're going to be nervous." Chief Hegerty says repairing this relationship is critical. "We have to count on law-abiding residents to tell us what's going on in their neighborhoods," she says.

Ester Hodges learned that the hard way. A former construction worker who moved into a west-side Milwaukee home three years ago, she says a neighbor's young daughters terrorized her street and, more personally, bullied her children. Hodges, 48, became a one-woman block watch, calling the police regularly, buying surveillance cameras with her own money and speaking out at community meetings. "I let the police know time after time that trouble was coming," she says. Briefly last spring the police monitored her area more closely. Three weeks after the patrols stopped, however, Hodges says, a threatening group showed up at her house. Police still haven't sorted out exactly what happened next, but by the end, Hodges had been shot in the stomach. No charges have been brought in her shooting. She survived, and her neighbors eventually moved, but police are investigating whether Hodges may have taken justice into her own hands by firing at her antagonizers. No one else was hit.

Barrett's administration has tried to address unemployment through a huge investment in real estate development and tax incentives to attract business. The mayor says those efforts have created more than 10,000 local jobs. Most of them, however, are either high-tech positions beyond the skills of many Milwaukee residents or low-wage service slots in retail shops and chain restaurants that pay less than needed to support a family.

"People who have put in a full day's work are generally too tired to go out and terrorize the neighborhood by night," alderman Willie Wade says. Employment can assuage other social ills. It leads to more homeownership--meaning fewer absentee

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landlords and the drug houses that can go with them. And a job can anchor an entire family. Says Wade: "A little money in his pocket can convince a man to be a father to his children instead of stealing his neighbor's Cadillac."

2 Charged In Fine-payment Scheme (WT)

By Jim Mcelhatton

The Washington Times, December 4, 2006

The D.C. Office of Inspector General is investigating a reported scheme in which stolen credit cards were used to pay fines for parking and moving violations in the District, court records show.

Federal authorities last week filed arrest warrants that state two persons engaged in the scheme to pay off tickets for people at half the face value of the tickets, according to court records.

An affidavit from a D.C. Inspector General investigator states the scheme involved a man identified as Lonnell Damon Duckett offering to pay off people's unpaid parking and moving-violation tickets. In return, he sought cash for up to half the value of the unpaid D.C. Department of Motor Vehicle tickets, court records show.

In other words, Mr. Duckett, a Transportation Department employee, would offer to wipe out $1,000 in tickets if he received $500 in cash, authorities said.

The second person in the reported scheme has been identified as Ladonna Gray and described as Mr. Duckett's "DMV connection," according to court records.

Investigators say once Mr. Duckett received the cash, he used stolen credit-card information -- reportedly obtained from Miss Gray -- to pay the tickets.

The payments were made over the Internet, a common practice by most municipalities.

The investigation began after four persons who had accounts at the same storage business in the District told authorities their credit cards were being used to pay strangers' fines, records show.

Investigators say Miss Gray worked at the storage business.

Neither Mr. Duckett, 36, nor Miss Gray, 27, could be reached for comment.

The pair was charged under a criminal statute titled fraud and related activity in connection with access devices last week in federal court. The inspector general's office has declined to comment on the case, including whether others were involved.

Co-workers at the Transportation Department said Mr. Duckett described Miss Gray as his inside contact, charging documents show.

In one case, Mr. Duckett's co-worker gave him $500 in cash, then Mr. Duckett gave the co-worker a phone number to a woman he identified as "Donna," his "DMV connection," according to the affidavit.

"Donna" then asked for the person's vehicle tag number before providing the person with a receipt showing that $1,500 in fines had been paid, court records show.

The U.S. attorney's office filed complaints Nov. 27 against Miss Gray and Mr. Duckett.

Janis Hazel, a motor vehicles department spokeswoman, said motorists with tickets should be suspicious of such offers.

"If it sounds too good to be true, it probably is," she said.

Miss Hazel said agency staffers are trained to detect fraud and that the security code on the back of a credit card helps prevent such problems.

She could not say whether the people who had their fines paid through the credit cards would face penalties.

"That's up to the authorities," she said. "It's a criminal investigation at this point. Maybe there's something they can do."

LA Man Sentenced To 7 Years In Prison In Movie Piracy Case (AP)

By Gary Gentile

AP, December 4, 2006

LOS ANGELES - A man convicted of sneaking camcorders into movie screenings and selling the pirated tapes in video stores was sentenced to seven years in federal prison Friday.

"It is hoped the sentence will deter further unlawful conduct and protect the public," said U.S. District Judge Dean D. Pregerson.

Johnny Ray Gasca was convicted in June 2005 of three counts of copyright infringement as well as using a fake Social Security number and of an escape charge for fleeing his attorney's custody while awaiting trial.

Gasca gained notoriety as the first person to be charged in a federal crackdown on video piracy. He represented himself during a weeklong trial, saying he didn't intend to profit from his actions. He said evidence was embellished to make him appear to be a "prince of piracy."

Federal prosecutors showed the jury Gasca's diary in which he wrote that he earned up to $4,000 a week by attending the screenings. Prosecutors alleged he sold the films through small video stores or on the street.

During the sentencing hearing, Gasca accused prosecutors of lying during his trial. Gesturing with his hands and often pointing to prosecutors and the judge, Gasca called the courtroom a "den of snakes" and asked for a new trial, a motion the judge denied.

At one point, Gasca pointed to an FBI agent in the courtroom and said, "I'm going to prove to you he's a liar, your honor."

Before being sentenced, Gasca's voice broke as he thanked courtroom employees for being helpful during his trial.

Gasca was arrested by Burbank police and first charged with misdemeanor burglary after sneaking a camcorder into a screening of "The Core" in September 2002.

The next month, security officers at a Los Angeles theater found him with a camcorder at an MTV screening of the Eminem movie "8 Mile."

And in January 2003, a theater camera meant to record audience reaction at an "Anger Management" screening caught Gasca in the front row with his camcorder trained on the screen.

"Camcorded films are a major source for pirated films that are distributed on the streets and on the Internet costing the film industry billions each year," Dan Glickman, chairman and CEO of the Motion Picture Association of America, said in a statement. "We are pleased that the court recognized Gasca's crimes today with a fitting punishment."

The judge also ordered three years of supervision after Gasca is released and ordered him to attend anger management classes as a condition of release.

Movie Piracy Puts Man Behind Bars For 7 Years (SDUT)

By Matt Krasnowski, Copley News Service

The San Diego Union-Tribune, December 4, 2006

He's unapologetic for videotaping films in theaters

LOS ANGELES – The first person charged by the federal government for making camcorder copies of films as they were shown in theaters was sentenced yesterday to seven years in prison.

“It is hoped the sentence will deter further unlawful conduct and protect the public,” said U.S. District Judge Dean Pregerson.

Johnny Ray Gasca, 36, the so-called prince of movie piracy, was convicted in June 2005 on three misdemeanor counts of copyright infringement, and felony counts of making threats, witness retaliation, escape and using a fake Social Security number.

His reputation as a less-than-legitimate videographer started in 2002 when he got the attention of employees of a company that conducts movie screenings. Not long after, law enforcement began its investigations.

That year Gasca was arrested after sneaking a camcorder into a screening of the science-fiction movie “The Core.” Security officers at another theater found him weeks later with a camcorder at a pre-release screening of Eminem's “8 Mile.” In 2003, a theater camera that was supposed to capture audience reaction to the Jack Nicholson film “Anger Management” also caught Gasca with a camcorder pointed at the screen.

At the sentencing hearing, Gasca was unapologetic and maintained his innocence. He thanked lawyers who have aided him and court staff, but also took time to note “lies” he alleged prosecutors made during his trial.

The movie industry says piracy costs filmmakers billions of dollars annually. Last year, Congress approved legislation that made camcording a movie a felony with a possible three-year sentence.

In an FBI search of Gasca's Hollywood apartment, agents found video duplication equipment and diaries in which he reported making as much as $4,500 a week selling pirated, prereleased movies.

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He was arrested in April 2003 but was released temporarily to the custody of one of his lawyers before his trial.

Gasca escaped and was a fugitive for 16 months before being captured in Florida – reportedly in a hotel room containing stacks of DVDs and recording equipment.

Jurors were told he threatened a witness in the case and Motion Picture Association of America investigators. He allegedly said he could flood the market with not-yet-released movies if they did not help get back the equipment seized by the FBI.

During his trial, the tough-talking native New Yorker told jurors that prosecutors were embellishing evidence and witnesses were lying. He portrayed himself as a "kung fu" movie enthusiast who distributed foreign-made films but broke no laws.

He said he came to Los Angeles to follow his "true passion" – he wanted to get into the movie business and be a director.

Ag Crime Wave Grows In California (USAT)

By Martin Kasindorf

USA Today, December 4, 2006

LOS ANGELES — In a rising wave of rural larceny, thieves are tracking commodity prices to steal everything that grows, plows or sprinkles on the USA's farms.

California, the No. 1 state in agricultural production, reports the biggest problems. Theft rings that kept police busy last year chasing stolen artichokes, pomegranates and diesel fuel switched this year to nuts, avocados, citrus, tractors, irrigation pipe and copper wiring, says Bill Yoshimoto, the supervising prosecutor for a 13-county Central California task force on farm crime.

The task force arrested two men in a Sacramento warehouse Nov. 26 on suspicion of possessing 136,000 pounds of stolen almonds and walnuts valued at $403,000. The bust supplied leads in thefts this year of 14 truckloads of processed nuts worth $2 million, says Detective Vince Gallagher of the Merced County sheriff's department.

The nuts were in 40-foot shipping containers ready for export. Only two containers were stolen in the area in 2005, Yoshimoto says.

Rural thievery "is increasing year by year," Yoshimoto says.

In areas far from cities, farms are often wide-open targets after dark, "with nothing more than a fence on an isolated road barring criminals from bins full of harvested crops," says Danielle Rau, director of rural crime prevention for the California Farm Bureau Federation.

In Alabama and other southeastern states with vast pine forests, the leading theft problem is illegal timber-cutting, according to police reports.

In Minnesota, Ohio and elsewhere, thieves siphon anhydrous ammonia, a fertilizer that can be used to make methamphetamine, from farmers' tanks.

Other targets include ginseng in Michigan, Japanese radishes in Hawaii and irrigation valves in Washington state.

The thefts are "putting our food supply under attack," says California state Sen. Jeff Denham, a Republican from the Central Valley.

No national statistics are kept on rural thefts, according to the U.S. Department of Agriculture and the American Farm Bureau Federation. Yoshimoto estimates that crops and equipment worth $1 billion will be stolen nationwide this year.

Research shows that farmers report only one in 10 thefts, he says. Reported thefts in the Central Valley totaled nearly $9 million last year and will top $10 million in 2006, indicating $100 million in actual thefts there, he says.

Thieves check commodity prices when deciding what to go after, Yoshimoto says.

Herndon Warned Of Accused Pedophile (WP)

By Jacqueline L. Salmon

The Washington Post, December 4, 2006

An afternoon of football watching and holiday decorating took a strange detour yesterday for some Herndon residents when they opened their doors to find strangers confronting them with troubling information: One of their neighbors is an accused pedophile.

Members of two groups representing victims of abusive Catholic priests went door-to-door in the neighborhood, distributing packets of information accusing a former Catholic priest who has lived there for 10 years.

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"Community notification: Protect your children from a credibly accused serial sex offender," the packet's cover reads.

The 38-page sheaf of material contained information about Edward F. Dudzinski, 56, who last month was among 20 former priests accused by the Catholic Diocese of Wilmington, Del., of sexually abusing children. He served in the priesthood in the 1970s and 1980s.

The diocese disclosed the names in its weekly newspaper, saying that it had found "credible or substantiated complaints of sexual abuse of minors" against the priests. It said eight, including Dudzinski, are living. Dudzinski has not been convicted of -- or charged in -- any sex-abuse crime.

In a letter accompanying the list, Bishop Michael Saltarelli of the Diocese of Wilmington said he released the names at the recommendation of a diocesan review board. A spokesman for the diocese did not return phone calls and e-mails seeking comment.

Yesterday, Dudzinski did not return calls to numbers listed for his address. Two of his roommates, who said the former priest was not at home, defended him and denounced the groups' tactics.

"He's in recovery from his issue. He's not a danger to the community," said one roommate, who would identify himself only as Peter. "All they've done is create a hysteria in the neighborhood for no reason."

As the man spoke to journalists on the front lawn of the two-story, mint-green house where he said Dudzinski lives with several roommates, organizers of the leafleting campaign -- who said they were victims of other abusive priests -- interrupted.

"We are not talking about shoplifting here," called out Paul Steidler, a Reston consultant and a member of Survivors Network of those Abused by Priests. "We are talking about the sexual abuse of children."

As Steidler spoke, a woman emerged from the house, carrying blue gift bags and frosted cupcakes to a worn station wagon at the curb.

"Do you see what they're doing?" she said to the roommate, brushing aside SNAP members and journalists. "They're putting these things in people's mailboxes in our neighborhood."

The woman, who would not identify herself in an interview later, said that she and her 10-year-old son have rented a room in the house for the past eight years and that she trusts Dudzinski. She said the groups' tactics are a violation of Dudzinski's privacy.

"It's very upsetting for him because other than 30 years ago, he's never done anything inappropriate," she said. "That's what I've been told, that's what I've observed, and that's what I believe."

For some in the close-knit community, where block parties and gatherings are common, it was a disturbing afternoon.

Members of SNAP and Voice of the Faithful, another support group for those abused by priests, walked from home to home for close to an hour in the December chill, talking to residents who answered their knocks.

Stella Matthes, who has two teenagers, thanked SNAP board member Mark Serrano and Voice of the Faithful member Evelyn Mercantini as they handed her a packet of information and gave her a synopsis of Dudzinski's alleged past.

Along with the Diocese of Wilmington's accusations, the packet contained copies of records showing that Dudzinski, who moved to Fairfax County in the 1990s to work as a substance-abuse counselor, gave up his license as part of a settlement with the Virginia Board of Counseling in 2003. Those records, available online, show that the board said that Dudzinski had become "personally involved" with teenagers he was counseling.

After Serrano and Mercantini had moved on to the next house, Matthes said the encounter had made her uncomfortable.

"I'm a little surprised that people are going door-to-door," she said. "I think it would be more appropriate if they were to mail something out."

A few doors away, John and Kathy Wilson, who have a 3-year-old daughter, said they were grateful for the information.

"It's always important to know who's living around you," Kathy Wilson said.

CIVIL RIGHTS:

Back To The Supreme Court: Racial Balance In Schools (CSM)

By Warren Richey

DOJ_NMG_0101514

The Christian Science Monitor, December 4, 2006

WASHINGTON

America is one of the most racially and ethnically diverse countries in the world. Yet 52 years after Brown v. Board of Education - the landmark Supreme Court decision that struck down segregation - US classrooms are growing increasingly segregated.

In part, the racial divide reflects the persistence of segregated housing patterns and the stifling grip of poverty. But it also reflects national disagreement and confusion over how best to address the issue of race.

Monday, the US Supreme Court takes up two cases that confront the heated debate over race. On one side are those who believe affirmative action and other race-conscious programs are necessary to fight the effects of discrimination and inequality. On the other side are those who believe the Constitution mandates a colorblind approach to race relations - that government programs granting benefits based on a person's race are just as illegal as withholding benefits because of a person's skin color.

At issue in the two cases are race-based student enrollment plans at public school districts in Seattle and in Louisville, Ky. Both plans were designed by the local school boards to voluntarily achieve racial integration to provide a diverse learning environment for the benefit of all students. Both plans are under attack by local parents who say the use of race to maintain a racial balance amounts to an unconstitutional form of government discrimination.

The cases confront fundamental issues that stretch back to 1954, when the high court ruled in the Brown case that racial segregation violates the constitutional principle of equal protection.

"This is about what is left, if anything, of Brown v. Board of Education," Theodore Shaw, president of the NAACP Legal Defense and Educational Fund, said in a recent debate hosted by the Century Foundation. If the high court strikes down the Seattle and Louisville programs, "it will be a reversal of historic proportions," he said.

The Brown decision is also the starting point for those challenging the plans, including the Bush administration. But they draw a different lesson from the landmark case.

"In Brown v. Board of Education the court held that intentionally classifying students on the basis of race violates the equal protection clause, and declared the ultimate objective ... to be achieving a system of determining admission to the public schools on a nonracial basis," writes Solicitor General Paul Clement in his brief to the court.

The Supreme Court last considered a similar issue in a 2003 case over race-based admissions procedures at the University of Michigan Law School. The court split 5 to 4, with then-Justice Sandra Day O'Connor casting the deciding vote upholding the affirmative-action plan as a means to bring racial diversity to the elite law school.

Justice O'Connor's retirement earlier this year opens the door for a possible shift at the high court, with Justice Anthony Kennedy now potentially in position to cast the deciding vote in the Seattle and Louisville cases, legal analysts say. Justice Kennedy dissented in the Michigan Law School case and was sharply critical of what he said was an overly permissive standard of review used by O'Connor.

"Were the courts to apply a searching standard to race-based admissions schemes, that would force educational institutions to seriously explore race-neutral alternatives," Kennedy wrote.

The enrollment plans under challenge in Louisville and Seattle are similar in that they are both attempts to address de facto segregation tied in part to housing patterns. The voluntary desegregation programs are aimed at preventing the school districts from sliding into a starkly segregated environment with minority students isolated in inner-city schools and white students isolated in suburban schools.

To achieve a meaningful mix, both school boards decided they would have to use race as a factor in deciding which students should attend particular schools.

In Seattle, the school board set student enrollment at the district's most popular high schools within 15 percentage points of the overall racial balance of the district's students. The balance was 40 percent white and 60 percent nonwhite.

Students were permitted to apply to attend any of the district's 10 high schools. But because some schools were more popular than others, the board created a racial tiebreaker to determine eligibility at the most popular schools.

If a new student would cause that particular school's white or nonwhite student population to increase above the 55 percent cutoff, the student was barred from attending that school. In the plan's first year, more than 300 white students were denied

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admission to their preferred school because of their skin color. Thirty students left the public school system rather than attend their assigned school.

Parents who oppose the plan say Seattle schools are already diverse and that the race tiebreaker is an attempt to achieve unconstitutional racial balancing.

Lawyers for the school board counter that the desire to integrate public schools is not the constitutional equivalent of seeking to maintain a segregated system.

Supporters say the Seattle plan is consistent with the promise made by the high court in Brown v. Board of Education. There is a fundamental difference between using race to segregate students and using it to integrate them, they say.

The same debate is under way in Louisville. There, the Jefferson County School Board established a broad goal that each of the district's schools should have black student enrollment set between 15 percent and 50 percent of the school's total enrollment. African-American enrollment districtwide is about 35 percent. It is up to school administrators to determine the exact racial mix at each school.

The program is aimed at encouraging students to attend schools outside their own neighborhood, but flexibility is the key to the Jefferson County plan. It seeks to offer options for those parents who want their children to attend school close to home, yet it also seeks to achieve meaningful diversity in every school throughout the district.

The impact of being denied admission to a particular school for racial reasons is cushioned by an approach that urges parents - both black and white - to work with district officials to identify acceptable alternative schools. "You just keep working the process through with parents," says Pat Todd, director of the Jefferson County Schools student assignment plan.

"I don't mean to tell you it works perfectly. I have [some] dissatisfied parents. It is controversial. It is imperfect," Ms. Todd says. But in a broad way, the program is a microcosm of how democracy works, she says. "It is not about perfection. It is about managing the imperfections to people's greatest level of satisfaction. That is what this process is all about."

Not all schools in the Jefferson County system use race as a deciding factor. A federal judge has ordered that four schools offering unique educational programs cannot use race in selecting students - including Louisville's historically black Central High School. Since the judge's ruling six years ago in a case brought by African-American students, black enrollment at Central has risen steadily and now stands at 83 percent.

In addition, districtwide "traditional" schools use a random computer-drawn list to decide who attends those schools.

Todd says she and her staff work to ensure that the proportion of black applicants to white applicants at traditional schools reflects the districtwide goal for black enrollment. That is done in the hope that the random draw will subsequently reflect the desired black-white mix, Todd says.

A similar random draw would not work at the elementary school level, Todd says. It would eliminate the flexibility to allow dissatisfied parents to choose a second, or third, or fourth school option. It is that follow-up effort that helps blunt the impact of being denied admission to a first-choice school because of a student's race.

Todd says although the district uses some race-neutral alternatives, meaningful integration requires using race. "I don't think we can keep our school desegregated over time without the yardstick and vision of some racial guidelines," she says.

Others disagree. The school district's approach "denigrates a 5-year-old's self-worth and self-esteem by comporting him to be color coded throughout his educational career," says Teddy Gordon, who represents Crystal Meredith, a mother who is challenging the Louisville plan.

Mr. Gordon says in his brief that the school district may only use a race-conscious plan to remedy intentional discrimination. Anything else is unconstitutional racial balancing, he says.

The school district's lawyer, Francis Mellen, says that since all schools in Louisville receive similar funding and offer similar programs, students are not deprived of a benefit when they are denied enrollment in their chosen school.

"The student has not been denied an education, only a choice," Mr. Mellen says.

Decisions in the two cases - Parents Involved in Community Schools v. Seattle School District No. 1 and Crystal Meredith v. Jefferson County Board of Education - are expected by the end of the court's term next summer.

Cases Retread Brown Vs. Board Of Education Steps (LAT)

DOJ_NMG_0101516

By David G. Savage

The Los Angeles Times, December 4, 2006

WASHINGTON — For the first time in a decade, the Supreme Court will revisit the legacy of a landmark: the Brown vs. Board of Education decision of 1954 that declared unconstitutional the racial segregation of public schools.

Separate schools for black and white children are "inherently unequal," Chief Justice Earl Warren said in an opinion that helped launch the civil rights movement.

State-enforced segregation laws are long gone, but for school officials today, a key question remains: Did the historic decision commit them to a policy of seeking integrated schools, or did it tell them not to assign students to a school based on their race?

Today, lawyers in a pair of integration cases will debate whether school boards may use racial guidelines to assign students. And both sides will rely on the Brown decision to make their case.

The outcome could affect hundreds of school systems across the nation, including the Los Angeles Unified School District.

With the arrival of Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., civil rights lawyers believe there may be a five-member majority determined to strike down race-based integration programs.

In Seattle, the school board adopted a policy — now suspended — that gave "nonwhite" students an edge if they sought to enroll in a popular, mostly white high school. In Jefferson County, Ky., which includes Louisville, the school district said the black student body at each elementary school should range from 15% to 50%.

In both cities, several white parents sued to have the plans declared unconstitutional after their children were barred from enrolling in the school of their choice because of their race. Though they lost in the lower courts, the Supreme Court voted in June to hear their appeals, leading many to predict the justices are poised to outlaw "racial balancing" in the public schools.

"At its core, the issue here is the promise made 52 years ago in Brown vs. Board of Education," said Theodore Shaw, president of the NAACP Legal Defense Fund, which won the ruling that struck down racial segregation in the South. "Mandatory desegregation is now a thing of the past. All that's left is voluntary desegregation, and now that is being challenged."

Shaw said school officials should be lauded for their efforts to achieve integration. He said he was particularly troubled by "the ideology that equates any race consciousness with racial discrimination."

Domino effect

Bush administration lawyers, who joined the case on the side of the parents, say the Brown decision sought to move the nation toward a color-blind policy. They say school officials may not open or close the door to particular students solely because of their race. In short, race-based decisions are racial discrimination, even if the officials are pursing a laudable goal, they say.

"The promise of this court's landmark decision in Brown … was to achieve a system of determining admission to the public schools on a nonracial basis," U.S. Solicitor General Paul D. Clement wrote in his brief to the court. "Race-based school assignment does not advance that objective."

A ruling in favor of the parents could have broad effect. Hundreds of school districts across the nation are said to use racial guidelines in at least some of their schools.

About 54,000 students in Los Angeles Unified are enrolled in magnet schools, where spaces are allocated based on racial guidelines. An additional 3,500 students choose to be bused to another school under a second program that encourages integration. Both programs were adopted in 1981 after court-ordered busing came to an end.

Last year, these programs came under challenge in a lawsuit filed in the state courts. Pacific Legal Foundation sued, alleging the programs violated Proposition 209, the 1996 voter initiative that forbids state and local governments from giving "preferential treatment" to any person because of race.

A U.S. Supreme Court ruling striking down the integration policies in Seattle and Louisville could knock down those in Los Angeles as well.

"Our program is at risk. It is expressly race-based," said Kevin S. Reed, general counsel for Los Angeles Unified. "The program is working very well."

The district filed its own brief with the Supreme Court, urging the justices to uphold voluntary integration programs. Loss of the magnet program would be "devastating," its lawyers said. "Nearly 54,000 magnet students would be returned to their home

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schools. For the majority of those students, that would mean leaving a desegregated school and returning to a school segregated by the residential patterns" within the city of Los Angeles, they said.

But such a dire outcome is not certain, even if the court does rule for the parents in Seattle and Louisville. They are objecting because their children were turned away from a nearby school because of their race. A voluntary busing program that moved children from the city to a suburb, or from a low-income neighborhood to a more affluent one, would not be affected by a ruling striking "race-based assignment" policies.

Nonetheless, the lawyers who are challenging the school integration policies are confident the Supreme Court will agree with them.

Since 1990, the justices have insisted the government may not use "racial classifications" when awarding jobs, contracts or college scholarships. They also have voided congressional districts that shifted black voters with the aim of electing a black candidate. Last year, the court overturned a California prison policy that separated new inmates based on their race.

O'Connor out, Alito in

There was one exception to this trend. In 2003, the court upheld an admissions policy at the University of Michigan Law School that gave an edge to black applicants. Speaking for a 5-4 majority, Justice Sandra Day O'Connor said race-based, affirmative-action rules for colleges could be justified as the only way to obtain diversity in higher education.

But O'Connor has since retired from the court.

And last month, Michigan voters essentially overturned the university's policy and outlawed "preferential treatment" based on race.

Now that Alito has taken O'Connor's seat, most conservatives are predicting a majority will vote to strike down school assignment policies based on race.

"I think the court will reject these programs and say this kind of racial counting and sorting doesn't make sense in 2006," said lawyer Roger Clegg, president of the Center for Equal Opportunity, a Virginia group that promotes "colorblind public policies."

Harry Korrell, the lawyer for the Seattle parents, also argues that the traditional black-and-white view of race is outdated in a racially diverse West Coast city. The race-based integration policy for Seattle's high schools resulted at most in "trivial changes in pigmentation diversity at a few already diverse schools," he said.

But the minimal impact of these policies could cut the other way.

In a widely quoted concurring opinion, Judge Alex Kozinski of the U.S. 9th Circuit Court of Appeals said Seattle's voluntary integration policy could be upheld because it did not involve a "racial stigma" or a preference for one race over the over. It "gives the American melting pot a stir without benefiting or burdening any particular group," Kozinski wrote.

Kozinski, an appointee of President Reagan, is also a former clerk to Justice Anthony M. Kennedy, the centrist who may well hold the deciding vote.

A decision is unlikely before the spring.

Extra Credit Affluent Families Have Ways To Sway School Assignments (WSJ)

By Daniel Golden

The Wall Street Journal, December 4, 2006

SEATTLE -- The Supreme Court is set to hear a case today filed by a predominantly white parents' group from an affluent Seattle neighborhood. Their children were denied admission to a majority-white school, and instead assigned to mostly minority schools.

The case, dating to 2000, has become a lightning rod for critics who say school boards go too far to try to achieve an elusive goal of racial integration. The court's rulings on Seattle and a similar case involving Louisville, Ky., schools are likely to affect hundreds of districts nationwide that use race as a factor in school assignments.

But a close look at Seattle shows that officials have frequently yielded to school-assignment pressure from white parents in pursuing another elusive goal -- middle-class participation in public schools.

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In 2004, after the district scrapped race as a factor in assignments because of the legal threat, another group of white parents from the same neighborhood got upset when their children were passed over at the same majority-white school, Ballard High. They were left out not because of race, but because they didn't live near enough.

This time, the school district quietly backed down when the parents started sending their children to private or suburban schools instead of the struggling, majority-black school to which they'd been assigned. Ballard and other supposedly full schools together took about 100 extra students, most of them white.

Even as parents challenge a government action making room for minorities in highly-regarded schools, the later events in Seattle show another side of the picture: the ways that school-assignment practices can work to the benefit of whites. In Seattle as in other parts of the country, schools sometimes accommodate middle-class parents who push to get their children into coveted schools. When these middle-class parents are predominantly white, as in Seattle, the lobbying can tend to sort more white children into the most desirable schools.

Seattle officials say it's vital that district schools seek to retain middle-class parents who provide time, energy, political support, and money -- via taxes and via private giving to public schools. But they are concerned that some of these parents gain an edge in admissions.

"The district would like to have all of our families have equal access to our high schools," says school-district assistant general counsel Shannon McMinimee. "It is disappointing that some families choose to expend their efforts in finding ways around the assignment system based on perception, instead of working with the district to improve all schools."

A high-court decision siding with the parents suing Seattle and Louisville would culminate a judicial withdrawal from the integration efforts of the late 1960s and 1970s. In that era, many urban districts, some under court order, began using mandatory student assignments to desegregate schools.

But starting in the early 1990s, the court sharply limited mandatory plans, prompting many districts to declare their problems solved and drop desegregation efforts. Today, most large urban school districts are no longer under court orders, but many smaller districts still have integration plans.

Since Seattle stopped seeking racial balance in school admissions in 2002, the schools under scrutiny in the parents' lawsuit have become less diverse. At Franklin High, a school in predominantly minority south Seattle to which many of their children were assigned, the proportion of nonwhite students has risen to 91% from 79%, compared with a district-wide nonwhite composition of 60%. (Nonwhite in district statistics includes Hispanics, Asians and American Indians in addition to blacks.)

At Ballard High in majority-white north Seattle, the proportion of white students has risen to 63% from 57% in the same period, while blacks have dipped to 7% from 10%. Ballard offers about 25 advanced-placement courses, as well as programs from filmmaking to a maritime academy. Art donated by an alumni foundation adorns its walls.

Harry Korrell, an attorney for the parent group suing Seattle, maintains that the city high schools remain integrated. "The whitest school in the district is over 30% nonwhite," he says. "I just don't see that as segregation."

The question of how much to bend for middle-class parents in school assignments concerns administrators nationwide. In New York City, Schools Chancellor Joel Klein has centralized high-school admissions to crack down on what a spokesman calls "a long history of parents gaming the system" by shopping among schools and lobbying principals for slots. The city also standardized criteria for schools for gifted students. One such school interviewed parents about their potential to help the school. Mr. Klein stopped the practice this year amid concerns it put low-income and minority parents at a disadvantage.

According to Gary Orfield, a Harvard professor of education, programs such as Seattle's that let students choose schools are usually set up in ways that give an advantage to middle-class and white students. In Seattle, those who miss application deadlines tend to come from a "more transient population" of renters who are disproportionately low-income and minority, says John Vacchiery, the district's former director of enrollment. This year 8,828 Seattle students applied for school assignments on time and 7,039 applied late or not at all, relegating them to the back of the line.

Seattle has long wrestled with how to integrate schools in its heavily white north side and predominantly minority south. Although it wasn't under court order, Seattle adopted a mandatory assignment system in 1977, spurring white flight from the public schools. In 1988, Seattle turned to a "controlled choice" system that sought integration by grouping predominantly white and minority schools in clusters and allowing families some freedom to choose within the cluster to which they were assigned.

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A decade later, Seattle implemented an "open choice" plan permitting ninth-graders to request any high school in the district. One aim was to push schools to improve by competing for students. Since the state's achievement test was implemented in 2001, Seattle 10th-graders have boosted scores overall each year.

Race wasn't a factor in the open-choice plan unless schools received more applicants than slots. In that case, students with siblings already enrolled at the school got in first. Then the district considered both how far applicants lived from the schools -- and race. An oversubscribed school's ratio of whites to minorities had to stay within 15 percentage points of the district's average.

In 2000, about 300 ninth-graders, 200 of them white, were denied their chosen schools because of their race. "People just screamed, 'This isn't fair,' " says Kathleen Brose, a parent whose daughter wanted to go to Ballard but was wait-listed there and assigned to Franklin.

The district sought to placate the parents, increasing the capacity of coveted schools by a total of 100 students. That meant they dipped into their waiting lists, known as "moving" the waiting list. Still, the Ballard waiting list didn't move far enough to reach Ms. Brose's daughter. Ms. Brose became president of the parent group that sued the district.

Four years later, many parents in the same affected neighborhoods -- Queen Anne and Magnolia, just north of downtown -- were upset again. Although by then the district had suspended race as a factor, many students from those neighborhoods still didn't get their first-choice schools, which had filled quickly.

One was Lydia Minehan-Tubic. She and most of her friends were assigned to Cleveland High, a school whose student body is 6.7% white and one that she says she had never even heard of.

Her father, Marko Tubic, an investment representative for brokerage firm Edward Jones, was initially willing to give Cleveland a chance. But the school doesn't offer advanced-placement courses and its graduation rate was 44% in 2005, vs. a district average of 60%. Mr. Tubic decided that "it was important for Lydia to have a good stepping-stone to college."

The families began meeting with school-board members and district administrators. Dick Lilly, then on the board representing Queen Anne and Magnolia, proposed giving those areas' children preference at Ballard. The board said no. "A couple of members viewed it as a matter of white privilege," he says.

Behind the scenes, though, board members and district officials were more receptive -- particularly after the Minehan-Tubics and other families enrolled their children in a suburban district, a move that is permitted under state law. In a July 16 email, Steve Wilson, then the district's chief academic officer, instructed principals at seven high schools to enroll up to 30 students apiece from their waiting lists immediately. Three took 30 each and others took fewer.

"We have found out that many of those students have left the district and have registered in neighboring districts or to private/parochial schools," he wrote. "The short range and long range effects of this could be very detrimental to the district's budget as well as our overall relations with our community." To mitigate the impact on predominantly minority south Seattle schools that would lose students, Mr. Wilson added that no teachers would be laid off.

Mr. Wilson, now a dean at Ingraham High here, says he assured parents their children would thrive at schools such as Cleveland and told them "you've got a real bad, stereotyped image of those schools." When he couldn't persuade the parents, he accommodated them.

Seattle schools superintendent Raj Manhas thinks the parents had a legitimate complaint. He says "there is a definite need for more seats in the north."

Ballard absorbed 30 more students, but didn't get as far down the waiting list as Lydia Minehan-Tubic, who was 58th. Her mother pleaded with Mr. Wilson, to no avail, and filed an appeal citing Cleveland's "abysmal academic record." The district said academic quality wasn't an appeal basis.

In September 2004, Lydia began attending a public high school in an adjacent suburb. Fearing she might be erased from Ballard's waiting list if this became known, her father called Cleveland High every morning for several weeks to say she would be absent that day. Lydia's mother, Florence Minehan, says it was "heartbreaking" to drive her to school past friends awaiting the Ballard bus.

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Then late in September, Ballard principal Phil Brockman called and invited Lydia to enroll. "I was crying I was so excited," she says. She's now a junior, taking two advanced-placement courses, and her mother is active in the parent association. Mr. Brockman says he didn't make an exception for Lydia but had an opening and was working his way down the waiting list.

Lydia's mother makes no apologies. "I don't want the low level of academic rigor at some schools to affect her opportunity to have a good high-school education. I don't want to feel guilty about having expectations for her," Ms. Minehan says. Besides, she says, "it's in the district's best interest to capture these families that support education" rather than lose them to private or suburban schools.

Ms. McMinimee, the district assistant general counsel, disagrees. "It's unfortunate these families chose to threaten to leave the district instead of to go to Cleveland. Cleveland has so few white students that if these students had gone there, they would have had a significant impact on its ethnic makeup. It would have been a tremendously eye-opening experience for both groups."

Seattle's system also lets unhappy parents appeal for reassignment based on "extreme extenuating circumstances." Parents of one freshman who didn't get into elite Garfield High, where several of his middle-school classmates enrolled, appealed this year on the ground that he had a disability hindering him from adapting to school without his peer group. The appeal, with testimony from a psychologist, got him into the school, where the study body is about 44% white. The district's Ms. McMinimee says federal law obligates the district to accommodate students with disabilities.

When a wait list "moves," money and parental involvement move along with it. At majority-white Montlake Elementary, parents contributed about $225,000 in 2004 -- $900 per student -- for teaching, staff support, field trips and the like.

John Eickelberg, former president of Montlake's parent group, says his son was slated to attend his neighborhood school, mostly black Leschi Elementary, until Montlake admitted him off its waiting list. He says he didn't use influence to get his son in. But the result, says Mr. Eickelberg, a white engineering manager at Boeing Co., is that "people like myself aren't rolling up their sleeves at the PTA at Leschi because we're sending our children somewhere else."

The district funding formula allocates an extra $756.51 for each low-income student qualifying for a free or reduced school lunch. Still, Cleveland principal Donna Marshall says she has learned to budget conservatively to be ready for a loss of students, and thus of budget money, when more-sought-after schools dip into their waiting lists. She says district officials assure her each year that they won't do that, but then do.

Schools Superintendent Manhas says that with the city no longer including race as a factor in assignments, he "will continue to monitor" diversity at Ballard and other schools. He and board members say the district won't necessarily restore race as an admissions factor even if the district wins the suit filed by the parents, but is defending the case because it wants the option.

A few white students did accept assignments to predominantly minority Cleveland in 2004, including Thea Leidel, whose first choice was Garfield High. Her father, Stephen Leidel, a senior computer specialist at University of Washington Medical Center, says he and his wife considered seeking a transfer for Thea or moving to another neighborhood, but are glad they gave Cleveland a try. "When we go there, we're impressed," he said.

Thea says she was disappointed when most of the ninth-graders assigned to Cleveland from the Queen Anne and Magnolia neighborhoods didn't show up. "They were cheating, getting out of something they weren't comfortable with," says the 16-year-old junior, who plays three varsity sports and hopes to attend Seattle University. "If everyone obeyed the system and went where they're assigned, every school would be better."

Breyer: Court Should Aid Minority Rights (AP)

By Hope Yen

AP, December 4, 2006

Justice Stephen G. Breyer says the Supreme Court must promote the political rights of minorities and look beyond the Constitution's text when necessary to ensure that "no one gets too powerful."

Breyer, a Clinton appointee who has brokered many of the high court's 5-4 rulings, spoke in a televised interview that aired one day before justices hear a key case on race in schools. He said judges must consider the practical impact of a decision to ensure democratic participation.

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"We're the boundary patrol," Breyer said, reiterating themes in his 2005 book that argue in favor of race preferences in university admissions because they would lead to diverse workplaces and leadership.

"It's a Constitution that protects a democratic system, basic liberties, a rule of law, a degree of equality, a division of powers, state, federal, so that no one gets too powerful," said Breyer, who often votes with a four-member liberal bloc of justices.

On Monday, the court will hear arguments in a pair of cases involving integration plans in K-12 schools. The legal challenge, which is backed by the Bush administration, could be among the most significant school cases since the landmark Brown v. Board of Education ruling in 1954 banned racial segregation.

In 2003, the court upheld race-conscious admissions in higher education in a 5-4 opinion by Justice Sandra Day O'Connor.

O'Connor, however, has since retired and been replaced by conservative Justice Samuel Alito. Justice Antonin Scalia, meanwhile, has denounced the use of race in school admissions as lacking any support in the Constitution.

In his interview, Breyer argued that in some cases it wouldn't make sense to strictly follow the Constitution because phrases such as "freedom of speech" are vague. Judges must look at the real-world context — not focus solely on framers' intent, as Scalia has argued — because society is constantly evolving, he said.

"Those words, 'the freedom of speech,' 'Congress shall pass no law abridging the freedom of speech' — neither they, the founders, nor those words tell you how to apply it to the Internet," Breyer said.

Pointing to the example of campaign finance, Breyer also said the court was right in 2003 to uphold on a 5-4 vote the McCain-Feingold law that banned unlimited donations to political parties.

Acknowledging that critics had a point in saying the law violates free speech, Breyer said the limits were constitutional because it would make the electoral process more fair and democratic to the little guy who isn't tied to special interests.

"You don't want one person's speech, that $20 million giver, to drown out everybody else's. So if we want to give a chance to the people who have only $1 and not $20 million, maybe we have to do something to make that playing field a little more level in terms of money," he said.

Breyer, who has voted to uphold abortion rights, declined to comment on the court's role in deciding abortion. Justices this term are considering the constitutionality of so-called "partial-birth" abortion in a case some conservatives hope will be used to overturn the landmark 1973 Roe v. Wade ruling.

"The more the precedent has been around, the more people rely on it, the more secure it has to be," he said.

Breyer commented on "Fox News Sunday," in an interview taped last week.

An Assault On Local School Control (NYT)

The New York Times, December 4, 2006

More than 50 years after the Supreme Court decided Brown v. Board of Education, the nation still has not abolished de facto segregation in public schools. But thanks to good will and enormous effort, some communities have made progress. Today the Supreme Court hears arguments in a pair of cases that could undo much of that work.

Conservative activists are seeking to halt the completely voluntary, and laudable, efforts by Seattle and Louisville, Ky., to promote racially integrated education. Both cities have school assignment plans known as managed or open choice. Children are assigned to schools based on a variety of factors, one of which is the applicant's race.

The plan that Jefferson County adopted for Louisville has a goal of having black enrollment in every school be no less than 15 and no more than 50 percent. Seattle assigns students to its 10 high schools based on a number of factors, including an "integration tiebreaker." This tiebreaker, which is applied to students of all races, requires that an applicant's race be taken into account when a school departs by more than 15 percent from the district's overall racial breakdown.

Parents in both districts sued, alleging that the consideration of race is unconstitutional. In each case, the court of appeals upheld the assignment plans. In the Seattle case, Judge Alex Kozinski, a Reagan appointee who is highly respected by legal conservatives, wrote that because the district's plan does not advantage or disadvantage any particular racial group — its pro-integration formula applies equally to all — it "carries none of the baggage the Supreme Court has found objectionable" in other cases involving race-based actions.

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The Louisville and Seattle plans are precisely the kind of benign race-based policies that the court has long held to be constitutional. Promoting diversity in education is a compelling state interest under the equal protection clause, and these districts are using carefully considered, narrowly tailored plans to make their schools more diverse.

It is startling to see the Justice Department, which was such a strong advocate for integration in the civil rights era, urging the court to strike down the plans. Its position is at odds with so much the Bush administration claims to believe. The federal government is asking federal courts to use the Constitution to overturn educational decisions made by localities. Conservative activists should be crying "judicial activism," but they do not seem to mind this activism with an anti-integration agenda.

If these plans are struck down, many other cities' plans will most likely also have to be dismantled. In Brown, a unanimous court declared education critical for a child to "succeed in life" and held that equal protection does not permit it to be provided on a segregated basis. It would be tragic if the court changed directions now and began using equal protection to re-segregate the schools.

A Different Race Case (WP)

The Washington Post, December 4, 2006

WHEN THE Supreme Court hears oral arguments today about race-based school placements in Seattle and Louisville, the justices may be tempted to see the cases as the latest showdown over affirmative action. One side casts the matter as a simple issue of governmental race-consciousness; the other talks of diversity. Yet the programs at issue are not classic racial preferences. They deserve to be considered -- and upheld -- for what they are.

A society committed to equal protection under law necessarily finds it uncomfortable whenever government considers a person's race in deciding how to treat him or her -- even if the goal is laudable. But these programs use race in a fashion quite different from those that have inspired the court's skepticism in the past. While the Louisville and Seattle programs differ, neither gives members of any particular race a boost at the expense of any other. Rather, the programs respond to residential segregation patterns by giving minority students preference in preponderantly white schools and white students preference in preponderantly minority schools.

In Seattle, for example, students can generally go to whatever high school they want, subject to available space; race is used as one of several tiebreakers for those more popular schools that become overenrolled. Some of these schools are predominantly white, some predominantly nonwhite. To be sure, such a program has victims -- people who get turned away from the schools of their choice because of their race.

But as Judge Alex Kozinski, a conservative member of the U.S. Court of Appeals for the 9th Circuit, wrote in an insightful concurring opinion on the Seattle plan, this type of race consciousness is different from affirmative action, or government-sponsored segregation. It "is not meant to oppress minorities, nor does it have that effect. . . . There is no attempt to give members of particular races political power based on skin color. There is no competition between the races, and no race is given a preference over another."

The irony, in fact, is that the Louisville plan essentially continues a desegregation program the city adopted under court order as a remedy for past segregation. How can it be that the doctrine of equal protection now forbids the very steps it once required? The question here boils down to whether local school boards should be blocked from any race consciousness in taking even the most modest steps to ensure that children growing up in a multiethnic society go to school with people who don't look like them. For a variety of reasons, Americans still tend to segregate themselves residentially, which would prevent many schoolchildren from attending racially diverse schools absent some intervention to encourage it. It makes no sense to construe the Constitution as prohibiting such actions.

Taser Use Again In Dispute (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, December 4, 2006

An officer's shocking of an NFL player spotlights how black people are more likely to be stunned by Houston police.

HOUSTON — Fred Weary, a pro football player for the Houston Texans, was driving his maroon Chevy Impala SS last month when he was pulled over by police after failing to signal that he was changing lanes.

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What happened next is in dispute. Police say Weary was "verbally combative" and did not put his hands on his car when ordered. The 305-pound offensive lineman says he did what the officers told him. But one thing is clear: Like many black men in this city, Weary was zapped with a stun gun and cuffed as he lay motionless on the ground.

The highly publicized case has brought attention to some stark statistics about police use of Tasers in the nation's fourth-largest city: Nearly two-thirds of those shocked with the high-voltage weapons over the last two years were black.

And the resulting outcry from black community activists and a City Council member has led Mayor Bill White to call for an independent review of Taser use by the Houston Police Department.

"The mayor took a positive first step, but what will he do when the information comes back and clearly shows that race is a direct factor in who gets Tasered?" said Quanell X, a community activist and leader of the New Black Panther Nation. "We already know that African Americans are Tasered more often than whites."

Quanell X saw blatant racism in the split-second decision by an officer to use a Taser on Weary during his Nov. 14 traffic stop: "This was a small white woman who was intimidated by a big black man and panicked," he said.

At a town hall meeting set for today, Quanell X said, he plans to highlight cases of people shocked by stun guns — including one in which a black man who was having an epileptic seizure was Tasered for failing to comply with an officer's orders.

Shortly after the Weary incident, a UCLA student of Iranian descent was repeatedly shocked by campus police after refusing to exit a student library. The two events have revived a national debate about proper use of Tasers, promoted as a tool law enforcement officers can use to subdue unruly people without injuring them.

Houston police officers are permitted to use Tasers any time they feel physically threatened by a suspect. Every such use is then reviewed by top department brass. Since the city began using the weapons in December 2004, no one has been seriously injured by an electrical jolt, department spokesman John Cannon said. "This is the most scrutinized weapon in the Houston Police Department."

Though African Americans make up about 23% of Houston's population, Cannon said, they account for about half of the arrests in the city. Therefore, he said, the fact that 620 of the 982 suspects Tasered since 2004 were black was not statistically out of line. He added that "a handful" of officers had been reprimanded for using the weapons without proper cause.

In an opinion piece in the Houston Chronicle on Saturday, Police Chief Harold L. Hurtt defended his department's Taser policies, saying that using stun guns instead of handguns has saved lives.

Even before Weary's arrest, Houston Councilwoman Ada Edwards had called for a review of the department's Taser policies and a study on the medical consequences of being shocked with stun guns. City Controller Annise D. Parker had planned to audit the stun gun program to analyze officer training and use of the weapons compared with other cities.

Critics in Houston have said that the Tasers are used too often — particularly against black suspects — and that those who were shocked often did not pose a serious threat.

A judge has dismissed charges that Weary, 29, resisted arrest, finding that he did not use force against the officers when he was pulled over about 1 p.m. for failing to use his turn signal and not having a front license plate. Prosecutors have not ruled out filing other charges after re-examining police radio calls and other evidence.

Weary, who expressed anger and frustration after his arrest, has maintained that he did nothing to provoke the officers. His lawyer, Charley Davidson, did not return requests for comment.

miguel.bustillo@latimes.com

Sharpton Wants Inquiry Into Police Shooting Policies (AP)

By Errin Haines, The Associated Press

AP, December 3, 2006

ATLANTA (AP) — Al Sharpton called for a congressional probe of police shooting policies as he joined local activists Sunday outside the home of an elderly woman killed by narcotics police officers who burst into her home.

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The civil rights leader said the death of Kathryn Johnston — along with the death of 23-year-old groom-to-be Sean Bell, who was shot by police on his wedding day outside a Queens strip club — is an example of "a new sense of police recklessness" sweeping the country.

"Something stinks in this case," he said. "In fact, it smelled so bad that I smelled it in New York."

Sharpton called for the incoming Congress to address the issue.

"There seems to be a new spirit in law enforcement that they can become the judge, jury and executioner of the law on the scene," Sharpton said.

"Police apprehend suspects; they don't kill them," Sharpton said. "This cannot be tolerated in a civilized society."

Johnston — described as 92 by her family but 88 by the medical examiner — lived in fear in the crime-ridden Vine City neighborhood of northwest Atlanta.

On the night of Nov. 21, a group of plainclothes officers burst in, searching for drugs. They had obtained a "no-knock" warrant, saying an informant bought drugs at the house.

Johnston opened fire with a pistol, wounding three officers before she was shot to death.

The informant later denied buying drugs at Johnston's home and said police told him to lie about the incident, Police Chief Richard Pennington said. Pennington said the informant is in protective custody and is a key part of the FBI-led investigation into the shootout.

In the New York case, Bell and his friends were leaving his bachelor party on Nov. 25 when a group of undercover police fired 50 shots at their car. Police have said that Bell's vehicle hit one officer and an unmarked police car, and that officers apparently thought one of Bell's companions was about to get to a gun.

Fatal Shootings By Police: Hard To Investigate, Even Harder To Prosecute (NYT)

By Anemona Hartocollis

The New York Times, December 4, 2006

With Sean Bell now eulogized and buried, the emotions surrounding his death are swirling around the investigation into whether police officers committed a crime when they fired 50 bullets into Mr. Bell's car.

Although every investigation is different, cases like that of Mr. Bell, an unarmed black man who was killed on his wedding day, have come to follow a similar rhythm and pattern. And experts and those involved in the investigation say that through the history of those cases, they have learned that it is very difficult to convince a grand jury or a trial jury that police officers, who are empowered to defend the public with deadly force if necessary, went too far. In many cases of police shootings, with tensions high, the facts and legal fine points are difficult to isolate from a much larger context.

"What makes these cases so hard are issues that go well beyond the incident itself," a high-ranking official in the office of Richard A. Brown, the Queens district attorney, said last week, speaking on condition of anonymity because the investigation is continuing.

"It's the racial tension that still exists in the city," the official continued. "It's the mistrust in the minority community. It's cops that are faced with danger every day and have to react in seconds. It's safe to say, if they're wrong, somebody dies" — whether a civilian or an officer.

Everyone involved knows the stakes. While the district attorney's office investigates, civil rights activists and lawyers for the victims and the police officers are struggling to shape public opinion and find witnesses who buttress their points of view.

At a news conference yesterday at the scene of the shooting, some of those people called for an independent prosecutor, saying that a district attorney should not be investigating a police department he regularly deals with.

"They work with the cops on a daily basis, and they have a conflict of interest," said Norman Siegel, a civil rights lawyer, at the news conference yesterday. He described the shooting as "an enormous minefield."

But Mr. Brown said in a statement yesterday that calls for a special prosecutor "are neither helpful nor productive — nor are they in any respect justified." He said earlier that his investigation would be "independent of that being conducted by the Police Department."

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One official involved in the investigation said that Mr. Brown had asked his chief of homicide to prepare a list of what was needed to move forward, and had passed it on to police. The list contained about 30 items, like autopsy and toxicology reports; 911 and radio transmission tapes; hospital reports for both the civilians and the police officers involved in the shooting; ballistics reports; the criminal histories, if any, of witnesses; and photos or videos taken by civilians or the police. Mr. Brown has said several times that the investigation is in its earliest stages and it remains unclear what the inquiry and testimony before the grand jury will show. But the investigation will focus sharply on what occurred in the minutes leading up to the shooting, and in those frenzied seconds when the officers fired 50 bullets at a car, killing Mr. Bell, the groom, and wounding two friends as they left the Club Kalua, a strip club in Jamaica, nine days ago.

The recent history in such cases is mixed.

In the case of Amadou Diallo, fired on 41 times by the police as he stood in his Bronx vestibule in 1999, four officers were tried on criminal charges, including second-degree murder and manslaughter, and acquitted. In the case of Patrick M. Dorismond, killed in Manhattan in March 2000 during a scuffle with an undercover narcotics detective who said he thought the man was a drug dealer, a grand jury declined to indict.

But a year ago, a State Supreme Court justice convicted Bryan Conroy, an undercover officer, of criminally negligent homicide in the death of Ousmane Zongo, shot during a raid in a Chelsea warehouse.

"When you listen to people in the community talk about a case like this, it doesn't take long before the conversation goes well beyond the incident in question," said the official in the Queens district attorney's office. "It goes to other incidents in the past. It goes quite frankly to the general interaction between cops and people in the community."

Michael Hardy, who along with Sanford A. Rubenstein is representing the shot men's families, said they had not ruled out seeking a federal civil rights investigation, but he said the evidence of racial bias was not clear-cut. Of the officers who fired on Mr. Bell's car, two are black, one is black and Hispanic, and two are white.

The police pursuing the inquiry are playing a complex role. On the one hand, they profess impartiality; on the other hand, they are put in the position of investigating their colleagues' own conduct while showing that they take a stand against excessive violence.

The investigators will knock on doors at different times of the day and different days of the week to try to find everyone who may have seen or heard something early that Saturday, one official involved in the investigation said. "Ideally, you want to know as much as you can know before you talk to the key witnesses," another official said.

But to a large degree, investigators for Mr. Brown will be working parallel with the Police Department, which is conducting an internal investigation and may have already knocked on the same doors.

One of the issues the district attorney is considering, the official in Mr. Brown's office said, is at what point a mistake by police officers becomes a criminal act. The answer, prosecutors say, is more complicated than a layman might expect, because state law gives police somewhat more latitude in using deadly force than it gives civilians.

Mr. Bell, 23, and the two wounded men — Joseph Guzman, 31, shot at least 11 times, and Trent Benefield, 23, hit three times — were not armed, and no gun was found. But moments before the shooting started, an undercover detective outside the strip club heard one man in Mr. Bell's party say, "Yo, get my gun," according to a person briefed on the detective's account.

The detective said he positioned himself in front of the car, identified himself as an officer — a point lawyers for the victims dispute — and ordered the men to show their hands. After Mr. Bell clipped the officer with his car and rammed into a minivan where other officers were waiting, the detective began to shoot, said the person briefed on his account.

Police officials have acknowledged that the conduct of the undercover detective — for example, in taking action rather than relying on backup, and in firing at a moving car — was unusual.

"This is a real question," one official involved in the inquiry said. "But it doesn't mean that what the undercover did was bad."

This official said that some of the five officers who fired shots probably faced greater potential criminal liability than others. Although the number of shots fired has provoked outrage, 50 shots can be squeezed off in a matter of seconds, making the number of bullets fired less important than what started the shooting.

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"There is nothing in the law that says you can use deadly force but only fire a certain number of shots," that official said. "The number of bullets is certainly startling to the general public, but the key question is why was the first shot fired by each of them.

"You can't view this as monolithic," the official said. "It's five individuals who made five individual decisions.

"The most important thing is the first shot," he said, "not that the others aren't important. But the most important is the first shot."

The perception of the officer firing the first shot — whether he felt his life was in danger — will weigh more heavily than what Mr. Bell and his companions inside the car saw or heard, lawyers said. "It's a twofold test," Kyle B. Watters, a criminal defense lawyer, said. "First you look at the subjective part: What does the officer believe from what he sees? Then you put against that, what would a reasonable person believe?"

Investigators will also look at the tactical plan for the unit on the night of the shooting, the official in the district attorney's office said.

When the grand jury gets the case, another question is if the officers will testify, and if so, what they will say.

Philip E. Karasyk, the lawyer representing the undercover detective who fired the first shots, and whose name has not been publicly disclosed, said that he intended to have his client speak voluntarily to the prosecutors, and testify without immunity to the grand jury because he wanted the panel members to hear the man's story from his own mouth.

"I want people to understand exactly what he was experiencing and why he did what he did," Mr. Karasyk said. "There is no better way to know what was going in someone's mind than to have them get up there and tell you. Then they can judge his credibility. I want him to put the grand jurors in his shoes and to recreate what he was experiencing at the time, because, unless you've been there, you have no idea what it's like."

Stephen L. Worth, the lawyer for Michael Carey, a white backup officer who fired three times, said that his client had not yet decided whether to testify before the grand jury. "We're keeping our options open," Mr. Worth said. "The truth is the truth, and it's really a matter of when it will come out. It may be at the grand jury. It may be talking to investigators."

Presumed Guilty (NYT)

By Bob Herbert

The New York Times, December 4, 2006

The death of Sean Bell at the hands of undercover police officers, who also wounded his two companions in their 50-shot barrage in Queens nine days ago, brought to mind a case from a few years back in which undercover cops, acting on bogus information, attacked an innocent group of young people in a car in Manhattan.

The cops in the Manhattan case assumed that the people in the car were lowlifes. They were all Ivy League graduates, and one is currently clerking for U.S. Supreme Court Justice John Paul Stevens.

The incident occurred about 11:30 p.m. on Jan. 10, 2000. Two men and two women who were running their own startup Internet company, MagicBeanStalk.com, were parked outside a subway station on East 14th Street, near Union Square. Without any warning, a plainclothes officer leaped out of a yellow cab with his gun drawn and rushed the car with the four young people in it.

Thinking he was being carjacked, the driver put the vehicle in reverse and tried to get away. He was blocked by an unmarked police car that had pulled up behind him. He ended up hitting both the unmarked car and the cab (which was also a police vehicle) in his unsuccessful effort to flee.

The driver, Jason Rowley, who was 25 at the time, had no idea that the man with the gun was a cop. "I thought he was going to shoot me," he said in an interview last week. "I was trying to get out of there."

The passenger in the front seat, Sheldon Gilbert, said, "We thought we were going to die, plain and simple."

The first cop was joined by two others, also in plain clothes. The officers apparently were enraged by Mr. Rowley's effort to get away. One smashed the window on the driver's side of the car and dragged Mr. Rowley through it, ripping his thumb in the process. Mr. Gilbert said his door was yanked open and he was punched in the face and then dragged from the car. The two men were then beaten.

The two women, Lauren Sudeall and Marie Claire Lim, were in the back seat, completely terrified. They were taken from the car at gunpoint and handcuffed. All four occupants were arrested.

It turned out that the cops were acting on a mistaken computer report that Mr. Rowley's car was stolen. As frightening as the incident was, the four people in the car were lucky that none of the cops opened fire. "I spent that night in jail," said Mr. Rowley, "and a lot of the officers told me that if this had been elsewhere — for example, if this has been in the Bronx or Harlem — I'd have been dead."

As the case was processed, the police learned that the car indeed belonged to Mr. Rowley, that all four occupants had recently graduated from college (Mr. Rowley from Brown and the others from Yale), that Ms. Sudeall was carrying an acceptance letter from Harvard Law School, and that they had all been coming home from a long day's work at their company. None of that protected them from being treated by the police like trash.

Mr. Rowley and Mr. Gilbert are black. Ms. Sudeall is of mixed parentage, black and white, and Ms. Lim is from the Philippines. The officers who rushed their car were white.

Jonathan Abady, a lawyer who represented the four in a subsequent lawsuit (which the city settled), believes that the race of the victims in that case and in the Sean Bell case — in which some of the cops were black — was a major factor in the way the police behaved.

"Our case was a classic example of disproportionate force being used against entirely innocent civilians," he said. "It was an example of egregiously overaggressive police conduct that I think ultimately is based on stereotypes and perceptions. This case and the shooting of Sean Bell are examples of a very ignominious history of the police taking certain liberties, essentially in communities of color. It's hard to believe that they would have fired 50 shots into a vehicle on Park Avenue and 57th Street in Manhattan."

The four people who were in the car in the Manhattan incident have since done extremely well. Ms. Sudeall, for example, graduated from law school and is now a clerk for Justice Stevens. Mr. Gilbert has established a new Internet venture based on a program he invented that predicts people's buying patterns online. It's very creepy to think how easily one or more of the four could have been killed in their encounter with the police.

As Ms. Sudeall said yesterday, "It seems like it's inviting disaster to be not in uniform, not showing identification and attacking people who may or may not have done anything wrong."

As Md. Court Weighs Same-Sex Marriage, Plaintiffs Hear Echoes Of Previous Fight (WP)

By Mary Otto

The Washington Post, December 4, 2006

Those days in Alabama are seared into Charles Blackburn's memories: the bombings, a friend's death by bludgeoning, the marches and prayers for deliverance.

He went to Huntsville in 1964 with a wife and a small daughter, a new minister bent on helping to turn back centuries of injustice. A sheriff locked him in a foul jail cell for trying to register black voters. Vandals smashed the windows of his church when he joined marchers in Selma. In the years since, the prophecies of the civil rights movement have continued to unfold.

And with them has Blackburn's journey of self-acceptance. Over time, he would leave the ministry and his marriage, and come to terms with the fact that he is gay.

Blackburn has resumed his march for civil rights, this time beside his partner of 28 years, Glen Dehn, and 17 other gay and lesbian plaintiffs in a lawsuit asking Maryland to legalize same-sex marriage. "It is self-affirming to be part of this civil rights continuum," said Blackburn, 73.

Today, the case goes before Maryland's highest court, where lawyers will debate whether a 33-year-old law defining marriage as between a man and a woman violates constitutional protections against discrimination. The court is not expected to rule immediately.

In January, a Baltimore Circuit Court judge ruled in favor of the plaintiffs, finding that the state's definition of marriage was discriminatory and could not withstand a constitutional challenge.

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"When tradition is the guise under which prejudice or animosity hides, it is not a legitimate state interest," wrote Judge M. Brooke Murdock in a 20-page opinion.

The state appealed Murdock's decision and will argue at today's hearing that the law meets constitutional muster and that questions concerning the definition of marriage would be better handled by the state legislature.

Del. Donald H. Dwyer Jr. (R-Anne Arundel) said he is planning to resubmit a constitutional amendment for voter approval that would effectively ban same-sex marriage.

"If the state of Maryland legalizes same-sex marriage," he said, "there will be nothing to prevent it from being taught in the public schools as a normal sexual lifestyle."

Historically, the federal government has allowed states to define marriage. For years, Maryland banned interracial marriage. In 1973, it defined marriage as the union of one man and one woman. Currently, only Massachusetts recognizes same-sex marriage, but several states and the District allow domestic partnerships or civil unions that offer some of the rights of marriage.

Meanwhile, many other states, including Virginia, have passed laws banning same-sex marriage.

In Maryland, Blackburn, Dehn and the other plaintiffs who have applied for and been denied marriage licenses throughout the state say they are not asking for the creation of a new right, just the chance to share in one that has been fundamental for heterosexuals.

Blackburn compares this suit for real marriage -- as opposed to some form of civil union -- as akin to breaking down segregation in the nation's schools.

"The schools could not be separate without being inherently unequal," said the veteran civil rights campaigner, sitting in the home he and Dehn have carefully restored in Baltimore's Bolton Hill neighborhood.

He acknowledged that some people become angry when gay men and lesbians liken their struggle for equality to that of blacks. Blackburn was listening to a radio talk show on gay rights recently when a caller complained about such comparisons.

"I'm black every day of my life. They can hide," the caller said.

"But why should 'they' have to?" Blackburn asked in response. "We're not saying we've suffered as long, or as much. But we have rights that need to be defended."

The way Blackburn sees it, a person compelled to live in a closet of secrecy also suffers the effects of segregation. "The closet is a very fearful place, a very lonely place. You are living a lie," he says. "It eats you up inside."

In addition to the intangible benefits, marriage also confers such rights as spousal immigration benefits, hospital visitation privileges and the right to inherit property. Among the plaintiffs is a lesbian couple forced to live separately because of immigration law. After another plaintiff lost his longtime partner to suicide, he also lost the home they had shared. Others in the suit have been denied the ability to extend insurance coverage to their partners and children.

More than 15,000 same-sex couples live in Maryland, and between a quarter and a third of them are raising children, according to the Baltimore-based Advocates for Children and Youth.

As they have grown older together, Blackburn and Dehn have gotten specialized help in estate planning. But they are still haunted by concerns about issues such as medical decision making or being separated in a nursing home.

"We have heard of this happening to two old guys at the very end," Blackburn said.

Attorneys for the state are not speaking about their case until after today's oral arguments. But in briefs filed in November, they laid out their case.

"No appellate court in the country has declared a right to same-sex marriage to be fundamental," the state argues, pointing to recent decisions in New Jersey and California that emphasize the importance of state legislatures in helping to resolve the matter.

The New Jersey Supreme Court ruled in October that the state constitution guarantees same-sex couples the same rights as opposite-sex couples. However, a four-justice majority of the court left it to the state legislature to decide whether same-sex unions should be known as marriage or given some other name.

Also in October, a California appeals court ruled the state's ban on such marriages did not violate the state constitution and pointed to the state's domestic partnership law to counter claims of discrimination.

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"The legislative forum is the most appropriate to address the issue of same-sex marriage and extension of benefit to same-sex families," attorneys for the state of Maryland argue in their brief.

Dwyer, an outspoken critic of same-sex marriage, agrees.

"The legislature in Maryland must deal with this issue," he said. Last year he unsuccessfully pushed the "Marriage Protection Act," which would amend the state constitution to prohibit same-sex marriages and civil unions. He plans to take up the cause in the session that begins next month.

In 2001, Maryland passed a law banning discrimination on the basis of sexual orientation. And in 2005, the legislature created a life partnership for medical decision making and authorized an exemption from recordation and transfer taxes for domestic partners. Both bills were vetoed by Gov. Robert L. Ehrlich Jr. (R) as undermining "the sanctity of traditional marriage."

That's why, said David Rocah, an ACLU lawyer for the plaintiffs, "You resort to the courts."

Religious Liberty Group Takes Up 'Marriage' Case (WT)

By Jon Ward

The Washington Times, December 4, 2006

A national religious-freedom group has chosen the same-sex "marriage" case to be argued today in Maryland's highest court to file its first legal argument.

The Beckett Fund, a nonprofit legal group supporting religious freedoms, argues that legalized same-sex "marriage" could result in civil suits against churches that refuse to marry same-sex couples or refuse to hire homosexual employees.

"It's such a controversial issue that we weren't going to move until we were certain the threats were real and pervasive," said Roger T. Severino, a lawyer with the District-based group. "And now we are confident they are."

The group also says the government might strip such churches of their tax-exempt status and of their power to license marriages.

The case before the Maryland Court of Appeals comes from a lower court ruling in January, in which a judge decided a 1973 statute defining marriage as between a man and woman violated the state constitution. The ruling by Baltimore Circuit Judge M. Brooke Murdock was stayed until the appeals court could hear the case. The appeals court ruling is expected in the coming weeks.

The Becket Fund -- which has defended Muslims, Buddhists, Hindus, Jews and Protestant Christians in the United States and abroad -- filed one of nearly two dozen "friend of the court" -- or amicus curiae -- briefs in the closely watched case.

The court may consider arguments presented in such briefs, but is not required to do so.

An attorney for the 19 plaintiffs, who filed their lawsuit in 2004, called Mr. Severino's claim a "false alarm bell."

"There are sometimes tensions between religious liberty and nondiscrimination mandates," said Kenneth Y. Choe, an attorney for the plaintiffs and the American Civil Liberties Union's lesbian and gay rights project. "Regardless of what happens in this lawsuit, that tension already exists, and there exists a legal framework for how to resolve it."

Mr. Severino disagrees, saying the existing definition of marriage as between one man and one woman pervades the law of the land.

"The issue is so fundamental it's almost hard to see the intricate web of connections that marriage has with religious liberty and the thousands of government regulations that affect religious institutions," Mr. Severino said.

Churches or pastors also could be penalized for teaching sacred texts that state homosexuality is a sin, the Becket brief states.

Dan Furmansky, executive director of the Equality Maryland lobbying group, said churches would not be sued or prosecuted for refusing to "marry" homosexuals.

"We're not talking about forcing clergy to recognize marriages they don't want to," he said. "Of course there is a vast body of clergy that won't provide weddings for same-sex couples, and that's fine."

The Becket brief cites a Colorado woman's 2002 suit against the Episcopal Church that fired her on scriptural grounds for practicing homosexuality. The suit was unsuccessful, but was offered as proof that churches that take action based on their holy texts will face lawsuits.

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"It will be ultimately up to the courts as to whether or not they will respect the First Amendment and protect religious liberty when it comes in conflict with gay rights," Mr. Severino said.

"But recent precedents don't give us a high level of comfort."

The Becket Fund also pointed to a Swedish pastor who was imprisoned for one month after he preached that homosexuality is sinful, though the country's highest court overturned his conviction.

One year ago, the Becket Fund held a conference in which scholars for and against same-sex "marriage" concluded that legalizing the practice would put it on a "collision course" with religious liberties.

Chai R. Feldblum, a law professor at Georgetown University who called herself "part of an inner group of public intellectual movement leaders committed to advancing [homosexual] equality in this country," took part and wrote a paper for the conference.

"We are in a zero-sum game," she wrote. "Again for one side necessarily entails a corresponding loss for the other side."

Voters in 27 states, including seven in the most recent election, have voted to define marriage in their state constitutions as between a man and a woman only. In November, Arizona became the first state in which residents voted against a ban on same-sex "marriage."

In July, five state courts and one federal court issued rulings that upheld traditional marriage laws similar to those in Maryland.

To date, the only state to legalize same-sex "marriage" is Massachusetts by court fiat. After Maryland, pending right-to-"marry" lawsuits remain in California, Connecticut and Iowa.

The Becket Fund is filing briefs in all of the remaining cases.

What's Wrong With My Voting Machine? (NYT)

By Adam Cohen

The New York Times, December 4, 2006

To the long list of recent Election Day horrors from butterfly ballots to six-hour lines, add "vote flipping."

In Ohio, Illinois, New Jersey and other states last month, there were reports — some confirmed by election officials — that when voters touched the screen for one candidate, the machine registered it for another. One Florida Congressional race, in which the Republican won by fewer than 400 votes, is in the courts because paperless electronic voting machines may have failed to register as many as 18,000 votes.

This year's election had voters across the country once again asking why voting machines are so lousy. Their technology is similar to A.T.M. technology, but when was the last time your A.T.M. flipped a $200 withdrawal into a $200 deposit?

Voting machines, unlike home electronics, are not sold in a competitive consumer market, which is ruthlessly unforgiving of low quality. The officials who buy them generally do not know much about technology. They listen to sales pitches from vendors who relentlessly push the most expensive models. Sometimes, well-connected lobbyists apply pressure. The process is rife with conflicts of interest, from free meals to future jobs with the manufacturers.

Since quality is not the deciding factor, it's not surprising there isn't a lot of it.

Voters who complain about their own machines don't often get a chance to compare them with other options. But New York's boards of elections are replacing the old lever machines, and I recently went to demonstrations the city held to allow the public to try out the five finalists.

There are many important things about a voting machine you can't tell from a quick inspection. But what was clear was almost all disturbing. Here are the ratings:

Avante Touch-Screen (no stars)

This is one of two A.T.M.-like touch-screen machines in the running. Even if they were reliable, touch-screens would not be practical for populous areas. Configured to hold New York's ridiculously large ballot, this five-foot-wide, 280-pound machine is so expensive, at about $8,000, that there might be only one per polling place, and lines could extend for hours. One machine I sampled cut off parts of words. And the bottom half of the name of one of the political parties was missing. A bigger problem is

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that this machine appears to run afoul of a New York law requiring that all voting machine computer code be given to the state. It runs on Windows, and Microsoft keeps its code secret.

Sequoia Touch-Screen (no stars)

Like the Avante, this machine should be ruled out simply because it is a touch-screen. But there is a lot more to dislike. The paper records produced by a voting machine should be secured in a lockbox. On this one, they fall into a small bag that could easily be snatched. Not that a thief would need to bother. The bag has a zipper on the bottom. Like Avante's, this touch-screen runs on Windows, which probably means it cannot satisfy New York's code-sharing law.

Sequoia Optical Scan (no stars)

With optical scans, many voters can fill out paper ballots at the same time. They are then fed into an optical scan reader, which goes very quickly. Unfortunately, this machine has other problems. Instead of blackening an oval next to their choice, voters connect a broken arrow. I have filled in thousands of ovals, but I had never before connected a broken arrow. As we saw with the butterfly ballot in 2000, the voting machine is not a good place to ask voters to acquire new skills. New York law requires that candidates of the same party be listed in a single column, to make it easier to vote by party. This machine scatters candidates of the same party all over the ballot.

Diebold Optical Scan ?

When I fed my ballot into this machine, it jammed twice. The sales representative expressed shock, but this is a frequently heard complaint. Even a balky optical scan is better than a touch-screen, but how hard is it to make one that doesn't jam?

Diebold has been the most infamous name in elections since its chief executive wrote that he was committed to helping deliver Ohio to President Bush, in an election in which his machines were counting the votes. The company has a long list of misdeeds, including installing unapproved and uncertified software in California.

ES&S Optical Scan ?½

This seemed like the best of the five machines on display, but that wasn't saying much. ES&S machines were used in Florida's 13th Congressional District, where they are still looking for the 18,000 votes that may have gone missing.

New York's official testing agencies notified election officials last week that none of these five machines fully meet the state's standards. New York has been the slowest state to adopt new voting machines, and the fact that the manufacturers were displaying products that still did not comply with state law says a lot about the basic level of competence in the industry.

No one in New York has much patience for more delay. But if it comes down to waiting longer or sticking voters with illegal or unreliable machines that will undermine democracy for years to come, officials should wait, and insist on better machines. New Yorkers, and all Americans, deserve better choices than the voting machine industry is offering.

ANTITRUST:

US Air, Delta Launch PR Battle (USAT)

By Marilyn Adams

USA Today, December 4, 2006

Delta Air Lines' creditors and a bankruptcy judge will decide whether US Airways buys Delta, but that isn't stopping both airlines from battling for public opinion.

Both airlines have hired big names in the financial public relations business to help shape the views of Wall Street analysts, airline employees and airline customers as well as the creditors and judges. US Airways hired New York communications firm Joele Frank, Wilkinson Brimmer Katcher. Delta is using Kekst and Co., a large New York financial PR firm with longstanding ties to the airline.

In a surprise announcement Nov. 15, US Airways publicly offered Delta's bankruptcy creditors $8 billion in stock and cash for Delta, which is in Chapter 11. Delta's management has rebuffed the offer.

The unveiling was well-orchestrated. That morning, US Airways' PR team, along with a team from Joele Frank, placed predawn phone calls to dozens of reporters and Wall Street analysts to alert them to an 8:15 a.m. conference call with CEO Doug Parker.

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A new electronic newsletter, For the Record, now spins every small development in the pending deal in the most favorable light to US Airways.

"They do aggressive financial PR, and they are very good at it," US Airways Senior Vice President Elise Eberwein said of the Joele Frank firm. Frank could not be reached.

Meanwhile, Delta bought a full-page advertisement opposing the merger in its hometown newspaper, The Atlanta Journal-Constitution. And at the urging of its own employees, Delta ordered and distributed 50,000 red "Keep Delta My Delta" lapel buttons. US Airways has scheduled meetings with influential newspaper editorial boards.

Experts on the PR industry say it's common in hostile takeovers for the pursuer and pursued to hire specialized PR firms. PR Week reporter Hamilton Nolan says the firms know their audiences, and the stakes.

"They ask: 'What's the message to the creditors, to the media, to analysts, to customers, to shareholders?' All those groups get targeted messages."

Not all PR is for public consumption, however. Right after last month's announcement, Delta placed countless private phone calls to its unsecured creditors to argue that a merger would be risky and that Delta is better off alone.

The takeover fight between Delta and US Airways won't be over anytime soon. Delta hopes to show creditors its business plan as a stand-alone airline later this month.

Michael Freitag, the Kekst partner overseeing the Delta account, says financial PR is a long-term project. Delta's efforts to win support from all its crucial constituents "is a marathon, not a sprint."

Steering A New Course Through The Skies (MINNST)

By Liz Fedor, Star Tribune

Minneapolis Star Tribune, December 4, 2006

Airline mergers could face tough scrutiny in Congress as U.S. Rep. James Oberstar takes over a key House committee.

U.S. Rep. James Oberstar intends to take a hard look at potential airline mergers in the coming months because he knows that fusing two carriers together often causes pain for employees and hurts some consumers.

The Minnesota Democrat already is scrutinizing the proposed US Airways-Delta merger.

Next month, Oberstar will assume the chairmanship of the House Transportation and Infrastructure Committee, where he will be well-positioned to raise concerns in the event that a wave of consolidation sweeps the airline industry next year, as some observers predict.

While airlines don't need congressional approval to merge, Oberstar's post gives him the ability to spotlight antitrust issues that the Justice Department is legally obliged to examine.

"People are saying there is overcapacity" and that some seats should be removed from the market, Oberstar said. But he sees carriers flying with many full planes and argues "there is a lack of substantial competition" on many routes.

Oberstar, who was reelected to a 17th House term last month, gave his assessment of the state of the airline industry and talked about his oversight role during an interview last week with the Star Tribune.

The only member of the Minnesota delegation who was serving in Congress when the airline industry was deregulated in 1978, he sees that move as a success.

"There's no question about the success of deregulation," Oberstar said. "It has created seamless travel, more nonstops, more destinations, more opportunities." By taking the government out of the pricing business, consumers are saving about $6.5 billion a year on fares, he argued.

"So when mergers and acquisitions and leveraged buyouts are considered," Oberstar said, "my first thought is: Is the result going to be undoing the consumer benefits of deregulation?"

The latest round of merger speculation began Nov. 15, when US Airways CEO Doug Parker made a hostile move to acquire bankrupt Delta Air Lines. On Thursday, US Airways executives had their first meeting with Delta's creditors committee in an attempt to win their support for the deal.

"US Airways has hardly digested the merger with America West," Oberstar said, referring to the lingering labor and operational issues from the combination of those two carriers in the fall of 2005.

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US Airways and Delta now compete on about 155 domestic routes, and Oberstar said he has directed his staff to examine the impact of a merger on those routes.

"What does this do in markets where the two carriers are now competing? Who are the other competitors in those markets? Will some cities lose out? Will travelers [end up] paying higher fares? Those are the questions that I think have to be evaluated before you can make a judgment on whether this proposed merger would be in the overall best public interest," Oberstar said.

Eagan-based Northwest Airlines also is considered a merger candidate, with Continental and American considered as potential partners -- or Delta, if the deal with US Airways doesn't happen.

After current Northwest board chairman Gary Wilson and businessman Al Checchi led a leveraged buyout of Northwest in 1989, Oberstar said they spent a lot of time and money examining possible mergers. Ultimately, he said, Northwest chose instead to pursue code-sharing agreements with carriers such as Continental. Those alliances allow passengers to travel on two airlines for a single trip, but gain the ticketing and baggage-handling convenience of flying on one.

Northwest's last merger was 20 years ago when it combined with Republic Airlines, and Oberstar said he saw a "clash of cultures," which is typical of any merger.

In the days after the merger, Oberstar said, "I'd stop and ask station managers how things were going, and they'd whisper, 'I am a Republic guy and Northwest is a long-haul [airline]. We are a short-haul [airline]. They don't understand how to do things.' "

Oberstar did not say which airline he believes might emerge as the most likely merger partner for Northwest, but he did indicate that he sees the Eagan-based company facing stiffer competition to expand U.S. flights to China. Specifically, he doesn't believe that the U.S. Department of Transportation will grant Northwest authority for a hotly contested new route to China.

There is a four-way competition for the China route, and Northwest has proposed that it be between Detroit and Shanghai. Oberstar categorized Northwest and Continental as "second-tier players" in the competition.

"From the standpoint of competition, it might be a better decision by DOT to award service to American [Dallas to Beijing], provided their service will challenge United," Oberstar said. By mid-December, he intends to make a recommendation to the department, and he said that he will likely suggest the route go to American or United.

Oberstar said he has talked often this year with Northwest and Mesaba Airlines employees as they've faced big concessions, which he said have "left very deep resentment." Now, he said, it is "incumbent upon management at Northwest and Mesaba" to sit down with their employees "and win their trust."

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Blackstone, KKR, Bain Capital Shop In South Africa (WSJ)

By Jason Singer

The Wall Street Journal, December 4, 2006

Edgars Consolidated Stores Ltd. of South Africa is in talks with Blackstone Group, Bain Capital and Kohlberg Kravis Roberts & Co. on a potential $3 billion deal that would be the largest private-equity buyout in that country, according to people familiar with the situation.

The emergence of the largest U.S. private-equity firms as possible buyers of one of South Africa's biggest retail groups illustrates how the booming sector is scouring further afield to deploy the billions in cash raised in recent years.

Edgars Consolidated Stores, known as Edcon, said in October that it was approached by private-equity firms interested in acquiring the fashion chain, which has more than 900 stores in South Africa, Botswana, Namibia, Swaziland and Lesotho. Founded in 1929, the Johannesburg company has more than 20,000 employees and a market value of about 19 billion rand ($2.6 billion).

Some of the U.S. firms working on a potential acquisition may make a combined bid, but final decisions haven't been made, the people close to the matter said. The company has asked for firm proposals to be made in January, they said.

Edcon couldn't be reached for comment, nor could representatives from the private-equity firms.

Edcon would be the latest in a string of potential private-equity takeovers in South Africa. Financial-service provider Alexander Forbes Ltd. received a bid by a group of investors led by Actis Capital LLP, and grocery chain Shoprite Holdings Ltd. has drawn potential private-equity bids.

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After raising record sums from public pension plans, university endowments, insurance companies and wealthy individuals, private-equity firms have been pursuing ever-larger deals in the U.S. and Europe. But as the amount of money they manage swells, they are looking to new economies in Asia and Africa to acquire large businesses.

In addition to the South African targets, the world's largest private-equity firms have been attempting big deals in Australia and are venturing into China and elsewhere. Private-equity firms are partnerships that use investors' money and large amounts of borrowed money to buy companies, improve them and sell them again, typically in about three years.

Earlier this year, Edcon competed in an auction to purchase the Myer department-store chain in Australia from Coles Myer Ltd. but lost to Texas Pacific Group and one of its affiliates.

ENVIRONMENT:

Bush Mulls Resumed Energy Drilling Off Alaska (NYT)

By Felicity Barringer

New York Times, December 4, 2006

WASHINGTON, Dec. 3 — President Bush is considering whether to lift the 17-year-old moratorium on energy drilling in the waters off southwestern Alaska, a White House spokeswoman said Sunday, which would allow oil and gas companies to try to tap into more than five trillion cubic feet of natural gas that lies beneath rich fishing grounds.

The push to market oil and gas leases in these waters, which oil and gas companies favor, is part of a larger national effort to expand domestic supplies of fossil fuel by opening up areas of the outer continental shelf, long off-limits to energy development.

Last summer the Interior Department recommended reopening several areas of the outer continental shelf, including the southern part of Bristol Bay, which lies just north of where the Aleutian Islands meet the Alaskan mainland, to energy exploration. The report said that 14 oil and gas companies had supported the idea. The department has estimated that such a move could create up to 11,500 jobs, part of what it describes as "net benefits" of $7.7 billion.

In a letter to President Bush on Friday, a coalition of environmental groups, including the Wilderness Society, the Sierra Club and the Natural Resources Defense Counsel, citing the impact of the Exxon Valdez oil spill, called the bay "an economically critical salmon fishery," adding that "it provides essential habitat for the endangered northern right whale."

The executive director of Greenpeace, John Passacantando, said Sunday that the Bering Sea was "the most intact marine ecosystem in United States waters" and that Bristol Bay was "among the most important parts of the Bering Sea."

Asked about the potential impact of an outer continental shelf leasing program confined to the southern waters of the bay, Mr. Passacantando said: "The energy industry ultimately gives you things that look like the Exxon Valdez. It was because of the threat of this kind of spill that that leases were initially rescinded."

He was referring to a handful of oil leases that were granted in the southern part of Bristol Bay in 1988, then bought back by the federal government after the Exxon Valdez supertanker, with a captain who had been drinking, ran aground on Bligh Reef in March 1989. The tanker ruptured and spilled 11 million gallons of crude oil into the sound.

The Alaska Economic Development Commission has supported opening the area to expand economic diversification, and has concluded that the impact on marine life can be "fully mitigated," the Interior Department reported.

When Congress, acting at the urging of Alaska's senior senator, Ted Stevens, a Republican, rescinded its protections for Bristol Bay in 2003, the area remained protected by earlier presidential decisions, first by President George Bush in 1991 and then, in 1998, by President Bill Clinton, who put the area off-limits to energy leasing until 2012.

There has been widespread speculation among environmental groups and fishing industry representatives that President Bush would end the moratorium during the lame-duck session of Congress, allowing the Interior Department to proceed with its plans to market oil and gas leases in the southern section of the bay, along the north coast of the Aleutian Islands.

The Associated Press reported over the weekend that the administration was considering ending the moratorium, a report that was confirmed by a White House spokeswoman, Emily Lawrimore. She would not comment on the merits of the debate but said the president was considering whether to end the leasing moratorium.

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Representative Edward J. Markey, Democrat of Massachusetts, said in a statement Sunday that "executive withdrawal on oil and gas leasing in Alaska's Bristol Bay, one of our nation's most sensitive fisheries, combined with House Republicans scheduling a vote next week to expand offshore drilling off Florida's coast, only underscores that G.O.P. stands for Gas and Oil Party."

Mr. Markey added, "The administration should be leading efforts to increase fuel economy standards, which would dramatically reduce our dependence on foreign oil."

An Important First Step (WT)

By Newt Gingrich

The Washington Times, December 4, 2006

In the remaining days of its lame-duck session, the House should adopt Sen. Pete Domenici and Sen. Mary Landrieu's narrowly drawn bill to expand Gulf Coast oil and gas production. If adopted, it would give the Gulf states a greater share of oil revenues to rebuild and restore the vanishing coastline. The Domenici-Landrieu bill is a good first step toward a process in which other states could apply for permission to develop new offshore oil and gas reserves in exchange for a share of the revenues.

Hurricanes Katrina and Rita decimated the Gulf Coast, and after federally built flood-control systems failed, flood waters ravaged the city of New Orleans and the surrounding region. But the levees were not the only system that failed. Mismanagement and neglect over the last half century have contributed to the serious erosion of the coastal wetlands, the first line of defense against such devastating hurricanes. The wetlands and barrier islands act as a natural sponge to soak up storm surges but are disappearing at the rate of 25 square miles a year. Hurricanes Rita and Katrina are estimated to have lapped up an additional 217 square miles with 1,900 square miles already lost. The effects of this ecological disaster cost us thousands of lives and hundreds of billions of dollars, too high a price to ever be paid again.

Meanwhile, it has become abundantly clear that America's dependence on foreign oil is dangerous. We must seek out new energy sources in the near and long term. Our offshore petroleum reserves hold great promise for the near term as we pursue longer-term solutions in alternative renewable technologies.

Congress must act to provide the infrastructure necessary to prevent a Katrina-scale disaster from ever reoccurring along the Gulf Coast while providing for our growing energy needs.

The Domenici-Landrieu Bill -- "The Gulf of Mexico Energy Security Act" (S. 3711) -- has the endorsement of both the Democratic and Republican Senate Leadership but is being held up in the House. House Republicans are pushing for a much stronger bill that would open the Atlantic and Pacific coasts to drilling but has no chance of passing the Senate.

The Senate bill expands current offshore drilling by 8.3 million acres in the Gulf of Mexico and shares the revenues from that new production with the four states (Texas, Louisiana, Mississippi and Alabama) that the drilling would affect. The federal government would still get 50 percent of the royalties accrued from the new production while 37.5 percent of money will go directly to the four coastal states for restoration of the disappearing wetlands, and infrastructure projects aimed at flood control and hurricane protection. The remaining 12.5 percent would go toward the joint state and federal Land and Water Conservation Fund projects to benefit all 50 states.

The Domenici-Landrieu bill also gives the coastal states a fairer deal on offshore drilling. Under current law, revenues from land-based drilling -- even on federal land -- are split evenly between the states and federal government to compensate the states for the use of state infrastructure that contributes to oil production. These revenue-sharing provisions currently exclude offshore drilling and allocate zero revenue to the states. Revenue sharing under the Domenici-Landrieu bill would not cut into current federal revenues as the revenue-sharing provisions apply only to new production.

The fairness embodied in this bill should be expanded beyond just the Gulf Coast states. Congress should open up the revenue sharing option to all states without removing the blanket federal moratorium on new offshore development. With the prospect of new revenue streams as a powerful incentive, states could then apply to Congress for permission to drill offshore. This reasonable compromise would still give Congress the final say over any offshore expansion while opening the door to future offshore production.

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Instead of holding out for an impossible bill, the House Republicans would be wise to see the Senate bill as an important first step toward energy self-sufficiency through expanded offshore oil and gas production, disaster prevention and ecological restoration. Completing this in the next few weeks is an important step in the right direction.

White House Opens Up Energy Agenda (WSJ)

By John D. Mckinnon And Deborah Solomon

The Wall Street Journal, December 4, 2006

WASHINGTON -- Facing increased political pressure on environmental policy at home and abroad, the Bush administration is signaling new interest in promoting alternative energies and curbing greenhouse gases.

As part of President Bush's energy agenda for the rest of his term, administration officials may push U.S. auto makers to make more vehicles that can run on ethanol and other alternative fuels. To boost availability, they are also considering a call to cut tariffs on imported ethanol.

White House aides are also suggesting new openness to global-warming solutions, including the broad emissions limits they have resisted so far. The ultimate aim is to begin piecing together a framework to replace the Kyoto accord after it expires in 2012.

"Would we support a one-size-fits-all, economy-wide mandate? Presently it's not feasible or necessary," White House environmental adviser James Connaughton said in an interview. "But it's not off the table" post-2012, he added. While Mr. Bush's presidency ends in early 2009, he can influence negotiations under way for the next global climate-change treaty.

Environmental issues have gained urgency since Democrats won control of both the House and Senate in last month's elections. While many congressional Republicans shared Mr. Bush's skepticism toward environmental regulations, Congress's new Democratic leaders are more likely to push for action, particularly on climate change.

After the election, George Banks, a senior aide to Mr. Connaughton, sent an email to a top aide of Sen. Barbara Boxer, a California Democrat, congratulating Ms. Boxer on the election, which elevated her to chairman of the Environment and Public Works Committee. Mr. Banks added that he would like to meet to discuss climate change. Ms. Boxer called the overture an encouraging sign, after years of White House indifference.

Foreign leaders also are stepping up calls for Mr. Bush to move on the issue. Germany is trying to restart international talks on climate change in its role as host of the 2007 annual summer summit of the Group of Eight industrial powers. The White House has indicated a willingness to explore the idea, according to German officials. The U.S. response has been a "major step forward," says the German official in charge, Bernd Pfaffenbach. "We are going to explore whether it's possible to find a post-2012 formulation," he added.

Meanwhile, Treasury Secretary Henry Paulson has taken an active interest in energy and environmental policy, having been an advocate for curbing carbon emissions in his previous job as Goldman Sachs Group Inc.'s chief executive.

While Mr. Paulson hasn't spoken publicly about the issue since taking office in July, he is part of a group of administration officials looking at ways to reduce dependence on foreign oil and stimulate the market in the U.S. for alternative energy. The group is expected to present ideas to Mr. Bush in the next few weeks. Among the options: lifting tariffs on imported ethanol and providing more subsidies for those who make and sell alternative fuel.

Mr. Paulson also is intent on bringing China into future climate-change solutions, and plans to make greenhouse gases a focus of his talks with Chinese leaders when visiting Beijing this month.

Many American skeptics of global treaties on the environment have said they are meaningless unless China and India can be persuaded to join the next round.

On the domestic front, the administration has been pressing U.S. auto makers to ramp up production of so-called flex-fuel vehicles that can run on either gasoline or alternative fuels such as ethanol or biodiesel. The CEOs of the Big Three manufacturers -- General Motors Corp., Ford Motor Co. and DaimlerChrysler AG's Chrysler Group -- pledged after a recent meeting with Mr. Bush to make 50% of their new vehicles capable of running on alternative fuel by 2012. But they said they want assurances of adequate "incentives" for production of flex-fuel vehicles as well as for production and distribution of renewable fuels.

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At the same time, the administration is pursuing a strategy of encouraging technological innovation -- instead of regulation and mandated caps -- to reduce overall carbon-dioxide emissions. Last week, administration officials announced the awarding of $1 billion in tax credits to nine companies to develop cleaner coal-burning power plants around the U.S.

But Mr. Connaughton, in the interview, suggested that the administration is weighing other strategies, possibly including tougher mandates, for after 2012, when the Kyoto accord expires. The Bush administration rejected the 1997 Kyoto accord in 2001, viewing its limits on carbon-dioxide emissions as a recipe for economic disaster.

Now, Mr. Connaughton said, even carbon mandates aren't out of the question. "Everyone is looking at what's achievable beyond 2012," he added, and the U.S. must "calibrate its policy to the science" on global warming.

Any new U.S. framework is unlikely to "replicate the mistakes of Kyoto," Mr. Connaughton said. But "as for the shape of what the future looks like, there are lots of ideas swirling around." Critics say the Kyoto accord was too ambitious in seeking to hold carbon-dioxide emissions below 1990 levels before technology was available, and also because it excluded rapidly developing economies such as China and India.

Some Democrats remain skeptical of the administration's interest in climate change and say they don't expect major progress on things like fuel efficiency or greenhouse-gas emissions.

"Recently, the administration has begun to change its rhetoric on global warning and climate change, but given their history it's easy to suspect that only their rhetoric is changing," said Rep. Henry Waxman, a Democrat from California and incoming chairman of the House Government Reform Committee.

--John J. Fialka contributed to this article.

Greener, Cleaner ... And Competitive? (CSM)

By Mark Clayton

Christian Science Monitor, December 4, 2006

The last time renewable-energy entrepreneurs were this gung-ho, in the early 1980s, subsidies - not sales - buoyed their business plans. This time may be different. For example:

• So many utility customers signed up for the "GreenChoice" program in Austin, Texas, that the city organized a raffle to decide who would get the last 1,400 slots. The reason: The program's wind-powered electricity was actually cheaper to generate than traditional power.

• Midwestern ethanol plants this summer were producing renewable fuel at a cost of $1.27 a gallon or less, making it competitive with gasoline even without tax subsidies, notes Vernon Eidman, a University of Minnesota professor of agricultural economics.

• A recent study by the RAND Corp. shows the nation's economy would be likely to benefit, rather than be slowed, if the nation achieved the goal of supplying 25 percent of its energy needs from renewable sources by 2025.

While most renewable fuels can't yet compete with their traditional counterparts, their costs of production are falling steadily. If the trend continues, America's energy mix by 2025 could be far greener and cleaner - without damaging the economy - than most analysts could have antici-pated a few years ago.

That development would not only reduce the nation's dependence on oil, it would mean a substantial start on capping its greenhouse-gas emissions, which most scientists link to global warming. And such a move, if the RAND analysis proves correct, would come at little or no cost to the economy.

"At this point, the lines haven't crossed yet where renewables are cheaper than coal power," says Jonathan Naimon, managing director of Light Green Advisors, an institutional money manager focused on environmental investing. "But we do see a lot of opportunity as this process of renewable power getting steadily cheaper continues.... There have been reports over the years saying the long-term costs of renewables are cheaper than fossil simply because you don't pay for fuel." New findings, new hope for renewables

The RAND Corp. report - issued in November - estimated that if the cost to produce renewable energy continued to fall at its current rate, renewables could provide 25 percent of the nation's power by 2025 at no additional cost to the economy and perhaps even save money.

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If current trends continue, for example, renewable energy will be 20 percent less expensive to produce in 20 years. But the study, which examined 1,500 scenarios, goes further. If renewable costs fell at a faster rate, the nation could save $30 billion in energy costs by 2025, the report found. Even if renewable-energy costs grew slightly and oil prices fell further than expected, any negative economic drag on the economy would be slight, the study concluded.

Beyond the economics, such a shift would have a big impact on US emissions of greenhouse gases, eliminating 1 billion tons of carbon emissions - about one-seventh of total US emissions - by 2025. The US "can achieve significant reductions in greenhouse-gas emissions without significant effects on energy expenditures," the study found.

Such studies are part of a growing body of research that indicates the cost of renewables may not be an economic drag after all.

"There is an emerging consensus that we need to enter a rapid transition to clean energy technology," Reid Detchon, executive director of the Energy Future Coalition, a nonprofit energy advocacy group that requested the RAND study. "For years there has been this myth of an expensive and painful transition. This report helps knock that down."

President Bush rejected the Kyoto climate accords because of projected high costs to the economy from capping carbon emissions and tapping alternative energy. Some US studies a few years ago estimated Kyoto's potential cost at $1 trillion to $2.5 trillion by 2010. Building consensus in the business world

Business is also warming to renewables.

"We've reached the same conclusion as this study and so have the capital markets," says energy expert Amory Lovins, who cites $63 billion in global investment in renewables this year. "Anybody who's paying attention to the cost performance of renewables will find many that compete quite nicely now."

For example, renewable power can play a key role in stabilizing energy prices.

Having substantial wind power in a portfolio moderates rates during price swings in natural gas and coal, says Shimon Awerbuch, a British energy economist at the University of Sussex who has studied the moderating impact of wind power on electric rates.

Others agree. "No matter which way costs go as the shift to renewable energy occurs, we're not talking about a gigantic change in the energy bill for the country," says Michael Toman, director of environment, energy, and economic development program at RAND. "There's no reason to look at it as if the economy is going to grind to a screeching halt."

Inquiry Turns To Humans On Pollutant, Hormone Tie (WP)

By David A. Fahrenthold

The Washington Post, December 4, 2006

Growing evidence that chemicals in the environment can interfere with animals' hormone systems -- including the discovery that male Potomac River fish are growing eggs -- has focused the attention of environmentalists and scientists on a new question: Are humans also at risk?

A decade ago, the very idea that pollutants could interfere with a body's chemical messages was near the fringes of science. But now, it is an urgent topic for lawmakers and researchers around the world, and especially in the Washington area.

In recent years, researchers have linked some common chemicals to troubling changes in laboratory rodents and wild animals, including reproductive defects, immune-system alterations and obesity.

For now, no connections to human ailments have been proved. But some studies have provided hints that people might be affected by crossed hormones, and activists wonder if this kind of pollution could contribute to diabetes, birth defects and infertility.

"There's a lot of concern that a lot of chemicals to which we are exposed routinely, and without our knowledge, are interfering with the way hormones work," said R. Thomas Zoeller, a professor of biology at the University of Massachusetts at Amherst.

The Metropolitan Washington Council of Governments is planning to host a public forum about hormone-disrupting pollution this spring. U.S. Reps. James P. Moran Jr. (D-Va.) and Chris Van Hollen (D-Md.) have said they plan to press the

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Environmental Protection Agency about its failure to develop a program to test chemicals for hormonelike effects, as ordered by Congress in 1996.

The idea that natural hormone messages can be tampered with is not new; for decades, women using birth-control pills have been counting on a man-made chemical to do just that.

But the current concern is much wider: Some fear that modern chemistry might have unwittingly created other compounds with hormonelike effects and that they might have spread widely around the globe.

In the past few years, scientists working with animals have found potential problems with several pollutants, among them rocket-fuel components, pesticides and additives to soap. Among the most heavily researched:

Â· Phthalates, a family of additives used to make vinyl plastic flexible and prevent perfume from evaporating, have been linked to lower sperm counts and other sexual problems in male rats, as well as to heightened allergic reactions in the animals. Chemical industry officials have said that these tests used unrealistically high doses and that the results are not likely to translate to humans.

Â· Bisphenol A, used as a building block for hard plastic goods like bottles and as a resin to line food cans, has been connected in some experiments to abnormal sexual development in male lab rodents, as well as a predilection for obesity. Officials from the chemical and pesticide industries have vigorously criticized these results, saying that other studies have shown the chemical to be harmless.

Â· Treated sewage, which carries human estrogen and birth-control pill components excreted in waste, has been linked to "feminized" male fish in waters around the world. In the St. Lawrence River in Canada, a recent study found that a third of male minnows had female characteristics. Another example might be the Potomac, though the cause of its problems has not been officially pinpointed. The EPA and sewage-plant officials have said they are working on ways to better clean the wastewater.

The study of endocrine disruptors began in the late 1980s and early 1990s, with scientists struggling to add up such oddities as male birds with female organs in the Great Lakes and sexual defects in Florida alligators.

They eventually found that some chemicals were turning on hormone switches in the body's endocrine system that trigger biological processes. Others blocked the switches so natural hormones couldn't get through.

That revelation meant that a pollutant could be harmful even if it wasn't poisonous and didn't cause cancer. Even small doses could cause major damage, if they came at a key time when hormones were guiding pregnancy or early development.

"We have to ask different questions," said John Peterson Myers, an activist and former scientist based in Charlottesville. He joined with scientist Theo Colborn and writer Dianne Dumanoski to write a book laying out their concerns, 1996's "Our Stolen Future."

Today, despite the wealth of studies in animals, the implications for human health are unclear. One of the most dramatic studies examined the sons of mothers whose bodies contained phthalates. It found no major birth defects but did show that the higher the phthalate level, the greater chance that the boys' bodies would show subtle signs of being "undermasculinized," according to researcher Shanna Swan, director of the Center for Reproductive Epidemiology at the University of Rochester.

Still, that falls well short of a smoking gun: Humans are not laboratory rats, so scientists say it is exceedingly hard to craft a study that shows a particular chemical caused a particular problem, and not genetics, diet or some other factor.

"They're nowhere near cause-and-effect," L. Earl Gray Jr., a senior research biologist at the EPA, said of human studies. "We're showing correlations and associations" between pollutants and human health effects, he said, but no indisputable sign that one causes the other.

Officials from the chemical and pesticide industries have vigorously defended their products, saying they see no reason for concern about products in the environment interfering with human hormones.

Some scientists have also pointed out that human diets have always included some estrogen-like compounds: They occur naturally in wine and soy-based products, for example.

Stephen H. Safe, a professor of veterinary physiology and pharmacology at Texas A&M University, said that overall, despite our poor diets, "what does the data say about our health in this country? We're living longer . . . You know, where are these endocrine threats?"

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Still, concerns that human health might be in danger have led to recent bans on certain phthalates in young children's toys imposed by the European Union and the City of San Francisco.

Activists in the United States have attacked the EPA for what they believe is a delayed response to the problem. The agency has defended itself by saying that it has spent millions on other research programs looking at ways to identify and limit endocrine disruptors and that it hopes to begin the long-delayed chemical testing program next year.

Some activists fear that damage is already being done. They caution avoiding plastic baby bottles, which could contain bisphenol A, and reducing consumption of animal fat, where some environmental pollutants can concentrate.

"I feel terrible because we haven't moved on this faster," said Colborn, the activist who has served as an unofficial leader among endocrine-disruptor researchers. "This is a transgenerational problem that is undermining the integrity of humans."

But Paul Foster, an official who evaluates risks to human reproduction at the National Institute of Environmental Health Sciences, said it was hard to give useful advice at this point because the chemicals being investigated are so ubiquitous.

"There's very little that they can do," said Foster, whose agency is part of the National Institutes of Health. "That's why you can't be too alarmist about it, because you can't stop people living."

Global Warming Gag Order (WSJ)

The Wall Street Journal, December 4, 2006

Washington has no shortage of bullies, but even we can't quite believe an October 27 letter that Senators Jay Rockefeller and Olympia Snowe sent to Exxon Mobil CEO Rex Tillerson. Its message: Start toeing the Senators' line on climate change, or else.

We reprint chunks of the letter here1 and the full text on OpinionJournal.com2, so readers can see for themselves. But its essential point is that the two Senators believe global warming is a fact, and therefore all debate about the issue must stop and Exxon Mobil should "end its dangerous support of the [global warming] 'deniers'." Not only that, the company "should repudiate its climate change denial campaign and make public its funding history." And in extra penance for being "one of the world's largest carbon emitters," Exxon should spend that money on "global remediation efforts."

The Senators aren't dumb enough to risk an ethics inquiry by threatening specific consequences if Mr. Tillerson declines this offer he can't refuse. But in case the CEO doesn't understand his company's jeopardy, they add that "Exxon Mobil and its partners in denial have manufactured controversy, sown doubt, and impeded progress with strategies all-too reminiscent of those used by the tobacco industry for so many years." (Our emphasis.) The Senators also graciously copied the Exxon board on their missive.

This is amazing stuff. On the one hand, the Senators say that everyone agrees on the facts and consequences of climate change. But at the same time they are so afraid of debate that they want Exxon to stop financing a doughty band of dissenters who can barely get their name in the paper. We respect the folks at the Competitive Enterprise Institute, but we didn't know until reading the Rockefeller-Snowe letter that they ran U.S. climate policy and led the mainstream media around by the nose, too. Congratulations.

Let's compare the balance of forces: on one side, CEI; on the other, the Pew Charitable Trusts, the Sierra Club, Environmental Defense, the U.N. and EU, Hollywood, Al Gore, and every politically correct journalist in the country. We'll grant that's a fair intellectual fight. But if the Senators are so afraid that a handful of policy wonks at a single small think-tank are in danger of winning this debate, they must not have much confidence in the merits of their own case.

The letter is so over-the-top that we also wonder if Mr. Rockefeller in particular has even read it. (He and Ms. Snowe didn't return our call.) The Senator hails from coal-producing West Virginia, where people know something about carbon emissions. Come to think of it, Mr. Rockefeller owes his own vast wealth to something other then non-carbon energy. But perhaps it's easier to be carbon free when your fortune comes from a trust fund.

The letter is of a piece with what has become a campaign of intimidation against any global warming dissent. Not only is everyone supposed to concede that the planet has been warming -- as it has -- but we are all supposed to salute and agree that human beings are the definitive cause, that the magnitude of the warming will be disastrous and its effects catastrophic, that such problems as AIDS and poverty are less urgent, and that economic planners must therefore impose vast new regulatory

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burdens on everyone around the world. Exxon is being targeted in this letter and other ways because it is one of the few companies that still thinks some debate on these questions is valuable.

Every dogma has its day, and we've lived long enough to see more than one "consensus" blown apart within a few years of "everyone knowing" it was true. In recent decades environmentalists have been wrong about almost every other apocalyptic claim they've made: global famine, overpopulation, natural resource exhaustion, the evils of pesticides, global cooling, and so on. Perhaps it's useful to have a few folks outside the "consensus" asking questions before we commit several trillion dollars to any problem.

Imagine if this letter had been sent by someone in the Bush Administration trying to enforce the opposite conclusion? The left would be howling about "censorship." That's exactly what did happen earlier this year after James Hansen, the NASA scientist and global warming evangelist, complained that a lowly 24-year-old press aide had tried to limit his media access. The entire episode was preposterous because Mr. Hansen is one of the most publicized scientists in the world, but the press aide was nonetheless sacked.

The Senators' letter is far more serious because they have enormous power to punish Exxon if it doesn't kowtow to them. A windfall profits tax is in the air, and we've seen what happens to other companies that dare to resist Congressional intimidation. It's to Exxon's credit that, in its response to the Senators, the company said that it will continue to fund free market research groups because "there is value in the debate" that helps promote "optimal public policy decisions." Too bad that's not what the Senators care about.

The 'Obfuscation Agenda' (WSJ)

The Wall Street Journal, December 4, 2006

The following are excerpts from an Oct. 27 letter to Rex W. Tillerson, chairman and CEO of Exxon Mobil, from Sens. John D. Rockefeller IV of West Virginia and Olympia Snowe of Maine. A related editorial appears nearby:

We are convinced that Exxon Mobil's longstanding support of a small cadre of global climate change skeptics, and those skeptics' access to and influence on government policymakers, have made it increasingly difficult for the United States to demonstrate the moral clarity it needs across all facets of its diplomacy. Obviously, other factors complicate our foreign policy. However, we are persuaded that the climate change denial strategy carried out by and for Exxon Mobil has helped foster the perception that the United States is insensitive to a matter of great urgency for all of mankind, and has thus damaged the stature of our nation internationally…

We fervently hope that reports that Exxon Mobil intends to end its funding of the climate change denial campaign of the Competitive Enterprise Institute (CEI) are true. Similarly, we have seen press reports that your British subsidiary has told the Royal Society, Great Britain's foremost scientific academy, that Exxon Mobil will stop funding other organizations with similar purposes. However, a casual review of available literature, as performed by personnel for the Royal Society reveals that Exxon Mobil is or has been the primary funding source for the "skepticism" of not only CEI, but for dozens of other overlapping and interlocking front groups sharing the same obfuscation agenda…

Large corporations in related industries have joined Exxon Mobil to provide significant and consistent financial support of this pseudo-scientific, non-peer reviewed echo chamber. The goal has not been to prevail in the scientific debate, but to obscure it. This climate change denial confederacy has exerted an influence out of all proportion to its size or relative scientific credibility. Through relentless pressure on the media to present the issue "objectively," and by challenging the consensus on climate change science by misstating both the nature of what "consensus" means and what this particular consensus is, Exxon Mobil and its allies have confused the public and given cover to a few senior elected and appointed government officials whose positions and opinions enable them to damage U.S. credibility abroad…

A study to be released in November by an American scientific group will expose Exxon Mobil as the primary funder of no fewer than 29 climate change denial front groups in 2004 alone. Besides a shared goal, these groups often featured common staffs and board members. The study will estimate that Exxon Mobil has spent more than $19 million since the late 1990s on a strategy of "information laundering," or enabling a small number of professional skeptics working through scientific-sounding

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organizations to funnel their viewpoints through non-peer-reviewed websites such as Tech Central Station. The Internet has provided Exxon Mobil the means to wreak its havoc on U.S. credibility, while avoiding the rigors of refereed journals…

We would recommend that Exxon Mobil publicly acknowledge both the reality of climate change and the role of humans in causing or exacerbating it. Second, Exxon Mobil should repudiate its climate change denial campaign and make public its funding history. Finally, we believe that there would be a benefit to the United States if one of the world's largest carbon emitters headquartered here devoted at least some of the money it has invested in climate change denial pseudo-science to global remediation efforts.

When Is A Fish Like A Carrot? (NYT)

The New York Times, December 4, 2006

The answer is: When it is a farmed fish.

The Department of Agriculture routinely distinguishes between organic carrots and the regular kind when it decides whether to grant an "organic" label. But it has gotten into trouble recently over how to decide whether a fish — especially a fish like salmon — is organic or not. The fishing industry is eager to call wild salmon "organic," as a way of denoting quality to consumers.

But there's a problem. Carrots are either grown organically — without conventional pesticides — or they're not. A wild carrot, to most people, is barely a carrot, but the flower called Queen Anne's lace.

A wild salmon is a glorious thing, and every bit as delectable as its cousins raised in fish farms that are, or are not, organic. But to call a wild salmon organic is to demean it, since it comes from a place where the word has no meaning. That is a little like calling the ocean "natural." The trouble is, there is no U.S.D.A. "wild" label, nor should there be, for that would represent some final surrender to ourselves.

There are really two answers to what is, after all, a problem of terminology. The first is consumer education. There are few shoppers out there who know as much as they need to know about the fish they buy, how the fish are harvested or what effect industrial fishing is having on the oceans. The other answer is to continue to be strict and judicious with the U.S.D.A. "organic" label, and use it as a tool to help distinguish between fish farming that is done responsibly and fish farming that is not.

Too often, consumers assume that fish farms are inherently "organic," perhaps merely because they are aquatic. Nothing could be further from the truth. They can be as organic as the finest pasture-raised organic pig farm or as inorganic as a hog confinement operation. Let's use the word "organic" as a way to distinguish between them, all the while hoping that there remain wild salmon out in the oceans, beyond any of our categorizing.

FBI/DEA/ATF/USMS:

Deadly Meth Marching Toward New England: DEA Battles Midwest Scourge Before It Hits (BOSH)

Boston Herald, December 1, 2006

The Hub is winning the war on crystal methamphetamine thanks to lessons learned from battles waged in the meth-gripped West and Midwest, a top federal drug official said yesterday, but she warned that the addictive drug is on a destructive march toward the East Coast.

"We've been fortunate in New England," June W. Stansbury, special agent in charge of the U.S. Drug Enforcement Administration in New England, said on the first National Methamphetamine Awareness Day.

"We were told methamphetamine abuse was spreading eastward. We learned from the West Coast and the Midwest. The main thing is to keep the key ingredients out of the hands of the people who manufacture meth," she said.

Last year, federal agents uncovered 16 clandestine meth labs in the six New England states, including five in the Bay State. This year, 17 labs have been found in New England, including three in Massachusetts, a DEA spokesman said.

Those numbers pale compared to lab discoveries in other parts of the country that face a more devastating struggle with meth addiction.

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The Combat Methamphetamine Act of 2005 has tremendously curbed the production of home-grown meth now that common cold medications containing the ingredients ephedrine, pseudoephedrine and phenylpropanolamine must be kept behind pharmacy counters, Stansbury said.

Those active ingredients are extracted from the cold medicines, combined with chemicals like iodine and anhydrous ammonia, and cooked over high heat to make meth. As of Sept. 30, consumers are now limited to buying no more than nine grams of cold remedies like Sudafed every 30 days, and must show picture identification and sign a log book when doing so.

"It's so important that people aren't able to go in and buy this in bulk," Stansbury said.

Conniving drug dealers have also been known to sell crystal meth to buyers while claiming that they are giving them cocaine or ecstasy in hopes of hooking them on another fix, Stansbury said."Greedy drug traffickers try to make a market," Stansbury said. "It's buyer beware. You never know what you are getting."

DEA Discusses Meth Problems At JALC (SO)

By Andrea Hahn

The Southern, December 2, 2006

CARTERVILLE - Just a couple of years ago, questions about methamphetamine were basic - what is it? where does it come from? What are the symptoms of use?

Roger Ehler, a Drug Enforcement Administration special agent, answered much more specific questions Thursday when he came to address a criminal justice class at John A. Logan College on Thursday. It was National Meth Awareness Day, and many of the students were already quite aware.

The types of questions reflected this more sophisticated knowledge of the drug. Students asked about long-term effects on the environment from meth lab dumps, about the potential for health problems created by meth labs inside rental or lodging properties, about new problems that could arise from the importing of a more pure form of the drug.

Meth has become enough of a household name that Saturday Night Live mocked "the meth lifestyle" during a recent episode. Ehler used the skit to demonstrate some of the problems associated with meth addiction.

"Obviously that was exaggerated - but then, it wasn't very exaggerated," he said.

The skit covered a host of meth-related symptoms and problems - days of sleeplessness, obsession with the drug, the rotting teeth associated with "meth mouth," the sores associated with "crank bugs" imagined to be crawling under the skin, household meth labs with questionable meth cooks, paranoia, hallucinations, compulsive behavior, extreme irritability and weight loss and risky sexual behavior.

The bit of comedy, Ehler said, was to take the edge off before showing a more serious film featuring meth addicts talking about the same elements from SNL but without the satire.

Ehler followed up by discussing current trends in meth use in Southern Illinois. The good news is small-batch meth labs are declining in the wake of legislation limiting the availability of pseudoephedrine, a key ingredient in meth production.

The bad news is imported meth, a more pure form known as ice or Mexican dope, is slowly on the rise.

Ehler said much is still unknown about meth use, even though law enforcement has been battling it for several years in this region. Consequently, he was unable to give definite answers to questions about relative availability of ice versus locally made "dirty meth," or whether the more pure, imported meth was more addictive or more likely to lead to drug overdoses.

He did have some encouraging new information, however. Education seems to be working - numbers of new users are declining, especially among younger people, he said.

And there is new hope for meth addict recovery. One of the most serious physical problems that results from long-term meth use is the inability of the brain to create dopamine, the chemical that makes a person feel pleasure. Not only is the need for longer rehabilitation to resist meth addiction now better understood, Ehler said there is also new evidence indicating the body's production of dopamine can be restored after one or two years of abstinence from meth.

"Even if you don't use the drug or don't know anyone who does, you can be impacted by meth," Ehler said. "We're looking at an epidemic."

For more information, log onto www.justthinktwice.com, a DEA drug information site.

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The Meth Menace (NYDN)

By Austin Fenner And Tina Moore, Daily News Staff Writers

New York Daily News, December 3, 2006

Methamphetamine - once considered the drug of choice in the backwoods - is moving up in society.

Experts say methods for "cooking" the drug have become less noxious over the past decade, making meth labs a friendlier fit for apartment buildings like the one on Manhattan's East Side, where federal agents announced a bust last week.

"Back in the day, cooking meth was a very smelly process," said Steve Robertson, special agent and spokesman for the DEA. "That's why meth labs would go into rural areas. You would have them out in little shacks out on farms or ranches."

Agents from his agency announced Thursday - National Meth Awareness Day - that they had busted a clandestine meth lab at a high-rise on E. 39th St. They also announced nine other meth lab busts in the city and on Long Island.

The local meth labs highlight a change in the face of methamphetamine use - long a rural drug consumed most often by lower-income men and women.

"There's no question that there has been an increase of meth use in the city," said Dr. Petros Levounis, who runs the Addiction Institute of New York. "The transformation from Sudafed to meth is extremely, extremely easy."

The busts announced last week added another twist to the meth dilemma: Two of the men arrested, both professionals, were making the drug for personal consumption.

Meth labs - even rural mom and pop labs - are usually run to turn a profit.

Michael Knib, an information technology vice president for Citigroup, told agents he started producing the drug because he lost his sources when he moved to the city from Seattle, investigators said.

Mehmetcan Dosemeci, a 28-year-old doctoral student in history and Fullbright Scholar at Columbia University, told agents that he was making the drug in his Manhattan Ave. flat to stay awake. He researched cooking meth on the Internet.

The production of meth puts the people making the drug and those around them in danger. Meth labs - where vaporous chemicals are hard to detect - are known to explode.

"It's unsettling," said a neighbor in the Manhattan Ave. building where Dosemeci lived. He did not want to be named in this story. "He was taking a risk with other people's lives."

A retired 69-year-old clerk, who also did not want to provide his name, was dumbfounded.

"If it blows up, what is he going to say to the people who wind up in the morgue?" he said. "Who needs to stay awake for up to three days?"

The ease with which the drug can be made has prompted action in Washington.

A federal law that took effect in September bans over-the-counter sales of certain cold medicines with ingredients used to make meth, including pseudoephedrine and ephedrine.

The law requires buyers to show photo identification and allows them to purchase only a 30-day supply.

Robertson, who started out as a clandestine-lab investigator in the Southwest in the mid-1990s, said changes in the meth culture shifted into high-gear when recipes were posted on the Internet.

"Then all of a sudden it was there," he said. "People were cooking in the backs of cars, in hotel rooms and apartments. It was everywhere."

Authorities Braces For Meth Invasion (JI)

Journal Inquirer, December 1, 2006

Methamphetamine is known in drug circles as ice, crank, or speed, it smells like cat urine when it's being cooked, and makes chronic users' teeth fall out and blood pressure soar.

Despite that, the cheap street drug most commonly referred to as "meth" is popular and is continuing its creep towards Connecticut and the Northeast.

"Meth is a major, major problem" in other parts of the country, U.S. Attorney Kevin O'Connor says.

But, "If we put our heads in the sand, and think it will never come here, we are terribly wrong," O'Connor said. "If we ignore it, it soon will become a major problem."

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O'Connor was joined by Gov. M. Jodi Rell, State's Attorney Kevin Kane, and officials from state and federal law enforcement and public health agencies on Thursday, the first annual National Methamphetamine Awareness Day.

DEA officials say meth, which affects the central nervous system, has "a phenomenal rate of addiction, with some experts saying users often get hooked after just one use."

The U.S. Drug Enforcement Agency says 80 percent of meth is smuggled into this country from Mexico.

Meth isn't grown, like marijuana, poppy, or other organic substances, but manufactured. Federal authorities say the most common ingredient in meth is pseudoephedrine or ephedrine - ingredients found in common over-the-counter cold medicines.

To make meth - it can be smoked, snorted, injected, or taken orally - the legal drugs are cooked and processed using other common chemicals, such as lye, brake cleaner, alcohol, ether, battery acid, and battery lithium.

But the very existence of meth labs is worrisome, officials said Thursday, because chemicals used to make the drug are volatile.

Vapors produced during manufacturing permeate the walls and carpets of houses and buildings, making them uninhabitable, the DEA says, and one pound of meth can yield five pounds of toxic waste.

Because of the distinctive odor - "like a lot of cats," Department of Public Health Commissioner J. Robert Galvin said - meth labs are hard to hide. They are most often found in secluded, rural areas.

That may be one reason Connecticut has been largely spared from what many say is an epidemic in western and midwestern rural areas.

According to the DEA, in 2001, there were 1,480 meth lab "incidents" in Washington state, 1,883 in California, 806 in Oklahoma, 2,180 in Missouri, and 852 in Kansas, compared with one incident in Connecticut.

The western numbers have declined in recent years, as the public has become more aware of what to look for, authorities said Thursday.

However, the drug's march east has continued: While there were eight meth lab "incidents" in New York in 2001, there were 80 in that state last year.

And on Thursday, DEA officials announced the arrest of 10 people who they say operated meth labs in New York City and on Long Island.

The DEA's Assistant Special Agent in Charge in Connecticut, Brian R. Crowell, said authorities are currently investigating cases involving two meth labs.

There were arrests in three labs last year, including two in East Hampton.

In 2002, Enfield police had to close off the police station and surrounding streets for several hours when a local couple drove a packed-up meth lab - later found to belong to their daughter's boyfriend, who would serve a federal sentence - from their basement to police headquarters.

And Windsor Locks police in 2003 were alerted by local residents to a meth lab that was set up in a wooded area on land owned by a water company. A subsequent search of the man suspected of the setting up the lab yielded lye, sulfuric acid, and other chemicals used to make the drug.

Residents who notice suspicious activities, like those in Windsor Locks who notified police, are important to catching and stopping the manufacturing of meth, authorities said.

In one of the East Hampton cases, police were notified by a suspicious store clerk who reported young people were legally buying large amounts of a chemical.

Eastern states may be luckier than those out west because, after recognizing that over-the-counter drugs were being used, federal authorities this year enacted a law governing the sale of certain cold medicines used to make meth.

The law requires people to show identification before buying pseudoephedrine and ephedrine, and limits the amount that can be purchased to a 30-day supply. The buyer's name and information is also kept in a log for two years.

Stiff punishment for meth manufacturers and sellers is again on the legislative agenda, Rell said, and she intends to revive legislation calling for 15-year prison sentences for first-time offenders, and up to 30 years for second-offenders.

"We need to send that message that the sale and possession of this drug will land you in jail," she said.

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Federal Agents Round Up Ten Suspects In Meth Ring (NY1)

By Lindley Pless

NY1, December 4, 2006

A drug factory in the next apartment. That's what federal agents say some New Yorkers were running unbeknownst to their neighbors. NY1's Lindley Pless visited one building where a tenant was allegedly cooking up a potentially explosive mixture.

Neighbors say they didn't have a clue. The DEA says here at a posh Murray Hill high-rise, Michael Knibb, a vice president with Citibank, had created an illicit methamphetamine drug lab in his penthouse apartment.

"I would never have suspected in New York City, particularly in a big building like this, with so many people coming in and out. I guess it happens. I am glad we didn't get blown up or a bad fire started or anything of that nature," said a building resident.

The DEA says Knibb was among ten people arrested for cooking up potentially explosive drugs in Manhattan and on Long Island. They allegedly used things like household cleaning products, kerosene, and even a lava lamp.

Agents say another arrest was made at the Potamkin Dealership on 11th Avenue, where two mechanics are also accused of setting up a lab.

"It's frightening that these labs are operating in a city with a population as dense as New York City," said DEA Special Agent in Charge John Gilbride. "These labs are highly volatile. They are highly explosive labs. They contain caustic chemicals that produce fumes that can explode at any time. These labs are ticking time bombs."

The DEA says seven of those time bombs were ticking here in the city: three in Manhattan, two in Queens, one in the Bronx, and one in Brooklyn.

Special Agent Gilbride says that methamphetamine has become the crack of the 21st century. He says it is a drug that is now affecting the lower, middle, and upper classes.

"Methamphetamine cuts across all sections of society," said Gilbride. "There is not one type of individual, one type of group that manufactures methamphetamine."

The DEA says the ten people arrested Thursday face charges of operating illegal drug labs. Agents say the toxic chemicals they used to make these drugs pose a threat to anyone living nearby.

"Individuals who operate clandestine labs are not only putting themselves in harm's way," said Gilbride. "They are putting their neighbors, their coworkers, their friends, anyone in their apartment who gets in contact with these chemicals. They are putting everyone in harm's way."

And the DEA says that could put them behind bars for up to 20 years.

Speakout: Colorado's Indian Reservations In Need Of More Policing, Judges (RMN)

By Troy A. Eid

Rocky Mountain News, December 2, 2006

TOWAOC - At first glance, this picturesque village, nestled beneath Sleeping Ute Mountain near the Four Corners monument and a short drive from Mesa Verde National Park, might seem an unlikely candidate to be the murder capital of Colorado.

Just over 2,000 tribal members live on the entire Ute Mountain Ute Indian Reservation south of Cortez, many in or near Towaoc (pronounced toy- ACK), seat of the tribal government. Yet this year alone, there have been a staggering five murders and one unexplained death on that reservation.

Immediately to the east, the Southern Ute Indian Reservation south of Durango is home to about 1,400 tribal members. Two victims have been murdered there so far this year, including an infant thrown against a wall. The recent death of a third person is still being investigated.

Taken together, the murder rate for Colorado's two Indian nations is 20 times higher than the state average. It rivals the number of murders in Colorado Springs, the state's second-largest city with a population of 360,890.

What accounts for this appalling rate of violent crime in southwestern Colorado?

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Both tribes would benefit from more boots-on-the-ground law enforcement. This is especially true on the Ute Mountain Ute Reservation, which lacks its own tribal police force. Just five police officers from the Bureau of Indian Affairs, part of the U.S. Department of the Interior, patrol the entire 600,000-acre reservation.

Some tribes, such as Southern Ute, have created their own professional police departments and court systems. For more than two decades, however, the Ute Mountain Ute Tribe has chosen not to have its own tribal law enforcement officers and judges and instead relies entirely on the BIA.

Unfortunately for the Ute Mountain Ute Tribe, BIA's tribal court system has operated only sporadically for the past few years.

Federal law ordinarily governs felonies committed on Indian reservations. The Federal Bureau of Investigation has the lead role for handling most felony investigations on Colorado's two Indian reservations. The lone FBI agent assigned to southwestern Colorado does a superb job under extraordinarily trying circumstances. So do the two assistant U.S. attorneys in Durango who prosecute major crimes on the reservations - functioning like deputy district attorneys do elsewhere in Colorado.

These and other federal officials attempting to serve justice on Colorado's two Indian reservations face many challenges.

Yet no obstacle to the equitable and effective administration of justice is more difficult than this: There is not a single permanent federal trial court judge anywhere in western Colorado, or anywhere outside of Denver.

Restricting federal trial judges to the state capital is remarkable even for a large Western state. Even far less populous states such as Wyoming, Idaho and Montana have long provided courthouses with permanent trial judges in more than one geographic region.

In contrast, the nearest permanent federal court to our fellow citizens who happen to live in southwestern Colorado is up to nine hours away by car, in downtown Denver. Perhaps nowhere else in the entire United States south of Alaska must people travel so far to serve on, or be served by, a federal trial jury or grand jury.

Alone part-time federal magistrate in Durango provides invaluable support to the criminal justice system. But in nearly every case, witnesses to violent crimes and their alleged perpetrators must still travel repeatedly to Denver. So do federal agents and prosecutors who, in the ultimate irony, are often tethered to the federal courthouse in Denver when violent crimes are occurring in southwestern Colorado.

Yet another challenge involves the rising use and trafficking of methamphetamine on Ute Mountain Ute and Southern Ute reservations. Gangs based off-reservation sometimes offer free samples of crystal meth - or "ice," as it is known - specifically targeting Native American people. As users get hooked, they turn to dealing and other crimes on-reservation to sustain their addiction.

Difficult though these challenges are, there are promising signs of change after so many years of neglect. U.S. Sen. Ken Salazar met recently with Alberto Gonzales, attorney general of the United States, to discuss strengthening federal law enforcement and judicial resources for southwestern Colorado. Leaders from the FBI, Drug Enforcement Administration, U.S. Attorney's Office, and other federal agencies are working more closely than ever before with the elected leaders of the Southern Ute and Ute Mountain Ute tribes and their representatives.

For those of us serving in federal law enforcement, this is a case where the proof of our good intentions must be measured by real results. Too many lives have already been lost in the Southern Ute and Ute Mountain Ute nations. This is a state and national disgrace, and it must end. To cynics who say it will take too long to turn this tragedy around, our answer must be: Let's get started.

Drug Importers Sentenced (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, December 2, 2006

Couple recruited African to swallow heroin pills

The man from Ghana refused to reveal the contents of his stomach until he reached the hospital. There, faced with the prospect of an X-ray, he started to tell Maryland immigration authorities his death-defying tale.

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An emigre in the United States recruited Hopkins Appau back in Africa to swallow dozens of pellets filled with heroin. He boarded a plane, arrived in Baltimore and greeted his American bosses from his motherland -- a longtime Washington municipal employee and his immigrant wife living in a suburban townhouse.

A U.S. District Court judge in Baltimore sentenced the couple, Godfrey Bonsu, 44, and his wife, Victoria Boateng, 42, both of Bowie, to lengthy prison terms yesterday for running a drug courier business out of a Takoma Park Quality Inn.

They were found guilty in February by a federal jury of conspiracy to import and distribute heroin. Yesterday, Bonsu received a 14-year prison term while Boateng was ordered to prison for slightly more than 11 years.

"I'm really sorry. ... I let my children down," Bonsu told the judge. "I had a good job."

U.S. District Judge Catherine C. Blake increased both of their prison terms after finding that they were supervisors or managers of the drug conspiracy.

"The couriers testified to being given various instructions by the defendants, such as drinking milk, waiting at the hotel and calling the defendants when the pellets were ready," Assistant U.S. Attorney Michael Hanlon wrote in court papers.

In the Maryland case investigated by U. S. Immigration and Customs Enforcement, prosecutors argued that in 2003 and 2004, Bonsu and Boateng recruited couriers from Ghana to smuggle heroin from Ghana, Germany and the United Kingdom.

Appau, who was arrested in December 2004, carried almost 600 grams of heroin, or about 60 internal pellets.

His fellow courier, James Manu, arrested in September of that year, filled his stomach with 69 pellets and lined his clothing with an additional 3 kilograms of heroin. Yesterday, the judge also determined that Bonsu had obstructed justice by testifying falsely at a pretrial suppression hearing, leading to another enhancement of his sentence.

Bonsu "was employed, he contributed to society," Blake said at the hearing. But despite some undisclosed information the couple provided to authorities about the drug trade, she could not excuse their role as leaders.

Law enforcement agents use a variety of techniques to catch such drug couriers.

"Sometimes we have intelligence provided by an informant or you see that something is wrong with a person," Drug Enforcement Administration Special Agent Steve Robertson said in an interview shortly after the Bonsu-Boateng convictions in February.

Agents usually try to wait the courier out, taking suspects into a bathroom with a screen to catch excrement. The pellets don't throw up very well, according to Robertson.

"But it's incredibly dangerous. Stomach acids can burn a hole in them. But sometimes people will swallow them and tie them to a back molar and then they pull it back up through their throat," said the agent, who spent 17 years in drug interdiction work on the Southwest border.

Pittston Twp. Cop Arrested On Drug Trafficking Charges (CV)

Citizens Voice, December 2, 2006

PITTSTON TWP. — A part-time township police officer who also worked in other communities was arrested Friday on federal drug trafficking and illegal handgun possession charges.

Patrolman Charles M. Byra Jr., 28, a township resident, was charged with possession of crack cocaine and marijuana with intent to sell and with carrying a stolen gun, which he allegedly used while drug trafficking, according to the criminal complaint.

If convicted, Byra could face from five years to life in prison and close to $2 million in fines.

The arrest follows an investigation by the U.S. Drug Enforcement Administration and the state police that spanned most of this year. Even after Byra was in custody, investigators searched the township police office for more evidence.

“They took everything pertaining to him — log sheets, time sheets, evidence pertaining to his cases,” said Chief Stephen Rinaldi.

The chief said Byra had worked for his department since February 2005.

“He was a good cop. It’s very disappointing to me. Any time you asked him to do something, he’d do it,” Rinaldi said.

Byra also has worked as a part-time officer in Avoca, Dupont and worked for about a month in Duryea in 2005. Part-time officers are hired on a month-to-month basis in the communities.

Assistant U.S. Attorney William Houser said Friday it was against policy to comment on charges against a defendant.

Byra was taken to federal court in Scranton to hear the charges against him on Friday afternoon. U.S. Magistrate Judge Malachy E. Mannion order him detained until a detention hearing in federal court in Wilkes-Barre on Wednesday at 10:30 a.m.

The hearing will determine whether he should remain incarcerated or be released on bail.

His preliminary examination hearing is set for Dec. 13 at 3:30 p.m. in federal court in Scranton to determine if there is sufficient evidence to send the charges to trial.

Officer Faces Charges (PAPN)

Harrisburg Patriot-News (PA), December 3, 2006

LUZERNE COUNTY

PITTSTON TWP.

A Pittston Twp. police officer has been charged in federal court with felony drug and weapons offenses after an investigation by the U.S. Drug Enforcement Administration. Federal officials said Michael Byra Jr., 28, could face a sentence of up to life in prison and fines up to $2 million if convicted of all offenses lodged against him.

Byra was charged in U.S. District Court in Scranton on Friday with possession with intent to distribute crack cocaine, possession with intent to distribute marijuana, possession of a firearm during a felony drug trafficking transaction and possession of a stolen firearm.

Byra was being held by federal authorities at an undisclosed location.

Source: Cop Took Evidence In Drug Cases (TLPA)

Times Leader, December 2, 2006

SCRANTON – Pittston Township police officer Charles Michael Byra Jr. recently testified that he's made at least 60 drug busts, arresting out-of-town drug dealers who make a habit of staying at a specific township motel on weekends.

On Friday, Byra, 28, found himself as a defendant facing the same charges.

A source close to the investigation said Byra was arrested on suspicion he stole evidence connected to mainly drug cases when he worked as a part-time officer in Dupont earlier this year.

Dupont Mayor Daniel Lello said Byra was employed as a part-time officer in Dupont but hasn't worked since the evidence – heroin, cocaine, marijuana, guns, about $10,000 in cash from drug busts, numerous files, and a log book – was reported missing earlier this year.

"After the incident happened, I didn't put him on anymore," Lello said.

Byra was arrested by state police at Wyoming and turned over to federal agents with the U.S. Drug Enforcement Administration Friday morning.

He appeared nervous often conversing with his lawyer, Ingrid Cronin, when he appeared before U.S. Magistrate Judge Malachy Mannion in federal court in Scranton Friday afternoon.

Byra was charged with two counts of possession with intent to distribute marijuana, and one count each of possession with intent to distribute crack cocaine, carrying a firearm during a drug transaction and possession of a stolen firearm, a Highpoint .380-caliber pistol, according to the federal criminal complaint.

U.S. Assistant Attorney William Houser declined to comment about the allegations against Byra. Mannion approved a request by Houser to seal the affidavit of probable cause, which is a narrative description of what police say happened.

During Friday's brief hearing in federal court, Houser said there are numerous recordings that implicate Byra.

Cronin refused to comment.

Byra was ordered to be held by federal authorities until Wednesday when a detention hearing is tentatively scheduled for 10:30 a.m. Wednesday at the federal courthouse in Scranton. A preliminary examination, commonly known as a preliminary hearing, is tentatively set for Dec. 13 at the federal courthouse in Scranton.

Throughout the morning and into the early afternoon, state and federal authorities removed boxes of evidence and several filing cabinets from the Pittston Township Police Department.

Township police Chief Stephen Rinaldi said he couldn't comment. Rinaldi did say Byra was employed as a township officer for nearly two years.

Township Supervisor Anthony Attardo said a decision will be made whether to suspend or terminate Byra from the police department. Attardo said whatever action is taken, Byra is entitled to a hearing before the supervisors.

According to Times Leader archives, Byra previously worked as a police officer in Ashley, Avoca, Sugar Notch and Warrior Run.

Lack Of Cooperation Hinders Baseball's Steroid Inquiry (NYT)

By Jack Curry

The New York Times, December 2, 2006

George J. Mitchell, the former Senate majority leader who is leading an investigation into steroid use in baseball, said in a statement yesterday that some parties he would not name had not cooperated with investigators. Because of that lack of cooperation, Mitchell said, it will take longer to complete the investigation.

"My investigative staff has conducted hundreds of interviews and received thousands of documents; however, much more work will be necessary," he said. "Cooperation has been good from many of those with whom we have sought testimony and documents, but has been less good from some others."

Since Mitchell does not have the power to force anyone connected with possible steroid use to testify, he has been stalled in pursuing some information. Several team officials have given testimony, but no players have acknowledged speaking with Mitchell. Mitchell has repeatedly declined to offer a timetable for when the investigation might be finished.

"This will not affect the result of the investigation, but it has increased the length of time it will take to complete the investigation," said Mitchell, who gave the statement after inquiries from reporters.

"It is for that reason I will continue the policy of not attempting to predict when the investigation will conclude, other than to say that we are pressing forward and will conclude our work as soon as possible," he said. "It's important to finish this job as soon as possible, but it's even more important to do it right."

When Commissioner Bud Selig appointed Mitchell as the investigator more than eight months ago, it was believed that he was targeting Barry Bonds, something Selig has denied. Bonds has 734 career home runs, 21 short of Hank Aaron's career record. Mitchell has not revealed whether he has interviewed Bonds, but it seemed unlikely. Bonds said last season that he had not spoken to any investigators.

"When I accepted this assignment, I said that I intended to conduct an investigation that is objective, thorough and fair," Mitchell said. "That remains my intention."

MLB's Steroids Probe Delayed By Lack Of Power No Timetable For Probe's Conclusion, Mitchell Says (AP)

AP, December 1, 2006

NEW YORK - Former Senate Majority Leader George Mitchell said his probe into steroid use in baseball has been delayed because he lacks power to order testimony.

Mitchell was hired by commissioner Bud Selig last March following more than a year of allegations against Barry Bonds, Mark McGwire and other stars. No timetable was set for Mitchell's report.

"When I began, I was, of course, aware that I do not have the power to compel testimony or the production of documents," Mitchell said in a statement Friday. "From the outset I believed that the absence of such power would significantly increase the amount of time necessary to complete the investigation, and it has."

A Third Way On Drug Laws (WP)

By Kevin A. Sabet

The Washington Post, December 4, 2006

Some say that the state of Michoacan, deep in south Mexico, is where the "war on drugs" really started, back in 1985. It was there that Mexican drug lords upped the stakes by burying in a shallow grave the body of a young Drug Enforcement Administration agent, Enrique Camarena, whom they had kidnapped and killed. The U.S. Congress responded months later with

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strict anti-drug laws, including a mandatory minimum sentence of 10 years in prison for anyone trafficking in five grams of crack cocaine or 500 grams of powder cocaine.

At that time, crack was certainly producing more violence on the streets than powder cocaine, and beat cops were expressing frustration at this ever-increasing drug market. Undoubtedly it was a time to enact "tough" legislation. But today, more than 20 years later, drug-related killings remain commonplace in that region of Mexico. Six police officers were found dead there one day last month. And though crack cocaine use has decreased dramatically since the mid-1980s, the debate over what to do about our drug problem rages on.

On the same day as the recent police killings in Mexico, the U.S. Sentencing Commission -- an independent judicial body that advises Congress on sentencing laws -- held hearings on the effectiveness of the federal cocaine law. Should five grams of crack cocaine continue to trigger the same sentence as 500 grams of powder cocaine? The answer is clearly no.

The Sentencing Commission has written that there is a "widely held perception that the current penalty structure . . . promotes unwarranted disparity based on race." The evidence that trafficking laws disproportionately affect blacks is hard to quantify, since there is little national demographic data on traffickers. Still, this law undoubtedly helps funnel young black men (a mind-boggling 85 percent of federal defendants in crack cocaine cases are black) into prison at rates that should cause us concern.

Most of these people are street-level dealers rather than high-level traffickers. Theoretically, a mid-to-high-level dealer caught with 499 grams of cocaine could get a lighter sentence than any one of the scores of much lower-level crack dealers he supplied the drug to (crack is a simple combination of powder cocaine and baking soda). Perhaps most troubling, the law has caused many Americans to lose faith in the criminal justice system even as it has increased racial division.

If current laws are unjustified, what are the alternatives? Many drug policy activists will tell you that "our laws don't work" and then quickly conclude that legalization is the most sensible solution. But there's no evidence that works either. If addiction, sickness and community decay are concerns, then it must be said that drug legalization has failed as a social experiment -- witness the massive problems of legalized drugs in other places (remember Switzerland's Needle Park?) or legalized tobacco today (where commercialization fuels addiction and high profits).

But of course no serious drug policy analyst can look you in the eye and tell you that our only alternatives are strict prohibition or lax legalization. There is, in fact, a comfortable position closer to the middle: We can reform the worst parts of our laws without fearing massive increases in drug use. Erasing or dramatically closing the gap between the sentences for crack cocaine and powder cocaine is a good example of this.

The commission last argued for a 20-to-1 sentencing ratio (as opposed to the present 100-to-1) as a politically sensitive solution, and some members of Congress have argued for wiping out the distinction altogether. Just about anything would be better than current policy.

It sounds easier than it is, of course, but the current political climate may be just right. President Bush, two days before his first inauguration, expressed a desire for a change, telling CNN that the law "ought to be addressed by making sure the powder cocaine and the crack cocaine penalties are the same," because he didn't "believe we ought to be discriminatory." With the president now saying he is ready to work with the newly elected Democratic leadership, reform could be within reach.

Such a move would be more about making our drug policies "smart," and less about looking "tough." And it certainly would be about time.

Kevin A. Sabet was a speechwriter for two U.S. drug czars, in the Clinton and Bush administrations. He is a fellow at National Development and Research Institutes Inc. in New York and a PhD candidate at Oxford University.

Editorial | Internet Drug Trafficking (PHI)

The Philadelphia Inquirer, December 2, 2006

Almost anyone with an e-mail address has received those annoying spam messages offering prescription drugs without a prescription. Most folks simply hit "delete" and think no more of it.

But as Inquirer reporter John Shiffman recently chronicled in a page-turner of an investigative series, illegal Internet drug trafficking is a lucrative, dangerous business. Stopping these illicit cyber drug rings requires dedicated, technologically savvy law enforcement agents and a high level of cooperation among federal, state and local authorities.

Fortunately, that's exactly what happened in Operation Cyber Chase, an investigation led by the Drug Enforcement Administration. The Inquirer's "Drugnet" series (http://go.philly.com/drugnet) provided a behind-the-scenes look at how authorities captured Akhil Bansal.

The grad student living in Roxborough had an online operation that illegally sold about 2.5 million doses per month of controlled substances to more than 100,000 customers. Bansal supplied eight drug organizations operating more than 200 Web sites with painkillers, steroids and other controlled substances smuggled from India, where his father was a physician. In all, 25 co-conspirators were arrested.

These drug networks involve much more than people trying to make a fast buck. They harm their customers, including many teens, who become addicted to pills. They are responsible for overdose deaths. Some drugs are counterfeit; some haven't been stored properly. They come without instructions; they come without any consultation with a licensed physician.

A 2003 study by Monitoring the Future (funded in part by the National Institutes of Health) found that abuse among 12th graders of Vicodin, a narcotic pain-reliever, was second only to marijuana. Parents previously worried about their children encountering drug pushers on street corners; the Internet allows far more sophisticated pushers direct access to their homes.

Tougher, updated laws could help slow the flow of illegal controlled substances. Federal law enforcement authorities work under the auspices of the 1970s-era Controlled Substances Act, enacted long before the Internet came into use.

Some states are catching on to the public health threat. Kentucky enacted an Internet pharmacy law in 2005 that requires anyone shipping controlled substances into the state to register with the Attorney General's Office. Pennsylvania does not have such a law; New Jersey introduced a bill this year, but it stalled in the General Assembly.

Many of the Web sites selling these drugs operate overseas. To shut them down requires international cooperation, which can be slow and complicated.

U.S. drug wholesalers need to step up their efforts, too. These companies are privy to unusual sales patterns; for example, when a small pharmacy starts ordering much larger amounts of narcotics than it had in the past. Not all wholesalers are living up to their legal obligation to report suspicious activity.

State medical boards should speak out against online doctor-patient "relationships." The Federation of State Medical Boards has said that a patient filling out an online questionnaire to be reviewed by a cyber doctor "does not constitute an acceptable standard of care."

Also, the public's attitude about pills needs to change. Street drugs such as heroin are understood to be harmful and illegal because the user injects a needle into his or her arm. Narcotics in pill form are just as dangerous, just as addictive, and these days are much easier to obtain.

Afghanistan Opium Crop Sets Record (WP)

By Karen Deyoung, Washington Post Staff Writer

The Washington Post, December 2, 2006

U.S.-Backed Efforts At Eradication Fail

Opium production in Afghanistan, which provides more than 90 percent of the world's heroin, broke all records in 2006, reaching a historic high despite ongoing U.S.-sponsored eradication efforts, the Bush administration reported yesterday.

In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the amount of land under cultivation in opium poppies grew by 61 percent. Cultivation in the two main production provinces, Helmand in the southwest and Oruzgan in central Afghanistan, was up by 132 percent.

White House drug policy chief John Walters called the news "disappointing."

The administration has cited resurgent Taliban forces as the main impediment to stabilization and reconstruction efforts in Afghanistan, and the U.S. military investment has far exceeded anti-narcotic and development programs. But U.S. military and

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intelligence officials have increasingly described the drug trade as a problem that rivals and in some ways exceeds the Taliban, threatening to derail other aspects of U.S. policy.

"It is truly the Achilles' heel of Afghanistan," Gen. James L. Jones, the supreme allied commander for NATO, said in a recent speech at the Council on Foreign Relations. Afghanistan is NATO's biggest operation, with more than 30,000 troops. Drug cartels with their own armies engage in regular combat with NATO forces deployed in Afghanistan, he said. "It would be wrong to say that this is just the Taliban. I think I need to set that record straight," he added.

"They have their own capability to inflict damage, to make sure that the roads and the passages stay open and they get to where they want to go, whether it's through Pakistan, Iran, up through Russia and all the known trade routes. So this is a very violent cartel," Jones said. "They are buying their protection by funding other organizations, from criminal gangs to tribes, to inciting any kind of resistance to keep the government off of their back."

Any disruption of the drug trade has enormous implications for Afghanistan's economic and political stability. Although its relative strength in the overall economy has diminished as other sectors have expanded in recent years, narcotics is a $2.6 billion-a-year industry that this year provided more than a third of the country's gross domestic product. Farmers who cultivate opium poppies receive only a small percentage of the profits, but U.S. officials estimate the crop provides up to 12 times as much income per acre as conventional farming, and there is violent local resistance to eradication.

"It's almost the devil's own problem," CIA Director Michael V. Hayden told Congress last month. "Right now the issue is stability. . . . Going in there in itself and attacking the drug trade actually feeds the instability that you want to overcome."

"Attacking the problem directly in terms of the drug trade . . . would undermine the attempt to gain popular support in the region," agreed Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency. "There's a real conflict, I think."

The Afghan government has prohibited the aerial herbicide spraying used by U.S. anti-narcotic programs in Latin America. Instead, opium poppy plants in Afghanistan are destroyed by tractors dragging heavy bars. But only 38,500 of nearly 430,000 acres under cultivation were eradicated this year.

Because of security concerns and local sensibilities, all eradication is done by Afghan police, and corruption is a major problem at every level from cultivation to international trafficking. Although the drug trade is believed to provide some financing to the Taliban, most experts believe it is largely an organized criminal enterprise. According to a major report on the Afghan drug industry jointly released last week by the World Bank and the U.N. Office on Drugs and Crime, key narcotics traffickers "work closely with sponsors in top government and political positions."

The report drew specific attention to the Afghan Interior Ministry, saying its officials were increasingly involved in providing protection for and facilitating consolidation of the drug industry in the hands of leading traffickers. "At the lower levels," the report said, "payments to police to avoid eradication or arrest reportedly are very widespread. At higher levels, provincial and district police chief appointments appear to be a tool for key traffickers and sponsors to exercise control and favor their proteges at middle levels in the drug industry."

Opium cultivation was outlawed during Taliban rule in the late 1990s and was nearly eliminated by 2001. After the overthrow of the Taliban government by U.S. forces in the fall of that year, the Bush administration said that keeping a lid on production was among its highest priorities. But corruption and alliances formed by Washington and the Afghan government with anti-Taliban tribal chieftains, some of whom are believed to be deeply involved in the trade, undercut the effort.

Afghan President Hamid Karzai recently noted that "once we thought terrorism was Afghanistan's biggest enemy" but said that now "poppy, its cultivation and drugs are Afghanistan's major enemy."

Eradication and alternative development programs have made little discernible headway. Cultivation -- measured annually with high-resolution satellite imagery that is then parsed by analysts using specialized computer software -- is nearly double its highest pre-Karzai level.

"There is supposed to be a tremendous energy associated with this," Jones said of the counter-narcotics programs, "but it needs a fresh look because . . . we're losing ground.

Afghan Opium Breaks All Records, U.S. Says (WT/UPI)

The Washington Times/UPI, December 2, 2006

Afghanistan's opium crop, which provides almost all the world's heroin, has broken all records despite U.S.-sponsored purge efforts, the White House says.

In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the acreage used for opium poppies grew by 61 percent, the White House said.

Cultivation in the two main production provinces, Helmand and Oruzgan, was up by 132 percent.

White House drug policy chief John Walters called the news "disappointing."

U.S. military and intelligence officials increasingly describe Afghanistan's drug trade as a problem that in some ways exceeds that of the Taliban, The Washington Post reports.

Drug cartels with their own armies engage in regular combat with NATO forces in Afghanistan, NATO Spreme Allied Commander Gen. James L. Jones said.

"It would be wrong to say that this is just the Taliban. I think I need to set that record straight," he said.

IMMIGRATION:

Congress Open To Passing Bill On Immigration (WT)

By Charles Hurt

The Washington Times, December 4, 2006

Congress will approve an immigration bill that will grant citizenship rights to most of the 12 million to 20 million illegal aliens in the U.S. after Democrats take control next month, predict both sides on Capitol Hill.

While Republicans have been largely splintered on the issue of immigration reform, Democrats have been fairly unified behind the principle that the illegals currently in the country should get citizenship rights without having to first leave the country.

"Years of dawdling have worsened our border security and made it harder to fix this broken system," said Sen. Patrick J. Leahy, the Vermont Democrat who will lead the Judiciary Committee next year. "We should not let partisan politics and intolerance continue to delay and derail effective reform."

Democrats in both chambers say they will start with some form of legislation first drafted by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat, which was the basis for the bill that was approved earlier this year by the Senate.

"This past May, the Senate Judiciary Committee reported and then the Senate passed bipartisan versions of comprehensive immigration reform to bring people out of the shadows while strengthening our borders," Mr. Leahy said. "I look forward to building on that work next year and making progress on a bipartisan effort that improves security, supports our economy and respects the dignity of all people."

House Republicans and many outside Congress derided that bill as "amnesty" for allowing illegals to remain in the U.S. and eventually become citizens. Democrats say it's not amnesty because aliens must pay a fine and wait years before becoming citizens.

"The Senate bill is pure amnesty," said Rep. Jack Kingston, Georgia Republican. "Dress it up any way you want, it's still amnesty. It lets people pay their way out of sneaking into the country illegally."

With President Bush as an ally in the White House, he worries, Democrats will proceed next year with legislation to ultimately make citizens out of most of the illegals now in the country. And Republicans, still reeling from deep losses in the November elections, will give up the fight.

Rep. Dana Rohrabacher, California Republican, said he expects an immigration-reform bill that doesn't deport illegal aliens to be the only significant legislation to come out of the new Democratic Congress and win Mr. Bush's approval.

"The only real legislation that can be expected from Congress is amnesty," he said. "If they come up with a plan and the president is behind it, it will pick up a lot of our own members."

Republicans also expressed little confidence that their leadership team is committed to blocking amnesty.

The group Americans for Better Immigration, which supports tougher immigration policies, has given Republican leaders mixed grades on the issue. But on the issue of amnesty, the grades have been much worse.

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Rep. John A. Boehner of Ohio, the House Republican leader, has a "D"; Rep. Roy Blunt of Missouri, the House Republican whip, scores a "C+." Incoming House Republican Conference Chairman Adam H. Putnam of Florida, who has co-sponsored legislation that many view as amnesty, scores an "F-" from the group on the issue.

Still, Mr. Boehner and Mr. Blunt can claim credit for thwarting the Senate immigration bill earlier this year. But now the only hope, Republicans say, is that some of the conservative Democrats who beat Republican incumbents this year will side with conservatives in the House to block anything that smells like amnesty.

Rep. Tom Tancredo, the Colorado Republican and a leading critic of amnesty, was initially dejected by November's elections, fearing that Democrats would ram through immigration reform. But a recent congressional trip with conservative-leaning "Blue Dog" Democrats changed his mind.

They don't want to touch the issue, he said, after seeing fissures already develop among Democrats' base voters on the issue. Illegal-alien advocacy groups think the Senate bill is too harsh on illegal aliens because it imposes fines on all and excludes others with criminal records. Those groups also insist future workers have a direct path to citizenship -- a requirement that labor unions fiercely oppose.

"I think it's going to be much more difficult for them to do than I had thought the day after the election," Mr. Tancredo said.

Most likely, he said, Democrats will succeed at undoing plans to build 700 miles of fencing along the U.S.-Mexico border.

"The thing that's in the greatest jeopardy right now is the fence, because they do have the appropriations process and that's probably the one they can stop," Mr. Tancredo said.

TAX:

Senator-Elect From The Farm Makes Small Firms A Priority (USNEWS)

By Renuka Rayasam

U.S. News and World Report, December 4, 2006

Jon Tester got into Montana politics about eight years ago because he thought that the state's 1997 energy deregulation policies were unfair to small companies. Last year, as Montana Senate president, he won enactment of legislation offering tax credits to make health insurance more affordable to companies with two to nine employees. Even after taking time off from campaigning to harvest grain for his organic farm, the fiscally conservative Democrat still narrowly beat out Republican incumbent Conrad Burns in last month's U.S. Senate race. Tester will be a member of the Senate Committee on Small Business and Entrepreneurship.

Tell me about the farm you run with your wife, Sharla, 12 miles west of Big Sandy, Mont.

The farm we run [growing lentils, barley, peas, and gluten-free grain] as a business adds value through organics. We also shut down a custom butcher shop that processed animals for the neighbors. Both things came handed to me generationally. My grandparents started the farm we operate in 1916. My dad and mom set up the custom butcher shop in the 1960s.

How has being a farmer and business owner shaped your view of small-business issues?

If you look at what has built this country, it has been small business and working families. They are critical to the economic success of the country. We're a mom and pop operation. Some of the things we experience are regulations set up more from a big-business standpoint. Small business is taxed with potential accounting measures set up for Enron and things like that.

What are some of the issues important to small business?

You have to make sure you're not putting undue burden on small business from a tax and regulation standpoint.

Does that burden include the Internal Revenue Service crackdown on small companies in order to close the tax gap?

If there's some tax fraud, it needs to be cracked down on. But tax problems don't come from the small-business community. They come from businesses locating offshore and things like that.

You are a former school board chairman. How do you think education relates to small business?

A well-trained workforce is critical to small-business success. What I hear from business is that it's hard to find help that meets their needs. Right now we're breaking ground on a technical college in Great Falls to facilitate a better workforce. You've got to have a good public education system so small-business owners, when they locate to an area, are confident their kids are

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getting the best education possible. I feel strongly about local control in school districts. Things like [the] No Child Left Behind [Act] take away local control, but a local school board knows best what a district needs.

How will the healthcare debate affect small-business owners?

Healthcare is very much a high priority for me. Healthcare is also a huge issue for business, both big and small. But that's an issue that hasn't been addressed at all yet from a small-business standpoint.

It looks as if the federal minimum wage will climb next year. What effect will that have on small companies?

I don't think that's going to impact small business in the least. It's so minimal you can't get good people at that wage level. If you are going to have someone stay with you any length of time, you are going to have to pay them more.

What advice do you have for other small-business owners?

You've got to be smart and deliver the kind of service and commodity that the customer wants. You have to be smart financially, and you can't overextend yourself. Make sure you have a sharp pencil.

CONGRESS-ADMINISTRATION:

More Disorder In The Court? (USNEWS)

By Liz Halloran

U.S. News and World Report, December 4, 2006

Just days before last month's elections, a conservative weekly's website suggested that a member of the U.S. Supreme Court was gravely ill and that friends had been asked to pray for 86-year-old Justice John Paul Stevens.

Such rumors are normally "too ghoulish to repeat publicly," wrote Sean Rushton on HumanEvents.com. But with control of the Senate at stake, it is "news that should be considered," he said, even if it's unfounded.

That get-out-the-vote effort stuck out even in a campaign full of cynical appeals. Today, nearly a month after Democrats won both houses of Congress, the Stevens scuttlebutt remains uncorroborated–the senior justice has participated fully in recent arguments, as has Justice Ruth Bader Ginsburg, 73, who's also been the subject of rumors of poor health. But the effort by Rushton, former director of a conservative group devoted to winning approval of White House judicial nominations, underscored the right wing's investment in the issue of high court nominees. With newly powerful Democrats like New York Sen. Charles Schumer of the Judiciary Committee vowing an end to "the days of hard-right judges," the nominee game has become far more complicated.

Vermont Sen. Patrick Leahy, the Democrat who will chair the Judiciary Committee, said he is willing to work with Bush but noted that "the power to avoid destructive political warfare over a vacancy on the Supreme Court lies with the president." So what does that mean for future nominations? The new dynamic has unleashed speculation over whom President Bush may consider if he gets another opportunity to nominate a Supreme Court justice–it would be his third–during his remaining two years. And it has reinvigorated strategy sessions on all sides to assess the many "what if's."

Would the lame-duck president instigate a potentially unwinnable war with Senate Democrats by putting up a conservative in the mold of Samuel Alito, described recently by a GOP activist as "one of the most conservative federal appeals court judges ever confirmed"? Or would he work with Democrats to build consensus around a moderate conservative with a shot at winning a Senate confirmation vote? And would the president try to make history with a Hispanic nominee–or make up for his failed effort to get White House Counsel Harriet Miers on the bench and pick a woman?

"Obviously, everything changed when the majority changed," says Mark Agrast of the liberal Center for American Progress. "The issue of filibuster, which colored the whole discussion previously, is off the table, and nominees now will go through the regular order: from Judiciary Committee, to the Senate floor, and to a vote." And both sides are eager to test the waters.

The View From the Right

Leonard Leo of the conservative Federalist Society is already urging Bush to stick with his strategy of picking nominees that please the right, even without a GOP Senate majority. "No matter who he nominates, it's going to be a firefight," said Leo, a behind-the-scenes player in the administration's judicial nomination strategy. "What's the worst that happens? The cost of not doing the right thing is greater than a nominee going down in flames." He and others on the right believe that if the president has

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the opportunity, he'll nominate a woman. And the top name on their list is Edith Hollan Jones of Texas. Appointed in 1985 to the Fifth Circuit Court of Appeals in Houston by President Reagan, Jones, 57, is now a chief judge and has been on the Supreme Court shortlist since the president's father was in office.

Lawmakers Wrapping Up Session But Leaving Loose Ends (NYT)

By Carl Hulse

New York Times, December 3, 2006

Republicans intend to conclude the 109th Congress this week and leave Democrats stuck with the tab in the form of unfinished spending bills as the days of Republican rule draw to a close on Capitol Hill.

Congressional leaders said election losses had sapped Republican enthusiasm for trying to finish nine spending measures that were due Oct. 1. Congress will instead pass a stopgap measure to keep the government running until mid-February, leaving the fiscal tangle for the new Democratic majority to sort out next year.

Republicans will, however, try to record some final accomplishments as they intend to adjourn by Friday. They would like to extend a number of popular tax breaks rather than see Democrats get credit for restoring them next year. House Republicans also plan to try to push through an expansion of offshore oil and gas drilling opportunities and will take a symbolic anti-abortion vote before Democrats, many of whom support abortion rights, take control in January.

On Tuesday, the Senate Armed Services Committee will convene a hearing on the nomination of Robert M. Gates to be defense secretary. Members of both parties expect him to be approved by the end of the week to succeed Donald H. Rumsfeld unless a serious obstacle emerges in the hearing.

In any event, Senator Bill Frist of Tennessee, the majority leader who is stepping down at the end of this Congress, does not intend to keep lawmakers around long.

“Senator Frist plans to adjourn the 109th Congress by week’s end,” his office said last week as it laid out a potential agenda.

The resistance to finishing the appropriations bills is not going over well with Democrats, who have accused Republicans of acting irresponsibly. The unfinished business could also prove a distraction for members of the incoming majority who would like to spend the first weeks of 2007 moving ahead with their own agenda rather than cleaning up from 2006.

“They cut and run from the troops by not doing their oversight, and now they are cutting and running from the country by not passing the spending bills,” said Representative Rahm Emanuel of Illinois, who will be the chairman of the Democratic caucus next year.

But Republicans noted that Democrats had failed to finish their spending bills after the 2002 elections gave Republicans control of the Senate. And they said inaction on the appropriations measures would save the government money by holding spending at current levels rather than providing increases to federal agencies or establishing new programs.

“Every week we don’t pass the bills, we save money,” said Mr. Frist’s chief of staff, Eric M. Ueland.

Republicans struggled throughout the 109th Congress with budget and appropriations measures, caught between conservatives who wanted to hold down spending and more moderate lawmakers who sought to increase investment in health, education and other programs.

Congress this year sent only 2 of 11 spending bills — those covering the Pentagon and the Department of Homeland Security — to President Bush, leaving much of the government operating under what is known as a continuing resolution. Senate conservatives have led the opposition to trying to finish the bills, arguing that they do not want to see a flurry of wasteful pet projects inserted into a huge appropriations package that few would be able to decipher. But others said failing to pass the bills would leave agencies unable to deal with new demands like a need for increased veterans care.

Republicans would also like to renew tax breaks like the tuition tax credit, federal income tax deduction for state sales tax, and a business research and development tax credit. Those provisions have been tied up in disputes over other legislation all year. The tax breaks could run into trouble again if lawmakers try to use the package to gain approval of more controversial items, like a trade agreement with Vietnam. The bill might also be used to suspend a cut in doctor fees under Medicare.

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With an eye on a new Democratic majority that will be less inclined to expand offshore drilling, House Republican leaders have decided to allow a vote on a Senate measure that would open about 8 million acres in the eastern Gulf of Mexico to oil and gas exploration rather than hold out for a more expansive House bill.

The House approach, which would end longstanding drilling bans along much of the nation's coast, has no chance of approval in the Senate before Congress adjourns. The oil industry and its allies persuaded the House leadership to agree to a vote on the Senate bill as the best chance to win new drilling rights.

"With the results of this past election, this Congressional session may be the only chance we have for years to come to produce more oil offshore," said Senator Jeff Sessions, Republican of Alabama, who hailed the measure that would steer millions of dollars in royalties to his state and others along the Gulf Coast.

The House leadership intends to try to win passage of the legislation on Tuesday under an expedited process that limits amendments but requires the approval of two-thirds of those voting; should that fail, they may try to bring the bill back to the floor later in the week with a limit on amendments.

In a concession to abortion opponents, the Republican leadership plans on Wednesday to allow a vote on a measure that would require women seeking an abortion to be informed that the procedure could cause pain to the fetus and be given the option of anesthesia for the fetus. Even if approved by the House, the bill is not on the Senate schedule. And it may be the last anti-abortion measure brought to the House floor for some time, since the new Democratic majority strongly backs abortion rights.

Lame-duck Session Likely To Punt To Next Congress (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 4, 2006

WASHINGTON

The "lame-duck" Congress opening this week may fit its billing.

There's a vast unfinished agenda in the 109th Congress, including most of the fiscal 2007 spending bills, immigration reform, ethics rules for lawmakers, an offshore drilling bill, a fix for President Bush's warrantless wiretapping program, and an omnibus trade and tax package.

But after an election that shifted control of the House and Senate to Democrats, there's little political will to complete it this session.

"There are a lot of factors in play, and the difficulties haven't gone anywhere since the election," says Don Stewart, a spokesman for incoming Senate Republican leader Mitch McConnell. "Both sides are talking a lot, but there hasn't been agreement yet. People are just going to keep talking until someone throws up their hands."

Congress is likely to punt on approving at least nine of the 12 spending bills for the fiscal year that began on Oct. 1.

All that means heavy lifting for Democrats in the 110th Congress, who will have to deal with old spending bills even as they are rolling out a signature agenda for the first 100 legislative days.

While expectations are fading for spending bills, the Senate is on track to confirm former CIA director Robert Gates as Defense secretary. The Senate Armed Services Committee opens hearings on the nomination Tuesday, which are expected to be vigorous but not deeply divisive.

"We have to have someone who will speak truth to power and not just tell a president what he wants to hear," said Sen. Carl Levin (D) of Michigan, the committee's incoming chairman, on NBC's "Meet the Press" Sunday. "It's likely that he's confirmed, but it's very important that there be a fair process."

Of the dozen postelection sessions Congress has held since World War II, several have had historical significance. In 1954, the Senate convened to censure Sen. Joseph McCarthy (R) of Wisconsin for his "lynch party"-style hearings on the dangers of communism. In 1974, Congress met to complete legislation delayed by the Watergate investigation. In 1998, the House met for two days to impeach President Clinton.

Since then, Congress has been driven into overtime after each election because of unfinished spending bills. Those lame-duck sessions became a free-for-all for adding earmarks to massive omnibus spending bills or, when that failed, postponing decisions until the next Congress.

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Of the two strategies, say budget watchdog groups, punting to the next Congress may be preferable. "It will save a lot of money," says Tom Schatz, president of Citizens Against Government Waste. "For now, taxpayers have a little bit of a Christmas present, because a continuing resolution spends the lower amount of last year's spending bill."

At press time both the House and Senate aimed to pass a continuing resolution for spending bills through Feb. 15, 2007.

The deadlock is similar to what happened in the waning hours of the 107th Congress, after Democrats lost control of the Senate. After failing to agree on spending, Congress opted to complete work on 11 unfinished appropriations bills in the new Congress. In 2002 and 2004, Congress used lame-duck sessions to negotiate vast omnibus spending bills, along with member "pork" projects to sweeten the deal.

Today, in the Senate, the main obstacle is a determined minority of conservatives who want assurances that no pork projects will be added to appropriations bills.

"We're trying to shut down the favor factory, at least until Christmas," says John Hart, a spokesman for Sen. Tom Coburn (R) of Oklahoma, who for the first time challenged individual earmarks, such as the proposed "bridge to nowhere" in Alaska, on the floor of the Senate in the 109th Congress. "We'll take a short-term [resolution] if it means not passing 10,000 earmarks in the last stages of the session."

Senate conservatives are also blocking a conference with the House over the $136 billion Military Quality of Life and Veterans Affairs spending bill, which cleared the Senate unanimously last month, in a bid to curb earmarks.

Other bills could break through the gridlock. On Friday, House Republicans agreed to allow a vote on a Senate compromise bill that would open new areas for oil and natural-gas development in the Gulf Coast, but maintain a ban on coastal drilling elsewhere. The bill also increases federal royalty shares for Gulf states from less than 2 percent to 37.5 percent. The more expansive House version of the bill would open drilling in any coastal area, unless states object.

Another compromise deal that could move this week is a package of popular tax extenders, including expiring state sales-tax deductions, college-tuition deductions, and the research-and-development tax credits that are a top priority of US business groups. This bill could be paired with expiring trade preferences for developing countries, including a measure that would allow Haiti to import textiles from countries such as China and sell them duty-free in the United States - a move strongly opposed by US textile manufacturers.

Meanwhile, lawmakers are engaged in the ups and downs of the coming power shift. Halls of congressional office buildings look like an army on the move. Defeated lawmakers, including several key committee chairmen, were due to be out of their offices by last Friday.

Lazy Ducks (WP)

The Washington Post, December 4, 2006

ONE OF the basic functions of Congress is passing spending bills to fund the operations of government. Congress regularly fails to complete this work in a timely way, but the 109th Congress is set to leave on an especially negligent note. Unless something dramatic changes, it will limp to a close having completed work on just two spending bills for fiscal 2007, which began Oct. 1. The upshot is that, at best, the fiscal year will be nearly one-third over by the time the 110th Congress finishes the work left incomplete by the 109th.

This is inexcusable. The House passed all but one spending bill. The Senate Appropriations Committee reported all the spending measures by July, the earliest that's been accomplished in 18 years. Then the full Senate punted. Only two bills -- covering defense spending and homeland security -- became law; one other, for military construction, won initial Senate passage, but the conference agreement worked out with the House is now stalled.

Part of the reason -- or, to be more accurate, part of the excuse -- for the latest gridlock is a revolt by some conservative senators against earmarks in that bill. But none of the complaining senators offered any motion to strip the supposedly offending earmarks. And the reality is that their do-nothing strategy sat just fine with Senate Republican leaders, who dallied before the election and could have forced action in the lame-duck session.

Instead, they were happy to dump $460 billion in unfinished business on the new Democratic majority. One political plus for them is that the leftover mess threatens to snarl the Democrats' already full agenda at the start of the 110th Congress. Another

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is that it could force the new leaders to an early and unpleasant choice about whether to live within the Republicans' spending ceiling or look like hypocritical big spenders and risk a presidential veto.

We understand the political temptation to do mischief by doing nothing, but this is a gross abdication of lawmakers' fundamental responsibilities. It creates enormous problems across a broad spectrum of federal agencies, which have no assurance about what their final spending allowances will be. The new Congress confronts a full plate of important issues. The fiscal 2008 budget will arrive on lawmakers' desks in early February, most likely along with an oversized emergency spending request for operations in Iraq and Afghanistan. Getting all that business done will be hard enough for the 110th Congress without having to pull cleanup duty for the 109th.

For Defense Nominee, Echoes Of Old Questions (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

The Washington Post, December 4, 2006

Gates Criticized on Handling of Intelligence at CIA

When President George H.W. Bush nominated him to lead the CIA in 1991, Robert M. Gates was at 47 the youngest intelligence professional to achieve that distinction.

But during his Senate confirmation hearings, Gates -- a brilliant, smooth-operating Soviet specialist -- lost some of his luster. CIA colleagues came forward to testify that he had kowtowed to the wishes of his superiors and had manipulated intelligence to suit White House policy. Questions also arose about his involvement in the Reagan-era Iran-contra scandal.

Gates eventually won confirmation and held the CIA director's job for 14 months; even his critics describe it as a reasonably successful, modernizing tenure. Now another President Bush has picked Gates to replace Donald H. Rumsfeld as secretary of defense, citing Gates's deep Washington experience, his knowledge of the Middle East and his recent work as a reformist university president in Texas as ideal preparation for the task of leading U.S. troops out of trouble in Iraq.

With bipartisan support on Capitol Hill for quickly putting the war under new command, Gates's controversial history is by all accounts highly unlikely to derail his confirmation after a single hearing, which is scheduled for Tuesday. Moreover, Gates and others say he learned from the searing, 10-day hearings that scrutinized his record 15 years ago and has since adopted a less officious style.

At the same time, the concerns expressed about Gates then have echoes in the contemporary debate over the alleged tailoring of intelligence analysis to serve political ends, an issue at the heart of criticism of the war in Iraq. The Senate intelligence committee concluded in 2004, for example, that the CIA -- under a different director -- overstated the threat posed by Iraqi weapons of mass destruction programs and that the Bush administration shaped its depiction of intelligence to bolster the case for the U.S. intervention there.

Sen. Carl M. Levin (D-Mich.), incoming chairman of the Armed Services Committee and a foe of Gates's confirmation 15 years ago, cited the old charges of skewing intelligence in telling reporters he will seek assurances at the upcoming hearing that Gates will be independent-minded in his new job, which includes supervising a large military intelligence bureaucracy. Alluding to the Bush administration's record on Iraq, Levin said, "We've had enough [of] manipulating intelligence . . . in order to give the policymakers what they wanted to hear."The Trip to the Top

Gates's rise through the CIA bureaucracy was so swift, it sparked controversy. "He was recognized in the agency as being an exceptionally gifted analyst and an exceptionally gifted operator," said Alan Fiers, who chaired the agency's Central America task force in the mid-1980s. He was widely seen as a guy "on the make," Fiers testified in 1991.

A Wichita native who had spent a summer working as a grain inspector, Gates evidently itched to leave that life. He signed up with a CIA recruiter in 1965 because, he wrote in his memoirs, "I thought I could get a free trip to the capital." With CIA backing, he then jumped feet first into the Cold War as an Air Force intelligence officer at a Minuteman missile wing, where he recalls being "the only person in our unit who could pronounce the names of our targets."

As a CIA analyst back in Washington, he participated in one demonstration against the Vietnam War, in 1970. But the agency's obsession with the Soviet Union quickly became his own, and in 1974, at age 31, he joined the National Security Council staff for the first time as a Soviet specialist.

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Gates did not lack self-confidence in the role. On a 1975 trip to Romania, where his passport was confiscated without explanation, he stood at the door of a White House plane and extended his middle finger to security police shortly before takeoff. It was a "regrettable but immensely satisfying display of pique and immaturity," he wrote later. Zbigniew Brzezinski, national security adviser to President Jimmy Carter, nonetheless called the young Gates "the epitome of discretion and good judgment."

In 1980, Gates became the national intelligence officer for the Soviet Union, although he did not visit the country until nine years later. When William J. Casey took the CIA's reins in 1981 after being Ronald Reagan's campaign manager, Gates took an instant liking to him. Both favored a large U.S. military buildup. Although he considered Casey a "zealot" on Central America, Gates concluded that the two had similar views about the Soviet Union, including a conviction that Moscow was orchestrating rebel movements and terrorism in the Third World.

That belief was disputed by others at the agency, but the intelligence estimates prepared under Casey and Gates about the Soviet threat -- now declassified -- were mostly unequivocal, though later they were shown to be largely wrong. Four years before the Soviet Union dissolved, for example, Gates warned in a memo that Soviet President Mikhail Gorbachev was after power and not reform, leaving a "long competition and struggle ahead."

Disaffection over Gates's role in pressing such conclusions was centered in the CIA's Office of Soviet Analysis, headed by Melvin Goodman, who at the 1991 hearings accused Gates of corrupting "the process and the ethics of intelligence" by ordering changes in its reports that were unsupported by evidence.

CIA Soviet affairs analyst Jennifer Glaudemans testified, "Not only could we feel his contempt, we could feel his party line."

Disgruntlement also reached into senior ranks. Harold P. Ford, Gates's acting successor as head of the National Intelligence Council, accused his colleague at the time of leaning heavily on subordinates to skew intelligence, adding that the nation deserved someone with a better "analytic batting average."

Other senior CIA officials disputed the criticism, attributing it to sour grapes and false hearsay. Gates produced a detailed rebuttal to Goodman and in his 1996 memoir said, "We were honest, even if we were not always right."

In the end, 31 lawmakers voted against Gates's confirmation -- the most opposition any CIA director nominee had faced.

Reagan's secretary of state, George P. Shultz, was silent during the 1991 confirmation hearings but took issue with Gates in a memoir he published two years later. He said the CIA's analyses had been predictable, manipulative and improperly shaped by "strong views about policy."

"If this were a business, I'd find myself another supplier," Shultz said he told Gates at the time. Now at Stanford University's Hoover Institution, Shultz did not return a phone call seeking his current appraisal of Gates.Iran-Contra Affair

At the 1991 hearings, Gates was forced to confront another controversy, involving when he learned about the Iran-contra affair and how he reacted to it. The scandal arose in part from the secret sale of missiles and spare parts to Iran at inflated prices beginning in the mid-1980s, in a bid to gain the release of U.S. hostages held by Iranian-backed forces in Lebanon. The other part involved the secret transfer of the profits from those dealings to rebel groups in Nicaragua known as contras.

Congress had barred aid to the contras, and disclosure of the twin transactions in 1986 plunged the last two years of Reagan's presidency into controversy. Eleven active or retired U.S. officials were charged with making false statements, destroying evidence or committing fraud.

Gates was a strong backer at the time of armed intervention against Nicaragua's leftist government. In a classified memo to Casey in 1984, recently published by the nonprofit National Security Archive, Gates said Washington should do "everything in its power short of invasion to put that regime out," and he recommended airstrikes, among other measures.

Gates also became deeply involved in a controversial May 1985 intelligence estimate that he later said was "one of the animating factors" in the White House's decision to pursue the arms sales. It raised the prospect of a Cold War race with Moscow for leverage in a destabilized Iran, a notion Gates supported over the strong opposition of the CIA's Soviet analysts.

The State Department disagreed with that conclusion as well and said so in a footnote to the intelligence estimate. Morton I. Abramowitz, then the department's intelligence chief, recalls being telephoned by Gates, who requested that the department drop its footnote of dissent. Abramowitz agreed but came to regret it after the report was linked to Iran- contra. "Subsequently, given what was happening, it takes on a more nefarious meaning," Abramowitz said.

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Vincent Cannistraro, an NSC staff member who oversaw covert action at the time, said in an interview that Gates "was aware of what Bill Casey was doing with [NSC staff member] Ollie North and those back-pocket operations. . . . He clearly knew there were things going on not in accord with the regulations."

But Gates told investigators that he did not know about North's control over the contra activities and said he played no role in the affair. After hearing in October 1986 of the funds diversion, Gates expressed concerns to Casey and Reagan's national security adviser. Years later, he wrote that criticism of his failure to get to the bottom of the diversion or report it to Congress "hit home."

An independent counsel, Lawrence E. Walsh, in 1993 labeled the recollections of Casey's "ambitious" deputy disquieting and untruthful but not criminal. Walsh wrote that he was particularly troubled by Gates's assertion that he forgot receiving earlier memos and briefings about the diversion, and he said Gates's reactions were tailored more to protecting the CIA than to learning the truth and stopping illegal conduct.

But when reached in Oklahoma City, Walsh, now retired, said that he remembers feeling that Gates was in a difficult position as Casey's deputy and said he supports his confirmation as defense secretary.

Gates admitted knowing by the end of 1985 about the arms sales to Iran, which Walsh said "contravened" U.S. policy and may have been illegal. But in his memoir, Gates said he thought the sales were legal and opined that "the dirty little secret of the Iran affair" was that officials widely saw it "as a wacko, likely-to-fail NSC operation that the president wanted to pursue -- and no one was willing to put his job on the line to stop it."A New Perspective

Gates used his memoir to distance himself from the controversies. He criticized Casey for being contemptuous of Congress and "something of a bully." He said that in Iran-contra, the CIA was guilty of "political games [and] petty deceptions."

Gates also became more moderate in his views about using military force. He told a PBS interviewer for a documentary on the Persian Gulf War that the cautions of military officers about using force instead of diplomacy to solve foreign policy problems are understandable, "because I have seen a lot of civilians make a lot of proposals for a lot of silly military actions." Gates also said he supported the U.S. decision then to end hostilities without occupying Baghdad, because doing otherwise would have led to a "quagmire."

In 1999, Gates wrote that "pigeonholing most countries in one or another category -- as either friend or foe -- is wrongheaded and undermines our national interest." In 2004, he co-chaired a panel that supported direct dialogue with Iran on regional stability issues and depicted the use of military force on Iran's nuclear facilities as "extremely problematic."

Fiers, who pleaded guilty in 1991 to withholding information from Congress while working for the CIA, said that "we all grow" in judgment with 15 years of perspective, and that he considers Gates a "very good choice" to head the Defense Department because he is "smart and can see all the nuances at play in the Middle East."

Fiers said Gates has "got what very few people get in life: He's got a mulligan. He can come back and play it the right way at the right time."

Staff researcher Julie Tate and staff writer Brian Barger contributed to this report.

Hints Of A Rumsfeld-ian Style (LAT)

By Peter Spiegel And Julian E. Barnes, Times Staff Writers

The Los Angeles Times, December 4, 2006

Gates was known as a bully, but the Defense nominee's supporters say that's in the past.

WASHINGTON — Shortly after Ronald Reagan was reelected president, the CIA forwarded a controversial intelligence report on the 1981 assassination attempt against Pope John Paul II to the White House. It suggested the Soviets were involved in the plot.

Inside the agency, many analysts considered the intelligence estimate flawed. In the words of one CIA branch chief, the assertion lacked "common sense" and was, at best, conjecture.

The contention later was proved false. But there was one person who did see a Soviet hand at play in the plot, and that was the man who mattered at the time: CIA Deputy Director Robert M. Gates, who personally handed the report up to the White House.

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On Tuesday, the Senate begins its hearings on replacing Donald H. Rumsfeld, a Defense secretary criticized for failing to hear dissenting views, allowing his department to peddle flawed intelligence, and leading the military into a war in which victory has proved elusive. And it is Gates whom President Bush has selected to lead the Pentagon, offering the onetime CIA director up as "an agent of change."

But Gates appears to some an odd choice, given the Pentagon's rocky and occasionally divisive atmosphere under Rumsfeld. For much of Gates' career, critics and even some admirers have likened him to the imperious Rumsfeld and his close administration ally, Vice President Dick Cheney.

"Gates was making it clear to analysts what intelligence they were to produce," said Thomas Blanton, director of the National Security Archive, a nonprofit institute that gathers and analyzes declassified documents. "It's a chilling record, because you have two main themes of the Iraq war present in Robert Gates' career at CIA: the arrogance and bullying of a Rumsfeld and the intelligence cherry-picking of a Cheney."

Hearings were key

But critics and friends also suggest that Gates, 63, has evolved. The charges that he was a bully who was wrong on the important foreign policy issues of the day were sifted during his 1991 confirmation hearings to become CIA director. Those hearings, along with his failed nomination in 1987, were a public flogging that, those close to him say, forced him to reexamine his style.

"Bob Gates has learned over the years," said former Sen. David Boren (D-Okla.), who was chairman of the Senate Intelligence Committee during the 1991 hearings. "He realized in retrospect he had been misunderstood by some people who became his critics. After that, he became more patient."

The '91 hearings stretched on for months, and friends say the searing national spotlight softened the sharp-elbowed Gates and taught important lessons that he took to his jobs as CIA director and, later, president of Texas A&M University.

"I think he really was stunned to find that people actually disliked him," said retired Adm. Bobby Ray Inman, a career intelligence officer who worked closely with Gates in the Carter and Reagan administrations. "I'm not sure I'd say [he was] chastened, but maturity and experience causes you to simply be calmer in dealing with people."

To some, it is an open question about which Bob Gates would take the helm of the Pentagon: the former CIA analyst with a bullying intellect and occasionally dictatorial style like Rumsfeld's, or the patient listener who eventually won over critics at the CIA and tradition-bound Texas A&M.

Whatever qualities Gates brings, he will face the challenge of leading the world's dominant military at a time of historic strains over frustrated war efforts abroad and shifting political currents at home.

The portrayal of Gates as a blunt and uncompromising taskmaster during the 1980s is not shared by all who worked with him as he climbed the government's national security hierarchy. Many insist he always has approached problems with an open mind.

"He was good at building a consensus and understanding what other people's points of view are, even if he didn't agree with them," said retired Adm. Stansfield Turner, President Carter's CIA director for whom Gates served as executive assistant.

Gates' rise through the ranks — he remains the only entry-level analyst ever to become director — was colored by the Cold War.

From the start of his government career, which began after he served two years as an Air Force officer in the late 1960s, he sided with anti-Soviet hard-liners. It was a view of Moscow that would bring him close to Zbigniew Brzezinski, Carter's national security advisor, and William J. Casey, Reagan's CIA director.

But it earned him the enmity of advocates of detente, including George P. Shultz, Reagan's secretary of State, who would later accuse Gates of shaping intelligence to fit his worldview and push to get Gates fired.

"In Sovietology, it's to some extent a speculative science. You can either err by being much too soft on the Soviets, or you can err by being somewhat too hard," said Brzezinski, who counts himself and Gates among the latter group. "I don't think [Gates] was politicizing intelligence. He was rendering views different than George Shultz's."

Signs of the taskmaster

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Casey found the young analyst to be a kindred spirit, a fellow cold warrior with the intellectual firepower to demand more rigor in what Casey viewed as a flabby and overly cautious CIA analysis of the Soviets. Gates rose even faster than before, first as the agency's lead Soviet analyst, then as head of all intelligence analysis, and finally as Casey's deputy director.

His rapid advance — Gates was just 38 when he became Casey's director of intelligence in January 1982 — revealed some of the first signs of the overweening taskmaster. It certainly was a role Casey wanted him to play.

"We never sent Bob to charm school when it came to criticizing analysis," said John N. McMahon, Casey's deputy and Gates' boss for four years. "You can dump on someone in several different ways and get the point across, and one is to be forthright and just bang it out — and Bob did that."

But even if he was doing Casey's bidding, it also appeared to be a role Gates relished. In a September 1981 memo to Casey, shortly before taking over the intelligence directorship, he was merciless toward the agency's analysts.

"There are far too many people playing it safe," Gates wrote. "CIA is slowly turning into the Department of Agriculture."

For the remainder of the Reagan administration, Gates appeared to show little restraint.

"Analysts would come to him with what they thought was great analysis, and he'd tear it apart," recalled Richard L. Haver, the top official in the Pentagon's intelligence operation at the time.

"He would correct their English, their syntax, and he would hammer the way in which they crafted their conclusions."

Gates' hammering may have been what the CIA needed, but it also created enemies. That became apparent on the national stage in 1987, when he was nominated to succeed Casey as CIA director.

Any stylistic controversies, however, were overshadowed that year by the burgeoning Iran-Contra scandal, in which proceeds from secret U.S. arms sales to Iran were funneled to White House-backed insurgents in Nicaragua. Gates was not charged, but questions over his role were enough to force him to withdraw his nomination.

In 1991, when Gates once more was nominated to lead the CIA, his reputation for bullying analysts came into full light. Gates had expected a rehash of Iran-Contra. But those close to the nominee said he was stunned by the browbeating accusations, some of which came from old friends.

"It was totally a shock to me, and it shocked Bob, I know, as well," said McMahon, who said the analysts made no such charges within the CIA against Gates.

The committee's investigation and hearings lasted from June until October. Ultimately, he was confirmed by a split Senate.

Switching his style

Gates has never spoken at length about the effect of those hearings. But many said that the Gates who took charge of the CIA's Langley, Va., headquarters at the end of 1991 was quite different from the man who had been Casey's tough-minded deputy.

Gates returned to the CIA with an aggressive reform agenda. But rather than force changes through top-down edicts, he sought input from senior subordinates. On his first day on the job, Gates launched 12 reform task forces to take on a range of issues.

"He told us when we started off where he wanted us to go," Haver said. "But we were given lots of latitude to argue with him."

One of Gates' first acts was to give important responsibilities to Harold P. Ford, a longtime CIA official as well as a lecturer and historian who had been one of his most persuasive critics in the confirmation process. The move sent a signal that dissent was welcome, said Blanton, director of the National Security Archive.

Gates employed similar approaches when, nine years after leaving the CIA, he became president of Texas A&M.

Much as he had assuaged the skeptical ranks at CIA, Gates moved quickly to counter faculty doubts by increasing their clout.

"I always felt we had a voice with this president, a voice we never had before," said Martha L. Loudder, a former president of the Faculty Senate. "He motivates people because they understand he wants to make changes that they want to make."

The issue of affirmative action on student admissions was a particularly sensitive conflict. In 2003, Gates, who opposed racial preferences, squared off against professor Bob Strawser, another former head of the Faculty Senate, who wanted to reinstate them.

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Gates held firm, but many said he changed the debate. Remarkably, at a university with one of the most vocal group of graduates in the nation, he ended preferences for the children of alumni — a largely white group. That change, along with more aggressive recruiting, drove up minority enrollment on campus.

Strawser believes this is the management style Gates will bring to the Pentagon. And the uniformed military, many of whom privately have said they are frustrated after feeling ignored by Rumsfeld, may be heard once more.

"I think the military leaderships will have a surprise. They will get a full hearing," Strawser said. "He isn't going to take votes, but he will listen and take advice."

Those who worked with both men agree that Gates' style will be profoundly different from Rumsfeld's.

"Don has always been a change agent. He comes into a new situation with his own, independent ideas," said Frank C. Carlucci, a former defense secretary who has worked closely with Rumsfeld and Gates. "Gates will listen more to the establishment, but he'll reach his own conclusions. He's more of a consensus-builder."

Inman, a friend of Gates' who also has worked with Rumsfeld, predicted that Gates would be seen roaming the halls of the Pentagon, seeking out mid-level officials for their opinions.

"Part of it is out of curiosity, but it's also partly image — that he's not sitting on the throne or in the cloistered environment," Inman said.

"He is, by his nature, polite. That's not an allegation I'd make in Don's case."

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Times staff writer Greg Miller contributed to this report.

Quizzing Robert Gates (NYT)

The New York Times, December 4, 2006

Robert M. Gates, President Bush's nominee to succeed Defense Secretary Donald Rumsfeld, will appear before the Senate Armed Services Committee tomorrow for his confirmation hearing. We asked six defense and foreign-policy experts to tell us what questions the senators should ask. The Next Attack

1. According to the Congressional Budget Office, the Pentagon is underfinancing its procurement program by $53 billion to $121 billion each year for the next several years. What will be your priorities to address this shortfall?

2. Do you agree that our NATO allies other than Britain should be contributing more forces, equipment and training to help secure success in Iraq and Afghanistan? How would you persuade them to do so?

3. Department of Defense intelligence functions and capacities have significantly expanded in recent years. Do you intend to continue, increase or disband them?

4. In view of the predictions that we are likely to experience further terrorist attacks on American soil and that these attacks are likely to be multiple in number and executed nearly simultaneously, do you believe the doctrine of posse comitatus, which prohibits the military from engaging in domestic law enforcement, should be revised?

— WILLIAM S. COHEN, the secretary of defense from 1997 to 2001. Rights vs. Realism

1. You have long been associated with the "realist" view that American policy-makers should not concern themselves with a country's internal human rights practices. Yet it is now clear that threats to the United States are often fueled by abusive regimes and incubated in failing states. On the other hand, rapid democratization can bring bloodshed, and American support for moderates can undermine their credibility. Given this complexity, what principles should guide American interactions with human rights abusers in the 21st century?

2. American forces are overextended in Iraq; NATO countries are reluctant to send additional troops to Afghanistan to confront the resurgent Taliban; and so many peacekeepers now operate under the United Nations flag that the major troop contributors are becoming exhausted. What will you do to try to convince American allies to assist in stabilizing places that the United States believes are important, but where it cannot or should not itself be present?

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3. The Sudanese government is conducting a devastating offensive against civilians in Darfur. Owing to the support of China and the Arab League, Khartoum has felt free to thumb its nose at demands from the United Nations that it allow a large protection force to enter the embattled province. What levers can the Pentagon pull — with Khartoum, with Sudan's allies or with the rebels in Darfur — to ensure that a robust force gets to the region before tens of thousands more civilians die?

— SAMANTHA POWER, a professor at Harvard's Kennedy School of Government and the Pulitzer Prize-winning author of " 'A Problem From Hell': America and the Age of Genocide." Life With the Chiefs

1. How will you restore the readiness of an overstressed military, while continuing to transform it in preparation for irregular warfare or for war with countries that may possess weapons of mass destruction?

2. Please discuss your view of the role of the chairman of the Joint Chiefs of Staff and other senior uniformed military leaders with regard to the secretary of defense and the president. What steps will you take to strengthen civilian-military relations in the Pentagon?

3. What changes in strategy will you make that will enable the military to complete its missions in Iraq and Afghanistan?

4. Looking back, what could we have done at the beginning of the war in Iraq that might have produced a better outcome, and how will you ensure that we never again ask our military to conduct operations that are not well thought out or properly resourced?

— DONALD KERRICK, a former United States Army lieutenant general, deputy national security adviser and assistant to the chairman of the Joint Chiefs of Staff. Handling the Hill

1. Donald Rumsfeld made a mistake in not paying enough attention to members of Congress; listening to them and spending time with them is a crucial part of the secretary's job. But you will have to appear before 16 Congressional committees. How do you intend to manage your time?

2. Right now the Army is riven with conflict. Top generals retire and immediately start speaking out because they feel they weren't listened to. The members of National Guard and reserves feel they've not been treated well, particularly in terms of replacement equipment; and the regular forces feel they lack sufficient personnel. How do you plan to handle all the dissension within the Army?

3. The National Security Agency, which reports to the secretary of defense, has become embroiled in lawsuits concerning electronic surveillance. These are important public affairs problems that must be handled very carefully. How will you deal with such issues before they get to court? Will you delegate this responsibility or get personally involved?

4. Are you willing to increase the military's personnel budget so that those who serve in the Army, Navy, Air Force and Marine Corps are paid salaries at least comparable to what they might make in similar civilian jobs?

— MELVIN LAIRD, the secretary of defense from 1969 to 1973. You and Tehran

1. Will you exchange the current "train and leave" approach to the war in Iraq for a clear-and-hold victory strategy, which may include increasing troop levels, abandoning standard rotations (now limited to one year), replacing commanding generals and bypassing spending restrictions to obtain crucial equipment?

2. You have in the past suggested that the United States should have a direct dialogue with Iran. Is it your view that Iran's sponsorship of terrorist groups in Iraq, Lebanon and the West Bank and Gaza could end as a result of direct dialogue? If by dialogue you mean negotiation, what do you suggest the United States offer Iran in exchange for an end to its pro-terrorist foreign policy?

3. Are you prepared to undertake a sweeping review of the state of the American military and its ability to respond to identified national security threats? Are you prepared to increase the size of the ground forces?

— DANIELLE PLETKA, the vice president for foreign and defense policy studies at the American Enterprise Institute. An Anti-Rumsfeld

1. It is clear that your immediate task must be to resolve the wars in Iraq and Afghanistan. What else will you be able to accomplish as secretary of defense in the next two years?

2. Is the Department of Defense the right agency to lead the war on terrorism?

3. What do you intend to do to improve the department's cooperation with other government agencies in combating terrorism?

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4. Will you rebalance the air, naval and ground forces to increase the size of the Army and Marine Corps?

5. How will you avoid making the mistakes of your predecessor?

— KALEV I. SEPP, a former officer in the United States Army Special Forces and an assistant professor in the department of Defense Analysis at the Naval Postgraduate School.

Iraq And The Danger Of Psychological Entrapment (WP)

By Shankar Vedantam

The Washington Post, December 4, 2006

As Robert M. Gates appears this week at his Senate confirmation hearings for defense secretary, Wesleyan University psychologist Scott Plous sees a hidden trap. To understand it, take a little test.

Let's say your elderly dad has a beloved car. Its reliability was legendary, but it has started to have problems. He gets one thing fixed, and something else goes wrong. Each fix doesn't cost much, but they add up, and then the problems start to get bigger. Your dad is convinced the next repair will get the car as good as new. Would you advise him to pull the plug and get rid of the car?

Or consider this. A friend invests some money after getting a tip about a stock. The price soars, and your friend gains 10 percent overnight. He immediately doubles his investment. A week later, the thing tanks, and he is in the red. A month later, it dives again, and he has lost a quarter of his investment. Should he cut his losses and sell?

One more, and yes, these are all trick questions. A woman you care about falls in love. After many years of a happy relationship, the person she is with develops a vicious streak, starts smashing things and occasionally gives her a black eye. Would you tell her to walk out of the relationship?

The trick in all these questions is that when presented with such scenarios, it is easy for us to answer yes. Your dad should sell that car, your friend should save what money he can, and the person you care about should dump that abuser.

Every day, of course, when it comes to such decisions in our own lives, millions of people answer no.

The difference is because of a widespread phenomenon in human behavior known as entrapment. When you invest yourself in something, it is exceedingly difficult to discard your investment. What is devilish about entrapment is not just that it can result in ever greater losses, but that those losses get you ever more entrapped, because now you have even more invested.

Plous, a social psychologist and author of "The Psychology of Judgment and Decision Making," said experiments show that psychological entrapment comes in at least four guises: the investment trap, in which we try to recover sunk costs by throwing good money after bad; the time delay trap, in which a short-term benefit carries the seed of long-term problems; the deterioration trap, in which things that started out well slowly get worse; and the ignorance trap, in which hidden risks surface suddenly.

What does this have to do with the Gates confirmation? Plous sees the U.S. dilemma about what military course to take in Iraq as a perfect example of psychological entrapment -- on a national scale.

"What is remarkable is that the war in Iraq is a kind of super trap that has all these elements," Plous said. "Some weeks things look better, and then they look worse and then there is a setback. What we need is to take a step back and ask, 'If we were faced with the choice today without sunk costs, what decision would we make?' "

Plous is talking about the quick military victory followed by the zigzag decline into nightmare: the lack of intelligence on the ground about Saddam Hussein's supposed weapons of mass destruction; the hundreds of billions of dollars invested to fight the war; and above all, the lives of thousands of Americans that have been lost.

Plous said his alarm bells went off when he realized that President Bush was explicitly using the language of entrapment in speeches to rally support for the war. "Retreating from Iraq would dishonor the service of our brave men and women who have sacrificed in that country and have given their lives in that country, which would mean their sacrifice would be in vain," the president said recently.

Plous's point is not that Bush's appeal is ineffective; the point of entrapment is that it is exceedingly effective. It is utterly human not to want a great sacrifice to go in vain.

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I asked Plous whether he was drawing his conclusion only because the war in Iraq is going badly. Would he have told the British the same thing, for example, during the bleakest days of 1940, when a German victory seemed imminent -- and when holding on led to victory over Adolf Hitler?

In other words, how do you tell the difference between getting entrapped in a disaster and being persistent through the difficult phase that can precede victory?

Psychology cannot predict the future or tell you what to do, but Plous said it can warn you to be vigilant if a course of action is primarily justified in terms of recovering what has already been lost. It is not wrong to factor in sunk costs, but they should not drive the decision.

In the World War II example, defeating fascism, not honoring dead British soldiers, was the reason it made sense to fight on.

"Rational decision-making should not be driven primarily by recovery of past costs," Plous said. "If you can no longer justify it in terms of what it will bring in the future and what its realistic prospects are, that is a warning sign you may have become entrapped."

Other techniques to avoid entrapment in everyday life include making sure that a decision to continue on a path is not made solely by people who decided on that path in the first place, by setting limits on investments upfront and by triggering automatic reviews if a plan of action hits certain predetermined failure points.

But none of those measures can take the sting out of the dilemma on whether to change course after a substantial investment: "Regardless of whether you supported the war or not," Plous said, "this is going to be heart-wrenching."

Next Defense Secretary Must Hit Ground Running (USAT)

By Tom Vanden Brook, Matt Kelley

USA Today, December 4, 2006

WASHINGTON — Robert Gates, President Bush's choice as the next Defense secretary, will have to act fast — within months, analysts and retired officers say — to effect change at the Pentagon and in Iraq.

Hearings on Gates' nomination are scheduled to begin Tuesday before the Senate Armed Services Committee. Nobody has announced opposition to Gates, the 63-year-old president of Texas A&M University. He led the CIA from 1991 until early 1993.

“He has to be able to go in immediately and make changes” at the Pentagon, said committee member Sen. Jack Reed, D-R.I. “He has to thoroughly re-examine the policy and strategy in Iraq. That's the most pressing and immediate priority.”

The challenges will be tough. Gates faces violent insurgencies in Iraq and Afghanistan that have forced troops into faster-than-normal deployments; a strained relationship between the Defense secretary and top generals; and a short time in which to make a difference.

Gates has to work closely and quickly with Congress to be successful, said William Cohen, a 24-year veteran of Congress and Defense secretary from 1997 to 2001. “As we get further into next year, obviously the political ambitions of those running for president will intensify, and the risk of more partisanship at that point is going to materialize,” Cohen said.

Gates' experience with the Iraq Study Group puts him “ahead of the curve in terms of understanding what needs to be done” in Iraq, Cohen said. Gates was a member of the bipartisan commission until his nomination Nov. 8. The group is scheduled to release its recommendations Wednesday, including an endorsement of a gradual pullout of U.S. troops.

If Bush does decide on a new Iraq policy, Cohen said, “Gates is in the best position to try” to make it happen.

Gates' appointment is a symbol that the Bush administration is open to changing course in Iraq, said Stephen Biddle, a defense expert at the Council on Foreign Relations, a think tank.

However, “if it turns out the administration is not willing to contemplate any real change, Gates has just bought himself a ticket on the Titanic,” said Biddle, a former assistant professor at the Army War College. “He can mop the deck a bit, but we all know what happened to the Titanic.”

Pushing policy changes in Iraq is the real extent of Gates' potential influence, said retired general Jack Keane, a former Army vice chief of staff.

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That's because Gates will only have time to influence the Pentagon's budget for one year, Keane said, “and that can be changed by a subsequent administration.”

Gates must also mend fences within the Pentagon, some analysts and retired generals say.

“There are going to be a lot of people happy to see Rumsfeld gone because he was a miserable boss to work for,” said Frederick Kagan, a military analyst at the American Enterprise Institute. “There are a handful who are very loyal. But a much larger number happy to see a change.”

Gates should “create an atmosphere where you'll get your ass chewed for not speaking up,” said retired general William Nash, now a senior fellow at the Council on Foreign Relations.

Retired major general Paul Eaton, one of several generals who said last spring that Rumsfeld should resign, said Gates must listen to generals who advocate for a larger Army and Marine Corps. Rumsfeld failed to listen to advice on the need for more troops in Iraq and Afghanistan, Eaton said. “We have failed to build a military to meet the foreign policy of America.”

It's nonsense to claim that Rumsfeld discouraged dissent, said Pentagon spokesman Bryan Whitman said. Rumsfeld solicited advice from military and civilian officials at the Pentagon, Whitman said, and did not reject calls for more troops.

“The number of U.S. troops in Iraq has always been based on the recommendations of experienced commanders on the ground, the combatant command and the best military advice of the Joint Chiefs of Staff,” Whitman said.

Rumsfeld should not be the scapegoat for the problems in Iraq and the Pentagon, said Richard Perle, a former Defense official and a research fellow at the American Enterprise Institute. Instead, the entire Bush administration should be held accountable, said Perle, who led Rumsfeld's civilian advisory board during the buildup for the Iraq invasion.

Gates will be one of many people determining military policy, Perle said. “He'll have a seat at the table. But he's making very few of the decisions on his own.”

Democrats Who Opposed War Move Into Key Positions (WP)

By Walter Pincus

The Washington Post, December 4, 2006

Although given little public credit at the time, or since, many of the 126 House Democrats who spoke out and voted against the October 2002 resolution that gave President Bush authority to wage war against Iraq have turned out to be correct in their warnings about the problems a war would create.

With the Democrats taking over control of the House next January, the views that some voiced during two days of debate four years ago are worth recalling, since many of those lawmakers will move into positions of power. They include not only members of the new House leadership but also the incoming chairmen of the Appropriations, Armed Services, Budget and Judiciary committees and the Select Committee on Intelligence.

Rep. John M. Spratt Jr. (S.C.), a senior member of the Armed Services Committee, was one of several Democrats who predicted during the House floor debate that "the outcome after the conflict is actually going to be the hardest part, and it is far less certain." He credited his views in part to what he heard over breakfasts with retired generals Anthony C. Zinni and Joseph P. Hoar, both of whom had led the U.S. Army's Central Command -- a part of which is in Spratt's district.

"They made the point: We do not want to win this war, only to lose the peace and swell the ranks of terrorists who hate us," Spratt said.

Spratt recently looked back at his resolution, which would have required Bush to come back to Congress before launching an attack. It was defeated 270 to 158. He recalled that extended hearings were held before the Persian Gulf War but that nothing similar preceded the vote on the 2002 resolution. "I remember we talked this time about how we got to get answers before this train leaves the station," Spratt said.

The incoming Armed Services chairman, Rep. Ike Skelton (D-Mo.), spoke in support of Spratt's amendment, stressing the need for "a plan for rebuilding of the Iraqi government and society, if the worst comes to pass and armed conflict is necessary."

Skelton had written Bush a month earlier, after a White House meeting, to say that "I have no doubt that our military would decisively defeat Iraq's forces and remove Saddam. But like the proverbial dog chasing the car down the road, we must consider what we would do after we caught it."

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Skelton went on to note the "extreme difficulty of occupying Iraq with its history of autocratic rule, its balkanized ethnic tensions and its isolated economic system." He also warned that Bush's postwar strategy must "take seriously" the possibility that a replacement regime "might be rejected by the Iraqi people, leading to civil unrest and even anarchy."

Rep. David R. Obey (Wis.), who will chair the Appropriations Committee, was among the group that organized the Democrats. He spoke then about poor preparation for postwar Iraq, a concern he developed after listening to State Department officials.

He recalled recently that an amendment by Rep. Barbara T. Lee (D-Calif.) that would have delayed taking action until inspectors from the United Nations completed their work "made sense, but there was no prayer it would pass." It got 72 votes.

Obey said Spratt's amendment was the only approach "that could gather critical mass, and that's what most of us in the caucus settled on."

The number of House Democrats who supported Spratt "was a remarkable achievement," Obey said, "given it meant opposing the president in the wake of 9/11." Obey's district was 70 percent in favor of going into Iraq, he said.

On the House floor more than four years ago, Lee told colleagues: "Our own intelligence agencies report that there is currently little chance of chemical and biological attack from Saddam Hussein on U.S. forces or territories. But they emphasize that an attack could become much more likely if Iraq believes that it is about to be attacked." That information, she said, came from material that then-CIA Director George J. Tenet had provided to the Senate.

Lee also raised questions in the floor debate that remain unanswered. "What is our objective here," she asked four years ago, "regime change or elimination of weapons of mass destruction?"

Looking forward now to next year and a Democratic majority in the House, Lee said, "Those of us who early on understood have many ideas of what to do now and how to get out of Iraq."

Rep. Tammy Baldwin (Wis.), who did not belong to a committee with national security jurisdiction, was among the lawmakers who talked on the House floor about what turned out to be the real issues in Iraq. She spoke of the "postwar challenges," saying that "there is no history of democratic government in Iraq," that its "economy and infrastructure is in ruins after years of war and sanctions" and that rebuilding would take "a great deal of money."

Baldwin four years ago asked questions that are being widely considered today: "Are we prepared to keep 100,000 or more troops in Iraq to maintain stability there? If we don't, will a new regime emerge? If we don't, will Iran become the dominant power in the Middle East? . . . If we don't, will Islamic fundamentalists take over Iraq?"

Baldwin said recently that she put together her statement after reading public commentary and talking with like-minded colleagues and her staff about what would come next. "A vote like this, I didn't undertake lightly -- I almost fully expected they would find weapons there," she said. "But we hadn't heard about an exit strategy; it was such a blank."

The day after the House vote, The Washington Post recorded that 126 House Democrats voted against the final resolution. None was quoted giving a reason for his or her vote except for Rep. Joe Baca (Calif.), who said a military briefing had disclosed that U.S. soldiers did not have adequate protection against biological weapons.

"As a veteran, that's what hit me the hardest," he said.

Lee was described as giving a "fiery denunciation" of the administration's "rush to war," with only 14 colleagues in the House chamber to hear her. None of the reasons she gave to justify her concerns, nor those voiced by other Democratic opponents, was reported in the two Post stories about passage of the resolution that day.

Opie's All Grown Up Now (USNEWS)

By Silla Brush

U.S. News and World Report, December 4, 2006

Every political race Adam Putnam has run, it seems, has focused on his age. When he was 22 and running for the Florida Statehouse, with his mother laying out district maps on the kitchen table and his father creating campaign literature in front of the television, his 69-year-old opponent attacked him for trying to run from "the frat house to the statehouse" and used his sophomore-class high school yearbook photo in an advertisement. The cherubic redhead heard pretty much the same refrain when he ran for Congress in 2000. Even the national Republican Party was hesitant about backing such a young prospect. "I

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looked about 12," he jokes now. And he had the nickname to match: "Opie" was the favorite at the time. He then, well, graduated to President Bush's favorite moniker, "Red," and now, at 32, Putnam occasionally gets "Howdy Doody."

And yet, in this terrible political year for the GOP, Putnam is one Republican for whom "stay the course" has proved a winning strategy. Yes, he's still a youngster. He's not a household name, and he doesn't grab all the headlines, even back home in Florida. But having just won a fourth term by garnering 69 percent of the vote, Putnam is racing up the Capitol Hill pecking order. Republicans bumped him up again last month to chair of the House Republican Conference, the No. 3 GOP position in the House, in effect the communications maestro behind Minority-Leader-to-be John Boehner and Minority Whip Roy Blunt. Putnam was tapped to boost a beleaguered party. How well he does with that assignment may help determine the GOP's future. And it may have a major bearing on Adam Putnam's political future as well.

A state the size of Florida has no shortage of big-time politicians. And Florida has its share of metropolitan power circles around Miami, Orlando, Tampa, Jacksonville, and Tallahassee. Putnam's roots aren't in any of those areas. No, he hails from Bartow in Polk County–that's east of Tampa and southwest of Orlando. As a fifth-generation Floridian, Putnam grew up in a family that runs a cattle ranch and a citrus farm. (He still gets hefty campaign donations from agriculture, and most of his personal worth of more than $2 million is tied to the family business.) And at the University of Florida, he was a food and resource economics major and spent a little time in college politics, but unlike many young Republicans-Ralph Reed and Grover Norquist–who have quickly risen through the ranks, he wasn't head of College Republicans or some other national political club. He was in "Florida for Jeb" and "Gators for Bush [41]," he says, and was involved in the statewide 4-H club. But "there is no political blood in my family," he notes.

His first experience with Washington politics was interning for hometown Republican Rep. Charles Canady, whose seat he now holds, during the summer before he graduated from college in 1995. Republicans were basking in the warm glow of the Gingrich revolution, and even though his car was broken into four times, Putnam loved the job, because he felt a need for young people to have their political voices heard. He'd been interested in the Florida legislature as a high schooler, so he decided to make his first run there, just a year out of the University of Florida. His father "was just silent for what seemed like an eternity" when he heard the news, but ultimately, Dad campaigned hard for him. Putnam was elected in a season when Republicans took control of the state House of Representatives for the first time in 122 years; before long, the young state rep was chairing the Agriculture Committee.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, December 4, 2006

In today's world of commuter nightmares, consider this one for the record book. When Sen. Patty Murray goes home every Friday to Whidbey Island, Wash., it takes 10 hours to cover 2,500 miles in a Planes, Trains and Automobiles string of transports. On a good day. And for what? Well, the three-term Democrat just named to the No. 4 leadership post in the new majority isn't one of those who trade their home turf for Georgetown cocktail parties. She likes to hang with her peeps. "I can take the temperature of the country at any time just by going to the grocery store," she says. "If everybody's doing OK, they just say, 'Hi.' If things are going on, it takes me an hour and a half or two just to get through." In fact, it was during her visits to the Freeland Payless that she sensed the strong pro-Democratic mood that would junk the GOP Congress.

So, about her travels: Fridays start at 5:30 a.m. with a trip to Dulles Airport, where she grabs a United nonstop to Seattle with lots of other lawmakers. For 5½ hours, "depending on wind," she works. From the airport, she and her hubby drive two hours to the Mukilteo Ferry and wait in line for the 25-minute sail to Whidbey. She gets no special treatment. "If somebody cuts in front of that ferry line, you're dead." Then it's another 40 minutes home. A hassle? "I do this so much I don't think about it," she says. "It's just a day."

It's Not Maple Syrup Dean's Out Selling

His loudmouthed inside-the-beltway boors are still booing Democratic boss Howard Dean, despite the party's strong election showing, but they're eating him up like sweet Vermont maple syrup in Canada and overseas. Party bigs say the former Vermont guv is headed to Europe to cheer on liberal parties in England, Spain, and Portugal. His keynote address this month to

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Canada's beleaguered Liberal Party, fans say, was just a warm-up. Dean's message: Show folks like England's Laborites how to remake their top-down outfits into grassroots organizations just as he did at the Democratic National Committee. "A lot of these parties are where the Democrats were a few years ago," says an insider, "when there were people in the party who said, 'We have to be more like Republicans,'and others who said, 'We have to stand up for what we believe in.'"

Dems in? Lobbyists Win-No Problem!

The switch in Congress and promises by Democrats to swamp the administration with investigations and subpoenas are boosting K Street's bottom line. Lobbying and PR firms report up to a 25 percent surge in spending by worried firms, especially those in the defense, drug, and energy worlds expecting to catch the majority of flack from Capitol Hill.

It's 'Rewrite' for the Bible of Politics

Our colleague and columnist Michael Barone is back to rewriting the Bible–er, the bible of politics that is. As the chief author of The Almanac of American Politics, Barone updates after every federal election. But with the Democrats taking control of the House and Senate and with about 30 new faces in Congress, this looks to be a pretty big job. So what are Barone's git'r done secrets? First, he figures what to expand or cut. "Obviously," he says, "I'm not going to use a lot of the material on House Speaker Denny Hastert that was in the previous Almanac." Next, he gets detailed voting info. "I find that close examination of the election returns tells me a lot that most observers miss." To make sure he's balanced, Barone shuns labels. "I have tried to avoid using the word reform in describing any proposal, since it can be taken as showing approval for it." Now he has to redo the introduction, which famously declared America a 49 percent-to-49 percent nation. His new view: The country is still divided. "The political future," quoth the sage, "is very much up for grabs. Both parties have the possibility of getting enough support to go above the 51 percent ceilings." And that could happen, he adds, if a presidential candidate liked by both sides emerges in 2008.

Heritage Seeking Out Democrats On Agenda (WT)

By Donald Lambro

The Washington Times, December 4, 2006

The Heritage Foundation, seeing new opportunities to advance its conservative agenda in next year's Democratic Congress, wants to talk with Democratic leaders about where they might find common ground.

The prospect of the conservative think tank, whose ideas fueled President Reagan's policies in the 1980s, sitting down with some of the Democrats' most liberal leaders to discuss taxes, spending and health care might sound far-fetched in the immediate aftermath of a bitter midterm election. But a senior Heritage official says, "We are actively soliciting a chance to sit down and discuss our ideas with them," and Democrats say they are more than willing to get together.

Letters seeking a meeting for a frank exchange of ideas quietly began going out this week to a number of House and Senate Democratic leaders, including incoming House Majority Leader Steny H. Hoyer and prospective Ways and Means Committee Chairman Charles B. Rangel.

Mr. Rangel "thinks it's a great idea," said a spokesman for the New York Democrat. "He wants to hear different opinions because Congress functions best when you have more views expressed. Working for that middle ground is one of his priorities."

Heritage is not alone in thinking that some longtime adversaries of Democrats can have an effect on legislation in Congress next year. Advocacy groups, including the U.S. Chamber of Commerce and the National Federation of Independent Business (NFIB), say that potential alliances between some of the Democrats' newly enlarged centrist blocs, including the "Blue Dogs" and the so-called "New Democrats," could open up opportunities for them to move some legislation in their direction.

"Because both parties now will want to take accomplishments to the voters two years from now, it's going to force a new way of doing business in Washington," said Jay Timmons, senior vice president for policy and government relations at the National Association of Manufacturers.

"We're the eternal optimists here. We believe there is a chance to move a free-market, smaller-government agenda forward in this environment. Many of the incoming [Democratic] members won their seats on the appeal that I would characterize as one of limited government," said Michael Franc, Heritage's vice president of government relations.

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"They talked of no tax increases on the middle class, they wanted a balanced budget, and they embraced the pay-as-you-go idea that, if you focus on the spending side, can be a wonderful discipline," Mr. Franc said. "Conservatives should not approach this new arrangement with an immediate confrontational posture."

The NFIB, the small-business lobby, similarly expresses cautious optimism that it might be able to win some support in Congress for its agenda on health, tax and regulatory issues, but not on the Democrats' plans to raise the minimum wage to $7.25 an hour, which business groups say they have no chance of blocking.

"There are definitely challenges posed by the new Congress, but opportunities as well. You have a lot of new Democratic members who ran as moderates or conservatives who are on record saying we need to do something for small businesses," said NFIB chief spokesman Michael Donohue.

Bruce Josten, chief lobbyist for the U.S. Chamber of Commerce, says that on some issues such as spending, the more centrist House Blue Dog Democrat caucus, which claims 44 members next year, and the New Democrat Coalition, which will have 62 members, could be a formidable force on key votes.

"How many Blue Dog Democrats do you know who subscribe to [incoming House Speaker] Nancy Pelosi's views? None would be the answer," Mr. Josten said.

But veteran tax-cut lobbyist Grover Norquist, who heads Americans for Tax Reform, doesn't see much chance that Democrats will help pass any of the conservative agenda.

"Tort reform? Nothing the trial lawyers do not want will pass. Labor-law reform?" Mr. Norquist said. "The unions own the Blue Dogs. They will vote against free-trade agreements because the unions tell them to. If you can't cross the trial lawyers or labor unions, on what issues are these Democrats supposed to be moderate?"

10 Questions For Charles Rangel (TIME)

By Perry Bacon Jr.

Time, December 4, 2006

Outspoken and influential, New York Congressman Charles Rangel is set to become chairman of the powerful Ways and Means Committee when Democrats take control of the House in January. A co-founder of the Congressional Black Caucus, Rangel, 76, spoke to TIME's Perry Bacon Jr. about his ongoing push for a military draft, whether he would back Hillary Clinton or Barack Obama for President and the controversy over the N word.

Is your push for a draft purely symbolic, or do you really think there should be a draft?

If we had had a draft, those who decided to have an elective--rather than defensive--strike against Iraq would not have received public or congressional support. When you're talking about war and you have no concept of anyone being lost in your family or your community, then it's human nature to be more prone to say, "Let's fight, I'll hold your coat." I'm serious about it. As of now, I would be satisfied to have a discussion.

The Ways and Means Committee oversees Social Security legislation. Most people say you'll either have to raise taxes or cut benefits to keep the system solvent. Do you agree?

I guess you would call extending the [retirement] age reducing benefits, but it's a very complex problem. One of the difficulties about Social Security is that if you start talking about the pain, then you lose the political will.

Whom would you support for President: Hillary Clinton, whom you backed for Senator when she was still First Lady, or Barack Obama?

He ought to get out there, test his wings and see whether there's any solid foundation for his popularity. No question--this is the time to do it. [But] right now, it would be Hillary Clinton, only because I know so much more about her.

Do you think an African American can be elected President?

I have reason to believe Colin Powell could have been President, yes.

Recently in New York City, an unarmed black man was shot to death by police officers who thought he might have a weapon. Why do you think incidents like this keep happening?

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The police are addicted to a contagious need to expel rounds of deadly bullets. They cannot control themselves because they see their fellow companions do it. They don't carry the same standard they would in more affluent communities. Race only plays a role because there are more blacks and Hispanics in poor communities.

Did you hear about Michael Richards' comments, in which he repeatedly used the N word? Is that the comedian?

Yes. So many of these comedians are obscene that I would have no idea whether they were serious or it was part of their act. It was a terrible insult to African Americans, but so many things on TV are so insulting.

Lots of black rappers use the N word. Should they not?

I should think it would be a word that nobody would use.

What did you think of the ad about Tennessee Senate candidate Harold Ford Jr., which had a white woman saying, "Harold, call me"?

While it did not seem to me to be as devastating and as racist as I would think in first reviewing it, after having Southerners--white and black--share with me the deep-seated fear whites [have] of black men and white women, I then came to the conclusion that the ad meant to do harm from racial implication.

Last year you compared George W. Bush with Bull Connor, the civil rights--era police chief whose name is synonymous with racism. Do you regret that?

I have not chosen my words as carefully as I would want. It was my hope that, as Connor's act awakened Americans to racist policies that existed in the South, [after] the apparent lack of concern with Katrina, Americans would look at the question of poverty. I have been terribly disappointed.

Four blacks will chair committees in the new Congress, Massachusetts has its first African-American Governor, and Obama is a possible '08 candidate. Is this a new era for African Americans in politics?

There have been gradual increases in opportunity. Condoleezza Rice and Colin Powell are examples as to the progress that has been made politically. But in terms of economic advancements, it has been far slower than the political advancements. It's hard to say it's a new era.

FDA Project At White Oak Right On Track (WP)

By Stephen Barr

The Washington Post, December 4, 2006

Four buildings are up and occupied. Three more buildings are under construction. Another is on the drawing board. Three other projects are on a waiting list.

The headquarters consolidation of the Food and Drug Administration, on 130 acres in suburban Maryland, appears on track to become one of the government's most successful construction and development projects.

"The project is going beautifully," Betsy L. Bretz, chairman of Labquest, a community group that has kept close watch over the site. "They have been good neighbors, and they are doing this responsibly."

When the project is completed, probably in 2011, about 7,700 FDA employees and contract workers will be located at White Oak, off New Hampshire Avenue in Silver Spring. Congress estimates the General Services Administration, which owns the property and is managing the construction, will spend about $900 million on buildings and site improvement.

Dave Dwyer, FDA's director for the headquarters consolidation, calls the project "the future of the FDA" because it will bring together scientists, researchers and safety experts who have been scattered in more than 40 buildings across Maryland and the District, often in offices in poor condition.

The project was authorized by Congress in 1990 and picked up some steam five years later, when the Defense Department began a round of base closings and decided to close a Navy laboratory for naval surface warfare research at White Oak.

"Everyone had a million ideas of what to do with the property," Bretz said.

But community and redevelopment representatives soon focused on the FDA, she said, largely because residents thought the nation needed a world-class complex where FDA employees could more easily collaborate and share ideas on how to protect Americans' health.

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The decision to recruit the FDA to White Oak set off a decade-long struggle to obtain funding for planning, design and construction. Sen. Barbara A. Mikulski and Rep. Steny H. Ho yer, both Maryland Democrats with seats on appropriations committees, began making the case for Congress to fund the project, joined by Sen. Paul S. Sarbanes (D-Md.), other members of Congress and state officials. Local officials, in particular, were eager to retain a well-paid and highly educated workforce and hoped the FDA would attract high-tech companies to the Route 29 corridor near White Oak.

Funding for the project came in fits and starts, as is often the case when Congress has competing budget priorities. For example, the fiscal 2007 appropriation for White Oak -- $178.5 million -- is on hold until Congress determines how to revive spending bills that have stalled in the lame-duck session.

Still, the project has gained momentum through the years.

In October 2003, the FDA opened the first White Oak building -- a four-story life sciences lab for 100 employees that includes drug evaluation and research facilities. That was followed by the opening of two office buildings in August 2005 for 1,600 employees.

The latest opening came in September -- a "shared-use" building available to all employees. It features a conference center for large meetings, a dozen conference rooms, a consolidated library, a cafeteria, fitness center and credit union.

At the end of March, Dwyer said, the FDA plans to open an engineering and physics lab. Two other office buildings have been scheduled for openings in March 2008 and May 2009.

Also in the works are offices for the FDA commissioner and the agency's office of regulatory affairs, with a construction contract scheduled to be granted at the end of September. Starting in fiscal 2008, the FDA hopes to win congressional support for funding of two more life sciences labs and another office building.

"GSA is building on time and on budget," Dwyer said. "It's as good a GSA team as I have ever worked with."

Shapour Ebadi, a 20-year GSA employee, has been the GSA's project executive since 1994. Dwyer, who has nearly 30 years of experience in construction and facilities management, joined the project as the FDA representative in February.

The two agencies are looking at how to address traffic issues that seem likely to arise as more employees relocate to White Oak in coming months. To help employees who prefer mass transit and to hold down traffic, FDA has started a shuttle service to Metro subway stops and to FDA offices in Rockville, about 10 miles away. The GSA is looking for alternative entrances to the White Oak site in hopes of easing traffic at the primary entrance on New Hampshire Avenue.

After all, White Oak will probably be the FDA's home for several decades. "As best we can," Dwyer said, "we are trying to think for now, and for a minute from now."

High-Fived (WP)

By Darragh Johnson

The Washington Post, December 4, 2006

"Helloooo, Dolly!" sang the chorus of photographers, their moods as jubilant as Dolly Parton's brisk bounce down the red carpet at the State Department dinner on the eve of last night's Kennedy Center Honors gala.

Except -- the country music star wasn't slowing down. She was supposed to slow down. And stop.

"Not too far," one of the photographers cautioned.

"No!" the country star retorted, finally halting and leaning forward flirtatiously. "He said to the 'X' " -- she pointed to the black tape under her heels -- "and that's the 'X.' " The lower half of her face cracked into a wide Joker's grin, the upper half remaining frozen as a photo. Flashes popped. Sparks flared from the sequins of her black velvet dress.

When Parton heard she would be one of the 29th annual Kennedy Center Honors recipients, joining musical theater composer Andrew Lloyd Webber, conductor Zubin Mehta, Motown legend Smokey Robinson and filmmaker Steven Spielberg, she "immediately went to work on the clothes," she said, telling her designer, Robert Bahar, "I have to look good, and I have to look like me. I want to look like Frederick's of Dollywood."

She calls her very low-cut dress and its accompanying bolero "my version of a tuxedo, with boobs out."

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This was upstairs, just past the State Department receiving line where Condoleezza Rice -- emerald gown, big smile -- was welcoming everyone, with the honorees basking in this clubby, intimate and exclusive venue where the arts world's biggest stars and Washington's brightest bulbs celebrate together on the night before the grand and much more public gala.

Behind Parton was Aretha Franklin, who had just plucked three egg rolls from a passing tray and was drinking a Coke. Her fur wrap was flung across her high-backed chair. "Oh, Ms. Franklin!" squeaked Steven Spielberg's wife, Kate Capshaw, as she walked past. "How are you?"

Even the stars get starry-eyed at this black-tie, silk-gowned, stiletto-heeled, double-take-whiplash-inducing affair: There's George Lucas and Itzhak Perlman and Ted Kennedy and Barbara Walters and Michele Lee (from "Knots Landing") and Shania Twain.

Shania Twain! Zubin Mehta's young granddaughter Shenaya was excited to meet her, telling the crossover country star that they share the same name. Which prompted Twain to ask the granddaughter of the former director of the New York Philharmonic if she was named after her, a songstress whose hit list includes "Man! I Feel Like a Woman." Shenaya Chinoy said she answered, after a brief pause: No.

The star-studdery was everywhere. Natasha Richardson confessed that although the formal dinner -- crab cakes with avocado salsa, rack of lamb, chestnut potato puree, corn bread plus three wines (all fabulous) and, for dessert, chocolate coffee baked Alaska (not fabulous) and demitasse -- is a quintessentially grown-up evening, "it's making me feel like a 15-year-old, and I want to go around with my autograph book."

Franklin had come to celebrate, she said, "my oldest, dearest friend" -- Smokey Robinson, who grew up a block away from her in Detroit, where they were "childhood friends, sandbox friends." Back then, said the Queen of Soul and 1994 Honors recipient, "we sang a lot. People in Detroit like to sing. There was a group on every corner: Everyone aspired to be a singer." She took another bite of egg roll and said, "The way they play basketball now is the way we came up singing."

Robinson's hair curls around his face like a corona, and his turquoise eyes are as mesmerizing as his voice. "In one word," he said, "this is awesome." Later in the evening he was lauded by Richardson: "When Smokey sang, people got together. Babies were made." Or, as Motown Records founder Berry Gordy puts it, "He has touched people in places they had never been touched before."

Spielberg, describing himself as "ebullient," said, "When I got the official letter, it came to my office. I had them read it to me three times to make sure there wasn't a typo. So few filmmakers have been honored."

The drinks were served in big goblets, like fishbowls on skinny stems, and Webber was having trouble with his, getting jostled by the throngs. "It's great to have an American award like this," he said, then disappeared into the jostlers.

Right behind him, Mehta -- this year's other non-American honoree (he was born in Mumbai and is, he said, "still Indian") -- was reaching out as his dear friend Elaine Wolfensohn walked past and touched her sumptuous stole.

"This is from my country!" he exulted, rubbing the fabric lightly between his fingers. "Wow! Wow! Wow! It's super pashmina." He invited us to touch it, too -- but "without the pen," he admonished sternly. The shawl was softer than a puppy's ear, and as for the embroidery: "Just look at this work!" he said. "People go blind doing this."

"You have a good eye," Wolfensohn said and stroked Mehta's cheek. Her husband, Jim Wolfensohn, former president of the World Bank, would be doing Mehta's toast later in the evening.

At the far end of the room, Liam Neeson asked a waiter to bring him a glass of pinot noir. A tall and peevish presence, dressed like a funeral director, he was telling us he couldn't talk about Spielberg. Just listen to the four-minute speech I'll be giving tomorrow, he said. (It is a speech, by the way, that in rehearsal focused a lot on Neeson. Just saying.)

We asked about "Schindler's List." Is there really anything about Spielberg that he hasn't already written into a short speech?

"Schindler's List," Neeson said, almost with a sneer, "is not an anecdotal movie. It's really not. But we were a band of brothers." And we were dismissed.

Across the room, Tom Hanks was talking opera with Verdi baritone Sherrill Milnes -- comparing Shakespeare's "Othello" with Verdi's "Otello" -- and exchanging greetings with Ted Kennedy -- "We're going to be sitting at the same table," Hanks told the

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senator -- then took a moment to describe Spielberg as ("and I mean this in the best of all possible ways") "a machine. . . . He's never doing anything but movies. That's the way his DNA was created."

By 11 p.m., after the honorees received their medals, it was time to take the "class picture" (professional photographer unhappy that everyone in the room was snapping, too, messing up his flash) and get into the limos.

Perhaps the meaning of the whole night -- the whole weekend, and of the arts themselves -- was best summed up by Alison Krauss, who toasted Parton and made her cry when she said: "Dolly, you make me want to be somebody."

Artists Lauded At Kennedy Center Gala (NYT)

By Holli Chmela

The New York Times, December 4, 2006

WASHINGTON, Dec. 3 — Though small-town Locust Ridge, Tenn., and big-city Detroit had little in common in 1940s America, each produced a singer who became much more than a hometown favorite. By the late 1950s and early 1960s, Tennessee's Dolly Parton had burst on the scene as a bubbly teenage country singer while Detroit's William Robinson Jr., as Smokey Robinson, had crooned his way onto the radio with a smooth style and soulful lyrics — and nearly a half century later both are still building musical legacies.

On Sunday, Ms. Parton, Mr. Robinson, the conductor Zubin Mehta, the musical theater composer Andrew Lloyd Webber and the filmmaker Steven Spielberg were recognized for their lifetime contributions to the arts at the Kennedy Center Honors here.

"This year we honor five extraordinary international artists whose abundant contributions to their fields are remarkable," said Stephen A. Schwarzman, chairman of the board of trustees of the John F. Kennedy Center for the Performing Arts. "They have transformed the culture of our country and of the world."

The Kennedy Center Honors, in its 29th year, is the paramount event on the Washington cultural calendar, with events at the State Department and the White House and a concluding program at the Kennedy Center. The program will be broadcast on CBS on Dec. 26. "To be included among these people — Smokey, Dolly, Zubin Mehta, Andrew Lloyd Webber — it's really an honor," Mr. Spielberg said. "It's the closest thing to an American knighthood. We're all feeling a gentle sword touching our shoulders tonight."

On Saturday, Secretary of State Condoleezza Rice was the host at a State Department dinner, where medals were presented to this year's honorees. Among the 250 guests were the soul singer Aretha Franklin, a 1994 honoree; the violinist Itzhak Perlman, a 2003 honoree; the actor Tom Hanks; the country singer Shania Twain; Representative Nancy Pelosi, the incoming House speaker; and Senator Edward M. Kennedy, Democrat of Massachusetts.

An accomplished pianist and self-proclaimed "lover of the arts," Ms. Rice said she went to a Smokey Robinson concert on her first date — chaperoned by her father because, "I suppose he thought there was too much power in the soul of Smokey Robinson."

"Arts flourish most when they happen in a democracy," Ms. Rice said. "The arts give expression to human spirit and give expression to human freedom."

Mr. Kennedy said the first secretary of state, "Thomas Jefferson, and Secretary Rice both knew the power of the arts to bring people together." He added, "Arts connect us with our history and inspire our future."

Ms. Parton is one of the most honored country music stars of all time, with seven Grammy Awards, nine Country Music Association Awards and a National Medal of Arts. Mr. Robinson is lauded as a primary influence in rhythm and blues, at the Motown record label where he recorded dozens of Top 40 hits with the Miracles and as a solo artist. Mr. Mehta's career as a conductor of Western classical music includes his tenure with the Israel Philharmonic Orchestra, with which he has conducted more than 1,600 performances on five continents. In his 13 years at the New York Philharmonic, Mr. Mehta conducted more than 1,000 concerts, including a 10-day tour of the Soviet Union in 1988.

Mr. Lloyd Webber is often referred to as the Shakespeare of his time with musicals like "Jesus Christ Superstar," "Evita" "Cats" and "The Phantom of the Opera." Mr. Lloyd Webber was knighted by Queen Elizabeth in 1992. He won an Oscar for "You Must Love Me," a song written for the 1996 film version of "Evita." Mr. Spielberg is among Hollywood's most successful and

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influential directors, and a three-time Academy Award winner who won Oscars for best director and picture for "Schindler's List" and best director for "Saving Private Ryan." He directed three of the highest-grossing films of their time: "Jaws," in 1975, "E.T. the Extra-Terrestrial," in 1982, and "Jurassic Park," in 1993.

President and Mrs. Bush attended the Kennedy Center program on Sunday evening after a reception at the White House for the honorees, the members of the Artists Committee who nominated them and the Kennedy Center board.

Artists Get A Star-studded Salute (USAT)

By Karen Thomas

USA Today, December 4, 2006

WASHINGTON — The sounds of country, Motown, Broadway and classical music combined with Hollywood star power in the nation's capital Sunday for the Kennedy Center Honors.

Stars from across the entertainment industry turned out. Among them: Tom Hanks, Liam Neeson, Reese Witherspoon, Aretha Franklin, India Arie, Jessica Simpson, Shania Twain, Reba McEntire and Josh Groban.

They gathered to pay tribute to director Steven Spielberg, country's Dolly Parton, Motown's Smokey Robinson, Broadway composer Andrew Lloyd Webber and conductor Zubin Mehta. The stars joined President Bush and first lady Laura Bush for the 29th awards ceremony, in which the Kennedy Center recognizes artists for their lifetime contribution to the arts and to American culture. The two-hour gala in the center's opera house was taped to air Dec. 26 on CBS (9 p.m. ET/PT).

Witherspoon and Simpson were there to honor fellow blonde Parton. Simpson relied heavily on cue cards to perform 9 to 5 and missed a few lines.

"Dolly, you make me so nervous I can't even sing the words right," Simpson said before leaving the stage.

Witherspoon fared a little better with the same Parton tune just moments earlier. The Walk the Line Oscar winner warbled several lines of 9 to 5 a cappella before giggling, "Someone else will sing this better later."

The show featured plenty of musical numbers. Parton also was celebrated by a duet from American Idol's Carrie Underwood and Kenny Rogers, who sang Islands in the Stream.

Another duo, Hanks and Neeson, paid tribute to Spielberg. Hanks introduced five World War II veterans and a Holocaust survivor during the show. Renee Firestone, the Holocaust survivor, emphasized the importance of the work of the director of Schindler's List and Saving Private Ryan. "Thank you, Steven, for what you have done for history. You are our hero."

Webber said the Kennedy Center award was better than a Grammy or an Oscar because "it's not connected to any of the industry." His former wife, Sarah Brightman, introduced the segment honoring him. When Broadway star Betty Buckley paid tribute by singing Memory from Webber's Cats, the audience responded with a standing ovation.

During the segment honoring Robinson, which was introduced by Franklin, Cee-Lo Green of Gnarls Barkley and Arie sang Going to a Go-Go, and Sam Moore and Jonny Lang performed Tracks of My Tears.

Robinson spoke earlier about receiving the honor: "It means everything to me," because the award is "for your impact on society."

Two More Years (NYT)

By Paul Krugman

The New York Times, December 4, 2006

At a reception following the midterm election, President Bush approached Senator-elect James Webb.

"How's your boy?" asked Mr. Bush.

"I'd like to get them out of Iraq, Mr. President," replied Mr. Webb, whose son, a Marine lance corporal, is risking his life in Mr. Bush's war of choice.

"That's not what I asked you," the president snapped. "How's your boy?"

"That's between me and my boy, Mr. President," said Mr. Webb.

Good for him. We need people in Washington who are willing to stand up to the bully in chief. Unfortunately, and somewhat mysteriously, they're still in short supply.

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You can understand, if not condone, the way the political and media establishment let itself be browbeaten by Mr. Bush in his post-9/11 political prime. What's amazing is the extent to which insiders still cringe before a lame duck with a 60 percent disapproval rating.

Look at what seems to have happened to the Iraq Study Group, whose mission statement says that it would provide an "independent assessment." If press reports are correct, the group did nothing of the sort. Instead, it watered down its conclusions and recommendations, trying to come up with something Mr. Bush wouldn't reject out of hand.

In particular, says Newsweek, the report "will set no timetables or call for any troop reductions." All it will do is "suggest that the president could, not should, begin to withdraw forces in the vaguely defined future."

And all this self-abasement is for naught. Senior Bush aides, Newsweek tells us, are "dismissive, even condescending" toward James Baker, the Bush family consigliere who is the dominant force in the study group, and the report. Of course they are. That's how bullies always treat their hangers-on.

Even now, it seems, the wise men of Washington can't bring themselves to face up to two glaringly obvious truths.

The first is that Americans are fighting and dying in Iraq for no reason.

It's true that terrible things will happen when U.S. forces withdraw. Mr. Bush was attacking a straw man when he mocked those who think we can make a "graceful exit" from Iraq. Everyone I know realizes that the civil war will get even worse after we're gone, and that there will probably be a bloody bout of ethnic cleansing that effectively partitions the country into hostile segments.

But nobody — not even Donald Rumsfeld, it turns out — thinks we're making progress in Iraq. So the same terrible things that would happen if we withdrew soon will still happen if we delay that withdrawal for two, three or more years. The only difference is that we'll sacrifice many more American lives along the way.

The second truth is that the war will go on all the same, unless something or someone forces Mr. Bush to change course.

During his recent trip to Vietnam, Mr. Bush was asked whether there were any lessons from that conflict for Iraq. His response: "We'll succeed unless we quit."

It was a bizarre answer given both the history of the Vietnam War and the facts on the ground in Iraq, but it makes perfect sense given what we know about Mr. Bush's character. He has never been willing to own up to mistakes, however trivial. If he were to accept the failure of his adventure in Iraq, he would be admitting, at least implicitly, to having made the mother of all mistakes.

So Mr. Bush will keep sending other men's children off to fight his war. And he'll always insist that Iraq would have been a great victory if only his successors had shared his steely determination.

Does this mean that we're doomed to at least two more years of bloody futility? Not necessarily. Last month the public delivered a huge vote of no confidence in Mr. Bush and his war. He's still the commander in chief, but the new majority in Congress can put a lot of pressure on him to at least begin a withdrawal.

I'm worried, however, that Democrats may have counted on the Iraq Study Group to provide them with political cover. Now that the study group has apparently wimped out, will the Democrats do the same?

Well, here's a question for those who might be tempted, yet again, to shy away from a confrontation with Mr. Bush over Iraq: How do you ask a man to be the last to die for a bully's ego?

OTHER NEWS:

Why Darker Clouds Might Eclipse Sunny Unemployment Forecasts (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, December 4, 2006

From a bird's eye view, the job market seems to be humming as the unemployment rate hovers at a five-year low. Indeed, Federal Reserve officials have cited it as a sign of vigor that could stoke inflation.

Fed Chairman Ben Bernanke said last week that, outside of the auto and housing sectors, U.S. economic growth remains "solid," and that the tight labor market remains a top concern because it could prod some companies to raise prices. The unemployment rate fell to 4.4% in October.

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However, other signals indicate the employment picture could darken. Initial claims for jobless benefits recently jumped to their highest level in more than a year. Payroll growth has eased this year to a monthly average of 147,000 net new jobs, from last year's 165,000. Just 92,000 jobs were created in October.

Data released Friday by the Institute for Supply Management show that the decline in manufacturing employment extends beyond the two suffering housing and auto sectors. Its employment index slipped to 49.2 in November from 50.8 in October. Readings below 50 indicate a contraction.

CAST YOUR VOTE

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Question of the Day:2 Is the job market stronger or weaker than it was a year ago?

The ISM said employment fell last month in five of the 18 industries it tracks. Seven others reported flat employment. A separate report released last week showed durable-goods orders plunged in October, a sign business investment could be weakening.

The Conference Board, a nonprofit business research group that tracks consumer confidence, said 22.4% of those polled last month considered jobs "hard to get," up slightly from October. Along with other indicators, that suggests "a loss of momentum in the overall job market," said Gail Fosler, the board's chief economist.

Those are the kind of signs bond-market investors and some economists have seized upon to dispute the Fed's upbeat assessment. Yields on the benchmark 10-year Treasury note on Friday fell to close to their lowest levels of the year, a sign bond investors expect weaker growth next year.

Futures-market traders raised to roughly 74% Friday from 51% earlier in the day the odds that the Fed would cut short-term interest rates by April, even though the Fed has suggested its choice is whether to raise, not whether to cut.

Economists say the health of the economy and job market through next year hinges mainly on how quickly the auto and housing sectors can pare the excess inventories that are forcing them to cut production, and the effect of the housing market's slump on other sectors. They will scrutinize the November jobs report, due out Friday, for insight.

Tens of thousands of workers have already felt the effects of the auto and housing slowdowns. Roughly 72,000 hourly employees accepted buyouts from General Motors Corp. and Ford Motor Co. and auto-parts maker Delphi Corp. GM and Ford said Friday they will cut North American auto production in the first quarter. Some of the nation's largest homebuilders have announced major job cuts this year.

Ed McKelvey, a senior economist at Goldman Sachs, projects monthly job growth will slow to an average of 75,000 next year. He expects the unemployment rate will climb to roughly 5% by the end of 2007, an increase sharp enough to elevate the risk of recession.

The October employment report, which showed the construction sector cut 26,000 jobs, "is just a drop in the bucket," said Mr. McKelvey, who anticipates that from 250,000 to 500,000 construction jobs could be slashed in the next six to 12 months. "The housing weakness has some distance to go," he said. "We're entering a phase where the spillover effect onto the job market and consumer spending are the biggest risks to the economy."

Nouriel Roubini, chairman of Roubini Global Economics, says the economy will be in recession next year.

To be sure, other economists say the job market is healthy and that indicators hinting at trouble can change direction quickly. The rise in initial claims for unemployment benefits in the week ended Nov. 25 might have been due to seasonal variations common during the holiday season, the Labor Department said. Still, it was the highest level since October 2005, in the wake of the Gulf Coast hurricanes. Excluding the post-hurricane period, initial claims hit their highest level in 2½ years.

Lou Crandall, chief economist at Wrightson ICAP, says the U.S. labor market should be fine. The housing and auto sectors are working down excess inventories this quarter, and that shouldn't have a major impact on other sectors beyond winter, he says. Moreover, large revisions boosted the estimate of August and September payroll growth, which suggests the job market is "generally in very good shape," Mr. Crandall says.

Still, Mr. Crandall says he will keep a keen eye on the November unemployment report. "Any downside surprises in Friday's report would have a greater-than-usual impact on our expectation" for economic growth, he says.

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Cracks Widen In U.S. Economy (WT)

By Patrice Hill

The Washington Times, December 2, 2006

Economic weakness spread beyond the stricken housing and auto sectors last month, with reports showing U.S. manufacturing shrank for the first time in 31/2 years and construction dropped the most since the September 11, 2001, terrorist attacks.

U.S. industries broadly cut back production, adding to factory shutdowns caused by deepening recessions in auto- and housing-related industries such as wood, furniture and appliances, according to a report yesterday from the Institute for Supply Management.

An unexpected decline in construction of offices and other business facilities in October added to a record string of drops in housing construction of more than 1 percent in the last seven months to cause the biggest drop in construction spending in six years, the Commerce Department said yesterday.

"Industry is clearly going through a rough patch" that few anticipated, said Daniel Jester, analyst at Moody's Economy.com. Outside housing and autos, the Federal Reserve had expected business to pick up rather than decline this fall, supporting a so-called "soft landing" in the economy.

The weakness in manufacturing started with autos, was compounded by housing, and recently has spread to big-ticket capital goods such as technology and telecommunications equipment, Mr. Jester said. In addition, a broad array of manufacturers are cutting back because of an unexpected buildup of inventories this fall that has to be worked off, he said.

"It is clear that several segments of the industrial base have weakened measurably over the past few months. This may now be spilling over to heretofore healthy segments related to business investment," he said.

"The signal of declining production should not come as a surprise," said Daniel J. Meckstroth, chief economist at the Manufacturers Alliance. "Two major manufacturing markets are declining -- motor vehicles and housing -- and many other industries are trying to adjust inventories to adjust for a period of much slower growth ahead in 2007."

The "awful" collapse of the construction market in October means that sector is likely to be a major drag on economic growth for the fourth straight quarter in the final quarter of 2006, according to Economy.com estimates.

David Wyss, economist at Standard & Poor's Corp., noted that the downbeat tone of recent economic news contrasts sharply with upbeat assessments this week coming from Fed Chairman Ben S. Bernanke and other Fed officials. Mr. Wyss said there is cause for worry.

"Weak retail sales and a drop in consumer confidence in November create worries about the consumer," he said, adding that "home sales and prices are dropping and the manufacturing sector appears to be retreating for the first time in over three years."

While Mr. Bernanke and other Fed officials maintain that the economy can avoid recession even with the critical housing and car industries in decline, many economists disagree.

"Housing slowdowns tend to lead recessions rather than result from them," said John Makin, economist with the American Enterprise Institute. "An annual drop in the growth rate of residential investment of more than 10 percent has coincided with a recession five of the seven times it has occurred since 1965."

Housing, the biggest contributor to a halving of economic growth this year, plummeted at an 11 percent rate in the spring, 18 percent in the summer, and an estimated 9 percent in the fall.

"The intensity of the fall in U.S. residential investment during the middle two quarters of 2006 is approaching potential recession territory," Mr. Makin said, but whether a downturn occurs depends on whether the Fed changes its stance and starts to cut interest rates.

Interest rates declined in the bond market yesterday in expectation that the Fed will reverse course and start cutting rates by March.

Roger M. Kubarych, economist with Unicredit Markets, said the Fed will reconsider its position at a meeting later this month. Mr. Bernanke signaled that the central bank is starting to become concerned about the housing market in a speech this week that for the first time designated a housing collapse as the biggest risk to economic growth.

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"It seems the Fed is beginning to get nervous about the economic outlook," he said.

Who's Afraid Of A Higher Minimum Wage? (WP)

By Michael S. Rosenwald

The Washington Post, December 4, 2006

Nomey Druskin, manager of the Rainbow Hair Designers at the White Flint Mall, employs six shampooers. Mostly Hispanic immigrants, they are paid at the low end of the wage scale. Druskin should be particularly interested in the Democrats' intention to raise the minimum wage when they take over Congress, right?

She's not. Druskin pays her shampooers at the North Bethesda salon a base rate of more than $8 an hour. That's higher than the federal minimum wage ($5.15), higher than Maryland's minimum wage ($6.15) and higher than what the Democrats are proposing federally ($7.25). In fact, the median hourly rate for all shampooers in the Bethesda-Gaithersburg area, according to federal statistics, is $7.48 -- above all mandated minimums.

Druskin said the shampooers at her 30-year-old salon earn what they earn -- plus tips -- for a few reasons. First and foremost, it would be inhumane to pay them less, she said, given the cost of living in the Washington region. And if she didn't pay them a decent salary, she couldn't attract good, stable help. The shampooers wouldn't smile as easily at their customers. The hair wouldn't be washed just right, and the business, which serves a high-end clientele, would suffer.

"We have to pay them enough to make them happy and for them to live happily," Druskin said. "It's a domino effect from the bottom up. We want the clients to be happy."

Druskin's experience suggests that increasing the federal minimum wage might be irrelevant for many of this region's workers and employers, given the extent to which market forces -- high demand for labor, low unemployment and the lofty cost of living -- have already raised the floor for hourly salaries. According to federal data, the median hourly pay for all workers in the Washington-Arlington-Alexandria area is $19.14 -- about 72 percent higher than Lubbock, Tex., where it is $11.13.

Dressing-room attendants make about $8.41 an hour here. Photographic processing machine operators: $10.29. Dishwashers: $8.05. Lifeguards: $7.98.

"Raising the minimum wage won't really matter for us," Druskin said. "We are already above that."

So are most other big job centers around the country, with only about 520,000 people nationwide making the federal minimum of $5.15 an hour, a rate that hasn't gone up in a decade and has led some 28 states and the District to pass their own increases.

"When you let the minimum wage fall as low as it's fallen, it becomes almost irrelevant," said Harry J. Holzer, professor of public policy at Georgetown University and a former chief economist for the Labor Department. "This is an attempt to make it somewhat more meaningful, but not so meaningful that it destroys a lot of jobs."

While the number who make the federal minimum wage is minuscule compared with the total workforce of 132 million, economists think that several million workers would be affected by a change in the law. The Economic Policy Institute, a Washington think tank, estimates that the number of workers making at least $5.15 an hour but less than the Democrat-proposed $7.25 will be 5.6 million by 2009 -- when the proposed increase would be fully phased in.

Then there are the workers who already make $7.25 an hour, or a little more. Liana Fox, an economic analyst for the institute, thinks these workers would also see a small bump in wages to keep the pecking order. The institute puts about 7.4 million workers in that category. That means 13 million people, or about 10 percent of the workforce, could be affected by an increase.

Of those workers, about 79 percent are 20 or older, the institute estimates. Forty-six percent work in sales or service. About 61 percent are white; 59 percent are women.

Locally, about 450,000 workers in Virginia -- 13 percent of the state's workforce -- could be affected, according to an EPI analysis. The total in Maryland is 116,000 workers, 4.4 percent of the workforce. An analysis for the District was not possible; the sample size was too small.

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Economists and analysts for years have argued about the possible negative effects on the workforce of raising the minimum wage. Some, like Fox and Holzer, think those would be negligible, given that the dollar amount of the increase is not great. Also, Fox said, "this is such a small fraction of the total labor force."

But other economists say that raising the minimum wage would lead employers to reduce their staffs, eliminating jobs for the least-skilled employees. The National Restaurant Association recently released a poll in which 41 percent of family dining and casual restaurant operators said they would cut jobs because of increases in the minimum wage.

Jim Wordsworth, who owns the steakhouse J.R.'s Stockyards Inn in Tysons Corner, starts his dishwashers at $7.20 an hour, and some make more than that. He said he wouldn't cut jobs if the minimum wage went up, but he wouldn't add any.

Would he increase salaries for those already making more than the new minimum?

"If I'm forced to by the market," he said. "I respond to market conditions."

Carlos Castro is another area employer who said he won't cut workers if the minimum wage goes up. As the owner of Todos Supermarkets in Alexandria and Woodbridge, he pays a starting wage of $7 an hour for cashiers, stockers, meat cutters and cooks -- well above the $5.15 minimum in Virginia.

"You just can't get by on minimum wage these days, and I don't want to force my employees to have to get a second job to support themselves," Castro said.

Castro said that if Congress increases the federal minimum wage, he will probably raise his pay to keep it above that -- precisely what the EPI anticipates happening around the country.

"My philosophy is to pay a little more than at other places to make sure we get better workers," he said.

Staff writers Cecilia Kang and Amy Joyce contributed to this report.

New U.S. Rules Raise Retention Requirements For E-documents (LAT/AP)

From The Associated Press

The Los Angeles Times, December 4, 2006

WASHINGTON — U.S. companies will need to know more about where they store e-mails, instant messages and other electronic documents generated by their employees in the event they are sued because of changes in federal rules that took effect Friday, legal experts say.

The changes, approved by the Supreme Court's administrative arm in April after a five-year review, require companies and other parties involved in federal litigation to produce "electronically stored information" as part of discovery, the process by which both sides share evidence before a trial.

Federal and state courts have increasingly been requiring the production of such evidence in individual cases. The new rules clarify that the data will be required in federal cases.

Under the new rules, an information technology employee who routinely copies over a backup computer tape could be committing "virtual shredding" once a lawsuit has been filed, said Alvin F. Lindsay, a partner in the Miami office of Hogan & Hartson whose legal expertise is in technology and litigation.

Companies still could routinely purge their archives if the data aren't relevant to cases the companies have pending or expect to face, though specific sectors such as financial services remain governed by other data-retention rules.

The new rules make it more important for firms to know what electronic information they have and where, especially because of a provision that requires lawyers to provide information much earlier than before on where clients' data are stored and how accessible they are.

Besides e-mail, companies will need to know about things more difficult to track, such as digital photos of work sites on employee cellphones and information on removable memory cards, said James Wright, director of electronic discovery at Halliburton Co.

There are hundreds of "e-discovery vendors," and these businesses are raking in about $1.6 billion in 2006, Wright said. That could double in 2007, he added.

Although electronic searches can help narrow the amount of data, Lindsay said, some high-paid lawyers still will have to sift through casual e-mails to find relevant information.

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But Martha Dawson, a partner at Seattle-based law firm Preston Gates & Ellis who specializes in electronic discovery, said companies would not have to alter how they retain their electronic documents. Rather, she said, they will have to do an "inventory of their IT system" to know better where the documents are.

As Jeb Bush Leaves Office, Big Role Awaits Him As Party Power Broker (WSJ)

By Christopher Cooper

The Wall Street Journal, December 4, 2006

TALLAHASSEE, Fla. -- Republicans pondering a political shift to the middle after their losses in midterm elections might consider the example of Florida Gov. Jeb Bush before setting their course.

Mr. Bush, who is stepping down this month because of term limits after eight years in office, has a track record as one of the nation's most socially and economically conservative politicians, yet he enjoys a nearly 65% approval rating in a state where registered Democrats outnumber Republicans. His brand of conservatism -- a mix of conservative political stands and activist governance -- has paid off for him in a way it hasn't for his brother in the White House.

His public support in a key swing state, his recent launch of a political advocacy group and the departure of two of his high-level aides to join the possible presidential campaign of another conservative governor suggest Mr. Bush will exert substantial influence over his party in the 2008 election and beyond.

At the least, he looks likely to be a significant power broker, despite the heavy toll the Iraq war has taken on his older brother's public-approval rating. The younger Bush has said he has no plans to seek the presidency in 2008. But he hasn't been as assertive in batting down persistent speculation among his closest backers that he might consider the No. 2 spot on a presidential ticket.

In a recent interview, he declined to rule out that possibility, adding that he wanted to dispel the myth that a hard political conservative has no future in politics. "There's a way to advocate conservatism that draws people toward the cause," Mr. Bush said. "I think I'm living proof of it."

Though he has declined to speculate on his political future beyond 2008, it is widely assumed that the 53-year-old governor would at least consider a White House run somewhere down the line. Among those fueling that assumption is President Bush, who told reporters last spring that his younger brother would make "a great president."

"Like a lot of other people, I've pushed him fairly hard about what he intends to do," President Bush said. "I don't think he knows, and if he did know he wasn't going to tell me because he's afraid I'd tell you."

While the governor has been vague about his own plans, there are few secrets about where his sympathies lie for 2008. Two of his chief political operatives have allied themselves with Republican Gov. Mitt Romney of Massachusetts, who is considering a presidential bid.

Mr. Romney is viewed as a social conservative, to the right of presumed Republican front-runner Sen. John McCain of Arizona. That dovetails with Mr. Bush's view of himself: "I'm conservative admittedly and unashamedly. I don't apologize for it."

Governors control the political levers that help deliver a state's vote to presidential candidates. But as Mr. Romney and other Republican hopefuls begin fanning out across the country in the next few months, they will find their network of statehouse allies has shrunk since President Bush won re-election in 2004.

The November elections left Democrats holding a majority of governorships for the first time in a dozen years. Democrats held on to big states in the East and Midwest and picked up Ohio, which has had a Republican governor for 16 years. In 2004, President Bush's narrow victory in Ohio was viewed as pivotal to his re-election.

Now, with electoral-vote heavyweights like Ohio, Pennsylvania, Michigan and New York in Democratic hands, a Republican victory in 2008 is likely to depend on Texas and Florida, states where the Bush name continues to play well.

Florida is considered a must-win for Republicans; shortly after Election Day, the party tapped Florida Sen. Mel Martinez to be its general chairman. Florida's importance for 2008 is clear to early presidential hopefuls: Messrs. McCain and Romney along with former New York Mayor Rudy Giuliani all visited the state during the 2006 election season. Mr. Romney, as head of the Republican Governors Association, gave the state's party $1 million.

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"This is the highest priority state for us," Mr. Romney said during his September visit. "There are a couple of others in that category, but nobody's higher than Florida."

During his tenure as governor, Mr. Bush, helped by a sympathetic Florida legislature, expanded the reach of his office. While most judges in Florida previously had been elected, the governor now controls many of the state's judicial appointments. In a recent interview, Mr. Bush referred to that system as "the proper way" to select judges.

Education has been a priority for Mr. Bush, and by nearly every account he has improved Florida schools without raising taxes. He also worked with the legislature to abolish the Board of Regents, which had overseen the state's public universities, and to unwind affirmative action on those campuses.

Along with improving Florida's bond rating, Mr. Bush also has managed to seize control of the state's budget from the legislature. "The governor now dominates the budget process," he said. "The drunken sailors can't take charge in Florida."

Moreover, the state's performance in providing disaster relief in the wake of hurricanes, particularly after four of them hit in the 2004 season, has drawn national accolades.

As governor, Mr. Bush has rarely shied from a political fight, though he hasn't always avoided embarrassing missteps. In 2002, after Florida voters passed a ballot proposal to limit class sizes, Mr. Bush, unaware that a reporter was present, told lawmakers he had "a couple of devious plans" for derailing the cap. Similarly, in a speech to the Florida Medical Association, he promised to "whack the trial lawyers," prompting critics to accuse him of basing his drive to reform the state's medical-malpractice regime more on political vengeance than sound policy.

In 2003, Mr. Bush dispatched Florida troopers to raid the hospice where brain-damaged Terri Schiavo lay in a "persistent vegetative state" and, over the objections of her husband, whisk her away to another hospital, where she could be fed through a tube. After Ms. Schiavo died in 2005 following a protracted court battle, Mr. Bush asked a state prosecutor to investigate her husband's role in the 1990 incident that caused Ms. Schiavo's condition. Mr. Bush later dropped the investigation, bringing to an end a series of moves that even people close to the governor considered risky political overreach.

For better or worse, such actions have shaped Mr. Bush's political reputation, says J.M. "Mac" Stipanovich, a Tallahassee lobbyist and onetime aide to former Republican Gov. Bob Martinez. "Jeb will always matter," Mr. Stipanovich said. "But he'll matter the most if the party decides to stay right-wing....Then Jeb would be a paragon, an exemplar for the party."

Mr. Bush also draws respect from the other side of the aisle. Jim Krog, a former chief of staff for Democratic Gov. Lawton Chiles, said Mr. Bush deserves accolades for changing one of the weakest governor seats in the country into one of the strongest. "I've never seen a governor as tireless as him, and I doubt I ever will again," Mr. Krog said. "He breathes it. He lives it. And you know what? Jeb Bush in the White House wouldn't be the worst thing that could happen."

Mr. Krog said that from a political handicapper's standpoint, Mr. Bush "could announce for president tomorrow, and make a helluva run at it." In a recent interview, Mr. Bush, formerly a commercial real-estate developer, said he intends to return to private life after leaving office. Mr. Bush said he probably will remain involved in issues that interest him, such as school vouchers.

Though Mr. Bush reiterated in a recent interview that he has no intention of running for president in 2008, he declined to rule out joining a presidential ticket -- which some political supporters have suggested he will consider. "I'm leaving," he said. "I don't know what I'm going to do."

Mr. Bush blames what he calls "political heroin addicts" for stirring up speculation about his future. In recent months and years, his name has been floated for National Football League commissioner, senator from Florida and president. Many of his closest supporters say he is almost certain to seek higher office down the line.

Adding to his appeal as a potential vice-presidential candidate, Mr. Bush has proved he can raise significant amounts of campaign money. In August he created a political advocacy group called Foundation for Florida's Future Action Fund, which state newspapers have reported already has amassed $2 million in cash. Mr. Bush has teased the media about the purpose of the organization, recently telling reporters: "The great thing about America is you can ask and I don't have to say."

GOP Governors Ponder Damage (WT)

By Ralph Z. Hallow

The Washington Times, December 4, 2006

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MIAMI -- Some Republican governors meeting here wonder whether their party can realistically hope to regain majorities in Congress, the governors mansions and state legislatures, given that the unpopular Bush administration's lease on the management of government has two more years to run.

Republican governors, whose numbers went from a high of 32 in 1998 to 28 last year, generally agree that the reasons they are down to 22 after last month's elections are the Iraq war and the general tarnishing of their party's brand image.

"The war in Iraq hurt even at the gubernatorial level, even at the state level," Mississippi Gov. Haley Barbour said, agreeing with a point Republican National Committee Chairman Ken Mehlman made in a speech to the Republican Governors Association annual meeting that concluded over the weekend.

"National issues, especially the war in Iraq, had a profound impact on state races including campaigns for governor," Texas Gov. Rick Perry said. "Immigration was another powerful issue."

Mr. Barbour said he and other members of the Republican Governors Association were told in a closed meeting that polling showed that 20 percent of people who voted in the governors' races said Iraq was a major issue in their vote.

"Now, that's just hard to believe, that people would think about foreign policy and national-security issues and say that's what affects whom I vote for governor," Mr. Barbour said. "Because the governor has nothing to do with it. Yet people felt so strongly about the war, it colored their decisions about whom to vote for governor."

Governors said that in closed conference sessions, they heard reports from Republican pollsters and managers of state legislative campaigns who said their legislative candidates would go door to door, knock and say, "I'm running for the statehouse." The voter who answered the door would say, "Well, great, what are you going to do about Iraq?" The candidate would reply, "Well, I'm running for the statehouse and we don't have anything to do with that."

But the voter would simply repeat, "Well, what are you going to do about Iraq?"

The devastation of the midterm elections was beyond what many Republican governors had expected. Mr. Barbour said he didn't realize till he heard Mr. Mehlman say it in his speech that there is now only one Republican, Rep. Christopher Shays of Connecticut, among the 22 newly elected House members who hail from New England.

Some Republican strategists attending the conference said privately that they suspect it is, as one of them put it, "silly" to think about taking back the House and Senate and winning a majority of governorships with the Bush administration still in power.

"It goes back to that larger theme of trust," says South Carolina Gov. Mark Sanford, a limited-government conservative who won re-election on Nov. 7. "And once that trust is broken -- for whatever reasons, and a lot of it was very innocent -- I mean, the people didn't expect anything better from Clinton. He was viewed as a scoundrel from the start."

Mr. Sanford said, "It's more difficult for [President] Bush and [Vice President Dick] Cheney, given the high standing they held, and now there's this angst about Iraq -- and I think the economy is going to weaken."

Mr. Barbour sees the Democrats playing at least as big a role as the Bush administration in determining whether a Republican comeback is possible.

"It depends on what happens the next two years," he said. "The Democrats have offered nothing, and if they do what they offered -- nothing -- then the Republicans might come back in two years."

Yet Republican governors say that the war was not the only cause of the midterm meltdown.

"Republicans need to stop spending like Democrats because ultimately the people will elect the real thing if there is no difference," Mr. Perry said.

Recalling the year when Republicans gained the congressional majority that was wiped out Nov. 7, Mr. Barbour said that in 1994, "Republicans got elected by a majority who wanted a different domestic policy. In this election, the Democrats got elected because they weren't the Republicans. It was the war, but also scandal and corruption."

A Split In The GOP Tent (WP)

By Sebastian Mallaby

The Washington Post, December 4, 2006

Republicans are good at reinvention. They have appealed to voters' dark side (Nixon's Southern strategy) as well as to their sunny side (Reagan's "Morning in America"). They have skipped from anti-government populism (Newt Gingrich and the leave-

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us-alone coalition) to big-government machine politics (the alliance with corporate lobbyists known as the K Street Project). Through all these transformations, the GOP has sustained its big-tent coalition. The question in the wake of its election thumpin' is whether the tent will split.

You can see this possibility in " Liberaltarians," an essay in the New Republic by Brink Lindsey, the director of research at the libertarian Cato Institute. Lindsey is not merely joining the large crowd of disenchanted conservatives who believe that the Republican Party has betrayed its principles -- spraying money at farmers, building bridges to nowhere and presiding over the fastest ramp-up in federal spending since Lyndon Johnson. Rather, Lindsey is taking a step further, arguing that libertarians should ditch the Republican Party in favor of the Democrats.

Why react to the temporary corruption of a party by abandoning it outright? Lindsey's answer is that Republicans are not merely failing to live up to their principles; the principles have altered. The party has been virtually cleaned out of the Northeast; it has suffered setbacks in the Mountain West; it increasingly reflects the values of its stronghold in the South. As a result, it has lost its libertarian tinge and grown more religious and traditionalist.

There has always been a tension between Republican libertarians, who believe that individual choices should be unconstrained by received wisdom, and Republican traditionalists, who believe pretty much the opposite. In their history of the conservative movement, John Micklethwait and Adrian Wooldridge recall that Barry Goldwater believed Jerry Falwell deserved "a swift kick in the ass;" and Goldwater's wife, Peggy, helped to found Planned Parenthood in Arizona. But for a long time the two wings of the party could paper over these differences. Christian conservatives and libertarians agreed that misconceived government programs were harming traditional values. Schools forced sex education on children. The tax system and the welfare system penalized marriage.

Conservatives have grown less able to bridge these divisions because of their success. Welfare has been reformed, and the tax system now supports families with the expanded child tax credit. Having ticked off the first things on their to-do list, Christian conservatives now press for affirmative state action on behalf of traditional values: amendments to the constitution to bar gay marriage, government efforts to teach abstinence, federal payments to faith-based groups. All these policies appall libertarians.

It's not just the values of the South that pose a problem. It is the region's appetite for government. The most solidly red states in the nation tend also to be the most reliant on federal handouts -- farm subsidies, water projects and sundry other earmarks. It's hard to be the party of small government when you represent the communities that benefit most from big government. George W. Bush tried to straddle this divide by pleasing libertarians with tax cuts and traditionalists with spending. The result is a huge deficit.

Would libertarians be more comfortable in the company of Democrats? On moral questions -- abortion, gay marriage, stem cell research -- clearly they would. But on economic issues, the answer is less obvious. For just as Republicans want government to restore traditional values, so Democrats want government to bring back the economic order that existed before globalization. As Lindsey puts it in his New Republic essay, Republicans want to go home to the United States of the 1950s while Democrats want to work there.

If Democrats can get over this nostalgia, there's a chance that liberaltarianism could work. For the time has passed when libertarians could seriously hope to cut government: Much of what could be deregulated has been, and the combination of demographics, defense costs and medical inflation leaves no scope for tax cuts. As Lindsey himself says, the ambition of realistic libertarians is not to shrink government but to contain it: to cut senseless spending such as the farm program and oil subsidies to make room for the inevitable expansion in areas such as health.

As it happens, this also describes a plausible agenda for the Democratic Party -- at least if it can shed the back-to-the-1950s yearnings of its reactionary left. Precisely because Democrats want government to provide social insurance against the volatility of globalization, the party has an interest in cutting unneeded federal spending. Precisely because entitlements are expanding so expensively, the party needs cost-saving ideas from anyone who has them -- including libertarians.

The era of big government is far from over, and liberals and libertarians gain nothing from fighting over its inevitable growth. But precisely because government is on a trajectory of unsustainable expansion, liberals and libertarians have a common interest in reinventing it.

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Senate Will Be Tough On 2008 Hopefuls (AP)

By Jim Kuhnhenn

AP, December 4, 2006

For senators with presidential aspirations, 2007 looms like a potential minefield.

The schedule alone is a career enhancement hazard.

When Congress returns under Democratic control in the first week in January, the House and Senate will be tied up with spending bills and other legislation left over from this year as well as an ambitious agenda set by new Democratic congressional leaders.

The schedule for this week's lame-duck session calls for a limited amount of work.

Lawmaking will be a balancing act between voters' expectations and legislative pragmatism, between the impulse to spend and fiscal discipline, between campaigning and staying in Washington to govern.

The likely candidates next year face votes on appropriations, budgets and trade — all of which present potential pitfalls in a presidential campaign.

Congress also could consider immigration and Social Security legislation, two issues that attract widespread public interest as well as alarm.

Hanging over all that will be Iraq.

So far six Democratic and three Republican senators are weighing whether to run for president in 2008. Two House Republicans also are in the mix. The race is off to an early start, with potential candidates setting up their campaign and fundraising operations and seeking early media exposure.

For the Democrats in particular, that amounts to serious multitasking.

At least three — Sens. Joe Biden of Delaware, Christopher Dodd of Connecticut and John Kerry of Massachusetts — will be committee chairmen in the Senate. Two other senators — Hillary Rodham Clinton of New York and Evan Bayh of Indiana — are in line to head two subcommittees, where much legislation originates.

Senate Democratic leader Harry Reid of Nevada has pledged to increase the work tempo in the Senate, promising votes throughout the week instead of the current Tuesday to Thursday schedule.

"It's going to be interesting to see if those folks who are in the Senate and who now have the responsibility to chair committees, to sort of run the show, whether their attention will be captured by the Senate or whether they will make time to come campaign," said Dick Harpootlian, a former chairman of the Democratic Party in South Carolina. His state is a requisite stop early in the presidential sweepstakes.

As senators, Republican and Democratic presidential contenders will face difficult choices on the Senate floor. Democrats have pledged to budget frugally, spending or cutting taxes only if the money can be made up elsewhere.

That is a tall order given their desire to increase spending on education and fix the alternative minimum tax, intended to ensure the wealthy do not avoid taxes through loopholes.

But this tax is not indexed to inflation and has encroached on middle-income taxpayers. Correcting the tax or eliminating it would cost hundreds of billions in lost revenue over the next decade.

Congress also will have to address nettlesome trade issues.

President Bush's right to negotiate trade deals without the ability of Congress to amend them expires in June. Labor unions oppose simple reauthorization and votes that expand trade do not play well in states such as South Carolina, which has lost much of its textile industry to foreign countries.

Outgoing Massachusetts Gov. Mitt Romney, a likely contender for the Republican presidential nomination, alluded to the challenge facing senators while he attended the annual meeting last week of the Republican Governors' Association, which he has headed.

"There's nothing that's going to yield a bigger swat — or a thumping if you will — than saying one thing and doing another," Romney said.

Part of the problem for Democrats is that congressional Republicans return to Washington this week with the reins of power still in their hands, but with little ambition to do much more than ride out of town by week's end.

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During the weeklong session, the last under GOP control, Congress is expected to vote on a new defense secretary, approve a package of expiring but popular tax and health provisions, put the government on a budget autopilot and leave major spending decisions to next year.

Unable to complete action on nine major spending bills to operate the government, the House and Senate plan to approve a resolution that will keep the government running at current spending levels until Feb. 15. House and Senate negotiators were trying to finish work on a nuclear power technology-sharing agreement between the United States and India.

Congressional leaders were looking for ways to get a vote on legislation giving Vietnam preferred trading status. Labor unions oppose the bill, though several Democrats, including Dodd and Kerry, support it. But without any urgency to pass it, the measure could also end up in a 2007 to-do list.

Absent any legislative clashes, the Iraq war will offer lawmakers plenty of opportunities to spell out their differences with Bush administration policy — and with each other.

Bush's nominate to lead the Pentagon, Robert Gates, will have his confirmation hearing Tuesday before the Senate Armed Services Committee. Clinton, Bayh and Sen. John McCain of Arizona, now considered the front-runner for the Republican presidential nomination, are committee members.

Gates is not expected to face serious opposition, but he will be pressed to assess the administration's policies in Iraq.

"They need to elicit from Gates a clear and unequivocal recognition of the full range of the mistakes that have been made," said Susan Rice, a foreign policy expert at the Brookings Institution who advised Kerry in his 2004 presidential campaign. "If he can't acknowledge that, it really does call into question his willingness and ability to change course."

On Wednesday, a bipartisan commission studying Iraq is scheduled to release its recommendations. They are expected to call for increased diplomacy with Syria and Iran and a gradual withdrawal of combat troops from Iraq.

Many Democrats, including Kerry, want a specific timetable for withdrawal. McCain, on the other hand, wants to boost troop strength in Iraq. Either way, the commission report will provide fodder for presidential candidates to stake out positions that will follow them well into the campaign.

Early 'Maybe' From Obama Jolts '08 Field (NYT)

By Adam Nagourney

The New York Times, December 4, 2006

WASHINGTON, Dec. 3 — Senator Barack Obama's announcement that he might run for president is altering the early dynamics of the 2008 Democratic nominating contest. The move has created complications for Senator Hillary Rodham Clinton as she steps up her own preparations and is posing a threat to lesser-known Democrats trying to position themselves as alternatives to Mrs. Clinton, Democrats said Sunday.

The declaration six weeks ago by Mr. Obama, an Illinois Democrat, has set off a surge of interest in Democratic circles, which party officials expect will only be fueled in the coming week as Mr. Obama prepares for a day of campaignlike events in New Hampshire next Sunday.

At the least, Mr. Obama's very high-profile explorations have contributed to a quickening of the pace across the 2008 Democratic field. On Sunday, Senator Evan Bayh of Indiana said that he would create a presidential exploratory committee this week. And Gov. Tom Vilsack of Iowa went so far as to announce his candidacy two years before Election Day, in what his aides said was a calculated strategy to grab a moment of attention before Mr. Obama and Mrs. Clinton blot out the sun.

Mrs. Clinton has been meeting in recent days with New York Democrats — including a two-hour brunch on Sunday at the Manhattan apartment of Gov.-elect Eliot Spitzer — to telegraph her own likely entry into the race, though her aides said the get-together had been planned before Mr. Obama discussed his possible run publicly.

But more than simply picking up the pace, Democrats increasingly believe that Mr. Obama has the potential of upending the dynamics of the 2008 contest more than any other Democrat who might run — short, perhaps, of Al Gore, the former vice president, whom some Democrats are pressing to run.

In Mr. Obama, Democrats have a prospective candidate who both underlines and compensates for the potential weaknesses that worry many Democrats about Mrs. Clinton.

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He is a fervent opponent of the war in Iraq, and Democrats see him as an exceedingly warm campaigner with a compelling personality and a striking ability to command a crowd. He has no known major political baggage (though he has yet to encounter anything approaching the level of scrutiny Mrs. Clinton has undergone during her years in public life). And Mr. Obama can even match Mrs. Clinton's arresting political storyline if he tries to became the nation's first black president as she seeks to become its first female president.

But whatever complications he might pose for Mrs. Clinton are dwarfed by the shadow he is throwing over lesser-known Democrats. Almost without exception, they have approached this race with the same strategy: to try to emerge as the alternative to Mrs. Clinton and take advantage of substantial reservations in Democratic circles about her potential to win the White House.

There is only so much money, seasoned political expertise and media attention to go around, so the prospect of Mr. Obama eyeing the presidential nomination is understandably unsettling to his potential rivals. Whereas their original success was contingent on Mrs. Clinton folding, now they face the prospect of having to hope that two high-profile national Democrats collapse in the year leading into the Iowa caucuses.

"For every candidate in the race who isn't Hillary Clinton, the entry of any other candidate in the races makes your job that much harder," said Ron Klain, who worked as a senior adviser for Mr. Gore when he ran for president. "For all those guys, Obama is a very serious candidate who will compete with them for the limited supply of activists and media attention."

Mark McKinnon, who was a top adviser to President Bush in his two White House runs and who is a senior adviser to Senator John McCain, Republican of Arizona and a likely presidential candidate in 2008, said, "I think Barack Obama is the most interesting persona to appear on the political radar screen in decades." He added, "He's a walking, talking hope machine, and he may reshape American politics."

David Axelrod, a senior adviser to Mr. Obama, said, "If you believe at some level that this is a zero-sum game in terms of money and supporters and talent, then any time someone gets in with a big excitement quotient, that affects everybody else." Mr. Axelrod has worked for Mr. Vilsack and for John Edwards, the former North Carolina senator who ran for president in 2004 and is likely to do so again this time.

Mr. Bayh got a reminder of that on Sunday when he appeared on "This Week" on ABC.

"What kind of a strategy do you need to combat huge political celebrities like John McCain, Barack Obama, Hillary Clinton?" asked George Stephanopoulos, the program's host.

Mr. Bayh earnestly dodged the question for a moment, before finally responding: "Is this a little bit like David and Goliath? A little bit, but as I recall, David did O.K."

Asked repeatedly about the woman who is perceived as his most formidable challenge in the primary, Mr. Obama has been careful not to criticize Mrs. Clinton directly. But one of his central messages is that he is something Mrs. Clinton is not: a late baby boomer (he was born in 1961, at the tail end of the post-World War II generation; Mrs. Clinton was born in 1947), and a fresh face that rises above old partisan grudges.

Mr. Obama has already provided some hints of how he would position himself against Mrs. Clinton, suggesting he would link her to her husband's presidency and their role in the intense partisanship that marked much of the 1990s and that carried over into the Bush presidency.

During a lengthy interview just before the midterm elections, Mr. Obama portrayed himself as part of a new generation of political leaders. Asked whether he detected a void in the Democratic presidential field, Mr. Obama replied that he sensed a mood of "Do we want to get beyond the slash-and-burn, highly ideological politics that bogged us down over the last several decades?"

Mr. Obama went on to say that he admired former President Bill Clinton for trying to bridge a centrist course between Democrats and Republicans. But he did not shy away from pointing out Mr. Clinton's weaknesses — as someone who came of age in the 1960s, and all the debates about Vietnam service, drug use and sexual conduct that went with it, issues that continued to play out, sometimes with Mrs. Clinton in a supporting role.

"Although his instincts were right on target, and I think, intellectually and pragmatically, he understood that America wanted to move beyond those categories, in some ways he was trapped by his biography," Mr. Obama said. "Some of what I say, I think, is facilitated by the fact that I'm less rooted in some of those arguments."

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For all the excitement Mr. Obama's potential candidacy has stirred, he remains a 45-year-old first-term senator who is largely untested in national politics. Yes, Mr. Obama is unusually talented, Democrats and Republicans alike say, but the history of presidential campaigns is filled with examples of celebrity candidates like Gen. Wesley Clark in 2004 who burst onto the political stage but eventually sputtered as they struggled to master the difficulties of running for president.

Mrs. Clinton's advisers said they never figured this would be an easy race for her, should she run. They said they appreciated Mr. Obama's political talents and the threats he posed to her candidacy — in particular, his appeal to liberal voters, given the opposition to the war, and his appeal to black voters, who have been a large part of Mrs. Clinton's base.

It is conceivable that Mr. Obama would help Mrs. Clinton by initially commanding contributions and blocking out more experienced and tested potential rivals — like Mr. Edwards or Mr. Bayh — only to stumble later on, when it is too late for anyone else to catch up.

James Carville, a Democratic consultant who advises Mrs. Clinton, said it was impossible to predict how Mr. Obama might shape such a crowded field.

"He has an early effect on the race, but there's no way to predict what happens in a presidential race with this many funded candidates and this kind of name recognition," Mr. Carville said.

Mrs. Clinton's advisers have said throughout the year that she would wait until after the midterm election before moving into the more aggressive exploration phase that she is now in. "Her decision-making process is not going to depend on what candidates do or don't do, which isn't to say we don't have tremendous respect for the other candidates," said Howard Wolfson, a Clinton adviser.

One Democrat with knowledge of Mrs. Clinton's conversation with Mr. Spitzer on Sunday, and who spoke on the condition of anonymity because the conversation was meant to be private, said Mrs. Clinton did not tell Mr. Spitzer that she was running or ask him to commit to her possible candidacy; rather, they talked over the pros and cons of a presidential run.

Mr. Obama, who first said in October that he was considering a race for the White House, said he intended to make his decision known after the first of the year.

Other Democrats who might run include Senators Christopher J. Dodd of Connecticut, Joseph R. Biden of Delaware and John Kerry of Massachusetts, and Gov. Bill Richardson of New Mexico.

Mr. Vilsack has been the most aggressive in trying to compensate for an expected move by Mr. Obama: the governor did a five-state announcement tour last week. "We accomplished our mission which was to make our introduction before anyone else sort of crowded in on the field," said Jeff Link, a senior adviser to Mr. Vilsack.

Clinton In 'extensive' Talks About 2008 Run (USAT)

By Jill Lawrence

USA Today, December 4, 2006

WASHINGTON — Sen. Hillary Rodham Clinton is ramping up preparations for a 2008 presidential run, talking to political colleagues in New York and interviewing potential staff. A final decision is expected early next year.

Clinton adviser Howard Wolfson said Sunday that the New York Democrat is consulting with her state's congressional members, state party chairman Denny Farrell and Gov.-elect Eliot Spitzer. "She is weighing what a campaign would entail, thinking about what themes she would run on, what issues she would discuss."

He said Clinton and Sen. Charles Schumer, New York's other senator, are scheduled to have "extensive" discussions this week in the capital.

The flurry of activity comes as the fields take shape in both parties. Sen. Evan Bayh, D-Ind., said Sunday he will form an official exploratory committee this week to raise money for a potential race. Iowa Gov. Tom Vilsack is finishing a five-day, five-state announcement tour today.

On the Republican side, Senate majority leader Bill Frist said last week he will not run. Arizona Sen. John McCain and former New York City mayor Rudy Giuliani have formed exploratory committees. Kansas Sen. Sam Brownback is expected to follow suit this week.

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Bayh, a former two-term governor, said on ABC's This Week that he'll announce a final decision early next year. The country needs “someone who can unite Americans in a politics of common purpose,” he said. “If I can be that individual, so be it.”

Clinton was a lightning rod for controversy as first lady, but as a senator has tended to New York concerns and sponsored bills with Republican partners. She won a second term last month with two-thirds of the vote.

Even as she declined to discuss possible presidential plans during her re-election campaign, Clinton consistently led the list of Democrats in national polls of prospective nominees.

In a USA TODAY/Gallup poll last month, Clinton was the choice of 31% of Democrats. In second place was freshman Illinois Sen. Barack Obama, who generated excitement this year campaigning for fellow Democrats. In recent days he has been conferring with friends, family and political associates about whether to run for president.

The only other prospect in double digits was former North Carolina senator John Edwards, the 2004 vice presidential nominee, at 10%. Former vice president and 2000 nominee Al Gore was at 9%, followed by 2004 nominee John Kerry at 7%. Bayh and Vilsack trailed with 2% and 1%, respectively.

According to Wolfson, Clinton has from $10 million to $14 million left from her Senate race that could be used for a presidential campaign if she runs. Bayh, who has been busily raising money, may have close to the same amount.

Hillary Networks To Get Likely '08 Bid Up And Running (WT/AP)

By Beth Fouhy

The Washington Times, December 4, 2006

NEW YORK -- Sen. Hillary Rodham Clinton met yesterday with New York's Democratic governor-elect to solicit his support for her likely White House bid, the latest indication she is stepping up plans to join a growing field of potential contenders for 2008.

One rival, Sen. Evan Bayh of Indiana, announced yesterday he was establishing an exploratory committee to raise money for a possible presidential run. He expects to decide over the Christmas holidays whether to seek his party's nomination.

A top aide to Mrs. Clinton said he did not know when the former first lady would decide about pursuing the presidency or set up an exploratory committee. Clinton aides, however, have begun interviewing potential campaign staffers, Howard Wolfson said.

Mrs. Clinton, who long has topped national polls of Democratic hopefuls, spent two hours with Gov.-elect Eliot Spitzer at his Manhattan home.

"We just had a great, wide-ranging meeting on so many issues that affect the city, the state and the country," Mrs. Clinton said as she left the meeting.

Last week she contacted leading state Democrats, including Reps. Charles B. Rangel and Nita M. Lowey, and the state party chairman, Denny Farrell, to assess her prospects and seek their support.

Mrs. Clinton's Democratic colleague, Sen. Charles E. Schumer of New York, told reporters yesterday that Mrs. Clinton had called him to arrange a meeting next week. But he was coy about the purpose of the get-together.

"She wants to sit down and talk next week, which we're going to do. It could be about legislation. I have no idea what it's about, and until we sit down and talk that's all I'm going to say about it," Mr. Schumer said. He added, "I think she'd make a very good president, but let's wait and see. Everyone's sort of jumping the gun."

Mr. Wolfson said Mrs. Clinton "is reaching out to her colleagues in the New York delegation and asking for their advice and counsel and their support if she decides to make a run."

Mrs. Clinton easily won re-election last month to a second term in the Senate. Mr. Wolfson noted that Mrs. Clinton long has said she would begin actively considering a presidential bid after that election. "That process has begun," Mr. Wolfson said.

Thirteen months before the first votes are cast in the nomination process, the presidential jockeying has intensified in both parties.

Iowa Gov. Tom Vilsack announced his bid for the Democratic nod last week; Mr. Bayh is taking the initial steps; and others, such as the party's 2004 ticket of Sen. John Kerry of Massachusetts and former Sen. John Edwards of North Carolina, are weighing runs.

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The effort comes as Sen. Barack Obama of Illinois, a rising star in Democratic politics, enjoys a wave of publicity and momentum around a possible White House bid.

Mr. Obama, a clear challenger to Mrs. Clinton's front-runner status, has appeared before huge crowds around the country, promoting his best-selling book, "The Audacity of Hope."

He met with aides in Chicago last week and they expect him to disclose his intentions about a 2008 run in a matter of weeks.

On the Republican side, Sen. John McCain of Arizona and former New York Mayor Rudolph W. Giuliani have established exploratory committees; so, too, has long-shot candidate Rep. Duncan Hunter of California. Massachusetts Gov. Mitt Romney is moving toward a bid and Sen. Sam Brownback of Kansas is expected to announce his intentions soon.

Mr. Bayh, appearing on ABC's "This Week," acknowledged he was not well-known outside Washington and Indiana, but said he had the credentials necessary to be an effective president.

"As the people get to know me, I think we'll do very well. I've been a successful two-term governor with a record of delivering results. I now have national security experience from my presence in the Senate," he said. "Is this a little bit like David and Goliath? A little bit, but as I recall, David did OK."

Mr. Bayh, 50, has charted a relatively centrist course in the Senate. He has appearances scheduled this week in Iowa and New Hampshire, two states with early contests on the presidential campaign calendar. As of Sept. 30, he had about $10.5 million in his Senate campaign account, all of which can be transferred to a presidential committee.

Mrs. Clinton, for her part, has as much as $13 million left from her Senate race, plus a vast network of donors and advisers led by her husband, former President Bill Clinton.

Bayh Considers Presidential Bid (WP)

By Chris Cillizza

The Washington Post, December 4, 2006

Indiana Sen. Evan Bayh (D) announced yesterday that he is forming a presidential exploratory committee, a move that allows him to raise money and travel the country in support of a potential national candidacy in 2008.

Appearing on ABC's "This Week," Bayh said the American people "need someone who can deal with the dysfunction here in this city so that our government begins to empower our people to fulfill their potential," adding: "If I can be that individual, so be it." He said he expects to make a final decision on whether to run by early 2007.

Bayh's announcement caps a busy week in Democratic presidential politics as Gov. Tom Vilsack (Iowa) formally announced his bid, former senator Thomas A. Daschle (S.D.) dropped out of the race, and Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) began to test the 2008 waters. Clinton is reaching out to members of the New York congressional delegation, seeking advice and support in case she decides to run. Obama said that on Dec. 10 he will visit New Hampshire, a key early primary state.

The Republican race has already begun in earnest as well. Sen. John McCain (Ariz.) and former New York City mayor Rudolph W. Giuliani have formed exploratory committees, and outgoing Gov. Mitt Romney (Mass.) is expected to join the field shortly after the new year.

Bayh's announcement has long been expected. Since winning reelection in 2004, the Indiana senator has focused heavily on bolstering his presidential rÃ©sumÃ© -- traveling to Iowa and New Hampshire, raising millions of dollars for himself and other Democratic candidates, and assembling a staff of operatives with national experience. As of Sept. 30, Bayh had $10.6 million in his Senate account -- all of which can be transferred to a presidential bid.

Bayh was slated to spend today campaigning in Iowa, and then head to New Hampshire later in the week to do the same. He has already begun looking for office space in both states as well as interviewing potential staff members in Iowa, New Hampshire and Nevada.

Later this month Bayh will host a meeting of his top financial backers in Washington. He is also interviewing media consultants; Anita Dunn, Bayh's longtime media adviser, will not play that role should he run for president but will remain a senior strategist for the campaign.

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"The exploratory committee will allow us to put an infrastructure in place so that as soon as a decision is made, we can turn the switch and be an up-and-running, high-caliber presidential campaign on day one," said Bayh spokesman Dan Pfeiffer.

While his active planning for a presidential bid has spanned much of the past two years, Bayh's potential on the national stage has been a matter of speculation for more than two decades. The son of former senator Birch Bayh (D-Ind.) -- himself a failed presidential candidate in 1976 -- Evan Bayh was elected Indiana secretary of state in 1986, and in 1988, at age 32, won the governorship. Easily reelected in 1992, Bayh began running in late 1996 for the seat being vacated by retiring Sen. Dan Coats (R). In November 1998 he was elected to the Senate with 64 percent of the vote, and six years later coasted to a second term.

Bayh's electoral success in a state regularly won by Republicans in presidential contests -- Lyndon Johnson was the last Democratic nominee to carry Indiana -- is at the core of his campaign-in-waiting. Bayh's allies argue that he is the lone candidate with a proven record of winning the votes of Republicans and independents, a necessity for the party's chances of retaking the White House in 2008.

"Evan Bayh has developed a formula for winning under the most difficult of circumstances," Pfeiffer wrote after the midterm elections. "He is fiscally responsible, tough on national security, shares the values of middle-class families, and values progress over partisanship."

Although his rÃ©sumÃ© is impressive, Bayh is little known outside Indiana. National polling and surveys in early-voting states show Bayh as barely a blip on the radar screen when compared with such figures as Clinton, Obama and former North Carolina senator John Edwards.

Bayh acknowledged his underdog status in the "This Week" interview. "Is this a little bit like David and Goliath?" he said. "A little bit, but as I recall, David did okay."

Clinton, Bayh Step Up Efforts For 2008 (AP)

By Beth Fouhy

AP, December 4, 2006

Sen. Hillary Rodham Clinton met on Sunday with New York's Democratic governor-elect to solicit his support for her likely White House bid, the latest indication she is stepping up plans to join a growing field of potential contenders for 2008.

One rival, Indiana Sen. Evan Bayh, announced Sunday he was establishing an exploratory committee to raise money for a possible presidential run. He expects to decide over the Christmas holidays whether to seek his party's nomination.

A top aide to Clinton said he did not know when the former first lady would decide about pursuing the presidency or set up an exploratory committee. Clinton aides, however, have begun interviewing possible campaign staffers in recent weeks, Howard Wolfson said.

Clinton, who long has topped national polls of Democratic hopefuls, spent two hours with Gov.-elect Eliot Spitzer at his Manhattan home.

"We just had a great, wide-ranging meeting on so many issues that affect the city, the state and the country," Clinton said as she left the meeting.

Last week she contacted leading state lawmakers, including Democratic Reps. Charles Rangel and Nita Lowey, and the state party chairman, Denny Farrell, to assess her prospects and seek their support.

Clinton's Senate colleague, Chuck Schumer, told reporters Sunday that Clinton had called him to arrange a meeting next week. But he was coy about the purpose of the get-together.

"She wants to sit down and talk next week, which we're going to do. It could be about legislation. I have no idea what it's about, and until we sit down and talk that's all I'm going to say about it," said Schumer. He added, "I think she'd make a very good president but let's wait and see. Everyone's sort of jumping the gun."

Wolfson told The Associated Press that Clinton "is reaching out to her colleagues in the New York delegation and asking for their advice and counsel and their support if she decides to make a run."

Clinton easily won re-election last month to a second term in the Senate. Wolfson noted that Clinton long has said she would begin actively considering a presidential bid after that election. "That process has begun," Wolfson said.

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Thirteen months before the first votes are cast in the nomination process, the presidential jockeying has intensified in both parties.

Iowa Gov. Tom Vilsack announced his bid for the Democratic nod last week; Bayh is taking the initial steps; and others, such as the party's 2004 ticket of Massachusetts Sen. John Kerry and former North Carolina Sen. John Edwards, are weighing possible runs.

The effort comes as Illinois Sen. Barack Obama, a rising star in Democratic politics, enjoys a wave of publicity and momentum around a possible White House bid.

Obama, a clear challenger to Clinton's front-runner status, has appeared before huge crowds around the country, promoting his best-selling book, "The Audacity of Hope."

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On the Republican side, Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani have established exploratory committees; so, too, has long-shot candidate Rep. Duncan Hunter of California. Massachusetts Gov. Mitt Romney is moving toward a possible bid and Kansas Sen. Sam Brownback is expected to announce soon about his intentions.

Bayh, appearing on ABC's "This Week," acknowledged he was not well-known outside Washington and Indiana, but said he had the credentials necessary to be an effective president.

"As the people get to know me, I think we'll do very well. I've been a successful two-term governor with a record of delivering results. I now have national security experience from my presence in the Senate," he said. "Is this a little bit like David and Goliath? A little bit, but as I recall, David did OK."

Bayh, 50, has charted a relatively centrist course in the Senate. He has appearances scheduled this week in Iowa and New Hampshire, two states with early contests on the presidential campaign calendar. As of Sept. 30, he had about $10.5 million in his Senate campaign account, all of which can be transferred to a presidential committee.

Clinton, for her part, has as much as $13 million left from her Senate race, plus a vast network of donors and advisers led by her husband, former President Clinton.

Vilsack told ABC his candidacy would appeal to a broad range of voters in states not traditionally friendly to Democrats.

"I think it's important for Democrats to be able to expand. I think our party has got to expand the map," Vilsack said. "I think we can do this. I think I can do it. I think I have done it in my state."

Politics: McCain's Ground War (NSWK)

By Holly Bailey

Newsweek, December 4, 2006

Dec. 11, 2006 issue - Peter Spaulding was John McCain's man in New Hampshire, and with good reason. The longest-serving member of the state's Executive Council (which, with the governor, holds all administrative power for the state), Spaulding chaired McCain's victorious 2000 New Hampshire primary campaign. So influential is the Republican counselor, his bid for re-election this past November earned the endorsement of the state's Democratic governor. It didn't help. Like so many Republicans, Spaulding was crushed at the polls this year. He didn't hesitate when asked to explain his defeat. "Voters were angry," he said. "They wanted to see some big changes, starting with Iraq."

Spaulding's fate could have implications for his old friend McCain. Since the election, the Arizona senator has pushed for more, not fewer, troops in the Iraq conflict, claiming "without additional ground forces we will not win this war." It's a striking stance for a man considered to be the front runner for the GOP presidential nomination in 2008, considering the American public's growing impatience for the end of the war. Even in conservative New Hampshire, 38 percent of voters now support bringing troops "home ASAP," according to the most recent Granite State poll. South Carolina, where a tough defeat ended McCain's 2000 campaign, will play an even more influential role in 2008 thanks to early placement in the primary calendar. There, too, Republican voters are growing unhappy with the war. "People are wondering how long this is going to go on," says Buddy Witherspoon, a Republican National Committeeman from Columbia. "I don't think a proposal like that is going to get McCain any votes down here."

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Privately, some McCain supporters have begun to worry that the senator's hard line on the war may turn off the moderate, independent-minded voters who've long formed the bedrock of his primary support. "We lost independents," says one campaign adviser, who asked for anonymity discussing the politics of national security. "McCain will have to get them back to win, or at least convince them to trust him."

Still, some members of McCain's inner circle are convinced the position could actually work to his advantage—reminding independents of the maverick they fell in love with in 2000. In a 2008 campaign, aides say, the senator would accentuate his differences with the Bush administration over management of the Iraq occupation, stressing his early criticism of ousted Defense Secretary Donald Rumsfeld and the persistent call for more troops. The hope, the campaign adviser says, is that even antiwar voters will gradually come to accept the position as "a long-term stand based on principle."

It's a risky strategy, particularly in a primary field where candidates like Massachusetts Gov. Mitt Romney offer Iraq-free résumés and a fresh set of eyes for the conflict. Last week, Tom Vilsack, the Iowa governor, kicked off his bid for the Democratic presidential nomination by claiming McCain's option would "make a big mistake even bigger." Still, aides say the senator will continue to call for more troops. "It's not in his nature to let potential political considerations influence a decision like that," says his chief of staff, Mark Salter. "This is what he believes, period."

Bucking Tide Of School Reform, A Superintendent Gets Results (NYT)

By David M. Herszenhorn

The New York Times, December 4, 2006

Kathleen M. Cashin is responsible for some of the roughest territory in the New York City school system — vast stretches of poverty and desolation from Ocean Hill-Brownsville and East New York in Brooklyn to Far Rockaway in Queens, all part of Region 5, where she is superintendent.

Already this school year, two of her students have been shot dead, including a 16-year-old killed last week. The area has more homeless shelters than any other part of the city. For generations, the local school districts she now runs were marred by racial strife and corruption.

Yet in the last three years, Dr. Cashin has produced one of the school system's most unlikely success stories. Since 2003, her elementary and middle schools have consistently posted the best total gains on annual reading and math tests, outpacing other regions with similar legacies of low achievement.

"It's not a job, it's a lifework," she often tells her staff. "You are saving children's lives."

Dr. Cashin's results should be an easy reason for Mayor Michael R. Bloomberg and Schools Chancellor Joel I. Klein to gloat, a triumph in their takeover of the nation's largest school system. But in many ways, her success raises questions about the thrust of their recent efforts to reshape the school bureaucracy.

While Mr. Klein has derided the "status quo crowd" and sought to bring outsiders into the administration, Dr. Cashin is a lifelong city educator. While Mr. Klein wants to free principals from the control of superintendents like her, Dr. Cashin believes even the best principals need an experienced supervisor.

Where Mr. Klein insists that school administration must be reinvented to reverse generations of failure by generations of educators, Dr. Cashin, a product of the old system, insists she can get results with a clear instructional mission, careful organization and a simple strategy of every educator's being supported by an educator with more experience.

In short, Dr. Cashin stands, in a way, as the antithesis of Mr. Klein's mission to slash midlevel bureaucracy and let principals sail on their own, a challenge to the notion that changing governance structure is the key to turning around schools.

She runs her schools in Region 5, with more than 85,000 students, the same way she ran her schools under the old Board of Education and under previous mayors.

The tug and push over how to manage the system is not academic. Across the country, big school districts have looked outside the ranks of educators, turning to experts in business, law or the military for help. Mr. Klein is a lawyer; Los Angeles hired a retired Navy admiral; the Seattle superintendent is a former banker and public utilities official.

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But with studies showing little progress in narrowing the achievement gap between minority and white students, the question of how best to improve schools in places like Region 5 is the most critical issue in American education. And Dr. Cashin has the numbers to stake a claim as the best turnaround artist in town.

In 2003, 33.2 percent of her students in grades three to eight could read on grade level and 34.6 percent were proficient in math. Today, 50.6 percent read on grade and 56.9 percent are proficient in math. No other region starting below 40 percent has crossed the halfway mark in either subject.

"We are relentless," Dr. Cashin said in a recent interview. "The secret is clear expectations. Everything is spelled out. Nothing is assumed." She provides her principals, for instance, with a detailed road map of what should be taught in every subject, in every grade, including specific skills of the week in reading and focus on a genre of literature every month.

Dr. Cashin was chosen by Mr. Klein to be one of 10 regional superintendents, as part of the initial restructuring of the city's 32 local school districts under Mr. Bloomberg's control of the system. But since the start of the mayor's second term, Mr. Klein has pushed to reduce the role of superintendents, giving wider authority to principals in an effort that could lead to consolidation or elimination of the 10 regions. That could potentially leave the regional superintendents without jobs or perhaps filling a new role in which principals choose them to advise groups of schools. They would no longer be supervisors but rather support staff.

In a statement, Mr. Klein praised her for doing a "terrific job." But, through a spokesman, he suggested that Dr. Cashin was one of few exceptions to come up through the ranks and that Region 5's results, while impressive, were still incremental, while he wants much larger citywide improvement. He also reiterated his intention to "devolve decision making and resources" to give principals more power.

In an interview, Andres Alonso, the deputy chancellor for teaching and learning, also suggested that Dr. Cashin and Mr. Klein were not so different. "She has a huge entrepreneurial side," he said. But he tempered his praise, noting that aggregate improvements in scores, across many grade levels, can mask slower progress in particular areas.

He also said the mayor's initial restructuring had set the stage for her region's gains. "They were given the span of control, they were given the political authority, they were given the resources," he said of the superintendents. "They were supported comprehensively."

Dr. Cashin, a Brooklyn native who once studied to be a nun and now zips through some of the city's bleakest quarters in a dark Lexus, does not criticize her bosses publicly. But just 15 of 115 principals in Region 5 joined the chancellor's "empowerment" program, which frees principals from answering to superintendents in exchange for their agreeing to meet performance targets. Other similarly sized regions had two or three times as many sign up.

Dr. Cashin prefers principals who come up through the system over graduates of the chancellor's Leadership Academy, which has focused on recruiting candidates from other professions. And while Mr. Klein has dealt with the teachers' union on a war footing, Dr. Cashin has made the union a partner, hiring it to train teachers instead of using outside vendors.

Though she uses the citywide math and reading programs in many schools, Dr. Cashin does not believe they are sufficient and customizes them extensively, with an emphasis on writing. She also uses an array of other initiatives of her own choosing or design.

"You need to expand the knowledge base, expand the vocabulary, expand the experience base, and that only comes with good instruction and a rich curriculum," she said.

In Region 5, about 100 principals are overseen by 13 local instructional superintendents, who are constantly in schools to make sure they are on track and who meet weekly with Dr. Cashin and her longtime deputy, Stephen M. Mittman.

Close associates of Dr. Cashin, who turns 59 this month, said frustrations with headquarters at times had prompted her to consider retiring. But she is divorced, with three stepsons but no children of her own, a regret she describes as "an emptiness in my heart." So far, her friends said, she cannot bring herself to give up her life's work.

Dr. Cashin grew up in Flatbush, the youngest of five children. Her parents died when she was a teenager. She studied to become a nun but settled on teaching, first in Roman Catholic school and then at Public School 299 in Bushwick until teacher layoffs in 1976.

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She worked in educational publishing, then in curriculum development for the Board of Education. In 1982, she became principal of P.S. 193 in Midwood, where she stayed until becoming superintendent of District 23 in Ocean Hill-Brownsville, the epicenter of battles between black parents and white educators in the 1960s.

Former Chancellor Rudy Crew, who hired her for District 23, said Dr. Cashin excelled in the technical aspects of teaching: "She is a principal's dream."

To appoint her, Dr. Crew overruled neighborhood opponents who were demanding a black superintendent and branded her "the white lady from Bensonhurst." (She is from Bay Ridge.)

Denise Gordon, a longtime parent organizer, said Dr. Cashin bridged racial divisions. "I tell everyone she's tan because she's black underneath," said Ms. Gordon, who is black.

These days, Dr. Cashin, who is 6 feet tall with short blond hair, strides into schools, juggling her cellphone and BlackBerry, doling out hugs to parents, kisses to principals and a never-ending stream of thank-yous to her teachers. She calls everyone Baby or Hon.

"You have to be kind to people," she said. "If people feel they don't have a voice, they are going to strike back at some point."

Although Dr. Cashin is beloved by parent and community groups, often impressing them with her passion for children, some who have worked with her say that she can be imperious, that she listens intently but can be difficult to persuade to change her mind.

She is often generous with praise, but her criticism can be merciless. "It's got to be much more rigorous," she told a principal after touring a Brownsville elementary school. Her quiet tone did not mask her fury. "I don't think there's a sense of urgency."

She was particularly distressed to see some children sharing books and noted with disdain that some were doing busywork. "I saw, in one or two rooms, copying from the board," she said, derisively. "I don't know what that was all about."

Dr. Cashin is obsessed with writing, and in most of her schools, student work lines the walls — not just the final product but layers of drafts. Even first graders have writing posted on the walls.

A feature used in every school is the four-square graphic organizer, a worksheet with four boxes like a window pane and a rectangle at its center that helps children develop a five-paragraph essay. Some progressive educators scorn it as a crutch; Dr. Cashin insists that it works.

While the city's reading program focuses on story books, Dr. Cashin layers on lots of nonfiction. And, responding to research showing that impoverished children often lack vocabulary and basic facts, she has adopted a curriculum called Core Knowledge, which teaches basics like the principles of constitutional government, events in world history and well-known literature.

"The question to raise is, why aren't more schools doing this?" said Pedro Noguera, an education professor at New York University. "Why aren't more of these approaches that are proven to be effective being adopted more widely in the city?"

Others say they are impressed by her organization. "They stick with a plan, make sure the resources get to the plan and follow up to see if the plan worked," said Seppy Basili, the vice president of Kaplan K12 Learning Services, the test preparation company, who has worked in districts nationwide.

While the scores in Region 5 reflect extensive test preparation, on that front, too, Dr. Cashin does things her way, having pushed Kaplan to develop a program to her specifications.

At a recent conference on homeless children, Dr. Cashin recalled the anxiety among some of her principals over an influx of students from a shelter. "The children from the Junius Shelter are going to be coming," she said, recalling the unease. "What are we going to do? Our reading scores have just started to go up."

"These are the children that are traumatized, that are hungry, that are fatigued, that are stressed," she told the audience.

"We decided the goal was not to try to take the fewest numbers, but to have T-shirts for them, and book bags and intervention services, to welcome them, be nurturing to them, because these are the children who have been most hurt."

With A Hefty Education Grant Come Equally Great Expectations (WP)

By Jacqueline L. Salmon

DOJ_NMG_0101599

The Washington Post, December 3, 2006

Irasema Salcido's heart raced when she pulled the letter from a stack of mail in her Capitol Hill office. She tore open the envelope.

The Bill & Melinda Gates Foundation is pleased to award the Cesar Chavez Public Charter Schools a grant in the amount of $1,570,000. . . .

Salcido rocketed into her staff's offices to share the news. She had landed what thousands of other nonprofit organizations are chasing: a Gates grant. One of the world's largest charitable foundations, the most important sponsor of efforts to improve U.S. schools after the government, believed in her seven-year-old educational experiment.

That moment in September 2005 marked the launch of a partnership between a Harvard-educated daughter of migrant farm workers and a charity built on the fortune of a billionaire Harvard dropout.

If all went as planned, two Cesar Chavez schools would become four. Then four might become more. With that jackpot letter, the Chavez school motto -- "SÃ-, se puede! Yes, it can be done!" -- seemed to have become "Yes, it will be done!"

"I thought, 'Well, Gates, they're probably going to give us the money, and we're very thankful, and that's that,' " Salcido recalled.

But Gates money doesn't just come with dreams. It also comes with demands.

* * *

With nearly $32 billion in assets and more coming from investment guru Warren Buffett, the Gates Foundation is a leading sponsor of global health and economic development initiatives. In the United States, the foundation focuses on upgrading libraries and public education. In the school arena, it seeks to raise high school graduation rates and prepare more students, particularly minorities, to go to college.

"America's high schools are obsolete," Bill Gates argued in a speech last year in Washington. "Until we design them to meet the needs of the 21st century, we will keep limiting -- even ruining -- the lives of millions of Americans each year."

The Microsoft founder has the means to do more than complain.

Overhauling schools is all the rage among the entrepreneurial nouveau mega-rich, such as personal computer pioneer Michael Dell, Netscape founder James Barksdale and home builder Eli Broad. But the Gates Foundation is lavishing unprecedented sums of money on the effort. So far, it has awarded $1.5 billion in grants to improve secondary education, including $285 million last year. Richard Colvin, director of Columbia University's Hechinger Institute on Education and the Media, called the foundation an "unparalleled force" in U.S. schools. "They are going to change the high school experience for tens of thousands of kids," he said.

Gates grants have flowed to schools and school systems in 42 states and the District, including $126 million to New York, $65 million to Chicago and $38 million to Oakland, Calif. The grants have helped open 1,100 schools and revamp an additional 700. The foundation also has sunk millions into education think tanks and policy and academic groups (including Hechinger). Its agenda is to create high schools with rigorous college-prep curricula, to replicate successful experiments and to convert giant, mostly urban schools into effective, manageable units.

Reviews of the Gates school initiatives have been mixed.

This fall, Denver shut down a high school that had received $1 million in Gates grants; officials cited plunging enrollment after the school was divided into three smaller ones and students fled to other schools.

In Lebanon, Ore., parents and school board members rebelled after a foundation-backed effort broke up the lumber-mill town's high school and cut back on traditional vocational classes. Gates pulled out abruptly in May, and the school system lost half of its $950,000 grant.

"Sometimes I'm not sure Gates wants all the headlines they get," Lebanon Superintendent Jim Robinson said. "When things get a little rocky, safer ground is easily found elsewhere."

The foundation, through research it has commissioned, has found that Gates-funded schools have strong attendance and more rigorous English and reading assignments. But the research also showed that test scores have improved only slightly, and math performance has been stagnant or lower compared with other schools.

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So far, the foundation and intermediaries have spent about $4 million in the District. Most has gone to charter schools such as Chavez, which receive public funding but are independently operated. Gates officials have shied away from larger investments in the turbulent and troubled D.C. school system.

But now the foundation is considering a larger effort. Mayor-elect Adrian M. Fenty (D) has asked for its guidance in a possible bid to take over the public schools.

Irasema Salcido could offer the incoming mayor insight on working with Gates.

* * *

Salcido, an administrator for 12 years at Bell Multicultural Senior High School in Northwest Washington, opened the first Cesar Chavez Public Charter School for Public Policy in 1998 in a Southwest Washington supermarket basement. The school, named for the late Mexican American labor and civil rights leader, seeks to offer a college-prep curriculum to kids whose families earn less in a year than the annual tuition of pricey private schools.

The school days are long and expectations lofty. After-school tutoring and summer school are required for all students regardless of academic standing. So are internships and service projects with community groups or think tanks. Four-fifths of the students are African American, and most of the rest are Latino.

Although some kids show up academically prepared, most arrive at the high school two to six grades behind. Some struggle with basic arithmetic or with writing a paragraph. Chavez seeks to help them catch up.

Three years at Chavez changed the life of Moises Flores, 22, a Nicaraguan immigrant. "I finally realized that I could do something," he said. "I could learn, and I could excel." He graduated in May from American University and is headed for law school.

Salcido, 44, an elegant and dark-eyed woman, knows the obstacles Flores overcame only too well. She moved to the United States from Mexico at age 15 knowing almost no English. To get through high school, she memorized passages from textbooks. It took her more than a decade to get through college and graduate school.

With her life experience and vision, Salcido has proven adept at attracting students. Her flagship campus moved three times in eight years to accommodate growth, settling on Capitol Hill; a second campus with a combined middle school and high school opened east of the Anacostia River last fall. Enrollment is now more than 1,100.

However, test scores have been just slightly better than the mediocre citywide average; the latest test data show one-quarter of Chavez students were proficient in math and one-third in reading. Just as worrisome, many students leave the school after their freshman year.

Salcido reached out to the Gates Foundation in 2004 through an official she knew there, education program director Jim Shelton, who arranged for Melinda Gates to tour the school that year. (Like Buffett, Melinda Gates serves on the board of The Washington Post Co.)

Salcido said she begged the foundation for help. "This is the time to make the investment," Salcido told Shelton last year, "not later when we make mistakes."

The pitch worked. The foundation dispatched program officer Andrew Smiles to help Salcido put together a proposal.

After prowling around the Capitol Hill campus, Smiles liked much of what he saw. Girls in bracelet-size hoop earrings and boys in baggy jeans walked past hand-lettered posters listing the grade-point averages of top students. Like the tail of a kite, sheets of paper lined a hall with the names of graduating seniors and the colleges to which they had been accepted. Bates, Penn State, Howard, the University of Maryland -- every Chavez graduate has been accepted to college, according to the school.

Many teachers were former policy wonks with Ivy League degrees. Smiles also saw promise in the public policy-oriented focus that linked coursework to the world at large. The school fit with the Gates "three R's" approach: rigor, relevance and relationships.

But some classes weren't as rigorous as they could be, Smiles concluded, and inexperienced teachers didn't know how to push kids to do more than recite answers by rote.

In a few weeks, he and Chavez administrators hammered out a 30-page plan with 11 target actions, known as "deliverables," in exchange for foundation support to fix problems and add two campuses. Most of the Gates money would come toward the end of a five-year grant. The deliverables included strengthening the curriculum, training teachers, drawing up more

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detailed budgets and taking steps to reduce student attrition. Nearly a quarter of the freshman class, Smiles discovered, had disappeared by the time their sophomore year began.

The Gates model is more common in business than philanthropy. Experts say Gates officials seek to hold grant recipients accountable and find formulas for success. The foundation "doesn't give all that much money to a school just because it's good and they want to make it better," said Paul T. Hill of the Center on Reinventing Public Education at the University of Washington, which also has received Gates funding. "They give money to the school because it's an exemplar and they want to have it reproduced."

So far, the Chavez schools have received $370,000 in two installments and have met the foundation's conditions. Salcido and her administrators hired a dropout prevention specialist, recruited a curriculum expert for their board of directors and hired a principal to open a third campus next fall. But tough questions remain. Will the dropout rate decline? Will teacher training help raise test scores? Will the new school have a strong academic plan?

One key element of the Chavez expansion has been delayed. Two new campuses, not one, were supposed to open next fall. Salcido still aims for that fourth campus. Her enrollment target is 3,000 students.

"They've learned a lot of tough lessons over time," Shelton said of Salcido's team.

Smiles stays in constant contact by phone and in person, taking on an oversight role typical for a central office in a large school system. In July, he met with Chavez administrators to review progress on such matters as the new school calendar and dropout prevention. With pressed khaki pants and a thatch of unruly brown hair, Smiles looked like a cross between a Microsoft engineer and a prep-school English teacher as he took notes on a legal pad.

"It'd be great to get some perspective on the deliverables," he told them. "I'm also hoping that this meeting can serve as reflecting time to say, 'Here we are, getting prepared for two more schools.' "

Salcido gave a mock groan. "Do you have to remind us?" she said, as laughter rippled across the room.

Smiles grinned. "I know," he said. "Exactly."

Shirtless Bush Seen In 'Brokeback' Spoof (AP)

By Beth Duff-brown

AP, December 4, 2006

A "Brokeback Mountain" parody airing on Canadian television depicts an unusual type of summit between President Bush and Canadian Prime Minister Stephen Harper.

In the sketch based on the acclaimed film about a love affair between two cowboys, Harper and Bush are portrayed naked from the waist up in a tent. Images of their faces are pasted over actors' bodies.

At one point, Bush throws cherries at Harper's nipples, which are covered with whipped cream. After the cherries land, separatist politician Andre Boisclair, who cooperated with filming of the spot, is seen opening the tent flap and stiffly saying that Quebec won't get involved "in something like that."

The sketch was filmed for the MusiMax music and entertainment channel but has leaked out to French-language TV stations, upsetting members of the provincial Liberal government of Premier Jean Charest.

"I leave it to Mr. Boisclair to defend his judgment," said Quebec's education minister, Jean-Marc Fournier.

Boisclair, who is gay and the leader of Parti Quebecois, later said he regretted the entire episode: "It's quite obvious I wouldn't do it again."

Tweaking The News (WP)

By Howard Kurtz

The Washington Post, December 4, 2006

Katie Couric showed up without an appointment.

It was Thursday morning in Amman, Jordan, and the CBS anchor, who hadn't gotten to bed until 4 a.m., was woken up with word that she might have a shot at talking to the Iraqi prime minister if she headed to the military airbase."I thought, 'What the heck, what else do I have to do but sleep?' " she says.

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Nouri al-Maliki, who had just finished a scheduled sitdown with ABC's Charlie Gibson, did not recognize Couric and did not seem receptive. But the Iraqi foreign minister interceded on her behalf, much to the dismay of the ABC producers who thought they had an exclusive.

Couric, who also wound up interviewing Foreign Minister Hoshyar Zebari and Secretary of State Condoleezza Rice, had hesitated to fly to Jordan for President Bush's meeting with Maliki. "We just weren't sure if it'd be worth our while in terms of securing interviews," she says from Amman. "Then we decided the only way we'd know is if we came and tried."

The critics -- and Couric has more than her share -- may not have noticed, but the nightly newscast that she launched three months ago is in transition. Some of the changes she made have been dropped or curtailed to squeeze in more old-fashioned, what-happened-today stories. And Couric is finally starting to make news for covering the news.

"In the first couple of weeks, we might have focused more on features than hard news, and we're adjusting that," says CBS News President Sean McManus. "We've also learned that to break the mold too much might be an interesting creative process, but it wouldn't serve the viewer tuning in at 6:30 to find out what's happening."

Rome Hartman, executive producer of the "CBS Evening News," says a myth has taken root in the press. "The story line that got peddled -- and believe me, it got peddled -- that we were off the news, or softer than the other guys, is basically bogus," he says.

Still, the pace and feel of Couric's program can differ markedly from those of Gibson and NBC's Brian Williams, who, like Couric, anchored from Amman on Wednesday and Thursday. As the former "Today" star has tried to transfer her morning magic to the more traditional confines of the nightly news, some of her moves have been controversial, even within CBS.

"It's a very tricky thing to toy with the format, because we want to try new things and not look as if we're throwing things against the wall to see what sticks," Couric says during a lengthy conversation in New York. "That's why I took this job, to take some chances and do new things . . . We're still sort of finding our way, and that's okay."

With the "Evening News" ensconced in third place, some pundits have been quick to pronounce the $15-million-a-year anchor a flop. But the mood at CBS improved when Couric garnered good reviews for her fast-paced election night coverage. "She was under incredible pressure, but she really came through," says Bob Schieffer, her predecessor as anchor.

Couric's visit to Jordan was her first foreign foray as anchor after a mostly stay-at-home tenure that has included quick trips to Los Angeles and Washington. But she had been to Jordan before to interview King Abdullah and Queen Rania for "Today," became friendly with the queen, and was able to work her contacts to help secure several interviews.

While Iraq dominated the news last week, Couric made time for a very different subject. Last Monday, after returning from Thanksgiving break, she was tinkering with promotions for a five-part series called "Overweight in America."

"We want to make it a little catchier," she told her staff. " Are you feeling as stuffed as your turkey?" She pondered for a moment. " ' Tis the season to be indulging?" Couric conjured up the series and reported the opening segment, on the genetic causes of being fat.

"The news of the day is still our staple, but that doesn't mean we can't do a really smart series on obesity," says Couric, who is perpetually on a diet herself. "Or a piece on foster kids being given addictive drugs . . . 'Hard' and 'soft' are completely antiquated terms. Some of the stories on the front page of The Washington Post and New York Times aren't traditional hard-news stories, and I've never heard anyone ask them to justify that."

In Couric's early weeks as anchor, her team loaded the broadcast with new segments -- from a nightly "Free Speech" forum for outside commentators to the highlighting of interesting photos and Web items -- while bypassing or truncating a handful of important stories. In recent weeks, though, "Free Speech" has been cut to barely once a week and other small features deep-sixed.

CBS's White House correspondent Jim Axelrod says Couric and the staff are still "tinkering with the right flow of hard news and soft news and commentary. I don't think it's any surprise that at the outset, people said, 'Wait a minute, I want more news here.' "

"I think 'Free Speech' was a great idea and well worth trying, but in the end it just took too much time away from news," Schieffer says. "All news programs are a work in progress. We're still in something of a shakedown cruise, but I think we're moving in the right direction."

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National correspondent Byron Pitts says that "people are angry, in a good way, to make this the best show it can be . . . A tremendous amount of work went into the planning for Katie's arrival, and once she got here we realized we still had work to do. The problems aren't going to be fixed overnight."

CBS executives said all along that they planned to experiment with the format. "Maybe it takes some getting used to at 6:30 on a weeknight, but I think it's what people expect of her," Hartman says.

The experimentation generally comes after the first commercial break. Couric has led her broadcast with Iraq 18 times, terror-related subjects a dozen times, American politics a dozen times and other foreign-policy issues five times. But there are still differences among the newscasts. On Nov. 20, when her rivals were leading with developments in Iraq, CBS's first two stories dealt with an Alabama school bus accident that killed three teenagers and broader questions of student safety -- a local tragedy that warranted a few sentences on NBC and ABC.

"I think sometimes people have Iraq fatigue," Couric says. "If there's not something really significant going on, it starts to feel like 'Groundhog Day.' We felt millions of kids get on a school bus every day and this would just be interesting. It made us wonder why seat belts weren't required by buses."

Couric, who interviewed O.J. Simpson in 2000 and 2004, also broke with the pack in declining to cover Simpson's book deal and Fox television special for a hypothetical discussion about the two murders he maintains he did not commit.

"I felt it was so sleazy," says Couric, who aired a "Free Speech" commentary on domestic violence instead. "We felt it would turn into more of an infomercial for Fox and Judith Regan," the book's publisher. "It seemed so distasteful." Couric covered the story days later when Regan's boss, Rupert Murdoch, bowed to public outrage and killed the deal.

That stance -- Couric introduced the commentary by telling viewers the Simpson saga wasn't worth their time -- was reminiscent of CBS's Dan Rather refusing, in the summer of 2001, to join the media frenzy over missing congressional intern Chandra Levy.

One emerging hallmark of the newscast is that Couric, who honed her interviewing skills during 15 years at "Today," has been spending more time chatting up newsmakers and analysts, along with her own correspondents. On Iraq, for instance, Couric has spoken with the likes of Rep. Jack Murtha, Sen. Carl Levin, retired Maj. Gen. John Batiste and New York Times columnist Tom Friedman. During the campaign, she periodically hosted former Clinton White House spokesman Mike McCurry and former Bush White House spokeswoman Nicolle Wallace, segments that seemed little different from what is routinely on cable news.

Couric's longest interview, which drew the most flak within CBS, was a discussion with Michael J. Fox. She spoke to the actor after Rush Limbaugh accused him of exaggerating his Parkinson's symptoms during commercials for Democratic candidates who support stem cell research. Some CBS staffers were upset that she devoted nine minutes, or nearly half the newscast, to the subject. Couric made sure to disclose that she has contributed to Fox's foundation, and that her father suffers from Parkinson's.

"People can grouse about it," Couric says of the interview, "but it was distinguishing television."

She is aggravated by some of the pundit potshots about the broadcast's news quotient. "I just think we got an unfair rap, and unfortunately it was perpetrated by people who didn't take the time to watch the show," Couric says.

All the newscasts play up health care, but the subject has been particularly prominent on CBS, often featuring a physician, Jon LaPook, whom Couric helped recruit as medical correspondent. She reports some of these segments as well, including pieces about back pain and hormone replacement therapy. These and other stories and interviews have reduced the airtime of some frustrated correspondents, making Couric the unquestioned star of the show.

"Time is our enemy in this particular format," she says. "It's really a constant struggle to figure out what goes and what stays."

There is also, undeniably, the X factor: Couric's role as the first female anchor to fly solo on a network newscast, and her informal, "Hi, everyone" tone. That has its fans and its detractors.

Erik Sorenson, a former "Evening News" producer, says Couric is "a bit of a lightning rod" but that CBS executives "should be applauded for trying a lot of things." The question, he says, is "are they going to succumb [to criticism], and in three months we're going to look up and they're doing the same newscast as Dan Rather was three years ago?"

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In the closely watched ratings race, Couric quickly faded after winning her first two weeks. For the week of Nov. 20, "NBC Nightly News" drew 9.46 million viewers, ABC's "World News" 8.48 million and Couric's broadcast 7.96 million. That represented a modest rebound from Couric's low mark of 7.74 million two weeks earlier.

But while the staff is conflicted over the uneven start, McManus's message remains upbeat. He says the program, excluding those atypical first two weeks, is up 11 percent over last year in the 25-to-54 group prized by advertisers.

"It's bringing in enough to pay for Katie's salary," he says. "I couldn't be happier with the job she is doing, knowing she is under more scrutiny than probably any other person in television history."

Report: N.Korea Offers Uranium To Russia (AP)

AP, December 3, 2006

North Korea has offered Russia exclusive rights to its natural uranium deposits in exchange for support at the stalled talks on Pyongyang's nuclear ambitions, a newspaper reported Sunday.

The two countries have been in talks since 2002 on a deal for Russia to import uranium, which it wants to enrich and sell as nuclear fuel to China and Vietnam, according to a report in the regional daily, Tokyo Shimbun, citing unnamed Russian officials.

North Korea recently offered Russia exclusive rights to the uranium in exchange for open support at the six-party talks on the North's nuclear program, which have stalled since last year, the report stated.

Russia, which already exports natural gas and oil, hopes to become a major exporter of nuclear fuel, according to the report. Negotiations between Russia and North Korea were set to continue, the report added.

North Korea defied international demands by testing a nuclear weapon for the first time on Oct. 8. The U.N. quickly sanctioned the communist regime, banning member states from trading in weapons-related technology with the North.

Efforts to restart talks to halt the North's nuclear program have so far failed. Russia, North and South Korea, Japan, China and the U.S. are involved in the talks.

U.S. nuclear envoy Christopher Hill and his North Korean counterpart, Kim Kye Gwan, failed to agree to a start date for negotiations after meeting in Beijing last week.

At those talks, Hill reportedly urged North Korea to shut down its nuclear testing facilities by the end of 2008, halt uranium production, let U.N. weapons inspectors back into the country and hand over a full list of its nuclear facilities.

In return, the other five countries would offer the North security guarantees, economic aid, and the possibility of normalizing U.S.-North Korea ties, the Kyodo News agency reported Saturday, citing unnamed officials.

Pyongyang would face additional sanctions if it didn't comply with the proposal, which was drawn up by the U.S., Japan and South Korea, and shared with China and Russia, the report said, without elaborating.

The mass-circulation Yomiuri Shimbun newspaper carried a similar report.

Officials at Japan's Foreign Ministry were unavailable for comment. Russia's Foreign Ministry and the Russian Embassy in Tokyo also declined immediate comment.

North Korea withdrew from the six-party talks last November, angered at U.S. financial sanctions against a Macau-based bank where Pyongyang held several accounts that Washington alleged were used to launder money.

Kim, the North Korean envoy, has said Pyongyang will not unilaterally give up its nuclear weapons program.

Russian officials have repeatedly said they support a non-nuclear North Korea.

"The main task of the six-party talks is guaranteeing the non-nuclear status of the Korean Peninsula," Russian Security Council chief Igor Ivanov, was quoted by ITAR-Tass as saying on Saturday during a visit to Mexico.

Direct US, North Korea Talks Give New Glimmer Of Hope (AFP)

By P. Parameswaran

AFP, December 4, 2006

One month after North Korea agreed to return to multilateral nuclear talks following its defiant atomic weapons test, the six-nation dialogue remains stalled. But few are complaining.

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This is because the United States and North Korea, the key parties of the four-year nuclear standoff, are engaged in face-to-face talks on crunch issues that some believe are more productive that the six-party process including China, South Korea, Russia and Japan.

Top US negotiator Christopher Hill met his North Korean counterpart Kim Kye-Gwan in Beijing last week, their second meeting in a month, to explore how North Korea should consider disbanding its atomic weapons network in return for security, diplomatic and energy guarantees.

Experts noted that their 15 hours of marathon talks brokered by China over two days were wide-ranging and tackled critical issues.

"One of the things to note is that there had been extensive talks this time between the North Koreans and the United States," said Daniel Pinkston of the California-based Center for Nonproliferation Studies.

"Proposals were exchanged and discussions were held and that means diplomacy is underway, and so whether or not the six-party meeting is held may be irrelevant," he said.

The six-party talks have been stalled since November 2005 and few expect them to resume before the end of the year.

The administration of President George W. Bush has been under pressure to hold direct talks with North Korea since the hardline communist state defied the international community and tested a nuclear bomb two months ago.

Washington has always emphasized that the rare direct talks between US and North Korean negotiators in Beijing are part of the six-party process hosted by China and not considered official bilateral discussions.

At the Beijing talks last week, North Korea reportedly told the United States to lift the financial restrictions on a Macau-based bank which Washington alleges was used by Pyongyang to commit financial crimes.

The United States, for its part, demanded the communist state report all of its nuclear facilities and programs, and accept inspectors from the International Atomic Energy Agency, according to the Yomiuri Shimbun daily in Japan.

Citing Japanese and US government sources, it said Hill also demanded that the North close its plutonium-producing nuclear reactor in Yongbyon and seal off underground nuclear facilities from where it conducted the atomic test.

Kim has taken the conditions, reportedly agreed upon by the other five parties, back to Pyongyang for consultations with the North Korean leadership.

Hill would only say that he shared some "ideas" with the North Koreans.

"They heard them for the first time from us, and so they are going to take them back to Pyongyang and study them. And we hope to hear from them soon," he said.

Experts say it is hard to tell at this stage whether North Korea, with its de facto nuclear power status following its October 9 test explosion, would just abandon its atomic weapons arsenal.

"It's important to make the North Koreans choose between the survival of their regime and having nuclear weapons," said Robert Einhorn, who directed nonproliferation matters at the State Department from 1999 to 2001.

"If they believe that keeping nuclear weapons will over the long term jeapordise the survival of their regime then perhaps they would have incentives for giving up those weapons," said Einhorn, who now works at the Center for Strategic and International Studies in Washington.

North Korea agreed in principle during the six-party talks in September 2005 to give up its nuclear weapons program in return for concessions but boycotted the talks two months later after US sanctions led to a freeze in North Korean accounts in Macao-based Banco Delta Asia.

Pyongyang only agreed about a month ago to return to the six-party talks after testing its nuclear bomb and drawing UN Security Council sanctions.

But Washington said it would not resume the six-party talks until a concrete outcome is ready to be put on the table, fearing North Korea would use the meeting as a stalling tactic to expand its nuclear arsenal.

"The North Koreans have said they'll come back to the talks. That's a done deal. But we don't want to just have people come back to the talks," said US Secretary of State Condoleezza Rice.

"It really is what are the expectations of this next round and that may take some time. And it may take further discussions," she said.

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Gaza Truce Won't Be Widened To West Bank (WP)

By Scott Wilson

The Washington Post, December 4, 2006

JERUSALEM, Dec. 3 -- Extending a tenuous cease-fire between Israel and Palestinian armed groups in the Gaza Strip to the far larger West Bank proved elusive Sunday as Israel's security cabinet decided against doing so and the governing Hamas movement withdrew from negotiations on the matter.

But the Israeli government reaffirmed its commitment to the temporary truce in Gaza despite the continuing rocket fire from there into southern Israel, which violates the eight-day-old agreement.

Israeli military officials say 15 rockets have been launched from Gaza since the truce was reached between Palestinian Authority President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert, who has suggested that the modest achievement could be a first step toward reviving dormant negotiations over the creation of a Palestinian state.

"The situation is sensitive," Olmert told the cabinet. "We must act wisely and with serious consideration."

The cease-fire, hailed by Secretary of State Condoleezza Rice during a visit here last week, has brought a pause to months of fighting in and around Gaza.

Israeli forces have killed more than 250 Palestinians there, most of them gunmen, since the military wing of Hamas captured an Israeli soldier in a cross-border raid on June 25. Palestinian rocket fire, a terrifying daily menace to many towns along the strip's edge, has killed two Israelis since then.

Rice urged Olmert and Abbas to build upon the rare accord by extending its terms to the West Bank, an area of far greater strategic importance to Israel and the Palestinians than the remote, enclosed strip.

But Israeli military officials have warned against doing so, fearing that the armed groups would use the respite to replenish arsenals and plan attacks against Israel. That argument appeared to win over the cabinet, already under some pressure to renew operations in Gaza in light of the continuing rocket fire, which has not caused any injuries since the cease-fire took effect.

One rocket fell inside Israel on Sunday, military officials said. Later in the day, Israeli forces killed a 15-year-old Palestinian boy near the West Bank city of Nablus who was throwing rocks at troops during what military officials characterized as a riot.

A few hours later, Hamas officials in Gaza announced that the radical Islamic group was quitting talks with other Palestinian factions over whether to include the West Bank in the truce.

A Hamas spokesman, Ismail Radwan, said Israel was violating the terms of the cease-fire in Gaza, although he did not specify how. He also signaled that the talks to extend the truce were distracting from Palestinian efforts to form a national-unity government, a process that has broken down in recent days.

"The comprehensive cease-fire must come as a part of a comprehensive national plan, and at this time, the talks on a cease-fire are being held at the expense of talks on internal Palestinian issues," the group said in a statement issued in Gaza.

Those talks between Hamas and Abbas's rival Fatah movement are designed to produce a government acceptable to international donors, who cut off aid to the Palestinian Authority after Hamas's victory in January parliamentary elections. Hamas, classified as a terrorist organization by Israel, the European Union and the United States, has so far refused to meet international demands that it recognize Israel's right to exist.

In another indication of the cease-fire's fragility, the radical Islamic Jihad issued a statement Sunday warning that "calm is on the edge of collapse" because of Israeli violations. The group, which did not formally agree to the cease-fire, said it would begin attacks on Israel "in the coming hours."

Gaza Cease-Fire In Danger (NYT/AP)

By The Associated Press

The New York Times, December 4, 2006

GAZA, Dec. 3 (AP) — Israelis and Palestinians threatened Sunday to scrap a truce that has largely ended five months of violence in Gaza, with Palestinian militants insisting that it must also apply to the West Bank and Israeli leaders saying that rocket squads were still active.

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Speaking to the Israeli cabinet, Defense Minister Amir Peretz said militants in Gaza had continued to fire rockets, including one on Sunday.

Abu Hamza, a spokesman for the militant group Islamic Jihad, charged that Israel was violating the cease-fire by continuing operations in the West Bank.

Israel Revamps Its Training After Hezbollah Conflict (USAT)

By Yaakov Katz

USA Today, December 4, 2006

JERUSALEM — Israel's military is overhauling its training and expanding a guerrilla warfare school in response to problems the army had in fighting Hezbollah militants in Lebanon this summer.

"If there is one lesson from the war (in Lebanon), it is that we need to train more and be better prepared," said Maj. Gen. Benny Gantz, head of the Israel Defense Force's Ground Forces Command.

Israel's military encountered a tougher-than-expected fight in Lebanon, where Hezbollah militants fought from a series of underground bunkers dug into the rocky and brushy hills of southern Lebanon.

Militants, armed with anti-tank missiles and other sophisticated weaponry supplied by Iran and Syria, killed 119 Israeli soldiers during the 34-day war.

The fighting erupted after a cross-border attack July 12 during which two Israeli reservists were kidnapped. Israel claims to have killed 500-700 Hezbollah militants during the conflict.

The fighting ended Aug. 14 with a United Nations-brokered cease-fire and a decision to beef up the U.N. force in Lebanon to more than 10,000 troops.

"There is still danger there," said Shimon Boyarski, a retired colonel and former intelligence officer. "And we need to be ready."

Israel's military overhaul includes:

•Expanding the Elyakim base, where soldiers train on terrain resembling the hilly and rocky surfaces of southern Lebanon. Training includes using paint ball guns to simulate close combat.

•Increasing overall training of Israeli forces by 40%, Gantz said.

•Creating a "Red Unit," which will study Hezbollah and Palestinian militia tactics and act as "enemy forces" during training exercises. Gantz said the Israeli military got the idea from the U.S. military.

•Opening an urban warfare center in southern Israel, meant to replicate downtown Nablus in the West Bank and Gaza City in Gaza. The center will be used to train units that conduct raids in the Palestinian territories and operate mostly in towns and cities.

Israeli officers say the military forgot many of the lessons learned during its 18-year presence in Lebanon in the 1980s and '90s.

For example, Israel's elite Egoz Unit was redeployed after Israel's withdrawal from Lebanon in 2000. The unit was formed with the mission of tracking Hezbollah militants in the terrain of southern Lebanon. After 2000, the unit was moved to the West Bank, where there is mostly urban fighting. The Egoz Unit ceased its training in more open terrain, said Lt. Col. Yair Lipshitz, commander of the Elyakim training base. This summer, the Egoz Unit lost five soldiers during one day of fighting with Hezbollah guerrillas in the Lebanese village of Maroun al-Ras, less than a half-mile from the Israeli border.

Lipshitz said Israel's military began sending all of its infantry brigades in October to Elyakim for training. Israeli brigades are typically about 2,000 soldiers. Before that, there was limited training of individuals at the base.

Elyakim provides training in camouflage and navigation with Global Positioning System devices. In Lebanon, Israeli troops trekked dozens of miles in enemy territory and laid ambushes in the thick southern Lebanese brush.

The open terrain of Lebanon also meant large formations of soldiers clashing on the battlefield, a sharp contrast from the small-unit tactics of the Palestinian territories. For some commanders, the war was the first time they had commanded their entire units in a battle, said retired major general Yoram Yair, formerly head of Israel's Southern Command. In Gaza and the West Bank, most units were deployed in small contingents of 30 troops.

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"Moving on a battlefield with an entire brigade or battalion requires different skills that the commanders did not have," said Yair, who oversaw the internal military investigations into the Lebanon fight this past summer.

Cuts to the defense budget in recent years and a shift in focus over the past six years to the Palestinian insurgency in the West Bank and Gaza led to a decline in the number of days allocated to units for training, Yair said. "During the war, these gaps in the training were obvious," he said.

Infantry brigades, Lipshitz said, were not accustomed to using long-range weapons such as rocket launchers and mortars.

Israel's military will also focus training on coordinating tanks and infantry units to work better together. In Lebanon this summer, Israel deployed 400 tanks, some of which were involved in friendly fire incidents, Lipshitz said.

"Training is our insurance policy," Gantz said. "And we plan to be prepared."

Shi'ite-Sunni Battle Worsens Divide (WT/AP)

By Zeina Karam

The Washington Times, December 4, 2006

BEIRUT -- Violent clashes broke out yesterday between Shi'ite and Sunni Muslims in the capital, leaving one man dead and exacerbating tensions that threaten the country's fragile political balance.

Hezbollah supporters on Friday began an open-ended sit-in in the capital in an effort to bring down the government of Lebanese Prime Minister Fuad Siniora. But Mr. Siniora, emboldened by Arab and U.S. support, vowed yesterday to stay in office.

As revolutionary and nationalist songs blared from protesters' tent camp in the heart of Beirut, a Mass was held at Mr. Siniora's office in memory of Industry Minister Pierre Gemayel, who was assassinated by gunmen in a Beirut suburb last month.

The service was seen as a show of solidarity with the government, which draws its support largely from Sunni Muslims and Christians who oppose involvement in the country's affairs by neighboring Syria.

A few yards away, a rival Mass organized by supporters of Michel Aoun, a Christian leader allied with the Shi'ite Muslim Hezbollah, was held at the St. George Cathedral.

The clash in Tarik Jdideh occurred as Hezbollah supporters were returning from Beirut's downtown and passed through the Sunni neighborhood.

Police officials said the two sides threw stones at each other and the clash escalated into gunfire, which killed Ahmed Ali Mahmoud, a 20-year-old Shi'ite. At least 10 persons were slightly injured in similar clashes elsewhere in West Beirut.

Hezbollah, an ally of Syria that is backed by many Shi'ite Muslims and some Christians, contends that the fight is against American -- not Syrian -- influence, saying the United States dominates Lebanon in the interests of Israel.

Mr. Siniora warned that any attempts by Hezbollah supporters to storm his office, ringed by hundreds of police officers and soldiers, tanks and armored vehicles, would lead to "a major and serious problem." The prime minister, a Sunni, appeared to be cautioning against open fighting between Sunnis and Shi'ites.

Addressing the flag-waving protesters in central Beirut, pro-Hezbollah speakers vowed to continue the campaign to remove Mr. Siniora from power.

"We will not leave until the government is changed," former Interior Minister Suleiman Franjieh, an ally of Syria, told the crowd.

The anti-Syrian coalition pledged to confront what it called "a coup" by pro-Syrian groups to undermine Lebanon's independence after last year's withdrawal of Syrian troops after three decades of domination in Lebanon.

In Jerusalem, Israeli officials warned that the fall of Mr. Siniora's moderate government could lead to the establishment of an Iranian proxy state on Israel's northern border and increase the probability of war between the two nations.

Mass Protests Continue In Lebanon (FT)

By Ferry Biedermann

Financial Times, December 4, 2006

Both sides in Lebanon's power struggle on Sunday vowed not to budge with thousands of anti-government demonstrators camping out in the heart of Beirut for a third night while prime minister Fouad Siniora insisted that he would not resign.

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The protests have been largely peaceful, but last night four people were injured in a clash when Shia demonstrators entered a largely Sunni neighbourhood of Beirut. Smaller incidents have also been reported from other areas.

The western-backed Mr Siniora, on Sunday repeated that he would not resign and said that "protest is no solution". The opposition, led by the pro-Syrian, Shia Hizbollah movement, is demanding a government of national unity.

Margaret Beckett, the British foreign secretary, and Frank-Walter Steinmeier, the German foreign minister, were in Beirut over the weekend. They met Mr Siniora separately and expressed their support for him.

In the Arab world, King Abdullah of Saudi Arabia and Egypt's President Hosni Mubarak voiced strong support for the Lebanese government.

But, while visiting Beirut over the weekend Amr Moussa, the head of the Arab League, called for a compromise, "an agreement between all".

In Beirut, opposition activists said that they would continue demonstrating until they had brought down the government. They also said that they would be prepared to take "additional steps" if their demands were not met.

After a mass rally on Friday, the demonstrators set up tents in front of the prime minister's office, the main government building in the heart of Beirut.

Mr Siniora and several of his ministers have been spending the night there recently out of security concerns and the building is surrounded by security forces, armoured personnel carriers and barbed wire.

At the weekend Syria came out publicly in support of the demonstrators.

Faisal Mekdad, Syria's deputy foreign minister, emphasised what he called: "the importance of respecting the choice of the Lebanese people to establish a government of national unity as demanded by the mass demonstrations".

The Israeli cabinet meanwhile voted on Sunday to go ahead with transferring control over the border village of Ghajar to the Unifil peacekeeping force in southern Lebanon.

The step, which would complete the Israeli withdrawal from Lebanon after this summer's war with Hizbollah, is seen by some as potentially strengthening Mr Siniora. Israeli prime minister Ehud Olmert warned on Sunday night that Israel "would not be able to hold back for much longer" if Palestinian violations of a week-old ceasefire in the Gaza Strip continued.

His comments came as Palestinian groups accused Israel of not adhering to the increasingly shaky truce.

Under the deal struck on November 26, Israel agreed to withdraw its troops from Gaza, where they have been operating for the past five months, if militants stopped firing rockets.

Since the agreement, more than a dozen rockets have been fired into southern Israel, causing minor damage but no injuries.

Israel, meanwhile, has stayed out of Gaza.

Shiite Protester Shot Dead In Beirut As Tensions Rise (WP)

By Anthony Shadid

The Washington Post, December 4, 2006

BEIRUT, Dec. 3 -- Sunni residents and Shiite protesters clashed in the capital Sunday, leaving one man dead and raising tension across Lebanon on a third day of demonstrations aimed at toppling the government of Prime Minister Fouad Siniora.

The shooting death of the Shiite protester was the first reported since Hezbollah, the Shiite Muslim movement, and its allies launched their anti-government campaign Friday, sending hundreds of thousands of followers to downtown Beirut, where armor, barricades and troops guarded the government headquarters where the prime minister has taken up residence. Thousands have camped there since, housed in canvas tents spread across downtown; tens of thousands more joined them Sunday.

Lebanese television stations and Hezbollah officials reported several clashes in Beirut and in the Bekaa Valley, and rumors swirled about the extent of the violence in a city and country riven by divisions of politics, personal loyalties and sect. The worst clash was at the edge of the Sunni neighborhood of Tariq Jdideh, for weeks one of the city's tensest fault lines. Television stations said Sunni residents threw stones at a van carrying Shiite protesters from downtown after nightfall. Passengers got out and, in the ensuing melee, a few cars were damaged before the army stepped in and broke up the crowd.

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Accounts differed on the death of the protester, whom Hezbollah officials identified as a 26-year-old. Some said he was shot during the melee, others after it was broken up. Lebanese security officials said they were still trying to confirm the details of the death. News agencies reported that as many as 12 people were hurt in all in the clashes.

There is a deep worry here that the mobilization of supporters by Hezbollah and its allies -- as well as another demonstration by Hezbollah's foes during a funeral last month -- will worsen clashes along the city's many fault lines: pro- and anti-government, Christian allies and opponents of Hezbollah, and the sectarian divisions among Christians, Shiites and Sunnis. Several fights have already broken out in Tariq Jdideh. On Thursday, dozens of Sunni and Shiite residents fought in the streets there.

In downtown, the biggest crowds gathered since the protests began Friday, giving rise to scenes that took on a surreal air. The crisis could decide the fate of the government and Lebanese politics for years to come.

Organizers said 20,000 runners took part in the Fourth International Beirut Marathon, scheduled long before the demonstration. One of its advertisements read, "Run for life." The routes were redrawn to skirt parts of the protest, but at one intersection near downtown, the marathon's posters and flags mixed with green and orange banners carried by demonstrators.

"This is democracy," said Helena Shaar, a little winded from the race. "Some demonstrate. Some go to a marathon.

"This is the puzzle of Lebanon," she added.

Near the protest itself, within eyeshot of the government headquarters known as the Serail, there were dueling Masses. One was organized by supporters of Michel Aoun, a Christian leader allied with Hezbollah, at the St. George Cathedral. Up the street, another was held inside the Serail itself, in memory of Pierre Gemayel, a Christian government minister assassinated last month. It drew Siniora, some of his government supporters and Gemayel's relatives, in what amounted to a show of solidarity.

"A solution to any problem does not come through the streets," Siniora told reporters afterward.

But there appears to be almost no attempt to reach a compromise in a crisis that erupted with Hezbollah's demand in October for a greater share of power in the cabinet and that, since Friday, has become part waiting game, part test of wills. Hezbollah has promised to keep the protests open-ended; government officials speak privately about a fear that demonstrators might try to storm the Serail, which Hezbollah and its allies denied.

After the Mass, Siniora appealed for parliament speaker Nabih Berri, an ally of Hezbollah whose movement backs the protest, to restart dialogue between the two camps. They are divided by ideology, priorities for the country and alliances -- backing for the government comes from the United States and France, while support for Hezbollah comes from Iran and Syria. Both bring different views, as well, of the summer's 33-day war with Israel. Hezbollah considers it a victory; the government blames Hezbollah for starting it. Siniora seemed to suggest counter-protests were possible, but a key ally said government supporters would simply wait. The protesters said they would, too.

"The war went for 33 days, but the protests can go on for a year," said Mohammed Zeinati, a 26-year-old protester.

Around him, tents had multiplied, some going up along the barbed wire and barricades guarding the Serail.

He smiled. "I don't think it will take that long," he said, pointing at the Serail. "I'm hoping tomorrow they all leave."

Losing Lebanon (TIME)

By Tim Mcgirk

Time, December 4, 2006

It's never a good sign for a country when the Prime Minister and most of his Cabinet members spend their days barricaded in an Ottoman-era compound. That's what Fouad Siniora and Lebanon's other top officials have done since Nov. 21, when gunmen assassinated Industry Minister Pierre Gemayel in broad daylight. Siniora's worries go beyond his personal safety. With Lebanon still trying to recover from last summer's 34-day war between Israel and the Shi'ite militant group Hizballah, the government has seen its authority undermined, renewed meddling from the country's neighbors and the growing assertiveness of Hizballah. Organized by Hizballah and its allies, about 800,000 protesters--a rather grand figure in a country of just 3.8 million--gathered in the center of Beirut last Friday to demand the resignation of Siniora. At the time, Lebanon's leader was in his barracks, surrounded by machine guns and barbed wire.

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Lebanon wasn't supposed to turn out this way. In March of last year, President George W. Bush was hailing Lebanon as a shining beacon of his Administration's "democracy agenda" for the Middle East. Close to 1 million Lebanese had flooded into Beirut to demand that Syria pull its troops out of Lebanon and end its 29-year domination of the country. The U.S. State Department coined the protests the Cedar Revolution, a more folksy title than the Lebanese term, Independence Intifadeh, which smacked of radicalism. But with six ministers having resigned since Nov. 11, sectarian tensions rising and government officials fearing for their lives, the vision of a new Lebanon is dimming fast--and with it, the Administration's bid to build a positive legacy in the Middle East beyond the wreckage of Iraq.

There are worrying signs, in fact, that Lebanon may be closer to a total meltdown than at any time since the 1975-90 civil war. An Arab diplomat told TIME that General Michael Suleiman, the commander in chief of the Lebanese Army, recently admitted that his troops would be able to contain a series of demonstrations "for only a few weeks." If Hizballah organizes protests around the country similar to those in Beirut last week, "We will not be able to cope," Suleiman reportedly said. His concern was that because many of his troops are Shi'ite, they would refuse to act against their brethren within Hizballah.

The nightmare scenario is that Hizballah's show of strength could provoke a backlash against its mostly Shi'ite supporters by Lebanon's Sunni Muslim, Christian and Druze communities. If that happens, most Lebanese believe the situation could quickly escalate into all-out civil war. As a river of pro-Hizballah demonstrators flowed toward Siniora's besieged compound last week, poultry seller Ahmad Sahd, 65, wept. "These youngsters didn't live through the civil war. I did. And it looks like it's starting again."

So why is the Cedar Revolution crashing down? Part of the answer rests outside Lebanon's borders. During the summer's war with Israel, Hizballah relied heavily on the Syrians for logistic, military and financial support. According to Israeli officials, Western diplomats in Beirut and Arab sources, Damascus acted as a conduit for Iranian weapons to reach Hizballah, allowing the group to fight the Israelis to a standstill.

Now it is payback time. Lebanese officials, along with Israeli military sources and Western diplomats, say that while Syrian President Bashar Assad may be willing to help pull the Bush Administration out of the Iraqi quicksand, he hopes to exact concessions that would allow him to treat Lebanon, where the Syrian regime has vast financial interests, as his private turf. And according to these same sources, he is unnerved by a U.N.-sponsored inquiry that implicates top Syrian officials in the February 2005 car bombing that killed former Prime Minister Rafiq Hariri and 22 others. Assad is hoping that the international probe will peter out. Indictments issued by a U.N.-sponsored court against members of the Syrian leadership could critically weaken the Damascus regime and lead to U.N. sanctions against Assad's clique. Hizballah pulled its six ministers out of the 24-seat Cabinet rather than vote to support an international court to prosecute the Hariri case, and the assassination of Gemayel, the scion of a powerful Christian family and a fervent anti-Syrian, was seen as further warning to Siniora. His Cabinet voted anyway to recommend an international tribunal into the Hariri killing, pushing Hizballah into the streets last week.

Hizballah also accuses Siniora's ministers of secretly siding with Israel and the U.S. by failing to provide backup during the July-August war with Israel. With its massive street demonstrations, Hizballah hopes to intimidate the country's other parties into giving it more than the six Cabinet seats it had held, enabling it to block any legislation seen as contrary to the interests of Hizballah and its backers in Damascus and Tehran.

Whether Hizballah succeeds depends on how long it can capitalize on the p.r. boost it gained from waging war with Israel. Among Lebanon's downtrodden Shi'ites, Hizballah leader Sheik Hassan Nasrallah now enjoys mythical status. The many faces of Nasrallah appear everywhere. At times he is portrayed as a jolly preacher, a wise scholar or a glowering warrior with his turban like a black storm cloud overhead. When a starstruck woman requested the abaya, or robe, that he wore during the war, Nasrallah obliged, and since then TV crews have been following the woman across Lebanon as she displays this now holy garment for other faithful fans.

And yet even in Lebanon, Nasrallah isn't universally adored. Many Lebanese consider it a heroic but colossal blunder on Nasrallah's part to have provoked the Israelis by having his fighters stage a cross-border raid in July and kidnap two Israeli soldiers. War damage in Lebanon is assessed at $3.6 billion. More than 1,200 Lebanese died, and 3,700 were wounded. Another 974,184 were left homeless. Says parliamentarian Saad Hariri, son of the slain former Prime Minister: "When it starts raining and getting cold, people will realize what a huge mistake it was for Hizballah to start this war." What's more, the olive

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groves and hills of southern Lebanon are sown with more than 1 million bomblets from Israeli cluster bombs, say U.N. experts, making it hazardous if not lethal to wander into these areas.

Hizballah was badly swatted by the Israelis too. The Israeli military says it has the names of over 550 Hizballah fighters who were killed, including 400 belonging to the Iranian-trained Ã©lite special forces unit, the Nasr Brigade. In Lebanon, the thinking is that those numbers are probably inflated, that many of the dead were militants unaffiliated with Hizballah who grabbed a gun and joined the fighting. Whatever the body count, Hizballah has lost assets. As part of a cease-fire agreement, 10,000 U.N. peacekeepers and 15,000 Lebanese troops moved into southern Lebanon, long an exclusive preserve of Hizballah. As a result, Nasrallah's men lost possession of a number of strategic underground bunkers, complete with showers and dining halls, honeycombing the limestone hills for miles near the Israeli border. Many of its field commanders were killed in the fighting, and according to Lebanese and Israeli sources, Hizballah inquisitors are now weeding out and shooting suspected collaborators who helped the Israelis by pinpointing militia targets. And every Hizballah office in Beirut was sledge-hammered by Israeli warplanes. The rubble of concrete slabs, steel and scraps of clothing was scooped up by bulldozers into heaps; it has added a dozen large hills to the coastal landscape south of Beirut.

Hizballah's opponents say that as time passes, resentments toward Nasrallah are likely to build. That may be the main reason that Hizballah is again girding for war. The next round could be even uglier. While most of the other communities still have stockpiles of arms stashed away from the days of the civil war, Hizballah's force is stronger and better organized than its rivals, say Beirut-based diplomats. But the various players in Lebanon may find outside backers. The Christians could again find support from the Israelis; and the Saudis, who are alarmed at the growing Shi'ite influence in Lebanon through Hizballah, may find Sunni militias to bankroll. Sunni jihadists may also join the fray, turning Lebanon into a mini-Iraq. Lebanese intelligence recently broke up a ring of 200 Syrian-backed Islamists holed up in a Palestinian refugee camp who had a hit list of 36 Lebanese politicians.

Posters of Nasrallah, usually grinning, may crop up everywhere, but the cleric himself is still deep in hiding. During the summer's fighting, the Israelis made no secret that they were trying to assassinate him. Western diplomats in Beirut say they are trying to persuade the Israelis that killing the Hizballah boss is no longer a good idea. His murder could spark reprisals across the Middle East. Hizballah has ways of taking revenge. After Israelis targeted a previous Hizballah leader in 1992, the militia blew up the Israeli embassy in Buenos Aires. Should Nasrallah be killed, Israeli missions today would be similarly at risk--as would U.S. interests around the world. But these sources say that the Israelis may be willing to court that danger if they have a chance to take out Nasrallah, whom they view as a particularly clever and dangerous enemy. The damage that Lebanon and the Middle East will face if another war breaks out could make the destruction caused by Hizballah and Israel last summer look like a brisk whirlwind by comparison. With reporting by With reporting by Nicholas Blanford/Beirut, Aaron J. Klein/Biranit, Elaine Shannon/Washington

Somali Troops Seek To Recapture Town (AP)

By Mohamed Olad Hassan

AP, December 4, 2006

Somalia's government has sent hundreds of troops backed by Ethiopian soldiers to recapture a strategic southern town seized by the country's powerful Islamic movement, military officials and witnesses said Sunday, as dozens of families began fleeing the area.

The Islamic militia, which has seized the capital and most of the country's south since June, declared itself in control of the southern town of Dinsor on Saturday, saying it moved into the area without encountering resistance or firing a shot.

With the seizure of the town, the Islamic Courts Union has now effectively surrounded the weak, transitional government in its fortified base in Baidoa, the only town it controls.

Fears were mounting that a battle for Dinsor, about 75 miles southwest of Baidoa, could be the spark that ignites a war in Somalia. The town controls a vital bridge linking Baidoa with southern Somalia and the key port of Kismayo.

"The Courts' provocative and unjustified act of aggression in the region must be faced with force," warned the government's justice minister, Sheik Aden Nour Mohamed.

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Some 600 government troops were deployed late Saturday in pickup trucks mounted with machine guns to drive the Islamic group out of the town, said a senior military official on condition of anonymity because he was not authorized to speak to the media.

Another official speaking on condition of anonymity because of the sensitivity of the situation said two Ethiopian battalions were in support.

The Islamic movement's spokesman, Sheik Abdirahim Ali Mudey, promised that any government assault would be met with resistance. Witnesses said there were about 200 Islamic fighters with dozens of armed trucks preparing defensive positions in the town.

"Since the town is now under the control of the Islamic courts with the willingness of the local people, any attack waged against it would meet a fierce battle," Mudey said.

One shopkeeper, Mo'alim Isgow Ahmed, said at least half the town's residents have fled.

"We left Dinsor to save our lives," said Mad Ali Gab, who arrived in Baidoa by car. "They are preparing for war, so we cannot wait for the fighting to begin."

Ethiopia, a largely Christian nation, fears the emergence of a neighboring Islamic state and has acknowledged sending military advisers to help the Somali government.

A confidential U.N. report recently obtained by The Associated Press said there were up to 8,000 Ethiopian troops in the country supporting the government. Last week, Ethiopia's parliament authorized military action if attacked by the Islamic movement, which has declared holy war on Ethiopia over its troop incursions.

The U.N. report said Ethiopia's regional rival, Eritrea, had 2,000 troops in the country.

Somalia has not had an effective government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another. The transitional government was formed with the help of the U.N. two years ago, but has struggled to assert its authority.

The U.S. circulated a draft U.N. resolution late Friday that would authorize the deployment of a regional military force to protect the fragile government. The troops would likely come from a seven-nation East African group, but would not include Somalia's neighbors, like Ethiopia.

U.S. Ambassador John Bolton said Friday he expects Security Council experts to discuss the draft on Monday.

Tehran Court Judgment Could Turn Over US Embassy To Plaintiff (CSM)

By Mike Theodoulou

The Christian Science Monitor, December 4, 2006

NICOSIA, CYPRUS

The United States is in danger of losing its sprawling embassy in Tehran to an Iranian businessman who was abducted in a bungled sting operation by US customs agents 14 years ago.

A Tehran court awarded Hossein Alikhani more than half a billion dollars in damages in the first lawsuit by an Iranian against the US for supporting terrorism.

Now, three years after that ruling, a writ of enforcement is due to be served this week, from when the US will have 10 days to respond by paying or presenting a list of assets in Iran to be seized as compensation.

The most valuable of those assets is the defunct US embassy. Mr. Alikhani, a Cyprus-based businessman, estimates it to be worth at most $120 million.

He spent 105 days in a US jail in 1992 after being abducted in the Bahamas for allegedly violating US sanctions against Libya. He argued the sanctions did not apply to non-Americans outside the US.

The Bahamian government was furious, saying it had not been consulted. Alikhani's case also caused consternation in Congress.

In his ruling three years ago, Chief Justice Mansour Pour Nouri of the Third Branch of the Tehran Public Court accused US investigators of "kidnapping, false imprisonment, using force, battering, abusing, and ultimately inflicting physical and psychological injuries."

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Alikhani says he has made no plans yet what to do with the embassy if he receives the deeds. "Maybe I would make it into a school, a university or a public park," he told the Monitor from Tehran.

While few observers expect the embassy's title to land in Alikhani's hands any time soon, the embassy is a potent emblem of the enmity between the US and Iran since 1980, after militant students seized the embassy and held 52 US diplomats hostage for 444 days. The compound, its walls scrawled with anti-American graffiti, has long housed Revolutionary Guards.

The US says that under the Vienna Convention on Diplomatic Relations, diplomatic premises are immune from court judgments. But Alikhani counters that the US flouted that convention in 1996 when it adopted the Antiterrorism and Effective Death Penalty Act. The act stripped countries on the State Department's list of sponsors of terrorism of their immunity from lawsuits in US courts for terror acts perpetrated against US citizens.

Since then, US courts have awarded hundreds of millions of dollars in damages to victims of terror overseas.

"So how can they come back and say that according to the Vienna Convention their assets are immune?" Alikhani asks.

Alikhani says his action was motivated by principle and followed US court rulings to hold Iran responsible for damages awarded to Americans held hostage by pro-Iranian groups in Lebanon during the 1980s.

"Everyone is suing Iran. For instance, the hostages in Lebanon. They were taken in Lebanon by Lebanese but they sued Iran and not the hostage-takers themselves or the Lebanese government," Alikhani says.

His legal action in Iran followed his bid in a Florida court to sue the US for $360 million. The case collapsed in 2001 with a ruling that he had agreed not to sue as a condition of his release. His lawyers argue that was invalid because Alikhani agreed under threat of an indefinite prison term.

Alikhani's saga began in July 1990, when he sought to buy $1.6 million of spare parts for gas generators from a Florida company. He planned to ship the equipment through Germany to Libya for use in a government oil field.

The company said that the parts could not be supplied because Libya was under US sanctions for supporting terrorism. Alikhani did not pursue the deal. However, the Florida company tipped off US Customs and agreed to set up a sting operation that resulted in Alikhani's arrest.

For 30 days, Alikhani was questioned in several Florida hotels, where he says he was shackled to his bed at night, before being moved to a Miami prison where inmates included Manuel Noriega, former dictator of Panama. With anger in the Bahamas and in Congress over the abduction, Alikhani accepted a token charge and was freed after being sentenced to time served.

Paulson Reaches Out On China (FT)

By Eoin Callan

Financial Times, December 4, 2006

Hank Paulson, US treasury secretary, will on Monday begin a series of policy talks with industry leaders to discuss the Bush administration's policy towards China ahead of a high-level delegation to Beijing next week.

The former head of Goldman Sachs, an investment bank, will on Monday meet executives from manufacturing companies, including Procter & Gamble, before on Wednesday sitting down with financial services companies - including Citigroup – as well as those from other sectors.

A Treasury official said Mr Paulson was "reaching out on his China agenda" before heading to Beijing for a "strategic economic dialogue" that will include top-ranking cabinet officials and Ben Bernanke, Federal Reserve chairman.

The delegation will press for greater currency flexibility, but Mr Paulson also wants to cultivate an intimate discourse about long-term economic goals with the Beijing leadership, many of whom he knows personally from his time at Goldman.

Mr Paulson's negotiating tactics will on Monday be questioned by impatient manufacturers, who blame Beijing for fuelling a record US trade deficit with China of more than $200bn by maintaining a cheap currency.

Frank Vargo, from the National Association of Manufacturers, said executives would "make sure he understands how frustrated manufacturers are over China's currency", suggesting there would be a "pretty vocal back-and-forth discussion".

Mr Vargo praised the Treasury secretary as "a guy who exudes confidence he can get the job done", but said there was demand for "action early next year" from key figures such as Doug Oberhelman, head of Caterpillar, and John Surma, president of US Steel.

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Some manufacturers are understood to be ready to throw their political and financial weight behind Democratic lawmakers who are threatening to initiate punitive sanctions against China in the wake of the mid-term elections.

But among financial services groups there is support for Mr Paulson's patient pursuit of reforms that would give them access to sectors such as pensions, insurance, and broking.

Jeremie Waterman, a director at the US Chamber of Commerce, said the goal of the dialogue for business was to "institute practices to allow mergers and acquisitions, allow trade and allow capital to flow freely." He said there was widespread corporate backing for Mr Paulson.

Susan Schwab, the US trade representative, will also meet business leaders this week as she prepares for the China visit and holds separate talks with South Korea in Montana in a frantic bid to reach a free-trade deal.

The five-day negotiations with South Korea are seen as the last chance to agree the outline of a bilateral trade pact before President George W. Bush's special fast-track trade promotion authority expires this summer.

A US trade official said: "We need to move the ball down the field this week to have a realistic chance of completing a deal in time."

Negotiators were downbeat about the prospect of a breakthrough despite signs of US concessions on the most politically-sensitive issues for Seoul, where there have been mass protests against the deal.

China Export Controls Contested (WT)

By Steve Hirsch

The Washington Times, December 4, 2006

Business groups are upset about a Bush administration move to strengthen restrictions on exports to China. They said the controls will not keep the communist country from acquiring sensitive technologies and will cost too much to implement.

In July, the Commerce Department proposed tighter restrictions on exports of certain high-technology products.

"The administration has not demonstrated that this proposed change would provide any additional security benefit and has not articulated a clear purpose for it," a group of 24 trade associations -- ranging from the General Aviation Manufacturers Association to the American Chamber of Commerce in Hong Kong -- said Thursday in a letter to the Commerce Department.

The proposal would cover specified software, machine tools, computers, marine equipment and other exports.

If the purpose is to deny access to China's military, "it is destined to be ineffective due to widespread foreign availability ... including production in China, and the fact that all indications thus far are that it will be unilateral," said the letter, released Friday.

Executives say they also are concerned about the cost of compliance.

Business Software Alliance President Robert Holleyman said the rule would impose "stifling financial costs on American companies seeking to comply."

High-technology business groups often comment on this type of regulation, but Dirk Van Dongen, president of the National Association of Wholesaler-Distributors, said his organization has not been involved in other export-control issues.

The proposed changes "will shut down markets for American firms without denying Chinese buyers the products they desire," he said.

The administration is committed to the proposal, said Assistant Commerce Secretary Christopher A. Padilla, who was in Berlin on a trip to discuss the controls with European allies.

He said the proposal is "motivated by fundamental national security concerns and it's consistent with basic U.S. foreign policy toward China, which is to encourage legitimate civilian trade while discouraging China's double-digit, rapid military modernization."

The administration encouraged companies to submit evidence that the technologies were available in China, he said, and would examine ways to ease the compliance burden without endangering national security.

Mr. Padilla said businesses have dealt with more stringent nonproliferation controls, but business representatives insisted that the China proposal would be more difficult to handle.

One European telecommunications company has determined that its compliance cost alone would be $165 million, several sources said.

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Larry M. Wortzel, chairman of the bipartisan, congressionally mandated U.S.-China Economic and Security Review Commission, said business had legitimate concerns about restricting only U.S. companies and about the compliance burden.

The proposed controls could hold U.S. businesses accountable if the Chinese government conceals a company affiliation, he said.

"When this all sorts out, I hope that the government will not require business to do the sorts of intelligence work to figure out what subsidiaries in China might be really defense-related or hidden parts of the government, when for itself the government really can't do that effectively with its own intelligence apparatus," he said.

Beijing Steps Up Movement To Integrate Tibet (USAT)

By Calum Macleod

USA Today, December 4, 2006

LHASA, China — Chinese supermarket baron Zhang Xiaohong reveres Tibet's austere Buddhist culture so deeply that he spent $12.5 million to build a luxury hotel that doubles as a Tibetan folklore museum.

The Brahmaputra Grand Hotel, in Tibet's high-altitude capital of Lhasa, is the region's only five-star hotel. It houses Zhang's extensive collection of Tibetan antiquities, including a 1,000-year-old warrior's costume. “I must do something to protect and promote Tibetan culture,” says Zhang, founder of the Bright Red Supermarket chain.

In reality, the culture Zhang wants to preserve risks disappearing beneath a surge of Chinese investment, migration and tourism. Beijing is accelerating its 5½-decade campaign to bring Tibet to heel. It is spurring high-growth economic policies and crushing political dissent in a drive to integrate the separatist-minded region into the rest of China.

Tibetan exiles say political repression is on the rise. In recent months, Chinese authorities have jailed several Tibetans, including monks, for possessing or distributing pro-independence leaflets, posters or photographs of the Dalai Lama, Tibet's exiled spiritual leader.

In September, Chinese border guards fired on an unarmed group of about 80 Tibetans fleeing to Nepal through a Himalayan pass. One of those fleeing, a Buddhist nun, was killed. A Romanian mountaineer filmed the attack.

“The killing of Tibetans by Chinese authorities is a matter of common practice,” the Dalai Lama told Asahi Shimbun, a Japanese newspaper, last month.

Since May, Chinese officials have directed “an unprecedented wave of criticism” at the Dalai Lama, says his brother Gyalo Dhondup. “This is a major shift in their attitude, unprecedented in the past 27 years of contact with Chinese officials,” Dhondup told Radio Free Asia last month.

Beijing's political crackdown has coincided with major economic initiatives that have brought:

•Tourism. In July, China completed construction of the 2,500-mile Beijing-Lhasa rail line, which carries the world's highest-elevation passenger train. Since then, tourist arrivals — mainly of ethnic Chinese — have soared. In July and August, 913,000 travelers surged into the sparsely populated region, a 54% increase over the same two-month period a year ago, says Lhaba Phuntsok, a Tibetan who heads the official China Tibetology Research Center in Beijing.

Government banners hanging across the streets of Lhasa proclaim the railway to be “the happiness line for all the peoples of Tibet.”

Phuntsok says the railway creates a healthy incentive. For Tibetans to benefit economically from tourist traffic, he says, they must preserve the things that lured tourists in the first place: Tibet's distinct culture and the pristine beauty of its high plateaus and mountains.

The Dalai Lama, though, has warned that a tide of outsiders brought in by rail could lead to “cultural genocide” in Tibet, which is home to just 2.8 million of China's 1.3 billion people.

Zhang, the Chinese tycoon, says Chinese influences could overwhelm Tibet. “It's a challenge, and we will have to work hard” to protect the local way of life, he says.

•Migration. Figures on the number of ethnic Chinese living in Tibet remain highly sensitive. At a news conference for foreign journalists in July, Tibet's Beijing-appointed governor, Champa Phuntsok, declined to break down the current population of Lhasa.

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He said the railway will bring “an inevitable increase” in Chinese workers, but maintained the official line that Tibet is more than 95% non-Han. Han is the ethnicity of the Chinese majority.

Many Tibetan Lhasa residents say their capital of 500,000 people is now at least half Chinese. At the time of the Chinese takeover in 1950, the city's population barely topped 30,000, and only a few dozen were Chinese.

“The authorities are trying to stamp out any breath of dissent and are deliberately encouraging people to move there,” says Robbie Barnett, a Tibet specialist at Columbia University in New York.

•Jobs and investment. Beijing has poured money into giant infrastructure projects, and private investment has followed. But opportunities created by a boom in construction, retail and services have gone disproportionately to Chinese newcomers. Only 10% of the workers on the new rail line were Tibetans, says Zhu Zhensheng, senior engineer at the Ministry of Railways. Most of the current railroad staff is Han, he says.

At Zhang's Brahmaputra Grand Hotel, where rooms range from $170 to $1,100 a night, the management team was imported from neighboring Sichuan province. Only a third of the employees are Tibetan, sales manager Hong He says.

In October, hundreds of young Tibetans staged a rare public protest in Lhasa to complain about government job discrimination. The protest followed the regional government's decision to fill 98 of 100 job openings with ethnic Chinese applicants.

Beijing says it has taken steps aimed at protecting Tibetan culture, such as ensuring that 70% of the books published in the region are in the Tibetan language. Government officials also have loosened restrictions on Tibetan religious worship and reopened many of the monasteries and holy sites that were closed in the 1980s.

Even so, the government keeps a firm grip. “Every month, a work team from the religious affairs bureau and the police come to the temple to make us oppose the Dalai Lama,” says a young monk at the Jokhang temple, Lhasa's holiest site. He declined to be identified for fear of persecution.

The vice director of administration at the temple, monk Ngawang Quzha, acknowledges that all monks must undergo “patriotic study lessons.”

Interviewed in the presence of officials from the regional government, he says: “Most of the monks in Tibet would not hope the Dalai Lama returns to Tibet.”

The mistrust between Chinese and Tibetans is deep.

“The Tibetan people are very suspicious,” Barnett says, “and the Chinese are suspicious that Tibet is not grateful for this largesse.”

Mao Pengfei, a farmer who moved to Lhasa from China's Henan province in 2003, says he has no Tibetan friends. “We live in different areas, and I don't speak any Tibetan,” says Mao, who now works as a taxi driver.

Fan Liming, a Chinese engineer who helped build a rail station 70 miles outside Lhasa, scratches his head at the slow pace and religious underpinnings that are central to Tibetan life. “I saw Tibetan pilgrims prostrate themselves on the ground, get up, walk three paces, then prostrate again,” Fan says. “They could take months to get to Lhasa. It's difficult for us Han to understand their faith. These people are not in a hurry.”

Tashi Tsering, a Tibetan author who has funded construction of 69 rural schools to preserve the written language, lives near Jokhang in a house squeezed between two Chinese-owned fast-food restaurants, Dicos and California Beef Noodles. He marvels at the new rail system but says it shouldn't be used to bring in migrants. “I hope the Chinese government will never make that decision,” he says.

Development has brought shopping malls and giant apartment blocks to Lhasa. The city's old quarter is now dotted with shiny, tiled buildings familiar throughout China. Yuthok Lam, the main shopping street, has been modernized in keeping with Tibetan architectural style, albeit with one incongruous import — plastic palm trees.

Tourists like to see the original buildings, “but that doesn't suit development needs,” says Que Longkai, director of architecture at Lhasa's Tibet University. Chinese outsiders “are not wolves,” says the academic, a Lhasa resident for the past five years. “Development is the only way.”

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Kelsang Phuntsok, president of the exile group Tibetan Youth Congress, based in Dharamsala, India, says China's view of development does little for the people he left behind. “Tibetans don't need skyscrapers. They need education, food, security and freedom,” he says. “A hungry man doesn't need a Mercedes.”

Chinese Doublespeak (WSJ)

The Wall Street Journal, December 4, 2006

Who said China's Communists don't have a sense of humor? On the same day that the country's politicized courts rejected two closely watched appeals, the mandarins in Beijing proclaimed that they will ease restrictions on the foreign press ahead of the 2008 Olympics.

On Friday, the Beijing High Court upheld a trumped-up fraud conviction against New York Times researcher Zhao Yan. The decision wasn't a surprise. Mr. Zhao had long been a thorn in Beijing's side for his reporting on the plight of poor farmers. His current legal troubles began in September 2004, when a Times report hinted at a conflict between President Hu Jintao and former President Jiang Zemin over military personnel. A subsequent article predicted that Mr. Jiang would resign his post as head of the military. Shortly thereafter, Mr. Zhao was arrested on charges of leaking state secrets. The Times maintains that Mr. Zhao was not the source for the latter story.

Prosecutors dropped the state secrets charge in August for lack of evidence. But Beijing couldn't lose face, so the court pursued an unrelated, and very fishy, fraud charge against the journalist. After a closed trial (justified by the state secrets charge, even though that count had already been dropped), Mr. Zhao was convicted and sentenced to three years behind bars. In a five-minute "hearing" last week, a court denied Mr. Zhao's appeal. He will spend the next 10 months in jail serving out the rest of his sentence.

Also on Friday, Chen Guangcheng's appeal was rejected by a county court in Shandong province. Mr. Chen, a blind lawyer who worked to reveal abuses of China's one-child policy, was convicted of property damage and inciting mob violence in a trial that, like Mr. Zhao's, stunk of political interference. In the 30-minute retrial, the defense wasn't allowed to present witnesses or evidence, according to the Associated Press. He lost his appeal.

Human rights advocates suggest it's no accident Mr. Zhao's appeal landed on the same day Beijing eased restrictions on foreign journalists. That's because the new "freedoms" do not apply to Chinese research assistants working with foreign correspondents. Mr. Zhao's fate appears designed not just to punish a squeaky wheel but to intimidate other research assistants, too.

Thus, even while Beijing is trying to make itself look more open to foreign reporting as a concession to the International Olympic Committee, the government is menacing the Chinese journalists who make much of that reporting possible. Some correspondents will be able to cover preparations for the 2008 games. But in the wake of the Zhao ruling, no one will be fooled about what Beijing really thinks of a free press.

U.S., Seoul Discuss Free-Trade Deal (WSJ)

By Evan Ramstad

The Wall Street Journal, December 4, 2006

SEOUL -- Talks on a proposed U.S.-South Korea free-trade agreement -- which is President Bush's biggest bilateral trading initiative and would be Seoul's largest such deal -- resume today with the toughest issues on the table.

The progress the two countries make this week at a Montana ski resort will determine whether they can reach a deal in time for Mr. Bush to seek a simple yes-no vote on it from Congress. His trade-negotiating authority will expire in June and Congress will then take back the ability to change trade deals, a power that inhibits countries from negotiating with the U.S.

For South Korea, the pact would provide a boost to its already-healthy sale of products to the U.S. and drive a broad restructuring of numerous protected industries as well as its consumer market. For the U.S., the deal would have a smaller relative effect, though it should help American farmers and manufacturers sell more goods in South Korea, now the world's 10th-largest economy.

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Earlier negotiating rounds progressed more slowly than expected and the two countries are just now tackling the thorniest issues, such as how to reduce tariffs on food and autos. The session this week in Big Sky, Mont. -- the fifth formal negotiating round -- was previously expected to be the last one.

As the round opens, the two countries are also squabbling over South Korea's ban on U.S. beef, which was imposed in late 2003 after a case of mad-cow disease was reported in Washington state. In October, Seoul lifted the ban partially by agreeing to buy boneless beef, which is considered the safest because the disease, when present, is in bones.

But South Korea has rejected the first two multi-ton shipments of U.S. beef, the latest on Friday, after X-rays found a coin-size bone fragment in the first shipment and three sliver-size pieces in the second. The bone fragments posed no health hazard, but South Korea wants assurance it is receiving boneless beef.

A proposed free-trade agreement is particularly contentious in South Korea because it represents a major break with the country's economic history. South Korea set up sizable trade barriers in the 1960s and 1970s to assist its transformation from a poor, agrarian backwater into a wealthy industrial power. An FTA with the U.S. would remove many of those barriers and open the door for other countries to seek better trade terms with it.

In autos, South Korea imposes an 8% duty on imports and assesses taxes, based on engine size, that fall hardest on imports. And in food, duties affect almost every import, from 8% on candy to 42% on beef to 600% on popcorn. U.S. duties on Korean goods are lower in almost every case.

The two countries traded $72 billion in goods and services last year, with South Korea selling about $16 billion more to the U.S. than the U.S. sold to it.

A deal with South Korea would be the largest free-trade agreement in value for the U.S. since the North American Free Trade Agrement was reached 12 years ago. Mr. Bush's administration is also hoping to complete FTAs with Malaysia, Panama and Thailand before its negotiating authority ends.

Though nearly invisible in the U.S., the FTA negotiations are in the news almost every day in South Korea as protesters, supporters and economists argue about the potential effect of a pact. Farmers and trade-union members recently stepped up the frequency and size of their protests.

Free-trade supporters in both countries worry their message is being drowned out. "In Korea, business groups and other supporters are not prepared to beat up the passionate opposition, while, in the U.S., we do that," said Myron Brilliant, president of the U.S.-Korea Business Council.

South Korean President Roh Moo Hyun has repeatedly expressed commitment to forging an FTA with the U.S. The country has completed FTAs with Chile and Singapore and is negotiating one with Canada, which has drawn token protests. On a trip to Australia this week, Mr. Roh is expected to announce that South Korea will begin free-trade talks with that country.

Chavez Wins Re-election By Wide Margin (AP)

By Ian James

AP, December 4, 2006

President Hugo Chavez won re-election by a wide margin Sunday, giving the firebrand leftist six more years to redistribute Venezuela's vast oil wealth to the poor and press his campaign to counter U.S. influence in Latin America and beyond.

Challenger Manuel Rosales conceded defeat but vowed to remain in opposition. During the campaign, Rosales accused Chavez of edging Venezuela toward authoritarian rule and warned the president could undertake even more radical policies if re-elected.

Minutes after the results were announced, Chavez appeared on the balcony of the presidential palace singing the national anthem. He pledged to deepen his effort to transform Venezuela into a socialist society.

"Long live the socialist revolution! Destiny has been written," Chavez shouted to thousands of flag-waving supporters wearing red shirts and braving a pouring rain.

"That new era has begun," he said, raising a hand in the air. "We have shown that Venezuela is red!... No one should fear socialism... Socialism is human. Socialism is love," Chavez said. "Down with imperialism! We need a new world!"

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Since he first won office in 1998, Chavez has increasingly dominated all branches of government and his allies now control congress, state offices and the judiciary. He has called President Bush the devil, allied himself with Iran and influenced elections across the region.

Chavez also has used Venezuela's oil wealth to his political advantage. He has channeled oil profits toward multibillion-dollar programs for the poor including subsidized food, free university education and cash benefits for single mothers. He has also helped allies from Cuba to Bolivia with oil and petrodollars.

He now promises to solidify his social program.

With 78 percent of voting stations reporting, Chavez had 61 percent to 38 percent for challenger Rosales, said Tibisay Lucena, head of the country's elections council. Chavez had nearly 6 million votes versus 3.7 million for Rosales, according to the partial tally.

Turnout among the 15.9 million eligible voters was 62 percent, according to an official bulletin of results, making Chavez's lead insurmountable.

"We will continue in this struggle," Rosales told cheering supporters as he conceded defeat.

Some supporters at his campaign headquarters wept, while others were clearly angry.

"We have to do something," said Dona Bavaro, a 36-year-old Rosales supporter. "My country is being stolen. This is the last chance we have. Communism is coming here."

Rosales, a cattle rancher and governor of western Zulia state who stepped down temporarily to run against Chavez, focused his campaign on issues such as rampant crime and corruption, widely seen as Chavez's main vulnerabilities.

A top Rosales adviser, Teodoro Petkoff, said the voting was carried out in a "satisfactory manner." He said some irregularities had occurred but most were resolved. Another member of the Rosales camp had accused pro-Chavez soldiers of reopening closed polling stations and busing voters to them.

Even before polls closed, Chavez supporters celebrated in the streets, setting off fireworks and cruising Caracas honking horns and shouting "Chavez isn't going anywhere!"

Earlier, Chavez loyalists jarred voters awake hours before dawn in Caracas with recordings of reveille blaring from truck-mounted loudspeakers.

"We're here to support our president, who has helped us so much," said Jose Domingo Izaguirre, a factory worker who waited hours to vote. His family recently moved into new government housing.

Rosales supporters accused Chavez of deepening class divisions with searing rhetoric demonizing his opponents.

Alicia Primera, a 54-year-old housewife, was among voters so passionate about the choice that they camped out overnight in voting queues.

"I voted for Chavez previously. I cried for him," Primera said. "Now I'm crying for him to leave. He's sown a lot of hate with his verbiage."

The campaign has been hostile, with Chavez calling Rosales a pawn of Washington and Rosales saying he was on the alert for fraud. Rosales' campaign had endorsed the electronic voting system as trustworthy — as long as no attempts were made to thwart it.

More than 125,000 soldiers and reservists were deployed to safeguard the balloting.

In Washington, State Department spokeswoman Janelle Hironimus stressed "the importance of a free, fair and transparent process."

Conflict and ambition have marked the rise of Chavez, 52, from a boy selling homemade sweets in a dusty backwater to a failed coup commander in 1992 and now a leader who could set the tone of Latin American politics for years to come.

Constitutional reforms he oversaw in 1999 triggered new elections the following year that he easily won. Loyalists helped him survive a 2002 coup, a subsequent general strike and a 2004 recall referendum.

Chavez says he would convene a commission upon re-election to propose constitutional reforms, likely including an end to presidential term limits. Current law prevents him from running again in 2012.

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The president insists he is a democrat and will continue to respect private property — though he has boosted state control over the oil industry and has said he might nationalize utilities. Venezuela is the world's fifth largest oil exporter and soaring oil prices have made it the continent's fastest growing economy.

Chavez has pledged at least $1.1 billion in loans and financial aid to Latin American countries in the past two years, and billions more in bond bailouts for friendly governments as well as generously financed oil deals. But the largesse has proved a weakness at home, with polls suggesting many Venezuelans believe the aid impedes efforts to address the country's own problems.

Chavez, who says Fidel Castro is like a father to him, has built increasingly close ties with Cuba, sending the island oil while thousands of Cuban doctors treat Venezuela's poor for free.

Chávez Wins Easily In Venezuela, But Opposition Protests (NYT)

By Simon Romero

The New York Times, December 4, 2006

CARACAS, Venezuela, Dec. 3 — President Hugo Chávez was re-elected in a landslide on Sunday night, as voting tallies poured in from throughout the country. But representatives of the opposition candidate contended that the results were tainted by irregularities.

With 78 percent of the votes counted, Mr. Chávez was ahead with 61 percent, compared with 38 percent for Manuel Rosales, the governor of Zulia State, Venezuela's electoral council said late Sunday night as it declared Mr. Chávez the winner. Thousands of supporters filed into the streets around Miraflores, the president palace downtown, to hear Mr. Chávez deliver a victory speech in the rain.

"Long live the socialist revolution!" Mr. Chávez yelled to the crowd, pumping his fist in the air. His supporters, many of them dancing, reacted by chanting, "Ooh-ah, Chávez isn't leaving!"

The win for Mr. Chávez gives him a stronger mandate to press forward with his socialist-inspired policies in Venezuela and abroad. He signaled as much in his victory speech, invoking figures from Jesus Christ to Pancho Villa as influences for his ambitious plans.

The tension between the campaigns of Mr. Chávez and Mr. Rosales reflected a polarized electorate in Venezuela, but by contrast the voting itself was largely tranquil, with few reports of clashes or other violence. Both candidates spent heavily in the race, with supporters for Mr. Chávez and Mr. Rosales each using American polling companies until well into Sunday evening.

Evans/McDonough, a polling company based in Oakland, Calif., and hired by Venezuela's national oil company, released an exit poll indicating that Mr. Chávez was ahead, with 58 percent of the vote, to 40 percent for Mr. Rosales.

The results showed Mr. Rosales doing better than had been forecast in some polls, and his advisers said that quick counts indicated that he had won in several states and Caracas. But Mr. Rosales conceded defeat in a brief speech Sunday night, while saying the margin of Mr. Chávez's victory was narrower than official results indicated.

"It's been a hard fight against the mechanisms, all the dimensions of the government," Mr. Rosales said.

Antonio Márquez, an official with Mr. Rosales's campaign, said: "There's been a great deal of pressure exerted by the government to demonstrate that they won. This climate of tension is not positive for the country."

Other campaign officials for Mr. Rosales said soldiers had forced some polling places to remain open past the 4 p.m. closing time on Sunday to allow supporters of Mr. Chávez to vote. International observers in various parts of the country, however, said the election took place without signs of wrongdoing.

"One had to be moved by the earnestness and attention to detail," said Martin Garbus, a trial lawyer from New York invited by Venezuela's government to observe the election in Sarare, a town in the state of Lara. "it was a lesson in participatory democracy."

Once the official results are in, how Mr. Chávez and Mr. Rosales react will determine whether Venezuela will return to the instability and street violence that had marred earlier elections. Mr. Rosales said Sunday night that he would continue leading the political opposition in the country, but it was clear that many critics of Mr. Chávez were hoping for a stronger response.

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Still, the margin in Mr. Chávez's favor reflected widespread support for the president as Venezuela reaps the economic benefits of high oil prices. Mr. Chavez has redirected government spending by creating an array of social welfare programs that benefit the poor.

In Caracas, voting at the Simón Bolívar elementary school in San Blas, a slum in the Petare district, proceeded calmly on Sunday morning. Once outside after voting, some voters put on red shirts and hats, indicating their support for Mr. Chávez. "I'm red, very red," said Carlos Gelvis, an unemployed man from Petare, in a reference to a refrain of Mr. Chávez's campaign.

Chavez Re-elected Venezuela's President (FT)

By Andy Webb-Vidal

Financial Times, December 4, 2006

Hugo Chávez was re-elected Venezuela's president for a six-year term on Sunday with 61 per cent of the vote, 23 percentage points ahead of his main challenger, according to preliminary official results from electoral authorities.

Manuel Rosales, the predominant opposition candidate, won just over 38 per cent of the vote, the National Electoral Council said on Sunday evening.

Tibisay Lucena, head of the CNE, said that the preliminary result was based on the tally from 78 per cent of polling stations around the country.

Mr Chávez's margin of victory of between 20 and 25 percentage points - if confirmed after an audit comparing electronic voting results with paper records - would be roughly in line with opinion polls published in the run-up to Sunday's ballot.

An exit poll released on Sunday evening by US pollster Evans/McDonough suggested Mr Chávez was leading with 58 per cent compared with 40 per cent for Mr Rosales.

Mr Chávez, a former army officer who often rails against the Bush administration and who has governed the world's fifth largest oil exporter for almost eight years, pledged to radicalise his left-leaning "Bolivarian Revolution".

"Today begins a new era," screamed Mr Chávez during his victory speech from a balcony at the presidential palace. "The central idea of that new era will be the deepening and the expansion of the Bolivarian Revolution towards Socialism."

But earlier in the evening, opposition leaders had alleged that voting centres had been re-opened in some areas to allow hastily mobilised presumed pro-Chávez supporters to vote.

Mr Rosales, who stepped down as governor of the western oil-rich state of Zulia to challenge the incumbent, was expected to address his supporters on Sunday night.

On Sunday, Mr Rosales had claimed that "problems" were delaying and adversely affecting voting in as many as a third of polling stations.

He alleged that were signs that voters who claimed they had voted for him received "null vote" paper receipts from the electronic voting machines.

Before the first partial official result was announced, Teodoro Petkoff, a leading political commentator and Mr Rosales's chief campaign strategist, urged opponents to be patient for the result of the auditing process, which was expected to take several hours.

Electoral witnesses and some international observers from the Organisation of American States and other institutions were due to oversee the audit of electronic ballot results at about 17,500, or 54 per cent, of polling stations.

Shortly after the partial results were announced, Mr Chávez celebrated by singing the national anthem from a balcony at the presidential palace.

Government supporters set off a volley of fireworks in the centre of the city and in the poor slums that encircle the city, home of Mr Chávez's political constituency.

During the day, Mr Chávez, who often portrays himself as the voice of the people, turned up to vote in a poor neighbourhood of Caracas driving a red Volkswagen Beetle.

Venezuela's ChÃ¡vez Wins Decisive Victory (WP)

By Juan Forero

The Washington Post, December 4, 2006

DOJ_NMG_0101623

CARACAS, Venezuela, Dec. 3 -- By an overwhelming margin, Venezuelans reelected President Hugo ChÃ¡vez on Sunday, further extending a presidency that began when the former paratrooper was swept into power eight years ago, intent on overturning Venezuela's old social order. ChÃ¡vez will receive another six years in office to broaden his leftist revolution and contest American initiatives across Latin America.

"Today is a new era," the fiery populist leader told screaming supporters. "Venezuela is red, very red."

With 78 percent of the votes counted by 10 p.m., electoral authorities announced that ChÃ¡vez, 52, had secured 61.3 percent of the vote to 38.4 percent for Manuel Rosales, whose candidacy united a fractured opposition but had only four months to gather momentum. Minutes after the National Electoral Council announced that ChÃ¡vez had garnered 5.9 million votes to 3.7 million for Rosales, the president appeared at the balcony of the presidential palace.

Euphoric supporters, ignoring a downpour, burst into the streets, waving flags, shooting off fireworks and chanting pro-ChÃ¡vez slogans.

"Everything has been completed, the great victory of the Bolivarian revolution," ChÃ¡vez said as rain soaked him and close aides on the balcony. "It's another great victory: a victory of love, a victory of peace, a victory of hope. It's a victory for all Venezuela. May Venezuela be victorious always."

With the win, ChÃ¡vez's Bolivarian revolution will last until at least 2013, although ChÃ¡vez told reporters on Thursday that a change to the constitution could permit him to rule even longer.

"I'm not planning to say in the constitution, 'Hugo ChÃ¡vez will remain in the presidency until he dies,' because that would be perverse," said ChÃ¡vez, who under the law can serve only one more term. "It's very different to study the possibility of indefinite reelection. It will always be the will of the people."

Rosales, 53, later conceded defeat without declaring fraud, as opponents had done in the last major election they lost to ChÃ¡vez, a recall referendum two years ago. Rosales did, however, say that his campaign believed the electoral council's figures were off and that the final results were tighter.

"The truth is that though the margin is closer, we recognize that today we were defeated. But we continue to fight. We will remain in the street," he said. "It's not time to give up."

Earlier in the evening, an aide close to Rosales, Julio Montoya, called early voting estimates "false and manipulated," without offering proof. Other officials in the Rosales campaign said voting equipment malfunctioned at several polling sites and that there were delays in pro-Rosales districts.

Authorities with the five-member National Electoral Council said they had not found serious discrepancies.

"Everything is perfectly normal in the country," Vicente DÃ-az, who is considered partial to the opposition, told reporters Sunday night. Observers from the European Union, the Atlanta-based Carter Center and the Organization of American States monitored the vote and reported only isolated incidents by early Sunday night.

The ChÃ¡vez victory further consolidates the tide of leftist politicians who have won office in Latin America in recent years, including a former labor leader in Brazil, Luiz Inacio Lula da Silva; Michelle Bachelet, a market-friendly socialist in Chile; and Evo Morales, the indigenous leader of Bolivia. Although Colombia, Peru and Mexico this year elected pro-trade, pro-U.S. presidents, leftist leaders who criticize market reforms and sharply question the Bush administration's policies in the region were elected last month in Nicaragua and Ecuador.

But Venezuela's government is the most defiantly anti-Bush, with ChÃ¡vez making theatrical accusations about U.S. designs on Venezuela's oil deposits, even though many of the biggest producers here are American multinationals.

ChÃ¡vez's government will ensure that Venezuela, which says it has the largest oil reserves outside the Middle East, remains a price hawk in the Organization of the Petroleum Exporting Countries. The president has also said he would solidify Venezuela's relations with Cuba and Iran, countries the Bush administration is working to isolate. ChÃ¡vez, who survived a 2002 coup that the White House tacitly endorsed, often accuses Washington of backing undemocratic opposition groups.

"This is another defeat for the devil," ChÃ¡vez said, referring to Bush with a term he used to describe his U.S. counterpart at the United Nations in September. "Venezuela has independence. Venezuela is free. Venezuela will never be a North American colony."

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With bugles and fireworks awakening voters across Caracas and beyond early Sunday morning, Venezuelans flocked to 32,000 voting booths guarded by 125,000 soldiers and reservists. ChÃ¡vez drove himself in a red Volkswagen Beetle to cast his ballot at the 23rd of January housing development, not far from the presidential palace.

"I feel very happy, very happy," he said. He added that with this election, he has faced off and defeated his opponents four times, including his first win in 1998, an election in 2000 after the constitution was changed to permit him to be elected to a six-year term, and the 2004 recall that left his foes demoralized.

With oil prices having reached historic highs, and ChÃ¡vez's Fifth Republic Movement in control of the National Assembly and other institutions, the government has funneled billions of dollars into education, health and nutrition programs. Venezuela's economy has been roaring, growing at 18 percent in 2004 and 9.3 percent last year.

Although private investment has dwindled and half of Venezuelans work in the black market, the government's spending has put money in banks and in people's pockets. Business sectors dependent upon government contracts are booming, and the stock index on Friday had its biggest increase in nearly four years on the strength of the belief that ChÃ¡vez would win.

In a recent opinion poll conducted by Ipsos for the Associated Press, 66 percent of respondents said they approved of ChÃ¡vez's administration. The poll showed that although most Venezuelans see ChÃ¡vez as authoritarian, they also overwhelmingly approve of his social policies, which have given a voice to a vast underclass that had felt forgotten under previous governments.

In CaÃ±o Amarillo, a working-class neighborhood near downtown Caracas, several people said they voted for the president, overlooking concerns they had about crime and his combative style.

"I think the president has done what he said he would do," said Jose Medina, 54, a schoolteacher. "He's put the social policies above everything else."

Another voter, Pedro Fiaggio, 76, summed up his support for ChÃ¡vez by rattling off the programs that benefit him and his wife, Lesbia, 62 -- a healthy pension, subsidized food and educational programs for seniors. He said the opposition would never have offered the same.

"They are people who are always out for their own self-interest," he said. "We didn't have a real vote with them."

The opposition, which has suffered a series of setbacks since the coup, had hoped to appeal to voters by focusing on issues such as spiraling crime, alleged corruption and unchecked spending. Rosales, 53, governor of Zulia state, the historic heart of Venezuela's oil industry, had proposed a populist handout program to cut into ChÃ¡vez's support base.

"The future of Venezuela is at stake," Rosales told supporters as he cast his ballot.

There were, to be sure, millions of Venezuelans who agreed that a change was needed. "We've had eight ears without work, nothing stable," said Victor Castellanos, 53, a construction worker.

Another voter, Marco Ravelo, 39, a cabdriver, said he was tired of ChÃ¡vez's obsession with the Bush administration, as well as the government's generous outlay of aid to poor countries. "We need better relations with other countries," he said. "ChÃ¡vez divides countries. He gives away all this oil, and we still have poverty and misery here."

Chávez Landslide May Speed Venezuela Changes (WSJ)

By José De Córdoba

The Wall Street Journal, December 4, 2006

CARACAS, Venezuela -- President Hugo Chávez won a landslide election to a new six-year term, sparking fears among foes that he will accelerate his quest to install what he calls "21st-century socialism" in the world's fifth-largest oil exporter.

With 78% of the vote counted, Mr. Chávez, who has built a massive base of support by spending billions on subsidized health, education and other social programs benefiting poor Venezuelans, won 61% of the vote to opposition candidate's 38%. His victory stoked concern among his opponents that Mr. Chávez, an admirer of Cuban leader Fidel Castro, would press the accelerator on what his opponents fear is his attempt to remake Venezuela along the lines of communist Cuba.

"Long live the socialist revolution," cried Mr. Chávez after singing the Venezuelan national anthem from a window in the presidential palace as a crowd below shouted "Uh, Ah, Hugo no se va," or "Uh, Ah, Hugo's not leaving."

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Teodoro Petkoff, a top official in the campaign of opposition candidate Manuel Rosales, said while there had been scattered "incidents," the election had "developed in a satisfactory way." Mr. Rosales conceded late last night.

Encouraged by his victory, Mr. Chávez will no doubt redouble efforts to create an anti-American and anti-free-trade bloc in the hemisphere, while lending diplomatic support to other anti-U.S. countries such as Iran. Last week, Rafael Correa, a Chavez ally, won Ecuador's presidential election. But most analysts believe that Mr. Chávez's populist "Bolivarian" revolution, which relies on his free spending of billions in oil income, isn't easily exportable.

Mr. Rosales, a tough and experienced politician, managed to unite a fractured and inept opposition and mount a feisty campaign against Mr. Chávez, who had enormous state resources. It was unclear whether Mr. Rosales, who took a leave of absence as governor of Zulia, Venezuela's second-most-important state, to run for the presidency, would try to mount a national opposition movement to Mr. Chávez or return to Zulia, where he retains a regional power base.

Opponents fear Mr. Chávez's landslide could consolidate his power for years. Already Mr. Chávez, who has repeatedly said he will stay in power until 2021, controls all 167 seats in Venezuela's National Assembly, as well as Venezuela's judicial branch. With the political wind at their backs, Mr. Chávez, 52, and his congressional allies are expected to push through a constitutional overhaul abolishing term limits, permitting the fiery populist to run repeatedly for re-election.

Mr. Chávez may also move to increase state control over private education, and further extend control over Venezuela's highly centralized economy by promoting noncapitalist forms of production and exchange such as cooperatives. Quirkily, Mr. Chávez last month called for the introduction of barter in the country's rural economy. The Venezuelan government already has in place extensive foreign-exchange controls, while Mr. Chávez exerts control over the state oil company, Petróleos de Venezuela SA, or PDVSA, which is the motor of this oil-dependent economy.

Mr. Chávez has also said he favors forging a single government party from the handful of parties that now support him. Analysts believe Mr. Chávez would also increase the already prominent role of Venezuela's armed forces in the government.

The landslide was a not-unexpected triumph for Mr. Chávez, who has dominated and convulsed Venezuelan politics for more than a decade. He first erupted on the scene as one of the ringleaders of a failed coup in 1992. He served two years in prison but was released as part of an amnesty in 1994.

Four years later, capitalizing on a general sense of disgust with Venezuela's political parties, widely seen as corrupt, Mr. Chávez won the presidency with 56% of the vote. He then redrew Venezuela's constitution, giving him much wider powers. In 2000 he again was elected president. But his fiery rhetoric directed against Venezuela's middle and upper classes, which he labeled "oligarchs," his confrontational stance with the U.S., and his closeness with Mr. Castro violently split the country.

Mr. Chávez is expected to continue Venezuela's bankrolling of Cuba's hard-pressed economy. Analysts say Venezuela's aid to the island, which includes about 103,000 barrels per day of petroleum products, could be as much as $3 billion a year. In turn, Cuba provides the services of more than 20,000 doctors as well as an untold number of security agents. While Mr. Chávez already exerts almost total control over Venezuela's government institutions, he could well face resistance if he tries to mold Venezuela's chaotic, consumerist and largely nonideological society along austere Cuban lines.

"In Cuba if you have two televisions, you have to give one to the government. You can't do that because we are free," says Yelitza Ojeda, 33, a maid at a luxury Caracas hotel whose 15-member family all voted for Mr. Chávez. "The same way we put him in power, we can knock him out of power, but I don't think he wants to do a Cuban-style government here."

Another likely restraint on Mr. Chávez' radical ambitions is the widespread corruption that has flourished under his government. A newly rich class of government officials, military officers and businessmen with close links to the government, known as Boliburgeses, or Bolivarian bourgeoisie, has sprung up in the last few years. These wealthy and powerful barons now have foreign bank accounts, apartments in Miami and private jets they are loath to lose. "The powers in the Chavista movement - the military, mayors, government ministers, and top managers of state companies -- are all capitalists," says Juan Carlos Zapata, a political analyst here. "They are nervous about where the system is going and where Chávez is going."

Lebanon Again At The Brink (CSM)

By Nicholas Blanford

The Christian Science Monitor, December 4, 2006

DOJ_NMG_0101626

BEIRUT, LEBANON

Fresh from fighting Israeli troops in south Lebanon this summer, militant Hizbullah is engaged in a new battle - this one political. Its supporters and its opposition allies are camping on the streets of Beirut determined to bring down the Western-backed Lebanese government.

Hizbullah's new campaign, which entered its third day Sunday, brings into sharp relief the conflicting motivations underpinning the group, in which its ambitions as a national party are balanced against obligations as an Iranian and Syrian ally in the struggle to curb US regional influence.

But to win politically at home, especially in its bid to bring down the anti-Syrian March 14 ruling coalition, Hizbullah has to convince Lebanon that it isn't simply pushing an agenda dictated by Tehran and Damascus.

"The Syrian-Iranian camp, led by Hizbullah, has begun to implement a plot for a coup," proclaimed a headline in Saturday's Al-Mustaqbal newspaper, which is owned by the family of Saad Hariri, who heads the March 14 bloc.

To be sure, Hizbullah denies that its actions are dictated by outsiders. "Definitely Michel Aoun is not allied to Syria and Iran, and he's a big component of this opposition movement," says Ali Mokdad, a Hizbullah member of parliament, referring to a retired general who heads a mainly Christian opposition party and fought the Syrian Army in Lebanon in 1989-90. "This accusation is not logical. We are a completely Lebanese movement."

Rows of coiled razor wire and armored vehicles mark the new front line in Lebanon's latest political crisis. The barricades are strung across roads leading to the Grand Serail, the Ottoman-era military barracks that today houses the offices of the prime minister, Fouad Siniora. Mr. Siniora and several cabinet colleagues have been working and sleeping in the safety of the Grand Serail since the assassination two weeks ago of Pierre Gemayel, industry minister and a Christian leader.

A stone's throw from the hilltop building are dozens of white canvas tents erected by the protesters Friday evening. One city square facing theGrand Serailand the glass and stone United Nations building is occupied by supporters of Hizbullah and its allies in the Amal Movement, another by Christian and Druze opposition groups.

A towering bank of loudspeakers broadcasts a steady diet of Hizbullah military songs and recorded speeches by Sheikh Hassan Nasrallah, Hizbullah's charismatic leader.

"We will be here not less than five days," says Ali Allawi, a Hizbullah supporter from Tyre in south Lebanon. "It might take longer because those people up there are crocodiles," he adds with a dismissive gesture at the nearby Grand Serail.

The long-simmering political crisis escalated two weeks ago when a depleted government endorsed a UN resolution to form an international tribunal to try those suspected of killing Rafik Hariri, a former prime minister who died in a truck bomb explosion in February last year. The vote went ahead without the participation of six ministers - including all five Shiites - who quit the government prior to the emergency cabinet session.

Emile Lahoud, Lebanon's staunchly pro-Syrian president, as well as Nabih Berri, the parliamentary speaker and ally of Hizbullah, has ruled the government's approval of the tribunal as unconstitutional due to the absence of the Shiite ministers and the lack of prior coordination between the president and prime minister.

The March 14 coalition suspects that the Hizbullah-led opposition is acting on behalf of Syria to hinder or delay the formation of the tribunal. A UN commission investigating Hariri's murder has indicated the involvement of senior Syrian and Lebanese security officials.

But Hizbullah dismisses the notion that the tribunal lies at the root of the present troubles, insisting that the street protest is solely about domestic grievances. "The talk about the tribunal is just an excuse by the government," says Mr. Mokdad. "This is a Lebanese affair. We want a government of national unity that represents all the Lebanese, including the groups that make up March 14."

The opposition says its campaign was spurred by the March 14 coalition refusing to grant it a number of cabinet seats proportionate to its share of parliament. The opposition component of the 24-seat government included four ministers considered allies of Mr. Lahoud. But recently they had begun to distance themselves from the president, shifting the balance of power in the cabinet firmly in favor of the March 14 bloc.

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"All we wanted was to replace Lahoud's share with our allies to restore the balance in the government," says Ali Hamdan, an official with Amal. "They [the government] should stop saying that Hizbullah is hijacking a large part of Lebanese society," he adds. "These are not the Taliban, they are Lebanese."

Still, Hizbullah's opposition also reflects a deep mistrust of a government that it regards as a tool of US foreign policy. The Shiite party was angered by what it considered to be a lack of support from the government during the war with Israel and has accused it of plotting to disarm Hizbullah's military wing on US orders to benefit Israel.

The Bush administration, which fully endorsed the mass street protests of 22 months ago that brought down the pro-Syrian government of then Prime Minister Omar Karami, has likened the Hizbullah-led equivalent to a "coup" attempt.

With US authority in Iraq steadily waning, Lebanon finds itself playing a key role in the confrontation pitting Washington and its regional allies against an anti-Western alliance grouping Iran, Syria, Hizbullah, and Hamas.

If Hizbullah and its allies succeed in toppling the government, US influence in Lebanon will inevitably weaken in favor of Syria and Iran. And that, say some analysts, is an underlying motive for Hizbullah's political gambit.

"I think Hizbullah's primary perspective has to be regional," says Paul Salem, director of the Carnegie Middle East Center in Beirut. "They are stuck in a regional agenda because they are financed by Iran."

Chávez Easily Wins Fourth Term (MH)

By Phil Gunson And Steven Dudley

The Miami Herald, December 4, 2006

CARACAS - President Hugo Chávez won his fourth presidential bid in eight years on Sunday, defeating career politician Manuel Rosales and boosting his "21st Century Socialism," which includes widespread social projects, increasing relations with countries such as Cuba and Iran, and diminishing relations with the United States.

The National Electoral Council, or CNE, announced at 9 p.m. EST that Chávez had received 61 percent of the vote and Rosales 38 percent, with 78 percent of the votes counted.

The victory was greeted with fireworks, small parades, dancing and chants of "Uh, Ah, Chávez no se va!" -- Chávez will not go -- throughout a rain-soaked Caracas.

"Long live this day of victory! -- your destiny was already written!" Chávez told the thousands of red-clad supporters who had gathered in front of the presidential palace to celebrate with their leader.

Rosales, who had succeeded in reuniting a fractious opposition movement in his short campaign, conceded victory to Chávez.

"They beat us, but we will continue to fight," Rosales told a crowd of supporters.

But the lifelong politician from the western oil producing state of Zulia may have a difficult time keeping a united front, as previous Chávez victories have been greeted with incredulity and cries of fraud.

Chávez's incredible rise to president in 1998 -- after participating when he was an army lieutenant colonel in a failed military coup in 1992 -- is almost as amazing as his seven-year run as the leader of this oil-rich nation of 27 million people.

Chávez survived a coup attempt in 2002, a national strike later that same year and a recall referendum in 2004. Along the way he changed the country's constitution, and stacked almost all of its courts, councils and prosecutors' offices with his allies. A Chávez-controlled legislature has also passed laws squelching opposition press and given rise to fears that he is more a dictator than democrat.

Internationally, Chávez played a key role in rebuilding a fragmented OPEC and driving oil prices to record highs. He built a name as an outspoken critic of the Bush administration and world leader of the poor: From northern New York State to the Patagonia, Chávez's name resonates with the underclass.

"He's not given me anything," said José Brito, a 45-year-old handyman who voted for Chávez in the poor Catia district in western Caracas near where Chávez himself voted. ``But he's helped members of my family, my friends, my neighbors."

Chávez's freewheeling use of his oil revenue helped his friend and mentor, Fidel Castro, create an economic coalition outside the U.S. sphere of influence. Courting countries like Iran perturbed Washington, seemingly powerless to slow Chávez' march toward ``21st Century Socialism."

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About the only one who seems to be able to slow Chávez down is the Venezuelan president himself, who may have overstepped his bounds recently by declaring the podium at the United Nations smelled of "sulfur" because President Bush had spoken there, and that Israel was in the wrong for attacking Lebanon-based Hezbollah guerrillas. The outbursts may have cost his country a rotating seat on the U.N. Security Council last month.

Still, oil affords Chávez tremendous latitude in foreign and domestic affairs. Chávez's oil wealth has bought friends abroad and helped him start widespread health, education and subsidy programs at home that sustain his popularity despite rising crime and corruption that rank this country among the most dangerous and graft-prone in the hemisphere.

"I voted for my commander," said Jorge Mendoza, a 48-year-old carpenter, referring to Chávez, after voting in the poor neighborhood of Catia in western Caracas. ``He does things that no other government has done."

Mendoza said two of his sons got new houses from the Chávez administration after mudslides destroyed their homes in 1999.

And if this election proved anything, it was that Chávez is as much image as substance. The president arrived to vote in a poor neighborhood in western Caracas in a red Volkswagon Beetle, a longtime symbol of working class and intellectual revolutionaries in Latin America. After voting, he spoke about his leftist partners in the hemisphere.

But Chávez's socialist messages aside, Venezuela continues to be a largely capitalist country. Restaurants and malls remain packed with patrons of all classes taking advantage of an oil boom that has created a new wealthy class that has some of the same tastes in whiskeys and private airplanes as the old.

Still, Chávez remains the symbol of a seismic shift in Latin American politics. From Nicaragua to Brazil, the region is electing leftists who spend more money on their own social welfare than paying off their foreign debt. Chávez plays the dual role of financier and cheerleader of these changes and promises to continue pushing for more regional integration of its loosely knitted components.

The future also promises more controversy and changes at home.

The president has said he would create a commission to study changing the country's constitution again, possibly giving him endless opportunities to run for president in the future.

At the same time, he's reiterated that he is not a threat to private property, even while he's hinted that his "socialist" revolution here will be more profound in years to come.

Chávez has some problems. His own movement is splintered by corruption and envy, and crime rates are rising.

But if this election is any indication, Chávez still seems to have the confidence of the poor majority.

"He's the president of the humble people," said Lady Fernandez, a 52-year old nurse who voted in Catia.

Clashes Break Out On 3rd Day Of Protests In Beirut (USAT)

By Jeffrey Stinson

USA Today, December 4, 2006

BEIRUT — Tens of thousands of protesters led by the militant Shiite group Hezbollah poured into Beirut for the third day Sunday in a show of force aimed at toppling the elected government of Prime Minister Fuad Saniora.

“Saniora out, Saniora out!” Abbass Kaiss, 19, of Beirut chanted with fellow Hezbollah supporters.

The protests, which Saniora described as an attempted coup, had been peaceful until Sunday, when clashes broke out between Shiite and Sunni Muslims.

Police officials told the Associated Press that a 20-year-old Shiite Muslim was shot and killed in a neighborhood of West Beirut. The officials spoke on condition of anonymity because they were not allowed to speak to the press.

The death happened as a group of Hezbollah supporters were returning home from the downtown protest and passed through the predominantly Sunni neighborhood. Police officials said the two sides threw stones at each other before shots were fired.

Saniora says the protests are an attempt by Syria and Iran to bring down a democratically elected government. Syria and Iran support Hezbollah, sending arms and money to what the U.S. State Department says is a terrorist group.

Saniora said he has received words of support from other Arab nations as well as the United States and France.

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"This government will continue as long as it enjoys the support and backing of the constitutional institutions in the country, most importantly Parliament," he said.

The Saniora government is largely backed by Sunni Muslims and Christians who oppose involvement in Lebanon's affairs by neighboring Syria.

"We will remain strong," said Walid Jumblatt, a senior member of the Saniora coalition in Parliament. "There is a legitimate government and an illegitimate government that wants to topple it."

The majority of the seats in Lebanon's elected parliament are held by a coalition opposed to Syrian influence. Syria withdrew its military forces from Lebanon last year after a 29-year occupation but is accused of assassinating politicians in the country since its departure.

Hezbollah controls 35 of the 128 seats in Parliament but is demanding a third of the seats, which would allow it to veto some policies. Among those is an attempt to prosecute individuals for the assassinations.

Hezbollah's five members in the government resigned after its demands were refused.

Friday, hundreds of thousands of people descended on the capital to demand the government resign. They set up tents and appeared to be prepared to remain for days.

The Lebanese army has dispatched armed security services and thousands of soldiers backed by armored vehicles to central Beirut. They are under orders to stay neutral but protect government offices from any attempt to storm them.

The government has urged its supporters to stay at home and not confront protesters.

"We will stay 50 days and nights, or until Saniora goes away," said protester Nadir Ghabress, 15, who was camping in a tent city in Martyrs and Riad al-Solh squares.

"We want to change the government; we want Nasrallah," he said, referring to Hassan Nasrallah, Hezbollah's leader who orchestrated the kidnapping of Israeli soldiers in the summer the sparked a 34-day war with Israel.

Also turning out in force were thousands of supporters of Michel Aoun's Christian Free Patriotic Movement, who sported their orange colors while Hezbollah waved its yellow flags.

Aoun has aligned himself with Hezbollah, perhaps in a bid for greater power since he has long fought Syrian influence.

"This goes beyond religion," said Patrick Nakhle, 33, a Beirut lawyer and Aoun supporter.

"We are Christians, they are Shiites," he said, pointing to Hezbollah demonstrators. "But we are all Lebanese under one flag."

Chavez Defeats Foe In Landslide (WT)

By Kelly Hearn

The Washington Times, December 4, 2006

CARACAS, Venezuela -- A barrage of fireworks rattled windows last night in this expectant city as election officials announced that President Hugo Chavez, the oil-funded socialist revolutionary who has vilified the Bush administration, won a landslide victory over his conservative opponent.

The first-round preliminary results showed Mr. Chavez with 61.3 percent of the vote and Manuel Rosales with 38.4 percent.

The news erupted through a city grown tense in recent weeks.

Within minutes of the announcement, Mr. Chavez was addressing a rain-soaked crowd of screaming supporters in his trademark red shirt -- a symbol of his socialist revolution.

Standing on the balcony of the presidential palace, he led the crowd in song, declaring the historic election a "victory for the future" and at times chanting "justice, justice, justice."

A loss by Mr. Rosales, a conservative who unified a fragmented opposition, hands Mr. Chavez six more years to guide the world's fifth-largest oil producer down a socialist path seen by many as a line against waning U.S. influence in Latin America.

Since coming to power in 1998, Mr. Chavez has earned a near iconic status among Venezuela's poor.

Mr. Chavez's party controls Venezuela's legislature and judiciary.

Flush with oil money and seemingly impervious to domestic political challenge, he has publicly called President Bush "the devil" and frequently lambasted U.S. foreign and economic policy.

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Meanwhile, he has sought oil, trade and military ties with nations such as Iran, Russia and China.

Voting tables that had no voters waiting in line were officially closed at 4 p.m. as a steady rain settled over Caracas, the capital.

But opposition leaders complained that Venezuelan troops loyal to Mr. Chavez had in some cases intervened to keep voting booths opened after the official closing time.

Enriche Marquez, a Rosales campaign official, called on the military to cease interfering and "respect the law."

Officials at Venezuela's National Election Council (CNE), had released no results by press time though recent polls gave Mr. Chavez a comfortable lead over Mr. Rosales.

Other polls showed Mr. Rosales narrowing that lead in recent days.

Voting tables that had no voters waiting in line were officially closed at 4 p.m. as a steady rain settled over Caracas, the capital.

Soon afterward, however, opposition figures appeared on television accusing army officials in Caracas and the state of Sucre of forcing some voting centers to reopen. Enrique Marquez, a Rosales campaign official, called on the military to cease interfering and "respect the law."

Earlier in the day, Mr. Rosales had asked the CNE to examine reported voting-machine malfunctions at some stations located in areas heavily populated by his supporters.

But Mr. Chavez dismissed the claims as "excuses" in a subsequent press conference.

"The information I have is that the process is moving along normally," the former military officer said before driving himself from a Caracas polling station in a red Volkswagen that was mobbed by his supporters.

Election officials later assured the public that no irregularities had been found.

In Caracas, voters had awakened by pre-dawn fireworks lined up for city blocks to pass their judgment on Mr. Chavez's socialist platform, which blends nationalist and militarist rhetoric with oil-fueled social spending.

"I will vote for my commandant Hugo Frias Chavez," said Jordi Romero, a 21-year-old security guard. "He has fixed our streets, built clinics and given the poor houses to live in."

But Manuel, a 30-year-old taxi driver and evangelical Christian who did not want to give his last name, said while he supports Mr. Chavez's social efforts, he fears the president will restrict freedom.

"I am scared that the police will have too much power and that he will restrict the church," he said.

Opposition leaders have criticized Mr. Chavez for his lavish foreign spending and for installing what they say is a Cuban-style dictatorship here. Mr. Chavez has cast his opponent as being a puppet of U.S. interests.

He is the region's staunchest critic of Mr. Bush and U.S. foreign and trade policies. But his rhetoric belies strong trade ties with the United States, especially petroleum sales made through the Venezuelan-owned Citgo Petroleum Corp., based in Texas.

Recent elections in Nicaragua, Bolivia and Ecuador have brought leftist allies of Mr. Chavez to power. And some analysts say a victory would secure his place as the anchor of a regional alternative to the United States and its regional allies, such as Colombia.

David Dent, a Towson State University political scientist, said an alliance between Mr. Chavez and incoming president Rafael Correa in Ecuador could signal "a Bolivarian effort to zero in on Colombia for a trifecta in northern South America."

Venezuela's Chavez Reelected (LAT)

By Chris Kraul

The Los Angeles Times, December 4, 2006

CARACAS, VENEZUELA — Venezuelan President Hugo Chavez was resoundingly reelected Sunday, setting the scene for a promised "deepening" of his socialist revolution and a broader role as leftist lightning rod on the world stage.

With about 80% of the ballots counted, Chavez had captured 61% of the vote, compared with 38% for Manuel Rosales, election officials said.

His reelection is expected to further Latin America's move to the left after victories by five left-leaning presidential candidates in the region in little more than a year.

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Chavez, who pledges to revise his nation's constitution to allow him to serve indefinitely, may try to fill the leadership void created in July by the illness of Cuba's Fidel Castro, supporters say.

Relations between the firebrand Chavez and the United States are at an ebb because of suspicion by the Bush administration over Chavez's overtures to Iran, his billion-dollar arms purchase agreements with Russia, and what Washington says is his lack of cooperation in fighting terrorism and drug trafficking.

Venezuela is the fourth-largest supplier of oil to the United States, and revenue generated by high crude oil prices has allowed Chavez to wield considerable influence among his neighbors through energy subsidies and aid programs.

Chavez, addressing a crowd in front of the presidential palace, bellowed, "Long live the preordained popular victory. Long live the reign of socialism, the future of Venezuela…. Another defeat for the North American empire. Another defeat for the devil. Down with imperialism."

Rosales conceded Sunday night, saying he was up against "an entire state, all the power of a government in all its structure and dimensions."

"Tonight we have to recognize that they beat us," said Rosales, addressing supporters at his campaign headquarters.

The governor of oil-rich Zulia state, Rosales mounted a challenge to Chavez in September after opposition parties belatedly rallied around him.

Despite his decisive loss, observers credited Rosales with laying the groundwork for a new opposition movement.

His campaign complained of several irregularities, including refusals by National Election Commission officials at some polls to open ballot boxes for audits, as is legally required, and the keeping of voting booths open past the deadline.

Chavez and other government officials said the election was a success with no "relevant" irregularities.

"This is my fourth election where my government has been tested, and you can see the dynamism and depth of Venezuelan democracy," Chavez said after arriving before noon at a polling place in the poor January 23rd neighborhood in Caracas, driving an old Volkswagen Beetle. "It's a happy day for Venezuela."

Chavez, who was imprisoned after a failed coup attempt in 1992, was first elected in 1998 and reelected in 2000. He withstood a recall vote in 2004.

Observers say he will waste little time in reshaping the Venezuelan Constitution to advance his "socialism for the 21st century," which includes opposition to U.S. economic policies, among them a regional free-trade agreement.

Constitutional revisions probably will include unlimited reelections, Chavez told reporters. Without the change, his upcoming term would be his last.

Carlos Escarra, a Chavez confidant and congressman, said in an interview Sunday that he and other legislators would meet this week with Chavez to plan for a sweeping new constitutional "architecture" that would strengthen the legal standing of presidential decrees, such as the transfer of ownership stakes in businesses and factories to worker cooperatives.

Legislative approval of such a revision is considered a foregone conclusion because Chavez loyalists occupy all of the 165 seats in Congress.

Opposition candidates boycotted congressional elections in December 2005.

Opponents fear that the constitutional revisions might produce a more authoritarian state. Although acknowledging his popularity among Venezuela's poor, Chavez's critics say he has weakened democratic institutions by taking control of the judiciary, Congress and the military, leaving little room for dissent.

"What is coming is not the deepening of the revolution, because there is none, but of the authoritarianism of Chavez," said historian Agustin Blanco Muñoz of the University of Central Venezuela.

Human rights lawyer Asdrubal Aguilar fears that Chavez will use a constitutional assembly to "liquidate political plurality…. He wants to eliminate diversity and replace it with a personal relation with society."

Voters waited hours to cast ballots. Lines stretched for blocks, and there were reports of polling machine failures. Opposition voters such as university student Sheila Bermudez, interviewed near the American School, claimed the breakdowns were "tortoise maneuvers" to discourage supporters of Chavez's opponent.

But long waits to vote were the norm even in pro-Chavez, lower-class neighborhoods such as Las Minas. Store manager Noreliza Iza said her three-hour wait was typical for Venezuelan elections and was "acceptable."

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The Chavez victory had been predicted by virtually all pollsters, who cited his lavish spending on social programs and public works. Escarra said the victory would extend "the leadership of Chavez and Venezuela in the world."

Since last year, left-leaning candidates have won presidential elections in Chile, Brazil, Ecuador, Nicaragua and Bolivia, although not all adhere to Chavez's agenda.

Escarra predicted that Chavez would "fill the leadership space" created by Castro's illness.

Chavez has rhetorically pummeled the United States in recent years while seeking to counter U.S. influence with oil-financed aid programs to Argentina, Bolivia and the Caribbean. Of most concern to the United States are his commercial relations with Iran and his arms deals with Russia.

Chavez this year signed agreements to buy scores of Russian military airplanes and helicopters. He also sealed a deal with Moscow to build an assault rifle factory here.

"Soon we will be selling them to countries in Latin America," Chavez told reporters last week.

Chavez also criticized Bush in the Thursday interview, saying the U.S. president would "not accept the new world is multipolar, that it won't kneel before the United States."

Chavez plans to launch additional massive public works projects, including lumber, steel and aluminum factory cities in eastern Venezuela, and to build another bridge over the Orinoco River, in addition to the $1.2-billion span opened last month.

The links to Brazil, as well as a proposed natural gas pipeline to Argentina, are part of Chavez's southward development push.

He said his plans also included extending trade relations with China, which announced $5 billion in planned investments here. China and Venezuela also established a $6-billion fund to finance social projects in Venezuela.

Chavez also said he planned to increase the construction of subsidized housing, which totaled 120,000 units this year.

When he took office in 1999, Venezuela was "lost, a ship sinking at sea," Chavez told reporters. "Now Venezuela has direction…. Yes, we have committed mistakes, and there are many things left to do. That's why we are getting six more years."

Chirac And Merkel Unite Over Turkey (FT)

By Hugh Williamson, Peggy Hollinger And Wolfgang Proissl

Financial Times, December 4, 2006

Germany and France will on Tuesday demand tougher conditions for Turkey's troubled European Union membership bid, in a move likely to cause new divisions over Ankara at next week's EU summit.

Jacques Chirac, French president, will use a meeting with Angela Merkel, German chancellor, to back her proposal that would effectively set Turkey a new 18-month deadline to open its ports to Cyprus, an EU member, the Financial Times has learned.

Such a deadline was not included in the European Commission's proposal last week on the partial freezing of the EU's membership talks with Ankara. But both Berlin and Paris believe such a deadline is necessary to maintain pressure on Turkey, officials said.

Ms Merkel said at last week's Nato summit in Riga that the Commission position needed to be "strengthened". A "review clause" on whether Ankara had opened its ports "would be desirable so that the council [EU summit] can review Turkey's progress, perhaps in 18 months' time", she said.

An official in Mr Chirac's office told the FT on Sunday: "France and Germany are on the same page with regard to Turkey."

Officials close to the French government said Mr Chirac would endorse Ms Merkel's stance at the bilateral summit on Monday near Saarbrücken, in Germany.

A Franco-German axis could unify EU countries, including Portugal, Greece and Cyprus, that are sceptical of Turkey's bid, but is also likely to alienate the Turkish government further.

Britain and some Scandinavian countries oppose setting Ankara new deadlines.

Finland, which holds the EU presidency, hopes an agreement on partial freezing of talks can be reached at an EU foreign ministers' meeting on December 11. But a spokeswoman for Ms Merkel's office said last night that the chancellor "expects the review clause to be discussed" at the EU summit on December 14-15.

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Officials in Brussels criticised the Franco-German move. A Finnish senior diplomat said: “We don’t think there should be an additional clause. The Turks already feel strongly punished by the Commission proposal as it is.”

The Commission is proposing that the bloc agree on the freezing of eight of the 35 separate policy areas under the membership talks. Ankara has refused to open its ports – a condition of EU membership – because of its long-running political dispute with Cyprus, but would have unlimited time to do so under the Commission draft.

EU Pacts With Kazakhstan Aim To Ease Reliance On Russia For Gas (WSJ)

By Marc Champion

Wall Street Journal, December 4, 2006

ASTANA, Kazakhstan -- In the European Union's growing struggle to break Russia's grip on the bloc's gas imports, all roads are leading to Kazakhstan.

Today, the EU signs a memorandum of understanding with Kazakhstan on energy aimed at binding Europe closer to this vast country -- which stretches from the Caspian Sea to China.

Yesterday, EU Energy Commissioner Andris Piebalgs signed an accord on nuclear cooperation, with a view toward increasing Kazakhstan's share of uranium sales in the EU to 20% from 3%. Kazakhstan has one of the world's largest uranium reserves. Last week, Mr. Piebalgs, a Latvian who speaks fluent Russian, attended an EU-inspired meeting in Kazakhstan of regional energy ministers that produced a road map toward integrating their countries' energy grids and regulatory systems with the EU's.

Yet in all this flurry of documents and initiatives, the thing Mr. Piebalgs and many EU countries want most -- the construction of a gas pipeline across the Caspian Sea that would connect the gas-rich countries of Central Asia directly to Europe -- isn't mentioned.

Kazakhstan is critical to building the home stretch of a new southern energy corridor that would carry gas from the Caspian and beyond to the EU, via the Caucasus and Turkey. Such a corridor for the first time would allow the countries of Central Asia to sell gas directly to the EU, rather than to Russian gas monopoly OAO Gazprom, which can then re-export the gas at a high profit, as it does currently. Russia accounts for 44% of EU gas imports, a proportion that is expected to rise significantly, especially after Russia builds a northern gas corridor directly to Germany, under the Baltic Sea.

"The trans-Caspian gas pipeline for us is really important to take more seriously," Mr. Piebalgs said in an interview here. He said that by 2015, Kazakhstan could be producing 106 billion cubic meters of gas annually, about 20% more than Germany consumes each year. Turkmenistan and Uzbekistan, which also could supply the pipe, already are big producers.

A raft of pipelines to make this new East-West energy corridor are either in planning stages or under construction. A gas connector from Turkey to Greece and from there to Italy is being built. Another pipeline, known as Nabucco, is planned to take gas from Turkey north to Central Europe, Austria and beyond. Another, newer pipeline project, promoted since Gazprom cut off gas supplies to Ukraine in a price dispute last winter, would take gas across Georgia and directly to Ukraine and Romania via the Black Sea.

To make these pipe dreams a reality, there has to be gas to fill them. Russia is offering to expand its pipeline, called Blue Stream, across the Black Sea to Turkey, but that would increase the EU's dependency on Gazprom. Iran, with the world's second-biggest gas reserves, after Russia, could hook up to Turkey's grid and send gas to Europe, but relations between Tehran and the EU are poor. Connections to bring gas from Iraq and Egypt to Turkey also are possible but equally uncertain.

Gazprom is skeptical about the EU's pipeline ambitions. At a recent conference on the EU's external energy policy in Brussels, Gazprom Deputy Chairman Alexander Medvedev joked about the Nabucco project: "with names like that, pipelines don't get built."

Mr. Piebalgs is eager to secure a new southern gas route as soon as possible. Kazakhstan could choose to pipe its gas to China instead of Europe, even if the cost and distance involved would be far higher than crossing the Caspian. But Kazakhstan President Nursultan Nazarbayev, who visits Brussels this week, is proving cautious. Closely allied to Moscow, the Kazakh government is wary of inviting the kind of retribution that has met Georgia's snubbing of Russian power.

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Nine oil- and gas-pipeline projects mentioned in an early draft of the Astana meeting's road map were all taken out, largely for fear of angering Russia over the trans-Caspian issue, according to an official familiar with the matter.

"It's too early to start talking about a trans-Caspian pipeline," Kazakh Energy Minister Baktykozha Izmukhambetov said in an interview yesterday, adding that the first thing to do is to agree with Russia on expanding capacity in the existing Russian pipeline routes.

Mr. Izmukhambetov agreed that Kazakhstan has a strong interest in selling its gas directly to Europe, but he noted that the EU and U.S. are launching feasibility studies for a potential trans-Caspian gas route. Only once those are complete will it be possible for Kazakhstan to judge if the project is commercially viable, and only then could negotiations with Russia start, he said.

UK Team To Visit Russia In Spy Probe (FT)

By Jimmy Burns And Neil Buckley

Financial Times, December 4, 2006

The investigation into the death of the former Russian spy Alexander Litvinenko is broadening into an international police probe into organised crime, alleged state-sponsored murder and the activities of individuals who have worked for the Russian secret service.

A team from SO15, the UK counter-terrorism investigation squad, is expected to fly to Moscow on Monday or Tuesday to interview witnesses and gather information on potential suspects.

The Russian state-run television channel Rossiya said on Sunday night that the arrival of the nine British detectives was important as it would demonstrate Moscow's willingness to co-operate. It was also a guarantee of an "objective investigation", against the highly "politicised background" to the case in London.

John Reid, UK home secretary, plans to brief European counterparts on Monday on the UK investigation at a meeting in Brussels of EU justice and interior ministers.

"We want our European colleagues to be brought up to date and we are seeking co-operation from them," a UK government aide said Sunday night. The investigation could extend to other European countries, including France, Italy and Spain.

International co-operation on the case has so far been largely limited to a sharing of information with the US Federal Bureau of Investigation, with which the British have developed a strong working relationship since September 11, 2001.

In recent days UK police have been in Washington, interviewing a witness in the presence of FBI agents. The interviewee is thought be a former KGB agent, Yuri Shvets, a contact of Mario Scaramella, the Italian who allegedly met Mr Litvinenko on November 1.

Mr Scaramella, a self-proclaimed expert on the activities of the former KGB, is under observation in a London hospital after he was found to have been contaminated with the radioactive isotope polonium-210, which killed Mr Litvinenko on November 23.

The UK government has in recent days tried to play down any suggestions that the Kremlin itself is implicated in Mr Litvinenko's murder, amid some nervousness about the damage controversy over the case is having on Anglo-Russian relations, according to diplomatic sources in London.

It emerged on Sunday that Vladimir Putin, Russian president, expressed his anger in a message to the UK Foreign Office last week.

Trails being followed by UK investigators include contacts Mr Litvinenko had with three Russians who visited him in London, and who have returned to Moscow.

Investigation Widens In Poisoning Of Ex-KGB Spy (LAT)

By Kim Murphy

The Los Angeles Times, December 4, 2006

LONDON — British authorities said today they are widening their investigation into the poisoning of former KGB agent Alexander Litvinenko on the heels of a fresh series of leads into the Russian's murky political and business connections that spanned from Moscow to the U.S.

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"Over the next few days, I think all of these things will widen out a little from the circle just being here in Britain," Home Secretary John Reid told Britain's Sky News Sunday Live program.

Quoting unidentified law enforcement sources, British press reports said police investigators are in the U.S. interviewing former KGB agent Yuri Shvets, who purportedly has information on a dossier Litvinenko had in his possession relating to the Kremlin's pursuit of figures connected to Yukos Oil Co.

The company was forcibly broken up and effectively renationalized in 2004 after Russian authorities imprisoned its chief executive, Mikhail Khodorkovsky. One of President Vladimir V. Putin's closest lieutenants, KGB veteran Igor Sechin, became board chairman of the state-owned company that took over Yukos.

In Moscow, British investigators were said to be planning to interview another former KGB agent, Andrei Lugovoy, who had recently traveled to London from Moscow and met with Litvinenko on the day of his suspected poisoning. Lugovoy was one of those Litvinenko himself is said to have suspected, "We can't go into detail on operational matters, but obviously the investigators will go wherever needed," a police spokeswoman said today.

While Litvinenko in the days before his death accused the Kremlin of responsibility for the large dose of radioactive polonium-210 that is believed to have killed him, police are exploring a growing number of leads, some relating to Litvinenko's own investigative work into the shadowy world of Russian and Chechen organized crime, wealthy Russian oligarchs and international politics.

In a first-person account and interview provided to Britain's Observer newspaper, a Russian academic researching a book on Chechnya said she had met Litvinenko several times over the past year and learned he had accumulated secret and damaging dossiers from the Federal Security Service, the successor to the KGB known as the FSB, on a number of influential figures that he planned to use for blackmailing purposes.

"He told me he was going to blackmail or sell sensitive information about all kinds of powerful people, including oligarchs, corrupt officials and sources in the Kremlin," she said. "He mentioned a figure of 10,000 pounds they would pay each time to stop him broadcasting these FSB documents.

"Litvinenko was short of money and adamant that he could obtain any files he wanted," she said.

The file he was most excited about, she told the Observer, related to the takeover of Yukos Oil by the Russian state-a mysterious tax sale, never fully understood, under which the bulk of the private firm's assets came under the ownership of the state-owned Rosneft Oil Co.

Former Yukos executive Leonid Nevzlin, who fled Russia to Israel when it became clear he was also facing imprisonment, has said Litvinenko recently flew to Israel to give him potentially incendiary documents relating to Yukos and the Russian authorities.

"Alex had information on crimes committed with the Russian government's direct participation. He only recently gave me and my attorneys documents that shed light on the most significant aspects of the Yukos affair," Nevzlin said in a statement.

Nevzlin said he had passed the documents on to British authorities, and had been requested not to discuss their specific contents.

A Moscow court in 2004 issued an arrest warrant charging Nevzlin with organizing a double contract killing and a string of attempted murders, but the former executive says it is part of the same alleged campaign to target Yukos executives and critics of the Putin government.

Meanwhile, an Italian security consultant who also met Litvinenko on the probable day of the poisoning, Mario Scaramella, released a statement over the weekend saying he believes he and Litvinenko were jointly targeted as a result of information the two had been sharing over the past several months.Scaramella has also tested positive for polonium exposure, though doctors said he did not yet show any symptoms of radiation toxicity.

"I have reason to believe that my poisoning and that of Litvinenko is connected to the information that for months the same Litvinenko was passing me," Scaramella said in a statement released through his lawyer.

Scaramella said his samples showed significantly lower traces than those that killed Litvinenko, "but they were still considered to be potentially lethal, and therefore capable of killing me."

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Scaramella was working with an Italian-based commission that was looking into possible past connections between Russian intelligence services and Italian politicians. Commission members said they found evidence that the former Soviet Union had ordered the attempted assassination of former Pope John Paul II and the 1978 murder of former prime minister Aldo Moro by the Italian militant Red Brigades.

But Italian press reports, some quoting wiretapped conversations between Scaramella and Sen. Paolo Guzzanti, a member of Silvio Berlusconi's right-wing Forza Italia party, have suggested there may also have been political motivations to the probe aimed at finding connections, prior to the elections eight months ago, between Prime Minister Romano Prodi and the KGB.

British authorities have refused to comment on any of the theories except to say that they are following all possible leads.

"The worst thing we can do is speculate. We will end up with egg on our face. This isn't a game of Cluedo," Reid said.

Probe Of Ex-spy's Death Widening Beyond Britain (USAT)

By Ellen Tumposky Special For

USA Today, December 4, 2006

LONDON — The investigation into the poisoning of former KGB spy Alexander Litvinenko is widening beyond Britain's borders, a top British official said Sunday.

“The police will follow wherever this investigation leads; inside or outside Britain,” Home Secretary John Reid told Sky News. “Over the next few days … all of these things, I think, will widen out a little from the circle just being here in Britain.”

Reid didn't specify where investigators would go to delve further into the death of Litvinenko. The former spy was poisoned with polonium-210, a highly radioactive isotope, and died in a London hospital on Nov. 23.

The Associated Press, quoting unnamed police officials, reported that a Scotland Yard team was expected to travel to Russia early this week. Scotland Yard refused to confirm the report, saying police aren't commenting on the investigation.

Scotland Yard officers, assisted by the FBI, have already traveled to Virginia to interview former KGB officer Yuri Shvets, according to the Associated Press.

Shvets told the AP he gave investigators the name of the person he believed was behind Litvinenko's death. He declined to confirm the name of the person he told police about or to offer details of a document he said he had given to the British officers.

“This is firsthand information, this is not gossip. I gave them the firsthand information that I have,” Shvets told the AP.

“I want this inquiry to get to the bottom of it, otherwise they will be killing people all over the world — in London, in Washington and in other places,” Shvets said.

The news of an expanding police probe came as Mario Scaramella, who met with Litvinenko on Nov. 1 at the Itsu sushi bar, remained at University College Hospital for further tests.

Traces of radiation have been found at the sushi bar, though police have not confirmed that Litvinenko was poisoned there.

Scaramella was lunching with Litvinenko to discuss the murder of Russian journalist Anna Politkovskaya, according to an interview Litvinenko gave the BBC before he became seriously ill.

Scaramella, who worked with an Italian parliamentary commission that was probing possible links between Italian politicians and the KGB, was rushed to the hospital on Friday when it was determined that he tested positive for polonium-210.

In a statement he released Saturday through his lawyer, Scaramella said he had no symptoms. Scaramella said Scotland Yard spoke to him as a witness in its investigation.

Russian Foreign Minister Sergei Lavrov has vowed to cooperate with the British authorities, according to the British government.

Litvinenko's friend and family spokesman, Alex Goldfarb, said that he has doubts about how serious Russia is about cooperating.

“The Russian authorities at the highest level have formally said that they will provide full cooperation,” Goldfarb said. “I am skeptical. Let's see.”

Before his death, Litvinenko accused Russian President Vladimir Putin of involvement in his poisoning. The Kremlin has denied it.

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Goldfarb said that he had seen Walter Litvinenko, Alexander's father, on Saturday. The elder Litvinenko lives in Russia but had traveled to London when his son became ill.

"If Putin gives up people who killed my son, then I would publicly apologize to him," Goldfarb quoted Walter Litvinenko as saying. "If he does not, I consider him an accomplice."

Goldfarb, who has no official knowledge of the investigation, said he thinks Scotland Yard will want to interview the group of Russians who met with Litvinenko at the Millennium Hotel after the sushi lunch.

Britain Says Inquiry Into Poisoning Of Russian Will Broaden (NYT)

By Alan Cowell

The New York Times, December 4, 2006

LONDON, Dec. 3 — The investigation into the poisoning of Alexander V. Litvinenko, a former Russian K.G.B. operative, will likely broaden in coming days, Britain's highest ranking law enforcement officer said Sunday, and media reports said British counterterrorism officers were planning to fly to Moscow to interview witnesses.

Mr. Litvinenko died Nov. 23 of radiation poisoning, and a radioactive isotope, polonium 210, was found in his urine. Since then, the investigation into his death has led the police along a trail of places where traces of radiation were found — including British Airways airplanes flying to and from Moscow and several locations in central and north London.

The reported plan to send officers to Moscow has deepened speculation that the British police are looking increasingly to Moscow for information about the origins of the poison and the identity of people who may have been in contact with Mr. Litvinenko before his death. Mr. Litvinenko had, since the late 1990's, become a staunch critic of the Russian president, Vladimir V. Putin.

The possible Russian connection has spilled into the realms of diplomacy. Senior Russian officials have complained to their British counterparts about the publication of a death-bed statement by Mr. Litvinenko accusing Mr. Putin of responsibility for the poisoning, according to a British official who spoke on condition of anonymity under civil service rules. Moscow has said it will cooperate in the British investigation.

Shortly before his death, Mr. Litvinenko secured British citizenship, according to his associates, and that has raised the diplomatic stakes, particularly if foreign agents were responsible for his death, which would make it an assassination on British soil. In a television interview on Sunday, Britain's head law enforcement official, Home Secretary John Reid, said: "The police will follow wherever this investigation leads, inside or outside of Britain." He added, "Over the next few days, I think all of these things, I think, will widen out a little from the circle just being here in Britain."

News media reports in Moscow and London said nine British counterterrorism officers planned to fly to Moscow to interview people, possibly including Andrei Lugovoi, a former K.G.B. agent. Mr. Lugovoi met with Mr. Litvinenko on several occasions, including on Nov. 1, when Mr. Litvinenko began feeling unwell.

Radioactive traces have been found in the Pine Bar of the Mayfair Millennium Hotel, where the two men met. Mr. Lugovoi was quoted in The Sunday Times of London as saying he had been framed by people laying a false trail for the police.

Mr. Litvinenko also met Nov. 1 with an Italian contact, Mario Scaramella, who has since then tested positive for radioactive traces. In a statement on Sunday, London's University College Hospital said that Mr. Scaramella remained "well" and that the results of pathology tests showed no abnormalities.

Mr. Scaramella has said the contamination is evidence that he, too, was a target. "I have reason to believe that the poisoning of myself and Litvinenko may be connected to information that Litvinenko himself, for months, had transmitted to me," Mr. Scaramella said in a statement published by Italian news media, according to [a news agency].

British newspapers on Sunday suggested the narrative was becoming not only murkier, but broader. One report said the British officers had interviewed a former K.G.B. officer in Washington, identified as Yuri Shvets, about a dossier on the Yukos oil company affair — in which the company's former chairman, Mikhail B. Khodorkovsky, has been imprisoned for tax evasion. Leonid Nevzlin, an exiled Russian oil tycoon living in Israel, has said in interviews with two news organizations that Mr. Litvinenko had passed him a dossier on the company.

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Another report in The Observer quoted a Russian academic living in London, Julia Svetlichnaya, as saying Mr. Litvinenko told her he planned to make a living blackmailing Russian billionaires and spies. Ms. Svetlichnaya did not respond immediately to an e-mailed request for comment on the article.

U.K. Probe Into Death Of Ex-Spy Gets Closer To Moving To Russia (WSJ)

By Carrick Mollenkamp And Aaron O. Patrick In London And Stacy Meichtry In Rome

The Wall Street Journal, December 4, 2006

U.K. authorities investigating the poisoning death of Russian former spy Alexander Litvinenko in London are closer to moving the inquiry to Russian soil amid talks with the Russian government, according to a person familiar with the situation.

The diplomatic talks will include London's Metropolitan Police Service, which is leading the investigation, and the U.K.'s Foreign and Commonwealth Office, led by Margaret Beckett. The talks will include a list of people Scotland Yard will want to interview in Moscow. Russian authorities have said they will cooperate but they would like to know the game plan of British investigators.

Over the weekend, the U.K. inquiry into Mr. Litvinenko's death Nov. 23 broadened as his wife and the man he had lunch with a month ago were found to be contaminated with radiation and police searched yet more locales for traces of a radioactive substance.

Police Extend Searches

The investigation appears far from determining who administered the poison, or how or why. Police expanded their searches of premises that may hold traces of the radioactive substance polonium 210, including a country club about 19 miles southeast of London. British health officials are seeking to stem public concern about radioactive particles that have been found in three London locations and on two British Airways planes.

The Health Protection Agency said yesterday it had identified 179 people who warrant further investigation and had referred 27 for assessment for possible exposure as of Saturday night. The agency reiterated that the risk to the public remains low.

Polonium, which is made in nuclear laboratories, is used in some devices that measure radiation. The amount and potency of the poison used to kill Mr. Litvinenko has prompted speculation it was procured from a nuclear facility, but no ties to any such facility have been formally established, a person familiar with the investigation said.

Even a tiny amount is intensely radioactive if it enters the body, where it quickly is distributed to soft tissue including bone marrow. It can enter the body through inhalation, ingestion or a wound. Doctors test for polonium 210 by measuring the amount of alpha radiation in urine.

One person who could provide information in the U.K. probe is former KGB spy Andrei Lugovoy, who met with Mr. Litvinenko on Nov. 1. That night, Mr. Litvinenko fell ill from the poison. U.K. authorities currently consider Mr. Lugovoy a cooperating witness who has been willing to detail his whereabouts in London.

Testing Positive

On Nov. 1, Mr. Litvinenko had lunch at a restaurant in London with Italian political adviser Mario Scaramella. Mr. Scaramella, who initially claimed he wasn't contaminated, was at a London hospital Friday night after testing positive for radiation. So far, he hasn't shown signs of overt poisoning such as vomiting or diarrhea, according to a person familiar with the investigation.

Investigators are looking at whether Messrs. Litvinenko and Scaramella came in contact with the poison together or if it happened at different times. After lunch, the two went separate ways, the person familiar with the inquiry said. The two men have told authorities there wasn't a third party at the meeting.

U.K. health officials said a close relative of Mr. Litvinenko also had been exposed to polonium. A person familiar with the matter identified the relative as Mr. Litvinenko's wife. The U.K. Health Protection Agency said the level of contamination was unlikely to lead to serious illness. It is possible she was exposed from dealing with Mr. Litvinenko during his illness.

Mr. Scaramella served as an adviser to Paolo Guzzanti, a right-wing Italian senator who formerly headed a parliamentary commission. The commission was formed in 2002 with the aim of uncovering links between KGB spies and Italian politicians

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during the Cold War. Although the senator tapped Mr. Scaramella on the basis of his expertise in Italian security, many elements in Mr. Scaramella's résumé have recently come under public scrutiny.

Faculty at the Universita Federico II in Naples have disputed Mr. Scaramella's claim that he once served as an adviser to the university's aerospace-and-engineering department. Neither Mr. Scaramella nor his lawyer could be reached to comment.

Poisoning Probe Not Limited By Borders (WT/AP)

By David Stringer

The Washington Times, December 4, 2006

LONDON -- Britain's senior law-enforcement official said yesterday that an inquiry into the death of a former KGB agent had expanded overseas, and a U.S.-based friend of the former agent said he had told police the name of the person he thinks orchestrated the poisoning.

Yuri Shvets said he had known the poisoned ex-spy, Alexander Litvinenko, since 2002 and spoke with him on Nov. 23, the day Mr. Litvinenko died from exposure to a rare radioactive element, polonium-210.

"The truth is, we have an act of international terrorism on our hands. I happen to believe I know who is behind the death of my friend Sasha and the reason for his murder," Mr. Shvets said by telephone from the United States, referring to Mr. Litvinenko by his Russian nickname.

Mr. Shvets, also a former KGB officer, declined to say who he thought was behind Mr. Litvinenko's death because of concern it could disrupt the investigation. He also declined to offer details on a document that he said he had given to the British officers.

"This is firsthand information, this is not gossip. I gave them the firsthand information that I have," Mr. Shvets said.

In London, meanwhile, Home Secretary John Reid said the inquiry would go wherever "the police take it."

"Over the next few days, I think all of these things will widen out a little from the circle just being here in Britain," Mr. Reid told Britain's Sky News television.

The British police official said police were expected to travel to Russia in coming days for interviews, including with Andrei Lugovoi. Mr. Lugovoi is another former Russian spy who met with Mr. Litvinenko on Nov. 1, the day Mr. Litvinenko fell ill.

The Sunday Times newspaper quoted Mr. Lugovoi as saying he had also been contaminated with polonium-210, but he did not say whether he had fallen ill. He denied that he and two business associates who accompanied him to the Nov. 1 meeting were involved in Mr. Litvinenko's death.

"We suspect that someone has been trying to frame us," the Times quoted Mr. Lugovoi as saying. "Someone passed this stuff onto us ... to point the finger at us and distract the police."

Repeated attempts by the Associated Press to reach Mr. Lugovoi in Moscow through a business associate have been unsuccessful.

Mr. Litvinenko said from his deathbed that he thought Russian President Vladimir Putin was behind his poisoning. Mr. Putin has dismissed the accusation as "nonsense."

Revisiting Putin's Soul (NYT)

The New York Times, December 4, 2006

The fatal poisoning of Alexander Litvinenko in London, along with all the other suspicious murders and attempted murders of Kremlin critics in recent months, poses fundamental questions about Russia, and how the West should treat it.

Since most of these crimes remain unsolved, we can only speculate about who is behind them. We would certainly prefer not to suspect that anyone connected to President Vladimir Putin is involved, even if the attacks have the hallmarks of professional assassinations. The West needs a good relationship with Russia and its cooperation in containing nuclear proliferation and fighting terrorism. No one wants to return to the time when Russia was seen as an enemy.

Yet the recent events — a Russian defector is killed by a radioactive element, a Russian economic reformer suddenly is sickened in Ireland, a crusading Russian reporter is shot down in her doorway — cannot simply be dismissed as unrelated occurrences, as Mr. Putin would prefer.

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What is indisputable is that a culture of lawlessness is spreading throughout Russia, and Mr. Putin has done little to stop it. On the contrary, he has weakened Russia's democracy by stuffing his administration with shadowy fellow veterans of the old K.G.B. and by fanning Russians' deep-seated feelings of insecurity and mistrust of the outside world.

Under the guise of restoring Russian honor, Mr. Putin's government is quashing the freedoms won by the post-Soviet press, judiciary and legislature. Government critics have been branded "enemies of Russia" on lists that circulate openly in government circles. The Kremlin claims to see American wiles behind every real or perceived setback.

The West has no choice but to continue dealing with Russia, and with Mr. Putin. But when Kremlin critics are attacked or murdered, the West must demand a full, transparent investigation and punishment for the criminals — no matter who they are. It is time to let Mr. Putin know that we are looking hard into his soul, and we don't like what we see.

Pinochet In Stable Condition After Heart Attack (NYT)

By Pascale Bonnefoy

The New York Times, December 4, 2006

SANTIAGO, Chile, Dec. 3 — Gen. Augusto Pinochet, the former dictator of Chile, suffered a serious heart attack on Sunday morning and underwent angioplasty and, later in the day, another surgical procedure, hospital officials and his family said.

General Pinochet, who turned 91 on Nov. 25, underwent the angioplasty in the morning, said his son Marco Antonio Pinochet, who added that the procedure had "virtually rescued him from death." Hospital officials said he was to have bypass surgery that afternoon.

Later, a news release from the Military Hospital of Santiago, where he is being treated, said that the second procedure was instead an evaluation of the angioplasty, and that his condition was "stable."

Dr. Juan Ignacio Vergara, leader of the medical team treating General Pinochet, said that the general was conscious and communicating with his family and doctors. He said that treatment so far had progressed "satisfactorily," that the lung edema that General Pinochet had when he was admitted "has been resolved" and that a bypass "will probably not be necessary" for now.

He said, though, that General Pinochet's condition "continues to be serious," and that the next 24 to 48 hours are "critical."

Marco Antonio Pinochet said his father had received last rites in the morning.

The commander in chief of the army, Gen. Óscar Izurieta, met with General Pinochet's wife, Lucía Hiriart, and children at the hospital.

Government officials had no comment on General Pinochet's health or on what might happen when he dies, but Ricardo Lagos Weber, a spokesman and the son of a former president, said the government "was prepared" for whatever the outcome of his illness might be.

In an interview on Chilean television in August, President Michelle Bachelet said that General Pinochet would not be entitled to a state funeral, given that he had been indicted for crimes. "The conscience of Chileans would feel violated" were he given official honors, she said.

General Pinochet had been suffering from several ailments, including diabetes, and has had several strokes in recent years. His faltering health and what doctors have diagnosed as "mild dementia" have allowed him to evade trials for human rights violations and other crimes committed during his 17-year rule, which began after a military coup toppled the democratically elected president, Salvador Allende, in 1973.

Last week, General Pinochet was indicted on charges of kidnapping and murdering two Allende bodyguards after the 1973 coup, and was placed under house arrest. In recent years, he has also been indicted in cases involving the disappearance of opponents in 1975, the kidnapping and torture of political prisoners in the mid-1970s, and on charges of tax fraud, falsifying public documents and fabricating and using false passports in connection with an investigation into his illicit fortune, hidden abroad.

In 2004, a United States Senate report disclosed that General Pinochet had stashed up to $8 million in secret accounts at the Riggs Bank in Washington. A human rights report issued in 1991 by a government-appointed commission established that during the military dictatorship, almost 3,200 people were killed or disappeared. In 2004, a commission on political prisons and torture found that at least 28,000 people had been victims of torture.

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Pinochet In Intensive Care After Heart Attack (WP)

By Jonathan Franklin

The Washington Post, December 4, 2006

SANTIAGO, Chile, Dec. 3 -- Gen. Augusto Pinochet, a former military dictator accused of killing and torturing thousands of people, underwent emergency angioplasty and was placed in intensive care after suffering a heart attack Sunday morning, his family and doctors said.

Pinochet, 91, was expected to be monitored for the next 24 to 48 hours to see whether a bypass was necessary. Doctors have called that procedure extremely risky and were seeking to avoid it.

"He is stable but of course serious," said Juan Ignacio Vergara, a doctor at the military hospital where Pinochet was taken.

Pinochet, who ruled Chile from 1973 to 1990, has multiple health problems, including diabetes, and has suffered several strokes over the past six years.

Pinochet was under house arrest at his home in an upscale Santiago neighborhood when a family member called for an ambulance. Special judicial permission was granted to transfer Pinochet to the hospital.

Pinochet's son Marco Antonio Pinochet said the doctors performed surgery "to virtually save him from death. He's bad, very bad."

Pinochet's supporters gathered outside the hospital with placards reading "Immortal" and with dated pictures of him in uniform.

Pinochet faces multiple investigations for his role in the deaths and disappearances of 3,000 Chilean civilians during his rule. The most recent charges against him emanate from a secret military mission known as "The Caravan of Death," in which a helicopter hit squad traveled throughout Chile executing political prisoners.

"We've never seen him in such conditions," said Luis Cortes Villa, one of Pinochet's closest allies. He recounted that in the last week, Pinochet told his inner circle that he thought he was dying. "He said, 'I am in the final phase of my life.' "

Chilean President Michelle Bachelet, a socialist who was arrested and tortured by security forces during Pinochet's rule, made no immediate comment.

Ban Cluster Bombs In Civilian Areas (WT)

By Dianne Feinstein

The Washington Times, December 4, 2006

In 2005, three young Cambodian boys were playing near their village when they found four small steel objects that they picked up and used to play an impromptu game of marbles. Their new-found toys, however, were actually "bomblets" left from a cluster bomb that had been dropped years before. In the middle of their game, one of the balls was struck by another, triggering an explosion. One boy died from massive abdominal wounds. The other two boys survived with serious injuries.

Similarly, in Kosovo in 1999, a teenage boy went for a swimming in a lake near his home, where he found a small yellow canister. When he showed off his discovery to his family, the bomblet fell to the ground and exploded. It left him permanently wounded and killed his older brother and father. Several months later, his sister stepped on another cluster bomb in the region and was killed.

These terrible stories, unfortunately, are all too common in war-torn areas around the world. Tens of thousands of innocent men, women, and children have been killed or maimed by these indiscriminate and deadly weapons. They were used in Laos in the 1970s and 1980s, Eritrea and Ethiopia in 1998, Serbia and Montenegro 1999, Afghanistan in 2001, Iraq in 2003, and most recently by both sides during the conflict between Israel and Lebanon.

The time has come to ban the use of these weapons in or near civilian areas.

Cluster bombs are intended for attacking large-scale enemy troop formations. They come apart in the air before making contact, dispersing between 200 and 400 small bomblets that can saturate a radius of 250 yards.

The changing nature of warfare, though, has meant cluster bombs have been used against enemies in or near highly populated areas. So, all too often, cluster bombs critically injure or kill innocent victims instead of their intended military targets.

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The danger is this: These weapons are unreliable and cannot be used with precision. Up to 40 percent of the bomblets from cluster bombs fail to detonate immediately. This leaves a trail of unexploded munitions in war-torn areas.

These tiny bomblets end up in streets and cities. They land in trees and fields where children play. They have been found in rice fields.

Bomblets are usually no bigger than a size D battery. In some cases, they resemble small metal tennis balls. They are attractive to curious young children who find them and pick them up. And 40 or 50 years after used, these munitions remain extremely volatile.

The simple truth is that the remnants of cluster bombs become de facto land mines. They kill, maim, and wound civilians every day, even long after conflict has ended. In fact, 98 percent of cluster bomb victims are civilians. I believe use of these weapons in or near civilian areas runs counter to our values and counter to the international laws of war.

Today, the arsenal of the U.S. military contains 5.5 million cluster bombs. That's 728 million bomblets. We need to take steps to ensure civilians are protected when these weapons are deployed.

So, when the Senate convenes for the new Congress in January, I will seek to ban the use of federal funds spent on cluster bombs until the Defense Department has articulated a new policy that will minimize civilian death and suffering from these weapons.

This means cluster bombs used or purchased by the U.S. military or sold to another country can only be used against clearly defined military targets and will not be used where civilians are known to be present or in areas normally inhabited by civilians.

The International Committee for the Red Cross and U.N. Secretary-General Kofi Annan recently called for prohibiting use of cluster bombs in populated areas. Their calls echoed a growing international consensus that the unintended humanitarian cost of these weapons is simply too high.

During the 1990s, a comprehensive pact was forged to protect civilians from land mines worldwide. The United States and the international community have since spent millions to remove mines in post-conflict regions. These efforts have helped to save countless lives. There is no question there should be a similar program for cluster bombs.

In November, a wide-ranging treaty went into effect to protect civilians, peacekeepers and other humanitarian agencies in post-conflict regions from cluster bombs. It will require parties to an armed conflict to clear all unexploded cluster bombs and other munitions once hostilities have ended. It is a good first step.

The United States and the international community should work together to stop use of cluster bombs when the lives of civilians are at risk. We need to ensure we don't needlessly endanger innocent men, women, and children by dropping cluster bombs where they live, work, and play. This is the right and just thing to do.

Dianne Feinstein, California Democrat, is a member of the United States Senate.

The U.N. Menu (WSJ)

By Henry I. Miller

The Wall Street Journal, December 4, 2006

CHIBA, Japan -- The U.N. task force that wrapped up here on Friday deliberated on the regulation of foods obtained with recombinant DNA (or gene-splicing) technology. They ignored the rule of holes: When you're in a hole, stop digging. The more this ongoing project progresses, the worse for science and technology -- and consumers everywhere.

The scope of this exercise, held under the auspices of the Codex Alimentarius Commission, which sets food standards on behalf of the U.N.'s Food and Agriculture Organization and World Health Organization, makes no sense. Now in its seventh year, the mission is to create more stringent regulatory requirements only for those foods made with the newest, most precise and predictable techniques of biotechnology -- gene-splicing, or genetic modification -- while exempting others made with far less precise and predictable conventional technologies. Having already stifled innovative research on food plants and microorganisms, the commission is now penetrating other areas, such as animals and even animals immunized with high-tech vaccines.

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It is one thing to regulate novel foods with traits that are of potential concern, but quite another to regulate merely because a certain technique has been used, especially when that technique is state-of-the-art. It is rather like circumscribing for extra regulation only cars outfitted with disk brakes, radial tires and air bags -- and then limiting only those vehicles to a lower speed.

The members of this task force, including representatives of the U.S. government, disregard the scientific consensus that gene-splicing is an extension, or refinement, of older, traditional techniques of genetic modification, and that it does not warrant discriminatory, excessive regulation. They overlook the fact that during two decades of widespread use, the performance of gene-spliced crops has been spectacular, with farmers enjoying increased yields, decreased use of agricultural chemicals, and lower occupational exposures to pesticides.

The approach of Codex is also incompatible with FDA policies, which are the most scientifically defensible, risk-based approach to biotech regulation in the world. Dr. Eric Flamm, a senior FDA bureaucrat and the head of the U.S. delegation, is unfazed by the inconsistency; he says that the members of the delegation to Codex represent not their own agencies, but the U.S. One wonders whether the commissioner of the FDA -- who proclaims during every speech that the agency is committed to science as the basis for policy -- shares this view.

Why does the U.S. go along with this travesty? The representatives of U.S. regulatory agencies on the task force offer several rationales: Because virtually every other country has in place irrational, unscientific regulation, we must follow suit; the task force is really addressing issues of trade, not science; and most important, American industry demands that we play along.

Unpersuasive on all counts. The Codex standards only provide cover for unfair trade practices, because with them in place, a country wanting to block trade in gene-spliced foods for any reason can defend against charges of unfair trade practices simply by remonstrating that it's deferring to Codex.

It is true that big agribusiness companies (dozens of whose lobbyists flock to the task force meetings) endorse the Codex process. They like regulation because it limits competition and provides a sort of Good Housekeeping seal of approval. But they fail to realize that encouraging excessive, unscientific regulation is like eating your seed corn: a short-term expedient but a long-term catastrophe, especially for smaller farmers, plant breeders and academic researchers (who are not represented at Codex).

American regulators have become surrogates of big agribusiness companies at the expense of academic research and the well-being of other sectors of the U.S. economy. American officials now regularly encourage unscientific, excessive regulation, although the outcomes consistently sacrifice U.S. interests to those of the European Union and anti-technology NGOs (which, inexplicably, are permitted full participation in the task force). What makes this particularly absurd is that the U.S. provides about a quarter of the base budget of the U.N. As a scientist, I feel embarrassed; as a former regulator, appalled; and as an American taxpayer, violated.

Dr. Miller, a fellow at Stanford's Hoover Institution, was the founding director of the Office of Biotechnology at the FDA from 1989 to 1993.

DOJ_NMG_0101644

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 4, 2006 7:45 AM EST

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TERRORISM NEWS:

Video Is A Window Into A Terror Suspect's Isolation (NYT)

By Deborah Sontag

The New York Times, December 4, 2006

One spring day during his three and a half years as an enemy combatant, Jose Padilla experienced a break from the monotony of his solitary confinement in a bare cell in the brig at the Naval Weapons Station in Charleston, S.C.

That day, Mr. Padilla, a Brooklyn-born Muslim convert whom the Bush administration had accused of plotting a dirty bomb attack and had detained without charges, got to go to the dentist.

"Today is May 21," a naval official declared to a camera videotaping the event. "Right now we're ready to do a root canal treatment on Jose Padilla, our enemy combatant."

Several guards in camouflage and riot gear approached cell No. 103. They unlocked a rectangular panel at the bottom of the door and Mr. Padilla's bare feet slid through, eerily disembodied. As one guard held down a foot with his black boot, the others shackled Mr. Padilla's legs. Next, his hands emerged through another hole to be manacled.

Wordlessly, the guards, pushing into the cell, chained Mr. Padilla's cuffed hands to a metal belt. Briefly, his expressionless eyes met the camera before he lowered his head submissively in expectation of what came next: noise-blocking headphones over his ears and blacked-out goggles over his eyes. Then the guards, whose faces were hidden behind plastic visors, marched their masked, clanking prisoner down the hall to his root canal.

The videotape of that trip to the dentist, which was recently released to Mr. Padilla's lawyers and viewed by The New York Times, offers the first concrete glimpse inside the secretive military incarceration of an American citizen whose detention without charges became a test case of President Bush's powers in the fight against terror. Still frames from the videotape were posted in Mr. Padilla's electronic court file late Friday.

To Mr. Padilla's lawyers, the pictures capture the dehumanization of their client during his military detention from mid-2002 until earlier this year, when the government changed his status from enemy combatant to criminal defendant and transferred him to the federal detention center in Miami. He now awaits trial scheduled for late January.

Together with other documents filed late Friday, the images represent the latest and most aggressive sally by defense lawyers who declared this fall that charges against Mr. Padilla should be dismissed for "outrageous government conduct," saying that he was mistreated and tortured during his years as an enemy combatant.

Now lawyers for Mr. Padilla, 36, suggest that he is unfit to stand trial. They argue that he has been so damaged by his interrogations and prolonged isolation that he suffers post-traumatic stress disorder and is unable to assist in his own defense. His interrogations, they say, included hooding, stress positions, assaults, threats of imminent execution and the administration of "truth serums."

A Pentagon spokesman, Lt. Col. Todd Vician, said Sunday that the military disputes Mr. Padilla's accusations of mistreatment. And, in court papers, prosecutors deny "in the strongest terms" the accusations of torture and say that "Padilla's conditions of confinement were humane and designed to ensure his safety and security."

"His basic needs were met in a conscientious manner, including Halal (Muslim acceptable) food, clothing, sleep and daily medical assessment and treatment when necessary," the government stated. "While in the brig, Padilla never reported any abusive treatment to the staff or medical personnel."

DOJ_NMG_0101647

In the brig, Mr. Padilla was denied access to counsel for 21 months. Andrew Patel, one of his lawyers, said his isolation was not only severe but compounded by material and sensory deprivations. In an affidavit filed Friday, he alleged that Mr. Padilla was held alone in a 10-cell wing of the brig; that he had little human contact other than with his interrogators; that his cell was electronically monitored and his meals were passed to him through a slot in the door; that windows were blackened, and there was no clock or calendar; and that he slept on a steel platform after a foam mattress was taken from him, along with his copy of the Koran, "as part of an interrogation plan."

Mr. Padilla's situation, as an American declared an enemy combatant and held without charges by his own government, was extraordinary and the conditions of his detention appear to have been unprecedented in the military justice system.

Philip D. Cave, a former judge advocate general for the Navy and now a lawyer specializing in military law, said, "There's nothing comparable in terms of severity of confinement, in terms of how Padilla was held, especially considering that this was pretrial confinement."

Ali al-Marri, a Qatari and Saudi dual citizen and the only enemy combatant currently detained in the United States, has made similar claims of isolation and deprivation at the brig in South Carolina. The Pentagon spokesman, Lieutenant Vician, said Sunday that he could not comment on the methods used to escort Mr. Padilla to the dentist. Blackened goggles and earphones are rarely employed in internal prison transports in the United States, but riot gear is sometimes used for violent prisoners.

One of Mr. Padilla's lawyers, Orlando do Campo, said, however, that Mr. Padilla was a "completely docile" prisoner. "There was not one disciplinary problem with Jose ever, not one citation, not one act of disobedience," said Mr. do Campo, who is a lawyer at the Miami federal public defender's office.

In his affidavit, Mr. Patel said, "I was told by members of the brig staff that Mr. Padilla's temperament was so docile and inactive that his behavior was like that of 'a piece of furniture.' "

Federal prosecutors and defense lawyers are locked in a tug of war over the relevancy of Mr. Padilla's military detention to the present criminal case. Federal prosecutors have asked the judge to forbid Mr. Padilla's lawyers from mentioning the circumstances of his military detention during the trial, maintaining that their accusations could "distract and inflame the jury."

But defense lawyers say it is unconscionable to ignore Mr. Padilla's military detention because, among other reasons, it altered him in a way that will impinge on his trial.

Dr. Angela Hegarty, director of forensic psychiatry at the Creedmoor Psychiatric Center in Queens, N.Y., who examined Mr. Padilla for a total of 22 hours in June and September, said in an affidavit filed Friday that he "lacks the capacity to assist in his own defense."

"It is my opinion that as the result of his experiences during his detention and interrogation, Mr. Padilla does not appreciate the nature and consequences of the proceedings against him, is unable to render assistance to counsel, and has impairments in reasoning as the result of a mental illness, i.e., post-traumatic stress disorder, complicated by the neuropsychiatric effects of prolonged isolation," Dr. Hegarty said in an affidavit for the defense.

Mr. Padilla's status was abruptly changed to criminal defendant from enemy combatant last fall. At the time, the Supreme Court was weighing whether to take up the legality of his military detention — and thus the issue of the president's authority to seize an American citizen on American soil and hold him indefinitely without charges — when the Bush administration pre-empted its decision by filing criminal charges against Mr. Padilla.

Mr. Padilla was added as a defendant in a terrorism conspiracy case already under way in Miami. The strong public accusations made during his military detention — about the dirty bomb, Al Qaeda connections and supposed plans to set off natural gas explosions in apartment buildings — appear nowhere in the indictment against him. The indictment does not allege any specific violent plot against America.

Mr. Padilla is portrayed in the indictment as the recruit of a "North American terror support cell" that sent money, goods and recruits abroad to assist "global jihad" in general, with a special interest in Bosnia and Chechnya. Mr. Padilla, the indictment asserts, traveled overseas "to participate in violent jihad" and filled out an application for a mujahedin training camp in Afghanistan.

Michael Caruso, a public defender for Mr. Padilla, pleaded "absolutely not guilty" for him to charges of conspiracy and of providing material support to terrorists. Mr. Padilla faces two charges that each carry a maximum penalty of 15 years.

Over the summer, Judge Marcia G. Cooke of United States District Court in Miami threw out the most serious charge, of conspiracy to murder, kidnap and maim persons in a foreign country, saying that it replicated accusations in the other counts and could lead to multiple punishments for a single crime. This was a setback for the government, which has appealed the dismissal.

Mr. Padilla's lawyers say they have had a difficult time persuading him that they are on his side.

From the time Mr. Padilla was allowed access to counsel, Mr. Patel visited him repeatedly in the brig and in the Miami detention center, and Mr. Padilla has observed Mr. Patel arguing on his behalf in Miami federal court.

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But, Mr. Patel said in his affidavit, his client is nonetheless mistrustful. “Mr. Padilla remains unsure if I and the other attorneys working on his case are actually his attorneys or another component of the government’s interrogation scheme,” Mr. Patel said.

Mr. do Campo said that Mr. Padilla was not incommunicative, and that he expressed curiosity about what was going on in the world, liked to talk about sports and demonstrated particularly keen interest in the Chicago Bears.

But the defense lawyers’ questions often echo the questions interrogators have asked Mr. Padilla, and when that happens, he gets jumpy and shuts down, the lawyers said.

Dr. Hegarty said Mr. Padilla refuses to review the video recordings of his interrogations, which have been released to his lawyers but remain classified.

He is especially reluctant to discuss what happened in the brig, fearful that he will be returned there some day, Mr. Patel said in his affidavit.

“During questioning, he often exhibits facial tics, unusual eye movements and contortions of his body,” Mr. Patel said. “The contortions are particularly poignant since he is usually manacled and bound by a belly chain when he has meetings with counsel.”

On Tape: An 'Enemy' Interrogation (NSWK)

Newsweek, December 4, 2006

Newsweek

Dec. 11, 2006 issue - Lawyers for "enemy combatant" Jose Padilla claim he is so disoriented from three years of isolation and aggressive interrogations that he is now mentally ill. In new court filings, Padilla's lawyers also assert for the first time that Padilla's interrogations were taped, thereby providing a potentially extensive video record of how the government treated a man once considered a dangerous Qaeda operative.

U.S. officials have denied Padilla's claims that he was mistreated after he was thrown into a U.S. naval brig on orders from President Bush in June 2002. "It is our policy to treat all detainees humanely," said Pentagon spokesman J. D. Gordon. (A Justice spokesman declined to comment on the new claims about Padilla's mental state or the existence of tapes.) But the disputes about Padilla's treatment have raised issues that are likely to come up in future prosecutions, whether in regular criminal courts—where Padilla is due to be tried early next year—or in military commissions where the Bush administration plans to prosecute Qaeda figures. A former Chicago gang member and a U.S. citizen, Padilla was proclaimed an "enemy combatant" by Bush and denied access to a lawyer amid White House assertions he had plans to set off a radiological "dirty" bomb. Administration officials have since backed off that claim. Last year Padilla was removed from the brig and indicted in Miami on charges that he's part of a North American jihad cell that provided material support to Islamic extremists overseas.

Padilla's lawyers recently moved to have the entire case dropped because of government conduct that allegedly included subjecting him to sleep deprivation, extreme cold, injecting noxious fumes into his cell and giving him mind-altering drugs. Justice lawyers said there was not a "shred of record evidence" to support claims of "torture," but have declined to address specific interrogation techniques. Defense lawyers then submitted an affidavit from psychiatrist Dr. Angela Hegarty, who asserted Padilla was so "traumatized" by his treatment that he cannot bear to watch tapes of his interrogation, and when "approached by his lawyers, he begs them, 'Please, please, please' not to have to discuss his case." Hegarty says Padilla is suffering from post-traumatic-stress disorder and cannot assist in his defense—a claim that could be a basis to put off his trial. Another new affidavit says Padilla suffers from "facial tics" and bodily "contortions," and fears that his lawyers are government agents. Human-rights lawyer Scott Horton said he expects lawyers for other Qaeda detainees at Gitmo to make similar claims, and also to press for access to tapes of clients' interrogations. "This is going to wind up being an enormous issue," he said.

A Judge's Sharp Opinion (WP)

The Washington Post, December 4, 2006

U.S. District Judge Gladys Kessler issued a blunt indictment Friday of the Bush administration's legal handling of prisoners at the Guantanamo Bay Naval Base in Cuba. Frustrated with the plight of prisoners held without charges for years at the base, Kessler expressed disgust with the federal government's repeated efforts to block courts from hearing detainees' complaints.

Kessler's written opinion was particularly unusual in that it came in a ruling about a technicality. The Justice Department had asked her to dismiss the complaint of an Afghan detainee, Hamid al-Razak, and to bar him from ever seeking the court's help. Below is a portion of her denial of the government's motion:

-- Carol D. Leonnig

The Petitioner . . . identifies the legal, cultural, and psychological isolation in which the detainee exists which demonstrate his inability to challenge the legality of his detention. They are as follows:

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He is a resident of Afghanistan.

He has had virtually no contact with the news media or any word from outside the closed Guantanamo prison system for over 3 years.

He has had no contact with his friends or family members outside Guantanamo.

He is unfamiliar with the United States Court System.

He does not speak English.

He likely does not know what the term Habeas Corpus means.

He has no criminal charges against him.

He has every reason to distrust his captors and keepers.

He has every reason to rely on the friendship with other detainees, who speak his language and suffer the same disabilities.

He has every reason to challenge his confinement.

No party outside Guantanamo is aware of the specific camp in which he is being detained, nor the "grade" or "level" of detention he is presumed to be, each level being determinative of the privileges he receives.

He does not have access to a law library.

He cannot communicate with his attorney, nor does he even know at present that he has an attorney.

He has no expectation of release, ever.

In light of these facts, there can be little doubt in the Court's mind that Mr. Al Razak is not able to challenge the legality of his detention. . . .

The fact that some of the unfortunate petitioners who have been detained for many years in the terrible conditions at Guantanamo Bay have been knowledgeable enough to file their own petitions certainly does not demonstrate that Mr. Al Razak himself had either the sophistication, or confidence in the American justice system which has so delayed ruling on his status without even filing criminal charges against him, or the physical or mental stability, to do so on his own.

Finally, the Government has offered no evidence to contradict Petitioner's statements that he . . . knows that Mr. Al Razak wants a lawyer to assert his legal rights. . . .

In numerous cases, the Court has felt compelled, for purposes of judicial economy and efficiency, to grant Respondents' Motions to stay proceedings of the Guantanamo Bay cases until completion of related appeals. The longer those appellate proceedings drag on, the more problematic it becomes as to whether a stay serves the interest of justice. It is often said that "justice delayed is justice denied."

Nothing could be closer to the truth with reference to the Guantanamo Bay cases.

Gladys Kessler

United States District Judge

Pentagon Invoking Emergency Authority For Guantanamo Court (MBSN/MCT)

By Carol Rosenberg

Myrtle Beach (SC) Sun News/McClatchy, December 4, 2006

MIAMI - The Pentagon is invoking emergency authority to fast-track funding of a comprehensive war-crimes court compound at Guantanamo Bay, Cuba, according to a letter to Congress obtained by The Miami Herald.

Department of Defense spokesmen would not say when - if ever - the Pentagon had last invoked similar authority.

Nor would they specify which military construction already approved by Congress would be frozen to fund the courtroom project, which could cost as much as $125 million, according to U.S. government documents.

But, in a Nov. 17 letter to several Republican and Democratic senators and House members, Deputy Defense Secretary Gordon England explains the unusual move this way:

"Due to national security implications and extreme urgency, emergency construction was authorized pursuant to Section 2808 of title 10, United States Code."

Congressional staff members say the price tag and the funding mechanism have stirred protests among key members of Congress with fiscal and operational oversight of the Department of Defense.

The Pentagon wants to build, in three months, a mini-city on an abandoned airfield to stage the trials - two new courtrooms with space for two more, dining, housing and work space for up to 1,200 military and civilians working at the trials, and media, conference and classified information centers.

At issue is how swiftly and at what cost the Pentagon will kick-start its on-again, off-again Military Commissions process at the U.S. Navy base.

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The military envisions night-and-day court sessions in at least two courtrooms to allege war crimes against about one-fifth of the so-called enemy combatants held as terror suspects at Guantanamo, some since early 2002.

An internal worksheet for what would be Project 68043 says the Pentagon anticipates trying "75 to 80" of the 430 or so detainees under an "increased operations tempo."

In a bipartisan move, Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, and the man who will succeed him in the next Congress, Sen. Carl Levin, D-Mich., have filed a letter of protest, say congressional staff members who asked that they not be named because they were not authorized to speak to reporters.

Moreover, Rep. Duncan Hunter, R-Calif., chairman of the House Armed Services Committee, wrote England in a two-page letter dated Nov. 29 that, while he understands the need for more facilities, the price tag "is a little excessive at this point," said Hunter spokesman Josh Holly.

Hunter has been a key supporter of the Bush administration's detention policy, and last year staged a photo opportunity on Capitol Hill - in which he presented a Guantanamo lemon chicken meal - to answer critics who contend detainees are abused at the facility in southeast Cuba.

But on the court complex, Duncan "would urge significant reductions of costs through greater use of temporary portable or modular structures," added Holly.

"There's no need to build something that needs to be down there for 30 years."

The Pentagon would not elaborate, but it appears to be relying on a National Emergency Construction Authority Executive Order, which President Bush signed more than five years ago - after the Sept. 11, 2001, World Trade Center and Pentagon attacks.

The compound would supplement an existing courtroom, lock-up, office space and security facilities. The Bush administration had held pre-trial hearings there, until the U.S. Supreme Court in June declared them unconstitutional on a challenge by Osama bin Laden's driver.

Now, armed with a new Military Commissions law, the Pentagon is preparing to hold multiple trials in multiple venues - even as Justice and Defense Department lawyers are still writing new guidelines for new trials.

Moreover, new legislation introduced by Sen. Christopher Dodd, D-Conn., in the lame-duck Congress, seeks to redesign the court system again and, significantly, accelerate civilian court scrutiny of the system's constitutionality.

Unclear is what defense projects will be set aside and put at risk with the extraordinary move.

Defense Department spokesman Bryan Whitman said in a Nov. 28 e-mail to The Miami Herald that "offsets have been identified."

Rep. Jim Walsh, R-N.Y., who chairs the House subcommittee on military appropriations, over the weekend declared his opposition to the Pentagon move, too.

Diverting money "would affect military readiness, and we're at war," the 18-year veteran congressman was quoted as saying in the Post-Standard of Syracuse. "It sounds like their priorities are skewed."

In the letter, England asks the Congress members to support a future request to restore the projects that the emergency move would preempt - an idea that Hunter replied was unlikely to succeed.

Also unclear is the true cost of the project.

A Navy presolicitation notice to would-be builders, dated Nov. 3, with a response deadline of Dec. 20, put the value of the project at $75 million to $125 million, and a fast-track deadline of July 2007.

England's Nov. 17 letter put the price tag at $102 million - and did not explain the discrepancy.

The CIA And The Militant Who Eluded It In Norway (WP)

By Craig Whitlock

The Washington Post, December 4, 2006

OSLO -- Two months after he helped kidnap a Muslim cleric in Italy, records show, an undercover CIA officer boarded a flight to Norway on another secret mission. Two other U.S. spies followed a few weeks later and checked into the same hotel.

Shortly after the agents arrived in the spring of 2003, an Islamic militant living in Oslo known as Mullah Krekar received a warning from an anonymous Norwegian official, according to Krekar's lawyer. The message: Krekar, then head of a Kurdish insurgent group, was a CIA target and should watch his back.

The spies left Norway by the end of the summer, according to records of their travels compiled by European investigators. If the CIA was planning to abduct Krekar, like other Islamic radicals it had secretly apprehended in Europe after the attacks of Sept. 11, 2001, those plans were quietly abandoned.

But it would not be the first or last time that the U.S. government had sought to push Krekar out of Norway. For more than a decade, the Kurdish cleric had enjoyed protection in the Nordic country as a political refugee, even as he frequently slipped back

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into his homeland in northern Iraq to lead an armed separatist movement called Ansar al-Islam, which has carried out attacks on civilians and U.S. troops.

The case shows how the United States has struggled to deal with Islamic militants who are allowed to live freely in Europe despite being labeled serious security risks. Others have included radical clerics in London and supporters of the Hamburg cell responsible for the Sept. 11 hijackings.

But the pursuit of Krekar also demonstrates how U.S. tactics in confronting those militants have sometimes backfired, giving ammunition to critics who accuse the Bush administration of skirting the law or relying on questionable evidence.

Before the invasion of Iraq, the U.S. government publicly portrayed Krekar and his network as an organizational link between al-Qaeda and the government of Saddam Hussein. Under pressure to prove that connection, the United States tried a variety of tactics to forcibly remove Krekar from Norway and hand him over to friendly security services in the Middle East.

Each attempt failed. Today, although the Norwegian government has declared Krekar a security threat and ordered him deported, the mullah is still in Oslo.

Most evidence against him remains classified. But other charges have been refuted in court or publicly discredited, including allegations by U.S. and Iraqi officials that Krekar ordered followers to carry out suicide bombings and that Ansar controlled a chemical weapons factory.

"At first, I didn't think I had done anything that was a threat to the Americans," Krekar said in an interview. "Later, some people told me I had become a target, but I didn't think the Americans would come for me themselves. They wanted to use me, to show that there was a link between Saddam and al-Qaeda."

The intense U.S. interest in Krekar came at a time when the CIA was targeting other Islamic radicals in Europe for "extraordinary rendition," the clandestine practice of seizing terrorism suspects and transferring them to allied nations that sometimes practice torture. Among suspects grabbed by the CIA: a Muslim cleric in Milan, two Arabs living in Stockholm and two others from Germany.

The CIA and the U.S. Embassy in Norway declined to comment on whether Krekar was a rendition target. In a prepared statement for this article, State Department deputy spokesman Tom Casey said, "The United States continues to consider Krekar to be a threat to national security, and we think the same with respect to Ansar al-Islam."

U.S. officials have made no secret of their desire to see Krekar booted from his Scandinavian haven. As secretary of state, Colin L. Powell repeatedly urged his Norwegian counterparts to expel Krekar, singling out Ansar al-Islam as proof of a connection between the Iraqi government and al-Qaeda in a February 2003 speech to the United Nations.

In August 2003, a few weeks after the CIA operatives left Oslo, Attorney General John Ashcroft made his own trip to this nation of 4.6 million people to ratchet up the pressure. He called Ansar "a very dangerous group," whose leaders "merit the very close attention of those who are fighting terrorism."Made 'Bigger Than He Is'

Krekar, whose real name is Najumuddin Faraj Ahmad, is 50 years old. Fluent in four languages and sporting a bushy black beard, he has become a celebrity in Norway. He has published an autobiography -- "My Own Words" -- and aggressively defended his reputation, saying he quit as Ansar's leader in 2002.

Even as he denies involvement in terrorism, he has praised those who practice it. In an interview with a Kurdish newspaper in June 2006, he called al-Qaeda's founder, Osama bin Laden, "a good Muslim" and wished him a long life. He also lamented the "bad news" about the recent death of Abu Musab al-Zarqawi, chief of al-Qaeda forces in Iraq. "But I am not sad, because he went to paradise," Krekar added.

Krekar has also been questioned by European counterterrorism investigators about his alleged ties to radicals in Germany, Sweden, Italy and Spain, though none of those countries has filed charges against him.

"Everyone -- the Americans, the Islamists, the Norwegian government -- has built up Mullah Krekar into someone bigger than he is, into a symbol," said Brynjar Meling, one of his Norwegian attorneys. "And he has let them do this."

Krekar hasn't always been an enemy of the United States. He fled northern Iraq in 1990 and received asylum in Norway after claiming he had been persecuted by Saddam Hussein's security services.

After the Persian Gulf War of 1991, he returned for long visits to his Kurdish homeland, which was under the protection of U.S. warplanes maintaining a "no-fly" zone. In early 2001, he said, he and other Kurdish leaders met with three CIA officers to discuss how to overthrow Hussein.

Later that year, Krekar founded Ansar al-Islam, or Followers of Islam. The network carved out a small territory near the Iranian border and engaged in skirmishes with other Kurdish factions. U.S. counterterrorism officials suspected that Ansar sheltered al-Qaeda fugitives who had fled Afghanistan after the U.S. invasion there in 2001.

In September 2002, after crossing the mountainous border with Iran, Krekar was detained by Iranian authorities and put on a flight to Amsterdam. Upon landing, he was arrested again, this time by Dutch authorities, who said he was wanted for extradition to Jordan on drug charges.

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Krekar said that the allegations were trumped up and that he had never been to Jordan. His attorneys said U.S. officials had orchestrated the detention.

Dutch officials confirmed U.S. involvement in the case but didn't elaborate. "You can assume the Americans have an interest," Dutch Justice Ministry spokesman Martin Bruinsma told reporters.

While he was held in Amsterdam, Krekar said, he was questioned by FBI agents on two occasions, even though he wasn't wanted on U.S. charges. "They wanted to talk about al-Qaeda," he recalled. "I didn't answer anything. I said, 'Just ask about me and my group.' "

Krekar was released in January 2003 after Jordan failed to provide detailed evidence against him. He flew to Oslo, where authorities weren't eager to let him return but didn't have a legal basis for refusing him entry.In U.S. Spies' Sights

Three months later, on April 24, a CIA officer arrived in Oslo on an SAS flight from New York. He checked into the Radisson SAS Plaza Hotel in Oslo, a few blocks from Krekar's apartment, and registered as an employee of a fictitious technology firm in Hyattsville, Md.

The same CIA officer, using a false cover name, had been present in Milan two months earlier for the abduction of a radical Muslim cleric, Hassan Mustafa Osama Nasr, according to Italian prosecutors.

Nasr was taken to Egypt, where he says he was tortured. Italian authorities have filed kidnapping charges against 25 CIA operatives, including the officer who later flew to Norway. None has been arrested.

The spies' European travels were reconstructed by Italian investigators who traced their frequent-flier and credit-card account records. The existence of the records was first reported by Stavanger Aftenblad, a Norwegian newspaper.

Four days after the CIA officer arrived in Oslo, Krekar's attorney, Meling, said he received a warning about his client from a Norwegian government source, via an intermediary. Although the message was vague, it made clear that U.S. spies had Krekar in their sights. In response, the lawyer wrote a letter to Norwegian police, requesting extra protection for Krekar.

The CIA operative left Norway on May 18. But two weeks later, he was replaced by a female U.S. spy -- also charged in the Italian kidnapping case -- who flew to Oslo from Chicago.

She was joined a month later by another female agent, according to Stavanger Aftenblad. Both women registered under fictitious names and businesses and rented a car for a month, the newspaper reported. Both left the country by summer's end.

What else the spies did in Norway is unknown. But at the time of their visit, their cover was jeopardized as rumors swirled about their presence in Oslo.

In May 2003, local news media reported that the Norwegian government had approved plans for undercover U.S. agents to come to Norway to investigate Islamic radicals, including Krekar. Norwegian officials would not confirm or deny the reports but said foreign intelligence agents would not be allowed to operate in the country independently.

Meanwhile, Norwegian authorities, with the aid of intelligence provided by U.S. officials, tried to deal with Krekar in other ways.

The cleric was arrested on the eve of the invasion of Iraq in March 2003 but released a few weeks later for lack of evidence. Later that year, Norwegian prosecutors opened another investigation, this time focusing on allegations that Krekar had ordered Ansar recruits to stage suicide bombings in Iraq.

The case hinged on a key witness: a would-be suicide bomber who was captured in Iraq and handed over to U.S. forces. The failed bomber told Iraqi officials that Krekar was behind the plot. When he was interviewed by Norwegian investigators in Baghdad, however, the man recanted, saying he had been tortured until he agreed to testify against Krekar.

Norwegian immigration officials have tried for years to kick Krekar out of the country. Citing classified evidence, the government first declared Krekar a threat to national security in 2003 and ordered him deported.

He has appealed to the courts, where he has lost repeatedly. On Nov. 22, an appellate court upheld the government's decision, declaring, "Reasons exist to fear that the plaintiff has links with terrorist activities and groups."

But chances are remote he'll have to leave Oslo anytime soon.

Under Norwegian law, no one can be deported to a country where he or she could face torture or the death penalty. Judges in Norway have ruled that Iraq is such a place and will probably remain that way for years.

"I think Mullah Krekar can get a mortgage and prepare for a long and secure stay in Norway," Arvid Sjoedin, another of his attorneys, said last month.

HOMELAND RESPONSE:

'Visa Lite' Program Studied To Ease Travel (WT/UPI)

By Shaun Waterman

DOJ_NMG_0101653

The Washington Times, December 4, 2006

U.S. officials are providing more details of the president's proposal to broaden the Visa Waiver Program, sketching an ambitious plan for an electronic "visa lite" system that would enable travelers to be cleared against terrorism and immigration watch lists before reaching the United States.

In remarks in Europe last week, President Bush addressed complaints from the leaders of several of the post-Soviet democracies about the restrictive requirements for the program, under which citizens of 27 participating nations are entitled to travel to the United States for up to three months for business or pleasure without a visa.

Mr. Bush said officials in Estonia had been "straightforward and very frank" about the issue. He said there was "deep concern" that people from countries fighting alongside the U.S. military in Iraq weren't able to travel to the United States as freely as they would like.

The issue also arose in Latvia, and had been raised with Mr. Bush by Poland and other former East Bloc countries that are now U.S. allies and in some cases members of NATO and/or the European Union.

Mr. Bush promised last week to send a proposal to Congress to modify the program, "to make sure that nations like Estonia qualify more quickly," while strengthening security.

On Wednesday, the Department of Homeland Security laid down broad outlines of the reform package Mr. Bush would be sending to Congress. They include the new "visa lite" system called an "electronic travel authorization," which would be issued to passport holders before they traveled to the United States, as well as better information-sharing by new member nations on lost and stolen passports and criminal and terrorist watch lists and higher standards for their document and airport security.

In return for subscribing to these additional security measures, officials said, nations that wanted to join the program would be granted flexibility on other requirements of membership, such as the less than 3 percent refusal rate on visa applications.

"We know that, realistically, there are some [countries] that are not going to make the 3 percent bar," said Homeland Security Department spokesman Jarrod Agen, adding that the focus of such measures was on a pre-September 11 conception of how the program might be abused, "looking at economic factors and illegal migration."

After A Rush To Make Repairs, Pace Of Levee Work Downshifts (NYT)

By John Schwartz

The New York Times, December 4, 2006

NEW ORLEANS — For months, the Army Corps of Engineers raced through the city, frantically patching broken levees and building floodgates to prepare for a hurricane season, now ended, that produced no hurricanes here.

That repair work is essentially complete and the corps has moved on to the task of strengthening flood protection in New Orleans beyond its pre-Hurricane Katrina level, hoping to entice residents back. But lately the bulldozers have been idle, and the trucks motionless. The pace has slowed, those in the region say, with little trace of the round-the-clock frenzy of the first phase.

“We don’t see that anymore,” said Ivor van Heerden, deputy director of the hurricane center at Louisiana State University.

Contractors are waiting impatiently for the chance to bid on jobs. “By now, I would have expected there to be many more jobs bid and under way,” said Robert Boh, the head of Boh Brothers, a major local contractor. “We’re going to dance as soon as anyone asks us.”

The change of pace is obvious to nonexperts as well. Willis Reed, 64, who was fishing at Lake Pontchartrain along a levee that is to grow higher by several feet, said the contrast between the first phase and the second phase was striking. These days, Mr. Reed said, it seems that “Everybody’s dragging a leg.” Even some within the corps say things should have been well under way by now. An engineer who left the corps, and was granted anonymity because he continues to work with the agency, said, “We should have been turning dirt months ago.”

The new, $6 billion phase involves raising the levees above their new levels, armoring the most vulnerable against erosion and creating pump stations to block the surge from Lake Pontchartrain in future storms.

Instead of the placid bank of earthen levee behind the spot where Mr. Reed was fishing, bulldozers could be shaping the terrain to add height and width to the levee. Dump trucks could be bringing their heavy loads of clay-rich earth drawn from borrow pits in the area. But for now there is no noise to disturb Mr. Reed.

Corps officials say the early work was done in the spirit of addressing a crisis, when they had broad latitude to get the job done. Officials on the ground, who call the current lull a “strategic pause,” say the new work has to be planned with great care. And they say it is a greater challenge to design and build new flood protection — the bulk of the second-phase work — than it is to patch breaches.

“The laws of physics have not been repealed,” said Lt. Gen. Carl A. Strock, commander and chief of engineers for the corps. “It takes time to think through what needs to be done. It takes time to make things happen. You don’t move 5.5 million cubic yards of earth overnight.”

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All the new projects are still being designed and their contracts drawn up, but already the corps has postponed a two-day industry forum that was scheduled for last week to familiarize contractors with work that had been expected to be awarded within the next three or four months.

Since levees that are built higher must also become much wider, land has to be acquired. And these days, state and local governments, neighborhood groups, historical societies and others must be consulted before the corps can push forward.

Some trees have grown too close to the toes of levees, which has been identified by experts as one possible cause of some of the breaches that led to the city's flooding. Some homeowners have fought the corps' plans to remove the trees. At community meetings, corps officials have been criticized by residents who argue that the city's sheltering trees give it much of its character. They also said the loss of trees would lower their property values.

It is all very different from the first phase, when the corps group known as Task Force Guardian worked in a city so deeply devastated that virtually no one questioned its plans.

"Guardian kicked down the door," said Walter O. Baumy Jr., chief of the engineering division for the corps' New Orleans District, who worked with the group. "We didn't stop for pretty much anything," Mr. Baumy said, and "we were able to get a lot of cooperation from everybody."

Now, Task Force Guardian has been replaced by the Hurricane Protection Office, which works alongside the district. "We still have that same sense of urgency," Mr. Baumy said, but with so many local organizations back on their feet since the storm, "we're not making decisions alone at this point."

Col. Jeff Bedey, who heads the Hurricane Protection Office, said that what appeared to be a slowdown was just an absence of obvious work like digging and piling dirt; Colonel Bedey said that the planning and contract work was proceeding rapidly. The corps, he added, does not want to build another "system in name only," as its own report referred to the pre-Katrina patchwork of components that failed.

"We've got one opportunity here," he said, "and we've got to do this right."

The challenges are enormous. Congress has ordered the Army Corps to upgrade the city's hurricane protection system to standards first authorized in 1965 — goals that were not reached because of a series of compromises and mistakes, the corps has admitted.

After those standards are reached, the corps must upgrade the system further, to resist a storm that has a 1 in 100 chance of occurring in any given year.

It is also becoming increasingly clear that the billions of dollars in appropriations will not cover the New Orleans area projects Congress has ordered the corps to take on. The situation, in the short run, could require the corps to go back to lawmakers for the authority to move some appropriated money around. Eventually, corps officials say, more money from Congress may be necessary.

To save money, the corps will skip interim steps on some projects and go straight for the higher, 100-year level of protection. But that will leave the city at risk until 2010 at least, say those who oppose the move. The corps has also scaled back plans to armor the levees against being scoured away when water flows over the top. An editorial in The New Orleans Times-Picayune described that cost-saving consideration as "a horrifying argument from an agency whose lack of foresight and competence caused a deadly and costly catastrophe."

But Colonel Bedey said the corps would probably be criticized no matter what it did.

The agency still has not finished its first-phase work on the floodgates for the city's drainage canals. At the $85 million 17th Street Canal project, which has presented the most challenges, the corps has had to do extra work to firm up the mushy soil at the site, and new pumps have had technical problems. There are also not enough pumps at the site to push the enormous amounts of water that would drain into the canals during a hurricane.

Whether the corps is working deliberately and responsibly or "dragging a leg" and falling into old bureaucratic ways is difficult to determine at this early stage, said G. Wayne Clough, president of the Georgia Institute of Technology and chairman of the National Research Council committee that reviewed the corps' post-Katrina investigation. Still, Mr. Clough added, "If they don't get started soon, they will lose momentum, and that's a concern."

What is essential, he said, is oversight from an outside, neutral group — the main recommendation of his committee.

For their part, New Orleans residents say that they want to see more progress from the corps, but that they are cheered by the progress in neighborhoods like Lakeview and Broadmoor, where homeowners are doggedly rebuilding.

Emile Bruneau, a longtime state representative whose renovations on his home in Lakeview are coming along, said, "I'm disappointed by the slowness" of the corps, and added, "If I was the corps, given the colossal failure that their engineering caused here, I would be making every effort to assure as expeditiously as possible that this would never happen again."

Still, Mr. Bruneau said, "Lakeview is going to be fine."

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He said the vacant lots where ruined houses had been cleared away reminded him of the 1960s, when the development was first filling up.

Some residents are building for the future without waiting for the corps. One home in the Lakeview neighborhood is being raised on jacks by about 10 feet. Another Hurricane Katrina might not even dampen its carpets.

Whatever the corps does to protect this vulnerable city, homeowners know that the rules of real estate have changed forever.

Instead of "location, location, location," now it's "elevation, elevation, elevation."

WAR NEWS:

Rumsfeld Memo Was Part Of Bush Plan, Officials Say (LAT)

By Josh Meyer

The Los Angeles Times, December 4, 2006

WASHINGTON — President Bush has been actively soliciting ideas and proposals about a course correction in Iraq from an array of senior aides, congressional and military leaders, Iraqi officials and others, and plans to announce a "new way forward" soon, senior administration officials said Sunday.

National security advisor Stephen Hadley and Ambassador to Iraq Zalmay Khalilzad sought to portray Bush's actions as a bold leadership step, not a reaction to calls for a change in strategy by the Iraq Study Group, congressional Democrats and even his own outgoing Defense secretary, Donald H. Rumsfeld.

They said an internal Rumsfeld memo proposing major changes in Iraq policy that surfaced publicly Saturday was actually part of that initiative, not an admission of failure or a reflection of dissension.

"The president had asked agencies to begin a review of our policy in Iraq, and what Secretary Rumsfeld did, I think, very helpfully, was put together a sort of laundry list of ideas that ought to be considered," Hadley told ABC's "This Week."

"We have to make some changes," he said. "We need a new way forward in Iraq, and that's what this policy review is all about."

On CBS' "Face The Nation," Hadley said there was no timetable for the plan, but "I think it's going to be weeks, not months."

Khalilzad told CNN's "Late Edition" that the efforts by the bipartisan Iraq Study Group — which is expected to release a report Wednesday calling for gradual troop withdrawal — helped spur the administration into seeking its own alternatives on what to do next, particularly from top officials like Rumsfeld.

"It is energizing to review and adjust," Khalilzad said.

Bush repeatedly has rejected a wholesale pullout of troops, or what the White House calls artificially imposed deadlines, saying Thursday: "This business about a graceful exit just simply has no realism to it at all."

On Sunday, Hadley and Khalilzad emphasized that even as the president considers calls for a drawdown by the study group, Rumsfeld, Democrats in Congress and others, his main goal is to shift responsibility to Iraqi political and military leaders and force them to more quickly assume control of the country.

The White House is preparing for an important week in the increasingly contentious debate over Iraq, focusing not only on whether — and when — U.S. troops should be withdrawn, but on administration fears that Iraqi officials will not be able to keep their country from plunging deeper into civil war among Kurds, Shiites and Sunni Arabs.

Officials are particularly concerned whether Iraqi Prime Minister Nouri Maliki and his government can stand up to radical Shiite cleric Muqtada Sadr and his armed followers, whom U.S. officials have characterized as "death squads."

Bush is to meet today with Abdelaziz Hakim, a Shiite cleric and Sadr's main rival, to discuss ways of stanching the bloodshed and strengthening Maliki's fractured government.

Hakim, who is linked to a militia blamed for some of the sectarian killing, will press Bush to accelerate the handover of security control to Iraq in exchange for promises to rein in militias accused of using the Shiite-dominated police force as a cover for killing Sunnis, said Sheik Diyadhin Fayadh, a senior member of the Supreme Council of the Islamic Revolution in Iraq. He will also reassure Bush that Iran will not be allowed to exert undue influence in Iraq, Fayadh said.

Khalilzad said the meeting with Hakim and one planned with Iraqi Vice President Tariq Hashimi, a Sunni leader, are designed to give Bush a chance to encourage Iraqis "to come together, to unite, to reconcile, and to confront extremists."

The officials' appearances on the Sunday television shows came on the heels of two embarrassing leaks, both to the New York Times, concerning the administration's efforts in Iraq. The first disclosed a classified memo from Hadley to Bush expressing concerns about Maliki's leadership abilities. That came Wednesday, just before a meeting between Bush and the Iraqi.

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The second came Saturday, when an internal Nov. 6 memo from Rumsfeld to Bush surfaced in which the Defense secretary acknowledged that the current strategy in Iraq "is not working well enough or fast enough."

Rumsfeld, who resigned two days after writing the memo, called for a "major adjustment" in U.S. strategy. His proposals included calls for the administration to be more "minimalist" in its goals in Iraq and its troop presence. Many were similar to ideas pushed by Democrats in Congress.

Noting the similarities, some Democrats on Sunday condemned Rumsfeld's memo, saying it was emblematic of an administration that was too inflexible on Iraq until after the GOP's crushing electoral defeat that cost it control of Congress.

Others said they still doubted that Bush would offer a substantially new plan. "I don't think he listens to Republicans, and he doesn't listen to Democrats," Sen. Dianne Feinstein (D-Calif.) said on "Late Edition." "He listens only to the selected few around him who essentially cater to this 'stay the course' theory."

Some Republicans were also critical of the White House's promises of change.

"We have to have a reality check here. And memos being leaked and all of that — that's interesting Shakespearean drama," Sen. Chuck Hagel (R-Neb.) told CBS. "But bottom line is, if for no other reason, we need a policy worthy of the young men and women serving in Iraq today. And we don't have one."

Adviser Says Bush Plans To Review Panel's Report And Make 'Significant Changes' On Iraq (NYT)

By Steven R. Weisman

The New York Times, December 4, 2006

WASHINGTON, Dec. 3 — President Bush plans "significant changes" in his approach to Iraq after he reviews options drafted by an outside panel of experts and suggestions from others in the administration and Congress, Stephen J. Hadley, the national security adviser, said Sunday.

Mr. Hadley, whose own internal memo expressing doubts about the Iraqi leadership stirred a debate when it was disclosed last week, said Mr. Bush would announce "a new way forward" in Iraq in the coming weeks, once he goes through the recommendations from various groups.

Among the options to be examined are those expected to be released on Wednesday from the bipartisan Iraq Study Group, led by former Secretary of State James A. Baker III and former Representative Lee H. Hamilton. The group has spent most of the last year studying Iraq strategy.

"The president has said that what is going on in Iraq is not going well enough or fast enough," Mr. Hadley said on the NBC News program "Meet the Press." "The president said we need to make changes. Some of those changes are going to be significant changes."

Mr. Hadley said, however, that the principal goal of helping Iraq become a self-governing country that can defend itself would remain, and that a withdrawal of troops "regardless of what was happening on the ground" would not be adopted.

"That's cut and run, and, of course, as the president has said, cut and run is not his cup of tea," Mr. Hadley said.

Asked when Mr. Bush planned to report to Americans on his own conclusions, Mr. Hadley said, "I think it's going to be weeks, not months."

Mr. Hadley described a leaked memo written by Defense Secretary Donald H. Rumsfeld that called for "a major adjustment" in approach on Iraq, possibly including troop redeployments or withdrawals, as part of the overall review being conducted by the president.

"What Secretary Rumsfeld did, I think very helpfully, was put together a sort of laundry list of ideas that ought to be considered as part of that review," Mr. Hadley said on the ABC News program "This Week," referring to the memo.

Mr. Hadley used the phrase "laundry list" to characterize Mr. Rumsfeld's suggestions on each of his three television appearances on Sunday, the third one being "Face the Nation" on CBS News.

He also said that despite his own memo expressing doubts about Iraq and the leadership of Prime Minister Nuri Kamal al-Maliki, President Bush had confidence in Mr. Maliki and would work hard to help the Iraqis accelerate their training of military and security forces.

"They're not there yet," Mr. Hadley said of the Iraqi government on "This Week." "They face enormous challenges. They don't have all the tools that they need." He said that when Mr. Bush met Mr. Maliki in Amman, Jordan, last week, they resolved to find ways to help the Iraqis "get greater capabilities" and "more responsibility."

In Mr. Hadley's memo, written on Nov. 8 after he had met with Mr. Maliki in Baghdad, he said it was unclear whether Mr. Maliki was misinformed about violence in Iraq or unwilling or unable to curb sectarian violence, including the spread of Shiite militias loyal to Moktada al-Sadr, one of Mr. Maliki's most important political allies.

But on Sunday, Mr. Hadley said that, since then, the administration had become convinced that Mr. Maliki was doing his best to go after the militias and assume greater responsibility for Iraq's security.

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“That memo was written early in the review process, in the first week of November, as a result of a trip I took,” Mr. Hadley said on “Meet the Press.” “We have been making assessments in a variety of agencies to try and answer the questions I posed in that memo.”

After meeting with Mr. Maliki, Mr. Hadley said, Mr. Bush drew the conclusion that, as he put it last week, the Iraqi leader was “the right guy” for Iraq.

On Sunday, Mr. Hadley was repeatedly asked about his memo, which was disclosed in The New York Times last week. He denied that its disclosure was in any way authorized by the White House or his office. He said leaking it was “an effort to embarrass” Mr. Bush and Mr. Maliki on the eve of their summit meeting.

“It was outrageous,” he said of the disclosure. “It could have cast a pall over this meeting, a meeting that was very important to Iraqis and to Americans to chart the future in Iraq.” He declined to say whether the White House would investigate who disclosed the memo.

Analysis: Bush Parries Pressure On Iraq (AP)

By Jennifer Loven

AP, December 3, 2006

President Bush has walked a fine line between embracing the mission of a bipartisan, high-profile advisory panel on Iraq and maintaining enough distance not to be bound by all — or even most — of its upcoming recommendations.

This week, the congressionally chartered Iraq Study Group presents Bush with its suggestions for a new way forward in the increasingly messy and unpopular war. Hopes went sky-high that the commission has devised a winning prescription for the beleaguered U.S. effort, now well into its fourth year with violence not abating.

Expectations rose in part because two of Washington's most respected graybeards lead the group: Bush family loyalist James A. Baker III, a former secretary of state, and former Democratic Rep. Lee Hamilton, co-chairman of the Sept. 11 commission that produced a gold-standard report on fighting terrorism.

Aware the study group could recommend some bitter prescriptions, the White House has indicated it will take the advice seriously but not accept it automatically. The president says the report will be only one of many he will consider and still insists that American troops should stay in Iraq until the country can take care of itself.

"We are not going to outsource the business of handling the war in Iraq," press secretary Tony Snow said in October when questions began arising about the panel.

Since then, Bush has ordered examinations of Iraq policy throughout the administration, anchored by a review of military options by Gen. Peter Pace, chairman of the Joint Chiefs of Staff. Bush has heard his team's consolidated but still-incomplete conclusions and is expected to get the final report in about two weeks.

Last week, the president portrayed his meeting in Jordan with Iraqi Prime Minister Nouri al-Maliki as part of conducting his own due diligence. Continuing that effort, Bush meets on Monday with Abdul-Aziz al-Hakim, the Shiite leader of the largest bloc in Iraq's parliament. Next month, Bush will see Iraq's Sunni vice president.

Bush's national security adviser, Stephen Hadley, emphasized that the White House will not "shoot from the hip" following the study group's Wednesday presentation. Do not expect an immediate response, Hadley said, but one probably weeks off.

"America is ready to make changes to better support the unity government of Iraq," the president said in his Saturday radio address. "I want to hear all advice before I make any decisions about adjustments to our strategy in Iraq."

Hours after he spoke, it was disclosed by The New York Times that Donald H. Rumsfeld called for major changes in tactics two days before he resigned as defense secretary.

"In my view it is time for a major adjustment," Rumsfeld wrote in a Nov. 6 memo to the White House. "Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough."

Michael O'Hanlon, a foreign-policy scholar at the Brookings Institution whom the Iraq Study Group consulted, said Bush's parallel maneuvers are not merely attempts to get in front of what may be unpleasant options.

The independent panel took stock of current, smart thinking on Iraq across a broad spectrum. But, O'Hanlon said, it did not do the detailed digging necessary to craft the sort of radical changes needed to turn the tide in Iraq — meaning Bush can go a different direction without too much cost.

"Many got their expectations too high," O'Hanlon said.

Bush's traditional pattern is also at work as he considers how to handle the 100 pages of advice — all nonbinding — he is about to receive.

He often strenuously resists outside recommendations for action, then pivots to embrace them as his own when pressure becomes irresistible.

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The president opposed creation of the Sept. 11 commission in the first place, as well as the establishment of a catchall Homeland Security Department. Bush later changed his mind on both points, and ran campaigns on putting in place that commission's recommendations, and against Democrats who balked at the way he wanted to structure the Homeland Security behemoth.

"He believes that his best chance of getting closer to what he wants is to do it this way," said Bruce Buchanan, a University of Texas political scientist who long has studied the Bush family. "What he wants now is to be perceived as still in charge and not pushed into receivership by a group of wise heads."

Seeking to shift Iraq policy more toward diplomacy, for instance, the panel is expected to call for direct pleas for help from Iran and Syria.

Bush remains cool to that idea, publicly and privately. Those Iraq neighbors are the United States' most vexing rivals in the Middle East and two countries that the U.S. has blamed for destabilizing Iraq and fomenting global terrorist activity.

So in recent days, the White House undertook a pre-emptive flurry of Iraq-focused diplomacy with Mideast nations considered friends, such as Saudi Arabia, Egypt and Jordan. At the same time, the in-house review is considering reducing the administration's role as a middleman in some of the most contentious fights between Iraq's fractious sectarian and political factions, say officials familiar with the process.

The Baker commission also will endorse a phased withdrawal of troops, perhaps beginning early next year and not conditioned on progress by Iraqi security forces, according to officials familiar with the group's deliberations. The U.S. force posture could be changed — focused less on front-line fighting and more on support and intelligence.

Bush has rejected any American military drawdown before Iraqi security forces are capable. But the panel is not expected to urge a timetable. Because that is not directly at odds with the president's position, it could give him cover to accept some sort of redeployment.

"He's positioning it so he has the opportunity to take it a la carte, or more if he wants," said Frederick Barton, co-director of the Post-Conflict Reconstruction Project at the Center for Strategic and International Studies.

Buchanan predicted Bush would "grab the things he can accept and portray that as being cooperative."

The president will have to hope that works.

Otherwise, restive Democrats, who won control of Congress in last month's elections in large part because of public dissatisfaction with the war, could try to force him into a specific timeline for troops to come home.

"Redeployment is now the accepted next step" in both parties, said Ivo Daalder, a White House national security aide in the Clinton administration. "So he's pretty alone in saying we should not redeploy."

Aide: Bush Not Seeking Cover For Pullout (AP)

By Ben Feller

AP, December 3, 2006

While President Bush acknowledges the need for major changes in Iraq, he will not use this week's Iraq Study Group report as political cover for bringing troops home, his national security adviser said Sunday.

"We have not failed in Iraq," Stephen Hadley said as he made the talk show rounds. "We will fail in Iraq if we pull out our troops before we're in a position to help the Iraqis succeed."

But he added: "The president understands that we need to have a way forward in Iraq that is more successful."

The White House readied for an important week in the debate over Iraq: Bush planned a meeting Monday with Abdul-Aziz al-Hakim, the Shiite leader of the largest bloc in Iraq's parliament, and awaited the recommendations Wednesday from the bipartisan commission.

Yet his administration, hoping to find a new way ahead in Iraq, found itself on the defensive from the second recent leak of an insider's memo on Iraq in a week.

The latest, first reported in Sunday's New York Times, showed that Donald H. Rumsfeld called for a "major adjustment" in U.S. tactics on Nov. 6 — the day before an election that cost Republicans the Congress and Rumsfeld his job as defense secretary.

Hadley played down the memo as simply a laundry list of ideas rather than a call for a new course of action.

He said that Bush — just before a pivotal election — was not portraying a different sense of the war to the public than his own defense secretary was giving him in private.

The president "has said publicly what Rumsfeld said, that things are not proceeding well enough or fast enough in Iraq," Hadley said.

Democrats did not buy that.

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"The Rumsfeld memo makes it quite clear that one of the greatest concerns is the political fallout from changing course here in the United States," said Sen. Joseph Biden, D-Del., the incoming chairman of the Senate Foreign Relations Committee. "The bottom line is there is no one, including the former secretary, who thought the policy the president continues to pursue makes any sense."

Bush has nominated Robert Gates to replace Rumsfeld. His confirmation hearing before the Senate Armed Services Committee is on Tuesday.

As pressure builds for a new strategy, the report from the Iraq Study Group increasingly is viewed as perhaps clearing the way for a U.S. exit strategy in Iraq. Hadley, though, said the review will be just one factor the White House considers, along with views of congressional leaders, U.S. military commanders and the Iraqi government.

Once the president is comfortable on how to proceed, he will spell out his plan publicly in the coming weeks, Hadley said.

Bush repeatedly has rejected a wholesale pullout or what he calls artificial deadlines, saying Thursday, "This business about a graceful exit just simply has no realism to it at all."

Hadley said Bush was trying to address those who contend the commission "was just going to be cover for an American withdrawal, almost regardless of what was happening on the ground. And the president needed, and felt he needed to stop that right there. That isn't graceful withdrawal, that's cut and run. And, of course, as the president's said, cut and run is not his cup of tea."

Hadley said the goal remains to shift responsibility to Iraqi forces, an increasing point of emphasis as the unpopular war rolls on.

Bush, after a meeting last week in Jordan, expressed confidence that Iraqi Prime Minister Nouri al-Maliki and his government can lead the country toward peace with support from the United States.

Yet Hadley was left Sunday to defend his own memo that called that very point into question.

Written on Nov. 8 but disclosed just before Bush's meeting with the Iraqi leader, the memo described al-Maliki as "either ignorant of what is going on, misrepresenting his intentions or that his capabilities are not yet sufficient to turn his good intentions into action."

Hadley said Sunday about the memo: "I made an assessment, raised a number of questions, hard questions that should have been raised. But if you look at that memo and if you look at what the president said in the press conference after the meeting with Prime Minister Maliki, it is clear that this government shares our objective for Iraq and has the will and desire to take responsibility."

The White House maintains that, taken as a whole, the memo was an expression of support for al-Maliki. Hadley rejected the suggestion that Bush administration hadn't shown much displeasure about the leak — or even that it had been authorized to pressure al-Maliki.

"It's unconscionable," he said. "It's an effort to embarrass those two leaders. It could have cast a pall over this meeting."

In Congress, Democrats and Republican continue to wrestle with how and when to withdraw troops without leaving a mess in Iraq, the kind of instability that could jeopardize the region and the United States.

The outgoing Senate Armed Services Committee Chairman John Warner, R-Va., said Bush is "listening, learning, and he's open to take a change in course."

Bush says the U.S. will stay in Iraq as long as it takes to get the job done. That is the wrong message to Iraqis, said Sen. Carl Levin, D-Mich., the incoming chairman of the Senate Armed Services Committee.

"It tells them that it's not their responsibility, it's ours," said Levin, pushing for the start of a phased troop withdrawal.

"Nothing has changed," said Sen. Dianne Feinstein, D-Calif., about the president. "He said he'll continue to be flexible. But he hasn't been flexible. He doesn't listen. And that's just a fact."

Hadley appeared on ABC's "This Week," NBC's "Meet the Press," and `Face the Nation" on CBS. Warner and Levin were on NBC, Biden was on "Fox News Sunday" while Feinstein appeared on "Late Edition" on CNN.

Amid Hints Bush Will Change Policy, Clues He Won't (NYT)

By David E. Sanger

The New York Times, December 4, 2006

WASHINGTON, Dec. 3 — The debate that will engulf Washington and much of the country this week centers on a question that lurks at the intersection of war strategy and the personality of the commander in chief: after three and a half years, is President Bush ready to abandon his declaration that American forces cannot begin to leave Iraq until the Iraqis demonstrate that they are capable of defending themselves?

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As administration officials tried to prepare the ground over the weekend for the release of the bipartisan Iraq Study Group's long-awaited report on Wednesday, the president's national security adviser, Stephen J. Hadley, repeatedly sidestepped questions about how the administration would react to the panel's recommendations.

On three television news programs on Sunday, he offered assurances that Mr. Bush would look at all the new ideas landing on his desk to develop what Mr. Hadley referred to — 12 times — as a "new way forward," one that the president would announce to the nation in "weeks, not months."

But Mr. Hadley knows that one of the commission's core conclusions is that the White House should announce a plan for American forces to begin pulling back, whether the Iraqis are ready or not.

The commission's proposal is carefully calibrated, officials familiar with it say, dangling the possibility that American troops would stay longer if the fragile Iraqi government actually takes on the militias and death squads. But without explicit resort to deadlines or timelines, it also threatens accelerated withdrawal if the government fails to act decisively.

Commission members say they concluded that Mr. Bush's strategy so far has created an expectation that the United States will always be there to hold Iraq together. Breaking that culture of dependency, they concluded, is the key to making the long-discussed "Iraqification" of the country's security a reality. But they are uncertain whether they can persuade a famously stubborn president to adopt that view.

"Is George Bush ready to hear that?" one commission member asked over the weekend. "I don't think any of us really know. I don't know if the president himself knows."

The answer may depend on the impact of the bruising political realities of 2006 — and the prospect that Iraq could define Mr. Bush's presidency as Vietnam defined Lyndon B. Johnson's.

Mr. Bush, of course, has never lacked for certainty about his strategies for Iraq. From his early enthusiastic descriptions about building a model of democracy in the Middle East to his glossy "Victory in Iraq" strategy paper a year ago, Mr. Bush has not shown a hint of doubt in public that eventually his approach would succeed, or that his critics were wildly off course.

That has begun to change just days before the Iraq Study Group's report, which includes a call for phased withdrawal of combat brigades from Iraq, starting next year and ending in 2008. Now Mr. Bush and his aides are suddenly trying to embrace uncertainty as a virtue — a sign of flexibility toward new ideas.

A flood of memos written by Mr. Bush's top advisers — two of them leaked in recent days — offer a host of ideas, some of them internally inconsistent and some proposing actions dismissed by Mr. Bush just months ago as evidence of a lack of national resolve to win.

On Sunday, Mr. Hadley's repetition of the wording "way forward" was no accident. Both the title of the Iraq Study Group's report and the proposed name of the yet-undecided White House strategy are expected to make use of the same language, officials say.

Mr. Hadley portrayed Mr. Bush as "interested in getting a range of new ideas" for many months now — a period that covers the run-up to the midterm elections, when he and Vice President Dick Cheney charged that "phased withdrawal" and timelines were just euphemisms for retreat.

Perhaps so. But Mr. Bush himself told Prime Minister Nuri Kamal al-Maliki on Friday that "this business about graceful exit just simply has no realism to it," a statement that made some commission members wonder if the president was signaling that some of their ideas would be dead on arrival.

Mr. Hadley offered a different explanation on Sunday, saying on NBC's "Meet the Press" that after the first leaks of the Iraq Study Group's conclusions, the president simply felt "he needed to stop" any talk that the commission, led by James A. Baker III and Lee H. Hamilton, was going to provide "cover for an American withdrawal."

"That's cut and run and, of course, as the president has said, cut and run is not his cup of tea," Mr. Hadley said.

But commission members say it is not tea they will be serving on Wednesday, but rather a more powerful brew, infused with the realities of a war on the brink of spinning beyond Washington's control. They insist that their phased approach of incentives and disincentives to Mr. Maliki's government amounts to a last-ditch effort to come up with a strategy with a prayer of working, and that if it was compressed onto a bumper sticker, it would boil down to "train and walk backward."

Administration officials say Mr. Bush is likely to embrace that part of the report, which will call for vastly increasing the number of American trainers embedded in Iraqi units, along with other provisions that he can argue are already being implemented.

And while the White House will call for time to examine the rest of the report, officials say that Mr. Baker, who was secretary of state under Mr. Bush's father and is close to the current president, has kept Mr. Hadley and others apprised of the broad directions of the report.

"There's been more than a little common shaping of concepts here, and I suspect you'll hear that in some of the language used by all sides," said one commission official working on the report.

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The risk, commission members say, is that by the time the White House carries out its “new way forward,” it may be too late. Gen. George W. Casey Jr., the commander of American forces in Iraq, drafted plans early this year to reduce the number of American combat brigades by a third by the end of this year. That has not happened; instead, the brigades are facing more danger than ever as they try to regain control of Baghdad.

Even Mr. Hadley seemed barely able to suppress his skepticism at Mr. Maliki’s vow, renewed last week, that Iraq’s military would be able to defend the government itself by the middle of 2007. “Our commanders have looked at that plan; they think it is ambitious,” he said.

Bush Is Weighing Options For New Strategy In Iraq, Aide Says (WP)

By Charles Babington

The Washington Post, December 4, 2006

Nearly four years after invading Iraq, President Bush is sorting through an array of options -- none of them easy -- for a way out, including a partial withdrawal of U.S. troops from violence-plagued cities and a redeployment near Iraq's borders with Iran and Syria, his top security aide said yesterday.

Bush is open to several previously rejected possibilities because he realizes "things are not proceeding well enough or fast enough in Iraq," national security adviser Stephen J. Hadley told ABC News's "This Week." "We have to make some changes."

Hadley said the president is considering a "laundry list of ideas" from a Nov. 6 memo by Secretary of Defense Donald H. Rumsfeld, who announced his resignation two days later -- just after Republicans lost control of the House and Senate in the midterm elections. The options include the redeployment of substantial U.S. forces to areas near the Iranian and Syrian borders, withdrawing U.S. troops from especially vulnerable positions and starting modest drawdowns of American forces to encourage Iraqis, as Rumsfeld wrote, "to pull up their socks, step up and take responsibility for their country."

"Of course they're being considered," Hadley said of the suggestions. Iraqi Prime Minister Nouri al-Maliki, he said, "made very clear to the president that he and his unity government want to take more responsibility. That's what we've been seeking for three years."

"They're not there yet," he added. "They don't have all the tools that they need."

The Rumsfeld memo suggests that in the days leading up to the Nov. 7 elections, the administration was torn between staying on course in Iraq and considering options it repeatedly had rejected. Three days before Rumsfeld wrote the memo, Vice President Cheney said in an interview that the administration would continue "full speed ahead" with its policy in Iraq, regardless of the elections' outcome. Even if the policy proved unpopular, Cheney said, "it doesn't matter, in the sense that we have to continue what we think is right."

Rumsfeld's resignation on Nov. 8 was widely seen as a nod to voter anger over the war and discontent within GOP ranks.

Hadley said Bush will weigh recommendations from Rumsfeld, congressional Democrats and Republicans, military leaders, Iraqi officials, and a soon-to-be-published report by the bipartisan Iraq Study Group. "He is going to then take all of those things and come together with a way forward," Hadley said on NBC's "Meet the Press." "His hope is that it is a way forward that the American people can support."

Some senior Democratic senators, who will be in the majority when Congress convenes next month, said yesterday that the administration continues to move too slowly in pressing Iraqis to assume control of their security and future.

"I'd do the opposite of what the president did a month ago, when he picked up the phone and called Prime Minister Maliki and said, 'Don't worry, we're staying,' " Sen. Evan Bayh (D-Ind.), who is considering a presidential bid, told ABC. "I'd pick up the phone and say, 'You know what, we're not staying forever. You need to start getting your act together.' "

Sen. Joseph R. Biden Jr. (D-Del.), another possible presidential candidate and the incoming chairman of the Senate Foreign Relations Committee, told "Fox News Sunday" that the Rumsfeld memo shows "there was a clear disconnect between what the administration has been saying the last year and what's been going on on the ground." He said no one, including Rumsfeld, "thought the policy the president continues to pursue makes any sense."

Sen. Carl M. Levin (D-Mich.), who will chair the Senate Armed Services Committee, told NBC that Bush is "not capable of admitting mistakes." Levin said the United States should begin withdrawing its troops in four to six months. "I know the president has rejected that," he said. "He's rejected everything that reflects on his policy or that suggests that his policy is wrong or that we've got to change course."

Republican Sen. Lindsey O. Graham (S.C.) took a different tack, saying the United States should send more troops to Iraq to quell the sectarian violence and stabilize the nation. He said Bush "needs to tell the American public a failed state in Iraq is a dramatic loss in the war on terror. . . . We must stay, fight and win in Iraq. I reject timetables" for troop withdrawals.

"And any strategy that unites the country and we lose, I'm against," Graham told "Fox News Sunday." "I'd rather be divided as a nation and win than united and lose."

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Hadley Calls Leaked Memo "Constructive" (WT)

By Eric Pfeiffer

The Washington Times, December 4, 2006

President Bush's national security adviser said a leaked memo from Defense Secretary Donald H. Rumsfeld, which lists redeployment of U.S. forces in Iraq as a potential alternative to current administration strategy, was "constructive" but not a formal proposal by the outgoing Pentagon chief.

"It was a useful and constructive memo, but it was not a proposal for a new course of action," Stephen J. Hadley said during an appearance on CBS' "Face the Nation." "It was much more a list of things that needed to be considered."

Meanwhile yesterday, incoming Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, said that the president should accept the recommendations of the Iraq Study Group, whose findings will be released this week and are expected to include a similar call for troop redeployment.

"I think it's the right timeline," Mr. Biden said during an appearance on "Fox News Sunday." "Because it recognizes the reality: that, by the end of 2008, one of two things is going to have happened. We will either help broker a political settlement where the violence is abated in that country and/or things will be totally out of control."

Although Mr. Hadley twice described the Rumsfeld memo, written the day before last month's elections, as a "laundry list," he said Mr. Bush agrees that a change of course in Iraq is necessary.

"He's said that. He has said publicly what Secretary Rumsfeld said, that things are not proceeding well enough or fast enough in Iraq," Mr. Hadley told George Stephanopoulos, host of ABC's "This Week." "We have to make some changes. We need a new way forward in Iraq, and that's what this policy review is all about."

However, some Senate Democrats remain skeptical that Mr. Bush will embrace either the Iraq Study Group findings or the Rumsfeld memo.

"His stubbornness has continued," said Sen. Carl Levin, Michigan Democrat.

Mr. Levin, slated to lead the Senate Armed Services Committee when the Democrats assume Congress' reins next month, told NBC's "Meet the Press" that he doesn't expect Mr. Bush to make significant changes without pressure from Democratic lawmakers.

"He's not going to make admissions; he's not capable of admitting mistakes," he said. "The Democratic proposal is a modest one. It is not precipitous. It's been characterized as cut and run. It is not."

Added Sen. Dianne Feinstein, California Democrat: "Nothing has changed. [Mr. Bush] said he'll continue to be flexible. But he hasn't been flexible. He doesn't listen. And that's just a fact."

"I don't think he listens to Republicans and he doesn't listen to Democrats. He listens only to the selected few around him who essentially cater to this 'stay the course' theory," she said during an appearance on CNN's "Late Edition."

Yesterday's discussion sets the stage for a busy week for the president on Iraq policy. He meets today with the head of Iraq's largest political party; tomorrow, confirmation hearings begin for Robert M. Gates, whom Mr. Bush has picked to succeed Mr. Rumsfeld at the Pentagon; and Wednesday, the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, releases its report.

Still, Mr. Hadley said during his "Face the Nation" appearance that Mr. Bush will take the various recommendations into account and come up with a bipartisan plan for Iraq.

"He's going to listen to the Baker-Hamilton report. He's going to listen to the reviews that are being done by his agencies. He's going to want to hear what Republicans and Democrats and the Congress think about. Then he's going to pull it together in terms of a way forward in Iraq that hopefully will command support from Republicans, Democrats, the executive branch and the Congress."

Mr. Bush did receive support from a pair of Republican senators who have often criticized him on Iraq.

"Our president is listening, learning, and he's open to take a change in course," Sen. John W. Warner, Virginia Republican, said during his appearance on NBC's "Meet the Press."

Sen. Lindsey Graham, South Carolina Republican, said that he continues to reject calls for a timetable for withdrawal.

"I reject any proposal coming out of the Congress, any commission, the Pentagon or any other source that sets a deadline or a timeline." Mr. Graham told "Fox News Sunday" that a redeployment would embolden terrorists. "If we redeploy to a friendly nation under these circumstances, the terrorists will see that as retreat and defeat, and they will come after us in that friendly nation."

Bush Weighing Rumsfeld Ideas Among Options (USAT)

By Richard Wolf, Haya El Nasser

DOJ_NMG_0101663

USA Today, December 4, 2006

WASHINGTON — President Bush will consider new options for Iraq within weeks, including those suggested by Defense Secretary Donald Rumsfeld before his resignation and by a bipartisan study group this week, his national security adviser said Sunday.

The president's review will take into consideration "a full range of options for changing what we do and how we do it," Stephen Hadley said on CBS' Face the Nation. That will include Rumsfeld's "laundry list," contained in a memo written the day before Election Day and reported Sunday in The New York Times.

In the memo, Rumsfeld said the president should consider beginning "modest withdrawals" of U.S. and coalition forces, particularly from vulnerable areas.

Rumsfeld also listed increasing the number of U.S. forces embedded with Iraqi forces, beefing up security near the Iranian and Syrian borders, and providing money to key political and religious leaders "as Saddam Hussein did."

The memo also said more Iraqi troops could be placed with U.S. units, which would improve "our units' language capabilities."

"Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough," Rumsfeld wrote.

The Defense secretary listed as "less attractive options" increasing U.S. forces, moving far more forces into Baghdad, continuing on the current path or setting a firm withdrawal date.

Hadley said Bush will take all suggestions into consideration. "The president made clear he wanted to open the aperture, really have a re-look and look at a variety of ideas," Hadley said. Rumsfeld's memo was "useful and constructive," he said, "but it was not a proposal for a new course of action."

Bush said Saturday that "I want to hear all advice before I make any decisions about adjustments to our strategy in Iraq. … The decisions we make in Iraq will be felt across the broader Middle East."

The bipartisan Iraq Study Group is expected to emphasize that point Wednesday when it releases its report. The group, chaired by former secretary of State James Baker and former Indiana congressman Lee Hamilton, will recommend withdrawing some troops from Iraq soon, according to two people who participated in writing the report. The Associated Press, citing a U.S. official, reported that the panel might recommend a tentative completion date as early as 2008. It also will recommend a comprehensive Middle East diplomatic initiative.

U.S. Ambassador to Iraq Zalmay Khalilzad said on CNN that the administration should "increase incentives" for Iraq to deal with its own problems and "incentivize" Iran and Syria "to change their behavior."

Rumsfeld's leaked memo generated opposing views Sunday from members of Congress:

·"Iraq has to be solved politically," said Sen. John Kerry, D-Mass., on CNN's Late Edition. Adding troops "is to make the mistake of Vietnam all over again."

· "They can't achieve security if we begin to withdraw," said Sen. Joe Lieberman of Connecticut, an Iraq war supporter who won re-election as an independent last month. "That's the signal to everybody I've talked to that the sectarian violence will get worse and the government will collapse," he said on CBS.

Hadley said Rumsfeld's memo did not appear to be a late effort to save his job.

Rumsfeld announced his resignation Nov. 8, a day after Democrats won control of both houses of Congress. Bush's choice to replace him, former CIA director Robert Gates, has his confirmation hearing Tuesday in the Senate Armed Services Committee.

Iraq Memo Piles The Pressure On Bush (FT)

By Krishna Guha, Edward Luce, Demetri Sevastopulo

Financial Times, December 4, 2006

President George W. Bush's isolation over Iraq deepened on Sunday following the publication of a leaked memo from sacked defence secretary Donald Rumsfeld calling for a "major adjustment" in Iraq policy.

John Warner, the outgoing Republican chairman of the Senate armed services committee, told NBC's Meet the Press programme that the president should respect the will of the people and seek agreement with the Democrat leaders of Congress on a new Iraq policy.

Top Democrats attacked the president for appearing to dig in his heels ahead of the publication on Wednesday of the bipartisan Baker-Hamilton report on Iraq. Carl Levin, incoming chairman of the Senate armed services committee, said "his stubbornness has continued . . . it seems to me to be more of the same".

Meanwhile Kofi Annan, the secretary-general of the United Nations, told the BBC that he agreed with those who say the "average Iraqi's life" is worse now than it was under Saddam Hussein.

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The pressure on Mr Bush, who last week insisted there would be no "graceful exit" from Iraq, comes ahead of what may prove a defining week in US Iraq policy.

Stephen Hadley, White House national security adviser, on Sunday played down the significance of the Rumsfeld memo, which was leaked to The New York Times. It included an option to "begin modest withdrawals of US and coalition forces [start taking our hands off the bicycle seat]" – a policy shift favoured by the Democrats.

Mr Hadley described the memo – released two days before Mr Rumsfeld was fired – as a "laundry list" rather than "a game plan". The White House desperately wants to keep room for manoeuvre and not be bound by the recommendations of the Baker-Hamilton report – which, leaks suggest, will advocate a draw-down of US combat troops and talks with Iran and Syria.

Zalmay Khalilzad, the US ambassador to Iraq, told CNN it would take Mr Bush "a few weeks" to make up his mind on any changes to Iraq policy.

Mr Hadley said the report was an important input to what he characterised as a broader review of Iraq policy.

While Mr Rumsfeld had floated the idea of redefining US goals and going "minimalist", Mr Hadley insisted Mr Bush's goal re-mained the same: "a democratic Iraq that can govern itself, sustain itself and be an ally in the war on terror". He cast the present challenge as one of building Iraqis' ability to take on responsibility for their own security.

A Pentagon official told the FT that when the memo was released, Mr Rumsfeld had known he was to be sacked.

Bush's Shrinking Options (WP)

By Robert D. Novak

The Washington Post, December 4, 2006

George W. Bush passed through seven time zones from Amman, Jordan, on Thursday to land in Washington at 4 p.m., resting briefly before embarking on the annual round of White House Christmas parties. The nightly six-hour chore of handshaking and posing for photos was followed by sitting through the endless annual honors presentation at the Kennedy Center on Sunday night. This regimen, for a president who likes to fine-tune and limit his schedule, fits his loss of control over Iraq.

The notion bruited about Washington that James A. Baker is a deus ex machina imposed by President Bush to resolve the entangled Iraqi plot is nonsense. The Iraq Study Group, co-chaired by former secretary of state Baker and former representative Lee Hamilton, is out of the White House sphere of influence. The White House certainly did not ask Congress for help by creating this commission. Baker has made sure that the report, though leaked in part to the press, has not gone to the White House.

As a creature of Congress (an institution that Bush dislikes), Baker's group spells trouble for Bush when it releases its report Wednesday. It will propose, however muted its tone, gradual withdrawal of U.S. combat forces from Iraq before the president is ready for it. The hope is that Baker will nuance the report's words sufficiently and hedge calls for withdrawal in such a way that Bush can say that is what he has been doing anyway.

Bush has not stepped back from the decisions he has made on Iraq. At the core of Bush's Iraq dilemma is the fact, still denied at the White House, that the president has lost his political base on the overriding issue of the war. In contact mainly with fawning campaign contributors, Bush may not appreciate the steady decline in support of his war policy that I have seen deepening among Republicans in the past year.

This undercurrent of GOP protest roared to the surface with the party's election debacle Nov. 7. At the Republican grass roots, there is no question that Iraq lost the election. State officials and party leaders who are no specialists on foreign policy tell me the Republican Party simply cannot go into the 2008 campaign with troops still fighting in Iraq.

As a lame-duck president, Bush seems oblivious to the grass-roots sentiment that will be seconded in part by the Baker-Hamilton recommendations. Baker clearly is not doing the president's bidding. On the contrary, Bush aides have suggested that two forthcoming government reports on Iraq (especially one by the Pentagon) are more important than Baker's and should be given more attention.

The president's position is difficult. He does not want to be seen as ignoring a congressional study group. But he has not yet reached the point of accepting unconditional troop withdrawal. If he seems to differ from Baker-Hamilton recommendations, he can expect heavy scolding by the group's members on television.

Increasingly, Republicans on Capitol Hill see no viable alternative to combat troop withdrawal. While Bush's plight is compared to Abraham Lincoln's after his mid-term elections, there is no capture of Atlanta to guarantee an ultimate military victory. This is not that kind of war.

If not able to secure an Atlanta-style victory, could Bush stabilize the situation in Iraq by sending in more troops? Sen. John McCain, the putative front-runner for the Republican presidential nomination, once again has gone against the body of opinion in the party by calling for more U.S. troops in Iraq. Sen. Chuck Hagel, second-ranking Republican on the Senate Foreign Relations

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Committee and a McCain supporter in 2000, wrote in The Post on Nov. 26: "The time for more U.S. troops in Iraq has passed. We do not have more troops to send and, even if we did, they would not bring a resolution to Iraq."

Bush agrees with that, but not with Hagel's call for a phased troop withdrawal likely to be included in a Baker-Hamilton group recommendation. Hagel sees the report as a last chance to avert "impending disaster in Iraq." While its release is anticipated at the White House as no less annoying than sitting through the Kennedy Center honors, the president faces an opportunity as well as a dilemma.

The Iraq Alternative (WSJ)

By Donald L. Horowitz

The Wall Street Journal, December 4, 2006

Just when you thought the midterm election results had weakened President Bush's hand in Iraq, it turns out the opposite is true. The president has been liberated from a stay-the-course policy that the Iraqi government could pocket as an open-ended commitment. The voters have given Mr. Bush a chance, perhaps a last chance, to turn Iraq in a new direction.

The Iraqi government does not want the U.S. to leave now, but the American electorate has said that the choice is to show real progress or draw down the troops. For the first time in many months, the Bush administration has a credible weapon to use on the Iraqi government and its Sunni opponents, who increasingly see the U.S. as their last line of defense against Iran and against Shiite militias. * * *

Many of Iraq's current problems stem from the Kurdish-Shiite attempt to carve the country into a confederation of three regions with a very weak central government. The result would be to leave the Sunnis, who strongly favor an indivisible Iraq, with a rump region in the center, devoid of most oil revenue. The deal would also leave minorities, large and small, stranded in zones dominated by their opponents and their respective militias. Sunnis hate this deal, and so should we. They fear it will make Iraq an Iranian satellite. If regionalization deteriorates into partition, they will likely be right, at least in the south, where pro-Iranianism, although contested among Shiites, shows signs of winning.

Partition would bring horrific bloodshed as minorities are targeted and forced migration purifies territories. The regions could very well go to war with each other over contested boundaries and people left on the wrong side of a border. Smaller groups will organize to resist, and outside forces will surely be drawn in. Turks may aid Turkomen in the north, as they have already threatened to do. Sunni states, especially Saudi Arabia, are deeply fearful of growing Iranian influence on their own Shiite minorities, and they will probably aid the large Sunni minority in the south of Iraq and those stranded in the center. The position of Islamic radicals will be strengthened.

If Iraqi politics does not change, this is the most likely outcome. Since it threatens all the Sunni states in the region, partition also means the danger of a wider war. Even though the violent partition of Iraq is not in America's interest, the U.S. will be blamed for it. Or, in the paranoid version, this is what the "Zionist-imperialist conspiracy" planned: division of an Arab country, accompanied by mass killing.

How does the Bush administration use its new leverage to prevent this? If the Iraq Study Group thinks the road to peace in Iraq runs through Iran and Syria, it has missed the point. Neither country has had any interest in fostering stability at a price we would or should be willing to pay. The only chance for peace in Iraq lies in changing the Kurdish-Shiite deal so that the Sunnis are incorporated into an undivided federal Iraq with a real central government, limited regional autonomy, and a new agreement on the distribution of oil revenue.

The odds may not favor such a new dispensation. The violence and distrust have gone too far, and strong measures against militias will be necessary. Still, the Sunnis know that if American forces leave Iraq, they are vulnerable to brutal repression. They would prefer a unitary state to a federal Iraq, but they have been coming around to accepting a federation that is not loaded against their interests, as the current arrangement is. Shiites also have reasons to reconsider. The Maliki government has not been able to put down either the Baathist or the Islamist insurgency. The former is particularly well organized and hard to defeat. Not all Shiite elements in the Iraqi regime are friendly to Iran, and they must understand that foreign Sunni states might just fill a vacuum left by departing Americans.

There is a process in the Iraqi constitution to produce the amendments demanded by Sunni opinion before the 2005 constitutional referendum, but Kurdish leaders and Shiite advocates of an autonomous south have made clear their opposition to fundamental changes. A parliamentary committee was duly appointed to consider amendments; it has wasted months squabbling over trivia. By contrast, last month the Iraqi parliament narrowly approved, over a strong boycott led by Sunnis, secularists and some Shiites, a law prescribing the procedure for the regionalization of the country. So things are going in the wrong direction. The U.S. needs to turn this around.

The Maliki government should have a choice: progress on real Sunni incorporation in the regime, or progress on phased American withdrawal. Sunni incorporation would need to begin with a revitalized and serious constitutional amendment process

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to avert the de facto partition of the country. To convince Sunnis that this was genuine, the government would have to discuss a Sunni agenda, make serious constitutional proposals in the amendment committee, work harder to cool down Shiite militias, reverse the most extreme de-Baathification purges in the civil service, and possibly reshuffle the cabinet. If it did all this earnestly so that Sunnis were drawn in -- as they would have every reason to be -- the Baathist part of the insurgency might either decline or be less warmly received in the Sunni heartland. Recall that even the Saddamist insurgent Ibrahim al-Douri recently called for a truce. External supporters of the Sunni insurgency would have good reason to urge Sunnis to participate in the new initiative to empower them, and if Sunni insurgents were less active, Shiite revenge killings would probably decline.

Shiites who are not pro-Iranian could find the proposals congenial. These would include some in Mr. Maliki's own Dawa party; supporters of the Fadhila party, which is strong in some southern provinces and opposed to a single, nine-province region there (in which they would be in the minority); and even followers of Muqtada al-Sadr, whose base is not in the south. All are wary of the largest Shiite party, the Supreme Council for the Islamic Revolution in Iraq, and its leader Abdul Aziz al-Hakim, the main proponent of a strongly autonomous south with close ties to Iran. There is a more complex politics in Iraq than the one that has formed the basis of U.S. policy thus far.

If such an initiative failed, there is another option for the Iraqi regime. The Maliki government has periodically complained that the Americans have tied the regime's hands in dealing with insurgents. If we pulled back or drew down our troops, government forces could be expected to deal brutally with Sunni insurgents and the hospitable civilian population in which they flourish. The results might or might not favor the government, but either way they would not be pretty. If the Islamic radicals were defeated and prevented from making a comeback, that short-term result would be congenial to our interests, but it is hard to believe that the U.S. could stand by and watch the brutality that made it possible.

Furthermore, if the Maliki government did succeed in repression on this scale, a truly authoritarian regime would likely emerge, with a Shiite region in the south, forcible Shiite occupation of the center, and de facto independence in the Kurdish north. This would be a kind of reverse Saddamism, but without its secular features and with strong Iranian influence. Like partition, this would be a decidedly poor outcome for the U.S. * * *

There are three main options facing Iraq. One is gloves-off repression. The second is protracted conflict, gradual partition, large-scale ethnic cleansing, and the prospect of external intervention or even outright warfare among states in the region. The third is a last-ditch political effort to reconstitute an Iraq that keeps it whole and includes Sunni interests. This alternative aligns the U.S. squarely with ethnic inclusion and territorial integrity, both worthwhile causes, and with Iraqi political forces whose agenda happens to coincide with ours.

The third course may not have a high probability of success, but it is low risk and, if it succeeds, offers great benefits to Iraq and the U.S. This approach recognizes the large area of overlap between Sunni interests (and those of our regional allies, Jordan, Turkey and Saudi Arabia) with our own. It also offers the prospect of attracting Baathists and isolating al Qaeda insurgents, and it recognizes important differences among Shiites, aiding those who do not wish to see Shiite Arabs subordinated to Iran.

This third course probably will not produce a full-fledged democracy, but it could produce minority guarantees and impediments to a nasty, ethnically exclusive autocracy. In the short run, it will not produce complete peace either. But it should still reduce the violence, and eventually could produce a stable regime that limits Iranian influence, Kurdish provocations of the Turks, and terrorist domination of the Sunni areas.

Keeping all the contending groups attached to Iraq would be a major achievement. If, however, this plan fails, nothing will be lost over and above what is already lost. For the U.S. administration, the plan is an attractive option, for it offers what the electorate demanded: real progress or a drawdown of troops. President Bush's newfound power, paradoxically produced by an election loss, makes this a serious option and the threat underlying it credible with the Iraqi regime. There is no reason not to go down this road.

Mr. Horowitz is the James B. Duke Professor of Law and Political Science at Duke and author of, among other books, "The Deadly Ethnic Riot" (University of California Press, 2001).

Can Bush Find An Exit? (TIME)

By Michael Duffy

Time, December 4, 2006

George Bush has a history of long-overdue u-turns. He waited until he woke up, hungover, one morning at age 40 before giving up booze cold. He fought the idea of a homeland-security agency for eight months after 9/11 and then scampered aboard and called it his idea. He dumped Donald Rumsfeld last month as Defense Secretary, although lawmakers and even some generals had been calling for his head since 2005. Bush's biggest reversals usually come after months--even years--of stubborn resistance, when just about everyone has given up on his having any second thoughts at all. That's always been the point: he's a

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decider, he says, and deciders aren't supposed to undecide. When he does have to Kojak the car and head down the street in the opposite direction, he takes a little extra time getting it done.

But Bush has never had to pull off a U-turn like the one he is contemplating now: to give up on his dream of turning Babylon into an oasis of freedom and democracy and instead begin a staged withdrawal from Iraq, rewrite the mission of the 150,000 U.S. troops there as they begin to draw down, and launch a diplomatic Olympics across the Middle East and between Israel and the Palestinians. Even calling all that a reversal is a misnomer; it would be more like a personality transplant.

So it may take the 43rd President a little more time than it normally does to execute this particular U-turn. And he will do all he can to make it look more like a lane change. But sometime in the next month or so, Bush will begin the biggest foreign policy course correction of his presidency. No matter what else may get stapled onto it, the maneuver will be based on the agreement reached by the bipartisan commission led by former Secretary of State James Baker III and former Indiana Congressman Lee Hamilton. Bush aides said last week that there is already agreement on the name for the restart: A New Way Forward, which borrows from the commission's own title, The Way Forward--New Approach. Among people who have known Bush for decades, there is almost as much certainty that he needs to disengage from Iraq as there are doubts about whether he has the wiring and instincts--much less the desire--to pull it off. "He is not stupid," says a commission source. "But he is stubborn. And he is very dug in. It takes a big person to find a way to walk back from some of this and embrace reality."

THE PRESIDENT IS ABOUT TO GET A LOT OF reality therapy. The Baker-Hamilton commission's work has been compared to a family intervention for a substance-addicted cousin, but unlike those encounters, this one won't remain behind closed doors. The entire 10-person commission will brief the President this Wednesday and then repeat the lesson for congressional leaders, both incoming and outgoing, later the same day. What happens next is designed to be even more convincing: several days of nonstop interviews on every media outlet, network and cable-TV station--a media blitz that will run well into the Sunday-morning news programs.

Of course some people don't like being rescued, and there is little reason to think that Bush or anyone around him is going to enjoy the visit by the Baker-Hamilton emergency squad. While there will be no lights flashing or sirens wailing, the commission is proposing nothing short of a repudiation of pretty much all U.S. foreign policy for the past three years. The Iraq Study Group will call for a massive diplomatic push in two areas in which the White House has never put its shoulder to the grindstone: rekindling peace talks between Palestinians and Israelis and holding an international conference that would lead to direct talks between Washington and both Tehran and Damascus. The commission agreed that the political turmoil inside Iraq could only be sorted out with the cooperation of neighboring countries, particularly Syria, Turkey, Iran and Saudi Arabia, which have the strongest ties to the Shi'ite and Sunni groups propelling Iraq ever deeper into civil war.

The study group's military proposals are performance based: they would link a staged withdrawal from Iraq by U.S. forces to stronger actions by the struggling Iraqi government. The report does not set a timetable for troop reductions, but it is expected to offer Baghdad a slower withdrawal if the government takes steps to end the violence. If Baghdad cannot make that happen, the troops would depart at an even faster rate. The genius of the approach is that if security returns as a consequence of this squeeze play, the need for U.S. troops will presumably also decrease. Says an expert who briefed the panel on the idea of trading troops for cooperation: "Unless we use our withdrawal as leverage against reduced violence, anything we do will be drained away in the sands of an ineffective central government." That is why, either way, the report envisions, but stops short of stating flatly, that troop withdrawals should begin sometime next year.

These proposals will push Bush's buttons because they come from outsiders. Vice President Dick Cheney in particular has long resisted outside interference in foreign policy. But last week it was internal interference that upended the Administration's best-laid plans. Bush had no sooner arrived in Amman, Jordan, for talks with Iraqi Prime Minister Nouri al-Maliki than the New York Times published the full text of a memo to Bush from his National Security Adviser Stephen Hadley portraying al-Maliki as isolated, powerless and out of touch with the realities of his country and unable to affect them. This is hardly surprising for a man who can barely leave his home without American logistical support, but the leaked memo from somewhere in the Bush Administration sank the President's plans for a take-charge summit. Al-Maliki abruptly canceled his planned meeting with Bush--a snub for which there is no well-known precedent--and waited until the following morning to have breakfast and a shortened, 45-min. session with him. There was little chemistry in that encounter; by all accounts al-Maliki looked sour and lost. During a short photo break, al-Maliki refused to look at Bush, and the President had to initiate a handshake between them. Ignoring the previous day's discourtesy, Bush declared al-Maliki "the right guy for Iraq," a thumbs-up that did nothing for the Prime Minister's credibility at home, where an endorsement from the U.S. President may be the kiss of death. Bush then offered his first official reaction to the Baker-Hamilton proposals. "There's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq. We're going to stay in Iraq to get the job done, so long as the government wants us there. This business about graceful exit just simply has no realism to it at all."

INSIDE THE COMMISSION

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REALISM WAS EXACTLY WHAT THE PEOPLE who cooked up the commission had in mind when they set the bipartisan operation in motion more than a year ago. The review began as an earmark--a $1 million insertion into an appropriations bill by Republican Representative Frank Wolf of Virginia, who had gone to Iraq last year and decided U.S. policy wasn't working or, as he put it, needed "fresh eyes." He slotted the money to the U.S. Institute of Peace, whose president, Richard Solomon, joined two CEOs Wolf trusted to organize the study: David Abshire, of the Center for the Study of the Presidency, and John Hamre, who runs the Center for Strategic and International Studies. Those three settled on Baker and Hamilton as chairmen. Hamilton agreed, but Baker wanted Bush's blessing--and he wanted to let Bush know he might not like the outcome.

To bring Bush aboard, Solomon, Hamre and Abshire approached the one person in Bushland who still had a reputation for realism and who could command the President's ear, alone: Secretary of State Condoleezza Rice. Would she propose the commission to the President? After some hesitation, Rice agreed, but she made one request: the commission had to look forward, not backward, in part because she knew the dysfunctional Bush foreign policy operation, tilted as it was so heavily along the Cheney-Rumsfeld axis, would not permit, much less sustain, scrutiny. As the trio departed, a Rice aide asked one of her suitors not to inform anyone at the Pentagon that chairmen had been chosen and the study group was moving forward. If Rumsfeld was alerted to the study group's potential impact, the aide said, he would quickly tell Cheney, who could, with a few words, scuttle the whole thing. Rice got through to Bush the next day, arguing that the thing was going to happen anyway, so he might as well get on board. To his credit, the President agreed.

After rejecting every name that Solomon & Co. proposed, Baker and Hamilton were left to choose their own panelists, and the commission went to work, gathering evidence, making a trip to Baghdad and hearing from more than 100 experts. Retired Supreme Court Justice Sandra Day O'Connor developed a reputation for asking the best questions. Democratic power broker Vernon Jordan emerged as the group's political sage. Former Bill Clinton Defense chief William Perry cornered the military options--and would be a holdout on the final deal. In October, as the number of casualties in Iraq exploded, public support for Bush dropped through the floor. When Democrats swept the November elections, aides to several panelists told TIME that the commission would have more room to make sweeping proposals. Rumsfeld's resignation the next day cemented that feeling--which is not to say the commission thought it had any perfect solutions. "We did not think there were any good options on Iraq," one of the experts told TIME. "What we're really looking at are less-bad options."

But instead of making things easier, the elections actually made them harder. After Bush replaced Rumsfeld with Robert Gates, a member of the Baker-Hamilton commission who had served the first President Bush as head of the CIA, the psychoanalysis rampant in the media about Daddy's team coming back to save the prodigal son steamed everyone at the White House, from the President on down, and led the Administration to dig in its heels. Says a Baker confidant: "Everything that happened on Election Day made for extra work." It wasn't long before senior Administration officials were whispering that the diplomatic proposals coming out of Baker's shop would never fly. Realizing that with Gates moving to the Pentagon, the study group's report may have more impact than they had first thought, Democrats from all quarters began bombarding their allies on the panel with advice about how to stage an organized withdrawal and pressing for a precise drawdown timetable. Baker, who was in touch with the White House, resisted.

Meanwhile, Iraq kept deteriorating, and there was a risk that the panel's proposals would be obsolete before consensus was reached. "It overshadowed everything," says an aide to one member. "They were constantly dealing with new developments over there." Baker turned up last Monday with a draft report he wanted panel members to consider or amend and then get into the President's hands. Democrats led by Hamilton, Perry and Leon Panetta, Clinton's ex--chief of staff, were adamant that the report recommend a firm starting point for troop withdrawals. When the Republicans again refused, members agreed on language that would leave the date vague but the vector clear. And then the group adjourned.

THE ENDGAME

THE HOT WORD IN WASHINGTON THESE days is bandwidth, as in, Does this Administration have the bandwidth to solve all these problems? Even those who back the Baker plan worry about whether there is anyone inside the Administration who can carry it out. There is widespread doubt that the Bush team is emotionally or ideologically able to execute a plan that is so at odds with its collective instincts and that many of its supporters might resist. Of particular concern to members of the study group is the state of the U.S. State Department. Although Rice has restored some of the department's lost influence since replacing Colin Powell, she is currently working without a deputy and has had trouble filling that post. Her top lawyer, Philip Zelikow, is leaving soon, and there is a wide variety of people who wonder whether she--or anyone else--could amass the clout to take on both the Middle East and Iraq security talks in the time that is left to this Administration. That's one reason there are growing calls for a special envoy to the region who can hold all the reins in one hand. Some have even suggested that Bush try to persuade Baker to stay on and take up one last mission for his country.

Bush will put a few weeks between the big Baker-Hamilton rollout and his own restart. White House officials worry that anything faster would look too reactive--a curious instinct, given the public's overwhelming desire for change and the positive

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response Bush received when he tossed Rumsfeld over the side after the elections. Says a former government official who has known Bush for 20 years: "If he is going to take political advantage of things he might have done anyhow, why not do them fast instead of slow?" It may be that the President is not yet ready to answer the obvious question when the strategy changes: What is the new definition of success? Bush himself teed that up when he told reporters in October, "You all got to understand, and the parents of our troops must understand, that if I didn't believe we could succeed and didn't believe it was necessary for the security of this country to succeed, I wouldn't have your loved ones there."

But the White House won't wait for the Baker-Hamilton road show to signal that it is changing course. A White House official told TIME over the weekend that the new path the President will outline in coming weeks is "significantly different than what we've been doing. When the President says we're going to get the job done, that doesn't suggest it is an open-ended commitment forever." The inevitability of serious change, it emerges, had become clear even to one so dug in as Rumsfeld. The New York Times reported last week that two days before he was ousted, the Defense Secretary submitted a memo to the White House saying the Iraq strategy was failing and calling for "major adjustment," including possible troop pullbacks.

To seize the initiative, the White House announced a series of new diplomatic actions of its own, inviting Abdul Aziz al-Hakim, head of Iraq's leading Shi'ite party, and Tariq al-Hashemi, the Sunni Vice President, to Washington over the next few weeks as part of an effort to deepen connections to a greater variety of Iraqi political figures. And aides say Bush may call for what were already being dubbed "reciprocal obligations" with the Iraqi government: trading troop deployments for progress on sectarian violence, just as Baker and Hamilton are expected to propose. But there will be no ultimatums. A senior Administration official says, "Bush's plan is eventually going to call for reductions in troops. They're going to do whatever they can to get the security to a level at which it's sustainable so that at some point they can start to draw down the troop levels."

And that points to the biggest weaknesses in any rescue plan. Whether it is the Baker approach or whatever the White House decides to call its own, events in Iraq could easily make any plan for diplomacy and withdrawal irrelevant in the face of a weak central government, a deepening civil war and widespread violence. A commission official put it this way: "What we have produced is a plan for December. We have no idea what things are going to look like in February."

So Now What, Mr. President? (NSWK)

By Evan Thomas

Newsweek, December 4, 2006

Dec. 11, 2006 issue - George W. Bush was doing everything he doesn't usually like to do. He was traveling in foreign lands (when Bush campaigns, he likes to fly home every night to sleep in his own bed). The carefully choreographed president was hit with a sudden change in schedule. Iraqi Prime Minister Nuri Kamal al-Maliki, America's thin hope to create a stable government in Iraq, had seemingly snubbed Bush and was now standing frostily a few feet away at a press conference after a mini-summit meeting, held at a fancy hotel in Jordan because, nearly four years after the fall of Saddam Hussein, it is still too dangerous to meet in Iraq. Maliki was reportedly sore because someone high in the Bush administration had leaked a secret memo from national-security adviser Steve Hadley to the president saying, in essence, that Maliki was well intentioned but either out of touch, weak or deceitful.

Bush hates leaks almost as much as he dislikes meeting with the journalists who now surrounded him, clamoring to know about reports that a long-awaited independent panel was about to call for a substantial troop pullout from Iraq. The Iraq Study Group, also known as the Baker Commission after its co-chairman, former secretary of State James A. Baker, has been widely seen as a gambit by Republican moderates close to Bush's father, the 41st president, to rescue the 43rd president from his disastrous plunge into Iraq. Of all the things Bush dislikes, the idea of needing to be rescued by Daddy may well top the list.

So no wonder the president was a little out of sorts. "I know," Bush began, trying, unsuccessfully, to stifle a tone of deep exasperation, "there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq. This business about a graceful exit just simply has no realism to it at all."

A few days later, many thousands of miles away at his ranch in Texas, Jim Baker was resting up, lying low, waiting for his moment. The leak, reported in The New York Times, that the Iraq Study Group was about to call for substantial troop pullback was wrong, Baker knew. In fact, the Iraq Study Group report, scheduled to be released this week, will set no timetables or call for any troop reductions, according to a source familiar with the report, who, like everyone involved, requested anonymity owing to the sensitivity of the subject. It will speak more generally of shifting U.S. troops from an active combat role to advising Iraqi forces, and suggest that the president could, not should, begin to withdraw forces in the vaguely defined future. The report will also urge more diplomatic initiatives to secure Iraq and the region.

Persuading Bush to listen—and to change course, even at the margins—will be very difficult. One of the myths that the Bush camp has tried to perpetuate over the years is that the president follows the model, learned as a student at Harvard Business School, of a chief executive who delegates, listens to advice and only then decides. Bush is the "decider," as he calls

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himself, but there is little evidence that he listens to advice that he doesn't want to hear. It may be that the last really serious call for a midcourse correction heeded by George W. Bush was the hangover he experienced at Colorado's Broadmoor Hotel one morning in the summer of 1986, when he decided to quit drinking—a decision that put him on the path to the presidency. That was indeed a momentous example of evaluating options and choosing to change, but it happened two decades ago.

People who know Bush well say, as one presidential friend put it to NEWSWEEK, that he "realizes that the disappointments on the ground in Iraq—not just the election—require new thinking." (The source spoke anonymously for fear of alienating Bush.) "He is looking for a militarily effective and politically sustainable approach that gives Iraq the chance to succeed in the long term," says the friend, "and I think he is very open to change, very open to the Baker Commission and the internal review," referring to the administration's forthcoming in-house study of Iraq policy. Yet even Bush's most loyal lieutenants can only point to relatively minor examples such as the creation of the Department of Homeland Security (which Bush initially opposed) and the doomed Supreme Court nomination of Harriet Miers as instances of a president's being, as the Bush friend said, "willing to change his mind." (Other Bush confidants point to his decision to fire longtime chief of staff Andy Card and Defense Secretary Don Rumsfeld as evidence of his willingness to change, but both were drawn-out decisions that many friends believed came too late.)

The tone of Bush's senior aides, who were interviewed this week by news-week, was dismissive, even condescending, toward Baker and the Iraq Study Group. The word from the White House was not entirely Stay the Course, but pretty close. The Iraq Study Group is just one of three ongoing reviews of Iraq policy, say the Bush aides, and not the most important one at that. Bush is also hearing from his Joint Chiefs of Staff as well as a team under Hadley. Bush may trim and fiddle here and there, say his advisers, but he is determined to send a signal of unwavering determination—that he is in charge, and he will not abandon Iraq.

Bush's reluctance to change course—Bill Kristol, The Weekly Standard editor, calls Bush "the last neocon in power"—may come as a disappointment to voters who thought they were sending the president a message last Election Day. Bush seems determined to play the role of a 21st-century Winston Churchill, steadfast in the West's darkest hour, when many Americans see Bush as the captain on the bridge of the Titanic. But in fact the dire situation in Iraq—and the reality that there are no magical fixes—may push the president into listening to Baker and other advisers, if only for a moment, and then maybe with only half an ear. At least that is what Baker, according to those who know him, is hoping and maneuvering for—a chance to get his foot in the door of the Oval Office, to make one last pass at getting Bush to make an attempt at true diplomacy in the Middle East.

Bush may have dismissed talk of a "graceful exit," but Baker, who knows something about getting out of tight spots, is looking for just that. Baker realizes, however, that getting any kind of successful outcome will take a great deal of diplomacy on many fronts, starting with his long but somewhat cool relationship with the president of the United States. According to friends familiar with his thinking, Baker realizes that his panel's report could wind up just sitting on a shelf somewhere. But he wants a shot at sitting down with the president—at getting Bush to ponder new approaches to keeping Iraq, and possibly the entire Middle East, from disintegrating even further.

Baker likes to be the man behind the scenes. He is very deferential to his Iraq Study Group co-chairman, Lee Hamilton, a respected former Democratic chairman of the House Foreign Affairs Committee. (Baker refused to be photographed by NEWSWEEK unless Hamilton was also pictured.) Baker is mindful of Ronald Reagan's old dictum that you can accomplish a lot if you don't care who gets the credit. But Baker's critics, on both the left and the right, think he is engaging mostly in a classic Washington cover-your-rear operation. He wants, the skeptics say, to get credit for making a noble effort to bring light and reason to the dunderheads in power—even if the effort is doomed. That may be an unduly cynical view of Baker's motivations, though it may describe the ultimate outcome.

The odds for "victory" in Iraq, whatever that means, are long. The star-crossed country first conceived on the back of a British imperialist's envelope 80 years ago seems fated to consume itself in sectarian blood-letting. But the debate roiling in Washington is not just for show. It represents a basic clash of approaches to getting out of the worst American mess since Vietnam. No one wants to say it, but the real question is whether the United States can manage to be defeated in Iraq in a way that does not lead to worse disasters in the region—or another terrorist attack at home.

Baker is a charter member of what is known in foreign-policy circles as the Realist School. The chief apostle of the Realists is Brent Scowcroft, Bush 41's national-security adviser. In public and private statements, Scowcroft has been deeply skeptical of the dream of the neoconservatives to bring democracy to the Middle East. Scowcroft consistently and openly warned that invading Iraq would not herald a new age of freedom in the region but rather inflame old sectarian passions. Better, Scowcroft urged, to aim for policies that would promote stability in the region. Those policies might keep despots in power, but they would at least keep the region from exploding into violence that could cut off America's vital pipeline to Middle East oil and create generations of resentments that could breed more terrorists. Scowcroft's sober-minded op-ed pieces and candid remarks to

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reporters before, during and after the invasion of Iraq succeeded in making him persona non grata in the White House of George W. Bush.

Baker, Scowcroft's old friend and colleague as Bush 41's secretary of State, has been more circumspect in public, trying not to unnecessarily antagonize the younger Bush and his True Believer followers. Baker and Scowcroft talk often, and they both stay in touch with Bush 41, who is also a charter member of the Realist School, even if he religiously avoids being seen second-guessing his son.

To the neocon faithful who shaped Bush 43's world view after 9/11, Baker is often depicted as a creature of Washington who favors compromise over conviction. For the record, Baker mostly makes jokes about his cautious approach when it comes to the use of force. "I used to get asked why I didn't want to push on to Baghdad [in the 1991 gulf war]," Baker likes to say. "I don't get asked that question much anymore."

It is well known that Baker is a firm believer in talk over force, not just because, as Churchill once said, "jaw-jaw is better than war-war," but because Baker has great faith in his own powers as a negotiator. Time after time through a long career as Reagan's chief of staff and Treasury secretary and as a top adviser to Bush 41, Baker was able to deliver deals against great odds. Baker is crafty and endlessly patient. He can sit for hours listening to statesmen bloviate, waiting for them to run out of gas and start to bargain.

The Iraq Study Group report has been written with the sort of high-minded generalities needed to achieve consensus among strong-minded Republicans and Democrats. It will not demand an international peace conference on the future of the Middle East or insist that the Unites States pressure Israel to restart the vexed peace process with the Palestinians.

Baker starts from the premise that none of Iraq's neighbors, including Iran and Syria, want Iraq to dissolve into the kind of bloody chaos that can spread through the region, pitting Sunnis against Shiites and faction against faction. He has also been a longtime believer that the best way for the United States to establish credibility in the Arab world—and in Europe, for that matter—is to get serious about the creation of a viable Palestinian state. As Bush 41's secretary of State, Baker was willing to lean on the Israelis to try to make peace with the Palestinians by forgoing the establishment of settlements on the West Bank. Under pressure from Israel's friends in Congress, Bush 41's team backed off. But Baker's own desire to use the Israeli-Palestinian peace process as a key to defusing the wider animosities in the region is well known.

Baker also believes a successful negotiator never goes into talks by publicly laying down conditions for the other side to meet. By that measure, President Bush is making a mistake by insisting that Iran agree to give up enriching uranium that can be used to build a nuclear weapon before the United States will even sit down at the table. Of course, slowing or stopping the Iranian nuclear program should be a prime goal for American diplomacy. But, in Baker's view, according to those familiar with his thinking, it won't happen just by refusing to talk to the Iranians. The question of engaging Iran could be the stickiest of all between Baker and Bush, for people who know Bush well say that the president regards a nuclear Iran as an issue on par with Iraq—the two nations that, with North Korea, formed the "Axis of Evil" of Bush's post-9/11 presidency.

Of course, Baker's emphasis on diplomacy may be naive. As conservative columnist Charles Krauthammer has argued, the Iranians are content to foment chaos in Iraq that could eventually produce a Shiite state that would lean, if not bend, toward Tehran. The best check on Iranian ambitions in the region would be a stable Iraq that represents Sunnis and Kurds as well as Shiites, and that is what the current administration is working to achieve, if sometimes clumsily and with uncertain success. Why do anything to legitimize the Islamic radicals who run Iran? By the same token, why should the Bush administration want to talk to Syria? The Syrian regime has been trying to impose its will on Lebanon's fragile democracy. This may not be the time to be making nice with Syrian strongman Bashar Assad. Bush has said that Iraq is a sovereign state and should conduct its own diplomacy with its neighbors. He may be right that America's attempts to dicker between Iraq and Iran or Syria are futile and possibly even counterproductive.

On the other hand, Baker may be right that jump-starting the Israeli-Palestinian talks is necessary to achieving some wider Middle East peace process. The Bush administration has already been making some moves to gently push the Israelis toward talking to the Palestinians. Secretary of State Condoleezza Rice has been traveling back and forth to the region, and Vice President Dick Cheney journeyed to Saudi Arabia to visit his old friends in the royal family—to speak privately of many things, no doubt, but also to sound out the Saudis on the seemingly eternal Palestinian crisis.

These diplomatic gestures may be a way of saying that the Baker Commission isn't recommending anything new or different, that the Bush team is already on the case and even a step ahead. Indeed, earlier this fall a top adviser to Bush privately told a NEWSWEEK reporter that Bush's greatest ambition was to leave behind a Palestinian peace pact and a viable Palestinian state. But at the moment, prospects for a deal between Israel and the Palestinians are just about as bad as ever. The Palestinians are feuding among themselves; the lead faction in control of Parliament, the sometimes-terrorist group Hamas, refuses to recognize Israel's right to exist.

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The prospects for improving matters on the ground in Iraq seem just as vexed. Last week, Anthony Cordesman, a widely respected analyst at the Center for Strategic and International Studies in Washington, gave a highly discouraging briefing to reporters. The administration's devout wish and goal is to stand down its forces as Iraq stands up its own. Indeed, last week, Prime Minister Maliki asserted that Iraq would be able to take over its own security in six months. Cordesman's statistics make a mockery of that promise. By his count, maybe one in four of Iraq's Army battalions are able to "perform a useful function." Cordesman pointed out that the latest Defense Department report says there is no way to count the number of men in the Iraqi police force, and there is no system for rating the effectiveness of police units. But the daily carnage suggests that the police are overwhelmed—if they're not actually in on the killing of civilians.

Washington's tendency to blame the Iraqi government for the current disaster is misplaced, Cordesman says. "The idea that when you send the bull in to liberate a china shop, you blame the china shop for breaking the china is, shall we say, somewhat ingenuous and probably misleading."

Bush has not given up on Maliki. The president continues to believe in the 56-year-old prime minister as the best hope of creating some kind stability in Iraq, say Bush's advisers. The Americans have been spying on Maliki, according to administration officials who declined to be identified for obvious reasons, and they have not caught him double-dealing or trying to sell out the United States. (A reference in the leaked Hadley memo to "sensitive reporting" may have alluded to eavesdropping on Maliki.) Indeed, his snub of President Bush apparently had more to do with local politics. Maliki did not want to appear to get too close to Jordan's King Abdullah II, who was also meeting with Bush. Abdullah, who keeps warning of Iraq's falling into a "Shiite crescent" stretching across the Middle East, is not popular with the Shiite majority in Iraq.

But if Maliki is, in the old cold-war saying, "our son of a bitch," he's not a very formidable one. At times he seems to be a second-tier bureaucrat caught between Sunnis who want to kill him and his Shiite allies—particular the sinister Moqtada al-Sadr.

Maliki's aides were encouraged by the Bush summit. They asked for and got assurances that Maliki could communicate directly through the White House and not have to work through the balky State Department. The Iraqis don't really expect to have control of their own security by next summer. But they want more freedom to try. "It's like the father with a baby and a bicycle," one Maliki aide told Bush. "You have to let him fall and if he scrapes himself you can run and pick him up. But if you hold on too long, trying to mentor everything, he will never be able to ride on his own."

The American military is fed up with Maliki. The ground commanders in Iraq felt betrayed by him this summer when he undermined a push to get control of the streets of Baghdad. The Iraqis failed to deliver on a promise to put enough troops on the ground. A four-star general who declined to be identified discussing a confidential conversation told of this encounter with Gen. Peter Chiarelli, who was in charge of day-to-day ground operations. "Do you have enough forces? Enough to clear an area and stay there to secure it 24/7?" Chiarelli replied, "Of course not." The four-star recalls replying, "It's going to fail, it's absolutely going to fail." The Americans never had enough forces to sweep even half the city, much less secure it. Maliki made their job tougher by in effect forbidding the U.S. military from taking on Shiite fighters; ordering them to lift roadblocks around Sadr City, the Shiite slum, and ordering them to release prisoners suspected of running death squads.

It's not clear whether the military made its frustrations known to the White House. Generals tend to salute and say can-do; if anything, the military has not been accurately portraying the dismal events on the ground, at least in the eyes of some White House aides. But with Donald Rumsfeld's departure, the Pentagon is entering a new era of leadership, in hopes it will be one in which the uniformed brass and their civilian bosses will communicate better. Gen. John Abizaid, the overall theater commander, and Gen. George Casey, the ground commander, are exhausted and overdue for replacement. ("There might be a sense that a fresh perspective is needed," said a senior White House aide.) Rumsfeld's former right-hand man, Stephen Cambone, has announced that he is stepping down. Others are expected to follow, stripping the Pentagon leadership of the group around Rumsfeld whose neocon certainties led to such catastrophic miscalculations in Iraq.

The job of rebuilding a demoralized and war-weary Pentagon will fall to the new Defense secretary, Robert Gates. Popular among the ranks as CIA director under Bush 41, Gates is low-key and rarely acts before he examines all the evidence. He has a dry, sardonic sense of humor; though he can affect Texan bonhomie, he's not really the towel-snapping type. He is said to have some spine. He was a big supporter of Bush 41's desire to dramatically (and unilaterally) scrap the U.S. stockpile of tactical nuclear weapons even though the military warned against such a bold move.

He'll have his work cut out for him winning over President Bush, who is not patient with advisers who take time getting to the point. White House aides speaking anonymously to NEWSWEEK seemed to suggest that Gates would not have a lot of impact on crafting a new Iraq policy; any tweaks in the policy, they say, will be made before Gates is sworn in sometime in January. This portrayal of Gates's role may be a further attempt to play down the picture of Bush 41's old cronies riding to the rescue. Gates is close to Bush 41.

It is not out of the question that Bush 43 will be brought around by the so-called Realists. Fantasies of a liberal democracy in Iraq are long gone. The most Bush can reasonably hope for in Iraq is some measure of stability, which is what the Realists

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want, too. Bush's situation—and petulant tone—are not unlike Lyndon Johnson's in 1968, when the Vietnam War was getting no better, despite troop levels' reaching a half-million men and a heavy bombing campaign. Johnson's new secretary of Defense, Clark Clifford, was a clever fixer/statesman, just like Baker. Johnson ranted to his advisers, "Let's get one thing clear! I'm telling you now that I'm not going to stop the bombing!" (Bush last week: "There's one thing I'm not going to do: I'm not going to pull the troops off the battlefield before the mission is complete.") But Clifford and the other Wise Men he brought into the White House did persuade LBJ to halt the bombing and open peace talks with the North Vietnamese. Baker & Co. might still nudge Bush onto a track that involves more diplomacy and less force.

There is, however, a cautionary coda to the Vietnam comparison. The revolt of the Wise Men in 1968 did change administration policy—but it did not end the war. The peace talks dragged on until Richard Nixon became president in 1969; he then re-escalated the war, which didn't end until another five years had passed and 25,000 more American soldiers had been lost. Iraq has not cost nearly as many American lives. But Vietnam fundamentally shaped America in ways that reverberate even today, and no matter what happens between George Bush and Jim Baker in the coming days and weeks, it is likely that Iraq will be with us for as long as Vietnam has been—or longer.

This story was written by Evan Thomas with reporting from Richard Wolffe, John Barry, Michael Hirsh and Dan Ephron in Washington; Christopher Dickey in Paris; Kevin Peraino and Sarah Childress in Baghdad, and Michael Hastings in Jerusalem.

Sticking To His Guns (USNEWS)

By Michael Barone

U.S. News and World Report, December 4, 2006

While George W. Bush's many critics and detractors portray him as facing the same dilemma as Lyndon Johnson in Vietnam, Bush himself seems determined to proceed the way Harry Truman did in Korea–or, as some might put it, as Winston Churchill did after Dunkirk. Leading Democrats like Sen. Carl Levin have been calling for troop pullouts from Iraq starting in four to six months. The Iraq Study Group cochaired by James Baker and Lee Hamilton, the New York Times tells us, will recommend a "gradual pullback" of troops, direct negotiations with Iran and Syria, and pressure on Israel to make concessions to the Palestinians.

But Bush seems unpersuaded. "There's one thing I'm not going to do," he said at last week's NATO summit in Riga, Latvia. "I'm not going to pull our troops off the battlefield before the mission is complete." In this, Bush has the support of others. Defense Secretary-designate Robert Gates opposes a quick pullout. So do all the Joint Chiefs of Staff and the Central Command's Gen. John Abizaid. Retired generals who have criticized Bush testified that we should send more troops into Iraq. Democrats seem disinclined to use their congressional majorities to cut short our mission in Iraq lest they be blamed for the unpleasant consequences many predict.

So maybe the Vietnam analogy will not apply. And it shouldn't, because it's misleading. The Communists' Tet offensive was a smashing defeat for them, not us, as outlined in Peter Braestrup's 1977 book Big Story. Military historian Lewis Sorley has shown how after Tet, Gen. Creighton Abrams produced a strategy that was proving successful-until Congress prevented the United States from fulfilling its promises of aid against the North Vietnamese offensive in 1975. In Iraq, our enemies may not be making all the progress they seek, and changes in our military tactics are likely. Many argue for embedding more U.S. troops in Iraqi Army units. Other recommendations may come from the review commissioned–evidently out of dissatisfaction with current operations–by Joint Chiefs Chairman Gen. Peter Pace.

Bush, like Truman and Churchill, seems determined not to concede defeat. And remember that for Truman on Korea and for Churchill after Dunkirk, no promising military courses were immediately apparent. Truman, after firing Gen. Douglas MacArthur, had forsaken the threat–a nuclear attack–that his successor Dwight Eisenhower deployed to get the Communists to agree to a truce. But Truman's perseverance despite his 22 percent job approval–much lower than Bush's–was essential in preserving the independence of South Korea, which now has the world's 14th-largest economy. Churchill, facing Hitler alone, could promise only "blood, toil, tears, and sweat" until his enemies' mistakes–Hitler's attack on the Soviet Union, the Japanese strike on Pearl Harbor–gave him the allies that made victory possible. Churchill's stubbornness prevented a Nazi victory in midsummer 1940.

No Iranian nukes. We should keep in mind, as well, Bush's repeated vow not to allow Iran to get nuclear weapons. That's in tension with the Iraq Study Group's expected recommendation of direct negotiations with Iran: The obvious quid pro quo for Iranian help in stabilizing Iraq would be dropping our opposition to Iran's nuclear program. In fact, the opposite approach may be what's needed. Historian Arthur Herman in this month's Commentary calls for airstrikes not only on Iran's nuclear facilities but also on its ports and refineries; Iran depends on imports for its gasoline, and without ports and refineries, its economy and military would grind to a halt. That's a move that might be condemned by the "international community," and it risks antagonizing the people of Iran, many of whom tend to hate the mullahs and admire America. But it also might destabilize the regime and

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dislodge a president who has threatened the destruction of Israel and America. Who today regrets Israel's strike against Iraq's nuclear reactor in 1981?

NBC News has declared that Iraq is in the midst of a "civil war," just as CBS's Walter Cronkite declared Vietnam was lost after Tet. Many in the mainstream media today, as in 1968, see nothing but the prospect of American defeat. George W. Bush seems to have other ideas.

What We Would Leave Behind (TIME)

By Aparisim Ghosh

Time, December 4, 2006

What would happen to Iraq if Washington follows the recommendations of the Iraq Study Group? The group's underlying assumption is that Iraqi forces will be ready to take over from the U.S. military by early 2008. To test that thesis, it is instructive to look at parts of southern Iraq from which coalition forces have already been withdrawn. There Shi'ite militias backed by Iran have taken control, intimidating government forces into submission and terrorizing Sunnis. On several occasions Prime Minister Nouri al-Maliki, a Shi'ite, has had to plead with radical Shi'ite cleric Muqtada al-Sadr to restrain his fighters from killing soldiers... To get immediate access to this complete story, you must be a TIME Magazine subscriber.

The Iraqi Exodus (USNEWS)

By Kevin Whitelaw

U.S. News and World Report, December 4, 2006

The gunman stood at the foot of his bed. "Are you al-Jaboury?" he yelled. It was 2 o'clock on a stifling July morning, and al-Jaboury had been sound asleep next to his wife. After hearing his name, the young Iraqi police officer didn't hesitate. Grabbing the gun he had been stashing under his pillow every night since he'd joined the police 18 months earlier, he shot the intruder in the throat. The gunman's accomplices all fled.

But the danger wasn't over. "I knew the insurgents would come back, and maybe they would blow up the whole house," al-Jaboury says. "My wife blamed me for joining the police. She said that I am a Sunni and that I know that the insurgents don't like this, and that I would get killed sooner or later." The next day, al-Jaboury left his wife, his daughter, and his home in the troubled Diyala province and took off in a neighbor's pickup truck, loaded with fruit, and headed for Syria. He had $300 in his pocket.

For the past few months, al-Jaboury has just been scraping by in a Damascus suburb packed with poor Iraqis. Back in Iraq, insurgents continue to threaten his wife, telling her that the only part of al-Jaboury they want back is his head. Today, al-Jaboury works in a small Syrian hotel, making $10 a day, plus room and board. "I am living a disgusting life now," he says, "and I can't take the idea of cleaning toilets after being a policeman cleaning society." His chief goal now: making enough money to rent an apartment to be able to send for his wife and child to join him in Syria. "I think," he says, "that will take a long time."

Like al-Jaboury, an average of 2,000 Iraqis a day are fleeing to Syria–and the numbers appear to be growing. The United Nations High Commissioner for Refugees estimates that at least 700,000 Iraqis have taken refuge in Syria, while an additional 700,000 or so are in Jordan. (Iraq's estimated population is 27 million.) Few of the refugees have any legal protections, leaving them hostage to the whims of local government officials and reluctant even to divulge their full names.

While some had fled during Saddam Hussein's reign, most have arrived since the U.S. invasion, desperate to escape the spiraling violence. The numbers jumped sharply after the bombing of the Shiite shrine in Samarra last February that intensified Iraq's sectarian strife. With Iraq slipping toward an all-out civil war amid record numbers of civilians being killed each month, a UNHCR official warns that hundreds of thousands more Iraqis appear to be "teetering" on the brink of departure. Even U.S. officials, many of whom have previously downplayed refugee flows, now acknowledge they are increasingly concerned. "We do know the trend is growing," says a State Department official.

"Brain drain." The tide of refugees is just one of the more visible symptoms of the regional spillover from the chaos in Iraq. Amid concerns that the violence could eventually spread across the border, calls for a more regional approach to Iraq have been intensifying. The Iraq Study Group, created by the U.S. Congress to search for new policy options in Iraq and led by former Secretary of State James Baker, is set to release its keenly awaited report this week. One anticipated recommendation will call for the Bush administration to open a dialogue with Iran and Syria. President Bush was in Jordan last week to meet Iraqi Prime Minister Nouri al-Maliki, while Iraqi President Jalal Talabani made a high-profile visit to Iran.

'Civil War' Or Not? (USNEWS)

By Anna Mulrine

U.S. News and World Report, December 4, 2006

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BAGHDAD–With its crisp air and blue skies, the late fall offers some of the best weather in an often unpleasant climate. But as daily violence continues to convulse Baghdad, people tend to go outside only when necessary. The city's many playgrounds are overgrown from disuse, with grass that rises as high as the seats of rusted swing sets. The ambulance siren, residents now say, is the country's national anthem.

As the capital last week eased out of the round-the-clock curfew imposed after the bombing of the Shiite enclave of Sadr City that killed over 200 people, traffic was light–except on the airport road, where families packed into cars and braved roadside bombs for the chance to fly to another place. Exhausted and heartbroken, many Iraqis who remain are nonetheless reluctant to call the violent turmoil here a civil war. "We've been living all together, Sunni, Shia, Christian," says Baghdad policeman Ali Khalaf Jasim, his tone tinged with disbelief. "This can't be civil war."

Such sentiments are a nod to tribal ties and intermarriage that bind millions together across sects. But with each passing day those relationships seem more strained–along with hopes that the government can do anything about it. Prime Minister Nouri al-Maliki is increasingly viewed as weak and beholden to radical Shiite cleric Moqtada al-Sadr, who temporarily suspended–but did not withdraw, Iraqi government spokesmen were quick to point out–his bloc's membership in the national parliament to protest the prime minister's meeting with President Bush.

Skeptics. Maliki got no boost with the pre-meeting disclosure of an assessment by White House National Security Adviser Stephen Hadley–a memo that allowed that "his intentions seem good." But, it added, "the reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action." Such assessments mirror the views of many in Iraq–minus the part, particularly among Sunnis, about good intentions.

The memo prompted heavy questioning from Iraqi journalists about what, precisely, the prime minister's plans were. Maliki announced one of them–to have his country assume control of its own security forces by June 2007, a development that would, he said, allow U.S. troops to begin withdrawing. In the meantime, a government spokesman added, what Maliki needs are "tools to rise up and to find a solution for the crisis."

Militia power. One of the tools America offered up last week, an infusion of some 3,500 new U.S. troops to Baghdad, was greeted with little more than a shrug among some Iraqis who wondered whether more soldiers will make much of a difference as political parties build militias to consolidate their power. These militias now control access to vital resources like healthcare and increasingly subscribe to the view that, in the words of one Iraqi journalist, "the best way to defend their turf is to attack."

American soldiers, too, had questions about what, exactly, more troops will do. "'Go secure Baghdad' is a pretty big hand-wave in a general direction," says Maj. Mark Brady, a U.S. military adviser to an Iraqi Army battalion based in Baghdad. "What does that involve? What are they going to do that others aren't doing right now?" And how, others wonder, will they help to convince tired and shut-in Iraqi citizens that their government can deliver on promises they feel it has broken time and again.

For his part, Lt. Col. Steven Duke, a brigade military transition teams commander, feels his U.S. troops here could use some explanations, as well. "I wish there was a better barometer for our soldiers over here to be able to gauge: 'Are we winning? Are we making progress?'" The other day, he says, a suicide bomb at a police recruiting station sent human body parts over the wall near his headquarters. "Are we in a civil war?" he asks. "I don't know. I know there's a lot of people being killed because of their religious sect, and I know the Iraqi Army here is doing their best to get a grip on it-and they need their government to back them up."

The Civil War Behind "Civil War" (TIME)

By James Poniewozik

Time, December 4, 2006

When Katie Couric took over the CBS Evening News, some viewers wondered whether a Today show anchor could claim Walter Cronkite's mantle. Turns out we were wondering about the wrong Today anchor. When Matt Lauer announced that NBC would start referring to the conflict in Iraq as a "civil war," media observers hailed it as a "Cronkite moment," referring to the CBS anchor's 1968 declaration that the Vietnam War was unwinnable, upon which L.B.J. realized he had lost Middle America.

The backlash to Lauer's Cronkitization was quick, for several reasons. First: dude, we're talking Matt Lauer here. Second: Cronkite's language--"We are mired in stalemate"--was far stronger. Third: some newspapers, including the Los Angeles Times and the Christian Science Monitor, quietly started using "civil war" earlier (as did TIME). Last: polls and common sense indicated that most Americans already believed Iraq's sectarian fighting was a civil war.

So, O.K., NBC's declaration may have no effect on the war in Iraq. But it was a signal moment in the war between the Bush White House and the media. If the issue seems like pointless semantics, it is hardly so to the Administration, which has been fixated on framing issues and politicizing language. It (and Fox News) renamed suicide bombers "homicide bombers." It cast the fight against al-Qaeda as a "war on terror," even though the struggle was unlike old-fashioned wars between armies. Now it

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wants Iraq not to be a "civil war"--ironically, on the ground that it is unlike old-fashioned civil wars between armies--and has suggested that anyone who calls it one is taking political sides.

The White House got its way for a long time, and that's not surprising. The period from 9/11 through much of the Iraq war was often shameful for the media, especially TV news. There was plenty of excellent, tough, heroic reporting. But from the production offices, where the tone and packaging of the news are set, came hints that, in wartime, the Fourth Estate was on the side of the good guys. Newscasts were adorned with American flags, and press outlets (including, initially, TIME) prematurely made aÂ John Wayne figure ofÂ Private First Class Jessica Lynch.

This was not because the media were jingoistic but because the media business was, and is, existentially scared. TV audiences and print readerships are shrinking, along with media payrolls; nightly newscasts and newspapers wonder how much longer they will exist, much less thrive. The Administration has played on that fear of irrelevance, freezing out big institutions in favor of friendly local outlets and allies. A Bush aide told reporter Ron Suskind that journalists were an ineffectual "reality-based community." Were the mainstream media dying? The ebullient Bushies seemed to answer, They're already dead!

Layered on this was the sense of a conservative swarm sweeping the country. War supporters and "values voters" were coming out of the woodwork in elections, lining up for The Passion of the Christ and making Fox the sole TV-news success story of the era. They were collecting scalps--Bill Maher, Peter Arnett, Dan Rather--and taking names. They had blogs and remotes and money, and they hated the press. Journalists might not slant stories to show their loyalty, but what was the harm in hanging a little bunting on the screen?

The ideology of scared media is me-too-ism: straining to show the audience you like what it likes, be it Harry Potter or Donald Rumsfeld. (He's tough! He's funny! He's a sex symbol! The Philadelphia Inquirer dubbed him a "stud muffin.") With the worsening of Iraq, however, coverage became more assertive, and after Hurricane Katrina, reporters found they could question the Administration without being struck dead. With the "civil war" fight--as with erstwhile stud muffin Rumsfeld--the momentum has reversed. It's less important what the press is calling the war than that the White House is no longer calling the terms.

Of course, all this proves is that me-too-ism knows no party. NBC took its public step only after Bush's midterm thumpin'. Middle America may have been led by Cronkite, but now the reins are firmly in the other hand. In a perfect world, the media would be led by the facts, and the audience by its own mind. But if the public is giving the news permission to be more, well, reality-based, then lead on, folks, lead on.

What I Did On My Travels (TIME)

By Mike Allen

Time, December 4, 2006

There were plenty of reminders of why President Bush doesn't relish traveling abroad. In Moscow, the VIP terminal's red carpet turned out to be just a wide stripe of red paint on the Tarmac. In Jordan, all the King's men formed a wild motorcade, their vehicles nearly crashing into one another as they jostled for position trying to snap photos of the presidential limousine. In between were five other countries for a total of some 37,000 miles and 56 events.

But if there was ever a good time for George W. Bush to leave home for a spell, it was right after the mid-term elections, when Capitol Hill was aswarm with triumphant Democrats. He spent two weeks abroad, separated by a brief Thanksgiving interlude at Camp David. Air Force One, the Boeing 747 that has its own medical facility, among other amenities, circled the globe twice, serving Swiss burgers and taco salad, with snicker-doodles for dessert. On the ground in Amman, the White House staff did grapple with local dishes like chicken frekah and homemade knafeh. The President and First Lady Laura Bush watched a replay of the Michigan--Ohio State game onboard during a 36-hour day that saw the couple in Ho Chi Minh City, Jakarta and across the international date line on their way to Hickam Air Force Base adjoining Pearl Harbor.

European leaders expecting a humbled Bush at the NATO summit in Latvia instead got a stout speech in which he rearticulated his foreign policy. "We must advance freedom," he said, "as the great alternative to tyranny and terror." When kids in Indonesia asked his hobby, he replied, "Baseball--sports" and told them to go easy on TV. He got his most enthusiastic reception in Vietnam, as curious onlookers lined the roads and waved at his passing motorcade. There was much the country and the visiting dignitary had in common. Neither has much appetite for looking back at the difficulties of the past. Far better to stay on the move.

Why Military Calls To Raise Iraq Effort Grow (WSJ)

By Greg Jaffe, Yochi J. Dreazen

The Wall Street Journal, December 4, 2006

WASHINGTON -- As demands mount to pull U.S. troops out of Iraq, a growing number of senior military officials are arguing that the only way to salvage the situation is to add more U.S. forces and more U.S. money.

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Outside the military, most of the debate is focused on a U.S. troop withdrawal. But inside the Pentagon, the recent dismissal of Defense Secretary Donald Rumsfeld has given some new life to arguments by military officers who say the U.S. must pour more troops and money into the country to expand the Iraqi army -- the one institution in Iraq that has shown some promise -- and stabilize the capital.

Right now there are about 140,000 U.S. troops in Iraq. Though there are no firm plans for an increase, some military officials said that as many as 30,000 more troops could be needed. Most of the U.S. troops would be focused on patrolling Baghdad and training the Iraqi Army.

During his tenure Mr. Rumsfeld largely rejected calls for sending in more Americans, countering that Iraqis should take on more security responsibility faster. He was backed in his approach by Gen. John Abizaid, the senior military commander in the Middle East, and Gen. George Casey, the top commander in Iraq. The two generals have argued publicly that the U.S. goal must be to bolster Iraqi Army forces as quickly as feasible.

It isn't clear how much longer the two commanders -- both of whom have served long, grueling tours -- will stay in their jobs. Even before Mr. Rumsfeld's dismissal, the Bush administration was laying plans to replace them as early as this summer. The job of selecting their successors will now fall to Robert Gates, Mr. Bush's nominee to run the Pentagon, who could choose his own team or extend current tours. How hard new commanders might be willing to press to redouble the U.S. commitment in Iraq could have a major effect on U.S. policy going forward.

Even with new leadership in the Pentagon and Iraq, big barriers remain to boosting the size of the U.S. force. Any move to do so will draw the ire of the new Democratic leadership on Capitol Hill. Multiple reviews of U.S. policy in Iraq also seem poised to recommend that the U.S. start to disengage from Iraq.

The bipartisan Iraq Study Group, headed by former Secretary of State James Baker and former Democratic Rep. Lee Hamilton, is likely to recommend in a report later this week a gradual withdrawal of U.S. troops. President Bush has asked for his own internal review, led by National Security Adviser Stephen Hadley, who has suggested that a focus of the administration going forward will be building up Iraqi troops.

Senior military officials seeking to make one last push to stabilize Baghdad might find a receptive ear with President Bush.

The President used a joint appearance last week with Iraqi Prime Minister Nouri al-Maliki to signal that his administration wasn't planning troop reductions any time soon. Senior White House officials say Mr. Bush is open to the idea of a drive to stabilize the country by temporarily increasing the number of U.S. forces there. These officials say Mr. Bush has paid a political price for the war and now has a brief window of time before the 2008 election cycle intensifies to change conditions on the ground there. The officials say Mr. Rumsfeld's ouster was misinterpreted as a sign that a significant shift is coming.

"We have not failed in Iraq," said Stephen Hadley, Mr. Bush's National Security Adviser, on NBC's "Meet the Press" yesterday. "We will fail in Iraq if we pull out our troops before we're in a position to help the Iraqis succeed."

The push among the uniformed military to do more in Iraq is being driven, in part, by a small study group working for Gen. Peter Pace, chairman of the Joint Chiefs of Staff. The group's work, which is classified, lays out several options for Iraq. But it seems to favor a temporary increase in U.S. forces as part of a broader effort to build the Iraqi Army, says an officer familiar with its work.

The officers' recommendations largely run counter to Mr. Rumsfeld's own ideas, which were revealed in a leaked memorandum written by Mr. Rumsfeld in early November and published yesterday by the New York Times. In the memo Mr. Rumsfeld suggests a pulling back of U.S. forces to bigger bases and possible withdrawals of U.S. troops "so the Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Most military officers, however, seem to believe that a pullback of U.S. forces would only trigger more violence and make political compromise in the country impossible. These officers argue that 20,000 U.S. troops are needed to bring order to Baghdad. Another 10,000 U.S. soldiers would also be needed to work as advisers with the Iraqi Army, which currently numbers about 134,000 troops and might need to double in size.

Military officials who advocate such an approach warn that it could take years and hundreds of billions of dollars. But many of these officers bristle at the idea that it is too hard or impossible.

"The notion that we can't provide protection for people in one of the capital cities of this world [Baghdad] is just rubbish," says retired Gen. Jack Keane, who has made trips to Iraq to meet with commanders and provide recommendations to senior military officials. Gen. Keane, who advocates sending more U.S. forces into Baghdad neighborhoods and bolstering the Iraq Army, says he is speaking for himself.

Active duty Army officers have also stepped forward publicly in recent days to call for a redoubling of the U.S. commitment in Iraq. Col. Bill Hix, who spent 13 months in Iraq as the chief strategist for Gen. George Casey, wrote last week in Stanford University's Hoover Digest that more money is needed in the country for reconstruction. At the same time he suggested that it would be a mistake to pull out U.S. troops. "Iraq is simply in no position to progress politically or economically without

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assistance," wrote Col. Hix, who is now a strategist in the Pentagon. He suggests finding $20 billion to revive the anemic and largely ineffective U.S.-led reconstruction effort.

Even backers of an increase in troops acknowledge the plan carries risks that President Bush and Mr. Gates will have to weigh. One worry is that the increase will break an already strained Army and Marine Corps at a time when they might be needed to address other problems in the world. To find the additional troops, the Pentagon likely would have to extend some units' tours in Iraq beyond a year. The Army, which is also short equipment for units, would have to pool equipment from many units back in the U.S. to prepare a few to deploy.

America's Moral Duty In Iraq (WP)

By George F. Will

The Washington Post, December 4, 2006

James Baker almost smiled.

When the poker-faced co-chairman of the Iraq Study Group heard a commentator who had been invited to advise the group say that America's aim must be "victory," Baker's stony visage betrayed the bitter amusement that the word "victory" now occasions. Not even the word "success" seems elastic enough to cover any attainable outcome. Remember the "demonstration effect" that Iraq's self-governance was to have in transforming the region? Although America's vice president calls Iraq "a fellow democracy," it lacks a government whose writ runs beyond Baghdad's Green Zone.

John McCain seethed.

Weeks ago, he had been with a proud father of a Marine who was then in Iraq. Recently McCain had heard that the son's legs had been blown off. "At the hips," McCain said, intensely, several times, with a clenched-jaw fury born of frustration. Fifteen minutes later, on ABC's "This Week," McCain brought a steely clarity to the Iraq debate.

For three years he has been saying, correctly, that there are far too few U.S. troops in Iraq. For months he has said we cannot win without many more troops. That, too, is correct -- if it does not imply that some surge of troops can now guarantee winning. He has also said: Absent a commitment to send significantly more troops to Iraq, it would be "immoral" to keep asking the same number of troops "to risk life and limb so that we might delay our defeat for a few months or a year."

George Stephanopoulos: "President Bush has said he doesn't want to send more troops now. So by your own standards isn't it currently immoral to keep Marines and soldiers, other service people in Iraq?"

McCain: "Yes it is."

Moments later, Stephanopoulos asked: "At what point do you say, I am not going to be complicit with an immoral policy?"

McCain: "When I think we've exhausted every possibility to do what is necessary to succeed and not until then, because the consequences of failure are catastrophic. . . . We left Vietnam, it was over, we just had to heal the wounds of war. We leave this place, chaos in the region and they'll follow us home. So there's a great deal more at stake here in this conflict in my view. A lot more."

Stephanopoulos: If the Iraq Study Group does not call for an increase in troops as you've advocated, "will you call for American troops to come home?"

McCain: "I will if at the point I think that we have exhausted every option and that we are doomed to failure."

At long last, rigor. McCain applies two principles of moral reasoning. There can be no moral duty to attempt what cannot be done. And: If you will an end, you must will the means to that end.

Sen. John Warner put down a marker.

Four months ago the Virginia Republican said that Congress must "examine very carefully" what it authorized the president to do in 2002 when it authorized military action against Iraq. Warner wondered whether, if there is an "all-out civil war," the president must "come back to the Congress to get further indication of support."

If only Iraq had -- were capable of -- a normal civil war. Its civil war -- fueled by religion and tribal rivalries and leavened by rampant criminality and depravity for its own sake -- does not offer a clear binary choice between regionally based sides that would allow U.S. forces to pick one and help it win.

Today there are many fewer Iraqis than there were three years ago. This is not just, or even primarily, because so many Iraqis, especially from the mobile middle class, have fled the country, taking with them the human capital -- skills, attitudes, mores -- requisite for a successful society. Rather, many -- and more every day -- of those who remain in Iraq no longer think of themselves as Iraqis. It is too dangerous to identify with the nation.

The national government is gossamer, but subgroups are solid. They are in an intensifying melee that has, according to Stephen Biddle of the Council on Foreign Relations, "genocidal stakes." Writing in the National Interest, Biddle says that "the downside risks" for any group that is party to a power-sharing deal include extermination by mass violence from rival groups. America cannot now credibly promise protection commensurate with that risk.

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And absent adoption of the McCain policy -- a substantial increase in forces -- America's waning influence on events may derive from the increasing likelihood that the scant protection that American forces now provide will be withdrawn.

Bush To Meet With Top Iraqi Shiite Leader (MCT)

By Greg Gordon, John Walcott

McClatchy Newspapers, December 4, 2006

WASHINGTON - President Bush will hold an Oval Office meeting with a key Iraqi Shiite leader Monday amid a scramble to bolster the strife-torn nation's unity government before it collapses in civil war.

The meeting with Abdul Aziz al-Hakim, leader of the Supreme Council for the Islamic Revolution, is considered an effort to boost support for Iraqi Prime Minister Nouri al-Maliki, with whom Bush met in Jordan last Thursday. Al-Hakim is a leading opponent of anti-U.S. Shiite Muslim cleric Muqtada al-Sadr, who controls the most powerful bloc in Iraq's ruling coalition.

The administration hopes that by urging Hakim and other al-Sadr rivals to support Maliki more forcefully, they can reign in the growing radical influence of al-Sadr and his Mahdi Army militia, two senior administration officials said Sunday.

Bush's meeting with Hakim, two days before a bipartisan Iraq Study Group issues its recommendations for a new U.S. approach to Iraq, comes in the wake of news leaks reflecting a far more pessimistic outlook about the war among Bush's top advisers than the administration has expressed publicly. In the latest leaked memo, Defense Secretary Donald Rumsfeld wrote two days before his Nov. 8 resignation that the U.S. strategy was "not working well enough or fast enough" and that "a major adjustment" was needed, the New York Times and Washington Post reported.

On NBC's "Meet the Press" Sunday, National Security Adviser Stephen Hadley dismissed Rumsfeld's memo as "a laundry list of ideas" that was submitted in response to Bush's request to a number of agencies for new approaches.

Hadley said the president is reviewing his Iraq policy and that the study group's report will be "an important input," but that Bush also wants to hear from Congress, his military commanders and Iraqi leaders before making any policy decisions.

While conceding administration mistakes in Iraq, Hadley insisted that the United States has "not failed" in the war. He warned that a pullout of U.S. troops would create "a safe haven" for al-Qaida.

The two senior officials, who insisted upon anonymity because their remarks were not cleared by the White House, said the administration has seized on the central proposal in a leaked, Nov. 8 Hadley memo to Bush that urged an end to Maliki's reliance on al-Sadr.

"The idea is to use the rivalry between Hakim and al-Sadr to encourage Hakim and Badr (the Badr Organization militia of Hakim's Supreme Council) to support the government more energetically and to stand up to Sadr's push for control of Baghdad," one of the officials said.

While both the Supreme Council and Sadr's organization are strongly backed by Iran's Shiite regime, al-Sadr is considered to be more anti-American, reluctant to compromise and more unpredictable.

"They both have issues, but Hakim is more of a grown-up," said the second official.

The officials said that the administration's effort to strengthen Maliki and prod him to resist the Sadrists also would include contacts with other Shiite, Sunni and Kurdish leaders whom it considers moderates. They will be offered unspecified "consideration" for their support, the officials said.

Some within the administration regard the Iraqi prime minister as a lost cause, one official said, because as Hadley's memo suggested, Maliki appears either unwilling or unable to combat the rising power of the Shiite militias, especially al-Sadr's. Some officials at the CIA, State Department and Defense Department worry that it already may be too late to head off Sadr's offensive in Baghdad and against Maliki, the officials said.

But both of the senior officials said the administration has concluded that it has no choice but to try to strengthen Maliki, whose election it hailed as a victory for Iraqi democracy. On NBC, Hadley said that representatives of the Sunnis, who are fighting the Shias, "absolutely" would remain a full partner in the unity government.

Sheikh Jalal al-Sagheer, an Iraqi legislator, senior cleric at the Bratha Mosque and close ally of Hakim's, said that his U.S. visit has been in the making for a year and contended it "has no relation with the latest events in Iraq."

Bush also is expected to meet with vice president Tariq al-Hashimi, who is a Sunni, in the coming month, he said.

A "Civil War" Puts Words On Trial (NYT)

By David Carr

The New York Times, December 4, 2006

Decades ago, I wrote an article about a police officer who was notorious for roughing up suspects before he took them in for booking. The term-of-art within the Minneapolis police department for that kind of officer was “thumper,” and there was plenty in the public record to suggest that the noun fit him nicely.

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He called me after the story ran, livid about being labeled a "thumper." He was a scary guy and I equivocated for a bit before I was finally able to stammer out, "is it worse that I said it, or worse that it's true?"

That did not calm him down much. But in the current debate over the use of "civil war" — which began in earnest a week ago when Matt Lauer of NBC said the network would begin using the term to describe the conflict in Iraq — that story serves as a reminder that to name something is not to invent it.

The war over words and definitions is not a new one. The current administration has fought to maintain custody of the Iraqi conflict by defining insurgents as "terrorists" and prisoners of war as "unlawful combatants." During Vietnam, the administration defined civilian casualties as "collateral damage."

And even the term civil war remains freighted with meaning in American culture. When I was traveling in the South and used the term to describe the war between the North and South, an elderly woman corrected me, saying, "Do you mean the war of Yankee aggression?" And that was only a few years ago.

There are those who suggest that there is something vaguely seditious in describing the situation in Iraq as a civil war. (The Los Angeles Times preceded NBC across the threshold by a few days but did not blow the trumpets when it did so.) Bill O'Reilly of Fox News has been critical of the actual conduct of the war, but saves much of his powder for those who would doubt — or he would argue, erode — American resolve by defining the conflict as one that is occurring between native combatants.

"First of all, it doesn't matter whether there is a civil war there," he said Thursday on his show. "That's a media-driven situation." He then suggested that defining the conflict as a civil war was a way of turning words into weapons. "We have a press that is invested in seeing that President Bush is humiliated in Iraq," he said. "They may not be rooting for an American defeat, but most are certainly antiwar and anti-Bush."

Others have compared NBC's choice of words to Walter Cronkite's deadpan declaration that the Vietnam war could not be won after the Tet offensive in 1968. But of course, Mr. Lauer made no such bald assertion and much has changed in public discourse since Vietnam. For one thing, the evening news is no longer the force it was, and the term "civil war" has been in rotation on the Web since the beginning of an organized insurgency.

On closer inspection, what seems like a bold, transgressive step by the media is considerably less. It is not a coincidence that some members of the mainstream media were only willing to attempt to redefine the terms of the current debate after a massive electoral setback to the current administration.

All the way back in March — the point when many commentators say an actual civil war began — a Washington Post-ABC News poll found that 80 percent of respondents believed that sectarian violence would lead to a civil war. The willingness to use "civil war" now is less a brave declaration than a wet, sensitive finger in the wind because mainstream media is much more likely to follow, than lead, political debate.

The people who have covered the war and decide how it gets covered at The New York Times have no problem with the phrase, as far as it goes.

"When you stand in Baghdad with the sand under your feet, you are in the middle of a civil war," said Ashley Gilbertson, a veteran freelance photographer who spent three years in Iraq taking pictures for The New York Times, among other publications, and who is currently writing a book about the American experience there. "In January, I met with insurgents and they only talked about Shiite militias and Sunni violence. They did not even mention the American presence.

"In my years there, it tilted closer and closer to civil war until it became one. There is nothing else to call it," he said, calling from a train in Italy where he is working on his book. "If this were Paris and you had dozens of bodies turning up on the street with well-financed militias composed of French nationals and French Arabs, you would call it a civil war."

Bill Keller, the executive editor of The New York Times, has said in public statements that he had no interest in having the paper handcuffed by "reductionist shorthand" for a war that he called "colossally complicated." For months, The Times has been using modifying phrases like "on the brink of" and "on the verge of" before civil war. But in an e-mail last Friday, Mr. Keller said the endless discussion about removing the modifiers was beside the point.

"I bristle at the way a low-grade semantic argument has become — at least among the partisan cud-chewers — a substitute for serious discussion of what's happening in Iraq and what to do about it," he wrote. He added, perhaps for the benefit of a columnist busy putting rubber on a bald tire, "maybe this argument is a symptom of intellectual fatigue in the punditocracy. Don't get me wrong, obviously I believe words matter. We try to choose them carefully. Sometimes our choices cause offense."

One of his war reporters, Dexter Filkins, is now back home on a journalism fellowship after three years on the ground in Iraq. Mr. Filkins said he rode into Iraq in March of 2003 (in a car he rented in Kuwait, by the way) to cover an American invasion, but left behind a civil war.

"For much of the time, you had a Sunni insurgency, with Sunnis killing Americans and Sunni's killing Shiites, until the big bombing at the Shiite shrine last February," he said. "At that point, the restraint was gone, the Shiites took the gloves off and you had a full-on civil war.

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"We were using phrases like 'on the verge of' and 'on the brink of' so it wasn't like we were not deciding. We were deciding," he said. "I think 'civil war,' used judiciously and sparingly, is a much more accurate description of events. We're in the business of calling things by their real names."

Annan Adds His Voice To A Growing Chorus That Is Calling The Situation In Iraq A "Civil War" (NYT)

By Edward Wong

The New York Times, December 4, 2006

BAGHDAD, Dec. 3 — Kofi Annan, the United Nations secretary general, said Sunday that Iraq had descended into a civil war that was even deadlier and more anarchic than the 15-year sectarian bloodshed that tore Lebanon apart.

"When we had the strife in Lebanon and other places, we called that a civil war; this is much worse," Mr. Annan said in an interview with the BBC.

Meanwhile, the American military announced on Sunday the deaths of 10 service members, an unusually high toll.

In making his remarks, Mr. Annan joined a growing number of foreign and Iraqi leaders, policy makers and news organizations who say that Iraq is in the grip of civil war. Former Secretary of State Colin L. Powell said last Wednesday at a conference in the United Arab Emirates that Iraq was in a civil war. A former Iraqi prime minister, Ayad Allawi, said the same in March.

The Bush administration has not characterized the conflict as a civil war.

The debate over the term raged last week in the United States, after NBC and other major news organizations said they were ready to apply it to Iraq. The discussion is highly political because backers of the war fear that calling Iraq a civil war would erode support among ordinary Americans. Scholars say that the widening sectarian conflict meets the common definition of a civil war and that when measured by deaths per year, Iraq is among the top civil wars of the past half-century. The civilian death toll is believed to be at least 50,000.

Last week, Mr. Annan suggested holding an international conference on Iraq that would include all of the country's major political groups and representatives from around the region.

In Baghdad on Sunday, President Jalal Talabani rejected the call by Mr. Annan, saying the Iraqis were working to stanch the bloodshed through their own political process.

"We have an ongoing political process and a council of representatives that is the best in the region," Mr. Talabani said in a written statement, using the formal name of the Iraqi Parliament. "We became an independent sovereign state, and we decide the issues of the country."

In addition to Mr. Annan, a number of American advisers have suggested that the United States and Iraq should hold a conference that would bring together all the countries in the region to try to re-establish stability in Iraq. Such a meeting might include Iran, Syria and Saudi Arabia, all accused by various American and Iraqi leaders of fomenting violence here.

The bipartisan Iraq Study Group led by James A. Baker III and Lee H. Hamilton is expected to recommend in a report this week that the United States open up diplomatic channels with Iran and Syria to discuss the subject. That suggestion has already been coolly received by the White House, where some senior officials say opening talks with those two countries would in itself be a major concession to their authoritarian, anti-American governments.

On Saturday, a powerful Shiite leader, Abdul Aziz al-Hakim, also rejected Mr. Annan's call for a conference. In the past, Mr. Hakim has chafed at the idea that countries in the region dominated by Sunni Arabs could get more involved in Iraq. Mr. Hakim comes from a prominent religious family and has close ties to Iran, which is largely Shiite.

Mr. Hakim is scheduled to meet with President Bush in Washington this week to discuss the rapid deterioration of Prime Minister Nuri Kamal al-Maliki's government.

Like virtually all Kurds, Mr. Talabani is wary of interference here by Turkey, which has warned that it will invade the autonomous region of Iraqi Kurdistan if the Kurds make any move toward independence or try to take control of the oil city of Kirkuk. In his statement, Mr. Talabani also said that it was not the government's top priority to disband militias, and that it was more important to tamp down on the Sunni-led insurgency. The United States has pressed the government to disband militias.

The United States military said Sunday that American forces killed two women, one child and six insurgents on Saturday in assaults on two buildings in the town of Garma, in the hostile Anbar Province. The women and child were killed, along with five insurgents, in an airstrike on one house, the military said.

Two soldiers were killed by a roadside bomb while on patrol in Anbar on Saturday, and three marines died the same day in Anbar from combat wounds. Another soldier was killed Saturday by a roadside bomb near Taji. A soldier died in combat in

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Baghdad on Sunday, and two others were killed by a roadside bomb in northern Iraq. The Air Force said Maj. Troy L. Gilbert, a pilot listed as missing after his F-16 crashed last Monday in Anbar, had been killed.

In Baghdad, the police found at least 50 bodies across the city. The body of Hideab Majhool Hasnawi, the leader of a famous soccer club, was identified in the morgue. A leader of the Mandean sect, Talib Salman Areebie, was kidnapped from his home in the Ur neighborhood and killed soon afterward, said a spokesman for the Mandeans.

A car bomb killed three civilians and wounded 10 in northern Baghdad, an Interior Ministry official said. In the city of Mosul, a suicide car bomber rammed into a police station, killing two policemen and wounding four others, he said.

West of Basra, British soldiers fought Shiite militiamen as the British searched buildings in the town of Hayaniya, a stronghold of the Mahdi Army militia, a police official said. At least one Shiite fighter was killed.

What The US Has Learned (so Far) In Iraq (CSM)

By Peter Grier

The Christian Science Monitor, December 4, 2006

Listing things done wrong in Iraq, one veteran US policymaker put it bluntly: Pentagon leaders ignored analyses that indicated they needed more troops to keep order. The military was slow to develop a clear plan to counter the insurgency. For too long, US generals kept assuming that the day when Iraqi troops would be able to stand on their own was just around the corner.

Furthermore, neither the Americans nor the Iraqis moved fast enough to counter the rising influence of the radical Moqtada al-Sadr and his Mahdi Army militia.

Is this critic a Democratic lawmaker, perhaps? A senior fellow from a liberal think-tank? No, he's Paul Bremer, President Bush's choice to head the Coalition Provisional Authority, who makes these points and more in an updated version of his book about his year in Iraq.

"The biggest obstacle [to progress] has been the failure to provide adequate security for the Iraqi people," writes Mr. Bremer in a new afterword.

Bremer isn't despairing - he insists Iraq is (slowly) moving toward real democracy. But neither is he alone in assessing the recent past. Even as Washington looks forward to the recommendations of the Iraq Study Group, expected this week, many experts and policy organizations are looking back to try and glean crucial lessons from the three-plus years of the US experience in Iraq.

It's an unorganized process that involves everything from Army field manuals to the Council on Foreign Relations, and it may never reach consensus, given the range of opinions involved. But even exchanging ideas could be important, since - as hard as it is to believe now - the interests and power of the US mean that at some point it could find itself weighing new sorts of military interventions.

"If we learn from our mistakes, our next engagement to help rebuild a collapsed state might have a more successful outcome," writes Larry Diamond, a democracy expert and former senior adviser to the Coalition Provisional Authority, in his book on his Iraq experience. Military lessons

The US military, for its part, has been examining lessons learned in Iraq about tactics and operations for some time. This fall, the Army published a new field manu-al for counterinsurgency operations that draws extensively on research conducted from returning Iraq veterans.

Among its conclusions: The best counterinsurgency weapons do not shoot. Tactics that work this week might not work next week. The more force protection you use, the less effective you are. Sometimes doing nothing is the best reaction. The most important decisions are not made by generals.

"Clearly, there has to be much more specific preparation for these very challenging counterinsurgency operations," said Lt. Gen. David Petraeus, commander of the Army Combined Arms Center and Fort Leavenworth in Kansas, at a recent Brookings Institution seminar on military training.

The US reconstruction effort has undergone similar scrutiny. The special inspector general for Iraq, Stuart Bowen, has issued a series of stinging reports that both track individual projects and make recommendations for how the reconstruction process might be improved.

The scale of reconstruction needs simply overwhelmed the scanty preparations made prior to combat operations, according to Mr. Bowen. Among his suggestions: Create a cadre of reserve contracting officials, similar to the military reserve, who could be plucked from civilian life and deployed overseas in a crisis.

The White House has said less publicly what conclusions top administration officials have drawn from Iraq. However, during his stop in Vietnam last month, President Bush did say that the US involvement in the Vietnam War demonstrated something relevant to the nation's current situa-tion.

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"One lesson is that we tend to want there to be instant success in the world, and the task in Iraq is going to take a while," Mr. Bush said.

Sen. John McCain (R) of Arizona has also compared Vietnam to Iraq and said that the current generation of US leaders has ignored or forgotten two things learned the hard way in southeast Asia: The White House needs the public's support to wage war, and the military needs to use overwhelming force when fighting it.

But if there is one principle that virtually every expert who reflects upon Iraq might agree on, it might be the obvious point that the US experience there has turned out to be very difficult.

To supporters of the war, it is a hard task at which the US must prevail. To opponents, it has spiraled into something beyond the American ability to influence.

"Regime change, as we've seen in Iraq, is an incredibly risky bet," said Toby Dodge, a Middle East expert at the International Institute for Strategic Studies, at a recent Council on Foreign Relations event on the impact of Iraq on future US policies. Personal experience

Beyond that, the lessons one draws from Iraq depend crucially on political belief and personal experience.

Thus Bremer, the civilian administrator who oversaw the development of Iraq's constitution and the beginning of its current political process, staunchly defends the overall US effort - but does criticize the military for its failure to counter the Iraqi insurgency.

"For too long the military assumed that Iraqi forces would be able to carry on the fight themselves in short order," writes Bremer in the new edition of his book "My Year in Iraq."

Mr. Diamond, the expert in democratic process who tried to jump-start Iraqi democracy in the spring of 2004, judges that Iraq may yet emerge from its current chaos, but that the costs of the US invasion and occupation will be higher than necessary and greater than US leaders had imagined.

Among the lessons learned in Iraq, writes Diamond, is that you can't construct a democratic state unless a state already exists and can control its internal security.

"We cannot get to Jefferson and Madison without going through Thomas Hobbes," writes Diamond in his book "Squandered Victory."

A second lesson is that success in circumstances such as Iraq requires a commitment of substantial human and financial resources for five to 10 years, according to Diamond. A third lesson is that the US needs to organize itself more effectively for postconflict reconstruction.

"The final, overriding lesson of Ameri-ca's misadventure in postwar Iraq is not 'don't do it' but 'don't do it alone,' and 'don't do it with an imperial approach,' " concludes Diamond. Power no substitute for friends

The need for a more coalition-based foreign policy is something that many experts might agree with, as the US proceeds with the difficult tasks of countering Iranian and North Korean nuclear programs.

As great as US power is, it cannot substitute for coalitions and the effective use of international organizations, said Anthony Cordesman, a military expert at the Center for Strategic and International Studies, in his 2004 testimony to Congress on the lessons of Iraq and Afghanistan.

The US now faces a generation-long period of tension and crisis in the Middle East and much of the developing world, said Mr. Cordesman - a different kind of sustained "cold war."

Given that context, one of the broader strategic lessons of Iraq and Afghanistan may be a deceptively simple-sounding one: the US needs to take the world as it is.

"Policy, analysis, and intelligence must accept the true complexity of the world, deal with it honestly and objectively, and seek 'evolution' while opposing 'revolution,' " said Cordesman in 2004.

'Fear Took Over' In Baghdad Raid (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, December 4, 2006

U.S. advisors lament Iraqi troops' conduct. America's exit strategy hangs in the balance.

BURSTS of AK-47 fire hissed past them from several directions at once, showering the U.S. and Iraqi soldiers with pulverized cement and slapping spider-web fractures into their Humvees' bullet-resistant glass turret-guards.

The joint security forces, undertaking what officials described as a major counterinsurgency operation, were in pursuit of 70 "high-value targets" in Baghdad's crowded Fadhil quarter, a Sunni Arab neighborhood of multistory tenements along the east bank of the Tigris River.

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Instead, the soldiers of the Iraqi army's 9th Mechanized Division and their American trainers had walked into a deadly ambush Friday. From upper-story apartments, insurgents stopped the soldiers' advance with grenades and shoulder-fired rockets. Others launched coordinated mortar strikes, hitting one of two nearby Iraqi field posts.

By the time the 11-hour battle was over, one Iraqi soldier had been killed and six others wounded, including one who shot himself in the foot. A U.S. soldier was also wounded and, according to American troops interviewed, additional casualties were averted only because U.S. Apache attack helicopters were called in and American trainers shot their way out of the ambush.

"Fear took over" among the Iraqis, Staff Sgt. Michael Baxter said.

"They refused to move. We were yelling at them to move," he said. "I grabbed one guy and shoved him into a building. I was saying, 'God get me out of this, because these guys are going to get me killed.' "

The offensive was initially billed by U.S. officials in Baghdad as an Iraqi-led success and a case study in support of the Pentagon's increasing reliance on using American troops as military advisors as a way to shift security responsibilities to Iraqi soldiers.

Expansion of teams

U.S. officials say an imminent expansion of the Military Transition Teams — squads of American military advisors traveling with Iraqi army units — will meet demands Iraqi Prime Minister Nouri Maliki made of President Bush at their meeting in Amman, the Jordanian capital, last week for more authority over his own security forces.

But interviews at their joint Rustamiya base with U.S. advisors and Iraqi soldiers involved in Friday's battle revealed a different story. The operation was hastily prepared and badly executed, they said, and plans to let the Iraqis take the lead in the battle were quickly scrapped.

"It started out that way," Baxter said. "But five minutes into it, we had to take over."

Staffed with veterans of the Iraq-Iran war of the 1980s and equipped with a complement of refurbished Soviet tanks and American Humvees, the 4,000-soldier 9th division is considered Iraq's best hope for an eventual U.S. troop withdrawal.

But confusion swiftly reigned as insurgents in Fadhil pummeled dismounted Iraqi troops and their American advisors. U.S. radio jammers seeking to hinder communications between insurgents ended up blocking the Iraqi soldiers' walkie-talkies, forcing them to use unreliable cellphone signals to stay in contact. Voice commands were lost amid the explosions and gunfire echoing off the walls.

At one point, U.S. and Iraqi troops piled into a Humvee to escape the hail of insurgent bullets pinging off the armor cladding.

"I was pulling people in," said Army Sgt. 1st Class Kent McQueen. "We were all bunched in there together with the gunner. It was like a game of Twister."

An insurgent tried to throw a grenade into a Humvee's top hatch, but it bounced off and exploded on the ground.

At times, the overwhelmed Iraqi soldiers fired wildly, sweeping their machine-gun barrels across friendly and insurgent targets alike, witnesses said.

"I had to throw bullet casings at them to get their attention," said Sgt. 1st Class Agustin Mendoza, another U.S. trainer who manned a Humvee gun turret during the battle. "They had no weapons discipline."

"A round hit the glass shield of my turret behind me," Mendoza said. "I hit a guy down the alley and a propane tank. It exploded in a big fireball."

The number of insurgents in the area was estimated at more than 100. Soldiers said they killed 20 and detained 43 others, including three foreign fighters.

No count was made of the number of civilians killed in the densely populated neighborhood, but U.S. and Iraqi soldiers acknowledged a significant amount of "collateral damage."

Apache helicopters beat down on the dilapidated tenements, drilling hundreds of .50-caliber rounds into concrete walls and rooftops. At least twice they unleashed Hellfire missiles, shattering walls and rooftops with flashing thunderclaps. On the ground, Iraqi T-55 tank commanders fired their main guns down the narrow alleyways, smashing structures into an avalanche of bricks.

McQueen felt something jerk his head back violently and then pressed his finger into a bullet-sized dent in his Kevlar helmet.

At one point he noticed Iraqi soldiers in their armored Humvees pulling away in panic.

"I tried to halt the Iraqi army trucks to stop the trucks to give us cover," he said. "The driver gives me this dumb look."

The U.S. military is ramping up its training program to add 30,000 Iraqi troops by mid-2007 to make up for soldiers who have abandoned their posts or died. The new recruits are also intended to supplement the small number of Iraqi troops willing to travel away from their home bases despite dangerous conditions or the possibility of being ordered to fight against members of their own sect.

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Most soldiers in the 9th division, for example, are Shiites, and U.S. and Iraqi officers said they doubted the troops would obey if ordered to fight in Shiite neighborhoods of Baghdad such as Sadr City.

"In August, when we started Operation Together Forward to secure Baghdad, we called on a bunch of units to assist," said U.S. Army Col. Douglass S. Heckman, the commander for the 9th Division Military Transition Team. "This division was the only one that moved into the operation. The others balked."

But Friday's battle suggested that even Iraq's best trained and equipped division is far from having the ability to operate independently. Heckman said attrition and liberal leave policies meant that only 68% of the 9th division is even on duty at any given time.

Another American advisor complained that the division had only 65% of the weapons and other equipment that it had been allocated by the U.S.

"And it's not just my guys," said the advisor, who spoke on condition of anonymity. "As I look across the division MiTT teams, they all tell me the same thing. Some of them have 50% of their equipment, some have 75%, but it's the same thing all over Iraq."

Despite efforts to get more financial support from the Iraqi Defense Ministry, the division stays operational only with help from the U.S. military, which provides everything from food to batteries.

Iraqi unit well regarded

Still, the division had conducted a number of successful joint U.S. and Iraqi operations north of Baghdad, officials say, and is well regarded by American commanders. The U.S. military believed the unit was ready to conduct the latest operation with minimal American ground support.

The operation was proposed by the Iraqi Defense Ministry and approved by U.S. Army Gen. George W. Casey Jr., the top commander in Iraq, only hours before it was carried out.

"We could have used two more days to plan," said U.S. Army Maj. Thomas J. Boczar, who organized the strike with Iraqi division commanders.

Iraqi army Col. Bassim Mohammed, assigned to the division's reconnaissance company, said he learned about the mission only three hours before it began at 4 a.m. Friday.

"We didn't do any reconnaissance. Nobody was briefed on the area. We didn't know the area 100%," Mohammed said. Units that went into Fadhil hadn't plotted egress routes, he said.

U.S. advisors said impending operations were often kept secret because of infiltrators within Iraqi ranks.

But Boczar suggested that insurgents knew the attack was coming. Aerial drone footage captured before the assault appeared to show them positioning themselves in preparation for the raid, he said.

"This was a coordinated, complex attack," Boczar said of the insurgent ambush. "And the way they maneuvered shows us that they were ready for us."

Having learned from previous encounters that rooftop snipers would be exposed to U.S. helicopters, insurgents fired out of second- and third-story apartments. And like the U.S. troops who called in helicopters for air support, the insurgents staging the ambush called on others to strike Iraqi army positions with mortar rounds.

U.S. Army Lt. Col. Mathew Stanton acknowledged that it was a tough fight, but said he was all right with that.

"It was hard. I understand that," Stanton said shrugging his shoulders. But he was satisfied. "You know what? We're not going to be here forever."

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Toddler Killed In Airstrike Targeting Militants In Iraq (USAT/AP)

USA Today/AP, December 4, 2006

BAGHDAD — A U.S. airstrike flattened a building in a volatile province west of Baghdad, killing two women and a toddler, as well as six militants, the military said Sunday.

The U.S. military also said nine U.S. troops were killed in weekend fighting around Iraq.

The military said it was targeting buildings believed to be harboring foreign fighters Saturday night and intelligence reports had verified that several men were inside during the time of the raid in Anbar province. U.S. forces have accused the militants of taking over buildings for use as safe houses and of using civilians as human shields.

Coalition ground and air forces killed six insurgents while destroying two buildings that militants were using in the town of Karmah, west of Baghdad, the military said.

While searching through one of the destroyed buildings, coalition forces also found a weapons cache and the bodies of two women and a boy, who was believed to be under the age of 2, the military said. Three suspected insurgents also were detained.

In other Iraq news:

·Iraq's president on Sunday rejected suggestions that an international conference be held to address the violence racking his country. “We are an independent and a sovereign nation, and it is we who decide the fate of the nation,” President Jalal Talabani said.

The international conference was suggested last week by United Nations Secretary-General Kofi Annan.

·The U.S. combat deaths announced Sunday included one in Baghdad on Sunday, one near Taji, north of the capital Saturday, and five in Anbar province on Saturday. Two soldiers were killed by an explosion near their vehicle in northern Iraq on Sunday.

·The pilot of an F-16 fighter jet that went down in Anbar last Monday was declared killed in action by the U.S. Air Force on Sunday. It said DNA analysis had confirmed remains found at the crash site 20 miles northwest of Baghdad were those of Maj. Troy L. Gilbert, 34.

·Saddam Hussein's lawyers formally appealed the death sentence against their client for the killing of 148 Shiites.

Five Iraqi judges sentenced Saddam and two other top members of his regime to death by hanging on Nov. 5 for the killings in the town of Dujail, north of Baghdad.

Under Iraqi law, death sentences are automatically appealed before a higher court within 10 days of their pronouncement. However, defense lawyers must file a formal appeal within 30 days, detailing the legal grounds for their action and presenting new evidence that could support their clients' claims of innocence. The lawyers could also make a plea for leniency.

6 Militants, 3 Others Die In Iraq Raids (AP)

Associated Press, December 3, 2006

BAGHDAD, Iraq (AP) -- U.S. soldiers destroyed two buildings being used by insurgents in a town in Anbar province, killing six militants, two women and a child, the military said Sunday.

It was the latest of several recent raids during which women or children have been killed or wounded by U.S. forces as they attacked insurgents in residential areas. In some of the attacks, the U.S. command accused the militants of using civilians as "human shields" or buildings as "safe houses."

On Saturday night in the town of Karmah, coalition ground and air forces killed six insurgents while destroying two buildings that militants were using, the military said. Searching through one of the destroyed buildings, coalition forces also found a weapons cache and the bodies of two women and a child, the military said, without providing the age of the women or the age and sex of the child. Three suspected insurgents also were detained.

Karmah, 50 miles west of Baghdad, is in Anbar province, the large area of western Iraq where many of the country's Sunni Arab insurgent groups operate.

"Coalition forces take precautions to mitigate risks to civilians while in pursuit of terrorists. However, terrorists continue to put innocent civilians in danger by operating among them," the U.S. military statement said.

On Friday, near Taji, just north of Baghdad, American soldiers killed one insurgent and wounded a woman in her 50s "who was being used as human shield by the terrorist," the U.S. command said. "Terrorists continue to deliberately place innocent Iraqi women and children in danger by their actions and presence," it said.

On Wednesday, two Iraqi women died when U.S. forces backed by aircraft killed eight al-Qaida in Iraq insurgents during a raid near Baqouba, 35 miles northeast of Baghdad, the military said.

The day before, American soldiers fought with suspected insurgents in Ramadi, the capital of Anbar province, killing six Iraqis: one man and five girls, ages 7 months, 12, 14, 15 and 17, the U.S. command said. Another Iraqi woman was wounded. The military quoted residents as saying the building attacked "was a known anti-Iraqi force safe house."

Iraq War Has Cost US 350 Billion Dollars (AFP)

AFP, December 4, 2006

The war in Iraq has cost the United States more than 350 billion dollars since the March 2003 invasion, according to an AFP review of Congress figures.

About 290 billion dollars, including 254 billion for military operations, were allocated for the war in fiscal year 2006, which closed on September 30, according to a September 22 report by the Congressional Budget Office (CBO).

The Congressional Research Service estimated the cost at 319 billion dollars, representing 73 percent of US spending for the "war on terror" launched after the September 11, 2001 attacks on the United States.

Congress has approved 70 billion dollars for the "war on terror" in the 2007 defense budget that includes about 50 billion dollars for the Iraq conflict, bringing the three-and-a-half-year spending over 350 billion dollars.

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A Democratic senator said last month that the Defense Department will request an additional 127 billion dollars for the wars in Iraq and Afghanistan, an amount that would bring the cost of the "war on terror" over 500 billion dollars.

The new funding request would make the "war on terror" more expensive for the United States than Washington's spending during the Vietnam War that ended in 1975.

The Congressional Research Service said in a September report that the cost of the war in Iraq rose this year to eight billion dollars a month, compared to 6.4 billion a month last year.

F-16 Pilot Downed In Iraq Listed As KIA (AP)

AP, December 4, 2006

An American pilot whose F-16 fighter jet went down in Iraq was listed as killed in action following DNA analysis of remains recovered at the crash site, the U.S. Air Force said Sunday.

Maj. Troy L. Gilbert, 34, was supporting troops fighting in Anbar province, where many of the country's Sunni-Arab insurgent groups operate. Videotape footage obtained by Associated Press Television News after the crash appeared to show the wreckage of the F-16CG in a field and a tangled parachute nearby.

Remains recovered at the crash site 20 miles north of Baghdad were identified as Gilbert's, the Air Force said.

U.S. forces investigating the crash have said insurgents reached the site before American forces could. The cause of the crash is under investigation, but officials said they did not believe Gilbert was shot down.

Hussein Death Penalty Is Formally Appealed (WP)

By Nancy Trejos

The Washington Post, December 4, 2006

BAGHDAD, Dec. 3 -- Attorneys for former president Saddam Hussein on Sunday formally appealed his death sentence for the killing of 148 Shiite men and boys from the town of Dujail in the 1980s, a spokesman for the Iraqi High Tribunal said.

The case will now go to a higher court, which can rule on it at any time. If the court upholds Hussein's conviction, his execution, by hanging, must occur within 30 days, according to Iraqi law.

Raid Juhi, spokesman for the tribunal, said Sunday that two of Hussein's attorneys had submitted the appeal papers.

Hussein was convicted on Nov. 5 of crimes against humanity for the Dujail killings, which took place after an attempt on his life in 1982. Hussein and two of his seven co-defendants, including his half brother, were sentenced to death. Four defendants received prison terms ranging from 15 years to life, and an eighth was acquitted.

Under Iraqi law, death sentences are automatically appealed within 10 days. But defense lawyers must still file a formal appeal within 30 days of the verdict.

A recent report by New York-based Human Rights Watch concluded that Hussein's trial was so seriously flawed that the verdict could be called into question.

Hussein is currently on trial in another case, involving the killing of tens of thousands of Kurds in the late 1980s.

Deadly violence continued Sunday in many parts of Iraq.

In the northern city of Mosul, a car bomb exploded at a police station, killing two people, a police official said. Four officers were wounded in the attack.

In Baqubah, 35 miles northeast of the capital, the bodies of 16 people were found handcuffed and blindfolded, said Ali al-Khayam, a spokesman for Diyala province.

In Gharma, near the violence-ridden city of Fallujah, U.S. forces raided a safe house used by foreign fighters, the U.S. military said in a statement. The troops fired on the building, killing five suspected insurgents, two women and a child. Two other buildings used by insurgents were destroyed in the raid on Saturday night, the statement said. Another suspected insurgent was also killed in the operation.

The U.S. military announced that a soldier was killed Sunday in Baghdad. Two soldiers were killed by a roadside bomb while on patrol in Anbar on Saturday, and two soldiers and a Marine were killed in a separate incident in the volatile western province. One soldier died Saturday when his convoy struck a roadside bomb near Taji, about 12 miles north of Baghdad.

The U.S. military also announced that Air Force Maj. Troy L. Gilbert was killed last week when his F-16 fighter jet crashed in Anbar province. A DNA analysis positively identified his remains Friday.

Gilbert, 34, had been flying in support of ground troops fighting insurgents when his jet crashed Monday. Officials said the incident was under investigation, but Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, said last week there was no indication that the jet had been shot down.

Gilbert, of Litchfield Park, Ariz., was assigned to the 309th Fighter Squadron at Luke Air Force Base in Arizona and deployed to the 332nd Air Expeditionary Wing at Balad Air Base. He was married and had children.

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"He served with courage and commitment and believed in duty, honor and country," Brig. Gen. Tom Jones, commander of Luke's 56th Fighter Wing, said in Arizona.

Meanwhile, Prime Minister Nouri al-Maliki condemned a triple car bombing that killed 51 people in Baghdad on Saturday and said families of the victims would receive compensation.

Report Faults Training Of Afghan Police (NYT)

By James Glanz, David Rohde

The New York Times, December 4, 2006

Five years after the fall of the Taliban, a joint report by the Pentagon and the State Department has found that the American-trained police force in Afghanistan is largely incapable of carrying out routine law enforcement work, and that managers of the $1.1 billion training program cannot say how many officers are actually on duty or where thousands of trucks and other equipment issued to police units have gone.

In fact, most police units had less than 50 percent of their authorized equipment on hand as of June, says the report, which was issued two weeks ago but is only now circulating among members of relevant Congressional committees.

In its most significant finding, the report said that no effective field training program had been established in Afghanistan, at least in part because of a slow, ineffectual start and understaffing.

Police training experts who have studied or had first-hand experience with the American effort in Afghanistan said they agreed with the report's findings, and some said they had warned for years that field training was the backbone of a strong program. But they said additional problems needed to be investigated, including the quality of private contractors and the cost and effectiveness of relying on them to train the police officers. In particular, the experts questioned why the report focused on United States government managers and only glancingly analyzed the performance of the principal contractor in Afghanistan, DynCorp International of Virginia.

Considering the state of the police force, an estimated $600 million per year will be needed indefinitely to sustain it, says the report, undertaken by the offices of the inspectors general at the Pentagon and the State Department. Howard J. Krongard is the inspector general at State, which led the work on the 97-page report, and Thomas F. Gimble holds the office at the Pentagon.

American advisers will also have to combat endemic corruption in the force, the report says.

Efforts to respond to some of the issues that the report identifies are already under way. Afghan and American officials recently announced that they had instituted an "auxiliary police" program at the end of the summer, which aims to hire 11,200 officers in parts of the country beset by Taliban attacks, primarily in the south.

But those officers receive only two of the standard eight weeks of training, and the police training experts say the program could worsen the situation. They say the new hastily created program could place ill-trained and poorly vetted officers in the field and allow militias and criminals to infiltrate the force.

An American official involved in the new effort said the program became necessary after southern governors besieged by Taliban attacks began hiring police officers on their own. American officials feared they were seeing the beginnings of de facto private militias.

"This was designed to avoid the creation of the militias," said the official, who was not authorized to comment publicly.

The training experts say the United States made some of the same mistakes in training police forces in Afghanistan that it made in Iraq, including offering far too little field training, tracking equipment poorly and relying on private contractors for the actual training. At the same time, those experts say, the failure to create viable police forces to keep order and enforce the law on a local level has played a pivotal role in undermining the American efforts to stabilize both countries.

In Afghanistan, the failure has contributed to the explosion in opium production, government corruption and the resurgence of the Taliban.

In Iraq, the challenge is even larger: Sectarian death squads have infiltrated the police force and helped push the country to what many are now calling a civil war.

"In both places we were extraordinarily late getting started," said Robert M. Perito, a policing expert at the United States Institute of Peace and a former National Security Council, State Department and Justice Department official. "In both places you have a dysfunctional Interior Ministry in control, and in both places the United States has tried to stand up a ministry advisory group to bring order out of chaos."

In an interview this fall, the Afghan president, Hamid Karzai, said the violence in the country's south was partly a result of the lack of a viable force. He called for "much more support" from the United States and for an expansion of the country's force of roughly 70,000 officers.

"It is not that they are strong," he said, referring to the Taliban. "It is that we are not strong enough to defend ourselves."

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Most of the $1.1 billion the United States has spent on the training program in Afghanistan has gone to DynCorp, a technical services company based in Falls Church, Va., with 14,000 employees in about 33 countries. DynCorp also won the largest part of the training work in Iraq; it received a total of $1.6 billion for its training and security work in Iraq and Afghanistan in the 2004, 2005 and 2006 fiscal years, according to Gregory Lagana, a company spokesman. The work accounted for roughly 30 percent of the company's revenue during those years. In May, the company raised $375 million in an initial public offering of its stock.

Under orders from the Defense Department, the company has deployed 377 police advisers to Afghanistan, roughly half the number the United States has deployed in Iraq. Police training experts say far more police advisers are needed in Afghanistan, which is roughly the same size as Iraq. The report says that management of the DynCorp contract by United States government officials in Afghanistan has fallen into a state of disarray; conflicting military and civilian bureaucracies could not even find a copy of the contract to clarify for auditors exactly what it called for.

The report does not suggest that DynCorp held any responsibility for the program's failures, but former Afghan officials and several American policing experts who have examined DynCorp's training on the ground say that the company is partly to blame for long delays and that the use of private contractors for training should be reviewed. Afghan officials have complained about the high cost of the advisers and have said that some have too little experience.

Ali Jalali, an Afghan-American military historian who served as interior minister from 2002 to 2005, said the expertise level of some DynCorp advisers sent to his ministry was mixed. He said he rejected the first group he was offered because their résumés were unimpressive. When a second group arrived, some were retired officers not up to the demands of working in Afghanistan, he said. Others knew virtually nothing about the country.

"They were good on patrols in Oklahoma City, Houston or Miami," said Mr. Jalali, now a professor at the National Defense University in Washington. "But not in a country where you faced rebuilding the police force."

Mr. Lagana defended the company's work and said State Department officials closely monitored their activities. He said the Interior Ministry advisers who drew complaints regarding their experience level were removed.

"We filled positions based on the requirements and salary levels authorized by the State Department," Mr. Lagana said. "As we went along, everyone realized we needed people with experience at higher levels in law enforcement."

Seth Jones, an Afghanistan expert at the RAND Corporation who has made eight trips to Afghanistan since 2003 to study army and police training, called for a review of the company's performance. He said he had repeatedly heard complaints from both Western and Afghan officials in Afghanistan about the quality and experience of DynCorp's advisers.

"I was surprised, based on what I have seen on the ground, that DynCorp was let off the hook so easily," he said of the report. "I think a very frank assessment of DynCorp needs to be done."

Mr. Krongard, the State Department inspector general, acknowledged the seriousness of the report's criticisms. But he said in a statement in answer to questions about the report that in the face of obstacles like largely illiterate recruits, low pay and corruption, the program was "generally well conceived and well executed," but that for the police force to be self-sustaining, "long-term U.S. and international assistance and funding will be required at least beyond 2010."

The report concluded that the official figure of 70,000 trained police officers was inflated and that only where American advisers were present was the counting reliable to some degree.

As a best estimate, the report said that 30,395 Afghan officers — fewer than half the official total — were "trained and equipped to carry out their police functions."

The report also says that the vetting process for recruits, intended to keep the Taliban and people with powerful sectarian or tribal loyalties out of police ranks, has not been effective. After recruits are trained, they are often assigned by local police commanders to menial tasks like guard duty.

The international effort lost critical time when it initially mounted a token effort to train officers in Afghanistan, according to Afghan officials and policing experts. For the first two and a half years after the fall of the Taliban, no systematic police training program existed outside of Afghanistan's capital, according to American and Afghan officials. The United States focused on training a new multiethnic army and paid little attention to the need for policemen. Germany pledged to train a new force but sent only 40 police advisers to Kabul.

Then, in 2004, the State Department issued a contract to DynCorp to deploy 30 police advisers across Afghanistan and construct seven regional training centers.

The United States spent $164 million building and running the training centers; recruits received two to four weeks of training. The effort was poorly monitored and achieved mixed results, according to a June 2005 report by the Government Accountability Office.

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In April 2005, the Defense Department took over police training in Afghanistan and drastically expanded the number of American police advisers; the number is 377 today. Still, police training experts said the Afghanistan effort remained far too small, with small teams of advisers each expected to field train thousands of Afghan policemen.

The small corps of advisers also makes it more difficult to track equipment, and the report said that just 3,000 of 5,000 vehicles issued to the police nationwide could be accounted for. Although the report does not explicitly connect its warnings on corruption to the loss of equipment, the two appear to be closely related.

The weakness of the police has contributed to Afghanistan becoming the world's largest producer of opium, accounting for 92 percent of the world's supply, experts said. A report issued by the United Nations Office of Drug Control and the World Bank on Tuesday found that corruption had stymied efforts to counter opium production and that a handful of politically connected traffickers increasingly dominated the drug trade.

"The drug industry in Afghanistan is becoming increasingly consolidated," the report says. "At the top level, around 25-30 key traffickers, the majority of them in southern Afghanistan, control major transactions and transfers, working closely with sponsors in top government and political positions."

The report on police training strongly recommends expanding the advising program to take care of some of those problems but points out that an expansion would cost the United States much more money "as well as increasing the risk to U.S. personnel."

At Least 3 Die In Afghanistan As Bombing Incites Shooting (NYT)

By Carlotta Gall

The New York Times, December 4, 2006

KABUL, Afghanistan, Dec. 3 — British troops opened fire on civilians in the southern city of Kandahar on Sunday, after a suicide bomber rammed a minibus into their military convoy, wounding three soldiers and setting a vehicle on fire, officials and witnesses said.

At least three people were killed and 15 wounded in the bombing and the shooting afterward, hospital officials said. By late evening [a news service] was reporting that as many as eight people had been killed.

The bomber struck around 11 a.m. on the main road through the city. One military vehicle was ablaze as a helicopter lifted out the wounded soldiers. As crowds and cars started pushing to get past the blocked road, the troops, fearing a second suicide attack, opened fire on at least one civilian vehicle that did not obey hand signals to keep back, said a NATO spokesman in Kabul, Maj. Luke Knittig. At least one person was killed and one was wounded, he said.

Witnesses said that up to 10 people had been wounded by NATO gunfire. Six or seven people were killed or wounded by the bomb blast, relatives said.

"My cousin and I were on the way from Nelgham village to the city in a taxi when British troops came along," said Dost Muhammad, 35, who was at the Kandahar city hospital looking after his cousin, Abdul Khaliq, 30, whom he said had been wounded by British soldiers. "Our driver reduced his speed and tried to stop on the side of the road, and the British came very near and started firing. My cousin and the driver were shot by them. I saw six other men shot by them."

The Taliban claimed responsibility for the suicide attack, a spokesman, Qari Yousef Ahmedi, told The Associated Press by telephone. The bomber was driving in the same direction as the convoy when he exploded his vehicle, said Ahmadullah Faizi, a spokesman for the NATO security force in Kandahar. Three British soldiers were wounded in the attack, he said.

"I saw a Town Ace minibus was moving very slowly just as a British convoy came near to it and it exploded," said Qassim Alokozai, 25, a shopkeeper. "After that I was trying to get myself away from the area because the British started firing on local people. The British took out the injured men from the damaged vehicle, and after that they left their vehicle and escaped."

A civilian supply helicopter working for NATO went down in bad weather in the mountains of southern Afghanistan on Saturday, according to a NATO statement. A search and rescue team found the helicopter at noon Sunday but was not able to reach the crash site or establish the status of the eight-member crew.

NATO forces on a routine patrol in the Musa Qala district of Helmand Province fought with insurgents for four hours on Saturday night, a NATO statement said Sunday. British troops had negotiated a cease-fire with the Taliban and local tribal elders there in recent weeks, but called in airstrikes on the insurgents on Saturday.

A Troubled 'Afghan Model' (NSWK)

By Fareed Zakaria

Newsweek, December 4, 2006

Dec. 11, 2006 issue - As Iraq has descended into chaos over the last three years, Washington policymakers have often pointed to Afghanistan as the success story in the war on terror. Even those who worry about the situation on the ground agree

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that the United States and its NATO allies have the right strategy in place; they just think we've devoted too few resources to the problem. In fact, Afghanistan is in danger of becoming a version of Iraq, where the central government has collapsed, disorder is rife and a Qaeda-backed insurgency controls large swathes of the country. In addition, the policies that the United States has in place are at best inadequate. We have tried to handle Afghanistan with an Afghan strategy. But it is now clear that the only way to stabilize the country is to have a Pakistan strategy.

In a forthcoming article in Foreign Affairs, Barnett Rubin, a leading Afghanistan expert, reports after four visits this year that the country is "approaching a tipping point." The Taliban-led insurgency is gaining ground. In some areas, parallel Taliban-run governments have their own courts and administrations. The insurgents now conduct suicide bombings—unprecedented in Afghanistan—and use improvised explosive devices like those in Iraq. In their southern strongholds, 35 percent of schools are closed. "As a result of the government's shaky legitimacy and weak powers," Rubin writes, "the international troop presence is coming to resemble a foreign occupation—and an occupation that Afghans will ultimately reject."

Afghan President Hamid Karzai and his counterpart in Pakistan, Pervez Musharraf, have openly quarreled about the cause of the Taliban's re-emergence. Musharraf blames Karzai's incompetence and weakness. Karzai argues that Pakistan has been tacitly—and often actively—supporting the Taliban along the Afghanistan-Pakistan border, and in Pakistan itself. Having spoken to a number of senior Western officials and independent observers in both countries, I think it's clear that, in the words of a senior U.S. administration official who wished to remain anonymous because of the sensitivity of the subject, "the weight of the evidence supports President Karzai."

Americans want to believe that all good things go together. But here is a telling example of why that's not always true. President Musharraf is a genuine modernizer who has saved his country from becoming a failed state. Despite the compromises he has had to make, he has been more forward-looking on economics, law, religion and even women's rights issues than any government in Pakistan since the early 1970s. But having confronted Islamic extremists on such matters, Musharraf seems to believe that one area where he need not actively thwart them is in their goal of jihad against Karzai's government and its Western backers.

This attitude is part of a traditional Pakistani world view. The Islamabad strategic elite, which essentially means its top military officers, believes that establishing "strategic depth"—having some sway over events in Afghanistan—is crucial for Pakistan. This mechanistic view comes out of the cold war, when India and Afghanistan tilted toward the Soviet Union, and has gained ground as India and Afghanistan have both become pro-American. There are even those in Islamabad who believe that to counter these trends, Pakistan should help drive Western forces out of Afghanistan— even establish a pro-Pakistan, Taliban government in Kabul. That would explain Islamabad's constant refrain that the Taliban must be rehabilitated within the Afghan political system.

At the dinner that Bush threw for both presidents in September, Karzai was extremely blunt, according to those familiar with the discussions (who wish to remain anonymous because of the private nature of the event). Karzai warned that if the United States was forced to leave Afghanistan, Kabul would ally far more closely with India and Russia, which would not be in Pakistan's interests. He also urged Musharraf to recognize that in supporting the Taliban and its doctrine of ethnic Pashtun nationalism, Musharraf was creating a problem for himself since there are millions of dissatisfied Pashtuns within Pakistan.

The United States and its NATO allies should push Musharraf to recognize that what Pakistan needs right now is not strategic depth but stability. Its economy is on a roll thanks to a strong reform program established and overseen by its savvy prime minister, Shaukat Aziz. With India and Pakistan growing at 8 percent a year, the Subcontinent could move into a win-win world in which peace and prosperity reinforce each other in an upward spiral of success. South Asia could then look a whole lot more like Southeast Asia, a region where economic growth has alleviated historical tensions and border disputes.

For the United States, too, there is an upside to success but, more important, a real downside to failure. If Washington is not able to persuade President Musharraf to crack down on the Taliban, it will inevitably mean the renewal of Al Qaeda, the only organization that has launched terror attacks across the globe directed at America and Americans. That's not just a problem for the United States' credibility. It is a problem for the safety and security of its citizens.

By The Book: Taliban Fighters Play By Their Own Rules (NSWK)

Newsweek, December 4, 2006

In case a Taliban fighter wonders what is expected of him, he can now refer to a nine-page, blue and white, pocket-size pamphlet called the Layeha, which Mullah Mohammed Omar began distributing last month. The book (NEWSWEEK obtained a copy, and has seen Taliban fighters carrying it in several parts of Afghanistan) lays down 29 strictures for conduct on the battlefield and in villages, as well as sanctions faced by those who break the rules: strict Islamic justice.

CLASS DISMISSED Government teachers—seen as tools of the "puppet regime"—should be warned to stop teaching and beaten if they refuse. If "found to be teaching against Islam" they should be killed by the unit's commander.

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VILLAGE CONDUCT Jihadis are forbidden to "disturb innocents," "raid houses," "take weapons from civilians" or "take people's money or personal property" (rules which seem to be frequently broken).

DELETEAFTERMEVICE Under anti-vice guidelines, smoking is banned, as is the practice of bringing "young boys without beards" to the combat zone or to a fighter's home.

RANSOMS Fighters cannot ransom prisoners without the agreement of a senior commander.

SPY JUSTICE Spies cannot be punished until judged by an Islamic court.

Slain Nevada Soldier At Last Gets Wiccan Plaque (WP/AP)

The Washington Post/AP, December 4, 2006

RENO, Nev. -- The widow of a soldier killed in Afghanistan saw a Wiccan symbol placed on a memorial plaque for her husband Saturday, after fighting the federal government for more than a year over the emblem.

Roberta Stewart, widow of Sgt. Patrick Stewart, and Wiccan leaders said it was the first government-issued memorial plaque with a Wiccan pentacle, a five-pointed star enclosed in a circle.

More than 50 friends and family dedicated the plaque at Northern Nevada Veterans Memorial Cemetery in Fernley, Nev., about 45 miles east of Reno.

They praised Gov. Kenny Guinn (R) for his role in getting the Nevada Office of Veterans Services to issue the plaque in September. The agency cited its jurisdiction over the state veterans' cemetery.

The U.S. Department of Veterans Affairs has approved the symbols of 38 other faiths for use in national veterans' cemeteries; about half are versions of the Christian cross.

The Jewish Star of David, the Muslim crescent, the Buddhist wheel, the Mormon angel, the nine-pointed star of Bahai and an atomic whirl for atheists are also permitted, but not the pentacle.

VA officials have said they are rewriting rules for approving emblems, but the process requires a public comment period.

About 1,800 active-duty service members identify themselves as Wiccans, according to 2005 Defense Department statistics, and Wicca is one of the fastest-growing faiths in the country. Its adherents worship the Earth and believe they must give to the community. Some consider themselves "white" or good witches, pagans or neo-pagans.

Patrick Stewart and four other soldiers died Sept. 25, 2005, when their Chinook helicopter was shot down in Afghanistan. He was posthumously awarded a Bronze Star and a Purple Heart.

Iraq: The War Without Honors (TIME)

By Sally B. Donnelly

Time, December 4, 2006

Are there fewer heroes in the Iraq war than in previous wars? That's the message the Pentagon is sending, say critics, by not awarding today's soldiers nearly as many of the nation's highest military honors. Three and a half years of combat in Iraq, for example, have produced only two winners of the Medal of Honor, the country's highest military award for bravery in combat. There were, by contrast, 464 Medals of Honor handed out during America's involvement in World War II, which lasted the same amount of time. If the government had been as stingy then as it is now, adjusting for the number of Americans who served, there would have been only 30 Medals of Honor won in the fight against fascism. The same applies to the second highest honor, the service crosses: there were 8,716 of those given out during World War II and just 26 so far in Iraq.

So what's different in this war? For one thing, the process for getting medals has become more cumbersome. Some commanders are reacting against what they see as medal inflation in recent wars, especially Gulf War I. And there may be fewer opportunities for Audie Murphy--style heroics when your enemy is planting improvised explosive devices (IEDs) or driving a car bomb. But the nearly 3,000 war dead testify to the peril of those fighting in Iraq, and a growing chorus has been speaking out against the Pentagon's parsimony. They're asking why there have not been more Ã©lite medals and why there have been huge disparities in the number of awards given by different branches of the military. "We need to look into the criteria used and the timing. There are obvious inequities," says Congressman John McHugh, a Republican from New York.

The House Armed Services Subcommittee on Military Personnel that McHugh chairs is launching an inquiry this week into the way medals have been awarded in Iraq. The Department of Defense may be required to issue new standards or even reopen cases in which medals have been turned down or downgraded. The Pentagon, meanwhile, says it needed its own review to consider how combat--and how the military quantifies heroism--has changed since 9/11. It is considering whether there should be new guidelines set for consistency across the services. The Army, for example, has displayed a stunning generosity in handing out the mid-level Bronze Star medals: it has given out an astonishing 52,000 since 9/11, compared with fewer than 1,500 for the Marines.

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Some critics think a kind of political correctness may be at play in the military. Says retired Lieut. Colonel Steve Russell, an infantry officer who served in Iraq: "Many senior officers who decide these awards have succumbed to the notion that every soldier is doing a great job and no one should be held out as better than another."

At the same time, some commanders have raised the bar for the highest awards because they say they have seen medals handed out too easily in the past. Army Lieut. General Tom Metz says he remembers clearly how a few soldiers in Vietnam took advantage of the system and won "air ribbons" often simply for taking flights in country. "[In Iraq] I was an award approver for all but the top two awards, and I was tough," says Metz, who authorized a handful of Silver Stars during his two years in Iraq. "I am confident those who got an award with my signature on it earned it."

Perhaps the biggest reason for the scarcity of top medals is the nature of combat in this war, which is so different from that of previous conflicts. The old saying about waiting to see the whites of the enemy's eyes before shooting doesn't apply when that enemy is a quarter of a mile away, looking at you through binoculars to see when to detonate the IED. Yet there are soldiers in Iraq--and Afghanistan--whose valor at least equals that of past generations of Americans. On April 14, 2004, several Marines were manning a checkpoint in western Iraq when an insurgent jumped out of a car and grabbed Jason Dunham, 22, by the throat. When the Iraqi dropped a live grenade during their struggle, the young Marine jumped on it so that his body would absorb the blast, saving the lives of his comrades. He died eight days later. Dunham was awarded the Iraq war's second Medal of Honor last month. It will be presented to his family at the White House by President George W. Bush on Jan. 11.

CRIMINAL LAW:

Gov't Study: School Killings Up Slightly (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, December 4, 2006

WASHINGTON — At least 21 people were killed at school during the 2004-05 academic year, a slight increase from the year before, the government reported Sunday.

The study by the Bureau of Justice Statistics does not include data from fatal shootings in Wisconsin, Colorado and Pennsylvania this fall. In Pennsylvania, five Amish girls were killed in a one-room schoolhouse by a milk truck driver who then turned the gun on himself.

Overall, fewer students reported being the victims of violent crime at school or school-sponsored events in 2004-2005, the study by the Justice Department agency show. Additionally, school-age children remain far more likely to be assaulted, raped and robbed off school grounds.

The study looked at violent crime against students over several periods of time.

The 21 killings at school-related events, between July 2004 and June 2005, targeted victims between age 5 and 18, said Katrina Baum, co-author of the 2006 Indicators of School Crime and Safety. Over the previous year, 19 people were killed.

It was not immediately clear whether all the victims were students. Still, the preliminary data indicates that students were about 50 times more likely in the 2003-04 school year to be killed away from school than at school, the report shows.

The number of deadly shootings has risen and fallen over the past 15 years. Overall school violence has shown a declining trend, although it has increased lately.

The study notes that four of every 1,000 students in 2004 reported being the victim of violent crimes — compared with six of every 1,000 in 2003. Researchers polled students between 12 and 18 for that part of the survey, co-written by the Education Department's National Center for Education Statistics.

Younger students were found to be more likely crime victims — including those injured by bullies, the report showed. Last year, 28 percent of students polled said they had been bullied.

Also in 2005, 24 percent of students questioned said that gangs were at their schools — up 3 percent from 2003. The rates of fights, drinking alcoholic beverages, and weapons found at schools remained at 2003 levels, the report noted.

The Next Crime Wave (TIME)

By Kathleen Kingsbury

Time, December 3, 2006

It's as if Milwaukee, Wis., had reverted to a state of lethal chaos. A Special Olympian is killed for his wallet as he waits for a bus. An 11-year-old girl is gang-raped by as many as 19 men. A woman is strangled, her body found burning in a city-owned garbage cart. Twenty-eight people are shot, four fatally, over a holiday weekend.

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These are the kinds of crimes American cities expected never to see in high numbers again. In the 1990s police departments nationwide began applying the so-called broken-windows theory: arrest the bad guys for minor offenses, and they wouldn't be around to commit more serious ones. This zero-tolerance approach--combined with more cops on the street to enforce it, a strong economy and a fortuitous demographic change that reduced the population of young men who typically cause the most trouble--lowered the rates of murder, robbery and rape for 10 consecutive years. Until last year. Not only did crime suddenly begin to rise in 2005, but the most violent crimes led the trend. Homicides shot up 3.4%. Robberies, 3.9%. Aggravated assaults, 1.8%. Hardest hit were not metropolises like New York City and Los Angeles but cities with populations between 400,000 and 1 million--such as Baltimore, Md.; Charlotte, N.C.; St. Louis, Mo.; and Oakland, Calif.--and this year looks to see similar rates of increase, if not worse.

Few places have suffered more than Milwaukee. The homicide count for the city of 590,000 fell from 130 in 1996 to just 88 in 2004. But last year, according to FBI figures, Milwaukee saw the country's largest jump in homicides--up 40%, to 121. This year's total will probably be lower, but as the killings over that bloody holiday weekend and other crimes show, violence has returned to the city. "You'll be able to read about something even more heinous tomorrow," laments Milwaukee Archbishop Timothy Dolan. "People are scared."

Like the residents of dozens of other recently crime-afflicted midsize cities across the country, people in Milwaukee are trying to figure out why their town has suddenly become so dangerous. While the cohort of young adults is ground zero for violent crime, the reason isn't as simple as a rapidly growing population. Since the late 1990s, the number of Americans under 30 has increased at a rate consistent with that of the general U.S. population, about 6%. Some other likely explanations have emerged.

FEWER COPS ON THE BEAT

Most municipalities count on grants from the Justice Department's State and Local Law Enforcement Assistance and Office of Community-Oriented Policing Services, or COPS, program to help pay for officers on their force. But $1.9 billion, or 45%, of that funding has disappeared since the Sept. 11 terrorism attacks, as federal resources are increasingly directed toward homeland security and the wars in Iraq and Afghanistan. Midsize cities, which depend more heavily on federal funds than larger ones do, have nearly 25% fewer officers than they did in 2001, and the White House's budget proposal for next year would sweep away an additional $1.5 billion. In Milwaukee, COPS universal hiring funds dropped from more than $1 million in 2002 to zero last year. That has left more than 200 police vacancies out of a force less than 2,000 strong. The city is hard pressed to fill the gap, since the police budget eats up nearly the entire Milwaukee tax levy of $213 million. Mayor Tom Barrett is hoping that the feds will start pitching in again. "We've spent five years on homeland security," Barrett says. "Now we need to focus on a little hometown security."

Further exacerbating the city's police shortage is the redeployment of cops from the streets of Milwaukee to those of Baghdad, Mosul and Kabul. As many as 135 officers at one time have gone on leave to serve in Wisconsin's National Guard or military reserve units in Iraq and Afghanistan. "It's difficult to manage a force that's always coming and going," says police chief Nanette Hegerty. Those left to hold down the fort at home feel overstretched and underappreciated. "Morale is low," says Officer John Balcerzak, head of the police union. "We're racing to a new crime before we've investigated the last. That leaves criminals out there on the streets."

Residents feel equally frustrated. "The police simply showing up can be half the battle in many people's minds," says Steve O'Connell, who lives in the working-class Sherman Park neighborhood. This summer, Milwaukee's 911 dispatchers received, on average, 1,700 calls a day. As police captain Donald Gaglione told a community meeting, "If your 911 call is not a high priority, it may take several hours before we respond, if at all." But people who live in volatile neighborhoods say they need police to intercede before minor disturbances become serious matters.

If police are struggling to answer 911 calls, they have even less time to patrol neighborhoods, so they can't build the trust essential to preventing crime. Tensions between the city's African-American community and police are particularly high--40% of the population is black and 47% is white, but there are three times as many white cops on the force. As Alderman Ashanti Hamilton explains, "If the only time people in black neighborhoods see a police officer there it is to arrest somebody, then, of course, they're going to be nervous." Chief Hegerty says repairing this relationship is critical. "We have to count on law-abiding residents to tell us what's going on in their neighborhoods," she says.

Ester Hodges learned that the hard way. A former construction worker who moved into a west-side Milwaukee home three years ago, she says a neighbor's young daughters terrorized her street and, more personally, bullied her children. Hodges, 48, became a one-woman block watch, calling the police regularly, buying surveillance cameras with her own money and speaking out at community meetings. "I let the police know time after time that trouble was coming," she says. Briefly last spring the police monitored her area more closely. Three weeks after the patrols stopped, however, Hodges says, a threatening group showed up at her house. Police still haven't sorted out exactly what happened next, but by the end, Hodges had been shot in the stomach.

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No charges have been brought in her shooting. She survived, and her neighbors eventually moved, but police are investigating whether Hodges may have taken justice into her own hands by firing at her antagonizers. No one else was hit.

Barrett's administration has tried to address unemployment through a huge investment in real estate development and tax incentives to attract business. The mayor says those efforts have created more than 10,000 local jobs. Most of them, however, are either high-tech positions beyond the skills of many Milwaukee residents or low-wage service slots in retail shops and chain restaurants that pay less than needed to support a family.

"People who have put in a full day's work are generally too tired to go out and terrorize the neighborhood by night," alderman Willie Wade says. Employment can assuage other social ills. It leads to more homeownership--meaning fewer absentee landlords and the drug houses that can go with them. And a job can anchor an entire family. Says Wade: "A little money in his pocket can convince a man to be a father to his children instead of stealing his neighbor's Cadillac."

2 Charged In Fine-payment Scheme (WT)

By Jim Mcelhatton

The Washington Times, December 4, 2006

The D.C. Office of Inspector General is investigating a reported scheme in which stolen credit cards were used to pay fines for parking and moving violations in the District, court records show.

Federal authorities last week filed arrest warrants that state two persons engaged in the scheme to pay off tickets for people at half the face value of the tickets, according to court records.

An affidavit from a D.C. Inspector General investigator states the scheme involved a man identified as Lonnell Damon Duckett offering to pay off people's unpaid parking and moving-violation tickets. In return, he sought cash for up to half the value of the unpaid D.C. Department of Motor Vehicle tickets, court records show.

In other words, Mr. Duckett, a Transportation Department employee, would offer to wipe out $1,000 in tickets if he received $500 in cash, authorities said.

The second person in the reported scheme has been identified as Ladonna Gray and described as Mr. Duckett's "DMV connection," according to court records.

Investigators say once Mr. Duckett received the cash, he used stolen credit-card information -- reportedly obtained from Miss Gray -- to pay the tickets.

The payments were made over the Internet, a common practice by most municipalities.

The investigation began after four persons who had accounts at the same storage business in the District told authorities their credit cards were being used to pay strangers' fines, records show.

Investigators say Miss Gray worked at the storage business.

Neither Mr. Duckett, 36, nor Miss Gray, 27, could be reached for comment.

The pair was charged under a criminal statute titled fraud and related activity in connection with access devices last week in federal court. The inspector general's office has declined to comment on the case, including whether others were involved.

Co-workers at the Transportation Department said Mr. Duckett described Miss Gray as his inside contact, charging documents show.

In one case, Mr. Duckett's co-worker gave him $500 in cash, then Mr. Duckett gave the co-worker a phone number to a woman he identified as "Donna," his "DMV connection," according to the affidavit.

"Donna" then asked for the person's vehicle tag number before providing the person with a receipt showing that $1,500 in fines had been paid, court records show.

The U.S. attorney's office filed complaints Nov. 27 against Miss Gray and Mr. Duckett.

Janis Hazel, a motor vehicles department spokeswoman, said motorists with tickets should be suspicious of such offers.

"If it sounds too good to be true, it probably is," she said.

Miss Hazel said agency staffers are trained to detect fraud and that the security code on the back of a credit card helps prevent such problems.

She could not say whether the people who had their fines paid through the credit cards would face penalties.

"That's up to the authorities," she said. "It's a criminal investigation at this point. Maybe there's something they can do."

LA Man Sentenced To 7 Years In Prison In Movie Piracy Case (AP)

By Gary Gentile

AP, December 4, 2006

LOS ANGELES - A man convicted of sneaking camcorders into movie screenings and selling the pirated tapes in video stores was sentenced to seven years in federal prison Friday.

"It is hoped the sentence will deter further unlawful conduct and protect the public," said U.S. District Judge Dean D. Pregerson.

Johnny Ray Gasca was convicted in June 2005 of three counts of copyright infringement as well as using a fake Social Security number and of an escape charge for fleeing his attorney's custody while awaiting trial.

Gasca gained notoriety as the first person to be charged in a federal crackdown on video piracy. He represented himself during a weeklong trial, saying he didn't intend to profit from his actions. He said evidence was embellished to make him appear to be a "prince of piracy."

Federal prosecutors showed the jury Gasca's diary in which he wrote that he earned up to $4,000 a week by attending the screenings. Prosecutors alleged he sold the films through small video stores or on the street.

During the sentencing hearing, Gasca accused prosecutors of lying during his trial. Gesturing with his hands and often pointing to prosecutors and the judge, Gasca called the courtroom a "den of snakes" and asked for a new trial, a motion the judge denied.

At one point, Gasca pointed to an FBI agent in the courtroom and said, "I'm going to prove to you he's a liar, your honor."

Before being sentenced, Gasca's voice broke as he thanked courtroom employees for being helpful during his trial.

Gasca was arrested by Burbank police and first charged with misdemeanor burglary after sneaking a camcorder into a screening of "The Core" in September 2002.

The next month, security officers at a Los Angeles theater found him with a camcorder at an MTV screening of the Eminem movie "8 Mile."

And in January 2003, a theater camera meant to record audience reaction at an "Anger Management" screening caught Gasca in the front row with his camcorder trained on the screen.

"Camcorded films are a major source for pirated films that are distributed on the streets and on the Internet costing the film industry billions each year," Dan Glickman, chairman and CEO of the Motion Picture Association of America, said in a statement. "We are pleased that the court recognized Gasca's crimes today with a fitting punishment."

The judge also ordered three years of supervision after Gasca is released and ordered him to attend anger management classes as a condition of release.

Movie Piracy Puts Man Behind Bars For 7 Years (SDUT)

By Matt Krasnowski, Copley News Service

The San Diego Union-Tribune, December 4, 2006

He's unapologetic for videotaping films in theaters

LOS ANGELES – The first person charged by the federal government for making camcorder copies of films as they were shown in theaters was sentenced yesterday to seven years in prison.

“It is hoped the sentence will deter further unlawful conduct and protect the public,” said U.S. District Judge Dean Pregerson.

Johnny Ray Gasca, 36, the so-called prince of movie piracy, was convicted in June 2005 on three misdemeanor counts of copyright infringement, and felony counts of making threats, witness retaliation, escape and using a fake Social Security number.

His reputation as a less-than-legitimate videographer started in 2002 when he got the attention of employees of a company that conducts movie screenings. Not long after, law enforcement began its investigations.

That year Gasca was arrested after sneaking a camcorder into a screening of the science-fiction movie “The Core.” Security officers at another theater found him weeks later with a camcorder at a pre-release screening of Eminem's “8 Mile.” In 2003, a theater camera that was supposed to capture audience reaction to the Jack Nicholson film “Anger Management” also caught Gasca with a camcorder pointed at the screen.

At the sentencing hearing, Gasca was unapologetic and maintained his innocence. He thanked lawyers who have aided him and court staff, but also took time to note “lies” he alleged prosecutors made during his trial.

The movie industry says piracy costs filmmakers billions of dollars annually. Last year, Congress approved legislation that made camcording a movie a felony with a possible three-year sentence.

In an FBI search of Gasca's Hollywood apartment, agents found video duplication equipment and diaries in which he reported making as much as $4,500 a week selling pirated, prereleased movies.

He was arrested in April 2003 but was released temporarily to the custody of one of his lawyers before his trial.

Gasca escaped and was a fugitive for 16 months before being captured in Florida – reportedly in a hotel room containing stacks of DVDs and recording equipment.

Jurors were told he threatened a witness in the case and Motion Picture Association of America investigators. He allegedly said he could flood the market with not-yet-released movies if they did not help get back the equipment seized by the FBI.

During his trial, the tough-talking native New Yorker told jurors that prosecutors were embellishing evidence and witnesses were lying. He portrayed himself as a "kung fu" movie enthusiast who distributed foreign-made films but broke no laws.

He said he came to Los Angeles to follow his "true passion" – he wanted to get into the movie business and be a director.

Ag Crime Wave Grows In California (USAT)

By Martin Kasindorf

USA Today, December 4, 2006

LOS ANGELES — In a rising wave of rural larceny, thieves are tracking commodity prices to steal everything that grows, plows or sprinkles on the USA's farms.

California, the No. 1 state in agricultural production, reports the biggest problems. Theft rings that kept police busy last year chasing stolen artichokes, pomegranates and diesel fuel switched this year to nuts, avocados, citrus, tractors, irrigation pipe and copper wiring, says Bill Yoshimoto, the supervising prosecutor for a 13-county Central California task force on farm crime.

The task force arrested two men in a Sacramento warehouse Nov. 26 on suspicion of possessing 136,000 pounds of stolen almonds and walnuts valued at $403,000. The bust supplied leads in thefts this year of 14 truckloads of processed nuts worth $2 million, says Detective Vince Gallagher of the Merced County sheriff's department.

The nuts were in 40-foot shipping containers ready for export. Only two containers were stolen in the area in 2005, Yoshimoto says.

Rural thievery "is increasing year by year," Yoshimoto says.

In areas far from cities, farms are often wide-open targets after dark, "with nothing more than a fence on an isolated road barring criminals from bins full of harvested crops," says Danielle Rau, director of rural crime prevention for the California Farm Bureau Federation.

In Alabama and other southeastern states with vast pine forests, the leading theft problem is illegal timber-cutting, according to police reports.

In Minnesota, Ohio and elsewhere, thieves siphon anhydrous ammonia, a fertilizer that can be used to make methamphetamine, from farmers' tanks.

Other targets include ginseng in Michigan, Japanese radishes in Hawaii and irrigation valves in Washington state.

The thefts are "putting our food supply under attack," says California state Sen. Jeff Denham, a Republican from the Central Valley.

No national statistics are kept on rural thefts, according to the U.S. Department of Agriculture and the American Farm Bureau Federation. Yoshimoto estimates that crops and equipment worth $1 billion will be stolen nationwide this year.

Research shows that farmers report only one in 10 thefts, he says. Reported thefts in the Central Valley totaled nearly $9 million last year and will top $10 million in 2006, indicating $100 million in actual thefts there, he says.

Thieves check commodity prices when deciding what to go after, Yoshimoto says.

Herndon Warned Of Accused Pedophile (WP)

By Jacqueline L. Salmon

The Washington Post, December 4, 2006

An afternoon of football watching and holiday decorating took a strange detour yesterday for some Herndon residents when they opened their doors to find strangers confronting them with troubling information: One of their neighbors is an accused pedophile.

Members of two groups representing victims of abusive Catholic priests went door-to-door in the neighborhood, distributing packets of information accusing a former Catholic priest who has lived there for 10 years.

"Community notification: Protect your children from a credibly accused serial sex offender," the packet's cover reads.

The 38-page sheaf of material contained information about Edward F. Dudzinski, 56, who last month was among 20 former priests accused by the Catholic Diocese of Wilmington, Del., of sexually abusing children. He served in the priesthood in the 1970s and 1980s.

The diocese disclosed the names in its weekly newspaper, saying that it had found "credible or substantiated complaints of sexual abuse of minors" against the priests. It said eight, including Dudzinski, are living. Dudzinski has not been convicted of -- or charged in -- any sex-abuse crime.

In a letter accompanying the list, Bishop Michael Saltarelli of the Diocese of Wilmington said he released the names at the recommendation of a diocesan review board. A spokesman for the diocese did not return phone calls and e-mails seeking comment.

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Yesterday, Dudzinski did not return calls to numbers listed for his address. Two of his roommates, who said the former priest was not at home, defended him and denounced the groups' tactics.

"He's in recovery from his issue. He's not a danger to the community," said one roommate, who would identify himself only as Peter. "All they've done is create a hysteria in the neighborhood for no reason."

As the man spoke to journalists on the front lawn of the two-story, mint-green house where he said Dudzinski lives with several roommates, organizers of the leafleting campaign -- who said they were victims of other abusive priests -- interrupted.

"We are not talking about shoplifting here," called out Paul Steidler, a Reston consultant and a member of Survivors Network of those Abused by Priests. "We are talking about the sexual abuse of children."

As Steidler spoke, a woman emerged from the house, carrying blue gift bags and frosted cupcakes to a worn station wagon at the curb.

"Do you see what they're doing?" she said to the roommate, brushing aside SNAP members and journalists. "They're putting these things in people's mailboxes in our neighborhood."

The woman, who would not identify herself in an interview later, said that she and her 10-year-old son have rented a room in the house for the past eight years and that she trusts Dudzinski. She said the groups' tactics are a violation of Dudzinski's privacy.

"It's very upsetting for him because other than 30 years ago, he's never done anything inappropriate," she said. "That's what I've been told, that's what I've observed, and that's what I believe."

For some in the close-knit community, where block parties and gatherings are common, it was a disturbing afternoon.

Members of SNAP and Voice of the Faithful, another support group for those abused by priests, walked from home to home for close to an hour in the December chill, talking to residents who answered their knocks.

Stella Matthes, who has two teenagers, thanked SNAP board member Mark Serrano and Voice of the Faithful member Evelyn Mercantini as they handed her a packet of information and gave her a synopsis of Dudzinski's alleged past.

Along with the Diocese of Wilmington's accusations, the packet contained copies of records showing that Dudzinski, who moved to Fairfax County in the 1990s to work as a substance-abuse counselor, gave up his license as part of a settlement with the Virginia Board of Counseling in 2003. Those records, available online, show that the board said that Dudzinski had become "personally involved" with teenagers he was counseling.

After Serrano and Mercantini had moved on to the next house, Matthes said the encounter had made her uncomfortable.

"I'm a little surprised that people are going door-to-door," she said. "I think it would be more appropriate if they were to mail something out."

A few doors away, John and Kathy Wilson, who have a 3-year-old daughter, said they were grateful for the information.

"It's always important to know who's living around you," Kathy Wilson said.

CIVIL RIGHTS:

Back To The Supreme Court: Racial Balance In Schools (CSM)

By Warren Richey

The Christian Science Monitor, December 4, 2006

WASHINGTON

America is one of the most racially and ethnically diverse countries in the world. Yet 52 years after Brown v. Board of Education - the landmark Supreme Court decision that struck down segregation - US classrooms are growing increasingly segregated.

In part, the racial divide reflects the persistence of segregated housing patterns and the stifling grip of poverty. But it also reflects national disagreement and confusion over how best to address the issue of race.

Monday, the US Supreme Court takes up two cases that confront the heated debate over race. On one side are those who believe affirmative action and other race-conscious programs are necessary to fight the effects of discrimination and inequality. On the other side are those who believe the Constitution mandates a colorblind approach to race relations - that government programs granting benefits based on a person's race are just as illegal as withholding benefits because of a person's skin color.

At issue in the two cases are race-based student enrollment plans at public school districts in Seattle and in Louisville, Ky. Both plans were designed by the local school boards to voluntarily achieve racial integration to provide a diverse learning environment for the benefit of all students. Both plans are under attack by local parents who say the use of race to maintain a racial balance amounts to an unconstitutional form of government discrimination.

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The cases confront fundamental issues that stretch back to 1954, when the high court ruled in the Brown case that racial segregation violates the constitutional principle of equal protection.

"This is about what is left, if anything, of Brown v. Board of Education," Theodore Shaw, president of the NAACP Legal Defense and Educational Fund, said in a recent debate hosted by the Century Foundation. If the high court strikes down the Seattle and Louisville programs, "it will be a reversal of historic proportions," he said.

The Brown decision is also the starting point for those challenging the plans, including the Bush administration. But they draw a different lesson from the landmark case.

"In Brown v. Board of Education the court held that intentionally classifying students on the basis of race violates the equal protection clause, and declared the ultimate objective ... to be achieving a system of determining admission to the public schools on a nonracial basis," writes Solicitor General Paul Clement in his brief to the court.

The Supreme Court last considered a similar issue in a 2003 case over race-based admissions procedures at the University of Michigan Law School. The court split 5 to 4, with then-Justice Sandra Day O'Connor casting the deciding vote upholding the affirmative-action plan as a means to bring racial diversity to the elite law school.

Justice O'Connor's retirement earlier this year opens the door for a possible shift at the high court, with Justice Anthony Kennedy now potentially in position to cast the deciding vote in the Seattle and Louisville cases, legal analysts say. Justice Kennedy dissented in the Michigan Law School case and was sharply critical of what he said was an overly permissive standard of review used by O'Connor.

"Were the courts to apply a searching standard to race-based admissions schemes, that would force educational institutions to seriously explore race- neutral alternatives," Kennedy wrote.

The enrollment plans under challenge in Louisville and Seattle are similar in that they are both attempts to address de facto segregation tied in part to housing patterns. The voluntary desegregation programs are aimed at preventing the school districts from sliding into a starkly segregated environment with minority students isolated in inner-city schools and white students isolated in suburban schools.

To achieve a meaningful mix, both school boards decided they would have to use race as a factor in deciding which students should attend particular schools.

In Seattle, the school board set student enrollment at the district's most popular high schools within 15 percentage points of the overall racial balance of the district's students. The balance was 40 percent white and 60 percent nonwhite.

Students were permitted to apply to attend any of the district's 10 high schools. But because some schools were more popular than others, the board created a racial tiebreaker to determine eligibility at the most popular schools.

If a new student would cause that particular school's white or nonwhite student population to increase above the 55 percent cutoff, the student was barred from attending that school. In the plan's first year, more than 300 white students were denied admission to their preferred school because of their skin color. Thirty students left the public school system rather than attend their assigned school.

Parents who oppose the plan say Seattle schools are already diverse and that the race tiebreaker is an attempt to achieve unconstitutional racial balancing.

Lawyers for the school board counter that the desire to integrate public schools is not the constitutional equivalent of seeking to maintain a segregated system.

Supporters say the Seattle plan is consistent with the promise made by the high court in Brown v. Board of Education. There is a fundamental difference between using race to segregate students and using it to integrate them, they say.

The same debate is under way in Louisville. There, the Jefferson County School Board established a broad goal that each of the district's schools should have black student enrollment set between 15 percent and 50 percent of the school's total enrollment. African-American enrollment districtwide is about 35 percent. It is up to school administrators to determine the exact racial mix at each school.

The program is aimed at encouraging students to attend schools outside their own neighborhood, but flexibility is the key to the Jefferson County plan. It seeks to offer options for those parents who want their children to attend school close to home, yet it also seeks to achieve meaningful diversity in every school throughout the district.

The impact of being denied admission to a particular school for racial reasons is cushioned by an approach that urges parents - both black and white - to work with district officials to identify acceptable alternative schools. "You just keep working the process through with parents," says Pat Todd, director of the Jefferson County Schools student assignment plan.

"I don't mean to tell you it works perfectly. I have [some] dissatisfied parents. It is controversial. It is imperfect," Ms. Todd says. But in a broad way, the program is a microcosm of how democracy works, she says. "It is not about perfection. It is about managing the imperfections to people's greatest level of satisfaction. That is what this process is all about."

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Not all schools in the Jefferson County system use race as a deciding factor. A federal judge has ordered that four schools offering unique educational programs cannot use race in selecting students - including Louisville's historically black Central High School. Since the judge's ruling six years ago in a case brought by African-American students, black enrollment at Central has risen steadily and now stands at 83 percent.

In addition, districtwide "traditional" schools use a random computer-drawn list to decide who attends those schools.

Todd says she and her staff work to ensure that the proportion of black applicants to white applicants at traditional schools reflects the districtwide goal for black enrollment. That is done in the hope that the random draw will subsequently reflect the desired black-white mix, Todd says.

A similar random draw would not work at the elementary school level, Todd says. It would eliminate the flexibility to allow dissatisfied parents to choose a second, or third, or fourth school option. It is that follow-up effort that helps blunt the impact of being denied admission to a first-choice school because of a student's race.

Todd says although the district uses some race-neutral alternatives, meaningful integration requires using race. "I don't think we can keep our school desegregated over time without the yardstick and vision of some racial guidelines," she says.

Others disagree. The school district's approach "denigrates a 5-year-old's self-worth and self-esteem by comporting him to be color coded throughout his educational career," says Teddy Gordon, who represents Crystal Meredith, a mother who is challenging the Louisville plan.

Mr. Gordon says in his brief that the school district may only use a race-conscious plan to remedy intentional discrimination. Anything else is unconstitutional racial balancing, he says.

The school district's lawyer, Francis Mellen, says that since all schools in Louisville receive similar funding and offer similar programs, students are not deprived of a benefit when they are denied enrollment in their chosen school.

"The student has not been denied an education, only a choice," Mr. Mellen says.

Decisions in the two cases - Parents Involved in Community Schools v. Seattle School District No. 1 and Crystal Meredith v. Jefferson County Board of Education - are expected by the end of the court's term next summer.

Cases Retread Brown Vs. Board Of Education Steps (LAT)

By David G. Savage

The Los Angeles Times, December 4, 2006

WASHINGTON — For the first time in a decade, the Supreme Court will revisit the legacy of a landmark: the Brown vs. Board of Education decision of 1954 that declared unconstitutional the racial segregation of public schools.

Separate schools for black and white children are "inherently unequal," Chief Justice Earl Warren said in an opinion that helped launch the civil rights movement.

State-enforced segregation laws are long gone, but for school officials today, a key question remains: Did the historic decision commit them to a policy of seeking integrated schools, or did it tell them not to assign students to a school based on their race?

Today, lawyers in a pair of integration cases will debate whether school boards may use racial guidelines to assign students. And both sides will rely on the Brown decision to make their case.

The outcome could affect hundreds of school systems across the nation, including the Los Angeles Unified School District.

With the arrival of Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., civil rights lawyers believe there may be a five-member majority determined to strike down race-based integration programs.

In Seattle, the school board adopted a policy — now suspended — that gave "nonwhite" students an edge if they sought to enroll in a popular, mostly white high school. In Jefferson County, Ky., which includes Louisville, the school district said the black student body at each elementary school should range from 15% to 50%.

In both cities, several white parents sued to have the plans declared unconstitutional after their children were barred from enrolling in the school of their choice because of their race. Though they lost in the lower courts, the Supreme Court voted in June to hear their appeals, leading many to predict the justices are poised to outlaw "racial balancing" in the public schools.

"At its core, the issue here is the promise made 52 years ago in Brown vs. Board of Education," said Theodore Shaw, president of the NAACP Legal Defense Fund, which won the ruling that struck down racial segregation in the South. "Mandatory desegregation is now a thing of the past. All that's left is voluntary desegregation, and now that is being challenged."

Shaw said school officials should be lauded for their efforts to achieve integration. He said he was particularly troubled by "the ideology that equates any race consciousness with racial discrimination."

Domino effect

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Bush administration lawyers, who joined the case on the side of the parents, say the Brown decision sought to move the nation toward a color-blind policy. They say school officials may not open or close the door to particular students solely because of their race. In short, race-based decisions are racial discrimination, even if the officials are pursing a laudable goal, they say.

"The promise of this court's landmark decision in Brown … was to achieve a system of determining admission to the public schools on a nonracial basis," U.S. Solicitor General Paul D. Clement wrote in his brief to the court. "Race-based school assignment does not advance that objective."

A ruling in favor of the parents could have broad effect. Hundreds of school districts across the nation are said to use racial guidelines in at least some of their schools.

About 54,000 students in Los Angeles Unified are enrolled in magnet schools, where spaces are allocated based on racial guidelines. An additional 3,500 students choose to be bused to another school under a second program that encourages integration. Both programs were adopted in 1981 after court-ordered busing came to an end.

Last year, these programs came under challenge in a lawsuit filed in the state courts. Pacific Legal Foundation sued, alleging the programs violated Proposition 209, the 1996 voter initiative that forbids state and local governments from giving "preferential treatment" to any person because of race.

A U.S. Supreme Court ruling striking down the integration policies in Seattle and Louisville could knock down those in Los Angeles as well.

"Our program is at risk. It is expressly race-based," said Kevin S. Reed, general counsel for Los Angeles Unified. "The program is working very well."

The district filed its own brief with the Supreme Court, urging the justices to uphold voluntary integration programs. Loss of the magnet program would be "devastating," its lawyers said. "Nearly 54,000 magnet students would be returned to their home schools. For the majority of those students, that would mean leaving a desegregated school and returning to a school segregated by the residential patterns" within the city of Los Angeles, they said.

But such a dire outcome is not certain, even if the court does rule for the parents in Seattle and Louisville. They are objecting because their children were turned away from a nearby school because of their race. A voluntary busing program that moved children from the city to a suburb, or from a low-income neighborhood to a more affluent one, would not be affected by a ruling striking "race-based assignment" policies.

Nonetheless, the lawyers who are challenging the school integration policies are confident the Supreme Court will agree with them.

Since 1990, the justices have insisted the government may not use "racial classifications" when awarding jobs, contracts or college scholarships. They also have voided congressional districts that shifted black voters with the aim of electing a black candidate. Last year, the court overturned a California prison policy that separated new inmates based on their race.

O'Connor out, Alito in

There was one exception to this trend. In 2003, the court upheld an admissions policy at the University of Michigan Law School that gave an edge to black applicants. Speaking for a 5-4 majority, Justice Sandra Day O'Connor said race-based, affirmative-action rules for colleges could be justified as the only way to obtain diversity in higher education.

But O'Connor has since retired from the court.

And last month, Michigan voters essentially overturned the university's policy and outlawed "preferential treatment" based on race.

Now that Alito has taken O'Connor's seat, most conservatives are predicting a majority will vote to strike down school assignment policies based on race.

"I think the court will reject these programs and say this kind of racial counting and sorting doesn't make sense in 2006," said lawyer Roger Clegg, president of the Center for Equal Opportunity, a Virginia group that promotes "colorblind public policies."

Harry Korrell, the lawyer for the Seattle parents, also argues that the traditional black-and-white view of race is outdated in a racially diverse West Coast city. The race-based integration policy for Seattle's high schools resulted at most in "trivial changes in pigmentation diversity at a few already diverse schools," he said.

But the minimal impact of these policies could cut the other way.

In a widely quoted concurring opinion, Judge Alex Kozinski of the U.S. 9th Circuit Court of Appeals said Seattle's voluntary integration policy could be upheld because it did not involve a "racial stigma" or a preference for one race over the over. It "gives the American melting pot a stir without benefiting or burdening any particular group," Kozinski wrote.

Kozinski, an appointee of President Reagan, is also a former clerk to Justice Anthony M. Kennedy, the centrist who may well hold the deciding vote.

A decision is unlikely before the spring.

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Extra Credit Affluent Families Have Ways To Sway School Assignments (WSJ)

By Daniel Golden

The Wall Street Journal, December 4, 2006

SEATTLE -- The Supreme Court is set to hear a case today filed by a predominantly white parents' group from an affluent Seattle neighborhood. Their children were denied admission to a majority-white school, and instead assigned to mostly minority schools.

The case, dating to 2000, has become a lightning rod for critics who say school boards go too far to try to achieve an elusive goal of racial integration. The court's rulings on Seattle and a similar case involving Louisville, Ky., schools are likely to affect hundreds of districts nationwide that use race as a factor in school assignments.

But a close look at Seattle shows that officials have frequently yielded to school-assignment pressure from white parents in pursuing another elusive goal -- middle-class participation in public schools.

In 2004, after the district scrapped race as a factor in assignments because of the legal threat, another group of white parents from the same neighborhood got upset when their children were passed over at the same majority-white school, Ballard High. They were left out not because of race, but because they didn't live near enough.

This time, the school district quietly backed down when the parents started sending their children to private or suburban schools instead of the struggling, majority-black school to which they'd been assigned. Ballard and other supposedly full schools together took about 100 extra students, most of them white.

Even as parents challenge a government action making room for minorities in highly-regarded schools, the later events in Seattle show another side of the picture: the ways that school-assignment practices can work to the benefit of whites. In Seattle as in other parts of the country, schools sometimes accommodate middle-class parents who push to get their children into coveted schools. When these middle-class parents are predominantly white, as in Seattle, the lobbying can tend to sort more white children into the most desirable schools.

Seattle officials say it's vital that district schools seek to retain middle-class parents who provide time, energy, political support, and money -- via taxes and via private giving to public schools. But they are concerned that some of these parents gain an edge in admissions.

"The district would like to have all of our families have equal access to our high schools," says school-district assistant general counsel Shannon McMinimee. "It is disappointing that some families choose to expend their efforts in finding ways around the assignment system based on perception, instead of working with the district to improve all schools."

A high-court decision siding with the parents suing Seattle and Louisville would culminate a judicial withdrawal from the integration efforts of the late 1960s and 1970s. In that era, many urban districts, some under court order, began using mandatory student assignments to desegregate schools.

But starting in the early 1990s, the court sharply limited mandatory plans, prompting many districts to declare their problems solved and drop desegregation efforts. Today, most large urban school districts are no longer under court orders, but many smaller districts still have integration plans.

Since Seattle stopped seeking racial balance in school admissions in 2002, the schools under scrutiny in the parents' lawsuit have become less diverse. At Franklin High, a school in predominantly minority south Seattle to which many of their children were assigned, the proportion of nonwhite students has risen to 91% from 79%, compared with a district-wide nonwhite composition of 60%. (Nonwhite in district statistics includes Hispanics, Asians and American Indians in addition to blacks.)

At Ballard High in majority-white north Seattle, the proportion of white students has risen to 63% from 57% in the same period, while blacks have dipped to 7% from 10%. Ballard offers about 25 advanced-placement courses, as well as programs from filmmaking to a maritime academy. Art donated by an alumni foundation adorns its walls.

Harry Korrell, an attorney for the parent group suing Seattle, maintains that the city high schools remain integrated. "The whitest school in the district is over 30% nonwhite," he says. "I just don't see that as segregation."

The question of how much to bend for middle-class parents in school assignments concerns administrators nationwide. In New York City, Schools Chancellor Joel Klein has centralized high-school admissions to crack down on what a spokesman calls "a long history of parents gaming the system" by shopping among schools and lobbying principals for slots. The city also standardized criteria for schools for gifted students. One such school interviewed parents about their potential to help the school. Mr. Klein stopped the practice this year amid concerns it put low-income and minority parents at a disadvantage.

According to Gary Orfield, a Harvard professor of education, programs such as Seattle's that let students choose schools are usually set up in ways that give an advantage to middle-class and white students. In Seattle, those who miss application deadlines tend to come from a "more transient population" of renters who are disproportionately low-income and minority, says

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John Vacchiery, the district's former director of enrollment. This year 8,828 Seattle students applied for school assignments on time and 7,039 applied late or not at all, relegating them to the back of the line.

Seattle has long wrestled with how to integrate schools in its heavily white north side and predominantly minority south. Although it wasn't under court order, Seattle adopted a mandatory assignment system in 1977, spurring white flight from the public schools. In 1988, Seattle turned to a "controlled choice" system that sought integration by grouping predominantly white and minority schools in clusters and allowing families some freedom to choose within the cluster to which they were assigned.

A decade later, Seattle implemented an "open choice" plan permitting ninth-graders to request any high school in the district. One aim was to push schools to improve by competing for students. Since the state's achievement test was implemented in 2001, Seattle 10th-graders have boosted scores overall each year.

Race wasn't a factor in the open-choice plan unless schools received more applicants than slots. In that case, students with siblings already enrolled at the school got in first. Then the district considered both how far applicants lived from the schools -- and race. An oversubscribed school's ratio of whites to minorities had to stay within 15 percentage points of the district's average.

In 2000, about 300 ninth-graders, 200 of them white, were denied their chosen schools because of their race. "People just screamed, 'This isn't fair,' " says Kathleen Brose, a parent whose daughter wanted to go to Ballard but was wait-listed there and assigned to Franklin.

The district sought to placate the parents, increasing the capacity of coveted schools by a total of 100 students. That meant they dipped into their waiting lists, known as "moving" the waiting list. Still, the Ballard waiting list didn't move far enough to reach Ms. Brose's daughter. Ms. Brose became president of the parent group that sued the district.

Four years later, many parents in the same affected neighborhoods -- Queen Anne and Magnolia, just north of downtown -- were upset again. Although by then the district had suspended race as a factor, many students from those neighborhoods still didn't get their first-choice schools, which had filled quickly.

One was Lydia Minehan-Tubic. She and most of her friends were assigned to Cleveland High, a school whose student body is 6.7% white and one that she says she had never even heard of.

Her father, Marko Tubic, an investment representative for brokerage firm Edward Jones, was initially willing to give Cleveland a chance. But the school doesn't offer advanced-placement courses and its graduation rate was 44% in 2005, vs. a district average of 60%. Mr. Tubic decided that "it was important for Lydia to have a good stepping-stone to college."

The families began meeting with school-board members and district administrators. Dick Lilly, then on the board representing Queen Anne and Magnolia, proposed giving those areas' children preference at Ballard. The board said no. "A couple of members viewed it as a matter of white privilege," he says.

Behind the scenes, though, board members and district officials were more receptive -- particularly after the Minehan-Tubics and other families enrolled their children in a suburban district, a move that is permitted under state law. In a July 16 email, Steve Wilson, then the district's chief academic officer, instructed principals at seven high schools to enroll up to 30 students apiece from their waiting lists immediately. Three took 30 each and others took fewer.

"We have found out that many of those students have left the district and have registered in neighboring districts or to private/parochial schools," he wrote. "The short range and long range effects of this could be very detrimental to the district's budget as well as our overall relations with our community." To mitigate the impact on predominantly minority south Seattle schools that would lose students, Mr. Wilson added that no teachers would be laid off.

Mr. Wilson, now a dean at Ingraham High here, says he assured parents their children would thrive at schools such as Cleveland and told them "you've got a real bad, stereotyped image of those schools." When he couldn't persuade the parents, he accommodated them.

Seattle schools superintendent Raj Manhas thinks the parents had a legitimate complaint. He says "there is a definite need for more seats in the north."

Ballard absorbed 30 more students, but didn't get as far down the waiting list as Lydia Minehan-Tubic, who was 58th. Her mother pleaded with Mr. Wilson, to no avail, and filed an appeal citing Cleveland's "abysmal academic record." The district said academic quality wasn't an appeal basis.

In September 2004, Lydia began attending a public high school in an adjacent suburb. Fearing she might be erased from Ballard's waiting list if this became known, her father called Cleveland High every morning for several weeks to say she would be absent that day. Lydia's mother, Florence Minehan, says it was "heartbreaking" to drive her to school past friends awaiting the Ballard bus.

Then late in September, Ballard principal Phil Brockman called and invited Lydia to enroll. "I was crying I was so excited," she says. She's now a junior, taking two advanced-placement courses, and her mother is active in the parent association. Mr. Brockman says he didn't make an exception for Lydia but had an opening and was working his way down the waiting list.

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Lydia's mother makes no apologies. "I don't want the low level of academic rigor at some schools to affect her opportunity to have a good high-school education. I don't want to feel guilty about having expectations for her," Ms. Minehan says. Besides, she says, "it's in the district's best interest to capture these families that support education" rather than lose them to private or suburban schools.

Ms. McMinimee, the district assistant general counsel, disagrees. "It's unfortunate these families chose to threaten to leave the district instead of to go to Cleveland. Cleveland has so few white students that if these students had gone there, they would have had a significant impact on its ethnic makeup. It would have been a tremendously eye-opening experience for both groups."

Seattle's system also lets unhappy parents appeal for reassignment based on "extreme extenuating circumstances." Parents of one freshman who didn't get into elite Garfield High, where several of his middle-school classmates enrolled, appealed this year on the ground that he had a disability hindering him from adapting to school without his peer group. The appeal, with testimony from a psychologist, got him into the school, where the study body is about 44% white. The district's Ms. McMinimee says federal law obligates the district to accommodate students with disabilities.

When a wait list "moves," money and parental involvement move along with it. At majority-white Montlake Elementary, parents contributed about $225,000 in 2004 -- $900 per student -- for teaching, staff support, field trips and the like.

John Eickelberg, former president of Montlake's parent group, says his son was slated to attend his neighborhood school, mostly black Leschi Elementary, until Montlake admitted him off its waiting list. He says he didn't use influence to get his son in. But the result, says Mr. Eickelberg, a white engineering manager at Boeing Co., is that "people like myself aren't rolling up their sleeves at the PTA at Leschi because we're sending our children somewhere else."

The district funding formula allocates an extra $756.51 for each low-income student qualifying for a free or reduced school lunch. Still, Cleveland principal Donna Marshall says she has learned to budget conservatively to be ready for a loss of students, and thus of budget money, when more-sought-after schools dip into their waiting lists. She says district officials assure her each year that they won't do that, but then do.

Schools Superintendent Manhas says that with the city no longer including race as a factor in assignments, he "will continue to monitor" diversity at Ballard and other schools. He and board members say the district won't necessarily restore race as an admissions factor even if the district wins the suit filed by the parents, but is defending the case because it wants the option.

A few white students did accept assignments to predominantly minority Cleveland in 2004, including Thea Leidel, whose first choice was Garfield High. Her father, Stephen Leidel, a senior computer specialist at University of Washington Medical Center, says he and his wife considered seeking a transfer for Thea or moving to another neighborhood, but are glad they gave Cleveland a try. "When we go there, we're impressed," he said.

Thea says she was disappointed when most of the ninth-graders assigned to Cleveland from the Queen Anne and Magnolia neighborhoods didn't show up. "They were cheating, getting out of something they weren't comfortable with," says the 16-year-old junior, who plays three varsity sports and hopes to attend Seattle University. "If everyone obeyed the system and went where they're assigned, every school would be better."

Breyer: Court Should Aid Minority Rights (AP)

By Hope Yen

AP, December 4, 2006

Justice Stephen G. Breyer says the Supreme Court must promote the political rights of minorities and look beyond the Constitution's text when necessary to ensure that "no one gets too powerful."

Breyer, a Clinton appointee who has brokered many of the high court's 5-4 rulings, spoke in a televised interview that aired one day before justices hear a key case on race in schools. He said judges must consider the practical impact of a decision to ensure democratic participation.

"We're the boundary patrol," Breyer said, reiterating themes in his 2005 book that argue in favor of race preferences in university admissions because they would lead to diverse workplaces and leadership.

"It's a Constitution that protects a democratic system, basic liberties, a rule of law, a degree of equality, a division of powers, state, federal, so that no one gets too powerful," said Breyer, who often votes with a four-member liberal bloc of justices.

On Monday, the court will hear arguments in a pair of cases involving integration plans in K-12 schools. The legal challenge, which is backed by the Bush administration, could be among the most significant school cases since the landmark Brown v. Board of Education ruling in 1954 banned racial segregation.

In 2003, the court upheld race-conscious admissions in higher education in a 5-4 opinion by Justice Sandra Day O'Connor.

O'Connor, however, has since retired and been replaced by conservative Justice Samuel Alito. Justice Antonin Scalia, meanwhile, has denounced the use of race in school admissions as lacking any support in the Constitution.

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In his interview, Breyer argued that in some cases it wouldn't make sense to strictly follow the Constitution because phrases such as "freedom of speech" are vague. Judges must look at the real-world context — not focus solely on framers' intent, as Scalia has argued — because society is constantly evolving, he said.

"Those words, 'the freedom of speech,' 'Congress shall pass no law abridging the freedom of speech' — neither they, the founders, nor those words tell you how to apply it to the Internet," Breyer said.

Pointing to the example of campaign finance, Breyer also said the court was right in 2003 to uphold on a 5-4 vote the McCain-Feingold law that banned unlimited donations to political parties.

Acknowledging that critics had a point in saying the law violates free speech, Breyer said the limits were constitutional because it would make the electoral process more fair and democratic to the little guy who isn't tied to special interests.

"You don't want one person's speech, that $20 million giver, to drown out everybody else's. So if we want to give a chance to the people who have only $1 and not $20 million, maybe we have to do something to make that playing field a little more level in terms of money," he said.

Breyer, who has voted to uphold abortion rights, declined to comment on the court's role in deciding abortion. Justices this term are considering the constitutionality of so-called "partial-birth" abortion in a case some conservatives hope will be used to overturn the landmark 1973 Roe v. Wade ruling.

"The more the precedent has been around, the more people rely on it, the more secure it has to be," he said.

Breyer commented on "Fox News Sunday," in an interview taped last week.

An Assault On Local School Control (NYT)

The New York Times, December 4, 2006

More than 50 years after the Supreme Court decided Brown v. Board of Education, the nation still has not abolished de facto segregation in public schools. But thanks to good will and enormous effort, some communities have made progress. Today the Supreme Court hears arguments in a pair of cases that could undo much of that work.

Conservative activists are seeking to halt the completely voluntary, and laudable, efforts by Seattle and Louisville, Ky., to promote racially integrated education. Both cities have school assignment plans known as managed or open choice. Children are assigned to schools based on a variety of factors, one of which is the applicant's race.

The plan that Jefferson County adopted for Louisville has a goal of having black enrollment in every school be no less than 15 and no more than 50 percent. Seattle assigns students to its 10 high schools based on a number of factors, including an "integration tiebreaker." This tiebreaker, which is applied to students of all races, requires that an applicant's race be taken into account when a school departs by more than 15 percent from the district's overall racial breakdown.

Parents in both districts sued, alleging that the consideration of race is unconstitutional. In each case, the court of appeals upheld the assignment plans. In the Seattle case, Judge Alex Kozinski, a Reagan appointee who is highly respected by legal conservatives, wrote that because the district's plan does not advantage or disadvantage any particular racial group — its pro-integration formula applies equally to all — it "carries none of the baggage the Supreme Court has found objectionable" in other cases involving race-based actions.

The Louisville and Seattle plans are precisely the kind of benign race-based policies that the court has long held to be constitutional. Promoting diversity in education is a compelling state interest under the equal protection clause, and these districts are using carefully considered, narrowly tailored plans to make their schools more diverse.

It is startling to see the Justice Department, which was such a strong advocate for integration in the civil rights era, urging the court to strike down the plans. Its position is at odds with so much the Bush administration claims to believe. The federal government is asking federal courts to use the Constitution to overturn educational decisions made by localities. Conservative activists should be crying "judicial activism," but they do not seem to mind this activism with an anti-integration agenda.

If these plans are struck down, many other cities' plans will most likely also have to be dismantled. In Brown, a unanimous court declared education critical for a child to "succeed in life" and held that equal protection does not permit it to be provided on a segregated basis. It would be tragic if the court changed directions now and began using equal protection to re-segregate the schools.

A Different Race Case (WP)

The Washington Post, December 4, 2006

WHEN THE Supreme Court hears oral arguments today about race-based school placements in Seattle and Louisville, the justices may be tempted to see the cases as the latest showdown over affirmative action. One side casts the matter as a simple issue of governmental race-consciousness; the other talks of diversity. Yet the programs at issue are not classic racial preferences. They deserve to be considered -- and upheld -- for what they are.

A society committed to equal protection under law necessarily finds it uncomfortable whenever government considers a person's race in deciding how to treat him or her -- even if the goal is laudable. But these programs use race in a fashion quite different from those that have inspired the court's skepticism in the past. While the Louisville and Seattle programs differ, neither gives members of any particular race a boost at the expense of any other. Rather, the programs respond to residential segregation patterns by giving minority students preference in preponderantly white schools and white students preference in preponderantly minority schools.

In Seattle, for example, students can generally go to whatever high school they want, subject to available space; race is used as one of several tiebreakers for those more popular schools that become overenrolled. Some of these schools are predominantly white, some predominantly nonwhite. To be sure, such a program has victims -- people who get turned away from the schools of their choice because of their race.

But as Judge Alex Kozinski, a conservative member of the U.S. Court of Appeals for the 9th Circuit, wrote in an insightful concurring opinion on the Seattle plan, this type of race consciousness is different from affirmative action, or government-sponsored segregation. It "is not meant to oppress minorities, nor does it have that effect. . . . There is no attempt to give members of particular races political power based on skin color. There is no competition between the races, and no race is given a preference over another."

The irony, in fact, is that the Louisville plan essentially continues a desegregation program the city adopted under court order as a remedy for past segregation. How can it be that the doctrine of equal protection now forbids the very steps it once required? The question here boils down to whether local school boards should be blocked from any race consciousness in taking even the most modest steps to ensure that children growing up in a multiethnic society go to school with people who don't look like them. For a variety of reasons, Americans still tend to segregate themselves residentially, which would prevent many schoolchildren from attending racially diverse schools absent some intervention to encourage it. It makes no sense to construe the Constitution as prohibiting such actions.

Taser Use Again In Dispute (LAT)

By Miguel Bustillo, Times Staff Writer

The Los Angeles Times, December 4, 2006

An officer's shocking of an NFL player spotlights how black people are more likely to be stunned by Houston police.

HOUSTON — Fred Weary, a pro football player for the Houston Texans, was driving his maroon Chevy Impala SS last month when he was pulled over by police after failing to signal that he was changing lanes.

What happened next is in dispute. Police say Weary was "verbally combative" and did not put his hands on his car when ordered. The 305-pound offensive lineman says he did what the officers told him. But one thing is clear: Like many black men in this city, Weary was zapped with a stun gun and cuffed as he lay motionless on the ground.

The highly publicized case has brought attention to some stark statistics about police use of Tasers in the nation's fourth-largest city: Nearly two-thirds of those shocked with the high-voltage weapons over the last two years were black.

And the resulting outcry from black community activists and a City Council member has led Mayor Bill White to call for an independent review of Taser use by the Houston Police Department.

"The mayor took a positive first step, but what will he do when the information comes back and clearly shows that race is a direct factor in who gets Tasered?" said Quanell X, a community activist and leader of the New Black Panther Nation. "We already know that African Americans are Tasered more often than whites."

Quanell X saw blatant racism in the split-second decision by an officer to use a Taser on Weary during his Nov. 14 traffic stop: "This was a small white woman who was intimidated by a big black man and panicked," he said.

At a town hall meeting set for today, Quanell X said, he plans to highlight cases of people shocked by stun guns — including one in which a black man who was having an epileptic seizure was Tasered for failing to comply with an officer's orders.

Shortly after the Weary incident, a UCLA student of Iranian descent was repeatedly shocked by campus police after refusing to exit a student library. The two events have revived a national debate about proper use of Tasers, promoted as a tool law enforcement officers can use to subdue unruly people without injuring them.

Houston police officers are permitted to use Tasers any time they feel physically threatened by a suspect. Every such use is then reviewed by top department brass. Since the city began using the weapons in December 2004, no one has been seriously injured by an electrical jolt, department spokesman John Cannon said. "This is the most scrutinized weapon in the Houston Police Department."

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Though African Americans make up about 23% of Houston's population, Cannon said, they account for about half of the arrests in the city. Therefore, he said, the fact that 620 of the 982 suspects Tasered since 2004 were black was not statistically out of line. He added that "a handful" of officers had been reprimanded for using the weapons without proper cause.

In an opinion piece in the Houston Chronicle on Saturday, Police Chief Harold L. Hurtt defended his department's Taser policies, saying that using stun guns instead of handguns has saved lives.

Even before Weary's arrest, Houston Councilwoman Ada Edwards had called for a review of the department's Taser policies and a study on the medical consequences of being shocked with stun guns. City Controller Annise D. Parker had planned to audit the stun gun program to analyze officer training and use of the weapons compared with other cities.

Critics in Houston have said that the Tasers are used too often — particularly against black suspects — and that those who were shocked often did not pose a serious threat.

A judge has dismissed charges that Weary, 29, resisted arrest, finding that he did not use force against the officers when he was pulled over about 1 p.m. for failing to use his turn signal and not having a front license plate. Prosecutors have not ruled out filing other charges after re-examining police radio calls and other evidence.

Weary, who expressed anger and frustration after his arrest, has maintained that he did nothing to provoke the officers. His lawyer, Charley Davidson, did not return requests for comment.

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Sharpton Wants Inquiry Into Police Shooting Policies (AP)

By Errin Haines, The Associated Press

AP, December 3, 2006

ATLANTA (AP) — Al Sharpton called for a congressional probe of police shooting policies as he joined local activists Sunday outside the home of an elderly woman killed by narcotics police officers who burst into her home.

The civil rights leader said the death of Kathryn Johnston — along with the death of 23-year-old groom-to-be Sean Bell, who was shot by police on his wedding day outside a Queens strip club — is an example of "a new sense of police recklessness" sweeping the country.

"Something stinks in this case," he said. "In fact, it smelled so bad that I smelled it in New York."

Sharpton called for the incoming Congress to address the issue.

"There seems to be a new spirit in law enforcement that they can become the judge, jury and executioner of the law on the scene," Sharpton said.

"Police apprehend suspects; they don't kill them," Sharpton said. "This cannot be tolerated in a civilized society."

Johnston — described as 92 by her family but 88 by the medical examiner — lived in fear in the crime-ridden Vine City neighborhood of northwest Atlanta.

On the night of Nov. 21, a group of plainclothes officers burst in, searching for drugs. They had obtained a "no-knock" warrant, saying an informant bought drugs at the house.

Johnston opened fire with a pistol, wounding three officers before she was shot to death.

The informant later denied buying drugs at Johnston's home and said police told him to lie about the incident, Police Chief Richard Pennington said. Pennington said the informant is in protective custody and is a key part of the FBI-led investigation into the shootout.

In the New York case, Bell and his friends were leaving his bachelor party on Nov. 25 when a group of undercover police fired 50 shots at their car. Police have said that Bell's vehicle hit one officer and an unmarked police car, and that officers apparently thought one of Bell's companions was about to get to a gun.

Fatal Shootings By Police: Hard To Investigate, Even Harder To Prosecute (NYT)

By Anemona Hartocollis

The New York Times, December 4, 2006

With Sean Bell now eulogized and buried, the emotions surrounding his death are swirling around the investigation into whether police officers committed a crime when they fired 50 bullets into Mr. Bell's car.

Although every investigation is different, cases like that of Mr. Bell, an unarmed black man who was killed on his wedding day, have come to follow a similar rhythm and pattern. And experts and those involved in the investigation say that through the history of those cases, they have learned that it is very difficult to convince a grand jury or a trial jury that police officers, who are empowered to defend the public with deadly force if necessary, went too far. In many cases of police shootings, with tensions high, the facts and legal fine points are difficult to isolate from a much larger context.

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"What makes these cases so hard are issues that go well beyond the incident itself," a high-ranking official in the office of Richard A. Brown, the Queens district attorney, said last week, speaking on condition of anonymity because the investigation is continuing.

"It's the racial tension that still exists in the city," the official continued. "It's the mistrust in the minority community. It's cops that are faced with danger every day and have to react in seconds. It's safe to say, if they're wrong, somebody dies" — whether a civilian or an officer.

Everyone involved knows the stakes. While the district attorney's office investigates, civil rights activists and lawyers for the victims and the police officers are struggling to shape public opinion and find witnesses who buttress their points of view.

At a news conference yesterday at the scene of the shooting, some of those people called for an independent prosecutor, saying that a district attorney should not be investigating a police department he regularly deals with.

"They work with the cops on a daily basis, and they have a conflict of interest," said Norman Siegel, a civil rights lawyer, at the news conference yesterday. He described the shooting as "an enormous minefield."

But Mr. Brown said in a statement yesterday that calls for a special prosecutor "are neither helpful nor productive — nor are they in any respect justified." He said earlier that his investigation would be "independent of that being conducted by the Police Department."

One official involved in the investigation said that Mr. Brown had asked his chief of homicide to prepare a list of what was needed to move forward, and had passed it on to police. The list contained about 30 items, like autopsy and toxicology reports; 911 and radio transmission tapes; hospital reports for both the civilians and the police officers involved in the shooting; ballistics reports; the criminal histories, if any, of witnesses; and photos or videos taken by civilians or the police. Mr. Brown has said several times that the investigation is in its earliest stages and it remains unclear what the inquiry and testimony before the grand jury will show. But the investigation will focus sharply on what occurred in the minutes leading up to the shooting, and in those frenzied seconds when the officers fired 50 bullets at a car, killing Mr. Bell, the groom, and wounding two friends as they left the Club Kalua, a strip club in Jamaica, nine days ago.

The recent history in such cases is mixed.

In the case of Amadou Diallo, fired on 41 times by the police as he stood in his Bronx vestibule in 1999, four officers were tried on criminal charges, including second-degree murder and manslaughter, and acquitted. In the case of Patrick M. Dorismond, killed in Manhattan in March 2000 during a scuffle with an undercover narcotics detective who said he thought the man was a drug dealer, a grand jury declined to indict.

But a year ago, a State Supreme Court justice convicted Bryan Conroy, an undercover officer, of criminally negligent homicide in the death of Ousmane Zongo, shot during a raid in a Chelsea warehouse.

"When you listen to people in the community talk about a case like this, it doesn't take long before the conversation goes well beyond the incident in question," said the official in the Queens district attorney's office. "It goes to other incidents in the past. It goes quite frankly to the general interaction between cops and people in the community."

Michael Hardy, who along with Sanford A. Rubenstein is representing the shot men's families, said they had not ruled out seeking a federal civil rights investigation, but he said the evidence of racial bias was not clear-cut. Of the officers who fired on Mr. Bell's car, two are black, one is black and Hispanic, and two are white.

The police pursuing the inquiry are playing a complex role. On the one hand, they profess impartiality; on the other hand, they are put in the position of investigating their colleagues' own conduct while showing that they take a stand against excessive violence.

The investigators will knock on doors at different times of the day and different days of the week to try to find everyone who may have seen or heard something early that Saturday, one official involved in the investigation said. "Ideally, you want to know as much as you can know before you talk to the key witnesses," another official said.

But to a large degree, investigators for Mr. Brown will be working parallel with the Police Department, which is conducting an internal investigation and may have already knocked on the same doors.

One of the issues the district attorney is considering, the official in Mr. Brown's office said, is at what point a mistake by police officers becomes a criminal act. The answer, prosecutors say, is more complicated than a layman might expect, because state law gives police somewhat more latitude in using deadly force than it gives civilians.

Mr. Bell, 23, and the two wounded men — Joseph Guzman, 31, shot at least 11 times, and Trent Benefield, 23, hit three times — were not armed, and no gun was found. But moments before the shooting started, an undercover detective outside the strip club heard one man in Mr. Bell's party say, "Yo, get my gun," according to a person briefed on the detective's account.

The detective said he positioned himself in front of the car, identified himself as an officer — a point lawyers for the victims dispute — and ordered the men to show their hands. After Mr. Bell clipped the officer with his car and rammed into a minivan where other officers were waiting, the detective began to shoot, said the person briefed on his account.

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Police officials have acknowledged that the conduct of the undercover detective — for example, in taking action rather than relying on backup, and in firing at a moving car — was unusual.

"This is a real question," one official involved in the inquiry said. "But it doesn't mean that what the undercover did was bad."

This official said that some of the five officers who fired shots probably faced greater potential criminal liability than others. Although the number of shots fired has provoked outrage, 50 shots can be squeezed off in a matter of seconds, making the number of bullets fired less important than what started the shooting.

"There is nothing in the law that says you can use deadly force but only fire a certain number of shots," that official said. "The number of bullets is certainly startling to the general public, but the key question is why was the first shot fired by each of them.

"You can't view this as monolithic," the official said. "It's five individuals who made five individual decisions.

"The most important thing is the first shot," he said, "not that the others aren't important. But the most important is the first shot."

The perception of the officer firing the first shot — whether he felt his life was in danger — will weigh more heavily than what Mr. Bell and his companions inside the car saw or heard, lawyers said. "It's a twofold test," Kyle B. Watters, a criminal defense lawyer, said. "First you look at the subjective part: What does the officer believe from what he sees? Then you put against that, what would a reasonable person believe?"

Investigators will also look at the tactical plan for the unit on the night of the shooting, the official in the district attorney's office said.

When the grand jury gets the case, another question is if the officers will testify, and if so, what they will say.

Philip E. Karasyk, the lawyer representing the undercover detective who fired the first shots, and whose name has not been publicly disclosed, said that he intended to have his client speak voluntarily to the prosecutors, and testify without immunity to the grand jury because he wanted the panel members to hear the man's story from his own mouth.

"I want people to understand exactly what he was experiencing and why he did what he did," Mr. Karasyk said. "There is no better way to know what was going in someone's mind than to have them get up there and tell you. Then they can judge his credibility. I want him to put the grand jurors in his shoes and to recreate what he was experiencing at the time, because, unless you've been there, you have no idea what it's like."

Stephen L. Worth, the lawyer for Michael Carey, a white backup officer who fired three times, said that his client had not yet decided whether to testify before the grand jury. "We're keeping our options open," Mr. Worth said. "The truth is the truth, and it's really a matter of when it will come out. It may be at the grand jury. It may be talking to investigators."

Presumed Guilty (NYT)

By Bob Herbert

The New York Times, December 4, 2006

The death of Sean Bell at the hands of undercover police officers, who also wounded his two companions in their 50-shot barrage in Queens nine days ago, brought to mind a case from a few years back in which undercover cops, acting on bogus information, attacked an innocent group of young people in a car in Manhattan.

The cops in the Manhattan case assumed that the people in the car were lowlifes. They were all Ivy League graduates, and one is currently clerking for U.S. Supreme Court Justice John Paul Stevens.

The incident occurred about 11:30 p.m. on Jan. 10, 2000. Two men and two women who were running their own startup Internet company, MagicBeanStalk.com, were parked outside a subway station on East 14th Street, near Union Square. Without any warning, a plainclothes officer leaped out of a yellow cab with his gun drawn and rushed the car with the four young people in it.

Thinking he was being carjacked, the driver put the vehicle in reverse and tried to get away. He was blocked by an unmarked police car that had pulled up behind him. He ended up hitting both the unmarked car and the cab (which was also a police vehicle) in his unsuccessful effort to flee.

The driver, Jason Rowley, who was 25 at the time, had no idea that the man with the gun was a cop. "I thought he was going to shoot me," he said in an interview last week. "I was trying to get out of there."

The passenger in the front seat, Sheldon Gilbert, said, "We thought we were going to die, plain and simple."

The first cop was joined by two others, also in plain clothes. The officers apparently were enraged by Mr. Rowley's effort to get away. One smashed the window on the driver's side of the car and dragged Mr. Rowley through it, ripping his thumb in the process. Mr. Gilbert said his door was yanked open and he was punched in the face and then dragged from the car. The two men were then beaten.

The two women, Lauren Sudeall and Marie Claire Lim, were in the back seat, completely terrified. They were taken from the car at gunpoint and handcuffed. All four occupants were arrested.

It turned out that the cops were acting on a mistaken computer report that Mr. Rowley's car was stolen. As frightening as the incident was, the four people in the car were lucky that none of the cops opened fire. "I spent that night in jail," said Mr. Rowley, "and a lot of the officers told me that if this had been elsewhere — for example, if this has been in the Bronx or Harlem — I'd have been dead."

As the case was processed, the police learned that the car indeed belonged to Mr. Rowley, that all four occupants had recently graduated from college (Mr. Rowley from Brown and the others from Yale), that Ms. Sudeall was carrying an acceptance letter from Harvard Law School, and that they had all been coming home from a long day's work at their company. None of that protected them from being treated by the police like trash.

Mr. Rowley and Mr. Gilbert are black. Ms. Sudeall is of mixed parentage, black and white, and Ms. Lim is from the Philippines. The officers who rushed their car were white.

Jonathan Abady, a lawyer who represented the four in a subsequent lawsuit (which the city settled), believes that the race of the victims in that case and in the Sean Bell case — in which some of the cops were black — was a major factor in the way the police behaved.

"Our case was a classic example of disproportionate force being used against entirely innocent civilians," he said. "It was an example of egregiously overaggressive police conduct that I think ultimately is based on stereotypes and perceptions. This case and the shooting of Sean Bell are examples of a very ignominious history of the police taking certain liberties, essentially in communities of color. It's hard to believe that they would have fired 50 shots into a vehicle on Park Avenue and 57th Street in Manhattan."

The four people who were in the car in the Manhattan incident have since done extremely well. Ms. Sudeall, for example, graduated from law school and is now a clerk for Justice Stevens. Mr. Gilbert has established a new Internet venture based on a program he invented that predicts people's buying patterns online. It's very creepy to think how easily one or more of the four could have been killed in their encounter with the police.

As Ms. Sudeall said yesterday, "It seems like it's inviting disaster to be not in uniform, not showing identification and attacking people who may or may not have done anything wrong."

As Md. Court Weighs Same-Sex Marriage, Plaintiffs Hear Echoes Of Previous Fight (WP)

By Mary Otto

The Washington Post, December 4, 2006

Those days in Alabama are seared into Charles Blackburn's memories: the bombings, a friend's death by bludgeoning, the marches and prayers for deliverance.

He went to Huntsville in 1964 with a wife and a small daughter, a new minister bent on helping to turn back centuries of injustice. A sheriff locked him in a foul jail cell for trying to register black voters. Vandals smashed the windows of his church when he joined marchers in Selma. In the years since, the prophecies of the civil rights movement have continued to unfold.

And with them has Blackburn's journey of self-acceptance. Over time, he would leave the ministry and his marriage, and come to terms with the fact that he is gay.

Blackburn has resumed his march for civil rights, this time beside his partner of 28 years, Glen Dehn, and 17 other gay and lesbian plaintiffs in a lawsuit asking Maryland to legalize same-sex marriage. "It is self-affirming to be part of this civil rights continuum," said Blackburn, 73.

Today, the case goes before Maryland's highest court, where lawyers will debate whether a 33-year-old law defining marriage as between a man and a woman violates constitutional protections against discrimination. The court is not expected to rule immediately.

In January, a Baltimore Circuit Court judge ruled in favor of the plaintiffs, finding that the state's definition of marriage was discriminatory and could not withstand a constitutional challenge.

"When tradition is the guise under which prejudice or animosity hides, it is not a legitimate state interest," wrote Judge M. Brooke Murdock in a 20-page opinion.

The state appealed Murdock's decision and will argue at today's hearing that the law meets constitutional muster and that questions concerning the definition of marriage would be better handled by the state legislature.

Del. Donald H. Dwyer Jr. (R-Anne Arundel) said he is planning to resubmit a constitutional amendment for voter approval that would effectively ban same-sex marriage.

"If the state of Maryland legalizes same-sex marriage," he said, "there will be nothing to prevent it from being taught in the public schools as a normal sexual lifestyle."

DOJ_NMG_0101711

Historically, the federal government has allowed states to define marriage. For years, Maryland banned interracial marriage. In 1973, it defined marriage as the union of one man and one woman. Currently, only Massachusetts recognizes same-sex marriage, but several states and the District allow domestic partnerships or civil unions that offer some of the rights of marriage.

Meanwhile, many other states, including Virginia, have passed laws banning same-sex marriage.

In Maryland, Blackburn, Dehn and the other plaintiffs who have applied for and been denied marriage licenses throughout the state say they are not asking for the creation of a new right, just the chance to share in one that has been fundamental for heterosexuals.

Blackburn compares this suit for real marriage -- as opposed to some form of civil union -- as akin to breaking down segregation in the nation's schools.

"The schools could not be separate without being inherently unequal," said the veteran civil rights campaigner, sitting in the home he and Dehn have carefully restored in Baltimore's Bolton Hill neighborhood.

He acknowledged that some people become angry when gay men and lesbians liken their struggle for equality to that of blacks. Blackburn was listening to a radio talk show on gay rights recently when a caller complained about such comparisons.

"I'm black every day of my life. They can hide," the caller said.

"But why should 'they' have to?" Blackburn asked in response. "We're not saying we've suffered as long, or as much. But we have rights that need to be defended."

The way Blackburn sees it, a person compelled to live in a closet of secrecy also suffers the effects of segregation. "The closet is a very fearful place, a very lonely place. You are living a lie," he says. "It eats you up inside."

In addition to the intangible benefits, marriage also confers such rights as spousal immigration benefits, hospital visitation privileges and the right to inherit property. Among the plaintiffs is a lesbian couple forced to live separately because of immigration law. After another plaintiff lost his longtime partner to suicide, he also lost the home they had shared. Others in the suit have been denied the ability to extend insurance coverage to their partners and children.

More than 15,000 same-sex couples live in Maryland, and between a quarter and a third of them are raising children, according to the Baltimore-based Advocates for Children and Youth.

As they have grown older together, Blackburn and Dehn have gotten specialized help in estate planning. But they are still haunted by concerns about issues such as medical decision making or being separated in a nursing home.

"We have heard of this happening to two old guys at the very end," Blackburn said.

Attorneys for the state are not speaking about their case until after today's oral arguments. But in briefs filed in November, they laid out their case.

"No appellate court in the country has declared a right to same-sex marriage to be fundamental," the state argues, pointing to recent decisions in New Jersey and California that emphasize the importance of state legislatures in helping to resolve the matter.

The New Jersey Supreme Court ruled in October that the state constitution guarantees same-sex couples the same rights as opposite-sex couples. However, a four-justice majority of the court left it to the state legislature to decide whether same-sex unions should be known as marriage or given some other name.

Also in October, a California appeals court ruled the state's ban on such marriages did not violate the state constitution and pointed to the state's domestic partnership law to counter claims of discrimination.

"The legislative forum is the most appropriate to address the issue of same-sex marriage and extension of benefit to same-sex families," attorneys for the state of Maryland argue in their brief.

Dwyer, an outspoken critic of same-sex marriage, agrees.

"The legislature in Maryland must deal with this issue," he said. Last year he unsuccessfully pushed the "Marriage Protection Act," which would amend the state constitution to prohibit same-sex marriages and civil unions. He plans to take up the cause in the session that begins next month.

In 2001, Maryland passed a law banning discrimination on the basis of sexual orientation. And in 2005, the legislature created a life partnership for medical decision making and authorized an exemption from recordation and transfer taxes for domestic partners. Both bills were vetoed by Gov. Robert L. Ehrlich Jr. (R) as undermining "the sanctity of traditional marriage."

That's why, said David Rocah, an ACLU lawyer for the plaintiffs, "You resort to the courts."

Religious Liberty Group Takes Up 'Marriage' Case (WT)

By Jon Ward

The Washington Times, December 4, 2006

DOJ_NMG_0101712

A national religious-freedom group has chosen the same-sex "marriage" case to be argued today in Maryland's highest court to file its first legal argument.

The Beckett Fund, a nonprofit legal group supporting religious freedoms, argues that legalized same-sex "marriage" could result in civil suits against churches that refuse to marry same-sex couples or refuse to hire homosexual employees.

"It's such a controversial issue that we weren't going to move until we were certain the threats were real and pervasive," said Roger T. Severino, a lawyer with the District-based group. "And now we are confident they are."

The group also says the government might strip such churches of their tax-exempt status and of their power to license marriages.

The case before the Maryland Court of Appeals comes from a lower court ruling in January, in which a judge decided a 1973 statute defining marriage as between a man and woman violated the state constitution. The ruling by Baltimore Circuit Judge M. Brooke Murdock was stayed until the appeals court could hear the case. The appeals court ruling is expected in the coming weeks.

The Becket Fund -- which has defended Muslims, Buddhists, Hindus, Jews and Protestant Christians in the United States and abroad -- filed one of nearly two dozen "friend of the court" -- or amicus curiae -- briefs in the closely watched case.

The court may consider arguments presented in such briefs, but is not required to do so.

An attorney for the 19 plaintiffs, who filed their lawsuit in 2004, called Mr. Severino's claim a "false alarm bell."

"There are sometimes tensions between religious liberty and nondiscrimination mandates," said Kenneth Y. Choe, an attorney for the plaintiffs and the American Civil Liberties Union's lesbian and gay rights project. "Regardless of what happens in this lawsuit, that tension already exists, and there exists a legal framework for how to resolve it."

Mr. Severino disagrees, saying the existing definition of marriage as between one man and one woman pervades the law of the land.

"The issue is so fundamental it's almost hard to see the intricate web of connections that marriage has with religious liberty and the thousands of government regulations that affect religious institutions," Mr. Severino said.

Churches or pastors also could be penalized for teaching sacred texts that state homosexuality is a sin, the Becket brief states.

Dan Furmansky, executive director of the Equality Maryland lobbying group, said churches would not be sued or prosecuted for refusing to "marry" homosexuals.

"We're not talking about forcing clergy to recognize marriages they don't want to," he said. "Of course there is a vast body of clergy that won't provide weddings for same-sex couples, and that's fine."

The Becket brief cites a Colorado woman's 2002 suit against the Episcopal Church that fired her on scriptural grounds for practicing homosexuality. The suit was unsuccessful, but was offered as proof that churches that take action based on their holy texts will face lawsuits.

"It will be ultimately up to the courts as to whether or not they will respect the First Amendment and protect religious liberty when it comes in conflict with gay rights," Mr. Severino said.

"But recent precedents don't give us a high level of comfort."

The Becket Fund also pointed to a Swedish pastor who was imprisoned for one month after he preached that homosexuality is sinful, though the country's highest court overturned his conviction.

One year ago, the Becket Fund held a conference in which scholars for and against same-sex "marriage" concluded that legalizing the practice would put it on a "collision course" with religious liberties.

Chai R. Feldblum, a law professor at Georgetown University who called herself "part of an inner group of public intellectual movement leaders committed to advancing [homosexual] equality in this country," took part and wrote a paper for the conference.

"We are in a zero-sum game," she wrote. "A gain for one side necessarily entails a corresponding loss for the other side."

Voters in 27 states, including seven in the most recent election, have voted to define marriage in their state constitutions as between a man and a woman only. In November, Arizona became the first state in which residents voted against a ban on same-sex "marriage."

In July, five state courts and one federal court issued rulings that upheld traditional marriage laws similar to those in Maryland.

To date, the only state to legalize same-sex "marriage" is Massachusetts by court fiat. After Maryland, pending right-to-"marry" lawsuits remain in California, Connecticut and Iowa.

The Becket Fund is filing briefs in all of the remaining cases.

What's Wrong With My Voting Machine? (NYT)

DOJ_NMG_0101713

By Adam Cohen

The New York Times, December 4, 2006

To the long list of recent Election Day horrors from butterfly ballots to six-hour lines, add "vote flipping."

In Ohio, Illinois, New Jersey and other states last month, there were reports — some confirmed by election officials — that when voters touched the screen for one candidate, the machine registered it for another. One Florida Congressional race, in which the Republican won by fewer than 400 votes, is in the courts because paperless electronic voting machines may have failed to register as many as 18,000 votes.

This year's election had voters across the country once again asking why voting machines are so lousy. Their technology is similar to A.T.M. technology, but when was the last time your A.T.M. flipped a $200 withdrawal into a $200 deposit?

Voting machines, unlike home electronics, are not sold in a competitive consumer market, which is ruthlessly unforgiving of low quality. The officials who buy them generally do not know much about technology. They listen to sales pitches from vendors who relentlessly push the most expensive models. Sometimes, well-connected lobbyists apply pressure. The process is rife with conflicts of interest, from free meals to future jobs with the manufacturers.

Since quality is not the deciding factor, it's not surprising there isn't a lot of it.

Voters who complain about their own machines don't often get a chance to compare them with other options. But New York's boards of elections are replacing the old lever machines, and I recently went to demonstrations the city held to allow the public to try out the five finalists.

There are many important things about a voting machine you can't tell from a quick inspection. But what was clear was almost all disturbing. Here are the ratings:

Avante Touch-Screen (no stars)

This is one of two A.T.M.-like touch-screen machines in the running. Even if they were reliable, touch-screens would not be practical for populous areas. Configured to hold New York's ridiculously large ballot, this five-foot-wide, 280-pound machine is so expensive, at about $8,000, that there might be only one per polling place, and lines could extend for hours. One machine I sampled cut off parts of words. And the bottom half of the name of one of the political parties was missing. A bigger problem is that this machine appears to run afoul of a New York law requiring that all voting machine computer code be given to the state. It runs on Windows, and Microsoft keeps its code secret.

Sequoia Touch-Screen (no stars)

Like the Avante, this machine should be ruled out simply because it is a touch-screen. But there is a lot more to dislike. The paper records produced by a voting machine should be secured in a lockbox. On this one, they fall into a small bag that could easily be snatched. Not that a thief would need to bother. The bag has a zipper on the bottom. Like Avante's, this touch-screen runs on Windows, which probably means it cannot satisfy New York's code-sharing law.

Sequoia Optical Scan (no stars)

With optical scans, many voters can fill out paper ballots at the same time. They are then fed into an optical scan reader, which goes very quickly. Unfortunately, this machine has other problems. Instead of blackening an oval next to their choice, voters connect a broken arrow. I have filled in thousands of ovals, but I had never before connected a broken arrow. As we saw with the butterfly ballot in 2000, the voting machine is not a good place to ask voters to acquire new skills. New York law requires that candidates of the same party be listed in a single column, to make it easier to vote by party. This machine scatters candidates of the same party all over the ballot.

Diebold Optical Scan ?

When I fed my ballot into this machine, it jammed twice. The sales representative expressed shock, but this is a frequently heard complaint. Even a balky optical scan is better than a touch-screen, but how hard is it to make one that doesn't jam?

Diebold has been the most infamous name in elections since its chief executive wrote that he was committed to helping deliver Ohio to President Bush, in an election in which his machines were counting the votes. The company has a long list of misdeeds, including installing unapproved and uncertified software in California.

ES&S Optical Scan ?½

This seemed like the best of the five machines on display, but that wasn't saying much. ES&S machines were used in Florida's 13th Congressional District, where they are still looking for the 18,000 votes that may have gone missing.

New York's official testing agencies notified election officials last week that none of these five machines fully meet the state's standards. New York has been the slowest state to adopt new voting machines, and the fact that the manufacturers were displaying products that still did not comply with state law says a lot about the basic level of competence in the industry.

No one in New York has much patience for more delay. But if it comes down to waiting longer or sticking voters with illegal or unreliable machines that will undermine democracy for years to come, officials should wait, and insist on better machines. New Yorkers, and all Americans, deserve better choices than the voting machine industry is offering.

ANTITRUST:

US Air, Delta Launch PR Battle (USAT)

By Marilyn Adams

USA Today, December 4, 2006

Delta Air Lines' creditors and a bankruptcy judge will decide whether US Airways buys Delta, but that isn't stopping both airlines from battling for public opinion.

Both airlines have hired big names in the financial public relations business to help shape the views of Wall Street analysts, airline employees and airline customers as well as the creditors and judges. US Airways hired New York communications firm Joele Frank, Wilkinson Brimmer Katcher. Delta is using Kekst and Co., a large New York financial PR firm with longstanding ties to the airline.

In a surprise announcement Nov. 15, US Airways publicly offered Delta's bankruptcy creditors $8 billion in stock and cash for Delta, which is in Chapter 11. Delta's management has rebuffed the offer.

The unveiling was well-orchestrated. That morning, US Airways' PR team, along with a team from Joele Frank, placed predawn phone calls to dozens of reporters and Wall Street analysts to alert them to an 8:15 a.m. conference call with CEO Doug Parker.

A new electronic newsletter, For the Record, now spins every small development in the pending deal in the most favorable light to US Airways.

"They do aggressive financial PR, and they are very good at it," US Airways Senior Vice President Elise Eberwein said of the Joele Frank firm. Frank could not be reached.

Meanwhile, Delta bought a full-page advertisement opposing the merger in its hometown newspaper, The Atlanta Journal-Constitution. And at the urging of its own employees, Delta ordered and distributed 50,000 red "Keep Delta My Delta" lapel buttons. US Airways has scheduled meetings with influential newspaper editorial boards.

Experts on the PR industry say it's common in hostile takeovers for the pursuer and pursued to hire specialized PR firms. PR Week reporter Hamilton Nolan says the firms know their audiences, and the stakes.

"They ask: 'What's the message to the creditors, to the media, to analysts, to customers, to shareholders?' All those groups get targeted messages."

Not all PR is for public consumption, however. Right after last month's announcement, Delta placed countless private phone calls to its unsecured creditors to argue that a merger would be risky and that Delta is better off alone.

The takeover fight between Delta and US Airways won't be over anytime soon. Delta hopes to show creditors its business plan as a stand-alone airline later this month.

Michael Freitag, the Kekst partner overseeing the Delta account, says financial PR is a long-term project. Delta's efforts to win support from all its crucial constituents "is a marathon, not a sprint."

Steering A New Course Through The Skies (MINNST)

By Liz Fedor, Star Tribune

Minneapolis Star Tribune, December 4, 2006

Airline mergers could face tough scrutiny in Congress as U.S. Rep. James Oberstar takes over a key House committee.

U.S. Rep. James Oberstar intends to take a hard look at potential airline mergers in the coming months because he knows that fusing two carriers together often causes pain for employees and hurts some consumers.

The Minnesota Democrat already is scrutinizing the proposed US Airways-Delta merger.

Next month, Oberstar will assume the chairmanship of the House Transportation and Infrastructure Committee, where he will be well-positioned to raise concerns in the event that a wave of consolidation sweeps the airline industry next year, as some observers predict.

While airlines don't need congressional approval to merge, Oberstar's post gives him the ability to spotlight antitrust issues that the Justice Department is legally obliged to examine.

"People are saying there is overcapacity" and that some seats should be removed from the market, Oberstar said. But he sees carriers flying with many full planes and argues "there is a lack of substantial competition" on many routes.

Oberstar, who was reelected to a 17th House term last month, gave his assessment of the state of the airline industry and talked about his oversight role during an interview last week with the Star Tribune.

The only member of the Minnesota delegation who was serving in Congress when the airline industry was deregulated in 1978, he sees that move as a success.

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"There's no question about the success of deregulation," Oberstar said. "It has created seamless travel, more nonstops, more destinations, more opportunities." By taking the government out of the pricing business, consumers are saving about $6.5 billion a year on fares, he argued.

"So when mergers and acquisitions and leveraged buyouts are considered," Oberstar said, "my first thought is: Is the result going to be undoing the consumer benefits of deregulation?"

The latest round of merger speculation began Nov. 15, when US Airways CEO Doug Parker made a hostile move to acquire bankrupt Delta Air Lines. On Thursday, US Airways executives had their first meeting with Delta's creditors committee in an attempt to win their support for the deal.

"US Airways has hardly digested the merger with America West," Oberstar said, referring to the lingering labor and operational issues from the combination of those two carriers in the fall of 2005.

US Airways and Delta now compete on about 155 domestic routes, and Oberstar said he has directed his staff to examine the impact of a merger on those routes.

"What does this do in markets where the two carriers are now competing? Who are the other competitors in those markets? Will some cities lose out? Will travelers [end up] paying higher fares? Those are the questions that I think have to be evaluated before you can make a judgment on whether this proposed merger would be in the overall best public interest," Oberstar said.

Eagan-based Northwest Airlines also is considered a merger candidate, with Continental and American considered as potential partners -- or Delta, if the deal with US Airways doesn't happen.

After current Northwest board chairman Gary Wilson and businessman Al Checchi led a leveraged buyout of Northwest in 1989, Oberstar said they spent a lot of time and money examining possible mergers. Ultimately, he said, Northwest chose instead to pursue code-sharing agreements with carriers such as Continental. Those alliances allow passengers to travel on two airlines for a single trip, but gain the ticketing and baggage-handling convenience of flying on one.

Northwest's last merger was 20 years ago when it combined with Republic Airlines, and Oberstar said he saw a "clash of cultures," which is typical of any merger.

In the days after the merger, Oberstar said, "I'd stop and ask station managers how things were going, and they'd whisper, 'I am a Republic guy and Northwest is a long-haul [airline]. We are a short-haul [airline]. They don't understand how to do things.' "

Oberstar did not say which airline he believes might emerge as the most likely merger partner for Northwest, but he did indicate that he sees the Eagan-based company facing stiffer competition to expand U.S. flights to China. Specifically, he doesn't believe that the U.S. Department of Transportation will grant Northwest authority for a hotly contested new route to China.

There is a four-way competition for the China route, and Northwest has proposed that it be between Detroit and Shanghai. Oberstar categorized Northwest and Continental as "second-tier players" in the competition.

"From the standpoint of competition, it might be a better decision by DOT to award service to American [Dallas to Beijing], provided their service will challenge United," Oberstar said. By mid-December, he intends to make a recommendation to the department, and he said that he will likely suggest the route go to American or United.

Oberstar said he has talked often this year with Northwest and Mesaba Airlines employees as they've faced big concessions, which he said have "left very deep resentment." Now, he said, it is "incumbent upon management at Northwest and Mesaba" to sit down with their employees "and win their trust."

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Blackstone, KKR, Bain Capital Shop In South Africa (WSJ)

By Jason Singer

The Wall Street Journal, December 4, 2006

Edgars Consolidated Stores Ltd. of South Africa is in talks with Blackstone Group, Bain Capital and Kohlberg Kravis Roberts & Co. on a potential $3 billion deal that would be the largest private-equity buyout in that country, according to people familiar with the situation.

The emergence of the largest U.S. private-equity firms as possible buyers of one of South Africa's biggest retail groups illustrates how the booming sector is scouring further afield to deploy the billions in cash raised in recent years.

Edgars Consolidated Stores, known as Edcon, said in October that it was approached by private-equity firms interested in acquiring the fashion chain, which has more than 900 stores in South Africa, Botswana, Namibia, Swaziland and Lesotho. Founded in 1929, the Johannesburg company has more than 20,000 employees and a market value of about 19 billion rand ($2.6 billion).

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Some of the U.S. firms working on a potential acquisition may make a combined bid, but final decisions haven't been made, the people close to the matter said. The company has asked for firm proposals to be made in January, they said.

Edcon couldn't be reached for comment, nor could representatives from the private-equity firms.

Edcon would be the latest in a string of potential private-equity takeovers in South Africa. Financial-service provider Alexander Forbes Ltd. received a bid by a group of investors led by Actis Capital LLP, and grocery chain Shoprite Holdings Ltd. has drawn potential private-equity bids.

After raising record sums from public pension plans, university endowments, insurance companies and wealthy individuals, private-equity firms have been pursuing ever-larger deals in the U.S. and Europe. But as the amount of money they manage swells, they are looking to new economies in Asia and Africa to acquire large businesses.

In addition to the South African targets, the world's largest private-equity firms have been attempting big deals in Australia and are venturing into China and elsewhere. Private-equity firms are partnerships that use investors' money and large amounts of borrowed money to buy companies, improve them and sell them again, typically in about three years.

Earlier this year, Edcon competed in an auction to purchase the Myer department-store chain in Australia from Coles Myer Ltd. but lost to Texas Pacific Group and one of its affiliates.

ENVIRONMENT:

Bush Mulls Resumed Energy Drilling Off Alaska (NYT)

By Felicity Barringer

New York Times, December 4, 2006

WASHINGTON, Dec. 3 — President Bush is considering whether to lift the 17-year-old moratorium on energy drilling in the waters off southwestern Alaska, a White House spokeswoman said Sunday, which would allow oil and gas companies to try to tap into more than five trillion cubic feet of natural gas that lies beneath rich fishing grounds.

The push to market oil and gas leases in these waters, which oil and gas companies favor, is part of a larger national effort to expand domestic supplies of fossil fuel by opening up areas of the outer continental shelf, long off-limits to energy development.

Last summer the Interior Department recommended reopening several areas of the outer continental shelf, including the southern part of Bristol Bay, which lies just north of where the Aleutian Islands meet the Alaskan mainland, to energy exploration. The report said that 14 oil and gas companies had supported the idea. The department has estimated that such a move could create up to 11,500 jobs, part of what it describes as “net benefits” of $7.7 billion.

In a letter to President Bush on Friday, a coalition of environmental groups, including the Wilderness Society, the Sierra Club and the Natural Resources Defense Counsel, citing the impact of the Exxon Valdez oil spill, called the bay “an economically critical salmon fishery,” adding that “it provides essential habitat for the endangered northern right whale.”

The executive director of Greenpeace, John Passacantando, said Sunday that the Bering Sea was “the most intact marine ecosystem in United States waters” and that Bristol Bay was “among the most important parts of the Bering Sea.”

Asked about the potential impact of an outer continental shelf leasing program confined to the southern waters of the bay, Mr. Passacantando said: “The energy industry ultimately gives you things that look like the Exxon Valdez. It was because of the threat of this kind of spill that that leases were initially rescinded.”

He was referring to a handful of oil leases that were granted in the southern part of Bristol Bay in 1988, then bought back by the federal government after the Exxon Valdez supertanker, with a captain who had been drinking, ran aground on Bligh Reef in March 1989. The tanker ruptured and spilled 11 million gallons of crude oil into the sound.

The Alaska Economic Development Commission has supported opening the area to expand economic diversification, and has concluded that the impact on marine life can be “fully mitigated,” the Interior Department reported.

When Congress, acting at the urging of Alaska’s senior senator, Ted Stevens, a Republican, rescinded its protections for Bristol Bay in 2003, the area remained protected by earlier presidential decisions, first by President George Bush in 1991 and then, in 1998, by President Bill Clinton, who put the area off-limits to energy leasing until 2012.

There has been widespread speculation among environmental groups and fishing industry representatives that President Bush would end the moratorium during the lame-duck session of Congress, allowing the Interior Department to proceed with its plans to market oil and gas leases in the southern section of the bay, along the north coast of the Aleutian Islands.

The Associated Press reported over the weekend that the administration was considering ending the moratorium, a report that was confirmed by a White House spokeswoman, Emily Lawrimore. She would not comment on the merits of the debate but said the president was considering whether to end the leasing moratorium.

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Representative Edward J. Markey, Democrat of Massachusetts, said in a statement Sunday that "executive withdrawal on oil and gas leasing in Alaska's Bristol Bay, one of our nation's most sensitive fisheries, combined with House Republicans scheduling a vote next week to expand offshore drilling off Florida's coast, only underscores that G.O.P. stands for Gas and Oil Party."

Mr. Markey added, "The administration should be leading efforts to increase fuel economy standards, which would dramatically reduce our dependence on foreign oil."

An Important First Step (WT)

By Newt Gingrich

The Washington Times, December 4, 2006

In the remaining days of its lame-duck session, the House should adopt Sen. Pete Domenici and Sen. Mary Landrieu's narrowly drawn bill to expand Gulf Coast oil and gas production. If adopted, it would give the Gulf states a greater share of oil revenues to rebuild and restore the vanishing coastline. The Domenici-Landrieu bill is a good first step toward a process in which other states could apply for permission to develop new offshore oil and gas reserves in exchange for a share of the revenues.

Hurricanes Katrina and Rita decimated the Gulf Coast, and after federally built flood-control systems failed, flood waters ravaged the city of New Orleans and the surrounding region. But the levees were not the only system that failed. Mismanagement and neglect over the last half century have contributed to the serious erosion of the coastal wetlands, the first line of defense against such devastating hurricanes. The wetlands and barrier islands act as a natural sponge to soak up storm surges but are disappearing at the rate of 25 square miles a year. Hurricanes Rita and Katrina are estimated to have lapped up an additional 217 square miles with 1,900 square miles already lost. The effects of this ecological disaster cost us thousands of lives and hundreds of billions of dollars, too high a price to ever be paid again.

Meanwhile, it has become abundantly clear that America's dependence on foreign oil is dangerous. We must seek out new energy sources in the near and long term. Our offshore petroleum reserves hold great promise for the near term as we pursue longer-term solutions in alternative renewable technologies.

Congress must act to provide the infrastructure necessary to prevent a Katrina-scale disaster from ever reoccurring along the Gulf Coast while providing for our growing energy needs.

The Domenici-Landrieu Bill -- "The Gulf of Mexico Energy Security Act" (S. 3711) -- has the endorsement of both the Democratic and Republican Senate Leadership but is being held up in the House. House Republicans are pushing for a much stronger bill that would open the Atlantic and Pacific coasts to drilling but has no chance of passing the Senate.

The Senate bill expands current offshore drilling by 8.3 million acres in the Gulf of Mexico and shares the revenues from that new production with the four states (Texas, Louisiana, Mississippi and Alabama) that the drilling would affect. The federal government would still get 50 percent of the royalties accrued from the new production while 37.5 percent of money will go directly to the four coastal states for restoration of the disappearing wetlands, and infrastructure projects aimed at flood control and hurricane protection. The remaining 12.5 percent would go toward the joint state and federal Land and Water Conservation Fund projects to benefit all 50 states.

The Domenici-Landrieu bill also gives the coastal states a fairer deal on offshore drilling. Under current law, revenues from land-based drilling -- even on federal land -- are split evenly between the states and federal government to compensate the states for the use of state infrastructure that contributes to oil production. These revenue-sharing provisions currently exclude offshore drilling and allocate zero revenue to the states. Revenue sharing under the Domenici-Landrieu bill would not cut into current federal revenues as the revenue-sharing provisions apply only to new production.

The fairness embodied in this bill should be expanded beyond just the Gulf Coast states. Congress should open up the revenue sharing option to all states without removing the blanket federal moratorium on new offshore development. With the prospect of new revenue streams as a powerful incentive, states could then apply to Congress for permission to drill offshore. This reasonable compromise would still give Congress the final say over any offshore expansion while opening the door to future offshore production.

Instead of holding out for an impossible bill, the House Republicans would be wise to see the Senate bill as an important first step toward energy self-sufficiency through expanded offshore oil and gas production, disaster prevention and ecological restoration. Completing this in the next few weeks is an important step in the right direction.

White House Opens Up Energy Agenda (WSJ)

By John D. Mckinnon And Deborah Solomon

The Wall Street Journal, December 4, 2006

DOJ_NMG_0101718

WASHINGTON -- Facing increased political pressure on environmental policy at home and abroad, the Bush administration is signaling new interest in promoting alternative energies and curbing greenhouse gases.

As part of President Bush's energy agenda for the rest of his term, administration officials may push U.S. auto makers to make more vehicles that can run on ethanol and other alternative fuels. To boost availability, they are also considering a call to cut tariffs on imported ethanol.

White House aides are also suggesting new openness to global-warming solutions, including the broad emissions limits they have resisted so far. The ultimate aim is to begin piecing together a framework to replace the Kyoto accord after it expires in 2012.

"Would we support a one-size-fits-all, economy-wide mandate? Presently it's not feasible or necessary," White House environmental adviser James Connaughton said in an interview. "But it's not off the table" post-2012, he added. While Mr. Bush's presidency ends in early 2009, he can influence negotiations under way for the next global climate-change treaty.

Environmental issues have gained urgency since Democrats won control of both the House and Senate in last month's elections. While many congressional Republicans shared Mr. Bush's skepticism toward environmental regulations, Congress's new Democratic leaders are more likely to push for action, particularly on climate change.

After the election, George Banks, a senior aide to Mr. Connaughton, sent an email to a top aide of Sen. Barbara Boxer, a California Democrat, congratulating Ms. Boxer on the election, which elevated her to chairman of the Environment and Public Works Committee. Mr. Banks added that he would like to meet to discuss climate change. Ms. Boxer called the overture an encouraging sign, after years of White House indifference.

Foreign leaders also are stepping up calls for Mr. Bush to move on the issue. Germany is trying to restart international talks on climate change in its role as host of the 2007 annual summer summit of the Group of Eight industrial powers. The White House has indicated a willingness to explore the idea, according to German officials. The U.S. response has been a "major step forward," says the German official in charge, Bernd Pfaffenbach. "We are going to explore whether it's possible to find a post-2012 formulation," he added.

Meanwhile, Treasury Secretary Henry Paulson has taken an active interest in energy and environmental policy, having been an advocate for curbing carbon emissions in his previous job as Goldman Sachs Group Inc.'s chief executive.

While Mr. Paulson hasn't spoken publicly about the issue since taking office in July, he is part of a group of administration officials looking at ways to reduce dependence on foreign oil and stimulate the market in the U.S. for alternative energy. The group is expected to present ideas to Mr. Bush in the next few weeks. Among the options: lifting tariffs on imported ethanol and providing more subsidies for those who make and sell alternative fuel.

Mr. Paulson also is intent on bringing China into future climate-change solutions, and plans to make greenhouse gases a focus of his talks with Chinese leaders when visiting Beijing this month.

Many American skeptics of global treaties on the environment have said they are meaningless unless China and India can be persuaded to join the next round.

On the domestic front, the administration has been pressing U.S. auto makers to ramp up production of so-called flex-fuel vehicles that can run on either gasoline or alternative fuels such as ethanol or biodiesel. The CEOs of the Big Three manufacturers -- General Motors Corp., Ford Motor Co. and DaimlerChrysler AG's Chrysler Group -- pledged after a recent meeting with Mr. Bush to make 50% of their new vehicles capable of running on alternative fuel by 2012. But they said they want assurances of adequate "incentives" for production of flex-fuel vehicles as well as for production and distribution of renewable fuels.

At the same time, the administration is pursuing a strategy of encouraging technological innovation -- instead of regulation and mandated caps -- to reduce overall carbon-dioxide emissions. Last week, administration officials announced the awarding of $1 billion in tax credits to nine companies to develop cleaner coal-burning power plants around the U.S.

But Mr. Connaughton, in the interview, suggested that the administration is weighing other strategies, possibly including tougher mandates, for after 2012, when the Kyoto accord expires. The Bush administration rejected the 1997 Kyoto accord in 2001, viewing its limits on carbon-dioxide emissions as a recipe for economic disaster.

Now, Mr. Connaughton said, even carbon mandates aren't out of the question. "Everyone is looking at what's achievable beyond 2012," he added, and the U.S. must "calibrate its policy to the science" on global warming.

Any new U.S. framework is unlikely to "replicate the mistakes of Kyoto," Mr. Connaughton said. But "as for the shape of what the future looks like, there are lots of ideas swirling around." Critics say the Kyoto accord was too ambitious in seeking to hold carbon-dioxide emissions below 1990 levels before technology was available, and also because it excluded rapidly developing economies such as China and India.

Some Democrats remain skeptical of the administration's interest in climate change and say they don't expect major progress on things like fuel efficiency or greenhouse-gas emissions.

"Recently, the administration has begun to change its rhetoric on global warning and climate change, but given their history it's easy to suspect that only their rhetoric is changing," said Rep. Henry Waxman, a Democrat from California and incoming chairman of the House Government Reform Committee.

--John J. Fialka contributed to this article.

Greener, Cleaner ... And Competitive? (CSM)

By Mark Clayton

Christian Science Monitor, December 4, 2006

The last time renewable-energy entrepreneurs were this gung-ho, in the early 1980s, subsidies - not sales - buoyed their business plans. This time may be different. For example:

· So many utility customers signed up for the "GreenChoice" program in Austin, Texas, that the city organized a raffle to decide who would get the last 1,400 slots. The reason: The program's wind-powered electricity was actually cheaper to generate than traditional power.

· Midwestern ethanol plants this summer were producing renewable fuel at a cost of $1.27 a gallon or less, making it competitive with gasoline even without tax subsidies, notes Vernon Eidman, a University of Minnesota professor of agricultural economics.

· A recent study by the RAND Corp. shows the nation's economy would be likely to benefit, rather than be slowed, if the nation achieved the goal of supplying 25 percent of its energy needs from renewable sources by 2025.

While most renewable fuels can't yet compete with their traditional counterparts, their costs of production are falling steadily. If the trend continues, America's energy mix by 2025 could be far greener and cleaner - without damaging the economy - than most analysts could have antici-pated a few years ago.

That development would not only reduce the nation's dependence on oil, it would mean a substantial start on capping its greenhouse-gas emissions, which most scientists link to global warming. And such a move, if the RAND analysis proves correct, would come at little or no cost to the economy.

"At this point, the lines haven't crossed yet where renewables are cheaper than coal power," says Jonathan Naimon, managing director of Light Green Advisors, an institutional money manager focused on environmental investing. "But we do see a lot of opportunity as this process of renewable power getting steadily cheaper continues.... There have been reports over the years saying the long-term costs of renewables are cheaper than fossil simply because you don't pay for fuel." New findings, new hope for renewables

The RAND Corp. report - issued in November - estimated that if the cost to produce renewable energy continued to fall at its current rate, renewables could provide 25 percent of the nation's power by 2025 at no additional cost to the economy and perhaps even save money.

If current trends continue, for example, renewable energy will be 20 percent less expensive to produce in 20 years. But the study, which examined 1,500 scenarios, goes further. If renewable costs fell at a faster rate, the nation could save $30 billion in energy costs by 2025, the report found. Even if renewable-energy costs grew slightly and oil prices fell further than expected, any negative economic drag on the economy would be slight, the study concluded.

Beyond the economics, such a shift would have a big impact on US emissions of greenhouse gases, eliminating 1 billion tons of carbon emissions - about one-seventh of total US emissions - by 2025. The US "can achieve significant reductions in greenhouse-gas emissions without significant effects on energy expenditures," the study found.

Such studies are part of a growing body of research that indicates the cost of renewables may not be an economic drag after all.

"There is an emerging consensus that we need to enter a rapid transition to clean energy technology," Reid Detchon, executive director of the Energy Future Coalition, a nonprofit energy advocacy group that requested the RAND study. "For years there has been this myth of an expensive and painful transition. This report helps knock that down."

President Bush rejected the Kyoto climate accords because of projected high costs to the economy from capping carbon emissions and tapping alternative energy. Some US studies a few years ago estimated Kyoto's potential cost at $1 trillion to $2.5 trillion by 2010. Building consensus in the business world

Business is also warming to renewables.

"We've reached the same conclusion as this study and so have the capital markets," says energy expert Amory Lovins, who cites $63 billion in global investment in renewables this year. "Anybody who's paying attention to the cost performance of renewables will find many that compete quite nicely now."

For example, renewable power can play a key role in stabilizing energy prices.

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Having substantial wind power in a portfolio moderates rates during price swings in natural gas and coal, says Shimon Awerbuch, a British energy economist at the University of Sussex who has studied the moderating impact of wind power on electric rates.

Others agree. "No matter which way costs go as the shift to renewable energy occurs, we're not talking about a gigantic change in the energy bill for the country," says Michael Toman, director of environment, energy, and economic development program at RAND. "There's no reason to look at it as if the economy is going to grind to a screeching halt."

Inquiry Turns To Humans On Pollutant, Hormone Tie (WP)

By David A. Fahrenthold

The Washington Post, December 4, 2006

Growing evidence that chemicals in the environment can interfere with animals' hormone systems -- including the discovery that male Potomac River fish are growing eggs -- has focused the attention of environmentalists and scientists on a new question: Are humans also at risk?

A decade ago, the very idea that pollutants could interfere with a body's chemical messages was near the fringes of science. But now, it is an urgent topic for lawmakers and researchers around the world, and especially in the Washington area.

In recent years, researchers have linked some common chemicals to troubling changes in laboratory rodents and wild animals, including reproductive defects, immune-system alterations and obesity.

For now, no connections to human ailments have been proved. But some studies have provided hints that people might be affected by crossed hormones, and activists wonder if this kind of pollution could contribute to diabetes, birth defects and infertility.

"There's a lot of concern that a lot of chemicals to which we are exposed routinely, and without our knowledge, are interfering with the way hormones work," said R. Thomas Zoeller, a professor of biology at the University of Massachusetts at Amherst.

The Metropolitan Washington Council of Governments is planning to host a public forum about hormone-disrupting pollution this spring. U.S. Reps. James P. Moran Jr. (D-Va.) and Chris Van Hollen (D-Md.) have said they plan to press the Environmental Protection Agency about its failure to develop a program to test chemicals for hormonelike effects, as ordered by Congress in 1996.

The idea that natural hormone messages can be tampered with is not new; for decades, women using birth-control pills have been counting on a man-made chemical to do just that.

But the current concern is much wider: Some fear that modern chemistry might have unwittingly created other compounds with hormonelike effects and that they might have spread widely around the globe.

In the past few years, scientists working with animals have found potential problems with several pollutants, among them rocket-fuel components, pesticides and additives to soap. Among the most heavily researched:

Â· Phthalates, a family of additives used to make vinyl plastic flexible and prevent perfume from evaporating, have been linked to lower sperm counts and other sexual problems in male rats, as well as to heightened allergic reactions in the animals. Chemical industry officials have said that these tests used unrealistically high doses and that the results are not likely to translate to humans.

Â· Bisphenol A, used as a building block for hard plastic goods like bottles and as a resin to line food cans, has been connected in some experiments to abnormal sexual development in male lab rodents, as well as a predilection for obesity. Officials from the chemical and pesticide industries have vigorously criticized these results, saying that other studies have shown the chemical to be harmless.

Â· Treated sewage, which carries human estrogen and birth-control pill components excreted in waste, has been linked to "feminized" male fish in waters around the world. In the St. Lawrence River in Canada, a recent study found that a third of male minnows had female characteristics. Another example might be the Potomac, though the cause of its problems has not been officially pinpointed. The EPA and sewage-plant officials have said they are working on ways to better clean the wastewater.

The study of endocrine disruptors began in the late 1980s and early 1990s, with scientists struggling to add up such oddities as male birds with female organs in the Great Lakes and sexual defects in Florida alligators.

They eventually found that some chemicals were turning on hormone switches in the body's endocrine system that trigger biological processes. Others blocked the switches so natural hormones couldn't get through.

That revelation meant that a pollutant could be harmful even if it wasn't poisonous and didn't cause cancer. Even small doses could cause major damage, if they came at a key time when hormones were guiding pregnancy or early development.

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"We have to ask different questions," said John Peterson Myers, an activist and former scientist based in Charlottesville. He joined with scientist Theo Colborn and writer Dianne Dumanoski to write a book laying out their concerns, 1996's "Our Stolen Future."

Today, despite the wealth of studies in animals, the implications for human health are unclear. One of the most dramatic studies examined the sons of mothers whose bodies contained phthalates. It found no major birth defects but did show that the higher the phthalate level, the greater chance that the boys' bodies would show subtle signs of being "undermasculinized," according to researcher Shanna Swan, director of the Center for Reproductive Epidemiology at the University of Rochester.

Still, that falls well short of a smoking gun: Humans are not laboratory rats, so scientists say it is exceedingly hard to craft a study that shows a particular chemical caused a particular problem, and not genetics, diet or some other factor.

"They're nowhere near cause-and-effect," L. Earl Gray Jr., a senior research biologist at the EPA, said of human studies. "We're showing correlations and associations" between pollutants and human health effects, he said, but no indisputable sign that one causes the other.

Officials from the chemical and pesticide industries have vigorously defended their products, saying they see no reason for concern about products in the environment interfering with human hormones.

Some scientists have also pointed out that human diets have always included some estrogen-like compounds: They occur naturally in wine and soy-based products, for example.

Stephen H. Safe, a professor of veterinary physiology and pharmacology at Texas A&M University, said that overall, despite our poor diets, "what does the data say about our health in this country? We're living longer . . . You know, where are these endocrine threats?"

Still, concerns that human health might be in danger have led to recent bans on certain phthalates in young children's toys imposed by the European Union and the City of San Francisco.

Activists in the United States have attacked the EPA for what they believe is a delayed response to the problem. The agency has defended itself by saying that it has spent millions on other research programs looking at ways to identify and limit endocrine disruptors and that it hopes to begin the long-delayed chemical testing program next year.

Some activists fear that damage is already being done. They caution avoiding plastic baby bottles, which could contain bisphenol A, and reducing consumption of animal fat, where some environmental pollutants can concentrate.

"I feel terrible because we haven't moved on this faster," said Colborn, the activist who has served as an unofficial leader among endocrine-disruptor researchers. "This is a transgenerational problem that is undermining the integrity of humans."

But Paul Foster, an official who evaluates risks to human reproduction at the National Institute of Environmental Health Sciences, said it was hard to give useful advice at this point because the chemicals being investigated are so ubiquitous.

"There's very little that they can do," said Foster, whose agency is part of the National Institutes of Health. "That's why you can't be too alarmist about it, because you can't stop people living."

Global Warming Gag Order (WSJ)

The Wall Street Journal, December 4, 2006

Washington has no shortage of bullies, but even we can't quite believe an October 27 letter that Senators Jay Rockefeller and Olympia Snowe sent to Exxon Mobil CEO Rex Tillerson. Its message: Start toeing the Senators' line on climate change, or else.

We reprint chunks of the letter here1 and the full text on OpinionJournal.com2, so readers can see for themselves. But its essential point is that the two Senators believe global warming is a fact, and therefore all debate about the issue must stop and Exxon Mobil should "end its dangerous support of the [global warming] 'deniers'." Not only that, the company "should repudiate its climate change denial campaign and make public its funding history." And in extra penance for being "one of the world's largest carbon emitters," Exxon should spend that money on "global remediation efforts."

The Senators aren't dumb enough to risk an ethics inquiry by threatening specific consequences if Mr. Tillerson declines this offer he can't refuse. But in case the CEO doesn't understand his company's jeopardy, they add that "Exxon Mobil and its partners in denial have manufactured controversy, sown doubt, and impeded progress with strategies all-too reminiscent of those used by the tobacco industry for so many years." (Our emphasis.) The Senators also graciously copied the Exxon board on their missive.

This is amazing stuff. On the one hand, the Senators say that everyone agrees on the facts and consequences of climate change. But at the same time they are so afraid of debate that they want Exxon to stop financing a doughty band of dissenters who can barely get their name in the paper. We respect the folks at the Competitive Enterprise Institute, but we didn't know until reading the Rockefeller-Snowe letter that they ran U.S. climate policy and led the mainstream media around by the nose, too. Congratulations.

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Let's compare the balance of forces: on one side, CEI; on the other, the Pew Charitable Trusts, the Sierra Club, Environmental Defense, the U.N. and EU, Hollywood, Al Gore, and every politically correct journalist in the country. We'll grant that's a fair intellectual fight. But if the Senators are so afraid that a handful of policy wonks at a single small think-tank are in danger of winning this debate, they must not have much confidence in the merits of their own case.

The letter is so over-the-top that we also wonder if Mr. Rockefeller in particular has even read it. (He and Ms. Snowe didn't return our call.) The Senator hails from coal-producing West Virginia, where people know something about carbon emissions. Come to think of it, Mr. Rockefeller owes his own vast wealth to something other then non-carbon energy. But perhaps it's easier to be carbon free when your fortune comes from a trust fund.

The letter is of a piece with what has become a campaign of intimidation against any global warming dissent. Not only is everyone supposed to concede that the planet has been warming -- as it has -- but we are all supposed to salute and agree that human beings are the definitive cause, that the magnitude of the warming will be disastrous and its effects catastrophic, that such problems as AIDS and poverty are less urgent, and that economic planners must therefore impose vast new regulatory burdens on everyone around the world. Exxon is being targeted in this letter and other ways because it is one of the few companies that still thinks some debate on these questions is valuable.

Every dogma has its day, and we've lived long enough to see more than one "consensus" blown apart within a few years of "everyone knowing" it was true. In recent decades environmentalists have been wrong about almost every other apocalyptic claim they've made: global famine, overpopulation, natural resource exhaustion, the evils of pesticides, global cooling, and so on. Perhaps it's useful to have a few folks outside the "consensus" asking questions before we commit several trillion dollars to any problem.

Imagine if this letter had been sent by someone in the Bush Administration trying to enforce the opposite conclusion? The left would be howling about "censorship." That's exactly what did happen earlier this year after James Hansen, the NASA scientist and global warming evangelist, complained that a lowly 24-year-old press aide had tried to limit his media access. The entire episode was preposterous because Mr. Hansen is one of the most publicized scientists in the world, but the press aide was nonetheless sacked.

The Senators' letter is far more serious because they have enormous power to punish Exxon if it doesn't kowtow to them. A windfall profits tax is in the air, and we've seen what happens to other companies that dare to resist Congressional intimidation. It's to Exxon's credit that, in its response to the Senators, the company said that it will continue to fund free market research groups because "there is value in the debate" that helps promote "optimal public policy decisions." Too bad that's not what the Senators care about.

The 'Obfuscation Agenda' (WSJ)

The Wall Street Journal, December 4, 2006

The following are excerpts from an Oct. 27 letter to Rex W. Tillerson, chairman and CEO of Exxon Mobil, from Sens. John D. Rockefeller IV of West Virginia and Olympia Snowe of Maine. A related editorial appears nearby:

We are convinced that Exxon Mobil's longstanding support of a small cadre of global climate change skeptics, and those skeptics' access to and influence on government policymakers, have made it increasingly difficult for the United States to demonstrate the moral clarity it needs across all facets of its diplomacy. Obviously, other factors complicate our foreign policy. However, we are persuaded that the climate change denial strategy carried out by and for Exxon Mobil has helped foster the perception that the United States is insensitive to a matter of great urgency for all of mankind, and has thus damaged the stature of our nation internationally…

We fervently hope that reports that Exxon Mobil intends to end its funding of the climate change denial campaign of the Competitive Enterprise Institute (CEI) are true. Similarly, we have seen press reports that your British subsidiary has told the Royal Society, Great Britain's foremost scientific academy, that Exxon Mobil will stop funding other organizations with similar purposes. However, a casual review of available literature, as performed by personnel for the Royal Society reveals that Exxon Mobil is or has been the primary funding source for the "skepticism" of not only CEI, but for dozens of other overlapping and interlocking front groups sharing the same obfuscation agenda…

Large corporations in related industries have joined Exxon Mobil to provide significant and consistent financial support of this pseudo-scientific, non-peer reviewed echo chamber. The goal has not been to prevail in the scientific debate, but to obscure it. This climate change denial confederacy has exerted an influence out of all proportion to its size or relative scientific credibility. Through relentless pressure on the media to present the issue "objectively," and by challenging the consensus on climate change science by misstating both the nature of what "consensus" means and what this particular consensus is, Exxon Mobil and its allies have confused the public and given cover to a few senior elected and appointed government officials whose positions and opinions enable them to damage U.S. credibility abroad…

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A study to be released in November by an American scientific group will expose Exxon Mobil as the primary funder of no fewer than 29 climate change denial front groups in 2004 alone. Besides a shared goal, these groups often featured common staffs and board members. The study will estimate that Exxon Mobil has spent more than $19 million since the late 1990s on a strategy of "information laundering," or enabling a small number of professional skeptics working through scientific-sounding organizations to funnel their viewpoints through non-peer-reviewed websites such as Tech Central Station. The Internet has provided Exxon Mobil the means to wreak its havoc on U.S. credibility, while avoiding the rigors of refereed journals…

We would recommend that Exxon Mobil publicly acknowledge both the reality of climate change and the role of humans in causing or exacerbating it. Second, Exxon Mobil should repudiate its climate change denial campaign and make public its funding history. Finally, we believe that there would be a benefit to the United States if one of the world's largest carbon emitters headquartered here devoted at least some of the money it has invested in climate change denial pseudo-science to global remediation efforts.

When Is A Fish Like A Carrot? (NYT)

The New York Times, December 4, 2006

The answer is: When it is a farmed fish.

The Department of Agriculture routinely distinguishes between organic carrots and the regular kind when it decides whether to grant an "organic" label. But it has gotten into trouble recently over how to decide whether a fish — especially a fish like salmon — is organic or not. The fishing industry is eager to call wild salmon "organic," as a way of denoting quality to consumers.

But there's a problem. Carrots are either grown organically — without conventional pesticides — or they're not. A wild carrot, to most people, is barely a carrot, but the flower called Queen Anne's lace.

A wild salmon is a glorious thing, and every bit as delectable as its cousins raised in fish farms that are, or are not, organic. But to call a wild salmon organic is to demean it, since it comes from a place where the word has no meaning. That is a little like calling the ocean "natural." The trouble is, there is no U.S.D.A. "wild" label, nor should there be, for that would represent some final surrender to ourselves.

There are really two answers to what is, after all, a problem of terminology. The first is consumer education. There are few shoppers out there who know as much as they need to know about the fish they buy, how the fish are harvested or what effect industrial fishing is having on the oceans. The other answer is to continue to be strict and judicious with the U.S.D.A. "organic" label, and use it as a tool to help distinguish between fish farming that is done responsibly and fish farming that is not.

Too often, consumers assume that fish farms are inherently "organic," perhaps merely because they are aquatic. Nothing could be further from the truth. They can be as organic as the finest pasture-raised organic pig farm or as inorganic as a hog confinement operation. Let's use the word "organic" as a way to distinguish between them, all the while hoping that there remain wild salmon out in the oceans, beyond any of our categorizing.

FBI/DEA/ATF/USMS:

Deadly Meth Marching Toward New England: DEA Battles Midwest Scourge Before It Hits (BOSH)

Boston Herald, December 1, 2006

The Hub is winning the war on crystal methamphetamine thanks to lessons learned from battles waged in the meth-gripped West and Midwest, a top federal drug official said yesterday, but she warned that the addictive drug is on a destructive march toward the East Coast.

"We've been fortunate in New England," June W. Stansbury, special agent in charge of the U.S. Drug Enforcement Administration in New England, said on the first National Methamphetamine Awareness Day.

"We were told methamphetamine abuse was spreading eastward. We learned from the West Coast and the Midwest. The main thing is to keep the key ingredients out of the hands of the people who manufacture meth," she said.

Last year, federal agents uncovered 16 clandestine meth labs in the six New England states, including five in the Bay State. This year, 17 labs have been found in New England, including three in Massachusetts, a DEA spokesman said.

Those numbers pale compared to lab discoveries in other parts of the country that face a more devastating struggle with meth addiction.

The Combat Methamphetamine Act of 2005 has tremendously curbed the production of home-grown meth now that common cold medications containing the ingredients ephedrine, pseudoephedrine and phenylpropanolamine must be kept behind pharmacy counters, Stansbury said.

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Those active ingredients are extracted from the cold medicines, combined with chemicals like iodine and anhydrous ammonia, and cooked over high heat to make meth. As of Sept. 30, consumers are now limited to buying no more than nine grams of cold remedies like Sudafed every 30 days, and must show picture identification and sign a log book when doing so.

"It's so important that people aren't able to go in and buy this in bulk," Stansbury said.

Conniving drug dealers have also been known to sell crystal meth to buyers while claiming that they are giving them cocaine or ecstasy in hopes of hooking them on another fix, Stansbury said."Greedy drug traffickers try to make a market," Stansbury said. "It's buyer beware. You never know what you are getting."

DEA Discusses Meth Problems At JALC (SO)

By Andrea Hahn

The Southern, December 2, 2006

CARTERVILLE - Just a couple of years ago, questions about methamphetamine were basic - what is it? where does it come from? What are the symptoms of use?

Roger Ehler, a Drug Enforcement Administration special agent, answered much more specific questions Thursday when he came to address a criminal justice class at John A. Logan College on Thursday. It was National Meth Awareness Day, and many of the students were already quite aware.

The types of questions reflected this more sophisticated knowledge of the drug. Students asked about long-term effects on the environment from meth lab dumps, about the potential for health problems created by meth labs inside rental or lodging properties, about new problems that could arise from the importing of a more pure form of the drug.

Meth has become enough of a household name that Saturday Night Live mocked "the meth lifestyle" during a recent episode. Ehler used the skit to demonstrate some of the problems associated with meth addiction.

"Obviously that was exaggerated - but then, it wasn't very exaggerated," he said.

The skit covered a host of meth-related symptoms and problems - days of sleeplessness, obsession with the drug, the rotting teeth associated with "meth mouth," the sores associated with "crank bugs" imagined to be crawling under the skin, household meth labs with questionable meth cooks, paranoia, hallucinations, compulsive behavior, extreme irritability and weight loss and risky sexual behavior.

The bit of comedy, Ehler said, was to take the edge off before showing a more serious film featuring meth addicts talking about the same elements from SNL but without the satire.

Ehler followed up by discussing current trends in meth use in Southern Illinois. The good news is small-batch meth labs are declining in the wake of legislation limiting the availability of pseudoephedrine, a key ingredient in meth production.

The bad news is imported meth, a more pure form known as ice or Mexican dope, is slowly on the rise.

Ehler said much is still unknown about meth use, even though law enforcement has been battling it for several years in this region. Consequently, he was unable to give definite answers to questions about relative availability of ice versus locally made "dirty meth," or whether the more pure, imported meth was more addictive or more likely to lead to drug overdoses.

He did have some encouraging new information, however. Education seems to be working - numbers of new users are declining, especially among younger people, he said.

And there is new hope for meth addict recovery. One of the most serious physical problems that results from long-term meth use is the inability of the brain to create dopamine, the chemical that makes a person feel pleasure. Not only is the need for longer rehabilitation to resist meth addiction now better understood, Ehler said there is also new evidence indicating the body's production of dopamine can be restored after one or two years of abstinence from meth.

"Even if you don't use the drug or don't know anyone who does, you can be impacted by meth," Ehler said. "We're looking at an epidemic."

For more information, log onto www.justthinktwice.com, a DEA drug information site.

The Meth Menace (NYDN)

By Austin Fenner And Tina Moore, Daily News Staff Writers

New York Daily News, December 3, 2006

Methamphetamine - once considered the drug of choice in the backwoods - is moving up in society.

Experts say methods for "cooking" the drug have become less noxious over the past decade, making meth labs a friendlier fit for apartment buildings like the one on Manhattan's East Side, where federal agents announced a bust last week.

"Back in the day, cooking meth was a very smelly process," said Steve Robertson, special agent and spokesman for the DEA. "That's why meth labs would go into rural areas. You would have them out in little shacks out on farms or ranches."

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Agents from his agency announced Thursday - National Meth Awareness Day - that they had busted a clandestine meth lab at a high-rise on E. 39th St. They also announced nine other meth lab busts in the city and on Long Island.

The local meth labs highlight a change in the face of methamphetamine use - long a rural drug consumed most often by lower-income men and women.

"There's no question that there has been an increase of meth use in the city," said Dr. Petros Levounis, who runs the Addiction Institute of New York. "The transformation from Sudafed to meth is extremely, extremely easy."

The busts announced last week added another twist to the meth dilemma: Two of the men arrested, both professionals, were making the drug for personal consumption.

Meth labs - even rural mom and pop labs - are usually run to turn a profit.

Michael Knib, an information technology vice president for Citigroup, told agents he started producing the drug because he lost his sources when he moved to the city from Seattle, investigators said.

Mehmetcan Dosemeci, a 28-year-old doctoral student in history and Fullbright Scholar at Columbia University, told agents that he was making the drug in his Manhattan Ave. flat to stay awake. He researched cooking meth on the Internet.

The production of meth puts the people making the drug and those around them in danger. Meth labs - where vaporous chemicals are hard to detect - are known to explode.

"It's unsettling," said a neighbor in the Manhattan Ave. building where Dosemeci lived. He did not want to be named in this story. "He was taking a risk with other people's lives."

A retired 69-year-old clerk, who also did not want to provide his name, was dumbfounded.

"If it blows up, what is he going to say to the people who wind up in the morgue?" he said. "Who needs to stay awake for up to three days?"

The ease with which the drug can be made has prompted action in Washington.

A federal law that took effect in September bans over-the-counter sales of certain cold medicines with ingredients used to make meth, including pseudoephedrine and ephedrine.

The law requires buyers to show photo identification and allows them to purchase only a 30-day supply.

Robertson, who started out as a clandestine-lab investigator in the Southwest in the mid-1990s, said changes in the meth culture shifted into high-gear when recipes were posted on the Internet.

"Then all of a sudden it was there," he said. "People were cooking in the backs of cars, in hotel rooms and apartments. It was everywhere."

Authorities Braces For Meth Invasion (JI)

Journal Inquirer, December 1, 2006

Methamphetamine is known in drug circles as ice, crank, or speed, it smells like cat urine when it's being cooked, and makes chronic users' teeth fall out and blood pressure soar.

Despite that, the cheap street drug most commonly referred to as "meth" is popular and is continuing its creep towards Connecticut and the Northeast.

"Meth is a major, major problem" in other parts of the country, U.S. Attorney Kevin O'Connor says.

But, "If we put our heads in the sand, and think it will never come here, we are terribly wrong," O'Connor said. "If we ignore it, it soon will become a major problem."

O'Connor was joined by Gov. M. Jodi Rell, State's Attorney Kevin Kane, and officials from state and federal law enforcement and public health agencies on Thursday, the first annual National Methamphetamine Awareness Day.

DEA officials say meth, which affects the central nervous system, has "a phenomenal rate of addiction, with some experts saying users often get hooked after just one use."

The U.S. Drug Enforcement Agency says 80 percent of meth is smuggled into this country from Mexico.

Meth isn't grown, like marijuana, poppy, or other organic substances, but manufactured. Federal authorities say the most common ingredient in meth is pseudoephedrine or ephedrine - ingredients found in common over-the-counter cold medicines.

To make meth - it can be smoked, snorted, injected, or taken orally - the legal drugs are cooked and processed using other common chemicals, such as lye, brake cleaner, alcohol, ether, battery acid, and battery lithium.

But the very existence of meth labs is worrisome, officials said Thursday, because chemicals used to make the drug are volatile.

Vapors produced during manufacturing permeate the walls and carpets of houses and buildings, making them uninhabitable, the DEA says, and one pound of meth can yield five pounds of toxic waste.

Because of the distinctive odor - "like a lot of cats," Department of Public Health Commissioner J. Robert Galvin said - meth labs are hard to hide. They are most often found in secluded, rural areas.

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That may be one reason Connecticut has been largely spared from what many say is an epidemic in western and midwestern rural areas.

According to the DEA, in 2001, there were 1,480 meth lab "incidents" in Washington state, 1,883 in California, 806 in Oklahoma, 2,180 in Missouri, and 852 in Kansas, compared with one incident in Connecticut.

The western numbers have declined in recent years, as the public has become more aware of what to look for, authorities said Thursday.

However, the drug's march east has continued: While there were eight meth lab "incidents" in New York in 2001, there were 80 in that state last year.

And on Thursday, DEA officials announced the arrest of 10 people who they say operated meth labs in New York City and on Long Island.

The DEA's Assistant Special Agent in Charge in Connecticut, Brian R. Crowell, said authorities are currently investigating cases involving two meth labs.

There were arrests in three labs last year, including two in East Hampton.

In 2002, Enfield police had to close off the police station and surrounding streets for several hours when a local couple drove a packed-up meth lab - later found to belong to their daughter's boyfriend, who would serve a federal sentence - from their basement to police headquarters.

And Windsor Locks police in 2003 were alerted by local residents to a meth lab that was set up in a wooded area on land owned by a water company. A subsequent search of the man suspected of the setting up the lab yielded lye, sulfuric acid, and other chemicals used to make the drug.

Residents who notice suspicious activities, like those in Windsor Locks who notified police, are important to catching and stopping the manufacturing of meth, authorities said.

In one of the East Hampton cases, police were notified by a suspicious store clerk who reported young people were legally buying large amounts of a chemical.

Eastern states may be luckier than those out west because, after recognizing that over-the-counter drugs were being used, federal authorities this year enacted a law governing the sale of certain cold medicines used to make meth.

The law requires people to show identification before buying pseudoephedrine and ephedrine, and limits the amount that can be purchased to a 30-day supply. The buyer's name and information is also kept in a log for two years.

Stiff punishment for meth manufacturers and sellers is again on the legislative agenda, Rell said, and she intends to revive legislation calling for 15-year prison sentences for first-time offenders, and up to 30 years for second-offenders.

"We need to send that message that the sale and possession of this drug will land you in jail," she said.

Federal Agents Round Up Ten Suspects In Meth Ring (NY1)

By Lindley Pless

NY1, December 4, 2006

A drug factory in the next apartment. That's what federal agents say some New Yorkers were running unbeknownst to their neighbors. NY1's Lindley Pless visited one building where a tenant was allegedly cooking up a potentially explosive mixture.

Neighbors say they didn't have a clue. The DEA says here at a posh Murray Hill high-rise, Michael Knibb, a vice president with Citibank, had created an illicit methamphetamine drug lab in his penthouse apartment.

“I would never have suspected in New York City, particularly in a big building like this, with so many people coming in and out. I guess it happens. I am glad we didn't get blown up or a bad fire started or anything of that nature,” said a building resident.

The DEA says Knibb was among ten people arrested for cooking up potentially explosive drugs in Manhattan and on Long Island. They allegedly used things like household cleaning products, kerosene, and even a lava lamp.

Agents say another arrest was made at the Potamkin Dealership on 11th Avenue, where two mechanics are also accused of setting up a lab.

“It's frightening that these labs are operating in a city with a population as dense as New York City,” said DEA Special Agent in Charge John Gilbride. “These labs are highly volatile. They are highly explosive labs. They contain caustic chemicals that produce fumes that can explode at any time. These labs are ticking time bombs.”

The DEA says seven of those time bombs were ticking here in the city: three in Manhattan, two in Queens, one in the Bronx, and one in Brooklyn.

Special Agent Gilbride says that methamphetamine has become the crack of the 21st century. He says it is a drug that is now affecting the lower, middle, and upper classes.

“Methamphetamine cuts across all sections of society,” said Gilbride. “There is not one type of individual, one type of group that manufactures methamphetamine.”

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The DEA says the ten people arrested Thursday face charges of operating illegal drug labs. Agents say the toxic chemicals they used to make these drugs pose a threat to anyone living nearby.

"Individuals who operate clandestine labs are not only putting themselves in harm's way," said Gilbride. "They are putting their neighbors, their coworkers, their friends, anyone in their apartment who gets in contact with these chemicals. They are putting everyone in harm's way."

And the DEA says that could put them behind bars for up to 20 years.

Speakout: Colorado's Indian Reservations In Need Of More Policing, Judges (RMN)

By Troy A. Eid

Rocky Mountain News, December 2, 2006

TOWAOC - At first glance, this picturesque village, nestled beneath Sleeping Ute Mountain near the Four Corners monument and a short drive from Mesa Verde National Park, might seem an unlikely candidate to be the murder capital of Colorado.

Just over 2,000 tribal members live on the entire Ute Mountain Ute Indian Reservation south of Cortez, many in or near Towaoc (pronounced toy- ACK), seat of the tribal government. Yet this year alone, there have been a staggering five murders and one unexplained death on that reservation.

Immediately to the east, the Southern Ute Indian Reservation south of Durango is home to about 1,400 tribal members. Two victims have been murdered there so far this year, including an infant thrown against a wall. The recent death of a third person is still being investigated.

Taken together, the murder rate for Colorado's two Indian nations is 20 times higher than the state average. It rivals the number of murders in Colorado Springs, the state's second-largest city with a population of 360,890.

What accounts for this appalling rate of violent crime in southwestern Colorado?

Both tribes would benefit from more boots-on-the-ground law enforcement. This is especially true on the Ute Mountain Ute Reservation, which lacks its own tribal police force. Just five police officers from the Bureau of Indian Affairs, part of the U.S. Department of the Interior, patrol the entire 600,000-acre reservation.

Some tribes, such as Southern Ute, have created their own professional police departments and court systems. For more than two decades, however, the Ute Mountain Ute Tribe has chosen not to have its own tribal law enforcement officers and judges and instead relies entirely on the BIA.

Unfortunately for the Ute Mountain Ute Tribe, BIA's tribal court system has operated only sporadically for the past few years.

Federal law ordinarily governs felonies committed on Indian reservations. The Federal Bureau of Investigation has the lead role for handling most felony investigations on Colorado's two Indian reservations. The lone FBI agent assigned to southwestern Colorado does a superb job under extraordinarily trying circumstances. So do the two assistant U.S. attorneys in Durango who prosecute major crimes on the reservations - functioning like deputy district attorneys do elsewhere in Colorado.

These and other federal officials attempting to serve justice on Colorado's two Indian reservations face many challenges.

Yet no obstacle to the equitable and effective administration of justice is more difficult than this: There is not a single permanent federal trial court judge anywhere in western Colorado, or anywhere outside of Denver.

Restricting federal trial judges to the state capital is remarkable even for a large Western state. Even far less populous states such as Wyoming, Idaho and Montana have long provided courthouses with permanent trial judges in more than one geographic region.

In contrast, the nearest permanent federal court to our fellow citizens who happen to live in southwestern Colorado is up to nine hours away by car, in downtown Denver. Perhaps nowhere else in the entire United States south of Alaska must people travel so far to serve on, or be served by, a federal trial jury or grand jury.

A lone part-time federal magistrate in Durango provides invaluable support to the criminal justice system. But in nearly every case, witnesses to violent crimes and their alleged perpetrators must still travel repeatedly to Denver. So do federal agents and prosecutors who, in the ultimate irony, are often tethered to the federal courthouse in Denver when violent crimes are occurring in southwestern Colorado.

Yet another challenge involves the rising use and trafficking of methamphetamine on Ute Mountain Ute and Southern Ute reservations. Gangs based off-reservation sometimes offer free samples of crystal meth - or "ice," as it is known - specifically targeting Native American people. As users get hooked, they turn to dealing and other crimes on-reservation to sustain their addiction.

Difficult though these challenges are, there are promising signs of change after so many years of neglect. U.S. Sen. Ken Salazar met recently with Alberto Gonzales, attorney general of the United States, to discuss strengthening federal law

enforcement and judicial resources for southwestern Colorado. Leaders from the FBI, Drug Enforcement Administration, U.S. Attorney's Office, and other federal agencies are working more closely than ever before with the elected leaders of the Southern Ute and Ute Mountain Ute tribes and their representatives.

For those of us serving in federal law enforcement, this is a case where the proof of our good intentions must be measured by real results. Too many lives have already been lost in the Southern Ute and Ute Mountain Ute nations. This is a state and national disgrace, and it must end. To cynics who say it will take too long to turn this tragedy around, our answer must be: Let's get started.

Drug Importers Sentenced (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, December 2, 2006

Couple recruited African to swallow heroin pills

The man from Ghana refused to reveal the contents of his stomach until he reached the hospital. There, faced with the prospect of an X-ray, he started to tell Maryland immigration authorities his death-defying tale.

An emigre in the United States recruited Hopkins Appau back in Africa to swallow dozens of pellets filled with heroin. He boarded a plane, arrived in Baltimore and greeted his American bosses from his motherland -- a longtime Washington municipal employee and his immigrant wife living in a suburban townhouse.

A U.S. District Court judge in Baltimore sentenced the couple, Godfrey Bonsu, 44, and his wife, Victoria Boateng, 42, both of Bowie, to lengthy prison terms yesterday for running a drug courier business out of a Takoma Park Quality Inn.

They were found guilty in February by a federal jury of conspiracy to import and distribute heroin. Yesterday, Bonsu received a 14-year prison term while Boateng was ordered to prison for slightly more than 11 years.

"I'm really sorry. ... I let my children down," Bonsu told the judge. "I had a good job."

U.S. District Judge Catherine C. Blake increased both of their prison terms after finding that they were supervisors or managers of the drug conspiracy.

"The couriers testified to being given various instructions by the defendants, such as drinking milk, waiting at the hotel and calling the defendants when the pellets were ready," Assistant U.S. Attorney Michael Hanlon wrote in court papers.

In the Maryland case investigated by U. S. Immigration and Customs Enforcement, prosecutors argued that in 2003 and 2004, Bonsu and Boateng recruited couriers from Ghana to smuggle heroin from Ghana, Germany and the United Kingdom.

Appau, who was arrested in December 2004, carried almost 600 grams of heroin, or about 60 internal pellets.

His fellow courier, James Manu, arrested in September of that year, filled his stomach with 69 pellets and lined his clothing with an additional 3 kilograms of heroin. Yesterday, the judge also determined that Bonsu had obstructed justice by testifying falsely at a pretrial suppression hearing, leading to another enhancement of his sentence.

Bonsu "was employed, he contributed to society," Blake said at the hearing. But despite some undisclosed information the couple provided to authorities about the drug trade, she could not excuse their role as leaders.

Law enforcement agents use a variety of techniques to catch such drug couriers.

"Sometimes we have intelligence provided by an informant or you see that something is wrong with a person," Drug Enforcement Administration Special Agent Steve Robertson said in an interview shortly after the Bonsu-Boateng convictions in February.

Agents usually try to wait the courier out, taking suspects into a bathroom with a screen to catch excrement. The pellets don't throw up very well, according to Robertson.

"But it's incredibly dangerous. Stomach acids can burn a hole in them. But sometimes people will swallow them and tie them to a back molar and then they pull it back up through their throat," said the agent, who spent 17 years in drug interdiction work on the Southwest border.

Pittston Twp. Cop Arrested On Drug Trafficking Charges (CV)

Citizens Voice, December 2, 2006

PITTSTON TWP. — A part-time township police officer who also worked in other communities was arrested Friday on federal drug trafficking and illegal handgun possession charges.

Patrolman Charles M. Byra Jr., 28, a township resident, was charged with possession of crack cocaine and marijuana with intent to sell and with carrying a stolen gun, which he allegedly used while drug trafficking, according to the criminal complaint.

If convicted, Byra could face from five years to life in prison and close to $2 million in fines.

The arrest follows an investigation by the U.S. Drug Enforcement Administration and the state police that spanned most of this year. Even after Byra was in custody, investigators searched the township police office for more evidence.

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"They took everything pertaining to him — log sheets, time sheets, evidence pertaining to his cases," said Chief Stephen Rinaldi.

The chief said Byra had worked for his department since February 2005.

"He was a good cop. It's very disappointing to me. Any time you asked him to do something, he'd do it," Rinaldi said.

Byra also has worked as a part-time officer in Avoca, Dupont and worked for about a month in Duryea in 2005. Part-time officers are hired on a month-to-month basis in the communities.

Assistant U.S. Attorney William Houser said Friday it was against policy to comment on charges against a defendant.

Byra was taken to federal court in Scranton to hear the charges against him on Friday afternoon. U.S. Magistrate Judge Malachy E. Mannion order him detained until a detention hearing in federal court in Wilkes-Barre on Wednesday at 10:30 a.m.

The hearing will determine whether he should remain incarcerated or be released on bail.

His preliminary examination hearing is set for Dec. 13 at 3:30 p.m. in federal court in Scranton to determine if there is sufficient evidence to send the charges to trial.

Officer Faces Charges (PAPN)

Harrisburg Patriot-News (PA), December 3, 2006

LUZERNE COUNTY

PITTSTON TWP.

A Pittston Twp. police officer has been charged in federal court with felony drug and weapons offenses after an investigation by the U.S. Drug Enforcement Administration. Federal officials said Michael Byra Jr., 28, could face a sentence of up to life in prison and fines up to $2 million if convicted of all offenses lodged against him.

Byra was charged in U.S. District Court in Scranton on Friday with possession with intent to distribute crack cocaine, possession with intent to distribute marijuana, possession of a firearm during a felony drug trafficking transaction and possession of a stolen firearm.

Byra was being held by federal authorities at an undisclosed location.

Source: Cop Took Evidence In Drug Cases (TLPA)

Times Leader, December 2, 2006

SCRANTON – Pittston Township police officer Charles Michael Byra Jr. recently testified that he's made at least 60 drug busts, arresting out-of-town drug dealers who make a habit of staying at a specific township motel on weekends.

On Friday, Byra, 28, found himself as a defendant facing the same charges.

A source close to the investigation said Byra was arrested on suspicion he stole evidence connected to mainly drug cases when he worked as a part-time officer in Dupont earlier this year.

Dupont Mayor Daniel Lello said Byra was employed as a part-time officer in Dupont but hasn't worked since the evidence – heroin, cocaine, marijuana, guns, about $10,000 in cash from drug busts, numerous files, and a log book – was reported missing earlier this year.

"After the incident happened, I didn't put him on anymore," Lello said.

Byra was arrested by state police at Wyoming and turned over to federal agents with the U.S. Drug Enforcement Administration Friday morning.

He appeared nervous often conversing with his lawyer, Ingrid Cronin, when he appeared before U.S. Magistrate Judge Malachy Mannion in federal court in Scranton Friday afternoon.

Byra was charged with two counts of possession with intent to distribute marijuana, and one count each of possession with intent to distribute crack cocaine, carrying a firearm during a drug transaction and possession of a stolen firearm, a Highpoint .380-caliber pistol, according to the federal criminal complaint.

U.S. Assistant Attorney William Houser declined to comment about the allegations against Byra. Mannion approved a request by Houser to seal the affidavit of probable cause, which is a narrative description of what police say happened.

During Friday's brief hearing in federal court, Houser said there are numerous recordings that implicate Byra.

Cronin refused to comment.

Byra was ordered to be held by federal authorities until Wednesday when a detention hearing is tentatively scheduled for 10:30 a.m. Wednesday at the federal courthouse in Scranton. A preliminary examination, commonly known as a preliminary hearing, is tentatively set for Dec. 13 at the federal courthouse in Scranton.

Throughout the morning and into the early afternoon, state and federal authorities removed boxes of evidence and several filing cabinets from the Pittston Township Police Department.

Township police Chief Stephen Rinaldi said he couldn't comment. Rinaldi did say Byra was employed as a township officer for nearly two years.

Township Supervisor Anthony Attardo said a decision will be made whether to suspend or terminate Byra from the police department. Attardo said whatever action is taken, Byra is entitled to a hearing before the supervisors.

According to Times Leader archives, Byra previously worked as a police officer in Ashley, Avoca, Sugar Notch and Warrior Run.

Lack Of Cooperation Hinders Baseball's Steroid Inquiry (NYT)

By Jack Curry

The New York Times, December 2, 2006

George J. Mitchell, the former Senate majority leader who is leading an investigation into steroid use in baseball, said in a statement yesterday that some parties he would not name had not cooperated with investigators. Because of that lack of cooperation, Mitchell said, it will take longer to complete the investigation.

"My investigative staff has conducted hundreds of interviews and received thousands of documents; however, much more work will be necessary," he said. "Cooperation has been good from many of those with whom we have sought testimony and documents, but has been less good from some others."

Since Mitchell does not have the power to force anyone connected with possible steroid use to testify, he has been stalled in pursuing some information. Several team officials have given testimony, but no players have acknowledged speaking with Mitchell. Mitchell has repeatedly declined to offer a timetable for when the investigation might be finished.

"This will not affect the result of the investigation, but it has increased the length of time it will take to complete the investigation," said Mitchell, who gave the statement after inquiries from reporters.

"It is for that reason I will continue the policy of not attempting to predict when the investigation will conclude, other than to say that we are pressing forward and will conclude our work as soon as possible," he said. "It's important to finish this job as soon as possible, but it's even more important to do it right."

When Commissioner Bud Selig appointed Mitchell as the investigator more than eight months ago, it was believed that he was targeting Barry Bonds, something Selig has denied. Bonds has 734 career home runs, 21 short of Hank Aaron's career record. Mitchell has not revealed whether he has interviewed Bonds, but it seemed unlikely. Bonds said last season that he had not spoken to any investigators.

"When I accepted this assignment, I said that I intended to conduct an investigation that is objective, thorough and fair," Mitchell said. "That remains my intention."

MLB's Steroids Probe Delayed By Lack Of Power No Timetable For Probe's Conclusion, Mitchell Says (AP)

AP, December 1, 2006

NEW YORK - Former Senate Majority Leader George Mitchell said his probe into steroid use in baseball has been delayed because he lacks power to order testimony.

Mitchell was hired by commissioner Bud Selig last March following more than a year of allegations against Barry Bonds, Mark McGwire and other stars. No timetable was set for Mitchell's report.

"When I began, I was, of course, aware that I do not have the power to compel testimony or the production of documents," Mitchell said in a statement Friday. "From the outset I believed that the absence of such power would significantly increase the amount of time necessary to complete the investigation, and it has."

A Third Way On Drug Laws (WP)

By Kevin A. Sabet

The Washington Post, December 4, 2006

Some say that the state of Michoacan, deep in south Mexico, is where the "war on drugs" really started, back in 1985. It was there that Mexican drug lords upped the stakes by burying in a shallow grave the body of a young Drug Enforcement Administration agent, Enrique Camarena, whom they had kidnapped and killed. The U.S. Congress responded months later with strict anti-drug laws, including a mandatory minimum sentence of 10 years in prison for anyone trafficking in five grams of crack cocaine or 500 grams of powder cocaine.

At that time, crack was certainly producing more violence on the streets than powder cocaine, and beat cops were expressing frustration at this ever-increasing drug market. Undoubtedly it was a time to enact "tough" legislation. But today, more than 20 years later, drug-related killings remain commonplace in that region of Mexico. Six police officers were found dead there

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one day last month. And though crack cocaine use has decreased dramatically since the mid-1980s, the debate over what to do about our drug problem rages on.

On the same day as the recent police killings in Mexico, the U.S. Sentencing Commission -- an independent judicial body that advises Congress on sentencing laws -- held hearings on the effectiveness of the federal cocaine law. Should five grams of crack cocaine continue to trigger the same sentence as 500 grams of powder cocaine? The answer is clearly no.

The Sentencing Commission has written that there is a "widely held perception that the current penalty structure . . . promotes unwarranted disparity based on race." The evidence that trafficking laws disproportionately affect blacks is hard to quantify, since there is little national demographic data on traffickers. Still, this law undoubtedly helps funnel young black men (a mind-boggling 85 percent of federal defendants in crack cocaine cases are black) into prison at rates that should cause us concern.

Most of these people are street-level dealers rather than high-level traffickers. Theoretically, a mid-to-high-level dealer caught with 499 grams of cocaine could get a lighter sentence than any one of the scores of much lower-level crack dealers he supplied the drug to (crack is a simple combination of powder cocaine and baking soda). Perhaps most troubling, the law has caused many Americans to lose faith in the criminal justice system even as it has increased racial division.

If current laws are unjustified, what are the alternatives? Many drug policy activists will tell you that "our laws don't work" and then quickly conclude that legalization is the most sensible solution. But there's no evidence that works either. If addiction, sickness and community decay are concerns, then it must be said that drug legalization has failed as a social experiment -- witness the massive problems of legalized drugs in other places (remember Switzerland's Needle Park?) or legalized tobacco today (where commercialization fuels addiction and high profits).

But of course no serious drug policy analyst can look you in the eye and tell you that our only alternatives are strict prohibition or lax legalization. There is, in fact, a comfortable position closer to the middle: We can reform the worst parts of our laws without fearing massive increases in drug use. Erasing or dramatically closing the gap between the sentences for crack cocaine and powder cocaine is a good example of this.

The commission last argued for a 20-to-1 sentencing ratio (as opposed to the present 100-to-1) as a politically sensitive solution, and some members of Congress have argued for wiping out the distinction altogether. Just about anything would be better than current policy.

It sounds easier than it is, of course, but the current political climate may be just right. President Bush, two days before his first inauguration, expressed a desire for a change, telling CNN that the law "ought to be addressed by making sure the powder cocaine and the crack cocaine penalties are the same," because he didn't "believe we ought to be discriminatory." With the president now saying he is ready to work with the newly elected Democratic leadership, reform could be within reach.

Such a move would be more about making our drug policies "smart," and less about looking "tough." And it certainly would be about time.

Kevin A. Sabet was a speechwriter for two U.S. drug czars, in the Clinton and Bush administrations. He is a fellow at National Development and Research Institutes Inc. in New York and a PhD candidate at Oxford University.

Editorial | Internet Drug Trafficking (PHI)

The Philadelphia Inquirer, December 2, 2006

Almost anyone with an e-mail address has received those annoying spam messages offering prescription drugs without a prescription. Most folks simply hit "delete" and think no more of it.

But as Inquirer reporter John Shiffman recently chronicled in a page-turner of an investigative series, illegal Internet drug trafficking is a lucrative, dangerous business. Stopping these illicit cyber drug rings requires dedicated, technologically savvy law enforcement agents and a high level of cooperation among federal, state and local authorities.

Fortunately, that's exactly what happened in Operation Cyber Chase, an investigation led by the Drug Enforcement Administration. The Inquirer's "Drugnet" series (http://go.philly.com/drugnet) provided a behind-the-scenes look at how authorities captured Akhil Bansal.

The grad student living in Roxborough had an online operation that illegally sold about 2.5 million doses per month of controlled substances to more than 100,000 customers. Bansal supplied eight drug organizations operating more than 200 Web sites with painkillers, steroids and other controlled substances smuggled from India, where his father was a physician. In all, 25 co-conspirators were arrested.

These drug networks involve much more than people trying to make a fast buck. They harm their customers, including many teens, who become addicted to pills. They are responsible for overdose deaths. Some drugs are counterfeit; some haven't been stored properly. They come without instructions; they come without any consultation with a licensed physician.

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A 2003 study by Monitoring the Future (funded in part by the National Institutes of Health) found that abuse among 12th graders of Vicodin, a narcotic pain-reliever, was second only to marijuana. Parents previously worried about their children encountering drug pushers on street corners; the Internet allows far more sophisticated pushers direct access to their homes.

Tougher, updated laws could help slow the flow of illegal controlled substances. Federal law enforcement authorities work under the auspices of the 1970s-era Controlled Substances Act, enacted long before the Internet came into use.

Some states are catching on to the public health threat. Kentucky enacted an Internet pharmacy law in 2005 that requires anyone shipping controlled substances into the state to register with the Attorney General's Office. Pennsylvania does not have such a law; New Jersey introduced a bill this year, but it stalled in the General Assembly.

Many of the Web sites selling these drugs operate overseas. To shut them down requires international cooperation, which can be slow and complicated.

U.S. drug wholesalers need to step up their efforts, too. These companies are privy to unusual sales patterns; for example, when a small pharmacy starts ordering much larger amounts of narcotics than it had in the past. Not all wholesalers are living up to their legal obligation to report suspicious activity.

State medical boards should speak out against online doctor-patient "relationships." The Federation of State Medical Boards has said that a patient filling out an online questionnaire to be reviewed by a cyber doctor "does not constitute an acceptable standard of care."

Also, the public's attitude about pills needs to change. Street drugs such as heroin are understood to be harmful and illegal because the user injects a needle into his or her arm. Narcotics in pill form are just as dangerous, just as addictive, and these days are much easier to obtain.

Afghanistan Opium Crop Sets Record (WP)

By Karen Deyoung, Washington Post Staff Writer

The Washington Post, December 2, 2006

U.S.-Backed Efforts At Eradication Fail

Opium production in Afghanistan, which provides more than 90 percent of the world's heroin, broke all records in 2006, reaching a historic high despite ongoing U.S.-sponsored eradication efforts, the Bush administration reported yesterday.

In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the amount of land under cultivation in opium poppies grew by 61 percent. Cultivation in the two main production provinces, Helmand in the southwest and Oruzgan in central Afghanistan, was up by 132 percent.

White House drug policy chief John Walters called the news "disappointing."

The administration has cited resurgent Taliban forces as the main impediment to stabilization and reconstruction efforts in Afghanistan, and the U.S. military investment has far exceeded anti-narcotic and development programs. But U.S. military and intelligence officials have increasingly described the drug trade as a problem that rivals and in some ways exceeds the Taliban, threatening to derail other aspects of U.S. policy.

"It is truly the Achilles' heel of Afghanistan," Gen. James L. Jones, the supreme allied commander for NATO, said in a recent speech at the Council on Foreign Relations. Afghanistan is NATO's biggest operation, with more than 30,000 troops. Drug cartels with their own armies engage in regular combat with NATO forces deployed in Afghanistan, he said. "It would be wrong to say that this is just the Taliban. I think I need to set that record straight," he added.

"They have their own capability to inflict damage, to make sure that the roads and the passages stay open and they get to where they want to go, whether it's through Pakistan, Iran, up through Russia and all the known trade routes. So this is a very violent cartel," Jones said. "They are buying their protection by funding other organizations, from criminal gangs to tribes, to inciting any kind of resistance to keep the government off of their back."

Any disruption of the drug trade has enormous implications for Afghanistan's economic and political stability. Although its relative strength in the overall economy has diminished as other sectors have expanded in recent years, narcotics is a $2.6 billion-a-year industry that this year provided more than a third of the country's gross domestic product. Farmers who cultivate opium poppies receive only a small percentage of the profits, but U.S. officials estimate the crop provides up to 12 times as much income per acre as conventional farming, and there is violent local resistance to eradication.

"It's almost the devil's own problem," CIA Director Michael V. Hayden told Congress last month. "Right now the issue is stability. . . . Going in there in itself and attacking the drug trade actually feeds the instability that you want to overcome."

"Attacking the problem directly in terms of the drug trade . . . would undermine the attempt to gain popular support in the region," agreed Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency. "There's a real conflict, I think."

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The Afghan government has prohibited the aerial herbicide spraying used by U.S. anti-narcotic programs in Latin America. Instead, opium poppy plants in Afghanistan are destroyed by tractors dragging heavy bars. But only 38,500 of nearly 430,000 acres under cultivation were eradicated this year.

Because of security concerns and local sensibilities, all eradication is done by Afghan police, and corruption is a major problem at every level from cultivation to international trafficking. Although the drug trade is believed to provide some financing to the Taliban, most experts believe it is largely an organized criminal enterprise. According to a major report on the Afghan drug industry jointly released last week by the World Bank and the U.N. Office on Drugs and Crime, key narcotics traffickers "work closely with sponsors in top government and political positions."

The report drew specific attention to the Afghan Interior Ministry, saying its officials were increasingly involved in providing protection for and facilitating consolidation of the drug industry in the hands of leading traffickers. "At the lower levels," the report said, "payments to police to avoid eradication or arrest reportedly are very widespread. At higher levels, provincial and district police chief appointments appear to be a tool for key traffickers and sponsors to exercise control and favor their proteges at middle levels in the drug industry."

Opium cultivation was outlawed during Taliban rule in the late 1990s and was nearly eliminated by 2001. After the overthrow of the Taliban government by U.S. forces in the fall of that year, the Bush administration said that keeping a lid on production was among its highest priorities. But corruption and alliances formed by Washington and the Afghan government with anti-Taliban tribal chieftains, some of whom are believed to be deeply involved in the trade, undercut the effort.

Afghan President Hamid Karzai recently noted that "once we thought terrorism was Afghanistan's biggest enemy" but said that now "poppy, its cultivation and drugs are Afghanistan's major enemy."

Eradication and alternative development programs have made little discernible headway. Cultivation -- measured annually with high-resolution satellite imagery that is then parsed by analysts using specialized computer software -- is nearly double its highest pre-Karzai level.

"There is supposed to be a tremendous energy associated with this," Jones said of the counter-narcotics programs, "but it needs a fresh look because . . . we're losing ground.

Afghan Opium Breaks All Records, U.S. Says (WT/UPI)

The Washington Times/UPI, December 2, 2006

Afghanistan's opium crop, which provides almost all the world's heroin, has broken all records despite U.S.-sponsored purge efforts, the White House says.

In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the acreage used for opium poppies grew by 61 percent, the White House said.

Cultivation in the two main production provinces, Helmand and Oruzgan, was up by 132 percent.

White House drug policy chief John Walters called the news "disappointing."

U.S. military and intelligence officials increasingly describe Afghanistan's drug trade as a problem that in some ways exceeds that of the Taliban, The Washington Post reports.

Drug cartels with their own armies engage in regular combat with NATO forces in Afghanistan, NATO Spreme Allied Commander Gen. James L. Jones said.

"It would be wrong to say that this is just the Taliban. I think I need to set that record straight," he said.

IMMIGRATION:

Congress Open To Passing Bill On Immigration (WT)

By Charles Hurt

The Washington Times, December 4, 2006

Congress will approve an immigration bill that will grant citizenship rights to most of the 12 million to 20 million illegal aliens in the U.S. after Democrats take control next month, predict both sides on Capitol Hill.

While Republicans have been largely splintered on the issue of immigration reform, Democrats have been fairly unified behind the principle that the illegals currently in the country should get citizenship rights without having to first leave the country.

"Years of dawdling have worsened our border security and made it harder to fix this broken system," said Sen. Patrick J. Leahy, the Vermont Democrat who will lead the Judiciary Committee next year. "We should not let partisan politics and intolerance continue to delay and derail effective reform."

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Democrats in both chambers say they will start with some form of legislation first drafted by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat, which was the basis for the bill that was approved earlier this year by the Senate.

"This past May, the Senate Judiciary Committee reported and then the Senate passed bipartisan versions of comprehensive immigration reform to bring people out of the shadows while strengthening our borders," Mr. Leahy said. "I look forward to building on that work next year and making progress on a bipartisan effort that improves security, supports our economy and respects the dignity of all people."

House Republicans and many outside Congress derided that bill as "amnesty" for allowing illegals to remain in the U.S. and eventually become citizens. Democrats say it's not amnesty because aliens must pay a fine and wait years before becoming citizens.

"The Senate bill is pure amnesty," said Rep. Jack Kingston, Georgia Republican. "Dress it up any way you want, it's still amnesty. It lets people pay their way out of sneaking into the country illegally."

With President Bush as an ally in the White House, he worries, Democrats will proceed next year with legislation to ultimately make citizens out of most of the illegals now in the country. And Republicans, still reeling from deep losses in the November elections, will give up the fight.

Rep. Dana Rohrabacher, California Republican, said he expects an immigration-reform bill that doesn't deport illegal aliens to be the only significant legislation to come out of the new Democratic Congress and win Mr. Bush's approval.

"The only real legislation that can be expected from Congress is amnesty," he said. "If they come up with a plan and the president is behind it, it will pick up a lot of our own members."

Republicans also expressed little confidence that their leadership team is committed to blocking amnesty.

The group Americans for Better Immigration, which supports tougher immigration policies, has given Republican leaders mixed grades on the issue. But on the issue of amnesty, the grades have been much worse.

Rep. John A. Boehner of Ohio, the House Republican leader, has a "D"; Rep. Roy Blunt of Missouri, the House Republican whip, scores a "C+." Incoming House Republican Conference Chairman Adam H. Putnam of Florida, who has co-sponsored legislation that many view as amnesty, scores an "F-" from the group on the issue.

Still, Mr. Boehner and Mr. Blunt can claim credit for thwarting the Senate immigration bill earlier this year. But now the only hope, Republicans say, is that some of the conservative Democrats who beat Republican incumbents this year will side with conservatives in the House to block anything that smells like amnesty.

Rep. Tom Tancredo, the Colorado Republican and a leading critic of amnesty, was initially dejected by November's elections, fearing that Democrats would ram through immigration reform. But a recent congressional trip with conservative-leaning "Blue Dog" Democrats changed his mind.

They don't want to touch the issue, he said, after seeing fissures already develop among Democrats' base voters on the issue. Illegal-alien advocacy groups think the Senate bill is too harsh on illegal aliens because it imposes fines on all and excludes others with criminal records. Those groups also insist future workers have a direct path to citizenship -- a requirement that labor unions fiercely oppose.

"I think it's going to be much more difficult for them to do than I had thought the day after the election," Mr. Tancredo said.

Most likely, he said, Democrats will succeed at undoing plans to build 700 miles of fencing along the U.S.-Mexico border.

"The thing that's in the greatest jeopardy right now is the fence, because they do have the appropriations process and that's probably the one they can stop," Mr. Tancredo said.

TAX:

Senator-Elect From The Farm Makes Small Firms A Priority (USNEWS)

By Renuka Rayasam

U.S. News and World Report, December 4, 2006

Jon Tester got into Montana politics about eight years ago because he thought that the state's 1997 energy deregulation policies were unfair to small companies. Last year, as Montana Senate president, he won enactment of legislation offering tax credits to make health insurance more affordable to companies with two to nine employees. Even after taking time off from campaigning to harvest grain for his organic farm, the fiscally conservative Democrat still narrowly beat out Republican incumbent Conrad Burns in last month's U.S. Senate race. Tester will be a member of the Senate Committee on Small Business and Entrepreneurship.

Tell me about the farm you run with your wife, Sharla, 12 miles west of Big Sandy, Mont.

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The farm we run [growing lentils, barley, peas, and gluten-free grain] as a business adds value through organics. We also shut down a custom butcher shop that processed animals for the neighbors. Both things came handed to me generationally. My grandparents started the farm we operate in 1916. My dad and mom set up the custom butcher shop in the 1960s.

How has being a farmer and business owner shaped your view of small-business issues?

If you look at what has built this country, it has been small business and working families. They are critical to the economic success of the country. We're a mom and pop operation. Some of the things we experience are regulations set up more from a big-business standpoint. Small business is taxed with potential accounting measures set up for Enron and things like that.

What are some of the issues important to small business?

You have to make sure you're not putting undue burden on small business from a tax and regulation standpoint.

Does that burden include the Internal Revenue Service crackdown on small companies in order to close the tax gap?

If there's some tax fraud, it needs to be cracked down on. But tax problems don't come from the small-business community. They come from businesses locating offshore and things like that.

You are a former school board chairman. How do you think education relates to small business?

A well-trained workforce is critical to small-business success. What I hear from business is that it's hard to find help that meets their needs. Right now we're breaking ground on a technical college in Great Falls to facilitate a better workforce. You've got to have a good public education system so small-business owners, when they locate to an area, are confident their kids are getting the best education possible. I feel strongly about local control in school districts. Things like [the] No Child Left Behind [Act] take away local control, but a local school board knows best what a district needs.

How will the healthcare debate affect small-business owners?

Healthcare is very much a high priority for me. Healthcare is also a huge issue for business, both big and small. But that's an issue that hasn't been addressed at all yet from a small-business standpoint.

It looks as if the federal minimum wage will climb next year. What effect will that have on small companies?

I don't think that's going to impact small business in the least. It's so minimal you can't get good people at that wage level. If you are going to have someone stay with you any length of time, you are going to have to pay them more.

What advice do you have for other small-business owners?

You've got to be smart and deliver the kind of service and commodity that the customer wants. You have to be smart financially, and you can't overextend yourself. Make sure you have a sharp pencil.

CONGRESS-ADMINISTRATION:

More Disorder In The Court? (USNEWS)

By Liz Halloran

U.S. News and World Report, December 4, 2006

Just days before last month's elections, a conservative weekly's website suggested that a member of the U.S. Supreme Court was gravely ill and that friends had been asked to pray for 86-year-old Justice John Paul Stevens.

Such rumors are normally "too ghoulish to repeat publicly," wrote Sean Rushton on HumanEvents.com. But with control of the Senate at stake, it is "news that should be considered," he said, even if it's unfounded.

That get-out-the-vote effort stuck out even in a campaign full of cynical appeals. Today, nearly a month after Democrats won both houses of Congress, the Stevens scuttlebutt remains uncorroborated–the senior justice has participated fully in recent arguments, as has Justice Ruth Bader Ginsburg, 73, who's also been the subject of rumors of poor health. But the effort by Rushton, former director of a conservative group devoted to winning approval of White House judicial nominations, underscored the right wing's investment in the issue of high court nominees. With newly powerful Democrats like New York Sen. Charles Schumer of the Judiciary Committee vowing an end to "the days of hard-right judges," the nominee game has become far more complicated.

Vermont Sen. Patrick Leahy, the Democrat who will chair the Judiciary Committee, said he is willing to work with Bush but noted that "the power to avoid destructive political warfare over a vacancy on the Supreme Court lies with the president." So what does that mean for future nominations? The new dynamic has unleashed speculation over whom President Bush may consider if he gets another opportunity to nominate a Supreme Court justice–it would be his third–during his remaining two years. And it has reinvigorated strategy sessions on all sides to assess the many "what if's."

Would the lame-duck president instigate a potentially unwinnable war with Senate Democrats by putting up a conservative in the mold of Samuel Alito, described recently by a GOP activist as "one of the most conservative federal appeals court judges ever confirmed"? Or would he work with Democrats to build consensus around a moderate conservative with a shot at winning a

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Senate confirmation vote? And would the president try to make history with a Hispanic nominee–or make up for his failed effort to get White House Counsel Harriet Miers on the bench and pick a woman?

"Obviously, everything changed when the majority changed," says Mark Agrast of the liberal Center for American Progress. "The issue of filibuster, which colored the whole discussion previously, is off the table, and nominees now will go through the regular order: from Judiciary Committee, to the Senate floor, and to a vote." And both sides are eager to test the waters.

The View From the Right

Leonard Leo of the conservative Federalist Society is already urging Bush to stick with his strategy of picking nominees that please the right, even without a GOP Senate majority. "No matter who he nominates, it's going to be a firefight," said Leo, a behind-the-scenes player in the administration's judicial nomination strategy. "What's the worst that happens? The cost of not doing the right thing is greater than a nominee going down in flames." He and others on the right believe that if the president has the opportunity, he'll nominate a woman. And the top name on their list is Edith Hollan Jones of Texas. Appointed in 1985 to the Fifth Circuit Court of Appeals in Houston by President Reagan, Jones, 57, is now a chief judge and has been on the Supreme Court shortlist since the president's father was in office.

Lawmakers Wrapping Up Session But Leaving Loose Ends (NYT)

By Carl Hulse

New York Times, December 3, 2006

Republicans intend to conclude the 109th Congress this week and leave Democrats stuck with the tab in the form of unfinished spending bills as the days of Republican rule draw to a close on Capitol Hill.

Congressional leaders said election losses had sapped Republican enthusiasm for trying to finish nine spending measures that were due Oct. 1. Congress will instead pass a stopgap measure to keep the government running until mid-February, leaving the fiscal tangle for the new Democratic majority to sort out next year.

Republicans will, however, try to record some final accomplishments as they intend to adjourn by Friday. They would like to extend a number of popular tax breaks rather than see Democrats get credit for restoring them next year. House Republicans also plan to try to push through an expansion of offshore oil and gas drilling opportunities and will take a symbolic anti-abortion vote before Democrats, many of whom support abortion rights, take control in January.

On Tuesday, the Senate Armed Services Committee will convene a hearing on the nomination of Robert M. Gates to be defense secretary. Members of both parties expect him to be approved by the end of the week to succeed Donald H. Rumsfeld unless a serious obstacle emerges in the hearing.

In any event, Senator Bill Frist of Tennessee, the majority leader who is stepping down at the end of this Congress, does not intend to keep lawmakers around long.

“Senator Frist plans to adjourn the 109th Congress by week’s end,” his office said last week as it laid out a potential agenda.

The resistance to finishing the appropriations bills is not going over well with Democrats, who have accused Republicans of acting irresponsibly. The unfinished business could also prove a distraction for members of the incoming majority who would like to spend the first weeks of 2007 moving ahead with their own agenda rather than cleaning up from 2006.

“They cut and run from the troops by not doing their oversight, and now they are cutting and running from the country by not passing the spending bills,” said Representative Rahm Emanuel of Illinois, who will be the chairman of the Democratic caucus next year.

But Republicans noted that Democrats had failed to finish their spending bills after the 2002 elections gave Republicans control of the Senate. And they said inaction on the appropriations measures would save the government money by holding spending at current levels rather than providing increases to federal agencies or establishing new programs.

“Every week we don’t pass the bills, we save money,” said Mr. Frist’s chief of staff, Eric M. Ueland.

Republicans struggled throughout the 109th Congress with budget and appropriations measures, caught between conservatives who wanted to hold down spending and more moderate lawmakers who sought to increase investment in health, education and other programs.

Congress this year sent only 2 of 11 spending bills — those covering the Pentagon and the Department of Homeland Security — to President Bush, leaving much of the government operating under what is known as a continuing resolution. Senate conservatives have led the opposition to trying to finish the bills, arguing that they do not want to see a flurry of wasteful pet projects inserted into a huge appropriations package that few would be able to decipher. But others said failing to pass the bills would leave agencies unable to deal with new demands like a need for increased veterans care.

Republicans would also like to renew tax breaks like the tuition tax credit, federal income tax deduction for state sales tax, and a business research and development tax credit. Those provisions have been tied up in disputes over other legislation all

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year. The tax breaks could run into trouble again if lawmakers try to use the package to gain approval of more controversial items, like a trade agreement with Vietnam. The bill might also be used to suspend a cut in doctor fees under Medicare.

With an eye on a new Democratic majority that will be less inclined to expand offshore drilling, House Republican leaders have decided to allow a vote on a Senate measure that would open about 8 million acres in the eastern Gulf of Mexico to oil and gas exploration rather than hold out for a more expansive House bill.

The House approach, which would end longstanding drilling bans along much of the nation's coast, has no chance of approval in the Senate before Congress adjourns. The oil industry and its allies persuaded the House leadership to agree to a vote on the Senate bill as the best chance to win new drilling rights.

"With the results of this past election, this Congressional session may be the only chance we have for years to come to produce more oil offshore," said Senator Jeff Sessions, Republican of Alabama, who hailed the measure that would steer millions of dollars in royalties to his state and others along the Gulf Coast.

The House leadership intends to try to win passage of the legislation on Tuesday under an expedited process that limits amendments but requires the approval of two-thirds of those voting; should that fail, they may try to bring the bill back to the floor later in the week with a limit on amendments.

In a concession to abortion opponents, the Republican leadership plans on Wednesday to allow a vote on a measure that would require women seeking an abortion to be informed that the procedure could cause pain to the fetus and be given the option of anesthesia for the fetus. Even if approved by the House, the bill is not on the Senate schedule. And it may be the last anti-abortion measure brought to the House floor for some time, since the new Democratic majority strongly backs abortion rights.

Lame-duck Session Likely To Punt To Next Congress (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 4, 2006

WASHINGTON

The "lame-duck" Congress opening this week may fit its billing.

There's a vast unfinished agenda in the 109th Congress, including most of the fiscal 2007 spending bills, immigration reform, ethics rules for lawmakers, an offshore drilling bill, a fix for President Bush's warrantless wiretapping program, and an omnibus trade and tax package.

But after an election that shifted control of the House and Senate to Democrats, there's little political will to complete it this session.

"There are a lot of factors in play, and the difficulties haven't gone anywhere since the election," says Don Stewart, a spokesman for incoming Senate Republican leader Mitch McConnell. "Both sides are talking a lot, but there hasn't been agreement yet. People are just going to keep talking until someone throws up their hands."

Congress is likely to punt on approving at least nine of the 12 spending bills for the fiscal year that began on Oct. 1.

All that means heavy lifting for Democrats in the 110th Congress, who will have to deal with old spending bills even as they are rolling out a signature agenda for the first 100 legislative days.

While expectations are fading for spending bills, the Senate is on track to confirm former CIA director Robert Gates as Defense secretary. The Senate Armed Services Committee opens hearings on the nomination Tuesday, which are expected to be vigorous but not deeply divisive.

"We have to have someone who will speak truth to power and not just tell a president what he wants to hear," said Sen. Carl Levin (D) of Michigan, the committee's incoming chairman, on NBC's "Meet the Press" Sunday. "It's likely that he's confirmed, but it's very important that there be a fair process."

Of the dozen postelection sessions Congress has held since World War II, several have had historical significance. In 1954, the Senate convened to censure Sen. Joseph McCarthy (R) of Wisconsin for his "lynch party"-style hearings on the dangers of communism. In 1974, Congress met to complete legislation delayed by the Watergate investigation. In 1998, the House met for two days to impeach President Clinton.

Since then, Congress has been driven into overtime after each election because of unfinished spending bills. Those lame-duck sessions became a free-for-all for adding earmarks to massive omnibus spending bills or, when that failed, postponing decisions until the next Congress.

Of the two strategies, say budget watchdog groups, punting to the next Congress may be preferable. "It will save a lot of money," says Tom Schatz, president of Citizens Against Government Waste. "For now, taxpayers have a little bit of a Christmas present, because a continuing resolution spends the lower amount of last year's spending bill."

At press time both the House and Senate aimed to pass a continuing resolution for spending bills through Feb. 15, 2007.

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The deadlock is similar to what happened in the waning hours of the 107th Congress, after Democrats lost control of the Senate. After failing to agree on spending, Congress opted to complete work on 11 unfinished appropriations bills in the new Congress. In 2002 and 2004, Congress used lame-duck sessions to negotiate vast omnibus spending bills, along with member "pork" projects to sweeten the deal.

Today, in the Senate, the main obstacle is a determined minority of conservatives who want assurances that no pork projects will be added to appropriations bills.

"We're trying to shut down the favor factory, at least until Christmas," says John Hart, a spokesman for Sen. Tom Coburn (R) of Oklahoma, who for the first time challenged individual earmarks, such as the proposed "bridge to nowhere" in Alaska, on the floor of the Senate in the 109th Congress. "We'll take a short-term [resolution] if it means not passing 10,000 earmarks in the last stages of the session."

Senate conservatives are also blocking a conference with the House over the $136 billion Military Quality of Life and Veterans Affairs spending bill, which cleared the Senate unanimously last month, in a bid to curb earmarks.

Other bills could break through the gridlock. On Friday, House Republicans agreed to allow a vote on a Senate compromise bill that would open new areas for oil and natural-gas development in the Gulf Coast, but maintain a ban on coastal drilling elsewhere. The bill also increases federal royalty shares for Gulf states from less than 2 percent to 37.5 percent. The more expansive House version of the bill would open drilling in any coastal area, unless states object.

Another compromise deal that could move this week is a package of popular tax extenders, including expiring state sales-tax deductions, college-tuition deductions, and the research-and-development tax credits that are a top priority of US business groups. This bill could be paired with expiring trade preferences for developing countries, including a measure that would allow Haiti to import textiles from countries such as China and sell them duty-free in the United States - a move strongly opposed by US textile manufacturers.

Meanwhile, lawmakers are engaged in the ups and downs of the coming power shift. Halls of congressional office buildings look like an army on the move. Defeated lawmakers, including several key committee chairmen, were due to be out of their offices by last Friday.

Lazy Ducks (WP)

The Washington Post, December 4, 2006

ONE OF the basic functions of Congress is passing spending bills to fund the operations of government. Congress regularly fails to complete this work in a timely way, but the 109th Congress is set to leave on an especially negligent note. Unless something dramatic changes, it will limp to a close having completed work on just two spending bills for fiscal 2007, which began Oct. 1. The upshot is that, at best, the fiscal year will be nearly one-third over by the time the 110th Congress finishes the work left incomplete by the 109th.

This is inexcusable. The House passed all but one spending bill. The Senate Appropriations Committee reported all the spending measures by July, the earliest that's been accomplished in 18 years. Then the full Senate punted. Only two bills -- covering defense spending and homeland security -- became law; one other, for military construction, won initial Senate passage, but the conference agreement worked out with the House is now stalled.

Part of the reason -- or, to be more accurate, part of the excuse -- for the latest gridlock is a revolt by some conservative senators against earmarks in that bill. But none of the complaining senators offered any motion to strip the supposedly offending earmarks. And the reality is that their do-nothing strategy sat just fine with Senate Republican leaders, who dallied before the election and could have forced action in the lame-duck session.

Instead, they were happy to dump $460 billion in unfinished business on the new Democratic majority. One political plus for them is that the leftover mess threatens to snarl the Democrats' already full agenda at the start of the 110th Congress. Another is that it could force the new leaders to an early and unpleasant choice about whether to live within the Republicans' spending ceiling or look like hypocritical big spenders and risk a presidential veto.

We understand the political temptation to do mischief by doing nothing, but this is a gross abdication of lawmakers' fundamental responsibilities. It creates enormous problems across a broad spectrum of federal agencies, which have no assurance about what their final spending allowances will be. The new Congress confronts a full plate of important issues. The fiscal 2008 budget will arrive on lawmakers' desks in early February, most likely along with an oversized emergency spending request for operations in Iraq and Afghanistan. Getting all that business done will be hard enough for the 110th Congress without having to pull cleanup duty for the 109th.

For Defense Nominee, Echoes Of Old Questions (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

DOJ_NMG_0101739

The Washington Post, December 4, 2006

Gates Criticized on Handling of Intelligence at CIA

When President George H.W. Bush nominated him to lead the CIA in 1991, Robert M. Gates was at 47 the youngest intelligence professional to achieve that distinction.

But during his Senate confirmation hearings, Gates -- a brilliant, smooth-operating Soviet specialist -- lost some of his luster. CIA colleagues came forward to testify that he had kowtowed to the wishes of his superiors and had manipulated intelligence to suit White House policy. Questions also arose about his involvement in the Reagan-era Iran-contra scandal.

Gates eventually won confirmation and held the CIA director's job for 14 months; even his critics describe it as a reasonably successful, modernizing tenure. Now another President Bush has picked Gates to replace Donald H. Rumsfeld as secretary of defense, citing Gates's deep Washington experience, his knowledge of the Middle East and his recent work as a reformist university president in Texas as ideal preparation for the task of leading U.S. troops out of trouble in Iraq.

With bipartisan support on Capitol Hill for quickly putting the war under new command, Gates's controversial history is by all accounts highly unlikely to derail his confirmation after a single hearing, which is scheduled for Tuesday. Moreover, Gates and others say he learned from the searing, 10-day hearings that scrutinized his record 15 years ago and has since adopted a less officious style.

At the same time, the concerns expressed about Gates then have echoes in the contemporary debate over the alleged tailoring of intelligence analysis to serve political ends, an issue at the heart of criticism of the war in Iraq. The Senate intelligence committee concluded in 2004, for example, that the CIA -- under a different director -- overstated the threat posed by Iraqi weapons of mass destruction programs and that the Bush administration shaped its depiction of intelligence to bolster the case for the U.S. intervention there.

Sen. Carl M. Levin (D-Mich.), incoming chairman of the Armed Services Committee and a foe of Gates's confirmation 15 years ago, cited the old charges of skewing intelligence in telling reporters he will seek assurances at the upcoming hearing that Gates will be independent-minded in his new job, which includes supervising a large military intelligence bureaucracy. Alluding to the Bush administration's record on Iraq, Levin said, "We've had enough [of] manipulating intelligence . . . in order to give the policymakers what they wanted to hear."The Trip to the Top

Gates's rise through the CIA bureaucracy was so swift, it sparked controversy. "He was recognized in the agency as being an exceptionally gifted analyst and an exceptionally gifted operator," said Alan Fiers, who chaired the agency's Central America task force in the mid-1980s. He was widely seen as a guy "on the make," Fiers testified in 1991.

A Wichita native who had spent a summer working as a grain inspector, Gates evidently itched to leave that life. He signed up with a CIA recruiter in 1965 because, he wrote in his memoirs, "I thought I could get a free trip to the capital." With CIA backing, he then jumped feet first into the Cold War as an Air Force intelligence officer at a Minuteman missile wing, where he recalls being "the only person in our unit who could pronounce the names of our targets."

As a CIA analyst back in Washington, he participated in one demonstration against the Vietnam War, in 1970. But the agency's obsession with the Soviet Union quickly became his own, and in 1974, at age 31, he joined the National Security Council staff for the first time as a Soviet specialist.

Gates did not lack self-confidence in the role. On a 1975 trip to Romania, where his passport was confiscated without explanation, he stood at the door of a White House plane and extended his middle finger to security police shortly before takeoff. It was a "regrettable but immensely satisfying display of pique and immaturity," he wrote later. Zbigniew Brzezinski, national security adviser to President Jimmy Carter, nonetheless called the young Gates "the epitome of discretion and good judgment."

In 1980, Gates became the national intelligence officer for the Soviet Union, although he did not visit the country until nine years later. When William J. Casey took the CIA's reins in 1981 after being Ronald Reagan's campaign manager, Gates took an instant liking to him. Both favored a large U.S. military buildup. Although he considered Casey a "zealot" on Central America, Gates concluded that the two had similar views about the Soviet Union, including a conviction that Moscow was orchestrating rebel movements and terrorism in the Third World.

That belief was disputed by others at the agency, but the intelligence estimates prepared under Casey and Gates about the Soviet threat -- now declassified -- were mostly unequivocal, though later they were shown to be largely wrong. Four years before the Soviet Union dissolved, for example, Gates warned in a memo that Soviet President Mikhail Gorbachev was after power and not reform, leaving a "long competition and struggle ahead."

Disaffection over Gates's role in pressing such conclusions was centered in the CIA's Office of Soviet Analysis, headed by Melvin Goodman, who at the 1991 hearings accused Gates of corrupting "the process and the ethics of intelligence" by ordering changes in its reports that were unsupported by evidence.

CIA Soviet affairs analyst Jennifer Glaudemans testified, "Not only could we feel his contempt, we could feel his party line."

Disgruntlement also reached into senior ranks. Harold P. Ford, Gates's acting successor as head of the National Intelligence Council, accused his colleague at the time of leaning heavily on subordinates to skew intelligence, adding that the nation deserved someone with a better "analytic batting average."

Other senior CIA officials disputed the criticism, attributing it to sour grapes and false hearsay. Gates produced a detailed rebuttal to Goodman and in his 1996 memoir said, "We were honest, even if we were not always right."

In the end, 31 lawmakers voted against Gates's confirmation -- the most opposition any CIA director nominee had faced.

Reagan's secretary of state, George P. Shultz, was silent during the 1991 confirmation hearings but took issue with Gates in a memoir he published two years later. He said the CIA's analyses had been predictable, manipulative and improperly shaped by "strong views about policy."

"If this were a business, I'd find myself another supplier," Shultz said he told Gates at the time. Now at Stanford University's Hoover Institution, Shultz did not return a phone call seeking his current appraisal of Gates.Iran-Contra Affair

At the 1991 hearings, Gates was forced to confront another controversy, involving when he learned about the Iran-contra affair and how he reacted to it. The scandal arose in part from the secret sale of missiles and spare parts to Iran at inflated prices beginning in the mid-1980s, in a bid to gain the release of U.S. hostages held by Iranian-backed forces in Lebanon. The other part involved the secret transfer of the profits from those dealings to rebel groups in Nicaragua known as contras.

Congress had barred aid to the contras, and disclosure of the twin transactions in 1986 plunged the last two years of Reagan's presidency into controversy. Eleven active or retired U.S. officials were charged with making false statements, destroying evidence or committing fraud.

Gates was a strong backer at the time of armed intervention against Nicaragua's leftist government. In a classified memo to Casey in 1984, recently published by the nonprofit National Security Archive, Gates said Washington should do "everything in its power short of invasion to put that regime out," and he recommended airstrikes, among other measures.

Gates also became deeply involved in a controversial May 1985 intelligence estimate that he later said was "one of the animating factors" in the White House's decision to pursue the arms sales. It raised the prospect of a Cold War race with Moscow for leverage in a destabilized Iran, a notion Gates supported over the strong opposition of the CIA's Soviet analysts.

The State Department disagreed with that conclusion as well and said so in a footnote to the intelligence estimate. Morton I. Abramowitz, then the department's intelligence chief, recalls being telephoned by Gates, who requested that the department drop its footnote of dissent. Abramowitz agreed but came to regret it after the report was linked to Iran- contra. "Subsequently, given what was happening, it takes on a more nefarious meaning," Abramowitz said.

Vincent Cannistraro, an NSC staff member who oversaw covert action at the time, said in an interview that Gates "was aware of what Bill Casey was doing with [NSC staff member] Ollie North and those back-pocket operations. . . . He clearly knew there were things going on not in accord with the regulations."

But Gates told investigators that he did not know about North's control over the contra activities and said he played no role in the affair. After hearing in October 1986 of the funds diversion, Gates expressed concerns to Casey and Reagan's national security adviser. Years later, he wrote that criticism of his failure to get to the bottom of the diversion or report it to Congress "hit home."

An independent counsel, Lawrence E. Walsh, in 1993 labeled the recollections of Casey's "ambitious" deputy disquieting and untruthful but not criminal. Walsh wrote that he was particularly troubled by Gates's assertion that he forgot receiving earlier memos and briefings about the diversion, and he said Gates's reactions were tailored more to protecting the CIA than to learning the truth and stopping illegal conduct.

But when reached in Oklahoma City, Walsh, now retired, said that he remembers feeling that Gates was in a difficult position as Casey's deputy and said he supports his confirmation as defense secretary.

Gates admitted knowing by the end of 1985 about the arms sales to Iran, which Walsh said "contravened" U.S. policy and may have been illegal. But in his memoir, Gates said he thought the sales were legal and opined that "the dirty little secret of the Iran affair" was that officials widely saw it "as a wacko, likely-to-fail NSC operation that the president wanted to pursue -- and no one was willing to put his job on the line to stop it."A New Perspective

Gates used his memoir to distance himself from the controversies. He criticized Casey for being contemptuous of Congress and "something of a bully." He said that in Iran-contra, the CIA was guilty of "political games [and] petty deceptions."

Gates also became more moderate in his views about using military force. He told a PBS interviewer for a documentary on the Persian Gulf War that the cautions of military officers about using force instead of diplomacy to solve foreign policy problems are understandable, "because I have seen a lot of civilians make a lot of proposals for a lot of silly military actions." Gates also said he supported the U.S. decision then to end hostilities without occupying Baghdad, because doing otherwise would have led to a "quagmire."

DOJ_NMG_0101741

In 1999, Gates wrote that "pigeonholing most countries in one or another category -- as either friend or foe -- is wrongheaded and undermines our national interest." In 2004, he co-chaired a panel that supported direct dialogue with Iran on regional stability issues and depicted the use of military force on Iran's nuclear facilities as "extremely problematic."

Fiers, who pleaded guilty in 1991 to withholding information from Congress while working for the CIA, said that "we all grow" in judgment with 15 years of perspective, and that he considers Gates a "very good choice" to head the Defense Department because he is "smart and can see all the nuances at play in the Middle East."

Fiers said Gates has "got what very few people get in life: He's got a mulligan. He can come back and play it the right way at the right time."

Staff researcher Julie Tate and staff writer Brian Barger contributed to this report.

Hints Of A Rumsfeld-ian Style (LAT)

By Peter Spiegel And Julian E. Barnes, Times Staff Writers

The Los Angeles Times, December 4, 2006

Gates was known as a bully, but the Defense nominee's supporters say that's in the past.

WASHINGTON — Shortly after Ronald Reagan was reelected president, the CIA forwarded a controversial intelligence report on the 1981 assassination attempt against Pope John Paul II to the White House. It suggested the Soviets were involved in the plot.

Inside the agency, many analysts considered the intelligence estimate flawed. In the words of one CIA branch chief, the assertion lacked "common sense" and was, at best, conjecture.

The contention later was proved false. But there was one person who did see a Soviet hand at play in the plot, and that was the man who mattered at the time: CIA Deputy Director Robert M. Gates, who personally handed the report up to the White House.

On Tuesday, the Senate begins its hearings on replacing Donald H. Rumsfeld, a Defense secretary criticized for failing to hear dissenting views, allowing his department to peddle flawed intelligence, and leading the military into a war in which victory has proved elusive. And it is Gates whom President Bush has selected to lead the Pentagon, offering the onetime CIA director up as "an agent of change."

But Gates appears to some an odd choice, given the Pentagon's rocky and occasionally divisive atmosphere under Rumsfeld. For much of Gates' career, critics and even some admirers have likened him to the imperious Rumsfeld and his close administration ally, Vice President Dick Cheney.

"Gates was making it clear to analysts what intelligence they were to produce," said Thomas Blanton, director of the National Security Archive, a nonprofit institute that gathers and analyzes declassified documents. "It's a chilling record, because you have two main themes of the Iraq war present in Robert Gates' career at CIA: the arrogance and bullying of a Rumsfeld and the intelligence cherry-picking of a Cheney."

Hearings were key

But critics and friends also suggest that Gates, 63, has evolved. The charges that he was a bully who was wrong on the important foreign policy issues of the day were sifted during his 1991 confirmation hearings to become CIA director. Those hearings, along with his failed nomination in 1987, were a public flogging that, those close to him say, forced him to reexamine his style.

"Bob Gates has learned over the years," said former Sen. David Boren (D-Okla.), who was chairman of the Senate Intelligence Committee during the 1991 hearings. "He realized in retrospect he had been misunderstood by some people who became his critics. After that, he became more patient."

The '91 hearings stretched on for months, and friends say the searing national spotlight softened the sharp-elbowed Gates and taught important lessons that he took to his jobs as CIA director and, later, president of Texas A&M University.

"I think he really was stunned to find that people actually disliked him," said retired Adm. Bobby Ray Inman, a career intelligence officer who worked closely with Gates in the Carter and Reagan administrations. "I'm not sure I'd say [he was] chastened, but maturity and experience causes you to simply be calmer in dealing with people."

To some, it is an open question about which Bob Gates would take the helm of the Pentagon: the former CIA analyst with a bullying intellect and occasionally dictatorial style like Rumsfeld's, or the patient listener who eventually won over critics at the CIA and tradition-bound Texas A&M.

Whatever qualities Gates brings, he will face the challenge of leading the world's dominant military at a time of historic strains over frustrated war efforts abroad and shifting political currents at home.

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The portrayal of Gates as a blunt and uncompromising taskmaster during the 1980s is not shared by all who worked with him as he climbed the government's national security hierarchy. Many insist he always has approached problems with an open mind.

"He was good at building a consensus and understanding what other people's points of view are, even if he didn't agree with them," said retired Adm. Stansfield Turner, President Carter's CIA director for whom Gates served as executive assistant.

Gates' rise through the ranks — he remains the only entry-level analyst ever to become director — was colored by the Cold War.

From the start of his government career, which began after he served two years as an Air Force officer in the late 1960s, he sided with anti-Soviet hard-liners. It was a view of Moscow that would bring him close to Zbigniew Brzezinski, Carter's national security advisor, and William J. Casey, Reagan's CIA director.

But it earned him the enmity of advocates of detente, including George P. Shultz, Reagan's secretary of State, who would later accuse Gates of shaping intelligence to fit his worldview and push to get Gates fired.

"In Sovietology, it's to some extent a speculative science. You can either err by being much too soft on the Soviets, or you can err by being somewhat too hard," said Brzezinski, who counts himself and Gates among the latter group. "I don't think [Gates] was politicizing intelligence. He was rendering views different than George Shultz's."

Signs of the taskmaster

Casey found the young analyst to be a kindred spirit, a fellow cold warrior with the intellectual firepower to demand more rigor in what Casey viewed as a flabby and overly cautious CIA analysis of the Soviets. Gates rose even faster than before, first as the agency's lead Soviet analyst, then as head of all intelligence analysis, and finally as Casey's deputy director.

His rapid advance — Gates was just 38 when he became Casey's director of intelligence in January 1982 — revealed some of the first signs of the overweening taskmaster. It certainly was a role Casey wanted him to play.

"We never sent Bob to charm school when it came to criticizing analysis," said John N. McMahon, Casey's deputy and Gates' boss for four years. "You can dump on someone in several different ways and get the point across, and one is to be forthright and just bang it out — and Bob did that."

But even if he was doing Casey's bidding, it also appeared to be a role Gates relished. In a September 1981 memo to Casey, shortly before taking over the intelligence directorship, he was merciless toward the agency's analysts.

"There are far too many people playing it safe," Gates wrote. "CIA is slowly turning into the Department of Agriculture."

For the remainder of the Reagan administration, Gates appeared to show little restraint.

"Analysts would come to him with what they thought was great analysis, and he'd tear it apart," recalled Richard L. Haver, the top official in the Pentagon's intelligence operation at the time.

"He would correct their English, their syntax, and he would hammer the way in which they crafted their conclusions."

Gates' hammering may have been what the CIA needed, but it also created enemies. That became apparent on the national stage in 1987, when he was nominated to succeed Casey as CIA director.

Any stylistic controversies, however, were overshadowed that year by the burgeoning Iran-Contra scandal, in which proceeds from secret U.S. arms sales to Iran were funneled to White House-backed insurgents in Nicaragua. Gates was not charged, but questions over his role were enough to force him to withdraw his nomination.

In 1991, when Gates once more was nominated to lead the CIA, his reputation for bullying analysts came into full light. Gates had expected a rehash of Iran-Contra. But those close to the nominee said he was stunned by the browbeating accusations, some of which came from old friends.

"It was totally a shock to me, and it shocked Bob, I know, as well," said McMahon, who said the analysts made no such charges within the CIA against Gates.

The committee's investigation and hearings lasted from June until October. Ultimately, he was confirmed by a split Senate.

Switching his style

Gates has never spoken at length about the effect of those hearings. But many said that the Gates who took charge of the CIA's Langley, Va., headquarters at the end of 1991 was quite different from the man who had been Casey's tough-minded deputy.

Gates returned to the CIA with an aggressive reform agenda. But rather than force changes through top-down edicts, he sought input from senior subordinates. On his first day on the job, Gates launched 12 reform task forces to take on a range of issues.

"He told us when we started off where he wanted us to go," Haver said. "But we were given lots of latitude to argue with him."

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One of Gates' first acts was to give important responsibilities to Harold P. Ford, a longtime CIA official as well as a lecturer and historian who had been one of his most persuasive critics in the confirmation process. The move sent a signal that dissent was welcome, said Blanton, director of the National Security Archive.

Gates employed similar approaches when, nine years after leaving the CIA, he became president of Texas A&M.

Much as he had assuaged the skeptical ranks at CIA, Gates moved quickly to counter faculty doubts by increasing their clout.

"I always felt we had a voice with this president, a voice we never had before," said Martha L. Loudder, a former president of the Faculty Senate. "He motivates people because they understand he wants to make changes that they want to make."

The issue of affirmative action on student admissions was a particularly sensitive conflict. In 2003, Gates, who opposed racial preferences, squared off against professor Bob Strawser, another former head of the Faculty Senate, who wanted to reinstate them.

Gates held firm, but many said he changed the debate. Remarkably, at a university with one of the most vocal group of graduates in the nation, he ended preferences for the children of alumni — a largely white group. That change, along with more aggressive recruiting, drove up minority enrollment on campus.

Strawser believes this is the management style Gates will bring to the Pentagon. And the uniformed military, many of whom privately have said they are frustrated after feeling ignored by Rumsfeld, may be heard once more.

"I think the military leaderships will have a surprise. They will get a full hearing," Strawser said. "He isn't going to take votes, but he will listen and take advice."

Those who worked with both men agree that Gates' style will be profoundly different from Rumsfeld's.

"Don has always been a change agent. He comes into a new situation with his own, independent ideas," said Frank C. Carlucci, a former defense secretary who has worked closely with Rumsfeld and Gates. "Gates will listen more to the establishment, but he'll reach his own conclusions. He's more of a consensus-builder."

Inman, a friend of Gates' who also has worked with Rumsfeld, predicted that Gates would be seen roaming the halls of the Pentagon, seeking out mid-level officials for their opinions.

"Part of it is out of curiosity, but it's also partly image — that he's not sitting on the throne or in the cloistered environment," Inman said.

"He is, by his nature, polite. That's not an allegation I'd make in Don's case."

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Times staff writer Greg Miller contributed to this report.

Quizzing Robert Gates (NYT)

The New York Times, December 4, 2006

Robert M. Gates, President Bush's nominee to succeed Defense Secretary Donald Rumsfeld, will appear before the Senate Armed Services Committee tomorrow for his confirmation hearing. We asked six defense and foreign-policy experts to tell us what questions the senators should ask. The Next Attack

1. According to the Congressional Budget Office, the Pentagon is underfinancing its procurement program by $53 billion to $121 billion each year for the next several years. What will be your priorities to address this shortfall?

2. Do you agree that our NATO allies other than Britain should be contributing more forces, equipment and training to help secure success in Iraq and Afghanistan? How would you persuade them to do so?

3. Department of Defense intelligence functions and capacities have significantly expanded in recent years. Do you intend to continue, increase or disband them?

4. In view of the predictions that we are likely to experience further terrorist attacks on American soil and that these attacks are likely to be multiple in number and executed nearly simultaneously, do you believe the doctrine of posse comitatus, which prohibits the military from engaging in domestic law enforcement, should be revised?

— WILLIAM S. COHEN, the secretary of defense from 1997 to 2001. Rights vs. Realism

1. You have long been associated with the "realist" view that American policy-makers should not concern themselves with a country's internal human rights practices. Yet it is now clear that threats to the United States are often fueled by abusive regimes and incubated in failing states. On the other hand, rapid democratization can bring bloodshed, and American support for moderates can undermine their credibility. Given this complexity, what principles should guide American interactions with human rights abusers in the 21st century?

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2. American forces are overextended in Iraq; NATO countries are reluctant to send additional troops to Afghanistan to confront the resurgent Taliban; and so many peacekeepers now operate under the United Nations flag that the major troop contributors are becoming exhausted. What will you do to try to convince American allies to assist in stabilizing places that the United States believes are important, but where it cannot or should not itself be present?

3. The Sudanese government is conducting a devastating offensive against civilians in Darfur. Owing to the support of China and the Arab League, Khartoum has felt free to thumb its nose at demands from the United Nations that it allow a large protection force to enter the embattled province. What levers can the Pentagon pull — with Khartoum, with Sudan's allies or with the rebels in Darfur — to ensure that a robust force gets to the region before tens of thousands more civilians die?

— SAMANTHA POWER, a professor at Harvard's Kennedy School of Government and the Pulitzer Prize-winning author of " 'A Problem From Hell': America and the Age of Genocide." Life With the Chiefs

1. How will you restore the readiness of an overstressed military, while continuing to transform it in preparation for irregular warfare or for war with countries that may possess weapons of mass destruction?

2. Please discuss your view of the role of the chairman of the Joint Chiefs of Staff and other senior uniformed military leaders with regard to the secretary of defense and the president. What steps will you take to strengthen civilian-military relations in the Pentagon?

3. What changes in strategy will you make that will enable the military to complete its missions in Iraq and Afghanistan?

4. Looking back, what could we have done at the beginning of the war in Iraq that might have produced a better outcome, and how will you ensure that we never again ask our military to conduct operations that are not well thought out or properly resourced?

— DONALD KERRICK, a former United States Army lieutenant general, deputy national security adviser and assistant to the chairman of the Joint Chiefs of Staff. Handling the Hill

1. Donald Rumsfeld made a mistake in not paying enough attention to members of Congress; listening to them and spending time with them is a crucial part of the secretary's job. But you will have to appear before 16 Congressional committees. How do you intend to manage your time?

2. Right now the Army is riven with conflict. Top generals retire and immediately start speaking out because they feel they weren't listened to. The members of National Guard and reserves feel they've not been treated well, particularly in terms of replacement equipment; and the regular forces feel they lack sufficient personnel. How do you plan to handle all the dissension within the Army?

3. The National Security Agency, which reports to the secretary of defense, has become embroiled in lawsuits concerning electronic surveillance. These are important public affairs problems that must be handled very carefully. How will you deal with such issues before they get to court? Will you delegate this responsibility or get personally involved?

4. Are you willing to increase the military's personnel budget so that those who serve in the Army, Navy, Air Force and Marine Corps are paid salaries at least comparable to what they might make in similar civilian jobs?

— MELVIN LAIRD, the secretary of defense from 1969 to 1973. You and Tehran

1. Will you exchange the current "train and leave" approach to the war in Iraq for a clear-and-hold victory strategy, which may include increasing troop levels, abandoning standard rotations (now limited to one year), replacing commanding generals and bypassing spending restrictions to obtain crucial equipment?

2. You have in the past suggested that the United States should have a direct dialogue with Iran. Is it your view that Iran's sponsorship of terrorist groups in Iraq, Lebanon and the West Bank and Gaza could end as a result of direct dialogue? If by dialogue you mean negotiation, what do you suggest the United States offer Iran in exchange for an end to its pro-terrorist foreign policy?

3. Are you prepared to undertake a sweeping review of the state of the American military and its ability to respond to identified national security threats? Are you prepared to increase the size of the ground forces?

— DANIELLE PLETKA, the vice president for foreign and defense policy studies at the American Enterprise Institute. An Anti-Rumsfeld

1. It is clear that your immediate task must be to resolve the wars in Iraq and Afghanistan. What else will you be able to accomplish as secretary of defense in the next two years?

2. Is the Department of Defense the right agency to lead the war on terrorism?

3. What do you intend to do to improve the department's cooperation with other government agencies in combating terrorism?

4. Will you rebalance the air, naval and ground forces to increase the size of the Army and Marine Corps?

5. How will you avoid making the mistakes of your predecessor?

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— KALEV I. SEPP, a former officer in the United States Army Special Forces and an assistant professor in the department of Defense Analysis at the Naval Postgraduate School.

Iraq And The Danger Of Psychological Entrapment (WP)

By Shankar Vedantam

The Washington Post, December 4, 2006

As Robert M. Gates appears this week at his Senate confirmation hearings for defense secretary, Wesleyan University psychologist Scott Plous sees a hidden trap. To understand it, take a little test.

Let's say your elderly dad has a beloved car. Its reliability was legendary, but it has started to have problems. He gets one thing fixed, and something else goes wrong. Each fix doesn't cost much, but they add up, and then the problems start to get bigger. Your dad is convinced the next repair will get the car as good as new. Would you advise him to pull the plug and get rid of the car?

Or consider this. A friend invests some money after getting a tip about a stock. The price soars, and your friend gains 10 percent overnight. He immediately doubles his investment. A week later, the thing tanks, and he is in the red. A month later, it dives again, and he has lost a quarter of his investment. Should he cut his losses and sell?

One more, and yes, these are all trick questions. A woman you care about falls in love. After many years of a happy relationship, the person she is with develops a vicious streak, starts smashing things and occasionally gives her a black eye. Would you tell her to walk out of the relationship?

The trick in all these questions is that when presented with such scenarios, it is easy for us to answer yes. Your dad should sell that car, your friend should save what money he can, and the person you care about should dump that abuser.

Every day, of course, when it comes to such decisions in our own lives, millions of people answer no.

The difference is because of a widespread phenomenon in human behavior known as entrapment. When you invest yourself in something, it is exceedingly difficult to discard your investment. What is devilish about entrapment is not just that it can result in ever greater losses, but that those losses get you ever more entrapped, because now you have even more invested.

Plous, a social psychologist and author of "The Psychology of Judgment and Decision Making," said experiments show that psychological entrapment comes in at least four guises: the investment trap, in which we try to recover sunk costs by throwing good money after bad; the time delay trap, in which a short-term benefit carries the seed of long-term problems; the deterioration trap, in which things that started out well slowly get worse; and the ignorance trap, in which hidden risks surface suddenly.

What does this have to do with the Gates confirmation? Plous sees the U.S. dilemma about what military course to take in Iraq as a perfect example of psychological entrapment -- on a national scale.

"What is remarkable is that the war in Iraq is a kind of super trap that has all these elements," Plous said. "Some weeks things look better, and then they look worse and then there is a setback. What we need is to take a step back and ask, 'If we were faced with the choice today without sunk costs, what decision would we make?' "

Plous is talking about the quick military victory followed by the zigzag decline into nightmare: the lack of intelligence on the ground about Saddam Hussein's supposed weapons of mass destruction; the hundreds of billions of dollars invested to fight the war; and above all, the lives of thousands of Americans that have been lost.

Plous said his alarm bells went off when he realized that President Bush was explicitly using the language of entrapment in speeches to rally support for the war. "Retreating from Iraq would dishonor the service of our brave men and women who have sacrificed in that country and have given their lives in that country, which would mean their sacrifice would be in vain," the president said recently.

Plous's point is not that Bush's appeal is ineffective; the point of entrapment is that it is exceedingly effective. It is utterly human not to want a great sacrifice to go in vain.

I asked Plous whether he was drawing his conclusion only because the war in Iraq is going badly. Would he have told the British the same thing, for example, during the bleakest days of 1940, when a German victory seemed imminent -- and when holding on led to victory over Adolf Hitler?

In other words, how do you tell the difference between getting entrapped in a disaster and being persistent through the difficult phase that can precede victory?

Psychology cannot predict the future or tell you what to do, but Plous said it can warn you to be vigilant if a course of action is primarily justified in terms of recovering what has already been lost. It is not wrong to factor in sunk costs, but they should not drive the decision.

In the World War II example, defeating fascism, not honoring dead British soldiers, was the reason it made sense to fight on.

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"Rational decision-making should not be driven primarily by recovery of past costs," Plous said. "If you can no longer justify it in terms of what it will bring in the future and what its realistic prospects are, that is a warning sign you may have become entrapped."

Other techniques to avoid entrapment in everyday life include making sure that a decision to continue on a path is not made solely by people who decided on that path in the first place, by setting limits on investments upfront and by triggering automatic reviews if a plan of action hits certain predetermined failure points.

But none of those measures can take the sting out of the dilemma on whether to change course after a substantial investment: "Regardless of whether you supported the war or not," Plous said, "this is going to be heart-wrenching."

Next Defense Secretary Must Hit Ground Running (USAT)

By Tom Vanden Brook, Matt Kelley

USA Today, December 4, 2006

WASHINGTON — Robert Gates, President Bush's choice as the next Defense secretary, will have to act fast — within months, analysts and retired officers say — to effect change at the Pentagon and in Iraq.

Hearings on Gates' nomination are scheduled to begin Tuesday before the Senate Armed Services Committee. Nobody has announced opposition to Gates, the 63-year-old president of Texas A&M University. He led the CIA from 1991 until early 1993.

“He has to be able to go in immediately and make changes” at the Pentagon, said committee member Sen. Jack Reed, D-R.I. “He has to thoroughly re-examine the policy and strategy in Iraq. That's the most pressing and immediate priority.”

The challenges will be tough. Gates faces violent insurgencies in Iraq and Afghanistan that have forced troops into faster-than-normal deployments; a strained relationship between the Defense secretary and top generals; and a short time in which to make a difference.

Gates has to work closely and quickly with Congress to be successful, said William Cohen, a 24-year veteran of Congress and Defense secretary from 1997 to 2001. “As we get further into next year, obviously the political ambitions of those running for president will intensify, and the risk of more partisanship at that point is going to materialize,” Cohen said.

Gates' experience with the Iraq Study Group puts him “ahead of the curve in terms of understanding what needs to be done” in Iraq, Cohen said. Gates was a member of the bipartisan commission until his nomination Nov. 8. The group is scheduled to release its recommendations Wednesday, including an endorsement of a gradual pullout of U.S. troops.

If Bush does decide on a new Iraq policy, Cohen said, “Gates is in the best position to try” to make it happen.

Gates' appointment is a symbol that the Bush administration is open to changing course in Iraq, said Stephen Biddle, a defense expert at the Council on Foreign Relations, a think tank.

However, “if it turns out the administration is not willing to contemplate any real change, Gates has just bought himself a ticket on the Titanic,” said Biddle, a former assistant professor at the Army War College. “He can mop the deck a bit, but we all know what happened to the Titanic.”

Pushing policy changes in Iraq is the real extent of Gates' potential influence, said retired general Jack Keane, a former Army vice chief of staff.

That's because Gates will only have time to influence the Pentagon's budget for one year, Keane said, “and that can be changed by a subsequent administration.”

Gates must also mend fences within the Pentagon, some analysts and retired generals say.

“There are going to be a lot of people happy to see Rumsfeld gone because he was a miserable boss to work for,” said Frederick Kagan, a military analyst at the American Enterprise Institute. “There are a handful who are very loyal. But a much larger number happy to see a change.”

Gates should “create an atmosphere where you'll get your ass chewed for not speaking up,” said retired general William Nash, now a senior fellow at the Council on Foreign Relations.

Retired major general Paul Eaton, one of several generals who said last spring that Rumsfeld should resign, said Gates must listen to generals who advocate for a larger Army and Marine Corps. Rumsfeld failed to listen to advice on the need for more troops in Iraq and Afghanistan, Eaton said. “We have failed to build a military to meet the foreign policy of America.”

It's nonsense to claim that Rumsfeld discouraged dissent, said Pentagon spokesman Bryan Whitman said. Rumsfeld solicited advice from military and civilian officials at the Pentagon, Whitman said, and did not reject calls for more troops.

“The number of U.S. troops in Iraq has always been based on the recommendations of experienced commanders on the ground, the combatant command and the best military advice of the Joint Chiefs of Staff,” Whitman said.

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Rumsfeld should not be the scapegoat for the problems in Iraq and the Pentagon, said Richard Perle, a former Defense official and a research fellow at the American Enterprise Institute. Instead, the entire Bush administration should be held accountable, said Perle, who led Rumsfeld's civilian advisory board during the buildup for the Iraq invasion.

Gates will be one of many people determining military policy, Perle said. “He'll have a seat at the table. But he's making very few of the decisions on his own.”

Democrats Who Opposed War Move Into Key Positions (WP)

By Walter Pincus

The Washington Post, December 4, 2006

Although given little public credit at the time, or since, many of the 126 House Democrats who spoke out and voted against the October 2002 resolution that gave President Bush authority to wage war against Iraq have turned out to be correct in their warnings about the problems a war would create.

With the Democrats taking over control of the House next January, the views that some voiced during two days of debate four years ago are worth recalling, since many of those lawmakers will move into positions of power. They include not only members of the new House leadership but also the incoming chairmen of the Appropriations, Armed Services, Budget and Judiciary committees and the Select Committee on Intelligence.

Rep. John M. Spratt Jr. (S.C.), a senior member of the Armed Services Committee, was one of several Democrats who predicted during the House floor debate that "the outcome after the conflict is actually going to be the hardest part, and it is far less certain." He credited his views in part to what he heard over breakfasts with retired generals Anthony C. Zinni and Joseph P. Hoar, both of whom had led the U.S. Army's Central Command -- a part of which is in Spratt's district.

"They made the point: We do not want to win this war, only to lose the peace and swell the ranks of terrorists who hate us," Spratt said.

Spratt recently looked back at his resolution, which would have required Bush to come back to Congress before launching an attack. It was defeated 270 to 158. He recalled that extended hearings were held before the Persian Gulf War but that nothing similar preceded the vote on the 2002 resolution. "I remember we talked this time about how we got to get answers before this train leaves the station," Spratt said.

The incoming Armed Services chairman, Rep. Ike Skelton (D-Mo.), spoke in support of Spratt's amendment, stressing the need for "a plan for rebuilding of the Iraqi government and society, if the worst comes to pass and armed conflict is necessary."

Skelton had written Bush a month earlier, after a White House meeting, to say that "I have no doubt that our military would decisively defeat Iraq's forces and remove Saddam. But like the proverbial dog chasing the car down the road, we must consider what we would do after we caught it."

Skelton went on to note the "extreme difficulty of occupying Iraq with its history of autocratic rule, its balkanized ethnic tensions and its isolated economic system." He also warned that Bush's postwar strategy must "take seriously" the possibility that a replacement regime "might be rejected by the Iraqi people, leading to civil unrest and even anarchy."

Rep. David R. Obey (Wis.), who will chair the Appropriations Committee, was among the group that organized the Democrats. He spoke then about poor preparation for postwar Iraq, a concern he developed after listening to State Department officials.

He recalled recently that an amendment by Rep. Barbara T. Lee (D-Calif.) that would have delayed taking action until inspectors from the United Nations completed their work "made sense, but there was no prayer it would pass." It got 72 votes.

Obey said Spratt's amendment was the only approach "that could gather critical mass, and that's what most of us in the caucus settled on."

The number of House Democrats who supported Spratt "was a remarkable achievement," Obey said, "given it meant opposing the president in the wake of 9/11." Obey's district was 70 percent in favor of going into Iraq, he said.

On the House floor more than four years ago, Lee told colleagues: "Our own intelligence agencies report that there is currently little chance of chemical and biological attack from Saddam Hussein on U.S. forces or territories. But they emphasize that an attack could become much more likely if Iraq believes that it is about to be attacked." That information, she said, came from material that then-CIA Director George J. Tenet had provided to the Senate.

Lee also raised questions in the floor debate that remain unanswered. "What is our objective here," she asked four years ago, "regime change or elimination of weapons of mass destruction?"

Looking forward now to next year and a Democratic majority in the House, Lee said, "Those of us who early on understood have many ideas of what to do now and how to get out of Iraq."

Rep. Tammy Baldwin (Wis.), who did not belong to a committee with national security jurisdiction, was among the lawmakers who talked on the House floor about what turned out to be the real issues in Iraq. She spoke of the "postwar

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challenges," saying that "there is no history of democratic government in Iraq," that its "economy and infrastructure is in ruins after years of war and sanctions" and that rebuilding would take "a great deal of money."

Baldwin four years ago asked questions that are being widely considered today: "Are we prepared to keep 100,000 or more troops in Iraq to maintain stability there? If we don't, will a new regime emerge? If we don't, will Iran become the dominant power in the Middle East? . . . If we don't, will Islamic fundamentalists take over Iraq?"

Baldwin said recently that she put together her statement after reading public commentary and talking with like-minded colleagues and her staff about what would come next. "A vote like this, I didn't undertake lightly -- I almost fully expected they would find weapons there," she said. "But we hadn't heard about an exit strategy; it was such a blank."

The day after the House vote, The Washington Post recorded that 126 House Democrats voted against the final resolution. None was quoted giving a reason for his or her vote except for Rep. Joe Baca (Calif.), who said a military briefing had disclosed that U.S. soldiers did not have adequate protection against biological weapons.

"As a veteran, that's what hit me the hardest," he said.

Lee was described as giving a "fiery denunciation" of the administration's "rush to war," with only 14 colleagues in the House chamber to hear her. None of the reasons she gave to justify her concerns, nor those voiced by other Democratic opponents, was reported in the two Post stories about passage of the resolution that day.

Opie's All Grown Up Now (USNEWS)

By Silla Brush

U.S. News and World Report, December 4, 2006

Every political race Adam Putnam has run, it seems, has focused on his age. When he was 22 and running for the Florida Statehouse, with his mother laying out district maps on the kitchen table and his father creating campaign literature in front of the television, his 69-year-old opponent attacked him for trying to run from "the frat house to the statehouse" and used his sophomore-class high school yearbook photo in an advertisement. The cherubic redhead heard pretty much the same refrain when he ran for Congress in 2000. Even the national Republican Party was hesitant about backing such a young prospect. "I looked about 12," he jokes now. And he had the nickname to match: "Opie" was the favorite at the time. He then, well, graduated to President Bush's favorite moniker, "Red," and now, at 32, Putnam occasionally gets "Howdy Doody."

And yet, in this terrible political year for the GOP, Putnam is one Republican for whom "stay the course" has proved a winning strategy. Yes, he's still a youngster. He's not a household name, and he doesn't grab all the headlines, even back home in Florida. But having just won a fourth term by garnering 69 percent of the vote, Putnam is racing up the Capitol Hill pecking order. Republicans bumped him up again last month to chair of the House Republican Conference, the No. 3 GOP position in the House, in effect the communications maestro behind Minority-Leader-to-be John Boehner and Minority Whip Roy Blunt. Putnam was tapped to boost a beleaguered party. How well he does with that assignment may help determine the GOP's future. And it may have a major bearing on Adam Putnam's political future as well.

A state the size of Florida has no shortage of big-time politicians. And Florida has its share of metropolitan power circles around Miami, Orlando, Tampa, Jacksonville, and Tallahassee. Putnam's roots aren't in any of those areas. No, he hails from Bartow in Polk County–that's east of Tampa and southwest of Orlando. As a fifth-generation Floridian, Putnam grew up in a family that runs a cattle ranch and a citrus farm. (He still gets hefty campaign donations from agriculture, and most of his personal worth of more than $2 million is tied to the family business.) And at the University of Florida, he was a food and resource economics major and spent a little time in college politics, but unlike many young Republicans-Ralph Reed and Grover Norquist–who have quickly risen through the ranks, he wasn't head of College Republicans or some other national political club. He was in "Florida for Jeb" and "Gators for Bush [41]," he says, and was involved in the statewide 4-H club. But "there is no political blood in my family," he notes.

His first experience with Washington politics was interning for hometown Republican Rep. Charles Canady, whose seat he now holds, during the summer before he graduated from college in 1995. Republicans were basking in the warm glow of the Gingrich revolution, and even though his car was broken into four times, Putnam loved the job, because he felt a need for young people to have their political voices heard. He'd been interested in the Florida legislature as a high schooler, so he decided to make his first run there, just a year out of the University of Florida. His father "was just silent for what seemed like an eternity" when he heard the news, but ultimately, Dad campaigned hard for him. Putnam was elected in a season when Republicans took control of the state House of Representatives for the first time in 122 years; before long, the young state rep was chairing the Agriculture Committee.

Washington Whispers (USNEWS)

By Paul Bedard

DOJ_NMG_0101749

U.S. News and World Report, December 4, 2006

In today's world of commuter nightmares, consider this one for the record book. When Sen. Patty Murray goes home every Friday to Whidbey Island, Wash., it takes 10 hours to cover 2,500 miles in a Planes, Trains and Automobiles string of transports. On a good day. And for what? Well, the three-term Democrat just named to the No. 4 leadership post in the new majority isn't one of those who trade their home turf for Georgetown cocktail parties. She likes to hang with her peeps. "I can take the temperature of the country at any time just by going to the grocery store," she says. "If everybody's doing OK, they just say, 'Hi.' If things are going on, it takes me an hour and a half or two just to get through." In fact, it was during her visits to the Freeland Payless that she sensed the strong pro-Democratic mood that would junk the GOP Congress.

So, about her travels: Fridays start at 5:30 a.m. with a trip to Dulles Airport, where she grabs a United nonstop to Seattle with lots of other lawmakers. For 5½ hours, "depending on wind," she works. From the airport, she and her hubby drive two hours to the Mukilteo Ferry and wait in line for the 25-minute sail to Whidbey. She gets no special treatment. "If somebody cuts in front of that ferry line, you're dead." Then it's another 40 minutes home. A hassle? "I do this so much I don't think about it," she says. "It's just a day."

It's Not Maple Syrup Dean's Out Selling

His loudmouthed inside-the-beltway boors are still booing Democratic boss Howard Dean, despite the party's strong election showing, but they're eating him up like sweet Vermont maple syrup in Canada and overseas. Party bigs say the former Vermont guv is headed to Europe to cheer on liberal parties in England, Spain, and Portugal. His keynote address this month to Canada's beleaguered Liberal Party, fans say, was just a warm-up. Dean's message: Show folks like England's Laborites how to remake their top-down outfits into grassroots organizations just as he did at the Democratic National Committee. "A lot of these parties are where the Democrats were a few years ago," says an insider, "when there were people in the party who said, 'We have to be more like Republicans,'and others who said, 'We have to stand up for what we believe in.'"

Dems in? Lobbyists Win-No Problem!

The switch in Congress and promises by Democrats to swamp the administration with investigations and subpoenas are boosting K Street's bottom line. Lobbying and PR firms report up to a 25 percent surge in spending by worried firms, especially those in the defense, drug, and energy worlds expecting to catch the majority of flack from Capitol Hill.

It's 'Rewrite' for the Bible of Politics

Our colleague and columnist Michael Barone is back to rewriting the Bible–er, the bible of politics that is. As the chief author of The Almanac of American Politics, Barone updates after every federal election. But with the Democrats taking control of the House and Senate and with about 30 new faces in Congress, this looks to be a pretty big job. So what are Barone's git'r done secrets? First, he figures what to expand or cut. "Obviously," he says, "I'm not going to use a lot of the material on House Speaker Denny Hastert that was in the previous Almanac." Next, he gets detailed voting info. "I find that close examination of the election returns tells me a lot that most observers miss." To make sure he's balanced, Barone shuns labels. "I have tried to avoid using the word reform in describing any proposal, since it can be taken as showing approval for it." Now he has to redo the introduction, which famously declared America a 49 percent-to-49 percent nation. His new view: The country is still divided. "The political future," quoth the sage, "is very much up for grabs. Both parties have the possibility of getting enough support to go above the 51 percent ceilings." And that could happen, he adds, if a presidential candidate liked by both sides emerges in 2008.

Heritage Seeking Out Democrats On Agenda (WT)

By Donald Lambro

The Washington Times, December 4, 2006

The Heritage Foundation, seeing new opportunities to advance its conservative agenda in next year's Democratic Congress, wants to talk with Democratic leaders about where they might find common ground.

The prospect of the conservative think tank, whose ideas fueled President Reagan's policies in the 1980s, sitting down with some of the Democrats' most liberal leaders to discuss taxes, spending and health care might sound far-fetched in the immediate aftermath of a bitter midterm election. But a senior Heritage official says, "We are actively soliciting a chance to sit down and discuss our ideas with them," and Democrats say they are more than willing to get together.

Letters seeking a meeting for a frank exchange of ideas quietly began going out this week to a number of House and Senate Democratic leaders, including incoming House Majority Leader Steny H. Hoyer and prospective Ways and Means Committee Chairman Charles B. Rangel.

Mr. Rangel "thinks it's a great idea," said a spokesman for the New York Democrat. "He wants to hear different opinions because Congress functions best when you have more views expressed. Working for that middle ground is one of his priorities."

Heritage is not alone in thinking that some longtime adversaries of Democrats can have an effect on legislation in Congress next year. Advocacy groups, including the U.S. Chamber of Commerce and the National Federation of Independent

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Business (NFIB), say that potential alliances between some of the Democrats' newly enlarged centrist blocs, including the "Blue Dogs" and the so-called "New Democrats," could open up opportunities for them to move some legislation in their direction.

"Because both parties now will want to take accomplishments to the voters two years from now, it's going to force a new way of doing business in Washington," said Jay Timmons, senior vice president for policy and government relations at the National Association of Manufacturers.

"We're the eternal optimists here. We believe there is a chance to move a free-market, smaller-government agenda forward in this environment. Many of the incoming [Democratic] members won their seats on the appeal that I would characterize as one of limited government," said Michael Franc, Heritage's vice president of government relations.

"They talked of no tax increases on the middle class, they wanted a balanced budget, and they embraced the pay-as-you-go idea that, if you focus on the spending side, can be a wonderful discipline," Mr. Franc said. "Conservatives should not approach this new arrangement with an immediate confrontational posture."

The NFIB, the small-business lobby, similarly expresses cautious optimism that it might be able to win some support in Congress for its agenda on health, tax and regulatory issues, but not on the Democrats' plans to raise the minimum wage to $7.25 an hour, which business groups say they have no chance of blocking.

"There are definitely challenges posed by the new Congress, but opportunities as well. You have a lot of new Democratic members who ran as moderates or conservatives who are on record saying we need to do something for small businesses," said NFIB chief spokesman Michael Donohue.

Bruce Josten, chief lobbyist for the U.S. Chamber of Commerce, says that on some issues such as spending, the more centrist House Blue Dog Democrat caucus, which claims 44 members next year, and the New Democrat Coalition, which will have 62 members, could be a formidable force on key votes.

"How many Blue Dog Democrats do you know who subscribe to [incoming House Speaker] Nancy Pelosi's views? None would be the answer," Mr. Josten said.

But veteran tax-cut lobbyist Grover Norquist, who heads Americans for Tax Reform, doesn't see much chance that Democrats will help pass any of the conservative agenda.

"Tort reform? Nothing the trial lawyers do not want will pass. Labor-law reform?" Mr. Norquist said. "The unions own the Blue Dogs. They will vote against free-trade agreements because the unions tell them to. If you can't cross the trial lawyers or labor unions, on what issues are these Democrats supposed to be moderate?"

10 Questions For Charles Rangel (TIME)

By Perry Bacon Jr.

Time, December 4, 2006

Outspoken and influential, New York Congressman Charles Rangel is set to become chairman of the powerful Ways and Means Committee when Democrats take control of the House in January. A co-founder of the Congressional Black Caucus, Rangel, 76, spoke to TIME's Perry Bacon Jr. about his ongoing push for a military draft, whether he would back Hillary Clinton or Barack Obama for President and the controversy over the N word.

Is your push for a draft purely symbolic, or do you really think there should be a draft?

If we had had a draft, those who decided to have an elective--rather than defensive--strike against Iraq would not have received public or congressional support. When you're talking about war and you have no concept of anyone being lost in your family or your community, then it's human nature to be more prone to say, "Let's fight, I'll hold your coat." I'm serious about it. As of now, I would be satisfied to have a discussion.

The Ways and Means Committee oversees Social Security legislation. Most people say you'll either have to raise taxes or cut benefits to keep the system solvent. Do you agree?

I guess you would call extending the [retirement] age reducing benefits, but it's a very complex problem. One of the difficulties about Social Security is that if you start talking about the pain, then you lose the political will.

Whom would you support for President: Hillary Clinton, whom you backed for Senator when she was still First Lady, or Barack Obama?

He ought to get out there, test his wings and see whether there's any solid foundation for his popularity. No question--this is the time to do it. [But] right now, it would be Hillary Clinton, only because I know so much more about her.

Do you think an African American can be elected President?

I have reason to believe Colin Powell could have been President, yes.

Recently in New York City, an unarmed black man was shot to death by police officers who thought he might have a weapon. Why do you think incidents like this keep happening?

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The police are addicted to a contagious need to expel rounds of deadly bullets. They cannot control themselves because they see their fellow companions do it. They don't carry the same standard they would in more affluent communities. Race only plays a role because there are more blacks and Hispanics in poor communities.

Did you hear about Michael Richards' comments, in which he repeatedly used the N word? Is that the comedian?

Yes. So many of these comedians are obscene that I would have no idea whether they were serious or it was part of their act. It was a terrible insult to African Americans, but so many things on TV are so insulting.

Lots of black rappers use the N word. Should they not?

I should think it would be a word that nobody would use.

What did you think of the ad about Tennessee Senate candidate Harold Ford Jr., which had a white woman saying, "Harold, call me"?

While it did not seem to me to be as devastating and as racist as I would think in first reviewing it, after having Southerners--white and black--share with me the deep-seated fear whites [have] of black men and white women, I then came to the conclusion that the ad meant to do harm from racial implication.

Last year you compared George W. Bush with Bull Connor, the civil rights--era police chief whose name is synonymous with racism. Do you regret that?

I have not chosen my words as carefully as I would want. It was my hope that, as Connor's act awakened Americans to racist policies that existed in the South, [after] the apparent lack of concern with Katrina, Americans would look at the question of poverty. I have been terribly disappointed.

Four blacks will chair committees in the new Congress, Massachusetts has its first African-American Governor, and Obama is a possible '08 candidate. Is this a new era for African Americans in politics?

There have been gradual increases in opportunity. Condoleezza Rice and Colin Powell are examples as to the progress that has been made politically. But in terms of economic advancements, it has been far slower than the political advancements. It's hard to say it's a new era.

FDA Project At White Oak Right On Track (WP)

By Stephen Barr

The Washington Post, December 4, 2006

Four buildings are up and occupied. Three more buildings are under construction. Another is on the drawing board. Three other projects are on a waiting list.

The headquarters consolidation of the Food and Drug Administration, on 130 acres in suburban Maryland, appears on track to become one of the government's most successful construction and development projects.

"The project is going beautifully," Betsy L. Bretz, chairman of Labquest, a community group that has kept close watch over the site. "They have been good neighbors, and they are doing this responsibly."

When the project is completed, probably in 2011, about 7,700 FDA employees and contract workers will be located at White Oak, off New Hampshire Avenue in Silver Spring. Congress estimates the General Services Administration, which owns the property and is managing the construction, will spend about $900 million on buildings and site improvement.

Dave Dwyer, FDA's director for the headquarters consolidation, calls the project "the future of the FDA" because it will bring together scientists, researchers and safety experts who have been scattered in more than 40 buildings across Maryland and the District, often in offices in poor condition.

The project was authorized by Congress in 1990 and picked up some steam five years later, when the Defense Department began a round of base closings and decided to close a Navy laboratory for naval surface warfare research at White Oak.

"Everyone had a million ideas of what to do with the property," Bretz said.

But community and redevelopment representatives soon focused on the FDA, she said, largely because residents thought the nation needed a world-class complex where FDA employees could more easily collaborate and share ideas on how to protect Americans' health.

The decision to recruit the FDA to White Oak set off a decade-long struggle to obtain funding for planning, design and construction. Sen. Barbara A. Mikulski and Rep. Steny H. Ho yer, both Maryland Democrats with seats on appropriations committees, began making the case for Congress to fund the project, joined by Sen. Paul S. Sarbanes (D-Md.), other members of Congress and state officials. Local officials, in particular, were eager to retain a well-paid and highly educated workforce and hoped the FDA would attract high-tech companies to the Route 29 corridor near White Oak.

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Funding for the project came in fits and starts, as is often the case when Congress has competing budget priorities. For example, the fiscal 2007 appropriation for White Oak -- $178.5 million -- is on hold until Congress determines how to revive spending bills that have stalled in the lame-duck session.

Still, the project has gained momentum through the years.

In October 2003, the FDA opened the first White Oak building -- a four-story life sciences lab for 100 employees that includes drug evaluation and research facilities. That was followed by the opening of two office buildings in August 2005 for 1,600 employees.

The latest opening came in September -- a "shared-use" building available to all employees. It features a conference center for large meetings, a dozen conference rooms, a consolidated library, a cafeteria, fitness center and credit union.

At the end of March, Dwyer said, the FDA plans to open an engineering and physics lab. Two other office buildings have been scheduled for openings in March 2008 and May 2009.

Also in the works are offices for the FDA commissioner and the agency's office of regulatory affairs, with a construction contract scheduled to be granted at the end of September. Starting in fiscal 2008, the FDA hopes to win congressional support for funding of two more life sciences labs and another office building.

"GSA is building on time and on budget," Dwyer said. "It's as good a GSA team as I have ever worked with."

Shapour Ebadi, a 20-year GSA employee, has been the GSA's project executive since 1994. Dwyer, who has nearly 30 years of experience in construction and facilities management, joined the project as the FDA representative in February.

The two agencies are looking at how to address traffic issues that seem likely to arise as more employees relocate to White Oak in coming months. To help employees who prefer mass transit and to hold down traffic, FDA has started a shuttle service to Metro subway stops and to FDA offices in Rockville, about 10 miles away. The GSA is looking for alternative entrances to the White Oak site in hopes of easing traffic at the primary entrance on New Hampshire Avenue.

After all, White Oak will probably be the FDA's home for several decades. "As best we can," Dwyer said, "we are trying to think for now, and for a minute from now."

High-Fived (WP)

By Darragh Johnson

The Washington Post, December 4, 2006

"Helloooo, Dolly!" sang the chorus of photographers, their moods as jubilant as Dolly Parton's brisk bounce down the red carpet at the State Department dinner on the eve of last night's Kennedy Center Honors gala.

Except -- the country music star wasn't slowing down. She was supposed to slow down. And stop.

"Not too far," one of the photographers cautioned.

"No!" the country star retorted, finally halting and leaning forward flirtatiously. "He said to the 'X' " -- she pointed to the black tape under her heels -- "and that's the 'X.' " The lower half of her face cracked into a wide Joker's grin, the upper half remaining frozen as a photo. Flashes popped. Sparks flared from the sequins of her black velvet dress.

When Parton heard she would be one of the 29th annual Kennedy Center Honors recipients, joining musical theater composer Andrew Lloyd Webber, conductor Zubin Mehta, Motown legend Smokey Robinson and filmmaker Steven Spielberg, she "immediately went to work on the clothes," she said, telling her designer, Robert Bahar, "I have to look good, and I have to look like me. I want to look like Frederick's of Dollywood."

She calls her very low-cut dress and its accompanying bolero "my version of a tuxedo, with boobs out."

This was upstairs, just past the State Department receiving line where Condoleezza Rice -- emerald gown, big smile -- was welcoming everyone, with the honorees basking in this clubby, intimate and exclusive venue where the arts world's biggest stars and Washington's brightest bulbs celebrate together on the night before the grand and much more public gala.

Behind Parton was Aretha Franklin, who had just plucked three egg rolls from a passing tray and was drinking a Coke. Her fur wrap was flung across her high-backed chair. "Oh, Ms. Franklin!" squeaked Steven Spielberg's wife, Kate Capshaw, as she walked past. "How are you?"

Even the stars get starry-eyed at this black-tie, silk-gowned, stiletto-heeled, double-take-whiplash-inducing affair: There's George Lucas and Itzhak Perlman and Ted Kennedy and Barbara Walters and Michele Lee (from "Knots Landing") and Shania Twain.

Shania Twain! Zubin Mehta's young granddaughter Shenaya was excited to meet her, telling the crossover country star that they share the same name. Which prompted Twain to ask the granddaughter of the former director of the New York Philharmonic if she was named after her, a songstress whose hit list includes "Man! I Feel Like a Woman." Shenaya Chinoy said she answered, after a brief pause: No.

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The star-studdery was everywhere. Natasha Richardson confessed that although the formal dinner -- crab cakes with avocado salsa, rack of lamb, chestnut potato puree, corn bread plus three wines (all fabulous) and, for dessert, chocolate coffee baked Alaska (not fabulous) and demitasse -- is a quintessentially grown-up evening, "it's making me feel like a 15-year-old, and I want to go around with my autograph book."

Franklin had come to celebrate, she said, "my oldest, dearest friend" -- Smokey Robinson, who grew up a block away from her in Detroit, where they were "childhood friends, sandbox friends." Back then, said the Queen of Soul and 1994 Honors recipient, "we sang a lot. People in Detroit like to sing. There was a group on every corner: Everyone aspired to be a singer." She took another bite of egg roll and said, "The way they play basketball now is the way we came up singing."

Robinson's hair curls around his face like a corona, and his turquoise eyes are as mesmerizing as his voice. "In one word," he said, "this is awesome." Later in the evening he was lauded by Richardson: "When Smokey sang, people got together. Babies were made." Or, as Motown Records founder Berry Gordy puts it, "He has touched people in places they had never been touched before."

Spielberg, describing himself as "ebullient," said, "When I got the official letter, it came to my office. I had them read it to me three times to make sure there wasn't a typo. So few filmmakers have been honored."

The drinks were served in big goblets, like fishbowls on skinny stems, and Webber was having trouble with his, getting jostled by the throngs. "It's great to have an American award like this," he said, then disappeared into the jostlers.

Right behind him, Mehta -- this year's other non-American honoree (he was born in Mumbai and is, he said, "still Indian") -- was reaching out as his dear friend Elaine Wolfensohn walked past and touched her sumptuous stole.

"This is from my country!" he exulted, rubbing the fabric lightly between his fingers. "Wow! Wow! Wow! It's super pashmina." He invited us to touch it, too -- but "without the pen," he admonished sternly. The shawl was softer than a puppy's ear, and as for the embroidery: "Just look at this work!" he said. "People go blind doing this."

"You have a good eye," Wolfensohn said and stroked Mehta's cheek. Her husband, Jim Wolfensohn, former president of the World Bank, would be doing Mehta's toast later in the evening.

At the far end of the room, Liam Neeson asked a waiter to bring him a glass of pinot noir. A tall and peevish presence, dressed like a funeral director, he was telling us he couldn't talk about Spielberg. Just listen to the four-minute speech I'll be giving tomorrow, he said. (It is a speech, by the way, that in rehearsal focused a lot on Neeson. Just saying.)

We asked about "Schindler's List." Is there really anything about Spielberg that he hasn't already written into a short speech?

"Schindler's List," Neeson said, almost with a sneer, "is not an anecdotal movie. It's really not. But we were a band of brothers." And we were dismissed.

Across the room, Tom Hanks was talking opera with Verdi baritone Sherrill Milnes -- comparing Shakespeare's "Othello" with Verdi's "Otello" -- and exchanging greetings with Ted Kennedy -- "We're going to be sitting at the same table," Hanks told the senator -- then took a moment to describe Spielberg as ("and I mean this in the best of all possible ways") "a machine. . . . He's never doing anything but movies. That's the way his DNA was created."

By 11 p.m., after the honorees received their medals, it was time to take the "class picture" (professional photographer unhappy that everyone in the room was snapping, too, messing up his flash) and get into the limos.

Perhaps the meaning of the whole night -- the whole weekend, and of the arts themselves -- was best summed up by Alison Krauss, who toasted Parton and made her cry when she said: "Dolly, you make me want to be somebody."

Artists Lauded At Kennedy Center Gala (NYT)

By Holli Chmela

The New York Times, December 4, 2006

WASHINGTON, Dec. 3 — Though small-town Locust Ridge, Tenn., and big-city Detroit had little in common in 1940s America, each produced a singer who became much more than a hometown favorite. By the late 1950s and early 1960s, Tennessee's Dolly Parton had burst on the scene as a bubbly teenage country singer while Detroit's William Robinson Jr., as Smokey Robinson, had crooned his way onto the radio with a smooth style and soulful lyrics — and nearly a half century later both are still building musical legacies.

On Sunday, Ms. Parton, Mr. Robinson, the conductor Zubin Mehta, the musical theater composer Andrew Lloyd Webber and the filmmaker Steven Spielberg were recognized for their lifetime contributions to the arts at the Kennedy Center Honors here.

"This year we honor five extraordinary international artists whose abundant contributions to their fields are remarkable," said Stephen A. Schwarzman, chairman of the board of trustees of the John F. Kennedy Center for the Performing Arts. "They have transformed the culture of our country and of the world."

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The Kennedy Center Honors, in its 29th year, is the paramount event on the Washington cultural calendar, with events at the State Department and the White House and a concluding program at the Kennedy Center. The program will be broadcast on CBS on Dec. 26. “To be included among these people — Smokey, Dolly, Zubin Mehta, Andrew Lloyd Webber — it’s really an honor,” Mr. Spielberg said. “It’s the closest thing to an American knighthood. We’re all feeling a gentle sword touching our shoulders tonight.”

On Saturday, Secretary of State Condoleezza Rice was the host at a State Department dinner, where medals were presented to this year’s honorees. Among the 250 guests were the soul singer Aretha Franklin, a 1994 honoree; the violinist Itzhak Perlman, a 2003 honoree; the actor Tom Hanks; the country singer Shania Twain; Representative Nancy Pelosi, the incoming House speaker; and Senator Edward M. Kennedy, Democrat of Massachusetts.

An accomplished pianist and self-proclaimed “lover of the arts,” Ms. Rice said she went to a Smokey Robinson concert on her first date — chaperoned by her father because, “I suppose he thought there was too much power in the soul of Smokey Robinson.”

“Arts flourish most when they happen in a democracy,” Ms. Rice said. “The arts give expression to human spirit and give expression to human freedom.”

Mr. Kennedy said the first secretary of state, “Thomas Jefferson, and Secretary Rice both knew the power of the arts to bring people together.” He added, “Arts connect us with our history and inspire our future.”

Ms. Parton is one of the most honored country music stars of all time, with seven Grammy Awards, nine Country Music Association Awards and a National Medal of Arts. Mr. Robinson is lauded as a primary influence in rhythm and blues, at the Motown record label where he recorded dozens of Top 40 hits with the Miracles and as a solo artist. Mr. Mehta’s career as a conductor of Western classical music includes his tenure with the Israel Philharmonic Orchestra, with which he has conducted more than 1,600 performances on five continents. In his 13 years at the New York Philharmonic, Mr. Mehta conducted more than 1,000 concerts, including a 10-day tour of the Soviet Union in 1988.

Mr. Lloyd Webber is often referred to as the Shakespeare of his time with musicals like “Jesus Christ Superstar,” “Evita” “Cats” and “The Phantom of the Opera.” Mr. Lloyd Webber was knighted by Queen Elizabeth in 1992. He won an Oscar for "You Must Love Me,” a song written for the 1996 film version of “Evita.” Mr. Spielberg is among Hollywood’s most successful and influential directors, and a three-time Academy Award winner who won Oscars for best director and picture for “Schindler’s List” and best director for “Saving Private Ryan.” He directed three of the highest-grossing films of their time: “Jaws,” in 1975, “E.T. the Extra-Terrestrial,” in 1982, and “Jurassic Park,” in 1993.

President and Mrs. Bush attended the Kennedy Center program on Sunday evening after a reception at the White House for the honorees, the members of the Artists Committee who nominated them and the Kennedy Center board.

Artists Get A Star-studded Salute (USAT)

By Karen Thomas

USA Today, December 4, 2006

WASHINGTON — The sounds of country, Motown, Broadway and classical music combined with Hollywood star power in the nation's capital Sunday for the Kennedy Center Honors.

Stars from across the entertainment industry turned out. Among them: Tom Hanks, Liam Neeson, Reese Witherspoon, Aretha Franklin, India Arie, Jessica Simpson, Shania Twain, Reba McEntire and Josh Groban.

They gathered to pay tribute to director Steven Spielberg, country's Dolly Parton, Motown's Smokey Robinson, Broadway composer Andrew Lloyd Webber and conductor Zubin Mehta. The stars joined President Bush and first lady Laura Bush for the 29th awards ceremony, in which the Kennedy Center recognizes artists for their lifetime contribution to the arts and to American culture. The two-hour gala in the center's opera house was taped to air Dec. 26 on CBS (9 p.m. ET/PT).

Witherspoon and Simpson were there to honor fellow blonde Parton. Simpson relied heavily on cue cards to perform 9 to 5 and missed a few lines.

“Dolly, you make me so nervous I can't even sing the words right,” Simpson said before leaving the stage.

Witherspoon fared a little better with the same Parton tune just moments earlier. The Walk the Line Oscar winner warbled several lines of 9 to 5 a cappella before giggling, “Someone else will sing this better later.”

The show featured plenty of musical numbers. Parton also was celebrated by a duet from American Idol's Carrie Underwood and Kenny Rogers, who sang Islands in the Stream.

Another duo, Hanks and Neeson, paid tribute to Spielberg. Hanks introduced five World War II veterans and a Holocaust survivor during the show. Renee Firestone, the Holocaust survivor, emphasized the importance of the work of the director of Schindler's List and Saving Private Ryan. “Thank you, Steven, for what you have done for history. You are our hero.”

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Webber said the Kennedy Center award was better than a Grammy or an Oscar because "it's not connected to any of the industry." His former wife, Sarah Brightman, introduced the segment honoring him. When Broadway star Betty Buckley paid tribute by singing Memory from Webber's Cats, the audience responded with a standing ovation.

During the segment honoring Robinson, which was introduced by Franklin, Cee-Lo Green of Gnarls Barkley and Arie sang Going to a Go-Go, and Sam Moore and Jonny Lang performed Tracks of My Tears.

Robinson spoke earlier about receiving the honor: "It means everything to me," because the award is "for your impact on society."

Two More Years (NYT)

By Paul Krugman

The New York Times, December 4, 2006

At a reception following the midterm election, President Bush approached Senator-elect James Webb.

"How's your boy?" asked Mr. Bush.

"I'd like to get them out of Iraq, Mr. President," replied Mr. Webb, whose son, a Marine lance corporal, is risking his life in Mr. Bush's war of choice.

"That's not what I asked you," the president snapped. "How's your boy?"

"That's between me and my boy, Mr. President," said Mr. Webb.

Good for him. We need people in Washington who are willing to stand up to the bully in chief. Unfortunately, and somewhat mysteriously, they're still in short supply.

You can understand, if not condone, the way the political and media establishment let itself be browbeaten by Mr. Bush in his post-9/11 political prime. What's amazing is the extent to which insiders still cringe before a lame duck with a 60 percent disapproval rating.

Look at what seems to have happened to the Iraq Study Group, whose mission statement says that it would provide an "independent assessment." If press reports are correct, the group did nothing of the sort. Instead, it watered down its conclusions and recommendations, trying to come up with something Mr. Bush wouldn't reject out of hand.

In particular, says Newsweek, the report "will set no timetables or call for any troop reductions." All it will do is "suggest that the president could, not should, begin to withdraw forces in the vaguely defined future."

And all this self-abasement is for naught. Senior Bush aides, Newsweek tells us, are "dismissive, even condescending" toward James Baker, the Bush family consigliere who is the dominant force in the study group, and the report. Of course they are. That's how bullies always treat their hangers-on.

Even now, it seems, the wise men of Washington can't bring themselves to face up to two glaringly obvious truths.

The first is that Americans are fighting and dying in Iraq for no reason.

It's true that terrible things will happen when U.S. forces withdraw. Mr. Bush was attacking a straw man when he mocked those who think we can make a "graceful exit" from Iraq. Everyone I know realizes that the civil war will get even worse after we're gone, and that there will probably be a bloody bout of ethnic cleansing that effectively partitions the country into hostile segments.

But nobody — not even Donald Rumsfeld, it turns out — thinks we're making progress in Iraq. So the same terrible things that would happen if we withdrew soon will still happen if we delay that withdrawal for two, three or more years. The only difference is that we'll sacrifice many more American lives along the way.

The second truth is that the war will go on all the same, unless something or someone forces Mr. Bush to change course.

During his recent trip to Vietnam, Mr. Bush was asked whether there were any lessons from that conflict for Iraq. His response: "We'll succeed unless we quit."

It was a bizarre answer given both the history of the Vietnam War and the facts on the ground in Iraq, but it makes perfect sense given what we know about Mr. Bush's character. He has never been willing to own up to mistakes, however trivial. If he were to accept the failure of his adventure in Iraq, he would be admitting, at least implicitly, to having made the mother of all mistakes.

So Mr. Bush will keep sending other men's children off to fight his war. And he'll always insist that Iraq would have been a great victory if only his successors had shared his steely determination.

Does this mean that we're doomed to at least two more years of bloody futility? Not necessarily. Last month the public delivered a huge vote of no confidence in Mr. Bush and his war. He's still the commander in chief, but the new majority in Congress can put a lot of pressure on him to at least begin a withdrawal.

I'm worried, however, that Democrats may have counted on the Iraq Study Group to provide them with political cover. Now that the study group has apparently wimped out, will the Democrats do the same?

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Well, here's a question for those who might be tempted, yet again, to shy away from a confrontation with Mr. Bush over Iraq: How do you ask a man to be the last to die for a bully's ego?

OTHER NEWS:

Why Darker Clouds Might Eclipse Sunny Unemployment Forecasts (WSJ)

By Rafael Gerena-morales

The Wall Street Journal, December 4, 2006

From a bird's eye view, the job market seems to be humming as the unemployment rate hovers at a five-year low. Indeed, Federal Reserve officials have cited it as a sign of vigor that could stoke inflation.

Fed Chairman Ben Bernanke said last week that, outside of the auto and housing sectors, U.S. economic growth remains "solid," and that the tight labor market remains a top concern because it could prod some companies to raise prices. The unemployment rate fell to 4.4% in October.

However, other signals indicate the employment picture could darken. Initial claims for jobless benefits recently jumped to their highest level in more than a year. Payroll growth has eased this year to a monthly average of 147,000 net new jobs, from last year's 165,000. Just 92,000 jobs were created in October.

Data released Friday by the Institute for Supply Management show that the decline in manufacturing employment extends beyond the two suffering housing and auto sectors. Its employment index slipped to 49.2 in November from 50.8 in October. Readings below 50 indicate a contraction.

CAST YOUR VOTE

1

Question of the Day:2 Is the job market stronger or weaker than it was a year ago?

The ISM said employment fell last month in five of the 18 industries it tracks. Seven others reported flat employment. A separate report released last week showed durable-goods orders plunged in October, a sign business investment could be weakening.

The Conference Board, a nonprofit business research group that tracks consumer confidence, said 22.4% of those polled last month considered jobs "hard to get," up slightly from October. Along with other indicators, that suggests "a loss of momentum in the overall job market," said Gail Fosler, the board's chief economist.

Those are the kind of signs bond-market investors and some economists have seized upon to dispute the Fed's upbeat assessment. Yields on the benchmark 10-year Treasury note on Friday fell to close to their lowest levels of the year, a sign bond investors expect weaker growth next year.

Futures-market traders raised to roughly 74% Friday from 51% earlier in the day the odds that the Fed would cut short-term interest rates by April, even though the Fed has suggested its choice is whether to raise, not whether to cut.

Economists say the health of the economy and job market through next year hinges mainly on how quickly the auto and housing sectors can pare the excess inventories that are forcing them to cut production, and the effect of the housing market's slump on other sectors. They will scrutinize the November jobs report, due out Friday, for insight.

Tens of thousands of workers have already felt the effects of the auto and housing slowdowns. Roughly 72,000 hourly employees accepted buyouts from General Motors Corp. and Ford Motor Co. and auto-parts maker Delphi Corp. GM and Ford said Friday they will cut North American auto production in the first quarter. Some of the nation's largest homebuilders have announced major job cuts this year.

Ed McKelvey, a senior economist at Goldman Sachs, projects monthly job growth will slow to an average of 75,000 next year. He expects the unemployment rate will climb to roughly 5% by the end of 2007, an increase sharp enough to elevate the risk of recession.

The October employment report, which showed the construction sector cut 26,000 jobs, "is just a drop in the bucket," said Mr. McKelvey, who anticipates that from 250,000 to 500,000 construction jobs could be slashed in the next six to 12 months. "The housing weakness has some distance to go," he said. "We're entering a phase where the spillover effect onto the job market and consumer spending are the biggest risks to the economy."

Nouriel Roubini, chairman of Roubini Global Economics, says the economy will be in recession next year.

To be sure, other economists say the job market is healthy and that indicators hinting at trouble can change direction quickly. The rise in initial claims for unemployment benefits in the week ended Nov. 25 might have been due to seasonal variations common during the holiday season, the Labor Department said. Still, it was the highest level since October 2005, in the wake of the Gulf Coast hurricanes. Excluding the post-hurricane period, initial claims hit their highest level in 2½ years.

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Lou Crandall, chief economist at Wrightson ICAP, says the U.S. labor market should be fine. The housing and auto sectors are working down excess inventories this quarter, and that shouldn't have a major impact on other sectors beyond winter, he says. Moreover, large revisions boosted the estimate of August and September payroll growth, which suggests the job market is "generally in very good shape," Mr. Crandall says.

Still, Mr. Crandall says he will keep a keen eye on the November unemployment report. "Any downside surprises in Friday's report would have a greater-than-usual impact on our expectation" for economic growth, he says.

Cracks Widen In U.S. Economy (WT)

By Patrice Hill

The Washington Times, December 2, 2006

Economic weakness spread beyond the stricken housing and auto sectors last month, with reports showing U.S. manufacturing shrank for the first time in 31/2 years and construction dropped the most since the September 11, 2001, terrorist attacks.

U.S. industries broadly cut back production, adding to factory shutdowns caused by deepening recessions in auto- and housing-related industries such as wood, furniture and appliances, according to a report yesterday from the Institute for Supply Management.

An unexpected decline in construction of offices and other business facilities in October added to a record string of drops in housing construction of more than 1 percent in the last seven months to cause the biggest drop in construction spending in six years, the Commerce Department said yesterday.

"Industry is clearly going through a rough patch" that few anticipated, said Daniel Jester, analyst at Moody's Economy.com. Outside housing and autos, the Federal Reserve had expected business to pick up rather than decline this fall, supporting a so-called "soft landing" in the economy.

The weakness in manufacturing started with autos, was compounded by housing, and recently has spread to big-ticket capital goods such as technology and telecommunications equipment, Mr. Jester said. In addition, a broad array of manufacturers are cutting back because of an unexpected buildup of inventories this fall that has to be worked off, he said.

"It is clear that several segments of the industrial base have weakened measurably over the past few months. This may now be spilling over to heretofore healthy segments related to business investment," he said.

"The signal of declining production should not come as a surprise," said Daniel J. Meckstroth, chief economist at the Manufacturers Alliance. "Two major manufacturing markets are declining -- motor vehicles and housing -- and many other industries are trying to adjust inventories to adjust for a period of much slower growth ahead in 2007."

The "awful" collapse of the construction market in October means that sector is likely to be a major drag on economic growth for the fourth straight quarter in the final quarter of 2006, according to Economy.com estimates.

David Wyss, economist at Standard & Poor's Corp., noted that the downbeat tone of recent economic news contrasts sharply with upbeat assessments this week coming from Fed Chairman Ben S. Bernanke and other Fed officials. Mr. Wyss said there is cause for worry.

"Weak retail sales and a drop in consumer confidence in November create worries about the consumer," he said, adding that "home sales and prices are dropping and the manufacturing sector appears to be retreating for the first time in over three years."

While Mr. Bernanke and other Fed officials maintain that the economy can avoid recession even with the critical housing and car industries in decline, many economists disagree.

"Housing slowdowns tend to lead recessions rather than result from them," said John Makin, economist with the American Enterprise Institute. "An annual drop in the growth rate of residential investment of more than 10 percent has coincided with a recession five of the seven times it has occurred since 1965."

Housing, the biggest contributor to a halving of economic growth this year, plummeted at an 11 percent rate in the spring, 18 percent in the summer, and an estimated 9 percent in the fall.

"The intensity of the fall in U.S. residential investment during the middle two quarters of 2006 is approaching potential recession territory," Mr. Makin said, but whether a downturn occurs depends on whether the Fed changes its stance and starts to cut interest rates.

Interest rates declined in the bond market yesterday in expectation that the Fed will reverse course and start cutting rates by March.

Roger M. Kubarych, economist with Unicredit Markets, said the Fed will reconsider its position at a meeting later this month. Mr. Bernanke signaled that the central bank is starting to become concerned about the housing market in a speech this week that for the first time designated a housing collapse as the biggest risk to economic growth.

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"It seems the Fed is beginning to get nervous about the economic outlook," he said.

Who's Afraid Of A Higher Minimum Wage? (WP)

By Michael S. Rosenwald

The Washington Post, December 4, 2006

Nomey Druskin, manager of the Rainbow Hair Designers at the White Flint Mall, employs six shampooers. Mostly Hispanic immigrants, they are paid at the low end of the wage scale. Druskin should be particularly interested in the Democrats' intention to raise the minimum wage when they take over Congress, right?

She's not. Druskin pays her shampooers at the North Bethesda salon a base rate of more than $8 an hour. That's higher than the federal minimum wage ($5.15), higher than Maryland's minimum wage ($6.15) and higher than what the Democrats are proposing federally ($7.25). In fact, the median hourly rate for all shampooers in the Bethesda-Gaithersburg area, according to federal statistics, is $7.48 -- above all mandated minimums.

Druskin said the shampooers at her 30-year-old salon earn what they earn -- plus tips -- for a few reasons. First and foremost, it would be inhumane to pay them less, she said, given the cost of living in the Washington region. And if she didn't pay them a decent salary, she couldn't attract good, stable help. The shampooers wouldn't smile as easily at their customers. The hair wouldn't be washed just right, and the business, which serves a high-end clientele, would suffer.

"We have to pay them enough to make them happy and for them to live happily," Druskin said. "It's a domino effect from the bottom up. We want the clients to be happy."

Druskin's experience suggests that increasing the federal minimum wage might be irrelevant for many of this region's workers and employers, given the extent to which market forces -- high demand for labor, low unemployment and the lofty cost of living -- have already raised the floor for hourly salaries. According to federal data, the median hourly pay for all workers in the Washington-Arlington-Alexandria area is $19.14 -- about 72 percent higher than Lubbock, Tex., where it is $11.13.

Dressing-room attendants make about $8.41 an hour here. Photographic processing machine operators: $10.29. Dishwashers: $8.05. Lifeguards: $7.98.

"Raising the minimum wage won't really matter for us," Druskin said. "We are already above that."

So are most other big job centers around the country, with only about 520,000 people nationwide making the federal minimum of $5.15 an hour, a rate that hasn't gone up in a decade and has led some 28 states and the District to pass their own increases.

"When you let the minimum wage fall as low as it's fallen, it becomes almost irrelevant," said Harry J. Holzer, professor of public policy at Georgetown University and a former chief economist for the Labor Department. "This is an attempt to make it somewhat more meaningful, but not so meaningful that it destroys a lot of jobs."

While the number who make the federal minimum wage is minuscule compared with the total workforce of 132 million, economists think that several million workers would be affected by a change in the law. The Economic Policy Institute, a Washington think tank, estimates that the number of workers making at least $5.15 an hour but less than the Democrat-proposed $7.25 will be 5.6 million by 2009 -- when the proposed increase would be fully phased in.

Then there are the workers who already make $7.25 an hour, or a little more. Liana Fox, an economic analyst for the institute, thinks these workers would also see a small bump in wages to keep the pecking order. The institute puts about 7.4 million workers in that category. That means 13 million people, or about 10 percent of the workforce, could be affected by an increase.

Of those workers, about 79 percent are 20 or older, the institute estimates. Forty-six percent work in sales or service. About 61 percent are white; 59 percent are women.

Locally, about 450,000 workers in Virginia -- 13 percent of the state's workforce -- could be affected, according to an EPI analysis. The total in Maryland is 116,000 workers, 4.4 percent of the workforce. An analysis for the District was not possible; the sample size was too small.

Economists and analysts for years have argued about the possible negative effects on the workforce of raising the minimum wage. Some, like Fox and Holzer, think those would be negligible, given that the dollar amount of the increase is not great. Also, Fox said, "this is such a small fraction of the total labor force."

But other economists say that raising the minimum wage would lead employers to reduce their staffs, eliminating jobs for the least-skilled employees. The National Restaurant Association recently released a poll in which 41 percent of family dining and casual restaurant operators said they would cut jobs because of increases in the minimum wage.

Jim Wordsworth, who owns the steakhouse J.R.'s Stockyards Inn in Tysons Corner, starts his dishwashers at $7.20 an hour, and some make more than that. He said he wouldn't cut jobs if the minimum wage went up, but he wouldn't add any.

Would he increase salaries for those already making more than the new minimum?

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"If I'm forced to by the market," he said. "I respond to market conditions."

Carlos Castro is another area employer who said he won't cut workers if the minimum wage goes up. As the owner of Todos Supermarkets in Alexandria and Woodbridge, he pays a starting wage of $7 an hour for cashiers, stockers, meat cutters and cooks -- well above the $5.15 minimum in Virginia.

"You just can't get by on minimum wage these days, and I don't want to force my employees to have to get a second job to support themselves," Castro said.

Castro said that if Congress increases the federal minimum wage, he will probably raise his pay to keep it above that -- precisely what the EPI anticipates happening around the country.

"My philosophy is to pay a little more than at other places to make sure we get better workers," he said.

Staff writers Cecilia Kang and Amy Joyce contributed to this report.

New U.S. Rules Raise Retention Requirements For E-documents (LAT/AP)

From The Associated Press

The Los Angeles Times, December 4, 2006

WASHINGTON — U.S. companies will need to know more about where they store e-mails, instant messages and other electronic documents generated by their employees in the event they are sued because of changes in federal rules that took effect Friday, legal experts say.

The changes, approved by the Supreme Court's administrative arm in April after a five-year review, require companies and other parties involved in federal litigation to produce "electronically stored information" as part of discovery, the process by which both sides share evidence before a trial.

Federal and state courts have increasingly been requiring the production of such evidence in individual cases. The new rules clarify that the data will be required in federal cases.

Under the new rules, an information technology employee who routinely copies over a backup computer tape could be committing "virtual shredding" once a lawsuit has been filed, said Alvin F. Lindsay, a partner in the Miami office of Hogan & Hartson whose legal expertise is in technology and litigation.

Companies still could routinely purge their archives if the data aren't relevant to cases the companies have pending or expect to face, though specific sectors such as financial services remain governed by other data-retention rules.

The new rules make it more important for firms to know what electronic information they have and where, especially because of a provision that requires lawyers to provide information much earlier than before on where clients' data are stored and how accessible they are.

Besides e-mail, companies will need to know about things more difficult to track, such as digital photos of work sites on employee cellphones and information on removable memory cards, said James Wright, director of electronic discovery at Halliburton Co.

There are hundreds of "e-discovery vendors," and these businesses are raking in about $1.6 billion in 2006, Wright said. That could double in 2007, he added.

Although electronic searches can help narrow the amount of data, Lindsay said, some high-paid lawyers still will have to sift through casual e-mails to find relevant information.

But Martha Dawson, a partner at Seattle-based law firm Preston Gates & Ellis who specializes in electronic discovery, said companies would not have to alter how they retain their electronic documents. Rather, she said, they will have to do an "inventory of their IT system" to know better where the documents are.

As Jeb Bush Leaves Office, Big Role Awaits Him As Party Power Broker (WSJ)

By Christopher Cooper

The Wall Street Journal, December 4, 2006

TALLAHASSEE, Fla. -- Republicans pondering a political shift to the middle after their losses in midterm elections might consider the example of Florida Gov. Jeb Bush before setting their course.

Mr. Bush, who is stepping down this month because of term limits after eight years in office, has a track record as one of the nation's most socially and economically conservative politicians, yet he enjoys a nearly 65% approval rating in a state where registered Democrats outnumber Republicans. His brand of conservatism -- a mix of conservative political stands and activist governance -- has paid off for him in a way it hasn't for his brother in the White House.

His public support in a key swing state, his recent launch of a political advocacy group and the departure of two of his high-level aides to join the possible presidential campaign of another conservative governor suggest Mr. Bush will exert substantial influence over his party in the 2008 election and beyond.

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At the least, he looks likely to be a significant power broker, despite the heavy toll the Iraq war has taken on his older brother's public-approval rating. The younger Bush has said he has no plans to seek the presidency in 2008. But he hasn't been as assertive in batting down persistent speculation among his closest backers that he might consider the No. 2 spot on a presidential ticket.

In a recent interview, he declined to rule out that possibility, adding that he wanted to dispel the myth that a hard political conservative has no future in politics. "There's a way to advocate conservatism that draws people toward the cause," Mr. Bush said. "I think I'm living proof of it."

Though he has declined to speculate on his political future beyond 2008, it is widely assumed that the 53-year-old governor would at least consider a White House run somewhere down the line. Among those fueling that assumption is President Bush, who told reporters last spring that his younger brother would make "a great president."

"Like a lot of other people, I've pushed him fairly hard about what he intends to do," President Bush said. "I don't think he knows, and if he did know he wasn't going to tell me because he's afraid I'd tell you."

While the governor has been vague about his own plans, there are few secrets about where his sympathies lie for 2008. Two of his chief political operatives have allied themselves with Republican Gov. Mitt Romney of Massachusetts, who is considering a presidential bid.

Mr. Romney is viewed as a social conservative, to the right of presumed Republican front-runner Sen. John McCain of Arizona. That dovetails with Mr. Bush's view of himself: "I'm conservative admittedly and unashamedly. I don't apologize for it."

Governors control the political levers that help deliver a state's vote to presidential candidates. But as Mr. Romney and other Republican hopefuls begin fanning out across the country in the next few months, they will find their network of statehouse allies has shrunk since President Bush won re-election in 2004.

The November elections left Democrats holding a majority of governorships for the first time in a dozen years. Democrats held on to big states in the East and Midwest and picked up Ohio, which has had a Republican governor for 16 years. In 2004, President Bush's narrow victory in Ohio was viewed as pivotal to his re-election.

Now, with electoral-vote heavyweights like Ohio, Pennsylvania, Michigan and New York in Democratic hands, a Republican victory in 2008 is likely to depend on Texas and Florida, states where the Bush name continues to play well.

Florida is considered a must-win for Republicans; shortly after Election Day, the party tapped Florida Sen. Mel Martinez to be its general chairman. Florida's importance for 2008 is clear to early presidential hopefuls: Messrs. McCain and Romney along with former New York Mayor Rudy Giuliani all visited the state during the 2006 election season. Mr. Romney, as head of the Republican Governors Association, gave the state's party $1 million.

"This is the highest priority state for us," Mr. Romney said during his September visit. "There are a couple of others in that category, but nobody's higher than Florida."

During his tenure as governor, Mr. Bush, helped by a sympathetic Florida legislature, expanded the reach of his office. While most judges in Florida previously had been elected, the governor now controls many of the state's judicial appointments. In a recent interview, Mr. Bush referred to that system as "the proper way" to select judges.

Education has been a priority for Mr. Bush, and by nearly every account he has improved Florida schools without raising taxes. He also worked with the legislature to abolish the Board of Regents, which had overseen the state's public universities, and to unwind affirmative action on those campuses.

Along with improving Florida's bond rating, Mr. Bush also has managed to seize control of the state's budget from the legislature. "The governor now dominates the budget process," he said. "The drunken sailors can't take charge in Florida."

Moreover, the state's performance in providing disaster relief in the wake of hurricanes, particularly after four of them hit in the 2004 season, has drawn national accolades.

As governor, Mr. Bush has rarely shied from a political fight, though he hasn't always avoided embarrassing missteps. In 2002, after Florida voters passed a ballot proposal to limit class sizes, Mr. Bush, unaware that a reporter was present, told lawmakers he had "a couple of devious plans" for derailing the cap. Similarly, in a speech to the Florida Medical Association, he promised to "whack the trial lawyers," prompting critics to accuse him of basing his drive to reform the state's medical-malpractice regime more on political vengeance than sound policy.

In 2003, Mr. Bush dispatched Florida troopers to raid the hospice where brain-damaged Terri Schiavo lay in a "persistent vegetative state" and, over the objections of her husband, whisk her away to another hospital, where she could be fed through a tube. After Ms. Schiavo died in 2005 following a protracted court battle, Mr. Bush asked a state prosecutor to investigate her husband's role in the 1990 incident that caused Ms. Schiavo's condition. Mr. Bush later dropped the investigation, bringing to an end a series of moves that even people close to the governor considered risky political overreach.

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For better or worse, such actions have shaped Mr. Bush's political reputation, says J.M. "Mac" Stipanovich, a Tallahassee lobbyist and onetime aide to former Republican Gov. Bob Martinez. "Jeb will always matter," Mr. Stipanovich said. "But he'll matter the most if the party decides to stay right-wing....Then Jeb would be a paragon, an exemplar for the party."

Mr. Bush also draws respect from the other side of the aisle. Jim Krog, a former chief of staff for Democratic Gov. Lawton Chiles, said Mr. Bush deserves accolades for changing one of the weakest governor seats in the country into one of the strongest. "I've never seen a governor as tireless as him, and I doubt I ever will again," Mr. Krog said. "He breathes it. He lives it. And you know what? Jeb Bush in the White House wouldn't be the worst thing that could happen."

Mr. Krog said that from a political handicapper's standpoint, Mr. Bush "could announce for president tomorrow, and make a helluva run at it." In a recent interview, Mr. Bush, formerly a commercial real-estate developer, said he intends to return to private life after leaving office. Mr. Bush said he probably will remain involved in issues that interest him, such as school vouchers.

Though Mr. Bush reiterated in a recent interview that he has no intention of running for president in 2008, he declined to rule out joining a presidential ticket -- which some political supporters have suggested he will consider. "I'm leaving," he said. "I don't know what I'm going to do."

Mr. Bush blames what he calls "political heroin addicts" for stirring up speculation about his future. In recent months and years, his name has been floated for National Football League commissioner, senator from Florida and president. Many of his closest supporters say he is almost certain to seek higher office down the line.

Adding to his appeal as a potential vice-presidential candidate, Mr. Bush has proved he can raise significant amounts of campaign money. In August he created a political advocacy group called Foundation for Florida's Future Action Fund, which state newspapers have reported already has amassed $2 million in cash. Mr. Bush has teased the media about the purpose of the organization, recently telling reporters: "The great thing about America is you can ask and I don't have to say."

GOP Governors Ponder Damage (WT)

By Ralph Z. Hallow

The Washington Times, December 4, 2006

MIAMI -- Some Republican governors meeting here wonder whether their party can realistically hope to regain majorities in Congress, the governors mansions and state legislatures, given that the unpopular Bush administration's lease on the management of government has two more years to run.

Republican governors, whose numbers went from a high of 32 in 1998 to 28 last year, generally agree that the reasons they are down to 22 after last month's elections are the Iraq war and the general tarnishing of their party's brand image.

"The war in Iraq hurt even at the gubernatorial level, even at the state level," Mississippi Gov. Haley Barbour said, agreeing with a point Republican National Committee Chairman Ken Mehlman made in a speech to the Republican Governors Association annual meeting that concluded over the weekend.

"National issues, especially the war in Iraq, had a profound impact on state races including campaigns for governor," Texas Gov. Rick Perry said. "Immigration was another powerful issue."

Mr. Barbour said he and other members of the Republican Governors Association were told in a closed meeting that polling showed that 20 percent of people who voted in the governors' races said Iraq was a major issue in their vote.

"Now, that's just hard to believe, that people would think about foreign policy and national-security issues and say that's what affects whom I vote for governor," Mr. Barbour said. "Because the governor has nothing to do with it. Yet people felt so strongly about the war, it colored their decisions about whom to vote for governor."

Governors said that in closed conference sessions, they heard reports from Republican pollsters and managers of state legislative campaigns who said their legislative candidates would go door to door, knock and say, "I'm running for the statehouse." The voter who answered the door would say, "Well, great, what are you going to do about Iraq?" The candidate would reply, "Well, I'm running for the statehouse and we don't have anything to do with that."

But the voter would simply repeat, "Well, what are you going to do about Iraq?"

The devastation of the midterm elections was beyond what many Republican governors had expected. Mr. Barbour said he didn't realize till he heard Mr. Mehlman say it in his speech that there is now only one Republican, Rep. Christopher Shays of Connecticut, among the 22 newly elected House members who hail from New England.

Some Republican strategists attending the conference said privately that they suspect it is, as one of them put it, "silly" to think about taking back the House and Senate and winning a majority of governorships with the Bush administration still in power.

"It goes back to that larger theme of trust," says South Carolina Gov. Mark Sanford, a limited-government conservative who won re-election on Nov. 7. "And once that trust is broken -- for whatever reasons, and a lot of it was very innocent -- I mean, the people didn't expect anything better from Clinton. He was viewed as a scoundrel from the start."

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Mr. Sanford said, "It's more difficult for [President] Bush and [Vice President Dick] Cheney, given the high standing they held, and now there's this angst about Iraq -- and I think the economy is going to weaken."

Mr. Barbour sees the Democrats playing at least as big a role as the Bush administration in determining whether a Republican comeback is possible.

"It depends on what happens the next two years," he said. "The Democrats have offered nothing, and if they do what they offered -- nothing -- then the Republicans might come back in two years."

Yet Republican governors say that the war was not the only cause of the midterm meltdown.

"Republicans need to stop spending like Democrats because ultimately the people will elect the real thing if there is no difference," Mr. Perry said.

Recalling the year when Republicans gained the congressional majority that was wiped out Nov. 7, Mr. Barbour said that in 1994, "Republicans got elected by a majority who wanted a different domestic policy. In this election, the Democrats got elected because they weren't the Republicans. It was the war, but also scandal and corruption."

A Split In The GOP Tent (WP)

By Sebastian Mallaby

The Washington Post, December 4, 2006

Republicans are good at reinvention. They have appealed to voters' dark side (Nixon's Southern strategy) as well as to their sunny side (Reagan's "Morning in America"). They have skipped from anti-government populism (Newt Gingrich and the leave-us-alone coalition) to big-government machine politics (the alliance with corporate lobbyists known as the K Street Project). Through all these transformations, the GOP has sustained its big-tent coalition. The question in the wake of its election thumpin' is whether the tent will split.

You can see this possibility in " Liberaltarians," an essay in the New Republic by Brink Lindsey, the director of research at the libertarian Cato Institute. Lindsey is not merely joining the large crowd of disenchanted conservatives who believe that the Republican Party has betrayed its principles -- spraying money at farmers, building bridges to nowhere and presiding over the fastest ramp-up in federal spending since Lyndon Johnson. Rather, Lindsey is taking a step further, arguing that libertarians should ditch the Republican Party in favor of the Democrats.

Why react to the temporary corruption of a party by abandoning it outright? Lindsey's answer is that Republicans are not merely failing to live up to their principles; the principles have altered. The party has been virtually cleaned out of the Northeast; it has suffered setbacks in the Mountain West; it increasingly reflects the values of its stronghold in the South. As a result, it has lost its libertarian tinge and grown more religious and traditionalist.

There has always been a tension between Republican libertarians, who believe that individual choices should be unconstrained by received wisdom, and Republican traditionalists, who believe pretty much the opposite. In their history of the conservative movement, John Micklethwait and Adrian Wooldridge recall that Barry Goldwater believed Jerry Falwell deserved "a swift kick in the ass;" and Goldwater's wife, Peggy, helped to found Planned Parenthood in Arizona. But for a long time the two wings of the party could paper over these differences. Christian conservatives and libertarians agreed that misconceived government programs were harming traditional values. Schools forced sex education on children. The tax system and the welfare system penalized marriage.

Conservatives have grown less able to bridge these divisions because of their success. Welfare has been reformed, and the tax system now supports families with the expanded child tax credit. Having ticked off the first things on their to-do list, Christian conservatives now press for affirmative state action on behalf of traditional values: amendments to the constitution to bar gay marriage, government efforts to teach abstinence, federal payments to faith-based groups. All these policies appall libertarians.

It's not just the values of the South that pose a problem. It is the region's appetite for government. The most solidly red states in the nation tend also to be the most reliant on federal handouts -- farm subsidies, water projects and sundry other earmarks. It's hard to be the party of small government when you represent the communities that benefit most from big government. George W. Bush tried to straddle this divide by pleasing libertarians with tax cuts and traditionalists with spending. The result is a huge deficit.

Would libertarians be more comfortable in the company of Democrats? On moral questions -- abortion, gay marriage, stem cell research -- clearly they would. But on economic issues, the answer is less obvious. For just as Republicans want government to restore traditional values, so Democrats want government to bring back the economic order that existed before globalization. As Lindsey puts it in his New Republic essay, Republicans want to go home to the United States of the 1950s while Democrats want to work there.

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If Democrats can get over this nostalgia, there's a chance that liberaltarianism could work. For the time has passed when libertarians could seriously hope to cut government: Much of what could be deregulated has been, and the combination of demographics, defense costs and medical inflation leaves no scope for tax cuts. As Lindsey himself says, the ambition of realistic libertarians is not to shrink government but to contain it: to cut senseless spending such as the farm program and oil subsidies to make room for the inevitable expansion in areas such as health.

As it happens, this also describes a plausible agenda for the Democratic Party -- at least if it can shed the back-to-the-1950s yearnings of its reactionary left. Precisely because Democrats want government to provide social insurance against the volatility of globalization, the party has an interest in cutting unneeded federal spending. Precisely because entitlements are expanding so expensively, the party needs cost-saving ideas from anyone who has them -- including libertarians.

The era of big government is far from over, and liberals and libertarians gain nothing from fighting over its inevitable growth. But precisely because government is on a trajectory of unsustainable expansion, liberals and libertarians have a common interest in reinventing it.

Senate Will Be Tough On 2008 Hopefuls (AP)

By Jim Kuhnhenn

AP, December 4, 2006

For senators with presidential aspirations, 2007 looms like a potential minefield.

The schedule alone is a career enhancement hazard.

When Congress returns under Democratic control in the first week in January, the House and Senate will be tied up with spending bills and other legislation left over from this year as well as an ambitious agenda set by new Democratic congressional leaders.

The schedule for this week's lame-duck session calls for a limited amount of work.

Lawmaking will be a balancing act between voters' expectations and legislative pragmatism, between the impulse to spend and fiscal discipline, between campaigning and staying in Washington to govern.

The likely candidates next year face votes on appropriations, budgets and trade — all of which present potential pitfalls in a presidential campaign.

Congress also could consider immigration and Social Security legislation, two issues that attract widespread public interest as well as alarm.

Hanging over all that will be Iraq.

So far six Democratic and three Republican senators are weighing whether to run for president in 2008. Two House Republicans also are in the mix. The race is off to an early start, with potential candidates setting up their campaign and fundraising operations and seeking early media exposure.

For the Democrats in particular, that amounts to serious multitasking.

At least three — Sens. Joe Biden of Delaware, Christopher Dodd of Connecticut and John Kerry of Massachusetts — will be committee chairmen in the Senate. Two other senators — Hillary Rodham Clinton of New York and Evan Bayh of Indiana — are in line to head two subcommittees, where much legislation originates.

Senate Democratic leader Harry Reid of Nevada has pledged to increase the work tempo in the Senate, promising votes throughout the week instead of the current Tuesday to Thursday schedule.

"It's going to be interesting to see if those folks who are in the Senate and who now have the responsibility to chair committees, to sort of run the show, whether their attention will be captured by the Senate or whether they will make time to come campaign," said Dick Harpootlian, a former chairman of the Democratic Party in South Carolina. His state is a requisite stop early in the presidential sweepstakes.

As senators, Republican and Democratic presidential contenders will face difficult choices on the Senate floor. Democrats have pledged to budget frugally, spending or cutting taxes only if the money can be made up elsewhere.

That is a tall order given their desire to increase spending on education and fix the alternative minimum tax, intended to ensure the wealthy do not avoid taxes through loopholes.

But this tax is not indexed to inflation and has encroached on middle-income taxpayers. Correcting the tax or eliminating it would cost hundreds of billions in lost revenue over the next decade.

Congress also will have to address nettlesome trade issues.

President Bush's right to negotiate trade deals without the ability of Congress to amend them expires in June. Labor unions oppose simple reauthorization and votes that expand trade do not play well in states such as South Carolina, which has lost much of its textile industry to foreign countries.

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Outgoing Massachusetts Gov. Mitt Romney, a likely contender for the Republican presidential nomination, alluded to the challenge facing senators while he attended the annual meeting last week of the Republican Governors' Association, which he has headed.

"There's nothing that's going to yield a bigger swat — or a thumping if you will — than saying one thing and doing another," Romney said.

Part of the problem for Democrats is that congressional Republicans return to Washington this week with the reins of power still in their hands, but with little ambition to do much more than ride out of town by week's end.

During the weeklong session, the last under GOP control, Congress is expected to vote on a new defense secretary, approve a package of expiring but popular tax and health provisions, put the government on a budget autopilot and leave major spending decisions to next year.

Unable to complete action on nine major spending bills to operate the government, the House and Senate plan to approve a resolution that will keep the government running at current spending levels until Feb. 15. House and Senate negotiators were trying to finish work on a nuclear power technology-sharing agreement between the United States and India.

Congressional leaders were looking for ways to get a vote on legislation giving Vietnam preferred trading status. Labor unions oppose the bill, though several Democrats, including Dodd and Kerry, support it. But without any urgency to pass it, the measure could also end up in a 2007 to-do list.

Absent any legislative clashes, the Iraq war will offer lawmakers plenty of opportunities to spell out their differences with Bush administration policy — and with each other.

Bush's nominate to lead the Pentagon, Robert Gates, will have his confirmation hearing Tuesday before the Senate Armed Services Committee. Clinton, Bayh and Sen. John McCain of Arizona, now considered the front-runner for the Republican presidential nomination, are committee members.

Gates is not expected to face serious opposition, but he will be pressed to assess the administration's policies in Iraq.

"They need to elicit from Gates a clear and unequivocal recognition of the full range of the mistakes that have been made," said Susan Rice, a foreign policy expert at the Brookings Institution who advised Kerry in his 2004 presidential campaign. "If he can't acknowledge that, it really does call into question his willingness and ability to change course."

On Wednesday, a bipartisan commission studying Iraq is scheduled to release its recommendations. They are expected to call for increased diplomacy with Syria and Iran and a gradual withdrawal of combat troops from Iraq.

Many Democrats, including Kerry, want a specific timetable for withdrawal. McCain, on the other hand, wants to boost troop strength in Iraq. Either way, the commission report will provide fodder for presidential candidates to stake out positions that will follow them well into the campaign.

Early 'Maybe' From Obama Jolts '08 Field (NYT)

By Adam Nagourney

The New York Times, December 4, 2006

WASHINGTON, Dec. 3 — Senator Barack Obama's announcement that he might run for president is altering the early dynamics of the 2008 Democratic nominating contest. The move has created complications for Senator Hillary Rodham Clinton as she steps up her own preparations and is posing a threat to lesser-known Democrats trying to position themselves as alternatives to Mrs. Clinton, Democrats said Sunday.

The declaration six weeks ago by Mr. Obama, an Illinois Democrat, has set off a surge of interest in Democratic circles, which party officials expect will only be fueled in the coming week as Mr. Obama prepares for a day of campaignlike events in New Hampshire next Sunday.

At the least, Mr. Obama's very high-profile explorations have contributed to a quickening of the pace across the 2008 Democratic field. On Sunday, Senator Evan Bayh of Indiana said that he would create a presidential exploratory committee this week. And Gov. Tom Vilsack of Iowa went so far as to announce his candidacy two years before Election Day, in what his aides said was a calculated strategy to grab a moment of attention before Mr. Obama and Mrs. Clinton blot out the sun.

Mrs. Clinton has been meeting in recent days with New York Democrats — including a two-hour brunch on Sunday at the Manhattan apartment of Gov.-elect Eliot Spitzer — to telegraph her own likely entry into the race, though her aides said the get-together had been planned before Mr. Obama discussed his possible run publicly.

But more than simply picking up the pace, Democrats increasingly believe that Mr. Obama has the potential of upending the dynamics of the 2008 contest more than any other Democrat who might run — short, perhaps, of Al Gore, the former vice president, whom some Democrats are pressing to run.

In Mr. Obama, Democrats have a prospective candidate who both underlines and compensates for the potential weaknesses that worry many Democrats about Mrs. Clinton.

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He is a fervent opponent of the war in Iraq, and Democrats see him as an exceedingly warm campaigner with a compelling personality and a striking ability to command a crowd. He has no known major political baggage (though he has yet to encounter anything approaching the level of scrutiny Mrs. Clinton has undergone during her years in public life). And Mr. Obama can even match Mrs. Clinton's arresting political storyline if he tries to became the nation's first black president as she seeks to become its first female president.

But whatever complications he might pose for Mrs. Clinton are dwarfed by the shadow he is throwing over lesser-known Democrats. Almost without exception, they have approached this race with the same strategy: to try to emerge as the alternative to Mrs. Clinton and take advantage of substantial reservations in Democratic circles about her potential to win the White House.

There is only so much money, seasoned political expertise and media attention to go around, so the prospect of Mr. Obama eyeing the presidential nomination is understandably unsettling to his potential rivals. Whereas their original success was contingent on Mrs. Clinton folding, now they face the prospect of having to hope that two high-profile national Democrats collapse in the year leading into the Iowa caucuses.

"For every candidate in the race who isn't Hillary Clinton, the entry of any other candidate in the races makes your job that much harder," said Ron Klain, who worked as a senior adviser for Mr. Gore when he ran for president. "For all those guys, Obama is a very serious candidate who will compete with them for the limited supply of activists and media attention."

Mark McKinnon, who was a top adviser to President Bush in his two White House runs and who is a senior adviser to Senator John McCain, Republican of Arizona and a likely presidential candidate in 2008, said, "I think Barack Obama is the most interesting persona to appear on the political radar screen in decades." He added, "He's a walking, talking hope machine, and he may reshape American politics."

David Axelrod, a senior adviser to Mr. Obama, said, "If you believe at some level that this is a zero-sum game in terms of money and supporters and talent, then any time someone gets in with a big excitement quotient, that affects everybody else." Mr. Axelrod has worked for Mr. Vilsack and for John Edwards, the former North Carolina senator who ran for president in 2004 and is likely to do so again this time.

Mr. Bayh got a reminder of that on Sunday when he appeared on "This Week" on ABC.

"What kind of a strategy do you need to combat huge political celebrities like John McCain, Barack Obama, Hillary Clinton?" asked George Stephanopoulos, the program's host.

Mr. Bayh earnestly dodged the question for a moment, before finally responding: "Is this a little bit like David and Goliath? A little bit, but as I recall, David did O.K."

Asked repeatedly about the woman who is perceived as his most formidable challenge in the primary, Mr. Obama has been careful not to criticize Mrs. Clinton directly. But one of his central messages is that he is something Mrs. Clinton is not: a late baby boomer (he was born in 1961, at the tail end of the post-World War II generation; Mrs. Clinton was born in 1947), and a fresh face that rises above old partisan grudges.

Mr. Obama has already provided some hints of how he would position himself against Mrs. Clinton, suggesting he would link her to her husband's presidency and their role in the intense partisanship that marked much of the 1990s and that carried over into the Bush presidency.

During a lengthy interview just before the midterm elections, Mr. Obama portrayed himself as part of a new generation of political leaders. Asked whether he detected a void in the Democratic presidential field, Mr. Obama replied that he sensed a mood of "Do we want to get beyond the slash-and-burn, highly ideological politics that bogged us down over the last several decades?"

Mr. Obama went on to say that he admired former President Bill Clinton for trying to bridge a centrist course between Democrats and Republicans. But he did not shy away from pointing out Mr. Clinton's weaknesses — as someone who came of age in the 1960s, and all the debates about Vietnam service, drug use and sexual conduct that went with it, issues that continued to play out, sometimes with Mrs. Clinton in a supporting role.

"Although his instincts were right on target, and I think, intellectually and pragmatically, he understood that America wanted to move beyond those categories, in some ways he was trapped by his biography," Mr. Obama said. "Some of what I say, I think, is facilitated by the fact that I'm less rooted in some of those arguments."

For all the excitement Mr. Obama's potential candidacy has stirred, he remains a 45-year-old first-term senator who is largely untested in national politics. Yes, Mr. Obama is unusually talented, Democrats and Republicans alike say, but the history of presidential campaigns is filled with examples of celebrity candidates like Gen. Wesley Clark in 2004 who burst onto the political stage but eventually sputtered as they struggled to master the difficulties of running for president.

Mrs. Clinton's advisers said they never figured this would be an easy race for her, should she run. They said they appreciated Mr. Obama's political talents and the threats he posed to her candidacy — in particular, his appeal to liberal voters, given the opposition to the war, and his appeal to black voters, who have been a large part of Mrs. Clinton's base.

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It is conceivable that Mr. Obama would help Mrs. Clinton by initially commanding contributions and blocking out more experienced and tested potential rivals — like Mr. Edwards or Mr. Bayh — only to stumble later on, when it is too late for anyone else to catch up.

James Carville, a Democratic consultant who advises Mrs. Clinton, said it was impossible to predict how Mr. Obama might shape such a crowded field.

"He has an early effect on the race, but there's no way to predict what happens in a presidential race with this many funded candidates and this kind of name recognition," Mr. Carville said.

Mrs. Clinton's advisers have said throughout the year that she would wait until after the midterm election before moving into the more aggressive exploration phase that she is now in. "Her decision-making process is not going to depend on what candidates do or don't do, which isn't to say we don't have tremendous respect for the other candidates," said Howard Wolfson, a Clinton adviser.

One Democrat with knowledge of Mrs. Clinton's conversation with Mr. Spitzer on Sunday, and who spoke on the condition of anonymity because the conversation was meant to be private, said Mrs. Clinton did not tell Mr. Spitzer that she was running or ask him to commit to her possible candidacy; rather, they talked over the pros and cons of a presidential run.

Mr. Obama, who first said in October that he was considering a race for the White House, said he intended to make his decision known after the first of the year.

Other Democrats who might run include Senators Christopher J. Dodd of Connecticut, Joseph R. Biden of Delaware and John Kerry of Massachusetts, and Gov. Bill Richardson of New Mexico.

Mr. Vilsack has been the most aggressive in trying to compensate for an expected move by Mr. Obama: the governor did a five-state announcement tour last week. "We accomplished our mission which was to make our introduction before anyone else sort of crowded in on the field," said Jeff Link, a senior adviser to Mr. Vilsack.

Clinton In 'extensive' Talks About 2008 Run (USAT)

By Jill Lawrence

USA Today, December 4, 2006

WASHINGTON — Sen. Hillary Rodham Clinton is ramping up preparations for a 2008 presidential run, talking to political colleagues in New York and interviewing potential staff. A final decision is expected early next year.

Clinton adviser Howard Wolfson said Sunday that the New York Democrat is consulting with her state's congressional members, state party chairman Denny Farrell and Gov.-elect Eliot Spitzer. "She is weighing what a campaign would entail, thinking about what themes she would run on, what issues she would discuss."

He said Clinton and Sen. Charles Schumer, New York's other senator, are scheduled to have "extensive" discussions this week in the capital.

The flurry of activity comes as the fields take shape in both parties. Sen. Evan Bayh, D-Ind., said Sunday he will form an official exploratory committee this week to raise money for a potential race. Iowa Gov. Tom Vilsack is finishing a five-day, five-state announcement tour today.

On the Republican side, Senate majority leader Bill Frist said last week he will not run. Arizona Sen. John McCain and former New York City mayor Rudy Giuliani have formed exploratory committees. Kansas Sen. Sam Brownback is expected to follow suit this week.

Bayh, a former two-term governor, said on ABC's This Week that he'll announce a final decision early next year. The country needs "someone who can unite Americans in a politics of common purpose," he said. "If I can be that individual, so be it."

Clinton was a lightning rod for controversy as first lady, but as a senator has tended to New York concerns and sponsored bills with Republican partners. She won a second term last month with two-thirds of the vote.

Even as she declined to discuss possible presidential plans during her re-election campaign, Clinton consistently led the list of Democrats in national polls of prospective nominees.

In a USA TODAY/Gallup poll last month, Clinton was the choice of 31% of Democrats. In second place was freshman Illinois Sen. Barack Obama, who generated excitement this year campaigning for fellow Democrats. In recent days he has been conferring with friends, family and political associates about whether to run for president.

The only other prospect in double digits was former North Carolina senator John Edwards, the 2004 vice presidential nominee, at 10%. Former vice president and 2000 nominee Al Gore was at 9%, followed by 2004 nominee John Kerry at 7%. Bayh and Vilsack trailed with 2% and 1%, respectively.

According to Wolfson, Clinton has from $10 million to $14 million left from her Senate race that could be used for a presidential campaign if she runs. Bayh, who has been busily raising money, may have close to the same amount.

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Hillary Networks To Get Likely '08 Bid Up And Running (WT/AP)

By Beth Fouhy

The Washington Times, December 4, 2006

NEW YORK -- Sen. Hillary Rodham Clinton met yesterday with New York's Democratic governor-elect to solicit his support for her likely White House bid, the latest indication she is stepping up plans to join a growing field of potential contenders for 2008.

One rival, Sen. Evan Bayh of Indiana, announced yesterday he was establishing an exploratory committee to raise money for a possible presidential run. He expects to decide over the Christmas holidays whether to seek his party's nomination.

A top aide to Mrs. Clinton said he did not know when the former first lady would decide about pursuing the presidency or set up an exploratory committee. Clinton aides, however, have begun interviewing potential campaign staffers, Howard Wolfson said.

Mrs. Clinton, who long has topped national polls of Democratic hopefuls, spent two hours with Gov.-elect Eliot Spitzer at his Manhattan home.

"We just had a great, wide-ranging meeting on so many issues that affect the city, the state and the country," Mrs. Clinton said as she left the meeting.

Last week she contacted leading state Democrats, including Reps. Charles B. Rangel and Nita M. Lowey, and the state party chairman, Denny Farrell, to assess her prospects and seek their support.

Mrs. Clinton's Democratic colleague, Sen. Charles E. Schumer of New York, told reporters yesterday that Mrs. Clinton had called him to arrange a meeting next week. But he was coy about the purpose of the get-together.

"She wants to sit down and talk next week, which we're going to do. It could be about legislation. I have no idea what it's about, and until we sit down and talk that's all I'm going to say about it," Mr. Schumer said. He added, "I think she'd make a very good president, but let's wait and see. Everyone's sort of jumping the gun."

Mr. Wolfson said Mrs. Clinton "is reaching out to her colleagues in the New York delegation and asking for their advice and counsel and their support if she decides to make a run."

Mrs. Clinton easily won re-election last month to a second term in the Senate. Mr. Wolfson noted that Mrs. Clinton long has said she would begin actively considering a presidential bid after that election. "That process has begun," Mr. Wolfson said.

Thirteen months before the first votes are cast in the nomination process, the presidential jockeying has intensified in both parties.

Iowa Gov. Tom Vilsack announced his bid for the Democratic nod last week; Mr. Bayh is taking the initial steps; and others, such as the party's 2004 ticket of Sen. John Kerry of Massachusetts and former Sen. John Edwards of North Carolina, are weighing runs.

The effort comes as Sen. Barack Obama of Illinois, a rising star in Democratic politics, enjoys a wave of publicity and momentum around a possible White House bid.

Mr. Obama, a clear challenger to Mrs. Clinton's front-runner status, has appeared before huge crowds around the country, promoting his best-selling book, "The Audacity of Hope."

He met with aides in Chicago last week and they expect him to disclose his intentions about a 2008 run in a matter of weeks.

On the Republican side, Sen. John McCain of Arizona and former New York Mayor Rudolph W. Giuliani have established exploratory committees; so, too, has long-shot candidate Rep. Duncan Hunter of California. Massachusetts Gov. Mitt Romney is moving toward a bid and Sen. Sam Brownback of Kansas is expected to announce his intentions soon.

Mr. Bayh, appearing on ABC's "This Week," acknowledged he was not well-known outside Washington and Indiana, but said he had the credentials necessary to be an effective president.

"As the people get to know me, I think we'll do very well. I've been a successful two-term governor with a record of delivering results. I now have national security experience from my presence in the Senate," he said. "Is this a little bit like David and Goliath? A little bit, but as I recall, David did OK."

Mr. Bayh, 50, has charted a relatively centrist course in the Senate. He has appearances scheduled this week in Iowa and New Hampshire, two states with early contests on the presidential campaign calendar. As of Sept. 30, he had about $10.5 million in his Senate campaign account, all of which can be transferred to a presidential committee.

Mrs. Clinton, for her part, has as much as $13 million left from her Senate race, plus a vast network of donors and advisers led by her husband, former President Bill Clinton.

Bayh Considers Presidential Bid (WP)

DOJ_NMG_0101768

By Chris Cillizza
The Washington Post, December 4, 2006

Indiana Sen. Evan Bayh (D) announced yesterday that he is forming a presidential exploratory committee, a move that allows him to raise money and travel the country in support of a potential national candidacy in 2008.

Appearing on ABC's "This Week," Bayh said the American people "need someone who can deal with the dysfunction here in this city so that our government begins to empower our people to fulfill their potential," adding: "If I can be that individual, so be it." He said he expects to make a final decision on whether to run by early 2007.

Bayh's announcement caps a busy week in Democratic presidential politics as Gov. Tom Vilsack (Iowa) formally announced his bid, former senator Thomas A. Daschle (S.D.) dropped out of the race, and Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) began to test the 2008 waters. Clinton is reaching out to members of the New York congressional delegation, seeking advice and support in case she decides to run. Obama said that on Dec. 10 he will visit New Hampshire, a key early primary state.

The Republican race has already begun in earnest as well. Sen. John McCain (Ariz.) and former New York City mayor Rudolph W. Giuliani have formed exploratory committees, and outgoing Gov. Mitt Romney (Mass.) is expected to join the field shortly after the new year.

Bayh's announcement has long been expected. Since winning reelection in 2004, the Indiana senator has focused heavily on bolstering his presidential rÃ©sumÃ© -- traveling to Iowa and New Hampshire, raising millions of dollars for himself and other Democratic candidates, and assembling a staff of operatives with national experience. As of Sept. 30, Bayh had $10.6 million in his Senate account -- all of which can be transferred to a presidential bid.

Bayh was slated to spend today campaigning in Iowa, and then head to New Hampshire later in the week to do the same. He has already begun looking for office space in both states as well as interviewing potential staff members in Iowa, New Hampshire and Nevada.

Later this month Bayh will host a meeting of his top financial backers in Washington. He is also interviewing media consultants; Anita Dunn, Bayh's longtime media adviser, will not play that role should he run for president but will remain a senior strategist for the campaign.

"The exploratory committee will allow us to put an infrastructure in place so that as soon as a decision is made, we can turn the switch and be an up-and-running, high-caliber presidential campaign on day one," said Bayh spokesman Dan Pfeiffer.

While his active planning for a presidential bid has spanned much of the past two years, Bayh's potential on the national stage has been a matter of speculation for more than two decades. The son of former senator Birch Bayh (D-Ind.) -- himself a failed presidential candidate in 1976 -- Evan Bayh was elected Indiana secretary of state in 1986, and in 1988, at age 32, won the governorship. Easily reelected in 1992, Bayh began running in late 1996 for the seat being vacated by retiring Sen. Dan Coats (R). In November 1998 he was elected to the Senate with 64 percent of the vote, and six years later coasted to a second term.

Bayh's electoral success in a state regularly won by Republicans in presidential contests -- Lyndon Johnson was the last Democratic nominee to carry Indiana -- is at the core of his campaign-in-waiting. Bayh's allies argue that he is the lone candidate with a proven record of winning the votes of Republicans and independents, a necessity for the party's chances of retaking the White House in 2008.

"Evan Bayh has developed a formula for winning under the most difficult of circumstances," Pfeiffer wrote after the midterm elections. "He is fiscally responsible, tough on national security, shares the values of middle-class families, and values progress over partisanship."

Although his rÃ©sumÃ© is impressive, Bayh is little known outside Indiana. National polling and surveys in early-voting states show Bayh as barely a blip on the radar screen when compared with such figures as Clinton, Obama and former North Carolina senator John Edwards.

Bayh acknowledged his underdog status in the "This Week" interview. "Is this a little bit like David and Goliath?" he said. "A little bit, but as I recall, David did okay."

Clinton, Bayh Step Up Efforts For 2008 (AP)

By Beth Fouhy
AP, December 4, 2006

Sen. Hillary Rodham Clinton met on Sunday with New York's Democratic governor-elect to solicit his support for her likely White House bid, the latest indication she is stepping up plans to join a growing field of potential contenders for 2008.

One rival, Indiana Sen. Evan Bayh, announced Sunday he was establishing an exploratory committee to raise money for a possible presidential run. He expects to decide over the Christmas holidays whether to seek his party's nomination.

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A top aide to Clinton said he did not know when the former first lady would decide about pursuing the presidency or set up an exploratory committee. Clinton aides, however, have begun interviewing possible campaign staffers in recent weeks, Howard Wolfson said.

Clinton, who long has topped national polls of Democratic hopefuls, spent two hours with Gov.-elect Eliot Spitzer at his Manhattan home.

"We just had a great, wide-ranging meeting on so many issues that affect the city, the state and the country," Clinton said as she left the meeting.

Last week she contacted leading state lawmakers, including Democratic Reps. Charles Rangel and Nita Lowey, and the state party chairman, Denny Farrell, to assess her prospects and seek their support.

Clinton's Senate colleague, Chuck Schumer, told reporters Sunday that Clinton had called him to arrange a meeting next week. But he was coy about the purpose of the get-together.

"She wants to sit down and talk next week, which we're going to do. It could be about legislation. I have no idea what it's about, and until we sit down and talk that's all I'm going to say about it," said Schumer. He added, "I think she'd make a very good president but let's wait and see. Everyone's sort of jumping the gun."

Wolfson told The Associated Press that Clinton "is reaching out to her colleagues in the New York delegation and asking for their advice and counsel and their support if she decides to make a run."

Clinton easily won re-election last month to a second term in the Senate. Wolfson noted that Clinton long has said she would begin actively considering a presidential bid after that election. "That process has begun," Wolfson said.

Thirteen months before the first votes are cast in the nomination process, the presidential jockeying has intensified in both parties.

Iowa Gov. Tom Vilsack announced his bid for the Democratic nod last week; Bayh is taking the initial steps; and others, such as the party's 2004 ticket of Massachusetts Sen. John Kerry and former North Carolina Sen. John Edwards, are weighing possible runs.

The effort comes as Illinois Sen. Barack Obama, a rising star in Democratic politics, enjoys a wave of publicity and momentum around a possible White House bid.

Obama, a clear challenger to Clinton's front-runner status, has appeared before huge crowds around the country, promoting his best-selling book, "The Audacity of Hope."

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On the Republican side, Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani have established exploratory committees; so, too, has long-shot candidate Rep. Duncan Hunter of California. Massachusetts Gov. Mitt Romney is moving toward a possible bid and Kansas Sen. Sam Brownback is expected to announce soon about his intentions.

Bayh, appearing on ABC's "This Week," acknowledged he was not well-known outside Washington and Indiana, but said he had the credentials necessary to be an effective president.

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Bayh, 50, has charted a relatively centrist course in the Senate. He has appearances scheduled this week in Iowa and New Hampshire, two states with early contests on the presidential campaign calendar. As of Sept. 30, he had about $10.5 million in his Senate campaign account, all of which can be transferred to a presidential committee.

Clinton, for her part, has as much as $13 million left from her Senate race, plus a vast network of donors and advisers led by her husband, former President Clinton.

Vilsack told ABC his candidacy would appeal to a broad range of voters in states not traditionally friendly to Democrats.

"I think it's important for Democrats to be able to expand. I think our party has got to expand the map," Vilsack said. "I think we can do this. I think I can do it. I think I have done it in my state."

Politics: McCain's Ground War (NSWK)

By Holly Bailey

Newsweek, December 4, 2006

Dec. 11, 2006 issue - Peter Spaulding was John McCain's man in New Hampshire, and with good reason. The longest-serving member of the state's Executive Council (which, with the governor, holds all administrative power for the state), Spaulding chaired McCain's victorious 2000 New Hampshire primary campaign. So influential is the Republican counselor, his bid for re-election this past November earned the endorsement of the state's Democratic governor. It didn't help. Like so many

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Republicans, Spaulding was crushed at the polls this year. He didn't hesitate when asked to explain his defeat. "Voters were angry," he said. "They wanted to see some big changes, starting with Iraq."

Spaulding's fate could have implications for his old friend McCain. Since the election, the Arizona senator has pushed for more, not fewer, troops in the Iraq conflict, claiming "without additional ground forces we will not win this war." It's a striking stance for a man considered to be the front runner for the GOP presidential nomination in 2008, considering the American public's growing impatience for the end of the war. Even in conservative New Hampshire, 38 percent of voters now support bringing troops "home ASAP," according to the most recent Granite State poll. South Carolina, where a tough defeat ended McCain's 2000 campaign, will play an even more influential role in 2008 thanks to early placement in the primary calendar. There, too, Republican voters are growing unhappy with the war. "People are wondering how long this is going to go on," says Buddy Witherspoon, a Republican National Committeeman from Columbia. "I don't think a proposal like that is going to get McCain any votes down here."

Privately, some McCain supporters have begun to worry that the senator's hard line on the war may turn off the moderate, independent-minded voters who've long formed the bedrock of his primary support. "We lost independents," says one campaign adviser, who asked for anonymity discussing the politics of national security. "McCain will have to get them back to win, or at least convince them to trust him."

Still, some members of McCain's inner circle are convinced the position could actually work to his advantage—reminding independents of the maverick they fell in love with in 2000. In a 2008 campaign, aides say, the senator would accentuate his differences with the Bush administration over management of the Iraq occupation, stressing his early criticism of ousted Defense Secretary Donald Rumsfeld and the persistent call for more troops. The hope, the campaign adviser says, is that even antiwar voters will gradually come to accept the position as "a long-term stand based on principle."

It's a risky strategy, particularly in a primary field where candidates like Massachusetts Gov. Mitt Romney offer Iraq-free résumés and a fresh set of eyes for the conflict. Last week, Tom Vilsack, the Iowa governor, kicked off his bid for the Democratic presidential nomination by claiming McCain's option would "make a big mistake even bigger." Still, aides say the senator will continue to call for more troops. "It's not in his nature to let potential political considerations influence a decision like that," says his chief of staff, Mark Salter. "This is what he believes, period."

Bucking Tide Of School Reform, A Superintendent Gets Results (NYT)

By David M. Herszenhorn

The New York Times, December 4, 2006

Kathleen M. Cashin is responsible for some of the roughest territory in the New York City school system — vast stretches of poverty and desolation from Ocean Hill-Brownsville and East New York in Brooklyn to Far Rockaway in Queens, all part of Region 5, where she is superintendent.

Already this school year, two of her students have been shot dead, including a 16-year-old killed last week. The area has more homeless shelters than any other part of the city. For generations, the local school districts she now runs were marred by racial strife and corruption.

Yet in the last three years, Dr. Cashin has produced one of the school system's most unlikely success stories. Since 2003, her elementary and middle schools have consistently posted the best total gains on annual reading and math tests, outpacing other regions with similar legacies of low achievement.

"It's not a job, it's a lifework," she often tells her staff. "You are saving children's lives."

Dr. Cashin's results should be an easy reason for Mayor Michael R. Bloomberg and Schools Chancellor Joel I. Klein to gloat, a triumph in their takeover of the nation's largest school system. But in many ways, her success raises questions about the thrust of their recent efforts to reshape the school bureaucracy.

While Mr. Klein has derided the "status quo crowd" and sought to bring outsiders into the administration, Dr. Cashin is a lifelong city educator. While Mr. Klein wants to free principals from the control of superintendents like her, Dr. Cashin believes even the best principals need an experienced supervisor.

Where Mr. Klein insists that school administration must be reinvented to reverse generations of failure by generations of educators, Dr. Cashin, a product of the old system, insists she can get results with a clear instructional mission, careful organization and a simple strategy of every educator's being supported by an educator with more experience.

In short, Dr. Cashin stands, in a way, as the antithesis of Mr. Klein's mission to slash midlevel bureaucracy and let principals sail on their own, a challenge to the notion that changing governance structure is the key to turning around schools.

She runs her schools in Region 5, with more than 85,000 students, the same way she ran her schools under the old Board of Education and under previous mayors.

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The tug and push over how to manage the system is not academic. Across the country, big school districts have looked outside the ranks of educators, turning to experts in business, law or the military for help. Mr. Klein is a lawyer; Los Angeles hired a retired Navy admiral; the Seattle superintendent is a former banker and public utilities official.

But with studies showing little progress in narrowing the achievement gap between minority and white students, the question of how best to improve schools in places like Region 5 is the most critical issue in American education. And Dr. Cashin has the numbers to stake a claim as the best turnaround artist in town.

In 2003, 33.2 percent of her students in grades three to eight could read on grade level and 34.6 percent were proficient in math. Today, 50.6 percent read on grade and 56.9 percent are proficient in math. No other region starting below 40 percent has crossed the halfway mark in either subject.

"We are relentless," Dr. Cashin said in a recent interview. "The secret is clear expectations. Everything is spelled out. Nothing is assumed." She provides her principals, for instance, with a detailed road map of what should be taught in every subject, in every grade, including specific skills of the week in reading and focus on a genre of literature every month.

Dr. Cashin was chosen by Mr. Klein to be one of 10 regional superintendents, as part of the initial restructuring of the city's 32 local school districts under Mr. Bloomberg's control of the system. But since the start of the mayor's second term, Mr. Klein has pushed to reduce the role of superintendents, giving wider authority to principals in an effort that could lead to consolidation or elimination of the 10 regions. That could potentially leave the regional superintendents without jobs or perhaps filling a new role in which principals choose them to advise groups of schools. They would no longer be supervisors but rather support staff.

In a statement, Mr. Klein praised her for doing a "terrific job." But, through a spokesman, he suggested that Dr. Cashin was one of few exceptions to come up through the ranks and that Region 5's results, while impressive, were still incremental, while he wants much larger citywide improvement. He also reiterated his intention to "devolve decision making and resources" to give principals more power.

In an interview, Andres Alonso, the deputy chancellor for teaching and learning, also suggested that Dr. Cashin and Mr. Klein were not so different. "She has a huge entrepreneurial side," he said. But he tempered his praise, noting that aggregate improvements in scores, across many grade levels, can mask slower progress in particular areas.

He also said the mayor's initial restructuring had set the stage for her region's gains. "They were given the span of control, they were given the political authority, they were given the resources," he said of the superintendents. "They were supported comprehensively."

Dr. Cashin, a Brooklyn native who once studied to be a nun and now zips through some of the city's bleakest quarters in a dark Lexus, does not criticize her bosses publicly. But just 15 of 115 principals in Region 5 joined the chancellor's "empowerment" program, which frees principals from answering to superintendents in exchange for their agreeing to meet performance targets. Other similarly sized regions had two or three times as many sign up.

Dr. Cashin prefers principals who come up through the system over graduates of the chancellor's Leadership Academy, which has focused on recruiting candidates from other professions. And while Mr. Klein has dealt with the teachers' union on a war footing, Dr. Cashin has made the union a partner, hiring it to train teachers instead of using outside vendors.

Though she uses the citywide math and reading programs in many schools, Dr. Cashin does not believe they are sufficient and customizes them extensively, with an emphasis on writing. She also uses an array of other initiatives of her own choosing or design.

"You need to expand the knowledge base, expand the vocabulary, expand the experience base, and that only comes with good instruction and a rich curriculum," she said.

In Region 5, about 100 principals are overseen by 13 local instructional superintendents, who are constantly in schools to make sure they are on track and who meet weekly with Dr. Cashin and her longtime deputy, Stephen M. Mittman.

Close associates of Dr. Cashin, who turns 59 this month, said frustrations with headquarters at times had prompted her to consider retiring. But she is divorced, with three stepsons but no children of her own, a regret she describes as "an emptiness in my heart." So far, her friends said, she cannot bring herself to give up her life's work.

Dr. Cashin grew up in Flatbush, the youngest of five children. Her parents died when she was a teenager. She studied to become a nun but settled on teaching, first in Roman Catholic school and then at Public School 299 in Bushwick until teacher layoffs in 1976.

She worked in educational publishing, then in curriculum development for the Board of Education. In 1982, she became principal of P.S. 193 in Midwood, where she stayed until becoming superintendent of District 23 in Ocean Hill-Brownsville, the epicenter of battles between black parents and white educators in the 1960s.

Former Chancellor Rudy Crew, who hired her for District 23, said Dr. Cashin excelled in the technical aspects of teaching: "She is a principal's dream."

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To appoint her, Dr. Crew overruled neighborhood opponents who were demanding a black superintendent and branded her "the white lady from Bensonhurst." (She is from Bay Ridge.)

Denise Gordon, a longtime parent organizer, said Dr. Cashin bridged racial divisions. "I tell everyone she's tan because she's black underneath," said Ms. Gordon, who is black.

These days, Dr. Cashin, who is 6 feet tall with short blond hair, strides into schools, juggling her cellphone and BlackBerry, doling out hugs to parents, kisses to principals and a never-ending stream of thank-yous to her teachers. She calls everyone Baby or Hon.

"You have to be kind to people," she said. "If people feel they don't have a voice, they are going to strike back at some point."

Although Dr. Cashin is beloved by parent and community groups, often impressing them with her passion for children, some who have worked with her say that she can be imperious, that she listens intently but can be difficult to persuade to change her mind.

She is often generous with praise, but her criticism can be merciless. "It's got to be much more rigorous," she told a principal after touring a Brownsville elementary school. Her quiet tone did not mask her fury. "I don't think there's a sense of urgency."

She was particularly distressed to see some children sharing books and noted with disdain that some were doing busywork. "I saw, in one or two rooms, copying from the board," she said, derisively. "I don't know what that was all about."

Dr. Cashin is obsessed with writing, and in most of her schools, student work lines the walls — not just the final product but layers of drafts. Even first graders have writing posted on the walls.

A feature used in every school is the four-square graphic organizer, a worksheet with four boxes like a window pane and a rectangle at its center that helps children develop a five-paragraph essay. Some progressive educators scorn it as a crutch; Dr. Cashin insists that it works.

While the city's reading program focuses on story books, Dr. Cashin layers on lots of nonfiction. And, responding to research showing that impoverished children often lack vocabulary and basic facts, she has adopted a curriculum called Core Knowledge, which teaches basics like the principles of constitutional government, events in world history and well-known literature.

"The question to raise is, why aren't more schools doing this?" said Pedro Noguera, an education professor at New York University. "Why aren't more of these approaches that are proven to be effective being adopted more widely in the city?"

Others say they are impressed by her organization. "They stick with a plan, make sure the resources get to the plan and follow up to see if the plan worked," said Seppy Basili, the vice president of Kaplan K12 Learning Services, the test preparation company, who has worked in districts nationwide.

While the scores in Region 5 reflect extensive test preparation, on that front, too, Dr. Cashin does things her way, having pushed Kaplan to develop a program to her specifications.

At a recent conference on homeless children, Dr. Cashin recalled the anxiety among some of her principals over an influx of students from a shelter. "The children from the Junius Shelter are going to be coming," she said, recalling the unease. "What are we going to do? Our reading scores have just started to go up."

"These are the children that are traumatized, that are hungry, that are fatigued, that are stressed," she told the audience.

"We decided the goal was not to try to take the fewest numbers, but to have T-shirts for them, and book bags and intervention services, to welcome them, be nurturing to them, because these are the children who have been most hurt."

With A Hefty Education Grant Come Equally Great Expectations (WP)

By Jacqueline L. Salmon

The Washington Post, December 3, 2006

Irasema Salcido's heart raced when she pulled the letter from a stack of mail in her Capitol Hill office. She tore open the envelope.

The Bill & Melinda Gates Foundation is pleased to award the Cesar Chavez Public Charter Schools a grant in the amount of $1,570,000. . . .

Salcido rocketed into her staff's offices to share the news. She had landed what thousands of other nonprofit organizations are chasing: a Gates grant. One of the world's largest charitable foundations, the most important sponsor of efforts to improve U.S. schools after the government, believed in her seven-year-old educational experiment.

That moment in September 2005 marked the launch of a partnership between a Harvard-educated daughter of migrant farm workers and a charity built on the fortune of a billionaire Harvard dropout.

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If all went as planned, two Cesar Chavez schools would become four. Then four might become more. With that jackpot letter, the Chavez school motto -- "SÃ-, se puede! Yes, it can be done!" -- seemed to have become "Yes, it will be done!"

"I thought, 'Well, Gates, they're probably going to give us the money, and we're very thankful, and that's that,' " Salcido recalled.

But Gates money doesn't just come with dreams. It also comes with demands.

* * *

With nearly $32 billion in assets and more coming from investment guru Warren Buffett, the Gates Foundation is a leading sponsor of global health and economic development initiatives. In the United States, the foundation focuses on upgrading libraries and public education. In the school arena, it seeks to raise high school graduation rates and prepare more students, particularly minorities, to go to college.

"America's high schools are obsolete," Bill Gates argued in a speech last year in Washington. "Until we design them to meet the needs of the 21st century, we will keep limiting -- even ruining -- the lives of millions of Americans each year."

The Microsoft founder has the means to do more than complain.

Overhauling schools is all the rage among the entrepreneurial nouveau mega-rich, such as personal computer pioneer Michael Dell, Netscape founder James Barksdale and home builder Eli Broad. But the Gates Foundation is lavishing unprecedented sums of money on the effort. So far, it has awarded $1.5 billion in grants to improve secondary education, including $285 million last year. Richard Colvin, director of Columbia University's Hechinger Institute on Education and the Media, called the foundation an "unparalleled force" in U.S. schools. "They are going to change the high school experience for tens of thousands of kids," he said.

Gates grants have flowed to schools and school systems in 42 states and the District, including $126 million to New York, $65 million to Chicago and $38 million to Oakland, Calif. The grants have helped open 1,100 schools and revamp an additional 700. The foundation also has sunk millions into education think tanks and policy and academic groups (including Hechinger). Its agenda is to create high schools with rigorous college-prep curricula, to replicate successful experiments and to convert giant, mostly urban schools into effective, manageable units.

Reviews of the Gates school initiatives have been mixed.

This fall, Denver shut down a high school that had received $1 million in Gates grants; officials cited plunging enrollment after the school was divided into three smaller ones and students fled to other schools.

In Lebanon, Ore., parents and school board members rebelled after a foundation-backed effort broke up the lumber-mill town's high school and cut back on traditional vocational classes. Gates pulled out abruptly in May, and the school system lost half of its $950,000 grant.

"Sometimes I'm not sure Gates wants all the headlines they get," Lebanon Superintendent Jim Robinson said. "When things get a little rocky, safer ground is easily found elsewhere."

The foundation, through research it has commissioned, has found that Gates-funded schools have strong attendance and more rigorous English and reading assignments. But the research also showed that test scores have improved only slightly, and math performance has been stagnant or lower compared with other schools.

So far, the foundation and intermediaries have spent about $4 million in the District. Most has gone to charter schools such as Chavez, which receive public funding but are independently operated. Gates officials have shied away from larger investments in the turbulent and troubled D.C. school system.

But now the foundation is considering a larger effort. Mayor-elect Adrian M. Fenty (D) has asked for its guidance in a possible bid to take over the public schools.

Irasema Salcido could offer the incoming mayor insight on working with Gates.

* * *

Salcido, an administrator for 12 years at Bell Multicultural Senior High School in Northwest Washington, opened the first Cesar Chavez Public Charter School for Public Policy in 1998 in a Southwest Washington supermarket basement. The school, named for the late Mexican American labor and civil rights leader, seeks to offer a college-prep curriculum to kids whose families earn less in a year than the annual tuition of pricey private schools.

The school days are long and expectations lofty. After-school tutoring and summer school are required for all students regardless of academic standing. So are internships and service projects with community groups or think tanks. Four-fifths of the students are African American, and most of the rest are Latino.

Although some kids show up academically prepared, most arrive at the high school two to six grades behind. Some struggle with basic arithmetic or with writing a paragraph. Chavez seeks to help them catch up.

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Three years at Chavez changed the life of Moises Flores, 22, a Nicaraguan immigrant. "I finally realized that I could do something," he said. "I could learn, and I could excel." He graduated in May from American University and is headed for law school.

Salcido, 44, an elegant and dark-eyed woman, knows the obstacles Flores overcame only too well. She moved to the United States from Mexico at age 15 knowing almost no English. To get through high school, she memorized passages from textbooks. It took her more than a decade to get through college and graduate school.

With her life experience and vision, Salcido has proven adept at attracting students. Her flagship campus moved three times in eight years to accommodate growth, settling on Capitol Hill; a second campus with a combined middle school and high school opened east of the Anacostia River last fall. Enrollment is now more than 1,100.

However, test scores have been just slightly better than the mediocre citywide average; the latest test data show one-quarter of Chavez students were proficient in math and one-third in reading. Just as worrisome, many students leave the school after their freshman year.

Salcido reached out to the Gates Foundation in 2004 through an official she knew there, education program director Jim Shelton, who arranged for Melinda Gates to tour the school that year. (Like Buffett, Melinda Gates serves on the board of The Washington Post Co.)

Salcido said she begged the foundation for help. "This is the time to make the investment," Salcido told Shelton last year, "not later when we make mistakes."

The pitch worked. The foundation dispatched program officer Andrew Smiles to help Salcido put together a proposal.

After prowling around the Capitol Hill campus, Smiles liked much of what he saw. Girls in bracelet-size hoop earrings and boys in baggy jeans walked past hand-lettered posters listing the grade-point averages of top students. Like the tail of a kite, sheets of paper lined a hall with the names of graduating seniors and the colleges to which they had been accepted. Bates, Penn State, Howard, the University of Maryland -- every Chavez graduate has been accepted to college, according to the school.

Many teachers were former policy wonks with Ivy League degrees. Smiles also saw promise in the public policy-oriented focus that linked coursework to the world at large. The school fit with the Gates "three R's" approach: rigor, relevance and relationships.

But some classes weren't as rigorous as they could be, Smiles concluded, and inexperienced teachers didn't know how to push kids to do more than recite answers by rote.

In a few weeks, he and Chavez administrators hammered out a 30-page plan with 11 target actions, known as "deliverables," in exchange for foundation support to fix problems and add two campuses. Most of the Gates money would come toward the end of a five-year grant. The deliverables included strengthening the curriculum, training teachers, drawing up more detailed budgets and taking steps to reduce student attrition. Nearly a quarter of the freshman class, Smiles discovered, had disappeared by the time their sophomore year began.

The Gates model is more common in business than philanthropy. Experts say Gates officials seek to hold grant recipients accountable and find formulas for success. The foundation "doesn't give all that much money to a school just because it's good and they want to make it better," said Paul T. Hill of the Center on Reinventing Public Education at the University of Washington, which also has received Gates funding. "They give money to the school because it's an exemplar and they want to have it reproduced."

So far, the Chavez schools have received $370,000 in two installments and have met the foundation's conditions. Salcido and her administrators hired a dropout prevention specialist, recruited a curriculum expert for their board of directors and hired a principal to open a third campus next fall. But tough questions remain. Will the dropout rate decline? Will teacher training help raise test scores? Will the new school have a strong academic plan?

One key element of the Chavez expansion has been delayed. Two new campuses, not one, were supposed to open next fall. Salcido still aims for that fourth campus. Her enrollment target is 3,000 students.

"They've learned a lot of tough lessons over time," Shelton said of Salcido's team.

Smiles stays in constant contact by phone and in person, taking on an oversight role typical for a central office in a large school system. In July, he met with Chavez administrators to review progress on such matters as the new school calendar and dropout prevention. With pressed khaki pants and a thatch of unruly brown hair, Smiles looked like a cross between a Microsoft engineer and a prep-school English teacher as he took notes on a legal pad.

"It'd be great to get some perspective on the deliverables," he told them. "I'm also hoping that this meeting can serve as reflecting time to say, 'Here we are, getting prepared for two more schools.' "

Salcido gave a mock groan. "Do you have to remind us?" she said, as laughter rippled across the room.

Smiles grinned. "I know," he said. "Exactly."

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Shirtless Bush Seen In 'Brokeback' Spoof (AP)

By Beth Duff-brown

AP, December 4, 2006

A "Brokeback Mountain" parody airing on Canadian television depicts an unusual type of summit between President Bush and Canadian Prime Minister Stephen Harper.

In the sketch based on the acclaimed film about a love affair between two cowboys, Harper and Bush are portrayed naked from the waist up in a tent. Images of their faces are pasted over actors' bodies.

At one point, Bush throws cherries at Harper's nipples, which are covered with whipped cream. After the cherries land, separatist politician Andre Boisclair, who cooperated with filming of the spot, is seen opening the tent flap and stiffly saying that Quebec won't get involved "in something like that."

The sketch was filmed for the MusiMax music and entertainment channel but has leaked out to French-language TV stations, upsetting members of the provincial Liberal government of Premier Jean Charest.

"I leave it to Mr. Boisclair to defend his judgment," said Quebec's education minister, Jean-Marc Fournier.

Boisclair, who is gay and the leader of Parti Quebecois, later said he regretted the entire episode: "It's quite obvious I wouldn't do it again."

Tweaking The News (WP)

By Howard Kurtz

The Washington Post, December 4, 2006

Katie Couric showed up without an appointment.

It was Thursday morning in Amman, Jordan, and the CBS anchor, who hadn't gotten to bed until 4 a.m., was woken up with word that she might have a shot at talking to the Iraqi prime minister if she headed to the military airbase."I thought, 'What the heck, what else do I have to do but sleep?' " she says.

Nouri al-Maliki, who had just finished a scheduled sitdown with ABC's Charlie Gibson, did not recognize Couric and did not seem receptive. But the Iraqi foreign minister interceded on her behalf, much to the dismay of the ABC producers who thought they had an exclusive.

Couric, who also wound up interviewing Foreign Minister Hoshyar Zebari and Secretary of State Condoleezza Rice, had hesitated to fly to Jordan for President Bush's meeting with Maliki. "We just weren't sure if it'd be worth our while in terms of securing interviews," she says from Amman. "Then we decided the only way we'd know is if we came and tried."

The critics -- and Couric has more than her share -- may not have noticed, but the nightly newscast that she launched three months ago is in transition. Some of the changes she made have been dropped or curtailed to squeeze in more old-fashioned, what-happened-today stories. And Couric is finally starting to make news for covering the news.

"In the first couple of weeks, we might have focused more on features than hard news, and we're adjusting that," says CBS News President Sean McManus. "We've also learned that to break the mold too much might be an interesting creative process, but it wouldn't serve the viewer tuning in at 6:30 to find out what's happening."

Rome Hartman, executive producer of the "CBS Evening News," says a myth has taken root in the press. "The story line that got peddled -- and believe me, it got peddled -- that we were off the news, or softer than the other guys, is basically bogus," he says.

Still, the pace and feel of Couric's program can differ markedly from those of Gibson and NBC's Brian Williams, who, like Couric, anchored from Amman on Wednesday and Thursday. As the former "Today" star has tried to transfer her morning magic to the more traditional confines of the nightly news, some of her moves have been controversial, even within CBS.

"It's a very tricky thing to toy with the format, because we want to try new things and not look as if we're throwing things against the wall to see what sticks," Couric says during a lengthy conversation in New York. "That's why I took this job, to take some chances and do new things . . . We're still sort of finding our way, and that's okay."

With the "Evening News" ensconced in third place, some pundits have been quick to pronounce the $15-million-a-year anchor a flop. But the mood at CBS improved when Couric garnered good reviews for her fast-paced election night coverage. "She was under incredible pressure, but she really came through," says Bob Schieffer, her predecessor as anchor.

Couric's visit to Jordan was her first foreign foray as anchor after a mostly stay-at-home tenure that has included quick trips to Los Angeles and Washington. But she had been to Jordan before to interview King Abdullah and Queen Rania for "Today," became friendly with the queen, and was able to work her contacts to help secure several interviews.

While Iraq dominated the news last week, Couric made time for a very different subject. Last Monday, after returning from Thanksgiving break, she was tinkering with promotions for a five-part series called "Overweight in America."

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"We want to make it a little catchier," she told her staff. " Are you feeling as stuffed as your turkey?" She pondered for a moment. " ' Tis the season to be indulging?" Couric conjured up the series and reported the opening segment, on the genetic causes of being fat.

"The news of the day is still our staple, but that doesn't mean we can't do a really smart series on obesity," says Couric, who is perpetually on a diet herself. "Or a piece on foster kids being given addictive drugs . . . 'Hard' and 'soft' are completely antiquated terms. Some of the stories on the front page of The Washington Post and New York Times aren't traditional hard-news stories, and I've never heard anyone ask them to justify that."

In Couric's early weeks as anchor, her team loaded the broadcast with new segments -- from a nightly "Free Speech" forum for outside commentators to the highlighting of interesting photos and Web items -- while bypassing or truncating a handful of important stories. In recent weeks, though, "Free Speech" has been cut to barely once a week and other small features deep-sixed.

CBS's White House correspondent Jim Axelrod says Couric and the staff are still "tinkering with the right flow of hard news and soft news and commentary. I don't think it's any surprise that at the outset, people said, 'Wait a minute, I want more news here.' "

"I think 'Free Speech' was a great idea and well worth trying, but in the end it just took too much time away from news," Schieffer says. "All news programs are a work in progress. We're still in something of a shakedown cruise, but I think we're moving in the right direction."

National correspondent Byron Pitts says that "people are angry, in a good way, to make this the best show it can be . . . A tremendous amount of work went into the planning for Katie's arrival, and once she got here we realized we still had work to do. The problems aren't going to be fixed overnight."

CBS executives said all along that they planned to experiment with the format. "Maybe it takes some getting used to at 6:30 on a weeknight, but I think it's what people expect of her," Hartman says.

The experimentation generally comes after the first commercial break. Couric has led her broadcast with Iraq 18 times, terror-related subjects a dozen times, American politics a dozen times and other foreign-policy issues five times. But there are still differences among the newscasts. On Nov. 20, when her rivals were leading with developments in Iraq, CBS's first two stories dealt with an Alabama school bus accident that killed three teenagers and broader questions of student safety -- a local tragedy that warranted a few sentences on NBC and ABC.

"I think sometimes people have Iraq fatigue," Couric says. "If there's not something really significant going on, it starts to feel like 'Groundhog Day.' We felt millions of kids get on a school bus every day and this would just be interesting. It made us wonder why seat belts weren't required by buses."

Couric, who interviewed O.J. Simpson in 2000 and 2004, also broke with the pack in declining to cover Simpson's book deal and Fox television special for a hypothetical discussion about the two murders he maintains he did not commit.

"I felt it was so sleazy," says Couric, who aired a "Free Speech" commentary on domestic violence instead. "We felt it would turn into more of an infomercial for Fox and Judith Regan," the book's publisher. "It seemed so distasteful." Couric covered the story days later when Regan's boss, Rupert Murdoch, bowed to public outrage and killed the deal.

That stance -- Couric introduced the commentary by telling viewers the Simpson saga wasn't worth their time -- was reminiscent of CBS's Dan Rather refusing, in the summer of 2001, to join the media frenzy over missing congressional intern Chandra Levy.

One emerging hallmark of the newscast is that Couric, who honed her interviewing skills during 15 years at "Today," has been spending more time chatting up newsmakers and analysts, along with her own correspondents. On Iraq, for instance, Couric has spoken with the likes of Rep. Jack Murtha, Sen. Carl Levin, retired Maj. Gen. John Batiste and New York Times columnist Tom Friedman. During the campaign, she periodically hosted former Clinton White House spokesman Mike McCurry and former Bush White House spokeswoman Nicolle Wallace, segments that seemed little different from what is routinely on cable news.

Couric's longest interview, which drew the most flak within CBS, was a discussion with Michael J. Fox. She spoke to the actor after Rush Limbaugh accused him of exaggerating his Parkinson's symptoms during commercials for Democratic candidates who support stem cell research. Some CBS staffers were upset that she devoted nine minutes, or nearly half the newscast, to the subject. Couric made sure to disclose that she has contributed to Fox's foundation, and that her father suffers from Parkinson's.

"People can grouse about it," Couric says of the interview, "but it was distinguishing television."

She is aggravated by some of the pundit potshots about the broadcast's news quotient. "I just think we got an unfair rap, and unfortunately it was perpetrated by people who didn't take the time to watch the show," Couric says.

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All the newscasts play up health care, but the subject has been particularly prominent on CBS, often featuring a physician, Jon LaPook, whom Couric helped recruit as medical correspondent. She reports some of these segments as well, including pieces about back pain and hormone replacement therapy. These and other stories and interviews have reduced the airtime of some frustrated correspondents, making Couric the unquestioned star of the show.

"Time is our enemy in this particular format," she says. "It's really a constant struggle to figure out what goes and what stays."

There is also, undeniably, the X factor: Couric's role as the first female anchor to fly solo on a network newscast, and her informal, "Hi, everyone" tone. That has its fans and its detractors.

Erik Sorenson, a former "Evening News" producer, says Couric is "a bit of a lightning rod" but that CBS executives "should be applauded for trying a lot of things." The question, he says, is "are they going to succumb [to criticism], and in three months we're going to look up and they're doing the same newscast as Dan Rather was three years ago?"

In the closely watched ratings race, Couric quickly faded after winning her first two weeks. For the week of Nov. 20, "NBC Nightly News" drew 9.46 million viewers, ABC's "World News" 8.48 million and Couric's broadcast 7.96 million. That represented a modest rebound from Couric's low mark of 7.74 million two weeks earlier.

But while the staff is conflicted over the uneven start, McManus's message remains upbeat. He says the program, excluding those atypical first two weeks, is up 11 percent over last year in the 25-to-54 group prized by advertisers.

"It's bringing in enough to pay for Katie's salary," he says. "I couldn't be happier with the job she is doing, knowing she is under more scrutiny than probably any other person in television history."

Report: N.Korea Offers Uranium To Russia (AP)

AP, December 3, 2006

North Korea has offered Russia exclusive rights to its natural uranium deposits in exchange for support at the stalled talks on Pyongyang's nuclear ambitions, a newspaper reported Sunday.

The two countries have been in talks since 2002 on a deal for Russia to import uranium, which it wants to enrich and sell as nuclear fuel to China and Vietnam, according to a report in the regional daily, Tokyo Shimbun, citing unnamed Russian officials.

North Korea recently offered Russia exclusive rights to the uranium in exchange for open support at the six-party talks on the North's nuclear program, which have stalled since last year, the report stated.

Russia, which already exports natural gas and oil, hopes to become a major exporter of nuclear fuel, according to the report. Negotiations between Russia and North Korea were set to continue, the report added.

North Korea defied international demands by testing a nuclear weapon for the first time on Oct. 8. The U.N. quickly sanctioned the communist regime, banning member states from trading in weapons-related technology with the North.

Efforts to restart talks to halt the North's nuclear program have so far failed. Russia, North and South Korea, Japan, China and the U.S. are involved in the talks.

U.S. nuclear envoy Christopher Hill and his North Korean counterpart, Kim Kye Gwan, failed to agree to a start date for negotiations after meeting in Beijing last week.

At those talks, Hill reportedly urged North Korea to shut down its nuclear testing facilities by the end of 2008, halt uranium production, let U.N. weapons inspectors back into the country and hand over a full list of its nuclear facilities.

In return, the other five countries would offer the North security guarantees, economic aid, and the possibility of normalizing U.S.-North Korea ties, the Kyodo News agency reported Saturday, citing unnamed officials.

Pyongyang would face additional sanctions if it didn't comply with the proposal, which was drawn up by the U.S., Japan and South Korea, and shared with China and Russia, the report said, without elaborating.

The mass-circulation Yomiuri Shimbun newspaper carried a similar report.

Officials at Japan's Foreign Ministry were unavailable for comment. Russia's Foreign Ministry and the Russian Embassy in Tokyo also declined immediate comment.

North Korea withdrew from the six-party talks last November, angered at U.S. financial sanctions against a Macau-based bank where Pyongyang held several accounts that Washington alleged were used to launder money.

Kim, the North Korean envoy, has said Pyongyang will not unilaterally give up its nuclear weapons program.

Russian officials have repeatedly said they support a non-nuclear North Korea.

"The main task of the six-party talks is guaranteeing the non-nuclear status of the Korean Peninsula," Russian Security Council chief Igor Ivanov, was quoted by ITAR-Tass as saying on Saturday during a visit to Mexico.

Direct US, North Korea Talks Give New Glimmer Of Hope (AFP)

DOJ_NMG_0101778

By P. Parameswaran

AFP, December 4, 2006

One month after North Korea agreed to return to multilateral nuclear talks following its defiant atomic weapons test, the six-nation dialogue remains stalled. But few are complaining.

This is because the United States and North Korea, the key parties of the four-year nuclear standoff, are engaged in face-to-face talks on crunch issues that some believe are more productive that the six-party process including China, South Korea, Russia and Japan.

Top US negotiator Christopher Hill met his North Korean counterpart Kim Kye-Gwan in Beijing last week, their second meeting in a month, to explore how North Korea should consider disbanding its atomic weapons network in return for security, diplomatic and energy guarantees.

Experts noted that their 15 hours of marathon talks brokered by China over two days were wide-ranging and tackled critical issues.

"One of the things to note is that there had been extensive talks this time between the North Koreans and the United States," said Daniel Pinkston of the California-based Center for Nonproliferation Studies.

"Proposals were exchanged and discussions were held and that means diplomacy is underway, and so whether or not the six-party meeting is held may be irrelevant," he said.

The six-party talks have been stalled since November 2005 and few expect them to resume before the end of the year.

The administration of President George W. Bush has been under pressure to hold direct talks with North Korea since the hardline communist state defied the international community and tested a nuclear bomb two months ago.

Washington has always emphasized that the rare direct talks between US and North Korean negotiators in Beijing are part of the six-party process hosted by China and not considered official bilateral discussions.

At the Beijing talks last week, North Korea reportedly told the United States to lift the financial restrictions on a Macau-based bank which Washington alleges was used by Pyongyang to commit financial crimes.

The United States, for its part, demanded the communist state report all of its nuclear facilities and programs, and accept inspectors from the International Atomic Energy Agency, according to the Yomiuri Shimbun daily in Japan.

Citing Japanese and US government sources, it said Hill also demanded that the North close its plutonium-producing nuclear reactor in Yongbyon and seal off underground nuclear facilities from where it conducted the atomic test.

Kim has taken the conditions, reportedly agreed upon by the other five parties, back to Pyongyang for consultations with the North Korean leadership.

Hill would only say that he shared some "ideas" with the North Koreans.

"They heard them for the first time from us, and so they are going to take them back to Pyongyang and study them. And we hope to hear from them soon," he said.

Experts say it is hard to tell at this stage whether North Korea, with its de facto nuclear power status following its October 9 test explosion, would just abandon its atomic weapons arsenal.

"It's important to make the North Koreans choose between the survival of their regime and having nuclear weapons," said Robert Einhorn, who directed nonproliferation matters at the State Department from 1999 to 2001.

"If they believe that keeping nuclear weapons will over the long term jeapordise the survival of their regime then perhaps they would have incentives for giving up those weapons," said Einhorn, who now works at the Center for Strategic and International Studies in Washington.

North Korea agreed in principle during the six-party talks in September 2005 to give up its nuclear weapons program in return for concessions but boycotted the talks two months later after US sanctions led to a freeze in North Korean accounts in Macao-based Banco Delta Asia.

Pyongyang only agreed about a month ago to return to the six-party talks after testing its nuclear bomb and drawing UN Security Council sanctions.

But Washington said it would not resume the six-party talks until a concrete outcome is ready to be put on the table, fearing North Korea would use the meeting as a stalling tactic to expand its nuclear arsenal.

"The North Koreans have said they'll come back to the talks. That's a done deal. But we don't want to just have people come back to the talks," said US Secretary of State Condoleezza Rice.

"It really is what are the expectations of this next round and that may take some time. And it may take further discussions," she said.

Gaza Truce Won't Be Widened To West Bank (WP)

By Scott Wilson

DOJ_NMG_0101779

The Washington Post, December 4, 2006

JERUSALEM, Dec. 3 -- Extending a tenuous cease-fire between Israel and Palestinian armed groups in the Gaza Strip to the far larger West Bank proved elusive Sunday as Israel's security cabinet decided against doing so and the governing Hamas movement withdrew from negotiations on the matter.

But the Israeli government reaffirmed its commitment to the temporary truce in Gaza despite the continuing rocket fire from there into southern Israel, which violates the eight-day-old agreement.

Israeli military officials say 15 rockets have been launched from Gaza since the truce was reached between Palestinian Authority President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert, who has suggested that the modest achievement could be a first step toward reviving dormant negotiations over the creation of a Palestinian state.

"The situation is sensitive," Olmert told the cabinet. "We must act wisely and with serious consideration."

The cease-fire, hailed by Secretary of State Condoleezza Rice during a visit here last week, has brought a pause to months of fighting in and around Gaza.

Israeli forces have killed more than 250 Palestinians there, most of them gunmen, since the military wing of Hamas captured an Israeli soldier in a cross-border raid on June 25. Palestinian rocket fire, a terrifying daily menace to many towns along the strip's edge, has killed two Israelis since then.

Rice urged Olmert and Abbas to build upon the rare accord by extending its terms to the West Bank, an area of far greater strategic importance to Israel and the Palestinians than the remote, enclosed strip.

But Israeli military officials have warned against doing so, fearing that the armed groups would use the respite to replenish arsenals and plan attacks against Israel. That argument appeared to win over the cabinet, already under some pressure to renew operations in Gaza in light of the continuing rocket fire, which has not caused any injuries since the cease-fire took effect.

One rocket fell inside Israel on Sunday, military officials said. Later in the day, Israeli forces killed a 15-year-old Palestinian boy near the West Bank city of Nablus who was throwing rocks at troops during what military officials characterized as a riot.

A few hours later, Hamas officials in Gaza announced that the radical Islamic group was quitting talks with other Palestinian factions over whether to include the West Bank in the truce.

A Hamas spokesman, Ismail Radwan, said Israel was violating the terms of the cease-fire in Gaza, although he did not specify how. He also signaled that the talks to extend the truce were distracting from Palestinian efforts to form a national-unity government, a process that has broken down in recent days.

"The comprehensive cease-fire must come as a part of a comprehensive national plan, and at this time, the talks on a cease-fire are being held at the expense of talks on internal Palestinian issues," the group said in a statement issued in Gaza.

Those talks between Hamas and Abbas's rival Fatah movement are designed to produce a government acceptable to international donors, who cut off aid to the Palestinian Authority after Hamas's victory in January parliamentary elections. Hamas, classified as a terrorist organization by Israel, the European Union and the United States, has so far refused to meet international demands that it recognize Israel's right to exist.

In another indication of the cease-fire's fragility, the radical Islamic Jihad issued a statement Sunday warning that "calm is on the edge of collapse" because of Israeli violations. The group, which did not formally agree to the cease-fire, said it would begin attacks on Israel "in the coming hours."

Gaza Cease-Fire In Danger (NYT/AP)

By The Associated Press

The New York Times, December 4, 2006

GAZA, Dec. 3 (AP) — Israelis and Palestinians threatened Sunday to scrap a truce that has largely ended five months of violence in Gaza, with Palestinian militants insisting that it must also apply to the West Bank and Israeli leaders saying that rocket squads were still active.

Speaking to the Israeli cabinet, Defense Minister Amir Peretz said militants in Gaza had continued to fire rockets, including one on Sunday.

Abu Hamza, a spokesman for the militant group Islamic Jihad, charged that Israel was violating the cease-fire by continuing operations in the West Bank.

Israel Revamps Its Training After Hezbollah Conflict (USAT)

By Yaakov Katz

USA Today, December 4, 2006

JERUSALEM — Israel's military is overhauling its training and expanding a guerrilla warfare school in response to problems the army had in fighting Hezbollah militants in Lebanon this summer.

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"If there is one lesson from the war (in Lebanon), it is that we need to train more and be better prepared," said Maj. Gen. Benny Gantz, head of the Israel Defense Force's Ground Forces Command.

Israel's military encountered a tougher-than-expected fight in Lebanon, where Hezbollah militants fought from a series of underground bunkers dug into the rocky and brushy hills of southern Lebanon.

Militants, armed with anti-tank missiles and other sophisticated weaponry supplied by Iran and Syria, killed 119 Israeli soldiers during the 34-day war.

The fighting erupted after a cross-border attack July 12 during which two Israeli reservists were kidnapped. Israel claims to have killed 500-700 Hezbollah militants during the conflict.

The fighting ended Aug. 14 with a United Nations-brokered cease-fire and a decision to beef up the U.N. force in Lebanon to more than 10,000 troops.

"There is still danger there," said Shimon Boyarski, a retired colonel and former intelligence officer. "And we need to be ready."

Israel's military overhaul includes:

·Expanding the Elyakim base, where soldiers train on terrain resembling the hilly and rocky surfaces of southern Lebanon. Training includes using paint ball guns to simulate close combat.

·Increasing overall training of Israeli forces by 40%, Gantz said.

·Creating a "Red Unit," which will study Hezbollah and Palestinian militia tactics and act as "enemy forces" during training exercises. Gantz said the Israeli military got the idea from the U.S. military.

·Opening an urban warfare center in southern Israel, meant to replicate downtown Nablus in the West Bank and Gaza City in Gaza. The center will be used to train units that conduct raids in the Palestinian territories and operate mostly in towns and cities.

Israeli officers say the military forgot many of the lessons learned during its 18-year presence in Lebanon in the 1980s and '90s.

For example, Israel's elite Egoz Unit was redeployed after Israel's withdrawal from Lebanon in 2000. The unit was formed with the mission of tracking Hezbollah militants in the terrain of southern Lebanon. After 2000, the unit was moved to the West Bank, where there is mostly urban fighting. The Egoz Unit ceased its training in more open terrain, said Lt. Col. Yair Lipshitz, commander of the Elyakim training base. This summer, the Egoz Unit lost five soldiers during one day of fighting with Hezbollah guerrillas in the Lebanese village of Maroun al-Ras, less than a half-mile from the Israeli border.

Lipshitz said Israel's military began sending all of its infantry brigades in October to Elyakim for training. Israeli brigades are typically about 2,000 soldiers. Before that, there was limited training of individuals at the base.

Elyakim provides training in camouflage and navigation with Global Positioning System devices. In Lebanon, Israeli troops trekked dozens of miles in enemy territory and laid ambushes in the thick southern Lebanese brush.

The open terrain of Lebanon also meant large formations of soldiers clashing on the battlefield, a sharp contrast from the small-unit tactics of the Palestinian territories. For some commanders, the war was the first time they had commanded their entire units in a battle, said retired major general Yoram Yair, formerly head of Israel's Southern Command. In Gaza and the West Bank, most units were deployed in small contingents of 30 troops.

"Moving on a battlefield with an entire brigade or battalion requires different skills that the commanders did not have," said Yair, who oversaw the internal military investigations into the Lebanon fight this past summer.

Cuts to the defense budget in recent years and a shift in focus over the past six years to the Palestinian insurgency in the West Bank and Gaza led to a decline in the number of days allocated to units for training, Yair said. "During the war, these gaps in the training were obvious," he said.

Infantry brigades, Lipshitz said, were not accustomed to using long-range weapons such as rocket launchers and mortars.

Israel's military will also focus training on coordinating tanks and infantry units to work better together. In Lebanon this summer, Israel deployed 400 tanks, some of which were involved in friendly fire incidents, Lipshitz said.

"Training is our insurance policy," Gantz said. "And we plan to be prepared."

Shi'ite-Sunni Battle Worsens Divide (WT/AP)

By Zeina Karam

The Washington Times, December 4, 2006

BEIRUT -- Violent clashes broke out yesterday between Shi'ite and Sunni Muslims in the capital, leaving one man dead and exacerbating tensions that threaten the country's fragile political balance.

Hezbollah supporters on Friday began an open-ended sit-in in the capital in an effort to bring down the government of Lebanese Prime Minister Fuad Siniora. But Mr. Siniora, emboldened by Arab and U.S. support, vowed yesterday to stay in office.

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As revolutionary and nationalist songs blared from protesters' tent camp in the heart of Beirut, a Mass was held at Mr. Siniora's office in memory of Industry Minister Pierre Gemayel, who was assassinated by gunmen in a Beirut suburb last month.

The service was seen as a show of solidarity with the government, which draws its support largely from Sunni Muslims and Christians who oppose involvement in the country's affairs by neighboring Syria.

A few yards away, a rival Mass organized by supporters of Michel Aoun, a Christian leader allied with the Shi'ite Muslim Hezbollah, was held at the St. George Cathedral.

The clash in Tarik Jdideh occurred as Hezbollah supporters were returning from Beirut's downtown and passed through the Sunni neighborhood.

Police officials said the two sides threw stones at each other and the clash escalated into gunfire, which killed Ahmed Ali Mahmoud, a 20-year-old Shi'ite. At least 10 persons were slightly injured in similar clashes elsewhere in West Beirut.

Hezbollah, an ally of Syria that is backed by many Shi'ite Muslims and some Christians, contends that the fight is against American -- not Syrian -- influence, saying the United States dominates Lebanon in the interests of Israel.

Mr. Siniora warned that any attempts by Hezbollah supporters to storm his office, ringed by hundreds of police officers and soldiers, tanks and armored vehicles, would lead to "a major and serious problem." The prime minister, a Sunni, appeared to be cautioning against open fighting between Sunnis and Shi'ites.

Addressing the flag-waving protesters in central Beirut, pro-Hezbollah speakers vowed to continue the campaign to remove Mr. Siniora from power.

"We will not leave until the government is changed," former Interior Minister Suleiman Franjieh, an ally of Syria, told the crowd.

The anti-Syrian coalition pledged to confront what it called "a coup" by pro-Syrian groups to undermine Lebanon's independence after last year's withdrawal of Syrian troops after three decades of domination in Lebanon.

In Jerusalem, Israeli officials warned that the fall of Mr. Siniora's moderate government could lead to the establishment of an Iranian proxy state on Israel's northern border and increase the probability of war between the two nations.

Mass Protests Continue In Lebanon (FT)

By Ferry Biedermann

Financial Times, December 4, 2006

Both sides in Lebanon's power struggle on Sunday vowed not to budge with thousands of anti-government demonstrators camping out in the heart of Beirut for a third night while prime minister Fouad Siniora insisted that he would not resign.

The protests have been largely peaceful, but last night four people were injured in a clash when Shia demonstrators entered a largely Sunni neighbourhood of Beirut. Smaller incidents have also been reported from other areas.

The western-backed Mr Siniora, on Sunday repeated that he would not resign and said that "protest is no solution". The opposition, led by the pro-Syrian, Shia Hizbollah movement, is demanding a government of national unity.

Margaret Beckett, the British foreign secretary, and Frank-Walter Steinmeier, the German foreign minister, were in Beirut over the weekend. They met Mr Siniora separately and expressed their support for him.

In the Arab world, King Abdullah of Saudi Arabia and Egypt's President Hosni Mubarak voiced strong support for the Lebanese government.

But, while visiting Beirut over the weekend Amr Moussa, the head of the Arab League, called for a compromise, "an agreement between all".

In Beirut, opposition activists said that they would continue demonstrating until they had brought down the government. They also said that they would be prepared to take "additional steps" if their demands were not met.

After a mass rally on Friday, the demonstrators set up tents in front of the prime minister's office, the main government building in the heart of Beirut.

Mr Siniora and several of his ministers have been spending the night there recently out of security concerns and the building is surrounded by security forces, armoured personnel carriers and barbed wire.

At the weekend Syria came out publicly in support of the demonstrators.

Faisal Mekdad, Syria's deputy foreign minister, emphasised what he called: "the importance of respecting the choice of the Lebanese people to establish a government of national unity as demanded by the mass demonstrations".

The Israeli cabinet meanwhile voted on Sunday to go ahead with transferring control over the border village of Ghajar to the Unifil peacekeeping force in southern Lebanon.

The step, which would complete the Israeli withdrawal from Lebanon after this summer's war with Hizbollah, is seen by some as potentially strengthening Mr Siniora. Israeli prime minister Ehud Olmert warned on Sunday night that Israel "would not be able to hold back for much longer" if Palestinian violations of a week-old ceasefire in the Gaza Strip continued.

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His comments came as Palestinian groups accused Israel of not adhering to the increasingly shaky truce.

Under the deal struck on November 26, Israel agreed to withdraw its troops from Gaza, where they have been operating for the past five months, if militants stopped firing rockets.

Since the agreement, more than a dozen rockets have been fired into southern Israel, causing minor damage but no injuries.

Israel, meanwhile, has stayed out of Gaza.

Shiite Protester Shot Dead In Beirut As Tensions Rise (WP)

By Anthony Shadid

The Washington Post, December 4, 2006

BEIRUT, Dec. 3 -- Sunni residents and Shiite protesters clashed in the capital Sunday, leaving one man dead and raising tension across Lebanon on a third day of demonstrations aimed at toppling the government of Prime Minister Fouad Siniora.

The shooting death of the Shiite protester was the first reported since Hezbollah, the Shiite Muslim movement, and its allies launched their anti-government campaign Friday, sending hundreds of thousands of followers to downtown Beirut, where armor, barricades and troops guarded the government headquarters where the prime minister has taken up residence. Thousands have camped there since, housed in canvas tents spread across downtown; tens of thousands more joined them Sunday.

Lebanese television stations and Hezbollah officials reported several clashes in Beirut and in the Bekaa Valley, and rumors swirled about the extent of the violence in a city and country riven by divisions of politics, personal loyalties and sect. The worst clash was at the edge of the Sunni neighborhood of Tariq Jdideh, for weeks one of the city's tensest fault lines. Television stations said Sunni residents threw stones at a van carrying Shiite protesters from downtown after nightfall. Passengers got out and, in the ensuing melee, a few cars were damaged before the army stepped in and broke up the crowd.

Accounts differed on the death of the protester, whom Hezbollah officials identified as a 26-year-old. Some said he was shot during the melee, others after it was broken up. Lebanese security officials said they were still trying to confirm the details of the death. News agencies reported that as many as 12 people were hurt in all in the clashes.

There is a deep worry here that the mobilization of supporters by Hezbollah and its allies -- as well as another demonstration by Hezbollah's foes during a funeral last month -- will worsen clashes along the city's many fault lines: pro- and anti-government, Christian allies and opponents of Hezbollah, and the sectarian divisions among Christians, Shiites and Sunnis. Several fights have already broken out in Tariq Jdideh. On Thursday, dozens of Sunni and Shiite residents fought in the streets there.

In downtown, the biggest crowds gathered since the protests began Friday, giving rise to scenes that took on a surreal air. The crisis could decide the fate of the government and Lebanese politics for years to come.

Organizers said 20,000 runners took part in the Fourth International Beirut Marathon, scheduled long before the demonstration. One of its advertisements read, "Run for life." The routes were redrawn to skirt parts of the protest, but at one intersection near downtown, the marathon's posters and flags mixed with green and orange banners carried by demonstrators.

"This is democracy," said Helena Shaar, a little winded from the race. "Some demonstrate. Some go to a marathon.

"This is the puzzle of Lebanon," she added.

Near the protest itself, within eyeshot of the government headquarters known as the Serail, there were dueling Masses. One was organized by supporters of Michel Aoun, a Christian leader allied with Hezbollah, at the St. George Cathedral. Up the street, another was held inside the Serail itself, in memory of Pierre Gemayel, a Christian government minister assassinated last month. It drew Siniora, some of his government supporters and Gemayel's relatives, in what amounted to a show of solidarity.

"A solution to any problem does not come through the streets," Siniora told reporters afterward.

But there appears to be almost no attempt to reach a compromise in a crisis that erupted with Hezbollah's demand in October for a greater share of power in the cabinet and that, since Friday, has become part waiting game, part test of wills. Hezbollah has promised to keep the protests open-ended; government officials speak privately about a fear that demonstrators might try to storm the Serail, which Hezbollah and its allies denied.

After the Mass, Siniora appealed for parliament speaker Nabih Berri, an ally of Hezbollah whose movement backs the protest, to restart dialogue between the two camps. They are divided by ideology, priorities for the country and alliances -- backing for the government comes from the United States and France, while support for Hezbollah comes from Iran and Syria. Both bring different views, as well, of the summer's 33-day war with Israel. Hezbollah considers it a victory; the government blames Hezbollah for starting it. Siniora seemed to suggest counter-protests were possible, but a key ally said government supporters would simply wait. The protesters said they would, too.

"The war went for 33 days, but the protests can go on for a year," said Mohammed Zeinati, a 26-year-old protester.

Around him, tents had multiplied, some going up along the barbed wire and barricades guarding the Serail.

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He smiled. "I don't think it will take that long," he said, pointing at the Serail. "I'm hoping tomorrow they all leave."

Losing Lebanon (TIME)

By Tim Mcgirk

Time, December 4, 2006

It's never a good sign for a country when the Prime Minister and most of his Cabinet members spend their days barricaded in an Ottoman-era compound. That's what Fouad Siniora and Lebanon's other top officials have done since Nov. 21, when gunmen assassinated Industry Minister Pierre Gemayel in broad daylight. Siniora's worries go beyond his personal safety. With Lebanon still trying to recover from last summer's 34-day war between Israel and the Shi'ite militant group Hizballah, the government has seen its authority undermined, renewed meddling from the country's neighbors and the growing assertiveness of Hizballah. Organized by Hizballah and its allies, about 800,000 protesters--a rather grand figure in a country of just 3.8 million--gathered in the center of Beirut last Friday to demand the resignation of Siniora. At the time, Lebanon's leader was in his barracks, surrounded by machine guns and barbed wire.

Lebanon wasn't supposed to turn out this way. In March of last year, President George W. Bush was hailing Lebanon as a shining beacon of his Administration's "democracy agenda" for the Middle East. Close to 1 million Lebanese had flooded into Beirut to demand that Syria pull its troops out of Lebanon and end its 29-year domination of the country. The U.S. State Department coined the protests the Cedar Revolution, a more folksy title than the Lebanese term, Independence Intifadeh, which smacked of radicalism. But with six ministers having resigned since Nov. 11, sectarian tensions rising and government officials fearing for their lives, the vision of a new Lebanon is dimming fast--and with it, the Administration's bid to build a positive legacy in the Middle East beyond the wreckage of Iraq.

There are worrying signs, in fact, that Lebanon may be closer to a total meltdown than at any time since the 1975-90 civil war. An Arab diplomat told TIME that General Michael Suleiman, the commander in chief of the Lebanese Army, recently admitted that his troops would be able to contain a series of demonstrations "for only a few weeks." If Hizballah organizes protests around the country similar to those in Beirut last week, "We will not be able to cope," Suleiman reportedly said. His concern was that because many of his troops are Shi'ite, they would refuse to act against their brethren within Hizballah.

The nightmare scenario is that Hizballah's show of strength could provoke a backlash against its mostly Shi'ite supporters by Lebanon's Sunni Muslim, Christian and Druze communities. If that happens, most Lebanese believe the situation could quickly escalate into all-out civil war. As a river of pro-Hizballah demonstrators flowed toward Siniora's besieged compound last week, poultry seller Ahmad Sahd, 65, wept. "These youngsters didn't live through the civil war. I did. And it looks like it's starting again."

So why is the Cedar Revolution crashing down? Part of the answer rests outside Lebanon's borders. During the summer's war with Israel, Hizballah relied heavily on the Syrians for logistic, military and financial support. According to Israeli officials, Western diplomats in Beirut and Arab sources, Damascus acted as a conduit for Iranian weapons to reach Hizballah, allowing the group to fight the Israelis to a standstill.

Now it is payback time. Lebanese officials, along with Israeli military sources and Western diplomats, say that while Syrian President Bashar Assad may be willing to help pull the Bush Administration out of the Iraqi quicksand, he hopes to exact concessions that would allow him to treat Lebanon, where the Syrian regime has vast financial interests, as his private turf. And according to these same sources, he is unnerved by a U.N.-sponsored inquiry that implicates top Syrian officials in the February 2005 car bombing that killed former Prime Minister Rafiq Hariri and 22 others. Assad is hoping that the international probe will peter out. Indictments issued by a U.N.-sponsored court against members of the Syrian leadership could critically weaken the Damascus regime and lead to U.N. sanctions against Assad's clique. Hizballah pulled its six ministers out of the 24-seat Cabinet rather than vote to support an international court to prosecute the Hariri case, and the assassination of Gemayel, the scion of a powerful Christian family and a fervent anti-Syrian, was seen as further warning to Siniora. His Cabinet voted anyway to recommend an international tribunal into the Hariri killing, pushing Hizballah into the streets last week.

Hizballah also accuses Siniora's ministers of secretly siding with Israel and the U.S. by failing to provide backup during the July-August war with Israel. With its massive street demonstrations, Hizballah hopes to intimidate the country's other parties into giving it more than the six Cabinet seats it had held, enabling it to block any legislation seen as contrary to the interests of Hizballah and its backers in Damascus and Tehran.

Whether Hizballah succeeds depends on how long it can capitalize on the p.r. boost it gained from waging war with Israel. Among Lebanon's downtrodden Shi'ites, Hizballah leader Sheik Hassan Nasrallah now enjoys mythical status. The many faces of Nasrallah appear everywhere. At times he is portrayed as a jolly preacher, a wise scholar or a glowering warrior with his turban like a black storm cloud overhead. When a starstruck woman requested the abaya, or robe, that he wore during the war,

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Nasrallah obliged, and since then TV crews have been following the woman across Lebanon as she displays this now holy garment for other faithful fans.

And yet even in Lebanon, Nasrallah isn't universally adored. Many Lebanese consider it a heroic but colossal blunder on Nasrallah's part to have provoked the Israelis by having his fighters stage a cross-border raid in July and kidnap two Israeli soldiers. War damage in Lebanon is assessed at $3.6 billion. More than 1,200 Lebanese died, and 3,700 were wounded. Another 974,184 were left homeless. Says parliamentarian Saad Hariri, son of the slain former Prime Minister: "When it starts raining and getting cold, people will realize what a huge mistake it was for Hizballah to start this war." What's more, the olive groves and hills of southern Lebanon are sown with more than 1 million bomblets from Israeli cluster bombs, say U.N. experts, making it hazardous if not lethal to wander into these areas.

Hizballah was badly swatted by the Israelis too. The Israeli military says it has the names of over 550 Hizballah fighters who were killed, including 400 belonging to the Iranian-trained Ã©lite special forces unit, the Nasr Brigade. In Lebanon, the thinking is that those numbers are probably inflated, that many of the dead were militants unaffiliated with Hizballah who grabbed a gun and joined the fighting. Whatever the body count, Hizballah has lost assets. As part of a cease-fire agreement, 10,000 U.N. peacekeepers and 15,000 Lebanese troops moved into southern Lebanon, long an exclusive preserve of Hizballah. As a result, Nasrallah's men lost possession of a number of strategic underground bunkers, complete with showers and dining halls, honeycombing the limestone hills for miles near the Israeli border. Many of its field commanders were killed in the fighting, and according to Lebanese and Israeli sources, Hizballah inquisitors are now weeding out and shooting suspected collaborators who helped the Israelis by pinpointing militia targets. And every Hizballah office in Beirut was sledge-hammered by Israeli warplanes. The rubble of concrete slabs, steel and scraps of clothing was scooped up by bulldozers into heaps; it has added a dozen large hills to the coastal landscape south of Beirut.

Hizballah's opponents say that as time passes, resentments toward Nasrallah are likely to build. That may be the main reason that Hizballah is again girding for war. The next round could be even uglier. While most of the other communities still have stockpiles of arms stashed away from the days of the civil war, Hizballah's force is stronger and better organized than its rivals, say Beirut-based diplomats. But the various players in Lebanon may find outside backers. The Christians could again find support from the Israelis; and the Saudis, who are alarmed at the growing Shi'ite influence in Lebanon through Hizballah, may find Sunni militias to bankroll. Sunni jihadists may also join the fray, turning Lebanon into a mini-Iraq. Lebanese intelligence recently broke up a ring of 200 Syrian-backed Islamists holed up in a Palestinian refugee camp who had a hit list of 36 Lebanese politicians.

Posters of Nasrallah, usually grinning, may crop up everywhere, but the cleric himself is still deep in hiding. During the summer's fighting, the Israelis made no secret that they were trying to assassinate him. Western diplomats in Beirut say they are trying to persuade the Israelis that killing the Hizballah boss is no longer a good idea. His murder could spark reprisals across the Middle East. Hizballah has ways of taking revenge. After Israelis targeted a previous Hizballah leader in 1992, the militia blew up the Israeli embassy in Buenos Aires. Should Nasrallah be killed, Israeli missions today would be similarly at risk--as would U.S. interests around the world. But these sources say that the Israelis may be willing to court that danger if they have a chance to take out Nasrallah, whom they view as a particularly clever and dangerous enemy. The damage that Lebanon and the Middle East will face if another war breaks out could make the destruction caused by Hizballah and Israel last summer look like a brisk whirlwind by comparison. With reporting by With reporting by Nicholas Blanford/Beirut, Aaron J. Klein/Biranit, Elaine Shannon/ Washington

Somali Troops Seek To Recapture Town (AP)

By Mohamed Olad Hassan

AP, December 4, 2006

Somalia's government has sent hundreds of troops backed by Ethiopian soldiers to recapture a strategic southern town seized by the country's powerful Islamic movement, military officials and witnesses said Sunday, as dozens of families began fleeing the area.

The Islamic militia, which has seized the capital and most of the country's south since June, declared itself in control of the southern town of Dinsor on Saturday, saying it moved into the area without encountering resistance or firing a shot.

With the seizure of the town, the Islamic Courts Union has now effectively surrounded the weak, transitional government in its fortified base in Baidoa, the only town it controls.

Fears were mounting that a battle for Dinsor, about 75 miles southwest of Baidoa, could be the spark that ignites a war in Somalia. The town controls a vital bridge linking Baidoa with southern Somalia and the key port of Kismayo.

"The Courts' provocative and unjustified act of aggression in the region must be faced with force," warned the government's justice minister, Sheik Aden Nour Mohamed.

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Some 600 government troops were deployed late Saturday in pickup trucks mounted with machine guns to drive the Islamic group out of the town, said a senior military official on condition of anonymity because he was not authorized to speak to the media.

Another official speaking on condition of anonymity because of the sensitivity of the situation said two Ethiopian battalions were in support.

The Islamic movement's spokesman, Sheik Abdirahim Ali Mudey, promised that any government assault would be met with resistance. Witnesses said there were about 200 Islamic fighters with dozens of armed trucks preparing defensive positions in the town.

"Since the town is now under the control of the Islamic courts with the willingness of the local people, any attack waged against it would meet a fierce battle," Mudey said.

One shopkeeper, Mo'alim Isgow Ahmed, said at least half the town's residents have fled.

"We left Dinsor to save our lives," said Mad Ali Gab, who arrived in Baidoa by car. "They are preparing for war, so we cannot wait for the fighting to begin."

Ethiopia, a largely Christian nation, fears the emergence of a neighboring Islamic state and has acknowledged sending military advisers to help the Somali government.

A confidential U.N. report recently obtained by The Associated Press said there were up to 8,000 Ethiopian troops in the country supporting the government. Last week, Ethiopia's parliament authorized military action if attacked by the Islamic movement, which has declared holy war on Ethiopia over its troop incursions.

The U.N. report said Ethiopia's regional rival, Eritrea, had 2,000 troops in the country.

Somalia has not had an effective government since 1991, when warlords overthrew dictator Mohamed Siad Barre and then turned on one another. The transitional government was formed with the help of the U.N. two years ago, but has struggled to assert its authority.

The U.S. circulated a draft U.N. resolution late Friday that would authorize the deployment of a regional military force to protect the fragile government. The troops would likely come from a seven-nation East African group, but would not include Somalia's neighbors, like Ethiopia.

U.S. Ambassador John Bolton said Friday he expects Security Council experts to discuss the draft on Monday.

Tehran Court Judgment Could Turn Over US Embassy To Plaintiff (CSM)

By Mike Theodoulou

The Christian Science Monitor, December 4, 2006

NICOSIA, CYPRUS

The United States is in danger of losing its sprawling embassy in Tehran to an Iranian businessman who was abducted in a bungled sting operation by US customs agents 14 years ago.

A Tehran court awarded Hossein Alikhani more than half a billion dollars in damages in the first lawsuit by an Iranian against the US for supporting terrorism.

Now, three years after that ruling, a writ of enforcement is due to be served this week, from when the US will have 10 days to respond by paying or presenting a list of assets in Iran to be seized as compensation.

The most valuable of those assets is the defunct US embassy. Mr. Alikhani, a Cyprus-based businessman, estimates it to be worth at most $120 million.

He spent 105 days in a US jail in 1992 after being abducted in the Bahamas for allegedly violating US sanctions against Libya. He argued the sanctions did not apply to non-Americans outside the US.

The Bahamian government was furious, saying it had not been consulted. Alikhani's case also caused consternation in Congress.

In his ruling three years ago, Chief Justice Mansour Pour Nouri of the Third Branch of the Tehran Public Court accused US investigators of "kidnapping, false imprisonment, using force, battering, abusing, and ultimately inflicting physical and psychological injuries."

Alikhani says he has made no plans yet what to do with the embassy if he receives the deeds. "Maybe I would make it into a school, a university or a public park," he told the Monitor from Tehran.

While few observers expect the embassy's title to land in Alikhani's hands any time soon, the embassy is a potent emblem of the enmity between the US and Iran since 1980, after militant students seized the embassy and held 52 US diplomats hostage for 444 days. The compound, its walls scrawled with anti-American graffiti, has long housed Revolutionary Guards.

The US says that under the Vienna Convention on Diplomatic Relations, diplomatic premises are immune from court judgments. But Alikhani counters that the US flouted that convention in 1996 when it adopted the Antiterrorism and Effective

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Death Penalty Act. The act stripped countries on the State Department's list of sponsors of terrorism of their immunity from lawsuits in US courts for terror acts perpetrated against US citizens.

Since then, US courts have awarded hundreds of millions of dollars in damages to victims of terror overseas.

"So how can they come back and say that according to the Vienna Convention their assets are immune?" Alikhani asks.

Alikhani says his action was motivated by principle and followed US court rulings to hold Iran responsible for damages awarded to Americans held hostage by pro-Iranian groups in Lebanon during the 1980s.

"Everyone is suing Iran. For instance, the hostages in Lebanon. They were taken in Lebanon by Lebanese but they sued Iran and not the hostage-takers themselves or the Lebanese government," Alikhani says.

His legal action in Iran followed his bid in a Florida court to sue the US for $360 million. The case collapsed in 2001 with a ruling that he had agreed not to sue as a condition of his release. His lawyers argue that was invalid because Alikhani agreed under threat of an indefinite prison term.

Alikhani's saga began in July 1990, when he sought to buy $1.6 million of spare parts for gas generators from a Florida company. He planned to ship the equipment through Germany to Libya for use in a government oil field.

The company said that the parts could not be supplied because Libya was under US sanctions for supporting terrorism. Alikhani did not pursue the deal. However, the Florida company tipped off US Customs and agreed to set up a sting operation that resulted in Alikhani's arrest.

For 30 days, Alikhani was questioned in several Florida hotels, where he says he was shackled to his bed at night, before being moved to a Miami prison where inmates included Manuel Noriega, former dictator of Panama. With anger in the Bahamas and in Congress over the abduction, Alikhani accepted a token charge and was freed after being sentenced to time served.

Paulson Reaches Out On China (FT)

By Eoin Callan

Financial Times, December 4, 2006

Hank Paulson, US treasury secretary, will on Monday begin a series of policy talks with industry leaders to discuss the Bush administration's policy towards China ahead of a high-level delegation to Beijing next week.

The former head of Goldman Sachs, an investment bank, will on Monday meet executives from manufacturing companies, including Procter & Gamble, before on Wednesday sitting down with financial services companies - including Citigroup – as well as those from other sectors.

A Treasury official said Mr Paulson was "reaching out on his China agenda" before heading to Beijing for a "strategic economic dialogue" that will include top-ranking cabinet officials and Ben Bernanke, Federal Reserve chairman.

The delegation will press for greater currency flexibility, but Mr Paulson also wants to cultivate an intimate discourse about long-term economic goals with the Beijing leadership, many of whom he knows personally from his time at Goldman.

Mr Paulson's negotiating tactics will on Monday be questioned by impatient manufacturers, who blame Beijing for fuelling a record US trade deficit with China of more than $200bn by maintaining a cheap currency.

Frank Vargo, from the National Association of Manufacturers, said executives would "make sure he understands how frustrated manufacturers are over China's currency", suggesting there would be a "pretty vocal back-and-forth discussion".

Mr Vargo praised the Treasury secretary as "a guy who exudes confidence he can get the job done", but said there was demand for "action early next year" from key figures such as Doug Oberhelman, head of Caterpillar, and John Surma, president of US Steel.

Some manufacturers are understood to be ready to throw their political and financial weight behind Democratic lawmakers who are threatening to initiate punitive sanctions against China in the wake of the mid-term elections.

But among financial services groups there is support for Mr Paulson's patient pursuit of reforms that would give them access to sectors such as pensions, insurance, and broking.

Jeremie Waterman, a director at the US Chamber of Commerce, said the goal of the dialogue for business was to "institute practices to allow mergers and acquisitions, allow trade and allow capital to flow freely." He said there was widespread corporate backing for Mr Paulson.

Susan Schwab, the US trade representative, will also meet business leaders this week as she prepares for the China visit and holds separate talks with South Korea in Montana in a frantic bid to reach a free-trade deal.

The five-day negotiations with South Korea are seen as the last chance to agree the outline of a bilateral trade pact before President George W. Bush's special fast-track trade promotion authority expires this summer.

A US trade official said: "We need to move the ball down the field this week to have a realistic chance of completing a deal in time."

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Negotiators were downbeat about the prospect of a breakthrough despite signs of US concessions on the most politically-sensitive issues for Seoul, where there have been mass protests against the deal.

China Export Controls Contested (WT)

By Steve Hirsch

The Washington Times, December 4, 2006

Business groups are upset about a Bush administration move to strengthen restrictions on exports to China. They said the controls will not keep the communist country from acquiring sensitive technologies and will cost too much to implement.

In July, the Commerce Department proposed tighter restrictions on exports of certain high-technology products.

"The administration has not demonstrated that this proposed change would provide any additional security benefit and has not articulated a clear purpose for it," a group of 24 trade associations -- ranging from the General Aviation Manufacturers Association to the American Chamber of Commerce in Hong Kong -- said Thursday in a letter to the Commerce Department.

The proposal would cover specified software, machine tools, computers, marine equipment and other exports.

If the purpose is to deny access to China's military, "it is destined to be ineffective due to widespread foreign availability ... including production in China, and the fact that all indications thus far are that it will be unilateral," said the letter, released Friday.

Executives say they also are concerned about the cost of compliance.

Business Software Alliance President Robert Holleyman said the rule would impose "stifling financial costs on American companies seeking to comply."

High-technology business groups often comment on this type of regulation, but Dirk Van Dongen, president of the National Association of Wholesaler-Distributors, said his organization has not been involved in other export-control issues.

The proposed changes "will shut down markets for American firms without denying Chinese buyers the products they desire," he said.

The administration is committed to the proposal, said Assistant Commerce Secretary Christopher A. Padilla, who was in Berlin on a trip to discuss the controls with European allies.

He said the proposal is "motivated by fundamental national security concerns and it's consistent with basic U.S. foreign policy toward China, which is to encourage legitimate civilian trade while discouraging China's double-digit, rapid military modernization."

The administration encouraged companies to submit evidence that the technologies were available in China, he said, and would examine ways to ease the compliance burden without endangering national security.

Mr. Padilla said businesses have dealt with more stringent nonproliferation controls, but business representatives insisted that the China proposal would be more difficult to handle.

One European telecommunications company has determined that its compliance cost alone would be $165 million, several sources said.

Larry M. Wortzel, chairman of the bipartisan, congressionally mandated U.S.-China Economic and Security Review Commission, said business had legitimate concerns about restricting only U.S. companies and about the compliance burden.

The proposed controls could hold U.S. businesses accountable if the Chinese government conceals a company affiliation, he said.

"When this all sorts out, I hope that the government will not require business to do the sorts of intelligence work to figure out what subsidiaries in China might be really defense-related or hidden parts of the government, when for itself the government really can't do that effectively with its own intelligence apparatus," he said.

Beijing Steps Up Movement To Integrate Tibet (USAT)

By Calum Macleod

USA Today, December 4, 2006

LHASA, China — Chinese supermarket baron Zhang Xiaohong reveres Tibet's austere Buddhist culture so deeply that he spent $12.5 million to build a luxury hotel that doubles as a Tibetan folklore museum.

The Brahmaputra Grand Hotel, in Tibet's high-altitude capital of Lhasa, is the region's only five-star hotel. It houses Zhang's extensive collection of Tibetan antiquities, including a 1,000-year-old warrior's costume. “I must do something to protect and promote Tibetan culture,” says Zhang, founder of the Bright Red Supermarket chain.

In reality, the culture Zhang wants to preserve risks disappearing beneath a surge of Chinese investment, migration and tourism. Beijing is accelerating its 5½-decade campaign to bring Tibet to heel. It is spurring high-growth economic policies and crushing political dissent in a drive to integrate the separatist-minded region into the rest of China.

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Tibetan exiles say political repression is on the rise. In recent months, Chinese authorities have jailed several Tibetans, including monks, for possessing or distributing pro-independence leaflets, posters or photographs of the Dalai Lama, Tibet's exiled spiritual leader.

In September, Chinese border guards fired on an unarmed group of about 80 Tibetans fleeing to Nepal through a Himalayan pass. One of those fleeing, a Buddhist nun, was killed. A Romanian mountaineer filmed the attack.

"The killing of Tibetans by Chinese authorities is a matter of common practice," the Dalai Lama told Asahi Shimbun, a Japanese newspaper, last month.

Since May, Chinese officials have directed "an unprecedented wave of criticism" at the Dalai Lama, says his brother Gyalo Dhondup. "This is a major shift in their attitude, unprecedented in the past 27 years of contact with Chinese officials," Dhondup told Radio Free Asia last month.

Beijing's political crackdown has coincided with major economic initiatives that have brought:

·Tourism. In July, China completed construction of the 2,500-mile Beijing-Lhasa rail line, which carries the world's highest-elevation passenger train. Since then, tourist arrivals — mainly of ethnic Chinese — have soared. In July and August, 913,000 travelers surged into the sparsely populated region, a 54% increase over the same two-month period a year ago, says Lhaba Phuntsok, a Tibetan who heads the official China Tibetology Research Center in Beijing.

Government banners hanging across the streets of Lhasa proclaim the railway to be "the happiness line for all the peoples of Tibet."

Phuntsok says the railway creates a healthy incentive. For Tibetans to benefit economically from tourist traffic, he says, they must preserve the things that lured tourists in the first place: Tibet's distinct culture and the pristine beauty of its high plateaus and mountains.

The Dalai Lama, though, has warned that a tide of outsiders brought in by rail could lead to "cultural genocide" in Tibet, which is home to just 2.8 million of China's 1.3 billion people.

Zhang, the Chinese tycoon, says Chinese influences could overwhelm Tibet. "It's a challenge, and we will have to work hard" to protect the local way of life, he says.

·Migration. Figures on the number of ethnic Chinese living in Tibet remain highly sensitive. At a news conference for foreign journalists in July, Tibet's Beijing-appointed governor, Champa Phuntsok, declined to break down the current population of Lhasa.

He said the railway will bring "an inevitable increase" in Chinese workers, but maintained the official line that Tibet is more than 95% non-Han. Han is the ethnicity of the Chinese majority.

Many Tibetan Lhasa residents say their capital of 500,000 people is now at least half Chinese. At the time of the Chinese takeover in 1950, the city's population barely topped 30,000, and only a few dozen were Chinese.

"The authorities are trying to stamp out any breath of dissent and are deliberately encouraging people to move there," says Robbie Barnett, a Tibet specialist at Columbia University in New York.

·Jobs and investment. Beijing has poured money into giant infrastructure projects, and private investment has followed. But opportunities created by a boom in construction, retail and services have gone disproportionately to Chinese newcomers. Only 10% of the workers on the new rail line were Tibetans, says Zhu Zhensheng, senior engineer at the Ministry of Railways. Most of the current railroad staff is Han, he says.

At Zhang's Brahmaputra Grand Hotel, where rooms range from $170 to $1,100 a night, the management team was imported from neighboring Sichuan province. Only a third of the employees are Tibetan, sales manager Hong He says.

In October, hundreds of young Tibetans staged a rare public protest in Lhasa to complain about government job discrimination. The protest followed the regional government's decision to fill 98 of 100 job openings with ethnic Chinese applicants.

Beijing says it has taken steps aimed at protecting Tibetan culture, such as ensuring that 70% of the books published in the region are in the Tibetan language. Government officials also have loosened restrictions on Tibetan religious worship and reopened many of the monasteries and holy sites that were closed in the 1980s.

Even so, the government keeps a firm grip. "Every month, a work team from the religious affairs bureau and the police come to the temple to make us oppose the Dalai Lama," says a young monk at the Jokhang temple, Lhasa's holiest site. He declined to be identified for fear of persecution.

The vice director of administration at the temple, monk Ngawang Quzha, acknowledges that all monks must undergo "patriotic study lessons."

Interviewed in the presence of officials from the regional government, he says: "Most of the monks in Tibet would not hope the Dalai Lama returns to Tibet."

The mistrust between Chinese and Tibetans is deep.

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"The Tibetan people are very suspicious," Barnett says, "and the Chinese are suspicious that Tibet is not grateful for this largesse."

Mao Pengfei, a farmer who moved to Lhasa from China's Henan province in 2003, says he has no Tibetan friends. "We live in different areas, and I don't speak any Tibetan," says Mao, who now works as a taxi driver.

Fan Liming, a Chinese engineer who helped build a rail station 70 miles outside Lhasa, scratches his head at the slow pace and religious underpinnings that are central to Tibetan life. "I saw Tibetan pilgrims prostrate themselves on the ground, get up, walk three paces, then prostrate again," Fan says. "They could take months to get to Lhasa. It's difficult for us Han to understand their faith. These people are not in a hurry."

Tashi Tsering, a Tibetan author who has funded construction of 69 rural schools to preserve the written language, lives near Jokhang in a house squeezed between two Chinese-owned fast-food restaurants, Dicos and California Beef Noodles. He marvels at the new rail system but says it shouldn't be used to bring in migrants. "I hope the Chinese government will never make that decision," he says.

Development has brought shopping malls and giant apartment blocks to Lhasa. The city's old quarter is now dotted with shiny, tiled buildings familiar throughout China. Yuthok Lam, the main shopping street, has been modernized in keeping with Tibetan architectural style, albeit with one incongruous import — plastic palm trees.

Tourists like to see the original buildings, "but that doesn't suit development needs," says Que Longkai, director of architecture at Lhasa's Tibet University. Chinese outsiders "are not wolves," says the academic, a Lhasa resident for the past five years. "Development is the only way."

Kelsang Phuntsok, president of the exile group Tibetan Youth Congress, based in Dharamsala, India, says China's view of development does little for the people he left behind. "Tibetans don't need skyscrapers. They need education, food, security and freedom," he says. "A hungry man doesn't need a Mercedes."

Chinese Doublespeak (WSJ)

The Wall Street Journal, December 4, 2006

Who said China's Communists don't have a sense of humor? On the same day that the country's politicized courts rejected two closely watched appeals, the mandarins in Beijing proclaimed that they will ease restrictions on the foreign press ahead of the 2008 Olympics.

On Friday, the Beijing High Court upheld a trumped-up fraud conviction against New York Times researcher Zhao Yan. The decision wasn't a surprise. Mr. Zhao had long been a thorn in Beijing's side for his reporting on the plight of poor farmers. His current legal troubles began in September 2004, when a Times report hinted at a conflict between President Hu Jintao and former President Jiang Zemin over military personnel. A subsequent article predicted that Mr. Jiang would resign his post as head of the military. Shortly thereafter, Mr. Zhao was arrested on charges of leaking state secrets. The Times maintains that Mr. Zhao was not the source for the latter story.

Prosecutors dropped the state secrets charge in August for lack of evidence. But Beijing couldn't lose face, so the court pursued an unrelated, and very fishy, fraud charge against the journalist. After a closed trial (justified by the state secrets charge, even though that count had already been dropped), Mr. Zhao was convicted and sentenced to three years behind bars. In a five-minute "hearing" last week, a court denied Mr. Zhao's appeal. He will spend the next 10 months in jail serving out the rest of his sentence.

Also on Friday, Chen Guangcheng's appeal was rejected by a county court in Shandong province. Mr. Chen, a blind lawyer who worked to reveal abuses of China's one-child policy, was convicted of property damage and inciting mob violence in a trial that, like Mr. Zhao's, stunk of political interference. In the 30-minute retrial, the defense wasn't allowed to present witnesses or evidence, according to the Associated Press. He lost his appeal.

Human rights advocates suggest it's no accident Mr. Zhao's appeal landed on the same day Beijing eased restrictions on foreign journalists. That's because the new "freedoms" do not apply to Chinese research assistants working with foreign correspondents. Mr. Zhao's fate appears designed not just to punish a squeaky wheel but to intimidate other research assistants, too.

Thus, even while Beijing is trying to make itself look more open to foreign reporting as a concession to the International Olympic Committee, the government is menacing the Chinese journalists who make much of that reporting possible. Some correspondents will be able to cover preparations for the 2008 games. But in the wake of the Zhao ruling, no one will be fooled about what Beijing really thinks of a free press.

U.S., Seoul Discuss Free-Trade Deal (WSJ)

By Evan Ramstad

DOJ_NMG_0101790

The Wall Street Journal, December 4, 2006

SEOUL -- Talks on a proposed U.S.-South Korea free-trade agreement -- which is President Bush's biggest bilateral trading initiative and would be Seoul's largest such deal -- resume today with the toughest issues on the table.

The progress the two countries make this week at a Montana ski resort will determine whether they can reach a deal in time for Mr. Bush to seek a simple yes-no vote on it from Congress. His trade-negotiating authority will expire in June and Congress will then take back the ability to change trade deals, a power that inhibits countries from negotiating with the U.S.

For South Korea, the pact would provide a boost to its already-healthy sale of products to the U.S. and drive a broad restructuring of numerous protected industries as well as its consumer market. For the U.S., the deal would have a smaller relative effect, though it should help American farmers and manufacturers sell more goods in South Korea, now the world's 10th-largest economy.

Earlier negotiating rounds progressed more slowly than expected and the two countries are just now tackling the thorniest issues, such as how to reduce tariffs on food and autos. The session this week in Big Sky, Mont. -- the fifth formal negotiating round -- was previously expected to be the last one.

As the round opens, the two countries are also squabbling over South Korea's ban on U.S. beef, which was imposed in late 2003 after a case of mad-cow disease was reported in Washington state. In October, Seoul lifted the ban partially by agreeing to buy boneless beef, which is considered the safest because the disease, when present, is in bones.

But South Korea has rejected the first two multi-ton shipments of U.S. beef, the latest on Friday, after X-rays found a coin-size bone fragment in the first shipment and three sliver-size pieces in the second. The bone fragments posed no health hazard, but South Korea wants assurance it is receiving boneless beef.

A proposed free-trade agreement is particularly contentious in South Korea because it represents a major break with the country's economic history. South Korea set up sizable trade barriers in the 1960s and 1970s to assist its transformation from a poor, agrarian backwater into a wealthy industrial power. An FTA with the U.S. would remove many of those barriers and open the door for other countries to seek better trade terms with it.

In autos, South Korea imposes an 8% duty on imports and assesses taxes, based on engine size, that fall hardest on imports. And in food, duties affect almost every import, from 8% on candy to 42% on beef to 600% on popcorn. U.S. duties on Korean goods are lower in almost every case.

The two countries traded $72 billion in goods and services last year, with South Korea selling about $16 billion more to the U.S. than the U.S. sold to it.

A deal with South Korea would be the largest free-trade agreement in value for the U.S. since the North American Free Trade Agrement was reached 12 years ago. Mr. Bush's administration is also hoping to complete FTAs with Malaysia, Panama and Thailand before its negotiating authority ends.

Though nearly invisible in the U.S., the FTA negotiations are in the news almost every day in South Korea as protesters, supporters and economists argue about the potential effect of a pact. Farmers and trade-union members recently stepped up the frequency and size of their protests.

Free-trade supporters in both countries worry their message is being drowned out. "In Korea, business groups and other supporters are not prepared to beat up the passionate opposition, while, in the U.S., we do that," said Myron Brilliant, president of the U.S.-Korea Business Council.

South Korean President Roh Moo Hyun has repeatedly expressed commitment to forging an FTA with the U.S. The country has completed FTAs with Chile and Singapore and is negotiating one with Canada, which has drawn token protests. On a trip to Australia this week, Mr. Roh is expected to announce that South Korea will begin free-trade talks with that country.

Chavez Wins Re-election By Wide Margin (AP)

By Ian James

AP, December 4, 2006

President Hugo Chavez won re-election by a wide margin Sunday, giving the firebrand leftist six more years to redistribute Venezuela's vast oil wealth to the poor and press his campaign to counter U.S. influence in Latin America and beyond.

Challenger Manuel Rosales conceded defeat but vowed to remain in opposition. During the campaign, Rosales accused Chavez of edging Venezuela toward authoritarian rule and warned the president could undertake even more radical policies if re-elected.

Minutes after the results were announced, Chavez appeared on the balcony of the presidential palace singing the national anthem. He pledged to deepen his effort to transform Venezuela into a socialist society.

"Long live the socialist revolution! Destiny has been written," Chavez shouted to thousands of flag-waving supporters wearing red shirts and braving a pouring rain.

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"That new era has begun," he said, raising a hand in the air. "We have shown that Venezuela is red!... No one should fear socialism... Socialism is human. Socialism is love," Chavez said. "Down with imperialism! We need a new world!"

Since he first won office in 1998, Chavez has increasingly dominated all branches of government and his allies now control congress, state offices and the judiciary. He has called President Bush the devil, allied himself with Iran and influenced elections across the region.

Chavez also has used Venezuela's oil wealth to his political advantage. He has channeled oil profits toward multibillion-dollar programs for the poor including subsidized food, free university education and cash benefits for single mothers. He has also helped allies from Cuba to Bolivia with oil and petrodollars.

He now promises to solidify his social program.

With 78 percent of voting stations reporting, Chavez had 61 percent to 38 percent for challenger Rosales, said Tibisay Lucena, head of the country's elections council. Chavez had nearly 6 million votes versus 3.7 million for Rosales, according to the partial tally.

Turnout among the 15.9 million eligible voters was 62 percent, according to an official bulletin of results, making Chavez's lead insurmountable.

"We will continue in this struggle," Rosales told cheering supporters as he conceded defeat.

Some supporters at his campaign headquarters wept, while others were clearly angry.

"We have to do something," said Dona Bavaro, a 36-year-old Rosales supporter. "My country is being stolen. This is the last chance we have. Communism is coming here."

Rosales, a cattle rancher and governor of western Zulia state who stepped down temporarily to run against Chavez, focused his campaign on issues such as rampant crime and corruption, widely seen as Chavez's main vulnerabilities.

A top Rosales adviser, Teodoro Petkoff, said the voting was carried out in a "satisfactory manner." He said some irregularities had occurred but most were resolved. Another member of the Rosales camp had accused pro-Chavez soldiers of reopening closed polling stations and busing voters to them.

Even before polls closed, Chavez supporters celebrated in the streets, setting off fireworks and cruising Caracas honking horns and shouting "Chavez isn't going anywhere!"

Earlier, Chavez loyalists jarred voters awake hours before dawn in Caracas with recordings of reveille blaring from truck-mounted loudspeakers.

"We're here to support our president, who has helped us so much," said Jose Domingo Izaguirre, a factory worker who waited hours to vote. His family recently moved into new government housing.

Rosales supporters accused Chavez of deepening class divisions with searing rhetoric demonizing his opponents.

Alicia Primera, a 54-year-old housewife, was among voters so passionate about the choice that they camped out overnight in voting queues.

"I voted for Chavez previously. I cried for him," Primera said. "Now I'm crying for him to leave. He's sown a lot of hate with his verbiage."

The campaign has been hostile, with Chavez calling Rosales a pawn of Washington and Rosales saying he was on the alert for fraud. Rosales' campaign had endorsed the electronic voting system as trustworthy — as long as no attempts were made to thwart it.

More than 125,000 soldiers and reservists were deployed to safeguard the balloting.

In Washington, State Department spokeswoman Janelle Hironimus stressed "the importance of a free, fair and transparent process."

Conflict and ambition have marked the rise of Chavez, 52, from a boy selling homemade sweets in a dusty backwater to a failed coup commander in 1992 and now a leader who could set the tone of Latin American politics for years to come.

Constitutional reforms he oversaw in 1999 triggered new elections the following year that he easily won. Loyalists helped him survive a 2002 coup, a subsequent general strike and a 2004 recall referendum.

Chavez says he would convene a commission upon re-election to propose constitutional reforms, likely including an end to presidential term limits. Current law prevents him from running again in 2012.

The president insists he is a democrat and will continue to respect private property — though he has boosted state control over the oil industry and has said he might nationalize utilities. Venezuela is the world's fifth largest oil exporter and soaring oil prices have made it the continent's fastest growing economy.

Chavez has pledged at least $1.1 billion in loans and financial aid to Latin American countries in the past two years, and billions more in bond bailouts for friendly governments as well as generously financed oil deals. But the largesse has proved a weakness at home, with polls suggesting many Venezuelans believe the aid impedes efforts to address the country's own problems.

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Chavez, who says Fidel Castro is like a father to him, has built increasingly close ties with Cuba, sending the island oil while thousands of Cuban doctors treat Venezuela's poor for free.

Chávez Wins Easily In Venezuela, But Opposition Protests (NYT)

By Simon Romero

The New York Times, December 4, 2006

CARACAS, Venezuela, Dec. 3 — President Hugo Chávez was re-elected in a landslide on Sunday night, as voting tallies poured in from throughout the country. But representatives of the opposition candidate contended that the results were tainted by irregularities.

With 78 percent of the votes counted, Mr. Chávez was ahead with 61 percent, compared with 38 percent for Manuel Rosales, the governor of Zulia State, Venezuela's electoral council said late Sunday night as it declared Mr. Chávez the winner. Thousands of supporters filed into the streets around Miraflores, the president palace downtown, to hear Mr. Chávez deliver a victory speech in the rain.

"Long live the socialist revolution!" Mr. Chávez yelled to the crowd, pumping his fist in the air. His supporters, many of them dancing, reacted by chanting, "Ooh-ah, Chávez isn't leaving!"

The win for Mr. Chávez gives him a stronger mandate to press forward with his socialist-inspired policies in Venezuela and abroad. He signaled as much in his victory speech, invoking figures from Jesus Christ to Pancho Villa as influences for his ambitious plans.

The tension between the campaigns of Mr. Chávez and Mr. Rosales reflected a polarized electorate in Venezuela, but by contrast the voting itself was largely tranquil, with few reports of clashes or other violence. Both candidates spent heavily in the race, with supporters for Mr. Chávez and Mr. Rosales each using American polling companies until well into Sunday evening.

Evans/McDonough, a polling company based in Oakland, Calif., and hired by Venezuela's national oil company, released an exit poll indicating that Mr. Chávez was ahead, with 58 percent of the vote, to 40 percent for Mr. Rosales.

The results showed Mr. Rosales doing better than had been forecast in some polls, and his advisers said that quick counts indicated that he had won in several states and Caracas. But Mr. Rosales conceded defeat in a brief speech Sunday night, while saying the margin of Mr. Chávez's victory was narrower than official results indicated.

"It's been a hard fight against the mechanisms, all the dimensions of the government," Mr. Rosales said.

Antonio Márquez, an official with Mr. Rosales's campaign, said: "There's been a great deal of pressure exerted by the government to demonstrate that they won. This climate of tension is not positive for the country."

Other campaign officials for Mr. Rosales said soldiers had forced some polling places to remain open past the 4 p.m. closing time on Sunday to allow supporters of Mr. Chávez to vote. International observers in various parts of the country, however, said the election took place without signs of wrongdoing.

"One had to be moved by the earnestness and attention to detail," said Martin Garbus, a trial lawyer from New York invited by Venezuela's government to observe the election in Sarare, a town in the state of Lara. "it was a lesson in participatory democracy."

Once the official results are in, how Mr. Chávez and Mr. Rosales react will determine whether Venezuela will return to the instability and street violence that had marred earlier elections. Mr. Rosales said Sunday night that he would continue leading the political opposition in the country, but it was clear that many critics of Mr. Chávez were hoping for a stronger response.

Still, the margin in Mr. Chávez's favor reflected widespread support for the president as Venezuela reaps the economic benefits of high oil prices. Mr. Chavez has redirected government spending by creating an array of social welfare programs that benefit the poor.

In Caracas, voting at the Simón Bolívar elementary school in San Blas, a slum in the Petare district, proceeded calmly on Sunday morning. Once outside after voting, some voters put on red shirts and hats, indicating their support for Mr. Chávez. "I'm red, very red," said Carlos Gelvis, an unemployed man from Petare, in a reference to a refrain of Mr. Chávez's campaign.

Chavez Re-elected Venezuela's President (FT)

By Andy Webb-Vidal

Financial Times, December 4, 2006

Hugo Chávez was re-elected Venezuela's president for a six-year term on Sunday with 61 per cent of the vote, 23 percentage points ahead of his main challenger, according to preliminary official results from electoral authorities.

Manuel Rosales, the predominant opposition candidate, won just over 38 per cent of the vote, the National Electoral Council said on Sunday evening.

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Tibisay Lucena, head of the CNE, said that the preliminary result was based on the tally from 78 per cent of polling stations around the country.

Mr Chávez's margin of victory of between 20 and 25 percentage points - if confirmed after an audit comparing electronic voting results with paper records - would be roughly in line with opinion polls published in the run-up to Sunday's ballot.

An exit poll released on Sunday evening by US pollster Evans/McDonough suggested Mr Chávez was leading with 58 per cent compared with 40 per cent for Mr Rosales.

Mr Chávez, a former army officer who often rails against the Bush administration and who has governed the world's fifth largest oil exporter for almost eight years, pledged to radicalise his left-leaning "Bolivarian Revolution".

"Today begins a new era," screamed Mr Chávez during his victory speech from a balcony at the presidential palace. "The central idea of that new era will be the deepening and the expansion of the Bolivarian Revolution towards Socialism."

But earlier in the evening, opposition leaders had alleged that voting centres had been re-opened in some areas to allow hastily mobilised presumed pro-Chávez supporters to vote.

Mr Rosales, who stepped down as governor of the western oil-rich state of Zulia to challenge the incumbent, was expected to address his supporters on Sunday night.

On Sunday, Mr Rosales had claimed that "problems" were delaying and adversely affecting voting in as many as a third of polling stations.

He alleged that were signs that voters who claimed they had voted for him received "null vote" paper receipts from the electronic voting machines.

Before the first partial official result was announced, Teodoro Petkoff, a leading political commentator and Mr Rosales's chief campaign strategist, urged opponents to be patient for the result of the auditing process, which was expected to take several hours.

Electoral witnesses and some international observers from the Organisation of American States and other institutions were due to oversee the audit of electronic ballot results at about 17,500, or 54 per cent, of polling stations.

Shortly after the partial results were announced, Mr Chávez celebrated by singing the national anthem from a balcony at the presidential palace.

Government supporters set off a volley of fireworks in the centre of the city and in the poor slums that encircle the city, home of Mr Chávez's political constituency.

During the day, Mr Chávez, who often portrays himself as the voice of the people, turned up to vote in a poor neighbourhood of Caracas driving a red Volkswagen Beetle.

Venezuela's ChÃ¡vez Wins Decisive Victory (WP)

By Juan Forero

The Washington Post, December 4, 2006

CARACAS, Venezuela, Dec. 3 -- By an overwhelming margin, Venezuelans reelected President Hugo ChÃ¡vez on Sunday, further extending a presidency that began when the former paratrooper was swept into power eight years ago, intent on overturning Venezuela's old social order. ChÃ¡vez will receive another six years in office to broaden his leftist revolution and contest American initiatives across Latin America.

"Today is a new era," the fiery populist leader told screaming supporters. "Venezuela is red, very red."

With 78 percent of the votes counted by 10 p.m., electoral authorities announced that ChÃ¡vez, 52, had secured 61.3 percent of the vote to 38.4 percent for Manuel Rosales, whose candidacy united a fractured opposition but had only four months to gather momentum. Minutes after the National Electoral Council announced that ChÃ¡vez had garnered 5.9 million votes to 3.7 million for Rosales, the president appeared at the balcony of the presidential palace.

Euphoric supporters, ignoring a downpour, burst into the streets, waving flags, shooting off fireworks and chanting pro-ChÃ¡vez slogans.

"Everything has been completed, the great victory of the Bolivarian revolution," ChÃ¡vez said as rain soaked him and close aides on the balcony. "It's another great victory: a victory of love, a victory of peace, a victory of hope. It's a victory for all Venezuela. May Venezuela be victorious always."

With the win, ChÃ¡vez's Bolivarian revolution will last until at least 2013, although ChÃ¡vez told reporters on Thursday that a change to the constitution could permit him to rule even longer.

"I'm not planning to say in the constitution, 'Hugo ChÃ¡vez will remain in the presidency until he dies,' because that would be perverse," said ChÃ¡vez, who under the law can serve only one more term. "It's very different to study the possibility of indefinite reelection. It will always be the will of the people."

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Rosales, 53, later conceded defeat without declaring fraud, as opponents had done in the last major election they lost to ChÃ¡vez, a recall referendum two years ago. Rosales did, however, say that his campaign believed the electoral council's figures were off and that the final results were tighter.

"The truth is that though the margin is closer, we recognize that today we were defeated. But we continue to fight. We will remain in the street," he said. "It's not time to give up."

Earlier in the evening, an aide close to Rosales, Julio Montoya, called early voting estimates "false and manipulated," without offering proof. Other officials in the Rosales campaign said voting equipment malfunctioned at several polling sites and that there were delays in pro-Rosales districts.

Authorities with the five-member National Electoral Council said they had not found serious discrepancies.

"Everything is perfectly normal in the country," Vicente DÃ-az, who is considered partial to the opposition, told reporters Sunday night. Observers from the European Union, the Atlanta-based Carter Center and the Organization of American States monitored the vote and reported only isolated incidents by early Sunday night.

The ChÃ¡vez victory further consolidates the tide of leftist politicians who have won office in Latin America in recent years, including a former labor leader in Brazil, Luiz Inacio Lula da Silva; Michelle Bachelet, a market-friendly socialist in Chile; and Evo Morales, the indigenous leader of Bolivia. Although Colombia, Peru and Mexico this year elected pro-trade, pro-U.S. presidents, leftist leaders who criticize market reforms and sharply question the Bush administration's policies in the region were elected last month in Nicaragua and Ecuador.

But Venezuela's government is the most defiantly anti-Bush, with ChÃ¡vez making theatrical accusations about U.S. designs on Venezuela's oil deposits, even though many of the biggest producers here are American multinationals.

ChÃ¡vez's government will ensure that Venezuela, which says it has the largest oil reserves outside the Middle East, remains a price hawk in the Organization of the Petroleum Exporting Countries. The president has also said he would solidify Venezuela's relations with Cuba and Iran, countries the Bush administration is working to isolate. ChÃ¡vez, who survived a 2002 coup that the White House tacitly endorsed, often accuses Washington of backing undemocratic opposition groups.

"This is another defeat for the devil," ChÃ¡vez said, referring to Bush with a term he used to describe his U.S. counterpart at the United Nations in September. "Venezuela has independence. Venezuela is free. Venezuela will never be a North American colony."

With bugles and fireworks awakening voters across Caracas and beyond early Sunday morning, Venezuelans flocked to 32,000 voting booths guarded by 125,000 soldiers and reservists. ChÃ¡vez drove himself in a red Volkswagen Beetle to cast his ballot at the 23rd of January housing development, not far from the presidential palace.

"I feel very happy, very happy," he said. He added that with this election, he has faced off and defeated his opponents four times, including his first win in 1998, an election in 2000 after the constitution was changed to permit him to be elected to a six-year term, and the 2004 recall that left his foes demoralized.

With oil prices having reached historic highs, and ChÃ¡vez's Fifth Republic Movement in control of the National Assembly and other institutions, the government has funneled billions of dollars into education, health and nutrition programs. Venezuela's economy has been roaring, growing at 18 percent in 2004 and 9.3 percent last year.

Although private investment has dwindled and half of Venezuelans work in the black market, the government's spending has put money in banks and in people's pockets. Business sectors dependent upon government contracts are booming, and the stock index on Friday had its biggest increase in nearly four years on the strength of the belief that ChÃ¡vez would win.

In a recent opinion poll conducted by Ipsos for the Associated Press, 66 percent of respondents said they approved of ChÃ¡vez's administration. The poll showed that although most Venezuelans see ChÃ¡vez as authoritarian, they also overwhelmingly approve of his social policies, which have given a voice to a vast underclass that had felt forgotten under previous governments.

In CaÃ±o Amarillo, a working-class neighborhood near downtown Caracas, several people said they voted for the president, overlooking concerns they had about crime and his combative style.

"I think the president has done what he said he would do," said Jose Medina, 54, a schoolteacher. "He's put the social policies above everything else."

Another voter, Pedro Fiaggio, 76, summed up his support for ChÃ¡vez by rattling off the programs that benefit him and his wife, Lesbia, 62 -- a healthy pension, subsidized food and educational programs for seniors. He said the opposition would never have offered the same.

"They are people who are always out for their own self-interest," he said. "We didn't have a real vote with them."

The opposition, which has suffered a series of setbacks since the coup, had hoped to appeal to voters by focusing on issues such as spiraling crime, alleged corruption and unchecked spending. Rosales, 53, governor of Zulia state, the historic heart of Venezuela's oil industry, had proposed a populist handout program to cut into ChÃ¡vez 's support base.

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"The future of Venezuela is at stake," Rosales told supporters as he cast his ballot.

There were, to be sure, millions of Venezuelans who agreed that a change was needed. "We've had eight ears without work, nothing stable," said Victor Castellanos, 53, a construction worker.

Another voter, Marco Ravelo, 39, a cabdriver, said he was tired of ChÃ¡vez's obsession with the Bush administration, as well as the government's generous outlay of aid to poor countries. "We need better relations with other countries," he said. "ChÃ¡vez divides countries. He gives away all this oil, and we still have poverty and misery here."

Chávez Landslide May Speed Venezuela Changes (WSJ)

By José De Córdoba

The Wall Street Journal, December 4, 2006

CARACAS, Venezuela -- President Hugo Chávez won a landslide election to a new six-year term, sparking fears among foes that he will accelerate his quest to install what he calls "21st-century socialism" in the world's fifth-largest oil exporter.

With 78% of the vote counted, Mr. Chávez, who has built a massive base of support by spending billions on subsidized health, education and other social programs benefiting poor Venezuelans, won 61% of the vote to opposition candidate's 38%. His victory stoked concern among his opponents that Mr. Chávez, an admirer of Cuban leader Fidel Castro, would press the accelerator on what his opponents fear is his attempt to remake Venezuela along the lines of communist Cuba.

"Long live the socialist revolution," cried Mr. Chávez after singing the Venezuelan national anthem from a window in the presidential palace as a crowd below shouted "Uh, Ah, Hugo no se va," or "Uh, Ah, Hugo's not leaving."

Teodoro Petkoff, a top official in the campaign of opposition candidate Manuel Rosales, said while there had been scattered "incidents," the election had "developed in a satisfactory way." Mr. Rosales conceded late last night.

Encouraged by his victory, Mr. Chávez will no doubt redouble efforts to create an anti-American and anti-free-trade bloc in the hemisphere, while lending diplomatic support to other anti-U.S. countries such as Iran. Last week, Rafael Correa, a Chavez ally, won Ecuador's presidential election. But most analysts believe that Mr. Chávez's populist "Bolivarian" revolution, which relies on his free spending of billions in oil income, isn't easily exportable.

Mr. Rosales, a tough and experienced politician, managed to unite a fractured and inept opposition and mount a feisty campaign against Mr. Chávez, who had enormous state resources. It was unclear whether Mr. Rosales, who took a leave of absence as governor of Zulia, Venezuela's second-most-important state, to run for the presidency, would try to mount a national opposition movement to Mr. Chávez or return to Zulia, where he retains a regional power base.

Opponents fear Mr. Chávez's landslide could consolidate his power for years. Already Mr. Chávez, who has repeatedly said he will stay in power until 2021, controls all 167 seats in Venezuela's National Assembly, as well as Venezuela's judicial branch. With the political wind at their backs, Mr. Chávez, 52, and his congressional allies are expected to push through a constitutional overhaul abolishing term limits, permitting the fiery populist to run repeatedly for re-election.

Mr. Chávez may also move to increase state control over private education, and further extend control over Venezuela's highly centralized economy by promoting noncapitalist forms of production and exchange such as cooperatives. Quirkily, Mr. Chávez last month called for the introduction of barter in the country's rural economy. The Venezuelan government already has in place extensive foreign-exchange controls, while Mr. Chávez exerts control over the state oil company, Petróleos de Venezuela SA, or PDVSA, which is the motor of this oil-dependent economy.

Mr. Chávez has also said he favors forging a single government party from the handful of parties that now support him. Analysts believe Mr. Chávez would also increase the already prominent role of Venezuela's armed forces in the government.

The landslide was a not-unexpected triumph for Mr. Chávez, who has dominated and convulsed Venezuelan politics for more than a decade. He first erupted on the scene as one of the ringleaders of a failed coup in 1992. He served two years in prison but was released as part of an amnesty in 1994.

Four years later, capitalizing on a general sense of disgust with Venezuela's political parties, widely seen as corrupt, Mr. Chávez won the presidency with 56% of the vote. He then redrew Venezuela's constitution, giving him much wider powers. In 2000 he again was elected president. But his fiery rhetoric directed against Venezuela's middle and upper classes, which he labeled "oligarchs," his confrontational stance with the U.S., and his closeness with Mr. Castro violently split the country.

Mr. Chávez is expected to continue Venezuela's bankrolling of Cuba's hard-pressed economy. Analysts say Venezuela's aid to the island, which includes about 103,000 barrels per day of petroleum products, could be as much as $3 billion a year. In turn, Cuba provides the services of more than 20,000 doctors as well as an untold number of security agents. While Mr. Chávez already exerts almost total control over Venezuela's government institutions, he could well face resistance if he tries to mold Venezuela's chaotic, consumerist and largely nonideological society along austere Cuban lines.

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"In Cuba if you have two televisions, you have to give one to the government. You can't do that because we are free," says Yelitza Ojeda, 33, a maid at a luxury Caracas hotel whose 15-member family all voted for Mr. Chávez. "The same way we put him in power, we can knock him out of power, but I don't think he wants to do a Cuban-style government here."

Another likely restraint on Mr. Chávez' radical ambitions is the widespread corruption that has flourished under his government. A newly rich class of government officials, military officers and businessmen with close links to the government, known as Boliburgeses, or Bolivarian bourgeoisie, has sprung up in the last few years. These wealthy and powerful barons now have foreign bank accounts, apartments in Miami and private jets they are loath to lose. "The powers in the Chavista movement-the military, mayors, government ministers, and top managers of state companies -- are all capitalists," says Juan Carlos Zapata, a political analyst here. "They are nervous about where the system is going and where Chávez is going."

Lebanon Again At The Brink (CSM)

By Nicholas Blanford

The Christian Science Monitor, December 4, 2006

BEIRUT, LEBANON

Fresh from fighting Israeli troops in south Lebanon this summer, militant Hizbullah is engaged in a new battle - this one political. Its supporters and its opposition allies are camping on the streets of Beirut determined to bring down the Western-backed Lebanese government.

Hizbullah's new campaign, which entered its third day Sunday, brings into sharp relief the conflicting motivations underpinning the group, in which its ambitions as a national party are balanced against obligations as an Iranian and Syrian ally in the struggle to curb US regional influence.

But to win politically at home, especially in its bid to bring down the anti-Syrian March 14 ruling coalition, Hizbullah has to convince Lebanon that it isn't simply pushing an agenda dictated by Tehran and Damascus.

"The Syrian-Iranian camp, led by Hizbullah, has begun to implement a plot for a coup," proclaimed a headline in Saturday's Al-Mustaqbal newspaper, which is owned by the family of Saad Hariri, who heads the March 14 bloc.

To be sure, Hizbullah denies that its actions are dictated by outsiders. "Definitely Michel Aoun is not allied to Syria and Iran, and he's a big component of this opposition movement," says Ali Mokdad, a Hizbullah member of parliament, referring to a retired general who heads a mainly Christian opposition party and fought the Syrian Army in Lebanon in 1989-90. "This accusation is not logical. We are a completely Lebanese movement."

Rows of coiled razor wire and armored vehicles mark the new front line in Lebanon's latest political crisis. The barricades are strung across roads leading to the Grand Serail, the Ottoman-era military barracks that today houses the offices of the prime minister, Fouad Siniora. Mr. Siniora and several cabinet colleagues have been working and sleeping in the safety of the Grand Serail since the assassination two weeks ago of Pierre Gemayel, industry minister and a Christian leader.

A stone's throw from the hilltop building are dozens of white canvas tents erected by the protesters Friday evening. One city square facing theGrand Serailand the glass and stone United Nations building is occupied by supporters of Hizbullah and its allies in the Amal Movement, another by Christian and Druze opposition groups.

A towering bank of loudspeakers broadcasts a steady diet of Hizbullah military songs and recorded speeches by Sheikh Hassan Nasrallah, Hizbullah's charismatic leader.

"We will be here not less than five days," says Ali Allawi, a Hizbullah supporter from Tyre in south Lebanon. "It might take longer because those people up there are crocodiles," he adds with a dismissive gesture at the nearby Grand Serail.

The long-simmering political crisis escalated two weeks ago when a depleted government endorsed a UN resolution to form an international tribunal to try those suspected of killing Rafik Hariri, a former prime minister who died in a truck bomb explosion in February last year. The vote went ahead without the participation of six ministers - including all five Shiites - who quit the government prior to the emergency cabinet session.

Emile Lahoud, Lebanon's staunchly pro-Syrian president, as well as Nabih Berri, the parliamentary speaker and ally of Hizbullah, has ruled the government's approval of the tribunal as unconstitutional due to the absence of the Shiite ministers and the lack of prior coordination between the president and prime minister.

The March 14 coalition suspects that the Hizbullah-led opposition is acting on behalf of Syria to hinder or delay the formation of the tribunal. A UN commission investigating Hariri's murder has indicated the involvement of senior Syrian and Lebanese security officials.

But Hizbullah dismisses the notion that the tribunal lies at the root of the present troubles, insisting that the street protest is solely about domestic grievances. "The talk about the tribunal is just an excuse by the government," says Mr. Mokdad. "This is a Lebanese affair. We want a government of national unity that represents all the Lebanese, including the groups that make up March 14."

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The opposition says its campaign was spurred by the March 14 coalition refusing to grant it a number of cabinet seats proportionate to its share of parliament. The opposition component of the 24-seat government included four ministers considered allies of Mr. Lahoud. But recently they had begun to distance themselves from the president, shifting the balance of power in the cabinet firmly in favor of the March 14 bloc.

"All we wanted was to replace Lahoud's share with our allies to restore the balance in the government," says Ali Hamdan, an official with Amal. "They [the government] should stop saying that Hizbullah is hijacking a large part of Lebanese society," he adds. "These are not the Taliban, they are Lebanese."

Still, Hizbullah's opposition also reflects a deep mistrust of a government that it regards as a tool of US foreign policy. The Shiite party was angered by what it considered to be a lack of support from the government during the war with Israel and has accused it of plotting to disarm Hizbullah's military wing on US orders to benefit Israel.

The Bush administration, which fully endorsed the mass street protests of 22 months ago that brought down the pro-Syrian government of then Prime Minister Omar Karami, has likened the Hizbullah-led equivalent to a "coup" attempt.

With US authority in Iraq steadily waning, Lebanon finds itself playing a key role in the confrontation pitting Washington and its regional allies against an anti-Western alliance grouping Iran, Syria, Hizbullah, and Hamas.

If Hizbullah and its allies succeed in toppling the government, US influence in Lebanon will inevitably weaken in favor of Syria and Iran. And that, say some analysts, is an underlying motive for Hizbullah's political gambit.

"I think Hizbullah's primary perspective has to be regional," says Paul Salem, director of the Carnegie Middle East Center in Beirut. "They are stuck in a regional agenda because they are financed by Iran."

Chávez Easily Wins Fourth Term (MH)

By Phil Gunson And Steven Dudley

The Miami Herald, December 4, 2006

CARACAS - President Hugo Chávez won his fourth presidential bid in eight years on Sunday, defeating career politician Manuel Rosales and boosting his "21st Century Socialism," which includes widespread social projects, increasing relations with countries such as Cuba and Iran, and diminishing relations with the United States.

The National Electoral Council, or CNE, announced at 9 p.m. EST that Chávez had received 61 percent of the vote and Rosales 38 percent, with 78 percent of the votes counted.

The victory was greeted with fireworks, small parades, dancing and chants of "Uh, Ah, Chávez no se va!" -- Chávez will not go -- throughout a rain-soaked Caracas.

"Long live this day of victory! -- your destiny was already written!" Chávez told the thousands of red-clad supporters who had gathered in front of the presidential palace to celebrate with their leader.

Rosales, who had succeeded in reuniting a fractious opposition movement in his short campaign, conceded victory to Chávez.

"They beat us, but we will continue to fight," Rosales told a crowd of supporters.

But the lifelong politician from the western oil producing state of Zulia may have a difficult time keeping a united front, as previous Chávez victories have been greeted with incredulity and cries of fraud.

Chávez's incredible rise to president in 1998 -- after participating when he was an army lieutenant colonel in a failed military coup in 1992 -- is almost as amazing as his seven-year run as the leader of this oil-rich nation of 27 million people.

Chávez survived a coup attempt in 2002, a national strike later that same year and a recall referendum in 2004. Along the way he changed the country's constitution, and stacked almost all of its courts, councils and prosecutors' offices with his allies. A Chávez-controlled legislature has also passed laws squelching opposition press and given rise to fears that he is more a dictator than democrat.

Internationally, Chávez played a key role in rebuilding a fragmented OPEC and driving oil prices to record highs. He built a name as an outspoken critic of the Bush administration and world leader of the poor: From northern New York State to the Patagonia, Chávez's name resonates with the underclass.

"He's not given me anything," said José Brito, a 45-year-old handyman who voted for Chávez in the poor Catia district in western Caracas near where Chávez himself voted. ``But he's helped members of my family, my friends, my neighbors."

Chávez's freewheeling use of his oil revenue helped his friend and mentor, Fidel Castro, create an economic coalition outside the U.S. sphere of influence. Courting countries like Iran perturbed Washington, seemingly powerless to slow Chávez' march toward ``21st Century Socialism."

About the only one who seems to be able to slow Chávez down is the Venezuelan president himself, who may have overstepped his bounds recently by declaring the podium at the United Nations smelled of "sulfur" because President Bush had

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spoken there, and that Israel was in the wrong for attacking Lebanon-based Hezbollah guerrillas. The outbursts may have cost his country a rotating seat on the U.N. Security Council last month.

Still, oil affords Chávez tremendous latitude in foreign and domestic affairs. Chávez's oil wealth has bought friends abroad and helped him start widespread health, education and subsidy programs at home that sustain his popularity despite rising crime and corruption that rank this country among the most dangerous and graft-prone in the hemisphere.

"I voted for my commander," said Jorge Mendoza, a 48-year-old carpenter, referring to Chávez, after voting in the poor neighborhood of Catia in western Caracas. ``He does things that no other government has done."

Mendoza said two of his sons got new houses from the Chávez administration after mudslides destroyed their homes in 1999.

And if this election proved anything, it was that Chávez is as much image as substance. The president arrived to vote in a poor neighborhood in western Caracas in a red Volkswagon Beetle, a longtime symbol of working class and intellectual revolutionaries in Latin America. After voting, he spoke about his leftist partners in the hemisphere.

But Chávez's socialist messages aside, Venezuela continues to be a largely capitalist country. Restaurants and malls remain packed with patrons of all classes taking advantage of an oil boom that has created a new wealthy class that has some of the same tastes in whiskeys and private airplanes as the old.

Still, Chávez remains the symbol of a seismic shift in Latin American politics. From Nicaragua to Brazil, the region is electing leftists who spend more money on their own social welfare than paying off their foreign debt. Chávez plays the dual role of financier and cheerleader of these changes and promises to continue pushing for more regional integration of its loosely knitted components.

The future also promises more controversy and changes at home.

The president has said he would create a commission to study changing the country's constitution again, possibly giving him endless opportunities to run for president in the future.

At the same time, he's reiterated that he is not a threat to private property, even while he's hinted that his "socialist" revolution here will be more profound in years to come.

Chávez has some problems. His own movement is splintered by corruption and envy, and crime rates are rising.

But if this election is any indication, Chávez still seems to have the confidence of the poor majority.

"He's the president of the humble people," said Lady Fernandez, a 52-year old nurse who voted in Catia.

Clashes Break Out On 3rd Day Of Protests In Beirut (USAT)

By Jeffrey Stinson

USA Today, December 4, 2006

BEIRUT — Tens of thousands of protesters led by the militant Shiite group Hezbollah poured into Beirut for the third day Sunday in a show of force aimed at toppling the elected government of Prime Minister Fuad Saniora.

“Saniora out, Saniora out!” Abbass Kaiss, 19, of Beirut chanted with fellow Hezbollah supporters.

The protests, which Saniora described as an attempted coup, had been peaceful until Sunday, when clashes broke out between Shiite and Sunni Muslims.

Police officials told the Associated Press that a 20-year-old Shiite Muslim was shot and killed in a neighborhood of West Beirut. The officials spoke on condition of anonymity because they were not allowed to speak to the press.

The death happened as a group of Hezbollah supporters were returning home from the downtown protest and passed through the predominantly Sunni neighborhood. Police officials said the two sides threw stones at each other before shots were fired.

Saniora says the protests are an attempt by Syria and Iran to bring down a democratically elected government. Syria and Iran support Hezbollah, sending arms and money to what the U.S. State Department says is a terrorist group.

Saniora said he has received words of support from other Arab nations as well as the United States and France.

“This government will continue as long as it enjoys the support and backing of the constitutional institutions in the country, most importantly Parliament,” he said.

The Saniora government is largely backed by Sunni Muslims and Christians who oppose involvement in Lebanon's affairs by neighboring Syria.

“We will remain strong,” said Walid Jumblatt, a senior member of the Saniora coalition in Parliament. “There is a legitimate government and an illegitimate government that wants to topple it.”

The majority of the seats in Lebanon's elected parliament are held by a coalition opposed to Syrian influence. Syria withdrew its military forces from Lebanon last year after a 29-year occupation but is accused of assassinating politicians in the country since its departure.

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Hezbollah controls 35 of the 128 seats in Parliament but is demanding a third of the seats, which would allow it to veto some policies. Among those is an attempt to prosecute individuals for the assassinations.

Hezbollah's five members in the government resigned after its demands were refused.

Friday, hundreds of thousands of people descended on the capital to demand the government resign. They set up tents and appeared to be prepared to remain for days.

The Lebanese army has dispatched armed security services and thousands of soldiers backed by armored vehicles to central Beirut. They are under orders to stay neutral but protect government offices from any attempt to storm them.

The government has urged its supporters to stay at home and not confront protesters.

"We will stay 50 days and nights, or until Saniora goes away," said protester Nadir Ghabress, 15, who was camping in a tent city in Martyrs and Riad al-Solh squares.

"We want to change the government; we want Nasrallah," he said, referring to Hassan Nasrallah, Hezbollah's leader who orchestrated the kidnapping of Israeli soldiers in the summer the sparked a 34-day war with Israel.

Also turning out in force were thousands of supporters of Michel Aoun's Christian Free Patriotic Movement, who sported their orange colors while Hezbollah waved its yellow flags.

Aoun has aligned himself with Hezbollah, perhaps in a bid for greater power since he has long fought Syrian influence.

"This goes beyond religion," said Patrick Nakhle, 33, a Beirut lawyer and Aoun supporter.

"We are Christians, they are Shiites," he said, pointing to Hezbollah demonstrators. "But we are all Lebanese under one flag."

Chavez Defeats Foe In Landslide (WT)

By Kelly Hearn

The Washington Times, December 4, 2006

CARACAS, Venezuela -- A barrage of fireworks rattled windows last night in this expectant city as election officials announced that President Hugo Chavez, the oil-funded socialist revolutionary who has vilified the Bush administration, won a landslide victory over his conservative opponent.

The first-round preliminary results showed Mr. Chavez with 61.3 percent of the vote and Manuel Rosales with 38.4 percent.

The news erupted through a city grown tense in recent weeks.

Within minutes of the announcement, Mr. Chavez was addressing a rain-soaked crowd of screaming supporters in his trademark red shirt -- a symbol of his socialist revolution.

Standing on the balcony of the presidential palace, he led the crowd in song, declaring the historic election a "victory for the future" and at times chanting "justice, justice, justice."

A loss by Mr. Rosales, a conservative who unified a fragmented opposition, hands Mr. Chavez six more years to guide the world's fifth-largest oil producer down a socialist path seen by many as a line against waning U.S. influence in Latin America.

Since coming to power in 1998, Mr. Chavez has earned a near iconic status among Venezuela's poor.

Mr. Chavez's party controls Venezuela's legislature and judiciary.

Flush with oil money and seemingly impervious to domestic political challenge, he has publicly called President Bush "the devil" and frequently lambasted U.S. foreign and economic policy.

Meanwhile, he has sought oil, trade and military ties with nations such as Iran, Russia and China.

Voting tables that had no voters waiting in line were officially closed at 4 p.m. as a steady rain settled over Caracas, the capital.

But opposition leaders complained that Venezuelan troops loyal to Mr. Chavez had in some cases intervened to keep voting booths opened after the official closing time.

Enriche Marquez, a Rosales campaign official, called on the military to cease interfering and "respect the law."

Officials at Venezuela's National Election Council (CNE), had released no results by press time though recent polls gave Mr. Chavez a comfortable lead over Mr. Rosales.

Other polls showed Mr. Rosales narrowing that lead in recent days.

Voting tables that had no voters waiting in line were officially closed at 4 p.m. as a steady rain settled over Caracas, the capital.

Soon afterward, however, opposition figures appeared on television accusing army officials in Caracas and the state of Sucre of forcing some voting centers to reopen. Enrique Marquez, a Rosales campaign official, called on the military to cease interfering and "respect the law."

Earlier in the day, Mr. Rosales had asked the CNE to examine reported voting-machine malfunctions at some stations located in areas heavily populated by his supporters.

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But Mr. Chavez dismissed the claims as "excuses" in a subsequent press conference.

"The information I have is that the process is moving along normally," the former military officer said before driving himself from a Caracas polling station in a red Volkswagen that was mobbed by his supporters.

Election officials later assured the public that no irregularities had been found.

In Caracas, voters had awakened by pre-dawn fireworks lined up for city blocks to pass their judgment on Mr. Chavez's socialist platform, which blends nationalist and militarist rhetoric with oil-fueled social spending.

"I will vote for my commandant Hugo Frias Chavez," said Jordi Romero, a 21-year-old security guard. "He has fixed our streets, built clinics and given the poor houses to live in."

But Manuel, a 30-year-old taxi driver and evangelical Christian who did not want to give his last name, said while he supports Mr. Chavez's social efforts, he fears the president will restrict freedom.

"I am scared that the police will have too much power and that he will restrict the church," he said.

Opposition leaders have criticized Mr. Chavez for his lavish foreign spending and for installing what they say is a Cuban-style dictatorship here. Mr. Chavez has cast his opponent as being a puppet of U.S. interests.

He is the region's staunchest critic of Mr. Bush and U.S. foreign and trade policies. But his rhetoric belies strong trade ties with the United States, especially petroleum sales made through the Venezuelan-owned Citgo Petroleum Corp., based in Texas.

Recent elections in Nicaragua, Bolivia and Ecuador have brought leftist allies of Mr. Chavez to power. And some analysts say a victory would secure his place as the anchor of a regional alternative to the United States and its regional allies, such as Colombia.

David Dent, a Towson State University political scientist, said an alliance between Mr. Chavez and incoming president Rafael Correa in Ecuador could signal "a Bolivarian effort to zero in on Colombia for a trifecta in northern South America."

Venezuela's Chavez Reelected (LAT)

By Chris Kraul

The Los Angeles Times, December 4, 2006

CARACAS, VENEZUELA — Venezuelan President Hugo Chavez was resoundingly reelected Sunday, setting the scene for a promised "deepening" of his socialist revolution and a broader role as leftist lightning rod on the world stage.

With about 80% of the ballots counted, Chavez had captured 61% of the vote, compared with 38% for Manuel Rosales, election officials said.

His reelection is expected to further Latin America's move to the left after victories by five left-leaning presidential candidates in the region in little more than a year.

Chavez, who pledges to revise his nation's constitution to allow him to serve indefinitely, may try to fill the leadership void created in July by the illness of Cuba's Fidel Castro, supporters say.

Relations between the firebrand Chavez and the United States are at an ebb because of suspicion by the Bush administration over Chavez's overtures to Iran, his billion-dollar arms purchase agreements with Russia, and what Washington says is his lack of cooperation in fighting terrorism and drug trafficking.

Venezuela is the fourth-largest supplier of oil to the United States, and revenue generated by high crude oil prices has allowed Chavez to wield considerable influence among his neighbors through energy subsidies and aid programs.

Chavez, addressing a crowd in front of the presidential palace, bellowed, "Long live the preordained popular victory. Long live the reign of socialism, the future of Venezuela…. Another defeat for the North American empire. Another defeat for the devil. Down with imperialism."

Rosales conceded Sunday night, saying he was up against "an entire state, all the power of a government in all its structure and dimensions."

"Tonight we have to recognize that they beat us," said Rosales, addressing supporters at his campaign headquarters.

The governor of oil-rich Zulia state, Rosales mounted a challenge to Chavez in September after opposition parties belatedly rallied around him.

Despite his decisive loss, observers credited Rosales with laying the groundwork for a new opposition movement.

His campaign complained of several irregularities, including refusals by National Election Commission officials at some polls to open ballot boxes for audits, as is legally required, and the keeping of voting booths open past the deadline.

Chavez and other government officials said the election was a success with no "relevant" irregularities.

"This is my fourth election where my government has been tested, and you can see the dynamism and depth of Venezuelan democracy," Chavez said after arriving before noon at a polling place in the poor January 23rd neighborhood in Caracas, driving an old Volkswagen Beetle. "It's a happy day for Venezuela."

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Chavez, who was imprisoned after a failed coup attempt in 1992, was first elected in 1998 and reelected in 2000. He withstood a recall vote in 2004.

Observers say he will waste little time in reshaping the Venezuelan Constitution to advance his "socialism for the 21st century," which includes opposition to U.S. economic policies, among them a regional free-trade agreement.

Constitutional revisions probably will include unlimited reelections, Chavez told reporters. Without the change, his upcoming term would be his last.

Carlos Escarra, a Chavez confidant and congressman, said in an interview Sunday that he and other legislators would meet this week with Chavez to plan for a sweeping new constitutional "architecture" that would strengthen the legal standing of presidential decrees, such as the transfer of ownership stakes in businesses and factories to worker cooperatives.

Legislative approval of such a revision is considered a foregone conclusion because Chavez loyalists occupy all of the 165 seats in Congress.

Opposition candidates boycotted congressional elections in December 2005.

Opponents fear that the constitutional revisions might produce a more authoritarian state. Although acknowledging his popularity among Venezuela's poor, Chavez's critics say he has weakened democratic institutions by taking control of the judiciary, Congress and the military, leaving little room for dissent.

"What is coming is not the deepening of the revolution, because there is none, but of the authoritarianism of Chavez," said historian Agustin Blanco Muñoz of the University of Central Venezuela.

Human rights lawyer Asdrubal Aguilar fears that Chavez will use a constitutional assembly to "liquidate political plurality…. He wants to eliminate diversity and replace it with a personal relation with society."

Voters waited hours to cast ballots. Lines stretched for blocks, and there were reports of polling machine failures. Opposition voters such as university student Sheila Bermudez, interviewed near the American School, claimed the breakdowns were "tortoise maneuvers" to discourage supporters of Chavez's opponent.

But long waits to vote were the norm even in pro-Chavez, lower-class neighborhoods such as Las Minas. Store manager Noreliza Iza said her three-hour wait was typical for Venezuelan elections and was "acceptable."

The Chavez victory had been predicted by virtually all pollsters, who cited his lavish spending on social programs and public works. Escarra said the victory would extend "the leadership of Chavez and Venezuela in the world."

Since last year, left-leaning candidates have won presidential elections in Chile, Brazil, Ecuador, Nicaragua and Bolivia, although not all adhere to Chavez's agenda.

Escarra predicted that Chavez would "fill the leadership space" created by Castro's illness.

Chavez has rhetorically pummeled the United States in recent years while seeking to counter U.S. influence with oil-financed aid programs to Argentina, Bolivia and the Caribbean. Of most concern to the United States are his commercial relations with Iran and his arms deals with Russia.

Chavez this year signed agreements to buy scores of Russian military airplanes and helicopters. He also sealed a deal with Moscow to build an assault rifle factory here.

"Soon we will be selling them to countries in Latin America," Chavez told reporters last week.

Chavez also criticized Bush in the Thursday interview, saying the U.S. president would "not accept the new world is multipolar, that it won't kneel before the United States."

Chavez plans to launch additional massive public works projects, including lumber, steel and aluminum factory cities in eastern Venezuela, and to build another bridge over the Orinoco River, in addition to the $1.2-billion span opened last month.

The links to Brazil, as well as a proposed natural gas pipeline to Argentina, are part of Chavez's southward development push.

He said his plans also included extending trade relations with China, which announced $5 billion in planned investments here. China and Venezuela also established a $6-billion fund to finance social projects in Venezuela.

Chavez also said he planned to increase the construction of subsidized housing, which totaled 120,000 units this year.

When he took office in 1999, Venezuela was "lost, a ship sinking at sea," Chavez told reporters. "Now Venezuela has direction…. Yes, we have committed mistakes, and there are many things left to do. That's why we are getting six more years."

Chirac And Merkel Unite Over Turkey (FT)

By Hugh Williamson, Peggy Hollinger And Wolfgang Proissl

Financial Times, December 4, 2006

Germany and France will on Tuesday demand tougher conditions for Turkey's troubled European Union membership bid, in a move likely to cause new divisions over Ankara at next week's EU summit.

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Jacques Chirac, French president, will use a meeting with Angela Merkel, German chancellor, to back her proposal that would effectively set Turkey a new 18-month deadline to open its ports to Cyprus, an EU member, the Financial Times has learned.

Such a deadline was not included in the European Commission's proposal last week on the partial freezing of the EU's membership talks with Ankara. But both Berlin and Paris believe such a deadline is necessary to maintain pressure on Turkey, officials said.

Ms Merkel said at last week's Nato summit in Riga that the Commission position needed to be "strengthened". A "review clause" on whether Ankara had opened its ports "would be desirable so that the council [EU summit] can review Turkey's progress, perhaps in 18 months' time", she said.

An official in Mr Chirac's office told the FT on Sunday: "France and Germany are on the same page with regard to Turkey."

Officials close to the French government said Mr Chirac would endorse Ms Merkel's stance at the bilateral summit on Monday near Saarbrücken, in Germany.

A Franco-German axis could unify EU countries, including Portugal, Greece and Cyprus, that are sceptical of Turkey's bid, but is also likely to alienate the Turkish government further.

Britain and some Scandinavian countries oppose setting Ankara new deadlines.

Finland, which holds the EU presidency, hopes an agreement on partial freezing of talks can be reached at an EU foreign ministers' meeting on December 11. But a spokeswoman for Ms Merkel's office said last night that the chancellor "expects the review clause to be discussed" at the EU summit on December 14-15.

Officials in Brussels criticised the Franco-German move. A Finnish senior diplomat said: "We don't think there should be an additional clause. The Turks already feel strongly punished by the Commission proposal as it is."

The Commission is proposing that the bloc agree on the freezing of eight of the 35 separate policy areas under the membership talks. Ankara has refused to open its ports – a condition of EU membership – because of its long-running political dispute with Cyprus, but would have unlimited time to do so under the Commission draft.

EU Pacts With Kazakhstan Aim To Ease Reliance On Russia For Gas (WSJ)

By Marc Champion

Wall Street Journal, December 4, 2006

ASTANA, Kazakhstan -- In the European Union's growing struggle to break Russia's grip on the bloc's gas imports, all roads are leading to Kazakhstan.

Today, the EU signs a memorandum of understanding with Kazakhstan on energy aimed at binding Europe closer to this vast country -- which stretches from the Caspian Sea to China.

Yesterday, EU Energy Commissioner Andris Piebalgs signed an accord on nuclear cooperation, with a view toward increasing Kazakhstan's share of uranium sales in the EU to 20% from 3%. Kazakhstan has one of the world's largest uranium reserves. Last week, Mr. Piebalgs, a Latvian who speaks fluent Russian, attended an EU-inspired meeting in Kazakhstan of regional energy ministers that produced a road map toward integrating their countries' energy grids and regulatory systems with the EU's.

Yet in all this flurry of documents and initiatives, the thing Mr. Piebalgs and many EU countries want most -- the construction of a gas pipeline across the Caspian Sea that would connect the gas-rich countries of Central Asia directly to Europe -- isn't mentioned.

Kazakhstan is critical to building the home stretch of a new southern energy corridor that would carry gas from the Caspian and beyond to the EU, via the Caucasus and Turkey. Such a corridor for the first time would allow the countries of Central Asia to sell gas directly to the EU, rather than to Russian gas monopoly OAO Gazprom, which can then re-export the gas at a high profit, as it does currently. Russia accounts for 44% of EU gas imports, a proportion that is expected to rise significantly, especially after Russia builds a northern gas corridor directly to Germany, under the Baltic Sea.

"The trans-Caspian gas pipeline for us is really important to take more seriously," Mr. Piebalgs said in an interview here. He said that by 2015, Kazakhstan could be producing 106 billion cubic meters of gas annually, about 20% more than Germany consumes each year. Turkmenistan and Uzbekistan, which also could supply the pipe, already are big producers.

A raft of pipelines to make this new East-West energy corridor are either in planning stages or under construction. A gas connector from Turkey to Greece and from there to Italy is being built. Another pipeline, known as Nabucco, is planned to take gas from Turkey north to Central Europe, Austria and beyond. Another, newer pipeline project, promoted since Gazprom cut off gas supplies to Ukraine in a price dispute last winter, would take gas across Georgia and directly to Ukraine and Romania via the Black Sea.

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To make these pipe dreams a reality, there has to be gas to fill them. Russia is offering to expand its pipeline, called Blue Stream, across the Black Sea to Turkey, but that would increase the EU's dependency on Gazprom. Iran, with the world's second-biggest gas reserves, after Russia, could hook up to Turkey's grid and send gas to Europe, but relations between Tehran and the EU are poor. Connections to bring gas from Iraq and Egypt to Turkey also are possible but equally uncertain.

Gazprom is skeptical about the EU's pipeline ambitions. At a recent conference on the EU's external energy policy in Brussels, Gazprom Deputy Chairman Alexander Medvedev joked about the Nabucco project: "with names like that, pipelines don't get built."

Mr. Piebalgs is eager to secure a new southern gas route as soon as possible. Kazakhstan could choose to pipe its gas to China instead of Europe, even if the cost and distance involved would be far higher than crossing the Caspian. But Kazakhstan President Nursultan Nazarbayev, who visits Brussels this week, is proving cautious. Closely allied to Moscow, the Kazakh government is wary of inviting the kind of retribution that has met Georgia's snubbing of Russian power.

Nine oil- and gas-pipeline projects mentioned in an early draft of the Astana meeting's road map were all taken out, largely for fear of angering Russia over the trans-Caspian issue, according to an official familiar with the matter.

"It's too early to start talking about a trans-Caspian pipeline," Kazakh Energy Minister Baktykozha Izmukhambetov said in an interview yesterday, adding that the first thing to do is to agree with Russia on expanding capacity in the existing Russian pipeline routes.

Mr. Izmukhambetov agreed that Kazakhstan has a strong interest in selling its gas directly to Europe, but he noted that the EU and U.S. are launching feasibility studies for a potential trans-Caspian gas route. Only once those are complete will it be possible for Kazakhstan to judge if the project is commercially viable, and only then could negotiations with Russia start, he said.

UK Team To Visit Russia In Spy Probe (FT)

By Jimmy Burns And Neil Buckley

Financial Times, December 4, 2006

The investigation into the death of the former Russian spy Alexander Litvinenko is broadening into an international police probe into organised crime, alleged state-sponsored murder and the activities of individuals who have worked for the Russian secret service.

A team from SO15, the UK counter-terrorism investigation squad, is expected to fly to Moscow on Monday or Tuesday to interview witnesses and gather information on potential suspects.

The Russian state-run television channel Rossiya said on Sunday night that the arrival of the nine British detectives was important as it would demonstrate Moscow's willingness to co-operate. It was also a guarantee of an "objective investigation", against the highly "politicised background" to the case in London.

John Reid, UK home secretary, plans to brief European counterparts on Monday on the UK investigation at a meeting in Brussels of EU justice and interior ministers.

"We want our European colleagues to be brought up to date and we are seeking co-operation from them," a UK government aide said Sunday night. The investigation could extend to other European countries, including France, Italy and Spain.

International co-operation on the case has so far been largely limited to a sharing of information with the US Federal Bureau of Investigation, with which the British have developed a strong working relationship since September 11, 2001.

In recent days UK police have been in Washington, interviewing a witness in the presence of FBI agents. The interviewee is thought be a former KGB agent, Yuri Shvets, a contact of Mario Scaramella, the Italian who allegedly met Mr Litvinenko on November 1.

Mr Scaramella, a self-proclaimed expert on the activities of the former KGB, is under observation in a London hospital after he was found to have been contaminated with the radioactive isotope polonium-210, which killed Mr Litvinenko on November 23.

The UK government has in recent days tried to play down any suggestions that the Kremlin itself is implicated in Mr Litvinenko's murder, amid some nervousness about the damage controversy over the case is having on Anglo-Russian relations, according to diplomatic sources in London.

It emerged on Sunday that Vladimir Putin, Russian president, expressed his anger in a message to the UK Foreign Office last week.

Trails being followed by UK investigators include contacts Mr Litvinenko had with three Russians who visited him in London, and who have returned to Moscow.

Investigation Widens In Poisoning Of Ex-KGB Spy (LAT)

By Kim Murphy

DOJ_NMG_0101804

The Los Angeles Times, December 4, 2006

LONDON — British authorities said today they are widening their investigation into the poisoning of former KGB agent Alexander Litvinenko on the heels of a fresh series of leads into the Russian's murky political and business connections that spanned from Moscow to the U.S.

"Over the next few days, I think all of these things will widen out a little from the circle just being here in Britain," Home Secretary John Reid told Britain's Sky News Sunday Live program.

Quoting unidentified law enforcement sources, British press reports said police investigators are in the U.S. interviewing former KGB agent Yuri Shvets, who purportedly has information on a dossier Litvinenko had in his possession relating to the Kremlin's pursuit of figures connected to Yukos Oil Co.

The company was forcibly broken up and effectively renationalized in 2004 after Russian authorities imprisoned its chief executive, Mikhail Khodorkovsky. One of President Vladimir V. Putin's closest lieutenants, KGB veteran Igor Sechin, became board chairman of the state-owned company that took over Yukos.

In Moscow, British investigators were said to be planning to interview another former KGB agent, Andrei Lugovoy, who had recently traveled to London from Moscow and met with Litvinenko on the day of his suspected poisoning. Lugovoy was one of those Litvinenko himself is said to have suspected, "We can't go into detail on operational matters, but obviously the investigators will go wherever needed," a police spokeswoman said today.

While Litvinenko in the days before his death accused the Kremlin of responsibility for the large dose of radioactive polonium-210 that is believed to have killed him, police are exploring a growing number of leads, some relating to Litvinenko's own investigative work into the shadowy world of Russian and Chechen organized crime, wealthy Russian oligarchs and international politics.

In a first-person account and interview provided to Britain's Observer newspaper, a Russian academic researching a book on Chechnya said she had met Litvinenko several times over the past year and learned he had accumulated secret and damaging dossiers from the Federal Security Service, the successor to the KGB known as the FSB, on a number of influential figures that he planned to use for blackmailing purposes.

"He told me he was going to blackmail or sell sensitive information about all kinds of powerful people, including oligarchs, corrupt officials and sources in the Kremlin," she said. "He mentioned a figure of 10,000 pounds they would pay each time to stop him broadcasting these FSB documents.

"Litvinenko was short of money and adamant that he could obtain any files he wanted," she said.

The file he was most excited about, she told the Observer, related to the takeover of Yukos Oil by the Russian state-a mysterious tax sale, never fully understood, under which the bulk of the private firm's assets came under the ownership of the state-owned Rosneft Oil Co.

Former Yukos executive Leonid Nevzlin, who fled Russia to Israel when it became clear he was also facing imprisonment, has said Litvinenko recently flew to Israel to give him potentially incendiary documents relating to Yukos and the Russian authorities.

"Alex had information on crimes committed with the Russian government's direct participation. He only recently gave me and my attorneys documents that shed light on the most significant aspects of the Yukos affair," Nevzlin said in a statement.

Nevzlin said he had passed the documents on to British authorities, and had been requested not to discuss their specific contents.

A Moscow court in 2004 issued an arrest warrant charging Nevzlin with organizing a double contract killing and a string of attempted murders, but the former executive says it is part of the same alleged campaign to target Yukos executives and critics of the Putin government.

Meanwhile, an Italian security consultant who also met Litvinenko on the probable day of the poisoning, Mario Scaramella, released a statement over the weekend saying he believes he and Litvinenko were jointly targeted as a result of information the two had been sharing over the past several months.Scaramella has also tested positive for polonium exposure, though doctors said he did not yet show any symptoms of radiation toxicity.

"I have reason to believe that my poisoning and that of Litvinenko is connected to the information that for months the same Litvinenko was passing me," Scaramella said in a statement released through his lawyer.

Scaramella said his samples showed significantly lower traces than those that killed Litvinenko, "but they were still considered to be potentially lethal, and therefore capable of killing me."

Scaramella was working with an Italian-based commission that was looking into possible past connections between Russian intelligence services and Italian politicians. Commission members said they found evidence that the former Soviet Union had ordered the attempted assassination of former Pope John Paul II and the 1978 murder of former prime minister Aldo Moro by the Italian militant Red Brigades.

But Italian press reports, some quoting wiretapped conversations between Scaramella and Sen. Paolo Guzzanti, a member of Silvio Berlusconi's right-wing Forza Italia party, have suggested there may also have been political motivations to the probe aimed at finding connections, prior to the elections eight months ago, between Prime Minister Romano Prodi and the KGB.

British authorities have refused to comment on any of the theories except to say that they are following all possible leads.

"The worst thing we can do is speculate. We will end up with egg on our face. This isn't a game of Cluedo," Reid said.

Probe Of Ex-spy's Death Widening Beyond Britain (USAT)

By Ellen Tumposky Special For

USA Today, December 4, 2006

LONDON — The investigation into the poisoning of former KGB spy Alexander Litvinenko is widening beyond Britain's borders, a top British official said Sunday.

"The police will follow wherever this investigation leads; inside or outside Britain," Home Secretary John Reid told Sky News. "Over the next few days … all of these things, I think, will widen out a little from the circle just being here in Britain."

Reid didn't specify where investigators would go to delve further into the death of Litvinenko. The former spy was poisoned with polonium-210, a highly radioactive isotope, and died in a London hospital on Nov. 23.

The Associated Press, quoting unnamed police officials, reported that a Scotland Yard team was expected to travel to Russia early this week. Scotland Yard refused to confirm the report, saying police aren't commenting on the investigation.

Scotland Yard officers, assisted by the FBI, have already traveled to Virginia to interview former KGB officer Yuri Shvets, according to the Associated Press.

Shvets told the AP he gave investigators the name of the person he believed was behind Litvinenko's death. He declined to confirm the name of the person he told police about or to offer details of a document he said he had given to the British officers.

"This is firsthand information, this is not gossip. I gave them the firsthand information that I have," Shvets told the AP.

"I want this inquiry to get to the bottom of it, otherwise they will be killing people all over the world — in London, in Washington and in other places," Shvets said.

The news of an expanding police probe came as Mario Scaramella, who met with Litvinenko on Nov. 1 at the Itsu sushi bar, remained at University College Hospital for further tests.

Traces of radiation have been found at the sushi bar, though police have not confirmed that Litvinenko was poisoned there.

Scaramella was lunching with Litvinenko to discuss the murder of Russian journalist Anna Politkovskaya, according to an interview Litvinenko gave the BBC before he became seriously ill.

Scaramella, who worked with an Italian parliamentary commission that was probing possible links between Italian politicians and the KGB, was rushed to the hospital on Friday when it was determined that he tested positive for polonium-210.

In a statement he released Saturday through his lawyer, Scaramella said he had no symptoms. Scaramella said Scotland Yard spoke to him as a witness in its investigation.

Russian Foreign Minister Sergei Lavrov has vowed to cooperate with the British authorities, according to the British government.

Litvinenko's friend and family spokesman, Alex Goldfarb, said that he has doubts about how serious Russia is about cooperating.

"The Russian authorities at the highest level have formally said that they will provide full cooperation," Goldfarb said. "I am skeptical. Let's see."

Before his death, Litvinenko accused Russian President Vladimir Putin of involvement in his poisoning. The Kremlin has denied it.

Goldfarb said that he had seen Walter Litvinenko, Alexander's father, on Saturday. The elder Litvinenko lives in Russia but had traveled to London when his son became ill.

"If Putin gives up people who killed my son, then I would publicly apologize to him," Goldfarb quoted Walter Litvinenko as saying. "If he does not, I consider him an accomplice."

Goldfarb, who has no official knowledge of the investigation, said he thinks Scotland Yard will want to interview the group of Russians who met with Litvinenko at the Millennium Hotel after the sushi lunch.

Britain Says Inquiry Into Poisoning Of Russian Will Broaden (NYT)

By Alan Cowell

The New York Times, December 4, 2006

DOJ_NMG_0101806

LONDON, Dec. 3 — The investigation into the poisoning of Alexander V. Litvinenko, a former Russian K.G.B. operative, will likely broaden in coming days, Britain's highest ranking law enforcement officer said Sunday, and media reports said British counterterrorism officers were planning to fly to Moscow to interview witnesses.

Mr. Litvinenko died Nov. 23 of radiation poisoning, and a radioactive isotope, polonium 210, was found in his urine. Since then, the investigation into his death has led the police along a trail of places where traces of radiation were found — including British Airways airplanes flying to and from Moscow and several locations in central and north London.

The reported plan to send officers to Moscow has deepened speculation that the British police are looking increasingly to Moscow for information about the origins of the poison and the identity of people who may have been in contact with Mr. Litvinenko before his death. Mr. Litvinenko had, since the late 1990's, become a staunch critic of the Russian president, Vladimir V. Putin.

The possible Russian connection has spilled into the realms of diplomacy. Senior Russian officials have complained to their British counterparts about the publication of a death-bed statement by Mr. Litvinenko accusing Mr. Putin of responsibility for the poisoning, according to a British official who spoke on condition of anonymity under civil service rules. Moscow has said it will cooperate in the British investigation.

Shortly before his death, Mr. Litvinenko secured British citizenship, according to his associates, and that has raised the diplomatic stakes, particularly if foreign agents were responsible for his death, which would make it an assassination on British soil. In a television interview on Sunday, Britain's head law enforcement official, Home Secretary John Reid, said: "The police will follow wherever this investigation leads, inside or outside of Britain." He added, "Over the next few days, I think all of these things, I think, will widen out a little from the circle just being here in Britain."

News media reports in Moscow and London said nine British counterterrorism officers planned to fly to Moscow to interview people, possibly including Andrei Lugovoi, a former K.G.B. agent. Mr. Lugovoi met with Mr. Litvinenko on several occasions, including on Nov. 1, when Mr. Litvinenko began feeling unwell.

Radioactive traces have been found in the Pine Bar of the Mayfair Millennium Hotel, where the two men met. Mr. Lugovoi was quoted in The Sunday Times of London as saying he had been framed by people laying a false trail for the police.

Mr. Litvinenko also met Nov. 1 with an Italian contact, Mario Scaramella, who has since then tested positive for radioactive traces. In a statement on Sunday, London's University College Hospital said that Mr. Scaramella remained "well" and that the results of pathology tests showed no abnormalities.

Mr. Scaramella has said the contamination is evidence that he, too, was a target. "I have reason to believe that the poisoning of myself and Litvinenko may be connected to information that Litvinenko himself, for months, had transmitted to me," Mr. Scaramella said in a statement published by Italian news media, according to [a news agency].

British newspapers on Sunday suggested the narrative was becoming not only murkier, but broader. One report said the British officers had interviewed a former K.G.B. officer in Washington, identified as Yuri Shvets, about a dossier on the Yukos oil company affair — in which the company's former chairman, Mikhail B. Khodorkovsky, has been imprisoned for tax evasion. Leonid Nevzlin, an exiled Russian oil tycoon living in Israel, has said in interviews with two news organizations that Mr. Litvinenko had passed him a dossier on the company.

Another report in The Observer quoted a Russian academic living in London, Julia Svetlichnaya, as saying Mr. Litvinenko told her he planned to make a living blackmailing Russian billionaires and spies. Ms. Svetlichnaya did not respond immediately to an e-mailed request for comment on the article.

U.K. Probe Into Death Of Ex-Spy Gets Closer To Moving To Russia (WSJ)

By Carrick Mollenkamp And Aaron O. Patrick In London And Stacy Meichtry In Rome

The Wall Street Journal, December 4, 2006

U.K. authorities investigating the poisoning death of Russian former spy Alexander Litvinenko in London are closer to moving the inquiry to Russian soil amid talks with the Russian government, according to a person familiar with the situation.

The diplomatic talks will include London's Metropolitan Police Service, which is leading the investigation, and the U.K.'s Foreign and Commonwealth Office, led by Margaret Beckett. The talks will include a list of people Scotland Yard will want to interview in Moscow. Russian authorities have said they will cooperate but they would like to know the game plan of British investigators.

Over the weekend, the U.K. inquiry into Mr. Litvinenko's death Nov. 23 broadened as his wife and the man he had lunch with a month ago were found to be contaminated with radiation and police searched yet more locales for traces of a radioactive substance.

Police Extend Searches

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The investigation appears far from determining who administered the poison, or how or why. Police expanded their searches of premises that may hold traces of the radioactive substance polonium 210, including a country club about 19 miles southeast of London. British health officials are seeking to stem public concern about radioactive particles that have been found in three London locations and on two British Airways planes.

The Health Protection Agency said yesterday it had identified 179 people who warrant further investigation and had referred 27 for assessment for possible exposure as of Saturday night. The agency reiterated that the risk to the public remains low.

Polonium, which is made in nuclear laboratories, is used in some devices that measure radiation. The amount and potency of the poison used to kill Mr. Litvinenko has prompted speculation it was procured from a nuclear facility, but no ties to any such facility have been formally established, a person familiar with the investigation said.

Even a tiny amount is intensely radioactive if it enters the body, where it quickly is distributed to soft tissue including bone marrow. It can enter the body through inhalation, ingestion or a wound. Doctors test for polonium 210 by measuring the amount of alpha radiation in urine.

One person who could provide information in the U.K. probe is former KGB spy Andrei Lugovoy, who met with Mr. Litvinenko on Nov. 1. That night, Mr. Litvinenko fell ill from the poison. U.K. authorities currently consider Mr. Lugovoy a cooperating witness who has been willing to detail his whereabouts in London.

Testing Positive

On Nov. 1, Mr. Litvinenko had lunch at a restaurant in London with Italian political adviser Mario Scaramella. Mr. Scaramella, who initially claimed he wasn't contaminated, was at a London hospital Friday night after testing positive for radiation. So far, he hasn't shown signs of overt poisoning such as vomiting or diarrhea, according to a person familiar with the investigation.

Investigators are looking at whether Messrs. Litvinenko and Scaramella came in contact with the poison together or if it happened at different times. After lunch, the two went separate ways, the person familiar with the inquiry said. The two men have told authorities there wasn't a third party at the meeting.

U.K. health officials said a close relative of Mr. Litvinenko also had been exposed to polonium. A person familiar with the matter identified the relative as Mr. Litvinenko's wife. The U.K. Health Protection Agency said the level of contamination was unlikely to lead to serious illness. It is possible she was exposed from dealing with Mr. Litvinenko during his illness.

Mr. Scaramella served as an adviser to Paolo Guzzanti, a right-wing Italian senator who formerly headed a parliamentary commission. The commission was formed in 2002 with the aim of uncovering links between KGB spies and Italian politicians during the Cold War. Although the senator tapped Mr. Scaramella on the basis of his expertise in Italian security, many elements in Mr. Scaramella's résumé have recently come under public scrutiny.

Faculty at the Universita Federico II in Naples have disputed Mr. Scaramella's claim that he once served as an adviser to the university's aerospace-and-engineering department. Neither Mr. Scaramella nor his lawyer could be reached to comment.

Poisoning Probe Not Limited By Borders (WT/AP)

By David Stringer

The Washington Times, December 4, 2006

LONDON -- Britain's senior law-enforcement official said yesterday that an inquiry into the death of a former KGB agent had expanded overseas, and a U.S.-based friend of the former agent said he had told police the name of the person he thinks orchestrated the poisoning.

Yuri Shvets said he had known the poisoned ex-spy, Alexander Litvinenko, since 2002 and spoke with him on Nov. 23, the day Mr. Litvinenko died from exposure to a rare radioactive element, polonium-210.

"The truth is, we have an act of international terrorism on our hands. I happen to believe I know who is behind the death of my friend Sasha and the reason for his murder," Mr. Shvets said by telephone from the United States, referring to Mr. Litvinenko by his Russian nickname.

Mr. Shvets, also a former KGB officer, declined to say who he thought was behind Mr. Litvinenko's death because of concern it could disrupt the investigation. He also declined to offer details on a document that he said he had given to the British officers.

"This is firsthand information, this is not gossip. I gave them the firsthand information that I have," Mr. Shvets said.

In London, meanwhile, Home Secretary John Reid said the inquiry would go wherever "the police take it."

"Over the next few days, I think all of these things will widen out a little from the circle just being here in Britain," Mr. Reid told Britain's Sky News television.

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The British police official said police were expected to travel to Russia in coming days for interviews, including with Andrei Lugovoi. Mr. Lugovoi is another former Russian spy who met with Mr. Litvinenko on Nov. 1, the day Mr. Litvinenko fell ill.

The Sunday Times newspaper quoted Mr. Lugovoi as saying he had also been contaminated with polonium-210, but he did not say whether he had fallen ill. He denied that he and two business associates who accompanied him to the Nov. 1 meeting were involved in Mr. Litvinenko's death.

"We suspect that someone has been trying to frame us," the Times quoted Mr. Lugovoi as saying. "Someone passed this stuff onto us ... to point the finger at us and distract the police."

Repeated attempts by the Associated Press to reach Mr. Lugovoi in Moscow through a business associate have been unsuccessful.

Mr. Litvinenko said from his deathbed that he thought Russian President Vladimir Putin was behind his poisoning. Mr. Putin has dismissed the accusation as "nonsense."

Revisiting Putin's Soul (NYT)

The New York Times, December 4, 2006

The fatal poisoning of Alexander Litvinenko in London, along with all the other suspicious murders and attempted murders of Kremlin critics in recent months, poses fundamental questions about Russia, and how the West should treat it.

Since most of these crimes remain unsolved, we can only speculate about who is behind them. We would certainly prefer not to suspect that anyone connected to President Vladimir Putin is involved, even if the attacks have the hallmarks of professional assassinations. The West needs a good relationship with Russia and its cooperation in containing nuclear proliferation and fighting terrorism. No one wants to return to the time when Russia was seen as an enemy.

Yet the recent events — a Russian defector is killed by a radioactive element, a Russian economic reformer suddenly is sickened in Ireland, a crusading Russian reporter is shot down in her doorway — cannot simply be dismissed as unrelated occurrences, as Mr. Putin would prefer.

What is indisputable is that a culture of lawlessness is spreading throughout Russia, and Mr. Putin has done little to stop it. On the contrary, he has weakened Russia's democracy by stuffing his administration with shadowy fellow veterans of the old K.G.B. and by fanning Russians' deep-seated feelings of insecurity and mistrust of the outside world.

Under the guise of restoring Russian honor, Mr. Putin's government is quashing the freedoms won by the post-Soviet press, judiciary and legislature. Government critics have been branded "enemies of Russia" on lists that circulate openly in government circles. The Kremlin claims to see American wiles behind every real or perceived setback.

The West has no choice but to continue dealing with Russia, and with Mr. Putin. But when Kremlin critics are attacked or murdered, the West must demand a full, transparent investigation and punishment for the criminals — no matter who they are. It is time to let Mr. Putin know that we are looking hard into his soul, and we don't like what we see.

Pinochet In Stable Condition After Heart Attack (NYT)

By Pascale Bonnefoy

The New York Times, December 4, 2006

SANTIAGO, Chile, Dec. 3 — Gen. Augusto Pinochet, the former dictator of Chile, suffered a serious heart attack on Sunday morning and underwent angioplasty and, later in the day, another surgical procedure, hospital officials and his family said.

General Pinochet, who turned 91 on Nov. 25, underwent the angioplasty in the morning, said his son Marco Antonio Pinochet, who added that the procedure had "virtually rescued him from death." Hospital officials said he was to have bypass surgery that afternoon.

Later, a news release from the Military Hospital of Santiago, where he is being treated, said that the second procedure was instead an evaluation of the angioplasty, and that his condition was "stable."

Dr. Juan Ignacio Vergara, leader of the medical team treating General Pinochet, said that the general was conscious and communicating with his family and doctors. He said that treatment so far had progressed "satisfactorily," that the lung edema that General Pinochet had when he was admitted "has been resolved" and that a bypass "will probably not be necessary" for now.

He said, though, that General Pinochet's condition "continues to be serious," and that the next 24 to 48 hours are "critical."

Marco Antonio Pinochet said his father had received last rites in the morning.

The commander in chief of the army, Gen. Óscar Izurieta, met with General Pinochet's wife, Lucía Hiriart, and children at the hospital.

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Government officials had no comment on General Pinochet's health or on what might happen when he dies, but Ricardo Lagos Weber, a spokesman and the son of a former president, said the government "was prepared" for whatever the outcome of his illness might be.

In an interview on Chilean television in August, President Michelle Bachelet said that General Pinochet would not be entitled to a state funeral, given that he had been indicted for crimes. "The conscience of Chileans would feel violated" were he given official honors, she said.

General Pinochet had been suffering from several ailments, including diabetes, and has had several strokes in recent years. His faltering health and what doctors have diagnosed as "mild dementia" have allowed him to evade trials for human rights violations and other crimes committed during his 17-year rule, which began after a military coup toppled the democratically elected president, Salvador Allende, in 1973.

Last week, General Pinochet was indicted on charges of kidnapping and murdering two Allende bodyguards after the 1973 coup, and was placed under house arrest. In recent years, he has also been indicted in cases involving the disappearance of opponents in 1975, the kidnapping and torture of political prisoners in the mid-1970s, and on charges of tax fraud, falsifying public documents and fabricating and using false passports in connection with an investigation into his illicit fortune, hidden abroad.

In 2004, a United States Senate report disclosed that General Pinochet had stashed up to $8 million in secret accounts at the Riggs Bank in Washington. A human rights report issued in 1991 by a government-appointed commission established that during the military dictatorship, almost 3,200 people were killed or disappeared. In 2004, a commission on political prisons and torture found that at least 28,000 people had been victims of torture.

Pinochet In Intensive Care After Heart Attack (WP)

By Jonathan Franklin

The Washington Post, December 4, 2006

SANTIAGO, Chile, Dec. 3 -- Gen. Augusto Pinochet, a former military dictator accused of killing and torturing thousands of people, underwent emergency angioplasty and was placed in intensive care after suffering a heart attack Sunday morning, his family and doctors said.

Pinochet, 91, was expected to be monitored for the next 24 to 48 hours to see whether a bypass was necessary. Doctors have called that procedure extremely risky and were seeking to avoid it.

"He is stable but of course serious," said Juan Ignacio Vergara, a doctor at the military hospital where Pinochet was taken.

Pinochet, who ruled Chile from 1973 to 1990, has multiple health problems, including diabetes, and has suffered several strokes over the past six years.

Pinochet was under house arrest at his home in an upscale Santiago neighborhood when a family member called for an ambulance. Special judicial permission was granted to transfer Pinochet to the hospital.

Pinochet's son Marco Antonio Pinochet said the doctors performed surgery "to virtually save him from death. He's bad, very bad."

Pinochet's supporters gathered outside the hospital with placards reading "Immortal" and with dated pictures of him in uniform.

Pinochet faces multiple investigations for his role in the deaths and disappearances of 3,000 Chilean civilians during his rule. The most recent charges against him emanate from a secret military mission known as "The Caravan of Death," in which a helicopter hit squad traveled throughout Chile executing political prisoners.

"We've never seen him in such conditions," said Luis Cortes Villa, one of Pinochet's closest allies. He recounted that in the last week, Pinochet told his inner circle that he thought he was dying. "He said, 'I am in the final phase of my life.' "

Chilean President Michelle Bachelet, a socialist who was arrested and tortured by security forces during Pinochet's rule, made no immediate comment.

Ban Cluster Bombs In Civilian Areas (WT)

By Dianne Feinstein

The Washington Times, December 4, 2006

In 2005, three young Cambodian boys were playing near their village when they found four small steel objects that they picked up and used to play an impromptu game of marbles. Their new-found toys, however, were actually "bomblets" left from a cluster bomb that had been dropped years before. In the middle of their game, one of the balls was struck by another, triggering an explosion. One boy died from massive abdominal wounds. The other two boys survived with serious injuries.

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Similarly, in Kosovo in 1999, a teenage boy went for a swimming in a lake near his home, where he found a small yellow canister. When he showed off his discovery to his family, the bomblet fell to the ground and exploded. It left him permanently wounded and killed his older brother and father. Several months later, his sister stepped on another cluster bomb in the region and was killed.

These terrible stories, unfortunately, are all too common in war-torn areas around the world. Tens of thousands of innocent men, women, and children have been killed or maimed by these indiscriminate and deadly weapons. They were used in Laos in the 1970s and 1980s, Eritrea and Ethiopia in 1998, Serbia and Montenegro 1999, Afghanistan in 2001, Iraq in 2003, and most recently by both sides during the conflict between Israel and Lebanon.

The time has come to ban the use of these weapons in or near civilian areas.

Cluster bombs are intended for attacking large-scale enemy troop formations. They come apart in the air before making contact, dispersing between 200 and 400 small bomblets that can saturate a radius of 250 yards.

The changing nature of warfare, though, has meant cluster bombs have been used against enemies in or near highly populated areas. So, all too often, cluster bombs critically injure or kill innocent victims instead of their intended military targets.

The danger is this: These weapons are unreliable and cannot be used with precision. Up to 40 percent of the bomblets from cluster bombs fail to detonate immediately. This leaves a trail of unexploded munitions in war-torn areas.

These tiny bomblets end up in streets and cities. They land in trees and fields where children play. They have been found in rice fields.

Bomblets are usually no bigger than a size D battery. In some cases, they resemble small metal tennis balls. They are attractive to curious young children who find them and pick them up. And 40 or 50 years after used, these munitions remain extremely volatile.

The simple truth is that the remnants of cluster bombs become de facto land mines. They kill, maim, and wound civilians every day, even long after conflict has ended. In fact, 98 percent of cluster bomb victims are civilians. I believe use of these weapons in or near civilian areas runs counter to our values and counter to the international laws of war.

Today, the arsenal of the U.S. military contains 5.5 million cluster bombs. That's 728 million bomblets. We need to take steps to ensure civilians are protected when these weapons are deployed.

So, when the Senate convenes for the new Congress in January, I will seek to ban the use of federal funds spent on cluster bombs until the Defense Department has articulated a new policy that will minimize civilian death and suffering from these weapons.

This means cluster bombs used or purchased by the U.S. military or sold to another country can only be used against clearly defined military targets and will not be used where civilians are known to be present or in areas normally inhabited by civilians.

The International Committee for the Red Cross and U.N. Secretary-General Kofi Annan recently called for prohibiting use of cluster bombs in populated areas. Their calls echoed a growing international consensus that the unintended humanitarian cost of these weapons is simply too high.

During the 1990s, a comprehensive pact was forged to protect civilians from land mines worldwide. The United States and the international community have since spent millions to remove mines in post-conflict regions. These efforts have helped to save countless lives. There is no question there should be a similar program for cluster bombs.

In November, a wide-ranging treaty went into effect to protect civilians, peacekeepers and other humanitarian agencies in post-conflict regions from cluster bombs. It will require parties to an armed conflict to clear all unexploded cluster bombs and other munitions once hostilities have ended. It is a good first step.

The United States and the international community should work together to stop use of cluster bombs when the lives of civilians are at risk. We need to ensure we don't needlessly endanger innocent men, women, and children by dropping cluster bombs where they live, work, and play. This is the right and just thing to do.

Dianne Feinstein, California Democrat, is a member of the United States Senate.

The U.N. Menu (WSJ)

By Henry I. Miller

The Wall Street Journal, December 4, 2006

CHIBA, Japan -- The U.N. task force that wrapped up here on Friday deliberated on the regulation of foods obtained with recombinant DNA (or gene-splicing) technology. They ignored the rule of holes: When you're in a hole, stop digging. The more this ongoing project progresses, the worse for science and technology -- and consumers everywhere.

The scope of this exercise, held under the auspices of the Codex Alimentarius Commission, which sets food standards on behalf of the U.N.'s Food and Agriculture Organization and World Health Organization, makes no sense. Now in its seventh year,

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the mission is to create more stringent regulatory requirements only for those foods made with the newest, most precise and predictable techniques of biotechnology -- gene-splicing, or genetic modification -- while exempting others made with far less precise and predictable conventional technologies. Having already stifled innovative research on food plants and microorganisms, the commission is now penetrating other areas, such as animals and even animals immunized with high-tech vaccines.

It is one thing to regulate novel foods with traits that are of potential concern, but quite another to regulate merely because a certain technique has been used, especially when that technique is state-of-the-art. It is rather like circumscribing for extra regulation only cars outfitted with disk brakes, radial tires and air bags -- and then limiting only those vehicles to a lower speed.

The members of this task force, including representatives of the U.S. government, disregard the scientific consensus that gene-splicing is an extension, or refinement, of older, traditional techniques of genetic modification, and that it does not warrant discriminatory, excessive regulation. They overlook the fact that during two decades of widespread use, the performance of gene-spliced crops has been spectacular, with farmers enjoying increased yields, decreased use of agricultural chemicals, and lower occupational exposures to pesticides.

The approach of Codex is also incompatible with FDA policies, which are the most scientifically defensible, risk-based approach to biotech regulation in the world. Dr. Eric Flamm, a senior FDA bureaucrat and the head of the U.S. delegation, is unfazed by the inconsistency; he says that the members of the delegation to Codex represent not their own agencies, but the U.S. One wonders whether the commissioner of the FDA -- who proclaims during every speech that the agency is committed to science as the basis for policy -- shares this view.

Why does the U.S. go along with this travesty? The representatives of U.S. regulatory agencies on the task force offer several rationales: Because virtually every other country has in place irrational, unscientific regulation, we must follow suit; the task force is really addressing issues of trade, not science; and most important, American industry demands that we play along.

Unpersuasive on all counts. The Codex standards only provide cover for unfair trade practices, because with them in place, a country wanting to block trade in gene-spliced foods for any reason can defend against charges of unfair trade practices simply by remonstrating that it's deferring to Codex.

It is true that big agribusiness companies (dozens of whose lobbyists flock to the task force meetings) endorse the Codex process. They like regulation because it limits competition and provides a sort of Good Housekeeping seal of approval. But they fail to realize that encouraging excessive, unscientific regulation is like eating your seed corn: a short-term expedient but a long-term catastrophe, especially for smaller farmers, plant breeders and academic researchers (who are not represented at Codex).

American regulators have become surrogates of big agribusiness companies at the expense of academic research and the well-being of other sectors of the U.S. economy. American officials now regularly encourage unscientific, excessive regulation, although the outcomes consistently sacrifice U.S. interests to those of the European Union and anti-technology NGOs (which, inexplicably, are permitted full participation in the task force). What makes this particularly absurd is that the U.S. provides about a quarter of the base budget of the U.N. As a scientist, I feel embarrassed; as a former regulator, appalled; and as an American taxpayer, violated.

Dr. Miller, a fellow at Stanford's Hoover Institution, was the founding director of the Office of Biotechnology at the FDA from 1989 to 1993.

DOJ_NMG_0101812

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From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 04, 2006 8:55 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, December 02, 2006
Attachments:	agnb061202.pdf; agnb061202.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 2, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Agent Describes Alleged Texas Terrorist Cell.

The Houston Chronicle (12/2, Korosec) reports, "An FBI agent testified in federal court Friday that at least four aspiring jihadists conducted firearms training and discussed going to war against the United States on two weekend camping trips near Willis earlier this year. 'The group had discussions about traveling to Pakistan to engage (the) United States and coalition forces,' Special Agent John McKinley, who is assigned to an international counterterrorism squad in Houston, told a federal judge. … The group included two

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Houston-area men who were arrested and charged earlier this week with conspiracy to aid the Taliban."

The Dallas Morning News (12/2, Chapa, Trahan) reports, "Federal authorities allege that Syed Maaz Shah joined the other men over several days in January to train with assault rifles in a rural area near Willis, Texas, north of Houston. The goal of the two Houston men was to 'hone their skills with weapons to assist fighters engaging United States forces in Afghanistan, Pakistan and Iraq,' according to conspiracy indictments for Kobie Williams, 33, and Adnan Babar Mirza, 29."

HOMELAND RESPONSE:

California Man Indicted For Hoax Anthrax Letters To Celebrities. The Los Angeles Times (12/2, Krikorian) reported Chad Conrad Castagana of Woodland Hills, Calif., was indicted "Friday on charges of sending threatening letters with white powder to half a dozen politicians and celebrities, including incoming House Speaker Nancy Pelosi and television personalities Jon Stewart and Keith Olbermann. … The powder turned out to be harmless." The Times noted, "According to an affidavit by Los Angeles FBI Agent Mary Hogan, the investigation began Sept. 6 when agents in New York were called to the apartment of comedian Jon Stewart and found a threatening letter, postmarked from Santa Clarita with an unknown white powder. … 'It appears the individuals were targeted based on what he described as their liberal politics,' Assistant U.S. Atty. Donald Gaffney said Friday after the indictment was returned."

The AP (12/2, Marquez) noted, "Castagana was charged with 14 federal counts of threats and hoaxes, one for each letter he is accused of sending. Each count carries a 5-year sentence." The AP added, "The FBI has said federal agents watched Castagana walk from his home to a public mailbox and deposit several letters. One was addressed to someone previously targeted and contained the white powder."

Leahy Plans To Investigate Traveler Assessment Program. The AP (12/2, Sniffin) reports, "A leader of the new Democratic Congress, business travelers and privacy advocates expressed outrage Friday over the unannounced assignment of terrorism risk assessments to American international travelers by a computerized system managed from an unmarked, two-story brick building in Northern Virginia." Incoming Senate Judiciary Chairman Patrick Leahy "pledged greater scrutiny of such government database-mining projects after reading that during the past four years millions of Americans have been evaluated without their knowledge to assess the risks that they are terrorists or criminals."

Database Raises Privacy Concerns. NBC Nightly News (12/1, story 7, 2:00) ran an "In Depth" report on privacy in the US, with anchor Brian Williams saying, "Many people may not realize it, but since 9/11, the government has been monitoring and gathering data on just about every person entering the US. Now there are concerns about what the government is doing about all the information it gathers." NBC (P. Williams): "Each of the more than 400 million times a year that US citizens and foreign travelers enter the US, a Customs and Border Protection agent has about one minute to decide if they're a threat, and if so, to conduct a more intrusive inspection. A big factor in that decision is a computer database containing such personal information as credit card and phone numbers used to buy tickets, travel history, traveling companions, even airline seat numbers. Recently disclosed government documents say the system also generates a risk assessment score for every traveler, including American citizens. A record, the government says, that can be kept as long as 40 years. That has privacy advocates raising new objections that homeland security wants to prevent passengers from reviewing their records for mistakes. … Homeland Security says there is a way for passengers to claim that the information on them is incorrect. But privacy groups say, unless passengers can see it for themselves, it's impossible to fix."

NYTimes Seeks Dismissal Of Hatfill Defamation Suit. The New York Times (12/2, A13, Lewis, Johnston) reports, "The New York Times filed a motion with a federal judge on Friday asking him to dismiss a suit by a germ-warfare scientist who said a series of columns by Nicholas D. Kristof about the deadly anthrax mailings of 2001 defamed him. The scientist, Stephen J. Hatfill, who formerly worked in the Army laboratories at Fort Detrick, Md., has said Mr. Kristof's columns about the slow pace of the anthrax investigation defamed him because they suggested that he was responsible for the attacks. In the motion filed Friday, lawyers for The Times asked Judge Claude M. Hilton

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of Federal District Court in Alexandria, Va., to dismiss the suit."

NYTimes Says Katrina Evacuees Ought To Have Been Given Section 8 Vouchers. The New York Times (12/2, A14) editorializes, "One of the many victims of Hurricane Katrina may turn out to be the hospitality that American cities, particularly Houston, showed to people fleeing the storm. Thanks largely to the Bush administration's catastrophic handling of the relocation crisis, Houston endured much more civic strain than it should have in caring for the tens of thousands of Louisianans who landed on its doorstep. The administration's mishandling of the crisis has often looked like a calculated attempt to discourage displaced people from seeking housing aid, even if it means leaving them vulnerable to homelessness. A federal district court judge implied as much this week, when he found that the Federal Emergency Management Agency's aid application process was so convoluted and confusing as to be unconstitutional." According to the Times, "The administration made its most disastrous misstep when it failed to enlist the Department of Housing and Urban Development, which was created to deal with just these kinds of situations. If the administration had provided Section 8 housing vouchers through HUD, families could have been directed to affordable housing all over the country."

WAR NEWS:

Iraq Study Group Said To Seek "Middle Road" Between Bush, Democrats. All three broadcast networks led their Friday evening newscasts with reports on harsh winter weather in the Midwest. Beyond that story, the focus was mainly on Iraq and the widely anticipated report from the Iraq Study Group. In addition to television coverage, the ISG report receives front-page coverage from both Washington newspapers and was a big topic on cable talk shows.

The Washington Post (12/2, Baker, Ricks, 690K) says the ISG "plans to recommend that the U.S. military mission shift to advising, training and supporting Iraqi forces, who would take the lead in securing their country. As part of that, U.S. soldiers would increasingly embed with Iraqi troops to guide them." The ISG "tries to find a middle road between President Bush's adamant refusal to leave Iraq until the job is done and Democratic demands to pull out U.S. troops. But in achieving unanimity among its Republican and Democratic members, the commission has outlined a strategy with its own political and military risks."

Under the headline "Study Group To Echo Bush," the Washington Times (12/2, Scarborough, 88K) says Bush and the ISG "are not far apart when it comes to a final plan for getting U.S. troops out of Iraq." Gen. Benjamin Mixon, a senior commander in Iraq, said the group's "idea to shift more duties to Iraqis and gradually pull out forces is current Pentagon policy." The Times finds Bush and the ISG "essentially" opposing an "immediate" pullout and a "date-certain timeline"; however, the group seeks "a goal of 18 months to pull out most combat troops."

NBC Nightly News (12/1, story 3, 2:50, Gregory, 9.87M) reported, "White House officials say the President will decide about course corrections in Iraq before Christmas. But despite expectations of major change, tonight officials insist the President's core war strategy is sound. ... Leading Democrats, however, remain critical saying the President was wrong this week to give an open-ended commitment on US troop presence." Sen. Carl Levin: "It's wrong. It takes the pressure off the Iraqis to do what only they can do."

The Wall Street Journal (12/2, A2, Seib, 2.04M) reports that the study "will be only the beginning of a Washington rethink." The Journal notes the existence of other efforts, "some perhaps equally important. Inside the Pentagon, a team of three colonels has been outlining a series of options for Gen. Peter Pace." The Pace group "has looked far more favorably on temporarily increasing the size of the U.S. force in Baghdad in an effort to get the city under control. It also is pushing a far more robust program of American military advisers," while NSA Stephen Hadley "is emerging as a kind of presidential fix-it man on Iraq" and is "quietly canvassing" for advice on Iraq. Finally, "the new Democratic majority in Congress is about to try to put its own stamp on Iraq policy. ... The risk for the White House is that the situation could shift rapidly from too few ideas on Iraq to too many disjointed ones."

The CBS Evening News (12/1, story 2, 2:00, Plante, 7.66M) reported, "Long-time Middle East diplomat Martin Indyk says forget victory, the US is staring defeat in the face." Indyk: "What we immediately need to be focused on is preventing the situation in Iraq affecting our other interests in the region." Plante: "It's precisely to keep the region from exploding that the Baker commission is expected to recommend a major diplomatic initiative, including US talks

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with Iran and Syria, something the President has consistently rejected. As one senior White House official put it: If that's the recommendation, everyone here will be underwhelmed."

Officials Expect No Big Changes In Iraq Policy. The Washington Post (12/2, Wright, 690K) reports, "With the Iraq Study Group report due on Wednesday, the Bush administration has notified allies that it will not budge on certain aspects of Iraq policy, whatever recommendations are put forth by the independent panel of 10 prominent Republicans and Democrats." State and NSC officials spoke "at a private briefing for diplomats" last Wednesday, according to unnamed diplomats at the briefing. The officials "said any recommendations for policy shifts would have to fit in with long-term U.S. strategic objectives for Iraq, including ensuring that the nation can govern and defend itself and that it is stable, not a threat to neighbors, and an ally in the fight against terrorism." They gave "a further indication that the White House may be digging in its heels" by stressing that Bush "will have the last word on what happens next and will not succumb to outside pressure."

Baker, Hamilton Have "Herculean" Task. The AP (12/1, Yen) reports James Baker and Lee Hamilton "face a Herculean task of extricating the U.S. from an increasingly unpopular war. … Preliminary details of their unanimous report, which calls for a gradual troop pullback without setting firm timetables and more regional diplomacy, are already generating fire from some Democrats in Congress, while President Bush is deriding the notion of a graceful exit as having 'no realism to it whatsoever.'" The co-chairmen's "diplomatic powers and cache of bipartisan goodwill" may patch the rift.

Legislators Comment On ISG Report. Sen. John Cornyn said on CNN's The Situation Room (12/1, Blitzer), "I think the Pentagon is going to make clear that it thinks we have three options: go big, go long or go home. And I think the only one that has a reasonable chance of success is growing the size of our troop level in Baghdad so we can not only clear dangerous areas, we can actually hold them."

Sen. Christopher Dodd said on MSNBC (12/1, Jansing), "Maybe the more important suggestion, at least in terms of timing, is the suggestion by the Baker-Hamilton report that the Administration begin to deal regionally with this issue, to begin talking to people that are not our friends and in fact, in some cases, are our enemies, but recognizing we're going to have to deal with the regional aspects of this problem. ... That suggestion by this study group may be the far more important suggestion than actually the timing of when our troops come or leave."

Rep. Jack Murtha said on CNN's The Situation Room (12/1, Blitzer), "The commission is saying let's redeploy, let's change the policy of stay the course to redeployment. The problem, as I understand it, and I haven't seen the report, but the problem is they say it depends on the circumstances on the ground. Well, if it depends on circumstances on the ground it's not a lot different from what President Bush is saying. And then President Bush says he's going to ignore it anyway.."

Rep. Dennis Kucinich said on Fox News' Your World (12/1, Cavuto), "The American people voted in November for a dramatic change in Iraq. They want out. And I think that Congress has a responsibility to take this country in that direction."

Bush Will Meet Head Of Iraqi Shiite Party, Sunni VP. ABC World News (12/1, story 3, 2:35, Gibson, 8.78M) reported, "President Bush, back from the summit, says he'll meet with another powerful Iraqi at the White House on Monday. He heads the largest Shiite bloc in Iraq's parliament, and is one of the most influential leaders of Iraq's Shiite majority." The CBS Evening News (12/1, story 2, 2:00, Plante, 7.66M), reported bdul Aziz al-Hakim "heads Iraq's largest Shiite sect. His Badr militia rivals the Mahdi Army of Moqtada al-Sadr." The NBC Nightly News (12/1, story 3, 2:50, Gregory, 9.87M) called it "an effort aides say to keep up pressure on Iraq's political leaders to end the bloodletting."

The New York Times (12/2, Sanger, Wong, 1.16M) reports that the meeting is "the latest step in a burst of new administration attempts to try different approaches to bolstering the fragile Iraqi government." The Times says the "effort is part of a White House strategy that calls for reaching out to a wider circle of Iraqi politicians to give greater support to the weak government of Prime Minister Nuri Kamal al-Maliki, and lessen his dependence on Moktada al-Sadr, the anti-American Shiite cleric." However, the endeavor "immerses Washington even deeper into Baghdad's byzantine coalition politics, and it risks being interpreted in Baghdad as a sign that Mr. Bush is hedging his bets." This move "comes at a time when the administration is overhauling its approach to dealing with Iraq's leadership, though there are arguments over how deeply Washington can involve itself in the politics of a country in such political turmoil."

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The Los Angeles Times (12/2, Gerstenzang, 850K) also reports the pending meetings, adding, "In the last seven months, Hashimi has lost a sister and a brother to Iraq's civil war."

US Rethinking Goal Of Iraq Unification. The AP (12/2, Gearan) reports President Bush "is becoming more personally involved in Iraq's fragmented politics as his administration reevaluates efforts to unite different Iraqi groups in an attempt to preserve U.S. options. ... Bush is reaching out on Monday to another Shiite politician, Abdul-Aziz al-Hakim, to seek ways to end the violence and keep Iraq's unity government intact. To show he's not choosing sides, Bush is planning to meet next month with Iraq's Sunni Vice President Tariq al-Hashemi, according to a senior administration official." However, "the administration is also debating whether to abandon U.S. efforts to bring Sunni insurgents into the political process to stabilize Iraq and instead leave that outreach to the majority Shiites and Iraq's third major group, the Kurds, a senior U.S official said. No decision has been made."

Maliki Is Criticized Amidst Violence. The Los Angeles Times (12/2, Hennessy-Fiske, 850K) reports, "Prime Minister Nouri Maliki has attempted to reassert his authority in recent weeks, confronting U.S. leaders, demanding more control over national security and weighing plans to reconfigure his Cabinet. ... But Iraqi leaders and citizens were skeptical Friday that the prime minister could fight the rising tide of civil war." On Friday, "those gathering at mosques across Iraq, Sunni and Shiite, said they saw Maliki's meeting with Bush as largely unproductive, and yet another sign their country was falling apart."

Reporter Interprets Bush, Maliki Body Language. An analysis of Bush's meeting this week with Maliki in the New York Times (12/2, Stolberg, 1.16M) reports, "Nobody expected a love fest… As they wrapped up their breakfast at the Four Seasons hotel in Amman on Thursday morning, aides warned that reporters…would be on the lookout for any sign of bad blood. That's when the president hugged the prime minister." The Times adds, "When the president heaped praise upon the prime minister, lauding him for his courage, Mr. Maliki barely looked Mr. Bush's way. Though much was made afterward of the body language, White House officials blamed the language barrier, saying each man was listening intently into his earpiece for a translation of the other's words." The Times calls their relationship "a complicated entanglement. Mr. Bush, who has staked his presidency on success in Iraq, needs the Maliki government as an ally. But Mr. Maliki's survival depends, in part, on his ability to demonstrate that he is his own man, not an American puppet."

Salhani Says All-Out Shiite-Sunni War Could Tie Down Fundamentalists. In a commentary for the Washington Times (12/2, 88K), UPI editor Claude Salhani writes, "And when it comes to pulling U.S. forces out of Iraq there are two opposing schools of thought. The first is that the United States will not withdraw from Iraq until the security void can be filled (by Iraqis) to prevent further deterioration in what is already being called a civil war. ... The second school of thought -- albeit a rather Machiavellian one -- sees a unique 'opportunity' to entangle the Muslim world in a fratricidal war that would keep Islamic forces occupied for years, if not decades, to come. ... for some policymakers it could provide the answer to what they perceive as a rising threat that three years of continued all-out war by the world's best-armed, best-trained, best-equipped and most motivated army could not resolve. Under this scenario, Saudi troops, along with billions of Saudi petro-dollars, would be tied up for years fighting Iranian-backed insurgents in Iraq. ... The thinking supporting that theory is that this would tie down fundamentalist forces on both sides for years to come."

US, Iraqi Forces Launch Baghdad Raids. The Washington Post/AP (12/2, Wagner) reports, "U.S. and Iraqi forces launched six raids against insurgents Friday, including one that killed at least three Iraqis and another in which American forces wounded an Iraqi female who the U.S. command said was being used as a 'human shield.' The U.S. military also reported that an American soldier was killed in combat in the capital Thursday. ... Iraqi soldiers backed by U.S. helicopters swept through Fadhil, one of the oldest areas of Baghdad, and engaged in house-to-house combat, police Lt. Ali Muhsin said. The neighborhood is about a mile from the heavily fortified Green Zone." The Post adds of other fighting in "the Taji area," "It was the fourth time this week that a female Iraqi civilian has been killed or wounded in crossfire between U.S. forces and insurgents."

Iraq Takes Over Army Division From US. The Financial Times (12/2, Dinmore) reports, "Iraq's government on Friday took command over another army division in the north, a US general announced, in an apparent demonstration of the US's commitment to accelerate the handover of military control to Nouri al-Maliki, prime minister.

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... Mr Bush said he had listened to Mr Maliki's 'frustration' at not having the tools to do his job." Gen. Benjamin Mixon said that "the remaining two northern divisions would follow by February 2007." The Times adds, "US officials have expressed concern over too rapid a transfer of authority, because of a lack of training and fears that some Iraqi troops uphold their sectarian allegiances above their loyalty to the state. Rogue units of Iraq's police forces – which are not under US control – have been accused of carrying out extrajudicial killings and torture."

The AP (12/1, Baldor) reports that Gen. Mixon "said Friday the transfer of responsibility for security from U.S. to Iraqi forces, reportedly among the recommendations of a special study group, already is under way." Mixon "said he is on track to place all four Iraqi army divisions in his area under Iraqi control by March."

The CBS Evening News (12/1, story 2, 2:00, Plante, 7.66M) reported, "In his meeting with the President yesterday, Iraq's prime minister insisted he could gain control of the sectarian violence if he had complete control of security forces. Mr. Bush agreed to speed that up and today the US commander of coalition forces in northern Iraq said that control of four Iraqi divisions will be transferred to Baghdad by March."

Iraqi Forces Train In Jordan. On ABC World News 12/1, story 3, 2:35, McCarthy) reported on a training site for Iraqi forces in the Jordanian desert, where 133,000 troops and 160,000 police "have been trained since the war began." Maliki "said this week, his forces will be ready to take over for the US within six months, a claim US military experts dispute." Ex-Army Vice Chief of Staff Gen. Jack Keane: "It's very difficult to imagine that in the next six months, these forces could be ready to assume responsibility in Iraq." McCarthy: "No amount of US advisers can teach Iraqis to be impartial in a country where religious identity has become a matter of life or death. Sectarian conflict can only be overcome if Maliki starts genuine reconciliation talks between Sunnis and Shiites. And that's something so far he's failed to deliver."

US Troops In Iraq Take On New Role. The AP (12/1, Burns) reports, "These are not normal times — not in a chaotic Iraq where President Bush is banking on improving Iraqi security forces so the American military can begin to pull out, or at least pull back. U.S. soldiers and Marines are being plucked out of combat positions to be "embedded" with Iraqi army and police units as trainers and advisers. ... U.S. commanders see this effort as the key to winding down American combat action in a country wracked by internal strife." However, "U.S. advisers are giving the program mixed reviews. Some of them complain they spend much of their time making sure Iraqi soldiers are paid and have the equipment they need." The AP adds, "In Vietnam the advising gave way to the introduction of hundreds of thousands of U.S. combat forces, whereas in Iraq the advisers are seen as a way to get combat forces out."

Negroponte Says Iraq's Cities Insecure, Enemy Hard To Spot. The AP (12/1) reports National Intelligence Director John Negroponte "says Iraq's cities are less secure and the enemy harder to identify in comparison to the situation in much of Vietnam when he served as a U.S. diplomat there in the 1960s. ... Negroponte said he sees more differences than similarities between the two conflicts. In Vietnam, for example, there was a clear enemy, given Soviet support of the North Vietnamese." He stated, "In Vietnam, the cities were secure. The province capitals were secure." Negroponte "said Iraqis must take more responsibility for their security and defense. The key, he said, is Baghdad, where the violence is greatest.."

Last Italian Troops Leave Iraq. AFP (12/1, Deshmukh) reports, "The last Italian troops in Iraq have headed home as Prime Minister Nuri al-Maliki said his forces could take over the battered nation's security by June 2007. ... The Italians were deployed in Iraq's south along with British, Australians and Romanian forces. At least 31 Italian soldiers have been killed in Iraq since 2003. The troops were stationed in Nasiriyah, the provincial seat of Dhi Qar, a relatively peaceful region compared with Iraq's central and western regions where US forces are battling a raging insurgency and a brutal sectarian conflict."

Iraqi Professor Urges Dialogue With Iran, Syria. The Los Angeles Times (12/2, Perry, 850K) reports on refugee professor Naba Saleem Hadid: "Her message is simple: While life under Saddam Hussein was horrible, because of the violence and power struggles, life since the U.S. invasion is worse." While not calling for an American pullout, "she feels it is imperative for President Bush to work with leaders in Iran and Syria to cobble together a regional solution to suppressing the violence and repairing the massive damage."

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Iraqi Civilian Death Toll Rises 43% In November. The AP (12/1, Gamel) reports, "An Interior Ministry official said Friday that 1,846 civilians were killed in Iraq in November, a 43 percent increase from the estimated toll in October." The October estimate was 1,289 dead. The AP adds, "Rising sectarian tensions have pushed the country toward the verge of civil war," saying that its own November count was 1,923.

Kasparov Claims US Is Overfocused On Iraq, Needs To Examine "Big Picture." In a commentary for the Wall Street Journal (12/2, 2.04M), former chess champion and political activist Gerry Kasparov writes, "Thirty years as a chess player ingrained in me the importance of never losing sight of the big picture. ... America and its allies are so focused on Iraq they are ceding territory all over the map. ... This dire situation is a result of the only thing worse than a failed strategy: the inability to recognize, or to admit, that a strategy has failed. Since the invasion of Iraq in March 2003, North Korea has tested a nuclear weapon. Iran is openly boasting of its uranium enrichment program while pouring money into Hezbollah and Hamas. A resurgent Taliban is on the rise in Afghanistan. Nearly off the radar, Somalia is becoming an al Qaeda haven. ... From Caracas to Moscow to Pyongyang, everyone follows their own agenda while ignoring President Bush and the U.N. ... So what then, to do? ... if allied troops leave Iraq, I won't say things can't get worse -- if we've learned anything, it's that things in the Middle East can always get worse; but at least the current deadly dynamic would be changed."

Afghan District Strikes Own Deal With Taliban. The New York Times (12/2, Gall, 1.16M) reports in a 1,583 word front page article, "After a series of bruising battles between British troops and Taliban fighters, the Afghan government struck a peace deal with tribal elders in Helmand Province, arranging for a cease-fire and the withdrawal of both sides from one southern district." The deal brought "welcome peace" but also "sharply divided former government officials, legislators and ordinary Afghans. ... Some say the agreement points the way forward in bringing peace to war-torn parts of the country. Others warn that it sets a dangerous precedent and represents a capitulation to the Taliban and a potential reversal of five years of American policy to build a strong central government."

Afghan Opium Crop Sets Record, Marking Failure Of Eradication Efforts. The Washington Post (12/2, DeYoung, 690K) reports in a front page article, "Opium production in Afghanistan, which provides more than 90 percent of the world's heroin, broke all records in 2006, reaching a historic high despite ongoing U.S.-sponsored eradication efforts, the Bush administration reported yesterday. In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the amount of land under cultivation in opium poppies grew by 61 percent." The news, called "disappointing" by White House drug czar John Walters, adds to the alarm of US officials who "have increasingly described the drug trade as a problem that rivals and in some ways exceeds the Taliban, threatening to derail other aspects of U.S. policy." The Post adds, "After the overthrow of the Taliban government by U.S. forces in the fall of that year, the Bush administration said that keeping a lid on production was among its highest priorities. But corruption and alliances formed by Washington and the Afghan government with anti-Taliban tribal chieftains, some of whom are believed to be deeply involved in the trade, undercut the effort."

DOJ:

Buchanan Named Head Of DOJ's Office On Violence Against Women. The Pittsburgh Tribune-Review (12/2, Buckley) reports, "Mary Beth Buchanan has been named acting director of the Justice Department's Office on Violence Against Women." The PTR continues, "This Washington, D.C.-based office administers financial and technical assistance to communities around the country that are creating programs, policies and practices aimed at ending domestic violence, dating violence, sexual assault and stalking. … OVW's mission is to provide leadership in developing the nation's capacity to reduce violence against women through implementation of the Violence Against Women Act. The Office's ultimate goal is to change perceptions about violence against women so that those crimes are considered unacceptable and no longer tolerated in our society." The PTR adds, "As director, Buchanan will oversee the administration of approximately $400 million in grant funding. One of the program areas the grants will go to is the Campus Program. … The Grants to Reduce Violent Crimes Against Women on Campus program is designed to

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encourage institutions of higher education to adopt comprehensive, coordinated responses to violent crimes against women on campuses, including sexual assault, stalking, domestic violence, and dating violence. … Buchanan will continue to serve as United States Attorney for Western Pennsylvania in addition to her new challenges leading the OVW. … Appointed by President George W. Bush Sept. 5, 2001, and confirmed by the United States Senate Sept. 14, 2001, Buchanan is the first woman and youngest person in Pennsylvania's history to be presidentially appointed to this position."

CORPORATE SCANDALS:

SEC Seeks Testimony Of Former Fidelity Trader's Mother. The Wall Street Journal (12/2, B3, Levitz) reports, "The Securities and Exchange Commission is trying to force the mother of a former Fidelity Investments trader to testify about purchase of shares made in her account at about the time the mutual-fund titan was buying the same security." The Journal continues, "Under securities laws, money managers and traders are forbidden from making a personal profit from their inside market knowledge of what their company is buying or selling, or from passing that information to others. Using that advance knowledge -- a practice often called 'front-running' -- can be valuable because stocks often rise after big firms like Fidelity make a purchase. … In a filing in U.S. District Court in Boston, the SEC says it wants to compel testimony from Concetta Donovan, mother of former Fidelity trader David Donovan Jr. Along with testimony, the SEC also wants both of Mr. Donovan's parents to produce documents in connection with the purchase of Covad Communications Group Inc. stock in Ms. Donovan's brokerage account in 2003. The SEC's filing says it is also investigating trading based on "material nonpublic information" in the shares of Comverse Technology Inc., and CellStar Corp. and certain other unidentified securities, though it provided few details." The Journal adds, "Richard E. Nicolazzo, a spokesman for Mr. Donovan, said 'he never took any actions that violated company policies and procedures' while at Fidelity and 'remains confident that when the inquiries are completed he will be vindicated.' … A lawyer for Concetta Donovan has said her client has been unable to testify because she is on pain medications 'that affect her ability to think clearly and process information,' the SEC filing said. … Fidelity spokeswoman Anne Crowley said the Boston firm alerted regulators to matters concerning Mr. Donovan in early 2005. He left the company in December 2004, according to National Association of Securities Dealers records."

The New York Times/Bloomberg (12/2) reports, "The Securities and Exchange Commission asked a federal court to force the parents of a former Fidelity Investments trader to cooperate in an investigation of whether they bought stock based on nonpublic information from their son." Bloomberg continues, "The parents, Concetta and David Donovan Sr., failed to comply with subpoenas issued in April 2005 in connection with their purchase of Covad Communications shares in 2003, according to a filing made by the S.E.C. Thursday in Federal District Court in Boston. Their son, David Donovan Jr., was a trader at Fidelity until March 2005, when he left the company. … The S.E.C. asserts in an affidavit that 55,000 Covad shares were purchased by a brokerage account owned by Concetta Donovan in August 2003 and were sold a month later for a profit of $89,775." Bloomberg notes, "The S.E.C. asked the court to order Concetta and David Donovan Sr. to provide documents and testify, and to show why they cannot comply with the subpoenas."

Judge Dismisses Lerach's Enron Suit Against Alliance Capital. The Wall Street Journal (12/2, B3, Lattman) reports, "The federal judge overseeing the Enron Corp. shareholders' class-action lawsuit has dismissed a $1 billion claim brought by plaintiffs' lawyer William Lerach against investment firm Alliance Capital Management LP, now known as AllianceBernstein LP." The Journal continues, "In a step unusual in securities class-action cases, U.S. District Judge Melinda Harmon in Houston ordered the plaintiffs to pay Alliance's attorney's fees. She also stated that the payment of attorney's fees would be "more appropriate" to "be borne" by plaintiffs' counsel. … 'We're disappointed in her ruling but Judge Harmon calls 'em as she sees 'em,' said Mr. Lerach of Lerach Coughlin Stoia Geller Rudman & Robbins LLP. He added that he hopes the judge may change her view or that the plaintiffs may prevail on the issue on appeal, but he says that if attorney's fees 'are going to be paid, we're the ones who are going to pay them.'" The Journal adds, "LThe class-action lawsuit was brought against investment firms for alleged fraud related to their underwriting of Enron securities. … This particular claim concerned the service of an Alliance executive, Frank Savage, on Enron's board of directors and his signing of a false registration statement for the issuance of

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$1 billion of Enron bonds. … The shareholders alleged that Alliance had placed Mr. Savage on Enron's board to serve its own interest or, at the very least, approved Mr. Savage's Enron board service and thus controlled his actions on the board."

The New York Times (12/2, Norris) reports, "In a decision that she conceded flies in the face of previous rulings by other courts, a federal judge in Houston has ordered the law firm of William S. Lerach, a leading class-action lawyer, to pay the legal fees and costs of a company he sued." The Times continues, "The company, Alliance Capital, a money management firm, was sued by Mr. Lerach's firm as part of a large Enron class-action case. The lawsuit argued that Alliance should be held responsible for the Enron fraud because an Alliance official was also a director of Enron. … In a decision issued late Thursday, Judge Melinda Harmon of Federal District Court issued a summary judgment dismissing the case against Alliance, and also invoked a rule requiring the payment of Alliance's legal fees by the plaintiff's lawyer, on the ground that the case was pursued after it became clear it was without merit. The decision appears to be the first in which a law firm, and not the plaintiff, has been ordered to pay under that section of the securities law. … It is not clear how much the ruling will cost the Lerach firm, Lerach, Coughlin, Stoia, Geller, Rudman & Robbins of San Diego. Alliance, now known as AllianceBernstein, was directed to submit its bills for the months since Mr. Lerach's firm should have known the case was unreasonable."

CRIMINAL LAW:

Maryland Rabbi Sentenced In Internet Sex Sting. The Washington Post (12/2, B3, Markon) reports, "A Maryland rabbi caught in a television sting operation was sentenced to 6 1/2 years in prison yesterday for trying to solicit sex from a 13-year-old boy over the Internet." The Post continues, "David A. Kaye, 56, told the judge that he traveled to Herndon for what he thought would be sex with a boy 'as a cry out for help to fight my personal demons.' Sobbing as he acknowledged his father, who sat in the courtroom in a wheelchair, Kaye said his conviction had made him face 'the reality of who I am. . . . I know I need help. I pray that God allows me to get that help.'" The Post adds, "Kaye's attorney, Peter D. Greenspun, said the rabbi, who was featured last year on the 'To Catch a Predator' series on 'Dateline NBC,' kept his sexuality secret and spent thousands of hours chatting online in search of liaisons. … Kaye thought that he was chatting online with a young adult, Greenspun said. He said Kaye, who is divorced, is in therapy, and he urged a sentence on the low end of federal guidelines, which recommended a term of 63 to 78 months in prison. … But U.S. District Judge James C. Cacheris in Alexandria settled on 78 months and said Kaye would then face 10 years of supervised release. The judge said that during that time, Kaye will be forbidden to accept any job involving children, and he ordered him to never be around children younger than 18 without an adult present. … Assistant U.S. Attorney Ed Power had called for a tough sentence and said Kaye's conduct was 'a crime of violence in which he essentially tried to rape a 13-year-old boy.' … U.S. Attorney Chuck Rosenberg said the lesson of the case 'is pretty simple: Stay away from our children.'"

The AP (12/2, Barakat) reports, "During yesterday's hearing, prosecutors said Kaye's crime was not an isolated incident and submitted affidavits from others who claimed Kaye engaged in improper conduct, including one incident at a youth camp as far back as 1974." The AP continues, "Details of that incident were not discussed, and the affidavits are under seal. Kaye denied any improper conduct. … The 78-month sentence from U.S. District Judge James Cacheris was at the high end of federal sentencing guidelines, and will be followed by an unusually long period of supervised release -- 10 years." The AP notes, "Kaye also will be required to register as a sex offender and is barred from having unsupervised contact with minors."

Consultant Pleads Guilty In Pennsylvania Bridge Commission Scam. The Philadelphia Inquirer (12/2, Callas) reports, "Robert Stears, a consultant and lobbyist, pleaded guilty today to defrauding the Burlington County Bridge Commission of hundreds of thousands of dollars, and failing to pay federal taxes for six years." The Inquirer continues, "During his plea hearing before U.S. District Judge Jerome B. Simandle, Stears, 51, answered 'yes' to 31 allegations, holding his head in his hands as the list continued. … He admitted that he submitted inflated and fraudulent bills to the bridge commission from 1997 to 2003. He also did not file income tax forms from 1999 to 2004." The Inquirer adds, "In pleading guilty, Stears gave up his right to an appeal. His sentencing date is scheduled for March 30, and he faces up to 25 years in prison. … Stears told the court he created the Strategy Group, a Trenton consulting firm that

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performed lobbying and public relations work for the commission from 1997 to 2002. Stears admitted that he was the sole liaison between the commission and the consulting group and was aware of "virtually all transactions," the U.S. Justice Department said. Stears also said he prepared the invoices submitted to the commission monthly. … The company paid the group $300,000 a year from 1997-1999 and more than $500,000 a year from 2000 to 2002." The Inquirer notes, "In 2002, Stears received more than $300,000 in taxable income on which he did not pay income taxes; he owes $112,863 in taxes on that alone. He admitted that he tried to hide that money from the government in a checking account under the name of his new venture: Governmental Strategies. He did not file federal income taxes from 1999 to 2004, the justice department said."

Smartmatic Denies Tax, Bribery Allegations. The Miami Herald (12/2, Chardy, Weaver) reports, "Smartmatic, an international company with offices in Boca Raton, has contacted the Justice Department to deny allegations that its Venezuelan owners paid a bribe to secure a $91 million contract to supply electronic voting machines in Venezuela, an attorney for the firm said Friday. … 'We have informally told the Justice Department that there is no basis for these allegations,' said Jeffrey Bialos, a Washington, D.C. attorney retained by Smartmatic. … He said Justice officials told the company this fall that it was not the target of a criminal investigation, nor has it received any subpoenas. … The company, incorporated in Delaware, also denied allegations that it failed to pay U.S. income taxes." The Herald continues, "Smartmatic's denials mark yet another chapter in the convoluted saga of the Boca Raton firm that last year bought Sequoia Voting Systems of Oakland, Calif., one of the nation's leading suppliers of electronic voting machines. Sequoia machines operate in Washington, D.C. and 16 states, including four counties in Florida: Palm Beach, Indian River, Hillsborough and Pinellas. Smartmatic machines will be used in Sunday's presidential election in Venezuela. … Smartmatic also is being investigated by a Treasury-led panel over whether the government of Venezuelan President Hugo Chávez, increasingly at odds with President Bush, is a secret business partner. Smartmatic has denied any link to the Chávez government." The Herald notes, "In another development, Rep. Carolyn Maloney, D-N.Y., who helped spark the Smartmatic probe by the Treasury-led Committee on Foreign Investment in the United States, sent a letter Thursday to Treasury Secretary Henry Paulson Jr. to urge his agency to publicize its findings as soon as the review is completed. … The Wall Street Journal reported Friday that the Justice Department has been probing Smartmatic for possible violations of the Foreign Corrupt Practices Act and possible tax evasion. A Justice Department spokesman on Friday refused to comment."

Former Connecticut Governor's Aide Awaits Sentencing On Corruption Charges. The New York Times (12/2, Cowan) reports, "To many people, Lawrence E. Alibozek epitomized much that was wrong with the ill fated administration of Gov. John G. Rowland of Connecticut. … From the moment Mr. Alibozek joined the governor's office as his deputy chief of staff in the fall of 1997, the improper favors flowed. It started with $9,500 from a state contractor so that he could buy a new car. Later, Mr. Alibozek's boss, Peter N. Ellef, handed him an envelope stuffed with cash in the Capitol parking lot with a promise of more to come." The Times continues, "After five years, enough money and gifts had changed hands at the highest levels of state government that federal prosecutors needed 22 pages to list everything that was taken and to tell a bit of the stories behind them. … In the case of Mr. Alibozek, there were limousine rides to hotels in Boston and New York, vacations in Maine and Florida, the use of a 65-foot yacht, and dinners and getaways for him and his mistress, a state official. There were the 40 gold coins he buried in his backyard — a symbol of corruption at its most blatant — that he had accepted in exchange for steering a contract. … But what the public did not know was how much the government's successful prosecution of Mr. Rowland on bid-rigging charges, which drove him from office in his third term, depended on Mr. Alibozek's cooperation, and the price he has paid." The Times notes, "Federal prosecutors advised Mr. Alibozek not to comment because they needed his testimony at a trial of his former associates. His own sentencing was put off until their cases were resolved so that the value of his assertions could be assessed. His lawyer, William T. Gerace, said yesterday: 'He's in limbo right now. He can't move on, and he'd like to.' … But now that those cases have been successfully prosecuted, Mr. Alibozek's own sentencing is scheduled for January, suggesting that the impasse may be ending. It will be a cathartic end to a long-running investigation in which he was derided as an unstable informer

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and a symbol for much of the misconduct, and later was the subject of harassment."

Chicago Water Department Employee Indicted In Political Hiring Probe. The Chicago Tribune (12/2, Bush, Mihalopoulos) reported, "Pressing forward with their investigation of Mayor Richard Daley's political machine, federal prosecutors unsealed an indictment Friday against a campaign coordinator in the powerful Hispanic Democratic Organization." John Resa, "an employee with the city's Water Management Department, was charged with lying when he told a grand jury that he had not sought city jobs to reward campaign workers for HDO. Prosecutors alleged that Resa regularly lobbied his superiors in HDO--including a former high-ranking city official--to get jobs, promotions and other benefits for his political workers. He pleaded not guilty Friday morning. Resa's indictment offered a new glimpse into how authorities are homing in on HDO, which for years was the most potent street army in Daley's political organization." The Chicago Sun-Times (12/2, Korecki, Novak) added, "Assistant U.S. Attorney Patrick Collins said Resa headed a political army made up of 70 to 80 volunteers. 'This is part of a bigger investigation that does allege a scheme,' Collins said. … Prosecutors call the charges against Resa an outgrowth of the Hired Truck federal probe," and he "is the 45th person charged in the investigation.

FBI Used New "Roving Bug" Technique In Genovese Probe. CNET News.com (12/1, McCullagh, Broache, 2:20 p.m. PST) reported, "The FBI appears to have begun using a novel form of electronic surveillance in criminal investigations: remotely activating a mobile phone's microphone and using it to eavesdrop on nearby conversations. The technique is called a 'roving bug,' and was approved by top U.S. Department of Justice officials for use against members of a New York organized crime family who were wary of conventional surveillance techniques such as tailing a suspect or wiretapping him. Nextel cell phones owned by two alleged mobsters, John Ardito and his attorney Peter Peluso, were used by the FBI to listen in on nearby conversations. The FBI views Ardito as one of the most powerful men in the Genovese family." CNET noted, "While the Genovese crime family prosecution appears to be the first time a remote-eavesdropping mechanism has been used in a criminal case, the technique has been discussed in security circles for years." In a ruling released last week, US District Judge Lewis Kaplan "concluded that the 'roving bugs' were legally permitted to capture hundreds of hours of conversations because the FBI had obtained a court order and alternatives probably wouldn't work."

New Hampshire Democrats Settle 2002 Phone-Jamming Suit. The New York Times (12/2) reports the New Hampshire Democratic Party, "which had sought compensation in an Election Day 2002 phone-jamming scheme, settled its lawsuit against the Republican Party for an undisclosed sum, state Republicans said. The case had been expected to go to trial Monday. Republicans had hired a telemarketing firm to place hundreds of hang-up calls to phone banks for the Democrats and the Manchester firefighters' union, a nonpartisan group offering rides to the polls."

Las Vegas Police Recommend No Charges Against Gibbons. The Los Angeles Times (12/2) reports Las Vegas police "said they would recommend that no criminal charges be filed" against Nevada Gov.-elect Jim Gibbons, "who was accused by a cocktail waitress of assaulting her in a parking garage three weeks before election day. The investigation into Chrissy Mazzeo's accusation has been completed and sent to Clark County Dist. Atty. David Roger," who now "has the final say as to whether" Gibbons will face charges.

Los Angeles Archdiocese Settles 45 Sex Abuse Cases For $60 Million. The Washington Post (12/2, A2, Pomfret) reports, "Almost five years after a sex scandal erupted within the Roman Catholic Church, the nation's largest archdiocese announced Friday that it will pay $60 million to settle 45 lawsuits alleging sex abuse by priests." The Post continues, "The deal, which involves incidents alleged to have occurred before 1955 and after 1986, constitutes the largest settlement made by the archdiocese and follows years of legal battles waged under the leadership of Cardinal Roger Mahony. The archdiocese still faces more than 500 lawsuits by other individuals alleging sexual abuse." The Post adds, "Ray Boucher, the lead plaintiff's attorney, said the settlement involved 22 priests who were accused of a broad spectrum of sexual behavior, including impregnating a woman and multiple acts of sodomy against young boys. "You have serial pedophiles and

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priests accused of one or two acts," he said. The archdiocese will pay $52 million and religious orders $8 million, he said. … Jeff Anderson, another attorney in the case, said a main sticking point between the victims and the archdiocese was not so much the money but the victims' demands that documents held by the church related to sexual abuse be released to the public."

The New York Times (12/2, Chang) reports, "The average payment of about $1.3 million to each plaintiff is among the highest in a sexual abuse settlement involving clergy members. In October, the archdiocese settled seven other claims for a total of $10 million. … The archdiocese will pay $40 million of the settlement from its central operations fund with the rest coming from insurance money and the religious orders of the 25 accused clergymen. The money will not be taken from individual parishes, Cardinal Roger M. Mahony, the head of the archdiocese, said in a telephone interview." The Times adds, "Over 500 sexual abuse lawsuits are still pending against the archdiocese, the country's largest. Payouts in those cases would come mostly from insurance, but the archdiocese may have to sell property or reduce ministry services to make up the difference, Cardinal Mahony said. … 'Is it going to hurt? Oh sure, we could have used the money for other pastoral works,' he said. 'But it's also an acknowledgment and a recognition of our responsibility, that the church failed these people. The church accepts responsibility, and I accept responsibility.'"

The AP (12/2) reports, "Negotiations on the deal had been in progress for at least a year but were held up because attorneys for the plaintiffs wanted the church to release the accused priests' private files. … The agreement calls for an independent judge to review those files and decide which documents can be released to the victims. That process is expected to take several months."

CIVIL LAW:

SCOTUS To Hear Case Involving Office Of Faith-Based Initiatives. The New York Times (12/2, A11, Greenhouse) reports the Supreme Court "agreed Friday to decide whether private citizens are entitled to go to court to challenge activities of the White House office in charge of the Bush administration's religion-based initiative. A lower court had blocked a lawsuit challenging conferences the White House office holds for the purpose of teaching religious organizations how to apply and compete for federal grants. That constitutional challenge, by a group advocating the strict separation of church and state, was reinstated by an appeals court; the administration in turn appealed to the Supreme Court. … In its lawsuit challenging the White House conferences, filed in Federal District Court in Madison, Wis., in 2004, an organization called the Freedom From Religion Foundation named as defendants more than a dozen administration officials who oversaw or participated in the conferences." Judge John C. Shabaz of Federal District Court "dismissed the lawsuit for lack of standing, finding that the officials' activities were not sufficiently tied to specific Congressional appropriations. Taxpayers' objections to the use of general appropriations could not be a basis for standing, he said. The president's Faith-Based and Community Initiative was created through a series of executive orders and not by Congress, he noted."

Blind Community Welcomes Ruling On US Currency. The Pittsburgh Tribune-Review (12/2, Johnson) reports, "In a world where trust is in short supply, the kindness of strangers has always worked for Korene Kegg. … 'The five's on top,' said Lori Waleslagle, 26, of Debbie's Diner in Greenfield, as she handed back $9 in change to Kegg." The PTR continues, "Kegg, who has been blind since she was 5, can't possibly know if Waleslagle is telling the truth; still, the Greenfield woman instinctively folds what she believes to be that five neatly in half and then in half again, and keeps it separate from what presumably are four ones, after purchasing a hot tea from Waleslagle. … After living 22 years on Greenfield Avenue, Kegg, 49, said she knows the neighborhood well enough to trust most people. … Kegg's need for others to distinguish paper money might end if a recent court ruling holds." The PTR adds, "The American Council of the Blind filed a lawsuit four years ago in U.S. District Court in Washington, charging that the U.S. Treasury Department discriminates against the blind by not distinguishing denominations of paper money by size or feel. … The currency violates Section 504 of the federal Rehabilitation Act, which says the federal government shall not discriminate, said Day Al-Mohamed, director of advocacy and governmental affairs for the council. .. .U.S. District Judge James Roberston this week ordered the government to fix the problem. … The Justice Department has until Friday to decide whether to appeal to the U.S. Circuit Court of Appeals, said Charles Miller, spokesman for the Justice Department's civil division, which is defending the Treasury Department in

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the case. … If it chooses not to appeal, Miller said, the government has 30 days from Tuesday's decision to discuss how to fix the problem."

CIVIL RIGHTS:

FBI Opens Civil Rights Investigation Of Florida Police Shooting. The AP (12/2) reported that in Fort Lauderdale, "The FBI has begun a civil rights investigation into the case of unarmed black man shot dead by police while driving a carjacked sport utility vehicle, authorities said. Troy Eddines, 21, was killed and Travis Jackson was wounded when the officers fired on the stolen vehicle they were riding in Tuesday. Two officers had pulled over the SUV, which reversed as they approached and hit one of them in the leg, authorities said." The AP noted, "The FBI opened its investigation Thursday after receiving phone calls from City Commissioner Carlton Moore and the NAACP, FBI spokeswoman Judy Orihuela said. The death is the fourth fatal shooting by Fort Lauderdale police this year, authorities said."

The South Florida Sun-Sentinel (12/2, Johnson, Lewis) reported, "Two state legislators on Friday joined the chorus of black leaders calling for greater scrutiny of the Fort Lauderdale Police Department following this week's fatal police shooting." Rep. Perry Thurston "wrote a letter asking the Florida Department of Law Enforcement to investigate the three shootings that involved black men, saying his constituents 'question the tactics of our police department.'" Meanwhile, Sen. Mandy Dawson "said she would ask Senate leaders to take a statewide look at police-involved shootings to determine such factors as how often they occur and the age of officers involved." The Sun-Sentinel noted, "The FBI has already begun a civil rights investigation into Tuesday's fatal shooting."

SCOTUS To Consider "Bong Hits 4 Jesus" Case. The AP (12/2) reports, "The Supreme Court stepped into a dispute over free speech Friday involving a suspended high school student and his banner that proclaimed 'Bong Hits 4 Jesus.' … The justices agreed to hear the appeal by the Juneau, Alaska, school board and principal Deborah Morse of a lower court ruling that allowed the student's civil rights lawsuit to proceed. The school board hired former Whitewater prosecutor Kenneth Starr to argue its case to the high court." The AP continues, "Morse suspended Joseph Frederick after he displayed the banner, with its reference to marijuana use, when the Olympic torch passed through Juneau in 2002 on its way to the Winter Games in Salt Lake City. … Frederick, then a senior, was off school property when he hoisted the banner but was suspended for violating the school's policy of promoting illegal substances at a school-sanctioned event. … The Alaska case was one of three appeals the court accepted Friday. … It will also consider a request from the Bush administration to kill a lawsuit challenging the White House's promotion of federal financing for faith-based charities." The AP adds, "In the banner case, the school board upheld the suspension, and a federal judge initially dismissed Frederick's lawsuit. The 9th Circuit U.S. Court of Appeals said the banner was vague and nonsensical and Frederick's civil rights had been violated. … At that point, the school board retained Starr, who investigated President Clinton's relationship with White House intern Monica Lewinsky. He took the case free of charge. … The appeals court said that even if the banner could be construed as a positive message about marijuana use, the school could not punish or censor a student's speech because it promotes a social message contrary to one the school favors."

Judge Ends DOJ Oversight Of Hawaii's Mental Health System. The AP (12/2) reports, "U.S. District Judge David Ezra has signed an order ending more than 15 years of federal oversight of (Hawaii's) mental health system." The AP continues, "The oversight, which began in 1991 with a U.S. Justice Department lawsuit alleging violations of the constitutional rights of patients at Hawai'i State Hospital, ended Thursday, state officials announced yesterday. … 'This is a historic moment in the reform of state services for persons in our community with severe and persistent mental illness who need hospital care and community-based follow-up,' state Department of Health Director Chiyome Fukino said. … 'The state has made tremendous improvements in our mental health system, and ... we will continue to move forward to build on and improve the way these services are provided,' she said." The AP adds, "The hospital emerged from oversight in late 2004, but the federal government kept watch over how the state provided services to the mentally ill in the community. On Oct. 24, Ezra cleared the way for the federal oversight to end when he essentially approved the latest federal magistrate's status report."

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NYPD Identifies Fourth Man In Police Shooting. The New York Daily News (12/2, Gendar, Rouen, Siemaszko) reports, "A confidental NYPD document providing the most detailed account of the police shooting that plunged the city into crisis was obtained yesterday by the Daily News - as sources unmasked the mystery man who cops say fled the scene. High-ranking law enforcement sources identified Jean Nelson, a 27-year-old Queens man known on the streets as M.O., as the so-called fourth man." The News continues, "Investigators believe Nelson ran off just before the 50-shot police barrage that killed Sean Bell on his wedding day - a claim Nelson's lawyer and the two survivors reject as absurd." The News adds, "In the confidential police report obtained by The News, Lt. Gary Napoli, the highest-ranking officer at the shooting, references the mystery man - and says he believes Bell knew the plainclothes lieutenant was a cop before shots were fired. … Napoli says that he 'may have observed a male attempting to get into the passenger side' of Bell's car early Saturday outside a strip club in Jamaica, Queens, although he was unsure if the man was trying to get into the front- or backseat - or even if he got into the car. … Napoli also says that when his unmarked car passed Bell's Nissan Altima a 'male with whom he had made eye contact . . . knew that he was a police officer.' … Napoli, who ducked for cover when the shooting erupted, was not one of the five cops who fired, killing Bell, 23, and wounding Trent Benefield, 23, and Joseph Guzman, 31. .. The three men were not armed. Napoli's account is significant because Benefield and Guzman say Bell hit the gas thinking they were about to be carjacked - and insist they didn't know the plainclothes officers were cops."

Southern University Official Cooperating With DOJ In Sexual Harassment Probe Of Aide. The Baton Rouge Advocate (12/2, Blum) reports, "Southern University System President Ralph Slaughter is cooperating with a federal grand jury investigating sexual harassment allegations against governor's aide Johnny Anderson, who also is head of Southern's governing body, the lawyer representing Slaughter said Friday." The Advocate continues, "Slaughter responded to a subpoena and turned over all documentation of the claims Southern employees made against Anderson, said attorney Liz Craft of Baton Rouge. … The request came through the U.S. Department of Justice this week, said Craft, who personally represents Slaughter. … The information could not be confirmed through the Justice Department late Friday." The Advocate adds, "The Governor's Office received the allegations Oct. 31, Craft said. … Anderson is Gov. Kathleen Blanco's assistant chief of staff. He also is chairman of the Southern University System Board, which makes him Slaughter's boss. … Blanco recently ordered an independent investigation into the allegations led by Mark Falcon, a local lawyer." The Advocate notes, "Anderson has maintained his innocence and argued that the allegations are politically motivated, while criticizing Slaughter for not handling the matter internally. … Knowledge of the accusations against Anderson were first publicized a month after Slaughter sent a letter to state Sen. Charles D. Jones, D-Monroe, who is chairman of the Senate and Governmental Affairs Committee, asking for a confidential investigation. … Meanwhile, at news conference Friday, more than 100 people heard several pastors offer support to Anderson, including Southern Chancellor Ed Jackson, Athletics Director Greg LaFleur, former Attorney General Richard leyoub and Metro Councilman Byron Sharper."

Prince George's Police Criticized For Racial Profiling. In an op-ed in the Washington Post (12/2, A15), Miami Herald columnist Leonard Pitts Jr. writes, "I have a question for Prince George's County Executive Jack B. Johnson and Police Chief Melvin C. High. … It concerns my youngest son, who is 21. He was walking to his car at Bowie Town Center after working a shift at one of the stores there Sunday night when a police officer met him at his car and asked if he had seen anything 'suspicious.' Bryan said no. The officer asked where he was coming from. Bryan told him. The officer asked for his license and registration. Bryan gave them to him. … After 20 minutes my son was allowed to drive away. Less than two minutes later he was pulled over, still at the mall. He asked why. "I'll ask the questions," said this officer. The questions were: Where are you going, where are you coming from? Again, Bryan answered. Again, he was asked for his license and registration. A few minutes later, he was ordered out of his car with his hands up, and police began to search the vehicle. … Six police cars converged on this scene. Having received a call from a friend who happened to be at the mall, I went, too." Pitts continues, "I went because there are periods when Prince George's police pull one or another of my sons over about once a week. I went because a police officer once Maced my middle son in the face -- five people saw this -- for no reason. I went because

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that son was once punched in the face by a Prince George's officer while handcuffed. I went because of the time that police, looking for a 5-foot-7 suspect, arrested Bryan, who is 6-foot-3. I went because a police officer cursed my 16-year-old daughter one night after she refused to leave the safe and lighted area where she was waiting for her mom to pick her up from the movies. I went because I am sick and tired of being sick and tired. … And I went because of the obstructed windshield. .. .That's what it said on the citation when Bryan was pulled over last year. He went to court and took the 'obstruction' with him: one of those air fresheners in the shape of a Christmas tree. The judge barely bothered to hide her contempt while dismissing the charges." Pitts adds, "If somebody commits a crime -- my son or anybody else's son -- he or she should pay the price. I mean that. And I respect police who do that difficult and often thankless job with honor. I mean that, too. But the price my sons pay in being stopped with such regularity has nothing to do with crime, and I cannot respect arrogance, rudeness, wrongness and racial profiling that hide behind a badge. … For years we have been promised that all this will change. Yet there sits my son on the ground while police write up a citation. Windows too darkly tinted and an open-container violation -- which my son strongly denies -- are the latest excuses. .. .How can I respect a police force that operates like this? Until the county executive and the police chief give a better answer than their officer did Sunday, I'll assume they don't know either."

Los Angeles Fire Chief Resigns Over Racial Controversy. The Washington Post (12/2, A2, Geis) reports, "The Los Angeles fire chief was forced to resign yesterday amid a political firestorm sparked when the City Council offered a huge legal settlement to a black firefighter whose colleagues served him dog food. … After the Los Angeles City Council offered the firefighter a $2.7 million settlement last month, local radio talk show hosts ridiculed the size of the award and urged listeners to send cans of dog food to council members. Mayor Antonio Villaraigosa (D) vetoed the proposed settlement but also began distancing himself from Chief William Bamattre, who is white." The Los Angeles Times (12/2, Helfand, Hymon), the New York Times (12/2, A10, Steinhauer) and the AP (12/1) also report on the controversy.

NAACP Outlines Legislative Priorities. The Washington Times (12/2, A1, Debose) reports, "Democratic leaders will face pressure from minority voters to pass legislation during the next two years on many issues that have stalled in Congress, particularly those designed to close racial disparities." Hilary Shelton, the top NAACP lobbyist, "said two of the priorities are raising the minimum wage and extending a new version of the Ryan White Act, which provides funding for research and treatment for HIV/AIDS patients." Shelton "said laws setting a federal standard for appropriate use of force by police and punishments for racial profiling are also priorities. … Universal health care, particularly for children 'born and unborn' is also a top issue for the NAACP, as well as a measure to reduce mandatory minimum sentences for drug offenses."

WPost Claims FL13 Controversy Shows Need For "Paper Trail." The Washington Post (12/2, A14) editorializes, "it is strangely appropriate that six years after a controversy over hanging chads ended with George W. Bush in the White House, a fight over election results to fill [Rep. Katherine] Harris's 13th Congressional District seat is raising new questions about voting. A state audit is underway to determine why some 18,000 ballots in Sarasota County did not show votes in a race ultimately decided, by a mere 369 votes, in favor of the Republican candidate. … Unfortunately, the chances of finding a definitive reason for the 'missing' votes are diminished because of Florida's failure to require a way to verify and audit votes recorded by touch-screen voting machines. … Our support for a paper trail is not rooted in any belief that machines are to be mistrusted. Nor are we inclined to credit the theories about how election machines can be rigged. There is no evidence that any such fraud has occurred, and while there were scattered problems in the recent midterm election, overall the system functioned well."

ANTITRUST:

DOJ Subpoenas AMD, Nvidia In Antitrust Probe Of PC Graphics Card Industry. The San Francisco Chronicle (12/2, C - 1, Pimentel) reports, "The Justice Department is investigating Advanced Micro Devices Inc. and Nvidia Corp. in a federal probe of possible antitrust violations in the computer graphics card industry." The Chronicle continues, "Both Silicon Valley companies, the two leading makers of PC graphics cards, said they have received subpoenas from the Justice Department, although the agency has not made any specific allegations. … In separate

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statements, AMD and Nvidia said they were cooperating with the investigation." The Chronicle adds, "Michael Hara, vice president of corporate communications at Nvidia, said the Justice Department requested documents going back eight or nine years. … 'It's a broad range of documents relating to customers, competitors, product stack, prices, market studies -- everything, pretty much,' he said. 'Our position now is to comply with their request and get them what they need.' … Gina Talamona, a spokeswoman for the Justice Department, said the agency does not comment on specific companies under investigation. … 'I will confirm that the antitrust division is investigating the possibility of anticompetitive practices involving the graphics processing units and cards industry,' she said in an e-mail."

The San Jose Mercury News (12/2, Poletti) reports, "This is the second Justice Department investigation in the semiconductor industry in the past two months. In October, Justice officials said they were looking into the static random access memory (SRAM) chip business. Cypress Semiconductor of San Jose, a maker of SRAMs used in cell phones and digital music players, said it was cooperating with the investigation." The News continues, "AMD entered the graphics business in October when it completed a $5.4 billion acquisition of ATI, a Markham, Ontario, developer of graphics chips. Analysts said they did not think AMD's acquisition of ATI was the cause or the target of the review by the Justice Department. … ATI and Nvidia are fierce competitors in the PC graphics chip business, where they develop the chips and add-on cards that boost graphics performance in PCs, especially the high-end systems favored by video gamers. Their chips render two- and three-dimensional graphics, making video games more lifelike with each new generation."

The AP (12/2, Elias) reports, "The AMD and Nvidia subpoenas come on the heels of a 4-year-old price-fixing probe among memory chip makers. To date, four companies and 17 people have been charged, and the Justice Department has secured fines totaling more that $731 million in the probe of the dynamic random access memory, or DRAM, industry. .. .Government investigators also have demanded Sony Corp., Cypress Semiconductor Inc., Samsung Electronics and Toshiba Corp. turn over information related to another flavor of memory chip - static random access memory, or SRAM."

Bloomberg (12/2, Stebbins) reports, "Federal investigators may be looking at the fact that Nvidia and larger rival ATI Technologies Inc. have similar pricing among some competing product lines, Doug Freedman, an American Technology Research analyst, said today in an interview. Advanced Micro Devices Inc., which bought ATI in October for $5.4 billion, was subpoenaed Nov. 29. … ATI is the second-largest maker of computer-graphics chips behind Intel Corp. The combination of Advanced Micro and ATI puts the merged company in direct competition with Intel and Nvidia for sales of graphics chips. Intel hasn't received a subpoena, said Chuck Mulloy, spokesman for the Santa Clara, California-based company." Bloomberg adds, "U.S. antitrust investigators have examined the market for memory chips used in computers and opened a probe in October into possible price-fixing for another type of memory chip used in cell phones, Freedman said. The Albany Times-Union (12/2, Rulison) also reports on the subpoena.

DOJ Seeks More Information On CBOT-Chicago Merc Buyout. The AP (12/2) reports, "The parent companies of the Chicago Mercantile Exchange and the Chicago Board of Trade said Friday that the Justice Department has requested additional information about their pending $8 billion deal to combine operations into a single unit." The AP continues, "Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc., which has agreed to be bought by its longtime crosstown rival, both said they plan to respond promptly and expect the transaction to close by mid-2007. They did not discuss specifics of the request, which they said was not unexpected." The AP adds, "The two exchanges announced an agreement in October to combine both the electronic and floor trading platforms of their more than century-old operations. The $8 billion deal will create the world's largest futures market. … The Justice Department, which must sign off on the deal, is assessing any potential anti-competitive impact formed by the powerhouse combination. Officials of the exchanges have said they don't expect it to encounter antitrust problems."

FCC Chairman Seeks To End Telecom Deal Impasse. The AP (12/2, Meyerson) reports, "FCC Chairman Kevin Martin on Friday initiated a process that may break the deadlock in the agency's vote on AT&T's proposed acquisition of BellSouth by allowing a fifth commissioner who had recused himself to participate." The AP continues, "Martin asked the general counsel for the Federal Communications Commission to consider whether Robert

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McDowell ought to be authorized to participate in the deliberations on the $81.6 billion deal, FCC officials said Friday. … The chairman sent letters to the relevant committees in Congress advising them of the request, according to McDowell's office and an FCC official who spoke on condition of anonymity because Martin's office had not issued a public statement." The AP adds, "McDowell, one of three Republicans on the five-person commission, had recused himself because he is a former lobbyist for a trade group that opposes the merger. … Without McDowell, the vote has been deadlocked at 2-2, with Martin and another Republican appointee favoring approval of the deal, and the two Democrats demanding the companies offer additional concessions to ensure it doesn't harm consumers." The AP notes, "The Antitrust Division of the Justice Department cleared the deal Oct. 11, declaring that there were no competitive concerns and opting not to require the combined company to divest any assets or make any other concessions. The takeover, the biggest ever in U.S. telecommunications history, also has been approved by regulators in 18 states, leaving the FCC as the final hurdle."

The Los Angeles Times (12/2, Puzzanghera) reports, "With McDowell on the sideline, the commission has been split evenly between Republicans and Democrats. Martin said he wanted the FCC to approve the deal unconditionally, and Republican Deborah Taylor Tate was expected to back him. … But upset that the Justice Department gave unconditional approval to the deal in October, the two Democratic commissioners, Michael J. Copps and Jonathan S. Adelstein, have pressed for the FCC to impose strong conditions. They are concerned about the clout that would be created by the merger. A more muscular AT&T would dominate the market in California and 21 other states." The Times adds, "Among the sticking points are requirements that the Democrats would like to impose to prevent AT&T from charging some websites for higher-speed delivery of their content, an issue known as network neutrality. .. .Negotiations have been going on for seven weeks and Martin has postponed scheduled votes three times. With another commission meeting set for Dec. 20 and AT&T and BellSouth pushing for approval before the end of the year, Martin is trying to bring McDowell into the process."

Microsoft On Trial For Allegedly Overcharging Iowans. Bloomberg (12/2, Van Voris) reports, "Microsoft Corp. used its monopoly position to overcharge Iowans for software products including Windows, Word and Excel, a lawyer told jurors Friday at the opening of an antitrust trial in Des Moines." Bloomberg continues, "Roxanne Conlin, representing statewide buyers of Microsoft products since 1994, said the company violated Iowa antitrust law by taking advantage of monopolies in personal computer operating systems and software applications to charge inflated prices. … 'The law requires of Microsoft what it requires of all companies: that they compete fair and square,' Conlin told a jury of seven men and five women. 'Microsoft did not.'" Bloomberg adds, "The lawsuit is one of only two such cases Microsoft hasn't settled or persuaded judges to dismiss. The customers claim $329 million in damages, and a jury award can be tripled under Iowa antitrust law. … The Iowa case and one in Mississippi are the last of dozens filed by groups of consumers after an antitrust suit against Microsoft brought by the U.S. government and several states, including Iowa, in 1998. … The company settled the case, agreeing to give computer makers the freedom to promote competing software programs, such as Web browsers and media players, for prominent display on Windows-powered personal computers."

ENVIRONMENT:

House GOP Plans Vote On Offshore Drilling Bill. The Washington Times (12/2) reports House Republicans "agreed yesterday to move a compromise offshore-drilling bill passed by the Senate this summer that would open new territory in the Gulf Coast area to oil rigs and create a cash cow for nearby states. But it wasn't clear whether party leaders could summon enough votes to pass it quickly before lawmakers adjourn in the coming weeks. … Republican leaders will send the measure to the floor Tuesday as a 'suspension' bill requiring a two-thirds majority to pass, said Kevin Madden, a spokesman for House Majority Leader John A. Boehner of Ohio." The Times notes, "House leaders previously had blocked the bill, hoping for more ambitious legislation that would allow drilling in coastal waters across the country unless a state objects. But industry groups have lobbied heavily for Republicans to take what they can get and pass the Senate bill."

WPost Criticizes Administration, Congressional Inaction On Energy. The Washington Post (12/2, A14), in an editorial, writes, "Ever since President Bush lamented the nation's addiction to oil in his State of the Union address,

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energy policy has been on the rhetorical agenda. But neither the administration nor Congress has shown much appetite for action beyond subsidies for research on alternative fuels."

Voters In The West Seen As Embracing Conservation Measures. The Washington Post (12/2, A1, Harden) reports that in the 90s, "Working-class indignation exploded in the Interior West against environmentalists, Democrats and outside agitators, stalling efforts by the Clinton administration to rewrite grazing, mining and forestry laws. … Last month's elections, though, may signal the end of Republican dominance and fierce resistance to many conservation measures." Voters in the west "rejected ballot measures that could have shredded state and local land-use rules limiting growth, controlling sprawl and ensuring open space. Voters in Idaho, Washington and California soundly defeated 'takings' measures, intended to compensate individual owners whose land is devalued by land-use or zoning laws." The Post adds, "At the same time, Democrats consolidated gains from 2004, picking up the governorship in Colorado, a Senate seat in Montana and two House seats in Arizona. … Perhaps more significant, Democratic and Republican politicians from New Mexico to Montana have found common ground with hunters and anglers in opposing widespread energy development on wild public lands, halting drilling in several areas where the public felt that wildlife and scenic values trumped economic consideration."

FBI/DEA/ATF/USMS:

SF Chronicle Appeals Order To Imprison BALCO Reporters. The San Francisco Chronicle (12/2, Page B - 1, Egelko) reports, "The Chronicle, challenging a judge's order to imprison two of its reporters for refusing to reveal who leaked grand jury testimony about athletes and steroids, told a federal appeals court Friday that the public interest and evolving legal doctrines require recognition of a journalist's right to protect confidential sources. … 'Confidentiality is essential for the reporters to sustain the relationships they need with sources and to obtain sensitive information from them,' Jonathan Donnellan, a lawyer for the newspaper and the reporters, said in papers filed with the Ninth U.S. Circuit Court of Appeals in San Francisco. 'Without it, the press cannot effectively serve the public by keeping it informed.'" The Chronicle continues, "The contempt-of-court order against the two reporters, if upheld, would be 'an unprecedented extension of subpoena power against the press,' the brief argued, saying the only comparable cases in the past have involved national security." The Chronicle adds, "The brief said the reporting in this case did no harm to the prosecution, which had long since concluded, and had served the public interest by exposing steroid use by prominent athletes and triggering a national debate. … The court should adopt a new standard for evaluating reporters' claims of confidentiality in cases of grand jury leaks, the newspaper argued -- weighing the value of information revealed by the reporting against the damage, if any, caused by the leak. Such a balancing test has not yet been accepted by federal courts, which have upheld grand juries' power to compel testimony from journalists. … The brief also argued that the judge who ordered the reporters confined for up to 18 months in September gave too little weight to a 1996 U.S. Supreme Court ruling that allowed psychotherapists to refuse to disclose information from their patients. That decision compels federal courts to extend the same rights to journalists, the brief said."

CONGRESS-ADMINISTRATION:

Pelosi Chooses Reyes To Head Intelligence Committee. Fox News' Special Report (12/1, story 5, Wilson) reported that incoming House Speaker Nancy Pelosi selected Rep. Sylvester Reyes to head the House Intelligence Committee." Fox noted, "In doing so, Pelosi passed over two more senior members of the committee, California Congresswoman Jane Harman and Florida Congressman Alcee Hastings. Harman's term as the panel's top Democrat expires this year, and critics said it would have been a mistake to choose Hastings, who was impeached by Congress back when he was a federal judge. Reyes, who voted against authorization of the war in Iraq, said today he considers Iraq the number one issue for his committee, but he does not want the US to leave Iraq a terrorist haven, as Afghanistan was under the Taliban."

The AP (12/1, Shrader) reports National Intelligence Director John Negroponte and CIA Director Michael Hayden "issued statements welcoming Reyes' selection. 'His comprehensive understanding of the intelligence community and the challenges it faces, ideally qualifies him for this important chairmanship,' Negroponte said."

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The Houston Chronicle (12/2, Mittelstadt) reports Texas Republicans and Democrats "alike praised Reyes, saying his experience and bipartisan nature would be important assets. 'He is the perfect choice,' said Sen. Kay Bailey Hutchison. 'He will not be partisan. He will be independent.'"

The Washington Times (12/2, Fagan) reports, "The outgoing intelligence panel chairman offered his good wishes as well, even as he urged a bipartisan atmosphere next year. 'The threats and challenges facing our great nation know no political bounds,' said Rep. Peter Hoekstra." The Times adds that "Reyes has made some bipartisan moves in the past, including praising the nomination of former CIA Director Robert M. Gates to be the next defense secretary." The web sites of The Hill (12/1, Hearn) and Roll Call (12/1, Yachnin) provide brief reports on Reyes' selection.

Reyes Pledges To Challenge Administration On Surveillance, Detainees. The Washington Post (12/2, A4, Weisman) reports Reyes "signaled that he will use his post to confront the Bush administration on national security and intelligence issues that he said Republicans have shied away from. 'On warrantless tapping, on their policy on detention and interrogation, their policy on secret prisons, all of those have undermined our position in the world,' Reyes said in an interview yesterday. 'And we have been complicit in Congress by rubber-stamping everything the administration has proposed.'"

The AP (12/1, Shrader) reports Reyes "has said he will demand more information on the Bush administration's most classified programs, including the detention of enemy combatants and the National Security Agency's warrantless surveillance of domestic communications. He also plans to focus on the war in Iraq, threats from terrorists, the spread of weapons, diversity at U.S. intelligence agencies and civil liberties. … In a recent interview, Reyes said Republicans have made a habit of rubber-stamping the Bush administration's programs. Democrats, he said, must act quickly to show they will dig deeply into the government's actions."

Harman Preempts Pelosi's Announcement. The New York Times (12/2, A1, Mazzetti, Zeleny) reports Pelosi "sent a strong new signal on Friday that Democrats intend to confront the White House by naming" Reyes, "who opposed the war in Iraq" over Rep. Jane Harman of California, "a more hawkish figure who voted to authorize the war in Iraq and a political rival with whom Mrs. Pelosi has long had a stormy relationship." Pelosi "called Ms. Harman on Friday morning to deliver the news, and the two…spoke for about 10 minutes, according to people familiar with both sides of the conversation." Harman, "though, beat Mrs. Pelosi to the punch in announcing the news. In a break of political protocol, she sent out a statement congratulating Mr. Reyes before Mrs. Pelosi's office had even made the appointment official."

The Houston Chronicle (12/2, Mittelstadt) reports Reyes "may have helped himself by not lobbying Pelosi directly for the chairmanship because, he said, she knew him well from their prior service together on the Intelligence Committee. Pelosi, who has strained relations with Harman, was reportedly angered when her fellow Californian launched an aggressive campaign for the job. Pelosi this week bypassed Hastings, who was impeached as a federal judge, after critics questioned his suitability for the sensitive job."

Reyes' Travels With Weldon Draw Intelligence Community's Scrutiny. The Wall Street Journal (12/2, A4, Rogers, Solomon) reports Reyes "faces some skepticism in the intelligence community -- ironically, because of Mr. Reyes's travels with" Rep. Curt Weldon, who was defeated last month." The Journal notes that as a member of Armed Services, Reyes "has frequently traveled overseas as part of delegations led by" Weldon and "has made high-profile stops in North Korea, Libya and Russia in recent years. … An August 2003 trip included a stopover in Paris that drew the ire of the Central Intelligence Agency, according to two recently retired members of the agency's Directorate of Operations. Included was a meeting at a Paris hotel with group of Iranian exiles to discuss Iran's alleged role in terrorism and developing weapons of mass destruction. Among the leaders of the Iranian delegation was Manucher Ghorbanifar, a central figure in the Reagan administration's Iran-Contra scandal and a man the CIA had accused of providing bogus intelligence to the Americans. In an interview Friday, William Murray, who was the CIA's station chief in Paris at the time, said he tried to prevent the lawmakers from going to the meeting after he learned that Mr. Ghorbanifar would be attending. But he said that his advice went unheeded. 'Reyes was one of the guys who met with Ghorbanifar,' Mr. Murray said. Mr. Reyes's office said Friday that he has never met with Mr. Ghorbanifar, and didn't attend the hotel meeting during the Paris stopover.

Reyes' Family's Ties To Contractor Were Subject Of Investigation. The Washington Post (12/2, A4, Weisman)

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reports Reyes "has been linked to past controversies. The inspector general of the government's General Services Administration looked into the serious failures of a $239 million network of cameras and sensors along the Mexican and Canadian borders, an investigation that focused in part on the contractor's employment of Reyes's daughter Rebecca. Reyes has been a key backer of the system and its contractor, International Microwave Corp. Shortly after its 1999 contract award, the firm hired Rebecca Reyes to serve as a liaison to what was then the Immigration and Naturalization Service. She ultimately became IMC's vice president for contracts. IMC also hired her brother, Silvestre Reyes Jr., as a technician on the program, known as the Integrated Surveillance Intelligence System, or ISIS. Rep. Reyes said that he never interceded on his daughter's behalf or with U.S. officials to help her company win a contract, and that he backed the firm's search for funding only because he supports the system of border sensors and cameras. And, he said, the investigation was concluded with no charges of improprieties by the company, his daughter or himself."

Senate GOP Reportedly Planning To Oust Roberts From Intelligence. The Los Angeles Times (12/2, Miller) reports, "Senate aides said GOP leaders planned to remove Sen. Pat Roberts (R-Kan.) as the top Republican on the panel. Possible replacements include Sen. Orrin G. Hatch (R-Utah) and Sen. John W. Warner (R-Va.), the outgoing chairman of the Senate Armed Services Committee. A spokeswoman for Roberts declined to comment."

Gates Business Ties Raise Concerns. The Los Angeles Times (12/2, Roche, 850K) reports that as Robert Gates "awaits Senate confirmation as President Bush's secretary of Defense, ethics watchdogs worry about the revolving door between government and private business that allowed Gates to align himself with defense contractors, investment houses and a global drilling company" involved with Halliburton. The Bush Administration "has been dogged by allegations that past corporate affiliations of administration officials led to favored treatment in federal contract awards." Defense Secretary Donald Rumsfeld was allowed "to keep holdings worth as much as $25 million in Gilead Sciences Inc., a California company that developed a drug used to treat bird flu. Gilead, for which Rumsfeld served as board chairman, has seen its stock prices soar with sales to the Pentagon and other government customers." Gates "had no more than $165,000 in savings and retirement accounts [when he left government in 1993]. Now, he has $1.1 million in holdings with Fidelity Investments, as well as stock holdings in some of the companies where he has served as director." He has advised "10 different companies, assessing issues as varied as Saudi oil drilling, mutual fund performance and restaurant sales at Romano's Macaroni Grill."

DOD's Cambone To Resign At End Of Year. Undersecretary of Defense for Intelligence Stephen Cambone's resignation was covered by wire services but not by newspaper staff reporters. AFP (12/1) reports that Cambone "is the most senior Pentagon official to announce he is leaving since US Defense Secretary Donald Rumsfeld tendered his resignation last month." He was a "key player in [Rumsfeld's] efforts to transform the US military into a lighter, high tech force and in carving out a larger role for US military intelligence." Despite "criticism from some in Congress that [DOD] was intruding on turf traditionally dominated by the CIA," DCI Hayden called allegations of Pentagon-CIA feuding "an urban legend." The AFP calls Cambone "one of the last members of the original team that came to the Pentagon with Rumsfeld."

The AP (12/1, Baldor) reports that he becomes "the first key department member to leave in the wake of Rumsfeld's resignation. ... The Pentagon's intelligence-gathering has come under fire during Cambone's tenure, with critics accusing the Defense Department of trying to take expanded control over the nation's intelligence activities. Cambone was in charge of intelligence when it was disclosed a year ago that a Pentagon database of suspicious activities contained the names of anti-war groups that had been found not be security risks." More than 30 sites carried the AP story.

Bushes Host First Of 24 White House Holiday Parties. The Washington Post (12/2, Argetsinger, Roberts) "Reliable Source" column writes that the President and the First Lady "hosted the first of 24 White House holiday-season parties last night…just hours after the first lady unveiled this year's decorations, inspired by the mansion's Red Room." Two 12-foot trees "covered in poinsettias greeted guests in the Grand Foyer, along with vases of red carnations, lots of candy canes, cranberry topiaries and 4,638 shiny red balls on the trees and garlands.

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The 18-foot Douglas fir in the Blue Room is decorated in glass, crystal and that cottony kind of fake snow, as well as tiny red bows." Mrs. Bush said "the tree upstairs in the private residence is covered with family ornaments."

President, First Lady Marks World AIDS Day. The AP (12/1) reports President Bush "marked Worlds AIDS Day on Friday by declaring: "The pandemic of HIV/AIDS can be defeated." Bush and first lady Laura Bush met in the Roosevelt Room with Health and Human Services Secretary Michael Leavitt, U.S. Global AIDS Coordinator Mark Dybul and community leaders from the U.S. and Africa. 'It's a day for the world to recognize the fact that there are 39 million people living with HIV/AIDS,' Bush said. 'And a day to remember the fact that 25 million people have died of AIDS.' Bush's AIDS initiative, announced in 2003, is the largest international health initiative dedicated to a single disease." Bush "also urged Congress to reauthorize the $2.1 billion Ryan White Care Act, the largest federal program specifically for people with HIV/AIDS."

The CBS Evening News (12/1, story 6, 2:25, Couric) reported, "Today is World AIDS Day. It's been 25 years since we first heard medical and media reports of a baffling and deadly new disease. Now, of course, it's no longer new and it's taken a terrible toll. More than 64 million infected worldwide, more than 23 million dead. And just last year, despite all the medical advances, more than four million new cases." The CBS Evening News (12/1, story 7, 2:30, Couric) also aired an interview with Melinda Gates on the Gates Foundation's anti-AIDS efforts.

GSA Administrator Accused Of Comparing IG Staff To Terrorists. The Washington Post (12/2, A1, Higham, O'Harrow) reports GSA Administrator Lurita Alexis Doan "is trying to limit the ability of the agency's inspector general to audit contracts for fraud or waste and has said oversight efforts are intimidating the workforce, according to government documents and interviews." Doan, described as "a Bush political appointee and former government contractor," has "proposed cutting $5 million in spending on audits and shifting some responsibility for contract reviews to small, private audit contractors. Doan also has chided Inspector General Brian D. Miller for not going along with her attempts to streamline the agency's contracting efforts. In a private staff meeting Aug. 18, Doan said Miller's effort to examine contracts had 'gone too far and is eroding the health of the organization,' according to notes of the meeting written by an unidentified participant from the Office of Inspector General (OIG)." Doan "compared Miller and his staff to terrorists, according to a copy of the notes obtained by The Washington Post. 'There are two kinds of terrorism in the US: the external kind; and, internally, the IGs have terrorized the Regional Administrators,' Doan said, according to the notes."

"Icy Exchange" Makes Webb "A Folk Hero" On The Left. The Washington Post (12/2, B1, Shear) reports, "An icy exchange between President Bush and Virginia Sen.-elect James Webb that was made public this week has turned Webb into something of a folk hero among critics of the president, who have longed for someone to challenge his bravado. At the same time, Webb's refusal to play the gentlemanly political games so common in Washington has angered conservatives and renewed questions about how well he fits with other politicians in a sharply divided Congress, where compromise will be key. … But Webb chief of staff Paul J. Reagan said the senator-elect is going to be effective once he takes office next month." Reagan added, "He does not consider the incident two weeks ago to be consequential." The Post notes, "Among hundreds of comments posted on The Washington Post Web site, many Virginia residents and others praised Webb's courage in standing up to Bush."

Noonan Criticizes Bush Over Webb Exchange. In her column for the Wall Street Journal (12/2, P12) Peggy Noonan writes, "The latest example of a lack of grace in Washington is the exchange between Jim Webb and President Bush at a White House Christmas party. Mr. Webb did not want to pose with the president and so didn't join the picture line. Fair enough, everyone feels silly on a picture line. Mr. Bush approached him later and asked after his son, a Marine. Mr. Webb said he'd like his son back from Iraq. Mr. Bush then, according to the Washington Post, said: 'That's not what I asked you. How's your son?' Mr. Webb replied that's between him and his son. For this Mr. Webb has been roundly criticized. And on reading the exchange I thought it had the sound of the rattling little aggressions of our day, but not on Mr. Webb's side. Imagine Lincoln saying, in such circumstances, 'That's not what I asked you.' Or JFK. Or Gerald Ford! 'That's not what I asked you' is a sentence straight from cable TV, from which many Americans are

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acquiring an attitude toward public and even private presentation."

Coast Guard Finds Defect In Patrol Boats. The Washington Post (12/2, D1, Merle, 690K) reports, "Months after a whistle-blower took to the popular Web site YouTube to warn of communications problems with converted patrol boats, the Coast Guard says it has stopped using the ships after finding structural problems that made them potentially dangerous. ... In August, Michael De Kort, a former engineer at Bethesda-based Lockheed Martin, posted a 10-minute video saying there were blind spots in the ships' security cameras, equipment that malfunctioned in cold weather and other problems. But the Coast Guard said yesterday that the problems that prompted the sidelining of the ships were structural. 'They had nothing to do with secure communications,' said Cmdr. Jeff Carter, the Coast Guard's chief spokesman." The Post adds, "The ships were part of a massive modernization program run by Lockheed Martin and Northrop Grumman to replace the service's aging ships and helicopters. But the four-year-old program has seen cost increases -- from $17 billion to $24 billion -- and run into technical and management problems."

Teach For America Profiled. NBC Nightly News (12/1, story 9, 3:00, Williams) ran a feature on "one woman's mission to help some of the nation's most vulnerable children get a good education. What started out as a small idea -- young people teaching other young people -- a program called Teach for America is so big now it's as selective in picking young people to be teachers as Ivy League schools are in deciding who can be students." The group founded by Wendy Kopp "is making a difference for children and teachers alike."

LATimes Endorses Democrats' College Affordability Agenda. The Los Angeles Times (12/2) editorializes, "college affordability was one of the Democrats' main campaign promises this year. It was a pledge calculated as much to frustrate Republicans as to please working- and middle-class families. Who wants to oppose giving more students a chance at college? The outgoing Congress had made itself curiously vulnerable on the issue, cutting funding for Pell Grants, which go to the most impoverished students, and moving too slowly to end unnecessary subsidies to private lenders, though the worst were eventually eliminated. … Some Republicans have made the argument that giving students more financial assistance will only encourage colleges to raise their fees. This has it backward. Students need more financial assistance to cope with rising college fees. At any rate, Republicans would be better off working with Democrats to help make college more affordable for working families — of any political stripe.

Congressional Democrats Encouraged To Pursue Ethics Reform. In an op-ed for the New York Times (12/2, A15) Josh Chafetz, a student at the Yale Law School, writes, "With three-quarters of voters in the recent election saying that corruption and scandals helped determine how they cast their ballots, one of the first items of business for the Democrats in January should be putting their Congressional houses in order. … The new Democratic leadership can get off on the right foot by making a serious and sustained effort at self-regulation, even if that means some uncomfortable moments around the caucus table."

OTHER NEWS:

Weak Manufacturing Report Has Investors Warily Waiting For Fed's Move. In a pessimistic report, the Washington Times (12/2, Hill) says "economic weakness spread beyond the stricken housing and auto sectors last month, with reports showing U.S. manufacturing shrank for the first time in 3 1/2 years and construction dropped the most" since 9/11. US industries "broadly cut back production, adding to factory shutdowns caused by deepening recessions in auto- and housing-related industries such as wood, furniture and appliances." At the same time, an "unexpected decline in construction of offices and other business facilities in October added to a record string of drops in housing construction of more than 1 percent in the last seven months to cause the biggest drop in construction spending in six years." The New York Times (12/2, C6) also says the manufacturing report raised "concerns that the economy will not be able to achieve a soft landing."

The Washington Post (12/2, D1, Henderson) says many investors "aren't buying the Federal Reserve's forecast for a mild economic slowdown, worrying that a series of recently released figures might signal the onset of a sharper, more prolonged slump. Stock prices fell yesterday and the dollar extended its recent decline" after the construction spending news, which followed reports last week "showing the holiday

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shopping season got off to a tepid start and that new orders for big-ticket durable goods like airplanes and automobiles fell sharply in October."

The Wall Street Journal (12/2, A3, Conkey) also says the data provide "new ammunition to those who view the Federal Reserve's upbeat economic outlook as overly optimistic." There is "a big divide between bond-market investors and Fed Chairman Ben Bernanke over the next move on interest rates. The bond market is pessimistic about the prospects for near-term economic growth and views inflation as contained," and hopes for lower interest rates. But Bernanke "has struck a more sanguine note, saying the weakness is primarily confined to the housing market."

Stock Markets Decline. The Wall Street Journal (12/2, B1, Lahart) reports, "With less than a month left to the year, the question for investors is whether they should be singing 'Deck the Halls' or worrying that the economy is about to get decked. Stocks fell for the second week in a row and Treasury yields dropped to their lowest level in more than 10 months." The Dow Jones Industrial Average closed at 12194.13 Friday, down 27.80 points. The S&P 500 was down 3.92 points to 1396.71, and the Nasdaq down 18.56 points to 2413.21. The Wall Street Journal (12/2, Browning) also has a front-page story on the strategies of investors as the year draws to a close.

Dollar Continues To Fall. The Financial Times (12/2, Garnham, Brown-Humes, Guha) reports the dollar "fell further on Friday as weak US economic data heightened investor fears that the country's economy could be heading for a hard landing." The New York Times (12/2, C1, Weisman) says the "fluctuations of the dollar have unsettled many in the world of finance this last week, when it sagged about 2 percent against the euro, bringing its decline this year to more than 12 percent. On Friday, the dollar fell to 1.33 euros; it dropped against the British pound as well, with it now taking $1.98 to buy a pound."

Automobile Sales Slow As GM, Ford Plan Production Cuts. The Wall Street Journal (12/2, A3, Kosdrosky, Stoll) reports US automobile sales "downshifted in November to the slowest seasonally adjusted pace since October 2005" as both GM and Ford said they will cut North American production "in the first quarter of 2007 amid signs of flattening demand." The Washington Post (12/2, D2, Altman) adds that Toyota sold more vehicles than Ford in the US last month, "the second time that the No. 2 domestic automaker was outsold by its Japanese rival." The New York Times (12/2, C4, Bunkley) says Ford "fell into fourth place in November for the first time in its history," behind GM, Toyota, and DaimlerChrysler. The Financial Times (12/2, Simon) says "troubled" Ford's sales fell by 9.6% in November from a year earlier. NBC Nightly News (12/1, story 8, 2:50, Williams) reported on the "bad news today for Ford" as a lead-in to a report on auto workers migrating from Michigan to Wyoming for energy industry jobs. Meanwhile, the New York Times (12/2, C1, Maynard) has a report on the drama inside GM, "wrestling with one of the biggest financial crises in its history," where Kirk Kerkorian sold off the last of his $1.2 billion in shares this week.

WSJournal Lauds Report On US Decline In Competitiveness. The Wall Street Journal (12/2, A8) editorializes, "It won't be news to readers of these columns that increased regulatory burdens and litigation costs are undermining the competitive position of America's capital markets. But this week's interim report from the blue-ribbon Committee on Capital Markets Regulation performs a public service by marshaling evidence of the decline that is hard to refute. … The report's best contribution is the seriousness with which it examines the evidence of U.S. competitive decline -- evidence that defenders of the status quo should now be obliged to answer."

Obama Joins Brownback At Evangelical AIDS Event. The AP (12/1) reports, "Potential presidential candidate," Sen. Barack Obama "stood before one of the country's largest evangelical churches Friday and declared that condoms should be made more widely available to fight AIDS. The Democratic senator's appearance at" Rev. Rick Warren's Saddleback "megachurch was a source of dispute among evangelical leaders, with some of the most conservative saying that a politician who supports abortion rights should not have been allowed to speak at such a prominent church. … In a show of political unity, Obama took an AIDS test with a potential White House rival on the Republican side" -- Sen. Sam Brownback. The AP adds that "in another show of bipartisanship, the Illinois senator said President Bush doesn't get enough credit for committing $15 million against HIV and AIDS over five years."

The Los Angeles Times (12/2, Finnegan) reports Obama "drew a standing ovation from the 2,072 pastors and others who came from 39 states and 18 nations. … 'We can't ignore the fact that abstinence and fidelity, although the ideal,

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may not always be the reality — that we're dealing with flesh and blood men and women and not abstractions, and that if condoms and, potentially, things like microbicides, can prevent millions of deaths, then they should be made more widely available,' he said."

Some Conservatives Upset By Obama's Appearance. ABC World News (12/1, story 7, 2:30, Gibson) reported, "In this country, one AIDS Day event produced sharp political controversy. The event was at the California church of pastor and awe tore, Rick Warren. He came under fire from some fellow evangelicals who objected to one of his invited guests. … Rick Warren hosted his annual AIDS Summit today. Among others, he invited Democratic Senator Barak Obama, who took a public HIV test. The idea -- to come together to raise awareness about the importance of testing for AIDS." According to ABC, "many conservative Christian leaders, who were furious with Warren for inviting Obama. Why? Because the Senator supports abortion rights. 18 leading Christian conservatives wrote to Warren, 'If Senator Obama cannot defend the most helpless citizens in our country, he has nothing to say about the AIDS crisis. You cannot fight one evil while justifying another.'"

Warren said on MSNBC's Tucker (12/1, Carlson), "Everybody knows that I'm staunchly pro-life. … So that I would be criticized by pro-lifers is pretty ludicrous to me, but the real issue is if you can only work with people that you agree with 100%, you will never get anything done. … In the last session, I had two senators speak, one the face of compassionate conservatism and I think the other is the face of compassionate liberalism, and what they have in common is the compassion. And that's why we brought them here, because they care about AIDS, not because all of their different viewpoints."

Dowd Notes Controversy Over Obama's Middle Name: Hussein. The New York Times (12/2, A15, Dowd) reports, "If you call Barack Obama's office to check the spelling of his middle name, the reply comes back: 'Like the dictator.' In the first rush of our blind date with the young senator from Illinois, we are still discovering things that are going to take some getting used to. Like his middle name: Hussein. … There hadn't been much focus on" Obama "having the same name as the Butcher of Baghdad until a Republican operative dropped the H-bomb on 'Hardball' this week. Ed Rogers, a Bush 41 official, said he was underwhelmed with 'Barack Hussein Obama,' dismissing him as 'a blank canvas where people project their desires.' This set off indignation among liberal bloggers and in the Obama camp, where the middle name has not been hidden, but has not been mentioned much, either, even on the senator's August odyssey to his paternal home in Africa. The hush-hush on Hussein is a bit odd given that Mr. Inclusive is presenting himself as the American dream in human form, a multiethnic quilt whose journey is his qualification for higher office."

Bayh To Create Presidential Exploratory Committee. The AP (12/1, Espo) reports Sen. Evan Bayh, "a Democrat with a record of political success in a Republican-leaning state," will create a presidential exploratory committee and travel to Iowa and New Hampshire next week. Bayh "has been pointing toward a run for the White House for months, and had $10.5 million in his Senate campaign bank account as of Sept. 30. The money can be transferred to his exploratory committee."

Romney Faces Scrutiny Over Alleged Hiring Of Illegal Immigrant Landscapers. The Los Angeles Times (12/2, Mehren) reports Gov. Mitt Romney, "a 2008 GOP presidential aspirant and an outspoken critic of illegal immigration, apparently employed undocumented landscape workers at his home near Boston." Following on a Friday Boston Globe report, Romney Communications Director Eric Fehrnstrom said Romney "was unaware that several of the landscapers who kept up his suburban Belmont property were in this country illegally." Fehrnstrom said, "Gov. Romney has no information or knowledge to corroborate the Globe's allegations. He hired a legitimate lawn service company and he knows the owner as a decent, hardworking person who is a legal resident."

On MSNBC's Tucker (12/1, Carlson), Republican strategist Terry Holt and Democratic strategist Steve McMahon discussed the matter. Holt said, "We have moved decades beyond that kind of anger, where something like that" would derail Romney's campaign. McMahon said, "I don't think it's probably that big a deal, but I do think it's somewhat stupid, 15 years after Bill Clinton had this problem" with nominee Zoe Baird, "for people who are interested in running for president to make this kind of a dumb mistake."

Reid, Romney Draw Attention To Mormons In Politics. Gannett (12/2, Marrero) reports, "When Sen. Harry Reid becomes Senate majority leader next year, he will

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be the most powerful Mormon in Washington. But that reign could be short-lived if Massachusetts Gov. Mitt Romney makes a bid for the presidency in 2008 and wins." According to Gannett, "the 15 Mormons in Congress is a slightly greater representation than the religious group's percentage of the general population." However, "Some evangelical Christians consider the faith a cult, and 35% of Americans say they would not vote for a Mormon for president, according to a recent poll. That presents a particular challenge for Romney, who so far has steered clear of any public discussion about his religion."

Iowa Democratic Chair Says Clinton Not Organizing State. On MSNBC's Tucker (12/1, Carlson), Iowa Democratic Party Chairman Rob Tully said Sen. Hillary Clinton "doesn't have anybody at this point in time organizing the state. But I anticipate probably after the last couple days, she'll probably get on that pretty quick. … I just think that the rumor's been going around that a lot of the other candidates are starting to form and getting to move forward with their campaigns. I think, right after the first of the year, we're going to see a lot of candidates that are going to announce. And from that point on, it's going to be a mad dash to January of 2008."

Kerry Assessing Joke's Impact On Presidential Prospects. The AP (12/1) reports that in the wake of "The Joke" about those who "get stuck in Iraq," even "fellow Democrats and former supporters question" whether Sen. John Kerry "is still politically viable." While Kerry is publicly going ahead with plans for a second presidential run, "behind the scenes, Kerry apparently has been having doubts, calling current and former Democratic confidantes to inquire just how much his gaffe hurt his presidential chances, according to several Democrats who spoke on condition of anonymity."

Pataki Hires Ex-Cheney Aide As PAC Finance Director. The New York Times (12/2, B2, Healy) reports Gov. George Pataki hired Kara Ahern, a former aide to Vice President Dick Cheney yesterday, as the national finance director for his 21st Century Freedom PAC, which "is laying groundwork for Mr. Pataki's possible bid for the Republican presidential nomination in 2008." Ahern "worked with Mr. Pataki when she was the Northeast finance director for President Bush's campaign in 2004. Afterward, she was political director to Mr. Cheney."

Vilsack Comfortable With Underdog Role. Gov. Tom Vilsack said on MSNBC (12/1, Cosby), "Obviously, I'm a long shot. There's no question about that. And I have to have folks know me in the country. So I'm getting out, visiting with people in New Hampshire and Iowa, going to Nevada and South Carolina and spending some time with folks. … I've always started to campaign as an underdog. When I ran for governor in 1998, I was almost 23 points behind with just three weeks to go in my race. So the notion of being an underdog is something that I'm familiar with and certainly comfortable with." MSNBC's Rita Cosby concluded by saying, "Gov. Tom Vilsack: raised as an orphan and now running for president. A great success story."

Steele Seen Positioning Himself For 2010 Maryland Gubernatorial Run. The Washington Times (12/2, Miller) reports Maryland Lt. Gov. Michael Steele "has rebounded from his election loss by returning to an active role in state Republican politics, positioning himself for a potential run for governor in four years." Steele said, "I'm just trying to make sure our party gets back on its feet and stands tall. If we don't do the groundwork now and pull ourselves up, 2010 won't matter and 2008 won't matter, either." Steele said it "was 'too soon' to commit to a run for governor, but he did not rule out the possibility."

Calderon Becomes Mexican President Despite Continued Protests. ABC World News (12/1, story 6, 0:20, Gibson) reported, "In Mexico today, the country's new president took office in what was a chaotic ceremony. There were scuffles and shouting during the inauguration of Felipe Calderon. After the ceremony, thousands of protesters marched through the streets of Mexico City." NBC Nightly News (12/1, story 5, 0:30, Williams) called it "a bizarre scene in Mexico early this morning. The country's new President, Felipe Calderon, a conservative, had to slip onto a stage in a hurry to take the oath of office because of lawmakers who had been brawling in the chamber, literally, for days."

Major newspapers, wire services and websites report the inauguration of Calderon. The Washington Post (12/2, A8, Orlandi) calls Calderon "a free-trade booster and career politician," and says his swearing-in was "undercut by lawmakers' jeers and fisticuffs, a chaotic scene that reflected

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the country's deep political and economic divisions." The scene on the floor of Congress "was an unprecedented departure from the typical somber pageantry of Mexico's transfer of power and a long way from the mass euphoria that greeted Vicente Fox's 2000 election victory, which ended 71 years of single-party rule. It was also an indication of the challenges that await Calderon."

Under the headline, "Amid Catcalls, Mexico's President Is Sworn In," the New York Times (12/2, A6, McKinley) notes, "It was not pretty, but [Calderon] managed to take the oath of office in Congress Friday, as opposition lawmakers whistled and catcalled and the losing leftist candidate staged a massive march down the central avenue of the capital. Never before in modern Mexican history has a president been sworn in under such chaotic and divisive conditions."

The Wall Street Journal (12/2, A4, Luhnow, Lyons) says Calderon took office while "facing down leftist lawmakers who had vowed to block his inauguration and putting the country on notice that he won't retreat as easily in the face of opposition as his predecessor did." The Journal calls his taking of the oath of office in the Congress a "symbolic gesture" that "sent a loud message in Mexico, a country that only saw its first fully democratic transition in 2000, but that has been slowly becoming more violent and ungovernable since that year's election of President Vicente Fox, who repeatedly backed down in the face of protests and opposition demands. The resulting drift has let Mexico fall ever further behind its Asian rivals in attracting investment to create jobs and ease poverty."

The Los Angeles Times (12/2, Tobar) titles its piece, "Chaos Reigns For Mexican Inauguration." Calling Calderon "a diminutive but determined 44-year-old conservative," the Times says he will govern "a deeply divided Mexico." His "defiant appearance on the dais was in sharp contrast with the attitude of [Fox] during his final months in office." Calderon promised to "reach out to his rivals and try to heal the wounds of a long and bitter fight over the election."

The Washington Times (12/2, A1, Grillo) runs the front-page headline, "Roughhouse Swearing-in," while the Houston Chronicle (12/2, Althaus, Lloyd) titles its coverage, "Pomp And Punches." The Dallas Morning News (12/2, Corchado, Iliff) says Calderon "outmaneuvered opposition lawmakers vowing to disrupt his inauguration," and "quickly vowed to crack down on drug cartels while creating jobs to slow illegal immigration to the United States."

NYTimes Lauds Calderon's Leadership, Political Skills. A New York Times (12/2, A14) editorial compares Calderon to outgoing President Vicente Fox, "a decent man with many good ideas who lacked the skill and appetite to muscle his programs through." Calderon shares many of Fox's ideas but "may have the political savvy to succeed." He "has chosen a mostly good cabinet and a steady economic team," and said "he would push for universal health insurance for children and an expansion of the country's antipoverty programs. He is taking a page from Mr. López Obrador's agenda — which is good for Mexico and might win the new president some of the political capital he will need to push through reforms."

Pro-Hezbollah Lebanese Rally To Demand Siniora's Resignation. ABC World News (12/1, story 4, 0:20, Gibson) reported, "In Lebanon, hundreds of thousands of protesters poured into the streets of Beirut, calling for the Prime Minister and his government to resign. The protest was organized by Hezbollah, which is backed by Syria and Iran. It has called the Lebanese government a puppet of the United States." The CBS Evening News (12/1, story 3, 0:40, Phillips) reported, ""They came, police estimated, in their hundreds of thousands, supporters of the militant Hezbollah movement which battled Israel in southern Lebanon in last summer's war and which wants to bring down the US-backed Lebanese government now. And they pitched their tents saying they'll stay until the government falls."

NBC Nightly News (12/1, story 4, 1:00, Engel) reported, "As you can see behind me, those demonstrations are continuing. Now the protesters have set up tents so they can spend the night in the streets and maintain pressure on the government. Earlier today at one stage, there were as many as one million Hezbollah supporters in downtown Beirut. They are demanding that the current pro-American government be toppled. They say it is nothing more than an American puppet."

On its front page, the Washington Post (12/2, A1, Shadid, 690K) reports Hezbollah "and its allies escalated Lebanon's month-long political crisis into a popular confrontation Friday, sending hundreds of thousands of supporters into the streets, parking lots and sidewalks of downtown Beirut, vowing to topple the government of Prime Minister Fouad Siniora and reorient the country." The city "was awash in red-white-and-green Lebanese flags,

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interspersed with banners in the colors of various sectarian and political leaders," and the "crowd was more festive than angry, more celebratory than militant, as the theater of the moment intersected, perhaps a little dissonantly, with the Post adds, "In symbolism, numbers and aims, the protest drama of a struggle as decisive as any in Lebanon's history." marked a collision between two countries that have coexisted uneasily inside Lebanon following the assassination of former prime minister Rafiq al-Hariri." The current conflict "is more than just a political struggle unleashed by Hezbollah's demand in October for a share of the cabinet that would give it an effective veto over government decisions. Competing narratives of the country's past and future are on display."

The New York Times (12/2, Slackman, 1.16M) adds, "The official goal was to overthrow the government, but the atmosphere was bizarrely festive… The mood was lighthearted, but the turnout underscored the challenge this politically divided and fragile country faces as it confronts its most dangerous political crisis since the end of a 15-year civil war in 1990." The Times says the current "crisis threatens to undermine a donors conference scheduled for January in Paris," and "has already hurt a ploddingly slow effort to rebuild the mainly Shiite areas that were severely damaged in the war. But that did not seem to matter as anger spilled out, carnival style."

A piece in the Los Angeles Times (12/2, Stack) adds, "Hundreds of thousands of Hezbollah supporters and their allies poured into the capital Friday in a mass protest that paralyzed the city center, laid siege to the prime minister's office and threatened an escalating campaign of civil disobedience until the U.S.-backed government collapses." The Times calls the protest "uncannily reminiscent of anti-Syria demonstrations that erupted" after Hariri's murder.

The AP (12/2, Ghattas) notes, "Launching a long-threatened campaign to force Lebanon's U.S.-backed government from office, Hezbollah and its pro-Syrian allies said the demonstration would be followed by a wave of open-ended protests." Hezbollah "has tried to depict the protest as rallying all Lebanese, not just its supporters. It urged demonstrators to wave only the red and white Lebanese flag with its green cedar tree, in contrast to past protests that featured the group's yellow flag with a fist and Kalashnikov rifle." State Department deputy spokesman Tom Casey "said U.S. diplomats in Beirut had telephoned Lebanese government officials to offer their support."

BBC.com (12/2) adds, "Demonstrators slept in tents outside the office of Prime Minister Fouad Siniora, who they say is hostile to Syria and must resign." Siniora opponents claim they "will keep up the pressure until the government steps down." The BBC local reporter "says there is no sign that either side is giving up."

Annan Says Lebanon Ceasefire Holding But Israeli Overflights Continue. The New York Times (12/2, A8) notes UN Secretary-General Kofi Annan "said Friday that the cease-fire that ended fighting between Israel and Hezbollah fighters on Aug. 14 was holding, but that Israeli overflights in the border area were occurring almost daily." Annan told the Security Council "that Israel saw the incursions as a 'necessary security measure.' He said the United Nations continued to receive reports of illegal arms smuggling across the Syrian border but had been unable to verify them. An assessment team, he added, found 'significant deficiencies' in border control."

Abbas, PLO Executive Committee Discuss Political Way-Forward. The New York Times (12/2, A8, Myre) reports Palestinian President Mahmoud Abbas "convened the Palestine Liberation Organization's top decision-making group on Friday amid growing signs of a possible political showdown with Hamas, the faction that currently leads the Palestinian government." The PLO Executive Committee "is expected to meet for several days before deciding what action to take, if any." Of the ongoing unity government talks with Hamas, the PLO said in a statement, "The dialogue has stopped and there is no chance of resuming it in the same manner." The Times adds, "With the Palestinian government broke and isolated, Fatah and Hamas had agreed in principle on a unity government made up of professionals and technocrats. But they have not been able to agree on how to divide up important ministerial positions. There is no clear way out of the political standoff if they cannot reach an agreement."

Dead Sea Conference Said To Offer Few Specifics. In a piece comparing yesterday's Dead Sea conference to previous efforts, the New York Times (12/2, Cooper, 1.16M) notes, "With the recent setbacks to democracy throughout the region, the goals at this year's conference … were often smaller and, presumably, a bit more attainable." The Forum for the Future was conceived "to prod the Arab and Muslim world's autocratic governments

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toward democracy and stronger civil society, as sort of a bulwark against the hopelessness and disenchantment that could lead to extremism. It was an ambitious goal, and things seemed promising at first." However, the Times says, "that was the new Middle East, before the old one quickly reasserted itself." Detailing the meeting's atmospherics, the Times adds Secretary of State Rice "had been diplomatic the night before when a reporter asked her whether it was incongruous that Russia, which passed a law restricting nongovernmental organizations, was a host of a democracy conference in Jordan."

The Washington Post (12/2, A12, Kessler, 690K) headlines its report, "At Dead Sea Forum, Incongruities Abound." Noting the "uncomfortable irony" of a rule of law and press freedom forum co-hosted by Russia, the Post says, "With the Bush administration's push to promote democracy in the Middle East facing setbacks in Iraq, Lebanon and the Palestinian territories, irony was not in short supply." Describing leaders' activities on the margins of the official program, the Post reports Rice "held a series of bilateral meetings -- for instance, with a Sudanese official for a tough talk on the crisis in Darfur -- and skipped the final news conference to fly back to Washington when the sessions ran late."

Lavrov Says Iran UNSCR Talks Could Open Next Week. The AP (12/2) reports Russian Foreign Minister Sergey Lavrov "said Friday that talks on proposed sanctions against Iran's nuclear program could take place early next week." Lavrov told Russian media that "the meeting, suggested by France, would focus on the draft U.N. resolution on Iran and would take place at a top diplomatic level." The AP notes he claims that Secretary Rice, British Foreign Secretary Margaret Beckett and German Foreign Minister Frank-Walter Steinmeier "all agreed Friday to the meeting," and "China also might attend, although it is not clear if it will." Lavrov "said Russia was ready to vote for a U.N. ban on exports of nuclear materials and sensitive technologies to Iran. But he said Moscow was opposed 'to such sanctions and steps that could affect the International Atomic Energy Agency's activities in Iran.'" The AP adds that Undersecretary Burns "will attend a European conference in Brussels next week, probably on Tuesday, and will confer there with European diplomats about the resolution."

Experts Emphasis Temporal Nature Of Incentives Packages. In an op-ed in today's New York Times (12/2), the Carnegie Endowment for International Peace's George Perkovich and Pierre Goldschmidt write, "Beneath the legalese, Iran is moving as fast as it can to master uranium enrichment, while threatening its neighbors and refusing to provide transparency that the [IAEA] requires." They add, "International interlocutors must disabuse Iran that it can have its uranium cake and eat it, too. The vital security objective all along has been to prevent Iran from acquiring the capacity to make nuclear weapons fuel." If Iran becomes proficient at enriching uranium, "it would make no further sense to offer Iran exceptional nuclear energy cooperation, political benefits or access to international markets, capital and technology." The international community must "clarify now that the positive incentives the world wishes to negotiate with Iran will be withdrawn if it does not immediately accede to the binding Security Council demand for suspension." The authors note, "Failure to clarify the limited duration of positive incentives only encourages those in Iran who argue that there are no real costs to defying the Security Council and continuing the enrichment program." They conclude, "The Iranian people, their neighbors and the world deserve a more considered debate of Iran's options and of their consequences. Iran will never be in a better position than it is now to obtain a favorable deal that would improve its economy, employment and quality of life."

Strong Challenge To Chavez Could Tighten Tomorrow's Vote. Previewing tomorrow's Venezuelan presidential vote, the Wall Street Journal (12/2, A2, De Córdoba) reports President Hugo Chávez's "exasperated opponents got a gleeful surprise at a rally ahead of Sunday's election, when a giant inflatable figure of the nation's fiery and famously voluble leader inexplicably began to deflate." While a Chavez loss "looks unlikely -- most polls show Mr. Chávez with a comfortable edge -- Venezuela's often fractured and famously inept opposition is at least putting up a respectable fight this time. They are marching into electoral battle united behind Manuel Rosales, 54, a hard-nosed and experienced professional politician who has, by all accounts, mounted a feisty challenge to Mr. Chávez. That challenge, to be sure, is fueled by desperation." Rosales "faces long odds in his quest to oust the incumbent," and Chavez "retains a strong following among the majority of poor Venezuelans, on whom he has showered uncounted billions to subsidize health, education and employment programs." Chavez "also has fear on his side: His minions haven't shrunk from firing employees from

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government jobs or state companies for showing opposition leanings."

The Washington Times (12/2, Hearn) says Chavez "heads into tomorrow's election with some polls showing a victory margin of more than 30 percent while others show a dead heat for the fiery leftist who calls President Bush the devil." Rosales "has managed to unite a fragmented opposition and made inroads into Mr. Chavez's base by attacking the president's lavish spending on leftist causes throughout Latin America and his support for Cuba's Fidel Castro." Analysts "say a surprise showing by Mr. Rosales could cause political disturbances."

Rep. Connie Mack said on Fox News (12/1, Skinner), "The reality of this election is it's not going to be fair. Chavez has done everything he can so he can manipulate the election. So I think we all need to be prepared, at the end of the day, that he will win. Whether or not it was winning legitimately, that's still to be determined. And my thinking is that it's, no, he didn't win it; he won't win it legitimately."

A piece on the front page of the New York Times (12/2, Romero) notes the growing violent crime problem in Venezuela. "Yet the man in charge … rarely addresses the problem publicly and is sailing toward an easy election for a third time. Analysts say [President Hugo] Chávez is able to ignore the issue by governing through a system of extensive handouts that eases the purchase of basic goods but does little to ensure public order." Chavez has "politicized police forces throughout the country, marginalizing officers viewed as disagreeing with Mr. Chávez's 'Bolivarian Revolution,'" and the Times says "police forces have also largely been urged to tread lightly in poor neighborhoods, turning a blind eye to small demonstrations and petty crime like burning tires." Zulia Governor Manuel Rosales, Chavez's main opponent, "has been pounding the crime issue, questioning why murders have surged since Mr. Chávez entered office in 1999." Rosales "laid the blame squarely at the feet of the president, saying his confrontational style and tendency to turn the courts, military and the police into tools of his own power, are feeding the crime epidemic."

Financial Viability Of Chavez's Transcontinental Pipeline Project May Not Matter. The New York Times (12/2, C3, Gould) details Chavez's plan "to build a 5,000-mile natural gas pipeline that stretches from [the] remote northern tip of South America to the bottom end of the continent." The project "is the centerpiece of a broader effort by Mr. Chávez to strengthen ties among Latin America's economies and shrink their dependence on the United States." However, the concept "has generated political and environmental controversy at home and abroad." Chavez's "geopolitical aim is, in fact, the project's biggest hurdle, energy analysts maintain. They say that the decision by Mr. Chávez to give his ideological goals priority over profit jeopardizes the success of the project." The Times says it remains unclear "that Mr. Chávez can muster long-term support in South America for a huge pipeline that would take at least a decade to complete. There is already skepticism and bickering over other energy deals, analysts say."

Castro Reportedly Does Not Have Cancer. The CBS Evening News (12/1, story 5, 0:30, Logan) reported, "Fidel Castro remains seriously ill, but CBS News has learned that he does not have cancer, despite the rumors. However, we're told it's unlikely he'll recover enough to ever return to power, even if he survives for years. Millions here are hoping Castro will be able to attend a military parade tomorrow."

Ahead Of Olympics, China Will Lift Foreign Journalist Restrictions. The Washington Post (12/2, A8, Cody) reports a Chinese government statement that Beijing "has decided to substantially liberalize restrictions on coverage by foreign journalists ahead of the 2008 Olympic Games in Beijing." The "decree" claimed that "foreign reporters, whether assigned here permanently or visiting for the Olympics, will be allowed to roam most of the country freely and report without interference by local police or propaganda officials from Jan. 1, 2007, until Oct. 17, 2008. The Games are in August 2008." The Foreign Ministry noted that "the new rules departed clearly -- if temporarily -- from long-standing orders. They also marked a significant watershed for China, where information has long been treated as government property to be manipulated and controlled by propaganda officials." The Post says the new policy "would for more than 21 months eliminate some major barriers to accurate reporting about China: regulations that legally oblige foreign correspondents to work through local propaganda officials when gathering news. Those restrictions, when followed, have limited frank conversation with Chinese people and emphasized the official version of news."

The New York Times (12/2, A3, Yardley) calls the move "a step intended to fulfill the country's promise to allow visiting reporters to work freely in advance of the 2008 Beijing

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Olympics." The "relaxed reporting rules for foreigners are an important public relations gesture as Beijing prepares for the Olympic Games in August 2008." The Foreign Correspondents' Club of China "applauded the new rules and singled out the Foreign Ministry for praise. But the group also called on the government to make the regulations permanent." Reporters Without Borders "also praised the new rules but noted that the announcement came on the same day that a Beijing appeals court upheld a fraud conviction against Zhao Yan, a Chinese researcher for The New York Times."

Bodman Asks OPEC Not To Cut Production. The Financial Times (12/2, Hoyos) notes the Administration "on Friday urged the Organisation of the Petroleum Exporting Countries not to make further cuts to its oil production." Energy Secretary Samuel Bodman is quoted saying, "I encourage them to keep markets well-supplied." However, Saudi Oil Minister Ali Naimi "indicated that the cartel needed to give serious consideration to further reducing its production when it met in Abuja, Nigeria's capital, on December 14. He told reporters that demand was 'okay,' US inventories were high, and 100m barrels of oil would have to be removed from the market to achieve a balance." The Times adds that some "hawkish" OPEC members "have called on the group to reduce its production by at least another 500,000 barrels a day." Also, the Times reports, Angola will join OPEC and Sudan has begun working towards membership.

Litvinenko's Wife, Acquaintance Have Elevated Levels Of Polonium-210. ABC World News (12/1, story 5, 2:15, Gibson) reported, "Now to the overseas story that gets more intriguing with every passing day: the poisoning of Russian spy Alexander Litvinenko. They have detected the same radioactive sub tense in an Italian man, with shadowy intelligence ties." ABC (Sciutto): "Almost every hour today, another extraordinary twist. First, confirmation that Mario Scaramella, seen arriving for emergency treatment, tested positive for polonium. An Italian security analyst, he met Litvinenko the day he fell ill. Then came word, that Litvinenko's wife also tested positive. Then, as doctors performed a delicate and dangerous autopsy on Litvinenko hauling in special protective clothing, the discovery of not one, but two poisons in Litvinenko's body. Polonium and radioactive thallium in huge quantities. Both are believed to be favorite murder weapons of the Russian security services."

The CBS Evening News (12/1, story 4, 0:30, Roth) reported, "Authorities now say the radioactive substance that killed a former Russian spy also poisoned one of his contacts. … With extra equipment to protect the pathologists today, an autopsy was carried out on Litvinenko's body, which gets sealed in a special coffin before it's buried to keep radiation from spreading." NBC Nightly News (12/1, story 6, 1:30, Friesen) reported, "Exactly one month ago, these two men met at a London sushi bar. Now Alexander Litvinenko is dead and now Mario Scaramella is in the hospital. … The question tonight -- is he a victim or a suspect? In interviews last week, he said he met Litvinenko to warn him they were both on a hit list."

The Washington Post (12/2, A8, Jordan, Delaney) reports claims that polonium-210, "the radioactive substance that killed former Russian spy Alexander Litvinenko, has contaminated his wife and an Italian security consultant he met the day he fell ill." British authorities "said that neither was showing symptoms of poisoning," and confirmed that they "are the only two who have tested positive for the radiation since Litvinenko's mysterious death on Nov. 23." The Post says the Putin critic and former spy's "unexplained death has created Cold War-like tensions between London and Moscow."

The New York Times (12/2, A3, Lyall) adds the security consultant, Mario Scaramella, "was himself admitted to a London hospital on Friday, the authorities said, after tests showed that he had a significant amount of radioactive material in his body." Scaramella's hospitalization "adds a further layer of confusion to the puzzle surrounding the death of" Litvinenko." The Times adds, "With each new development, there are more mysteries to be solved in the case, which has still not been characterized as a murder by the London police."

The Los Angeles Times (12/2, Murphy) notes, "After days of investigation, police have begun to trace a radiation trail across flight manifests and London hotels and offices that security experts said could eventually pinpoint how the radioactive substance was brought to London and possibly by whom." Scaramella's test result "increases the likelihood that the poison was administered at the sushi restaurant in central London where the two men met briefly Nov. 1 — hours before Litvinenko became sick — especially since the radiation trail

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appears to follow Litvinenko's movements across London after that rendezvous."

Italy's Prodi Will Sue Accusers, Possibly Including Scaramella. The Financial Times (12/2, Barber) reports Litvinenko's "suspicious" death "was enmeshed in alleged dirty tricks in Italian politics on Friday after [Prime Minister Romano Prodi] "announced legal action against people linking him to the KGB, the former Soviet intelligence service." The Times calls Scaramella "the main person who has made [that] accusation" against Prodi. "The Litvinenko affair has spilled into Italian politics because Mr Scaramella was appointed in 2003 as a consultant to a parliamentary inquiry, known as the Mitrokhin commission, which was investigating KGB activities in Italy." Scaramella "reported to the commission's chairman in January that he had been looking into alleged links between Mr Prodi and the KGB."

Columnist Accuses Putin Of Undermining Elective Democracy. In her monthly column in the Washington Post (12/2, A15), the Carnegie Moscow Center's Marsha Lipman says Russia "is undergoing yet another round of election-rule tightening -- as usual, a product of the country's rubber-stamp legislature." Vladimir Putin's Kremlin "has managed to obstruct the financing of unwelcome political projects," and "political loyalists can draw on what's called the 'administrative resource' -- a network of administrators at various levels who are eager to do the regime's bidding." In short, "election results are preordained. There is a flatness about campaigns -- a lack of enthusiasm and emotion. Which is the way the Kremlin likes it." Arguing that "there's no more law or order about [Putin's] regime than there was in Boris Yeltsin's 'chaotic' Russia," Lipman says the "political scene has been fully cleared of genuine competition, and the executive and legislative branches filled with loyalists who need not worry about public accountability." The "disputes" among Kremlin allies "grow ever more intense and vicious, creating an atmosphere of rampant corruption and crime." She concludes, "Real competitive politics, if they were ever allowed, might be a threat to the ruling elite. Fierce infighting within the regime is a threat to the entire nation and its future."

In Turkey, Pope Said To "Soothe" Muslim "Outrage." The Washington Times (12/2, Phillips) notes Pope Benedict XVI "concluded a historic trip to the Muslim world yesterday after soothing an outraged Islamic population with his Christian message of peace and reconciliation." Benedict "wound up his triumphant four-day visit to Turkey with a parting message of good will to Muslims as Turkish clerics and commentators lauded the German-born pope for facing Mecca as he prayed alongside a top Islamic clergyman in Istanbul's Blue Mosque on Thursday." One Turkish paper is quoted reporting, "The pope's dreaded visit was concluded with a wonderful surprise," while another said, "He turned toward Mecca and prayed like Muslims." The Times adds, "Throughout his trip, however, the pope also gently stressed Rome's concept of reciprocity in which respect for Muslims in the West warrants respect for religious minorities such as Christians and Jews in majority Muslim lands, including the beleaguered community of 90,000 Christians in Turkey."

The Los Angeles Times (12/2, Wilkinson) adds, "Just as the Bible speaks of converting swords into plowshares, Pope Benedict XVI has used his extraordinary pilgrimage to Turkey this week to transform outrage over provocative remarks he made about Islam into an emerging image of conciliation and outreach." His mission to Turkey "could have crucial influence on the future of the troubled relations between Islam and Christianity. … By most accounts, Benedict was successful in winning over begrudging hearts and minds in the Islamic world." The Times cites an Italian observer saying the visit saw "the theological Benedict replaced by the diplomatic Benedict, an infrequently seen facet of this complex and deeply intellectual pope." Turkish press "gave generally positive coverage to the pontiff's visit to the majestic 17th century Blue Mosque. A photograph of him praying silently Thursday alongside the grand mufti of Istanbul dominated almost every front page."

Turkey Maintains Ban On Cypriot Traffic Despite EU Warning. The Washington Times (12/2, Borowiec) reports, "The Turkish government this week tried to minimize the impact of the European Union's threat to partially freeze accession talks, saying its foreign policy remained unchanged." A "senior" Turkish official "rejected EU insistence that Turkey must open its airports and harbors to traffic from Cyprus." For its part, the Cypriot government in Nicosia said the EU "was giving Turkey too much leeway, thus damaging efforts to find a solution to the Mediterranean island's partition." The Times calls the EU Commission's recommendation of a halt in talks, "a significant warning and

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a blow to Turkey's ambition to join what some in the Turkish press call 'the Christian Europe.'"

US Draft Resolution Would Create Regional Somalia Peacekeeping Force. The New York Times (12/2, Hoge, 1.16M) reports the US circulated a draft UN Security Council resolution on Somalia "urging a regional peacekeeping force to monitor a struggle for control between the country's embattled government and its powerful Islamist foes, and calling for a partial lifting of an arms embargo to enable the equipping of local security units." The "8,000-member force would come from seven East African nations but not from neighboring states of Kenya, Djibouti and Ethiopia. This restriction was added out of concern that the proposed United Nations move, aimed at calming tensions, might end up provoking wider hostilities." Noting some NGO opposition to a ground force, the Times says Ambassador Bolton "expressed annoyance with this view. 'You know, people criticize us when we take action on the ground, that our taking action makes the situation worse,' he said." Bolton "said that the text would be circulated to various capitals over the weekend, and that he hoped that reactions could start to be incorporated into the document at drafters' meetings beginning Monday."

The AP (12/2, Lederer) adds the US draft UNSCR "would authorize a regional force to protect Somalia's weak government and threaten Security Council action against those who block peace efforts and attempt to overthrow it." The UNSCR "would lift a 1992 arms embargo against Somalia so that troops in the "protection and training mission" could be militarily equipped. It would ban Somalia's neighbors from sending soldiers — a demand by a seven-nation East African group expected to contribute soldiers to the force, as well as European members of the Security Council who want to ensure the force's aim is to promote peace."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Church To Settle With 45 Accusers"
"A Fragile Fabric On Skid Row"
"Chaos Reigns For Mexican Inauguration"
"California Rolls Drive Them To Distraction"
"Hezbollah Sit-In Has Beirut At A Standstill"
"Pope Ends Visit Of Conciliation"

New York Times:

"Afghan District Makes Own Deal With The Taliban"
"Next Chairman For Intelligence Opposed War"
"Police Shooting Reunites Circle Of Common Loss"
"As Crime Soars For Venezuela, Chávez Coasts"
"Supporting Boys Or Girls When The Line Isn't Clear"
"The Apartment Atop The Garage Is Back In Vogue"
"Bridegroom's Legacy Remembered At His Funeral"
"Bush To Meet With Head Of Iraq Shiite Party"
"Volatile Dollar May Not Be Scary To Washington"
"Returning To Form, Miller Captures Downhill"
"Radiation Detected In Man Who Met With Ex-Spy"
"Amid Catcalls, Mexico's President Is Sworn In"

Washington Post:

"Crisis Intensifies In Lebanon As Hezbollah Takes To Streets"
"Iraq Plan Strives To Bridge Divide"
"GSA Chief Seeks To Cut Budget For Audits"
"D.C. To Spice Up Its Vending Variety"
"In West, Conservatives Emphasize The 'Conserve'"
"Afghanistan Opium Crop Sets Record"

Washington Times:

"Roughhouse Swearing-In"
"Study Group To Echo Bush"
"Democrats Face Pressure To Pass Minorities' Bills"
"Steele Takes Active Role In Maryland Politics, Eyes 2010"
"Cracks Widen In U.S. Economy"
"Promoters Reinvent Attitudes On Aging"

Atlanta Journal-Constitution:

"Radiation Poison Found In Two More"
"No-Knock Warrants Yield Little"
"Nardelli Denies Home Depot Rumors"
"6 Deaths Blamed On Storm"
"Historic Coke Race Case Over"
"Death-Penalty Funds Dwindling"

Dallas Morning News:

"UTD Student Accused Of Jihadist Ties"
"Ballyhooed Business Tax Riddled With Errors, Loopholes"
"Mother, Daughter Mending Bond Broken By Kidnapping"
"Tip Breaks Check-Cashing Slaying"
"Ultrasound May Spot Breast Cancer"
"Protesters Can't Stop Calderón"
"Radiation Found In Ex-Spy's Contact"
"Michael Richards To Meet With Comedy Club Guests"

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Houston Chronicle:

"Katy Shop Owner Plans Pig Races In Mosque Fight"
"Two Teens Charged In Westbury Student's Death"
"FBI Agent In Dallas Testifies On Group's Jihad Plot"
"Texas' Reyes To Lead House Intelligence Panel"
"Membership Drop Brings End Of University Club"
"Calderon Takes Office Amid Brawling Congress"
"Poisoned Spy Case May Have Another Victim"
"Time Runs Out Dec. 12 For Skilling's Freedom"
"Cirque Du Soleil's Corteo Gets Houston Run"
"Lone Star Pornutopia Closes In Houston"

Story Lineup From Last Night's Network News:

ABC: Winter Weather; Airline Flights Cancelled; Violence In Iraq- Iraqi Forces; Lebanese Protests; Litvinenko Investigation; Mexican Presidential Protests; World AIDS Day-Obama Controversy.

CBS: Winter Weather; Diplomatic Efforts In Iraq; Middle East News Briefing; Litvinenko Investigation; Castro's Health; World AIDS Day; Melinda Gates' AIDS Advocacy Efforts; Diet Product Industry.

NBC: Winter Weather; Airline Perspective; Diplomatic Efforts With Iraq; Lebanese Protests; Protests Over Calderon's Presidency; Litvinenko Investigation; In Depth-Privacy; Making A Difference With Education.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House: PRESIDENT BUSH -- No public schedule.

VICE PRESIDENT CHENEY -- No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: DEMOCRATIC MEETING _ The Democratic National Committee's Executive Committee meets for its annual December meeting. Highlights: 11 a.m. DNC Chairman Howard Dean, Reps.-elect Tim Walz of Minnesota and Nancy Boyda of Kansas and Democratic-Farmer-Labor Party Executive Director Andrew O'Leary of Minnesota. 1 p.m. Rules and Bylaws Committee considers a bonus delegate incentive system and committee regulations. Location: Omni Shoreham Hotel, 2500 Calvert St. NW Contacts: Kimberly Hunter, 202-863-8148.

MONETARY CONFERENCE _ The Federal Reserve Board, others, hold the 4th annual International Research Forum on Monetary Policy. Highlights: 8:30 a.m. Session on "Mortgage Markets, Collateral Constraints, and Monetary Policy: Do Institutional Factors Matter?" with authors Alessandro Calza, European Central Bank; Tommaso Monacelli, IGIER, Bocconi University; Livio Stracca, European Central Bank. Location: FRB, 20th and C Sts. NW. Contacts: Deborah Lagomarsino, 202-452-2599

KENNEDY CENTER HONORS _ Annual Kennedy Center honors, marking the careers of Andrew Lloyd Webber, Zubin Mehta, Dolly Parton, Smokey Robinson and Stephen Spielberg. Highlights: Evening. Awards ceremony. State Department. Contacts: Rae Bazzarre, 202-416-8441

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 2, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Agent Describes Alleged Texas Terrorist Cell. The Houston Chronicle (12/2, Korosec) reports, "An FBI agent testified in federal court Friday that at least four aspiring jihadists conducted firearms training and discussed going to war against the United States on two weekend camping trips near Willis earlier this year. 'The group had discussions about traveling to Pakistan to engage (the) United States and coalition forces,' Special Agent John McKinley, who is assigned to an international counterterrorism squad in Houston, told a federal judge. … The group included two Houston-area men who were arrested and charged earlier this week with conspiracy to aid the Taliban."

The Dallas Morning News (12/2, Chapa, Trahan) reports, "Federal authorities allege that Syed Maaz Shah joined the other men over several days in January to train with assault rifles in a rural area near Willis, Texas, north of Houston. The goal of the two Houston men was to 'hone their skills with weapons to assist fighters engaging United States forces in Afghanistan, Pakistan and Iraq,' according to conspiracy indictments for Kobie Williams, 33, and Adnan Babar Mirza, 29."

HOMELAND RESPONSE:

California Man Indicted For Hoax Anthrax Letters To Celebrities. The Los Angeles Times (12/2, Krikorian) reported Chad Conrad Castagana of Woodland Hills, Calif., was indicted "Friday on charges of sending threatening letters with white powder to half a dozen politicians and celebrities, including incoming House Speaker Nancy Pelosi and television personalities Jon Stewart and Keith Olbermann. … The powder turned out to be harmless." The Times noted, "According to an affidavit by Los Angeles FBI Agent Mary Hogan, the investigation began Sept. 6 when agents in New York were called to the apartment of comedian Jon Stewart and found a threatening letter, postmarked from Santa Clarita with an unknown white powder. … 'It appears the individuals were targeted based on what he described as their liberal politics,' Assistant U.S. Atty. Donald Gaffney said Friday after the indictment was returned."

The AP (12/2, Marquez) noted, "Castagana was charged with 14 federal counts of threats and hoaxes, one for each letter he is accused of sending. Each count carries a 5-year sentence." The AP added, "The FBI has said federal agents watched Castagana walk from his home to a public mailbox and deposit several letters. One was addressed to

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someone previously targeted and contained the white powder."

Leahy Plans To Investigate Traveler Assessment Program. The AP (12/2, Sniffin) reports, "A leader of the new Democratic Congress, business travelers and privacy advocates expressed outrage Friday over the unannounced assignment of terrorism risk assessments to American international travelers by a computerized system managed from an unmarked, two-story brick building in Northern Virginia." Incoming Senate Judiciary Chairman Patrick Leahy "pledged greater scrutiny of such government database-mining projects after reading that during the past four years millions of Americans have been evaluated without their knowledge to assess the risks that they are terrorists or criminals."

Database Raises Privacy Concerns. NBC Nightly News (12/1, story 7, 2:00) ran an "In Depth" report on privacy in the US, with anchor Brian Williams saying, "Many people may not realize it, but since 9/11, the government has been monitoring and gathering data on just about every person entering the US. Now there are concerns about what the government is doing about all the information it gathers." NBC (P. Williams): "Each of the more than 400 million times a year that US citizens and foreign travelers enter the US, a Customs and Border Protection agent has about one minute to decide if they're a threat, and if so, to conduct a more intrusive inspection. A big factor in that decision is a computer database containing such personal information as credit card and phone numbers used to buy tickets, travel history, traveling companions, even airline seat numbers. Recently disclosed government documents say the system also generates a risk assessment score for every traveler, including American citizens. A record, the government says, that can be kept as long as 40 years. That has privacy advocates raising new objections that homeland security wants to prevent passengers from reviewing their records for mistakes. … Homeland Security says there is a way for passengers to claim that the information on them is incorrect. But privacy groups say, unless passengers can see it for themselves, it's impossible to fix."

NYTimes Seeks Dismissal Of Hatfill Defamation Suit. The New York Times (12/2, A13, Lewis, Johnston) reports, "The New York Times filed a motion with a federal judge on Friday asking him to dismiss a suit by a germ-warfare scientist who said a series of columns by Nicholas D. Kristof about the deadly anthrax mailings of 2001 defamed him. The scientist, Stephen J. Hatfill, who formerly worked in the Army laboratories at Fort Detrick, Md., has said Mr. Kristof's columns about the slow pace of the anthrax investigation defamed him because they suggested that he was responsible for the attacks. In the motion filed Friday, lawyers for The Times asked Judge Claude M. Hilton of Federal District Court in Alexandria, Va., to dismiss the suit."

NYTimes Says Katrina Evacuees Ought To Have Been Given Section 8 Vouchers. The New York Times (12/2, A14) editorializes, "One of the many victims of Hurricane Katrina may turn out to be the hospitality that American cities, particularly Houston, showed to people fleeing the storm. Thanks largely to the Bush administration's catastrophic handling of the relocation crisis, Houston endured much more civic strain than it should have in caring for the tens of thousands of Louisianans who landed on its doorstep. The administration's mishandling of the crisis has often looked like a calculated attempt to discourage displaced people from seeking housing aid, even if it means leaving them vulnerable to homelessness. A federal district court judge implied as much this week, when he found that the Federal Emergency Management Agency's aid application process was so convoluted and confusing as to be unconstitutional." According to the Times, "The administration made its most disastrous misstep when it failed to enlist the Department of Housing and Urban Development, which was created to deal with just these kinds of situations. If the administration had provided Section 8 housing vouchers through HUD, families could have been directed to affordable housing all over the country."

WAR NEWS:

Iraq Study Group Said To Seek "Middle Road" Between Bush, Democrats. All three broadcast networks led their Friday evening newscasts with reports on harsh winter weather in the Midwest. Beyond that story, the focus was mainly on Iraq and the widely anticipated report from the Iraq Study Group. In addition to television coverage, the ISG report receives front-page coverage from both Washington newspapers and was a big topic on cable talk shows.

The Washington Post (12/2, Baker, Ricks, 690K) says the ISG "plans to recommend that the U.S. military mission shift to advising, training and supporting Iraqi forces, who would take the lead in securing their country. As part of that, U.S. soldiers would increasingly embed with Iraqi troops to guide them." The ISG "tries to find a middle road between President Bush's adamant refusal to leave Iraq until the job is done and Democratic demands to pull out U.S. troops. But in achieving unanimity among its Republican and Democratic members, the commission has outlined a strategy with its own political and military risks."

Under the headline "Study Group To Echo Bush," the Washington Times (12/2, Scarborough, 88K) says Bush and

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the ISG "are not far apart when it comes to a final plan for getting U.S. troops out of Iraq." Gen. Benjamin Mixon, a senior commander in Iraq, said the group's "idea to shift more duties to Iraqis and gradually pull out forces is current Pentagon policy." The Times finds Bush and the ISG "essentially" opposing an "immediate" pullout and a "date-certain timeline"; however, the group seeks "a goal of 18 months to pull out most combat troops."

NBC Nightly News (12/1, story 3, 2:50, Gregory, 9.87M) reported, "White House officials say the President will decide about course corrections in Iraq before Christmas. But despite expectations of major change, tonight officials insist the President's core war strategy is sound. ... Leading Democrats, however, remain critical saying the President was wrong this week to give an open-ended commitment on US troop presence." Sen. Carl Levin: "It's wrong. It takes the pressure off the Iraqis to do what only they can do."

The Wall Street Journal (12/2, A2, Seib, 2.04M) reports that the study "will be only the beginning of a Washington rethink." The Journal notes the existence of other efforts, "some perhaps equally important. Inside the Pentagon, a team of three colonels has been outlining a series of options for Gen. Peter Pace." The Pace group "has looked far more favorably on temporarily increasing the size of the U.S. force in Baghdad in an effort to get the city under control. It also is pushing a far more robust program of American military advisers," while NSA Stephen Hadley "is emerging as a kind of presidential fix-it man on Iraq" and is "quietly canvassing" for advice on Iraq. Finally, "the new Democratic majority in Congress is about to try to put its own stamp on Iraq policy. ... The risk for the White House is that the situation could shift rapidly from too few ideas on Iraq to too many disjointed ones."

The CBS Evening News (12/1, story 2, 2:00, Plante, 7.66M) reported, "Long-time Middle East diplomat Martin Indyk says forget victory, the US is staring defeat in the face." Indyk: "What we immediately need to be focused on is preventing the situation in Iraq affecting our other interests in the region." Plante: "It's precisely to keep the region from exploding that the Baker commission is expected to recommend a major diplomatic initiative, including US talks with Iran and Syria, something the President has consistently rejected. As one senior White House official put it: If that's the recommendation, everyone here will be underwhelmed."

Officials Expect No Big Changes In Iraq Policy. The Washington Post (12/2, Wright, 690K) reports, "With the Iraq Study Group report due on Wednesday, the Bush administration has notified allies that it will not budge on certain aspects of Iraq policy, whatever recommendations are put forth by the independent panel of 10 prominent Republicans and Democrats." State and NSC officials spoke "at a private briefing for diplomats" last Wednesday, according to unnamed diplomats at the briefing. The officials "said any recommendations for policy shifts would have to fit in with long-term U.S. strategic objectives for Iraq, including ensuring that the nation can govern and defend itself and that it is stable, not a threat to neighbors, and an ally in the fight against terrorism." They gave "a further indication that the White House may be digging in its heels" by stressing that Bush "will have the last word on what happens next and will not succumb to outside pressure."

Baker, Hamilton Have "Herculean" Task. The AP (12/1, Yen) reports James Baker and Lee Hamilton "face a Herculean task of extricating the U.S. from an increasingly unpopular war. … Preliminary details of their unanimous report, which calls for a gradual troop pullback without setting firm timetables and more regional diplomacy, are already generating fire from some Democrats in Congress, while President Bush is deriding the notion of a graceful exit as having 'no realism to it whatsoever.'" The co-chairmen's "diplomatic powers and cache of bipartisan goodwill" may patch the rift.

Legislators Comment On ISG Report. Sen. John Cornyn said on CNN's The Situation Room (12/1, Blitzer), "I think the Pentagon is going to make clear that it thinks we have three options: go big, go long or go home. And I think the only one that has a reasonable chance of success is growing the size of our troop level in Baghdad so we can not only clear dangerous areas, we can actually hold them."

Sen. Christopher Dodd said on MSNBC (12/1, Jansing), "Maybe the more important suggestion, at least in terms of timing, is the suggestion by the Baker-Hamilton report that the Administration begin to deal regionally with this issue, to begin talking to people that are not our friends and in fact, in some cases, are our enemies, but recognizing we're going to have to deal with the regional aspects of this problem. ... That suggestion by this study group may be the far more important suggestion than actually the timing of when our troops come or leave."

Rep. Jack Murtha said on CNN's The Situation Room (12/1, Blitzer), "The commission is saying let's redeploy, let's change the policy of stay the course to redeployment. The problem, as I understand it, and I haven't seen the report, but the problem is they say it depends on the circumstances on the ground. Well, if it depends on circumstances on the ground it's not a lot different from what President Bush is saying. And then President Bush says he's going to ignore it anyway.."

Rep. Dennis Kucinich said on Fox News' Your World (12/1, Cavuto), "The American people voted in November for a dramatic change in Iraq. They want out. And I think that Congress has a responsibility to take this country in that direction."

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Bush Will Meet Head Of Iraqi Shiite Party, Sunni VP. ABC World News (12/1, story 3, 2:35, Gibson, 8.78M) reported, "President Bush, back from the summit, says he'll meet with another powerful Iraqi at the White House on Monday. He heads the largest Shiite bloc in Iraq's parliament, and is one of the most influential leaders of Iraq's Shiite majority." The CBS Evening News (12/1, story 2, 2:00, Plante, 7.66M), reported bdul Aziz al-Hakim "heads Iraq's largest Shiite sect. His Badr militia rivals the Mahdi Army of Moqtada al-Sadr." The NBC Nightly News (12/1, story 3, 2:50, Gregory, 9.87M) called it "an effort aides say to keep up pressure on Iraq's political leaders to end the bloodletting."

The New York Times (12/2, Sanger, Wong, 1.16M) reports that the meeting is "the latest step in a burst of new administration attempts to try different approaches to bolstering the fragile Iraqi government." The Times says the "effort is part of a White House strategy that calls for reaching out to a wider circle of Iraqi politicians to give greater support to the weak government of Prime Minister Nuri Kamal al-Maliki, and lessen his dependence on Moktada al-Sadr, the anti-American Shiite cleric." However, the endeavor "immerses Washington even deeper into Baghdad's byzantine coalition politics, and it risks being interpreted in Baghdad as a sign that Mr. Bush is hedging his bets." This move "comes at a time when the administration is overhauling its approach to dealing with Iraq's leadership, though there are arguments over how deeply Washington can involve itself in the politics of a country in such political turmoil."

The Los Angeles Times (12/2, Gerstenzang, 850K) also reports the pending meetings, adding, "In the last seven months, Hashimi has lost a sister and a brother to Iraq's civil war."

US Rethinking Goal Of Iraq Unification. The AP (12/2, Gearan) reports President Bush "is becoming more personally involved in Iraq's fragmented politics as his administration reevaluates efforts to unite different Iraqi groups in an attempt to preserve U.S. options. ... Bush is reaching out on Monday to another Shiite politician, Abdul-Aziz al-Hakim, to seek ways to end the violence and keep Iraq's unity government intact. To show he's not choosing sides, Bush is planning to meet next month with Iraq's Sunni Vice President Tariq al-Hashemi, according to a senior administration official." However, "the administration is also debating whether to abandon U.S. efforts to bring Sunni insurgents into the political process to stabilize Iraq and instead leave that outreach to the majority Shiites and Iraq's third major group, the Kurds, a senior U.S official said. No decision has been made."

Maliki Is Criticized Amidst Violence. The Los Angeles Times (12/2, Hennessy-Fiske, 850K) reports, "Prime Minister Nouri Maliki has attempted to reassert his authority in recent weeks, confronting U.S. leaders, demanding more control over national security and weighing plans to reconfigure his Cabinet. ... But Iraqi leaders and citizens were skeptical Friday that the prime minister could fight the rising tide of civil war." On Friday, "those gathering at mosques across Iraq, Sunni and Shiite, said they saw Maliki's meeting with Bush as largely unproductive, and yet another sign their country was falling apart."

Reporter Interprets Bush, Maliki Body Language. An analysis of Bush's meeting this week with Maliki in the New York Times (12/2, Stolberg, 1.16M) reports, "Nobody expected a love fest… As they wrapped up their breakfast at the Four Seasons hotel in Amman on Thursday morning, aides warned that reporters…would be on the lookout for any sign of bad blood. That's when the president hugged the prime minister." The Times adds, "When the president heaped praise upon the prime minister, lauding him for his courage, Mr. Maliki barely looked Mr. Bush's way. Though much was made afterward of the body language, White House officials blamed the language barrier, saying each man was listening intently into his earpiece for a translation of the other's words." The Times calls their relationship "a complicated entanglement. Mr. Bush, who has staked his presidency on success in Iraq, needs the Maliki government as an ally. But Mr. Maliki's survival depends, in part, on his ability to demonstrate that he is his own man, not an American puppet."

Salhani Says All-Out Shiite-Sunni War Could Tie Down Fundamentalists. In a commentary for the Washington Times (12/2, 88K), UPI editor Claude Salhani writes, "And when it comes to pulling U.S. forces out of Iraq there are two opposing schools of thought. The first is that the United States will not withdraw from Iraq until the security void can be filled (by Iraqis) to prevent further deterioration in what is already being called a civil war. ... The second school of thought -- albeit a rather Machiavellian one -- sees a unique 'opportunity' to entangle the Muslim world in a fratricidal war that would keep Islamic forces occupied for years, if not decades, to come. ... for some policymakers it could provide the answer to what they perceive as a rising threat that three years of continued all-out war by the world's best-armed, best-trained, best-equipped and most motivated army could not resolve. Under this scenario, Saudi troops, along with billions of Saudi petro-dollars, would be tied up for years fighting Iranian-backed insurgents in Iraq. ... The thinking supporting that theory is that this would tie down fundamentalist forces on both sides for years to come."

US, Iraqi Forces Launch Baghdad Raids. The Washington Post/AP (12/2, Wagner) reports, "U.S. and Iraqi forces launched six raids against insurgents Friday, including one that killed at least three Iraqis and another in which American forces wounded an Iraqi female who the U.S.

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command said was being used as a 'human shield.' The U.S. military also reported that an American soldier was killed in combat in the capital Thursday. ... Iraqi soldiers backed by U.S. helicopters swept through Fadhil, one of the oldest areas of Baghdad, and engaged in house-to-house combat, police Lt. Ali Muhsin said. The neighborhood is about a mile from the heavily fortified Green Zone." The Post adds of other fighting in "the Taji area," "It was the fourth time this week that a female Iraqi civilian has been killed or wounded in crossfire between U.S. forces and insurgents."

Iraq Takes Over Army Division From US. The Financial Times (12/2, Dinmore) reports, "Iraq's government on Friday took command over another army division in the north, a US general announced, in an apparent demonstration of the US's commitment to accelerate the handover of military control to Nouri al-Maliki, prime minister. ... Mr Bush said he had listened to Mr Maliki's 'frustration' at not having the tools to do his job." Gen. Benjamin Mixon said that "the remaining two northern divisions would follow by February 2007." The Times adds, "US officials have expressed concern over too rapid a transfer of authority, because of a lack of training and fears that some Iraqi troops uphold their sectarian allegiances above their loyalty to the state. Rogue units of Iraq's police forces – which are not under US control – have been accused of carrying out extrajudicial killings and torture."

The AP (12/1, Baldor) reports that Gen. Mixon "said Friday the transfer of responsibility for security from U.S. to Iraqi forces, reportedly among the recommendations of a special study group, already is under way." Mixon "said he is on track to place all four Iraqi army divisions in his area under Iraqi control by March."

The CBS Evening News (12/1, story 2, 2:00, Plante, 7.66M) reported, "In his meeting with the President yesterday, Iraq's prime minister insisted he could gain control of the sectarian violence if he had complete control of security forces. Mr. Bush agreed to speed that up and today the US commander of coalition forces in northern Iraq said that control of four Iraqi divisions will be transferred to Baghdad by March."

Iraqi Forces Train In Jordan. On ABC World News 12/1, story 3, 2:35, McCarthy) reported on a training site for Iraqi forces in the Jordanian desert, where 133,000 troops and 160,000 police "have been trained since the war began." Maliki "said this week, his forces will be ready to take over for the US within six months, a claim US military experts dispute." Ex-Army Vice Chief of Staff Gen. Jack Keane: "It's very difficult to imagine that in the next six months, these forces could be ready to assume responsibility in Iraq." McCarthy: "No amount of US advisers can teach Iraqis to be impartial in a country where religious identity has become a matter of life or death. Sectarian conflict can only be overcome if Maliki starts genuine reconciliation talks between Sunnis and Shiites. And that's something so far he's failed to deliver."

US Troops In Iraq Take On New Role. The AP (12/1, Burns) reports, "These are not normal times — not in a chaotic Iraq where President Bush is banking on improving Iraqi security forces so the American military can begin to pull out, or at least pull back. U.S. soldiers and Marines are being plucked out of combat positions to be "embedded" with Iraqi army and police units as trainers and advisers. ... U.S. commanders see this effort as the key to winding down American combat action in a country wracked by internal strife." However, "U.S. advisers are giving the program mixed reviews. Some of them complain they spend much of their time making sure Iraqi soldiers are paid and have the equipment they need." The AP adds, "In Vietnam the advising gave way to the introduction of hundreds of thousands of U.S. combat forces, whereas in Iraq the advisers are seen as a way to get combat forces out."

Negroponte Says Iraq's Cities Insecure, Enemy Hard To Spot. The AP (12/1) reports National Intelligence Director John Negroponte "says Iraq's cities are less secure and the enemy harder to identify in comparison to the situation in much of Vietnam when he served as a U.S. diplomat there in the 1960s. ... Negroponte said he sees more differences than similarities between the two conflicts. In Vietnam, for example, there was a clear enemy, given Soviet support of the North Vietnamese." He stated, "In Vietnam, the cities were secure. The province capitals were secure." Negroponte "said Iraqis must take more responsibility for their security and defense. The key, he said, is Baghdad, where the violence is greatest.."

Last Italian Troops Leave Iraq. AFP (12/1, Deshmukh) reports, "The last Italian troops in Iraq have headed home as Prime Minister Nuri al-Maliki said his forces could take over the battered nation's security by June 2007. ... The Italians were deployed in Iraq's south along with British, Australians and Romanian forces. At least 31 Italian soldiers have been killed in Iraq since 2003. The troops were stationed in Nasiriyah, the provincial seat of Dhi Qar, a relatively peaceful region compared with Iraq's central and western regions where US forces are battling a raging insurgency and a brutal sectarian conflict."

Iraqi Professor Urges Dialogue With Iran, Syria. The Los Angeles Times (12/2, Perry, 850K) reports on refugee professor Naba Saleem Hadid: "Her message is simple: While life under Saddam Hussein was horrible, because of the violence and power struggles, life since the U.S. invasion is worse." While not calling for an American pullout, "she feels it is imperative for President Bush to work

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with leaders in Iran and Syria to cobble together a regional solution to suppressing the violence and repairing the massive damage."

Iraqi Civilian Death Toll Rises 43% In November. The AP (12/1, Gamel) reports, "An Interior Ministry official said Friday that 1,846 civilians were killed in Iraq in November, a 43 percent increase from the estimated toll in October." The October estimate was 1,289 dead. The AP adds, "Rising sectarian tensions have pushed the country toward the verge of civil war," saying that its own November count was 1,923.

Kasparov Claims US Is Overfocused On Iraq, Needs To Examine "Big Picture." In a commentary for the Wall Street Journal (12/2, 2.04M), former chess champion and political activist Gerry Kasparov writes, "Thirty years as a chess player ingrained in me the importance of never losing sight of the big picture. ... America and its allies are so focused on Iraq they are ceding territory all over the map. ... This dire situation is a result of the only thing worse than a failed strategy: the inability to recognize, or to admit, that a strategy has failed. Since the invasion of Iraq in March 2003, North Korea has tested a nuclear weapon. Iran is openly boasting of its uranium enrichment program while pouring money into Hezbollah and Hamas. A resurgent Taliban is on the rise in Afghanistan. Nearly off the radar, Somalia is becoming an al Qaeda haven. ... From Caracas to Moscow to Pyongyang, everyone follows their own agenda while ignoring President Bush and the U.N. ... So what then, to do? ... if allied troops leave Iraq, I won't say things can't get worse -- if we've learned anything, it's that things in the Middle East can always get worse; but at least the current deadly dynamic would be changed."

Afghan District Strikes Own Deal With Taliban. The New York Times (12/2, Gall, 1.16M) reports in a 1,583 word front page article, "After a series of bruising battles between British troops and Taliban fighters, the Afghan government struck a peace deal with tribal elders in Helmand Province, arranging for a cease-fire and the withdrawal of both sides from one southern district." The deal brought "welcome peace" but also "sharply divided former government officials, legislators and ordinary Afghans. ... Some say the agreement points the way forward in bringing peace to war-torn parts of the country. Others warn that it sets a dangerous precedent and represents a capitulation to the Taliban and a potential reversal of five years of American policy to build a strong central government."

Afghan Opium Crop Sets Record, Marking Failure Of Eradication Efforts. The Washington Post (12/2, DeYoung, 690K) reports in a front page article, "Opium production in Afghanistan, which provides more than 90 percent of the world's heroin, broke all records in 2006, reaching a historic high despite ongoing U.S.-sponsored eradication efforts, the Bush administration reported yesterday. In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the amount of land under cultivation in opium poppies grew by 61 percent." The news, called "disappointing" by White House drug czar John Walters, adds to the alarm of US officials who "have increasingly described the drug trade as a problem that rivals and in some ways exceeds the Taliban, threatening to derail other aspects of U.S. policy." The Post adds, "After the overthrow of the Taliban government by U.S. forces in the fall of that year, the Bush administration said that keeping a lid on production was among its highest priorities. But corruption and alliances formed by Washington and the Afghan government with anti-Taliban tribal chieftains, some of whom are believed to be deeply involved in the trade, undercut the effort."

DOJ:

Buchanan Named Head Of DOJ's Office On Violence Against Women. The Pittsburgh Tribune-Review (12/2, Buckley) reports, "Mary Beth Buchanan has been named acting director of the Justice Department's Office on Violence Against Women." The PTR continues, "This Washington, D.C.-based office administers financial and technical assistance to communities around the country that are creating programs, policies and practices aimed at ending domestic violence, dating violence, sexual assault and stalking. … OVW's mission is to provide leadership in developing the nation's capacity to reduce violence against women through implementation of the Violence Against Women Act. The Office's ultimate goal is to change perceptions about violence against women so that those crimes are considered unacceptable and no longer tolerated in our society." The PTR adds, "As director, Buchanan will oversee the administration of approximately $400 million in grant funding. One of the program areas the grants will go to is the Campus Program. … The Grants to Reduce Violent Crimes Against Women on Campus program is designed to encourage institutions of higher education to adopt comprehensive, coordinated responses to violent crimes against women on campuses, including sexual assault, stalking, domestic violence, and dating violence. … Buchanan will continue to serve as United States Attorney for Western Pennsylvania in addition to her new challenges leading the OVW. … Appointed by President George W. Bush Sept. 5, 2001, and confirmed by the United States Senate Sept. 14, 2001, Buchanan is the first woman and

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youngest person in Pennsylvania's history to be presidentially appointed to this position."

CORPORATE SCANDALS:

SEC Seeks Testimony Of Former Fidelity Trader's Mother. The Wall Street Journal (12/2, B3, Levitz) reports, "The Securities and Exchange Commission is trying to force the mother of a former Fidelity Investments trader to testify about purchase of shares made in her account at about the time the mutual-fund titan was buying the same security." The Journal continues, "Under securities laws, money managers and traders are forbidden from making a personal profit from their inside market knowledge of what their company is buying or selling, or from passing that information to others. Using that advance knowledge -- a practice often called 'front-running' -- can be valuable because stocks often rise after big firms like Fidelity make a purchase. … In a filing in U.S. District Court in Boston, the SEC says it wants to compel testimony from Concetta Donovan, mother of former Fidelity trader David Donovan Jr. Along with testimony, the SEC also wants both of Mr. Donovan's parents to produce documents in connection with the purchase of Covad Communications Group Inc. stock in Ms. Donovan's brokerage account in 2003. The SEC's filing says it is also investigating trading based on "material nonpublic information" in the shares of Comverse Technology Inc., and CellStar Corp. and certain other unidentified securities, though it provided few details." The Journal adds, "Richard E. Nicolazzo, a spokesman for Mr. Donovan, said 'he never took any actions that violated company policies and procedures' while at Fidelity and 'remains confident that when the inquiries are completed he will be vindicated.' … A lawyer for Concetta Donovan has said her client has been unable to testify because she is on pain medications 'that affect her ability to think clearly and process information,' the SEC filing said. … Fidelity spokeswoman Anne Crowley said the Boston firm alerted regulators to matters concerning Mr. Donovan in early 2005. He left the company in December 2004, according to National Association of Securities Dealers records."

The New York Times/Bloomberg (12/2) reports, "The Securities and Exchange Commission asked a federal court to force the parents of a former Fidelity Investments trader to cooperate in an investigation of whether they bought stock based on nonpublic information from their son." Bloomberg continues, "The parents, Concetta and David Donovan Sr., failed to comply with subpoenas issued in April 2005 in connection with their purchase of Covad Communications shares in 2003, according to a filing made by the S.E.C. Thursday in Federal District Court in Boston. Their son, David Donovan Jr., was a trader at Fidelity until March 2005, when he left the company. … The S.E.C. asserts in an affidavit that 55,000 Covad shares were purchased by a brokerage account owned by Concetta Donovan in August 2003 and were sold a month later for a profit of $89,775." Bloomberg notes, "The S.E.C. asked the court to order Concetta and David Donovan Sr. to provide documents and testify, and to show why they cannot comply with the subpoenas."

Judge Dismisses Lerach's Enron Suit Against Alliance Capital. The Wall Street Journal (12/2, B3, Lattman) reports, "The federal judge overseeing the Enron Corp. shareholders' class-action lawsuit has dismissed a $1 billion claim brought by plaintiffs' lawyer William Lerach against investment firm Alliance Capital Management LP, now known as AllianceBernstein LP." The Journal continues, "In a step unusual in securities class-action cases, U.S. District Judge Melinda Harmon in Houston ordered the plaintiffs to pay Alliance's attorney's fees. She also stated that the payment of attorney's fees would be "more appropriate" to "be borne" by plaintiffs' counsel. … 'We're disappointed in her ruling but Judge Harmon calls 'em as she sees 'em,' said Mr. Lerach of Lerach Coughlin Stoia Geller Rudman & Robbins LLP. He added that he hopes the judge may change her view or that the plaintiffs may prevail on the issue on appeal, but he says that if attorney's fees 'are going to be paid, we're the ones who are going to pay them.'" The Journal adds, "LThe class-action lawsuit was brought against investment firms for alleged fraud related to their underwriting of Enron securities. … This particular claim concerned the service of an Alliance executive, Frank Savage, on Enron's board of directors and his signing of a false registration statement for the issuance of $1 billion of Enron bonds. … The shareholders alleged that Alliance had placed Mr. Savage on Enron's board to serve its own interest or, at the very least, approved Mr. Savage's Enron board service and thus controlled his actions on the board."

The New York Times (12/2, Norris) reports, "In a decision that she conceded flies in the face of previous rulings by other courts, a federal judge in Houston has ordered the law firm of William S. Lerach, a leading class-action lawyer, to pay the legal fees and costs of a company he sued." The Times continues, "The company, Alliance Capital, a money management firm, was sued by Mr. Lerach's firm as part of a large Enron class-action case. The lawsuit argued that Alliance should be held responsible for the Enron fraud because an Alliance official was also a director of Enron. … In a decision issued late Thursday, Judge Melinda Harmon of Federal District Court issued a summary judgment dismissing the case against Alliance, and also invoked a rule requiring the payment of Alliance's legal fees by the plaintiff's lawyer, on the ground that the case was pursued after it became clear it was without merit. The

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decision appears to be the first in which a law firm, and not the plaintiff, has been ordered to pay under that section of the securities law. … It is not clear how much the ruling will cost the Lerach firm, Lerach, Coughlin, Stoia, Geller, Rudman & Robbins of San Diego. Alliance, now known as AllianceBernstein, was directed to submit its bills for the months since Mr. Lerach's firm should have known the case was unreasonable."

CRIMINAL LAW:

Maryland Rabbi Sentenced In Internet Sex Sting. The Washington Post (12/2, B3, Markon) reports, "A Maryland rabbi caught in a television sting operation was sentenced to 6 1/2 years in prison yesterday for trying to solicit sex from a 13-year-old boy over the Internet." The Post continues, "David A. Kaye, 56, told the judge that he traveled to Herndon for what he thought would be sex with a boy 'as a cry out for help to fight my personal demons.' Sobbing as he acknowledged his father, who sat in the courtroom in a wheelchair, Kaye said his conviction had made him face 'the reality of who I am. . . . I know I need help. I pray that God allows me to get that help.'" The Post adds, "Kaye's attorney, Peter D. Greenspun, said the rabbi, who was featured last year on the 'To Catch a Predator' series on 'Dateline NBC,' kept his sexuality secret and spent thousands of hours chatting online in search of liaisons. … Kaye thought that he was chatting online with a young adult, Greenspun said. He said Kaye, who is divorced, is in therapy, and he urged a sentence on the low end of federal guidelines, which recommended a term of 63 to 78 months in prison. … But U.S. District Judge James C. Cacheris in Alexandria settled on 78 months and said Kaye would then face 10 years of supervised release. The judge said that during that time, Kaye will be forbidden to accept any job involving children, and he ordered him to never be around children younger than 18 without an adult present. … Assistant U.S. Attorney Ed Power had called for a tough sentence and said Kaye's conduct was 'a crime of violence in which he essentially tried to rape a 13-year-old boy.' … U.S. Attorney Chuck Rosenberg said the lesson of the case 'is pretty simple: Stay away from our children.'"

The AP (12/2, Barakat) reports, "During yesterday's hearing, prosecutors said Kaye's crime was not an isolated incident and submitted affidavits from others who claimed Kaye engaged in improper conduct, including one incident at a youth camp as far back as 1974." The AP continues, "Details of that incident were not discussed, and the affidavits are under seal. Kaye denied any improper conduct. … The 78-month sentence from U.S. District Judge James Cacheris was at the high end of federal sentencing guidelines, and will be followed by an unusually long period of supervised release -- 10 years." The AP notes, "Kaye also will be required to register as a sex offender and is barred from having unsupervised contact with minors."

Consultant Pleads Guilty In Pennsylvania Bridge Commission Scam. The Philadelphia Inquirer (12/2, Callas) reports, "Robert Stears, a consultant and lobbyist, pleaded guilty today to defrauding the Burlington County Bridge Commission of hundreds of thousands of dollars, and failing to pay federal taxes for six years." The Inquirer continues, "During his plea hearing before U.S. District Judge Jerome B. Simandle, Stears, 51, answered 'yes' to 31 allegations, holding his head in his hands as the list continued. … He admitted that he submitted inflated and fraudulent bills to the bridge commission from 1997 to 2003. He also did not file income tax forms from 1999 to 2004." The Inquirer adds, "In pleading guilty, Stears gave up his right to an appeal. His sentencing date is scheduled for March 30, and he faces up to 25 years in prison. … Stears told the court he created the Strategy Group, a Trenton consulting firm that performed lobbying and public relations work for the commission from 1997 to 2002. Stears admitted that he was the sole liaison between the commission and the consulting group and was aware of "virtually all transactions," the U.S. Justice Department said. Stears also said he prepared the invoices submitted to the commission monthly. … The company paid the group $300,000 a year from 1997-1999 and more than $500,000 a year from 2000 to 2002." The Inquirer notes, "In 2002, Stears received more than $300,000 in taxable income on which he did not pay income taxes; he owes $112,863 in taxes on that alone. He admitted that he tried to hide that money from the government in a checking account under the name of his new venture: Governmental Strategies. He did not file federal income taxes from 1999 to 2004, the justice department said."

Smartmatic Denies Tax, Bribery Allegations. The Miami Herald (12/2, Chardy, Weaver) reports, "Smartmatic, an international company with offices in Boca Raton, has contacted the Justice Department to deny allegations that its Venezuelan owners paid a bribe to secure a $91 million contract to supply electronic voting machines in Venezuela, an attorney for the firm said Friday. … 'We have informally told the Justice Department that there is no basis for these allegations,' said Jeffrey Bialos, a Washington, D.C. attorney retained by Smartmatic. … He said Justice officials told the company this fall that it was not the target of a criminal investigation, nor has it received any subpoenas. … The company, incorporated in Delaware, also denied allegations that it failed to pay U.S. income taxes." The Herald continues, "Smartmatic's denials mark yet another chapter in the convoluted saga of the Boca Raton firm that last year bought Sequoia Voting Systems of Oakland, Calif.,

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one of the nation's leading suppliers of electronic voting machines. Sequoia machines operate in Washington, D.C. and 16 states, including four counties in Florida: Palm Beach, Indian River, Hillsborough and Pinellas. Smartmatic machines will be used in Sunday's presidential election in Venezuela. … Smartmatic also is being investigated by a Treasury-led panel over whether the government of Venezuelan President Hugo Chávez, increasingly at odds with President Bush, is a secret business partner. Smartmatic has denied any link to the Chávez government." The Herald notes, "In another development, Rep. Carolyn Maloney, D-N.Y., who helped spark the Smartmatic probe by the Treasury-led Committee on Foreign Investment in the United States, sent a letter Thursday to Treasury Secretary Henry Paulson Jr. to urge his agency to publicize its findings as soon as the review is completed. … The Wall Street Journal reported Friday that the Justice Department has been probing Smartmatic for possible violations of the Foreign Corrupt Practices Act and possible tax evasion. A Justice Department spokesman on Friday refused to comment."

Former Connecticut Governor's Aide Awaits Sentencing On Corruption Charges. The New York Times (12/2, Cowan) reports, "To many people, Lawrence E. Alibozek epitomized much that was wrong with the ill fated administration of Gov. John G. Rowland of Connecticut. … From the moment Mr. Alibozek joined the governor's office as his deputy chief of staff in the fall of 1997, the improper favors flowed. It started with $9,500 from a state contractor so that he could buy a new car. Later, Mr. Alibozek's boss, Peter N. Ellef, handed him an envelope stuffed with cash in the Capitol parking lot with a promise of more to come." The Times continues, "After five years, enough money and gifts had changed hands at the highest levels of state government that federal prosecutors needed 22 pages to list everything that was taken and to tell a bit of the stories behind them. … In the case of Mr. Alibozek, there were limousine rides to hotels in Boston and New York, vacations in Maine and Florida, the use of a 65-foot yacht, and dinners and getaways for him and his mistress, a state official. There were the 40 gold coins he buried in his backyard — a symbol of corruption at its most blatant — that he had accepted in exchange for steering a contract. … But what the public did not know was how much the government's successful prosecution of Mr. Rowland on bid-rigging charges, which drove him from office in his third term, depended on Mr. Alibozek's cooperation, and the price he has paid." The Times notes, "Federal prosecutors advised Mr. Alibozek not to comment because they needed his testimony at a trial of his former associates. His own sentencing was put off until their cases were resolved so that the value of his assertions could be assessed. His lawyer, William T. Gerace, said yesterday: 'He's in limbo right now. He can't move on, and he'd like to.' … But now that those cases have been successfully prosecuted, Mr. Alibozek's own sentencing is scheduled for January, suggesting that the impasse may be ending. It will be a cathartic end to a long-running investigation in which he was derided as an unstable informer and a symbol for much of the misconduct, and later was the subject of harassment."

Chicago Water Department Employee Indicted In Political Hiring Probe. The Chicago Tribune (12/2, Bush, Mihalopoulos) reported, "Pressing forward with their investigation of Mayor Richard Daley's political machine, federal prosecutors unsealed an indictment Friday against a campaign coordinator in the powerful Hispanic Democratic Organization." John Resa, "an employee with the city's Water Management Department, was charged with lying when he told a grand jury that he had not sought city jobs to reward campaign workers for HDO. Prosecutors alleged that Resa regularly lobbied his superiors in HDO--including a former high-ranking city official--to get jobs, promotions and other benefits for his political workers. He pleaded not guilty Friday morning. Resa's indictment offered a new glimpse into how authorities are homing in on HDO, which for years was the most potent street army in Daley's political organization." The Chicago Sun-Times (12/2, Korecki, Novak) added, "Assistant U.S. Attorney Patrick Collins said Resa headed a political army made up of 70 to 80 volunteers. 'This is part of a bigger investigation that does allege a scheme,' Collins said. … Prosecutors call the charges against Resa an outgrowth of the Hired Truck federal probe," and he "is the 45th person charged in the investigation.

FBI Used New "Roving Bug" Technique In Genovese Probe. CNET News.com (12/1, McCullagh, Broache, 2:20 p.m. PST) reported, "The FBI appears to have begun using a novel form of electronic surveillance in criminal investigations: remotely activating a mobile phone's microphone and using it to eavesdrop on nearby conversations. The technique is called a 'roving bug,' and was approved by top U.S. Department of Justice officials for use against members of a New York organized crime family who were wary of conventional surveillance techniques such as tailing a suspect or wiretapping him. Nextel cell phones owned by two alleged mobsters, John Ardito and his attorney Peter Peluso, were used by the FBI to listen in on nearby conversations. The FBI views Ardito as one of the most powerful men in the Genovese family." CNET noted, "While the Genovese crime family prosecution appears to be the first time a remote-eavesdropping mechanism has been used in a criminal case, the technique has been discussed in security circles for years." In a ruling released last week, US District

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Judge Lewis Kaplan "concluded that the 'roving bugs' were legally permitted to capture hundreds of hours of conversations because the FBI had obtained a court order and alternatives probably wouldn't work."

New Hampshire Democrats Settle 2002 Phone-Jamming Suit. The New York Times (12/2) reports the New Hampshire Democratic Party, "which had sought compensation in an Election Day 2002 phone-jamming scheme, settled its lawsuit against the Republican Party for an undisclosed sum, state Republicans said. The case had been expected to go to trial Monday. Republicans had hired a telemarketing firm to place hundreds of hang-up calls to phone banks for the Democrats and the Manchester firefighters' union, a nonpartisan group offering rides to the polls."

Las Vegas Police Recommend No Charges Against Gibbons. The Los Angeles Times (12/2) reports Las Vegas police "said they would recommend that no criminal charges be filed" against Nevada Gov.-elect Jim Gibbons, "who was accused by a cocktail waitress of assaulting her in a parking garage three weeks before election day. The investigation into Chrissy Mazzeo's accusation has been completed and sent to Clark County Dist. Atty. David Roger," who now "has the final say as to whether" Gibbons will face charges.

Los Angeles Archdiocese Settles 45 Sex Abuse Cases For $60 Million. The Washington Post (12/2, A2, Pomfret) reports, "Almost five years after a sex scandal erupted within the Roman Catholic Church, the nation's largest archdiocese announced Friday that it will pay $60 million to settle 45 lawsuits alleging sex abuse by priests." The Post continues, "The deal, which involves incidents alleged to have occurred before 1955 and after 1986, constitutes the largest settlement made by the archdiocese and follows years of legal battles waged under the leadership of Cardinal Roger Mahony. The archdiocese still faces more than 500 lawsuits by other individuals alleging sexual abuse." The Post adds, "Ray Boucher, the lead plaintiff's attorney, said the settlement involved 22 priests who were accused of a broad spectrum of sexual behavior, including impregnating a woman and multiple acts of sodomy against young boys. "You have serial pedophiles and priests accused of one or two acts," he said. The archdiocese will pay $52 million and religious orders $8 million, he said. … Jeff Anderson, another attorney in the case, said a main sticking point between the victims and the archdiocese was not so much the money but the victims' demands that documents held by the church related to sexual abuse be released to the public."

The New York Times (12/2, Chang) reports, "The average payment of about $1.3 million to each plaintiff is among the highest in a sexual abuse settlement involving clergy members. In October, the archdiocese settled seven other claims for a total of $10 million. … The archdiocese will pay $40 million of the settlement from its central operations fund with the rest coming from insurance money and the religious orders of the 25 accused clergymen. The money will not be taken from individual parishes, Cardinal Roger M. Mahony, the head of the archdiocese, said in a telephone interview." The Times adds, "Over 500 sexual abuse lawsuits are still pending against the archdiocese, the country's largest. Payouts in those cases would come mostly from insurance, but the archdiocese may have to sell property or reduce ministry services to make up the difference, Cardinal Mahony said. … 'Is it going to hurt? Oh sure, we could have used the money for other pastoral works,' he said. 'But it's also an acknowledgment and a recognition of our responsibility, that the church failed these people. The church accepts responsibility, and I accept responsibility.'"

The AP (12/2) reports, "Negotiations on the deal had been in progress for at least a year but were held up because attorneys for the plaintiffs wanted the church to release the accused priests' private files. … The agreement calls for an independent judge to review those files and decide which documents can be released to the victims. That process is expected to take several months."

CIVIL LAW:

SCOTUS To Hear Case Involving Office Of Faith-Based Initiatives. The New York Times (12/2, A11, Greenhouse) reports the Supreme Court "agreed Friday to decide whether private citizens are entitled to go to court to challenge activities of the White House office in charge of the Bush administration's religion-based initiative. A lower court had blocked a lawsuit challenging conferences the White House office holds for the purpose of teaching religious organizations how to apply and compete for federal grants. That constitutional challenge, by a group advocating the strict separation of church and state, was reinstated by an appeals court; the administration in turn appealed to the Supreme Court. … In its lawsuit challenging the White House conferences, filed in Federal District Court in Madison, Wis., in 2004, an organization called the Freedom From Religion Foundation named as defendants more than a dozen administration officials who oversaw or participated in the conferences." Judge John C. Shabaz of Federal District Court "dismissed the lawsuit for lack of standing, finding that the officials' activities were not sufficiently tied to specific Congressional appropriations. Taxpayers' objections to the use of general appropriations could not be a basis for

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standing, he said. The president's Faith-Based and Community Initiative was created through a series of executive orders and not by Congress, he noted."

Blind Community Welcomes Ruling On US Currency. The Pittsburgh Tribune-Review (12/2, Johnson) reports, "In a world where trust is in short supply, the kindness of strangers has always worked for Korene Kegg. … 'The five's on top,' said Lori Waleslagle, 26, of Debbie's Diner in Greenfield, as she handed back $9 in change to Kegg." The PTR continues, "Kegg, who has been blind since she was 5, can't possibly know if Waleslagle is telling the truth; still, the Greenfield woman instinctively folds what she believes to be that five neatly in half and then in half again, and keeps it separate from what presumably are four ones, after purchasing a hot tea from Waleslagle. … After living 22 years on Greenfield Avenue, Kegg, 49, said she knows the neighborhood well enough to trust most people. … Kegg's need for others to distinguish paper money might end if a recent court ruling holds." The PTR adds, "The American Council of the Blind filed a lawsuit four years ago in U.S. District Court in Washington, charging that the U.S. Treasury Department discriminates against the blind by not distinguishing denominations of paper money by size or feel. … The currency violates Section 504 of the federal Rehabilitation Act, which says the federal government shall not discriminate, said Day Al-Mohamed, director of advocacy and governmental affairs for the council. .. .U.S. District Judge James Roberston this week ordered the government to fix the problem. … The Justice Department has until Friday to decide whether to appeal to the U.S. Circuit Court of Appeals, said Charles Miller, spokesman for the Justice Department's civil division, which is defending the Treasury Department in the case. … If it chooses not to appeal, Miller said, the government has 30 days from Tuesday's decision to discuss how to fix the problem."

CIVIL RIGHTS:

FBI Opens Civil Rights Investigation Of Florida Police Shooting. The AP (12/2) reported that in Fort Lauderdale, "The FBI has begun a civil rights investigation into the case of unarmed black man shot dead by police while driving a carjacked sport utility vehicle, authorities said. Troy Eddines, 21, was killed and Travis Jackson was wounded when the officers fired on the stolen vehicle they were riding in Tuesday. Two officers had pulled over the SUV, which reversed as they approached and hit one of them in the leg, authorities said." The AP noted, "The FBI opened its investigation Thursday after receiving phone calls from City Commissioner Carlton Moore and the NAACP, FBI spokeswoman Judy Orihuela said. The death is the fourth fatal shooting by Fort Lauderdale police this year, authorities said."

The South Florida Sun-Sentinel (12/2, Johnson, Lewis) reported, "Two state legislators on Friday joined the chorus of black leaders calling for greater scrutiny of the Fort Lauderdale Police Department following this week's fatal police shooting." Rep. Perry Thurston "wrote a letter asking the Florida Department of Law Enforcement to investigate the three shootings that involved black men, saying his constituents 'question the tactics of our police department.'" Meanwhile, Sen. Mandy Dawson "said she would ask Senate leaders to take a statewide look at police-involved shootings to determine such factors as how often they occur and the age of officers involved." The Sun-Sentinel noted, "The FBI has already begun a civil rights investigation into Tuesday's fatal shooting."

SCOTUS To Consider "Bong Hits 4 Jesus" Case. The AP (12/2) reports, "The Supreme Court stepped into a dispute over free speech Friday involving a suspended high school student and his banner that proclaimed 'Bong Hits 4 Jesus.' … The justices agreed to hear the appeal by the Juneau, Alaska, school board and principal Deborah Morse of a lower court ruling that allowed the student's civil rights lawsuit to proceed. The school board hired former Whitewater prosecutor Kenneth Starr to argue its case to the high court." The AP continues, "Morse suspended Joseph Frederick after he displayed the banner, with its reference to marijuana use, when the Olympic torch passed through Juneau in 2002 on its way to the Winter Games in Salt Lake City. … Frederick, then a senior, was off school property when he hoisted the banner but was suspended for violating the school's policy of promoting illegal substances at a school-sanctioned event. … The Alaska case was one of three appeals the court accepted Friday. … It will also consider a request from the Bush administration to kill a lawsuit challenging the White House's promotion of federal financing for faith-based charities." The AP adds, "In the banner case, the school board upheld the suspension, and a federal judge initially dismissed Frederick's lawsuit. The 9th Circuit U.S. Court of Appeals said the banner was vague and nonsensical and Frederick's civil rights had been violated. … At that point, the school board retained Starr, who investigated President Clinton's relationship with White House intern Monica Lewinsky. He took the case free of charge. … The appeals court said that even if the banner could be construed as a positive message about marijuana use, the school could not punish or censor a student's speech because it promotes a social message contrary to one the school favors."

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Judge Ends DOJ Oversight Of Hawaii's Mental Health System. The AP (12/2) reports, "U.S. District Judge David Ezra has signed an order ending more than 15 years of federal oversight of (Hawaii's) mental health system." The AP continues, "The oversight, which began in 1991 with a U.S. Justice Department lawsuit alleging violations of the constitutional rights of patients at Hawai'i State Hospital, ended Thursday, state officials announced yesterday. … 'This is a historic moment in the reform of state services for persons in our community with severe and persistent mental illness who need hospital care and community-based follow-up,' state Department of Health Director Chiyome Fukino said. … 'The state has made tremendous improvements in our mental health system, and ... we will continue to move forward to build on and improve the way these services are provided,' she said." The AP adds, "The hospital emerged from oversight in late 2004, but the federal government kept watch over how the state provided services to the mentally ill in the community. On Oct. 24, Ezra cleared the way for the federal oversight to end when he essentially approved the latest federal magistrate's status report."

NYPD Identifies Fourth Man In Police Shooting. The New York Daily News (12/2, Gendar, Rouen, Siemaszko) reports, "A confidental NYPD document providing the most detailed account of the police shooting that plunged the city into crisis was obtained yesterday by the Daily News - as sources unmasked the mystery man who cops say fled the scene. High-ranking law enforcement sources identified Jean Nelson, a 27-year-old Queens man known on the streets as M.O., as the so-called fourth man." The News continues, "Investigators believe Nelson ran off just before the 50-shot police barrage that killed Sean Bell on his wedding day - a claim Nelson's lawyer and the two survivors reject as absurd." The News adds, "In the confidential police report obtained by The News, Lt. Gary Napoli, the highest-ranking officer at the shooting, references the mystery man - and says he believes Bell knew the plainclothes lieutenant was a cop before shots were fired. … Napoli says that he 'may have observed a male attempting to get into the passenger side' of Bell's car early Saturday outside a strip club in Jamaica, Queens, although he was unsure if the man was trying to get into the front- or backseat - or even if he got into the car. … Napoli also says that when his unmarked car passed Bell's Nissan Altima a 'male with whom he had made eye contact . . . knew that he was a police officer.' … Napoli, who ducked for cover when the shooting erupted, was not one of the five cops who fired, killing Bell, 23, and wounding Trent Benefield, 23, and Joseph Guzman, 31. .. The three men were not armed. Napoli's account is significant because Benefield and Guzman say Bell hit the gas thinking they were about to be carjacked - and insist they didn't know the plainclothes officers were cops."

Southern University Official Cooperating With DOJ In Sexual Harassment Probe Of Aide. The Baton Rouge Advocate (12/2, Blum) reports, "Southern University System President Ralph Slaughter is cooperating with a federal grand jury investigating sexual harassment allegations against governor's aide Johnny Anderson, who also is head of Southern's governing body, the lawyer representing Slaughter said Friday." The Advocate continues, "Slaughter responded to a subpoena and turned over all documentation of the claims Southern employees made against Anderson, said attorney Liz Craft of Baton Rouge. … The request came through the U.S. Department of Justice this week, said Craft, who personally represents Slaughter. … The information could not be confirmed through the Justice Department late Friday." The Advocate adds, "The Governor's Office received the allegations Oct. 31, Craft said. … Anderson is Gov. Kathleen Blanco's assistant chief of staff. He also is chairman of the Southern University System Board, which makes him Slaughter's boss. … Blanco recently ordered an independent investigation into the allegations led by Mark Falcon, a local lawyer." The Advocate notes, "Anderson has maintained his innocence and argued that the allegations are politically motivated, while criticizing Slaughter for not handling the matter internally. … Knowledge of the accusations against Anderson were first publicized a month after Slaughter sent a letter to state Sen. Charles D. Jones, D-Monroe, who is chairman of the Senate and Governmental Affairs Committee, asking for a confidential investigation. … Meanwhile, at news conference Friday, more than 100 people heard several pastors offer support to Anderson, including Southern Chancellor Ed Jackson, Athletics Director Greg LaFleur, former Attorney General Richard Ieyoub and Metro Councilman Byron Sharper."

Prince George's Police Criticized For Racial Profiling. In an op-ed in the Washington Post (12/2, A15), Miami Herald columnist Leonard Pitts Jr. writes, "I have a question for Prince George's County Executive Jack B. Johnson and Police Chief Melvin C. High. … It concerns my youngest son, who is 21. He was walking to his car at Bowie Town Center after working a shift at one of the stores there Sunday night when a police officer met him at his car and asked if he had seen anything 'suspicious.' Bryan said no. The officer asked where he was coming from. Bryan told him. The officer asked for his license and registration. Bryan gave them to him. … After 20 minutes my son was allowed to drive away. Less than two minutes later he was pulled over, still at the mall. He asked why. "I'll ask the questions," said this officer. The questions were: Where are you going, where are

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you coming from? Again, Bryan answered. Again, he was asked for his license and registration. A few minutes later, he was ordered out of his car with his hands up, and police began to search the vehicle. … Six police cars converged on this scene. Having received a call from a friend who happened to be at the mall, I went, too." Pitts continues, "I went because there are periods when Prince George's police pull one or another of my sons over about once a week. I went because a police officer once Maced my middle son in the face -- five people saw this -- for no reason. I went because that son was once punched in the face by a Prince George's officer while handcuffed. I went because of the time that police, looking for a 5-foot-7 suspect, arrested Bryan, who is 6-foot-3. I went because a police officer cursed my 16-year-old daughter one night after she refused to leave the safe and lighted area where she was waiting for her mom to pick her up from the movies. I went because I am sick and tired of being sick and tired. … And I went because of the obstructed windshield. .. .That's what it said on the citation when Bryan was pulled over last year. He went to court and took the 'obstruction' with him: one of those air fresheners in the shape of a Christmas tree. The judge barely bothered to hide her contempt while dismissing the charges." Pitts adds, "If somebody commits a crime -- my son or anybody else's son -- he or she should pay the price. I mean that. And I respect police who do that difficult and often thankless job with honor. I mean that, too. But the price my sons pay in being stopped with such regularity has nothing to do with crime, and I cannot respect arrogance, rudeness, wrongness and racial profiling that hide behind a badge. … For years we have been promised that all this will change. Yet there sits my son on the ground while police write up a citation. Windows too darkly tinted and an open-container violation -- which my son strongly denies -- are the latest excuses. .. .How can I respect a police force that operates like this? Until the county executive and the police chief give a better answer than their officer did Sunday, I'll assume they don't know either."

Los Angeles Fire Chief Resigns Over Racial Controversy. The Washington Post (12/2, A2, Geis) reports, "The Los Angeles fire chief was forced to resign yesterday amid a political firestorm sparked when the City Council offered a huge legal settlement to a black firefighter whose colleagues served him dog food. … After the Los Angeles City Council offered the firefighter a $2.7 million settlement last month, local radio talk show hosts ridiculed the size of the award and urged listeners to send cans of dog food to council members. Mayor Antonio Villaraigosa (D) vetoed the proposed settlement but also began distancing himself from Chief William Bamattre, who is white." The Los Angeles Times (12/2, Helfand, Hymon), the New York Times (12/2, A10, Steinhauer) and the AP (12/1) also report on the controversy.

NAACP Outlines Legislative Priorities. The Washington Times (12/2, A1, Debose) reports, "Democratic leaders will face pressure from minority voters to pass legislation during the next two years on many issues that have stalled in Congress, particularly those designed to close racial disparities." Hilary Shelton, the top NAACP lobbyist, "said two of the priorities are raising the minimum wage and extending a new version of the Ryan White Act, which provides funding for research and treatment for HIV/AIDS patients." Shelton "said laws setting a federal standard for appropriate use of force by police and punishments for racial profiling are also priorities. … Universal health care, particularly for children 'born and unborn' is also a top issue for the NAACP, as well as a measure to reduce mandatory minimum sentences for drug offenses."

WPost Claims FL13 Controversy Shows Need For "Paper Trail." The Washington Post (12/2, A14) editorializes, "it is strangely appropriate that six years after a controversy over hanging chads ended with George W. Bush in the White House, a fight over election results to fill [Rep. Katherine] Harris's 13th Congressional District seat is raising new questions about voting. A state audit is underway to determine why some 18,000 ballots in Sarasota County did not show votes in a race ultimately decided, by a mere 369 votes, in favor of the Republican candidate. … Unfortunately, the chances of finding a definitive reason for the 'missing' votes are diminished because of Florida's failure to require a way to verify and audit votes recorded by touch-screen voting machines. … Our support for a paper trail is not rooted in any belief that machines are to be mistrusted. Nor are we inclined to credit the theories about how election machines can be rigged. There is no evidence that any such fraud has occurred, and while there were scattered problems in the recent midterm election, overall the system functioned well."

ANTITRUST:

DOJ Subpoenas AMD, Nvidia In Antitrust Probe Of PC Graphics Card Industry. The San Francisco Chronicle (12/2, C - 1, Pimentel) reports, "The Justice Department is investigating Advanced Micro Devices Inc. and Nvidia Corp. in a federal probe of possible antitrust violations in the computer graphics card industry." The Chronicle continues, "Both Silicon Valley companies, the two leading makers of PC graphics cards, said they have received subpoenas from the Justice Department, although the agency has not made any specific allegations. … In separate statements, AMD and Nvidia said they were cooperating with

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the investigation." The Chronicle adds, "Michael Hara, vice president of corporate communications at Nvidia, said the Justice Department requested documents going back eight or nine years. … 'It's a broad range of documents relating to customers, competitors, product stack, prices, market studies -- everything, pretty much,' he said. 'Our position now is to comply with their request and get them what they need.' … Gina Talamona, a spokeswoman for the Justice Department, said the agency does not comment on specific companies under investigation. … 'I will confirm that the antitrust division is investigating the possibility of anticompetitive practices involving the graphics processing units and cards industry,' she said in an e-mail."

The San Jose Mercury News (12/2, Poletti) reports, "This is the second Justice Department investigation in the semiconductor industry in the past two months. In October, Justice officials said they were looking into the static random access memory (SRAM) chip business. Cypress Semiconductor of San Jose, a maker of SRAMs used in cell phones and digital music players, said it was cooperating with the investigation." The News continues, "AMD entered the graphics business in October when it completed a $5.4 billion acquisition of ATI, a Markham, Ontario, developer of graphics chips. Analysts said they did not think AMD's acquisition of ATI was the cause or the target of the review by the Justice Department. … ATI and Nvidia are fierce competitors in the PC graphics chip business, where they develop the chips and add-on cards that boost graphics performance in PCs, especially the high-end systems favored by video gamers. Their chips render two- and three-dimensional graphics, making video games more lifelike with each new generation."

The AP (12/2, Elias) reports, "The AMD and Nvidia subpoenas come on the heels of a 4-year-old price-fixing probe among memory chip makers. To date, four companies and 17 people have been charged, and the Justice Department has secured fines totaling more that $731 million in the probe of the dynamic random access memory, or DRAM, industry. .. .Government investigators also have demanded Sony Corp., Cypress Semiconductor Inc., Samsung Electronics and Toshiba Corp. turn over information related to another flavor of memory chip - static random access memory, or SRAM."

Bloomberg (12/2, Stebbins) reports, "Federal investigators may be looking at the fact that Nvidia and larger rival ATI Technologies Inc. have similar pricing among some competing product lines, Doug Freedman, an American Technology Research analyst, said today in an interview. Advanced Micro Devices Inc., which bought ATI in October for $5.4 billion, was subpoenaed Nov. 29. … ATI is the second-largest maker of computer-graphics chips behind Intel Corp. The combination of Advanced Micro and ATI puts the merged company in direct competition with Intel and Nvidia for sales of graphics chips. Intel hasn't received a subpoena, said Chuck Mulloy, spokesman for the Santa Clara, California-based company." Bloomberg adds, "U.S. antitrust investigators have examined the market for memory chips used in computers and opened a probe in October into possible price-fixing for another type of memory chip used in cell phones, Freedman said. The Albany Times-Union (12/2, Rulison) also reports on the subpoena.

DOJ Seeks More Information On CBOT-Chicago Merc Buyout. The AP (12/2) reports, "The parent companies of the Chicago Mercantile Exchange and the Chicago Board of Trade said Friday that the Justice Department has requested additional information about their pending $8 billion deal to combine operations into a single unit." The AP continues, "Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc., which has agreed to be bought by its longtime crosstown rival, both said they plan to respond promptly and expect the transaction to close by mid-2007. They did not discuss specifics of the request, which they said was not unexpected." The AP adds, "The two exchanges announced an agreement in October to combine both the electronic and floor trading platforms of their more than century-old operations. The $8 billion deal will create the world's largest futures market. … The Justice Department, which must sign off on the deal, is assessing any potential anti-competitive impact formed by the powerhouse combination. Officials of the exchanges have said they don't expect it to encounter antitrust problems."

FCC Chairman Seeks To End Telecom Deal Impasse. The AP (12/2, Meyerson) reports, "FCC Chairman Kevin Martin on Friday initiated a process that may break the deadlock in the agency's vote on AT&T's proposed acquisition of BellSouth by allowing a fifth commissioner who had recused himself to participate." The AP continues, "Martin asked the general counsel for the Federal Communications Commission to consider whether Robert McDowell ought to be authorized to participate in the deliberations on the $81.6 billion deal, FCC officials said Friday. … The chairman sent letters to the relevant committees in Congress advising them of the request, according to McDowell's office and an FCC official who spoke on condition of anonymity because Martin's office had not issued a public statement." The AP adds, "McDowell, one of three Republicans on the five-person commission, had recused himself because he is a former lobbyist for a trade group that opposes the merger. … Without McDowell, the vote has been deadlocked at 2-2, with Martin and another Republican appointee favoring approval of the deal, and the two Democrats demanding the companies offer additional concessions to ensure it doesn't harm consumers." The AP notes, "The Antitrust Division of the Justice Department

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cleared the deal Oct. 11, declaring that there were no competitive concerns and opting not to require the combined company to divest any assets or make any other concessions. The takeover, the biggest ever in U.S. telecommunications history, also has been approved by regulators in 18 states, leaving the FCC as the final hurdle."

The Los Angeles Times (12/2, Puzzanghera) reports, "With McDowell on the sideline, the commission has been split evenly between Republicans and Democrats. Martin said he wanted the FCC to approve the deal unconditionally, and Republican Deborah Taylor Tate was expected to back him. … But upset that the Justice Department gave unconditional approval to the deal in October, the two Democratic commissioners, Michael J. Copps and Jonathan S. Adelstein, have pressed for the FCC to impose strong conditions. They are concerned about the clout that would be created by the merger. A more muscular AT&T would dominate the market in California and 21 other states." The Times adds, "Among the sticking points are requirements that the Democrats would like to impose to prevent AT&T from charging some websites for higher-speed delivery of their content, an issue known as network neutrality. .. .Negotiations have been going on for seven weeks and Martin has postponed scheduled votes three times. With another commission meeting set for Dec. 20 and AT&T and BellSouth pushing for approval before the end of the year, Martin is trying to bring McDowell into the process."

Microsoft On Trial For Allegedly Overcharging Iowans. Bloomberg (12/2, Van Voris) reports, "Microsoft Corp. used its monopoly position to overcharge Iowans for software products including Windows, Word and Excel, a lawyer told jurors Friday at the opening of an antitrust trial in Des Moines." Bloomberg continues, "Roxanne Conlin, representing statewide buyers of Microsoft products since 1994, said the company violated Iowa antitrust law by taking advantage of monopolies in personal computer operating systems and software applications to charge inflated prices. … 'The law requires of Microsoft what it requires of all companies: that they compete fair and square,' Conlin told a jury of seven men and five women. 'Microsoft did not.'" Bloomberg adds, "The lawsuit is one of only two such cases Microsoft hasn't settled or persuaded judges to dismiss. The customers claim $329 million in damages, and a jury award can be tripled under Iowa antitrust law. … The Iowa case and one in Mississippi are the last of dozens filed by groups of consumers after an antitrust suit against Microsoft brought by the U.S. government and several states, including Iowa, in 1998. … The company settled the case, agreeing to give computer makers the freedom to promote competing software programs, such as Web browsers and media players, for prominent display on Windows-powered personal computers."

ENVIRONMENT:

House GOP Plans Vote On Offshore Drilling Bill. The Washington Times (12/2) reports House Republicans "agreed yesterday to move a compromise offshore-drilling bill passed by the Senate this summer that would open new territory in the Gulf Coast area to oil rigs and create a cash cow for nearby states. But it wasn't clear whether party leaders could summon enough votes to pass it quickly before lawmakers adjourn in the coming weeks. … Republican leaders will send the measure to the floor Tuesday as a 'suspension' bill requiring a two-thirds majority to pass, said Kevin Madden, a spokesman for House Majority Leader John A. Boehner of Ohio." The Times notes, "House leaders previously had blocked the bill, hoping for more ambitious legislation that would allow drilling in coastal waters across the country unless a state objects. But industry groups have lobbied heavily for Republicans to take what they can get and pass the Senate bill."

WPost Criticizes Administration, Congressional Inaction On Energy. The Washington Post (12/2, A14), in an editorial, writes, "Ever since President Bush lamented the nation's addiction to oil in his State of the Union address, energy policy has been on the rhetorical agenda. But neither the administration nor Congress has shown much appetite for action beyond subsidies for research on alternative fuels."

Voters In The West Seen As Embracing Conservation Measures. The Washington Post (12/2, A1, Harden) reports that in the 90s, "Working-class indignation exploded in the Interior West against environmentalists, Democrats and outside agitators, stalling efforts by the Clinton administration to rewrite grazing, mining and forestry laws. … Last month's elections, though, may signal the end of Republican dominance and fierce resistance to many conservation measures." Voters in the west "rejected ballot measures that could have shredded state and local land-use rules limiting growth, controlling sprawl and ensuring open space. Voters in Idaho, Washington and California soundly defeated 'takings' measures, intended to compensate individual owners whose land is devalued by land-use or zoning laws." The Post adds, "At the same time, Democrats consolidated gains from 2004, picking up the governorship in Colorado, a Senate seat in Montana and two House seats in Arizona. … Perhaps more significant, Democratic and Republican politicians from New Mexico to Montana have found common ground with hunters and anglers in opposing widespread energy development on wild public lands, halting drilling in several areas where the public

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felt that wildlife and scenic values trumped economic consideration."

FBI/DEA/ATF/USMS:

SF Chronicle Appeals Order To Imprison BALCO Reporters. The San Francisco Chronicle (12/2, Page B - 1, Egelko) reports, "The Chronicle, challenging a judge's order to imprison two of its reporters for refusing to reveal who leaked grand jury testimony about athletes and steroids, told a federal appeals court Friday that the public interest and evolving legal doctrines require recognition of a journalist's right to protect confidential sources. … 'Confidentiality is essential for the reporters to sustain the relationships they need with sources and to obtain sensitive information from them,' Jonathan Donnellan, a lawyer for the newspaper and the reporters, said in papers filed with the Ninth U.S. Circuit Court of Appeals in San Francisco. 'Without it, the press cannot effectively serve the public by keeping it informed.'" The Chronicle continues, "The contempt-of-court order against the two reporters, if upheld, would be 'an unprecedented extension of subpoena power against the press,' the brief argued, saying the only comparable cases in the past have involved national security." The Chronicle adds, "The brief said the reporting in this case did no harm to the prosecution, which had long since concluded, and had served the public interest by exposing steroid use by prominent athletes and triggering a national debate. … The court should adopt a new standard for evaluating reporters' claims of confidentiality in cases of grand jury leaks, the newspaper argued -- weighing the value of information revealed by the reporting against the damage, if any, caused by the leak. Such a balancing test has not yet been accepted by federal courts, which have upheld grand juries' power to compel testimony from journalists. … The brief also argued that the judge who ordered the reporters confined for up to 18 months in September gave too little weight to a 1996 U.S. Supreme Court ruling that allowed psychotherapists to refuse to disclose information from their patients. That decision compels federal courts to extend the same rights to journalists, the brief said."

CONGRESS-ADMINISTRATION:

Pelosi Chooses Reyes To Head Intelligence Committee. Fox News' Special Report (12/1, story 5, Wilson) reported that incoming House Speaker Nancy Pelosi selected Rep. Sylvester Reyes to head the House Intelligence Committee." Fox noted, "In doing so, Pelosi passed over two more senior members of the committee, California Congresswoman Jane Harman and Florida Congressman Alcee Hastings. Harman's term as the panel's top Democrat expires this year, and critics said it would have been a mistake to choose Hastings, who was impeached by Congress back when he was a federal judge. Reyes, who voted against authorization of the war in Iraq, said today he considers Iraq the number one issue for his committee, but he does not want the US to leave Iraq a terrorist haven, as Afghanistan was under the Taliban."

The AP (12/1, Shrader) reports National Intelligence Director John Negroponte and CIA Director Michael Hayden "issued statements welcoming Reyes' selection. 'His comprehensive understanding of the intelligence community and the challenges it faces, ideally qualifies him for this important chairmanship,' Negroponte said."

The Houston Chronicle (12/2, Mittelstadt) reports Texas Republicans and Democrats "alike praised Reyes, saying his experience and bipartisan nature would be important assets. 'He is the perfect choice,' said Sen. Kay Bailey Hutchison. 'He will not be partisan. He will be independent.'"

The Washington Times (12/2, Fagan) reports, "The outgoing intelligence panel chairman offered his good wishes as well, even as he urged a bipartisan atmosphere next year. 'The threats and challenges facing our great nation know no political bounds,' said Rep. Peter Hoekstra." The Times adds that "Reyes has made some bipartisan moves in the past, including praising the nomination of former CIA Director Robert M. Gates to be the next defense secretary." The web sites of The Hill (12/1, Hearn) and Roll Call (12/1, Yachnin) provide brief reports on Reyes' selection.

Reyes Pledges To Challenge Administration On Surveillance, Detainees. The Washington Post (12/2, A4, Weisman) reports Reyes "signaled that he will use his post to confront the Bush administration on national security and intelligence issues that he said Republicans have shied away from. 'On warrantless tapping, on their policy on detention and interrogation, their policy on secret prisons, all of those have undermined our position in the world,' Reyes said in an interview yesterday. 'And we have been complicit in Congress by rubber-stamping everything the administration has proposed.'"

The AP (12/1, Shrader) reports Reyes "has said he will demand more information on the Bush administration's most classified programs, including the detention of enemy combatants and the National Security Agency's warrantless surveillance of domestic communications. He also plans to focus on the war in Iraq, threats from terrorists, the spread of weapons, diversity at U.S. intelligence agencies and civil liberties. … In a recent interview, Reyes said Republicans have made a habit of rubber-stamping the Bush administration's programs. Democrats, he said, must act quickly to show they will dig deeply into the government's actions."

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Harman Preempts Pelosi's Announcement. The New York Times (12/2, A1, Mazzetti, Zeleny) reports Pelosi "sent a strong new signal on Friday that Democrats intend to confront the White House by naming" Reyes, "who opposed the war in Iraq" over Rep. Jane Harman of California, "a more hawkish figure who voted to authorize the war in Iraq and a political rival with whom Mrs. Pelosi has long had a stormy relationship." Pelosi "called Ms. Harman on Friday morning to deliver the news, and the two…spoke for about 10 minutes, according to people familiar with both sides of the conversation." Harman, "though, beat Mrs. Pelosi to the punch in announcing the news. In a break of political protocol, she sent out a statement congratulating Mr. Reyes before Mrs. Pelosi's office had even made the appointment official."

The Houston Chronicle (12/2, Mittelstadt) reports Reyes "may have helped himself by not lobbying Pelosi directly for the chairmanship because, he said, she knew him well from their prior service together on the Intelligence Committee. Pelosi, who has strained relations with Harman, was reportedly angered when her fellow Californian launched an aggressive campaign for the job. Pelosi this week bypassed Hastings, who was impeached as a federal judge, after critics questioned his suitability for the sensitive job."

Reyes' Travels With Weldon Draw Intelligence Community's Scrutiny. The Wall Street Journal (12/2, A4, Rogers, Solomon) reports Reyes "faces some skepticism in the intelligence community -- ironically, because of Mr. Reyes's travels with" Rep. Curt Weldon, who was defeated last month." The Journal notes that as a member of Armed Services, Reyes "has frequently traveled overseas as part of delegations led by" Weldon and "has made high-profile stops in North Korea, Libya and Russia in recent years. … An August 2003 trip included a stopover in Paris that drew the ire of the Central Intelligence Agency, according to two recently retired members of the agency's Directorate of Operations. Included was a meeting at a Paris hotel with group of Iranian exiles to discuss Iran's alleged role in terrorism and developing weapons of mass destruction. Among the leaders of the Iranian delegation was Manucher Ghorbanifar, a central figure in the Reagan administration's Iran-Contra scandal and a man the CIA had accused of providing bogus intelligence to the Americans. In an interview Friday, William Murray, who was the CIA's station chief in Paris at the time, said he tried to prevent the lawmakers from going to the meeting after he learned that Mr. Ghorbanifar would be attending. But he said that his advice went unheeded. 'Reyes was one of the guys who met with Ghorbanifar,' Mr. Murray said. Mr. Reyes's office said Friday that he has never met with Mr. Ghorbanifar, and didn't attend the hotel meeting during the Paris stopover.

Reyes' Family's Ties To Contractor Were Subject Of Investigation. The Washington Post (12/2, A4, Weisman) reports Reyes "has been linked to past controversies. The inspector general of the government's General Services Administration looked into the serious failures of a $239 million network of cameras and sensors along the Mexican and Canadian borders, an investigation that focused in part on the contractor's employment of Reyes's daughter Rebecca. Reyes has been a key backer of the system and its contractor, International Microwave Corp. Shortly after its 1999 contract award, the firm hired Rebecca Reyes to serve as a liaison to what was then the Immigration and Naturalization Service. She ultimately became IMC's vice president for contracts. IMC also hired her brother, Silvestre Reyes Jr., as a technician on the program, known as the Integrated Surveillance Intelligence System, or ISIS. Rep. Reyes said that he never interceded on his daughter's behalf or with U.S. officials to help her company win a contract, and that he backed the firm's search for funding only because he supports the system of border sensors and cameras. And, he said, the investigation was concluded with no charges of improprieties by the company, his daughter or himself."

Senate GOP Reportedly Planning To Oust Roberts From Intelligence. The Los Angeles Times (12/2, Miller) reports, "Senate aides said GOP leaders planned to remove Sen. Pat Roberts (R-Kan.) as the top Republican on the panel. Possible replacements include Sen. Orrin G. Hatch (R-Utah) and Sen. John W. Warner (R-Va.), the outgoing chairman of the Senate Armed Services Committee. A spokeswoman for Roberts declined to comment."

Gates Business Ties Raise Concerns. The Los Angeles Times (12/2, Roche, 850K) reports that as Robert Gates "awaits Senate confirmation as President Bush's secretary of Defense, ethics watchdogs worry about the revolving door between government and private business that allowed Gates to align himself with defense contractors, investment houses and a global drilling company" involved with Halliburton. The Bush Administration "has been dogged by allegations that past corporate affiliations of administration officials led to favored treatment in federal contract awards." Defense Secretary Donald Rumsfeld was allowed "to keep holdings worth as much as $25 million in Gilead Sciences Inc., a California company that developed a drug used to treat bird flu. Gilead, for which Rumsfeld served as board chairman, has seen its stock prices soar with sales to the Pentagon and other government customers." Gates "had no more than $165,000 in savings and retirement accounts [when he left government in 1993]. Now, he has $1.1 million in holdings with Fidelity Investments, as well as stock holdings in some of the companies where he has served as director." He has advised "10 different companies, assessing issues as varied as Saudi oil drilling, mutual fund

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performance and restaurant sales at Romano's Macaroni Grill."

DOD's Cambone To Resign At End Of Year. Undersecretary of Defense for Intelligence Stephen Cambone's resignation was covered by wire services but not by newspaper staff reporters. AFP (12/1) reports that Cambone "is the most senior Pentagon official to announce he is leaving since US Defense Secretary Donald Rumsfeld tendered his resignation last month." He was a "key player in [Rumsfeld's] efforts to transform the US military into a lighter, high tech force and in carving out a larger role for US military intelligence." Despite "criticism from some in Congress that [DOD] was intruding on turf traditionally dominated by the CIA," DCI Hayden called allegations of Pentagon-CIA feuding "an urban legend." The AFP calls Cambone "one of the last members of the original team that came to the Pentagon with Rumsfeld."

The AP (12/1, Baldor) reports that he becomes "the first key department member to leave in the wake of Rumsfeld's resignation. ... The Pentagon's intelligence-gathering has come under fire during Cambone's tenure, with critics accusing the Defense Department of trying to take expanded control over the nation's intelligence activities. Cambone was in charge of intelligence when it was disclosed a year ago that a Pentagon database of suspicious activities contained the names of anti-war groups that had been found not be security risks." More than 30 sites carried the AP story.

Bushes Host First Of 24 White House Holiday Parties. The Washington Post (12/2, Argetsinger, Roberts) "Reliable Source" column writes that the President and the First Lady "hosted the first of 24 White House holiday-season parties last night…just hours after the first lady unveiled this year's decorations, inspired by the mansion's Red Room." Two 12-foot trees "covered in poinsettias greeted guests in the Grand Foyer, along with vases of red carnations, lots of candy canes, cranberry topiaries and 4,638 shiny red balls on the trees and garlands. The 18-foot Douglas fir in the Blue Room is decorated in glass, crystal and that cottony kind of fake snow, as well as tiny red bows." Mrs. Bush said "the tree upstairs in the private residence is covered with family ornaments."

President, First Lady Marks World AIDS Day. The AP (12/1) reports President Bush "marked Worlds AIDS Day on Friday by declaring: "The pandemic of HIV/AIDS can be defeated." Bush and first lady Laura Bush met in the Roosevelt Room with Health and Human Services Secretary Michael Leavitt, U.S. Global AIDS Coordinator Mark Dybul and community leaders from the U.S. and Africa. 'It's a day for the world to recognize the fact that there are 39 million people living with HIV/AIDS,' Bush said. 'And a day to remember the fact that 25 million people have died of AIDS.' Bush's AIDS initiative, announced in 2003, is the largest international health initiative dedicated to a single disease." Bush "also urged Congress to reauthorize the $2.1 billion Ryan White Care Act, the largest federal program specifically for people with HIV/AIDS."

The CBS Evening News (12/1, story 6, 2:25, Couric) reported, "Today is World AIDS Day. It's been 25 years since we first heard medical and media reports of a baffling and deadly new disease. Now, of course, it's no longer new and it's taken a terrible toll. More than 64 million infected worldwide, more than 23 million dead. And just last year, despite all the medical advances, more than four million new cases." The CBS Evening News (12/1, story 7, 2:30, Couric) also aired an interview with Melinda Gates on the Gates Foundation's anti-AIDS efforts.

GSA Administrator Accused Of Comparing IG Staff To Terrorists. The Washington Post (12/2, A1, Higham, O'Harrow) reports GSA Administrator Lurita Alexis Doan "is trying to limit the ability of the agency's inspector general to audit contracts for fraud or waste and has said oversight efforts are intimidating the workforce, according to government documents and interviews." Doan, described as "a Bush political appointee and former government contractor," has "proposed cutting $5 million in spending on audits and shifting some responsibility for contract reviews to small, private audit contractors. Doan also has chided Inspector General Brian D. Miller for not going along with her attempts to streamline the agency's contracting efforts. In a private staff meeting Aug. 18, Doan said Miller's effort to examine contracts had 'gone too far and is eroding the health of the organization,' according to notes of the meeting written by an unidentified participant from the Office of Inspector General (OIG)." Doan "compared Miller and his staff to terrorists, according to a copy of the notes obtained by The Washington Post. 'There are two kinds of terrorism in the US: the external kind; and, internally, the IGs have terrorized the Regional Administrators,' Doan said, according to the notes."

"Icy Exchange" Makes Webb "A Folk Hero" On The Left. The Washington Post (12/2, B1, Shear) reports, "An icy exchange between President Bush and Virginia Sen.-elect James Webb that was made public this week has turned Webb into something of a folk hero among critics of the president, who have longed for someone to challenge his bravado. At the same time, Webb's refusal to play the gentlemanly political games so common in Washington has angered conservatives and renewed questions about how well he fits with other politicians in a sharply divided Congress, where compromise will be key. … But Webb chief

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of staff Paul J. Reagan said the senator-elect is going to be effective once he takes office next month." Reagan added, "He does not consider the incident two weeks ago to be consequential." The Post notes, "Among hundreds of comments posted on The Washington Post Web site, many Virginia residents and others praised Webb's courage in standing up to Bush."

Noonan Criticizes Bush Over Webb Exchange. In her column for the Wall Street Journal (12/2, P12) Peggy Noonan writes, "The latest example of a lack of grace in Washington is the exchange between Jim Webb and President Bush at a White House Christmas party. Mr. Webb did not want to pose with the president and so didn't join the picture line. Fair enough, everyone feels silly on a picture line. Mr. Bush approached him later and asked after his son, a Marine. Mr. Webb said he'd like his son back from Iraq. Mr. Bush then, according to the Washington Post, said: 'That's not what I asked you. How's your son?' Mr. Webb replied that's between him and his son. For this Mr. Webb has been roundly criticized. And on reading the exchange I thought it had the sound of the rattling little aggressions of our day, but not on Mr. Webb's side. Imagine Lincoln saying, in such circumstances, 'That's not what I asked you.' Or JFK. Or Gerald Ford! 'That's not what I asked you' is a sentence straight from cable TV, from which many Americans are acquiring an attitude toward public and even private presentation."

Coast Guard Finds Defect In Patrol Boats. The Washington Post (12/2, D1, Merle, 690K) reports, "Months after a whistle-blower took to the popular Web site YouTube to warn of communications problems with converted patrol boats, the Coast Guard says it has stopped using the ships after finding structural problems that made them potentially dangerous. ... In August, Michael De Kort, a former engineer at Bethesda-based Lockheed Martin, posted a 10-minute video saying there were blind spots in the ships' security cameras, equipment that malfunctioned in cold weather and other problems. But the Coast Guard said yesterday that the problems that prompted the sidelining of the ships were structural. 'They had nothing to do with secure communications,' said Cmdr. Jeff Carter, the Coast Guard's chief spokesman." The Post adds, "The ships were part of a massive modernization program run by Lockheed Martin and Northrop Grumman to replace the service's aging ships and helicopters. But the four-year-old program has seen cost increases -- from $17 billion to $24 billion -- and run into technical and management problems."

Teach For America Profiled. NBC Nightly News (12/1, story 9, 3:00, Williams) ran a feature on "one woman's mission to help some of the nation's most vulnerable children get a good education. What started out as a small idea -- young people teaching other young people -- a program called Teach for America is so big now it's as selective in picking young people to be teachers as Ivy League schools are in deciding who can be students." The group founded by Wendy Kopp "is making a difference for children and teachers alike."

LATimes Endorses Democrats' College Affordability Agenda. The Los Angeles Times (12/2) editorializes, "college affordability was one of the Democrats' main campaign promises this year. It was a pledge calculated as much to frustrate Republicans as to please working- and middle-class families. Who wants to oppose giving more students a chance at college? The outgoing Congress had made itself curiously vulnerable on the issue, cutting funding for Pell Grants, which go to the most impoverished students, and moving too slowly to end unnecessary subsidies to private lenders, though the worst were eventually eliminated. … Some Republicans have made the argument that giving students more financial assistance will only encourage colleges to raise their fees. This has it backward. Students need more financial assistance to cope with rising college fees. At any rate, Republicans would be better off working with Democrats to help make college more affordable for working families — of any political stripe.

Congressional Democrats Encouraged To Pursue Ethics Reform. In an op-ed for the New York Times (12/2, A15) Josh Chafetz, a student at the Yale Law School, writes, "With three-quarters of voters in the recent election saying that corruption and scandals helped determine how they cast their ballots, one of the first items of business for the Democrats in January should be putting their Congressional houses in order. … The new Democratic leadership can get off on the right foot by making a serious and sustained effort at self-regulation, even if that means some uncomfortable moments around the caucus table."

OTHER NEWS:

Weak Manufacturing Report Has Investors Warily Waiting For Fed's Move. In a pessimistic report, the Washington Times (12/2, Hill) says "economic weakness spread beyond the stricken housing and auto sectors last month, with reports showing U.S. manufacturing shrank for the first time in 3 1/2 years and construction dropped the most" since 9/11. US industries "broadly cut back production, adding to factory shutdowns caused by deepening recessions in auto- and housing-related industries such as wood, furniture and appliances." At the same time, an "unexpected decline in construction of offices and other

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business facilities in October added to a record string of drops in housing construction of more than 1 percent in the last seven months to cause the biggest drop in construction spending in six years." The New York Times (12/2, C6) also says the manufacturing report raised "concerns that the economy will not be able to achieve a soft landing."

The Washington Post (12/2, D1, Henderson) says many investors "aren't buying the Federal Reserve's forecast for a mild economic slowdown, worrying that a series of recently released figures might signal the onset of a sharper, more prolonged slump. Stock prices fell yesterday and the dollar extended its recent decline" after the construction spending news, which followed reports last week "showing the holiday shopping season got off to a tepid start and that new orders for big-ticket durable goods like airplanes and automobiles fell sharply in October."

The Wall Street Journal (12/2, A3, Conkey) also says the data provide "new ammunition to those who view the Federal Reserve's upbeat economic outlook as overly optimistic." There is "a big divide between bond-market investors and Fed Chairman Ben Bernanke over the next move on interest rates. The bond market is pessimistic about the prospects for near-term economic growth and views inflation as contained," and hopes for lower interest rates. But Bernanke "has struck a more sanguine note, saying the weakness is primarily confined to the housing market."

Stock Markets Decline. The Wall Street Journal (12/2, B1, Lahart) reports, "With less than a month left to the year, the question for investors is whether they should be singing 'Deck the Halls' or worrying that the economy is about to get decked. Stocks fell for the second week in a row and Treasury yields dropped to their lowest level in more than 10 months." The Dow Jones Industrial Average closed at 12194.13 Friday, down 27.80 points. The S&P 500 was down 3.92 points to 1396.71, and the Nasdaq down 18.56 points to 2413.21. The Wall Street Journal (12/2, Browning) also has a front-page story on the strategies of investors as the year draws to a close.

Dollar Continues To Fall. The Financial Times (12/2, Garnham, Brown-Humes, Guha) reports the dollar "fell further on Friday as weak US economic data heightened investor fears that the country's economy could be heading for a hard landing." The New York Times (12/2, C1, Weisman) says the "fluctuations of the dollar have unsettled many in the world of finance this last week, when it sagged about 2 percent against the euro, bringing its decline this year to more than 12 percent. On Friday, the dollar fell to 1.33 euros; it dropped against the British pound as well, with it now taking $1.98 to buy a pound."

Automobile Sales Slow As GM, Ford Plan Production Cuts. The Wall Street Journal (12/2, A3, Kosdrosky, Stoll) reports US automobile sales "downshifted in November to the slowest seasonally adjusted pace since October 2005" as both GM and Ford said they will cut North American production "in the first quarter of 2007 amid signs of flattening demand." The Washington Post (12/2, D2, Altman) adds that Toyota sold more vehicles than Ford in the US last month, "the second time that the No. 2 domestic automaker was outsold by its Japanese rival." The New York Times (12/2, C4, Bunkley) says Ford "fell into fourth place in November for the first time in its history," behind GM, Toyota, and DaimlerChrysler. The Financial Times (12/2, Simon) says "troubled" Ford's sales fell by 9.6% in November from a year earlier. NBC Nightly News (12/1, story 8, 2:50, Williams) reported on the "bad news today for Ford" as a lead-in to a report on auto workers migrating from Michigan to Wyoming for energy industry jobs. Meanwhile, the New York Times (12/2, C1, Maynard) has a report on the drama inside GM, "wrestling with one of the biggest financial crises in its history," where Kirk Kerkorian sold off the last of his $1.2 billion in shares this week.

WSJournal Lauds Report On US Decline In Competitiveness. The Wall Street Journal (12/2, A8) editorializes, "It won't be news to readers of these columns that increased regulatory burdens and litigation costs are undermining the competitive position of America's capital markets. But this week's interim report from the blue-ribbon Committee on Capital Markets Regulation performs a public service by marshaling evidence of the decline that is hard to refute. … The report's best contribution is the seriousness with which it examines the evidence of U.S. competitive decline -- evidence that defenders of the status quo should now be obliged to answer."

Obama Joins Brownback At Evangelical AIDS Event. The AP (12/1) reports, "Potential presidential candidate," Sen. Barack Obama "stood before one of the country's largest evangelical churches Friday and declared that condoms should be made more widely available to fight AIDS. The Democratic senator's appearance at" Rev. Rick Warren's Saddleback "megachurch was a source of dispute among evangelical leaders, with some of the most conservative saying that a politician who supports abortion rights should not have been allowed to speak at such a prominent church. … In a show of political unity, Obama took an AIDS test with a potential White House rival on the Republican side" -- Sen. Sam Brownback. The AP adds that "in another show of bipartisanship, the Illinois senator said President Bush doesn't get enough credit for committing $15 million against HIV and AIDS over five years."

The Los Angeles Times (12/2, Finnegan) reports Obama "drew a standing ovation from the 2,072 pastors and others who came from 39 states and 18 nations. … 'We can't ignore the fact that abstinence and fidelity, although the ideal, may not always be the reality — that we're dealing with flesh

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and blood men and women and not abstractions, and that if condoms and, potentially, things like microbicides, can prevent millions of deaths, then they should be made more widely available,' he said."

Some Conservatives Upset By Obama's Appearance. ABC World News (12/1, story 7, 2:30, Gibson) reported, "In this country, one AIDS Day event produced sharp political controversy. The event was at the California church of pastor and awe tore, Rick Warren. He came under fire from some fellow evangelicals who objected to one of his invited guests. … Rick Warren hosted his annual AIDS Summit today. Among others, he invited Democratic Senator Barak Obama, who took a public HIV test. The idea -- to come together to raise awareness about the importance of testing for AIDS." According to ABC, "many conservative Christian leaders, who were furious with Warren for inviting Obama. Why? Because the Senator supports abortion rights. 18 leading Christian conservatives wrote to Warren, 'If Senator Obama cannot defend the most helpless citizens in our country, he has nothing to say about the AIDS crisis. You cannot fight one evil while justifying another.'"

Warren said on MSNBC's Tucker (12/1, Carlson), "Everybody knows that I'm staunchly pro-life. … So that I would be criticized by pro-lifers is pretty ludicrous to me, but the real issue is if you can only work with people that you agree with 100%, you will never get anything done. … In the last session, I had two senators speak, one the face of compassionate conservatism and I think the other is the face of compassionate liberalism, and what they have in common is the compassion. And that's why we brought them here, because they care about AIDS, not because all of their different viewpoints."

Dowd Notes Controversy Over Obama's Middle Name: Hussein. The New York Times (12/2, A15, Dowd) reports, "If you call Barack Obama's office to check the spelling of his middle name, the reply comes back: 'Like the dictator.' In the first rush of our blind date with the young senator from Illinois, we are still discovering things that are going to take some getting used to. Like his middle name: Hussein. … There hadn't been much focus on" Obama "having the same name as the Butcher of Baghdad until a Republican operative dropped the H-bomb on 'Hardball' this week. Ed Rogers, a Bush 41 official, said he was underwhelmed with 'Barack Hussein Obama,' dismissing him as 'a blank canvas where people project their desires.' This set off indignation among liberal bloggers and in the Obama camp, where the middle name has not been hidden, but has not been mentioned much, either, even on the senator's August odyssey to his paternal home in Africa. The hush-hush on Hussein is a bit odd given that Mr. Inclusive is presenting himself as the American dream in human form, a multiethnic quilt whose journey is his qualification for higher office."

Bayh To Create Presidential Exploratory Committee. The AP (12/1, Espo) reports Sen. Evan Bayh, "a Democrat with a record of political success in a Republican-leaning state," will create a presidential exploratory committee and travel to Iowa and New Hampshire next week. Bayh "has been pointing toward a run for the White House for months, and had $10.5 million in his Senate campaign bank account as of Sept. 30. The money can be transferred to his exploratory committee."

Romney Faces Scrutiny Over Alleged Hiring Of Illegal Immigrant Landscapers. The Los Angeles Times (12/2, Mehren) reports Gov. Mitt Romney, "a 2008 GOP presidential aspirant and an outspoken critic of illegal immigration, apparently employed undocumented landscape workers at his home near Boston." Following on a Friday Boston Globe report, Romney Communications Director Eric Fehrnstrom said Romney "was unaware that several of the landscapers who kept up his suburban Belmont property were in this country illegally." Fehrnstrom said, "Gov. Romney has no information or knowledge to corroborate the Globe's allegations. He hired a legitimate lawn service company and he knows the owner as a decent, hardworking person who is a legal resident."

On MSNBC's Tucker (12/1, Carlson), Republican strategist Terry Holt and Democratic strategist Steve McMahon discussed the matter. Holt said, "We have moved decades beyond that kind of anger, where something like that" would derail Romney's campaign. McMahon said, "I don't think it's probably that big a deal, but I do think it's somewhat stupid, 15 years after Bill Clinton had this problem" with nominee Zoe Baird, "for people who are interested in running for president to make this kind of a dumb mistake."

Reid, Romney Draw Attention To Mormons In Politics. Gannett (12/2, Marrero) reports, "When Sen. Harry Reid becomes Senate majority leader next year, he will be the most powerful Mormon in Washington. But that reign could be short-lived if Massachusetts Gov. Mitt Romney makes a bid for the presidency in 2008 and wins." According to Gannett, "the 15 Mormons in Congress is a slightly greater representation than the religious group's percentage of the general population." However, "Some evangelical Christians consider the faith a cult, and 35% of Americans say they would not vote for a Mormon for president, according to a recent poll. That presents a particular challenge for Romney, who so far has steered clear of any public discussion about his religion."

Iowa Democratic Chair Says Clinton Not Organizing State. On MSNBC's Tucker (12/1, Carlson), Iowa Democratic Party Chairman Rob Tully said Sen. Hillary

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Clinton "doesn't have anybody at this point in time organizing the state. But I anticipate probably after the last couple days, she'll probably get on that pretty quick. … I just think that the rumor's been going around that a lot of the other candidates are starting to form and getting to move forward with their campaigns. I think, right after the first of the year, we're going to see a lot of candidates that are going to announce. And from that point on, it's going to be a mad dash to January of 2008."

Kerry Assessing Joke's Impact On Presidential Prospects. The AP (12/1) reports that in the wake of "The Joke" about those who "get stuck in Iraq," even "fellow Democrats and former supporters question" whether Sen. John Kerry "is still politically viable." While Kerry is publicly going ahead with plans for a second presidential run, "behind the scenes, Kerry apparently has been having doubts, calling current and former Democratic confidantes to inquire just how much his gaffe hurt his presidential chances, according to several Democrats who spoke on condition of anonymity."

Pataki Hires Ex-Cheney Aide As PAC Finance Director. The New York Times (12/2, B2, Healy) reports Gov. George Pataki hired Kara Ahern, a former aide to Vice President Dick Cheney yesterday, as the national finance director for his 21st Century Freedom PAC, which "is laying groundwork for Mr. Pataki's possible bid for the Republican presidential nomination in 2008." Ahern "worked with Mr. Pataki when she was the Northeast finance director for President Bush's campaign in 2004. Afterward, she was political director to Mr. Cheney."

Vilsack Comfortable With Underdog Role. Gov. Tom Vilsack said on MSNBC (12/1, Cosby), "Obviously, I'm a long shot. There's no question about that. And I have to have folks know me in the country. So I'm getting out, visiting with people in New Hampshire and Iowa, going to Nevada and South Carolina and spending some time with folks. … I've always started to campaign as an underdog. When I ran for governor in 1998, I was almost 23 points behind with just three weeks to go in my race. So the notion of being an underdog is something that I'm familiar with and certainly comfortable with." MSNBC's Rita Cosby concluded by saying, "Gov. Tom Vilsack: raised as an orphan and now running for president. A great success story."

Steele Seen Positioning Himself For 2010 Maryland Gubernatorial Run. The Washington Times (12/2, Miller) reports Maryland Lt. Gov. Michael Steele "has rebounded from his election loss by returning to an active role in state Republican politics, positioning himself for a potential run for governor in four years." Steele said, "I'm just trying to make sure our party gets back on its feet and stands tall. If we don't do the groundwork now and pull ourselves up, 2010 won't matter and 2008 won't matter, either." Steele said it "was 'too soon' to commit to a run for governor, but he did not rule out the possibility."

Calderon Becomes Mexican President Despite Continued Protests. ABC World News (12/1, story 6, 0:20, Gibson) reported, "In Mexico today, the country's new president took office in what was a chaotic ceremony. There were scuffles and shouting during the inauguration of Felipe Calderon. After the ceremony, thousands of protesters marched through the streets of Mexico City." NBC Nightly News (12/1, story 5, 0:30, Williams) called it "a bizarre scene in Mexico early this morning. The country's new President, Felipe Calderon, a conservative, had to slip onto a stage in a hurry to take the oath of office because of lawmakers who had been brawling in the chamber, literally, for days."

Major newspapers, wire services and websites report the inauguration of Calderon. The Washington Post (12/2, A8, Orlandi) calls Calderon "a free-trade booster and career politician," and says his swearing-in was "undercut by lawmakers' jeers and fisticuffs, a chaotic scene that reflected the country's deep political and economic divisions." The scene on the floor of Congress "was an unprecedented departure from the typical somber pageantry of Mexico's transfer of power and a long way from the mass euphoria that greeted Vicente Fox's 2000 election victory, which ended 71 years of single-party rule. It was also an indication of the challenges that await Calderon."

Under the headline, "Amid Catcalls, Mexico's President Is Sworn In," the New York Times (12/2, A6, McKinley) notes, "It was not pretty, but [Calderon] managed to take the oath of office in Congress Friday, as opposition lawmakers whistled and catcalled and the losing leftist candidate staged a massive march down the central avenue of the capital. Never before in modern Mexican history has a president been sworn in under such chaotic and divisive conditions."

The Wall Street Journal (12/2, A4, Luhnow, Lyons) says Calderon took office while "facing down leftist lawmakers who had vowed to block his inauguration and putting the country on notice that he won't retreat as easily in the face of opposition as his predecessor did." The Journal calls his taking of the oath of office in the Congress a "symbolic gesture" that "sent a loud message in Mexico, a country that only saw its first fully democratic transition in 2000, but that has been slowly becoming more violent and ungovernable since that year's election of President Vicente Fox, who repeatedly backed down in the face of protests and opposition demands. The resulting drift has let Mexico fall ever further behind its Asian rivals in attracting investment to create jobs and ease poverty."

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The Los Angeles Times (12/2, Tobar) titles its piece, "Chaos Reigns For Mexican Inauguration." Calling Calderon "a diminutive but determined 44-year-old conservative," the Times says he will govern "a deeply divided Mexico." His "defiant appearance on the dais was in sharp contrast with the attitude of [Fox] during his final months in office." Calderon promised to "reach out to his rivals and try to heal the wounds of a long and bitter fight over the election."

The Washington Times (12/2, A1, Grillo) runs the front-page headline, "Roughhouse Swearing-in," while the Houston Chronicle (12/2, Althaus, Lloyd) titles its coverage, "Pomp And Punches." The Dallas Morning News (12/2, Corchado, Iliff) says Calderon "outmaneuvered opposition lawmakers vowing to disrupt his inauguration," and "quickly vowed to crack down on drug cartels while creating jobs to slow illegal immigration to the United States."

NYTimes Lauds Calderon's Leadership, Political Skills. A New York Times (12/2, A14) editorial compares Calderon to outgoing President Vicente Fox, "a decent man with many good ideas who lacked the skill and appetite to muscle his programs through." Calderon shares many of Fox's ideas but "may have the political savvy to succeed." He "has chosen a mostly good cabinet and a steady economic team," and said "he would push for universal health insurance for children and an expansion of the country's antipoverty programs. He is taking a page from Mr. López Obrador's agenda — which is good for Mexico and might win the new president some of the political capital he will need to push through reforms."

Pro-Hezbollah Lebanese Rally To Demand Siniora's Resignation. ABC World News (12/1, story 4, 0:20, Gibson) reported, "In Lebanon, hundreds of thousands of protesters poured into the streets of Beirut, calling for the Prime Minister and his government to resign. The protest was organized by Hezbollah, which is backed by Syria and Iran. It has called the Lebanese government a puppet of the United States." The CBS Evening News (12/1, story 3, 0:40, Phillips) reported, ""They came, police estimated, in their hundreds of thousands, supporters of the militant Hezbollah movement which battled Israel in southern Lebanon in last summer's war and which wants to bring down the US-backed Lebanese government now. And they pitched their tents saying they'll stay until the government falls."

NBC Nightly News (12/1, story 4, 1:00, Engel) reported, "As you can see behind me, those demonstrations are continuing. Now the protesters have set up tents so they can spend the night in the streets and maintain pressure on the government. Earlier today at one stage, there were as many as one million Hezbollah supporters in downtown Beirut. They are demanding that the current pro-American government be toppled. They say it is nothing more than an American puppet."

On its front page, the Washington Post (12/2, A1, Shadid, 690K) reports Hezbollah "and its allies escalated Lebanon's month-long political crisis into a popular confrontation Friday, sending hundreds of thousands of supporters into the streets, parking lots and sidewalks of downtown Beirut, vowing to topple the government of Prime Minister Fouad Siniora and reorient the country." The city "was awash in red-white-and-green Lebanese flags, interspersed with banners in the colors of various sectarian and political leaders," and the "crowd was more festive than angry, more celebratory than militant, as the theater of the moment intersected, perhaps a little dissonantly, with the Post adds, "In symbolism, numbers and aims, the protest drama of a struggle as decisive as any in Lebanon's history." marked a collision between two countries that have coexisted uneasily inside Lebanon following the assassination of former prime minister Rafiq al-Hariri." The current conflict "is more than just a political struggle unleashed by Hezbollah's demand in October for a share of the cabinet that would give it an effective veto over government decisions. Competing narratives of the country's past and future are on display."

The New York Times (12/2, Slackman, 1.16M) adds, "The official goal was to overthrow the government, but the atmosphere was bizarrely festive… The mood was lighthearted, but the turnout underscored the challenge this politically divided and fragile country faces as it confronts its most dangerous political crisis since the end of a 15-year civil war in 1990." The Times says the current "crisis threatens to undermine a donors conference scheduled for January in Paris," and "has already hurt a ploddingly slow effort to rebuild the mainly Shiite areas that were severely damaged in the war. But that did not seem to matter as anger spilled out, carnival style."

A piece in the Los Angeles Times (12/2, Stack) adds, "Hundreds of thousands of Hezbollah supporters and their allies poured into the capital Friday in a mass protest that paralyzed the city center, laid siege to the prime minister's office and threatened an escalating campaign of civil disobedience until the U.S.-backed government collapses." The Times calls the protest "uncannily reminiscent of anti-Syria demonstrations that erupted" after Hariri's murder.

The AP (12/2, Ghattas) notes, "Launching a long-threatened campaign to force Lebanon's U.S.-backed government from office, Hezbollah and its pro-Syrian allies said the demonstration would be followed by a wave of open-ended protests." Hezbollah "has tried to depict the protest as rallying all Lebanese, not just its supporters. It urged demonstrators to wave only the red and white Lebanese flag with its green cedar tree, in contrast to past protests that featured the group's yellow flag with a fist and Kalashnikov rifle." State Department deputy spokesman Tom Casey "said

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U.S. diplomats in Beirut had telephoned Lebanese government officials to offer their support."

BBC.com (12/2) adds, "Demonstrators slept in tents outside the office of Prime Minister Fouad Siniora, who they say is hostile to Syria and must resign." Siniora opponents claim they "will keep up the pressure until the government steps down." The BBC local reporter "says there is no sign that either side is giving up."

Annan Says Lebanon Ceasefire Holding But Israeli Overflights Continue. The New York Times (12/2, A8) notes UN Secretary-General Kofi Annan "said Friday that the cease-fire that ended fighting between Israel and Hezbollah fighters on Aug. 14 was holding, but that Israeli overflights in the border area were occurring almost daily." Annan told the Security Council "that Israel saw the incursions as a 'necessary security measure.' He said the United Nations continued to receive reports of illegal arms smuggling across the Syrian border but had been unable to verify them. An assessment team, he added, found 'significant deficiencies' in border control."

Abbas, PLO Executive Committee Discuss Political Way-Forward. The New York Times (12/2, A8, Myre) reports Palestinian President Mahmoud Abbas "convened the Palestine Liberation Organization's top decision-making group on Friday amid growing signs of a possible political showdown with Hamas, the faction that currently leads the Palestinian government." The PLO Executive Committee "is expected to meet for several days before deciding what action to take, if any." Of the ongoing unity government talks with Hamas, the PLO said in a statement, "The dialogue has stopped and there is no chance of resuming it in the same manner." The Times adds, "With the Palestinian government broke and isolated, Fatah and Hamas had agreed in principle on a unity government made up of professionals and technocrats. But they have not been able to agree on how to divide up important ministerial positions. There is no clear way out of the political standoff if they cannot reach an agreement."

Dead Sea Conference Said To Offer Few Specifics. In a piece comparing yesterday's Dead Sea conference to previous efforts, the New York Times (12/2, Cooper, 1.16M) notes, "With the recent setbacks to democracy throughout the region, the goals at this year's conference … were often smaller and, presumably, a bit more attainable." The Forum for the Future was conceived "to prod the Arab and Muslim world's autocratic governments toward democracy and stronger civil society, as sort of a bulwark against the hopelessness and disenchantment that could lead to extremism. It was an ambitious goal, and things seemed promising at first." However, the Times says, "that was the new Middle East, before the old one quickly reasserted itself." Detailing the meeting's atmospherics, the Times adds Secretary of State Rice "had been diplomatic the night before when a reporter asked her whether it was incongruous that Russia, which passed a law restricting nongovernmental organizations, was a host of a democracy conference in Jordan."

The Washington Post (12/2, A12, Kessler, 690K) headlines its report, "At Dead Sea Forum, Incongruities Abound." Noting the "uncomfortable irony" of a rule of law and press freedom forum co-hosted by Russia, the Post says, "With the Bush administration's push to promote democracy in the Middle East facing setbacks in Iraq, Lebanon and the Palestinian territories, irony was not in short supply." Describing leaders' activities on the margins of the official program, the Post reports Rice "held a series of bilateral meetings -- for instance, with a Sudanese official for a tough talk on the crisis in Darfur -- and skipped the final news conference to fly back to Washington when the sessions ran late."

Lavrov Says Iran UNSCR Talks Could Open Next Week. The AP (12/2) reports Russian Foreign Minister Sergey Lavrov "said Friday that talks on proposed sanctions against Iran's nuclear program could take place early next week." Lavrov told Russian media that "the meeting, suggested by France, would focus on the draft U.N. resolution on Iran and would take place at a top diplomatic level." The AP notes he claims that Secretary Rice, British Foreign Secretary Margaret Beckett and German Foreign Minister Frank-Walter Steinmeier "all agreed Friday to the meeting," and "China also might attend, although it is not clear if it will." Lavrov "said Russia was ready to vote for a U.N. ban on exports of nuclear materials and sensitive technologies to Iran. But he said Moscow was opposed 'to such sanctions and steps that could affect the International Atomic Energy Agency's activities in Iran.'" The AP adds that Undersecretary Burns "will attend a European conference in Brussels next week, probably on Tuesday, and will confer there with European diplomats about the resolution."

Experts Emphasis Temporal Nature Of Incentives Packages. In an op-ed in today's New York Times (12/2), the Carnegie Endowment for International Peace's George Perkovich and Pierre Goldschmidt write, "Beneath the legalese, Iran is moving as fast as it can to master uranium enrichment, while threatening its neighbors and refusing to provide transparency that the [IAEA] requires." They add, "International interlocutors must disabuse Iran that it can have its uranium cake and eat it, too. The vital security objective all along has been to prevent Iran from acquiring the capacity to make nuclear weapons fuel." If Iran becomes proficient at enriching uranium, "it would make no further sense to offer

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Iran exceptional nuclear energy cooperation, political benefits or access to international markets, capital and technology." The international community must "clarify now that the positive incentives the world wishes to negotiate with Iran will be withdrawn if it does not immediately accede to the binding Security Council demand for suspension." The authors note, "Failure to clarify the limited duration of positive incentives only encourages those in Iran who argue that there are no real costs to defying the Security Council and continuing the enrichment program." They conclude, "The Iranian people, their neighbors and the world deserve a more considered debate of Iran's options and of their consequences. Iran will never be in a better position than it is now to obtain a favorable deal that would improve its economy, employment and quality of life."

Strong Challenge To Chavez Could Tighten Tomorrow's Vote. Previewing tomorrow's Venezuelan presidential vote, the Wall Street Journal (12/2, A2, De Córdoba) reports President Hugo Chávez's "exasperated opponents got a gleeful surprise at a rally ahead of Sunday's election, when a giant inflatable figure of the nation's fiery and famously voluble leader inexplicably began to deflate." While a Chavez loss "looks unlikely -- most polls show Mr. Chávez with a comfortable edge -- Venezuela's often fractured and famously inept opposition is at least putting up a respectable fight this time. They are marching into electoral battle united behind Manuel Rosales, 54, a hard-nosed and experienced professional politician who has, by all accounts, mounted a feisty challenge to Mr. Chávez. That challenge, to be sure, is fueled by desperation." Rosales "faces long odds in his quest to oust the incumbent," and Chavez "retains a strong following among the majority of poor Venezuelans, on whom he has showered uncounted billions to subsidize health, education and employment programs." Chavez "also has fear on his side: His minions haven't shrunk from firing employees from government jobs or state companies for showing opposition leanings."

The Washington Times (12/2, Hearn) says Chavez "heads into tomorrow's election with some polls showing a victory margin of more than 30 percent while others show a dead heat for the fiery leftist who calls President Bush the devil." Rosales "has managed to unite a fragmented opposition and made inroads into Mr. Chavez's base by attacking the president's lavish spending on leftist causes throughout Latin America and his support for Cuba's Fidel Castro." Analysts "say a surprise showing by Mr. Rosales could cause political disturbances."

Rep. Connie Mack said on Fox News (12/1, Skinner), "The reality of this election is it's not going to be fair. Chavez has done everything he can so he can manipulate the election. So I think we all need to be prepared, at the end of the day, that he will win. Whether or not it was winning legitimately, that's still to be determined. And my thinking is that it's, no, he didn't win it; he won't win it legitimately."

A piece on the front page of the New York Times (12/2, Romero) notes the growing violent crime problem in Venezuela. "Yet the man in charge … rarely addresses the problem publicly and is sailing toward an easy election for a third time. Analysts say [President Hugo] Chávez is able to ignore the issue by governing through a system of extensive handouts that eases the purchase of basic goods but does little to ensure public order." Chavez has "politicized police forces throughout the country, marginalizing officers viewed as disagreeing with Mr. Chávez's 'Bolivarian Revolution,'" and the Times says "police forces have also largely been urged to tread lightly in poor neighborhoods, turning a blind eye to small demonstrations and petty crime like burning tires." Zulia Governor Manuel Rosales, Chavez's main opponent, "has been pounding the crime issue, questioning why murders have surged since Mr. Chávez entered office in 1999." Rosales "laid the blame squarely at the feet of the president, saying his confrontational style and tendency to turn the courts, military and the police into tools of his own power, are feeding the crime epidemic."

Financial Viability Of Chavez's Transcontinental Pipeline Project May Not Matter. The New York Times (12/2, C3, Gould) details Chavez's plan "to build a 5,000-mile natural gas pipeline that stretches from [the] remote northern tip of South America to the bottom end of the continent." The project "is the centerpiece of a broader effort by Mr. Chávez to strengthen ties among Latin America's economies and shrink their dependence on the United States." However, the concept "has generated political and environmental controversy at home and abroad." Chavez's "geopolitical aim is, in fact, the project's biggest hurdle, energy analysts maintain. They say that the decision by Mr. Chávez to give his ideological goals priority over profit jeopardizes the success of the project." The Times says it remains unclear "that Mr. Chávez can muster long-term support in South America for a huge pipeline that would take at least a decade to complete. There is already skepticism and bickering over other energy deals, analysts say."

Castro Reportedly Does Not Have Cancer. The CBS Evening News (12/1, story 5, 0:30, Logan) reported, "Fidel Castro remains seriously ill, but CBS News has learned that he does not have cancer, despite the rumors. However, we're told it's unlikely he'll recover enough to ever return to power, even if he survives for years. Millions here are hoping Castro will be able to attend a military parade tomorrow."

Ahead Of Olympics, China Will Lift Foreign Journalist Restrictions. The Washington Post (12/2, A8, Cody) reports a Chinese government statement that

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Beijing "has decided to substantially liberalize restrictions on coverage by foreign journalists ahead of the 2008 Olympic Games in Beijing." The "decree" claimed that "foreign reporters, whether assigned here permanently or visiting for the Olympics, will be allowed to roam most of the country freely and report without interference by local police or propaganda officials from Jan. 1, 2007, until Oct. 17, 2008. The Games are in August 2008." The Foreign Ministry noted that "the new rules departed clearly -- if temporarily -- from long-standing orders. They also marked a significant watershed for China, where information has long been treated as government property to be manipulated and controlled by propaganda officials." The Post says the new policy "would for more than 21 months eliminate some major barriers to accurate reporting about China: regulations that legally oblige foreign correspondents to work through local propaganda officials when gathering news. Those restrictions, when followed, have limited frank conversation with Chinese people and emphasized the official version of news."

The New York Times (12/2, A3, Yardley) calls the move "a step intended to fulfill the country's promise to allow visiting reporters to work freely in advance of the 2008 Beijing Olympics." The "relaxed reporting rules for foreigners are an important public relations gesture as Beijing prepares for the Olympic Games in August 2008." The Foreign Correspondents' Club of China "applauded the new rules and singled out the Foreign Ministry for praise. But the group also called on the government to make the regulations permanent." Reporters Without Borders "also praised the new rules but noted that the announcement came on the same day that a Beijing appeals court upheld a fraud conviction against Zhao Yan, a Chinese researcher for The New York Times."

Bodman Asks OPEC Not To Cut Production. The Financial Times (12/2, Hoyos) notes the Administration "on Friday urged the Organisation of the Petroleum Exporting Countries not to make further cuts to its oil production." Energy Secretary Samuel Bodman is quoted saying, "I encourage them to keep markets well-supplied." However, Saudi Oil Minister Ali Naimi "indicated that the cartel needed to give serious consideration to further reducing its production when it met in Abuja, Nigeria's capital, on December 14. He told reporters that demand was 'okay,' US inventories were high, and 100m barrels of oil would have to be removed from the market to achieve a balance." The Times adds that some "hawkish" OPEC members "have called on the group to reduce its production by at least another 500,000 barrels a day." Also, the Times reports, Angola will join OPEC and Sudan has begun working towards membership.

Litvinenko's Wife, Acquaintance Have Elevated Levels Of Polonium-210. ABC World News (12/1, story 5, 2:15, Gibson) reported, "Now to the overseas story that gets more intriguing with every passing day: the poisoning of Russian spy Alexander Litvinenko. They have detected the same radioactive sub tense in an Italian man, with shadowy intelligence ties." ABC (Sciutto): "Almost every hour today, another extraordinary twist. First, confirmation that Mario Scaramella, seen arriving for emergency treatment, tested positive for polonium. An Italian security analyst, he met Litvinenko the day he fell ill. Then came word, that Litvinenko's wife also tested positive. Then, as doctors performed a delicate and dangerous autopsy on Litvinenko hauling in special protective clothing, the discovery of not one, but two poisons in Litvinenko's body. Polonium and radioactive thallium in huge quantities. Both are believed to be favorite murder weapons of the Russian security services."

The CBS Evening News (12/1, story 4, 0:30, Roth) reported, "Authorities now say the radioactive substance that killed a former Russian spy also poisoned one of his contacts. … With extra equipment to protect the pathologists today, an autopsy was carried out on Litvinenko's body, which gets sealed in a special coffin before it's buried to keep radiation from spreading." NBC Nightly News (12/1, story 6, 1:30, Friesen) reported, "Exactly one month ago, these two men met at a London sushi bar. Now Alexander Litvinenko is dead and now Mario Scaramella is in the hospital. … The question tonight -- is he a victim or a suspect? In interviews last week, he said he met Litvinenko to warn him they were both on a hit list."

The Washington Post (12/2, A8, Jordan, Delaney) reports claims that polonium-210, "the radioactive substance that killed former Russian spy Alexander Litvinenko, has contaminated his wife and an Italian security consultant he met the day he fell ill." British authorities "said that neither was showing symptoms of poisoning," and confirmed that they "are the only two who have tested positive for the radiation since Litvinenko's mysterious death on Nov. 23." The Post says the Putin critic and former spy's "unexplained death has created Cold War-like tensions between London and Moscow."

The New York Times (12/2, A3, Lyall) adds the security consultant, Mario Scaramella, "was himself admitted to a London hospital on Friday, the authorities said, after tests showed that he had a significant amount of radioactive material in his body." Scaramella's hospitalization "adds a further layer of confusion to the puzzle surrounding the death of" Litvinenko." The Times adds, "With each new development, there are more mysteries to be solved in the case, which has still not been characterized as a murder by the London police."

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The Los Angeles Times (12/2, Murphy) notes, "After days of investigation, police have begun to trace a radiation trail across flight manifests and London hotels and offices that security experts said could eventually pinpoint how the radioactive substance was brought to London and possibly by whom." Scaramella's test result "increases the likelihood that the poison was administered at the sushi restaurant in central London where the two men met briefly Nov. 1 — hours before Litvinenko became sick — especially since the radiation trail appears to follow Litvinenko's movements across London after that rendezvous."

Italy's Prodi Will Sue Accusers, Possibly Including Scaramella. The Financial Times (12/2, Barber) reports Litvinenko's "suspicious" death "was enmeshed in alleged dirty tricks in Italian politics on Friday after [Prime Minister Romano Prodi] "announced legal action against people linking him to the KGB, the former Soviet intelligence service." The Times calls Scaramella "the main person who has made [that] accusation" against Prodi. "The Litvinenko affair has spilled into Italian politics because Mr Scaramella was appointed in 2003 as a consultant to a parliamentary inquiry, known as the Mitrokhin commission, which was investigating KGB activities in Italy." Scaramella "reported to the commission's chairman in January that he had been looking into alleged links between Mr Prodi and the KGB."

Columnist Accuses Putin Of Undermining Elective Democracy. In her monthly column in the Washington Post (12/2, A15), the Carnegie Moscow Center's Marsha Lipman says Russia "is undergoing yet another round of election-rule tightening -- as usual, a product of the country's rubber-stamp legislature." Vladimir Putin's Kremlin "has managed to obstruct the financing of unwelcome political projects," and "political loyalists can draw on what's called the 'administrative resource' -- a network of administrators at various levels who are eager to do the regime's bidding." In short, "election results are preordained. There is a flatness about campaigns -- a lack of enthusiasm and emotion. Which is the way the Kremlin likes it." Arguing that "there's no more law or order about [Putin's] regime than there was in Boris Yeltsin's 'chaotic' Russia," Lipman says the "political scene has been fully cleared of genuine competition, and the executive and legislative branches filled with loyalists who need not worry about public accountability." The "disputes" among Kremlin allies "grow ever more intense and vicious, creating an atmosphere of rampant corruption and crime." She concludes, "Real competitive politics, if they were ever allowed, might be a threat to the ruling elite. Fierce infighting within the regime is a threat to the entire nation and its future."

In Turkey, Pope Said To "Soothe" Muslim "Outrage." The Washington Times (12/2, Phillips) notes Pope Benedict XVI "concluded a historic trip to the Muslim world yesterday after soothing an outraged Islamic population with his Christian message of peace and reconciliation." Benedict "wound up his triumphant four-day visit to Turkey with a parting message of good will to Muslims as Turkish clerics and commentators lauded the German-born pope for facing Mecca as he prayed alongside a top Islamic clergyman in Istanbul's Blue Mosque on Thursday." One Turkish paper is quoted reporting, "The pope's dreaded visit was concluded with a wonderful surprise," while another said, "He turned toward Mecca and prayed like Muslims." The Times adds, "Throughout his trip, however, the pope also gently stressed Rome's concept of reciprocity in which respect for Muslims in the West warrants respect for religious minorities such as Christians and Jews in majority Muslim lands, including the beleaguered community of 90,000 Christians in Turkey."

The Los Angeles Times (12/2, Wilkinson) adds, "Just as the Bible speaks of converting swords into plowshares, Pope Benedict XVI has used his extraordinary pilgrimage to Turkey this week to transform outrage over provocative remarks he made about Islam into an emerging image of conciliation and outreach." His mission to Turkey "could have crucial influence on the future of the troubled relations between Islam and Christianity. … By most accounts, Benedict was successful in winning over begrudging hearts and minds in the Islamic world." The Times cites an Italian observer saying the visit saw "the theological Benedict replaced by the diplomatic Benedict, an infrequently seen facet of this complex and deeply intellectual pope." Turkish press "gave generally positive coverage to the pontiff's visit to the majestic 17th century Blue Mosque. A photograph of him praying silently Thursday alongside the grand mufti of Istanbul dominated almost every front page."

Turkey Maintains Ban On Cypriot Traffic Despite EU Warning. The Washington Times (12/2, Borowiec) reports, "The Turkish government this week tried to minimize the impact of the European Union's threat to partially freeze accession talks, saying its foreign policy remained unchanged." A "senior" Turkish official "rejected EU insistence that Turkey must open its airports and harbors to traffic from Cyprus." For its part, the Cypriot government in Nicosia said the EU "was giving Turkey too much leeway, thus damaging efforts to find a solution to the Mediterranean island's partition." The Times calls the EU Commission's recommendation of a halt in talks, "a significant warning and a blow to Turkey's ambition to join what some in the Turkish press call 'the Christian Europe.'"

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US Draft Resolution Would Create Regional Somalia Peacekeeping Force. The New York Times (12/2, Hoge, 1.16M) reports the US circulated a draft UN Security Council resolution on Somalia "urging a regional peacekeeping force to monitor a struggle for control between the country's embattled government and its powerful Islamist foes, and calling for a partial lifting of an arms embargo to enable the equipping of local security units." The "8,000-member force would come from seven East African nations but not from neighboring states of Kenya, Djibouti and Ethiopia. This restriction was added out of concern that the proposed United Nations move, aimed at calming tensions, might end up provoking wider hostilities." Noting some NGO opposition to a ground force, the Times says Ambassador Bolton "expressed annoyance with this view. 'You know, people criticize us when we take action on the ground, that our taking action makes the situation worse,' he said." Bolton "said that the text would be circulated to various capitals over the weekend, and that he hoped that reactions could start to be incorporated into the document at drafters' meetings beginning Monday."

The AP (12/2, Lederer) adds the US draft UNSCR "would authorize a regional force to protect Somalia's weak government and threaten Security Council action against those who block peace efforts and attempt to overthrow it." The UNSCR "would lift a 1992 arms embargo against Somalia so that troops in the "protection and training mission" could be militarily equipped. It would ban Somalia's neighbors from sending soldiers — a demand by a seven-nation East African group expected to contribute soldiers to the force, as well as European members of the Security Council who want to ensure the force's aim is to promote peace."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Church To Settle With 45 Accusers"
"A Fragile Fabric On Skid Row"
"Chaos Reigns For Mexican Inauguration"
"California Rolls Drive Them To Distraction"
"Hezbollah Sit-In Has Beirut At A Standstill"
"Pope Ends Visit Of Conciliation"

New York Times:
"Afghan District Makes Own Deal With The Taliban"
"Next Chairman For Intelligence Opposed War"
"Police Shooting Reunites Circle Of Common Loss"
"As Crime Soars For Venezuela, Chávez Coasts"
"Supporting Boys Or Girls When The Line Isn't Clear"
"The Apartment Atop The Garage Is Back In Vogue"
"Bridegroom's Legacy Remembered At His Funeral"
"Bush To Meet With Head Of Iraq Shiite Party"
"Volatile Dollar May Not Be Scary To Washington"
"Returning To Form, Miller Captures Downhill"
"Radiation Detected In Man Who Met With Ex-Spy"
"Amid Catcalls, Mexico's President Is Sworn In"

Washington Post:
"Crisis Intensifies In Lebanon As Hezbollah Takes To Streets"
"Iraq Plan Strives To Bridge Divide"
"GSA Chief Seeks To Cut Budget For Audits"
"D.C. To Spice Up Its Vending Variety"
"In West, Conservatives Emphasize The 'Conserve'"
"Afghanistan Opium Crop Sets Record"

Washington Times:
"Roughhouse Swearing-In"
"Study Group To Echo Bush"
"Democrats Face Pressure To Pass Minorities' Bills"
"Steele Takes Active Role In Maryland Politics, Eyes 2010"
"Cracks Widen In U.S. Economy"
"Promoters Reinvent Attitudes On Aging"

Atlanta Journal-Constitution:
"Radiation Poison Found In Two More"
"No-Knock Warrants Yield Little"
"Nardelli Denies Home Depot Rumors"
"6 Deaths Blamed On Storm"
"Historic Coke Race Case Over"
"Death-Penalty Funds Dwindling"

Dallas Morning News:
"UTD Student Accused Of Jihadist Ties"
"Ballyhooed Business Tax Riddled With Errors, Loopholes"
"Mother, Daughter Mending Bond Broken By Kidnapping"
"Tip Breaks Check-Cashing Slaying"
"Ultrasound May Spot Breast Cancer"
"Protesters Can't Stop Calderón"
"Radiation Found In Ex-Spy's Contact"
"Michael Richards To Meet With Comedy Club Guests"

Houston Chronicle:
"Katy Shop Owner Plans Pig Races In Mosque Fight"
"Two Teens Charged In Westbury Student's Death"
"FBI Agent In Dallas Testifies On Group's Jihad Plot"
"Texas' Reyes To Lead House Intelligence Panel"
"Membership Drop Brings End Of University Club"
"Calderon Takes Office Amid Brawling Congress"
"Poisoned Spy Case May Have Another Victim"
"Time Runs Out Dec. 12 For Skilling's Freedom"
"Cirque Du Soleil's Corteo Gets Houston Run"
"Lone Star Pornutopia Closes In Houston"

Story Lineup From Last Night's Network News:
ABC: Winter Weather; Airline Flights Cancelled; Violence In Iraq- Iraqi Forces; Lebanese Protests; Litvinenko

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Investigation; Mexican Presidential Protests; World AIDS Day- Obama Controversy.

CBS: Winter Weather; Diplomatic Efforts In Iraq; Middle East News Briefing; Litvinenko Investigation; Castro's Health; World AIDS Day; Melinda Gates' AIDS Advocacy Efforts; Diet Product Industry.

NBC: Winter Weather; Airline Perspective; Diplomatic Efforts With Iraq; Lebanese Protests; Protests Over Calderon's Presidency; Litvinenko Investigation; In Depth-Privacy; Making A Difference With Education.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House: PRESIDENT BUSH -- No public schedule.

VICE PRESIDENT CHENEY -- No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: DEMOCRATIC MEETING _ The Democratic National Committee's Executive Committee meets for its annual December meeting. Highlights: 11 a.m. DNC Chairman Howard Dean, Reps.-elect Tim Walz of Minnesota and Nancy Boyda of Kansas and Democratic-Farmer-Labor Party Executive Director Andrew O'Leary of Minnesota. 1 p.m. Rules and Bylaws Committee considers a bonus delegate incentive system and committee regulations. Location: Omni Shoreham Hotel, 2500 Calvert St. NW Contacts: Kimberly Hunter, 202-863-8148.

MONETARY CONFERENCE _ The Federal Reserve Board, others, hold the 4th annual International Research Forum on Monetary Policy. Highlights: 8:30 a.m. Session on "Mortgage Markets, Collateral Constraints, and Monetary Policy: Do Institutional Factors Matter?" with authors Alessandro Calza, European Central Bank; Tommaso Monacelli, IGIER, Bocconi University; Livio Stracca, European Central Bank. Location: FRB, 20th and C Sts. NW. Contacts: Deborah Lagomarsino, 202-452-2599

KENNEDY CENTER HONORS _ Annual Kennedy Center honors, marking the careers of Andrew Lloyd Webber, Zubin Mehta, Dolly Parton, Smokey Robinson and Stephen Spielberg. Highlights: Evening. Awards ceremony. State Department. Contacts: Rae Bazzarre, 202-416-8441

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Sent:	Monday, December 04, 2006 8:55 AM
To:	USDOJ- Office of Public Affairs
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Attachments:	agnb061204.pdf; agnb061204.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 4, 2006 7:45 AM EST

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TERRORISM NEWS:

Padilla Lawyers Say Mistreatment Makes Client Unfit To Stand Trial. The New York Times (12/4, Sontag, 1.16M) reports on the videotape of a trip to the dentist by terror detainee José Padilla, which was recently released to his lawyers "and viewed by The New York Times." To Padilla's lawyers, the video and other pictures they have released "capture the dehumanization of their client during his military detention from mid-2002 until earlier this year, when the government changed his status from enemy combatant to criminal defendant and transferred him to the federal detention center in Miami. He now awaits trial scheduled for late January." The images "represent the latest and most aggressive sally by defense lawyers who declared this fall that charges against Mr. Padilla should be dismissed for 'outrageous government conduct,' saying that he was mistreated and tortured during his years as an enemy combatant." Lawyers for Padilla "suggest that he is unfit to stand trial. They argue that he has been so damaged by his interrogations and prolonged isolation that he suffers post-traumatic stress disorder and is unable to assist in his own defense. His interrogations, they say, included hooding, stress positions, assaults, threats of imminent execution and the administration of 'truth serums.'" A Pentagon spokesman, Lt. Col. Todd Vician, "said Sunday that the military disputes Mr. Padilla's accusations of mistreatment."

Newsweek (12/11, Isikoff, 3.12M) reports, "Lawyers for 'enemy combatant' Jose Padilla claim he is so disoriented from three years of isolation and aggressive interrogations that he is now mentally ill. In new court filings, Padilla's lawyers also assert for the first time that Padilla's interrogations were taped, thereby providing a potentially extensive video record of how the government treated a man once considered a dangerous Qaeda operative. … Padilla's lawyers recently moved to have the entire case dropped because of government conduct that allegedly included subjecting him to sleep deprivation, extreme cold, injecting noxious fumes into his cell and giving him mind-altering drugs."

Judge's Ruling Against Guantanamo Treatment Called "Sharp," "Blunt." The Washington Post (12/4, Leonnig, 690K) reports, "U.S. District Judge Gladys Kessler issued a blunt indictment Friday of the Bush administration's legal handling of prisoners at the Guantanamo Bay Naval Base in Cuba. Frustrated with the plight of prisoners held without charges for years at the base, Kessler expressed disgust with the federal government's repeated efforts to block courts from hearing detainees' complaints." Her opinion "was particularly unusual" because it concerned "a technicality." The Post quotes her ruling, in which she refers to Guantanamo's "terrible conditions" and states, "It is often said that 'justice delayed is justice denied.' Nothing could be closer to the truth with reference to the Guantanamo Bay cases."

DOD Seeks "Emergency Authority" For Guantanamo Court. McClatchy (12/4) reports, "The Pentagon is invoking emergency authority to fast-track funding of a comprehensive war-crimes court compound at Guantanamo Bay, Cuba, according to a letter to Congress obtained by The Miami Herald. ... Congressional staff members say the price tag and the funding mechanism have stirred protests among key members of Congress with fiscal and operational oversight of the Department of Defense." The Pentagon "wants to build, in three months, a mini-city on an abandoned airfield to stage the trials - two new courtrooms with space for two more, dining, housing and work space for up to 1,200 military and civilians working at the trials, and media, conference and classified information centers." The cost could be "as much as $125 million." More than 10 sites carried the story.

CIA Failed To Capture Muslim Cleric Living In Norway. The Washington Post (12/4, A1, Whitlock, 690K) reports, "Two months after he helped kidnap a Muslim cleric in Italy, records show, an undercover CIA officer boarded a flight to Norway on another secret mission. Two other US spies followed a few weeks later and checked into the same hotel. Shortly after the agents arrived in the spring of 2003, an Islamic militant living in Oslo known as Mullah Krekar received a warning from an anonymous Norwegian official, according to Krekar's lawyer. The message: Krekar, then head of a Kurdish insurgent group, was a CIA target and should watch his back." The spies "left Norway by the end of the summer, according to records of their travels compiled by European investigators. If the CIA was planning to abduct

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Krekar, like other Islamic radicals it had secretly apprehended in Europe after the attacks of Sept. 11, 2001, those plans were quietly abandoned. … Four days after the CIA officer arrived in Oslo, Krekar's attorney, Meling, said he received a warning about his client from a Norwegian government source, via an intermediary. Although the message was vague, it made clear that US spies had Krekar in their sights. In response, the lawyer wrote a letter to Norwegian police, requesting extra protection for Krekar." The case "shows how the United States has struggled to deal with Islamic militants who are allowed to live freely in Europe despite being labeled serious security risks. Others have included radical clerics in London and supporters of the Hamburg cell responsible for the Sept. 11 hijackings."

HOMELAND RESPONSE:

Administration Releases Details Of Visa Waiver Proposal. The Washington Times (12/4, Waterman, 88K) reports US officials are providing more details of the President's proposal to broaden the Visa Waiver Program, "sketching an ambitious plan for an electronic 'visa lite' system that would enable travelers to be cleared against terrorism and immigration watch lists" before reaching the US. Last Wednesday, DHS "laid down broad outlines" of the reform package the White House will be sending to Congress, including the new "visa lite" system called an "electronic travel authorization," which would be issued to passport holders before they traveled to the US, "as well as better information-sharing by new member nations."

Army Corps Said To Have Slowed Pace Of Levee Work In New Orleans. The New York Times (12/4, Schwartz, 1.16M) reports that as the Army Corps of Engineers has moved from patching broken levees and building floodgates in New Orleans to the "the task of strengthening flood protection…beyond its pre-Hurricane Katrina level," their "pace has slowed, those in the region say, with little trace of the round-the-clock frenzy of the first phase. … Contractors are waiting impatiently for the chance to bid on jobs." However, corps officials say that while "the early work was done in the spirit of addressing a crisis," the next phase "has to be planned with great care." The Times adds, "It is also becoming increasingly clear that the billions of dollars in appropriations will not cover the New Orleans area projects Congress has ordered the corps to take on."

Katrina Said To Have Lasting Impact On Victims' Mental Health. NBC Nightly News (12/3, story 12, Siegenthaler, 9.87M) reported on "the lasting impact of Hurricane Katrina" in New Orleans, where the storm's psychological effects "are gaining recognition as a serious medical problem. Here's Martin Savidge." NBC (Savidge) "Locals call it Katrina brain. Symptoms include difficulty concentrating, mood swings and depression. Experts say it's brought on by the endless battles of disrupted life. Federal estimates suggest a half million people along the Gulf Coast may still be struggling with mental health issues. Adding to the stress and anxiety, many who need psychiatric care or medication are having a hard time finding it. And when they do, an even harder time affording it." Rosalynn Carter, the founder of the Carter Center, which recently held a meeting of health experts, was shown saying, "Hopefully, the mental health community and government can all come together and make sure that in another disaster, things like this won't happen."

WAR NEWS:

Bush Expected To Seek "New Way Forward" On Iraq. Iraq once again dominated the broadcast news last night, leading on both ABC and NBC. (CBS was pre-empted by sports coverage.) ABC World News (12/3, lead story, 2:50, Harris, 8.78M) opened by saying this "could be a pivotal week for the US mission in Iraq." President Bush will today hold "an Oval Office meeting with a powerful Shiite leader with ties to a violent militia. Tuesday, Senate confirmation hearings begin for the President's nominee for Defense Secretary, Robert Gates. And on Wednesday, the Iraq Study Group releases its highly-anticipated report, looking for ways to salvage the US mission." Meanwhile, NBC Nightly News (12/3, lead story, Siegenthaler, 9.87M) said that as the President "prepares to listen to a report this week from the Iraq Study Group, word from his National Security Advisor today that the President won't necessarily followed study group's recommendations. It comes as three more Americans were killed in Iraq this weekend."

The NBC report drew heavily on comments by NSA Stephen Hadley made on the Sunday morning political talk shows. On NBC's Meet the Press (12/3, Russert), Hadley said the President was concerned "the Baker-Hamilton commission was just going to be cover for an American withdrawal almost regardless of what was happening on the

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ground. And the President felt he needed to stop that right there. That isn't graceful withdrawal, that's cut and run. And of course, as the President's said, cut and run is not his cup of tea." On ABC's This Week (12/3, Stephanopoulos), Hadley said, "At some point, obviously we would like to begin bringing troops back home. The President has said that." On CBS' Face the Nation (12/03, Schieffer), Hadley said, "He's going to listen to the Baker-Hamilton report. He's going to listen to the reviews that are being done by his agencies. He's going to want to hear what Republicans and Democrats and the Congress think about. Then he's going to pull it together in terms of a way forward in Iraq that hopefully will command support from Republicans, Democrats, the executive branch and the Congress."

The Los Angeles Times (12/4, Meyer, 850K) reports the President "has been actively soliciting ideas and proposals about a course correction in Iraq from an array of senior aides, congressional and military leaders, Iraqi officials and others, and he plans to announce a 'new way forward' soon," according to Hadley and others. The New York Times (12/4, A15, Weisman, 1.16M) notes that Hadley said on NBC that "it's going to be weeks, not months," before Bush makes his own conclusions public. The AP (12/3, Loven) says Bush "has walked a fine line between embracing the mission of a bipartisan, high-profile advisory panel on Iraq and maintaining enough distance not to be bound by all -- or even most -- of its upcoming recommendations." But as the AP (12/3, Ben Feller) reports in another piece, Hadley "said as he made the talk show rounds" that the US "will fail in Iraq if we pull out our troops before we're in a position to help the Iraqis succeed.'"

Under the headline "Amid Hints Bush Will Change Policy, Clues He Won't," the New York Times (12/4, A15, Sanger, 1.16M) asks, "The debate that will engulf Washington and much of the country this week centers on a question that lurks at the intersection of war strategy and the personality of the commander in chief: after three and a half years, is President Bush ready to abandon his declaration that American forces cannot begin to leave Iraq until the Iraqis demonstrate that they are capable of defending themselves?"

Sen. John Warner, on NBC's Meet the Press (12/3, Russert), said, "The Baker-Hamilton group…are doing their job. And our President is listening, learning, and he's open to take a change in course." But on the same program, Sen. Carl Levin said President Bush has been "absolutely stubborn in his view that we are there -- and this is his words just a few days ago – 'We are going to stay in Iraq as long as Iraqis ask us to be there.' Now, that seems to me to be more of the same, stay the course."

Bush Will Consider Ideas From Rumsfeld Memo. Much of the coverage of possible new directions for Iraq considers what Hadley called "a 'laundry list of ideas' from a Nov. 6 memo" from Defense Secretary Donald Rumsfeld, "who announced his resignation two days later -- just after Republicans lost control of the House and Senate in the midterm elections," the Washington Post (12/4, A5, Babington, 690K) writes. The options "include the redeployment of substantial U.S. forces to areas near the Iranian and Syrian borders, withdrawing U.S. troops from especially vulnerable positions and starting modest drawdowns of American forces to encourage Iraqis, as Rumsfeld wrote, 'to pull up their socks, step up and take responsibility for their country.'" The Washington Times (12/4, Pfeiffer, 88K) highlights Hadley's CBS comment that "it was a useful and constructive memo, but it was not a proposal for a new course of action." Hadley added, "It was much more a list of things that needed to be considered." USA Today (12/4, 7A, Wolf, El Nasser, 2.27M) headlines its story "Bush Weighing Rumsfeld Ideas Among Options." The Financial Times (12/4, Guha, Luce, Sevastopulo) says Bush's "isolation over Iraq deepened" after the publication of the memo.

On NBC's Meet the Press (12/3, Russert), Hadley was asked if the Rumsfeld memo is evidence that the President was "saying one thing publicly to the voters, while you and Donald Rumsfeld were saying another thing privately inside the White House." Hadley answered, "The President has been talking about making changes, and has been making changes throughout."

Senators React To Rumsfeld Memo. Sen. Lindsey Graham was asked on Fox News Sunday (12/3, Wallace) if he is "concerned about…the disconnect, the difference between what the Administration has been saying in public and what it's apparently been thinking in private." Graham said, "Yes, very much so. … My suggestion is that the political leadership, led by the president, needs to tell the American public a failed state in Iraq is a dramatic loss in the war on terror."

Sen. Joseph Biden, on Fox News Sunday (12/3, Wallace), contended "there was a clear disconnect between what the administration's been saying the last year and what's been going on the ground. And the Rumsfeld memo makes it quite clear that one of the greatest concerns is the political

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fallout from changing course here in the United States politically and how to deal with that."

Sen. Jon Kyl, during his appearance on CNN's Late Edition (12/3, Blitzer), emphasized that the "key difference here between those who are trying to find a graceful exit and those who want to find a way to win is the president's view, and I think it's shared by Secretary Rumsfeld, that we need to figure out ways in which we can maximize our ability to support the Iraqis, get to a position where that country is safe and secure, that we can leave but do so under conditions in which we have defeated the terrorists and not enabled, or not left Iraq a failed state."

Sen. John Kerry, on CNN's Late Edition (12/3, Blitzer), said, "Everything in the Rumsfeld memo is a summary of things that I and others laid out three years ago."

US Withdrawal, Security Turnover To Iraqis Considered. ABC World News (12/3, story 8, 2:50, Harris, 8.78M) said the Iraq Study Group "is going to put out its recommendations for getting the US out of Iraq. We already know a lot about what's expected to be in this report. So, tonight, we're going to ask some hard questions about whether any of these ideas are likely to work. We start with the proposal to pull many US troops out of Iraq." While there is "little agreement over just how a phased withdrawal of US forces would work, there is a virtual consensus on one issue: fewer US troops will lead to more bloodshed." In another report, ABC World News (12/3, story 9, 2:25, Harris, 8.78M) said, "The theory behind pulling out US troops is that Iraqi forces can be trained to take over. But is that really possible in a country where many people are more loyal to their religious group than they are to their government?" ABC (Katursky) added, "Many of the people the Iraqis are supposed to protect do not trust them." And while trainer Maj. Peter Zike "says he believes in his mission," getting Iraqi troops" fully trained, he says, could take as long as 25 years."

US Ambassador to Iraq Zalmay Khalilzad, on CNN's Late Edition (12/3, Blitzer), said, "I think in order for Iraq to work…the Iraqi government's security institutions have to have the monopoly over use of force. And militias, death squads, other unauthorized groups with access to weapons have to be brought under control."

ISG Said To Want US To Ask "Enemies" For Help. ABC World News (12/3, story 10, 2:55, Harris, 8.78M) examined "one of the more controversial proposals for fixing the US problems" in Iraq -- that the Bush Administration should "engage in talks with two of its enemies, Iran and Syria. But the US considers both of those countries to be sponsors of terrorism." Syria is "ruled by a dictator who is accused of letting insurgents cross over the border to wage Jihad." Iran is "ruled by a president who's accused of developing nuclear weapons and supporting militias that wreak havoc in Iraq. Now the Iraq Study Group is poised to propose that the US ask these countries for help."

Novak Says ISG Report "Spells Trouble For Bush." In his Washington Post (12/4, A19, 690K) column, Robert Novak writes, "The Iraq Study Group, co-chaired by former secretary of state Baker and former representative Lee Hamilton, is out of the White House sphere of influence. The White House certainly did not ask Congress for help by creating this commission. Baker has made sure that the report, though leaked in part to the press, has not gone to the White House. As a creature of Congress (an institution that Bush dislikes), Baker's group spells trouble for Bush when it releases its report Wednesday." Bush's position "is difficult. He does not want to be seen as ignoring a congressional study group. But he has not yet reached the point of accepting unconditional troop withdrawal. If he seems to differ from Baker-Hamilton recommendations, he can expect heavy scolding by the group's members on television."

More Commentary. In a nearly 1,600-word Wall Street Journal (12/4, A16, 2.04M) op-ed, Duke University's Donald Horowitz writes, "Just when you thought the midterm election results had weakened President Bush's hand in Iraq, it turns out the opposite is true. The president has been liberated from a stay-the-course policy that the Iraqi government could pocket as an open-ended commitment. The voters have given Mr. Bush a chance, perhaps a last chance, to turn Iraq in a new direction."

Bush Seen As Likely To Accept ISG's "Repudiation" Of His Iraq Policy. Time's Michael Duffy (12/11), on a cover story on how President Bush is likely to respond to the recommendations of the Iraq Study Group, writes that Bush's "biggest reversals usually come after months -- even years -- of stubborn resistance. … But Bush has never had to pull off a U-turn like the one he is contemplating now: to give up on his dream of turning Babylon into an oasis of freedom and democracy and instead begin a staged withdrawal from Iraq, rewrite the mission of the 150,000 U.S. troops there as they begin to draw down, and launch a diplomatic Olympics across the Middle East and between Israel and the Palestinians." Duffy adds that

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"sometime in the next month or so, Bush will begin the biggest foreign policy course correction of his presidency. No matter what else may get stapled onto it, the maneuver will be based on the agreement reached by the" Iraq Study Group. According to Duffy, the commission "is proposing nothing short of a repudiation of pretty much all US foreign policy for the past three years. The Iraq Study Group will call for a massive diplomatic push in two areas in which the White House has never put its shoulder to the grindstone: rekindling peace talks between Palestinians and Israelis and holding an international conference that would lead to direct talks between Washington and both Tehran and Damascus."

But Newsweek's Evan Thomas (12/11) writes, "Persuading Bush to listen -- and to change course, even at the margins -- will be very difficult. … People who know Bush well say, as one presidential friend put it to NEWSWEEK, that he 'realizes that the disappointments on the ground in Iraq -- not just the election -- require new thinking.' (The source spoke anonymously for fear of alienating Bush.) 'He is looking for a militarily effective and politically sustainable approach that gives Iraq the chance to succeed in the long term,' says the friend, 'and I think he is very open to change, very open to the Baker Commission and the internal review.'"

U.S. News and World Report's Michael Barone (12/11), meanwhile, writes, "While George W. Bush's many critics and detractors portray him as facing the same dilemma as Lyndon Johnson in Vietnam, Bush himself seems determined to proceed the way Harry Truman did in Korea – or, as some might put it, as Winston Churchill did after Dunkirk. … In this, Bush has the support of others. Defense Secretary-designate Robert Gates opposes a quick pullout. So do all the Joint Chiefs of Staff and the Central Command's Gen. John Abizaid. Retired generals who have criticized Bush testified that we should send more troops into Iraq. Democrats seem disinclined to use their congressional majorities to cut short our mission in Iraq lest they be blamed for the unpleasant consequences many predict." Barone adds, "Many in the mainstream media today, as in 1968, see nothing but the prospect of American defeat. George W. Bush seems to have other ideas."

US Withdrawal Seen As Likely To Escalate "Civil War." Time's Aparisim Ghosh (12/11) writes that if the Iraqi government "can't stop sectarian killing today when it is able to call on the world's most powerful military, it can hardly be expected to do so once the Americans have left. The more likely outcome is an escalation of the civil war, with elements of the security forces taking sides." Ghosh adds, "Having foolishly dismantled the existing Iraqi army, the U.S. has the duty to create a genuinely proficient new one, instead of rushing recruits through Boy Scout lessons just to satisfy predetermined quotas. It may take five more years. But if the U.S. leaves sooner, Iraq will devolve into an even bigger mess. If the Americans insist on pulling out, they ought to park their hardware nearby, because like it or not, they'll be back."

U.S. News and World Report (12/11, Whitelaw, 2.03M) reports that "an average of 2,000 Iraqis a day are fleeing to Syria – and the numbers appear to be growing. The United Nations High Commissioner for Refugees estimates that at least 700,000 Iraqis have taken refuge in Syria, while an additional 700,000 or so are in Jordan. (Iraq's estimated population is 27 million.) … The numbers jumped sharply after the bombing of the Shiite shrine in Samarra last February that intensified Iraq's sectarian strife. With Iraq slipping toward an all-out civil war amid record numbers of civilians being killed each month, a UNHCR official warns that hundreds of thousands more Iraqis appear to be 'teetering' on the brink of departure. Even U.S. officials, many of whom have previously downplayed refugee flows, now acknowledge they are increasingly concerned." U.S. News and World Report (12/11, Mulrine, 2.03M) reports, "As the capital last week eased out of the round-the-clock curfew imposed after the bombing of the Shiite enclave of Sadr City that killed over 200 people, traffic was light – except on the airport road, where families packed into cars and braved roadside bombs for the chance to fly to another place."

NBC's Use Of Term "Civil War" Seen As A Defeat For White House. Time's James Poniewozik (12/11) writes, "When Matt Lauer announced that NBC would start referring to the conflict in Iraq as a 'civil war,' media observers hailed it as a 'Cronkite moment,' referring to the CBS anchor's 1968 declaration that the Vietnam War was unwinnable, upon which L.B.J. realized he had lost Middle America. … So, O.K., NBC's declaration may have no effect on the war in Iraq. But it was a signal moment in the war between the Bush White House and the media. If the issue seems like pointless semantics, it is hardly so to the Administration, which has been fixated on framing issues and politicizing language."

Bush's Trip Abroad Portrayed As An Escape From Democrats. Time's Mike Allen (12/11) writes that "if there was ever a good time for George W. Bush to leave home for a spell, it was right after the mid-term elections, when Capitol Hill was aswarm with triumphant Democrats. … European

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leaders expecting a humbled Bush at the NATO summit in Latvia instead got a stout speech in which he rearticulated his foreign policy."

Military Leaders Call For Increased Troop Commitment In Iraq. The Wall Street Journal (12/4, A4, Jaffe, Dreazen, 2.04M) reports that a "growing number of senior military officials are arguing that the only way to salvage the situation" in Iraq "is to add more U.S. forces and more U.S. money." With about 140,000 US troops currently in Iraq, "some military officials said that as many as 30,000 more troops could be needed."

Will Says McCain Correct About Need For More Troops. In his Washington Post (12/4, A19, 690K) column, George Will writes that "for three years," Sen. John McCain "has been saying, correctly, that there are far too few U.S. troops in Iraq. For months he has said we cannot win without many more troops. That, too, is correct -- if it does not imply that some surge of troops can now guarantee winning. … Absent adoption of the McCain policy -- a substantial increase in forces -- America's waning influence on events may derive from the increasing likelihood that the scant protection that American forces now provide will be withdrawn."

Bush-Hakim Meeting Seen As Intended To Bolster Maliki. McClatchy (12/4, Gordon, Walcott) says President Bush's meeting today with Iraqi Shiite leader Abdul Aziz al-Hakim "is considered an effort to boost support for Iraqi Prime Minister Nouri al-Maliki." Hakim "is a leading opponent of anti-U.S. Shiite Muslim cleric Muqtada al-Sadr," and the White House "hopes that by urging Hakim and other al-Sadr rivals to support Maliki more forcefully, they can reign in the growing radical influence of al-Sadr and his Mahdi Army militia."

War Of Words Rages Over Iraq "Civil War" Terminology. The New York Times (12/4, C1, Carr, 1.16M) examines the debate over the term "civil war" as applied to the internal conflict in Iraq, writing, "The war over words and definitions is not a new one. The current administration has fought to maintain custody of the Iraqi conflict by defining insurgents as 'terrorists' and prisoners of war as 'unlawful combatants.' During Vietnam, the administration defined civilian casualties as 'collateral damage.' … There are those who suggest that there is something vaguely seditious in describing the situation in Iraq as a civil war." But "on closer inspection, what seems like a bold, transgressive step by the media," led by NBC and the Los Angeles Times, to adopt the term "is considerably less. It is not a coincidence that some members of the mainstream media were only willing to attempt to redefine the terms of the current debate after a massive electoral setback to the current administration."

Annan Now Says Iraq In "Civil War." The New York Times (12/4, A14, Wong, 1.16M) headlines a story "Annan Adds His Voice To A Growing Chorus That Is Calling The Situation In Iraq A 'Civil War,'" saying that the UN Secretary-General also now says Iraq has "descended into a civil war that was even deadlier and more anarchic than the 15-year sectarian bloodshed that tore Lebanon apart."

Washington Seeks Lessons From Iraq Experience. The Christian Science Monitor (12/4, Grier, 59K) writes that "even as Washington looks forward to the recommendations of the Iraq Study Group, expected this week, many experts and policy organizations are looking back to try and glean crucial lessons from the three-plus years of the US experience in Iraq. It's an unorganized process that involves everything from Army field manuals to the Council on Foreign Relations, and it may never reach consensus, given the range of opinions involved. But even exchanging ideas could be important, since -- as hard as it is to believe now -- the interests and power of the US mean that at some point it could find itself weighing new sorts of military interventions."

Pessimism Has Set In Among Some Iraqis Over Past Four Years. ABC World News (12/3, story 10, 3:00, Harris, 8.78M) ran a feature on changes in Iraq over the last four years, "many of them wrenching. … Even here, at our ABC News compound in Baghdad, we're seeing religious tension among our Iraqi staffers. Over the past day or so, I've been out reconnecting with some of the Iraqis I've been covering for years. When Saddam Hussein fell, perhaps no Iraqi was more jubilant than this man." Unidentified male: "I feel very happy, really. I can't explain my feelings. Really, I am very happy." Harris: "We can no longer show you his face. Because these days, associating with Americans could get him killed. … Through subsequent years of car bombs and kidnappings he stayed stubbornly upbeat. But now, as he watches his neighbors kill each other in a rapid, rabid spiral

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of religious violence, now he says he wishes Saddam had never been toppled."

More Attacks Against US Troops, But No Casualties. NBC Nightly News (12/3, story 2, Siegenthaler, 9.87M) reported, "In Iraq today, there were more attacks against American troops. Roadside bombs exploded near a US convoy in Baghdad, causing damage but no casualties. US forces were on the move against insurgents with air strikes in Anbar province and a sweep through Bakubah. Meanwhile the death toll from that triple bombing yesterday at a Baghdad market rose to 53."

Friday Battle Showed Difficulties In Letting Iraqi Forces Take Control. The Los Angeles Times (12/4, Moore, 850K) examines a Friday battle in Iraq. Joint US and Iraqi forces, "undertaking what officials described as a major counterinsurgency operation, were in pursuit of 70 'high-value targets' in Baghdad's crowded Fadhil quarter, a Sunni Arab neighborhood of multistory tenements along the east bank of the Tigris River." But they "had walked into a deadly ambush." From "upper-story apartments, insurgents stopped the soldiers' advance with grenades and shoulder-fired rockets. Others launched coordinated mortar strikes, hitting one of two nearby Iraqi field posts. By the time the 11-hour battle was over, one Iraqi soldier had been killed and six others wounded, including one who shot himself in the foot." US officials "say an imminent expansion of the Military Transition Teams -- squads of American military advisors traveling with Iraqi army units -- will meet demands" Iraqi PM Nouri al-Maliki made of President Bush at their meeting last week "for more authority over his own security forces. But interviews at their joint Rustamiya base with U.S. advisors and Iraqi soldiers involved in Friday's battle revealed a different story. The operation was hastily prepared and badly executed, they said, and plans to let the Iraqis take the lead in the battle were quickly scrapped."

Airstrike Said To Have Killed "Toddler." USA Today (12/4, 2.27M) carries an AP story about civilian casualties of a US airstrike. The story was carried Sunday in the Norfolk Virginian Pilot (12/13), for example, but USA Today's version changes the word "child" in the first sentence to "toddler." The age of the child was not given in yesterday's version -- the USA Today version, though, says that the child was a boy "believed to be under the age of 2."

AFP Pegs Cost Of Iraq War At $350 Billion. AFP (12/4) reports, "The war in Iraq has cost the United States more than 350 billion dollars since the March 2003 invasion, according to an AFP review of Congress figures." A September 22 Congressional Research Service study "estimated the cost at 319 billion dollars, representing 73 percent of US spending for the 'war on terror' launched after [9/11]. Congress has approved 70 billion dollars for the 'war on terror' in the 2007 defense budget that includes about 50 billion dollars for the Iraq conflict, bringing the three-and-a-half-year spending over 350 billion dollars."

Missing F-16 Pilot Listed As Killed In Action. The AP (12/3) reports, "An American pilot whose F-16 fighter jet went down in Iraq was listed as killed in action following DNA analysis of remains recovered at the crash site, the U.S. Air Force said Sunday." The dead pilot is Maj. Troy L. Gilbert, 34, who "was supporting troops fighting in Anbar province, where many of the country's Sunni-Arab insurgent groups operate." US officials doubt "Gilbert was shot down." More than 40 sites carried this story. The Washington Post (12/4, Trejos, 690K) reports his death at the bottom of an article about Saddam's death penalty appeal.

Saddam's Lawyers Formally Appeal Death Sentence. The Washington Post (12/4, A16, Trejos, 690K) reports Saddam Hussein's lawyers have "formally appealed his death sentence for the killing of 148 Shiite men and boys from the town of Dujail in the 1980s, a spokesman for the Iraqi High Tribunal said. The case will now go to a higher court, which can rule on it at any time. If the court upholds Hussein's conviction, his execution, by hanging, must occur within 30 days, according to Iraqi law."

Joint State-DOD Report Says Afghan Police Force Ineffective. A front-page New York Times (12/4, Glanz, Rohde, 1.16M) story running nearly 2,000 words says that "five years after the fall of the Taliban, a joint report by the Pentagon and the State Department has found that the American-trained police force in Afghanistan is largely incapable of carrying out routine law enforcement work, and that managers of the $1.1 billion training program cannot say how many officers are actually on duty or where thousands of trucks and other equipment issued to police units have gone." The report said "no effective field training program had been established in Afghanistan."

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Bombing, Aftermath Kill At Least Three In Kandahar. The New York Times (12/4, A14, Gall, 1.16M) reports a suicide bomber "rammed a minibus" into a British military convoy in Kandahar Sunday, "wounding three soldiers and setting a vehicle on fire" and leading British troops to open fire on civilians. At least three people were killed and 15 wounded "in the bombing and the shooting afterward."

Musharraf Blamed For Afghanistan's Instability. Newsweek's Fareed Zakaria (12/11) writes, "Afghanistan is in danger of becoming a version of Iraq, where the central government has collapsed, disorder is rife and a Qaeda-backed insurgency controls large swathes of the country." Afghan President Hamid Karzai and Pakistani President Pervez Musharraf "have openly quarreled about the cause of the Taliban's re-emergence. Musharraf blames Karzai's incompetence and weakness. Karzai argues that Pakistan has been tacitly — and often actively — supporting the Taliban along the Afghanistan-Pakistan border, and in Pakistan itself." Musharraf "is a genuine modernizer who has saved his country from becoming a failed state. Despite the compromises he has had to make, he has been more forward-looking on economics, law, religion and even women's rights issues than any government in Pakistan since the early 1970s. But having confronted Islamic extremists on such matters, Musharraf seems to believe that one area where he need not actively thwart them is in their goal of jihad against Karzai's government and its Western backers."

Taliban Uses Manual To Train Fighters. Newsweek (12/11, 3.12M) reports, "In case a Taliban fighter wonders what is expected of him, he can now refer to a nine-page, blue and white, pocket-size pamphlet called the Layeha, which Mullah Mohammed Omar began distributing last month. The book (NEWSWEEK obtained a copy, and has seen Taliban fighters carrying it in several parts of Afghanistan) lays down 29 strictures for conduct on the battlefield and in villages, as well as sanctions faced by those who break the rules: strict Islamic justice."

Pakistani Officials Urge NATO To Negotiate With Taliban. The Washington Times (12/4, Rashid, 88K) reports Pakistani officials "are urging NATO countries to accept the Taliban and negotiate a series of regional peace agreements similar to those that Pakistan has reached in tribal areas along its border with Afghanistan." Pakistani Foreign Minister Khurshid Kasuri told NATO foreign ministers last week "that the Taliban was winning the war in Afghanistan and that NATO was bound to fail."

Wiccan Symbol Placed On Soldier's Memorial Plaque. The Washington Post/AP (12/4, A17) reports the widow of Sgt. Patrick Stewart, who died in Pakistan, "saw a Wiccan symbol placed on a memorial plaque for her husband Saturday, after fighting the federal government for more than a year over the emblem." Roberta Stewart said it was the "first government-issued memorial plaque with a Wiccan pentacle."

Fewer Combat Medals Being Awarded In Iraq Than In Previous Wars. Time (12/11, Donnelly, 4.03M) reports, "U.S. troops are fighting and dying with valor. So why have so few received the military's top awards? Are there fewer heroes in the Iraq war than in previous wars? That's the message the Pentagon is sending, say critics, by not awarding today's soldiers nearly as many of the nation's highest military honors. Three and a half years of combat in Iraq, for example, have produced only two winners of the Medal of Honor, the country's highest military award for bravery in combat. There were, by contrast, 464 Medals of Honor handed out during America's involvement in World War II, which lasted the same amount of time. … The same applies to the second highest honor, the service crosses: there were 8,716 of those given out during World War II and just 26 so far in Iraq."

CRIMINAL LAW:

DOJ Study Finds School Killings Up Slightly. The AP (12/4, Jordan) reports, "At least 21 people were killed at school during the 2004-05 academic year, a slight increase from the year before, the government reported Sunday." The AP continues, "The study by the Bureau of Justice Statistics does not include data from fatal shootings in Wisconsin, Colorado and Pennsylvania this fall. In Pennsylvania, five Amish girls were killed in a one-room schoolhouse by a milk truck driver who then turned the gun on himself." The AP adds, "Overall, fewer students reported being the victims of violent crime at school or school-sponsored events in 2004-2005, the study by the Justice Department agency show. Additionally, school-age children remain far more likely to be assaulted, raped and robbed off school grounds. … The study looked at violent crime against

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students over several periods of time. … The 21 killings at school-related events, between July 2004 and June 2005, targeted victims between age 5 and 18, said Katrina Baum, co-author of the 2006 Indicators of School Crime and Safety. Over the previous year, 19 people were killed. … It was not immediately clear whether all the victims were students. Still, the preliminary data indicates that students were about 50 times more likely in the 2003-04 school year to be killed away from school than at school, the report shows."

Middle America Said To Be In The Midst Of Violent Crime Wave. Time (12/11, Kingsbury, 4.03M) reports, "Violent offenses are rising in midsize U.S. cities for the first time in 10 years. A closer look at one Midwestern town shows what's behind the uptick--and why we shouldn't expect it to slow anytime soon. It's as if Milwaukee, Wis., had reverted to a state of lethal chaos. … Not only did crime suddenly begin to rise in 2005, but the most violent crimes led the trend. Homicides shot up 3.4%. Robberies, 3.9%. Aggravated assaults, 1.8%. Hardest hit were not metropolises like New York City and Los Angeles but cities with populations between 400,000 and 1 million -- such as Baltimore, Md.; Charlotte, N.C.; St. Louis, Mo.; and Oakland, Calif. -- and this year looks to see similar rates of increase, if not worse. Few places have suffered more than Milwaukee. The homicide count for the city of 590,000 fell from 130 in 1996 to just 88 in 2004. But last year, according to FBI figures, Milwaukee saw the country's largest jump in homicides -- up 40%, to 121."

US Charges Two With DC Automobile Fine Payment Scheme. The Washington Times (12/4, Mcelhatton) reports, "The D.C. Office of Inspector General is investigating a reported scheme in which stolen credit cards were used to pay fines for parking and moving violations in the District, court records show." The Times continues, "Federal authorities last week filed arrest warrants that state two persons engaged in the scheme to pay off tickets for people at half the face value of the tickets, according to court records. … An affidavit from a D.C. Inspector General investigator states the scheme involved a man identified as Lonnell Damon Duckett offering to pay off people's unpaid parking and moving-violation tickets. In return, he sought cash for up to half the value of the unpaid D.C. Department of Motor Vehicle tickets, court records show. .. .In other words, Mr. Duckett, a Transportation Department employee, would offer to wipe out $1,000 in tickets if he received $500 in cash, authorities said." The Times adds, "The second person in the reported scheme has been identified as Ladonna Gray and described as Mr. Duckett's 'DMV connection,' according to court records. .. .Investigators say once Mr. Duckett received the cash, he used stolen credit-card information -- reportedly obtained from Miss Gray -- to pay the tickets. … The payments were made over the Internet, a common practice by most municipalities. … The pair was charged under a criminal statute titled fraud and related activity in connection with access devices last week in federal court. … The U.S. attorney's office filed complaints Nov. 27 against Miss Gray and Mr. Duckett."

California Man Sentenced To Seven Years In Prison For Movie Piracy. In a widely-distributed story, the AP (12/2, Gentile) reported, "A man convicted of sneaking camcorders into movie screenings and selling the pirated tapes in video stores was sentenced to seven years in federal prison Friday." Johnny Ray Gasca of Los Angeles "was convicted in June 2005 of three counts of copyright infringement as well as using a fake Social Security number and of an escape charge for fleeing his attorney's custody while awaiting trial." The AP noted, "He represented himself during a weeklong trial, saying he didn't intend to profit from his actions," but "Federal prosecutors showed the jury Gasca's diary in which he wrote that he earned up to $4,000 a week by attending the screenings. Prosecutors alleged he sold the films through small video stores or on the street. … At one point, Gasca pointed to an FBI agent in the courtroom and said, 'I'm going to prove to you he's a liar, your honor.'"

Copley News Service (12/2, Krasnowski) reported, "At the sentencing hearing, Gasca was unapologetic and maintained his innocence. He thanked lawyers who have aided him and court staff, but also took time to note 'lies' he alleged prosecutors made during his trial." Copley noted, "In an FBI search of Gasca's Hollywood apartment, agents found video duplication equipment and diaries in which he reported making as much as $4,500 a week selling pirated, prereleased movies." After his 2003 arrest, "Gasca escaped and was a fugitive for 16 months before being captured in Florida – reportedly in a hotel room containing stacks of DVDs and recording equipment."

Rural Thieves Targeting Agricultural Sector. USA Today (12/4, 1A, Kasindorf, 2.27M) reports that in a "rising wave of rural larceny, thieves are tracking commodity

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prices to steal everything that grows, plows or sprinkles on the USA's farms." California, "the No. 1 state in agricultural production, reports the biggest problems. Theft rings that kept police busy last year chasing stolen artichokes, pomegranates and diesel fuel switched this year to nuts, avocados, citrus, tractors, irrigation pipe and copper wiring, says Bill Yoshimoto, the supervising prosecutor for a 13-county Central California task force on farm crime." No "national statistics are kept on rural thefts, according to the U.S. Department of Agriculture and the American Farm Bureau Federation. Yoshimoto estimates that crops and equipment worth $1 billion will be stolen nationwide this year."

Group Warns Virginia Community About Accused Pedophile. The Washington Post (12/4, B1, Salmon) reports, "An afternoon of football watching and holiday decorating took a strange detour yesterday for some Herndon residents when they opened their doors to find strangers confronting them with troubling information: One of their neighbors is an accused pedophile." The Post continues, "Members of two groups representing victims of abusive Catholic priests went door-to-door in the neighborhood, distributing packets of information accusing a former Catholic priest who has lived there for 10 years. … 'Community notification: Protect your children from a credibly accused serial sex offender,' the packet's cover reads." The Post adds, "The 38-page sheaf of material contained information about Edward F. Dudzinski, 56, who last month was among 20 former priests accused by the Catholic Diocese of Wilmington, Del., of sexually abusing children. He served in the priesthood in the 1970s and 1980s. .. .The diocese disclosed the names in its weekly newspaper, saying that it had found 'credible or substantiated complaints of sexual abuse of minors' against the priests. It said eight, including Dudzinski, are living. Dudzinski has not been convicted of -- or charged in -- any sex-abuse crime. … In a letter accompanying the list, Bishop Michael Saltarelli of the Diocese of Wilmington said he released the names at the recommendation of a diocesan review board. … Yesterday, Dudzinski did not return calls to numbers listed for his address. Two of his roommates, who said the former priest was not at home, defended him and denounced the groups' tactics."

CIVIL RIGHTS:

Supreme Court To Consider School Desegregation Cases. The Christian Science Monitor (12/4, Richey, 59K) reports that with US classrooms "growing increasingly segregated," the Supreme Court "takes up two cases that confront the heated debate over race. On one side are those who believe affirmative action and other race-conscious programs are necessary to fight the effects of discrimination and inequality. On the other side are those who believe the Constitution mandates a colorblind approach to race relations - that government programs granting benefits based on a person's race are just as illegal as withholding benefits because of a person's skin color." The two cases concern "race-based student enrollment plans at public school districts in Seattle and in Louisville, Ky. Both plans were designed by the local school boards to voluntarily achieve racial integration to provide a diverse learning environment for the benefit of all students. Both plans are under attack by local parents who say the use of race to maintain a racial balance amounts to an unconstitutional form of government discrimination."

The Los Angeles Times (12/4, Savage, 850K) reports the outcome of the Seattle and Louisville cases "could affect hundreds of school systems across the nation, including the Los Angeles Unified School District. With the arrival of Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., civil rights lawyers believe there may be a five-member majority determined to strike down race-based integration programs." In Seattle, the school board "adopted a policy — now suspended — that gave 'nonwhite' students an edge if they sought to enroll in a popular, mostly white high school. In Jefferson County, Ky., which includes Louisville, the school district said the black student body at each elementary school should range from 15% to 50%." In both cities, "several white parents sued to have the plans declared unconstitutional after their children were barred from enrolling in the school of their choice because of their race. Though they lost in the lower courts, the Supreme Court voted in June to hear their appeals, leading many to predict the justices are poised to outlaw 'racial balancing' in the public schools."

Seattle System Shows School Assignment Practices Can Benefit Whites. The Wall Street Journal (12/4, A1, Golden, 2.04M) reports in an approximately 2300 word story that the case from Seattle before the Supreme

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Court was "filed by a predominantly white parents' group from an affluent Seattle neighborhood. Their children were denied admission to a majority-white school, and instead assigned to mostly minority schools." The case, "dating to 2000, has become a lightning rod for critics who say school boards go too far to try to achieve an elusive goal of racial integration. The court's rulings on Seattle and a similar case involving Louisville, Ky., schools are likely to affect hundreds of districts nationwide that use race as a factor in school assignments." But a "close look at Seattle shows that officials have frequently yielded to school-assignment pressure from white parents in pursuing another elusive goal -- middle-class participation in public schools." Even as parents "challenge a government action making room for minorities in highly-regarded schools, the later events in Seattle show another side of the picture: the ways that school-assignment practices can work to the benefit of whites. In Seattle as in other parts of the country, schools sometimes accommodate middle-class parents who push to get their children into coveted schools. When these middle-class parents are predominantly white, as in Seattle, the lobbying can tend to sort more white children into the most desirable schools."

Breyer Says Court Should Promote Rights Of Political Minorities. The AP (12/4, Yen) reports Justice Stephen G. Breyer "says the Supreme Court must promote the political rights of minorities and look beyond the Constitution's text when necessary to ensure that 'no one gets too powerful.'" Breyer, "a Clinton appointee who has brokered many of the high court's 5-4 rulings, spoke in a televised interview that aired one day before justices hear a key case on race in schools. He said judges must consider the practical impact of a decision to ensure democratic participation." Breyer said, "It's a Constitution that protects a democratic system, basic liberties, a rule of law, a degree of equality, a division of powers, state, federal, so that no one gets too powerful." The AP adds that on Monday, "the court will hear arguments in a pair of cases involving integration plans in K-12 schools. The legal challenge, which is backed by the Bush administration, could be among the most significant school cases since the landmark Brown v. Board of Education ruling in 1954 banned racial segregation."

NYTimes Criticizes Government For Backing Challenges To Seattle, Louisville Plans. The New York Times (12/4, 1.16M) says in an editorial, "Conservative activists are seeking to halt the completely voluntary, and laudable, efforts by Seattle and Louisville, Ky., to promote racially integrated education. Both cities have school assignment plans known as managed or open choice. Children are assigned to schools based on a variety of factors, one of which is the applicant's race." The Louisville and Seattle plans "are precisely the kind of benign race-based policies that the court has long held to be constitutional. Promoting diversity in education is a compelling state interest under the equal protection clause, and these districts are using carefully considered, narrowly tailored plans to make their schools more diverse." It is "startling to see the Justice Department, which was such a strong advocate for integration in the civil rights era, urging the court to strike down the plans."

WPost Says School Desegregation Cases Not Affirmative Action. The Washington Post (12/4, A18, 690K) says in an editorial that the justices "may be tempted to see the" Seattle and Louisville cases "as the latest showdown over affirmative action. One side casts the matter as a simple issue of governmental race-consciousness; the other talks of diversity. Yet the programs at issue are not classic racial preferences. They deserve to be considered -- and upheld -- for what they are." These programs "use race in a fashion quite different from those that have inspired the court's skepticism in the past. While the Louisville and Seattle programs differ, neither gives members of any particular race a boost at the expense of any other. Rather, the programs respond to residential segregation patterns by giving minority students preference in preponderantly white schools and white students preference in preponderantly minority schools."

Nearly Two-Thirds Of Those Shocked With Tasers In Houston Are Black. The Los Angeles Times (12/4, Bustillo) reports from Houston, "Fred Weary, a pro football player for the Houston Texans, was driving his maroon Chevy Impala SS last month when he was pulled over by police after failing to signal that he was changing lanes. … What happened next is in dispute. Police say Weary was 'verbally combative' and did not put his hands on his car when ordered. The 305-pound offensive lineman says he did what the officers told him. But one thing is clear: Like many black men in this city, Weary was zapped with a stun gun and cuffed as he lay motionless on the ground." The Times continues, "The highly publicized case has brought attention to some stark statistics about police use of Tasers in the nation's fourth-largest city: Nearly two-thirds of those shocked

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with the high-voltage weapons over the last two years were black. … And the resulting outcry from black community activists and a City Council member has led Mayor Bill White to call for an independent review of Taser use by the Houston Police Department. … 'The mayor took a positive first step, but what will he do when the information comes back and clearly shows that race is a direct factor in who gets Tasered?' said Quanell X, a community activist and leader of the New Black Panther Nation. 'We already know that African Americans are Tasered more often than whites.'" The Times notes, "At a town hall meeting set for today, Quanell X said, he plans to highlight cases of people shocked by stun guns — including one in which a black man who was having an epileptic seizure was Tasered for failing to comply with an officer's orders."

Sharpton Calls On Congress To Investigate Rash Of Police Shootings. In a widely-distributed story, the AP (12/4, Haines) reports from Atlanta, "Al Sharpton called for a congressional probe of police shooting policies as he joined local activists Sunday outside the home of an elderly woman killed by narcotics police officers who burst into her home. The civil rights leader said the death of Kathryn Johnston — along with the death of 23-year-old groom-to-be Sean Bell, who was shot by police on his wedding day outside a Queens strip club — is an example of 'a new sense of police recklessness' sweeping the country. … Sharpton called for the incoming Congress to address the issue. 'There seems to be a new spirit in law enforcement that they can become the judge, jury and executioner of the law on the scene,' Sharpton said." The AP notes that the FBI is leading the investigation of the Atlanta incident.

Police Shootings Seen As Hard To Probe, Harder To Prosecute. The New York Times (12/4, Hartocollis) reports, "With Sean Bell now eulogized and buried, the emotions surrounding his death are swirling around the investigation into whether police officers committed a crime when they fired 50 bullets into Mr. Bell's car." The Times continues, "Although every investigation is different, cases like that of Mr. Bell, an unarmed black man who was killed on his wedding day, have come to follow a similar rhythm and pattern. And experts and those involved in the investigation say that through the history of those cases, they have learned that it is very difficult to convince a grand jury or a trial jury that police officers, who are empowered to defend the public with deadly force if necessary, went too far. In many cases of police shootings, with tensions high, the facts and legal fine points are difficult to isolate from a much larger context. … 'What makes these cases so hard are issues that go well beyond the incident itself,' a high-ranking official in the office of Richard A. Brown, the Queens district attorney, said last week, speaking on condition of anonymity because the investigation is continuing. … 'It's the racial tension that still exists in the city,' the official continued. 'It's the mistrust in the minority community. It's cops that are faced with danger every day and have to react in seconds. It's safe to say, if they're wrong, somebody dies' — whether a civilian or an officer. … Everyone involved knows the stakes. While the district attorney's office investigates, civil rights activists and lawyers for the victims and the police officers are struggling to shape public opinion and find witnesses who buttress their points of view."

More Commentary. In a column for the New York Times (12/4), Bob Herbert writes, "The death of Sean Bell at the hands of undercover police officers, who also wounded his two companions in their 50-shot barrage in Queens nine days ago, brought to mind a case from a few years back in which undercover cops, acting on bogus information, attacked an innocent group of young people in a car in Manhattan." The Times continues, "The cops in the Manhattan case assumed that the people in the car were lowlifes. They were all Ivy League graduates, and one is currently clerking for U.S. Supreme Court Justice John Paul Stevens. … The incident occurred about 11:30 p.m. on Jan. 10, 2000. Two men and two women who were running their own startup Internet company, MagicBeanStalk.com, were parked outside a subway station on East 14th Street, near Union Square. Without any warning, a plainclothes officer leaped out of a yellow cab with his gun drawn and rushed the car with the four young people in it. … Thinking he was being carjacked, the driver put the vehicle in reverse and tried to get away. He was blocked by an unmarked police car that had pulled up behind him. He ended up hitting both the unmarked car and the cab (which was also a police vehicle) in his unsuccessful effort to flee. … The driver, Jason Rowley, who was 25 at the time, had no idea that the man with the gun was a cop. … It turned out that the cops were acting on a mistaken computer report that Mr. Rowley's car was stolen. As frightening as the incident was, the four people in the car were lucky that none of the cops opened fire." Herbert adds, "The four people who were in the car in the Manhattan incident have since done extremely well. Ms. Sudeall, for

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example, graduated from law school and is now a clerk for Justice Stevens. Mr. Gilbert has established a new Internet venture based on a program he invented that predicts people's buying patterns online. It's very creepy to think how easily one or more of the four could have been killed in their encounter with the police."

Maryland Hears Challenge To Marriage Definition Law. The Washington Post (12/4, B1, Otto, 690K) reports civil rights veteran Charles Blackburn "has resumed his march for civil rights, this time beside his partner of 28 years, Glen Dehn, and 17 other gay and lesbian plaintiffs in a lawsuit asking Maryland to legalize same-sex marriage." Today, the case "goes before Maryland's highest court, where lawyers will debate whether a 33-year-old law defining marriage as between a man and a woman violates constitutional protections against discrimination. The court is not expected to rule immediately." In January, "a Baltimore Circuit Court judge ruled in favor of the plaintiffs, finding that the state's definition of marriage was discriminatory and could not withstand a constitutional challenge." The state "appealed Murdock's decision and will argue at today's hearing that the law meets constitutional muster and that questions concerning the definition of marriage would be better handled by the state legislature."

Religious Freedom Group Files Argument Against Gay Marriage. The Washington Times (12/4, Ward, 88K) reports a "national religious-freedom group has chosen the same-sex 'marriage' case to be argued today in Maryland's highest court to file its first legal argument." The Beckett Fund, "a nonprofit legal group supporting religious freedoms, argues that legalized same-sex 'marriage' could result in civil suits against churches that refuse to marry same-sex couples or refuse to hire homosexual employees." The group "also says the government might strip such churches of their tax-exempt status and of their power to license marriages."

Voting Machines Available On Market Said To Be Lacking. In a New York Times editorial observer (12/4), Adam Cohen says, "To the long list of recent Election Day horrors from butterfly ballots to six-hour lines, add 'vote flipping.' In Ohio, Illinois, New Jersey and other states last month, there were reports — some confirmed by election officials — that when voters touched the screen for one candidate, the machine registered it for another. One Florida Congressional race, in which the Republican won by fewer than 400 votes, is in the courts because paperless electronic voting machines may have failed to register as many as 18,000 votes." Voters who "complain about their own machines don't often get a chance to compare them with other options. But New York's boards of elections are replacing the old lever machines, and I recently went to demonstrations the city held to allow the public to try out the five finalists." But if "it comes down to waiting longer or sticking voters with illegal or unreliable machines that will undermine democracy for years to come, officials should wait, and insist on better machines. New Yorkers, and all Americans, deserve better choices than the voting machine industry is offering."

ANTITRUST:

Public Relations Battle Launched Over Airline Merger. USA Today (12/4, 1B, Adams) reports, "Delta Air Lines' creditors and a bankruptcy judge will decide whether US Airways buys Delta, but that isn't stopping both airlines from battling for public opinion." USA continues, "Both airlines have hired big names in the financial public relations business to help shape the views of Wall Street analysts, airline employees and airline customers as well as the creditors and judges. US Airways hired New York communications firm Joele Frank, Wilkinson Brimmer Katcher. Delta is using Kekst and Co., a large New York financial PR firm with longstanding ties to the airline." USA adds, "In a surprise announcement Nov. 15, US Airways publicly offered Delta's bankruptcy creditors $8 billion in stock and cash for Delta, which is in Chapter 11. Delta's management has rebuffed the offer. … The unveiling was well-orchestrated. That morning, US Airways' PR team, along with a team from Joele Frank, placed predawn phone calls to dozens of reporters and Wall Street analysts to alert them to an 8:15 a.m. conference call with CEO Doug Parker. … Meanwhile, Delta bought a full-page advertisement opposing the merger in its hometown newspaper, The Atlanta Journal-Constitution. And at the urging of its own employees, Delta ordered and distributed 50,000 red 'Keep Delta My Delta' lapel buttons. US Airways has scheduled meetings with influential newspaper editorial boards."

Oberstar To Play Key Role In Antitrust Scrutiny Of Airline Mergers. The Minneapolis Star Tribune (12/4, Fedor) reports, "U.S. Rep. James Oberstar intends to take a hard look at potential airline mergers in the coming months

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because he knows that fusing two carriers together often causes pain for employees and hurts some consumers. … The Minnesota Democrat already is scrutinizing the proposed US Airways-Delta merger." The Tribune continues, "Next month, Oberstar will assume the chairmanship of the House Transportation and Infrastructure Committee, where he will be well-positioned to raise concerns in the event that a wave of consolidation sweeps the airline industry next year, as some observers predict. … While airlines don't need congressional approval to merge, Oberstar's post gives him the ability to spotlight antitrust issues that the Justice Department is legally obliged to examine. … 'People are saying there is overcapacity' and that some seats should be removed from the market, Oberstar said. But he sees carriers flying with many full planes and argues 'there is a lack of substantial competition' on many routes." The Tribune adds, "Oberstar, who was reelected to a 17th House term last month, gave his assessment of the state of the airline industry and talked about his oversight role during an interview last week with the Star Tribune. … The only member of the Minnesota delegation who was serving in Congress when the airline industry was deregulated in 1978, he sees that move as a success. … 'There's no question about the success of deregulation,' Oberstar said. 'It has created seamless travel, more nonstops, more destinations, more opportunities." By taking the government out of the pricing business, consumers are saving about $6.5 billion a year on fares, he argued. … So when mergers and acquisitions and leveraged buyouts are considered,' Oberstar said, 'my first thought is: Is the result going to be undoing the consumer benefits of deregulation?'"

South African Edgars In Talks With Blackstone, Bain, KKR. The Wall Street Journal (12/4, A14, Singer) reports, "Edgars Consolidated Stores Ltd. of South Africa is in talks with Blackstone Group, Bain Capital and Kohlberg Kravis Roberts & Co. on a potential $3 billion deal that would be the largest private-equity buyout in that country, according to people familiar with the situation." The Journal continues, "The emergence of the largest U.S. private-equity firms as possible buyers of one of South Africa's biggest retail groups illustrates how the booming sector is scouring further afield to deploy the billions in cash raised in recent years." The Journal adds, "Edgars Consolidated Stores, known as Edcon, said in October that it was approached by private-equity firms interested in acquiring the fashion chain, which has more than 900 stores in South Africa, Botswana, Namibia, Swaziland and Lesotho. Founded in 1929, the Johannesburg company has more than 20,000 employees and a market value of about 19 billion rand ($2.6 billion). … Some of the U.S. firms working on a potential acquisition may make a combined bid, but final decisions haven't been made, the people close to the matter said. The company has asked for firm proposals to be made in January, they said. … Edcon would be the latest in a string of potential private-equity takeovers in South Africa. Financial-service provider Alexander Forbes Ltd. received a bid by a group of investors led by Actis Capital LLP, and grocery chain Shoprite Holdings Ltd. has drawn potential private-equity bids."

ENVIRONMENT:

Bush Mulls Lifting Moratorium On Drilling Off Southwestern Alaska Coast. The New York Times (12/4, Barringer, 1.16M) reports, "President Bush is considering whether to lift the 17-year-old moratorium on energy drilling in the waters off southwestern Alaska, a White House spokeswoman said Sunday, which would allow oil and gas companies to try to tap into more than five trillion cubic feet of natural gas that lies beneath rich fishing grounds." The Times adds, "Last summer the Interior Department recommended reopening several areas of the outer continental shelf, including the southern part of Bristol Bay, which lies just north of where the Aleutian Islands meet the Alaskan mainland, to energy exploration." There "has been widespread speculation among environmental groups and fishing industry representatives that President Bush would end the moratorium during the lame-duck session of Congress, allowing the Interior Department to proceed with its plans to market oil and gas leases in the southern section of the bay, along the north coast of the Aleutian Islands."

Gingrich Urges House To Pass Senate Offshore Drilling Bill. In a Washington Times (12/4, 88K) op-ed former House Speaker Newt Gingrich writes that "the House should adopt Sen. Pete Domenici and Sen. Mary Landrieu's narrowly drawn bill to expand Gulf Coast oil and gas production," which "would give the Gulf states a greater share of oil revenues to rebuild and restore the vanishing coastline." Gingrich calls the bill "a good first step toward a process in which other states could apply for permission to develop new offshore oil and gas reserves in exchange for a share of the revenues." He concludes, "Instead of holding out for an impossible bill, the House Republicans would be wise to see

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the Senate bill as an important first step toward energy self-sufficiency through expanded offshore oil and gas production, disaster prevention and ecological restoration. Completing this in the next few weeks is an important step in the right direction."

Administration Shows "New Interest" In Alternative Energy. The Wall Street Journal (12/4, A6, McKinnon, Solomon, 2.04M) reports, "Facing increased political pressure on environmental policy at home and abroad, the Bush administration is signaling new interest in promoting alternative energies and curbing greenhouse gases." Administration "officials may push U.S. auto makers to make more vehicles that can run on ethanol and other alternative fuels. To boost availability, they are also considering a call to cut tariffs on imported ethanol." The Journal adds, "White House aides are also suggesting new openness to global-warming solutions, including the broad emissions limits they have resisted so far. The ultimate aim is to begin piecing together a framework to replace the Kyoto accord after it expires in 2012."

Study Finds Renewables Could Supply Quarter Of US Energy. The Christian Science Monitor (12/4, Clayton, 59K) reports, "Renewables could supply one-quarter of US energy by 2025, with no harm to economy, a study says. The last time renewable-energy entrepreneurs were this gung-ho, in the early 1980s, subsidies - not sales - buoyed their business plans. This time may be different." Although "most renewable fuels can't yet compete with their traditional counterparts, their costs of production are falling steadily. If the trend continues, America's energy mix by 2025 could be far greener and cleaner - without damaging the economy - than most analysts could have anticipated a few years ago." A November report by the RAND Corp. "estimated that if the cost to produce renewable energy continued to fall at its current rate, renewables could provide 25 percent of the nation's power by 2025 at no additional cost to the economy and perhaps even save money."

Link Between Pollutant, Hormone Systems Studied. The Washington Post (12/4, B1, Fahrenthold) reports, "Growing evidence that chemicals in the environment can interfere with animals' hormone systems -- including the discovery that male Potomac River fish are growing eggs -- has focused the attention of environmentalists and scientists on a new question: Are humans also at risk?" The Post continues, "A decade ago, the very idea that pollutants could interfere with a body's chemical messages was near the fringes of science. But now, it is an urgent topic for lawmakers and researchers around the world, and especially in the Washington area. … In recent years, researchers have linked some common chemicals to troubling changes in laboratory rodents and wild animals, including reproductive defects, immune-system alterations and obesity." The Post adds, "For now, no connections to human ailments have been proved. But some studies have provided hints that people might be affected by crossed hormones, and activists wonder if this kind of pollution could contribute to diabetes, birth defects and infertility. … The Metropolitan Washington Council of Governments is planning to host a public forum about hormone-disrupting pollution this spring. U.S. Reps. James P. Moran Jr. (D-Va.) and Chris Van Hollen (D-Md.) have said they plan to press the Environmental Protection Agency about its failure to develop a program to test chemicals for hormonelike effects, as ordered by Congress in 1996." The Post notes, "The idea that natural hormone messages can be tampered with is not new; for decades, women using birth-control pills have been counting on a man-made chemical to do just that. .. .But the current concern is much wider: Some fear that modern chemistry might have unwittingly created other compounds with hormonelike effects and that they might have spread widely around the globe."

WSJournal Sees Senators' Letter As Part Of Campaign Against Global Warming Dissent. In an editorial, the Wall Street Journal (12/4, 2.04M) writes, "Washington has no shortage of bullies, but even we can't quite believe an October 27 letter that Senators Jay Rockefeller and Olympia Snowe sent to Exxon Mobil CEO Rex Tillerson. Its message: Start toeing the Senators' line on climate change, or else." The Journal adds, "On the one hand, the Senators say that everyone agrees on the facts and consequences of climate change. But at the same time they are so afraid of debate that they want Exxon to stop financing a doughty band of dissenters who can barely get their name in the paper." The "letter is of a piece with what has become a campaign of intimidation against any global warming dissent." The Journal writes, "A windfall profits tax is in the air, and we've seen what happens to other companies that dare to resist Congressional intimidation. It's to Exxon's credit that, in its response to the Senators, the company said that it will continue to fund free market research groups because 'there is value in the debate' that helps promote 'optimal public

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policy decisions.' Too bad that's not what the Senators care about."

The Wall Street Journal (12/4, 2.04M) prints excerpts from the senators' letter, which says, "Exxon Mobil's longstanding support of a small cadre of global climate change skeptics, and those skeptics' access to and influence on government policymakers, have made it increasingly difficult for the United States to demonstrate the moral clarity it needs across all facets of its diplomacy." The Senators "recommend that Exxon Mobil publicly acknowledge both the reality of climate change and the role of humans in causing or exacerbating it," "repudiate its climate change denial campaign and make public its funding history," and devote "at least some of the money it has invested in climate change denial pseudo-science to global remediation efforts."

NYTimes Says USDA Should Not Categorize Wild Salmon As Organic. The New York Times (12/4, 1.16M) says in an editorial, "The Department of Agriculture routinely distinguishes between organic carrots and the regular kind when it decides whether to grant an 'organic' label. But it has gotten into trouble recently over how to decide whether a fish — especially a fish like salmon — is organic or not. The fishing industry is eager to call wild salmon 'organic,' as a way of denoting quality to consumers. But there's a problem. Carrots are either grown organically — without conventional pesticides — or they're not. A wild carrot, to most people, is barely a carrot, but the flower called Queen Anne's lace." Fish "can be as organic as the finest pasture-raised organic pig farm or as inorganic as a hog confinement operation. Let's use the word 'organic' as a way to distinguish between them, all the while hoping that there remain wild salmon out in the oceans, beyond any of our categorizing."

FBI/DEA/ATF/USMS:

Reporting On Meth Awareness Day Continues. The Boston Herald (12/1) reported, "The Hub is winning the war on crystal methamphetamine thanks to lessons learned from battles waged in the meth-gripped West and Midwest, a top federal drug official said yesterday, but she warned that the addictive drug is on a destructive march toward the East Coast. 'We've been fortunate in New England,' June W. Stansbury, special agent in charge of the U.S. Drug Enforcement Administration in New England, said on the first National Methamphetamine Awareness Day. … The Combat Methamphetamine Act of 2005 has tremendously curbed the production of home-grown meth now that common cold medications containing the ingredients ephedrine, pseudoephedrine and phenylpropanolamine must be kept behind pharmacy counters, Stansbury said."

The Southern Illinoisan (12/2) reported DEA agent Roger Ehler "answered much more specific questions Thursday when he came to address a criminal justice class at John A. Logan College on Thursday. It was National Meth Awareness Day, and many of the students were already quite aware." Ehler "followed up by discussing current trends in meth use in Southern Illinois. The good news is small-batch meth labs are declining in the wake of legislation limiting the availability of pseudoephedrine, a key ingredient in meth production. The bad news is imported meth, a more pure form known as ice or Mexican dope, is slowly on the rise."

Meth Labs Found In New York. The New York Daily News (12/3, Fenner, Moore) reported Meth "is moving up in society. Experts say methods for 'cooking' the drug have become less noxious over the past decade, making meth labs a friendlier fit for apartment buildings like the one on Manhattan's East Side, where federal agents announced a bust last week. 'Back in the day, cooking meth was a very smelly process,' said Steve Robertson, special agent and spokesman for the DEA. 'That's why meth labs would go into rural areas. You would have them out in little shacks out on farms or ranches.' Agents from his agency announced Thursday - National Meth Awareness Day - that they had busted a clandestine meth lab at a high-rise on E. 39th St. They also announced nine other meth lab busts in the city and on Long Island." The New York Daily News story also was used by the Contra Costa Times, Kansas City Star, and San Luis Obispo Tribune.

Manchester, Connecticut's Journal Inquirer (12/1) reported DEA officials "say meth, which affects the central nervous system, has 'a phenomenal rate of addiction, with some experts saying users often get hooked after just one use.' The U.S. Drug Enforcement Agency says 80 percent of meth is smuggled into this country from Mexico. … And on Thursday, DEA officials announced the arrest of 10 people who they say operated meth labs in New York City and on Long Island."

On its Web site, NY1, New York (12/4) reports, "Special Agent [John] Gilbride says that methamphetamine has

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become the crack of the 21st century. He says it is a drug that is now affecting the lower, middle, and upper classes. 'Methamphetamine cuts across all sections of society,' said Gilbride. 'There is not one type of individual, one type of group that manufactures methamphetamine.'"

US Attorney Notes Rising Use, Trafficking Of Meth On Coloado's Reservations. In the Rocky Mountain News (12/2), Troy A. Eid, U.S. Attorney for the District of Colorado, wrote, "Taken together, the murder rate for Colorado's two Indian nations is 20 times higher than the state average. … Yet another challenge involves the rising use and trafficking of methamphetamine on Ute Mountain Ute and Southern Ute reservations. Gangs based off-reservation sometimes offer free samples of crystal meth…specifically targeting Native American people." Leaders from the FBI, Drug Enforcement Administration, U.S. Attorney's Office, and other federal agencies "are working more closely than ever before with the elected leaders of the Southern Ute and Ute Mountain Ute tribes and their representatives."

Maryland Couple Sentenced For Running Drug Courier Business. The Baltimore Sun (12/2, Dolan) reported, "An emigre in the United States recruited Hopkins Appau back in Africa to swallow dozens of pellets filled with heroin. He boarded a plane, arrived in Baltimore and greeted his American bosses from his motherland -- a longtime Washington municipal employee and his immigrant wife living in a suburban townhouse. A U.S. District Court judge in Baltimore sentenced the couple, Godfrey Bonsu, 44, and his wife, Victoria Boateng, 42, both of Bowie, to lengthy prison terms…for running a drug courier business out of a Takoma Park Quality Inn." Bonsu "received a 14-year prison term while Boateng was ordered to prison for slightly more than 11 years." Law enforcement agents "use a variety of techniques to catch such drug couriers. 'Sometimes we have intelligence provided by an informant or you see that something is wrong with a person,' Drug Enforcement Administration Special Agent Steve Robertson said in an interview shortly after the Bonsu-Boateng convictions in February."

Police Officer In Pennsylvania Faces Drug-Trafficking Charges. Wilkes-Barre, Pennsylvania's Citizens Voice (12/2) reported a part-time township police officer who "also worked in other communities was arrested Friday on federal drug trafficking and illegal handgun possession charges. Patrolman Charles M. Byra Jr., 28, a township resident, was charged with possession of crack cocaine and marijuana with intent to sell and with carrying a stolen gun, which he allegedly used while drug trafficking. … The arrest follows an investigation by the U.S. Drug Enforcement Administration and the state police that spanned most of this year."

The Harrisburg (PA) Patriot-News (12/3) reported Byra "was charged in U.S. District Court in Scranton on Friday with possession with intent to distribute crack cocaine, possession with intent to distribute marijuana, possession of a firearm during a felony drug trafficking transaction and possession of a stolen firearm."

Wilkes-Barre's Times Leader (12/2) reported, "A source close to the investigation said Byra was arrested on suspicion he stole evidence connected to mainly drug cases when he worked as a part-time officer in Dupont earlier this year."

Mitchell Says Baseball's Steroids Investigation Stymied By Lack Of Cooperation. In its Baseball section, the New York Times (12/2, Curry) reported George Mitchell, the former Senate majority leader who "is leading an investigation into steroid use in baseball, said in a statement…that some parties he would not name had not cooperated with investigators. Because of that lack of cooperation, Mitchell said, it will take longer to complete the investigation. … Several team officials have given testimony, but no players have acknowledged speaking with Mitchell."

The AP (12/1) reported Mitchell "said his probe into steroid use in baseball has been delayed because he lacks power to order testimony."

US Drug Laws Said To Be In Need Of Reform. In the Washington Post (12/4, A19, 690K), Kevin A. Sabet, a fellow at National Development and Research Institutes Inc. in New York, writes about US drug laws and says, "No serious drug policy analyst can look you in the eye and tell you that our only alternatives are strict prohibition or lax legalization. There is, in fact, a comfortable position closer to the middle: We can reform the worst parts of our laws without fearing massive increases in drug use. Erasing or dramatically closing the gap between the sentences for crack cocaine and powder cocaine is a good example of this."

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Philadelphia Inquirer: Updated Laws Could Prevent Internet Drug Trafficking. The Philadelphia Inquirer (12/2) editorialized, "Almost anyone with an e-mail address has received those annoying spam messages offering prescription drugs without a prescription. Stopping these illicit cyber drug rings requires dedicated, technologically savvy law enforcement agents and a high level of cooperation among federal, state and local authorities. Fortunately, that's exactly what happened in Operation Cyber Chase, an investigation led by the Drug Enforcement Administration. … Tougher, updated laws could help slow the flow of illegal controlled substances. Federal law enforcement authorities work under the auspices of the 1970s-era Controlled Substances Act, enacted long before the Internet came into use."

Afghanistan Opium Production Sets Record. The Washington Post (12/2, A1, Deyoung) reported Opium production in Afghanistan "broke all records in 2006, reaching a historic high despite ongoing U.S.-sponsored eradication efforts, the Bush administration reported yesterday. In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the amount of land under cultivation in opium poppies grew by 61 percent. Cultivation in the two main production provinces, Helmand in the southwest and Oruzgan in central Afghanistan, was up by 132 percent. … White House drug policy chief John Walters called the news 'disappointing.'"

The Washington Times/UPI (12/2) reported, "In addition to a 26-percent production increase over past year -- for a total of 5,644 metric tons -- the acreage used for opium poppies grew by 61 percent, the White House said."

IMMIGRATION:

Next Congress Expected To Pass "Amnesty" Immigration Bill. The Washington Times (12/4, Hurt, 88K) reports Congress will "approve an immigration bill that will grant citizenship rights to most of the 12 million to 20 million illegal aliens in the U.S. after Democrats take control next month, predict both sides on Capitol Hill." While Republicans have "been largely splintered on the issue of immigration reform, Democrats have been fairly unified behind the principle that the illegals currently in the country should get citizenship rights without having to first leave the country." Democrats in "both chambers say they will start with some form of legislation first drafted by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat, which was the basis for the bill that was approved earlier this year by the Senate." But House Republicans "and many outside Congress derided that bill as 'amnesty' for allowing illegals to remain in the U.S. and eventually become citizens. Democrats say it's not amnesty because aliens must pay a fine and wait years before becoming citizens."

TAX:

Tester Claims Tax Policies Discriminate Against Small Businesses. In an interview with U.S. News and World Report (12/11, 2.03M) Sen.-Elect Jon Tester says, "If you look at what has built this country, it has been small business and working families. They are critical to the economic success of the country. We're a mom and pop operation. Some of the things we experience are regulations set up more from a big-business standpoint. Small business is taxed with potential accounting measures set up for Enron and things like that. … You have to make sure you're not putting undue burden on small business from a tax and regulation standpoint." Asked, "It looks as if the federal minimum wage will climb next year. What effect will that have on small companies," Tester replied, "I don't think that's going to impact small business in the least. It's so minimal you can't get good people at that wage level. If you are going to have someone stay with you any length of time, you are going to have to pay them more."

CONGRESS-ADMINISTRATION:

Conservatives Urge Bush To Continue Nominating Conservatives For Judgeships. U.S. News and World Report (12/11, Halloran, 2.03M) reports, "With newly powerful Democrats like New York Sen. Charles Schumer of the Judiciary Committee vowing an end to 'the days of hard-right judges,' the nominee game has become far more complicated. … The new dynamic has unleashed speculation over whom President Bush may consider if he gets another opportunity to nominate a Supreme Court justice…during his remaining two years. And it has reinvigorated strategy sessions on all sides to assess the many 'what if's.'" Leonard Leo of the Federalist Society "is

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already urging Bush to stick with his strategy of picking nominees that please the right, even without a GOP Senate majority. 'No matter who he nominates, it's going to be a firefight,' said Leo, a behind-the-scenes player in the administration's judicial nomination strategy. … He and others on the right believe that if the president has the opportunity, he'll nominate a woman. And the top name on their list is Edith Hollan Jones of Texas."

Lame Duck Congress To Use Continuing Resolution To Fund Government. The New York Times (12/4, Hulse, 1.16M) reports Republicans "intend to conclude the 109th Congress this week and leave Democrats stuck with the tab in the form of unfinished spending bills as the days of Republican rule draw to a close on Capitol Hill." Congressional leaders "said election losses had sapped Republican enthusiasm for trying to finish nine spending measures that were due Oct. 1. Congress will instead pass a stopgap measure to keep the government running until mid-February, leaving the fiscal tangle for the new Democratic majority to sort out next year." However, the GOP will "try to record some final accomplishments as they intend to adjourn by Friday." They would "like to extend a number of popular tax breaks rather than see Democrats get credit for restoring them next year. House Republicans also plan to try to push through an expansion of offshore oil and gas drilling opportunities and will take a symbolic anti-abortion vote before Democrats, many of whom support abortion rights, take control in January."

The Christian Science Monitor (12/4, Chaddock, 59K) reports that while there is "a vast unfinished agenda in the 109th Congress, including most of the fiscal 2007 spending bills, immigration reform, ethics rules for lawmakers, an offshore drilling bill, a fix for President Bush's warrantless wiretapping program, and an omnibus trade and tax package," after an "election that shifted control of the House and Senate to Democrats, there's little political will to complete it this session." Congress is "likely to punt on approving at least nine of the 12 spending bills for the fiscal year that began on Oct. 1. All that means heavy lifting for Democrats in the 110th Congress, who will have to deal with old spending bills even as they are rolling out a signature agenda for the first 100 legislative days." But while "expectations are fading for spending bills, the Senate is on track to confirm former CIA director Robert Gates as Defense secretary."

WPost Criticizes GOP For Failure To Pass Appropriations Bills. The Washington Post (12/4, A18, 690K) says in an editorial that the congressional Republicans were "happy to dump $460 billion in unfinished business on the new Democratic majority. One political plus for them is that the leftover mess threatens to snarl the Democrats' already full agenda at the start of the 110th Congress. Another is that it could force the new leaders to an early and unpleasant choice about whether to live within the Republicans' spending ceiling or look like hypocritical big spenders and risk a presidential veto. We understand the political temptation to do mischief by doing nothing, but this is a gross abdication of lawmakers' fundamental responsibilities."

Gates' CIA Record On Intelligence Raises Concerns. On its front page, the Washington Post (12/4, Smith, 690K) looks back at Defense Secretary-designate Robert Gates' tenure as CIA director. During his 1991 confirmation hearings, "Gates -- a brilliant, smooth-operating Soviet specialist -- lost some of his luster. CIA colleagues came forward to testify that he had kowtowed to the wishes of his superiors and had manipulated intelligence to suit White House policy. Questions also arose about his involvement in the Reagan-era Iran-contra scandal." He "eventually won confirmation and held the CIA director's job for 14 months; even his critics describe it as a reasonably successful, modernizing tenure." But "the concerns expressed about Gates then have echoes in the contemporary debate over the alleged tailoring of intelligence analysis to serve political ends, an issue at the heart of criticism of the war in Iraq."

The Los Angeles Times (12/4, Spiegel, Barnes, 850K) says Gates "appears to some an odd choice" to replace Secretary Donald Rumsfeld, "given the Pentagon's rocky and occasionally divisive atmosphere under Rumsfeld. For much of Gates' career, critics and even some admirers have likened him to the imperious Rumsfeld and his close administration ally, Vice President Dick Cheney. 'Gates was making it clear to analysts what intelligence they were to produce,' said Thomas Blanton, director of the National Security Archive, a nonprofit institute that gathers and analyzes declassified documents. 'It's a chilling record, because you have two main themes of the Iraq war present in Robert Gates' career at CIA: the arrogance and bullying of a Rumsfeld and the intelligence cherry-picking of a Cheney.'"

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Questions For Gates Proposed. The New York Times (12/4, A25, 1.16M) offers questions for Gates from ex-Defense Secretary William Cohen, Harvard's Samantha Power, ex-Army Lt. Gen. Donald Kerrick, ex-Defense Secretary Melvin Laird, the American Enterprise Institute's Danielle Pletka, and the Naval Postgraduate School's Kalev Sepp. Among the topics: procurement financing, NATO commitment to Iraq and Afghanistan, DOD intelligence spending, human rights, Darfur, relations with the Joint Chiefs of Staff, relations with Congress, the military personnel budget, and DOD's role in the war on terror.

Gates Urged To Avoid "Psychological Entrapment" On Iraq. The Washington Post (12/4, A2, Vedantam, 690K) writes about the notion of "psychological entrapment," the idea that "when you invest yourself in something, it is exceedingly difficult to discard your investment. What is devilish about entrapment is not just that it can result in ever greater losses, but that those losses get you ever more entrapped, because now you have even more invested. … What does this have to do with the Gates confirmation?" The US experience in Iraq is seen by one expert "as a perfect example of psychological entrapment -- on a national scale."

Gates Said To Face Serious Time Constraints In Effort To Bring Change To DOD, Iraq. Under the headline "Next Defense Secretary Must Hit Ground Running," USA Today (12/4, 7A, Brook, Kelley, 2.27M) says Gates "will have to act fast -- within months, analysts and retired officers say -- to effect change at the Pentagon and in Iraq." Hearings on the Gates nomination begin tomorrow, and he is expected to be confirmed. Sen. Jack Reed said, "He has to be able to go in immediately and make changes. … He has to thoroughly re-examine the policy and strategy in Iraq. That's the most pressing and immediate priority." Cohen also said Gates "has to work closely and quickly with Congress to be successful."

Democrats Who Opposed Iraq War Resolution Moving Into Powerful Posts. The Washington Post (12/4, A4, Pincus, 690K) writes, "Although given little public credit at the time, or since, many of the 126 House Democrats who spoke out and voted against the October 2002 resolution that gave President Bush authority to wage war against Iraq have turned out to be correct in their warnings about the problems a war would create." And now, "many of those lawmakers will move into positions of power. They include not only members of the new House leadership but also the incoming chairmen of the Appropriations, Armed Services, Budget and Judiciary committees and the Select Committee on Intelligence."

Putnam Expected To Play Outsize Role Within GOP House Leadership. U.S. News and World Report (12/11, Brush, 2.03M) reports Rep. Adam Putnam "is one Republican for whom 'stay the course' has proved a winning strategy. Yes, he's still a youngster. He's not a household name, and he doesn't grab all the headlines, even back home in Florida. But having just won a fourth term by garnering 69 percent of the vote, Putnam is racing up the Capitol Hill pecking order. Republicans bumped him up again last month to chair of the House Republican Conference, the No. 3 GOP position in the House, in effect the communications maestro behind Minority-Leader-to-be John Boehner and Minority Whip Roy Blunt. Putnam was tapped to boost a beleaguered party. How well he does with that assignment may help determine the GOP's future. And it may have a major bearing on Adam Putnam's political future as well."

Thompson Expected To Prove Troublesome For DHS. U.S. News and World Report's Washington Whispers column (12/11, Bedard) reports, "Here's one thing the Department of Homeland Security can expect when Democrats take control of the Congress this January: Questions, and lots of 'em, from Rep. Bennie Thompson, the Mississippi Democrat taking the reins of the House Homeland Security Committee. At one point this year, Thompson had 100 requests for info pending at DHS. … Why so many letters? 'If the department was proactive in communicating with us,' he sniffs, 'we probably wouldn't need to write so many.'"

Heritage Foundation Seeks Meeting With Congressional Democrats. The Washington Times (12/4, Lambro, 88K) reports the Heritage Foundation, "seeing new opportunities to advance its conservative agenda in next year's Democratic Congress, wants to talk with Democratic leaders about where they might find common ground." The prospect of "the conservative think tank, whose ideas fueled President Reagan's policies in the 1980s, sitting down with some of the Democrats' most liberal leaders to discuss taxes, spending and health care might sound far-

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fetched in the immediate aftermath of a bitter midterm election. But a senior Heritage official says, 'We are actively soliciting a chance to sit down and discuss our ideas with them,' and Democrats say they are more than willing to get together." Letters "seeking a meeting for a frank exchange of ideas quietly began going out this week to a number of House and Senate Democratic leaders, including incoming House Majority Leader Steny H. Hoyer and prospective Ways and Means Committee Chairman Charles B. Rangel." The Times adds Heritage is "not alone in thinking that some longtime adversaries of Democrats can have an effect on legislation in Congress next year. Advocacy groups, including the U.S. Chamber of Commerce and the National Federation of Independent Business (NFIB), say that potential alliances between some of the Democrats' newly enlarged centrist blocs, including the 'Blue Dogs' and the so-called 'New Democrats,' could open up opportunities for them to move some legislation in their direction."

Rangel Defends His Draft Proposal. In an interview with Time (12/11, Bacon, 4.03M) Rep. Charles Rangel is quoted as saying, "If we had had a draft, those who decided to have an elective -- rather than defensive -- strike against Iraq would not have received public or congressional support. When you're talking about war and you have no concept of anyone being lost in your family or your community, then it's human nature to be more prone to say, 'Let's fight, I'll hold your coat.' I'm serious about it. As of now, I would be satisfied to have a discussion."

FDA White Oak Project Touted As Government Success Story. The Washington Post's "Federal Diary" column (12/4, D1, Barr) reports, "The headquarters consolidation of the Food and Drug Administration, on 130 acres in suburban Maryland, appears on track to become one of the government's most successful construction and development projects." When the "project is completed, probably in 2011, about 7,700 FDA employees and contract workers will be located at White Oak, off New Hampshire Avenue in Silver Spring. Congress estimates the General Services Administration, which owns the property and is managing the construction, will spend about $900 million on buildings and site improvement." The Post adds, "The decision to recruit the FDA to White Oak set off a decade-long struggle to obtain funding for planning, design and construction." Funding "came in fits and starts, as is often the case when Congress has competing budget priorities. For example, the fiscal 2007 appropriation for White Oak -- $178.5 million -- is on hold until Congress determines how to revive spending bills that have stalled in the lame-duck session. Still, the project has gained momentum through the years."

White House, State Department Host Kennedy Center Honor Recipients. On the front page of its Style section, the Washington Post (12/4, C1, Johnson, 690K) reports on the State Department dinner held "on the eve of last night's Kennedy Center Honors gala." The Post notes that Secretary of State Condoleezza Rice, wearing an "emerald gown" and a "big smile," welcomed the honorees at the gala "where the arts world's biggest stars and Washington's brightest bulbs celebrate together." The New York Times (12/4, A22, Chmela, 1.16M) calls the Kennedy Center Honors the "paramount event on the Washington cultural calendar, with events at the State Department and the White House" and notes that President and Mrs. Bush attended the Kennedy Center program on Sunday evening after a reception at the White House. USA Today (12/14, 2.27M) also reports the story.

Krugman Praises Webb For Snubbing Bush. In his New York Times column (12/4), Paul Krugman notes Sen.-elect James Webb's recent snub of President Bush, who had asked about his son, a Marine lance corporal, adding, "Good for him. We need people in Washington who are willing to stand up to the bully in chief. Unfortunately, and somewhat mysteriously, they're still in short supply. You can understand, if not condone, the way the political and media establishment let itself be browbeaten by Mr. Bush in his post-9/11 political prime. What's amazing is the extent to which insiders still cringe before a lame duck with a 60 percent disapproval rating." Krugman cites the example of the Iraq Study Group, which "watered down its conclusions and recommendations, trying to come up with something Mr. Bush wouldn't reject out of hand."

Bush Said To Be Mostly Uninterested In His Legacy. U.S. News and World Report's Washington Whispers column (12/11, Bedard) reports, "Now here's a real shocker. The Bushies aren't eager to start talking legacy about their prez yet . 'Really,' says one, 'he's not obsessed with his legacy.' Aides describe President Bush as the polar opposite of former President Bill Clinton, who was reportedly

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focused on his legacy the minute he was re-elected in 1996. We know how that went. Bush's doesn't look pretty either, but insiders say he's taking the long view and for proof note how his recent reading list included three George Washington bios."

OTHER NEWS:

Employment, Manufacturing Sectors Both Show Weakness. The Wall Street Journal (12/4, Gerena-Morales, 2.04M) reports the "job market seems to be humming as the unemployment rate hovers at a five-year low. Indeed, Federal Reserve officials have cited it as a sign of vigor that could stoke inflation." The "unemployment rate fell to 4.4% in October. However, other signals indicate the employment picture could darken. Initial claims for jobless benefits recently jumped to their highest level in more than a year. Payroll growth has eased this year to a monthly average of 147,000 net new jobs, from last year's 165,000. Just 92,000 jobs were created in October." Data "released Friday by the Institute for Supply Management show that the decline in manufacturing employment extends beyond the two suffering housing and auto sectors. Its employment index slipped to 49.2 in November from 50.8 in October. Readings below 50 indicate a contraction." Economists "say the health of the economy and job market through next year hinges mainly on how quickly the auto and housing sectors can pare the excess inventories that are forcing them to cut production, and the effect of the housing market's slump on other sectors. They will scrutinize the November jobs report, due out Friday, for insight."

The Washington Times (12/2, Hill, 88K) reports, "Economic weakness spread beyond the stricken housing and auto sectors last month, with reports showing U.S. manufacturing shrank for the first time in 31/2 years and construction dropped the most since the September 11, 2001, terrorist attacks." US industries "broadly cut back production, adding to factory shutdowns caused by deepening recessions in auto- and housing-related industries such as wood, furniture and appliances, according to a report yesterday from the Institute for Supply Management." The "unexpected decline in construction of offices and other business facilities in October added to a record string of drops in housing construction of more than 1 percent in the last seven months to cause the biggest drop in construction spending in six years, the Commerce Department said yesterday." David Wyss, "economist at Standard & Poor's Corp., noted that the downbeat tone of recent economic news contrasts sharply with upbeat assessments this week coming from Fed Chairman Ben S. Bernanke and other Fed officials. Mr. Wyss said there is cause for worry."

Minimum Wage Hike Unlikely To Boost Wages For Many In Metro Washington. The Washington Post (12/4, D1, Rosenwald, 690K) reports "increasing the federal minimum wage might be irrelevant for many" of the Washington, DC area's "workers and employers, given the extent to which market forces -- high demand for labor, low unemployment and the lofty cost of living -- have already raised the floor for hourly salaries. According to federal data, the median hourly pay for all workers in the Washington-Arlington-Alexandria area is $19.14 -- about 72 percent higher than Lubbock, Tex., where it is $11.13." So are "'most other big job centers around the country, with only about 520,000 people nationwide making the federal minimum of $5.15 an hour, a rate that hasn't gone up in a decade and has led some 28 states and the District to pass their own increases."

New Discovery Rules Call For Stricter Retention Requirements For E-Documents. The AP (12/4) reports, "U.S. companies will need to know more about where they store e-mails, instant messages and other electronic documents generated by their employees in the event they are sued because of changes in federal rules that took effect Friday, legal experts say." The AP continues, "The changes, approved by the Supreme Court's administrative arm in April after a five-year review, require companies and other parties involved in federal litigation to produce 'electronically stored information' as part of discovery, the process by which both sides share evidence before a trial. … Federal and state courts have increasingly been requiring the production of such evidence in individual cases. The new rules clarify that the data will be required in federal cases." The AP adds, "Under the new rules, an information technology employee who routinely copies over a backup computer tape could be committing 'virtual shredding' once a lawsuit has been filed, said Alvin F. Lindsay, a partner in the Miami office of Hogan & Hartson whose legal expertise is in technology and litigation. … Companies still could routinely purge their archives if the data aren't relevant to cases the companies have pending or expect to face, though specific sectors such as financial services remain governed by other data-retention rules. …

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The new rules make it more important for firms to know what electronic information they have and where, especially because of a provision that requires lawyers to provide information much earlier than before on where clients' data are stored and how accessible they are. … Besides e-mail, companies will need to know about things more difficult to track, such as digital photos of work sites on employee cellphones and information on removable memory cards, said James Wright, director of electronic discovery at Halliburton Co."

Jeb Bush Expected To Play Major Role In GOP Politics. The Wall Street Journal (12/4, A1, Cooper, 2.04M) reports in a front page story that the Republicans "pondering a political shift to the middle after their losses in midterm elections might consider the example of Florida Gov. Jeb Bush before setting their course." Gov. Bush, "who is stepping down this month because of term limits after eight years in office, has a track record as one of the nation's most socially and economically conservative politicians, yet he enjoys a nearly 65% approval rating in a state where registered Democrats outnumber Republicans. His brand of conservatism -- a mix of conservative political stands and activist governance -- has paid off for him in a way it hasn't for his brother in the White House." And Jeb Bush's "public support in a key swing state, his recent launch of a political advocacy group and the departure of two of his high-level aides to join the possible presidential campaign of another conservative governor suggest Mr. Bush will exert substantial influence over his party in the 2008 election and beyond." At "the least, he looks likely to be a significant power broker, despite the heavy toll the Iraq war has taken on his older brother's public-approval rating. The younger Bush has said he has no plans to seek the presidency in 2008. But he hasn't been as assertive in batting down persistent speculation among his closest backers that he might consider the No. 2 spot on a presidential ticket." While the Governor has "been vague about his own plans, there are few secrets about where his sympathies lie for 2008. Two of his chief political operatives have allied themselves with Republican Gov. Mitt Romney of Massachusetts, who is considering a presidential bid."

GOP Governors Ponder Party's Future After Midterm Losses. The Washington Times (12/4, Hallow, 88K) reports some Republican governors, meeting in Miami, "wonder whether their party can realistically hope to regain majorities in Congress, the governors mansions and state legislatures, given that the unpopular Bush administration's lease on the management of government has two more years to run." Republican governors, "whose numbers went from a high of 32 in 1998 to 28 last year, generally agree that the reasons they are down to 22 after last month's elections are the Iraq war and the general tarnishing of their party's brand image." Gov. Haley Barbour of Mississippi said, "The war in Iraq hurt even at the gubernatorial level, even at the state level." Barbour said "he and other members of the Republican Governors Association were told in a closed meeting that polling showed that 20 percent of people who voted in the governors' races said Iraq was a major issue in their vote." Some Republican strategists "attending the conference said privately that they suspect it is, as one of them put it, 'silly' to think about taking back the House and Senate and winning a majority of governorships with the Bush administration still in power."

Possible Social Conservative-Libertarian Split Seen Within GOP. In his Washington Post column (12/4, A19), Sebastian Mallaby says that through a variety of transformations, the Republican Party "has sustained its big-tent coalition. The question in the wake of its election thumpin' is whether the tent will split. You can see this possibility in "Liberaltarians," an essay in the New Republic by Brink Lindsey, the director of research at the libertarian Cato Institute. Lindsey is not merely joining the large crowd of disenchanted conservatives who believe that the Republican Party has betrayed its principles -- spraying money at farmers, building bridges to nowhere and presiding over the fastest ramp-up in federal spending since Lyndon Johnson. Rather, Lindsey is taking a step further, arguing that libertarians should ditch the Republican Party in favor of the Democrats." Having "ticked off the first things on their to-do list, Christian conservatives now press for affirmative state action on behalf of traditional values: amendments to the constitution to bar gay marriage, government efforts to teach abstinence, federal payments to faith-based groups. All these policies appall libertarians."

Presidential Candidates Face Tough Congressional Season. The AP (12/4, Kuhnhenn) reports a number of likely presidential candidates in Congress "next year face votes on appropriations, budgets and trade — all of which present potential pitfalls in a presidential campaign." Congress also "could consider

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immigration and Social Security legislation, two issues that attract widespread public interest as well as alarm. Hanging over all that will be Iraq." So far, "six Democratic and three Republican senators are weighing whether to run for president in 2008. Two House Republicans also are in the mix. The race is off to an early start, with potential candidates setting up their campaign and fundraising operations and seeking early media exposure." For the Democrats "in particular, that amounts to serious multitasking." At least three — "Sens. Joe Biden of Delaware, Christopher Dodd of Connecticut and John Kerry of Massachusetts — will be committee chairmen in the Senate. Two other senators — Hillary Rodham Clinton of New York and Evan Bayh of Indiana — are in line to head two subcommittees, where much legislation originates." Former South Carolina Democratic Party Chairman Dick Harpootlian said, "It's going to be interesting to see if those folks who are in the Senate and who now have the responsibility to chair committees, to sort of run the show, whether their attention will be captured by the Senate or whether they will make time to come campaign." The AP adds the GOP and Democratic senators "will face difficult choices on the Senate floor. Democrats have pledged to budget frugally, spending or cutting taxes only if the money can be made up elsewhere." That is "a tall order given their desire to increase spending on education and fix the alternative minimum tax, intended to ensure the wealthy do not avoid taxes through loopholes."

Obama Roils Democratic Field As Clinton, Bayh Step Up '08 Efforts. The New York Times (12/4, Nagourney, 1.16M) reports Democratic Sen. Barack Obama's "announcement that he might run for president is altering the early dynamics of the 2008 Democratic nominating contest. The move has created complications for Senator Hillary Rodham Clinton as she steps up her own preparations and is posing a threat to lesser-known Democrats trying to position themselves as alternatives to Mrs. Clinton, Democrats said Sunday." Obama is preparing "for a day of campaignlike events in New Hampshire next Sunday," and at the "least, Mr. Obama's very high-profile explorations have contributed to a quickening of the pace across the 2008 Democratic field." Sen. Evan Bayh "said that he would create a presidential exploratory committee this week," and Gov. Tom Vilsack "went so far as to announce his candidacy two years before Election Day, in what his aides said was a calculated strategy to grab a moment of attention before Mr. Obama and Mrs. Clinton blot out the sun." Sen. Clinton has "been meeting in recent days with New York Democrats — including a two-hour brunch on Sunday at the Manhattan apartment of Gov.-elect Eliot Spitzer — to telegraph her own likely entry into the race, though her aides said the get-together had been planned before Mr. Obama discussed his possible run publicly." But "more than simply picking up the pace, Democrats increasingly believe that Mr. Obama has the potential of upending the dynamics of the 2008 contest more than any other Democrat who might run — short, perhaps, of Al Gore, the former vice president, whom some Democrats are pressing to run."

ABC World News (12/3, story 6, 0:25, Kerley, 8.78M) reported, "There are strong, new signals that Senator Hillary Clinton is getting set to make a White House run. One of her top advisers says Clinton has personally asked other New York Democrats for their support and is interviewing possible campaign staffers."

NBC Nightly News (12/3, story 9, , Siegenthaler, 9.87M) reported, "There's word tonight that Hilary Clinton maybe preparing to make a bid for the White House. The 'New York Times' reports that Senator Clinton is signaling to key New York politicians that she's likely to win for the presidency in 2008. Senator Clinton has personally asked some top state Democrats for their support."

USA Today (12/4, 2A, Lawrence, 2.27M) reports Sen. Clinton is "ramping up preparations for a 2008 presidential run, talking to political colleagues in New York and interviewing potential staff. A final decision is expected early next year." Clinton adviser Howard Wolfson said "said Clinton and Sen. Charles Schumer, New York's other senator, are scheduled to have 'extensive' discussions this week in the capital."

The Washington Times/AP (12/4, Fouhy) reports Sen. Clinton "met on Sunday with New York's Democratic governor-elect," Eliot Spitzer, "to solicit his support for her likely White House bid, the latest indication she is stepping up plans to join a growing field of potential contenders for 2008." Top Clinton aide Howard Wolfson "said he did not know when the former first lady would decide about pursuing the presidency or set up an exploratory committee," but her aides "have begun interviewing possible campaign staffers in recent weeks." Last week, Clinton "contacted leading state lawmakers, including Democratic Reps. Charles Rangel and Nita Lowey, and the state party chairman, Denny Farrell, to assess her prospects and seek their support." Meanwhile,

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the AP adds, Sen. Obama, "a rising star in Democratic politics, enjoys a wave of publicity and momentum around a possible White House bid."

The Washington Post (12/4, A3, Cillizza, 690K) reports Indiana Sen. Evan Bayh "announced yesterday that he is forming a presidential exploratory committee, a move that allows him to raise money and travel the country in support of a potential national candidacy in 2008." In an appearance on ABC's "This Week," Bayh said "the American people 'need someone who can deal with the dysfunction here in this city so that our government begins to empower our people to fulfill their potential,' adding: 'If I can be that individual, so be it.' He said he expects to make a final decision on whether to run by early 2007." The Post adds Bayh's "announcement caps a busy week in Democratic presidential politics as Gov. Tom Vilsack (Iowa) formally announced his bid, former senator Thomas A. Daschle (S.D.) dropped out of the race, and Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) began to test the 2008 waters." Bayh was "slated to spend today campaigning in Iowa, and then head to New Hampshire later in the week to do the same. He has already begun looking for office space in both states as well as interviewing potential staff members in Iowa, New Hampshire and Nevada." Bayh's "electoral success in a state regularly won by Republicans in presidential contests -- Lyndon Johnson was the last Democratic nominee to carry Indiana -- is at the core of his campaign-in-waiting."

ABC World News (12/3, story 6, 0:25, Kerley, 8.78M) reported, "The Democratic jockeying is heating up as Indiana Senator Evan Bayh told ABC's 'This Week,' he is setting up a committee to explore a presidential run."

The AP (12/4, Fouhy) reports Sen. Bayh "announced Sunday he was establishing an exploratory committee to raise money for a possible presidential run. He expects to decide over the Christmas holidays whether to seek his party's nomination."

McCain's Support For More Troops In Iraq Said To Complicate His 2008 Bid. Newsweek (12/11, Bailey, 3.12M) reports Sen. John McCain "has pushed for more, not fewer, troops in the Iraq conflict, claiming 'without additional ground forces we will not win this war.' It's a striking stance for a man considered to be the front runner for the GOP presidential nomination in 2008, considering the American public's growing impatience for the end of the war. Even in conservative New Hampshire, 38 percent of voters now support bringing troops 'home ASAP,' according to the most recent Granite State poll. South Carolina, where a tough defeat ended McCain's 2000 campaign, will play an even more influential role in 2008 thanks to early placement in the primary calendar. There, too, Republican voters are growing unhappy with the war." However, "some members of McCain's inner circle are convinced the position could actually work to his advantage — reminding independents of the maverick they fell in love with in 2000."

Dean Reportedly Popular Among Liberals Internationally. U.S. News and World Report's Washington Whispers column (12/11, Bedard) reports, "His loudmouthed inside-the-beltway boors are still booing Democratic boss Howard Dean, despite the party's strong election showing, but they're eating him up like sweet Vermont maple syrup in Canada and overseas. Party bigs say the former Vermont guv is headed to Europe to cheer on liberal parties in England, Spain, and Portugal. His keynote address this month to Canada's beleaguered Liberal Party, fans say, was just a warm-up. Dean's message: Show folks like England's Laborites how to remake their top-down outfits into grassroots organizations just as he did at the Democratic National Committee."

TV Networks Pressuring Democrats Not To Choose Denver For 2008. U.S. News and World Report's Washington Whispers column (12/11, Bedard) reports, "Here's another reason the Big Apple is looking as if it will beat Denver to host the 2008 Democratic National Convention. TV networks – yes, they still run the show – are whining about how hard it will be to drag crews and gear to the Mile High City after wrapping up coverage of the Summer Olympics in Beijing and then pivot to the GOP convention in Minneapolis. Their preference is NYC, their backyard."

New York City Superintendent Finds Success While Rejecting Much Of Reform Agenda. The New York Times (12/4, A1, Herszenhorn, 1.16M) reports Region Five Superintendent, Kathleen M. Cashin has "produced one of the school system's most unlikely success stories" with "the best total gains on annual reading and math tests." But, that success "raises questions about" the reform efforts of New York City Mayor Michael Bloomberg and Schools Chief Joel Klein, because Cashin "is a lifelong city educator" who "runs her schools in Region 5,

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with more than 85,000 students, the same way she ran her schools under the old Board of Education and under previous mayors." Cashin also "prefers principals who come up through the system over graduates of the chancellor's Leadership Academy" and "has made the union a partner, hiring it to train teachers instead of using outside vendors."

Gates Foundation May Play Role In DC Schools. The Washington Post (12/4, A1, Salmon, 690K) reports on the Bill & Melinda Gates Foundation's efforts to improve high schools, noting that it "has awarded $1.5 billion in grants to improve secondary education, including $285 million last year." The foundation "is considering a larger effort" in the Washington, D.C. schools because Mayor-elect Adrian M. Fenty (D) "has asked for its guidance in a possible bid to take over the public schools." The article describes the experience of Irasema Salcido whose Cesar Chavez Public Charter Schools received a grant from the Gates Foundation. The Foundation helped the school develop a plan for "strengthening the curriculum, training teachers, drawing up more detailed budgets and taking steps to reduce student attrition" and the foundation's representative "stays in constant contact by phone and in person, taking on an oversight role typical for a central office in a large school system."

Canadian TV Runs "Brokeback" Parody Of Bush, Harper. The AP (12/4, Duff-Brown) reports a "'Brokeback Mountain' parody airing on Canadian television depicts an unusual type of summit between President Bush and Canadian Prime Minister Stephen Harper." In the sketch "based on the acclaimed film about a love affair between two cowboys, Harper and Bush are portrayed naked from the waist up in a tent. Images of their faces are pasted over actors' bodies." At one point, "Bush throws cherries at Harper's nipples, which are covered with whipped cream. After the cherries land, separatist politician Andre Boisclair, who cooperated with filming of the spot, is seen opening the tent flap and stiffly saying that Quebec won't get involved 'in something like that.'"

Couric's CBS News In Transition. The Washington Post (12/4, C1, Kurtz, 690K) reports CBS anchor Katie Couric managed to get an unscheduled interview with Iraqi Prime Minister Nour al Malaki in Amman, Jordan, "much to the dismay of the ABC producers who thought they had an exclusive. Couric, who also wound up interviewing Foreign Minister Hoshyar Zebari and Secretary of State Condoleezza Rice, had hesitated to fly to Jordan for President Bush's meeting with Maliki." Couric said, "We just weren't sure if it'd be worth our while in terms of securing interviews. Then we decided the only way we'd know is if we came and tried." The Post adds the "critics -- and Couric has more than her share -- may not have noticed, but the nightly newscast that she launched three months ago is in transition. Some of the changes she made have been dropped or curtailed to squeeze in more old-fashioned, what-happened-today stories. And Couric is finally starting to make news for covering the news." Still, the "pace and feel of Couric's program can differ markedly from those of Gibson and NBC's Brian Williams, who, like Couric, anchored from Amman on Wednesday and Thursday. As the former 'Today' star has tried to transfer her morning magic to the more traditional confines of the nightly news, some of her moves have been controversial, even within CBS." With the show "ensconced in third place, some pundits have been quick to pronounce the $15-million-a-year anchor a flop. But the mood at CBS improved when Couric garnered good reviews for her fast-paced election night coverage."

Pyongyang Reportedly Offers Uranium To Russia In Exchange For Support. The AP (12/3) reports North Korea "offered Russia exclusive rights to its natural uranium deposits in exchange for support at the stalled talks on Pyongyang's nuclear ambitions," a Japanese newspaper reported Sunday. The two countries have "been in talks since 2002 on a deal for Russia to import uranium, which it wants to enrich and sell as nuclear fuel to China and Vietnam," according to a report in the regional daily, Tokyo Shimbun, citing unnamed Russian officials. However, recently Pyongyang "offered Russia exclusive rights to the uranium in exchange for open support at the six-party talks." Negotiations between Russia and North Korea on the matter were "set to continue," the report added.

Direct US, North Korea Talks Seen As Source Of Hope. Under the headline "Direct US, North Korea Talks Give New Glimmer Of Hope," AFP (12/4, Parameswaran) reports, "One month after North Korea agreed to return to multilateral nuclear talks following its defiant atomic weapons test, the six-nation dialogue remains stalled. But few are complaining. This is because the United States and North Korea…are engaged in face-to-face talks on crunch issues that some believe are more productive that the six-party process including China, South Korea, Russia and Japan."

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Parties Accuse Each Other Of Violating Terms Of Gaza Ceasefire. The Washington Post (12/4, A15, Wilson, 690K) reports that "extending a tenuous cease-fire between Israel and Palestinian armed groups in the Gaza Strip to the far larger West Bank proved elusive Sunday as Israel's security cabinet decided against doing so and the governing Hamas movement withdrew from negotiations on the matter." However, the Israeli government "reaffirmed its commitment to the temporary truce in Gaza despite the continuing rocket fire."

The New York Times/AP (12/4) says "Israelis and Palestinians threatened Sunday to scrap" the truce. Speaking to the Israeli cabinet, Defense Minister Amir Peretz "said militants in Gaza had continued to fire rockets, including one on Sunday." Abu Hamza, "a spokesman for the militant group Islamic Jihad, charged that Israel was violating the cease-fire by continuing operations in the West Bank."

Israeli Military Overhauls Training Following Lebanon War. USA Today (12/4, 15A, For, 2.27M) reports, "Israel's military is overhauling its training and expanding a guerrilla warfare school in response to problems the army had in fighting Hezbollah militants in Lebanon this summer. 'If there is one lesson from the war (in Lebanon), it is that we need to train more and be better prepared,' said Maj. Gen. Benny Gantz, head of the Israel Defense Force's Ground Forces Command." Israel's military "encountered a tougher-than-expected fight in Lebanon, where Hezbollah militants fought from a series of underground bunkers dug into the rocky and brushy hills of southern Lebanon." Israel's military overhaul includes, "Expanding the Elyakim base, where soldiers train on terrain resembling the hilly and rocky surfaces of southern Lebanon. Training includes using paint ball guns to simulate close combat. Increasing overall training of Israeli forces by 40%, Gantz said. Creating a 'Red Unit,' which will study Hezbollah and Palestinian militia tactics and act as "enemy forces" during training exercises. Gantz said the Israeli military got the idea from the U.S. military. Opening an urban warfare center in southern Israel, meant to replicate downtown Nablus in the West Bank and Gaza City in Gaza. The center will be used to train units that conduct raids in the Palestinian territories and operate mostly in towns and cities."

Beirut Protests Turn Violent. The Washington Times/AP(12/4, Karam) reports that "violent clashes broke out Sunday between Shiite and Sunni Muslims in the capital, leaving one man dead from gunshot wounds and 21 others injured at a time when tensions throughout Lebanon threaten the country's fragile sectarian and political balance." Meanwhile, the Financial Times (12/4, Biedermann) reports that both sides Sunday "vowed not to budge" while prime minister Fouad Siniora "insisted that he would not resign." Separately, British foreign secretary Margaret Beckett and German foreign minister Frank-Walter Steinmeier met with Siniora "separately and expressed their support for him." Saudi King Abdullah Egyptian President Hosni Mubarak also "voiced strong support for the Lebanese government" over the weekend.

The Washington Post (12/4, A13, Shadid, 690K) reports that the death of one protestor raised "tension across Lebanon," while "Lebanese television stations and Hezbollah officials reported several clashes in Beirut and in the Bekaa Valley, and rumors swirled about the extent of the violence." At the same time, the Post says there "appears to be almost no attempt to reach a compromise" since protests began Friday.

NBC Nightly News (12/3, story 3, Engel, 9.87M) reported, "The US is watching this situation very closely. Not only is Lebanon an American ally, but it is also the only real American success story. A success for the Bush Administration's policy to spread pro-Western democracies in the Middle East. If this government were toppled, the US would lose a friend and Hezbollah and its main backer, Iran and Syria, would gain power."

Lebanon On Verge Of "Total Meltdown." Time's Tim McGirk (12/11) writes, "With Lebanon still trying to recover from last summer's 34-day war between Israel and the Shi'ite militant group Hizballah, the government has seen its authority undermined, renewed meddling from the country's neighbors and the growing assertiveness of Hizballah. … Lebanon wasn't supposed to turn out this way. In March of last year, President George W. Bush was hailing Lebanon as a shining beacon of his Administration's 'democracy agenda' for the Middle East. Close to 1 million Lebanese had flooded into Beirut to demand that Syria pull its troops out of Lebanon and end its 29-year domination of the country." According to McGirk, "There are worrying signs, in fact, that Lebanon may be closer to a total meltdown than at any time since the 1975-90 civil war."

US Seeks UN-Backed Regional Force In Somalia. The AP (12/4, Hassan) reports Somalia's

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government "has sent hundreds of troops backed by Ethiopian soldiers to recapture a strategic southern town seized by the country's powerful Islamic movement, military officials and witnesses said Sunday, as dozens of families began fleeing the area." Meanwhile, the US "circulated a draft UN resolution late Friday that would authorize the deployment of a regional military force to protect the fragile government." The troops would "likely come from a seven-nation East African group, but would not include Somalia's neighbors, like Ethiopia." Ambassador Bolton "said Friday he expects Security Council experts to discuss the draft on Monday."

Iranian Court Could Turn Over US Embassy To Plaintiff. The Christian Science Monitor (12/4, Theodoulou, 59K) reports the US is "in danger of losing its sprawling embassy in Tehran to an Iranian businessman who was abducted in a bungled sting operation by US customs agents 14 years ago." A Tehran court awarded Hossein Alikhani "more than half a billion dollars in damages in the first lawsuit by an Iranian against the US for supporting terrorism." Now, three years after that ruling, "a writ of enforcement is due to be served this week, from when the US will have 10 days to respond by paying or presenting a list of assets in Iran to be seized as compensation."

Paulson Reaches Out To US Business Before Trip To China. The Financial Times (12/4, Callan) reports, "Hank Paulson, US treasury secretary, will on Monday begin a series of policy talks with industry leaders to discuss the Bush administration's policy towards China ahead of a high-level delegation to Beijing next week." Paulson "will on Monday meet executives from manufacturing companies, including Procter & Gamble, before on Wednesday sitting down with financial services companies -- including Citigroup -- as well as those from other sectors." The Times adds, "A Treasury official said Mr Paulson was 'reaching out on his China agenda' before heading to Beijing for a 'strategic economic dialogue' that will include top-ranking cabinet officials and Ben Bernanke, Federal Reserve chairman."

The Washington Times (12/4, Hirsch, 88K) reports, "Business groups are upset about a Bush administration move to strengthen restrictions on exports to China. They said the controls will not keep the communist country from acquiring sensitive technologies and will cost too much to implement. … 'The administration has not demonstrated that this proposed change would provide any additional security benefit and has not articulated a clear purpose for it,' a group of 24 trade associations -- ranging from the General Aviation Manufacturers Association to the American Chamber of Commerce in Hong Kong -- said Thursday in a letter to the Commerce Department." The proposal "would cover specified software, machine tools, computers, marine equipment and other exports."

Beijing Cracks Down On Tibetan Dissidents. USA Today (12/4, 20A, MacLeod, 2.27M) reports, "Beijing is accelerating its 5½-decade campaign to bring Tibet to heel. It is spurring high-growth economic policies and crushing political dissent in a drive to integrate the separatist-minded region into the rest of China. Tibetan exiles say political repression is on the rise. In recent months, Chinese authorities have jailed several Tibetans, including monks, for possessing or distributing pro-independence leaflets, posters or photographs of the Dalai Lama, Tibet's exiled spiritual leader." Beijing's "political crackdown has coincided with major economic initiatives."

WSJournal Criticizes Rejection Of Zhao's Appeal. In an editorial, the Wall Street Journal (12/4, A16, 2.04M) reports, "Who said China's Communists don't have a sense of humor? On the same day that the country's politicized courts rejected two closely watched appeals, the mandarins in Beijing proclaimed that they will ease restrictions on the foreign press ahead of the 2008 Olympics. … Human rights advocates suggest it's no accident [New York Times researcher Zhao Yan]'s appeal landed on the same day Beijing eased restrictions on foreign journalists. That's because the new 'freedoms' do not apply to Chinese research assistants working with foreign correspondents. Mr. Zhao's fate appears designed not just to punish a squeaky wheel but to intimidate other research assistants, too." The Journal adds, "In the wake of the Zhao ruling, no one will be fooled about what Beijing really thinks of a free press."

US, South Korea To Resume Talks On Trade Agreement. The Wall Street Journal (12/4, A10, Ramstad, 2.04M) reports, "Talks on a proposed US-South Korea free-trade agreement -- which is President Bush's biggest bilateral trading initiative and would be Seoul's largest such deal -- resume today with the toughest issues on the table. The progress the two countries make this week at a Montana ski resort will determine whether they can reach a

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deal in time for Mr. Bush to seek a simple yes-no vote on it from Congress." Bush's "trade-negotiating authority will expire in June and Congress will then take back the ability to change trade deals, a power that inhibits countries from negotiating with the US. … Earlier negotiating rounds progressed more slowly than expected and the two countries are just now tackling the thorniest issues, such as how to reduce tariffs on food and autos. The session this week in Big Sky, Mont. -- the fifth formal negotiating round -- was previously expected to be the last one."

Chávez Declares Victory. ABC World News (12/3, story 3, 0:45, Kerley, 8.78M) reported that "in Washington, the White House is watching as one of the outspoken enemies cruises to a reelected victory. Venezuela's leftist President, Hugo Chávez , who called the President the devil at the United Nations back in September, is in line for another six-year term, leading the country with the world's largest oil reserves outside of the Middle East." NBC Nightly News (12/3, story 10, , Siegenthaler, 9.87M) also noted Chavez "has called President Bush the devil." The AP (12/4, James) says Chávez won by "a wide margin Sunday." However, challenger Manuel Rosales "conceded defeat but vowed to remain in opposition."

Similarly, the New York Times (12/4, Romero, 1.16M) reports Chávez won "in a landslide" but "representatives of the opposition candidate contended that the results were tainted by irregularities." With 78 percent of the votes counted, Chávez was "ahead with 61 percent, compared with 38 percent for Manuel Rosales." The Times says the "tension between the campaigns of Mr. Chávez and Mr. Rosales reflected a polarized electorate in Venezuela, but by contrast the voting itself was largely tranquil, with few reports of clashes or other violence." However, the Financial Times (12/4, Webb-Vidal) notes that an exit poll released on Sunday evening by US pollster Evans/McDonough "suggested Mr. Chávez was leading with 58 percent compared with 40 percent for Mr. Rosales."

The Washington Post (12/4, A14, Forero, 690K) says the Chávez victory "further consolidates the tide of leftist politicians who have won office in Latin America in recent years," many of whom "criticize market reforms and sharply question the Bush administration's policies in the region." The Wall Street Journal (12/4, A3, De Córdoba, 2.04M) also notes that Chávez's reelection is "sparking fears among foes that he will accelerate his quest to install what he calls '21st-century socialism' in the world's fifth-largest oil exporter." Encouraged by his victory, Chávez, it writes, "will no doubt redouble efforts to create an anti-American and anti-free-trade bloc in the hemisphere, while lending diplomatic support to other anti-US countries such as Iran." The Christian Science Monitor (12/4, Blanford, 59K), Miami Herald (12/4, Gunson, Dudley, 286K), USA Today (12/4, 18A, Stinson, 2.27M), Washington Times (12/4, Hearn, 88K) and Los Angeles Times (12/14, Kraul, 850K), among other sources, also report the story.

France, Germany To Demand Tougher Conditions For Turkey's EU Bid. The Financial Times (12/4, Williamson, Hollinger, Proissl) reports, "Germany and France will on Tuesday demand tougher conditions for Turkey's troubled European Union membership bid, in a move likely to cause new divisions over Ankara at next week's EU summit." Jacques Chirac, French president, "will use a meeting with Angela Merkel, German chancellor, to back her proposal that would effectively set Turkey a new 18-month deadline to open its ports to Cyprus, an EU member, the Financial Times has learned." Merkel "said at last week's Nato summit in Riga that the Commission position needed to be 'strengthened'. A 'review clause' on whether Ankara had opened its ports 'would be desirable so that the council [EU summit] can review Turkey's progress, perhaps in 18 months' time', she said." The Times adds, "An official in Mr Chirac's office told the FT on Sunday: 'France and Germany are on the same page with regard to Turkey.'"

EU Hopes Agreements With Kazakhstan Will Reduce Energy Dependence On Russia. The Wall Street Journal (12/4, A6, Champion, 2.04M) reports, "In the European Union's growing struggle to break Russia's grip on the bloc's gas imports, all roads are leading to Kazakhstan. Today, the EU signs a memorandum of understanding with Kazakhstan on energy aimed at binding Europe closer" to the country. And "[y]esterday, EU Energy Commissioner Andris Piebalgs signed an accord on nuclear cooperation, with a view toward increasing Kazakhstan's share of uranium sales in the EU to 20% from 3%." Last week, Pielbalgs "attended an EU-inspired meeting in Kazakhstan of regional energy ministers that produced a road map toward integrating their countries' energy grids and regulatory systems with the EU's." But "in all this flurry of documents and initiatives, the thing Mr. Piebalgs and many

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EU countries want most -- the construction of a gas pipeline across the Caspian Sea that would connect the gas-rich countries of Central Asia directly to Europe -- isn't mentioned."

Litvinenko Probe Widens To Moscow, US. The Financial Times (12/4, Burns, Buckley) reports, "The investigation into the death of the former Russian spy Alexander Litvinenko is broadening into an international police probe into organised crime, alleged state-sponsored murder and the activities of individuals who have worked for the Russian secret service. A team from SO15, the UK counter-terrorism investigation squad, is expected to fly to Moscow on Monday or Tuesday to interview witnesses and gather information on potential suspects." The Russian state-run television channel Rossiya "said on Sunday night that the arrival of the nine British detectives was important as it would demonstrate Moscow's willingness to co-operate. It was also a guarantee of an 'objective investigation', against the highly 'politicised background' to the case in London."

The Los Angeles Times (12/4, Murphy, 850K) reports British authorities said "they are widening their investigation into the poisoning of…Litvinenko on the heels of a fresh series of leads into the Russian's murky political and business connections that spanned from Moscow to the US. 'Over the next few days, I think all of these things will widen out a little from the circle just being here in Britain,' Home Secretary John Reid told Britain's Sky News Sunday Live program." The Times adds, "Quoting unidentified law enforcement sources, British press reports said police investigators are in the US interviewing former KGB agent Yuri Shvets, who purportedly has information on a dossier Litvinenko had in his possession relating to the Kremlin's pursuit of figures connected to Yukos Oil Co." USA Today (12/4, 17A, For, 2.27M), the New York Times (12/4, Cowell, 1.16M) and Wall Street Journal (12/4, A4, Mollenkamp, Patrick, Meichtry, 2.04M) run similar reports.

The Washington Times/AP (12/4, Stringer) reports "a US-based friend of the former agent said he had told police the name of the person he thinks orchestrated the poisoning." Yuri Shvets "said he had known the poisoned ex-spy…since 2002 and spoke with him on Nov. 23, the day Mr. Litvinenko died from exposure to a rare radioactive element, polonium-210. 'The truth is, we have an act of international terrorism on our hands. I happen to believe I know who is behind the death of my friend Sasha and the reason for his murder,' Mr. Shvets said by telephone from the United States, referring to Mr. Litvinenko by his Russian nickname." ABC World News (12/3, story 5, 0:30, Kerley, 8.78M) noted the AP story last night.

NYTimes Urges West To Put Pressure On Putin. Under the headline "Revisiting Putin's Soul," the New York Times (12/4, 1.16M) editorializes, "The fatal poisoning of Alexander Litvinenko in London, along with all the other suspicious murders and attempted murders of Kremlin critics in recent months, poses fundamental questions about Russia, and how the West should treat it. … We would certainly prefer not to suspect that anyone connected to President Vladimir Putin is involved, even if the attacks have the hallmarks of professional assassinations. The West needs a good relationship with Russia and its cooperation in containing nuclear proliferation and fighting terrorism. No one wants to return to the time when Russia was seen as an enemy. Yet the recent events…cannot simply be dismissed as unrelated occurrences, as Mr. Putin would prefer." The Times concludes, "The West has no choice but to continue dealing with Russia, and with Mr. Putin. But when Kremlin critics are attacked or murdered, the West must demand a full, transparent investigation and punishment for the criminals -- no matter who they are. It is time to let Mr. Putin know that we are looking hard into his soul, and we don't like what we see."

Castro Absent From His Birthday Celebration. ABC World News (12/3, story 4, 0:15, Kerley, 8.78M) reported, "In Cuba, this weekend's celebration of Fidel Castro's 80th birthday has come and gone with no sign of the guest of honor. The ailing leader's conspicuous absence is being taken by many Cubans as a clear sign that Castro will never return to power. He hasn't been seen in public in more than four months."

Pinochet Suffers Heart Attack. NBC Nightly News (12/3, story 11, , Siegenthaler, 9.87M) reported, "In Chile, former dictator Augusto Pinochet is fighting for his life after suffering a heart attack. Doctors are clearing an obstructed artery. Augusto Pinochet has been under house arrest charged with human rights abuses during his 17 year rule that ended in 1990." The New York Times (12/4, Bonnefoy, 1.16M) and Washington Post (12/4, A13, Franklin, 690K) also report the story.

Feinstein Calls For Ban On Use Of Cluster Bombs Near Civilian Areas. Sen. Dianne Feinstein

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writes in the Washington Times (12/4, 88K) that "the time has come to ban the use" of cluster bombs "in or near civilian areas. Cluster bombs are intended for attacking large-scale enemy troop formations. They come apart in the air before making contact, dispersing between 200 and 400 small bomblets that can saturate a radius of 250 yards. The changing nature of warfare, though, has meant cluster bombs have been used against enemies in or near highly populated areas. So, all too often, cluster bombs critically injure or kill innocent victims instead of their intended military targets. … The United States and the international community should work together to stop use of cluster bombs when the lives of civilians are at risk. We need to ensure we don't needlessly endanger innocent men, women, and children by dropping cluster bombs where they live, work, and play. This is the right and just thing to do."

UN Task Force Questioning Gene Splicing Criticized. Henry I. Miller, a fellow at Stanford's Hoover Institution, writes in the Wall Street Journal (12/4, A16, 2.04M), "The UN task force that wrapped up here on Friday deliberated on the regulation of foods obtained with recombinant DNA (or gene-splicing) technology. They ignored the rule of holes: When you're in a hole, stop digging. The more this ongoing project progresses, the worse for science and technology -- and consumers everywhere." Miller adds, "The scope of this exercise, held under the auspices of the Codex Alimentarius Commission, which sets food standards on behalf of the UN's Food and Agriculture Organization and World Health Organization, makes no sense. … It is one thing to regulate novel foods with traits that are of potential concern, but quite another to regulate merely because a certain technique has been used, especially when that technique is state-of-the-art. It is rather like circumscribing for extra regulation only cars outfitted with disk brakes, radial tires and air bags -- and then limiting only those vehicles to a lower speed. The members of this task force, including representatives of the US government, disregard the scientific consensus that gene-splicing is an extension, or refinement, of older, traditional techniques of genetic modification, and that it does not warrant discriminatory, excessive regulation." American regulators, writes Miller, "have become surrogates of big agribusiness companies at the expense of academic research and the well-being of other sectors of the US economy."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Fighting Words In Spain."
"'Fear took over' In Baghdad Raid."
"African American To Run I.A. Fire dept.."
"Venezuela's Chavez Reelected."
"Winds Drive Fire Into Homes."

USAToday:

"Ag Crime Wave Grows In California."
"She's A Student 'Superstar' On Brink Of Dropping Out."
"Loss Of Heart Drug Is 'Shocker'."
"Pfizer's Woes."

New York Times:

"Report Faults Training Of Afghan Police."
"Video Is A Window Into A Terror Suspect's Isolation."
"End of Drug Trial Is A Big Loss For Pfizer And Heart Patients."
"Early 'Maybe' From Obama Jolts '08 Field."
"Bucking Tide Of School Reform, A Leader Gets Results."
"After A Rush To Make Repairs, Pace Of Levee Work Downshifts."
"Hush, Mama, Don't You Cry, A New Yellow Wiggle Will Sing."

Washington Post:

"Episcopal Churches To Vote on Departure."
"VA. Teen's Drowning Bewilders Mother."
"The Militant Who Eluded CIA in Norway."
"For Defense Nominee, Echoes of Old Questions."
"Hefty Education Grant Brings Mandates."
"A Newspaper Chain Sees Its Future."

Washington Times:

"2 Charged in Fine-Payment Scheme."
"Hadley Calls Leaked memo 'Constructive'."
"Chavez Victory Likely Venezuela."
"Hilary Networks To get '08 Bid Up And Running."
"Pakistan Promotes Taliban's Approval."
"Congress Open To passing Bill On Immigration."

Detroit Free Press:

"U-M Wronged By BCS Voters."
"Mayor Fixing Image While Fixing Up City."
"More Give Their Time Instead Of Their Cash."
"Wall Street Worries About Mullally's Plains."

Atlanta Journal-Constitution:

"Court To hear racial Debate."

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"Winecoff Hotel Fire."
"Cherokee Illegals Law Faces Test."
"Middle Ground Puts Isakson Pivotal Position."

Houston Chronicle:
"Chavez Wins Re-Election In Landslide."
"The Butterfly And The Knife."
"Shuttle Set For Complex Mission."
"Gates' Confirmation Could Lift Pentagon Morale, Analyst Say."

Story Lineup From Last Night's Network News:

ABC: Changes For Iraq; Flying Over Iraq; Chavez Wins Another Term; Castro's Birthday; Litvinenko Investigation; Presidential Bid; Presidential Bid; California Wildfires; Training Iraqi Troops; Pulling Out US Troops; US Iran & Syria Talks; Our Years In Iraq.
CBS: Preempted By Football.
NBC: Changes For Iraq; Iraq Sectarian Violence; Lebanon Protest; Philippines Typhoon; Winter Storm; California Wildfires; Searching For Vietnam MIA Soldiers; Cars Go Green; Possible Presidential Bid; Chavez Wins Another Term; Chile Former Dictator; Katrina Victims; Hemingway's Home Gets Makeover.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: CA-Wildfire; St. Louis-Power Outages; Clinton, Spitzer Meeting; Marine Sentence To Life In Prison For Raping Woman In Philippines; Afghanistan-Taliban Fighters Killed By NATO Troops; NYC-Police Shooting Investigation; Harvard Study-Overweight Teens; Kennedy Center Honors.
CBS: Rumsfeld-Iraq Memo; Saddam's Lawyers Appeal Death Sentence; Hillary Clinton-2008; Bayh-2008 Exploratory Committee; Marine Sentence To Life In Prison For Raping Woman In Philippines; St. Louis-Power Outages; Kennedy Center Honors.
NPR: Venezuela-Chavez Reelected; Augusto Pinochet Suffers Heart Attack; Marine Sentence To Life In Prison For Raping Woman In Philippines; Vietnam-Typhoon Durian; Midwest Snowstorm; Fiji-Coup Concerns; France Launching 24-Hour TV News Service; College Football-National Championship Game.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:
PRESIDENT BUSH — Meets with Sayyed Abdul Aziz Alhakim, President of the Supreme Council for the Islamic Revolution in Iraq, and the leader of the United Iraqi Alliance, White House.
VICE PRESIDENT CHENEY — No public schedule.
LAURA BUSH — Speaks at the launch of the partnership of the US Afghan Women's Council and Georgetown University, Gaston Hall, Healy Hall, Georgetown University.

US Senate: FLOOR SCHEDULE _ 10 a.m. The Senate convenes and then adjourns until noon on Tuesday, Dec. 5. 2:30 p.m. ARMED SERVICES _ Full Committee. Hearing on pending nominations. Location: Room 222, Russell.

US House: No Scheduled Events.

Other: PRIME MINISTER VIKTOR YANUKOVYCH OF UKRAINE _ Highlights: 8:45 a.m. Speaks at a forum at the Center for Strategic and International Studies. B-1 conference room, 1800 K St. NW. Contact: Andrew Schwartz, 202-775-3242. 11 a.m. Meets with Sen. Richard Lugar, R-Ind. Room S-116, Capitol. 3 p.m. Meets with Secretary of State Condoleezza Rice. State Department.

UNITED IRAQI ALLIANCE LEADER SAYYED ABDUL AZIZ ALHAKIM _ Highlights: 1:15 p.m. Meets with President Bush. White House.

NORTH KOREA-NUCLEAR _ 8:30 a.m. - 3 p.m. The Asia Foundation, others hold a conference on the North Korean nuclear testing and its implications for U.S. relations and regional security. Location: Call Contact for details. Contacts: Guyltone Sukawati, 202-588-9420 ext 1304.

GONZALES-SEX PREDATORS _ 8:30 a.m. Attorney General Alberto R. Gonzales will deliver remarks on Justice Department efforts to protect children and prosecute sex predators through Project Safe Childhood at the Project Safe Childhood Conference. Location: Grand Hyatt Washington, Independence Ballroom, 1000 H St. NW.

NAACP-INTEGRATION _ 9 a.m. - 12 p.m. The NAACP will join community activists and supporting organizations in a rally at the U.S. Supreme Court as opening statements are made in Meredith v. Jefferson County Public Schools (Louisville, Ky) and Parents Involved in Community Schools v. Seattle School District. These lawsuits will determine whether measures to desegregate K-12 public schools are legal. The NAACP will rally to urge the Supreme Court to continue the legacy of Brown v. Board of Education and

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support integration and equality in American education. Location: Outside Surpreme Court Building.

IMMUNIZATIONS _ 9:30 a.m. The Pan American Health Organization holds a press conference to present a new book, ``Recent Advances in Immunization, which discusses the introduction of new or underutilized life-saving vaccines targeting diseases caused by pneumococcus, rotavirus, human papilloma virus, and influenza. Location: National Press Club.

IRAN _ 9:30 a.m. - 11 a.m. The Center for American Progress hosts a presentation, ``Hidden Iran: Paradox and Power in the Islamic Republic," with Ray Takeyh, author, ``Hidden Iran: Paradox and Power in the Islamic Republic;" and former Senator Tom Daschle, Distinguished Senior Fellow, Center for American Progress. Location: Center for American Progress, 1333 H St. NW.

CORNYN-GATES _ 9:45 a.m. US Sen. John Cornyn, R-Texas, member of the Senate Armed Services Committee, meets with Robert Gates, Secretary of Defense nominee. Location: Room 517, Hart Senate Office Building.

MINIMUM WAGE _ 9:45 a.m. - 11:30 a.m. The American Enterprise Institute hosts a program, ``The Minimum Wage and Employment: A Review of Evidence from the ``New Minimum Wage Research. Highlights: Location: Wohlstetter Conference Center, 12th floor, AEI 1150 17th St. NW.

AFGHAN WOMEN _ 11:45 a.m. First Lady Laura Bush speaks at the launch of the partnership of the US-Afghan Women's Council and Georgetown University. Also speaking will be Undersecretary of State Paula Dobriansky and Georgetown President John DeGioia. Location: Gaston Hall, 3rd floor, Healy Hall, on campus.

IRAQ-ASSYRIANS _ 12 p.m. Christian Assyrians, activists, faith-based leaders, others, demonstrate and call on U.S. political leaders to ``Stand for Iraqs Assyrians, and Save the Nineveh Plains. Location: White House sidewalk, between Eastd and West Executive Drive.

SCIENCE/ENGINEERING DEGREES _ 1 p.m. - 2 p.m. The Hamilton Project, an initiative at the Brookings Institution, will host a media conference call to discuss the release of new discussion papers on increasing the number of qualified US students pursuing graduate degrees in science and engineering; expanding government use of prizes for innovative achievements in science and technology; and, reforming and streamlining the patent review process. Participants are Peter Orszag, The Hamilton Project at the Brookings Institution; Richard Freeman, Harvard University; and Douglas Lichtman, University of Chicago Law School. Notes: DIAL IN : 800- 269-6183 (Confirmation 4208761). The authors also will be available during a panel discussion at a Hamilton Project Forum taking place the following day, December 5 from 10 a.m. to 12:30 p.m. at the Paul H. Nitze School of Advanced International Studies, 1740 Massachusetts Ave. NW, Kenney Auditorium.To register for the event, please visit: http://onlinepressroom.net/brookings/.

UNBORN PAIN _ 1:30 p.m. Members of the House of Representatives and representatives from national pro-life groups hold a press conference calling for passage of the ``Unborn Pain Awareness Act" which is set to come before the House of Representatives for a vote this coming week. Participants include Rep. Chris Smith, R-N.J., co-chairman of the Bi-Partisan Pro-Life Caucus and author of the ``Unborn Pain Awareness Act" (H.R. 6099). Location: Cannon Terrace.

GLOBAL WARMING _ 2 p.m. Brookings Institution holds a panel discussion on whether the Clean Air Act required the EPA to combat global warming, with Gregg Easterbrook and David Sandalow of Brookings, Mark Moller of Cato Institute, David Doniger of the Natural Resources Defense Council, others. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAQ _ 3 p.m. The US Institute of Peace holds an event with Sayyed Abdul Aziz Alhakim, President of the Supreme Council for the Islamic Revolution in Iraq, and the leader of the United Iraqi Alliance. Location: 2nd floor conference room, 1200 17th St. NW.

BUSH-IRAQ _ 7:30 p.m. The World Can't Wait-Drive Out the Bush Regime organization holds a teach-in. Participants include Rep. Cynthia McKinney, journalist Christopher Hedges, former CIA employee Ray McGovern, others. Location: Room 108, 2201 G St. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 4, 2006 7:45 AM EST

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TERRORISM NEWS:

Padilla Lawyers Say Mistreatment Makes Client Unfit To Stand Trial. The New York Times (12/4, Sontag, 1.16M) reports on the videotape of a trip to the dentist by terror detainee José Padilla, which was recently released to his lawyers "and viewed by The New York Times." To Padilla's lawyers, the video and other pictures they have released "capture the dehumanization of their client during his military detention from mid-2002 until earlier this year, when the government changed his status from enemy combatant to criminal defendant and transferred him to the federal detention center in Miami. He now awaits trial scheduled for late January." The images "represent the latest and most aggressive sally by defense lawyers who declared this fall that charges against Mr. Padilla should be dismissed for 'outrageous government conduct,' saying that he was mistreated and tortured during his years as an enemy combatant." Lawyers for Padilla "suggest that he is unfit to stand trial. They argue that he has been so damaged by his interrogations and prolonged isolation that he suffers post-traumatic stress disorder and is unable to assist in his own defense. His interrogations, they say, included hooding, stress positions, assaults, threats of imminent execution and the administration of 'truth serums.'" A Pentagon spokesman, Lt. Col. Todd Vician, "said Sunday that the military disputes Mr. Padilla's accusations of mistreatment."

Newsweek (12/11, Isikoff, 3.12M) reports, "Lawyers for 'enemy combatant' Jose Padilla claim he is so disoriented from three years of isolation and aggressive interrogations that he is now mentally ill. In new court filings, Padilla's lawyers also assert for the first time that Padilla's interrogations were taped, thereby providing a potentially extensive video record of how the government treated a man once considered a dangerous Qaeda operative. … Padilla's lawyers recently moved to have the entire case dropped because of government conduct that allegedly included subjecting him to sleep deprivation, extreme cold, injecting noxious fumes into his cell and giving him mind-altering drugs."

Judge's Ruling Against Guantanamo Treatment Called "Sharp," "Blunt." The Washington Post (12/4, Leonnig, 690K) reports, "U.S. District Judge Gladys Kessler issued a blunt indictment Friday of the Bush administration's legal handling of prisoners at the Guantanamo Bay Naval Base in Cuba. Frustrated with the plight of prisoners held without charges for years at the base, Kessler expressed disgust with the federal government's repeated efforts to block courts from hearing detainees' complaints." Her opinion "was particularly unusual" because it concerned "a technicality." The Post quotes her ruling, in which she refers to Guantanamo's "terrible conditions" and states, "It is often said that 'justice delayed is justice denied.' Nothing could be closer to the truth with reference to the Guantanamo Bay cases."

DOD Seeks "Emergency Authority" For Guantanamo Court. McClatchy (12/4) reports, "The Pentagon is invoking emergency authority to fast-track funding of a comprehensive war-crimes court compound at Guantanamo Bay, Cuba, according to a letter to Congress obtained by The Miami Herald. ... Congressional staff members say the price tag and the funding mechanism have stirred protests among key members of Congress with fiscal and operational oversight of the Department of Defense." The Pentagon "wants to build, in three months, a mini-city on an abandoned airfield to stage the trials - two new courtrooms with space for two more, dining, housing and work space for up to 1,200 military and civilians working at the trials, and media, conference and classified information centers." The cost could be "as much as $125 million." More than 10 sites carried the story.

CIA Failed To Capture Muslim Cleric Living In Norway. The Washington Post (12/4, A1, Whitlock, 690K) reports, "Two months after he helped kidnap a Muslim cleric in Italy, records show, an undercover CIA officer boarded a flight to Norway on another secret mission. Two other US spies followed a few weeks later and checked into the same hotel. Shortly after the agents arrived in the spring of 2003, an Islamic militant living in Oslo known as Mullah Krekar received a warning from an anonymous Norwegian official, according to Krekar's lawyer. The message: Krekar, then head of a Kurdish insurgent group, was a CIA target and should watch his back." The spies "left Norway by the end of the summer, according to records of their travels compiled by European investigators. If the CIA was planning to abduct Krekar, like other Islamic radicals it had secretly apprehended in Europe after the attacks of Sept. 11, 2001, those plans were quietly abandoned. … Four days after the CIA officer arrived in Oslo, Krekar's attorney, Meling, said he received a warning about his client from a Norwegian government source, via an intermediary. Although the message was vague, it made clear that US spies had Krekar in their sights. In response, the lawyer wrote a letter to Norwegian police, requesting extra protection for Krekar." The case "shows how the United States has struggled to deal with Islamic militants who are allowed to live freely in Europe despite being labeled serious security risks. Others have included radical clerics in

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London and supporters of the Hamburg cell responsible for the Sept. 11 hijackings."

HOMELAND RESPONSE:

Administration Releases Details Of Visa Waiver Proposal. The Washington Times (12/4, Waterman, 88K) reports US officials are providing more details of the President's proposal to broaden the Visa Waiver Program, "sketching an ambitious plan for an electronic 'visa lite' system that would enable travelers to be cleared against terrorism and immigration watch lists" before reaching the US. Last Wednesday, DHS "laid down broad outlines" of the reform package the White House will be sending to Congress, including the new "visa lite" system called an "electronic travel authorization," which would be issued to passport holders before they traveled to the US, "as well as better information-sharing by new member nations."

Army Corps Said To Have Slowed Pace Of Levee Work In New Orleans. The New York Times (12/4, Schwartz, 1.16M) reports that as the Army Corps of Engineers has moved from patching broken levees and building floodgates in New Orleans to the "the task of strengthening flood protection…beyond its pre-Hurricane Katrina level," their "pace has slowed, those in the region say, with little trace of the round-the-clock frenzy of the first phase. … Contractors are waiting impatiently for the chance to bid on jobs." However, corps officials say that while "the early work was done in the spirit of addressing a crisis," the next phase "has to be planned with great care." The Times adds, "It is also becoming increasingly clear that the billions of dollars in appropriations will not cover the New Orleans area projects Congress has ordered the corps to take on."

Katrina Said To Have Lasting Impact On Victims' Mental Health. NBC Nightly News (12/3, story 12, Siegenthaler, 9.87M) reported on "the lasting impact of Hurricane Katrina" in New Orleans, where the storm's psychological effects "are gaining recognition as a serious medical problem. Here's Martin Savidge." NBC (Savidge) "Locals call it Katrina brain. Symptoms include difficulty concentrating, mood swings and depression. Experts say it's brought on by the endless battles of disrupted life. Federal estimates suggest a half million people along the Gulf Coast may still be struggling with mental health issues. Adding to the stress and anxiety, many who need psychiatric care or medication are having a hard time finding it. And when they do, an even harder time affording it." Rosalynn Carter, the founder of the Carter Center, which recently held a meeting of health experts, was shown saying, "Hopefully, the mental health community and government can all come together and make sure that in another disaster, things like this won't happen."

WAR NEWS:

Bush Expected To Seek "New Way Forward" On Iraq. Iraq once again dominated the broadcast news last night, leading on both ABC and NBC. (CBS was pre-empted by sports coverage.) ABC World News (12/3, lead story, 2:50, Harris, 8.78M) opened by saying this "could be a pivotal week for the US mission in Iraq." President Bush will today hold "an Oval Office meeting with a powerful Shiite leader with ties to a violent militia. Tuesday, Senate confirmation hearings begin for the President's nominee for Defense Secretary, Robert Gates. And on Wednesday, the Iraq Study Group releases its highly-anticipated report, looking for ways to salvage the US mission." Meanwhile, NBC Nightly News (12/3, lead story, Siegenthaler, 9.87M) said that as the President "prepares to listen to a report this week from the Iraq Study Group, word from his National Security Advisor today that the President won't necessarily followed study group's recommendations. It comes as three more Americans were killed in Iraq this weekend."

The NBC report drew heavily on comments by NSA Stephen Hadley made on the Sunday morning political talk shows. On NBC's Meet the Press (12/3, Russert), Hadley said the President was concerned "the Baker-Hamilton commission was just going to be cover for an American withdrawal almost regardless of what was happening on the ground. And the President felt he needed to stop that right there. That isn't graceful withdrawal, that's cut and run. And of course, as the President's said, cut and run is not his cup of tea." On ABC's This Week (12/3, Stephanopoulos), Hadley said, "At some point, obviously we would like to begin bringing troops back home. The President has said that." On CBS' Face the Nation (12/03, Schieffer), Hadley said, "He's going to listen to the Baker-Hamilton report. He's going to listen to the reviews that are being done by his agencies. He's going to want to hear what Republicans and Democrats and the Congress think about. Then he's going to pull it together in terms of a way forward in Iraq that hopefully will command support from Republicans, Democrats, the executive branch and the Congress."

The Los Angeles Times (12/4, Meyer, 850K) reports the President "has been actively soliciting ideas and proposals about a course correction in Iraq from an array of senior aides, congressional and military leaders, Iraqi officials and others, and he plans to announce a 'new way forward' soon," according to Hadley and others. The New York Times (12/4, A15, Weisman, 1.16M) notes that Hadley said on NBC that "it's going to be weeks, not months," before Bush makes his own conclusions public. The AP (12/3, Loven) says Bush

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"has walked a fine line between embracing the mission of a bipartisan, high-profile advisory panel on Iraq and maintaining enough distance not to be bound by all -- or even most -- of its upcoming recommendations." But as the AP (12/3, Ben Feller) reports in another piece, Hadley "said as he made the talk show rounds" that the US "will fail in Iraq if we pull out our troops before we're in a position to help the Iraqis succeed.'"

Under the headline "Amid Hints Bush Will Change Policy, Clues He Won't," the New York Times (12/4, A15, Sanger, 1.16M) asks, "The debate that will engulf Washington and much of the country this week centers on a question that lurks at the intersection of war strategy and the personality of the commander in chief: after three and a half years, is President Bush ready to abandon his declaration that American forces cannot begin to leave Iraq until the Iraqis demonstrate that they are capable of defending themselves?"

Sen. John Warner, on NBC's Meet the Press (12/3, Russert), said, "The Baker-Hamilton group…are doing their job. And our President is listening, learning, and he's open to take a change in course." But on the same program, Sen. Carl Levin said President Bush has been "absolutely stubborn in his view that we are there -- and this is his words just a few days ago – 'We are going to stay in Iraq as long as Iraqis ask us to be there.' Now, that seems to me to be more of the same, stay the course."

Bush Will Consider Ideas From Rumsfeld Memo. Much of the coverage of possible new directions for Iraq considers what Hadley called "a 'laundry list of ideas' from a Nov. 6 memo" from Defense Secretary Donald Rumsfeld, "who announced his resignation two days later -- just after Republicans lost control of the House and Senate in the midterm elections," the Washington Post (12/4, A5, Babington, 690K) writes. The options "include the redeployment of substantial U.S. forces to areas near the Iranian and Syrian borders, withdrawing U.S. troops from especially vulnerable positions and starting modest drawdowns of American forces to encourage Iraqis, as Rumsfeld wrote, 'to pull up their socks, step up and take responsibility for their country.'" The Washington Times (12/4, Pfeiffer, 88K) highlights Hadley's CBS comment that "it was a useful and constructive memo, but it was not a proposal for a new course of action." Hadley added, "It was much more a list of things that needed to be considered." USA Today (12/4, 7A, Wolf, El Nasser, 2.27M) headlines its story "Bush Weighing Rumsfeld Ideas Among Options." The Financial Times (12/4, Guha, Luce, Sevastopulo) says Bush's "isolation over Iraq deepened" after the publication of the memo.

On NBC's Meet the Press (12/3, Russert), Hadley was asked if the Rumsfeld memo is evidence that the President was "saying one thing publicly to the voters, while you and Donald Rumsfeld were saying another thing privately inside the White House." Hadley answered, "The President has been talking about making changes, and has been making changes throughout."

Senators React To Rumsfeld Memo. Sen. Lindsey Graham was asked on Fox News Sunday (12/3, Wallace) if he is "concerned about…the disconnect, the difference between what the Administration has been saying in public and what it's apparently been thinking in private." Graham said, "Yes, very much so. … My suggestion is that the political leadership, led by the president, needs to tell the American public a failed state in Iraq is a dramatic loss in the war on terror."

Sen. Joseph Biden, on Fox News Sunday (12/3, Wallace), contended "there was a clear disconnect between what the administration's been saying the last year and what's been going on the ground. And the Rumsfeld memo makes it quite clear that one of the greatest concerns is the political fallout from changing course here in the United States politically and how to deal with that."

Sen. Jon Kyl, during his appearance on CNN's Late Edition (12/3, Blitzer), emphasized that the "key difference here between those who are trying to find a graceful exit and those who want to find a way to win is the president's view, and I think it's shared by Secretary Rumsfeld, that we need to figure out ways in which we can maximize our ability to support the Iraqis, get to a position where that country is safe and secure, that we can leave but do so under conditions in which we have defeated the terrorists and not enabled, or not left Iraq a failed state."

Sen. John Kerry, on CNN's Late Edition (12/3, Blitzer), said, "Everything in the Rumsfeld memo is a summary of things that I and others laid out three years ago."

US Withdrawal, Security Turnover To Iraqis Considered. ABC World News (12/3, story 8, 2:50, Harris, 8.78M) said the Iraq Study Group "is going to put out its recommendations for getting the US out of Iraq. We already know a lot about what's expected to be in this report. So, tonight, we're going to ask some hard questions about whether any of these ideas are likely to work. We start with the proposal to pull many US troops out of Iraq." While there is "little agreement over just how a phased withdrawal of US forces would work, there is a virtual consensus on one issue: fewer US troops will lead to more bloodshed." In another report, ABC World News (12/3, story 9, 2:25, Harris, 8.78M) said, "The theory behind pulling out US troops is that Iraqi forces can be trained to take over. But is that really possible in a country where many people are more loyal to their religious group than they are to their government?" ABC (Katursky) added, "Many of the people the Iraqis are supposed to protect do not trust them." And while trainer Maj. Peter Zike "says he believes in his mission," getting Iraqi troops" fully trained, he says, could take as long as 25 years."

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US Ambassador to Iraq Zalmay Khalilzad, on CNN's Late Edition (12/3, Blitzer), said, "I think in order for Iraq to work…the Iraqi government's security institutions have to have the monopoly over use of force. And militias, death squads, other unauthorized groups with access to weapons have to be brought under control."

ISG Said To Want US To Ask "Enemies" For Help. ABC World News (12/3, story 10, 2:55, Harris, 8.78M) examined "one of the more controversial proposals for fixing the US problems" in Iraq -- that the Bush Administration should "engage in talks with two of its enemies, Iran and Syria. But the US considers both of those countries to be sponsors of terrorism." Syria is "ruled by a dictator who is accused of letting insurgents cross over the border to wage Jihad." Iran is "ruled by a president who's accused of developing nuclear weapons and supporting militias that wreak havoc in Iraq. Now the Iraq Study Group is poised to propose that the US ask these countries for help."

Novak Says ISG Report "Spells Trouble For Bush." In his Washington Post (12/4, A19, 690K) column, Robert Novak writes, "The Iraq Study Group, co-chaired by former secretary of state Baker and former representative Lee Hamilton, is out of the White House sphere of influence. The White House certainly did not ask Congress for help by creating this commission. Baker has made sure that the report, though leaked in part to the press, has not gone to the White House. As a creature of Congress (an institution that Bush dislikes), Baker's group spells trouble for Bush when it releases its report Wednesday." Bush's position "is difficult. He does not want to be seen as ignoring a congressional study group. But he has not yet reached the point of accepting unconditional troop withdrawal. If he seems to differ from Baker-Hamilton recommendations, he can expect heavy scolding by the group's members on television."

More Commentary. In a nearly 1,600-word Wall Street Journal (12/4, A16, 2.04M) op-ed, Duke University's Donald Horowitz writes, "Just when you thought the midterm election results had weakened President Bush's hand in Iraq, it turns out the opposite is true. The president has been liberated from a stay-the-course policy that the Iraqi government could pocket as an open-ended commitment. The voters have given Mr. Bush a chance, perhaps a last chance, to turn Iraq in a new direction."

Bush Seen As Likely To Accept ISG's "Repudiation" Of His Iraq Policy. Time's Michael Duffy (12/11), on a cover story on how President Bush is likely to respond to the recommendations of the Iraq Study Group, writes that Bush's "biggest reversals usually come after months -- even years -- of stubborn resistance. … But Bush has never had to pull off a U-turn like the one he is contemplating now: to give up on his dream of turning Babylon into an oasis of freedom and democracy and instead begin a staged withdrawal from Iraq, rewrite the mission of the 150,000 U.S. troops there as they begin to draw down, and launch a diplomatic Olympics across the Middle East and between Israel and the Palestinians." Duffy adds that "sometime in the next month or so, Bush will begin the biggest foreign policy course correction of his presidency. No matter what else may get stapled onto it, the maneuver will be based on the agreement reached by the" Iraq Study Group. According to Duffy, the commission "is proposing nothing short of a repudiation of pretty much all US foreign policy for the past three years. The Iraq Study Group will call for a massive diplomatic push in two areas in which the White House has never put its shoulder to the grindstone: rekindling peace talks between Palestinians and Israelis and holding an international conference that would lead to direct talks between Washington and both Tehran and Damascus."

But Newsweek's Evan Thomas (12/11) writes, "Persuading Bush to listen -- and to change course, even at the margins -- will be very difficult. … People who know Bush well say, as one presidential friend put it to NEWSWEEK, that he 'realizes that the disappointments on the ground in Iraq -- not just the election -- require new thinking.' (The source spoke anonymously for fear of alienating Bush.) 'He is looking for a militarily effective and politically sustainable approach that gives Iraq the chance to succeed in the long term,' says the friend, 'and I think he is very open to change, very open to the Baker Commission and the internal review.'"

U.S. News and World Report's Michael Barone (12/11), meanwhile, writes, "While George W. Bush's many critics and detractors portray him as facing the same dilemma as Lyndon Johnson in Vietnam, Bush himself seems determined to proceed the way Harry Truman did in Korea – or, as some might put it, as Winston Churchill did after Dunkirk. … In this, Bush has the support of others. Defense Secretary-designate Robert Gates opposes a quick pullout. So do all the Joint Chiefs of Staff and the Central Command's Gen. John Abizaid. Retired generals who have criticized Bush testified that we should send more troops into Iraq. Democrats seem disinclined to use their congressional majorities to cut short our mission in Iraq lest they be blamed for the unpleasant consequences many predict." Barone adds, "Many in the mainstream media today, as in 1968, see nothing but the prospect of American defeat. George W. Bush seems to have other ideas."

US Withdrawal Seen As Likely To Escalate "Civil War." Time's Aparisim Ghosh (12/11) writes that if the Iraqi government "can't stop sectarian killing today when it is able to call on the world's most powerful military, it can hardly be expected to do so once the Americans have left. The more likely outcome is an escalation of the civil war, with elements of the security forces taking sides." Ghosh adds, "Having foolishly dismantled the existing Iraqi army, the U.S. has the duty to create a genuinely proficient new one, instead of

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rushing recruits through Boy Scout lessons just to satisfy predetermined quotas. It may take five more years. But if the U.S. leaves sooner, Iraq will devolve into an even bigger mess. If the Americans insist on pulling out, they ought to park their hardware nearby, because like it or not, they'll be back."

U.S. News and World Report (12/11, Whitelaw, 2.03M) reports that "an average of 2,000 Iraqis a day are fleeing to Syria – and the numbers appear to be growing. The United Nations High Commissioner for Refugees estimates that at least 700,000 Iraqis have taken refuge in Syria, while an additional 700,000 or so are in Jordan. (Iraq's estimated population is 27 million.) … The numbers jumped sharply after the bombing of the Shiite shrine in Samarra last February that intensified Iraq's sectarian strife. With Iraq slipping toward an all-out civil war amid record numbers of civilians being killed each month, a UNHCR official warns that hundreds of thousands more Iraqis appear to be 'teetering' on the brink of departure. Even U.S. officials, many of whom have previously downplayed refugee flows, now acknowledge they are increasingly concerned." U.S. News and World Report (12/11, Mulrine, 2.03M) reports, "As the capital last week eased out of the round-the-clock curfew imposed after the bombing of the Shiite enclave of Sadr City that killed over 200 people, traffic was light – except on the airport road, where families packed into cars and braved roadside bombs for the chance to fly to another place."

NBC's Use Of Term "Civil War" Seen As A Defeat For White House. Time's James Poniewozik (12/11) writes, "When Matt Lauer announced that NBC would start referring to the conflict in Iraq as a 'civil war,' media observers hailed it as a 'Cronkite moment,' referring to the CBS anchor's 1968 declaration that the Vietnam War was unwinnable, upon which L.B.J. realized he had lost Middle America. … So, O.K., NBC's declaration may have no effect on the war in Iraq. But it was a signal moment in the war between the Bush White House and the media. If the issue seems like pointless semantics, it is hardly so to the Administration, which has been fixated on framing issues and politicizing language."

Bush's Trip Abroad Portrayed As An Escape From Democrats. Time's Mike Allen (12/11) writes that "if there was ever a good time for George W. Bush to leave home for a spell, it was right after the mid-term elections, when Capitol Hill was aswarm with triumphant Democrats. … European leaders expecting a humbled Bush at the NATO summit in Latvia instead got a stout speech in which he rearticulated his foreign policy."

Military Leaders Call For Increased Troop Commitment In Iraq. The Wall Street Journal (12/4, A4, Jaffe, Dreazen, 2.04M) reports that a "growing number of senior military officials are arguing that the only way to salvage the situation" in Iraq "is to add more U.S. forces and more U.S. money." With about 140,000 US troops currently in Iraq, "some military officials said that as many as 30,000 more troops could be needed."

Will Says McCain Correct About Need For More Troops. In his Washington Post (12/4, A19, 690K) column, George Will writes that "for three years," Sen. John McCain "has been saying, correctly, that there are far too few U.S. troops in Iraq. For months he has said we cannot win without many more troops. That, too, is correct -- if it does not imply that some surge of troops can now guarantee winning. … Absent adoption of the McCain policy -- a substantial increase in forces -- America's waning influence on events may derive from the increasing likelihood that the scant protection that American forces now provide will be withdrawn."

Bush-Hakim Meeting Seen As Intended To Bolster Maliki. McClatchy (12/4, Gordon, Walcott) says President Bush's meeting today with Iraqi Shiite leader Abdul Aziz al-Hakim "is considered an effort to boost support for Iraqi Prime Minister Nouri al-Maliki." Hakim "is a leading opponent of anti-U.S. Shiite Muslim cleric Muqtada al-Sadr," and the White House "hopes that by urging Hakim and other al-Sadr rivals to support Maliki more forcefully, they can reign in the growing radical influence of al-Sadr and his Mahdi Army militia."

War Of Words Rages Over Iraq "Civil War" Terminology. The New York Times (12/4, C1, Carr, 1.16M) examines the debate over the term "civil war" as applied to the internal conflict in Iraq, writing, "The war over words and definitions is not a new one. The current administration has fought to maintain custody of the Iraqi conflict by defining insurgents as 'terrorists' and prisoners of war as 'unlawful combatants.' During Vietnam, the administration defined civilian casualties as 'collateral damage.' … There are those who suggest that there is something vaguely seditious in describing the situation in Iraq as a civil war." But "on closer inspection, what seems like a bold, transgressive step by the media," led by NBC and the Los Angeles Times, to adopt the term "is considerably less. It is not a coincidence that some members of the mainstream media were only willing to attempt to redefine the terms of the current debate after a massive electoral setback to the current administration."

Annan Now Says Iraq In "Civil War." The New York Times (12/4, A14, Wong, 1.16M) headlines a story "Annan Adds His Voice To A Growing Chorus That Is Calling The Situation In Iraq A 'Civil War,'" saying that the UN Secretary-General also now says Iraq has "descended into a civil war

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that was even deadlier and more anarchic than the 15-year sectarian bloodshed that tore Lebanon apart."

Washington Seeks Lessons From Iraq Experience. The Christian Science Monitor (12/4, Grier, 59K) writes that "even as Washington looks forward to the recommendations of the Iraq Study Group, expected this week, many experts and policy organizations are looking back to try and glean crucial lessons from the three-plus years of the US experience in Iraq. It's an unorganized process that involves everything from Army field manuals to the Council on Foreign Relations, and it may never reach consensus, given the range of opinions involved. But even exchanging ideas could be important, since -- as hard as it is to believe now -- the interests and power of the US mean that at some point it could find itself weighing new sorts of military interventions."

Pessimism Has Set In Among Some Iraqis Over Past Four Years. ABC World News (12/3, story 10, 3:00, Harris, 8.78M) ran a feature on changes in Iraq over the last four years, "many of them wrenching. … Even here, at our ABC News compound in Baghdad, we're seeing religious tension among our Iraqi staffers. Over the past day or so, I've been out reconnecting with some of the Iraqis I've been covering for years. When Saddam Hussein fell, perhaps no Iraqi was more jubilant than this man." Unidentified male: "I feel very happy, really. I can't explain my feelings. Really, I am very happy." Harris: "We can no longer show you his face. Because these days, associating with Americans could get him killed. … Through subsequent years of car bombs and kidnappings he stayed stubbornly upbeat. But now, as he watches his neighbors kill each other in a rapid, rabid spiral of religious violence, now he says he wishes Saddam had never been toppled."

More Attacks Against US Troops, But No Casualties. NBC Nightly News (12/3, story 2, Siegenthaler, 9.87M) reported, "In Iraq today, there were more attacks against American troops. Roadside bombs exploded near a US convoy in Baghdad, causing damage but no casualties. US forces were on the move against insurgents with air strikes in Anbar province and a sweep through Bakubah. Meanwhile the death toll from that triple bombing yesterday at a Baghdad market rose to 53."

Friday Battle Showed Difficulties In Letting Iraqi Forces Take Control. The Los Angeles Times (12/4, Moore, 850K) examines a Friday battle in Iraq. Joint US and Iraqi forces, "undertaking what officials described as a major counterinsurgency operation, were in pursuit of 70 'high-value targets' in Baghdad's crowded Fadhil quarter, a Sunni Arab neighborhood of multistory tenements along the east bank of the Tigris River." But they "had walked into a deadly ambush." From "upper-story apartments, insurgents stopped the soldiers' advance with grenades and shoulder-fired rockets. Others launched coordinated mortar strikes, hitting one of two nearby Iraqi field posts. By the time the 11-hour battle was over, one Iraqi soldier had been killed and six others wounded, including one who shot himself in the foot." US officials "say an imminent expansion of the Military Transition Teams -- squads of American military advisors traveling with Iraqi army units -- will meet demands" Iraqi PM Nouri al-Maliki made of President Bush at their meeting last week "for more authority over his own security forces. But interviews at their joint Rustamiya base with U.S. advisors and Iraqi soldiers involved in Friday's battle revealed a different story. The operation was hastily prepared and badly executed, they said, and plans to let the Iraqis take the lead in the battle were quickly scrapped."

Airstrike Said To Have Killed "Toddler." USA Today (12/4, 2.27M) carries an AP story about civilian casualties of a US airstrike. The story was carried Sunday in the Norfolk Virginian Pilot (12/13), for example, but USA Today's version changes the word "child" in the first sentence to "toddler." The age of the child was not given in yesterday's version -- the USA Today version, though, says that the child was a boy "believed to be under the age of 2."

AFP Pegs Cost Of Iraq War At $350 Billion. AFP (12/4) reports, "The war in Iraq has cost the United States more than 350 billion dollars since the March 2003 invasion, according to an AFP review of Congress figures." A September 22 Congressional Research Service study "estimated the cost at 319 billion dollars, representing 73 percent of US spending for the 'war on terror' launched after [9/11]. Congress has approved 70 billion dollars for the 'war on terror' in the 2007 defense budget that includes about 50 billion dollars for the Iraq conflict, bringing the three-and-a-half-year spending over 350 billion dollars."

Missing F-16 Pilot Listed As Killed In Action. The AP (12/3) reports, "An American pilot whose F-16 fighter jet went down in Iraq was listed as killed in action following DNA analysis of remains recovered at the crash site, the U.S. Air Force said Sunday." The dead pilot is Maj. Troy L. Gilbert, 34, who "was supporting troops fighting in Anbar province, where many of the country's Sunni-Arab insurgent groups operate." US officials doubt "Gilbert was shot down." More than 40 sites carried this story. The Washington Post (12/4, Trejos, 690K) reports his death at the bottom of an article about Saddam's death penalty appeal.

Saddam's Lawyers Formally Appeal Death Sentence. The Washington Post (12/4, A16, Trejos, 690K) reports Saddam Hussein's lawyers have "formally appealed

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his death sentence for the killing of 148 Shiite men and boys from the town of Dujail in the 1980s, a spokesman for the Iraqi High Tribunal said. The case will now go to a higher court, which can rule on it at any time. If the court upholds Hussein's conviction, his execution, by hanging, must occur within 30 days, according to Iraqi law."

Joint State-DOD Report Says Afghan Police Force Ineffective. A front-page New York Times (12/4, Glanz, Rohde, 1.16M) story running nearly 2,000 words says that "five years after the fall of the Taliban, a joint report by the Pentagon and the State Department has found that the American-trained police force in Afghanistan is largely incapable of carrying out routine law enforcement work, and that managers of the $1.1 billion training program cannot say how many officers are actually on duty or where thousands of trucks and other equipment issued to police units have gone." The report said "no effective field training program had been established in Afghanistan."

Bombing, Aftermath Kill At Least Three In Kandahar. The New York Times (12/4, A14, Gall, 1.16M) reports a suicide bomber "rammed a minibus" into a British military convoy in Kandahar Sunday, "wounding three soldiers and setting a vehicle on fire" and leading British troops to open fire on civilians. At least three people were killed and 15 wounded "in the bombing and the shooting afterward."

Musharraf Blamed For Afghanistan's Instability. Newsweek's Fareed Zakaria (12/11) writes, "Afghanistan is in danger of becoming a version of Iraq, where the central government has collapsed, disorder is rife and a Qaeda-backed insurgency controls large swathes of the country." Afghan President Hamid Karzai and Pakistani President Pervez Musharraf "have openly quarreled about the cause of the Taliban's re-emergence. Musharraf blames Karzai's incompetence and weakness. Karzai argues that Pakistan has been tacitly — and often actively — supporting the Taliban along the Afghanistan-Pakistan border, and in Pakistan itself." Musharraf "is a genuine modernizer who has saved his country from becoming a failed state. Despite the compromises he has had to make, he has been more forward-looking on economics, law, religion and even women's rights issues than any government in Pakistan since the early 1970s. But having confronted Islamic extremists on such matters, Musharraf seems to believe that one area where he need not actively thwart them is in their goal of jihad against Karzai's government and its Western backers."

Taliban Uses Manual To Train Fighters. Newsweek (12/11, 3.12M) reports, "In case a Taliban fighter wonders what is expected of him, he can now refer to a nine-page, blue and white, pocket-size pamphlet called the Layeha, which Mullah Mohammed Omar began distributing last month. The book (NEWSWEEK obtained a copy, and has seen Taliban fighters carrying it in several parts of Afghanistan) lays down 29 strictures for conduct on the battlefield and in villages, as well as sanctions faced by those who break the rules: strict Islamic justice."

Pakistani Officials Urge NATO To Negotiate With Taliban. The Washington Times (12/4, Rashid, 88K) reports Pakistani officials "are urging NATO countries to accept the Taliban and negotiate a series of regional peace agreements similar to those that Pakistan has reached in tribal areas along its border with Afghanistan." Pakistani Foreign Minister Khurshid Kasuri told NATO foreign ministers last week "that the Taliban was winning the war in Afghanistan and that NATO was bound to fail."

Wiccan Symbol Placed On Soldier's Memorial Plaque. The Washington Post/AP (12/4, A17) reports the widow of Sgt. Patrick Stewart, who died in Pakistan, "saw a Wiccan symbol placed on a memorial plaque for her husband Saturday, after fighting the federal government for more than a year over the emblem." Roberta Stewart said it was the "first government-issued memorial plaque with a Wiccan pentacle."

Fewer Combat Medals Being Awarded In Iraq Than In Previous Wars. Time (12/11, Donnelly, 4.03M) reports, "U.S. troops are fighting and dying with valor. So why have so few received the military's top awards? Are there fewer heroes in the Iraq war than in previous wars? That's the message the Pentagon is sending, say critics, by not awarding today's soldiers nearly as many of the nation's highest military honors. Three and a half years of combat in Iraq, for example, have produced only two winners of the Medal of Honor, the country's highest military award for bravery in combat. There were, by contrast, 464 Medals of Honor handed out during America's involvement in World War II, which lasted the same amount of time. … The same applies to the second highest honor, the service crosses: there were 8,716 of those given out during World War II and just 26 so far in Iraq."

CRIMINAL LAW:

DOJ Study Finds School Killings Up Slightly. The AP (12/4, Jordan) reports, "At least 21 people were killed at school during the 2004-05 academic year, a slight increase from the year before, the government reported Sunday." The AP continues, "The study by the Bureau of Justice Statistics does not include data from fatal shootings in Wisconsin,

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Colorado and Pennsylvania this fall. In Pennsylvania, five Amish girls were killed in a one-room schoolhouse by a milk truck driver who then turned the gun on himself." The AP adds, "Overall, fewer students reported being the victims of violent crime at school or school-sponsored events in 2004-2005, the study by the Justice Department agency show. Additionally, school-age children remain far more likely to be assaulted, raped and robbed off school grounds. … The study looked at violent crime against students over several periods of time. … The 21 killings at school-related events, between July 2004 and June 2005, targeted victims between age 5 and 18, said Katrina Baum, co-author of the 2006 Indicators of School Crime and Safety. Over the previous year, 19 people were killed. … It was not immediately clear whether all the victims were students. Still, the preliminary data indicates that students were about 50 times more likely in the 2003-04 school year to be killed away from school than at school, the report shows."

Middle America Said To Be In The Midst Of Violent Crime Wave. Time (12/11, Kingsbury, 4.03M) reports, "Violent offenses are rising in midsize U.S. cities for the first time in 10 years. A closer look at one Midwestern town shows what's behind the uptick--and why we shouldn't expect it to slow anytime soon. It's as if Milwaukee, Wis., had reverted to a state of lethal chaos. … Not only did crime suddenly begin to rise in 2005, but the most violent crimes led the trend. Homicides shot up 3.4%. Robberies, 3.9%. Aggravated assaults, 1.8%. Hardest hit were not metropolises like New York City and Los Angeles but cities with populations between 400,000 and 1 million -- such as Baltimore, Md.; Charlotte, N.C.; St. Louis, Mo.; and Oakland, Calif. -- and this year looks to see similar rates of increase, if not worse. Few places have suffered more than Milwaukee. The homicide count for the city of 590,000 fell from 130 in 1996 to just 88 in 2004. But last year, according to FBI figures, Milwaukee saw the country's largest jump in homicides -- up 40%, to 121."

US Charges Two With DC Automobile Fine Payment Scheme. The Washington Times (12/4, Mcelhatton) reports, "The D.C. Office of Inspector General is investigating a reported scheme in which stolen credit cards were used to pay fines for parking and moving violations in the District, court records show." The Times continues, "Federal authorities last week filed arrest warrants that state two persons engaged in the scheme to pay off tickets for people at half the face value of the tickets, according to court records. … An affidavit from a D.C. Inspector General investigator states the scheme involved a man identified as Lonnell Damon Duckett offering to pay off people's unpaid parking and moving-violation tickets. In return, he sought cash for up to half the value of the unpaid D.C. Department of Motor Vehicle tickets, court records show. .. .In other words, Mr. Duckett, a Transportation Department employee, would offer to wipe out $1,000 in tickets if he received $500 in cash, authorities said." The Times adds, "The second person in the reported scheme has been identified as Ladonna Gray and described as Mr. Duckett's 'DMV connection,' according to court records. .. .Investigators say once Mr. Duckett received the cash, he used stolen credit-card information -- reportedly obtained from Miss Gray -- to pay the tickets. … The payments were made over the Internet, a common practice by most municipalities. … The pair was charged under a criminal statute titled fraud and related activity in connection with access devices last week in federal court. … The U.S. attorney's office filed complaints Nov. 27 against Miss Gray and Mr. Duckett."

California Man Sentenced To Seven Years In Prison For Movie Piracy. In a widely-distributed story, the AP (12/2, Gentile) reported, "A man convicted of sneaking camcorders into movie screenings and selling the pirated tapes in video stores was sentenced to seven years in federal prison Friday." Johnny Ray Gasca of Los Angeles "was convicted in June 2005 of three counts of copyright infringement as well as using a fake Social Security number and of an escape charge for fleeing his attorney's custody while awaiting trial." The AP noted, "He represented himself during a weeklong trial, saying he didn't intend to profit from his actions," but "Federal prosecutors showed the jury Gasca's diary in which he wrote that he earned up to $4,000 a week by attending the screenings. Prosecutors alleged he sold the films through small video stores or on the street. … At one point, Gasca pointed to an FBI agent in the courtroom and said, 'I'm going to prove to you he's a liar, your honor.'"

Copley News Service (12/2, Krasnowski) reported, "At the sentencing hearing, Gasca was unapologetic and maintained his innocence. He thanked lawyers who have aided him and court staff, but also took time to note 'lies' he alleged prosecutors made during his trial." Copley noted, "In an FBI search of Gasca's Hollywood apartment, agents found video duplication equipment and diaries in which he reported making as much as $4,500 a week selling pirated, prereleased movies." After his 2003 arrest, "Gasca escaped and was a fugitive for 16 months before being captured in Florida – reportedly in a hotel room containing stacks of DVDs and recording equipment."

Rural Thieves Targeting Agricultural Sector. USA Today (12/4, 1A, Kasindorf, 2.27M) reports that in a "rising wave of rural larceny, thieves are tracking commodity prices to steal everything that grows, plows or sprinkles on the USA's farms." California, "the No. 1 state in agricultural production, reports the biggest problems. Theft rings that

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kept police busy last year chasing stolen artichokes, pomegranates and diesel fuel switched this year to nuts, avocados, citrus, tractors, irrigation pipe and copper wiring, says Bill Yoshimoto, the supervising prosecutor for a 13-county Central California task force on farm crime." No "national statistics are kept on rural thefts, according to the U.S. Department of Agriculture and the American Farm Bureau Federation. Yoshimoto estimates that crops and equipment worth $1 billion will be stolen nationwide this year."

Group Warns Virginia Community About Accused Pedophile. The Washington Post (12/4, B1, Salmon) reports, "An afternoon of football watching and holiday decorating took a strange detour yesterday for some Herndon residents when they opened their doors to find strangers confronting them with troubling information: One of their neighbors is an accused pedophile." The Post continues, "Members of two groups representing victims of abusive Catholic priests went door-to-door in the neighborhood, distributing packets of information accusing a former Catholic priest who has lived there for 10 years. … 'Community notification: Protect your children from a credibly accused serial sex offender,' the packet's cover reads." The Post adds, "The 38-page sheaf of material contained information about Edward F. Dudzinski, 56, who last month was among 20 former priests accused by the Catholic Diocese of Wilmington, Del., of sexually abusing children. He served in the priesthood in the 1970s and 1980s. .. .The diocese disclosed the names in its weekly newspaper, saying that it had found 'credible or substantiated complaints of sexual abuse of minors' against the priests. It said eight, including Dudzinski, are living. Dudzinski has not been convicted of -- or charged in -- any sex-abuse crime. … In a letter accompanying the list, Bishop Michael Saltarelli of the Diocese of Wilmington said he released the names at the recommendation of a diocesan review board. … Yesterday, Dudzinski did not return calls to numbers listed for his address. Two of his roommates, who said the former priest was not at home, defended him and denounced the groups' tactics."

CIVIL RIGHTS:

Supreme Court To Consider School Desegregation Cases. The Christian Science Monitor (12/4, Richey, 59K) reports that with US classrooms "growing increasingly segregated," the Supreme Court "takes up two cases that confront the heated debate over race. On one side are those who believe affirmative action and other race-conscious programs are necessary to fight the effects of discrimination and inequality. On the other side are those who believe the Constitution mandates a colorblind approach to race relations - that government programs granting benefits based on a person's race are just as illegal as withholding benefits because of a person's skin color." The two cases concern "race-based student enrollment plans at public school districts in Seattle and in Louisville, Ky. Both plans were designed by the local school boards to voluntarily achieve racial integration to provide a diverse learning environment for the benefit of all students. Both plans are under attack by local parents who say the use of race to maintain a racial balance amounts to an unconstitutional form of government discrimination."

The Los Angeles Times (12/4, Savage, 850K) reports the outcome of the Seattle and Louisville cases "could affect hundreds of school systems across the nation, including the Los Angeles Unified School District. With the arrival of Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., civil rights lawyers believe there may be a five-member majority determined to strike down race-based integration programs." In Seattle, the school board "adopted a policy — now suspended — that gave 'nonwhite' students an edge if they sought to enroll in a popular, mostly white high school. In Jefferson County, Ky., which includes Louisville, the school district said the black student body at each elementary school should range from 15% to 50%." In both cities, "several white parents sued to have the plans declared unconstitutional after their children were barred from enrolling in the school of their choice because of their race. Though they lost in the lower courts, the Supreme Court voted in June to hear their appeals, leading many to predict the justices are poised to outlaw 'racial balancing' in the public schools."

Seattle System Shows School Assignment Practices Can Benefit Whites. The Wall Street Journal (12/4, A1, Golden, 2.04M) reports in an approximately 2300 word story that the case from Seattle before the Supreme Court was "filed by a predominantly white parents' group from an affluent Seattle neighborhood. Their children were denied admission to a majority-white school, and instead assigned to mostly minority schools." The case, "dating to 2000, has become a lightning rod for critics who say school boards go too far to try to achieve an elusive goal of racial integration. The court's rulings on Seattle and a similar case involving Louisville, Ky., schools are likely to affect hundreds of districts nationwide that use race as a factor in school assignments." But a "close look at Seattle shows that officials have frequently yielded to school-assignment pressure from white parents in pursuing another elusive goal -- middle-class participation in public schools." Even as parents "challenge a government action making room for minorities in highly-regarded schools, the later events in Seattle show another side of the picture: the ways that school-assignment practices can work to the benefit of whites. In Seattle as in other parts of the country, schools sometimes accommodate middle-class parents who push to get their children into coveted

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schools. When these middle-class parents are predominantly white, as in Seattle, the lobbying can tend to sort more white children into the most desirable schools."

Breyer Says Court Should Promote Rights Of Political Minorities. The AP (12/4, Yen) reports Justice Stephen G. Breyer "says the Supreme Court must promote the political rights of minorities and look beyond the Constitution's text when necessary to ensure that 'no one gets too powerful.'" Breyer, "a Clinton appointee who has brokered many of the high court's 5-4 rulings, spoke in a televised interview that aired one day before justices hear a key case on race in schools. He said judges must consider the practical impact of a decision to ensure democratic participation." Breyer said, "It's a Constitution that protects a democratic system, basic liberties, a rule of law, a degree of equality, a division of powers, state, federal, so that no one gets too powerful." The AP adds that on Monday, "the court will hear arguments in a pair of cases involving integration plans in K-12 schools. The legal challenge, which is backed by the Bush administration, could be among the most significant school cases since the landmark Brown v. Board of Education ruling in 1954 banned racial segregation."

NYTimes Criticizes Government For Backing Challenges To Seattle, Louisville Plans. The New York Times (12/4, 1.16M) says in an editorial, "Conservative activists are seeking to halt the completely voluntary, and laudable, efforts by Seattle and Louisville, Ky., to promote racially integrated education. Both cities have school assignment plans known as managed or open choice. Children are assigned to schools based on a variety of factors, one of which is the applicant's race." The Louisville and Seattle plans "are precisely the kind of benign race-based policies that the court has long held to be constitutional. Promoting diversity in education is a compelling state interest under the equal protection clause, and these districts are using carefully considered, narrowly tailored plans to make their schools more diverse." It is "startling to see the Justice Department, which was such a strong advocate for integration in the civil rights era, urging the court to strike down the plans."

WPost Says School Desegregation Cases Not Affirmative Action. The Washington Post (12/4, A18, 690K) says in an editorial that the justices "may be tempted to see the" Seattle and Louisville cases "as the latest showdown over affirmative action. One side casts the matter as a simple issue of governmental race-consciousness; the other talks of diversity. Yet the programs at issue are not classic racial preferences. They deserve to be considered -- and upheld -- for what they are." These programs "use race in a fashion quite different from those that have inspired the court's skepticism in the past. While the Louisville and Seattle programs differ, neither gives members of any particular race a boost at the expense of any other. Rather, the programs respond to residential segregation patterns by giving minority students preference in preponderantly white schools and white students preference in preponderantly minority schools."

Nearly Two-Thirds Of Those Shocked With Tasers In Houston Are Black. The Los Angeles Times (12/4, Bustillo) reports from Houston, "Fred Weary, a pro football player for the Houston Texans, was driving his maroon Chevy Impala SS last month when he was pulled over by police after failing to signal that he was changing lanes. … What happened next is in dispute. Police say Weary was 'verbally combative' and did not put his hands on his car when ordered. The 305-pound offensive lineman says he did what the officers told him. But one thing is clear: Like many black men in this city, Weary was zapped with a stun gun and cuffed as he lay motionless on the ground." The Times continues, "The highly publicized case has brought attention to some stark statistics about police use of Tasers in the nation's fourth-largest city: Nearly two-thirds of those shocked with the high-voltage weapons over the last two years were black. … And the resulting outcry from black community activists and a City Council member has led Mayor Bill White to call for an independent review of Taser use by the Houston Police Department. … 'The mayor took a positive first step, but what will he do when the information comes back and clearly shows that race is a direct factor in who gets Tasered?' said Quanell X, a community activist and leader of the New Black Panther Nation. 'We already know that African Americans are Tasered more often than whites.'" The Times notes, "At a town hall meeting set for today, Quanell X said, he plans to highlight cases of people shocked by stun guns — including one in which a black man who was having an epileptic seizure was Tasered for failing to comply with an officer's orders."

Sharpton Calls On Congress To Investigate Rash Of Police Shootings. In a widely-distributed story, the AP (12/4, Haines) reports from Atlanta, "Al Sharpton called for a congressional probe of police shooting policies as he joined local activists Sunday outside the home of an elderly woman killed by narcotics police officers who burst into her home. The civil rights leader said the death of Kathryn Johnston — along with the death of 23-year-old groom-to-be Sean Bell, who was shot by police on his wedding day outside a Queens strip club — is an example of 'a new sense of police recklessness' sweeping the country. … Sharpton called for the incoming Congress to address the issue. 'There seems to be a new spirit in law enforcement that they can become the judge, jury and executioner of the law on the scene,' Sharpton said." The AP notes that the FBI is leading the investigation of the Atlanta incident.

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Police Shootings Seen As Hard To Probe, Harder To Prosecute. The New York Times (12/4, Hartocollis) reports, "With Sean Bell now eulogized and buried, the emotions surrounding his death are swirling around the investigation into whether police officers committed a crime when they fired 50 bullets into Mr. Bell's car." The Times continues, "Although every investigation is different, cases like that of Mr. Bell, an unarmed black man who was killed on his wedding day, have come to follow a similar rhythm and pattern. And experts and those involved in the investigation say that through the history of those cases, they have learned that it is very difficult to convince a grand jury or a trial jury that police officers, who are empowered to defend the public with deadly force if necessary, went too far. In many cases of police shootings, with tensions high, the facts and legal fine points are difficult to isolate from a much larger context. … 'What makes these cases so hard are issues that go well beyond the incident itself,' a high-ranking official in the office of Richard A. Brown, the Queens district attorney, said last week, speaking on condition of anonymity because the investigation is continuing. … 'It's the racial tension that still exists in the city,' the official continued. 'It's the mistrust in the minority community. It's cops that are faced with danger every day and have to react in seconds. It's safe to say, if they're wrong, somebody dies' — whether a civilian or an officer. … Everyone involved knows the stakes. While the district attorney's office investigates, civil rights activists and lawyers for the victims and the police officers are struggling to shape public opinion and find witnesses who buttress their points of view."

More Commentary. In a column for the New York Times (12/4), Bob Herbert writes, "The death of Sean Bell at the hands of undercover police officers, who also wounded his two companions in their 50-shot barrage in Queens nine days ago, brought to mind a case from a few years back in which undercover cops, acting on bogus information, attacked an innocent group of young people in a car in Manhattan." The Times continues, "The cops in the Manhattan case assumed that the people in the car were lowlifes. They were all Ivy League graduates, and one is currently clerking for U.S. Supreme Court Justice John Paul Stevens. … The incident occurred about 11:30 p.m. on Jan. 10, 2000. Two men and two women who were running their own startup Internet company, MagicBeanStalk.com, were parked outside a subway station on East 14th Street, near Union Square. Without any warning, a plainclothes officer leaped out of a yellow cab with his gun drawn and rushed the car with the four young people in it. … Thinking he was being carjacked, the driver put the vehicle in reverse and tried to get away. He was blocked by an unmarked police car that had pulled up behind him. He ended up hitting both the unmarked car and the cab (which was also a police vehicle) in his unsuccessful effort to flee. … The driver, Jason Rowley, who was 25 at the time, had no idea that the man with the gun was a cop. … It turned out that the cops were acting on a mistaken computer report that Mr. Rowley's car was stolen. As frightening as the incident was, the four people in the car were lucky that none of the cops opened fire." Herbert adds, "The four people who were in the car in the Manhattan incident have since done extremely well. Ms. Sudeall, for example, graduated from law school and is now a clerk for Justice Stevens. Mr. Gilbert has established a new Internet venture based on a program he invented that predicts people's buying patterns online. It's very creepy to think how easily one or more of the four could have been killed in their encounter with the police."

Maryland Hears Challenge To Marriage Definition Law. The Washington Post (12/4, B1, Otto, 690K) reports civil rights veteran Charles Blackburn "has resumed his march for civil rights, this time beside his partner of 28 years, Glen Dehn, and 17 other gay and lesbian plaintiffs in a lawsuit asking Maryland to legalize same-sex marriage." Today, the case "goes before Maryland's highest court, where lawyers will debate whether a 33-year-old law defining marriage as between a man and a woman violates constitutional protections against discrimination. The court is not expected to rule immediately." In January, "a Baltimore Circuit Court judge ruled in favor of the plaintiffs, finding that the state's definition of marriage was discriminatory and could not withstand a constitutional challenge." The state "appealed Murdock's decision and will argue at today's hearing that the law meets constitutional muster and that questions concerning the definition of marriage would be better handled by the state legislature."

Religious Freedom Group Files Argument Against Gay Marriage. The Washington Times (12/4, Ward, 88K) reports a "national religious-freedom group has chosen the same-sex 'marriage' case to be argued today in Maryland's highest court to file its first legal argument." The Beckett Fund, "a nonprofit legal group supporting religious freedoms, argues that legalized same-sex 'marriage' could result in civil suits against churches that refuse to marry same-sex couples or refuse to hire homosexual employees." The group "also says the government might strip such churches of their tax-exempt status and of their power to license marriages."

Voting Machines Available On Market Said To Be Lacking. In a New York Times editorial observer (12/4), Adam Cohen says, "To the long list of recent Election Day horrors from butterfly ballots to six-hour lines, add 'vote flipping.' In Ohio, Illinois, New Jersey and other states last month, there were reports — some confirmed by election officials — that when voters touched the screen for one candidate, the machine registered it for another. One Florida

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Congressional race, in which the Republican won by fewer than 400 votes, is in the courts because paperless electronic voting machines may have failed to register as many as 18,000 votes." Voters who "complain about their own machines don't often get a chance to compare them with other options. But New York's boards of elections are replacing the old lever machines, and I recently went to demonstrations the city held to allow the public to try out the five finalists." But if "it comes down to waiting longer or sticking voters with illegal or unreliable machines that will undermine democracy for years to come, officials should wait, and insist on better machines. New Yorkers, and all Americans, deserve better choices than the voting machine industry is offering."

ANTITRUST:

Public Relations Battle Launched Over Airline Merger. USA Today (12/4, 1B, Adams) reports, "Delta Air Lines' creditors and a bankruptcy judge will decide whether US Airways buys Delta, but that isn't stopping both airlines from battling for public opinion." USA continues, "Both airlines have hired big names in the financial public relations business to help shape the views of Wall Street analysts, airline employees and airline customers as well as the creditors and judges. US Airways hired New York communications firm Joele Frank, Wilkinson Brimmer Katcher. Delta is using Kekst and Co., a large New York financial PR firm with longstanding ties to the airline." USA adds, "In a surprise announcement Nov. 15, US Airways publicly offered Delta's bankruptcy creditors $8 billion in stock and cash for Delta, which is in Chapter 11. Delta's management has rebuffed the offer. … The unveiling was well-orchestrated. That morning, US Airways' PR team, along with a team from Joele Frank, placed predawn phone calls to dozens of reporters and Wall Street analysts to alert them to an 8:15 a.m. conference call with CEO Doug Parker. … Meanwhile, Delta bought a full-page advertisement opposing the merger in its hometown newspaper, The Atlanta Journal-Constitution. And at the urging of its own employees, Delta ordered and distributed 50,000 red 'Keep Delta My Delta' lapel buttons. US Airways has scheduled meetings with influential newspaper editorial boards."

Oberstar To Play Key Role In Antitrust Scrutiny Of Airline Mergers. The Minneapolis Star Tribune (12/4, Fedor) reports, "U.S. Rep. James Oberstar intends to take a hard look at potential airline mergers in the coming months because he knows that fusing two carriers together often causes pain for employees and hurts some consumers. … The Minnesota Democrat already is scrutinizing the proposed US Airways-Delta merger." The Tribune continues, "Next month, Oberstar will assume the chairmanship of the House Transportation and Infrastructure Committee, where he will be well-positioned to raise concerns in the event that a wave of consolidation sweeps the airline industry next year, as some observers predict. … While airlines don't need congressional approval to merge, Oberstar's post gives him the ability to spotlight antitrust issues that the Justice Department is legally obliged to examine. … 'People are saying there is overcapacity' and that some seats should be removed from the market, Oberstar said. But he sees carriers flying with many full planes and argues 'there is a lack of substantial competition' on many routes." The Tribune adds, "Oberstar, who was reelected to a 17th House term last month, gave his assessment of the state of the airline industry and talked about his oversight role during an interview last week with the Star Tribune. … The only member of the Minnesota delegation who was serving in Congress when the airline industry was deregulated in 1978, he sees that move as a success. … 'There's no question about the success of deregulation,' Oberstar said. 'It has created seamless travel, more nonstops, more destinations, more opportunities." By taking the government out of the pricing business, consumers are saving about $6.5 billion a year on fares, he argued. … So when mergers and acquisitions and leveraged buyouts are considered,' Oberstar said, 'my first thought is: Is the result going to be undoing the consumer benefits of deregulation?'"

South African Edgars In Talks With Blackstone, Bain, KKR. The Wall Street Journal (12/4, A14, Singer) reports, "Edgars Consolidated Stores Ltd. of South Africa is in talks with Blackstone Group, Bain Capital and Kohlberg Kravis Roberts & Co. on a potential $3 billion deal that would be the largest private-equity buyout in that country, according to people familiar with the situation." The Journal continues, "The emergence of the largest U.S. private-equity firms as possible buyers of one of South Africa's biggest retail groups illustrates how the booming sector is scouring further afield to deploy the billions in cash raised in recent years." The Journal adds, "Edgars Consolidated Stores, known as Edcon, said in October that it was approached by private-equity firms interested in acquiring the fashion chain, which has more than 900 stores in South Africa, Botswana, Namibia, Swaziland and Lesotho. Founded in 1929, the Johannesburg company has more than 20,000 employees and a market value of about 19 billion rand ($2.6 billion). … Some of the U.S. firms working on a potential acquisition may make a combined bid, but final decisions haven't been made, the people close to the matter said. The company has asked for firm proposals to be made in January, they said. … Edcon would be the latest in a string of potential private-equity takeovers in South Africa. Financial-service provider Alexander Forbes Ltd. received a bid by a group of investors

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led by Actis Capital LLP, and grocery chain Shoprite Holdings Ltd. has drawn potential private-equity bids."

ENVIRONMENT:

Bush Mulls Lifting Moratorium On Drilling Off Southwestern Alaska Coast. The New York Times (12/4, Barringer, 1.16M) reports, "President Bush is considering whether to lift the 17-year-old moratorium on energy drilling in the waters off southwestern Alaska, a White House spokeswoman said Sunday, which would allow oil and gas companies to try to tap into more than five trillion cubic feet of natural gas that lies beneath rich fishing grounds." The Times adds, "Last summer the Interior Department recommended reopening several areas of the outer continental shelf, including the southern part of Bristol Bay, which lies just north of where the Aleutian Islands meet the Alaskan mainland, to energy exploration." There "has been widespread speculation among environmental groups and fishing industry representatives that President Bush would end the moratorium during the lame-duck session of Congress, allowing the Interior Department to proceed with its plans to market oil and gas leases in the southern section of the bay, along the north coast of the Aleutian Islands."

Gingrich Urges House To Pass Senate Offshore Drilling Bill. In a Washington Times (12/4, 88K) op-ed former House Speaker Newt Gingrich writes that "the House should adopt Sen. Pete Domenici and Sen. Mary Landrieu's narrowly drawn bill to expand Gulf Coast oil and gas production," which "would give the Gulf states a greater share of oil revenues to rebuild and restore the vanishing coastline." Gingrich calls the bill "a good first step toward a process in which other states could apply for permission to develop new offshore oil and gas reserves in exchange for a share of the revenues." He concludes, "Instead of holding out for an impossible bill, the House Republicans would be wise to see the Senate bill as an important first step toward energy self-sufficiency through expanded offshore oil and gas production, disaster prevention and ecological restoration. Completing this in the next few weeks is an important step in the right direction."

Administration Shows "New Interest" In Alternative Energy. The Wall Street Journal (12/4, A6, McKinnon, Solomon, 2.04M) reports, "Facing increased political pressure on environmental policy at home and abroad, the Bush administration is signaling new interest in promoting alternative energies and curbing greenhouse gases." Administration "officials may push U.S. auto makers to make more vehicles that can run on ethanol and other alternative fuels. To boost availability, they are also considering a call to cut tariffs on imported ethanol." The Journal adds, "White House aides are also suggesting new openness to global-warming solutions, including the broad emissions limits they have resisted so far. The ultimate aim is to begin piecing together a framework to replace the Kyoto accord after it expires in 2012."

Study Finds Renewables Could Supply Quarter Of US Energy. The Christian Science Monitor (12/4, Clayton, 59K) reports, "Renewables could supply one-quarter of US energy by 2025, with no harm to economy, a study says. The last time renewable-energy entrepreneurs were this gung-ho, in the early 1980s, subsidies - not sales - buoyed their business plans. This time may be different." Although "most renewable fuels can't yet compete with their traditional counterparts, their costs of production are falling steadily. If the trend continues, America's energy mix by 2025 could be far greener and cleaner - without damaging the economy - than most analysts could have anticipated a few years ago." A November report by the RAND Corp. "estimated that if the cost to produce renewable energy continued to fall at its current rate, renewables could provide 25 percent of the nation's power by 2025 at no additional cost to the economy and perhaps even save money."

Link Between Pollutant, Hormone Systems Studied. The Washington Post (12/4, B1, Fahrenthold) reports, "Growing evidence that chemicals in the environment can interfere with animals' hormone systems -- including the discovery that male Potomac River fish are growing eggs -- has focused the attention of environmentalists and scientists on a new question: Are humans also at risk?" The Post continues, "A decade ago, the very idea that pollutants could interfere with a body's chemical messages was near the fringes of science. But now, it is an urgent topic for lawmakers and researchers around the world, and especially in the Washington area. … In recent years, researchers have linked some common chemicals to troubling changes in laboratory rodents and wild animals, including reproductive defects, immune-system alterations and obesity." The Post adds, "For now, no connections to human ailments have been proved. But some studies have provided hints that people might be affected by crossed hormones, and activists wonder if this kind of pollution could contribute to diabetes, birth defects and infertility. … The Metropolitan Washington Council of Governments is planning to host a public forum about hormone-disrupting pollution this spring. U.S. Reps. James P. Moran Jr. (D-Va.) and Chris Van Hollen (D-Md.) have said they plan to press the Environmental Protection Agency about its failure to develop a program to test chemicals for hormonelike effects, as ordered by Congress in 1996." The Post notes, "The idea that natural hormone messages can be tampered with is not new; for decades, women using birth-control pills have been counting on a man-made chemical to do just that. .. .But the current concern is

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much wider: Some fear that modern chemistry might have unwittingly created other compounds with hormonelike effects and that they might have spread widely around the globe."

WSJournal Sees Senators' Letter As Part Of Campaign Against Global Warming Dissent. In an editorial, the Wall Street Journal (12/4, 2.04M) writes, "Washington has no shortage of bullies, but even we can't quite believe an October 27 letter that Senators Jay Rockefeller and Olympia Snowe sent to Exxon Mobil CEO Rex Tillerson. Its message: Start toeing the Senators' line on climate change, or else." The Journal adds, "On the one hand, the Senators say that everyone agrees on the facts and consequences of climate change. But at the same time they are so afraid of debate that they want Exxon to stop financing a doughty band of dissenters who can barely get their name in the paper." The "letter is of a piece with what has become a campaign of intimidation against any global warming dissent." The Journal writes, "A windfall profits tax is in the air, and we've seen what happens to other companies that dare to resist Congressional intimidation. It's to Exxon's credit that, in its response to the Senators, the company said that it will continue to fund free market research groups because 'there is value in the debate' that helps promote 'optimal public policy decisions.' Too bad that's not what the Senators care about."

The Wall Street Journal (12/4, 2.04M) prints excerpts from the senators' letter, which says, "Exxon Mobil's longstanding support of a small cadre of global climate change skeptics, and those skeptics' access to and influence on government policymakers, have made it increasingly difficult for the United States to demonstrate the moral clarity it needs across all facets of its diplomacy." The Senators "recommend that Exxon Mobil publicly acknowledge both the reality of climate change and the role of humans in causing or exacerbating it," "repudiate its climate change denial campaign and make public its funding history," and devote "at least some of the money it has invested in climate change denial pseudo-science to global remediation efforts."

NYTimes Says USDA Should Not Categorize Wild Salmon As Organic. The New York Times (12/4, 1.16M) says in an editorial, "The Department of Agriculture routinely distinguishes between organic carrots and the regular kind when it decides whether to grant an 'organic' label. But it has gotten into trouble recently over how to decide whether a fish — especially a fish like salmon — is organic or not. The fishing industry is eager to call wild salmon 'organic,' as a way of denoting quality to consumers. But there's a problem. Carrots are either grown organically — without conventional pesticides — or they're not. A wild carrot, to most people, is barely a carrot, but the flower called Queen Anne's lace." Fish "can be as organic as the finest pasture-raised organic pig farm or as inorganic as a hog confinement operation. Let's use the word 'organic' as a way to distinguish between them, all the while hoping that there remain wild salmon out in the oceans, beyond any of our categorizing."

FBI/DEA/ATF/USMS:

Reporting On Meth Awareness Day Continues. The Boston Herald (12/1) reported, "The Hub is winning the war on crystal methamphetamine thanks to lessons learned from battles waged in the meth-gripped West and Midwest, a top federal drug official said yesterday, but she warned that the addictive drug is on a destructive march toward the East Coast. 'We've been fortunate in New England,' June W. Stansbury, special agent in charge of the U.S. Drug Enforcement Administration in New England, said on the first National Methamphetamine Awareness Day. … The Combat Methamphetamine Act of 2005 has tremendously curbed the production of home-grown meth now that common cold medications containing the ingredients ephedrine, pseudoephedrine and phenylpropanolamine must be kept behind pharmacy counters, Stansbury said."

The Southern Illinoisan (12/2) reported DEA agent Roger Ehler "answered much more specific questions Thursday when he came to address a criminal justice class at John A. Logan College on Thursday. It was National Meth Awareness Day, and many of the students were already quite aware." Ehler "followed up by discussing current trends in meth use in Southern Illinois. The good news is small-batch meth labs are declining in the wake of legislation limiting the availability of pseudoephedrine, a key ingredient in meth production. The bad news is imported meth, a more pure form known as ice or Mexican dope, is slowly on the rise."

Meth Labs Found In New York. The New York Daily News (12/3, Fenner, Moore) reported Meth "is moving up in society. Experts say methods for 'cooking' the drug have become less noxious over the past decade, making meth labs a friendlier fit for apartment buildings like the one on Manhattan's East Side, where federal agents announced a bust last week. 'Back in the day, cooking meth was a very smelly process,' said Steve Robertson, special agent and spokesman for the DEA. 'That's why meth labs would go into rural areas. You would have them out in little shacks out on farms or ranches.' Agents from his agency announced Thursday - National Meth Awareness Day - that they had busted a clandestine meth lab at a high-rise on E. 39th St. They also announced nine other meth lab busts in the city and on Long Island." The New York Daily News story also was used by the Contra Costa Times, Kansas City Star, and San Luis Obispo Tribune.

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Manchester, Connecticut's Journal Inquirer (12/1) reported DEA officials "say meth, which affects the central nervous system, has 'a phenomenal rate of addiction, with some experts saying users often get hooked after just one use.' The U.S. Drug Enforcement Agency says 80 percent of meth is smuggled into this country from Mexico. … And on Thursday, DEA officials announced the arrest of 10 people who they say operated meth labs in New York City and on Long Island."

On its Web site, NY1, New York (12/4) reports, "Special Agent [John] Gilbride says that methamphetamine has become the crack of the 21st century. He says it is a drug that is now affecting the lower, middle, and upper classes. 'Methamphetamine cuts across all sections of society,' said Gilbride. 'There is not one type of individual, one type of group that manufactures methamphetamine.'"

US Attorney Notes Rising Use, Trafficking Of Meth On Coloado's Reservations. In the Rocky Mountain News (12/2), Troy A. Eid, U.S. Attorney for the District of Colorado, wrote, "Taken together, the murder rate for Colorado's two Indian nations is 20 times higher than the state average. … Yet another challenge involves the rising use and trafficking of methamphetamine on Ute Mountain Ute and Southern Ute reservations. Gangs based off-reservation sometimes offer free samples of crystal meth…specifically targeting Native American people." Leaders from the FBI, Drug Enforcement Administration, U.S. Attorney's Office, and other federal agencies "are working more closely than ever before with the elected leaders of the Southern Ute and Ute Mountain Ute tribes and their representatives."

Maryland Couple Sentenced For Running Drug Courier Business. The Baltimore Sun (12/2, Dolan) reported, "An emigre in the United States recruited Hopkins Appau back in Africa to swallow dozens of pellets filled with heroin. He boarded a plane, arrived in Baltimore and greeted his American bosses from his motherland -- a longtime Washington municipal employee and his immigrant wife living in a suburban townhouse. A U.S. District Court judge in Baltimore sentenced the couple, Godfrey Bonsu, 44, and his wife, Victoria Boateng, 42, both of Bowie, to lengthy prison terms…for running a drug courier business out of a Takoma Park Quality Inn." Bonsu "received a 14-year prison term while Boateng was ordered to prison for slightly more than 11 years." Law enforcement agents "use a variety of techniques to catch such drug couriers. 'Sometimes we have intelligence provided by an informant or you see that something is wrong with a person,' Drug Enforcement Administration Special Agent Steve Robertson said in an interview shortly after the Bonsu-Boateng convictions in February."

Police Officer In Pennsylvania Faces Drug-Trafficking Charges. Wilkes-Barre, Pennsylvania's Citizens Voice (12/2) reported a part-time township police officer who "also worked in other communities was arrested Friday on federal drug trafficking and illegal handgun possession charges. Patrolman Charles M. Byra Jr., 28, a township resident, was charged with possession of crack cocaine and marijuana with intent to sell and with carrying a stolen gun, which he allegedly used while drug trafficking. … The arrest follows an investigation by the U.S. Drug Enforcement Administration and the state police that spanned most of this year."

The Harrisburg (PA) Patriot-News (12/3) reported Byra "was charged in U.S. District Court in Scranton on Friday with possession with intent to distribute crack cocaine, possession with intent to distribute marijuana, possession of a firearm during a felony drug trafficking transaction and possession of a stolen firearm."

Wilkes-Barre's Times Leader (12/2) reported, "A source close to the investigation said Byra was arrested on suspicion he stole evidence connected to mainly drug cases when he worked as a part-time officer in Dupont earlier this year."

Mitchell Says Baseball's Steroids Investigation Stymied By Lack Of Cooperation. In its Baseball section, the New York Times (12/2, Curry) reported George Mitchell, the former Senate majority leader who "is leading an investigation into steroid use in baseball, said in a statement…that some parties he would not name had not cooperated with investigators. Because of that lack of cooperation, Mitchell said, it will take longer to complete the investigation. … Several team officials have given testimony, but no players have acknowledged speaking with Mitchell."

The AP (12/1) reported Mitchell "said his probe into steroid use in baseball has been delayed because he lacks power to order testimony."

US Drug Laws Said To Be In Need Of Reform. In the Washington Post (12/4, A19, 690K), Kevin A. Sabet, a fellow at National Development and Research Institutes Inc. in New York, writes about US drug laws and says, "No serious drug policy analyst can look you in the eye and tell you that our only alternatives are strict prohibition or lax legalization. There is, in fact, a comfortable position closer to the middle: We can reform the worst parts of our laws without fearing massive increases in drug use. Erasing or dramatically closing the gap between the sentences for crack cocaine and powder cocaine is a good example of this."

Philadelphia Inquirer: Updated Laws Could Prevent Internet Drug Trafficking. The Philadelphia Inquirer (12/2) editorialized, "Almost anyone with an e-mail address has received those annoying spam messages offering

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prescription drugs without a prescription. Stopping these illicit cyber drug rings requires dedicated, technologically savvy law enforcement agents and a high level of cooperation among federal, state and local authorities. Fortunately, that's exactly what happened in Operation Cyber Chase, an investigation led by the Drug Enforcement Administration. … Tougher, updated laws could help slow the flow of illegal controlled substances. Federal law enforcement authorities work under the auspices of the 1970s-era Controlled Substances Act, enacted long before the Internet came into use."

Afghanistan Opium Production Sets Record. The Washington Post (12/2, A1, Deyoung) reported Opium production in Afghanistan "broke all records in 2006, reaching a historic high despite ongoing U.S.-sponsored eradication efforts, the Bush administration reported yesterday. In addition to a 26 percent production increase over past year -- for a total of 5,644 metric tons -- the amount of land under cultivation in opium poppies grew by 61 percent. Cultivation in the two main production provinces, Helmand in the southwest and Oruzgan in central Afghanistan, was up by 132 percent. … White House drug policy chief John Walters called the news 'disappointing.'"

The Washington Times/UPI (12/2) reported, "In addition to a 26-percent production increase over past year -- for a total of 5,644 metric tons -- the acreage used for opium poppies grew by 61 percent, the White House said."

IMMIGRATION:

Next Congress Expected To Pass "Amnesty" Immigration Bill. The Washington Times (12/4, Hurt, 88K) reports Congress will "approve an immigration bill that will grant citizenship rights to most of the 12 million to 20 million illegal aliens in the U.S. after Democrats take control next month, predict both sides on Capitol Hill." While Republicans have "been largely splintered on the issue of immigration reform, Democrats have been fairly unified behind the principle that the illegals currently in the country should get citizenship rights without having to first leave the country." Democrats in "both chambers say they will start with some form of legislation first drafted by Sens. John McCain, Arizona Republican, and Edward M. Kennedy, Massachusetts Democrat, which was the basis for the bill that was approved earlier this year by the Senate." But House Republicans "and many outside Congress derided that bill as 'amnesty' for allowing illegals to remain in the U.S. and eventually become citizens. Democrats say it's not amnesty because aliens must pay a fine and wait years before becoming citizens."

TAX:

Tester Claims Tax Policies Discriminate Against Small Businesses. In an interview with U.S. News and World Report (12/11, 2.03M) Sen.-Elect Jon Tester says, "If you look at what has built this country, it has been small business and working families. They are critical to the economic success of the country. We're a mom and pop operation. Some of the things we experience are regulations set up more from a big-business standpoint. Small business is taxed with potential accounting measures set up for Enron and things like that. … You have to make sure you're not putting undue burden on small business from a tax and regulation standpoint." Asked, "It looks as if the federal minimum wage will climb next year. What effect will that have on small companies," Tester replied, "I don't think that's going to impact small business in the least. It's so minimal you can't get good people at that wage level. If you are going to have someone stay with you any length of time, you are going to have to pay them more."

CONGRESS-ADMINISTRATION:

Conservatives Urge Bush To Continue Nominating Conservatives For Judgeships. U.S. News and World Report (12/11, Halloran, 2.03M) reports, "With newly powerful Democrats like New York Sen. Charles Schumer of the Judiciary Committee vowing an end to 'the days of hard-right judges,' the nominee game has become far more complicated. … The new dynamic has unleashed speculation over whom President Bush may consider if he gets another opportunity to nominate a Supreme Court justice…during his remaining two years. And it has reinvigorated strategy sessions on all sides to assess the many 'what if's.'" Leonard Leo of the Federalist Society "is already urging Bush to stick with his strategy of picking nominees that please the right, even without a GOP Senate majority. 'No matter who he nominates, it's going to be a firefight,' said Leo, a behind-the-scenes player in the administration's judicial nomination strategy. … He and others on the right believe that if the president has the opportunity, he'll nominate a woman. And the top name on their list is Edith Hollan Jones of Texas."

Lame Duck Congress To Use Continuing Resolution To Fund Government. The New York Times (12/4, Hulse, 1.16M) reports Republicans "intend to conclude the 109th Congress this week and leave Democrats stuck with the tab in the form of unfinished spending bills as the days of Republican rule draw to a close on Capitol Hill."

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Congressional leaders "said election losses had sapped Republican enthusiasm for trying to finish nine spending measures that were due Oct. 1. Congress will instead pass a stopgap measure to keep the government running until mid-February, leaving the fiscal tangle for the new Democratic majority to sort out next year." However, the GOP will "try to record some final accomplishments as they intend to adjourn by Friday." They would "like to extend a number of popular tax breaks rather than see Democrats get credit for restoring them next year. House Republicans also plan to try to push through an expansion of offshore oil and gas drilling opportunities and will take a symbolic anti-abortion vote before Democrats, many of whom support abortion rights, take control in January."

The Christian Science Monitor (12/4, Chaddock, 59K) reports that while there is "a vast unfinished agenda in the 109th Congress, including most of the fiscal 2007 spending bills, immigration reform, ethics rules for lawmakers, an offshore drilling bill, a fix for President Bush's warrantless wiretapping program, and an omnibus trade and tax package," after an "election that shifted control of the House and Senate to Democrats, there's little political will to complete it this session." Congress is "likely to punt on approving at least nine of the 12 spending bills for the fiscal year that began on Oct. 1. All that means heavy lifting for Democrats in the 110th Congress, who will have to deal with old spending bills even as they are rolling out a signature agenda for the first 100 legislative days." But while "expectations are fading for spending bills, the Senate is on track to confirm former CIA director Robert Gates as Defense secretary."

WPost Criticizes GOP For Failure To Pass Appropriations Bills. The Washington Post (12/4, A18, 690K) says in an editorial that the congressional Republicans were "happy to dump $460 billion in unfinished business on the new Democratic majority. One political plus for them is that the leftover mess threatens to snarl the Democrats' already full agenda at the start of the 110th Congress. Another is that it could force the new leaders to an early and unpleasant choice about whether to live within the Republicans' spending ceiling or look like hypocritical big spenders and risk a presidential veto. We understand the political temptation to do mischief by doing nothing, but this is a gross abdication of lawmakers' fundamental responsibilities."

Gates' CIA Record On Intelligence Raises Concerns. On its front page, the Washington Post (12/4, Smith, 690K) looks back at Defense Secretary-designate Robert Gates' tenure as CIA director. During his 1991 confirmation hearings, "Gates -- a brilliant, smooth-operating Soviet specialist -- lost some of his luster. CIA colleagues came forward to testify that he had kowtowed to the wishes of his superiors and had manipulated intelligence to suit White House policy. Questions also arose about his involvement in the Reagan-era Iran-contra scandal." He "eventually won confirmation and held the CIA director's job for 14 months; even his critics describe it as a reasonably successful, modernizing tenure." But "the concerns expressed about Gates then have echoes in the contemporary debate over the alleged tailoring of intelligence analysis to serve political ends, an issue at the heart of criticism of the war in Iraq."

The Los Angeles Times (12/4, Spiegel, Barnes, 850K) says Gates "appears to some an odd choice" to replace Secretary Donald Rumsfeld, "given the Pentagon's rocky and occasionally divisive atmosphere under Rumsfeld. For much of Gates' career, critics and even some admirers have likened him to the imperious Rumsfeld and his close administration ally, Vice President Dick Cheney. 'Gates was making it clear to analysts what intelligence they were to produce,' said Thomas Blanton, director of the National Security Archive, a nonprofit institute that gathers and analyzes declassified documents. 'It's a chilling record, because you have two main themes of the Iraq war present in Robert Gates' career at CIA: the arrogance and bullying of a Rumsfeld and the intelligence cherry-picking of a Cheney.'"

Questions For Gates Proposed. The New York Times (12/4, A25, 1.16M) offers questions for Gates from ex-Defense Secretary William Cohen, Harvard's Samantha Power, ex-Army Lt. Gen. Donald Kerrick, ex-Defense Secretary Melvin Laird, the American Enterprise Institute's Danielle Pletka, and the Naval Postgraduate School's Kalev Sepp. Among the topics: procurement financing, NATO commitment to Iraq and Afghanistan, DOD intelligence spending, human rights, Darfur, relations with the Joint Chiefs of Staff, relations with Congress, the military personnel budget, and DOD's role in the war on terror.

Gates Urged To Avoid "Psychological Entrapment" On Iraq. The Washington Post (12/4, A2, Vedantam, 690K) writes about the notion of "psychological entrapment," the idea that "when you invest yourself in something, it is exceedingly difficult to discard your investment. What is devilish about entrapment is not just that it can result in ever greater losses, but that those losses get you ever more entrapped, because now you have even more invested. … What does this have to do with the Gates confirmation?" The US experience in Iraq is seen by one expert "as a perfect example of psychological entrapment -- on a national scale."

Gates Said To Face Serious Time Constraints In Effort To Bring Change To DOD, Iraq. Under the headline "Next Defense Secretary Must Hit Ground Running," USA Today (12/4, 7A, Brook, Kelley, 2.27M) says Gates "will have to act fast -- within months, analysts and retired officers say -- to effect change at the Pentagon and in Iraq." Hearings on the Gates nomination begin tomorrow, and he is expected to

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be confirmed. Sen. Jack Reed said, "He has to be able to go in immediately and make changes. … He has to thoroughly re-examine the policy and strategy in Iraq. That's the most pressing and immediate priority." Cohen also said Gates "has to work closely and quickly with Congress to be successful."

Democrats Who Opposed Iraq War Resolution Moving Into Powerful Posts. The Washington Post (12/4, A4, Pincus, 690K) writes, "Although given little public credit at the time, or since, many of the 126 House Democrats who spoke out and voted against the October 2002 resolution that gave President Bush authority to wage war against Iraq have turned out to be correct in their warnings about the problems a war would create." And now, "many of those lawmakers will move into positions of power. They include not only members of the new House leadership but also the incoming chairmen of the Appropriations, Armed Services, Budget and Judiciary committees and the Select Committee on Intelligence."

Putnam Expected To Play Outsize Role Within GOP House Leadership. U.S. News and World Report (12/11, Brush, 2.03M) reports Rep. Adam Putnam "is one Republican for whom 'stay the course' has proved a winning strategy. Yes, he's still a youngster. He's not a household name, and he doesn't grab all the headlines, even back home in Florida. But having just won a fourth term by garnering 69 percent of the vote, Putnam is racing up the Capitol Hill pecking order. Republicans bumped him up again last month to chair of the House Republican Conference, the No. 3 GOP position in the House, in effect the communications maestro behind Minority-Leader-to-be John Boehner and Minority Whip Roy Blunt. Putnam was tapped to boost a beleaguered party. How well he does with that assignment may help determine the GOP's future. And it may have a major bearing on Adam Putnam's political future as well."

Thompson Expected To Prove Troublesome For DHS. U.S. News and World Report's Washington Whispers column (12/11, Bedard) reports, "Here's one thing the Department of Homeland Security can expect when Democrats take control of the Congress this January: Questions, and lots of 'em, from Rep. Bennie Thompson, the Mississippi Democrat taking the reins of the House Homeland Security Committee. At one point this year, Thompson had 100 requests for info pending at DHS. … Why so many letters? 'If the department was proactive in communicating with us,' he sniffs, 'we probably wouldn't need to write so many.'"

Heritage Foundation Seeks Meeting With Congressional Democrats. The Washington Times (12/4, Lambro, 88K) reports the Heritage Foundation, "seeing new opportunities to advance its conservative agenda in next year's Democratic Congress, wants to talk with Democratic leaders about where they might find common ground." The prospect of "the conservative think tank, whose ideas fueled President Reagan's policies in the 1980s, sitting down with some of the Democrats' most liberal leaders to discuss taxes, spending and health care might sound far-fetched in the immediate aftermath of a bitter midterm election. But a senior Heritage official says, 'We are actively soliciting a chance to sit down and discuss our ideas with them,' and Democrats say they are more than willing to get together." Letters "seeking a meeting for a frank exchange of ideas quietly began going out this week to a number of House and Senate Democratic leaders, including incoming House Majority Leader Steny H. Hoyer and prospective Ways and Means Committee Chairman Charles B. Rangel." The Times adds Heritage is "not alone in thinking that some longtime adversaries of Democrats can have an effect on legislation in Congress next year. Advocacy groups, including the U.S. Chamber of Commerce and the National Federation of Independent Business (NFIB), say that potential alliances between some of the Democrats' newly enlarged centrist blocs, including the 'Blue Dogs' and the so-called 'New Democrats,' could open up opportunities for them to move some legislation in their direction."

Rangel Defends His Draft Proposal. In an interview with Time (12/11, Bacon, 4.03M) Rep. Charles Rangel is quoted as saying, "If we had had a draft, those who decided to have an elective -- rather than defensive -- strike against Iraq would not have received public or congressional support. When you're talking about war and you have no concept of anyone being lost in your family or your community, then it's human nature to be more prone to say, 'Let's fight, I'll hold your coat.' I'm serious about it. As of now, I would be satisfied to have a discussion."

FDA White Oak Project Touted As Government Success Story. The Washington Post's "Federal Diary" column (12/4, D1, Barr) reports, "The headquarters consolidation of the Food and Drug Administration, on 130 acres in suburban Maryland, appears on track to become one of the government's most successful construction and development projects." When the "project is completed, probably in 2011, about 7,700 FDA employees and contract workers will be located at White Oak, off New Hampshire Avenue in Silver Spring. Congress estimates the General Services Administration, which owns the property and is managing the construction, will spend about $900 million on

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buildings and site improvement." The Post adds, "The decision to recruit the FDA to White Oak set off a decade-long struggle to obtain funding for planning, design and construction." Funding "came in fits and starts, as is often the case when Congress has competing budget priorities. For example, the fiscal 2007 appropriation for White Oak -- $178.5 million -- is on hold until Congress determines how to revive spending bills that have stalled in the lame-duck session. Still, the project has gained momentum through the years."

White House, State Department Host Kennedy Center Honor Recipients. On the front page of its Style section, the Washington Post (12/4, C1, Johnson, 690K) reports on the State Department dinner held "on the eve of last night's Kennedy Center Honors gala." The Post notes that Secretary of State Condoleezza Rice, wearing an "emerald gown" and a "big smile," welcomed the honorees at the gala "where the arts world's biggest stars and Washington's brightest bulbs celebrate together." The New York Times (12/4, A22, Chmela, 1.16M) calls the Kennedy Center Honors the "paramount event on the Washington cultural calendar, with events at the State Department and the White House" and notes that President and Mrs. Bush attended the Kennedy Center program on Sunday evening after a reception at the White House. USA Today (12/14, 2.27M) also reports the story.

Krugman Praises Webb For Snubbing Bush. In his New York Times column (12/4), Paul Krugman notes Sen.-elect James Webb's recent snub of President Bush, who had asked about his son, a Marine lance corporal, adding, "Good for him. We need people in Washington who are willing to stand up to the bully in chief. Unfortunately, and somewhat mysteriously, they're still in short supply. You can understand, if not condone, the way the political and media establishment let itself be browbeaten by Mr. Bush in his post-9/11 political prime. What's amazing is the extent to which insiders still cringe before a lame duck with a 60 percent disapproval rating." Krugman cites the example of the Iraq Study Group, which "watered down its conclusions and recommendations, trying to come up with something Mr. Bush wouldn't reject out of hand."

Bush Said To Be Mostly Uninterested In His Legacy. U.S. News and World Report's Washington Whispers column (12/11, Bedard) reports, "Now here's a real shocker. The Bushies aren't eager to start talking legacy about their prez yet . 'Really,' says one, 'he's not obsessed with his legacy.' Aides describe President Bush as the polar opposite of former President Bill Clinton, who was reportedly focused on his legacy the minute he was re-elected in 1996. We know how that went. Bush's doesn't look pretty either, but insiders say he's taking the long view and for proof note how his recent reading list included three George Washington bios."

OTHER NEWS:

Employment, Manufacturing Sectors Both Show Weakness. The Wall Street Journal (12/4, Gerena-Morales, 2.04M) reports the "job market seems to be humming as the unemployment rate hovers at a five-year low. Indeed, Federal Reserve officials have cited it as a sign of vigor that could stoke inflation." The "unemployment rate fell to 4.4% in October. However, other signals indicate the employment picture could darken. Initial claims for jobless benefits recently jumped to their highest level in more than a year. Payroll growth has eased this year to a monthly average of 147,000 net new jobs, from last year's 165,000. Just 92,000 jobs were created in October." Data "released Friday by the Institute for Supply Management show that the decline in manufacturing employment extends beyond the two suffering housing and auto sectors. Its employment index slipped to 49.2 in November from 50.8 in October. Readings below 50 indicate a contraction." Economists "say the health of the economy and job market through next year hinges mainly on how quickly the auto and housing sectors can pare the excess inventories that are forcing them to cut production, and the effect of the housing market's slump on other sectors. They will scrutinize the November jobs report, due out Friday, for insight."

The Washington Times (12/2, Hill, 88K) reports, "Economic weakness spread beyond the stricken housing and auto sectors last month, with reports showing U.S. manufacturing shrank for the first time in 31/2 years and construction dropped the most since the September 11, 2001, terrorist attacks." US industries "broadly cut back production, adding to factory shutdowns caused by deepening recessions in auto- and housing-related industries such as wood, furniture and appliances, according to a report yesterday from the Institute for Supply Management." The "unexpected decline in construction of offices and other business facilities in October added to a record string of drops in housing construction of more than 1 percent in the last seven months to cause the biggest drop in construction spending in six years, the Commerce Department said yesterday." David Wyss, "economist at Standard & Poor's Corp., noted that the downbeat tone of recent economic news contrasts sharply with upbeat assessments this week coming from Fed Chairman Ben S. Bernanke and other Fed officials. Mr. Wyss said there is cause for worry."

Minimum Wage Hike Unlikely To Boost Wages For Many In Metro Washington. The Washington Post (12/4, D1, Rosenwald, 690K) reports "increasing the federal

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minimum wage might be irrelevant for many" of the Washington, DC area's "workers and employers, given the extent to which market forces -- high demand for labor, low unemployment and the lofty cost of living -- have already raised the floor for hourly salaries. According to federal data, the median hourly pay for all workers in the Washington-Arlington-Alexandria area is $19.14 -- about 72 percent higher than Lubbock, Tex., where it is $11.13." So are "'most other big job centers around the country, with only about 520,000 people nationwide making the federal minimum of $5.15 an hour, a rate that hasn't gone up in a decade and has led some 28 states and the District to pass their own increases."

New Discovery Rules Call For Stricter Retention Requirements For E-Documents. The AP (12/4) reports, "U.S. companies will need to know more about where they store e-mails, instant messages and other electronic documents generated by their employees in the event they are sued because of changes in federal rules that took effect Friday, legal experts say." The AP continues, "The changes, approved by the Supreme Court's administrative arm in April after a five-year review, require companies and other parties involved in federal litigation to produce 'electronically stored information' as part of discovery, the process by which both sides share evidence before a trial. … Federal and state courts have increasingly been requiring the production of such evidence in individual cases. The new rules clarify that the data will be required in federal cases." The AP adds, "Under the new rules, an information technology employee who routinely copies over a backup computer tape could be committing 'virtual shredding' once a lawsuit has been filed, said Alvin F. Lindsay, a partner in the Miami office of Hogan & Hartson whose legal expertise is in technology and litigation. … Companies still could routinely purge their archives if the data aren't relevant to cases the companies have pending or expect to face, though specific sectors such as financial services remain governed by other data-retention rules. … The new rules make it more important for firms to know what electronic information they have and where, especially because of a provision that requires lawyers to provide information much earlier than before on where clients' data are stored and how accessible they are. … Besides e-mail, companies will need to know about things more difficult to track, such as digital photos of work sites on employee cellphones and information on removable memory cards, said James Wright, director of electronic discovery at Halliburton Co."

Jeb Bush Expected To Play Major Role In GOP Politics. The Wall Street Journal (12/4, A1, Cooper, 2.04M) reports in a front page story that the Republicans "pondering a political shift to the middle after their losses in midterm elections might consider the example of Florida Gov. Jeb Bush before setting their course." Gov. Bush, "who is stepping down this month because of term limits after eight years in office, has a track record as one of the nation's most socially and economically conservative politicians, yet he enjoys a nearly 65% approval rating in a state where registered Democrats outnumber Republicans. His brand of conservatism -- a mix of conservative political stands and activist governance -- has paid off for him in a way it hasn't for his brother in the White House." And Jeb Bush's "public support in a key swing state, his recent launch of a political advocacy group and the departure of two of his high-level aides to join the possible presidential campaign of another conservative governor suggest Mr. Bush will exert substantial influence over his party in the 2008 election and beyond." At "the least, he looks likely to be a significant power broker, despite the heavy toll the Iraq war has taken on his older brother's public-approval rating. The younger Bush has said he has no plans to seek the presidency in 2008. But he hasn't been as assertive in batting down persistent speculation among his closest backers that he might consider the No. 2 spot on a presidential ticket." While the Governor has "been vague about his own plans, there are few secrets about where his sympathies lie for 2008. Two of his chief political operatives have allied themselves with Republican Gov. Mitt Romney of Massachusetts, who is considering a presidential bid."

GOP Governors Ponder Party's Future After Midterm Losses. The Washington Times (12/4, Hallow, 88K) reports some Republican governors, meeting in Miami, "wonder whether their party can realistically hope to regain majorities in Congress, the governors mansions and state legislatures, given that the unpopular Bush administration's lease on the management of government has two more years to run." Republican governors, "whose numbers went from a high of 32 in 1998 to 28 last year, generally agree that the reasons they are down to 22 after last month's elections are the Iraq war and the general tarnishing of their party's brand image." Gov. Haley Barbour of Mississippi said, "The war in Iraq hurt even at the gubernatorial level, even at the state level." Barbour said "he and other members of the Republican Governors Association were told in a closed meeting that polling showed that 20 percent of people who voted in the governors' races said Iraq was a major issue in their vote." Some Republican strategists "attending the conference said privately that they suspect it is, as one of them put it, 'silly' to think about taking back the House and Senate and winning a majority of governorships with the Bush administration still in power."

Possible Social Conservative-Libertarian Split Seen Within GOP. In his Washington Post column (12/4, A19), Sebastian Mallaby says that through a variety of

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transformations, the Republican Party "has sustained its big-tent coalition. The question in the wake of its election thumpin' is whether the tent will split. You can see this possibility in "Liberaltarians," an essay in the New Republic by Brink Lindsey, the director of research at the libertarian Cato Institute. Lindsey is not merely joining the large crowd of disenchanted conservatives who believe that the Republican Party has betrayed its principles -- spraying money at farmers, building bridges to nowhere and presiding over the fastest ramp-up in federal spending since Lyndon Johnson. Rather, Lindsey is taking a step further, arguing that libertarians should ditch the Republican Party in favor of the Democrats." Having "ticked off the first things on their to-do list, Christian conservatives now press for affirmative state action on behalf of traditional values: amendments to the constitution to bar gay marriage, government efforts to teach abstinence, federal payments to faith-based groups. All these policies appall libertarians."

Presidential Candidates Face Tough Congressional Season. The AP (12/4, Kuhnhenn) reports a number of likely presidential candidates in Congress "next year face votes on appropriations, budgets and trade — all of which present potential pitfalls in a presidential campaign." Congress also "could consider immigration and Social Security legislation, two issues that attract widespread public interest as well as alarm. Hanging over all that will be Iraq." So far, "six Democratic and three Republican senators are weighing whether to run for president in 2008. Two House Republicans also are in the mix. The race is off to an early start, with potential candidates setting up their campaign and fundraising operations and seeking early media exposure." For the Democrats "in particular, that amounts to serious multitasking." At least three — "Sens. Joe Biden of Delaware, Christopher Dodd of Connecticut and John Kerry of Massachusetts — will be committee chairmen in the Senate. Two other senators — Hillary Rodham Clinton of New York and Evan Bayh of Indiana — are in line to head two subcommittees, where much legislation originates." Former South Carolina Democratic Party Chairman Dick Harpootlian said, "It's going to be interesting to see if those folks who are in the Senate and who now have the responsibility to chair committees, to sort of run the show, whether their attention will be captured by the Senate or whether they will make time to come campaign." The AP adds the GOP and Democratic senators "will face difficult choices on the Senate floor. Democrats have pledged to budget frugally, spending or cutting taxes only if the money can be made up elsewhere." That is "a tall order given their desire to increase spending on education and fix the alternative minimum tax, intended to ensure the wealthy do not avoid taxes through loopholes."

Obama Roils Democratic Field As Clinton, Bayh Step Up '08 Efforts. The New York Times (12/4, Nagourney, 1.16M) reports Democratic Sen. Barack Obama's "announcement that he might run for president is altering the early dynamics of the 2008 Democratic nominating contest. The move has created complications for Senator Hillary Rodham Clinton as she steps up her own preparations and is posing a threat to lesser-known Democrats trying to position themselves as alternatives to Mrs. Clinton, Democrats said Sunday." Obama is preparing "for a day of campaignlike events in New Hampshire next Sunday," and at the "least, Mr. Obama's very high-profile explorations have contributed to a quickening of the pace across the 2008 Democratic field." Sen. Evan Bayh "said that he would create a presidential exploratory committee this week," and Gov. Tom Vilsack "went so far as to announce his candidacy two years before Election Day, in what his aides said was a calculated strategy to grab a moment of attention before Mr. Obama and Mrs. Clinton blot out the sun." Sen. Clinton has "been meeting in recent days with New York Democrats — including a two-hour brunch on Sunday at the Manhattan apartment of Gov.-elect Eliot Spitzer — to telegraph her own likely entry into the race, though her aides said the get-together had been planned before Mr. Obama discussed his possible run publicly." But "more than simply picking up the pace, Democrats increasingly believe that Mr. Obama has the potential of upending the dynamics of the 2008 contest more than any other Democrat who might run — short, perhaps, of Al Gore, the former vice president, whom some Democrats are pressing to run."

ABC World News (12/3, story 6, 0:25, Kerley, 8.78M) reported, "There are strong, new signals that Senator Hillary Clinton is getting set to make a White House run. One of her top advisers says Clinton has personally asked other New York Democrats for their support and is interviewing possible campaign staffers."

NBC Nightly News (12/3, story 9, , Siegenthaler, 9.87M) reported, "There's word tonight that Hilary Clinton maybe preparing to make a bid for the White House. The 'New York Times' reports that Senator Clinton is signaling to key New York politicians that she's likely to win for the presidency in 2008. Senator Clinton has personally asked some top state Democrats for their support."

USA Today (12/4, 2A, Lawrence, 2.27M) reports Sen. Clinton is "ramping up preparations for a 2008 presidential run, talking to political colleagues in New York and interviewing potential staff. A final decision is expected early next year." Clinton adviser Howard Wolfson said "said Clinton and Sen. Charles Schumer, New York's other senator, are scheduled to have 'extensive' discussions this week in the capital."

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The Washington Times/AP (12/4, Fouhy) reports Sen. Clinton "met on Sunday with New York's Democratic governor-elect," Eliot Spitzer, "to solicit his support for her likely White House bid, the latest indication she is stepping up plans to join a growing field of potential contenders for 2008." Top Clinton aide Howard Wolfson "said he did not know when the former first lady would decide about pursuing the presidency or set up an exploratory committee," but her aides "have begun interviewing possible campaign staffers in recent weeks." Last week, Clinton "contacted leading state lawmakers, including Democratic Reps. Charles Rangel and Nita Lowey, and the state party chairman, Denny Farrell, to assess her prospects and seek their support." Meanwhile, the AP adds, Sen. Obama, "a rising star in Democratic politics, enjoys a wave of publicity and momentum around a possible White House bid."

The Washington Post (12/4, A3, Cillizza, 690K) reports Indiana Sen. Evan Bayh "announced yesterday that he is forming a presidential exploratory committee, a move that allows him to raise money and travel the country in support of a potential national candidacy in 2008." In an appearance on ABC's "This Week," Bayh said "the American people 'need someone who can deal with the dysfunction here in this city so that our government begins to empower our people to fulfill their potential,' adding: 'If I can be that individual, so be it.' He said he expects to make a final decision on whether to run by early 2007." The Post adds Bayh's "announcement caps a busy week in Democratic presidential politics as Gov. Tom Vilsack (Iowa) formally announced his bid, former senator Thomas A. Daschle (S.D.) dropped out of the race, and Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) began to test the 2008 waters." Bayh was "slated to spend today campaigning in Iowa, and then head to New Hampshire later in the week to do the same. He has already begun looking for office space in both states as well as interviewing potential staff members in Iowa, New Hampshire and Nevada." Bayh's "electoral success in a state regularly won by Republicans in presidential contests -- Lyndon Johnson was the last Democratic nominee to carry Indiana -- is at the core of his campaign-in-waiting."

ABC World News (12/3, story 6, 0:25, Kerley, 8.78M) reported, "The Democratic jockeying is heating up as Indiana Senator Evan Bayh told ABC's 'This Week,' he is setting up a committee to explore a presidential run."

The AP (12/4, Fouhy) reports Sen. Bayh "announced Sunday he was establishing an exploratory committee to raise money for a possible presidential run. He expects to decide over the Christmas holidays whether to seek his party's nomination."

McCain's Support For More Troops In Iraq Said To Complicate His 2008 Bid. Newsweek (12/11, Bailey, 3.12M) reports Sen. John McCain "has pushed for more, not fewer, troops in the Iraq conflict, claiming 'without additional ground forces we will not win this war.' It's a striking stance for a man considered to be the front runner for the GOP presidential nomination in 2008, considering the American public's growing impatience for the end of the war. Even in conservative New Hampshire, 38 percent of voters now support bringing troops 'home ASAP,' according to the most recent Granite State poll. South Carolina, where a tough defeat ended McCain's 2000 campaign, will play an even more influential role in 2008 thanks to early placement in the primary calendar. There, too, Republican voters are growing unhappy with the war." However, "some members of McCain's inner circle are convinced the position could actually work to his advantage — reminding independents of the maverick they fell in love with in 2000."

Dean Reportedly Popular Among Liberals Internationally. U.S. News and World Report's Washington Whispers column (12/11, Bedard) reports, "His loudmouthed inside-the-beltway boors are still booing Democratic boss Howard Dean, despite the party's strong election showing, but they're eating him up like sweet Vermont maple syrup in Canada and overseas. Party bigs say the former Vermont guv is headed to Europe to cheer on liberal parties in England, Spain, and Portugal. His keynote address this month to Canada's beleaguered Liberal Party, fans say, was just a warm-up. Dean's message: Show folks like England's Laborites how to remake their top-down outfits into grassroots organizations just as he did at the Democratic National Committee."

TV Networks Pressuring Democrats Not To Choose Denver For 2008. U.S. News and World Report's Washington Whispers column (12/11, Bedard) reports, "Here's another reason the Big Apple is looking as if it will beat Denver to host the 2008 Democratic National Convention. TV networks – yes, they still run the show – are whining about how hard it will be to drag crews and gear to the Mile High City after wrapping up coverage of the Summer Olympics in Beijing and then pivot to the GOP convention in Minneapolis. Their preference is NYC, their backyard."

New York City Superintendent Finds Success While Rejecting Much Of Reform Agenda. The New York Times (12/4, A1, Herszenhorn, 1.16M) reports Region Five Superintendent, Kathleen M. Cashin has "produced one of the school system's most unlikely success stories" with "the best total gains on annual reading and math tests." But, that success "raises questions about" the reform efforts of New York City Mayor Michael Bloomberg and Schools Chief Joel Klein, because Cashin "is a lifelong city

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educator" who "runs her schools in Region 5, with more than 85,000 students, the same way she ran her schools under the old Board of Education and under previous mayors." Cashin also "prefers principals who come up through the system over graduates of the chancellor's Leadership Academy" and "has made the union a partner, hiring it to train teachers instead of using outside vendors."

Gates Foundation May Play Role In DC Schools. The Washington Post (12/4, A1, Salmon, 690K) reports on the Bill & Melinda Gates Foundation's efforts to improve high schools, noting that it "has awarded $1.5 billion in grants to improve secondary education, including $285 million last year." The foundation "is considering a larger effort" in the Washington, D.C. schools because Mayor-elect Adrian M. Fenty (D) "has asked for its guidance in a possible bid to take over the public schools." The article describes the experience of Irasema Salcido whose Cesar Chavez Public Charter Schools received a grant from the Gates Foundation. The Foundation helped the school develop a plan for "strengthening the curriculum, training teachers, drawing up more detailed budgets and taking steps to reduce student attrition" and the foundation's representative "stays in constant contact by phone and in person, taking on an oversight role typical for a central office in a large school system."

Canadian TV Runs "Brokeback" Parody Of Bush, Harper. The AP (12/4, Duff-Brown) reports a "'Brokeback Mountain' parody airing on Canadian television depicts an unusual type of summit between President Bush and Canadian Prime Minister Stephen Harper." In the sketch "based on the acclaimed film about a love affair between two cowboys, Harper and Bush are portrayed naked from the waist up in a tent. Images of their faces are pasted over actors' bodies." At one point, "Bush throws cherries at Harper's nipples, which are covered with whipped cream. After the cherries land, separatist politician Andre Boisclair, who cooperated with filming of the spot, is seen opening the tent flap and stiffly saying that Quebec won't get involved 'in something like that.'"

Couric's CBS News In Transition. The Washington Post (12/4, C1, Kurtz, 690K) reports CBS anchor Katie Couric managed to get an unscheduled interview with Iraqi Prime Minister Nour al Malaki in Amman, Jordan, "much to the dismay of the ABC producers who thought they had an exclusive. Couric, who also wound up interviewing Foreign Minister Hoshyar Zebari and Secretary of State Condoleezza Rice, had hesitated to fly to Jordan for President Bush's meeting with Maliki." Couric said, "We just weren't sure if it'd be worth our while in terms of securing interviews. Then we decided the only way we'd know is if we came and tried." The Post adds the "critics -- and Couric has more than her share -- may not have noticed, but the nightly newscast that she launched three months ago is in transition. Some of the changes she made have been dropped or curtailed to squeeze in more old-fashioned, what-happened-today stories. And Couric is finally starting to make news for covering the news." Still, the "pace and feel of Couric's program can differ markedly from those of Gibson and NBC's Brian Williams, who, like Couric, anchored from Amman on Wednesday and Thursday. As the former 'Today' star has tried to transfer her morning magic to the more traditional confines of the nightly news, some of her moves have been controversial, even within CBS." With the show "ensconced in third place, some pundits have been quick to pronounce the $15-million-a-year anchor a flop. But the mood at CBS improved when Couric garnered good reviews for her fast-paced election night coverage."

Pyongyang Reportedly Offers Uranium To Russia In Exchange For Support. The AP (12/3) reports North Korea "offered Russia exclusive rights to its natural uranium deposits in exchange for support at the stalled talks on Pyongyang's nuclear ambitions," a Japanese newspaper reported Sunday. The two countries have "been in talks since 2002 on a deal for Russia to import uranium, which it wants to enrich and sell as nuclear fuel to China and Vietnam," according to a report in the regional daily, Tokyo Shimbun, citing unnamed Russian officials. However, recently Pyongyang "offered Russia exclusive rights to the uranium in exchange for open support at the six-party talks." Negotiations between Russia and North Korea on the matter were "set to continue," the report added.

Direct US, North Korea Talks Seen As Source Of Hope. Under the headline "Direct US, North Korea Talks Give New Glimmer Of Hope," AFP (12/4, Parameswaran) reports, "One month after North Korea agreed to return to multilateral nuclear talks following its defiant atomic weapons test, the six-nation dialogue remains stalled. But few are complaining. This is because the United States and North Korea…are engaged in face-to-face talks on crunch issues that some believe are more productive that the six-party process including China, South Korea, Russia and Japan."

Parties Accuse Each Other Of Violating Terms Of Gaza Ceasefire. The Washington Post (12/4, A15, Wilson, 690K) reports that "extending a tenuous cease-fire between Israel and Palestinian armed groups in the Gaza Strip to the far larger West Bank proved elusive Sunday as Israel's security cabinet decided against doing so and the governing Hamas movement withdrew from negotiations on the matter." However, the Israeli government "reaffirmed its

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commitment to the temporary truce in Gaza despite the continuing rocket fire."

The New York Times/AP (12/4) says "Israelis and Palestinians threatened Sunday to scrap" the truce. Speaking to the Israeli cabinet, Defense Minister Amir Peretz "said militants in Gaza had continued to fire rockets, including one on Sunday." Abu Hamza, "a spokesman for the militant group Islamic Jihad, charged that Israel was violating the cease-fire by continuing operations in the West Bank."

Israeli Military Overhauls Training Following Lebanon War. USA Today (12/4, 15A, For, 2.27M) reports, "Israel's military is overhauling its training and expanding a guerrilla warfare school in response to problems the army had in fighting Hezbollah militants in Lebanon this summer. 'If there is one lesson from the war (in Lebanon), it is that we need to train more and be better prepared,' said Maj. Gen. Benny Gantz, head of the Israel Defense Force's Ground Forces Command." Israel's military "encountered a tougher-than-expected fight in Lebanon, where Hezbollah militants fought from a series of underground bunkers dug into the rocky and brushy hills of southern Lebanon." Israel's military overhaul includes, "Expanding the Elyakim base, where soldiers train on terrain resembling the hilly and rocky surfaces of southern Lebanon. Training includes using paint ball guns to simulate close combat. Increasing overall training of Israeli forces by 40%, Gantz said. Creating a 'Red Unit,' which will study Hezbollah and Palestinian militia tactics and act as "enemy forces" during training exercises. Gantz said the Israeli military got the idea from the U.S. military. Opening an urban warfare center in southern Israel, meant to replicate downtown Nablus in the West Bank and Gaza City in Gaza. The center will be used to train units that conduct raids in the Palestinian territories and operate mostly in towns and cities."

Beirut Protests Turn Violent. The Washington Times/AP(12/4, Karam) reports that "violent clashes broke out Sunday between Shiite and Sunni Muslims in the capital, leaving one man dead from gunshot wounds and 21 others injured at a time when tensions throughout Lebanon threaten the country's fragile sectarian and political balance." Meanwhile, the Financial Times (12/4, Biedermann) reports that both sides Sunday "vowed not to budge" while prime minister Fouad Siniora "insisted that he would not resign." Separately, British foreign secretary Margaret Beckett and German foreign minister Frank-Walter Steinmeier met with Siniora "separately and expressed their support for him." Saudi King Abdullah Egyptian President Hosni Mubarak also "voiced strong support for the Lebanese government" over the weekend.

The Washington Post (12/4, A13, Shadid, 690K) reports that the death of one protestor raised "tension across Lebanon," while "Lebanese television stations and Hezbollah officials reported several clashes in Beirut and in the Bekaa Valley, and rumors swirled about the extent of the violence." At the same time, the Post says there "appears to be almost no attempt to reach a compromise" since protests began Friday.

NBC Nightly News (12/3, story 3, Engel, 9.87M) reported, "The US is watching this situation very closely. Not only is Lebanon an American ally, but it is also the only real American success story. A success for the Bush Administration's policy to spread pro-Western democracies in the Middle East. If this government were toppled, the US would lose a friend and Hezbollah and its main backer, Iran and Syria, would gain power."

Lebanon On Verge Of "Total Meltdown." Time's Tim McGirk (12/11) writes, "With Lebanon still trying to recover from last summer's 34-day war between Israel and the Shi'ite militant group Hizballah, the government has seen its authority undermined, renewed meddling from the country's neighbors and the growing assertiveness of Hizballah. … Lebanon wasn't supposed to turn out this way. In March of last year, President George W. Bush was hailing Lebanon as a shining beacon of his Administration's 'democracy agenda' for the Middle East. Close to 1 million Lebanese had flooded into Beirut to demand that Syria pull its troops out of Lebanon and end its 29-year domination of the country." According to McGirk, "There are worrying signs, in fact, that Lebanon may be closer to a total meltdown than at any time since the 1975-90 civil war."

US Seeks UN-Backed Regional Force In Somalia. The AP (12/4, Hassan) reports Somalia's government "has sent hundreds of troops backed by Ethiopian soldiers to recapture a strategic southern town seized by the country's powerful Islamic movement, military officials and witnesses said Sunday, as dozens of families began fleeing the area." Meanwhile, the US "circulated a draft UN resolution late Friday that would authorize the deployment of a regional military force to protect the fragile government." The troops would "likely come from a seven-nation East African group, but would not include Somalia's neighbors, like Ethiopia." Ambassador Bolton "said Friday he expects Security Council experts to discuss the draft on Monday."

Iranian Court Could Turn Over US Embassy To Plaintiff. The Christian Science Monitor (12/4, Theodoulou, 59K) reports the US is "in danger of losing its sprawling embassy in Tehran to an Iranian businessman who was abducted in a bungled sting operation by US customs agents 14 years ago." A Tehran court awarded Hossein Alikhani "more than half a billion dollars in damages in the first lawsuit by an Iranian against the US for supporting terrorism." Now,

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three years after that ruling, "a writ of enforcement is due to be served this week, from when the US will have 10 days to respond by paying or presenting a list of assets in Iran to be seized as compensation."

Paulson Reaches Out To US Business Before Trip To China. The Financial Times (12/4, Callan) reports, "Hank Paulson, US treasury secretary, will on Monday begin a series of policy talks with industry leaders to discuss the Bush administration's policy towards China ahead of a high-level delegation to Beijing next week." Paulson "will on Monday meet executives from manufacturing companies, including Procter & Gamble, before on Wednesday sitting down with financial services companies -- including Citigroup -- as well as those from other sectors." The Times adds, "A Treasury official said Mr Paulson was 'reaching out on his China agenda' before heading to Beijing for a 'strategic economic dialogue' that will include top-ranking cabinet officials and Ben Bernanke, Federal Reserve chairman."

The Washington Times (12/4, Hirsch, 88K) reports, "Business groups are upset about a Bush administration move to strengthen restrictions on exports to China. They said the controls will not keep the communist country from acquiring sensitive technologies and will cost too much to implement. … 'The administration has not demonstrated that this proposed change would provide any additional security benefit and has not articulated a clear purpose for it,' a group of 24 trade associations -- ranging from the General Aviation Manufacturers Association to the American Chamber of Commerce in Hong Kong -- said Thursday in a letter to the Commerce Department." The proposal "would cover specified software, machine tools, computers, marine equipment and other exports."

Beijing Cracks Down On Tibetan Dissidents. USA Today (12/4, 20A, MacLeod, 2.27M) reports, "Beijing is accelerating its 5½-decade campaign to bring Tibet to heel. It is spurring high-growth economic policies and crushing political dissent in a drive to integrate the separatist-minded region into the rest of China. Tibetan exiles say political repression is on the rise. In recent months, Chinese authorities have jailed several Tibetans, including monks, for possessing or distributing pro-independence leaflets, posters or photographs of the Dalai Lama, Tibet's exiled spiritual leader." Beijing's "political crackdown has coincided with major economic initiatives."

WSJournal Criticizes Rejection Of Zhao's Appeal. In an editorial, the Wall Street Journal (12/4, A16, 2.04M) reports, "Who said China's Communists don't have a sense of humor? On the same day that the country's politicized courts rejected two closely watched appeals, the mandarins in Beijing proclaimed that they will ease restrictions on the foreign press ahead of the 2008 Olympics. … Human rights advocates suggest it's no accident [New York Times researcher Zhao Yan]'s appeal landed on the same day Beijing eased restrictions on foreign journalists. That's because the new 'freedoms' do not apply to Chinese research assistants working with foreign correspondents. Mr. Zhao's fate appears designed not just to punish a squeaky wheel but to intimidate other research assistants, too." The Journal adds, "In the wake of the Zhao ruling, no one will be fooled about what Beijing really thinks of a free press."

US, South Korea To Resume Talks On Trade Agreement. The Wall Street Journal (12/4, A10, Ramstad, 2.04M) reports, "Talks on a proposed US-South Korea free-trade agreement -- which is President Bush's biggest bilateral trading initiative and would be Seoul's largest such deal -- resume today with the toughest issues on the table. The progress the two countries make this week at a Montana ski resort will determine whether they can reach a deal in time for Mr. Bush to seek a simple yes-no vote on it from Congress." Bush's "trade-negotiating authority will expire in June and Congress will then take back the ability to change trade deals, a power that inhibits countries from negotiating with the US. … Earlier negotiating rounds progressed more slowly than expected and the two countries are just now tackling the thorniest issues, such as how to reduce tariffs on food and autos. The session this week in Big Sky, Mont. -- the fifth formal negotiating round -- was previously expected to be the last one."

Chávez Declares Victory. ABC World News (12/3, story 3, 0:45, Kerley, 8.78M) reported that "in Washington, the White House is watching as one of the outspoken enemies cruises to a reelected victory. Venezuela's leftist President, Hugo Chávez , who called the President the devil at the United Nations back in September, is in line for another six-year term, leading the country with the world's largest oil reserves outside of the Middle East." NBC Nightly News (12/3, story 10, , Siegenthaler, 9.87M) also noted Chavez "has called President Bush the devil." The AP (12/4, James) says Chávez won by "a wide margin Sunday." However, challenger Manuel Rosales "conceded defeat but vowed to remain in opposition."

Similarly, the New York Times (12/4, Romero, 1.16M) reports Chávez won "in a landslide" but "representatives of the opposition candidate contended that the results were tainted by irregularities." With 78 percent of the votes counted, Chávez was "ahead with 61 percent, compared with 38 percent for Manuel Rosales." The Times says the "tension between the campaigns of Mr. Chávez and Mr. Rosales reflected a polarized electorate in Venezuela, but by contrast the voting itself was largely tranquil, with few reports of clashes or other violence." However, the Financial Times

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(12/4, Webb-Vidal) notes that an exit poll released on Sunday evening by US pollster Evans/McDonough "suggested Mr. Chávez was leading with 58 percent compared with 40 percent for Mr. Rosales."

The Washington Post (12/4, A14, Forero, 690K) says the Chávez victory "further consolidates the tide of leftist politicians who have won office in Latin America in recent years," many of whom "criticize market reforms and sharply question the Bush administration's policies in the region." The Wall Street Journal (12/4, A3, De Córdoba, 2.04M) also notes that Chávez's reelection is "sparking fears among foes that he will accelerate his quest to install what he calls '21st-century socialism' in the world's fifth-largest oil exporter." Encouraged by his victory, Chávez, it writes, "will no doubt redouble efforts to create an anti-American and anti-free-trade bloc in the hemisphere, while lending diplomatic support to other anti-US countries such as Iran." The Christian Science Monitor (12/4, Blanford, 59K), Miami Herald (12/4, Gunson, Dudley, 286K), USA Today (12/4, 18A, Stinson, 2.27M), Washington Times (12/4, Hearn, 88K) and Los Angeles Times (12/14, Kraul, 850K), among other sources, also report the story.

France, Germany To Demand Tougher Conditions For Turkey's EU Bid. The Financial Times (12/4, Williamson, Hollinger, Proissl) reports, "Germany and France will on Tuesday demand tougher conditions for Turkey's troubled European Union membership bid, in a move likely to cause new divisions over Ankara at next week's EU summit." Jacques Chirac, French president, "will use a meeting with Angela Merkel, German chancellor, to back her proposal that would effectively set Turkey a new 18-month deadline to open its ports to Cyprus, an EU member, the Financial Times has learned." Merkel "said at last week's Nato summit in Riga that the Commission position needed to be 'strengthened'. A 'review clause' on whether Ankara had opened its ports 'would be desirable so that the council [EU summit] can review Turkey's progress, perhaps in 18 months' time', she said." The Times adds, "An official in Mr Chirac's office told the FT on Sunday: 'France and Germany are on the same page with regard to Turkey.'"

EU Hopes Agreements With Kazakhstan Will Reduce Energy Dependence On Russia. The Wall Street Journal (12/4, A6, Champion, 2.04M) reports, "In the European Union's growing struggle to break Russia's grip on the bloc's gas imports, all roads are leading to Kazakhstan. Today, the EU signs a memorandum of understanding with Kazakhstan on energy aimed at binding Europe closer" to the country. And "[y]esterday, EU Energy Commissioner Andris Piebalgs signed an accord on nuclear cooperation, with a view toward increasing Kazakhstan's share of uranium sales in the EU to 20% from 3%." Last week, Pielbalgs "attended an EU-inspired meeting in Kazakhstan of regional energy ministers that produced a road map toward integrating their countries' energy grids and regulatory systems with the EU's." But "in all this flurry of documents and initiatives, the thing Mr. Piebalgs and many EU countries want most -- the construction of a gas pipeline across the Caspian Sea that would connect the gas-rich countries of Central Asia directly to Europe -- isn't mentioned."

Litvinenko Probe Widens To Moscow, US. The Financial Times (12/4, Burns, Buckley) reports, "The investigation into the death of the former Russian spy Alexander Litvinenko is broadening into an international police probe into organised crime, alleged state-sponsored murder and the activities of individuals who have worked for the Russian secret service. A team from SO15, the UK counter-terrorism investigation squad, is expected to fly to Moscow on Monday or Tuesday to interview witnesses and gather information on potential suspects." The Russian state-run television channel Rossiya "said on Sunday night that the arrival of the nine British detectives was important as it would demonstrate Moscow's willingness to co-operate. It was also a guarantee of an 'objective investigation', against the highly 'politicised background' to the case in London."

The Los Angeles Times (12/4, Murphy, 850K) reports British authorities said "they are widening their investigation into the poisoning of…Litvinenko on the heels of a fresh series of leads into the Russian's murky political and business connections that spanned from Moscow to the US. 'Over the next few days, I think all of these things will widen out a little from the circle just being here in Britain,' Home Secretary John Reid told Britain's Sky News Sunday Live program." The Times adds, "Quoting unidentified law enforcement sources, British press reports said police investigators are in the US interviewing former KGB agent Yuri Shvets, who purportedly has information on a dossier Litvinenko had in his possession relating to the Kremlin's pursuit of figures connected to Yukos Oil Co." USA Today (12/4, 17A, For, 2.27M), the New York Times (12/4, Cowell, 1.16M) and Wall Street Journal (12/4, A4, Mollenkamp, Patrick, Meichtry, 2.04M) run similar reports.

The Washington Times/AP (12/4, Stringer) reports "a US-based friend of the former agent said he had told police the name of the person he thinks orchestrated the poisoning." Yuri Shvets "said he had known the poisoned ex-spy…since 2002 and spoke with him on Nov. 23, the day Mr. Litvinenko died from exposure to a rare radioactive element, polonium-210. 'The truth is, we have an act of international terrorism on our hands. I happen to believe I know who is behind the death of my friend Sasha and the reason for his murder,' Mr. Shvets said by telephone from the United States, referring to

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Mr. Litvinenko by his Russian nickname." ABC World News (12/3, story 5, 0:30, Kerley, 8.78M) noted the AP story last night.

NYTimes Urges West To Put Pressure On Putin. Under the headline "Revisiting Putin's Soul," the New York Times (12/4, 1.16M) editorializes, "The fatal poisoning of Alexander Litvinenko in London, along with all the other suspicious murders and attempted murders of Kremlin critics in recent months, poses fundamental questions about Russia, and how the West should treat it. … We would certainly prefer not to suspect that anyone connected to President Vladimir Putin is involved, even if the attacks have the hallmarks of professional assassinations. The West needs a good relationship with Russia and its cooperation in containing nuclear proliferation and fighting terrorism. No one wants to return to the time when Russia was seen as an enemy. Yet the recent events…cannot simply be dismissed as unrelated occurrences, as Mr. Putin would prefer." The Times concludes, "The West has no choice but to continue dealing with Russia, and with Mr. Putin. But when Kremlin critics are attacked or murdered, the West must demand a full, transparent investigation and punishment for the criminals -- no matter who they are. It is time to let Mr. Putin know that we are looking hard into his soul, and we don't like what we see."

Castro Absent From His Birthday Celebration. ABC World News (12/3, story 4, 0:15, Kerley, 8.78M) reported, "In Cuba, this weekend's celebration of Fidel Castro's 80th birthday has come and gone with no sign of the guest of honor. The ailing leader's conspicuous absence is being taken by many Cubans as a clear sign that Castro will never return to power. He hasn't been seen in public in more than four months."

Pinochet Suffers Heart Attack. NBC Nightly News (12/3, story 11, , Siegenthaler, 9.87M) reported, "In Chile, former dictator Augusto Pinochet is fighting for his life after suffering a heart attack. Doctors are clearing an obstructed artery. Augusto Pinochet has been under house arrest charged with human rights abuses during his 17 year rule that ended in 1990." The New York Times (12/4, Bonnefoy, 1.16M) and Washington Post (12/4, A13, Franklin, 690K) also report the story.

Feinstein Calls For Ban On Use Of Cluster Bombs Near Civilian Areas. Sen. Dianne Feinstein writes in the Washington Times (12/4, 88K) that "the time has come to ban the use" of cluster bombs "in or near civilian areas. Cluster bombs are intended for attacking large-scale enemy troop formations. They come apart in the air before making contact, dispersing between 200 and 400 small bomblets that can saturate a radius of 250 yards. The changing nature of warfare, though, has meant cluster bombs have been used against enemies in or near highly populated areas. So, all too often, cluster bombs critically injure or kill innocent victims instead of their intended military targets. … The United States and the international community should work together to stop use of cluster bombs when the lives of civilians are at risk. We need to ensure we don't needlessly endanger innocent men, women, and children by dropping cluster bombs where they live, work, and play. This is the right and just thing to do."

UN Task Force Questioning Gene Splicing Criticized. Henry I. Miller, a fellow at Stanford's Hoover Institution, writes in the Wall Street Journal (12/4, A16, 2.04M), "The UN task force that wrapped up here on Friday deliberated on the regulation of foods obtained with recombinant DNA (or gene-splicing) technology. They ignored the rule of holes: When you're in a hole, stop digging. The more this ongoing project progresses, the worse for science and technology -- and consumers everywhere." Miller adds, "The scope of this exercise, held under the auspices of the Codex Alimentarius Commission, which sets food standards on behalf of the UN's Food and Agriculture Organization and World Health Organization, makes no sense. … It is one thing to regulate novel foods with traits that are of potential concern, but quite another to regulate merely because a certain technique has been used, especially when that technique is state-of-the-art. It is rather like circumscribing for extra regulation only cars outfitted with disk brakes, radial tires and air bags -- and then limiting only those vehicles to a lower speed. The members of this task force, including representatives of the US government, disregard the scientific consensus that gene-splicing is an extension, or refinement, of older, traditional techniques of genetic modification, and that it does not warrant discriminatory, excessive regulation." American regulators, writes Miller, "have become surrogates of big agribusiness companies at the expense of academic research and the well-being of other sectors of the US economy."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Fighting Words In Spain."
"'Fear took over' In Baghdad Raid."
"African American To Run I.A. Fire dept.."
"Venezuela's Chavez Reelected."
"Winds Drive Fire Into Homes."

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USAToday:
"Ag Crime Wave Grows In California."
"She's A Student 'Superstar' On Brink Of Dropping Out."
"Loss Of Heart Drug Is 'Shocker'."
"Pfizer's Woes."

New York Times:
"Report Faults Training Of Afghan Police."
"Video Is A Window Into A Terror Suspect's Isolation."
"End of Drug Trial Is A Big Loss For Pfizer And Heart Patients."
"Early 'Maybe' From Obama Jolts '08 Field."
"Bucking Tide Of School Reform, A Leader Gets Results."
"After A Rush To Make Repairs, Pace Of Levee Work Downshifts."
"Hush, Mama, Don't You Cry, A New Yellow Wiggle Will Sing."

Washington Post:
"Episcopal Churches To Vote on Departure."
"VA. Teen's Drowning Bewilders Mother."
"The Militant Who Eluded CIA in Norway."
"For Defense Nominee, Echoes of Old Questions."
"Hefty Education Grant Brings Mandates."
"A Newspaper Chain Sees Its Future."

Washington Times:
"2 Charged in Fine-Payment Scheme."
"Hadley Calls Leaked memo 'Constructive'."
"Chavez Victory Likely Venezuela."
"Hilary Networks To get '08 Bid Up And Running."
"Pakistan Promotes Taliban's Approval."
"Congress Open To passing Bill On Immigration."

Detroit Free Press:
"U-M Wronged By BCS Voters."
"Mayor Fixing Image While Fixing Up City."
"More Give Their Time Instead Of Their Cash."
"Wall Street Worries About Mullally's Plains."

Atlanta Journal-Constitution:
"Court To hear racial Debate."
"Winecoff Hotel Fire."
"Cherokee Illegals Law Faces Test."
"Middle Ground Puts Isakson Pivotal Position."

Houston Chronicle:
"Chavez Wins Re-Election In Landslide."
"The Butterfly And The Knife."
"Shuttle Set For Complex Mission."
"Gates' Confirmation Could Lift Pentagon Morale, Analyst Say."

Story Lineup From Last Night's Network News:

ABC: Changes For Iraq; Flying Over Iraq; Chavez Wins Another Term; Castro's Birthday; Litvinenko Investigation; Presidential Bid; Presidential Bid; California Wildfires; Training Iraqi Troops; Pulling Out US Troops; US Iran & Syria Talks; Our Years In Iraq.
CBS: Preempted By Football.
NBC: Changes For Iraq; Iraq Sectarian Violence; Lebanon Protest; Philippines Typhoon; Winter Storm; California Wildfires; Searching For Vietnam MIA Soldiers; Cars Go Green; Possible Presidential Bid; Chavez Wins Another Term; Chile Former Dictator; Katrina Victims; Hemingway's Home Gets Makeover.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: CA-Wildfire; St. Louis-Power Outages; Clinton, Spitzer Meeting; Marine Sentence To Life In Prison For Raping Woman In Philippines; Afghanistan-Taliban Fighters Killed By NATO Troops; NYC-Police Shooting Investigation; Harvard Study-Overweight Teens; Kennedy Center Honors.
CBS: Rumsfeld-Iraq Memo; Saddam's Lawyers Appeal Death Sentence; Hillary Clinton-2008; Bayh-2008 Exploratory Committee; Marine Sentence To Life In Prison For Raping Woman In Philippines; St. Louis-Power Outages; Kennedy Center Honors.
NPR: Venezuela-Chavez Reelected; Augusto Pinochet Suffers Heart Attack; Marine Sentence To Life In Prison For Raping Woman In Philippines; Vietnam-Typhoon Durian; Midwest Snowstorm; Fiji-Coup Concerns; France Launching 24-Hour TV News Service; College Football-National Championship Game.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:
PRESIDENT BUSH — Meets with Sayyed Abdul Aziz Alhakim, President of the Supreme Council for the Islamic Revolution in Iraq, and the leader of the United Iraqi Alliance, White House.
VICE PRESIDENT CHENEY — No public schedule.
LAURA BUSH — Speaks at the launch of the partnership of the US Afghan Women's Council and Georgetown University, Gaston Hall, Healy Hall, Georgetown University.

US Senate: FLOOR SCHEDULE _ 10 a.m. The Senate convenes and then adjourns until noon on Tuesday, Dec. 5. 2:30 p.m. ARMED SERVICES _ Full Committee. Hearing on pending nominations. Location: Room 222, Russell.

US House: No Scheduled Events.

Other: PRIME MINISTER VIKTOR YANUKOVYCH OF UKRAINE _ Highlights: 8:45 a.m. Speaks at a forum at the Center for Strategic and International Studies. B-1 conference room, 1800 K St. NW. Contact: Andrew Schwartz, 202-775-3242. 11 a.m. Meets with Sen. Richard Lugar, R-Ind. Room

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S-116, Capitol. 3 p.m. Meets with Secretary of State Condoleezza Rice. State Department.

UNITED IRAQI ALLIANCE LEADER SAYYED ABDUL AZIZ ALHAKIM _ Highlights: 1:15 p.m. Meets with President Bush. White House.

NORTH KOREA-NUCLEAR _ 8:30 a.m. - 3 p.m. The Asia Foundation, others hold a conference on the North Korean nuclear testing and its implications for U.S. relations and regional security. Location: Call Contact for details. Contacts: Guyltone Sukawati, 202-588-9420 ext 1304.

GONZALES-SEX PREDATORS _ 8:30 a.m. Attorney General Alberto R. Gonzales will deliver remarks on Justice Department efforts to protect children and prosecute sex predators through Project Safe Childhood at the Project Safe Childhood Conference. Location: Grand Hyatt Washington, Independence Ballroom, 1000 H St. NW.

NAACP-INTEGRATION _ 9 a.m. - 12 p.m. The NAACP will join community activists and supporting organizations in a rally at the U.S. Supreme Court as opening statements are made in Meredith v. Jefferson County Public Schools (Louisville, Ky) and Parents Involved in Community Schools v. Seattle School District. These lawsuits will determine whether measures to desegregate K-12 public schools are legal. The NAACP will rally to urge the Supreme Court to continue the legacy of Brown v. Board of Education and support integration and equality in American education. Location: Outside Surpreme Court Building.

IMMUNIZATIONS _ 9:30 a.m. The Pan American Health Organization holds a press conference to present a new book, ``Recent Advances in Immunization, which discusses the introduction of new or underutilized life-saving vaccines targeting diseases caused by pneumococcus, rotavirus, human papilloma virus, and influenza. Location: National Press Club.

IRAN _ 9:30 a.m. - 11 a.m. The Center for American Progress hosts a presentation, ``Hidden Iran: Paradox and Power in the Islamic Republic," with Ray Takeyh, author, ``Hidden Iran: Paradox and Power in the Islamic Republic;" and former Senator Tom Daschle, Distinguished Senior Fellow, Center for American Progress. Location: Center for American Progress, 1333 H St. NW.

CORNYN-GATES _ 9:45 a.m. US Sen. John Cornyn, R-Texas, member of the Senate Armed Services Committee, meets with Robert Gates, Secretary of Defense nominee. Location: Room 517, Hart Senate Office Building.

MINIMUM WAGE _ 9:45 a.m. - 11:30 a.m. The American Enterprise Institute hosts a program, ``The Minimum Wage and Employment: A Review of Evidence from the ``New Minimum Wage Research. Highlights: Location: Wohlstetter Conference Center, 12th floor, AEI 1150 17th St. NW.

AFGHAN WOMEN _ 11:45 a.m. First Lady Laura Bush speaks at the launch of the partnership of the US-Afghan Women's Council and Georgetown University. Also speaking will be Undersecretary of State Paula Dobriansky and Georgetown President John DeGioia. Location: Gaston Hall, 3rd floor, Healy Hall, on campus.

IRAQ-ASSYRIANS _ 12 p.m. Christian Assyrians, activists, faith-based leaders, others, demonstrate and call on U.S. political leaders to ``Stand for Iraqs Assyrians, and Save the Nineveh Plains. Location: White House sidewalk, between Eastd and West Executive Drive.

SCIENCE/ENGINEERING DEGREES _ 1 p.m. - 2 p.m. The Hamilton Project, an initiative at the Brookings Institution, will host a media conference call to discuss the release of new discussion papers on increasing the number of qualified US students pursuing graduate degrees in science and engineering; expanding government use of prizes for innovative achievements in science and technology; and, reforming and streamlining the patent review process. Participants are Peter Orszag, The Hamilton Project at the Brookings Institution; Richard Freeman, Harvard University; and Douglas Lichtman, University of Chicago Law School. Notes: DIAL IN : 800- 269-6183 (Confirmation 4208761). The authors also will be available during a panel discussion at a Hamilton Project Forum taking place the following day, December 5 from 10 a.m. to 12:30 p.m. at the Paul H. Nitze School of Advanced International Studies, 1740 Massachusetts Ave. NW, Kenney Auditorium.To register for the event, please visit: http://onlinepressroom.net/brookings/.

UNBORN PAIN _ 1:30 p.m. Members of the House of Representatives and representatives from national pro-life groups hold a press conference calling for passage of the ``Unborn Pain Awareness Act" which is set to come before the House of Representatives for a vote this coming week. Participants include Rep. Chris Smith, R-N.J., co-chairman of the Bi-Partisan Pro-Life Caucus and author of the ``Unborn Pain Awareness Act" (H.R. 6099). Location: Cannon Terrace.

GLOBAL WARMING _ 2 p.m. Brookings Institution holds a panel discussion on whether the Clean Air Act required the EPA to combat global warming, with Gregg Easterbrook and David Sandalow of Brookings, Mark Moller of Cato Institute, David Doniger of the Natural Resources Defense Council, others. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAQ _ 3 p.m. The US Institute of Peace holds an event with Sayyed Abdul Aziz Alhakim, President of the Supreme Council for the Islamic Revolution in Iraq, and the leader of the United Iraqi Alliance. Location: 2nd floor conference room, 1200 17th St. NW.

BUSH-IRAQ _ 7:30 p.m. The World Can't Wait-Drive Out the Bush Regime organization holds a teach-in. Participants include Rep. Cynthia McKinney, journalist Christopher Hedges, former CIA employee Ray McGovern, others. Location: Room 108, 2201 G St. NW.

DOJ_NMG_0101944

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 04, 2006 8:55 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, December 03, 2006
Attachments:	agnb061203.pdf; agnb061203.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 3, 2006 7:45 AM EST

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TERRORISM NEWS:

Saudi Arabia Announces Arrests Of 136 Terror Suspects. The Washington Times (12/3, Nimr, 88K) reports The government of Saudi Arabia "yesterday announced the arrest of 136 suspected al Qaeda terrorists over the past three months in one of the largest crackdowns since it began battling Islamist extremists. … Those detained were 115 Saudis and 21 foreigners, and included a cell that had been plotting a suicide bombing, abductions and killings, the ministry said in a statement carried by the official SPA news agency. That cell consisted of 31 suspects, including four foreign residents, who were detained during a 'pre-emptive' security operation in Riyadh on Sept. 12, the ministry said."

CNN.com (12/2) reports, "A senior official in the Saudi Interior Ministry told CNN that the suspects, who are from several Arab nations, were monitored by Saudi security agents for several months. They rounded the men up just before the expected attack was launched. The suspects, arrested in different areas of Saudi Arabia, were being interrogated Saturday, the official said."

BBC.com (12/2) reports interior ministry spokesman General Mansoor al-Turki, "said some of the militant groups had been about to carry out attacks in Saudi Arabia while others were still in the preparatory stages. … Some of those arrested were recruiting others to fight in 'unstable countries', he added."

Administration's Latitude In Fighting War On Terror Said To Be Diminishing. In a New York Times "Week in Review" piece (12/3, WK14), James Risen writes, "For several years after 9/11, President Bush was given broad latitude by the legislative and judicial branches to fight terrorism as he saw fit. But 2006 has seen the American government's system of checks and balances slowly clicking back into place, forcing the Bush White House to confront new limits and more scrutiny. A series of developments last week reflected that changed reality. The Justice Department inspector general's office announced that it had begun an internal investigation into the department's role in the National Security Agency's domestic spying program, after the administration agreed to give the office's staff the necessary security clearances. Separately, the federal government agreed to pay $2 million to a settle a lawsuit brought by an Oregon lawyer wrongly arrested after the F.B.I. mistakenly linked him to the 2004 Madrid train bombings based on a faulty fingerprint match. In a third case, a German man abducted in 2003 and held in a C.I.A. secret prison in Afghanistan urged a federal appeals court to allow him to pursue a lawsuit against the United States that had been dismissed for national security reasons."

Guantanamo Detainees Turn To Each Other For Legal Help. The AP (12/3, Heilprin) reports that Guantanamo detainees "cut off from the outside world and lacking English language skills or any knowledge of the justice system, are still seeking representation from other detainees -- who are either free now or have access to an attorney." The case of Hamid Al Razak, an Afghan at Guantanamo, who will be represented by fellow detainee Bisher Al Rawi and the Center for Constitutional Rights, is described.

Editorials Laud DOJ IG's Review Of Warrantless Surveillance Program. The Corpus Christi (TX) Caller-Times (12/3) editorializes, "The Bush administration's warrantless domestic surveillance program came to light a year ago this December. The president had authorized what was then a secret program that allowed the National Security Agency to eavesdrop on calls and e-mails between the United States and foreign countries. .. Since then, President Bush has strongly defended the program, saying that the nation's security depends on allowing government agents to tap phone calls or troll for information relating to terrorism. .. .But many legal experts believe the president's program violates the Foreign Intelligence Surveillance Act, enacted in 1978 to regulate domestic wiretapping. Under this act, the NSA must obtain warrants from a judicial panel before it can engage in wiretap operations." The Caller-Times continues, "Critics of President Bush's action said that even if the broader surveillance program could be justified in this post-9/11 world, the president erred by not asking Congress to change the FISA law to make the operation legal and constitutional. … This week, the Justice Department's inspector general said he will conduct an investigation to determine how the information obtained by the wiretap program has been used. He will also look at compliance with the FISA law." The Caller-Times notes, "The 110th Congress, soon after it takes office in January, must deal with this issue. If the Bush White House is right that new tools are needed to permit 'data mining' to fight the war on terrorism, then those tools should

be incorporated into law, with judicial oversight to protect the rights of American citizens. … If the NSA wiretap program violates the law, as Judge Taylor ruled, then Congress has the authority to direct the president to curtail it until legal oversight is provided. The FISA framework would simply need to be reworked. Oversight of U.S. intelligence operations is a responsibility of Congress. It must act to 1) protect our national security and, 2) protect Americans' constitutional liberties. Neither of these should trump the other."

The Nashville Tennessean (12/3) editorializes, "A decision by the inspector general of the Justice Department to look into the controversial wiretapping program used in the war on terror could restore some public trust, although the scope of the probe is limited." The Tennessean continues, "It is important to note that the Justice probe will not deal specifically with whether the NSA program breaks the law or violates the Constitution, but it was also notable recently that members of a special board appointed to examine privacy concerns expressed satisfaction with the way eavesdropping had been conducted. … The developments do suggest that a greater measure of accountability is in store." The Tennessean adds, "The administration may find that with a reasonable amount of disclosure, more Americans will feel comfortable with the techniques being used. But anytime programs are cloaked in secrecy, they invite the very sort of skepticism and scrutiny the program has received."

WAR NEWS:

Pre-Resignation Rumsfeld Memo To White House On Iraq Causes Stir. The revelation of a memorandum on Iraq written by Defense Secretary Donald Rumsfeld on November 6 -- the day before Election Day and two days before Rumsfeld resigned -- received major play on NBC, the only network to air a newscast Saturday night. The story also appears on the front page of several major newspapers, and the memo is printed in its entirety in the New York Times (12/3, A28, 1.16M). Coverage suggests that the memo, in which Rumsfeld called for a change of course in Iraq, contradicted or undercut positive pronouncements by the Administration. The AP reports that Rumsfeld knew he was leaving the Pentagon when he wrote the memo, while other sources express uncertainty over whether he knew at the time.

NBC Nightly News (12/2, story 2, 2:30, Seigenthaler, 9.87M) reported "about what the Defense Secretary thought about Iraq just days before he resigned." NBC (Corke): "As the President prepares this week to receive a major report on the way forward in Iraq, new details tonight about the war and one of his closest advisors. Just days before he resigned last month," Rumsfeld "wrote the Administration's plan for Iraq was not working and that the United States needed to change course there. … Rumsfeld wrote, 'In my view, it is time for a major adjustment,' adding, 'Clearly what US forces are currently doing in Iraq aren't working fast enough.' … The publication of the memo comes as President Bush prepares it to conduct the latest in a series of diplomatic efforts to stabilize the Iraqi government. … NBC News has learned the White House did in fact receive that Rumsfeld memo and a White House spokeswoman has said that the President has been dissatisfied about Iraq. We also learned tonight that that memo was developed over a period of several weeks, and it's not clear if Rumsfeld felt his job was in jeopardy at the time he sent it."

The New York Times, Washington Post, and Los Angeles Times all put the story on their front pages, and wire reports appear in or on the web sites of well over 100 newspapers. The New York Times (12/3, Gordon, Cloud, 1.16M) says in the memo, Rumsfeld did not "seem confident that the administration would readily develop an effective alternative. To limit the political fallout from shifting course, he suggested the administration consider a campaign to lower public expectations." Rumsfeld's memo "suggests frustration with the pace of turning over responsibility" to the Iraqis, "offers a counterpoint" to his own "frequent public suggestions that discussions about force levels are driven by requests from American military commanders," and "puts on the table several ideas for troop redeployments or withdrawals, even as there have been recent pronouncements from American commanders emphasizing the need to maintain troop levels for the time being."

The Washington Post (12/3, Tyson, 690K) notes that Rumsfeld "has made similar comments in public about insufficient progress in Iraq, both before and immediately after his resignation on Nov. 8. But the defense secretary's unusually expansive memo also laid out a series of 21 possible courses of action regarding Iraq strategy, including many that would transform the U.S. occupation."

In its report on what it calls a "rambling" memo, the Los Angeles Times (12/3, Meyer, 850K) highlights "one potentially controversial plan of action that had been used in a different form by deposed dictator Saddam Hussein -- paying off 'key

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political and religious leaders' so they would be more compliant with U.S. occupying forces in the war-torn country and its capital, Baghdad." The Times comments that the "memo is peppered with proposals that run counter to the advice of officers," even though "he has said he bases his decisions on input from commanders." Detractors "immediately seized on the memo as an admission of failure by one of the administration's primary architects of the Iraq war and its aftermath." But ex-Pentagon spokesman Lawrence DiRita is quoted defending Rumsfeld, saying of the diversity of suggestions posed in the memo, "This is what good leaders do."

The AP (12/3, Burns) also cites DiRita's defense of Rumsfeld, saying DiRita argues that the "broad range of options presented by Rumsfeld belies the notion, often cited by his critics, that he is inflexible and reluctant to consider alternative approaches." The AP adds, "A person familiar with the sequence of those events told the AP that Rumsfeld did know when he wrote it that he would be leaving."

Baghdad Bombings Kill At Least 51. NBC Nightly News (12/2, lead story, 2:25, Seigenthaler, 9.87M) reported, "We begin tonight with the war in Iraq and new explosions that hit the heart of Baghdad. It happened today in crowded markets. Bombs in three parked cars blew up at almost the same time. At least 51 people were killed. Ninety others were injured."

CNN (12/2, Robertson) reported, "The bombings took place about an hour before dusk in a busy downtown market -- three different bombs, two in one square, one in another square, in rapid succession. ... There were so many casualties…that they were taken to five different hospitals. And the blast was so big that it destroyed 10 stores in the area and 12 vehicles as well."

The Washington Post (12/3, A20, Raghavan, 690K) reports, "It was the deadliest attack since a barrage of car bombs, mortars and missiles hit the Shiite slums of Sadr City on Nov. 23, killing more than 200 people. And in a pattern indicative of sectarian violence, the Interior Ministry said 44 bodies had been found in Baghdad in a 24-hour period, most of them shot." The Los Angeles Times (12/3, Hennessy-Fiske, 850K) reports, "By nightfall, no one had claimed responsibility for the attacks." Sunni politician "Adnan Dulaimi said he believed that he was targeted by Shiites and that Maliki's government has not protected him." The AP (12/3, Gamel) adds, "Nobody claimed responsibility for the attack, but it followed a Friday raid by Iraqi forces backed by U.S. helicopters targeting Sunni insurgents in al-Fadhil, less than a half mile away."

LATimes Considers Role Of US Troops In "Civil War." In an editorial running nearly 1,700 words, the Los Angeles Times (12/3, 850K) writes, "The Bush administration, let's be clear, did botch the postwar occupation of Iraq. ... Historians may identify April 12, 2003, as the day the United States began to lose the peace in Iraq. That's when Defense Secretary Donald H. Rumsfeld, responding to reports of widespread looting, declined to order up more U.S. troops to keep order and protect Iraqi lives and property." That said, the Times urges the US to follow "two axioms" in its Iraq policy: "American troops must not be allowed to become helpless bystanders in Iraq's civil war. Nor can they become co-conspirators with a government intent on taking sides in this civil war."

WPost Says US Cannot Give Up On Current Iraqi Government. The Washington Post (12/3, 690K) editorializes that "writing off" the current Iraqi government "now is not in the U.S. interest. The best remaining option for the United States lies in a long-term effort to bolster Iraq's political administration and army so that it defends the current constitution and slowly gains the ability to take on the enemies of the United States. ... Giving up on the government, as advocates of a rapid withdrawal suggest, would simply concede the country to those enemies, as well as to Shiite extremists, and betray those Iraqis who believed in the U.S. vision of a democracy at peace with its neighbors. It would mean the destruction of American allies in Iraq and throughout the region."

Anbar Raids Kill Six Insurgents, Three Others. The AP (12/2) reports, "U.S. soldiers destroyed two buildings being used by insurgents in a town in Anbar province, killing six militants, two women and a child, the military said Sunday. It was the latest of several recent raids during which women or children have been killed or wounded by U.S. forces as they attacked insurgents in residential areas." US officials have accused insurgents of using women and children as "human shields."

Baker Says "There Is No Magic Formula" For Iraq. The Houston Chronicle (12/3, Belli, 530K) runs a highly complimentary piece on James Baker, who "is bristling at depictions of him as a sort of magician who will somehow

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make the nation's Iraq problems disappear." Baker said, "Expectations are totally out of control. There is no magic formula for our difficulties in Iraq." Nonetheless, according to the Chronicle, Baker "is known as a master negotiator who often solves problems by forging bipartisan support and by turning enemies into friends." His career and achievements are described, with plaudits from Henry Kissinger, George Herbert Walker Bush, and others cited.

Isaacson Hopes Baker Can Attain Mantle Of "Wise Man." In an op-ed for the Los Angeles Times (12/3, 850K), Aspen Institute head Walter Isaacson writes that Baker "has one great goal left as he hones his legacy: trying to make sure that the words 'American statesman' appear in his newspaper obituary before the words 'Florida recount.'" Baker "was the secretary of State who urged President George H.W. Bush not to try to occupy Baghdad during the Persian Gulf War in 1991, and he cautioned against the invasion of Iraq in 2003 before it even began. ... If Baker and his posse can come up with a plan that salvages some threads of our national interest from the debacle of Iraq, and if he stays around to help implement it, that would be such an awesome magic trick that those of us who dabble with the first drafts of history should reward him by carving a niche in the pantheon for him somewhere between" ex-Defense Secretary Robert Lovett and ex-Secretary of State Dean Acheson.

Professor Skeptical About ISG's Chances For Success. In a commentary for the Washington Post (12/3, B3, 690K), Georgetown professor Daniel Byman writes that the Iraq Study Group runs the risks that all commissions do: "tepid recommendations, partisan divisions, little follow-up and eventual irrelevance. … At best, the Iraq Study Group will catalyze our leadership and help foster the political will to accept this painful reality. But salvation? Forget about it."

Hakim May Ask Bush To Reach Out To Tehran. An AP (12/2, Hendawi, Abdul-Zahra) piece previews President Bush's Monday meeting with Abdul-Aziz al-Hakim, "a Shiite powerbroker reviled by Sunni Arabs for his ties to Iran and a militia linked to sectarian violence." Hakim "will ask President Bush to seek Iran's help," and will "try to allay U.S. concerns over Iranian influence in Iraq." He "dismissed speculation that his trip to the United States threatened the authority of beleaguered Prime Minister Nouri al-Maliki, who came under criticism for meeting with Bush last week in Jordan."

Iraqi Mass Exodus Unsettles Middle East. The Boston Globe (12/3, A1, Cambanis, 413K) reports, "As Iraq's bloodshed worsens, the tide of refugees fleeing the country is straining the region's resources and inflaming fears that Iraq's sectarian conflict might spread to neighboring countries. A new United Nations report says Iraq is 'hemorrhaging' refugees in staggering numbers. Anywhere from 2,000 to 3,000 people are fleeing the country every day. ... at least 1.5 million Iraqi refugees have moved to neighboring countries, reshaping the already complex demographic mosaics of Jordan, Syria, and Lebanon. The influx has prompted government crackdowns and anger from local populations who feel refugees are grabbing scarce jobs and resources."

More Commentary. In a commentary for the Washington Post (12/3, 690K), journalist Michael Goldfarb writes, "I've seen what happens when the 'international community' precipitously pulls out of conflict zones. ... American journalists and relief workers are evacuated and can be swimming in a hotel pool, all expenses paid, by evening. Our translators, drivers and office managers return to their houses and wait in fear of reprisal against those who collaborate with the Great Satan."

US Advisers Forced To Intervene When Iraqis Prove Inadequate. The Washington Post (12/3, A20, Trejos, 690K) reports that, during "Operation Lion Strike" in Baghdad, "teams of U.S. advisers remained close, but planned to leave the fighting to the Iraqis." Staff Sgt. Michael Baxter said, "It started out that way. But about five minutes into it, we had to take over." The performance by the Iraqis contrasted with official statements. US military leaders "had called it an 'outstanding' example of Iraqi forces taking charge. They said the Iraqis captured 43 insurgents while suffering few casualties." However, American soldiers "described Iraqi troops with inadequate training, resources or motivation. When they shoot, they 'pray and spray' and do not aim for targets, the soldiers said. They either lack equipment or are not well trained in new equipment. On the battlefield on Friday, the Iraqis communicated by cellphone because their walkie-talkies did not work, the U.S. soldiers said." In his Washington Post (12/3, B2, 690K) "Inbox" column, Tom Ricks quotes debriefings of two US Army trainers of Iraqis.

Review Says Army Mishandled Friendly Fire Case. The Washington Post (12/3, A17, White, 690K)

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reports, "Army officials destroyed critical evidence that could have determined who shot and killed Pfc. Jesse R. Buryj at an Iraq checkpoint in May 2004, one of several problems with the friendly-fire inquiry that may permanently shroud Buryj's death in mystery, according to an Army inspector general's review. ... As a result, Buryj's family buried him believing he was killed when his vehicle was rammed by a dump truck. They did not learn that he was shot by friendly forces until nine months after his death, and a lack of physical evidence means it is nearly impossible to know what happened that night."

Women Warriors "Change Military Landscape." The AP (12/2, Cohen) reports in a nearly 3,000-word article, "In Iraq and Afghanistan, women warriors are writing a new chapter in military history, serving by the tens of thousands, fending off enemy fire and taking on -- and succeeding in -- high-profile roles in the battlefield and the skies as never before. ... More than 155,000 women have been deployed to Iraq and Afghanistan since 2002, according to the Pentagon, nearly four times the number during the Persian Gulf War."

California Iraq Memorial Stirs Controversy. The New York Times (12/3, A38, McKinley, 1.16M) reports that previously "tranquil" Lafayette, California, "has become the scene of a passionate debate over the place of political speech in suburbia. At issue is a hillside memorial, made up of some 450 small white crosses and a 5-by-16-foot sign that reads: 'In Memory of 2,867 U.S. Troops Killed in Iraq.'" Detractors of the memorial "called the memorial unpatriotic, disrespectful or just plain ugly." Some locals "question whether the memorial actually meant to remember the dead troops," believing that it is primarily a war protest.

Iraq Veteran's Mother Continues Sending Gift Packages To Troops. The New York Times (12/3, A45, Applebome, 1.16M) profiles Luz Mercado of New Windsor, New York, who continues to send gift packages to troops in Iraq even though her son Luis has already come home. Mercado ""figured she owed it to other moms to do for their children what she had done for her own."

Taliban Kills Teachers, Intimidates Pupils. The Los Angeles Times (12/3, Watson, 850K) reports on the Taliban's efforts to shut down public education: "One of the first victims in the resurgent Taliban's dirty war on education, [Mohammed Aref] gave his life trying to teach Afghan children that there is more to theirs than endless war. ... once again, education is under pressure from the Taliban. ... Over the last year, insurgents have burned at least 146 schools, and insecurity has forced 215 others to close, the Afghan Education Ministry says. Zuhoor Afghan, an advisor to Education Minister Mohammed Hanif Atmar, says about 220,000 students have quit school because they fear for their lives." Many Afghans "are losing patience. Encouraged by the promises of Western leaders, they believed the Taliban's defeat meant the dawn of a new age of rapid progress, in which all children could get a good education."

CRIMINAL LAW:

Nigerian Fraud E-Mails Claim To Be From FBI's Mueller. NBC Nightly News (12/2, story 9, 2:30, Seigenthaler, 9.87M) ran an "In Depth" report on "a new twist on Internet fraud." NBC (Myers): "It's not every day that you get an email from the director of the FBI, Robert Mueller. … In these e-mails bearing official FBI logos, he's been notifying Americans that they've inherited $10.5 million each. To receive the cash, you must immediately contact the FBI in Nigeria to obtain a certificate of ownership. So when we got an e-mail, we immediately dialed away. Is in the FBI In Nigeria?" Unidentified male: "Yes, this is the FBI Federal Republic of Nigeria." Myers: "My FBI pal told me a long-lost relative had died in Nigeria and left me a huge inheritance." Unidentified male: "All you have to send is only $2,000." Myers: "Only $2,000? And I get $10.5 million? … The Mueller e-mails are, of course, fakes. A new twist on an age-old con, all part of Internet scams that cost Americans $183 million last year alone."

Alleged New England Mob Underboss Arrested. The Boston Globe (12/3, Murphy, Mishra) reports, "Reputed Mafia underboss Carmen 'The Big Cheese' DiNunzio was arrested on extortion and illegal gambling charges as he emerged from a North End social club yesterday, potentially ending the reign of an underworld leader credited with uniting the fractured Boston mob into a low-key, profit-focused machine." The Globe continues, "After State Police removed $6,000 in cash from his pockets and led the portly mobster away in cuffs, officials predicted his arrest would further weaken an organized-crime syndicate already diminished from decades of investigations and

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infighting." The Globe adds, "DiNunzio, 49, ascended to second in command of all New England mobsters around 2002, according to law enforcement officials, after winning the favor of New England godfather Luigi 'Baby Shanks' Manocchio of Providence. Law-enforcement officials allege he set about refocusing the mob on money-making crimes, such as extortion and gambling. … 'He's a low-key underboss who has been trying to keep the mob's activities under the radar of law enforcement and the media,' said one law enforcement official." The Globe notes, "According to a source briefed on the investigation, DiNunzio's extortion and gambling operation had been collecting 'hundreds of thousands' of dollars per week and involved a 'ton" of operatives. … Many of the crimes date to 2001, when the investigation began, and the statute of limitations was going to expire this month, triggering yesterday's arrest at the Gemini social club at the corner of Lynn and Cooper streets."

FBI Establishes Montana Public Corruption Tip Line. The AP (12/3) reported, "The FBI has established a tip line for people to report individuals working in public offices whom they believe are corrupt. People can call in to report suspected shady public officials working for school districts, law-enforcement agencies, government offices or in any other public position funded by taxpayers. The Public Corruption Tip Line, 1-866-50-BRIBE, was established for Montana, Idaho and Utah residents through the FBI's Salt Lake City field office. In addition, tips regarding public corruption can be made at the FBI's Web site, www.fbi.gov by going to the Web site and clicking on the link to the Salt Lake City field office." The AP noted, The FBI announced the establishment of the tip line after charges were filed against three employees of a Utah school district."

Jefferson Pursuing Nagin Strategy For Runoff. The New Orleans Times-Picayune (12/3, Donze) reported, "Accomplishing a feat widely considered impossible, New Orleans Mayor Ray Nagin managed to get re-elected in May by stitching together an unlikely coalition of working-class black voters and white conservatives. Now…it appears that U.S. Rep. William Jefferson is trying to replicate Nagin's feat, or at least compose a variation on the same theme. … On one hand, Jefferson, for the first time in his long career in public office, is touting his conservative votes in Congress against same-sex marriage and late-term abortions." Meanwhile, he "also has been trotting out his liberal credentials as an outspoken advocate of displaced public housing residents and out-of-work public school teachers and hammering away at the campaign contributions Carter has collected from Republicans." The Times-Picayune noted, "If there was a cloud over Nagin, it was not the thunderhead that hangs over the Jefferson camp. … 'It's hard to outdo an FBI investigation and money in your freezer,' University of New Orleans political science professor Susan Howell said."

The AP (12/4, Burdeau) reports that "Jefferson hunted for votes among churchgoers Sunday as he headed into the final week of a campaign to hold onto his seat and salvage his political fortunes. FBI raids on his homes and his congressional office, including allegations in an FBI affidavit that he hid $90,000 in bribe money in a freezer, have left Jefferson vulnerable for the first time since he won the seat in 1990. … 'It's going to be very competitive,' said Gary Clark, a political science professor at Dillard University. 'There are those who may wish he may lose, but it will take more than wishing. He's a veteran politician and there are those who benefit by his being in office.'"

In New TV Ad, Jefferson Denies Taking Bribe. ABC News' The Blotter (12/1, 11:50 a.m.) reported that Jefferson "has taken to the airwaves to unequivocally deny the allegations that have plagued him for months. 'I have never taken a bribe from anyone,' he asserts in a new campaign ad." Jefferson's opponent, Rep. Karen Carter, "has seized on the probe in her campaign against Jefferson, and recently ran an ad quoting a Washington Post article that said the FBI had caught Jefferson accepting a bribe on videotape. In this latest ad, Jefferson responds by saying that Carter's 'newspaper source got the facts wrong.'"

Memphis Corruption Charges Renew Questions About Race, FBI Probes. The Memphis Commercial Appeal (12/3, Erskine) reported, "When Johnnie R. Turner first heard about the arrests of Memphis City Councilmen Edmund Ford and Rickey Peete last week, it stopped her cold in her tracks. … Turner, executive director of the Memphis branch of the NAACP, said recent public corruption investigations have given citizens the impression that African-American politicians are 'inherently more crooked, and that is not true.'" Memphis FBI spokesman George Bolds "said he understands the race of those charged in recent public corruption cases is an element some people examine. … But Bolds said race by no

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means is a factor in how the FBI investigates cases. 'We, the FBI, go where the investigation leads us. Race is not a consideration for us.'" The Commercial Appeal adds that white, Republican state Sen. Paul Stanley "said he thinks complaints about racial targeting are nothing more than an excuse. 'The head of the FBI here is an African-American woman,' Stanley said, referring to FBI Special Agent in Charge My Harrison. 'She's just saying, "We're going to go and get you if you've done something wrong."'"

Critics Call For State, Federal Probes Of Prosecutor In Duke Lacrosse Case. The Raleigh News & Observer (12/3, Neff, Blythe, Niolet) reported, "In the war that is the Duke lacrosse case, Mike Nifong's fierce fight will not end with the trial. … Dozens of people, some connected to the accused, have asked the governor and the state attorney general to intervene. Many have complained to the N.C. State Bar," seeking his disbarment. "And a lawyer for one of the indicted players has urged members of Congress to have the U.S. Department of Justice open a civil rights investigation." The News & Observer notes that defendant Collin Finnerty's lawyer, Michael Cornacchia, "wrote to the U.S. attorney general, the FBI director, the congressional delegations of North Carolina and Long Island and others, saying Nifong had violated the civil rights of the three players. … The chances of a federal investigation are unknown; a State Bar investigation is more likely."

CIVIL LAW:

NYTimes Applauds Ruling On US Currency And The Blind. The New York Times (12/3, WK11, 1.16M), in an editorial, writes, "Unlike the currency in 180 other countries, the American greenback comes in one size, and one dominant color — green. That can be so confusing for the 3.3 million Americans who are either blind or have very poor sight that a United States District Court judge in the District of Columbia ruled last week that the government had unlawfully denied them access to the nation's paper money. … Judge James Robertson's opinion makes it clear that the American government simply has not tried very hard to help those Americans who cannot see their money."

CIVIL RIGHTS:

SCOTUS To Hear Two School Desegregation Cases. The Washington Post (12/3, A3, Barnes, 690K) reports, "More than 50 years after the Supreme Court decided in Brown v. Board of Education that separate schools are inherently unequal, the court will consider tomorrow whether race can still be a factor when school systems design programs to promote racial integration. A broadly written decision on Louisville's plan, and on a related one from Seattle, could have a profound impact on school systems across the country. It is the first time in more than a decade that the Supreme Court will consider what is proper for school systems to do to promote desegregation, and it is the first test on the issue for two new justices who in the past have been skeptical about the use of racial classifications."

Newsday (12/3, Brune) reports parents "argue that when a child is denied assignment to a nearby school because of race to achieve a racial balance -- not to remedy past discrimination -- it violates the equal treatment guaranteed by the 14th Amendment. The districts respond that the goal of school integration, and the educational and social benefits that come with it, justifies a careful, limited use of race in deciding where a student should go to school."

The Washington Times (12/3, 88K) reports, "A year ago, Justice O'Connor and her colleagues refused to hear a similar school-diversity challenge from Massachusetts. After Justice Alito's arrival, however, the court surprised many observers by agreeing to hear the appeals."

The San Francisco Chronicle (12/3, Page A1, Egelko) reports, "More than 50 years after the U.S. Supreme Court outlawed racial segregation in public schools, the justices are about to consider whether a school district can voluntarily integrate by considering race in campus assignments." The Chronicle continues, "In cases from Seattle and Louisville, Ky., to be argued Monday, the justices will address the question left unanswered by the Brown vs. Board of Education ruling in 1954: What can the government do when the last vestiges of state-sponsored segregation are erased and schools nevertheless remain racially isolated because of housing patterns, parental choice and perhaps societal discrimination?" The Chronicle adds, "Facing that situation, officials in Seattle installed a system that allowed race to be considered as one of several factors in determining enrollment in popular high schools. In Jefferson County, Ky.,

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which includes Louisville, the school district was once under a court desegregation order, and officials tried to avoid resegregating by setting minimum minority and white populations at each school. … 'Jefferson County housing is substantially segregated along racial lines,' attorney Frances Mellen said in a brief to the court. 'The assignment of all (district) students to 'neighborhood schools' would result in a substantial number of racially segregated schools.' … After the court desegregation order was lifted in 2000, Mellen said, the 97,000-student district concluded the only way it could prevent resegregation was to seek African American enrollment of 15 to 50 percent at each school. The proportion of blacks in the district was 36 percent. … But Teddy Gordon, the attorney for a white woman whose 5-year-old son was assigned to a more distant Louisville school rather than his neighborhood school, said the district's program was 'nothing more than a hard-core, mechanized quota.' … The Bush administration agrees. In papers filed with the court, Solicitor General Paul Clement outlined the administration's position: A district can assign students by race when necessary to make up for its own intentional discrimination, but not to integrate schools that were never deliberately segregated."

The St. Louis Post-Dispatch (12/3, Sichko) reports, "The appeals, involving the school districts of Seattle and Louisville, Ky., are the most significant race-related cases the court has heard in several years. The court's ruling, expected in late spring or early summer, could restrict the ways schools pursue integration, said Gary Orfield, director of the Civil Rights Project at Harvard University. … 'The stakes are rising,' Orfield said. 'We're now talking about if the Supreme Court will find plans that were rejected as not enough in 1968 to be too much in 2006.' He said a ban on race-based school assignment aimed at integration would likely lead to 'a significant increase in racial segregation across the country.'" The Post-Dispatch notes, "Critics of Louisville's plan disagree. … 'Our communities have come (a) long way since the segregated days of the '40s and the '50s and on into the '70s,' wrote attorneys for a Louisville parent whose white child was denied a transfer due to desegregation standards. 'There is no going back. We will not turn back the clock,'"

More Commentary. The Los Angeles Times (12/3), attorney Edward Lazarus writes, "At the start of his first full term on the Supreme Court, Justice Anthony Kennedy weighed a legal challenge to a policy in Richmond, Va., that reserved 10% of the city's contracts for minority-owned businesses (Richmond vs. Croson). At the time, Kennedy was thought to be a potential swing vote on a court deeply riven by its views on affirmative action." Lazarus continues, "The court's liberal wing believed that in light of the nation's racist past, the Constitution's promise of 'equal protection of the laws' permitted — indeed, almost mandated — some degree of minority racial preferences. … . The most conservative justices rallied around the opposite view. To get beyond racism, they contended, it was essential not to perpetuate a 200-plus-year mistake of letting government classify individuals according to race. Under their reading of the equal protection clause, the Constitution morally demanded colorblindness. … Kennedy struggled to find a middle ground. Although uncomfortable with affirmative action (and disdainful of Richmond's program, which the court struck down), Kennedy, siding with the majority, rejected the argument that the Constitution categorically bars government from using race-conscious means to achieve such compelling policy objectives as remedying past discrimination. With respect to affirmative action, Kennedy suggested, the Constitution's answer was not 'never' but 'almost never.'" Lazarus adds, "Eighteen years later, on the eve of the court hearing its first set of affirmative action cases under Chief Justice John G. Roberts Jr., the battle over racial preferences continues. On the federal level, former President Clinton's "mend it, don't end it" approach remains essentially in place, though in several states, California and Michigan most notably, anti-affirmative action forces have imposed their version of colorblindness. … Inside the court, although some of the players have changed, the justices remain deeply divided about the means for achieving racial equality. And Kennedy has become even more pivotal to the fate of affirmative action."

In his column for the Washington Post (12/3, B7, 690K) George Will writes that Seattle's school district "decided in 2000 that because the son of Jill Kurfirst and the daughter of Winnie Bachwitz are white, they should be assigned to an inferior and distant high school. If they had not left the Seattle school system, this would have required them to rise at 5 a.m. in order to leave home by 5:30 a.m., alone and in the dark, to take the first of three buses, returning home between 8 p.m. and 9 p.m., with almost no time left for homework, family activities and adequate sleep. … Soon -- oral arguments are tomorrow -- the Supreme Court can remind the 9th Circuit of the Constitution's limits on what schools can do in the name of 'diversity.'"

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Gay Activists Optimistic Democrats In Congress Will Champion Their Agenda. The Los Angeles Times (12/3, A1, Neuman, 850K) reports, "For the last 12 years of Republican control of Congress, gay-rights organizations set aside their push for legal protections in order to defend against conservative measures such as same-sex marriage bans. With the realignment of the House and Senate next month, gay and lesbian groups say they are tantalizingly close to having enough votes to ensure passage of at least the hate crimes bill, and perhaps the discrimination measure, which once failed in the Senate by one vote." Rep. Barney Frank "said the hate crimes bill had a 'very good chance of going to George Bush's desk … in the first half of the year.' He said the discrimination measure might be further off, noting that Democrats may not want to push for too much too soon."

More Help Sought For Mentally Ill Ex-Convicts. The AP (12/3, Santi) reports, "Larry Lamb has lived a half-century of failures: three stints in New Jersey state prison, four psych ward confinements, drug and alcohol abuse dating back to adolescence, and more time in county lockups than he can count. … A year ago, he began racking up successes." The AP continues, "Lamb, 50, hasn't had a drug-tainted urine sample since he enrolled in an intensive program for mentally ill inmates as he was being released from jail. He's taking antidepressants, keeping appointments with his therapist, working when he can find a job and paying off court-imposed fines from his prior life of crime and homelessness. … Advocates for the mentally ill say Lamb's situation is common among the nation's inmates, 55 percent of whom suffer from a mental health problem, according to a study released in September by the Justice Department's Office of Justice Programs." The AP adds, "Yet, the availability and intensity of mental health services for people in the nation's criminal justice system varies greatly, said Karen Bower, a lawyer with the Bazelon Center for Mental Health Law, a Washington-based group advocating for the rights of the mentally ill. .. A similar disparity in post-incarceration services exists nationally, with some people receiving comprehensive discharge planning before they leave prison or jail, others being offered limited mental health or social services, and some getting none. … Services are severely lacking for those with dual diagnoses, like mental illness and drug dependence, said Bower. In one class-action lawsuit filed by Bazelon in New York, mentally ill parolees are suing for access to chemical addiction programs. A prior suit brought by a mentally ill inmate in New Jersey forced the state to revamp its prison psychiatric programs to replace the practice of segregating inmates whose psychiatric disorders made them disruptive. … Without adequate support, or access to medication and counseling, those discharged or paroled with serious mental illness — defined as schizophrenia, bipolar or major depression — often wind up cycling back through the criminal justice system, Bower said."

Maine Sued For Banning Saucy Beer Labels. The New York Times (12/3, Zezima) reports, "Santa Claus will not be coming to Maine this year, at least not on a beer label, if state officials have their way." The Times continues, "The state's Bureau of Liquor Enforcement in September rejected three beer labels proposed by Shelton Brothers, a Massachusetts beer importer, including one for 'Santa's Butt Winter Porter' that depicts St. Nick from behind, checking a list and drinking a beer, his ample posterior on a wooden barrel." The Times adds, "The bureau said the labels violated a regulation stating that alcohol advertisements cannot contain 'undignified or improper illustrations.' … The Maine Civil Liberties Union sued the bureau on Thursday in Federal District Court in Portland on behalf of Shelton Brothers, claiming that its right to free speech was being violated. .. .One of the other rejected labels, for Rose de Gambrinus, a raspberry lambic beer, depicts a watercolor commissioned by its maker, Cantillon of Belgium, of a nude woman sitting on a person's lap. The third, for Les Sans Culottes French blonde ale, uses Delacroix's 'Liberty Leading the People,' which hangs in the Louvre. …. 'The illustrations on these labels are artistic, and art is entitled to the protection of the First Amendment,' said Zachary Heiden, a staff lawyer with the Maine Civil Liberties Union."

The AP (12/3) reports, "The dispute recalls a similar squabble last year when Connecticut told Shelton Brothers it had problems with its Seriously Bad Elf ale. … 'Last year it was elves. This year it's Santa. Maybe next year it'll be reindeer,' said Daniel Shelton, owner of the company in Belchertown, Mass." The AP adds, "The lawsuit, filed Thursday, contends the state's action violates the First Amendment by censoring artistic expression. … But the state says it's within its rights. The label with Santa might appeal to children, said Maine State Police Lt. Patrick Fleming. The other two labels are considered inappropriate because they show bare-breasted women. … 'We stand by our decision

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and at some point it'll go through the court system and somebody will make the decision on whether we are right or wrong,' he said."

ANTITRUST:

EU Antitrust Chief Urges Breaking Up Of Large Energy Companies. The AP (12/3, White) reports, "Europe needs to split control of the energy supply chain to stimulate investment and lower prices, European Union antitrust chief Neelie Kroes said last week in a signal that regulators are determined to break up large companies that generate and distribute power. … 'I see only one way forward if we are to restore credibility and faith in the market. Europe needs a structural solution that once and for all separates infrastructure from supply and generation,' she said. .. 'A clear separation of interests between the network operators, energy producers and energy companies is imperative,' she said at Les Mandarins, France's interconnector facility that feeds energy supplies across the English Channel. 'Then we will finally see an end to discrimination, and we will also have laid the ground for a system of proper investment incentives.'" The AP adds, "EU regulators say they have identified fundamental problems with the way Europe's gas and electricity sectors work that could best be tackled by "ownership unbundling" that would force large integrated energy companies such as Germany's E.On to focus on either power generation or supply, selling off other units. … Regulators are scheduled to publish their recommendations on Jan. 10. … Kroes said there are major problems connecting energy from one European country to another, mainly caused by the 'slow pace of investment in infrastructure under the current vertically integrated regime.'"

ENVIRONMENT:

Former Interior Auditor Takes On Oil Industry Over Royalties. The New York Times (12/3, BU1, Andrews, 1.16M) reports, "During a 22-year career, Bobby L. Maxwell routinely won accolades and awards as one of the Interior Department's best auditors in the nation's oil patch, snaring promotions that eventually had him supervising a staff of 120 people. He and his team scrutinized the books of major oil producers that collectively pumped billions of dollars worth of oil and gas every year from land and coastal waters owned by the public. Along the way, the auditors recovered hundreds of millions of dollars from companies that shortchanged the government on royalties." However the Interior Department "eliminated his job in what it called a 'reorganization.' That came exactly one week after a federal judge in Denver unsealed a lawsuit in which Mr. Maxwell contended that a major oil company had spent years cheating on royalty payments." Maxwell "is at the center of an escalating battle with both the oil industry and the Bush administration over how the federal government oversees about $60 billion worth of oil and gas produced every year on federal property. In the process, he has become one of the most nettlesome whistle-blowers Big Oil has ever encountered."

States Seek To Skirt Reinstated Forest Rules. The Los Angeles Times (12/3, Boxall, 850K) reports, "The future of some of the West's most unspoiled national forestlands remains in flux more than two months after a federal judge reinstated protections on nearly 50 million acres of backcountry. Nowhere is that uncertainty more in evidence than in Idaho. … In October, shortly after a district court in California restored President Clinton's ban on most road-building and logging in the backcountry, Idaho petitioned the federal government to loosen the restrictions on its 9.3 million roadless acres. Then, at a hearing in Washington last week, Idaho Gov. James E. Risch put a much greener spin on his state's intentions, saying he wanted to honor the Clinton prohibitions. The testimony by Risch, a Republican, not only raised questions, but underscored the degree to which the roadless forest issue remains in play."

Produce Farmers Seek Share Of Federal Agriculture Subsidies. The New York Times (12/3, A1, Barrionuevo, 1.16M), in a front-page story, reports "For decades, the fiercely independent fruit and vegetable growers of California, Florida and other states have been the only farmers in America who shunned federal subsidies, delivering produce to the tables of millions of Americans on their own. But now, in the face of tough new competition primarily from China, even these proud groups are buckling. Produce farmers, their hands newly outstretched, have joined forces for the first time, forming a lobby group intended to pressure politicians over the farm bill to be debated in Congress in January." The Times goes on to report, "The farmers are not asking for the kind of direct subsidies that have been accused

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of distorting trade and hurting developing countries' agricultural industries. Hoping to avoid a nasty battle with powerful farm-state politicians in the Midwest and Southeast, they are asking instead for money to help market their products at home and overseas, as well as for research and conservation."

Bush Said To Have Worked Frequently Against Free Trade. In an op-ed for the Washington Post (12/3, B2, 690K) Slate's Daniel Gross writes, "Since 2000, Bush Republicans have done as much as Democrats, if not more, to erect trade barriers and tariffs. … In March 2002, for example, Bush proudly signed 'temporary safeguards' that imposed tariffs of 8 percent to 30 percent on most steel imports for three years. … In May 2002, Bush signed the Farm Security and Rural Investment Act, which Republicans passed without much help from Democrats. Just six years after President Bill Clinton signed the 1996 Farm Bill, which slashed agricultural subsidies, Bush jacked up federal payments by as much as 80 percent for cash crops."

Winter Storm Kills At Least 11 In Midwest. NBC Nightly News (12/2, story 4, 2:00, Seigenthaler, 9.87M) reported, "A major storm swept across the country dumping ice and snow in the Midwest, disrupting air travel and leaving thousands without power." NBC (Shamlian): "The storm has moved on but people all over the Midwest are still dealing with it tonight. From clearing downed power lines and trees to rebooking canceled flights, a Midwestern mess in the wake of the season's first major winter storm."

The New York Times/AP (12/3) reports, "The death toll from the Midwest's first big snowstorm of the season rose to 11 as the system blew through the Northeast late Friday and early Saturday." The AP (12/2) reports, "Utility crews worked overtime Saturday to restore electrical service to thousands of customers still blacked out by the Midwest's first big snowstorm of the season."

Climate Change Presents Unprecedented Difficulties For Insurance Industry. The Washington Post's Joel Garreau (12/3, C1) writes, "A place near the water has been an American dream for a very long time. … This is the year, however, in which the big boys in global finance got religion about climate change. As a result, this American dream…is under attack." Garreau adds, "The big buzz in the insurance industry today is climate change. Lloyd's of London's June report is titled: 'Climate Change: Adapt or Bust.' The 2005 hurricane season gave the United States supposedly once-in-a-century storms, one right after the other. Katrina, Rita and Wilma were among the seven most expensive hurricanes ever to hit the country. Companies that had to eat too much of the $51.5 billion in insured losses went under. The big problem with climate change for the insurance companies is not the risk. Their whole business is getting paid to accept risks. The trouble is that their traditional means of calculating what is an acceptable risk -- and how much to charge for it -- is based on history."

FBI/DEA/ATF/USMS:

FBI Breaking Of New Jersey Gang Was Dangerous, Four-Year Task. Under the headline "How The FBI Took Down A Deadly Jersey Gang," the Newark Star-Ledger (12/3, Martin) reported in a five-thousand word story, "The depth of New Jersey's gang problem dawned on John Havens on a steamy Sunday four years ago as he parked along Ninth Street in Newark. Havens, a 32-year-old FBI agent, had his eyes on a two-story corner house where nearly 50 young men had gathered for a barbecue. One wore a hidden microphone that piped the proceedings to the agent's vehicle. … The Double ii Bloods, as they were called, brought gangs to a new level. They met weekly to discuss business and Blood codes, and to break in members." The Star-Ledger added, "The meeting recorded that afternoon on Ninth Street marked a turning point in the FBI investigation. Dismantling the set would take four more years, testing agents' ability to follow the trail of violence, entangling informants who risked death, and allowing prosecutors for the first time to pursue gangs as organized enterprises with a single purpose: crime." However, the Star-Ledger noted, FBI Newark SAC Leslie Wiser "cautioned: 'Law enforcement is not the answer to the gang problem. No one should make the mistake in thinking that it is.'"

IMMIGRATION:

DOJ Pushes For Deportation Of Former Nazi Guards. The Detroit Free Press (12/3, Ashenfelter) reports, "John Kalymon, Johann Leprich and Iwan Mandycz are old men now, hobbled by the same aches and pains that plague many senior citizens in their 80s. … Only these men

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are not ordinary senior citizens." The Free Press continues, "In the 1940s, the U.S. Department of Justice says, they helped the Nazi killing machine as it steamrolled across Europe, exterminating millions of people deemed enemies of Adolf Hitler's Third Reich. … As it has in scores of similar cases, the government has gone to court to strip all three metro Detroit men of their U.S. citizenship so they can be deported. .. .But getting rid of them has created a moral, legal and diplomatic dilemma." The Free Press adds, "Their families and neighbors regard them as harmless old men who were victims, forced to choose between the Nazi juggernaut or death. Detroit-area survivors of the Holocaust regard them as tormentors who helped mercilessly kill their loved ones and friends. And the federal government, which is racing to expel them from the country before they die, is having a tough time finding European countries to take them. … Eli Rosenbaum, head of the Justice Department's Nazi-hunting Office of Special Investigations, is mainly concerned about making travel arrangements for the men. … 'Right now, we have six people who we could put on a plane tomorrow,' Rosenbaum said, adding that Leprich is one of the six. … 'In recent years, we've had great difficulty persuading European nations to take these people back,' Rosenbaum said. 'And in some cases, we've hit a brick wall.' … Rosenbaum said many European countries are too embarrassed to take back people they can't prosecute because they lack the laws or the desire to do so."

Academic Claims Immigration Does Not Contribute To Higher Crime Rates. In a piece for the New York Times Magazine (12/3P the Nation's Eyal Press writes, "In an age of Latino gangs and Chinese criminal networks, the notion that communities with growing immigrant populations tend to be unsafe is fairly well established, at least in the popular imagination. … In fact, according to evidence cropping up in various places, the opposite may be the case. Ramiro Martinez Jr., a professor of criminal justice at Florida International University, has sifted through homicide records in border cities like San Diego and El Paso, both heavily populated by Mexican immigrants, both places where violent crime has fallen significantly in recent years. 'Almost without exception,' he told me, 'I've discovered that the homicide rate for Hispanics was lower than for other groups, even though their poverty rate was very high, if not the highest, in these metropolitan areas.' He found the same thing in the Haitian neighborhoods of Miami."

Georgia Legislator's Wife Faces Deportation. The New York Times (12/3, A38, Goodman, 1.16M) reports, "The wife of a Georgia legislator known for his strong support of immigrants' rights is in hiding after federal agents came to their home on Tuesday with an order to deport her to her native Colombia, her lawyer said. In a written statement issued on Wednesday, State Senator Curt Thompson, 37, a Democrat, said his wife, Sascha Herrera, 28, missed an immigration-related court hearing in February 2005. … Because Ms. Herrera did not appear in court, a federal judge issued a deportation order in February 2005."

CONGRESS-ADMINISTRATION:

Leahy Seen As Having Historic Opportunity For DOJ Oversight. The Barre-Montpelier (VT) Times Argus (12/3) editorializes, "Friends and staff of Sen. Patrick Leahy are already talking about the opportunity now before him to establish a legacy that will place him among the most important senators in Vermont history. … It will not be about the pork he is able to secure from his position on the Appropriations Committee or his long-term work for the interests of the state's dairy farmers. It will be his legacy as a defender of the U.S. Constitution." The Times Argus continues, "Leahy has been almost giddy since the elections last month, with the prospect that he will become chairman of the Senate Judiciary Committee. But the challenges before him are serious indeed. … As chairman he will have the power to focus on the numerous ways that the Bush administration has worked to skirt and undermine the constitutional limits on executive power, straying into activities that might be judged illegal or even criminal. A successful effort to rein in the abuses of the Bush administration will place Leahy in the history books alongside Sen. Ralph Flanders of Vermont, who was instrumental in challenging the abuses of Sen. Joseph McCarthy — except Leahy's challenge is even greater and the abuses more serious than those of the senator from Wisconsin whose name has become synonymous with an era of thuggery and paranoia." The Times Argus adds, "Leahy appears to understand what he is up against. Already he has sent letters to the Justice Department renewing numerous requests for information on a variety of programs and activities that are constitutionally dubious. President Bush has promised to foster a spirit of bipartisanship in his dealings with the new Democratic Congress, but so far the Justice Department and the White

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House show every sign that they will resist Leahy's efforts to let the sun shine on the doings of the federal government. … Leahy will have to focus both on the specifics of administration activities and on the broader legal and political philosophy the administration has offered in its own defense. … It will be important for Leahy to maintain a focus on the legal and constitutional issues at stake: that the United States stands for human rights, the rule of law and a system of checks and balances that applies to the president even in a time of war. The American people will be grateful to him if he can establish that a democracy need not resort to the ruthless, lawless methods of a panicked bully. And Vermonters will remember him among the handful of Vermont's greatest statesmen."

Fetal-Pain Bill Among Few Items On House's Agenda For This Week. The Washington Post (12/3, A4, Weisman, 690K) reports Congress "will convene on Tuesday for what some fear will be the lamest of lame-duck sessions, and GOP leaders have decided to take a minimalist approach before turning over the reins of power to the Democrats. Rather than a final surge of legislative activity, Congress will probably wrap up things after a single, short week of work. They have even decided to punt decisions on annual government spending measures to the Democrats next year. … Republican lawmakers will have met for one week in November, devoted almost exclusively to leadership elections for next year, and one week in December, largely to pick committee assignments, move offices and pass a measure to keep the government operating through February. That will mean this Congress will have spent the least time in session of any in at least half a century." The Post notes that the House has scheduled a vote on Rep. Chris Smith's fetal-pain bill.

GOP Will Attempt To Extend Popular Tax Breaks. The Washington Times/AP (12/3) reports, "Millions of entrepreneurs, teachers and parents with children in college have a financial stake in whether Congress, in the waning hours of Republican rule, revives tax breaks that expired 11 months ago. … The breaks, which expired Jan. 1, enjoy wide support in both parties. Precisely because of this support, lawmakers have sought to add them as a 'sweetener' to contentious legislation in hopes of getting that legislation through." Lawmakers "will take one more shot at the tax bill when they return this week to wrap up their work for the year, but they might not have the time or the will to agree on a compromise."

McConnell Emphasizes His Independence From White House. In the Washington Post (12/3, 690K), David Broder writes, "Ask Sen. Mitch McConnell of Kentucky to name his role models for his responsibilities as Senate minority leader in the next Congress, and the answer is surprising. 'Mike Mansfield and George Mitchell,' he replied the other day. 'I know they're both Democrats, but I admire the way they ran things here.' … When McConnell was asked, during a visit to The Post last week, what obligation he felt toward the current President Bush, he replied, 'I was elected by Senate Republicans, and they are the ones to whom I am responsible.' While emphasizing that he was in 'philosophical agreement' with the president, he clearly sees his role differently than did his predecessor, retiring Majority Leader Bill Frist of Tennessee. Frist was installed in the leadership job with major help from the Bush White House and often appeared to be more the president's liaison to the Senate than the Senate's leader."

Historians Examine Bush's Place In History In WPost Essays. In today's Washington Post (12/3, B1 and B5, 690K) "Outlook" section, five historians consider how history will compare President Bush to his predecessors, devoting more than 5,000 cumulative words to the subject. Their assessments are quite negative.

The harshest, headlined "He's The Worst Ever," comes from Eric Foner of Columbia University, who says the "cronyism, corruption and pro-business bias of the Bush administration" has surpassed that of Presidents Harding and Coolidge, and that while President Nixon "considered himself above the law," Bush "has taken this disdain for law even further." Foner concludes, "It is impossible to say with certainty how Bush will be ranked in, say, 2050. But somehow, in his first six years in office he has managed to combine the lapses of leadership, misguided policies and abuse of power of his failed predecessors. I think there is no alternative but to rank him as the worst president in U.S. history."

Michael Lind of the New America Foundation is only slightly kinder, with his piece headlined "He's Only Fifth Worst." Lind says Presidents Buchanan, Andrew Johnson, Nixon, and Madison adopted policies that "were even more disastrous. … To qualify a president for the Worst of All Time

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list, a war must be catastrophic as well as unnecessary. … The two big, unjustified wars on my list are the War of 1812 and the current conflict in Iraq."

Tulane University's Douglas Brinkley says it is "dangerous for historians to wield the 'worst president' label like a scalp-hungry tomahawk simply because they object to Bush's record. But we live in speedy times and, the truth is, after six years in power and barring a couple of miracles, it's safe to bet that Bush will be forever handcuffed to the bottom rungs of the presidential ladder. The reason: Iraq. … The problem for Bush is that certitude is only a virtue if the policy enacted is proven correct." However, Bush "is an honest man" and his Administration "has been largely void of widespread corruption. This will help him from being portrayed as a true villain. This last point is crucial. Though Bush may be viewed as a laughingstock, he won't have the zero-integrity factors that have kept Nixon and Harding at the bottom in the presidential sweepstakes."

David Greenberg of Rutgers University also says "At Least He's Not Nixon," writing under that headline that "as the now-flourishing reputations of Truman, Eisenhower and Reagan attest, the antipathy a president elicits from his contemporaries usually fades over time. And as Nixon's still-dismal reputation also attests, in the contest for the dubious title of 'worst president,' Bush faces stiff competition. … However toxic the fallout from Iraq, it's hard to imagine that it could greatly exceed the damage wrought by Vietnam." And "if Bush has given Nixon good chase when it comes to undemocratic hardball politics, he hasn't surpassed the master."

The piece most favorable to Bush comes from Vincent Cannato of the University of Massachusetts, who says "today's pronouncements that Bush is the 'worst president ever' are too often ideology masquerading as history. … There certainly are echoes of Truman in the current carping about Bush." He adds, "No one expects historians to be perfectly objective. But history should at least teach us humility. Time will cool today's political passions. As years pass, more documents will be released, more insights gleaned and the broader picture of this era will be painted. Only then will we begin to see how George W. Bush fares in the pantheon of U.S. presidents."

More Historical Comparisons For Bush. In the Washington Post (12/3, W23, 690K), Joel Achenbach notes that George Will "recently wrote that the Republicans were routed in the November elections because of 'war leadership even worse than during the War of 1812.' … Until recently there were three levels of wartime incompetence: Bad, Very Bad and War of 1812 Bad." After examining the mishaps of that conflict, Achenbach concludes, "maybe in a few years, historians will be able to tell us if there's a new standard."

In his New York Times (12/3, WK12, 1.16M) column, Frank Rich writes of President Bush, "Whatever the reason, he is slipping into the same zone as Woodrow Wilson did when refusing to face the rejection of the League of Nations, as a sleepless L.B.J. did when micromanaging bombing missions in Vietnam, as Ronald Reagan did when checking out during Iran-Contra."

Crisis Management Experts Have Advice For Bush. The Washington Post (12/3, B4, 690K) runs advice on "Presidential Crisis Management" from professionals in that field. Burson Marsteller founder Harold Burson says to President Bush, "I think the American public is very forgiving. The admission that you were on the wrong track and you're changing works well in this country." Crisis management consultant James Lukaszewski says Bush "should prepare America to compassionately welcome all of our troops now in harm's way as they return home, and advocate a plan to help them reenter private life." Crisis communications consultant Helio Fred Garcia advises that "the first two rules of crisis management are: 1) Think clearly; and 2) Take the pain. … Bush's presidency risks being defined by his failure to think clearly or to take the pain." And public relations executive Larry Kamer says, "There's an adage in crisis communications: They don't care that you know until they know that you care. I'm not sure the president's compassion is showing through, and it's hurting his stature and credibility."

Rice In Running For Time "Person Of The Year." CNN (12/2, Whitfield) reported Secretary of State Condoleezza Rice, "crisscrossing the globe as the diplomatic sands shifts in Iraq and in Washington…lands a nomination as Time magazine's Person of the Tear." Time World Editor Romesh Ratnesar said Rice "has emerged the pivotal figure in the Bush Administration's national security team. As secretary of state, she's come into her own and she's developed a level of influence within administration that I think only the Vice President possibly can match. Her main accomplishment is sort of shifting the rhetoric of the Administration's foreign policy away from this kind of unilateralist, 'with us or against us' approach that we saw first

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term. And we could see next year or the year after Condoleezza Rice really being thrust to the forefront as the US tries to deal both with managing some kind of withdrawal from Iraq and also dealing with the threats from Iran and North Korea."

Negroponte Plans To Stay On. The Washington Post (12/3, Pincus, 690K) reports Director of National Intelligence John Negroponte, "who had been rumored to be going over to the State Department as deputy secretary, said last week that he plans to remain in his current position through the end of the Bush administration." There had been concern "that Negroponte would leave the newly created position after having assembled a staff from other agencies that now totals 1,200." He said of Secretary-designate Robert Gates, with whom he worked in the Reagan administration, "I look forward very much to working with him again."

Bush Administration Said To Have Loosened Trucking Safety Standards. The New York Times (12/3, A1, Labaton, 1.16M) reports that lawsuits against trucking companies involved in fatal crashes may determine "whether the Bush administration's decision to reject tighter industry regulation and instead reduce what officials viewed as cumbersome rules permitted a poorly trained trucker to stay behind the wheel, alone, instead of resting after a long day of driving. After intense lobbying by the politically powerful trucking industry, regulators a year earlier had rejected proposals to tighten drivers' hours and instead did the opposite, relaxing the rules on how long truckers could be on the road. … Government officials had also turned down repeated requests from insurers and safety groups for more rigorous training for new drivers." According to the Times, "Federal officials…have dismissed the assertion that deregulation has reduced safety and have maintained that in fact it has helped. … In loosening the standards, the Federal Motor Carrier Safety Administration was fulfilling President Bush's broader pledge to free industry of what it considered cumbersome rules. In the last six years, the White House has embarked on the boldest strategy of deregulation in more than a generation."

Bush-Webb Meeting Caused "Tense Moment" At White House. CNN's Lou Dobbs This Week (12/2, Pilgrim) reported, "A tense moment at the White House between President Bush and the newly elected senator from Virginia, Jim Webb, this week. Webb is a highly decorated Vietnam veteran and his son is serving in Iraq with the Marine Corps. The President and Webb met at a White House reception." CNN (Schneider) continued, "Jim Webb became a Democrat and ran for the Senate for one big reason: Iraq. … Webb has special credibility on Iraq. He was a military officer who served in Vietnam, a former secretary of the Navy under President Reagan, and he has a son serving in Iraq. He wore his son's old combat boots during the campaign." The White House "incident is causing a lot of tut-tutting in Washington. A Democratic Senate staffer told the Post, 'I think Webb is going to be a total pain. He's going to do things his own way.' … Webb's confrontation is a striking contrast to pictures of Democrats meeting with President Bush and pledging cooperation and bipartisanship."

Firm Tied To CDC's Gerberding Obtained Noncompetitive Contracts. The Atlanta Journal-Constitution (12/3, Young, 379K) reports, "It began when a prominent Atlanta business leader introduced Dr. Julie Gerberding to a man who wanted to be her free management adviser, to help her transform operations at the Centers for Disease Control and Prevention. Now the agency is scrambling to explain the gyrations it used to give $10 million in business without competition to a consulting firm associated with and recommended by CDC director Gerberding's free adviser. A CDC public relations risk-management analysis obtained by The Atlanta Journal-Constitution identified several 'threats' to the agency, including 'significant procurement mistakes' and an 'inappropriately backdated' contract document. … And an explanation offered late Friday by CDC officials appears to illustrate questionable practices that experts say are designed to award contracts to favored companies, denying others the opportunity to compete and taxpayers the assurance that the government is paying a fair price."

Researcher May Get More Funding For Controversial Gulf War Syndrome Work. On its front page, the Washington Post (12/3, Brown, 690K) reports that "even though most other scientists long ago discounted his theories," a Texas epidemiologist "is in line to get as much as $75 million in federal funding to press his studies of 'Gulf War syndrome.'" Robert Haley has already received $16 million thanks to "his backers in Congress and the Pentagon. … Haley and his supporters, who also include a powerful cluster of veterans and government advisers, are

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undeterred by the scientific consensus against him. As recently as September, a panel of the National Academy of Science's Institute of Medicine reached the same conclusion that half a dozen other expert groups had: Gulf War syndrome does not exist."

Transportation Department Touts Findings On Seat-Belt Usage. The Washington Times (12/3, Price, 88K) reports, "Fewer Americans are wearing seat belts compared with last year, but usage continues to be higher in states where motorists can be pulled over solely because they are not wearing a safety belt, a new federal study shows. Seat-belt use climbed from 58 percent in 1994 to 81 percent this year. It reached an all-time high in 2005 at 82 percent, according to a report released last week by the Department of Transportation."

"Paternalistic" Legislation Said To remain Unpopular In The US. The New York Times Magazine's Jim Holt (12/3) writes, "When the government tells you that you can't smoke marijuana or that you must wear a helmet when you ride your motorcycle even if you happen to like the feeling of the wind in your hair, it is being paternalistic. It is largely treating you the way a parent treats a child, restricting your liberty for what it deems to be your own good. Paternalistic laws aren't very popular in this country."

NYTimes Recommends Ethics Reforms Measures For New Congress. The New York Times (12/3, WK11, 1.16M), in an editorial, writes, "Even before the new Congress arrives, there is disquieting talk of advance compromises on what will be done — or not done. … Once the new year begins, any feeling of urgency will fade, replaced by a determination to acquire, and protect, whatever power and turf are available. At a minimum, the reforms must include: Creation of a public integrity office to do more than merely audit lobbyists' filings. … An enforceable ban, with penalties, on all meals, gifts and travel — not just from lobbyists, but also from the organizations that hire them. … Restraints on the revolving-door horde of Congressional alumni turned backslapping lobbyists. … Detailed disclosure of costly and undebated 'earmarks.'"

OTHER NEWS:

Housing Prices Continue To Decline. NBC Nightly News (12/2, story 10, 2:50, Seigenthaler, 9.87M) reported that "for those thinking of buying a house or those trying to sell one, if you're waiting for a change in the current trend, you may have to wait a while." NBC (Seigenthaler): "For the first time in eight months, existing home sales increased slightly this week, but in part because of plummeting prices which dropped 3.5% -- the biggest decline since 1990. Meanwhile interest rates on a 30-year fixed loan fell to 6.14%, the lowest in nearly a year."

Inflation Concerns Fail To Raise Bond Rates. The New York Times (12/3, BU6, De Aenlle, 1.16M) reports, "If you look at bond yields and economic reports like one on Friday that showed weakness in manufacturing, you may not think" inflation is resurgent, but "other evidence may be more worrisome. Economic growth and inflation often go hand in hand. Some recent reports have shown a bit of resilience in the housing market and an upward revision to the calculation of third-quarter economic output. Plainly spelling out the risks, Ben S. Bernanke, the Federal Reserve chairman, said in a speech last week that inflation remained 'uncomfortably high.' None of this has lifted rates on 10-year Treasury notes, which yield less than 4.5 percent, versus short-term rates above 5 percent."

Narrowing Gender Pay Gap Attributed To Erosion Of Men's Wages. The Los Angeles Times (12/3, Hennessy-Fiske, 850K) reports, "Women are closing in on men when it comes to wages, but not for the reasons anticipated — or hoped for — when gender pay equity became a rallying cry in the 1970s. Data show that the pay gap has been narrowing not because women have made great strides, labor experts say, but because men's wages are eroding. The disparity in median hourly pay between men and women narrowed to 18.3% in August from 21.5% five years earlier, according to recently released census figures. In addition, the U.S. Labor Department noted recently that the wage differential in 2005 was the smallest since the department began tracking it 33 years ago, when it was 36.9%. … The difference between men's and women's median annual earnings shrank between 2000 and 2005 from 26.3% to 23%, or 77 cents on each dollar earned by men. Women earned an average $31,858 and men $41,386."

Employers Said To Prize Former Autoworkers. The Los Angeles Times (12/3, Huffstutter, 850K) reports, "After decades of being kicked around by foreign competitors

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and laid off by the hundreds of thousands by their U.S. employers, the autoworker has unexpectedly become one of the hottest commodities in industrial America. .. For employers outside the Rust Belt, the bounty of former autoworkers is pure gold. For generations, these workers have epitomized the industrial work ethic, putting in long hours on often mind-numbing tasks involving complex machinery."

Privacy Concerns Stymie Health Information Technology Drive. The New York Times (12/3, BU1, Freudenheim, Pear, 1.16M) reports, "Powerful forces are lobbying hard for government and private programs that could push the nation's costly and inefficient health care system into the computer age. President Bush strongly favors more use of health information technology. Health insurance and medical device companies are eager supporters, not to mention technology companies like I.B.M. and Google. Furthermore, Intel and Wal-Mart Stores have both said they intend to announce plans this week to embrace electronic health records for their employees. ... Bills to speed the adoption of information technology by hospitals and doctors have passed both chambers of Congress. But the legislation has bogged down, largely because of differences over how to balance the health care industry's interest in efficiently collecting, studying and using data with privacy concerns for tens of millions of ordinary Americans."

Progress On Stem Cell Research Slower Than Some Expected. The Los Angeles Times (12/3, Engel, 850K) reports, "Two years after California voters authorized $3 billion in bonds to fund stem cell research, the institute created to oversee the enterprise has just begun what experts see as a long and slow scientific journey. Even with the $150-million state loan approved recently to kick-start work stalled by legal challenges, there are no breakthroughs in sight. Gone are the allusions to healing such afflictions as spinal cord injuries and Parkinson's and Alzheimer's diseases that dominated the 2004 campaign for Proposition 71. In fact, scientists say, there is no guarantee of cures — certainly not any time soon — from the measure that was optimistically titled the California Stem Cell Research and Cures Act."

US Said To Be Moving Inexorably Towards National Health Care. In a piece for the New York Times (12/3, BU4, 1.16M) Slate's Daniel Gross writes, "When Democrats assume control of Congress next month, they may be dusting off some long-dormant proposals on how to deal with the growing disconnect between health insurance and employment. … Any efforts to expand government's role in providing insurance will likely be opposed by the Bush administration, which says it opposes excessive direct government involvement in an industry that constitutes about 14 percent of the gross domestic product. Michael O. Leavitt , the secretary of health and human services, recently dismissed a proposal to have the government negotiate drug prices for the Medicare benefit, arguing that 'it's a surrogate for a much larger issue, which is really government-run health care.' While the administration may oppose government-run health care in principle, the government's role in the vast health industry has been expanding. By various measures, the United States is about halfway toward a system in which the government and taxpayers fully fund health care. And trends are pushing the government to become more involved each year."

Clinton Signals Presidential Run Likely In Meetings With New York Democrats. Deep inside the A section, the New York Times (12/3, A45, Healy, 1.16M) reports Sen. Hillary Clinton "has begun a calculated series of meetings with top New York Democratic officials to signal that she is likely to run for the presidency in 2008 and to ask for their support if she does, according to one state Democratic official who spoke with her and two others who have been briefed on her plans." Clinton met with Rep. Charles Rangel, "dean of the New York Congressional delegation," this week, and also spoke with New York Democratic Party Chairman Herman D. Farrell Jr., who "confirmed that Senator Clinton briefed him on her 2008 intentions; Mr. Rangel declined to describe their conversation." Clinton's "maneuvering comes at a time of growing speculation about a hard-fought contest for the Democratic presidential nomination between her and another possible hopeful," Sen. Barack Obama.

Clark, Edwards Carry 2004 Campaign Debts As They Eye 2008. The AP (12/2) reports possible presidential candidates Wesley Clark and John Edwards "have debts of several hundred thousand dollars from their unsuccessful White House bids in 2004, a burden as they consider presidential runs in 2008." At the end of September,

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Edwards had "about $2,200" in his campaign account and more than $300,000 in debt. Clark "had about $390,000 left from the last campaign and debts totaling more than $260,000."

No Texans Among Large Crop Of 2008 Presidential Hopefuls. Cox News Service (12/2, Herman) looks at the "Texas-sized hole in the crowded field of candidates" for the White House in 2008, writing that among 24 potential candidates, Texas, "the Land of the Big Ego, has none, zilch, nada. … Nothing personal against the state, observers say, noting instead that Texas, for once, is short on candidates of presidential caliber." Gov. Rick Perry and Sens. John Cornyn and Kay Bailey Hutchison are not "presidential contenders. Hutchison, however, gets mentions as a potential vice presidential candidate, especially if the Democrats nominate New York Sen. Hillary Rodham Clinton and the GOP feels pressured to put a woman on the ticket." But Hutchison "could be a tough sell to the GOP's social conservative base because of her support for abortion rights before a fetus is viable outside the womb."

Dean Says Democrats Must Avoid Post-Victory Complacency. The New York Times (12/3, A38, Zeleny, 1.16M) reports DNC Chairman Howard Dean, addressing the party's executive committee, warned Democrats "not to revel too long in the victories from last month's midterm elections or treat their Congressional majorities as a permanent directive from voters." Dean said, "The other party made mistakes in the past claiming that elections are mandates. Elections are not mandates. The voters of this country loaned the Democrats the power of the country for two years. Now it's our job to earn it back again." The AP (12/2, Lester) reports Dean added, "George Bush made a huge mistake by representing half of America, while treating the rest of us with contempt. We need to reach out to everybody whether they agree with us or not."

Denver Makes Bid For 2008 Democratic Convention. The New York Times (12/3, A36, Johnson, 1.16M) examines Denver's bid to host the 2008 Democratic National Convention. If Denver bests the other contender, New York, it will be the first convention in the city since Democrats nominated William Jennings Bryan there in 1908. If Denver "prevails this time -- a decision is expected by the end of the year -- party members from around the country say it will probably be by virtue of a polished and highly organized effort to turn the city's lemons into lemonade. A new location, Denver's convention-bid organizers have argued to the party hierarchy, is precisely what the Democrats need."

Romney Deal Will Let Massachusetts Police Arrest Illegal Immigrants. The Boston Globe (12/3, A1, Levenson, Saltzman, 413K) reports Gov. Mitt Romney "has reached an agreement with federal authorities that allows the Massachusetts State Police to arrest immigrants who are in the state illegally." Critics said the agreement "would lead to racial profiling and foster mistrust of the police in communities with large numbers of immigrants. The deal, reached in the final days of Romney's administration, also sets up a potential conflict with Governor-elect Deval L. Patrick, who has expressed strong opposition to granting the State Police such powers."

Schwarzenegger Raising Big Money For Inaugural. The Los Angeles Times (12/3, Nicholas, 850K) reports Gov. Arnold Schwarzenegger "is keeping his fundraising operation at full throttle, asking donors to pay for a stylish inauguration and seeing to it that he continues to fly private jets and stage public appearances worthy of a Hollywood celebrity." Schwarzenegger's political team "has approached Chevron Corp., PG&E, Blue Cross of California, AT&T and other businesses, asking for tens of thousands of dollars to pay for a two-day celebration surrounding his Jan. 5 inauguration."

Ehrlich Urges Maryland Republicans To Unite. The Washington Times (12/3, Miller, 88K) reports outgoing Maryland Gov. Robert Ehrlich "called for Republican unity yesterday at the state convention, where the selection of party chairman revealed divisions within the party after last month's widespread election defeats." Ehrlich said, "The hard left is in firm control of the state, and we don't have the votes to stop them. That's not the fate of Maryland in the long term. It's just where we are today." Ehrlich said the GOP "should not 'whine' or play 'Monday-morning quarterback' about election losses that restored Democrats almost complete control of state government."

Ehrlich Cameos As State Trooper On HBO's "The Wire." The Washington Post (12/3, D3, Argetsinger, Roberts, 690K) "Reliable Source" column reports that HBO will tonight "air an episode of the gritty Baltimore-based crime-and-

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politics drama 'The Wire'" in which Ehrlich "cameos as -- stay with us, here -- a trooper on security detail for the show's fictional governor of Maryland." When producers "called offering a speaking role, Ehrlich jumped at the chance. 'He's a huge fan of the show,' said spokeswoman Shareese DeLeaver."

Virginia Episcopal Bishop Threatens Breakaway Churches. The Washington Times (12/3, A1, Duin, 88K) reports Virginia Episcopal Bishop Peter J. Lee "is threatening to sue conservative Episcopal churches that soon will vote on whether to leave his diocese, saying individual members of each congregation's governing board will be liable. … Thousands of Episcopalians already have left the 2.2 million-member denomination over arguments about biblical authority and the 2003 consecration of New Hampshire Bishop V. Gene Robinson, an active homosexual."

California Diocese Moves Toward Break From Episcopal Church. The AP (12/2) reports, "In a rebuke of the Episcopal Church, a conservative diocese voted Saturday to affirm its membership in the worldwide Anglican Communion after distancing itself from the national church over the ordination of gays and women. San Joaquin, California, Bishop John-David Schofield called it a first step toward a formal break with the U.S. Anglican denomination." The New York Times (12/3, A30, Goodstein, Marshall, 1.16M) also reports on the decision by the California diocese.

Middle East Allies Said To Showcase "Soaring Concern" Over Administration Policies. Under the headline, "Mideast Allies Near A State Of Panic," the Los Angeles Times (12/3, Richter, 850K) reports President Bush "and his top advisors fanned out across the troubled Middle East over the last week to showcase their diplomatic initiatives to restore strained relationships with traditional allies and forge new ones with leaders in Iraq. But instead of flaunting stronger ties and steadfast American influence, the president's journey found friends both old and new near a state of panic." The Administration's interlocutors "expressed soaring concern over upheavals across the region that the United States helped ignite through its invasion of Iraq and push for democracy — and fear that the Bush administration may make things worse." Trips by Bush, Cheney and Secretary of State Condoleezza Rice were "designed to show the American team in charge," but "ended instead in diplomatic embarrassment and disappointment, with U.S. leaders rebuked and lectured by Arab counterparts."

Hezbollah Supporters Continue Peaceful Siege Of Beirut. Reporting continues this morning on the protests by Hezbollah supporters in Beirut seeking the resignation of Prime Minister Fuad Siniora's government. The McClatchy Newspapers (12/3, Lasseter) reports, "A siege on Lebanon's American-backed government continued Saturday with tens of thousands of demonstrators … packing downtown Beirut." They "filled the roads surrounding the center of Beirut, … effectively shutting down the capital. Hezbollah gave every indication that it is prepared for the long haul: setting up long rows of tents, portable bathrooms and handing out cups of water and sandwiches."

CNN (12/2, Sadler) reported, "Thousands of government opponents pour into downtown Beirut, the commercial heart of the city paralyzed by noisy but peaceful protests. Scores of large canvas tents suggest they could be here for a long time. The opposition is led by Hezbollah, the armed militant group that fought Israel during the recent war in Lebanon, now waging this political war with words. For now, the opposition is promoting a festive mood of relentless song and dance to try to topple the western-backed government, ridiculing their political adversaries. But a ring of steel protects the Prime Minister's office complex, guarded by troops and armored vehicles in case words turn to war."

The Los Angeles Times (12/3, Stack, 850K) adds, "The massive sit-in staged by Hezbollah supporters so far has done little to dislodge the U.S.-backed government, but it has managed to turn the Lebanese capital inside out — literally." Shiite Muslims, who tend to be "some of the poorest and most marginalized people in the country," are leaving "their homes in suburban slums to camp out on the nation's priciest bit of real estate. Though they often have trudged through Lebanese history as war refugees, now they have managed to displace Lebanon's wealthiest shop owners."

The New York Times (12/3, Slackman, 1.16M) says Beirut "remained paralyzed and shuttered… The atmosphere remained festive, almost joyous, though, as protesters emerged from tents pitched in empty lots and chanted slogans, banged drums and appeared to dig in for a long stay." During the protests, "rumors abounded about what Hezbollah and its alliance, which includes the Christian Free Patriotic Movement, might be planning to escalate the

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conflict further. There has been talk about blocking roads and members of Parliament resigning en masse."

NBC Nightly News (12/2, story 6, 0:10, Seigenthaler, 9.87M) reported, "In Beirut, another day of protests. Thousands of supporters of the Hezbollah-led opposition took to the streets, though far fewer than yesterday. They're trying to bring the US-backed government there."

A 2,500-word story on the front page of the Washington Post (12/3, Shadid, 690K) reports, "In a city of frontiers, Beirut built another border Saturday. … Long divided by the Christian east and largely Muslim west of its 15-year civil war, Beirut is a city snarled today by far more numerous boundaries of sect, perspective and ideology, intersecting and tangling across a capital and country wrestling with a question still unanswered since independence more than 60 years ago: What is Lebanon's identity?" That series of "fault lines tell the story of the struggle underway between the country's two camps, divided by past and present, with vastly different visions of Lebanon's future: on one side Hezbollah, supported by Iran and Syria, and on the other the government, backed by the United States and France. The fault lines tell, too, of an impasse that perhaps can't be broken."

The Washington Times (12/3, Razzouk, 88K) adds Siniora's Cabinet "vowed not to cave in to calls to resign after a massive demonstration led by the pro-Syrian group Hezbollah, as protesters camped outside government offices." The protesters "tightened the political deadlock in the country, which has been nearly paralyzed because of a fierce struggle for supremacy between pro- and anti-Syrian camps within the power-sharing regime." Parliamentary Majority Leader Saad Hariri "vowed that 'the Siniora government will not fall because of pressure from the street. However long they continue their protest, it will not fall.'"

Palestinian PM Rejects PLO Call For His Resignation. The AP (12/3, Laub) reports Palestinian Prime Minister Ismail Haniyeh "rejected demands that his Hamas-led government resign and called for the resumption of talks to form a national unity government with the Fatah Party." Haniyeh was responding to a PLO statement on Friday asking him "to step down to make way for a new premier who could resume talks with" President Mahmoud Abbas. A Hamas spokesman "said the call for Haniyeh's resignation amounted to 'a coup.'"

Supporters Of Sunni Government Win Bahraini Election. The AP (12/3) says yesterday's parliamentary election in Bahrain "reinforced sectarian divisions between Shiites and Sunnis and witnessed a deepening Islamic conservatism in the U.S. ally, considered among the most liberal of Gulf Arab states." Government supporters including "Islamic hardliners" defeated parties representing the opposition Shiite majority, who "have long complained they are squeezed out of power by the Sunni monarchy." The returns "gave a sweeping victory to hard-liners from both of Islam's chief branches who bulldozed challenges by progressive candidates and women. Twelve of the 22 pro-government winners were hardliners."

In Washington Visit, Yanukovych Seeks To "Renovate His Image." Under the headline, "Ukraine PM Aims To Mend Fences With U.S.," the AP (12/3, Bellaby) previews today's arrival in Washington of Ukrainian Prime Minister Viktor Yanukovych. "He was cast by critics as the Russian-backed bad guy during Ukraine's Orange Revolution two years ago, the burly politician who almost stole the presidential election from the pro-Western leader Viktor Yushchenko." Now, Yanukovych "says he hopes to renovate his image in the West during his meetings with U.S. officials," likely to include Vice President Cheney and Secretaries Rice and Bodman." He "has tried not to overtly antagonize the West. For instance, while delaying Ukraine's membership bid into NATO, he does support continuing cooperation with the alliance. On Tuesday, he called the U.S. 'a strategic partner of Ukraine.'" Yanukovych "is trying to improve his soft powers along with his hard-nosed political moves."

Jockeying For Putin's Endorsement In 2008 Underway. In a 1,400-word piece, the Los Angeles Times (12/3, Holley, 850K) describes Russian President Vladimir Putin's role in selecting his successor. The "buzz" in Moscow "is that" First Deputy Prime Minister Dmitry Medvedev and Defense Minister Sergei Ivanov "are the leading contestants in a competition to be [Putin's] anointed successor when his second term expires in 2008." The Times adds, "With Putin enjoying popularity ratings above 70% and holding ever greater centralized power, a presidential endorsement is widely seen here as key to succeeding him. That means the current contest among Medvedev, Ivanov and other potential candidates for the big

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man's nod may well prove more crucial than the 2008 election in determining Russia's course."

Litvinenko's "World Of Deceptions" Detailed. A front-page story in the New York Times (12/3, A1, Cowell, 1.16M) details the final decade of the life of Alexander Litvinenko, the former KGB agent and critic of Vladimir Putin who died of polonium-210 poisoning last week in London. His career "began in the roller-coaster politics and self-enrichment of post-Soviet Russia, spanned his desperate flight from Russia through Turkey and then on to Britain to seek asylum. It ended spectacularly and mysteriously… After Mr. Litvinenko's death, sketchy facts and abundant speculation unfolded like some lost chapter of the cold war. But unlike those days of East-West division and the half-light of shadowy, underground conflicts, this saga played out in the bright glare of newspaper headlines and 24-hour news channels." A separate New York Times (12/3, WK4, Myers, 1.16M) piece entitled, "There's A Reason Russians Are Paranoid," details some of the popular Russian reaction to – and theories about – Litvinenko's death.

NBC Nightly News (12/2, story 8, 2:00, Seigenthaler, 9.87M) reported, "Authorities are still trying to figure out who is responsible for the radiation poisoning death of a former Russian spy." NBC (Colt): "Winter is coming to Moscow. Difficult times lie ahead and it's not just the change of the seasons. Russia is finding itself in the hot glare of an international inquiry into the radiation killing of Alexander Litvinenko in London last week."

On its front page, the Washington Times (12/3, Rayment, 88K) carries reporting by the London Sunday Telegraph that "the Russian intelligence services, prime suspects in [Litvinenko's death], have a network of more than 30 spies operating in Britain. The sophisticated ring represents the greatest espionage threat facing Britain." That "startling intelligence was presented last week to Cabinet ministers at a meeting of Cobra, the anti-terrorist task force." Russian operatives in the UK "are known to be monitoring the movements and activities of Russian emigres and opponents of Russian President Vladimir Putin," and "are involved in a widespread operation targeting businessmen, members of Parliament and scientists in an attempt to steal commercial and state secrets." Recent estimates place the UK second only to the US for unknowingly hosting Russian agents.

Castro Absent From Massive Parade In His Honor. The McClatchy Newspapers (12/3, Robles) reports, "In a clear signal that Cuba's post-Castro era has begun, an ailing Fidel Castro failed to appear at a massive military parade in his honor Saturday while his brother and designated successor delivered an inaugural speech of sorts." McClatchy adds, "Many Cuba-watchers had expected Fidel to make his first public appearance at the parade since" July, and his "absence was certain to fuel U.S. reports that he suffers from terminal cancer and likely will not live past 2007." Raul Castro "renewed his willingness to negotiate an end to the almost 50 years of animosity between Washington and Havana. But on his own terms."

NBC Nightly News (12/2, story 5, 2:10, Seigenthaler, 9.87M) reported, "In Cuba, thousands turned out today for a major military parade paying tribute to Fidel Castro who was expected to appear but at the last minute, he didn't show up. His absence once again raises questions about his health and his ability to lead." NBC (Potter): "The public salute to his brother from Raul Castro today did little to cheer the crowd. Thousands had gathered, hoping to finally see the ailing Fidel Castro -- ailing Fidel Castro. But at a parade in have a Havana, he once again failed to appear with no explanation."

The AP (12/3, Snow) says yesterday's event is "raising questions about whether the ailing leader will ever return to power as his public absence begins taking on a tone of permanence." Raul's address "reached out to the U.S. government," and he "did not explain the absence of his brother."

Under the headline, "A Rare Silence Reverberates In Castro's Long Goodbye," the New York Times (12/3, Lacey, 1.16M) notes, "In his day, Fidel Castro could not stop talking. He was Cuba's talk show host as well as its president," but now he "is silent, leaving a gap on state-run broadcasts and confused audiences." His absence yesterday "left many Cubans convinced that their leader of nearly half a century had delivered his final speech." The Times adds that Fidel's "Cuba is very much a work in progress."

The Washington Post (12/3, A20, Roig-Franzia, 690K) reports, "There were no guarantees that [Fidel] would surface. Just rumors and whispers, whispers and rumors. The sounds of Havana wrestling with its greatest modern mystery trickled out of faded doorways and clattered off the chipped facades of this gracefully decaying capital." In the end, "the man they had all come to see never showed up. Castro remained hidden away, his illness shrouded in

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mystery, his whereabouts a jealously guarded state secret. … Many Cubans expected the uncertainty about Fidel Castro to be cleared up Saturday. But the day ended with more confusion."

The January/February 2007 edition of Foreign Affairs has a 6,200-word essay by Julia Sweig of the Council on Foreign Relations that argues that "with or without Fidel, renewed U.S. efforts to topple the revolutionary regime in Havana can do no good -- and have the potential to do considerable harm."

Pinochet Stricken By Heart Attack. The AP (12/3, Gallardo) reports former Chilean leader Augusto Pinochet, 91, "was hospitalized early Sunday after suffering a heart attack and is in serious but stable condition, the Santiago Military Hospital said." Pinochet spokesman Guilleremo Garin "said the former strongman was undergoing 'thorough medical tests. It's a heart condition. That's all we know now.'"

Robust Venezuelan Economy Absent From Campaign Rhetoric. In continuing coverage of the run-up to today's Venezuelan presidential vote, the New York Times (12/3, A8, Romero, 1.16M) notes, "To understand why Hugo Chávez seems set for victory … and a strengthened mandate for what he calls a socialist revolution, consider the vigor" of the Caracas stock exchange. "Often lost in the campaigning between Mr. Chávez and his electoral challenger, Manuel Rosales, is that Venezuela, with the largest conventional petroleum reserves outside the Middle East, is having one of the most significant oil booms in its history." While Chavez is known for "wrapping" his presidency "in socialist imagery," the Times says he "has made this expansion possible by quietly working with Venezuela's banking system." In the election campaign, neither Chavez nor Rosales "seems to acknowledge the growing consumerism in rich and poor households as one of the main reasons Mr. Chávez has resilient popularity ratings after eight years as president."

The Washington Post (12/3, A21, Forero, 690K)'s pre-election report focuses on the growing ties between Chavez and some business owners. There are "a growing number of business leaders who reject the doom-and-gloom scenario and see something else entirely in Venezuela's free-spending government: opportunity." The "economy has evolved into one marked by contradictions: the highest growth rate in the Americas and grinding underemployment, out-of-control consumerism and a lack of investment, troubling uncertainty and golden prospects." However, the status quo "seems to have been very good to a new class of entrepreneurs in Venezuela who have either allied themselves with the government or found a way to have a cordial relationship. Many of them have secured lucrative government contracts, and the opposition has dubbed them the Boliburguesia, short for the Bolivarian bourgeoisie."

The Los Angeles Times (12/3, Kraul, 850K) adds, "The United States had better get used to its Latin American nemesis, Venezuelan President Hugo Chavez. If, as expected, he wins reelection to a new six-year term today, he says he will seek a change in the constitution that would enable him to serve indefinitely." The Times says Rosales' "only hope of victory lies in capturing large numbers of undecided voters."

Philippine Mudslides, Sparked By Typhoon, Could Claim 700. NBC Nightly News (12/2, story 7, 0:10, Seigenthaler, 9.87M) reported, "In the Philippines tonight, mudslides have covered whole villages. The rivers of mud were triggered by a typhoon which blasted ashore with winds at more than 150 miles per hour. At least 300 people are dead with another 300 still missing." The AP (12/2) adds, "Hopes virtually vanished Sunday for finding survivors."

African Entrepreneurs Forsake Local Manufacturing For Trade With China. A lengthy background piece in today's Washington Post (12/3, A23, Timberg, 690K) notes the growing economic links between China and Africa. One family's "shift, from manufacturing to trading, mirrors a broader one across Nigeria and much of Africa. A 30-year experiment in building local factory capacity has faltered with declining trade barriers and rising global competition, most powerfully from China. African business leaders increasingly are staking their fortunes on old-fashioned extractive industries, such as oil production needed to fuel Asian industry, while also attempting to profit from the flood of finished goods coming in return."

China Cautioned Against Continuing "Blame Game" On Environmental Degradation. The Council on Foreign Relations' Elizabeth Economy titles her Washington Post (12/3, B7, 690K) op-ed, "A Blame Game China Needs To Stop." China is unlikely "to adopt tough new

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energy and environmental standards," and puts most "of the blame for the country's mounting environmental problems squarely on the shoulders of foreigners and, in particular, multinational companies." The "climate issue has focused the world's attention not only on China's contribution to global warming but also on its role as the largest contributor to a range of other global environmental problems such as ozone depletion, the illegal timber trade and marine pollution." China should not risk trade and "its own environmental future" for the "short-term and largely illusory benefits of playing an environmental blame game."

Canada's Liberals Elect Dion Leader. Major media report on the Canadian Liberals' election of professor Stephane Dion as their leader. The New York Times (12/3, Austen, 1.16M) calls it "a surprising outcome," saying Michael Ignatieff's "lack of connections both within the Liberal Party and Canada in general seemed to play a role in his defeat." Dion promised to "move back into campaign mode almost immediately and try to lead the party back to power through a general election that may come as early as spring."

The AP (12/3, Duff-Brown) describes Dion as "a former environment minister who criticized the conservative prime minister for modeling himself after President Bush." He "was part of the team of Liberals under former Prime Minister Jean Chretien who opposed the U.S.-led invasion of Iraq in 2003 and turned down Washington's request to join."

BBC.com (12/3) notes its local reporter "says the election was a nail-biter, as 5,000 delegates struggled to decide who was most likely to beat the Conservatives." Dion's victory speech "made clear he would make the Kyoto Protocol on curbing greenhouse gases a key part of the strategy to win the next elections." The Washington Post (12/3, A21, Struck, 690K) says the vote "underscored the rising political weight of climate change issues."

In Turkey Trip, Benedict May Have Broached New Ground In Papacy. The New York Times (12/3, WK1, Fisher, 1.16M) reviews Pope Benedict XVI's trip to Turkey, asking if he's "gone wobbly?" Noting that Benedict "has stood for a remarkably clear idea: there is truth, and we won't retreat from it," the Times says in Turkey "the face of confrontation, and perhaps the hold on certainty, seemed to soften." Accordingly, "a new and ever more interesting chapter in this young papacy, as well as in the larger issue of how to engage the Muslim world, including those elements of it that resort to violence, seemed to open on Benedict's four days in Turkey." While some analysts are asking if Benedict "has somehow gone soft," other experts "put the question another way: can one's idea of truth be expressed differently, especially when reality gets in the way?"

Under the headline, "German Turks Ask Where They Fit Now," a separate New York Times (12/3, WK14, Landler, 1.16M) piece says Benedict's "message fell short of a full embrace; he never, for example, dropped his definition of Europe as a place with a Christian history. Such ambiguity about welcoming Turkey and Islam into Europe is felt deeply across the continent, and it turns out that the Turks who have migrated [to Berlin] mirror it. They feel part of Germany and Europe, and yet never fully welcomed."

NYTimes Pans EU Stalling On Turkish Accession. The New York Times (12/3, 1.16M) editorializes, "The strained relationship between Europe and Turkey took two steps forward last week and, we fear, at least that many backward." Benedict's "efforts at conciliation may be undercut if the European Union [decides] to freeze part of the negotiating program for Turkey's membership unless Turkey opens its ports to shipping from Cyprus." The Times says such a move "looked like another ploy to keep Turkey out of the union." Saying the EU must "press the Greek Cypriots to settle" the conflict there, the Times notes "Europe and all of the West have a lot to gain" from Turkish membership. The Times concludes that it "would be a strong sign that the West truly believes its claims of tolerance and respect for all religions."

German Government Will Ask Parliament To Ban Some Smoking In Public. The New York Times (12/3, A8, Landler, 1.16M) reports, "Yielding grudgingly to the growing European campaign against smoking in public places, Germany announced Friday that it would seek to ban smoking in restaurants, discos, schools and other public buildings, but not in pubs, bars or beer tents." The deal "would bring this country, Europe's biggest tobacco market, closer to its neighbors in curtailing public smoking. But it would fall short of the recent laws passed by Britain, France, Ireland and Italy, which stamp out cigarettes in pubs and bars as well as other public places."

NYTimes Chides World Community's Lack Of "Urgency" On AIDS. The New York Times (12/3, WK11, 1.16M) editorializes, "Despite all the lofty goals set by

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world leaders, and billions of dollars thrown into the fight to quench the global AIDS pandemic in recent years, it is discouraging to learn the world is still falling behind." The Times notes a "resurgence" of the virus in some countries, and a decline in the availability of retroviral drugs. They conclude, "Progress has been slowed by many factors,… but the overriding problem may be a loss of the sense of urgency and a reluctance by most governments to commit the huge resources needed to provide universal access to treatment, prevention, care and support."

WPost Pans Icelandic Support For Bottom Trawling. In an editorial about bottom-trawling, the Washington Post (12/3, B6, 690K) notes, "Delicate ecosystems get ravaged with nobody paying attention. The Bush administration, along with several other governments, has been pushing for a moratorium on unregulated trawling on the high seas. Last month, thanks in large part to Iceland, it failed to get that measure." The Post explains, "Because the arcane rules of high-seas fishing are largely defined by consensus, even small countries that are genuine moral outliers in world attitudes toward oceans can prevent agreement." The "world's oceans are heading toward environmental collapse, which only bold action will avert." The Post concludes, "It's hard to imagine that happening if a country that hunts whales and has a population smaller than Washington's can help block a common-sense proposal to safeguard the ecological health of the ocean floor."

Hoagland Says Annan Leaving Office With Robust Legacy. In his Washington Post (12/3, B7, 690K) column, Jim Hoagland reviews Kofi Annan's decade of UN leadership. His "legacy" is "easily the most active and therefore most controversial record of a secretary general since Dag Hammarskjold gave the job meaning during the Cold War." Hoagland says the "might-have-beens of Annan's two terms center on his rocky relations with the Bush administration, which have left scars on both sides." Annan believes that, "in today's polarized atmosphere, it is much more difficult to get governments to take on the burden of humanitarian intervention in places such as Darfur." Annan also offers advice to incoming Secretary-General Ban Ki-moon – 'My only advice to him about this job is to do it his way. I did it my way, which was to try to work with the United States while being the secretary-general of all United Nations members.'"

Academic Says Oil-Rich "Demagogues" Pose Serious Threat. In today's Washington Post (12/3, B1, 690K), history professor Niall Ferguson says, "The world over, demagogues are back, yelling their slogans and thumping their tubs." Although "their rhetoric may seem overblown," he says "no one should underestimate the threat these new demagogues pose -- especially to the United States." Now, "the conditions for truly dangerous demagogues to emerge are almost ideal." Ferguson's "critical point" is that "personal freedom is all too often the demagogue's first victim, especially when popular sentiment is whipped up against some internal or foreign enemy." He continues, "The good news about demagogues is that they often find it harder to deliver on election pledges than to deliver election speeches." In contrast to recent history, "today's demagogues rule oil-rich countries," and "you don't need to know a lot of history to know that hot air plus petroleum is a potentially explosive combination."

Former Mexican Minister Implores Calderon To Dismantle Political Machine. In an op-ed in the Los Angeles Times (12/3, 850K), former Mexican Foreign Minister Jorge Castañeda describes President Felipe Calderon's "daunting to-do list." The "bad news for Calderon is that the telenovela that debuted on election day, July 2, is only the beginning. The toughest challenges lie ahead for him." Noting that Mexico is coming off "10 consecutive years of economic stability, low inflation, low interest rates, a stable currency and constant, if mediocre, growth," Castaneda says "it seems that Mexico's problems are more intractable than just not having [Vicente] Fox to 'kick around anymore.'" He says the "pillars" of the PRI system are intact and "represent the most formidable obstacles to Mexico's growth and success." Calderon "needs to liberate the union movement, upgrade and enforce antitrust laws to break up private monopolies and allow new competitors — even to the old public monopolies — to enter the marketplace. The barriers of entry into the marketplace of political ideas must also come down." Castenada concludes that Calderon must "move forward and take up some formidable interests that are standing in the way of Mexico's future. It will not be easy."

THE BIG PICTURE

Headlines From Today's Front Pages.

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Los Angeles Times:
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"In Afghanistan, Lessons In The Face Of Violence"
"Firehouse Culture An Ordeal For Women"
"Rumsfeld Memo Called For New Iraq Strategy"
"Fundraising Beat Goes On For Gov."
"This USC Story Ends Without A Title"

New York Times:
"Rumsfeld Memo On Iraq Proposed 'Major' Change"
"Russian Ex-Spy Lived In A World Of Deceptions"
"As Trucking Rules Are Eased, A Debate On Safety Grows"
"More Farmers Seek Subsidies As U.S. Eats Imported Produce"
"This Time, Some Black Leaders See A Mayor They Can Stand By"
"Some Players Use It To Cut Glare, Others To Turn Up The Spotlight"
"Burial Insurance, At $2 Per Week, Survives Skeptics"

Washington Post:
"Rumsfeld Called For Change In War Plan"
"At Barricades In Downtown Beirut, Lebanon's Fault Lines Grow Deeper"
"Coalition Sets Up Loudoun Shelter"
"Funding Continues For Illness Scientists Dismiss"
"Med School Owes Its Existence To Many Bodies Of Knowledge"
"Woodbridge Teen Drowns During Traffic Stop"
"Lame-Duck Congress May Run Out The Clock"
"From Competitors To Trading Partners"

Washington Times:
"Car Bombings Rock Baghdad Food Market"
"Under The Knife Overseas"
"British Cabinet Told Of Russian Espionage"
"Episcopalians Warned Against Leaving Diocese"
"Md. GOP Urged To Stick Together"

Atlanta Journal-Constitution:
"$10m CDC Deal Raises Questions"
"Rumsfeld Memo: Change Policy"
"The Lure Of Jekyll -- To Builders"
"Finding Grace In A Faraway Place"
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"Dance Host Is A Hit At Senior Clubs"
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"Stars' Modano Reportedly Engaged To Willa Ford"
"Can Snider Plaza Be The Next Urban Showplace?"
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Houston Chronicle:
"Contractor Donations To Council May Violate Law"
"Texans Rookies Learn From Masters Of Defense"
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"Analysis: Rail Didn't Decide Wong-Cohen Race"
"Houston Housing Program Faces Income Limits"
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"Cost Of Twelve Days Of Christmas Rises Again"
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Story Lineup From Last Night's Network News:
ABC: Evening news preempted by sports.
CBS: Evening news preempted by sports.
NBC: Violence In Baghdad; Uncovered Rumsfeld Memo; "Meet the Press" Preview; Winter Weather; Cuba- Military Tribute To Fidel Castro; Protests In Beirut; Mudslides In The Philippines; Litvinenko Investigation Points To Russia; New Internet Fraud Scam Posing As FBI; American Housing Market; The Iditarod.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House: PRESIDENT BUSH -- 7:30 p.m. Attends the Kennedy Center Honors Gala.

VICE PRESIDENT CHENEY -- No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: VENEZUELA _ 11:40 a.m. Activists from the Washington area hold a rally and proceed on a caravan through the city in support of the Venezuelan elections. Location: Starts at the OAS, 17th St. and Constitution Ave. NW. Contact: Natali Fani, 301-442-8459.

KENNEDY CENTER HONORS _ Annual Kennedy Center honors, marking the careers of Andrew Lloyd Webber, Zubin Mehta, Dolly Parton, Smokey Robinson and Stephen Spielberg. Highlights: Late afternoon. Reception with

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President and Mrs. Bush. White House. 5:30 p.m. Red Carpet arrivals. Kennedy Center. 7:15 p.m. Gala performance. Hall of States, Kennedy Center. Contact: Rae Bazzarre, 202-416-8441.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Saudi Arabia Announces Arrests Of 136 Terror Suspects. The Washington Times (12/3, Nimr, 88K) reports The government of Saudi Arabia "yesterday announced the arrest of 136 suspected al Qaeda terrorists over the past three months in one of the largest crackdowns since it began battling Islamist extremists. … Those detained were 115 Saudis and 21 foreigners, and included a cell that had been plotting a suicide bombing, abductions and killings, the ministry said in a statement carried by the official SPA news agency. That cell consisted of 31 suspects, including four foreign residents, who were detained during a 'pre-emptive' security operation in Riyadh on Sept. 12, the ministry said."

CNN.com (12/2) reports, "A senior official in the Saudi Interior Ministry told CNN that the suspects, who are from several Arab nations, were monitored by Saudi security agents for several months. They rounded the men up just before the expected attack was launched. The suspects, arrested in different areas of Saudi Arabia, were being interrogated Saturday, the official said."

BBC.com (12/2) reports interior ministry spokesman General Mansoor al-Turki, "said some of the militant groups had been about to carry out attacks in Saudi Arabia while others were still in the preparatory stages. … Some of those arrested were recruiting others to fight in 'unstable countries', he added."

Administration's Latitude In Fighting War On Terror Said To Be Diminishing. In a New York Times "Week in Review" piece (12/3, WK14), James Risen writes, "For several years after 9/11, President Bush was given broad latitude by the legislative and judicial branches to fight terrorism as he saw fit. But 2006 has seen the American government's system of checks and balances slowly clicking back into place, forcing the Bush White House to confront new limits and more scrutiny. A series of developments last week reflected that changed reality. The Justice Department inspector general's office announced that it had begun an internal investigation into the department's role in the National Security Agency's domestic spying program, after the administration agreed to give the office's staff the necessary security clearances. Separately, the federal government agreed to pay $2 million to a settle a lawsuit brought by an Oregon lawyer wrongly arrested after the F.B.I. mistakenly linked him to the 2004 Madrid train bombings based on a

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faulty fingerprint match. In a third case, a German man abducted in 2003 and held in a C.I.A. secret prison in Afghanistan urged a federal appeals court to allow him to pursue a lawsuit against the United States that had been dismissed for national security reasons."

Guantanamo Detainees Turn To Each Other For Legal Help. The AP (12/3, Heilprin) reports that Guantanamo detainees "cut off from the outside world and lacking English language skills or any knowledge of the justice system, are still seeking representation from other detainees -- who are either free now or have access to an attorney." The case of Hamid Al Razak, an Afghan at Guantanamo, who will be represented by fellow detainee Bisher Al Rawi and the Center for Constitutional Rights, is described.

Editorials Laud DOJ IG's Review Of Warrantless Surveillance Program. The Corpus Christi (TX) Caller-Times (12/3) editorializes, "The Bush administration's warrantless domestic surveillance program came to light a year ago this December. The president had authorized what was then a secret program that allowed the National Security Agency to eavesdrop on calls and e-mails between the United States and foreign countries. .. Since then, President Bush has strongly defended the program, saying that the nation's security depends on allowing government agents to tap phone calls or troll for information relating to terrorism. .. .But many legal experts believe the president's program violates the Foreign Intelligence Surveillance Act, enacted in 1978 to regulate domestic wiretapping. Under this act, the NSA must obtain warrants from a judicial panel before it can engage in wiretap operations." The Caller-Times continues, "Critics of President Bush's action said that even if the broader surveillance program could be justified in this post-9/11 world, the president erred by not asking Congress to change the FISA law to make the operation legal and constitutional. … This week, the Justice Department's inspector general said he will conduct an investigation to determine how the information obtained by the wiretap program has been used. He will also look at compliance with the FISA law." The Caller-Times notes, "The 110th Congress, soon after it takes office in January, must deal with this issue. If the Bush White House is right that new tools are needed to permit 'data mining' to fight the war on terrorism, then those tools should be incorporated into law, with judicial oversight to protect the rights of American citizens. … If the NSA wiretap program violates the law, as Judge Taylor ruled, then Congress has the authority to direct the president to curtail it until legal oversight is provided. The FISA framework would simply need to be reworked. Oversight of U.S. intelligence operations is a responsibility of Congress. It must act to 1) protect our national security and, 2) protect Americans' constitutional liberties. Neither of these should trump the other."

The Nashville Tennessean (12/3) editorializes, "A decision by the inspector general of the Justice Department to look into the controversial wiretapping program used in the war on terror could restore some public trust, although the scope of the probe is limited." The Tennessean continues, "It is important to note that the Justice probe will not deal specifically with whether the NSA program breaks the law or violates the Constitution, but it was also notable recently that members of a special board appointed to examine privacy concerns expressed satisfaction with the way eavesdropping had been conducted. … The developments do suggest that a greater measure of accountability is in store." The Tennessean adds, "The administration may find that with a reasonable amount of disclosure, more Americans will feel comfortable with the techniques being used. But anytime programs are cloaked in secrecy, they invite the very sort of skepticism and scrutiny the program has received."

WAR NEWS:

Pre-Resignation Rumsfeld Memo To White House On Iraq Causes Stir. The revelation of a memorandum on Iraq written by Defense Secretary Donald Rumsfeld on November 6 -- the day before Election Day and two days before Rumsfeld resigned -- received major play on NBC, the only network to air a newscast Saturday night. The story also appears on the front page of several major newspapers, and the memo is printed in its entirety in the New York Times (12/3, A28, 1.16M). Coverage suggests that the memo, in which Rumsfeld called for a change of course in Iraq, contradicted or undercut positive pronouncements by the Administration. The AP reports that Rumsfeld knew he was leaving the Pentagon when he wrote the memo, while other sources express uncertainty over whether he knew at the time.

NBC Nightly News (12/2, story 2, 2:30, Seigenthaler, 9.87M) reported "about what the Defense Secretary thought about Iraq just days before he resigned." NBC (Corke): "As the President prepares this week to receive a major report on the way forward in Iraq, new details tonight about the war and one of his closest advisors. Just days before he resigned last month," Rumsfeld "wrote the Administration's plan for Iraq was not working and that the United States needed to change course there. … Rumsfeld wrote, 'In my view, it is time for a major adjustment,' adding, 'Clearly what US forces are currently doing in Iraq aren't working fast enough.' … The publication of the memo comes as President Bush prepares it to conduct the latest in a series of diplomatic efforts to stabilize the Iraqi government. … NBC News has learned the

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White House did in fact receive that Rumsfeld memo and a White House spokeswoman has said that the President has been dissatisfied about Iraq. We also learned tonight that that memo was developed over a period of several weeks, and it's not clear if Rumsfeld felt his job was in jeopardy at the time he sent it."

The New York Times, Washington Post, and Los Angeles Times all put the story on their front pages, and wire reports appear in or on the web sites of well over 100 newspapers. The New York Times (12/3, Gordon, Cloud, 1.16M) says in the memo, Rumsfeld did not "seem confident that the administration would readily develop an effective alternative. To limit the political fallout from shifting course, he suggested the administration consider a campaign to lower public expectations." Rumsfeld's memo "suggests frustration with the pace of turning over responsibility" to the Iraqis, "offers a counterpoint" to his own "frequent public suggestions that discussions about force levels are driven by requests from American military commanders," and "puts on the table several ideas for troop redeployments or withdrawals, even as there have been recent pronouncements from American commanders emphasizing the need to maintain troop levels for the time being."

The Washington Post (12/3, Tyson, 690K) notes that Rumsfeld "has made similar comments in public about insufficient progress in Iraq, both before and immediately after his resignation on Nov. 8. But the defense secretary's unusually expansive memo also laid out a series of 21 possible courses of action regarding Iraq strategy, including many that would transform the U.S. occupation."

In its report on what it calls a "rambling" memo, the Los Angeles Times (12/3, Meyer, 850K) highlights "one potentially controversial plan of action that had been used in a different form by deposed dictator Saddam Hussein -- paying off 'key political and religious leaders' so they would be more compliant with U.S. occupying forces in the war-torn country and its capital, Baghdad." The Times comments that the "memo is peppered with proposals that run counter to the advice of officers," even though "he has said he bases his decisions on input from commanders." Detractors "immediately seized on the memo as an admission of failure by one of the administration's primary architects of the Iraq war and its aftermath." But ex-Pentagon spokesman Lawrence DiRita is quoted defending Rumsfeld, saying of the diversity of suggestions posed in the memo, "This is what good leaders do."

The AP (12/3, Burns) also cites DiRita's defense of Rumsfeld, saying DiRita argues that the "broad range of options presented by Rumsfeld belies the notion, often cited by his critics, that he is inflexible and reluctant to consider alternative approaches." The AP adds, "A person familiar with the sequence of those events told the AP that Rumsfeld did know when he wrote it that he would be leaving."

Baghdad Bombings Kill At Least 51. NBC Nightly News (12/2, lead story, 2:25, Seigenthaler, 9.87M) reported, "We begin tonight with the war in Iraq and new explosions that hit the heart of Baghdad. It happened today in crowded markets. Bombs in three parked cars blew up at almost the same time. At least 51 people were killed. Ninety others were injured."

CNN (12/2, Robertson) reported, "The bombings took place about an hour before dusk in a busy downtown market -- three different bombs, two in one square, one in another square, in rapid succession. ... There were so many casualties…that they were taken to five different hospitals. And the blast was so big that it destroyed 10 stores in the area and 12 vehicles as well."

The Washington Post (12/3, A20, Raghavan, 690K) reports, "It was the deadliest attack since a barrage of car bombs, mortars and missiles hit the Shiite slums of Sadr City on Nov. 23, killing more than 200 people. And in a pattern indicative of sectarian violence, the Interior Ministry said 44 bodies had been found in Baghdad in a 24-hour period, most of them shot." The Los Angeles Times (12/3, Hennessy-Fiske, 850K) reports, "By nightfall, no one had claimed responsibility for the attacks." Sunni politician "Adnan Dulaimi said he believed that he was targeted by Shiites and that Maliki's government has not protected him." The AP (12/3, Gamel) adds, "Nobody claimed responsibility for the attack, but it followed a Friday raid by Iraqi forces backed by U.S. helicopters targeting Sunni insurgents in al-Fadhil, less than a half mile away."

LATimes Considers Role Of US Troops In "Civil War." In an editorial running nearly 1,700 words, the Los Angeles Times (12/3, 850K) writes, "The Bush administration, let's be clear, did botch the postwar occupation of Iraq. ... Historians may identify April 12, 2003, as the day the United States began to lose the peace in Iraq. That's when Defense Secretary Donald H. Rumsfeld, responding to reports of widespread looting, declined to order up more U.S. troops to keep order and protect Iraqi lives and property." That said, the Times urges the US to follow "two axioms" in its Iraq policy: "American troops must not be allowed to become helpless bystanders in Iraq's civil war. Nor can they become co-conspirators with a government intent on taking sides in this civil war."

WPost Says US Cannot Give Up On Current Iraqi Government. The Washington Post (12/3, 690K) editorializes that "writing off" the current Iraqi government "now is not in the U.S. interest. The best remaining option for the United States lies in a long-term effort to bolster Iraq's political administration and army so that it defends the current constitution and slowly gains the ability to take on the enemies of the United States. ... Giving up on the government, as advocates of a rapid withdrawal suggest,

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would simply concede the country to those enemies, as well as to Shiite extremists, and betray those Iraqis who believed in the U.S. vision of a democracy at peace with its neighbors. It would mean the destruction of American allies in Iraq and throughout the region."

Anbar Raids Kill Six Insurgents, Three Others. The AP (12/2) reports, "U.S. soldiers destroyed two buildings being used by insurgents in a town in Anbar province, killing six militants, two women and a child, the military said Sunday. It was the latest of several recent raids during which women or children have been killed or wounded by U.S. forces as they attacked insurgents in residential areas." US officials have accused insurgents of using women and children as "human shields."

Baker Says "There Is No Magic Formula" For Iraq. The Houston Chronicle (12/3, Belli, 530K) runs a highly complimentary piece on James Baker, who "is bristling at depictions of him as a sort of magician who will somehow make the nation's Iraq problems disappear." Baker said, "Expectations are totally out of control. There is no magic formula for our difficulties in Iraq." Nonetheless, according to the Chronicle, Baker "is known as a master negotiator who often solves problems by forging bipartisan support and by turning enemies into friends." His career and achievements are described, with plaudits from Henry Kissinger, George Herbert Walker Bush, and others cited.

Isaacson Hopes Baker Can Attain Mantle Of "Wise Man." In an op-ed for the Los Angeles Times (12/3, 850K), Aspen Institute head Walter Isaacson writes that Baker "has one great goal left as he hones his legacy: trying to make sure that the words 'American statesman' appear in his newspaper obituary before the words 'Florida recount.'" Baker "was the secretary of State who urged President George H.W. Bush not to try to occupy Baghdad during the Persian Gulf War in 1991, and he cautioned against the invasion of Iraq in 2003 before it even began. ... If Baker and his posse can come up with a plan that salvages some threads of our national interest from the debacle of Iraq, and if he stays around to help implement it, that would be such an awesome magic trick that those of us who dabble with the first drafts of history should reward him by carving a niche in the pantheon for him somewhere between" ex-Defense Secretary Robert Lovett and ex-Secretary of State Dean Acheson.

Professor Skeptical About ISG's Chances For Success. In a commentary for the Washington Post (12/3, B3, 690K), Georgetown professor Daniel Byman writes that the Iraq Study Group runs the risks that all commissions do: "tepid recommendations, partisan divisions, little follow-up and eventual irrelevance. … At best, the Iraq Study Group will catalyze our leadership and help foster the political will to accept this painful reality. But salvation? Forget about it."

Hakim May Ask Bush To Reach Out To Tehran. An AP (12/2, Hendawi, Abdul-Zahra) piece previews President Bush's Monday meeting with Abdul-Aziz al-Hakim, "a Shiite powerbroker reviled by Sunni Arabs for his ties to Iran and a militia linked to sectarian violence." Hakim "will ask President Bush to seek Iran's help," and will "try to allay U.S. concerns over Iranian influence in Iraq." He "dismissed speculation that his trip to the United States threatened the authority of beleaguered Prime Minister Nouri al-Maliki, who came under criticism for meeting with Bush last week in Jordan."

Iraqi Mass Exodus Unsettles Middle East. The Boston Globe (12/3, A1, Cambanis, 413K) reports, "As Iraq's bloodshed worsens, the tide of refugees fleeing the country is straining the region's resources and inflaming fears that Iraq's sectarian conflict might spread to neighboring countries. A new United Nations report says Iraq is 'hemorrhaging' refugees in staggering numbers. Anywhere from 2,000 to 3,000 people are fleeing the country every day. ... at least 1.5 million Iraqi refugees have moved to neighboring countries, reshaping the already complex demographic mosaics of Jordan, Syria, and Lebanon. The influx has prompted government crackdowns and anger from local populations who feel refugees are grabbing scarce jobs and resources."

More Commentary. In a commentary for the Washington Post (12/3, 690K), journalist Michael Goldfarb writes, "I've seen what happens when the 'international community' precipitously pulls out of conflict zones. ... American journalists and relief workers are evacuated and can be swimming in a hotel pool, all expenses paid, by evening. Our translators, drivers and office managers return to their houses and wait in fear of reprisal against those who collaborate with the Great Satan."

US Advisers Forced To Intervene When Iraqis Prove Inadequate. The Washington Post (12/3, A20, Trejos, 690K) reports that, during "Operation Lion Strike" in Baghdad, "teams of U.S. advisers remained close, but planned to leave the fighting to the Iraqis." Staff Sgt. Michael Baxter said, "It started out that way. But about five minutes into it, we had to take over." The performance by the Iraqis contrasted with official statements. US military leaders "had called it an 'outstanding' example of Iraqi forces taking charge. They said the Iraqis captured 43 insurgents while suffering few casualties." However, American soldiers "described Iraqi troops with inadequate training, resources or motivation. When they shoot, they 'pray and spray' and do not aim for targets, the soldiers said. They either lack equipment or are not well trained in new equipment. On the

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battlefield on Friday, the Iraqis communicated by cellphone because their walkie-talkies did not work, the U.S. soldiers said." In his Washington Post (12/3, B2, 690K) "Inbox" column, Tom Ricks quotes debriefings of two US Army trainers of Iraqis.

Review Says Army Mishandled Friendly Fire Case. The Washington Post (12/3, A17, White, 690K) reports, "Army officials destroyed critical evidence that could have determined who shot and killed Pfc. Jesse R. Buryj at an Iraq checkpoint in May 2004, one of several problems with the friendly-fire inquiry that may permanently shroud Buryj's death in mystery, according to an Army inspector general's review. ... As a result, Buryj's family buried him believing he was killed when his vehicle was rammed by a dump truck. They did not learn that he was shot by friendly forces until nine months after his death, and a lack of physical evidence means it is nearly impossible to know what happened that night."

Women Warriors "Change Military Landscape." The AP (12/2, Cohen) reports in a nearly 3,000-word article, "In Iraq and Afghanistan, women warriors are writing a new chapter in military history, serving by the tens of thousands, fending off enemy fire and taking on -- and succeeding in -- high-profile roles in the battlefield and the skies as never before. ... More than 155,000 women have been deployed to Iraq and Afghanistan since 2002, according to the Pentagon, nearly four times the number during the Persian Gulf War."

California Iraq Memorial Stirs Controversy. The New York Times (12/3, A38, McKinley, 1.16M) reports that previously "tranquil" Lafayette, California, "has become the scene of a passionate debate over the place of political speech in suburbia. At issue is a hillside memorial, made up of some 450 small white crosses and a 5-by-16-foot sign that reads: 'In Memory of 2,867 U.S. Troops Killed in Iraq.'" Detractors of the memorial "called the memorial unpatriotic, disrespectful or just plain ugly." Some locals "question whether the memorial actually meant to remember the dead troops," believing that it is primarily a war protest.

Iraq Veteran's Mother Continues Sending Gift Packages To Troops. The New York Times (12/3, A45, Applebome, 1.16M) profiles Luz Mercado of New Windsor, New York, who continues to send gift packages to troops in Iraq even though her son Luis has already come home. Mercado ""figured she owed it to other moms to do for their children what she had done for her own."

Taliban Kills Teachers, Intimidates Pupils. The Los Angeles Times (12/3, Watson, 850K) reports on the Taliban's efforts to shut down public education: "One of the first victims in the resurgent Taliban's dirty war on education, [Mohammed Aref] gave his life trying to teach Afghan children that there is more to theirs than endless war. ... once again, education is under pressure from the Taliban. ... Over the last year, insurgents have burned at least 146 schools, and insecurity has forced 215 others to close, the Afghan Education Ministry says. Zuhoor Afghan, an advisor to Education Minister Mohammed Hanif Atmar, says about 220,000 students have quit school because they fear for their lives." Many Afghans "are losing patience. Encouraged by the promises of Western leaders, they believed the Taliban's defeat meant the dawn of a new age of rapid progress, in which all children could get a good education."

CRIMINAL LAW:

Nigerian Fraud E-Mails Claim To Be From FBI's Mueller. NBC Nightly News (12/2, story 9, 2:30, Seigenthaler, 9.87M) ran an "In Depth" report on "a new twist on Internet fraud." NBC (Myers): "It's not every day that you get an email from the director of the FBI, Robert Mueller. … In these e-mails bearing official FBI logos, he's been notifying Americans that they've inherited $10.5 million each. To receive the cash, you must immediately contact the FBI in Nigeria to obtain a certificate of ownership. So when we got an e-mail, we immediately dialed away. Is in the FBI In Nigeria?" Unidentified male: "Yes, this is the FBI Federal Republic of Nigeria." Myers: "My FBI pal told me a long-lost relative had died in Nigeria and left me a huge inheritance." Unidentified male: "All you have to send is only $2,000." Myers: "Only $2,000? And I get $10.5 million? … The Mueller e-mails are, of course, fakes. A new twist on an age-old con, all part of Internet scams that cost Americans $183 million last year alone."

Alleged New England Mob Underboss Arrested. The Boston Globe (12/3, Murphy, Mishra) reports, "Reputed Mafia underboss Carmen 'The Big Cheese' DiNunzio was arrested on extortion and illegal gambling charges as he emerged from a North End social club yesterday, potentially ending the reign of an underworld leader credited with uniting the fractured Boston mob into a low-key, profit-focused machine." The Globe continues, "After State Police removed $6,000 in cash from his pockets and led the portly mobster away in cuffs, officials predicted his arrest would further weaken an organized-crime syndicate already diminished from decades of investigations and infighting." The Globe adds, "DiNunzio, 49, ascended to second in command of all New England mobsters around 2002, according to law enforcement officials, after winning the favor of New England godfather Luigi 'Baby Shanks' Manocchio of Providence. Law-enforcement officials allege

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he set about refocusing the mob on money-making crimes, such as extortion and gambling. … 'He's a low-key underboss who has been trying to keep the mob's activities under the radar of law enforcement and the media,' said one law enforcement official." The Globe notes, "According to a source briefed on the investigation, DiNunzio's extortion and gambling operation had been collecting 'hundreds of thousands' of dollars per week and involved a 'ton" of operatives. … Many of the crimes date to 2001, when the investigation began, and the statute of limitations was going to expire this month, triggering yesterday's arrest at the Gemini social club at the corner of Lynn and Cooper streets."

FBI Establishes Montana Public Corruption Tip Line. The AP (12/3) reported, "The FBI has established a tip line for people to report individuals working in public offices whom they believe are corrupt. People can call in to report suspected shady public officials working for school districts, law-enforcement agencies, government offices or in any other public position funded by taxpayers. The Public Corruption Tip Line, 1-866-50-BRIBE, was established for Montana, Idaho and Utah residents through the FBI's Salt Lake City field office. In addition, tips regarding public corruption can be made at the FBI's Web site, www.fbi.gov by going to the Web site and clicking on the link to the Salt Lake City field office." The AP noted, The FBI announced the establishment of the tip line after charges were filed against three employees of a Utah school district."

Jefferson Pursuing Nagin Strategy For Runoff. The New Orleans Times-Picayune (12/3, Donze) reported, "Accomplishing a feat widely considered impossible, New Orleans Mayor Ray Nagin managed to get re-elected in May by stitching together an unlikely coalition of working-class black voters and white conservatives. Now…it appears that U.S. Rep. William Jefferson is trying to replicate Nagin's feat, or at least compose a variation on the same theme. … On one hand, Jefferson, for the first time in his long career in public office, is touting his conservative votes in Congress against same-sex marriage and late-term abortions." Meanwhile, he "also has been trotting out his liberal credentials as an outspoken advocate of displaced public housing residents and out-of-work public school teachers and hammering away at the campaign contributions Carter has collected from Republicans." The Times-Picayune noted, "If there was a cloud over Nagin, it was not the thunderhead that hangs over the Jefferson camp. … 'It's hard to outdo an FBI investigation and money in your freezer,' University of New Orleans political science professor Susan Howell said."

The AP (12/4, Burdeau) reports that "Jefferson hunted for votes among churchgoers Sunday as he headed into the final week of a campaign to hold onto his seat and salvage his political fortunes. FBI raids on his homes and his congressional office, including allegations in an FBI affidavit that he hid $90,000 in bribe money in a freezer, have left Jefferson vulnerable for the first time since he won the seat in 1990. … 'It's going to be very competitive,' said Gary Clark, a political science professor at Dillard University. 'There are those who may wish he may lose, but it will take more than wishing. He's a veteran politician and there are those who benefit by his being in office.'"

In New TV Ad, Jefferson Denies Taking Bribe. ABC News' The Blotter (12/1, 11:50 a.m.) reported that Jefferson "has taken to the airwaves to unequivocally deny the allegations that have plagued him for months. 'I have never taken a bribe from anyone,' he asserts in a new campaign ad." Jefferson's opponent, Rep. Karen Carter, "has seized on the probe in her campaign against Jefferson, and recently ran an ad quoting a Washington Post article that said the FBI had caught Jefferson accepting a bribe on videotape. In this latest ad, Jefferson responds by saying that Carter's 'newspaper source got the facts wrong.'"

Memphis Corruption Charges Renew Questions About Race, FBI Probes. The Memphis Commercial Appeal (12/3, Erskine) reported, "When Johnnie R. Turner first heard about the arrests of Memphis City Councilmen Edmund Ford and Rickey Peete last week, it stopped her cold in her tracks. … Turner, executive director of the Memphis branch of the NAACP, said recent public corruption investigations have given citizens the impression that African-American politicians are 'inherently more crooked, and that is not true.'" Memphis FBI spokesman George Bolds "said he understands the race of those charged in recent public corruption cases is an element some people examine. … But Bolds said race by no means is a factor in how the FBI investigates cases. 'We, the FBI, go where the investigation leads us. Race is not a consideration for us.'" The Commercial Appeal adds that white, Republican state Sen. Paul Stanley "said he thinks complaints about racial targeting are nothing more than an excuse. 'The head of the FBI here is an African-American woman,' Stanley said, referring to FBI Special Agent in Charge My Harrison. 'She's just saying, "We're going to go and get you if you've done something wrong."'"

Critics Call For State, Federal Probes Of Prosecutor In Duke Lacrosse Case. The Raleigh News & Observer (12/3, Neff, Blythe, Niolet) reported, "In the war that is the Duke lacrosse case, Mike Nifong's fierce fight will not end with the trial. … Dozens of people, some connected to the accused, have asked the governor and the state attorney general to intervene. Many have complained to the N.C. State Bar," seeking his disbarment. "And a lawyer for one of the indicted players has urged members of

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Congress to have the U.S. Department of Justice open a civil rights investigation." The News & Observer notes that defendant Collin Finnerty's lawyer, Michael Cornacchia, "wrote to the U.S. attorney general, the FBI director, the congressional delegations of North Carolina and Long Island and others, saying Nifong had violated the civil rights of the three players. … The chances of a federal investigation are unknown; a State Bar investigation is more likely."

CIVIL LAW:

NYTimes Applauds Ruling On US Currency And The Blind. The New York Times (12/3, WK11, 1.16M), in an editorial, writes, "Unlike the currency in 180 other countries, the American greenback comes in one size, and one dominant color — green. That can be so confusing for the 3.3 million Americans who are either blind or have very poor sight that a United States District Court judge in the District of Columbia ruled last week that the government had unlawfully denied them access to the nation's paper money. … Judge James Robertson's opinion makes it clear that the American government simply has not tried very hard to help those Americans who cannot see their money."

CIVIL RIGHTS:

SCOTUS To Hear Two School Desegregation Cases. The Washington Post (12/3, A3, Barnes, 690K) reports, "More than 50 years after the Supreme Court decided in Brown v. Board of Education that separate schools are inherently unequal, the court will consider tomorrow whether race can still be a factor when school systems design programs to promote racial integration. A broadly written decision on Louisville's plan, and on a related one from Seattle, could have a profound impact on school systems across the country. It is the first time in more than a decade that the Supreme Court will consider what is proper for school systems to do to promote desegregation, and it is the first test on the issue for two new justices who in the past have been skeptical about the use of racial classifications."

Newsday (12/3, Brune) reports parents "argue that when a child is denied assignment to a nearby school because of race to achieve a racial balance -- not to remedy past discrimination -- it violates the equal treatment guaranteed by the 14th Amendment. The districts respond that the goal of school integration, and the educational and social benefits that come with it, justifies a careful, limited use of race in deciding where a student should go to school."

The Washington Times (12/3, 88K) reports, "A year ago, Justice O'Connor and her colleagues refused to hear a similar school-diversity challenge from Massachusetts. After Justice Alito's arrival, however, the court surprised many observers by agreeing to hear the appeals."

The San Francisco Chronicle (12/3, Page A1, Egelko) reports, "More than 50 years after the U.S. Supreme Court outlawed racial segregation in public schools, the justices are about to consider whether a school district can voluntarily integrate by considering race in campus assignments." The Chronicle continues, "In cases from Seattle and Louisville, Ky., to be argued Monday, the justices will address the question left unanswered by the Brown vs. Board of Education ruling in 1954: What can the government do when the last vestiges of state-sponsored segregation are erased and schools nevertheless remain racially isolated because of housing patterns, parental choice and perhaps societal discrimination?" The Chronicle adds, "Facing that situation, officials in Seattle installed a system that allowed race to be considered as one of several factors in determining enrollment in popular high schools. In Jefferson County, Ky., which includes Louisville, the school district was once under a court desegregation order, and officials tried to avoid resegregating by setting minimum minority and white populations at each school. … 'Jefferson County housing is substantially segregated along racial lines,' attorney Frances Mellen said in a brief to the court. 'The assignment of all (district) students to 'neighborhood schools' would result in a substantial number of racially segregated schools.' … After the court desegregation order was lifted in 2000, Mellen said, the 97,000-student district concluded the only way it could prevent resegregation was to seek African American enrollment of 15 to 50 percent at each school. The proportion of blacks in the district was 36 percent. … But Teddy Gordon, the attorney for a white woman whose 5-year-old son was assigned to a more distant Louisville school rather than his neighborhood school, said the district's program was 'nothing more than a hard-core, mechanized quota.' … The Bush administration agrees. In papers filed with the court, Solicitor General Paul Clement outlined the administration's position: A district can assign students by race when necessary to make up for its own intentional discrimination, but not to integrate schools that were never deliberately segregated."

The St. Louis Post-Dispatch (12/3, Sichko) reports, "The appeals, involving the school districts of Seattle and Louisville, Ky., are the most significant race-related cases the court has heard in several years. The court's ruling, expected in late spring or early summer, could restrict the ways schools pursue integration, said Gary Orfield, director of the Civil Rights Project at Harvard University. … 'The stakes are rising,' Orfield said. 'We're now talking about if the Supreme Court will find plans that were rejected as not enough in 1968 to be too much in 2006.' He said a ban on race-based school assignment aimed at integration would likely lead to 'a significant increase in racial segregation across the country.'"

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The Post-Dispatch notes, "Critics of Louisville's plan disagree. … 'Our communities have come (a) long way since the segregated days of the '40s and the '50s and on into the '70s,' wrote attorneys for a Louisville parent whose white child was denied a transfer due to desegregation standards. 'There is no going back. We will not turn back the clock,'"

More Commentary. The Los Angeles Times (12/3), attorney Edward Lazarus writes, "At the start of his first full term on the Supreme Court, Justice Anthony Kennedy weighed a legal challenge to a policy in Richmond, Va., that reserved 10% of the city's contracts for minority-owned businesses (Richmond vs. Croson). At the time, Kennedy was thought to be a potential swing vote on a court deeply riven by its views on affirmative action." Lazarus continues, "The court's liberal wing believed that in light of the nation's racist past, the Constitution's promise of 'equal protection of the laws' permitted — indeed, almost mandated — some degree of minority racial preferences. … . The most conservative justices rallied around the opposite view. To get beyond racism, they contended, it was essential not to perpetuate a 200-plus-year mistake of letting government classify individuals according to race. Under their reading of the equal protection clause, the Constitution morally demanded colorblindness. … Kennedy struggled to find a middle ground. Although uncomfortable with affirmative action (and disdainful of Richmond's program, which the court struck down), Kennedy, siding with the majority, rejected the argument that the Constitution categorically bars government from using race-conscious means to achieve such compelling policy objectives as remedying past discrimination. With respect to affirmative action, Kennedy suggested, the Constitution's answer was not 'never' but 'almost never.'" Lazarus adds, "Eighteen years later, on the eve of the court hearing its first set of affirmative action cases under Chief Justice John G. Roberts Jr., the battle over racial preferences continues. On the federal level, former President Clinton's "mend it, don't end it" approach remains essentially in place, though in several states, California and Michigan most notably, anti-affirmative action forces have imposed their version of colorblindness. … Inside the court, although some of the players have changed, the justices remain deeply divided about the means for achieving racial equality. And Kennedy has become even more pivotal to the fate of affirmative action."

In his column for the Washington Post (12/3, B7, 690K) George Will writes that Seattle's school district "decided in 2000 that because the son of Jill Kurfirst and the daughter of Winnie Bachwitz are white, they should be assigned to an inferior and distant high school. If they had not left the Seattle school system, this would have required them to rise at 5 a.m. in order to leave home by 5:30 a.m., alone and in the dark, to take the first of three buses, returning home between 8 p.m. and 9 p.m., with almost no time left for homework, family activities and adequate sleep. … Soon -- oral arguments are tomorrow -- the Supreme Court can remind the 9th Circuit of the Constitution's limits on what schools can do in the name of 'diversity.'"

Gay Activists Optimistic Democrats In Congress Will Champion Their Agenda. The Los Angeles Times (12/3, A1, Neuman, 850K) reports, "For the last 12 years of Republican control of Congress, gay-rights organizations set aside their push for legal protections in order to defend against conservative measures such as same-sex marriage bans. With the realignment of the House and Senate next month, gay and lesbian groups say they are tantalizingly close to having enough votes to ensure passage of at least the hate crimes bill, and perhaps the discrimination measure, which once failed in the Senate by one vote." Rep. Barney Frank "said the hate crimes bill had a 'very good chance of going to George Bush's desk … in the first half of the year.' He said the discrimination measure might be further off, noting that Democrats may not want to push for too much too soon."

More Help Sought For Mentally Ill Ex-Convicts. The AP (12/3, Santi) reports, "Larry Lamb has lived a half-century of failures: three stints in New Jersey state prison, four psych ward confinements, drug and alcohol abuse dating back to adolescence, and more time in county lockups than he can count. … A year ago, he began racking up successes." The AP continues, "Lamb, 50, hasn't had a drug-tainted urine sample since he enrolled in an intensive program for mentally ill inmates as he was being released from jail. He's taking antidepressants, keeping appointments with his therapist, working when he can find a job and paying off court-imposed fines from his prior life of crime and homelessness. … Advocates for the mentally ill say Lamb's situation is common among the nation's inmates, 55 percent of whom suffer from a mental health problem, according to a study released in September by the Justice Department's Office of Justice Programs." The AP adds, "Yet, the availability and intensity of mental health services for people in the nation's criminal justice system varies greatly, said Karen Bower, a lawyer with the Bazelon Center for Mental Health Law, a Washington-based group advocating for the rights of the mentally ill. .. A similar disparity in post-incarceration services exists nationally, with some people receiving comprehensive discharge planning before they leave prison or jail, others being offered limited mental health or social services, and some getting none. … Services are severely lacking for those with dual diagnoses, like mental illness and drug dependence, said Bower. In one class-action lawsuit filed by Bazelon in New York, mentally ill parolees are suing for access to chemical addiction programs. A prior suit brought by a mentally ill inmate in New Jersey forced the

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state to revamp its prison psychiatric programs to replace the practice of segregating inmates whose psychiatric disorders made them disruptive. … Without adequate support, or access to medication and counseling, those discharged or paroled with serious mental illness — defined as schizophrenia, bipolar or major depression — often wind up cycling back through the criminal justice system, Bower said."

Maine Sued For Banning Saucy Beer Labels. The New York Times (12/3, Zezima) reports, "Santa Claus will not be coming to Maine this year, at least not on a beer label, if state officials have their way." The Times continues, "The state's Bureau of Liquor Enforcement in September rejected three beer labels proposed by Shelton Brothers, a Massachusetts beer importer, including one for 'Santa's Butt Winter Porter' that depicts St. Nick from behind, checking a list and drinking a beer, his ample posterior on a wooden barrel." The Times adds, "The bureau said the labels violated a regulation stating that alcohol advertisements cannot contain 'undignified or improper illustrations.' … The Maine Civil Liberties Union sued the bureau on Thursday in Federal District Court in Portland on behalf of Shelton Brothers, claiming that its right to free speech was being violated. .. .One of the other rejected labels, for Rose de Gambrinus, a raspberry lambic beer, depicts a watercolor commissioned by its maker, Cantillon of Belgium, of a nude woman sitting on a person's lap. The third, for Les Sans Culottes French blonde ale, uses Delacroix's 'Liberty Leading the People,' which hangs in the Louvre. …. 'The illustrations on these labels are artistic, and art is entitled to the protection of the First Amendment,' said Zachary Heiden, a staff lawyer with the Maine Civil Liberties Union."

The AP (12/3) reports, "The dispute recalls a similar squabble last year when Connecticut told Shelton Brothers it had problems with its Seriously Bad Elf ale. … 'Last year it was elves. This year it's Santa. Maybe next year it'll be reindeer,' said Daniel Shelton, owner of the company in Belchertown, Mass." The AP adds, "The lawsuit, filed Thursday, contends the state's action violates the First Amendment by censoring artistic expression. … But the state says it's within its rights. The label with Santa might appeal to children, said Maine State Police Lt. Patrick Fleming. The other two labels are considered inappropriate because they show bare-breasted women. … 'We stand by our decision and at some point it'll go through the court system and somebody will make the decision on whether we are right or wrong,' he said."

ANTITRUST:

EU Antitrust Chief Urges Breaking Up Of Large Energy Companies. The AP (12/3, White) reports, "Europe needs to split control of the energy supply chain to stimulate investment and lower prices, European Union antitrust chief Neelie Kroes said last week in a signal that regulators are determined to break up large companies that generate and distribute power. … 'I see only one way forward if we are to restore credibility and faith in the market. Europe needs a structural solution that once and for all separates infrastructure from supply and generation,' she said. .. 'A clear separation of interests between the network operators, energy producers and energy companies is imperative,' she said at Les Mandarins, France's interconnector facility that feeds energy supplies across the English Channel. 'Then we will finally see an end to discrimination, and we will also have laid the ground for a system of proper investment incentives.'" The AP adds, "EU regulators say they have identified fundamental problems with the way Europe's gas and electricity sectors work that could best be tackled by "ownership unbundling" that would force large integrated energy companies such as Germany's E.On to focus on either power generation or supply, selling off other units. … Regulators are scheduled to publish their recommendations on Jan. 10. … Kroes said there are major problems connecting energy from one European country to another, mainly caused by the 'slow pace of investment in infrastructure under the current vertically integrated regime.'"

ENVIRONMENT:

Former Interior Auditor Takes On Oil Industry Over Royalties. The New York Times (12/3, BU1, Andrews, 1.16M) reports, "During a 22-year career, Bobby L. Maxwell routinely won accolades and awards as one of the Interior Department's best auditors in the nation's oil patch, snaring promotions that eventually had him supervising a staff of 120 people. He and his team scrutinized the books of major oil producers that collectively pumped billions of dollars worth of oil and gas every year from land and coastal waters owned by the public. Along the way, the auditors recovered hundreds of millions of dollars from companies that shortchanged the government on royalties." However the Interior Department "eliminated his job in what it called a 'reorganization.' That came exactly one week after a federal judge in Denver unsealed a lawsuit in which Mr. Maxwell contended that a major oil company had spent years cheating on royalty payments." Maxwell "is at the center of an escalating battle with both the oil industry and the Bush administration over how the federal government oversees about $60 billion worth of oil and gas produced every year on federal property. In the process, he has become one of the most nettlesome whistle-blowers Big Oil has ever encountered."

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States Seek To Skirt Reinstated Forest Rules. The Los Angeles Times (12/3, Boxall, 850K) reports, "The future of some of the West's most unspoiled national forestlands remains in flux more than two months after a federal judge reinstated protections on nearly 50 million acres of backcountry. Nowhere is that uncertainty more in evidence than in Idaho. … In October, shortly after a district court in California restored President Clinton's ban on most road-building and logging in the backcountry, Idaho petitioned the federal government to loosen the restrictions on its 9.3 million roadless acres. Then, at a hearing in Washington last week, Idaho Gov. James E. Risch put a much greener spin on his state's intentions, saying he wanted to honor the Clinton prohibitions. The testimony by Risch, a Republican, not only raised questions, but underscored the degree to which the roadless forest issue remains in play."

Produce Farmers Seek Share Of Federal Agriculture Subsidies. The New York Times (12/3, A1, Barrionuevo, 1.16M), in a front-page story, reports "For decades, the fiercely independent fruit and vegetable growers of California, Florida and other states have been the only farmers in America who shunned federal subsidies, delivering produce to the tables of millions of Americans on their own. But now, in the face of tough new competition primarily from China, even these proud groups are buckling. Produce farmers, their hands newly outstretched, have joined forces for the first time, forming a lobby group intended to pressure politicians over the farm bill to be debated in Congress in January." The Times goes on to report, "The farmers are not asking for the kind of direct subsidies that have been accused of distorting trade and hurting developing countries' agricultural industries. Hoping to avoid a nasty battle with powerful farm-state politicians in the Midwest and Southeast, they are asking instead for money to help market their products at home and overseas, as well as for research and conservation."

Bush Said To Have Worked Frequently Against Free Trade. In an op-ed for the Washington Post (12/3, B2, 690K) Slate's Daniel Gross writes, "Since 2000, Bush Republicans have done as much as Democrats, if not more, to erect trade barriers and tariffs. … In March 2002, for example, Bush proudly signed 'temporary safeguards' that imposed tariffs of 8 percent to 30 percent on most steel imports for three years. … In May 2002, Bush signed the Farm Security and Rural Investment Act, which Republicans passed without much help from Democrats. Just six years after President Bill Clinton signed the 1996 Farm Bill, which slashed agricultural subsidies, Bush jacked up federal payments by as much as 80 percent for cash crops."

Winter Storm Kills At Least 11 In Midwest. NBC Nightly News (12/2, story 4, 2:00, Seigenthaler, 9.87M) reported, "A major storm swept across the country dumping ice and snow in the Midwest, disrupting air travel and leaving thousands without power." NBC (Shamlian): "The storm has moved on but people all over the Midwest are still dealing with it tonight. From clearing downed power lines and trees to rebooking canceled flights, a Midwestern mess in the wake of the season's first major winter storm."

The New York Times/AP (12/3) reports, "The death toll from the Midwest's first big snowstorm of the season rose to 11 as the system blew through the Northeast late Friday and early Saturday." The AP (12/2) reports, "Utility crews worked overtime Saturday to restore electrical service to thousands of customers still blacked out by the Midwest's first big snowstorm of the season."

Climate Change Presents Unprecedented Difficulties For Insurance Industry. The Washington Post's Joel Garreau (12/3, C1) writes, "A place near the water has been an American dream for a very long time. … This is the year, however, in which the big boys in global finance got religion about climate change. As a result, this American dream…is under attack." Garreau adds, "The big buzz in the insurance industry today is climate change. Lloyd's of London's June report is titled: 'Climate Change: Adapt or Bust.' The 2005 hurricane season gave the United States supposedly once-in-a-century storms, one right after the other. Katrina, Rita and Wilma were among the seven most expensive hurricanes ever to hit the country. Companies that had to eat too much of the $51.5 billion in insured losses went under. The big problem with climate change for the insurance companies is not the risk. Their whole business is getting paid to accept risks. The trouble is that their traditional means of calculating what is an acceptable risk -- and how much to charge for it -- is based on history."

FBI/DEA/ATF/USMS:

FBI Breaking Of New Jersey Gang Was Dangerous, Four-Year Task. Under the headline "How The FBI Took Down A Deadly Jersey Gang," the Newark Star-Ledger (12/3, Martin) reported in a five-thousand word story, "The depth of New Jersey's gang problem dawned on John Havens on a steamy Sunday four years ago as he parked along Ninth Street in Newark. Havens, a 32-year-old FBI agent, had his eyes on a two-story corner house where nearly 50 young men had gathered for a barbecue. One wore a hidden microphone that piped the proceedings to the agent's vehicle. … The Double ii Bloods, as they were

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called, brought gangs to a new level. They met weekly to discuss business and Blood codes, and to break in members." The Star-Ledger added, "The meeting recorded that afternoon on Ninth Street marked a turning point in the FBI investigation. Dismantling the set would take four more years, testing agents' ability to follow the trail of violence, entangling informants who risked death, and allowing prosecutors for the first time to pursue gangs as organized enterprises with a single purpose: crime." However, the Star-Ledger noted, FBI Newark SAC Leslie Wiser "cautioned: 'Law enforcement is not the answer to the gang problem. No one should make the mistake in thinking that it is.'"

IMMIGRATION:

DOJ Pushes For Deportation Of Former Nazi Guards. The Detroit Free Press (12/3, Ashenfelter) reports, "John Kalymon, Johann Leprich and Iwan Mandycz are old men now, hobbled by the same aches and pains that plague many senior citizens in their 80s. … Only these men are not ordinary senior citizens." The Free Press continues, "In the 1940s, the U.S. Department of Justice says, they helped the Nazi killing machine as it steamrolled across Europe, exterminating millions of people deemed enemies of Adolf Hitler's Third Reich. … As it has in scores of similar cases, the government has gone to court to strip all three metro Detroit men of their U.S. citizenship so they can be deported. .. .But getting rid of them has created a moral, legal and diplomatic dilemma." The Free Press adds, "Their families and neighbors regard them as harmless old men who were victims, forced to choose between the Nazi juggernaut or death. Detroit-area survivors of the Holocaust regard them as tormentors who helped mercilessly kill their loved ones and friends. And the federal government, which is racing to expel them from the country before they die, is having a tough time finding European countries to take them. … Eli Rosenbaum, head of the Justice Department's Nazi-hunting Office of Special Investigations, is mainly concerned about making travel arrangements for the men. … 'Right now, we have six people who we could put on a plane tomorrow,' Rosenbaum said, adding that Leprich is one of the six. … 'In recent years, we've had great difficulty persuading European nations to take these people back,' Rosenbaum said. 'And in some cases, we've hit a brick wall.' … Rosenbaum said many European countries are too embarrassed to take back people they can't prosecute because they lack the laws or the desire to do so."

Academic Claims Immigration Does Not Contribute To Higher Crime Rates. In a piece for the New York Times Magazine (12/3P the Nation's Eyal Press writes, "In an age of Latino gangs and Chinese criminal networks, the notion that communities with growing immigrant populations tend to be unsafe is fairly well established, at least in the popular imagination. … In fact, according to evidence cropping up in various places, the opposite may be the case. Ramiro Martinez Jr., a professor of criminal justice at Florida International University, has sifted through homicide records in border cities like San Diego and El Paso, both heavily populated by Mexican immigrants, both places where violent crime has fallen significantly in recent years. 'Almost without exception,' he told me, 'I've discovered that the homicide rate for Hispanics was lower than for other groups, even though their poverty rate was very high, if not the highest, in these metropolitan areas.' He found the same thing in the Haitian neighborhoods of Miami."

Georgia Legislator's Wife Faces Deportation. The New York Times (12/3, A38, Goodman, 1.16M) reports, "The wife of a Georgia legislator known for his strong support of immigrants' rights is in hiding after federal agents came to their home on Tuesday with an order to deport her to her native Colombia, her lawyer said. In a written statement issued on Wednesday, State Senator Curt Thompson, 37, a Democrat, said his wife, Sascha Herrera, 28, missed an immigration-related court hearing in February 2005. … Because Ms. Herrera did not appear in court, a federal judge issued a deportation order in February 2005."

CONGRESS-ADMINISTRATION:

Leahy Seen As Having Historic Opportunity For DOJ Oversight. The Barre-Montpelier (VT) Times Argus (12/3) editorializes, "Friends and staff of Sen. Patrick Leahy are already talking about the opportunity now before him to establish a legacy that will place him among the most important senators in Vermont history. … It will not be about the pork he is able to secure from his position on the Appropriations Committee or his long-term work for the interests of the state's dairy farmers. It will be his legacy as a defender of the U.S. Constitution." The Times Argus continues, "Leahy has been almost giddy since the elections last month, with the prospect that he will become chairman of the Senate Judiciary Committee. But the challenges before him are serious indeed. … As chairman he will have the power to focus on the numerous ways that the Bush administration has worked to skirt and undermine the constitutional limits on executive power, straying into activities that might be judged illegal or even criminal. A successful effort to rein in the abuses of the Bush administration will place Leahy in the history books alongside Sen. Ralph Flanders of Vermont, who was instrumental in challenging the abuses of Sen. Joseph McCarthy — except Leahy's challenge is even greater and the abuses more serious than those of the senator from Wisconsin whose name has

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become synonymous with an era of thuggery and paranoia." The Times Argus adds, "Leahy appears to understand what he is up against. Already he has sent letters to the Justice Department renewing numerous requests for information on a variety of programs and activities that are constitutionally dubious. President Bush has promised to foster a spirit of bipartisanship in his dealings with the new Democratic Congress, but so far the Justice Department and the White House show every sign that they will resist Leahy's efforts to let the sun shine on the doings of the federal government. … Leahy will have to focus both on the specifics of administration activities and on the broader legal and political philosophy the administration has offered in its own defense. … It will be important for Leahy to maintain a focus on the legal and constitutional issues at stake: that the United States stands for human rights, the rule of law and a system of checks and balances that applies to the president even in a time of war. The American people will be grateful to him if he can establish that a democracy need not resort to the ruthless, lawless methods of a panicked bully. And Vermonters will remember him among the handful of Vermont's greatest statesmen."

Fetal-Pain Bill Among Few Items On House's Agenda For This Week. The Washington Post (12/3, A4, Weisman, 690K) reports Congress "will convene on Tuesday for what some fear will be the lamest of lame-duck sessions, and GOP leaders have decided to take a minimalist approach before turning over the reins of power to the Democrats. Rather than a final surge of legislative activity, Congress will probably wrap up things after a single, short week of work. They have even decided to punt decisions on annual government spending measures to the Democrats next year. … Republican lawmakers will have met for one week in November, devoted almost exclusively to leadership elections for next year, and one week in December, largely to pick committee assignments, move offices and pass a measure to keep the government operating through February. That will mean this Congress will have spent the least time in session of any in at least half a century." The Post notes that the House has scheduled a vote on Rep. Chris Smith's fetal-pain bill.

GOP Will Attempt To Extend Popular Tax Breaks. The Washington Times/AP (12/3) reports, "Millions of entrepreneurs, teachers and parents with children in college have a financial stake in whether Congress, in the waning hours of Republican rule, revives tax breaks that expired 11 months ago. … The breaks, which expired Jan. 1, enjoy wide support in both parties. Precisely because of this support, lawmakers have sought to add them as a 'sweetener' to contentious legislation in hopes of getting that legislation through." Lawmakers "will take one more shot at the tax bill when they return this week to wrap up their work for the year, but they might not have the time or the will to agree on a compromise."

McConnell Emphasizes His Independence From White House. In the Washington Post (12/3, 690K), David Broder writes, "Ask Sen. Mitch McConnell of Kentucky to name his role models for his responsibilities as Senate minority leader in the next Congress, and the answer is surprising. 'Mike Mansfield and George Mitchell,' he replied the other day. 'I know they're both Democrats, but I admire the way they ran things here.' … When McConnell was asked, during a visit to The Post last week, what obligation he felt toward the current President Bush, he replied, 'I was elected by Senate Republicans, and they are the ones to whom I am responsible.' While emphasizing that he was in 'philosophical agreement' with the president, he clearly sees his role differently than did his predecessor, retiring Majority Leader Bill Frist of Tennessee. Frist was installed in the leadership job with major help from the Bush White House and often appeared to be more the president's liaison to the Senate than the Senate's leader."

Historians Examine Bush's Place In History In WPost Essays. In today's Washington Post (12/3, B1 and B5, 690K) "Outlook" section, five historians consider how history will compare President Bush to his predecessors, devoting more than 5,000 cumulative words to the subject. Their assessments are quite negative.

The harshest, headlined "He's The Worst Ever," comes from Eric Foner of Columbia University, who says the "cronyism, corruption and pro-business bias of the Bush administration" has surpassed that of Presidents Harding and Coolidge, and that while President Nixon "considered himself above the law," Bush "has taken this disdain for law even further." Foner concludes, "It is impossible to say with certainty how Bush will be ranked in, say, 2050. But somehow, in his first six years in office he has managed to combine the lapses of leadership, misguided policies and abuse of power of his failed predecessors. I think there is no alternative but to rank him as the worst president in U.S. history."

Michael Lind of the New America Foundation is only slightly kinder, with his piece headlined "He's Only Fifth Worst." Lind says Presidents Buchanan, Andrew Johnson, Nixon, and Madison adopted policies that "were even more disastrous. … To qualify a president for the Worst of All Time list, a war must be catastrophic as well as unnecessary. … The two big, unjustified wars on my list are the War of 1812 and the current conflict in Iraq."

Tulane University's Douglas Brinkley says it is "dangerous for historians to wield the 'worst president' label

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like a scalp-hungry tomahawk simply because they object to Bush's record. But we live in speedy times and, the truth is, after six years in power and barring a couple of miracles, it's safe to bet that Bush will be forever handcuffed to the bottom rungs of the presidential ladder. The reason: Iraq. … The problem for Bush is that certitude is only a virtue if the policy enacted is proven correct." However, Bush "is an honest man" and his Administration "has been largely void of widespread corruption. This will help him from being portrayed as a true villain. This last point is crucial. Though Bush may be viewed as a laughingstock, he won't have the zero-integrity factors that have kept Nixon and Harding at the bottom in the presidential sweepstakes."

David Greenberg of Rutgers University also says "At Least He's Not Nixon," writing under that headline that "as the now-flourishing reputations of Truman, Eisenhower and Reagan attest, the antipathy a president elicits from his contemporaries usually fades over time. And as Nixon's still-dismal reputation also attests, in the contest for the dubious title of 'worst president,' Bush faces stiff competition. … However toxic the fallout from Iraq, it's hard to imagine that it could greatly exceed the damage wrought by Vietnam." And "if Bush has given Nixon good chase when it comes to undemocratic hardball politics, he hasn't surpassed the master."

The piece most favorable to Bush comes from Vincent Cannato of the University of Massachusetts, who says "today's pronouncements that Bush is the 'worst president ever' are too often ideology masquerading as history. … There certainly are echoes of Truman in the current carping about Bush." He adds, "No one expects historians to be perfectly objective. But history should at least teach us humility. Time will cool today's political passions. As years pass, more documents will be released, more insights gleaned and the broader picture of this era will be painted. Only then will we begin to see how George W. Bush fares in the pantheon of U.S. presidents."

More Historical Comparisons For Bush. In the Washington Post (12/3, W23, 690K), Joel Achenbach notes that George Will "recently wrote that the Republicans were routed in the November elections because of 'war leadership even worse than during the War of 1812.' … Until recently there were three levels of wartime incompetence: Bad, Very Bad and War of 1812 Bad." After examining the mishaps of that conflict, Achenbach concludes, "maybe in a few years, historians will be able to tell us if there's a new standard."

In his New York Times (12/3, WK12, 1.16M) column, Frank Rich writes of President Bush, "Whatever the reason, he is slipping into the same zone as Woodrow Wilson did when refusing to face the rejection of the League of Nations, as a sleepless L.B.J. did when micromanaging bombing missions in Vietnam, as Ronald Reagan did when checking out during Iran-Contra."

Crisis Management Experts Have Advice For Bush. The Washington Post (12/3, B4, 690K) runs advice on "Presidential Crisis Management" from professionals in that field. Burson Marsteller founder Harold Burson says to President Bush, "I think the American public is very forgiving. The admission that you were on the wrong track and you're changing works well in this country." Crisis management consultant James Lukaszewski says Bush "should prepare America to compassionately welcome all of our troops now in harm's way as they return home, and advocate a plan to help them reenter private life." Crisis communications consultant Helio Fred Garcia advises that "the first two rules of crisis management are: 1) Think clearly; and 2) Take the pain. … Bush's presidency risks being defined by his failure to think clearly or to take the pain." And public relations executive Larry Kamer says, "There's an adage in crisis communications: They don't care that you know until they know that you care. I'm not sure the president's compassion is showing through, and it's hurting his stature and credibility."

Rice In Running For Time "Person Of The Year." CNN (12/2, Whitfield) reported Secretary of State Condoleezza Rice, "crisscrossing the globe as the diplomatic sands shifts in Iraq and in Washington…lands a nomination as Time magazine's Person of the Tear." Time World Editor Romesh Ratnesar said Rice "has emerged the pivotal figure in the Bush Administration's national security team. As secretary of state, she's come into her own and she's developed a level of influence within administration that I think only the Vice President possibly can match. Her main accomplishment is sort of shifting the rhetoric of the Administration's foreign policy away from this kind of unilateralist, 'with us or against us' approach that we saw first term. And we could see next year or the year after Condoleezza Rice really being thrust to the forefront as the US tries to deal both with managing some kind of withdrawal from Iraq and also dealing with the threats from Iran and North Korea."

Negroponte Plans To Stay On. The Washington Post (12/3, Pincus, 690K) reports Director of National Intelligence John Negroponte, "who had been rumored to be going over to the State Department as deputy secretary, said last week that he plans to remain in his current position through the end of the Bush administration." There had been concern "that Negroponte would leave the newly created position after having assembled a staff from other agencies that now totals 1,200." He said of Secretary-designate Robert Gates, with whom he worked in the Reagan administration, "I look forward very much to working with him again."

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Bush Administration Said To Have Loosened Trucking Safety Standards. The New York Times (12/3, A1, Labaton, 1.16M) reports that lawsuits against trucking companies involved in fatal crashes may determine "whether the Bush administration's decision to reject tighter industry regulation and instead reduce what officials viewed as cumbersome rules permitted a poorly trained trucker to stay behind the wheel, alone, instead of resting after a long day of driving. After intense lobbying by the politically powerful trucking industry, regulators a year earlier had rejected proposals to tighten drivers' hours and instead did the opposite, relaxing the rules on how long truckers could be on the road. … Government officials had also turned down repeated requests from insurers and safety groups for more rigorous training for new drivers." According to the Times, "Federal officials…have dismissed the assertion that deregulation has reduced safety and have maintained that in fact it has helped. … In loosening the standards, the Federal Motor Carrier Safety Administration was fulfilling President Bush's broader pledge to free industry of what it considered cumbersome rules. In the last six years, the White House has embarked on the boldest strategy of deregulation in more than a generation."

Bush-Webb Meeting Caused "Tense Moment" At White House. CNN's Lou Dobbs This Week (12/2, Pilgrim) reported, "A tense moment at the White House between President Bush and the newly elected senator from Virginia, Jim Webb, this week. Webb is a highly decorated Vietnam veteran and his son is serving in Iraq with the Marine Corps. The President and Webb met at a White House reception." CNN (Schneider) continued, "Jim Webb became a Democrat and ran for the Senate for one big reason: Iraq. … Webb has special credibility on Iraq. He was a military officer who served in Vietnam, a former secretary of the Navy under President Reagan, and he has a son serving in Iraq. He wore his son's old combat boots during the campaign." The White House "incident is causing a lot of tut-tutting in Washington. A Democratic Senate staffer told the Post, 'I think Webb is going to be a total pain. He's going to do things his own way.' … Webb's confrontation is a striking contrast to pictures of Democrats meeting with President Bush and pledging cooperation and bipartisanship."

Firm Tied To CDC's Gerberding Obtained Noncompetitive Contracts. The Atlanta Journal-Constitution (12/3, Young, 379K) reports, "It began when a prominent Atlanta business leader introduced Dr. Julie Gerberding to a man who wanted to be her free management adviser, to help her transform operations at the Centers for Disease Control and Prevention. Now the agency is scrambling to explain the gyrations it used to give $10 million in business without competition to a consulting firm associated with and recommended by CDC director Gerberding's free adviser. A CDC public relations risk-management analysis obtained by The Atlanta Journal-Constitution identified several 'threats' to the agency, including 'significant procurement mistakes' and an 'inappropriately backdated' contract document. … And an explanation offered late Friday by CDC officials appears to illustrate questionable practices that experts say are designed to award contracts to favored companies, denying others the opportunity to compete and taxpayers the assurance that the government is paying a fair price."

Researcher May Get More Funding For Controversial Gulf War Syndrome Work. On its front page, the Washington Post (12/3, Brown, 690K) reports that "even though most other scientists long ago discounted his theories," a Texas epidemiologist "is in line to get as much as $75 million in federal funding to press his studies of 'Gulf War syndrome.'" Robert Haley has already received $16 million thanks to "his backers in Congress and the Pentagon. … Haley and his supporters, who also include a powerful cluster of veterans and government advisers, are undeterred by the scientific consensus against him. As recently as September, a panel of the National Academy of Science's Institute of Medicine reached the same conclusion that half a dozen other expert groups had: Gulf War syndrome does not exist."

Transportation Department Touts Findings On Seat-Belt Usage. The Washington Times (12/3, Price, 88K) reports, "Fewer Americans are wearing seat belts compared with last year, but usage continues to be higher in states where motorists can be pulled over solely because they are not wearing a safety belt, a new federal study shows. Seat-belt use climbed from 58 percent in 1994 to 81 percent this year. It reached an all-time high in 2005 at 82 percent, according to a report released last week by the Department of Transportation."

"Paternalistic" Legislation Said To remain Unpopular In The US. The New York Times Magazine's Jim Holt (12/3) writes, "When the government tells you that you can't smoke marijuana or that you must wear a helmet when you ride your motorcycle even if you happen to like the feeling of the wind in your hair, it is being paternalistic. It is largely treating you the way a parent treats a child, restricting your liberty for what it deems to be your own good. Paternalistic laws aren't very popular in this country."

NYTimes Recommends Ethics Reforms Measures For New Congress. The New York Times (12/3, WK11, 1.16M), in an editorial, writes, "Even before the

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new Congress arrives, there is disquieting talk of advance compromises on what will be done — or not done. … Once the new year begins, any feeling of urgency will fade, replaced by a determination to acquire, and protect, whatever power and turf are available. At a minimum, the reforms must include: Creation of a public integrity office to do more than merely audit lobbyists' filings. … An enforceable ban, with penalties, on all meals, gifts and travel — not just from lobbyists, but also from the organizations that hire them. … Restraints on the revolving-door horde of Congressional alumni turned backslapping lobbyists. … Detailed disclosure of costly and undebated 'earmarks.'"

OTHER NEWS:

Housing Prices Continue To Decline. NBC Nightly News (12/2, story 10, 2:50, Seigenthaler, 9.87M) reported that "for those thinking of buying a house or those trying to sell one, if you're waiting for a change in the current trend, you may have to wait a while." NBC (Seigenthaler): "For the first time in eight months, existing home sales increased slightly this week, but in part because of plummeting prices which dropped 3.5% -- the biggest decline since 1990. Meanwhile interest rates on a 30-year fixed loan fell to 6.14%, the lowest in nearly a year."

Inflation Concerns Fail To Raise Bond Rates. The New York Times (12/3, BU6, De Aenlle, 1.16M) reports, "If you look at bond yields and economic reports like one on Friday that showed weakness in manufacturing, you may not think" inflation is resurgent, but "other evidence may be more worrisome. Economic growth and inflation often go hand in hand. Some recent reports have shown a bit of resilience in the housing market and an upward revision to the calculation of third-quarter economic output. Plainly spelling out the risks, Ben S. Bernanke, the Federal Reserve chairman, said in a speech last week that inflation remained 'uncomfortably high.' None of this has lifted rates on 10-year Treasury notes, which yield less than 4.5 percent, versus short-term rates above 5 percent."

Narrowing Gender Pay Gap Attributed To Erosion Of Men's Wages. The Los Angeles Times (12/3, Hennessy-Fiske, 850K) reports, "Women are closing in on men when it comes to wages, but not for the reasons anticipated — or hoped for — when gender pay equity became a rallying cry in the 1970s. Data show that the pay gap has been narrowing not because women have made great strides, labor experts say, but because men's wages are eroding. The disparity in median hourly pay between men and women narrowed to 18.3% in August from 21.5% five years earlier, according to recently released census figures. In addition, the U.S. Labor Department noted recently that the wage differential in 2005 was the smallest since the department began tracking it 33 years ago, when it was 36.9%. … The difference between men's and women's median annual earnings shrank between 2000 and 2005 from 26.3% to 23%, or 77 cents on each dollar earned by men. Women earned an average $31,858 and men $41,386."

Employers Said To Prize Former Autoworkers. The Los Angeles Times (12/3, Huffstutter, 850K) reports, "After decades of being kicked around by foreign competitors and laid off by the hundreds of thousands by their U.S. employers, the autoworker has unexpectedly become one of the hottest commodities in industrial America. .. For employers outside the Rust Belt, the bounty of former autoworkers is pure gold. For generations, these workers have epitomized the industrial work ethic, putting in long hours on often mind-numbing tasks involving complex machinery."

Privacy Concerns Stymie Health Information Technology Drive. The New York Times (12/3, BU1, Freudenheim, Pear, 1.16M) reports, "Powerful forces are lobbying hard for government and private programs that could push the nation's costly and inefficient health care system into the computer age. President Bush strongly favors more use of health information technology. Health insurance and medical device companies are eager supporters, not to mention technology companies like I.B.M. and Google. Furthermore, Intel and Wal-Mart Stores have both said they intend to announce plans this week to embrace electronic health records for their employees. ... Bills to speed the adoption of information technology by hospitals and doctors have passed both chambers of Congress. But the legislation has bogged down, largely because of differences over how to balance the health care industry's interest in efficiently collecting, studying and using data with privacy concerns for tens of millions of ordinary Americans."

Progress On Stem Cell Research Slower Than Some Expected. The Los Angeles Times (12/3, Engel, 850K) reports, "Two years after California voters authorized $3 billion in bonds to fund stem cell research, the institute created to oversee the enterprise has just begun what experts see as a long and slow scientific journey. Even with the $150-million state loan approved recently to kick-start work stalled by legal challenges, there are no breakthroughs in sight. Gone are the allusions to healing such afflictions as spinal cord injuries and Parkinson's and Alzheimer's diseases that dominated the 2004 campaign for Proposition 71. In fact, scientists say, there is no guarantee of cures — certainly not any time soon — from the measure that was optimistically titled the California Stem Cell Research and Cures Act."

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US Said To Be Moving Inexorably Towards National Health Care. In a piece for the New York Times (12/3, BU4, 1.16M) Slate's Daniel Gross writes, "When Democrats assume control of Congress next month, they may be dusting off some long-dormant proposals on how to deal with the growing disconnect between health insurance and employment. … Any efforts to expand government's role in providing insurance will likely be opposed by the Bush administration, which says it opposes excessive direct government involvement in an industry that constitutes about 14 percent of the gross domestic product. Michael O. Leavitt , the secretary of health and human services, recently dismissed a proposal to have the government negotiate drug prices for the Medicare benefit, arguing that 'it's a surrogate for a much larger issue, which is really government-run health care.' While the administration may oppose government-run health care in principle, the government's role in the vast health industry has been expanding. By various measures, the United States is about halfway toward a system in which the government and taxpayers fully fund health care. And trends are pushing the government to become more involved each year."

Clinton Signals Presidential Run Likely In Meetings With New York Democrats. Deep inside the A section, the New York Times (12/3, A45, Healy, 1.16M) reports Sen. Hillary Clinton "has begun a calculated series of meetings with top New York Democratic officials to signal that she is likely to run for the presidency in 2008 and to ask for their support if she does, according to one state Democratic official who spoke with her and two others who have been briefed on her plans." Clinton met with Rep. Charles Rangel, "dean of the New York Congressional delegation," this week, and also spoke with New York Democratic Party Chairman Herman D. Farrell Jr., who "confirmed that Senator Clinton briefed him on her 2008 intentions; Mr. Rangel declined to describe their conversation." Clinton's "maneuvering comes at a time of growing speculation about a hard-fought contest for the Democratic presidential nomination between her and another possible hopeful," Sen. Barack Obama.

Clark, Edwards Carry 2004 Campaign Debts As They Eye 2008. The AP (12/2) reports possible presidential candidates Wesley Clark and John Edwards "have debts of several hundred thousand dollars from their unsuccessful White House bids in 2004, a burden as they consider presidential runs in 2008." At the end of September, Edwards had "about $2,200" in his campaign account and more than $300,000 in debt. Clark "had about $390,000 left from the last campaign and debts totaling more than $260,000."

No Texans Among Large Crop Of 2008 Presidential Hopefuls. Cox News Service (12/2, Herman) looks at the "Texas-sized hole in the crowded field of candidates" for the White House in 2008, writing that among 24 potential candidates, Texas, "the Land of the Big Ego, has none, zilch, nada. … Nothing personal against the state, observers say, noting instead that Texas, for once, is short on candidates of presidential caliber." Gov. Rick Perry and Sens. John Cornyn and Kay Bailey Hutchison are not "presidential contenders. Hutchison, however, gets mentions as a potential vice presidential candidate, especially if the Democrats nominate New York Sen. Hillary Rodham Clinton and the GOP feels pressured to put a woman on the ticket." But Hutchison "could be a tough sell to the GOP's social conservative base because of her support for abortion rights before a fetus is viable outside the womb."

Dean Says Democrats Must Avoid Post-Victory Complacency. The New York Times (12/3, A38, Zeleny, 1.16M) reports DNC Chairman Howard Dean, addressing the party's executive committee, warned Democrats "not to revel too long in the victories from last month's midterm elections or treat their Congressional majorities as a permanent directive from voters." Dean said, "The other party made mistakes in the past claiming that elections are mandates. Elections are not mandates. The voters of this country loaned the Democrats the power of the country for two years. Now it's our job to earn it back again." The AP (12/2, Lester) reports Dean added, "George Bush made a huge mistake by representing half of America, while treating the rest of us with contempt. We need to reach out to everybody whether they agree with us or not."

Denver Makes Bid For 2008 Democratic Convention. The New York Times (12/3, A36, Johnson, 1.16M) examines Denver's bid to host the 2008 Democratic National Convention. If Denver bests the other contender, New York, it will be the first convention in the city since Democrats nominated William Jennings Bryan there in 1908. If Denver "prevails this time -- a decision is expected by the end of the year -- party members from around the country say it will probably be by virtue of a polished and highly organized effort to turn the city's lemons into lemonade. A new location, Denver's convention-bid organizers have argued to the party hierarchy, is precisely what the Democrats need."

Romney Deal Will Let Massachusetts Police Arrest Illegal Immigrants. The Boston Globe (12/3, A1, Levenson, Saltzman, 413K) reports Gov. Mitt Romney "has reached an agreement with federal authorities that allows the Massachusetts State Police to arrest immigrants who are in the state illegally." Critics said the agreement

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"would lead to racial profiling and foster mistrust of the police in communities with large numbers of immigrants. The deal, reached in the final days of Romney's administration, also sets up a potential conflict with Governor-elect Deval L. Patrick, who has expressed strong opposition to granting the State Police such powers."

Schwarzenegger Raising Big Money For Inaugural. The Los Angeles Times (12/3, Nicholas, 850K) reports Gov. Arnold Schwarzenegger "is keeping his fundraising operation at full throttle, asking donors to pay for a stylish inauguration and seeing to it that he continues to fly private jets and stage public appearances worthy of a Hollywood celebrity." Schwarzenegger's political team "has approached Chevron Corp., PG&E, Blue Cross of California, AT&T and other businesses, asking for tens of thousands of dollars to pay for a two-day celebration surrounding his Jan. 5 inauguration."

Ehrlich Urges Maryland Republicans To Unite. The Washington Times (12/3, Miller, 88K) reports outgoing Maryland Gov. Robert Ehrlich "called for Republican unity yesterday at the state convention, where the selection of party chairman revealed divisions within the party after last month's widespread election defeats." Ehrlich said, "The hard left is in firm control of the state, and we don't have the votes to stop them. That's not the fate of Maryland in the long term. It's just where we are today." Ehrlich said the GOP "should not 'whine' or play 'Monday-morning quarterback' about election losses that restored Democrats almost complete control of state government."

Ehrlich Cameos As State Trooper On HBO's "The Wire." The Washington Post (12/3, D3, Argetsinger, Roberts, 690K) "Reliable Source" column reports that HBO will tonight "air an episode of the gritty Baltimore-based crime-and-politics drama 'The Wire'" in which Ehrlich "cameos as -- stay with us, here -- a trooper on security detail for the show's fictional governor of Maryland." When producers "called offering a speaking role, Ehrlich jumped at the chance. 'He's a huge fan of the show,' said spokeswoman Shareese DeLeaver."

Virginia Episcopal Bishop Threatens Breakaway Churches. The Washington Times (12/3, A1, Duin, 88K) reports Virginia Episcopal Bishop Peter J. Lee "is threatening to sue conservative Episcopal churches that soon will vote on whether to leave his diocese, saying individual members of each congregation's governing board will be liable. … Thousands of Episcopalians already have left the 2.2 million-member denomination over arguments about biblical authority and the 2003 consecration of New Hampshire Bishop V. Gene Robinson, an active homosexual."

California Diocese Moves Toward Break From Episcopal Church. The AP (12/2) reports, "In a rebuke of the Episcopal Church, a conservative diocese voted Saturday to affirm its membership in the worldwide Anglican Communion after distancing itself from the national church over the ordination of gays and women. San Joaquin, California, Bishop John-David Schofield called it a first step toward a formal break with the U.S. Anglican denomination." The New York Times (12/3, A30, Goodstein, Marshall, 1.16M) also reports on the decision by the California diocese.

Middle East Allies Said To Showcase "Soaring Concern" Over Administration Policies. Under the headline, "Mideast Allies Near A State Of Panic," the Los Angeles Times (12/3, Richter, 850K) reports President Bush "and his top advisors fanned out across the troubled Middle East over the last week to showcase their diplomatic initiatives to restore strained relationships with traditional allies and forge new ones with leaders in Iraq. But instead of flaunting stronger ties and steadfast American influence, the president's journey found friends both old and new near a state of panic." The Administration's interlocutors "expressed soaring concern over upheavals across the region that the United States helped ignite through its invasion of Iraq and push for democracy — and fear that the Bush administration may make things worse." Trips by Bush, Cheney and Secretary of State Condoleezza Rice were "designed to show the American team in charge," but "ended instead in diplomatic embarrassment and disappointment, with U.S. leaders rebuked and lectured by Arab counterparts."

Hezbollah Supporters Continue Peaceful Siege Of Beirut. Reporting continues this morning on the protests by Hezbollah supporters in Beirut seeking the resignation of Prime Minister Fuad Siniora's government. The McClatchy Newspapers (12/3, Lasseter) reports, "A siege on Lebanon's American-backed government continued Saturday with tens of thousands of demonstrators … packing downtown Beirut." They "filled the roads surrounding the center of Beirut, … effectively shutting down the capital. Hezbollah gave every indication that it is prepared for the long haul: setting up long rows of tents, portable bathrooms and handing out cups of water and sandwiches."

CNN (12/2, Sadler) reported, "Thousands of government opponents pour into downtown Beirut, the commercial heart of the city paralyzed by noisy but peaceful protests. Scores of large canvas tents suggest they could be here for a long time. The opposition is led by Hezbollah, the armed militant group that fought Israel during the recent war in Lebanon, now waging this political war with words. For now, the opposition is promoting a festive mood of relentless song and dance to try to topple the western-backed

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government, ridiculing their political adversaries. But a ring of steel protects the Prime Minister's office complex, guarded by troops and armored vehicles in case words turn to war."

The Los Angeles Times (12/3, Stack, 850K) adds, "The massive sit-in staged by Hezbollah supporters so far has done little to dislodge the U.S.-backed government, but it has managed to turn the Lebanese capital inside out — literally." Shiite Muslims, who tend to be "some of the poorest and most marginalized people in the country," are leaving "their homes in suburban slums to camp out on the nation's priciest bit of real estate. Though they often have trudged through Lebanese history as war refugees, now they have managed to displace Lebanon's wealthiest shop owners."

The New York Times (12/3, Slackman, 1.16M) says Beirut "remained paralyzed and shuttered… The atmosphere remained festive, almost joyous, though, as protesters emerged from tents pitched in empty lots and chanted slogans, banged drums and appeared to dig in for a long stay." During the protests, "rumors abounded about what Hezbollah and its alliance, which includes the Christian Free Patriotic Movement, might be planning to escalate the conflict further. There has been talk about blocking roads and members of Parliament resigning en masse."

NBC Nightly News (12/2, story 6, 0:10, Seigenthaler, 9.87M) reported, "In Beirut, another day of protests. Thousands of supporters of the Hezbollah-led opposition took to the streets, though far fewer than yesterday. They're trying to bring the US-backed government there."

A 2,500-word story on the front page of the Washington Post (12/3, Shadid, 690K) reports, "In a city of frontiers, Beirut built another border Saturday. … Long divided by the Christian east and largely Muslim west of its 15-year civil war, Beirut is a city snarled today by far more numerous boundaries of sect, perspective and ideology, intersecting and tangling across a capital and country wrestling with a question still unanswered since independence more than 60 years ago: What is Lebanon's identity?" That series of "fault lines tell the story of the struggle underway between the country's two camps, divided by past and present, with vastly different visions of Lebanon's future: on one side Hezbollah, supported by Iran and Syria, and on the other the government, backed by the United States and France. The fault lines tell, too, of an impasse that perhaps can't be broken."

The Washington Times (12/3, Razzouk, 88K) adds Siniora's Cabinet "vowed not to cave in to calls to resign after a massive demonstration led by the pro-Syrian group Hezbollah, as protesters camped outside government offices." The protesters "tightened the political deadlock in the country, which has been nearly paralyzed because of a fierce struggle for supremacy between pro- and anti-Syrian camps within the power-sharing regime." Parliamentary Majority Leader Saad Hariri "vowed that 'the Siniora government will not fall because of pressure from the street. However long they continue their protest, it will not fall.'"

Palestinian PM Rejects PLO Call For His Resignation. The AP (12/3, Laub) reports Palestinian Prime Minister Ismail Haniyeh "rejected demands that his Hamas-led government resign and called for the resumption of talks to form a national unity government with the Fatah Party." Haniyeh was responding to a PLO statement on Friday asking him "to step down to make way for a new premier who could resume talks with" President Mahmoud Abbas. A Hamas spokesman "said the call for Haniyeh's resignation amounted to 'a coup.'"

Supporters Of Sunni Government Win Bahraini Election. The AP (12/3) says yesterday's parliamentary election in Bahrain "reinforced sectarian divisions between Shiites and Sunnis and witnessed a deepening Islamic conservatism in the U.S. ally, considered among the most liberal of Gulf Arab states." Government supporters including "Islamic hardliners" defeated parties representing the opposition Shiite majority, who "have long complained they are squeezed out of power by the Sunni monarchy." The returns "gave a sweeping victory to hard-liners from both of Islam's chief branches who bulldozed challenges by progressive candidates and women. Twelve of the 22 pro-government winners were hardliners."

In Washington Visit, Yanukovych Seeks To "Renovate His Image." Under the headline, "Ukraine PM Aims To Mend Fences With U.S.," the AP (12/3, Bellaby) previews today's arrival in Washington of Ukrainian Prime Minister Viktor Yanukovych. "He was cast by critics as the Russian-backed bad guy during Ukraine's Orange Revolution two years ago, the burly politician who almost stole the presidential election from the pro-Western leader Viktor Yushchenko." Now, Yanukovych "says he hopes to renovate his image in the West during his meetings with U.S. officials," likely to include Vice President Cheney and Secretaries Rice and Bodman." He "has tried not to overtly antagonize the West. For instance, while delaying Ukraine's membership bid into NATO, he does support continuing cooperation with the alliance. On Tuesday, he called the U.S. 'a strategic partner of Ukraine.'" Yanukovych "is trying to improve his soft powers along with his hard-nosed political moves."

Jockeying For Putin's Endorsement In 2008 Underway. In a 1,400-word piece, the Los Angeles Times (12/3, Holley, 850K) describes Russian President Vladimir Putin's role in selecting his successor. The "buzz" in Moscow "is that" First Deputy Prime Minister Dmitry Medvedev and Defense Minister Sergei Ivanov "are the leading contestants

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in a competition to be [Putin's] anointed successor when his second term expires in 2008." The Times adds, "With Putin enjoying popularity ratings above 70% and holding ever greater centralized power, a presidential endorsement is widely seen here as key to succeeding him. That means the current contest among Medvedev, Ivanov and other potential candidates for the big man's nod may well prove more crucial than the 2008 election in determining Russia's course."

Litvinenko's "World Of Deceptions" Detailed. A front-page story in the New York Times (12/3, A1, Cowell, 1.16M) details the final decade of the life of Alexander Litvinenko, the former KGB agent and critic of Vladimir Putin who died of polonium-210 poisoning last week in London. His career "began in the roller-coaster politics and self-enrichment of post-Soviet Russia, spanned his desperate flight from Russia through Turkey and then on to Britain to seek asylum. It ended spectacularly and mysteriously… After Mr. Litvinenko's death, sketchy facts and abundant speculation unfolded like some lost chapter of the cold war. But unlike those days of East-West division and the half-light of shadowy, underground conflicts, this saga played out in the bright glare of newspaper headlines and 24-hour news channels." A separate New York Times (12/3, WK4, Myers, 1.16M) piece entitled, "There's A Reason Russians Are Paranoid," details some of the popular Russian reaction to – and theories about – Litvinenko's death.

NBC Nightly News (12/2, story 8, 2:00, Seigenthaler, 9.87M) reported, "Authorities are still trying to figure out who is responsible for the radiation poisoning death of a former Russian spy." NBC (Colt): "Winter is coming to Moscow. Difficult times lie ahead and it's not just the change of the seasons. Russia is finding itself in the hot glare of an international inquiry into the radiation killing of Alexander Litvinenko in London last week."

On its front page, the Washington Times (12/3, Rayment, 88K) carries reporting by the London Sunday Telegraph that "the Russian intelligence services, prime suspects in [Litvinenko's death], have a network of more than 30 spies operating in Britain. The sophisticated ring represents the greatest espionage threat facing Britain." That "startling intelligence was presented last week to Cabinet ministers at a meeting of Cobra, the anti-terrorist task force." Russian operatives in the UK "are known to be monitoring the movements and activities of Russian emigres and opponents of Russian President Vladimir Putin," and "are involved in a widespread operation targeting businessmen, members of Parliament and scientists in an attempt to steal commercial and state secrets." Recent estimates place the UK second only to the US for unknowingly hosting Russian agents.

Castro Absent From Massive Parade In His Honor. The McClatchy Newspapers (12/3, Robles) reports, "In a clear signal that Cuba's post-Castro era has begun, an ailing Fidel Castro failed to appear at a massive military parade in his honor Saturday while his brother and designated successor delivered an inaugural speech of sorts." McClatchy adds, "Many Cuba-watchers had expected Fidel to make his first public appearance at the parade since" July, and his "absence was certain to fuel U.S. reports that he suffers from terminal cancer and likely will not live past 2007." Raul Castro "renewed his willingness to negotiate an end to the almost 50 years of animosity between Washington and Havana. But on his own terms."

NBC Nightly News (12/2, story 5, 2:10, Seigenthaler, 9.87M) reported, "In Cuba, thousands turned out today for a major military parade paying tribute to Fidel Castro who was expected to appear but at the last minute, he didn't show up. His absence once again raises questions about his health and his ability to lead." NBC (Potter): "The public salute to his brother from Raul Castro today did little to cheer the crowd. Thousands had gathered, hoping to finally see the ailing Fidel Castro -- ailing Fidel Castro. But at a parade in have a Havana, he once again failed to appear with no explanation."

The AP (12/3, Snow) says yesterday's event is "raising questions about whether the ailing leader will ever return to power as his public absence begins taking on a tone of permanence." Raul's address "reached out to the U.S. government," and he "did not explain the absence of his brother."

Under the headline, "A Rare Silence Reverberates In Castro's Long Goodbye," the New York Times (12/3, Lacey, 1.16M) notes, "In his day, Fidel Castro could not stop talking. He was Cuba's talk show host as well as its president," but now he "is silent, leaving a gap on state-run broadcasts and confused audiences." His absence yesterday "left many Cubans convinced that their leader of nearly half a century had delivered his final speech." The Times adds that Fidel's "Cuba is very much a work in progress."

The Washington Post (12/3, A20, Roig-Franzia, 690K) reports, "There were no guarantees that [Fidel] would surface. Just rumors and whispers, whispers and rumors. The sounds of Havana wrestling with its greatest modern mystery trickled out of faded doorways and clattered off the chipped facades of this gracefully decaying capital." In the end, "the man they had all come to see never showed up. Castro remained hidden away, his illness shrouded in mystery, his whereabouts a jealously guarded state secret. … Many Cubans expected the uncertainty about Fidel Castro to be cleared up Saturday. But the day ended with more confusion."

The January/February 2007 edition of Foreign Affairs has a 6,200-word essay by Julia Sweig of the Council on Foreign Relations that argues that "with or without Fidel, renewed U.S. efforts to topple the revolutionary regime in

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Havana can do no good -- and have the potential to do considerable harm."

Pinochet Stricken By Heart Attack. The AP (12/3, Gallardo) reports former Chilean leader Augusto Pinochet, 91, "was hospitalized early Sunday after suffering a heart attack and is in serious but stable condition, the Santiago Military Hospital said." Pinochet spokesman Guilleremo Garin "said the former strongman was undergoing 'thorough medical tests. It's a heart condition. That's all we know now.'"

Robust Venezuelan Economy Absent From Campaign Rhetoric. In continuing coverage of the run-up to today's Venezuelan presidential vote, the New York Times (12/3, A8, Romero, 1.16M) notes, "To understand why Hugo Chávez seems set for victory … and a strengthened mandate for what he calls a socialist revolution, consider the vigor" of the Caracas stock exchange. "Often lost in the campaigning between Mr. Chávez and his electoral challenger, Manuel Rosales, is that Venezuela, with the largest conventional petroleum reserves outside the Middle East, is having one of the most significant oil booms in its history." While Chavez is known for "wrapping" his presidency "in socialist imagery," the Times says he "has made this expansion possible by quietly working with Venezuela's banking system." In the election campaign, neither Chavez nor Rosales "seems to acknowledge the growing consumerism in rich and poor households as one of the main reasons Mr. Chávez has resilient popularity ratings after eight years as president."

The Washington Post (12/3, A21, Forero, 690K)'s pre-election report focuses on the growing ties between Chavez and some business owners. There are "a growing number of business leaders who reject the doom-and-gloom scenario and see something else entirely in Venezuela's free-spending government: opportunity." The "economy has evolved into one marked by contradictions: the highest growth rate in the Americas and grinding underemployment, out-of-control consumerism and a lack of investment, troubling uncertainty and golden prospects." However, the status quo "seems to have been very good to a new class of entrepreneurs in Venezuela who have either allied themselves with the government or found a way to have a cordial relationship. Many of them have secured lucrative government contracts, and the opposition has dubbed them the Boliburguesia, short for the Bolivarian bourgeoisie."

The Los Angeles Times (12/3, Kraul, 850K) adds, "The United States had better get used to its Latin American nemesis, Venezuelan President Hugo Chavez. If, as expected, he wins reelection to a new six-year term today, he says he will seek a change in the constitution that would enable him to serve indefinitely." The Times says Rosales' "only hope of victory lies in capturing large numbers of undecided voters."

Philippine Mudslides, Sparked By Typhoon, Could Claim 700. NBC Nightly News (12/2, story 7, 0:10, Seigenthaler, 9.87M) reported, "In the Philippines tonight, mudslides have covered whole villages. The rivers of mud were triggered by a typhoon which blasted ashore with winds at more than 150 miles per hour. At least 300 people are dead with another 300 still missing." The AP (12/2) adds, "Hopes virtually vanished Sunday for finding survivors."

African Entrepreneurs Forsake Local Manufacturing For Trade With China. A lengthy background piece in today's Washington Post (12/3, A23, Timberg, 690K) notes the growing economic links between China and Africa. One family's "shift, from manufacturing to trading, mirrors a broader one across Nigeria and much of Africa. A 30-year experiment in building local factory capacity has faltered with declining trade barriers and rising global competition, most powerfully from China. African business leaders increasingly are staking their fortunes on old-fashioned extractive industries, such as oil production needed to fuel Asian industry, while also attempting to profit from the flood of finished goods coming in return."

China Cautioned Against Continuing "Blame Game" On Environmental Degradation. The Council on Foreign Relations' Elizabeth Economy titles her Washington Post (12/3, B7, 690K) op-ed, "A Blame Game China Needs To Stop." China is unlikely "to adopt tough new energy and environmental standards," and puts most "of the blame for the country's mounting environmental problems squarely on the shoulders of foreigners and, in particular, multinational companies." The "climate issue has focused the world's attention not only on China's contribution to global warming but also on its role as the largest contributor to a range of other global environmental problems such as ozone depletion, the illegal timber trade and marine pollution." China should not risk trade and "its own environmental future" for the "short-term and largely illusory benefits of playing an environmental blame game."

Canada's Liberals Elect Dion Leader. Major media report on the Canadian Liberals' election of professor Stephane Dion as their leader. The New York Times (12/3, Austen, 1.16M) calls it "a surprising outcome," saying Michael Ignatieff's "lack of connections both within the Liberal Party and Canada in general seemed to play a role in his defeat." Dion promised to "move back into campaign mode almost immediately and try to lead the party back to power through a general election that may come as early as spring."

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The AP (12/3, Duff-Brown) describes Dion as "a former environment minister who criticized the conservative prime minister for modeling himself after President Bush." He "was part of the team of Liberals under former Prime Minister Jean Chretien who opposed the U.S.-led invasion of Iraq in 2003 and turned down Washington's request to join."

BBC.com (12/3) notes its local reporter "says the election was a nail-biter, as 5,000 delegates struggled to decide who was most likely to beat the Conservatives." Dion's victory speech "made clear he would make the Kyoto Protocol on curbing greenhouse gases a key part of the strategy to win the next elections." The Washington Post (12/3, A21, Struck, 690K) says the vote "underscored the rising political weight of climate change issues."

In Turkey Trip, Benedict May Have Broached New Ground In Papacy. The New York Times (12/3, WK1, Fisher, 1.16M) reviews Pope Benedict XVI's trip to Turkey, asking if he's "gone wobbly?" Noting that Benedict "has stood for a remarkably clear idea: there is truth, and we won't retreat from it," the Times says in Turkey "the face of confrontation, and perhaps the hold on certainty, seemed to soften." Accordingly, "a new and ever more interesting chapter in this young papacy, as well as in the larger issue of how to engage the Muslim world, including those elements of it that resort to violence, seemed to open on Benedict's four days in Turkey." While some analysts are asking if Benedict "has somehow gone soft," other experts "put the question another way: can one's idea of truth be expressed differently, especially when reality gets in the way?"

Under the headline, "German Turks Ask Where They Fit Now," a separate New York Times (12/3, WK14, Landler, 1.16M) piece says Benedict's "message fell short of a full embrace; he never, for example, dropped his definition of Europe as a place with a Christian history. Such ambiguity about welcoming Turkey and Islam into Europe is felt deeply across the continent, and it turns out that the Turks who have migrated [to Berlin] mirror it. They feel part of Germany and Europe, and yet never fully welcomed."

NYTimes Pans EU Stalling On Turkish Accession. The New York Times (12/3, 1.16M) editorializes, "The strained relationship between Europe and Turkey took two steps forward last week and, we fear, at least that many backward." Benedict's "efforts at conciliation may be undercut if the European Union [decides] to freeze part of the negotiating program for Turkey's membership unless Turkey opens its ports to shipping from Cyprus." The Times says such a move "looked like another ploy to keep Turkey out of the union." Saying the EU must "press the Greek Cypriots to settle" the conflict there, the Times notes "Europe and all of the West have a lot to gain" from Turkish membership. The Times concludes that it "would be a strong sign that the West truly believes its claims of tolerance and respect for all religions."

German Government Will Ask Parliament To Ban Some Smoking In Public. The New York Times (12/3, A8, Landler, 1.16M) reports, "Yielding grudgingly to the growing European campaign against smoking in public places, Germany announced Friday that it would seek to ban smoking in restaurants, discos, schools and other public buildings, but not in pubs, bars or beer tents." The deal "would bring this country, Europe's biggest tobacco market, closer to its neighbors in curtailing public smoking. But it would fall short of the recent laws passed by Britain, France, Ireland and Italy, which stamp out cigarettes in pubs and bars as well as other public places."

NYTimes Chides World Community's Lack Of "Urgency" On AIDS. The New York Times (12/3, WK11, 1.16M) editorializes, "Despite all the lofty goals set by world leaders, and billions of dollars thrown into the fight to quench the global AIDS pandemic in recent years, it is discouraging to learn the world is still falling behind." The Times notes a "resurgence" of the virus in some countries, and a decline in the availability of retroviral drugs. They conclude, "Progress has been slowed by many factors,… but the overriding problem may be a loss of the sense of urgency and a reluctance by most governments to commit the huge resources needed to provide universal access to treatment, prevention, care and support."

WPost Pans Icelandic Support For Bottom Trawling. In an editorial about bottom-trawling, the Washington Post (12/3, B6, 690K) notes, "Delicate ecosystems get ravaged with nobody paying attention. The Bush administration, along with several other governments, has been pushing for a moratorium on unregulated trawling on the high seas. Last month, thanks in large part to Iceland, it failed to get that measure." The Post explains, "Because the arcane rules of high-seas fishing are largely defined by consensus, even small countries that are genuine moral outliers in world attitudes toward oceans can prevent agreement." The "world's oceans are heading toward environmental collapse, which only bold action will avert." The Post concludes, "It's hard to imagine that happening if a country that hunts whales and has a population smaller than Washington's can help block a common-sense proposal to safeguard the ecological health of the ocean floor."

Hoagland Says Annan Leaving Office With Robust Legacy. In his Washington Post (12/3, B7, 690K) column, Jim Hoagland reviews Kofi Annan's decade of UN leadership. His "legacy" is "easily the most active and

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therefore most controversial record of a secretary general since Dag Hammarskjold gave the job meaning during the Cold War." Hoagland says the "might-have-beens of Annan's two terms center on his rocky relations with the Bush administration, which have left scars on both sides." Annan believes that, "in today's polarized atmosphere, it is much more difficult to get governments to take on the burden of humanitarian intervention in places such as Darfur." Annan also offers advice to incoming Secretary-General Ban Ki-moon – 'My only advice to him about this job is to do it his way. I did it my way, which was to try to work with the United States while being the secretary-general of all United Nations members.'"

Academic Says Oil-Rich "Demagogues" Pose Serious Threat. In today's Washington Post (12/3, B1, 690K), history professor Niall Ferguson says, "The world over, demagogues are back, yelling their slogans and thumping their tubs." Although "their rhetoric may seem overblown," he says "no one should underestimate the threat these new demagogues pose -- especially to the United States." Now, "the conditions for truly dangerous demagogues to emerge are almost ideal." Ferguson's "critical point" is that "personal freedom is all too often the demagogue's first victim, especially when popular sentiment is whipped up against some internal or foreign enemy." He continues, "The good news about demagogues is that they often find it harder to deliver on election pledges than to deliver election speeches." In contrast to recent history, "today's demagogues rule oil-rich countries," and "you don't need to know a lot of history to know that hot air plus petroleum is a potentially explosive combination."

Former Mexican Minister Implores Calderon To Dismantle Political Machine. In an op-ed in the Los Angeles Times (12/3, 850K), former Mexican Foreign Minister Jorge Castañeda describes President Felipe Calderon's "daunting to-do list." The "bad news for Calderon is that the telenovela that debuted on election day, July 2, is only the beginning. The toughest challenges lie ahead for him." Noting that Mexico is coming off "10 consecutive years of economic stability, low inflation, low interest rates, a stable currency and constant, if mediocre, growth," Castaneda says "it seems that Mexico's problems are more intractable than just not having [Vicente] Fox to 'kick around anymore.'" He says the "pillars" of the PRI system are intact and "represent the most formidable obstacles to Mexico's growth and success." Calderon "needs to liberate the union movement, upgrade and enforce antitrust laws to break up private monopolies and allow new competitors — even to the old public monopolies — to enter the marketplace. The barriers of entry into the marketplace of political ideas must also come down." Castenada concludes that Calderon must "move forward and take up some formidable interests that are standing in the way of Mexico's future. It will not be easy."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Scandal Could Prompt Church To Sell Property"
"In Afghanistan, Lessons In The Face Of Violence"
"Firehouse Culture An Ordeal For Women"
"Rumsfeld Memo Called For New Iraq Strategy"
"Fundraising Beat Goes On For Gov."
"This USC Story Ends Without A Title"

New York Times:
"Rumsfeld Memo On Iraq Proposed 'Major' Change"
"Russian Ex-Spy Lived In A World Of Deceptions"
"As Trucking Rules Are Eased, A Debate On Safety Grows"
"More Farmers Seek Subsidies As U.S. Eats Imported Produce"
"This Time, Some Black Leaders See A Mayor They Can Stand By"
"Some Players Use It To Cut Glare, Others To Turn Up The Spotlight"
"Burial Insurance, At $2 Per Week, Survives Skeptics"

Washington Post:
"Rumsfeld Called For Change In War Plan"
"At Barricades In Downtown Beirut, Lebanon's Fault Lines Grow Deeper"
"Coalition Sets Up Loudoun Shelter"
"Funding Continues For Illness Scientists Dismiss"
"Med School Owes Its Existence To Many Bodies Of Knowledge"
"Woodbridge Teen Drowns During Traffic Stop"
"Lame-Duck Congress May Run Out The Clock"
"From Competitors To Trading Partners"

Washington Times:
"Car Bombings Rock Baghdad Food Market"
"Under The Knife Overseas"
"British Cabinet Told Of Russian Espionage"
"Episcopalians Warned Against Leaving Diocese"
"Md. GOP Urged To Stick Together"

Atlanta Journal-Constitution:
"$10m CDC Deal Raises Questions"
"Rumsfeld Memo: Change Policy"
"The Lure Of Jekyll -- To Builders"
"Finding Grace In A Faraway Place"
"Triple Bombing In Baghdad"
"Ex-Spy Death Reads Like A Thriller"

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Dallas Morning News:
"Sex, Lies And Sealed Records In Fort Worth"
"Dance Host Is A Hit At Senior Clubs"
"Lewisville Psychologist Helps Dr. Phil Stay Centered"
"Garland Man's Web Of Deceit Comes Undone"
"Stars' Modano Reportedly Engaged To Willa Ford"
"Can Snider Plaza Be The Next Urban Showplace?"
"Downtown Parade Warms Up Huddled Crowds"
"Rumsfeld Sought New Iraq Strategy"

Houston Chronicle:
"Contractor Donations To Council May Violate Law"
"Texans Rookies Learn From Masters Of Defense"
"Continental Merger Could Cut Jobs, Taxes"
"Analysis: Rail Didn't Decide Wong-Cohen Race"
"Houston Housing Program Faces Income Limits"
"No Magic Formula For Woes In Iraq, Baker Warns"
"Great Gifts To Give That Have A Touch Of Houston"
"Rumsfeld Memo Urged A Change In Iraq Policy"
"Cost Of Twelve Days Of Christmas Rises Again"
"TXU Squawks Over Parakeet Nesting Habits"
"Live The Pura Vida In Costa Rica"

Story Lineup From Last Night's Network News:
ABC: Evening news preempted by sports.
CBS: Evening news preempted by sports.
NBC: Violence In Baghdad; Uncovered Rumsfeld Memo; "Meet the Press" Preview; Winter Weather; Cuba- Military Tribute To Fidel Castro; Protests In Beirut; Mudslides In The Philippines; Litvinenko Investigation Points To Russia; New Internet Fraud Scam Posing As FBI; American Housing Market; The Iditarod.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House: PRESIDENT BUSH -- 7:30 p.m. Attends the Kennedy Center Honors Gala.

VICE PRESIDENT CHENEY -- No public schedule.

US Senate: No scheduled events.

US House: No scheduled events.

Other: VENEZUELA _ 11:40 a.m. Activists from the Washington area hold a rally and proceed on a caravan through the city in support of the Venezuelan elections. Location: Starts at the OAS, 17th St. and Constitution Ave. NW. Contact: Natali Fani, 301-442-8459.

KENNEDY CENTER HONORS _ Annual Kennedy Center honors, marking the careers of Andrew Lloyd Webber, Zubin Mehta, Dolly Parton, Smokey Robinson and Stephen Spielberg. Highlights: Late afternoon. Reception with President and Mrs. Bush. White House. 5:30 p.m. Red Carpet arrivals. Kennedy Center. 7:15 p.m. Gala performance. Hall of States, Kennedy Center. Contact: Rae Bazzarre, 202-416-8441.

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DOJ_NMG_0101998

Miller, Charles S

From: Miller, Charles S
Sent: Monday, December 04, 2006 10:37 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 12/4/06 Civil Division News

Last Stop for Detainee Cases May Be High Court

State NAACP gets permission to join No Child suit

JUDGE DISMISSES FARMERS' WHISTLE-BLOWER LAWSUIT

Blowing the Whistle on Big Oil

RCMP Boss Back Under Gun

Malaysia's Iris sues US govt, Japan Air Lines for patent infringement

Lead Plaintiff in Indian Trust Reform Lawsuit Challenges Harvard University

OPINION; Abused and abandoned; If the CIA snatched the wrong man, U.S. owes him at least an apology

Legal Times

December 4, 2006

Last Stop for Detainee Cases May Be High Court

Jason McLure

When the U.S. military began shipping prisoners from the war on terror to Guantánamo Bay, Cuba, one goal was clear: to keep them outside the reach of the U.S. court system.

But nearly five years later, those cases remain stuck exactly where the Bush administration didn't want them to be.

The most recent battle is over the Military Commissions Act, signed by the president just six weeks ago. A key piece of that law prevents those designated "enemy combatants" from challenging their detention in federal court.

But the constitutionality of that provision is under consideration by two appellate courts, and lawyers for both the detainees and the Bush administration say it is likely the Supreme Court will again step in to decide the matter.

"I'll be surprised if the Court doesn't accept review in those cases or some others that pose similar questions," says Neal Katyal, a professor at Georgetown University Law Center who successfully argued against the administration's earlier military tribunal system in Hamdan v. Rumsfeld.

The first hurdle for the White House comes in the U.S. Court of Appeals for the District of Columbia. There, a three-judge panel could deliver a verdict as soon as this winter in a tangled, 2-year-old case in which more than two dozen detainees at Guantánamo — some of whom have been held without trial for nearly five years — are seeking the right to file habeas corpus petitions in the U.S. District Court in Washington, D.C., challenging their indefinite imprisonment.

Ninety miles south of the District, in the U.S. Court of Appeals for the 4th Circuit based in Richmond, Va., lawyers for Ali Saleh Kahlah al-Marri, a Qatari national held in a naval brig in South Carolina, are challenging his designation as an enemy combatant and also arguing for the right to challenge his detention in federal court.

Though the high court almost certainly wouldn't hear arguments in an appeal of either case until next fall, that hasn't stopped the Defense Department from moving forward with plans to try roughly 70 of the approximately 430 Guantánamo detainees on war-crimes charges. Last month the Pentagon said it would seek funds to build a $125 million courthouse complex at Guantánamo, with the goal of holding the first military commissions in July. But if the courts declare portions of the MCA unconstitutional, the Pentagon's plans could be thrown into disarray — and any convictions it secures could be declared invalid.

In addition, there's the potential that Congress could act before the Supreme Court has a chance. With Democrats claiming Congressional majorities in last month's midterm elections, Congress could attempt to revise the MCA's habeas provisions. Sen. Christopher Dodd (D-Conn.) introduced a bill just last month that would undo those provisions. And Sen. Patrick Leahy (D-Vt.), the incoming chairman of the Senate Judiciary Committee, has signaled his intention to re-examine the MCA.

A GOOD SUBSTITUTE?

Among the detainees contesting the law is Lakhdar Boumediene, one of six Algerian-born men taken into U.S. custody in Bosnia in 2002. The men, who worked for charities in Bosnia, were accused of plotting to blow up the U.S. Embassy in Sarajevo and affiliating with al Qaeda. Lawyers for Boumediene and the others have said the allegations are baseless, pointing to an official inquiry by Bosnian prosecutors into their detention in 2004 that formally cleared the men. The most substantive review of Boumediene's status has been through his Combatant Status Review Tribunal in 2004 at Guantánamo. But those tribunals have been much criticized by human rights groups and U.S. allies for being rigged against the detainees.

Boumediene v. Bush is one of two lead cases (the other is al *Odah v. United States*) that have been

before the D.C. Circuit since early 2005 seeking the right of Guantánamo detainees to contest their detention in the District's federal trial court. Though the petitions in the twin cases include the names of fewer than three dozen detainees, the court's ruling in the case will almost certainly be applied to all those currently held at Guantánamo.

The case itself has been buffeted by the shifts in the administration's detention policy brought about by legislation from Congress and the high court's decision in *Hamdan*. Two sets of oral arguments have already been held, and lawyers for the government and the detainees have filed five series of briefs.

The most recent interruption has been the passage of the MCA, which included statutory language that says, "No court, justice, or judge shall have jurisdiction to hear or consider an application for a writ of habeas corpus filed by . . . an alien . . . who had been determined by the United States to have been properly detained as an enemy combatant."

In an exchange of briefs last month, lawyers for the Justice Department and detainees disputed whether the language effectively strips any statutory claim to habeas corpus and whether the Geneva Conventions trump the law and allow detainees to have their cases heard in federal court. But both sides agree that the key issue is whether the habeas language in the MCA is constitutional.

The Constitution's suspension clause says, "[T]he Writ of Habeas Corpus shall not be suspended, unless when in cases of Rebellion or Invasion the public Safety may require it." In the Boumediene case, the Justice Department is arguing that the MCA provides an "adequate substitute" to habeas protections, namely the Combatant Status Review Tribunals and the ability to appeal the determination of enemy-combatant status to the D.C. Circuit.

But lawyers for Boumediene and others held at Guantánamo call the procedures a sham. They point out that the CSRTs have not been overseen by judges but by uniformed military officers, detainees have not been represented by lawyers but by military officers acting as "personal representatives," and defendants have been tightly limited in which outside evidence and witnesses they could introduce.

On appeal, they argue, the D.C. Circuit is limited to determining only whether the tribunals properly followed their own procedures, not whether the procedures themselves are adequate. Additionally, they argue that because the D.C. Circuit has no power to order a prisoner's release — only to order another tribunal — the appellate review falls short of full habeas protections.

"The big issue now is, if they've taken away the right to habeas corpus, have they given a reasonable substitute for us?" says Thomas Wilner, a lawyer at Shearman & Sterling who represents a number of detainees in the case.

Wilner and the other lawyers in the case have also garnered support from an unlikely ally: former solicitor general and Whitewater independent counsel Kenneth Starr, who wrote to Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) this fall to express his concerns about the MCA's attempt to strip habeas corpus from the detainees.

"Although no one wants the War on Terror to be litigated in the courts," Starr wrote in the letter, dated Sept. 24 (just before the MCA's passage), "Congress should act cautiously to strike a balance between the need to detain enemy combatants during the present conflict and the need to honor the historic privilege of the writ of habeas corpus."

THE ENEMY WITHIN

Like Boumediene and the other Guantánamo detainees, Ali Saleh Kahlah al-Marri has been declared an enemy combatant. But unlike Boumediene, who was taken into custody overseas, al-Marri was arrested by the FBI in Peoria, Ill., in 2001. The Justice Department brought a series of indictments against al-Marri, a Qatari who was beginning graduate studies at Bradley University, accusing him of credit-card fraud and lying to federal agents.

But just weeks before al-Marri was scheduled to face criminal trial in 2003, President George W. Bush declared him an enemy combatant and an al Qaeda "sleeper agent," and al-Marri was transferred to military custody in South Carolina, where he was interrogated and held without access to a lawyer or International Red Cross monitors until the fall of 2004.

Al-Marri's lawyer Jonathan Hafetz, of the Brennan Center for Justice at New York University Law School, says the government chose to change al-Marri's status after it became clear they had a poor criminal case. "If they have the evidence they say they have, why haven't they tried him?" says Hafetz.

The government contends that as the investigation of al-Marri continued, it became clear that he was intent on waging jihad — citing a call made from al-Marri's cell phone to a suspected al Qaeda financier overseas and numerous files on al-Marri's computer that included speeches by Osama bin Laden and Web sites where al-Marri allegedly researched hydrogen cyanide, a poisonous gas. "It became clear to us that [al-Marri] was, in fact, not just a run-of-the-mill felon but a very bad person linked up with al Qaeda," says a Justice Department lawyer with knowledge of the detention cases.

As in the Boumediene case before the D.C. Circuit, the Justice Department has told the 4th Circuit to remand al-Marri's habeas application for dismissal on the grounds that the MCA bars courts from hearing all habeas petitions from aliens designated as enemy combatants — not just those who were detained overseas.

In many ways, al-Marri's case resembles that of Jose Padilla, an American citizen whom the government detained in Chicago in 2002 and declared an enemy combatant. Later, after Padilla had been detained for nearly two years with no access to counsel, the government shifted course and asked that Padilla be transferred out of military custody and into the federal court system, drawing an angry rebuke from the usually supportive 4th Circuit in the process.

Like *Boumediene*, al-Marri's case will test the constitutionality of the MCA's habeas-stripping provisions under the suspension clause. But al-Marri's lawyers are also arguing that denying him access to the courts violates the equal protection clause under the 14th Amendment. That's because in the ***Hamdi v. Rumsfeld*** decision, the Supreme Court found that U.S. citizens cannot be detained as enemy combatants and, according to al-Marri's argument, that protection should extend to legal aliens detained far from any battlefield.

The government argues that a number of laws treat U.S. residents differently based on their immigration status. But the DOJ lawyer familiar with the cases says that although he's confident in the government's position in both *Boumediene* and *al-Marri*, the latter could prove more difficult for the government. "There is an additional legal argument in the al-Marri case," he says.

Al-Marri's lawyers also have the advantage of a prominent ally: Former Attorney General Janet Reno, who has rarely criticized her successors, has signed off on an amicus brief with other former DOJ officials condemning the government's handling of al-Marri.

Oral arguments in al-Marri's case likely won't take place until early February, by which time the D.C. Circuit may have already ruled in Boumediene's case. But by then the 110th Congress, with its newly elected Democratic majority, could well be applying new pressure to the administration's habeas policies. Leahy, who will take the helm of the Senate Judiciary Committee in January, has referred to the election as an "intervention" and made no secret of his distaste for the MCA. "Congress had no justification for suspending the writ of habeas corpus — a core value in American law — in order to avoid judicial review that prevents government abuse," said Leahy in a statement forwarded to *Legal Times* by his office.

Meanwhile, Dodd's bill, which would restore habeas protections, will likely be reintroduced during the next session of Congress. This summer, during the debate over the MCA, an amendment sponsored by Specter granting detainees access to the courts fell just short in the Senate, failing with a vote of 51-48, though it garnered the votes of a handful of moderate GOP senators. Since then, the Senate's

composition has shifted further to the left, and Democrats will enjoy a 13-vote majority in the House.

That still leaves the administration's opponents well short of the two-thirds supermajority needed to override a veto, but lawyers for detainees are hoping that even without a change in the law, congressional hearings could put pressure on the administration to change course. "Guantánamo has only been allowed to exist because it's been hidden from the public eye," says Wilner, who represents some of the detainees with petitions before the D.C. Circuit.

Of course, perceptions of Guantánamo are shaped by how one views the effort to stop terrorism, which the White House has cast as a war requiring the United States to adopt entirely new legal structures.

"This basically comes down to: Their view of the world is, any process to hold these guys has to resemble a criminal trial in a [federal] court," says a second DOJ official with knowledge of the habeas litigation. "Our view is, you have to look at what happens in armed conflict and what happens in international tribunals. . . . At the broadest level, this depends on what you think this is about."

END

AP

December 2, 2006

State NAACP gets permission to join No Child suit

NEW HAVEN, Conn ._A federal judge grants the Connecticut N-Double-A-C-P's request to become a party in the state's No Child Left Behind lawsuit.

The state sued the federal government in 2002, saying the education law costs more to administer than the state receives in federal reimbursement.

But the N-Double-A-C-P isn't backing the state's argument. Rather, it's intervening as a party on the federal government's side.

Group leaders say that's because they're concerned about money being spent on the lawsuit.

They're also concerned that voiding the No Child law could set a precedent to allow the state to circumvent other civil rights statutes.

They want Connecticut's case tossed out.

END

Augusta Chronicle

December 2, 2006

JUDGE DISMISSES FARMERS' WHISTLE-BLOWER LAWSUIT

Sandy Hodson, Staff Writer

A judge has dismissed a whistle-blowers' lawsuit filed by local dairy farmers against the city of Augusta.

In an order signed Thursday, U.S. District Court Judge Orinda D. Evans of the Northern District of Georgia ruled that the lawsuit had to be dismissed, not because the allegations were false, but because of how the farmers gathered the information.

In order to prevail on the challenge raised by city attorneys, the plaintiffs had to prove they had "direct and independent knowledge of the information on which the allegations are based," the opinion stated. The judge ruled the farmers based their allegations on public records instead.

George W. Boyce and R.A. McElmurray III, local dairy farmers, and David Lewis, a retired Environmental Protection Agency microbiologist, filed the false claims act lawsuit on behalf of the United States.

"The purpose of the False Claims Act is to recover money fraudulently taken from the United States government," Judge Evans noted in the opinion.

The lawsuit alleged the Augusta-Richmond County government fraudulently obtained more than $22 million in loans in the early 1990s to fund wastewater treatment improvements. They maintained it was fraudulent because the city didn't report environmental violations and diverted funds from the wastewater treatment department to the city's general fund.

"(The plaintiffs) claim that 'without their research, defendant's misconduct never would have been exposed to the public.'" the opinion reads.

The city countered that the plaintiffs "gained whatever knowledge they have about defendant's alleged false claims second-hand from the efforts of the Georgia EPD or through documents filed in other civil litigation," the opinion reads.

The judge sided with the city attorneys on the issue. Because the farmers and microbiologist were not the original source of the information they used to form their lawsuit, they could not prevail.

The plaintiffs can appeal, if notice is filed within 30 days.

The case is the latest development in a long-standing conflict between the city and the Boyce and McElmurray families.

They have sued the city in local courts, alleging that sewage sludge that was supposed to be safe fertilizer contained hazardous elements that poisoned their land and lead to the death of cows.

The Boyce family lawsuit was tried in 2003, and a jury awarded them $550,000 in damages. The family had asked for $12.5 million.

Judge J. Carlisle Overstreet, who presided over the Boyce trial, threw out the McElmuray family lawsuit.

Higher courts, however, reinstated the lawsuit, and it is pending in Richmond County Superior Court.

END

New York Times

December 3, 2006

Blowing the Whistle on Big Oil

EDMUND L. ANDREWS

HONOLULU DURING a 22-year career, Bobby L. Maxwell routinely won accolades and awards as one of the Interior Department's best auditors in the nation's oil patch, snaring promotions that eventually had him supervising a staff of 120 people.

He and his team scrutinized the books of major oil producers that collectively pumped billions of dollars worth of oil and gas every year from land and coastal waters owned by the public. Along the way, the auditors recovered hundreds of millions of dollars from companies that shortchanged the government on royalties.

"Mr. Maxwell's career has been characterized by exceptional performance and significant contributions," wrote Gale A. Norton, then the secretary of the interior, in a 2003 citation. Ms. Norton praised Mr. Maxwell's "perseverance and leadership" while cataloguing his "many outstanding achievements."

Less than two years later, the Interior Department eliminated his job in what it called a "reorganization." That came exactly one week after a federal judge in Denver unsealed a lawsuit in which Mr. Maxwell contended that a major oil company had spent years cheating on royalty payments.

"When I got this citation, they told me this would be very good for my career," said Mr. Maxwell, smiling during an interview here. "Next thing I knew, they fired me." Today, at 53, Mr. Maxwell lives on a $44,000 annual pension in a two-bedroom bungalow in the hills outside the Hawaiian capital.

But Mr. Maxwell has hardly disappeared. Instead, he is at the center of an escalating battle with both the oil industry and the Bush administration over how the federal government oversees about $60 billion worth of oil and gas produced every year on federal property. In the process, he has become one of the most nettlesome whistle-blowers Big Oil has ever encountered, a face-off that offers an inside look at how the industry and the government do business together.

Invoking a law that rewards private citizens who expose fraud against the government, Mr. Maxwell has filed a suit in federal court in Denver against the Kerr-McGee Corporation. The suit accuses the company, which was recently acquired by Anadarko Petroleum, of bilking the government out of royalty payments. It also contends that the Interior Department ignored audits indicating that Kerr-McGee was cheating. Three other federal auditors, who once worked for Mr. Maxwell and still work at the Interior Department, have since filed similar suits of their own against other energy companies.

Several of the nation's biggest oil producers, including Exxon Mobil, Chevron, Shell and ConocoPhillips, failed in an effort to block Mr. Maxwell's suit, arguing before an appellate judge that his case would "open the floodgates" to suits by other federal auditors. But the court rejected their pleas, and a trial is set to start on Jan. 16.

Mr. Maxwell's self-interest is as much in play in the suit as is the public interest. If he wins, Kerr-McGee could be forced to pay more than $50 million in unpaid royalties and penalties, Mr. Maxwell said. Mr. Maxwell and his lawyers could be entitled to keep as much as 30 percent of any funds the government recovers -- enough to make him a wealthy man.

Anadarko says that the government's rules were followed and that it owes no money because the Interior Department never asked it to pay more. But it is now trying to negotiate a settlement before the trial begins.

"We believe the case is without merit," said John Christiansen, an Anadarko spokesman. "However, as is a fairly common practice, both sides have agreed to meet with a mediator prior to trial."

THE actions of Mr. Maxwell and the other auditors have coincided with broader investigations by Congress and the Interior Department's own inspector general into whether the agency properly collects the money for oil and gas pumped from public land. Investigators say they have found evidence of myriad problems at the department: cronyism and cover-ups of management blunders; capitulation to oil companies in disputes about payments; plunging morale among auditors; and unreliable data-gathering that often makes it impossible to determine how much money companies actually owe.

In February, the Interior Department admitted that energy companies might escape more than $7 billion in royalty payments over the next five years because of errors in leases signed in the 1990s that officials are now scrambling to renegotiate. The errors were discovered in 2000, but were ignored for the next six years and have yet to be fixed.

Congressional investigators are worried about other problems, as well. The Interior Department's inspector general told a House subcommittee in September that senior officials at the agency had repeatedly glossed over ethical lapses and bungling. "Short of crime, anything goes at the highest levels of the Department of the Interior," declared Earl E. Devaney, the inspector general.

The Interior Department, which has described Mr. Maxwell as a renegade former employee motivated by the riches his lawsuit might bring, said its auditing efforts received a clean bill of health from an outside accounting firm in 2005. "The results are clear and irrefutable," the agency said in a statement, adding that it was "accomplishing its job on behalf of the American public."

But Republican leaders on the House Government Reform Committee, which has been reviewing the flawed leases, recently accused Interior officials of perpetuating a "culture of irresponsibility and lack of accountability" at the agency.

The committee ordered the Government Accountability Office, the investigative arm of Congress, to begin a broad examination of issues ranging from the agency's rules and enforcement practices to the accuracy of its most rudimentary data.

The Interior Department "clearly doesn't view their responsibility as maximizing revenue to the American people for resources that belong to the American people," said Representative Darrell E. Issa, a California Republican who oversaw hearings on the flawed leases. "We don't have a system that accurately tells us how much oil is being taken out of the ground."

No one, says Mr. Maxwell, knows that better than he does.

BORN "Bobby," not "Robert," Mr. Maxwell is bald, burly and speaks with a back-country drawl that is occasionally punctuated by a cackling laugh. He said he thrived in the world of wells, pipelines and offshore rigs and meshed comfortably with the oil cultures of Texas and Oklahoma. Genial and unflappable, he describes his politics as "very conservative" and cringes at being labeled a rebel.

"I like the oil and gas industry," he said, as he reminisced about his years as a federal auditor. "We are neither for nor against the profits they make. Our job is to make sure the American public gets a fair return on its assets."

Mr. Maxwell grew up in a poor family in rural Tennessee. After serving in the Army in Hawaii, he earned a bachelor's degree in business at Chaminade University here. He later became a certified public accountant and earned a master's degree in business from Texas A&M. In 1983, after stints as an auditor with the Air Force and the Department of Energy, he joined the Minerals Management Service of the Interior Department.

The M.M.S. is responsible for collecting and overseeing the royalties for all the oil, gas, timber and coal that is produced on federal property. Last year, companies paid nearly $10 billion in royalties on oil and gas alone.

"I loved going to the oil companies," Mr. Maxwell recalled, saying he spent about half of his time on the road -- some of it at offshore drilling rigs. "Sometimes, there would be nothing more than a room and a helicopter pad to land on. But it was an education, and it was highly practical."

Despite Mr. Maxwell's placid demeanor, friends and former colleagues say he was a dogged auditor who sometimes rankled his own bosses. In 1988, he visited a coal mine on federal land in Montana even though, he says, his supervisors scoffed at the trip because they thought that the mine was too small to scrutinize. When Mr. Maxwell arrived, he found that the mine only looked small because it had been underpaying royalties for years. Within months, the company agreed to pay $43 million in back royalties, and it eventually paid more than $100 million.

In 1993, during the Clinton administration, officials in Washington told him to drop a complex dispute with ARCO because they thought his reasoning was dubious. But just as he was about to back down, ARCO executives volunteered to pay $20 million.

The Interior Department gave Mr. Maxwell an award that year, noting that he had "vehemently pressed his position" even though "support seemed lacking." It attributed his success to both his "measured combatant style" and his personal rapport with ARCO executives.

"If he thought there was a case, he had a reason," said Barbara Rothway, a retired Interior Department auditor. But, she added, "I could see how he might sometimes bother the people he worked for."

Patient and stubborn, Mr. Maxwell spent years poring over the accounts of the Jicarilla Apache Tribe in New Mexico, which had long complained that companies were underpaying them for natural gas extracted on their tribal lands. Tribal officials said Interior Department officials had paid little heed until Mr. Maxwell came along. He collected and organized data going back 30 years and found pervasive errors by both oil companies and the government. The tribe eventually recovered more than $20 million in back royalties.

"Anyone knowledgeable about the way Interior processes payments knows there are all sorts of ways for companies to underpay," said Alan R. Taradash, a lawyer in Albuquerque who has represented the tribe for years. "Bobby was one of the few who stood up with us and demanded that the auditing be done properly."

MR. MAXWELL says his first serious doubts about the Interior Department originated in 1998, when the agency reluctantly began to investigate accusations of systematic cheating on royalties for oil.

Several of the nation's biggest oil companies eventually settled that investigation by paying nearly $440 million. The investigation occurred only after outside whistle-blowers argued for years that the government was losing billions.

The cases had been sparked in part by a former oil trader at ARCO named J. Benjamin Johnson Jr., known as Benji, who contended that oil companies had used elaborate swapping schemes to cheat on royalties owed to private and state landowners, as well as the federal government.

Mr. Johnson and another former ARCO trader quit their jobs and became expert witnesses for landowners and state governments who wanted to sue oil companies for back payments. The two traders soon realized that the biggest case by far belonged to the federal government. But no federal officials were interested.

"It was unbelievably difficult," Mr. Johnson recalled in a recent interview. "They brought me to Denver, to the M.M.S. office, in a room with about 30 auditors and managers from the solicitor's office. Their reaction was that I was crazy, that it was impossible, that there was no way they could have actually missed this."

But Mr. Johnson found a way to recover the federal royalties on his own. In 1995, he filed suit under the

False\l "l" Claims\l "l" Act\l "l", a longstanding law intended to encourage whistle\l "l"-blowers\l "l". Under the act, best known for its use against overbilling by military contractors, a private citizen can sue a company, contending that it defrauded the federal government. Companies found guilty have to pay as much as three times the amount of their fraudulent gains, and any person who files a suit is entitled to keep up to 30 percent of the money recovered.

The Justice\l "l" Department\l "l" initially refused to join Mr. Johnson's suit, but it eventually did so, in 1998 after concluding that he and other whistle\l "l"-blowers\l "l" -- including a nonprofit group called the Project on Government Oversight -- were on to something. That was when Mr. Maxwell became involved. Working for the Interior Department, he collected data on a number of oil companies, pooling his material with that of Mr. Johnson.

"Bobby was with us," Mr. Johnson recalled. "He was a straight-shooter, and he saw it." Mobil was the first to settle and paid more than $40 million in 1998. Chevron paid $95 million. Shell paid $110 million. By 2002, 15 oil companies had paid a total of almost $440 million.

The Johnson lawsuit taught Mr. Maxwell three lessons. One was that Mr. Johnson became a wealthy man. (The oil trader and his lawyers received more than $30 million, while two other groups of whistle\l "l"-blowers\l "l" received more than $40 million.) The second was that top Interior officials had been obstinately blind to the oil industry's practices. The third was about the power of the False\l "l" Claims\l "l" Act\l "l". Until Mr. Johnson came along, no one had used it to go after royalty underpayments.

Created in 1849 to manage the nation's publicly owned natural resources, from national forests to parks and waterways, the Interior Department oversees timber, grazing, mining and oil drilling operations over many tens of millions of acres. And while the agency has often tried to increase drilling and mining under Democrats and Republicans alike, current and former officials say the Bush administration elevated that goal above almost all of the department's other mandates.

Mr. Maxwell says his frustrations with the Interior Department escalated after the Bush administration took office in 2001. The Interior Department's top priorities became increasing domestic oil and gas production, offering more incentives to drillers in the Gulf of Mexico and pushing to open the Arctic National Wildlife Refuge and other wilderness areas to drilling. The department trimmed spending on enforcement and cut back on auditors, and sped up approvals for drilling applications.

The agency's senior ranks also became more heavily populated with officials friendly to the energy industry. For example, its new deputy secretary, J. Steven Griles, worked as an oil industry lobbyist before joining the department, and Chevron and Shell had paid him as an expert witness on their behalf in the Benji Johnson case. Mr. Griles declined to comment.Auditors, according to Mr. Maxwell and many others, were told to devote less energy to time-consuming audits and rely more on a computerized monitoring system called "compliance review." Auditors complained that the new system was superficial and riddled with technical problems. Even when the new system flagged potential underpayments, Mr. Maxwell said, it often failed to supply conclusive information.

"We were getting shut down on all kinds of cases," he said. "We started to wish that someone would come along and file a False Claims suit, so we could jump onboard."

Auditing and compliance review had generated an average of about $176 million annually in the 1990s, with an extraordinary peak of $331 million in 2000, according to data from the Congressional Budget Office and the Interior Department. But from 2001 through 2005, a period when energy prices soared to new highs, enforcement revenue averaged about $46 million a year.

In 2004, the Interior Department's inspector general issued a blistering report about the auditing system, saying that many auditors were unqualified, that essential documents were being lost and that the internal review process was "ineffective."

BY 2002, Mr. Maxwell was fed up. He and a team of auditors had worked for months to dissect a

complicated marketing deal by Kerr-McGee that they believed was cheating the government. He concluded that Kerr-McGee was selling all its oil at below-market prices to another company that compensated Kerr-McGee by assuming many of its marketing and administrative costs.

Simply put, Kerr-McGee seemed to be getting paid in both cash and services, but it was calculating its royalties only on the cash it received. Mr. Maxwell calculated that the company had underpaid the government by as much as $12 million between 1997 and 2002. State auditors in Louisiana had been investigating exactly the same issue in 2001, and ordered Kerr-McGee to pay an extra $2 million in royalties on oil from state lands.

According to Mr. Maxwell and Interior Department officials, when Mr. Maxwell presented his findings to his superiors, agency lawyers told him to drop the case. When he continued to argue, he recounts in his lawsuit, the agency's chief of enforcement warned him that the director of the M.M.S., Johnnie M. Burton, would be "very upset" if he persisted.

"The word came down from the top, not to issue this order," Mr. Maxwell said in an interview, speaking about the Interior Department. "There have always been people who don't want to pursue things. But now it's grown into a major illness. It's dysfunctional."

In a written response to questions from The New York Times, the Minerals Management Service said it was "rare" to overrule an auditor but that Mr. Maxwell's contentions involved a "questionable application of M.M.S. regulations."

The matter might have ended there, except that Mr. Maxwell decided to retire in June 2003. As soon as he left the agency, he began researching the possibility of emulating Benji Johnson and filing his own suit under the False\l "I" Claims\l "I" Act\l "I". As it happened, Mr. Maxwell's "retirement" was brief. In October, the Interior Department rehired him to fill a management gap in its Denver office, and it put him in charge of a 120-person auditing team monitoring the Gulf of Mexico.

Despite rejoining the government, Mr. Maxwell filed his suit against Kerr-McGee in June 2004. The case was unsealed on Jan. 20, 2005; a week later, Mr. Maxwell lost his job.

Arriving at his office shortly before 8 a.m. on Jan. 27, Mr. Maxwell said he was summoned to a meeting with a senior M.M.S. official, who had flown in from Washington. The official handed him a memo, explaining that his job responsibilities were being moved to Houston and that his position would be eliminated.

To this day, Interior officials say they never fired Mr. Maxwell. They say, according to court papers, that he was merely a "re-employed annuitant" who was no longer needed. "The position disappeared," said Ms. Burton, the M.M.S. director, in a meeting with energy reporters in September.

Mr. Maxwell protested. He said he would have relocated or taken a different job. He added that he was a certified public accountant and had a master's degree in business administration; his successor lacked those degrees. But the fight did not last long. When Interior officials offered Mr. Maxwell a confidential financial settlement to leave without a fight, he took the deal and moved to Hawaii.

And he continued to press his case against Kerr-McGee. The company tried and failed to have the suit dismissed, arguing that a federal auditor should not be allowed to take information from work and file a lawsuit under the False\l "I" Claims\l "I" Act\l "I". In October, eight major oil companies including Chevron and Exxon Mobil weighed in on Kerr-McGee's side.

"Government employees who uncover suspected fraud in the course of carrying out their jobs will receive a tacit invitation" to sue as private citizens, the companies argued in their brief. After the appellate court rejected the industry's plea, Mr. Maxwell's trial was rescheduled for January. Settlement talks are scheduled to begin in Denver this week.

Interior officials contend that Mr. Maxwell and other auditors have a conflict of interest when they stand to gain personally from their enforcement work. "These people could be entitled to collect 30 percent of the money that is owed to the government, for work they were already being paid to do," Ms. Burton told reporters in September.

If Mr. Maxwell had not acted, of course, the government would have had no chance of recovering any money at all. James W. Moorman, president of Taxpayers Against Fraud, a nonprofit organization that specializes in the False\l "I" Claims\l "I" Act\l "I", acknowledged that it was less than ideal for federal investigators to have a financial stake in rebelling against their bosses. But he said the alternatives might be worse.

"You're talking about a situation where there seems to be complete breakdown in the system," Mr. Moorman said. "If they've got evidence of fraud, why shouldn't a court hear it?"

STANDING in his garage recently, Mr. Maxwell pointed to six big cartons stacked along the wall. They contained 60,000 pages of documents that Kerr-McGee and the Interior Department had provided as part of the discovery process in his lawsuit. Mr. Maxwell, true to form, has gone through every page, and distilled his case into seven modestly sized binders he keeps in his living room. He says he is ready for trial, and even for the possibility of losing.

If he does lose, his lawyers will not charge for their work but he will have to pay about $125,000 to expert witnesses he has hired. "I can manage it," he said. He has saved money all his life, he said, and can live on his savings and his pension.

"He's thought about all the options, and none of them seem life-threatening to him," said his daughter, Angela Maxwell Horn. "What can they do him? They've already fired him."

END

Canadian Press

December 4, 2006

RCMP Boss Back Under Gun

RCMP Commissioner Giuliano Zaccardelli, already under fire for the force's handling of the Maher Arar affair, will have more explaining to do when he faces yet another grilling by MPs this week.

In his last appearance at the Commons public safety committee two months ago, the country's top cop fended off demands for his resignation, suggesting that would be too easy a way out.

"Three are two kinds of people in this world," Zaccardelli told the all-party panel. "There are those who are faced with difficulties and they throw up their hands and walk away from the challenge. Then there are those who roll up their sleeves and decide they're going to fix what went wrong. I'm a person who fits in the latter category."

Zaccardelli stumbled, however, when MPs pressed him on some key details of what went wrong in the Arar case.

The Syrian-Canadian telecommunications engineer was arrested by U.S. authorities in the fall of 2002 and deported to Damascus, where he was tortured into false confessions of terrorist activity.

Justice Dennis O'Connor, who conducted a public inquiry into the affair, concluded the Americans "very

likely" acted on the basis of erroneous information provided by the Mounties — a document that described Arar as an "Islamic extremist" with suspected ties to al-Qaida.

In fact, he was a peripheral figure in an RCMP anti-terrorist investigation who came to the Mounties' attention only because he had been spotted talking to another man targeted by the probe.

Zaccardelli said he wasn't informed of the mistake until Arar was already in Syria. He repeatedly insisted the force had "tried" to correct the error in private with U.S. officials, but never explained why he didn't go public at the time.

The commissioner was also vague on whether he shared the fact the Mounties had bungled with his political masters in Ottawa.

He maintained that briefing material was prepared for unnamed federal "officials" but was unclear on whether that included members of the Liberal cabinet then in power.

Former ministers Wayne Easter and Anne McLellan have since testified that Zaccardelli never told them about the mistake. Ward Elcock, then head of the Canadian Security Intelligence Service, has also said he was kept in the dark.

"In fact (Zaccardelli) withheld information about that investigation," says Liberal MP Mark Holland, one of the RCMP chief's fiercest critics. "I have no idea how he will try to explain this . . . This is about as troubling as you can get."

But it won't be the only point on which committee members will confront Zaccardelli when he appears before them again Tuesday.

The commissioner told them in September he found it "deplorable" that someone had leaked misleading information to the media about Arar after his return to Canada, using the confession extracted under torture as proof of his purported terrorist ties.

Zaccardell noted his deputy commissioner and "right-hand person," Gary Loeppky, had personally organized an investigation to get to the bottom of the leaks.

"Everything possible will be done," he promised. "Everybody is being looked at, nobody is excluded."

Less than month later, an Ontario judge quashed RCMP search warrants used to raid the home and office of Juliet O'Neill, an Ottawa Citizen reporter, in an effort to discover her sources for a leaked story.

Justice Lynn Ratushny struck down portions of the federal security law used to obtain the warrants and excoriated the Mounties for targeting a journalist.

Investigators considered O'Neill an "easy target," said the judge, and the raid was a thinly veiled attempt at "intimidating her into compromising her constitutional right of freedom of the press."

When the Conservative government refused to appeal the judgment it appeared the investigation of the leaks had hit a dead end — although the Mounties refused to admit it.

A spokesman for the force contended the probe would continue but couldn't explain what new avenues would be pursued.

END

AFX

December 4, 2006

Malaysia's Iris sues US govt, Japan Air Lines for patent infringement

KUALA LUMPUR (XFN-ASIA) - Smart passport maker Iris Corp Bhd said it is suing the US government and Japan Air Lines for patent infringement.

In a filing to Bursa Malaysia, Iris said it filed the US government suit in the court of Federal Claims in Washington.

'The lawsuit seeks reasonable royalties and other compensation for patent infringement of the Iris electronic-passport reader US Patent,' it said.

In the same filing, Iris said a lawsuit against Japan Air Lines has also been filed in a US court for the eastern district of New York which 'seeks damages for patent infringement by JAL's use, at US airports, of e-passports... that have been manufactured according to the Iris electronic identification or e-passport patent.'

END

Targeted News Service

December 3, 2006

Lead Plaintiff in Indian Trust Reform Lawsuit Challenges Harvard University

TANYA LEE Targeted News Service

CAMBRIDGE, Mass., Dec. 3 -- "Harvard was established in part to educate Indians," Elouise Cobell reminds her audience of Harvard Law School students and faculty, referring to the 1653 colonial government authorization that was made just 18 years after the school was founded. The goal, at the time, was "to construct a building for the instruction of 'six hopfull Indian youthes.'"

Cobell, who is a member of the Blackfeet Tribe, was discussing a classaction lawsuit she had filed against the U.S. government for the gross mismanagement of thousands of individual Indian trust fund accounts. In 1996, Cobell, who as a child had heard repeated stories about money owed to Indians, was a banker who could see for herself that the federal\l "I" government's Individual Indian Management accounting system was woefully inadequate is your goal was accountability. Her assessment was that half a million people had in fact not been paid what they were owed, and that the Department of the Interior had no intention of even recognizing the problem, let alone remedying it.

Much Native American history, and certainly the history of the trust fund, hinges on the Dawes Act of 1887, the law that assigned 160 acres of reservation land to each Indian family, took that land into trust and let settlers on the westward migration from the urban East toward California claim the rest. Millions of acres -- in fact 90 million acres -- of Indian land were lost. Ninety million acres represented nearly two-thirds of the land the tribes had left after the wars were fought and the treaties signed.

The federal government, as trustee of Indian-owned lands, could lease the land for any purpose; it could collect the royalties and rent due on that land; and it could put those moneys into the U.S. Treasury. What it apparently could not, and certainly did not, do was to keep track of the money and pay it out to the Indians of whose behalf the government was amassing it.

Dividing Indian Assets

Cris Stainbrook, a Lakota who is now president of the Indian Land Tenure Foundation (http://www.indianlandtenure.org/), presented historical and legal background for Cobell's\l "l" talk. Stainbrook explained the background of the labyrinth of legislation and court precedents that pass for federal Indian policy. A major problem is fractionation -- the ownership of a parcel of land by hundreds or thousands of people.

When the Indian owner of an allotment passed away, the ownership of the land was divided among his or her heirs, but the land itself could not be divided. The allotment, after a few years, could have dozens of owners. After more than a hundred years, many allotments now have thousands of owners, each one of whom is due some portion of the money that land earns. Not only has the federal government lost track of who is entitled to royalties, they have lost track of how much they have collected in royalties.

A Demand for Restitution

Cobell said that originally the lawsuit asked for three things: to compel the government to fix the accounting systems or put adequate systems in place; to give individual Indians an accounting of what they owned; and to make restitution, if indeed restitution had to be made.

"I thought it would be over in three years," she said.

The plaintiffs won in court again and again. The judge assumed oversight of the accounts then appointed a special master to make sure the government was doing what it said it would do. In the meantime, the Department of Justice had a cadre of attorneys working on appeals. The government did appeal and lost. The court ruled that the Interior Department had to fix the accounting systems, that the federal government was in breach of trust, and that an accounting must be provided.

Contempt

"The government was destroying documents," Cobell said, noting that 167 boxes of Treasury documents were destroyed along with others at the Interior Department. U.S. Secretary of Interior Bruce Babbitt was held in contempt of court, followed by Interior Secretary Gale Norton.

The plaintiffs hired their own investigators and found out where every oil well in Indian Country was, something the government had never been unable to do.

The figure $13 billion was agreed upon as an appropriate amount for restitution. But the court said that because "the trust obligation began in 1887 when the federal government said we were all incompetent," the amount would have to include compound interest, and the figure was suddenly $176 billion.

"This administration went to Congress and attached a midnight rider to get a stay on the accounting. Congress passed it along with the bill, which was for firefighters. The government continued to say, 'We can give you an accounting. Just give us $10 billion and 10 more years'."

"This is extraordinary," Cobell continued. "Congress cannot interfere in an ongoing court case." But it did.

Then the special master discovered that anyone could hack into the computer system, create an account, move money into that account, and create a check. Treasury Department officials testified that billions of dollars were accumulating in the account and it was up to the Bureau of Indian Affairs to tell Treasury what checks to issue.

"Since no one knew who the money belonged to, they used it to reduce the national debt," said Cobell, who alleges that the mismanagement of these funds is not just incompetence. "The problem is not caused just by fractionation. There is so much fraud and corruption with the Indian trust moneys," she said, though she declined to name names. "We are not interested in the possible criminal aspects of this matter," she explained. "We want justice for Indian people."

Legislation Fails

In 2005, Sen. John McCain, R-Ariz., then chairman of the Senate Indian Affairs Committee, introduced a bill to settle the matter. "He said he would try to get justice, and we believed him."

In an effort to expedite the matter, Cobell and her associates went to the tribes and hammered out 50 principles for trust reform on which everyone could agree. But when the legislation was finally written, not one of those principles was included. And there was a blank space where the amount of money for the settlement should have been.

So the plaintiffs came up with a number, taking into account what some of the unintended consequences of the settlement could be, such as people losing their Social Security.

"We came up with $27.5 billion. Congress offered $8 billion," said Cobell. "We said no, but then we decided that in the interests of getting this done, we would live with it.

"Right before the bill was marked up, President Bush sent a message to McCain and Interior Secretary Dirk Kempthorne saying the administration needed more time to study the bill. McCain caved.

After the August 2006 recess, the administration offered its opinion. For $8 billion, the administration wanted every Indian issue, including the tribal trust claims, settled. And the administration said that any money spent figuring out to whom to send the money would have to come out of the $8 billion. Finally, they said that when the money, or what was left of it, was paid, the federal government would not be liable for how it handles trust matters.

"It was almost insane. They wanted us to give them a blank check to commit fraud," said Cobell.

A Cry for Justice

Sen. Bryon L. Dorgan, D-N.D., the incoming chairman of the Senate Indian Affairs Committee, has asked for a meeting and said he would consider new legislation in the next Congress, according to Cobell. But the plaintiffs will go on fighting in court.

"This case screams to the heavens for justice," said Cobell.

And who better to help see that justice is done but graduates of one of the most influential schools in the country, a school that has produced seven U.S. presidents, has an operating budget of $2.4 billion a year, and holds an endowment greater than the GNP of some countries?

So far the plaintiffs in the case have raised $11 million, but that is not nearly enough, and most of it went to pay the accountants. The federal government is spending $100 million a year on this case, so finding financial as well as legal support are high on the list of reasons for Cobell's\l "l" round of speaking engagements.

The event was moderated by Gerald Torres, Oneida Indian Nation Visiting Professor of Law, and sponsored by The Native American Law Student Association and the Harvard University Native American Program.

END

Newsday

December 4, 2006

OPINION; Abused and abandoned; If the CIA snatched the wrong man, U.S. owes him at least an apology

Khaled el-Masri says Washington owes him an apology and maybe a little cash. That seems little enough for the German citizen to ask. According to his lawsuit against the CIA, he was grabbed in Macedonia, stripped, drugged and spirited away to a prison in Afghanistan, where he was abused for months and then unceremoniously dumped, broke and disoriented, on a dark road in Albania.

Washington has neither confirmed nor denied CIA involvement. But officials did invoke the state secrets privilege to convince a federal judge in Virginia to dismiss el-Masri's lawsuit, insisting that allowing it to go forward would pose a grave risk to national security. That sounds like an admission, of sorts, of CIA involvement in his ordeal.

If it is complicit, Washington should find some way to compensate him. That's the decent thing to do, for a man whose life was upended in what seems a nightmarish case of mistaken identity.

In another instance of mistaken identity, Washington did compensate Brandon Mayfield, a lawyer arrested in Oregon in connection with the 2004 terrorist bombing of a train in Madrid. He was released after two weeks when officials discovered that they'd been wrong in believing that fingerprints found on a bag of detonators were his. Officials gave Mayfield a formal apology and $2 million in a settlement announced last week. Attorney General Alberto Gonzales said, "If mistakes occur despite our best efforts, we'll work to address them."

So, why not for el-Masri? His lawyers say Washington has offered neither apology nor compensation. An appeal of the decision dismissing his suit was argued Tuesday in Virginia.

You have to wonder about the government's insistence on secrecy. El-Masri's story is under investigation in Germany. It has been widely publicized. President George W. Bush has acknowledged secret CIA prisons and a policy of rendition, or sending detainees to captivity in other countries. If el-Masri's story of lost liberty and reputation is true, Washington should make amends. It's the right thing to do.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, December 05, 2006 8:02 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, December 05, 2006
Attachments:	agnb061205.pdf; agnb061205.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 5, 2006 7:45 AM EST

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TERRORISM NEWS:

DOJ Cites Need For Secrecy In Seeking Dismissal Of ACLU Surveillance Suit. The AP (12/5, Goodman) reports from Detroit, "The Bush administration asked a federal appeals court Monday to toss out a lawsuit challenging a warrantless surveillance program, saying the government can't defend itself without revealing national secrets." The AP continues, "The American Civil Liberties Union sued the National Security Agency in January on behalf of journalists, scholars and lawyers who say the surveillance has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets. … 'This suit must be dismissed because its very subject matter is a state secret, and litigation would inevitably result in disclosing state secrets,' Justice Department lawyers wrote in a brief filed Monday." The AP adds, "U.S. District Judge Anna Diggs Taylor in Detroit ruled in August that the program violates the rights to free speech and privacy and the separation of powers. … The Justice Department appealed to the 6th U.S. Circuit Court of Appeals in Cincinnati, which ruled that the administration could keep the program in place during the appeal."

Defense Releases Photos Of Masked, Chained Padilla. In a story widely-distributed by McClatchy, the Miami Herald (12/5, Weaver, 286K) reports, "Providing a rare glimpse of a locked-up 'enemy combatant,' attorneys for terror suspect Jose Padilla released declassified images of him in chains and a mask to bolster their bid to have his Miami case thrown out because of alleged

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mistreatment during military detention for more than three years. The still video images show Padilla wearing blacked-out goggles, noise-blocking headphones, and shackles on his hands and feet." The Herald notes, "Carl Tobias, a constitutional scholar at the University of Richmond School of Law in Virginia who has followed Padilla's legal odyssey, said his attorneys' bid is a long shot. But he said the photo of Padilla in chains and a mask, published on the front page of The New York Times on Monday, 'makes an impression on people.' Whether it has the same impression on the judge is another matter. It's hard to know.'"

The AP (12/5, Anderson) reports from Miami, "The images, taken from an unclassified Defense Department video, show Padilla being chained hand and foot and led out of his cell by three guards dressed in camouflage and wearing riot helmets and visors. The video images are the first publicly released of Padilla's 3 1/2-year detention at a Navy brig in Charleston, South Carolina. … They were filed late Friday in federal court in Miami as part of an attempt by Padilla's lawyers to get criminal terrorism support charges against him dismissed, based on what they claim was treatment that amounted to torture while in military custody. … 'The extended torture visited upon Mr. Padilla has left him damaged, both mentally and physically,' Padilla lawyer Orlando do Campo said in one court filing. [The government's treatment of Mr. Padilla has robbed him of his personhood.'" The AP adds, "Existence of the filing containing the video images was first reported Monday by The New York Times. The court papers do not give details about the actual video, but The Times reported that it was made as Padilla was being taken out of his cell for dental work. … A spokeswoman for Miami U.S. Attorney R. Alexander Acosta declined comment Monday."

Egyptians Arrest American, 11 Europeans On Terrorism Allegations. The AP (12/5, el-Magd) reports Egyptian police "have arrested an American, 11 Europeans and several others from Arab countries for allegedly plotting terrorist attacks in Middle Eastern countries including Iraq, the Interior Ministry said Monday. The group was part of an Islamic militant terror cell that had adopted extremist ideas and were living in Egypt under the guise of studying Arabic and Islamic studies, the ministry said in a statement." The AP adds that "the State Department confirmed an American had been arrested in Egypt about a week ago but could not provide any details. State Department spokesman Sean McCormack said American officials were 'seeking consular access to this individual' but declined to give more information, citing U.S. privacy laws."

The Washington Post (12/5, A18, Whitlock, 690K) notes, "The Egyptian Interior Ministry said the cell was 'related to some terrorist organizations abroad' but did not name the network or those arrested. … A U.S. law enforcement official said the U.S. citizen 'was not on our radar at all' before his arrest in Egypt and is not named on the government's voluminous terrorism watch list. 'He was not a known figure to the U.S.,' the official said." The Washington Times (12/5, 88K) runs a version of the AP story.

Lawyers Demand Release Of Chinese Muslims In Gitmo. The Washington Post (12/5, White, 690K) reports, "Attorneys for a group of Chinese Muslims held for nearly five years in the U.S. military prison at Guantanamo Bay, Cuba, filed suit yesterday, asking that the men be released immediately and alleging that they have been held as part of a political deal between the United States and China. ... They contend that the men have been labeled wrongfully as terrorist suspects because they oppose the Communist Chinese government." The ethnic Uighurs "have been a diplomatic headache" for the US; "Earlier this year, [five other] Uighurs were released to a U.N. compound in Albania, where they remain virtual prisoners. ... More than a dozen Uighurs are still in Guantanamo. U.S. officials have determined them to be enemy combatants because of their participation in an alleged terrorist training camp in Afghanistan. ... The lawyers challenge the way the Uighurs were determined to be enemy combatants, arguing that their encampment in Afghanistan did not make them a party to hostilities."

HOMELAND RESPONSE:

IG Report Shows "Disturbing" Examples Of Crime Coming From Within DHS. The Los Angeles Times (12/5, Gaouette, 850K) reports a semiannual report filed to Congress by the Department of Homeland Security inspector general showed that in addition to "patrolling the nation's borders and guarding against terrorism," the agency "is battling fraud, theft, bribery, smuggling and other crimes by American citizens — with some of the most disturbing examples coming from" its own employees. The report "showed a sharp jump in arrests in

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the six months ended Sept. 30, with many stemming from schemes by members of the public to bilk the agency of emergency relief funds in the wake of Hurricane Katrina." Meanwhile, an "array of staff transgressions tucked into the report reflects the continued growing pains of an agency that was formed only three years ago, and the pressures created as parts of the department have rapidly expanded, critics say."

US Labs Developing Nuke Safeguards Under "Secret" Presidential Directive. The Los Angeles Times (12/4, Vartabedian, 850K) reports, "In response to a secret order from President Bush, U.S. nuclear weapons laboratories are developing technology to make the weapons virtually impossible to use if they fall into the wrong hands. The security system will be part of a new generation of nuclear weapons approved formally last week by a panel of the Defense and Energy departments. The "3-year-old effort, known as National Security Presidential Directive 28, has evoked strong criticism from many nuclear weapons experts, who doubt that absolute safeguards are necessary or even possible. Instead, they say, the federal government should plug known security weaknesses at bomb labs and nuclear weapons factories."

Registered Traveler Expanding To More Airports. In its "On the Road" column, the New York Times (12/5, Sharkey, 1.16M) reports, "Ready or not -- and some critics say not -- the long-delayed Registered Traveler program is moving forward, with the single existing operator planning a succession of openings soon at four airports, while a competitor says it is about to join in." Steven Brill, the chief executive of Verified Identity Pass Inc., "which began the first Registered Traveler program at Orlando International Airport in July 2005," says the company "is processing applications with the Transportation Security Administration for Kennedy and for San Jose, Calif.; Cincinnati; and Indianapolis." Critics, meanwhile, "have questioned its customer service value and slow pace and have also asked whether it could open a security loophole for potential terrorists who are able to pass a background check."

DHS Report Sets Five-Year Goal For "Effective Control" Of US-Mexico Border. Under the headline "DHS Plan for 'Virtual' Border Fence Still Has Gaps," the Washington Post (12/5, A27, Hsu, 690K) reports that in a report to Congress, the Department of Homeland Security has said that a "virtual" fence along the US-Mexico border "will cost $7.6 billion and be completed by 2011, but the government lacks clear benchmarks for success." The report also confirmed "well-known problems along the Mexican border," indicating "that the United States had 'effective control' over only 284 miles of its 1,993-mile southern frontier as of March, up from 241 miles in October 2005. The department set a goal of controlling 345 miles next year and the full border in five years." The goal "is the latest offered by US officials. Homeland Security Secretary Michael Chertoff has predicted two years, three to five years, and most recently he has said control could be contingent on enactment of a guest-worker program, which could take up to six years to implement."

Professor Chosen To Be New Orleans "Recovery Czar." The New York Times (12/5, Nossiter, 1.16M) reports New Orleans Mayor C. Ray Nagin appointed Edward J. Blakely as the city's "new 'executive director for recovery management'" Monday. Blakely, "a former chairman of the department of city and regional planning at the University of California, Berkeley," who is now professor of urban planning at the University of Sydney in Australia, said recovery plans "have to be brought together under one umbrella." The Times adds that "the appointment of a 'recovery czar' for the city has been pending for months," and that "at Monday's announcement, Dr. Blakely's precise responsibilities were not spelled out by Mr. Nagin, only that he would 'coordinate and direct recovery efforts.'"

WAR NEWS:

Bush Meets With Iraqi Shiite Leader. President Bush hosted Iraqi Shiite leader Abdul Aziz al-Hakim Monday at the White House in a meeting ABC World News (12/4, story 3, 2:35, Gibson, 8.78M) said "opened a new diplomatic front in the battle for Iraq." The New York Times (12/5, Stolberg, 1.16M) reports Hakim is "a political rival of Prime Minister Nouri Kamal al-Maliki." Yesterday, Bush "urged" him to "reject the extremists that are trying to stop the advance of this young democracy." The meeting with Hakim was "part of an effort by the Bush administration to shore up the fragile Maliki government by reaching out to a wider circle of Iraqi politicians." Speaking to reporters, the president said he told Hakim that he was "not satisfied with the pace of progress in Iraq," although he said he was "proud of the courage of the

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Iraqi people." Hakim, for his part, "flatly rejected one of the recommendations that the bipartisan Iraq Study Group is expected to make this week: a call for an international conference or regional peace initiative."

The Los Angeles Times (12/5, Gerstenzang, 850K) reports Hakim's opposition to "enlisting the help of Iran and Syria, as a blue-ribbon commission is expected to recommend," gave the President "an important Baghdad ally in his opposition to such an overture, two days before the bipartisan Iraq Study Group is scheduled to deliver its report." Hakim "rejected any international conference to solve Iraq's problems, a White House official said, speaking on condition of anonymity in accordance with White House ground rules. And Bush underscored his concerns in the private meeting, speaking directly 'about Iran and Syria and the critical need for them to respect Iraqi sovereignty and stop destructive activity that undermines Iraq,' the official said."

In an interview with Brit Hume on Fox News' Special Report (12/4) President Bush described his meeting with Hakim, saying they "had a very good discussion about the way forward in Iraq. … I was listening to whether or not this powerful figure was dedicated to a unity government. And he is. There is a lot of talk about Shia dominance to the exclusion of other folks in Iraq. I didn't hear that at all. Quite the contrary. I listened to a man who understands that the way forward is for there to be a government of and by and for the people. His words were, 'we want the people to dictate our government.' In other words, let the people determine the course. And I was most impressed by his attitudes. … First and foremost he supports the Maliki government. As a matter of fact, I asked him during the meeting, I said, 'I just want you to understand, I met with the prime minister, the head of the government, and I don't want the prime minister to construe that this meeting in anyway doesn't support him.' He called Prime Minister Maliki right prior to our meeting to assure him that our meeting…would be viewed as positive. He supports the Maliki government. He believes Prime Minister Maliki has got what it takes to move the government forward."

The CBS Evening News (12/4, story 2, 2:55, Axelrod, 7.66M) reported, "This was an odd scene. Hakim, who the US Government's own intelligence sources have linked to death squads, being praised by the US President." Bush was shown saying, "I appreciate it very much, his eminence's strong position against the murder of innocent life." Axelrod: "And Hakim told Mr. Bush it's not as bad as it seems in Iraq. 'The presented picture among many media sources,' said Hakim, is 'profoundly different from reality.'" On NBC Nightly News (12/4, lead story, Williams, 9.87M), Kenneth Pollack, Saban Center For Middle East Policy, was shown saying, "At the end of the day, stability in Iraq, political progress in Iraq, comes down to a small group of people, including Abdul Aziz al-Hakim."

The Washington Post (12/5, A23, Wright, Baker, 690K) says "Bush and Hakim are unlikely allies in forging Iraq policy. Hakim's movement was founded during his two decades of exile in Iran, and its Badr Organization militia, formerly known as the Badr Brigade, is still widely believed to have close ties to Tehran." White House spokesman Tony Snow "called Hakim a 'significant force' in Iraqi politics. 'He's somebody who can play a very constructive role and we hope he will,' Snow said."

The AP (12/5, Riechmann) reports "some consider al-Hakim, who lived in exile in Iran for years, a more powerful political figure than…al-Maliki. Al-Hakim leads the Supreme Council for the Islamic Revolution in Iraq, the largest Shiite bloc in Iraq's parliament. His party also is backed by the Badr Brigade militia blamed for sectarian killings." The meeting "was evidence that Bush, under pressure to find a new blueprint for his war strategy, was getting more personally involved in the political infighting among Shiites, Sunnis and Kurds."

Another AP story (12/5, Hendawi) reports Hakim "is closer to Iran than any other Iraqi politician and runs a Shiite militia blamed for sectarian violence in Iraq. So why did…Bush meet him in the White House? Some Iraqi officials believe Bush wanted to find out what role Iran can play in bringing peace to this country. If anyone in Iraq knows, it is the 55-year-old al-Hakim."

The AP (12/5, Hunt) reports that after what he called a "very clear" meeting earlier with Secretary Rice, Hakim told reporters in Arabic that "we have asked for the American forces to stay in Iraq" to enable Iraqi security to deal with terrorists. The Washington Times (12/5, Curl, 88K) reports that after his conversation with Rice, Hakim disclosed that "'we have asked for the American forces to stay in Iraq' in an effort to help Iraqi security forces contend with terrorists." Added Hakim, "We will work very hard and seek all forms of cooperation at the international level and the regional level in order to defeat terrorism that it is trying to use Iraq as a base in order to sabotage the future of that nation." The White House "yesterday did not rule out a possible meeting with Sheik al-Sadr." Said Snow, "I don't know if al-Sadr would also be

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willing to entertain the option. It's a very interesting question; we'll go back and muse on it in a few minutes."

The Financial Times (12/5, Dinmore) reports that "speaking later at the US Institute of Peace (USIP), Mr Hakim criticised US forces for not cracking down hard enough on Sunni insurgents. Decisive strikes were needed, Mr Hakim said. Otherwise, he warned, Shia spiritual leaders might lose their capacity to contain Shia anger and Iraq would be plunged into civil war and 'catastrophic storms that no power in the world could calm or control.'" USIP "is assisting the bipartisan Iraq Study Group, which is due to release its recommendations for new strategies in Iraq on Wednesday." The Washington Post (12/5, A23, Wright, Baker, 690K) also reports on the USIP speech under the headline "Iraqi Shiite Leader Speaks Bluntly In Washington."

Bush Claims 90% Of Iraq Is "Relatively Peaceful." Asked on Fox News' Special Report (12/4, Hume) to respond to former Secretary of State Colin Powell's suggestion that Iraq is in the midst of a civil war, Bush said, "I've heard a lot of voices say that. I talked to people in Iraq who don't believe that's the case. For example, some would argue that the fact that 90% of the country…most of the country, outside of the Baghdad area, is relatively peaceful, doesn't indicate a civil war as far as they're concerned. … I get briefings all the time about where the level of violence is and…most of it occurs around the Baghdad area. And therefore, they don't get to see the normalcy of life outside of the Baghdad area."

Kinsley Contrasts Bush Twins' Lifestyle With That Of US Troops In Iraq. In his column for the Washington Post (12/5, A29, 690K) Michael Kinsley writes, "It is not the fault of Jenna or Barbara Bush that their father, the president, has gotten us into a war that he doesn't know how to get us out of. … From what little has leaked out, it seems that Jenna and Barbara are party girls who like to drink and dance until the wee hours with aristocrats and frat boys." Kinsley continues, "Nevertheless, there is a war on. It's a war that has killed 3,000 Americans, most of them around Jenna and Barbara's age or younger. It has killed hundreds of thousands of Iraqis of all ages. And even more Americans and Iraqis have been injured, lost limbs, suffered terrible pain. … No one thinks that the president should have to give up a child to prove that his family is as serious about freedom as these other families he praises. But it would be reassuring to see a little struggle here -- some sign that the Bush family truly believes that American soldiers are dying for our freedom, and that it's worth it."

Bush Says Baker-Hamilton Report One Of Several "Advice Documents." During an interview with Fox News' Special Report's Brit Hume yesterday (12/4), President Bush was asked how he viewed the "advice document" from Defense Secretary Rumsfeld describing possible policy adjustments in Iraq. President Bush echoed Hume's phrasing in his answer, saying, "I'm getting a lot of 'advice documents.' And these documents were never intended to be read in the public. These are frank assessments by different members of my Administration. We will be getting another 'advice document' from the Baker-Hamilton commission soon. My attitude is: I ought to absorb and listen to everything that's being said, because I'm not satisfied with the progress being made in Iraq. … When it comes to military matters, II want to listen to the military, to come up with a way of achieving our objective quicker."

The Washington Times (12/5, Scarborough, 88K), in an article that reinforces the President's assertion that the ISG report is not the only advice he will consult when deciding on potential policy changes, notes, "By the time the White House begins studying" the ISG's report, President Bush "will also have scores of ideas from his own advisers." The office of the secretary of defense, the Joint Chiefs of Staff, the State Department and the National Security Council are all weighing options. The ideas range from A to Z: pull out all troops now or add more troops to quell restive Baghdad and Anbar province." An anonymous "Pentagon official" is quoted as saying, "Let's see if the [Iraq Study Group] comes up with anything better than this."

CNN's Lou Dobbs Tonight (12/4, Henry) reported, "The President realizes the Iraq Study Group's report may be blistering in its assessment of the war." White House spokesman Tony Snow "is noncommittal about whether the president will embrace some or any of the report, noting the president is also waiting for Pentagon and White House reviews of Iraq policy. But Snow bristled at a suggestion the President ordered these separate reviews in order to have the political cover to cherry-pick which recommendations to follow."

The Christian Science Monitor (12/5, LaFranchi, 59K) leads its coverage with the claim that "the big question is not so much what the bipartisan Iraq Study Group will say…but how President Bush will respond." NBC Nightly News (12/4, story 2, Mitchell, 9.87M), the only network newscast to report on the ISG report, addressed that same issue, reporting, "When the Baker-Hamilton group presents its report this

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week, many are wondering whether the President will be listening. … Only last week the President said he would not change policy in Iraq" and "in the past, the President has been described as unwilling to shift gears." Presidential Historian Michael Beschloss was shown saying, "Psychologically, it's hard to imagine George W. Bush saying, 'Gee, I didn't plan to do any of these things that you recommend in this report, but I now see the light.'" Mitchell concluded her report by predicting that "the most likely scenario" is that the President "will embrace some of the Baker group's recommendations, but save face by calling them his own." Along similar lines, NBC Nightly News' David Gregory (12/4, story 3) stated that he gets "a sense from this White House that they don't like outside help to a problem that they think to a large measure they have under control. They are getting some notions of what is in the Baker-Hamilton report, and privately they say, 'look, the nuts and bolts of the war strategy is sound. … They also question, frankly, whether there's much new the Baker-Hamilton report that they haven't already thought of."

"Skeptical" White House Reportedly Willing To Pursue Limited Talks With Iran. The AP (12/5, Schweid) reports that White House officials are "dropping hints" that President Bush will accept the expected Iraq study commission recommendation that the US hold talks with the government of Iran, but, according to the AP, the White House has let it be known the talks will be "restricted to curbing violence in Iraq." The AP portrays the president and his aides as "skeptical" about the prospects for diplomacy, though the commission is said to be "convinced that reaching out to Iran and Syria could help stabilize…Iraq, and improve chances for easing overall Middle East tensions by boosting the prospects for an Arab-Israeli settlement." The AP goes on to report that administration officials "continue to accuse Iran and Syria of arming and otherwise supporting insurgents in Iraq, Lebanon and elsewhere; and they "insist there is nothing to be gained by rewarding Iran and Syria with high-profile discourse with American diplomats." Richard Perle is quoted as saying that such talks "will be seen throughout the region as an indication of American weakness." The AP contrasts Perle's assertion with that of Defense Secretary nominee Robert Gates, who "told the Council on Foreign Relations in 2004, 'Direct dialogue with Tehran on specific areas of mutual concern should be pursued.'" In his column for the New York Times (12/5, 1.16M) Nicholas Kristof writes that the Iraqi Study Group "is right about needing to consult with neighbors like Syria and Iran, but that doesn't resolve another central problem in Iraq: Our open-ended military presence, perceived by Iraqis as a grab for Iraqi oil and bases, ends up legitimizing extremists like Abu Deraa and aggravating civil war."

Baker And Hamilton May Testify Before The Senate Thursday. The AP (12/5, Flaherty) notes that Sens. John Warner and Carl Levin have asked former Secretary of State James Baker and former Rep. Lee Hamilton to testify Thursday before the Senate Armed Services Committee.

ISG Members Made Political Contributions Since Joining Panel. The Hill (12/5, Cusack) reports that "a few" members of the Iraq Study Group have made political contributions since joining the panel. Democratic member Leon Panetta contributed $500 to Rep. John Murtha, who, The Hill notes, has "embraced a quick withdrawal of U.S. troops." Additionally, Vernon Jordan, also a Democratic member, contributed $500 to Rep. Frank Wolf's opponent even though Wolf "played a leading role" in the formation of the group. Former Secretary of State Baker contributed $15,000 to the NRSC last spring. The Hill goes on to report that former Sen. Alan Simpson contributed to several GOP candidates, but told The Hill, "I give to people. What's new?" Simpson characterized "any article on the political giving of the ISG" as "b******t" and "extraneous crap."

ISG's Origin As An Earmark Noted. The New York Times' David Kirkpatrick (12/5) writes, "One never knows what some lawmaker will insert into a spending bill without public scrutiny: a remote bridge, or maybe a bike path. Then there is the Iraq Study Group, better known as the Baker-Hamilton commission. In the last year, lawmakers of both parties have criticized earmarks as fostering waste and corruption. But few are complaining about the Iraq Study Group, which will release its much-anticipated report on Wednesday."

US Urged To Broker Shia-Kurd Coalition And Withdraw. In an op-ed for the Financial Times (12/5) former national security advisor Zbigniew Brzezinski writes, "America needs a strategic change of course, and it has to be undertaken on a broad front. It must accept the fact that real leadership in Iraq should be based on a coalition of the Shia clergy commanding the loyalty of Shia militias and of the autonomous Kurds and that the sooner a date is set for US departure, the sooner the authentic Iraqi leaders will be able to enlist Iraq's neighbours in a wider regional effort to promote a more stable Iraq."

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Military Families Said To Favor Withdrawal From Iraq, But Not "Quitting." NBC Nightly News (12/4, story 10, Williams, 9.87M) spoke with military families regarding their feelings about the progress of the war in Iraq. In a typical comment, Sergeant Vincent Watkins, who "has already done three tours and is readying for a fourth," was said to favor "anything that means fewer troops having to go back." Sergeant Vincent Watkins: "Right now we're losing a lot of troops. They're dying for a reason but I'm confused, but I'm going to do my mission regardless." NBC's Martin Savidge concluded, "All the soldiers we talked with did agree on one point -- of all the options under consideration, quitting shouldn't be one of them." NBC Nightly News (12/4, story 11, , Williams, 9.87M) also reported from Vermont on families of National Guard members who have been deployed to Iraq.

Zinni Warns About Leaving Iraq Too Early. The New York Times (12/5, Gordon, 1.16M) reports about war critic and retired Marine general Anthony Zinni, "These days General Zinni is delivering another provocative message: that leaving Iraq quickly would strengthen Iranian influence throughout the Middle East, create a sanctuary for terrorist groups, encourage even more sectarian strife in Iraq and risk turmoil in an oil-rich region." Before the war, he had "contended that the threat posed by Saddam Hussein's Iraq was vastly overstated and that invading Iraq would be a burdensome distraction from the struggle against Al Qaeda." The Times notes "odd bedfellows" concerning Iraq; Zinni's position now is "similar to that of Senator John McCain," who supported invading Iraq, while Secretary Rumsfeld's "troop reduction and pullback options" show "some convergence between him and Democratic lawmakers who have criticized the war." In a new paper for the World Security Institute, Zinni further "calls for a new bipartisan steering group to ensure that American policies toward Iraq are efficiently carried out, job-creation programs for Iraqis, integration of Iraq's militias into government-supervised national guard units and encouragement for the Iraqi Army to promote civil affairs."

Conventional Wisdom Regarding Iraq Invasion Challenged. In an op-ed for the New York Times (12/5, 1.16M) author Tim Pritchard writes that though the invasion of Iraq "is generally portrayed as well planned and executed, while the post-invasion strategy is characterized as poorly thought out and undermanned. … In fact, the short fight to get to Baghdad and the long one in which coalition forces have been engaged ever since have much in common. All the information about the nature of the trouble to come was apparent from the very first days of the war. If lessons learned then had been incorporated into military and political thinking, it would have injected a much needed dose of realism at an early stage."

Warner Will Urge Bush To Consult With Democrats On Iraq Strategy. The AP (12/5, Flaherty) reports Sen. John Warner "will call on President Bush to solicit privately the opinions of Democrats before forging a new strategy on Iraq." In his opening statement for the confirmation hearing of defense secretary nominee Robert Gates, Warner will claim Bush has a "moral obligation" to consult Democrats. The AP characterizes Warner's statement as "the strongest indication yet that he and perhaps other key Republicans will challenge Bush when it comes to the war."

Rumsfeld Declassifies Memo In Response To Questions Regarding Timing Of Leak. The AP (12/5, Burns) reports that according to a "cover letter" declassified by Defense Secretary Rumsfeld yesterday, Rumsfeld's "secret memo" to President Bush on options for Iraq policy "was developed over a period of weeks." The letter also reveals that Rumsfeld "instructed" Gen. John Abizaid "to assemble his own group 'some time ago' to consider new approaches in Iraq, though there "has been no public disclosure of recommendations from the Abizaid group" as of yet. The AP contends that Rumsfeld declassified the cover letter in order to rebut critics who saw the memo as "a way of defending Rumsfeld's reputation as he was about to leave office." Sen. Susan Collins "said Monday she viewed the memo as inconsistent with Rumsfeld's recent congressional testimony, and she said he should have shared these suggestions with Congress many months ago." Collins is quoted as saying, "the leaking" of the memo "very much reminded me of a strategy of trying to leave office saying that you actually had a lot of good plans that were different than your public utterances." The declassification of the cover letter received no coverage beyond the AP's report.

Adelman Describes Rumsfeld As "In Denial." The CBS Evening News's David Martin (12/4, story 3, 2:45) spoke with former Assistant Secretary of Defense Kenneth Adelman, described as "a former Rumsfeld ally who's now a very harsh critic, a critic who says that memo was long overdue." Adelman was shown saying, "My impression was that he was in denial. … He says, 'This war will never be lost in Baghdad.

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It will only be lost in America.' And I tried to butt-in and say, 'it is being lost in Iraq. What are you talking about? We are losing there.' And he said, 'Excuse me.' And then he just went on."

US Troops Shifting To Advisory Positions. The New York Times (12/5, Shanker, Wong, 1.16M) reports, "American commanders in Iraq are already shifting thousands of combat troops into advisory positions with Iraqi Army and police units, especially in the capital, in their latest attempt to bring sectarian violence under control. ... American generals in Iraq have made the reassignments in recent weeks even though President Bush and his senior national security advisers have not yet made a formal decision about whether to expand the American contingent sent to Iraq specifically to serve on military training teams." Officers concede new risks with the new emphasis on advisory work, such as the danger of "working ... away from the security of larger American units," which cost three officers their lives "in a single attack in Baghdad." Furthermore, "operations carried out with Iraqi security forces in the lead may be less effective and result in more casualties among Iraqi security forces and civilians than with the better-trained American troops. ... There is also some concern that pushing Iraqi units to the front may result in atrocities by corrupt or sectarian Iraqi units."

US Death Toll Passes 2,900 After Four Service Members Die In Iraq Copter Crash. The CBS Evening News (12/4, lead story, 0:20, Couric, 7.66M) reported, "It's heartbreaking every time we have to report it, but four more US servicemen have been killed in Iraq, four Marines. Their Sea Knight helicopter went down in a lake in Anbar province. The military blames mechanical problems. And with that, the US death toll in Iraq has now passed 2,900."

The New York Times (12/5, Semple, 1.16M) reports, "Four American troops were killed when a military helicopter broke down while flying over a lake in Anbar Province in western Iraq and made an emergency landing on the shore, American military officials said Monday. The military said the craft, Marine Corps CH-46 Sea Knight troop transport helicopter with 16 people and equipment on board, was flying over Lake Qadisiya, near Haditha, on Sunday when it began to experience mechanical difficulties." The pilots "brought the twin-rotor helicopter down in a controlled maneuver and guided it to the water's edge, according to Lt. Col. Josslyn L. Aberle, a military spokeswoman in Baghdad. The mechanical failures were not caused by an enemy attack, officials said; they did not give further details." The Washington Post (12/5, A24, Trejos, 690K) runs a similar report.

Military Census Finds There Are About 100,000 Contractors In Iraq. The Washington Post (12/5, D1, Merle, 690K) reports, "There are about 100,000 government contractors operating in Iraq, not counting subcontractors, a total that is approaching the size of the US military force there, according to the military's first census of the growing population of civilians operating in the battlefield. The survey finding, which includes Americans, Iraqis and third-party nationals hired by companies operating under U.S. government contracts, is significantly higher and wider in scope than the Pentagon's only previous estimate, which said there were 25,000 security contractors in the country." It is also "10 times the estimated number of contractors that deployed during the Persian Gulf War in 1991, reflecting the Pentagon's growing post-Cold War reliance on contractors for such jobs as providing security, interrogating prisoners, cooking meals, fixing equipment and constructing bases that were once reserved for soldiers." The Post also reports, "Three years into the war, the headcount represents one of the Pentagon's most concrete efforts so far toward addressing the complexities and questions raised by the large numbers of civilians who have flooded into Iraq to work. With few industry standards, the military and contractors have sometimes lacked coordination, resulting in friendly fire incidents, according to a Government Accountability Office report last year."

AP Alleged To Have Fabricated Atrocity In Iraq. Fox News Special Report (12/4, Hume) reported the Associated Press "is under attack for allegedly fabricating news from Iraq. They quoted an Iraqi Police captain named Jamail Hussein in several stories, including one describing soldiers standing by as people were burned alive at a mosque. But Iraq's Interior Ministry says it has no evidence that it happened and that the captain does not even exist. The AP says it revisited the neighborhood and found witnesses that confirmed its story. But the Boston Herald's Jules Crittenden says, 'the AP is making up war crimes' and

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described the AP as 'an anti-American agency that seeks to undermine the President.'"

US Commanders Dissatisfied With Iraqi Army's Performance. ABC World News (12/4, story 5, 2:30, Gibson, 8.78M) reported the Bush Administration, "of course," had "hoped to begin withdrawing American forces from Iraq by now. That has not happened, largely because Iraqi forces are still not up to the job of securing their own country. ABC's Aaron Katersky and has embedded with US forces since the beginning of last month and has seen why they are not ready to take over." Katersky went on to report, "US commanders are often frustrated when Iraqi troops hit the street, as we've traveled with them over the past two weeks, the trainers say the Iraqis need a lot of work." Major William Breazille, 3rd Infantry Division: "They are minimally ready to defend their battle space. They need more equipment, more personnel, they need soldiers that are more committed." Katersky added, "We heard that kind of complaint everywhere went."

Danish Reporters Acquitted In Iraq WMD Case. The AP (12/5, Olsen) reports, "Three Danish journalists who published classified intelligence reports on Iraq's former weapons program were acquitted Monday on charges of endangering national security. The Copenhagen City Court ruled that Niels Lunde, chief editor of the Berlingske Tidende newspaper, and reporters Michael Bjerre and Jesper Larsen acted in the public interest when they published a series of articles in 2004 citing leaked Danish intelligence reports."

Commander Says Troop Shortage, "Caveats" Undermining War Effort In Afghanistan. USA Today (12/5, 1A, Wiseman, 2.27M) reports, "The outgoing US commander in Afghanistan warned that the fight against the Taliban is in danger of being undermined by a shortage of NATO troops and by restrictions that keep some alliance forces out of combat." US Army Lt. Gen. Karl Eikenberry "said in an interview that NATO countries need to contribute more troops and that some of them must drop 'caveats' that prevent their forces from fighting freely." Eikenberry "is worried about the caveats and about NATO's troop strength, which is at 90% of the level NATO says is required. 'The objective has got to be to get to the 100% level,' he said." USA Today adds, "Close to wrapping up an 18-month tour as U.S. commander in Afghanistan, Eikenberry also said Afghanistan's broken-down infrastructure -- particularly its roads -- needed more repair than the United States and its allies realized after ousting the Taliban regime in late 2001."

DOD Resists DEA's "Pleas" For Help In Afghan Opium Campaign. The Los Angeles Times (12/5, Meyer, 850K) reports, "The Pentagon, engaged in a difficult fight to defeat a resurgent Taliban in Afghanistan, has resisted entreaties from U.S. anti-narcotics officials to play an aggressive role in the faltering campaign to curb the country's opium trade. Military units in Afghanistan largely overlook drug bazaars, rebuff some requests to take U.S. drug agents on raids and do little to counter the organized crime syndicates shipping the drug to Europe, Asia and, increasingly, the United States, according to officials and documents." In Afghanistan, "poppy cultivation has exploded, increasing by more than half this year." The "DEA's advocates in Congress" and Afghan officials "have asked for more help from the Pentagon." Rep. Henry Hyde's aides "say the congressman hasn't heard back" since October 20 from Secretary Rumsfeld or Undersecretary Edelman about an October 12 request "to allow DEA agents to ride along on more military missions in Afghanistan and to call them in when soldiers found a large drug stash or operation."

Poor DOD Oversight Is Faulted For 2004 Afghan Crash. USA Today (12/5, Levin, Kelley, 2.27M) reports, "Poor Defense Department oversight of private companies that fly military missions in war zones was partially responsible for a 2004 crash that killed six people in Afghanistan, federal accident investigators said Monday." The NTSB "recommended that the Defense Department coordinate with the Federal Aviation Administration to better monitor the charter flights increasingly being used to carry small numbers of troops and cargo in Iraq and Afghanistan." Among other violations, "the military requires planes it charters to be equipped with a device that allows people on the ground to follow the flight's route. But the NTSB said it found no evidence that the military had tried to enforce the rule."

Afghan Women's Shelters Are Under Constant Threat. The Washington Post (12/5, Constable, 690K) reports in a front page article on Afghan shelters for women fleeing abuse: "In the years since the overthrow of the Taliban in 2001, a network of civic groups has begun promoting women's legal rights and opening shelters. Still, despite increasing cooperation from police and referrals from the

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women's ministry, the shelters remain controversial and in permanent danger of attack by angry husbands and fathers." Several advocates are quoted.

NYTimes Says Iraq, Bush's "Inattention" At Root Of Problems In Afghanistan. The New York Times (12/5, 1.16M) editorializes, "Afghanistan was supposed to be the good war -- and the war America was winning. But because of the Bush administration's inattention and mismanagement, even the good war is going wrong." President Bush's "decision to rush off to invade Iraq meant that Afghanistan would be shortchanged when it came to resources and to policy makers' priority lists. The cost of that inattention can be seen in the failing Afghan police force. It can also be seen in the Taliban's growing strength, the mounting death toll of Afghan civilians and NATO troops, and the unraveling of the Karzai government."

US Army Unable To Keep Up With Equipment Repair. The Washington Post (12/5, Tyson, 690K) reports in a front page article, "[The] Army ... is wearing out faster than it is being rebuilt. The Army and Marine Corps have sunk more than 40 percent of their ground combat equipment into the wars in Iraq and Afghanistan, according to government data. An estimated $17 billion-plus worth of military equipment is destroyed or worn out each year, blasted by bombs, ground down by desert sand and used up to nine times the rate in times of peace. ... Partly as a result of the shortages, many U.S. units are rated 'unready' to deploy, officials say, raising alarm in Congress and concern among military leaders." The repair work "will cost an estimated $17 billion to $19 billion annually for several more years, regardless of any shift in Iraq strategy. The Army alone has 280,000 major pieces of equipment in combat zones that will eventually have to be fixed or replaced. Before the war, the Army spent $2.5 billion to $3 billion a year on wear and tear. ... Responding to urgent requests from the Army and Marine Corps, Congress approved an extra $23.8 billion in October to replace worn-out equipment in fiscal 2007."

CORPORATE SCANDALS:

SEC To Dispute Whistleblower's Allegations About Morgan Stanley Probe. USA Today (12/5, 7B, Farrell) reports, "In an unusual departure from the polite 'no comment' that the Securities and Exchange Commission generally offers in response to criticism, four SEC officials are expected to blast a self-proclaimed 'whistle-blower' before a Senate subcommittee hearing today." USA continues, "The four officials, including Linda Chatman Thomsen, the SEC's director of enforcement, are scheduled to appear before the Senate Judiciary Committee to answer allegations that a high-profile investigation of John Mack, the CEO of Morgan Stanley, was abandoned last year because of political pressure." USA adds, "Gary Aguirre, a former SEC investigator, made those allegations at a congressional hearing in June. Aguirre said he was fired because he didn't want to abandon an investigation into whether Mack broke inside-trading rules by sharing market-sensitive information with a hedge fund, Pequot Capital Management. … He testified that he wanted to subpoena Mack in order to ask him about various suspicious trades, but his superiors wouldn't let him issue the subpoena." USA notes, "In June, the SEC said political pressure didn't play a role in the decision not to bring Mack in for questioning. Last week the SEC closed the investigation. Today, Thomsen and others are expected to offer blunt testimony about Aguirre and his work habits at the SEC. … Aguirre was fired in September 2005, just days before the expiration of his one-year probationary period at the commission."

Second Official Had Concerns About SEC Inquiry. The New York Times (12/5, Bogdanich) reports, "Congressional investigators have found that a second official at the Securities and Exchange Commission expressed serious concerns about how the agency was conducting its inquiry into a prominent hedge fund, Pequot Capital Management." The Times continues, "The official, Eric Ribelin, an investigator at the commission, asked to be removed from the Pequot inquiry because of his serious misgivings about decisions being made on the case by senior S.E.C. officials, according to a government official who spoke on condition of anonymity because he is not authorized to discuss the matter." The Times adds, "Mr. Ribelin believed that the inquiry 'was not handled right,' Senator Arlen Specter, the chairman of the Judiciary Committee, said in an interview. The investigator's criticism echoes some of the complaints lodged this year by the former S.E.C. lawyer who ran the investigation, Gary J. Aguirre. … 'Something smells rotten here,' Mr. Ribelin wrote in an e-mail message to an S.E.C. supervisor last year." The Times notes, "He is among those expected to testify today before Senator Specter's committee, which, together with the Senate Finance Committee, has been examining allegations by Mr. Aguirre that the agency

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prematurely halted its Pequot investigation because of outside political pressure. … Mr. Aguirre, who led the hedge fund investigation until he was fired last year, has told members of Congress that senior S.E.C. officials blocked him from taking testimony from John J. Mack, an influential Wall Street executive and friend of Pequot's founder, Arthur J. Samberg. … S.E.C. officials said they turned down Mr. Aguirre's request at that time because he had not made a strong enough case for taking Mr. Mack's testimony, records show. The S.E.C. took Mr. Mack's testimony about a year later, and formally closed the Pequot investigation last week without taking any enforcement action. Mr. Samberg and Mr. Mack have repeatedly denied any improper conduct."

Jefferies To Pay $9.7 Million To Settle Fidelity Gift Probe. The Wall Street Journal (12/5, C1, Craig, Levitz) reports, "Brokerage firm Jefferies Group Inc. has agreed to pay more than $10 million to settle allegations that a former star trader doled out gifts and entertainment, including expensive wine and private-jet flights, to Fidelity Investments to win mutual-fund trading business." The Journal continues, "The National Association of Securities Dealers, which spearheaded the investigation, imposed a $5.5 million penalty on Jefferies, and the Securities and Exchange Commission ordered Jefferies to return nearly $4.8 million of trading gains. The firm, which settled charges without admitting or denying guilt, has been ordered to hire a monitor to review travel, entertainment and gift policies." The Journal adds, "Former Jefferies trader Kevin Quinn, whom Jefferies armed with a big expense account to lure Fidelity business, was fined $468,000, and Scott Jones, a Jefferies board member who was Mr. Quinn's immediate supervisor, was fined $50,000. Both agreed to other penalties to settle the charges. … Mr. Quinn, who through his attorney declined to comment, has been permanently barred from working at a registered securities firm. … Notable in yesterday's announcement was that the SEC, which has jurisdiction over Fidelity, took no action against the mutual-fund company. Mutual funds are supposed to send their stock trades to whichever firm offers them -- and their customers -- the best price and service, and such decisions aren't supposed to be based on gifts a fund manager may have received from a broker. .. However, according to people familiar with the inquiry, the SEC has had difficulty trying to prove that investors were financially harmed because Fidelity traders accepted the gifts and entertainment."

USA Today (12/5, 9B, Farrell) reports, "In a case that could taint the pristine image of mutual fund giant Fidelity Investments, federal regulators settled civil charges with a stock brokerage firm for lavishing more than $1.6 million in fine wines, golf junkets, sports tickets and other goodies on a handful of Fidelity traders. The gifts, regulators contend, were designed to get Fidelity to shift more of its stock-trading business to the firm." USA continues, "Regulators say Jefferies obliterated the NASD's $100 limit on the amount of gifts and expense-related entertainment that can be provided to a customer each year. … According to the settlement, Jefferies made only $4.3 million in commissions off the Boston-based family of mutual funds in 2001. In order to grow its Fidelity business, the company hired Kevin Quinn in September 2002, paying him $4 million a year and an annual expense account of $1.5 million."

The Washington Post/AP (12/5, D2, Gordon) reports, "It was the first case brought in a two-year investigation by the SEC and the NASD into whether about two dozen brokerage firms illegally provided golf outings, Super Bowl tickets and other gifts to traders at mutual fund advisers to get them to bring their business to the firms. The practice is said to be widespread in the brokerage industry. … Fidelity Investments, the Boston-based fund giant, has said it could face action from the SEC in an investigation into whether its traders sent company business to brokerage firms that offered gifts and gratuities, rather than to firms offering the best deals on trades. More than a dozen Fidelity employees have been disciplined in connection with the investigation and at least five traders have left the firm."

The Financial Times (12/5, Masters, Knight) reports, "US regulators moved on Monday to crack down on brokers who lavish gifts on mutual fund traders as they slapped $9.7m in penalties on Jefferies & Co, the New York securities firm, for currying favour with Fidelity traders." The Times continues, "The Securities and Exchange Commission and the industry regulator NASD said Jefferies, a middle-sized investment bank, hired Kevin Quinn as an executive vice-president in 2002 and gave him a $1.5m annual travel and entertainment budget to boost their institutional business. … He used the money to court five Fidelity traders, paying for private flights to Turks and Caicos, Bermuda and Puerto Rico, as well as vintage wines, golf outings, and trips to Wimbledon and the US Open tennis tournament. … He also paid $75,000 towards a lavish Miami bachelor party for a Fidelity trader. "Investors deserve and the integrity of the

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market requires that traders select brokers based on the quality of their trade execution and not the lavishness of their gifts," said Walter Ricciardi, the SEC's deputy enforcement director." The Times notes, "The regulators said the case was part of a broader effort to tighten policies that have let brokers funnel thousands of dollars in gifts and entertainment to institutional traders. … The NASD, which unearthed the problem, also issued a report urging firms to track entertainment and gifts more closely."

Regulators Find Accounting Rule Change Agreement Elusive. The Washington Post (12/5, D1, Johnson) reports, "Regulators continue to revise an accounting rule criticized by business groups as overly expensive, Securities and Exchange Commission Chairman Christopher Cox said yesterday, but an agreement remains days away." The Post continues, "Officials at the SEC and the board that oversees the audit industry have been meeting and exchanging documents about the measure, which requires accountants to review corporate financial controls, for the better part of two weeks. The rule is the single most expensive part of the Sarbanes-Oxley law, corporate accountability legislation passed in 2002 that is designed to prevent fraud after collapses at Enron and WorldCom." The Post adds, "Trade groups and lawmakers have attacked the provision and called for regulators to scrap the burdensome approach. At the same time, consumer advocates warn that establishing different standards for thousands of small and mid-size businesses would effectively gut the measure and make financial reports less reliable for investors. … The trick is to make complying with the rule less expensive, particularly for smaller companies with fewer resources. Coming to agreement on the mechanics, including forcing accountants to rely on the judgment of corporate managers, and to focus on the most important issues in the financial statements, has been a difficult task. The debate broke into public view two weeks ago after a memo from Cox was leaked to the press."

CRIMINAL LAW:

US Charges NIH Alzheimer's Researcher With Conflict Of Interest. The AP (12/5, Beamish) reports, "In a rare federal prosecution, a leading government Alzheimer's researcher was charged Monday with a criminal conflict of interest for performing lucrative private drug company work that overlapped his official duties." The AP continues, "Prosecutors alleged Dr. Trey Sunderland of the National Institutes of Health received $285,000 in improper consulting fees and travel expenses from Pfizer, Inc., for work on early indicators of Alzheimer's at the same time he also oversaw similar NIH business with the drugmaker. … The private consulting 'directly related' to his government job, and Sunderland failed to obtain the proper approvals from his supervisors or disclose the work to NIH, according to papers filed in U.S. District Court in Baltimore. … The felony charge carries a maximum sentence of one year in prison and a $100,000 fine. Prosecutors filed the charge as a criminal information, instead of indictment, signaling the possibility of a plea deal." The AP adds, "The prosecution is believed to be the first such case against a federal scientist since the early 1990s. … It stemmed from a two-year ethics controversy at NIH that prompted the nation's premier medical agency to issue new rules on consulting and end such relationships that enrich its scientists. … Scientists recently told NIH that the new rules are so strict that many are considering leaving the agency. … NIH had identified at least 44 government researchers who improperly made money moonlighting for biotechnology and drug companies. Most were given written or verbal reprimands or were permitted to retire. … But Sunderland drew the attention of federal prosecutors and the ire of Congress when House investigators revealed his private financial deal and the fact that he transferred hundreds of tubes of valuable NIH tissue samples to Pfizer around the time of his consulting work."

US Charges New York CEO With Stealing Employees' Identities. Fortune (12/5, Mehta) reports, "Anyone who works in an office - or watches 'The Office' - knows how torturous cubicle life can be: unflattering fluorescent lights, insecure supervisors and clueless co-workers can all take their toll. Now, it seems, there's a new indignity: bosses who steal their employees' identities." Fortune continues, "Terrence D. Chalk, a well-known White Plains, N.Y., entrepreneur, may have done just that. The Justice Department says Chalk, CEO of a computer services company called CompuLinx, applied for loans and credit cards using the names of employees or clients, falsely claiming they were officers of his firm. … Charges include conspiracy and credit card fraud, and if he's convicted, he faces up to 165 years in prison. Chalk, who was quoted frequently in computer industry trade publications and served on local charity boards, has made other enemies too."

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Fortune adds, "Once his case became public, assorted associates came out of the woodwork, claiming the entrepreneur owed them money. And a former business partner told the local paper that Chalk used his deceased father's personal information to get a loan. Chalk's lawyer didn't return calls. … ID-stealing bosses are the exception, but they are out there, says Linda Foley, executive director of the Identity Theft Resource Center, a leading nonprofit that provides information and support for fraud victims. .. In fact, Foley started the center in 1999 after her boss used information on Foley's tax forms to apply for credit cards and a cell phone. And earlier this year a judge in upstate New York sentenced a computer entrepreneur to seven years in jail for tax fraud and stealing the IDs of employees and friends."

US Wins Discovery Battle In Milberg Weiss Probe. The California Recorder (12/5, Scheck) reports, "L.A. federal prosecutors have won a behind-the-scenes discovery fight in the undying probe of plaintiffs firm Milberg Weiss Bershad & Schulman." The Recorder continues, "In a sealed ruling issued the day before Thanksgiving, U.S. District Judge A. Howard Matz ordered the production of reams of discovery that prosecutors had sought from various plaintiffs firms, according to lawyers familiar with the case." The Recorder adds, "Attorneys for Milberg -- which was indicted in May, as were two of its name partners, on charges of paying kickbacks to clients -- had argued that the material was covered by work-product privilege. … The documents relate largely to payment agreements with other firms for John Torkelsen, a former expert witness for the plaintiff goliath, said the attorneys." The Recorder notes, "'Torkelsen has been the subject of intense interest as the prosecutors continue efforts to indict Milberg's former star partner William Lerach, who now heads the top plaintiff shop Lerach Coughlin Stoia Geller Rudman & Robbins. … The May indictment of Milberg accused that firm of giving fees to outside lawyers who in turn paid lead plaintiffs in class actions, constituting illegal kickbacks. … But the ongoing investigation looks beyond those charges at other transactions. Aside from the Torkelsen payments, prosecutors have spent years looking at referral fees Milberg allegedly paid to other lawyers -- and possibly stockbrokers -- in exchange for bringing them lead plaintiffs."

Navy Submariner Pleads Guilty To Peddling Classified Data. The AP (12/5, Barisic) reports, "A sailor accused of stealing a U.S.Navy laptop and peddling its classified contents to an undisclosed foreign government pleaded guilty to espionage, desertion and other charges." The AP continues, "If convicted, Petty Officer 3rd Class Ariel J. Weinmann, 22, of Salem, Oregon, could face a sentence of life in prison without parole, a dishonorable discharge from the Navy and forfeiture of all pay." The AP adds, "Under the plea agreement Monday, Weinmann pleaded guilty to one count each of espionage, desertion, failing to properly safeguard and store classified information, electronically copying classified information, communicating classified information to a person not entitled to receive it, and stealing and destroying a government computer. … Weinmann pleaded guilty to trying to transmit classified information related to national defense to a representative of a foreign government on Oct. 19, 2005, while he was in or near Vienna, Austria. … He pleaded not guilty to two additional espionage counts, one accusing him of giving classified information to an agent of a foreign government in March 2005 in Bahrain and another accusing him of trying to deliver confidential information on March 19, 2006, in Mexico City."

Former US Attorney Discusses Memphis Councilman's Prior Bribery Conviction. WPTY-TV Memphis (12/4, Amorose) reported on its Web site from a broadcast story, "On Thursday, November 30, 2006, city council members Rickey Peete and Edmund Ford were charged for taking a bribes in exchange for their votes on a zoning issue. It is the same crime Rickey Peete was convicted of in 1989. Hickman Ewing was the U.S. Attorney who prosecuted the case" in 1989. "One day he received a call from his friend, a real estate developer. … He said, 'They would go down and talk to each councilman and try to lobby them to vote for them, and Rickey basically says I'm the one that can get this through, I can get this through for you, and I need money now and money later.'" WPTY added, "Ewing said he is glad the U.S. Attorney's office is continuing it's crusade against public corruption. He said, 'I think prosecuting one public official is worth a lot more than prosecuting ten bank robbers. Who's more dangerous to society, one crack dealer who's 19 years-old who's got a habit, or the public official? I'd say the public official.'"

Former SBC Employee Pleads Not Guilty In Pellicano-Related Perjury Case. In a widely-distributed story, the AP (12/5) reports former SBC

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Communications employee Joann Wiggan "pleaded not guilty Monday to charges of lying to FBI agents and a federal grand injury investigating wiretapping allegations against Hollywood private investigator Anthony Pellicano." Wiggan "is charged with lying to investigators, grand jurors and during a previous trial about her contact with former co-worker Ray Turner. … Prosecutors say Wiggan was one of three SBC employees who supplied Turner with information from confidential phone company databases he used to help Pellicano illegally tap the phones of several Hollywood figures." The AP notes, "Wiggan was acquitted in September of four perjury charges but jurors deadlocked on a fifth. … In the new indictment, prosecutors allege Wiggan and Turner called each other at least 35 times during a time when Wiggan claimed they hadn't spoken."

Reputed New England Mob Underboss Released On Bail. The Boston Globe (12/5, Murphy, 413K) reports, "Reputed New England Mafia underboss Carmen 'The Big Cheese' DiNunzio looked uncomfortable yesterday as he shuffled into court in leg irons. He didn't speak, as his lawyer entered not guilty pleas on his behalf to charges of illegal gambling and extortion." He "was freed on bail after posting $20,000 cash." Defense lawyer Anthony M. Cardinale "said the indictment returned by an Essex County grand jury on Friday alleges crimes that occurred in 2001 and was brought just as the statute of limitations was about to expire. 'I think it's to our benefit that they waited this long' to bring the case, Cardinale said. DiNunzio is charged with extortion, maintaining or organizing an illegal gaming operation, and conspiracy in maintaining or organizing a gaming operation."

FBI Leading Nation-Wide Search For Abducted Florida Newborn. Fox News' The Big Story With John Gibson (12/4, 5:40 p.m.) reported, "Our big crime story is the intense search for a missing baby boy, a search that is now nation-wide. The FBI is now working on the case as they hunt for a woman who held the mother at knife point before snatching her newborn baby in Florida. … With me now live on the phone with new developments in the case, FBI Special Agent John Kuchta." Kuchta: "Well, we've expanded our search nationwide. And we are…appealing to the public. We believe that someone close to the offender, a husband, boyfriend, mother, sister, friend, would have information and they would come forward." Gibson: "What do you think the outlook for this is?" Kuchta: "Well, it's strong. … Our federal and state local partners are working on this case. We will leave no stone unturned and we will work it to conclusion until we reunite the baby with the family."

Connecticut Man Found Competent To Be Tried On Murder-For-Hire Charges. The New Haven Register (12/5, Helsel, 82K) reports from Ansonia, Conn., "The local man who police say conspired with his mother in a low-rent 'murder for hire' scheme was ruled competent to stand trial and entered not guilty pleas Monday. Nicholas Scott Taylor, 20, is charged, along with his mother, Kathryn Smith, 48, of conspiring in a plot to kill Smith's boyfriend for what they believed would result in a $100,000 insurance policy payout earlier this year." The Register notes that Taylor "and his mother allegedly offered an undercover FBI informant a used stereo and up to $150 cash to kill Smith's longtime boyfriend, according to an arrest warrant affidavit."

Washington Woman Charged In 1978 Murder-For-Hire. The Seattle Times (12/5, Miletich, Brunner, 118K) reports, "Prosecutors charged a Pierce County woman Monday with first-degree murder in the 1978 killing of an auto mechanic who allegedly was lured to his death as part of a contract killing." Karen L. Martin "was arrested Friday by a FBI/local law-enforcement task force investigating old unsolved homicides. Her name surfaced as investigators combed past cases related to organized crime and Seattle strip clubs." The Times notes, "A year after the killing, Martin and her attorney went to federal prosecutors, saying she had information on contract killings linked to a Seattle-based crime organization. She was offered immunity from federal prosecution before she acknowledged she killed [Leroy] Grant, according to the charging papers. … Federal prosecutors didn't inform King County prosecutors about Martin's admissions, and Grant's slaying went unsolved."

Bogus DHS Show Producer Sentenced To Year In Prison For Fraud. The Los Angeles Times (12/5, Hanley, Krikorian, 850K) reports, "In a ruling that surprised attorneys and outraged investors, a federal judge Monday sentenced onetime Hollywood producer Joseph Medawar to a year and a day in prison for swindling scores of people out of millions of dollars to develop a bogus television show about the U.S. Department of Homeland Security." US

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District Judge Manuel L. Real sentenced Medawar "to a term far shorter than the 33 months his attorney had requested, or the 57 months sought by the government." Assistant US Attorney Christine Ewell "told reporters outside court that authorities would review Real's sentence to see if there are any grounds for appeal." The Times notes that "according to the FBI, the IRS and the U.S. attorney's office, Medawar and others had defrauded at least 70 investors — many from local churches — out of millions of dollars."

The AP (12/5) reports, "As part of the scheme, federal prosecutors said, he falsely claimed 26 episodes of 'DHS' were in post-production and that the company had distribution deals with 137 overseas markets. Investigators found only one episode had been shot, and only after Medawar became aware of the federal probe. One would-be investor, Manuel Lozano, told the judge Monday that Medawar left many 'individuals financially crushed by the side of the road.' … Lozano also expressed disappointment outside the court, saying 'justice and the legal system don't necessarily coexist.'"

Jury Selection Begins For Alabama FEMA Fraud Trial. The Mobile Register (12/4, Kirby) reported, "Governor Reiss Sr. committed murder as a teenager, spent part of his adulthood on the run after an escape from prison and then became a preacher. Now in his 50s, the Mobile native finds himself once again in trouble with the law." Reiss "will go on trial later this month on charges that he defrauded the federal government following Hurricane Katrina, the first such case to go to trial in Mobile's federal court. Jury selection is slated for today." The Press-Register noted that "defense attorney Willie Huntley said his client is innocent of the current allegations. He attributed the fraud charges to confusion on the part of the Federal Emergency Management Agency, which he contends filed his application under the wrong category."

Maryland Teen Arrested For DC Assaults. The Washington Post (12/5, B4, Pierre) reports, "A teenager from Temple Hills has been arrested in connection with eight recent sexual assaults near Howard University, D.C. police said yesterday." The Post continues, "Women were groped in the incidents, and in two cases, the assailant brandished a knife, police said. No one was injured in the assaults, which took place late last month. During the past week, police blanketed the area where the assaults occurred with plainclothes and uniformed officers." The Post adds, "Yesterday, police announced the arrest of Avon Marquell Pittman, 17, of the 4700 block of Temple Hill Road. On Saturday afternoon, plainclothes officers noticed Pittman following a woman in the 200 block of T Street NW and pounced, discovering a kitchen knife and taking him into custody, police said. He was later let go, and police said the woman he had been following was so startled that she left before they could question her. … Police arrested Pittman early yesterday, after authorities developed additional leads. He was charged as an adult with assault with intent to commit first-degree sexual assault while armed. The charge applies to just one of the cases. … But 'the community can feel confident' that the crimes are solved, police Cmdr. Larry McCoy declared at a news conference."

Virginia Governor Again Delays Execution Of Convicted Murderer. The Washington Post (12/5, B05, Rondeaux) reports, "Virginia Gov. Timothy M. Kaine yesterday delayed for the second time the execution of triple killer Percy L. Walton, a move that keeps the capital murder case at the center of a growing national debate over the execution of the mentally ill." The Post continues, "In June, Kaine delayed Walton's scheduled execution until Friday to allow for an independent evaluation of his mental condition and competence. Based on that evaluation, Kaine (D) said yesterday that Walton's execution would be delayed 18 more months, until June 10, 2008. … 'I am compelled to conclude that Walton is severely mentally impaired and meets the Supreme Court's definition of mental incompetence,' Kaine said in a statement. 'At the same time, it is within the realm of possibility -- though unlikely -- that Walton's mental impairment is not permanent. Accordingly, a commutation of his sentence is not appropriate at this time.'" The Post adds, "The U.S. Supreme Court ruled in 1986 that the execution of the mentally ill violates the constitutional prohibition against cruel and unusual punishment. The court said death-row inmates must be able to comprehend that they are about to be executed and why. But the high court left it up to states to define who is sane or insane. … Walton's case is one of several pending around the country that have frequently been cited as important tests of the limits of the Supreme Court's ruling in Ford v. Wainwright. … Attorneys for Walton, 28, contend that Walton is mentally ill and mentally retarded and that his condition has further deteriorated since he has been on death row. His attorneys at trial never requested a

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competency hearing. A competency hearing was held three years ago as part of his appeals, and experts disagreed about his mental state." The Post notes, "In a rare move, less than two hours before his scheduled execution in June, Kaine asked three mental health experts to evaluate Walton to determine if he is competent to be executed. A spokesman for the governor said two of the three experts had completed reports on Walton's mental health, and one declined to review his case. The experts' conclusions will not be made public, the spokesman said."

CIVIL LAW:

Reform Of Tort Trust System Urged. In an op-ed for the Wall Street Journal (12/5, A18), Kimberley A. Strassel, a member of the Journal's editorial board, writes, "Harry Kananian died in the year 2000 of mesothelioma -- a cancer almost always caused by asbestos. But the legacy that may survive him is the role he is posthumously playing in exposing evidence of asbestos litigation fraud." Strassel continues, "In early 2000, the Ohio resident met with the law firm of Early, Ludwick, Sweeney & Strauss to see about collecting compensation from special trusts set up by companies to deal with asbestos liabilities. So the law firm filed a claim to one trust, saying Kananian had worked in a World War II shipyard and was exposed to insulation containing asbestos. It also filed a claim to another trust saying he had been a shipyard welder. A third claim, to another trust, said he'd unloaded asbestos off ships in Japan. And a fourth claim said that he'd worked with 'tools of asbestos' before the war. Meanwhile, a second law firm, Brayton Purcell, submitted two more claims to two further trusts, with still different stories. The two firms swept up as much as $700,000 for Kananian and his estate from trusts and settlements. … In the legal trade, this is known as 'double dipping' -- the process by which lawyers file claims at many different bankruptcy trusts on behalf of a single plaintiff. Each trust is told a different story about how the client got sick, and the plaintiff collects from all of them. Of course, the lawyers collect too. This practice may well have remained unexposed had not Brayton Purcell decided to cash in on Kananian one more time. It sued Lorillard Tobacco, this time claiming its client had become sick from smoking Kent cigarettes, whose filters contained asbestos for several years in the 1950s. That suit has now exploded on Brayton, exposing one of the asbestos bar's more lucrative cash cows." Strassel adds, "Whatever happens, the exposure of this trust scam is bolstering a new wave of oversight. Judges are already taking a closer look at silicosis claims and 'prepackaged' bankruptcies -- both cash cows for the trial bar. … Meanwhile, reform proposals are beginning to emerge. One idea is for the trusts to release data about claimants, so that other trusts and defense attorneys can review existing claims. Some lawyers are requesting that active litigation be put on hold until companies can see who claimed from trusts. That this hasn't already happened is the fault of bankruptcy judges, who have been unresponsive to requests for more oversight of the trusts they help create."

CIVIL RIGHTS:

Supreme Court Expected To Strike Down Use Of Race As Factor In School Assignments. USA Today (12/5, 3A, Biskupic, 2.27M) reports, "The Supreme Court appeared ready Monday to strike down public school diversity programs that use race as a factor in deciding where students go to school." In "the first test of school integration efforts to come before the court since Chief Justice John Roberts and fellow conservative Samuel Alito joined the bench last term," the justices "heard two cases -- one from Seattle, the other from Louisville -- that examine whether using race in school assignments violates the Constitution's equality guarantee." Yesterday's "two hours of arguments indicated that the court is moving toward a harder line on race-based policies." USA Today adds, "The key player appeared to be Justice Anthony Kennedy, who is at the ideological center of the court. As the liberals asked questions that suggested they supported the school districts' policies, Kennedy joined conservative justices in expressing skepticism about programs that transfer some students out of their neighborhoods to counteract racially segregated housing patterns in those cities."

ABC World News (12/4, story 7, 2:35, Crawford-Greenburg, 8.78M) reported "the justices "grappled with a key question: Can officials turn children away from their neighborhood schools because they're the wrong color? Swing justice Anthony Kennedy, whose vote could determine the outcome of the case, called the school plans 'troubling.' He suggested schools could find better ways to integrate." NBC Nightly News (12/4, story 6, P. Williams, 9.87M) reported "the court's majority seems prepared to rule that assigning

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students by race is unconstitutional, no matter what the motive."

The CBS Evening News (12/4, story 7, 0:45, Andrews, 7.66M) reported "the schools say this use of race is justified to maintain diversity and that if the court rules against them, the inevitable result will be segregated schools. Expect a ruling next spring."

McClatchy (12/5, Henderson) reports Kennedy "was joined by Chief Justice John G. Roberts, Justice Antonin Scalia and Justice Samuel Alito in his criticism of the school plans. Justice Clarence Thomas, a longtime critic of race-conscious policies, typically doesn't speak during oral arguments but is widely expected to object to the plans." The New York Times (12/5, Greenhouse, 1.16M) reports "lawyers for the school systems found themselves struggling, under the justices' questioning, to meet the even more basic challenge of explaining why the plans should be seen as something different from the intentional segregation that the court struck down in Brown v. Board of Education."

The Legal Times (12/5, Mauro) reports, "During two hours of oral argument, Justice Anthony Kennedy, whose vote may determine the outcome of the case, seemed deeply skeptical of the constitutionality of using race as a factor, especially in a school district that has already been declared 'unitary' and ended efforts to desegregate. … 'If we, for the first time, say that a system that has achieved unitary status ... can turn around and use individual skin color. ... We've never said that,' Kennedy exclaimed at one point. 'That takes us on a very perilous course.'" The Times adds, "A ruling against the use of race could have a broad impact in school districts nationwide that use a variety of race-conscious methods to cure racial imbalances caused by housing patterns. Civil rights leaders who were among the spectators packing the courtroom Monday were pessimistic afterward. … 'If they are inclined to view these voluntary measures in the same light as segregation and any use of race is constitutionally suspect, then God help us,' said Ted Shaw, director and counsel of the NAACP Legal Defense and Educational Fund. 'I'm not going to predict defeat, but it's an uphill fight after what we heard today.'"

The Washington Post (12/5, A3, Barnes, 690K) says the discussion "seemed to reflect a court majority highly skeptical of the proposition that the benefits of racially diverse public schools can justify any restriction on an individual's constitutional right to equal protection." The decision "is likely to be one of the most defining of the court headed by the new chief justice, John G. Roberts Jr., and a powerful statement about where the nation stands more than 50 years after Brown v. Board of Education demanded an end to segregated schools." The court, "encouraged by the Bush administration, has grown increasingly distrustful of racial classifications, and it reached out to take up the cases challenging schools in Seattle and Louisville even though appeals courts had upheld them as constitutional." The Washington Times (12/5, Fagan, 88K) runs a similar story this morning, while the Los Angeles Times (12/5, Savage, 850K) titles its report "Court Appears Likely To Bar School 'Racial Balancing.'"

The Wall Street Journal (12/5, A2, Bravin, 2.04M) reports, "The court's four more liberal members suggested that US society still bears the legacy of the nation's history of racial discrimination and that school officials should be free to craft enrollment policies to promote diversity. Justice Ruth Bader Ginsburg observed that in 1975, Louisville officials had been forced to accept a desegregation plan, but after the court order was lifted, decided 'it's worked rather well, so we'll keep it.' How can 'what's constitutionally required one day' be 'constitutionally prohibited the next day?' she said. 'That's very odd.'"

The Washington Post (12/5, A3, Alexander, 690K) reports "demonstrators from as far as California, along with students from Washington area high schools and universities, braved the breezy, 40-degree weather and gathered on the court steps as early as Sunday night to protest a case that the demonstrators said could reinstitute school segregation. Then, holding signs saying 'Fight for Equality' and chanting 'by any means necessary,' they marched down Independence Avenue for a rally at the Lincoln Memorial. … On the steps of the memorial, student leaders defended affirmative action policies in public schools and demanded school improvements. Three busloads of students from the District's Ballou Senior High School called for better facilities."

The AP (12/5, Sherman) reports, "Demonstrators in favor of racial preferences and bearing 'Fight For Equality' placards descended on the Supreme Court Monday as justices prepared to hear fresh arguments in cases testing when race may be used as a basis for assigning students to public schools." The AP continues, "The cases could produce the most important decisions on school integration in the U.S. in decades. … Parents in two cities are challenging school assignment plans that factor in a student's

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race in an effort to have individual school populations approximate the racial makeup of the entire system. Federal appeals courts have upheld both programs." The AP adds, "On the sidewalk in front of the Supreme Court, hundreds of demonstrators marched to dramatize their issue. A parent-teachers group from Chicago and several civil rights groups were among those sponsoring the demonstration. … Demonstrators chanted 'Equal education, not segregation' and 'We won't go to the back of the bus, integration is a must.' Some held signs that read 'Stop racism now.'"

More Commentary. Douglas W. Kmiec, professor of constitutional law, Pepperdine University and "constitutional legal counsel to Presidents Reagan and George H. W. Bush," writes in USA Today (12/5, 14A, 2.27M) that in Seattle, "when a student declines to disclose racial ancestry, the schools use 'visual inspection.' Admission by skin pigment is not academic diversity." Kmiec adds, "It is speculated that the usually collegial, and often unanimous, court led by Chief Justice John Roberts might divide sharply on this one. It shouldn't. The moral authority asserted by Earl Warren to banish race stands foursquare behind his young, articulate successor. The way to end racial discrimination is to stop discriminating by race -- not to invite and embed the practice in the decision-making of thousands of schools."

In an editorial, USA Today (12/5, 14A, 2.27M) disagrees, saying, "In 2000, white enrollment at predominantly non-white Franklin High School was 25%; by 2005 it was down to 10%. Without the plan, Seattle's schools have gone backwards. The high court shouldn't lead a charge to ensure similar results around the nation."

Federal Jury Convicts Truck Driver In Immigrant Smuggling Deaths. The AP (12/5, Lozano) reports, "Now that a jury has convicted a truck driver for his role in the nation's deadliest human smuggling attempt, his defense attorneys said they are focused on one thing: sparing him a death sentence." The AP continues, "The federal jury convicted Tyrone Williams on Monday of all 58 counts of conspiracy, harboring and transporting he faced for ferrying illegal immigrants during a May 2003 smuggling attempt from South Texas to Houston. … His airtight tractor-trailer was packed with more than 70 immigrants who punched out taillights and screamed for help when the heat inside the tomblike trailer became deadly. Nineteen of the immigrants died from dehydration, overheating and suffocation." The AP adds, "On the 20 death penalty eligible counts Williams faced in his retrial, the new jury found that his actions resulted in the death of a person, sending the trial to a punishment phase. That phase is set to begin Wednesday and last about a week. … Jurors will decide whether Williams should be sentenced to death or up to life in prison." The AP notes, "Prosecutors say Williams merits a death sentence because he was responsible for the deaths by not freeing the immigrants or turning on the trailer's air conditioning, which could have saved their lives. Some survivors testified they thought the air conditioning had been turned on. … Prosecutors declined comment on the verdict, but during a court hearing after the jury's decision was read, said they would be presenting 25 to 26 witnesses during the punishment phase and concentrating on how the crime was committed."

The CBS Evening News (12/4, story 8, 0:35, Couric) reported, "I'm Lee Cowan in Texas where the verdict is in one of the deadliest known smuggling cases in US history. More than 70 illegal immigrants from Honduras and Mexico were crammed into this unventilated semi truck three years ago and left to bake in the hot Texas sun. Nineteen of them suffocated in temperatures that soared above 170 degrees. The driver, Tyrone Williams, had unhitch it had trailer and left it there. Today, a Federal jury in Houston convicted Williams of 58 counts of smuggling, some of which carry the death penalty. If Williams is sentenced to death, he becomes the first foreign face execution in connection with the smuggling of illegal immigrants."

The Los Angeles Times (12/5, Hart) reports, "Williams stared ahead and showed no emotion when the verdict was read, but later hugged his lawyer, Craig Washington, before being led away by U.S. marshals. … 'I'm deeply disappointed,' Washington said outside the courtroom." The Times adds, "Prosecutors declined to comment on the verdict, but told U.S. District Judge Lee Rosenthal that they expect to call about 25 witnesses during the sentencing trial."

The New York Times (12/5, Blumenthal) reports, "In a retrial of the nation's deadliest human trafficking case, the federal jury that convicted the driver, Tyrone M. Williams, 35, of Schenectady, N.Y., begins hearing testimony Wednesday on whether to give Mr. Williams the first death sentence under a 12-year-old 'alien smuggling' statute or a lesser term of up to life in prison." The Times adds, "Mr. Williams, a legal immigrant from Jamaica, sat impassively through 58 recitations of 'guilty' as the verdict form was read, then embraced his lawyer, Craig A. Washington. Asked afterward

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how his client had taken the news, Mr. Washington, a former Texas congressman, said, 'Better than me.' … Mr. Washington, whose trial defense conceded Mr. Williams's role as a smuggler but challenged his awareness of the victims' suffering, said he planned to put on about 20 witnesses to testify about mitigating factors in Mr. Williams's history." The Times notes, "The lead prosecutor, Daniel C. Rodriguez, an assistant United States attorney who had painted Mr. Williams as 'vile and heartless,' declined to comment until the punishment phase was concluded."

Juror In First Trial Says Williams Was Not Alone In Guilt. The Houston Chronicle (12/5, Rice) reports, "One of the jurors in Tyrone Williams' first trial, which ended with a hung jury in March 2005, said he held out to spare the truck driver from a death sentence because he believed others shared responsibility for the deaths of 19 illegal immigrants. … 'I couldn't see them giving the death sentence to one person,' said Horace Rains, 79, a merchant seaman who lives in east Harris County." The Chronicle continues, "Rains says he and a woman , whose name he could not recall, kept the 2005 jury from reaching a unanimous verdict. His revelation was made possible by U.S. District Judge Lee Rosenthal's decision to lift a gag order issued by the judge who presided over Williams' first trial. … U.S. District Judge Vanessa Gilmore gave an oral order to jurors at the end of the first trial not to speak with the news media or attorneys after they were discharged. … Gilmore lifted a written gag order in May this year after the case was transferred to Rosenthal, but not the oral order to jurors. The Houston Chronicle asked Rosenthal to lift the oral order and provide a list of jurors because reporters were prevented from interviewing them after the trial."

Prosecutors Question Two Shot By New York Police. The New York Times (12/5, Baker, Rashbaum) reports, "Prosecutors from the Queens district attorney's office conducted bedside hospital interviews yesterday with the two men wounded in a hail of 50 police bullets that claimed the life of Sean Bell, the first time investigators have heard from any direct participants in the Nov. 25 shooting, a lawyer for the two men said." The Times continues, "In separate interviews, the two men, Trent Benefield, 23, and Joseph Guzman, 31, told prosecutors what their lawyers have been saying publicly for days about the shooting, according to the lawyer, Sanford A. Rubenstein. … The two said that only they and Mr. Bell, who was 23, were in or near the car when the shooting erupted — contradicting accounts from some officers involved that a fourth man was with the group and may have been armed." The Times adds, "Mr. Benefield and Mr. Guzman also said that the five police officers who opened fire on them did not identify themselves and that they had no idea that they were facing the police, Mr. Rubenstein said. He was one of three lawyers present as a team of assistant district attorneys and members of the district attorney's staff questioned the men in their rooms at Mary Immaculate Hospital. … Richard A. Brown, the Queens district attorney, is gathering facts about the case, which he has said will go before a grand jury." The Times notes, "For days, the Police Department has been seeking a fourth man who officers and a civilian witness quoted by the police say was wearing a beige jacket and who law enforcement officials believe may have been with Mr. Bell, Mr. Benefield and Mr. Guzman. … One of the detectives who fired, according to a person briefed on his version of events, said the fourth man was in Mr. Bell's car. The civilian witness, who looked down from an apartment window after she heard gunshots, described seeing a man in a beige jacket fleeing the scene, the police said."

Florida Mayor, Police Say Some Rushing To Judgment In Shooting. The South Florida Sun-Sentinel (12/5, Johnson, 237K) reports, "Standing on the steps of City Hall on Monday," Fort Lauderdale Mayor Jim Naugle "and police union called the actions of some elected officials and the NAACP 'irresponsible' and 'reckless' after the fourth fatal shooting by Fort Lauderdale police this year. The community has rushed to condemn officers Robert Norvis and Todd Hill before the investigation into the Nov. 28 shooting is finished, said Jack Lokeinsky, president of the Fort Lauderdale Fraternal Order of Police. … 'Judge incidents after all the facts are ascertained and not before,' Lokeinsky said Monday with a diverse crowd of more than 75 officers standing behind him. … 'The posturing of some in the community trying to stir things up, to me, is really wrong,' Naugle said of Commissioner Carlton Moore and the National Association for the Advancement of Colored People." The Sun-Sentinel notes, "The FBI has begun a civil rights investigation."

Atlanta Officials, Residents Discuss Police Shootings. In a widely-distributed story, the AP (12/5, Haines) reports, "Civil rights leaders, clergy and city officials

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met Monday with residents of a northwest Atlanta neighborhood to discuss how to ease tensions between them and police after officers serving a warrant killed an elderly woman at her home. Many in the audience had questions for Atlanta Police Chief Richard Pennington, who said he was committed to a thorough investigation into the Nov. 21 fatal shooting of Kathryn Johnston. … Pennington said he was not able to comment on specifics of the case, which has been turned over to the FBI and Georgia Bureau of Investigation." The AP notes that the NAACP, "which hosted the meeting, has called for the establishment of a civilian review board with the power to subpoena witnesses and a return to community policing."

Activists Reportedly Urging Black Chairmen To Pursue Slavery Reparations. The New York Times (12/5, Kirkpatrick, 1.16M) reports, "The impending Democratic takeover of Congress will elevate more blacks to positions of power in the Capitol than ever: 4 major House committee chairmen, as many as 16 subcommittee chairmen, the third-ranking House Democratic leader and a senator considered a credible candidate for his party's presidential nomination." The Times adds, "It is so much power" that Rep. Charles Rangel, set to become chairman of the Ways and Means Committee, "said he hesitated to speak about it publicly. 'I don't want to scare the hell out of people,' Mr. Rangel said, 'that blacks are now in charge of the committees and so, therefore, watch out.'" According to the Times, the NAACP and the Congressional Black Caucus "say they expect their newly powerful champions…to push a long-stalled agenda that includes hearings or a commission on reparations for slavery, guaranteeing voting rights for convicted felons, prohibiting racial profiling by police or customs officers, restricting gun sales, and sharply increasing the compensation paid to people displaced by Hurricane Katrina."

Lesbian Fire Chief Under Fire In Minneapolis. The New York Times (12/5, Saulny) reports, "Two years ago, when Bonnie Bleskachek was named fire chief in Minneapolis, it made news far beyond Minnesota because she was the first openly lesbian firefighter to achieve that rank in the professional fire service of a major city. .. .Hailed as a pioneer, Chief Bleskachek was showered with praise for her years of hard work. Perhaps no one was more pleased with the appointment than Mayor R. T. Rybak, a supporter of gay rights who made the promotion a media event." The Times continues, "But last Wednesday, it became clear that everything had changed. Citing a lack of confidence in Chief Bleskachek's management style, Mr. Rybak asked the City Council to fire her. … The move was made after suits were filed against the city and Chief Bleskachek that accused her of playing sexual politics, retaliating against a former partner, acting as a lustful predator and showing bias against at least one heterosexual male firefighter. … 'All of that information has been presented to us in great detail,' Mr. Rybak said. 'I have to be honest. I very much wanted Bonnie Bleskachek to succeed.'" The Times adds, "Chief Bleskachek says that she did succeed and that is precisely why she is entangled in such a case. … 'Being an out lesbian, which the mayor really wanted to push, the first openly lesbian fire chief, made me an easy target,' she said. 'The sharks smelled blood in the water.' … John A. Klassen, an employment lawyer representing the plaintiffs in three of the four suits against Chief Bleskachek, rejected that argument. … 'None of these cases are antilesbian,' Mr. Klassen said. 'These cases are about discrimination.' … The suits, including one by a former partner of Chief Bleskachek, depict a firehouse culture where lesbians and their allies enjoyed favors and people who crossed them risked punishment."

The Washington Post (12/5, A3, Lydersen) reports, "Last week, city officials were briefed on an investigation being conducted by a local law firm into Bleskachek's performance as chief. After the briefing, Mayor R.T. Rybak announced that a proposed deal that would have given Bleskachek severance pay and demoted her within the department is off the table. Instead, the city may move to fire her from the force, pending the completion of the investigation. … Bleskachek, 43, is furious that the city has settled the lawsuits rather than taking them to trial, where she could have told her side of the story. … 'They have no evidence at all; this is all based on conjecture and hurt feelings,' she said, in her home in a pleasant, modest south Minneapolis neighborhood." The Post notes, "There is no doubt the Fire Department is rife with personal dramas and romantic entanglements. One of the lawsuits against Bleskachek was filed by Jennifer Cornell, 35, the chief's ex-partner of six years, who shares custody of their two children. Another suit was brought by Kathleen Mullen, 43, a longtime friend who had dated Bleskachek's current girlfriend. … A third complaint is from a woman who says Bleskachek flirted with her and then punished her

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professionally after she declined the advances. Bleskachek counters that the firefighter, Kristina Lemon, was the one who professed attraction to her a decade ago and that she became angry when Bleskachek disciplined her last year for a physical altercation with another firefighter in a burning building."

Maryland Court Hears Arguments On Gay Marriage. The Washington Post (12/5, B1, Rich, 690K) reports, "An attorney for 19 gay and lesbian Maryland residents urged the state's highest court yesterday to strike down a law banning same-sex marriage, saying there is 'no constitutionally sufficient justification' for denying his clients and their children protections that only marriage affords. During an hour-long argument in a crowded chamber of the Court of Appeals in Annapolis, attorney Kenneth Y. Choe of the American Civil Liberties Union invoked the civil rights struggle and said the ability to marry is a fundamental right that belongs to all Marylanders, not only to those for whom that right has always been recognized." On behalf of the state, Assistant Attorney General Robert A. Zarnoch "urged the court to let stand the statute that defines marriage as the union of a man and a woman. Arguing that the judiciary should defer to the legislature, Zarnoch noted that no federal or state appellate court in the country has held that, as the plaintiffs argue, there is a fundamental right to same-sex marriage." The New York Times/AP (12/5) and Washington Times (12/5, Ward, 88K) also report the story.

Federal Panel Deadlocked On Proposal To Require Paper Ballots. The New York Times/AP (12/5) reports, "A federal advisory panel rejected a recommendation on Monday that states use just voting machines whose results could be independently verified. The panel, drafting guidelines for the United States Election Assistance Commission, deadlocked, 6 to 6, on a proposal that would have required electronic machines to produce paper records or other independent means of checking results. Eight votes were needed to pass the recommendation."

The Washington Post (12/5, B6, Barr, 690K) reports committee member Brit Williams, "a computer scientist who has conducted certification evaluations of Georgia's paperless electronic voting system, opposed the measure. 'You are talking about basically a reinstallation of the entire voting system hardware,' he said."

Utah Approves Redistricting Plan To Add Fourth House Seat. The New York Times (12/5, Johnson, 1.16M) reports, "The State of Utah and the District of Columbia are perhaps the oddest imaginable political allies in a nation of polarized partisan loyalties, alike in few things other than bankable predictability: Washington Democratic, Utah Republican." But they "share outrage that each does not have more influence in Congress, and Utah took a big step toward a marriage of convenience Monday when legislators here approved a plan that would give the state a fourth Congressional seat before the next census and Washington its first voting representation ever." The state was "denied a fourth seat after the 2000 census because the government did not count thousands of residents who were away serving as missionaries for the Mormon Church." The plan "faces big hurdles," but the "gulf of political difference between the state and the District is the very glue that offers both of them some hope Congress will give its required approval: one of the newly created seats would almost certainly be Democratic, the other Republican, with no net change in the balance of power."

The Washington Times (12/5, Emerling, 88K) reports Washington, DC officials "cheered the Utah Legislature's approval of a redistricting map that is key to the District's voting rights bill, saying the development brings city residents one step closer to having a vote in the House." Mayor-elect Adrian M. Fenty, "who met with House Speaker-elect Nancy Pelosi last week and discussed the bill's prospects, said that Mrs. Pelosi, California Democrat, told him she would move aggressively for the bill." Fenty said, "I remain optimistic that the bill will move this week. And if it doesn't, I'm hopeful it will be at the top of the legislative agenda in 2007." The Times adds the "chances of the measure making it out of the House Judiciary Committee and through both chambers of the Republican-controlled Congress before lawmakers adjourn this month are shrinking. The bill was not on the House floor schedule issued last week, although bills can be added to the docket."

WPost Says Congress Shouldn't Delay Vote On DC, Utah House Seat Bill. The Washington Post (12/5, A28, 690K) says in an editorial, "The people of the District of Columbia shouldn't have to wait another minute, let alone another month, to get the full voting representation in government that is their due as Americans. A bill to give the District a vote in the House of Representatives is pending, but for reasons that are as unclear as they are unacceptable, it

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may not be brought to a vote. Instead of idly watching the hours tick down in the final days of a generally useless legislative year, the 109th Congress should muster the political will to right a 200-year-old wrong."

Fetal Pain Bill Seen As Test of Democrats' "Evolving" Stance On Abortion. The Washington Post (12/5, A5, Weisman, 690K) reports Republicans House leaders "plan to bring up a bill tomorrow that would declare that fetuses feel pain and require abortion providers to offer pregnant patients anesthesia for their unborn child." According to the Post, the vote "may be the last on abortion-related legislation for years. That's because Democratic leaders hope to avoid confrontations over hot-button social issues that divide their caucus." Democrats "are shying from the fight. Party leaders in the House have declared tomorrow's decision 'a vote of conscience' and will not try to sway the outcome." House Speaker-elect Nancy Pelosi "does not plan to speak on the bill, a rarity for her." The Post adds that conservatives "see an opportunity to test Democrats' evolving position on abortion, a position that has become more amenable to incremental curbs on ending pregnancies and more vocal about reducing the number of abortions."

Poll Shows 65% Of Hispanics Favor English As Official US Language. The Washington Times (12/5, McCaslin, 88K) reports in its "Inside The Beltway" column that Rob Toonkel, "director of communications for U.S. English Inc., called our attention yesterday to a new Zogby International poll finding that 65 percent of Hispanics favor making English the official language of the United States. He says the results of the poll of 903 Hispanic adults 'challenges the long-standing claim that Hispanics generally oppose official-English measures.'"

ANTITRUST:

FCC Head Tries To Break Telecom Deadlock. USA Today (12/5, Davidson) reports, "Moving to break a deadlock over approval of AT&T's purchase of BellSouth, the chairman of the Federal Communications Commission said he will ask a recused commissioner to cast the tie-breaking vote." USA continues, For nearly two months, the FCC has been split 2-2 along party lines, with Democrats Jonathan Adelstein and Michel Copps pressing for tough conditions on the $80 billion deal, which would create the nation's largest phone company. … The impasse has forced three postponements of votes on the merger and talks broke down again Friday over Democrats' demands for non-discrimination assurances for AT&T's broadband traffic and reduced wholesale prices." USA adds, "In a letter to congressional leaders Friday, FCC Chairman Kevin Martin, who favors no conditions on the deal, said he will ask fellow Republican Robert McDowell to break the stalemate. … McDowell disqualified himself because he previously worked as a lobbyist for a trade group that opposed the deal. Martin told lawmakers a recused commissioner may be authorized to vote if the government's interests outweigh any ethical concerns. He said he has asked the FCC general counsel to determine if McDowell may vote. … Enlisting McDowell could 'spark various ethical/legal complaints' and a political ruckus with leaders in the new Democratic-controlled Congress, Stifel Nicolaus analyst Blair Levin said in a report." USA notes, "The FCC hopes to clear the deal at its Dec. 20 meeting, before the new Congress takes over in January. Levin predicted McDowell would 'seek some sort of compromise' but would lean toward Martin's view."

Telecom Merger Judge Riled By "Rubber Stamp" Inference. The Deal (12/5, Lindell) reports, "Fireworks in a Washington, D.C., courtroom don't necessarily signal bad news for two telecommunications mergers under review by a federal judge, but they may portend a battle over merger law." The Deal continues, "On Nov. 30, District Court Judge Emmet Sullivan heard the latest round of arguments in his review of the mergers between Verizon Communications Inc. and MCI Inc., and SBC Communications Inc. and AT&T Corp., which the Department of Justice approved in 2005. … Sullivan, months into a congressionally mandated review of the merger, was taken aback when Verizon's lawyer bluntly suggested the judge had little power to unwind the deals. … 'This merger is not going to be unscrambled by anything this court does,' senior Verizon lawyer John Thorne told Sullivan." The Deal adds, "The startled judge -- who has repeatedly said he intends to conduct an independent review and 'won't be a rubber stamp' for the government -- nearly came off the bench. Leaning forward, he glared at Thorne and asked the Verizon attorney to explain his opinion of the judge's authority and the importance of the Tunney Act proceeding. … Thorne, who is well-versed in antitrust law, replied, 'If a transaction is largely good, it should close.'" The Deal notes, "Sullivan's irritation aside, Thorne's view of restricted judicial authority is

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shared by many antitrust experts. … Thorne concluded that anti-competitive issues posed by a merger, which in this case resulted in the telecoms being ordered to let competitors lease lines into some 700 buildings in about a dozen markets, can be dealt with after a deal closes through the Tunney Act process. … Continuing to glare at Thorne, Sullivan said, 'Maybe Congress should make it clear that mergers couldn't close until there has been judicial review,' he said. … As Thorne finally sat down, Sullivan said, 'I'm going to do an independent review and we'll see where the merger stands at that point.' … Despite Sullivan's tough words, other antitrust experts say the judge, in fact, has little power to rewrite the Justice Department's two merger approvals. … In merger cases where DOJ predicts anti-competitive harm and negotiates divestitures or other remedies with the merging parties to resolve the problems, the agency must submit any remedies for approval by a federal judge. The Tunney Act, a law enacted in the 1970s and amended in 2004, mandates that process."

Kentucky Lawmaker Seeks DOJ Review Of Delta-US Airways Merger. The Louisville (KY) Business First (12/5) reports, "Kentucky congressman Geoff Davis is encouraging the U.S. Attorney General and Transportation Secretary to conduct a 'full and careful review' of US Airways' efforts to merge with Delta Air Lines." Business First continues, "In letters dated Dec. 1, Davis told both Attorney General Alberto Gonzales and Transportation Secretary Mary Peters that he is 'very concerned about the significant loss of competition and the likely impact on air fares this merger could create. … The tremendous overlap of the route networks of these carriers would cause significant consolidation, reducing flight choices and increasing already expensive fares for our consumers,' he wrote. 'This potential merger affects thousands of jobs, and Delta/Comair has an economic impact for our region in the billions.'" Business First adds, "Atlanta-based Delta operates its second-largest hub at the Cincinnati/Northern Kentucky International Airport in Hebron, Ky. That hub, which also contains the headquarters of Comair, Delta's regional carrier subsidiary, employs an estimated 10,000 people and has an economic impact of nearly $4 billion, according to a news release issued Monday by Davis, a Boone County Republican representing Kentucky's Fourth District. … 'We feel that Delta and its employees, through extraordinary sacrifice and hard work, are making tremendous progress on their restructuring plan to emerge from bankruptcy as a strong and independent carrier,' Davis wrote to Peters and Gonzales. 'The interests of all may be best served by ensuring they remain on this course.'"

Mercury News Cuts Layoffs After Bargaining Session. The AP (12/5, Konrad) reports, "After a 20-hour bargaining session ended Monday morning, the San Jose Mercury News and its union reached a tentative agreement on a two-year contract that reduced the number of workers to be laid off." The AP continues, "The 263,000-circulation daily newspaper will eliminate 27.5 full-time positions, down from the 69 positions originally slated to be cut. … The paper, which employs 490 members of the San Jose Newspaper Guild, guaranteed it would not lay off more union workers through June. Managers will notify employees of the layoffs by Tuesday morning." The AP adds, "Laid off workers may receive two weeks pay for every year of service, up to 10 weeks of salary, and two months of paid health care. … The reduction in layoffs was welcome news among reporters, photographers and other editorial workers, who wore black Monday to show solidarity with soon-departed colleagues." The AP notes, "MediaNews Group Inc., the nation's fourth-largest newspaper publisher, acquired the Mercury News, the Monterey County Herald and Contra Costa Times from McClatchy Co. earlier this year in a complex deal valued at $1 billion. MediaNews also owns the Oakland Tribune and seven other Bay Area newspapers. … The Mercury News was previously owned by Knight Ridder, the nation's second largest newspaper publisher, which put itself up for sale late last year under pressure from shareholders unhappy with a sagging stock price. The slump reflected investors' souring sentiments about traditional media as the Internet siphons away advertising revenue. … Late last month, a federal judge issued a temporary restraining order on the San Francisco Chronicle, whose parent company, Hearst Corp., appeared interested in collaborating with MediaNews on local distribution and national advertising sales. U.S. District Judge Susan Illston said such a deal would possibly violate antitrust laws."

Plaintiffs In Iowa Microsoft Trial Will Not Call Gates, Ballmer. The AP (12/5, Pitt) reports, "The attorney representing plaintiffs in one of the few state-level class-action antitrust lawsuits left against Microsoft announced today that she would not call Chairman Bill Gates

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and CEO Steve Ballmer as witnesses." The AP continues, "Roxanne Conlin won a judge's ruling prior to the trial that would have forced Gates and Ballmer to travel to Des Moines for direct questioning even though the two executives were expected to testify later in the case when Microsoft presents its defense." The AP adds, "Judge Scott Rosenberg's ruling indicated that Gates and Ballmer would be required to travel to Des Moines from Washington only once. That would have allowed Microsoft attorneys to question the two men directly — in effect presenting part of their defense in the middle of the plaintiffs' case. … Conlin released a statement today that said the decision was reached to avoid any potential confusion by jurors. … 'I am concerned such a disruption of our case may create unnecessary confusion for the jurors,' Conlin said. 'There is absolutely no reason to have such a disruption in light of the defense's promise to call Bill Gates as a witness.'" The AP notes, "The Iowa lawsuit claims Microsoft violated Iowa's competition laws and seeks about $330 million for Iowans who have purchased the software maker's products since 1994."

Bank Of New York To Acquire Mellon Financial For $16.5 Billion. USA Today (12/5, 9B, Krantz) reports, "Bank of New York said Monday it will buy Mellon Financial for $16.5 billion in stock, creating an investor service behemoth and one of the world's largest asset managers." USA continues, "The combined company, to be called Bank of New York Mellon, will rank first worldwide with $16.6 trillion of assets under custody, says globalcustody.net (custody services distribute cash and dividends held in trust on behalf of the trust owners). It will be in the top 10 of the world's largest asset managers, overseeing more than $1.1 trillion of assets, says David George, analyst at A.G. Edwards. … 'This deal does make sense,' says Eric Fitzwater at bank industry research firm SNL Financial." USA adds, "Investors seemed to agree. Shares of Bank of New York gained $4.27 to $39.75, and Mellon gained $2.73 to $42.78. Investors were so pleased because the expectations for the merger are 'reasonable and realistic,' says Gerard Cassidy, analyst at RBC Capital Markets. … The new combined company will put major pressure on smaller firms to combine so they can compete, Cassidy says. … As large as the Bank of New York's buy of Mellon is, it's just the latest in a frenzied year for financial M&A. The deal is the industry's second-largest this year and 12th-largest ever, Thomson Financial says."

The Wall Street Journal (12/5, C1, Riley) reports, "If the $16.5 billion stock deal is approved by regulators and shareholders, that business now would have a new leader: The combined Bank of New York Mellon Corp. would have $16.6 trillion in assets under custody -- overseeing trade processing, internal accounting, fund administration and other such services for hedge funds, retirement plans, mutual funds and government entities. That figure would catapult the company ahead of J.P. Morgan Chase & Co., which oversees about $12.9 trillion under custody." The Journal adds, "Hedge funds and institutional investors, including governments in emerging markets, are making a larger number of often-complicated investments across multiple asset classes in many countries, sometimes simultaneously through several trading strategies. … The complexity of dealing with varied regulations, currency conversions and accounting differences world-wide is forcing many asset managers, which once serviced their own trades, to outsource the work to larger and better-equipped financial institutions with global reach."

The New York Times (12/5, Edmonston) reports, "For Bank of New York, the deal will bolster its position as a leader in the securities servicing and processing business, which provides the backbone of the world's stock and bond markets. Earlier this year, Bank of New York nearly doubled the size of its corporate trust business, which handles record-keeping for debt issues, by agreeing to swap many of its retail branches for J.P. Morgan Chase's corporate trust unit." The Times adds, "While the deal ends a longstanding rivalry for both companies, it will bring together institutions whose heritage is tied to two titans of American business history. Mellon was founded more than a century ago by Judge Thomas Mellon, who handed over the business to his son Andrew; the Bank of New York was founded by Alexander Hamilton in 1784. … When the deal is completed, Bank of New York's shareholders will own 63 percent of the stock in the combined company, with Mellon's shareholders owning the remainder. Under the terms of the deal, Bank of New York's shareholders will receive 0.9434 shares of the combined company for each their current shares. Mellon's shareholders will exchange their stock on a one-for-one basis."

The Washington Post/AP (12/5, D3, Powell) reports, "The companies, in announcing the deal, said it would result in the elimination of about 3,900 jobs, or nearly 10 percent of their combined work force of about 40,000. The reductions would be made through normal attrition 'wherever possible,'

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the companies said in a statement. … The deal was approved by each company's board of directors but requires approval by regulators and shareholders."

LSI Logic To Purchase Agere. The Wall Street Journal (12/5, A3, Clark) reports, "LSI Logic Corp. agreed to buy Agere Systems Inc. for stock valued at about $3.45 billion, placing a big bet on the market for chips used in data storage and networking." The Journal continues, "The purchase agreement announced yesterday is the largest in the 25-year history of LSI. The Silicon Valley company pioneered the market for chips that companies customize for specific chores." The Journal adds, "Abhi Talwalkar, a former Intel Corp. executive who became LSI's chief executive in May 2005, has narrowed the company's broad range of products to focus on chips for managing disk drives and communications between computers and data-storage systems. LSI chips also are used in consumer-electronic products. … Agere, of Allentown, Pa., traces its lineage to Bell Laboratories, the one-time research arm of AT&T Corp. that invented the transistor. Lucent Technologies Inc., which inherited those operations, spun Agere off in 2000. Agere also sells data-storage chips, as well as chips used in networking devices and cellphones."

Founding Family Seeks $4.7 Billion Buyout Of Station Casinos. The Wall Street Journal (12/5, A2, Sanders) reports, "A management-led $4.7 billion buyout offer for Station Casinos Inc. represents a way for the company's founding family to tighten its hold on Station at a time when competition is intensifying for Las Vegas residents, its core customers." The Journal continues, "Station received an $82-per-share offer from a group led by Chairman and Chief Executive Frank Fertitta III; his brother, President Lorenzo Fertitta; and Colony Capital LLC. The Fertittas already own about 20% of Station, a Las Vegas-based company that owns and operates 16 so-called locals casinos aimed largely at suburban Las Vegas residents. The offer also calls for the assumption of more than $3.4 billion in Station debt." The Journal adds, "Speculation about a buyout of Station has circulated for weeks, and yesterday the offer sent the shares up more than 22%, ending the day at $84.90 as of 4 p.m. in New York Stock Exchange composite trading. That is $2.90 higher than the offer price, suggesting that investors expect a higher offer before a deal is reached. … Any deal for Station will likely be closely scrutinized because of management's involvement. Station says it appointed a special committee of independent directors to review the proposal. … The move comes as Station is facing tough competitive issues. Last month, the company lowered its fourth-quarter and 2007 earnings estimates. Station reported net income of $161.9 million in 2005 on revenue of $1.1 billion. It faces competition from Boyd Gaming Corp. and others angling for gamblers who live in Las Vegas, as opposed to tourists. … It also comes amid a wave of interest in casino-industry buyouts. Gambling giant Harrah's Entertainment Inc. Oct. 2 received an $81-per-share offer from private equity firms Apollo Management and Texas Pacific Group. That offer was quickly raised to $83.50 per share, according to people close to the situation, valuing the company at $15.5 billion."

Reckson Rejects Icahn Bid As Shareholders Mull Merger With Green Realty. The Wall Street Journal (12/5, A9, Forsyth) reports, "Reckson Associates Realty Corp. has rejected a late bid from financier Carl Icahn and will hold a shareholder vote tomorrow seeking approval for its planned merger with SL Green Realty Corp." The Journal continues, "Reckson's board issued a statement late last night saying that Mr. Icahn's cash-and-stock offer 'does not meet the standard set forth in the SL Green merger agreement to permit discussions or negotiations' with American Real Estate Partners LP, which is 90%-owned by Mr. Icahn." The Journal adds, "On Monday, Mr. Icahn faxed a letter to the independent board of Reckson, offering $1 billion in cash and $3.3 billion in a new class of stock in American Real Estate Partners, traded on the New York Stock Exchange. The proposal was considerably altered from his planned all-cash bid of $49 a share because he lost his two partners over the weekend. … The board's rejection of Mr. Icahn's proposal, by a vote of its independent directors last night, came even before Mr. Icahn issued his official bid, which he had said he would provide today to Reckson, a Uniondale, N.Y., real-estate investment trust. … The development is a victory for SL Green, of New York, another REIT, whose efforts to acquire Reckson hit a kink on Nov. 16 when Mr. Icahn and his then-partner, New York real-estate developer Harry Macklowe, jumped in with a surprise proposal."

Gold Kist Accepts Takeover Bid By Pilgrim's Pride. The Wall Street Journal (12/5, C4, Gibson) reports, "Gold Kist Inc.'s agreement to be acquired by Pilgrim's Pride

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Corp. for a sweetened $21-a-share bid ended a four-month standoff in a deal that would create the world's largest chicken processor." The Journal continues, "Assuming the proposed transaction is completed, the combined company would leapfrog industry leader Tyson Foods Inc. as the largest processor of chicken. Tyson, which also processes beef and pork, would remain the world's largest meat company, with more than three times the annual sales." The Journal adds, "The $1.1 billion offer was approved by Gold Kist's board Sunday after a weekend of negotiations over price. The accord came three days after the announcement that 67% of Gold Kist shareholders had tendered their stock despite repeated urgings from management that it was preferable to remain independent. … In what Pilgrim's Pride executives called a 'cordial' meeting in Dallas on Saturday and Sunday, Pilgrim's Pride sweetened its initial $20-a-share bid by $1, Gold Kist agreed to a takeover and Pilgrim's Pride was allowed to look at Gold Kist's nonpublic documents for the first time since it launched its unsolicited offer in August."

EU To Probe Car Battery Firm Merger. The AP (12/5) reports, "The European Union launched an antitrust investigation Monday into plans by German car battery maker VB Autobatterie to buy the car battery business of Italy's FIAMM group." The AP continues, "An initial review revealed 'serious competition concerns,' EU antitrust chief Neelie Kroes said in a statement. … Under EU rules, she has until April 23 to reach a final finding. … 'When the largest producer of automotive starter batteries (in Europe) wants to acquire the third-largest manufacturer in an already highly concentrated market, the Commission must ensure that this would not adversely affect consumers,' Kroes said." The AP adds, "VB and FIAMM make and market batteries for makers of cars, trucks and commercial vehicles as well as car parts and repair services. VB is a joint venture of Johnson Controls Inc. of Milwaukee and the German Robert Bosch GmbH, Europe's leading supplier of car starter batteries. .. .If VB buys FIAMM's battery business, the number of European suppliers would drop from three to two. Kroes said she also would examine any impact of the acquisition on the 'independent aftermarket,' which covers sales of replacement batteries."

ENVIRONMENT:

US Urges 9th Circuit Panel To Stop Water Seepage To Mexico. The AP (12/5, Kravets) reports, "The Bush administration urged a federal appeals court Monday to allow a section of a major canal separating California and Mexico to be lined with cement to stop millions of gallons of water from seeping south of the border each year." The AP continues, "The 82-mile-long All-American Canal, which gets life from the Colorado River, in part nourishes crops on both sides of the border about 100 miles east of San Diego along the Calexico-Mexicali border - where the lining is proposed. The U.S. government says Mexico already gets 489 billion gallons of Colorado River water legitimately each year under a 1944 treaty and isn't entitled to the seepage, which provides a farming lifeline in Mexico." The AP adds, "A Justice Department attorney, John Smeltzer, told a three-judge panel of the 9th U.S. Circuit Court of Appeals that Mexicans have no right to the water, which is also the lifeblood for 500,000 acres of U.S. farmland. … The lining project will provide enough annual water for 135,000 new homes in the San Diego area." The APnotes, "All three judges suggested while hearing oral arguments in the case Monday that people in Mexico might not have legal standing to assert a claim for the water in U.S. courts. … The San Francisco-based appeals court temporarily blocked the $210 million, 23-mile-long lining construction project in August after Mexican business interests and U.S. environmental groups sued."

House To Vote On Senate Version Of Offshore Drilling Bill. The Washington Post (12/5, A4, Mufson, Eilperin, 690K) reports the House "is scheduled to vote today on a Senate plan for offshore oil and gas drilling…that falls far short of an offshore drilling bill the House adopted earlier this year. House Democratic leaders have decided not to take a position on the bill in order to avoid having to choose between different constituencies within the party's own ranks. Environmental groups oppose the drilling measure; the Sierra Club issued a statement saying that 'it's time for Congress to stop appeasing Big Oil' and that 'drilling is a bad deal for Americans.'" However, "many" Democrats "support wider drilling to increase domestic natural gas supplies. And Louisiana Democrats avidly support the Senate bill because it would divert 37.5 percent of federal royalties to Gulf states for coastal restoration projects."

Religious Land Use Law Strains Some Municipalities. The Christian Science Monitor (12/5, Green, 59K) reports in Orlando, Florida, "about a dozen

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churches are within a few miles of one another, and more are under construction. Neighbors venturing out for bagels and other errands find themselves stuck in traffic, heads bowed not in faith but frustration. Some complain that the traffic persists all week, as religious, youth, sports, and other activities draw crowds after work and school." While communities "traditionally zone against houses of ill-repute, not houses of worship, frustrations have grown since 2000, when then-President Clinton signed the Religious Land Use and Institutionalized Persons Act." The law "doesn't exempt churches from zoning regulations, per se. But when religious groups say the rules would create 'a substantial burden,' officials must show a compelling reason for the limits. Sometimes, the results leave neighborhoods feeling helpless in the face of ecclesiastical development." For their part, religious leaders "say they are responding to growth in their communities by providing needed services. Growth among houses of worship - particularly megachurches - poses a delicate quandary for local leaders. In smaller communities, too many churches - because of their tax-exempt status - can even strain the economy."

Panel Says Administration Sought To Stymie Nuclear Worker Payouts. Under the headline, "Administration Tried To Cut Payouts To Nuke Workers," USA Today (12/5, Eisler, 2.27M) reports, "The Bush administration repeatedly sought ways to limit payouts to nuclear weapons workers sickened by radiation and toxic material, according to a memo written by congressional investigators and obtained by USA Today. The investigation focuses on a federal program created in 2000 to compensate people with" illnesses "tied to their work at government and contractor-owned" nuclear weapons production facilities. USA Today adds that since 2002, "'there is a continuous stream of (administration) communications … strategizing on minimizing payouts,' according to the Nov. 30 memo by staff for the House Judiciary Subcommittee on Immigration, Border Security and Claims," for outgoing Chairman John Hostettler, R-Ind."

Tight Uranium Fuel Supplies Could Hamper Plans For New US Nuclear Reactors. Under the headline, "Nuclear Power Revival Could Encounter Hurdles; Tight Uranium Supplies, Scarce Processing Facilities May Hurt Bush Energy Plan," the Wall Street Journal (12/5, A4, Fialka, 2.04M) reports on the Bush administration's planned nuclear "renaissance" that faces "tightening world-wide supplies of uranium and a lack of enrichment facilities to turn the uranium into fuel for power plants." The Journal adds that "the 'Ad Hoc Utility Group,' an industry collective that represents 85% of the utilities involved in producing nuclear power is nervous about securing adequate fuel supplies for nuclear power plants over the next 10 years," and is "lobbying the administration to allow Russia to sell enriched fuel directly to US utilities." But that plan "is opposed by USEC Inc., the Bethesda, Md., company that acts as the US agent for Russian enriched fuel under a 1993 agreement," fearing that "it could interfere with its plans to finance and build a new enrichment plant in the US."

Inhofe To Hold Hearing On Media Coverage Of Global Warming. The Washington Times (12/5, Pierce, 88K) reports in its "Inside Politics" column that Sen. James M. Inhofe, chairman of the Environment and Public Works Committee, "will hold a full committee hearing tomorrow on 'Climate Change and the Media.'" The hearing will "look at how the media has presented scientific evidence regarding predictions of human-caused catastrophic global warming, the senator's office said." Committee Communications Director Marc Morano said, "Senator Inhofe believes that poorly conceived policy decisions will result from the media's nonstop hyping of 'extreme scenarios' and dire climate predictions. This hearing will serve to advance the interests of sound science and encourage rational policy decisions."

Renewable Energy Boom Takes Toll On Forests. The Wall Street Journal (12/5, A1, Barta, Spencer, 2.04M) reports, "Investors are pouring billions of dollars into 'renewable' energy sources such as ethanol, biodiesel and solar power that promise to reduce the world's reliance on petroleum. But exploiting these alternatives may produce unintended environmental and economic consequences that offset the expected benefits." In Borneo, "forest fires that have blazed across the island. Many of them were set to clear land to produce palm oil -- a key ingredient in biodiesel, a clean-burning diesel fuel alternative." The "miasma of smoke from Borneo and the island of Sumatra -- an annual phenomenon that blankets large parts of Southeast Asia in smog -- underscores a troubling dark side of the world's alternative-energy boom. Among other problems, the fires in Indonesia spew millions of tons of carbon dioxide and

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other greenhouse gases into the atmosphere, experts say." And these "side effects are not an isolated problem. In Indonesia, Malaysia, Canada and elsewhere, forests are being slashed for new energy-yielding crops or other unconventional fuels."

NYTimes Praises Bodman For Agreement On Efficiency Standards. The New York Times (12/5, 1.16M) editorializes, "It seemed to take forever, but the Bush administration has finally agreed to a strict timetable for establishing new energy efficiency standards for nearly two dozen commercial and residential appliances over the next five years. The agreement is good news for the environment." It is "a tribute to the persistence of 15 states, the Natural Resources Defense Council and various consumer groups that sued the Energy Department for failing to comply with longstanding Congressional mandates." The Times writes, "The benefits are obvious, and Samuel Bodman, in his second year as secretary of energy, is to be commended for recognizing them."

FBI/DEA/ATF/USMS:

Audit Finds $56 Million Shortfall In FBI Computer Database Funding. In a widely-distributed story, the AP (12/5, Jordan) reports, "The FBI faces a $56.7 million funding gap as it builds a new computer system to replace a problem-riddled database of investigation files, Justice Department auditors said Monday. With careful oversight, the Sentinel program still could be successful, auditors from the department's inspector general's office concluded." The AP notes, "The FBI asked for an estimated $150 million in the fiscal year that began Oct. 1; the White House approved spending $100 million. … Although the FBI expects to have about $50 million left over from earlier work on Sentinel and other bureau projects, auditors warned that pulling money from other programs 'may have an adverse affect on the FBI's mission capabilities,' the auditors said. Responding, the FBI in a statement said the money needed 'has long been identified from existing FBI balances, and will not impact operational programs.'"

The Washington Post (12/5, A27, Eggen, 690K) also notes the audit "said that a current White House budget request includes only $100 million for Sentinel in fiscal 2007, although the FBI says it needs $57 million more to keep it going." The Post adds that the audit "also says the FBI has made 'significant progress' in several key areas, including improving management controls and finding ways to ensure that the software will work as intended. Fine made five specific recommendations to overcome various problems. FBI officials said they agreed with the ideas and had begun implementing them."

The New York Times (12/5, Lichtblau, 1.16M) reports, "Democrats said they planned to press Robert S. Mueller III, the director of the F.B.I., about the computer project when he appears before the Senate Judiciary Committee on Wednesday." Incoming Senate Judiciary Chairman Patrick Leahy said yesterday, "After watching the F.B.I. waste five years and more than 170 million of taxpayer dollars on the Trilogy program, I remain seriously concerned about the handling of this project. The American people cannot afford another fiasco."

Government Executive (12/4, Pulliam) reported, "The FBI has made 'significant progress' in addressing many initial concerns about the development of the case management system dubbed Sentinel, the Justice Department inspector general's office stated in the audit. For instance, the FBI has made strides in staffing the project's program management office," however, "uncertainty about funding and cost estimates, and deficient contingency planning, must be addressed if the law enforcement agency is to avoid delays and other problems…auditors said." GE also notes that Mueller is scheduled to testify tomorrow and adds, "The IG recommended that the FBI update the project's estimated total cost as actual cost data becomes available, develop contingency plans for identified risks to the project and fill all vacancies in the program management office. In a response to the report, the FBI agreed with all of the IG's recommendations."

FBI Seen As Falling Short In Counter-Terrorism Efforts. NBC Nightly News (12/4, story 4, Williams, 9.87M) asked, "How much progress has the FBI really made since the attacks on 9/11? In an exclusive interview and in never-before released tapes, FBI officials reveal what critics say is a stunning lack of knowledge about terrorism and terrorist threats." NBC (Myers) added, "Bassem Youssef is the FBI's highest-ranking Arab American agent, a terrorism expert and one of only six agents with advanced Arabic skills." Youssef: "I don't believe that the FBI's doing everything it can to combat terrorism." Myers: "Youssef believes the FBI has sidelined him, denying him a significant role in the war on terror. He claims discrimination and is now suing the bureau." NBC

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aired unflattering excerpts of FBI officials' testimony in 2004 deposition videotapes for the Youssef lawsuit, then showed NBC analyst Michael Sheehan saying, "Not knowing these basic tenets is symptomatic of a lack of deep knowledge about your principle adversary and that is unacceptable." Myers: "An FBI spokesman now concedes that expertise does matter and says today's leaders have it." John Miller: "To have that depth of subject matter expertise and the executive and leadership skills is certainly a plus, and I think over time we've developed that at the top." Myers: "Some agents privately grumble that Youssef has an inflated sense of his own talents. … For now Youssef has a desk job. A far cry from terrorism's front lines."

Under FBI Probe, Mollohan Set To Take Reins Of Spending Subcommittee. Bloomberg (12/5, Faler, Forsythe) reports, "Representative Alan Mollohan, a West Virginia Democrat whose finances are being investigated by the Federal Bureau of Investigation, is in line to take over the House panel that sets the bureau's budget." Bloomberg continues, "Mollohan, 63, is the ranking Democrat on the appropriations subcommittee overseeing the Department of Justice, which includes the FBI. His party has a long-standing practice of awarding appropriations subcommittee chairmanships to senior members, and no other Democrat has announced plans to seek the post when the party assumes control of Congress next month." Bloomberg adds, "The pending appointment poses an ethical dilemma for incoming House Speaker Nancy Pelosi, 66, who helped her party take control of Congress for the first time in 12 years by vowing to clean up a 'culture of corruption' on Capitol Hill. … 'If the Democrats want to be taken seriously as the party of ethics reform, then every time one of their members gets into trouble, they're going to have to take it seriously,' said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. Her organization is urging Mollohan to recuse himself from any decisions affecting the FBI's budget." Bloomberg notes, "Earlier this year, the National Legal and Policy Center, a Falls Church, Virginia-based group that backs smaller government, filed a complaint with the department questioning an increase in Mollohan's net worth. For 2005, Mollohan and his wife reported assets worth $6.8 million to $25.7 million, up from $116,000 to $315,000 in 1999, when he restated financial disclosure forms after the group's complaint. … In May, Mollohan told the Washington Post that the FBI had subpoenaed a Washington-based real-estate company in which he had invested. In April, a nonprofit group set up under Mollohan's leadership, the Vandalia Heritage Foundation, said in a statement that it had been told by the FBI to expect a request for information."

Former Connecticut Town Official Pleads Guilty To Cocaine Charges. The AP (12/5) reports, "A former member of the Bridgeport Democratic Town Committee pleaded guilty Monday to federal cocaine charges, avoiding a trial that could have put pressure on Mayor John Fabrizi to testify. Shawn Fardy, 36, convicted of conspiracy to possess with intent to distribute, and distribution of cocaine, admitted buying cocaine from drug dealer Juan Marrero and then distributing some of that to others and keeping some for his own use." The AP notes, "Fardy's attorney, Francis O'Reilly, has said prosecutors were relying on allegations that Fabrizi made against Fardy. Fabrizi met with the FBI at least twice and gave lengthy interviews that are contained in FBI reports, O'Reilly said. Prosecutors have declined to comment on whether Fabrizi would be a government witness, but his name was among 41 people whose names may be mentioned during the trial or who may testify."

Florida Attorney Admits Helping Drug Dealer Conceal Transactions. The Palm Beach Post (12/5) reports criminal defense attorney John Garcia "pleaded guilty Monday to federal charges of helping a drug dealer and former client conceal financial transactions and lying about it to drug enforcement agents. Garcia was arrested in September and charged with three counts of illegal money structuring and one count of making false statements to federal Drug Enforcement Administration agents." Garcia "deposited $9,000 in…drug profits into his personal account, which was used for [a] home. The scenario was repeated in September 2003, the government said."

The South Florida Sun-Sentinel (12/4, Diaz) reported Garcia "admitted to depositing $18,000 into his personal checking account -- once in 2002 and again in 2003 -- and $28,000 into his law firm's trust account to help [his client] Joel McDermott buy a five-bedroom, $630,000 home in the Olympia community in Wellington. Garcia purchased Bank of America cashier's checks for McDermott, who's serving a 21-year federal prison sentence."

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Supreme Court Upholds 55-Year Sentence For Gun Possession During Marijuana Deals. The AP (12/4) reports the Supreme Court on Monday "let stand a mandatory 55-year prison sentence, condemned as excessive by the federal judge who imposed it, for a man convicted of carrying a handgun during three marijuana deals. Record producer Weldon Angelos received the minimum sentence under the law -- a harsher sentence than a child rapist or a terrorist who detonates a bomb aboard an aircraft would receive, according to his attorneys. … Angelos was convicted of 16 counts of violating federal firearms, drug and money laundering laws in 2003. The charges stemmed from his sale of three 8-ounce bags of marijuana to an undercover informant."

Pentagon Said To Resist Appeals To Help Combat Afghanistan's Opium Trade. The Los Angeles Times (12/5, Meyer) reports the Pentagon, "engaged in a difficult fight to defeat a resurgent Taliban in Afghanistan, has resisted entreaties from U.S. anti-narcotics officials to play an aggressive role in the faltering campaign to curb the country's opium trade. Military units in Afghanistan largely overlook drug bazaars, rebuff some requests to take U.S. drug agents on raids and do little to counter the organized crime syndicates shipping the drug to Europe, Asia and, increasingly, the United States, according to officials and documents." While the Pentagon and DEA "have been at odds, poppy cultivation has exploded, increasing by more than half this year. … The DEA's advocates in Congress argue that the Pentagon could undermine the insurgency by combating the drugs that help finance it. Military officials say they can spare no resources from the task of fighting the Taliban and its allies."

Walters Links Rising Opium Production To Taliban, Limited Funds. Asia News (12/4) reported opium production in Afghanistan "reached record highs this year despite international efforts to strangle it. This was recently revealed by the US government, in confirmation of a report by the UN Office on Drugs and Crime and the World Bank. In 2006, production is estimated to have grown by 61% after a 26% increase in 2005, for a total product of around 5,600 tons. … John Walters, White House drug policy chief, said the main causes for the failure to eradicate production were the resurgence of Taliban forces, which oppose US operations, and limited funds available for anti-narcotic and development programs."

Poorly Trained Police Force Linked To "Explosion" In Opium. The New York Times (12/4, Glanz, Rohde) say a joint report by the Pentagon and the State Department "has found that the American-trained police force in Afghanistan is largely incapable of carrying out routine law enforcement work. … The training experts say the United States made some of the same mistakes in training police forces in Afghanistan that it made in Iraq, including offering far too little field training, tracking equipment poorly and relying on private contractors for the actual training. … In Afghanistan, the failure has contributed to the explosion in opium production, government corruption and the resurgence of the Taliban."

NYTimes Ties Ineffective Police Force To Rise In Opium Production. In an editorial, the New York Times (12/5) writes, "The failure to provide local security — or even a semblance of impartial justice — helps explain why so many Afghans have lost confidence in the pro-Western government of President Hamid Karzai, and why a growing number are again turning to the Taliban for protection. The failure to stand up an effective police force also helps explain why opium cultivation rose by nearly 60 percent this year."

Think Tank Proposes Painkiller Licensing To Thwart Drug Trafficking. For UPI (12/5), Pyotr Goncharov in Moscow writes, "Perhaps, it is worth considering a proposal made by the Senlis Council, an international drug policy think tank based in Europe. It believes that Western countries should officially buy opium poppy from Afghanistan and then license it to produce painkillers. The Afghan state would benefit and establish at least partial control over the poppy fields. More importantly, this would be a severe blow to illegal drug trafficking."

Brother Of Colombia's Drug Czar Arrested On Cocaine Charge. The AP (12/4) reported Colombia's drug czar "said police arrested his brother over the weekend with six grams (0.2 ounces) of cocaine. Carlos Albornoz, head of the National Drug Directorate responsible for Colombia's drug-control policies, said in a news conference Sunday his brother Ivan Albornoz was arrested shortly after buying the drugs Saturday night in southern Bogota. … Albornoz said he was unaware of his brother's drug use and expected him to be treated with the same severity as any other Colombian citizen."

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IMMIGRATION:

Wife Of Georgia State Senator Faces Deportation. The AP (12/5, Dell'Orto) reports Georgia state Sen. Curt Thompson "has been a strong advocate of immigration rights, once speaking in Spanish from the steps of the Georgia Capitol against the adoption of some of the nation's strictest immigration controls. Now Thompson's Colombia-born wife is in hiding as federal immigration officials try to deport her." Sascha Herrera, 28, "has been in hiding since Immigration and Customs Enforcement officers arrived at her home Nov. 28 with an order to remove her from the U.S. She was not home at the time." Herrera's attorney, Charles Kuck, "claims she was duped by a man handling her immigration requests and that she never received the immigration notices that triggered her deportation order. While Kuck says neither he nor her husband know where Herrera is, he said that she will turn herself in Tuesday."

Charity Linked To Minuteman Leader Fined For Financial Reporting Problems. The Washington Times (12/5, Seper, 88K) reports, "One of the charitable organizations cited by Minuteman Civil Defense Corps boss Chris Simcox on why financial accountability concerns raised by some corps members were unfounded has been fined for failing to keep its own financial records in order, The Washington Times has learned." The Declaration Foundation, "a tax-exempt charity created by conservative activist Alan Keyes, who has vigorously supported the Minuteman movement, was fined $6,500 in August and prohibited by the Pennsylvania Bureau of Charitable Organizations from soliciting donations until it becomes 'properly registered.'" The August 18 "'agreement and order,' signed by Declaration Foundation Executive Director Mary Parker Lewis, a top Minuteman adviser, acknowledged that the charity made false statements in seeking to solicit donations, failed to properly administer money it had collected, and withheld documents sought as part of an 'investigative subpoena.'" The Declaration Foundation is "at the center of an intricate weave of conservative organizations founded by Mr. Keyes or tied to longtime Keyes associates now working with MCDC. They have served as mentors for Mr. Simcox and provided consulting and financial services for the group's fundraising and media activities."

Congressional Democrats Expected To Struggle With Immigration Issues. CNN's Lou Dobbs Tonight (12/4, Dobbs) reported, "The Democrats will likely try to push through a Bill granting a pathway to citizenship for millions of illegal aliens regardless of what the American public wants or says." CNN added, "Last year, amnesty provisions passed the Senate and failed in the House. Next year could look a lot like a rerun of this year. The vast majority of Americans are adamantly opposed to anything that resembles amnesty. Several political observers say if Democrats hope to retain the majority in 2008, they may have to reconsider their position on this issue." Also on CNN's Lou Dobbs Tonight (12/4, Dobbs), New Mexico Gov. Bill Richardson said, "What I would like to do is have a comprehensive [immigration] act that addresses…border security, that….makes sense out of a policy that is broken and needs fixing. And this is the way we need do deal with it, by a comprehensive effort."

TAX:

Judge Bars Maryland Man From Running Tax Scheme. The Baltimore Sun/AP (12/5) reports, "A Westminster (MD) man has been barred by a federal judge from running a scheme in which he promised to help members avoid paying federal taxes, the U.S. Department of Justice announced today." The AP continues, "The 'Save-A-Patriot Fellowship' run by John Baptist Kotmair Jr. falsely advised that clients didn't have to pay taxes and could legally withdraw from the Social Security system, U.S. District Judge William Nickerson said in his ruling. Despite legal action by the U.S. Justice Department, Kotmair's organization continued to file frivolous protest letters with the Internal Revenue Service on behalf of more than 800 clients and showed 'no inclination ... to cease their activities,' Nickerson noted." The AP adds, "Nickerson's order, issued last week, permanently bars Kotmair and his organization from representing or assisting anyone in corresponding with the IRS, or preparing court filings relating to income taxes. Kotmair and his organization must also notify all individuals involved in the scheme of the injunction and provide the Justice Department with the names of the customers, their e-mail addresses and telephone and Social Security numbers. … The injunction also must be posted prominently on the

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organization's Web sites for a year, and fraudulent promotional materials must be removed from the sites."

IRS Lacks Plan To Recover $200 Million In Fraudulent Tax Refunds. USA Today (12/5, McKoy, 2.27M) reports, "At least two months before the IRS mistakenly began paying an estimated $200 million in fraudulent or erroneous 2006 tax season refunds, the agency was warned about potentially "catastrophic" problems in a new computer being developed to avert such a blunder. A USA TODAY examination of the IRS Electronic Fraud Detection System project found the previously unpublicized November 2005 warning, along with other warnings and new details of missteps that culminated in one of the most costly and embarrassing episodes in the tax agency's recent history." USA Today adds, "As the peak of the 2006 tax season approached last spring, the IRS discovered that a planned upgrade of the agency computer that red-flags potentially fraudulent tax refunds had failed. The discovery came after the IRS had shut down the older computer. The failure forced the agency to continue processing 2006 tax season returns -- and issuing refunds -- without its first line of electronic defense against fraud." USA TODAY's review "found that the IRS lacks a comprehensive plan to recover the $200 million, which the agency said represents far less than 1% of all 2006 tax season refunds. That means most fraudulent filers who got federal checks in 2006 will likely never be caught."

CONGRESS-ADMINISTRATION:

Bolton Resigns; Khalilzad Seen As Most Likely Replacement. UN Ambassador John Bolton announced his resignation Monday, in a move that is being largely portrayed as a White House defeat in the face of the Democratic opposition. The New York Times (12/5, A1, Cooper, 1.16M) reports that it is "not immediately clear" who would replace Bolton, but reportedly under consideration are Ambassador to Iraq Zalmay Khalilzad, Undersecretary of State Burns, former UNCHR ambassador Richard S. Williamson, and Ohio Sen. Mike DeWine. But "how Mr. Bush chooses to fill those jobs could indicate which direction the administration will tilt during its last two years, administration officials and United Nations diplomats said." The Washington Post (12/5, A1, Baker, Kessler, 690K) says the White House's is "focusing on…Khalilzad" and "also has a crop of Republican lawmakers who lost reelection to consider. A number of senior ambassadors from around the world have expressed interest, but administration officials said Bolton's successor will be a political nominee." The Wall Street Journal (12/5, A3, McKinnon, Dreazen, 2.04M) also says that speculation has focused on Ambassador Khalilzad, but also includes Sudan special envoy Andrew Natsios, Undersecretary of State Paula Dobriansky, and retiring Iowa Rep. Jim Leach.

ABC World News (12/4, story 6, 0:25, Gibson, 8.78M) reported, "Democrats, now in control of the Congress, promised to defeat the" Bolton nomination. NBC Nightly News (12/4, 0:15, Williams, 9.87M) and the CBS Evening News (12/4, story 4, 0:20, Couric, 7.66M) briefly noted Bolton's resignation in similar reports. CBS referred to Bolton as "the UN Ambassador who loved to bash the UN" and "a lightning rod for critics who compared his style to a bull in a China shop."

The Los Angeles Times (12/5, Farley, Gerstenzang, 850K) reports the "pugnacious" Bolton "is known for not giving up." But "after meeting with his mentor Vice President Dick Cheney on Thursday to discuss ways to stay at the UN without a Senate confirmation, he decided it was time to quit." The resignation "signals that the Bush administration is less willing, or less able, to go around Congress to push through an unpopular agenda."

On its front page, the Washington Post (12/5, A1, Baker, Kessler, 690K) says Bush "surrendered to congressional foes yesterday." According to the Post, "administration lawyers in recent weeks had developed options to keep him there after that appointment expires this month. But officials said Bolton and the White House decided against provoking an early confrontation with Democrats as they take over Congress next month." Bolton's resignation is seen as leaving "another hole in Bush's foreign policy team at a time when the U.N. ambassador is heavily involved in diplomacy involving the nuclear activities of Iran and North Korea and the ongoing crisis in Lebanon."

Similarly, the Financial Times (12/5, Daniel, Turner) says the White House "bowed to the political realities imposed by the new Democratic Congress" and notes that White House spokesman Tony Snow "admitted defeat" saying, it was "pretty obvious" Bolton wasn't going to get the votes from the Senate Foreign Relations Committee. However, the Times says the White House was "reluctant to present it as a conciliatory move for Democrats," so instead

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Bush "blamed 'stubborn obstructionism,' while Snow said the 'appointments process is broken,' and charged that 'for reasons of partisanship a handful of senators prevented him remaining UN ambassador.'" Under the headline "Bolton's Exit May Signal A Shift to the Center," the Wall Street Journal (12/5, A3, McKinnon, Dreazen, 2.04M) says Bolton's departure "marked another concession by…Bush to the new political realities facing him, and likely pushes his administration more to the center as he heads into his final two years in office." Bolton's resignation suggests the Bush White House is "being forced into the center," said Danielle Pletka of the American Enterprise Institute. "This confirms an inevitable fact of political life, which is that administrations do drift" as they move into the home stretch, she added.

On its website, Time (12/5, Zagorin, 4.03M) says Bolton's departure "marks another acknowledgement by the White House of the political consequences of the Nov. 7 Congressional elections." Bush "could have put Bolton's name up for a new recess appointment when his current one expires in early January, but Bolton would have been prohibited by law from drawing a salary. More important, such an attempt by the White House to again override the Senate by sending Bolton back to the U.N. risked infuriating Democrats and undermining Bush's professed intention to seek consensus and political compromise."

The Washington Times (12/5, Dinan, 88K) says Bush is "giving in to the objections of Senate Democrats and one Republican a month after the White House pledged to push to confirm him." Bolton's departure "will leave Secretary of State Condoleezza Rice with three major vacancies to fill. Deputy Secretary of State Robert B. Zoellick, the department's second-in-command, left for Wall Street in July, and Philip Zelikow, the department counselor and a top confidant of the secretary, announced last month he plans to return to his teaching job at the University of Virginia in January."

The New York Times (12/5, Cooper, 1.16M) notes Bush issued a "strongly worded statement excoriating" Bolton's opponents on the Senate Foreign Relations Committee, saying "they chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time." However, the Times says that "despite the president's strong words, administration officials had largely given up" on Bolton's confirmation last month. His resignation "brings to an end the stormy and controversial tenure of an ambassador whose confrontational style often conflicted with the understated ways of the United Nations," the Times writes. In a second report, the New York Times (12/5, Hoge, 1.16M) says the announcement was "greeted by United Nations officials with relief, while diplomats from other nations offered mixed assessments of his effectiveness during his 17 months as the American envoy."

In an interview with Fox News' Special Report (12/4, Hume), Bush said Bolton "chose to leave gracefully…because it became apparent that once again, the Senate would block his nomination. I am very disappointed. Look, John Bolton came into office…with a lot of unfair criticism and he proved the critics wrong. He did a fine job. … On issue after issue, Bolton delivered. You are looking at a man who is deeply disappointed in what I would call shallow politics of the Senate. I truly believe the Senate denied a really accomplished person the opportunity to serve."

The AP (12/5, Ben Feller) says the "setback for the White House seemed to put a hold on the post-election talk of bipartisanship" as Bush delivered "stinging" words to congressional members who "helped scuttle his nomination." Democrats, however, said Bolton's resignation signaled a fresh start. Senate Majority Leader Harry Reid said, "Hopefully this change marks a shift from the failed go-it-alone strategies that have left America less safe." Similarly, Sen. John Kerry said, "With the Middle East on the verge of chaos and the nuclear threats from Iran and North Korea increasing, we need a United Nations ambassador who has the full support of Congress and can help rally the international community to tackle the serious threats we face."

The Pawtucket Times (12/5, Baron) reports, "Chafee's opposition to Bolton as a member of the Senate Foreign Relations Committee 'was what made it not happen,' said Chafee spokesman Steven Hourahan. 'Without his vote in committee, it wasn't going to go.'" Hourahan "said Chafee was 'very comfortable' with his decision to effectively remove Bolton as ambassador. He said it was 'clear that the American people sent a message,' in the November election that they were unhappy with Bolton's confrontational style and the Bush administration's foreign policy." In a written statement issued Monday, Chafee said, "I have long believed that the go-it-alone philosophy that has driven this administration's approach to international relations has damaged our leadership position in the world. Mr. Bolton did not demonstrate the kind of collaborative approach that I

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believe will be called for if we are to restore the United States' position as the strongest country in a peaceful world."

The Christian Science Monitor (12/5, Grier, 59K) reports, "Critics claimed that Bolton's brusqueness made him counterproductive. At the UN, he alienated US allies, both real and potential, according to his critics. Many Senate Democrats -- and a few Republicans -- charged that his hard-line ideology and penchant for confrontation was at odds with the UN's multilateral nature." But Bolton's "defenders insist that he has done well at the UN headquarters in New York, pushing through tough Security Council resolutions on North Korea's nuclear activities, building consensus among allies on the need for Iran to suspend its enrichment of uranium, and pressing for peace in Darfur."

More Commentary. The New York Times (12/5, 1.16M) editorializes, "Bolton's decision to resign as America's envoy to the United Nations was a wise move. He averted a distracting and divisive fight at a time when both Congress and the Bush administration have better things to do. He has also provided President Bush with an opportunity to show the kind of bipartisan leadership he talks about so frequently and exercises so seldom. ... Mr. Bolton's withdrawal gives the president a chance to improve his relationship with both the U.N. and Congress."

The Wall Street Journal (12/5, 2.04M) editorializes, "Yesterday's announcement that Mr. Bolton will resign as US Ambassador to the United Nations when his recess appointment ends with this Congress was no doubt cheered in Tehran, Damascus, Caracas, Pyongyang, and Christopher Dodd's Senate office. ... More important, he has stood forcefully for American interests despite the leaks and sniping from the office of Secretary General Kofi Annan. ... And it does not speak well for the American political system that it can't find a place in government at this dangerous moment in history for one of the world's leading anti-proliferation experts. The decision by newly ascendant Democrats -- Mr. Dodd in particular -- to deny Mr. Bolton a confirmation vote on the Senate floor shows that they value partisan animosity above having a seasoned negotiator at the UN."

Gates Expected To Win Confirmation Easily. Time (12/5, Waller, 4.03M) reports on its website DOD nominee Robert Gates "is expected to have little trouble winning Senate approval. Even Democrats who have had issues with Gates in the past are anxious to begin course corrections in the Pentagon's troubled Iraq war strategy. And means the hearings will most likely be a far cry from the last ones Gates faced — when George Herbert Walker Bush picked Gates to be CIA director in 1991." Time notes Senate Democrats "appear willing to let bygones be bygones. One of the senators who voted against Gates in 1991 was Carl Levin, who takes over as Armed Services Committee chairman next year. 'Fifteen years have passed since that vote,' Levin says. 'I'm going to want to consider what his record has been since then — his thinking and writing since then. And I'm going to give it a fair and fresh look.'"

LATimes Urges Senators To Press Gates On Intelligence Matters. The Los Angeles Times (12/5, 850K), in an editorial, writes Gates "is a shoo-in. But senators should nevertheless use his confirmation hearings, slated to begin today, to put Gates on notice that he will have to reestablish the trust of Congress and the American people about whether to believe what the military — and other agencies — say about intelligence matters. Allegations that Gates has in the past edited intelligence to suit his political superiors are certainly disturbing. … But the point of these hearings is not to rehash Gates' past. It is to establish what he has learned from his mistakes and how he intends to prevent the Pentagon from repeating them."

Pelosi Plans To Fast-Track Miller's Minimum Wage Bill. USA Today/AP (12/5, 6A) reports Incoming House Speaker Nancy Pelosi "wants to fast-track efforts to boost the federal minimum wage and could seek to bring a bill directly to the House floor in January. … Pelosi's preference is for a 'stand alone' minimum-wage bill that is not tied to other legislative endeavors. The bill probably will go straight to the floor for consideration, bypassing the House Committee on Education and the Workforce, said Pelosi spokesman Brendan Daly, lobbyists and others involved in the process." According to USA Today the bill "is likely to call for a phased-in increase in the current federal minimum wage of $5.15 an hour to $7.25 an hour along the lines of a proposal written by Rep. George Miller."

Kennedy Legislation Would Require Companies To Provide Paid Sick Days. The New York Times (12/5, Greenhouse, 1.16M) reports that "women's organizations" and "liberal groups" are "gearing up for a fight" over paid sick days. The Times notes Sen. Edward Kennedy "introduced a bill last year to require companies with at least 15 employees to provide seven paid

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sick days a year, but that bill languished in the Republican-led Congress. Now that Democrats have won control of Congress, Mr. Kennedy, the incoming chairman of the Health, Education, Labor and Pensions Committee, is more optimistic. 'It has a wildfire of support across the country,' he said. 'When you talk to workers, this is, besides an increase in the minimum wage, the most important issue for these families. This is a families issue. This is a values issue.'"

Liberal Groups To Target 86 Districts In Push For Democratic Agenda. The Hill (12/5, Hearn) reports Change America Now, "a coalition of 40 liberal groups set to push the House Democrats' economic agenda, is targeting 86 districts around the country for press events and possibly television advertising, according to a list obtained by The Hill." The groups "will focus their efforts on 54 Republican and 32 Democratic districts, most represented by moderates, hoping to build support for four parts of the Democrats' '100 Hours' agenda: raising the minimum wage, allowing Medicare to negotiate drug prices with pharmaceutical companies, cutting student-loan interest rates and repealing tax breaks for oil companies."

Democrats Counseled To Pursue Moderate Agenda. New York Times' guest columnist Thomas Edsall (12/5, Edsall) writes, "In this election campaign, the Democratic leadership offered pallid, nonspecific policy initiatives — in the House, a 'bipartisan solution to strengthen Social Security,' and in the Senate, a call to 'work together to strengthen Social Security and Medicare.' Nonetheless, buried in a morass of campaign-season evasion were the outlines of a potentially salable political program. … As the party struggles to forge a working majority, it must strike a delicate balance, argue Jason Bordoff and colleagues at the Brookings Institution's Hamilton Project. Allocating excessive economic risk to individuals can harm economic growth as well as family well-being, they note. Conversely, 'poorly designed programs to protect against risks can distort economic incentives and impair overall economic performance.' For the Democrats to thread this needle will take a steady hand."

Democrats Picking Most Committee Chairs This Week. The Hill (12/5, Hearn) reports House Democratic leaders "hope to have nearly all their committee chairmen named by week's end, a House Democratic leadership aide said yesterday." According to The Hill, "only the Veterans Affairs Committee is disputed."

Democrats Will Restructure Appropriations Committees. The Washington Times (12/5, Waterman, 88K) reports Democrats "will restructure the appropriations panels of both chambers, seeking to restore the alignment between the Senate and House subcommittees and ease a budgeting process that has failed for 12 years in a row to deliver spending bills on time." The Times notes Democrats "maintain that by eliminating two subcommittees on the House side, responsible for funding the legislative branch and the District of Columbia, and moving other elements of jurisdiction around among the remaining 10, Republicans made the complex job of reconciling the House and Senate versions of spending bills that much more complicated, because the two-chamber conferences doing the work had to involve lawmakers from as many as four different subcommittees."

GOP Portrayed As Unwilling To Pursue Its Agenda After Midterm Defeats. The AP (12/5, Abrams), in a highly contentious article, reports, "A Republican-led Congress criticized for producing little but political rancor is likely to end its term this week with at best a grade of 'Incomplete.' The House and Senate return Tuesday having already decided to dump an unfinished budget on next year's Democratic-controlled Congress. Passing grades are problematic for a host of other issues on lawmakers' plates." Senate Majority Leader Bill Frist "had originally talked of keeping the Senate working right up to Christmas, but motivation to stay in Washington was deflated by the Republican losses of both the House and Senate in the election." The Washington Post (12/5, A27, Murray, 690K), in an another article dismissive of the congressional GOP's accomplishments, reports, "A pile of unfinished business awaits the Republican-led Congress when it returns today, and a pile of unfinished business is likely to remain when lawmakers adjourn for the year, presumably on Friday. Lawmakers have all but given up on completing any of the nine remaining spending bills and will instead leave it to the new Democratic leaders to work out the new government spending levels when they take charge in January." The Post notes that Democrats "have lambasted the GOP Congress for months about its skimpy list of accomplishments this year."

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Blunt And Cantor Meet To Diffuse Tensions Over Whip Race. The Hill (12/5, O'Connor) reports House Majority Whip Roy Blunt and Rep. Eric Cantor "met yesterday…to quell simmering tension between the two of them that boiled over during the recent leadership contest." The Hill continues, "The friction came to a head during the recent leadership races even though Cantor was assisting Blunt in turning back a challenge from Rep. John Shadegg. … During that campaign, some Republican members and staff frequently suggested that Cantor was the more popular candidate to perform the whip duties even though Blunt eventually beat Shadegg by a wide margin. A steady stream of stories and member comments fed that perception during the week and a half between the midterm election and the leadership race, creating tension between the two offices that was further fueled by inconsistent communication between the two staffs, the sources said. That tension erupted during a phone call between the Blunt and Cantor before the race itself when Blunt expressed concern that Cantor's staff had not gone far enough to discredit a story that members wanted to 'draft' the affable Virginian despite his commitment to build support for Blunt, aides said."

New Ethics Committee Must Decide Whether To Reauthorize Existing Probes. The Washington Times (12/5, Bellantoni, 88K) reports the House ethics panel "is unlikely to complete several of its investigations during the final month of the 109th Congress, so questions about the conduct of a handful of members will remain unresolved. … A new committee at the convening of the 110th Congress could vote to reauthorize or carry over the investigations, but panel members are not required to do so." The Times goes on to report that the committee has "at least" four active investigations, including those of Rep. William Jefferson and former Rep. Bob Ney.

Pelosi Criticized For Passing Over Hastings. USA Today's DeWayne Wickham (12/5, 15A) writes, "What Democrats did to Alcee Hastings is a case of political ethics being taken to an illogical extreme. The decision by Rep. Nancy Pelosi…not to make the Florida congressman chairman of the Intelligence Committee was a concession to political expediency, not good judgment."

Rangel, Tancredo Draw Criticism Over Regional Insults. USA Today (12/5, Copeland, 2.27M) reports, "The regional insult, a staple of trash-talking sports fans but rarely used these days by national politicians, is making a comeback." Rep. Charles Rangel "angered Mississippians when he asked last month, 'Who the hell wants to live in Mississippi?'" Last week, Rep. Tom Tancredo "said of Miami: 'You would never know you're in the United States of America. You would certainly say you're in a Third World country.'"

Medicare Drug Plan Changes Seen As Potentially Ensnaring Low-Income Seniors. The New York Times (12/5, Pear, 1.16M) reports that "advocates for older Americans" are "worried that tens of thousands of low-income Medicare beneficiaries will again have trouble getting medications next month, as they did in January of this year." The Times notes, "Many prescription drug plans are changing benefits. Beneficiaries are changing from one plan to another. New plans are entering the market. Some beneficiaries will find they can no longer use the drugstores they have been using. … About 600,000 poor people are losing the guarantee of extra assistance that covered nearly all their drug costs this year." Pharmacists "say they also foresee problems for another group: 300,000 low-income people who will be reassigned to plans chosen at random by the federal government. Even people who stay in the same plan may face surprises because some of their drugs may no longer be covered." Medicare officials "said they were trying hard to avoid a repetition of the problems that overwhelmed pharmacists 11 months ago. … 'Lessons have been learned,' said Kathleen M. Harrington, a spokeswoman for the Medicare agency."

Federal Officials Offer Estimating Tool To Counter "Doughnut Hole" Concerns. The Wall Street Journal (12/5, D3, Zhang, 2.04M) reports the federal government "is offering seniors a hand figuring out the infamous 'doughnut hole' -- the coverage gap in Medicare's prescription-drug benefit that many beneficiaries will encounter during the year. A new tool on Medicare's Web site, called a cost estimator, offers monthly and annual spending estimates based on the drugs seniors take and the pharmacy they use. Because it includes both the costs to seniors and to their plans -- the two factors that determine when the doughnut hole kicks in -- seniors can get at least a rough idea of when during the year they will reach the gap under each plan in their area."

Legislation Filed To Restructure Red Cross. The New York Times (12/5, Strom, 1.16M) reports, "Senator

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Charles E. Grassley filed legislation yesterday to overhaul the American Red Cross," marking "the first time in almost 60 years that Congress has moved to amend the organization's charter. The legislation, which has the organization's strong support, would cut the size of the Red Cross's national board by more than half, change the way board members are nominated and mandate the appointment of an independent ombudsman charged with reporting annually to Congress, among other steps." An expert panel commissioned by the Red Cross following "widespread criticism of its performance after Hurricane Katrina" filed a report suggesting "many changes that require legislative action because the Red Cross is governed by a Congressional charter."

NASA Announces Plans For Moon Base. The announcement of NASA's plans for moon exploration was covered in all major newspapers, and given front-page status in the New York Times and the Washington Post. All major stories emphasize that officials "declined" to discuss the price of the project. The New York Times (12/5, A1 Leary, 1.16M) reports in a front-page article, "NASA announced plans on Monday for a permanent base on the Moon, to be started soon after astronauts return there around 2020. The agency's deputy administrator, Shana Dale, said the United States would develop rockets and spacecraft to get people to the Moon and establish a rudimentary base. There, other countries and commercial enterprises could expand the outpost to develop scientific and other interests, Ms. Dale said." Dale and other officials said the base would be located in one of the moon's poles. "NASA gave no cost estimate for the program and no design details for the base. Ms. Dale said all plans assumed that the agency would continue operating from a fixed budget of about $17 billion a year."

The Los Angeles Times (12/5, Johnson, 850K) reports inside its "A" section, "Earth's first off-world colonists will cruise the surface in a lunar lander that will function like a low-gravity pickup, possibly journeying to the dark side to build the most ambitious collection of observatories ever constructed, NASA said." The report adds that NASA has "embarked on a $100-billion-plus program to design a new launch system and crew vehicle capable of carrying four astronauts to the lunar surface. To free up money, NASA will mothball the space shuttles by 2010. Until now, it was unclear what NASA had in mind for the moon."

The Washington Post (12/5, A01, Kaufman, 690K) reports in its front-page article, "NASA officials declined to put a price tag on what will clearly be an extremely expensive venture. But they said that with help from international partners and perhaps space businesses, the agency would have sufficient funds to undertake the plan without any dramatic infusion of new money. If the project goes ahead as planned, it would return humans to the moon for the first time since 1972. NASA Deputy Administrator Shana Dale said the agency met with hundreds of scientists, potential international partners and space businesses over the past year to discuss lunar options."

USA Today (12/5, 4A, Watson, 2.27M) reports, "Deputy NASA Administrator Shana Dale said the costs of building a moon colony would not require an increase in the NASA budget, currently $17 billion per year. Part of the money would come from the retirement of the space shuttle, planned for mid-2010, Dale said." NASA has said that the development of spacecraft for the first moon trip will cost $100 billion, but "skeptics, such as the Congressional Budget Office and the Government Accountability Office, have warned that NASA is unlikely to be able to mount such an ambitious effort with so little money. Already Griffin has cut NASA's funding of space science and aeronautics research to help pay for the moon program and the high costs of the space shuttle and the International Space Station."

Thomas Returns To Work After Leukemia Treatments. The Washington Times (12/5, Pierce, 88K) reports in its "Inside Politics" column that Sen. Craig Thomas "returned to work yesterday, about a month earlier than originally planned, after undergoing treatment for leukemia." Thomas, 73, "was released Saturday from Bethesda National Naval Medical Center. He began treatment for leukemia on Nov. 9. He had said previously he didn't expect to return to the Senate until January."

Laura Bush's Changes Of Outfits Before Kennedy Center Event Noted. The Washington Post (12/5, Argetsinger, Roberts, 690K) reports, "Can we just start the evening over? Come back out, do it all over again but this time, you know, differently? So it went at the Kennedy Center Honors on Sunday, not just for Jessica Simpson -- who broke down onstage over some imperceptible flaw in her tribute to Dolly Parton -- but also for Laura Bush, who mysteriously changed dresses right before the gala." It "turns out that earlier in the evening, the first lady walked into the super-exclusive White House reception for the honorees,

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wearing the exact same red Oscar de la Renta embroidered tulle jacket and floor-length trumpet skirt as three other party guests, including local philanthropist Vicki Sant." Press secretary Susan Whitson said, "Evidently Oscar is very popular this season." The Post adds the "first couple laughed about it. 'But she didn't want her guests to feel uncomfortable,' Whitson said, so FLOTUS dashed upstairs and slipped into a black lace gown before heading to the KenCen."

Bush, First Lady Entertain Children From Military Families. The AP (12/5) reports, "In a yearly tradition, President Bush and first lady Laura Bush welcomed their young guests to the East Room for a holiday performance. The kids all came from military families, and the president had a message for them. 'We wanted to welcome you here to the White House to, first of all, thank you for your strength — and so that you would do me a favor,' the president told the children. He asked them to send an e-mail to their parents stationed overseas to say 'how much the commander in chief respects them, admires them and supports them.'" The AP notes that when the president "went on stage to thank the performers after the show, the children headed the other way — following Santa Claus out of the room."

Webb's White House Incident Sparks Commentary. On Fox News' O'Reilly Factor (12/4) host Bill O'Reilly remarked on the recent incident involving Sen.-elect James Webb and President Bush at the White House. According to O'Reilly, "At a post-election White House reception, President Bush spotted senator-elect James Webb of Virginia and according to the Washington Post, the President asked about Webb's son, a marine corporal serving in Iraq. 'How's your boy,' said Mr. Bush. 'I'd like to get them out of Iraq,' answered Mr. Webb. 'That's not what I asked you,' the President replied. … Webb shot back: 'that's between me and my boy.'" O'Reilly noted that he has "invited Webb to talk it over, but he has not accepted," adding, "You made a mistake, Mr. Webb in not being gracious. Webb is not…an angry partisan, he's representing the commonwealth of Virginia and should know better. … Clear-thinking Americans realize that disrespecting people with who you disagree is now out of control. … My respect for Senator-elect Webb has declined. He was wrong and should admit it."

Former NBC anchor Tom Brokaw, was asked on MSNBC's Hardball (12/4) to comment on the Bush-Webb exchange. Brokaw noted Webb's son "was in a patrol recently and some of his friends were killed. I think it's very likely Mr. Webb was emotional at that point. I know he is anxious about his son's welfare and whether he will get home ok. Jim Webb is not a guy who disrespects the president as his commander-in-chief. He called him 'Mr. President' at the time. But in our system, we should have these kinds of exchanges and not just dance around protocol."

The Washington Post's Richard Cohen (12/5, A29) writes, "I am of two minds about what…Webb did. … It might have jarred Bush into appreciating the fact that many of his critics actually feel keenly about the war in Iraq -- that they are not mere political opponents but people who are morally appalled by a war that continues for no apparent reason. Maybe also the incident made him wonder about Webb, who, after all, hardly fits the demagogic antiwar stereotype constructed by Bush, Karl Rove and Fox News."

Government Study Faults VA's Mental Health Funding. USA Today (12/5, Zoroya, 2.27M) reports, "The Department of Veterans Affairs is too slow to spend the money it budgeted to treat the mental health needs of veterans, including those returning from Iraq and Afghanistan, according to a Congressional study released Monday." The Government Accountability Office report shows the VA "spent only $200 million" for mental health initiatives -- one hundred million less than it had budgeted in fiscal 2005-2006. USA Today adds, "The study also found that the VA had little or no way of tracking spending for new mental health initiatives during those two years, and that some of the money it spent might not have gone toward mental health programs." The VA "took issue with the findings," with VA spokesman Matt Burns saying, "Unfortunately, the GAO chose to look at the plan as an accounting exercise, focusing primarily on how many dollars are spent."

The AP (12/4, Gamboa) also reports the story, taking a markedly more critical tone in covering the GAO study. The story says Rep. Mike Michaud, ranking Democrat for a Veterans Health subcommittee Michaud, "thinks VA is overwhelmed," and concludes by noting, "Democrats have said they want to increase the department's oversight and get detailed budget accounting from the VA."

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Islamic Group Wants Columnist Off Holocaust Council. The Washington Post/AP (12/4, C8, Frommer) reported the Council on American-Islamic Relations has called for the removal of columnist Dennis Prager from the US Holocaust Memorial Council for comments he made criticizing MN5 Rep.-elect Keith Ellison's (D) "decision to use the Quran during his ceremonial swearing-in next month." The council said Monday that Prager "displayed an intolerance toward Islam that makes him inappropriate to serve on the council, which oversees the US Holocaust Memorial Museum in Washington." Prager said Monday that he and "the vast majority of Americans" would be satisfied if Ellison were to bring "a Bible with him along with his Quran."

USPS, Letter Carriers' Union To Take Differences To Arbitration. The Washington Post's (12/5, D4, Barr) "Federal Diary" column reports, "The US Postal Service and one of its largest unions, the National Association of Letter Carriers, have broken off contract talks and will take their differences to arbitration." The Union's president William H. Young, "said outsourcing was the main issue preventing an agreement," and in an "e-mail to union members," said the USPS "'has signaled its intention' to use contractors for 'existing city carrier work,' such as delivering mail to homes and businesses in the nation's metropolitan areas." The Post notes that "contract talks continue" with three other postal worker unions including "the American Postal Workers Union, the National Rural Letter Carriers' Association and the National Postal Mail Handlers Union." The Post notes that the "arbitration process typically takes six months or longer, and the rulings usually give unions some or much of what they sought at the negotiating table, according to Bush administration officials."

Labor Department Set To Offer Another Round Of Early Retirements. The Washington Post's (12/5, D4, Barr) "Federal Diary" column reports, "It's time for another round of early outs at the Labor Department. Labor, which has offered early retirement to employees eight times in the past 10 years, will offer the option next year, from Jan. 1 to Sept. 30." The Post notes that "employees are eligible for early outs if they have 25 years of service or have 20 years of service and are at least 50. Early outs can lead to reduced pensions for some employees, usually people under 55 covered by the Civil Service Retirement System."

WPost Urges Congress To Pass Trade Measures. The Washington Post (12/5, A28, 690K) editorializes, "It shouldn't matter whether you're conservative or liberal, for globalization or against: Some trade bills are so obviously beneficial and unobjectionable that there's no excuse for letting them languish. This is the case with a raft of measures that would extend trade preferences for poor countries -- preferences due to expire at the end of the year. Failing to renew them would not save American jobs or advance any other national interest; rather, it would disrupt the economies of US trading partners and create another excuse for foreigners to resent the United States. The lame-duck session of Congress provides a chance to avoid that outcome, but there's no guarantee members will act." The Post adds, "Four trade-preference measures are in jeopardy. The measures would prolong tariff concessions to Andean nations, allow African garments made with third-country fabrics into the US market, extend a similar concession to Haiti and renew the Generalized System of Preferences, which helps more than 100 countries. Passing these measures would not involve granting new market access; it would avoid closing the US market and triggering factory closures in partner countries." Meanwhile, Congress also "needs to ratify Vietnam's membership in the World Trade Organization."

OTHER NEWS:

Chicago Fed President Expects Continued Growth. The Wall Street Journal (12/5, Wisnefski, 2.04M) reports, "The president of the Federal Reserve Bank of Chicago said Monday that the latest economic data, including numbers last week showing a contraction in the manufacturing sector, haven't changed his view of the economy." In an interview webcast on CNBC.com, Michael Moskow said, "Overall, I think the economy is solid. Moskow "pointed to productivity growth, low unemployment and strong demand from countries outside the US as factors that buoy the domestic economy." Moskow also "said that the Chicago Fed is expecting gross domestic product growth to be 'somewhat below trend,' citing a forecast for 2007 of a 2.8% expansion."

Stocks Surge Higher. The Wall Street Journal (12/5, C1, Browning, 2.04M) reports, "All it took was a couple of takeover announcements and a dip in oil futures, and stocks

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wiped out all of last week's losses. Although they already have pushed indexes to double-digit gains since July 14, investors still appear prepared to buy. After falling 86.04 points last week on disappointing economic news, the Dow Jones Industrial Average yesterday rebounded 89.72 points, or 0.74%, to finish at 12283.85. It is up 14.6% in 2006, less than 60 points from the record 12342.56 hit last month."

USA Today (12/5, 11B, 2.27M) says "the broad US stock market closed at a fresh 2006 high Monday as investors put aside Pfizer's decision to halt development of a key drug and focused instead on another series of takeover deals." The Standard & Poor's 500 index "rose 12.41 points, or 0.9%, at 1409.12, hitting a fresh six-year high. The Russell 2000, an index of small-company stocks, notched a record high, gaining 14.68 points, or 1.9%, to 795.85." The Nasdaq composite "added 35.18 points, or 1.5%, to 2448.39." The Washington Post/AP (12/5, D5) also reports the stock numbers.

Shortage Of Skilled Workers Threatens US Manufacturing Sector. USA Today (12/5, 1B, Hagenbaugh, 2.27M) reports "manufacturers, regardless of size, specialty or location, across the USA are reporting a dire shortage of skilled workers: people such as welders, electricians or machinists with a craft that goes beyond pushing buttons or stacking boxes but does not require a degree. That shortage is threatening their ability to meet current demand, let alone expand their businesses. The gap could threaten the viability of the U.S. manufacturing sector at a time when it is facing heavy competition from abroad." USA Today adds, "In a survey of 800 manufacturers conducted by the National Association of Manufacturers (NAM) last year, more than 80% said they were experiencing a shortage of skilled workers. In October, manufacturers surveyed by the Federal Reserve Bank of Philadelphia said "finding qualified workers" was their biggest business problem." The shortage of skilled workers "is the result of a number of factors. One of the biggest is that manufacturing in the USA is becoming more high-tech and skill-based as the more repetitive, less-skilled work is moving abroad. … Plus, baby boomers with years of experience are retiring. And younger people are bypassing factory jobs, viewing them as repetitive, dirty and without much opportunity, a view that hasn't been helped by all the factory closings and headlines about manufacturing jobs moving to China."

USA Today (12/5, 3B, Carty, 2.27M) also runs a story on Wyoming, which "is seeing a boom in the energy, coal mining, high-tech data storage, communications and health care industries. The need for all kinds of workers, especially skilled ones, is so great that the state is actively recruiting from Michigan, were the situation is almost the exact opposite. For the past two years, as General Motors, then Ford Motor and now Chrysler Group have sounded the siren on their worsening financial situations, workers have lived under the daily stress of knowing their jobs could be eliminated at any moment. More than 70,000 hourly autoworkers have agreed to take buyout packages this year. … So, Wyoming officials thought, why not bring some of Michigan's displaced workers 1,000 miles west? … About 100 people have made the move so far, and 6,000 more Michiganians have posted résumés on Wyoming's jobs website."

More Americans Falling Behind On Mortgage Payments. The Wall Street Journal (12/5, A1, Simon, Hagerty, 2.04M) reports, "Americans who have stretched themselves financially to buy a home or refinance a mortgage have been falling behind on their loan payments at an unexpectedly rapid pace. The surge in mortgage delinquencies in the past few months is squeezing lenders and unsettling investors world-wide in the $10 trillion U.S. mortgage market." The Journal adds, "The pain is most apparent in subprime mortgages, though there are signs it is spreading to other parts of the mortgage market. … Until the past year or so, delinquency rates were low by historical standards, thanks to low interest rates and rising home prices, which made it easy for borrowers to refinance or sell their homes if they ran into trouble. But as the housing market peaked and loan volume leveled off, some lenders responded by relaxing their lending standards. Now, the downside of that strategy is becoming more apparent. Based on current performance, 2006 is on track to be one of the worst ever for subprime loans, according to UBS AG."

After Democratic Gains In State, Sununu Could Face Tough Race. The Hill (12/5, Blake) reports that after Democrats won New Hampshire's two US House seats and flipped both chambers of its legislature in 2006, in 2008, Sen. John Sununu "could well be headed for a race worthy of what has become the biggest little state in American politics." Nearly a "quarter of the 400 seats in the state House flipped, and exactly one quarter of the 24 seats in the state Senate flipped. Democrats now control each chamber with a nearly 60 percent majority. Coupled with the reelection of Democratic Gov. John Lynch, these shifts give

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New Hampshire Democrats control of the state capitol for the first time in more than 130 years and a bright eye toward 2008 and, specifically, Sununu's seat." The "trick for Democrats is finding a candidate worthy of the race, and three potential challengers with valuable statewide experience appear unlikely to run." Perhaps the "strongest candidate, Lynch, was returned to office with a record 74 percent of the vote last month and doesn't plan to leave." Former state Sen. Burt Cohen (D), "who dropped a bid against Sen. Judd Gregg (R) in 2004 amid flawed financial filings, was recently charged with disobeying a police officer and resisting arrest during an incident stemming from a traffic stop." And former Gov. Jeanne Shaheen (D), who "lost to Sununu by four points in 2002, is unlikely to run again, according to a New Hampshire Democratic Party source who 'would be surprised' if Shaheen left her post as head of Harvard University's Institute of Politics."

Brownback Forms Presidential Exploratory Committee. The AP (12/5, Hananel) reports that after "taking the first step in a presidential bid on Monday, Sen. Sam Brownback said he would start a 10-state tour with a traditional stop in Iowa. Then he's going to jail." Brownback "plans to spend Friday night at Louisiana's notorious state penitentiary in Angola to highlight the problem of recidivism and programs that can help prisoners become law-abiding members of the community." Though an "unusual route, possibly a first for a potential presidential candidate," the "prison stay captures the complexity of Brownback's views and his desire to broaden his appeal beyond religious conservatives who form his natural base." Brownback, who established an exploratory committee, "says his deep faith in God guides his well-known opposition to abortion, gay marriage and embryonic stem-cell research. He pledged to make 'issues of life,' fiscal restraint and tax reform key components of his effort to woo supporters." But his "faith also leads him to tackle social injustice around the world."

CQ Politics (12/5, Kady) reports Brownback is "joining an increasingly crowded field of 2008 presidential candidates, hoping his social conservative credentials will appeal to Republican primary voters." Though he "would be considered a dark horse right out of the gate, standing in the shadows of Arizona Sen. John McCain and former New York Mayor Rudolph Giuliani," Brownback says "there is room in the Republican race for a committed social conservative who has been more outspoken on gay marriage, judicial activism and abortion. In courting the right wing, Brownback will be competing immediately with outgoing Massachusetts Gov. Mitt Romney, another favorite of conservatives."

The Kansas City Star (12/5, Stearns, 271K) reports Brownback's "first campaign stop will be Tuesday in Cedar Rapids, Iowa, to be followed by visits to ten states over the next month. Brownback has spent the past two years road-testing a theme he describes as 'renewing the culture.' It's a unique amalgam of old-fashioned Republican social and fiscal conservatism combined with a progressive, internationalist message of reconciliation between rich and poor, deeply informed by religious faith." Brownback called for "a flat tax, for term limits for judges and members of Congress, and for 'compassionate yet practical programs to help the poor here and around the world,' in his prepared statement Monday." A "20-member exploratory advisory group includes Tom Monaghan, founder of Domino's Pizza; Bowie Kuhn, former Major League Baseball commissioner; retired Gen. Charles Krulak, former U.S. Marine Corps commandant; and Steve McEveety, a Hollywood producer closely affiliated with Mel Gibson (his credits include The Passion of the Christ). Also officially on board: Chuck Hurley, a friend of Brownback from law school who is a leader among social conservatives in Iowa, site of the crucial first-in-the-nation presidential caucuses in 13 months." Brownback's Senate chief of staff, Rob Wasinger, "will leave to run the exploratory committee."

The Los Angeles Times (12/5, Neuman, 850K) reports political analyst Stuart Rothenberg said, "Obviously there's a vacancy on the right, and (Brownback) may well fit the niche. He's a long shot -- but you don't have any shot if you don't throw your hat in the ring." The Times adds, "A supporter of free trade and a flat tax, he has voted to authorize trade relations with China and phase out estate and gift taxes. He voted for -- and, aides say, still supports -- the Iraq war."

The Hill (12/5, Bolton) reports Brownback "immediately sought to position himself as the leading social conservative of the 2008 field." Brownback, "along with outgoing Sen. Rick Santorum (R-Pa.), has in recent years been the Senate's most vocal advocate of social conservatives' agenda on abortion and related issues. Brownback's appeal to social conservatives could help him become the leading alternative to Sen. John McCain (R-Ariz.), the perceived frontrunner." McCain, Giuliani and Massachusetts Gov. Mitt Romney, "who is expected to set up an exploratory committee soon, are considered by Republican insiders and political analysts as

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the top tier. Arkansas Gov. Mike Huckabee, an ordained Baptist minister popular with social conservatives, is also among the upper echelon of GOP candidates." Social conservatives are "wary of McCain for his stance on campaign finance, of Romney for his views on abortion, and of Giuliani because of his beliefs on both abortion and homosexual rights. Many are gravitating toward Huckabee because of his experience as a minister, but Huckabee has alienated small-government fiscal conservatives because he raised taxes as governor."

The Washington Post (12/5, A6, Cillizza, 690K) reports that in "declaring his intentions so early, Brownback is hoping to stake out a position as the most viable conservative in the field. Neither McCain nor Romney is the first choice of social conservatives, and analysts said there is room for a candidate who fills that niche." David Kensinger, "a former Brownback chief of staff and a member of the senator's political inner circle," said "that Brownback's political positioning makes him the ideal candidate for the Iowa caucuses, which tend to be dominated by social conservatives."

USA Today (12/5, 4A, Lawrence, 2.27M) reports Brownback "released a list of supporters that includes several active in the fight against abortion. But McCain outmaneuvered him in Iowa last week by snagging Marlys Popma, a prominent GOP activist who used to head Iowa Right to Life. Dearin called her decision 'a signal to a lot of Christian evangelicals that John McCain is OK.'"

Obama Meets With Soros, Democratic Fundraisers In NY. The New York Times (12/5, Healy, 1.16M) reports Democratic Sen. Barack Obama "treaded onto Senator Hillary Rodham Clinton's home turf last night to meet with prominent Democratic donors and feel out those who might prefer the sound of President Obama to President Clinton (as in Hillary, not Bill)." Obama "met with George Soros, the liberal billionaire philanthropist, then some other donors last night at Mr. Soros's offices. Afterward he spoke at a charity event that was to be followed by a news conference." One donor who met with Mr. Obama "said that he and several others had supported Mrs. Clinton's Senate campaigns but were not committed to her as a presidential candidate." The "prominent businessman" said, "I like Hillary a lot, but I'm also impressed with Obama — his message, the way he connects to people. It's a little too early for Democrats to be certain that Hillary is the strongest bet for 2008. There are a lot of good people interested in running."

Dionne Praises Obama, Warren For Reaching Across Party Lines. In his Washington Post column (12/5, A29), E.J. Dionne says, "When Rick Warren, one of the nation's most popular evangelical pastors, faced down right-wing pressure and invited Sen. Barack Obama to speak at a gathering at his Saddleback Valley Community Church about the AIDS crisis, he sent a signal: A significant group of theologically conservative Christians no longer wants to be treated as a cog in the Republican political machine. For his part, Obama, the former community organizer from Chicago, showed why he is this moment's hottest commodity in 2008 presidential politics, even though he has not entered the race yet." Warren "speaks for a new generation of evangelicals who think that harnessing religious faith too closely to electoral politics is bad for religion, and who are broadening the evangelical public agenda to include a concern for global poverty and the scourge of AIDS." That Obama "received a standing ovation suggests that Warren is right to sense that growing numbers of Christians are tired of narrowly partisan politics and share his interest in 'the whole bird.' In their different spheres, Warren and Obama are both in the business of retailing hope."

Clinton Begins Outreach To Iowa, New Hampshire Democrats. The Des Moines Register (12/4, Beaumont, 160K) reports Sen. Hillary Clinton "began making calls today to Iowa Democrats about the state's political landscape with an eye toward its 2008 presidential nominating caucuses, aides to Clinton said." Clinton communication director Lorraine Voles said, "She's begun the process of making some calls into Iowa." Clinton has "had conversations with supporters in New York and the state's congressional delegation to discuss the possibility of running. 'As a continuation of this process, she is starting to reach out across the country and specifically to some friends in Iowa,' Voles said." The Register adds Clinton "spoke today with Des Moines Democrat Bonnie Campbell, who worked in the Department of Justice during the administration of President Bill Clinton, the senator's husband." Campbell, "a former Iowa attorney general, declined to discuss the details of her brief talk with Sen. Clinton, except that it touched on her running for president and competing for the caucuses, scheduled to launch the 2008 nominating process." Campbell said she "would support Clinton if she ran, as did Iowa Sen. Tom Harkin's former chief of staff JoDee

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Winterhoff, a former Iowan now living in the Washington, D.C.-area."

The Manchester Union-Leader (12/5, Distaso) reports Sen. Clinton has "begun weighing in with New Hampshire Democratic activists about a possible run for President in 2008." During the "past few days," Clinton "has placed initial calls to key Democrats in the first-in-the-nation primary state seeking advice, according to veteran state and national party activist Karen Hicks." Hicks, who "headed Howard Dean's New Hampshire presidential campaign in 2004, said those calls will continue. Hicks also confirmed that if Clinton runs for President, 'I'll be with her,' reportedly as national field director, a position similar to the one she held for the Democratic National Committee during the 2004 general election." The Union Leader adds it has "learned that Clinton had a telephone conversation last week with Gov. John Lynch." Word of Clinton's New Hampshire "overtures comes as state Democrats prepare to welcome their party's newest 'rock star,' Illinois Sen. Barack Obama, to a celebration of their 2006 election day sweep on Sunday afternoon in Manchester. Yesterday, Obama added a Sunday morning visit to Portsmouth to his schedule."

Clinton Hires National Fundraising Director, Campaign Spokesman. The AP (12/5, Fouhy) reports Sen. Hillary Rodham Clinton "has hired a national fundraising director and a senior campaign spokesman, the latest sign the Democrat is moving quickly toward a likely 2008 presidential bid." Phil Singer, "a veteran of Sen. John Kerry's 2004 presidential campaign who most recently was spokesman for the Democratic Senatorial Campaign Committee, will join the Clinton communications team, her senior adviser Howard Wolfson said." The campaign "has also signed a national finance director, veteran Democratic fundraiser Jonathan Mantz, and is likely to bring aboard a respected national field organizer, Karen Hicks. In 2004, Hicks served as New Hampshire director for Howard Dean's upstart presidential bid." The staff additions "came as Clinton continued her outreach Monday to New York Democrats about a possible presidential run, a process she began early last week. She spoke to several members of the state's congressional delegation and to Andrew Cuomo, the attorney general-elect and son of former New York Gov. Mario Cuomo."

McCain Said To Be Gaining Reputation For Frequent Parties. The New York Times (12/5, Zeleny, 1.16M) reports Sen. John McCain "hardly needs a holiday to give a party. Just last week, Mr. McCain, Republican of Arizona, presented a lavish feast for Republican governors gathering in Florida." From the "2004 Republican convention in New York City, Mr. McCain, Republican of Arizona, is still fondly remembered, at least among the A-list crowd, for holding an event for his 68th birthday at La Goulue on Madison Avenue and another soiree at Cipriani on 42nd Street. And in this bustling season of holiday parties, Mr. McCain was among the first to have an event, on Monday evening. The senator and his wife, Cindy, invited several hundred people to the Corcoran Gallery of Art in Washington for a party to be paid for by his primary campaign account. Cameras were not only allowed, but also encouraged."

2008 Presidential Field Quickly Swells. The Christian Science Monitor (12/5, Feldmann, 59K) reports the 2008 presidential race is "morphing so fast that four possible candidates have already dropped out. Then there's the X factor - the unprecedented front-loading of primaries and caucuses that will make it more difficult than ever for a dark horse to come out of nowhere and take the nomination." Democratic strategist James Carville said the election "is going to be 'the mother of them all,'" and he "marvels at the array of 'larger than life people' definitely or possibly mounting campaigns - John McCain, Rudolph Giuliani, Hillary Rodham Clinton, Barack Obama, Al Gore, and 'to make it interesting,' Newt Gingrich. These are people who 'change the temperature of the room' when they walk in, Mr. Carville says." It may be "a sign of the vulnerabilities of both putative front-runners - Senators McCain (R) and Clinton (D) - that so many other people are talking about running, but in the end, many political oddsmakers are still betting that today's front-runners end up facing off in November 2008. And the size of the field is likely to shrink fast." This is "good news, at least, for most news organizations, which don't have the staff to follow dozens of Oval Office wannabes all over Iowa, New Hampshire, South Carolina, and Nevada, not to mention Michigan, Florida, and California, which are taking steps to hold early primaries, too." Jack Pitney, a political scientist at Claremont-McKenna College, said, "A big field will become a little field very quickly. I suspect a lot of the people talking of running now or even announcing exploratory committees will flunk the invisible primary." The Monitor adds, "Just how much money a candidate needs to raise in the first quarter of 2007 is open to debate, but a common benchmark is $30

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million." Sen. Barack Obama "would probably be able to hit that mark," while Sen. Hillary Clinton "would have little trouble raising several times that; former Vice President Gore also still has his network. Beyond those three, access to big money is dubious; there's a lot out there, but it's not infinite."

USA Today (12/5, 4A, Lawrence, 2.27M) reports Sen. Sam Brownback "became the fourth major presidential hopeful to set up a fundraising committee for 2008, testimony to the demands of a White House race shaping up as the most expensive in U.S. history." The "pace of campaigns has been accelerating since 2000, when then-Texas governor George W. Bush formed an exploratory committee in March 1999 and started campaigning in June. Democrat Howard Dean officially started his 2004 bid in May 2002. The big change for 2008 is the sheer scale of fundraising necessary to compete with celebrity candidates such as Clinton and McCain, and to prepare for spending unfettered by federal rules and caps." Michael Toner, chairman of the Federal Election Commission, "says he expects that 'for the first time ever,' nominees of both parties in 2008 will opt out of the public financing system for both the primaries and the general. 'The stage is set for the first billion-dollar presidential election,' Toner says, predicting the eventual nominees will raise $500 million apiece." Toner said the "top-tier prospects such as McCain, Giuliani, Romney and Clinton should plan on raising $100 million by the end of 2007."

Democratic Presidential Candidates Said To Face Significant Hurdles. The Washington Times (12/5, Lambro, 88K) reports the 2008 Democratic presidential race "was off and running as soon as last month's midterm elections concluded, with front-runner Sen. Hillary Rodham Clinton facing more opposition than she may have expected at this point in the two-year campaign cycle." Sen. Clinton "is the leading choice of her party in all the polls. But more than half a dozen other candidates are likely to challenge her expected bid for the nomination, including Massachusetts Sen. John Kerry, the party's 2004 nominee; Mr. Kerry's running mate, former Sen. John Edwards of North Carolina; and Illinois Sen. Barack Obama, the Democrats' hottest political figure, who has rocketed into contention like a rock star." But the Democrats' "growing pack of presidential hopefuls is fraught with problems." Clinton "remains one of the most polarizing political leaders in the country," while Kerry "hurt himself in the final weeks of the midterm elections when he told a joke that suggested only uneducated soldiers ended up fighting the war in Iraq." Both Edwards and Obama "have thin experience on their resumes. Mr. Edwards of North Carolina served only one term in the Senate, while Mr. Obama, who was elected in 2004 has been in the Senate for just two years, and has little or no legislative accomplishments of which to speak."

Homelessness "Pervasive" In Hawaii. The New York Times (12/5, Magin, 1.16M) reports, "Homelessness in Hawaii has become so pervasive that the governor has assigned a state employee to work full-time at getting people off the beaches and into transitional housing. Once there, they have access to rent assistance programs and low-income housing. While hundreds of homeless people live on Honolulu's beaches, including the tourist center Waikiki, it is the Waianae Coast on the semiarid west shore where the problem is most visible." The population of Waianae, home to about 40,000 of Oahu's 900,000 people, "is predominantly native Hawaiian and is historically low income."

French Envoy Says Agreement Near On Iran Resolution. The AP (12/5, Charlton) reports that the six powers seeking a UN resolution on Iran's nuclear program are "nearing agreement on a text," French Foreign Minister Philippe Douste-Blazy said Monday. Diplomats will continue consolations Tuesday in Paris. "We want to reach as broad an agreement as possible," Douste-Blazy said in Brussels, "therefore we are gathering tomorrow in Paris, to discuss the text." After speaking with Russian Foreign Minister Sergey Lavrov, Douste-Blazy said, "We are in agreement with Russia to adopt sanctions against Iran's proliferation program."

AFP (12/5) reports Undersecretary of State Nicholas Burns said Monday that was "time" for Russia and China to agree with Britain, France, Germany and the United States on the sanctions. "It's been too long we have been debating...we have to pass the sanction resolution," Burns told reporters on the margins of the OSCE conference.

Iran's Internet Crackdown Shows Ease Of Government Censorship. The Wall Street Journal (12/5, A6, Rhoads, 2.04M) reports that Iran's "campaign to shutter popular Web sites and curtail text-message traffic reflects the growing ability of governments to control online content inside their national borders." However, the crackdown, which is "part of a broader offensive against what authorities consider

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immoral Western culture," isn't "airtight, as more-savvy Internet users in the country have access to software and other measures that allow them to get around government restrictions, Internet experts say." However, the Journal notes that "as Internet usage has increased in more countries, so has the ability of governments to restrict the online experience within their countries."

WSJournal Urges US Not To Engage Iran. The Wall Street Journal (12/5, A18, 2.04M) editorializes, "The same people who now call for engagement [with Iran] also believed in it long before the invasion of Iraq or the recent revelations about Iran's nuclear advances. They argue that Iran's pressing political and economic problems...mean the Islamic Republic has reasons of its own to come to the table. The same logic also suggests that the real purpose of its nuclear program is to serve as a bargaining chip to obtain bigger concessions from the West rather than as an end in itself." The Journal also notes that President Bush has "spoken repeatedly, in his major speeches and in interviews, about American support for Iranians who aspire to more freedom, which is one reason the US is popular among the Iranian people. What message would it now send those Iranians if the US turned around and embraced the rule of Tehran's mullahs?"

Bush To Meet With Blair On Thursday. ABC World News (12/4, story 4, 0:15, Gibson, 8.78M) reported, "The White House said the President's consultations on Iraq will now also include British Prime Minister Tony Blair that meeting held at the White House on Thursday."

Blair Unveils Plan For Nuclear Missiles. USA Today (12/5, 12A, 2.27M) reports Blair unveiled plans Monday for "a new submarine-based nuclear-missile defense system to thwart threats from rogue regimes and state-sponsored terrorists." Blair told the House of Commons that with threats posed by North Korea, Iran and others, "It would be unwise and dangerous for Britain alone of any of the nuclear powers to give up its independent nuclear deterrent." Parliament is expected to vote on the proposal by March.

The AP (12/5, Stringer) adds that Blair "also said a decision on whether Britain will build a new arsenal of warheads to replace current stocks -- expected to last only until the 2020s -- would not be made before 2009." The New York Times (12/5, A8, Cowell, 1.16M) notes that the proposed changes could cost "as much as $40 billion." The Los Angeles Times (12/5, Murphy, 850K) also reports on the announcement.

To Answer Critics, Israel Releases Video From War In Lebanon. In a front page article, the New York Times (12/5, A1, Myre, 1.16M) reports Israel's military, "which has been accused of abuses in its war against Hezbollah this summer, has declassified photographs, video images and prisoner interrogations to buttress its accusation that Hezbollah systematically fired from civilian neighborhoods in southern Lebanon and took cover in those areas to shield itself from attack." In a new report, an Israeli research group says Hezbollah "stored weapons in mosques, battled Israelis from inside empty schools, flew white flags while transporting missiles and launched rockets near United Nations monitoring posts." The Times received an advance copy of the "detailed" report, which was produced by the Intelligence and Terrorism Information Center at the Center for Special Studies, a private research group headed by Reuven Erlich, a retired Israeli colonel in military intelligence. In Lebanon, a Hezbollah official "denied the study's allegations, saying its military units were based outside towns and villages and had come into populated areas only when circumstances required it."

Israel Mulls International PR Campaign. Also on its front page, the Washington Times (12/5, A1, Bawa, 88K) reports, "Israel's international image is hurting, and the country's top officials have turned to the wisdom of Madison Avenue in a bid to 're-brand' their product." Israeli Foreign Minister Tzipi Livni met with "public relations executives, branding specialists and diplomats in September in Tel Aviv to brainstorm about improving the country's image." Israeli officials "complain that the international press gives the country a warlike image by focusing on its military might and the string of conflicts with its Arab neighbors," but Livni told the Tel Aviv gathering that she would like to project "a more inviting image of the Jewish state."

More Troops Deployed In Beirut After Death Of Protestor. The Financial Times (12/5, Biedermann) reports Lebanon has deployed more soldiers in Beirut Monday after the killing of a demonstrator "raised fears peaceful anti-government protests could turn to violence." The AP (12/5, Faramarzi) says "troops in armored cars deployed to Sunni Muslim neighborhoods...but that failed to prevent renewed friction." Police said two people were

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injured late Monday during demonstrations. Separately, "About 300 people also gathered on the highway to Beirut international airport, in an apparent attempt to block the road, but security forces prevented them."

The Washington Post (12/5, A18, Shadid, 690K) reports that "within a day of his death in a street brawl along Beirut's increasingly tense fault lines of sect and politics, Ahmed Mahmoud became the first symbol of the mass demonstrations by Hezbollah and its allies." The Post notes that the "arrival of Mahmoud's body was a dramatic moment in the otherwise carnival-like atmosphere of the demonstrations," which entered their fourth day Monday.

Expansion Of Poisoning Probe Strains UK-Russian Relations. The Washington Post (12/5, A22, Jordan, Finn, 690K) reports that a team of British police investigators arrived in Moscow Monday "to begin questioning people about the poisoning death of Alexander Litvinenko, a former Russian spy who had recently become a British citizen, in a case that is straining relations between the two governments." Home Secretary John Reid, speaking at a European Union meeting in Brussels, said the Scotland Yard officers in Moscow would "follow the evidence wherever it goes." Although Russian officials have "pledged to cooperate in the inquiry, their irritation over the case showed through in official comments." Russian Foreign Minister Sergei Lavrov warned Monday against "politicizing this issue" and "speculations on this subject." The Russian Interfax news agency also quoted him as saying, "This is, of course, harming our relations." The Financial Times (12/5, Buckley, Burns, Dombey) also reports Lavrov's comments.

Probe Casts Light On Russian Émigrés In London. The Wall Street Journal (12/5, A6, Mollenkamp, Patrick, 2.04M) says he investigation has "cast a spotlight on some of London's wealthiest jet-setters: the thousands of Russian émigrés who have moved here in the past decade." Russians come "to protect their wealth and take advantage of the tax laws, or send their children to British schools," while other "are exiles seeking escape from the regime of President Vladimir Putin." However, the Journal says many "maintain ties back to Russia and its murky business and government connections."

Columnist Says Poisoning A Reminder Of Nuclear Threat. Washington Post (12/5, A29, 690K) columnist Anne Applebaum says Litvinenko's death reminds us "that the old KGB lives on in new guises." Despite their "widely varying fates," she says it has "long been perfectly clear that many of these old comrades continue to work together in mutually profitable ways." However, Applebaum says "that we were surprised, are surprised, is both tragic and ironic: After all, for the better part of a decade now, we've been desperately looking for weapons of mass destruction and for the strange new enemies, the Islamic radicals who might be planning to use them. And now we've discovered that there really is nuclear material for sale and that it really is being used, in the West, to kill people. And that the killers aren't strange, or new, or even Islamic."

Ukraine's Yanukovuch Vows Commitment To Democracy. The AP (12/5, Butler) reports Ukrainian Prime Minister Viktor Yanukovych "told an American audience Monday that his country is committed to democracy and on a path toward political and economic reform." On his first trip to the US, Yanukovych "sought to convince US officials and business leaders that he has strong democratic credentials, even though he was previously identified with efforts to rig the 2004 presidential election." Yanukovych's meetings Monday and Tuesday with Vice President Dick Cheney, Secretary of State Condoleezza Rice and members of Congress "were designed in part to discuss Ukraine's economy and its possible entry into the World Trade Organization and NATO," but former US ambassador to Ukraine, Steven Pifer, says the "main goal that Yanukovych is coming with is to establish some credibility with the administration."

Chávez Likely To "Tighten Grip" During Third Term. In a news analysis, the New York Times (12/5, A3, Romero, 1.16M) writes, "If President Hugo Chávez rules like an autocrat, as his critics in Washington and here charge, then he does so with the full permission of a substantial majority of the Venezuelan people, Sunday's election" showed. During his third term in office, Chávez "seems intent on assuming the mantle from the fading Fidel Castro of chief Latin American scourge of the United States," and "has spoken of a desire to unite his supporters in one political party and to alter legislation to allow him to remain in power past 2020." Winning support for such measures, the Times says, "may not be difficult in a country where his allies already control the legislature and the Supreme Court as well as governorships in all but two states, and where the military, the national oil company and other government

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bureaucracies and institutions have been systematically packed with Chávez boosters and stripped of opponents."

US Sees Opportunity For "More Cooperative" Relationship. The AP (12/5) reports the Bush administration "greeted [Chávez's] re-election victory by holding out the possibility of a more cooperative relationship." State Department spokesman Eric Watnik Monday said the US looks "forward to having the opportunity to work with the Venezuelan government on issues of mutual interest." His "brief comment" did not "offer congratulations" to Chávez and said reports of electoral irregularities "should be investigated."

Newspapers Urge Washington To Improve Relations With Chávez. In an editorial, the Los Angeles Times (12/5, 850K) says that although "there are plenty of reasons for Venezuelans not to like Hugo Chávez," Washington "should try to improve bilateral ties not just because there is a long-term strategic value to cordial relations with this big oil producer. A goodwill effort to be reasonable toward Caracas will also undermine Chávez 's own credibility when he tries to sell his Yankees-are-devils pitch to the rest of Latin America." Similarly, the Financial Times (12/5) urges policymakers in Washington not to overreact to Hugo Chávez's victory in Sunday's election in Venezuela. The Times points out moderate candidates "keen to work with Washington won elections in five of the six important" Latin American countries. The Times argues it is better "for the US and its hemispheric friends to cease the rhetorical barrages against Mr. Chávez that are such grist to his populist mill." Instead, Washington "should continue a recent more pragmatic approach, engaging Venezuela in areas such as oil, energy policy and border security."

Sudan Issues Final Rejection Of UN Force In Darfur. The AP (12/5, De Montesquiou) reports Sudan's "final rejection of a joint U.N.-African peacekeeping force in Darfur came as little surprise to many involved in failed international efforts to end the region's deadly violence. But many say civilians will be the ones to bear the costs of that opposition -- thousands more will die, they fear, and many more will be forced to flee their homes unless the West can somehow muster strong sanctions against Sudan's government." However, the AP says Sudan's opposition is "deeply rooted," noting that "several Sudanese government hard-liners are believed to be on a list of suspects that the International Criminal Court has said it would prosecute for crimes against humanity."

Subject Of "Hotel Rwanda" Criticized For Portrayal In Film. The Wall Street Journal (12/5, A1, Rhoads, 2.04M) reports on its front page that since the movie "Hotel Rwanda" was released two years ago, Paul Rusesabagina "has become a hero in the US," but in his native Rwanda, he is "seen in a different light." Depicted in the film as "saving hundreds of refugees from his country's genocide in 1994," the Rwandan media, former refugees in the hotel and "even the country's president in recent months have denounced Mr. Rusesabagina as an impostor profiting from the genocide. They say the Hollywood movie greatly exaggerated his role and distorted these sensitive events. The head of the country's genocide survivor association has called for criminal charges against him." However, Rusesabagina "believes the attacks on him come from people worried that he will turn his celebrity into a credible opposition and run for president somewhere down the road."

Columnist Says Cuba Will Have Smooth Transition To Raul Castro. Washington Post (12/5, A29, 690K) columnist Eugene Robinson writes that as "fiercely implacable exiles in Miami, perennially outfoxed bureaucrats in Washington and salivating real estate developers around the world" are "trying to predict what will happen in Cuba the day after Fidel Castro dies," Castro "appears to have engineered a seamless transition" to his brother Raul. Robinson says, "If any lingering doubts about the de facto succession needed to be dispelled, Havana's biggest military parade in years on Saturday reminded everyone that Rail has been running the Cuban armed forces since Day One."

Muslims Accused Of Double Standard. In a commentary for the Los Angeles Times (12/5, 850K), Raymond Ibrahim, author of the forthcoming "Al Qaeda Reader" and research librarian, contrasts the "permanent desecration of" Hagia Sophia in Istanbul and the Israeli failure to "deface or convert" the Al Aqsa mosque: "When Muslims conquer non-Muslim territories — such as Constantinople, not to mention all of North Africa, Spain and southwest Asia — those whom they have conquered as well as their descendants are not to expect any apologies, let alone political or territorial concessions. ... But if we live in a world where the strong rule and the weak submit, why is it that whenever Muslim regions are conquered, such as in the case of Palestine, the same Islamists who would never

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concede one inch of Islam's conquests resort to the United Nations and the court of public opinion, demanding justice, restitutions, rights and so forth?"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"On His Block, A Molester."
"U.S. Seeks To Make Stolen Nukes Useless."
"Pentagon Resists Pleas For Help In Afghan Opium Fight."
"Teens Try Cough Medicine For A High."
"Art Historian Hired To Direct The Getty."
"Southland's Extended Dry Spell Stokes Fires."

USA Today:
"How It Works."
"A New Tool To Catch Sports Cheats."
"How The IRS Failed To Stop $200m In Bogus Refunds."
"Troops Needed To Fight Taliban."

New York Times:
"Votes In Doubt, Bolton Resigns As Ambassador."
"Court Reviews Race As Factor In School Plans."
"In Glittery Atlantic City, 4 Walked Dark, Deadly Path."
"E. Coli Sickens 39 In New Jersey And New York."
"Offering Video, Israel Answers Critics On War."
"NASA Plans Permanent Base On The Moon."

Washington Post:
"NASA Plans Permanent Lunar Outpost by 2024."
"U.N. Ambassador Bolton To Resign From Post."
"Schools To Study If Fewer Topics In Math Better."
"U.S. Army Battling To Save Equipment."
"A Precarious Shelter In Afghanistan."
"A Virtual Chalkboard."

Washington Times:
"Bolton Quits Fight For UN Nomination."
"Minuteman Consulting Charity Fined."
"Israel Embarks On PR Face-Lift."
"Iraq Panel Likened To Vietnam 'Wise men.'"
"Utah Redistricting Brings DC Closer To Vote."
"An Icy Reception For Film."

Detroit Free Press:
"Mega-Cobo."
"What Do You Yahoo For?"
"Ficano Cities Economic Need Says 'Failure Not AN Option."
"Proposal Offers Glimmer Of Hope."
"A Noisy Call Puts Woman Behind Bars."

Atlanta Journal-Constitution:
"Farewell to A Firefighter."
"Girl's Death Rocks DFCS."
"Solomon 'Taught Us To Cherish Life.'"
"Drug Search Results Hard To Sort Out."
"5thStreet Bridge Green Path Over Comector."

Houston Chronicle:
"Human Smuggler Could Get Death."
"Young Man's 'Obsession' Leads To Double Tragedy."
"Bush Annoyed Bolton Has To Go."
"The Butterfly And The Knife."
"Envoys Offer Chavez An Olive Branch."

Story Lineup From Last Night's Network News:
ABC: Heart Drug Setback; Heart Drug Setback-Analysis; Bush Meets With Aziz Al Hakim; Bush Meets With Blair; Securing Iraq; John Bolton Steps Down; Supreme Court Case-Race; E. Coli Scare-Taco Bell; Midwest Without Power; Kids Over Stressed; World War I Museum.
CBS: US Death Toll Iraq; Bush Meets Aziz Al Hakim; Rumsfeld's Legacy; John Bolton Steps Down; Heart Drug Setback; Dirty Chicken In Kitchens; Supreme Court Case-Race; Smuggling Case; Gas Prices; Wall Street Journal's Smaller Paper; Bible Epic Films Are Back.
NBC: Bush Meets With Aziz Al Hakim; ISG Report; ISG Report-Analysis; FBI Progress; Jose Padilla In Custody; Supreme Court Case Race; California Wildfires; Heart Drug Setback; Stock Market; Troops Reaction Too Iraq-Georgia; Largest Troops Sacrifice-Vermont; Largest Troops Sacrifice-Vermont; Moving The Intrepid.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush, Hakim Meeting; Iraq Study Group; Iraq Violence; Six Nations In Paris-Iranian Nuclear Program; CA-Wildfire; OR-Family Members Rescued; Buffalo-Snow; St. Louis-Power Outages; Tokyo Stock Market; Deportation Orders For Wife Of Georgia State Senator; Rip Torn-DUI; Gas Prices.
CBS: OR-Family Members Rescued; Iraq Violence; Gates-Senate Confirmation Hearings; CA-Wildfire; TN-Airplane Forced To Land Because Of Matches; FL-Rare Stamp Found To Be Forgery; CO-Drunk Baby.
NPR: Iraq Violence; Bush-John Bolton Resignation; Fiji-Military Coup; Pakistan-Musharraf Considering Kashmir

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Proposal; Tokyo Stock Market; NASA-Moon Base Plans; Jose Padilla-Torture Allegations; Brownback-2008 Exploratory Committee.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Makes a Statement with the Secretary of Defense Nominee Robert Gates. Diplomatic Reception Room, White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 12 p.m. Convenes for morning business. Takes up legislative business after 2 p.m.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the nomination of Robert Gates as Secretary of Defense. Robert Gates. Location: Room 216, Hart. Notes: Stakeout in alcove outside of Room 2116, Hart, and outside of Room 222, Ruyssell for business meeting.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on enforcement of criminal insider trading and hedge fund activities. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on pending nominations. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Hearing on tax exemptions and incentives for higher education, with Bridget Terry Long of Harvard University, James Johnson Duderstadt of the University of Michigan, President Patricia McGuire of Trinity University, Susan Dynarski of Harvard University, and Michael Brostek of GAO. Location: Room 215, Dirksen.

12 p.m. FINANCE _ Full Committee. Hearing on pending nominations. Location: Room 215, Dirksen.

2:30 p.m. JUDICIARY _ Full Committee. Hearing on pending judicial nominations. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (16 bills): 1) H.R. 5076 - National Transportation Safety Board Amendments Act of 2006; 2) H.Res. 1087 - Designating Room H-139 of the Capitol as the ``Henry J. Hyde Room"; 3) H.R. 6316 - To extend through December 31, 2008, the authority of the Secretary of the Army to accept and expend funds contributed by non-Federal public entities to expedite the processing of permits; 4) H.R. 6111 - To amend the Internal Revenue Code of 1986 to provide that the Tax Court may review claims for equitable innocent spouse relief and to suspend the running on the period of limitations while such claims are pending; 5) H.R. 5666 - Southern Idaho Bureau of Reclamation Repayment Act of 2006; 6) H.R. 5466 - Captain John Smith Chesapeake National Historic Trail Designation Act; 7) H.R. 1492 - To provide for the preservation of the historic confinement sites where Japanese Americans were detained during World War II, and for other purposes; 8) S. 1219 - A bill to authorize certain tribes in the State of Montana to enter into a lease or other temporary conveyance of water rights to meet the water needs of the Dry Prairie Rural Water Association, Inc; 9) H.R. 5110 - More Water and More Energy Act of 2006; 10) H.R. 395 - Lowell National Historical Park Boundary Adjustment Act; 11) S. 3711 - Gulf of Mexico Energy Security Act of 2006; 12) H.R. 4742 - To amend title 35, United States Code, to allow the Director of the Patent and Trademark Office to waive statutory provisions governing patents and trademarks in certain emergencies; 13) H.R. 1176 - Nonprofit Athletic Organization Protection Act of 2006; 14) H.R. __ - To amend title 18, United States Code, to prevent and repress the misuse of the Red Crescent distinctive emblem and the Third Protocol (Red Crystal) distinctive emblem; 15) H.Con.Res. 73 - Supporting the goals and ideals of National High School Seniors Voter Registration Day; 16) H.Res. 1070 - Expressing the sense of the House of Representatives that Members of the House should actively engage with employers and the American public at large to encourage the hiring of members and former members of the Armed Forces who were wounded in service and are facing a transition to civilian life.

2 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on the arbitration process of the National Football League Players Association. Location: Room 2141, Rayburn.

4 p.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on the Energy Employees Occupational illness Compensation Program Act. Location: Room 2141, Rayburn.

Other: PRIME MINISTER VIKTOR YANUKOVYCH OF UKRAINE _ Highlights: 3 p.m. Meets with Majority Leader Bill Frist, others. Photo op. Alcove opposite Old Senate Chamber. Set-up at 2:30 p.m.

FAITH-BASED CHARITIES _ The Roundtable on Religion and Social Welfare Policy holds a roundtable, ``Partnering with Faith: Assessing Government Alliances with Religious Groups in Key Service Areas," which will look at the

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work being done by religious charities in substance abuse treatment, abstinence education, job training, and supplemental educational services. Location: National Press Club.

GATES-PROTEST _ 8:30 a.m. Protest by the World Can't Wait organization against the nomination of Robert Gates as Defense Secretary. Location: Hart Office Building, Constitution Ave between 1st and 2nd Sts. NE.

BORDER SECURITY _ 8:30 a.m. - 10:30 a.m. The American Enterprise Institute hosts a panel, ``Protecting Ports: Rethinking Border Security." Panelists: Laura Holgate, Nuclear Threat Initiative; Clark Ervin, Aspen Institute; Mike Barrett, Counterpoint Assessments; and Colonel Randall J. Larsen, Institute for Homeland Security. Moderator: Veronique de Rugy, AEI. Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

ENERGY FORECASTS _ 9 a.m. The Energy Information Administration releases its updated energy forecasts to 2030, with EIA Administrator Guy Caruso. Location: Room 8E-089, 1000 Independence Ave. SW.

PRIVACY _ 9 a.m. The US Chamber of Commerce holds a conference on data privacy and its impact on the business community. Speakers include Rep. Melissa Bean and FTC Chair Deborah Platt Majoras (luncheon). Location: 1615 H St. NW.

US-CHINA _ 9 a.m. - 1:30 p.m. The Center for Strategic and International Studies (CSIS) hosts a conference titled, ``Rural Discontent, Rule of Law and Social Unrest in China: Implications for U.S. Policy." The four experts who will examine these issues are: Carl Minzner, Visiting International Affairs Fellow, Council on Foreign Relations, on Origins of Chinese Social Unrest; Kevin OBrien, Professor of Political Science, Chair of the Center for Chinese Studies, UC Berkeley, on Protest Leadership in Rural China; Ben Liebman, Associate Professor of Law, Director of the Center for Chinese Legal Studies, Columbia Law School, on Chinas Courts: Restricted Reform?; and Murray Scot Tanner, Senior Political Scientist, RAND Corporation, on Implications of Chinese Social Unrest for the United States. Location: B1 Conference Room, 1800 K St. NW.

IMMIGRATION-CRIME _ 9:45 a.m. The American Coalition for Immigration Reform and the Virginia Coalition for Immigration Reform, others demonstrate, arguing that the Gonzales v. Duenas-Alvarez case proves the need for a timeout on immigration into the U.S. and for a great expansion of the crimes for which an alien is deportable. Location: In front of the Supreme Court.

HOUSE REPUBLICANS _ 10 a.m. The House GOP Conference holds a closed organizational meeting for the 110th Congress. Location: Room 1110, Longworth. Notes: No media availability expected after the meeting. Stakeout in the Longworth lobby.

SCIENCE OPPORTUNITY _ 10 a.m. - 12:30 p.m. The Hamilton Project at the Brookings Institution hosts a forum that focuses on practical policies to advance science and technology in meeting the nation's innovation challenge. Location: Paul H. Nitze School of Advanced International Stusies, Kenney Auditorium, 1740 Massachusetts Ave. NW.

LOUISIANA-OIL-GAS _ 10:30 a.m. Sen. Mary Landrieu and Rep. Bobby Jindal preview a new film, ``Hurricane on the Bayou," then hold a news conference to discuss the importance of pending oil and gas legislation. Location: Room SC-4, Capitol.

DEMOCRATS-IRAQ _ 11 a.m. Speaker-designate Nancy Pelosi and House Democratic leaders will hold a stakeout following a Democratic forum on Iraq. Location: Cannon Rotunda, outside Room 345, Cannon House Office Building.

OFFSHORE DRILLING _ 11 a.m. Rep. John Peterson, others, hold a news conference on offshore drilling legislation. Location: Cannon Terrace.

HOYER _ 11:30 a.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad briefing for media. Location: Room H-306, Capitol.

ETHICS REFORM _ 1:15 p.m. Senators McCain, Feingold, Lieberman and Collins join Congressmen Shays and Meehan for a press conference on lobbying, ethics and earmark reform. Location: Senate Radio/TV Gallery.

HEALTH RANKINGS _ 12 p.m. - 1 p.m. The United Health Foundation, in partnership with the American Public Health Association and Partnership for Prevention, will release the 2006 edition of ``America's Health Rankings: A Call to Action for People & Their Communities" to the nation. Reed Tuckson, M.D., senior vice president of United Health Foundation; Georges Benjamin, M.D., executive director of the American Public Health Association; and Chris Grant, J.D., vice chair of the board, Partnership for Prevention, will discuss the results from the 17th annual America's Health Rankings, including information about the healthiest and least healthy states in the nation. Location: National Press Club, Murrow Room.

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EMPOWERING THE POOR _ 12 p.m. - 2 p.m. The United Nations Development Programme Cordially hosts a Washington Roundtable, ``Empowering the Poor: Democratic Governance for Human Development: How can democracy be made to work for the poor?" Participants: Pippa Norris, Director, Democratic Governance Group, UNDP; Joseph Siegle, Senior Advisor for Democratic Governance, DAI; Melissa Thomas, Associate Professor of International Development, School of Advanced International Studies of the Johns Hopkins University. Moderator: David Yang, Senior Advisor, Washington Office, UNDP. Location: Carnegie Endowment for International Peace, Root Room 1779 Massachusetts Ave. NW.

VENEZUELA _ 12:15 p.m. Venezuelan Ambassador Bernardo Alvarez speaks at the University of Maryland School of Public Policy about the election results and other issues. Location: Room 1203, Van Munching Hall, College Park campus.

HURRICANE BARRIERS _ 1 p.m. Rep. Charles Melancon, others, hold a news conference on the Mississippi River Gulf outlet and release of a report on restoring hurricane barriers. Location: House Radio-TV Gallery.

PUBLIC-ECONOMY _ 1 p.m. The Economic Policy Institute holds a discusssion, ``If It's Still ``The Economy, Stupid,' Don't Talk About the Economy Stupidly," focusing on how Americans feel ambivalent about the economy. Location: Economic Policy Institute, 1333 H St. NW, East Tower, Suite 300.

PRIVACY AND CIVIL LIBERTIES _ 2 p.m. Georgetown University will host the first public meeting of the White House Privacy and Civil Liberties Oversight Board. Witnesses include Caroline Fredrickson of the ACLU Washington Office. Location: Gaston Hall, Georgetown University.

ENERGY SECURITY _ 3 p.m. Representatives John Peterson, R-Pa., Neil Abercrombie, D-Hawaii, Bobby Jindal, R-La., Charlie Melancon, D-La., and other House members will be joined by senators, including Mary Landrieu, D-La., David Vitter, R-La., Trent Lott, R-Miss., Jeff Sessions, R-Ala., Richard Shelby, R-Ala., and Pete V. Domenici, R-N.M., hold a press briefing to discuss the outcome of House consideration of S. 3711, the Gulf of Mexico Energy Security Act. Location: Senate Radio-Television Gallery Studio.

ISLAM-IRAQ _ 4 p.m. Sayyed Abdul Aziz Al-Hakim, president of the Supreme Council for the Islamic Revolution in Iraq and leader of the United Iraqi Alliance, will discuss ``Freedom and Tolerance in Shia Islam and the Future of Iraq." Location: John Paul II Cultural Centers, 3900 Harewood Road NE.

SCALIA-BREYER _ 6 p.m. Supreme Court Justices Antonin Scalia and Stephen Breyer discuss the Constitution and their methodology in interpreting the Constitution, sponsored by the American Constitution Society and the Federalist Society. Location: Capital Hilton, 16th and K Sts. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 5, 2006 7:45 AM EST

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TERRORISM NEWS:

DOJ Cites Need For Secrecy In Seeking Dismissal Of ACLU Surveillance Suit. The AP (12/5, Goodman) reports from Detroit, "The Bush administration asked a federal appeals court Monday to toss out a lawsuit challenging a warrantless surveillance program, saying the government can't defend itself without revealing national secrets." The AP continues, "The American Civil Liberties Union sued the National Security Agency in January on behalf of journalists, scholars and lawyers who say the surveillance has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets. … 'This suit must be dismissed because its very subject matter is a state secret, and litigation would inevitably result in disclosing state secrets,' Justice Department lawyers wrote in a brief filed Monday." The AP adds, "U.S. District Judge Anna Diggs Taylor in Detroit ruled in August that the program violates the rights to free speech and privacy and the separation of powers. … The Justice Department appealed to the 6th U.S. Circuit Court of Appeals in Cincinnati, which ruled that the administration could keep the program in place during the appeal."

Defense Releases Photos Of Masked, Chained Padilla. In a story widely-distributed by McClatchy, the Miami Herald (12/5, Weaver, 286K) reports, "Providing a rare glimpse of a locked-up 'enemy combatant,' attorneys for terror suspect Jose Padilla released declassified images of him in chains and a mask to bolster their bid to have his Miami case thrown out because of alleged mistreatment during military detention for more than three years. The still video images show Padilla wearing blacked-out goggles, noise-blocking headphones, and shackles on his hands and feet." The Herald notes, "Carl Tobias, a constitutional scholar at the University of Richmond School of Law in Virginia who has followed Padilla's legal odyssey, said his attorneys' bid is a long shot. But he said the photo of Padilla in chains and a mask, published on the front page of The New York Times on Monday, 'makes an impression on people.' Whether it has the same impression on the judge is another matter. It's hard to know.'"

The AP (12/5, Anderson) reports from Miami, "The images, taken from an unclassified Defense Department video, show Padilla being chained hand and foot and led out of his cell by three guards dressed in camouflage and wearing riot helmets and visors. The video images are the first publicly released of Padilla's 3 1/2-year detention at a Navy brig in Charleston, South Carolina. … They were filed late Friday in federal court in Miami as part of an attempt by Padilla's lawyers to get criminal terrorism support charges against him dismissed, based on what they claim was treatment that amounted to torture while in military custody. … 'The extended torture visited upon Mr. Padilla has left him damaged, both mentally and physically,' Padilla lawyer Orlando do Campo said in one court filing. [The government's treatment of Mr. Padilla has robbed him of his personhood.'" The AP adds, "Existence of the filing containing the video images was first reported Monday by The New York Times. The court papers do not give details about the actual video, but The Times reported that it was made as Padilla was being taken out of his cell for dental work. … A spokeswoman for Miami U.S. Attorney R. Alexander Acosta declined comment Monday."

Egyptians Arrest American, 11 Europeans On Terrorism Allegations. The AP (12/5, el-Magd) reports Egyptian police "have arrested an American, 11 Europeans and several others from Arab countries for allegedly plotting terrorist attacks in Middle Eastern countries including Iraq, the Interior Ministry said Monday. The group was part of an Islamic militant terror cell that had adopted extremist ideas and were living in Egypt under the guise of studying Arabic and Islamic studies, the ministry said in a statement." The AP adds that "the State Department confirmed an American had been arrested in Egypt about a week ago but could not provide any details. State Department spokesman Sean McCormack said American officials were 'seeking consular access to this individual' but declined to give more information, citing U.S. privacy laws."

The Washington Post (12/5, A18, Whitlock, 690K) notes, "The Egyptian Interior Ministry said the cell was 'related to some terrorist organizations abroad' but did not name the network or those arrested. … A U.S. law enforcement official said the U.S. citizen 'was not on our

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radar at all' before his arrest in Egypt and is not named on the government's voluminous terrorism watch list. 'He was not a known figure to the U.S.,' the official said." The Washington Times (12/5, 88K) runs a version of the AP story.

Lawyers Demand Release Of Chinese Muslims In Gitmo. The Washington Post (12/5, White, 690K) reports, "Attorneys for a group of Chinese Muslims held for nearly five years in the U.S. military prison at Guantanamo Bay, Cuba, filed suit yesterday, asking that the men be released immediately and alleging that they have been held as part of a political deal between the United States and China. ... They contend that the men have been labeled wrongfully as terrorist suspects because they oppose the Communist Chinese government." The ethnic Uighurs "have been a diplomatic headache" for the US; "Earlier this year, [five other] Uighurs were released to a U.N. compound in Albania, where they remain virtual prisoners. ... More than a dozen Uighurs are still in Guantanamo. U.S. officials have determined them to be enemy combatants because of their participation in an alleged terrorist training camp in Afghanistan. ... The lawyers challenge the way the Uighurs were determined to be enemy combatants, arguing that their encampment in Afghanistan did not make them a party to hostilities."

HOMELAND RESPONSE:

IG Report Shows "Disturbing" Examples Of Crime Coming From Within DHS. The Los Angeles Times (12/5, Gaouette, 850K) reports a semiannual report filed to Congress by the Department of Homeland Security inspector general showed that in addition to "patrolling the nation's borders and guarding against terrorism," the agency "is battling fraud, theft, bribery, smuggling and other crimes by American citizens — with some of the most disturbing examples coming from" its own employees. The report "showed a sharp jump in arrests in the six months ended Sept. 30, with many stemming from schemes by members of the public to bilk the agency of emergency relief funds in the wake of Hurricane Katrina." Meanwhile, an "array of staff transgressions tucked into the report reflects the continued growing pains of an agency that was formed only three years ago, and the pressures created as parts of the department have rapidly expanded, critics say."

US Labs Developing Nuke Safeguards Under "Secret" Presidential Directive. The Los Angeles Times (12/4, Vartabedian, 850K) reports, "In response to a secret order from President Bush, U.S. nuclear weapons laboratories are developing technology to make the weapons virtually impossible to use if they fall into the wrong hands. The security system will be part of a new generation of nuclear weapons approved formally last week by a panel of the Defense and Energy departments. The "3-year-old effort, known as National Security Presidential Directive 28, has evoked strong criticism from many nuclear weapons experts, who doubt that absolute safeguards are necessary or even possible. Instead, they say, the federal government should plug known security weaknesses at bomb labs and nuclear weapons factories."

Registered Traveler Expanding To More Airports. In its "On the Road" column, the New York Times (12/5, Sharkey, 1.16M) reports, "Ready or not -- and some critics say not -- the long-delayed Registered Traveler program is moving forward, with the single existing operator planning a succession of openings soon at four airports, while a competitor says it is about to join in." Steven Brill, the chief executive of Verified Identity Pass Inc., "which began the first Registered Traveler program at Orlando International Airport in July 2005," says the company "is processing applications with the Transportation Security Administration for Kennedy and for San Jose, Calif.; Cincinnati; and Indianapolis." Critics, meanwhile, "have questioned its customer service value and slow pace and have also asked whether it could open a security loophole for potential terrorists who are able to pass a background check."

DHS Report Sets Five-Year Goal For "Effective Control" Of US-Mexico Border. Under the headline "DHS Plan for 'Virtual' Border Fence Still Has Gaps," the Washington Post (12/5, A27, Hsu, 690K) reports that in a report to Congress, the Department of Homeland Security has said that a "virtual" fence along the US-Mexico border "will cost $7.6 billion and be completed by 2011, but the government lacks clear benchmarks for success." The report also confirmed "well-known problems along the Mexican border," indicating "that the United States had 'effective control' over only 284 miles of its 1,993-mile southern frontier as of March, up from 241 miles in October 2005. The department set a goal of controlling 345 miles next year and the full border in five years." The goal "is the latest offered by US officials. Homeland Security Secretary Michael Chertoff has predicted two years, three to five years, and most recently he has said control could be contingent on enactment of a guest-worker program, which could take up to six years to implement."

Professor Chosen To Be New Orleans "Recovery Czar." The New York Times (12/5, Nossiter, 1.16M) reports New Orleans Mayor C. Ray Nagin appointed Edward J. Blakely as the city's "new 'executive director for

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recovery management'" Monday. Blakely, "a former chairman of the department of city and regional planning at the University of California, Berkeley," who is now professor of urban planning at the University of Sydney in Australia, said recovery plans "have to be brought together under one umbrella." The Times adds that "the appointment of a 'recovery czar' for the city has been pending for months," and that "at Monday's announcement, Dr. Blakely's precise responsibilities were not spelled out by Mr. Nagin, only that he would 'coordinate and direct recovery efforts.'"

WAR NEWS:

Bush Meets With Iraqi Shiite Leader. President Bush hosted Iraqi Shiite leader Abdul Aziz al-Hakim Monday at the White House in a meeting ABC World News (12/4, story 3, 2:35, Gibson, 8.78M) said "opened a new diplomatic front in the battle for Iraq." The New York Times (12/5, Stolberg, 1.16M) reports Hakim is "a political rival of Prime Minister Nouri Kamal al-Maliki." Yesterday, Bush "urged" him to "reject the extremists that are trying to stop the advance of this young democracy." The meeting with Hakim was "part of an effort by the Bush administration to shore up the fragile Maliki government by reaching out to a wider circle of Iraqi politicians." Speaking to reporters, the president said he told Hakim that he was "not satisfied with the pace of progress in Iraq," although he said he was "proud of the courage of the Iraqi people." Hakim, for his part, "flatly rejected one of the recommendations that the bipartisan Iraq Study Group is expected to make this week: a call for an international conference or regional peace initiative."

The Los Angeles Times (12/5, Gerstenzang, 850K) reports Hakim's opposition to "enlisting the help of Iran and Syria, as a blue-ribbon commission is expected to recommend," gave the President "an important Baghdad ally in his opposition to such an overture, two days before the bipartisan Iraq Study Group is scheduled to deliver its report." Hakim "rejected any international conference to solve Iraq's problems, a White House official said, speaking on condition of anonymity in accordance with White House ground rules. And Bush underscored his concerns in the private meeting, speaking directly 'about Iran and Syria and the critical need for them to respect Iraqi sovereignty and stop destructive activity that undermines Iraq,' the official said."

In an interview with Brit Hume on Fox News' Special Report (12/4) President Bush described his meeting with Hakim, saying they "had a very good discussion about the way forward in Iraq. … I was listening to whether or not this powerful figure was dedicated to a unity government. And he is. There is a lot of talk about Shia dominance to the exclusion of other folks in Iraq. I didn't hear that at all. Quite the contrary. I listened to a man who understands that the way forward is for there to be a government of and by and for the people. His words were, 'we want the people to dictate our government.' In other words, let the people determine the course. And I was most impressed by his attitudes. … First and foremost he supports the Maliki government. As a matter of fact, I asked him during the meeting, I said, 'I just want you to understand, I met with the prime minister, the head of the government, and I don't want the prime minister to construe that this meeting in anyway doesn't support him.' He called Prime Minister Maliki right prior to our meeting to assure him that our meeting…would be viewed as positive. He supports the Maliki government. He believes Prime Minister Maliki has got what it takes to move the government forward."

The CBS Evening News (12/4, story 2, 2:55, Axelrod, 7.66M) reported, "This was an odd scene. Hakim, who the US Government's own intelligence sources have linked to death squads, being praised by the US President." Bush was shown saying, "I appreciate it very much, his eminence's strong position against the murder of innocent life." Axelrod: "And Hakim told Mr. Bush it's not as bad as it seems in Iraq. 'The presented picture among many media sources,' said Hakim, is 'profoundly different from reality.'" On NBC Nightly News (12/4, lead story, Williams, 9.87M), Kenneth Pollack, Saban Center For Middle East Policy, was shown saying, "At the end of the day, stability in Iraq, political progress in Iraq, comes down to a small group of people, including Abdul Aziz al-Hakim."

The Washington Post (12/5, A23, Wright, Baker, 690K) says "Bush and Hakim are unlikely allies in forging Iraq policy. Hakim's movement was founded during his two decades of exile in Iran, and its Badr Organization militia, formerly known as the Badr Brigade, is still widely believed to have close ties to Tehran." White House spokesman Tony Snow "called Hakim a 'significant force' in Iraqi politics. 'He's somebody who can play a very constructive role and we hope he will,' Snow said."

The AP (12/5, Riechmann) reports "some consider al-Hakim, who lived in exile in Iran for years, a more powerful political figure than…al-Maliki. Al-Hakim leads the Supreme Council for the Islamic Revolution in Iraq, the largest Shiite bloc in Iraq's parliament. His party also is backed by the Badr Brigade militia blamed for sectarian killings." The meeting "was evidence that Bush, under pressure to find a new blueprint for his war strategy, was getting more personally involved in the political infighting among Shiites, Sunnis and Kurds."

Another AP story (12/5, Hendawi) reports Hakim "is closer to Iran than any other Iraqi politician and runs a Shiite militia blamed for sectarian violence in Iraq. So why did…Bush meet him in the White House? Some Iraqi officials believe Bush wanted to find out what role Iran can play in bringing peace to this country. If anyone in Iraq knows, it is the 55-year-old al-Hakim."

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The AP (12/5, Hunt) reports that after what he called a "very clear" meeting earlier with Secretary Rice, Hakim told reporters in Arabic that "we have asked for the American forces to stay in Iraq" to enable Iraqi security to deal with terrorists. The Washington Times (12/5, Curl, 88K) reports that after his conversation with Rice, Hakim disclosed that "'we have asked for the American forces to stay in Iraq' in an effort to help Iraqi security forces contend with terrorists." Added Hakim, "We will work very hard and seek all forms of cooperation at the international level and the regional level in order to defeat terrorism that it is trying to use Iraq as a base in order to sabotage the future of that nation." The White House "yesterday did not rule out a possible meeting with Sheik al-Sadr." Said Snow, "I don't know if al-Sadr would also be willing to entertain the option. It's a very interesting question; we'll go back and muse on it in a few minutes."

The Financial Times (12/5, Dinmore) reports that "speaking later at the US Institute of Peace (USIP), Mr Hakim criticised US forces for not cracking down hard enough on Sunni insurgents. Decisive strikes were needed, Mr Hakim said. Otherwise, he warned, Shia spiritual leaders might lose their capacity to contain Shia anger and Iraq would be plunged into civil war and 'catastrophic storms that no power in the world could calm or control.'" USIP "is assisting the bipartisan Iraq Study Group, which is due to release its recommendations for new strategies in Iraq on Wednesday." The Washington Post (12/5, A23, Wright, Baker, 690K) also reports on the USIP speech under the headline "Iraqi Shiite Leader Speaks Bluntly In Washington."

Bush Claims 90% Of Iraq Is "Relatively Peaceful." Asked on Fox News' Special Report (12/4, Hume) to respond to former Secretary of State Colin Powell's suggestion that Iraq is in the midst of a civil war, Bush said, "I've heard a lot of voices say that. I talked to people in Iraq who don't believe that's the case. For example, some would argue that the fact that 90% of the country…most of the country, outside of the Baghdad area, is relatively peaceful, doesn't indicate a civil war as far as they're concerned. … I get briefings all the time about where the level of violence is and…most of it occurs around the Baghdad area. And therefore, they don't get to see the normalcy of life outside of the Baghdad area."

Kinsley Contrasts Bush Twins' Lifestyle With That Of US Troops In Iraq. In his column for the Washington Post (12/5, A29, 690K) Michael Kinsley writes, "It is not the fault of Jenna or Barbara Bush that their father, the president, has gotten us into a war that he doesn't know how to get us out of. … From what little has leaked out, it seems that Jenna and Barbara are party girls who like to drink and dance until the wee hours with aristocrats and frat boys." Kinsley continues, "Nevertheless, there is a war on. It's a war that has killed 3,000 Americans, most of them around Jenna and Barbara's age or younger. It has killed hundreds of thousands of Iraqis of all ages. And even more Americans and Iraqis have been injured, lost limbs, suffered terrible pain. … No one thinks that the president should have to give up a child to prove that his family is as serious about freedom as these other families he praises. But it would be reassuring to see a little struggle here -- some sign that the Bush family truly believes that American soldiers are dying for our freedom, and that it's worth it."

Bush Says Baker-Hamilton Report One Of Several "Advice Documents." During an interview with Fox News' Special Report's Brit Hume yesterday (12/4), President Bush was asked how he viewed the "advice document" from Defense Secretary Rumsfeld describing possible policy adjustments in Iraq. President Bush echoed Hume's phrasing in his answer, saying, "I'm getting a lot of 'advice documents.' And these documents were never intended to be read in the public. These are frank assessments by different members of my Administration. We will be getting another 'advice document' from the Baker-Hamilton commission soon. My attitude is: I ought to absorb and listen to everything that's being said, because I'm not satisfied with the progress being made in Iraq. … When it comes to military matters, II want to listen to the military, to come up with a way of achieving our objective quicker."

The Washington Times (12/5, Scarborough, 88K), in an article that reinforces the President's assertion that the ISG report is not the only advice he will consult when deciding on potential policy changes, notes, "By the time the White House begins studying" the ISG's report, President Bush "will also have scores of ideas from his own advisers." The office of the secretary of defense, the Joint Chiefs of Staff, the State Department and the National Security Council are all weighing options. The ideas range from A to Z: pull out all troops now or add more troops to quell restive Baghdad and Anbar province." An anonymous "Pentagon official" is quoted as saying, "Let's see if the [Iraq Study Group] comes up with anything better than this."

CNN's Lou Dobbs Tonight (12/4, Henry) reported, "The President realizes the Iraq Study Group's report may be blistering in its assessment of the war." White House spokesman Tony Snow "is noncommittal about whether the president will embrace some or any of the report, noting the president is also waiting for Pentagon and White House reviews of Iraq policy. But Snow bristled at a suggestion the President ordered these separate reviews in order to have the political cover to cherry-pick which recommendations to follow."

The Christian Science Monitor (12/5, LaFranchi, 59K) leads its coverage with the claim that "the big question is not so much what the bipartisan Iraq Study Group will say…but how President Bush will respond." NBC Nightly News (12/4, story 2, Mitchell, 9.87M), the only network newscast to report

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on the ISG report, addressed that same issue, reporting, "When the Baker-Hamilton group presents its report this week, many are wondering whether the President will be listening. … Only last week the President said he would not change policy in Iraq" and "in the past, the President has been described as unwilling to shift gears." Presidential Historian Michael Beschloss was shown saying, "Psychologically, it's hard to imagine George W. Bush saying, 'Gee, I didn't plan to do any of these things that you recommend in this report, but I now see the light.'" Mitchell concluded her report by predicting that "the most likely scenario" is that the President "will embrace some of the Baker group's recommendations, but save face by calling them his own." Along similar lines, NBC Nightly News' David Gregory (12/4, story 3) stated that he gets "a sense from this White House that they don't like outside help to a problem that they think to a large measure they have under control. They are getting some notions of what is in the Baker-Hamilton report, and privately they say, 'look, the nuts and bolts of the war strategy is sound. … They also question, frankly, whether there's much new the Baker-Hamilton report that they haven't already thought of."

"Skeptical" White House Reportedly Willing To Pursue Limited Talks With Iran. The AP (12/5, Schweid) reports that White House officials are "dropping hints" that President Bush will accept the expected Iraq study commission recommendation that the US hold talks with the government of Iran, but, according to the AP, the White House has let it be known the talks will be "restricted to curbing violence in Iraq." The AP portrays the president and his aides as "skeptical" about the prospects for diplomacy, though the commission is said to be "convinced that reaching out to Iran and Syria could help stabilize…Iraq, and improve chances for easing overall Middle East tensions by boosting the prospects for an Arab-Israeli settlement." The AP goes on to report that administration officials "continue to accuse Iran and Syria of arming and otherwise supporting insurgents in Iraq, Lebanon and elsewhere; and they "insist there is nothing to be gained by rewarding Iran and Syria with high-profile discourse with American diplomats." Richard Perle is quoted as saying that such talks "will be seen throughout the region as an indication of American weakness." The AP contrasts Perle's assertion with that of Defense Secretary nominee Robert Gates, who "told the Council on Foreign Relations in 2004, 'Direct dialogue with Tehran on specific areas of mutual concern should be pursued.'" In his column for the New York Times (12/5, 1.16M) Nicholas Kristof writes that the Iraqi Study Group "is right about needing to consult with neighbors like Syria and Iran, but that doesn't resolve another central problem in Iraq: Our open-ended military presence, perceived by Iraqis as a grab for Iraqi oil and bases, ends up legitimizing extremists like Abu Deraa and aggravating civil war."

Baker And Hamilton May Testify Before The Senate Thursday. The AP (12/5, Flaherty) notes that Sens. John Warner and Carl Levin have asked former Secretary of State James Baker and former Rep. Lee Hamilton to testify Thursday before the Senate Armed Services Committee.

ISG Members Made Political Contributions Since Joining Panel. The Hill (12/5, Cusack) reports that "a few" members of the Iraq Study Group have made political contributions since joining the panel. Democratic member Leon Panetta contributed $500 to Rep. John Murtha, who, The Hill notes, has "embraced a quick withdrawal of U.S. troops." Additionally, Vernon Jordan, also a Democratic member, contributed $500 to Rep. Frank Wolf's opponent even though Wolf "played a leading role" in the formation of the group. Former Secretary of State Baker contributed $15,000 to the NRSC last spring. The Hill goes on to report that former Sen. Alan Simpson contributed to several GOP candidates, but told The Hill, "I give to people. What's new?" Simpson characterized "any article on the political giving of the ISG" as "b******t" and "extraneous crap."

ISG's Origin As An Earmark Noted. The New York Times' David Kirkpatrick (12/5) writes, "One never knows what some lawmaker will insert into a spending bill without public scrutiny: a remote bridge, or maybe a bike path. Then there is the Iraq Study Group, better known as the Baker-Hamilton commission. In the last year, lawmakers of both parties have criticized earmarks as fostering waste and corruption. But few are complaining about the Iraq Study Group, which will release its much-anticipated report on Wednesday."

US Urged To Broker Shia-Kurd Coalition And Withdraw. In an op-ed for the Financial Times (12/5) former national security advisor Zbigniew Brzezinski writes, "America needs a strategic change of course, and it has to be undertaken on a broad front. It must accept the fact that real leadership in Iraq should be based on a coalition of the Shia clergy commanding the loyalty of Shia militias and of the autonomous Kurds and that the sooner a date is set for US departure, the sooner the authentic Iraqi leaders will be able to enlist Iraq's neighbours in a wider regional effort to promote a more stable Iraq."

Military Families Said To Favor Withdrawal From Iraq, But Not "Quitting." NBC Nightly News (12/4, story 10, Williams, 9.87M) spoke with military families regarding their feelings about the progress of the war in Iraq. In a typical comment, Sergeant Vincent Watkins, who "has already done three tours and is readying for a fourth," was said to favor "anything that means fewer troops having to go back." Sergeant Vincent Watkins: "Right now we're losing a lot of troops. They're dying for a reason but I'm confused, but I'm going to do my mission regardless." NBC's Martin Savidge concluded, "All the soldiers we talked with did agree on one point -- of all the options under consideration, quitting

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shouldn't be one of them." NBC Nightly News (12/4, story 11, , Williams, 9.87M) also reported from Vermont on families of National Guard members who have been deployed to Iraq.

Zinni Warns About Leaving Iraq Too Early. The New York Times (12/5, Gordon, 1.16M) reports about war critic and retired Marine general Anthony Zinni, "These days General Zinni is delivering another provocative message: that leaving Iraq quickly would strengthen Iranian influence throughout the Middle East, create a sanctuary for terrorist groups, encourage even more sectarian strife in Iraq and risk turmoil in an oil-rich region." Before the war, he had "contended that the threat posed by Saddam Hussein's Iraq was vastly overstated and that invading Iraq would be a burdensome distraction from the struggle against Al Qaeda." The Times notes "odd bedfellows" concerning Iraq; Zinni's position now is "similar to that of Senator John McCain," who supported invading Iraq, while Secretary Rumsfeld's "troop reduction and pullback options" show "some convergence between him and Democratic lawmakers who have criticized the war." In a new paper for the World Security Institute, Zinni further "calls for a new bipartisan steering group to ensure that American policies toward Iraq are efficiently carried out, job-creation programs for Iraqis, integration of Iraq's militias into government-supervised national guard units and encouragement for the Iraqi Army to promote civil affairs."

Conventional Wisdom Regarding Iraq Invasion Challenged. In an op-ed for the New York Times (12/5, 1.16M) author Tim Pritchard writes that though the invasion of Iraq "is generally portrayed as well planned and executed, while the post-invasion strategy is characterized as poorly thought out and undermanned. … In fact, the short fight to get to Baghdad and the long one in which coalition forces have been engaged ever since have much in common. All the information about the nature of the trouble to come was apparent from the very first days of the war. If lessons learned then had been incorporated into military and political thinking, it would have injected a much needed dose of realism at an early stage."

Warner Will Urge Bush To Consult With Democrats On Iraq Strategy. The AP (12/5, Flaherty) reports Sen. John Warner "will call on President Bush to solicit privately the opinions of Democrats before forging a new strategy on Iraq." In his opening statement for the confirmation hearing of defense secretary nominee Robert Gates, Warner will claim Bush has a "moral obligation" to consult Democrats. The AP characterizes Warner's statement as "the strongest indication yet that he and perhaps other key Republicans will challenge Bush when it comes to the war."

Rumsfeld Declassifies Memo In Response To Questions Regarding Timing Of Leak. The AP (12/5, Burns) reports that according to a "cover letter" declassified by Defense Secretary Rumsfeld yesterday, Rumsfeld's "secret memo" to President Bush on options for Iraq policy "was developed over a period of weeks." The letter also reveals that Rumsfeld "instructed" Gen. John Abizaid "to assemble his own group 'some time ago' to consider new approaches in Iraq, though there "has been no public disclosure of recommendations from the Abizaid group" as of yet. The AP contends that Rumsfeld declassified the cover letter in order to rebut critics who saw the memo as "a way of defending Rumsfeld's reputation as he was about to leave office." Sen. Susan Collins "said Monday she viewed the memo as inconsistent with Rumsfeld's recent congressional testimony, and she said he should have shared these suggestions with Congress many months ago." Collins is quoted as saying, "the leaking" of the memo "very much reminded me of a strategy of trying to leave office saying that you actually had a lot of good plans that were different than your public utterances." The declassification of the cover letter received no coverage beyond the AP's report.

Adelman Describes Rumsfeld As "In Denial." The CBS Evening News's David Martin (12/4, story 3, 2:45) spoke with former Assistant Secretary of Defense Kenneth Adelman, described as "a former Rumsfeld ally who's now a very harsh critic, a critic who says that memo was long overdue." Adelman was shown saying, "My impression was that he was in denial. … He says, 'This war will never be lost in Baghdad. It will only be lost in America.' And I tried to butt-in and say, 'it is being lost in Iraq. What are you talking about? We are losing there.' And he said, 'Excuse me.' And then he just went on."

US Troops Shifting To Advisory Positions. The New York Times (12/5, Shanker, Wong, 1.16M) reports, "American commanders in Iraq are already shifting thousands of combat troops into advisory positions with Iraqi Army and police units, especially in the capital, in their latest attempt to bring sectarian violence under control. ... American generals in Iraq have made the reassignments in recent weeks even though President Bush and his senior national security advisers have not yet made a formal decision about whether to expand the American contingent sent to Iraq specifically to serve on military training teams." Officers concede new risks with the new emphasis on advisory work, such as the danger of "working ... away from the security of larger American units," which cost three officers their lives "in a single attack in Baghdad." Furthermore, "operations carried out with Iraqi security forces in the lead may be less effective and result in more casualties among Iraqi security forces and civilians than

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with the better-trained American troops. ... There is also some concern that pushing Iraqi units to the front may result in atrocities by corrupt or sectarian Iraqi units."

US Death Toll Passes 2,900 After Four Service Members Die In Iraq Copter Crash. The CBS Evening News (12/4, lead story, 0:20, Couric, 7.66M) reported, "It's heartbreaking every time we have to report it, but four more US servicemen have been killed in Iraq, four Marines. Their Sea Knight helicopter went down in a lake in Anbar province. The military blames mechanical problems. And with that, the US death toll in Iraq has now passed 2,900."

The New York Times (12/5, Semple, 1.16M) reports, "Four American troops were killed when a military helicopter broke down while flying over a lake in Anbar Province in western Iraq and made an emergency landing on the shore, American military officials said Monday. The military said the craft, Marine Corps CH-46 Sea Knight troop transport helicopter with 16 people and equipment on board, was flying over Lake Qadisiya, near Haditha, on Sunday when it began to experience mechanical difficulties." The pilots "brought the twin-rotor helicopter down in a controlled maneuver and guided it to the water's edge, according to Lt. Col. Josslyn L. Aberle, a military spokeswoman in Baghdad. The mechanical failures were not caused by an enemy attack, officials said; they did not give further details." The Washington Post (12/5, A24, Trejos, 690K) runs a similar report.

Military Census Finds There Are About 100,000 Contractors In Iraq. The Washington Post (12/5, D1, Merle, 690K) reports, "There are about 100,000 government contractors operating in Iraq, not counting subcontractors, a total that is approaching the size of the US military force there, according to the military's first census of the growing population of civilians operating in the battlefield. The survey finding, which includes Americans, Iraqis and third-party nationals hired by companies operating under U.S. government contracts, is significantly higher and wider in scope than the Pentagon's only previous estimate, which said there were 25,000 security contractors in the country." It is also "10 times the estimated number of contractors that deployed during the Persian Gulf War in 1991, reflecting the Pentagon's growing post-Cold War reliance on contractors for such jobs as providing security, interrogating prisoners, cooking meals, fixing equipment and constructing bases that were once reserved for soldiers." The Post also reports, "Three years into the war, the headcount represents one of the Pentagon's most concrete efforts so far toward addressing the complexities and questions raised by the large numbers of civilians who have flooded into Iraq to work. With few industry standards, the military and contractors have sometimes lacked coordination, resulting in friendly fire incidents, according to a Government Accountability Office report last year."

AP Alleged To Have Fabricated Atrocity In Iraq. Fox News Special Report (12/4, Hume) reported the Associated Press "is under attack for allegedly fabricating news from Iraq. They quoted an Iraqi Police captain named Jamail Hussein in several stories, including one describing soldiers standing by as people were burned alive at a mosque. But Iraq's Interior Ministry says it has no evidence that it happened and that the captain does not even exist. The AP says it revisited the neighborhood and found witnesses that confirmed its story. But the Boston Herald's Jules Crittenden says, 'the AP is making up war crimes' and described the AP as 'an anti-American agency that seeks to undermine the President.'"

US Commanders Dissatisfied With Iraqi Army's Performance. ABC World News (12/4, story 5, 2:30, Gibson, 8.78M) reported the Bush Administration, "of course," had "hoped to begin withdrawing American forces from Iraq by now. That has not happened, largely because Iraqi forces are still not up to the job of securing their own country. ABC's Aaron Katersky and has embedded with US forces since the beginning of last month and has seen why they are not ready to take over." Katersky went on to report, "US commanders are often frustrated when Iraqi troops hit the street, as we've traveled with them over the past two weeks, the trainers say the Iraqis need a lot of work." Major William Breazille, 3rd Infantry Division: "They are minimally ready to defend their battle space. They need more equipment, more personnel, they need soldiers that are more committed." Katersky added, "We heard that kind of complaint everywhere went."

Danish Reporters Acquitted In Iraq WMD Case. The AP (12/5, Olsen) reports, "Three Danish journalists who published classified intelligence reports on Iraq's former weapons program were acquitted Monday on charges of endangering national security. The Copenhagen City Court ruled that Niels Lunde, chief editor of the Berlingske Tidende newspaper, and reporters Michael Bjerre and Jesper Larsen acted in the public interest when they published a series of articles in 2004 citing leaked Danish intelligence reports."

Commander Says Troop Shortage, "Caveats" Undermining War Effort In Afghanistan. USA Today (12/5, 1A, Wiseman, 2.27M) reports, "The outgoing US commander in Afghanistan warned that the fight against the Taliban is in danger of being undermined by a shortage of NATO troops and by restrictions that keep some alliance forces out of combat." US Army Lt. Gen. Karl Eikenberry

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"said in an interview that NATO countries need to contribute more troops and that some of them must drop 'caveats' that prevent their forces from fighting freely." Eikenberry "is worried about the caveats and about NATO's troop strength, which is at 90% of the level NATO says is required. 'The objective has got to be to get to the 100% level,' he said." USA Today adds, "Close to wrapping up an 18-month tour as U.S. commander in Afghanistan, Eikenberry also said Afghanistan's broken-down infrastructure -- particularly its roads -- needed more repair than the United States and its allies realized after ousting the Taliban regime in late 2001."

DOD Resists DEA's "Pleas" For Help In Afghan Opium Campaign. The Los Angeles Times (12/5, Meyer, 850K) reports, "The Pentagon, engaged in a difficult fight to defeat a resurgent Taliban in Afghanistan, has resisted entreaties from U.S. anti-narcotics officials to play an aggressive role in the faltering campaign to curb the country's opium trade. Military units in Afghanistan largely overlook drug bazaars, rebuff some requests to take U.S. drug agents on raids and do little to counter the organized crime syndicates shipping the drug to Europe, Asia and, increasingly, the United States, according to officials and documents." In Afghanistan, "poppy cultivation has exploded, increasing by more than half this year." The "DEA's advocates in Congress" and Afghan officials "have asked for more help from the Pentagon." Rep. Henry Hyde's aides "say the congressman hasn't heard back" since October 20 from Secretary Rumsfeld or Undersecretary Edelman about an October 12 request "to allow DEA agents to ride along on more military missions in Afghanistan and to call them in when soldiers found a large drug stash or operation."

Poor DOD Oversight Is Faulted For 2004 Afghan Crash. USA Today (12/5, Levin, Kelley, 2.27M) reports, "Poor Defense Department oversight of private companies that fly military missions in war zones was partially responsible for a 2004 crash that killed six people in Afghanistan, federal accident investigators said Monday." The NTSB "recommended that the Defense Department coordinate with the Federal Aviation Administration to better monitor the charter flights increasingly being used to carry small numbers of troops and cargo in Iraq and Afghanistan." Among other violations, "the military requires planes it charters to be equipped with a device that allows people on the ground to follow the flight's route. But the NTSB said it found no evidence that the military had tried to enforce the rule."

Afghan Women's Shelters Are Under Constant Threat. The Washington Post (12/5, Constable, 690K) reports in a front page article on Afghan shelters for women fleeing abuse: "In the years since the overthrow of the Taliban in 2001, a network of civic groups has begun promoting women's legal rights and opening shelters. Still, despite increasing cooperation from police and referrals from the women's ministry, the shelters remain controversial and in permanent danger of attack by angry husbands and fathers." Several advocates are quoted.

NYTimes Says Iraq, Bush's "Inattention" At Root Of Problems In Afghanistan. The New York Times (12/5, 1.16M) editorializes, "Afghanistan was supposed to be the good war -- and the war America was winning. But because of the Bush administration's inattention and mismanagement, even the good war is going wrong." President Bush's "decision to rush off to invade Iraq meant that Afghanistan would be shortchanged when it came to resources and to policy makers' priority lists. The cost of that inattention can be seen in the failing Afghan police force. It can also be seen in the Taliban's growing strength, the mounting death toll of Afghan civilians and NATO troops, and the unraveling of the Karzai government."

US Army Unable To Keep Up With Equipment Repair. The Washington Post (12/5, Tyson, 690K) reports in a front page article, "[The] Army ... is wearing out faster than it is being rebuilt. The Army and Marine Corps have sunk more than 40 percent of their ground combat equipment into the wars in Iraq and Afghanistan, according to government data. An estimated $17 billion-plus worth of military equipment is destroyed or worn out each year, blasted by bombs, ground down by desert sand and used up to nine times the rate in times of peace. ... Partly as a result of the shortages, many U.S. units are rated 'unready' to deploy, officials say, raising alarm in Congress and concern among military leaders." The repair work "will cost an estimated $17 billion to $19 billion annually for several more years, regardless of any shift in Iraq strategy. The Army alone has 280,000 major pieces of equipment in combat zones that will eventually have to be fixed or replaced. Before the war, the Army spent $2.5 billion to $3 billion a year on wear and tear. ... Responding to urgent requests from the Army and Marine Corps, Congress approved an extra $23.8 billion in October to replace worn-out equipment in fiscal 2007."

CORPORATE SCANDALS:

SEC To Dispute Whistleblower's Allegations About Morgan Stanley Probe. USA Today (12/5, 7B, Farrell) reports, "In an unusual departure from the polite 'no comment' that the Securities and Exchange Commission generally offers in response to criticism, four SEC officials are expected to blast a self-proclaimed 'whistle-blower' before a Senate subcommittee hearing today." USA continues, "The four officials, including Linda Chatman Thomsen, the SEC's director of enforcement, are scheduled to appear before the Senate Judiciary Committee to answer allegations that a high-profile investigation of John Mack, the CEO of Morgan

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Stanley, was abandoned last year because of political pressure." USA adds, "Gary Aguirre, a former SEC investigator, made those allegations at a congressional hearing in June. Aguirre said he was fired because he didn't want to abandon an investigation into whether Mack broke inside-trading rules by sharing market-sensitive information with a hedge fund, Pequot Capital Management. … He testified that he wanted to subpoena Mack in order to ask him about various suspicious trades, but his superiors wouldn't let him issue the subpoena." USA notes, "In June, the SEC said political pressure didn't play a role in the decision not to bring Mack in for questioning. Last week the SEC closed the investigation. Today, Thomsen and others are expected to offer blunt testimony about Aguirre and his work habits at the SEC. … Aguirre was fired in September 2005, just days before the expiration of his one-year probationary period at the commission."

Second Official Had Concerns About SEC Inquiry. The New York Times (12/5, Bogdanich) reports, "Congressional investigators have found that a second official at the Securities and Exchange Commission expressed serious concerns about how the agency was conducting its inquiry into a prominent hedge fund, Pequot Capital Management." The Times continues, "The official, Eric Ribelin, an investigator at the commission, asked to be removed from the Pequot inquiry because of his serious misgivings about decisions being made on the case by senior S.E.C. officials, according to a government official who spoke on condition of anonymity because he is not authorized to discuss the matter." The Times adds, "Mr. Ribelin believed that the inquiry 'was not handled right,' Senator Arlen Specter, the chairman of the Judiciary Committee, said in an interview. The investigator's criticism echoes some of the complaints lodged this year by the former S.E.C. lawyer who ran the investigation, Gary J. Aguirre. … 'Something smells rotten here,' Mr. Ribelin wrote in an e-mail message to an S.E.C. supervisor last year." The Times notes, "He is among those expected to testify today before Senator Specter's committee, which, together with the Senate Finance Committee, has been examining allegations by Mr. Aguirre that the agency prematurely halted its Pequot investigation because of outside political pressure. … Mr. Aguirre, who led the hedge fund investigation until he was fired last year, has told members of Congress that senior S.E.C. officials blocked him from taking testimony from John J. Mack, an influential Wall Street executive and friend of Pequot's founder, Arthur J. Samberg. … S.E.C. officials said they turned down Mr. Aguirre's request at that time because he had not made a strong enough case for taking Mr. Mack's testimony, records show. The S.E.C. took Mr. Mack's testimony about a year later, and formally closed the Pequot investigation last week without taking any enforcement action. Mr. Samberg and Mr. Mack have repeatedly denied any improper conduct."

Jefferies To Pay $9.7 Million To Settle Fidelity Gift Probe. The Wall Street Journal (12/5, C1, Craig, Levitz) reports, "Brokerage firm Jefferies Group Inc. has agreed to pay more than $10 million to settle allegations that a former star trader doled out gifts and entertainment, including expensive wine and private-jet flights, to Fidelity Investments to win mutual-fund trading business." The Journal continues, "The National Association of Securities Dealers, which spearheaded the investigation, imposed a $5.5 million penalty on Jefferies, and the Securities and Exchange Commission ordered Jefferies to return nearly $4.8 million of trading gains. The firm, which settled charges without admitting or denying guilt, has been ordered to hire a monitor to review travel, entertainment and gift policies." The Journal adds, "Former Jefferies trader Kevin Quinn, whom Jefferies armed with a big expense account to lure Fidelity business, was fined $468,000, and Scott Jones, a Jefferies board member who was Mr. Quinn's immediate supervisor, was fined $50,000. Both agreed to other penalties to settle the charges. … Mr. Quinn, who through his attorney declined to comment, has been permanently barred from working at a registered securities firm. … Notable in yesterday's announcement was that the SEC, which has jurisdiction over Fidelity, took no action against the mutual-fund company. Mutual funds are supposed to send their stock trades to whichever firm offers them -- and their customers -- the best price and service, and such decisions aren't supposed to be based on gifts a fund manager may have received from a broker. .. However, according to people familiar with the inquiry, the SEC has had difficulty trying to prove that investors were financially harmed because Fidelity traders accepted the gifts and entertainment."

USA Today (12/5, 9B, Farrell) reports, "In a case that could taint the pristine image of mutual fund giant Fidelity Investments, federal regulators settled civil charges with a stock brokerage firm for lavishing more than $1.6 million in fine wines, golf junkets, sports tickets and other goodies on a handful of Fidelity traders. The gifts, regulators contend, were designed to get Fidelity to shift more of its stock-trading business to the firm." USA continues, "Regulators say Jefferies obliterated the NASD's $100 limit on the amount of gifts and expense-related entertainment that can be provided to a customer each year. … According to the settlement, Jefferies made only $4.3 million in commissions off the Boston-based family of mutual funds in 2001. In order to grow its Fidelity business, the company hired Kevin Quinn in September 2002, paying him $4 million a year and an annual expense account of $1.5 million."

The Washington Post/AP (12/5, D2, Gordon) reports, "It was the first case brought in a two-year investigation by the SEC and the NASD into whether about two dozen brokerage firms illegally provided golf outings, Super Bowl tickets and

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other gifts to traders at mutual fund advisers to get them to bring their business to the firms. The practice is said to be widespread in the brokerage industry. … Fidelity Investments, the Boston-based fund giant, has said it could face action from the SEC in an investigation into whether its traders sent company business to brokerage firms that offered gifts and gratuities, rather than to firms offering the best deals on trades. More than a dozen Fidelity employees have been disciplined in connection with the investigation and at least five traders have left the firm."

The Financial Times (12/5, Masters, Knight) reports, "US regulators moved on Monday to crack down on brokers who lavish gifts on mutual fund traders as they slapped $9.7m in penalties on Jefferies & Co, the New York securities firm, for currying favour with Fidelity traders." The Times continues, "The Securities and Exchange Commission and the industry regulator NASD said Jefferies, a middle-sized investment bank, hired Kevin Quinn as an executive vice-president in 2002 and gave him a $1.5m annual travel and entertainment budget to boost their institutional business. … He used the money to court five Fidelity traders, paying for private flights to Turks and Caicos, Bermuda and Puerto Rico, as well as vintage wines, golf outings, and trips to Wimbledon and the US Open tennis tournament. … He also paid $75,000 towards a lavish Miami bachelor party for a Fidelity trader. "Investors deserve and the integrity of the market requires that traders select brokers based on the quality of their trade execution and not the lavishness of their gifts," said Walter Ricciardi, the SEC's deputy enforcement director." The Times notes, "The regulators said the case was part of a broader effort to tighten policies that have let brokers funnel thousands of dollars in gifts and entertainment to institutional traders. … The NASD, which unearthed the problem, also issued a report urging firms to track entertainment and gifts more closely."

Regulators Find Accounting Rule Change Agreement Elusive. The Washington Post (12/5, D1, Johnson) reports, "Regulators continue to revise an accounting rule criticized by business groups as overly expensive, Securities and Exchange Commission Chairman Christopher Cox said yesterday, but an agreement remains days away." The Post continues, "Officials at the SEC and the board that oversees the audit industry have been meeting and exchanging documents about the measure, which requires accountants to review corporate financial controls, for the better part of two weeks. The rule is the single most expensive part of the Sarbanes-Oxley law, corporate accountability legislation passed in 2002 that is designed to prevent fraud after collapses at Enron and WorldCom." The Post adds, "Trade groups and lawmakers have attacked the provision and called for regulators to scrap the burdensome approach. At the same time, consumer advocates warn that establishing different standards for thousands of small and mid-size businesses would effectively gut the measure and make financial reports less reliable for investors. … The trick is to make complying with the rule less expensive, particularly for smaller companies with fewer resources. Coming to agreement on the mechanics, including forcing accountants to rely on the judgment of corporate managers, and to focus on the most important issues in the financial statements, has been a difficult task. The debate broke into public view two weeks ago after a memo from Cox was leaked to the press."

CRIMINAL LAW:

US Charges NIH Alzheimer's Researcher With Conflict Of Interest. The AP (12/5, Beamish) reports, "In a rare federal prosecution, a leading government Alzheimer's researcher was charged Monday with a criminal conflict of interest for performing lucrative private drug company work that overlapped his official duties." The AP continues, "Prosecutors alleged Dr. Trey Sunderland of the National Institutes of Health received $285,000 in improper consulting fees and travel expenses from Pfizer, Inc., for work on early indicators of Alzheimer's at the same time he also oversaw similar NIH business with the drugmaker. … The private consulting 'directly related' to his government job, and Sunderland failed to obtain the proper approvals from his supervisors or disclose the work to NIH, according to papers filed in U.S. District Court in Baltimore. … The felony charge carries a maximum sentence of one year in prison and a $100,000 fine. Prosecutors filed the charge as a criminal information, instead of indictment, signaling the possibility of a plea deal." The AP adds, "The prosecution is believed to be the first such case against a federal scientist since the early 1990s. … It stemmed from a two-year ethics controversy at NIH that prompted the nation's premier medical agency to issue new rules on consulting and end such relationships that enrich its scientists. … Scientists recently told NIH that the new rules are so strict that many are considering leaving the agency. … NIH had identified at least 44 government researchers who improperly made money moonlighting for biotechnology and drug companies. Most were given written or verbal reprimands or were permitted to retire. … But Sunderland drew the attention of federal prosecutors and the ire of Congress when House investigators revealed his private financial deal and the fact that he transferred hundreds of tubes of valuable NIH tissue samples to Pfizer around the time of his consulting work."

US Charges New York CEO With Stealing Employees' Identities. Fortune (12/5, Mehta) reports, "Anyone who works in an office - or watches 'The Office' -

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knows how torturous cubicle life can be: unflattering fluorescent lights, insecure supervisors and clueless co-workers can all take their toll. Now, it seems, there's a new indignity: bosses who steal their employees' identities." Fortune continues, "Terrence D. Chalk, a well-known White Plains, N.Y., entrepreneur, may have done just that. The Justice Department says Chalk, CEO of a computer services company called CompuLinx, applied for loans and credit cards using the names of employees or clients, falsely claiming they were officers of his firm. … Charges include conspiracy and credit card fraud, and if he's convicted, he faces up to 165 years in prison. Chalk, who was quoted frequently in computer industry trade publications and served on local charity boards, has made other enemies too." Fortune adds, "Once his case became public, assorted associates came out of the woodwork, claiming the entrepreneur owed them money. And a former business partner told the local paper that Chalk used his deceased father's personal information to get a loan. Chalk's lawyer didn't return calls. … ID-stealing bosses are the exception, but they are out there, says Linda Foley, executive director of the Identity Theft Resource Center, a leading nonprofit that provides information and support for fraud victims. .. In fact, Foley started the center in 1999 after her boss used information on Foley's tax forms to apply for credit cards and a cell phone. And earlier this year a judge in upstate New York sentenced a computer entrepreneur to seven years in jail for tax fraud and stealing the IDs of employees and friends."

US Wins Discovery Battle In Milberg Weiss Probe. The California Recorder (12/5, Scheck) reports, "L.A. federal prosecutors have won a behind-the-scenes discovery fight in the undying probe of plaintiffs firm Milberg Weiss Bershad & Schulman." The Recorder continues, "In a sealed ruling issued the day before Thanksgiving, U.S. District Judge A. Howard Matz ordered the production of reams of discovery that prosecutors had sought from various plaintiffs firms, according to lawyers familiar with the case." The Recorder adds, "Attorneys for Milberg -- which was indicted in May, as were two of its name partners, on charges of paying kickbacks to clients -- had argued that the material was covered by work-product privilege. … The documents relate largely to payment agreements with other firms for John Torkelsen, a former expert witness for the plaintiff goliath, said the attorneys." The Recorder notes, "'Torkelsen has been the subject of intense interest as the prosecutors continue efforts to indict Milberg's former star partner William Lerach, who now heads the top plaintiff shop Lerach Coughlin Stoia Geller Rudman & Robbins. … The May indictment of Milberg accused that firm of giving fees to outside lawyers who in turn paid lead plaintiffs in class actions, constituting illegal kickbacks. … But the ongoing investigation looks beyond those charges at other transactions. Aside from the Torkelsen payments, prosecutors have spent years looking at referral fees Milberg allegedly paid to other lawyers -- and possibly stockbrokers -- in exchange for bringing them lead plaintiffs."

Navy Submariner Pleads Guilty To Peddling Classified Data. The AP (12/5, Barisic) reports, "A sailor accused of stealing a U.S.Navy laptop and peddling its classified contents to an undisclosed foreign government pleaded guilty to espionage, desertion and other charges." The AP continues, "If convicted, Petty Officer 3rd Class Ariel J. Weinmann, 22, of Salem, Oregon, could face a sentence of life in prison without parole, a dishonorable discharge from the Navy and forfeiture of all pay." The AP adds, "Under the plea agreement Monday, Weinmann pleaded guilty to one count each of espionage, desertion, failing to properly safeguard and store classified information, electronically copying classified information, communicating classified information to a person not entitled to receive it, and stealing and destroying a government computer. … Weinmann pleaded guilty to trying to transmit classified information related to national defense to a representative of a foreign government on Oct. 19, 2005, while he was in or near Vienna, Austria. … He pleaded not guilty to two additional espionage counts, one accusing him of giving classified information to an agent of a foreign government in March 2005 in Bahrain and another accusing him of trying to deliver confidential information on March 19, 2006, in Mexico City."

Former US Attorney Discusses Memphis Councilman's Prior Bribery Conviction. WPTY-TV Memphis (12/4, Amorose) reported on its Web site from a broadcast story, "On Thursday, November 30, 2006, city council members Rickey Peete and Edmund Ford were charged for taking a bribes in exchange for their votes on a zoning issue. It is the same crime Rickey Peete was convicted of in 1989. Hickman Ewing was the U.S. Attorney who prosecuted the case" in 1989. "One day he received a call from his friend, a real estate developer. … He said, 'They would go down and talk to each councilman and try to lobby them to vote for them, and Rickey basically says I'm the one that can get this through, I can get this through for you, and I need money now and money later.'" WPTY added, "Ewing said he is glad the U.S. Attorney's office is continuing it's crusade against public corruption. He said, 'I think prosecuting one public official is worth a lot more than prosecuting ten bank robbers. Who's more dangerous to society, one crack dealer who's 19 years-old who's got a habit, or the public official? I'd say the public official.'"

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Former SBC Employee Pleads Not Guilty In Pellicano-Related Perjury Case. In a widely-distributed story, the AP (12/5) reports former SBC Communications employee Joann Wiggan "pleaded not guilty Monday to charges of lying to FBI agents and a federal grand injury investigating wiretapping allegations against Hollywood private investigator Anthony Pellicano." Wiggan "is charged with lying to investigators, grand jurors and during a previous trial about her contact with former co-worker Ray Turner. … Prosecutors say Wiggan was one of three SBC employees who supplied Turner with information from confidential phone company databases he used to help Pellicano illegally tap the phones of several Hollywood figures." The AP notes, "Wiggan was acquitted in September of four perjury charges but jurors deadlocked on a fifth. … In the new indictment, prosecutors allege Wiggan and Turner called each other at least 35 times during a time when Wiggan claimed they hadn't spoken."

Reputed New England Mob Underboss Released On Bail. The Boston Globe (12/5, Murphy, 413K) reports, "Reputed New England Mafia underboss Carmen 'The Big Cheese' DiNunzio looked uncomfortable yesterday as he shuffled into court in leg irons. He didn't speak, as his lawyer entered not guilty pleas on his behalf to charges of illegal gambling and extortion." He "was freed on bail after posting $20,000 cash." Defense lawyer Anthony M. Cardinale "said the indictment returned by an Essex County grand jury on Friday alleges crimes that occurred in 2001 and was brought just as the statute of limitations was about to expire. 'I think it's to our benefit that they waited this long' to bring the case, Cardinale said. DiNunzio is charged with extortion, maintaining or organizing an illegal gaming operation, and conspiracy in maintaining or organizing a gaming operation."

FBI Leading Nation-Wide Search For Abducted Florida Newborn. Fox News' The Big Story With John Gibson (12/4, 5:40 p.m.) reported, "Our big crime story is the intense search for a missing baby boy, a search that is now nation-wide. The FBI is now working on the case as they hunt for a woman who held the mother at knife point before snatching her newborn baby in Florida. … With me now live on the phone with new developments in the case, FBI Special Agent John Kuchta." Kuchta: "Well, we've expanded our search nationwide. And we are…appealing to the public. We believe that someone close to the offender, a husband, boyfriend, mother, sister, friend, would have information and they would come forward." Gibson: "What do you think the outlook for this is?" Kuchta: "Well, it's strong. … Our federal and state local partners are working on this case. We will leave no stone unturned and we will work it to conclusion until we reunite the baby with the family."

Connecticut Man Found Competent To Be Tried On Murder-For-Hire Charges. The New Haven Register (12/5, Helsel, 82K) reports from Ansonia, Conn., "The local man who police say conspired with his mother in a low-rent 'murder for hire' scheme was ruled competent to stand trial and entered not guilty pleas Monday. Nicholas Scott Taylor, 20, is charged, along with his mother, Kathryn Smith, 48, of conspiring in a plot to kill Smith's boyfriend for what they believed would result in a $100,000 insurance policy payout earlier this year." The Register notes that Taylor "and his mother allegedly offered an undercover FBI informant a used stereo and up to $150 cash to kill Smith's longtime boyfriend, according to an arrest warrant affidavit."

Washington Woman Charged In 1978 Murder-For-Hire. The Seattle Times (12/5, Miletich, Brunner, 118K) reports, "Prosecutors charged a Pierce County woman Monday with first-degree murder in the 1978 killing of an auto mechanic who allegedly was lured to his death as part of a contract killing." Karen L. Martin "was arrested Friday by a FBI/local law-enforcement task force investigating old unsolved homicides. Her name surfaced as investigators combed past cases related to organized crime and Seattle strip clubs." The Times notes, "A year after the killing, Martin and her attorney went to federal prosecutors, saying she had information on contract killings linked to a Seattle-based crime organization. She was offered immunity from federal prosecution before she acknowledged she killed [Leroy] Grant, according to the charging papers. … Federal prosecutors didn't inform King County prosecutors about Martin's admissions, and Grant's slaying went unsolved."

Bogus DHS Show Producer Sentenced To Year In Prison For Fraud. The Los Angeles Times (12/5, Hanley, Krikorian, 850K) reports, "In a ruling that surprised attorneys and outraged investors, a federal judge Monday sentenced onetime Hollywood producer Joseph Medawar to a year and a day in prison for swindling scores of people out of millions of dollars to develop a bogus television show about the U.S. Department of Homeland Security." US District Judge Manuel L. Real sentenced Medawar "to a term far shorter than the 33 months his attorney had requested, or the 57 months sought by the government." Assistant US Attorney Christine Ewell "told reporters outside court that authorities would review Real's sentence to see if there are any grounds for appeal." The Times notes that "according to the FBI, the IRS and the U.S. attorney's office, Medawar and

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others had defrauded at least 70 investors — many from local churches — out of millions of dollars."

The AP (12/5) reports, "As part of the scheme, federal prosecutors said, he falsely claimed 26 episodes of 'DHS' were in post-production and that the company had distribution deals with 137 overseas markets. Investigators found only one episode had been shot, and only after Medawar became aware of the federal probe. One would-be investor, Manuel Lozano, told the judge Monday that Medawar left many 'individuals financially crushed by the side of the road.' … Lozano also expressed disappointment outside the court, saying 'justice and the legal system don't necessarily coexist.'"

Jury Selection Begins For Alabama FEMA Fraud Trial. The Mobile Register (12/4, Kirby) reported, "Governor Reiss Sr. committed murder as a teenager, spent part of his adulthood on the run after an escape from prison and then became a preacher. Now in his 50s, the Mobile native finds himself once again in trouble with the law." Reiss "will go on trial later this month on charges that he defrauded the federal government following Hurricane Katrina, the first such case to go to trial in Mobile's federal court. Jury selection is slated for today." The Press-Register noted that "defense attorney Willie Huntley said his client is innocent of the current allegations. He attributed the fraud charges to confusion on the part of the Federal Emergency Management Agency, which he contends filed his application under the wrong category."

Maryland Teen Arrested For DC Assaults. The Washington Post (12/5, B4, Pierre) reports, "A teenager from Temple Hills has been arrested in connection with eight recent sexual assaults near Howard University, D.C. police said yesterday." The Post continues, "Women were groped in the incidents, and in two cases, the assailant brandished a knife, police said. No one was injured in the assaults, which took place late last month. During the past week, police blanketed the area where the assaults occurred with plainclothes and uniformed officers." The Post adds, "Yesterday, police announced the arrest of Avon Marquell Pittman, 17, of the 4700 block of Temple Hill Road. On Saturday afternoon, plainclothes officers noticed Pittman following a woman in the 200 block of T Street NW and pounced, discovering a kitchen knife and taking him into custody, police said. He was later let go, and police said the woman he had been following was so startled that she left before they could question her. … Police arrested Pittman early yesterday, after authorities developed additional leads. He was charged as an adult with assault with intent to commit first-degree sexual assault while armed. The charge applies to just one of the cases. … But 'the community can feel confident' that the crimes are solved, police Cmdr. Larry McCoy declared at a news conference."

Virginia Governor Again Delays Execution Of Convicted Murderer. The Washington Post (12/5, B05, Rondeaux) reports, "Virginia Gov. Timothy M. Kaine yesterday delayed for the second time the execution of triple killer Percy L. Walton, a move that keeps the capital murder case at the center of a growing national debate over the execution of the mentally ill." The Post continues, "In June, Kaine delayed Walton's scheduled execution until Friday to allow for an independent evaluation of his mental condition and competence. Based on that evaluation, Kaine (D) said yesterday that Walton's execution would be delayed 18 more months, until June 10, 2008. … 'I am compelled to conclude that Walton is severely mentally impaired and meets the Supreme Court's definition of mental incompetence,' Kaine said in a statement. 'At the same time, it is within the realm of possibility -- though unlikely -- that Walton's mental impairment is not permanent. Accordingly, a commutation of his sentence is not appropriate at this time.'" The Post adds, "The U.S. Supreme Court ruled in 1986 that the execution of the mentally ill violates the constitutional prohibition against cruel and unusual punishment. The court said death-row inmates must be able to comprehend that they are about to be executed and why. But the high court left it up to states to define who is sane or insane. … Walton's case is one of several pending around the country that have frequently been cited as important tests of the limits of the Supreme Court's ruling in Ford v. Wainwright. … Attorneys for Walton, 28, contend that Walton is mentally ill and mentally retarded and that his condition has further deteriorated since he has been on death row. His attorneys at trial never requested a competency hearing. A competency hearing was held three years ago as part of his appeals, and experts disagreed about his mental state." The Post notes, "In a rare move, less than two hours before his scheduled execution in June, Kaine asked three mental health experts to evaluate Walton to determine if he is competent to be executed. A spokesman for the governor said two of the three experts had completed reports on Walton's mental health, and one declined to review his case. The experts' conclusions will not be made public, the spokesman said."

CIVIL LAW:

Reform Of Tort Trust System Urged. In an op-ed for the Wall Street Journal (12/5, A18), Kimberley A. Strassel, a member of the Journal's editorial board, writes, "Harry Kananian died in the year 2000 of mesothelioma -- a cancer almost always caused by asbestos. But the legacy that may survive him is the role he is posthumously playing in exposing

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evidence of asbestos litigation fraud." Strassel continues, "In early 2000, the Ohio resident met with the law firm of Early, Ludwick, Sweeney & Strauss to see about collecting compensation from special trusts set up by companies to deal with asbestos liabilities. So the law firm filed a claim to one trust, saying Kananian had worked in a World War II shipyard and was exposed to insulation containing asbestos. It also filed a claim to another trust saying he had been a shipyard welder. A third claim, to another trust, said he'd unloaded asbestos off ships in Japan. And a fourth claim said that he'd worked with 'tools of asbestos' before the war. Meanwhile, a second law firm, Brayton Purcell, submitted two more claims to two further trusts, with still different stories. The two firms swept up as much as $700,000 for Kananian and his estate from trusts and settlements. … In the legal trade, this is known as 'double dipping' -- the process by which lawyers file claims at many different bankruptcy trusts on behalf of a single plaintiff. Each trust is told a different story about how the client got sick, and the plaintiff collects from all of them. Of course, the lawyers collect too. This practice may well have remained unexposed had not Brayton Purcell decided to cash in on Kananian one more time. It sued Lorillard Tobacco, this time claiming its client had become sick from smoking Kent cigarettes, whose filters contained asbestos for several years in the 1950s. That suit has now exploded on Brayton, exposing one of the asbestos bar's more lucrative cash cows." Strassel adds, "Whatever happens, the exposure of this trust scam is bolstering a new wave of oversight. Judges are already taking a closer look at silicosis claims and 'prepackaged' bankruptcies -- both cash cows for the trial bar. … Meanwhile, reform proposals are beginning to emerge. One idea is for the trusts to release data about claimants, so that other trusts and defense attorneys can review existing claims. Some lawyers are requesting that active litigation be put on hold until companies can see who claimed from trusts. That this hasn't already happened is the fault of bankruptcy judges, who have been unresponsive to requests for more oversight of the trusts they help create."

CIVIL RIGHTS:

Supreme Court Expected To Strike Down Use Of Race As Factor In School Assignments. USA Today (12/5, 3A, Biskupic, 2.27M) reports, "The Supreme Court appeared ready Monday to strike down public school diversity programs that use race as a factor in deciding where students go to school." In "the first test of school integration efforts to come before the court since Chief Justice John Roberts and fellow conservative Samuel Alito joined the bench last term," the justices "heard two cases -- one from Seattle, the other from Louisville -- that examine whether using race in school assignments violates the Constitution's equality guarantee." Yesterday's "two hours of arguments indicated that the court is moving toward a harder line on race-based policies." USA Today adds, "The key player appeared to be Justice Anthony Kennedy, who is at the ideological center of the court. As the liberals asked questions that suggested they supported the school districts' policies, Kennedy joined conservative justices in expressing skepticism about programs that transfer some students out of their neighborhoods to counteract racially segregated housing patterns in those cities."

ABC World News (12/4, story 7, 2:35, Crawford-Greenburg, 8.78M) reported "the justices "grappled with a key question: Can officials turn children away from their neighborhood schools because they're the wrong color? Swing justice Anthony Kennedy, whose vote could determine the outcome of the case, called the school plans 'troubling.' He suggested schools could find better ways to integrate." NBC Nightly News (12/4, story 6, P. Williams, 9.87M) reported "the court's majority seems prepared to rule that assigning students by race is unconstitutional, no matter what the motive."

The CBS Evening News (12/4, story 7, 0:45, Andrews, 7.66M) reported "the schools say this use of race is justified to maintain diversity and that if the court rules against them, the inevitable result will be segregated schools. Expect a ruling next spring."

McClatchy (12/5, Henderson) reports Kennedy "was joined by Chief Justice John G. Roberts, Justice Antonin Scalia and Justice Samuel Alito in his criticism of the school plans. Justice Clarence Thomas, a longtime critic of race-conscious policies, typically doesn't speak during oral arguments but is widely expected to object to the plans." The New York Times (12/5, Greenhouse, 1.16M) reports "lawyers for the school systems found themselves struggling, under the justices' questioning, to meet the even more basic challenge of explaining why the plans should be seen as something different from the intentional segregation that the court struck down in Brown v. Board of Education."

The Legal Times (12/5, Mauro) reports, "During two hours of oral argument, Justice Anthony Kennedy, whose vote may determine the outcome of the case, seemed deeply skeptical of the constitutionality of using race as a factor, especially in a school district that has already been declared 'unitary' and ended efforts to desegregate. … 'If we, for the first time, say that a system that has achieved unitary status ... can turn around and use individual skin color. ... We've never said that,' Kennedy exclaimed at one point. 'That takes us on a very perilous course.'" The Times adds, "A ruling against the use of race could have a broad impact in school districts nationwide that use a variety of race-conscious methods to cure racial imbalances caused by housing patterns. Civil rights leaders who were among the spectators

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packing the courtroom Monday were pessimistic afterward. … 'If they are inclined to view these voluntary measures in the same light as segregation and any use of race is constitutionally suspect, then God help us,' said Ted Shaw, director and counsel of the NAACP Legal Defense and Educational Fund. 'I'm not going to predict defeat, but it's an uphill fight after what we heard today.'"

The Washington Post (12/5, A3, Barnes, 690K) says the discussion "seemed to reflect a court majority highly skeptical of the proposition that the benefits of racially diverse public schools can justify any restriction on an individual's constitutional right to equal protection." The decision "is likely to be one of the most defining of the court headed by the new chief justice, John G. Roberts Jr., and a powerful statement about where the nation stands more than 50 years after Brown v. Board of Education demanded an end to segregated schools." The court, "encouraged by the Bush administration, has grown increasingly distrustful of racial classifications, and it reached out to take up the cases challenging schools in Seattle and Louisville even though appeals courts had upheld them as constitutional." The Washington Times (12/5, Fagan, 88K) runs a similar story this morning, while the Los Angeles Times (12/5, Savage, 850K) titles its report "Court Appears Likely To Bar School 'Racial Balancing.'"

The Wall Street Journal (12/5, A2, Bravin, 2.04M) reports, "The court's four more liberal members suggested that US society still bears the legacy of the nation's history of racial discrimination and that school officials should be free to craft enrollment policies to promote diversity. Justice Ruth Bader Ginsburg observed that in 1975, Louisville officials had been forced to accept a desegregation plan, but after the court order was lifted, decided 'it's worked rather well, so we'll keep it.' How can 'what's constitutionally required one day' be 'constitutionally prohibited the next day?' she said. 'That's very odd.'"

The Washington Post (12/5, A3, Alexander, 690K) reports "demonstrators from as far as California, along with students from Washington area high schools and universities, braved the breezy, 40-degree weather and gathered on the court steps as early as Sunday night to protest a case that the demonstrators said could reinstitute school segregation. Then, holding signs saying 'Fight for Equality' and chanting 'by any means necessary,' they marched down Independence Avenue for a rally at the Lincoln Memorial. … On the steps of the memorial, student leaders defended affirmative action policies in public schools and demanded school improvements. Three busloads of students from the District's Ballou Senior High School called for better facilities."

The AP (12/5, Sherman) reports, "Demonstrators in favor of racial preferences and bearing 'Fight For Equality' placards descended on the Supreme Court Monday as justices prepared to hear fresh arguments in cases testing when race may be used as a basis for assigning students to public schools." The AP continues, "The cases could produce the most important decisions on school integration in the U.S. in decades. … Parents in two cities are challenging school assignment plans that factor in a student's race in an effort to have individual school populations approximate the racial makeup of the entire system. Federal appeals courts have upheld both programs." The AP adds, "On the sidewalk in front of the Supreme Court, hundreds of demonstrators marched to dramatize their issue. A parent-teachers group from Chicago and several civil rights groups were among those sponsoring the demonstration. … Demonstrators chanted 'Equal education, not segregation' and 'We won't go to the back of the bus, integration is a must.' Some held signs that read 'Stop racism now.'"

More Commentary. Douglas W. Kmiec, professor of constitutional law, Pepperdine University and "constitutional legal counsel to Presidents Reagan and George H. W. Bush," writes in USA Today (12/5, 14A, 2.27M) that in Seattle, "when a student declines to disclose racial ancestry, the schools use 'visual inspection.' Admission by skin pigment is not academic diversity." Kmiec adds, "It is speculated that the usually collegial, and often unanimous, court led by Chief Justice John Roberts might divide sharply on this one. It shouldn't. The moral authority asserted by Earl Warren to banish race stands foursquare behind his young, articulate successor. The way to end racial discrimination is to stop discriminating by race -- not to invite and embed the practice in the decision-making of thousands of schools."

In an editorial, USA Today (12/5, 14A, 2.27M) disagrees, saying, "In 2000, white enrollment at predominantly non-white Franklin High School was 25%; by 2005 it was down to 10%. Without the plan, Seattle's schools have gone backwards. The high court shouldn't lead a charge to ensure similar results around the nation."

Federal Jury Convicts Truck Driver In Immigrant Smuggling Deaths. The AP (12/5, Lozano) reports, "Now that a jury has convicted a truck driver for his role in the nation's deadliest human smuggling attempt, his defense attorneys said they are focused on one thing: sparing him a death sentence." The AP continues, "The federal jury convicted Tyrone Williams on Monday of all 58 counts of conspiracy, harboring and transporting he faced for ferrying illegal immigrants during a May 2003 smuggling attempt from South Texas to Houston. … His airtight tractor-trailer was packed with more than 70 immigrants who punched out taillights and screamed for help when the heat inside the tomblike trailer became deadly. Nineteen of the immigrants died from dehydration, overheating and suffocation." The AP adds, "On the 20 death penalty eligible counts Williams faced in his retrial, the new jury found that his

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actions resulted in the death of a person, sending the trial to a punishment phase. That phase is set to begin Wednesday and last about a week. … Jurors will decide whether Williams should be sentenced to death or up to life in prison." The AP notes, "Prosecutors say Williams merits a death sentence because he was responsible for the deaths by not freeing the immigrants or turning on the trailer's air conditioning, which could have saved their lives. Some survivors testified they thought the air conditioning had been turned on. … Prosecutors declined comment on the verdict, but during a court hearing after the jury's decision was read, said they would be presenting 25 to 26 witnesses during the punishment phase and concentrating on how the crime was committed."

The CBS Evening News (12/4, story 8, 0:35, Couric) reported, "I'm Lee Cowan in Texas where the verdict is in one of the deadliest known smuggling cases in US history. More than 70 illegal immigrants from Honduras and Mexico were crammed into this unventilated semi truck three years ago and left to bake in the hot Texas sun. Nineteen of them suffocated in temperatures that soared above 170 degrees. The driver, Tyrone Williams, had unhitch it had trailer and left it there. Today, a Federal jury in Houston convicted Williams of 58 counts of smuggling, some of which carry the death penalty. If Williams is sentenced to death, he becomes the first foreign face execution in connection with the smuggling of illegal immigrants."

The Los Angeles Times (12/5, Hart) reports, "Williams stared ahead and showed no emotion when the verdict was read, but later hugged his lawyer, Craig Washington, before being led away by U.S. marshals. … 'I'm deeply disappointed,' Washington said outside the courtroom." The Times adds, "Prosecutors declined to comment on the verdict, but told U.S. District Judge Lee Rosenthal that they expect to call about 25 witnesses during the sentencing trial."

The New York Times (12/5, Blumenthal) reports, "In a retrial of the nation's deadliest human trafficking case, the federal jury that convicted the driver, Tyrone M. Williams, 35, of Schenectady, N.Y., begins hearing testimony Wednesday on whether to give Mr. Williams the first death sentence under a 12-year-old 'alien smuggling' statute or a lesser term of up to life in prison." The Times adds, "Mr. Williams, a legal immigrant from Jamaica, sat impassively through 58 recitations of 'guilty' as the verdict form was read, then embraced his lawyer, Craig A. Washington. Asked afterward how his client had taken the news, Mr. Washington, a former Texas congressman, said, 'Better than me.' … Mr. Washington, whose trial defense conceded Mr. Williams's role as a smuggler but challenged his awareness of the victims' suffering, said he planned to put on about 20 witnesses to testify about mitigating factors in Mr. Williams's history." The Times notes, "The lead prosecutor, Daniel C. Rodriguez, an assistant United States attorney who had painted Mr. Williams as 'vile and heartless,' declined to comment until the punishment phase was concluded."

Juror In First Trial Says Williams Was Not Alone In Guilt. The Houston Chronicle (12/5, Rice) reports, "One of the jurors in Tyrone Williams' first trial, which ended with a hung jury in March 2005, said he held out to spare the truck driver from a death sentence because he believed others shared responsibility for the deaths of 19 illegal immigrants. … 'I couldn't see them giving the death sentence to one person,' said Horace Rains, 79, a merchant seaman who lives in east Harris County." The Chronicle continues, "Rains says he and a woman , whose name he could not recall, kept the 2005 jury from reaching a unanimous verdict. His revelation was made possible by U.S. District Judge Lee Rosenthal's decision to lift a gag order issued by the judge who presided over Williams' first trial. … U.S. District Judge Vanessa Gilmore gave an oral order to jurors at the end of the first trial not to speak with the news media or attorneys after they were discharged. … Gilmore lifted a written gag order in May this year after the case was transferred to Rosenthal, but not the oral order to jurors. The Houston Chronicle asked Rosenthal to lift the oral order and provide a list of jurors because reporters were prevented from interviewing them after the trial."

Prosecutors Question Two Shot By New York Police. The New York Times (12/5, Baker, Rashbaum) reports, "Prosecutors from the Queens district attorney's office conducted bedside hospital interviews yesterday with the two men wounded in a hail of 50 police bullets that claimed the life of Sean Bell, the first time investigators have heard from any direct participants in the Nov. 25 shooting, a lawyer for the two men said." The Times continues, "In separate interviews, the two men, Trent Benefield, 23, and Joseph Guzman, 31, told prosecutors what their lawyers have been saying publicly for days about the shooting, according to the lawyer, Sanford A. Rubenstein. … The two said that only they and Mr. Bell, who was 23, were in or near the car when the shooting erupted — contradicting accounts from some officers involved that a fourth man was with the group and may have been armed." The Times adds, "Mr. Benefield and Mr. Guzman also said that the five police officers who opened fire on them did not identify themselves and that they had no idea that they were facing the police, Mr. Rubenstein said. He was one of three lawyers present as a team of assistant district attorneys and members of the district attorney's staff questioned the men in their rooms at Mary Immaculate Hospital. … Richard A. Brown, the Queens district attorney, is gathering facts about the case, which he has said will go before a grand jury." The Times notes, "For days, the Police Department has been seeking a fourth man who officers and a civilian witness quoted by the police say

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was wearing a beige jacket and who law enforcement officials believe may have been with Mr. Bell, Mr. Benefield and Mr. Guzman. … One of the detectives who fired, according to a person briefed on his version of events, said the fourth man was in Mr. Bell's car. The civilian witness, who looked down from an apartment window after she heard gunshots, described seeing a man in a beige jacket fleeing the scene, the police said."

Florida Mayor, Police Say Some Rushing To Judgment In Shooting. The South Florida Sun-Sentinel (12/5, Johnson, 237K) reports, "Standing on the steps of City Hall on Monday," Fort Lauderdale Mayor Jim Naugle "and police union called the actions of some elected officials and the NAACP 'irresponsible' and 'reckless' after the fourth fatal shooting by Fort Lauderdale police this year. The community has rushed to condemn officers Robert Norvis and Todd Hill before the investigation into the Nov. 28 shooting is finished, said Jack Lokeinsky, president of the Fort Lauderdale Fraternal Order of Police. … 'Judge incidents after all the facts are ascertained and not before,' Lokeinsky said Monday with a diverse crowd of more than 75 officers standing behind him. … 'The posturing of some in the community trying to stir things up, to me, is really wrong,' Naugle said of Commissioner Carlton Moore and the National Association for the Advancement of Colored People." The Sun-Sentinel notes, "The FBI has begun a civil rights investigation."

Atlanta Officials, Residents Discuss Police Shootings. In a widely-distributed story, the AP (12/5, Haines) reports, "Civil rights leaders, clergy and city officials met Monday with residents of a northwest Atlanta neighborhood to discuss how to ease tensions between them and police after officers serving a warrant killed an elderly woman at her home. Many in the audience had questions for Atlanta Police Chief Richard Pennington, who said he was committed to a thorough investigation into the Nov. 21 fatal shooting of Kathryn Johnston. … Pennington said he was not able to comment on specifics of the case, which has been turned over to the FBI and Georgia Bureau of Investigation." The AP notes that the NAACP, "which hosted the meeting, has called for the establishment of a civilian review board with the power to subpoena witnesses and a return to community policing."

Activists Reportedly Urging Black Chairmen To Pursue Slavery Reparations. The New York Times (12/5, Kirkpatrick, 1.16M) reports, "The impending Democratic takeover of Congress will elevate more blacks to positions of power in the Capitol than ever: 4 major House committee chairmen, as many as 16 subcommittee chairmen, the third-ranking House Democratic leader and a senator considered a credible candidate for his party's presidential nomination." The Times adds, "It is so much power" that Rep. Charles Rangel, set to become chairman of the Ways and Means Committee, "said he hesitated to speak about it publicly. 'I don't want to scare the hell out of people,' Mr. Rangel said, 'that blacks are now in charge of the committees and so, therefore, watch out.'" According to the Times, the NAACP and the Congressional Black Caucus "say they expect their newly powerful champions…to push a long-stalled agenda that includes hearings or a commission on reparations for slavery, guaranteeing voting rights for convicted felons, prohibiting racial profiling by police or customs officers, restricting gun sales, and sharply increasing the compensation paid to people displaced by Hurricane Katrina."

Lesbian Fire Chief Under Fire In Minneapolis. The New York Times (12/5, Saulny) reports, "Two years ago, when Bonnie Bleskachek was named fire chief in Minneapolis, it made news far beyond Minnesota because she was the first openly lesbian firefighter to achieve that rank in the professional fire service of a major city. .. .Hailed as a pioneer, Chief Bleskachek was showered with praise for her years of hard work. Perhaps no one was more pleased with the appointment than Mayor R. T. Rybak, a supporter of gay rights who made the promotion a media event." The Times continues, "But last Wednesday, it became clear that everything had changed. Citing a lack of confidence in Chief Bleskachek's management style, Mr. Rybak asked the City Council to fire her. … The move was made after suits were filed against the city and Chief Bleskachek that accused her of playing sexual politics, retaliating against a former partner, acting as a lustful predator and showing bias against at least one heterosexual male firefighter. … 'All of that information has been presented to us in great detail,' Mr. Rybak said. 'I have to be honest. I very much wanted Bonnie Bleskachek to succeed.'" The Times adds, "Chief Bleskachek says that she did succeed and that is precisely why she is entangled in such a case. … 'Being an out lesbian, which the mayor really wanted to push, the first openly lesbian fire chief, made me an easy target,' she said. 'The sharks smelled blood in the water.' … John A. Klassen, an employment lawyer representing the plaintiffs in three of the four suits against Chief Bleskachek, rejected that argument. … 'None of these cases are antilesbian,' Mr. Klassen said. 'These cases are about discrimination.' … The suits, including one by a former partner of Chief Bleskachek, depict a firehouse culture where lesbians and their allies enjoyed favors and people who crossed them risked punishment."

The Washington Post (12/5, A3, Lydersen) reports, "Last week, city officials were briefed on an investigation being conducted by a local law firm into Bleskachek's

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performance as chief. After the briefing, Mayor R.T. Rybak announced that a proposed deal that would have given Bleskachek severance pay and demoted her within the department is off the table. Instead, the city may move to fire her from the force, pending the completion of the investigation. … Bleskachek, 43, is furious that the city has settled the lawsuits rather than taking them to trial, where she could have told her side of the story. … 'They have no evidence at all; this is all based on conjecture and hurt feelings,' she said, in her home in a pleasant, modest south Minneapolis neighborhood." The Post notes, "There is no doubt the Fire Department is rife with personal dramas and romantic entanglements. One of the lawsuits against Bleskachek was filed by Jennifer Cornell, 35, the chief's ex-partner of six years, who shares custody of their two children. Another suit was brought by Kathleen Mullen, 43, a longtime friend who had dated Bleskachek's current girlfriend. … A third complaint is from a woman who says Bleskachek flirted with her and then punished her professionally after she declined the advances. Bleskachek counters that the firefighter, Kristina Lemon, was the one who professed attraction to her a decade ago and that she became angry when Bleskachek disciplined her last year for a physical altercation with another firefighter in a burning building."

Maryland Court Hears Arguments On Gay Marriage. The Washington Post (12/5, B1, Rich, 690K) reports, "An attorney for 19 gay and lesbian Maryland residents urged the state's highest court yesterday to strike down a law banning same-sex marriage, saying there is 'no constitutionally sufficient justification' for denying his clients and their children protections that only marriage affords. During an hour-long argument in a crowded chamber of the Court of Appeals in Annapolis, attorney Kenneth Y. Choe of the American Civil Liberties Union invoked the civil rights struggle and said the ability to marry is a fundamental right that belongs to all Marylanders, not only to those for whom that right has always been recognized." On behalf of the state, Assistant Attorney General Robert A. Zarnoch "urged the court to let stand the statute that defines marriage as the union of a man and a woman. Arguing that the judiciary should defer to the legislature, Zarnoch noted that no federal or state appellate court in the country has held that, as the plaintiffs argue, there is a fundamental right to same-sex marriage." The New York Times/AP (12/5) and Washington Times (12/5, Ward, 88K) also report the story.

Federal Panel Deadlocked On Proposal To Require Paper Ballots. The New York Times/AP (12/5) reports, "A federal advisory panel rejected a recommendation on Monday that states use just voting machines whose results could be independently verified. The panel, drafting guidelines for the United States Election Assistance Commission, deadlocked, 6 to 6, on a proposal that would have required electronic machines to produce paper records or other independent means of checking results. Eight votes were needed to pass the recommendation."

The Washington Post (12/5, B6, Barr, 690K) reports committee member Brit Williams, "a computer scientist who has conducted certification evaluations of Georgia's paperless electronic voting system, opposed the measure. 'You are talking about basically a reinstallation of the entire voting system hardware,' he said."

Utah Approves Redistricting Plan To Add Fourth House Seat. The New York Times (12/5, Johnson, 1.16M) reports, "The State of Utah and the District of Columbia are perhaps the oddest imaginable political allies in a nation of polarized partisan loyalties, alike in few things other than bankable predictability: Washington Democratic, Utah Republican." But they "share outrage that each does not have more influence in Congress, and Utah took a big step toward a marriage of convenience Monday when legislators here approved a plan that would give the state a fourth Congressional seat before the next census and Washington its first voting representation ever." The state was "denied a fourth seat after the 2000 census because the government did not count thousands of residents who were away serving as missionaries for the Mormon Church." The plan "faces big hurdles," but the "gulf of political difference between the state and the District is the very glue that offers both of them some hope Congress will give its required approval: one of the newly created seats would almost certainly be Democratic, the other Republican, with no net change in the balance of power."

The Washington Times (12/5, Emerling, 88K) reports Washington, DC officials "cheered the Utah Legislature's approval of a redistricting map that is key to the District's voting rights bill, saying the development brings city residents one step closer to having a vote in the House." Mayor-elect Adrian M. Fenty, "who met with House Speaker-elect Nancy Pelosi last week and discussed the bill's prospects, said that Mrs. Pelosi, California Democrat, told him she would move aggressively for the bill." Fenty said, "I remain optimistic that the bill will move this week. And if it doesn't, I'm hopeful it will be at the top of the legislative agenda in 2007." The Times adds the "chances of the measure making it out of the House Judiciary Committee and through both chambers of the Republican-controlled Congress before lawmakers adjourn this month are shrinking. The bill was not on the House floor schedule issued last week, although bills can be added to the docket."

WPost Says Congress Shouldn't Delay Vote On DC, Utah House Seat Bill. The Washington Post (12/5, A28,

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690K) says in an editorial, "The people of the District of Columbia shouldn't have to wait another minute, let alone another month, to get the full voting representation in government that is their due as Americans. A bill to give the District a vote in the House of Representatives is pending, but for reasons that are as unclear as they are unacceptable, it may not be brought to a vote. Instead of idly watching the hours tick down in the final days of a generally useless legislative year, the 109th Congress should muster the political will to right a 200-year-old wrong."

Fetal Pain Bill Seen As Test of Democrats' "Evolving" Stance On Abortion. The Washington Post (12/5, A5, Weisman, 690K) reports Republicans House leaders "plan to bring up a bill tomorrow that would declare that fetuses feel pain and require abortion providers to offer pregnant patients anesthesia for their unborn child." According to the Post, the vote "may be the last on abortion-related legislation for years. That's because Democratic leaders hope to avoid confrontations over hot-button social issues that divide their caucus." Democrats "are shying from the fight. Party leaders in the House have declared tomorrow's decision 'a vote of conscience' and will not try to sway the outcome." House Speaker-elect Nancy Pelosi "does not plan to speak on the bill, a rarity for her." The Post adds that conservatives "see an opportunity to test Democrats' evolving position on abortion, a position that has become more amenable to incremental curbs on ending pregnancies and more vocal about reducing the number of abortions."

Poll Shows 65% Of Hispanics Favor English As Official US Language. The Washington Times (12/5, McCaslin, 88K) reports in its "Inside The Beltway" column that Rob Toonkel, "director of communications for U.S. English Inc., called our attention yesterday to a new Zogby International poll finding that 65 percent of Hispanics favor making English the official language of the United States. He says the results of the poll of 903 Hispanic adults 'challenges the long-standing claim that Hispanics generally oppose official-English measures.'"

ANTITRUST:

FCC Head Tries To Break Telecom Deadlock. USA Today (12/5, Davidson) reports, "Moving to break a deadlock over approval of AT&T's purchase of BellSouth, the chairman of the Federal Communications Commission said he will ask a recused commissioner to cast the tie-breaking vote." USA continues, For nearly two months, the FCC has been split 2-2 along party lines, with Democrats Jonathan Adelstein and Michel Copps pressing for tough conditions on the $80 billion deal, which would create the nation's largest phone company. … The impasse has forced three postponements of votes on the merger and talks broke down again Friday over Democrats' demands for non-discrimination assurances for AT&T's broadband traffic and reduced wholesale prices." USA adds, "In a letter to congressional leaders Friday, FCC Chairman Kevin Martin, who favors no conditions on the deal, said he will ask fellow Republican Robert McDowell to break the stalemate. … McDowell disqualified himself because he previously worked as a lobbyist for a trade group that opposed the deal. Martin told lawmakers a recused commissioner may be authorized to vote if the government's interests outweigh any ethical concerns. He said he has asked the FCC general counsel to determine if McDowell may vote. … Enlisting McDowell could 'spark various ethical/legal complaints' and a political ruckus with leaders in the new Democratic-controlled Congress, Stifel Nicolaus analyst Blair Levin said in a report." USA notes, "The FCC hopes to clear the deal at its Dec. 20 meeting, before the new Congress takes over in January. Levin predicted McDowell would 'seek some sort of compromise' but would lean toward Martin's view."

Telecom Merger Judge Riled By "Rubber Stamp" Inference. The Deal (12/5, Lindell) reports, "Fireworks in a Washington, D.C., courtroom don't necessarily signal bad news for two telecommunications mergers under review by a federal judge, but they may portend a battle over merger law." The Deal continues, "On Nov. 30, District Court Judge Emmet Sullivan heard the latest round of arguments in his review of the mergers between Verizon Communications Inc. and MCI Inc., and SBC Communications Inc. and AT&T Corp., which the Department of Justice approved in 2005. … Sullivan, months into a congressionally mandated review of the merger, was taken aback when Verizon's lawyer bluntly suggested the judge had little power to unwind the deals. … 'This merger is not going to be unscrambled by anything this court does,' senior Verizon lawyer John Thorne told Sullivan." The Deal adds, "The startled judge -- who has repeatedly said he intends to conduct an independent review and 'won't be a rubber stamp' for the government -- nearly came off the bench. Leaning forward, he glared at Thorne and asked the Verizon attorney to explain his opinion of the judge's authority and the importance of the Tunney Act proceeding. … Thorne, who is well-versed in antitrust law, replied, 'If a transaction is largely good, it should close.'" The Deal notes, "Sullivan's irritation aside, Thorne's view of restricted judicial authority is shared by many antitrust experts. … Thorne concluded that anti-competitive issues posed by a merger, which in this case resulted in the telecoms being ordered to let competitors lease lines into some 700 buildings in about a dozen markets, can be dealt with after a deal closes through the Tunney Act process. … Continuing to glare at Thorne, Sullivan said, 'Maybe Congress should make it clear that mergers couldn't

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close until there has been judicial review,' he said. … As Thorne finally sat down, Sullivan said, 'I'm going to do an independent review and we'll see where the merger stands at that point.' … Despite Sullivan's tough words, other antitrust experts say the judge, in fact, has little power to rewrite the Justice Department's two merger approvals. … In merger cases where DOJ predicts anti-competitive harm and negotiates divestitures or other remedies with the merging parties to resolve the problems, the agency must submit any remedies for approval by a federal judge. The Tunney Act, a law enacted in the 1970s and amended in 2004, mandates that process."

Kentucky Lawmaker Seeks DOJ Review Of Delta-US Airways Merger. The Louisville (KY) Business First (12/5) reports, "Kentucky congressman Geoff Davis is encouraging the U.S. Attorney General and Transportation Secretary to conduct a 'full and careful review' of US Airways' efforts to merge with Delta Air Lines." Business First continues, "In letters dated Dec. 1, Davis told both Attorney General Alberto Gonzales and Transportation Secretary Mary Peters that he is 'very concerned about the significant loss of competition and the likely impact on air fares this merger could create. … The tremendous overlap of the route networks of these carriers would cause significant consolidation, reducing flight choices and increasing already expensive fares for our consumers,' he wrote. 'This potential merger affects thousands of jobs, and Delta/Comair has an economic impact for our region in the billions.'" Business First adds, "Atlanta-based Delta operates its second-largest hub at the Cincinnati/Northern Kentucky International Airport in Hebron, Ky. That hub, which also contains the headquarters of Comair, Delta's regional carrier subsidiary, employs an estimated 10,000 people and has an economic impact of nearly $4 billion, according to a news release issued Monday by Davis, a Boone County Republican representing Kentucky's Fourth District. … 'We feel that Delta and its employees, through extraordinary sacrifice and hard work, are making tremendous progress on their restructuring plan to emerge from bankruptcy as a strong and independent carrier,' Davis wrote to Peters and Gonzales. 'The interests of all may be best served by ensuring they remain on this course.'"

Mercury News Cuts Layoffs After Bargaining Session. The AP (12/5, Konrad) reports, "After a 20-hour bargaining session ended Monday morning, the San Jose Mercury News and its union reached a tentative agreement on a two-year contract that reduced the number of workers to be laid off." The AP continues, "The 263,000-circulation daily newspaper will eliminate 27.5 full-time positions, down from the 69 positions originally slated to be cut. … The paper, which employs 490 members of the San Jose Newspaper Guild, guaranteed it would not lay off more union workers through June. Managers will notify employees of the layoffs by Tuesday morning." The AP adds, "Laid off workers may receive two weeks pay for every year of service, up to 10 weeks of salary, and two months of paid health care. … The reduction in layoffs was welcome news among reporters, photographers and other editorial workers, who wore black Monday to show solidarity with soon-departed colleagues." The AP notes, "MediaNews Group Inc., the nation's fourth-largest newspaper publisher, acquired the Mercury News, the Monterey County Herald and Contra Costa Times from McClatchy Co. earlier this year in a complex deal valued at $1 billion. MediaNews also owns the Oakland Tribune and seven other Bay Area newspapers. … The Mercury News was previously owned by Knight Ridder, the nation's second largest newspaper publisher, which put itself up for sale late last year under pressure from shareholders unhappy with a sagging stock price. The slump reflected investors' souring sentiments about traditional media as the Internet siphons away advertising revenue. … Late last month, a federal judge issued a temporary restraining order on the San Francisco Chronicle, whose parent company, Hearst Corp., appeared interested in collaborating with MediaNews on local distribution and national advertising sales. U.S. District Judge Susan Illston said such a deal would possibly violate antitrust laws."

Plaintiffs In Iowa Microsoft Trial Will Not Call Gates, Ballmer. The AP (12/5, Pitt) reports, "The attorney representing plaintiffs in one of the few state-level class-action antitrust lawsuits left against Microsoft announced today that she would not call Chairman Bill Gates and CEO Steve Ballmer as witnesses." The AP continues, "Roxanne Conlin won a judge's ruling prior to the trial that would have forced Gates and Ballmer to travel to Des Moines for direct questioning even though the two executives were expected to testify later in the case when Microsoft presents its defense." The AP adds, "Judge Scott Rosenberg's ruling indicated that Gates and Ballmer would be required to travel to Des Moines from Washington only once. That would have allowed Microsoft attorneys to question the two men directly — in effect presenting part of their defense in the middle of the plaintiffs' case. … Conlin released a statement today that said the decision was reached to avoid any potential confusion by jurors. … 'I am concerned such a disruption of our case may create unnecessary confusion for the jurors,' Conlin said. 'There is absolutely no reason to have such a disruption in light of the defense's promise to call Bill Gates as a witness.'" The AP notes, "The Iowa lawsuit claims Microsoft violated Iowa's competition laws and seeks about

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$330 million for Iowans who have purchased the software maker's products since 1994."

Bank Of New York To Acquire Mellon Financial For $16.5 Billion. USA Today (12/5, 9B, Krantz) reports, "Bank of New York said Monday it will buy Mellon Financial for $16.5 billion in stock, creating an investor service behemoth and one of the world's largest asset managers." USA continues, "The combined company, to be called Bank of New York Mellon, will rank first worldwide with $16.6 trillion of assets under custody, says globalcustody.net (custody services distribute cash and dividends held in trust on behalf of the trust owners). It will be in the top 10 of the world's largest asset managers, overseeing more than $1.1 trillion of assets, says David George, analyst at A.G. Edwards. … 'This deal does make sense,' says Eric Fitzwater at bank industry research firm SNL Financial." USA adds, "Investors seemed to agree. Shares of Bank of New York gained $4.27 to $39.75, and Mellon gained $2.73 to $42.78. Investors were so pleased because the expectations for the merger are 'reasonable and realistic,' says Gerard Cassidy, analyst at RBC Capital Markets. … The new combined company will put major pressure on smaller firms to combine so they can compete, Cassidy says. … As large as the Bank of New York's buy of Mellon is, it's just the latest in a frenzied year for financial M&A. The deal is the industry's second-largest this year and 12th-largest ever, Thomson Financial says."

The Wall Street Journal (12/5, C1, Riley) reports, "If the $16.5 billion stock deal is approved by regulators and shareholders, that business now would have a new leader: The combined Bank of New York Mellon Corp. would have $16.6 trillion in assets under custody -- overseeing trade processing, internal accounting, fund administration and other such services for hedge funds, retirement plans, mutual funds and government entities. That figure would catapult the company ahead of J.P. Morgan Chase & Co., which oversees about $12.9 trillion under custody." The Journal adds, "Hedge funds and institutional investors, including governments in emerging markets, are making a larger number of often-complicated investments across multiple asset classes in many countries, sometimes simultaneously through several trading strategies. … The complexity of dealing with varied regulations, currency conversions and accounting differences world-wide is forcing many asset managers, which once serviced their own trades, to outsource the work to larger and better-equipped financial institutions with global reach."

The New York Times (12/5, Edmonston) reports, "For Bank of New York, the deal will bolster its position as a leader in the securities servicing and processing business, which provides the backbone of the world's stock and bond markets. Earlier this year, Bank of New York nearly doubled the size of its corporate trust business, which handles record-keeping for debt issues, by agreeing to swap many of its retail branches for J.P. Morgan Chase's corporate trust unit." The Times adds, "While the deal ends a longstanding rivalry for both companies, it will bring together institutions whose heritage is tied to two titans of American business history. Mellon was founded more than a century ago by Judge Thomas Mellon, who handed over the business to his son Andrew; the Bank of New York was founded by Alexander Hamilton in 1784. … When the deal is completed, Bank of New York's shareholders will own 63 percent of the stock in the combined company, with Mellon's shareholders owning the remainder. Under the terms of the deal, Bank of New York's shareholders will receive 0.9434 shares of the combined company for each their current shares. Mellon's shareholders will exchange their stock on a one-for-one basis."

The Washington Post/AP (12/5, D3, Powell) reports, "The companies, in announcing the deal, said it would result in the elimination of about 3,900 jobs, or nearly 10 percent of their combined work force of about 40,000. The reductions would be made through normal attrition 'wherever possible,' the companies said in a statement. … The deal was approved by each company's board of directors but requires approval by regulators and shareholders."

LSI Logic To Purchase Agere. The Wall Street Journal (12/5, A3, Clark) reports, "LSI Logic Corp. agreed to buy Agere Systems Inc. for stock valued at about $3.45 billion, placing a big bet on the market for chips used in data storage and networking." The Journal continues, "The purchase agreement announced yesterday is the largest in the 25-year history of LSI. The Silicon Valley company pioneered the market for chips that companies customize for specific chores." The Journal adds, "Abhi Talwalkar, a former Intel Corp. executive who became LSI's chief executive in May 2005, has narrowed the company's broad range of products to focus on chips for managing disk drives and communications between computers and data-storage systems. LSI chips also are used in consumer-electronic products. … Agere, of Allentown, Pa., traces its lineage to Bell Laboratories, the one-time research arm of AT&T Corp. that invented the transistor. Lucent Technologies Inc., which inherited those operations, spun Agere off in 2000. Agere also sells data-storage chips, as well as chips used in networking devices and cellphones."

Founding Family Seeks $4.7 Billion Buyout Of Station Casinos. The Wall Street Journal (12/5, A2, Sanders) reports, "A management-led $4.7 billion buyout offer for Station Casinos Inc. represents a way for the company's founding family to tighten its hold on Station at a time when competition is intensifying for Las Vegas residents,

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its core customers." The Journal continues, "Station received an $82-per-share offer from a group led by Chairman and Chief Executive Frank Fertitta III; his brother, President Lorenzo Fertitta; and Colony Capital LLC. The Fertittas already own about 20% of Station, a Las Vegas-based company that owns and operates 16 so-called locals casinos aimed largely at suburban Las Vegas residents. The offer also calls for the assumption of more than $3.4 billion in Station debt." The Journal adds, "Speculation about a buyout of Station has circulated for weeks, and yesterday the offer sent the shares up more than 22%, ending the day at $84.90 as of 4 p.m. in New York Stock Exchange composite trading. That is $2.90 higher than the offer price, suggesting that investors expect a higher offer before a deal is reached. … Any deal for Station will likely be closely scrutinized because of management's involvement. Station says it appointed a special committee of independent directors to review the proposal. … The move comes as Station is facing tough competitive issues. Last month, the company lowered its fourth-quarter and 2007 earnings estimates. Station reported net income of $161.9 million in 2005 on revenue of $1.1 billion. It faces competition from Boyd Gaming Corp. and others angling for gamblers who live in Las Vegas, as opposed to tourists. … It also comes amid a wave of interest in casino-industry buyouts. Gambling giant Harrah's Entertainment Inc. Oct. 2 received an $81-per-share offer from private equity firms Apollo Management and Texas Pacific Group. That offer was quickly raised to $83.50 per share, according to people close to the situation, valuing the company at $15.5 billion."

Reckson Rejects Icahn Bid As Shareholders Mull Merger With Green Realty. The Wall Street Journal (12/5, A9, Forsyth) reports, "Reckson Associates Realty Corp. has rejected a late bid from financier Carl Icahn and will hold a shareholder vote tomorrow seeking approval for its planned merger with SL Green Realty Corp." The Journal continues, "Reckson's board issued a statement late last night saying that Mr. Icahn's cash-and-stock offer 'does not meet the standard set forth in the SL Green merger agreement to permit discussions or negotiations' with American Real Estate Partners LP, which is 90%-owned by Mr. Icahn." The Journal adds, "On Monday, Mr. Icahn faxed a letter to the independent board of Reckson, offering $1 billion in cash and $3.3 billion in a new class of stock in American Real Estate Partners, traded on the New York Stock Exchange. The proposal was considerably altered from his planned all-cash bid of $49 a share because he lost his two partners over the weekend. … The board's rejection of Mr. Icahn's proposal, by a vote of its independent directors last night, came even before Mr. Icahn issued his official bid, which he had said he would provide today to Reckson, a Uniondale, N.Y., real-estate investment trust. … The development is a victory for SL Green, of New York, another REIT, whose efforts to acquire Reckson hit a kink on Nov. 16 when Mr. Icahn and his then-partner, New York real-estate developer Harry Macklowe, jumped in with a surprise proposal."

Gold Kist Accepts Takeover Bid By Pilgrim's Pride. The Wall Street Journal (12/5, C4, Gibson) reports, "Gold Kist Inc.'s agreement to be acquired by Pilgrim's Pride Corp. for a sweetened $21-a-share bid ended a four-month standoff in a deal that would create the world's largest chicken processor." The Journal continues, "Assuming the proposed transaction is completed, the combined company would leapfrog industry leader Tyson Foods Inc. as the largest processor of chicken. Tyson, which also processes beef and pork, would remain the world's largest meat company, with more than three times the annual sales." The Journal adds, "The $1.1 billion offer was approved by Gold Kist's board Sunday after a weekend of negotiations over price. The accord came three days after the announcement that 67% of Gold Kist shareholders had tendered their stock despite repeated urgings from management that it was preferable to remain independent. … In what Pilgrim's Pride executives called a 'cordial' meeting in Dallas on Saturday and Sunday, Pilgrim's Pride sweetened its initial $20-a-share bid by $1, Gold Kist agreed to a takeover and Pilgrim's Pride was allowed to look at Gold Kist's nonpublic documents for the first time since it launched its unsolicited offer in August."

EU To Probe Car Battery Firm Merger. The AP (12/5) reports, "The European Union launched an antitrust investigation Monday into plans by German car battery maker VB Autobatterie to buy the car battery business of Italy's FIAMM group." The AP continues, "An initial review revealed 'serious competition concerns,' EU antitrust chief Neelie Kroes said in a statement. … Under EU rules, she has until April 23 to reach a final finding. … 'When the largest producer of automotive starter batteries (in Europe) wants to acquire the third-largest manufacturer in an already highly concentrated market, the Commission must ensure that this would not adversely affect consumers,' Kroes said." The AP adds, "VB and FIAMM make and market batteries for makers of cars, trucks and commercial vehicles as well as car parts and repair services. VB is a joint venture of Johnson Controls Inc. of Milwaukee and the German Robert Bosch GmbH, Europe's leading supplier of car starter batteries. .. .If VB buys FIAMM's battery business, the number of European suppliers would drop from three to two. Kroes said she also would examine any impact of the acquisition on the 'independent aftermarket,' which covers sales of replacement batteries."

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ENVIRONMENT:

US Urges 9th Circuit Panel To Stop Water Seepage To Mexico. The AP (12/5, Kravets) reports, "The Bush administration urged a federal appeals court Monday to allow a section of a major canal separating California and Mexico to be lined with cement to stop millions of gallons of water from seeping south of the border each year." The AP continues, "The 82-mile-long All-American Canal, which gets life from the Colorado River, in part nourishes crops on both sides of the border about 100 miles east of San Diego along the Calexico-Mexicali border - where the lining is proposed. The U.S. government says Mexico already gets 489 billion gallons of Colorado River water legitimately each year under a 1944 treaty and isn't entitled to the seepage, which provides a farming lifeline in Mexico." The AP adds, "A Justice Department attorney, John Smeltzer, told a three-judge panel of the 9th U.S. Circuit Court of Appeals that Mexicans have no right to the water, which is also the lifeblood for 500,000 acres of U.S. farmland. … The lining project will provide enough annual water for 135,000 new homes in the San Diego area." The APnotes, "All three judges suggested while hearing oral arguments in the case Monday that people in Mexico might not have legal standing to assert a claim for the water in U.S. courts. … The San Francisco-based appeals court temporarily blocked the $210 million, 23-mile-long lining construction project in August after Mexican business interests and U.S. environmental groups sued."

House To Vote On Senate Version Of Offshore Drilling Bill. The Washington Post (12/5, A4, Mufson, Eilperin, 690K) reports the House "is scheduled to vote today on a Senate plan for offshore oil and gas drilling…that falls far short of an offshore drilling bill the House adopted earlier this year. House Democratic leaders have decided not to take a position on the bill in order to avoid having to choose between different constituencies within the party's own ranks. Environmental groups oppose the drilling measure; the Sierra Club issued a statement saying that 'it's time for Congress to stop appeasing Big Oil' and that 'drilling is a bad deal for Americans.'" However, "many" Democrats "support wider drilling to increase domestic natural gas supplies. And Louisiana Democrats avidly support the Senate bill because it would divert 37.5 percent of federal royalties to Gulf states for coastal restoration projects."

Religious Land Use Law Strains Some Municipalities. The Christian Science Monitor (12/5, Green, 59K) reports in Orlando, Florida, "about a dozen churches are within a few miles of one another, and more are under construction. Neighbors venturing out for bagels and other errands find themselves stuck in traffic, heads bowed not in faith but frustration. Some complain that the traffic persists all week, as religious, youth, sports, and other activities draw crowds after work and school." While communities "traditionally zone against houses of ill-repute, not houses of worship, frustrations have grown since 2000, when then-President Clinton signed the Religious Land Use and Institutionalized Persons Act." The law "doesn't exempt churches from zoning regulations, per se. But when religious groups say the rules would create 'a substantial burden,' officials must show a compelling reason for the limits. Sometimes, the results leave neighborhoods feeling helpless in the face of ecclesiastical development." For their part, religious leaders "say they are responding to growth in their communities by providing needed services. Growth among houses of worship - particularly megachurches - poses a delicate quandary for local leaders. In smaller communities, too many churches - because of their tax-exempt status - can even strain the economy."

Panel Says Administration Sought To Stymie Nuclear Worker Payouts. Under the headline, "Administration Tried To Cut Payouts To Nuke Workers," USA Today (12/5, Eisler, 2.27M) reports, "The Bush administration repeatedly sought ways to limit payouts to nuclear weapons workers sickened by radiation and toxic material, according to a memo written by congressional investigators and obtained by USA Today. The investigation focuses on a federal program created in 2000 to compensate people with" illnesses "tied to their work at government and contractor-owned" nuclear weapons production facilities. USA Today adds that since 2002, "'there is a continuous stream of (administration) communications … strategizing on minimizing payouts,' according to the Nov. 30 memo by staff for the House Judiciary Subcommittee on Immigration, Border Security and Claims," for outgoing Chairman John Hostettler, R-Ind."

Tight Uranium Fuel Supplies Could Hamper Plans For New US Nuclear Reactors. Under the headline, "Nuclear Power Revival Could Encounter Hurdles; Tight Uranium Supplies, Scarce Processing Facilities May Hurt Bush Energy Plan," the Wall Street Journal (12/5, A4, Fialka, 2.04M) reports on the Bush administration's planned nuclear "renaissance" that faces "tightening world-wide supplies of uranium and a lack of enrichment facilities to turn the uranium into fuel for power plants." The Journal adds that "the 'Ad Hoc Utility Group,' an industry collective that represents 85% of the utilities involved in producing nuclear power is nervous about securing adequate fuel supplies for nuclear power plants over the next 10 years," and is "lobbying

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the administration to allow Russia to sell enriched fuel directly to US utilities." But that plan "is opposed by USEC Inc., the Bethesda, Md., company that acts as the US agent for Russian enriched fuel under a 1993 agreement," fearing that "it could interfere with its plans to finance and build a new enrichment plant in the US."

Inhofe To Hold Hearing On Media Coverage Of Global Warming. The Washington Times (12/5, Pierce, 88K) reports in its "Inside Politics" column that Sen. James M. Inhofe, chairman of the Environment and Public Works Committee, "will hold a full committee hearing tomorrow on 'Climate Change and the Media.'" The hearing will "look at how the media has presented scientific evidence regarding predictions of human-caused catastrophic global warming, the senator's office said." Committee Communications Director Marc Morano said, "Senator Inhofe believes that poorly conceived policy decisions will result from the media's nonstop hyping of 'extreme scenarios' and dire climate predictions. This hearing will serve to advance the interests of sound science and encourage rational policy decisions."

Renewable Energy Boom Takes Toll On Forests. The Wall Street Journal (12/5, A1, Barta, Spencer, 2.04M) reports, "Investors are pouring billions of dollars into 'renewable' energy sources such as ethanol, biodiesel and solar power that promise to reduce the world's reliance on petroleum. But exploiting these alternatives may produce unintended environmental and economic consequences that offset the expected benefits." In Borneo, "forest fires that have blazed across the island. Many of them were set to clear land to produce palm oil -- a key ingredient in biodiesel, a clean-burning diesel fuel alternative." The "miasma of smoke from Borneo and the island of Sumatra -- an annual phenomenon that blankets large parts of Southeast Asia in smog -- underscores a troubling dark side of the world's alternative-energy boom. Among other problems, the fires in Indonesia spew millions of tons of carbon dioxide and other greenhouse gases into the atmosphere, experts say." And these "side effects are not an isolated problem. In Indonesia, Malaysia, Canada and elsewhere, forests are being slashed for new energy-yielding crops or other unconventional fuels."

NYTimes Praises Bodman For Agreement On Efficiency Standards. The New York Times (12/5, 1.16M) editorializes, "It seemed to take forever, but the Bush administration has finally agreed to a strict timetable for establishing new energy efficiency standards for nearly two dozen commercial and residential appliances over the next five years. The agreement is good news for the environment." It is "a tribute to the persistence of 15 states, the Natural Resources Defense Council and various consumer groups that sued the Energy Department for failing to comply with longstanding Congressional mandates." The Times writes, "The benefits are obvious, and Samuel Bodman, in his second year as secretary of energy, is to be commended for recognizing them."

FBI/DEA/ATF/USMS:

Audit Finds $56 Million Shortfall In FBI Computer Database Funding. In a widely-distributed story, the AP (12/5, Jordan) reports, "The FBI faces a $56.7 million funding gap as it builds a new computer system to replace a problem-riddled database of investigation files, Justice Department auditors said Monday. With careful oversight, the Sentinel program still could be successful, auditors from the department's inspector general's office concluded." The AP notes, "The FBI asked for an estimated $150 million in the fiscal year that began Oct. 1; the White House approved spending $100 million. … Although the FBI expects to have about $50 million left over from earlier work on Sentinel and other bureau projects, auditors warned that pulling money from other programs 'may have an adverse affect on the FBI's mission capabilities,' the auditors said. Responding, the FBI in a statement said the money needed 'has long been identified from existing FBI balances, and will not impact operational programs.'"

The Washington Post (12/5, A27, Eggen, 690K) also notes the audit "said that a current White House budget request includes only $100 million for Sentinel in fiscal 2007, although the FBI says it needs $57 million more to keep it going." The Post adds that the audit "also says the FBI has made 'significant progress' in several key areas, including improving management controls and finding ways to ensure that the software will work as intended. Fine made five specific recommendations to overcome various problems. FBI officials said they agreed with the ideas and had begun implementing them."

The New York Times (12/5, Lichtblau, 1.16M) reports, "Democrats said they planned to press Robert S. Mueller III, the director of the F.B.I., about the computer project when he appears before the Senate Judiciary Committee on Wednesday." Incoming Senate Judiciary Chairman Patrick Leahy said yesterday, "After watching the F.B.I. waste five years and more than 170 million of taxpayer dollars on the Trilogy program, I remain seriously concerned about the handling of this project. The American people cannot afford another fiasco."

Government Executive (12/4, Pulliam) reported, "The FBI has made 'significant progress' in addressing many initial concerns about the development of the case management system dubbed Sentinel, the Justice Department inspector

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general's office stated in the audit. For instance, the FBI has made strides in staffing the project's program management office," however, "uncertainty about funding and cost estimates, and deficient contingency planning, must be addressed if the law enforcement agency is to avoid delays and other problems…auditors said." GE also notes that Mueller is scheduled to testify tomorrow and adds, "The IG recommended that the FBI update the project's estimated total cost as actual cost data becomes available, develop contingency plans for identified risks to the project and fill all vacancies in the program management office. In a response to the report, the FBI agreed with all of the IG's recommendations."

FBI Seen As Falling Short In Counter-Terrorism Efforts. NBC Nightly News (12/4, story 4, Williams, 9.87M) asked, "How much progress has the FBI really made since the attacks on 9/11? In an exclusive interview and in never-before released tapes, FBI officials reveal what critics say is a stunning lack of knowledge about terrorism and terrorist threats." NBC (Myers) added, "Bassem Youssef is the FBI's highest-ranking Arab American agent, a terrorism expert and one of only six agents with advanced Arabic skills." Youssef: "I don't believe that the FBI's doing everything it can to combat terrorism." Myers: "Youssef believes the FBI has sidelined him, denying him a significant role in the war on terror. He claims discrimination and is now suing the bureau." NBC aired unflattering excerpts of FBI officials' testimony in 2004 deposition videotapes for the Youssef lawsuit, then showed NBC analyst Michael Sheehan saying, "Not knowing these basic tenets is symptomatic of a lack of deep knowledge about your principle adversary and that is unacceptable." Myers: "An FBI spokesman now concedes that expertise does matter and says today's leaders have it." John Miller: "To have that depth of subject matter expertise and the executive and leadership skills is certainly a plus, and I think over time we've developed that at the top." Myers: "Some agents privately grumble that Youssef has an inflated sense of his own talents. … For now Youssef has a desk job. A far cry from terrorism's front lines."

Under FBI Probe, Mollohan Set To Take Reins Of Spending Subcommittee. Bloomberg (12/5, Faler, Forsythe) reports, "Representative Alan Mollohan, a West Virginia Democrat whose finances are being investigated by the Federal Bureau of Investigation, is in line to take over the House panel that sets the bureau's budget." Bloomberg continues, "Mollohan, 63, is the ranking Democrat on the appropriations subcommittee overseeing the Department of Justice, which includes the FBI. His party has a long-standing practice of awarding appropriations subcommittee chairmanships to senior members, and no other Democrat has announced plans to seek the post when the party assumes control of Congress next month." Bloomberg adds, "The pending appointment poses an ethical dilemma for incoming House Speaker Nancy Pelosi, 66, who helped her party take control of Congress for the first time in 12 years by vowing to clean up a 'culture of corruption' on Capitol Hill. … 'If the Democrats want to be taken seriously as the party of ethics reform, then every time one of their members gets into trouble, they're going to have to take it seriously,' said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. Her organization is urging Mollohan to recuse himself from any decisions affecting the FBI's budget." Bloomberg notes, "Earlier this year, the National Legal and Policy Center, a Falls Church, Virginia-based group that backs smaller government, filed a complaint with the department questioning an increase in Mollohan's net worth. For 2005, Mollohan and his wife reported assets worth $6.8 million to $25.7 million, up from $116,000 to $315,000 in 1999, when he restated financial disclosure forms after the group's complaint. … In May, Mollohan told the Washington Post that the FBI had subpoenaed a Washington-based real-estate company in which he had invested. In April, a nonprofit group set up under Mollohan's leadership, the Vandalia Heritage Foundation, said in a statement that it had been told by the FBI to expect a request for information."

Former Connecticut Town Official Pleads Guilty To Cocaine Charges. The AP (12/5) reports, "A former member of the Bridgeport Democratic Town Committee pleaded guilty Monday to federal cocaine charges, avoiding a trial that could have put pressure on Mayor John Fabrizi to testify. Shawn Fardy, 36, convicted of conspiracy to possess with intent to distribute, and distribution of cocaine, admitted buying cocaine from drug dealer Juan Marrero and then distributing some of that to others and keeping some for his own use." The AP notes, "Fardy's attorney, Francis O'Reilly, has said prosecutors were relying on allegations that Fabrizi made against Fardy. Fabrizi met with the FBI at least twice and gave lengthy interviews that are contained in FBI reports, O'Reilly said. Prosecutors have declined to comment on whether Fabrizi would be a government witness, but his name was among 41 people whose names may be mentioned during the trial or who may testify."

Florida Attorney Admits Helping Drug Dealer Conceal Transactions. The Palm Beach Post (12/5) reports criminal defense attorney John Garcia "pleaded guilty Monday to federal charges of helping a drug dealer and former client conceal financial transactions and lying about it to drug enforcement agents. Garcia was arrested in September and charged with three counts of illegal money structuring and one count of making false statements to

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federal Drug Enforcement Administration agents." Garcia "deposited $9,000 in…drug profits into his personal account, which was used for [a] home. The scenario was repeated in September 2003, the government said."

The South Florida Sun-Sentinel (12/4, Diaz) reported Garcia "admitted to depositing $18,000 into his personal checking account -- once in 2002 and again in 2003 -- and $28,000 into his law firm's trust account to help [his client] Joel McDermott buy a five-bedroom, $630,000 home in the Olympia community in Wellington. Garcia purchased Bank of America cashier's checks for McDermott, who's serving a 21-year federal prison sentence."

Supreme Court Upholds 55-Year Sentence For Gun Possession During Marijuana Deals. The AP (12/4) reports the Supreme Court on Monday "let stand a mandatory 55-year prison sentence, condemned as excessive by the federal judge who imposed it, for a man convicted of carrying a handgun during three marijuana deals. Record producer Weldon Angelos received the minimum sentence under the law -- a harsher sentence than a child rapist or a terrorist who detonates a bomb aboard an aircraft would receive, according to his attorneys. … Angelos was convicted of 16 counts of violating federal firearms, drug and money laundering laws in 2003. The charges stemmed from his sale of three 8-ounce bags of marijuana to an undercover informant."

Pentagon Said To Resist Appeals To Help Combat Afghanistan's Opium Trade. The Los Angeles Times (12/5, Meyer) reports the Pentagon, "engaged in a difficult fight to defeat a resurgent Taliban in Afghanistan, has resisted entreaties from U.S. anti-narcotics officials to play an aggressive role in the faltering campaign to curb the country's opium trade. Military units in Afghanistan largely overlook drug bazaars, rebuff some requests to take U.S. drug agents on raids and do little to counter the organized crime syndicates shipping the drug to Europe, Asia and, increasingly, the United States, according to officials and documents." While the Pentagon and DEA "have been at odds, poppy cultivation has exploded, increasing by more than half this year. … The DEA's advocates in Congress argue that the Pentagon could undermine the insurgency by combating the drugs that help finance it. Military officials say they can spare no resources from the task of fighting the Taliban and its allies."

Walters Links Rising Opium Production To Taliban, Limited Funds. Asia News (12/4) reported opium production in Afghanistan "reached record highs this year despite international efforts to strangle it. This was recently revealed by the US government, in confirmation of a report by the UN Office on Drugs and Crime and the World Bank. In 2006, production is estimated to have grown by 61% after a 26% increase in 2005, for a total product of around 5,600 tons. … John Walters, White House drug policy chief, said the main causes for the failure to eradicate production were the resurgence of Taliban forces, which oppose US operations, and limited funds available for anti-narcotic and development programs."

Poorly Trained Police Force Linked To "Explosion" In Opium. The New York Times (12/4, Glanz, Rohde) say a joint report by the Pentagon and the State Department "has found that the American-trained police force in Afghanistan is largely incapable of carrying out routine law enforcement work. … The training experts say the United States made some of the same mistakes in training police forces in Afghanistan that it made in Iraq, including offering far too little field training, tracking equipment poorly and relying on private contractors for the actual training. … In Afghanistan, the failure has contributed to the explosion in opium production, government corruption and the resurgence of the Taliban."

NYTimes Ties Ineffective Police Force To Rise In Opium Production. In an editorial, the New York Times (12/5) writes, "The failure to provide local security — or even a semblance of impartial justice — helps explain why so many Afghans have lost confidence in the pro-Western government of President Hamid Karzai, and why a growing number are again turning to the Taliban for protection. The failure to stand up an effective police force also helps explain why opium cultivation rose by nearly 60 percent this year."

Think Tank Proposes Painkiller Licensing To Thwart Drug Trafficking. For UPI (12/5), Pyotr Goncharov in Moscow writes, "Perhaps, it is worth considering a proposal made by the Senlis Council, an international drug policy think tank based in Europe. It believes that Western countries should officially buy opium poppy from Afghanistan and then license it to produce painkillers. The Afghan state would benefit and establish at least partial control over the poppy fields. More importantly, this would be a severe blow to illegal drug trafficking."

Brother Of Colombia's Drug Czar Arrested On Cocaine Charge. The AP (12/4) reported Colombia's drug czar "said police arrested his brother over the weekend with six grams (0.2 ounces) of cocaine. Carlos Albornoz, head of the National Drug Directorate responsible for Colombia's drug-control policies, said in a news conference Sunday his brother Ivan Albornoz was arrested shortly after buying the drugs Saturday night in southern Bogota. … Albornoz said he was unaware of his brother's drug use and expected him to be treated with the same severity as any other Colombian citizen."

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IMMIGRATION:

Wife Of Georgia State Senator Faces Deportation. The AP (12/5, Dell'Orto) reports Georgia state Sen. Curt Thompson "has been a strong advocate of immigration rights, once speaking in Spanish from the steps of the Georgia Capitol against the adoption of some of the nation's strictest immigration controls. Now Thompson's Colombia-born wife is in hiding as federal immigration officials try to deport her." Sascha Herrera, 28, "has been in hiding since Immigration and Customs Enforcement officers arrived at her home Nov. 28 with an order to remove her from the U.S. She was not home at the time." Herrera's attorney, Charles Kuck, "claims she was duped by a man handling her immigration requests and that she never received the immigration notices that triggered her deportation order. While Kuck says neither he nor her husband know where Herrera is, he said that she will turn herself in Tuesday."

Charity Linked To Minuteman Leader Fined For Financial Reporting Problems. The Washington Times (12/5, Seper, 88K) reports, "One of the charitable organizations cited by Minuteman Civil Defense Corps boss Chris Simcox on why financial accountability concerns raised by some corps members were unfounded has been fined for failing to keep its own financial records in order, The Washington Times has learned." The Declaration Foundation, "a tax-exempt charity created by conservative activist Alan Keyes, who has vigorously supported the Minuteman movement, was fined $6,500 in August and prohibited by the Pennsylvania Bureau of Charitable Organizations from soliciting donations until it becomes 'properly registered.'" The August 18 "'agreement and order,' signed by Declaration Foundation Executive Director Mary Parker Lewis, a top Minuteman adviser, acknowledged that the charity made false statements in seeking to solicit donations, failed to properly administer money it had collected, and withheld documents sought as part of an 'investigative subpoena.'" The Declaration Foundation is "at the center of an intricate weave of conservative organizations founded by Mr. Keyes or tied to longtime Keyes associates now working with MCDC. They have served as mentors for Mr. Simcox and provided consulting and financial services for the group's fundraising and media activities."

Congressional Democrats Expected To Struggle With Immigration Issues. CNN's Lou Dobbs Tonight (12/4, Dobbs) reported, "The Democrats will likely try to push through a Bill granting a pathway to citizenship for millions of illegal aliens regardless of what the American public wants or says." CNN added, "Last year, amnesty provisions passed the Senate and failed in the House. Next year could look a lot like a rerun of this year. The vast majority of Americans are adamantly opposed to anything that resembles amnesty. Several political observers say if Democrats hope to retain the majority in 2008, they may have to reconsider their position on this issue." Also on CNN's Lou Dobbs Tonight (12/4, Dobbs), New Mexico Gov. Bill Richardson said, "What I would like to do is have a comprehensive [immigration] act that addresses…border security, that….makes sense out of a policy that is broken and needs fixing. And this is the way we need do deal with it, by a comprehensive effort."

TAX:

Judge Bars Maryland Man From Running Tax Scheme. The Baltimore Sun/AP (12/5) reports, "A Westminster (MD) man has been barred by a federal judge from running a scheme in which he promised to help members avoid paying federal taxes, the U.S. Department of Justice announced today." The AP continues, "The 'Save-A-Patriot Fellowship' run by John Baptist Kotmair Jr. falsely advised that clients didn't have to pay taxes and could legally withdraw from the Social Security system, U.S. District Judge William Nickerson said in his ruling. Despite legal action by the U.S. Justice Department, Kotmair's organization continued to file frivolous protest letters with the Internal Revenue Service on behalf of more than 800 clients and showed 'no inclination ... to cease their activities,' Nickerson noted." The AP adds, "Nickerson's order, issued last week, permanently bars Kotmair and his organization from representing or assisting anyone in corresponding with the IRS, or preparing court filings relating to income taxes. Kotmair and his organization must also notify all individuals involved in the scheme of the injunction and provide the Justice Department with the names of the customers, their e-mail addresses and telephone and Social Security numbers. … The injunction also must be posted prominently on the organization's Web sites for a year, and fraudulent promotional materials must be removed from the sites."

IRS Lacks Plan To Recover $200 Million In Fraudulent Tax Refunds. USA Today (12/5, McKoy, 2.27M) reports, "At least two months before the IRS mistakenly began paying an estimated $200 million in fraudulent or erroneous 2006 tax season refunds, the agency was warned about potentially "catastrophic" problems in a new computer being developed to avert such a blunder. A USA TODAY examination of the IRS Electronic Fraud Detection System project found the previously unpublicized November 2005 warning, along with other warnings and new details of missteps that culminated in one of the most costly

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and embarrassing episodes in the tax agency's recent history." USA Today adds, "As the peak of the 2006 tax season approached last spring, the IRS discovered that a planned upgrade of the agency computer that red-flags potentially fraudulent tax refunds had failed. The discovery came after the IRS had shut down the older computer. The failure forced the agency to continue processing 2006 tax season returns -- and issuing refunds -- without its first line of electronic defense against fraud." USA TODAY's review "found that the IRS lacks a comprehensive plan to recover the $200 million, which the agency said represents far less than 1% of all 2006 tax season refunds. That means most fraudulent filers who got federal checks in 2006 will likely never be caught."

CONGRESS-ADMINISTRATION:

Bolton Resigns; Khalilzad Seen As Most Likely Replacement. UN Ambassador John Bolton announced his resignation Monday, in a move that is being largely portrayed as a White House defeat in the face of the Democratic opposition. The New York Times (12/5, A1, Cooper, 1.16M) reports that it is "not immediately clear" who would replace Bolton, but reportedly under consideration are Ambassador to Iraq Zalmay Khalilzad, Undersecretary of State Burns, former UNCHR ambassador Richard S. Williamson, and Ohio Sen. Mike DeWine. But "how Mr. Bush chooses to fill those jobs could indicate which direction the administration will tilt during its last two years, administration officials and United Nations diplomats said." The Washington Post (12/5, A1, Baker, Kessler, 690K) says the White House's is "focusing on…Khalilzad" and "also has a crop of Republican lawmakers who lost reelection to consider. A number of senior ambassadors from around the world have expressed interest, but administration officials said Bolton's successor will be a political nominee." The Wall Street Journal (12/5, A3, McKinnon, Dreazen, 2.04M) also says that speculation has focused on Ambassador Khalilzad, but also includes Sudan special envoy Andrew Natsios, Undersecretary of State Paula Dobriansky, and retiring Iowa Rep. Jim Leach.

ABC World News (12/4, story 6, 0:25, Gibson, 8.78M) reported, "Democrats, now in control of the Congress, promised to defeat the" Bolton nomination. NBC Nightly News (12/4, 0:15, Williams, 9.87M) and the CBS Evening News (12/4, story 4, 0:20, Couric, 7.66M) briefly noted Bolton's resignation in similar reports. CBS referred to Bolton as "the UN Ambassador who loved to bash the UN" and "a lightning rod for critics who compared his style to a bull in a China shop."

The Los Angeles Times (12/5, Farley, Gerstenzang, 850K) reports the "pugnacious" Bolton "is known for not giving up." But "after meeting with his mentor Vice President Dick Cheney on Thursday to discuss ways to stay at the UN without a Senate confirmation, he decided it was time to quit." The resignation "signals that the Bush administration is less willing, or less able, to go around Congress to push through an unpopular agenda."

On its front page, the Washington Post (12/5, A1, Baker, Kessler, 690K) says Bush "surrendered to congressional foes yesterday." According to the Post, "administration lawyers in recent weeks had developed options to keep him there after that appointment expires this month. But officials said Bolton and the White House decided against provoking an early confrontation with Democrats as they take over Congress next month." Bolton's resignation is seen as leaving "another hole in Bush's foreign policy team at a time when the U.N. ambassador is heavily involved in diplomacy involving the nuclear activities of Iran and North Korea and the ongoing crisis in Lebanon."

Similarly, the Financial Times (12/5, Daniel, Turner) says the White House "bowed to the political realities imposed by the new Democratic Congress" and notes that White House spokesman Tony Snow "admitted defeat" saying, it was "pretty obvious" Bolton wasn't going to get the votes from the Senate Foreign Relations Committee. However, the Times says the White House was "reluctant to present it as a conciliatory move for Democrats," so instead Bush "blamed 'stubborn obstructionism,' while Snow said the 'appointments process is broken,' and charged that 'for reasons of partisanship a handful of senators prevented him remaining UN ambassador.'" Under the headline "Bolton's Exit May Signal A Shift to the Center," the Wall Street Journal (12/5, A3, McKinnon, Dreazen, 2.04M) says Bolton's departure "marked another concession by…Bush to the new political realities facing him, and likely pushes his administration more to the center as he heads into his final two years in office." Bolton's resignation suggests the Bush White House is "being forced into the center," said Danielle Pletka of the American Enterprise Institute. "This confirms an inevitable fact of political life, which is that administrations do drift" as they move into the home stretch, she added.

On its website, Time (12/5, Zagorin, 4.03M) says Bolton's departure "marks another acknowledgement by the White House of the political consequences of the Nov. 7 Congressional elections." Bush "could have put Bolton's name up for a new recess appointment when his current one expires in early January, but Bolton would have been prohibited by law from drawing a salary. More important, such an attempt by the White House to again override the Senate by sending Bolton back to the U.N. risked infuriating Democrats and undermining Bush's professed intention to seek consensus and political compromise."

The Washington Times (12/5, Dinan, 88K) says Bush is "giving in to the objections of Senate Democrats and one

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Republican a month after the White House pledged to push to confirm him." Bolton's departure "will leave Secretary of State Condoleezza Rice with three major vacancies to fill. Deputy Secretary of State Robert B. Zoellick, the department's second-in-command, left for Wall Street in July, and Philip Zelikow, the department counselor and a top confidant of the secretary, announced last month he plans to return to his teaching job at the University of Virginia in January."

The New York Times (12/5, Cooper, 1.16M) notes Bush issued a "strongly worded statement excoriating" Bolton's opponents on the Senate Foreign Relations Committee, saying "they chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time." However, the Times says that "despite the president's strong words, administration officials had largely given up" on Bolton's confirmation last month. His resignation "brings to an end the stormy and controversial tenure of an ambassador whose confrontational style often conflicted with the understated ways of the United Nations," the Times writes. In a second report, the New York Times (12/5, Hoge, 1.16M) says the announcement was "greeted by United Nations officials with relief, while diplomats from other nations offered mixed assessments of his effectiveness during his 17 months as the American envoy."

In an interview with Fox News' Special Report (12/4, Hume), Bush said Bolton "chose to leave gracefully…because it became apparent that once again, the Senate would block his nomination. I am very disappointed. Look, John Bolton came into office…with a lot of unfair criticism and he proved the critics wrong. He did a fine job. … On issue after issue, Bolton delivered. You are looking at a man who is deeply disappointed in what I would call shallow politics of the Senate. I truly believe the Senate denied a really accomplished person the opportunity to serve."

The AP (12/5, Ben Feller) says the "setback for the White House seemed to put a hold on the post-election talk of bipartisanship" as Bush delivered "stinging" words to congressional members who "helped scuttle his nomination." Democrats, however, said Bolton's resignation signaled a fresh start. Senate Majority Leader Harry Reid said, "Hopefully this change marks a shift from the failed go-it-alone strategies that have left America less safe." Similarly, Sen. John Kerry said, "With the Middle East on the verge of chaos and the nuclear threats from Iran and North Korea increasing, we need a United Nations ambassador who has the full support of Congress and can help rally the international community to tackle the serious threats we face."

The Pawtucket Times (12/5, Baron) reports, "Chafee's opposition to Bolton as a member of the Senate Foreign Relations Committee 'was what made it not happen,' said Chafee spokesman Steven Hourahan. 'Without his vote in committee, it wasn't going to go.'" Hourahan "said Chafee was 'very comfortable' with his decision to effectively remove Bolton as ambassador. He said it was 'clear that the American people sent a message,' in the November election that they were unhappy with Bolton's confrontational style and the Bush administration's foreign policy." In a written statement issued Monday, Chafee said, "I have long believed that the go-it-alone philosophy that has driven this administration's approach to international relations has damaged our leadership position in the world. Mr. Bolton did not demonstrate the kind of collaborative approach that I believe will be called for if we are to restore the United States' position as the strongest country in a peaceful world."

The Christian Science Monitor (12/5, Grier, 59K) reports, "Critics claimed that Bolton's brusqueness made him counterproductive. At the UN, he alienated US allies, both real and potential, according to his critics. Many Senate Democrats -- and a few Republicans -- charged that his hard-line ideology and penchant for confrontation was at odds with the UN's multilateral nature." But Bolton's "defenders insist that he has done well at the UN headquarters in New York, pushing through tough Security Council resolutions on North Korea's nuclear activities, building consensus among allies on the need for Iran to suspend its enrichment of uranium, and pressing for peace in Darfur."

More Commentary. The New York Times (12/5, 1.16M) editorializes, "Bolton's decision to resign as America's envoy to the United Nations was a wise move. He averted a distracting and divisive fight at a time when both Congress and the Bush administration have better things to do. He has also provided President Bush with an opportunity to show the kind of bipartisan leadership he talks about so frequently and exercises so seldom. ... Mr. Bolton's withdrawal gives the president a chance to improve his relationship with both the U.N. and Congress."

The Wall Street Journal (12/5, 2.04M) editorializes, "Yesterday's announcement that Mr. Bolton will resign as US Ambassador to the United Nations when his recess appointment ends with this Congress was no doubt cheered in Tehran, Damascus, Caracas, Pyongyang, and Christopher Dodd's Senate office. ... More important, he has stood forcefully for American interests despite the leaks and sniping from the office of Secretary General Kofi Annan. ... And it does not speak well for the American political system that it can't find a place in government at this dangerous moment in history for one of the world's leading anti-proliferation experts. The decision by newly ascendant Democrats -- Mr. Dodd in particular -- to deny Mr. Bolton a confirmation vote on the Senate floor shows that they value partisan animosity above having a seasoned negotiator at the UN."

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Gates Expected To Win Confirmation Easily. Time (12/5, Waller, 4.03M) reports on its website DOD nominee Robert Gates "is expected to have little trouble winning Senate approval. Even Democrats who have had issues with Gates in the past are anxious to begin course corrections in the Pentagon's troubled Iraq war strategy. And means the hearings will most likely be a far cry from the last ones Gates faced — when George Herbert Walker Bush picked Gates to be CIA director in 1991." Time notes Senate Democrats "appear willing to let bygones be bygones. One of the senators who voted against Gates in 1991 was Carl Levin, who takes over as Armed Services Committee chairman next year. 'Fifteen years have passed since that vote,' Levin says. 'I'm going to want to consider what his record has been since then — his thinking and writing since then. And I'm going to give it a fair and fresh look.'"

LATimes Urges Senators To Press Gates On Intelligence Matters. The Los Angeles Times (12/5, 850K), in an editorial, writes Gates "is a shoo-in. But senators should nevertheless use his confirmation hearings, slated to begin today, to put Gates on notice that he will have to reestablish the trust of Congress and the American people about whether to believe what the military — and other agencies — say about intelligence matters. Allegations that Gates has in the past edited intelligence to suit his political superiors are certainly disturbing. … But the point of these hearings is not to rehash Gates' past. It is to establish what he has learned from his mistakes and how he intends to prevent the Pentagon from repeating them."

Pelosi Plans To Fast-Track Miller's Minimum Wage Bill. USA Today/AP (12/5, 6A) reports Incoming House Speaker Nancy Pelosi "wants to fast-track efforts to boost the federal minimum wage and could seek to bring a bill directly to the House floor in January. … Pelosi's preference is for a 'stand alone' minimum-wage bill that is not tied to other legislative endeavors. The bill probably will go straight to the floor for consideration, bypassing the House Committee on Education and the Workforce, said Pelosi spokesman Brendan Daly, lobbyists and others involved in the process." According to USA Today the bill "is likely to call for a phased-in increase in the current federal minimum wage of $5.15 an hour to $7.25 an hour along the lines of a proposal written by Rep. George Miller."

Kennedy Legislation Would Require Companies To Provide Paid Sick Days. The New York Times (12/5, Greenhouse, 1.16M) reports that "women's organizations" and "liberal groups" are "gearing up for a fight" over paid sick days. The Times notes Sen. Edward Kennedy "introduced a bill last year to require companies with at least 15 employees to provide seven paid sick days a year, but that bill languished in the Republican-led Congress. Now that Democrats have won control of Congress, Mr. Kennedy, the incoming chairman of the Health, Education, Labor and Pensions Committee, is more optimistic. 'It has a wildfire of support across the country,' he said. 'When you talk to workers, this is, besides an increase in the minimum wage, the most important issue for these families. This is a families issue. This is a values issue.'"

Liberal Groups To Target 86 Districts In Push For Democratic Agenda. The Hill (12/5, Hearn) reports Change America Now, "a coalition of 40 liberal groups set to push the House Democrats' economic agenda, is targeting 86 districts around the country for press events and possibly television advertising, according to a list obtained by The Hill." The groups "will focus their efforts on 54 Republican and 32 Democratic districts, most represented by moderates, hoping to build support for four parts of the Democrats' '100 Hours' agenda: raising the minimum wage, allowing Medicare to negotiate drug prices with pharmaceutical companies, cutting student-loan interest rates and repealing tax breaks for oil companies."

Democrats Counseled To Pursue Moderate Agenda. New York Times' guest columnist Thomas Edsall (12/5, Edsall) writes, "In this election campaign, the Democratic leadership offered pallid, nonspecific policy initiatives — in the House, a 'bipartisan solution to strengthen Social Security,' and in the Senate, a call to 'work together to strengthen Social Security and Medicare.' Nonetheless, buried in a morass of campaign-season evasion were the outlines of a potentially salable political program. … As the party struggles to forge a working majority, it must strike a delicate balance, argue Jason Bordoff and colleagues at the Brookings Institution's Hamilton Project. Allocating excessive economic risk to individuals can harm economic growth as well as family well-being, they note. Conversely, 'poorly designed programs to protect against risks can distort economic incentives and impair overall economic performance.' For the Democrats to thread this needle will take a steady hand."

Democrats Picking Most Committee Chairs This Week. The Hill (12/5, Hearn) reports House Democratic leaders "hope to have nearly all their committee chairmen named by week's end, a House Democratic leadership aide said yesterday." According to The Hill, "only the Veterans Affairs Committee is disputed."

Democrats Will Restructure Appropriations Committees. The Washington Times (12/5, Waterman, 88K) reports Democrats "will restructure the appropriations panels of both chambers, seeking to restore the alignment between the Senate and House subcommittees and ease a budgeting process that has failed for 12 years in a row to deliver

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spending bills on time." The Times notes Democrats "maintain that by eliminating two subcommittees on the House side, responsible for funding the legislative branch and the District of Columbia, and moving other elements of jurisdiction around among the remaining 10, Republicans made the complex job of reconciling the House and Senate versions of spending bills that much more complicated, because the two-chamber conferences doing the work had to involve lawmakers from as many as four different subcommittees."

GOP Portrayed As Unwilling To Pursue Its Agenda After Midterm Defeats. The AP (12/5, Abrams), in a highly contentious article, reports, "A Republican-led Congress criticized for producing little but political rancor is likely to end its term this week with at best a grade of 'Incomplete.' The House and Senate return Tuesday having already decided to dump an unfinished budget on next year's Democratic-controlled Congress. Passing grades are problematic for a host of other issues on lawmakers' plates." Senate Majority Leader Bill Frist "had originally talked of keeping the Senate working right up to Christmas, but motivation to stay in Washington was deflated by the Republican losses of both the House and Senate in the election." The Washington Post (12/5, A27, Murray, 690K), in an another article dismissive of the congressional GOP's accomplishments, reports, "A pile of unfinished business awaits the Republican-led Congress when it returns today, and a pile of unfinished business is likely to remain when lawmakers adjourn for the year, presumably on Friday. Lawmakers have all but given up on completing any of the nine remaining spending bills and will instead leave it to the new Democratic leaders to work out the new government spending levels when they take charge in January." The Post notes that Democrats "have lambasted the GOP Congress for months about its skimpy list of accomplishments this year."

Blunt And Cantor Meet To Diffuse Tensions Over Whip Race. The Hill (12/5, O'Connor) reports House Majority Whip Roy Blunt and Rep. Eric Cantor "met yesterday…to quell simmering tension between the two of them that boiled over during the recent leadership contest." The Hill continues, "The friction came to a head during the recent leadership races even though Cantor was assisting Blunt in turning back a challenge from Rep. John Shadegg. … During that campaign, some Republican members and staff frequently suggested that Cantor was the more popular candidate to perform the whip duties even though Blunt eventually beat Shadegg by a wide margin. A steady stream of stories and member comments fed that perception during the week and a half between the midterm election and the leadership race, creating tension between the two offices that was further fueled by inconsistent communication between the two staffs, the sources said. That tension erupted during a phone call between the Blunt and Cantor before the race itself when Blunt expressed concern that Cantor's staff had not gone far enough to discredit a story that members wanted to 'draft' the affable Virginian despite his commitment to build support for Blunt, aides said."

New Ethics Committee Must Decide Whether To Reauthorize Existing Probes. The Washington Times (12/5, Bellantoni, 88K) reports the House ethics panel "is unlikely to complete several of its investigations during the final month of the 109th Congress, so questions about the conduct of a handful of members will remain unresolved. … A new committee at the convening of the 110th Congress could vote to reauthorize or carry over the investigations, but panel members are not required to do so." The Times goes on to report that the committee has "at least" four active investigations, including those of Rep. William Jefferson and former Rep. Bob Ney.

Pelosi Criticized For Passing Over Hastings. USA Today's DeWayne Wickham (12/5, 15A) writes, "What Democrats did to Alcee Hastings is a case of political ethics being taken to an illogical extreme. The decision by Rep. Nancy Pelosi…not to make the Florida congressman chairman of the Intelligence Committee was a concession to political expediency, not good judgment."

Rangel, Tancredo Draw Criticism Over Regional Insults. USA Today (12/5, Copeland, 2.27M) reports, "The regional insult, a staple of trash-talking sports fans but rarely used these days by national politicians, is making a comeback." Rep. Charles Rangel "angered Mississippians when he asked last month, 'Who the hell wants to live in Mississippi?'" Last week, Rep. Tom Tancredo "said of Miami: 'You would never know you're in the United States of America. You would certainly say you're in a Third World country.'"

Medicare Drug Plan Changes Seen As Potentially Ensnaring Low-Income Seniors. The New York Times (12/5, Pear, 1.16M) reports that "advocates for older Americans" are "worried that tens of thousands of low-income Medicare beneficiaries will again have trouble getting medications next month, as they did in January of this year." The Times notes, "Many prescription drug plans are changing benefits. Beneficiaries are changing from one plan to another. New plans are entering the market. Some beneficiaries will find they can no longer use the drugstores they have been using. … About 600,000 poor people are losing the guarantee of extra assistance that

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covered nearly all their drug costs this year." Pharmacists "say they also foresee problems for another group: 300,000 low-income people who will be reassigned to plans chosen at random by the federal government. Even people who stay in the same plan may face surprises because some of their drugs may no longer be covered." Medicare officials "said they were trying hard to avoid a repetition of the problems that overwhelmed pharmacists 11 months ago. … 'Lessons have been learned,' said Kathleen M. Harrington, a spokeswoman for the Medicare agency."

Federal Officials Offer Estimating Tool To Counter "Doughnut Hole" Concerns. The Wall Street Journal (12/5, D3, Zhang, 2.04M) reports the federal government "is offering seniors a hand figuring out the infamous 'doughnut hole' -- the coverage gap in Medicare's prescription-drug benefit that many beneficiaries will encounter during the year. A new tool on Medicare's Web site, called a cost estimator, offers monthly and annual spending estimates based on the drugs seniors take and the pharmacy they use. Because it includes both the costs to seniors and to their plans -- the two factors that determine when the doughnut hole kicks in -- seniors can get at least a rough idea of when during the year they will reach the gap under each plan in their area."

Legislation Filed To Restructure Red Cross. The New York Times (12/5, Strom, 1.16M) reports, "Senator Charles E. Grassley filed legislation yesterday to overhaul the American Red Cross," marking "the first time in almost 60 years that Congress has moved to amend the organization's charter. The legislation, which has the organization's strong support, would cut the size of the Red Cross's national board by more than half, change the way board members are nominated and mandate the appointment of an independent ombudsman charged with reporting annually to Congress, among other steps." An expert panel commissioned by the Red Cross following "widespread criticism of its performance after Hurricane Katrina" filed a report suggesting "many changes that require legislative action because the Red Cross is governed by a Congressional charter."

NASA Announces Plans For Moon Base. The announcement of NASA's plans for moon exploration was covered in all major newspapers, and given front-page status in the New York Times and the Washington Post. All major stories emphasize that officials "declined" to discuss the price of the project. The New York Times (12/5, A1 Leary, 1.16M) reports in a front-page article, "NASA announced plans on Monday for a permanent base on the Moon, to be started soon after astronauts return there around 2020. The agency's deputy administrator, Shana Dale, said the United States would develop rockets and spacecraft to get people to the Moon and establish a rudimentary base. There, other countries and commercial enterprises could expand the outpost to develop scientific and other interests, Ms. Dale said." Dale and other officials said the base would be located in one of the moon's poles. "NASA gave no cost estimate for the program and no design details for the base. Ms. Dale said all plans assumed that the agency would continue operating from a fixed budget of about $17 billion a year."

The Los Angeles Times (12/5, Johnson, 850K) reports inside its "A" section, "Earth's first off-world colonists will cruise the surface in a lunar lander that will function like a low-gravity pickup, possibly journeying to the dark side to build the most ambitious collection of observatories ever constructed, NASA said." The report adds that NASA has "embarked on a $100-billion-plus program to design a new launch system and crew vehicle capable of carrying four astronauts to the lunar surface. To free up money, NASA will mothball the space shuttles by 2010. Until now, it was unclear what NASA had in mind for the moon."

The Washington Post (12/5, A01, Kaufman, 690K) reports in its front-page article, "NASA officials declined to put a price tag on what will clearly be an extremely expensive venture. But they said that with help from international partners and perhaps space businesses, the agency would have sufficient funds to undertake the plan without any dramatic infusion of new money. If the project goes ahead as planned, it would return humans to the moon for the first time since 1972. NASA Deputy Administrator Shana Dale said the agency met with hundreds of scientists, potential international partners and space businesses over the past year to discuss lunar options."

USA Today (12/5, 4A, Watson, 2.27M) reports, "Deputy NASA Administrator Shana Dale said the costs of building a moon colony would not require an increase in the NASA budget, currently $17 billion per year. Part of the money would come from the retirement of the space shuttle, planned for mid-2010, Dale said." NASA has said that the development of spacecraft for the first moon trip will cost $100 billion, but "skeptics, such as the Congressional Budget Office and the Government Accountability Office, have warned that NASA is unlikely to be able to mount such an ambitious effort with so little money. Already Griffin has cut NASA's funding of space science and aeronautics research to help pay for the moon program and the high costs of the space shuttle and the International Space Station."

Thomas Returns To Work After Leukemia Treatments. The Washington Times (12/5, Pierce, 88K) reports in its "Inside Politics" column that Sen. Craig Thomas "returned to work yesterday, about a month earlier than originally planned, after undergoing treatment for leukemia." Thomas, 73, "was released Saturday from Bethesda National Naval Medical Center. He began treatment for leukemia on

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Nov. 9. He had said previously he didn't expect to return to the Senate until January."

Laura Bush's Changes Of Outfits Before Kennedy Center Event Noted. The Washington Post (12/5, Argetsinger, Roberts, 690K) reports, "Can we just start the evening over? Come back out, do it all over again but this time, you know, differently? So it went at the Kennedy Center Honors on Sunday, not just for Jessica Simpson -- who broke down onstage over some imperceptible flaw in her tribute to Dolly Parton -- but also for Laura Bush, who mysteriously changed dresses right before the gala." It "turns out that earlier in the evening, the first lady walked into the super-exclusive White House reception for the honorees, wearing the exact same red Oscar de la Renta embroidered tulle jacket and floor-length trumpet skirt as three other party guests, including local philanthropist Vicki Sant." Press secretary Susan Whitson said, "Evidently Oscar is very popular this season." The Post adds the "first couple laughed about it. 'But she didn't want her guests to feel uncomfortable,' Whitson said, so FLOTUS dashed upstairs and slipped into a black lace gown before heading to the KenCen."

Bush, First Lady Entertain Children From Military Families. The AP (12/5) reports, "In a yearly tradition, President Bush and first lady Laura Bush welcomed their young guests to the East Room for a holiday performance. The kids all came from military families, and the president had a message for them. 'We wanted to welcome you here to the White House to, first of all, thank you for your strength — and so that you would do me a favor,' the president told the children. He asked them to send an e-mail to their parents stationed overseas to say 'how much the commander in chief respects them, admires them and supports them.'" The AP notes that when the president "went on stage to thank the performers after the show, the children headed the other way — following Santa Claus out of the room."

Webb's White House Incident Sparks Commentary. On Fox News' O'Reilly Factor (12/4) host Bill O'Reilly remarked on the recent incident involving Sen.-elect James Webb and President Bush at the White House. According to O'Reilly, "At a post-election White House reception, President Bush spotted senator-elect James Webb of Virginia and according to the Washington Post, the President asked about Webb's son, a marine corporal serving in Iraq. 'How's your boy,' said Mr. Bush. 'I'd like to get them out of Iraq,' answered Mr. Webb. 'That's not what I asked you,' the President replied. … Webb shot back: 'that's between me and my boy.'" O'Reilly noted that he has "invited Webb to talk it over, but he has not accepted," adding, "You made a mistake, Mr. Webb in not being gracious. Webb is not…an angry partisan, he's representing the commonwealth of Virginia and should know better. … Clear-thinking Americans realize that disrespecting people with who you disagree is now out of control. … My respect for Senator-elect Webb has declined. He was wrong and should admit it."

Former NBC anchor Tom Brokaw, was asked on MSNBC's Hardball (12/4) to comment on the Bush-Webb exchange. Brokaw noted Webb's son "was in a patrol recently and some of his friends were killed. I think it's very likely Mr. Webb was emotional at that point. I know he is anxious about his son's welfare and whether he will get home ok. Jim Webb is not a guy who disrespects the president as his commander-in-chief. He called him 'Mr. President' at the time. But in our system, we should have these kinds of exchanges and not just dance around protocol."

The Washington Post's Richard Cohen (12/5, A29) writes, "I am of two minds about what…Webb did. … It might have jarred Bush into appreciating the fact that many of his critics actually feel keenly about the war in Iraq -- that they are not mere political opponents but people who are morally appalled by a war that continues for no apparent reason. Maybe also the incident made him wonder about Webb, who, after all, hardly fits the demagogic antiwar stereotype constructed by Bush, Karl Rove and Fox News."

Government Study Faults VA's Mental Health Funding. USA Today (12/5, Zoroya, 2.27M) reports, "The Department of Veterans Affairs is too slow to spend the money it budgeted to treat the mental health needs of veterans, including those returning from Iraq and Afghanistan, according to a Congressional study released Monday." The Government Accountability Office report shows the VA "spent only $200 million" for mental health initiatives -- one hundred million less than it had budgeted in fiscal 2005-2006. USA Today adds, "The study also found that the VA had little or no way of tracking spending for new mental health initiatives during those two years, and that some of the money it spent might not have gone toward mental health programs." The VA "took issue with the findings," with VA spokesman Matt Burns saying, "Unfortunately, the GAO chose to look at the plan as an accounting exercise, focusing primarily on how many dollars are spent."

The AP (12/4, Gamboa) also reports the story, taking a markedly more critical tone in covering the GAO study. The story says Rep. Mike Michaud, ranking Democrat for a Veterans Health subcommittee Michaud, "thinks VA is overwhelmed," and concludes by noting, "Democrats have said they want to increase the department's oversight and get detailed budget accounting from the VA."

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Islamic Group Wants Columnist Off Holocaust Council. The Washington Post/AP (12/4, C8, Frommer) reported the Council on American-Islamic Relations has called for the removal of columnist Dennis Prager from the US Holocaust Memorial Council for comments he made criticizing MN5 Rep.-elect Keith Ellison's (D) "decision to use the Quran during his ceremonial swearing-in next month." The council said Monday that Prager "displayed an intolerance toward Islam that makes him inappropriate to serve on the council, which oversees the US Holocaust Memorial Museum in Washington." Prager said Monday that he and "the vast majority of Americans" would be satisfied if Ellison were to bring "a Bible with him along with his Quran."

USPS, Letter Carriers' Union To Take Differences To Arbitration. The Washington Post's (12/5, D4, Barr) "Federal Diary" column reports, "The US Postal Service and one of its largest unions, the National Association of Letter Carriers, have broken off contract talks and will take their differences to arbitration." The Union's president William H. Young, "said outsourcing was the main issue preventing an agreement," and in an "e-mail to union members," said the USPS "'has signaled its intention' to use contractors for 'existing city carrier work,' such as delivering mail to homes and businesses in the nation's metropolitan areas." The Post notes that "contract talks continue" with three other postal worker unions including "the American Postal Workers Union, the National Rural Letter Carriers' Association and the National Postal Mail Handlers Union." The Post notes that the "arbitration process typically takes six months or longer, and the rulings usually give unions some or much of what they sought at the negotiating table, according to Bush administration officials."

Labor Department Set To Offer Another Round Of Early Retirements. The Washington Post's (12/5, D4, Barr) "Federal Diary" column reports, "It's time for another round of early outs at the Labor Department. Labor, which has offered early retirement to employees eight times in the past 10 years, will offer the option next year, from Jan. 1 to Sept. 30." The Post notes that "employees are eligible for early outs if they have 25 years of service or have 20 years of service and are at least 50. Early outs can lead to reduced pensions for some employees, usually people under 55 covered by the Civil Service Retirement System."

WPost Urges Congress To Pass Trade Measures. The Washington Post (12/5, A28, 690K) editorializes, "It shouldn't matter whether you're conservative or liberal, for globalization or against: Some trade bills are so obviously beneficial and unobjectionable that there's no excuse for letting them languish. This is the case with a raft of measures that would extend trade preferences for poor countries -- preferences due to expire at the end of the year. Failing to renew them would not save American jobs or advance any other national interest; rather, it would disrupt the economies of US trading partners and create another excuse for foreigners to resent the United States. The lame-duck session of Congress provides a chance to avoid that outcome, but there's no guarantee members will act." The Post adds, "Four trade-preference measures are in jeopardy. The measures would prolong tariff concessions to Andean nations, allow African garments made with third-country fabrics into the US market, extend a similar concession to Haiti and renew the Generalized System of Preferences, which helps more than 100 countries. Passing these measures would not involve granting new market access; it would avoid closing the US market and triggering factory closures in partner countries." Meanwhile, Congress also "needs to ratify Vietnam's membership in the World Trade Organization."

OTHER NEWS:

Chicago Fed President Expects Continued Growth. The Wall Street Journal (12/5, Wisnefski, 2.04M) reports, "The president of the Federal Reserve Bank of Chicago said Monday that the latest economic data, including numbers last week showing a contraction in the manufacturing sector, haven't changed his view of the economy." In an interview webcast on CNBC.com, Michael Moskow said, "Overall, I think the economy is solid. Moskow "pointed to productivity growth, low unemployment and strong demand from countries outside the US as factors that buoy the domestic economy." Moskow also "said that the Chicago Fed is expecting gross domestic product growth to be 'somewhat below trend,' citing a forecast for 2007 of a 2.8% expansion."

Stocks Surge Higher. The Wall Street Journal (12/5, C1, Browning, 2.04M) reports, "All it took was a couple of takeover announcements and a dip in oil futures, and stocks wiped out all of last week's losses. Although they already have pushed indexes to double-digit gains since July 14, investors still appear prepared to buy. After falling 86.04 points last week on disappointing economic news, the Dow Jones Industrial Average yesterday rebounded 89.72 points, or 0.74%, to finish at 12283.85. It is up 14.6% in 2006, less than 60 points from the record 12342.56 hit last month."

USA Today (12/5, 11B, 2.27M) says "the broad US stock market closed at a fresh 2006 high Monday as investors put aside Pfizer's decision to halt development of a key drug and focused instead on another series of takeover deals." The Standard & Poor's 500 index "rose 12.41 points, or 0.9%, at 1409.12, hitting a fresh six-year high. The Russell

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2000, an index of small-company stocks, notched a record high, gaining 14.68 points, or 1.9%, to 795.85." The Nasdaq composite "added 35.18 points, or 1.5%, to 2448.39." The Washington Post/AP (12/5, D5) also reports the stock numbers.

Shortage Of Skilled Workers Threatens US Manufacturing Sector. USA Today (12/5, 1B, Hagenbaugh, 2.27M) reports "manufacturers, regardless of size, specialty or location, across the USA are reporting a dire shortage of skilled workers: people such as welders, electricians or machinists with a craft that goes beyond pushing buttons or stacking boxes but does not require a degree. That shortage is threatening their ability to meet current demand, let alone expand their businesses. The gap could threaten the viability of the U.S. manufacturing sector at a time when it is facing heavy competition from abroad." USA Today adds, "In a survey of 800 manufacturers conducted by the National Association of Manufacturers (NAM) last year, more than 80% said they were experiencing a shortage of skilled workers. In October, manufacturers surveyed by the Federal Reserve Bank of Philadelphia said "finding qualified workers" was their biggest business problem." The shortage of skilled workers "is the result of a number of factors. One of the biggest is that manufacturing in the USA is becoming more high-tech and skill-based as the more repetitive, less-skilled work is moving abroad. … Plus, baby boomers with years of experience are retiring. And younger people are bypassing factory jobs, viewing them as repetitive, dirty and without much opportunity, a view that hasn't been helped by all the factory closings and headlines about manufacturing jobs moving to China."

USA Today (12/5, 3B, Carty, 2.27M) also runs a story on Wyoming, which "is seeing a boom in the energy, coal mining, high-tech data storage, communications and health care industries. The need for all kinds of workers, especially skilled ones, is so great that the state is actively recruiting from Michigan, were the situation is almost the exact opposite. For the past two years, as General Motors, then Ford Motor and now Chrysler Group have sounded the siren on their worsening financial situations, workers have lived under the daily stress of knowing their jobs could be eliminated at any moment. More than 70,000 hourly autoworkers have agreed to take buyout packages this year. … So, Wyoming officials thought, why not bring some of Michigan's displaced workers 1,000 miles west? … About 100 people have made the move so far, and 6,000 more Michiganians have posted résumés on Wyoming's jobs website."

More Americans Falling Behind On Mortgage Payments. The Wall Street Journal (12/5, A1, Simon, Hagerty, 2.04M) reports, "Americans who have stretched themselves financially to buy a home or refinance a mortgage have been falling behind on their loan payments at an unexpectedly rapid pace. The surge in mortgage delinquencies in the past few months is squeezing lenders and unsettling investors world-wide in the $10 trillion U.S. mortgage market." The Journal adds, "The pain is most apparent in subprime mortgages, though there are signs it is spreading to other parts of the mortgage market. … Until the past year or so, delinquency rates were low by historical standards, thanks to low interest rates and rising home prices, which made it easy for borrowers to refinance or sell their homes if they ran into trouble. But as the housing market peaked and loan volume leveled off, some lenders responded by relaxing their lending standards. Now, the downside of that strategy is becoming more apparent. Based on current performance, 2006 is on track to be one of the worst ever for subprime loans, according to UBS AG."

After Democratic Gains In State, Sununu Could Face Tough Race. The Hill (12/5, Blake) reports that after Democrats won New Hampshire's two US House seats and flipped both chambers of its legislature in 2006, in 2008, Sen. John Sununu "could well be headed for a race worthy of what has become the biggest little state in American politics." Nearly a "quarter of the 400 seats in the state House flipped, and exactly one quarter of the 24 seats in the state Senate flipped. Democrats now control each chamber with a nearly 60 percent majority. Coupled with the reelection of Democratic Gov. John Lynch, these shifts give New Hampshire Democrats control of the state capitol for the first time in more than 130 years and a bright eye toward 2008 and, specifically, Sununu's seat." The "trick for Democrats is finding a candidate worthy of the race, and three potential challengers with valuable statewide experience appear unlikely to run." Perhaps the "strongest candidate, Lynch, was returned to office with a record 74 percent of the vote last month and doesn't plan to leave." Former state Sen. Burt Cohen (D), "who dropped a bid against Sen. Judd Gregg (R) in 2004 amid flawed financial filings, was recently charged with disobeying a police officer and resisting arrest during an incident stemming from a traffic stop." And former Gov. Jeanne Shaheen (D), who "lost to Sununu by four points in 2002, is unlikely to run again, according to a New Hampshire Democratic Party source who 'would be surprised' if Shaheen left her post as head of Harvard University's Institute of Politics."

Brownback Forms Presidential Exploratory Committee. The AP (12/5, Hananel) reports that after "taking the first step in a presidential bid on Monday, Sen. Sam Brownback said he would start a 10-state tour with a traditional stop in Iowa. Then he's going to jail." Brownback "plans to spend Friday night at Louisiana's notorious state penitentiary in Angola to highlight the problem of recidivism

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and programs that can help prisoners become law-abiding members of the community." Though an "unusual route, possibly a first for a potential presidential candidate," the "prison stay captures the complexity of Brownback's views and his desire to broaden his appeal beyond religious conservatives who form his natural base." Brownback, who established an exploratory committee, "says his deep faith in God guides his well-known opposition to abortion, gay marriage and embryonic stem-cell research. He pledged to make 'issues of life,' fiscal restraint and tax reform key components of his effort to woo supporters." But his "faith also leads him to tackle social injustice around the world."

CQ Politics (12/5, Kady) reports Brownback is "joining an increasingly crowded field of 2008 presidential candidates, hoping his social conservative credentials will appeal to Republican primary voters." Though he "would be considered a dark horse right out of the gate, standing in the shadows of Arizona Sen. John McCain and former New York Mayor Rudolph Giuliani," Brownback says "there is room in the Republican race for a committed social conservative who has been more outspoken on gay marriage, judicial activism and abortion. In courting the right wing, Brownback will be competing immediately with outgoing Massachusetts Gov. Mitt Romney, another favorite of conservatives."

The Kansas City Star (12/5, Stearns, 271K) reports Brownback's "first campaign stop will be Tuesday in Cedar Rapids, Iowa, to be followed by visits to ten states over the next month. Brownback has spent the past two years road-testing a theme he describes as 'renewing the culture.' It's a unique amalgam of old-fashioned Republican social and fiscal conservatism combined with a progressive, internationalist message of reconciliation between rich and poor, deeply informed by religious faith." Brownback called for "a flat tax, for term limits for judges and members of Congress, and for 'compassionate yet practical programs to help the poor here and around the world,' in his prepared statement Monday." A "20-member exploratory advisory group includes Tom Monaghan, founder of Domino's Pizza; Bowie Kuhn, former Major League Baseball commissioner; retired Gen. Charles Krulak, former U.S. Marine Corps commandant; and Steve McEveety, a Hollywood producer closely affiliated with Mel Gibson (his credits include The Passion of the Christ). Also officially on board: Chuck Hurley, a friend of Brownback from law school who is a leader among social conservatives in Iowa, site of the crucial first-in-the-nation presidential caucuses in 13 months." Brownback's Senate chief of staff, Rob Wasinger, "will leave to run the exploratory committee."

The Los Angeles Times (12/5, Neuman, 850K) reports political analyst Stuart Rothenberg said, "Obviously there's a vacancy on the right, and (Brownback) may well fit the niche. He's a long shot -- but you don't have any shot if you don't throw your hat in the ring." The Times adds, "A supporter of free trade and a flat tax, he has voted to authorize trade relations with China and phase out estate and gift taxes. He voted for -- and, aides say, still supports -- the Iraq war."

The Hill (12/5, Bolton) reports Brownback "immediately sought to position himself as the leading social conservative of the 2008 field." Brownback, "along with outgoing Sen. Rick Santorum (R-Pa.), has in recent years been the Senate's most vocal advocate of social conservatives' agenda on abortion and related issues. Brownback's appeal to social conservatives could help him become the leading alternative to Sen. John McCain (R-Ariz.), the perceived frontrunner." McCain, Giuliani and Massachusetts Gov. Mitt Romney, "who is expected to set up an exploratory committee soon, are considered by Republican insiders and political analysts as the top tier. Arkansas Gov. Mike Huckabee, an ordained Baptist minister popular with social conservatives, is also among the upper echelon of GOP candidates." Social conservatives are "wary of McCain for his stance on campaign finance, of Romney for his views on abortion, and of Giuliani because of his beliefs on both abortion and homosexual rights. Many are gravitating toward Huckabee because of his experience as a minister, but Huckabee has alienated small-government fiscal conservatives because he raised taxes as governor."

The Washington Post (12/5, A6, Cillizza, 690K) reports that in "declaring his intentions so early, Brownback is hoping to stake out a position as the most viable conservative in the field. Neither McCain nor Romney is the first choice of social conservatives, and analysts said there is room for a candidate who fills that niche." David Kensinger, "a former Brownback chief of staff and a member of the senator's political inner circle," said "that Brownback's political positioning makes him the ideal candidate for the Iowa caucuses, which tend to be dominated by social conservatives."

USA Today (12/5, 4A, Lawrence, 2.27M) reports Brownback "released a list of supporters that includes several active in the fight against abortion. But McCain outmaneuvered him in Iowa last week by snagging Marlys Popma, a prominent GOP activist who used to head Iowa Right to Life. Dearin called her decision 'a signal to a lot of Christian evangelicals that John McCain is OK.'"

Obama Meets With Soros, Democratic Fundraisers In NY. The New York Times (12/5, Healy, 1.16M) reports Democratic Sen. Barack Obama "treaded onto Senator Hillary Rodham Clinton's home turf last night to meet with prominent Democratic donors and feel out those who might prefer the sound of President Obama to President Clinton (as in Hillary, not Bill)." Obama "met with George Soros, the liberal billionaire philanthropist, then some other donors last night at Mr. Soros's offices. Afterward he spoke

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at a charity event that was to be followed by a news conference." One donor who met with Mr. Obama "said that he and several others had supported Mrs. Clinton's Senate campaigns but were not committed to her as a presidential candidate." The "prominent businessman" said, "I like Hillary a lot, but I'm also impressed with Obama — his message, the way he connects to people. It's a little too early for Democrats to be certain that Hillary is the strongest bet for 2008. There are a lot of good people interested in running."

Dionne Praises Obama, Warren For Reaching Across Party Lines. In his Washington Post column (12/5, A29), E.J. Dionne says, "When Rick Warren, one of the nation's most popular evangelical pastors, faced down right-wing pressure and invited Sen. Barack Obama to speak at a gathering at his Saddleback Valley Community Church about the AIDS crisis, he sent a signal: A significant group of theologically conservative Christians no longer wants to be treated as a cog in the Republican political machine. For his part, Obama, the former community organizer from Chicago, showed why he is this moment's hottest commodity in 2008 presidential politics, even though he has not entered the race yet." Warren "speaks for a new generation of evangelicals who think that harnessing religious faith too closely to electoral politics is bad for religion, and who are broadening the evangelical public agenda to include a concern for global poverty and the scourge of AIDS." That Obama "received a standing ovation suggests that Warren is right to sense that growing numbers of Christians are tired of narrowly partisan politics and share his interest in 'the whole bird.' In their different spheres, Warren and Obama are both in the business of retailing hope."

Clinton Begins Outreach To Iowa, New Hampshire Democrats. The Des Moines Register (12/4, Beaumont, 160K) reports Sen. Hillary Clinton "began making calls today to Iowa Democrats about the state's political landscape with an eye toward its 2008 presidential nominating caucuses, aides to Clinton said." Clinton communication director Lorraine Voles said, "She's begun the process of making some calls into Iowa." Clinton has "had conversations with supporters in New York and the state's congressional delegation to discuss the possibility of running. 'As a continuation of this process, she is starting to reach out across the country and specifically to some friends in Iowa,' Voles said." The Register adds Clinton "spoke today with Des Moines Democrat Bonnie Campbell, who worked in the Department of Justice during the administration of President Bill Clinton, the senator's husband." Campbell, "a former Iowa attorney general, declined to discuss the details of her brief talk with Sen. Clinton, except that it touched on her running for president and competing for the caucuses, scheduled to launch the 2008 nominating process." Campbell said she "would support Clinton if she ran, as did Iowa Sen. Tom Harkin's former chief of staff JoDee Winterhoff, a former Iowan now living in the Washington, D.C.-area."

The Manchester Union-Leader (12/5, Distaso) reports Sen. Clinton has "begun weighing in with New Hampshire Democratic activists about a possible run for President in 2008." During the "past few days," Clinton "has placed initial calls to key Democrats in the first-in-the-nation primary state seeking advice, according to veteran state and national party activist Karen Hicks." Hicks, who "headed Howard Dean's New Hampshire presidential campaign in 2004, said those calls will continue. Hicks also confirmed that if Clinton runs for President, 'I'll be with her,' reportedly as national field director, a position similar to the one she held for the Democratic National Committee during the 2004 general election." The Union Leader adds it has "learned that Clinton had a telephone conversation last week with Gov. John Lynch." Word of Clinton's New Hampshire "overtures comes as state Democrats prepare to welcome their party's newest 'rock star,' Illinois Sen. Barack Obama, to a celebration of their 2006 election day sweep on Sunday afternoon in Manchester. Yesterday, Obama added a Sunday morning visit to Portsmouth to his schedule."

Clinton Hires National Fundraising Director, Campaign Spokesman. The AP (12/5, Fouhy) reports Sen. Hillary Rodham Clinton "has hired a national fundraising director and a senior campaign spokesman, the latest sign the Democrat is moving quickly toward a likely 2008 presidential bid." Phil Singer, "a veteran of Sen. John Kerry's 2004 presidential campaign who most recently was spokesman for the Democratic Senatorial Campaign Committee, will join the Clinton communications team, her senior adviser Howard Wolfson said." The campaign "has also signed a national finance director, veteran Democratic fundraiser Jonathan Mantz, and is likely to bring aboard a respected national field organizer, Karen Hicks. In 2004, Hicks served as New Hampshire director for Howard Dean's upstart presidential bid." The staff additions "came as Clinton continued her outreach Monday to New York Democrats about a possible presidential run, a process she began early last week. She spoke to several members of the state's congressional delegation and to Andrew Cuomo, the attorney general-elect and son of former New York Gov. Mario Cuomo."

McCain Said To Be Gaining Reputation For Frequent Parties. The New York Times (12/5, Zeleny, 1.16M) reports Sen. John McCain "hardly needs a holiday to give a party. Just last week, Mr. McCain, Republican of Arizona, presented a lavish feast for Republican governors gathering in Florida." From the "2004 Republican convention

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in New York City, Mr. McCain, Republican of Arizona, is still fondly remembered, at least among the A-list crowd, for holding an event for his 68th birthday at La Goulue on Madison Avenue and another soiree at Cipriani on 42nd Street. And in this bustling season of holiday parties, Mr. McCain was among the first to have an event, on Monday evening. The senator and his wife, Cindy, invited several hundred people to the Corcoran Gallery of Art in Washington for a party to be paid for by his primary campaign account. Cameras were not only allowed, but also encouraged."

2008 Presidential Field Quickly Swells. The Christian Science Monitor (12/5, Feldmann, 59K) reports the 2008 presidential race is "morphing so fast that four possible candidates have already dropped out. Then there's the X factor - the unprecedented front-loading of primaries and caucuses that will make it more difficult than ever for a dark horse to come out of nowhere and take the nomination." Democratic strategist James Carville said the election "is going to be 'the mother of them all,'" and he "marvels at the array of 'larger than life people' definitely or possibly mounting campaigns - John McCain, Rudolph Giuliani, Hillary Rodham Clinton, Barack Obama, Al Gore, and 'to make it interesting,' Newt Gingrich. These are people who 'change the temperature of the room' when they walk in, Mr. Carville says." It may be "a sign of the vulnerabilities of both putative front-runners - Senators McCain (R) and Clinton (D) - that so many other people are talking about running, but in the end, many political oddsmakers are still betting that today's front-runners end up facing off in November 2008. And the size of the field is likely to shrink fast." This is "good news, at least, for most news organizations, which don't have the staff to follow dozens of Oval Office wannabes all over Iowa, New Hampshire, South Carolina, and Nevada, not to mention Michigan, Florida, and California, which are taking steps to hold early primaries, too." Jack Pitney, a political scientist at Claremont-McKenna College, said, "A big field will become a little field very quickly. I suspect a lot of the people talking of running now or even announcing exploratory committees will flunk the invisible primary." The Monitor adds, "Just how much money a candidate needs to raise in the first quarter of 2007 is open to debate, but a common benchmark is $30 million." Sen. Barack Obama "would probably be able to hit that mark," while Sen. Hillary Clinton "would have little trouble raising several times that; former Vice President Gore also still has his network. Beyond those three, access to big money is dubious; there's a lot out there, but it's not infinite."

USA Today (12/5, 4A, Lawrence, 2.27M) reports Sen. Sam Brownback "became the fourth major presidential hopeful to set up a fundraising committee for 2008, testimony to the demands of a White House race shaping up as the most expensive in U.S. history." The "pace of campaigns has been accelerating since 2000, when then-Texas governor George W. Bush formed an exploratory committee in March 1999 and started campaigning in June. Democrat Howard Dean officially started his 2004 bid in May 2002. The big change for 2008 is the sheer scale of fundraising necessary to compete with celebrity candidates such as Clinton and McCain, and to prepare for spending unfettered by federal rules and caps." Michael Toner, chairman of the Federal Election Commission, "says he expects that 'for the first time ever,' nominees of both parties in 2008 will opt out of the public financing system for both the primaries and the general. 'The stage is set for the first billion-dollar presidential election,' Toner says, predicting the eventual nominees will raise $500 million apiece." Toner said the "top-tier prospects such as McCain, Giuliani, Romney and Clinton should plan on raising $100 million by the end of 2007."

Democratic Presidential Candidates Said To Face Significant Hurdles. The Washington Times (12/5, Lambro, 88K) reports the 2008 Democratic presidential race "was off and running as soon as last month's midterm elections concluded, with front-runner Sen. Hillary Rodham Clinton facing more opposition than she may have expected at this point in the two-year campaign cycle." Sen. Clinton "is the leading choice of her party in all the polls. But more than half a dozen other candidates are likely to challenge her expected bid for the nomination, including Massachusetts Sen. John Kerry, the party's 2004 nominee; Mr. Kerry's running mate, former Sen. John Edwards of North Carolina; and Illinois Sen. Barack Obama, the Democrats' hottest political figure, who has rocketed into contention like a rock star." But the Democrats' "growing pack of presidential hopefuls is fraught with problems." Clinton "remains one of the most polarizing political leaders in the country," while Kerry "hurt himself in the final weeks of the midterm elections when he told a joke that suggested only uneducated soldiers ended up fighting the war in Iraq." Both Edwards and Obama "have thin experience on their resumes. Mr. Edwards of North Carolina served only one term in the Senate, while Mr. Obama, who was elected in 2004 has been in the Senate for just two years, and has little or no legislative accomplishments of which to speak."

Homelessness "Pervasive" In Hawaii. The New York Times (12/5, Magin, 1.16M) reports, "Homelessness in Hawaii has become so pervasive that the governor has assigned a state employee to work full-time at getting people off the beaches and into transitional housing. Once there, they have access to rent assistance programs and low-income housing. While hundreds of homeless people live on Honolulu's beaches, including the tourist center Waikiki, it is the Waianae Coast on the semiarid west shore where the problem is most visible." The population of Waianae, home

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to about 40,000 of Oahu's 900,000 people, "is predominantly native Hawaiian and is historically low income."

French Envoy Says Agreement Near On Iran Resolution. The AP (12/5, Charlton) reports that the six powers seeking a UN resolution on Iran's nuclear program are "nearing agreement on a text," French Foreign Minister Philippe Douste-Blazy said Monday. Diplomats will continue consolations Tuesday in Paris. "We want to reach as broad an agreement as possible," Douste-Blazy said in Brussels, "therefore we are gathering tomorrow in Paris, to discuss the text." After speaking with Russian Foreign Minister Sergey Lavrov, Douste-Blazy said, "We are in agreement with Russia to adopt sanctions against Iran's proliferation program."

AFP (12/5) reports Undersecretary of State Nicholas Burns said Monday that was "time" for Russia and China to agree with Britain, France, Germany and the United States on the sanctions. "It's been too long we have been debating...we have to pass the sanction resolution," Burns told reporters on the margins of the OSCE conference.

Iran's Internet Crackdown Shows Ease Of Government Censorship. The Wall Street Journal (12/5, A6, Rhoads, 2.04M) reports that Iran's "campaign to shutter popular Web sites and curtail text-message traffic reflects the growing ability of governments to control online content inside their national borders." However, the crackdown, which is "part of a broader offensive against what authorities consider immoral Western culture," isn't "airtight, as more-savvy Internet users in the country have access to software and other measures that allow them to get around government restrictions, Internet experts say." However, the Journal notes that "as Internet usage has increased in more countries, so has the ability of governments to restrict the online experience within their countries."

WSJournal Urges US Not To Engage Iran. The Wall Street Journal (12/5, A18, 2.04M) editorializes, "The same people who now call for engagement [with Iran] also believed in it long before the invasion of Iraq or the recent revelations about Iran's nuclear advances. They argue that Iran's pressing political and economic problems…mean the Islamic Republic has reasons of its own to come to the table. The same logic also suggests that the real purpose of its nuclear program is to serve as a bargaining chip to obtain bigger concessions from the West rather than as an end in itself." The Journal also notes that President Bush has "spoken repeatedly, in his major speeches and in interviews, about American support for Iranians who aspire to more freedom, which is one reason the US is popular among the Iranian people. What message would it now send those Iranians if the US turned around and embraced the rule of Tehran's mullahs?"

Bush To Meet With Blair On Thursday. ABC World News (12/4, story 4, 0:15, Gibson, 8.78M) reported, "The White House said the President's consultations on Iraq will now also include British Prime Minister Tony Blair that meeting held at the White House on Thursday."

Blair Unveils Plan For Nuclear Missiles. USA Today (12/5, 12A, 2.27M) reports Blair unveiled plans Monday for "a new submarine-based nuclear-missile defense system to thwart threats from rogue regimes and state-sponsored terrorists." Blair told the House of Commons that with threats posed by North Korea, Iran and others, "It would be unwise and dangerous for Britain alone of any of the nuclear powers to give up its independent nuclear deterrent." Parliament is expected to vote on the proposal by March.

The AP (12/5, Stringer) adds that Blair "also said a decision on whether Britain will build a new arsenal of warheads to replace current stocks -- expected to last only until the 2020s -- would not be made before 2009." The New York Times (12/5, A8, Cowell, 1.16M) notes that the proposed changes could cost "as much as $40 billion." The Los Angeles Times (12/5, Murphy, 850K) also reports on the announcement.

To Answer Critics, Israel Releases Video From War In Lebanon. In a front page article, the New York Times (12/5, A1, Myre, 1.16M) reports Israel's military, "which has been accused of abuses in its war against Hezbollah this summer, has declassified photographs, video images and prisoner interrogations to buttress its accusation that Hezbollah systematically fired from civilian neighborhoods in southern Lebanon and took cover in those areas to shield itself from attack." In a new report, an Israeli research group says Hezbollah "stored weapons in mosques, battled Israelis from inside empty schools, flew white flags while transporting missiles and launched rockets near United Nations monitoring posts." The Times received an advance copy of the "detailed" report, which was produced by the Intelligence and Terrorism Information Center at the Center for Special Studies, a private research group headed by Reuven Erlich, a retired Israeli colonel in military intelligence. In Lebanon, a Hezbollah official "denied the study's allegations, saying its military units were based outside towns and villages and had come into populated areas only when circumstances required it."

Israel Mulls International PR Campaign. Also on its front page, the Washington Times (12/5, A1, Bawa, 88K) reports, "Israel's international image is hurting, and the country's top officials have turned to the wisdom of Madison Avenue in a bid to 're-brand' their product." Israeli Foreign Minister Tzipi Livni met with "public relations executives, branding specialists and diplomats in September in Tel Aviv to brainstorm about improving the country's image." Israeli

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officials "complain that the international press gives the country a warlike image by focusing on its military might and the string of conflicts with its Arab neighbors," but Livni told the Tel Aviv gathering that she would like to project "a more inviting image of the Jewish state."

More Troops Deployed In Beirut After Death Of Protestor. The Financial Times (12/5, Biedermann) reports Lebanon has deployed more soldiers in Beirut Monday after the killing of a demonstrator "raised fears peaceful anti-government protests could turn to violence." The AP (12/5, Faramarzi) says "troops in armored cars deployed to Sunni Muslim neighborhoods…but that failed to prevent renewed friction." Police said two people were injured late Monday during demonstrations. Separately, "About 300 people also gathered on the highway to Beirut international airport, in an apparent attempt to block the road, but security forces prevented them."

The Washington Post (12/5, A18, Shadid, 690K) reports that "within a day of his death in a street brawl along Beirut's increasingly tense fault lines of sect and politics, Ahmed Mahmoud became the first symbol of the mass demonstrations by Hezbollah and its allies." The Post notes that the "arrival of Mahmoud's body was a dramatic moment in the otherwise carnival-like atmosphere of the demonstrations," which entered their fourth day Monday.

Expansion Of Poisoning Probe Strains UK-Russian Relations. The Washington Post (12/5, A22, Jordan, Finn, 690K) reports that a team of British police investigators arrived in Moscow Monday "to begin questioning people about the poisoning death of Alexander Litvinenko, a former Russian spy who had recently become a British citizen, in a case that is straining relations between the two governments." Home Secretary John Reid, speaking at a European Union meeting in Brussels, said the Scotland Yard officers in Moscow would "follow the evidence wherever it goes." Although Russian officials have "pledged to cooperate in the inquiry, their irritation over the case showed through in official comments." Russian Foreign Minister Sergei Lavrov warned Monday against "politicizing this issue" and "speculations on this subject." The Russian Interfax news agency also quoted him as saying, "This is, of course, harming our relations." The Financial Times (12/5, Buckley, Burns, Dombey) also reports Lavrov's comments.

Probe Casts Light On Russian Émigrés In London. The Wall Street Journal (12/5, A6, Mollenkamp, Patrick, 2.04M) says he investigation has "cast a spotlight on some of London's wealthiest jet-setters: the thousands of Russian émigrés who have moved here in the past decade." Russians come "to protect their wealth and take advantage of the tax laws, or send their children to British schools," while other "are exiles seeking escape from the regime of President Vladimir Putin." However, the Journal says many "maintain ties back to Russia and its murky business and government connections."

Columnist Says Poisoning A Reminder Of Nuclear Threat. Washington Post (12/5, A29, 690K) columnist Anne Applebaum says Litvinenko's death reminds us "that the old KGB lives on in new guises." Despite their "widely varying fates," she says it has "long been perfectly clear that many of these old comrades continue to work together in mutually profitable ways." However, Applebaum says "that we were surprised, are surprised, is both tragic and ironic: After all, for the better part of a decade now, we've been desperately looking for weapons of mass destruction and for the strange new enemies, the Islamic radicals who might be planning to use them. And now we've discovered that there really is nuclear material for sale and that it really is being used, in the West, to kill people. And that the killers aren't strange, or new, or even Islamic."

Ukraine's Yanukovuch Vows Commitment To Democracy. The AP (12/5, Butler) reports Ukrainian Prime Minister Viktor Yanukovych "told an American audience Monday that his country is committed to democracy and on a path toward political and economic reform." On his first trip to the US, Yanukovych "sought to convince US officials and business leaders that he has strong democratic credentials, even though he was previously identified with efforts to rig the 2004 presidential election." Yanukovych's meetings Monday and Tuesday with Vice President Dick Cheney, Secretary of State Condoleezza Rice and members of Congress "were designed in part to discuss Ukraine's economy and its possible entry into the World Trade Organization and NATO," but former US ambassador to Ukraine, Steven Pifer, says the "main goal that Yanukovych is coming with is to establish some credibility with the administration."

Chávez Likely To "Tighten Grip" During Third Term. In a news analysis, the New York Times (12/5, A3, Romero, 1.16M) writes, "If President Hugo Chávez rules like an autocrat, as his critics in Washington and here charge, then he does so with the full permission of a substantial majority of the Venezuelan people, Sunday's election" showed. During his third term in office, Chávez "seems intent on assuming the mantle from the fading Fidel Castro of chief Latin American scourge of the United States," and "has spoken of a desire to unite his supporters in one political party and to alter legislation to allow him to remain in power past 2020." Winning support for such measures, the Times says, "may not be difficult in a country where his allies already control the legislature and the Supreme Court as well

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as governorships in all but two states, and where the military, the national oil company and other government bureaucracies and institutions have been systematically packed with Chávez boosters and stripped of opponents."

US Sees Opportunity For "More Cooperative" Relationship. The AP (12/5) reports the Bush administration "greeted [Chávez's] re-election victory by holding out the possibility of a more cooperative relationship." State Department spokesman Eric Watnik Monday said the US looks "forward to having the opportunity to work with the Venezuelan government on issues of mutual interest." His "brief comment" did not "offer congratulations" to Chávez and said reports of electoral irregularities "should be investigated."

Newspapers Urge Washington To Improve Relations With Chávez. In an editorial, the Los Angeles Times (12/5, 850K) says that although "there are plenty of reasons for Venezuelans not to like Hugo Chávez," Washington "should try to improve bilateral ties not just because there is a long-term strategic value to cordial relations with this big oil producer. A goodwill effort to be reasonable toward Caracas will also undermine Chávez 's own credibility when he tries to sell his Yankees-are-devils pitch to the rest of Latin America." Similarly, the Financial Times (12/5) urges policymakers in Washington not to overreact to Hugo Chávez's victory in Sunday's election in Venezuela. The Times points out moderate candidates "keen to work with Washington won elections in five of the six important" Latin American countries. The Times argues it is better "for the US and its hemispheric friends to cease the rhetorical barrages against Mr. Chávez that are such grist to his populist mill." Instead, Washington "should continue a recent more pragmatic approach, engaging Venezuela in areas such as oil, energy policy and border security."

Sudan Issues Final Rejection Of UN Force In Darfur. The AP (12/5, De Montesquiou) reports Sudan's "final rejection of a joint U.N.-African peacekeeping force in Darfur came as little surprise to many involved in failed international efforts to end the region's deadly violence. But many say civilians will be the ones to bear the costs of that opposition -- thousands more will die, they fear, and many more will be forced to flee their homes unless the West can somehow muster strong sanctions against Sudan's government." However, the AP says Sudan's opposition is "deeply rooted," noting that "several Sudanese government hard-liners are believed to be on a list of suspects that the International Criminal Court has said it would prosecute for crimes against humanity."

Subject Of "Hotel Rwanda" Criticized For Portrayal In Film. The Wall Street Journal (12/5, A1, Rhoads, 2.04M) reports on its front page that since the movie "Hotel Rwanda" was released two years ago, Paul Rusesabagina "has become a hero in the US," but in his native Rwanda, he is "seen in a different light." Depicted in the film as "saving hundreds of refugees from his country's genocide in 1994," the Rwandan media, former refugees in the hotel and "even the country's president in recent months have denounced Mr. Rusesabagina as an impostor profiting from the genocide. They say the Hollywood movie greatly exaggerated his role and distorted these sensitive events. The head of the country's genocide survivor association has called for criminal charges against him." However, Rusesabagina "believes the attacks on him come from people worried that he will turn his celebrity into a credible opposition and run for president somewhere down the road."

Columnist Says Cuba Will Have Smooth Transition To Raul Castro. Washington Post (12/5, A29, 690K) columnist Eugene Robinson writes that as "fiercely implacable exiles in Miami, perennially outfoxed bureaucrats in Washington and salivating real estate developers around the world" are "trying to predict what will happen in Cuba the day after Fidel Castro dies," Castro "appears to have engineered a seamless transition" to his brother Raul. Robinson says, "If any lingering doubts about the de facto succession needed to be dispelled, Havana's biggest military parade in years on Saturday reminded everyone that Rail has been running the Cuban armed forces since Day One."

Muslims Accused Of Double Standard. In a commentary for the Los Angeles Times (12/5, 850K), Raymond Ibrahim, author of the forthcoming "Al Qaeda Reader" and research librarian, contrasts the "permanent desecration of" Hagia Sophia in Istanbul and the Israeli failure to "deface or convert" the Al Aqsa mosque: "When Muslims conquer non-Muslim territories — such as Constantinople, not to mention all of North Africa, Spain and southwest Asia — those whom they have conquered as well as their descendants are not to expect any apologies, let alone political or territorial concessions. ... But if we live in a world where the strong rule and the weak submit, why is it that whenever Muslim regions are conquered, such as in the case of Palestine, the same Islamists who would never concede one inch of Islam's conquests resort to the United Nations and the court of public opinion, demanding justice, restitutions, rights and so forth?"

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"On His Block, A Molester."
"U.S. Seeks To Make Stolen Nukes Useless."
"Pentagon Resists Pleas For Help In Afghan Opium Fight."
"Teens Try Cough Medicine For A High."
"Art Historian Hired To Direct The Getty."
"Southland's Extended Dry Spell Stokes Fires."

USA Today:
"How It Works."
"A New Tool To Catch Sports Cheats."
"How The IRS Failed To Stop $200m In Bogus Refunds."
"Troops Needed To Fight Taliban."

New York Times:
"Votes In Doubt, Bolton Resigns As Ambassador."
"Court Reviews Race As Factor In School Plans."
"In Glittery Atlantic City, 4 Walked Dark, Deadly Path."
"E. Coli Sickens 39 In New Jersey And New York."
"Offering Video, Israel Answers Critics On War."
"NASA Plans Permanent Base On The Moon."

Washington Post:
"NASA Plans Permanent Lunar Outpost by 2024."
"U.N. Ambassador Bolton To Resign From Post."
"Schools To Study If Fewer Topics In Math Better."
"U.S. Army Battling To Save Equipment."
"A Precarious Shelter In Afghanistan."
"A Virtual Chalkboard."

Washington Times:
"Bolton Quits Fight For UN Nomination."
"Minuteman Consulting Charity Fined."
"Israel Embarks On PR Face-Lift."
"Iraq Panel Likened To Vietnam 'Wise men.'"
"Utah Redistricting Brings DC Closer To Vote."
"An Icy Reception For Film."

Detroit Free Press:
"Mega-Cobo."
"What Do You Yahoo For?"
"Ficano Cities Economic Need Says 'Failure Not AN Option."
"Proposal Offers Glimmer Of Hope."
"A Noisy Call Puts Woman Behind Bars."

Atlanta Journal-Constitution:
"Farewell to A Firefighter."
"Girl's Death Rocks DFCS."
"Solomon 'Taught Us To Cherish Life.'"
"Drug Search Results Hard To Sort Out."
"5thStreet Bridge Green Path Over Comector."

Houston Chronicle:
"Human Smuggler Could Get Death."
"Young Man's 'Obsession' Leads To Double Tragedy."
"Bush Annoyed Bolton Has To Go."
"The Butterfly And The Knife."
"Envoys Offer Chavez An Olive Branch."

Story Lineup From Last Night's Network News:
ABC: Heart Drug Setback; Heart Drug Setback-Analysis; Bush Meets With Aziz Al Hakim; Bush Meets With Blair; Securing Iraq; John Bolton Steps Down; Supreme Court Case-Race; E. Coli Scare-Taco Bell; Midwest Without Power; Kids Over Stressed; World War I Museum.
CBS: US Death Toll Iraq; Bush Meets Aziz Al Hakim; Rumsfeld's Legacy; John Bolton Steps Down; Heart Drug Setback; Dirty Chicken In Kitchens; Supreme Court Case-Race; Smuggling Case; Gas Prices; Wall Street Journal's Smaller Paper; Bible Epic Films Are Back.
NBC: Bush Meets With Aziz Al Hakim; ISG Report; ISG Report-Analysis; FBI Progress; Jose Padilla In Custody; Supreme Court Case Race; California Wildfires; Heart Drug Setback; Stock Market; Troops Reaction Too Iraq-Georgia; Largest Troops Sacrifice-Vermont; Largest Troops Sacrifice-Vermont; Moving The Intrepid.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush, Hakim Meeting; Iraq Study Group; Iraq Violence; Six Nations In Paris-Iranian Nuclear Program; CA-Wildfire; OR-Family Members Rescued; Buffalo-Snow; St. Louis-Power Outages; Tokyo Stock Market; Deportation Orders For Wife Of Georgia State Senator; Rip Torn-DUI; Gas Prices.
CBS: OR-Family Members Rescued; Iraq Violence; Gates-Senate Confirmation Hearings; CA-Wildfire; TN-Airplane Forced To Land Because Of Matches; FL-Rare Stamp Found To Be Forgery; CO-Drunk Baby.
NPR: Iraq Violence; Bush-John Bolton Resignation; Fiji-Military Coup; Pakistan-Musharraf Considering Kashmir Proposal; Tokyo Stock Market; NASA-Moon Base Plans; Jose Padilla-Torture Allegations; Brownback-2008 Exploratory Committee.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:
PRESIDENT BUSH — Makes a Statement with the Secretary of Defense Nominee Robert Gates. Diplomatic Reception Room, White House.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 12 p.m. Convenes for morning business. Takes up legislative business after 2 p.m.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the nomination of Robert Gates as Secretary of Defense. Robert Gates. Location: Room 216, Hart. Notes: Stakeout in alcove outside of Room 2116, Hart, and outside of Room 222, Ruyssell for business meeting.

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9:30 a.m. JUDICIARY _ Full Committee. Hearing on enforcement of criminal insider trading and hedge fund activities. Location: Room 226, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on pending nominations. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Hearing on tax exemptions and incentives for higher education, with Bridget Terry Long of Harvard University, James Johnson Duderstadt of the University of Michigan, President Patricia McGuire of Trinity University, Susan Dynarski of Harvard University, and Michael Brostek of GAO. Location: Room 215, Dirksen.

12 p.m. FINANCE _ Full Committee. Hearing on pending nominations. Location: Room 215, Dirksen.

2:30 p.m. JUDICIARY _ Full Committee. Hearing on pending judicial nominations. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (16 bills): 1) H.R. 5076 - National Transportation Safety Board Amendments Act of 2006; 2) H.Res. 1087 - Designating Room H-139 of the Capitol as the ``Henry J. Hyde Room''; 3) H.R. 6316 - To extend through December 31, 2008, the authority of the Secretary of the Army to accept and expend funds contributed by non-Federal public entities to expedite the processing of permits; 4) H.R. 6111 - To amend the Internal Revenue Code of 1986 to provide that the Tax Court may review claims for equitable innocent spouse relief and to suspend the running on the period of limitations while such claims are pending; 5) H.R. 5666 - Southern Idaho Bureau of Reclamation Repayment Act of 2006; 6) H.R. 5466 - Captain John Smith Chesapeake National Historic Trail Designation Act; 7) H.R. 1492 - To provide for the preservation of the historic confinement sites where Japanese Americans were detained during World War II, and for other purposes; 8) S. 1219 - A bill to authorize certain tribes in the State of Montana to enter into a lease or other temporary conveyance of water rights to meet the water needs of the Dry Prairie Rural Water Association, Inc; 9) H.R. 5110 - More Water and More Energy Act of 2006; 10) H.R. 395 - Lowell National Historical Park Boundary Adjustment Act; 11) S. 3711 - Gulf of Mexico Energy Security Act of 2006; 12) H.R. 4742 - To amend title 35, United States Code, to allow the Director of the Patent and Trademark Office to waive statutory provisions governing patents and trademarks in certain emergencies; 13) H.R. 1176 - Nonprofit Athletic Organization Protection Act of 2006; 14) H.R. __ - To amend title 18, United States Code, to prevent and repress the misuse of the Red Crescent distinctive emblem and the Third Protocol (Red Crystal) distinctive emblem; 15) H.Con.Res. 73 - Supporting the goals and ideals of National High School Seniors Voter Registration Day; 16) H.Res. 1070 - Expressing the sense of the House of Representatives that Members of the House should actively engage with employers and the American public at large to encourage the hiring of members and former members of the Armed Forces who were wounded in service and are facing a transition to civilian life.

2 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on the arbitration process of the National Football League Players Association. Location: Room 2141, Rayburn.

4 p.m. JUDICIARY _ Immigration, Border Security and Claims Subcommittee. Hearing on the Energy Employees Occupational illness Compensation Program Act. Location: Room 2141, Rayburn.

Other: PRIME MINISTER VIKTOR YANUKOVYCH OF UKRAINE _ Highlights: 3 p.m. Meets with Majority Leader Bill Frist, others. Photo op. Alcove opposite Old Senate Chamber. Set-up at 2:30 p.m.

FAITH-BASED CHARITIES _ The Roundtable on Religion and Social Welfare Policy holds a roundtable, ``Partnering with Faith: Assessing Government Alliances with Religious Groups in Key Service Areas,'' which will look at the work being done by religious charities in substance abuse treatment, abstinence education, job training, and supplemental educational services. Location: National Press Club.

GATES-PROTEST _ 8:30 a.m. Protest by the World Can't Wait organization against the nomination of Robert Gates as Defense Secretary. Location: Hart Office Building, Constitution Ave between 1st and 2nd Sts. NE.

BORDER SECURITY _ 8:30 a.m. - 10:30 a.m. The American Enterprise Institute hosts a panel, ``Protecting Ports: Rethinking Border Security.'' Panelists: Laura Holgate, Nuclear Threat Initiative; Clark Ervin, Aspen Institute; Mike Barrett, Counterpoint Assessments; and Colonel Randall J. Larsen, Institute for Homeland Security. Moderator: Veronique de Rugy, AEI. Location: Wohlstetter Conference Center, 12th floor, AEI, 1150 17th St. NW.

ENERGY FORECASTS _ 9 a.m. The Energy Information Administration releases its updated energy forecasts to 2030, with EIA Administrator Guy Caruso. Location: Room 8E-089, 1000 Independence Ave. SW.

PRIVACY _ 9 a.m. The US Chamber of Commerce holds a conference on data privacy and its impact on the business community. Speakers include Rep. Melissa Bean and FTC Chair Deborah Platt Majoras (luncheon). Location: 1615 H St. NW.

US-CHINA _ 9 a.m. - 1:30 p.m. The Center for Strategic and International Studies (CSIS) hosts a conference titled, ``Rural Discontent, Rule of Law and Social Unrest in China: Implications for U.S. Policy.'' The four experts who will examine these issues are: Carl Minzner, Visiting International Affairs Fellow, Council on Foreign Relations, on Origins of Chinese Social Unrest; Kevin OBrien, Professor of Political

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Science, Chair of the Center for Chinese Studies, UC Berkeley, on Protest Leadership in Rural China; Ben Liebman, Associate Professor of Law, Director of the Center for Chinese Legal Studies, Columbia Law School, on Chinas Courts: Restricted Reform?; and Murray Scot Tanner, Senior Political Scientist, RAND Corporation, on Implications of Chinese Social Unrest for the United States. Location: B1 Conference Room, 1800 K St. NW.

IMMIGRATION-CRIME _ 9:45 a.m. The American Coalition for Immigration Reform and the Virginia Coalition for Immigration Reform, others demonstrate, arguing that the Gonzales v. Duenas-Alvarez case proves the need for a timeout on immigration into the U.S. and for a great expansion of the crimes for which an alien is deportable. Location: In front of the Supreme Court.

HOUSE REPUBLICANS _ 10 a.m. The House GOP Conference holds a closed organizational meeting for the 110th Congress. Location: Room 1110, Longworth. Notes: No media availability expected after the meeting. Stakeout in the Longworth lobby.

SCIENCE OPPORTUNITY _ 10 a.m. - 12:30 p.m. The Hamilton Project at the Brookings Institution hosts a forum that focuses on practical policies to advance science and technology in meeting the nation's innovation challenge. Location: Paul H. Nitze School of Advanced International Stusies, Kenney Auditorium, 1740 Massachusetts Ave. NW.

LOUISIANA-OIL-GAS _ 10:30 a.m. Sen. Mary Landrieu and Rep. Bobby Jindal preview a new film, ``Hurricane on the Bayou," then hold a news conference to discuss the importance of pending oil and gas legislation. Location: Room SC-4, Capitol.

DEMOCRATS-IRAQ _ 11 a.m. Speaker-designate Nancy Pelosi and House Democratic leaders will hold a stakeout following a Democratic forum on Iraq. Location: Cannon Rotunda, outside Room 345, Cannon House Office Building.

OFFSHORE DRILLING _ 11 a.m. Rep. John Peterson, others, hold a news conference on offshore drilling legislation. Location: Cannon Terrace.

HOYER _ 11:30 a.m. House Democratic Whip Rep. Steny Hoyer holds a pen and pad briefing for media. Location: Room H-306, Capitol.

ETHICS REFORM _ 1:15 p.m. Senators McCain, Feingold, Lieberman and Collins join Congressmen Shays and Meehan for a press conference on lobbying, ethics and earmark reform. Location: Senate Radio/TV Gallery.

HEALTH RANKINGS _ 12 p.m. - 1 p.m. The United Health Foundation, in partnership with the American Public Health Association and Partnership for Prevention, will release the 2006 edition of ``America's Health Rankings: A Call to Action for People & Their Communities" to the nation. Reed Tuckson, M.D., senior vice president of United Health Foundation; Georges Benjamin, M.D., executive director of the American Public Health Association; and Chris Grant, J.D., vice chair of the board, Partnership for Prevention, will discuss the results from the 17th annual America's Health Rankings, including information about the healthiest and least healthy states in the nation. Location: National Press Club, Murrow Room.

EMPOWERING THE POOR _ 12 p.m. - 2 p.m. The United Nations Development Programme Cordially hosts a Washington Roundtable, ``Empowering the Poor: Democratic Governance for Human Development: How can democracy be made to work for the poor?" Participants: Pippa Norris, Director, Democratic Governance Group, UNDP; Joseph Siegle, Senior Advisor for Democratic Governance, DAI; Melissa Thomas, Associate Professor of International Development, School of Advanced International Studies of the Johns Hopkins University. Moderator: David Yang, Senior Advisor, Washington Office, UNDP. Location: Carnegie Endowment for International Peace, Root Room 1779 Massachusetts Ave. NW.

VENEZUELA _ 12:15 p.m. Venezuelan Ambassador Bernardo Alvarez speaks at the University of Maryland School of Public Policy about the election results and other issues. Location: Room 1203, Van Munching Hall, College Park campus.

HURRICANE BARRIERS _ 1 p.m. Rep. Charles Melancon, others, hold a news conference on the Mississippi River Gulf outlet and release of a report on restoring hurricane barriers. Location: House Radio-TV Gallery.

PUBLIC-ECONOMY _ 1 p.m. The Economic Policy Institute holds a discusssion, ``If It's Still ``The Economy, Stupid,' Don't Talk About the Economy Stupidly," focusing on how Americans feel ambivalent about the economy. Location: Economic Policy Institute, 1333 H St. NW, East Tower, Suite 300.

PRIVACY AND CIVIL LIBERTIES _ 2 p.m. Georgetown University will host the first public meeting of the White House Privacy and Civil Liberties Oversight Board. Witnesses include Caroline Fredrickson of the ACLU Washington Office. Location: Gaston Hall, Georgetown University.

ENERGY SECURITY _ 3 p.m. Representatives John Peterson, R-Pa., Neil Abercrombie, D-Hawaii, Bobby Jindal, R-La., Charlie Melancon, D-La., and other House members will be joined by senators, including Mary Landrieu, D-La., David Vitter, R-La., Trent Lott, R-Miss., Jeff Sessions, R-Ala., Richard Shelby, R-Ala., and Pete V. Domenici, R-N.M., hold a press briefing to discuss the outcome of House consideration of S. 3711, the Gulf of Mexico Energy Security Act. Location: Senate Radio-Television Gallery Studio.

ISLAM-IRAQ _ 4 p.m. Sayyed Abdul Aziz Al-Hakim, president of the Supreme Council for the Islamic Revolution in Iraq and leader of the United Iraqi Alliance, will discuss ``Freedom and Tolerance in Shia Islam and the Future of

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Iraq." Location: John Paul II Cultural Centers, 3900 Harewood Road NE.

SCALIA-BREYER _ 6 p.m. Supreme Court Justices Antonin Scalia and Stephen Breyer discuss the Constitution and their methodology in interpreting the Constitution, sponsored by the American Constitution Society and the Federalist Society. Location: Capital Hilton, 16th and K Sts. NW.

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DOJ_NMG_0102116

USDOJ- Office of Public Affairs

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Subject:	Department of Justice News Clips for Tuesday, December 05, 2006
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DEPARTMENT OF JUSTICE NEWS CLIPS

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 5, 2006 7:45 AM EST

TODAY'S EDITION

Terrorism News:

Justice Department Says Secrecy Needs Bar ACLU Surveillance Suit (AP) 4
Padilla Lawyers Claim Images Cause For Throwing Case Out (MH) 5
Attorneys: Images Show Harsh U.S. Treatment Of Padilla, Shows Him In Chains, Headphones (FINDLAW/AP) 6
Egypt Arrests American On Plot Charge (AP) 7
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TERRORISM NEWS:

Justice Department Says Secrecy Needs Bar ACLU Surveillance Suit (AP)

By DAVID N. GOODMAN
AP, December 5, 2006

DETROIT - The Bush administration asked a federal appeals court Monday to toss out a lawsuit challenging a warrantless surveillance program, saying the government can't defend itself without revealing national secrets.

The American Civil Liberties Union sued the National Security Agency in January on behalf of journalists, scholars and lawyers who say the surveillance has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

"This suit must be dismissed because its very subject matter is a state secret, and litigation would inevitably result in disclosing state secrets," Justice Department lawyers wrote in a brief filed Monday.

DOJ_NMG_0102121

U.S. District Judge Anna Diggs Taylor in Detroit ruled in August that the program violates the rights to free speech and privacy and the separation of powers.

The Justice Department appealed to the 6th U.S. Circuit Court of Appeals in Cincinnati, which ruled that the administration could keep the program in place during the appeal.

The Bush administration secretly launched the surveillance program in 2001. It monitors international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links.

A secret court was established in the late 1970s to grant warrants for such surveillance, but the Justice Department said it can't always wait for the court to act.

The president and his advisers "have determined that the current threat to the United States demands that signals intelligence be carried out with a speed and methodology that cannot be achieved by seeking judicial approval" through traditional channels, Monday's brief said.

The journalists and other plaintiffs lack standing to sue because secrecy considerations mean that "they cannot show, and the government cannot dispute, that the government has intercepted or likely will intercept their communications," the government brief said.

In a brief filed Nov. 14, the ACLU said that the Bush administration's "sweeping theory of executive power would allow the president to violate any law passed by Congress."

"This theory presents a profound threat to our democratic system," it said.

The 6th Circuit Court of Appeals has set a Dec. 18 deadline for other interested groups to file their own briefs in the case.

Padilla Lawyers Claim Images Cause For Throwing Case Out (MH)

By Jay Weaver

The Miami Herald, December 5, 2006

Providing a rare glimpse of a locked-up "enemy combatant," attorneys for South Florida terror suspect Jose Padilla released declassified images of him in chains and a mask to bolster their bid to have his Miami case thrown out because of alleged mistreatment during military detention for more than three years.

The still video images show Padilla wearing blacked-out goggles, noise-blocking headphones, and shackles on his hands and feet. Dressed in an orange prison-like jumpsuit, he is being led out of his cell by three guards dressed in camouflage, riot helmets and visors at the Navy brig in Charleston, S.C.

The first disclosed images of his military detention were filed on Friday along with a psychiatrist's sworn statement in Miami federal court to counter the U.S. government's contention that Padilla was treated humanely before his transfer here last January to face terror charges.

"Mr. Padilla asserts that he was not treated humanely, but instead was tortured and that the government's conduct was outrageous," one of Padilla's attorneys, Orlando do Campo, wrote in a court filing. He added that the treatment "has left him damaged, both mentally and physically" -- leaving him unable to assist his legal team.

Padilla, 36, and two other Muslim men, Adham Amin Hassoun and Kifah Wael Jayyousi, are charged with conspiring to support terrorist activities overseas.

The trio face trial on Jan. 22, though the proceeding is likely to be delayed because the U.S. government has appealed a judge's dismissal of one count in the Miami indictment. The high-profile case is built largely on classified wiretaps of defendants' communications between 1993 and 2001, when Padilla lived in Broward County and traveled to the Middle East as a recruit for a suspected North American terror cell.

THE JUDGE'S DECISION

U.S. District Judge Marcia Cooke must decide whether to toss out the indictment based on the defense team's allegation that Padilla's constitutional rights were violated by the military during his detention as an enemy combatant.

Carl Tobias, a constitutional scholar at the University of Richmond School of Law in Virginia who has followed Padilla's legal odyssey, said his attorneys' bid is a long shot.

DOJ_NMG_0102122

But he said the photo of Padilla in chains and a mask, published on the front page of The New York Times on Monday, ``makes an impression on people. Whether it has the same impression on the judge is another matter. It's hard to know."

Padilla had been in the Middle East allegedly training with the al Qaeda terrorist group before his arrest by the FBI in the United States on May 8, 2002.

He was designated an enemy combatant without being formally charged, though the Bush administration accused him of plotting to detonate a radiological "dirty bomb" on U.S. soil and to blow up apartment buildings in various cities.

After President Bush dropped that designation a year ago to avoid a Supreme Court confrontation, Padilla was transferred to the Federal Detention Center in downtown Miami to face the terror-support charges. They are unrelated to the earlier accusations.

Padilla initially made his allegations in October.

CLAIMS OF TORTURE

In court papers, Padilla asserted he was isolated in a tiny cell around the clock, deprived of sleep on a steel bunk with no mattress, shackled and manacled for hours on end, and threatened with being cut with a knife and having alcohol poured on the wounds. He also alleged he was given drugs against his will -- believed to be LSD or PCP -- to act as a sort of truth serum during his interrogations.

But he had provided no evidence until his latest court filing on Friday.

It includes not only the images, taken from a declassified Defense Department video, but also an affidavit by psychiatrist Angela Hegarty. She evaluated Padilla several times last summer and concluded he cannot help his defense because of psychiatric harm he allegedly suffered during detention and interrogation at the Navy brig.

THE GOVERNMENT'S SIDE

Federal prosecutors insist that Padilla was treated humanely in the Navy brig.

"Padilla's conditions of confinement were humane and designed to ensure his safety and security," assistant U.S. Attorney Russell Killinger and other prosecutors said. ``His basic needs were met in a conscientious manner."

That included halal food, some outdoor exercise and medical attention when necessary.

Prosecutors also said Padilla never made any abuse claims while in custody: ``Padilla's allegations of torture have no merit whatsoever."

Attorneys: Images Show Harsh U.S. Treatment Of Padilla, Shows Him In Chains, Headphones (FINDLAW/AP)

By Curt Anderson, Associated Press Writer

AP, December 5, 2006

(AP) - MIAMI-Still video images of alleged terror operative Jose Padilla in chains and wearing headphones and blacked-out goggles demonstrate the harsh tactics used by U.S. interrogators while he was in military custody as an "enemy combatant," his lawyers said in court papers.

The images, taken from an unclassified Defense Department video, show Padilla being chained hand and foot and led out of his cell by three guards dressed in camouflage and wearing riot helmets and visors. The video images are the first publicly released of Padilla's 3 1/2-year detention at a Navy brig in Charleston, South Carolina.

They were filed late Friday in federal court in Miami as part of an attempt by Padilla's lawyers to get criminal terrorism support charges against him dismissed, based on what they claim was treatment that amounted to torture while in military custody.

"The extended torture visited upon Mr. Padilla has left him damaged, both mentally and physically," Padilla lawyer Orlando do Campo said in one court filing. "The government's treatment of Mr. Padilla has robbed him of his personhood."

Existence of the filing containing the video images was first reported Monday by The New York Times. The court papers do not give details about the actual video, but The Times reported that it was made as Padilla was being taken out of his cell for dental work.

Several of his lawyers did not return e-mail and phone messages left Monday by The Associated Press. A spokeswoman for Miami U.S. Attorney R. Alexander Acosta declined comment Monday.

Padilla claims, among other things, that he was forced to stand in painful stress positions, given LSD or some other drug as a "truth serum," subjected to loud noises and noxious odors and forced to endure sleep deprivation, extreme heat and cold, and harsh lights.

The new court papers include a affidavit from Dr. Angela Hegarty, a New York psychiatrist who has met with Padilla for 22 hours over several days this year. Hegarty said Padilla appears to suffer from post-traumatic stress syndrome and is unable to adequately help prepare his legal defense.

"When approached by his attorneys, he begs them, 'please, please, please' not to have to discuss his case," Hegarty wrote. "He refuses to watch the videos of his interrogation and he refuses to answer questions pertaining to aspects of the evidence in his case."

One of Padilla's attorneys, Andrew Patel, said in court papers his client fears being returned to the Navy brig if he discusses what happened there and that "he often exhibits facial tics, unusual eye movements and contortions of his body" when the subject of his detention comes up.

"Mr. Padilla remains unsure if I and the other attorneys working on his case are actually his attorney or another component of the government's interrogation scheme," said Patel, who has represented Padilla for four years.

Federal prosecutors and Pentagon officials have repeatedly denied that Padilla was tortured, contending in their own court filings that he was humanely treated and that the tactics used were for "safety and security" reasons.

A Pentagon spokesman, Navy Cmdr. Jeffrey Gordon, said Monday that Padilla's claims of abuse are false and that shackles are used when necessary.

"Detainees are moved based on their threat. If they pose a threat to the individuals charged with transporting them, clearly appropriate measures must be taken to protect the guards and any other personnel involved," Gordon said.

Padilla, a 36-year-old former Chicago gang member, was declared an enemy combatant by President George W. Bush in June 2002, shortly after he was arrested upon arrival at Chicago's O'Hare International Airport. U.S. authorities initially claimed he was on an al-Qaida mission to detonate a radioactive "dirty bomb" in a U.S. city.

Amid an intense legal battle over Bush's wartime detention powers, Padilla was transferred to civilian custody in January to face federal terrorism support charges along with two others in Miami. Trial on those charges, which do not mention the "dirty bomb" allegations, is currently scheduled to begin Jan. 22.

U.S. District Judge Marcia Cooke has not yet scheduled a hearing on the torture claims.

Egypt Arrests American On Plot Charge (AP)

By Nadia Abou El-magd

AP, December 5, 2006

Police have arrested an American, 11 Europeans and several others from Arab countries for allegedly plotting terrorist attacks in Middle Eastern countries including Iraq, the Interior Ministry said Monday.

The group was part of an Islamic militant terror cell that had adopted extremist ideas and were living in Egypt under the guise of studying Arabic and Islamic studies, the ministry said in a statement.

Along with the American, police arrested two Belgians, nine French and several others from Egypt and other Arab countries including Tunisia and Syria, the statement said.

The ministry did not provide names or say how many Egyptians and Arabs were arrested.

"Investigations have confirmed that those elements are related to some terrorist organizations abroad," the ministry said. "They were seeking to recruit others, teach them destructive beliefs, urging them for jihad, traveling to Iraq to carry out operations via other countries in the region."

In Washington, the State Department confirmed an American had been arrested in Egypt about a week ago but could not provide any details.

DOJ_NMG_0102124

State Department spokesman Sean McCormack said American officials were "seeking consular access to this individual" but declined to give more information, citing U.S. privacy laws.

A government official in Brussels also confirmed that the two Belgians were arrested and said they were Belgian citizens of Moroccan origin. The official spoke on condition of anonymity because he was not authorized to speak to the press.

"It seems they had sympathies with fundamentalist, Islamist circles," the official said. "There is no evidence that they perpetrated any violent act, and we expect them to be expelled from Egypt soon."

A spokesman for France's Foreign Ministry said several French citizens had been arrested in Egypt but said he could not immediately provide further details.

Egyptian authorities made the arrests about a week ago, and some had been studying at Al-Azhar University, Sunni Islam's most important seat of learning, police officials said. They spoke on condition on anonymity because they were not authorized to talk to the media. It was not immediately clear if all the arrests took place in Cairo or elsewhere in Egypt.

All of the arrested were in jail pending further investigation, the ministry said.

Egypt has witnessed a string of suicide terror attacks in recent years at Sinai Peninsula tourist resorts.

Last week, an Egyptian state security court condemned to death three Islamic militants convicted of taking part in suicide attacks that killed 34 people in 2004 in the Sinai resort of town of Taba.

The three belonged to the militant group Tawhid and Jihad, which Egyptian security officials and prosecutors accuse of carrying out two other bombings against Sinai resorts that killed another 87 people — Sharm el-Sheik in July 2005 and Dahab in April.

In February, three British Muslims were released from an Egyptian prison after spending nearly three years in custody for allegedly belonging to a banned Islamic group. The three accused Egyptian authorities of torturing them during their captivity, but the government denied the allegations.

Egypt operates under emergency laws, which gives the government wide powers to detain suspects without charging them. The laws have been in place since the assassination of President Anwar Sadat in 1981 despite a growing chorus of opposition from both inside and outside the country.

Egypt Detains American In Terrorist Cell Case (WP)

By Craig Whitlock

The Washington Post, December 5, 2006

BERLIN, Dec. 4 -- Egyptian authorities said Monday that they had arrested an American and nearly a dozen Europeans after breaking up an international terrorist cell that was recruiting operatives to go to Iraq.

The Egyptian Interior Ministry said the cell was "related to some terrorist organizations abroad" but did not name the network or those arrested. The official Egyptian news agency MENA reported that the suspects included nine French citizens and two Belgians, as well as two Syrians, a Tunisian woman and an undisclosed number of Egyptians.

In Washington, State Department spokesman Sean McCormack said U.S. officials knew the identity of the American and were "seeking consular access to this individual." He said the U.S. suspect was arrested Nov. 26 but declined to name the person, citing federal privacy laws.

A U.S. law enforcement official said the U.S. citizen "was not on our radar at all" before his arrest in Egypt and is not named on the government's voluminous terrorism watch list.

"He was not a known figure to the U.S.," the official said. "There's no record of him in the sense that he would have been a person of concern."

A handful of U.S. citizens have faced charges of engaging in terrorism overseas since the Sept. 11, 2001, attacks.

Adam Gadahn, a California native who is believed to be in Pakistan, was indicted in October on a charge of treason based on his alleged appearance in numerous al-Qaeda videotapes calling for the death of Americans and for attacks on U.S. targets.

Jose Padilla, a former Chicago gang member, stands accused of traveling to the Middle East for military training and joining a North American terrorist cell, although a federal judge in Miami dismissed a charge of murder conspiracy, the most serious count he faced.

DOJ_NMG_0102125

John Walker Lindh, a Californian, was sentenced to 20 years after pleading guilty to providing services to the Taliban in Afghanistan and to carrying explosives during a felony. All three men are Muslim converts.

Egyptian officials said the cell members arrested there recently were operating in Cairo and Alexandria while masquerading as religious students, but released few other details.

"They were seeking to recruit others, teach them destructive beliefs, urging them for jihad and traveling to Iraq to carry out operations via other countries in the region," the Interior Ministry said in a statement announcing the arrests.

Police began to break up the cell in mid-November but continued making arrests for several days, according to Arab and European media reports. The French newspaper Liberation reported that four other French nationals were arrested on similar charges in Egypt in 2005 and were later deported.

Egyptian investigators did not say whether there was a connection between the European suspects and another local cell blamed for killing more than 100 people in three separate suicide attacks on the Sinai Peninsula since 2004.

On Thursday, three Muslim radicals were sentenced to death by an Egyptian court for their involvement in one of those attacks, the October 2004 bombing that killed 34 people in the Red Sea resort of Taba popular with Israeli tourists.

On Sunday, three days after the verdict, Israeli counterterrorism officials issued a warning that other attacks were being planned at Egyptian resorts along the Red Sea.

In India, a judge on Monday convicted six men of involvement in the 1993 bombings that killed 257 people in Mumbai, delivering the last verdicts for 123 defendants charged in India's worst terrorist attack.

The convictions brought to 100 the number of people convicted; 23 were acquitted. Sentences will be imposed early next year.

"This is a historic case. Never before in Indian history have 100 people been convicted in a single case," public prosecutor Ujjwal Nikam told reporters.

American Arrested In Terrorism Probe (WT/AP)

By Nadia Abou El-magd

The Washington Times, December 5, 2006

CAIRO -- Police have arrested an American, 11 Europeans and several others from Arab countries on accusations that they were plotting terrorist attacks in Middle Eastern countries including Iraq, the Interior Ministry said yesterday.

The accused are part of an Islamic militant terror cell that had adopted extremist ideas and were living in Egypt under the guise of studying Arabic and Islamic studies, the ministry said.

Along with the American, police arrested two Belgians, nine Frenchmen and several from Egypt and other Arab countries, including Tunisia and Syria, the ministry said.

It did not provide names or say how many Egyptians and Arabs were arrested.

"Investigations have confirmed that those elements are related to some terrorist organizations abroad," the ministry said. "They were seeking to recruit others, teach them destructive beliefs, urging them for jihad, traveling to Iraq to carry out operations via other countries in the region."

In Washington, the State Department confirmed that an American had been arrested in Egypt about a week ago but could not provide any details. Spokesman Sean McCormack said American officials were "seeking consular access to this individual" but declined to give more information, citing U.S. privacy laws.

Egyptian authorities made the arrests about a week ago, and some had been studying at Al-Azhar University, Sunni Islam's most important seat of learning, police officials said. They spoke on the condition on anonymity because they were not authorized to talk to the press. It was not clear whether all the arrests took place in Cairo.

All of the arrested were in jail pending further investigation, the ministry said.

Officials in Brussels said two Belgians also were arrested in Medina, Saudi Arabia, on Nov. 10 in connection with the raids in Egypt, Agence France-Presse reported.

Egypt has witnessed a string of suicide terror attacks in recent years at Sinai Peninsula tourist resorts.

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Last week, an Egyptian state security court sentenced to death three Islamist militants convicted of taking part in suicide attacks that killed 34 persons in 2004 in the Sinai resort of town of Taba.

The three belonged to the militant group Tawhid and Jihad, which Egyptian security officials and prosecutors have accuses of carrying out two other bombings against Sinai resorts that killed more than 100 people -- Sharm el Sheik in July 2005 and Dahab in April.

In February, three British Muslims were released from an Egyptian prison after spending nearly three years in custody on accusations that they belonged to a banned Islamic group. The three accused Egyptian authorities of torturing them during their captivity, but the government denied the claims.

Egypt operates under emergency laws, which gives the government wide powers to detain suspects without charging them. The laws have been in place since the assassination of President Anwar Sadat in 1981 despite growing opposition from both inside and outside the country.

Lawyers Demand Release Of Chinese Muslims (WP)

By Josh White

The Washington Post, December 5, 2006

Attorneys for a group of Chinese Muslims held for nearly five years in the U.S. military prison at Guantanamo Bay, Cuba, filed suit yesterday, asking that the men be released immediately and alleging that they have been held as part of a political deal between the United States and China.

Citing new laws that allow detainees to challenge their status as "enemy combatants," the lawyers argue that their seven clients -- ethnic Uighurs (pronounced wee-gurs) -- have never taken up arms against the United States or its allies. They contend that the men have been labeled wrongfully as terrorist suspects because they oppose the Communist Chinese government.

In a 58-page filing at the Court of Appeals for the District of Columbia Circuit, the lawyers argue that the Uighurs have been held since early 2002 as a way to win Chinese acquiescence for the U.S. invasion of Iraq.

The lawyers -- Sabin Willett and Susan Baker Manning -- allege in the court documents that their clients' detention was one of several demands the Chinese government solicited in mid-2002 as the United States was seeking global support for toppling Saddam Hussein.

U.S. officials labeled the East Turkistan Islamic Movement (ETIM) -- a group that includes Uighur separatists who want their own nation in western China -- a terrorist organization in August 2002 after diplomatic discussions with China about Iraq, the lawyers allege.

"In the crisis atmosphere of the time, the interests of a few dozen refugees paled beside the urgency of the Administration's war plans," the lawsuit said. "The Iraq deal sealed the fate of the seven petitioners here. More than four years have passed. Long-discarded pawns in a diplomatic match between superpowers, petitioners today remain illegally imprisoned at Guantanamo."

Former State Department officials acknowledged in interviews that they negotiated with China about placing ETIM and another group on a list of known terrorist organizations, and that ETIM was added after intelligence reports indicated the group had killed innocent people. The officials said, however, that labeling the group as terrorists had no effect on Uighurs already in U.S. custody, who were believed to be cooperating with the Taliban and al-Qaeda near Tora Bora, Afghanistan.

Then-Deputy Secretary of State Richard L. Armitage met with Chinese officials in Beijing in late August 2002 and discussed the Iraq situation with them. He said at the time that ETIM was placed on the foreign terrorist list after months of discussions with China. He also said he made clear that China needed to respect the minority Uighur population.

"They had been after us to put ETIM on the list," Armitage said in a recent interview. He said the decision did not have anything to do with winning China's tacit approval on the Iraq invasion. "But at the time, we didn't know when we were going to invade Iraq. It was done in response to information gathered by the intelligence group."

The Uighurs have been a diplomatic headache for the United States. U.S. officials working to negotiate the release of five other Uighurs held at Guantanamo who were determined not to be a threat to U.S. interests refused to return them to China out of concern they could be tortured or killed. More than two dozen countries declined requests to take them in, and the United States has been unwilling to allow them to come here.

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Earlier this year, those five Uighurs were released to a U.N. compound in Albania, where they remain virtual prisoners.

Pierre-Richard Prosper, who formerly led U.S. negotiations with other countries over Guantanamo detainees, said that China wanted custody of the Uighurs but that the United States staved off Beijing because of human rights concerns. "We tried for many months to reach an understanding with China regarding the fate of the Uighurs and were unable to do so," he said.

More than a dozen Uighurs are still in Guantanamo. U.S. officials have determined them to be enemy combatants because of their participation in an alleged terrorist training camp in Afghanistan, which all fled when the United States started bombing the area after the Sept. 11, 2001, attacks.

The Uighurs have told military court officials they were not allied with the Taliban and are sympathetic to the United States, which they view as a liberator. They said they were living in a small community in Afghanistan after fleeing oppression in China.

According to military tribunal records and court filings, the men were lured to a mosque in Pakistan, where they were arrested and later turned over to Pakistani authorities. Willett said he believes the men were sold to the United States for sizable bounties and were sent to Guantanamo along with many other detainees captured there.

The lawyers challenge the way the Uighurs were determined to be enemy combatants, arguing that their encampment in Afghanistan did not make them a party to hostilities. The Uighurs have said the United States allowed a Chinese delegation to visit and interrogate them after their capture, and that the Chinese threatened them. A U.S. official confirmed that the Chinese were allowed to question the Uighurs.

"It is amazing to me that the U.S. has agreed to, in effect, hold political prisoners for China in exchange for anything," Manning said. "That goes against everything that we, I thought, stood for in this country."

HOMELAND RESPONSE:

Smuggling, Theft, Bribery At Agency (LAT)

By Nicole Gaouette

The Los Angeles Times, December 5, 2006

WASHINGTON — Aside from patrolling the nation's borders and guarding against terrorism, the Department of Homeland Security also is battling fraud, theft, bribery, smuggling and other crimes by American citizens — with some of the most disturbing examples coming from the sprawling agency's own employees.

A semiannual report filed to Congress by the department's inspector general showed a sharp jump in arrests in the six months ended Sept. 30, with many stemming from schemes by members of the public to bilk the agency of emergency relief funds in the wake of Hurricane Katrina.

But the report, released this week, also highlights a litany of staff misconduct: immigration officials demanding sex in exchange for visas, airport screeners stealing money from tourists' luggage, federal air marshals smuggling drugs, and employees from various DHS agencies committing sex crimes — including indecent exposure and distributing child pornography.

The array of staff transgressions tucked into the report reflects the continued growing pains of an agency that was formed only three years ago, and the pressures created as parts of the department have rapidly expanded, critics say.

Clark Kent Ervin, a former DHS inspector general, said the Transportation Security Administration rushed to hire screeners and air marshals in 2003 without running background checks on the applicants.

"Knowing DHS dysfunction and disingenuousness, it wouldn't surprise me if DHS doesn't fully vet employees for criminal backgrounds before hiring them or periodically recheck them," Ervin said.

Russ Knocke, press secretary for DHS, would not comment on the agency's policy on background checks but dismissed Ervin's criticism as "pure speculation" and "without merit."

Knocke said the problems were due mainly to a few individuals.

"No law enforcement agency of any government in the world is going to be immune to inappropriate behavior on the part of its employees, particularly one that is as large as we are," Knocke said. "… There's no tolerance for unethical behavior at this department and we use every authority to confront it."

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Investigations by the inspector general's office triggered 321 arrests and 243 convictions in the six-month period. The report filed for the previous six months documented 200 arrests; six months earlier, there were 54.

The report did not provide a breakdown of how many cases involved DHS staff, but they came from all parts of the department.

Two TSA screeners were caught pilfering jewelry from luggage, while another was found smuggling more than $80,000 in an attempt to avoid reporting income brought into the country. Another team of four screeners targeted Japanese tourists until one was caught stealing up to $1,800 from checked luggage.

Many of the offenses involved getting contraband past barriers. Two federal air marshals were snared by a DHS and FBI investigation that found the marshals had sought and accepted a bribe to shepherd 15 kilograms of cocaine through airports. Two guards at an Immigration and Customs Enforcement prison sold alcohol and cigarettes to the illegal immigrants in their custody.

The agency's defenders said that in a department of more than 180,000 people, the number getting into trouble is relatively insignificant and that the arrests show the department's oversight is improving.

The inspector general's reports can be found online at http://www.dhs.gov/xoig/rpts/semiannl/editorial_0330.shtm .

U.S. Nuclear Labs Working On Weapons Safeguards (LAT)

By Ralph Vartabedian, Times Staff Writer

Los Angeles Times, December 4, 2006

LIVERMORE, Calif. -- In response to a secret order from President Bush, U.S. nuclear weapons laboratories are developing technology to make the weapons virtually impossible to use if they fall into the wrong hands.

The security system will be part of a new generation of nuclear weapons approved formally last week by a panel of the Defense and Energy departments.

A nuclear bomb equipped with the safeguards theoretically could be left on the street and terrorists would be unable, even given months of tinkering, to set off a detonation. Scientists say they are working on technology that would destroy every component inside -- including the plutonium and uranium -- if anyone even tampered with it.

But the 3-year-old effort, known as National Security Presidential Directive 28, has evoked strong criticism from many nuclear weapons experts, who doubt that absolute safeguards are necessary or even possible. Instead, they say, the federal government should plug known security weaknesses at bomb labs and nuclear weapons factories.

The nation's stockpile of 6,000 nuclear warheads is located on missiles and in military depots in places as disparate as Texas, North Dakota and Europe. They all have electronic locks or other safeguards, known as use controls.

But the new plan aims for a dramatic improvement.

The big leap would involve the self-destruction of the weapon without dispersing radioactivity or causing an explosion. The system would be able to destroy the electronic and mechanical components, rendering the plutonium and uranium materials unusable for construction of a crude improvised device.

How? That's secret. But one possible approach is that the bomb would contain a powerful acid or other chemical that would poison the uranium and plutonium. The resulting sludge theoretically could be reprocessed, but that would require transportation to a highly specialized chemical-processing factory.

And, the thinking goes, if terrorists had access to such a factory, they probably wouldn't need to steal a bomb.

The nation's two nuclear weapons laboratories -- Lawrence Livermore in California and Los Alamos in New Mexico -- are competing to design the new generation of bombs, known as the reliable replacement warhead. A winner of the competition could be selected by the Nuclear Weapons Council, a panel of top Defense and Energy officials, as soon as this week.

"It is essential that we make sure our weapons are impossible for terrorists to use," said Bruce Goodwin, chief of nuclear weapons design at Livermore. The weapons produced during the Cold War, he said, were not designed for an Age of Terrorism.

"There was no motivation for the Red Army to send in a suicide squad to steal an American weapon," Goodwin said. "They had plenty of their own. There is tremendous incentive to certain people who don't have nuclear weapons to terrorize this nation by stealing one."

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Before Sept. 11, security experts had not considered the prospect of a nuclear weapons scientist leading a suicide squad that would seize and detonate a U.S. nuclear weapon.

But critics say the risk of a terrorist seizing a U.S. bomb is the least likely form of nuclear terrorism. A more probable scenario, they say, is the theft of highly enriched uranium or plutonium that could be fashioned into a crude nuclear device or the smuggling of a complete nuclear bomb into the U.S.

"The real threat is the uranium and plutonium materials that are spread across the country in totally inappropriate places and inadequate facilities," said Danielle Brian, executive director of the Project on Government Oversight, a Washington, D.C., group that has long criticized the Energy Department for lax security.

"So, rather than fixing the problem they have, they are trying to fix a problem they don't have."

Although a U.S. nuclear weapon never has been stolen, the U.S. accidentally has lost custody of some. Bombs were dropped or destroyed in a 1961 accident in Goldsboro, N.C.; a 1966 accident in Palomares, Spain; a 1968 accident in Thule, Greenland; and a 1980 accident in Damascus, Ark. Those were recovered, but others have been lost at sea.

Philip Coyle, a former deputy director of the Livermore lab, worries that even the best U.S. technology might not be truly tamper-proof.

"They make it sound like you could leave a nuclear weapon on the streets of Baghdad and nobody would know what to do with it," Coyle said. "I don't think that is quite the case. People can reverse-engineer many things."

Another key concern comes from the military, which has worried about putting locks on weapons. The fear is that malfunctioning use controls could prevent the authorized use of a nuclear weapon.

"The argument against doing more and more of the use controls is that you lose confidence in the weapon," said David Mosher, a nuclear weapons expert at Rand Corp. Such technical concerns could lead the military to ask for a resumption of underground nuclear testing, he said.

But weapons scientists inside the labs say their goal of "absolute surety" is not only the right policy but is clearly achievable.

"We know how to do it," Goodwin said.

Registered Traveller Program Set To Go Beyond One Airport (NYT)

By Joe Sharkey

The New York Times, December 5, 2006

READY or not — and some critics say not — the long-delayed Registered Traveler program is moving forward, with the single existing operator planning a succession of openings soon at four airports, while a competitor says it is about to join in.

Verified Identity Pass Inc., which began the first Registered Traveler program at Orlando International Airport in July 2005, is planning to open its second site, in Terminal 7 at Kennedy International Airport, with a target date of Dec. 19, said Steven Brill, the chief executive of the company, which markets its version of the expedited security program under the name Clear.

He said the company, which has more than 30,000 members at Orlando, is processing applications with the Transportation Security Administration for Kennedy and for San Jose, Calif.; Cincinnati; and Indianapolis.

“We have about 3,000 non-Orlando people signed up so far,” he said. “We’ve been sort of keeping it quiet because we find it much easier to talk about it once the lanes are open.”

Late last month, Mr. Brill’s program received certification from the security administration to begin rolling out at other airports. Mr. Brill said then that he expected Clear to be operating in 12 to 20 airports within 12 months.

In all, over the last six months, more than two dozen airports have expressed interest in the program. Many are now talking with Mr. Brill and several competitors about if, when and how to proceed.

The Unisys Corporation said yesterday that it was planning soon to introduce its own version of Registered Traveler, first at Reno/Tahoe International Airport in Nevada, where the company has a contract to start operating once the security administration approves.

“We are very much in the game,” said Lawrence J. Zmuda, a Unisys partner working with the Homeland Security Department and the security administration to develop the program. “We are going to be rolling this out at several locations in the spring of 2007.”

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The Registered Traveler program provides identity cards, which include not only data on place of birth and home address but also fingerprints and iris scans. Travelers who pay an annual fee after passing a federal background check can then go through expedited security in special lanes. Clear charges $99.95 a year, which includes a federal fee for the security clearances. Once the program expands, Registered Traveler identity cards will be interchangeable at various suppliers' lanes.

But what do you really get for the money besides a special lane? Critics of the program have questioned its customer service value and slow pace and have also asked whether it could open a security loophole for potential terrorists who are able to pass a background check.

The program's progress has been slower than anticipated, as the security administration carefully evaluates both the program itself and the various technologies it may employ to provide better benefits to members. In November 2005, Mr. Brill testified to Congress that once the government announced "a clear blueprint for benefits" to members, "we and our competitors would likely be rolled out at 30 to 40 of the 50 largest airports within six months."

Among other potential benefits that have been discussed are not having to remove shoes and coats, and not having to take laptops from their cases. The security administration continues to evaluate various technologies to address those issues, but so far hasn't approved any.

One system being evaluated was developed by GE Security in partnership with Mr. Brill's company. It uses explosives-detection technology to examine travelers' shoes as they step into the Clear kiosk where their biometric ID cards are verified.

Mr. Brill said that while the security administration has not yet given final approval for that system, it is in place for testing at Orlando and is being installed at Kennedy. And, he added, "We expect to be able to deploy at least the shoe scanner part as we open at each airport," including Kennedy when Clear starts operating there in two weeks.

Unisys already has contracts with most of the nation's airports to provide biometric-based security systems for workers in secure areas. .

"Shoes are everybody's No. 1 concern; laptops are No. 2 and outer garments are No. 3," said Mr. Brill, who predicted that technology dealing with laptops and coats would become available next year.

Mr. Zmuda said: "I think this is definitely going to be a decent business, one that's going to continually evolve, given that it is a security program as well as a customer service program." <NYT_AUTHOR_ID>

DHS Plan For 'Virtual' Border Fence Still Has Gaps (WP)

By Spencer S. Hsu

The Washington Post, December 5, 2006

A Bush administration plan to build a "virtual" fence along the Mexico border will cost $7.6 billion and be completed by 2011, but the government lacks clear benchmarks for success, according to a report to Congress by the Department of Homeland Security.

Confirming well-known problems along the Mexican border, DHS also reported that the United States had "effective control" over only 284 miles of its 1,993-mile southern frontier as of March, up from 241 miles in October 2005. The department set a goal of controlling 345 miles next year and the full border in five years. But it acknowledged not having "a wholly satisfactory methodology" of defining "control."

Lawmakers ordered DHS to submit a multi-year strategic plan for the Secure Border Initiative (SBI) and its virtual-fence system (SBInet), citing two failed border technology programs that have cost taxpayers $429 million since 1998. The department's inspector general warned last month that SBInet could cost as much as $30 billion, far more than the $2 billion initially projected by industry analysts, and suffers from vague objectives.

Despite a law authorizing a 700-mile physical fence on the Mexican border, the Congress and White House are pushing forward with SBInet, which would deploy a mix of fencing, vehicle barriers, sensors, cameras and other surveillance technology to create a virtual barrier along 6,000 miles of U.S. northern and southern borders.

SBInet will cost $1.2 billion this year and $7.6 billion through 2011 on the southern border alone, DHS reported. By comparison, DHS agencies expect to spend $40.7 billion for border security between 2008 and 2011.

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The five-year target for operational control of the border is the latest offered by U.S. officials. Homeland Security Secretary Michael Chertoff has predicted two years, three to five years, and most recently he has said control could be contingent on enactment of a guest-worker program, which could take up to six years to implement.

DHS also issued a new mission statement for SBI that emphasizes counterterrorism over immigration control. The program will promote strategies "that protect against and prevent terrorist attacks and other transnational crimes," DHS reported, while coordinating efforts to enforce immigration laws.

New Orleans Picks Professor To Lead Efforts On Rebuilding (NYT)

By Adam Nossiter

The New York Times, December 4, 2006

NEW ORLEANS, Dec. 4 — Amid continuing criticism that the city's recovery has lagged 15 months after Hurricane Katrina, Mayor C. Ray Nagin appointed an official on Monday to manage the rebuilding efforts.

Mr. Nagin's new "executive director for recovery management" is Edward J. Blakely, a former chairman of the department of city and regional planning at the University of California, Berkeley, who helped Oakland, Calif., recover from the earthquake of 1989 and the brush fire of 1991. He is now professor of urban planning at the University of Sydney in Australia.

"There are a lot of plans, and these plans have to be brought together under one umbrella," Dr. Blakely said Monday at a news conference.

Like other facets of New Orleans's tortuous comeback, the appointment of a "recovery czar" for the city has been pending for months. But at Monday's announcement, Dr. Blakely's precise responsibilities were not spelled out by Mr. Nagin, only that he would "coordinate and direct recovery efforts."

Mr. Nagin rejected a formal plan for the city's recovery months ago, because he considered it too politically divisive, as under the plan some neighborhoods were to receive greater attention than others.

Since then some parts of New Orleans have returned to life but many have not, particularly those most devastated by the poststorm flooding of September 2005. At least half the population remains displaced, block after block of houses are still vacant and gutted, downtown New Orleans is moribund, and some neighborhoods are reverting to green space.

Mr. Nagin, meanwhile, has made only intermittent pronouncements about the city's recovery, saying mostly that it should be guided by the citizens.

The mayor's hands-off approach — Mr. Nagin has said he believes New Orleans's recovery should be "market driven" — intensified calls for a competent manager to take charge. Monday's announcement drew a qualified welcome from some who have looked critically on the efforts to date.

"What will be significant will be when they actually itemize his responsibilities," said Rob Couhig, a lawyer here who ran unsuccessfully against Mr. Nagin in last spring's mayoral election, and who has been serving as an unpaid adviser to the mayor. "It's like a lot of things. You wish it happened earlier, but better today than tomorrow."

Under the loose, citizen-driven process sanctioned by the city, no single plan exists as yet for the recovery. Citizens continue to meet — they did so again this past Saturday, some linked by satellite feeds from Houston, Atlanta, Dallas and elsewhere — and exchange ideas for infrastructure renewal, for example, under municipal auspices.

Further meetings are planned, though it is unclear how much federal money will be available for whatever is eventually decided on, and there is evidence that citizens here are increasingly weary of the process, after more than a year of similar meetings.

Asked Monday why it had taken so long to name a recovery czar, Mr. Nagin responded: "I wanted to make sure we had some momentum and clarity. We now have that. We now have clarity in the planning process."

WAR NEWS:

Bush Meets With Rival Of Iraqi Leader (NYT)

By Sheryl Gay Stolberg

DOJ_NMG_0102132

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — President Bush met today with one of the most powerful Shiite leaders in Iraq — a political rival of Prime Minister Nouri Kamal al-Maliki — and urged him to "reject the extremists that are trying to stop the advance of this young democracy."

The meeting with Abdul Aziz al-Hakim, the leader of the Supreme Council for the Islamic Revolution in Iraq, was part of an effort by the Bush administration to shore up the fragile Maliki government by reaching out to a wider circle of Iraqi politicians. The hourlong session in the Oval Office plunged Mr. Bush deep into the intricate web of ethnic Iraqi politics.

Speaking to reporters afterward, the president said he told Mr. Hakim that he was "not satisfied with the pace of progress in Iraq," although he said he was "proud of the courage of the Iraqi people." He also said he appreciated Mr. Hakim's commitment to the unity government, and his "strong position against the murder of innocent life."

Mr. Hakim, for his part, flatly rejected one of the recommendations that the bipartisan Iraq Study Group is expected to make this week: a call for an international conference or regional peace initiative.

"We believe that the Iraqi issue should be solved by the Iraqis with the help of friends everywhere," Mr. Hakim said, speaking through an interpreter. "But we reject any attempts to have a regional or international role in solving the Iraqi issue. We cannot bypass the political process."

Mr. Hakim, who wears the black turban of a descendant of the Prophet Muhammed, has close ties to Iran and is one of the most divisive Shiite politicians in Iraq. He remarked last week that if Iraq deteriorated into civil war, Sunni Arabs would be the "biggest losers" — a comment that was widely interpreted as a veiled threat to Sunnis. He is also the main Shiite leader pushing to partition the country into autonomous regions, a proposal that both Mr. Bush and Mr. Maliki strongly oppose.

Today's meeting came as the White House is in the thick of re-evaluating its stance in Iraq. Mr. Bush met Mr. Maliki last week in Amman, Jordan. On Wednesday, the president will receive the recommendations of the independent Iraq Study Group, headed by James A. Baker III, the former secretary of state, and Lee Hamilton, a former Democratic congressman.

The Senate Armed Services Committee has asked Mr. Baker and Mr. Hamilton to testify about the report on Capitol Hill on Thursday morning. That same day, Prime Minister Tony Blair of Britain, perhaps Mr. Bush's closest ally on Iraq, will visit the White House. And next month, Mr. Bush will receive another Iraqi politician, Tariq al-Hashemi, the leader of the most powerful Sunni Arab party.

The Bush-Hakim visit is significant because Mr. Hakim is a fierce rival of Moktada al-Sadr, the radical anti-American Shiite cleric who has thrown his weight behind Mr. Maliki. The White House wants Mr. Maliki to lessen his dependence on Mr. Sadr; one way to advance that cause would be to bolster Mr. Hakim's ties with Mr. Maliki.

Stephen J. Hadley, the national security adviser, outlined the strategy in a classified memo published by The New York Times last week. "Press Sunni and other Iraqi leaders (especially Hakim) to support Maliki," Mr. Hadley wrote, in a section outlining how the White House might drive a wedge between Mr. Maliki and Mr. Sadr.

By meeting with leaders other than Mr. Maliki, Mr. Bush runs the risk of undermining the Iraqi prime minister — whom he declared ''the right guy for Iraq" during their meeting in Amman — by seeming to hedge his bets with others who might claim power should the Maliki government fail.

In an interview with Brit Hume of Fox News, Mr. Bush said he raised that issue with Mr. Hakim today.

"I said, 'I just want you to understand, as you know, I met with the prime minister, the head of the government,' " Mr. Bush said. "And that I don't want the prime minister to construe that this meeting in any way doesn't support him, and he said, look, I understand that as well."

Mr. Hakim's close ties to Iran also pose potential problems for the Bush administration. His party, usually referred to by its acronym, Sciri, was founded in Iran and its armed wing, the Badr Brigade, was widely accused by Sunni Arabs of operating death squads in the aftermath of the American invasion of Iraq.

Mr. Hakim fended off those charges today in an appearance at the United States Institute for Peace, following his White House visit. "We reject all those accusations," Mr. Hakim said, asked by a reporter if his organization is responsible for murder, torture and abduction. He added, "We say there is no evidence. Nothing of that happened."

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At the White House, the press secretary, Tony Snow was peppered with questions about why Mr. Bush was meeting with Mr. Hakim.

“This is a man who spent 20 years in Iran when Saddam Hussein was in power,” Mr. Snow said, “but he’s also made it clear that he sees himself as an Iraqi leader, not someone who is beholden to Iran.” <NYT_AUTHOR_ID>

Edward Wong contributed reporting from Baghdad.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Shiite Leader Sees No Role For Iraq's Neighbors (LAT)

By James Gerstenzang

The Los Angeles Times, December 5, 2006

WASHINGTON — The leader of a key Shiite Muslim faction in the Iraqi government told President Bush on Monday that his country's problems could not be solved by enlisting the help of Iran and Syria, as a blue-ribbon commission is expected to recommend.

The remarks by Abdelaziz Hakim, whose Shiite political party holds the highest number of seats in the parliament, gave the president an important Baghdad ally in his opposition to such an overture, two days before the bipartisan Iraq Study Group is scheduled to deliver its report.

"We reject any attempts to have a regional or international role in solving the Iraqi issue," Hakim said after the meeting. "Iraq should be in a position to solve Iraqi problems."

Hakim rejected any international conference to solve Iraq's problems, a White House official said, speaking on condition of anonymity in accordance with White House ground rules. And Bush underscored his concerns in the private meeting, speaking directly "about Iran and Syria and the critical need for them to respect Iraqi sovereignty and stop destructive activity that undermines Iraq," the official said.

The Bush administration has promoted Hakim as a moderate Iraqi voice despite ties he formed during 20 years of exile spent largely in Iran.

Hakim's invitation to the Oval Office gave Bush an opportunity to hear an informed voice on Iran, as well as a potential courier for any messages from Washington to the leadership in Tehran. The meeting followed a week of Bush administration diplomacy on the Middle East that ended in disappointment for the White House after Arab leaders expressed concern over growing instability in Iraq and elsewhere.

On Monday, Bush renewed his declaration, in Hakim's presence, that he was "not satisfied with the pace of progress in Iraq," but that he wanted to continue "to work with the sovereign government" there.

Even as Hakim said that the political solution must come from within Iraq, he reached out for assistance from "the international level and the regional level in order to defeat terrorism." He also said that he and Bush had discussed the arms and training that Iraq would need to meet its security needs.

The two met privately for about 20 minutes and with aides for nearly an hour. A total of 50 minutes had been allotted for the two meetings.

In a speech later to the U.S. Institute of Peace, Hakim called for a stiffer U.S. military response to violence by militias, saying that "the deterring factors are not up to the level of their criminal activities."

"The strikes they are getting from the multinational forces are not hard enough to put an end to their acts," he said.

Hakim leads the Supreme Council for Islamic Revolution in Iraq. It was established in Iran in 1982, providing a political home for Iraqi Shiite exiles during Saddam Hussein's rule. Members of an armed wing of the group, the Badr Brigade, have been accused of engaging in criminal activity under the cover of Iraqi security forces.

The White House official, reporting on the Oval Office discussions, said Hakim sought support for strengthening Iraqi security forces to "bring to justice those operating outside the rule of law."

Pressed on Hakim's ties to Iran and the militia, White House Press Secretary Tony Snow said as the session was getting underway that Hakim was an Iraqi leader, and "not somebody who is beholden to Iran." He said Bush planned to discuss the militia activities with Hakim.

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"What Mr. Al-Hakim has also done is he has talked about the importance of reconciliation within Iraq," Snow said. "He is a significant force in Iraqi politics."

In extensive comments about Hakim during an interview with Fox News Channel, Bush said he came away from the meeting convinced that Hakim was committed to a unity government. Bush also said he had heard no reference to Shiite dominance to the exclusion of others.

In a reference to the various militias, Bush said that Hakim saw no place for murderers in a constitutional government.

The president used the Fox interview to counter some of the criticism in the run-up to Wednesday's release of the report by the Iraq Study Group, which is headed by former Secretary of State James A. Baker III and former Rep. Lee Hamilton (D-Ind.). The panel is expected to recommend that Bush shift course in Iraq and begin withdrawing U.S. troops.

Iraqi Shiite Leader Speaks Bluntly In Washington (WP)

By Robin Wright And Peter Baker

The Washington Post, December 5, 2006

President Bush yesterday told the leader of Iraq's largest Shiite Muslim party that the United States is not satisfied with the progress in Iraq and appealed for more help in fighting extremism and reconciling the country's increasingly fractured society.

But in a speech after their hour-long meeting, Abdul Aziz al-Hakim countered that U.S. troops need to do more to fight the insurgency and denied that the Shiite militias are fueling the sectarian strife in Iraq. It was one of the starkest criticisms of U.S. military strategy by an Iraqi leader.

"The strikes [the insurgents] are getting from the multinational forces are not hard enough to put an end to their acts, but leave them to stand up again to resume their criminal acts," Hakim said in a speech at the United States Institute of Peace. "This means that there is something wrong in the policies taken to deal with that danger threatening the lives of Iraqis."

The only way to eliminate the danger of a civil war, he added, was through "decisive strikes" against insurgents once loyal to former leader Saddam Hussein. "Otherwise we'll continue to witness massacres . . . against innocent Iraqis."

Hakim, who heads the Supreme Council for the Islamic Revolution in Iraq, arrived in Washington as the administration is reviewing its strategy in Iraq. The Iraq Study Group, a bipartisan panel led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), is due to publish its recommendations tomorrow. The meeting also comes as U.S. officials try to repair relations with Shiite leaders who had feared a recent U.S. outreach to Sunni insurgents.

The Bush administration is under pressure from both escalating sectarian strife and plummeting U.S. support for the Iraq war. "We talked about the need to give the government of Iraq more capability as quickly as possible," Bush said in a joint photo opportunity in the Oval Office. "Part of unifying Iraq is for the elected leaders and society leaders to reject the extremists that are trying to stop the advance of this young democracy."

Hakim, who leads the Shiite coalition with the largest number of seats in parliament, told Bush that Iraqi issues should be solved by Iraqis. His words reflected the growing sentiment in both Washington and Baghdad that a shift in responsibility in managing Iraqi affairs is essential if the now multisided conflict is to be halted.

But expressing the frustration that is also rising in Washington, Bush acknowledged in an interview on Fox News yesterday that "what Americans are trying to figure out is why Iraqis are killing Iraqis when you have a better future ahead."

The growing talk of civil war in Iraq "scares us, too," Hakim said in his speech. He expressed concern that Shiite religious authorities, who have calmed tensions after the deadliest suicide bombings, would someday lose their ability to counter the violence. He called the religious authorities the "last fortress" against civil war and "catastrophic storms that no power in the world could calm or control to return Iraq to its senses."

At the White House and in his speech, Hakim signaled rejection of recent suggestions for a regional or international conference to bring Iraq's neighbors together to help defuse escalating tensions and end meddling, particularly by Iran and Syria. "We do not want to distribute shares of powers to neighboring countries," he said in his speech.

Bush and Hakim are unlikely allies in forging Iraq policy. Hakim's movement was founded during his two decades of exile in Iran, and its Badr Organization militia, formerly known as the Badr Brigade, is still widely believed to have close ties to Tehran. Hakim said yesterday that he supports the disbanding of militias, and said his own armed wing has been transformed for use in

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political activity. But some Sunnis allege that the Badr Organization was behind political assassinations that have contributed to sectarian violence.

White House spokesman Tony Snow called Hakim a "significant force" in Iraqi politics. "He's somebody who can play a very constructive role and we hope he will," Snow said.

Bush Says Iraq Progress Too Slow (AP)

By Deb Riechmann

AP, December 5, 2006

President Bush told a Shiite political leader on Monday the United States is not happy with progress in Iraq and sought the cleric's help to curb extremists and terrorists trying to undermine the struggling new democracy.

Abdul-Aziz al-Hakim said U.S. troops need to stay in Iraq to help deal with escalating violence. He also told Bush that Iraq welcomes help from other nations, including those in the Middle East, so long as they do not bypass Iraq's political process.

"Iraq should be in a position to solve Iraqi problems," al-Hakim told Bush after they met in the Oval Office for more than an hour.

Some consider al-Hakim, who lived in exile in Iran for years, a more powerful political figure than Iraqi Prime Minister Nouri al-Maliki. Al-Hakim leads the Supreme Council for the Islamic Revolution in Iraq, the largest Shiite bloc in Iraq's parliament. His party also is backed by the Badr Brigade militia blamed for sectarian killings.

The meeting was evidence that Bush, under pressure to find a new blueprint for his war strategy, was getting more personally involved in the political infighting among Shiites, Sunnis and Kurds.

"I told him that we're not satisfied with the pace of progress in Iraq, and that we want to continue to work with the sovereign government of Iraq," Bush said. He said the young Iraqi government needs to be given more capability as quickly as possible to secure the country from extremists and murderers.

Bush is meeting on Thursday with British Prime Minister Tony Blair — a day after the bipartisan Iraq Study Group issues its long-awaited recommendations. Bush also plans to meet next month with Iraq's Sunni Vice President Tariq al-Hashemi. Last week, he met in Jordan with al-Maliki.

Before al-Hakim's visit to the United States, two al-Maliki aides and a third person close to al-Hakim said the cleric was expected to try to persuade Bush to enlist Iran's help in quelling violence in Iraq.

Bush spoke with al-Hakim directly about Iran and Syria and the critical need for them to respect Iraqi sovereignty and stop destructive activity that undermines Iraq's unity government, a senior administration official said. He spoke on condition of anonymity because he was not authorized to divulge details of the meeting.

The official said it wasn't known whether al-Hakim specifically asked Bush to enlist Iran's assistance. Al-Hakim told reporters that he vehemently opposes any regional or international effort to solve Iraq's problems that goes around the unity government in Baghdad.

"We reject any attempts to have a regional or international role in solving the Iraqi issue," the cleric, who speaks Arabic, said through a translator. "We cannot bypass the political process. Iraq should be in a position to solve Iraqi problems."

Later, in a speech at the U.S. Institute of Peace in Washington, al-Hakim said Iraq is interested in creating good relations with all neighboring nations, including Kuwait, Saudi Arabia, Turkey, Iran, Syria and Jordan.

But he said: "We do not want to distribute shares of power to neighboring countries, but rather we want balanced relations."

Al-Hakim said he talked with Bush about equipment, including armaments, that the Iraqi security forces need. He pledged that the government would deal with all forms of terrorism, no matter where they originate.

He also said that eliminating the danger of civil war in Iraq can be achieved only by decisive strikes against terrorist Baathists and extremist followers of Islam. "Otherwise we will continue to witness massacres being committed every now and then against the innocent Iraqis," he said.

Monday's developments came amid rising expectations about a new U.S. policy that Bush is crafting for Iraq — one that his advisers say will be announced within weeks. He is seeking information from reviews being done by the State Department,

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National Security Council and the Joint Chiefs of Staff as well as the Iraq Study Group, led by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton of Indiana.

It became increasingly clear that the administration was looking for Iraq alternatives well before the November elections, when Bush was adamantly defending his policies.

A day before the elections, Defense Secretary Donald H. Rumsfeld wrote a letter saying he had developed a list of alternative approaches for Iraq over a period of weeks. In his letter, obtained by The Associated Press on Monday, Rumsfeld said he and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, had told the president "a number of weeks ago" that they were considering alternatives for Iraq policy because changes were needed.

Rumsfeld also wrote that at his request, Gen. John Abizaid, the top commander for U.S. forces in the Middle East, had assembled a group to work on the issue.

Iraq's Al-Hakim Gets White House Meeting (AP)

By Hamza Hendawi

AP, December 5, 2006

Abdul-Aziz al-Hakim is closer to Iran than any other Iraqi politician and runs a Shiite militia blamed for sectarian violence in Iraq.

So why did President Bush meet him in the White House?

Some Iraqi officials believe Bush wanted to find out what role Iran can play in bringing peace to this country. If anyone in Iraq knows, it is the 55-year-old al-Hakim.

Al-Hakim is the leader of Iraq's largest political party, the Supreme Council for the Islamic Revolution in Iraq, or SCIRI. He lived in exile in Iran for more than two decades before returning home in 2003 after the ouster of Saddam Hussein's Sunni-dominated regime.

SCIRI was founded in Iran and its affiliated militia, the Badr Brigade, was trained and armed by Iran's Revolutionary Guard. The militia fought alongside the Iranians in their eight-year war against Iraq in the 1980s.

Al-Hakim's Sunni Arab critics, in fact, charge that he is more Iranian than Iraqi.

"Al-Hakim wants Iran to rule Iraq," Saleh al-Mutlaq, a senior Sunni Arab politician, told Al-Jazeera television interview that aired Sunday.

Al-Hakim, who spoke to Bush for more than an hour at the White House Monday, became leader of the SCIRI when his brother and party founder Ayatollah Mohammed Baqir al-Hakim was killed in a bombing in August 2003. Since then, he has risen from political obscurity into the leader of parliament's largest bloc.

"Bush today met a powerful leader," said Adnan al-Dulaimi, leader of parliament's largest Sunni Arab bloc and a critic of the government. "Al-Hakim was expected to assure Bush that he is not a tool in Iran's hands, but that he can take a message back to the Iranians from him."

While al-Hakim's ties to Iran inspire suspicion among Sunni Iraqis, they apparently enhanced his prestige with the U.S. — especially as the Bush administration searches for an exit strategy from its 44-month-old military involvement in Iraq.

A report by a bipartisan commission due out Wednesday is expected to offer a set of military and political options for Iraq including an effort to enlist Iran's help in curbing the violence.

Bush refuses to speak directly to Iran, a U.S. adversary for almost 30 years. That prompted al-Hakim to consider volunteering as an intermediary between Washington and Tehran, according to key advisers to the government of Prime Minister Nouri al-Maliki, who talked with al-Hakim before his Washington visit.

"He went to Washington with a green light from the Iranians to take back a message from Bush to them on Iraq," said a senior aide to al-Hakim, who spoke to The Associated Press on condition of anonymity because of the sensitivity of the information.

Hassan al-Sneid, a lawmaker and al-Maliki confidante, said Iraqi President Jalal Talabani was told during a visit to Tehran last week that the Iranians had no objections to a dialogue with the Americans over Iraq.

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Iranian influence in Iraq worries the United States and its Arab Sunni allies in the region, like Saudi Arabia, Jordan and Egypt. Shiite and Sunni Arab politicians privately complain that their non-Arab neighbor supports Shiite and even some Sunni armed groups in a bid to achieve what analysts call "controlled chaos."

The aim, they said, was to keep the United States bogged down in Iraq and distracted from taking strong action against Iran over its nuclear program.

Al-Hakim has championed giving Iraq's Shiite-dominated security forces the lead role in the fight against Sunni insurgents and al-Qaida in Iraq militants.

Iraqi government advisers, speaking on condition of anonymity because of the sensitivity of the issue, said al-Hakim had planned to raise the issue with Bush.

Sunni Arabs fear al-Hakim will persuade the Americans to give the security forces a free hand to crush the once-dominant Sunni community. They also fear he will persuade Washington to tone down its demands that the Shiite militias to be disbanded.

Al-Maliki has been reluctant to rein in the militias. Sunnis fear that pressure from Washington to curb the militias will ease after the U.S. military relinquishes the lead on the battlefield to the Iraqis.

Officially, al-Hakim's Badr militia has been disbanded and turned into a political group, but few in Iraq believe it.

Instead, the Badr militia is widely believed to be the source of the top leadership in Iraq's police and army forces. The militia is also suspected of operating death squads targeting Sunni foes and senior members of Saddam's former Baath party.

Bush Meets With Iraq's Shiite Leader (AP)

By Terence Hunt

AP, December 5, 2006

President Bush told an Iraqi power broker on Monday that the United States was not satisfied with the progress of efforts to stop the sharp escalation of violence in Iraq.

Bush met at the White House with Abdul-Aziz al-Hakim, the Shiite leader of the largest bloc in Iraq's parliament.

Al-Hakim said that he "vehemently" opposes any regional or international effort to solve Iraq's problems that goes around the unity government in Baghdad.

"Iraq should be in a position to solve Iraq's problems," al-Hakim said.

The president said he spoke with al-Hakim for more than an hour and said they had a "very constructive conversation."

"I assured him that the U.S. supports his work and the work of the prime minister to unify the country," Bush said, referring to Iraqi Prime Minister Nouri al-Maliki.

"Part of unifying Iraq is for the elected leaders and society leaders to reject the extremists that are trying to stop the advance of this young democracy," Bush said.

"We talked about the need to give the government Iraq more capability as soon as possible so the elected government of Iraq can do that which the Iraqi people want to secure their country from extremists and murderers," Bush said. "I told his eminence that I was proud of the courage of the Iraqi people. I told him that we're not satisfied with the pace of progress in Iraq. And that we want to continue to work with the sovereign government of Iraq."

Al-Hakim, after what he called a "very clear" meeting earlier with Secretary of State Condoleezza Rice, told reporters in Arabic that "we have asked for the American forces to stay in Iraq" to enable Iraqi security to deal with terrorists.

Monday's developments came amid an atmosphere of rising expectations about a new U.S. policy in Iraq and an acknowledgment by Bush's national security adviser that Bush accepts that a new approach is warranted.

National security adviser Stephen Hadley said Sunday that while Bush recognizes something different needs to be done, the president won't use the recommendations due this week from the Iraq Study Group as political cover for bringing troops home.

"We have not failed in Iraq," Hadley said as he made the talk show rounds Sunday. "We will fail in Iraq if we pull out our troops before we're in a position to help the Iraqis succeed."

He added: "The president understands that we need to have a way forward in Iraq that is more successful."

But, with the leak of another insider's secret memo, the second in a week, the administration found itself on the defensive.

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The latest showed that Donald H. Rumsfeld called for a "major adjustment" in U.S. tactics on Nov. 6 — the day before an election that cost Republicans the Congress and Rumsfeld his job as defense secretary.

Hadley played down the memo as a laundry list of ideas rather than a call for a new course of action.

He said that Bush — just before a pivotal election — was not portraying a different sense of the war to the public than his own defense secretary was giving him in private.

The president "has said publicly what Rumsfeld said, that things are not proceeding well enough or fast enough in Iraq," Hadley said.

Democrats did not buy that.

"The Rumsfeld memo makes it quite clear that one of the greatest concerns is the political fallout from changing course here in the United States," said Sen. Joseph Biden, D-Del., the incoming chairman of the Senate Foreign Relations Committee. "The bottom line is there is no one, including the former secretary, who thought the policy the president continues to pursue makes any sense."

Rep. John Murtha, D-Pa., said the Rumsfeld memo was an example of how the administration has been "mischaracterizing and misstating this war." He said the Iraq conflict had devolved into a civil war. "There's two factions fighting for supremacy inside Iraq and our troops are caught in between," Murtha said on NBC's "Today" show. As incoming chairman of the House Defense Appropriations subcommittee, Murtha said he would put pressure on the administration to redeploy U.S. troops there.

Bush has nominated Robert Gates to replace Rumsfeld. His confirmation hearing before the Senate Armed Services Committee is on Tuesday.

As pressure builds for a new strategy, the report from the Iraq Study Group increasingly is viewed as perhaps clearing the way for a U.S. exit strategy in Iraq. Hadley, though, said the review will be just one factor the White House considers.

After a meeting last week in Jordan, Bush expressed confidence that Iraqi Prime Minister Nouri al-Maliki and his government can lead the country toward peace with support from the United States.

Yet Hadley found himself defending his own memo that called that very point into question.

Bush Presses Shi'ite Leader On Violence (WT)

By Joseph Curl

The Washington Times, December 5, 2006

President Bush yesterday bluntly told the leader of Iraq's largest Shi'ite party that the United States is not satisfied with efforts by Iraqi political leaders to stop sectarian violence, which has spiraled out of control in recent months.

The Oval Office meeting came on a day when the White House announced that the president will meet Thursday with British Prime Minister Tony Blair, his closest ally in the Iraq war. That meeting will come just a day after Mr. Bush receives recommendations from a bipartisan commission charged with coming up with solutions to the nearly four-year-long war in Iraq.

After his hourlong meeting yesterday with Abdul-Aziz al-Hakim, who heads the largest bloc in Iraq's parliament and is a leading opponent of anti-U.S. Shi'ite Muslim cleric Muqtada al-Sadr, the president said political leaders must step up to quell dissent among opposing factions.

"I told him that we're not satisfied with the pace of progress in Iraq, and that we want to continue to work with the sovereign government of Iraq," Mr. Bush said. "Part of unifying Iraq is for the elected leaders and society leaders to reject the extremists that are trying to stop the advance of this young democracy."

But Mr. al-Hakim, head of the Supreme Council for Islamic Revolution in Iraq, said he "vehemently" opposes any regional or international effort to solve Iraq's problems that goes around the unity government in Baghdad.

"We cannot bypass the political process. Iraq should be in a position to solve Iraqi problems," he said. "Therefore, we believe that the Iraqi issue should be solved by the Iraqis with the help of friends everywhere. But we reject any attempts to have a regional or international role in solving the Iraqi issue."

Yesterday's meeting, which followed the president's meeting last week in Amman, Jordan, with Iraqi Prime Minister Nouri al-Maliki, begins a new effort by the Bush administration to create a dialogue with Iraqi political leaders. Mr. Bush is scheduled to

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meet next month with Vice President Tariq al-Hashimi, who is a Sunni, and one senior administration official said top U.S. officials will meet soon with other moderate Sunni, Shi'ite and Kurdish leaders.

Still, the escalating sectarian violence in Iraq has prompted some U.S. critics to step up their calls for immediate withdrawal. "There's two factions fighting for supremacy inside Iraq, and our troops are caught in between," Rep. John P. Murtha, Pennsylvania Democrat, said Sunday.

Mr. al-Hakim said Iraq can solve its own problems but told reporters after a morning meeting with Secretary of State Condoleezza Rice that "we have asked for the American forces to stay in Iraq" in an effort to help Iraqi security forces contend with terrorists.

"We will work very hard and seek all forms of cooperation at the international level and the regional level in order to defeat terrorism that it is trying to use Iraq as a base in order to sabotage the future of that nation," Mr. al-Hakim said.

The White House yesterday did not rule out a possible meeting with Sheik al-Sadr. "I don't know if al-Sadr would also be willing to entertain the option. It's a very interesting question; we'll go back and muse on it in a few minutes," White House spokesman Tony Snow said.

The outreach to all political leaders in Iraq, Mr. Snow said, is designed to give the president the chance "to talk to significant leaders and make the case that it's important for people to build together across sectarian lines, to take the measures necessary for national reconciliation."

Mr. al-Hakim defended the U.S. role in Iraq, and said Americans are unaware of the advances taking place in Iraq.

"The Iraqi situation has been subjected to a great deal of defamation, and the true picture is not being presented in order to show a dark side of what's happening in Iraq," he said.

Speaking at the United States Institute of Peace after meeting with Mr. Bush, Mr. al-Hakim endorsed proposals to create federal regions in Iraq, saying that concerns about such plans "are exaggerated."

"Federalism definitely will not divide Iraq," said Mr. al-Hakim. He said that religious -- not secular -- authorities were the only ones that could hold the country together.

"We should not resort to dealing with issues that may weaken the religious authorities, otherwise Iraq may be subjected to catastrophic storms that no power in the world could calm or control [or] return Iraq to its senses," he said.

In a Fox News interview last night, Mr. Bush told Brit Hume he was pleased by the Shi'ite leader's expressions of commitment to a unity government in Iraq.

"There is a lot of talk about Shia dominance to the exclusion of other folks in Iraq. I didn't hear that at all -- quite the contrary," Mr. Bush said. "I listened to a man who understands that the way forward is for there to be a government of and by and for the people."

Referring to his previous meeting with Mr. al-Maliki, Mr. Bush said both the prime minister and Mr. al-Hakim "understand that murderers must be stopped, that you can't have a society, a constitutional government presiding over a society in which murderers are allowed to run free."

US 'not Satisfied' With Pace Of Iraqi Progress (FT)

By Guy Dinmore

Financial Times, December 5, 2006

President George W. Bush told a powerful Iraqi Shia cleric on Monday that he was not satisfied with the pace of progress in Iraq as they discussed how the US could accelerate assistance to the Baghdad government.

Abdul Aziz al-Hakim, leader of the Supreme Council for Islamic Revolution in Iraq (Sciri), a key partner in the coalition government, said talks focused on arms and training for the Iraqi army and the transfer of military authority from the US commander to the Iraqi government.

Speaking later at the US Institute of Peace (USIP), Mr Hakim criticised US forces for not cracking down hard enough on Sunni insurgents.

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Decisive strikes were needed, Mr Hakim said. Otherwise, he warned, Shia spiritual leaders might lose their capacity to contain Shia anger and Iraq would be plunged into civil war and "catastrophic storms that no power in the world could calm or control".

USIP is assisting the bipartisan Iraq Study Group, which is due to release its recommendations for new strategies in Iraq on Wednesday. A gradual redeployment of US combat troops by early 2008 is expected to form the core proposal. But there was no suggestion by Mr Bush or Mr Hakim of adopting such a timeline.

"I told His Eminence that I was proud of the courage of the Iraqi people. I told him that we're not satisfied with the pace of progress in Iraq," Mr Bush said.

Although White House officials portrayed the meeting as part of a normal process of consultation with Iraqi politicians, Mr Hakim's visit to the White House fuelled the perception of an administration desperately seeking a new direction.

Asked whether Iraqis were worse off now than under Saddam Hussein – as asserted by Kofi Annan, UN secretary-general, in a BBC interview – the White House spokesman, Tony Snow, replied: "You will have to ask the Iraqi people."

Mr Hakim vies with Moqtada al-Sadr, a radical cleric and militia leader, for the mantle of Iraq's most powerful Shia politician. Their family feud is generational. Both their militias have been accused of involvement in sectarian violence against the Sunni Arab minority – a charge Mr Hakim denies.

Mr Hakim also maintains close ties to Iran, where he lived in exile after 1980 and went on to lead the Badr brigade, an Iranian-trained and funded militia that fought on the side of Iran against Iraq in their 1980-88 war.

Mr Bush and Mr Hakim have rejected a proposal by Mr Annan, which is expected to be echoed by the Iraq Study Group, for direct US engagement with Iran and Syria. Mr Hakim said Iraq would deal with its neighbours.

Mr Hakim's support for the coalition government is crucial to its survival, although his relations with Nouri al-Maliki, prime min-ister, are difficult and he may be angling for US support for one of his allies to replace him.

Judith Yaphe, an analyst at Washington's National Defence University, said: "We may be trying to play on long-standing animosity between Sadr and the Hakims. He could be an ally but it's a very dangerous game to play and usually we don't play these games very well."

More deaths in Baghdad prompted Zalmay Khalilzad, the US ambassador, and General George Casey, the US commander, to issue a joint plea to Iraqis not to be "drawn down the road of senseless brutality" in tit-for-tat sectarian killings.

Sins Of The Father (WP)

By Michael Kinsley

The Washington Post, December 5, 2006

It is not the fault of Jenna or Barbara Bush that their father, the president, has gotten us into a war that he doesn't know how to get us out of. And, although you can blame parents for almost anything, George W. and Laura Bush are no longer responsible for the behavior of their twin daughters, who are in their mid-20s. Presidents, like the rest of us, don't get to choose their relatives. Remember Billy Carter?

Anyway, Jenna and Barbara are far from George W. Bush's biggest familial problem. The law of averages has given him at least one ne'er-do-well brother -- Neil. The biggest familial thorn in the president's side is probably his father, always ready (or so it seems) to send out a Brent Scowcroft or a James Baker with some patronizing and excruciatingly public advice for the young pup.

As for the twins, we actually know next to nothing about them. George and Laura Bush made the wise decision to keep them out of the limelight, and -- with surprisingly little slippage -- they have managed to enforce this policy on the press, on the Republican propaganda machine and on the girls themselves. Good for them.

From what little has leaked out, it seems that Jenna and Barbara are party girls who like to drink and dance until the wee hours with aristocrats and frat boys. Jenna is interning for UNICEF in Latin America (not actually teaching kids, as originally reported, but involved somehow in education). The twins recently took a trip to Argentina. Their first night there, partying in Buenos Aires, Barbara lost her purse to a thief.

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So it would appear that George W. Bush's daughters are not Amy Carter or Chelsea Clinton or Karenna Gore. So what? Are you surprised?

Nevertheless, there is a war on. It's a war that has killed 3,000 Americans, most of them around Jenna and Barbara's age or younger. It has killed hundreds of thousands of Iraqis of all ages. And even more Americans and Iraqis have been injured, lost limbs, suffered terrible pain. President Bush can be quite eloquent in talking about the sacrifices of American soldiers and -- he always adds -- their families. In the Reagan style that has become almost mandatory, he uses anecdotes. He talks of Marine 2nd Lt. Frederick Pokorney Jr. "His wife, Carolyn, received a folded flag. His two-year-old daughter, Taylor, knelt beside her mother at the casket to say a final goodbye."

Bush says truly, about the American dead, "They did not yearn to be heroes. They yearned to see mom and dad again and to hold their sweethearts and to watch their sons and daughters grow. They wanted the daily miracle of freedom in America, yet they gave all that up and gave life itself for the sake of others."

Living your life according to your own values is a challenge for everyone, and it must be a special challenge if you happen to be the president. No one thinks that the president should have to give up a child to prove that his family is as serious about freedom as these other families he praises. But it would be reassuring to see a little struggle here -- some sign that the Bush family truly believes that American soldiers are dying for our freedom, and that it's worth it.

Who knows? Maybe they have had huge arguments about this. Maybe George and Laura wanted the girls to join the Red Cross, or the Peace Corps, or do something that would at least take them off the party circuit for a couple of years. And perhaps the girls said no. But I doubt this scenario, don't you?

The opposite approach to this question is taken by Jim Webb, the incoming senator from Virginia. Webb seems to believe that because he served in Vietnam, anyone who could have but didn't should shut up. That includes people who opposed that war -- that is, who got it right -- as well as those who supported it. Webb's son is serving in Iraq, and -- in a gesture that would throw Dr. Freud for a loop -- Webb wears a pair of the son's combat boots. At a White House reception for new members of Congress, Webb avoided the receiving line and then, when Bush came up and asked him how his son was doing, he basically told the president to flake off. Webb's self-righteousness can be obnoxious. But at least he is being morally serious.

At first it seemed a brilliant strategy -- repellent, but brilliant -- to isolate most Americans from the cost of the war in Iraq. It's starting to seem a lot less so. As the deaths and injuries mount, more and more people are touched by the war -- and become understandably resentful of those who are not. Bush, in his speeches, is eloquent about what no one doubts -- the sacrifice -- but banal about what most people have come to doubt: the purpose.

But no amount of eloquence can overcome the bald contrast between that rhetoric and how his own family lives. His daughters are over 21, and he can't control them, but that doesn't let them off the hook. They are now independent moral actors, and their situation requires that they either publicly oppose their father's war or do something to support it. Is it unfair to expect Jenna and Barbara to shape their lives around their father's folly? Of course it's unfair. If this is war, then unfairness comes with the territory.

Iraq Panel Likened To Vietnam 'Wise Men' (WT)

By Rowan Scarborough

The Washington Times, December 5, 2006

The bipartisan Iraq Study Group, which has received concentrated press coverage this fall as it prepares to report to President Bush tomorrow, was the idea of a Republican lawmaker looking for fresh ideas on the war.

For some, it brings memories of Vietnam in 1967 and 1968, when President Johnson turned to a group of "wise men," mostly Democrats, for advice on how to win that long war. But while Mr. Johnson actively sought their counsel, the White House and Pentagon are not overly enthusiastic about an outside group of former politicians and Cabinet members suggesting war policy, according to senior officials.

While the Iraq Study Group was in the homestretch of a 10-month project to write a report, the Bush administration in September kicked off its own top-to-bottom reviews on many fronts. The office of the secretary of defense, the Joint Chiefs of Staff,

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the State Department and the National Security Council are all weighing options. The ideas range from A to Z: pull out all troops now or add more troops to quell restive Baghdad and Anbar province.

Mr. Bush already has received some options from Gen. Peter Pace, Joint Chiefs of Staff chairman, and from outgoing Defense Secretary Donald H. Rumsfeld. Mr. Rumsfeld provided a list of 21 possible actions in a Nov. 6 memo to the president.

"Let's see if the [Iraq Study Group] comes up with anything better than this," a Pentagon official said of Mr. Rumsfeld's ideas. Mr. Rumsfeld proposed innovative ideas on the possible redeployment of forces inside Iraq and denying construction projects to violent communities.

By the time the White House begins studying the group's report, the president will also have scores of ideas from his own advisers.

The study group's main recommendations are thought to be a gradual withdrawal of U.S. troops but with no predetermined timeline, and Washington engagement with Iran and Syria.

Rep. Frank R. Wolf, Virginia Republican, pushed the study group idea after a September 2005 visit to Iraq. The deteriorating security situation indicated to him the administration needed a fresh look. He proposed a panel of outside experts and sold the idea to Secretary of State Condoleezza Rice and Mr. Rumsfeld. Mr. Wolf then sponsored a $1 million appropriation to fund the study.

Mr. Wolf, other members of Congress and the U.S. Institute of Peace collectively selected the co-chairman -- former Secretary of State James A. Baker III and former Rep. Lee Hamilton, Indiana Democrat. Mr. Baker and Mr. Hamilton then selected the other eight members.

Some have referred to the study panel's cast of "formers" as nine wise men, plus one woman. It includes four members of Congress; two secretaries of state; one attorney general; one Supreme Court justice, one secretary of defense; and an investment banker and Washington power broker.

The group began work in March. By November, it had listened to more than 250 current and former government officials, military personnel and national security thinkers. It interviewed Mr. Bush twice.

The recommendations will be available online at 11 a.m. tomorrow on the sites of four organizations tied to the group: the U.S. Institute of Peace (www.usip.org); the Baker Institute for Public Policy at Rice University (www.bakerinstitute.org); the Center for Strategic and International Studies (www.csis.org); and the Center for the Study of the Presidency (www.thepresidency.org).

Also at 11 a.m., the group will formally release its report in a press conference on Capitol Hill. Members of the panel, including Mr. Baker and Mr. Hamilton, will appear Thursday before the Senate Armed Services Committee.

Unlike the September 11 commission, the Iraq Study Group has no statutory mandate. Its recommendations are not binding on Mr. Bush. But Democrats who want the president to change course in Iraq and bring troops home are expected to embrace any recommendation, no matter how imprecise, to cut troop levels in the near future.

The study group is somewhat unique.

"It's the old throwback to the 'wise men,' " said Richard Shultz, director of International Security Studies Program at Tufts University's Fletcher School. "Johnson did the same thing."

Mr. Johnson, his Vietnam War policy in shambles, summoned some of the most experienced minds in the Democratic Party to come to the White House on a number of occasions in 1967 and 1968 to advise the president. The list included Dean Acheson, President Truman's secretary of state; Judge Abe Fortas; and retired Gen. Omar Bradley, one of the top U.S. commanders in World War II.

Unlike the Iraq Study Group, however, Mr. Johnson's "wise men" did not constitute a formal group, with staff and a congressional budget.

"The extent of [the Iraq Study Group] is unique, but it's the same principle: The 'wise men,' " Mr. Shultz said.

Three weeks after the "wise men" came for a Nov. 2, 1967, meeting, Robert McNamara resigned as Mr. Johnson's defense secretary in a break over war policy.

Iraq Report Confronts Bush Resolve (CSM)

By Howard Lafranchi

DOJ_NMG_0102143

The Christian Science Monitor, December 5, 2006

WASHINGTON

With the White House facing a pivotal week for Iraq policy, the big question is not so much what the bipartisan Iraq Study Group will say when it releases its report Wednesday, but how President Bush will respond.

In the final two years of his tenure and well aware that Iraq more than anything will define his place in history, Mr. Bush is facing intense pressure to make extensive adjustments to save a project that most experts conclude is rapidly failing.

At the same time, recent insistence by the president that his policies will yet succeed suggest that Bush will resist recommendations that do not mesh with his vision for Iraq.

"This president doesn't like to backtrack - but then sometimes he does," says Jon Alterman, Middle East program director at the Center for Strategic and International Studies in Washington. "He sees his legacy as showing resolve, and that is going to influence any decisions [on Iraq] as much as the enormous pressure he is under to change course."

For example: the study group is expected to recommend a significant drawdown of the 144,000 US troops in Iraq over the coming year, even if Iraqi forces are not up to replacing them. That proposal "simply has no realism to it," Bush said last week. But another anticipated proposal, for substantially increased training of Iraqi security forces, is more likely to receive a presidential nod.

Much has been revealed in recent days suggesting the congressionally commissioned Iraq Study Group, headed by former Secretary of State James Baker III and former Democratic Rep. Lee Hamilton, will recommend a direction that's neither "stay the course" nor "cut and run." Recommendations are expected to include measures for using future US troop levels as leverage to pressure the Iraqi government to make hard political decisions - on disbanding militias, for example, or accommodating Sunnis.

At the same time, the Baker commission is expected to favor intensifying and broadening regional diplomatic efforts to help pull Iraq back from the brink of full-blown civil war. That recommendation is expected to include opening dialogue with objectionable but influential neighbors in the region, especially Iran and Syria.

The administration has been dropping hints that a major adjustment is forthcoming in US Iraq policy. National Security Adviser Stephen Hadley, said Sunday that the president would unveil a "new way forward" in coming weeks that will include "significant changes."

But Bush is also acting to put the public on notice that any changes will be what he determines is best, based on the full panoply of recommendations he is receiving. Four policy outlines beyond Baker report

Bush and various aides have repeated recently that the Baker commission's report is just one of a number that the president will be receiving over the coming days on how to proceed in Iraq.

In addition to studies anticipated from the Pentagon and the National Security Council, Bush has also received recently at least two detailed memos - from Mr. Hadley and outgoing Defense Secretary Donald Rumsfeld - offering analysis and recommendations that emphasize the need for deep policy changes to alter Iraq's downward spiral.

Those two memos in particular have shifted the political ground for Bush as he awaits what was already expected to be a week of pressure for change with the release of the Iraq Study Group's recommendations.

"The flow of calls to reconsider Iraq policy means the context is very different - and more intense," says Mr. Alterman, a former State Department policy planning staff member in the president's first term. "After the Hadley and Rumsfeld memos, this would be the third call in a week saying: 'You really have to consider alternatives' - and to a president who has made clear he doesn't want to consider alternatives."

Given the high profile the Iraq Study Group has achieved, the White House won't be able to brush it off. At the same time, it will not want it to appear that the president is hanging on its every word, former presidential advisers say.

"We can anticipate that the [Baker] report will offer such a number of nuanced statements that it will permit reading into it what you want to see," says Geoffrey Kemp, an expert in security issues at the Nixon Center in Washington who was on the national security staff of the Reagan White House. "It will be difficult for the president to dismiss it, but ... neither will [Bush] want to look as if he is waiting, hat in hand, for its recommendations." Analyst: Bush will take his time to respond

Given those dual pressures, Mr. Kemp says he expects the White House to "take some time to digest what the study group has to say," and then to incorporate those aspects it agrees with into its new policy.

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"I think [Bush] will use Baker-Hamilton to bolster his case where he can," Kemp says.

For example, Kemp says he now sees as practically written in stone a significant drawdown of US troops over the coming year.

But some analysts expect Bush to announce in the coming weeks an actual increase in US troops patrolling the Iraqi capital. If that happens, the president can be expected to announce such a decision as a short-term necessity for achieving the long-term goal of "withdrawing US troops and putting the Iraqis in control of their destiny," Kemp says.

White House political calculations will play a role in how it responds, others say.

"Remember this is not a nonpartisan commission, it is bipartisan," Alterman says. "So it will be looking at political outcomes as much as at outcomes on the grounds in Iraq."

Bush May Face Iraq Change Recommendation (AP)

By Barry Schweid

AP, December 5, 2006

It would take a major policy shift for the Bush administration to expand its sporadic dialogue with two old foes, Iran and Syria, as the Iraq study commission is expected to recommend.

The bipartisan panel appears convinced that reaching out to Iran and Syria could help stabilize neighboring Iraq, and improve chances for easing overall Middle East tensions by boosting the prospects for an Arab-Israeli settlement.

The White House has said it would consider talking to Iran and Syria if the Iraq Study Group makes that recommendation. Administration officials have also dropped hints that they might be willing to hold talks with Iran restricted to curbing violence in Iraq.

Yet the administration's overall tone has been one of skepticism about reaching accommodation with Tehran and Damascus. It has long accused both countries of stirring up trouble in the region, and it confronts both of them on issues besides Iraq.

With the Iraq report due for release Wednesday, administration officials continue to accuse Iran and Syria of arming and otherwise supporting insurgents in Iraq, Lebanon and elsewhere. They insist there is nothing to be gained by rewarding Iran and Syria with high-profile discourse with American diplomats.

"If diplomatic engagement serves a broader strategy in moving Iran, that is something we will consider," said David Satterfield, top State Department adviser on Iraq, in a recent AP Television News interview.

But he added, "What is critical is actions on the part of the Iranian government. The only actions we have seen from Tehran have been negative ones."

Satterfield expressed similar doubts about Syria, saying, "We don't believe engagement will serve a useful purpose in the absence of substantive changes by the Syrian government."

On Sunday, Sen. Joseph Lieberman, D-Conn., said on "Face the Nation" on CBS, "Asking Iran and Syria to help us succeed in Iraq is about like your local fire department asking a couple of arsonists to help put out the fire."

By contrast, Sen. John Kerry, D-Mass., said on CNN's "Late Edition" that he supported a multinational Mideast conference including Iran and Syria, "because nothing will hold unless you begin to resolve those differences."

The Bush administration's differences with Iran include a demand that Tehran suspend development of nuclear weapons — a goal Iran denies it is pursuing — before the U.S. will join European-led talks that offer Iran economic inducements to halt its nuclear program.

The U.S. also wants Iran to cease its support for Hezbollah militia in Lebanon and other groups designated as terrorist by the State Department.

Iran and the United States have not had formal relations since fundamentalist revolutionaries seized the U.S. Embassy in Tehran in 1979 and held Americans captive for 444 days. Successive U.S. administrations have harbored hopes that a more moderate leadership would emerge in Iran.

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Relations have soured since the Sept. 11 attacks and President Bush's inclusion of Iran in an "axis of evil" with North Korea and Saddam Hussein's Iraq. They have only worsened since hardline President Mahmoud Ahmadinejad took office last year, with confrontations over his calls for Israel's destruction and Tehran's nuclear efforts.

Richard Perle, a former U.S. official who is a fellow at the American Enterprise Institute, said last week that if the Iraq panel called for talks with Iran and Bush took the advice, "It will be seen throughout the region as an indication of American weakness."

"The Iranians are fundamentally on the other side on Iraq and nothing we can say or do will change that," Perle said in an interview.

On the other hand, Robert Gates, Bush's choice to replace Donald H. Rumsfeld as secretary of defense, told the Council on Foreign Relations in 2004, "Direct dialogue with Tehran on specific areas of mutual concern should be pursued."

Over the years, while keeping their distance from Tehran, succeeding U.S. administrations have worked with Syria to promote peace with Israel.

But relations between Washington and Damascus have remained cool, largely because Syria views the U.S. as pro-Israel and Syria supports Islamic extremist groups.

Tensions worsened after the 2003 U.S. invasion of Iraq, with the Bush administration charging that Syria was letting insurgents cross its border into Iraq to fight coalition troops.

Bush has focused on curtailing Syria's domination of Lebanon. And State Department spokesman Tom Casey called last week for an end to "its well-known support for Palestinian rejectionist groups as well as other terrorist organizations," which include the leaders of Hamas and Islamic Jihad.

The U.S. withdrew its ambassador to Syria in February 2005 after the killing of former Lebanese Prime Minister Rafik Hariri in Beirut. A U.N. investigation has implicated top Syrian officials, but President Bashar Assad has denied Syrian involvement.

Cut And Walk (NYT)

By Nicholas D. Kristof

The New York Times, December 5, 2006

In the 1990s, we became more aware of the importance not only of I.Q. to success but also of “E.Q.” — “emotional intelligence quotient.” Authors like Daniel Goleman explained E.Q. in part as an ability to assess, adjust to and influence the emotions of others.

These days, as we grope for a new policy in Iraq, we desperately need that kind of emotional intelligence, particularly toward overseas nationalism. Insensitivity to nationalism may be the biggest foreign policy mistake the U.S. and Europe alike have made in the last half-century — from Vietnam to Suez, Mexico to Algeria — and we’ve been repeating it in Iraq.

One of the essential paradoxes is that even well-meaning efforts to stabilize Iraq with our military presence inflame Iraqi nationalism and bolster nationalist extremists. Inadvertently, because we’re not sensitive enough to how our actions are perceived in the Iraqi cauldron, we end up empowering extremists who destabilize the country.

Exhibit A is the shadowy man who has won a reputation as perhaps the single most brutal mass murderer there, Abu Deraa. He is a Shiite who in the late Saddam years was apparently just a petty forger, according to Terrorism Monitor, a publication of the Jamestown Foundation.

Abu Deraa won renown as a “patriot” who attacked U.S. armored vehicles. Then he diversified into criminal kidnapping, which generated cash to make him a player and finance his band of gangsters.

The whispers about Abu Deraa and his torture of the Sunnis he captures — he specializes in using electric drills on their skulls — have won him increasingly mythic status. Some of the biggest and boldest attacks in Iraq are attributed to him, and he brings creativity and economies of scale to his murder enterprise. An Australian news account described how he once drove a fleet of ambulances into a Sunni neighborhood and used loudspeakers to call on young men to donate blood to help fellow Sunnis injured by Shiites. Dozens of young men came forward — and were executed.

Abu Deraa told Time magazine, in an interview through an intermediary, that his fight is against “occupiers, their supporters” and Sunni insurgents, and he painted himself as a pious Muslim driven by a “sense of holy duty” to attack American

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forces. Those arguments resonate among some Shiites, who see him as a hero and protect him, even as he helps tear his country apart.

At bottom, Abu Deraa is a psychopathic thug who terrorizes fellow Iraqis. But he has been able to use his attacks on American forces to win political cover to foment civil war.

So as we Americans plan our own strategy for Iraq, let's show more emotional intelligence. The Iraqi Study Group is right about needing to consult with neighbors like Syria and Iran, but that doesn't resolve another central problem in Iraq: Our open-ended military presence, perceived by Iraqis as a grab for Iraqi oil and bases, ends up legitimizing extremists like Abu Deraa and aggravating civil war.

Our military presence risks expanding the civil war in another way. As we side more openly with the Shiite government in its struggle against Sunni insurgents, Saudi Arabia — already nervous about the rise of Shiites — is hinting that it may help the Sunnis defend themselves. We could end up with a war in which Iran and Iraqi Shiites battle against Saudi Arabia, Jordan and Iraqi Sunni Arabs. (That's when gas prices reach $5 a gallon.)

So let's raise our E.Q. and take account of Iraqi emotions and nationalist sensitivities, particularly alarm about American bases on Iraqi soil. For starters, we can (as Don Rumsfeld noted in his leaked memo) quickly give back up to 50 of our 55 military bases in Iraq.

We should also state clearly that we will not keep any permanent military bases in Iraq. That's not going to persuade the extremist insurgents, but polls suggest that such an announcement would reduce the support that extremists get from ordinary Iraqis. That's a simple step that would save American and Iraqi lives.

The same logic argues for a timetable for withdrawal from Iraq, ending by November 2007. Granted, there is a real risk that the bloodbath will worsen significantly when we leave. But Iraqis themselves say overwhelmingly in polls that our presence is inflaming the violence rather than reducing it, and a timetable would be a useful signal that we really are going to pull out and that Iraqi factions need to conciliate and address their own problems.

We needn't cut and run. But let's post a schedule, and then cut and walk. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Iraq Study Group Findings Due Wednesday (AP)

By Anne Plummer Flaherty

AP, December 5, 2006

The Iraq Study Group's long-awaited report on how the U.S. should overhaul its effort in Iraq will be released online on Wednesday, with members of the panel expected to testify on Capitol Hill the following day.

The recommendations will be posted to the Web sites of four organizations that have been involved in the effort: the U.S. Institute of Peace (http://www.usip.org); the Baker Institute for Public Policy at Rice University (http://www.bakerinstitute.org); the Center for Strategic and International Studies (http://www.csis.org); and the Center for the Study of the Presidency (http://www.thepresidency.org).

The report will be posted at 11 a.m. EST, just as the commission begins a news conference on Capitol Hill formally releasing its work. The panel is headed by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton of Indiana.

In a letter Monday, Sens. John Warner, R-Va., and Carl Levin, D-Mich., asked Baker and Hamilton and other members of the group to testify Thursday before the Senate Armed Services Committee.

The group's study is seen as the first major bipartisan effort to rethink military and political options in Iraq, where increasing violence has raised questions about the viability of the Iraqi government and U.S. policy.

The group is expected to recommend gradually phasing out the mission of U.S. troops in Iraq from combat to training and supporting Iraqi units, with a goal of pulling back American combat troops by early 2008.

On Oct. 5, Warner said he thought the Iraq war was "drifting sideways" without a commitment from the Iraqi government to disarm militias. He said he wanted Baker's group to testify on its findings as soon as possible following the Nov. 7 elections, so that Congress could use its advice to forge its own bipartisan consensus.

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"The ultimate power rests in the power of the people," Warner said in an interview with The Associated Press last week. The public, he added, will "watch very carefully as to how the Congress and the president hopefully work together, achieve a consensus."

While On Panel, Iraq Study Group Members Made Political Donations (HILL)

By Bob Cusack

The Hill, December 5, 2006

A few members of the Iraq Study Group have made political contributions since they joined the bipartisan committee, with one panelist giving to a leading House Democrat who has embraced a quick withdrawal of U.S. troops.

The contributions could be fodder for critics who disapprove of the group's final recommendations, even though the panel consists of five Democrats and five Republicans.

Two months after the Iraq Study Group was launched, Leon Panetta contributed $500 to Rep. John Murtha (D-Pa.), the most outspoken House Democrat on the redeployment of troops in Iraq. Panetta is a former Democratic congressman who served as President Clinton's chief of staff.

Other group members opened their wallets for politicians this fall, but most steered clear of endorsing candidates so publicly.

The bipartisan group, which is scheduled to release its highly anticipated recommendations on the Iraq war tomorrow, is expected to lobby Congress and the Bush administration to implement its proposals in the coming months.

Rep. Frank Wolf (R-Va.) played a leading role in the formation of the study group. On July 31, one of its members, Vernon Jordan, a former adviser to Clinton, contributed $500 to Wolf's 2006 opponent, Judy Feder (D). Wolf won, attracting 57 percent of the vote.

Leaked information about the study group's forthcoming recommendations has triggered criticism from some conservatives, who have mocked the idea of talking to Iran and Syria about resolving the Iraq conflict.

Fred Barnes, executive editor of the right-wing Weekly Standard magazine, has panned the study group for what he sees as a retreat mentality. Barnes and other conservatives believe Democrats and the national media will champion the recommendations.

The bipartisan 9/11 commission also came under fire from conservatives, though the GOP-led Congress did pass many of its recommendations. After commission members complained about the input that Congress ignored, GOP lawmakers returned fire, suggesting the panel leaned to the left.

Democrats have vowed to implement all of the 9/11 panel's proposals, though they may lack the votes to do so.

Six of the 10 members on the 9/11 commission made campaign contributions after they joined the panel. The 9/11 members agreed that they should not physically participate in partisan activities, but did not put any limitations on political giving.

It is unclear whether the ISG came to a similar agreement. A spokesman for the group did not comment for this article.

Of the 10 commission members, Jordan was the most generous to political war chests in the 2006 cycle, giving more than $36,000 in contributions, according to PoliticalMoneyLine.com. He gave to the Democratic Congressional Campaign Committee, Rep. Harold Ford Jr. (D-Tenn.), and Sen. Hillary Rodham Clinton (D-N.Y.), among many others.

Yet political giving on the Iraq Study Group is not confined to Democrats. James Baker, co-chairman of the committee and chief of staff to former President George H.W. Bush, contributed $15,000 to the National Republican Senatorial Committee in April. The study group was launched on March 15.

Federal records indicated that former Rep. Lee Hamilton (D-Ind.), the other co-chairman, did not make any political contributions during the 2006 cycle.

Former Sen. Alan Simpson (R-Wyo.), another study group member, gave campaign cash to Rep. Barbara Cubin (R-Wyo.) and Sens. Jon Kyl (R-Ariz.), Lincoln Chafee (R-R.I.), and Craig Thomas (R-Wyo.) after joining the group.

At press time, Simpson told The Hill, "I give to people. What's new?" He added any article on the political giving of the ISG is "b******t" and amounts to "extraneous crap."

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He strongly defended the commission's work, noting each of the panelists signed on to every sentence in the forthcoming ISG report.

The Iraq Study Group is supported by four expert working groups and a panel of senior retired military officers. Most of the members of these subgroups did not make political contributions since being appointed as SIG analysts.

The study group says that "it will make a forward-looking, independent assessment of the current and prospective situation on the ground in Iraq."

Baker, Panetta and Jordan did not comment by press time.

An Earmark With An Impact (NYT)

By David D. Kirkpatrick

The New York Times, December 5, 2006

One never knows what some lawmaker will insert into a spending bill without public scrutiny: a remote bridge, or maybe a bike path. Then there is the Iraq Study Group, better known as the Baker-Hamilton commission.

In the last year, lawmakers of both parties have criticized earmarks as fostering waste and corruption. But few are complaining about the Iraq Study Group, which will release its much-anticipated report on Wednesday.

Representative Frank R. Wolf, Republican of Virginia, created the commission single-handedly last year when he inserted a $1 million earmark into a supplemental spending bill for the war.

"The fact is that there were members of Congress who would have opposed it," Mr. Wolf said. "Should I have allowed that to stop me from doing what was in the best interest of the country?"

There Is Much More At Stake For America Than Iraq (FT)

By Zbigniew Brzezinski

Financial Times, December 5, 2006

This is the week in which a painful truth finally came calling on power in the Oval Office of the White House. The president, though still mouthing his self-reassuring slogans to the public, has on his desk two documents, each telling him in effect that "mission accomplished" has turned into mission bust.

Superficially, the two documents could not be more different. Donald Rumsfeld's memo on the conduct of the military operations in Iraq, submitted just prior to his sudden dismissal, is a very brief and highly personal summary of the various tactical adjustments that might be considered in the light of the setbacks in fighting the Iraqi insurgency. It conveys anxiety but offers no strategic alternative.

The long-awaited Baker-Hamilton Study Group report assessing broader US policy options in Iraq is a lengthy compromise statement reflecting a typical, middle-of-the-road consensus among an elite Washington "focus group", composed of esteemed individuals not handicapped by much historical or geopolitical familiarity with the region's problems.

Arguing for conditional military redeployment from Iraq, it offers sound advice on the desirability of wider diplomatic initiatives to engage Iraq's neighbours in a collective search for regional stability, including the belated need to tackle seriously the lingering Israeli-Palestinian conflict.

The real importance of both documents is in what they do not say explicitly but implicitly convey: that the war has been a disaster; that the US must find a way to disengage by handing over the mess it created to the Iraqi leaders that the US itself had elevated to power; and that eventually the US may have to leave while blaming those same leaders for the US failure to cope. That notion is implicit even in some of Mr Rumsfeld's options and it is inherent in the 16-months deadline set by the Baker-Hamilton group for eventual US military disengagement.

Neither document faces squarely two basic and troubling realities: that since in Iraq (except for Kurdistan) real power is not in the hands of the Iraqi politicians resident in the US-protected Green Zone in Baghdad, any political solution must engage the Shia theocracy, with its militias; and that the longer the American occupation continues, the already declining US influence in the Middle East will give way to regional extremism and instability, especially if continuing indecision over the basic strategic choices in Iraq continue to be matched by US unwillingness to address the negative regional consequences of Israel's prolonged and increasingly repressive occupation of the Palestinians.

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The combination of the two has already elevated Iran's geopolitical power in the region. Hence the need of the moment is not for tactical tinkering or long consensus reports. Can one imagine Charles de Gaulle in the late 1950s waiting weeks for a long study by French public figures on how to end the Algerian war that was damaging France's national unity and international reputation? Leadership derived from a sense of history requires sometimes the cutting of Gordian knots, not tying oneself up in knots.

The president, and America's political leadership, must recognise that the US role in the world is being gravely undermined by the policies launched more than three years ago. The destructive war in Iraq, the hypocritical indifference to the human dimensions of the stalemate in Israeli- Palestinian relations, the lack of diplomatic initiative in dealing with Iran and the frequent use of Islamophobic rhetoric are setting in motion forces that threaten to push America out of the Middle East, with dire consequences for itself and its friends in Egypt, Israel, Jordan and Saudi Arabia.

America needs a strategic change of course, and it has to be undertaken on a broad front. It must accept the fact that real leadership in Iraq should be based on a coalition of the Shia clergy commanding the loyalty of Shia militias and of the autonomous Kurds and that the sooner a date is set for US departure, the sooner the authentic Iraqi leaders will be able to enlist Iraq's neighbours in a wider regional effort to promote a more stable Iraq. It must also engage its allies in a joint definition of the basic parameters of an Israeli-Palestinian settlement, for the two parties to the conflict will never do so on their own. Last but not least, the US must be ready to pursue multilateral and bilateral talks with Iran, including regional security issues.

In brief, the immediate dilemma is Iraq but the larger stake is the future of the Middle East.

The writer, former national security adviser to President Jimmy Carter, is author of "The Choice" (Basic Books)

Blurring Political Lines In The Military Debate (NYT)

By Michael R. Gordon

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — No military expert was more forthright in opposing the Iraq war than Anthony C. Zinni.

General Zinni, a retired marine who once served as the top American military officer in the Middle East, contended that the threat posed by Saddam Hussein's Iraq was vastly overstated and that invading Iraq would be a burdensome distraction from the struggle against Al Qaeda.

These days General Zinni is delivering another provocative message: that leaving Iraq quickly would strengthen Iranian influence throughout the Middle East, create a sanctuary for terrorist groups, encourage even more sectarian strife in Iraq and risk turmoil in an oil-rich region.

"This is not Vietnam or Somalia or those places where you can walk away," General Zinni said in a recent interview. (He served in both countries.) "If we just pull out, we will find ourselves back in short order."

Instead, he says, the United States should leave open the door for a temporary increase in American troops, an argument he included in a broader plan prepared for the World Security Institute, a research organization, and made public on Monday. "It may be necessary to surge them for a short term," he said.

General Zinni noted that his position was similar to that of Senator John McCain, Republican of Arizona, a staunch supporter of the decision to invade. "I do believe more troops are required on the ground," the general said. "I believe what Senator McCain says."

The Iraq debate roiling Washington cuts across partisan divides and has led to some odd bedfellows. For example, the troop reduction and pullback options suggested by Defense Secretary Donald H. Rumsfeld in a memo written just before he resigned reflect some convergence between him and Democratic lawmakers who have criticized the war.

But for all the twists and turns, there is an underlying logic to the policy alignments.

Even before the Iraq war, Mr. Rumsfeld opposed sending large numbers of troops to Iraq, arguing that a large and lengthy presence would put the United States in the position of doing things that the Iraqis should be doing for themselves. He outlined his view shortly before the war in a speech in New York called "Beyond Nation Building," and it was reflected in his criticism of Gen. Eric Shinseki, the Army chief of staff at the time, who cautioned that hundreds of thousands of troops would be needed in postwar Iraq.

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In offering new options for shrinking the American military footprint in Iraq, Mr. Rumsfeld, in his memo to the White House, was also giving expression to old policy predilections. His option to begin modest troop reductions to put pressure on the Iraqi government is very similar to the amendment sponsored by Senator Carl Levin, the Michigan Democrat and incoming chairman of the Senate Armed Services Committee, though with one notable difference: the secretary has resisted the idea of a firm timeline.

So close is the parallel between some of Mr. Rumsfeld's favored options and the Democratic agenda that Senator John Kerry, the Massachusetts Democrat and former presidential candidate, has all but claimed credit for them. "Look, everything in the Rumsfeld memo is a summary of things that I and others laid out three years ago," Senator Kerry said Sunday on CNN. "This is rather extraordinary."

As for General Zinni, he forcefully opposed the invasion of Iraq, in part because he thought it would undermine stability in the Middle East and because he was worried that holding a post-Hussein Iraq together would be a monumental enterprise. But now that the United States is in Iraq, he opposes a quick withdrawal for the same reasons.

The barrel-chested officer has a well-earned reputation for blunt talk and a tortured relationship with the Bush administration after a rocky stint in which he served as a special envoy to the Middle East. In his new paper on "The Future for Iraq," he argues that there is no easy fix. "We have missed too many opportunities," he writes, "and have created too much irreparable damage via the mistakes that were made, for that to be possible."

Having acknowledged that, he suggests economic, political, security and administrative steps to try to turn the situation around. His program calls for a new bipartisan steering group to ensure that American policies toward Iraq are efficiently carried out, job-creation programs for Iraqis, integration of Iraq's militias into government-supervised national guard units and encouragement for the Iraqi Army to promote civil affairs.

On American troop levels, General Zinni wrote that the United States has had too few forces to carry out effectively what the administration has called a "clear, hold and build" strategy, which, he explains, "requires holding and staying in an area long enough for the building process to be effective." While the American military is stretched thin, he writes, it could "with difficulty, support a short-term increase in force if the increase would provide the security momentum to jump-start other programs."

As difficult as it is to stabilize Iraq, General Zinni insists that the alternatives are worse.

Swiftly redeploying forces from Baghdad to safer areas in Iraq or Kuwait, for example, would leave the United States unable to influence events in the capital and the volatile heartland, he said.

Extracting American forces altogether, he said, is unrealistic in the short term. Iraq under the sway of extremists, he asserted, could encourage instability in the Persian Gulf. The stakes are so high, he said, that if the fighting in Iraq expands into a major civil war the United States may need to consider intervening to try to quell the fighting instead of leaving.

"We made a mess in the worst possible place we could have made a mess," he said in the interview. "We took an Iran that was contained, and now its influence is stretched through Iraq, Syria, Lebanon and into Palestinian territories.

"You can't be in the region for security reasons and not deal with the biggest security problem that you created in effect. I don't see how you walk away from this one." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

When Iraq Went Wrong (NYT)

By Tim Pritchard

The New York Times, December 5, 2006

London

OF the many tasks that faced the Iraq Study Group, which is to release its report tomorrow, perhaps the most vexing was pinpointing the exact moment when everything in Iraq started to go wrong. How did scenes of joyful Iraqis pulling down Saddam Hussein's statue so quickly turn into images of car bombings, grieving mothers and burning helicopters?

Some of those who appeared before the panel argued that it had been a mistake to disband the Iraqi Army after the military victory. Others said there had not been enough troops on the ground to secure and stabilize Iraq. The problem with such analyses is their tendency to treat the invasion and the post-invasion period as separate entities.

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That is, the invasion is generally portrayed as well planned and executed, while the post-invasion strategy is characterized as poorly thought out and undermanned. The idea is that hidden somewhere in the weeks and months following the arrival of American forces in Baghdad lies a magic moment when Iraq somehow began to descend into chaos.

In fact, the short fight to get to Baghdad and the long one in which coalition forces have been engaged ever since have much in common. All the information about the nature of the trouble to come was apparent from the very first days of the war. If lessons learned then had been incorporated into military and political thinking, it would have injected a much needed dose of realism at an early stage.

Those lessons were best synthesized in a little-known but bloody battle, fought in an obscure part of Iraq on Day 4 of the war. It was a battle that America nearly lost.

It was dawn on March 23, 2003, when marines from Task Force Tarawa approached the town of Nasiriya, in southern Iraq. They had been given a routine task: taking two key bridges to open up a route to Baghdad. Nasiriya was a predominantly Shiite town that had rebelled against Saddam Hussein during the Persian Gulf war. It was assumed that as soon as the Americans rolled into town, the city's defenders would lay down their weapons and, as one Marine commander told me, "put flowers in our gun barrels, hold up their babies for us to kiss and give us the keys to the city."

But when Task Force Tarawa's lead units reached the outskirts they came across the burnt-out remnants of several vehicles of the Army's 507th Maintenance Company. A captain in the 507th told wide-eyed Marine commanders how his convoy had taken a wrong turn at night, driven into Nasiriya and been attacked by Iraqi fighters. Several soldiers were still missing in the city, including a young private, Jessica Lynch.

It was the fate of the missing Jessica Lynch that attracted America's attention in the days following. But it's what happened to the marines of Task Force Tarawa that is most instructive about the true nature of the Iraq war.

As Marine units moved into the city, they were attacked by large numbers of Iraqi fighters. To their surprise, few of the Iraqi combatants seemed to be wearing military uniforms. Many were dressed in the loose-fitting black clothing worn by Shiite Muslims, and much of the gunfire came from dwellings flying black flags denoting them as Shiite homes. And yet the Shiites were supposed to be on the Americans' side.

What's more, as the marines were drawn into a raging battle in the city center, more and more people came out of ordinary homes to take up arms. One group of young American troops, who became separated from the rest of their unit and were forced to commandeer a house in the middle of the city, found themselves under attack for several hours from what appeared to be armed civilians. They had been expecting to fight Iraqi soldiers. Instead they found themselves shooting at old men, women, even children.

Of course, there were fanatical Sunni Saddam Fedayeen troops, as well as some desperate foreign jihadis, who fought that day. But untold hundreds of those who picked up weapons were simply civilians intent on defending homes against foreign invaders. The potent and complex mix of insurgency — Sunni and Shiite militants, foreign fighters and civilians — that causes such chaos in Iraq today was already apparent during the battle of Nasiriya.

Intelligence about the terrain was also sorely lacking. Marine tanks spearheading the maneuver took a route that led to a marsh where they sank, mired uselessly in thick mud, while the battle raged. It's more than just a metaphor for coalition forces getting bogged down, post-invasion, in towns like Falluja and Samarra. It was the product of a rush to arms without adequate intelligence or planning.

At one stage, in a "friendly fire" incident, Air Force planes fired at marines on the ground, killing up to 10. Radio communications repeatedly failed. Units lost contact with each other. Faced with an increasingly determined enemy, Marine commanders thought they might just lose the battle. This showed another truth, obscured during the march to Baghdad, but that has become strikingly apparent since: there is a limit to what armor and technology can do against a people with faith and who fight because they feel their country has been violated.

There were other incidents in Nasiriya, minor at the time, that foreshadowed events that would become an international embarrassment. At one point, a Marine commander came across a gruesome scene: young marines, standing over a pile of Iraqi corpses, taking photos of each other, thumbs up and grinning inanely to camera. It took only a year for the first photos of American soldiers grinning over the bodies of abused Iraqi prisoners to appear.

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BUT what was most striking at Nasiriya in those very early days of the war was the refusal of freedom-deprived Iraqis to come forward and support coalition forces. At best, the civilians stood by and watched the American war machine thunder into town. At worst, they ran to arms stashes, grabbed AK-47s and took to the streets. Four days into the invasion, and already, instead of coming together, Iraqis were falling back into their faiths and tribes and killing coalition forces and each other.

Eighteen marines died in Nasiriya that March day, in what turned out to be the bloodiest phase of the invasion. Four days later the city was finally declared secure. Two weeks after that, American forces triumphantly entered Baghdad and helped topple Saddam Hussein's statue. Everyone lauded the speed and efficiency with which United States forces had fought their way to Baghdad. The trauma of Nasiriya was forgotten.

And that was a shame. If the details of what happened at Nasiriya had been gathered, recognized and analyzed more soberly early on, instead of trampled on in a rush of triumphalism, coalition forces might have learned useful lessons for the reconstruction of Iraq: the limits of military power, the importance of a proper understanding of the complexity of a place and its people, the perils of underestimating an enemy. Instead, of course, President Bush stood on the deck of the aircraft carrier Abraham Lincoln and made his hubristic speech announcing the end of combat operations under a banner announcing "Mission Accomplished."

The battle of Nasiriya taught that there was, contrary to first appearances, no simple route to Baghdad. It should also serve to remind those in Washington that there will be no simple route out of it. <NYT_AUTHOR_ID>

Tim Pritchard is the author of "Ambush Alley: The Most Extraordinary Battle of the Iraq War."</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Warner Wants Dems In War Debate (CLE)

By Anne Plummer Flaherty

The Columbus Ledger-Enquirer, December 5, 2006

WASHINGTON - A leading Senate Republican on defense issues, Sen. John Warner, will call on President Bush to solicit privately the opinions of Democrats before forging a new strategy on Iraq.

Warner in an opening statement Tuesday to Robert Gates' confirmation hearing as defense secretary will say there is a "moral obligation" for the president to seek out the views of Democrats.

A copy of the Virginia senators prepared remarks were obtained late Monday by The Associated Press.

Gates is being considered to take over the Pentagon as Bush is rethinking his policy in Iraq and awaits the recommendations of an independent bipartisan panel. Bush also launched an internal assessment of U.S. options and says he will consider both studies before making any decisions.

"After the President has had the opportunity to review these important reports, I respectfully recommend that he privately consult with the bipartisan leadership of the new Congress before making his final decisions," Warner said.

Warner later adds: "To me, this fulfills the moral obligation that our government has to the brave men and women of the armed forces and their families, who have sacrificed so very, very much in this fight for freedom," Warner said.

While several Republicans, including Warner, have urged a bipartisan approach in crafting a new Iraq policy, Warner's statement is the strongest indication yet that he and perhaps other key Republicans will challenge Bush when it comes to the war.

Warner is stepping down as chairman of the Armed Services Committee when Democrats take charge next year but is expected to remain a key player on the Iraq debate.

Warner and Sen. Carl Levin, D-Mich., who will take over the panel next year, vowed to generate a bipartisan resolution or legislation that would address the situation in Iraq.

On Oct. 5, Warner returned from a trip to Iraq to declare the war was "drifting sideways." If the situation did not improve within the next three months, the U.S. must reconsider its options, he said.

"Regrettably, the levels of violence have continued to escalate, and the ability of Prime Minister (Nouri al-Maliki) and his government to exercise fully the reins of sovereignty remains an enormous challenge," Warner said in the prepared statement.

Rumsfeld Memo Developed Over Weeks (AP)

By Robert Burns

AP, December 5, 2006

Defense Secretary Donald H. Rumsfeld's secret memo to President Bush offering new approaches in Iraq was developed over a period of weeks, according to a newly declassified cover letter.

The letter, obtained by The Associated Press on Monday, also said that Rumsfeld had instructed Gen. John Abizaid, the top commander for U.S. forces in the Middle East, to assemble his own group "some time ago" to consider new approaches in Iraq — "since war plans of this type" are the responsibility of Abizaid's command.

There has been no public disclosure of recommendations from the Abizaid group.

The letter, addressed to Bush, Vice President Dick Cheney and Stephen Hadley, the president's national security adviser, was transmitted with the memo and dated Nov. 6, two days before Rumsfeld resigned.

The cover letter was declassified Monday by Rumsfeld.

The options paper remains classified secret, although its contents were published in full by the New York Times on Sunday and authenticated by Pentagon press secretary Eric Ruff.

Some in Congress have questioned the timing of Rumsfeld's memo outlining "illustrative new course of action" in Iraq, suggesting that it came to light as a way of defending Rumsfeld's reputation as he was about to leave office.

The Rumsfeld cover letter makes clear that he had been working on the options paper for some weeks.

Sen. Susan Collins, R-Maine, said Monday she viewed the memo as inconsistent with Rumsfeld's recent congressional testimony, and she said he should have shared these suggestions with Congress many months ago.

"The memo by Secretary Rumsfeld and the leaking of it very much reminded me of a strategy of trying to leave office saying that you actually had a lot of good plans that were different than your public utterances," Collins said.

In the options paper, Rumsfeld declared, "In my view it is time for a major adjustment" in Iraq. He had previously stated publicly the current policy is not working well enough or fast enough, but he had not called for major change.

Rumsfeld did not recommend any particular new course of action but enumerated about 20 possible alternative courses, including to begin modest withdrawals of U.S. forces "so Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Other options included an accelerated drawdown of U.S. military bases in Iraq; having U.S. forces provide security only for those provinces or cities that openly request U.S. help; and positioning substantially more U.S. troops near the Iranian and Syrian borders to reduce infiltration of foreign fighters.

In the cover letter accompanying the secret memo, Rumsfeld wrote that he and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, had mentioned to Bush "a number of weeks ago" that they were considering alternative approaches for Iraq.

"It is clear that the current path in Iraq is not working well enough or fast enough. Change is needed," Rumsfeld wrote.

The defense secretary said he had given his options paper to Pace to use as a "discussion piece" with the chiefs of the military services. He said Pace and the chiefs have been discussing various options on their own.

U.S. Military Shifts Troops In Iraq Into Advisory Roles (NYT)

By Thom Shanker And Edward Wong

The New York Times, December 5, 2006

BAGHDAD, Dec. 2 — American commanders in Iraq are already shifting thousands of combat troops into advisory positions with Iraqi Army and police units, especially in the capital, in their latest attempt to bring sectarian violence under control.

Changes in troop assignments over just the past three weeks included moving about 1,000 American soldiers in Baghdad from traditional combat roles to serve as trainers and advisers to Iraqi units, senior American officers said in interviews here. Commanders say they believe that a major influx of American advisers can add spine and muscle to Iraqi units that will help them to move into the lead in improving security.

The troops have been reassigned by commanders, who have not sought additional combat troops to replace them. While the troops have not been through the special program for trainers set up by the military, they are working in their areas of expertise, commanders said.

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American generals in Iraq have made the reassignments in recent weeks even though President Bush and his senior national security advisers have not yet made a formal decision about whether to expand the American contingent sent to Iraq specifically to serve on military training teams.

Before the transfers began, between 4,000 and 5,000 troops had been assigned to about 400 training teams.

Increasing the number of American trainers for the Iraqi military and the police is among the recommendations expected on Wednesday from the bipartisan Iraq Study Group, which Mr. Bush has said he wishes to review before announcing a future course in Iraq.

Gen. John P. Abizaid, the top American commander in the Middle East, told Congress last month that he envisioned doubling the number of American trainers, but senior military officers now say they are drawing up plans that would at least triple the number of troops assigned to training.

Maj. Gen. Joseph F. Fil Jr., the commander of the First Cavalry Division, which assumed control of Baghdad in the middle of November, pulled troops from his own force for those assignments without requesting replacements to make up for those joining Iraqi units, officers here said.

Similarly, Maj. Gen. Benjamin R. Mixon, commander of the 25th Infantry Division, based in Tikrit in north-central Iraq, said he was planning to add 2,000 trainers to Iraqi units in his area by transferring troops from his combat ranks. General Mixon, who discussed his plan on Friday during a visit by General Abizaid to Tikrit, said he, too, believed he could increase the number of American trainers without asking for more American troops.

Before any expansions, the average number of troops serving on one of the teams was 11 members at the battalion level, 11 at the brigade level and 15 at the division level, said Brig. Gen. Dana J. H. Pittard, who oversees the Americans training the Iraqi Army, elite police units and border guards.

"We're going to double, triple, quadruple the size of the transition teams," General Pittard said on a recent visit to the main training base for the Iraqi Army, in a windswept area called Kirkush near the Iranian border.

At the training base, a 15-member team working with the top commanders of the Fifth Iraqi Army Division recently bolstered their numbers with a platoon from a combat unit of the 82nd Airborne Division. If security improves, American commanders might transfer more people from combat units to the training mission, said Col. David Puster, the leader of the division-level team. "They'll have to come from resources in the country," the colonel said. "As you stand up the teams, you stand down the combat units."

The goal is to create platoon-size teams of 20 to 30 advisers for each Iraqi battalion. The larger teams would also have communications specialists capable of such tasks as calling in airstrikes and medical evacuations, Pentagon officials say. American officers in Iraq say expanding the teams could also allow trainers to work more intimately with Iraqi soldiers, down to the company level.

The teams would also be able to watch more closely for sectarian biases and human rights abuses.

At the same time, though, commanders acknowledge that the plan of moving American forces from direct combat roles to training and advising carries risks, especially as some Bush administration officials and military officers say the Baghdad security operation already is short by four Iraqi brigades, or approximately 5,000 Iraqi troops.

"Our plan is shaping up over the next three or four months where we will reposition troops within Iraq, perhaps to increase the numbers in Baghdad as needed," said one senior military officer, who spoke on the condition of anonymity because he was discussing future planning.

Asked whether stabilizing Baghdad would require pulling American forces from other contested areas to fill the deficit in forces — in particular whether American troops could be spared from the Sunni base of Anbar Province — the senior officer said only, "We will try and keep our head above water in Anbar."

But General Abizaid said that any current shortage in combat troop numbers for the Baghdad security mission should be filled by Iraqi forces.

"The Baghdad security situation requires more Iraqi troops," General Abizaid said in an interview. "And that's the direction we are heading right now."

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Senior officers here said that the Iraqi Army, however imperfect, was better suited for quelling sectarian violence than Iraq's national and local police, and that it was more respected by the Iraqi populace.

"The Iraqi Army has the opportunity to be the single institution that can elevate the narrative beyond regional, local, religious interests," said Lt. Gen. Martin E. Dempsey, the senior commander of the training program. "And in most cases they are succeeding in doing so, in other words becoming that institution of national unity."

Commanders say that national police units — which have been infiltrated by sectarian militias — are being pulled out of the fight unit by unit for retraining and, in some cases, the assignment of new commanders, with Iraqi Army units taking over their duties in the interim.

The risks to American troops of working as trainers away from the security of larger American units were underscored early last month, when a staff sergeant and two team leaders — a lieutenant colonel and his replacement — were killed in a single attack in Baghdad.

Another risk is that operations carried out with Iraqi security forces in the lead may be less effective and result in more casualties among Iraqi security forces and civilians than with the better-trained American troops. Thus, American units will step back from the frontlines, but would remain on standby to respond should Iraqi units get in trouble.

There is also some concern that pushing Iraqi units to the front may result in atrocities by corrupt or sectarian Iraqi units.

Commanders said they were drawing up a set of "red lines" that, if crossed by Iraqi forces, would require American troops to return to the fight in those areas. Officers declined to provide many details, but said that, for example, kidnappings or killings by units in Iraqi security uniforms would be countered by immediate American action.

4 U.S. Troops Killed In Helicopter Crash (NYT)

By Kirk Semple

The New York Times, December 5, 2006

BAGHDAD, Dec. 4 — Four American troops were killed when a military helicopter broke down while flying over a lake in Anbar Province in western Iraq and made an emergency landing on the shore, American military officials said Monday.

The military said the craft, Marine Corps CH-46 Sea Knight troop transport helicopter with 16 people and equipment on board, was flying over Lake Qadisiya, near Haditha, on Sunday when it began to experience mechanical difficulties. The pilots brought the twin-rotor helicopter down in a controlled maneuver and guided it to the water's edge, according to Lt. Col. Josslyn L. Aberle, a military spokeswoman in Baghdad.

The mechanical failures were not caused by an enemy attack, officials said; they did not give further details.

In the minutes after the accident, 13 of the people on board were accounted for, including one marine whose body was recovered from the water. The bodies of the three other victims were recovered in the lake on Monday during an intensive search that included air, amphibious and diving teams, officials said.

Noting that the investigation was continuing, military officials declined to explain how the victims ended up in the water.

A number of military helicopters have crashed in Iraq, usually because of mechanical failure or enemy attack. One of the most deadly incidents for American troops since the invasion was the crash of a Marine helicopter near the Jordanian border in Anbar Province in January 2005, which killed 31.

Last week, an American F-16 jet on a combat mission crashed west of Baghdad. Though the pilot's body has not been recovered, the military has listed him as dead.

Elsewhere, Shiite gunmen planted explosives in a Sunni Arab mosque in the northern Baghdad neighborhood of Hurriya on Sunday afternoon and shattered its blue dome, Sunni officials said on Monday. The building, called the Nidaa Allah Mosque, was empty during the attack, and the explosion caused no casualties, according to a local cleric, Said Ahmed Mohammad.

For several months, Shiite death squads have been waging a bloody campaign of violence and intimidation in Hurriya to drive Sunni Arabs from the neighborhood, Sunni officials say. The Nidaa Allah Mosque was one of four Sunni mosques in Hurriya that came under assault during a wave of reprisal attacks by Shiite gunmen following a series of car bombings on Nov. 23 that killed more than 200 people in Sadr City.

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According to Mr. Mohammad, the mosque's imam and his family abandoned the mosque on Nov. 25 and it has sat empty since then. In a photograph of the sandstone-colored mosque taken on Sunday and distributed by the American military, the dome was broken like an egg shell and pocked with holes from the bullets of automatic gunfire.

In Falluja, two civilians were killed and two wounded when a gun battle erupted on Monday between Sunni Arab insurgents and an American military patrol in the Nazal district of the city, a local police official said.

A bomb exploded in the southern Baghdad neighborhood of Dora on Monday, killing a child and wounding two civilians, an Interior Ministry official said, and at least 52 dumped bodies were found around the capital. <NYT_AUTHOR_ID>

Qais Mizher contributed reporting.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Emergency Helicopter Landing Kills 4 U.S. Troops (WP)

By Nancy Trejos

The Washington Post, December 5, 2006

BAGHDAD, Dec. 4 -- Four American troops were killed over the weekend when their helicopter made an emergency landing in a lake in western Anbar province, the U.S. military said on Monday.

Their deaths bring to 14 the number of U.S. troops killed across Iraq so far this month. Over the weekend, eight of those deaths occurred in western Iraq's Anbar province, a base for Sunni Arab insurgent groups and the deadliest area of the country for U.S. troops.

"There's always been a tough fight going on in Anbar province, and it continues to be so," said Lt. Col. Christopher C. Garver, a U.S. military spokesman.

In recent months, U.S. troops have stepped up efforts to quell reprisal killings between Sunnis and Shiites and tamp down insurgent activity. On Monday morning, they killed two suspected insurgents and captured six in a raid in northern Baghdad, according to a military statement. They also destroyed a vehicle packed with explosives in that operation.

The CH-46 helicopter that went down in Lake Qadisiyah on Sunday had 16 troops on board. One Marine was recovered from the water but could not be resuscitated. The bodies of three service members -- one each from the Marines, the Army and the Air Force -- were found in a subsequent search, the military said.

"We have recovered all of our comrades," Marine Lt. Col. Bryan Salas said in an e-mailed statement. "Our thoughts and prayers are with the families of the deceased."

The mayor of Haditha, Ibraheem al-Bayati, and Iraqi army Lt. Hussein Muslih said the helicopter had been shot down by insurgents with machine guns as it was taking off from the town, located near the Euphrates River.

A group that calls itself the Islamic State of Iraq posted a sign on a nearby mosque in Haditha announcing that the helicopter had 30 passengers on board and had been downed, according to a resident who read the sign.

The U.S. military strongly denied that machine-gun fire brought down the helicopter, saying that the aircraft experienced mechanical difficulties.

"The guys who own the helicopter say it is under investigation and that there is no evidence that it is the result of enemy action," Garver said.

The military is still investigating the crash in Anbar last week of an F-16 fighter jet that killed a U.S. Air Force major. Enemy fire was not suspected.

The first days of December have also been deadly for Iraqi civilians.

On Sunday, a 5-year-old girl was shot during an attack on coalition forces and Iraqi national police in the al-Doura district of Baghdad, according to the U.S. military. The girl was taken to a military hospital in the Green Zone, which houses the Iraqi government and U.S. and British embassies. She later died from her injuries, the military said.

In Baqubah, a group of men opened fire on four employees of Diyala province's agricultural office as they drove to work Monday morning. The driver and three of the employees died, police said. Gunmen also shot and killed a taxi driver in central Baqubah, police said.

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In Baghdad, a news editor at an Iraqi radio station was shot and killed on his way to work, the Associated Press reported. Nabil Ibrahim al-Dulaim, a Sunni, was married with two young daughters, the news agency said. His death brings to 93 the number of journalists killed in Iraq since the war began, according to the Paris-based group Reporters Without Borders.

U.S. Ambassador Zalmay Khalilzad and Army Gen. George W. Casey Jr. on Monday condemned the recent car bombings and sectarian killings. Their statement was partially a response to a triple car bombing that struck a food market in the majority Shiite neighborhood of Sadriyah on Saturday, killing more than 60 people.

"The true enemies of all Iraqis are the murderers who carry out these senseless and cowardly attacks, regardless of sect, tribe or ethnicity," they said. "They are terrified of progress in this country and are determined to sow sectarian discord for their own selfish agenda."

Census Counts 100,000 Contractors In Iraq (WP)

By Renae Merle

The Washington Post, December 5, 2006

There are about 100,000 government contractors operating in Iraq, not counting subcontractors, a total that is approaching the size of the U.S. military force there, according to the military's first census of the growing population of civilians operating in the battlefield.

The survey finding, which includes Americans, Iraqis and third-party nationals hired by companies operating under U.S. government contracts, is significantly higher and wider in scope than the Pentagon's only previous estimate, which said there were 25,000 security contractors in the country.

It is also 10 times the estimated number of contractors that deployed during the Persian Gulf War in 1991, reflecting the Pentagon's growing post-Cold War reliance on contractors for such jobs as providing security, interrogating prisoners, cooking meals, fixing equipment and constructing bases that were once reserved for soldiers.

Official numbers are difficult to find, said Deborah D. Avant, author of the 2005 book "The Market for Force: The Consequences of Privatizing Security," but an estimated 9,200 contractors deployed during the Gulf War, a far shorter conflict without reconstruction projects. "This is the largest deployment of U.S. contractors in a military operation," said Avant, an associate professor at George Washington University.

In addition to about 140,000 U.S. troops, Iraq is now filled with a hodgepodge of contractors. DynCorp International has about 1,500 employees in Iraq, including about 700 helping train the police force. Blackwater USA has more than 1,000 employees in the country, most of them providing private security. Kellogg, Brown and Root, one of the largest contractors in Iraq, said it does not delineate its workforce by country but that it has more than 50,000 employees and subcontractors working in Iraq, Afghanistan and Kuwait. MPRI, a unit of L-3 Communications, has about 500 employees working on 12 contracts, including providing mentors to the Iraqi Defense Ministry for strategic planning, budgeting and establishing its public affairs office. Titan, another L-3 division, has 6,500 linguists in the country.

The Pentagon's latest estimate "further demonstrates the need for Congress to finally engage in responsible, serious and aggressive oversight over the questionable and growing U.S. practice of private military contracting," said Rep. Janice D. Schakowsky (D-Ill.), who has been critical of the military's reliance on contractors.

About 650 contractors have died in Iraq since 2003, according to Labor Department statistics.

Central Command, which conducted the census, said a breakdown by nationality or job description was not immediately available because the project is still in its early stages. "This is the first time we have initiated a census of this robustness," Lt. Col. Julie Wittkoff, chief of the contracting branch at Central Command, said in an interview. Those figures do not include subcontractors, which could substantially grow the figure.

In June, government agencies were asked to provide data about contractors working for them in Iraq, including their nationality, a description of their work and locations where they were working. The information was provided by more than a dozen entities within the Pentagon and a dozen outside agencies, including the departments of State and Interior, Wittkoff said. The count increased about 15 percent from about 87,000 since Central Command began keeping a tally this summer, she said, though the increase may reflect ongoing data collection efforts. The census will be updated quarterly, Wittkoff said.

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Three years into the war, the headcount represents one of the Pentagon's most concrete efforts so far toward addressing the complexities and questions raised by the large numbers of civilians who have flooded into Iraq to work. With few industry standards, the military and contractors have sometimes lacked coordination, resulting in friendly fire incidents, according to a Government Accountability Office report last year.

"It takes a great deal of vigilance on the part of the military commander to ensure contractor compliance," said William L. Nash, a retired Army general and a senior fellow at the Council on Foreign Relations. "If you're trying to win hearts and minds and the contractor is driving 90 miles per hour through the streets and running over kids, that's not helping the image of the American army. The Iraqis aren't going to distinguish between a contractor and a soldier."

The census gives military commanders insight into the contractors operating in their region and the type of work they are doing, Wittkoff said. "It helps the combatant commanders have a better idea of . . . food and medical requirements they may need to provide to support the contractors," she said.

Journalists Acquitted In Iraq WMD Case (AP)

By Jan M. Olsen

AP, December 5, 2006

Three Danish journalists who published classified intelligence reports on Iraq's former weapons program were acquitted Monday on charges of endangering national security.

The Copenhagen City Court ruled that Niels Lunde, chief editor of the Berlingske Tidende newspaper, and reporters Michael Bjerre and Jesper Larsen acted in the public interest when they published a series of articles in 2004 citing leaked Danish intelligence reports.

The articles said there was no evidence Iraq had weapons of mass destruction at the time of the U.S.-led invasion in 2003, one of the key reasons cited by the U.S. and Britain for going to war.

A former intelligence officer previously has been sentenced to four months in prison for leaking the documents in the case, which was viewed in Denmark as a landmark test of media freedom.

Lunde called the verdict "a great victory for the open society." Prosecutor Michael Joergensen said he had not yet decided whether to appeal.

Joergensen had recommended that each of the defendants be given a four-month prison term — the same sentence that former intelligence officer Frank Grevil received after he was convicted last year of leaking the documents to the reporters.

Judge Peter Lind Larsen said the "considerable public interest" in the information outweighed the government's concerns that its intelligence-gathering operations were jeopardized.

Press freedom advocates welcomed the decision, which was met with applause in the packed court room.

"In Denmark, we have today thoroughly underlined that journalists, media have an extensive freedom of expression," said Mogens Blicher Bjerregaard, head of the Danish Union of Journalists.

Troops Needed To Fight Taliban (USAT)

By Paul Wiseman

USA Today, December 5, 2006

KABUL, Afghanistan — The outgoing U.S. commander in Afghanistan warned that the fight against the Taliban is in danger of being undermined by a shortage of NATO troops and by restrictions that keep some alliance forces out of combat.

U.S. Army Lt. Gen. Karl Eikenberry said in an interview that NATO countries need to contribute more troops and that some of them must drop “caveats” that prevent their forces from fighting freely.

The restrictions risk driving a wedge in the NATO alliance between forces that fight and those that don't, Eikenberry said.

“Could you have an alliance in which you have one group that is always going into the toughest places and fighting and taking casualties, and you have a second group that is in a different category?” Eikenberry said over the weekend. “Over the next several years, that is something that could be a challenge if it is not addressed.”

The United States and other countries have been pushing for the removal of caveats as they try to send troops to fight the raging insurgency in southern and eastern Afghanistan. At a summit last week in the Latvian capital, Riga, the NATO countries

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operating in Afghanistan agreed to come to each other's aid in an emergency, ignoring any caveats. The NATO commander in Afghanistan defines what constitutes an emergency.

Eikenberry's comments indicate caveats remain a worry as NATO has assumed a larger role in Afghanistan. The United States this year handed over military responsibility for all of Afghanistan to a 32,000-strong NATO force, which previously had operated in the country's relatively secure north and western regions. Eikenberry said the transition to NATO command had gone smoothly. Afghanistan is the alliance's first deployment outside Europe.

Eikenberry is worried about the caveats and about NATO's troop strength, which is at 90% of the level NATO says is required. “The objective has got to be to get to the 100% level,” he said.

The caveats require NATO to put more troops in the field to compensate for the countries that are prevented by their governments from joining in combat.

The full list of caveats is secret to prevent Taliban militants from exploiting NATO weaknesses.

Restrictions are sometimes imposed by governments wary about casualties. German forces in Afghanistan, for instance, have been ordered to avoid combat and rarely venture outside their outposts for long patrols, according to an August report by the Congressional Research Service. Other limitations result from lack of equipment or training.

Romanian forces that share a base with U.S. troops in Qalat, the capital of southern Afghanistan's restive Zabul province, don't have vehicles that can handle the region's rugged terrain. Lengthier patrols are carried out by U.S. troops in Humvees.

“Commanders on the ground are best served if all their forces do not have caveats that place operational constraints on them,” Eikenberry said. “Any caveats that would restrict combat forces from being able to maneuver or to be deployed anywhere within Afghanistan for any kind of combat operation … are the ones of greatest concern.”

Close to wrapping up an 18-month tour as U.S. commander in Afghanistan, Eikenberry also said Afghanistan's broken-down infrastructure — particularly its roads — needed more repair than the United States and its allies realized after ousting the Taliban regime in late 2001.

Pentagon Resists Pleas For Help In Afghan Opium Fight (LAT)

By Josh Meyer,

The Los Angeles Times, December 5, 2006

The DEA wants the military to take a larger role in stopping the drug trade, which experts say finances the insurgency.

— The Pentagon, engaged in a difficult fight to defeat a resurgent Taliban in Afghanistan, has resisted entreaties from U.S. anti-narcotics officials to play an aggressive role in the faltering campaign to curb the country's opium trade.

Military units in Afghanistan largely overlook drug bazaars, rebuff some requests to take U.S. drug agents on raids and do little to counter the organized crime syndicates shipping the drug to Europe, Asia and, increasingly, the United States, according to officials and documents.

While the Pentagon and the Drug Enforcement Administration, or the DEA, have been at odds, poppy cultivation has exploded, increasing by more than half this year. Afghanistan supplies about 92% of the world's opium, and traffickers reap an estimated $2.3 billion in annual profits.

"It is surprising to me that we have allowed things to get to the point that they have," said Robert B. Charles, a former top State Department counter-narcotics official. "It we do not act aggressively against the narcotics threat now, all gains made to date will be washed out to sea."

The bumper crop of opium poppies, much of it from Taliban strongholds in southern Afghanistan, finances the insurgency the U.S. is trying to dismantle.

The DEA's advocates in Congress argue that the Pentagon could undermine the insurgency by combating the drugs that help finance it. Military officials say they can spare no resources from the task of fighting the Taliban and its allies.

Outgoing Defense Secretary Donald H. Rumsfeld has said that Afghanistan's flourishing opium trade is a law enforcement problem, not a military one. It would be "mission creep" if the 21,000 U.S. troops in Afghanistan were to turn their attention to opium, and it would also set a precedent for future combat operations, military officials say.

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Pentagon spokesman Bryan Whitman said Afghanistan's police forces and British troops in the North Atlantic Treaty Organization peacekeeping operation have the primary responsibility for fighting the Afghan drug problem.

Military officials also fear that cracking down on opium traffickers could alienate the Afghan people and warlords who profit from the trade. An estimated one-eighth of the population is involved in poppy cultivation, and the opium trade is one-third of the country's economy.

The Pentagon has cooperated some with the DEA, but its resistance to doing more has drawn criticism from prominent congressmen, including Rep. Henry J. Hyde (R-Ill.), chairman of the International Relations Committee.

Hyde and other lawmakers say the Bush administration is making a crucial mistake in not directing U.S. forces to collaborate with the DEA to take down those supplying the Taliban with cash, high-tech weapons and trucks.

"If we don't change the policy soon, and fight both drugs and terrorism simultaneously, Afghanistan may well fall into a failed narcotics state status," Hyde said in a statement.

Hyde has urged the White House and the Pentagon to look to Colombia as a model. Anti-narcotics agents there work closely with the military to target terrorism and drug trafficking.

Afghan President Hamid Karzai and other officials have asked for more help from the Pentagon, especially stronger support for the DEA.

"We are disappointed that there isn't more and closer cooperation between these two," said M. Ashraf Haidari, Afghanistan's Washington liaison to U.S. military and law enforcement agencies. "We have been saying this since 2003."

Haidari said the DEA and Afghan authorities needed "maximum military support both from ground and air." He complained that there was little coordination between the U.S. and international anti-drug efforts in Afghanistan.

The DEA has about 10 agents in Kabul, the Afghan capital, and rotates small teams of agents and intelligence analysts into the country, two at a time. The teams train and work with Afghan narcotics police, but also do their own investigations.

But DEA agents can't move about the mountainous terrain without helicopters and, in many cases, can't penetrate well-protected drug operations without backup from troops.

Several dozen kingpins have emerged in the Afghan drug trade who are allied with the Taliban and Al Qaeda, current and former U.S. and Afghan officials said. In the last year, the drug bosses have become more brazen, richer and powerful.

U.S. and Afghan officials say the major traffickers and their hundreds of criminal associates prey on poor Afghan poppy farmers, openly run huge opium bazaars and labs that turn opium into heroin, and truck vast quantities of drugs into neighboring countries. They often return with night-vision goggles, land mines, sniper rifles and other high-tech weapons to use against U.S. and NATO forces.

Antonio Maria Costa, head of the United Nations Office on Drugs and Crime, said in a recent interview that the location of major drug operations were "well-known to us and to the authorities." He said he recently watched a video of a heavily armed drug convoy of about 20 vehicles crossing into Iran.

"When you see narcotics trafficking that has the connotation of military operations, I am afraid we can only cope with them with military muscle," he said.

U.S. efforts have largely focused on small drug arrests and the State Department's program to eradicate poppy fields.

Publicly, DEA officials praise the Pentagon for its help and say coordination has improved. But two senior congressional aides said DEA Administrator Karen P. Tandy had been quietly campaigning for more Pentagon assistance.

"Behind closed doors she has been very adamant about how we need this stuff over there," a DEA official said, speaking on condition of anonymity. "Without the helicopters, we can't move. We're sure not going to go out in caravans with a couple of pistols."

Tandy testified in June that although DEA agents had developed leads in Afghanistan, the agency had "no operational infrastructure, assets or support to conduct operations" in Helmand province, where as much as half of Afghan heroin is grown and processed.

The Pentagon has promised as many as eight MI-17 helicopters for Afghan authorities to use in collaboration with U.S. military and law enforcement officials. But only two have arrived and are being used solely for training, DEA spokesman Steve Robertson said. DEA officials cannot say when helicopters will be available for drug operations, he said.

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Pentagon spokesman Lt. Col. Todd Vician said that in the last two years U.S. troops had worked to support DEA efforts to combat the drug trade in Afghanistan "in the form of intelligence, planning, transportation of interdiction forces, medical evacuation and close air support if needed."

He also said Rumsfeld had authorized federal authorities, including DEA agents, to go on military operations in areas of known or suspected drug activity.

But in many cases the Pentagon has balked at drug interdiction efforts even when it had the resources, said a former senior U.S. anti-drug official, who declined to give details of what he said were classified operations.

"There were [drug] convoys where military people looked the other way, and situations where DEA sought [Pentagon] intelligence and it wasn't given to them," the former official said.

"DEA would identify a lab to go hit or a storage facility and [the Pentagon] would find a reason to ground the helicopters," the former official added. "They would say we don't want you to create a disturbance in an area where we're trying to chase down terrorists and the Taliban."

A recent congressional report said the DEA asked the Pentagon for airlifts on 26 occasions in 2005, and was denied in all but three cases. The Pentagon said it had done better in 2006, supporting 12 of 14 DEA requests for air support.

Several current and former DEA officials said the Pentagon efforts were mostly administrative and not related to raids and other enforcement efforts.

Hyde and Rep. Mark Steven Kirk (R-Ill.), a former naval intelligence officer, told Rumsfeld in an Oct. 12 letter that they wanted the Pentagon to allow DEA agents to ride along on more military missions in Afghanistan and to call them in when soldiers found a large drug stash or operation.

Eight days later, Rumsfeld wrote that he had asked one of his undersecretaries, Eric S. Edelman, "to look into this matter."

"We will get back to you as soon as possible," Rumsfeld wrote.

Hyde's aides say the congressman hasn't heard back.

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NTSB Faults Pentagon In '04 Afghan Crash (USAT)

By Alan Levin And Matt Kelley,

USA Today, December 5, 2006

WASHINGTON — Poor Defense Department oversight of private companies that fly military missions in war zones was partially responsible for a 2004 crash that killed six people in Afghanistan, federal accident investigators said Monday.

The National Transportation Safety Board recommended that the Defense Department coordinate with the Federal Aviation Administration to better monitor the charter flights increasingly being used to carry small numbers of troops and cargo in Iraq and Afghanistan.

An NTSB statement said the agency is “concerned that the unique risks presented by operations in remote overseas locations have not been adequately addressed for civilian contractors that provide air transportation services to the U.S. military.”

The flight was operated by Presidential Airways of Melbourne, Fla., a part of the same company as Blackwater USA, a private security firm assisting private companies and the military in war zones.

Pilots on the CASA 212 twin-turboprop were flying over a remote mountainous region of Afghanistan on Nov. 27, 2004, when they entered a tight canyon ringed by peaks as high as 16,580 feet. They tried to climb over the mountains, but crashed at 14,650 feet, the NTSB said.

The pilots had not used oxygen, as is required when flying over 10,000 feet for prolonged periods, the NTSB said. Lack of oxygen at high altitudes can interfere with pilots' mental skills. The NTSB also noted the company's failure to require crews to fly specific routes and follow safety regulations.

For example, the military requires planes it charters to be equipped with a device that allows people on the ground to follow the flight's route. But the NTSB said it found no evidence that the military had tried to enforce the rule.

Without the device, searchers had difficulty locating the wreckage. Searchers did not find it for nearly 24 hours. The search was also slowed because the company did not discover that the plane was missing until nearly six hours after the crash.

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Lt. Col. Todd Vician, a Defense Department spokesman, said the Pentagon will review the recommendations.

Mark Corallo, a spokesman for Blackwater, said that the NTSB report "fails to understand the realities of operations in a war zone."

The crash killed Lt. Col. Michael McMahon, 41; Chief Warrant Officer Travis W. Grogan, 31; Spc. Harley D. Miller, 21; pilot Noel English, 37; co-pilot Loren Hammer, 35; and mechanic Melvin Rowe, 43.

A Precarious Shelter In Afghanistan (WP)

By Pamela Constable

The Washington Post, December 5, 2006

KABUL -- The room was carpeted and cozy, warm from the wood stove and filled with the chatter of children. But the tales their mothers and older sisters told recently, speaking hesitantly even in the safety of a guarded private shelter, were bone-chilling.

Sahara, an angelic-looking young woman, said she was forcibly married at 11, widowed at 12 and kept as a virtual slave by her in-laws for the next eight years. Unable to endure more beatings, she slipped away early one morning, walked for two days and nights and finally ventured into a police station to ask for help.

Gulshan, a mother of three with a permanently worried look, said she was falsely accused of murdering her husband after he had an affair with her sister. She was sentenced to five years in jail, and her husband's brothers vowed to kill her upon her release. Under the law, they may also take custody of her small children, who are hidden with her at the shelter.

"They said I killed my husband, but I am very sad he died, even though he had a bad friendship with my sister," Gulshan said. "I need him, because of the children. Now I am alone in life, and in this society a woman alone is less than nothing."

Until recently, most of the 20 women at the shelter would probably have been either dead or in prison, hunted down by male relatives seeking revenge or hit with criminal charges for actions that would not be illegal in the West, such as eloping with a boyfriend or fleeing an abusive husband. Some might have committed suicide by burning themselves, as hundreds of desperate Afghan girls and women have done in the past several years.

Afghan society still considers such women "bad" and deserving of punishment. According to the country's conservative Muslim and tribal traditions, arranged marriages are both a cultural cornerstone and a business contract, sometimes with two sisters marrying two brothers. Wives are expected to endure beatings, unfaithfulness or years of separation in obedient silence.

But Afghanistan is also officially a democracy now, with a ministry of women's affairs, human rights organizations and constitutional protections against abuse. In the years since the overthrow of the Taliban in 2001, a network of civic groups has begun promoting women's legal rights and opening shelters.

Still, despite increasing cooperation from police and referrals from the women's ministry, the shelters remain controversial and in permanent danger of attack by angry husbands and fathers. Some Afghans view groups that advocate women's emancipation as the real danger to society and blame foreign influence for provoking the widely reported phenomenon of self-immolation by unhappy brides or daughters-in-law.

"In our society, it is still unacceptable for a woman to leave home or go to court to solve her problems," said Mari Akrami, who directs the Afghan Women's Skills Development Center. She recently made a documentary film about a girl named Mujahida, who was betrothed to a man at age 4 and later murdered by her family for running away from him.

"Now some people call me a bad woman, too," Akrami said with a rueful laugh.

Women's activists said Afghan courts still tend to side with men in cases of domestic abuse or marital conflict and are often swayed by influential families rather than the law. Two years ago, Akrami's group was given custody of a 10-year-old girl whose family had been arrested for selling her as a bride four years earlier.

"In court she told how she had been made to wear a white dress and a lot of people were invited to a feast. She had no idea it was her wedding," Akrami said. A senior justice official, under heavy pressure from the girl's family, wrote Akrami a letter asking that the girl be sent back to her husband. "He said I must respect Afghan culture and customs," she said.

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Today, that official is no longer in his post, and the government of President Hamid Karzai has made several changes in the justice system. Last summer, Karzai appointed an Afghan American to head the Supreme Court, a former university teacher who is widely viewed as a modern thinker, sympathetic to women's rights.

In a recent interview, the new chief justice, Abdul Salam Azimi, said Afghan civil laws and Islamic principles both provide ample protection for women, including the right to divorce for a variety of reasons. But he acknowledged that conservative culture is often more powerful, especially in rural areas, and that there are heavy social and psychological barriers to women seeking legal help.

"If a woman comes to court, we will protect her under the law," said Azimi, 70, who dresses in tailored business suits. "The problem is that many cases never reach us at all. A lady in a house may be suffering a lot, but she is too ashamed to go and complain. There is strong pressure from families, and often there is pressure from the women themselves."

Advocacy groups have tried to educate the public about women's rights, with limited success. In the town of Charikar, 30 miles north of Kabul, a community meeting was held recently to discuss the problem of domestic violence. The women in the audience were eager and attentive, but the male officials on the panel seemed impatient and uncomfortable.

One official gave a long, rambling speech in which he said it was important to protect women but then criticized Western countries as immoral and defended Afghan culture as "the least violent toward women in the world."

In a small room nearby, a free knitting and literacy class for women was underway. None of the participants had ever been to school or learned a skill, and several said it had been difficult to get permission to attend from male family members.

"Some women are stopped by their brothers, their fathers, even their uncles," said Rahima, 35, a mother of six. "I visit those families, and I tell them I am a good woman, I go straight to class and back home with my face covered. My honor is safe, and I am learning something useful for myself, and it can be useful to their wives and daughters, too."

Advocates say that what little legal protection Afghan women have is effectively available only in Kabul, the capital, and several other large cities. But even there, they said, courts rarely grant divorces to women and usually award custody of minor children to fathers.

In Kabul, a German-based group called Medica Mondiale provides attorneys for girls or women charged with such offenses as fleeing their husbands or having sex outside of marriage. Lawyers there said they try to mediate informally with family members, who often level such accusations against their own daughters or wives.

For example, they said, two families could be persuaded to let an eloping son and daughter marry instead of going to prison, or a girl who rejects an arranged marriage could return the gifts and money the man's family has given her, often the real cause of dispute.

"If a girl of 16 has been promised to an old man in marriage and she is unhappy about it, the law says she cannot be forced, but she may be unable to express her feelings to the family. We can express them for her," said Aziza Khowa, a lawyer with the group. "If the families are open-minded, they may understand quickly. If they are very strict, we may have to visit them and talk about it many times."

Since Medica Mondiale began offering legal aid to Afghan women in 2003, it has helped solve 750 cases through the court system or informal mediation.

The most formidable obstacle to change, advocates said, is the power of gossip and shame. An Afghan woman's reputation can be destroyed for life if she simply decides to insist on her right to choose, whether that means rejecting an unattractive groom or refusing to endure daily beatings by a drunken husband.

"The rule of rumor is a terrible thing, and it can cause great tragedy," said Angeles Martinez, the Medica Mondiale director here. "In Afghanistan, women have no identity as individuals, only in relation to their families."

In more than 90 percent of cases in which Afghan women or girls have attempted suicide by burning, Martinez said, "the cause is pure, constant domestic violence. At some point you turn it against others, or against yourself."

Losing The Good War (NYT)

The New York Times, December 5, 2006

DOJ_NMG_0102164

Afghanistan was supposed to be the good war — and the war America was winning. But because of the Bush administration's inattention and mismanagement, even the good war is going wrong.

The latest grim news is that after years of effort — and more than $1 billion spent — Afghanistan's American-trained police force is unable to perform even routine law enforcement work. According to an article in yesterday's Times, investigators for the Pentagon and the State Department found that the training program's managers did not even know how many police officers were serving, while thousands of trucks and other American-purchased police equipment have simply disappeared.

The failure to provide local security — or even a semblance of impartial justice — helps explain why so many Afghans have lost confidence in the pro-Western government of President Hamid Karzai, and why a growing number are again turning to the Taliban for protection. The failure to stand up an effective police force also helps explain why opium cultivation rose by nearly 60 percent this year.

Creating even the most basic government institutions was always going to be difficult in a country as poor as Afghanistan. According to one expert, 70 percent or more of the recruits in the police training program are illiterate — not surprising in a country with a male literacy rate of only 43 percent. But the State Department and Pentagon compounded these problems, handing off the bulk of the police training work to an expensive private contractor and then failing to vigilantly monitor the program. We have seen that time and again in Iraq, where experts say the police training is at least as flawed.

There are many culprits for Afghanistan's many problems. Mr. Karzai needs to do a lot more to curb the corruption that is rife among his political appointees. President Pervez Musharraf of Pakistan needs to do a lot more to stanch the torrent of Taliban fighters crossing his border into Afghanistan. NATO members need to send more troops to Afghanistan — with far fewer restrictions on how they fight.

As for fixing the police training program, there is little hope of that without also reforming the Afghan Ministry of Interior, which oversees the police, and is mired in both incompetence and corruption. Washington has sent some advisers to help clean up the ministry, but the effort is moving far too slowly. And the United States and its allies need to send a lot more police advisers to walk the beat with the newly graduated recruits, who get just a few months of classroom training. That is standard practice for training effective police forces, but it has not been tried in Afghanistan.

Mr. Bush's decision to rush off to invade Iraq meant that Afghanistan would be shortchanged when it came to resources and to policy makers' priority lists. The cost of that inattention can be seen in the failing Afghan police force. It can also be seen in the Taliban's growing strength, the mounting death toll of Afghan civilians and NATO troops, and the unraveling of the Karzai government. So much for winning the good war.

U.S. Army Battling To Save Equipment (WP)

By Ann Scott Tyson

The Washington Post, December 5, 2006

ANNISTON, Ala. -- Field upon field of more than 1,000 battered M1 tanks, howitzers and other armored vehicles sit amid weeds here at the 15,000-acre Anniston Army Depot -- the idle, hulking formations symbolic of an Army that is wearing out faster than it is being rebuilt.

The Army and Marine Corps have sunk more than 40 percent of their ground combat equipment into the wars in Iraq and Afghanistan, according to government data. An estimated $17 billion-plus worth of military equipment is destroyed or worn out each year, blasted by bombs, ground down by desert sand and used up to nine times the rate in times of peace. The gear is piling up at depots such as Anniston, waiting to be repaired.

The depletion of major equipment such as tanks, Bradley Fighting Vehicles, and especially helicopters and armored Humvees has left many military units in the United States without adequate training gear, officials say. Partly as a result of the shortages, many U.S. units are rated "unready" to deploy, officials say, raising alarm in Congress and concern among military leaders at a time when Iraq strategy is under review by the White House and the bipartisan Iraq Study Group.

Gen. Peter J. Schoomaker, the Army's chief of staff, is lobbying hard for more money to repair what he calls the "holes" in his force, saying current war funding is inadequate to make the Army "well." Asked in a congressional hearing this past summer whether he was comfortable with the readiness levels of non-deployed Army units, Schoomaker replied: "No."

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Lt. Col. Mike Johnson, a senior Army planner, said: "Before, if a unit was less than C-1," or fully ready, "someone would get fired." Now, he said, that is accepted as combat-zone rotations are sapping all units of gear and manpower. "It's a cost of continuous operations. You can't be ready all the time," he said.

Across the military, scarce equipment is being shifted from unit to unit for training. For example, a brigade of 3,800 soldiers from the 3rd Infantry Division that will deploy to Iraq next month has been passing around a single training set of 44 Humvees, none of which has the added armor of the Humvees they will drive in Iraq.

The military's ground forces are only beginning the vast and costly job of replacing, repairing and upgrading combat equipment -- work that will cost an estimated $17 billion to $19 billion annually for several more years, regardless of any shift in Iraq strategy. The Army alone has 280,000 major pieces of equipment in combat zones that will eventually have to be fixed or replaced. Before the war, the Army spent $2.5 billion to $3 billion a year on wear and tear.

At Anniston, the sprawling lots of tanks and other armored vehicles are just the start of a huge backlog in broken-down gear.

"There's stuff, stuff everywhere," Joan Gustafson, a depot official, said as she wheeled her brown Chevrolet van through a landscape of rolling hills lined with armadas of mobile guns.

"There's another field of M1s," she said, motioning toward a swath of M1A1 Abrams tanks next to the winding road. "We're just waiting for someone to tell us what to do with them."

The Army's five depots carry out the highest level of maintenance for Army gear ranging from rifles and other small arms to tanks, helicopters and missile systems. Since the U.S.-led invasion of Iraq in 2003, the Army has left behind hundreds of thousands of pieces of equipment in Iraq and has relied heavily on field maintenance facilities in Kuwait.

But as the war has continued, Army leaders have recognized that they cannot afford to wait for a drawdown of troops before they begin overhauling equipment -- some of it 20 years old -- that is being used at extraordinary rates. Helicopters are flying two or three times their planned usage rates. Tank crews are driving more than 4,000 miles a year -- five times the normal rate. Truck fleets that convoy supplies down Iraq's bomb-laden roads are running at six times the planned mileage, according to Army data.

Equipment shipped back from Iraq is stacking up at all the Army depots: More than 530 M1 tanks, 220 M88 wreckers and 160 M113 armored personnel carriers are sitting at Anniston. The Red River Army Depot in Texas has 700 Bradley Fighting Vehicles and 450 heavy and medium-weight trucks, while more than 1,000 Humvees are awaiting repair at the Letterkenny Army Depot in Pennsylvania.

Despite the work piling up, the Army's depots have been operating at about half their capacity because of a lack of funding for repairs. In the spring, a funding gap caused Anniston and other depots to lose about a month's worth of work, said Brig. Gen. Robert Radin, deputy chief of staff for operations at the Army Materiel Command at Fort Belvoir.

"Last year we spent as much time trying to find available money as managing our program," he said. "We don't want to go into the next rotation . . . with equipment that's at the far end of its expected life."

Responding to urgent requests from the Army and Marine Corps, Congress approved an extra $23.8 billion in October to replace worn-out equipment in fiscal 2007. With the money, the Army plans to double the workload at its depots, which will repair and upgrade 130,000 pieces in 2007, up from 63,000 last year. This will include a quadrupling of the number of tanks, Bradleys and other tracked vehicles overhauled, from 1,000 to 4,000.

At Anniston, which will handle 1,800 combat vehicles in fiscal 2007, a cavernous 250,000-square-foot repair shop is humming as damaged tanks are rolled in one by one and disassembled with the help of giant cranes. Removing an M1 tank's turret alone takes a day and a half, and the entire overhaul requires 54 days and costs about $1 million, said Ted A. Law, the depot's vehicle manager.

Earnest Linn, 58, a heavy-mobile-equipment mechanic who as of January will have worked at Anniston for 30 years, said that "it's never been like this" since the end of the Vietnam War.

In October, Anniston became the official repair facility for the Army's newest armored vehicle, the Stryker. Repairs for those vehicles will soar from eight in fiscal 2006 to 75 this fiscal year -- including 58 that received some level of battle damage, said Gregory McMath, program manager for Stryker repair.

"This one hit a triple-stacked land mine," he said, peering up into the underbelly of a Stryker ripped open by the blast. Some of the Strykers are coming in with 40,000 miles on their odometers, he said.

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Workers at Anniston take pride in patching, rebuilding and testing the broken-down gear and returning it to like-new condition. Often, they must innovate by taking parts from wrecked vehicles if new parts do not exist or have not been ordered in time.

"The supply system can't keep up with us," said Rodney Brodeur, division chief for turbine engines, speaking over the clang and whir of his workshop. It is projected that in 2007, Anniston will rebuild 1,400 turbine engines for M1 tanks, compared with 800 this year.

Fine sand and heavy use erode the blades on the tank engine rotors, eventually leading the blades to snap off and stall the engines. Such erosion, which is invisible to the Army's field mechanics, can lead to catastrophic failure without timely maintenance.

"If your Cadillac stops by the side of the road, that's an inconvenience," Brodeur said. "If the tank quits in the middle of the fight, that's a hard target."

CORPORATE SCANDALS:

SEC Disputes 'whistle-blower' (USAT)

By Greg Farrell

USA Today, December 5, 2006

In an unusual departure from the polite "no comment" that the Securities and Exchange Commission generally offers in response to criticism, four SEC officials are expected to blast a self-proclaimed "whistle-blower" before a Senate subcommittee hearing today.

The four officials, including Linda Chatman Thomsen, the SEC's director of enforcement, are scheduled to appear before the Senate Judiciary Committee to answer allegations that a high-profile investigation of John Mack, the CEO of Morgan Stanley, was abandoned last year because of political pressure.

Gary Aguirre, a former SEC investigator, made those allegations at a congressional hearing in June. Aguirre said he was fired because he didn't want to abandon an investigation into whether Mack broke inside-trading rules by sharing market-sensitive information with a hedge fund, Pequot Capital Management.

He testified that he wanted to subpoena Mack in order to ask him about various suspicious trades, but his superiors wouldn't let him issue the subpoena.

In June, the SEC said political pressure didn't play a role in the decision not to bring Mack in for questioning. Last week the SEC closed the investigation. Today, Thomsen and others are expected to offer blunt testimony about Aguirre and his work habits at the SEC.

Aguirre was fired in September 2005, just days before the expiration of his one-year probationary period at the commission. Once an employee passes the one-year mark at the SEC, it's almost impossible for him or her to be fired.

According to the testimony of Thomsen and three other former supervisors of Aguirre, advance copies of which USA TODAY obtained from a source close to the committee, Aguirre was an unhappy employee who did not respond well to authority.

He "demonstrated his own dissatisfaction with his employment by twice leaving the office abruptly during the workday after disagreeing with other attorneys," Thomsen will say.

Aguirre, who is in his 60s, also requested, and received, official time to pursue an unsuccessful age-discrimination case against the SEC "for failing to hire him on 22 prior applications."

Mark Kreitman, who heads the SEC divisional unit where Aguirre worked, will testify that Aguirre refused to reason with his superiors about the Mack subpoena.

"Frighteningly, it appeared that Mr. Aguirre was pursuing a personal agenda bordering on a vendetta, instead of a calmly reasoned, fair-minded pursuit of the evidence," an advance copy of his testimony says.

"Toward the end of his tenure, Mr. Aguirre's behavior became increasingly unprofessional, irresponsible and erratic. He threw what can only be reasonably described as tantrums, storming up and down the halls in a furious crouch, and abruptly left the office without leave on a number of occasions," Kreitman will say.

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A spokesman for Aguirre did not return calls for comment.

2nd Official Dissented Over Pequot Inquiry (NYT)

By Walt Bogdanich

The New York Times, December 5, 2006

Congressional investigators have found that a second official at the Securities and Exchange Commission expressed serious concerns about how the agency was conducting its inquiry into a prominent hedge fund, Pequot Capital Management.

The official, Eric Ribelin, an investigator at the commission, asked to be removed from the Pequot inquiry because of his serious misgivings about decisions being made on the case by senior S.E.C. officials, according to a government official who spoke on condition of anonymity because he is not authorized to discuss the matter.

Mr. Ribelin believed that the inquiry "was not handled right," Senator Arlen Specter, the chairman of the Judiciary Committee, said in an interview. The investigator's criticism echoes some of the complaints lodged this year by the former S.E.C. lawyer who ran the investigation, Gary J. Aguirre.

"Something smells rotten here," Mr. Ribelin wrote in an e-mail message to an S.E.C. supervisor last year.

He is among those expected to testify today before Senator Specter's committee, which, together with the Senate Finance Committee, has been examining allegations by Mr. Aguirre that the agency prematurely halted its Pequot investigation because of outside political pressure.

Mr. Aguirre, who led the hedge fund investigation until he was fired last year, has told members of Congress that senior S.E.C. officials blocked him from taking testimony from John J. Mack, an influential Wall Street executive and friend of Pequot's founder, Arthur J. Samberg.

S.E.C. officials said they turned down Mr. Aguirre's request at that time because he had not made a strong enough case for taking Mr. Mack's testimony, records show. The S.E.C. took Mr. Mack's testimony about a year later, and formally closed the Pequot investigation last week without taking any enforcement action. Mr. Samberg and Mr. Mack have repeatedly denied any improper conduct.

Mr. Ribelin did not return a message left at his office yesterday.

An S.E.C. spokesman, John J. Nester, declined to comment, saying, "We'll just let our testimony speak for itself."

Senator Specter, a Pennsylvania Republican, said he was interested in finding out why S.E.C. officials, who had previously written favorable evaluations of Mr. Aguirre's work, suddenly wrote a critical evaluation that covered the same time period.

"The supplemental evaluation was highly unusual," Senator Specter said.

Government officials said the S.E.C. supervisors never discussed the evaluation with Mr. Aguirre and then placed it in his employment file after he was fired on Sept. 1, 2005.

Just days before his firing, Mr. Aguirre was awarded a two-step merit pay increase.

According to a government official, Mr. Aguirre's direct supervisor, Robert Hanson, an S.E.C. branch chief, said the supplemental evaluation was written at the suggestion of Paul R. Berger, a former associate director of enforcement. Mr. Berger declined to discuss the evaluation yesterday, saying he could not comment on personnel matters.

Senate investigators have also been looking at circumstances surrounding Mr. Berger's decision to take a job at the law firm of Debevoise & Plimpton this year.

Debevoise was hired by Morgan Stanley's board to vet Mr. Mack before he was named to head the company in June 2005. As part of that vetting process, Mary Jo White, the former New York federal prosecutor now at Debevoise, did contact the S.E.C.'s director of enforcement, Linda Thomsen, about Mr. Mack, but the firm says it never suggested to anyone at the commission that the investigation be stopped.

Mr. Aguirre has told Congress that after a compliance officer at Morgan Stanley called the S.E.C. in June of 2005, inquiring whether Mr. Mack might face an enforcement action, Mr. Aguirre's Pequot investigation was essentially shut down.

Mr. Aguirre said that before answering the compliance officer, he consulted with his two superiors, Mr. Hanson and Mark Kreitman, an assistant director of enforcement. According to Mr. Aguirre, Mr. Kreitman favored telling Morgan Stanley that Mr. Mack was indeed a target, but first he informed his boss, Mr. Berger, by speakerphone.

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With Mr. Aguirre listening in, Mr. Berger overruled Mr. Kreitman, saying in effect that the S.E.C. would most likely not file charges against Mr. Mack, and that nothing should be said to Morgan Stanley, Mr. Aguirre said.

Mr. Berger said yesterday that he had told Morgan Stanley "that it was premature to say whether or not Mr. Mack had any exposure."

Several months later, Mr. Berger said, an S.E.C. colleague who was interviewing at Debevoise offered to mention that Mr. Berger might have an interest in working there, too. Mr. Berger agreed.

In a statement yesterday, Debevoise's presiding partner, Martin Frederic Evans, said, "Sometime in September 2005, well after our work for the Morgan Stanley board had concluded, we were told that Mr. Berger might have an interest in talking to Debevoise, but the firm did not contact Mr. Berger, nor did the firm hear from him till January 2006."

Mr. Evans said that neither Mr. Mack nor the S.E.C. investigation were mentioned in the firm's employment discussions with Mr. Berger.

Once that contact began, Mr. Berger said yesterday, "I recused myself from any matter with which the firm was involved, including the Pequot investigation."

Mr. Aguirre has already provided Senate investigators with lengthy statements and dozens of contemporaneous e-mail exchanges he had with S.E.C. supervisors. He is also expected to testify at the hearing today, along with senior S.E.C. officials, including Ms. Thomsen and Mr. Berger.

The committee is also expected to question the agency's inspector general, Walter J. Stachnik, who initially concluded that the S.E.C. had done nothing wrong. But after the disclosure that Mr. Stachnik's office had not interviewed Mr. Aguirre before rendering its judgment, the inspector general reopened his investigation.

"These folks are going to be under oath, and I'm going to try to get to the bottom of it," Senator Specter said.

The senator said he would call for legislation requiring hedge funds to register with the S.E.C. if they manage pension fund investments or money from small investors.

Before the S.E.C. decided this year not to file any enforcement action against Pequot, the agency had been investigating a number of profitable trades by the hedge fund in advance of mergers or other market-moving news.

Mr. Aguirre began investigating Pequot soon after he started at the agency in September 2004.

"When you are inquiring into areas like this, it's very delicate and people are very reluctant to talk," Senator Specter said. "These investigations are not easy and not totally predictable."

The S.E.C. is also under review by the Government Accountability Office, the investigative arm of Congress. Charles E. Grassley, the Iowa Republican who is chairman of the Senate Finance Committee, asked for the review in September because he was growing concerned, he said, about whether the S.E.C. was "faithfully adhering to its mission."

The G.A.O. will also examine how well the commission monitors self-regulatory organizations — like the New York Stock Exchange and NASD — that refer cases to the commission for possible enforcement actions. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Jefferies Settles Probe Of Lavish Gifts, But Fidelity Isn't Clear Of U.S. Scrutiny (WSJ)

By Susanne Craig And Jennifer Levitz

The Wall Street Journal, December 5, 2006

Brokerage firm Jefferies Group Inc. has agreed to pay more than $10 million to settle allegations that a former star trader doled out gifts and entertainment, including expensive wine and private-jet flights, to Fidelity Investments to win mutual-fund trading business.

The National Association of Securities Dealers, which spearheaded the investigation, imposed a $5.5 million penalty on Jefferies, and the Securities and Exchange Commission ordered Jefferies to return nearly $4.8 million of trading gains. The firm, which settled charges without admitting or denying guilt, has been ordered to hire a monitor to review travel, entertainment and gift policies.

WALL STREET JOURNAL VIDEO

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WSJ reporter Suzanne Craig reports on the SEC and NASD fining brokerage firm Jefferies Group $5.5 million for splurging on improper gifts and excessive entertainment2 to Fidelity Investments.

Former Jefferies trader Kevin Quinn, whom Jefferies armed with a big expense account to lure Fidelity business, was fined $468,000, and Scott Jones, a Jefferies board member who was Mr. Quinn's immediate supervisor, was fined $50,000. Both agreed to other penalties to settle the charges.

Mr. Quinn, who through his attorney declined to comment, has been permanently barred from working at a registered securities firm. A spokesman for Jefferies said the New York firm has enhanced its internal controls and was happy the matter is behind the firm. Mr. Jones, through a Jefferies spokesman, declined to comment.

Notable in yesterday's announcement was that the SEC, which has jurisdiction over Fidelity, took no action against the mutual-fund company. Mutual funds are supposed to send their stock trades to whichever firm offers them -- and their customers -- the best price and service, and such decisions aren't supposed to be based on gifts a fund manager may have received from a broker.

However, according to people familiar with the inquiry, the SEC has had difficulty trying to prove that investors were financially harmed because Fidelity traders accepted the gifts and entertainment. "It's very hard to do, very hard to prove...that the gifts are in any way impairing price," said Howard Schiffman, a securities lawyer and former SEC enforcement lawyer in Washington.

Complicating the picture is Fidelity's reputation for using its market muscle to squeeze brokers' profits and lower its funds' trading costs. Fidelity's trading costs, once in line with those of other money managers, have fallen in recent years to half the industry average, according to a study by Abel/Noser Corp., which tracks such expenses. That saved hundreds of millions of dollars for investors. As a result, it could be hard to show that the company could have done better with costs had it gone elsewhere.

Fidelity has had an investor-friendly image and a reputation for ethical conduct and has been rocked by the probe. The company has disciplined more than 20 employees on the trading desk, including firing some people, Fidelity spokeswoman Anne Crowley said. Scott DeSano, the once-powerful head of equity trading, was reassigned and the company also has a new policy on gifts.

The mutual-fund company, also known as FMR Corp., continues to fight allegations that customers were harmed. "We continue to believe it's not possible to demonstrate that financial harm occurred to any Fidelity fund or client as a result of these excessive gifts or entertainment," Ms. Crowley said.

Fidelity isn't out of the woods yet. The SEC is continuing to investigate the company, according to people familiar with the investigation. These people said the SEC may be trying two other strategies, including bringing civil charges against the company for violating disclosure laws, which require fund companies to disclose conflicts of interest to customers. Those familiar with the case said the SEC also is looking at whether it can bring a charge based on Fidelity traders receiving compensation above what Fidelity paid them.

The charges bring to a close a painful, albeit colorful, chapter in Jefferies' corporate history. In 2002, the company hired Mr. Quinn, agreeing to pay him $4 million a year. The firm armed the trader with a $1.5 million expense account that Mr. Quinn used to curry favor with a select group of Fidelity traders.

He spared little expense, doling out gifts valued at more than $600,000 and entertainment that totaled more than $1 million, regulators estimated. The NASD bars gifts valued at more than $100 and allows "ordinary and usual business entertainment" so long as it is "neither so frequent nor so extensive as to raise any question of propriety."

Mr. Quinn bought tickets to concerts and tennis matches at Wimbledon and the U.S. Open, often making available a private plane so traders could travel in style to the events, regulators said. In 2004, Jefferies paid more than $125,000 for a weekend trip to the Super Bowl that featured parties hosted by Maxim and Playboy magazines. Regulators said the brokerage firm also bought traders numerous bottles of wines, including six bottles of 1998 Opus One for a total of more than $2,600, regulators found.

On one weekend jaunt featured in a page-one article in The Wall Street Journal, Jefferies paid about $75,000 for traders to attend a Miami bachelor party for a Fidelity trader that featured dwarf tossing. A friend of the bridegroom to be, not a Wall Street

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firm, paid for the dwarf to attend the weekend festivities, according to people familiar with the matter. As the probe unfolded, some traders said they reimbursed Jefferies for some of the gifts. Still, regulators said any money paid to Jefferies didn't come close to covering the amount that was spent.

The case led the NASD to overhaul its gift and entertainment rules. Regulators don't plan to tinker with the gift-giving rule but want firms to set dollar limits, or establish comprehensive guidelines for expenses that are subject to regulatory review. These changes are being considered by the SEC.

The NASD still may bring a handful of gift and entertainment cases, but the bulk of its review was completed with an 11-page report issued yesterday. The report found that while most firms have failed to keep records on things like which clients and staff attended events, abuse was limited and doesn't warrant further action. It encouraged firms to review their systems. "We saw problems but it was mostly record-keeping and nothing approaching the Jefferies excess," said James Shorris, the NASD's head of enforcement.

Jefferies To Pay $9.7 Million To Settle Fidelity Gift Case (USAT)

By Greg Farrell

USA Today, December 5, 2006

In a case that could taint the pristine image of mutual fund giant Fidelity Investments, federal regulators settled civil charges with a stock brokerage firm for lavishing more than $1.6 million in fine wines, golf junkets, sports tickets and other goodies on a handful of Fidelity traders. The gifts, regulators contend, were designed to get Fidelity to shift more of its stock-trading business to the firm.

The Securities and Exchange Commission and the National Association of Securities Dealers announced Monday that Jefferies & Co. agreed to pay $5.5 million in fines and $4.2 million in disgorgement to settle the case.

Regulators say Jefferies obliterated the NASD's $100 limit on the amount of gifts and expense-related entertainment that can be provided to a customer each year.

According to the settlement, Jefferies made only $4.3 million in commissions off the Boston-based family of mutual funds in 2001. In order to grow its Fidelity business, the company hired Kevin Quinn in September 2002, paying him $4 million a year and an annual expense account of $1.5 million.

Quinn moved quickly, organizing a $215,000 golf junket to Las Vegas and Cabo San Lucas, Mexico, that fall for two Fidelity traders and their supervisor. For the next two years, the big-ticket spending continued. Quinn arranged for five Fidelity traders and their supervisor, Scott DeSano, to fly from Boston to various spots across the USA and in the Caribbean.

One of the Fidelity traders must have been a tennis fan, because Quinn provided $90,000 worth of tickets to Wimbledon from 2002 to 2004, and $17,000 in U.S. Open tickets during those same years.

Other traders received tickets to Broadway shows, and one received tickets to the 2004 Super Bowl in Houston.

While Quinn was lavishing perks on five traders and their boss, Jefferies' business with Fidelity grew more than tenfold: In the second quarter of 2002, Jefferies executed trades in 25 million shares of major companies on behalf of Fidelity; two years later, that number swelled to 277 million.

Fidelity spokeswoman Anne Crowley said the company had disciplined 14 individuals in the matter some two years ago, after an internal investigation. Several were terminated. “We don't tolerate this type of conduct,” she said. The SEC's investigation of Fidelity continues, she added.

Jefferies & Co. Settles Claims Of Illegal Gifts (WP/AP)

By Marcy Gordon

The Washington Post, December 5, 2006

The New York brokerage firm Jefferies & Co. is paying $9.7 million to settle regulators' charges that it illegally lavished nearly $2 million in golf trips, entertainment and other gifts on Fidelity mutual fund traders in exchange for their business.

The Securities and Exchange Commission and the NASD, the brokerage industry's self-policing organization, announced the settlements yesterday. Two Jefferies executives were also sanctioned.

Under the settlement with the SEC, Jefferies was censured and agreed to pay $4.2 million in restitution plus interest. It also agreed to hire an independent consultant to review the firm's compliance procedures. In the deal with NASD, Jefferies will pay a $5.5 million civil fine over the alleged violations that occurred between September 2002 and October 2004.

Jefferies neither admitted nor denied wrongdoing.

It was the first case brought in a two-year investigation by the SEC and the NASD into whether about two dozen brokerage firms illegally provided golf outings, Super Bowl tickets and other gifts to traders at mutual fund advisers to get them to bring their business to the firms. The practice is said to be widespread in the brokerage industry.

NASD rules prohibit such gifts worth more than $100. Additionally, mutual fund advisers are required to disclose potential conflicts of interest.

Fidelity Investments, the Boston-based fund giant, has said it could face action from the SEC in an investigation into whether its traders sent company business to brokerage firms that offered gifts and gratuities, rather than to firms offering the best deals on trades. More than a dozen Fidelity employees have been disciplined in connection with the investigation and at least five traders have left the firm.

Jefferies' director of equities, Scott Jones, accused by the regulators of failing to adequately supervise Kevin Quinn, a former trader and senior vice president, agreed to pay a $50,000 civil fine and was barred for three months from working as a supervisor for any brokerage firm.

The firm hired Quinn in May 2002 to expand its business with the Fidelity funds, giving him a $1.5 million annual travel and entertainment budget, the regulators said.

Quinn allegedly showered the fund traders with expensive golf outings, flew them on private jets to such locations as Bermuda and Puerto Rico, put them up at swank hotels and gave them golf merchandise and tickets to major sporting events -- including the Super Bowl and the Wimbledon tennis tournament.

Quinn agreed to pay a $468,000 civil fine; he was barred from working for any brokerage firm.

Fidelity spokeswoman Anne Crowley declined to comment on the Jefferies settlements.

Bruce Baird, an attorney for Jefferies, said the firm "cooperated completely" with the regulators' investigation. "Jefferies is glad to have all this behind it," he said.

SEC In Crackdown On Wall St Lavish Gifts (FT)

By Brooke Masters In New York And Rebecca Knight In Boston

Financial Times, December 5, 2006

US regulators moved on Monday to crack down on brokers who lavish gifts on mutual fund traders as they slapped $9.7m in penalties on Jefferies & Co, the New York securities firm, for currying favour with Fidelity traders.

The Securities and Exchange Commission and the industry regulator NASD said Jefferies, a middle-sized investment bank, hired Kevin Quinn as an executive vice-president in 2002 and gave him a $1.5m annual travel and entertainment budget to boost their institutional business.

He used the money to court five Fidelity traders, paying for private flights to Turks and Caicos, Bermuda and Puerto Rico, as well as vintage wines, golf outings, and trips to Wimbledon and the US Open tennis tournament.

He also paid $75,000 towards a lavish Miami bachelor party for a Fidelity trader. “Investors deserve and the integrity of the market requires that traders select brokers based on the quality of their trade execution and not the lavishness of their gifts,” said Walter Ricciardi, the SEC’s deputy enforcement director.

The regulators said the case was part of a broader effort to tighten policies that have let brokers funnel thousands of dollars in gifts and entertainment to institutional traders.

The NASD, which unearthed the problem, also issued a report urging firms to track entertainment and gifts more closely.

“We looked at 40 different firms that did institutional business and there was an industry- wide failure to track entertainment and gifts,” said James Schorris, head of enforcement at the NASD.

The firms routinely violated the NASD’s gift policy at the time, which limited gifts to $100. “We didn’t see any other firm that sank to the level of Jefferies but there is a lot of room for improvement,” Mr Schorris said.

Mr Quinn, who lost his job in October 2004 after his spending habits came to light, has been ordered to pay $468,000 in SEC penalties and barred from the securities industry for life, his lawyer said.

His supervisor Scott Jones was fined $50,000 and suspended from serving as a supervisor for three months. Since the scandal broke, Jefferies has instituted a "no gifts" policy for its employees.

"Jefferies has revamped its procedures and it is going to make sure nothing like this ever happens again," said the firm's outside counsel Bruce Baird.

"Jeffries chose to settle, rather than to litigate," said Anne Crowley, a Fidelity spokeswoman. "This settlement is one where we played no role and had no say, this is not a settlement with Fidelity."

She said that Fidelity had conducted its own investigation and taken strong disciplinary action against those employees found to have violated company policies.

Agreement Elusive On Accounting Rule Change (WP)

By Carrie Johnson

The Washington Post, December 5, 2006

Regulators continue to revise an accounting rule criticized by business groups as overly expensive, Securities and Exchange Commission Chairman Christopher Cox said yesterday, but an agreement remains days away.

Officials at the SEC and the board that oversees the audit industry have been meeting and exchanging documents about the measure, which requires accountants to review corporate financial controls, for the better part of two weeks. The rule is the single most expensive part of the Sarbanes-Oxley law, corporate accountability legislation passed in 2002 that is designed to prevent fraud after collapses at Enron and WorldCom.

Trade groups and lawmakers have attacked the provision and called for regulators to scrap the burdensome approach. At the same time, consumer advocates warn that establishing different standards for thousands of small and mid-size businesses would effectively gut the measure and make financial reports less reliable for investors.

The trick is to make complying with the rule less expensive, particularly for smaller companies with fewer resources. Coming to agreement on the mechanics, including forcing accountants to rely on the judgment of corporate managers, and to focus on the most important issues in the financial statements, has been a difficult task. The debate broke into public view two weeks ago after a memo from Cox was leaked to the press.

At a public meeting yesterday, Cox said he was "confident" a pact could be reached soon that would both "improve the reliability of public company financial statements and better protect investors." The SEC is to meet Dec. 13 to issue a new proposal. Mark Olson, chairman of the Public Company Accounting Oversight Board, said last week that his panel would meet to issue its own guidance sometime before Christmas.

Separately, the SEC's five commissioners unanimously approved the accounting board's $136.4 million budget, an increase of about 4 percent over 2006. Olson said the budget would allow him to hire more inspectors and enforcement officials to police the work of more than 1,600 firms that are registered with the board.

SEC officials are to testify today at a Senate Judiciary Committee hearing on how the agency enforces insider trading rules against hedge funds. Among the witnesses will be a former SEC lawyer who claims he was fired for seeking to depose a top investment banker. The agency has argued his allegations lack merit.

CRIMINAL LAW:

Feds Charge Alzheimer's Researcher (AP)

By Rita Beamish, The Associated Press

AP, December 5, 2006

(AP) — In a rare federal prosecution, a leading government Alzheimer's researcher was charged Monday with a criminal conflict of interest for performing lucrative private drug company work that overlapped his official duties.

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Prosecutors alleged Dr. Trey Sunderland of the National Institutes of Health received $285,000 in improper consulting fees and travel expenses from Pfizer, Inc., for work on early indicators of Alzheimer's at the same time he also oversaw similar NIH business with the drugmaker.

The private consulting "directly related" to his government job, and Sunderland failed to obtain the proper approvals from his supervisors or disclose the work to NIH, according to papers filed in U.S. District Court in Baltimore.

The felony charge carries a maximum sentence of one year in prison and a $100,000 fine. Prosecutors filed the charge as a criminal information, instead of indictment, signaling the possibility of a plea deal.

Sunderland did not return a call to his office Monday seeking comment. His attorney, Robert Muse, declined comment.

The prosecution is believed to be the first such case against a federal scientist since the early 1990s.

It stemmed from a two-year ethics controversy at NIH that prompted the nation's premier medical agency to issue new rules on consulting and end such relationships that enrich its scientists.

Scientists recently told NIH that the new rules are so strict that many are considering leaving the agency.

NIH had identified at least 44 government researchers who improperly made money moonlighting for biotechnology and drug companies. Most were given written or verbal reprimands or were permitted to retire.

But Sunderland drew the attention of federal prosecutors and the ire of Congress when House investigators revealed his private financial deal and the fact that he transferred hundreds of tubes of valuable NIH tissue samples to Pfizer around the time of his consulting work.

Sunderland, 55, who heads a geriatric psychiatry branch at NIH's National Institute of Mental Health in Bethesda, Md., is to appear Friday for arraignment.

Sunderland refused to testify before Congress last June, citing his Fifth Amendment right against self-incrimination.

Members of the House Energy and Commerce Committee which launched the probe called Monday for Sunderland's dismissal. Otherwise, Rep. Bart Stupak, D-Mich., said in a statement, "We can only conclude that no one is being held accountable, the system is broken and the public trust has been violated."

Rep. John Dingell, D-Mich., complained Sunderland had been kept on even after Department of Health and Human Services agencies found wrongdoing in their own internal investigations.

"Will a criminal conviction for conflict of interest be enough to get someone fired from NIH?" he asked.

Prosecutors alleged in Monday's court filing that during his five-year private deal with Pfizer, Sunderland "did participate personally and substantially as a government employee and officer ... in a particular matter in which, to the defendant's knowledge, he had a financial interest."

The conflict began in 1998 when Sunderland was making arrangements for NIH to work with Pfizer on an Alzheimer's project. At the same time, he began negotiations to be a paid consultant on the same project, prosecutors allege. Government scientists are not allowed to take money for their official collaborations with private companies.

NIH spokesman John Burklow declined comment.

Ned Feder, a former NIH scientist now with the non-profit watchdog group Project on Government Oversight, said "in this and similar cases NIH authorities have made it habit of covering up or minimizing wrongdoing. They are still hiding the details of other scientists' conflicts of interest over the past 10 years."

Experts said the last prosecution of a senior NIH scientist was that of Prem Sarin, who was convicted in 1992 of embezzling a drug company payment to NIH that was intended to help with AIDS research.

My Boss Stole My Identity! (FORTUNE)

By Stephanie Mehta, Fortune senior writer

Fortune, December 5, 2006

I.D. theft in the workplace is becoming more common, but workers are still forced to trust their employers with sensitive information, says Fortune's Stephanie Mehta.

Anyone who works in an office - or watches "The Office" - knows how torturous cubicle life can be: unflattering fluorescent lights, insecure supervisors and clueless co-workers can all take their toll. Now, it seems, there's a new indignity: bosses who steal their employees' identities.

Terrence D. Chalk, a well-known White Plains, N.Y., entrepreneur, may have done just that. The Justice Department says Chalk, CEO of a computer services company called CompuLinx, applied for loans and credit cards using the names of employees or clients, falsely claiming they were officers of his firm.

Charges include conspiracy and credit card fraud, and if he's convicted, he faces up to 165 years in prison. Chalk, who was quoted frequently in computer industry trade publications and served on local charity boards, has made other enemies too.

4 scams: How to avoid them

Once his case became public, assorted associates came out of the woodwork, claiming the entrepreneur owed them money. And a former business partner told the local paper that Chalk used his deceased father's personal information to get a loan. Chalk's lawyer didn't return calls.

ID-stealing bosses are the exception, but they are out there, says Linda Foley, executive director of the Identity Theft Resource Center, a leading nonprofit that provides information and support for fraud victims.

In fact, Foley started the center in 1999 after her boss used information on Foley's tax forms to apply for credit cards and a cell phone. And earlier this year a judge in upstate New York sentenced a computer entrepreneur to seven years in jail for tax fraud and stealing the IDs of employees and friends.

"It is very hard when an employer or co-worker does this to you, because you somehow feel you are safe in the workplace," says Foley.

Yet the office is fertile territory for a would-be identity thief: Workers constantly leave personal information lying around on their desks or office fax machines. People place wallets and bags - containing Social Security cards, checks and other information thieves use to commit fraud - in the same place every day, making them easy pickings.

But even if you're extra cautious in the workplace, you're still no match for a boss who wants to steal your identity. After all, there's one institution you really can't hide a Social Security number from: your employer.

Feds Win Milberg Discovery Battle (LAW)

By Justin Scheck, The Recorder

California Recorder, December 5, 2006

L.A. federal prosecutors have won a behind-the-scenes discovery fight in the undying probe of plaintiffs firm Milberg Weiss Bershad & Schulman.

In a sealed ruling issued the day before Thanksgiving, U.S. District Judge A. Howard Matz ordered the production of reams of discovery that prosecutors had sought from various plaintiffs firms, according to lawyers familiar with the case.

Attorneys for Milberg -- which was indicted in May, as were two of its name partners, on charges of paying kickbacks to clients -- had argued that the material was covered by work-product privilege.

The documents relate largely to payment agreements with other firms for John Torkelsen, a former expert witness for the plaintiff goliath, said the attorneys.

Torkelsen has been the subject of intense interest as the prosecutors continue efforts to indict Milberg's former star partner William Lerach, who now heads the top plaintiff shop Lerach Coughlin Stoia Geller Rudman & Robbins.

The May indictment of Milberg accused that firm of giving fees to outside lawyers who in turn paid lead plaintiffs in class actions, constituting illegal kickbacks.

But the ongoing investigation looks beyond those charges at other transactions. Aside from the Torkelsen payments, prosecutors have spent years looking at referral fees Milberg allegedly paid to other lawyers -- and possibly stockbrokers -- in exchange for bringing them lead plaintiffs.

STOCK SUSPECTS

The stockbroker probes involve a group from Florida and brokers at the New York investment firm First Albany, said attorneys with knowledge of the case. A spokeswoman for First Albany didn't return calls.

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Lawyers said the prosecutors are interested in whether Milberg paid brokers for referring investors to serve as lead plaintiffs in shareholder suits.

While such payments were made explicitly illegal by a 1995 federal law, it's not clear whether they were allowed in earlier years. That legal gray area, the lawyers said, muddles whether brokers could be forced to cooperate.

Last year, a Long Island, N.Y., broker -- and former Milberg partner -- Paul Tullman, pleaded guilty to tax charges and -- according to the Wall Street Journal -- is cooperating in the L.A. case.

SQUEEZING TORKELSEN

Torkelsen became central to the investigation some time after it was launched in 1999 by a former firm client who -- in trying to dodge a long prison sentence for insurance fraud -- told prosecutors he got kickbacks while serving as a persuasive expert witness who helped set the value of many Milberg class actions.

After leaving the expert business, Torkelsen started an investment fund -- largely with cash from plaintiffs lawyers -- that led to his downfall: He pleaded guilty last year to bilking the Small Business Administration of about $5 million invested in his fund. Torkelsen's ex-wife, Pamela, is cooperating with prosecutors, testifying in the Milberg case while her ex-husband resists pressure to flip, said lawyers familiar with the probe. Torkelsen is serving a prison sentence of more than five years.

L.A. federal prosecutors moved Torkelsen to a downtown Los Angeles detention center months ago to get a handwriting sample and have kept him there.

Lawyers familiar with the case -- speaking on condition of anonymity due to the confidential nature of the proceedings -- said Matz's discovery order could provide detailed information on pay arrangements among Milberg, the expert and various plaintiffs firms. That could lead to more pressure on Torkelsen: the threat of another criminal indictment.

Torkelsen's attorneys with the L.A. federal public defender's office didn't return calls by press time, nor did lawyers for the two indicted Milberg partners, David Bershad and Steven Schulman.

And Bryan Daly, a partner at Beck, De Corso, Daly, Kreindler & Harris in Los Angeles who represents the firm, said he couldn't comment on discovery issues. So did Thom Mrozek, a spokesman for the L.A. U.S. Attorney's Office.

13 MONTHS TO GO

While the investigation continues, defense lawyers for the firm, its partners and two Southern California lawyers indicted last year for alleged involvement with referral fees are preparing for trial.

At a hearing last week, U.S. District Judge John Walter chose Jan. 8, 2008, to start the Milberg trial. And while speculation is still rampant about whether Lerach and lead Milberg partner Melvyn Weiss will face charges, Daly, the L.A.-based Milberg lawyer, said his focus now has to be on the pending case. "The trial schedule is something we're going to work very hard to meet," he said.

U.S. Navy Submariner Pleads Guilty To Trying To Transmit Classified Data (FINDLAW/AP)

By Sonja Barisic, Associated Press Writer

AP, December 5, 2006

(AP) - NORFOLK, Virginia-A sailor accused of stealing a U.S.Navy laptop and peddling its classified contents to an undisclosed foreign government pleaded guilty to espionage, desertion and other charges.

If convicted, Petty Officer 3rd Class Ariel J. Weinmann, 22, of Salem, Oregon, could face a sentence of life in prison without parole, a dishonorable discharge from the Navy and forfeiture of all pay.

Under the plea agreement Monday, Weinmann pleaded guilty to one count each of espionage, desertion, failing to properly safeguard and store classified information, electronically copying classified information, communicating classified information to a person not entitled to receive it, and stealing and destroying a government computer.

Weinmann pleaded guilty to trying to transmit classified information related to national defense to a representative of a foreign government on Oct. 19, 2005, while he was in or near Vienna, Austria.

He pleaded not guilty to two additional espionage counts, one accusing him of giving classified information to an agent of a foreign government in March 2005 in Bahrain and another accusing him of trying to deliver confidential information on March 19, 2006, in Mexico City.

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Weinmann told the judge that he deserted the Navy in July 2005 because the service did not meet his expectations.

"I had a very idealized view, basically what amounted to a World War II Navy," Weinmann told the judge.

Court adjourned Monday with the judge yet to accept the plea. Attorneys need to iron out details in the agreement regarding Weinmann's cooperation with investigators after trial.

Weinmann, a fire control technician, had been stationed on the Connecticut-based submarine USS Albuquerque.

He said he did not report for duty aboard his submarine on July 3, 2005. He moved to Austria and never planned to come back to the United States, but changed his mind and was arrested in March at Dallas-Fort Worth International Airport.

Weinmann told the judge he believed his actions could hurt national security.

"I believe if it fell into the wrong hand, sir, the information could be detrimental to the United States," Weinmann said.

He said he made copies of classified material on a laptop computer, which he took with him to Austria. He said that he printed one document and copied other information onto CDs and that he had unclassified, classified and secret information sitting on a table in his apartment in Austria.

The military has not said what it believes Weinmann might have sought in exchange for the information.

Weinmann's most recent duty station was at the Submarine Support Squadron, based in Norfolk.

Former U.S. Attorney Who Prosecuted Rickey Peete Speaks To Eyewitness News (WOTY)

WPTY-TV, December 5, 2006

A former U.S. Attorney talks to Eyewitness News about corruption charges against a Memphis City Council Member.

On Thursday, November 30, 2006, city council members Rickey Peete and Edmund Ford were charged for taking a bribes in exchange for their votes on a zoning issue. It is the same crime Rickey Peete was convicted of in 1989. Hickman Ewing was the U.S. Attorney who prosecuted the case.

The year was 1989. Hickman Ewing was the U.S. Attorney for West Tennessee. One day he received a call from his friend, a real estate developer. Ewing said, “In this case they called, and they said this guy's trying to shake us down.”

It was the beginning of Ewing's case against city councilman Rickey Peete. He said, “They would go down and talk to each councilman and try to lobby them to vote for them, and Rickey basically says I’m the one that can get this through, I can get this through for you, and I need money now and money later.

Ewing said the developers said no, and called him. They agreed to help Ewing get evidence that Rickey Peete was looking for a bribe. Ewing said, “The third partner, Hank Hill, called Rickey and said, ‘Hey look, I know what you told my other partner, I’m a little different situation, we may be interested in this, so come on down.’ Of course he's wearing a recorder at city hall.”

Ewing said the two agreed to meet later that day at a restaurant to exchange the money. “Literally, Rickey says ‘hand it under the table’, and the guy hands him a sack full of bills under the table. The FBI is sitting at the next table watching,” said Ewing. “He was two payments behind on his Mercedes, like $350, he goes and pays one that afternoon and says I'll give you the next payment whatever the date was of the vote. He says I'll give you that money then, that's pretty good evidence.”

Ewing said Rickey Peete was by no means the first public official he went after during his time in the federal building. He said, “We probably prosecuted 100 public officials before 1989.”

But hearing that Rickey Peete is now accused of the exact same crime was a different story, “It's sad, especially if it happens again, in somewhat the same way.”

Ewing said he is glad the U.S. Attorney's office is continuing it's crusade against public corruption. He said, “I think prosecuting one public official is worth a lot more than prosecuting ten bank robbers. Who's more dangerous to society, one crack dealer who's 19 years-old who's got a habit, or the public official? I'd say the public official.”

We tried to contact both Rickey Peete and his lawyer on Monday, December 04, 2006 for a comment on this story. Neither of them returned my calls.

On Friday, December 1, 2006, Rickey Peete resigned his position as chairman of the Center City Commission Board of Directors, but he is still a voting board member. On Tuesday, December 5, 2006, some city council members say they will call for Peete and Edmund Ford to resign from the council.

Not Guilty Plea In Hollywood Wiretapping (MH)

The Miami Herald, December 5, 2006

LOS ANGELES - A former phone company employee pleaded not guilty Monday to charges of lying to FBI agents and a federal grand injury investigating wiretapping allegations against Hollywood private investigator Anthony Pellicano.

Joann Wiggan is to stand trial Jan. 9 in U.S. District Court.

Wiggan, 52, is charged with lying to investigators, grand jurors and during a previous trial about her contact with former co-worker Ray Turner. If convicted, she faces a maximum of 15 years in prison.

Prosecutors say Wiggan was one of three SBC employees who supplied Turner with information from confidential phone company databases he used to help Pellicano illegally tap the phones of several Hollywood figures.

Turner and Pellicano have pleaded not guilty to charges in a separate indictment.

Wiggan was acquitted in September of four perjury charges but jurors deadlocked on a fifth. During the trial, she said her conversations with Turner had nothing to do with accessing private phone records for Pellicano.

Prosecutors countered by showing jurors pages of phone calls - more than 1,000 - from Wiggan between 1998 and 2002 that they say prove she lied about her contact with Turner.

In the new indictment, prosecutors allege Wiggan and Turner called each other at least 35 times during a time when Wiggan claimed they hadn't spoken.

Prosecutors also allege Wiggan denied retrieving voice mail messages from an account they say she accessed on "hundreds of occasions" between 1998 and 2004. Jurors deadlocked on that charge during her trial.

Prosecutors contend Pellicano illegally wiretapped the phones of such people as actors Sylvester Stallone and Keith Carradine and bribed police officers to run the names of more than 60 people, including comedians Garry Shandling and Kevin Nealon, through government databases. According to court documents, the information gathered was used to get dirt for threats, blackmail and in some cases to secure a tactical advantage in litigation.

Fourteen people have been charged in the case, with six pleading guilty to various crimes. Pellicano has pleaded not guilty to racketeering and wiretapping and is set for trial in August.

Alleged Mafia Underboss Is Freed On Bail (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, December 5, 2006

He faces charges of extortion and illegal gaming

SALEM -- Reputed New England Mafia underboss Carmen "The Big Cheese" DiNunzio looked uncomfortable yesterday as he shuffled into court in leg irons. He didn't speak, as his lawyer entered not guilty pleas on his behalf to charges of illegal gambling and extortion.

"He's unused to the attention he's getting," said Boston lawyer Anthony M. Cardinale, who represents DiNunzio, 49, of East Boston. The man described by law enforcement officials as a low-key underworld leader was freed on bail after posting $20,000 cash.

"It's not the strongest of cases, but anything in superior court is always serious," said Cardinale, who has previously represented a who's who of mobsters, including former New England mob boss Francis "Cadillac Frank" Salemme and former underboss Gennaro "Jerry" Angiulo.

Cardinale said the indictment returned by an Essex County grand jury on Friday alleges crimes that occurred in 2001 and was brought just as the statute of limitations was about to expire.

"I think it's to our benefit that they waited this long" to bring the case, Cardinale said.

DiNunzio is charged with extortion, maintaining or organizing an illegal gaming operation, and conspiracy in maintaining or organizing a gaming operation.

According to law enforcement officials, DiNunzio rose to be second in command of all New England mobsters about 2002, after winning the favor of New England godfather Luigi "Baby Shanks" Manocchio of Providence.

Cardinale said his client vehemently denies allegations that he is the number two man in the New England mob and controls all Mafia activities in the Boston area.

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First Assistant Essex District Attorney John T. Dawley said he was seeking a high cash bail for DiNunzio because "this case involves violence."

"It also involves witnesses who remain on the street," Dawley said.

He added that DiNunzio has a 1993 federal conviction for extortion.

In that case, DiNunzio admitted shaking down a Las Vegas gambler for $27,000 and was sentenced to four years in prison.

The indictment alleges that DiNunzio conspired to run an illegal gambling operation between September and December 2001 with four men, Joseph Settipane, Thomas Verona, James Candelino, and Gregory Costa.

All four men were bookmakers, according to law enforcement officials.

Settipane died after the Massachusetts State Police Special Service Section launched the 2001 probe, using wiretaps and hidden bugs to secretly record conversations.

Verona, Candelino, and Costa were indicted in December 2002 on illegal gambling charges in allegedly running a sports betting operation.

At the time, an Essex prosecutor described the trio as midlevel agents in a gambling network tied to organized crime. All three were convicted and sentenced to probation.

In March, Varone was among 24 men indicted on state gaming charges, according to a spokesman for Essex District Attorney Jonathan W. Blodgett. That case is still pending.

The investigation that led to DiNunzio's indictment also led to the indictment last February of reputed mob soldier William Angelesco on gambling and conspiracy charges.

DiNunzio, who owns the Fresh Cheese shop in the North End and Carmen's Kitchen restaurant in East Boston, declined to comment before leaving in a silver Isuzu.

Ansonia Man Competent For Murder-for-hire Trial (NHREG)

By Phil Helsel, Register Staff

New Haven Register, December 5, 2006

-ANSONIA — The local man who police say conspired with his mother in a low-rent "murder for hire" scheme was ruled competent to stand trial and entered not guilty pleas Monday.

Nicholas Scott Taylor, 20, is charged, along with his mother, Kathryn Smith, 48, of conspiring in a plot to kill Smith's boyfriend for what they believed would result in a $100,000 insurance policy payout earlier this year.

Monday, a judge ruled that Scott is competent to stand trial and the case was continued until Jan. 9.

Taylor, of Nichols Street, and his mother allegedly offered an undercover FBI informant a used stereo and up to $150 cash to kill Smith's longtime boyfriend, according to an arrest warrant affidavit. The offer was just $50 and a used stereo, and possibly another $100 after they cashed in some methadone, to carry out the killing, police said.

Smith and Taylor are each being held in lieu of $250,000 bail and are charged with one count each of conspiracy to commit murder, criminal attempt to commit murder and inciting injury to persons. Smith already has pleaded innocent to the charges.

According to police, Smith and Taylor tried to hire an acquaintance of theirs to carry out the murder, but he went to Shelton police instead.

Ansonia police and the FBI then began an undercover investigation that led to the pair's arrest Aug. 29.

Taylor allegedly told undercover officers during an arranged meeting that his mother's boyfriend was "getting really annoying to us."

He allegedly provided the undercover officer the man's work schedule, including days off, and said "the area around the ferry" would be a good place to discard a weapon.

Both allegedly told the agent they would not feel guilty if the plan were carried out, according to the affidavit.

Phil Helsel can be reached at 876-3028 or at phelsel@nhregister.com .

Woman Charged In '78 Slaying (SEATIMES)

By Steve Miletich And Jim Brunner, Seattle Times staff reporters

Seattle Times, December 5, 2006

Prosecutors charged a Pierce County woman Monday with first-degree murder in the 1978 killing of an auto mechanic who allegedly was lured to his death as part of a contract killing.

Karen L. Martin, 51, was arrested Friday by a FBI/local law-enforcement task force investigating old unsolved homicides. Her name surfaced as investigators combed past cases related to organized crime and Seattle strip clubs.

In court documents filed with the murder charge, King County Detective Scott Tompkins said Martin told him in July that her then-husband informed her they would be paid $10,000 to kill the victim, Leroy Grant, 36.

Martin said her husband was involved with prostitution and organized crime, Tompkins wrote in the charging documents. Her husband was in prison at the time.

On Jan. 22, 1978, Martin lured Grant to a site in Maple Valley on the premise that she wanted him to restore a Corvette for her, and then she killed him, according to the documents. His body was found four days later, shot at close range in the head and chest with a .22-caliber pistol.

A year after the killing, Martin and her attorney went to federal prosecutors, saying she had information on contract killings linked to a Seattle-based crime organization.

She was offered immunity from federal prosecution before she acknowledged she killed Grant, according to the charging papers. Grant was killed because he had obtained money "he was not supposed to have gotten," Martin allegedly told prosecutors.

Federal prosecutors didn't inform King County prosecutors about Martin's admissions, and Grant's slaying went unsolved.

The immunity offer was never formally executed and is not binding on state prosecutors, according to Tompkins' court filing.

When Tompkins contacted Martin in July, she at first denied killing Grant, the filing said. But Tompkins suggested investigators had found her DNA at the scene, and then she "confessed to committing the murder."

Martin provided details of the crime, including that she used a .22-caliber revolver and took Grant's wallet to make it look like a robbery, Tompkins wrote.

Martin's arrest was the third in the past year by the task force, which was formed after the 2003 "Strippergate" scandal in Seattle. The scandal involved the alleged funneling of illegal contributions to three Seattle City Council members by associates of Frank Colacurcio Sr. and his son, Frank Colacurcio Jr., the operator of Rick's strip club on Lake City Way Northeast.

In the wake of that scandal, investigators decided to focus on the Colacurcios' business operations, as well as old homicides possibly related to the strip-club industry.

When Martin approached federal prosecutors in 1979, she did so out of fear that her husband was trying to blame her for the killing, according to court documents. She sought immunity in exchange for the information.

At the time prosecutors were investigating Colacurcio Sr. and later convicted him of tax evasion.

Colacurcio Sr. has not been implicated in Grant's killing or in connection with the other two arrests, made in two separate 1975 killings at a Seattle-area strip club and at a Yakima restaurant. Colacurcio Jr. was in his teens at the time.

Martin is being held on $500,000 bail and is scheduled to enter a plea Dec. 14.

Producer Gets Short Sentence In TV Scam (LAT)

By Christine Hanley And Greg Krikorian, Times Staff Writers

The Los Angeles Times, December 5, 2006

After bilking millions from scores of investors, Joseph Medawar gets a term of a year and a day.

In a ruling that surprised attorneys and outraged investors, a federal judge Monday sentenced onetime Hollywood producer Joseph Medawar to a year and a day in prison for swindling scores of people out of millions of dollars to develop a bogus television show about the U.S. Department of Homeland Security.

Minutes after Medawar apologized to the people he defrauded, U.S. District Judge Manuel L. Real sentenced the 45-year-old con man to a prison term far shorter than the 33 months his attorney had requested, or the 57 months sought by the

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government. Medawar also was sentenced to nine months' home detention after his prison sentence ends and 3,000 hours of community service, and he was ordered to pay at least $2.6 million in restitution.

Showing no emotion, Medawar left the courtroom without comment. He was ordered to surrender Jan. 22 to begin his prison term. His attorney, Jeffrey Rutherford, later issued a prepared statement.

"Joseph Medawar accepts his sentence," the statement read. "He is extremely remorseful and repentant. He is sorry for the harm that he has caused and he accepts full responsibility for his conduct. He thanks his family and friends for their support. He vows to repay each of the victim-investors. He also vows to continue to help the government in its investigation of others."

Acknowledging disappointment, Assistant U.S. Atty. Christine Ewell told reporters outside court that authorities would review Real's sentence to see if there are any grounds for appeal.

Ewell also was apologetic when questioned by many investors about whether and when they might get reimbursed.

"We're doing our best. We're sorry," she told one woman. "Our goal is to get as much as we can back to you."

Real, 82, has been a lightning rod for criticism, with a reputation for a peremptory and even cantankerous temperament on the bench. Most recently, he was the subject of a congressional subcommittee hearing considering possible impeachment over his decision to seize a bankruptcy case from another judge.

After the sentence, investor Manuel Lozano did not hide his disappointment.

"I was looking for justice," he said. "I was expecting more."

In May, about three years after he first began promoting his idea for a Homeland Security series, Medawar admitted to authorities that the show was a financial scam and pleaded guilty to conspiracy to commit mail fraud and income tax evasion.

By then, according to the FBI, the IRS and the U.S. attorney's office, Medawar and others had defrauded at least 70 investors — many from local churches — out of millions of dollars.

The money poured into his company, Steeple Productions, was spent on luxury cars, shopping sprees, jewelry, posh dinners and $40,000-a-month rent on a Beverly Hills mansion for the show's purported lead actress, Alison Heruth-Waterbury.

Heruth-Waterbury previously pleaded guilty in the case and was sentenced to five years' probation and 2,500 hours of community service and ordered to pay restitution. Jeffrey Rosenberg, former chief financial officer of Medawar's company, was sentenced to 10 months in federal prison for lying to agents about the fraud.

Medawar also persuaded two prominent Orange County Republicans, U.S. Rep. Dana Rohrabacher and former congressman and current Securities and Exchange Commission Chairman Christopher Cox, as well as House Homeland Security Committee staffers, to provide advice on how to make the show more realistic.

Medawar also was accused of using money laundered through the scheme to pay Rohrabacher (R-Huntington Beach) $23,000 for an option on a 30-year-old screenplay by Rohrabacher. The congressman has said he thought Medawar's proposed TV show would bring positive attention to the nation's homeland security efforts and denied that he provided Medawar any special attention in return for the producer's purchasing Rohrabacher's script or contributing to his political campaign.

In May, when Medawar pleaded guilty, Rohrabacher said he would return the screenplay option payment.

At Monday's hearing, the courtroom was packed with Medawar's relatives and victims.

Carmen Wood, 71, of Southgate, who invested $10,000 from her family trust, talked about how she blindly put her faith in Medawar and his idea the day she met him at a Whittier church, and how disappointed she was that someone would misuse Christianity to target innocent people for financial gain.

"I am asking that justice be served here for me and these people here who lost money," she said, later turning to look straight at Medawar and saying. "May God be your judge."

Lozano, who lost $120,000, told the story of another investor who could not be in court Tuesday. The man, suffering from lung cancer, had scraped up $1,000 to give Medawar, banking on the hope that once the production company went public, as promised, it would bring the payday he needed for a special medical procedure that could have saved his life. "His illness got the best of him," Lozano said of the man, who died "waiting for the money."

Minutes before Real's ruling, prosecutor Ewell urged the judge to sentence Medawar to no less than the nearly six years recommended by the government. She also dismissed the arguments of Medawar's family and friends that he is a good man who has always been generous to them.

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"It's simple to be generous," Ewell scoffed, "when you are using other people's money."

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Producer Gets 1-year Prison Sentence In Phony TV Series Scheme (MERCN)

The San Jose Mercury News, December 5, 2006

LOS ANGELES - A man was sentenced to a year in prison Monday for bilking investors out of millions of dollars by fraudulently claiming to be producing a government-backed television show about the U.S. Department of Homeland Security.

The sentence given to Joseph Medawar, 44, by a federal judge was a fraction of what prosecutors had sought.

U.S. District Judge Manuel Real said he wanted Medawar free after a year to earn $3.46 million in restitution to investors, many of whom Medawar met in church. The judge also sentenced Medawar to 3,000 hours of community service.

Medawar pleaded guilty in May to tax evasion and conspiracy to commit mail and wire fraud, admitting fleecing about 50 people of millions of dollars.

Assistant U.S. Attorney Christine Ewell said outside court that she had sought a 57-month sentence and was disappointed by the judge's leniency.

Prosecutors said Medawar's lies included telling investors that President Bush endorsed the series and that the real Department of Homeland Security approved use of its name and seal for the TV show.

As part of the scheme, federal prosecutors said, he falsely claimed 26 episodes of "DHS" were in post-production and that the company had distribution deals with 137 overseas markets. Investigators found only one episode had been shot, and only after Medawar became aware of the federal probe.

One would-be investor, Manuel Lozano, told the judge Monday that Medawar left many "individuals financially crushed by the side of the road." Lozano said he had been fooled into investing $120,000 in the series - money that included life insurance he collected when his wife died.

Lozano also expressed disappointment outside the court, saying "justice and the legal system don't necessarily coexist."

Jeffrey Rosenberg, 58, a financial officer who failed to report the scheme, was sentenced to five years probation and 2,000 hours of community service in September. He also was ordered to pay $1.5 million in restitution to the victims of the investment scam.

Alison Heruth, who claimed to be the lead actress in "DHS," also pleaded guilty in the case and was given probation.

Murder Convict In FEMA Fraud Trial (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), December 4, 2006

Governor Reiss Sr. committed murder as a teenager, spent part of his adulthood on the run after an escape from prison and then became a preacher.

Now in his 50s, the Mobile native finds himself once again in trouble with the law.

Reiss, 54, will go on trial later this month on charges that he defrauded the federal government following Hurricane Katrina, the first such case to go to trial in Mobile's federal court. Jury selection is slated for today.

It marks yet another bizarre turn in a life filled with twists that has taken Reiss from Mobile County to prison to Louisiana to prison again.

Reiss' colorful history notwithstanding, defense attorney Willie Huntley said his client is innocent of the current allegations. He attributed the fraud charges to confusion on the part of the Federal Emergency Management Agency, which he contends filed his application under the wrong category.

"All he did was make a call and say, 'I need some help' just like thousands of people along the Gulf Coast," Huntley said in a recent interview.

Reiss pleaded not guilty last week to the latest charges, the third set of allegations brought in the case. Prosecutors accuse him of filing fraudulent claims with FEMA for housing assistance totaling more than $12,000.

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A guilty plea hearing had been set for August, but Reiss said he wanted a trial. Then a federal grand jury added more charges in September. The trial was supposed to be held in October, but a judge postponed it until this month because a key prosecution witness was unavailable at the time.

A week before jury selection, the grand jury came back with more charges.

If the trial goes off as scheduled on Dec. 18, it will not be the first time Reiss will have sweated out the deliberations of 12 jurors. Records from the Alabama Department of Corrections show that Reiss was sentenced in January 1970 for second-degree murder in the shooting death of a teenager at a Prichard club the previous year.

He served four years in prison before escaping from Draper Correctional Institution in September 1974, said corrections spokesman Brian Corbett.

"I didn't stay because I was wrongly accused, and the only way I could prove that was to live it," Reiss said in an interview last week.

Louisiana authorities arrested Reiss 10 years later, Corbett said. According to a news account at the time, Reiss had become a minister and asked for permission to preach to inmates at the Louisiana State Police barracks in Baton Rouge.

Louisiana officials conducted a routine background check and discovered that Reiss had two arrests on his record -- the murder charge and a second one for assault with intent to murder, according to the 1984 newspaper article. The story said police inquired further and discovered Reiss had escaped from the Alabama prison.

Mike Edmonson, a Louisiana state trooper, said at the time that authorities called up Reiss and told him his request to preach had been granted. When he arrived, police arrested him and took him to the East Baton Rouge Parish jail.

"The guy was extremely surprised. It was a shock to him, but he knew what he'd done in the past, so I don't think he was completely surprised," the newspaper quoted Edmonson as saying.

Reiss said that it was not the first time he had been arrested. He said he was arrested in Louisiana 1976, and three other times on the escape charge, but that Louisiana refused to turn him over to Alabama authorities out of concern over the validity of the murder conviction.

Corbett said records indicate Reiss returned to Alabama in 1991, seven years after the 1984 arrest in Louisiana. He said the Alabama Board of Pardons and Paroles granted Reiss a parole in 1991. Reiss said he came back voluntarily.

Reiss was 17 when the original crime for which he was convicted took place. According to a newspaper account, Reiss shot Ronnie Hays to death during a dance inside a teen club on Whistler Avenue.

Reiss testified that he and some friends had been drinking and were angered when they were told to leave. He said he went to his grandmother's house, got a shotgun and shells and returned to fire several shots through the window.

Hays, a standout high school athlete, was killed and 12 others were wounded.

Defense lawyers argued at trial that Hays could have been killed by his own father, who had fired a pistol during the confusion, according to the newspaper article.

Charges involves FEMA

Reiss said he became a born-again Christian in 1978, and later became a minister. He said he founded three different churches, retiring as a full-time preacher in 2001 because of high blood pressure.

Now, he is one of thousands of people across the country who authorities contend took advantage of FEMA's decision to hand out cash on little more than the word of the applicants following the Aug. 29, 2005, hurricane. More than a dozen people have been charged in southwest Alabama.

The latest indictment charges Reiss with making false claims against the government, making a false statement and two counts each of theft of public money, wire fraud and aggravated identity theft.

Authorities allege that Reiss lived in New Orleans at one time but was living in Mobile when the storm struck. According to the indictment, Reiss applied for assistance from the Federal Emergency Management Agency on Sept. 30, 2005, listing his name and someone else's, and using a New Orleans address where he did not live at the time of the hurricane.

Reiss allegedly obtained two payments from FEMA in 2005: $2,358 on Oct. 4 and $10,500 on Nov. 22.

Huntley said Reiss applied over the phone for aid to replace furniture, clothing and a vehicle that were destroyed when floodwaters ravaged New Orleans. Reiss said he did not use the first check to replace those belongings, as FEMA requires, but

instead spent it on other things -- including helping a church member. He said he did not know about FEMA's restrictions on the aid at the time.

Reiss said the second check came as a surprise. "They sent me money that I didn't ask for. It was supposed to go to my ex-wife."

Reiss said he did not apply under his ex-wife's name, as the indictment alleges, but listed her as an occupant of the house that was damaged. He and his lawyer contend it was a mix-up that the check came to him. Huntley said Reiss, his ex-wife and son -- all of whom share the same last name -- all applied for aid.

"I believe that's what caused the complications and confusion," Huntley said.

Reiss said he deposited the money in his credit union but said he never spent it. He said he was trying to get it to his ex-wife but was not supposed to have contact with her as a result of the divorce.

The indictment accuses Reiss of falsely stating in his application that he lived in New Orleans when he actually lived in Mobile. Huntley said his client has an Alabama driver's license and had gotten a job in Mobile and moved in with relatives in the Port City several months before Katrina because his New Orleans home was about to be foreclosed on. But he continued to travel back and forth between both cities, Huntley said.

Even if Mobile was his primary residence, Huntley said, Reiss still would be eligible for FEMA assistance related to his personal property.

Under a preliminary calculation by the U.S. Probation Office, Reiss would have an incarceration range of six to 12 months and be eligible for probation. But Huntley said prosecutors have indicated to him that they plan to hold Reiss' prior criminal record against him if he's convicted -- a move the defense lawyer said he would fight on grounds that it happened too long ago to be relevant.

"Hopefully, we won't even have to get to this issue because, hopefully, a jury will find him not guilty," he said.

Man Arrested, Tied To Assaults Near Howard (WP)

By Robert E. Pierre

The Washington Post, December 5, 2006

A teenager from Temple Hills has been arrested in connection with eight recent sexual assaults near Howard University, D.C. police said yesterday.

Women were groped in the incidents, and in two cases, the assailant brandished a knife, police said. No one was injured in the assaults, which took place late last month. During the past week, police blanketed the area where the assaults occurred with plainclothes and uniformed officers.

Yesterday, police announced the arrest of Avon Marquell Pittman, 17, of the 4700 block of Temple Hill Road. On Saturday afternoon, plainclothes officers noticed Pittman following a woman in the 200 block of T Street NW and pounced, discovering a kitchen knife and taking him into custody, police said. He was later let go, and police said the woman he had been following was so startled that she left before they could question her.

Police arrested Pittman early yesterday, after authorities developed additional leads. He was charged as an adult with assault with intent to commit first-degree sexual assault while armed. The charge applies to just one of the cases.

But "the community can feel confident" that the crimes are solved, police Cmdr. Larry McCoy declared at a news conference.

Police had offered a $10,000 reward in the case, and McCoy said it was unclear whether it would be paid. But he said tips helped police solve the cases quickly. Witnesses helped police come up with a composite drawing that was passed out to residents.

Police said the victims ranged in age from 16 to 49, though most were in their teens and 20s. Most of the crimes took place near Fifth and U streets NW, near one another and during daylight hours. Police did not offer a motive but said Pittman had friends and family in the neighborhood.

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D.C. Council member Jim Graham (D-Ward 1), who represents the area, said residents have been concerned about being groped as they walked down the street. He praised the police effort, which he said included having female officers pose as private citizens.

"This shows what can happen when the police really focus their energy and make determined efforts," he said. "This is a real relief to get this guy off the street."

For Second Time, Kaine Delays Execution Of Va. Triple Killer (WP)

By Candace Rondeaux, Washington Post Staff Writer

The Washington Post, December 5, 2006

Virginia Gov. Timothy M. Kaine yesterday delayed for the second time the execution of triple killer Percy L. Walton, a move that keeps the capital murder case at the center of a growing national debate over the execution of the mentally ill.

In June, Kaine delayed Walton's scheduled execution until Friday to allow for an independent evaluation of his mental condition and competence. Based on that evaluation, Kaine (D) said yesterday that Walton's execution would be delayed 18 more months, until June 10, 2008.

"I am compelled to conclude that Walton is severely mentally impaired and meets the Supreme Court's definition of mental incompetence," Kaine said in a statement. "At the same time, it is within the realm of possibility -- though unlikely -- that Walton's mental impairment is not permanent. Accordingly, a commutation of his sentence is not appropriate at this time."

The U.S. Supreme Court ruled in 1986 that the execution of the mentally ill violates the constitutional prohibition against cruel and unusual punishment. The court said death-row inmates must be able to comprehend that they are about to be executed and why. But the high court left it up to states to define who is sane or insane.

Walton's case is one of several pending around the country that have frequently been cited as important tests of the limits of the Supreme Court's ruling in Ford v. Wainwright.

Attorneys for Walton, 28, contend that Walton is mentally ill and mentally retarded and that his condition has further deteriorated since he has been on death row. His attorneys at trial never requested a competency hearing. A competency hearing was held three years ago as part of his appeals, and experts disagreed about his mental state.

In a rare move, less than two hours before his scheduled execution in June, Kaine asked three mental health experts to evaluate Walton to determine if he is competent to be executed. A spokesman for the governor said two of the three experts had completed reports on Walton's mental health, and one declined to review his case. The experts' conclusions will not be made public, the spokesman said.

Jennifer Givens, an attorney for Walton, said yesterday that there is little doubt that Walton is mentally ill, adding that she is pleased with the governor's decision.

"As we have predicted all along, the governor has determined that Walton's severe mental illness prevents him from understanding fully the punishment he is about to suffer and why he is to suffer it," Givens said.

The reprieve drew fire, however, from Kaine's political adversaries, who said Kaine, who twice defended death-row inmates as a private attorney, failed to deliver on his campaign promise to uphold the death penalty in Virginia. Kaine's former campaign opponent, former Republican attorney general Jerry W. Kilgore, said he was not surprised by the governor's decision.

"It's what we expected and what we said when we were on the campaign trail," Kilgore said. "It's a shame any time one person exerts his will over that of an unbiased jury and not only that, judges and appellate judges."

Virginia Attorney General Robert F. McDonnell (R) raised similar concerns in a statement yesterday, saying he "respects" Kaine's authority but thinks Walton should be executed. McDonnell said he is "concerned about the impact today's action could have on our justice system."

Since he took office, Kaine has allowed four executions to go forward.

Walton pleaded guilty in 1997 to killing Jessie and Elizabeth Kendrick, an elderly Danville couple, and his neighbor Archie Moore. Walton's current attorneys and his family maintain that he showed signs of the early onset of schizophrenia before his conviction.

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Yesterday's decision marked the third time in three years that the execution of Walton, 28, has been at least temporarily halted. In 2003, a federal judge delayed Walton's execution three days to hear testimony about his mental state. This June 8, after ordering an inquiry into his mental state, Kaine said there "is more than a minimal chance that Walton no longer knows why he is to be executed or is even aware of the punishment he is about to receive."

Nicknamed "Crazy Horse" by death-row guards for his bizarre behavior, Walton often refuses to shower and rarely speaks coherently, his attorneys say. Characterized as "floridly psychotic" by a psychiatrist, Walton has said that he will go to Burger King, that he will drive a motorcycle after his execution and that he believes his death will resurrect his three victims and his late grandfather, his attorneys said.

In March, Walton's case narrowly split the U.S. Court of Appeals for the 4th Circuit, which ruled 7 to 6 that his execution could go forward, saying that questions about whether Walton understood that his "death means the end of his physical life" bordered on the "metaphysical."

Last week, a North Carolina judge issued a 60-day stay in the case of Guy T. LeGrande, a convicted killer who wore a Superman T-shirt and sent letters to a judge signed "Lucifer" when he defended himself at his murder trial.

CIVIL LAW:

Trusts Busted (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, December 5, 2006

Harry Kananian died in the year 2000 of mesothelioma -- a cancer almost always caused by asbestos. But the legacy that may survive him is the role he is posthumously playing in exposing evidence of asbestos litigation fraud.

In early 2000, the Ohio resident met with the law firm of Early, Ludwick, Sweeney & Strauss to see about collecting compensation from special trusts set up by companies to deal with asbestos liabilities. So the law firm filed a claim to one trust, saying Kananian had worked in a World War II shipyard and was exposed to insulation containing asbestos. It also filed a claim to another trust saying he had been a shipyard welder. A third claim, to another trust, said he'd unloaded asbestos off ships in Japan. And a fourth claim said that he'd worked with "tools of asbestos" before the war. Meanwhile, a second law firm, Brayton Purcell, submitted two more claims to two further trusts, with still different stories. The two firms swept up as much as $700,000 for Kananian and his estate from trusts and settlements.

In the legal trade, this is known as "double dipping" -- the process by which lawyers file claims at many different bankruptcy trusts on behalf of a single plaintiff. Each trust is told a different story about how the client got sick, and the plaintiff collects from all of them. Of course, the lawyers collect too. This practice may well have remained unexposed had not Brayton Purcell decided to cash in on Kananian one more time. It sued Lorillard Tobacco, this time claiming its client had become sick from smoking Kent cigarettes, whose filters contained asbestos for several years in the 1950s. That suit has now exploded on Brayton, exposing one of the asbestos bar's more lucrative cash cows.

In Cleveland, Judge Harry Hanna of the Cuyahoga County Court of Common Pleas has been asked to rule on a motion to disqualify Brayton from the suit and bar it from practicing in Ohio. The firm stands accused by Lorillard of lying to the court, defrauding asbestos trust funds and obstructing discovery. Those accusations come via a raft of internal emails and documents, most if which are referred to in the court record, that tell a story of two law firms using contradictory stories to rake in money from bankruptcy trusts, then potentially trying to cover it up. All parties are under a gag order from the judge. Last week, Brayton Purcell, amazingly, requested to withdraw itself from the case. * * *

As the tort bar piled on endless -- and often bogus -- asbestos claims in the 1990s, many defendant companies started looking for a way out. One solution was to go into bankruptcy, turn over a huge chunk of money to an asbestos "trust," and emerge from Chapter 11 clear of asbestos woes. These trusts are responsible for one of the largest wealth transfers in history, shifting billions from companies and insurers to plaintiffs lawyers and their largely healthy customers. A number of large trusts are due to come online over the next year alone, with assets of $30 billion.

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Many trusts are run by the very lawyers who created them; that is, once the trust is created, the defendant company is no longer involved with claims, and the trial lawyers divvy up the money. These lawyers, because their contingency fees are based on the trust's payouts, have no incentive to ensure that applicants for compensation were actually harmed by that particular trust's product. While it is not illegal to file at different trusts (and some industrial workers were exposed in multiple ways), most such claims are vague or contradictory. Trust payments are also considered legal settlements and thus confidential. So while the asbestos bar may wrongly double dip, this is usually hard to prove.

Harry Kananian met with the firm Early Ludwick in February 2000. According to an Early email, he wasn't clear how he'd been exposed. He had, however, served in the Army in World War II and remembered several months on troop ships known to contain asbestos. On one such two-week trip he'd done welding. He also recalled working in a factory that was "dusty," as well as a "white powdery substance" when he was remodeling his house.

Early Ludwick then filed its multiple claims -- to the 48 Insulations trust, the Eagle Picher trust, the UNR trust, the Celotex trust and others. Brayton Purcell was also retained by the plaintiff and filed claims to Johns Manville and Bethlehem Steel. The discrepancies were never questioned until Brayton sued Lorillard Tobacco, and Brayton probably never thought the prior claims would be an issue. But Lorillard suspected Kananian had already collected on the basis of his work history -- and it argued the jury had a right to know. To Brayton's dismay, Judge Hanna agreed earlier this year.

When Brayton's lead counsel, Chris Andreas, started to realize in February that Judge Hanna would allow the claims as evidence, his first strategy was to sell Early Ludwick down the river. Mr. Andreas seemed to hope that, if the judge thought Early's work was erroneous, he wouldn't allow the claims into court, where they might sway a jury. Mr. Andreas said in court that the Early claims were "flat incorrect," "simply inaccurate," "absurd" and "the most misleading information that [he'd] ever seen." The judge was unmoved.

In a March 10 email, Mr. Andreas relates the bad news to his partners, and explains the problems with the original claims. To give one example: In the UNR claim (which stated Kananian had unloaded asbestos off ships), Mr. Andreas says that, in fact, Kananian only supervised Japanese workers who'd unloaded ships. Also, "there is absolutely no evidence that anyone shipped or unloaded Unibestos [a UNR product] on any of ship [sic] he was involved with during this period, least of all Mr. Kananian himself." The rest of the Early claims had similar problems, he said, admitting that in one of Brayton's own claims "we also overstate Mr. Kananian's exposure . . ." In a separate email he states, "there is no way what our client sent them matches what they put in these forms."

Mr. Andreas worries that "I am forced to try to explain them away as mistakes by clerks or [attorneys]. A jury is going to look down on this type of fabrication by lawyers and can use this information to dump plaintiffs by finding that." He then offers a choice: They can give the money back, in which case Judge Hanna won't allow the claims, or they can "go forward at trial" and try to get the jury to focus on something other than "unsworn claim forms that were just used to pry money out of a bankrupt" (my emphasis). The goal, he says in another email, is to "blame [Early] for bulls----ing the trusts."

Meanwhile, Lorillard was trying to subpoena the confidential trust claims. Brayton knew the judge would go ballistic if it tried to officially squelch this process, so instead it worked behind the scenes. When the Celotex trust informed the law firms that it had received a subpoena, and asked whether they would try to legally block the subpoena, one outside lawyer suggested they "respond to [Celotex] via phone requesting that they resist . . ." Mr. Andreas noted: "I would love if Celotex gave these a--holes a hard time."

When it became clear Lorillard would get its way, the strategy changed again. Brayton Purcell decided it would work with Early Ludwick to submit amended claims to the trusts. In Brayton's original claim to Johns Manville, for instance, the form had described Kananian as a "laborer" who had direct contact with asbestos. It also said he'd worked in "shipyard construction/repair" and listed several Manville products, by name, to which he'd been exposed. The amended claim instead listed Kananian's occupation as "other," noted that he'd only been on board a ship where Manville products were installed, removed any reference to shipyard work, and deleted any Manville products. Other trust claims were similarly purged.

But Brayton Purcell had a problem. It needed to change the forms to bolster the Lorillard suit, but it didn't want to raise alarms at the asbestos trusts. Its solution was apparently to try to make sure the trusts didn't look closely. Even as Mr. Andreas was telling his partners that the original Early claims were "fictional," he instructed those working on the new claims to tell the trusts

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they were only "correcting some clerical errors." Partner Al Brayton instructed his staff, according to an email, to "simply re-do the old claim form with the new answers and submit with a cover letter. Do not call them."

By spring, Judge Hanna was getting suspicious. To the firms' dismay, he took the rare step of allowing Lorillard to depose its opponents. Brayton Purcell emails show it wondering if the former office assistant who'd prepared the original Manville claim was "disgruntled." Mr. Brayton had already instructed an underling to "immediately brief all personnel preparing claim forms or efficiency responses that they are not to 'make up' information to make a claim qualify." But the firms continued to obstruct, and the judge had enough. This summer, he ordered up their emails.

Among other things, the emails show that raise questions about Mr. Andreas's candor with Judge Hanna. On March 10, Mr. Andreas told the court that he didn't know if the original Early Ludwick claims had even been submitted to the trusts, and said he would "welcome" documentation showing they had. In fact, on March 3 -- a week prior to Mr. Andreas's statement -- a paralegal at Brayton sent an email to Early Ludwick noting that "trial attorney, Christopher Andreas, asked that I follow up with your office on the total amount of settlements your office has obtained in this case." That same day, Early Ludwick sent back an email listing the trusts and how much money had been obtained from each. As for Mr. Andreas welcoming proof from the trusts, this was about the same time he was hoping Celotex would resist.

Then there's Mr. Andreas's knowledge of the claims. On March 23, he told Judge Hanna that his firm would "stand by" its original Manville form. In fact, the firm had submitted a revised claim the night before. When Judge Hanna found out, he asked if Mr. Andreas had known. His response: "I'll just tell you right on the record and I'll repeat it under oath at any other point, I did not know about it when we argued on [March 23]. I did not know it had been prepared." However, Mr. Andreas had been sent an email with the revised form on March 22 -- the night before his "stand by" comment -- and had replied, only two hours after receipt. * * *

Lorillard laid most of this out in a motion requesting that the judge dismiss the case, bar Brayton Purcell from Ohio, and turn the information over to the Justice Department. Lorillard is insisting the original claims were accurate, although Harry Kananian's real history remains the great mystery here.

Brayton Purcell in November filed a 101-page document, arguing that Kananian's mesothelioma was caused by the "total dose of inhaled asbestos from all products," including Kent cigarettes. Regarding its desire to alter the claims, it said it believes the jury had a right to accurate evidence. It addressed one issue, claiming that "while it may be true" that Mr. Andreas knew about the amended claim form even as he said he "stood by" the original, his statement related to the "overall accuracy" of that original. Then, last week, it filed a motion asking to be withdrawn, although it said it was doing this to help its client, not because of the allegations. Mark Abelson, of Campagnoli, Abelson and Campagnoli, an attorney for Brayton Purcell, says: "At this point in time, we don't believe that the Brayton Purcell firm had done anything wrong. It is my belief that Lorillard is making every attempt to create tangential issues to the litigation that will delay and deflect any actual trial on the merits of their own conduct." Early Ludwick had no comment. Lorillard did not return a call.

Judge Hanna has continued to push back the trial date until the claims issue is resolved. A hearing is set for this week, and it isn't clear he'll allow Brayton to withdraw and thus escape any further scrutiny.

Whatever happens, the exposure of this trust scam is bolstering a new wave of oversight. Judges are already taking a closer look at silicosis claims and "prepackaged" bankruptcies -- both cash cows for the trial bar. Just last week, a separate Ohio judge ruled that an asbestos plaintiff must turn over any prior claims to a bankruptcy trust. Similar rulings have been handed down in Virginia and California.

Meanwhile, reform proposals are beginning to emerge. One idea is for the trusts to release data about claimants, so that other trusts and defense attorneys can review existing claims. Some lawyers are requesting that active litigation be put on hold until companies can see who claimed from trusts. That this hasn't already happened is the fault of bankruptcy judges, who have been unresponsive to requests for more oversight of the trusts they help create.

A cleaner system would help true victims. Some lawyers for mesothelioma victims feel the need to file many claims because trusts are drying up -- making it difficult to get decent compensation. The feeding frenzy by plaintiffs lawyers who cash in repeatedly, often on behalf of plaintiffs who are entirely healthy, often leaves little for those who are truly ill. It isn't justice: It's fraud.

Ms. Strassel is a member of the Journal's editorial board, based in Washington.

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CIVIL RIGHTS:

Diversity Programs May Face Ax (USAT)

By Joan Biskupic

USA Today, December 5, 2006

WASHINGTON — The Supreme Court appeared ready Monday to strike down public school diversity programs that use race as a factor in deciding where students go to school.

In the first test of school integration efforts to come before the court since Chief Justice John Roberts and fellow conservative Samuel Alito joined the bench last term, the justices heard two cases — one from Seattle, the other from Louisville — that examine whether using race in school assignments violates the Constitution's equality guarantee.

The court has supported affirmative action policies in education, most recently in 2003, when Justice Sandra Day O'Connor joined the nine-member court's four liberals to allow colleges to consider race in admissions to get diversity.

O'Connor is retired now, replaced by Alito. And Monday's two hours of arguments indicated that the court is moving toward a harder line on race-based policies.

The key player appeared to be Justice Anthony Kennedy, who is at the ideological center of the court. As the liberals asked questions that suggested they supported the school districts' policies, Kennedy joined conservative justices in expressing skepticism about programs that transfer some students out of their neighborhoods to counteract racially segregated housing patterns in those cities.

Kennedy bristled at the notion of "characterizing each student by the color of his or her skin," even for benevolent reasons. He rejected arguments that such policies do not stigmatize or otherwise harm students because all pupils end up with a place in a classroom, even if they are denied the school of their choice.

"The question is whether or not you can get into the school that you really prefer," Kennedy said. "And that in some cases depends solely on skin color. You know, it's like saying everybody can have a meal but only people with (a particular) skin can get the dessert."

Also challenging the policies were Roberts, Alito and Justice Antonin Scalia. Justice Clarence Thomas, the only African-American justice, asked no questions but has made clear in the past that he opposes using race as a factor to address past discrimination.

If the court rules against the districts, it could spell the end to school policies across the nation that use race as a criterion for enrollment and other decisions. The impact of a ruling would depend on its scope. Kennedy suggested that policies such as those in Louisville and Seattle that use race determinatively were unconstitutional but that "magnet" programs that enroll students voluntarily in a racially mixed school might be permissible.

Liberal Justice Stephen Breyer, whose questions indicated he backed the school districts, lamented the possibility that they would not be able to use race-conscious methods to continue integrating schools.

"It seems to me … that there is a terrible problem in this country," he said. "There are lots and lots of school districts that are becoming more and more segregated, and school boards all over are struggling with this problem. If they knew an easy way, they would do it."

Breyer and the other liberals — John Paul Stevens, David Souter and Ruth Bader Ginsburg — suggested a ruling against the school districts could undermine Brown v. Board of Education, the landmark 1954 ruling in which the court abolished the doctrine of "separate but equal" and began the nation's history of school desegregation.

Attorneys on both sides of the issue Monday, whether supporting the school systems' integration efforts or challenging them as wrongly perpetuating the use of race, contend that their side embodies the legacy of Brown.

The significance of the cases — and of their potential impact on the 1954 landmark — was apparent in the courtroom. Among the spectators was Cecilia "Cissy" Marshall, the widow of the late Justice Thurgood Marshall, the nation's first black justice and a legal architect of desegregation. Also in the court was William Coleman, who was part of Marshall's legal team in 1954, went on to become secretary of Transportation in the Ford administration and is now a lawyer in Washington.

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Outside the marble-columned building, supporters of the integration programs vastly outnumbered challengers. They chanted, “Equal education, not segregation.”

However, it is the challengers — mostly white parents whose children were not assigned to their schools of choice — who seemed more likely to prevail.

Supreme Court Weighs School Diversity Cases (MCT)

By Stephen Henderson

McClatchy Newspapers, December 5, 2006

WASHINGTON - In historic arguments over voluntary school desegregation plans in Seattle and Louisville, Ky., a majority of the Supreme Court seemed highly skeptical Monday that race can be used even as a "tipping factor" in the decision to move students around to produce racially diverse schools.

But Justice Anthony Kennedy, probably the decisive vote on the matter, also seemed to stop short of embracing assertions that the Constitution always requires colorblind approaches to school integration, such as magnet schools.

Either way, the court effectively could end voluntary integration plans that are in place in dozens of school districts across the country by next spring. That would force administrators to come up with more subtle ways to ensure that children don't attend schools that reflect the nation's still-segregated housing patterns. Kennedy's distinctions might be the only hope for school districts that want to desegregate.

"When it came to the plans at issue, Kennedy certainly seemed to evince a good deal of hostility," said Ted Shaw, the executive director of the NAACP Legal Defense and Education Fund, which is supporting the school districts in the cases.

"But I also think he was trying to figure out where the stopping point was or how far the argument ought to go," Shaw said. "I think he was looking for a limiting principle" for the idea of government colorblindness.

Kennedy was joined by Chief Justice John G. Roberts, Justice Antonin Scalia and Justice Samuel Alito in his criticism of the school plans. Justice Clarence Thomas, a longtime critic of race-conscious policies, typically doesn't speak during oral arguments but is widely expected to object to the plans.

The cases, Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education, mark a return for the justices to the dicey question of how race fits into the Constitution, and how the nation's past can be confronted.

The school districts say integration is a key component of a public education, and is compelling enough by law to justify a limited use of race in policies designed to produce that integration.

Scalia was especially dubious of the argument, advanced by a lawyer for the Seattle schools, that the plans were justified as a way to combat segregation.

"Can you think of any area of law in which we say whatever it takes, so long as there's a real need?" Scalia asked. "I mean, if we have a lot of crime out there and the only way to get rid of it is to use warrantless searches, you know, fudge on some of the protections of the Bill of Rights, whatever it takes, we've got to do it?"

"It seems to me you're saying you can't make an omelet without breaking eggs," Scalia said.

Kennedy seemed closer to Justices John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer on the question of whether race-conscious policies should be permitted at all.

Breyer was particularly exercised over assertions that race-conscious integration efforts, which have been mandated by courts seeking to remedy past segregation, could be deemed unconstitutional outside the context of a court order.

"How could the Constitution, the day that that decree is removed, tell the school board it cannot make that effort anymore, it can't do what it's been doing, and we'll send the children back to their black schools and their white schools?" Breyer asked.

Kennedy was quite pointed in his criticism of the Seattle and Louisville plans, saying that unlike more nuanced measures, they characterize "each student by reason of the color of his or her skin.

"That is quite a different means. And it seems to me that should only be, if ever, allowed as a last resort."

But Kennedy also signaled to lawyers for parents who've challenged the assignment plans that race neutrality may not always be required.

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In Seattle, an "open choice" student-assignment plan allows high school students to pick a number of schools they'd like to attend. They're generally granted their choices, but if a school has too many applicants, the district takes several other factors into account to decide who got in.

One of them is race, which is used to prevent most schools from having demographics that differed wildly from the district as a whole.

In Louisville, after public schools were released from a court-ordered desegregation plan in 2000, administrators chose to continue an integration plan. Students choose from among several schools near their homes, and the district assigns them based, in part, on maintaining a racial balance in each school.

But parents, including some blacks, in both districts sued after their children were denied entry to neighborhood schools or schools they otherwise wanted to attend. They say the districts' policies discriminate on the basis of race, something the 14th Amendment to the Constitution doesn't permit.

The parents are supported in both cases by the Bush administration, which has consistently argued that while diversity is a compelling interest, it must be achieved through race-neutral means.

The cases' arguments echo the court's 2003 rulings on college affirmative action, which carved a narrow berth for race-conscious admissions as a way to enhance campus diversity. The school districts rely directly on the reasoning in those cases to support their policies.

The cases also reach back to Brown v. Board of Education, the landmark 1954 case that ordered an end to public school segregation. Brown at one time was used to support massive involuntary busing and sweeping, court-ordered desegregation plans, and its promise of integrated public schools is the legal force behind the voluntary plans that exist today.

A decision is expected by the end of June.

Court Reviews Race As Factor In School Plans (NYT)

By Linda Greenhouse

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — By the time the Supreme Court finished hearing arguments on Monday on the student-assignment plans that two urban school systems use to maintain racial integration, the only question was how far the court would go in ruling such plans unconstitutional.

There seemed little prospect that either the Louisville, Ky., or Seattle plans would survive the hostile scrutiny of the court's new majority. In each system, students are offered a choice of schools but can be denied admission based on their race if enrolling at a particular school would upset the racial balance.

At its most profound, the debate among the justices was over whether measures designed to maintain or achieve integration should be subjected to the same harsh scrutiny to which Brown v. Board of Education subjected the regime of official segregation. In the view of the conservative majority, the answer was yes.

While there is no reliable data on how common these plans are, they are thought to be widespread among school districts where residential patterns would otherwise produce neighborhood schools of one race or nearly so. Depending on how broadly the court rules, possibly hundreds of districts would need to modify or scrap voluntary integration plans.

The National School Boards Association as well as the Council of the Great City Schools, representing 66 urban districts, filed briefs on behalf of Seattle and Louisville, warning of impending disruption if the justices overturn the lower court rulings that upheld the two plans.

The Supreme Court had declined to review a similar voluntary integration plan in Massachusetts last year, shortly before the retirement of Justice Sandra Day O'Connor and the arrival of Justice Samuel A. Alito Jr. But in June, after weeks of internal debate, the justices accepted these two appeals.

One was filed by a white woman in Louisville whose son was denied a transfer to attend kindergarten in a school that needed black rather than white students in order to keep its black population at the district's required minimum of 15 percent.

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The other was filed by parents in Seattle who organized as a corporation to oppose the plan there, which applies only to the city's 10 high schools. A racial "tiebreaker," used when a high school attracts more students than there are places, intends to keep the schools within 15 percent of the district's overall makeup, which is 60 percent nonwhite.

Before the arguments on Monday, the challenge for the school board lawyers defending the plans, along with their allies in the civil rights community, had appeared to be to persuade the justices that the appropriate analogy was not to affirmative action, a freighted subject for the court in which benefits are bestowed on one group and withheld from another, but rather to integration, in which the goal is to educate everyone as equally as possible.

But by the end of the tense two hours of argument, that effort had not so much failed as it had become irrelevant. Lawyers for the school systems found themselves struggling, under the justices' questioning, to meet the even more basic challenge of explaining why the plans should be seen as something different from the intentional segregation that the court struck down in Brown v. Board of Education.

For example, Michael F. Madden, the Seattle district's lawyer, tried to argue that because the Seattle high schools were "basically comparable," and "everyone gets a seat," the court should not view the plan as "a selective or merit-based system where we adjudge one student to be better than the other."

It was, Mr. Madden said, "a distributive system" that was "quite wholly dissimilar to a merit or selective-based system."

Chief Justice John G. Roberts Jr. countered, "Saying that this doesn't involve individualized determinations simply highlights the fact that the decision to distribute, as you put it, was based on skin color and not any other factor."

He added: "I mean, everyone got a seat in Brown as well. But because they were assigned to those seats on the basis of race, it violated equal protection. How is your argument that there's no problem here because everybody gets a seat distinguishable?"

"Because segregation is harmful," Mr. Madden replied.

"It's an assignment on the basis of race, correct?" the chief justice persisted.

It was, Mr. Madden replied as his 30 minutes ran out and the red light came on, an effort "to bring students together in a mix that is not too far from their community."

As the arguments proceeded, the court's more liberal members appeared increasingly and visibly dispirited. Justice Ruth Bader Ginsburg tried unsuccessfully to turn the chief justice's colloquy with Mr. Madden in a different direction. The question of whether "using racial integration is the same as segregation," she said, was "pretty far from the kind of headlines that attended the Brown decision."

Bringing "white and black children together on the same school bench," Justice Ginsburg continued, "seems to be worlds apart from saying we'll separate them."

Justice Stephen G. Breyer let his frustration show in several exchanges with Solicitor General Paul D. Clement, who argued the Bush administration's position as a "friend of the court" for the challengers and against the school systems in both cases.

"Think, go back to Cooper v. Aaron," Justice Breyer told the solicitor general, referring during the argument in the Louisville case to the court's 1958 decision enforcing a desegregation order in Little Rock, Ark. "Go back to the case where this court with paratroopers had to use tremendous means to get those children into the school. That's because the society was divided."

He continued: "Here we have a society, black and white, who elect school board members who together have voted to have this form of integration. Why, given that change in society, which is a good one, how can the Constitution be interpreted in a way that would require us, the judges, to go in and make them take the black children out of the school?"

"Well, I understand that, Justice Breyer," Mr. Clement said. "But I think the answer to that is that the lesson of history in this area is that racial classifications are not ones where we should just let local school board officials do what they think is right."

The Louisville plan, adopted in 2000 as the formerly segregated district emerged from 25 years of federal court supervision, provides that all schools should have a black student enrollment of no lower than 15 percent and no greater than 50 percent. The district as a whole, which includes suburban areas of Jefferson County as well as the city of Louisville, is about one-third black.

Mr. Clement said the 15-to-50-percent range was a "strict racial band" that was not sufficiently "narrowly tailored" to satisfy the "strict scrutiny" to which the court's precedents subject government actions that are based on race. The administration's

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position is that those choosing to adjust the racial balance in their schools should do so by “race-neutral means,” like magnet schools that attract children across racial lines.

“There’s a fundamental difference between whether or not the policy manages to avoid classifying people on the basis of their race,” the solicitor general said.

Justice David H. Souter asked Mr. Clement why this position was not just another way of saying that “the important thing is simply to hide the ball.” If improving the racial mix was the objective, Justice Souter asked, “why can’t they do that candidly?”

There were “several responses,” Mr. Clement answered. “One is that the Constitution puts a particular premium on avoiding express racial classifications.”

Justice Anthony M. Kennedy asked the lawyers a series of questions designed to test the outer reaches of their positions. Could a school district deliberately place a new school in a location designed to supply a racially mixed student body, he asked, and appeared displeased when Harry J. F. Korrell, the lawyer representing the parents challenging the Seattle plan, answered no.

While his questions suggested that he would not rule out any and all policies undertaken with a knowledge of the probable racial consequences, Justice Kennedy made clear his distaste for the policies at issue in these cases, Parents Involved in Community Schools v. Seattle School District, No. 05-908, and Meredith v. Jefferson County Board of Education, No. 05-915.

To Mr. Madden, the Seattle district’s lawyer, Justice Kennedy said that unlike magnet schools, special resources, or school location decisions, “you’re characterizing each student by reason of the color of his or her skin.”

He continued: “That is quite a different means. And it seems to me that that should only be, if ever allowed, allowed as a last resort.” <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Supreme Court Could Rule Against Use Of Race For Public School Diversity (LAW)

By Tony Mauro, Legal Times

Legal Times, December 5, 2006

The Supreme Court appeared headed on Monday toward a ruling that will sharply limit, if not eliminate, the use of race as a factor in assigning students to public schools to achieve diversity.

During two hours of oral argument, Justice Anthony Kennedy, whose vote may determine the outcome of the case, seemed deeply skeptical of the constitutionality of using race as a factor, especially in a school district that has already been declared "unitary" and ended efforts to desegregate.

"If we, for the first time, say that a system that has achieved unitary status ... can turn around and use individual skin color. ... We've never said that," Kennedy exclaimed at one point. "That takes us on a very perilous course."

A ruling against the use of race could have a broad impact in school districts nationwide that use a variety of race-conscious methods to cure racial imbalances caused by housing patterns. Civil rights leaders who were among the spectators packing the courtroom Monday were pessimistic afterward.

"If they are inclined to view these voluntary measures in the same light as segregation and any use of race is constitutionally suspect, then God help us," said Ted Shaw, director and counsel of the NAACP Legal Defense and Educational Fund. "I'm not going to predict defeat, but it's an uphill fight after what we heard today."

At issue in Parents Involved in Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education were programs aimed at achieving racial diversity and balance throughout the public schools of Seattle and Louisville, Ky., respectively.

Parents whose children were not admitted to their school of choice because they would have upset the desired racial mix challenged the programs. But in both cases, appeals courts upheld the programs.

One measure of the tenor of the arguments Monday was the repeated effort by Justice Stephen Breyer to remind his colleagues about long-standing Court precedents, ranging from Swann v. Charlotte-Mecklenburg Board of Education to Cooper v. Aaron, which in his view support the use of race to achieve public school diversity.

Swann, the 1971 ruling that allowed the use of busing and racial balancing to eliminate lingering segregation, was repeatedly cited by Breyer. Once desegregation is achieved through these measures, Breyer said almost plaintively, "How could

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the Constitution ... tell the school board it cannot make that effort anymore, it can't do what it's been doing, and we'll send the children back to their black schools and their white schools?"

Teddy Gordon, representing the Louisville parents who challenged the school board's use of race, replied that race-based remedies are no longer appropriate once past desegregation programs have ended. "Once you've achieved the unitary status, you no longer get to carve out that exception to the Fourteenth Amendment," Gordon said.

Louisville School Board lawyer Francis Mellen Jr. responded by arguing that the program has effectively maintained the desegregation that was achieved after a court order started the process in the 1970s. "This case presents a story of a board of education that has replaced a desegregation decree with a student assignment plan that works."

Justices David Souter and Ruth Bader Ginsburg, and John Paul Stevens to a lesser extent, also seemed determined through their questioning to salvage the argument in favor of race-conscious school programs. Souter, for example, pointed out that the only harm Seattle or Louisville students suffer because of the race factor is that they might not get to go to their first-choice schools. But unlike university affirmative action programs that might result in qualified white students not gaining admission, the elementary and secondary schools will still educate all students in the district. "The principal benefit is the education, not the choice of schools," Souter said.

But Harry Korrell, who represented the Seattle parents who challenged that city's program, said the use of race as a factor "strikes at the heart of the equal protection clause, which commands that government treat people as individuals, not simply as members of a racial class."

The only sign from Kennedy that he might not rule out all uses of race came when he repeatedly asked whether a school board could choose the site of a new school with the goal of achieving racial balance in light of residential demographics. Korrell said if racial equality was the sole goal, it would be unconstitutional. But he allowed that if race was just one of several factors, it might be permissible if analyzed in the same way the Court has handled race-based redrawing of voting districts.

Solicitor General Paul Clement argued that "in the real world," race is rarely the only factor in such decisions, implying that they could be permitted if other factors predominate. Clement participated in both cases, arguing against the use of race. He said race-neutral means are still available to school boards to achieve a racial mix, adding that "the lesson of history" is to oppose racial classifications by local school boards.

Silent during the entire two hours was Justice Clarence Thomas, the Court's only African-American member. In past rulings and speeches, Thomas has made it clear he opposes affirmative action and thinks it stigmatizes blacks. He has also argued that black students don't necessarily get a better education just because white students are in their midst.

At one point late in the arguments, Thomas leaned forward as if to start asking a question or making a comment, but he apparently thought better of it and leaned back again, allowing the clock to run out on arguments in what could be the most important civil rights cases in years.

Court Hears Cases On Schools And Race (WP)

By Robert Barnes

The Washington Post, December 5, 2006

Supreme Court deliberations are private, but yesterday's oral arguments on whether it is constitutional to allow school systems to use race in making school assignments became as much a public debate between the divided justices as a questioning of lawyers.

And after two hours, it seemed to reflect a court majority highly skeptical of the proposition that the benefits of racially diverse public schools can justify any restriction on an individual's constitutional right to equal protection.

"You're characterizing each student by reason of the color of his or her skin," Justice Anthony Kennedy told a lawyer representing the Seattle school board. "And it seems to me that that should only be, if ever allowed, allowed as a last resort."

The ultimate decision is likely to be one of the most defining of the court headed by the new chief justice, John G. Roberts Jr., and a powerful statement about where the nation stands more than 50 years after Brown v. Board of Education demanded an end to segregated schools.

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The court, encouraged by the Bush administration, has grown increasingly distrustful of racial classifications, and it reached out to take up the cases challenging schools in Seattle and Louisville even though appeals courts had upheld them as constitutional.

Because of the stakes, the day at the court took on a feeling of great import -- there were demonstrations on the plaza out front, some people camped overnight in freezing temperatures to secure a spot in the courtroom, and the lines for members of the bar began forming before dawn. More than 50 organizations weighed in with supporting briefs, mostly on the side of the school boards.

With the departure of Sandra Day O'Connor, Kennedy is seen as the justice mostly likely to depart from his normally conservative outlook. His active questioning of lawyers representing the school boards, who have been sued by white parents whose children were denied their first choice of schools, was the most closely watched.

He noted that even the Bush administration, which intervened on behalf of the white parents, said in its brief that "school districts have an unquestioned interest in reducing minority isolation," but it added that only if it were achieved by "race-neutral means."

"Isn't it odd jurisprudence where we have an objective that we state in one set of terms but a means for achieving it in another set of terms?" he asked Solicitor General Paul D. Clement.

But he also repeatedly questioned the constitutionality of allowing a school system, especially one that has remedied past discrimination, to make school assignment decisions based "solely on skin color." Kennedy seemed to disapprove of the school boards' argument that students weren't being harmed because they still were getting school placements.

"You know, it's like saying everybody can have a meal but only people with separate skin can get the dessert," he said.

In the cases at issue -- Parents Involved in Community Schools Inc. v. Seattle School District and Meredith v. Jefferson County (Ky.) Board of Education-- both systems offer parents and students a choice of schools, partly to achieve a level of integration that wouldn't otherwise be possible because of racially segregated housing patterns.

Both set goals for white and minority representation at schools and, along with other factors, made decisions about school assignments based on a student's race. The previous time Seattle used the system -- it has stopped because of the litigation -- about 100 minority students and 200 white students didn't get their first choice.

The Louisville-Jefferson County plan was implemented after the school system emerged from a 25-year desegregation plan overseen by the federal courts. The goal was to maintain the racial integration it had achieved.

Justice Ruth Bader Ginsburg noted that the federal government was now challenging a system it had once championed.

"What's constitutionally required one day gets constitutionally prohibited the next day," she mused. "That's very odd."

Along with the other liberal justices -- John Paul Stevens, David H. Souter and Stephen G. Breyer -- she seemed to agree that a limited use of race to maintain a more integrated system should be sanctioned.

It set up an interesting debate among the justices in which the liberals argued for a deference to local officials who have found a system that for the most part their constituents like, and conservatives arguing for the strict color-blind protections of the 14th Amendment.

Roberts noted that in segregated school systems, students were also guaranteed a spot, but "because they were assigned to those seats on the basis of race, it violated equal protection."

Ginsburg responded that questioning whether using racial criterion to achieve integration "is the same as segregation, it seems to me is pretty far from the kind of headlines that attended the Brown decision."

Justices Reconsider Race-based School Admissions (WT)

By Amy Fagan

The Washington Times, December 5, 2006

The Supreme Court yesterday explored the question of how far districts can go in ensuring diverse public schools, hearing cases from parents in Louisville, Ky., and Seattle who argue it is wrong to use race as a factor in assigning students to schools.

At issue is whether students can be denied admission to their top choice of public school and assigned elsewhere in order to keep the schools racially mixed.

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Attorneys for the school districts argued race is just one of several factors taken into account and usually isn't the main factor. But they said without the plans it would be very difficult to prevent more schools from being segregated by choice or by reflecting the racial makeup of the neighborhood.

"Ultimately, we'd have a resegregated school system," said Francis Mellen Jr., who represented the Louisville schools.

Louisville's schools followed a systemwide federally mandated desegregation plan for 25 years and the board ultimately decided to keep much of it in place. Mr. Mellen said it is a success story that has support from both black and white parents.

Lawyers challenging the programs, including a representative from the Justice Department, said a racially diverse school is a fine goal, but there are ways to achieve it without using what amounts to unfair racial quotas.

"This strikes at the heart of the Equal Protection Clause [of the 14th Amendment], which commands that government treat people as individuals, not simply as members of a racial class," said Harry Korrell, who represented a group of Seattle parents.

The court's more liberal justices seemed to have no problem with using race to keep schools mixed and said the plaintiffs' thinking simply doesn't compute. "It's very hard for me to see how you can have a racial objective, but a nonracial means to get there," said Justice Ruth Bader Ginsburg.

Conservative justices -- including Chief Justice John G. Roberts Jr. and Samuel A. Alito Jr., the court's two newest members, appointed by President Bush -- did not seem thrilled with the programs.

Justice Anthony M. Kennedy, who could be the deciding vote, said the Seattle program, which applies to high school students, seems to be saying that "everybody can have a meal," but only some people get "dessert," since certain students are denied access to schools they want owing to their race.

Mr. Korrell said that happened to about 300 Seattle high school students, both black and white.

Michael F. Madden, representing the Seattle school district, argued that the students aren't being denied admission; rather, the seats are simply being distributed. But Justice Roberts said, "The decision to distribute, as you put it, was based on skin color and not any other factor."

Rulings in the cases are expected to be handed down by the end of June.

Repeated reference was made yesterday to a 2003 case in which the Supreme Court OK'd a law school affirmative-action program at the University of Michigan.

Mr. Madden said it is hard to compare the Seattle case, since it doesn't deny one student a better education than another student. "This is not like being denied access to a state's flagship university," he said.

Outside of the court, Theodore M. Shaw, director of the NAACP's Legal Defense and Educational Fund, said that if the court rules against these programs "it will be a reversal of historic proportions."

He said Justice Kennedy was especially "active" in the questioning and is usually difficult to convince on desegregation cases.

• This article is based in part on wire service reports.

Court Appears Likely To Bar School 'Racial Balancing' (LAT)

By David G. Savage

The Los Angeles Times, December 5, 2006

WASHINGTON — The Supreme Court justices, hearing arguments on school integration, signaled today that they are likely to bar racial guidelines for assigning students to the public schools.

Such a ruling would deal a blow to civil rights lawyers and to school officials nationwide who had hoped to maintain a semblance of classroom integration in cities whose neighborhoods are divided along racial lines.

It would be a major victory for those who have called for "color blind" decision-making by public officials.

At issue today were the integration guidelines adopted by the schools boards in Seattle and Louisville, Ky. They were challenged by parents of the small number of students, most of them white, who were denied their first choice in schools because of race.

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All the justices who spoke up during the argument agreed that racial integration is a laudable goal. However, a narrow majority of them, in comments and questions, said the Constitution forbade shifting children from one school to another based on their race.

"Outright racial balancing is patently unconstitutional," said Justice Anthony M. Kennedy, a centrist who often casts the deciding vote. "And that seems to be what you have here," he told the lawyer defending Seattle's program, whose guidelines gave "nonwhite" students first choice for enrolling in its most popular, predominantly white high schools.

Agreeing with Kennedy, Chief Justice John G. Roberts said, "The purpose of the equal protection clause is to ensure that people are treated as individuals rather than based on the color of their skin."

No students have been excluded from school because of their race, responded Michael Madden, the school board's lawyer. They may be assigned to a "different [but] basically a comparable school."

"Everyone got a seat in Brown as well," replied Roberts, referring to the landmark decision that struck down racial segregation. "But because they were assigned to those seats on the basis of race, it violated equal protection."

Madden disputed the comparison between forced segregation and voluntary integration. "Segregation is harmful" to students, while integration "has benefits," he said.

Achieving racial diversity "is certainly an admirable goal," said Justice Antonin Scalia. "Even if the objective is O.K., you cannot achieve it by any means whatsoever.... I thought one of the absolute restrictions [in the Constitution] is that you cannot judge and classify people on the basis of their race."

Justice Samuel A. Alito Jr. also skeptically questioned the school lawyers. Justice Clarence Thomas, though he said nothing today, has always insisted that public officials may not treat individuals differently because of their race.

Until today, civil rights lawyers held out hope that Kennedy — and perhaps Roberts — might vote to uphold the local school boards that pursued voluntary school integration. But both made clear that they believe explicitly that race-based plans cannot stand.

School Desegregation Faces Big Test (WSJ)

By Jess Bravin

The Wall Street Journal, December 5, 2006

WASHINGTON -- In twin cases that could define the 21st-century meaning of Brown v. Board of Education, the Supreme Court weighed arguments for barring local school boards from voluntarily adopting race-conscious integration plans.

Both sides in the cases claim to be asking for a modern-day interpretation of the Brown decision, the landmark 1954 ruling that abolished official segregation in public education. The cases pit parents challenging race-conscious enrollment plans, who say Brown forbids any consideration of race, against an education establishment that argues that the legacy of American segregation requires continued efforts to foster integration.

At stake, education officials say, are hundreds of integration plans voluntarily adopted by school boards from Lynn, Mass., to St. Petersburg, Fla.

With four justices seen as likely to oppose such programs, and four others as likely to find them constitutional, the focus was on Justice Anthony Kennedy. In comments yesterday, Justice Kennedy suggested discomfort with race-conscious school assignments, regardless of their assertedly benign purposes.

Justice Kennedy appeared to accept the idea that government sometimes can factor race in its decisions, such as considering the racial composition of various neighborhoods when considering sites for new schools, so they would draw a diverse enrollment. But programs that classify specific individuals by race are "perilous," he said.

One case that came before the court yesterday involved Seattle, a city that never suffered official segregation and whose enrollment policy allows students to select any of 10 high schools. When a particular school has more applicants than seats, officials use several tiebreaking factors -- including race -- to attain an enrollment that roughly mirrors the citywide student population. Whites account for 40% of the population, with blacks, Asian-Americans, Hispanics and Native Americans making up the remaining 60%.

MORE

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• Washington Wire: Scalia v. Breyer1

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• Read the case docket3 and the transcript4 in Parents Involved in Community Schools. v. Seattle School District. No. 1.

• Read the case docket5 and the transcript6 from arguments in Meredith v. Jefferson County Board of Education.

The second case came from Louisville, Ky., which once ran a dual school system that reserved some campuses for whites, others for blacks. A 1975 federal court order imposed mandatory busing to desegregate the schools. A judge dissolved the order in 2000, finding the schools had been successfully desegregated.

Local authorities, seeking to maintain integrated campuses, decided to continue the desegregation policy, which aims to keep black enrollment at each school between 15% and 50%. As a whole, the system's enrollment is 34% black.

A parent group in Seattle and a white parent in Louisville sued in the two respective cases, contending that racial classifications violated the 14th Amendment's Equal Protection Clause. Federal appeals courts disagreed, and the parents, backed by the Bush administration, petitioned the Supreme Court.

A half-century ago, the Brown decision set in motion an aggressive, court-driven effort to root out segregation in public schools. In that case, a unanimous Supreme Court stunned the nation by declaring "separate educational facilities...inherently unequal," and thus unconstitutional. A generation of court-ordered busing to desegregate black and white student enrollment followed, a contentious policy that drove some white families to suburbs from cities in an effort to avoid participation.

But with official segregation a fading memory, the justices have confronted the more difficult question of when government can consider race for purportedly beneficial purposes and not to cure state-mandated discrimination. The court's precedents call for strict scrutiny of race-conscious polices to ensure that they are "narrowly tailored" to achieve a "compelling governmental purpose."

The court has struck down government contracting programs that gave an advantage to minority-owned businesses. But in 2003 it upheld race-conscious criteria at the University of Michigan law school, because "attaining a diverse student body" was a compelling interest.

The dynamics were different yesterday. Not only were the institutions elementary and secondary schools rather than universities, but the author of the 5-to-4 Michigan decision, Justice Sandra Day O'Connor, has been replaced with Samuel Alito. Like Chief Justice John Roberts, Justice Alito worked as a lawyer in the Reagan administration, which strongly opposed most programs that took account of race. At yesterday's arguments, the two new justices seemed to hew to those views, as did Justice Antonin Scalia. Justice Clarence Thomas, who by custom never speaks at arguments, consistently has opposed race-conscious programs.

The court's four more liberal members suggested that U.S. society still bears the legacy of the nation's history of racial discrimination and that school officials should be free to craft enrollment policies to promote diversity. Justice Ruth Bader Ginsburg observed that in 1975, Louisville officials had been forced to accept a desegregation plan, but after the court order was lifted, decided "it's worked rather well, so we'll keep it." How can "what's constitutionally required one day" be "constitutionally prohibited the next day?" she said. "That's very odd."

But the Louisville schools' attorney, Francis Mellen, said prior official segregation was irrelevant to his argument. "We stand on the same footing as the Seattle district, as a unitary district," he said in reply to a question from Chief Justice Roberts.

A decision is expected by the end of the court's term, in June.

Separately, the justices declined to hear a petition from R.J. Reynolds Tobacco Co. to toss out a lawsuit from a longtime smoker.

Outside, A 'Fight For Equality' (WP)

By Keith L. Alexander

The Washington Post, December 5, 2006

Chanting slogans and waving signs, thousands of demonstrators -- mostly high school and college students and teachers -- gathered yesterday on the steps of the Supreme Court to support the use of race in programs to maintain school integration.

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Demonstrators from as far as California, along with students from Washington area high schools and universities, braved the breezy, 40-degree weather and gathered on the court steps as early as Sunday night to protest a case that the demonstrators said could reinstitute school segregation. Then, holding signs saying "Fight for Equality" and chanting "by any means necessary," they marched down Independence Avenue for a rally at the Lincoln Memorial.

Inside the court, the justices considered arguments in the case, which challenges school diversity programs that take into account the race of students. The demonstrators agreed with attorneys for schools in Seattle and Louisville, who argued that race remains a necessary tool.

On the steps of the memorial, student leaders defended affirmative action policies in public schools and demanded school improvements. Three busloads of students from the District's Ballou Senior High School called for better facilities.

"We want better computers," said Brenda Bell, 15, a Ballou sophomore. "No dripping ceiling. We have broken water fountains. We have mice. Our schools should be as nice as schools everywhere else in this city."

Charles J. Ogletree Jr., a Harvard Law School professor and one of the organizers of the march, said the biggest difference between yesterday's demonstration and previous marches was the role of teenagers and young adults.

"Young people were leading this effort to preserve opportunities for the children of tomorrow," Ogletree said. "This wasn't the usual suspects. It was the youth who saw this as such an important effort that they had to mount this movement. And they did so in a very impressive way."

Organizers estimated that as many as 5,000 demonstrators gathered outside the Supreme Court, but the number declined as the day wore on. By the time the march reached the steps of the Lincoln Memorial at noon, about 1,000 remained.

Students wearing paraphernalia from Howard University, Hampton University, the University of Michigan, Morehouse College, Clark Atlanta University and other colleges raised their fists and chanted, "Give kids good schools."

About 30 students from Hampton University left their campus in Hampton, Va., at 5:30 a.m. on a chartered bus to arrive in time for the demonstration. "We wanted to support the cause and make sure our voice was heard," said Hampton student Dominique Green, 18.

Dozens of people camped out on the steps of the Supreme Court to be among the 50 or so members of the general public to receive tickets to hear the arguments in the courtroom. Anurima Bhargava, 30, an NAACP Legal Defense and Educational Fund lawyer, said she and her mother, Ranjana, 60, arrived at 9:45 p.m. Sunday and waited through the night, wrapped in sleeping blankets, to get tickets for the arguments for her father, Vijay.

At one point, the steps between the Lincoln Memorial and the Reflecting Pool were transformed into a church scene. Speaker Rodney Jeremiah Reynolds, a freshman at Yale University, said he hoped that one day the nation would not need affirmative action, "but that day has not come yet."

Supreme Court Justices Face New Arguments On Desegregation, Racial Preferences (FINDLAW/AP)

By Mark Sherman, Associated Press Writer

AP, December 5, 2006

(AP) - WASHINGTON-Demonstrators in favor of racial preferences and bearing "Fight For Equality" placards descended on the Supreme Court Monday as justices prepared to hear fresh arguments in cases testing when race may be used as a basis for assigning students to public schools.

The cases could produce the most important decisions on school integration in the U.S. in decades.

Parents in two cities are challenging school assignment plans that factor in a student's race in an effort to have individual school populations approximate the racial makeup of the entire system. Federal appeals courts have upheld both programs.

On the sidewalk in front of the Supreme Court, hundreds of demonstrators marched to dramatize their issue. A parent-teachers group from Chicago and several civil rights groups were among those sponsoring the demonstration.

Demonstrators chanted "Equal education, not segregation" and "We won't go to the back of the bus, integration is a must." Some held signs that read "Stop racism now."

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"It's ridiculous to separate us. We worked hard to get everyone together. Why separate us now?" said Jade Johnson, 15, a Washington high school student. Johnson said she came to the demonstration instead of going to school because the issue is important and affects the whole country.

The school policies in contention are designed to keep schools from segregating along the same lines as neighborhoods. In the Pacific coast city of Seattle, only high school students are affected. The plan in another city, Louisville, Kentucky, applies systemwide.

"The plan has prevented the resegregation that inevitably would result from the community's segregated housing patterns and that most likely would produce many schools that might be perceived as 'failing,'" the Seattle school district said in its brief to the high court.

The Bush administration has taken the side of the parents who are suing the school districts, much as it intervened on behalf of college and graduate students who challenged racial preferences policies known as affirmative action before the Supreme Court in 2003.

In 2003, the court upheld race-conscious admissions in higher education in a 5-4 opinion by Justice Sandra Day O'Connor.

O'Connor, however, has since retired and been replaced by conservative Justice Samuel Alito. Lawyers on both sides of the issue presume that Alito is inclined to oppose the school plans.

About 400 of the 15,000 U.S. school districts are under court orders to desegregate. It is believed that hundreds more voluntarily take race into account.

There are no firm figures, although the Pacific Legal Foundation said up to 1,000 districts voluntarily use race as a factor in school assignments, drawing boundaries, deciding where to locate new buildings and in other ways. The foundation opposes race-based policies.

Stop Discriminating By Race (USAT)

By Douglas Kmiec

USA Today, December 5, 2006

In a phrase often cited to show the Supreme Court's disdain for racial preference, Justice Anthony Kennedy wrote in a 1995 ruling (quoting Justice Sandra Day O'Connor): "At the heart of the Constitution's guarantee of equal protection lies the simple command that government must treat citizens as individuals, not as components of a racial … class."

The Seattle and Louisville school districts have not honored this basic precept of equality. Excluding students from a desired public school on the basis of race is as wrong today as it was in 1954 when the court decided Brown v. Board of Education. Treating students as "white" or "non-white" statistics should be unanimously rejected.

The supporters of racial balancing are not the descendants of Brown, which desegregated public schools, but of Plessy v. Ferguson, which upheld the pernicious "separate but equal" doctrine in the late 19th century. Just as the Plessy majority obtusely asserted that if separation meant inferiority it was only because the minority chose "to put that construction upon it," so too the advocates of today's rigid ratios of white and non-white students can see no harm. The harm, however, is palpable. And it is to all races, since it indulges the ugly stereotype that skin color determines thought and action.

Race may be an aspect of our personal lives for good (racial pride) or ill, and diversity in viewpoint is attractive in educational settings. That is why the Supreme Court allowed public universities in Grutter v. Bollinger (2003) to consider race along with other factors in admissions decisions. But the court was adamant: Racial balancing is always unconstitutional. The school districts violated that principle, and worse. Seattle's differentiation of white from non-white, for example, lumps together those of African, Asian, Latino or Native American heritage. When a student declines to disclose racial ancestry, the schools use "visual inspection." Admission by skin pigment is not academic diversity.

It is speculated that the usually collegial, and often unanimous, court led by Chief Justice John Roberts might divide sharply on this one. It shouldn't. The moral authority asserted by Earl Warren to banish race stands foursquare behind his young, articulate successor. The way to end racial discrimination is to stop discriminating by race — not to invite and embed the practice in the decision-making of thousands of schools.

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Douglas W. Kmiec, professor of constitutional law, Pepperdine University; constitutional legal counsel to Presidents Reagan and George H. W. Bush.

52 Years Later, Integration Faces New Supreme Court Test (USAT)

USA Today, December 5, 2006

Since the historic 1954 ruling in Brown v. Board of Education began dismantling separate schooling for black and white children, the Supreme Court has spent a half-century painstakingly working out a fair way of making America's classrooms more racially diverse.

The results can be seen nearly everywhere you look. African-Americans head major companies. The two most recent secretaries of State are black. A vibrant, educated black middle class has sprung up, and colleges actively seek black students to enrich their campuses, expanding that middle class further.

So it was ominous Monday to hear Supreme Court justices sounding hostile to voluntary — and popular — desegregation plans in Seattle and Louisville. If the justices rule them unconstitutional, the tenuous advance of equal opportunity could be undermined or even reversed.

As with anything involving race, the system of desegregation and affirmative action that has evolved under the court's watchful eye is controversial. Whites sometimes feel slighted, and it is whites who brought the Seattle and Louisville cases to court.

Both cities assigned students to schools in part to ensure that the schools are racially diverse, and parents whose children were temporarily denied admission to the schools they preferred sued, claiming racial bias.

Lower courts ruled against them, and just a year ago, the issue seemed settled. The court refused to hear a challenge to a desegregation plan in Lynn, Mass., that is similar to the Louisville plan.

But then Justice Sandra Day O'Connor retired and was replaced by Justice Samuel Alito, who civil rights advocates fear is the crucial fifth vote to undo the two plans — and others in hundreds of school districts that follow similar guidelines to achieve diversity.

In 2003, O'Connor was the fifth vote in a pivotal 5-4 decision that said the University of Michigan Law School could consider race as a factor in admissions, as long as there was no explicit quota for admitting black applicants. The court noted that diversity promotes “cross-racial understanding and the breaking down of racial stereotypes” and gives students invaluable skills that “can only be developed through exposure to widely diverse people, cultures, ideas, and viewpoints.”

That is the reason Louisville and Seattle tried to diversify their schools. Another reason was that students in overwhelming black or Hispanic schools consistently underperform.

The plans of both cities are complex, trying to balance family preferences against diversity and other non-racial considerations, but they are widely accepted in those communities, and they work.

But they appear far less popular at the court. Court watchers came away thinking the school diversity plans will be in trouble when the court rules early next year. Justice Anthony Kennedy, the likely swing vote now, said at one point that Seattle's plan seems to hinge in some cases “solely on skin color … it's like saying everybody can have a meal, but only (certain people) can get the dessert.”

More telling was the answer to a question Kennedy asked about what has happened to Seattle schools since the school board suspended the plan after an adverse court ruling in 2001. Kennedy wondered whether the schools had integrated on their own.

The facts should sober him. In 2000, white enrollment at predominantly non-white Franklin High School was 25%; by 2005 it was down to 10%. Without the plan, Seattle's schools have gone backwards. The high court shouldn't lead a charge to ensure similar results around the nation.

Truck Driver Convicted For Deaths In Smuggling Case (AP)

By JUAN A. LOZANO, The Associated Press

AP, December 5, 2006

DOJ_NMG_0102201

HOUSTON (AP) — Now that a jury has convicted a truck driver for his role in the nation's deadliest human smuggling attempt, his defense attorneys said they are focused on one thing: sparing him a death sentence.

The federal jury convicted Tyrone Williams on Monday of all 58 counts of conspiracy, harboring and transporting he faced for ferrying illegal immigrants during a May 2003 smuggling attempt from South Texas to Houston.

His airtight tractor-trailer was packed with more than 70 immigrants who punched out taillights and screamed for help when the heat inside the tomblike trailer became deadly. Nineteen of the immigrants died from dehydration, overheating and suffocation.

On the 20 death penalty eligible counts Williams faced in his retrial, the new jury found that his actions resulted in the death of a person, sending the trial to a punishment phase. That phase is set to begin Wednesday and last about a week.

Jurors will decide whether Williams should be sentenced to death or up to life in prison.

Craig Washington, Williams' defense attorney, said he plans on presenting testimony from about 20 witnesses. He wouldn't comment on who would testify on Williams' behalf or speculate on what will be key to his case.

"The jury has to decide whether to take another human being's life. So everything is on the table when they do that. And everything about a human being that the jury wants to know to decide whether the person lives or dies is important," said a visibly shaken Washington.

Prosecutors say Williams merits a death sentence because he was responsible for the deaths by not freeing the immigrants or turning on the trailer's air conditioning, which could have saved their lives. Some survivors testified they thought the air conditioning had been turned on.

Prosecutors declined comment on the verdict, but during a court hearing after the jury's decision was read, said they would be presenting 25 to 26 witnesses during the punishment phase and concentrating on how the crime was committed.

Williams had no visible reaction when the verdict was read, but hugged Washington, a former Houston congressman, before being led away by U.S. marshals.

Washington said his client transported the illegal immigrants but wasn't responsible for their deaths because he didn't know they were dying until it was too late. Washington blamed another smuggling ring member for causing the deaths by overstuffing the trailer.

Williams abandoned the trailer at a truck stop near Victoria, about 100 miles southwest of Houston.

Williams, 35, a Jamaican citizen who lived in Schenectady, N.Y., is the only one of 14 people charged in the case who is facing the death penalty.

This was the second time Williams was tried for the smuggling deaths.

Last year, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury couldn't agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

The 5th U.S. Circuit Court of Appeals rejected the decision, saying the verdict didn't count because the jury failed to specify his role in the crime.

The new jury deliberated for more than four days, beginning Nov. 27 and taking a three-day weekend. They returned the verdict after deliberating for about two more hours Monday.

Douglas McNabb, a Houston attorney who specializes in federal criminal defense, said Williams' team of defense lawyers has an "uphill climb" during the punishment phase.

"Primarily the government is going to argue that not only what he did was intentional, but that it was such a heinous offense that the defendant has no redemptive value at all and should be executed," he said.

Trucker Guilty In Migrant Deaths (LAT)

By Lianne Hart, Times Staff Writer

The Los Angeles Times, December 5, 2006

The Texas driver could get the death penalty. A trek in his hot trailer was fatal to 19 people.

HOUSTON — A Texas jury Monday convicted a truck driver on all 58 counts against him for his role in the deaths of 19 people during a bungled human smuggling attempt.

Tyrone Williams, 35, faces a possible death sentence or life in prison. The punishment phase of the trial will start Wednesday and is expected to last about a week.

Williams stared ahead and showed no emotion when the verdict was read, but later hugged his lawyer, Craig Washington, before being led away by U.S. marshals.

"I'm deeply disappointed," Washington said outside the courtroom.

Prosecutors declined to comment on the verdict, but told U.S. District Judge Lee Rosenthal that they expect to call about 25 witnesses during the sentencing trial.

In May 2003, Williams hauled more than 70 illegal immigrants in a sweltering trailer from south Texas to a truck stop near Houston. As temperatures inside the trailer rose, the increasingly desperate riders peeled off their clothes, punched out tail lights for air and shouted for help.

By the time Williams opened the door about 3 1/2 hours later, 17 people had died of dehydration, overheating or suffocation. Two others died later.

Williams abandoned the trailer at a truck stop and fled to Houston, 100 miles away. He was arrested after walking into a hospital complaining of anxiety.

During the trial, the jury of seven women and five men watched as grieving family members from Mexico, Honduras, El Salvador and the Dominican Republic identified their relatives from grisly photos. One showed a 5-year-old boy who had died in his father's arms.

Assistant U.S. Atty. Daniel Rodriguez told jurors that Williams was a "vile and heartless truck driver" who ignored the suffering of the riders.

Williams' lawyers said he didn't know how many people were packed into his trailer, and didn't understand the immigrants' cries for help, which were in Spanish.

Williams' first trial ended in a hung jury in March 2005.

Of the 14 people charged in the case, Williams is the only defendant to face death. His lawyers have said that Williams, who is black, was singled out because of his race.

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Trucker Convicted In Deaths Of 19 Illegal Immigrants (NYT)

By Ralph Blumenthal

The New York Times, December 5, 2006

HOUSTON, Dec. 4 — A truck driver was found guilty of all charges Monday and faces possible execution in the deaths of 19 illegal immigrants who suffocated in his airless trailer in South Texas in 2003.

In a retrial of the nation's deadliest human trafficking case, the federal jury that convicted the driver, Tyrone M. Williams, 35, of Schenectady, N.Y., begins hearing testimony Wednesday on whether to give Mr. Williams the first death sentence under a 12-year-old "alien smuggling" statute or a lesser term of up to life in prison.

The milk trailer, piled with bodies and 55 survivors, was found abandoned at a truck stop near Victoria, Tex., in the early hours of May 14, 2003.

Mr. Williams, a legal immigrant from Jamaica, sat impassively through 58 recitations of "guilty" as the verdict form was read, then embraced his lawyer, Craig A. Washington. Asked afterward how his client had taken the news, Mr. Washington, a former Texas congressman, said, "Better than me."

Mr. Washington, whose trial defense conceded Mr. Williams's role as a smuggler but challenged his awareness of the victims' suffering, said he planned to put on about 20 witnesses to testify about mitigating factors in Mr. Williams's history.

The lead prosecutor, Daniel C. Rodriguez, an assistant United States attorney who had painted Mr. Williams as "vile and heartless," declined to comment until the punishment phase was concluded.

Mr. Williams's first trial ended in March 2005 with an incomplete verdict later thrown out by the United States Court of Appeals for the Fifth Circuit. Jurors had found Mr. Williams guilty on 38 of the 58 counts but deadlocked on the others, including

conspiracy resulting in death, a charge carrying possible capital punishment. Jurors also could not agree on how to answer questions assessing Mr. Williams's degree of culpability.

Monday's verdict, on the fifth day of deliberations, found him guilty of all 58 counts: conspiracy plus counts of harboring, transporting and transporting resulting in death for each of the 19 victims. The jurors also found him culpable as a principal offender, out for "private financial gain."

Evidence in the trials portrayed Mr. Williams as a milk trucker and sometime drug courier who had been recruited by a smuggling ring to transport 60 illegal immigrants on a similar run from the border about a week earlier and who then took $7,500 to carry a group from Harlingen, Tex., past a Border Patrol checkpoint in Sarita to a waiting van and pickup truck.

But the relief vehicles became stuck at the checkpoint, and Mr. Williams, with the truck's refrigeration turned off, was directed by the smugglers to continue toward Houston.

A companion in the cab, Fatima Holloway, who was traveling along for a drug deal, testified for the government that Mr. Williams ignored the banging of his passengers as they succumbed to airlessness, dehydration and temperatures as high as 173 degrees, finally clawing out a taillight in a desperate bid to breathe.

The first to die, a survivor testified in English, was a 5-year-old Mexican boy who expired in his father's arms, crying, "Daddy, Daddy, I'm dying." Sixteen more people suffocated before Mr. Williams finally halted the truck in Victoria, about 100 miles southwest of Houston, and two more died later in the hospital.

How many were crammed into the 18-wheeler remains unclear. The dead and survivors total 74, but some riders may have escaped when Mr. Williams unlocked the doors.

The jurors asked to review a particularly graphic piece of evidence: a videotape from the Victoria truck stop in which Mr. Williams and Ms. Holloway seem composed while buying 55 bottles of water — just as one of the survivors staggers in pleading for help.

Mr. Williams and Ms. Holloway fled in the cab, and Mr. Williams was arrested later in a Houston medical center where he had sought treatment for stress.

Of 14 defendants charged in the case, Mr. Williams is the 11th to be convicted and the only one to face the death penalty. Seven, including ringleaders of the scheme, have been sentenced to long prison terms, and three are awaiting sentencing. Two had their charges dismissed, and one man is a fugitive.

In the first trial, Mr. Washington raised a defense of racial discrimination, arguing that Mr. Williams, who is black, had been singled out for execution because of his race. Judge Vanessa D. Gilmore pressed prosecutors to explain their reasoning and, when they refused, said she intended to inform the jury.

The Fifth Circuit, in throwing out the partial verdict, ruled racial questions out of the case and, citing Judge Gilmore's heavy schedule, reassigned the case to Judge Lee H. Rosenthal.

In what some legal experts saw as a defense misstep this time, Mr. Williams, apparently against Mr. Washington's advice, declined to concede the identities of the victims, requiring the government to call relatives whose grief-stricken testimony clearly anguished the jury.

First Trial's Juror Says Williams Not Alone (HC)

By Harvey Rice, Houston Chronicle

Houston Chronicle, December 5, 2006

Holdout felt others shared the blame for deaths

One of the jurors in Tyrone Williams' first trial, which ended with a hung jury in March 2005, said he held out to spare the truck driver from a death sentence because he believed others shared responsibility for the deaths of 19 illegal immigrants.

"I couldn't see them giving the death sentence to one person," said Horace Rains, 79, a merchant seaman who lives in east Harris County.

Williams was one of 14 people charged in the failed smuggling attempt that left 19 illegal immigrants dead in the back of a tractor trailer near Victoria in 2003. He is the only one to face a possible death sentence.

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Rains says he and a woman , whose name he could not recall, kept the 2005 jury from reaching a unanimous verdict. His revelation was made possible by U.S. District Judge Lee Rosenthal's decision to lift a gag order issued by the judge who presided over Williams' first trial.

U.S. District Judge Vanessa Gilmore gave an oral order to jurors at the end of the first trial not to speak with the news media or attorneys after they were discharged.

Story held until verdictGilmore lifted a written gag order in May this year after the case was transferred to Rosenthal, but not the oral order to jurors. The Houston Chronicle asked Rosenthal to lift the oral order and provide a list of jurors because reporters were prevented from interviewing them after the trial.

Rosenthal refused to make the jury list available because of a standing policy by Houston federal courts forbidding the release of juror information. She lifted the gag order, however, and said jurors were free to contact the Chronicle.

Rains contacted the Chronicle after a new jury had heard eight days of testimony in Williams' retrial. The Chronicle delayed publishing the story until the new jury reached a verdict.

The jury found Williams guilty of 58 smuggling counts Monday. The penalty phase of the trial begins Wednesday.

Rains was juror No. 3 in the first trial. That panel failed to reach a verdict on a smuggling conspiracy count, which carried the death penalty, and 19 counts of harboring illegal immigrants.

The jury did find Williams guilty of 38 smuggling transportation counts, 19 carrying a possible death sentence, but failed to answer special questions for each count, including whether Williams had a primary responsibility for the deaths or was an aider and abettor.

The 5th U.S. Circuit Court of Appeals ruled that failing to answer those questions amounted to a failure to reach a verdict.

No intentionRains said he and a woman juror refused to answer the special questions because they believed it would have been tantamount to a death sentence.

"That part would have made them give him the death sentence," Rains said. "A lot of them wanted him to get the death sentence."

If the holdouts had voted with the majority, the trial would have gone to a penalty phase in which prosecutors would have to prove Williams deserved the death penalty.

Rains said he supports the death penalty but not for Williams.

"I don't believe he had any intention of letting those people die," he said. "He didn't shut the door. He didn't know how many people were in there."

Rains said Abelardo Flores, the smuggler who recruited Williams and provided key prosecution testimony, was just as guilty.

Flores pleaded guilty and agreed to testify against Williams in return for the prosecution's support of a reduced sentence. He is awaiting sentencing.

Prosecutors Interview Two Shot By Police In Queens (NYT)

By Al Baker And William K. Rashbaum

The New York Times, December 5, 2006

Prosecutors from the Queens district attorney's office conducted bedside hospital interviews yesterday with the two men wounded in a hail of 50 police bullets that claimed the life of Sean Bell, the first time investigators have heard from any direct participants in the Nov. 25 shooting, a lawyer for the two men said.

In separate interviews, the two men, Trent Benefield, 23, and Joseph Guzman, 31, told prosecutors what their lawyers have been saying publicly for days about the shooting, according to the lawyer, Sanford A. Rubenstein.

The two said that only they and Mr. Bell, who was 23, were in or near the car when the shooting erupted — contradicting accounts from some officers involved that a fourth man was with the group and may have been armed.

Mr. Benefield and Mr. Guzman also said that the five police officers who opened fire on them did not identify themselves and that they had no idea that they were facing the police, Mr. Rubenstein said. He was one of three lawyers present as a team of

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assistant district attorneys and members of the district attorney's staff questioned the men in their rooms at Mary Immaculate Hospital.

Richard A. Brown, the Queens district attorney, is gathering facts about the case, which he has said will go before a grand jury.

For days, the Police Department has been seeking a fourth man who officers and a civilian witness quoted by the police say was wearing a beige jacket and who law enforcement officials believe may have been with Mr. Bell, Mr. Benefield and Mr. Guzman.

One of the detectives who fired, according to a person briefed on his version of events, said the fourth man was in Mr. Bell's car. The civilian witness, who looked down from an apartment window after she heard gunshots, described seeing a man in a beige jacket fleeing the scene, the police said.

Mr. Rubenstein and others, including Charlie King, a lawyer who is representing several men who were in Mr. Bell's bachelor party that morning and who witnessed the shooting, have insisted that the police are wrong. "There was no fourth man in the car or next to the car," Mr. Rubenstein said.

Mr. Rubenstein said Mr. Guzman and Mr. Benefield told prosecutors that the undercover officer who fired the first shots, a 28-year-old six-year veteran of the department, "did not identify himself either through a shield or a verbal command. Period."

As with the back-and-forth over the "fourth man," Mr. Rubenstein's statements served to create a clear line separating the versions of events being given by those close to the wounded men and those close to the police officers. A person briefed on the account of that undercover detective has said that that detective got in front of Mr. Bell's car, pulled out his gun and, with his police badge around his neck, identified himself as an officer.

That detective and the other officers fired after Mr. Bell drove into the detective and an unmarked police van, the police said. The officers suspected that one of the men had a gun, but no gun was later found, the police have said.

Mr. Rubenstein declined to offer further specifics about the officials' questions or his clients' answers. But he said the exchange marked the beginning of his clients' cooperation with prosecutors.

"What's next is for the district attorney to continue his initial investigation, which they are in the process of conducting," Mr. Rubenstein said. "Any witnesses who saw what happened should come forward, either directly to the district attorney's office or contact me, and we will see to it that they get the opportunity to come forward to the district attorney's office."

Kevin Ryan, a spokesman for the district attorney's office, would not discuss details of the interviews.

A law enforcement official involved in the investigation said that as the medical conditions of the two men improve, and the inquiry moves forward, officials expect to speak to them again. "As long as they were medically ready to talk, we want to talk to them," the official said. "Even though we're not setting a deadline, we're going to move expeditiously."

The five police officers who fired the shots have not yet spoken to the police or prosecutors.

"The Internal Affairs Division has conducted inquires and provided all information to the Queens district attorney," Paul J. Browne, the Police Department's chief spokesman, said yesterday when asked about the statements Mr. Benefield and Mr. Guzman made to prosecutors.

As the investigation moves forward, prosecutors are seeking to gather as much independent evidence as they can — from witness accounts, forensics and ballistics to information about the events leading up to the shootings, including surveillance video from inside and outside the club, phone records and radio transmissions from the officers and other material, the official involved in the investigation has said.

Among other steps prosecutors will take to get ready for their grand jury presentation, they will prepare a detailed timeline, starting at the point where the officers began their tour of duty on the night of Nov. 24 but focusing mainly on the minutes leading up to the shooting and on the shooting itself, according to the official. Some points along the timeline will be firmer than others, set by benchmarks like radio transmissions, cellphone records and other more determinate factors, the official said.

Prosecutors will also put together detailed profiles of each of the officers, the official said.

Michael J. Palladino, president of the Detectives Endowment Association, said he and the president of the Patrolmen's Benevolent Association, Patrick J. Lynch, met yesterday with Mr. Brown and Jack Ryan, Mr. Brown's chief assistant, for about 30 minutes.

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Mr. Palladino said that he wanted to know when the case would be presented to a grand jury and "wanted to come away with a comfort level" that the four detectives and one police officer involved in the shooting "would have a level playing field" in Mr. Brown's investigation.

"Because I think they're entitled to a fair and impartial investigation, and most importantly, they are entitled to due process," Mr. Palladino said.

He said he came away from the meeting with a sense that the five would be treated fairly.

Appearing last night on "Larry King Live," Mr. Bell's fiancée, Nicole Paultre, said that she had spoken to Mr. Guzman and Mr. Benefield in the hospital and that they had believed they were about to be carjacked that morning on the street. "They were afraid," she said.

Ms. Paultre was wearing the wedding ring that Mr. Bell never got to place on her hand. She said that he had been buried with his ring.

"I'm actually, to be honest, not angry," she said. "I'm more just trying to be strong. I just want justice. Me and my family just want justice."

Meanwhile, Mayor Michael R. Bloomberg, in Florida yesterday, said that while people "have a right to express themselves" about the shooting, he found "disgusting and disgraceful" some demonstrators' signs, which read "Death to Pigs." <NYT_AUTHOR_ID>

Reporting was contributed by Diane Cardwell, Alan Feuer, Kate Hammer, Daryl Khan and Michael Wilson.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Lauderdale Mayor, Union Call Critics 'Reckless' For Condemning Police Shooting (FLSUNSEN)

By Akilah Johnson, South Florida Sun-sentinel

South Florida Sun-Sentinel, December 5, 2006

FORT LAUDERDALE -- Standing on the steps of City Hall on Monday, the mayor and police union called the actions of some elected officials and the NAACP "irresponsible" and "reckless" after the fourth fatal shooting by Fort Lauderdale police this year.

The community has rushed to condemn officers Robert Norvis and Todd Hill before the investigation into the Nov. 28 shooting is finished, said Jack Lokeinsky, president of the Fort Lauderdale Fraternal Order of Police.

Norvis, 35, and Hill, 33, tried to stop a stolen Mitsubishi SUV. They opened fire, police said, after the driver put the SUV in reverse and accelerated toward the officers. Driver Troy Eddines was killed and passenger Travis Jackson was wounded.

"Judge incidents after all the facts are ascertained, and not before," Lokeinsky said Monday with a diverse crowd of more than 75 officers standing behind him. "That did not happen in this case. Elected officials have an obligation to attempt to defuse, not incite the community."

That statement came after a chaotic community meeting Thursday at the Mizell Center, where hundreds of residents demanded answers.

On Monday, Mayor Jim Naugle stood among the sea of police blue.

"The posturing of some in the community trying to stir things up, to me, is really wrong," Naugle said of Commissioner Carlton Moore and the National Association for the Advancement of Colored People. "People were acting like something was wrong in this incident, and that is reckless and irresponsible."

Moore, two state legislators and the NAACP called for state and federal investigations into the shooting. The FBI has begun a civil rights investigation.

The NAACP plans to ask federal officials to broaden their investigation and look at all recent Fort Lauderdale police shootings, as well as the department's policies and practices, particularly those concerning use of force.

"When it comes to investigating our own, this department is an open book," Lokeinsky said, adding that Fort Lauderdale has a Citizens Police Review Board.

A grand jury will decide if the shooting was justified, Naugle said. "And the grand jury is the people ... us."

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Moore and Marsha Ellison, president of the Fort Lauderdale branch of the NAACP, said Monday that they are not provoking the public but expressing concerns that exist among northwest Fort Lauderdale residents.

Moore said the police department is a public entity, and the public, therefore, has every right to scrutinize it.

"Are they saying they can't be questioned?" he asked.

One criticism has been that the department seems more concerned with highlighting Eddines' and Jackson's lengthy criminal records instead of figuring out what happened.

Police now are trying to do the same to him, Moore said. A Broward Sheriff's deputy stopped Moore on Sunday when a check of his license plate indicated it was registered to the wrong car, said sheriff's spokesman Elliot Cohen. The stop occurred about 7:50 a.m. in the 600 block of Northwest 27th Avenue.

Turns out, it was the correct license plate, but Moore's driver's license was suspended, Cohen said. Moore was ticketed for driving with a suspended license with knowledge. His license was suspended more than a year ago for failure to pay traffic fines, officials said.

"All of a sudden Carlton is the issue," Moore said Monday. "Anything but the police."

Panel Discusses Atlanta Police Shooting (NSDY/AP)

By Errin Haines, Associated Press Writer

Long Island Newsday, December 5, 2006

ATLANTA -- Civil rights leaders, clergy and city officials met Monday with residents of a northwest Atlanta neighborhood to discuss how to ease tensions between them and police after officers serving a warrant killed an elderly woman at her home.

Many in the audience had questions for Atlanta Police Chief Richard Pennington, who said he was committed to a thorough investigation into the Nov. 21 fatal shooting of Kathryn Johnston.

"I assure you that we are going to do everything we can to make sure we get to the bottom of this tragedy," Pennington said. "We need to do a lot of healing."

Pennington said he was not able to comment on specifics of the case, which has been turned over to the FBI and Georgia Bureau of Investigation.

Diana Myers, 46, who has lived in the neighborhood for 17 years, called the meeting a farce.

"They didn't answer none of our questions," Myers said. "They didn't say nothing. But our community, we're not letting this go. We have to change our community."

The National Association for the Advancement of Colored People, which hosted the meeting, has called for the establishment of a civilian review board with the power to subpoena witnesses and a return to community policing.

Johnston -- who family members said was 92, but was 88 according to the county medical examiner -- was home alone when plainclothes officers burst in, searching for drugs. Police said she opened fire with a revolver, wounding three officers before she was shot.

The officers said they obtained the "no-knock" warrant earlier that day after they said an informant bought drugs at the house from a man who has not been arrested.

The informant later denied buying drugs at Johnston's home and said he was told by police to lie about the incident, according to Pennington. The chief said the informant, who's in protective custody, is a key part of the FBI-led investigation.

Black Lawmakers Set To Take Crucial Posts Face Pressure (NYT)

By David D. Kirkpatrick

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — The impending Democratic takeover of Congress will elevate more blacks to positions of power in the Capitol than ever: 4 major House committee chairmen, as many as 16 subcommittee chairmen, the third-ranking House Democratic leader and a senator considered a credible candidate for his party's presidential nomination.

It is so much power that Representative Charles B. Rangel, the New York Democrat set to be chairman of the pivotal Ways and Means Committee, said he hesitated to speak about it publicly. "I don't want to scare the hell out of people," Mr. Rangel said, "that blacks are now in charge of the committees and so, therefore, watch out."

While celebrating their rise to prominence, black lawmakers face conflicting pressures from their traditional supporters on one side and the Democratic leaders on the other. Many African-American lawmakers represent poor, predominantly black districts created to ensure black representation under voting rights laws. Their safely Democratic seats have helped them rise in seniority ahead of colleagues from more politically heterogeneous districts. Many lean well to the left of the Democratic caucus as a whole.

Traditional party allies like the National Association for the Advancement of Colored People and some members of the Congressional Black Caucus say they expect their newly powerful champions like Mr. Rangel, 76, to push a long-stalled agenda that includes hearings or a commission on reparations for slavery, guaranteeing voting rights for convicted felons, prohibiting racial profiling by police or customs officers, restricting gun sales, and sharply increasing the compensation paid to people displaced by Hurricane Katrina.

But like other leaders of the larger Democratic caucus, the black lawmakers are being cautioned to be mindful of a broader audience that includes voters in Republican-leaning swing districts, where those initiatives can be politically perilous. And black lawmakers say they feel pressure to appeal to a broader audience because their names and faces often appear as emblems of their party's liberalism in what they consider racially tinged campaign appeals by their opponents.

"It's going to be a delicate balance for the chairmen," said Representative Melvin Watt, the North Carolina Democrat who is chairman of the Congressional Black Caucus. "They want to be progressive in their agenda, but they don't want the public to react negatively to what they are doing, because they know you are leading up to a 2008 presidential election." (Senator Barack Obama of Illinois, who is black, could be a presidential candidate.)

Mr. Watt and others emphasized that the Democratic leadership had already embraced some black caucus priorities, like raising the minimum wage and increasing education subsidies. But the black caucus is still preparing its own agenda of items left off the Democratic leadership's program for the first 100 days of the new Congress, including more aid for the victims of Hurricane Katrina, many of whom were black.

The number of African-Americans in Congress has grown to 43 from just 13 at the founding of the Congressional Black Caucus in 1969. But although the 2006 election elevated some caucus members to prominence, it did not add to the group's numbers. Its 43 members still make up less than 10 percent of the House and 1 percent of the Senate. By comparison, blacks make up about 13 percent of the population.

The previous high mark for black power in Congress was in 1993-4, when three blacks served as chairmen of less significant House committees, said David Bositis, a researcher at the Joint Center for Political and Economic Studies, an African-American research and policy group. In addition, Carol Moseley Braun of Illinois, the second black senator since Reconstruction, was elected in 1992.

Many black lawmakers maintain that since then Republican partisans have often played to the racial animosities of some white voters by focusing attention on the black lawmakers who would be committee chairmen if the Democrats controlled the House. Republican speeches and other appeals often emphasized that Mr. Rangel would take over the Ways and Means Committee and that Representative John Conyers Jr. of Michigan, at 77 the dean of the black caucus, was in line to lead the Judiciary Committee.

Weeks before the midterm elections, the Republican strategist Mary Matalin told The Washington Post that the party was seeking to "hammer home what a Pelosi-Rangel-Conyers House would really mean," linking the two black members to Representative Nancy Pelosi, a liberal white Democrat from San Francisco in line to be House speaker. Black lawmakers say the Republican attacks usually fail to mention their white liberal counterparts like Representative David R. Obey of Wisconsin, soon to be chairman of the Appropriations Committee.

Richard A. Viguerie, a conservative direct mail pioneer, said the political liability was not the lawmakers' race but the impression that the Democrats were "a party of special interests."

"With the feminists, the homosexual groups, the other interest groups, you put it all together with the black interest groups and it does not look like America," Mr. Viguerie said, predicting that the theme would "get pounded" in conservative talk radio and other outlets during the next Congress.

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"We have to be very careful," said William Lacy Clay Sr., a former Democratic representative from Missouri who was a founding member of the Congressional Black Caucus and chairman of the postal committee before the Republican takeover in 1994. (His son, William Lacy Clay Jr., now holds his seat.) "You can bet your life we do not live in a color-blind society," the elder Mr. Clay said.

Some lawmakers, though, said the Democratic victories this year showed that racially charged attacks were losing their edge. "It didn't work," said Representative Bennie Thompson, 58, a Mississippi Democrat who is set to be chairman of the Homeland Security Committee.

Mr. Thompson said he would not shy away from potentially controversial measures intended to undo the effects of discrimination, including ensuring that a part of domestic security contracts went to firms owned by African-Americans and other minorities, that contractors hired members of minority groups, that research money went to historically black colleges, and that border security officers did not single out travelers on the basis of race or ethnicity.

Representative William Lacy Clay Jr. said black lawmakers should not get distracted by the concerns of the larger Democratic caucus. "We need to stay focused as a caucus on the people who sent us there," Mr. Clay said, "and remember we are the black caucus."

Mr. Conyers, who has sponsored a bill creating a commission to study the idea of reparations, and Representative Juanita Millender-McDonald, a 68-year-old California Democrat who is set to lead the House Administration Committee, both declined to discuss potential agendas until the caucus formally selected the new chairmen.

Mr. Rangel, however, said he was conscious that as Ways and Means chairman he would be accountable to a different constituency, including what he called "wannabe Democrats" — moderate freshman elected in Republican-leaning districts.

So instead, Mr. Rangel said, he will advocate policies to help the disadvantaged of all races, which could help blacks as well. "When God hit with Katrina, she didn't give a damn about color at all," he said, "but she sure did give the poor people a hard road to travel." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Pioneering Fire Chief Fights For Her Job Amid Lawsuits (NYT)

By Susan Saulny

The New York Times, December 5, 2006

CHICAGO, Dec. 4 — Two years ago, when Bonnie Bleskachek was named fire chief in Minneapolis, it made news far beyond Minnesota because she was the first openly lesbian firefighter to achieve that rank in the professional fire service of a major city.

Hailed as a pioneer, Chief Bleskachek was showered with praise for her years of hard work. Perhaps no one was more pleased with the appointment than Mayor R. T. Rybak, a supporter of gay rights who made the promotion a media event.

But last Wednesday, it became clear that everything had changed. Citing a lack of confidence in Chief Bleskachek's management style, Mr. Rybak asked the City Council to fire her.

The move was made after suits were filed against the city and Chief Bleskachek that accused her of playing sexual politics, retaliating against a former partner, acting as a lustful predator and showing bias against at least one heterosexual male firefighter.

"All of that information has been presented to us in great detail," Mr. Rybak said. "I have to be honest. I very much wanted Bonnie Bleskachek to succeed."

Chief Bleskachek says that she did succeed and that is precisely why she is entangled in such a case.

"Being an out lesbian, which the mayor really wanted to push, the first openly lesbian fire chief, made me an easy target," she said. "The sharks smelled blood in the water."

John A. Klassen, an employment lawyer representing the plaintiffs in three of the four suits against Chief Bleskachek, rejected that argument.

"None of these cases are antilesbian," Mr. Klassen said. "These cases are about discrimination."

He added, "It's unfortunate that someone who could have been a beacon" for gay, lesbian, bisexual and transgender people "was engaging in what everybody views as stereotypically male harassment behaviors."

The suits, including one by a former partner of Chief Bleskachek, depict a firehouse culture where lesbians and their allies enjoyed favors and people who crossed them risked punishment.

Chief Bleskachek said the complaints were nonsense, calculated to prey on some of the public's worst fears about gay men and lesbians in power. Of her accusers, she said, "They knew it would be tantalizing and salacious and that the City Council would run, turn tail and run the other way."

The city has settled or is in the process of settling three suits for modest sums. That, Chief Bleskachek, said, angered her most of all.

"I wanted to have my day in court, to be deposed, to force these people to produce some proof," she said. "It's a devastating blow to my career, my reputation, my everything."

The Minneapolis Fire Department had made strides in dismantling barriers to women and minorities, being held up as a model. It was widely considered one of the best places in the country to work as a firefighter, particularly for women.

The national average for women in firefighting agencies is 2.5 percent; in Minneapolis, 71 of 435 members, or 16 percent, of the Fire Department are women.

Last year, the department was first in the country for the number of women in the ranks, according to Women in the Fire Service, an advocacy group in Madison, Wis.

It was not always that way. In the late 1970s, the department was sued over a lack of diversity. It remained under federal oversight until 2000, when it was clear that a lack of diversity was no longer a problem.

Some credit goes to Chief Bleskachek, 43 supporters have said. In 1996, she was a co-founder of the Minnesota Women's Firefighter Association, helping prepare women for firefighting careers and offering professional development to women who sought leadership posts.

Minneapolis has not decided whether the department still has a place for Chief Bleskachek, but she said she wanted to be part of it.

"I've worked too hard for years," she said. "If I'm such a terrible manager, if I'm such a bad leader, where are the red flags in my past? The only thing I can come up with is that this is a whole lot of homophobia and sexism."

A plaintiff, Firefighter Jennifer Cornell, is a former partner of Chief Bleskachek. They share custody of the chief's two children.

Firefighter Cornell said in court papers that Chief Bleskachek, out of vengeance and pride, nullified the results of a test for promotion to battalion chief on which she performed well because Chief Bleskachek's current partner, also a firefighter, did not pass.

Another plaintiff, Firefighter Kathleen Mullen, had been a friend of Chief Bleskachek for years, until the chief started dating Capt. Mary Maresca, who used to go out with Firefighter Mullen.

Firefighter Mullen passed the first part of the battalion chief's test, only to have the remainder of the test canceled. She said the results were thrown out to prevent her promotion and in retaliation for not approving of Chief Bleskachek's current relationship.

Chief Bleskachek said that a panel of city officials had found some test questions flawed and that she had stopped the entire test.

The two cases were settled. Firefighter Cornell had sought $300,000. She received $69,000 and a guaranteed promotion. Firefighter Mullen received a backdated promotion and $29,000.

After the first two suits were filed, a third firefighter, Kristina Lemon, filed a legal complaint stating that 10 years ago Chief Bleskachek pursued an unwanted romantic relationship with her. After being spurned, Firefighter Lemon said, Chief Bleskachek used her increasing power over the years to penalize her.

In the complaint, Firefighter Lemon described a loud argument when Chief Bleskachek demanded that she admit romantic feelings. At another time, Firefighter Lemon said in the complaint, Chief Bleskachek told her that she had "sexual dreams" about her.

"The defense for that is pretty simple," said Jerry Burg, a lawyer for Chief Bleskachek. "It didn't happen. These two people haven't talked in 10 years, and Kristina is making it up."

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Firefighter Lemon's case is in the final stages of settlement, said her lawyer, R. Daniel Rasmus. He would not discuss the terms.

A fourth suit was filed against Chief Bleskachek and her current partner, Captain Maresca, by Firefighter Elondo J. Wright, who says he suffered discrimination because he is not gay and not a woman. The federal case is in the early stages.

In his complaint, Firefighter Wright said that he was called a home wrecker after joining an all-female crew headed by Captain Maresca and that he was denied opportunities for advancement. He also said he saw the women "behaving in a physically inappropriate manner" while on duty at the firehouse, where they had adjoining rooms.

Captain Maresca declined to comment.

Amid the accusations less than a year after her reappointment to a second term, Chief Bleskachek said her head was spinning.

"It's been brutal," she said. "I still feel like I'm recovering from shock." <NYT_AUTHOR_ID>

Lucy Quinlivan contributed reporting from Minneapolis.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Minneapolis Likely To Oust Lesbian Fire Chief (WP)

By Kari Lydersen, Washington Post Staff Writer

The Washington Post, December 5, 2006

Two years ago, Minneapolis, known for its civic diversity and tolerance, made national headlines for naming Bonnie Bleskachek the first openly lesbian fire chief of a major U.S. city.

Now city officials are cringing in the face of four lawsuits filed against her.

The city has settled two lawsuits with women firefighters who allege that sexual favoritism on Bleskachek's part stunted their careers in the department. A sexual harassment suit from a third female firefighter and a gender discrimination claim from a male employee are pending.

Last week, city officials were briefed on an investigation being conducted by a local law firm into Bleskachek's performance as chief. After the briefing, Mayor R.T. Rybak announced that a proposed deal that would have given Bleskachek severance pay and demoted her within the department is off the table. Instead, the city may move to fire her from the force, pending the completion of the investigation.

"The only thing decided is a broad consensus from the mayor and City Council that she be removed from the fire chief position," said Rybak's spokesman, Jeremy Hanson.

Bleskachek, 43, is furious that the city has settled the lawsuits rather than taking them to trial, where she could have told her side of the story.

"They have no evidence at all; this is all based on conjecture and hurt feelings," she said, in her home in a pleasant, modest south Minneapolis neighborhood.

There is no doubt the Fire Department is rife with personal dramas and romantic entanglements. One of the lawsuits against Bleskachek was filed by Jennifer Cornell, 35, the chief's ex-partner of six years, who shares custody of their two children. Another suit was brought by Kathleen Mullen, 43, a longtime friend who had dated Bleskachek's current girlfriend.

A third complaint is from a woman who says Bleskachek flirted with her and then punished her professionally after she declined the advances. Bleskachek counters that the firefighter, Kristina Lemon, was the one who professed attraction to her a decade ago and that she became angry when Bleskachek disciplined her last year for a physical altercation with another firefighter in a burning building.

In February, Cornell and Mullen were the only ones to pass the first portion of a test to promote two employees to battalion chief. Shortly afterward, Bleskachek and several other department officials scrapped the test and left the two positions vacant. Mullen and Cornell charge that the move thwarted their careers and was taken because Bleskachek's current partner, Mary Maresca, had failed the test.

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Bleskachek said that the test had been hastily prepared and that officials were shocked that even after a preparatory college class, only two out of 13 firefighters passed. "The test was flawed," she said. "There were questions with more than one answer and ones that were poorly written."

In September, the city settled with Cornell for $65,000 and Mullen for $29,000. Mullen was retroactively promoted to battalion chief, and Cornell was promised a promotion within two years.

"Both of those women had a lot to lose by suing the city and would only have done it if it was absolutely necessary," said John A. Klassen, the attorney for Cornell, Mullen and Elondo Wright, 39, a black male firefighter who recently filed a civil rights lawsuit against Bleskachek, Maresca and the city.

Wright's lawsuit alleges that he was harassed after he was transferred to an all-female fire company overseen by Maresca in 2002. He says Maresca forced him to train long hours late into the night while other firefighters were relaxing, and he alleges that from 1999 to 2005, women supervisors gave him 86 informal disciplinary write-ups, while four male supervisors gave him a total of four. Bleskachek was Maresca's supervisor at the time.

"We're battling the public perception that where there's smoke there's fire," said Bleskachek's attorney, Jerry Burg. "But Bonnie was really a small player in the story of Elondo Wright."

The Minneapolis Fire Department had no women firefighters until 1986, though it was under a federal consent decree to increase diversity. When Bleskachek joined in 1989, she said women faced constant harassment by men.

She is credited with aggressively recruiting women and co-founding the Minnesota Women Fire Fighters Association, which helps women prepare for the entrance test. The national group Women in the Fire Service says 70 of the 447 Minneapolis firefighters are female, the highest percentage of any major department in the country.

Even Bleskachek's critics admire her firefighting and management skills.

"She's a very bright, competent individual who train-wrecked her career by letting personal relationships and abuse of her office cloud what could have been an enormously promising career," Klassen said.

Tom Thornberg, president of Minneapolis Fire Fighters Local 82, said union members are grateful to Bleskachek for convincing the city to establish minimum staffing levels, which it had never had.

National and local gay rights groups declined to comment on the situation but said Minneapolis is considered a leader in gay rights. Klassen says pride in this reputation backfired.

"The city's desire to hold itself out as a diverse, accepting community plays a role in this whole tragedy," he said. "The mayor didn't really look at his candidate well enough to see if she could handle it."

Md. Court Urged To Toss Out Ban On Gay Marriage (WP)

By Eric Rich

The Washington Post, December 5, 2006

An attorney for 19 gay and lesbian Maryland residents urged the state's highest court yesterday to strike down a law banning same-sex marriage, saying there is "no constitutionally sufficient justification" for denying his clients and their children protections that only marriage affords.

During an hour-long argument in a crowded chamber of the Court of Appeals in Annapolis, attorney Kenneth Y. Choe of the American Civil Liberties Union invoked the civil rights struggle and said the ability to marry is a fundamental right that belongs to all Marylanders, not only to those for whom that right has always been recognized.

"Despite the fact that plaintiffs have formed committed relationships and loving households, the state excludes them and their children from the numerous important protections that come with marriage solely because the person whom they love is a person of the same sex," he said.

On behalf of the state, Assistant Attorney General Robert A. Zarnoch urged the court to let stand the statute that defines marriage as the union of a man and a woman. Arguing that the judiciary should defer to the legislature, Zarnoch noted that no federal or state appellate court in the country has held that, as the plaintiffs argue, there is a fundamental right to same-sex marriage.

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"An invalidation of Maryland's law would have the unfortunate consequence of placing these issues outside the arena of public debate, outside the legislative and democratic process," Zarnoch said.

The court took the case after the state appealed a ruling by Baltimore Circuit Court Judge M. Brooke Murdock, who held in January that the 1973 law banning same-sex marriage is discriminatory and "cannot withstand constitutional challenge." In anticipation of an appeal, Murdock stayed her decision when she announced it.

With Murdock's ruling, Maryland was thrust deep into a debate that has raged across the country at least since 1996, when Congress passed a law barring federal recognition of same-sex marriages and allowing states to do the same.

Massachusetts alone recognizes same-sex marriage, but several states and the District allow domestic partnerships or civil unions that offer some of the rights of marriage.

Plaintiffs, activists on both sides and legal observers packed the wood-paneled courtroom in Annapolis yesterday in what was one of the court's most well-attended sessions in recent memory. The potential audience was wider still; the court began a webcast of its proceedings Thursday.

The judges asked few questions, and little hint of their leanings could be detected. Judge Dale R. Cathell was notably vocal during Choe's presentation, when he interjected five times -- once to ask whether in some instances the proper function of the court was, as Zarnoch had suggested, to defer to the legislature.

Later, on the steps of the courthouse, the legal abstractions faded as the plaintiffs described the protections they do not have because their relationships are not legally recognized: inheritance and adoption rights, decisions about life support, hospital visitation.

Patrick Wojahn, a disabilities lawyer, said his partner, Dave Kolesar, a broadcast engineer, had experimental brain surgery some time ago. Wojahn worried that he might not be able to ride in an ambulance if Kolesar's medical condition recurred and he had to be taken to a hospital.

"We just want to have the security to know that if something happens to him, or to me even, we will be able to be there for each other," Wojahn said.

Among those on the steps was RoseMarie Briggs of the Family Leader Network, a national lobbying organization that backs a constitutional amendment prohibiting same-sex marriage. She said children who are raised "in the home with their married mother and father in a low-conflict marriage" are more likely to succeed in school and to avoid such social hazards as illegal drug use.

"Our laws should reflect what is best for children, not what is best for adults," she said.

In court, Zarnoch argued that the disputed statute is "gender-neutral" because it does not benefit or burden one sex more than the other.

He also argued that gay men and lesbians do not constitute a "suspect class," a designation applied to racial minorities and other groups that have faced discrimination and are held to be deserving of special protections under the law.

Such classes, Zarnoch said, are typically politically powerless. By contrast, he said, "in Maryland, we have openly gay legislators who, in fact, are legislative powerhouses in leadership."

Choe disputed that, saying that if gays and lesbians were politically powerful, they would have been able to achieve their aims through the legislature rather than in court.

For And Against Same-Sex Marriage At Maryland's Highest Court (NYT/AP)

By The Associated Press

The New York Times, December 5, 2006

ANNAPOLIS, Md., Dec. 4 (AP) — The state has no rational basis for denying same-sex couples the fundamental right to marriage, a lawyer for plaintiffs in a gay-marriage case told Maryland's highest court on Monday.

A lawyer for the state argued that Maryland's 1973 ban on same-sex marriage did not constitute gender discrimination because it applied equally to men and women and that the question on same-sex marriage should be decided by the legislature.

"There is no fundamental constitutional right to same-sex marriage," said the lawyer, Robert Zarnoch, counsel to the General Assembly.

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Nine same-sex couples and a gay man whose partner is dead filed a lawsuit in 2004 against court clerks who denied their applications for marriage licenses. In January, Judge M. Brooke Murdock of the Circuit Court for Baltimore struck down the law defining marriage as a union between one man and one woman, and the state immediately appealed.

The highest court, the Court of Appeals, gave no indication of how it would rule.

Kenneth Choe, an American Civil Liberties Union lawyer who argued on behalf of the plaintiffs, said they were not trying to undermine the religious institution of marriage. Instead, they are seeking the ability to make medical decisions for one another and to provide legal and financial stability for themselves and their children.

Mr. Choe's argument centered on whether the state had a rational basis to deny same-sex couples the right to marry. "It is not enough that there is a reason for including the included class," he said. "There must also be a reason for excluding the excluded class."

"The state could grant right-handed people but not left-handed people the right to marry simply by observing that marriage benefits right-handed people and their children," he said.

In his rebuttal, Mr. Zarnoch argued that such a statute would be "wholly arbitrary," but that the same-sex marriage ban was not. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

State, ACLU Square Off Over Same-sex 'Marriage' (WT)

By Jon Ward

The Washington Times, December 5, 2006

ANNAPOLIS -- Lawyers for the state of Maryland yesterday said there is no constitutional right for same-sex "marriage," but advocates for homosexuals argued that marriage is a fundamental right for all state residents.

"There is no fundamental, constitutional right to same-sex marriage," Robert A. Zarnoch, an assistant state attorney general, told the state Court of Appeals.

Kenneth Y. Choe, a lawyer with the American Civil Liberties Union, said that state law should not exclude homosexual couples from "marrying" because they have "committed relationships and loving households."

"Fundamental rights belong to all Marylanders," Mr. Choe said. "They do not belong only to those who have historically enjoyed them."

The seven-member Court of Appeals -- the state's highest court -- heard arguments in a lawsuit brought by nine same-sex couples and one homosexual man seeking to "marry." The court is expected to issue a ruling in weeks.

The lawsuit challenges a 1973 amendment to the state constitution that defines marriage as a union only between one man and one woman.

Representing the state, Mr. Zarnoch said the lawsuit seeks to redefine the law and the institution of marriage. He recommended that the court allow the legislature to settle the issue.

"The General Assembly is the proper venue to weigh these issues," said Mr. Zarnoch, adding that if the court were to redefine marriage, it would have "the unfortunate consequence of placing these issues outside the area of public debate."

The state's case rests largely on the original intent of the Equal Rights Amendment (ERA) to the state constitution and on the authority of the legislature to change laws.

Enacted in 1972, the ERA was created to eliminate discrimination against men or women based on sex.

The lawsuit aims to include "sexual orientation" under the term "sex."

However, the state made clear that the lawmakers who passed the ERA specifically did not want homosexual "marriage" to be allowed under the statute.

High courts of several other states have ruled that their ERAs do not cover sexual orientation and cannot be used to justify same-sex "marriage."

Mr. Choe of the ACLU said the court should not let the legislature decide the matter and asked the judges not to "capitulate."

Judge Dale R. Cathell took issue with Mr. Choe's characterization.

"I don't equate due deference to the word capitulation ... . This court doesn't have a history of capitulation," Judge Cathell said, drawing laughter from the packed courtroom.

The state is appealing a ruling in favor of the plaintiffs issued in January by Baltimore Circuit Court Judge M. Brooke Murdoch.

Judge Murdoch ruled that maintaining traditional marriage "is not a legitimate state interest" if it discriminates against homosexuals.

Voters in 27 states, including seven in the most recent election, have opted to define marriage in their state constitutions as a union only between a man and a woman.

Last month, Arizona became the first state in which residents voted against a ban on same-sex "marriage."

In July, five state courts and one federal court issued rulings upholding traditional marriage laws similar to those in Maryland. Only Massachusetts allows same-sex "marriages."

Outside the courthouse after the hourlong hearing, Delegate Don Dwyer Jr. told reporters he would try again to put the marriage issue to the voters in the coming legislative session.

Mr. Dwyer, Anne Arundel County Republican, has failed to win enough support for the measure in the Democrat-controlled legislature in the last few years.

Before Mr. Dwyer addressed reporters, the 19 plaintiffs stood behind Mr. Choe and Dan Furmansky, executive director of Equality Maryland, a homosexual lobbying group.

"The only truth that really matters today is the truth that is love, the love of these couples behind me," Mr. Furmansky said. "They love each other very, very, very much."

Mr. Zarnoch disagreed. "You can't just change the state family law overnight on a court decision," he said.

U.S. Panel Rejects Plan For Paper Ballots (NYT/AP)

By The Associated Press

The New York Times, December 5, 2006

GAITHERSBURG, Md., Dec. 4 (AP) — A federal advisory panel rejected a recommendation on Monday that states use just voting machines whose results could be independently verified.

The panel, drafting guidelines for the United States Election Assistance Commission, deadlocked, 6 to 6, on a proposal that would have required electronic machines to produce paper records or other independent means of checking results. Eight votes were needed to pass the recommendation.

The resolution, proposed by Ronald Rivest, a computer scientist at the Massachusetts Institute of Technology, closely mirrored a report that warned that paperless voting machines were vulnerable to errors and fraud and could not be made secure.

Some opponents of the proposal said that they supported paper records but that the requirement could overwhelm state election boards.

Congress created the panel after the counting problems in 2000. The meeting on Monday was at the National Institute of Standards and Technology, which is advising the panel on technology. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Federal Panel Rebuffs Guidelines That Insist On A Paper Trail (WP)

By Cameron W. Barr

The Washington Post, December 5, 2006

A federal advisory group rejected a measure yesterday that would have discouraged states from using electronic voting systems that lack an independent means of verifying their results, according to a spokeswoman for the National Institute of Standards and Technology.

Members of the Technical Guidelines Development Committee, a group created by Congress to advise the U.S. Election Assistance Commission, deadlocked 6 to 6 on the proposal at a meeting held at the NIST headquarters in Gaithersburg. Eight votes are needed to pass a measure on the 15-member committee.

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NIST spokeswoman Jan Kosko said the proposal was introduced by Ronald Rivest, a computer science professor at MIT who heads a subcommittee on transparency and security.

Rivest told committee members that software errors in paperless machines could go undetected, leading to a situation in which "an election result is wrong and you have no evidence to show that it's wrong."

Committee member Brit Williams, a computer scientist who has conducted certification evaluations of Georgia's paperless electronic voting system, opposed the measure. "You are talking about basically a reinstallation of the entire voting system hardware," he said.

Five states -- Delaware, Georgia, Louisiana, Maryland and South Carolina -- use machines without a paper record exclusively. Eleven states and the District either use them in some jurisdictions or allow voters to chose whether to use them or some other voting system.

The proposal was based on draft recommendations developed by scientists at NIST, who said in a document released last week that voting machines that do not produce a paper record of each vote "cannot be made secure."

The committee is beginning to prepare technical guidelines that the Election Assistance Commission is expected to adopt next year but that would not be implemented until 2009 or 2010. The guidelines are not binding, but many states require election officials to use voting systems that meet national criteria.

Echoing the work of the NIST scientists, Rivest's proposal suggested guidelines that reject systems "in which the correctness of the election results is dependent on the correctness of the software."

Utah, Using Olive Branch, Tries To Add Seat In House (NYT)

By Kirk Johnson

The New York Times, December 5, 2006

SALT LAKE CITY, Dec. 4 — The State of Utah and the District of Columbia are perhaps the oddest imaginable political allies in a nation of polarized partisan loyalties, alike in few things other than bankable predictability: Washington Democratic, Utah Republican.

But they share outrage that each does not have more influence in Congress, and Utah took a big step toward a marriage of convenience Monday when legislators here approved a plan that would give the state a fourth Congressional seat before the next census and Washington its first voting representation ever.

The plan by Utah, which was denied a fourth seat after the 2000 census because the government did not count thousands of residents who were away serving as missionaries for the Mormon Church, faces big hurdles.

Still, the gulf of political difference between the state and the District is the very glue that offers both of them some hope Congress will give its required approval: one of the newly created seats would almost certainly be Democratic, the other Republican, with no net change in the balance of power.

Both sides also express hope that the measure can be adopted in the current lame-duck session of Congress, though time is running short.

Even here, the idea has its opponents, who cite the constitutional provision that reserves Congressional representation for the states.

But as the voting neared on Monday, Republicans, who have overwhelming control of the Legislature, urged their members to stay focused on what Utah would get from the bargain. What Congress does or does not do for Washington is not Utah's business, they said.

"Our purpose here today is really just to substitute one map for another," said Representative David Clark, a Republican who sponsored the measure on the House floor, where it passed by 51 to 19 after clearing the Senate earlier in the day on a vote of 23 to 4.

A spokesman for Gov. Jon Huntsman Jr., a Republican, said he would sign the bill.

Advocates for the District exulted.

"It's great news for Utah, great news for D.C.," said Ilir Zherka, executive director of DC Vote, a nonprofit group that works for Congressional representation.

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“We’ve been able to keep an unusual coalition together,” Mr. Zherka added. “This is the most momentum this issue has had in 30 years.”

Backers of the Congressional bill that would adopt the idea, enlarging the House to 437 members from its current 435, said they hoped the action by Utah would add momentum and lead to approval in the final days of the current Congress.

But both houses are expected to adjourn by the end of the week, and House leadership aides of both parties said Monday that it was very unlikely the bill would make it to the House floor before then. It is not even currently on the floor schedule, they said.

If the legislation stalls, the new Democratic majority could resurrect it after taking control in January. But the Democrats want to make certain that any changes in the Congressional boundaries do not threaten Representative Jim Matheson, the party’s lone lawmaker from Utah.

Democrats in the Legislature said they saw no such problem: if the plan is adopted, Mr. Matheson’s new district will be heavily concentrated in the area of Salt Lake City, where the party is strong.

Despite the overwhelming backing for the measure, some legislators here continued to see it as wrongheaded and perhaps unconstitutional.

One Republican who voted no, Representative Julie Fisher, noted the state’s rapid population growth and its expectations for the next census, saying, “We will get our seat anyway in 2010, without selling short our nation’s most revered document.” <NYT_AUTHOR_ID>

Martin Stolz contributed reporting from Salt Lake City, and Carl Hulse from Washington.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Utah Redistricting Brings D.C. Closer To Vote (WT)

By Gary Emerling

The Washington Times, December 5, 2006

D.C. officials yesterday cheered the Utah Legislature's approval of a redistricting map that is key to the District's voting rights bill, saying the development brings city residents one step closer to having a vote in the House.

"I do think we can move this bill," said D.C. Delegate Eleanor Holmes Norton, a Democrat who co-sponsored the D.C. Voting Rights Act. "The main problem is time."

Mayor-elect Adrian M. Fenty, who met with House Speaker-elect Nancy Pelosi last week and discussed the bill's prospects, said that Mrs. Pelosi, California Democrat, told him she would move aggressively for the bill.

"I remain optimistic that the bill will move this week," said Mr. Fenty, a Democrat. "And if it doesn't, I'm hopeful it will be at the top of the legislative agenda in 2007."

Jennifer Crider, a spokeswoman for Mrs. Pelosi, said the bill would be a priority for Democratic lawmakers if introduced again next year.

The Utah Legislature yesterday approved a map dividing the state into four congressional districts. The redistricting map was required by lawmakers to move the Voting Rights Act proposal, which has been put forward by Mrs. Norton and Rep. Thomas M. Davis III, Virginia Republican.

The plan would give the largely Democratic District a seat in the House and add a fourth seat for largely Republican Utah. It also would expand the House permanently from 435 to 437 members.

But the chances of the measure making it out of the House Judiciary Committee and through both chambers of the Republican-controlled Congress before lawmakers adjourn this month are shrinking.

The bill was not on the House floor schedule issued last week, although bills can be added to the docket.

A House senior leadership aide said yesterday there had been "zero discussions" about bringing the bill to the floor this week.

And an aide for Senate Majority Leader Bill Frist, Tennessee Republican, said the chances of the bill passing the Senate this session are "rather slim" because the squeezed time frame doesn't allow for much debate.

Mrs. Norton also said some House Republicans have suggested changes to the bill beyond the Utah redistricting. But she remained hopeful that the measure could move forward.

"We can't do the impossible, but we can certainly keep pressing for this bill as long as this session is still alive," Mrs. Norton said. "Even with all the uncertainty, we're not willing to throw in the towel."

If lawmakers fail to pass the bill before the current session expires, Mr. Davis is expected to reintroduce it immediately after the next session begins Jan. 4.

David Marin, a spokesman for Mr. Davis, said the bill's supporters are holding out hope that it will be introduced this week.

"There are a lot of calls going around to a lot of very influential people," Mr. Marin said. "We're still optimistic."

D.C. Vote, a nonprofit advocacy group, is expected to visit congressional offices today in an effort to have the bill brought to a vote.

Ilir Zherka, executive director of the group, said he expects about 60 advocates to visit about 80 congressional offices, using yesterday's vote in Utah as momentum to have the bill heard this year.

"It's definitely still an uphill battle," Mr. Zherka said. "The effort in Congress is to do as little as possible and get out, and our effort is to add things to their list. This bill is still in the mix."

Without Further Delay (WP)

The Washington Post, December 5, 2006

THE PEOPLE of the District of Columbia shouldn't have to wait another minute, let alone another month, to get the full voting representation in government that is their due as Americans. A bill to give the District a vote in the House of Representatives is pending, but for reasons that are as unclear as they are unacceptable, it may not be brought to a vote. Instead of idly watching the hours tick down in the final days of a generally useless legislative year, the 109th Congress should muster the political will to right a 200-year-old wrong.

A significant step was taken yesterday with the Utah legislature's approval of a redistricting plan that carves out an extra congressional seat for the fast-growing state. The resourceful proposal to give the District a voting seat hinges on balancing it against an additional seat for Utah, which just missed qualifying for one more legislator after the last census. The House would increase in size by two, to 437; because it's presumed that Utah voters would elect a Republican and District voters a Democrat, party politics are neutralized. Now that Utah's political leaders have agreed on the shape of a redistricting map, they may prod the Republican leadership to take action.

Some might argue that a lame-duck Congress shouldn't enact far-reaching reform. But this bill has been four painstaking years in the making. It enjoys widespread bipartisan support, and there is no organized opposition to it. Indeed, how could there be? Legal scholars of all political persuasions have testified to its soundness and, as Rep. Thomas M. Davis III (R-Va.) said, "It's hard to make a straight-faced argument that the capital of the free world shouldn't have a vote in Congress." If President Bush would like to argue against democracy for the District, he should do so openly; otherwise he should openly support this bill. The same goes for Speaker J. Dennis Hastert (R-Ill.) and Senate Majority Leader Bill Frist (R-Tenn.).

That the bill got this far is a testament to Mr. Davis and his partnership with Eleanor Holmes Norton (D), the District's nonvoting delegate in the House. If the bill languishes this year, Mr. Davis has vowed to make it the first bill he introduces in the new Congress. But that carries risks. Will the Republicans who signed on this year stay committed? Will Democrats balk at the seat for Utah? New questions mean potential new delays. All the while D.C. residents continue to pay federal taxes and go off to war without a say in making policy.

That's fundamentally wrong. That's why the 109th Congress couldn't come up with a better ending than one titled "The District of Columbia Fair and Equal House Voting Rights Act of 2006."

House To Consider Abortion Anesthesia Bill (WP)

By Jonathan Weisman

The Washington Post, December 5, 2006

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In a parting gesture by social conservatives before Republicans relinquish control, House leaders plan to bring up a bill tomorrow that would declare that fetuses feel pain and require abortion providers to offer pregnant patients anesthesia for their unborn child.

The scheduled vote may be the last on abortion-related legislation for years. That's because Democratic leaders hope to avoid confrontations over hot-button social issues that divide their caucus, and focus instead on military and pocketbook issues.

But Republicans and antiabortion activists signaled yesterday that they intend to press hard on social issues, even those that failed to gain traction during GOP control, to separate moderate-to-conservative Democrats from their more liberal leaders.

"The Democrats are facing an interesting situation because they ran to the right in this election," said Wendy Wright, president of the conservative group Concerned Women for America. "They promised one thing to America with their campaigning. The question is, will they live up to that image? Running and hiding is not a solution."

Democrats are shying from the fight. Party leaders in the House have declared tomorrow's decision "a vote of conscience" and will not try to sway the outcome. House Speaker-elect Nancy Pelosi (D-Calif.) does not plan to speak on the bill, a rarity for her.

The fetal pain bill is coming up nearly as an afterthought, in the final week of a lame-duck session of Congress. House Republican leaders are using expedited procedures to bring it to a vote, meaning it will take a two-thirds vote of the chamber to pass. Its supporters are setting expectations low.

"Hopefully, we get a majority," said Rep. Christopher H. Smith (R-N.J.), the bill's author. "Two-thirds is hard on anything, except if it's a post office."

Even if the bill can muster a two-thirds vote, it cannot pass the Senate before Congress adjourns.

But social conservatives see an opportunity to test Democrats' evolving position on abortion, a position that has become more amenable to incremental curbs on ending pregnancies and more vocal about reducing the number of abortions. Under Republican control, Congress passed a ban on the late-term abortion method called "partial birth" abortion by its foes and passed the Unborn Victims of Violence Act, which increased penalties for crimes that harm a fetus.

At first blush, the Unborn Child Pain Awareness Act would seem to be anathema to abortion rights groups. It requires abortion providers to tell a woman whose pregnacy is 20 weeks past fertilization "there is substantial evidence" that the fetus will feel pain during the procedure -- a point hotly debated among physicians and pain specialists.

The woman would then have to sign a form accepting or declining anesthesia for her fetus. Some medical groups interpret the language to mean that the fetus would have to have an application of anesthesia separate from the mother's, a procedure that many abortion clinics are not capable of providing.

Even the bill's definition of pregnancy -- beginning at the moment of fertilization, rather than at implantation in the uterus -- is problematic to some abortion rights groups, since it would legislatively establish that some forms of birth control induce abortion by blocking implantation after fertilization.

Backers of the bill have framed it as a common-sense extension of existing state laws that mandate that patients receive information about abortion procedures before giving their consent.

"This is just a compassion piece of legislation to take informed consent to the level it should be at," said Rep. Phil Gingrey (R-Ga.), an obstetrician and antiabortion conservative.

While the measure has provoked strong opposition from Planned Parenthood and the National Abortion Federation, NARAL Pro-Choice America, perhaps the nation's leading abortion rights group, has stayed neutral.

"Pro-choice Americans have always believed that women deserve access to all the information relevant to their reproductive health decisions. For some women, that includes information related to fetal anesthesia options," Nancy Keenan, NARAL's president, has said in a statement on the bill.

Democratic leaders cited NARAL's position when they decided against trying to influence the vote. Democratic leadership aides said yesterday that they are leery of Republicans charging that they are already out of touch with mainstream values, even before they assume power.

Citing those divisions, the National Right to Life Committee's Douglas Johnson dared Democrats to vote against the bill. If it passes the House, Sen. Sam Brownback (R-Kan.) will try to pass it in the Senate by a unanimous voice vote.

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"Somebody will object," Johnson said. "We want to know who that person is."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, December 5, 2006

'Without honor'

Yesterday, when we called on John "Jack" McDermott, who supervised the Watergate investigation as special agent in charge (SAC) of the FBI's Washington Field Office, he was awaiting a scheduled visit from a Hollywood screenwriter.

The big question now is whether Hollywood will listen.

"Tom Hanks has already paid Mark Felt's family for the rights to write the screenplay on 'Deep Throat,' and I can only surmise that they will only be willing to proceed with this if Hanks were planning on projecting Felt in a heroic manner. You don't make too many films about the devil," Mr. McDermott tells Inside the Beltway.

"Our aim is to see if we can inject some degree of perspective in this thing," he says. "So I plan to accommodate them by making myself available for the sole purpose to get the proper slant on this thing -- projected in a way consistent with accuracy. You try to save what you can -- keep this from becoming historic revisionism."

Mr. McDermott makes no secret of his disdain for former FBI Deputy Director W. Mark Felt, who after decades of secrecy has conceded to being "Deep Throat." The retired SAC has charged that Mr. Felt's repeated leaks to the press not only compromised the Watergate probe, but placed witnesses in jeopardy.

"[A]ll other arguments seeking to justify Felt's actions are trash," says Mr. McDermott, handing this column yesterday a three-page, unpublished summary he has written surrounding Mr. Felt's secret role in Watergate.

"Felt was the bureau's Benedict Arnold," Mr. McDermott opines. "Having been entrusted with the highest levels of military command by [Gen. George] Washington and his staff, Arnold betrayed his oath, his country and his fellow citizen-soldiers to pursue his own ambitions. Felt did no less to the bureau and his fellow agents.

"Let's not fool ourselves," he says. "The bureau's reputation for faithfulness and unselfish devotion to duty has been seriously diminished by this foul episode."

Mr. McDermott acknowledges having "long admired most of Tom Hanks' work product," however, the retired SAC is concerned that the Hollywood actor and director is "sold" on a belief that "Deep Throat" is a champion of truth that otherwise would have been suppressed, rather than a cowardly bushwhacker, disloyal to his fellow agents and his oath of office."

He concludes that "some have called Felt a hero; but heroes don't lurk in the shadows for 33 years. ... The man is without honor."

Mr. McDermott retired in September 1979 as the FBI's deputy associate director.

Spoken by Spanish

Rob Toonkel, director of communications for U.S. English Inc., called our attention yesterday to a new Zogby International poll finding that 65 percent of Hispanics favor making English the official language of the United States.

He says the results of the poll of 903 Hispanic adults "challenges the long-standing claim that Hispanics generally oppose official-English measures. "

Lucky 35

The National Archives on Dec. 15 will continue its moving tradition of holding a naturalization ceremony for petitioners seeking U.S. citizenship.

Chief Judge Thomas F. Hogan of the U.S. District Court for the District of Columbia will preside as 35 petitioners take the oath of citizenship in front of the Charters of Freedom -- the Declaration of Independence, the U.S. Constitution and the Bill of Rights, which was adopted 215 years ago.

Uh-oh

Good grief, have you read the December issue of Popular Mechanics?

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"Friday the 13th of April, 2029, could be a very unlucky day for planet Earth," according to the article penned by David Noland. "At 4:36 a.m. Greenwich Mean Time, a 25-million-ton, 820-foot-wide asteroid called 99942 Apophis will slice across the orbit of the moon and barrel toward Earth at more than 28,000 miles per hour.

"The huge pockmarked rock, two-thirds the size of Devils Tower in Wyoming, will pack the energy of 65,000 Hiroshima bombs -- enough to wipe out a small country or kick up an 800-foot tsunami. On this day, however, Apophis is not expected to live up to its namesake, the ancient Egyptian god of darkness and destruction. Scientists are 99.7 percent certain it will pass at a distance of 18,800 to 20,800 miles. We will have dodged a cosmic bullet. Maybe."

Mr. Noland points out that NASA "is taking a wait-and-see attitude."

ANTITRUST:

FCC May Ask Commissioner With Conflict To Break Tie On AT&T-BellSouth Merger (USAT)

By Paul Davidson, Usa Today

USA Today, December 5, 2006

Moving to break a deadlock over approval of AT&T's (T) purchase of BellSouth (BLS), the chairman of the Federal Communications Commission said he will ask a recused commissioner to cast the tie-breaking vote.

For nearly two months, the FCC has been split 2-2 along party lines, with Democrats Jonathan Adelstein and Michel Copps pressing for tough conditions on the $80 billion deal, which would create the nation's largest phone company.

The impasse has forced three postponements of votes on the merger and talks broke down again Friday over Democrats' demands for non-discrimination assurances for AT&T's broadband traffic and reduced wholesale prices.

In a letter to congressional leaders Friday, FCC Chairman Kevin Martin, who favors no conditions on the deal, said he will ask fellow Republican Robert McDowell to break the stalemate.

McDowell disqualified himself because he previously worked as a lobbyist for a trade group that opposed the deal. Martin told lawmakers a recused commissioner may be authorized to vote if the government's interests outweigh any ethical concerns. He said he has asked the FCC general counsel to determine if McDowell may vote.

Enlisting McDowell could "spark various ethical/legal complaints" and a political ruckus with leaders in the new Democratic-controlled Congress, Stifel Nicolaus analyst Blair Levin said in a report.

The FCC hopes to clear the deal at its Dec. 20 meeting, before the new Congress takes over in January. Levin predicted McDowell would "seek some sort of compromise" but would lean toward Martin's view.

In a statement, Copps said "taking a mulligan by starting over with (McDowell involved) would create more problems than it resolves" and "short-circuit discussions."

Recent talks broke down partly over Democrats' efforts to prevent AT&T's DSL broadband service from offering faster downloads to websites that pay higher fees. AT&T agreed not to prioritize traffic on a portion of its network, rather than throughout its network, say people with direct knowledge of the discussions.

AT&T also bristled at demands for binding arbitration to settle disputes over the wholesale prices it charges rivals to lease its network for business services.

AT&T has been more receptive to Democrats' requests to charge lower prices for its stand-alone broadband service, say people with knowledge of the discussions. As a condition of the AT&T-SBC merger, the company agreed to offer DSL without also requiring customers to buy AT&T phone service. That way, consumers could choose a rival Internet-based phone service, such as Vonage. But competitors have complained that AT&T's pricing gives consumers no incentive to buy standalone DSL. AT&T says its prices are competitive.

To win FCC approval for its acquisition of BellSouth, AT&T has offered other concessions, such as $10-a-month DSL service for 30 months and expansion of its broadband service in rural areas. Such offers may be withdrawn if McDowell joins the discussions.

FCC clearance is the final regulatory hurdle for the deal, which has been approved by the Justice Department and 18 states.

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'Rubber-Stamp' Inference Riles Federal Judge At Telecom Merger Hearing (LAW)

By Cecile Kohrs Lindell, The Deal

The Deal, December 5, 2006

Fireworks in a Washington, D.C., courtroom don't necessarily signal bad news for two telecommunications mergers under review by a federal judge, but they may portend a battle over merger law.

On Nov. 30, District Court Judge Emmet Sullivan heard the latest round of arguments in his review of the mergers between Verizon Communications Inc. and MCI Inc., and SBC Communications Inc. and AT&T Corp., which the Department of Justice approved in 2005.

Sullivan, months into a congressionally mandated review of the merger, was taken aback when Verizon's lawyer bluntly suggested the judge had little power to unwind the deals.

"This merger is not going to be unscrambled by anything this court does," senior Verizon lawyer John Thorne told Sullivan.

The startled judge -- who has repeatedly said he intends to conduct an independent review and "won't be a rubber stamp" for the government -- nearly came off the bench. Leaning forward, he glared at Thorne and asked the Verizon attorney to explain his opinion of the judge's authority and the importance of the Tunney Act proceeding.

Thorne, who is well-versed in antitrust law, replied, "If a transaction is largely good, it should close."

Sullivan's irritation aside, Thorne's view of restricted judicial authority is shared by many antitrust experts.

Thorne concluded that anti-competitive issues posed by a merger, which in this case resulted in the telecoms being ordered to let competitors lease lines into some 700 buildings in about a dozen markets, can be dealt with after a deal closes through the Tunney Act process.

Continuing to glare at Thorne, Sullivan said, "Maybe Congress should make it clear that mergers couldn't close until there has been judicial review," he said.

As Thorne finally sat down, Sullivan said, "I'm going to do an independent review and we'll see where the merger stands at that point."

Despite Sullivan's tough words, other antitrust experts say the judge, in fact, has little power to rewrite the Justice Department's two merger approvals.

In merger cases where DOJ predicts anti-competitive harm and negotiates divestitures or other remedies with the merging parties to resolve the problems, the agency must submit any remedies for approval by a federal judge. The Tunney Act, a law enacted in the 1970s and amended in 2004, mandates that process.

The current Tunney Act proceeding is the first subjected to hearings since the Congress moved to strengthen the law two years ago.

DOJ's practice has been to allow mergers to close prior to the Tunney Act hearings. In many cases, including the two telecom mergers now under judicial review, the agency does not require execution of the divestitures until the Tunney process concludes.

In most merger cases, DOJ simultaneously files with a district court the complaint outlining the competitive harms as well as the negotiated consent decree spelling out the proposed remedies.

Most of the time, in what has been characterized as a rubber-stamp process, judges quietly approve the consent decree.

But for all Sullivan's concern, he is left with two choices. He can decide that the required divestitures are in the public interest, and enter an order approving them, or he can decide they are not sufficient.

If he rules against the remedies, DOJ would go back and reconsider their options, DOJ lawyer Claude Scott told the court. Should that happen, the divestiture requirements could be dropped, eliminating the need for any further court action.

"I know you don't have to file anything," in these cases, Sullivan told Scott. In an effort to introduce a little levity, he grinned. "Are you sorry you did? Just kidding."

If the DOJ decided to appeal the decision, as at least one lawyer arguing against the deal predicted, the matter would shift to the Court of Appeals for the District of Columbia Circuit, where the chief judge is Douglas Ginsburg, a Reagan appointee and a former assistant attorney general for antitrust at DOJ. Depending on how far Sullivan goes, Ginsburg and other judges on the

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appeal court panel could see the Tunney Act process as infringing on prosecutorial discretion, according to a lawyer who requested anonymity.

"And that might not be the best thing for consumers," because without the Tunney Act, it's not clear why divestitures are required to protect consumers, the lawyer said.

In the AT&T and Verizon mergers, however, trade groups for rivals of the big telecommunications companies have vociferously opposed the remedies, arguing that in fact the mergers themselves should never have been approved.

In court, Justice Department lawyers have gone out their way to avoid the rubber-stamp analogy while still arguing that Sullivan's role is limited to judging whether the remedies are sufficient to fix the mergers' perceived harm to competition.

"You do have a role in looking at this remedy," Scott said when Sullivan queried him after the exchange with Thorne.

Sullivan, however, has repeatedly said he isn't sure he is limited to just determining whether the remedy fits the harms alleged in the complaint.

Therein lies the rub, according to antitrust lawyers watching the case. While the Tunney Act does allow judicial scrutiny of the remedy, the decision of whether to require any divestitures is a matter of prosecutorial discretion that lies with the antitrust regulators.

As in the case of AT&T Inc.'s subsequent purchase of BellSouth Corp., DOJ found no anti-competitive harm, and consequently that deal didn't require any judicial review. Sullivan noted that and queried whether DOJ's decision not to impose conditions on the BellSouth deal was intended to avoid another Tunney act review.

"The government chose not to file a complaint in a case that was on the heels of this case," Sullivan said to Scott. "Does this alter the landscape"?

Scott said no.

So far, Sullivan, a Clinton appointee, has conducted public hearings, ordered DOJ to produce nonpublic documents, and allowed lawyers for the diverse opponents, such as industry groups CompTel and AcTel, and even the New York State Attorney General's office, to review and comment on the matter.

During the hearing, Sullivan said he might hold an evidentiary hearing before issuing his ruling.

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Kentucky Congressman Raises Concerns About Delta Merger (LOUBIZ)

Louisville (KY) Business First, December 5, 2006

Kentucky congressman Geoff Davis is encouraging the U.S. Attorney General and Transportation Secretary to conduct a "full and careful review" of US Airways' efforts to merge with Delta Air Lines.

In letters dated Dec. 1, Davis told both Attorney General Alberto Gonzales and Transportation Secretary Mary Peters that he is "very concerned about the significant loss of competition and the likely impact on air fares this merger could create."

"The tremendous overlap of the route networks of these carriers would cause significant consolidation, reducing flight choices and increasing already expensive fares for our consumers," he wrote. "This potential merger affects thousands of jobs, and Delta/Comair has an economic impact for our region in the billions."

Atlanta-based Delta (Pink Sheets: DALRQ) operates its second-largest hub at the Cincinnati/Northern Kentucky International Airport in Hebron, Ky. That hub, which also contains the headquarters of Comair, Delta's regional carrier subsidiary, employs an estimated 10,000 people and has an economic impact of nearly $4 billion, according to a news release issued Monday by Davis, a Boone County Republican representing Kentucky's Fourth District.

"We feel that Delta and its employees, through extraordinary sacrifice and hard work, are making tremendous progress on their restructuring plan to emerge from bankruptcy as a strong and independent carrier," Davis wrote to Peters and Gonzales. "The interests of all may be best served by ensuring they remain on this course."

US Airways made its $8 billion merger offer public on Nov. 15 when the airline released a letter to Delta CEO Gerald Grinstein outlining its unsolicited bid. Grinstein already had rebuffed the offers privately and has continued to argue that Delta and the public would be best served if it emerges from bankruptcy as an independent, stand-alone airline.

Mercury News Reduces Number Of Layoffs After Bargaining Session (AP)

By Rachel Konrad, Ap Business Writer

AP, December 5, 2006

San Francisco (AP) -- After a 20-hour bargaining session ended Monday morning, the San Jose Mercury News and its union reached a tentative agreement on a two-year contract that reduced the number of workers to be laid off.

The 263,000-circulation daily newspaper will eliminate 27.5 full-time positions, down from the 69 positions originally slated to be cut.

The paper, which employs 490 members of the San Jose Newspaper Guild, guaranteed it would not lay off more union workers through June. Managers will notify employees of the layoffs by Tuesday morning.

Laid off workers may receive two weeks pay for every year of service, up to 10 weeks of salary, and two months of paid health care.

The reduction in layoffs was welcome news among reporters, photographers and other editorial workers, who wore black Monday to show solidarity with soon-departed colleagues.

"Nobody wants to see good journalists and friends walk out the door," said columnist and guild member Mike Cassidy. "But I'm encouraged because it shows that the owners of the paper do have a concern for quality journalism and are willing to try to work with the unions to remain the paper it is."

Newspaper spokesman Dan Breeden confirmed terms of the agreement but would not comment further.

Luther Jackson, executive officer of San Jose Newspaper Guild, did not immediately return calls Monday.

The contract provides 2 percent annual wage increases and a $1,000 bonus meant to help reduce the sting of a new health plan that requires members to pay at least 20 percent of premiums.

The company froze its pension plan and replaced it with a 401K matching contribution of up to 3 percent if an employee contributes 6 percent.

Despite concessions, the agreement offers a measure of stability in a newsroom rattled by corporate turmoil.

MediaNews Group Inc., the nation's fourth-largest newspaper publisher, acquired the Mercury News, the Monterey County Herald and Contra Costa Times from McClatchy Co. earlier this year in a complex deal valued at $1 billion. MediaNews also owns the Oakland Tribune and seven other Bay Area newspapers.

The Mercury News was previously owned by Knight Ridder, the nation's second largest newspaper publisher, which put itself up for sale late last year under pressure from shareholders unhappy with a sagging stock price. The slump reflected investors' souring sentiments about traditional media as the Internet siphons away advertising revenue.

The new contract, which expires in October 2008, permits MediaNews to coordinate news coverage and advertising with other papers in the chain.

Late last month, a federal judge issued a temporary restraining order on the San Francisco Chronicle, whose parent company, Hearst Corp., appeared interested in collaborating with MediaNews on local distribution and national advertising sales. U.S. District Judge Susan Illston said such a deal would possibly violate antitrust laws.

Plaintiffs In Iowa Microsoft Case Won't Call Gates, Ballmer As Witnessess (AP)

By David Pitt, The Associated Press

AP, December 5, 2006

DES MOINES, Iowa – The attorney representing plaintiffs in one of the few state-level class-action antitrust lawsuits left against Microsoft announced today that she would not call Chairman Bill Gates and CEO Steve Ballmer as witnesses.

Roxanne Conlin won a judge's ruling prior to the trial that would have forced Gates and Ballmer to travel to Des Moines for direct questioning even though the two executives were expected to testify later in the case when Microsoft presents its defense.

Judge Scott Rosenberg's ruling indicated that Gates and Ballmer would be required to travel to Des Moines from Washington only once. That would have allowed Microsoft attorneys to question the two men directly — in effect presenting part of their defense in the middle of the plaintiffs' case.

Conlin released a statement today that said the decision was reached to avoid any potential confusion by jurors.

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"I am concerned such a disruption of our case may create unnecessary confusion for the jurors," Conlin said. "There is absolutely no reason to have such a disruption in light of the defense's promise to call Bill Gates as a witness."

The Iowa lawsuit claims Microsoft violated Iowa's competition laws and seeks about $330 million for Iowans who have purchased the software maker's products since 1994.

Microsoft attorney Rich Wallis said Friday that many of the allegations Conlin is making are 15 to 20 years old and the company resolved many of the issues years ago. Wallis said the case is about whether Iowans paid fair prices for computer software, and the company will show that consumers received a good value for their money.

The lawsuit was originally filed in 2000, after federal antitrust actions against Microsoft were settled. It has already been before the Iowa Supreme Court three times on various legal issues and been sent back to Polk County District Court for trial.

Conlin will be allowed to play a 10-hour unflattering 1998 deposition by Gates from another lawsuit that shows a fidgety, nervous looking chief executive.

She has said the videotape will give jurors "good insight into the motivation and business practices of Microsoft."

Microsoft has planned on calling Gates and Ballmer as witnesses from the outset of the trial and said Conlin's change in strategy does not affect their case.

"This does not change our strategy one iota. Bill Gates and Steve Ballmer are coming to Iowa to testify in our case," Wallis said. "They're looking forward to telling our story as we have said all along."

The change will mean Gates and Ballmer will come later next year. Both men are expected to be on the witness stand for about four days.

The jury of seven men and five women have been told the case will likely last about six months.

Bank Of N.Y. To Buy Mellon Financial In $16.5B Deal (USAT)

By Matt Krantz

USA Today, December 5, 2006

Bank of New York said Monday it will buy Mellon Financial for $16.5 billion in stock, creating an investor service behemoth and one of the world's largest asset managers.

The combined company, to be called Bank of New York Mellon, will rank first worldwide with $16.6 trillion of assets under custody, says globalcustody.net (custody services distribute cash and dividends held in trust on behalf of the trust owners). It will be in the top 10 of the world's largest asset managers, overseeing more than $1.1 trillion of assets, says David George, analyst at A.G. Edwards.

“This deal does make sense,” says Eric Fitzwater at bank industry research firm SNL Financial.

Investors seemed to agree. Shares of Bank of New York gained $4.27 to $39.75, and Mellon gained $2.73 to $42.78. Investors were so pleased because the expectations for the merger are “reasonable and realistic,” says Gerard Cassidy, analyst at RBC Capital Markets.

The deal is significant for the industry because it results in:

•Cost savings. The combined firm plans to slash pretax costs by 8.5% or $700 million a year in a three-year plan. Part will be accomplished by cutting 3,900 of 40,000 jobs. The restructuring plan is expected to cost $1.3 billion. Cassidy thinks that after everything is done, the new company might save more and spend less to restructure.

•Pressure to consolidate. Being big is a major advantage in the asset custody business, where firms are paid relatively small amounts to handle routine back-office tasks, Fitzwater says. “In this sector, scale is huge,” he says.

The new combined company will put major pressure on smaller firms to combine so they can compete, Cassidy says.

As large as the Bank of New York's buy of Mellon is, it's just the latest in a frenzied year for financial M&A. The deal is the industry's second-largest this year and 12th-largest ever, Thomson Financial says.

It's not surprising to see strong M&A activity in the financial industry since the stocks have done so well, says Anant Sundaram, finance professor at the Tuck School of Business. Banks are on the hunt for deals using their rich stock, he says. Bank CEOs are telling themselves: “Everyone is doing it (merging), so let me do it also,” he says.

Banking On Market Complexities (WSJ)

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By Clint Riley

The Wall Street Journal, December 5, 2006

Bank of New York Co.'s proposed takeover of Mellon Financial Corp. reveals a new pot-of-gold in the investment industry: The increasingly complicated, global investment strategies used by hedge funds and other sophisticated money managers has been a boom for banks that keep track of all those trades.

If the $16.5 billion stock deal is approved by regulators and shareholders, that business now would have a new leader: The combined Bank of New York Mellon Corp. would have $16.6 trillion in assets under custody -- overseeing trade processing, internal accounting, fund administration and other such services for hedge funds, retirement plans, mutual funds and government entities. That figure would catapult the company ahead of J.P. Morgan Chase & Co., which oversees about $12.9 trillion under custody.

WALL STREET JOURNAL VIDEO

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WSJ's Clint Riley explains2 why the merger "is meant to be."

The new company would have another $1.1 trillion in assets under management, making investment decisions on behalf of mostly big institutional clients, putting it in the top 10 global asset managers.

Share prices for both companies rallied on the news, with the Bank of New York up 12% and Mellon up nearly 7% for a total combined stock market value of $47.5 billion.

Investors bid up prices for the other two big stand-alone custody banks' shares, with Northern Trust Corp. and State Street Corp. jumping amid speculation that they could become takeover targets or steal customers from their merging rivals. Prices for smaller asset servicers in the U.S. and abroad also rose, including Investors Financial Services Corp.

"This is about the future and not about the past," said Robert P. Kelly, Mellon's chief executive, who will become chief executive of the combined company if the deal is completed as planned, in mid-2007. "We are in a consolidating industry and we are in businesses that are becoming more global."

Hedge funds and institutional investors, including governments in emerging markets, are making a larger number of often-complicated investments across multiple asset classes in many countries, sometimes simultaneously through several trading strategies.

MORE ON THE MERGER

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• Analysts React: 'Strategic Sense'4

• Read the full text5 of the companies' statement on the merger agreement.

The complexity of dealing with varied regulations, currency conversions and accounting differences world-wide is forcing many asset managers, which once serviced their own trades, to outsource the work to larger and better-equipped financial institutions with global reach.

To keep up with investing trends, banks and asset servicing firms are employing sophisticated technology, including software that can quickly translate foreign language, track currency transactions and ensure compliance with constantly shifting regulations.

Such technology is costly to develop and maintain. Those with the broadest client bases have the advantage of spreading such costs, allowing them to reap higher returns.

'Guaranteed' Profits

That is part of what is driving consolidation in the industry, which previously had been confined to acquisitions of smaller players, including some overseas.

The Bank of New York brings its scale and expertise in asset servicing, as well as short-term lending to traders and trade clearing -- the business guaranteeing that all parties in a trade will make good on their commitments.

This potentially lucrative business would provide about 71% of the new company's annual revenue, or $8.9 billion of the $12.5 billion total.

The remaining $3.6 billion, or 29%, would come from asset and wealth management, Mellon's forte.

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Most of Mellon's business is as a money manager for big institutional clients, but it also advises the struggling mutual-fund family Dreyfus Funds.

Despite its well-known brand name, investors have been pulling more money out of Dreyfus stock and bond funds than they put in for the past three years, according to Financial Research Corp.

The combined company would be based in New York and have 40,000 employees in 36 countries.

It said cost-cutting from the proposed takeover should save the new company $700 million a year in pretax expenses, or about 8.5%. It hopes to cut about 3,900 jobs over three years, through attrition "where possible."

Bowing to Mellon's iconic status in its hometown of Pittsburgh, the new company plans to base some of its divisions there and add jobs.

Current shareholders of Bank of New York will control more than 60% of the new company, while Mellon's current management team will largely take over day-to-day operations of the company. The current chairman and chief executive of Bank of New York, Thomas A. Renyi, will stay on for 18 months as executive chairman and play a key role in its integration.

"This is a combination that is coming out of strength," said Mr. Renyi in an interview. "Now is the time to play on a global stage."

The deal, described by the banks as a merger of equals, brings together two storied financial institutions that analysts have speculated for years would join forces.

Mellon was founded by the family of industrialist Andrew Mellon, the other, the brain child of Alexander Hamilton. Both men were once U.S. Treasury secretaries; Hamilton was its founder, and his visage today graces the $10 bill.

"Hamilton and Mellon are probably drinking scotch right now," quipped Gerard Cassidy, a bank analyst for RBC Capital Markets.

Back in early 1998, Mr. Renyi approached Mellon with a so-called bear hug -- a merger offer to a corporate board that falls short of a hostile takeover bid. The idea was harshly rejected by Mellon's board, then led by Frank V. Cahouet.

The Challenge to Renyi

"Our board does not believe you have the commitment or the experience to implement a strategy that capitalizes on the quality of the Mellon franchise and the value inherent in it," Mr. Cahouet told Mr. Renyi in a letter.

Mr. Renyi didn't let that deter him. For years, he had sought to have his bank viewed in a better light by investors and fellow bankers, arguing that it didn't deserve to be trading at cheaper valuations than its biggest competitors Mellon, State Street of Boston and Northern Trust of Chicago.

In late September, with Mellon under new leadership and the 60-year-old Mr. Renyi approaching retirement age, he decided that the timing was right to try again. He found a receptive audience in his counterpart at Mellon, Mr. Kelly, an expansion-minded bank executive who left Wachovia Corp. less than a year ago to head Mellon. Both men were acutely aware of the huge scale their companies needed to compete in the competitive business.

DEAL MONDAY

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• Qualcomm to Buy Chip Businesses8

• Premier Foods to Buy RHM in $2.44 Billion Deal9

Though speculation was rampant that more consolidation was in the offing, Northern Trust and State Street tried to douse it. "We believe we have a strong future serving our clients and creating shareholder value as an independent company," said a Northern Trust spokesman.

A State Street spokeswoman said her company also doesn't feel it is under pressure to do a deal.

The deal also could prompt other big banks with such operations to move to strengthen their positions, including Citigroup Inc., which has a custody unit that is the fourth largest in the business. Asset services is a double-digit growth engine for Citigroup and J.P. Morgan.

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Bank of New York was represented in the transaction by Goldman Sachs Group Inc. and the law firm of Sullivan & Cromwell. Mellon was represented by UBS Investment Bank and Lazard and the law firms of Simpson Thacher & Bartlett LLP and Reed Smith LLP.

Bank Of New York To Buy Mellon For $16.5 Billion (NYT)

By Peter Edmonston

The New York Times, December 5, 2006

Bank of New York has agreed to acquire Mellon Financial of Pittsburgh in an all-stock transaction valued at $16.5 billion that will create the world's largest securities-servicing firm, the two companies announced today.

The combined entity will be called Bank of New York Mellon and have annual revenue of more than $12 billion.

The boards of both banking companies have approved the deal, which is expected to close early in the third quarter of 2007 and will immediately add to earnings, the companies said.

For Bank of New York, the deal will bolster its position as a leader in the securities servicing and processing business, which provides the backbone of the world's stock and bond markets. Earlier this year, Bank of New York nearly doubled the size of its corporate trust business, which handles record-keeping for debt issues, by agreeing to swap many of its retail branches for J.P. Morgan Chase's corporate trust unit.

The combined company will have $16.6 trillion in assets under custody and act as corporate trustee for an additional $8 trillion in assets.

"Mellon is going to have the opportunity to accelerate what is are very compelling growth rates for the company," said Thomas A. Renyi, Bank of New York's chairman and chief executive, during a presentation for investors and banking industry analysts today. "This is a combination that has extraordinarily similar and very complimentary businesses."

Wall Street viewed the deal favorably for both banking companies. Bank of New York's shares climbed $4.27, or 12 percent, to close at $39.75 today on the New York Stock Exchange, while Mellon's shares gained $2.73, or 6.8 percent, to $42.78.

While the deal ends a longstanding rivalry for both companies, it will bring together institutions whose heritage is tied to two titans of American business history. Mellon was founded more than a century ago by Judge Thomas Mellon, who handed over the business to his son Andrew; the Bank of New York was founded by Alexander Hamilton in 1784.

When the deal is completed, Bank of New York's shareholders will own 63 percent of the stock in the combined company, with Mellon's shareholders owning the remainder. Under the terms of the deal, Bank of New York's shareholders will receive 0.9434 shares of the combined company for each their current shares. Mellon's shareholders will exchange their stock on a one-for-one basis.

The combined company's board will have 10 members appointed by Bank of New York and eight members appointed by Mellon. Its headquarters will be in New York.

"Several business divisions" are expected to be based out of Pittsburgh, said Robert Kelly, Mellon's chairman and chief executive, who become chief executive of the combined company. Mr. Renyi will serve as executive chairman for 18 months after the transaction closes, to be succeeded as chairman by Mr. Kelly.

The companies said today that their merger would allow for annual cost reductions of about $700 million. The companies' combined work force of about 40,000 will be reduced by about 3,900 over three years, though specific businesses or locations where jobs are to be shed have not yet been determined.

Mr. Kelly joined Mellon in February, after activist investors had pushed the company for change in strategy. In his previous job as chief financial officer at Wachovia, Mr. Kelly led the Charlotte, N.C.-based banking company through a series of large acquisitions. Still, many analysts saw Mr. Kelly's hiring at Mellon as a sign that the company would not put itself up for sale any time soon. Shortly after his appointment, he told The New York Times that "I am not focused on M.&A."

Last month, Mr. Kelly gave a presentation to investors and analysts outlining his strategy for improving the company's margins and expanding its international presence. After the presentation, an analyst at Prudential securities, Michael Mayo, raised his rating on Mellon's stock to "overweight" from "underweight," writing in a research note that Mr. Kelly had "outlined a series of steps that should help liven up what we had considered a sleepy organization."

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Mr. Mayo also noted that Mellon's securities-processing business would fare well if the stock market continued its recent rise. Each 10 percent increase in the stock market would bolster Mellon's revenue by 1 to 2 percent, he estimated.

Goldman Sachs and the law firm Sullivan & Cromwell advised Bank of New York in the transaction. Mellon was represented by UBS Investment Bank, Lazard and the law firms Simpson Thacher & Bartlett and Reed Smith. <NYT_AUTHOR_ID>

Eric Dash contributed reporting.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Old-Line Institutions To Merge (WP/AP)

By Eileen Alt Powell

The Washington Post, December 5, 2006

NEW YORK, Dec. 4 -- Bank of New York said Monday that it would take over Mellon Financial in a $16.5 billion all-stock deal that will create the world's largest securities servicing company.

The merger, which is projected to be completed by mid-2007, combines two financial institutions that are steeped in American history.

Bank of New York was founded in 1784 by Alexander Hamilton, who went on to become the first secretary of the U.S. Treasury. Mellon Financial, based in Pittsburgh, was founded in 1869 by the famous family of financiers and philanthropists.

The new company, which will preserve links to that heritage by calling itself Bank of New York Mellon, would become the world's leading asset servicer, with $16.6 trillion in assets under management. It also will rank among the top 10 global asset managers with more than $1.1 trillion in assets under management.

The companies, in announcing the deal, said it would result in the elimination of about 3,900 jobs, or nearly 10 percent of their combined work force of about 40,000. The reductions would be made through normal attrition "wherever possible," the companies said in a statement.

The deal was approved by each company's board of directors but requires approval by regulators and shareholders.

Investors appeared to signal support Monday: Bank of New York shares closed at $39.75, up 4.27; Mellon Financial closed at $42.78, up $2.73. Analyst David A. George with A.G. Edwards & Sons in St. Louis upgraded Mellon Financial to "buy" from "hold," saying "from our perspective, this is an excellent transaction as it creates a securities servicing and asset management behemoth that can rival any bank or asset manager in the world."

The announcement also said that Thomas Renyi, chairman and chief executive of Bank of New York, would lead the merger integration team as the new institution's executive chairman for 18 months. Mellon's chairman and chief executive, Robert P. Kelly, would be chief executive of the merged bank and then replace Renyi when he retires. Gerald L. Hassell, president of Bank of New York, will hold the same position in the new company.

Renyi, 60, has been chief executive of the New York bank since 1997 and chairman since 1998. Kelly, 52, who had been the chief financial officer of Wachovia in Charlotte, took over at Mellon last February with the retirement of longtime chief executive Martin G. McGuinn.

The new company would have its headquarters in New York.

The companies said they expected the combined company to cut costs by about $700 million a year and said the deal will result in restructuring charges of about $1.3 billion.

LSI Logic To Buy Agere In Bet On Data-Storage Chips (WSJ)

By Don Clark

The Wall Street Journal, December 5, 2006

LSI Logic Corp. agreed to buy Agere Systems Inc. for stock valued at about $3.45 billion, placing a big bet on the market for chips used in data storage and networking.

The purchase agreement announced yesterday is the largest in the 25-year history of LSI. The Silicon Valley company pioneered the market for chips that companies customize for specific chores.

WALL STREET JOURNAL VIDEO

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LSI Logic CEO Abhi Talwalkar2 tells CNBC that the purchase of Agere Systems brings together 4,300 engineers, 10,000 strong patent portfolio and "a competitive pipeline of innovation."

Abhi Talwalkar, a former Intel Corp. executive who became LSI's chief executive in May 2005, has narrowed the company's broad range of products to focus on chips for managing disk drives and communications between computers and data-storage systems. LSI chips also are used in consumer-electronic products.

Agere, of Allentown, Pa., traces its lineage to Bell Laboratories, the one-time research arm of AT&T Corp. that invented the transistor. Lucent Technologies Inc., which inherited those operations, spun Agere off in 2000. Agere also sells data-storage chips, as well as chips used in networking devices and cellphones.

Mr. Talwalkar said the deal creates a "formidable competitor" across all parts of the data-storage market, and bolsters LSI's position in networking and consumer electronics -- while assembling a big team of engineers with a massive collection of patents.

For Agere, being part of a larger company reassures customers about the future of its products. "We had some of our largest customers concerned at the size we were about our ability to move forward," said Richard Clemmer, its president and chief executive.

Under a definitive agreement between the companies, Agere shareholders will receive 2.16 shares of LSI for each Agere share they own, or a total of 379 million LSI shares. Based on LSI's closing price Friday, the companies estimated the value to Agere shareholders at about $4 billion, or $22.81 a share -- 28% above the closing price of Agere's shares on Friday.

Following the announcement of the deal, however, LSI's shares fell nearly 14%, or $1.44, to $9.12 in afternoon trading on the New York Stock Exchange, reducing the transaction value. Agere's shares rose 8.5%, or $1.51, to $19.30 on the NYSE.

Tim Luke, an analyst at Lehman Brothers, said some investors may be concerned about the price of the deal, particularly because LSI had seemed to be moving away from communications markets. "I think investors had been hoping they would be more focused," he said.

The companies expect to record cost savings starting next year, with annual savings of at least $125 million in 2008. The deal will slightly cut into earnings next year but "meaningfully" add to earnings in 2008, the companies said. LSI and Agere had combined revenue of $3.5 billion for the 12 months ended Sept. 30. The deal is expected to close in the first quarter.

Mr. Talwalkar will remain CEO of the combined companies, which will keep the LSI name and be based at LSI's headquarters in Milpitas, Calif. The deal must approved by regulators as well as shareholders of both companies.

Upon completion, Agere shareholders will own about 48% of the combined company and Agere will designate three seats on its nine-member board. LSI shareholders will own 52% of the combined company an designate the remaining six board seats.

Family Leads Management Bid For Vegas Casinos (WSJ)

By Peter Sanders

The Wall Street Journal, December 5, 2006

A management-led $4.7 billion buyout offer for Station Casinos Inc. represents a way for the company's founding family to tighten its hold on Station at a time when competition is intensifying for Las Vegas residents, its core customers.

Station received an $82-per-share offer from a group led by Chairman and Chief Executive Frank Fertitta III; his brother, President Lorenzo Fertitta; and Colony Capital LLC. The Fertittas already own about 20% of Station, a Las Vegas-based company that owns and operates 16 so-called locals casinos aimed largely at suburban Las Vegas residents. The offer also calls for the assumption of more than $3.4 billion in Station debt.

WALL STREET JOURNAL VIDEO

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WSJ reporter Randall Smith discusses2 why high profile Wall Street firms like Morgan Stanley are overcoming a traditional distaste for casinos by seeking to invest in them, albeit in a low-profile manner.

Spokespeople for Station and Colony declined to comment.

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Speculation about a buyout of Station has circulated for weeks, and yesterday the offer sent the shares up more than 22%, ending the day at $84.90 as of 4 p.m. in New York Stock Exchange composite trading. That is $2.90 higher than the offer price, suggesting that investors expect a higher offer before a deal is reached.

Any deal for Station will likely be closely scrutinized because of management's involvement. Station says it appointed a special committee of independent directors to review the proposal.

The move comes as Station is facing tough competitive issues. Last month, the company lowered its fourth-quarter and 2007 earnings estimates. Station reported net income of $161.9 million in 2005 on revenue of $1.1 billion. It faces competition from Boyd Gaming Corp. and others angling for gamblers who live in Las Vegas, as opposed to tourists. The softening of the "locals" market is partly because of Station, which has built glamorous casino-resorts that have cannibalized its older properties.

It also comes amid a wave of interest in casino-industry buyouts. Gambling giant Harrah's Entertainment Inc. Oct. 2 received an $81-per-share offer from private equity firms Apollo Management and Texas Pacific Group. That offer was quickly raised to $83.50 per share, according to people close to the situation, valuing the company at $15.5 billion.

Station has seen its long-term debt increase in the past year to more than $3.4 billion, partly on higher interest expense and loans used to finance stock buybacks. Station has repurchased about 19% of its common stock this year.

Questions have been raised about the company's stock compensation program, which has allowed the Fertitta family to realize about $300 million in stock-based compensation since 2002. In a May 4, 2005, proxy paper, research firm Glass Lewis & Co. said Station's "equity-based compensation practices are among the most expensive and liberal we have reviewed."

The Fertittas and other partners involved in the buyout offer, Blake Sartini and Delise Sartini, together own 27% of the outstanding Station shares, according to a filing with the Securities and Exchange Commission. Mr. Sartini, a former Station board member, couldn't be reached to comment.

Casino analysts are split over whether outside bidders will make a run for Station. "Unlike Harrah's...we expect the Station management led LBO will not likely receive multiple offers and come to a quicker resolution than Harrah's," Robin Farley, analyst at UBS Investment Research in New York wrote in a research note. The Fertitta brothers already hold casino licenses in Nevada, making their path to a deal easier than the Harrah's suitors, who face complicated licensing issues.

Reckson Rejects Icahn's Late Bid (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, December 5, 2006

Reckson Associates Realty Corp. has rejected a late bid from financier Carl Icahn and will hold a shareholder vote tomorrow seeking approval for its planned merger with SL Green Realty Corp.

Reckson's board issued a statement late last night saying that Mr. Icahn's cash-and-stock offer "does not meet the standard set forth in the SL Green merger agreement to permit discussions or negotiations" with American Real Estate Partners LP, which is 90%-owned by Mr. Icahn.

On Monday, Mr. Icahn faxed a letter to the independent board of Reckson, offering $1 billion in cash and $3.3 billion in a new class of stock in American Real Estate Partners, traded on the New York Stock Exchange. The proposal was considerably altered from his planned all-cash bid of $49 a share because he lost his two partners over the weekend.

The board's rejection of Mr. Icahn's proposal, by a vote of its independent directors last night, came even before Mr. Icahn issued his official bid, which he had said he would provide today to Reckson, a Uniondale, N.Y., real-estate investment trust.

The development is a victory for SL Green, of New York, another REIT, whose efforts to acquire Reckson hit a kink on Nov. 16 when Mr. Icahn and his then-partner, New York real-estate developer Harry Macklowe, jumped in with a surprise proposal. The partners announced they were willing to pay $4.6 billion for Reckson, trumping SL Green's $4.1 billion bid from Aug. 3. Reckson's directors began discussions with Messrs. Macklowe and Icahn, and last week it looked as if SL Green was losing ground when Mack-Cali Realty Corp., an Edison, N.J., REIT, was allowed to join the Icahn-Macklowe partnership. But over the weekend Mack-Cali and Mr. Macklowe both opted out, leaving Mr. Icahn alone in the bidding.

But the outcome is also surely a disappointment to many Reckson shareholders who had been excited about the considerably higher price originally proposed by Messrs. Icahn and Macklowe.

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Mr. Macklowe wasn't available for comment. Mack-Cali said that after performing due diligence on Reckson's assets, it determined that bidding wasn't in the best interests of its shareholders. Mr. Icahn declined to discuss why his partners dropped out.

In his letter to Reckson, Mr. Icahn offered preferred units in American Real Estate Partners that would carry a 5% annual dividend and would be convertible for AREP units at the price of $104.50 per unit. Mr. Icahn's letter stated that, if the preferred units were valued at par, it would constitute a total consideration of $49 per share for Reckson -- his original proposed price. That would top a cash-and-stock SL Green bid that was valued at about $45.60 a share as of yesterday's close.

However, as soon as Mr. Icahn announced the proposal, some analysts immediately cast doubt on whether the offer would persuade Reckson to walk away from an agreement to be acquired by SL Green. The analysts said the newly created securities weren't as liquid as cash or common stock, making Mr. Icahn's bid difficult to value.

For Mr. Icahn "to come in at the 11th hour, with a bid that doesn't include the two local real-estate players and introduces a new security, it's going to make it tough for the board to go with that bid," said John Lutzius, chief executive of Green Street Advisors Inc., a Newport Beach, Calif., real-estate investment and trading firm.

And indeed by late last night, Reckson's statement from its independent directors was citing that very concern: "In making this determination, the Reckson board considered that there are substantial valuation issues associated with the securities being offered as part of the AREP proposal and that these securities could be valued at a substantial discount to par, which would reduce the proposal's economic value."

Earlier yesterday in an interview, Mr. Icahn had said that he was hopeful that Reckson would consider his bid, saying he believed traditional REIT investors would find the dividend on the preferred units attractive, and "if there's a question of liquidity, I think that will be taken care of once they are issued."

Both SL Green and Reckson had publicly questioned whether Mr. Icahn's bid was credible. But Mr. Icahn said he wanted to buy Reckson because it is a good value -- not to prove doubters wrong. "I didn't appreciate them saying that, but I don't make investment decisions of this magnitude based on just being a little miffed," he said.

To bolster his bid, Mr. Icahn had offered to immediately deposit $613 million into escrow if Reckson accepted his merger proposal, his letter states. That would have covered the $99.8 million breakup fee that would be owed to SL Green if Reckson went with another bidder. It also would have included a "good faith deposit" by Mr. Icahn that would be forfeited to Reckson if American Real Estate Partners didn't meet its merger-agreement obligations.

Reckson's shares fell $2.34, or 4.9%, to $45.75 in 4 p.m. New York Stock Exchange composite trading yesterday; SL Green shares slipped 95 cents, or 0.7%, to $134 on the Big Board.

Gold Kist Accepts Pilgrim's Pride's Sweetened Bid (WSJ)

By Richard Gibson

The Wall Street Journal, December 5, 2006

Gold Kist Inc.'s agreement to be acquired by Pilgrim's Pride Corp. for a sweetened $21-a-share bid ended a four-month standoff in a deal that would create the world's largest chicken processor.

Assuming the proposed transaction is completed, the combined company would leapfrog industry leader Tyson Foods Inc. as the largest processor of chicken. Tyson, which also processes beef and pork, would remain the world's largest meat company, with more than three times the annual sales.

DESKTOP NEWS ALERTS

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The $1.1 billion offer was approved by Gold Kist's board Sunday after a weekend of negotiations over price. The accord came three days after the announcement that 67% of Gold Kist shareholders had tendered their stock despite repeated urgings from management that it was preferable to remain independent.

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Shares of Pilgrim's Pride gained $2.52, or 9.9% to $27.90 as of 4 p.m. in New York Stock Exchange composite trading, while Gold Kist stock was up 90 cents, or 4.5%, to $20.87 on the Nasdaq Stock Market.

In what Pilgrim's Pride executives called a "cordial" meeting in Dallas on Saturday and Sunday, Pilgrim's Pride sweetened its initial $20-a-share bid by $1, Gold Kist agreed to a takeover and Pilgrim's Pride was allowed to look at Gold Kist's nonpublic documents for the first time since it launched its unsolicited offer in August.

Rising grain prices, other competitive pressures and overseas concerns about avian flu have squeezed poultry processors in recent months. For the fiscal year ended Sept. 30, Pilgrim's Pride reported a net loss of $34.2 million, or 51 cents a share, on sales of $5.24 billion. Gold Kist reported a net loss for the year ended Oct. 1 of $17.7 million, or 35 cents a share, on sales of $2.13 billion.

To improve their results, both Pilgrim's Pride and Gold Kist have cut poultry production about 5% in recent months.

Combined annual sales of Pilgrim's Pride, based in Pittsburg, Texas, and Gold Kist, of Atlanta, would exceed $7.5 billion. Pilgrim's employs about 40,000 people and Gold Kist about 16,500, both primarily at facilities in the southeastern U.S.

Analysts estimated the acquisition would give Pilgrim's Pride a 27% share of the U.S. chicken market and put Tyson's share at 24%. Pilgrim's Pride Chief Executive O.B. Goolsby said that his company has "absolutely no intention of any plant closings" from the pending combination.

EU To Investigate Car Battery Merger (AP)

AP, December 5, 2006

EU to Investigate Merger in European Car Batteries Market

BRUSSELS, Belgium (AP) -- The European Union launched an antitrust investigation Monday into plans by German car battery maker VB Autobatterie to buy the car battery business of Italy's FIAMM group.

An initial review revealed "serious competition concerns," EU antitrust chief Neelie Kroes said in a statement.

Under EU rules, she has until April 23 to reach a final finding.

"When the largest producer of automotive starter batteries (in Europe) wants to acquire the third-largest manufacturer in an already highly concentrated market, the Commission must ensure that this would not adversely affect consumers," Kroes said.

VB and FIAMM make and market batteries for makers of cars, trucks and commercial vehicles as well as car parts and repair services. VB is a joint venture of Johnson Controls Inc. of Milwaukee and the German Robert Bosch GmbH, Europe's leading supplier of car starter batteries.

If VB buys FIAMM's battery business, the number of European suppliers would drop from three to two. Kroes said she also would examine any impact of the acquisition on the "independent aftermarket," which covers sales of replacement batteries.

ENVIRONMENT:

Water War Brewing Along Mexico-California Border (AP)

By David Kravets

AP, December 5, 2006

SAN FRANCISCO - The Bush administration urged a federal appeals court Monday to allow a section of a major canal separating California and Mexico to be lined with cement to stop millions of gallons of water from seeping south of the border each year.

The 82-mile-long All-American Canal, which gets life from the Colorado River, in part nourishes crops on both sides of the border about 100 miles east of San Diego along the Calexico-Mexicali border - where the lining is proposed. The U.S. government says Mexico already gets 489 billion gallons of Colorado River water legitimately each year under a 1944 treaty and isn't entitled to the seepage, which provides a farming lifeline in Mexico.

A Justice Department attorney, John Smeltzer, told a three-judge panel of the 9th U.S. Circuit Court of Appeals that Mexicans have no right to the water, which is also the lifeblood for 500,000 acres of U.S. farmland.

The lining project will provide enough annual water for 135,000 new homes in the San Diego area.

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All three judges suggested while hearing oral arguments in the case Monday that people in Mexico might not have legal standing to assert a claim for the water in U.S. courts.

"How does a constitutional barrier against takings of property in the United States apply to somebody's property in Mexico?" Judge John Noonan asked.

The San Francisco-based appeals court temporarily blocked the $210 million, 23-mile-long lining construction project in August after Mexican business interests and U.S. environmental groups sued.

The lawsuit essentially claims that the Mexicans are entitled to the water. It says there would be a significant number of job losses on the Mexicali side of the Imperial Valley border as thousands of acres of crops would turn to dust, that Mexican wells would become polluted without the seepage and, among other things, migratory birds would be threatened if wetlands disappeared.

R. Gaylord Smith, an attorney for Consejo de Desarrollo Economico de Mexicali, a Mexican business group, argued that the U.S. has abandoned rights to the water.

Judge Sidney Thomas said the U.S. might have abandoned the water, but that doesn't mean "somebody else acquires it."

Malissa Hathaway, another attorney for the business group, said the societies of Mexicali in Mexico and adjacent Calexico on the U.S. side depend on one another, meaning the lining will affect the U.S.

"No one has looked at the economic effects of taking land out of production," she said.

Water consumption spurred by breakneck growth in Southern California prompted Western states to complain they weren't getting their share of Colorado River water. The dispute resulted in a water redistribution deal that included the lining project as California settled for less water.

Colorado River water first flowed to California's arid southeast in 1901 on the Alamo Canal, which dipped into Mexico. California farmers soon decided they needed a canal completely within the United States, leading to completion of the All-American in 1942.

Critics of the project say migrants may die crossing a lined canal because concrete will deprive desperate swimmers of tall grasses to grab. While the canal appears calm, migrants who cram onto inflatable rafts can be swept away by a fierce undercurrent.

The court did not indicate when it would rule.

The Mexican government is not a party to the case, but disapproved of the lining in court briefs.

The case is Consejo de Desarrollo Economico de Mexicali v. United States, 06-16345.

House To Vote On Senate's Offshore Drilling Plan (WP)

By Steven Mufson And Juliet Eilperin

Washington Post, December 5, 2006

The House is scheduled to vote today on a Senate plan for offshore oil and gas drilling that would open up new acreage in the Gulf of Mexico but that falls far short of an offshore drilling bill the House adopted earlier this year.

House Democratic leaders have decided not to take a position on the bill in order to avoid having to choose between different constituencies within the party's own ranks. Environmental groups oppose the drilling measure; the Sierra Club issued a statement saying that "it's time for Congress to stop appeasing Big Oil" and that "drilling is a bad deal for Americans."

Yet in the face of high energy prices, many Democrats support wider drilling to increase domestic natural gas supplies. And Louisiana Democrats avidly support the Senate bill because it would divert 37.5 percent of federal royalties to Gulf states for coastal restoration projects. Sen. Mary Landrieu (D-La.) has been pushing especially hard for its passage.

House Speaker-elect Nancy Pelosi (D-Calif.) opposes offshore drilling and is concerned about the loss of federal royalties, said spokeswoman Jennifer Crider. But Pelosi will not try to rally the Democratic caucus against the Senate bill.

Earlier this year, the House voted for an offshore drilling plan that would have opened the Atlantic and Pacific coastal waters to oil and gas drilling for the first time in a quarter-century. Senate leaders told House negotiators that there was no chance that approach could pass the Senate and that the House would have to go along with the Senate's version. House negotiators, led by

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outgoing House Resources Committee Chairman Richard W. Pombo (R-Calif.), resisted that compromise, but now key Republicans say they will accept the Senate version.

"What concerns me is that a month from now, when natural gas finds its way past $12 again, folks out there will be scratching their heads as to why we didn't pass a more comprehensive bill," Rep. John E. Peterson (R-Pa.) said in a statement.

The bill, which will be considered on an expedited basis, cannot be amended and requires the support of a two-thirds majority of the House.

Separately, the White House confirmed on Saturday that President Bush is considering lifting a 17-year-old moratorium on offshore drilling near Alaska's Aleutian Islands. The area was put off limits to drilling after the Exxon Valdez oil tanker spill in 1989.

The area, which includes Bristol Bay, is home to the world's largest wild salmon run along with commercial fisheries for red king crab, pollock and cod. According to the Sierra Club, commercial, sport and sustenance fishing in the region harvests more than 25 million fish a year and contributes $300 million to the local economy.

In 2003, Sen. Ted Stevens (R-Alaska) persuaded Congress to remove protections for Bristol Bay, but it has remained off limits to drilling until 2012 under a directive by President Bill Clinton.

Rep. Edward J. Markey (D-Mass.) said, "As the Republican Party prepares to relinquish control of the House and Senate, they are attempting a last-minute giveaway of public lands as an early Christmas present to the big oil companies."

Drew Malcomb, a Minerals Management Service spokesman, said, "The north Aleutian Basin area is currently part of the five-year oil and gas leasing plan, but no drilling could occur there unless the presidential withdrawal was removed."

A few dozen environmental and tribal groups active in Alaska wrote an "open letter" to Bush on Friday, urging him to protect Bristol Bay.

Eric Siy, executive director of the Alaska Marine Conservation Council, an advocacy group, said that many tribal communities depend on the area for subsistence fishing. For them, Siy said, drilling in Bristol Bay "is like burning the pews to heat the church."

Some US Cities Grapple With An Unusual Problem: Too Many Churches (CSM)

By Amy Green

The Christian Science Monitor, December 5, 2006

ORLANDO, FLA.

It's rush hour in southeast Orlando - Sunday rush hour, that is.

About a dozen churches are within a few miles of one another, and more are under construction. Neighbors venturing out for bagels and other errands find themselves stuck in traffic, heads bowed not in faith but frustration. Some complain that the traffic persists all week, as religious, youth, sports, and other activities draw crowds after work and school.

"It's ridiculous," says Pat DeLanger, an accountant who was about to climb into her car on a recent Sunday with her teenage daughter after a service at St. Isaac Jogues Catholic Church. She lives less than a mile away, but expects her Sunday morning drive to stretch to 30 minutes once construction on another church across the street is complete. "We live right there. We probably could walk faster."

While communities traditionally zone against houses of ill-repute, not houses of worship, frustrations have grown since 2000, when then-President Clinton signed the Religious Land Use and Institutionalized Persons Act. The law doesn't exempt churches from zoning regulations, per se. But when religious groups say the rules would create "a substantial burden," officials must show a compelling reason for the limits. Sometimes, the results leave neighborhoods feeling helpless in the face of ecclesiastical development.

Across the country, local governments are challenging the law in court, says Marci Hamilton, a church-state scholar at Cardozo School of Law at Yeshiva University in New York. She believes the issue probably will reach the US Supreme Court.

"It's happening all over the country," Ms. Hamilton says. "I get an e-mail from a new neighborhood daily. It's unbelievable because of this law what religious entities are willing to impose on residential neighborhoods."

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For their part, religious leaders say they are responding to growth in their communities by providing needed services. Growth among houses of worship - particularly megachurches - poses a delicate quandary for local leaders. In smaller communities, too many churches - because of their tax-exempt status - can even strain the economy.

The federal government exempts religious organizations from property taxes, but some cities have become creative in collecting money from churches, says Chris Hoene, research manager for the National League of Cities in Washington. For example, some have begun taxing religious organizations' profit-generating enterprises, such as publishing. Especially in communities that operate on small margins, a small change in the budget can mean a big difference.

"It's a growing concern, because ... the not-for-profit sector is continually noted as a fast-growing sector," Mr. Hoene says.

In Stafford, Texas, leaders decided that with 51 places of worship and only 300 acres left to develop, they had too many churches. This Houston suburb of 20,000 balloons on Sundays, since many of the worshippers commute from outside the community, says Mayor Leonard Scarcella. With no property tax, the city's budget was stretched. Leaders imposed new regulations that would subject anyone who wants to develop in Stafford to stricter review.

"We believe very strongly in God. If you want religion, you can get just about anything here," Mr. Scarcella says. "We don't have 51 of anything else.... We're looking into ways that we can maintain balance."

Tensions can run especially high over land residents hope to preserve for agriculture or conservation purposes.

In Maryland's Montgomery County, leaders zoned 93,000 acres as an agricultural reserve in 1980. The zoning allowed churches, and there were about 60 scattered around, says Royce Hanson, chairman of the county planning board. More than a year ago, several megachurches sought to develop in the area.

Neighbors balked, and leaders rejected building plans that would have required their own water and sewer systems. Religious organizations haven't sued yet, Mr. Hanson says, but they're not happy with the decision. The plans were "out of character with the rural area," he says. "Those of us who want to preserve the agricultural reserve believe it was a good solution."

In southeast Orlando, Faith Assembly of God is paying the city impact fees of up to $1 million to build a new location to hold its 6,000 members, the Rev. Robb Hawks says. He says the argument that places of worship don't pay for their own development is a fallacy. His church will hold weeklong activities at its current location, and hold worship services in its new home, which will be located right across from another large church.

Neighbors are concerned that the roads can't handle the development, but Mr. Hawks offers no apology for his church's growth. It's a reflection of Orlando's rampant development, he says.

"I find it fascinating that people will move into a housing development ... and the first thing they want to do is stop any developments going in around them," Hawks says. "People come ... looking for community, and where do you find community?... They go looking for a church to not only fulfill their spiritual needs but their social needs as well."

Administration Tried To Cut Payouts To Nuke Workers (USAT)

By Peter Eisler

USA Today, December 5, 2006

WASHINGTON — The Bush administration repeatedly sought ways to limit payouts to nuclear weapons workers sickened by radiation and toxic material, according to a memo written by congressional investigators and obtained by USA TODAY.

The investigation focuses on a federal program created in 2000 to compensate people with cancers and other illnesses tied to their work at government and contractor-owned facilities involved in Cold War nuclear weapons production. About 98,000 cases have been filed under the program, and the Labor Department has approved compensation in about 24,000 of those cases. However, program records show that not all of those approved claims have been paid.

Since 2002, “there is a continuous stream of (administration) communications … strategizing on minimizing payouts,” according to the Nov. 30 memo by staff for the House Judiciary Subcommittee on Immigration, Border Security and Claims. The memo, prepared for the panel's chairman, Rep. John Hostettler, R-Ind., summarizes and quotes from thousands of pages of records reviewed by the subcommittee in its probe.

The subcommittee holds a hearing today on the investigation. Hostettler is pressing ahead despite losing re-election last month, vowing to release key documents and urging Democrats to continue the probe when they take over in 2007.

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Administration officials say the memos reflect internal brainstorming on how to avoid compensating workers who aren't eligible.

"We're not pursuing those ideas," says Shelby Hallmark, the Labor Department's director of workers' compensation programs. "What we've been doing all along is trying to ensure that the program is implemented in a way that is fair and consistent and in accord with the law."

Hostettler was not available for comment, but he said at a November hearing that records reviewed in the investigation "do not support" the administration's stance. "This program was supposed to assure workers … (that) their government was finally going to do right by them," he added. "Those tasked with implementing (it) have failed that purpose miserably, and they need to be exposed."

The program covers workers from about 350 facilities nationwide, as well as uranium miners. Claimants can get up to $150,000; some also can get paid for medical bills, lost wages and disability.

In a memo from October 2005, program director Hallmark complains to White House officials that the National Institute for Occupational Safety and Health, which reviews some claims, is adopting "extreme exaggerations of (worker exposure) on the grounds that every decision point must be as 'claimant favorable' as conceivably possible." The documents also show officials debating ways to change the balance of a program oversight panel by adding members skeptical of workers' claims.

"You've got bureaucrats pressuring the scientists, and when they can't get what they want, they try to squeeze the (adjudication) process wherever they can," says Richard Miller, a claimants' advocate with the Government Accountability Project. "These workers are dying with every day that goes by."

Nuclear Power Revival Could Encounter Hurdles (WSJ)

By John J. Fialka

Wall Street Journal, December 5, 2006

WASHINGTON -- The Bush administration's plan for a "renaissance" in nuclear power may be crimped by tightening world-wide supplies of uranium and a lack of enrichment facilities to turn the uranium into fuel for power plants.

In a recent setback, an accident in October flooded the world's largest uranium mine, which was set to open in Canada next year. That nudged prices for processed uranium ore, already up more than 800% since 2001, even higher.

Meanwhile, enrichment facilities, which turn uranium into fuel for nuclear power plants, have already pledged their services because of growing interest in nuclear fuel by other countries. The result is that the U.S. is relying more than before on Russia, which provides about half the enriched nuclear fuel used in this country.

Uranium is extracted from mines and processed into a form called "yellowcake." The yellowcake, in turn, is processed at enrichment plants, into fuel for nuclear-power plants. A far more time-consuming process is required to turn yellowcake into fuel for nuclear weapons.

Spurred by President Bush, who for years has touted nuclear power as a clean, safe way to generate electricity, the owners of U.S. utilities have made plans for at least 30 new U.S. nuclear power plants.

The administration is calling its plan a "renaissance," as it would revive a domestic industry that has been dormant for decades. The most recent time a utility ordered a new nuclear power plant in the U.S. was 1973.

Spurring the renaissance isn't just the tax breaks the administration is offering for the first six plants. Some utilities also are looking to nuclear power because of the soaring prices of natural gas and the prospect of controls on fossil-fuel generated power. Possible climate-change legislation wouldn't affect nuclear power, which doesn't generate the same pollutants.

However, the "Ad Hoc Utility Group," an industry collective that represents 85% of the utilities involved in producing nuclear power is nervous about securing adequate fuel supplies for nuclear power plants over the next 10 years. The group is lobbying the administration to allow Russia to sell enriched fuel directly to U.S. utilities.

That effort is opposed by USEC Inc., the Bethesda, Md., company that acts as the U.S. agent for Russian enriched fuel under a 1993 agreement that requires Russia to supply $12 billion of enriched uranium derived from its nuclear weapons to the U.S. USEC opposes the introduction of more Russian fuel, arguing that it could interfere with its plans to finance and build a new enrichment plant in the U.S.

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The supply situation with uranium and enrichment facilities will be discussed today at an international gathering of nuclear power experts here. One speaker, Thomas L. Neff, a senior researcher at the Massachusetts Institute of Technology, says the supply issues mean that "it will take heroic efforts to fuel the expected growth in nuclear power by 2015. Under the most positive assumptions you might just get there. But they may not pan out."

Mr. Neff, who has followed the nuclear fuel market for 30 years, blames the tightening uranium supply on a failure to open mines in the U.S. and elsewhere. Between 1987 and 2001, he says, stockpiles of processed uranium were "sold off really cheap." Some hedge funds, he adds, are exacerbating the situation by buying and holding uranium off the market in an effort to reap profits later.

The accident at the Canadian mine highlights the supply problem. In October, the ceiling of the nearly completed mine, located in Saskatchewan, collapsed and let in a flood of water. The mine's owner, Cameco Corp., says the mishap will delay completion for as long as three years. The mine could eventually supply 17% of the world's uranium demand, Cameco says.

The dwindling supply of uranium enrichment plants began after two U.S. facilities, built after World War II, shut down, leaving power-plant owners more dependent on the Russians. Natural uranium has less than 1% of the unstable isotope U-235, which must be concentrated to a level of 4% to 5% to make fuel for nuclear power plants. The concentration required to make nuclear weapons is closer to 90%. The concentration is done through a complex sifting process called enrichment.

USEC plans to build a $2 billion enrichment facility near Piketon, Ohio, scheduled to open around 2009, but it still must obtain the financing -- a concern for utility-plant owners who need an assured supply of fuel. The plant will use a type of high-speed centrifuges that haven't been commercially proven in the U.S. Currently USEC operates a plant near Paducah, Ky., built in the 1950s. "If anything happens to that, where do you go?" asks Jim Tramuto, a vice president of PG&E Corp., a San Francisco utility, and a leader of the Ad Hoc Utility Group.

"You want to have as many suppliers in the market as you can have," adds Mr. Tramuto, noting that most non-Russian suppliers already have promised their supplies of enriched uranium to buyers.

The Russians say they could supply more enriched uranium to the U.S., but they are blocked by an agreement with the Commerce Department that restricts their imports to the current levels managed by USEC. While the Russians have some additional near-term capacity, they say they will cut shipments to the U.S. in half after 2013, when the current agreement to use fuel derived from nuclear weapons ends.

"We're having our own nuclear renaissance," says Vladimir I. Rybachenkov, a counselor at the Russian embassy in Washington. He notes Russia recently announced plans to increase its use of nuclear power to generate electricity to 25% from 15%, which means it will need more of its uranium and enrichment facilities.

Still, Mr. Rybachenkov says, Russia is willing to help the U.S. if the limits on its near-term imports of enriched fuel are lifted. "If nothing happens by 2013, there will be a black hole in deliveries of enriched fuel for the U.S. from Russia," he predicts.

Clay Sell, deputy secretary of the U.S. Department of Energy and an architect of U.S. plans for more use of nuclear power, admits that there are near-term problems with both uranium and enrichment services, but adds: "We think it can all be managed."

His department is circulating a draft plan among U.S. power-plant owners that suggests that more enriched uranium fuel could be provided by "blending down" highly enriched uranium from retired U.S. nuclear warheads and by reprocessing uranium tails, or wastes from the process of enriching uranium for U.S. nuclear weapons.

"The higher uranium prices go, the more these tails look like money instead of trash," Mr. Sell says.

Getting more fuel from U.S. enrichment wastes, however, might require the Russians to enrich them, another option under discussion. Mr. Sell says the future U.S. supply picture may not be as bleak as the "black hole" described by Mr. Rybachenkov. "You've got to understand that a lot of what they're saying right now has to do with bargaining," he noted.

Inside Politics (WT)

By Greg Pierce

The Washington Times, December 5, 2006

Media climate

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Sen. James M. Inhofe, Oklahoma Republican and chairman of the Environment and Public Works Committee, will hold a full committee hearing tomorrow on "Climate Change and the Media."

The hearing will look at how the media has presented scientific evidence regarding predictions of human-caused catastrophic global warming, the senator's office said.

"Senator Inhofe believes that poorly conceived policy decisions will result from the media's nonstop hyping of 'extreme scenarios' and dire climate predictions," said committee Communications Director Marc Morano. "This hearing will serve to advance the interests of sound science and encourage rational policy decisions."

Among those who are scheduled to testify at the hearing are geologist David Deming of the University of Oklahoma; paleoclimate researcher Bob Carter of Australia's James Cook University; Dan Gainor of the Business & Media Institute; Naomi Oreskes of the University of California at San Diego and professor Daniel Schrag of Harvard University.

The hearing will be held at 9:30 a.m. in 406 Dirksen Senate Office Building. It can be watched live on the Internet at http://epw.senate.gov/epwmultimedia/epwmultimedia.htm.

Brownback's step

Republican Sen. Sam Brownback said yesterday he is taking the first step toward a bid for the 2008 Republican presidential nomination.

A vigorous abortion opponent, the Kansas senator pledged to make "issues of life," fiscal restraint and tax reform key components of his effort to woo supporters.

"I have decided, after much prayerful consideration, to consider a bid for the Republican nomination for the presidency," Mr. Brownback said. "There is a real need in our country to rebuild the family and renew our culture, and there is a need for genuine conservatism and real compassion in the national discussion."

Mr. Brownback said he has formed a presidential exploratory committee, which will allow him to travel the country and raise money while gauging support for the Republican nomination, the Associated Press reports.

Thomas returns

Sen. Craig Thomas returned to work yesterday, about a month earlier than originally planned, after undergoing treatment for leukemia.

"I'm glad to be back," the Wyoming Republican told the Associated Press in a telephone interview from his office in Washington.

Mr. Thomas, 73, was released Saturday from Bethesda National Naval Medical Center. He began treatment for leukemia on Nov. 9.

He had said previously he didn't expect to return to the Senate until January.

Mr. Thomas won re-election last month to a third term while he was in the hospital, easily beating Democrat Dale Groutage with 70 percent of the vote.

Mr. Thomas said he continues taking medication and undergoing tests. "I think I'm through with the major treatment," he said.

The senator was diagnosed with acute myeloid leukemia, the most common form the cancer of the blood and bone marrow.

Dr. Brian Monahan, director of Hematology and Medical Oncology at the National Naval Medical Center, has said that most people with Mr. Thomas' physical condition and general health survive the cancer.

Amazing letter

"Washington has no shortage of bullies, but even we can't quite believe an October 27 letter that Sens. Jay Rockefeller and Olympia Snowe sent to ExxonMobil CEO Rex Tillerson. Its message: Start toeing the senators' line on climate change, or else," the Wall Street Journal says in an editorial.

The letter's essential point, the newspaper said, "is that the two senators believe global warming is a fact, and therefore all debate about the issue must stop and ExxonMobil should 'end its dangerous support of the [global warming] "deniers." ' Not only that, the company 'should repudiate its climate change denial campaign and make public its funding history.' And in extra penance for being 'one of the world's largest carbon emitters,' Exxon should spend that money on 'global remediation efforts.'

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"The senators aren't dumb enough to risk an ethics inquiry by threatening specific consequences if Mr. Tillerson declines this offer he can't refuse. But in case the CEO doesn't understand his company's jeopardy, they add that 'ExxonMobil and its partners in denial have manufactured controversy, sown doubt, and impeded progress with strategies all-too-reminiscent of those used by the tobacco industry for so many years.' (Our emphasis.) The senators also graciously copied the Exxon board on their missive.

"This is amazing stuff. On the one hand, the senators say that everyone agrees on the facts and consequences of climate change. But at the same time they are so afraid of debate that they want Exxon to stop financing a doughty band of dissenters who can barely get their name in the paper. We respect the folks at the Competitive Enterprise Institute, but we didn't know until reading the Rockefeller-Snowe letter that they ran U.S. climate policy and led the mainstream media around by the nose, too. Congratulations."

Sebelius chosen

Kansas Gov. Kathleen Sebelius will assume the chairmanship of the Democratic Governors' Association next year as the party enjoys its first gubernatorial majority in 12 years, officials said yesterday.

Mrs. Sebelius, who was elected to a second term last month, will succeed New Mexico Gov. Bill Richardson, said the officials, who spoke on the condition of anonymity to avoid upstaging an official announcement tomorrow.

Mrs. Sebelius, 58, prevailed in her Republican-leaning state with 58 percent of the vote on Nov. 7. Her vice chairman will be West Virginia Gov. Joe Manchin III, who was elected in 2004, the Associated Press reports.

Civil rights award

The Congress of Racial Equality, one of the nation's oldest civil rights groups, has announced it will present an achievement award to Bishop Robert Morlino of the Catholic Diocese of Madison, Wis.

The award recognizes Bishop Morlino for exercising his free speech and religious free-exercise rights in the face of intense pressure designed to silence him -- and thereby chill the rights of others -- in the weeks preceding the recent marriage state constitutional amendment vote in Wisconsin. Bishop Morlino was targeted because he was the most visible proponent of the amendment measure banning same-sex "marriage" in Wisconsin, the group said.

For years, those seeking to invalidate America's marriage laws in court have attempted to advance their cause by invoking analogies to civil rights, the group said. This award is the first time that a major civil rights organization has publicly acknowledged the reality that the basic civil liberties of groups and individuals in America who believe in the protection of marriage are increasingly being challenged.

The award ceremony will take place Friday afternoon at St. Patrick's Cathedral in Madison.

Crude Awakening As Alternative Energy Heats Up, Environmental Concerns Grow (WSJ)

By Patrick Barta And Jane Spencer

Wall Street Journal, December 5, 2006

PONTIANAK, Indonesia -- Investors are pouring billions of dollars into "renewable" energy sources such as ethanol, biodiesel and solar power that promise to reduce the world's reliance on petroleum. But exploiting these alternatives may produce unintended environmental and economic consequences that offset the expected benefits.

Here on the island of Borneo, a thick haze often encloses this city of 500,000 people. The cause: forest fires that have blazed across the island. Many of them were set to clear land to produce palm oil -- a key ingredient in biodiesel, a clean-burning diesel fuel alternative.

The bluish smoke is at times so dense that it leaves the city dark and gloomy even at midday. The haze has sometimes closed Pontianak's airport and prompted local volunteers to distribute face-masks on city streets. From July through mid-October, Indonesian health officials reported 28,762 smog-related cases of respiratory illness across the country.

"I feel it in my breath when I breathe," said Imanuel Patasik, a 26-year-old delivery man, as he sat in one of Pontianak's many open-air coffee shops on a recent evening. When the smoke is really bad, he wears a mask to work, but still wakes up the next morning feeling sick. "It's part of life here," he sighed.

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Seasonal rains have helped quell the fires over the past few weeks. But the miasma of smoke from Borneo and the island of Sumatra -- an annual phenomenon that blankets large parts of Southeast Asia in smog -- underscores a troubling dark side of the world's alternative-energy boom. Among other problems, the fires in Indonesia spew millions of tons of carbon dioxide and other greenhouse gases into the atmosphere, experts say. In doing so, they exacerbate the very global-warming concerns biofuels are meant to alleviate.

Such side effects are not an isolated problem. In Indonesia, Malaysia, Canada and elsewhere, forests are being slashed for new energy-yielding crops or other unconventional fuels. In India, environmental activists say, water tables are dropping as farmers try to boost production of ethanol-yielding sugar.

"Let's be brutally frank: [The push for alternative fuels] is going to cause significant changes for the environment," says Sean Darby, an equities analyst and expert on alternative energy companies at Nomura International in Hong Kong. He is most worried about the strain on water resources caused by accelerated crop production. Water, he says, is "just as precious" as oil.

Some experts are also concerned that crops for biofuels will compete with other farmland, possibly driving up global costs of basic food production.

It's not clear how serious these problems will become -- or whether they eventually will be resolved through new technologies and stricter environmental measures. Proponents of alternative energy, including some palm oil industry executives, say the dangers are exaggerated and are outweighed by the benefits new fuels promise.

"We're unfairly targeted," says M.R. Chandran, former chief executive of the Malaysian Palm Oil Association. He contends that the timber industry and local farmers are much to blame for destroying Indonesia's forests.

The alternative energy field "is almost like the Internet in terms of the pace of how fast all this is changing," says Chris Flavin, president of Worldwatch Institute, an environmental organization. He believes that new technologies could help resolve some concerns over collateral damage. One of the hottest, for example, is called cellulosic ethanol, which uses different kinds of waste -- including municipal garbage -- to create fuel.

In the U.S., questions about corn-based ethanol are swirling in academic and agricultural circles, in part because of the work of a Cornell University professor. David Pimentel, who teaches environmental policy, has long held doubts about the fuel's value. He argues that expanding corn production for biofuels would deplete water resources and pollute soils with added fertilizer and chemicals. It would also require huge volumes of traditional energy for farming equipment and ethanol-conversion facilities -- a toll that could nullify gains from the less-polluting fuel produced.

Other studies, including reports by researchers at the U.S. Department of Agriculture, have reached much more optimistic conclusions and have criticized Mr. Pimentel's methodology.

Big Implications for Business

Critiques of alternative energy -- even if they prove to be exaggerated -- could have big implications for business. Last year, investors globally poured a record $49 billion into energies such as solar power, ethanol and biodiesel, according to New Energy Finance, a London-based firm that specializes in analyzing renewable energies. That was a 60% increase from the previous year.

But commercializing many alternative fuels relies on political support in the form of government subsidies or tax incentives. So the rise of local resistance could jeopardize the new fuels' economic viability.

This is particularly true for palm oil, a once-mundane commodity whose price has climbed about 31% so far this year. The spike is partly attributable to demand for biofuels.

In October, a European Parliament committee recommended a ban on all biofuel made from palm oil, citing fears that the crop encourages deforestation in tropical countries. In Indonesia, activists helped block an $8 billion Chinese-backed project that would have created one of the world's largest palm-oil plantations.

And last month, one of Britain's largest power companies, RWE npower, a subsidiary of the German power giant RWE AG, said it would abandon a project that was to use several hundred thousand tons of palm oil a year to generate power. An environmental group, Friends of the Earth, had complained that the project would contribute to unsustainable global demand for palm oil, contributing to rain-forest destruction in South East Asia. RWE npower said it dropped the project because it couldn't secure an adequate supply of sustainably grown palm oil.

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Most consumers still think of palm oil mainly as a source of cooking oil. The oil is squeezed from bunches of red fruit that grow on oil palms, primarily in Malaysia and Indonesia. But the oil can also be processed to make fuel. Then it's mixed with conventional diesel to form a hybrid energy source -- for instance, 80% regular diesel and 20% biofuel -- that can be pumped directly into fuel tanks.

Biodiesel offers lots of upsides. Renewable crops such as palm oil reduce the need for fossil fuels such as petroleum whose supplies are finite. It also burns more cleanly than carbon-based liquid fuel, releasing fewer of the gases thought to cause global warming.

As oil prices have surged, a number of companies, including Chevron Corp., have announced plans to build or invest in biodiesel plants. In a recent report, Credit Suisse analysts said there's enough refining capacity under development to produce as much as 20 million metric tons of fuel annually by late 2008. That capacity, more than twice that of today's levels, would "easily soak up" all the world's available palm oil -- creating even more demand for plantations.

Indonesian authorities hope to capitalize on such demand to bring economic growth to impoverished regions. The government is offering low-interest loans for plantation companies, with a goal of adding 3.7 million acres of new plantations over the next five years, an area more than half the size of New Hampshire. Officials maintain this can be done on designated land areas without causing widespread environmental damage.

Different Outcome

But what's happening on the ground in Borneo suggests a different outcome. Among the world's most fabled islands, Borneo -- which is divided between Indonesia and Malaysia -- is considered by environmentalists to be one of the last great tropical wildernesses. It's home to rare and unusual species, including the wild orangutan, the clouded leopard and the Sumatran rhinoceros.

It's also home to some of the world's last headhunters. The indigenous Dayaks resurrected the grisly practice as recently as the late 1990s in interethnic clashes. Some Dayaks still live in villages that can only be reached by river, and sleep in wooden "longhouse" buildings on stilts.

In the 1800s, Dutch and British traders began carving up parts of the island to produce rubber and other commodities. Later, Malaysian and Indonesian timber barons devastated millions of acres of forest logging tropical hardwoods. Today, only a little more than half of Borneo's once-ubiquitous forest cover remains, according to WWF, the global conservation organization.

Now, the palm-oil boom threatens what's left. In West Kalimantan, a province along the western coast, the palms cover about 988,000 acres or more, up from less than 37,000 acres in 1984. Fleets of orange and mustard-colored trucks ply the province's few paved roads, ferrying the oil to river ports.

The plantations have meant jobs and opportunities for many Dayak families. Some have even taken ownership stakes in the operations.

As residents are discovering, though, the spreading plantations have deleterious effects. They can alter water-catchment areas, destroy animal habitats and contribute to the months-long bouts of haze that spreads hundreds of kilometers across Southeast Asia.

As fires burn deep into the dry peat soil beneath Indonesia's forests, centuries of carbon trapped in the biomass are released into the atmosphere. A study presented last month at a U.N. Climate Change Conference in Nairobi showed that Indonesia is the world's third-biggest carbon emitter behind the U.S. and China, when emissions from fires and other factors are considered.

"Stopping these fires could be one way of getting rid of some significant carbon emissions to the atmosphere," says Susan Page, a senior lecturer at Britain's University of Leicester who studies carbon emissions in Southeast Asia.

To be sure, palm-oil plantations aren't the only cause of deforestation and smoke on Borneo. Loggers have degraded huge swathes of forest. And indigenous residents have long practiced their own form of slash-and-burn agriculture that involves setting fires to clear fields for planting.

But Indonesian environmental officials say plantation companies are exacerbating the problem, and some palm-oil executives concede their industry is partly to blame. Often, companies hack down the trees, leaving behind a mass of debris that must be removed before they can plant oil palms. The cheapest and easiest way is simply to torch it.

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One new oil-palm plantation, four hours by dirt road from Pontianak, offers a glimpse of the fallout from the flames.

The plantation stretches across some 2,740 acres and features a series of blackened and largely bare hills. Charred stumps stick up from the soil and blistered tree trunks litter the ground. In the distance, a wall of misty jungle marks the border of the property.

Villagers nearby say smoke and flames from fires at the site destroyed fruit and rubber trees on which they relied. They also made many people in the area sick. One villager began acting like he was possessed and was placed in a cage where he remained for weeks, the village chief says.

Nearby, on a ridge overlooking the property, a man in a floppy sun hat who identifies himself as the plantation manager says he didn't know who started the fires. "We are one of the victims," says the man, Kong Tamcheng.

Mr. Kong says his employer, an Indonesian company called Incasi Raya Group, has a strict no-burning policy. He suggests the fire might have been started by a careless worker flicking cigarette butts, or by "interested parties" out to "smear" the company's reputation.

But Untad Dharmawan, director of environmental impact assessment for West Kalimantan, says Indonesian authorities are investigating nine palm-oil companies for illegal burning, including Incasi Raya Group and its manager, Mr. Kong. He displays a dossier of photos of the Incasi Raya site, adding that his department has witnesses with evidence the company started the fires.

Phone calls to Incasi Raya's office in Padang, Indonesia went unanswered.

Indonesian officials say they're doing the best they can to fight the fires and prevent illegal forest-clearing. Among other tactics, they hired two giant Russian planes to drop "water bombs" and launched projects to hand out water pumps to local villagers.

But they're hamstrung by tight budgets and the logistical difficulties of policing such a vast area with few roads. At best, "we can just minimize the spread" of fires, laments Mr. Dharmawan, the provincial environmental official.

Palm-oil companies, meanwhile, have joined with environment organizations, energy companies and others to set up a group known as the Roundtable on Sustainable Palm Oil that plans to certify plantation companies that follow guidelines to minimize ecological damage.

Back in Borneo, Tony Hartono, head of a local plantation association in West Kalimantan, says he still believes biodiesel derived from palm oil will play a big role in solving the world's energy problems. After all, "it's a renewable energy," he says. "It's our future."

Signs Of Energy (NYT)

The New York Times, December 5, 2006

It seemed to take forever, but the Bush administration has finally agreed to a strict timetable for establishing new energy efficiency standards for nearly two dozen commercial and residential appliances over the next five years. The agreement is good news for the environment. It is also a tribute to the persistence of 15 states, the Natural Resources Defense Council and various consumer groups that sued the Energy Department for failing to comply with longstanding Congressional mandates.

By some estimates, the new standards — covering items like dishwashers, ovens, clothes dryers, and heating and air-conditioning systems — could eventually save the amount of energy used by 12 million households, eliminate the need to build dozens of power plants and significantly cut emissions of carbon dioxide, the main global warming gas.

Congress ordered the Energy Department to make periodic updates in efficiency standards for appliances as part of the Energy Policy and Conservation Act of 1975. The Clinton administration strengthened standards for 10 appliances. But no new standards have been issued since 2001. In 2004, under pressure from manufacturers, the Bush administration actually tried to weaken standards for commercial air-conditioners, only to be rebuked by the courts.

In some cases, the technology already exists to meet stronger standards; the trick is to get manufacturers to incorporate them across the board. In other cases, the new standards would drive technology forward. The benefits are obvious, and Samuel Bodman, in his second year as secretary of energy, is to be commended for recognizing them.

FBI/DEA/ATF/USMS:

FBI Computer System Faces Funding Gap (NSDY/AP)

By Lara Jakes Jordan

Long Island Newsday, December 5, 2006

WASHINGTON -- The FBI faces a $56.7 million funding gap as it builds a new computer system to replace a problem-riddled database of investigation files, Justice Department auditors said Monday.

With careful oversight, the Sentinel program still could be successful, auditors from the department's inspector general's office concluded. Even so, the Bush administration's funding request for this year's share of the $425 million system, set for completion in 2009, falls short of what the bureau said it needs keep it on track.

The FBI asked for an estimated $150 million in the fiscal year that began Oct. 1; the White House approved spending $100 million. Congress is not expected to approve the FBI's funding until next year.

A 112-page audit of the Sentinel system's progress "found that the FBI faces uncertainty" over how to meet the funding needs to continue building it.

Although the FBI expects to have about $50 million left over from earlier work on Sentinel and other bureau projects, auditors warned that pulling money from other programs "may have an adverse affect on the FBI's mission capabilities," the auditors said.

Responding, the FBI in a statement said the money needed "has long been identified from existing FBI balances, and will not impact operational programs."

The total cost for the computer program remains the same, the statement noted, adding that "at this time, Sentinel is within cost and schedule."

The funding concerns over Sentinel follow the FBI's decision last year to scrap a botched $170 million project to build a paperless case management system. FBI Director Robert Mueller abandoned the project, called Virtual Case File, after consultants said it was obsolete and riddled with problems.

Incoming Senate Judiciary Chairman Patrick Leahy, D-Vt., questioning whether the funding gap would bring cuts to the FBI's counterterrorism programs, said "mismanagement of this project seems to know no bounds."

"I remain seriously concerned about the handling of this project," Leahy said. "The American people cannot afford another fiasco."

Mueller is set to testify Wednesday at a Senate Judiciary Committee hearing on FBI oversight.

Sentinel is being built by Lockheed Martin contractors in four phases. Its designers currently are building an electronic records repository and a security network to limit its access.

FBI Computer Funding Is Uncertain (WP)

By Dan Eggen

The Washington Post, December 5, 2006

The Justice Department's inspector general warned yesterday that funding for the FBI's new Sentinel computer system is uncertain and that the program's final price tag could exceed its $425 million budget.

A 112-page audit by Inspector General Glenn A. Fine said that a current White House budget request includes only $100 million for Sentinel in fiscal 2007, although the FBI says it needs $57 million more to keep it going.

The FBI plans to make up the difference with leftover funds from other areas, but the audit warns that moving too much money "could erode the FBI's mission capability in counterterrorism, cybercrime and other important operational areas." Congress has yet to act on a budget for the fiscal year that began Oct. 1.

Sentinel is designed to give agents the ability to manage case files from computers at their desks. The audit is the second in a series of planned reviews by Fine's office; it warned in March that the FBI was at risk of repeating many of the same mistakes with Sentinel that it made with a failed attempt to build a computerized case management system, the Virtual Case File (VCF), to replace the FBI's antiquated paper-based system. VCF was abandoned in 2005 after costing the government $170 million.

Previous audits and reviews found that the FBI did a poor job of overseeing and managing VCF, and that the main contractor delivered a product that was incomplete and unusable.

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In contrast to VCF, which was built from scratch, Sentinel will rely primarily on off-the-shelf commercial software adapted for the FBI. Lockheed Martin Corp. is slated to receive $305 million as the main contractor on the project, which is supposed to be begin operating by 2009.

Yesterday's audit also raised questions about the assumptions underlying the FBI's overall cost estimate, which is based on rough calculations and does not include $25 million in related improvements.

The FBI said in a statement that the extra money needed for the current fiscal year "has long been identified from existing FBI balances and will not impact operational programs." The bureau played down concerns about Sentinel's cost, saying the project "is within cost and schedule."

The newest report says the FBI has made "significant progress" in several key areas, including improving management controls and finding ways to ensure that the software will work as intended.

Fine made five specific recommendations to overcome various problems. FBI officials said they agreed with the ideas and had begun implementing them.

F.B.I. Overhaul Of Computers Is Facing A Gap Of $57 Million (NYT)

By Eric Lichtblau

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — The latest effort to overhaul the Federal Bureau of Investigation's antiquated computer system, still in its early stages, is already coming up short by $57 million, a Justice Department audit report concluded Monday.

The budget gap could force the F.B.I. to take money from law enforcement and other areas, the report by the Justice Department inspector general's office determined. It concluded that while the bureau had taken steps in the management of the project that provided a "reasonable assurance" of success, crucial financing and operational questions lingered.

The F.B.I. has struggled for more than a decade to modernize its computer systems and replace a record-keeping system that is still largely paper-driven — a task considered critical to strengthening antiterrorism operations. Widespread design and management problems last year forced the bureau to scrap the final phase of its case-automation system, known as Trilogy, after spending $170 million on the project.

Democrats said they planned to press Robert S. Mueller III, the director of the F.B.I., about the computer project when he appears before the Senate Judiciary Committee on Wednesday.

"After watching the F.B.I. waste five years and more than 170 million of taxpayer dollars on the Trilogy program, I remain seriously concerned about the handling of this project," Senator Patrick J. Leahy, the Vermont Democrat who will take over next month as chairman of the Judiciary Committee, said Monday.

"The American people cannot afford another fiasco," Mr. Leahy said.

The findings by the inspector general came in the first status report that office has issued since March when the F.B.I. awarded the latest version of the project to Lockheed Martin. The company's part of the project, known as Sentinel, has an estimated value of $305 million.

For the current fiscal year, the Bush administration has sought $100 million for the Sentinel project, a request still pending in Congress. But the F.B.I. estimates that it actually needs $56.7 million more this year, the inspector general found.

The F.B.I. said in a statement on Monday that "the balance of $57 million has long been identified from existing F.B.I. balances, and will not impact operational programs." It said that "characterizations to the contrary are misleading."

The inspector general's report noted that the Sentinel project was still in its early stages, with the most difficult portions ahead. Nonetheless, it offered a somewhat more optimistic assessment than in the past.

"We believe that the processes the F.B.I. has established to manage and control the Sentinel project if implemented and carefully followed as Sentinel develops can provide reasonable assurance that Sentinel can be successful and that any deviations from cost, schedule, technical or performance baselines can be identified," it said.

In its formal response as part of the report, the F.B.I. said it welcomed the inspector general's findings and would be adopting all of the report's budget, management and staffing recommendations in an effort to keep the computer project on track. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

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Funding May Be A Sticking Point For FBI Tech Upgrade (GOVEXEC)

By Daniel Pulliam

Government Executive, December 5, 2006

The FBI is exercising more control over its $425 million information technology modernization effort than it did over the project's predecessor, but funding remains uncertain, according to an audit released Monday.

The FBI has made "significant progress" in addressing many initial concerns about the development of the case management system dubbed Sentinel, the Justice Department inspector general's office stated in the audit.

For instance, the FBI has made strides in staffing the project's program management office, auditors said. An October Government Accountability Office review found that the bureau had not properly analyzed its staffing needs.

But uncertainty about funding and cost estimates, and deficient contingency planning, must be addressed if the law enforcement agency is to avoid delays and other problems developing Sentinel, the IG report stated. This is particularly important as the project enters a high-risk second development phase in early 2007, it noted.

The FBI's fiscal 2007 budget request included $100 million for Sentinel, but an additional $56.7 million is needed to bridge the gap between requested funds and the program's requirements, the report stated.

According to the IG, about $50 million remains from the first phase of Sentinel and unspent balances in other accounts. But if the fiscal 2007 appropriation is less than the $100 million requested, reprogramming of other agency funds may be required to keep the project on track, the report stated. Reprogramming could diminish the agency's abilities in counterterrorism and cybercrime, the auditors said.

In a statement on the report, Sen. Patrick Leahy, D-Vt., incoming chairman of the Senate Judiciary Committee, said, "I remain seriously concerned about the handling of this project. The American people cannot afford another fiasco."

"Bush administration mismanagement of this project seems to know no bounds," Leahy said.

FBI Director Robert Mueller is scheduled to testify before the Senate Judiciary Committee on Wednesday.

Sentinel, a six-year effort to replace the failed Virtual Case File project, is intended to upgrade the FBI's old-fashioned paper-based system for managing investigations and information. Lockheed Martin Corp. won a $57 million task order in March to work on the first stage of the program, with options to earn $248 million for three additional phases.

Costs associated with Sentinel, such as changes to the FBI's National Name Check Program, security costs and employee salaries, were not included in the $425 million estimate for the project's overall costs, the report stated. Auditors estimated that more than $25 million in associated costs are not included in the FBI's estimate. An independent estimate of the project's price tag found that it could range from $329 million to $493 million, and would most likely fall at $438 million.

The IG recommended that the FBI update the project's estimated total cost as actual cost data becomes available, develop contingency plans for identified risks to the project and fill all vacancies in the program management office.

In a response to the report, the FBI agreed with all of the IG's recommendations.

Mollohan, Under FBI Probe, Is Poised To Control Bureau's Budget (BLOOM)

By Brian Faler And Michael Forsythe

Bloomberg, December 5, 2006

Dec. 5 (Bloomberg) -- Representative Alan Mollohan, a West Virginia Democrat whose finances are being investigated by the Federal Bureau of Investigation, is in line to take over the House panel that sets the bureau's budget.

Mollohan, 63, is the ranking Democrat on the appropriations subcommittee overseeing the Department of Justice, which includes the FBI. His party has a long-standing practice of awarding appropriations subcommittee chairmanships to senior members, and no other Democrat has announced plans to seek the post when the party assumes control of Congress next month.

The pending appointment poses an ethical dilemma for incoming House Speaker Nancy Pelosi, 66, who helped her party take control of Congress for the first time in 12 years by vowing to clean up a ``culture of corruption'' on Capitol Hill.

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``If the Democrats want to be taken seriously as the party of ethics reform, then every time one of their members gets into trouble, they're going to have to take it seriously," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. Her organization is urging Mollohan to recuse himself from any decisions affecting the FBI's budget.

A spokesman for Pelosi, a California Democrat, didn't respond to repeated requests for a comment. Mollohan's office and the Justice Department declined to comment.

Net Worth

Earlier this year, the National Legal and Policy Center, a Falls Church, Virginia-based group that backs smaller government, filed a complaint with the department questioning an increase in Mollohan's net worth. For 2005, Mollohan and his wife reported assets worth $6.8 million to $25.7 million, up from $116,000 to $315,000 in 1999, when he restated financial disclosure forms after the group's complaint.

In May, Mollohan told the Washington Post that the FBI had subpoenaed a Washington-based real-estate company in which he had invested. In April, a nonprofit group set up under Mollohan's leadership, the Vandalia Heritage Foundation, said in a statement that it had been told by the FBI to expect a request for information.

Fairmont, West Virginia-based Vandalia and at least three other nonprofits have benefited from ``earmarks," specific projects inserted by lawmakers into spending measures, that Mollohan secured. Mollohan, in turn, received campaign donations and gifts to his family charity from the nonprofits or their employees, according to Federal Election Commission records.

Mollohan, who hasn't been charged with any crime, said in a June statement that his increase in net worth was a result of prudent real-estate investments.

A Rising Market

``We received a sizable inheritance, took on considerable financial risks and had the good fortune to be investing in a rising real-estate market," Mollohan said in the statement.

Mollohan stepped down in April from the House Ethics Committee in the wake of the investigation. He remained the ranking Democrat on the appropriations subcommittee, which also has jurisdiction over the Departments of State and Commerce.

Ken Boehm, chairman of the National Legal and Policy Center, urged Democrats to remove Mollohan from the appropriations committee and said appointing him chairman would represent a conflict of interest.

``Somebody who is under investigation should have no leverage over those investigating him, for reasons that are blindingly obvious," Boehm said. ``You can't have it both ways if in fact there's going to be a serious effort to root out what's called the `culture of corruption.'"

Backing Murtha

Mollohan's case is the third nettlesome personnel issue to face Pelosi since Democrats won control of Congress in the Nov. 7 midterm elections. Democrats rejected her preferred candidate for the No. 2 leadership job, Pennsylvania Representative John Murtha, in favor of Maryland Democrat Steny Hoyer amid complaints that Murtha had used his position on the defense appropriations subcommittee to direct federal dollars to political donors.

Pelosi later considered naming Representative Alcee Hastings of Florida, a former federal judge who had been impeached and removed from office, as head of the House Intelligence Committee. She ultimately named Silvestre Reyes of Texas to the job.

Drug Dealer Pleads Guilty In Cocaine Case Involving Mayor (NSDY/AP)

Long Island Newsday, December 5, 2006

BRIDGEPORT, Conn. (AP) _ A former member of the Bridgeport Democratic Town Committee pleaded guilty Monday to federal cocaine charges, avoiding a trial that could have put pressure on Mayor John Fabrizi to testify.

Shawn Fardy, 36, convicted of conspiracy to possess with intent to distribute, and distribution of cocaine, admitted buying cocaine from drug dealer Juan Marrero and then distributing some of that to others and keeping some for his own use. Marrero pleaded guilty in September.

Fabrizi admitted in June that he had used cocaine while he was in office and was getting treatment.

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Fardy's attorney, Francis O'Reilly, has said prosecutors were relying on allegations that Fabrizi made against Fardy. Fabrizi met with the FBI at least twice and gave lengthy interviews that are contained in FBI reports, O'Reilly said.

Prosecutors have declined to comment on whether Fabrizi would be a government witness, but his name was among 41 people whose names may be mentioned during the trial or who may testify.

Jury selection was scheduled to start Tuesday. The trial was moved to New Haven after a judge found most prospective jurors were aware of the high profile case.

Fardy faces up to 20 years in prison and fines of $1 million when he is sentenced on Feb. 22.

Defense Attorney Pleads To Own Guilt (PALMBEACHP)

By Larry Keller, Palm Beach Post Staff Writer

Palm Beach Post (FL), December 5, 2006

WEST PALM BEACH — Veteran criminal defense attorney John Garcia pleaded guilty Monday to federal charges of helping a drug dealer and former client conceal financial transactions and lying about it to drug enforcement agents.

U.S. District Court Judge Daniel T. K. Hurley called Garcia's admissions "an intensely sad day." He said Garcia, 45, of Lake Worth has represented many clients in his courtroom. "He has always done so with skill, with dignity. ... He's one of the outstanding members of the criminal bar."

Hurley set sentencing for Feb. 16. Garcia, married and the father of two daughters, will remain free on $100,000 bond until then. Sentencing guidelines call for a prison term of 18 to 24 months, defense attorney Richard Lubin said, but are not binding. Garcia also forfeited $75,000 to the government as a condition of his plea.

Garcia was arrested in September and charged with three counts of illegal money structuring and one count of making false statements to federal Drug Enforcement Administration agents. All are felonies.

His downfall began when agents began investigating drug dealer Joel McDermott in 2003 after learning he had a contract with Minto Homes for a $625,000 home in Wellington's Olympia development, and that he was making down payments with bank checks, not personal checks.

McDermott eventually was charged with and convicted of drug trafficking. He was sentenced to nearly 22 years in prison.

McDermott told federal agents that he gave Garcia $28,000 in drug profits in 2002, which Garcia deposited in his law practice trust account. Garcia then had two cashier's checks of $9,500 each and another for $9,000 issued to Minto Homes, said Assistant U.S. Attorney Stephen Carlton.

The next month, Garcia deposited $9,000 in McDermott drug profits into his personal account, which was used for the home, Carlton said. The scenario was repeated in September 2003, the government said.

By pleading guilty, Garcia admitted that he helped McDermott circumvent a law requiring financial institutions to report transactions of more than $10,000, the basis of the illegal money structuring charges. He also admitted lying to investigators about his own financial stake in the Wellington home and about buying cashier's checks.

Federal agents had a wiretap on McDermott's home from December 2003 through March 2004, Carlton disclosed. Garcia "was acting as a front on various business ventures" with McDermott, including renovations of a restaurant and a nightclub. Garcia lost thousands of dollars in those ventures, he said.

In one phone conversation between McDermott and Garcia that agents listened to, Garcia said his financial dealings, coupled with McDermott's lack of apparent employment, could be construed as money laundering, Carlton said. In return for Garcia's plea, the government agreed not to pursue the more serious money-laundering charges.

Garcia has been practicing law in Florida for more than 18 years. The Florida Bar cited him for "minor misconduct" in 1999.

Now that he's a felon, Garcia's law license will be suspended by the Bar. He faces possible disbarment. "There is a presumption of disbarment with a felony conviction," said Ken Marvin, director of lawyer regulation at the Florida Bar.

"It's a virtual certainty you're going to lose your right to practice law," Hurley told Garcia.

Afterward, defense attorney Lubin said Garcia's crimes weren't entirely motivated by financial gain. "He is generous to a fault," he said. "John is always helping people. He just helped this guy the wrong way."

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West Palm Attorney Admits Helping Drug Trafficker, And Lying About It (FLSUNSEN)

By Missy Diaz, Sun-sentinel.com

South Florida Sun-Sentinel, December 5, 2006

WEST PALM BEACH -- Before the plea conference even got under way Monday morning, emotion overcame criminal defense attorney John Anthony Garcia.

At first Garcia sat stoically beside his attorney, Richard Lubin, as U.S. District Court Judge Daniel T. K. Hurley lauded Garcia's good work over the years representing his clients with "skill and dignity, " before acknowledging that Monday was "an intensely sad day."

Then, as he prepared to accept guilt on three counts of illegal money structuring and a count of lying to federal investigators, Garcia quietly choked back tears for a couple of minutes before regaining his composure and proceeding with the 90-minute hearing.

The charges against Garcia stem from his dealings with former client and convicted drug trafficker Joel McDermott, 32.

Garcia admitted to depositing $18,000 into his personal checking account -- once in 2002 and again in 2003 -- and $28,000 into his law firm's trust account to help McDermott buy a five-bedroom, $630,000 home in the Olympia community in Wellington. Garcia purchased Bank of America cashier's checks for McDermott, who's serving a 21-year federal prison sentence.

In early 2003, the Drug Enforcement Administration began investigating McDermott, who it suspected of trafficking in cocaine, ecstasy and marijuana, Prosecutor Stephen Carlton said. During that investigation, DEA agents came across records detailing the Olympia home, built by developer Minto Homes. McDermott made payments to Minto Homes with bank checks not from his own bank account. McDermott began cooperating with the DEA following his arrest for cocaine trafficking, telling agents that he gave drug-related profits to Garcia, who then bought the cashier's checks. The cash transactions were always under $10,000. Anything above that amount is required to be reported to the federal government.

The government has telephone wiretaps of conversations between Garcia and McDermott that show the men partnered in a "variety of business ventures," Carlton told the judge, adding that Garcia signed leases for a restaurant and a nightclub, though none of the ventures between the two turned a profit. The men can be heard commiserating over their financial losses in some of the phone conversations, the prosecutor said.

"John Garcia lost thousands," Carlton said.

The DEA gave McDermott $5,000 and had him ask Garcia to help him pay off a car loan. During the wiretapped conversation, Garcia can be heard willing to launder the funds, according to Carlton.

"For one thing, you don't have a job," Garcia explains to McDermott when asked how it could be considered money laundering.

The government eventually searched Garcia's West Palm Beach office and learned that he had used his firm's trust account to help McDermott. During a February interview by the feds, Garcia denied buying the cashier's checks for the Olympia home or having any financial interest in the property.

Garcia, a tall and handsome 45-year-old father of two, hung his head during much of Monday's colloquy. His wife Karen and a handful of the criminal defense bar showed their support from the gallery.

Garcia remains free on $100,000 bond. As part of his plea deal, he forfeited $75,000 to the government. Federal guidelines call for a prison term of 18 to 24 months, Lubin said, though Hurley will make the ultimate decision.

Sentencing has been set for Feb. 16. Garcia, who has represented many high-profile clients, included accused nanny killer Jerry Wiggins, is expected to lose his license to practice law as a result of the plea.

Outside court, Lubin said Garcia's renowned generosity led to his current troubles.

"John is always helping people and he just helped this guy in the wrong way this time," Lubin said.

Attorney Bert Winkler, who has known Garcia for nearly 20 years, dating back to their days as assistant public defenders, described him as a "generous individual and a genuinely good guy."

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Colleague Franklin Prince recalled Garcia's quiet generosity in a variety of ways, from representing indigent clients to sponsoring youth soccer leagues and helping mentor young lawyers. He hopes the judge will consider those attributes when handing down a sentence.

"He's such a good friend, a hard-working lawyer and generous with his time and has helped many people over the past 18 years," Prince said. "John has a lot of friends that are supporting him and will be able to help in any way that is possible."

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Supreme Court Lets Stand 55 - Year Term (NYT/AP)

By The Associated Press

The New York Times, December 5, 2006

Filed at 10:30 a.m. ET

WASHINGTON (AP) -- The Supreme Court on Monday let stand a mandatory 55-year prison sentence, condemned as excessive by the federal judge who imposed it, for a man convicted of carrying a handgun during three marijuana deals.

Record producer Weldon Angelos received the minimum sentence under the law -- a harsher sentence than a child rapist or a terrorist who detonates a bomb aboard an aircraft would receive, according to his attorneys. The justices, without comment, left the prison term undisturbed.

Angelos was convicted of 16 counts of violating federal firearms, drug and money laundering laws in 2003. The charges stemmed from his sale of three 8-ounce bags of marijuana to an undercover informant.

He had a gun but never brandished or used it. Nevertheless, the three counts of possession of a firearm in a drug transaction required the mandatory minimum sentence.

Four former attorneys general and 145 former prosecutors and judges wrote in support of a lighter sentence for Angelos. Even the sentencing judge, U.S. District Judge Paul Cassell, an appointee of President Bush, called the sentence "unjust, cruel and irrational." But he said the law left him no choice.

Prosecutors said the sentence was appropriate and an appeals court agreed.

The case is Angelos v. U.S., 06-26.

Pentagon Resists Pleas For Help In Afghan Opium Fight (LAT)

By Josh Meyer, Times Staff Writer

The Los Angeles Times, December 5, 2006

The DEA wants the military to take a larger role in stopping the drug trade, which experts say finances the insurgency.

WASHINGTON — The Pentagon, engaged in a difficult fight to defeat a resurgent Taliban in Afghanistan, has resisted entreaties from U.S. anti-narcotics officials to play an aggressive role in the faltering campaign to curb the country's opium trade.

Military units in Afghanistan largely overlook drug bazaars, rebuff some requests to take U.S. drug agents on raids and do little to counter the organized crime syndicates shipping the drug to Europe, Asia and, increasingly, the United States, according to officials and documents.

While the Pentagon and the Drug Enforcement Administration, or the DEA, have been at odds, poppy cultivation has exploded, increasing by more than half this year. Afghanistan supplies about 92% of the world's opium, and traffickers reap an estimated $2.3 billion in annual profits.

"It is surprising to me that we have allowed things to get to the point that they have," said Robert B. Charles, a former top State Department counter-narcotics official. "It we do not act aggressively against the narcotics threat now, all gains made to date will be washed out to sea."

The bumper crop of opium poppies, much of it from Taliban strongholds in southern Afghanistan, finances the insurgency the U.S. is trying to dismantle.

The DEA's advocates in Congress argue that the Pentagon could undermine the insurgency by combating the drugs that help finance it. Military officials say they can spare no resources from the task of fighting the Taliban and its allies.

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Outgoing Defense Secretary Donald H. Rumsfeld has said that Afghanistan's flourishing opium trade is a law enforcement problem, not a military one. It would be "mission creep" if the 21,000 U.S. troops in Afghanistan were to turn their attention to opium, and it would also set a precedent for future combat operations, military officials say.

Pentagon spokesman Bryan Whitman said Afghanistan's police forces and British troops in the North Atlantic Treaty Organization peacekeeping operation have the primary responsibility for fighting the Afghan drug problem.

Military officials also fear that cracking down on opium traffickers could alienate the Afghan people and warlords who profit from the trade. An estimated one-eighth of the population is involved in poppy cultivation, and the opium trade is one-third of the country's economy.

The Pentagon has cooperated some with the DEA, but its resistance to doing more has drawn criticism from prominent congressmen, including Rep. Henry J. Hyde (R-Ill.), chairman of the International Relations Committee.

Hyde and other lawmakers say the Bush administration is making a crucial mistake in not directing U.S. forces to collaborate with the DEA to take down those supplying the Taliban with cash, high-tech weapons and trucks.

"If we don't change the policy soon, and fight both drugs and terrorism simultaneously, Afghanistan may well fall into a failed narcotics state status," Hyde said in a statement.

Hyde has urged the White House and the Pentagon to look to Colombia as a model. Anti-narcotics agents there work closely with the military to target terrorism and drug trafficking.

Afghan President Hamid Karzai and other officials have asked for more help from the Pentagon, especially stronger support for the DEA.

"We are disappointed that there isn't more and closer cooperation between these two," said M. Ashraf Haidari, Afghanistan's Washington liaison to U.S. military and law enforcement agencies. "We have been saying this since 2003."

Haidari said the DEA and Afghan authorities needed "maximum military support both from ground and air." He complained that there was little coordination between the U.S. and international anti-drug efforts in Afghanistan.

The DEA has about 10 agents in Kabul, the Afghan capital, and rotates small teams of agents and intelligence analysts into the country, two at a time. The teams train and work with Afghan narcotics police, but also do their own investigations.

But DEA agents can't move about the mountainous terrain without helicopters and, in many cases, can't infiltrate well-protected drug operations without backup from troops.

Several dozen kingpins have emerged in the Afghan drug trade who are allied with the Taliban and Al Qaeda, current and former U.S. and Afghan officials said. In the last year, the drug bosses have become more brazen, richer and powerful.

U.S. and Afghan officials say the major traffickers and their hundreds of criminal associates prey on poor Afghan poppy farmers, openly run huge opium bazaars and labs that turn opium into heroin, and truck vast quantities of drugs into neighboring countries. They often return with night-vision goggles, land mines, sniper rifles and other high-tech weapons to use against U.S. and NATO forces.

Antonio Maria Costa, head of the United Nations Office on Drugs and Crime, said in a recent interview that the location of major drug operations were "well-known to us and to the authorities." He said he recently watched a video of a heavily armed drug convoy of about 20 vehicles crossing into Iran.

"When you see narcotics trafficking that has the connotation of military operations, I am afraid we can only cope with them with military muscle," he said.

U.S. efforts have largely focused on small drug arrests and the State Department's program to eradicate poppy fields.

Publicly, DEA officials praise the Pentagon for its help and say coordination has improved. But two senior congressional aides said DEA Administrator Karen P. Tandy had been quietly campaigning for more Pentagon assistance.

"Behind closed doors she has been very adamant about how we need this stuff over there," a DEA official said, speaking on condition of anonymity. "Without the helicopters, we can't move. We're sure not going to go out in caravans with a couple of pistols."

Tandy testified in June that although DEA agents had developed leads in Afghanistan, the agency had "no operational infrastructure, assets or support to conduct operations" in Helmand province, where as much as half of Afghan heroin is grown and processed.

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The Pentagon has promised as many as eight MI-17 helicopters for Afghan authorities to use in collaboration with U.S. military and law enforcement officials. But only two have arrived and are being used solely for training, DEA spokesman Steve Robertson said. DEA officials cannot say when helicopters will be available for drug operations, he said.

Pentagon spokesman Lt. Col. Todd Vician said that in the last two years U.S. troops had worked to support DEA efforts to combat the drug trade in Afghanistan "in the form of intelligence, planning, transportation of interdiction forces, medical evacuation and close air support if needed."

He also said Rumsfeld had authorized federal authorities, including DEA agents, to go on military operations in areas of known or suspected drug activity.

But in many cases the Pentagon has balked at drug interdiction efforts even when it had the resources, said a former senior U.S. anti-drug official, who declined to give details of what he said were classified operations.

"There were [drug] convoys where military people looked the other way, and situations where DEA sought [Pentagon] intelligence and it wasn't given to them," the former official said.

"DEA would identify a lab to go hit or a storage facility and [the Pentagon] would find a reason to ground the helicopters," the former official added. "They would say we don't want you to create a disturbance in an area where we're trying to chase down terrorists and the Taliban."

A recent congressional report said the DEA asked the Pentagon for airlifts on 26 occasions in 2005, and the requests were denied in all but three cases. The Pentagon said it had done better in 2006, approving 12 of 14 DEA requests for air support.

Several current and former DEA officials said the Pentagon efforts were mostly administrative and not related to raids and other enforcement efforts.

Hyde and Rep. Mark Steven Kirk (R-Ill.), a former naval intelligence officer, told Rumsfeld in an Oct. 12 letter that they wanted the Pentagon to allow DEA agents to ride along on more military missions in Afghanistan and to call them in when soldiers found a large drug stash or operation.

Eight days later, Rumsfeld wrote that he had asked one of his undersecretaries, Eric S. Edelman, "to look into this matter."

"We will get back to you as soon as possible," Rumsfeld wrote.

Hyde's aides say the congressman hasn't heard back.

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60% Leap In Opium Production In 2006 (AN)

Asia News, December 4, 2006

Kabul (AsiaNews/Agencies) – Opium production in Afghanistan reached record highs this year despite international efforts to strangle it. This was recently revealed by the US government, in confirmation of a report by the UN Office on Drugs and Crime and the World Bank. In 2006, production is estimated to have grown by 61% after a 26% increase in 2005, for a total product of around 5,600 tons. This is 17 times more than the world's second producer: Myanmar. In the two main production provinces, Helmand in the southwest and Oruzgan in central Afghanistan, cultivation went up by 132%. Opium poppy covers only about 4% of cultivable land, but the crop is becoming more popular because it needs minimal care and irrigation. President Karzai declared opium as "Afghanistan's major enemy", worse than terrorism.

More than 90% of the world's heroin comes from Afghan opium. John Walters, White House drug policy chief, said the main causes for the failure to eradicate production were the resurgence of Taliban forces, which oppose US operations, and limited funds available for anti-narcotic and development programs.

But military sources believe the problem is more pervasive, with drug traffickers that have their own armies to pit against the force of 30,000 NATO soldiers deployed in the country. General James L. Jones, the supreme allied commander for NATO, said: "It would be wrong to say that this is just the Taliban… They [drug cartels] are buying their protection by funding other organizations, from criminal gangs to tribes, to inciting any kind of resistance to keep the government off of their back… They have their own capability to inflict damage, to make sure that the roads and the passages stay open and they get to where they want to go, even through Pakistan, Iran and Russia."

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In Afghanistan, drugs fuel an industry of 2.6 billion dollars per year, a sum that equalled one-third of the country's GDP (Gross Domestic Product) in 2006. Although farmers who cultivate opium poppies receive only a small percentage of the profits, it is estimated that they earn 12 times as much income than for any other crop. So any attempts to eradicate cultivation meet violent local resistance.

This is one of the reasons why the Afghan government has prohibited aerial herbicide spraying, used by US anti-narcotic programs in Latin America. Instead, opium poppy plants in Afghanistan are destroyed by tractors. But only 38,500 of nearly 430,000 acres under cultivation were eradicated in 2006.

Panel Faults U.S.-Trained Afghan Police (NYT)

By James Glanz And David Rohde

The New York Times, December 5, 2006

Five years after the fall of the Taliban, a joint report by the Pentagon and the State Department has found that the American-trained police force in Afghanistan is largely incapable of carrying out routine law enforcement work, and that managers of the $1.1 billion training program cannot say how many officers are actually on duty or where thousands of trucks and other equipment issued to police units have gone.

In fact, most police units had less than 50 percent of their authorized equipment on hand as of June, says the report, which was issued two weeks ago but is only now circulating among members of relevant Congressional committees.

In its most significant finding, the report said that no effective field training program had been established in Afghanistan, at least in part because of a slow, ineffectual start and understaffing.

Police training experts who have studied or had first-hand experience with the American effort in Afghanistan said they agreed with the report's findings, and some said they had warned for years that field training was the backbone of a strong program. But they said additional problems needed to be investigated, including the quality of private contractors and the cost and effectiveness of relying on them to train the police officers. In particular, the experts questioned why the report focused on United States government managers and only glancingly analyzed the performance of the principal contractor in Afghanistan, DynCorp International of Virginia.

Considering the state of the police force, an estimated $600 million per year will be needed indefinitely to sustain it, says the report, undertaken by the offices of the inspectors general at the Pentagon and the State Department. Howard J. Krongard is the inspector general at State, which led the work on the 97-page report, and Thomas F. Gimble holds the office at the Pentagon.

American advisers will also have to combat endemic corruption in the force, the report says.

Efforts to respond to some of the issues that the report identifies are already under way. Afghan and American officials recently announced that they had instituted an "auxiliary police" program at the end of the summer, which aims to hire 11,200 officers in parts of the country beset by Taliban attacks, primarily in the south.

But those officers receive only two of the standard eight weeks of training, and the police training experts say the program could worsen the situation. They say the new hastily created program could place ill-trained and poorly vetted officers in the field and allow militias and criminals to infiltrate the force.

An American official involved in the new effort said the program became necessary after southern governors besieged by Taliban attacks began hiring police officers on their own. American officials feared they were seeing the beginnings of de facto private militias.

"This was designed to avoid the creation of the militias," said the official, who was not authorized to comment publicly.

The training experts say the United States made some of the same mistakes in training police forces in Afghanistan that it made in Iraq, including offering far too little field training, tracking equipment poorly and relying on private contractors for the actual training. At the same time, those experts say, the failure to create viable police forces to keep order and enforce the law on a local level has played a pivotal role in undermining the American efforts to stabilize both countries.

In Afghanistan, the failure has contributed to the explosion in opium production, government corruption and the resurgence of the Taliban.

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In Iraq, the challenge is even larger: Sectarian death squads have infiltrated the police force and helped push the country to what many are now calling a civil war.

"In both places we were extraordinarily late getting started," said Robert M. Perito, a policing expert at the United States Institute of Peace and a former National Security Council, State Department and Justice Department official. "In both places you have a dysfunctional Interior Ministry in control, and in both places the United States has tried to stand up a ministry advisory group to bring order out of chaos."

In an interview this fall, the Afghan president, Hamid Karzai, said the violence in the country's south was partly a result of the lack of a viable force. He called for "much more support" from the United States and for an expansion of the country's force of roughly 70,000 officers.

"It is not that they are strong," he said, referring to the Taliban. "It is that we are not strong enough to defend ourselves."

Most of the $1.1 billion the United States has spent on the training program in Afghanistan has gone to DynCorp, a technical services company based in Falls Church, Va., with 14,000 employees in about 33 countries. DynCorp also won the largest part of the training work in Iraq; it received a total of $1.6 billion for its training and security work in Iraq and Afghanistan in the 2004, 2005 and 2006 fiscal years, according to Gregory Lagana, a company spokesman. The work accounted for roughly 30 percent of the company's revenue during those years. In May, the company raised $375 million in an initial public offering of its stock.

Under orders from the Defense Department, the company has deployed 377 police advisers to Afghanistan, roughly half the number the United States has deployed in Iraq. Police training experts say far more police advisers are needed in Afghanistan, which is roughly the same size as Iraq. The report says that management of the DynCorp contract by United States government officials in Afghanistan has fallen into a state of disarray; conflicting military and civilian bureaucracies could not even find a copy of the contract to clarify for auditors exactly what it called for.

The report does not suggest that DynCorp held any responsibility for the program's failures, but former Afghan officials and several American policing experts who have examined DynCorp's training on the ground say that the company is partly to blame for long delays and that the use of private contractors for training should be reviewed. Afghan officials have complained about the high cost of the advisers and have said that some have too little experience.

Ali Jalali, an Afghan-American military historian who served as interior minister from 2002 to 2005, said the expertise level of some DynCorp advisers sent to his ministry was mixed. He said he rejected the first group he was offered because their résumés were unimpressive. When a second group arrived, some were retired officers not up to the demands of working in Afghanistan, he said. Others knew virtually nothing about the country.

"They were good on patrols in Oklahoma City, Houston or Miami," said Mr. Jalali, now a professor at the National Defense University in Washington. "But not in a country where you faced rebuilding the police force."

Mr. Lagana defended the company's work and said State Department officials closely monitored their activities. He said the Interior Ministry advisers who drew complaints regarding their experience level were removed.

"We filled positions based on the requirements and salary levels authorized by the State Department," Mr. Lagana said. "As we went along, everyone realized we needed people with experience at higher levels in law enforcement."

Seth Jones, an Afghanistan expert at the RAND Corporation who has made eight trips to Afghanistan since 2003 to study army and police training, called for a review of the company's performance. He said he had repeatedly heard complaints from both Western and Afghan officials in Afghanistan about the quality and experience of DynCorp's advisers.

"I was surprised, based on what I have seen on the ground, that DynCorp was let off the hook so easily," he said of the report. "I think a very frank assessment of DynCorp needs to be done."

Mr. Krongard, the State Department inspector general, acknowledged the seriousness of the report's criticisms. But he said in a statement in answer to questions about the report that in the face of obstacles like largely illiterate recruits, low pay and corruption, the program was "generally well conceived and well executed," but that for the police force to be self-sustaining, "long-term U.S. and international assistance and funding will be required at least beyond 2010."

The report concluded that the official figure of 70,000 trained police officers was inflated and that only where American advisers were present was the counting reliable to some degree.

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As a best estimate, the report said that 30,395 Afghan officers — fewer than half the official total — were "trained and equipped to carry out their police functions."

The report also says that the vetting process for recruits, intended to keep the Taliban and people with powerful sectarian or tribal loyalties out of police ranks, has not been effective. After recruits are trained, they are often assigned by local police commanders to menial tasks like guard duty.

The international effort lost critical time when it initially mounted a token effort to train officers in Afghanistan, according to Afghan officials and policing experts. For the first two and a half years after the fall of the Taliban, no systematic police training program existed outside of Afghanistan's capital, according to American and Afghan officials. The United States focused on training a new multiethnic army and paid little attention to the need for policemen. Germany pledged to train a new force but sent only 40 police advisers to Kabul.

Then, in 2004, the State Department issued a contract to DynCorp to deploy 30 police advisers across Afghanistan and construct seven regional training centers.

The United States spent $164 million building and running the training centers; recruits received two to four weeks of training. The effort was poorly monitored and achieved mixed results, according to a June 2005 report by the Government Accountability Office.

In April 2005, the Defense Department took over police training in Afghanistan and drastically expanded the number of American police advisers; the number is 377 today. Still, police training experts said the Afghanistan effort remained far too small, with small teams of advisers each expected to field train thousands of Afghan policemen.

The small corps of advisers also makes it more difficult to track equipment, and the report said that just 3,000 of 5,000 vehicles issued to the police nationwide could be accounted for. Although the report does not explicitly connect its warnings on corruption to the loss of equipment, the two appear to be closely related.

The weakness of the police has contributed to Afghanistan becoming the world's largest producer of opium, accounting for 92 percent of the world's supply, experts said. A report issued by the United Nations Office of Drug Control and the World Bank on Tuesday found that corruption had stymied efforts to counter opium production and that a handful of politically connected traffickers increasingly dominated the drug trade.

"The drug industry in Afghanistan is becoming increasingly consolidated," the report says. "At the top level, around 25-30 key traffickers, the majority of them in southern Afghanistan, control major transactions and transfers, working closely with sponsors in top government and political positions."

The report on police training strongly recommends expanding the advising program to take care of some of those problems but points out that an expansion would cost the United States much more money "as well as increasing the risk to U.S. personnel."

Outside View: Russia And Afghan Drugs (UPI)

By Pyotr Goncharov, Upi Outside View Commenatator

United Press International, December 5, 2006

MOSCOW, Dec. 4 (UPI) -- It will take more than two or three years to fight drug trafficking from Afghanistan, according to a joint report of the World Bank and the U.N. Office on Drugs and Crime published recently.

"History teaches us that it will take a generation to render Afghanistan opium-free," the report reads. To eradicate this evil, "support to farmers, the arrest of corrupt officials and eradication measures must be concentrated in half a dozen provinces ... so as to free them from the scourge of opium."

Not a very optimistic forecast. Especially for Russia, which is the main target of Afghan drug trafficking, standing in its way to Europe. By November this year, the Russian Federal Service for Control of Drugs and Psychotropic Substances Circulation alone confiscated over 80 tons of drugs from Afghanistan, including two tons of heroin.

Moscow, however, was not too upbeat about the outlook for fighting Afghan drugs even before the release of the report. The Service's director, Viktor Cherkesov, says that measures taken in Afghanistan by the international community and the Afghan

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government, are insufficient and their efficiency is extremely low. International programs for financing alternative crops (such as cotton instead of opium poppy) have failed.

Moreover, criminal structures that control heroin production in the country are often close to the Afghan regional authorities. This means that those who are responsible for fighting drugs are most interested in the industry's prosperity. So it would be ridiculous to make any optimistic predictions.

Hopes vested in the NATO-led International Security Assistance Force in Afghanistan are also ungrounded. The coalition can do little when the Afghan authorities have almost no control over the situation outside Kabul, so it is difficult to launch programs that would cover the whole country.

Moscow is still quite critical about ISAF and NATO's stance on fighting drugs. Anatoly Safonov, the Russian president's envoy on counter-terrorism, said he disagreed with NATO commanders that destruction of opium poppy crops by ISAF would only aggravate relations with the local population. "We believe that this is a deadlock," he said when commenting on these statements.

A voice in the wilderness. What does NATO have to do with it if the U.N. Security Council does not give ISAF the go-ahead to destroy opium crops? The United States, whose troops are the backbone of the anti-insurgent coalition, is not going to do it either, justifying its refusal with impressive statements. Former Secretary of Defense Donald Rumsfeld said once that as Afghan drugs were planted on Russian and European money, it was Russia and Europe that should address the problem. What he meant was that the United States did not care.

There are serious objections as well. The above-mentioned UNODC report says that destruction of opium poppy crops, planted by the poorest Afghan farmers, should be done with extreme caution in order not to aggravate the situation.

What is Russia to do then? Is there a way out of this vicious cycle?

Maj. Gen. Alexander Yanevsky, head of the Drugs Control Service's department for inter-department preventive interaction, says that Russia has 342,000 people officially diagnosed as drug addicts. Overall, the country has up to six million drug addicts. The situation in Europe is no better, although addicts there prefer cocaine and marijuana to Afghan opium.

Perhaps, it is worth considering a proposal made by the Senlis Council, an international drug policy think tank based in Europe. It believes that Western countries should officially buy opium poppy from Afghanistan and then license it to produce pain killers. The Afghan state would benefit and establish at least partial control over the poppy fields. More importantly, this would be a severe blow to illegal drug trafficking.

This year, opium poppy crops in Afghanistan have surged 60 percent against last year, according to the United Nations, and production of opium -- used to produce heroin -- will be up at least 50 percent by year's end. This means that Afghanistan can export over 600 tons of premium quality heroin to Europe this year. Russia has already confiscated about two tons. There's some tough work still left in store.

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(Pyotr Goncharov is a political commentator at RIA Novosti. This article was reprinted with permission from the news agency.)

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Colombian Drug Czar's Brother Arrested On Cocaine Charge (CNN)

CNN, December 5, 2006

BOGOTA, Colombia (AP) -- Colombia's drug czar said police arrested his brother over the weekend with six grams (0.2 ounces) of cocaine.

Carlos Albornoz, head of the National Drug Directorate responsible for Colombia's drug-control policies, said in a news conference Sunday his brother Ivan Albornoz was arrested shortly after buying the drugs Saturday night in southern Bogota.

The anti-drug official said President Alvaro Uribe asked him to continue in his job.

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"My family and myself are obligated to confront a situation that we never foresaw," said Albornoz, a former Senator. "The curse of drugs, which I've dedicated myself to combat aggressively, is among us."

Albornoz said he was unaware of his brother's drug use and expected him to be treated with the same severity as any other Colombian citizen.

The six grams (0.2 ounces) of cocaine found on Albornoz, a 49-year old architect, was more than the maximum amount permitted by a controversial 1994 court ruling that decriminalized small amounts of cocaine, heroin and other drugs for personal usage.

Uribe, whose government receives about $500 million a year in anti-narcotic aid from the United States, has vowed to change that ruling with a constitutional amendment.

Colombia is the world's largest producer of cocaine and almost every family in the country has in one way or another been touched by the drug trade, including other top anti-drug officials.

In May, the brother of Gen. Oscar Naranjo, head of judicial police responsible for pursuing Colombia's drug cartels, was arrested in southwestern Germany in possession of 100 kilograms (220 pounds) of drugs.

IMMIGRATION:

Ga. Senator's Wife Fights Deportation (AP)

By Giovanna Dell'orto

AP, December 5, 2006

State Sen. Curt Thompson has been a strong advocate of immigration rights, once speaking in Spanish from the steps of the Georgia Capitol against the adoption of some of the nation's strictest immigration controls.

Now Thompson's Colombia-born wife is in hiding as federal immigration officials try to deport her.

Sascha Herrera, 28, has been in hiding since Immigration and Customs Enforcement officers arrived at her home Nov. 28 with an order to remove her from the U.S. She was not home at the time.

Her attorney, Charles Kuck, claims she was duped by a man handling her immigration requests and that she never received the immigration notices that triggered her deportation order. While Kuck says neither he nor her husband know where Herrera is, he said that she will turn herself in Tuesday.

"It's the right thing to do. She needs to get the law to work for her," Kuck said.

Kuck filed a petition Monday to halt her deportation order and reopen her case, arguing that a man filed an asylum petition on her behalf without her knowledge and before her husband sponsored her green card application based on their April marriage.

The deportation order stems from Herrera's repeated failure to appear before a judge on the asylum application, which Kuck said she did not know had been filed.

The case hinges on whether Herrera received a notice to appear in court, and whether the asylum application could have been filed without her knowledge, said Victor Cerda, former general counsel for Immigration and Customs Enforcement.

According to Kuck, Herrera came to the U.S. — where her parents have been living — on a visitor visa in 2003. She applied for an extension to the visa through a "notario" — a man who claimed he was qualified to handle legal immigration matters — but did not get it until 20 days before the extension was due to expire.

The notario then suggested an asylum application, which Herrera signed, but she got a "bad vibe" from the man and decided not to proceed, Kuck said.

Later in 2004, she was accepted as a student at Kennesaw State University, which got a student visa for her. She then told the notario she did not want anything to do with him.

She met Thompson last year and they got married in April, when he applied for her to become a permanent resident. Kuck said Herrera's husband, a Democrat and attorney, would not comment on the case.

But in the meantime, the notario filed the asylum application, listing his address as hers. A telephone number listed for the notario, identified as Tomas Vilela, was being answered Monday by a fax machine.

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Cerda said the deportation order in the asylum case would trump any pending green card application and trigger mandatory detention.

Her decision to hide could hurt her request for a judge's stay on deportation, Cerda said. If she turns herself in, she could remain in the U.S. while her petition is pending, either in jail or released on bond.

Minuteman Consulting Charity Fined (WT)

By Jerry Seper

The Washington Times, December 5, 2006

One of the charitable organizations cited by Minuteman Civil Defense Corps boss Chris Simcox on why financial accountability concerns raised by some corps members were unfounded has been fined for failing to keep its own financial records in order, The Washington Times has learned.

The Declaration Foundation, a tax-exempt charity created by conservative activist Alan Keyes, who has vigorously supported the Minuteman movement, was fined $6,500 in August and prohibited by the Pennsylvania Bureau of Charitable Organizations from soliciting donations until it becomes "properly registered."

The Aug. 18 "agreement and order," signed by Declaration Foundation Executive Director Mary Parker Lewis, a top Minuteman adviser, acknowledged that the charity made false statements in seeking to solicit donations, failed to properly administer money it had collected, and withheld documents sought as part of an "investigative subpoena."

According to the bureau, the Declaration Foundation failed over a four-year period to submit audited financial statements, gave false information when it said it did not share revenue with other nonprofit or tax-exempt groups, and misstated the truth when it said none of its officers or employees was tied to any vendor providing services or goods.

The bureau said the Declaration Foundation improperly shared revenue with the Declaration Alliance, another tax-exempt charity founded by Mr. Keyes, which also has been active in overseeing the Minuteman Civil Defense Corps (MCDC).

The Declaration Foundation is at the center of an intricate weave of conservative organizations founded by Mr. Keyes or tied to longtime Keyes associates now working with MCDC. They have served as mentors for Mr. Simcox and provided consulting and financial services for the group's fundraising and media activities.

According to Internal Revenue Service records, the Declaration Foundation reported more than $600,000 in contributions over the past two years and the Declaration Alliance, in its 2004 IRS filing, the latest available, reported more than $1.7 million in donations. The two organizations list the same Reston, Va., address as its place of business.

MCDC describes itself as a "project" of the Declaration Alliance. The Minuteman political action committee, which raised hundreds of thousands of dollars in political contributions this year, is formally known as the Declaration Alliance Minuteman Civil Defense Corps Political Action Committee, according to Federal Election Commission records.

Connie Hair, spokeswoman for MCDC and Mr. Keyes, said she had been asked not to talk with The Times.

Mr. Simcox did not respond to e-mails concerning the Pennsylvania order.

But Mr. Simcox, who co-founded the Minuteman movement in April 2005, has told The Times and said on the Minuteman Web page that the Declaration groups offered "an experienced organization for mass mailings, advertising and public relations" and the ability to conduct a "fully accredited and independent audit" of MCDC finances.

He said he had "complete confidence in the professional firms we have retained to perform fiduciary responsibility and accounting for the Minuteman Civil Defense Corps" and that he had "checked these people out very carefully before agreeing to work with them." In a July interview, he accused his critics of being racists and disgruntled former MCDC members.

Mr. Keyes and his supporters have been tagged in the past on suspected violations involving contributions, including a December 2002 finding by the Federal Election Commission that said his 2000 presidential campaign owed the government more than $220,000 for questionable contributions, nonqualified expenses, improperly handled checks and other ineligible expenses.

Mrs. Lewis, who signed off on the Pennsylvania agreement and order, served as chief of staff to the Keyes 2000 campaign.

Several current and former MCDC members have questioned the whereabouts of hundreds of thousands of dollars in donations collected since the Minuteman movement began in April 2005.

In interviews this week, they said the organization's first IRS filing as a 501(c)4 tax-exempt charity on Nov. 15 failed to answer many of their concerns. They said, for example, there was no accounting in the new filing for at least $150,000 in the $50 registration fees required of the 4,000 Minuteman volunteers.

Others questioned why the IRS financial statement included mention of the construction of a border fence, since the filing listed MCDC contributions and expenditures only for 2005. They noted that Mr. Simcox began the fence project in April 2006.

In a statement posted on the MCDC Web site, the group's board of directors, which Mr. Simcox heads, decided that "this year and this year only" it would make public the organization's financial records. The statement did not address the fact nonprofit organizations such as MCDC are required to file annual financial statements, which are available to the public.

TAX:

Westminster Man Told To Stop Running Tax Scheme (BSUN/AP)

The Associated Press

The Baltimore Sun, December 5, 2006

He falsely advised clients that they did not need to pay taxes

A Westminster man has been barred by a federal judge from running a scheme in which he promised to help members avoid paying federal taxes, the U.S. Department of Justice announced today.

The "Save-A-Patriot Fellowship" run by John Baptist Kotmair Jr. falsely advised that clients didn't have to pay taxes and could legally withdraw from the Social Security system, U.S. District Judge William Nickerson said in his ruling. Despite legal action by the U.S. Justice Department, Kotmair's organization continued to file frivolous protest letters with the Internal Revenue Service on behalf of more than 800 clients and showed "no inclination ... to cease their activities," Nickerson noted.

Nickerson's order, issued last week, permanently bars Kotmair and his organization from representing or assisting anyone in corresponding with the IRS, or preparing court filings relating to income taxes. Kotmair and his organization must also notify all individuals involved in the scheme of the injunction and provide the Justice Department with the names of the customers, their e-mail addresses and telephone and Social Security numbers.

The injunction also must be posted prominently on the organization's Web sites for a year, and fraudulent promotional materials must be removed from the sites.

How The IRS Failed To Stop $200M In Bogus Refunds (USAT)

By Kevin McCoy

USA Today, December 5, 2006

At least two months before the IRS mistakenly began paying an estimated $200 million in fraudulent or erroneous 2006 tax season refunds, the agency was warned about potentially “catastrophic” problems in a new computer being developed to avert such a blunder.

A USA TODAY examination of the IRS Electronic Fraud Detection System project found the previously unpublicized November 2005 warning, along with other warnings and new details of missteps that culminated in one of the most costly and embarrassing episodes in the tax agency's recent history.

As the peak of the 2006 tax season approached last spring, the IRS discovered that a planned upgrade of the agency computer that red-flags potentially fraudulent tax refunds had failed. The discovery came after the IRS had shut down the older computer. The failure forced the agency to continue processing 2006 tax season returns — and issuing refunds — without its first line of electronic defense against fraud.

USA TODAY's review found that the IRS lacks a comprehensive plan to recover the $200 million, which the agency said represents far less than 1% of all 2006 tax season refunds. That means most fraudulent filers who got federal checks in 2006 will likely never be caught.

Today, as the 2007 tax season looms, the IRS is restarting the older computer, because the nearly $21 million planned successor still isn't operable.

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"I would say it is one of the more significant disappointments of my tenure," IRS Commissioner Mark Everson said in a recent interview. The blame, he said, "lies both within the IRS and at the contractor," because both "totally misjudged the complexity and the difficulty of this system."

The IRS managed to identify and stop some fraudulent 2006 tax returns without the computer. But Senate Finance Committee Chairman Charles Grassley, R-Iowa, said the agency's failure to see beyond rosy projections on the computer project and act on the warnings had hurt millions of Americans.

"There's a lot of fraudulent tax returns that are filed … and for at least last year, they're all going to get off scot-free," says Grassley. "And it's not just that they're getting off scot-free — it's that the honest taxpayers become the suckers."

The Electronic Fraud Detection System is the IRS' second-largest repository of taxpayer data. Every tax return that claims a refund is run through the computer, which is designed to flag potentially suspicious claims for additional review under the agency's Questionable Refund Program.

The IRS decided to upgrade the then-6-year-old computer in 2001 to keep pace with new refund fraud schemes and to enable investigators to use the system via the Internet. Nine companies bid on the upgrade, the IRS said. DynCorp, a computer firm based in Reston, Va., won. In 2003, California-headquartered Computer Sciences Corp. (CSC) acquired DynCorp, and became the main contractor.

The IRS planned to switch to the upgraded computer in time for the 2005 tax season. But multiple problems arose, delaying the planned start-up to early 2006. IRS officials said the agency's own personnel and CSC representatives repeatedly voiced confidence the new computer would start on schedule.

During a Jan. 17 meeting at Everson's Washington office, IRS Deputy Commissioner John Dalrymple said, CSC projected a mid-February start date. The timing was crucial, Dalrymple said, because the IRS had shut down the older computer months earlier. By autumn 2005, he said, it couldn't be restarted for 2006.

But the promised February date came and went. By late March or early April, "It was clear to us that we were not going to be able to bring the Web-based system up at all," said Dalrymple.

Everson said he and other top IRS officials relied on repeated assurances in which the agency's managers on the computer project and CSC personnel said the new computer would be up and running as scheduled.

However, internal IRS documents obtained by USA TODAY, including a $400,000 post-failure assessment of the project, show the agency received multiple warnings about serious problems.

In a Nov. 10, 2005, memo, CSC personnel who worked on the project outlined "10 most critical EFDS (Electronic Fraud Detection System) risks" they said had to be resolved by the company and the IRS "before they become catastrophic." The problems included:

•"Extremely slow" communication between IRS computers and those used by CSC. The problems, chronic since June 21, made the communication so slow that at times, it's like using a "dial-up connection from home" that requires "2-3 minutes to do even the simplest of tasks, such as sending an e-mail."

Unless the problem was addressed, the memo warned, the IRS risked "putting the entire EFDS project in jeopardy."

•Repeated delays in setting up a large Oracle-manufactured computer network capable of handling massive volumes of data. Failure to rectify the problem by Dec. 9, 2005, the memo warned, raised the prospect that the new IRS computer "may not be ready to go into production" as scheduled.

•Computer servers that the contractor used for data conversion shut down frequently, halting work. The company wasn't alerted to a weekend shutdown on Oct. 15, 2005, until two days later.

CSC has not been fined or sanctioned by the IRS, and continues to work on restarting the older Electronic Fraud Detection System. The firm declined to discuss specifics of either the warning memo or the project.

James Sheaffer, president of the firm's federal contracts sector, issued a statement that said: "We are contractually obligated to address any current or anticipated issues or problems that could, in our best judgment, interfere with our scheduled performance. That is exactly what we were doing in the '10 critical issues' document."

Dalrymple said the problems in the memo had all been addressed before top IRS officials learned the new computer would not start on time and did not "have anything to do with what the problem was with the root cause of the failure." The key

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problem, which Dalrymple said was only determined during a March 2006, test, was that the new computer "couldn't load a full day's worth of data in one day. And when you can't do that … you just fall further and further behind."

Yet, the IRS' post-failure assessment, obtained by USA TODAY under the Freedom of Information Act, found that some of the problems in the CSC warning memo "contributed to the delay" of the project.

The assessment also said "multiple warning signs calling for more formal oversight reviews were missed by multiple organizations." It cited a mistaken IRS designation of the project as low-risk and low-complexity, the "inexperience of key personnel and questionable judgment and decision-making by key IRS and Computer Sciences Corp. management," plus IRS budget and staffing cuts and turnover in CSC personnel.

"Many of the most critical issues were entirely preventable," concluded the assessment, which also reported the new computer could eventually be implemented with additional work.

A recent audit by the Treasury Inspector General for Tax Administration identified other warnings. As early as April 20, 2005, an e-mail from workers on the project reported problems with computer data loads, the audit found. That was the same issue Dalrymple identified as the most critical.

On Dec. 22, 2005, an IRS information technology specialist found "significant inaccuracies" in reports submitted by CSC, the auditors found. Although the firm said annual data loads were 50% complete by Dec. 20, "the IRS was advised by the contractor's technical staff that the data loads had never been started."

"We were told the IRS advised the contractor of this situation, but did not pursue the matter," the auditors wrote.

The computer project "was a perfect example of where anything can go wrong, it did," said Michael Phillips, the Treasury deputy inspector general who led the audit. Signaling the depth of the IRS' embarrassment, the agency took the rare step of proposing to fire two administrators who oversaw the computer project, and suspend a third. One manager has retired, and administrative appeals for the others are pending, the IRS said.

In all, the Treasury audit concluded the IRS "inefficiently used" at least $20.5 million in development costs on the computer project. That comes on top of the $200 million in estimated fraudulent refunds. The audit also estimated that the IRS could have mistakenly paid as much as $318.3 million in fraudulent refunds during the 2006 tax season.

The IRS, however, pegged the loss at roughly $200 million after nearly all 2006 federal tax season returns were processed. Everson said there's little chance IRS will collect the bulk of the erroneously issued checks.

"We're not going to go back. … That's gone," he said. "If you look at stopping frauds on refunds, you either stop it upfront, or it's very hard to get that money."

The IRS said it was able to freeze 84,000 questionable refunds using other safeguards. All tax data filed in 2006 has been loaded into the old Electronic Fraud Detection System, Everson said, as the agency prepares for the approaching tax season. Any 2006 tax returns flagged as potentially suspicious could prompt the IRS to check those filers' 2005 returns, Everson said.

While acknowledging the enormity of the $200 million loss, Everson said the total is outweighed by $2.3 trillion the IRS collects in tax revenue, and millions more saved in modernization efforts. He also voiced confidence that the older computer would be successfully restarted for the 2007 tax season set to start next month.

"I have every reason to believe that we'll be successful," said Everson.

At least one federal official isn't quite as sanguine. Nina Olson, head of the IRS National Taxpayer Advocate's office, criticized the agency earlier this year for failing to notify filers whose tax refunds were frozen while investigators checked for potential fraud. Olson said many of those taxpayers were blameless.

"The fact that the old computer system is going back on line for 2007 raises questions for me about whether it will continue to freeze refunds that should not be frozen," said Olson.

"We could have the same problem again."

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CONGRESS-ADMINISTRATION:

Votes In Doubt, Bolton Resigns As Ambassador (NYT)

By Helene Cooper

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — President Bush reluctantly accepted the resignation of the United Nations ambassador, John R. Bolton, on Monday, conceding that the envoy could not win Senate confirmation and signaling that the administration was unwilling to make another end run around Congressional opponents in order to keep Mr. Bolton in his job.

Ending more than a year of controversy surrounding the blunt-spoken ambassador, Mr. Bush issued a strongly worded statement excoriating Mr. Bolton's opponents on the Senate Foreign Relations Committee for refusing to send his nomination to the Senate floor for a vote.

"They chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time," Mr. Bush said. "This stubborn obstructionism ill serves our country, and discourages men and women of talent from serving their nation."

Mr. Bush went on to praise Mr. Bolton, a fiery conservative and longtime critic of the United Nations, thanking him for his "advocacy of human rights and human dignity."

Despite the president's strong words, administration officials had largely given up on Mr. Bolton's confirmation last month, after Sen. Lincoln Chafee, a Rhode Island Republican and a member of the Foreign Relations Committee, said he would not support it.

It was not immediately clear who would replace Mr. Bolton. The leading candidate appeared to be the American ambassador to Iraq, Zalmay Khalilzad, who has told colleagues he is ready to leave Baghdad. Others said to be in the running are Richard S. Williamson, former ambassador to the United Nations Commission on Human Rights, Sen. Mike DeWine, the Ohio Republican who lost his re-election bid, and R. Nicholas Burns, the undersecretary of state for political affairs.

Mr. Bolton's decision to step down brings to an end the stormy and controversial tenure of an ambassador whose confrontational style often conflicted with the understated ways of the United Nations.

To his critics, he was an abrasive proponent of a hard-line, conservative ideology at odds with the multilateral approach at the United Nations. But his supporters pointed to numerous successes: several Security Council resolutions, including measures seeking to slow or halt the nuclear ambitions of Iran and North Korea and another ending the war in Lebanon and establishing a United Nations peacekeeping force there.

Mr. Chafee, who lost his Senate seat in last month's elections, perhaps best captured the political reality that has engulfed Mr. Bolton since he took office in a recess appointment last year.

"The American people have spoken out against the president's agenda on a number of fronts, and presumably one of those is on foreign policy," Mr. Chafee said last month.

Mr. Chafee's decision might have been the end of the matter. But White House officials began exploring whether the president could somehow bypass the Senate to keep Mr. Bolton at the United Nations, perhaps by naming him to be Mr. Bush's special envoy or to some other post that would not require Senate confirmation.

Mr. Bolton wanted very much to stay at the world body, administration officials said, and Vice President Dick Cheney backed exploration of some way to bypass the Senate. But that course was almost certain to inflame tensions between Congress and the White House, and in the end, Mr. Cheney and Mr. Bolton gave up.

Lea Anne McBride, a spokeswoman for Mr. Cheney, said that Mr. Bolton came to Washington on Thursday and met with the vice president. At the meeting, the two men decided not to press the issue any further. On Friday, Mr. Bolton sent a resignation letter to President Bush.

"After careful consideration, I have concluded that my service in your administration should end when the current recess appointment ends," Mr. Bolton wrote.

President Bush initially appointed Mr. Bolton during a Congressional recess last year after the Foreign Relations Committee sent his nomination to the floor without a recommendation. That term expires at the end of this year. Mr. Bush could give Mr. Bolton a second recess appointment, but under the law he could not be paid for his work.

Administration officials, speaking on condition of anonymity because they were not authorized to speak publicly about their internal deliberations, said that they dropped the idea of circumventing the Senate by appointing him to a special position at the United Nations because they did not want another fight.

"That would have been too much for the Senate," said Carl Tobias, a law professor at the University of Richmond. "I suppose it could have been done, but it would have undermined Bolton's authority at the U.N."

Mr. Bolton's resignation leaves President Bush with three holes in his national security team: at the United Nations; the State Department, where Ms. Rice's deputy, Robert B. Zoellick, resigned in June; and at the office of the director of National Intelligence, where the job of deputy has been vacant since Michael V. Hayden was named C.I.A. director in May.

How Mr. Bush chooses to fill those jobs could indicate which direction the administration will tilt during its last two years, administration officials and United Nations diplomats said. Since the midterm elections, foreign policy realists have appeared to be ascendant at the expense of more ideological conservatives.

Of those said to be under consideration, Mr. Burns has expressed interest in the job, administration officials said, but he is also Secretary of State Condoleezza Rice's most trusted deputy, and she may be unwilling to relinquish him. Administration officials said that an appointment of Mr. Burns, who served under President Clinton as well, might further alienate conservatives who are already unhappy about Mr. Bolton's departure.

United Nations officials sent out a dictate that the official statement would be "no comment" on Mr. Bolton's departure. Secretary General Kofi Annan, buttonholed by reporters after the announcement, was restrained in his remarks. "I think Ambassador Bolton did the job he was expected to do," he said, adding that it is important for ambassadors to "understand that to get concessions, they have to make concessions." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

U.N. Ambassador Bolton Won't Stay (WP)

By Peter Baker And Glenn Kessler

The Washington Post, December 5, 2006

President Bush surrendered to congressional foes yesterday in his fight to install John R. Bolton as permanent ambassador to the United Nations, a harbinger of how the political world has changed since Democrats captured both houses of Congress.

Bush circumvented Senate opposition last year, sending Bolton to the United Nations on a recess appointment, and administration lawyers in recent weeks had developed options to keep him there after that appointment expires this month. But officials said Bolton and the White House decided against provoking an early confrontation with Democrats as they take over Congress next month.

As Bolton's resignation was announced, the White House deliberated on a new nominee, with attention focusing on Zalmay Khalilzad, the U.S. ambassador to Iraq. The White House also has a crop of Republican lawmakers who lost reelection to consider. A number of senior ambassadors from around the world have expressed interest, but administration officials said Bolton's successor will be a political nominee.

Bolton became the second high-profile member of Bush's national security team, after Defense Secretary Donald H. Rumsfeld, to announce his departure since the Nov. 7 elections. Bush appeared aggravated at having to abandon Bolton, whose bare-knuckle diplomacy and skepticism of multilateralism made him a favorite of conservatives and a lightning rod for many in the Washington and international establishments.

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"I'm not happy about it," Bush said in a one-minute appearance with Bolton before cameras in the Oval Office. "I think he deserved to be confirmed. And the reason why I think he deserved to be confirmed is because I know he did a fabulous job for the country."

In a separate interview with Fox News Channel, Bush said: "On issue after issue, Bolton delivered. And so you're looking at a man who is deeply disappointed, and I would call it shallow politics of the Senate in this case."

Bolton's departure leaves another hole in Bush's foreign policy team at a time when the U.N. ambassador is heavily involved in diplomacy involving the nuclear activities of Iran and North Korea and the ongoing crisis in Lebanon. Secretary of State Condoleezza Rice has been without a deputy since July, when Robert B. Zoellick resigned, and her counselor, Philip D. Zelikow, announced last week that he will depart at the end of the year.

Bolton recast the role of ambassador to the United Nations, a post traditionally filled by prominent Americans who helped explain the organization to Washington. Instead, Bolton relished the role of the body's chief critic, playing down its achievements and regaling congressional committees with its failings.

Still, his encyclopedic knowledge of the United Nations and his tough negotiating style earned him grudging admiration from peers on the Security Council, who credited him with helping pass resolutions demanding that North Korea and Iran restrain their nuclear programs and ending the war between Israel and Hezbollah. Bolton also persuaded the Security Council for the first time to add Burma to its permanent agenda, a long-sought goal of human rights activists.

Edward Luck, director of the Center on International Organization at Columbia University's School of International and Public Affairs, said Bolton was effective at the 15-member council but faltered trying to build consensus in the much larger General Assembly, particularly in favor of reforms he long advocated. "He's been a strong American ambassador to the Security Council, but unfortunately the Security Council is just one piece of the puzzle up here," Luck said.

Some U.N. officials privately blamed Bolton for sabotaging the organization's reform initiative by stirring differences between poor and rich countries. "He sometimes makes it very difficult to build bridges because he is a very honest and blunt person," said South Africa's ambassador, Dumisani Shadrack Kumalo, chairman of a coalition of developing nations. He said it sometimes appears that "Ambassador Bolton wants to prove nothing works at the United Nations."

Secretary General Kofi Annan reacted coolly to Bolton's announcement: "As a representative of the U.S. government he pressed ahead with the instructions that he had been given, and tried to work as effectively as he could with the other ambassadors."

Bolton's fate was sealed when Sen. Lincoln D. Chafee (R-R.I.) decided to block his nomination in the Foreign Relations Committee, joining with all Democrats on the panel. Administration lawyers explored ways of keeping him in the job by appointing him to a position that does not require Senate confirmation and then making him "acting ambassador."

Friends said Bolton decided not to put Bush in that position. "More importantly, he felt he had done a very good job, he defended policies he didn't always agree with and he did so ably, and so now he can go out on top," said William Kristol, editor of the Weekly Standard, who spoke with Bolton several times in recent weeks.

A senior administration official, who spoke on the condition of anonymity because of the sensitivity of the matter, said the White House was eager to avoid a fight as well: "The thought was, 'Okay, at a time we're going to need help from a Democratic Congress on too many things, this is not worth it.' "

Khalilzad, an Afghan American who has served as Bush's envoy in both Kabul and Baghdad, is generally well liked by Democrats. Deputy Chief of Mission Alejandro D. Wolff will fill in until a replacement is confirmed.

Staff writer Colum Lynch contributed to this report.

Bolton's Exit May Signal A Shift To The Center (WSJ)

By John D. McKinnon And Yochi J. Dreazen

The Wall Street Journal, December 5, 2006

WASHINGTON -- The departure of United Nations Ambassador John Bolton marked another concession by President Bush to the new political realities facing him, and likely pushes his administration more to the center as he heads into his final two years in office.

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After last month's Democratic congressional election victories, Mr. Bush ousted hawkish Defense Secretary Donald Rumsfeld and nominated as his successor Robert Gates, a former U.S. intelligence director who served both Republican and Democratic administrations. Mr. Gates's Senate confirmation hearings begin today, and he is expected to be approved without major opposition.

Speculation on Mr. Bolton's successor has focused on the U.S. ambassador to Iraq, Zalmay Khalilzad, who is widely expected to leave his post soon; Andrew Natsios, the special envoy to Sudan; and the undersecretary of state, Paula Dobriansky. It also is possible the White House may figure it is easier to win confirmation for a current or departing member of Congress. Rep. Jim Leach (R., Iowa), who was defeated for re-election last month, once served as a foreign-service officer and was being mentioned by Republicans.

Yesterday, the White House said Mr. Bolton had decided to drop his bid for the U.N. post, after an unsuccessful last-ditch effort to save the nomination. A sometimes cantankerous conservative with strong views on the need to overhaul the U.N., Mr. Bolton received a temporary recess appointment in August 2005, after his nomination stalled. The White House resubmitted his name earlier this year and hoped to win enough votes to advance the nomination.

Political observers say the administration considered putting Mr. Bolton in another post and then making him acting U.N. ambassador, which would allow Mr. Bolton to continue in the job with a salary. With a second recess appointment, Mr. Bolton wouldn't be paid. However, such maneuvering would likely have provoked outrage among critics. In his resignation letter to Mr. Bush, Mr. Bolton said, "I have concluded that my service in your administration should end" when his recess appointment expires at the end of the current Congress.

Alejandro Wolff, Mr. Bolton's deputy, is expected to serve as acting ambassador until a successor is confirmed.

In a brief appearance with Mr. Bolton, Mr. Bush said he is "not happy" about the resignation. "I think he deserved to be confirmed...because I know he did a fabulous job for the country." In a statement, he blamed "a handful of United States senators" for blocking a vote on the nomination. Press Secretary Tony Snow went further, saying the defeat was due to "partisanship and not performance."

At least one former Republican critic, Ohio Sen. George Voinovich, had decided based on Mr. Bolton's performance to support him. Mr. Voinovich said Mr. Bolton has "done a good job under the harshest of circumstances," adding that he is concerned about losing Mr. Bolton's expertise and contacts on such issues as Iran, North Korea and Lebanon.

But many Democrats -- and at least a few Republicans -- raised questions about the nomination. The incoming chairman of the Senate Foreign Relations Committee, Sen. Joseph Biden (D., Del.), said the president "now has an opportunity to nominate an ambassador who can garner strong bipartisan and international support."

Mr. Bolton's nomination initially drew opposition not only because of his conservative foreign-policy philosophy and his views on the U.N., but also because the administration declined to turn over secret National Security Agency intercepts that Mr. Bolton had sought to review. At least some of the concern over his positions and personality softened during his tenure, and Sen. Biden yesterday praised his "intellect, hard work, dedication."

White House officials credit Mr. Bolton with pulling together the often-unwieldy coalitions that must be built at the U.N. over issues such as North Korea's nuclear-weapons program. "He ... has been a highly capable, competent and effective and sometimes very creative diplomat working with other countries, building large coalitions, as well as coalitions within the U.N. Security Council," Mr. Snow said.

Mr. Bolton's resignation suggests the Bush White House is "being forced into the center," said Danielle Pletka of the American Enterprise Institute. "This confirms an inevitable fact of political life, which is that administrations do drift" as they move into the home stretch.

Mr. Bolton's successor could be pivotal in the administration's diplomatic efforts in the Middle East, where the White House is facing pressure to convene an international summit on Iraq that includes Iran and Syria, but that would require heavy U.N. involvement.

The new ambassador will also have to maintain the shaky international consensus on Iran's nuclear program as the administration's high-stakes showdown with Tehran enters a critical phase. The Security Council has been deadlocked for months over Iran, with powerful nations like Russia and China making clear they won't support U.S. language imposing sanctions

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on Iran. That means the U.S. may be forced to accept a weaker resolution than it initially wanted, complicating the administration's efforts to build a coalition to disarm Iran if necessary.

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Bolton Resigns From U.N. Post (LAT)

By Maggie Farley And James Gerstenzang

The Los Angeles Times, December 5, 2006

The diplomat knew he couldn't get votes in Senate. Colleagues praise his tenacity but won't miss his rigidity.

UNITED NATIONS — John R. Bolton, the pugnacious U.S. ambassador to the United Nations, is known for not giving up. But after meeting with his mentor Vice President Dick Cheney on Thursday to discuss ways to stay at the U.N. without a Senate confirmation, he decided it was time to quit.

In a letter to President Bush that the White House made public Monday morning, Bolton said: "After careful consideration, I have concluded that my service in your administration should end when the current recess appointment expires."

Bolton's resignation, along with the election of a Democrat-dominated Congress and selection of a new secretary-general, may provide a fresh start for U.N.-U.S. relations that have been tense since the Iraq war began, diplomats said. It also signals that the Bush administration is less willing, or less able, to go around Congress to push through an unpopular agenda.

Bush accepted the resignation Monday with "deep regret."

"I'm not happy about it," the president said in the Oval Office as he thanked Bolton for his service. "I think he deserved to be confirmed. And the reason why I think he deserved to be confirmed is because I know he did a fabulous job for the country."

Bush criticized key senators on the Foreign Relations Committee for blocking Bolton's confirmation, "even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time."

"This stubborn obstructionism ill-serves our country and discourages men and women of talent from serving their nation," Bush said.

In August 2005, Bush installed Bolton at the U.N. during a congressional recess because he couldn't get enough support in the Senate.

Until Thursday, U.S. officials said, the White House was exploring ways to appoint Bolton to a position that would allow him to continue his U.N. duties without facing a confirmation hearing. His term will end with this term of Congress, probably later this month.

White House Press Secretary Tony Snow said Monday that it had "become pretty obvious" that there were insufficient votes in the Senate to confirm Bolton.

The president singled out Bolton's efforts to obtain unanimous Security Council support for resolutions on North Korea's military and nuclear activities. He also praised him for helping bring pressure on Iran to suspend uranium enrichment and for working to bring peace to Darfur.

At the United Nations, where most of his colleagues maintain a grudging respect for Bolton's tenacity, intellect and clear positions, there were mixed reactions to word of his resignation. His style alienated European nations that have typically been allies, and other colleagues said that he might have accomplished more if he were less rigid and abrasive.

When Bolton took over the rotating Security Council presidency in February, he declared that things would be different: The council would start on time, and diplomats would abandon their set speeches and engage in unscripted discussion of the issues. His fellow ambassadors started calling him "the schoolmarm," reflecting thinly veiled resentment.

"Starting on time is a form of discipline," he said at the time. "I brought the gavel down at 10. I was the only one in the room, though."

"His absence will be conspicuous," said Tanzanian Ambassador Augustine Mahiga, who sits near Bolton in the Security Council. "He leaves the U.N. with the reputation as someone not easy to deal with. His style tended to be quite imposing, maybe well-intentioned, but creating difficulties in developing consensus."

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Chinese Ambassador Wang Guangya has often been on the opposite side of issues, such as Darfur and Iran, but said he respected Bolton's diligence and command of the facts. "He is serious about the American objectives here in reforming the United Nations, and he pushed hard," Wang told reporters. "But of course sometimes in order to achieve the objective you have to work together with others."

Another ambassador said that when he couldn't work with Bolton, he would work around him. "When he was blocking the way, we would just call Condi," he said, referring to Secretary of State Condoleezza Rice. "Many times, Condi was much more cooperative."

There was near celebration on the 38th floor, where Kofi Annan and his Cabinet sit. Annan and Bolton have a prickly relationship, and Annan, in a rare show of indignation, recently accused the U.S. ambassador of "intimidation." Deputy Secretary-General Mark Malloch Brown, a vocal critic who has engaged in public arguments with Bolton, was restrained Monday.

"John Bolton's problem is last month's election, not the U.N. But obviously, while one admired his skillful use of the media, we longed for an American partner who could really work with us to achieve reform here. And when he couldn't, we often had to work around him with others."

"He certainly enjoyed a significant amount of respect for the clarity and firmness of his analysis, for being innovative, for being willing to do things differently," said Colin Keating, executive director of the Security Council Report, a think tank based at Columbia University.

Keating said that Bolton could not be blamed for the lack of progress on Iran and Sudan, nor could he be credited solely for obtaining unanimous support for resolutions on North Korea sanctions and a cease-fire in Lebanon.

But even his critics acknowledge that getting the council to discuss human rights and drug trafficking in Myanmar, formerly Burma, was a major accomplishment in the face of opposition from China.

"The process of getting that on the agenda is quite a significant achievement," Keating said. "It took a high degree of professionalism."

Bolton's successor will walk into the middle of sensitive discussions on Iran's nuclear program, the Sudanese government's resistance to peacekeepers in Darfur, security issues in Lebanon and Somalia, and the U.N.'s involvement in Iraq.

That makes Zalmay Khalilzad, the U.S. ambassador to Iraq who has just announced his departure, a much-talked-about candidate to replace Bolton. Some U.N. officials, however, worry that choosing him would signal a U.S. desire to use the U.N. to facilitate a hasty exit from Iraq.

Former U.S. Deputy Ambassador to the United Nations Richard Williamson also has been approached for the job. Other names mentioned are George J. Mitchell, a former Democratic senator from Maine; Paula J. Dobriansky, the undersecretary of State for global affairs; and Jim Leach, a former Republican congressman from Iowa who has good relations with Democrats.

Bolton Resigns As US Ambassador To UN (FT)

By Caroline Daniel And Mark Turner

Financial Times, December 5, 2006

The White House on Monday bowed to the political realities imposed by the new Democratic Congress when it accepted John Bolton's resignation as Ambassador to the United Nations, ending his combative, controversial tenure.

His departure marks the second high profile resignation of Mr Bush's long serving foreign policy team after the November mid-term elections. Tony Snow, White House spokesman, admitted defeat saying, it was "pretty obvious" he wasn't going to get the votes from the Senate Foreign Relations Committee.

Mr Bolton had become to his critics an unpopular symbol of an aggressive, unilateralist style of US foreign policy. President George W. Bush on Monday hailed his record and his "extraordinary dedication and skill, assembling coalitions that addressed some of the most consequential issues facing the international community," such as the nuclear ambitions of Iran and North Korea.

The White House decision last month to re-nominate Mr Bolton – who had needed to be imposed in a recess appointment – was seen by some political analysts as a strategic mistake, undermining Mr Bush's immediate rhetoric of bi-partisanship and

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was always doomed to fail. Joe Biden, the incoming Democrat chairman of the Senate foreign relations committee, warned he saw no point in reconsidering it.

"The administration made a minor mistake over John Bolton," said Vin Weber, a Republican strategist. "His resignation is a recognition of the fact the administration is in the process of sorting out what its new relationship with Capital Hill looks like."

However, Norm Ornstein, resident scholar fellow at the American Enterprise Institute, said it had made sense to pursue it, even if failure was inevitable. "It was a balancing act with his conservative base, and an effort to show some loyalty."

The White House was reluctant to present it as a conciliatory move for Democrats. Mr Bush blamed "stubborn obstructionism," while Mr Snow said the "appointments process is broken," and charged that "for reasons of partisanship a handful of senators prevented him remaining UN ambassador."

Opposition to Mr Bolton was not just confined to Democrats. Lincoln Chafee, a Republican moderate who lost his Senate seat, also blocked Mr Bolton's nomination. Democrats, such as Senator John Kerry, were quick to claim a scalp. "Like Secretary Rumsfeld's departure, Ambassador Bolton's resignation offers a chance to turn the page at a critical period." He called for a new ambassador "who has the full support of Congress," and "who can put results ahead of ideology."

Mr Bolton will leave at the end of lame duck congressional session. The announcement comes at a difficult time for the UN. While Mr Bolton saw through several important UN resolutions on Lebanon, Iran and other trouble spots over recent months, the permanent five are once more struggling to make policy on the fast-evolving situation around the Middle East.

Talks on Iran are currently being held by political directors, not ambassadors, but the dossier is expected to return to the UN before Christmas. Serious challenges remain in Darfur, Somalia and Lebanon; and the UN is still struggling to find a way through on internal reforms.

Bolton's Goodbye: Bowing To The Inevitable (TIME)

By Adam Zagorin

Time, December 5, 2006

The resignation of John Bolton as U.S. ambassador to the United Nations marks another acknowledgement by the White House of the political consequences of the Nov. 7 Congressional elections.

A longtime critic of the U.N. and its bureaucracy, Bolton was opposed by Democrats, and even a few Republicans, who regarded him as too confrontational for the job, and he was unable to win support in the Senate Foreign Relations Committee when Bush first nominated him last year. Rather than accept that rejection, however, the President gave Bolton a "recess" appointment in August 2005, allowing him to take up the high-profile U.N. post without Senate approval.

But with that appointment set to expire at the end of the current Congress and a new Democratic majority about to take control, Bolton announced his resignation Monday. President Bush, in a statement, continued to express support. "I am deeply disappointed that a handful of United States Senators prevented Ambassador Bolton from receiving the up or down vote he deserved in the Senate," Bush said. "They chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time. This stubborn obstructionism ill serves our country, and discourages men and women of talent from serving their nation."

But the White House had essentially acknowledged the futility of keeping Bolton in the post by resubmitting his nomination at the worst possible moment — on the morning of Nov. 9, just as the Democrats were celebrating their election victory. Sen. Richard Lugar, the Indiana Republican who chairs the Senate Foreign Relations committee , said he would not even put the matter to a committee vote during the last days of GOP control, since all of the Democrats on the committee, plus Sen. Lincoln Chaffee, the Rhode Island Republican who also opposed him, would still vote no.

Chafee, who was defeated for reelection, issued a statement reiterating his opposition. " Mr. Bolton did not demonstrate the kind of collaborative approach that I believe will be called for if we are to restore the United States ' position as the strongest country in a peaceful world," he said. "This would be an appropriate time to choose a nominee who has a proven ability to work with both sides of the political aisle, a history of building strong international relationships and a reputation of respect for the institution of the United Nations. The names Brent Scowcroft and George Mitchell come to mind immediately as outstanding candidates. " There's no word from White House yet on whom it might nominate as Bolton's replacement.

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Even without Senate confirmation, Bush could have put Bolton's name up for a new recess appointment when his current one expires in early January, but Bolton would have been prohibited by law from drawing a salary. More important, such an attempt by the White House to again override the Senate by sending Bolton back to the U.N. risked infuriating Democrats and undermining Bush's professed intention to seek consensus and political compromise.

Bolton was known as a vitriolic critic of the UN, who once famously announced that no one would notice if the world body lost the top 10 floors of its Secretariat building in New York. After he became ambassador, however, colleagues accorded him grudging respect for his professionalism in helping to win unanimous Security Council resolutions on North Korea, and in fostering consensus on tough issues like Iran's nuclear program and the conflict in Sudan.

One former critic, Sen. George V. Voinovich, the Ohio Republican whose initial opposition to Bolton doomed his Senate approval last year, revealed a change of heart on Bolton a few months ago. " I am very disappointed that John Bolton will not continue in his role as ambassador to the United Nations," Voinivich said in a statement after the resignation. "Given the fragile nature of the world situation, and the critical task of reforming the U.N., he should have been given an up-or-down vote on the Senate floor."

Another Senator offering support was John McCain, a frontrunner for the Republican presidential nomination in 2008. "His resignation today is less a commentary on Mr. Bolton than on the state of affairs in the U.S. Senate," said McCain. "For over a year, Democrats blocked his nomination in the Foreign Relations Committee, preventing an up or down vote on the Senate floor. In so doing, they have deprived America of the right man at the right time at the U.N.

Bolton Quits Fight For U.N. Nomination (WT)

By Stephen Dinan

The Washington Times, December 5, 2006

President Bush yesterday accepted John R. Bolton's resignation as U.N. ambassador, giving in to the objections of Senate Democrats and one Republican a month after the White House pledged to push to confirm him.

Mr. Bolton had been serving as a temporary "recess appointment" since August 2005, but his busy term was not enough to persuade Senate critics to give him full approval for the top U.S. job at the United Nations.

"I'm not happy about it. I think he deserved to be confirmed," Mr. Bush said at the White House yesterday after accepting Mr. Bolton's resignation in person in the Oval Office.

Republican leaders had wanted to force another vote on Mr. Bolton's nomination before the end of the year, when Democrats assume control of Congress. But in Mr. Bolton's Dec. 1 resignation letter, he said the fight was over and he would end his service in the Bush administration when his temporary post expires, when Congress adjourns this year.

The White House said Mr. Bolton's letter also ended the possibility of keeping him on the job, which they could have done by creating another similar position and giving him a recess appointment to it.

His departure will leave Secretary of State Condoleezza Rice with three major vacancies to fill. Deputy Secretary of State Robert B. Zoellick, the department's second-in-command, left for Wall Street in July, and Philip Zelikow, the department counselor and a top confidant of the secretary, announced last month he plans to return to his teaching job at the University of Virginia in January.

The Bloomberg News service reported yesterday that U.S. Ambassador to Iraq Zalmay Khalilzad may soon be leaving Baghdad and is a leading candidate to fill one of the top vacancies.

White House press secretary Tony Snow said Mr. Bolton's departure showed the confirmation process was broken, and he blamed partisan obstruction.

But lawmakers on Capitol Hill said Mr. Bolton couldn't have even gotten out of the Senate Foreign Relations Committee under Republican control because one Republican committee member, Sen. Lincoln Chafee of Rhode Island, opposed him, denying him majority support to proceed for a floor vote.

"It basically fell because of the fact that Lincoln Chafee changed his mind and [Foreign Relations Committee Chairman Richard G.] Lugar couldn't bring it to committee because he wouldn't have the votes to get it out of the committee," said Sen. George V. Voinovich, Ohio Republican.

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Mr. Voinovich, an early opponent of Mr. Bolton's who later became his champion, said in an interview yesterday that Mr. Bolton had become "a team player" who didn't stray from the Bush administration's policy during his time as ambassador.

Mr. Bolton's departure comes as the United Nations is grappling with developing nuclear weapons programs in North Korea and Iran and upheaval in Lebanon.

Mr. Bolton worked on U.N. agreements on each of those issues, and Mr. Voinovich said he fears the loss of continuity. He said on the Lebanon resolution in particular, he doubts Israel would have signed off without Mr. Bolton's firm assurances.

Outgoing U.N. Secretary-General Kofi Annan said Mr. Bolton "did the job he was expected to do."

"He came at a time when we had lots of tough issues. As a representative of the U.S. government, he pressed ahead with the instructions that he had been given, and tried to work as effectively with the other ambassadors," he said.

But Democrats said the resignation gives Mr. Bush a chance to show he can be bipartisan and respond to the needs of the international community.

"This is an opportunity for the president to appoint a United Nations ambassador who enjoys the support necessary to unite our country and the world and who can put results ahead of ideology," said Sen. John Kerry, Massachusetts Democrat.

Mr. Bolton's nomination had previously passed out of committee but had been blocked by a Democratic filibuster, failing on May 26, 2005, by a 56-42 vote and on June 20, 2005, by a 54-38 vote.

At The U.N., A Mixed View Of Bolton's Tenure (NYT)

By Warren Hoge

The New York Times, December 5, 2006

UNITED NATIONS, Dec. 4 — The announcement on Monday of John R. Bolton's decision to step down was greeted by United Nations officials with relief, while diplomats from other nations offered mixed assessments of his effectiveness during his 17 months as the American envoy.

" 'No comment,' he said with a smile," Mark Malloch Brown, the deputy secretary general, said over his shoulder to reporters as he hustled to a meeting.

Mr. Malloch Brown had angered Mr. Bolton during the summer by accusing the United States of "stealth diplomacy" — turning to the United Nations when Washington needed it while showing public disdain for the institution.

At the time, Mr. Bolton demanded that Secretary General Kofi Annan "personally and publicly" repudiate Mr. Malloch Brown's remarks, but Mr. Annan stood by them.

Mr. Bolton's relationship with Mr. Annan was also marked by testiness, with the American repeatedly ducking opportunities to commend Mr. Annan by declining comment or saying, as he did last month, "I'll pass."

A year ago, at a monthly lunch for Security Council ambassadors, Mr. Annan signaled how deep the divide had become by chastising Mr. Bolton for trying to "intimidate" him.

Security Council ambassadors said they respected Mr. Bolton's professionalism and command of the subject matter, and thought he had represented the Bush administration's foreign policy goals well.

On the other hand, they said his manner, often described as abrupt, unyielding and confrontational, had alienated traditional American allies and undercut American influence.

They said that in areas where he was clearly taking his instructions from Washington, he performed well, but that in pursuing the objective on which he planted his personal stamp — overhauling the sclerotic United Nations management — he had been unsuccessful.

But even Mr. Bolton's success in championing the administration's policy represented a problem for him: At the United Nations, that policy is perceived as disdainful of diplomacy and single-minded in its assertion of American interests.

"I think he was serious about the American objective here of reforming the United Nations, and he pushed hard," said Wang Guangya, the Chinese ambassador. "But of course, sometimes in order to achieve the objective, you have to work together with others."

Another Council envoy, Adamantios Vassilakis of Greece, said, "Sometimes it was not easy, but we managed to find a solution whenever I dealt with him."

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Augustine P. Mahiga, the ambassador of Tanzania, also a Council member, said Mr. Bolton's style, which he described as "abrasive and not very helpful to amenable consensus," had deepened the divisions between the developing world and the great powers.

"He will be remembered, of course, for his principled stand on various issues," Mr. Mahiga said, "but at the same time, he was the person who could have done it differently in order to minimize the negative perceptions of the positions of the United States."

Mr. Vassilakis said he thought Mr. Bolton had been particularly effective in obtaining backing for resolutions condemning North Korea's nuclear program, but less so in gaining support for joint action against Iran's nuclear program. "But then, Iran is more complicated," he said.

Mr. Bolton is leaving his post just weeks before Mr. Annan, who completes his second five-year term on Dec. 31, leaves his. "Yes," Mr. Annan said Monday, "we are both graduating together." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Bush Accepts Bolton's U.N. Resignation (AP)

By Ben Feller

AP, December 5, 2006

Lacking the votes to keep his job, embattled U.N. Ambassador John Bolton said Monday he would resign, a defeat for a chagrined President Bush who had clung to hopes of Senate confirmation.

Bolton got the position in August 2005, appointed by Bush when Congress was in recess. With that temporary assignment about to expire, and his long fight for confirmation going nowhere, Bolton made it official.

He handed in a resignation letter that did not mention the political fight behind it. It said simply: "I have concluded that my service in your administration should end when the current recess appointment expires."

"I accepted. I'm not happy about it," Bush said Monday afternoon in the Oval Office, with Bolton at his side. Bush did not name a replacement, and officials offered no timetable for an announcement.

The setback for the White House seemed to put a hold on the postelection talk of bipartisanship.

Bush considered Bolton a strong voice as the U.N. dealt with crises in Iraq, Lebanon, North Korea and other complex matters around the world. Bolton also pushed the administration's effort to reform the United Nations.

But Democrats opposed Bolton, whom they viewed as a brusque, ill-suited diplomat. Some Republicans helped scuttle his nomination, including moderate Republican Sen. Lincoln Chafee of Rhode Island.

The president had stinging words for them.

"They chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time," Bush said in a statement. "This stubborn obstructionism ill serves our country."

Democrats, though, said Bolton's resignation signaled a fresh start.

"Hopefully this change marks a shift from the failed go-it-alone strategies that have left America less safe," said the incoming Senate majority leader, Democrat Harry Reid of Nevada.

"With the Middle East on the verge of chaos and the nuclear threats from Iran and North Korea increasing, we need a United Nations ambassador who has the full support of Congress and can help rally the international community to tackle the serious threats we face," said Sen. John Kerry, D-Mass.

Bolton's nomination had languished in the Senate Foreign Relations Committee for more than a year. The White House made a renewed push for him after Democrats won control of Congress in November.

But it became clear that "there were not going to be the votes" to get the nomination out of committee, said White House spokesman Tony Snow. He suggested the entire confirmation process was broken.

"If bipartisanship is to succeed, perhaps we ought to make sure that people who serve their country ably and well are sent the signal that 'Your services will be treasured,'" Snow said.

Bolton, a 57-year-old arms control expert, came to the job with a reputation for brilliance, obstinacy and speaking his mind — and with a mission to reform the 61-year-old world body born in the ashes of World War II.

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By his own account, Bolton remains frustrated that "precious little" reform has been accomplished so far by the U.N. General Assembly, though some diplomats would at least partly blame Bolton's blunt tactics.

But Bolton did play a key role in major U.S. foreign policy initiatives — getting U.N. Security Council approval of resolutions imposing sanctions on North Korea for conducting a nuclear test, joining with France to promote Lebanon's democratic government, pushing for a U.N. peacekeeping force in Sudan's conflict-wracked Darfur region and putting Myanmar's repressive military regime on the council's agenda.

Bolton has had strained relations with many in the U.N. Secretariat, led by Secretary-General Kofi Annan.

"I think Ambassador Bolton did the job he was expected to do," Annan said Monday. "He came at a time when we had lots of tough issues from reform to issues on Iran and North Korea. I think as a representative of the U.S. government, he pressed ahead with the instructions he had been given."

Republicans blamed the Democrats for Bolton's ouster.

"It also unfairly undermines President Bush's prerogative to appoint his own people to his team," said Sen. Lindsey Graham, R-S.C. "There's no doubt Bolton is extremely qualified and has done tremendous work."

Bush gave Bolton the job temporarily, circumventing a Congress in recess in 2005. Under that process, the appointment expires when Congress formally adjourns, no later than early January.

While Bush could not give Bolton another recess appointment, the White House was believed to be exploring other ways of keeping him in the job, perhaps by giving him a title other than ambassador. But Bolton told the White House he intended to leave, period.

Chafee Going Down Swining (PTC)

By Jim Baron

Pawtucket Times Chafee, Bolton, December 5, 2006

In what may be his last significant action as a U.S. Senator, Republican Lincoln Chafee has withheld his support from United Nations Ambassador John Bolton, killing the controversial delegate's chances to be permanently confirmed in the job and prompting Bolton to resign from the post, perhaps as early as the end of this week.

President George W. Bush named Bolton as a "recess appointment" when Congress was out of session in August, 2005, meaning his commission would expire with the end of the the current Congressional session, tentatively scheduled for Friday. Bush said Monday that he accepted Bolton's resignation with "deep regret," adding, "All Americans owe John Bolton their gratitude for a job well done."

Chafee's opposition to Bolton as a member of the Senate Foreign Relations Committee "was what made it not happen," said Chafee spokesman Steven Hourahan. "Without his vote in committee, it wasn't going to go."

Hourahan said Chafee was "very comfortable" with his decision to effectively remove Bolton as ambassador. He said it was "clear that the the American people sent a message," in the November election that they were unhappy with Bolton's confrontational style and the Bush administration's foreign policy.

He said Chafee hopes the president will use this opportunity "to put someone in there who is more of a uniter."

In a written statement issued Monday, Chafee said: ""I have long believed that the go-it-alone philosophy that has driven this administration's approach to international relations has damaged our leadership position in the world.

"Mr. Bolton did not demonstrate the kind of collaborative approach that I believe will be called for if we are to restore the United States' position as the strongest country in a peaceful world," the senator said. "This would be an appropriate time to choose a nominee who has a proven ability to work with both sides of the political aisle, a history of building strong international relationships and a reputation of respect for the institution of the United Nations."

That sentiment was echoed by the Democratic members of Rhode Island's congressional delegation.

Sen. Jack Reed said, "A bipartisan group of Senators in the Senate Foreign Relations Committee refused to confirm John Bolton because he wasn't the right person to represent American interests at the U.N.

"Ambassador Bolton's resignation should signal the end of this President's unilateral approach to foreign policy," Reed asserted. "This is a chance for the United States to diplomatically reengage at the U.N. and work with our allies and other

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member nations to confront global security challenges, especially in Iraq and Afghanistan. I hope the President will use this opportunity to nominate a candidate who can garner broad bipartisan support and who can help build consensus and protect our national interests."

Rep. Patrick Kennedy allowed that, "John Bolton should be commended for his many years of public service."

But, Kennedy added, "now more than ever, this country needs a more pragmatic, more effective, and more consensus-oriented Ambassador, who can build bipartisan and international support while effectively representing the interests of the United States at the United Nations."

Rep. James Langevin believes Bolton's decision to resign "was the right one," said spokeswoman Joy Fox. Pointing to geopolitical crises in places such as Darfur, North Korea, Lebanon and Iraq, Fox said Langevin "hopes the president will take this opportunity to nominate someone who can work cooperatively in the United Nations."

In a statement made after meeting with Bolton on Monday, Bush blasted the appointee's opponents in no uncertain terms.

"I am deeply disappointed that a handful of United States Senators prevented Ambassador Bolton from receiving the up or down vote he deserved in the Senate," the president said. "They chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time. This stubborn obstructionism ill serves our country, and discourages men and women of talent from serving their nation.

Bush said Bolton "served his country with extraordinary dedication and skill, assembling coalitions that addressed some of the most consequential issues facing the international community. During his tenure, he articulately advocated the positions and values of the United States and advanced the expansion of democracy and liberty. I appointed Ambassador Bolton because I knew he would represent America's values and effectively confront difficult problems at the United Nations."

Ben Chang, deputy spokesman for the United States Mission to the United Nations, declined to comment on Bolton's resignation or Chafee's part in it, and referred to Bush's statement after meeting with Bolton.

Asked about reports that former Democratic Sen. George Mitchell of Maine was being considered as a possible replacement for Bolton, Hourahan said Chafee thinks "Mitchell did a good job in Ireland" negotiating peace in that troubled land. "He has experience bringing allies together. He would be a good choice."

His Confirmation In Doubt, John Bolton Exits The UN (CSM)

By Peter Grier

The Christian Science Monitor, December 5, 2006

WASHINGTON

US Ambassador to the United Nations John Bolton isn't known for being diplomatic.

Last week, when the UN Human Rights Council declined to criticize the Sudanese government's complicity in Darfur atrocities, UN Secretary-General Kofi Annan issued a carefully worded critical statement. Mr. Bolton issued a thunderbolt.

The action was "another example of the poor performance of the Human Rights Council, another reason why those who advocated going ahead with this council will have a heavy burden to bear," said Bolton.

Whether these words were deserved or not, they were reflective of a style which in the end undid his UN posting. With his path to Senate confirmation appearing blocked, Bolton announced Monday that he will step down when his temporary appointment expires within weeks.

President Bush said he accepted Bolton's decision with deep regret. "He served his country with extraordinary dedication and skill, assembling coalitions that addressed some of the most consequential issues facing the international community," Mr. Bush said in a statement.

Critics claimed that Bolton's brusqueness made him counterproductive. At the UN, he alienated US allies, both real and potential, according to his critics. Many Senate Democrats - and a few Republicans - charged that his hard-line ideology and penchant for confrontation was at odds with the UN's multilateral nature.

Bolton's defenders insist that he has done well at the UN headquarters in New York, pushing through tough Security Council resolutions on North Korea's nuclear activities, building consensus among allies on the need for Iran to suspend its enrichment of uranium, and pressing for peace in Darfur.

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"US participation at the United Nations is not about winning popularity contests or engaging in feel-good, back-slapping exercises. It is about steadfast leadership and the advancement of clear principles and ideals," writes Heritage Foundation foreign policy expert Nile Gardiner in an examination of Bolton's record.

As recently as November the administration appeared intent on fighting to keep Bolton in his current position.

The incoming chairman of the Senate Foreign Relations Committee, Sen. Joe Biden (D) of Delaware recently said he saw "no point" in bringing Bolton's nomination before the panel, given the opposition in the chamber to confirming him in the post.

Administration officials were searching for ways to possibly circumvent the Senate, perhaps by giving him a title other than ambassador or by again giving him a temporary, recess appointment.

In the end, Bolton may have decided to simply take himself out of the running.

His letter of resignation to Bush, dated Dec. 1, was brief and to the point. "I have concluded that my service in your [administration] should end when the current recess appointment expires," Bolton wrote.

Mr. Bolton Resigns (NYT)

The New York Times, December 5, 2006

John Bolton's decision to resign as America's envoy to the United Nations was a wise move. He averted a distracting and divisive fight at a time when both Congress and the Bush administration have better things to do. He has also provided President Bush with an opportunity to show the kind of bipartisan leadership he talks about so frequently and exercises so seldom.

This page opposed Mr. Bolton's nomination in the first place, arguing that at the very minimum, an ambassador to the United Nations should be someone who believed the organization deserved to exist. Mr. Bolton has always been hostile to the U.N., and to the whole spirit of consensus-seeking diplomacy it embodies. When Democrats and moderate Republicans kept the nomination tied up in the Senate, Mr. Bush characteristically insisted on having his own way by giving Mr. Bolton an interim appointment while Congress was out of session.

But the interim appointment was about to expire, and the battle would have had to begin all over again once the new Congress arrived. Attempts to get the lame duck Senate to confirm Mr. Bolton ran aground when Lincoln Chafee, the Republican senator from Rhode Island, refused to support the nomination in the Foreign Relations Committee, leaving Mr. Bolton's fate hung up on a tie vote.

Mr. Chafee is the prime example of a moderate Republican who was popular with his constituents but who lost his seat because of Mr. Bush's hard-edge partisanship and insistence on having his own way in Iraq. The White House was left contemplating schemes to keep Mr. Bolton at work without Senate confirmation — like making him deputy ambassador and leaving the top job unfilled.

The United Nations doesn't need any further proof of how little the Bush administration thinks of it. And the Bush administration doesn't need to insult the world at a time when it is becoming increasingly clear how much help the United States needs to stabilize Afghanistan, extricate itself from Iraq, and curb the nuclear appetites of North Korea and Iran. Mr. Bolton's withdrawal gives the president a chance to improve his relationship with both the U.N. and Congress. There are plenty of experienced, internationalist Republicans who could get near-unanimous support in the Senate and send a signal to the world that Mr. Bush understands that the United States is not the only nation on the planet whose opinion matters.

Bolton Departs (WSJ)

The Wall Street Journal, December 5, 2006

If one measure of a man is his enemies, then John Bolton must have done something right during his six years in the Bush Administration. Yesterday's announcement that Mr. Bolton will resign as U.S. Ambassador to the United Nations when his recess appointment ends with this Congress was no doubt cheered in Tehran, Damascus, Caracas, Pyongyang, and Christopher Dodd's Senate office.

Mr. Bolton served with exemplary tact at Turtle Bay, notwithstanding critics who said he wouldn't. More important, he has stood forcefully for American interests despite the leaks and sniping from the office of Secretary General Kofi Annan. He helped to corral votes for resolutions isolating Iran and North Korea for their nuclear programs. He was assailed for leading the fight against Mr. Annan's "reformed" Human Rights Council, but he and the U.S. are now looking prescient as that Council descends into one

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more Israel-bashing cabal. He also fought harder for U.N. reform than have his critics who claim to want that corrupt institution to lead the world in providing collective security.

"Realism" is back in foreign policy fashion (see the editorial on Iran1), and we only wish some of that school's alleged practitioners were as realistic as Mr. Bolton. He has understood that the essence of realism is, or ought to be, to see the world as it is and speak with moral clarity about it. He offended America's enemies because he looked at their behavior and refused to excuse it. This is discomfiting to those who prefer to believe that every enemy can be appeased with talk, and that every dispute can be settled with a treaty.

It is no small diplomatic irony that, as an Undersecretary at the State Department in President Bush's first term, Mr. Bolton organized the Proliferation Security Initiative that is the one effective multilateral restraint against the spread of WMD. And it does not speak well for the American political system that it can't find a place in government at this dangerous moment in history for one of the world's leading anti-proliferation experts.

The decision by newly ascendant Democrats -- Mr. Dodd in particular -- to deny Mr. Bolton a confirmation vote on the Senate floor shows that they value partisan animosity above having a seasoned negotiator at the U.N. Mr. Bolton's graceful exit yesterday is further evidence that he deserved better, but so did American interests.

The Second Time Around For Bob Gates (TIME)

By Doug Waller

Time, December 5, 2006

Robert Gates, who begins his confirmation hearing Tuesday as President Bush's choice to replace Donald Rumsfeld as Secretary of Defense, is expected to have little trouble winning Senate approval. Even Democrats who have had issues with Gates in the past are anxious to begin course corrections in the Pentagon's troubled Iraq war strategy. And means the hearings will most likely be a far cry from the last ones Gates faced — when George Herbert Walker Bush picked Gates to be CIA director in 1991.

Gatess came to that hearing with baggage, having withdrawn his nomination to be CIA director four years earlier because of questions raised about his role in the Iran-contra affair. By 1991, the Berlin Wall had fallen, but Gates's nomination to be the nation's top spy reopened an intense debate that had been festering within U.S. intelligence since the dawn of the Cold War: How big a threat was the Soviet Union?

Ironically, his second nomination to be CIA director was almost sunk by the same accusation the current Bush administration has faced on Iraq — that intelligence was slanted to suit hard-line policies toward an enemy. During highly charged confirmation hearings in the fall of 1991, which were unprecedented for an agency that usually keeps its bureaucratic battles shrouded in secrecy, past and current CIA employees accused Gates of cooking the books on the Soviet threat. As then-Director William Casey's intelligence analysis chief and later deputy director in the 1980s, Gates had shaped intelligence reports to suit Casey's and Ronald Reagan's anti-Soviet agenda, agency critics charged.

The Defense Intelligence Agency under Reagan routinely inflated Soviet threat assessments to bolster the Pentagon's case for a military buildup. But a debate had been long running within the CIA's Office of Soviet Analysis (SOVA) over whether the Russian military was ahead of the U.S. Many CIA analysts were convinced Moscow was actually lagging behind. Melvin Goodman, a former division chief in SOVA, testified at Gates's hearing that "Casey seized on every opportunity to exaggerate the Soviet threat... Gates's role in this activity was to corrupt the process and the ethics of intelligence on all of these issues... He pandered to Casey's agenda." Goodman accused Gates of trying to change SOVA reports stating that the Soviet empire was in decline. Two other CIA analysts who were still in the agency at the time also sent in sworn affidavits to the Senate Intelligence Committee accusing Gates of politicizing intelligence.

Goodman also charged that Gates personally rewrote a 1985 CIA report on the attempted assassination of Pope John Paul II so it would prove Casey's belief that Moscow was behind the shooting, even though agency analysts had no conclusive evidence establishing Soviet complicity in the plot. A later internal CIA review panel report concluded that there had in fact been "serious shortcomings" in how the reports were produced and charged that "alternate explanations" that disproved a Soviet conspiracy "were not adequately examined."

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Gates had his defenders at the hearing, such as Lawrence Gershwin (the CIA's national intelligence officer for strategic programs) and Douglas MacEachin (head of the agency's arms control intelligence staff), who insisted that Gates never biased intelligence. Graham Fuller, a Gates colleague at the CIA, contended that many of the analysts in SOVA were themselves guilty of liberal bias, painting the Soviet Union as too benign, to compensate for Casey's conservative views. Gates's defenders, who also included then-Sen. Warren Rudman, claimed Gates was a victim of character assassination by the left. Armed with his own set of documents, an angry Gates marched into the committee room with a detailed 20-point rebuttal of the politicization charges. He accused critics from the agency of being malcontents who mistook professional editing of their reports for political pressure.

Gates also could be a ruthless manager, and he admitted during the hearing that in a popularity contest, "I sure as hell wouldn't win one at CIA." Gates's vigorous rebuttal saved his nomination, although 31 Democrats voted against him on the floor — an unprecedented number for a CIA nominee. But the Gates furor soon died down, and during his three years as CIA director he was widely praised inside and out of the agency for being an effective and fair manager. "I never saw him or anyone around him trying to cook the intelligence on Iraq," says Judith Yaphe, who served under Gates as the agency's senior analyst on Iraq and now teaches at the National Defense University. "Gates was just the opposite. You were told this is what we need and look ahead. I never was told what to write."

Goodman, who is now a senior fellow with the Center for International Policy, a foreign affairs think tank in Washington, says he was " shocked" when he learned of Gates's nomination to be defense chief. "He's a terrible micromanager and I just can't see him existing in that Pentagon structure." But Gates, 63, has won friends among both Republican and Democratic foreign policy gurus. "Bob Gates is a pragmatist and problem solver," says Richard Holbrooke, U.N. ambassador during the Clinton Administration.

Senate Democrats appear willing to let bygones be bygones. One of the senators who voted against Gates in 1991 was Carl Levin, who takes over as Armed Services Committee chairman next year. "Fifteen years have passed since that vote," Levin says. "I'm going to want to consider what his record has been since then — his thinking and writing since then. And I'm going to give it a fair and fresh look."

Only 10 senators who voted against Gates in 1991 remain in the Senate. And Democratic senators who weren't in the chamber back in 1991 don't seem inclined to dredge up an old dispute. "I've gotten to know him over the last several years," says Jack Reed, an influential Armed Services Committee member. "And he strikes me as someone who's a pragmatist. He strikes me also as somebody who will listen, particularly to the uniformed services. In that respect, he'll be a very pleasant change from Secretary Rumsfeld." —with reporting by Massimo Calabresi

Confirm Intelligence (LAT)

The Los Angeles Times, December 5, 2006

SO UNPOPULAR IS Secretary of Defense Donald H. Rumsfeld, and such is Washington's eagerness to be rid of him, that the Senate Armed Services Committee is expected to take no more than a day to question his anointed successor, Robert M. Gates.

A former CIA director, Gates is a shoo-in. But senators should nevertheless use his confirmation hearings, slated to begin today, to put Gates on notice that he will have to reestablish the trust of Congress and the American people about whether to believe what the military — and other agencies — say about intelligence matters.

Allegations that Gates has in the past edited intelligence to suit his political superiors are certainly disturbing. Particularly worrisome is his alleged pattern of misjudging the capabilities of enemy states — the former Soviet Union and Iran — in precisely the ways that his political masters were bound to find most pleasing.

But the point of these hearings is not to rehash Gates' past. It is to establish what he has learned from his mistakes and how he intends to prevent the Pentagon from repeating them.

Not long ago, such questions would have been better addressed to the director of the Central Intelligence Agency. But under Rumsfeld, the Pentagon's intelligence operations have become extensive while congressional oversight has not kept pace. And the GOP-dominated Senate Intelligence Committee failed to challenge CIA Director Michael V. Hayden when he gave superficial answers during his confirmation hearings last May.

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The struggle against Islamic terrorism requires intelligence that is not corrupted by politics. Senators should ask Gates questions designed to ensure that the intelligence the nation's leaders will use to make tactical and strategic decisions be as untainted as possible.

How, for instance, does he plan to reassure the military and civilian intelligence collectors and analysts in the Defense Department that their findings will be welcomed, even when they disagree with his own conclusions? How will he discourage the common practice of "stovepiping," by which officials pass on — or retrieve — raw intelligence and use it without subjecting it to sufficient scrutiny? What will he do to minimize bureaucratic duplication and competition among the various defense intelligence agencies, the CIA and the National Security Agency? What lessons from the intelligence failures and successes of Iraq would he bring to the Pentagon, and how?

Senators might also ask Gates about reports that a unit sounding extraordinarily similar to the one accused of manipulating the intelligence on Iraq has been set up inside the Pentagon to coordinate intelligence on Iran.

Gates has the requisite background for the job and the brains to do it well. Senators should use his answers to these and similar questions to judge his fitness for office and his performance when he gets there.

Wage Bill Set For Fast Track In January (USAT)

USA Today, December 5, 2006

Incoming House Speaker Nancy Pelosi wants to fast-track efforts to boost the federal minimum wage and could seek to bring a bill directly to the House floor in January, her spokesman said Monday. Pelosi's preference is for a “stand alone” minimum-wage bill that is not tied to other legislative endeavors.

The bill probably will go straight to the floor for consideration, bypassing the House Committee on Education and the Workforce, said Pelosi spokesman Brendan Daly, lobbyists and others involved in the process.

The legislation is likely to call for a phased-in increase in the current federal minimum wage of $5.15 an hour to $7.25 an hour along the lines of a proposal written by Rep. George Miller, D-Calif., the incoming chairman of the committee.

Pelosi, D-Calif., has made it clear that raising the federal minimum wage is a top priority in the first 100 hours of legislative business when the Democratic-controlled House convenes Jan. 4.

Kansas Gov. Sebeliusto head Democratic group

Kansas Gov. Kathleen Sebelius will assume the chairmanship of the Democratic Governors Association next year as the party enjoys its first gubernatorial majority in 12 years, officials said.

Sebelius, who was elected to a second term last month, will succeed New Mexico Gov. Bill Richardson, officials told the Associated Press. The officials spoke on condition of anonymity to avoid upstaging an official announcement Wednesday.

Michigan's Levin to seeksixth term in Senate

Sen. Carl Levin, D-Mich., said he will seek re-election in 2008. Levin, 72, was first elected to the Senate in 1978. He will lead the Armed Services Committee when Democrats take control of the Senate in January.

Levin said he was in a good position to change “both the security policy and the economic policy of this country.” He has called for U.S. troop withdrawals from Iraq beginning within four to six months.

Sen. Thomas back at workafter leukemia treatment

Sen. Craig Thomas, R-Wyo., returned to work about a month earlier than planned after undergoing treatment for leukemia. Thomas, 73, was released Saturday from Bethesda National Naval Medical Center in Maryland. He had acute myeloid leukemia, the most common form of the cancer of the blood and bone marrow.

Last month, Thomas won re-election with 70% of the vote while he was in the hospital.

With The Democratic Congress, Groups Gear Up For Fight Over Paid Sick Days (NYT)

By Steven Greenhouse

The New York Times, December 5, 2006

With the Democratic Congress expected to move quickly to raise the minimum wage, many Democrats, women’s organizations and liberal groups are gearing up for a fight on another workplace issue: paid sick days.

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Supporters point to studies showing that nearly half of American workers do not receive paid sick days. But many Republicans and businesses complain that such legislation would impose another mandate on companies, driving up their costs.

Advocates of paid sick leave cite workers like Naomi Nakamura, who lost a week's pay when her 103-degree fever forced her to miss five days from her job at a video rental store in San Francisco.

Ms. Nakamura said, "Some employees didn't want to lose their pay, so they showed up for work even though they had strep throat, and they just spread it to other people."

Last month, San Francisco voters approved a measure requiring all employers to provide paid sick days, making it the first jurisdiction in the nation with such a requirement. The vote was 61 percent to 39 percent.

Now supporters are planning a big push for sick day legislation not just in Congress, but in Maine, Maryland, Montana and several other states. Senator Edward M. Kennedy, a Massachusetts Democrat, introduced a bill last year to require companies with at least 15 employees to provide seven paid sick days a year, but that bill languished in the Republican-led Congress.

Now that Democrats have won control of Congress, Mr. Kennedy, the incoming chairman of the Health, Education, Labor and Pensions Committee, is more optimistic.

"It has a wildfire of support across the country," he said. "When you talk to workers, this is, besides an increase in the minimum wage, the most important issue for these families. This is a families issue. This is a values issue."

Mr. Kennedy's bill, like a House bill sponsored by Rosa DeLauro, a Connecticut Democrat, would provide a total of seven paid sick days not just when workers are ill, but when members of their families are ill — or need to go to the doctor for checkups and tests.

A big problem with not having paid sick days, Mr. Kennedy said, is that many parents, not wanting to miss work, let their sick children go to school, spreading their illnesses. Mr. Kennedy said his bill would guarantee paid sick days to 66 million who do not now have them.

Business lobbyists plan to fight the effort.

"Supporters of legislation like this complain about unfunded mandates in education when it comes to No Child Left Behind, but they don't hesitate to impose unfunded mandates on employers," said Randel Johnson, vice president for labor, immigration and employee benefits at the United States Chamber of Commerce. "The employer community is not going to roll over on this issue."

Susan Eckerly, vice president for federal policy at the National Federation of Independent Business, said, "I could see where this would pass the House, but if you put this on the floor of the Senate, it would be a good candidate for a filibuster."

Mr. Kennedy acknowledged that possibility. "We'll need some of our Republican colleagues," he said.

Advocates plan to build a coalition like the one that won passage of the Families and Medical Leave Act in 1993 after a long struggle — including two vetoes by the first President Bush. The coalition backing paid sick days includes the United States Conference of Catholic Bishops, the National Partnership for Women and Families, and Acorn, an association of community organizations that helped win passage of a minimum wage increase in six states on Election Day.

"These kinds of policies that create flexibility in the workplace are important to make families be healthy and economically secure," said Debra Ness, president of the National Partnership. "You'd be hard-pressed to talk to a woman today at any point of the economic spectrum who isn't struggling with this issue."

Jody Heymann, a professor of social policy at McGill University, pointed to studies showing that children get well sooner when their parents take time off to care for them. She said the United States was the only industrial nation not to require paid sick days when workers are ill.

"Enough firms do this to show that companies can provide this and compete economically," Professor Heymann said.

But many business owners complain that mandates like paid sick days require lots of paperwork and take a one-size-fits-all approach.

Steve Caughran, owner of a printing shop outside Fresno, Calif., said, "Any time the government is mandating something and creates an extra burden on business, it becomes another regulatory tax and raises costs."

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He said that to attract workers most companies needed to provide good benefits, including sick days. He said he offered most employees about 14 paid days off each year, to be taken as vacation or sick days.

The Institute for Women's Policy Research found that 77 percent of workers in the lowest quarter by wages did not have paid sick days, while 43 percent of middle-class workers did not and 31 percent of workers in the top quarter did not.

Leonardo Prado, a restaurant worker in San Francisco, said not having paid sick days was a financial and emotional strain. Mr. Prado, who is divorced, said that last June when his 4-year-old, Antonio, got sick for two days, he had to hire a baby sitter for $10 an hour, even though he earned $8.82 an hour as a waiter, not counting tips.

"It really hurt in the wallet," Mr. Prado said. "You didn't have the option to say: 'I can't work this day. I have to take care of my son.' "

A community group in San Francisco, Young Workers United, sponsored the referendum, after many workers had complained about the issue.

Businesses hardly fought the measure, considering it a lost cause. "San Franciscans have a history of voting their social conscience as long as someone else writes the check," said Kevin Westlye, executive director of the Golden Gate Restaurant Association, which opposed the referendum.

He said consumers would be hurt, predicting that restaurants would raise prices because of the sick days mandate and a mandate for employers to contribute toward health insurance. The higher prices, he said, might cause some restaurants to lose business — and perhaps close.

"There's no such thing as a free lunch on something like this," he said. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Liberal Groups Target 86 Districts For '100 Hours' Campaign Blitz (HILL)

By Josephine Hearn

The Hill, December 5, 2006

Change America Now, a coalition of 40 liberal groups set to push the House Democrats' economic agenda, is targeting 86 districts around the country for press events and possibly television advertising, according to a list obtained by The Hill.

The groups will focus their efforts on 54 Republican and 32 Democratic districts, most represented by moderates, hoping to build support for four parts of the Democrats' "100 Hours" agenda: raising the minimum wage, allowing Medicare to negotiate drug prices with pharmaceutical companies, cutting student-loan interest rates and repealing tax breaks for oil companies.

"It is basically about branding a progressive agenda," said Brad Woodhouse, a spokesman for Americans United, a liberal group that led the 2005 campaign against adding private accounts to Social Security. Other groups taking a lead role in the effort include the Campaign for America's Future, USAction, the Service Employees International Union (SEIU), the Sierra Club and the American Federation of State, County and Municipal Employees (AFSCME).

Woodhouse said the groups would start as early as next week meeting with members in the targeted districts, then holding press events to talk about their findings.

The coalition will hold a series of "high-intensity press events" in January when Democrats take formal control of the House, Woodhouse said, and could venture into paid advertising later.

The groups have no central budget but their individual expenditures on press events, websites, phone and e-mail campaigns would rate in the "low seven figures," Woodhouse said.

The groups first met last Tuesday and adopted the name Change America Now earlier this week.

Risk And Reward (NYT)

By Thomas B. Edsall

The New York Times, December 5, 2006

Washington

The G.O.P. is the party of risk, aggression, military assertion and dominance — an approach that led to the implosion in Iraq and the Republicans' defeat in November. Now the Democrats have a chance to demonstrate a core difference in how the two parties calculate and manage risk.

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In “Fiasco,” Thomas Ricks describes the results of the Republican approach: “Bush’s decision to invade Iraq ... ultimately may come to be seen as one of the most profligate actions in the history of American foreign policy. ... The U.S.-led invasion was launched recklessly, with a flawed plan for war and a worse approach to occupation.”

While inflicting destruction on the Iraqis, Bush multiplied America’s enemies and endangered this nation’s military, economic health and international stature. Courting risk without managing it, Bush repeatedly and remorselessly failed to accurately evaluate the consequences of his actions.

The embroilment in Iraq is not an aberration. It stems from core party principles equally evident on the domestic front. For a quarter-century, the Republican temper — its reckless drive to jettison the social safety net; its support of violence in law enforcement and in national defense; its advocacy of regressive taxation, environmental hazard and pro-business deregulation; its ‘remoralizing’ of the pursuit of wealth — has been judged by many voters as essential to America’s position in the world, producing more benefit than cost.

While some Republican long shots have paid off handsomely (the Reagan administration’s accelerated arms race arguably drove the former Soviet Union into bankruptcy), now the dice are turning up snake eyes. In November, voters concluded that the Bush administration had run one risk too many. After 40 years of ascendancy, the G.O.P. has provided Democrats with an opening. Will the Democratic Party, often insufficiently authoritative and bold, manage risk better? Democrats arguably suffer from their own impaired judgment: utopian faith in the power of negotiation and compromise — naïve, perhaps, in a world where the threat of bloodshed is endemic.

In this election campaign, the Democratic leadership offered pallid, nonspecific policy initiatives — in the House, a “bipartisan solution to strengthen Social Security,” and in the Senate, a call to “work together to strengthen Social Security and Medicare.”

Nonetheless, buried in a morass of campaign-season evasion were the outlines of a potentially salable political program. Representative Rahm Emanuel, the Democratic Caucus chairman, pointed out that 16 of the seats the party won in November were suburban or exurban. He contended that the election marked the emergence of a new “metropolitan” populism, “a revolt of the center against the Rovian model of polarization politics.” In Emanuel’s view, “Prescription drugs, gas prices and economic populism are no longer associated with blue-collar downscale voters. Office park workers can be just as populist as industrial workers — they are struggling under rising college and health care costs too. They resent giveaways to H.M.O.s; they don’t want subsidies to oil companies when oil is 68 bucks a barrel. We are going to deal with the oil royalty issue, and we can cut the interest rates for student loans.”

Serious Democratic policy makers are beginning to rigorously assess and quantify risk with an eye toward generating growth, calculating “second-, third- and fourth-order effects,” while aiming to avoid, for example, the “silent trade-offs” that the economic strategist Gene Sperling writes about, which occur when “well-intentioned policies to protect certain workers or communities impose burdens on similarly situated or worse-off workers who were not included in the immediate cost-benefit calculations.”

The morass in Iraq has created a Democratic moment. As the party struggles to forge a working majority, it must strike a delicate balance, argue Jason Bordoff and colleagues at the Brookings Institution’s Hamilton Project. Allocating excessive economic risk to individuals can harm economic growth as well as family well-being, they note. Conversely, “poorly designed programs to protect against risks can distort economic incentives and impair overall economic performance.”

For the Democrats to thread this needle will take a steady hand. <NYT_AUTHOR_ID>

Thomas B. Edsall, who holds the Pulitzer-Moore Chair at the Columbia Graduate School of Journalism, is a guest columnist.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Coming Soon: Dem Chairmen (HILL)

By Josephine Hearn

The Hill, December 5, 2006

House Democratic leaders hope to have nearly all their committee chairmen named by week’s end, a House Democratic leadership aide said yesterday.

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The House Democratic Steering and Policy Committee, a group that makes recommendations on committee chairmen, is scheduled to meet today at 2:30 p.m. in HC-5 to consider the nominations for the chairmen of five “exclusive” committees: Rep. David Obey (Wis.) for Appropriations, Rep. Charles Rangel (N.Y.) for Ways and Means, Rep. John Dingell (Mich.) for Energy and Commerce, Rep. Barney Frank (Mass.) for Financial Services and Rep. Louise Slaughter (N.Y.) for Rules, the aide said.

The panel’s recommendations will then come before the full caucus at a meeting scheduled for noon on Wednesday. The steering committee will meet two more times later in the week to handle non-exclusive committees, at 1:30 p.m. on Wednesday in HC-9 and 2 p.m. on Thursday in HC-5. Among those chairmanships, only the Veterans Affairs Committee is disputed.

Although chairmen may be decided soon, it will still be another few weeks before committees and leadership staff will move offices.

A second Democratic leadership aide said leadership offices in the Capitol and elsewhere would begin their move on Dec. 21, while committee staffs will wait until Dec. 26.

Democrats To Restructure Hill Appropriations Panels (WT)

By Shaun Waterman

The Washington Times, December 5, 2006

When Democrats take over Congress next year, they will restructure the appropriations panels of both chambers, seeking to restore the alignment between the Senate and House subcommittees and ease a budgeting process that has failed for 12 years in a row to deliver spending bills on time.

Democrats said that the details on the changes had not been finalized, but confirmed that the aim was to bring the two chambers' structures into alignment by adding two subcommittees on the House side.

"The objective is to have the subcommittees (in the two chambers) mirror each other," said one senior Democratic Senate appropriations staffer. "That is the key."

The staffer said that before a series of changes enacted by the Republican House leadership two years ago, the structure of the two chambers' subcommittees had been "identical, except for some very minor technical differences."

The last time Congress managed to complete all its spending bills before the start of the fiscal year was 1994, also the last year when both incoming appropriations committee chairmen Sen. Robert C. Byrd, West Virginia Democrat, and Rep. David R. Obey, Wisconsin Democrat, were leading their respective panels.

Aides said the two were determined to try to get the budgeting process back on track next year, though they acknowledged it would be challenging. With the fiscal year already a month old, Congress has passed only two of the required 12 appropriations bills and plans to adjourn this week after passing a long-term "continuing resolution" -- essentially permission for the government to go on spending at current budget levels.

Democrats maintain that by eliminating two subcommittees on the House side, responsible for funding the legislative branch and the District of Columbia, and moving other elements of jurisdiction around among the remaining 10, Republicans made the complex job of reconciling the House and Senate versions of spending bills that much more complicated, because the two-chamber conferences doing the work had to involve lawmakers from as many as four different subcommittees.

"Those changes created some difficulties when [appropriations] bills were conferenced," said Ronald Platt, a Washington Democratic veteran who chairs the federal government practice of the law firm Buchanan Ingersoll, and follows appropriations matters.

A spokesman for the Republicans on the House Appropriations Committee denied that.

Jurisdictional difficulties were "not insurmountable ... not a substantive problem," spokesman John Scofield said.

Conservatives argued that doing away with two of the powerful appropriations subcommittee chairmen, known as "cardinals," helped reduce earmarks and keep spending under control. Mr. Scofield said it was inefficient to have an entire subcommittee devoted to a small spending bill for the District of Columbia.

Mr. Platt said that Mr. Obey has the support of Speaker-elect Nancy Pelosi, California Democrat, for the changes.

"She and Obey have worked it out," he said.

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In the Senate, staffers said members of the committee would meet tomorrow with Mr. Byrd to thrash out the details of the changes there.

"Some restructuring will be on the table," another Democratic aide said.

In addition to abolishing two subcommittees, GOP House leaders also made a series of other changes two years ago, moving oversight of about $40 billion of defense spending, mainly on health and basic housing, into the subcommittee that deals with the Veterans Affairs Department and military-construction spending bill.

Mr. Scofield said that the change made sense and was supported by veterans groups and military families.

Congress Expected To Adjourn This Week (AP)

By Jim Abrams

AP, December 5, 2006

A Republican-led Congress criticized for producing little but political rancor is likely to end its term this week with at best a grade of "Incomplete."

The House and Senate return Tuesday having already decided to dump an unfinished budget on next year's Democratic-controlled Congress. Passing grades are problematic for a host of other issues on lawmakers' plates.

The main task this week will be approval of continued funding for most federal programs at fiscal 2006 levels through Feb. 15. That's necessary because the House and Senate have not come together on any of the new spending bills for the fiscal year that started in October except those covering defense and homeland security.

In other action this final week:

• The Senate is likely to move quickly to confirm former CIA Director Robert Gates as Defense Secretary Donald Rumsfeld's successor. The Senate Armed Services Committee holds a hearing with Gates on Tuesday.

• The House on Tuesday will vote on a Senate bill that would open 8.3 million acres in the eastern Gulf of Mexico to new oil and gas drilling. The bill's chances rose after House leaders last week abandoned the more ambitious House-passed bill, which would have ended drilling moratoriums along much of the nation's coast.

• Congress will also probably send the president a package of targeted tax breaks, most which expired at the beginning of the year. Those breaks include deductions for research and development, for higher education costs, for teachers' classroom expenses and for employers who hire people coming off welfare.

Efforts to move the popular tax package have been thwarted several times this year because of maneuvers to link it to more controversial legislation. This time, too, passage could be complicated by proposals to tie it to several pending bills, including one to stop a scheduled cut of Medicare payments to physicians and another to extend trade benefits for sub-Saharan Africa and other developing nations.

• Also possibly in the mix for an end-of-year combo package are an abandoned mine cleanup bill and a bill to permanently normalize trade relations with Vietnam.

The office of Senate Majority Leader Bill Frist said Monday it will take up the Vietnam bill if the House acts first. The House failed to pass the measure last month with a procedure requiring a two-thirds majority, and GOP House leaders have not announced plans for revisiting the issue.

Frist said Monday that House and Senate negotiators would meet to iron out a compromise on another major foreign policy initiative that would allow the United States to ship civilian nuclear fuel and technology to India.

Also on Frist's agenda is legislation to improve the nation's ability to react to bioterror attacks.

Frist had originally talked of keeping the Senate working right up to Christmas, but motivation to stay in Washington was deflated by the Republican losses of both the House and Senate in the election.

The House this week is scheduled to dispose of several dozen mostly minor bills including naming a Capitol room after retiring Rep. Henry Hyde, R-Ill.

The House is also to take up a bill requiring abortion providers to inform a woman 20 weeks into a pregnancy that the fetus may experience pain during an abortion. It's unlikely that the Senate would consider it this year.

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Congress did approve significant measures this year, including a pension overhaul bill and the renewal of the Patriot Act. Other security-related measures sent to the White House included a port security bill and endorsement of President Bush's plans to create military commissions to prosecute terror suspects.

However, Congress was unable to come up with a plan creating a path to legal status for illegal immigrants, instead approving a 700-mile fence along the Mexican border. It couldn't pass a lobbying and ethics bill generated by lobbying scandals at the beginning of the year, and failed to reach a consensus on the administration's warrantless eavesdropping program.

By postponing action on the spending bills, Republicans will be leaving to the newly empowered Democrats the job of meeting the many demands for spending on health, education, veterans and transportation as well as doing something about the budget deficit.

Congress Not In A Spending Mood As The Holidays Near (WP)

By Shailagh Murray

The Washington Post, December 5, 2006

A pile of unfinished business awaits the Republican-led Congress when it returns today, and a pile of unfinished business is likely to remain when lawmakers adjourn for the year, presumably on Friday.

Lawmakers have all but given up on completing any of the nine remaining spending bills and will instead leave it to the new Democratic leaders to work out the new government spending levels when they take charge in January.

Republican leaders will try, however, to pass a package of tax breaks, including several provisions that have expired or are scheduled to die Dec. 31. The list includes a research-and-development credit that is popular with manufacturing companies, individual deductions that benefit parents of college students and teachers who spend their own money on classroom supplies, and a sales-tax deduction for people who reside in states with no income taxes.

One urgent task before the Senate this week is confirming President Bush's choice of Robert M. Gates as the new defense secretary. Gates, a former CIA director, would succeed Donald H. Rumsfeld, who resigned Nov. 8, the day after Republicans lost control of Congress. Senate Majority Leader Bill Frist (R-Tenn.) said he expects Gates to be approved no later than Friday.

Frist also announced yesterday that final House-Senate negotiations would begin immediately on the U.S.-India Civil Nuclear Cooperation bill, hailed as a cornerstone of a broader strategic initiative between the two countries. The bill would allow American companies to export nuclear technology, equipment and fuel to India, which is vastly expanding its nuclear energy program.

But the Senate version of the bill contains restrictions that reflect an unease among some lawmakers that the India agreement would weaken international nuclear nonproliferation rules. Secretary of State Condoleezza Rice has urged that the Senate language be removed, warning that it could jeopardize support for the bill by the Indian government. Supporters believe chances for passage would plummet in a Democratic-led Congress, with lawmakers likely to insist on tougher nonproliferation terms.

Republicans hope to deliver a long-promised expansion of domestic oil and gas drilling, and the House will attempt today to pass an offshore-drilling bill allowing limited increases in oil and gas production in the Gulf of Mexico. The House had sought new access to waters along the East and West coasts, but Senate Democratic Leader Harry M. Reid (Nev.) warned that Democrats will filibuster a final bill unless expansion is restricted to the relatively small slice of the eastern Gulf that the Senate bill identified.

The future of a Vietnam trade-liberalization bill looks bleak. One possibility is attaching it to the tax-break package, but that high-priority measure has become a magnet for all sorts of straggler provisions. One is a Frist favorite that would block a scheduled Jan. 1 reduction in Medicare physician payments.

Another is a Medicaid provision backed by a coalition of long-term health-care providers and state government officials. They want to force Bush to rescind an August order that would reduce the amount of Medicaid funding available to public hospitals and nursing homes. Currently, state governments can charge providers a 6 percent tax, which is matched by federal funds and then returned to hospitals and nursing homes as government payments. The administration said the federal matching grants were too costly and ordered the maximum tax cut in half. Congress had earlier rejected such a plan.

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The Vietnam legislation, which would establish permanent normal trade relations with the Asian country, ran into unexpected trouble last month in the House from lawmakers concerned that it would further damage the U.S. textile industry. Frist said the Senate would consider the bill "if the House can act," but House leadership aides said yesterday that the bill is a long shot.

Democrats have lambasted the GOP Congress for months about its skimpy list of accomplishments this year, including its failure to complete work on most of the annual spending bills to operate the government. Just two of the 11 fiscal 2006 appropriation bills have been completed. The nine remaining measures would fund about $460 billion of government programs and have been hung up by internal Republican feuds, in addition to the usual partisan squabbling.

Incoming House Appropriations Chairman David R. Obey (D-Wis.) said that if Republicans, as expected, seek to pass a resolution that would continue current funding levels through Feb. 15, Democrats will face two choices. They may seek to pass the remaining bills when they take over in January -- a daunting exercise that would coincide with the writing of next year's budget -- or pass a long-term continuing funding resolution.

"Either of those scenarios would represent lousy outcomes, but they would have been made unavoidable by Republican inaction today," Obey said.

Staff writer Charles Babington contributed to this report.

Blunt, Cantor Fall Out (HILL)

By Patrick O'connor

The Hill, December 5, 2006

House Majority Whip Roy Blunt (R-Mo.) met yesterday with his chief deputy to quell simmering tension between the two of them that boiled over during the recent leadership contest.

Blunt and Rep. Eric Cantor (R-Va.) sat down in the whip's Capitol office for the second time in a week in an attempt to repair lingering damage that occurred during the Missouri Republican's successful drive to retain his leadership post when Republicans assume the minority next year, GOP aides said.

The dustup between Blunt and his chief deputy is largely the result of staff tension, which has been mounting for years but rarely affects the two lawmakers' close working relationship, members and aides cautioned.

The friction came to a head during the recent leadership races even though Cantor was assisting Blunt in turning back a challenge from Rep. John Shadegg (R-Ariz.), a conservative stalwart.

During that campaign, some Republican members and staff frequently suggested that Cantor was the more popular candidate to perform the whip duties even though Blunt eventually beat Shadegg by a wide margin.

A steady stream of stories and member comments fed that perception during the week and a half between the midterm election and the leadership race, creating tension between the two offices that was further fueled by inconsistent communication between the two staffs, the sources said.

That tension erupted during a phone call between the Blunt and Cantor before the race itself when Blunt expressed concern that Cantor's staff had not gone far enough to discredit a story that members wanted to "draft" the affable Virginian despite his commitment to build support for Blunt, aides said.

Blunt and Cantor spoke frequently during the race, and Cantor worked the phones and his contacts with other members to help Blunt hold onto the post. But the regular communications between the two members did nothing to dispel a growing perception in the conference that many members wanted Cantor to have a chance to run for the whip post as well.

At one point, the Cantor factor in the race was so influential that Shadegg sent a letter to his Republican colleagues reminding them of his pledge to retain Cantor as chief deputy if he could successfully unseat Blunt.

That dynamic spurred tension between Blunt's and Cantor's offices that became increasingly evident among members and staff on the Hill as Blunt fought for the No. 2 spot at the GOP leadership table.

In a staff meeting last month convened to discuss the rules and procedures for each of the seven leadership races, Blunt Chief of Staff Brian Gaston alarmed a number of those present by asking a question about whether write-in votes would be

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counted to determine the total number of votes after a Rules Committee staffer explained those votes would not count in the race itself.

Many of those present, which included one staff member for each lawmaker running, interpreted Gaston's question as a sign of concern that the Virginia Republican would somehow challenge Blunt during the closed-door election session. Gaston asked the question to determine whether or not write-in votes would count against the overall number of votes cast in the race and therefore change the number needed to win, an aide present said.

The overall episode is a brief aberration in a normally cooperative relationship, a Blunt spokeswoman said yesterday.

"Mr. Cantor is Mr. Blunt's closest friend in Congress, and he trusts him completely," Blunt spokeswoman Jessica Boulanger said yesterday. "They talk several times a day and have never had a single discussion that has ended with Mr. Blunt angry."

"The hallmark of Whip Blunt and Rep. Cantor's relationship is friendship and trust," Cantor Chief of Staff Rob Collins said. "Politics is a passionate business, so of course those passions can come out. But to win you have to be passionate."

The tension has eased since the race, and the conversation has turned to the role of the whip in the minority. During the race, Blunt promised Cantor an expanded role in the whip operation, aides said, and the two lawmakers must now define those changes as Republicans adapt to life in the minority.

"We're in the minority, and, as a result, the whip office has to function differently," Boulanger said.

The two lawmakers met over lunch last week to discuss possible changes to their whip operation, but details remain unclear about the particulars of those modifications.

One leadership aide unaffiliated with either lawmaker suggested that Blunt should give Cantor and his staff more access to Blunt's internal whip list. In the past, Blunt and his Floor Director Amy Steinmann have been very reluctant to share the details of those lists with members or leadership staff, a holdover practice from ex-Rep. Tom DeLay's (R-Texas) tenure in the post.

The dustup has stirred questions about Republican unity as the party moves forward, but aides to both members said it would not hamper their working relationship.

DeLay first tapped Blunt as his chief deputy in 1999. At the time, the Missouri Republican was popular among members and the press, but he has struggled occasionally in the intervening years to emerge from the Texan's long shadow. Cantor, meanwhile, has been considered a rising star since Blunt tapped him as his chief deputy in late 2002 after only his second term.

Cantor has since remained as deputy after own presumed rise in the leadership ranks was blocked when Blunt decided to hold onto his job as whip after narrowly losing his bid to become majority leader to Rep. John Boehner (R-Ohio).

Despite grumbling that Blunt should make way for Cantor, the two lawmakers worked closely during the Blunt's recent run to retain the whip job and both sides expressed confidence that they can move beyond this rocky episode.

"The Blunt Whip team is the most successful whip team in the history of the House," Collins said. "Based on that past, one could only assume the future will bring more success."

House Ethics Probes May Stay Unresolved (WT)

By Christina Bellantoni

The Washington Times, December 5, 2006

The secretive House ethics panel is unlikely to complete several of its investigations during the final month of the 109th Congress, so questions about the conduct of a handful of members will remain unresolved.

The probes began in May but will end when members adjourn this month. A new committee at the convening of the 110th Congress could vote to reauthorize or carry over the investigations, but panel members are not required to do so.

House leaders are mum about whether the panel will keep the same members in the upcoming session, when Democrats will assume majority for the first time since 1994.

The panel, formally named the Committee on Standards of Official Conduct, has at least four active investigations, including probes of Rep. William J. Jefferson, Louisiana Democrat, and former Rep. Bob Ney, Ohio Republican.

Ney pleaded guilty to conspiracy charges and to accepting bribes in exchange for legislative favors this fall, then resigned his seat before last month's elections.

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Mr. Jefferson faces a runoff Saturday against Democrat Karen Carter, a state representative, in his bid for a ninth term representing a New Orleans district. He has not been charged with a crime, but FBI investigators found $90,000 cash in his freezer after they videotaped him receiving a $100,000 bribe.

Also under investigation is the bribery scandal involving former Rep. Randy "Duke" Cunningham in 2005. The panel is trying to determine whether the California Republican, serving an eight-year prison sentence for accepting at least $2.4 million in bribes for securing defense contracts, was able to influence any other members.

The ethics panel has been investigating the inappropriate computer messages that former Rep. Mark Foley, Florida Republican, sent to male teenagers who had served as congressional pages.

Democrats campaigned against a culture of corruption, reminding voters that Republicans in the majority were plagued by scandals and saying special interests influenced legislation on health care and energy.

Speaker-elect Nancy Pelosi of California has promised to "drain the swamp" and said yesterday that her party's "first order of business" in January will be ethics reform.

"The people's House should not be an auction house, with legislation being sold to the highest bidder," she said. "Democrats pledge to make this the most honest, ethical and open Congress in history."

Changes could arise in a House rules package passed when the new session convenes Jan. 4.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington (CREW), said any ethics reform should include creation of an independent office of public integrity. Without outside oversight or enforcement, corrupt members can feel protected by their congressional pals, she said.

"The ethics committee is always viewed as partisan and political, and they need to take investigations away from it," she said, adding that groups such as CREW should be allowed to file ethics complaints.

Hastings Paid Penance And Deserved Better (USAT)

By Dewayne Wickham

USA Today, December 5, 2006

What Democrats did to Alcee Hastings is a case of political ethics being taken to an illogical extreme.

The decision by Rep. Nancy Pelosi, D-Calif., the soon-to-be speaker of the House, not to make the Florida congressman chairman of the Intelligence Committee was a concession to political expediency, not good judgment.

Hastings, the second-ranking Democrat on the committee that oversees the government's intelligence operations, was thought to be the front-runner to head that panel when his party assumes control of the House in January. But last week, Pelosi announced that he would not get the post. In doing so, she caved in to those who say the former federal judge can't be trusted with the nation's secrets because he was impeached for a crime he allegedly committed a quarter century ago.

Never mind that Hastings was acquitted of conspiring to extort a $150,000 bribe in a 1983 criminal trial. His detractors pointed to his impeachment in 1989 on charges that he lied and fabricated evidence in that case as proof of his unfitness to head the committee.

But in stripping Hastings of his judgeship, the Senate chose not to disqualify him from ever holding another public office — a ban the Constitution allows it to invoke in an impeachment. So in 1992, Hastings sought and won a seat in Congress. He has been a member of the Intelligence Committee since 1999.

“No one has raised any concerns” about whether Hastings can be trusted with the nation's secrets during his time on the committee, says Jamal Ware, the Intelligence Committee's spokesman.

As the committee's chairman, Hastings would have had greater access to the nation's secrets as a member of the Gang of Eight — a group of congressional leaders with whom the president can choose to share limited knowledge of the most tightly held secrets. But to say that Hastings should be disqualified from this inner circle because of something he allegedly did in 1981 ignores what he has done since.

“He's been there (on the Intelligence Committee) too long to make the claim that he is unreliable,” says Charles Ogletree, a Harvard law professor who runs the school's Charles Hamilton Houston Institute for Race & Justice. “Not before 9/11 or after were

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any arguments made to remove him from that panel. His record of unblemished service has to mean something. To judge him on what happened in the 1980s, and not on what he has done since, seems disingenuous."

But that is exactly what Pelosi seems to have done — or been forced to do.

In backing away from an appointment she was said to once favor, the House's top Democrat seems to be saying that there is nothing Hastings can do to rehabilitate himself. It doesn't matter that in impeaching Hastings, Congress punished him for his alleged offense. Nor does it matter that since being stripped of his federal judgeship, Hastings has been elected seven times to the Congress and has served seven years on the Intelligence Committee.

If she is going to make good on her pledge to rid the House of its "culture of corruption" when Democrats take control of that body next month, Pelosi appears to have decided that she must make a sacrifice of Hastings.

That's a shame. Hastings deserved better. After years of loyal service on the Intelligence Committee, he deserved to hear Pelosi answer his critics rather than give in to them. He deserved to hear her say that ever since Congress meted out its punishment, Hastings has served that body, and the nation, and not reviled it.

She should have said people who pay a price for wrongdoing shouldn't be treated as if they got a life sentence, especially when they follow that penalty with a long record of unassailable public service.

Pelosi should have said that when it comes to bad behavior, she believes in both punishment and redemption.

Lawmakers' Regional Slams Draw Rebukes (USAT)

By Larry Copeland

USA Today, December 5, 2006

The regional insult, a staple of trash-talking sports fans but rarely used these days by national politicians, is making a comeback.

Rep. Charles Rangel, D-N.Y., who is slated to become chairman of the powerful House Ways and Means Committee, angered Mississippians when he asked last month, "Who the hell wants to live in Mississippi?"

Last week, Rep. Tom Tancredo, R-Colo., a vocal opponent of illegal immigration, said of Miami: "You would never know you're in the United States of America. You would certainly say you're in a Third World country."

George Gonzalez, associate professor of political science at the University of Miami, says regional insults by national politicians are rare. "There are regional rivalries in terms of economy and industry but it rarely spills over into outright insult," he says. "In some ways, it's unpatriotic, because you're just insulting another part of your country. Ideally, we're all one nation."

The Miami and Mississippi slams drew stern rebukes.

"There's been a steady supply of letters to the editor," says Joe Parker, a professor of political science at the University of Southern Mississippi. "The tone has been: Charlie Rangel lives up there in New York where people are killing each other. What does he know?"

Rangel, who has apologized, was simply indulging in an age-old tradition when he insulted Mississippi, which has a long history of poverty, racial inequity and illiteracy, says William Ferris, a Mississippian and now senior associate director of the Center for the Study of the American South at the University of North Carolina at Chapel Hill.

Rangel was discussing how New York state might keep more of the tax revenue it sends to Washington when he told The New York Times: "Mississippi gets more than its share back in federal money, but who the hell wants to live in Mississippi?" He later apologized.

"There is no excuse for my having said that," Rangel said in a statement. "My love for New York got in the way of my common sense and judgment."

Tancredo's comments, made during a summit of conservative activists in Palm Beach, earned him an admonishment from Florida Gov. Jeb Bush, a fellow Republican, who called the remarks "disappointing" and "naive."

Tancredo was discussing how unchecked immigration has contributed to high crime rates in Miami.

Gonzalez says Tancredo's comments are "overtly racist. You're equating immigration with criminality."

Tancredo "didn't insult anybody," says his spokesman, Carlos Espinosa. "He made an observation. No one's questioning him on the statement itself. They want to discuss their hurt feelings. But they're not willing to fix the problem."

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Renewed Worries On Medicare Drug Plans (NYT)

By Robert Pear

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — Pharmacists and advocates for older Americans say they are worried that tens of thousands of low-income Medicare beneficiaries will again have trouble getting medications next month, as they did in January of this year.

Many prescription drug plans are changing benefits. Beneficiaries are changing from one plan to another. New plans are entering the market. Some beneficiaries will find they can no longer use the drugstores they have been using.

"There will be surprises and shocks for some beneficiaries," said Michael J. Negrete, vice president of the California Pharmacists Association.

About 600,000 poor people are losing the guarantee of extra assistance that covered nearly all their drug costs this year.

"Starting Jan. 1, 2007, you will no longer automatically qualify for this extra help," the Bush administration said in letters sent recently to these beneficiaries.

Some may still be able to obtain extra help. But they need to apply to a federal or state agency, and few have done so.

Pharmacists and insurance counselors say many of the 600,000 beneficiaries will not discover the change in their status until they show up at pharmacies next month. Then they could be charged $25 to $50 or more for drugs that cost them only $3 or $5 this year.

Druggists say they also foresee problems for another group: 300,000 low-income people who will be reassigned to plans chosen at random by the federal government.

Even people who stay in the same plan may face surprises because some of their drugs may no longer be covered. Plans can change the list of covered drugs from one year to the next, dropping some and adding others.

Mark J. Gregory, a vice president of Kerr Drug, which owns 102 pharmacies in North and South Carolina, predicted some snarls and delays for customers next month, but said, "It can't be as bad as early this year."

"Some seniors will show up at the pharmacy, unaware they have been reassigned to a different plan," Mr. Gregory said. "They may find that the new plan no longer covers some of their medications. Others may learn that they no longer have a low-income subsidy, and they cannot afford the new co-payment. In both cases, drug therapy may be interrupted."

Mr. Gregory offered this advice: "Beneficiaries should be prepared. If you have any doubt, take action now. Ask questions. Call your plan. Don't wait till Jan. 1."

Jennifer Mezey, a lawyer at the Legal Aid Society of the District of Columbia, voiced a similar concern. "Come Jan. 1," she said, "some low-income people will show up at the pharmacy and be charged full price, and they won't be able to get their medications."

Even if a drug is still covered, Ms. Mezey said, it may be subject to new restrictions limiting the number of pills or requiring doctors to get advance approval for prescriptions.

Federal officials said they were trying hard to avoid a repetition of the problems that overwhelmed pharmacists 11 months ago.

With a year's experience, they said, pharmacists, insurers and beneficiaries know what to expect. Medicare has upgraded its computer systems. Insurers have hired more people for telephone call centers.

"Lessons have been learned," said Kathleen M. Harrington, a spokeswoman for the Medicare agency.

Beneficiaries have until Dec. 31 to pick a plan. The Bush administration is urging people to act by this Friday, to avoid delays on Jan. 1.

E. Timothy Marks, co-owner of Excel Drug, a pharmacy in Waldport, Ore., said beneficiaries should be prepared for "problems somewhat similar" to those they experienced early this year.

"The plans are too complicated for some of the elderly to understand," Mr. Marks said. "Many low-income beneficiaries eligible for Medicare and Medicaid are unaware of the procedures and changes that will affect their drug coverage."

In the chaotic first weeks of the drug benefit this year, many pharmacists gave away drugs, and many states established emergency assistance programs for low-income people who could not get the drug coverage promised by Medicare. New York and other states have curtailed those programs.

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William P. Scheer, chairman of the Pharmacists Society of the State of New York, who owns a drugstore in the Bronx, said: "Some people will go cold turkey on Jan. 1. They will go without needed medications that they have been receiving under the state program."

The New York State Health Department is sending a "reduction of benefits notice" to people who receive both Medicare and Medicaid. It says the state will no longer cover their drugs, with a few exceptions.

New York officials are urging doctors to help patients get coverage through Medicare. Doctors could, for example, rewrite prescriptions or ask Medicare to make an exception for a particular drug and a particular patient.

California is continuing its emergency program through Jan. 31.

"We anticipated that there could be problems in January," said Stan Rosenstein, the Medicaid director in California. "So we kept the program available as a safety net. The governor and the State Legislature did not want any possibility of disruption."

Mr. Rosenstein said he was most concerned about 85,000 Californians who were losing automatic eligibility for Medicare's low-income subsidy. "It could be a surprise when they go from paying $5 co-payments to having a $250 deductible," he said.

The Bush administration has repeatedly advised beneficiaries that they do not have to take any action if they are satisfied with their current drug coverage.

But insurance counselors and health care lawyers say most people can save money by switching plans in 2007.

Katrina A. Eversole, an insurance counselor at the Washington County Commission on Aging in Hagerstown, Md., said she had helped 50 beneficiaries in the last week.

"In most cases," Ms. Eversole said, "we are signing them up for new plans and saving them a great deal of money. We can often find a plan whose total annual costs will be just half of what they would have to pay for their current plan in 2007." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Medicare's 'Doughnut Hole' Help (WSJ)

By Jane Zhang

The Wall Street Journal, December 5, 2006

The federal government is offering seniors a hand figuring out the infamous "doughnut hole" -- the coverage gap in Medicare's prescription-drug benefit that many beneficiaries will encounter during the year.

A new tool on Medicare's Web site, called a cost estimator, offers monthly and annual spending estimates based on the drugs seniors take and the pharmacy they use. Because it includes both the costs to seniors and to their plans -- the two factors that determine when the doughnut hole kicks in -- seniors can get at least a rough idea of when during the year they will reach the gap under each plan in their area.

For 2007, the doughnut hole begins after seniors and their stand-alone drug plan have spent a total of $2,400. The beneficiary then must bear all costs for his or her drugs until the out-of-pocket expenses reach $3,850. After that, seniors pay only 5% of additional drug costs.

Seniors have four weeks left in the current enrollment season to sign up for the Medicare drug benefit or change plans. Especially for seniors who spend a hefty amount on drugs, the new cost estimator can help decide whether they should change plans. All other things being equal, drug plans that negotiated lower prices with drug makers will have coverage gaps that occur later in the year than plans that pay higher prices for drugs. So a plan with a later coverage gap may mean lower out-of-pocket costs for beneficiaries.

The drug benefit, which took effect in January, is subsidized by the federal government and offered through private insurers. This year, an estimated three million to four million seniors hit the gap. While more plans are offering coverage through the gap next year, most don't cover brand-name drugs, so seniors still need to watch their spending.

The cost estimator was launched in October as part of the upgraded Medicare Web site. Previously, most enrollees could figure out how much their plans were spending on drugs only when they bought the drugs at the pharmacy. This year, insurers such as Humana Inc., UnitedHealth Group Inc. and WellPoint Inc. also have updated their Web sites so seniors can compare total drug costs from different plans. But the Medicare tool is the most comprehensive -- if a bit harder to navigate. To use it,

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seniors need to click the compare-drug-plans link on www.medicare.gov1, followed by "find and compare plans." They then can begin either a personalized or general search for drug costs and enter the lists or drug names they use. The estimates -- shown in a chart followed by a detailed explanation -- are at the very end of the page with the plans' details.

The site is updated every two weeks based on updated information from the plans, and the costs reflect discounted prices each plan has negotiated with drug manufacturers, not including rebates, says Mary Agnes Laureno, director of beneficiary information services at the federal Centers for Medicare and Medicaid Services. "It should be really close" to what seniors see after each purchase at their pharmacy.

But there's also a caveat: Plans can change their drug prices during the year, so a beneficiary's actual spending may be higher or lower than estimated. "That gives you the best possible estimate, but it's only an estimate," says Tricia Neuman, Medicare policy director at Kaiser Family Foundation.

In addition, seniors can't always predict what drug they will use, and not all seniors are savvy online users. John Rother, policy director at the seniors' group AARP, welcomes the tool but wonders how useful it will be. "Most seniors are not going online for information," he says. A Kaiser survey in April showed that 5% of seniors compare plans themselves on www.medicare.gov, while another 5% had family or friends that did that for them.

In all, 3.6 million seniors enrolled in the drug benefit online in 2006, says Medicare spokesman Jeff Nelligan. The enrollment period ends Dec. 31.

Bill Would Restructure Red Cross (NYT)

By Stephanie Strom

The New York Times, December 5, 2006

Senator Charles E. Grassley filed legislation yesterday to overhaul the American Red Cross. It is the first time in almost 60 years that Congress has moved to amend the organization's charter.

The legislation, which has the organization's strong support, would cut the size of the Red Cross's national board by more than half, change the way board members are nominated and mandate the appointment of an independent ombudsman charged with reporting annually to Congress, among other steps.

Mr. Grassley, an Iowa Republican who is chairman of the Senate Finance Committee, has been pushing for change at the organization. A House version of the bill was filed by George P. Radanovich, Republican of California.

Following widespread criticism of its performance after Hurricane Katrina, the Red Cross commissioned a panel of experts to examine its governance and make recommendations. The report suggested many changes that require legislative action because the Red Cross is governed by a Congressional charter.

"The Red Cross views this legislation as vital to modernizing its governance structure to meet the demands of the 21st century and is hopeful that Congress will pass this historic legislation before it adjourns for the year," the organization said in a statement.

The changes would require the Red Cross to reduce its board to at most 20 members by 2012, from the current 50, and change the way board members are nominated in an effort to reduce the influence of Red Cross chapters.

The legislation also seeks to clarify and limit the role of the board. Former senior executives of the organization have long complained about its interference in day-to-day operations.

It also all but eliminates the role of the president of the United States in board appointments. In the past, the president has appointed the chairman and eight board members, typically cabinet secretaries who rarely attended meetings.

Under the proposed legislation, the board would nominate a chairman for approval and appointment by the president. All other presidential appointments to the board would be abolished.

Among other duties, the ombudsman would offer make it easier for whistleblowers. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

NASA Plans Permanent Base On The Moon (NYT)

By Warren E. Leary

The New York Times, December 5, 2006

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WASHINGTON, Dec. 4 — NASA announced plans on Monday for a permanent base on the Moon, to be started soon after astronauts return there around 2020.

The agency's deputy administrator, Shana Dale, said the United States would develop rockets and spacecraft to get people to the Moon and establish a rudimentary base. There, other countries and commercial enterprises could expand the outpost to develop scientific and other interests, Ms. Dale said.

Ms. Dale and other officials of the National Aeronautics and Space Administration said the agency envisioned a base at one of the lunar poles, to take advantage of the near-constant sunlight for solar power generation. It would have an "open architecture" design to which others could add the capabilities they want.

Scott Horowitz, NASA's associate administrator for exploration, said crews of four astronauts would make weeklong missions to the Moon starting around 2020.

As more equipment was set up, human stays would eventually grow to 180 days, and become permanent by 2024. By 2027, officials said, a pressurized roving vehicle on the surface would take people on expeditions far from the base.

NASA gave no cost estimate for the program and no design details for the base. Ms. Dale said all plans assumed that the agency would continue operating from a fixed budget of about $17 billion a year.

The space shuttle fleet is to be retired by 2010, and the United States plans to scale back its involvement in the International Space Station. The station is still under construction, with a mission by the shuttle Discovery to lift off on Thursday. Ms. Dale said money would be shifted to the lunar exploration program from the shuttle and the station.

While the Bush administration and NASA have spoken in general terms about plans for a return to the Moon, followed by human spaceflight to Mars, the lunar outpost plan is the first time officials have proposed a permanent presence.

"We're going for a base on the Moon," Mr. Horowitz said. "It's a very, very big decision."

Many gaps in the plan remain to be filled in. NASA called Monday's announcement a baseline concept.

In a televised news conference from the Johnson Space Center in Houston on the eve of an international conference there on space exploration, Ms. Dale said the plan was developed after consultation with space agencies representing 14 countries and more than 1,000 experts in space science and commerce.

"The door is open for international and commercial interests," she said.

The lunar base plan is part of a larger effort to develop an international exploration strategy, one that explains why and how humans are returning to the Moon and what they plan to do when they get there, NASA officials said.

The planning includes an international conference early next year on setting scientific goals for returning to the Moon, including those that private interests might want to pursue.

Doug Cooke, the agency official who led the lunar study group, said the plan called for putting a lander craft down near a polar crater and later adding solar-power generating units and living quarters to establish a base.

A site near the lunar South Pole, like the Shackleton Crater, would provide enough sunlight for power generation. It is also near possible deposits of valuable minerals.

From this site, Mr. Cooke said, other nations could add scientific laboratories or observatories, and commercial concerns might want to process rocket fuel and other products from water and other materials that might be found in the ground nearby.

Mr. Horowitz said having a base did not mean that humans would go there after every lunar landing. The option remains open for some missions to go to equatorial regions, as the Apollo project landers did in the 1970s, or even to the other side of the Moon.

Getting to the Moon and establishing a base will require a versatile, general-purpose lander that could land anywhere and be the core of an outpost, he said.

"The nickname I use for the lander is, it's a pickup truck," Mr. Horowitz said. "You can put whatever you want in the back. You can take it to wherever you want. So you can deliver cargo, crew, do it robotically, do it with humans on board. These are the types of things we're looking for in this system."

Ms. Dale said she and other NASA officials would spend part of next year visiting potential partners in the lunar project, like the space agencies of Europe, Russia and Japan, to see what they might want to contribute. Different aspects of a lunar base

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might come from many agreements between the United States and other nations, she said, rather than following the model of the space station of having many partners signing one agreement.

While there have been preliminary talks about cooperation in space with China, a growing space power which along with the United States and Russia has the ability to launch humans, it is too early to tell whether the two nations will agree to work together on human space flight projects such as the lunar base, she said.

Howard McCurdy, a NASA expert who is a professor at the school of public affairs at American University in Washington, expressed some skepticism about whether the space agency could make the ambitious plan fit in its budget, even with the winding down of the shuttle program and "throwing the keys to the International Space Station" to the other nations that helped to build it.

By relying on some of the ideas and technologies developed during the Apollo program and beyond, Mr. McCurdy said, NASA planners expect to be able to get back to the Moon for 40 percent to 60 percent of the original cost. There would be savings, too, in not having to reinvent technologies for protecting spacecraft from the heat of re-entry into the atmosphere, and not having to develop new launching facilities from scratch.

But he said he was concerned that the technology for lunar exploration "won't get us beyond the Moon" and on to Mars.

"The fear is that the Moon, which is now viewed as a means to get beyond the Moon, will become its own destination, for hundreds of years," he said. "The easy way to go to the Moon is the hard way to go to Mars."

While NASA has yet to design the permanent camp, last July officials at the Johnson Space Center took reporters on a tour of possible lunar habitats to come.

The mock-ups were built of plywood and plastic, and had the crowded feel of a FEMA trailer. They addressed problems that NASA engineers expected astronauts living on the Moon to encounter.

Dust, for example, is not just untidy. On the Moon, the particles tend to be jagged and sticky, and so the engineers have designed an airlock to allow dust removal after any trip outside. <NYT_AUTHOR_ID>

John Schwartz contributed reporting from New York.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

NASA Plans Permanent Moon Base In 20 Years (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, December 5, 2006

An international team of astronauts will be living and working at a permanent moon base to be built at one of the resource-rich lunar poles within two decades, NASA announced Monday.

Earth's first off-world colonists will cruise the surface in a lunar lander that will function like a low-gravity pickup, possibly journeying to the dark side to build the most ambitious collection of observatories ever constructed, NASA said.

The announcement of NASA's vision to build a permanent scientific research station on the moon represents the space agency's first outline of its plans once it reaches the moon, scheduled no later than 2020.

"We will begin with short missions. Then we will build up to the point where we are staying 180 days, and then we will have a permanent presence," Doug Cooke, deputy associate administrator for exploration systems, said at a news conference at Johnson Space Center in Houston. The base could be operational by 2024, officials said.

In 2004, President Bush announced the Vision for Space Exploration, which proposed a return to the moon by 2020, as the first step to an eventual manned mission to Mars. NASA has since embarked on a $100-billion-plus program to design a new launch system and crew vehicle capable of carrying four astronauts to the lunar surface. To free up money, NASA will mothball the space shuttles by 2010.

Until now, it was unclear what NASA had in mind for the moon.

"We're going to go after a lunar base," said Scott Horowitz, associate administrator for exploration systems. "This is a very, very big decision; one of the few where the science and exploration communities agree."

Space science advocates have complained that money for basic research is being raided to pay for manned spaceflight, which they feel is costly and of questionable benefit when robotic explorers can perform many of the same tasks less expensively.

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In choosing to locate the moon base at either the north or south pole, NASA was persuaded by three factors. One, the sites are relatively unexplored. Two, temperatures are more moderate there than in the searing heat of the equatorial bright side and the numbing cold of the dark side. Lastly, previous moon missions detected unusual amounts of hydrogen at both poles. Some scientists have speculated that this could be traced to hidden ice deposits, a potential source of water.

Australia, Canada, China, Europe, Japan, India and Russia have expressed interest in participating, NASA said.

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NASA Plans Lunar Outpost (WP)

By Marc Kaufman

The Washington Post, December 5, 2006

NASA unveiled plans yesterday to set up a small and ultimately self-sustaining settlement of astronauts at the south pole of the moon sometime around 2020 -- the first step in an ambitious plan to resume manned exploration of the solar system.

The long-awaited proposal envisions initial stays of a week by four-person crews, followed by gradually longer visits until power and other supplies are in place to make a permanent presence possible by 2024.

The effort was presented as an unprecedented mission to learn about the moon and places beyond, as well as an integral part of a long-range plan to send astronauts to Mars. The moon settlement would ultimately be a way station for space travelers headed onward, and would provide not only a haven but also hydrogen and oxygen mined from the lunar surface to make water and rocket fuel.

NASA officials declined to put a price tag on what will clearly be an extremely expensive venture. But they said that with help from international partners and perhaps space businesses, the agency would have sufficient funds to undertake the plan without any dramatic infusion of new money.

If the project goes ahead as planned, it would return humans to the moon for the first time since 1972.

NASA Deputy Administrator Shana Dale said the agency met with hundreds of scientists, potential international partners and space businesses over the past year to discuss lunar options -- most pressingly, whether the plan should be based around a series of sorties to the moon or a permanent outpost and later settlement. The conclusion, she said, was that an outpost would be the best both for science and to prepare for exploration deeper into space.

Scott Horowitz, chief of lunar exploration, said: "The lunar base will be a central theme in our going forward plan for going back to the moon in preparation to go to Mars and beyond. It's a very, very big decision, and it's one of the few where I've seen the scientific community and the engineering community actually agree on anything."

Dale said that once the team endorsed the concept of an outpost, which would be about the size of the Mall, the next debate was over where to put it, with a focus on either of the moon's poles.

"Conditions at the south pole appear to be more moderate and safer," she said. The south pole is almost constantly bathed in light and would be an ideal place to set up solar-power collectors for an electrical system -- a precondition for achieving the kind of "living off the land" that NASA is aiming for.

Horowitz also said the polar sites are scientifically exciting because "we don't know as much about the lunar poles as we know about Mars." Officials said the area around the south pole has craters that probably hold volatile gases that could be collected for commercial purposes. Highest on the list of possible resources is helium-3, a form of the gas seldom found on Earth that could be well suited for nuclear power fuel.

The rockets and space capsules that will take astronauts back to the moon will be exclusively American, but Dale said the mission envisions and needs the cooperation of other nations. As part of the process, she said, NASA officials met with representatives from the European Space Agency and the national space agencies of Australia, Britain, Canada, China, France, Germany, India, Italy, Russia, South Korea and Ukraine.

Dale said she will travel extensively next year to these nations and others to see how they might participate. One project she mentioned as attractive to NASA and possibly others is the deployment of an array of telescopes on the dark side of the moon to see far into the universe.

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The NASA plan grew out of President Bush's Vision for Space Exploration, which was announced in 2004 and calls for sending astronauts back to the moon and later to Mars. Congress almost unanimously embraced the general plan last year in an authorization bill, but questions remain about its funding. NASA is counting on redirecting billions of dollars from the space shuttle and international space station programs to fund development of a new spaceship, but some critics have complained that the agency is already cutting back its science programs to pay for the moon-Mars project.

It seems appropriate that the space agency is aiming for the moon's south pole, because NASA Administrator Michael D. Griffin is fond of likening the lunar project to the exploration of Antarctica. Adventurers first reached Earth's South Pole in the early 20th century, but it wasn't until the 1950s that researchers returned and years later before they established permanent, year-round settlements.

NASA plans to send a robot lander to the moon in 2010 to look for good settlement sites. One of the top candidates now is near the Shackleton Crater (named, fittingly, for Antarctic explorer Ernest Shackleton), near the south pole, but NASA officials said their plans will evolve based on what they learn from rovers and satellites.

The new lunar plan harks back to NASA's Apollo era, when six missions landed on the moon between 1969 and 1972. But unlike Apollo's spacecraft, the new space transport being developed -- the Ares I rocket and Orion capsule -- will have a lander designed for reuse and to serve as a kind of "pickup truck," according to Horowitz. The plan also calls for the development of a pressurized rover that would allow astronauts to ride around the moon without wearing cumbersome spacesuits.

The first test flight of the Ares rocket is scheduled for 2009, and the first manned flight of the Orion is scheduled for 2014.

While NASA is counting on international support and funds to make the lunar settlement possible, the track record for international cooperation in space is mixed. The space station -- which was initially conceived and designed by the United States -- has taken far longer to assemble than planned, and at a far greater cost. Some of the 14 international partners have also chafed over American priorities for the station -- a situation that Dale said NASA hopes to avoid in the moon mission by bringing in partners very early in the planning process.

John Logsdon, director of the Space Policy Institute at George Washington University, commended NASA for undertaking a "bottom-up" assessment of the project. He said the program seems to have broad support in Congress, though it will probably get more scrutiny now with Democrats in charge.

"The basic assumption in Congress," Logsdon said, "is that this is the way to go."

NASA Plans To Put A Base On The Moon By 2020 (USAT)

By Traci Watson

USA Today, December 5, 2006

WASHINGTON — NASA plans to surpass the Apollo missions by establishing a base on the moon that could lead to a permanent human presence on the lunar surface, space agency officials said Monday.

For the first time since President Bush announced in 2004 that U.S. astronauts would return to the moon, NASA has specified what it plans to do once there. No human has set foot on the moon since 1972. That final stay, the longest, lasted three days.

Under the plans outlined Monday, human habitation of the moon would begin in 2020 with four-person crews that would stay for a week. Visits would lengthen until astronauts could live on the base for up to six months at a stretch. This could occur as early as 2024.

The Apollo missions of the 1960s and 1970s “were limited,” said Doug Cooke, NASA's deputy chief of exploration. “We're looking at this more permanent capability that will allow longer stays and a lot of achievements.”

Cooke and other officials declined to say precisely how much the program would cost or how it would be funded. Deputy NASA Administrator Shana Dale said the costs of building a moon colony would not require an increase in the NASA budget, currently $17 billion per year. Part of the money would come from the retirement of the space shuttle, planned for mid-2010, Dale said.

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Last year, NASA Administrator Michael Griffin said that the first voyage back to the moon would cost $100 billion. That includes the price for NASA's new Orion spaceship, a pumped-up version of the Apollo capsule, and the Ares rocket to carry the Orion into space.

Skeptics, such as the Congressional Budget Office and the Government Accountability Office, have warned that NASA is unlikely to be able to mount such an ambitious effort with so little money. Already Griffin has cut NASA's funding of space science and aeronautics research to help pay for the moon program and the high costs of the space shuttle and the International Space Station.

A moon base would help NASA decide what's needed to send people to Mars, said David Portree, a former NASA historian. But he warned that the expense could sink the whole project.

“Running a base is going to be very expensive,” Portree said. “It's going to make running a space station look cheap.” The Congressional Research Service estimates that the station's construction cost will exceed $100 billion, more than five times the first estimate, made in the early '90s.

Saving money was foremost in NASA's thinking in choosing the site for a moon base. It will probably be located at the lunar north or south pole, Dale said, in part because the ample sunlight that hits those regions would make it cheaper to provide power.

The south pole is intriguing to scientists because of the possibility that deep, well-shadowed craters there hold ice, which could be used to provide water as well as fuel. A recent study has raised doubts about that theory.

A Flock Of Frocks And One Weepy Warbler (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, December 5, 2006

Can we just start the evening over? Come back out, do it all over again but this time, you know, differently?

So it went at the Kennedy Center Honors on Sunday, not just for Jessica Simpson -- who broke down onstage over some imperceptible flaw in her tribute to Dolly Parton -- but also for Laura Bush, who mysteriously changed dresses right before the gala.

Why? Turns out that earlier in the evening, the first lady walked into the super-exclusive White House reception for the honorees, wearing the exact same red Oscar de la Renta embroidered tulle jacket and floor-length trumpet skirt as three other party guests, including local philanthropist Vicki Sant.

"Evidently Oscar is very popular this season," press secretary Susan Whitson said of the $8,400 ensemble from the designer's fall 2006 collection. "It just goes to show that no one can resist a beautiful red gown."

The first couple laughed about it. "But she didn't want her guests to feel uncomfortable," Whitson said, so FLOTUS dashed upstairs and slipped into a black lace gown before heading to the KenCen.

It was harder to figure out what was going on with Simpson. The 26-year-old pop starlet kept one arm clutched to her midsection while singing "9 to 5." At the end, she blurted, "Dolly, you make me so nervous, I can't even sing the words right," then scuttled awkwardly off the stage.

Witnesses told us she was a wreck before she went on, weeping while the video tribute to Parton played and pacing anxiously during performances by Carrie Underwood, Kenny Rogers, Alison Krauss and Shania Twain.

"She was overcome with emotion performing the song for Dolly because she has idolized Dolly Parton her entire life and she wanted the song to be perfect," her publicist Cindi Berger said yesterday. "When it wasn't, she was upset with herself."

We didn't hear any mistakes. Said Berger: "She did."

Producer George Stevens told us, "She was very upset, so we said, 'Would you like to have another shot at it?' " Simpson then redid the song for the TV cameras (the show will air on CBS Dec. 26) once the audience had left the Opera House.

But it was all smiles and hugs in the Grand Foyer, as the stars filtered out to be seated for dinner. "What a photo op!" Parton exclaimed. There she was with Simpson, Twain, Krauss, Reese Witherspoon and Reba McEntire, arms wrapped around each other in a Country Girl Power lineup for every digicam and Nokia in the vicinity.

"Everybody, look this way now!" chirped McEntire.

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Then Simpson -- after a quick hello with chum Ken Mehlman (who knew?) -- was outta there, showing us the laced-up back of her black dress as she hightailed it down the Hall of Nations. All that was left was the memory, and the photo that Bob Schieffer had captured of himself with her in his digital camera, which he was proudly showing to Karl Rove.

Witherspoon, radiant in a sparkly slip dress, lasted only a few minutes longer. "I have to catch a plane," she was telling a friend. "Gotta get back to my kids."

Fine -- lots of other folks to see. Like Smokey Robinson posing for pics with childhood pal Aretha Franklin, who snagged a seat next to his at dinner . . . And another A-list traffic jam over by Steven Spielberg's table, though once we drew closer we saw the mob was swarming Tom Hanks, while the director ate quietly with wife Kate Capshaw, in her glamorous sideswept bangs. Hanks later took a seat and chatted animatedly with John Williams. Two matrons approached timidly. "Not while they're eating," warned a buzz-cut bodyguard. At a quieter table, Andrew Lloyd Webber talked to the willowy redhead sitting between him and young crooner Josh Groban.

Curvaceous in black lace, Fran Drescher (yes, "The Nanny") was there with Patrick Kennedy, though not with him -- meaning she was his date, but it wasn't a date date . . . And Joan Collins (she's still here!) with grandly oversize frilly white collar and cuffs.

We found McEntire and husband Narvel Blackstock sitting all alone at a table for 12. "Dolly had to leave," McEntire explained. "She's real tired." (Pronounced "tarred.") Seems it's a lot of work schmoozing with all those people. "She had to get back on the bus and leave to go home."

Doesn't a Kennedy Center Honoree get a private jet? "She sleeps better on her bus," McEntire said.

Well after midnight, Spielberg headed toward the door. "We're going back to the hotel," he said, leaning down to kiss his mother, Leah Adler, "but you can stay here. Party on, Mom."

Bush Welcomes Children To White House (AP)

AP, December 5, 2006

Dozens of children cashed in their equivalent of a golden ticket on Monday: a greeting from the president and a private showing of "Willy Wonka" at the White House.

In a yearly tradition, President Bush and first lady Laura Bush welcomed their young guests to the East Room for a holiday performance. The kids all came from military families, and the president had a message for them.

"We wanted to welcome you here to the White House to, first of all, thank you for your strength — and so that you would do me a favor," the president told the children. He asked them to send an e-mail to their parents stationed overseas to say "how much the commander in chief respects them, admires them and supports them."

Bush and his wife sat with the children for an abbreviated performance of "Willy Wonka," a play based on Roald Dahl's book, "Charlie and the Chocolate Factory." It's the story of Charlie Bucket, who finds a golden ticket to Willy Wonka's chocolate factory and is rewarded by Wonka for showing honesty and character.

The president seemed to enjoy the music, often tapping his feet and nodding along. When he went on stage to thank the performers after the show, the children headed the other way — following Santa Claus out of the room.

How's Your War? (WP)

By Richard Cohen

The Washington Post, December 5, 2006

I am of two minds about what Virginia Sen.-elect James Webb did at a White House reception for new members of Congress. After first trying to avoid speaking to George W. Bush altogether, he was forced to respond when the president approached him and asked, "How's your boy?" Webb replied, "I'd like to get them out of Iraq, Mr. President." (Webb's son is a Marine serving there.) "That's not what I asked you," Bush said. "How's your boy?"

"That's between me and my boy, Mr. President," Webb said, ending the conversation right there. Bad manners? Yes. Understandable? Yes, again.

For this act of consummate rudeness, Webb was roundly reprimanded. George F. Will offered him a magisterial rebuke, and so, less magisterially, did some editorial pages. (Why did Webb go to the White House in the first place?) Not only is such

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behavior rude, but it is usually counterproductive. We don't want to get where we were in the late 1960s, when Lyndon Johnson became a virtual prisoner in the White House, avoiding antiwar demonstrators by simply staying home.

Even that sometimes does not work. Eartha Kitt confronted Lady Bird Johnson at a White House reception, telling her, "You send the best of this country off to be shot and maimed." The next day's Post reported that the first lady went pale. Still, the war ended no sooner -- and not, I should note, before an impassioned opponent of the Vietnam War tried to throw Robert McNamara, the Don Rumsfeld of his day, off the Martha's Vineyard ferry. Much as he did while at the Pentagon, McNamara hung on.

Yet the dastardly act, aside from being oh-so-satisfying to the perp, can have its uses. In this case, it might have jarred Bush into appreciating the fact that many of his critics actually feel keenly about the war in Iraq -- that they are not mere political opponents but people who are morally appalled by a war that continues for no apparent reason. Maybe also the incident made him wonder about Webb, who, after all, hardly fits the demagogic antiwar stereotype constructed by Bush, Karl Rove and Fox News. Webb is a pugnacious sort, a former college boxer, Marine officer in Vietnam and secretary of the Navy under, of all people, Ronald Reagan. I would not, to his face, impeach his patriotism or suggest a dreamy liberalism.

Washington is a bad marriage with monuments. Just to get through the day, it's necessary to lower voices, modulate tempers, eschew insults, voice soft lies -- compromise, compromise, compromise. Quaint parliamentary rules have their utility -- no name-calling, please, and lots of grandiloquence about the "eminent gentleman" who in actuality is a skirt chaser who needs to trim his nasal hair. It is all necessary, like the rules of war or journalistic ethics. Sans manners, nothing would get done. Even with them, precious little is accomplished.

Still, there is accumulating evidence that Bush is talking to mirrors and taking instruction from his dog. He makes no sense, saying he's amenable to change one day and digging in his heels the next. "I'm not going to pull our troops off the battlefield before the mission is complete," he said recently. Yes. Absolutely. But what is the mission? Please, ask the dog. Lives are being wasted.

That, of course, is the whole point. This imbroglio about Webb and manners is, at bottom, about the (very) premature deaths of young people in Iraq -- the sons and daughters of people much like Webb. Their only hope is that Bush is a liar rather than a fool. There is ample evidence for both propositions. He vowed enduring loyalty to Rumsfeld while interviewing his replacement, and he has overseen the administration of the war with an incompetence that will earn him a special place in American history.

Maybe the president has a plan for disengaging in Iraq. Maybe, though, he is disengaged himself. If that is the case, the thought occurs that it would take a polite version of a Cagneyesque grapefruit in the face to get his attention. If Webb did that, then a medal, not a rebuke, is in order.

Now, Jim, behave yourself.

Report Says VA's Spending Too Slow (USAT)

By Gregg Zoroya

USA Today, December 5, 2006

The Department of Veterans Affairs is too slow to spend the money it budgeted to treat the mental health needs of veterans, including those returning from Iraq and Afghanistan, according to a Congressional study released Monday.

The VA budgeted $300 million in fiscal 2005-06 for new mental health initiatives but spent only $200 million, according to the study by the Government Accountability Office, the watchdog arm of Congress.

The study also found that the VA had little or no way of tracking spending for new mental health initiatives during those two years, and that some of the money it spent might not have gone toward mental health programs.

The VA took issue with the findings. "Unfortunately, the GAO chose to look at the plan as an accounting exercise, focusing primarily on how many dollars are spent," said Matt Burns, VA spokesman. Mental health funds were spent on new initiatives, but Burns said the VA spent money only on programs that met its standards.

VA officials planned to place at least some of the unspent money in a reserve fund to be used in fiscal year 2007, the GAO study says.

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"We are taking some time," VA executive Gerald Cross told a House subcommittee Sept. 28. "But we want to make sure it's spent right."

The $300 million in 2005-06 funding came in response to a 2004 VA plan to correct gaps in a variety of areas. Among them: early assistance for Iraq and Afghanistan war veterans suffering from combat stress; mental health treatment programs for a growing number of female veterans; and rehabilitation programs for veterans with serious mental illnesses.

"Without the commitment to fully fund the mental health care proposals … improvements in VA's mental health services will not be achieved," Rep. Mike Michaud, ranking Democrat for a Veterans Health subcommittee, wrote in a letter last week to VA Secretary Jim Nicholson.

Michaud cited statistics showing that the VA saw almost 18,000 Iraq and Afghanistan veterans diagnosed with post-traumatic stress disorder (PTSD) during fiscal 2006; the VA had anticipated 2,900 cases.

The VA provides health care to more than 5 million patients, including veterans and their families. It treats homeless veterans, veterans with serious mental illnesses and combat veterans for conditions such as depression, PTSD and substance-abuse problems.

A 2003 Army study showed that 17% of soldiers from combat units were diagnosed with such conditions as PTSD or major depression.

VA Failed To Spend All Money To Beef Up Mental Health Services (NCT)

By Suzanne Gamboa

North County Times, December 5, 2006

WASHINGTON -- The Department of Veterans Affairs did not spend all of the extra $300 million it budgeted to increase mental health services and failed to keep track of how some of the money was used, a government report says.

VA launched a plan in 2004 to improve its mental health services for veterans with post-traumatic stress disorders and substance-abuse problems. To fill gaps in services, the department added $100 million for mental health initiatives in 2005 and another $200 million in 2006. That money was to be distributed to its regional networks of hospitals, medical centers and clinics for new services.

But the VA fell short of the spending, by $12 million in 2005 and about $42 million in fiscal 2006, said the Government Accountability Office, Congress investigative arm.

It distributed $35 million in 2005 to its 21 health care networks but didn't inform the networks the money was supposed to be used for mental health initiatives. VA medical centers returned $46 million to headquarters because they couldn't spend the money in fiscal 2006.

In addition, the VA cannot determine to what extent about $112 million was spent on mental health services improvements or new services in 2006.

VA reported in September that more than a third of Iraq and Afghanistan veterans who sought medical treatment from the VA in the 18 months prior reported symptoms of stress or other mental disorders.

Longer and multiple deployments, unpredictable daily attacks and roadside bombings and efforts to reduce the stigma of post-traumatic stress disorders have been cited as reasons for the increased reports.

VA said at the time it had increased funding for mental health services, hired 100 more counselors and was not overwhelmed by the rising demand.

VA spokesman Matt Burns said in a written statement the GAO looked at the agency's Mental Health Strategic Plan as an accounting exercise. "In contrast, VA's emphasis has been on building mental health care capacity and high quality programs to support and treat veterans. VA expends resources for programs that meet these criteria," Burns said.

He said VA has already taken steps to make sure mental health money is used for its intended purpose.

The money is only a portion of what VA spends on mental health. VA planned to spend about $2 billion on mental health services in FY2006. But the additional spending from existing funds on what VA dubbed its Mental Health Care Strategic Plan was trumpeted by VA as way to eliminate gaps in mental health services now and services that would be needed in the future.

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"While we are at war we do have to make sure we spend the resources that are allocated for our veterans," said Rep. Michael Michaud, ranking Democrat on the House Veterans Affairs health subcommittee.

He said he thinks VA is overwhelmed. Along with the increased mental stress reports from Iraq and Afghanistan veterans, Vietnam vets are also experiencing flashbacks and recurrences of combat stress problems because of the ongoing wars, he said.

"This goes above and beyond just dealing with the veterans, it deals with the family of veterans which could have long-term implications and additional costs at federal level and state and local level," Michaud said.

Democrats have said they want to increase funding for veterans' health care, in particular its mental health counseling for returning Iraq and Afghanistan vets when they take over Congress next year. They also have said they want to increase the department's oversight and get detailed budget accounting from the VA.

On the Net: Government Accountability Office: http://www.gao.gov

Previous Story: In newly disclosed letter to Bush, Rumsfeld called his Iraq options paper a weeks-old project

Next Story: Navy submariner pleads guilty in Norfolk, Va. to trying to sell classified data

. Comments On This Story

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First name only. Comments including last names, contact addresses, email addresses or phone numbers will be deleted. All comments are screened before they appear online, so please keep them brief.

Group Asks Removal Of Koran Swearing-In Critic (WP/AP)

By Frederic J. Frommer

The Washington Post, December 5, 2006

An Islamic civil rights group wants a columnist removed from the U.S. Holocaust Memorial Council for criticizing Rep.-elect Keith Ellison's decision to use the Koran during the Minnesota Democrat's ceremonial swearing-in next month.

The Council on American-Islamic Relations said yesterday that comments by Dennis Prager, a columnist and conservative talk radio host, displayed an intolerance toward Islam that makes him inappropriate to serve on the council, which oversees the U.S. Holocaust Memorial Museum.

President Bush appointed Prager in August to fill the remainder of a five-year term, which expires in January 2011.

In his column last week, Prager wrote: "Insofar as a member of Congress taking an oath to serve America and uphold its values is concerned, America is interested in only one book, the Bible. If you are incapable of taking an oath on that book, don't serve in Congress."

Nihad Awad, CAIR's executive director, sent a letter to the council's chairman, Fred Zeidman, saying, "No one who holds such bigoted, intolerant and divisive views should be in a policymaking position at a taxpayer-funded institution that seeks to educate Americans about the destructive impact hatred has had, and continues to have, on every society."

Messages left yesterday at the Holocaust Museum and at Zeidman's office were not returned.

Prager, in a telephone interview yesterday, offered what he called "a solution to this that would satisfy me and the vast majority of Americans" -- Ellison bringing a Bible with him along with his Koran.

"The issue has never been one of religious freedom or attitudes toward Islam," added Prager, who is Jewish. "The issue has been from the outset honoring the most important text of American history."

Ellison is the first Muslim elected to Congress.

He will replace longtime Democratic Rep. Martin Sabo, who is retiring.

Ellison did not return phone messages yesterday, but a CAIR spokesman, Ibrahim Hooper, questioned Prager's offer.

"It's obviously up to Mr. Ellison to decide, but I don't think that forcing him to swear an oath on a book not of his faith is the answer," Hooper said.

By tradition, all members of the House are sworn in together on the House floor. It's in the photo-op ceremony that a Bible is used -- or in Ellison's case, the Koran.

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Meanwhile, the Anti-Defamation League, which fights anti-Semitism and racism, issued a statement calling Prager's comments "intolerant, misinformed and downright un-American."

Postal Service, Union To Take Their Differences To Arbitration (WP)

By Stephen Barr

The Washington Post, December 5, 2006

The U.S. Postal Service and one of its largest unions, the National Association of Letter Carriers, have broken off contract talks and will take their differences to arbitration.

William H. Young, president of the letter carriers group, said outsourcing was the main issue preventing an agreement. In an e-mail to union members, he said the Postal Service "has signaled its intention" to use contractors for "existing city carrier work," such as delivering mail to homes and businesses in the nation's metropolitan areas.

A spokesman for the Postal Service said he could not comment on specific issues but said the agency had tried "in good faith" to reach an agreement with the letter carriers.

Contract talks continue with three other unions -- the American Postal Workers Union, the National Rural Letter Carriers' Association and the National Postal Mail Handlers Union. Contracts for all the unions expired Nov. 30.

The American Postal Workers Union posted a notice on its Web site yesterday afternoon reporting "substantial progress" in its contract talks. "We are cautiously optimistic" about a possible deal, the union's president, William Burrus, said in the notice. The union has asked rank-and-file union advisers on the talks to come to Washington for a meeting Wednesday, he said.

Labor costs account for 78 percent of the Postal Service budget, and postal officials often try to avoid having contract disputes decided by a third party. The arbitration process typically takes six months or longer, and the rulings usually give unions some or much of what they sought at the negotiating table, according to Bush administration officials.

More than 616,700 postal employees are covered by union contracts; about 270,640 are represented by the American Postal Workers Union, and about 224,775 are represented by the letter carriers union.

Controlling the cost of mail delivery is a key management issue for the Postal Service, according to the agency's inspector general. Mail is delivered to more than 144 million homes, business and other places in the nation, primarily by city and rural letter carriers. The Postal Service rarely uses contractors to deliver city mail but has more than 6,000 contractors who deliver to mailboxes on highway routes, according to the inspector general.

Young said that the letter carriers union had offered to restructure mail delivery in cities and to help the post office address soaring employee and retiree health-care costs but that postal officials, in exchange, would not agree to protect work performed by letter carriers from outsourcing.

In an apparent reference to the union's lobbying strength on Capitol Hill, Young said the Postal Service had put at risk "a cooperative strategic partnership with NALC in pursuit of an outsourcing strategy that is politically unattainable."Early Outs at Labor

It's time for another round of early outs at the Labor Department.

Labor, which has offered early retirement to employees eight times in the past 10 years, will offer the option next year, from Jan. 1 to Sept. 30.

The department estimates that 2,662 of its 15,349 employees will be eligible to volunteer for retirement.

Employees are eligible for early outs if they have 25 years of service or have 20 years of service and are at least 50. Early outs can lead to reduced pensions for some employees, usually people under 55 covered by the Civil Service Retirement System.

The Labor Department said it was offering early outs to make room for new employees and a different mix of occupational skills. Relatively few employees take early outs, however. This year, only 125 left through a similar program.Retirement

Solly Thomas, acting associate director for human capital at the Office of Personnel Management, retired Dec. 1 after more than 33 years of government service.

Thomas joined the OPM in 2003 and has managed a number of government-wide initiatives, including personnel policy changes under the president's management agenda.

DOJ_NMG_0102301

He has worked in eight federal agencies, including the Federal Labor Relations Authority, the International Trade Commission and the Navy.

Can't Be Bothered (WP)

The Washington Post, December 5, 2006

IT SHOULDN'T matter whether you're conservative or liberal, for globalization or against: Some trade bills are so obviously beneficial and unobjectionable that there's no excuse for letting them languish. This is the case with a raft of measures that would extend trade preferences for poor countries -- preferences due to expire at the end of the year. Failing to renew them would not save American jobs or advance any other national interest; rather, it would disrupt the economies of U.S. trading partners and create another excuse for foreigners to resent the United States. The lame-duck session of Congress provides a chance to avoid that outcome, but there's no guarantee members will act.

Four trade-preference measures are in jeopardy. The measures would prolong tariff concessions to Andean nations, allow African garments made with third-country fabrics into the U.S. market, extend a similar concession to Haiti and renew the Generalized System of Preferences, which helps more than 100 countries. Passing these measures would not involve granting new market access; it would avoid closing the U.S. market and triggering factory closures in partner countries. Meanwhile, Congress also needs to ratify Vietnam's membership in the World Trade Organization. Without ratification, Vietnam will join the WTO anyway, but the United States will not enjoy the access that Vietnam has granted other WTO partners. The more Congress delays, the greater the head start it will give European and Japanese companies seeking to establish themselves in a fast-growing market of 85 million people.

These trade measures might founder partly because anti-globalization sentiment is growing in Congress, causing a minority of members to oppose all trade deals, no matter how routine. Another factor is that the pro-trade chairman of the House Ways and Means Committee, Rep. Bill Thomas (R-Calif.), is complicating passage by loading up legislation with his own tactical wheezes. To punish India and Brazil for not doing more to secure passage of the Doha global trade liberalization package, Mr. Thomas wants to restrict the Bush administration's discretion to allow those countries access to U.S. markets, but Mr. Thomas should leave the calibration of sticks and carrots to the president's negotiating team. To encourage Africans to make garments out of locally produced textiles, Mr. Thomas wants to set impossibly tough targets for local content. He should leave the management of Africa's industrial development to Africans.

But the biggest reason these trade measures may fail is the most scandalous: Most members of Congress know that they ought to be extended, but institutional inertia is stopping them from doing the right thing. For the past several months, Congress has put off dealing with the trade preferences, even though their expiration at the end of the year was no secret. Now the deadline is approaching, and members of Congress complain that they lack time to craft the legislation. What Congress is saying is that leaving town for the holidays is more important than jobs in developing countries. No wonder the United States is seen as arrogant.

OTHER NEWS:

Fed Official Moskow Continues To Expect Economic Growth (WSJ)

By Stephen Wisnefski

The Wall Street Journal, December 5, 2006

CHICAGO -- The president of the Federal Reserve Bank of Chicago said Monday that the latest economic data, including numbers last week showing a contraction in the manufacturing sector, haven't changed his view of the economy.

"Overall, I think the economy is solid," Michael Moskow said in an interview that was webcast on CNBC.com. Mr. Moskow pointed to productivity growth, low unemployment and strong demand from countries outside the U.S. as factors that buoy the domestic economy.

Mr. Moskow said that the Chicago Fed is expecting gross domestic product growth to be "somewhat below trend," citing a forecast for 2007 of a 2.8% expansion. "I don't think that the data we have seen are out of line with that forecast," he added.

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On Friday, the Institute of Supply Management, a private research group, said that its index of manufacturing activity fell to 49.5 in November. The figure came in well below market expectations and marked the first time in nearly three-and-a-half years that the ISM number didn't show expansion.

Mr. Moskow, who isn't currently a voting member of the policy-making Federal Open Market Committee but will be in 2007, said that it is essential for the Fed to look at all incoming data to see how its forecasts could be impacted and to adjust monetary policy accordingly.

The FOMC has left its benchmark federal funds rate at 5.25% at each of its last three meetings, after tightening monetary policy steadily over a two-year period to contain inflationary pressure.

Mr. Moskow and other Fed officials in recent weeks have said that inflation threats remain. Mr. Moskow has also said that further rate increases could be needed, as the risk of inflation being too high is greater than the risk of economic growth being too slow.

On Monday, Mr. Moskow said that core inflation -- which excludes energy and food costs -- is expected to come down somewhat over the coming year. He also said that recent data indicate that inflation is moving in the right direction.

Nonetheless, he said the Fed has to ensure that inflation doesn't stay elevated for an extended period of time and that inflation expectations remain under control. He noted that the Fed can't let up its guard on inflation.

Stocks Rebound On Takeovers, Oil-Price Decline (WSJ)

By E.s. Browning

The Wall Street Journal, December 5, 2006

All it took was a couple of takeover announcements and a dip in oil futures, and stocks wiped out all of last week's losses.

Although they already have pushed indexes to double-digit gains since July 14, investors still appear prepared to buy.

After falling 86.04 points last week on disappointing economic news, the Dow Jones Industrial Average yesterday rebounded 89.72 points, or 0.74%, to finish at 12283.85. It is up 14.6% in 2006, less than 60 points from the record 12342.56 hit last month.

The Dow would have been up another 23.7 points except for a 10.6% decline at Dow-industrials component Pfizer, which abandoned a prospective cholesterol drug that was supposed to be a blockbuster. The decline knocked $21.3 billion off the overall stock-market value of the drug maker.

Investors applauded some takeover announcements -- that Bank of New York would buy Mellon Financial and LSI Logic would acquire Agere Systems. Takeovers reassure investors by indicating that acquiring companies see value in current stock prices. (Mergers boosted European markets, too1.)

More important to some traders, oil futures, which had been rebounding, pulled back 99 cents to $62.44, following a National Weather Service forecast of warm December weather. "As oil goes, so does the stock market. That just happens to be the data point that everyone is concentrating on at this moment," said Doug Johnston, head of trading at Boston-based brokerage firm Canaccord Adams. Overall, he added, "the stock trend is still up."

Investors now await the November jobs report due Friday, which Fed officials have indicated they will examine as a key inflation indicator.

The National Association of Realtors announced a bigger-than-expected drop in its index of pending home sales for October. But Michael Moskow, president of the Federal Reserve Bank of Chicago, told CNBC that "the economy is solid."

Treasury bonds, which react to economic surprises, were little changed, as was the dollar, which has rattled investors with its recent slide.

The Standard & Poor's 500-stock index pushed to another six-year high, rising 0.89%, or 12.41 points, to 1409.12, up 12.9% this year. The volatile Nasdaq Composite Index advanced 1.46%, or 35.18 points, to 2448.39, ahead 11% in 2006. The Russell 2000 small-stock index hit another record.

In major U.S. market action:

Stocks and bonds rose2. The 10-year Treasury note rose3 2/32, or 63 cents for each $1,000 invested, pushing the yield down to 4.431%.

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The dollar was mixed4. It traded at 115.33 yen, down from 115.47, while the euro fell against the dollar to $1.3328 from $1.3336.

Deals Propel Stocks To Highs For Year (USAT)

USA Today, December 5, 2006

NEW YORK — The broad U.S. stock market closed at a fresh 2006 high Monday as investors put aside Pfizer's decision to halt development of a key drug and focused instead on another series of takeover deals (stories, 1B, 9B).

The Standard & Poor's 500 index rose 12.41 points, or 0.9%, at 1409.12, hitting a fresh six-year high. The Russell 2000, an index of small-company stocks, notched a record high, gaining 14.68 points, or 1.9%, to 795.85.

The Dow Jones industrial average rose 89.72 points, or 0.7%, to 12,283.85, while the Nasdaq composite added 35.18 points, or 1.5%, to 2448.39.

Pfizer shares fell $2.96, or 11%, to $24.90, after the company stopped the development of the cholesterol drug torcetrapib because of deaths and cardiovascular problems among people taking the drug during clinical trials (story, 3B).

The news was offset by several merger announcements that reinforced the belief that companies are optimistic about the economy and therefore are willing to take some risks. Leading them was Bank of New York's $16.5 billion deal to buy rival Mellon Financial to create an asset-management powerhouse.

Bank of New York shares jumped 12% to end at $39.75, while Mellon shares ended up 7% at $42.78.

"Trading activity is being driven by the large amount of merger and acquisition announcements, specifically in the banking, semiconductor and hotel sectors of the market," says Michael Sheldon, market strategist at Spencer Clark.

LSI Logic, a maker of storage and DVD chips, said it would pay $4 billion for semiconductor and software storage company Agere Systems, sparking a rally in chip stocks. The semiconductor index rose 2%.

A break in the dollar's recent decline also raised the allure of U.S. stocks as investors bet on a strong Wall Street year-end finish.

The dollar edged up against most major currencies on Monday as investors moved in following a dollar decline that has shaved some 3% off its value in less than two weeks.

Crude ended down 99 cents a barrel at $62.44 amid forecasts of warmer weather in the USA and doubts among traders of another OPEC production cut.

The drop in oil prices spurred demand for industrial stocks such as United Technologies, Honeywell and 3M. United Technologies gained $1.04 to $64.90. Honeywell gained 80 cents to $43.61. 3M rose 91 cents to $80.89.

Merger Announcements Lift Stocks Even As Pfizer Dumps Key Drug (WP/AP)

The Washington Post, December 5, 2006

NEW YORK, Dec. 4 -- Wall Street surged higher Monday as investors dismissed Pfizer's decision to halt development of a key drug and focused instead on another series of takeover deals.

The Dow Jones industrial average rose 89.72, or 0.74 percent, to 12,283.85. The Standard & Poor's 500-stock index was up 12.41, or 0.89 percent, at 1409.12, and the Nasdaq composite index added 35.18, or 1.46 percent, to 2448.39.

Pfizer shares fell by about 11 percent after the company stopped the development of torcetrapib, a cholesterol drug, because of deaths and cardiovascular problems among people taking it in clinical trials. The stock was also downgraded by several Wall Street analysts concerned that Pfizer's revenue growth would weaken.

But that news was offset by several merger announcements that reinforced the belief that companies are optimistic about the economy and therefore are willing to take some risks. Leading them was Bank of New York's $16.5 billion deal to buy rival Mellon Financial to create an asset management powerhouse. The all-stock deal will create the world's leading asset servicer with $16.6 trillion in assets under management. It also ranks among the top 10 global money managers, with more than $1.1 trillion in assets under management.

LSI Logic said it would buy rival chip and storage systems maker Agere Systems for $4 billion in stock. The purchase price represents a 28 percent premium for Agere shareholders.

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And Kirk Kerkorian's investment firm, Tracinda, launched a cash tender offer to acquire 15 million shares of casino operator MGM Mirage.

Stocks stumbled Friday after a manufacturing survey unexpectedly contracted in November, pushing the major indicators to a loss for the week. However, major indicators are still poised to finish 2006 with double-digit gains.

Movers

Pfizer fell $2.96, to $24.90.

Merck gave up 36 cents, to $44.70.

Schering-Plough added 80 cents, to $22.73.

Bank of New York gained $4.27, to $39.75.

Mellon rose $2.73, to $42.78.

LSI fell $1.44, to $9.12.

Agere Systems rose $1.51, to $19.30.

MGM Mirage rose $2.68, to $56.35.

Wanted: Factory Workers (USAT)

By Barbara Hagenbaugh

USA Today, December 5, 2006

EMMAUS, Pa. — Michael Bunner has done everything he can think of to hire workers.

He's increased pay, offered training and recently, hired a man straight out of prison.

While his story isn't too surprising given that the unemployment rate of 4.4% is at a 51/2-year low, what is unexpected is that Bunner is in the manufacturing sector, an industry that has been grabbing headlines for losing jobs. But despite all those layoffs, Bunner can't find plastic welders or even people who are willing and able to be trained for the specialty job.

"I'm turning down contracts," says Bunner, president of Electro Chemical Engineering and Manufacturing, which makes chemical tanks. "I could expand 20-30% overnight if I had more people."

Much has been made of the loss of millions of manufacturing jobs in the USA in recent years.

But manufacturers, regardless of size, specialty or location, across the USA are reporting a dire shortage of skilled workers: people such as welders, electricians or machinists with a craft that goes beyond pushing buttons or stacking boxes but does not require a degree. That shortage is threatening their ability to meet current demand, let alone expand their businesses. The gap could threaten the viability of the U.S. manufacturing sector at a time when it is facing heavy competition from abroad.

In a survey of 800 manufacturers conducted by the National Association of Manufacturers (NAM) last year, more than 80% said they were experiencing a shortage of skilled workers. In October, manufacturers surveyed by the Federal Reserve Bank of Philadelphia said "finding qualified workers" was their biggest business problem.

The shortage of skilled workers is the result of a number of factors. One of the biggest is that manufacturing in the USA is becoming more high-tech and skill-based as the more repetitive, less-skilled work is moving abroad. Such jobs require greater expertise.

Plus, baby boomers with years of experience are retiring. And younger people are bypassing factory jobs, viewing them as repetitive, dirty and without much opportunity, a view that hasn't been helped by all the factory closings and headlines about manufacturing jobs moving to China.

These factors have combined to create a serious worker shortage with no end in sight.

"I've never seen anything like it in my life," says Bunner, whose father worked in a factory when he was growing up in West Virginia. "When I was a kid, people would stand in line for hours for an opportunity at a job like I have available. I can't get people to show up for an interview."

There were 10.2 million manufacturing production workers in the USA in October, down 19% from 10 years ago and 28% fewer than 40 years ago.

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The percentage of all workers in the USA employed in manufacturing has been declining for 50 years. In October, 10% of the U.S. workforce was employed in the manufacturing sector, an all-time low. In 1946, one out of every three workers had jobs in manufacturing.

But the loss of jobs doesn't mean that manufacturing is disappearing from the USA. U.S. manufacturing production last year totaled $1.5 trillion, or 12% of gross domestic product, the broadest measure of economic activity within U.S. borders.

The sector has become more specialized, with a greater focus on technology. With a boom in productivity in manufacturing, firms are able to produce more with fewer workers.

Innovation in the manufacturing sector means that the jobs require greater skills than ever before. According to an analysis by economists Richard Deitz and James Orr at the Federal Reserve Bank of New York, employment in high-skilled manufacturing jobs rose 37%, or by 1.2 million jobs, from 1983 to 2002. At the same time, low-skilled factory jobs dropped 25%, or by approximately 2 million workers.

"The time when you can be relatively unskilled and work in manufacturing for a long time with just a high school degree and make a good salary to support a family is gone," National Association of Manufacturers chief economist David Huether says.

But finding people with the right skills isn't easy.

"It's limiting my growth," says John West, president of Fox Valley Metal-Tech in Green Bay, Wis.

Earlier this year West turned down a $1.5 million contract with Kraft Foods because he didn't have enough welders. That order would have grown his business by 10%.

West's firm, which produces metal machinery parts, has increased pay and offers full health benefits, training, a matching 401(k) plan and bonuses to employees who refer people to work there.

"You get a good worker who has that skill set, you make sure they don't want to leave," West says. "You pay them well; you treat them well."

That's good news for Richard Smith. The 29-year-old from Chillicothe, Ohio, is graduating Dec. 15 from a nine-month welding program at the Hobart Institute of Welding Technology. He's received three job offers, paying $16 to $19 an hour, or more than three times the federal minimum wage. The companies are also paying medical benefits, offering 401(k) plans and paying for additional training.

"It really took me off my feet," says Smith, who got interested in welding while he was in the Navy.

Andre Odermatt, president of the Hobart Institute in Troy, Ohio, says job postings at the school have risen 40% in the last year. Companies are increasingly offering sign-on bonuses of as much as $3,000 and are coming from as far away as California and offering to pay relocation for students willing to move, he says.

"It's like having gone through Harvard," he says. "The world is open for them."

Odermatt and others say they think the shortage of skilled manufacturing workers is largely a function of perception.

"Culturally, we have browbeaten manufacturing to such an extent that we don't have people interested," says John Sinn, interim director of the Center for Applied Technology at Bowling Green State University.

Sinn and others say it is now up to people in manufacturing to change that perception, particularly among younger people and their parents.

"Everyone wants their kids to be doctors, lawyers and dentists. … (But) all of us can't be that," says Lloyd McCaffrey, director of manufacturing technology at Williams International, a gas turbine manufacturer in Ogden, Utah.

McCaffrey's company is investing $30 million in a program at nearby Ogden-Weber Applied Technology College that will bring in students, some of them in high school, for hands-on training in machining.

Representatives at Oklahoma State University-Okmulgee meet with students, some of whom are in middle school, to teach them about manufacturing. The university also recently started a program to help train disadvantaged youths, some of whom are on probation, in manufacturing basics.

"What we're saying is, 'Here is a good option.' … This is a very good career for a lot of people," says Roy Cail, executive director of the economic development and training center at the university.

What concerns Cail and others is that as the workforce ages and the baby boomers retire, the shortage of skilled manufacturing workers could grow more acute.

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In 2005, 43% of manufacturing workers were 45 years old or older. That's up from 32% in 1995, according to a NAM analysis of Labor Department data.

"As the labor force ages, there really aren't young kids coming into the trades," says Patrick Duffy, president of American Machine & Gear in Portland, Ore. Duffy recently paid workers triple time to work on Thanksgiving to get an order out.

At Electro Chemical Engineering and Manufacturing, workers create tanks that are used to process, store or haul chemicals. The steel tanks are lined with a special plastic that prevents erosion and sometimes contain reactors to make the chemicals. Bunner's clients include major companies in the pharmaceutical, chemical and high-tech industries, such as Dow Chemical, Bayer, DuPont and General Electric.

Building the tanks takes a special skill in plastic welding. Even the tiniest crack can mean a chemical leakage, a potentially dangerous and even deadly situation.

But finding plastic welders, or even people interested in learning the skill, has become next to impossible. Bunner has had three open slots for welders since April. People have come in who can't do simple math — such as calculating square footages, a key skill when 1 square foot of plastic material goes for $250. He's also had people come in who have never used a tape measure or read blueprints.

Not only has Bunner increased pay, he offers a 401(k) with a matching program, health insurance and vacation time. But that still isn't working, so he's had to "go outside the box" to recruit, as he puts it.

When a local company shut down, he set up a booth in its human resources department. He hired two people that way. And he's working with the local rescue mission and prison ministry to try to identify candidates.

Bunner is also trying to bring former employees back. An employee who retired at 65 came back to work when he was 68. Soon, the company will be mailing letters to 13 former employees, asking if they'd be interested in working night or weekend hours.

"The fact that they worked for us and they are still alive, we are contacting them," he says.

Bunner notes with a tinge of irony that his business is just down the street from Allentown, Pa., the town Billy Joel made famous in 1982 with his song Allentown. In it Joel described the area's declining manufacturing base, particularly in the steel sector, saying it was "getting very hard to stay."

Electro Chemical used to serve the steel industry but has since adapted to more high-tech uses in the evolving economy, like many other companies.

"We had to adapt or die," he says.

But unless he finds enough people who can, as he puts it, "work with your hands and work with your head," companies like his are going to struggle to get ahead. He's perplexed why more people aren't going into manufacturing.

"Manufacturing has an ugly aura," he says. But "you can't have everyone sitting in a Dilbert cubicle. … Working with your hands, there's nothing wrong with that."

Wyoming Wins Over Mich. Job Seekers (USAT)

By Sharon Silke Carty

USA Today, December 5, 2006

At times, Kathy Emmons can sound like a tour guide.

Wyoming, says the director of the state's department of workforce services, isn't as cold in the winter as people think. There's very little traffic. Tons of skiing and snowboarding. No state income tax.

And the best part: lots of available jobs.

Wyoming, a state with a population of around 500,000, is seeing a boom in the energy, coal mining, high-tech data storage, communications and health care industries. The need for all kinds of workers, especially skilled ones, is so great that the state is actively recruiting from Michigan, were the situation is almost the exact opposite.

For the past two years, as General Motors, then Ford Motor and now Chrysler Group have sounded the siren on their worsening financial situations, workers have lived under the daily stress of knowing their jobs could be eliminated at any moment. More than 70,000 hourly autoworkers have agreed to take buyout packages this year.

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The impact of those job losses is reverberating throughout Michigan's economy, affecting supplier companies that make everything from steel wheel wells to paper towels used in plant restrooms.

So, Wyoming officials thought, why not bring some of Michigan's displaced workers 1,000 miles west? The recruiting effort was "born out of absolute necessity to bring in people to fill jobs," Emmons says. "With only a half a million people, we just don't have enough people to fill the jobs."

About 100 people have made the move so far, and 6,000 more Michiganians have posted résumés on Wyoming's jobs website. Emmons considers the recruiting effort a big success, and the state is now brainstorming to determine what other regions to target for workers.

Few kids — except maybe some die-hard skiers — grow up dreaming of moving to Wyoming to make it big. Sandwiched between Idaho and Utah to the west and South Dakota and Nebraska to the east, the Rocky Mountain state has a reputation for harsh winters and, well, that might be about it.

"We want to make sure we target states that make sense," Emmons says. "People think of Wyoming as having really hard winters. It really doesn't. … But it wouldn't make sense to recruit people from Florida."

Michigan may be a perfect target area. It's a state where winter lasts for five or six months. And its unemployment rate was 6.9% in October, the highest in the nation. Wyoming's rate was 3.3%. The national average was 4.4%.

"We've clearly had a difficult time over the last three years," says Dana Johnson, chief economist for Detroit's Comerica Bank. "It feels terrible, and it's discouraging and frustrating. Some people will react to that by looking for opportunities elsewhere, where the wind is more at their back."

Karen and Brian Peters, longtime Michigan residents, never thought they'd leave the state before retiring four or five years from now. Karen, a University of Michigan alumna and huge football fan, was used to spending summers by the lake and fall weekends at Michigan's "Big House" football stadium.

After her husband was laid off from his job as an electrician, Karen's job as a nurse managing workers' compensation claims continued paying the bills. But as Brian's unemployment dragged on, things started getting tough.

"We tried to stay very positive with the friends we have in Michigan, but it was very hard on my husband," Karen Peters said.

So when Brian easily landed a job working as an electrician in the Rio Tinto coal mines in Wyoming, Karen started looking, too. She found an opening for a job working for the state and got it with just one phone interview.

"There was no way I could say we weren't going to do it," says Karen Peters, who has three grandchildren.

There could be a downside to a mass exodus of skilled workers from Michigan, warns David Cole, chairman for the Center for Automotive Research. While the job losses seem significant today, many of the people accepting buyouts were close to retirement age anyway and would have left within the next four or five years.

Cole says the auto industry likely will face a shortage of skilled workers within the next decade. "We're very close to the point where the question is going to be, 'Where am I going to find someone to fill this job?' "

More Borrowers With Risky Loans Are Falling Behind (WSJ)

By Ruth Simon And James R. Hagerty

The Wall Street Journal, December 5, 2006

Americans who have stretched themselves financially to buy a home or refinance a mortgage have been falling behind on their loan payments at an unexpectedly rapid pace.

The surge in mortgage delinquencies in the past few months is squeezing lenders and unsettling investors world-wide in the $10 trillion U.S. mortgage market. The pain is most apparent in subprime mortgages, though there are signs it is spreading to other parts of the mortgage market.

Subprime mortgages are loans made to borrowers who are considered to be higher credit risks because of past payment problems, high debt relative to income or other factors. Lenders typically charge them higher interest rates -- as much as four percentage points more than more-credit-worthy borrowers pay -- one reason subprime mortgages are among the most profitable segments of the industry.

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They also have been among the fastest-growing segments. Subprime mortgage originations climbed to $625 billion in 2005 from $120 billion in 2001, according to Inside Mortgage Finance, a trade publication. Like other types of mortgages, subprime home loans are often packaged into securities and sold to investors, helping lenders limit their risks.

Until the past year or so, delinquency rates were low by historical standards, thanks to low interest rates and rising home prices, which made it easy for borrowers to refinance or sell their homes if they ran into trouble. But as the housing market peaked and loan volume leveled off, some lenders responded by relaxing their lending standards. Now, the downside of that strategy is becoming more apparent. (See related article1.)

Based on current performance, 2006 is on track to be one of the worst ever for subprime loans, according to UBS AG. "We are a bit surprised by how fast this has unraveled," says Thomas Zimmerman, head of asset-backed securities research at UBS. Roughly 80,000 subprime borrowers who took out mortgages packaged into securities this year are behind on their payments, the bank says.

Though delinquency rates on subprime mortgages originated in the past year have soared to the highest levels in a decade, economists don't expect any significant harm to the nation's economy or financial systems. But if late payments and foreclosures continue to rise at a faster-than-expected pace, the pain could extend beyond homeowners and lenders to the investors who buy mortgage-backed securities.

Several lenders are already feeling the sting. H&R Block Inc., which operates Option One, a major subprime lender, said last week that its mortgage-services unit posted a pretax loss of $39 million in the fiscal second quarter ended Oct. 31, compared with a year-earlier pretax profit of $48.8 million. The Kansas City-based tax-services company said last month it is considering selling Option One, which has been struggling with higher interest rates and defaults, and is closing 12 branch offices.

On Friday, KeyCorp said it reached a deal to sell its subprime Champion Mortgage business. Analysts at Friedman, Billings, Ramsey & Co. put the price for the company's subprime mortgage operation at $130 million, "far below" the $200 million to $250 million they expected. A spokeswoman for KeyCorp declined to comment, except to say that KeyCorp feels it "definitely generated a fair price" for both the unit and its loan portfolio, which was sold separately. She added that KeyCorp was leaving the subprime market because "it no longer fits with our long-term strategic priorities."

Soaring delinquencies are making some lenders more cautious, which is likely to put further pressure on the weak housing market. Yesterday, the National Association of Realtors said that its index for pending home sales for October fell a seasonally adjusted rate of 1.7% from September and was down 13.2% from a year earlier.

Delinquency rates have been rising steadily since the middle of 2005. But the trend has accelerated sharply in the past two to three months, according to an analysis by UBS. The figures don't include loans that lenders were forced to repurchase because the borrower went into default in the first few months; such repurchases also have increased sharply this year.

In October, borrowers were 60 days or more behind in payments on 3.9% of the subprime home loans packaged into mortgage securities this year, UBS says. That's nearly twice the delinquency rate on new subprime loans recorded a year earlier.

Carol Alter, a mail carrier in Aurora, Ohio, says she bought her first home for $99,000 at a sheriff's foreclosure sale in February, but felt pinched right from the start by her nearly $80,000 subprime mortgage. She says closing costs on the loan totaled $6,500, rather than the $2,500 she expected, forcing her to drain her savings and miss payments on her utility bills.

Ms. Alter says she fell behind on her mortgage payments in June after she hurt her leg and missed several weeks of work. She has been able to stave off foreclosure, she says, with the help of a $2,100 interest-free loan from Neighborhood Development Services in Ravenna, which operates a foreclosure rescue fund.

How much higher delinquencies further climb will depend in part on the depth of the current housing slump. Mortgage delinquencies generally rise when the housing market cools because borrowers who are in financial trouble find it harder to sell their homes. In addition, if prices fall, they may not have enough equity in their homes to refinance their mortgage.

The subprime industry's current troubles can be traced back to 2003 and 2004, when defaults were unusually low. Investors who purchased these loans did well and were eager to buy more. That encouraged lenders to lower their standards, making loans to more people with low credit ratings. Lenders also grew less inclined to demand full documentation of income and assets and more willing to offer "piggyback" loans that allowed borrowers to finance 90% or 100% of the purchase price without being required to buy private mortgage insurance.

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Many lenders kept introductory "teaser" rates low even after short-term interest rates began rising in June 2005, while increasing the amount the rate could rise on the first adjustment. That meant borrowers would face sharply higher costs when their monthly payments were reset.

Fraud has also increased. Some borrowers who took out no- or low-documentation loans were coached by loan officers or mortgage brokers to inflate their incomes and couldn't afford even their first mortgage payment, says Theresa Ortiz, a foreclosure manager with Neighborhood Housing Services of New York City, a nonprofit that works with homeowners in financial trouble.

Even after the housing market started to cool in late 2005, lenders continued to offer credit on easy terms. Many didn't begin tightening up until a few months ago. Now, they are pulling back. Accredited Home Lenders Holding Co., for example, is doing fewer piggyback and stated-income loans -- or loans that don't require borrowers to fully document their income -- especially for people with lower credit scores. In retrospect, "the tightening process should have started a bit earlier," says James Konrath, Accredited's CEO.

Recent analyses by UBS and by RBS Greenwich Capital show that subprime loans made in 2006 are going into foreclosure at a faster pace than loans made in previous years. In many cases these loans are "so bad right off the bat" and so far beyond the borrower's ability to pay that giving the borrower more time to pay or restructuring the loan wouldn't help, says Michael van Zalingen, director of homeownership services at Neighborhood Housing Services of Chicago, a nonprofit organization that works with financially distressed homeowners.

If delinquencies continue to grow, the pain could also be felt by investors who have flooded into the market for subprime securities. Because of the way mortgage-backed securities are structured, investors who buy investment-grade securities aren't likely to be hurt if losses are close to expectations. But if losses on the underlying mortgages substantially exceed expectations, some investors who buy the riskiest slices of subprime securities are likely to rack up losses. These include hedge funds and investors who buy collateralized debt obligations, pools of debt instruments that are often snapped up by foreign buyers.

Because the underlying loans have gotten riskier, credit-rating agencies are telling issuers of mortgage-backed bonds to set aside more money to cover losses than they did three years ago in order to get an AAA rating for their bonds.

But some recent deals are already coming under review. Standard & Poor's Corp. put one deal backed by loans issued by Fremont General Corp.'s mortgage unit on credit watch for possible downgrade last month and says it could take similar action on deals from several other issuers within the next few months. Fremont declined to comment.

"We are really monitoring very, very closely the portfolios of all the subprime issuers," says Ernestine Warner, head of RMBS Surveillance. "It's an industrywide trend."

Last week, Moody's Investors Service put a third 2006 deal on credit watch for a possible downgrade. Fitch Ratings also has a 2006 deal on credit watch. When mortgage-backed securities are downgraded it is typically during their third or fourth year.

Predicting losses on these securities is a challenge because there's little or no historical evidence to show how subprime loans will perform at a time when home prices are falling, says Thomas Lawler, a housing economist in Vienna, Va. An analysis by Merrill Lynch & Co. found that losses on recent subprime deals could be "in the 6% to 8% range" if home prices are flat next year and could rise to the "double digits" if home prices fall by 5%. Falling home prices could trigger losses not only for investors who bought riskier classes of mortgage-backed securities, but also for some holders of A-rated bonds, according to the report.

Dems' Gains In New Hampshire Spur 2008 Optimism For Sununu's Seat (HILL)

By Aaron Blake

Hill, December 5, 2006

If it was a Democratic wave that swept the country last month, it was a Democratic tsunami rushing over New Hampshire.

Battle lines will surely be drawn in 2008 in the Granite State over its two state houses and two U.S. House seats, which all flipped Democratic in dramatic fashion on Election Day — not to mention the state's having the first presidential primary in the nation.

But the lone red state in the Northeast, if one can still call it red, still has two Republican senators who were not up for reelection this year. In two years, however, freshman Sen. John Sununu (R) could well be headed for a race worthy of what has become the biggest little state in American politics.

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Nearly a quarter of the 400 seats in the state House flipped, and exactly one quarter of the 24 seats in the state Senate flipped. Democrats now control each chamber with a nearly 60 percent majority.

Coupled with the reelection of Democratic Gov. John Lynch, these shifts give New Hampshire Democrats control of the state capitol for the first time in more than 130 years and a bright eye toward 2008 and, specifically, Sununu's seat.

"Certainly, the environment is more favorable for a Democrat than it has been in quite some time," said Portsmouth Mayor Steve Marchand (D), who last week indicated he would weigh a challenge to Sununu. "From a Democratic perspective, New Hampshire had about as favorable a day as any state in the country a few weeks ago."

The state-level action was overshadowed nationally by the losses of the state's two House members, Republican Reps. Jeb Bradley and Charlie Bass. Bradley was stunned by underfunded anti-war activist Carol Shea-Porter while Bass lost to Democrat Paul Hodes.

Shea-Porter and Hodes both figure to be attractive targets in 2008, and the state GOP is already attacking them in press releases.

The events of last month capped off a shift in the political landscape of New Hampshire, said St. Anselm College politics professor Dante Scala.

Scala said the transition from red to blue in New Hampshire is something that has been evolving for a while. The Republican-dominated state government simply hadn't yet changed to reflect it, he said.

"The political demographics of the state have deteriorated for John Sununu since 2002; 2002 was, in retrospect, a high-water mark for the Republican Party for the whole decade and maybe for longer than that," Scala said. "Ever since then, Democrats have really had the upper hand in terms of simple voter enthusiasm.

President Bush won New Hampshire in 2000, but Sen. John Kerry (D-Mass.) won it in 2004.

"Republicans can no longer count on a lead among the base voters the way they used to," said Scala.

Scala suggested that Sununu would be especially vulnerable in the absence of a Republican presidential nominee who appeals to the state's voters, adding that Sen. John McCain (R-Ariz.), who ran away with nearly 50 percent of the vote in the 2000 presidential primary there, would be a boon to Sununu.

The trick for Democrats is finding a candidate worthy of the race, and three potential challengers with valuable statewide experience appear unlikely to run.

Perhaps the strongest candidate, Lynch, was returned to office with a record 74 percent of the vote last month and doesn't plan to leave.

Former state Sen. Burt Cohen (D), who dropped a bid against Sen. Judd Gregg (R) in 2004 amid flawed financial filings, was recently charged with disobeying a police officer and resisting arrest during an incident stemming from a traffic stop.

And former Gov. Jeanne Shaheen (D), who lost to Sununu by four points in 2002, is unlikely to run again, according to a New Hampshire Democratic Party source who "would be surprised" if Shaheen left her post as head of Harvard University's Institute of Politics. Asked about Sununu, Shaheen was reported in The Harvard Law Record as saying she has noticed that Sununu's approval rating is under 50 percent. She could not be reached for comment.

State senators who have been mentioned as potential candidates are also faced with deciding between their newfound majority and a difficult and costly bid to unseat Sununu. State Sen. Maggie Hassan, who will be a part of the new majority's leadership, told The Hill last week that her party's ascent quashed any thought she might have had of running.

State Sens. Peter Burling, Joe Foster and David Gottesman have also been mentioned, along with former Rep. Dick Swett.

Marchand, 32, indicated he would mull the decision with his family over the next several weeks and said it is important that he or any candidate decide by early next year so he or she can compete financially. Sununu, who raised $3.5 million and was outspent by more than $2 million in 2002, had $560,000 on hand at the end of September.

State Democratic Party Chairwoman Kathy Sullivan said she is optimistic that the gains Democrats made in the state will lead to increased interest in running against Sununu, since candidates will feel better about their chances.

She said adding hotly contested U.S. Senate and presidential races to defending their gains in the state and the U.S. House will surely make for a full plate for state Democrats, but that it's a nice problem to have.

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"We were saying on election night — it's like the New Hampshire we always hoped we would see but never dreamed would happen," Sullivan said. "It's great. Now we've got to just try to hold on."

In a statement, Sununu said he would run his 2008 campaign just like past efforts.

"As they have always been, our campaign in 2008 will be an aggressive town-to-town, person-to-person effort — strong on grassroots organization and focused on the issues that matter most to New Hampshire citizens," Sununu said.

Brownback Moves Toward White House Bid (AP)

By Sam Hananel

AP, December 5, 2006

After taking the first step in a presidential bid on Monday, Sen. Sam Brownback said he would start a 10-state tour with a traditional stop in Iowa. Then he's going to jail.

The Kansas Republican plans to spend Friday night at Louisiana's notorious state penitentiary in Angola to highlight the problem of recidivism and programs that can help prisoners become law-abiding members of the community.

It's an unusual route, possibly a first for a potential presidential candidate. But the prison stay captures the complexity of Brownback's views and his desire to broaden his appeal beyond religious conservatives who form his natural base.

"There is a real need in our country to rebuild the family and renew our culture and there is a need for genuine conservatism and real compassion in the national discussion," Brownback said in a statement.

Brownback established an exploratory committee that will allow him to travel the country and raise money while gauging support for his long-shot White House bid.

Brownback, 50, says his deep faith in God guides his well-known opposition to abortion, gay marriage and embryonic stem-cell research. He pledged to make "issues of life," fiscal restraint and tax reform key components of his effort to woo supporters.

But his faith also leads him to tackle social injustice around the world. He's spearheaded legislation to fight genocide in Sudan and clamp down on human slave trafficking. Last week, he took an AIDS test with a potential White House rival on the Democratic side — Sen. Barack Obama of Illinois — to encourage others to be tested.

"We believe in a culture of life — that every human life is a beautiful, sacred, unique child of a loving God," Brownback said in a statement on his new Web site.

Brownback has openly weighed a presidential bid for nearly two years, but has struggled to build a national profile despite more than a dozen trips to Iowa and other states with early nomination contests.

The senator's best chance to make a splash in Iowa remains with influential members of the GOP's powerful conservative Christian wing. Those voters tend to be skeptical of better-known, more moderate Republicans such as Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani, who also have established exploratory committees.

The number of possible candidates with a claim to the religious right has shrunk in recent weeks with the defeat of Sen. George Allen of Virginia in the midterm election and Senate Majority Leader Bill Frist's decision to forego a run for president.

But with many other contenders expected to jump into the wide-open race, Brownback needs to focus on Iowa and spend as much time as he can to generate more name recognition, said Chuck Hurley, president of the conservative Iowa Family Policy Center and an old law school classmate who's been supporting Brownback.

"The next 30 to 60 days obviously will be critical," Hurley said. "He's really got to describe who he is and get enough recognition that people see for sure that he's serious and that he's credible."

On Monday, Brownback announced 20 members of his exploratory advisory committee, an eclectic mix ranging from anti-abortion activists to business executives, including: Domino's Pizza founder Tom Monaghan, former Major League Baseball commissioner Bowie Kuhn, and the Rev. Frank Pavone, head of the advocacy group Priests for Life.

Brownback, who grew up on a farm near tiny Parker, Kan., was elected to the U.S. House in 1994 with the wave of Republicans who seized control of Congress. Two years later, he won a special election to succeed Bob Dole in the Senate after Dole left the seat to run for president.

Brownback promised to serve no more than two terms and has said he will not seek re-election in 2010.

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Brownback Takes Step Toward Seeking GOP Presidential Nod (CQ)

By Martin Kady II

Congressional Quarterly, December 5, 2006

Sen. Sam Brownback is joining an increasingly crowded field of 2008 presidential candidates, hoping his social conservative credentials will appeal to Republican primary voters.

Brownback, R-Kan., has formed an exploratory committee, allowing him to raise money and travel. He would be considered a dark horse right out of the gate, standing in the shadows of Arizona Sen. John McCain and former New York Mayor Rudolph Giuliani. But Brownback says there is room in the Republican race for a committed social conservative who has been more outspoken on gay marriage, judicial activism and abortion. In courting the right wing, Brownback will be competing immediately with outgoing Massachusetts Gov. Mitt Romney, another favorite of conservatives.

"I am running to spread hope and ideas," Brownback said Monday in a statement on his Web site. "We are a blessed nation at an important crossroads. War, corruption, disintegrating families, and for some, hopelessness, tear at the American dream. We need hope and ideas."

On the Democratic side, Sen. Evan Bayh, D-Ind., announced over the weekend he was creating an exploratory committee to run for president, and Sen. Hillary Rodham Clinton, D-N.Y., is reportedly conducting closed-door meetings with New York Democrats to discuss her possible candidacy.

Brownback may have a tough time standing out in the crowded GOP field, but he has ways of courting controversy.

Brownback caused a stir in recent weeks by holding up a judicial nominee who had merely attended a gay marriage ceremony, saying that going to the ceremony could affect the judge's professional judgement should gay marriage issues come before the court.

In his announcement, Brownback made it clear his faith would be front and center in his nascent campaign.

"We believe in a culture of life—that every human life is a beautiful, sacred, unique child of a loving God," Brownback said.

But Brownback's social conservative activism extends beyond the traditional issues of gay marriage and abortion. He is one of the Senate's most frequent travelers to Africa, speaking out for the continent's AIDS victims. He has five children, including two adopted internationally. He is an advocate for prison reform and sees himself as a true believer in compassionate conservatism.

"The place to grow the vote for Republicans is in the compassionate conservative field," Brownback said in an interview this summer with Congressional Quarterly. "Bush had a great line on compassionate conservatism, but a lot of people feel like he hasn't delivered on it. I'm really mining the area, whether it's prison reform, reconciliation — particularly with African Americans, poverty reduction."

Brownback converted to Catholicism late in life, and on Sundays he has been known to attend two separate church services — a Catholic Mass on his own and Protestant services with his family.

Brownback realizes he is a long shot, but says there is a "calling" for people who run for president.

"My decision has always been based on whether you feel a real calling to do it at all," Brownback said in the interview. "If you feel like this is really something you're called to do, do it. I don't care what the polls say and what the money is."

Brownback Begins Bid For White House (KCS)

By Matt Stearns

The Kansas City Star, December 5, 2006

WASHINGTON | For Kansas Sen. Sam Brownback, the time for coyness is over.

The conservative Republican, "after much prayerful consideration," took his first official step in a long-anticipated, long-shot 2008 bid for the White House Monday when he filed papers with the Federal Election Commission creating a presidential exploratory committee.

Forming an exploratory committee allows Brownback to raise money and hire staff for a presidential campaign and to transfer money from his Senate campaign committee to the exploratory committee. It is one step short of a full-fledged campaign announcement, but in a prepared statement Brownback sounded like a full-throated candidate.

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Calling the United States "a blessed nation at an important crossroads," Brownback said "I am running for America…to be of service in a crucial time of trial."

His first campaign stop will be Tuesday in Cedar Rapids, Iowa, to be followed by visits to ten states over the next month.

Brownback has spent the past two years road-testing a theme he describes as "renewing the culture."

It's a unique amalgam of old-fashioned Republican social and fiscal conservatism combined with a progressive, internationalist message of reconciliation between rich and poor, deeply informed by religious faith.

He is a leading opponent of abortion rights, embryonic stem cell research and gay marriage. But he is generally opposed to the death penalty and has made alleviating disease and poverty in the developing world a cornerstone of his Senate efforts.

Brownback called for a flat tax, for term limits for judges and members of Congress, and for "compassionate yet practical programs to help the poor here and around the world," in his prepared statement Monday.

He wrote that he considered "my citizenship and the responsibilities it carries today in the light of eternity."

A 20-member exploratory advisory group includes Tom Monaghan, founder of Domino's Pizza; Bowie Kuhn, former Major League Baseball commissioner; retired Gen. Charles Krulak, former U.S. Marine Corps commandant; and Steve McEveety, a Hollywood producer closely affiliated with Mel Gibson (his credits include The Passion of the Christ).

Also officially on board: Chuck Hurley, a friend of Brownback from law school who is a leader among social conservatives in Iowa, site of the crucial first-in-the-nation presidential caucuses in 13 months.

Brownback's Senate chief of staff, Rob Wasinger, will leave to run the exploratory committee. Kansas native Wasinger has worked for Brownback for 10 years and is well-known and well-regarded in Washington and national social conservative circles.

Brownback joins a field expected to be crowded.

Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani recently created presidential exploratory committees. Other Republicans in various stages of running: Massachusetts Gov. Mitt Romney, Nebraska Sen. Chuck Hagel, Arkansas Gov. Mike Huckabee, former Wisconsin Gov. Tommy Thompson, and California Rep. Duncan Hunter.

But the field has thinned unexpectedly in ways that could help Brownback. Three Republicans also expected to compete for the party's socially conservative base in the party won't be factors: Tennessee Sen. Bill Frist dropped out last week. Virginia Sen. George Allen and Pennsylvania Sen. Rick Santorum lost Senate re-election bids.

Still, Brownback faces daunting challenges, chiefly fundraising and name recognition.

Between his Senate committee and his Restore America political action committee, Brownback has about $650,000 at his disposal.

Compare that to Sen. Evan Bayh, an Indiana Democrat who said Sunday he'll form an exploratory committee this week for his own dark horse 2008 candidacy. He's got $10.5 million in his Senate account that he can transfer.

In early polls, Brownback routinely is near the bottom, around 1 or 2 percent. But he is a darling of the social conservatives who are the backbone of the Republican party in many states. He must persuade them he is electable.

"Ours is an exceptional nation united by our ideals," Brownback said. "But we are a great nation because of our goodness. If we ever lose our goodness, we will surely lose our greatness… we need a culture that encourages what is right and discourages what is wrong – and has the wisdom to understand the difference."

Brownback, A Favorite Among Social Conservatives, To Explore 2008 Presidential Bid (LAT)

By Johanna Neuman, Times Staff Writer

The Los Angeles Times, December 5, 2006

WASHINGTON — Sen. Sam Brownback, R-Kan., a favorite of social conservatives, announced Monday that he was taking the first step toward a 2008 White House run by setting up an exploratory committee.

"I have decided, after much prayerful consideration, to consider a bid for the Republican nomination for the presidency," he said in a statement. "There is a real need in our country to rebuild the family and renew our culture, and there is a need for genuine conservatism and real compassion in the national discussion."

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The formation of such a committee allows Brownback to begin raising money and test support for a presidential race without making a formal commitment to seek the nomination. Sen. John McCain, R-Ariz., and former New York Mayor Rudolph W. Giuliani already have such groups, but neither GOP hopeful has wide appeal among conservatives.

In recent weeks, several candidates on the right have fallen from contention: Sen. Bill Frist, R-Tenn., see took himself out of the running, and Sens. Rick Santorum, R-Pa., and George Allen, R-Va., were defeated in their re-election bids, dashing their presidential hopes.

"Obviously there's a vacancy on the right, and (Brownback) may well fit the niche," said Stu Rothenberg of the Rothenberg Political Report. "He's a long shot -- but you don't have any shot if you don't throw your hat in the ring."

Raised as a Methodist, Brownback became a Roman Catholic in 2002. He has worked with Democrats on bills to stop human trafficking, end starvation in Uganda and genocide in Sudan, extend a path to citizenship to illegal immigrants, curb recidivism and ease the AIDS epidemic in Africa.

He also has pushed for a Smithsonian museum on black history and for a federal apology to American Indians to "help us move toward reconciliation" with two groups that "didn't feel like America had been fair to them."

And, outraged by singer Janet Jackson's 2004 Super Bowl halftime "wardrobe malfunction," he was instrumental in requiring the Federal Communications Commission to increase the fines for indecency on the airwaves.

An opponent of abortion, same-sex marriage and embryonic stem-cell research, Brownback often chairs meetings of the Values Action Team, where advocacy groups meet to track social conservative legislation.

"He will add a lot to the national, not just the presidential, debate," said Wendy Wright, president of Concerned Women for America, a group represented at those meetings. "He truly understands the conservative point of view. It is so frustrating for us when politicians try to pander to us. Brownback is consistent."

Elected to the House in the "Republican revolution" of 1994, Brownback ran for the Senate four years later, pledging to serve only two terms.

In an interview this summer with the Weekly Standard, a conservative magazine, he signaled that he intended to model himself on Ronald Reagan, whom he first supported when Reagan unsuccessfully sought the GOP presidential nomination in 1976.

Brownback, a graduate of Kansas State University and the University of Kansas law school, was raised on his family's farm in Parker, Kan., and served as secretary of the Kansas Board of Agriculture for seven years. He was named a White House Fellow in 1990, working for Trade Representative Carla Hills. A supporter of free trade and a flat tax, he has voted to authorize trade relations with China and phase out estate and gift taxes. He voted for -- and, aides say, still supports -- the Iraq war.

"Culturally and geographically, Sen. Brownback is a tremendous fit for Iowa -- the strongest fit of any candidate, Democrat or Republican," said David Kensinger, his former chief of staff and an informal campaign adviser. "He's clearly going to run as a Reagan Republican."

Brownback Seeks '08 Conservative Mantle (HILL)

By Alexander Bolton

The Hill, December 5, 2006

Sen. Sam Brownback (R-Kan.) yesterday established a presidential exploratory committee, seeking to fill what conservatives say is an absence of strong conservative leadership among top-tier Republican White House candidates.

Brownback immediately sought to position himself as the leading social conservative of the 2008 field.

"I have decided, after much prayerful consideration, to consider a bid for the Republican nomination for the presidency," Brownback said in a statement. "There is a real need in our country to rebuild the family and renew our culture and there is a need for genuine conservatism and real compassion in the national discussion."

Brownback, along with outgoing Sen. Rick Santorum (R-Pa.), has in recent years been the Senate's most vocal advocate of social conservatives' agenda on abortion and related issues.

Brownback's appeal to social conservatives could help him become the leading alternative to Sen. John McCain (R-Ariz.), the perceived frontrunner.

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"The way I see the race shaping up is that it's going to be McCain against someone who's not McCain," said David Keene, chairman of the American Conservative Union. "McCain has a lot of people in the party who don't like him."

McCain has opposed his party on key issues such as tax cuts, campaign finance reform, gun control and global warming — stances that won the admiration of the nation's media elite, whom conservatives distrust.

Brownback is the third Republican member of Congress to create an exploratory committee. McCain and House Armed Services Committee Chairman Duncan Hunter (R-Calif.) have both established such panels, as has former New York mayor Rudy Giuliani.

McCain, Giuliani and Massachusetts Gov. Mitt Romney, who is expected to set up an exploratory committee soon, are considered by Republican insiders and political analysts as the top tier. Arkansas Gov. Mike Huckabee, an ordained Baptist minister popular with social conservatives, is also among the upper echelon of GOP candidates.

The two Republican officials who were thought to have the best chance of becoming the conservatives' choice candidate, Senate Majority Leader Bill Frist (R-Tenn.) and Sen. George Allen (R-Va.), have both dropped out of contention. Frist announced last week that he would not run, and Allen lost his reelection bid in an upset after a dismal campaign that did much damage to his long-term appeal.

Social conservatives are wary of McCain for his stance on campaign finance, of Romney for his views on abortion, and of Giuliani because of his beliefs on both abortion and homosexual rights.

Many are gravitating toward Huckabee because of his experience as a minister, but Huckabee has alienated small-government fiscal conservatives because he raised taxes as governor.

The three most prominent aspirants, McCain, Giuliani, and Romney, are expected to run as centrists, even though they are all now working hard to court conservative support.

"Each of those three is going to run toward the center of the Reagan coalition," said Grover Norquist, president of Americans for Tax Reform, a leader of libertarian small-government conservatives, who hosts a weekly meeting of prominent activists. "McCain despite his apostasy is trying to get in the right place on guns and taxes; Romney is trying to run as a more conservative candidate [and] Giuliani I assume will do the same thing when he gets in the race."

Norquist criticized Huckabee's record on fiscal issues.

"He keeps raising taxes," Norquist said, then alluded to Huckabee's authorship of a book on his personal weight loss. "He has raised taxes more than once. The one thing Huckabee is known for is that he's lost lots of weight. I would prefer a fat guy with a skinny budget."

Tom McClusky, vice president of government affairs for the Family Research Council, one of the most influential conservative advocacy groups in Washington, said Giuliani has been historically "pro-gay rights and pro-abortion."

McCain, he said, has been "moderately pro-life" and supported issues adamantly opposed by social conservatives, such as embryonic stem-cell research and fetal- tissue research.

Romney, who declared his support for abortion rights during an unsuccessful 1994 Senate race, has a "spotty record on life," said McCluskey, who said Romney is now "certainly coming around on the issue, which we hope he will, and he has good people working for him."

McClusky said Brownback might be able to fill a conservative leadership void among top-tier candidates. But even if he does not win the nomination, Brownback could have a major impact on the Republican primary by defining the debate on abortion and other related "life" issues, he said.

Paul Weyrich, chairman of the Free Congress Foundation, who hosts a weekly meeting of influential social conservatives, acknowledged the perceived weakness of conservative credentials among the GOP's presidential frontrunners. He said Brownback or Huckabee could fill the role of a strong socially conservative candidate.

"Brownback's candidacy potentially gives us a vehicle and there may be others, like Gov. Huckabee of Arkansas, who many favor because he's a former preacher and is mesmerizing in his speaking ability."

Weyrich said that he and other conservative leaders would meet with and question leading presidential candidates to understand their views.

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"If we can, we're gong to try to get behind one of them," said Weyrich. "If we do, we can give one of the candidates a considerable boost and could kick one of them to the top tier."

Conservative leaders uniting behind Brownback could push him to the final stages of the GOP primary or perhaps to the nomination.

But Keene, who is also columnist for The Hill, said Brownback's strength is also his weakness. He may appeal to social conservatives but faces the challenge of having to win over a broader spectrum of Republicans.

"His reach doesn't go much beyond the social conservative base," said Keene. "To run a viable candidacy you have to do more than that. At least Brownback has a claim that none of the others have on that segment of the movement. His challenge will be to get other conservatives, [such as] anti-tax people."

Keene said Brownback is better known by conservative voters than other Republicans positioning themselves as alternatives to McCain. He cited former Wisconsin Gov. Tommy Thompson and former Virginia Gov. Jim Gilmore as examples.

Keene said conservatives are afraid of McCain because of his past stances on tax cuts and campaign finance reform, and because he has a reputation for doling out political retribution.

"Conservatives are afraid of him because they think he doesn't like them and goes after most people he doesn't like," said Keene.

Sen. Brownback Forms Group To Explore White House Bid (WP)

By Chris Cillizza

The Washington Post, December 5, 2006

Sen. Sam Brownback joined the ever-growing group of politicians with an eye on the White House by announcing the creation of an exploratory committee for a presidential run yesterday.

The Kansas Republican made clear that he will focus on the socially conservative themes that have formed the foundation of his career in elected office. "There is a real need in our country to rebuild the family and renew our culture, and there is a need for genuine conservatism and real compassion in the national discussion," he said.

Brownback allies noted that the formation of the exploratory group, which will allow the senator to raise money and travel the country to gauge support for a presidential bid, is a pro forma move and that he will almost certainly launch a full-fledged campaign.

Brownback is the fifth Republican to signal his intention to pursue the presidency in 2008. Sen. John McCain (Ariz.), former New York mayor Rudolph W. Giuliani and Rep. Duncan Hunter (Calif.) have formed exploratory committees, while Massachusetts Gov. Mitt Romney is expected to join the race in early 2007. Arkansas Gov. Mike Huckabee, Sen. Chuck Hagel (Neb.) and former congressman Newt Gingrich (Ga.) also have been mentioned as candidates for the GOP nomination.

In declaring his intentions so early, Brownback is hoping to stake out a position as the most viable conservative in the field. Neither McCain nor Romney is the first choice of social conservatives, and analysts said there is room for a candidate who fills that niche.

"He is the candidate of movement conservatives," said David Kensinger, a former Brownback chief of staff and a member of the senator's political inner circle.

Brownback began his political career with his 1994 election to the House. He was elected to the Senate in 1996, filling the seat vacated by Robert J. Dole (R). Throughout his tenure, Brownback has been one of the staunchest conservatives in Congress. He speaks often about the importance of religion in his life -- he converted from Protestantism to Catholicism in 2002 -- and is a critic of abortion and its impact on the culture more broadly.

Matt Keelen, a Republican lobbyist not affiliated with any '08 candidate, said Brownback's campaign will be "compassionate conservatism on steroids" with a strong focus on poverty and moral issues.

Kensinger argued that Brownback's political positioning makes him the ideal candidate for the Iowa caucuses, which tend to be dominated by social conservatives. While Brownback has kept a low public profile in Iowa, he has been working hard behind the scenes to build a volunteer-heavy grass-roots effort -- meeting with small groups in churches and living rooms -- under the belief that President Bush's reelection effort affirmed the import of ground troops.

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Brownback's social-conservative credentials should get him in the door of many Iowa Republican households. What's more, having been raised on a farm outside of Parker, Kan., Brownback is as well versed as any candidate in the field on the agriculture issues so important to Iowa and enjoys home-state proximity, his supporters say.

Money is a major hurdle for Brownback, who has never raised or spent more than $2.5 million on a race. At the end of September, he had $600,000 in his Senate campaign account.

Kensinger acknowledged that Brownback's fundraising ability remains an open question but added: "If you can win Iowa, you are going to have all the money you need overnight."

Swelling 2008 Field Signals Expensive Race (USAT)

By Jill Lawrence

USA Today, December 5, 2006

WASHINGTON — Republican Sen. Sam Brownback of Kansas on Monday became the fourth major presidential hopeful to set up a fundraising committee for 2008, testimony to the demands of a White House race shaping up as the most expensive in U.S. history.

Brownback is a Roman Catholic and social conservative active on issues such as abortion, prison reform, global AIDS and poverty. On Monday, he said he wants to talk to the country about fiscal restraint, tax reform, economic growth and a foreign policy that is "vigorous yet compassionate and consistent."

Two leading GOP prospects, Arizona Sen. John McCain and former New York City mayor Rudy Giuliani, already have formed exploratory committees. A third, Massachusetts Gov. Mitt Romney, is also preparing to run. Other prospects include Arkansas Gov. Mike Huckabee and New York Gov. George Pataki.

On the Democratic side, Iowa Gov. Tom Vilsack is in the race and Indiana Sen. Evan Bayh is expected to form a fundraising committee today. Decisions one way or the other are expected after the holidays from a half-dozen Democrats, among them New York Sen. Hillary Clinton, New Mexico Gov. Bill Richardson, Massachusetts Sen. John Kerry and former North Carolina senator John Edwards.

The pace of campaigns has been accelerating since 2000, when then-Texas governor George W. Bush formed an exploratory committee in March 1999 and started campaigning in June. Democrat Howard Dean officially started his 2004 bid in May 2002.

The big change for 2008 is the sheer scale of fundraising necessary to compete with celebrity candidates such as Clinton and McCain, and to prepare for spending unfettered by federal rules and caps.

Bush, Dean and Kerry turned down public money for the 2004 primary season because it would have required them to limit their spending. Nominees Bush and Kerry did accept about $75 million apiece in government funds for the general election campaign.

Michael Toner, chairman of the Federal Election Commission, says he expects that "for the first time ever," nominees of both parties in 2008 will opt out of the public financing system for both the primaries and the general. "The stage is set for the first billion-dollar presidential election," Toner says, predicting the eventual nominees will raise $500 million apiece.

Top-tier prospects such as McCain, Giuliani, Romney and Clinton should plan on raising $100 million by the end of 2007, Toner says. "If you're not in that ballgame, it's going to be hard to be taken seriously." That's nearly four times as much as Kerry, the Democratic nominee in 2004, raised in 2003.

The demands are equally stiff on lower-tier candidates. Republican strategist Alex Vogel says "the threshold for respectability" for Brownback and other long shots is $10 million by the end of March 2007. "This early money is friends and family money," he says. "If you can't bank $10 million in easy money, how long realistically are you going to stay in this process?"

Edwards raised the most money of the Democratic hopefuls in the first quarter of 2003, $7.4 million.

Brownback says he'll visit 10 states this month, including an overnight stay Friday at a Louisiana prison to dramatize the need for prison reforms and promote faith-based prison programs. Today he is in Iowa, where he has been cultivating Christian conservatives.

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Ray Dearin, an active Republican and a professor of campaign rhetoric at Iowa State University, calls Christian conservatives "the predominant organized force" in the Iowa Republican Party. He says they view Brownback and Huckabee favorably — but after Republican defeats last month nationally and in Iowa, "they probably are going to be pretty pragmatic and look for someone who's likely to win."

Two early favorites of religious conservatives are no longer options: Senate Majority Leader Bill Frist of Tennessee, who says he won't run, and Virginia Sen. George Allen, who lost his re-election bid. Dearin said McCain, who skipped Iowa in his 2000 nomination race, could benefit.

Brownback released a list of supporters that includes several active in the fight against abortion. But McCain outmaneuvered him in Iowa last week by snagging Marlys Popma, a prominent GOP activist who used to head Iowa Right to Life. Dearin called her decision "a signal to a lot of Christian evangelicals that John McCain is OK."

Obama Meets Party Donors In New York (NYT)

By Patrick Healy

The New York Times, December 5, 2006

Senator Barack Obama treaded onto Senator Hillary Rodham Clinton's home turf last night to meet with prominent Democratic donors and feel out those who might prefer the sound of President Obama to President Clinton (as in Hillary, not Bill).

Amid intensifying presidential musings by Mr. Obama and Mrs. Clinton, Mr. Obama met with George Soros, the liberal billionaire philanthropist, then some other donors last night at Mr. Soros's offices. Afterward he spoke at a charity event that was to be followed by a news conference.

One of the donors who met with Mr. Obama, and who spoke on the condition of anonymity because he did not want to offend Mrs. Clinton, said that he and several others had supported Mrs. Clinton's Senate campaigns but were not committed to her as a presidential candidate.

"I like Hillary a lot, but I'm also impressed with Obama — his message, the way he connects to people," said the donor, a prominent businessman. "It's a little too early for Democrats to be certain that Hillary is the strongest bet for 2008. There are a lot of good people interested in running."

Mr. Obama's reconnaissance mission came as Mrs. Clinton was starting to talk about 2008 not only with New York elected officials, but also with some prominent donors whom she would like to lock in for a possible White House bid.

John Catsimatidis, a loyal Clinton donor, said he had recently received a phone call from Mrs. Clinton asking to have dinner before the holidays. He believes she wants to run for president and is moving to ramp up her Senate fund-raising operation for a White House campaign.

"I think they have a phenomenal political machine set up that's far superior to any of the other candidates, or theoretical candidates," Mr. Catsimatidis said. "Now they're getting ready to put that machine to use."

To that end, the Clinton team disclosed yesterday that they had a new national finance director lined up in case the senator decided to run. Jonathan Mantz, a fund-raiser for Gov. Jon S. Corzine of New Jersey and a former finance official for the Washington-based operations to elect a Democratic House and Senate, has agreed to work for her if she is a candidate.

"It's not anything that is imminent," said Howard Wolfson, a senior adviser to Senator Clinton. The senator is expected to decide this winter whether to create an exploratory presidential committee.

The Clinton team also announced that Phil Singer, a communications strategist for the Democrats' successful takeover of the Senate last month, had agreed to play a similar role for Senator Clinton, should she run. Mr. Singer is a protégé of Senator Charles E. Schumer and was an aide on Senator John Kerry's presidential campaign.

Derek Shearer, a former ambassador, a donor to President Bill Clinton's campaigns and a supporter of Senator Clinton, said he believed that Mrs. Clinton's moves did not reflect concern about financial or political competition from Mr. Obama or others, but rather an orderly process of consultation and preparation.

"She's very deliberate about these things," he said. "What most concerns her is, does she think she could win and really make a difference in the country."

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Supporters of Mr. Obama, a freshman senator from Illinois, described his New York visit as a combination of fact-finding and meet-and-greet as he considers whether to seek the Democratic nomination.

They said, and political analysts echoed, that Mr. Obama acknowledged Mrs. Clinton's home-state advantage in New York, but that there was surging interest in Mr. Obama, an eloquent antiwar Democrat who, if successful, would be the country's first black nominee for president.

"Most of the people Barack is seeing are either doing it out of respect for anyone who is a United States senator, or out of curiosity, or to leave their options open in case she decides not to run," said Ken Sherrill, a political scientist at Hunter College. "I can't imagine his picking up any significant support, but he can establish good will."

Mr. Soros, an early supporter, was the host of a fund-raiser during Mr. Obama's campaign for the Senate in 2004, said Michael Vachon, a senior aide to Mr. Soros. Mr. Obama's staff asked to use the Soros offices for last night's meetings since it was near the Midtown hotel where the senator spoke last night at a fund-raiser for K.I.D.S. (Kids in Distressed Situations), which assists children living in poverty.

Mr. Soros has not publicly endorsed or committed to any 2008 presidential hopeful.

While another possible Democratic candidate, Senator Chris Dodd of Connecticut, raised $500,000 in New York last week, others have been less aggressive in reaching out to New York donors than in past cycles, some of these donors say.

Former Senator John Edwards and former Vice President Al Gore have been in New York recently, and others plan to be, including Senator Joseph R. Biden of Delaware and Gov. Tom Vilsack of Iowa.

Yet the donors say that neither Mr. Edwards nor Mr. Obama, who are receiving perhaps the most buzz as possible opponents of Senator Clinton, nor anyone else has made an assertive push to challenge Mrs. Clinton and her local donor base in the aftermath of the 2006 elections. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Message From A Megachurch (WP)

By E. J. Dionne Jr.

The Washington Post, December 5, 2006

American politics took an important turn last week at a church in the foothills of Southern California's Santa Ana Mountains.

When Rick Warren, one of the nation's most popular evangelical pastors, faced down right-wing pressure and invited Sen. Barack Obama to speak at a gathering at his Saddleback Valley Community Church about the AIDS crisis, he sent a signal: A significant group of theologically conservative Christians no longer wants to be treated as a cog in the Republican political machine.

For his part, Obama, the former community organizer from Chicago, showed why he is this moment's hottest commodity in 2008 presidential politics, even though he has not entered the race yet.

For a quarter-century since the rise of the Moral Majority and the Christian Coalition, white evangelical Christians have been widely seen as a Republican preserve. No one did a more comprehensive job of organizing them than President Bush, and he carried the white evangelical vote in 2004 over John Kerry by a ratio of nearly 4 to 1. Many of the most politically active evangelical leaders have insisted that the morally freighted social issues -- abortion, stem-cell research, same-sex marriage -- took priority over all questions.

Enter Warren, or Pastor Rick, as he likes to be known. Warren is no political liberal. On the contrary, his views on the hot-button issues are reliably conservative, and he has said that members of his sprawling Orange County congregation probably vote overwhelmingly Republican.

But Warren speaks for a new generation of evangelicals who think that harnessing religious faith too closely to electoral politics is bad for religion, and who are broadening the evangelical public agenda to include a concern for global poverty and the scourge of AIDS.

Warren is also the most gifted religious entrepreneur since Billy Graham. Warren's book "The Purpose Driven Life" has sold in the tens of millions, and his specific model for the megachurch has spread all over the country. He is not building a new denomination. He is building a new network, and it's powerful. Warren and his wife, Kay, have made alleviating the AIDS crisis in Africa one of the central components of their mission.

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And thus it came to pass that when Warren called a conference at his church last Friday on World AIDS Day, among those he invited were two potential presidential candidates. It was unsurprising that one of them was Sen. Sam Brownback, the Kansas Republican and a loyal social conservative who has taken up the AIDS issue with passion and commitment.

But when the other invitee turned out to be Obama, parts of the old evangelical political apparatus went after Warren as a heretic. Rob Schenck, president of the National Clergy Council, declared that Obama's views on abortion -- Obama is pro-choice -- represented "the antithesis of biblical ethics and morality" and insisted that Warren had no business inviting him to Saddleback.

Warren's church issued a statement reaffirming its strong opposition to abortion, but Warren did not back down. Indeed, he seemed to revel in rejecting the old evangelical political model. "I'm a pastor, not a politician," Warren told ABC News. "People always say, 'Rick, are you right wing or left wing?' I say 'I'm for the whole bird.' "

When it came his turn to speak, Obama took on the moral message of evangelical AIDS activists -- and then challenged them.

"Let me say this and let me say this loud and clear: I don't think that we can deny that there is a moral and spiritual component to prevention," he declared. "In too many places . . . the relationship between men and women, between sexuality and spirituality, has broken down and needs to be repaired."

Then Obama got to what "may be the difficult part for some," as he put it, that "abstinence and fidelity, although the ideal, may not always be the reality."

"We're dealing with flesh-and-blood men and women, and not abstractions," Obama said, and "if condoms and potentially things like microbicides can prevent millions of deaths, then they should be made more widely available. . . . I don't accept the notion that those who make mistakes in their lives should be given an effective death sentence."

That Obama received a standing ovation suggests that Warren is right to sense that growing numbers of Christians are tired of narrowly partisan politics and share his interest in "the whole bird." In their different spheres, Warren and Obama are both in the business of retailing hope.

One more thing: If you read Obama's speech, you'll realize he demonstrates a much truer Christian spirit than the GOP masterminds who have recently tried to push people away from Obama by pointing out that his middle name is Hussein.

Hillary Clinton Begins Calling Iowa Democrats (DMR)

Des Moines Register, December 4, 2006

Sen. Hillary Clinton began making calls today to Iowa Democrats about the state's political landscape with an eye toward its 2008 presidential nominating caucuses, aides to Clinton said.

The moves come as the New York senator has accelerated the steps she has taken since her November re-election toward making a decision about whether to run for president.

"She's begun the process of making some calls into Iowa," Lorraine Voles, Clinton's communication director, said today in a telephone interview with The Des Moines Register.

In the past week, Clinton has had conversations with supporters in New York and the state's congressional delegation to discuss the possibility of running.

"As a continuation of this process, she is starting to reach out across the country and specifically to some friends in Iowa," Voles said.

Clinton spoke today with Des Moines Democrat Bonnie Campbell, who worked in the Department of Justice during the administration of President Bill Clinton, the senator's husband.

Campbell, a former Iowa attorney general, declined to discuss the details of her brief talk with Sen. Clinton, except that it touched on her running for president and competing for the caucuses, scheduled to launch the 2008 nominating process.

"She is looking at the possibility of running for president and is looking for a read on Iowa," Campbell said.

Sen. Clinton, by far the best-known among the Democrats eyeing the 2008 campaign, has ranked first in all national polls measuring support for prospective Democratic candidates for president.

However, two Iowa polls in the past year have borne out what some party activists worry are potential problems for Clinton.

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A Register poll in June showed Clinton second to former North Carolina Sen. John Edwards among likely Democratic caucusgoers. In September, a Register poll of Iowa voters showed Clinton trailing all four Republicans listed in a hypothetical general election matchup.

Clinton handily won election to a second Senate term on Nov.7, but had not made any gestures toward the presidential campaign until last week, while others in the large, gathering field had begun to take visible steps and make key contacts.

Illinois Sen. Barack Obama and Edwards, a candidate for president in 2004, also rank high in national polls and are contemplating the 2008 race.

Iowa Gov. Tom Vilsack is the only announced candidate among the large number of nationally recognized Democrats considering the race. The two-term governor formed a federal campaign organization on Nov. 9 and wrapped up his kickoff national tour Monday with stops in South Carolina.

Indiana Sen. Evan Bayh announced Sunday he was forming a presidential exploratory committee and was in Iowa today.

All of them have made efforts to visit and appeal to Iowa Democrats during the past two years.

Campbell said she would support Clinton if she ran, as did Iowa Sen. Tom Harkin's former chief of staff JoDee Winterhoff, a former Iowan now living in the Washington, D.C.-area.

Winterhoff said Clinton called her today but the two failed to connect.

"I would assume that Senator Clinton would compete in the caucuses if she runs," Winterhoff said.

There has been speculation about whether she would campaign in Iowa, considering her husband bypassed the caucuses in his winning 1992 bid.

Voles said there had been no discussion of an Iowa visit by Clinton.

Hillary Sizes Up Support Among NH Democrats (UL)

By John Distaso

Union Leader.com, December 5, 2006

New York Sen. Hillary Clinton has begun weighing in with New Hampshire Democratic activists about a possible run for President in 2008.

Clinton during the past few days has placed initial calls to key Democrats in the first-in-the-nation primary state seeking advice, according to veteran state and national party activist Karen Hicks.

Hicks, who headed Howard Dean's New Hampshire presidential campaign in 2004, said those calls will continue. Hicks also confirmed that if Clinton runs for President, "I'll be with her," reportedly as national field director, a position similar to the one she held for the Democratic National Committee during the 2004 general election.

The New Hampshire Union Leader learned that Clinton had a telephone conversation last week with Gov. John Lynch. The two officials had been trying to contact each other since Clinton initiated the calling immediately after the Nov. 7 election.

Clinton reportedly met on Sunday with New York Gov.-elect Eliot Spitzer to solicit his support for a White House bid. A top aide to Clinton also told The Associated Press that Clinton aides have begun interviewing possible campaign staffers and have hired a communications specialist and a national fund-raising director.

Word of Clinton's New Hampshire overtures comes as state Democrats prepare to welcome their party's newest "rock star," Illinois Sen. Barack Obama, to a celebration of their 2006 election day sweep on Sunday afternoon in Manchester. Yesterday, Obama added a Sunday morning visit to Portsmouth to his schedule.

As first reported on UnionLeader.com yesterday afternoon, Hicks said Clinton has "begun calling a whole variety of people in New Hampshire to get their advice as she enters a new phase of thinking" about a run for President in 2008.

Hicks said she spoke with Clinton recently about the former First Lady's possible Presidential bid. She said Clinton told her she would be making the New Hampshire calls.

"I still think she is exploring this," Hicks said. "She, of course, has a huge interest in New Hampshire, and she is interested in getting people's advice about what the campaign should look like if she runs."

Hicks said she did not have the names of all of those Clinton has called and will be calling.

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"I don't know the whole list," Hicks said, "but obviously they are going to be some of the leaders that you would think would be on the list, some of the good grassroots organizational people on the electoral level, and a whole variety of people that, should she decide to run, would be in a position to help her."

Hicks was a long-time New Hampshire-based activist who, after working for Dean's campaign and then the DNC, became a senior advisor to the Labor Party in Great Britain for the 2005 British general election. She said she is currently engaged in a fellowship in political organizing at the John F. Kennedy School of Government's Institute of Politics in Boston.

Hicks called Clinton "the kind of leader we need, and I'm excited about the fact that she is considering this. I'm willing to do whatever I can to help."

She said she did not know either Clinton's timetable for a formal decision or whether plans are being made for a Clinton visit to New Hampshire.

State Democratic chair Kathy Sullivan yesterday declined to comment when asked if she has heard from Clinton.

State Rep. Patricia McMahon, D-North Sutton, and former Bill Clinton-appointed ambassadors Terry Shumaker and George Bruno, all key players in former President Clinton's New Hampshire Presidential campaigns in 1992 and 1996, said they had not yet heard from her.

"I have no idea if she will run," McMahon said, "and my bet is that she is not sure yet and her husband does not know yet. But McMahon, asked if she would support a Clinton run for President, said, "It's early, but I'd have to say it would be hard to say 'no' because of the experience she's had and the issues that she has supported."

The Host With The Most (NYT)

By Jeff Zeleny

The New York Times, December 5, 2006

Senator John McCain hardly needs a holiday to give a party. Just last week, Mr. McCain, Republican of Arizona, presented a lavish feast for Republican governors gathering in Florida. From the 2004 Republican convention in New York City, Mr. McCain, Republican of Arizona, is still fondly remembered, at least among the A-list crowd, for holding an event for his 68th birthday at La Goulue on Madison Avenue and another soiree at Cipriani on 42nd Street. And in this bustling season of holiday parties, Mr. McCain was among the first to have an event, on Monday evening. The senator and his wife, Cindy, invited several hundred people to the Corcoran Gallery of Art in Washington for a party to be paid for by his primary campaign account. Cameras were not only allowed, but also encouraged. JEFF ZELENY <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Why The Early Field For 2008's Election Is The Biggest Yet (CSM)

By Linda Feldmann

The Christian Science Monitor, December 5, 2006

WASHINGTON

Twenty-three months before the 2008 presidential election, the jockeying among hopefuls is already fierce. No fewer than two dozen men - and a woman - are running or thinking of running or being urged to run for the top spot. On an almost daily basis, exploratory committees are forming, first trips to New Hampshire are taking place, and Internet campaigns both for and against possible candidates are sprouting up.

The 2008 race is morphing so fast that four possible candidates have already dropped out. Then there's the X factor - the unprecedented front-loading of primaries and caucuses that will make it more difficult than ever for a dark horse to come out of nowhere and take the nomination.

This election is going to be "the mother of them all," Democratic adviser James Carville declared at a political conference last week. He marvels at the array of "larger than life people" definitely or possibly mounting campaigns - John McCain, Rudolph Giuliani, Hillary Rodham Clinton, Barack Obama, Al Gore, and "to make it interesting," Newt Gingrich. These are people who "change the temperature of the room" when they walk in, Mr. Carville says.

It may be a sign of the vulnerabilities of both putative front-runners - Senators McCain (R) and Clinton (D) - that so many other people are talking about running, but in the end, many political oddsmakers are still betting that today's front-runners end up facing off in November 2008. And the size of the field is likely to shrink fast.

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This is good news, at least, for most news organizations, which don't have the staff to follow dozens of Oval Office wannabes all over Iowa, New Hampshire, South Carolina, and Nevada, not to mention Michigan, Florida, and California, which are taking steps to hold early primaries, too.

"A big field will become a little field very quickly," says Jack Pitney, a political scientist at Claremont-McKenna College in Claremont, Calif. "I suspect a lot of the people talking of running now or even announcing exploratory committees will flunk the invisible primary."

He refers to the early fundraising, polls, and media attention that indicate whether a candidate is viable.

For now, it's the Democratic world that's buzzing, as the charismatic Senator Obama starts making moves toward a possible run; he delivers his first speech in New Hampshire next Sunday. Obama's maneuvering may have quickened the pace of other hopefuls' moves, though they deny it.

Gov. Tom Vilsack of Iowa has become the first fully announced Democratic candidate. Over the weekend Sen. Evan Bayh of Indiana announced an exploratory committee. Team Hillary has whispered to the media that the senator is lining up support among top Democrats in New York for an increasingly likely run.

For a candidate like Governor Vilsack, who is not widely known nationally, the early rollout has provided him some time in the spotlight that will become increasingly difficult to commandeer.

His next task is to raise enough money to mount at least a minimal campaign, in the hopes that he catches fire as an outsider alternative to the top-billed senators he faces. As a governor, with roots in both Pennsylvania and Iowa and a life story that stresses overcoming adversity, he can tout executive experience that has made other governors successful presidential candidates. But even he acknowledges that he is a long shot.

"As a sheer matter of math, the more candidates, the lower the odds," says William Mayer, a political scientist at Northeastern University in Boston. "For long shots, the question is, can you get a bare minimum amount of attention to break through to the public consciousness."

Just how much money a candidate needs to raise in the first quarter of 2007 is open to debate, but a common benchmark is $30 million. Obama would probably be able to hit that mark; Clinton would have little trouble raising several times that; former Vice President Gore also still has his network. Beyond those three, access to big money is dubious; there's a lot out there, but it's not infinite.

Top advisers are also limited in supply, and will soon be married up to one candidate or another, if they aren't already.

The possible expansion of the early primary and caucus calendar will also favor those with big war chests. If Vilsack stays in the race until the Iowa caucuses, his presence as a native son could diminish the importance of that race, which would add even more clout to the New Hampshire primaries. And even though New Hampshire Democrats are upset that the national party has added early nominating contests in Nevada and South Carolina, New Hampshire's key role remains in place. The same will hold true if Michigan, California, and Florida move up their primaries to just after New Hampshire's.

Assuming that New Hampshire maintains its status as the first primary state, then the additional front-loading could serve to enhance New Hampshire's clout.

"If you are anybody but Hillary, your only chance of breaking out of the pack is in New Hampshire," says Mr. Mayer. "You can't say, 'It's OK if I come in fifth in New Hampshire; I'll emerge by doing well in California.' "

So the race is on to see who becomes Clinton's top challenger. For now, the excitement is around Obama. If he runs and does not stumble, there may not be enough political oxygen left for any of the other Democrats running or thinking of running or being urged to run.

Democrats Eyeing '08 Face Stumbling Blocks (WT)

By Donald Lambro

The Washington Times, December 5, 2006

The 2008 Democratic presidential race was off and running as soon as last month's midterm elections concluded, with front-runner Sen. Hillary Rodham Clinton facing more opposition than she may have expected at this point in the two-year campaign cycle.

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The New York senator and former first lady, who easily won a second term on Nov. 7, is the leading choice of her party in all the polls. But more than half a dozen other candidates are likely to challenge her expected bid for the nomination, including Massachusetts Sen. John Kerry, the party's 2004 nominee; Mr. Kerry's running mate, former Sen. John Edwards of North Carolina; and Illinois Sen. Barack Obama, the Democrats' hottest political figure, who has rocketed into contention like a rock star.

But the Democrats' growing pack of presidential hopefuls is fraught with problems. Mrs. Clinton remains one of the most polarizing political leaders in the country, with nearly half of the voters polled earlier this year saying they did not like her. Mr. Kerry, who hurt himself in the final weeks of the midterm elections when he told a joke that suggested only uneducated soldiers ended up fighting the war in Iraq, has fallen in the polls since then.

And both Mr. Edwards and Mr. Obama have thin experience on their resumes. Mr. Edwards of North Carolina served only one term in the Senate, while Mr. Obama, who was elected in 2004 has been in the Senate for just two years, and has little or no legislative accomplishments of which to speak.

"I don't think anyone is going to doubt Hillary's credentials. She certainly was an activist first lady. On the other hand, there will be issues raised about her [lack of] foreign-policy experience and gender," said pollster John Zogby. "She does have problems."

"Right now, Barack Obama and John Edwards are both blank slates, empty slates," Mr. Zogby said.

A national poll of 530 registered Democratic voters conducted last month by Opinion Research for CNN showed Mrs. Clinton favored by 33 percent. Mr. Obama was in second place with 15 percent and Mr. Edwards and former Vice President Al Gore were tied for third with 14 percent. Mr. Kerry, in the wake of what he called his "botched joke," dropped from 12 percent in late October to 7 percent.

"Worse news for Kerry: a majority of registered Democrats say they do not want to see Kerry win the party's nomination in 2008," CNN said.

The rest of the pack of potential candidates were all in the low single digits, including retired Gen. Wesley Clark, Sen. Joseph R. Biden Jr. of Delaware, Gov. Bill Richardson of New Mexico, Sen. Evan Bayh of Indiana and Iowa Gov. Tom Vilsack, who on Thursday became the first Democrat to formally announce his presidential candidacy.

As first lady in the Clinton White House, Mrs. Clinton had a reputation as the most liberal figure in her husband's inner circle. But during the past six years in the Senate she has reinvented her political persona as more of centrist. She voted for the Iraq war resolution and rebuked Democratic calls for a complete U.S. troop withdrawal.

The centrist Democratic Leadership Council, which helped Bill Clinton put together the agenda that helped him win the presidency, has been in her corner, too, defining her as one of them and giving her prominent speaking roles at their political conventions.

"There has been an attempt at an image makeover in which she is attempting to portray herself as a centrist Democrat," Mr. Zogby said.

But in the past few months, and particularly since the midterm elections, most of the political buzz in the party has been about Mr. Obama and his announcement that he is considering a run for the presidency.

Mr. Obama reportedly has been talking to top Democratic campaign strategists, including John Norris, the Des Moines Democrat who was the architect of Mr. Kerry's come-from-behind win in the state's 2004 delegate-selection caucuses.

Mr. Norris said Mr. Obama "truly wanted to know what he had to do and when he had to do it," to wage a competitive campaign in Iowa, political reporter Thomas Beaumont wrote last week in the Des Moines Register.

For 1,000 Or More Homeless In Hawaii, Beaches Are The Best Option (NYT)

By Janis L. Magin

The New York Times, December 5, 2006

HONOLULU, Dec. 4 — When the home she had rented for 30 years for $300 a month was sold, Alice Greenwood and her 6-year-old son joined an estimated 1,000 people living in tents along the 13 miles of beaches on the Waianae Coast of Oahu.

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"There was no choice but to come on the beach," said Ms. Greenwood, 60, who is disabled because of a work-related injury eight years ago and lost her benefits a month before losing her home.

Homelessness in Hawaii has become so pervasive that the governor has assigned a state employee to work full-time at getting people off the beaches and into transitional housing. Once there, they have access to rent assistance programs and low-income housing.

While hundreds of homeless people live on Honolulu's beaches, including the tourist center Waikiki, it is the Waianae Coast on the semiarid west shore where the problem is most visible. The population of Waianae, home to about 40,000 of Oahu's 900,000 people, is predominantly native Hawaiian and is historically low income.

Hawaii's economy has been strong in the last two years, and the state consistently has one of the lowest unemployment rates in the nation. The real estate market has skyrocketed along with the job growth, and houses on the Waianae Coast that rented for $200 or $300 a month a couple of years ago are now advertised for more than $1,000.

Nobody knows exactly how many people are living on the beach. Kaulana Park, the state's point man for the homeless, estimated that more than 1,000 people lived on the Waianae Coast beaches, but cautioned that any count was good only on the day it was taken. And that estimate does not account for the hidden homeless: people who sleep on a relative's sofa, or in their cars, or camp in areas not as visible as the public beaches.

Many living on the beach have jobs, mostly in the service and construction sectors. They include families with children, who attend public schools by day and sleep in tents on the beach at night.

Venise Lewis, 35, who lives near Ms. Greenwood at Maili Beach Park with her husband and two of their four children, said her daughters, ages 8 and 10, must finish their homework in the afternoon because there was no lighting at the beach after sunset.

Ms. Lewis's oldest daughter lives with a grandmother, and her son lives with the family's pastor.

"They don't like the idea of living on the beach," she said of her younger children. "Usually when we go camping, we go home if it rains."

The homeless problem in Hawaii came to light in March, when the City and County of Honolulu began a cleanup of Ala Moana Beach Park, at the entrance to Waikiki, and began closing the park at night in response to complaints.

Hundreds of homeless people, or "illegal campers," as the city calls them, moved to an emergency transitional shelter set up by the state in a warehouse close to downtown Honolulu. But some went west, closer to the Waianae Coast communities where they were raised. The city has since conducted similar cleanups at other beaches.

Lester Chang, the city's parks and recreation director, said the number of illegal campers made it difficult for his department to keep the parks safe and clean.

"I think all communities have to deal with this situation, but Hawaii is unique because it's an island," Mr. Chang said. "There's no place to push them off to."

Honolulu officials say finding long-term solutions to the homeless problem on Oahu is the state's responsibility. The city's housing department was abolished in the late 1990s after a scandal.

Mr. Park has been talking with New York City officials about how to adapt New York's solutions to an island state.

He said he was inspired by a speech last summer by Mayor Michael R. Bloomberg of New York, who told of how the city secured financing for some 12,000 units of supportive housing, and of the city's program to help people stay in their homes by interceding with landlords to head off evictions. Hawaii has started a similar program.

In late October, the state opened a transitional shelter for 30 families, including 90 children, at a converted 1940s-era military building in Kalaeloa, the former Barbers Point Naval Air Station.

On Nov. 18, the state poured the foundation for an emergency transitional shelter in Waianae that will house up to 300 people when it opens early next year. The state is looking at building shelters at eight more sites along the Waianae Coast.

But Dino Palisbo, who has been living at Maili Beach Park with his girlfriend and their three dogs for about a year, said some people did not want to trade the freedom of the beach for the rules of a transitional shelter. "Half of them can pay rent, but it is so high it is going to take them out of the comfort zone," Mr. Palisbo said. "When a studio costs $700 or $800, how can a family put four or five kids there?"

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Others, like Ms. Greenwood, did not want to leave their communities for the state's shelter at Kalaeloa, which is 10 miles from the beach park and several miles from the nearest bus route. She plans to move to the new shelter in Waianae, set to open next spring, because it is closer to her son's school and her community activities.

Mr. Park said other homeless people on the beach looked up to Ms. Greenwood, who is a member of the state's Oahu Island Burial Council, which works to protect ancient Hawaiian remains. A widow, she also has four adult children, but the only daughter who lives nearby has a studio apartment too small for Ms. Greenwood and the boy she adopted, Makalii Hatchie.

"She takes it upon herself to be somewhat of a leader," Mr. Park said.

Ms. Greenwood said she hoped to begin collecting Social Security benefits and settle her workers' compensation case soon so that she and her son could find a new home.

"Being homeless is not a crime, it is the fault of the government," she said. "I can understand when its 20, 30 people, but when it hits the thousands. ..."

French: 6 Powers Near Iran Nuke Accord (AP)

By Angela Charlton

AP, December 5, 2006

The six powers seeking a U.N. resolution to punish Iran for its nuclear program are nearing agreement on a text, France's foreign minister said Monday.

High-ranking diplomats from the U.N. Security Council's five permanent members plus Germany will meet Tuesday in Paris to discuss imposing penalties on Iran for refusing to stop uranium enrichment.

"I think that we should now reach agreement on this," Foreign Minister Philippe Douste-Blazy said in Brussels.

He gave no details of the possible text, but indicated progress had been made in his talks in Brussels on Monday with his Russian counterpart, Sergey Lavrov.

"We are in agreement with Russia to adopt sanctions against Iran's proliferation program, that is to say the sensitive nuclear activities and the ballistic missile program. ... We want to reach as broad an agreement as possible in the U.N. Security Council," Douste-Blazy said.

The Security Council has been at odds over how to deal with Iran's defiance of an Aug. 31 U.N. deadline to halt uranium enrichment. The Europeans and Americans want tough sanctions. Russia and China have pushed for dialogue instead, despite the failure of a EU effort to bring the Iranians to the negotiating table.

On Friday, Lavrov reaffirmed Russia's readiness to back a U.N. ban on exports of nuclear materials and sensitive technologies to Iran, but said U.S.-proposed sanctions were "too tough."

A European draft U.N. resolution in October would order all countries to ban the supply of materials and technology that could contribute to Iran's nuclear and missiles programs. It would also impose a travel ban and asset freeze on companies, individuals and organizations involved in those programs.

The draft would exempt a nuclear power plant being built by the Russians at Bushehr in Iran, but not the nuclear fuel needed for the reactor.

Russia want to scratch any travel ban, asset freeze, or mention of Bushehr. They proposed major changes that would limit sanctions solely to measures that would keep Iran from developing nuclear weapons and ballistic missiles.

"We have taken the Russian amendments into consideration," Douste-Blazy said. "We want to reaffirm the unity of the international community. We are trying to find a plan that is both firm and effective."

A representative of EU foreign policy chief Javier Solana was expected to join Tuesday's talks in Paris with political directors of the foreign ministries of Britain, China, France, Russia and the United States, plus Germany, "for an update on the Iranian nuclear file," French Foreign Ministry spokesman Jean-Baptiste Mattei told reporters Monday.

No other details of the meeting were immediately available.

Britain's U.N. Ambassador Emyr Jones Parry said Friday that he didn't expect the Iran resolution to make its way back to New York for discussion until at least Dec. 11.

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In Brussels, Nicholas Burns, U.S. undersecretary of state for political affairs, said it was time to send a strong message to Tehran that "we're all unhappy with Iran."

"We just wish the Iranian government would stop developing nuclear weapons, supporting ... terrorist groups in the Middle East and destabilizing Lebanon," said Burns, who will represent the United States at the meeting. "We stand for peace and overcoming divisions in the Middle East and Iran stands for disrupting everything through the barrel of the gun."

Time For Russia And China To Accept Iran Resolution: US Official (AFP)

AFP, December 5, 2006

A top US official said it was "time" for Russia and China to agree with Britain, France, Germany and the United States on the sanctions to impose on Iran for refusing to suspend its uranium enrichment program.

"It's been too long we have been debating ... we have to pass the sanction resolution" at the UN Security Council, US undersecretary of state for political affairs Nicholas Burns said to journalists on the margins of a conference of the pan-European OSCE watchdog.

"It is not that complicated," he added, "we need to send a strong message to the Iranians."

The six world powers are to meet Tuesday in Paris in their latest bid to secure agreement on a package of sanctions against Iran for its refusal to suspend sensitive nuclear activities.

High-ranking diplomats from the five veto-wielding UN Security Council members plus Germany will attend the talks at the French foreign ministry.

A representative of European Union policy chief Javier Solana will also take part in the meeting.

Burns said that the participants would "see if we can narrow our differences and agree so that our ambassadors (at the UN) in New York should pass in the quickest possible time a decisive sanction resolution".

World powers have been trying for weeks to agree what sanctions to impose on Iran for its refusal to comply with a UN deadline to freeze uranium enrichment, which can be used to generate electricity or to build atomic weapons.

A draft resolution circulated by Britain, France and Germany would have barred trade with Iran in goods related to its nuclear and ballistic missile programmes and applied financial and travel restrictions to persons and agencies involved in either area.

But Russia and to a lesser extent China, have tried to water down the text, saying the sanctions should not target individuals and should be limited in duration.

Meanwhile Washington wants to harden at least the wording of the text.

Iran's Web Crackdown Shows Ease Of Government Internet Censorship (WSJ)

By Christopher Rhoads

The Wall Street Journal, December 5, 2006

Iran's campaign to shutter popular Web sites and curtail text-message traffic reflects the growing ability of governments to control online content inside their national borders.

The crackdown, reported earlier by Britain's Guardian newspaper, is part of a broader offensive against what authorities consider immoral Western culture. It has targeted Web sites including Amazon.com, publicly edited online encyclopedia Wikipedia.com, movie Web site imdb.com and online video-sharing portal YouTube.com, among others. Some of these sites are working again, but the clampdown is consistent with a tightening of online content in Iran dating back two years.

The blockage isn't airtight, as more-savvy Internet users in the country have access to software and other measures that allow them to get around government restrictions, Internet experts say. It is uncertain how long the restrictions will last.

Iran is one of a host of nations that have taken steps to limit access to the Internet or control what users can see in cyberspace. Others that have taken such steps include China, Cuba and North Korea. Tehran's recent actions are noteworthy given the country's flourishing and relatively free Internet culture in recent years. Iran has an estimated 7.5 million users, up from 250,000 six years ago, according to InternetWorldStats.com. A lively blogosphere emerged in recent years, as state control of the country's traditional print media increased.

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Arash Sigarchi, for example, was a member of the reformist press that developed under President Mohammad Khatami in the late-1990s. When this media was shut down in 2000, Mr. Sigarchi began blogging on a collective site called "The Man from Gilan," and later on his own personal site, called "The Window of Hope." The now 28-year-old Mr. Sigarchi was arrested in early 2005 and sentenced to 14 years in prison for "propaganda against the regime," according to Reporters Without Borders, a Paris-based press-freedom group.

As Internet usage has increased in more countries, so has the ability of governments to restrict the online experience within their countries.

"Countries with the political ability and desire to limit info will do so," said Robert Faris, director of research for a global project on Internet filtering at the Berkman Center for Society and Internet at Harvard Law School. "The technical means are available now."

The Internet crackdown in Iran reflects efforts by the Islamist government of President Mahmoud Ahmadinejad to cleanse Iran of what its leaders deem decadent Western culture, including music and movies. Government authorities in recent days have broached several new measures, such as requiring bloggers and operators of Web sites to register with an official body, strengthening the government's ability to police what it views as objectionable content.

The government began tightening its grip on the Internet two years ago, when it arrested a handful of bloggers and others whose writings were deemed offensive, according to Reporters Without Borders. One blogger, Mojtaba Saminejad, faced the death penalty for "insulting the prophets," but was found guilty of a lesser charge.

Last month, the government blocked two Web sites, tik.ir and meydann.com. The first contained criticism of the government and its spiritual leadership, and the second published articles calling for an end to the stoning of women, according to Reporters Without Borders.

The government has also taken the unusual step of attempting to curtail the speed of Internet access, essentially banning broadband.

"It's weird" said Julian Pain, head of the Internet freedom desk for Reporters Without Borders, because limiting connection speed not only curbs dissidents but "economically has a huge impact." Trade, government business and private-sector activities can all be hurt by hobbled Internet speeds, he said.

Tools to get around restrictions are spreading quickly. The University of Toronto, for example, late last month announced a program called psiphon, which works on the principle of social networking. It enables a person in an uncensored country who downloads the software to turn his computer into an access point for users in censored countries. People in censored countries can use the computer as a proxy to access the broader Internet without detection by authorities.

Write to Christopher Rhoads at christopher.rhoads@wsj.com1

Realism And Iran (WSJ)

The Wall Street Journal, December 5, 2006

Realism is an academic theory that holds that nations should, and typically do, conduct foreign policy with greater regard for their interests than their values. But realism is also an ordinary word that tells us that good sense and experience are better practical guides to action than theory. That's a distinction worth bearing in mind as the Baker-Hamilton Iraq Study Group releases its report this week and we debate whether the U.S. should engage diplomatically with Iran.

To hear the so-called realists tell it, engaging Tehran is a matter of necessity and ought to be one of choice. Necessity, they say, because there will be no good outcome in Iraq -- or Lebanon and Palestine -- without Iranian acquiescence, which can only be achieved through face-to-face talks and confidence-building measures. Necessity, too, because they think that neither the U.S. nor Israel can stop Iran's nuclear ambitions militarily and so they must be dealt with as part of a broader negotiation.

Yet the same people who now call for engagement also believed in it long before the invasion of Iraq or the recent revelations about Iran's nuclear advances. They argue that Iran's pressing political and economic problems -- the country's huge youth cohort, cleavages within the regime and its loss of popular legitimacy, ethnic and labor unrest and growing unemployment -- mean the Islamic Republic has reasons of its own to come to the table. The same logic also suggests that the real purpose of

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its nuclear program is to serve as a bargaining chip to obtain bigger concessions from the West rather than as an end in itself. * * *

But here's where realism of the common sense kind should intrude. Iran's domestic problems are hardly new and in some ways have been eased by the high oil prices of recent years. In 1997, Iranians "elected" a supposedly moderate president, Mohammed Khatami, on a reformist platform. As Iranian journalist Amir Taheri notes in the November Commentary magazine, the Clinton Administration sought to establish openings with the Khatami government by lifting some sanctions and apologizing for U.S. political meddling. President Clinton even planned an "accidental" encounter with Mr. Khatami during the U.N.'s millennium summit, but Iran's Supreme Guide Ali Khamenei canceled it at the last minute. The stood-up President "was left pacing the corridors of the U.N.," writes Mr. Taheri.

Presidents Carter and Reagan earlier tried engagement with the Ayatollah Khomeini, each time with disastrous consequences: the seizure of the U.S. embassy in 1979; the Iran-Contra scandal of 1986. One problem is that however sincere Iranian moderates may be in seeking an accommodation with the West, Iranian hardliners have proved equally intent on torpedoing any deals. The hardliners have consistently held the upper hand.

This point should be obvious now that Mr. Khatami has been replaced by Mahmoud Ahmadinejad. Much has been said about Mr. Ahmadinejad's election being a victory for populism over clericalism. But his candidacy was promoted by Supreme Guide Khamenei and a clerical establishment that pre-selects its officeholders according to narrow ideological and religious criteria.

In Mr. Ahmadinejad, they found a man whose wipe-Israel-off-the-map rhetoric is matched by his record as a hostage-taker, prison interrogator and organizer of violent domestic paramilitaries. If the "realists" greeted Mr. Khatami's election as a sign of regime softening, why then do they not draw opposite conclusions about his successor?

The Bush Administration has also tried diplomacy, agreeing to allow the Europeans -- hardly the most truculent negotiators, except on Guantanamo -- to take the lead on the nuclear issue. In late 2003, Iran agreed to suspend its nuclear work as a confidence-building measure; within months, they were caught cheating. A second go-around a year later led to the same result, with Tehran dismissing a package of incentives that included security guarantees, technical assistance, commercial ties and prospective membership in the World Trade Organization.

An effort to get Iran to agree to have Russia enrich its uranium was negotiated for months and led nowhere. Iran has consistently misled U.N. inspectors and illegally obstructed their work by denying them multiple-entry visas. It has flouted the Security Council's August 31 deadline to cease enriching uranium, choosing instead to expand its enrichment work while pursuing other nuclear programs such as a heavy water plant at Arak that has few possible non-military uses.

The deeper issue concerns Iran's strategic ambitions. "Realists" argue that despite the regime's avowed revolutionary principles, what it really seeks is to become a status quo power, secure in its neighborhood and linked to the wider world.

Even assuming Iran's ambitions extend only to the region, its unneighborly behavior belies this hope. Iranian agents were almost certainly responsible for the 1996 murders of 19 U.S. servicemen in Saudi Arabia. Hezbollah waged its summer war against Israel using arms supplied by Tehran; those arms may yet be turned on the Lebanese government.

Both Britain and the U.S. have publicly accused Iran of supplying increasingly sophisticated improvised explosive devices to anti-Coalition forces in Iraq; IEDs are the leading cause of U.S. military deaths. Now Iran says that a swift American withdrawal from Iraq is the key to peace. That may be music to the ears of Western critics of the war. But it's hardly surprising given that the U.S. is what chiefly stands in the way of Iran's desire to dominate Iraq through the likes of Muqtada al-Sadr, whose Mahdi Army is responsible for some of the worst sectarian violence.

Iran actively supports more than a dozen Parties of God (aka, Hezb Allah) in places as faraway as Paraguay and Argentina. Asian regional powers such as India and Pakistan have not sought the long-range ballistic missiles as Iran has through its Shihabs, which can now reach parts of Europe. Whereas India and Pakistan have deployed modest nuclear arsenals adequate to defend against each other, the scope of Iran's enrichment program suggests a desire to construct scores of bombs a year. * * *

Finally, there is the matter of values. One has to wonder about "engaging" a regime whose recent domestic practices include taking a razor to the tongue of labor leader Mansour Ossanloo, whose crime was to have organized an independent

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union for bus drivers. Realists would have us believe that a country that indulges such barbarism can still be expected to act as a predictable and, under certain conditions, reliable partner in diplomacy.

It's true that we also "engaged" the Soviet Union during the Cold War, but most successfully when Ronald Reagan also spoke candidly about Soviet reality and on behalf of Russian freedom and the U.S. resisted the Kremlin's global designs. We suppose in that sense the Gipper was an idealistic realist. President Bush has spoken repeatedly, in his major speeches and in interviews, about American support for Iranians who aspire to more freedom, which is one reason the U.S. is popular among the Iranian people. What message would it now send those Iranians if the U.S. turned around and embraced the rule of Tehran's mullahs?

We think it's simple realism to believe the fate of people like Mr. Ossanloo explains Iran's past behavior, and well predicts its future.

Blair Proposes Sub-based Missile Shield (USAT)

USA Today, December 5, 2006

British Prime Minister Tony Blair unveiled plans Monday for a new submarine-based nuclear-missile defense system to thwart threats from rogue regimes and state-sponsored terrorists.

Blair told the House of Commons that despite the end of the Cold War, threats were posed by North Korea, Iran and others. Blair said land- or air-based alternatives were considered too costly and too vulnerable.

"It would be unwise and dangerous for Britain alone of any of the nuclear powers to give up its independent nuclear deterrent," he said. Blair said Britain would cut back on its nuclear stockpile from 200 warheads to 160.

Parliament will vote on the proposal by March. Blair's Labor Party was once committed to unilateral disarmament.

Coup underway in Fiji, prime minister says

Fiji's elected leader said a military takeover was under way in the South Pacific country as armed troops surrounded his house and locked down the capital. Heavily armed soldiers set up check points around the capital, Suva, and seized official vehicles from government ministers.

Prime Minister Laisenia Qarase was asked in a radio interview if he was still in control of the country.

"There are some things that aren't clear," Qarase told the Legend network. "If the military has completed the takeover then they are in control. If they have not completed the takeover, then we are still the government of the day."

U.S. Marine gets 40 years in Philippine rape case

U.S. Marine Lance Cpl. Daniel Smith was convicted of rape in the Philippines and sentenced to 40 years in prison. A 23-year-old Filipino woman accused Smith of sexually assaulting her while she was drunk on Nov. 1, 2005. Smith, 21, of St. Louis, testified that the sex was consensual. Three other Marines were acquitted of complicity.

The U.S. Embassy had retained custody of the men during prosecution, in line with the Visiting Forces Agreement signed in 1998. Smith became the first American soldier to be convicted of wrongdoing since then. The judge ruled Smith would be temporarily held in a Philippine jail during his appeals.

Egypt arrests foreigners for allegedly plotting attacks

Egyptian police arrested an American, two Belgians, nine French and several others from Arab countries for allegedly plotting terrorist attacks in Middle Eastern countries including Iraq, the Interior Ministry said.

The group was part of an Islamic terrorist cell that was in Egypt under the guise of studying Arabic and Islamic studies, a ministry statement said. "They were seeking to recruit others … urging them for jihad, traveling to Iraq to carry out operations," the statement said.

It did not give names or the number of Arabs arrested.

Blair Unveils Plan For Nuclear Missiles (AP)

By David Stringer

AP, December 5, 2006

Prime Minister Tony Blair launched plans Monday for a new multibillion-dollar submarine-based nuclear missile defense system, warning lawmakers the future may hold perilous threats from rogue regimes and state-sponsored terrorists.

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In what is expected to be among his last major acts as premier, Blair told the House of Commons that despite the end of the Cold War, potential threats were posed by North Korea, Iran and others.

"In these circumstances, it would be unwise and dangerous for Britain alone of any of the nuclear powers to give up its independent nuclear deterrent," he said.

Blair said Britain would cut back on its stock of nuclear warheads from 200 to 160 — a move intended to make the proposal more acceptable to detractors within his own party. But he said any decision to reduce the nuclear-armed submarine fleet from four to three would be made only after a new vessel is designed. Blair said advisers had ruled out land or air based alternatives as too costly and too vulnerable.

The existing submarine fleet will be phased out from 2022, defense officials said.

Blair also said a decision on whether Britain will build a new arsenal of warheads to replace current stocks — expected to last only until the 2020s — would not be made before 2009.

That means Blair — due to stand down in 2007 — avoided the most contentious aspect of committing to a future nuclear defense program. Debates over a new warhead program are expected to stir up fierce divisions in his Labour party, once committed to unilateral nuclear disarmament

Britain's conservative opposition leader, David Cameron, endorsed the new deterrent, though he urged options be kept open for fourth submarine.

The replacement fleet would cost around $40 billion.

Blair said Britain would join in a U.S. program to extend the Trident D5 missile, currently used by both countries, until the early 2040s. President Bush has assured Blair that Britain would also be included in designing a successor missile, defense officials said.

Blair told legislators they would be asked to decide on the number of new submarines and a new missile design in the next Parliament, following national elections expected in 2009.

Kate Hudson, chairwoman of the Campaign for Nuclear Disarmament, said Iran and North Korea would see Blair's decision as a vindication of their own aspirations.

Opponents of a replacement system — including nuclear disarmament campaigners — claim the new fleet is likely to cost as much as $150.6 billion.

Lawmakers will be asked to vote on the proposal by March and senior officials said the plan was expected to win overwhelming support.

Britain's first Trident submarine, the HMS Vanguard, went on a maiden patrol in December 1994.

Britain's third party Liberal Democrats have argued that a decision could be put off until as late as 2014. The government claims a decision is urgent because it will take up to 14 years to design, commission and build the submarines.

Menzies Campbell, leader of the Liberal Democrats, questioned the timing of the decision. "Is this about Britain's interest or your legacy?" he asked Blair in the Commons.

A survey of members of the House of Commons indicated that Blair faces strong resistance within his party.

Among 80 Labour lawmakers who completed a questionnaire, 39 percent were opposed to a new generation of nuclear-armed submarines, CommunicateResearch reported for The Independent newspaper.

In contrast, 94 percent of 52 Conservatives supported a new generation.

Beyond five formally declared nuclear weapons states — the United States, Russia, China, France and Britain — four others are known or thought to have such arms. They are India, Pakistan, Israel and, following its October missile test, North Korea.

Of the nuclear powers, only the United States and Russia have submarine, air and land-based capability.

Blair Urges Keeping Nuclear Arms Program Alive (NYT)

By Alan Cowell

The New York Times, December 5, 2006

DOJ_NMG_0102332

LONDON, Dec. 4 — Citing a potential nuclear threat from nations like North Korea and Iran, Prime Minister Tony Blair urged legislators on Monday to extend the life of Britain's nuclear arms program with a new generation of submarines costing as much as $40 billion.

Mr. Blair made his proposal as he presented a white paper to Parliament on the subject of Britain's nuclear capacity that is expected to be debated at some length before a vote next March.

Mr. Blair proposed a plan to replace four Vanguard nuclear-powered submarines, equipped with Trident D5 missiles manufactured in the United States, that he said were the nation's only nuclear deterrent. The vessels will begin to go out of service in 2022, he said, and it will take 17 years to design and build replacements.

Nuclear weapons are a sensitive issue for the governing Labor Party since many of its supporters — including at one time Mr. Blair himself — have traditionally opposed nuclear weapons. Indeed, until the late 1980s, the party was formally committed to unilateral nuclear disarmament.

Mr. Blair insisted Monday that Britain should not dispense with its nuclear capacity.

"The risk of giving up something that has been one of the mainstays of our security since the war, and moreover doing so when the one certain thing about our world today is its uncertainty, is not a risk I feel we can responsibly take," he said in Parliament. "Our independent nuclear deterrent is the ultimate insurance."

Apart from other arguments, Mr. Blair said, "The new dimension is undoubtedly the desire by states, highly dubious in their intentions, like North Korea and Iran, to pursue nuclear weapons capability."

But Mr. Blair's supporters are calculating that they can muster sufficient parliamentary support from the opposition Conservatives to squash Labor opposition in next year's vote. As a sop to Labor dissent, however, Mr. Blair said Britain would consider reducing its nuclear submarine force to three from four and might cut its "stockpile of operationally available warheads" by one-fifth, to "no more than 160."

In addition to Britain, nations with nuclear weapons include the other four permanent members of the United Nations Security Council — the United States, Russia, China and France — and India and Pakistan.

Western nations like the United States and Britain accuse Iran of seeking a nuclear weapons capacity, which it denies. North Korea conducted a nuclear test in October. Israel has not commented on claims that it has nuclear weapons capacity.

"The notion of unstable, usually deeply repressive and anti-democratic states, in some cases profoundly inimical to our way of life, having a nuclear capability is a distinct and novel reason for Britain not to give up its capacity to deter," Mr. Blair said.

"It is not utterly fanciful either to imagine states sponsoring nuclear terrorism from their soil," he said. "We know this global terrorism seeks chemical, biological and nuclear devices. It is not impossible to contemplate a rogue government help such an acquisition."

Some opponents of nuclear weapons said that Britain should spend its money on the environment, not on weapons. But labor unions representing shipyard and engineering workers said thousands of skilled jobs would be secured by a new nuclear submarine program. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Blair Calls For New Nuclear Sub Fleet (LAT)

By Kim Murphy

The Los Angeles Times, December 5, 2006

LONDON — British Prime Minister Tony Blair on Monday called for building a multibillion-dollar, new-generation nuclear submarine fleet to counter future threats from "rogue" nuclear states and nuclear terrorism.

The move, which Blair justified as a hedge against potential threats from terrorists and states with nuclear ambitions, such as Iran and North Korea, rekindled debate over Britain's nuclear future and the role of such weapons in the post-Cold War world.

Blair said his government would support a top-to-bottom renewal of the nation's nuclear-powered Trident submarine fleet, which is equipped with nuclear ballistic missiles, to ensure that Britain retains its seat among the world's five major nuclear powers for decades to come.

"The risk of giving up something that has been one of the mainstays of our security since the [Second World] War, and moreover doing so when the one certain thing about our world today is its uncertainty, is not a risk I feel we can responsibly take.

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Our independent nuclear deterrent is the ultimate insurance," Blair told an occasionally skeptical Parliament, which will vote on the program in March.

"Proliferation remains a real problem," he said. "The notion of unstable, usually deeply repressive and anti-democratic states, in some cases profoundly inimical to our way of life, having a nuclear capability, is a distinct and novel reason for Britain not to give up its capacity to deter."

There have been mounting calls in Britain to dismantle the four-vessel nuclear-weapons fleet that many believe has outlived its purpose. Spending billions on a new fleet could undermine negotiations with North Korea and Iran at a time when those nations are being asked to adhere to international nonproliferation obligations, these critics say.

"How can this cost be justified in the post-Cold War environment, when it will severely restrict much more needed conventional military expenditures, undermine the Nonproliferation Treaty and drain off colossal sums of money from real threats of terrorism, climate change and long-term energy security?" Michael Meacher, a lawmaker from Blair's Labor Party, argued during Monday's opening debate in the House of Commons.

But Blair's proposal can survive misgivings in his own camp because he is assured of substantial support among opposition Conservative lawmakers. Tory leader David Cameron said "the case is very powerful" for building "a credible system … that isn't vulnerable to preemptive attack," and even questioned Blair's commitment to a 20% reduction in the number of Trident nuclear warheads.

"Does he realize he doesn't have to make concessions to those who've never supported the concept of deterrence?" Cameron said.

Blair is calling for revamping U.S.-made Trident D5 missiles to extend their utility into the early 2040s while reducing their number to 160 from 200. British designers would immediately launch the design and construction of as many as four new submarines to replace within 17 years the current fleet of four Vanguard-class nuclear-powered submarines, launched in the mid-1990s.

The estimated cost would range from $30 billion to $40 billion, an average of 3% of the defense budget over the next two decades.

Britain would continue to field the smallest stockpile of nuclear weapons among the five recognized nuclear powers and would be the only one with a single delivery system, Blair noted.

He said the end of the Cold War had not ended Britain's potential future vulnerability to possible threats. "The new dimension is undoubtedly the desire by states, highly dubious in their intentions, like North Korea and Iran, to pursue nuclear weapons capability," he said.

Gavin Ireland, a military sciences researcher at the Royal United Services Institute, said Britain's nuclear posture was founded on the concept of deterrence based on ambiguity.

"It's there in the back pocket. It's not intended to be an overt threat," Ireland said.

Unlike U.S. nuclear policy, he said, which calls for deployment of a wide range of missiles on multiple platforms capable of striking a broad range of targets, Britain's strategy calls for keeping at least one sophisticated and elusive nuclear submarine deployed somewhere in the world's oceans whose orders to launch would be difficult, if not impossible, to subvert.

Ultimately, Blair said, relying on the substantially larger U.S. arsenal to shield Britain is not a foolproof option.

"The independent nature of the British deterrent is again an additional insurance against circumstances where we are threatened but America is not," he said. "These circumstances are also highly unlikely, but I am unwilling to say they are nonexistent."

Offering Video, Israel Answers Critics On War (NYT)

By Greg Myre

The New York Times, December 5, 2006

JERUSALEM, Dec. 4 — Israel's military, which has been accused of abuses in its war against Hezbollah this summer, has declassified photographs, video images and prisoner interrogations to buttress its accusation that Hezbollah systematically fired from civilian neighborhoods in southern Lebanon and took cover in those areas to shield itself from attack.

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Lebanon and international human rights groups have accused Israel of war crimes in the 34 days of fighting in July and August, saying that Israel fired into populated areas and that civilians accounted for a vast majority of the more than 1,000 Lebanese killed.

Israel says that it tried to avoid civilians, but that Hezbollah fired from civilian areas, itself a war crime, which made those areas legitimate targets.

In a new report, an Israeli research group says Hezbollah stored weapons in mosques, battled Israelis from inside empty schools, flew white flags while transporting missiles and launched rockets near United Nations monitoring posts.

The detailed report on the war was produced by the Intelligence and Terrorism Information Center at the Center for Special Studies, a private research group headed by Reuven Erlich, a retired colonel in military intelligence, who worked closely with the Israeli military.

An advance copy was given to The New York Times by the American Jewish Congress, which has itself fought against the use of "human shields," provided consultation and translated the study.

In Lebanon, a Hezbollah official denied the study's allegations, saying its military units were based outside towns and villages and had come into populated areas only when circumstances required it. "We tried to avoid having to fight among civilian areas, but when Israeli troops entered villages, we were automatically forced to fight them from inside these villages to defend it," said the official, who spoke on condition of anonymity because he was not authorized to speak on military matters.

Israel's critics charge that its military either singled out civilians or was reckless in its pursuit of Hezbollah. The new report is an attempt to rebut such criticism.

The report includes Israeli Air Force video that it says shows several instances of Hezbollah personnel firing rockets next to residential buildings in southern Lebanon and then being bombed by Israel. The adjacent buildings were presumably damaged, but there is no information on whether civilians were inside.

"This study explains the dilemma facing the Israeli military as it fights an enemy that intentionally operates from civilian areas," Mr. Erlich said. "This is the kind of asymmetric warfare we are seeing today. It's not only relevant to Lebanon, but is also what we are seeing in the Gaza Strip and in Iraq."

The report says: "The construction of a broad military infrastructure, positioned and hidden in populated areas, was intended to minimize Hezbollah's vulnerability. Hezbollah would also gain a propaganda advantage if it could represent Israel as attacking innocent civilians."

In video from July 23, a truck with a multi-barreled missile launcher, presumably from Hezbollah, is parked in a street, sandwiched between residential buildings. The video was transmitted from an Israeli missile approaching the truck. The screen goes fuzzy as the missile slams into the target.

In another video, from a Lebanese village, rockets are seen being fired from a launcher on the back of a truck. The truck then drives a short distance and disappears inside a building. Seconds later, the building itself disappears under a cloud of smoke from an Israeli bomb.

The report says that there were many such examples, and that Hezbollah has been preparing for such an engagement for years, embedding its fighters and their weapons in the Shiite villages of southern Lebanon. When Hezbollah fired its rockets from those areas, Israel faced a choice of attacking, and possibly causing civilian casualties, or refraining from shooting because of the risk, the report said.

Elias Hanna, a retired Lebanese Army general, said of the Israeli allegations, "Of course there are hidden invisible tunnels, bunkers of missile launchers, bunkers of explosive charges amongst civilians."

He added: "You cannot separate the southern society from Hezbollah, because Hezbollah is the society and the society is Hezbollah. Hezbollah is holding this society together through its political, military and economic services. It is providing the welfare for the south."

Asked whether Hezbollah should be seen as responsible for the deaths of Lebanese civilians in the war, he replied: "Of course Hezbollah is responsible. But these people are ready to sacrifice their lives for Hezbollah. If you tell them, 'Your relative died,' they will tell you 'No, he was a martyr.' The party's military preparations from 2000 till 2006 took place in their areas. They were of course done with complete secrecy, but in accordance with the civilians."

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During the war, Israel dropped leaflets urging villagers to leave southern Lebanon and also to evacuate from Hezbollah strongholds in southern Beirut. Many did flee, but some remained and among them were hundreds who were killed.

In one highly publicized Israeli strike on July 30, at least 28 Lebanese civilians, including many women and children, were killed when Israel bombed a residential building in the village of Qana. Israel said it struck a Hezbollah rocket cell that had recently fired from near the building.

In several other instances, Israel bombed vehicle convoys that were trying to leave the combat zone in southern Lebanon, killing many civilians. Human Rights Watch, a New York-based advocacy group, said shortly before the war ended that it had documented the deaths of 27 Lebanese civilians killed while trying to flee.

Kenneth Roth, the executive director of Human Rights Watch, wrote shortly after the war that the Israeli military "seemed to assume that because it gave warnings to civilians to evacuate southern Lebanon, anyone who remained was a Hezbollah fighter."

He wrote, "But giving warnings, as required by international humanitarian law, does not relieve the attacker of the duty to distinguish between civilians and combatants and to target only combatants."

Amnesty International said that Israel "consistently failed to adopt necessary precautionary measures," and that its forces "carried out indiscriminate and disproportionate attacks on a large scale."

The group also accused Hezbollah of "serious violations of international humanitarian law" for deliberately attacking Israeli civilians with rockets. But it did not address the accusation that Hezbollah hid its militants among Lebanese civilians.

The Israeli report defended the Israeli operations, saying "airstrikes and ground attacks against Hezbollah targets located in population centers were carried out in accordance with international law, which does not grant immunity to a terrorist organization deliberately hiding behind civilians."

The Israeli report included video of what it said were three Hezbollah prisoners being questioned by Israeli military personnel.

Muhammad Srour, a young Hezbollah fighter, said he had initially received training in Iran and was undergoing further training in eastern Lebanon's Bekaa Valley when the war broke out. He was sent to the front lines.

Like many Hezbollah fighters, he traveled by motorbike, but they were frequently the targets of Israeli forces. While transporting missiles, hidden in cloth, in and around the southern village of Aita al Shaab, "I carried a white flag," Mr. Srour said.

Hezbollah operated freely from homes in the village, with the permission of residents who had fled. The departing residents either left their doors unlocked or gave their keys to Hezbollah, he said. Mr. Srour acknowledged that homes used by Hezbollah were more likely to draw fire.

But, he said, "better that the house is destroyed and the Israelis don't enter and come back to conquer Lebanon."

Another captured fighter, Hussein Suleiman, explained how he had set up a rocket-firing position on the front porch of a house on the outskirts of Aita al Shaab.

A third Hezbollah man, Maher Kourani, said group members had worn civilian clothes, tried never to show their weapons, and traveled in ordinary civilian cars. "We use Volvos, Mercedes, BMW," he said. "We use Range Rovers, too."

The Israeli report makes frequent references to Hezbollah's using Lebanese civilians as human shields, though it cites only two villages where it says Hezbollah prevented residents from leaving. Mr. Erlich acknowledged that over all, Hezbollah did not use coercion against Lebanese civilians.

Rather, he said, "Hezbollah was operating inside a supportive population, and cynically used them to further its own goals."

Hezbollah fired some 4,000 rockets into northern Israel, and most Israeli civilians either fled the region or took refuge in bomb shelters.

Over all, more than 1,000 Lebanese were killed, and a vast majority were civilians, according to the Lebanese government. Hezbollah has said that no more than 100 of its fighters were killed.

The Israeli report disputes this, claiming that at least 450 and perhaps as many as 650 of the Lebanese dead were from Hezbollah.

Israel suffered 159 deaths, including 41 civilians and 118 military personnel, according to the report.

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Israel withdrew its troops from southern Lebanon in 2000 after a presence of nearly two decades, much of it spent fighting Hezbollah. There was periodic cross-border shelling in the ensuing years.

The war erupted on July 12 when Hezbollah crossed the border and attacked an Israeli jeep patrol, killing three soldiers and capturing two more, who remain held by Hezbollah, according to the group.

The fighting stopped Aug. 14, shortly after the passage of United Nations Security Council Resolution 1701, which reaffirmed an earlier resolution calling for Lebanese militias to disarm.

Israel says Hezbollah has only hidden its weapons and is being resupplied from its longtime patrons, Syria and Iran. Israel continues to send warplanes on reconnaissance missions over southern Lebanon, despite criticism from the United Nations forces in the region. <NYT_AUTHOR_ID>

Nada Bakri contributed reporting from Beirut, Lebanon.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

More Troops Deployed In Beirut After Killing Of Protester (FT)

By Ferry Biedermann

Financial Times, December 5, 2006

Lebanon's army deployed more soldiers in Beirut on Monday after the killing of a pro-Syrian demonstrator raised fears peaceful anti-government protests could turn to violence.

Security sources said the military increased its forces in the Sunni districts that Shia protesters drive through to get to central Beirut where the Hezbollah-led opposition is holding a sit-in aimed at forcing the government of Fouad Siniora to step down.

The anti-government demonstrations in Lebanon claimed their first life on Sunday after a protester was killed in a clash when Shia marchers entered a largely Sunni neighbourhood of Beirut. The man was shot when Hizbollah supporters were making their way home through the suburbs.

Both sides in the country's power struggle vowed not to budge, with thousands of anti-government demonstrators camping out in the heart of Beirut for a third night while Mr Siniora insisted that he would not resign.

The prime minister said that "protest is no solution". The opposition, led by the pro-Syrian, Shia Hizbollah movement, is demanding a government of national unity. Margaret Beckett, the British foreign secretary, and Frank-Walter Steinmeier, the German foreign minister, were in Beirut over the weekend.

They met Mr Siniora separately and expressed their support for him. In the Arab world, King Abdullah of Saudi Arabia and Egypt's President Hosni Mubarak voiced strong support for the Lebanese government. Amr Moussa, the head of the Arab League, called for a compromise.

Troops Patrol Beirut After Shooting (AP)

By Scheherezade Faramarzi

AP, December 5, 2006

Troops in armored cars deployed to Sunni Muslim neighborhoods in the capital Monday after the shooting death of a young Shiite man, but that failed to prevent renewed friction. Shiite leaders urged the victim's family to avoid revenge, fearing sectarian violence that could detonate Lebanon's political crisis.

Lebanese were struggling to contain tensions after Shiites were fired on Sunday as they walked through Sunni and mixed neighborhoods following an anti-government demonstration in downtown Beirut. The attack raised memories of Lebanon's 1975-1990 civil war, when Beirut was divided by the Green Line between its warring Christian and Muslim districts.

Now Lebanon's divisions fall along different lines: The government of Prime Minister Fuad Saniora has widespread support among Sunnis, while its opponent, the pro-Syrian Hezbollah, is backed by Shiites. Lebanon's Christians largely support the government, though a major faction has allied with Hezbollah.

Police said two people were injured late Monday when a group of Shiites, returning home from downtown Beirut, smashed windows of parked cars and stores in a neighborhood near Qasqas, the mainly Sunni area where Sunday's shooting took place.

Troops fired several warning shots in the air and intervened to prevent the friction from escalating, said security officials, who spoke on condition of anonymity because they were not authorized to speak to the media.

About 300 people also gathered on the highway to Beirut international airport, in an apparent attempt to block the road, but security forces prevented them, the security officials said.

The body of Ahmed Mahmoud, a 20-year-old Shiite, was brought by ambulance Monday night to downtown Riad Solh Square, where thousands of pro-Hezbollah protesters were camping for the fourth straight night demanding the ouster of Saniora's U.S-backed government.

The protesters cheered, blared nationalist songs and waved the Lebanese flag as the coffin was placed on a platform in front of the crowd, just a few hundred yards from Saniora's offices, which were ringed by troops.

Hezbollah's Al-Manar television station, which aired the event live, called Mahmoud "the martyr of national unity." Mahmoud's funeral was scheduled for Tuesday.

Mahmoud's father, Ali, said he initially had thought of revenge, but backed down after a visit by envoys of Hezbollah leader Sheik Hassan Nasrallah and his ally, Parliament Speaker and leader of the Shiite Amal Movement Nabih Berri, who said vengeance would only play into the hands of those trying to divide Lebanon.

"They said my son was martyred for the homeland and they don't want chaos, but want all sects to live in harmony, to love each other," Mahmoud said as he received well-wishers at a funeral hall.

He said he hoped that Saniora, who has been holed up in his office since Friday, will quit. "Then, everything will be fine. We don't want problems between Sunnis and Shiites, Christians and Druse," he said.

Ahmed Mahmoud and his brother Hassan were returning home from the protest Sunday and had just turned a corner when heavy gunfire broke out.

"Ali said, 'Let's run the other way,'" said Hassan, 22. He said he heard his brother scream, and saw him fall, but kept running. An hour later, the family got a call saying Ahmed had been killed by a bullet to the back.

Hassan Mahmoud accused Saniora and his top ally, Saad Hariri — son of slain Sunni former prime minister Rafik Hariri — of causing problems "so Sunnis and Shiites start fighting each other."

Accounts of how the shooting started varied. Sunnis in the neighborhood said the Shiites returning from the rally began chanting rude slogans against Sunni leaders, provoking Sunnis to throw stones. Some — Sunnis and Shiites — said they believed the came from outsiders not connected to the rally.

"I expect things to get worse, there will be war. The signs are all there," said Issam Qadah, a Sunni coffee vendor who heard the gunfire.

Mazen Mizhir, 19, a Sunni student, said he was worried about his safety because his college was in a Shiite neighborhood. "Tomorrow, Nasrallah and Saad Hariri will kiss and make up. It's only the ordinary people who will lose," he said.

Mohammed Barakat, a 34-year-old Sunni, blamed Hezbollah for the crisis. "We (Sunnis) feel like foreigners in our own land," he said. "We're living on the edge."

The political crisis began escalating when six pro-Hezbollah ministers resigned from the Cabinet last month after Saniora and his anti-Syrian majority in parliament rejected the group's demand for a new national unity government that would effectively give it and its allies veto power.

Hezbollah says it will continue its protest campaign until Saniora agrees to step down; the prime minister and his supporters have vowed to stay.

Saniora, a Sunni, gave a veiled warning Sunday of the possibility of Sunni-Shiite fighting, saying that any attempt by Hezbollah's supporters to storm his office would lead to "a major and serious problem."

Beirut Protester Killed In Brawl Is Hailed As Hezbollah 'Martyr' (WP)

By Anthony Shadid

The Washington Post, December 5, 2006

DOJ_NMG_0102338

BEIRUT, Dec. 4 -- The posters went up Monday morning, followed by slogans and chants. And within a day of his death in a street brawl along Beirut's increasingly tense fault lines of sect and politics, Ahmed Mahmoud became the first symbol of the mass demonstrations by Hezbollah and its allies meant to bring down the government of Prime Minister Fouad Siniora.

"Lift the Lebanese flag," an announcer intoned over loudspeakers, as tens of thousands at the protest in downtown Beirut surged toward an ambulance carrying Mahmoud's coffin, draped in a Lebanese flag. "Let us give respect to the martyr."

The bells of St. George Cathedral rang, and protesters recited Koranic verses as his body was carried through the streets. At times, the crowd shouted, "Down with the government!" His posters were hung over the crowd and plastered on car windshields. "Martyr of Lebanese national unity," one read. "Martyred at the hands of the authority's militias," said another.

Mahmoud was shot Sunday in clashes that erupted on the edge of Tariq Jdideh, a tense Sunni neighborhood, between its residents and Shiite protesters returning from downtown. The exact circumstances of his death remained unclear, but the conflicts there and elsewhere in the city sent a chill through Beirut, bracing for more trouble between the tens of thousands going back and forth to the protest and other residents who say they see the banners, flags and chants as a provocation.

Soon after the clashes, the Lebanese army deployed more soldiers in the capital, particularly along protesters' routes. Downtown, dozens of soldiers and riot police stood behind barbed wire and barricades guarding the government headquarters known as the Serail, where Siniora and other ministers have taken up residence. Even the arrival of Mahmoud's body at the protest went unannounced; organizers, sensing that tempers were running high, said they were trying to act responsibly.

Hours after nightfall Monday, Lebanese television aired footage of more fights in the same neighborhood, which is near the largely Shiite Muslim southern suburbs. Car windows were shattered, and groups of youths surged down the streets.

"We're not scared of sectarian strife, but we're ready for it," said Wael Ali, a 27-year-old protester. "We don't want to aggress against anyone, but if someone aggresses against us, we'll never give in."

He stood with a friend, Hassan Qassem, both of whom have come each day to the demonstrations.

"We're ready for everything," said Qassem, also 27. "We had martyrs in the war with Israel, and we won. We're not ready for just one martyr. We're ready for 1,000 martyrs, but in the end, the government will be brought down."

As they spoke, the Lebanese national anthem played as the body was driven through the streets, with crowds rushing toward the ambulance. Some threw red and white rose petals on top of the hood. As it made its way toward the edge of downtown, the crowd shouted, "There is no god but God; the martyr is beloved by God."

Hezbollah and its allies called the protest Friday after the government rejected their demands for a greater share of power in the cabinet. The government and its supporters, allied with the United States and France, have described the demonstrations as a coup attempt. Hezbollah, backed by Syria and Iran, has insisted the protesters will remain in the streets until the government resigns.

The arrival of Mahmoud's body was a dramatic moment in the otherwise carnival-like atmosphere of the demonstrations, which entered their fourth day. Boys played cards in the street or smoked Arabic water pipes outside dozens of tents that have gone up in parking lots and parks.

Families posed for pictures, and youths tried to outdo each other with chants. Most were directed at Siniora and his government allies, particularly Ahmed Fatfat, who as acting interior minister during the recent war had authority over a police commander who served tea to Israeli troops who had entered his headquarters as they occupied the southern town of Marjayoun.

"Oh Fatfat, you tough guy, we'll take three coffees and a tea!" they shouted.

As protesters passed police checkpoints, some motioned their hands downward, a gesture made to order tea.

British Police Take Poisoning Inquiry To Moscow (WP)

By Mary Jordan And Peter Finn

The Washington Post, December 5, 2006

LONDON, Dec. 4 -- A team of British police investigators arrived in Moscow on Monday to begin questioning people about the poisoning death of Alexander Litvinenko, a former Russian spy who had recently become a British citizen, in a case that is straining relations between the two governments.

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Home Secretary John Reid, speaking at a European Union meeting in Brussels, said the Scotland Yard officers in Moscow would "follow the evidence wherever it goes."

Although Russian officials have pledged to cooperate in the inquiry, their irritation over the case showed through in official comments. Foreign Minister Sergei Lavrov warned Monday against "politicizing this issue" and "speculations on this subject." The Interfax news agency also quoted him as saying, "This is, of course, harming our relations."

In Russia, a jailed former intelligence officer made a plea Monday through his lawyers for British investigators to talk to him. Mikhail Trepashkin, who used to work in the Federal Security Service, or FSB, said an FSB officer had told him that Litvinenko was being targeted and "won't escape Trotsky's ice pick," a reference to the 1940 murder of Bolshevik figure Leon Trotsky by a Soviet agent in Mexico City.

Alex Goldfarb, a friend of Litvinenko's, said he hoped British investigators would be allowed to interview Trepashkin in jail because he would be able to tell them about "rogue elements within the FSB," the domestic successor to the KGB.

Litvinenko, 43, an outspoken critic of Russian President Vladimir Putin, a former KGB officer, accused Putin of ordering his killing, according to a statement Litvinenko's family and friends said he dictated on his deathbed. The Kremlin has called those allegations absurd, and Reid has cautioned against making assumptions about the case before the facts are known.

Scotland Yard detectives in Moscow are treading on delicate ground as they look into the business and personal relationships of former members of Russia's secretive intelligence services. A central focus of the investigation in Moscow will be interviews with three men, at least one of them a former KGB officer, who met with Litvinenko on Nov. 1, hours before he fell violently ill from poisoning by radioactive polonium-210.

In comments to Russian news organizations, the three men -- Andrei Lugovoy, Dmitry Kovtun and Vyacheslav Sokolenko -- have denied any involvement in Litvinenko's death. All three met Litvinenko in the Millennium Hotel in London, across the street from the U.S. Embassy. Police later detected traces of radiation at the hotel.

Police are investigating whether there are also links between any of the men and traces of polonium-210 found in London hotel rooms and on British Airways planes that flew from London to Moscow, among other destinations.

The three Russians met in the 1980s at the Supreme Council Military School in Moscow, according to a recent joint interview with Echo Moskvy radio. Lugovoy is a former KGB agent -- as was Litvinenko -- but the backgrounds of Kovtun and Sokolenko are less clear. Sokolenko said he runs an association of security companies called the Ninth Degree, and Kovtun described himself as a business consultant.

Many private security companies in Russia are stocked with former officers of the KGB and FSB, according to Olga Kryshtanovskaya, head of the Center for the Study of Elites at the Institute of Sociology in Moscow. She said the former agents provide physical security and gather political and economic intelligence for corporations.

"They are very valuable to employers of private security firms," agreed John Barber, an expert in modern Russian history at Cambridge University, especially because of their connections.

Sokolenko told the radio station that he was in London on Nov. 1 to join Lugovoy at a soccer game between British and Russian teams. Sokolenko said he "didn't have a meeting" with Litvinenko at the Millennium but merely "exchanged greetings" with him as Litvinenko spoke to the other two.

Kovtun said he first met Litvinenko in London with Lugovoy on Oct. 16, then again on Nov. 1. Kovtun said on Echo Moskvy that Litvinenko had "serious contacts with serious British companies which wanted to get into the Russian market, but had experienced difficulties with this."

Lugovoy described himself as an owner of a factory producing wine and nonalcoholic drinks made from herbs and honey. "This is my main business now," he said. "This factory is the largest in the country, 50,000 square meters, 500 employees. The company is very successful."

After graduating from the military academy, Lugovoy said, he worked in a KGB Kremlin regiment that provided security for VIPs. After the fall of the Soviet Union, he provided security in 1992 and 1993 for then-Prime Minister Yegor Gaidar -- who himself fell mysteriously ill recently during a visit to Ireland. He was released from a Moscow hospital Monday evening.

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After leaving government service, Lugovoy spent several years as head of security for ORT, a national television channel once controlled by Boris Berezovsky, a billionaire now living in self-imposed exile in London. Berezovsky was a friend of Litvinenko's and is another harsh critic of Putin, who arranged a state takeover of ORT.

Lugovoy, like Litvinenko, spent time in prison in Russia. Lugovoy was charged with trying to help an official of the Russian airline Aeroflot, in which Berezovsky was a major shareholder, escape from police custody.

Litvinenko, for his part, angered his superiors when he publicly accused them of ordering him to kill Berezovsky. He was jailed on several charges of abusing his authority before he was released and fled the country, arriving in Britain in 2000.

Russia: Poison Probe Has Hurt UK Ties (FT)

By Neil Buckley And Jimmy Burns And Daniel Dombey

Financial Times, December 5, 2006

Russia warned on Monday that the mounting furore over the poisoning in London of Alexander Litvinenko was damaging relations between the two countries.

As British investigators arrived in Moscow last night for a highly unusual joint probe, Sergei Lavrov, Russian foreign minister, hit out at what he called the "politicisation" of the case.

UK investigators and officials have refused to rule out the possibility that the former KGB agent was killed as a result of a conspiracy involving Russian security services involved in political manoeuvring.

The Russian prosecutor-general's office confirmed that London's police had requested assistance with its investigation. Mr Litvinenko died after being poisoned with radioactive polonium 210. His death led to a health scare in Britain in which buildings and people were found to be contaminated with radiation and three British Airways aircraft were grounded.

Moscow has been irritated by newspaper reports from London that Moscow tried to prevent the publication of Mr Litvinenko's deathbed letter. "This is damaging our relations," Mr Lavrov was quoted as saying by Russian news agencies. "We must avoid speculation on this subject."

British investigators plan to interview at least three Russians who met Mr Litvinenko on November 1, the day he fell ill.

Particular attention is focusing on Andrei Lugovoi, a former KGB officer who also has past links – like Mr Litvinenko – with Boris Berezovsky, the exiled Russian oligarch.

Mr Lugovoi was unavailable for comment on Monday but in previous media statements has denied any responsibility for Mr Litvinenko's poisoning.

British Spy Probe Turns To Émigrés (WSJ)

By Carrick Mollenkamp And Aaron O. Patrick

The Wall Street Journal, December 5, 2006

LONDON -- The investigation into the poisoning of the former Russian spy who died here last month has cast a spotlight on some of London's wealthiest jet-setters: the thousands of Russian émigrés who have moved here in the past decade.

Russians, as with other wealthy émigrés from the Middle East, come to protect their wealth and take advantage of the tax laws, or send their children to British schools. Some Russians are exiles seeking escape from the regime of President Vladimir Putin.

It was in these circles that former spy Alexander Litvinenko moved before his death in a London hospital on Nov. 23 from poisoning by the radioactive substance polonium 210.

Mr. Litvinenko was an associate of Boris Berezovsky, one of the most prominent Russian exiles in the United Kingdom and, like Mr. Litvinenko, a critic of Mr. Putin.

Many Russians here maintain ties back to Russia and its murky business and government connections, and while police haven't publicly identified any suspects, those links appear to be key. Yesterday, British investigators traveled to Moscow, testing relations between the U.K. and Russia.

To many, it follows that the plot leading to Mr. Litvinenko's poisoning would play out, like a spy novel, in London. London's Metropolitan Police Service has investigated nearly a dozen sites Mr. Litvinenko visited, or sites that police say require monitoring by health officials because of his radioactive poisoning. While Mr. Litvinenko blamed Mr. Putin in a note from his death bed -- a

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claim the Russian government has denied -- with the many wealthy Russian businessmen in London, a former spy could have crossed others who had the means to poison him.

Russian wealth makes a big contribution to London's economy, driving up house prices and boosting retail sales. Communities of wealthy Russians can be found in a number of other major cities, such as New York. London, and the U.K., do a lot to court these émigrés and other wealthy foreigners. Foreigners who reside in the U.K. but can show they don't live here permanently don't have to pay taxes on overseas income as long it resides offshore.

London's business climate also helps. The city has seen an influx of Russian businessmen rich with oil and telecommunication assets who have tapped the city's deep well of capital. Britons refer to a top London soccer team, Chelsea, as "Chelski" because the team is owned by Russian oligarch Roman Abramovich. Since 2000, Russian companies have taken part in 27 equity sales on the London Stock Exchange's main and alternative investment market, raising $24.6 billion, according to research firm Dealogic.

Earlier this year, in a huge offering, state-controlled Russian oil company OAO Rosneft listed its global depositary receipts on the London Stock Exchange. Underscoring the disputes from Russia that have spilled over into London, the stock offering came about only after lawyers for Russian oil company OAO Yukos failed to stop the listing after claiming that Rosneft's assets came from the unlawful seizure and sale of Yukos.

Among home sales, from June 2005 to June of this year, Russians have bought one in every five properties priced at and above £6 million ($11.9 million), according to real-estate firm Knight Frank.

This year, Russian homeowners are expected to buy 243 London homes priced above £1 million, compared with 67 in 2001, according to Liam Bailey, head of residential research at Knight Frank. The average sales price during that same period has risen 80% to £2.5 million for homes in London and the English countryside.

Last month, one of the U.K.'s top real-estate agents, Savills PLC, formed a joint venture with a Russian real-estate company, Intermark, to sell English houses and apartments to wealthy Russians. Virginia Garnett, a Russian-speaking executive with Savills in London, says Russians are prepared to spend £15 million to £30 million for homes in London.

Lately, Russians are discussing Mr. Litvinenko, Ms. Garnett says. "Socially, it comes up. Overwhelmingly, the Russian position is that Putin is being unfairly accused. I think there is definitely an attitude of disappointment in that right now that [Putin] is guilty until proven innocent" in the U.K., she says.

Iconic department store Harrods hired Russian-speaking personal shopping assistants last year. The store's export bureau, which helps foreign customers claim back sales tax, has had Russian-speaking staff since 2004. "The Russian market is very attracted to all of the top-of-the-range international designer labels," says a Harrods spokesman.

Peter Eatenton, a joint partner at Chelsea's Rolls Royce and Bentley car dealership, says Russians usually will only buy the latest and most expensive models. "They tend to be a bit over the top and want the best of the best," he says.

At the outpost of Sotheby's auction house in London, sales of Russian art are booming. Two sales of Russian art last month raised £22 million, including £2.25 million for two vases which Tsar Nicholas I gave to a French ambassador in 1830. Sotheby's declined to disclose the buyers, but Jo Vickery, head of the Russian department, says "the vast majority of our buyers are Russians. They made their money during the [Russian President Boris] Yeltsin period and now they are building up their collections."

Write to Carrick Mollenkamp at carrick.mollenkamp@wsj.com1 and Aaron O. Patrick at aaron.patrick@wsj.com2

A Familiar Mystery (WP)

By Anne Applebaum

The Washington Post, December 5, 2006

In the 10 days that have passed since Alexander Litvinenko, an ex-KGB agent, died of radiation poisoning in London, we have learned a lot about his death -- haven't we?

Well, we have learned that Litvinenko died after somehow ingesting polonium-210, a relatively rare radioactive substance. We have learned that a mysterious Italian, Mario Scaramella-- a self-employed "security expert" who last year claimed that he'd found ex-KGB men selling nuclear material in the postage-stamp republic of San Marino -- has been poisoned too. We have

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learned that various other ex-KGB agents floating around London also have tested positive for polonium-210, as have a Piccadilly sushi restaurant, a London hotel room and a few airplanes.

We have seen a photograph of Litvinenko flaunting KGB gauntlets, a Chechen sword and a Union Jack. We have also seen a photograph of Litvinenko with tubes in his body, on his deathbed.

We have learned that Litvinenko may or may not have known who murdered the Russian journalist Anna Politkovskaya earlier this year (and that the same people may have killed him too); that he may or may not have been involved in a scam to blackmail various prominent Russians (unless that's just information planted in the British press); that he may or may not have possessed a dossier proving that the Kremlin framed the imprisoned billionaire boss of the Yukos oil company, Mikhail Khodorkovsky (unless that's what Khodorkovsky's people, or some other people, want us to think); that he may or may not have possessed proof that Vladimir Putin -- another ex-KGB officer, now president of Russia -- ordered his goons to blow up some apartment buildings in Moscow several years ago, a terrorist act that launched the current Chechen war.

In other words: Though we don't know who killed Litvinenko, we have learned that London is a more exciting place than we thought it was. We have learned that the complex plots of Dostoevsky novels merely reflect Russian reality. And we have learned that the old KGB lives on in new guises.

Or rather -- we have been reminded that the old KGB lives on in new guises, because in fact we have known this for some time. True, the old employees no longer belong to a single all-powerful institution. Some ("the stupidest," according to Oleg Gordievsky, the former double agent) have stayed with the agency, joining either the domestic service (FSB) or the foreign intelligence bureau (SVR). Others went into business, some joining the security entourages of new Russian millionaires, some becoming Russian millionaires in their own right. Still others, to put it bluntly, went into organized crime. And some -- President Putin is the shining example here -- went into politics.

Despite their widely varying fates, it has long been perfectly clear that many of these old comrades continue to work together in mutually profitable ways. As far back as 1999, for example, a group of Russian-born bankers was caught laundering money through a New York bank, probably using information obtained, one way or another, by Russian intelligence. Since then it has become clear that a number of Russia's largest companies were launched with money from mysterious sources, and a number of former KGB officers have shown up at the helm of businesses and banks, too.

Of course this same mutually profitable relationship will also make it extremely difficult to find Litvinenko's real killer. After all, this set of post-KGB relationships is nothing if not complex: There are conspiracies within conspiracies, agents of agents of agents, people who pretend to be acting on behalf of a particular oligarch or Chechen insurgent who are actually acting on behalf of someone quite different. It is possible that Litvinenko was murdered by "rogue secret policemen," as the British press suspects. It is also possible that the "rogue secret policemen" were working for someone who worked for the Kremlin, or someone who worked for a Russian oligarch, or who worked for a Russian oligarch who worked for the Kremlin.

As the investigation progresses, I'm sure many more wonderfully shady characters will emerge, along with many theories about who was trying to discredit whom. But though it's doubtful that he ever gave an actual order to an actual thug, Putin is certainly responsible for Litvinenko's death in this deeper sense: He presides over this web of old intelligence operatives, indeed, sits at its center. And he approves of their methods.

One of his first acts as prime minister in 1999 was the unveiling of a plaque to Yuri Andropov, the former KGB boss best known for his harsh treatment of dissidents. Last year Russians built a statue to Andropov. No one should have been surprised that the former KGB's harassment of modern "dissidents" grew harsher with every passing year -- or that it culminated in this strange murder.

That we were surprised, are surprised, is both tragic and ironic: After all, for the better part of a decade now, we've been desperately looking for weapons of mass destruction and for the strange new enemies, the Islamic radicals who might be planning to use them. And now we've discovered that there really is nuclear material for sale and that it really is being used, in the West, to kill people. And that the killers aren't strange, or new, or even Islamic.

Ukraine Committed To U.S., Leader Says (AP)

By Desmond Butler, Associated Press Writer

DOJ_NMG_0102343

AP, December 5, 2006

Prime Minister Viktor Yanukovych of Ukraine told an American audience Monday that his country is committed to democracy and on a path toward political and economic reform.

On his first trip to the U.S. after becoming prime minister, Yanukovych sought to convince U.S. officials and business leaders that he has strong democratic credentials, even though he was previously identified with efforts to rig the 2004 presidential election.

"There can never be too much democracy in the Ukraine, just as there can never be too much freedom," Yanukovych said in remarks at the Center for Strategic and International Studies, a think tank.

Yanukovych's meetings Monday and Tuesday with Vice President Dick Cheney, Secretary of State Condoleezza Rice and members of Congress were designed in part to discuss Ukraine's economy and its possible entry into the World Trade Organization and NATO.

But more was at stake than that.

"The main goal that Yanukovych is coming with is to establish some credibility with the administration," said Steven Pifer, a former U.S. ambassador to Ukraine and now a senior adviser at the think tank.

In 2004, Yanukovych was seen as a foe of democracy. Western officials expressed outrage at stolen votes that initially helped him win the presidential election. Protesters rose up in what became known as the "Orange Revolution." The country's Supreme Court overturned the election and ordered a new vote, which he lost to his pro-Western rival, Viktor Yushchenko.

Yanukovych was widely discredited, while Yushchenko was praised in the West and given a standing ovation when he addressed the U.S. Congress last year.

But Yanukovych became prime minister after parliamentary elections in March that were declared Ukraine's freest and fairest ever. He now shares power with Yushchenko.

Yanukovych's trip comes after the Ukrainian parliament on Friday ousted the country's foreign and interior ministers, two key allies of Yushchenko. Pro-Western Foreign Minister Borys Tarasyuk was fired after criticizing Yanukovych's Washington trip and grappling with Parliament about the president's constitutional primacy over foreign policy.

U.S. officials have played down the moves by Yanukovych's party against the ministers as an internal Ukrainian matter. But they have cautioned that Ukraine's democratic development is their primary concern.

"With respect to Ukraine, as with respect to any other country, we certainly want to see those that are elected democratically, govern democratically," said State Department deputy spokesman Tom Casey at a briefing Friday.

Despite setbacks for Yushchenko, he has argued that the wrangling between two directly elected power centers — the parliament and the presidency — are indeed signs of democracy.

Venezuelans Give Chávez A Mandate To Tighten His Grip (NYT)

By Simon Romero

The New York Times, December 5, 2006

CARACAS, Venezuela, Dec. 4 — If President Hugo Chávez rules like an autocrat, as his critics in Washington and here charge, then he does so with the full permission of a substantial majority of the Venezuelan people, Sunday's election here showed.

Sent to power for a third time, Mr. Chávez seems intent on assuming the mantle from the fading Fidel Castro of chief Latin American scourge of the United States. He also has made no secret of his intent to consolidate his power further through legal and personnel changes.

He has spoken of a desire to unite his supporters in one political party and to alter legislation to allow him to remain in power past 2020.

Winning support for such measures may not be difficult in a country where his allies already control the legislature and the Supreme Court as well as governorships in all but two states, and where the military, the national oil company and other government bureaucracies and institutions have been systematically packed with Chávez boosters and stripped of opponents.

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Now, facing an anemic opposition that could not win in any of Venezuela's 23 states or Caracas, Mr. Chávez is expected to tighten his grip, first and foremost over his own supporters in an effort to prevent challenges to his rule from emerging.

"A priority for Chávez right now is what he calls a 'revolution within a revolution,' " said Steve Ellner, a political scientist at the Universidad de Oriente in eastern Venezuela. "This means a purging process of those associated with corruption or excess bureaucracy. In January you're going to see some heads being chopped."

Venezuela leading newspapers, El Nacional and El Universal, published maps in their pages on Monday showing the entire country painted red, the color of Mr. Chávez's campaign, as a reflection of his convincing victory.

Red, in fact, colored not just the clothing and advertisements of the Chávez campaign. Rafael Ramírez, the energy minister, described the national oil company as "red, really red," in comments caught on video in which he told workers that they had no place in the company if they were not supporters of the government.

Mr. Ramírez's words, which Mr. Chávez promptly adopted as one of his refrains, point to a creeping "with us or against us" radicalization in Venezuelan society that goes beyond the government-run oil company to institutions like public schools and museums.

That polarization may now worsen, a prospect that clearly concerns leaders of Venezuela's political opposition as they regroup after their defeat.

"Chávez is not a dictator," Teodoro Petkoff, the editor of the newspaper TalCual and a key adviser to the president's defeated opponent, Manuel Rosales, said in an interview. "But he's not a Thomas Jefferson either."

The reality of Venezuela's democracy is indeed far more nuanced, as is Mr. Chávez's "21st-century socialism" in an oil-exporting country experiencing a boom in conspicuous consumption.

Mr. Rosales's campaign itself illustrated that complexity. Mr. Rosales, the governor of Zulia State, rose from near obscurity to lead a movement that won nearly 40 percent of the vote nationwide. Much of the established media in the capital, Caracas, clearly supported him, although in relatively restrained coverage compared with their previous opposition to Mr. Chávez.

Beyond Venezuela, Mr. Chávez's rise to international prominence in Latin America and beyond has much to do with his supremacy in Venezuela.

With his new term and the slow demise of his hero Fidel Castro, who was too ill to attend his own 80th birthday celebrations in Havana over the weekend, Mr. Chávez may indeed solidify his place as the new the standard-bearer of the left in Latin America, where leftist candidates have won presidential elections in the last five weeks in Brazil, Ecuador, Nicaragua and Venezuela.

That left is indeed varied, and Mr. Chávez is not necessarily its most representative figure. But he is its most vocal one, especially when it comes to chiding President Bush.

Mr. Chávez's prominent position will continue to depend, of course, on the price of oil, the volatile commodity at the heart of Venezuela's economy. Those prices may remain high as the war in Iraq drags on and markets gaze nervously at the Middle East. Meanwhile, paradoxically, the United States remains the largest buyer of Venezuelan oil and has in effect helped to finance Mr. Chávez's ambitions.

"Chávez is getting stronger as an unintended consequence of war and globalization," said Kenneth Maxwell, a professor of Latin American history at Harvard.

Despite Venezuela's tight commercial embrace of the United States, the obstacles to improving relations may now loom larger.

Washington remains wary of Venezuela's warm ties to Cuba, Iran and Syria. The Bush and Chávez administrations hold different views on hemispheric integration, with United States wanting to expand it, based on the model of trade agreements like Nafta, and Venezuela promoting Latin America first, before further integration with the North American economies.

"The chances for improvement are minimal for the remainder of the Bush administration," said Daniel Hellinger, a political scientist and an expert on Venezuela at Webster University in St. Louis. "More is involved here than the personal animosity between Bush and Chávez."

U.S.: We Can Work With Venezuela (AP)

AP, December 5, 2006

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The Bush administration, long at odds with Venezuelan President Hugo Chavez, greeted the populist leader's landslide re-election victory by holding out the possibility of a more cooperative relationship.

"We look forward to having the opportunity to work with the Venezuelan government on issues of mutual interest," State Department press officer Eric Watnik said Monday.

His brief comment did not offer congratulations to Chavez. Nor did it make direct reference to him or what it regards as the increasingly authoritarian course he has pursued.

Watnik noted that Tom Shannon, who heads the State Department's Latin America bureau, has praised the campaign run by Chavez's main opponent, Manuel Rosales.

"The opposition demonstrated its ability to put forth an important, peaceful and democratic campaign and it garnered a significant share of the vote," Watnik said.

He said reports of irregularities should be investigated.

"We look forward to hearing from the Organization of American States, the European Union and civil society groups that observed the electoral process," Watnik added.

The administration, he said, closely followed reports of intimidation and voter harassment during the campaign, including various instances of irregularities reported by the media.

On Friday, two days before the election, National Intelligence Director John Negroponte outlined U.S. concerns about Chavez in a wide-ranging speech at Harvard.

He said Chavez's "meddling in the domestic affairs of other states in the region — granting Colombia's FARC insurgents safe haven and other material support, for example — already has made him a divisive force."

He criticized Venezuela's attitude toward drug trafficking as "permissive," an allegation Venezuelan officials have denied.

Venezuela's growing ties to Iran and other states, such as North Korea, Syria, and Belarus, "clearly demonstrate a desire to build an anti-U.S. coalition that extends well beyond Latin America," Negroponte said.

The High Road To Caracas (LAT)

The Los Angeles Times, December 5, 2006

Washington should heed Venezuela's opposition leader and greet Chavez's election victory with grace.

THERE ARE PLENTY of reasons for Venezuelans not to like Hugo Chavez. Crime, especially murder, has skyrocketed during his eight years as president. Corruption is ubiquitous — the country ranks No. 138 out of 163 on Transparency International's annual misgovernance index (the higher the number, the more corrupt the country is perceived to be). Democratic institutions have been subverted, foreign investors are jittery and Chavez's clownish anti-American rhetoric has made Venezuela a pariah in most Western countries, even if it has warmed the hearts of dictators everywhere.

None of that mattered Sunday, when Chavez was reelected with an impressive 61% of the vote. The source of Chavez's popularity is apparent: High oil prices have fueled 9% annual growth in Venezuela and allowed him to buy the loyalty of the poor by pumping oil revenue into social programs. Oil wealth also has given him free rein for socialist tinkering — such as seizing energy production facilities and increasing government control over the private sector — that has backfired in nearly every nation in which it's been tried.

Yet as long as the petrodollars pour in, Chavez will remain a daunting political force, and the impracticality of his economic policies will be rendered moot. And if he has his way, he may be in charge for a lot longer than six more years; he has promised to push through a constitutional reform ending term limits for Venezuela's president.

Not all the news was bad for the beleaguered opposition, led by the middle and upper classes. In the past, it has reacted badly to Chavez's political successes, including an attempted coup in 2002. These moves only made Chavez stronger by allowing him to paint his opponents as undemocratic. By gracefully conceding after the election results became clear, opposition candidate Manuel Rosales has assured that the coalition he patched together will continue to be a political player.

The U.S. should also take the high road. President Bush, a.k.a. "the devil" in Chavez's lexicon, should disappoint the Venezuelan leader by taking his win in stride. That means ratcheting down the anti-Chavez rhetoric and U.S. support for the

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opposition. The point is not to play into Chavez's narrative portraying the U.S. as an intolerant hegemonist. Chavez has shown himself to be his own worst enemy, capable of acting as much the bully as he portrays Bush to be.

Washington should try to improve bilateral ties not just because there is a long-term strategic value to cordial relations with this big oil producer. A goodwill effort to be reasonable toward Caracas will also undermine Chavez's own credibility when he tries to sell his Yankees-are-devils pitch to the rest of Latin America.

Now Is The Time To Engage With Hugo (FT)

Financial Times, December 5, 2006

On the face of it Hugo Chávez's decisive election victory in Sunday's election in Venezuela and his promises to radicalise what he calls "21st century socialism" might seem to present something of a problem for policymakers in Washington.

After all, the Venezuelan leader seems to go out of his way to make friends with US enemies and elections in Latin America during the past 12 months have shown that he has pull in the smaller and more economically vulnerable countries of the region.

Firm allies are now installed in Bolivia, Ecuador and Nicaragua, which, alongside Cuba, are all likely to form part of the anti-US axis that Mr Chávez aspires to lead.

Yet, it is important not to exaggerate the Venezuelan leader's influence. This year's election round has also highlighted the limits of Mr Chávez's reach. Moderate candidates keen to work with Washington won elections in five of the six important countries. In two of those, Peru and Mexico, perceived association with Chavismo contributed to the defeat of left-wingers.

And at home, the re-elected leader faces significant obstacles as he looks to radicalise. True, a six-fold rise in the oil price has transformed Venezuela's economy in the eight years since Mr Chávez was first elected, allowing the government to spend heavily on social programmes and build up considerable financial reserves.

However, Venezuela's rapidly growing economy is not creating enough jobs nor making enough goods. A boom in liquidity and credit is adding to inflationary pressures.

Opinion polls, which forecast the election result and demonstrated the popularity of health and education programmes, also showed that government supporters are worried about the extent of corruption and crime.

And there are signs too that Mr Chávez may also face opposition from within his own ranks if he presses through a constitutional reform that would allow him to run for office yet again, remaining in power into the next decade and beyond.

Mr Chávez also faces a more effective opposition. Judging by the dignified way Manuel Rosales, the losing candidate, accepted defeat on Sunday night, he realises that building up a viable alternative is a long-term process.

Better then, for the US and its hemispheric friends to cease the rhetorical barrages against Mr Chávez that are such grist to his populist mill. After appearing to collude in the failed 2002 coup against his elected government, moreover, Washington has ground to make up. It should continue a recent more pragmatic approach, engaging Venezuela in areas such as oil, energy policy and border security.

None of this will be easy, but it will place the onus on Mr Chávez to deliver prosperity for his people and make it more difficult for him to hide behind a smokescreen of nationalist rhetoric.

Efforts To Aid Darfur Reach Dead End (AP)

By Alfred De Montesquiou

AP, December 5, 2006

Sudan's final rejection of a joint U.N.-African peacekeeping force in Darfur came as little surprise to many involved in failed international efforts to end the region's deadly violence.

But many say civilians will be the ones to bear the costs of that opposition — thousands more will die, they fear, and many more will be forced to flee their homes unless the West can somehow muster strong sanctions against Sudan's government.

"Khartoum will not stop the massive war crimes taking place in Darfur until it is forced to," said Tom Cargyll of Chatham House, a British think tank.

The U.N. compromise deal was announced last month by U.N. Secretary-General Kofi Annan as a major diplomatic breakthrough to bring peace to Darfur — one that would allow him to keep his pledge to solve the Darfur crisis before he steps down as U.N. chief later this year.

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Annan said Sudan had agreed in principle to a "hybrid mission" of some 20,000 peacekeepers — mostly from Africa — to deploy in Darfur under U.N. command to replace an overwhelmed AU force.

Yet within 24 hours, Sudan's foreign minister said there was a misunderstanding and that a "mixed operation" in Darfur did not mean a "mixed force."

That put Sudan back to its original stance: No U.N. peacekeeper could deploy in Darfur, but the U.N. was welcome to provide logistical and financial support.

"International troops are a colonization of Sudan," Sudanese President Omar al-Bashir later told reporters.

An African Union summit in Nigeria last week — which had been due to fine-tune the joint mission — instead was forced to yield to Sudanese pressure. It voted to prolong by another six months the stay of the underfunded and ill-equipped 7,000 AU peacekeepers.

Sudan's opposition is deeply rooted, some analysts say.

"Its entirely coherent with (Sudan's) pattern of behavior over the last 17 years," since al-Bashir came to power in a 1989 Islamist and military coup, said Colin Thomas-Jensen of the International Crisis Group, a U.S. think tank.

Several Sudanese government hard-liners are believed to be on a list of suspects that the International Criminal Court has said it would prosecute for crimes against humanity.

That could explain why Sudan adamantly refuses to let the U.N. into Darfur, even though 10,000 peacekeepers are already in the country's south on a separate mission, Cargyll said.

"Khartoum has much more to lose at Darfur being internationalized than any other country has to win," he said.

Thursday's AU summit in Abuja came as a bitter reminder of dashed hopes.

In the same city last May, the Sudanese government and a leading rebel group signed a deal meant to end three years of violence that have killed at least 200,000 people and displaced 2.5 million. The deal has since largely collapsed, and Sudan's policy has since been to win time by appearing to negotiate, while pro-government militias rampage through Darfur on an ever-larger scale, analysts say. The Sudan's latest backtracking shows it will only yield to strong pressure, they say.

But al-Bashir and other Khartoum hard-liners have grown increasingly savvy at playing the rifts in international diplomacy, he said.

Sudan gained sympathy in the Arab world, for example, by comparing its confrontation with the West to the plight of Lebanon, Iraq and the Palestinians — which many Arabs see as victims of U.S. foreign policy.

More importantly, Sudan knows that Russia and China, two veto-yielding powers at the U.N. Security Council, oppose sanctions.

Previous U.N. sanctions against Sudan were lifted after it cooperated with U.S. counterterrorism efforts after the Sept. 11, 2001, attacks. U.S. sanctions were re-imposed in 1997 and recently strengthened, but such one-country measures have little effect in a globalized economy, analysts say.

More than 5 percent of China's oil imports come from Sudan, and Khartoum knows that its key Asian ally is unlikely to let it down if the Security Council considers an embargo, Cargyll said.

"Over the past four years, there has been no real cost imposed on the Sudanese government for what is happening in Darfur," Thomas-Jensen said.

The United States has given some indications it may take a more robust stance soon.

Andrew Natsios, the special envoy named by the White House, recently warned that if Khartoum did not accept an international solution by January, the U.S. and it allies would find an alternative.

Analysts say the new strategy could be targeted sanctions against Sudan's main oil companies, suspected to be owned by regime hard-liners. But Khartoum appears confident it will face no harsh measures, because too many countries now rely on its resources.

"Just when some countries gave us sanctions, God gave us oil," al-Bashir said last week.

'Hotel Rwanda' Hero Hasn't Fared Well Back Home Lately (WSJ)

By Christopher Rhoads

DOJ_NMG_0102348

The Wall Street Journal, December 5, 2006

KIGALI, Rwanda -- Since the movie "Hotel Rwanda" was released two years ago, Paul Rusesabagina has become a hero in the U.S. In Rwanda, he is seen in a different light.

The film shows him saving hundreds of refugees from his country's genocide in 1994, as the manager of a Rwandan hotel. Mr. Rusesabagina was awarded the Presidential Medal of Freedom by George Bush. He has published his autobiography, "An Ordinary Man," and is currently on a U.S. speaking tour. There's talk he will enter Rwandan politics.

Back home, the Rwandan media, former refugees in the hotel and even the country's president in recent months have denounced Mr. Rusesabagina as an impostor profiting from the genocide. They say the Hollywood movie greatly exaggerated his role and distorted these sensitive events. The head of the country's genocide survivor association has called for criminal charges against him. A government adviser is interviewing more than 100 people who were in the hotel and intends to write a book on his findings.

Efforts to discredit Mr. Rusesabagina have taken some bizarre turns: His detractors used criticism from a supposed U.S. journalist who turned out to be a 12-year-old Arizona boy. Mr. Rusesabagina says an attempt was made on his life on a highway in Belgium and that agents of the Rwandan government tried to disrupt a speech he made recently at a school in Ohio.

"I never expected to be in the public as I am," says the 52-year-old Mr. Rusesabagina, who has declined invitations to return to Rwanda because he fears for his life. In his travels to speaking engagements in the U.S., he rides with police escorts.

Twelve years after genocide orchestrated by a Rwandan government led by the majority Hutus killed more than 800,000 minority Tutsis and some moderate Hutus in just 100 days, tensions in Rwanda are rising again -- this time over the writing of history. Once again, Mr. Rusesabagina finds himself at the center of it.

Mr. Rusesabagina's case comes as anti-French protests sprang up in the capital Kigali in recent days, after a judge in France charged associates of President Paul Kagame with downing the presidential plane in 1994. The event set the genocide in motion. In response to the judge's action, Rwanda last month severed diplomatic relations with France. President Kagame, the Tutsi military leader whose rebel forces ended the genocide, says radical Hutus shot down the plane.

France supported the Hutu government in the civil war with the Tutsis, but France denies any involvement in the genocide.

Mr. Rusesabagina's father was Hutu, his mother Tutsi. By Rwandan custom, that made him a Hutu. He worked his way up from receptionist at the Hotel des Mille Collines, the meeting place for the country's elite here in Kigali. He later became manager of a sister hotel up the road.

After the bloodshed began on April 6, 1994, he was asked to oversee both hotels. Over the next two months, the Mille Collines became a sanctuary for Tutsis and some moderate Hutus, including prominent politicians and a handful of United Nations personnel. The Mille Collines was one of the few gathering places where nobody was killed. The film depicts Mr. Rusesabagina saving the refugees by plying the militants with bribes, including fine alcohol, and by calling on his extensive network of contacts.

Mr. Rusesabagina subsequently moved with his family to Brussels, where he was driving a taxi when his life took another turn.

In 1999, Keir Pearson, fresh out of New York University film school, heard about what happened at the hotel from a friend living in Tanzania and got in touch with Mr. Rusesabagina. He thought the story was so compelling that he turned it into a screenplay. The film, directed by Terry George, won several film prizes and three Academy Award nominations.

In May 2005, Mr. George watched the movie in Rwanda with most of the Rwandan parliament and President Kagame. The president thanked Mr. George for making the world aware at last of what had happened in the country, Mr. George says.

Then, in the fall of 2005, as Mr. Rusesabagina's fame grew in the U.S., he began criticizing the Rwandan government for limiting political opposition, controlling the media and having only a few token Hutus in cabinet positions.

Around that time, the attacks against him began. Rwanda's New Times newspaper called him, among other things, a "dirty political animal." After Mr. Rusesabagina was awarded the Presidential Medal of Freedom in November 2005, an editorial declared he had "sold the soul of the Rwandan genocide to amass medals."

DOJ_NMG_0102349

At a public ceremony in Rwanda last February, Mr. Kagame weighed in, saying, "Film stars have no place on the list of our national heroes." During a visit to Washington in June, Mr. Kagame dismissed Mr. Rusesabagina as someone who just happened to be in the hotel at the time. "Someone is trying to rewrite the history of Rwanda, and we cannot accept it," he said.

Mr. Rusesabagina was beginning to get scared. He says that in Belgium at about that time, a car driven by several Africans tried to run his car into a truck. He escaped with minor bruises and cuts, he says.

To buttress its condemnation of Mr. Rusesabagina, the New Times in one article quoted someone identified as an American reporter named Richard Cesare saying, "None of his actions made him a hero even in the eyes of Americans." Mr. Cesare later in the article dismissed the Medal of Freedom as no big deal.

It turns out Mr. Cesare is, in fact, a 12-year-old from Sahuarita, Ariz., who had contacted the New Times for help with a history paper he was writing on Mr. Rusesabagina.

"We were laughing so hard when we saw this article," says Lea Cesare, Richard's mother. "He was just a kid doing a homework assignment." Ms. Cesare says her son was in contact for months with several reporters and editors at the New Times who were well aware of his age. The New Times did not respond to requests for comment.

In an interview in his Kigali office, President Kagame said his concern is to set the record straight. He said he believes the hotel was spared, in part, because Hutu militants wanted to use the refugees there to exchange for hostages held by the Tutsi rebel forces. He says he also believes Mr. Rusesabagina is being used by "subterranean forces trying to pull back what we are trying to move forward."

One evening recently after speaking to about 150 college students in Providence, R.I., Mr. Rusesabagina acknowledged the income from his new fame has allowed him to quit his other jobs and put two of his children in private schools in Massachusetts.

He said he believes the attacks on him come from people worried that he will turn his celebrity into a credible opposition and run for president somewhere down the road. "I haven't made a decision yet," he said. "But you never know."

Cuba's Future Is Already Here (WP)

By Eugene Robinson

The Washington Post, December 5, 2006

Fiercely implacable exiles in Miami, perennially outfoxed bureaucrats in Washington and salivating real estate developers around the world have spent years trying to predict what will happen in Cuba the day after Fidel Castro dies. Now I think everyone knows the answer: nada.

That chuckling you hear is Fidel, in his hospital room, having the last laugh.

The 80-year-old revolutionary icon, evidently at death's door, appears to have engineered a seamless transition to the post-Fidel era. Brother Ra?l presided over last week's 50th-anniversary shindig with none of Fidel's charisma but all of his authority. If any lingering doubts about the de facto succession needed to be dispelled, Havana's biggest military parade in years on Saturday reminded everyone that Ra?l has been running the Cuban armed forces since Day One.

Fidel's absence from the festivities marking the 50th anniversary of the Cuban revolution pretty much ended any uncertainty about his health. Government officials say he's recovering like a champ and will be back on the job any day, and they sound so sincerely optimistic that you could almost look past the images of a gaunt, frail old man that were released a few weeks ago. But I doubt that anything except the looming hand of death could have kept Fidel Castro away from a cheering, flag-waving crowd of millions -- Fidel's people, filling the vast plaza named for Fidel's revolution, hoping for a last glimpse of the only leader most Cubans have ever known.

We have to assume that Fidel is not long for this world. We also have to assume that a day, a month or even a year after he dies, Cuba will be essentially unaltered.

A year isn't forever, and some kind of change will eventually come. But the Bush administration has been even more idiotic than its predecessors in its policies toward Cuba, which means that the United States is perfectly positioned to have little or no influence over what kind of Cuba finally evolves.

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About all this administration can do is make things worse. Julia E. Sweig of the Council on Foreign Relations, a leading Cuba expert, writes in the current issue of the journal Foreign Affairs that by "continuing the current course and making threats about what kind of change is and is not acceptable after Fidel, Washington will only slow the pace of liberalization and political reform in Cuba and guarantee many more years of hostility between the two countries."

In the article, Sweig points out what any visitor to Cuba who is not wearing ideological blinkers quickly realizes: that the Cuban government's hold on power does not derive from repression alone. In my visits to the island, I've been struck by how Cubans can be bitterly critical of the hard-line restrictions the regime imposes on speech, assembly, movement, commerce and other activities, and in the next breath speak with pride of the government's achievements in providing free health care and education.

In Washington and Miami, the prediction was that when the Soviet Union and the East Bloc dissolved, Fidel Castro's regime would soon follow. But Ra?l Castro and a group of pragmatic-minded young officials -- basically, the people who are running the country now -- opened the spigot and allowed just enough economic reform to keep the place going. Now, with Ra?l's armed forces functioning essentially as the island's biggest business conglomerate, and with Venezuelan President Hugo Ch?vez shipping his mentor Fidel all the oil he needs, the government seems increasingly secure.

That security hardly looks permanent. Many Cubans are indeed restless for change. There are focal points around which a kind of civil society has started to coalesce -- the black-market economy, the Catholic Church, the Afro-Cuban faiths, the arts -- and the government has had little success in co-opting these independent movements.

Ra?l Castro is 75, so his time in the driver's seat will be brief. Maybe he will try to move Cuba toward the Chinese model of continued one-party rule in exchange for free-market liberalization of the economy -- something Fidel would never abide. Lacking his older brother's presence and oratorical skills, maybe Ra?l will have to be oppressively heavy-handed in using the army he built to maintain order.

For now, though, the Cuban regime has accomplished something that the Bush administration had pledged to thwart: an uneventful transition that leaves the Cuban Communist Party still comfortably in charge. The handover of power took place in August, when Fidel's illness was announced and power was transferred "temporarily" to Ra?l and other party leaders.

Fidel's revolution won't survive forever -- the tide of history is flowing in the opposite direction. But surely it will survive the old man's death.

Islam Gets Concessions; Infidels Get Conquered (LAT)

By Raymond Ibrahim, Raymond Ibrahim Is A Research Librarian At The Library Of Congress. His Book, "The Al Qaeda Reader,"

The Los Angeles Times, December 5, 2006

What they capture, they keep. When they lose, they complain to the U.N.

IN THE DAYS before Pope Benedict XVI's visit last Thursday to the Hagia Sophia complex in Istanbul, Muslims and Turks expressed fear, apprehension and rage. "The risk," according to Turkey's independent newspaper Vatan, "is that Benedict will send Turkey's Muslims and much of the Islamic world into paroxysms of fury if there is any perception that the pope is trying to re-appropriate a Christian center that fell to Muslims." Apparently making the sign of the cross or any other gesture of Christian worship in Hagia Sophia constitutes such a sacrilege.

Built in the 6th century, Hagia Sophia — Greek for "Holy Wisdom" — was Christendom's greatest and most celebrated church. After parrying centuries of jihadi thrusts from Arabs, Constantinople — now Istanbul — was finally sacked by Turks in 1453, and Hagia Sophia's crosses were desecrated, its icons defaced. Along with thousands of other churches in the Byzantine Empire, it was immediately converted into a mosque, the tall minarets of Islam surrounding it in triumph. Nearly 500 years later, in 1935, as part of reformer Kemal Ataturk's drive to modernize Turkey, Hagia Sophia was secularized and transformed into a museum.

Protests aimed at keeping the pope out of Hagia Sophia rocked Istanbul right up to the morning of his visit to the site. Contrast that intolerance with the tolerance granted Muslims in regard to the Al Aqsa mosque — this time, an Islamic site in Jerusalem annexed by Judaism. Unlike the permanent Muslim desecration of Hagia Sophia, after Israel's victory in the 1967 war,

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the Jews did not deface or convert the mosque into a Jewish synagogue or temple, even though the Al Aqsa mosque is deliberately built atop the remains of the Temple Mount, the holiest site of Judaism and, by extension, an important site for Christians. Moreover, since reclaiming the Temple Mount, Israel has granted Muslims control over the Al Aqsa mosque (except during times of crises).

All this illustrates the privileged status that many Muslims expect in the international arena. When Muslims conquer non-Muslim territories — such as Constantinople, not to mention all of North Africa, Spain and southwest Asia — those whom they have conquered as well as their descendants are not to expect any apologies, let alone political or territorial concessions.

Herein lies the conundrum. When Islamists wage jihad — past, present and future — conquering and consolidating non-Muslim territories and centers in the name of Islam, never once considering to cede them back to their previous owners, they ultimately demonstrate that they live by the age-old adage "might makes right." That's fine; many people agree with this Hobbesian view.

But if we live in a world where the strong rule and the weak submit, why is it that whenever Muslim regions are conquered, such as in the case of Palestine, the same Islamists who would never concede one inch of Islam's conquests resort to the United Nations and the court of public opinion, demanding justice, restitutions, rights and so forth?

Put another way, when Muslims beat infidels, it's just too bad for the latter; they must submit to their new overlords' rules with all the attendant discrimination and humiliation mandated for non-Muslims. Yet when Islam is beaten, demands for apologies and concessions are expected from the infidel world at large.

Double standards do not make for international justice. Either territorial conquests are always unjust and should therefore be ameliorated through concessions, or else they are merely a manifestation of the natural order of things — that is, survival of the fittest.

If some Muslims wish to wage eternal jihad until Islam dominates the globe, they are only being true to Islam and its doctrines as they understand it. However, in that case, where the world is divided into two warring camps, Islam and Infidelity — or, in Islamic terms, the Abode of Islam and the Abode of War — how can these Muslims expect any concessions from the international community? The natural conclusion of the view that "might makes right" is "to the victor go the spoils."

The fact that Turkey conquered Constantinople more than 500 years ago does not prevent the Turkish government from returning Hagia Sophia to Christendom today, which would undoubtedly be a great gesture. But of course that can never be. The Muslim world would undergo a "paroxysm of fury" if a Christian pope dares pray in the conquered church; what would the Muslim world do if Hagia Sophia were actually converted back to a church?

But perhaps Muslims cannot be blamed for expecting special treatment, as well as believing that jihad is righteous and decreed by the Almighty. The West constantly goes out of its way to confirm such convictions. By criticizing itself, apologizing and offering concessions — all things the Islamic world has yet to do — the West reaffirms that Islam has a privileged status in the world.

And what did the pope do in his controversial visit to Hagia Sophia? He refrained from any gesture that could be misconstrued as Christian worship and merely took in the sights of the museum. Moreover, when he was invited into the Blue Mosque nearby, he respectfully took off his shoes and prayed, eyes downcast, standing next to the the grand mufti of Istanbul like a true dhimmi — a subdued non-Muslim living under Islamic law and acknowledging Islamic superiority.

And therein is the final lesson. Muslims' zeal for their holy places and lands is not intrinsically blameworthy. Indeed, there's something to be said about being passionate and protective of one's own. Here the secular West — Christendom's prodigal son and true usurper — can learn something from Islam. For whenever and wherever the West concedes ideologically, politically and especially spiritually, Islam will be sure to conquer. If might does not make right, zeal apparently does.

DOJ_NMG_0102352

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 5, 2006 7:45 AM EST

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TERRORISM NEWS:

Justice Department Says Secrecy Needs Bar ACLU Surveillance Suit (AP)

By DAVID N. GOODMAN
AP, December 5, 2006

DETROIT - The Bush administration asked a federal appeals court Monday to toss out a lawsuit challenging a warrantless surveillance program, saying the government can't defend itself without revealing national secrets.

The American Civil Liberties Union sued the National Security Agency in January on behalf of journalists, scholars and lawyers who say the surveillance has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

"This suit must be dismissed because its very subject matter is a state secret, and litigation would inevitably result in disclosing state secrets," Justice Department lawyers wrote in a brief filed Monday.

U.S. District Judge Anna Diggs Taylor in Detroit ruled in August that the program violates the rights to free speech and privacy and the separation of powers.

The Justice Department appealed to the 6th U.S. Circuit Court of Appeals in Cincinnati, which ruled that the administration could keep the program in place during the appeal.

The Bush administration secretly launched the surveillance program in 2001. It monitors international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links.

A secret court was established in the late 1970s to grant warrants for such surveillance, but the Justice Department said it can't always wait for the court to act.

The president and his advisers "have determined that the current threat to the United States demands that signals intelligence be carried out with a speed and methodology that cannot be achieved by seeking judicial approval" through traditional channels, Monday's brief said.

The journalists and other plaintiffs lack standing to sue because secrecy considerations mean that "they cannot show, and the government cannot dispute, that the government has intercepted or likely will intercept their communications," the government brief said.

In a brief filed Nov. 14, the ACLU said that the Bush administration's "sweeping theory of executive power would allow the president to violate any law passed by Congress."

"This theory presents a profound threat to our democratic system," it said.

The 6th Circuit Court of Appeals has set a Dec. 18 deadline for other interested groups to file their own briefs in the case.

Padilla Lawyers Claim Images Cause For Throwing Case Out (MH)

By Jay Weaver
The Miami Herald, December 5, 2006

Providing a rare glimpse of a locked-up "enemy combatant," attorneys for South Florida terror suspect Jose Padilla released declassified images of him in chains and a mask to bolster their bid to have his Miami case thrown out because of alleged mistreatment during military detention for more than three years.

The still video images show Padilla wearing blacked-out goggles, noise-blocking headphones, and shackles on his hands and feet. Dressed in an orange prison-like jumpsuit, he is being led out of his cell by three guards dressed in camouflage, riot helmets and visors at the Navy brig in Charleston, S.C.

The first disclosed images of his military detention were filed on Friday along with a psychiatrist's sworn statement in Miami federal court to counter the U.S. government's contention that Padilla was treated humanely before his transfer here last January to face terror charges.

"Mr. Padilla asserts that he was not treated humanely, but instead was tortured and that the government's conduct was outrageous," one of Padilla's attorneys, Orlando do Campo, wrote in a court filing. He added that the treatment "has left him damaged, both mentally and physically" -- leaving him unable to assist his legal team.

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Padilla, 36, and two other Muslim men, Adham Amin Hassoun and Kifah Wael Jayyousi, are charged with conspiring to support terrorist activities overseas.

The trio face trial on Jan. 22, though the proceeding is likely to be delayed because the U.S. government has appealed a judge's dismissal of one count in the Miami indictment. The high-profile case is built largely on classified wiretaps of defendants' communications between 1993 and 2001, when Padilla lived in Broward County and traveled to the Middle East as a recruit for a suspected North American terror cell.

THE JUDGE'S DECISION

U.S. District Judge Marcia Cooke must decide whether to toss out the indictment based on the defense team's allegation that Padilla's constitutional rights were violated by the military during his detention as an enemy combatant.

Carl Tobias, a constitutional scholar at the University of Richmond School of Law in Virginia who has followed Padilla's legal odyssey, said his attorneys' bid is a long shot.

But he said the photo of Padilla in chains and a mask, published on the front page of The New York Times on Monday, ``makes an impression on people. Whether it has the same impression on the judge is another matter. It's hard to know."

Padilla had been in the Middle East allegedly training with the al Qaeda terrorist group before his arrest by the FBI in the United States on May 8, 2002.

He was designated an enemy combatant without being formally charged, though the Bush administration accused him of plotting to detonate a radiological "dirty bomb" on U.S. soil and to blow up apartment buildings in various cities.

After President Bush dropped that designation a year ago to avoid a Supreme Court confrontation, Padilla was transferred to the Federal Detention Center in downtown Miami to face the terror-support charges. They are unrelated to the earlier accusations.

Padilla initially made his allegations in October.

CLAIMS OF TORTURE

In court papers, Padilla asserted he was isolated in a tiny cell around the clock, deprived of sleep on a steel bunk with no mattress, shackled and manacled for hours on end, and threatened with being cut with a knife and having alcohol poured on the wounds. He also alleged he was given drugs against his will -- believed to be LSD or PCP -- to act as a sort of truth serum during his interrogations.

But he had provided no evidence until his latest court filing on Friday.

It includes not only the images, taken from a declassified Defense Department video, but also an affidavit by psychiatrist Angela Hegarty. She evaluated Padilla several times last summer and concluded he cannot help his defense because of psychiatric harm he allegedly suffered during detention and interrogation at the Navy brig.

THE GOVERNMENT'S SIDE

Federal prosecutors insist that Padilla was treated humanely in the Navy brig.

"Padilla's conditions of confinement were humane and designed to ensure his safety and security," assistant U.S. Attorney Russell Killinger and other prosecutors said. ``His basic needs were met in a conscientious manner."

That included halal food, some outdoor exercise and medical attention when necessary.

Prosecutors also said Padilla never made any abuse claims while in custody: ``Padilla's allegations of torture have no merit whatsoever."

Attorneys: Images Show Harsh U.S. Treatment Of Padilla, Shows Him In Chains, Headphones (FINDLAW/AP)

By Curt Anderson, Associated Press Writer

AP, December 5, 2006

(AP) - MIAMI-Still video images of alleged terror operative Jose Padilla in chains and wearing headphones and blacked-out goggles demonstrate the harsh tactics used by U.S. interrogators while he was in military custody as an "enemy combatant," his lawyers said in court papers.

The images, taken from an unclassified Defense Department video, show Padilla being chained hand and foot and led out of his cell by three guards dressed in camouflage and wearing riot helmets and visors. The video images are the first publicly released of Padilla's 3 1/2-year detention at a Navy brig in Charleston, South Carolina.

They were filed late Friday in federal court in Miami as part of an attempt by Padilla's lawyers to get criminal terrorism support charges against him dismissed, based on what they claim was treatment that amounted to torture while in military custody.

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"The extended torture visited upon Mr. Padilla has left him damaged, both mentally and physically," Padilla lawyer Orlando do Campo said in one court filing. "The government's treatment of Mr. Padilla has robbed him of his personhood."

Existence of the filing containing the video images was first reported Monday by The New York Times. The court papers do not give details about the actual video, but The Times reported that it was made as Padilla was being taken out of his cell for dental work.

Several of his lawyers did not return e-mail and phone messages left Monday by The Associated Press. A spokeswoman for Miami U.S. Attorney R. Alexander Acosta declined comment Monday.

Padilla claims, among other things, that he was forced to stand in painful stress positions, given LSD or some other drug as a "truth serum," subjected to loud noises and noxious odors and forced to endure sleep deprivation, extreme heat and cold, and harsh lights.

The new court papers include a affidavit from Dr. Angela Hegarty, a New York psychiatrist who has met with Padilla for 22 hours over several days this year. Hegarty said Padilla appears to suffer from post-traumatic stress syndrome and is unable to adequately help prepare his legal defense.

"When approached by his attorneys, he begs them, 'please, please, please' not to have to discuss his case," Hegarty wrote. "He refuses to watch the videos of his interrogation and he refuses to answer questions pertaining to aspects of the evidence in his case."

One of Padilla's attorneys, Andrew Patel, said in court papers his client fears being returned to the Navy brig if he discusses what happened there and that "he often exhibits facial tics, unusual eye movements and contortions of his body" when the subject of his detention comes up.

"Mr. Padilla remains unsure if I and the other attorneys working on his case are actually his attorney or another component of the government's interrogation scheme," said Patel, who has represented Padilla for four years.

Federal prosecutors and Pentagon officials have repeatedly denied that Padilla was tortured, contending in their own court filings that he was humanely treated and that the tactics used were for "safety and security" reasons.

A Pentagon spokesman, Navy Cmdr. Jeffrey Gordon, said Monday that Padilla's claims of abuse are false and that shackles are used when necessary.

"Detainees are moved based on their threat. If they pose a threat to the individuals charged with transporting them, clearly appropriate measures must be taken to protect the guards and any other personnel involved," Gordon said.

Padilla, a 36-year-old former Chicago gang member, was declared an enemy combatant by President George W. Bush in June 2002, shortly after he was arrested upon arrival at Chicago's O'Hare International Airport. U.S. authorities initially claimed he was on an al-Qaida mission to detonate a radioactive "dirty bomb" in a U.S. city.

Amid an intense legal battle over Bush's wartime detention powers, Padilla was transferred to civilian custody in January to face federal terrorism support charges along with two others in Miami. Trial on those charges, which do not mention the "dirty bomb" allegations, is currently scheduled to begin Jan. 22.

U.S. District Judge Marcia Cooke has not yet scheduled a hearing on the torture claims.

Egypt Arrests American On Plot Charge (AP)

By Nadia Abou El-magd

AP, December 5, 2006

Police have arrested an American, 11 Europeans and several others from Arab countries for allegedly plotting terrorist attacks in Middle Eastern countries including Iraq, the Interior Ministry said Monday.

The group was part of an Islamic militant terror cell that had adopted extremist ideas and were living in Egypt under the guise of studying Arabic and Islamic studies, the ministry said in a statement.

Along with the American, police arrested two Belgians, nine French and several others from Egypt and other Arab countries including Tunisia and Syria, the statement said.

The ministry did not provide names or say how many Egyptians and Arabs were arrested.

"Investigations have confirmed that those elements are related to some terrorist organizations abroad," the ministry said. "They were seeking to recruit others, teach them destructive beliefs, urging them for jihad, traveling to Iraq to carry out operations via other countries in the region."

In Washington, the State Department confirmed an American had been arrested in Egypt about a week ago but could not provide any details.

State Department spokesman Sean McCormack said American officials were "seeking consular access to this individual" but declined to give more information, citing U.S. privacy laws.

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A government official in Brussels also confirmed that the two Belgians were arrested and said they were Belgian citizens of Moroccan origin. The official spoke on condition of anonymity because he was not authorized to speak to the press.

"It seems they had sympathies with fundamentalist, Islamist circles," the official said. "There is no evidence that they perpetrated any violent act, and we expect them to be expelled from Egypt soon."

A spokesman for France's Foreign Ministry said several French citizens had been arrested in Egypt but said he could not immediately provide further details.

Egyptian authorities made the arrests about a week ago, and some had been studying at Al-Azhar University, Sunni Islam's most important seat of learning, police officials said. They spoke on condition on anonymity because they were not authorized to talk to the media. It was not immediately clear if all the arrests took place in Cairo or elsewhere in Egypt.

All of the arrested were in jail pending further investigation, the ministry said.

Egypt has witnessed a string of suicide terror attacks in recent years at Sinai Peninsula tourist resorts.

Last week, an Egyptian state security court condemned to death three Islamic militants convicted of taking part in suicide attacks that killed 34 people in 2004 in the Sinai resort of town of Taba.

The three belonged to the militant group Tawhid and Jihad, which Egyptian security officials and prosecutors accuse of carrying out two other bombings against Sinai resorts that killed another 87 people — Sharm el-Sheik in July 2005 and Dahab in April.

In February, three British Muslims were released from an Egyptian prison after spending nearly three years in custody for allegedly belonging to a banned Islamic group. The three accused Egyptian authorities of torturing them during their captivity, but the government denied the allegations.

Egypt operates under emergency laws, which gives the government wide powers to detain suspects without charging them. The laws have been in place since the assassination of President Anwar Sadat in 1981 despite a growing chorus of opposition from both inside and outside the country.

Egypt Detains American In Terrorist Cell Case (WP)

By Craig Whitlock

The Washington Post, December 5, 2006

BERLIN, Dec. 4 -- Egyptian authorities said Monday that they had arrested an American and nearly a dozen Europeans after breaking up an international terrorist cell that was recruiting operatives to go to Iraq.

The Egyptian Interior Ministry said the cell was "related to some terrorist organizations abroad" but did not name the network or those arrested. The official Egyptian news agency MENA reported that the suspects included nine French citizens and two Belgians, as well as two Syrians, a Tunisian woman and an undisclosed number of Egyptians.

In Washington, State Department spokesman Sean McCormack said U.S. officials knew the identity of the American and were "seeking consular access to this individual." He said the U.S. suspect was arrested Nov. 26 but declined to name the person, citing federal privacy laws.

A U.S. law enforcement official said the U.S. citizen "was not on our radar at all" before his arrest in Egypt and is not named on the government's voluminous terrorism watch list.

"He was not a known figure to the U.S.," the official said. "There's no record of him in the sense that he would have been a person of concern."

A handful of U.S. citizens have faced charges of engaging in terrorism overseas since the Sept. 11, 2001, attacks.

Adam Gadahn, a California native who is believed to be in Pakistan, was indicted in October on a charge of treason based on his alleged appearance in numerous al-Qaeda videotapes calling for the death of Americans and for attacks on U.S. targets.

Jose Padilla, a former Chicago gang member, stands accused of traveling to the Middle East for military training and joining a North American terrorist cell, although a federal judge in Miami dismissed a charge of murder conspiracy, the most serious count he faced.

John Walker Lindh, a Californian, was sentenced to 20 years after pleading guilty to providing services to the Taliban in Afghanistan and to carrying explosives during a felony. All three men are Muslim converts.

Egyptian officials said the cell members arrested there recently were operating in Cairo and Alexandria while masquerading as religious students, but released few other details.

"They were seeking to recruit others, teach them destructive beliefs, urging them for jihad and traveling to Iraq to carry out operations via other countries in the region," the Interior Ministry said in a statement announcing the arrests.

Police began to break up the cell in mid-November but continued making arrests for several days, according to Arab and European media reports. The French newspaper Liberation reported that four other French nationals were arrested on similar charges in Egypt in 2005 and were later deported.

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Egyptian investigators did not say whether there was a connection between the European suspects and another local cell blamed for killing more than 100 people in three separate suicide attacks on the Sinai Peninsula since 2004.

On Thursday, three Muslim radicals were sentenced to death by an Egyptian court for their involvement in one of those attacks, the October 2004 bombing that killed 34 people in the Red Sea resort of Taba popular with Israeli tourists.

On Sunday, three days after the verdict, Israeli counterterrorism officials issued a warning that other attacks were being planned at Egyptian resorts along the Red Sea.

In India, a judge on Monday convicted six men of involvement in the 1993 bombings that killed 257 people in Mumbai, delivering the last verdicts for 123 defendants charged in India's worst terrorist attack.

The convictions brought to 100 the number of people convicted; 23 were acquitted. Sentences will be imposed early next year.

"This is a historic case. Never before in Indian history have 100 people been convicted in a single case," public prosecutor Ujjwal Nikam told reporters.

American Arrested In Terrorism Probe (WT/AP)

By Nadia Abou El-magd

The Washington Times, December 5, 2006

CAIRO -- Police have arrested an American, 11 Europeans and several others from Arab countries on accusations that they were plotting terrorist attacks in Middle Eastern countries including Iraq, the Interior Ministry said yesterday.

The accused are part of an Islamic militant terror cell that had adopted extremist ideas and were living in Egypt under the guise of studying Arabic and Islamic studies, the ministry said.

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It did not provide names or say how many Egyptians and Arabs were arrested.

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In Washington, the State Department confirmed that an American had been arrested in Egypt about a week ago but could not provide any details. Spokesman Sean McCormack said American officials were "seeking consular access to this individual" but declined to give more information, citing U.S. privacy laws.

Egyptian authorities made the arrests about a week ago, and some had been studying at Al-Azhar University, Sunni Islam's most important seat of learning, police officials said. They spoke on the condition on anonymity because they were not authorized to talk to the press. It was not clear whether all the arrests took place in Cairo.

All of the arrested were in jail pending further investigation, the ministry said.

Officials in Brussels said two Belgians also were arrested in Medina, Saudi Arabia, on Nov. 10 in connection with the raids in Egypt, Agence France-Presse reported.

Egypt has witnessed a string of suicide terror attacks in recent years at Sinai Peninsula tourist resorts.

Last week, an Egyptian state security court sentenced to death three Islamist militants convicted of taking part in suicide attacks that killed 34 persons in 2004 in the Sinai resort of town of Taba.

The three belonged to the militant group Tawhid and Jihad, which Egyptian security officials and prosecutors have accuses of carrying out two other bombings against Sinai resorts that killed more than 100 people -- Sharm el Sheik in July 2005 and Dahab in April.

In February, three British Muslims were released from an Egyptian prison after spending nearly three years in custody on accusations that they belonged to a banned Islamic group. The three accused Egyptian authorities of torturing them during their captivity, but the government denied the claims.

Egypt operates under emergency laws, which gives the government wide powers to detain suspects without charging them. The laws have been in place since the assassination of President Anwar Sadat in 1981 despite growing opposition from both inside and outside the country.

Lawyers Demand Release Of Chinese Muslims (WP)

By Josh White

The Washington Post, December 5, 2006

DOJ_NMG_0102360

Attorneys for a group of Chinese Muslims held for nearly five years in the U.S. military prison at Guantanamo Bay, Cuba, filed suit yesterday, asking that the men be released immediately and alleging that they have been held as part of a political deal between the United States and China.

Citing new laws that allow detainees to challenge their status as "enemy combatants," the lawyers argue that their seven clients -- ethnic Uighurs (pronounced wee-gurs) -- have never taken up arms against the United States or its allies. They contend that the men have been labeled wrongfully as terrorist suspects because they oppose the Communist Chinese government.

In a 58-page filing at the Court of Appeals for the District of Columbia Circuit, the lawyers argue that the Uighurs have been held since early 2002 as a way to win Chinese acquiescence for the U.S. invasion of Iraq.

The lawyers -- Sabin Willett and Susan Baker Manning -- allege in the court documents that their clients' detention was one of several demands the Chinese government solicited in mid-2002 as the United States was seeking global support for toppling Saddam Hussein.

U.S. officials labeled the East Turkistan Islamic Movement (ETIM) -- a group that includes Uighur separatists who want their own nation in western China -- a terrorist organization in August 2002 after diplomatic discussions with China about Iraq, the lawyers allege.

"In the crisis atmosphere of the time, the interests of a few dozen refugees paled beside the urgency of the Administration's war plans," the lawsuit said. "The Iraq deal sealed the fate of the seven petitioners here. More than four years have passed. Long-discarded pawns in a diplomatic match between superpowers, petitioners today remain illegally imprisoned at Guantanamo."

Former State Department officials acknowledged in interviews that they negotiated with China about placing ETIM and another group on a list of known terrorist organizations, and that ETIM was added after intelligence reports indicated the group had killed innocent people. The officials said, however, that labeling the group as terrorists had no effect on Uighurs already in U.S. custody, who were believed to be cooperating with the Taliban and al-Qaeda near Tora Bora, Afghanistan.

Then-Deputy Secretary of State Richard L. Armitage met with Chinese officials in Beijing in late August 2002 and discussed the Iraq situation with them. He said at the time that ETIM was placed on the foreign terrorist list after months of discussions with China. He also said he made clear that China needed to respect the minority Uighur population.

"They had been after us to put ETIM on the list," Armitage said in a recent interview. He said the decision did not have anything to do with winning China's tacit approval on the Iraq invasion. "But at the time, we didn't know when we were going to invade Iraq. It was done in response to information gathered by the intelligence group."

The Uighurs have been a diplomatic headache for the United States. U.S. officials working to negotiate the release of five other Uighurs held at Guantanamo who were determined not to be a threat to U.S. interests refused to return them to China out of concern they could be tortured or killed. More than two dozen countries declined requests to take them in, and the United States has been unwilling to allow them to come here.

Earlier this year, those five Uighurs were released to a U.N. compound in Albania, where they remain virtual prisoners.

Pierre-Richard Prosper, who formerly led U.S. negotiations with other countries over Guantanamo detainees, said that China wanted custody of the Uighurs but that the United States staved off Beijing because of human rights concerns. "We tried for many months to reach an understanding with China regarding the fate of the Uighurs and were unable to do so," he said.

More than a dozen Uighurs are still in Guantanamo. U.S. officials have determined them to be enemy combatants because of their participation in an alleged terrorist training camp in Afghanistan, which all fled when the United States started bombing the area after the Sept. 11, 2001, attacks.

The Uighurs have told military court officials they were not allied with the Taliban and are sympathetic to the United States, which they view as a liberator. They said they were living in a small community in Afghanistan after fleeing oppression in China.

According to military tribunal records and court filings, the men were lured to a mosque in Pakistan, where they were arrested and later turned over to Pakistani authorities. Willett said he believes the men were sold to the United States for sizable bounties and were sent to Guantanamo along with many other detainees captured there.

The lawyers challenge the way the Uighurs were determined to be enemy combatants, arguing that their encampment in Afghanistan did not make them a party to hostilities. The Uighurs have said the United States allowed a Chinese delegation to visit and interrogate them after their capture, and that the Chinese threatened them. A U.S. official confirmed that the Chinese were allowed to question the Uighurs.

"It is amazing to me that the U.S. has agreed to, in effect, hold political prisoners for China in exchange for anything," Manning said. "That goes against everything that we, I thought, stood for in this country."

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HOMELAND RESPONSE:

Smuggling, Theft, Bribery At Agency (LAT)

By Nicole Gaouette

The Los Angeles Times, December 5, 2006

WASHINGTON — Aside from patrolling the nation's borders and guarding against terrorism, the Department of Homeland Security also is battling fraud, theft, bribery, smuggling and other crimes by American citizens — with some of the most disturbing examples coming from the sprawling agency's own employees.

A semiannual report filed to Congress by the department's inspector general showed a sharp jump in arrests in the six months ended Sept. 30, with many stemming from schemes by members of the public to bilk the agency of emergency relief funds in the wake of Hurricane Katrina.

But the report, released this week, also highlights a litany of staff misconduct: immigration officials demanding sex in exchange for visas, airport screeners stealing money from tourists' luggage, federal air marshals smuggling drugs, and employees from various DHS agencies committing sex crimes — including indecent exposure and distributing child pornography.

The array of staff transgressions tucked into the report reflects the continued growing pains of an agency that was formed only three years ago, and the pressures created as parts of the department have rapidly expanded, critics say.

Clark Kent Ervin, a former DHS inspector general, said the Transportation Security Administration rushed to hire screeners and air marshals in 2003 without running background checks on the applicants.

"Knowing DHS dysfunction and disingenuousness, it wouldn't surprise me if DHS doesn't fully vet employees for criminal backgrounds before hiring them or periodically recheck them," Ervin said.

Russ Knocke, press secretary for DHS, would not comment on the agency's policy on background checks but dismissed Ervin's criticism as "pure speculation" and "without merit."

Knocke said the problems were due mainly to a few individuals.

"No law enforcement agency of any government in the world is going to be immune to inappropriate behavior on the part of its employees, particularly one that is as large as we are," Knocke said. "… There's no tolerance for unethical behavior at this department and we use every authority to confront it."

Investigations by the inspector general's office triggered 321 arrests and 243 convictions in the six-month period. The report filed for the previous six months documented 200 arrests; six months earlier, there were 54.

The report did not provide a breakdown of how many cases involved DHS staff, but they came from all parts of the department.

Two TSA screeners were caught pilfering jewelry from luggage, while another was found smuggling more than $80,000 in an attempt to avoid reporting income brought into the country. Another team of four screeners targeted Japanese tourists until one was caught stealing up to $1,800 from checked luggage.

Many of the offenses involved getting contraband past barriers. Two federal air marshals were snared by a DHS and FBI investigation that found the marshals had sought and accepted a bribe to shepherd 15 kilograms of cocaine through airports. Two guards at an Immigration and Customs Enforcement prison sold alcohol and cigarettes to the illegal immigrants in their custody.

The agency's defenders said that in a department of more than 180,000 people, the number getting into trouble is relatively insignificant and that the arrests show the department's oversight is improving.

The inspector general's reports can be found online at http://www.dhs.gov/xoig/rpts/semiannl/editorial_0330.shtm .

U.S. Nuclear Labs Working On Weapons Safeguards (LAT)

By Ralph Vartabedian, Times Staff Writer

Los Angeles Times, December 4, 2006

LIVERMORE, Calif. -- In response to a secret order from President Bush, U.S. nuclear weapons laboratories are developing technology to make the weapons virtually impossible to use if they fall into the wrong hands.

The security system will be part of a new generation of nuclear weapons approved formally last week by a panel of the Defense and Energy departments.

A nuclear bomb equipped with the safeguards theoretically could be left on the street and terrorists would be unable, even given months of tinkering, to set off a detonation. Scientists say they are working on technology that would destroy every component inside -- including the plutonium and uranium -- if anyone even tampered with it.

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But the 3-year-old effort, known as National Security Presidential Directive 28, has evoked strong criticism from many nuclear weapons experts, who doubt that absolute safeguards are necessary or even possible. Instead, they say, the federal government should plug known security weaknesses at bomb labs and nuclear weapons factories.

The nation's stockpile of 6,000 nuclear warheads is located on missiles and in military depots in places as disparate as Texas, North Dakota and Europe. They all have electronic locks or other safeguards, known as use controls.

But the new plan aims for a dramatic improvement.

The big leap would involve the self-destruction of the weapon without dispersing radioactivity or causing an explosion. The system would be able to destroy the electronic and mechanical components, rendering the plutonium and uranium materials unusable for construction of a crude improvised device.

How? That's secret. But one possible approach is that the bomb would contain a powerful acid or other chemical that would poison the uranium and plutonium. The resulting sludge theoretically could be reprocessed, but that would require transportation to a highly specialized chemical-processing factory.

And, the thinking goes, if terrorists had access to such a factory, they probably wouldn't need to steal a bomb.

The nation's two nuclear weapons laboratories -- Lawrence Livermore in California and Los Alamos in New Mexico -- are competing to design the new generation of bombs, known as the reliable replacement warhead. A winner of the competition could be selected by the Nuclear Weapons Council, a panel of top Defense and Energy officials, as soon as this week.

"It is essential that we make sure our weapons are impossible for terrorists to use," said Bruce Goodwin, chief of nuclear weapons design at Livermore. The weapons produced during the Cold War, he said, were not designed for an Age of Terrorism.

"There was no motivation for the Red Army to send in a suicide squad to steal an American weapon," Goodwin said. "They had plenty of their own. There is tremendous incentive to certain people who don't have nuclear weapons to terrorize this nation by stealing one."

Before Sept. 11, security experts had not considered the prospect of a nuclear weapons scientist leading a suicide squad that would seize and detonate a U.S. nuclear weapon.

But critics say the risk of a terrorist seizing a U.S. bomb is the least likely form of nuclear terrorism. A more probable scenario, they say, is the theft of highly enriched uranium or plutonium that could be fashioned into a crude nuclear device or the smuggling of a complete nuclear bomb into the U.S.

"The real threat is the uranium and plutonium materials that are spread across the country in totally inappropriate places and inadequate facilities," said Danielle Brian, executive director of the Project on Government Oversight, a Washington, D.C., group that has long criticized the Energy Department for lax security.

"So, rather than fixing the problem they have, they are trying to fix a problem they don't have."

Although a U.S. nuclear weapon never has been stolen, the U.S. accidentally has lost custody of some. Bombs were dropped or destroyed in a 1961 accident in Goldsboro, N.C.; a 1966 accident in Palomares, Spain; a 1968 accident in Thule, Greenland; and a 1980 accident in Damascus, Ark. Those were recovered, but others have been lost at sea.

Philip Coyle, a former deputy director of the Livermore lab, worries that even the best U.S. technology might not be truly tamper-proof.

"They make it sound like you could leave a nuclear weapon on the streets of Baghdad and nobody would know what to do with it," Coyle said. "I don't think that is quite the case. People can reverse-engineer many things."

Another key concern comes from the military, which has worried about putting locks on weapons. The fear is that malfunctioning use controls could prevent the authorized use of a nuclear weapon.

"The argument against doing more and more of the use controls is that you lose confidence in the weapon," said David Mosher, a nuclear weapons expert at Rand Corp. Such technical concerns could lead the military to ask for a resumption of underground nuclear testing, he said.

But weapons scientists inside the labs say their goal of "absolute surety" is not only the right policy but is clearly achievable.

"We know how to do it," Goodwin said.

Registered Traveller Program Set To Go Beyond One Airport (NYT)

By Joe Sharkey

The New York Times, December 5, 2006

READY or not — and some critics say not — the long-delayed Registered Traveler program is moving forward, with the single existing operator planning a succession of openings soon at four airports, while a competitor says it is about to join in.

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Verified Identity Pass Inc., which began the first Registered Traveler program at Orlando International Airport in July 2005, is planning to open its second site, in Terminal 7 at Kennedy International Airport, with a target date of Dec. 19, said Steven Brill, the chief executive of the company, which markets its version of the expedited security program under the name Clear.

He said the company, which has more than 30,000 members at Orlando, is processing applications with the Transportation Security Administration for Kennedy and for San Jose, Calif.; Cincinnati; and Indianapolis.

"We have about 3,000 non-Orlando people signed up so far," he said. "We've been sort of keeping it quiet because we find it much easier to talk about it once the lanes are open."

Late last month, Mr. Brill's program received certification from the security administration to begin rolling out at other airports. Mr. Brill said then that he expected Clear to be operating in 12 to 20 airports within 12 months.

In all, over the last six months, more than two dozen airports have expressed interest in the program. Many are now talking with Mr. Brill and several competitors about if, when and how to proceed.

The Unisys Corporation said yesterday that it was planning soon to introduce its own version of Registered Traveler, first at Reno/Tahoe International Airport in Nevada, where the company has a contract to start operating once the security administration approves.

"We are very much in the game," said Lawrence J. Zmuda, a Unisys partner working with the Homeland Security Department and the security administration to develop the program. "We are going to be rolling this out at several locations in the spring of 2007."

The Registered Traveler program provides identity cards, which include not only data on place of birth and home address but also fingerprints and iris scans. Travelers who pay an annual fee after passing a federal background check can then go through expedited security in special lanes. Clear charges $99.95 a year, which includes a federal fee for the security clearances. Once the program expands, Registered Traveler identity cards will be interchangeable at various suppliers' lanes.

But what do you really get for the money besides a special lane? Critics of the program have questioned its customer service value and slow pace and have also asked whether it could open a security loophole for potential terrorists who are able to pass a background check.

The program's progress has been slower than anticipated, as the security administration carefully evaluates both the program itself and the various technologies it may employ to provide better benefits to members. In November 2005, Mr. Brill testified to Congress that once the government announced "a clear blueprint for benefits" to members, "we and our competitors would likely be rolled out at 30 to 40 of the 50 largest airports within six months."

Among other potential benefits that have been discussed are not having to remove shoes and coats, and not having to take laptops from their cases. The security administration continues to evaluate various technologies to address those issues, but so far hasn't approved any.

One system being evaluated was developed by GE Security in partnership with Mr. Brill's company. It uses explosives-detection technology to examine travelers' shoes as they step into the Clear kiosk where their biometric ID cards are verified.

Mr. Brill said that while the security administration has not yet given final approval for that system, it is in place for testing at Orlando and is being installed at Kennedy. And, he added, "We expect to be able to deploy at least the shoe scanner part as we open at each airport," including Kennedy when Clear starts operating there in two weeks.

Unisys already has contracts with most of the nation's airports to provide biometric-based security systems for workers in secure areas. .

"Shoes are everybody's No. 1 concern; laptops are No. 2 and outer garments are No. 3," said Mr. Brill, who predicted that technology dealing with laptops and coats would become available next year.

Mr. Zmuda said: "I think this is definitely going to be a decent business, one that's going to continually evolve, given that it is a security program as well as a customer service program." <NYT_AUTHOR_ID>

DHS Plan For 'Virtual' Border Fence Still Has Gaps (WP)

By Spencer S. Hsu

The Washington Post, December 5, 2006

A Bush administration plan to build a "virtual" fence along the Mexico border will cost $7.6 billion and be completed by 2011, but the government lacks clear benchmarks for success, according to a report to Congress by the Department of Homeland Security.

Confirming well-known problems along the Mexican border, DHS also reported that the United States had "effective control" over only 284 miles of its 1,993-mile southern frontier as of March, up from 241 miles in October 2005. The department set a goal of controlling 345 miles next year and the full border in five years. But it acknowledged not having "a wholly satisfactory methodology" of defining "control."

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Lawmakers ordered DHS to submit a multi-year strategic plan for the Secure Border Initiative (SBI) and its virtual-fence system (SBInet), citing two failed border technology programs that have cost taxpayers $429 million since 1998. The department's inspector general warned last month that SBInet could cost as much as $30 billion, far more than the $2 billion initially projected by industry analysts, and suffers from vague objectives.

Despite a law authorizing a 700-mile physical fence on the Mexican border, the Congress and White House are pushing forward with SBInet, which would deploy a mix of fencing, vehicle barriers, sensors, cameras and other surveillance technology to create a virtual barrier along 6,000 miles of U.S. northern and southern borders.

SBInet will cost $1.2 billion this year and $7.6 billion through 2011 on the southern border alone, DHS reported. By comparison, DHS agencies expect to spend $40.7 billion for border security between 2008 and 2011.

The five-year target for operational control of the border is the latest offered by U.S. officials. Homeland Security Secretary Michael Chertoff has predicted two years, three to five years, and most recently he has said control could be contingent on enactment of a guest-worker program, which could take up to six years to implement.

DHS also issued a new mission statement for SBI that emphasizes counterterrorism over immigration control. The program will promote strategies "that protect against and prevent terrorist attacks and other transnational crimes," DHS reported, while coordinating efforts to enforce immigration laws.

New Orleans Picks Professor To Lead Efforts On Rebuilding (NYT)

By Adam Nossiter

The New York Times, December 4, 2006

NEW ORLEANS, Dec. 4 — Amid continuing criticism that the city's recovery has lagged 15 months after Hurricane Katrina, Mayor C. Ray Nagin appointed an official on Monday to manage the rebuilding efforts.

Mr. Nagin's new "executive director for recovery management" is Edward J. Blakely, a former chairman of the department of city and regional planning at the University of California, Berkeley, who helped Oakland, Calif., recover from the earthquake of 1989 and the brush fire of 1991. He is now professor of urban planning at the University of Sydney in Australia.

"There are a lot of plans, and these plans have to be brought together under one umbrella," Dr. Blakely said Monday at a news conference.

Like other facets of New Orleans's tortuous comeback, the appointment of a "recovery czar" for the city has been pending for months. But at Monday's announcement, Dr. Blakely's precise responsibilities were not spelled out by Mr. Nagin, only that he would "coordinate and direct recovery efforts."

Mr. Nagin rejected a formal plan for the city's recovery months ago, because he considered it too politically divisive, as under the plan some neighborhoods were to receive greater attention than others.

Since then some parts of New Orleans have returned to life but many have not, particularly those most devastated by the poststorm flooding of September 2005. At least half the population remains displaced, block after block of houses are still vacant and gutted, downtown New Orleans is moribund, and some neighborhoods are reverting to green space.

Mr. Nagin, meanwhile, has made only intermittent pronouncements about the city's recovery, saying mostly that it should be guided by the citizens.

The mayor's hands-off approach — Mr. Nagin has said he believes New Orleans's recovery should be "market driven" — intensified calls for a competent manager to take charge. Monday's announcement drew a qualified welcome from some who have looked critically on the efforts to date.

"What will be significant will be when they actually itemize his responsibilities," said Rob Couhig, a lawyer here who ran unsuccessfully against Mr. Nagin in last spring's mayoral election, and who has been serving as an unpaid adviser to the mayor. "It's like a lot of things. You wish it happened earlier, but better today than tomorrow."

Under the loose, citizen-driven process sanctioned by the city, no single plan exists as yet for the recovery. Citizens continue to meet — they did so again this past Saturday, some linked by satellite feeds from Houston, Atlanta, Dallas and elsewhere — and exchange ideas for infrastructure renewal, for example, under municipal auspices.

Further meetings are planned, though it is unclear how much federal money will be available for whatever is eventually decided on, and there is evidence that citizens here are increasingly weary of the process, after more than a year of similar meetings.

Asked Monday why it had taken so long to name a recovery czar, Mr. Nagin responded: "I wanted to make sure we had some momentum and clarity. We now have that. We now have clarity in the planning process."

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WAR NEWS:

Bush Meets With Rival Of Iraqi Leader (NYT)

By Sheryl Gay Stolberg

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — President Bush met today with one of the most powerful Shiite leaders in Iraq — a political rival of Prime Minister Nouri Kamal al-Maliki — and urged him to "reject the extremists that are trying to stop the advance of this young democracy."

The meeting with Abdul Aziz al-Hakim, the leader of the Supreme Council for the Islamic Revolution in Iraq, was part of an effort by the Bush administration to shore up the fragile Maliki government by reaching out to a wider circle of Iraqi politicians. The hourlong session in the Oval Office plunged Mr. Bush deep into the intricate web of ethnic Iraqi politics.

Speaking to reporters afterward, the president said he told Mr. Hakim that he was "not satisfied with the pace of progress in Iraq," although he said he was "proud of the courage of the Iraqi people." He also said he appreciated Mr. Hakim's commitment to the unity government, and his "strong position against the murder of innocent life."

Mr. Hakim, for his part, flatly rejected one of the recommendations that the bipartisan Iraq Study Group is expected to make this week: a call for an international conference or regional peace initiative.

"We believe that the Iraqi issue should be solved by the Iraqis with the help of friends everywhere," Mr. Hakim said, speaking through an interpreter. "But we reject any attempts to have a regional or international role in solving the Iraqi issue. We cannot bypass the political process."

Mr. Hakim, who wears the black turban of a descendant of the Prophet Muhammed, has close ties to Iran and is one of the most divisive Shiite politicians in Iraq. He remarked last week that if Iraq deteriorated into civil war, Sunni Arabs would be the "biggest losers" — a comment that was widely interpreted as a veiled threat to Sunnis. He is also the main Shiite leader pushing to partition the country into autonomous regions, a proposal that both Mr. Bush and Mr. Maliki strongly oppose.

Today's meeting came as the White House is in the thick of re-evaluating its stance in Iraq. Mr. Bush met Mr. Maliki last week in Amman, Jordan. On Wednesday, the president will receive the recommendations of the independent Iraq Study Group, headed by James A. Baker III, the former secretary of state, and Lee Hamilton, a former Democratic congressman.

The Senate Armed Services Committee has asked Mr. Baker and Mr. Hamilton to testify about the report on Capitol Hill on Thursday morning. That same day, Prime Minister Tony Blair of Britain, perhaps Mr. Bush's closest ally on Iraq, will visit the White House. And next month, Mr. Bush will receive another Iraqi politician, Tariq al-Hashemi, the leader of the most powerful Sunni Arab party.

The Bush-Hakim visit is significant because Mr. Hakim is a fierce rival of Moktada al-Sadr, the radical anti-American Shiite cleric who has thrown his weight behind Mr. Maliki. The White House wants Mr. Maliki to lessen his dependence on Mr. Sadr; one way to advance that cause would be to bolster Mr. Hakim's ties with Mr. Maliki.

Stephen J. Hadley, the national security adviser, outlined the strategy in a classified memo published by The New York Times last week. "Press Sunni and other Iraqi leaders (especially Hakim) to support Maliki," Mr. Hadley wrote, in a section outlining how the White House might drive a wedge between Mr. Maliki and Mr. Sadr.

By meeting with leaders other than Mr. Maliki, Mr. Bush runs the risk of undermining the Iraqi prime minister — whom he declared ''the right guy for Iraq" during their meeting in Amman — by seeming to hedge his bets with others who might claim power should the Maliki government fail.

In an interview with Brit Hume of Fox News, Mr. Bush said he raised that issue with Mr. Hakim today.

"I said, 'I just want you to understand, as you know, I met with the prime minister, the head of the government,' " Mr. Bush said. "And that I don't want the prime minister to construe that this meeting in any way doesn't support him, and he said, look, I understand that as well."

Mr. Hakim's close ties to Iran also pose potential problems for the Bush administration. His party, usually referred to by its acronym, Sciri, was founded in Iran and its armed wing, the Badr Brigade, was widely accused by Sunni Arabs of operating death squads in the aftermath of the American invasion of Iraq.

Mr. Hakim fended off those charges today in an appearance at the United States Institute for Peace, following his White House visit. "We reject all those accusations," Mr. Hakim said, asked by a reporter if his organization is responsible for murder, torture and abduction. He added, "We say there is no evidence. Nothing of that happened."

At the White House, the press secretary, Tony Snow was peppered with questions about why Mr. Bush was meeting with Mr. Hakim.

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“This is a man who spent 20 years in Iran when Saddam Hussein was in power,” Mr. Snow said, “but he’s also made it clear that he sees himself as an Iraqi leader, not someone who is beholden to Iran.” <NYT_AUTHOR_ID>

Edward Wong contributed reporting from Baghdad.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Shiite Leader Sees No Role For Iraq's Neighbors (LAT)

By James Gerstenzang

The Los Angeles Times, December 5, 2006

WASHINGTON — The leader of a key Shiite Muslim faction in the Iraqi government told President Bush on Monday that his country's problems could not be solved by enlisting the help of Iran and Syria, as a blue-ribbon commission is expected to recommend.

The remarks by Abdelaziz Hakim, whose Shiite political party holds the highest number of seats in the parliament, gave the president an important Baghdad ally in his opposition to such an overture, two days before the bipartisan Iraq Study Group is scheduled to deliver its report.

"We reject any attempts to have a regional or international role in solving the Iraqi issue," Hakim said after the meeting. "Iraq should be in a position to solve Iraqi problems."

Hakim rejected any international conference to solve Iraq's problems, a White House official said, speaking on condition of anonymity in accordance with White House ground rules. And Bush underscored his concerns in the private meeting, speaking directly "about Iran and Syria and the critical need for them to respect Iraqi sovereignty and stop destructive activity that undermines Iraq," the official said.

The Bush administration has promoted Hakim as a moderate Iraqi voice despite ties he formed during 20 years of exile spent largely in Iran.

Hakim's invitation to the Oval Office gave Bush an opportunity to hear an informed voice on Iran, as well as a potential courier for any messages from Washington to the leadership in Tehran. The meeting followed a week of Bush administration diplomacy on the Middle East that ended in disappointment for the White House after Arab leaders expressed concern over growing instability in Iraq and elsewhere.

On Monday, Bush renewed his declaration, in Hakim's presence, that he was "not satisfied with the pace of progress in Iraq," but that he wanted to continue "to work with the sovereign government" there.

Even as Hakim said that the political solution must come from within Iraq, he reached out for assistance from "the international level and the regional level in order to defeat terrorism." He also said that he and Bush had discussed the arms and training that Iraq would need to meet its security needs.

The two met privately for about 20 minutes and with aides for nearly an hour. A total of 50 minutes had been allotted for the two meetings.

In a speech later to the U.S. Institute of Peace, Hakim called for a stiffer U.S. military response to violence by militias, saying that "the deterring factors are not up to the level of their criminal activities."

"The strikes they are getting from the multinational forces are not hard enough to put an end to their acts," he said.

Hakim leads the Supreme Council for Islamic Revolution in Iraq. It was established in Iran in 1982, providing a political home for Iraqi Shiite exiles during Saddam Hussein's rule. Members of an armed wing of the group, the Badr Brigade, have been accused of engaging in criminal activity under the cover of Iraqi security forces.

The White House official, reporting on the Oval Office discussions, said Hakim sought support for strengthening Iraqi security forces to "bring to justice those operating outside the rule of law."

Pressed on Hakim's ties to Iran and the militia, White House Press Secretary Tony Snow said as the session was getting underway that Hakim was an Iraqi leader, and "not somebody who is beholden to Iran." He said Bush planned to discuss the militia activities with Hakim.

"What Mr. Al-Hakim has also done is he has talked about the importance of reconciliation within Iraq," Snow said. "He is a significant force in Iraqi politics."

In extensive comments about Hakim during an interview with Fox News Channel, Bush said he came away from the meeting convinced that Hakim was committed to a unity government. Bush also said he had heard no reference to Shiite dominance to the exclusion of others.

In a reference to the various militias, Bush said that Hakim saw no place for murderers in a constitutional government.

The president used the Fox interview to counter some of the criticism in the run-up to Wednesday's release of the report by the Iraq Study Group, which is headed by former Secretary of State James A. Baker III and former Rep. Lee Hamilton (D-Ind.). The panel is expected to recommend that Bush shift course in Iraq and begin withdrawing U.S. troops.

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Iraqi Shiite Leader Speaks Bluntly In Washington (WP)

By Robin Wright And Peter Baker

The Washington Post, December 5, 2006

President Bush yesterday told the leader of Iraq's largest Shiite Muslim party that the United States is not satisfied with the progress in Iraq and appealed for more help in fighting extremism and reconciling the country's increasingly fractured society.

But in a speech after their hour-long meeting, Abdul Aziz al-Hakim countered that U.S. troops need to do more to fight the insurgency and denied that the Shiite militias are fueling the sectarian strife in Iraq. It was one of the starkest criticisms of U.S. military strategy by an Iraqi leader.

"The strikes [the insurgents] are getting from the multinational forces are not hard enough to put an end to their acts, but leave them to stand up again to resume their criminal acts," Hakim said in a speech at the United States Institute of Peace. "This means that there is something wrong in the policies taken to deal with that danger threatening the lives of Iraqis."

The only way to eliminate the danger of a civil war, he added, was through "decisive strikes" against insurgents once loyal to former leader Saddam Hussein. "Otherwise we'll continue to witness massacres . . . against innocent Iraqis."

Hakim, who heads the Supreme Council for the Islamic Revolution in Iraq, arrived in Washington as the administration is reviewing its strategy in Iraq. The Iraq Study Group, a bipartisan panel led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), is due to publish its recommendations tomorrow. The meeting also comes as U.S. officials try to repair relations with Shiite leaders who had feared a recent U.S. outreach to Sunni insurgents.

The Bush administration is under pressure from both escalating sectarian strife and plummeting U.S. support for the Iraq war. "We talked about the need to give the government of Iraq more capability as quickly as possible," Bush said in a joint photo opportunity in the Oval Office. "Part of unifying Iraq is for the elected leaders and society leaders to reject the extremists that are trying to stop the advance of this young democracy."

Hakim, who leads the Shiite coalition with the largest number of seats in parliament, told Bush that Iraqi issues should be solved by Iraqis. His words reflected the growing sentiment in both Washington and Baghdad that a shift in responsibility in managing Iraqi affairs is essential if the now multisided conflict is to be halted.

But expressing the frustration that is also rising in Washington, Bush acknowledged in an interview on Fox News yesterday that "what Americans are trying to figure out is why Iraqis are killing Iraqis when you have a better future ahead."

The growing talk of civil war in Iraq "scares us, too," Hakim said in his speech. He expressed concern that Shiite religious authorities, who have calmed tensions after the deadliest suicide bombings, would someday lose their ability to counter the violence. He called the religious authorities the "last fortress" against civil war and "catastrophic storms that no power in the world could calm or control to return Iraq to its senses."

At the White House and in his speech, Hakim signaled rejection of recent suggestions for a regional or international conference to bring Iraq's neighbors together to help defuse escalating tensions and end meddling, particularly by Iran and Syria. "We do not want to distribute shares of powers to neighboring countries," he said in his speech.

Bush and Hakim are unlikely allies in forging Iraq policy. Hakim's movement was founded during his two decades of exile in Iran, and its Badr Organization militia, formerly known as the Badr Brigade, is still widely believed to have close ties to Tehran. Hakim said yesterday that he supports the disbanding of militias, and said his own armed wing has been transformed for use in political activity. But some Sunnis allege that the Badr Organization was behind political assassinations that have contributed to sectarian violence.

White House spokesman Tony Snow called Hakim a "significant force" in Iraqi politics. "He's somebody who can play a very constructive role and we hope he will," Snow said.

Bush Says Iraq Progress Too Slow (AP)

By Deb Riechmann

AP, December 5, 2006

President Bush told a Shiite political leader on Monday the United States is not happy with progress in Iraq and sought the cleric's help to curb extremists and terrorists trying to undermine the struggling new democracy.

Abdul-Aziz al-Hakim said U.S. troops need to stay in Iraq to help deal with escalating violence. He also told Bush that Iraq welcomes help from other nations, including those in the Middle East, so long as they do not bypass Iraq's political process.

"Iraq should be in a position to solve Iraqi problems," al-Hakim told Bush after they met in the Oval Office for more than an hour.

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Some consider al-Hakim, who lived in exile in Iran for years, a more powerful political figure than Iraqi Prime Minister Nouri al-Maliki. Al-Hakim leads the Supreme Council for the Islamic Revolution in Iraq, the largest Shiite bloc in Iraq's parliament. His party also is backed by the Badr Brigade militia blamed for sectarian killings.

The meeting was evidence that Bush, under pressure to find a new blueprint for his war strategy, was getting more personally involved in the political infighting among Shiites, Sunnis and Kurds.

"I told him that we're not satisfied with the pace of progress in Iraq, and that we want to continue to work with the sovereign government of Iraq," Bush said. He said the young Iraqi government needs to be given more capability as quickly as possible to secure the country from extremists and murderers.

Bush is meeting on Thursday with British Prime Minister Tony Blair — a day after the bipartisan Iraq Study Group issues its long-awaited recommendations. Bush also plans to meet next month with Iraq's Sunni Vice President Tariq al-Hashemi. Last week, he met in Jordan with al-Maliki.

Before al-Hakim's visit to the United States, two al-Maliki aides and a third person close to al-Hakim said the cleric was expected to try to persuade Bush to enlist Iran's help in quelling violence in Iraq.

Bush spoke with al-Hakim directly about Iran and Syria and the critical need for them to respect Iraqi sovereignty and stop destructive activity that undermines Iraq's unity government, a senior administration official said. He spoke on condition of anonymity because he was not authorized to divulge details of the meeting.

The official said it wasn't known whether al-Hakim specifically asked Bush to enlist Iran's assistance. Al-Hakim told reporters that he vehemently opposes any regional or international effort to solve Iraq's problems that goes around the unity government in Baghdad.

"We reject any attempts to have a regional or international role in solving the Iraqi issue," the cleric, who speaks Arabic, said through a translator. "We cannot bypass the political process. Iraq should be in a position to solve Iraqi problems."

Later, in a speech at the U.S. Institute of Peace in Washington, al-Hakim said Iraq is interested in creating good relations with all neighboring nations, including Kuwait, Saudi Arabia, Turkey, Iran, Syria and Jordan.

But he said: "We do not want to distribute shares of power to neighboring countries, but rather we want balanced relations."

Al-Hakim said he talked with Bush about equipment, including armaments, that the Iraqi security forces need. He pledged that the government would deal with all forms of terrorism, no matter where they originate.

He also said that eliminating the danger of civil war in Iraq can be achieved only by decisive strikes against terrorist Baathists and extremist followers of Islam. "Otherwise we will continue to witness massacres being committed every now and then against the innocent Iraqis," he said.

Monday's developments came amid rising expectations about a new U.S. policy that Bush is crafting for Iraq — one that his advisers say will be announced within weeks. He is seeking information from reviews being done by the State Department, National Security Council and the Joint Chiefs of Staff as well as the Iraq Study Group, led by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton of Indiana.

It became increasingly clear that the administration was looking for Iraq alternatives well before the November elections, when Bush was adamantly defending his policies.

A day before the elections, Defense Secretary Donald H. Rumsfeld wrote a letter saying he had developed a list of alternative approaches for Iraq over a period of weeks. In his letter, obtained by The Associated Press on Monday, Rumsfeld said he and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, had told the president "a number of weeks ago" that they were considering alternatives for Iraq policy because changes were needed.

Rumsfeld also wrote that at his request, Gen. John Abizaid, the top commander for U.S. forces in the Middle East, had assembled a group to work on the issue.

Iraq's Al-Hakim Gets White House Meeting (AP)

By Hamza Hendawi

AP, December 5, 2006

Abdul-Aziz al-Hakim is closer to Iran than any other Iraqi politician and runs a Shiite militia blamed for sectarian violence in Iraq.

So why did President Bush meet him in the White House?

Some Iraqi officials believe Bush wanted to find out what role Iran can play in bringing peace to this country. If anyone in Iraq knows, it is the 55-year-old al-Hakim.

Al-Hakim is the leader of Iraq's largest political party, the Supreme Council for the Islamic Revolution in Iraq, or SCIRI. He lived in exile in Iran for more than two decades before returning home in 2003 after the ouster of Saddam Hussein's Sunni-dominated regime.

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SCIRI was founded in Iran and its affiliated militia, the Badr Brigade, was trained and armed by Iran's Revolutionary Guard. The militia fought alongside the Iranians in their eight-year war against Iraq in the 1980s.

Al-Hakim's Sunni Arab critics, in fact, charge that he is more Iranian than Iraqi.

"Al-Hakim wants Iran to rule Iraq," Saleh al-Mutlaq, a senior Sunni Arab politician, told Al-Jazeera television interview that aired Sunday.

Al-Hakim, who spoke to Bush for more than an hour at the White House Monday, became leader of the SCIRI when his brother and party founder Ayatollah Mohammed Baqir al-Hakim was killed in a bombing in August 2003. Since then, he has risen from political obscurity into the leader of parliament's largest bloc.

"Bush today met a powerful leader," said Adnan al-Dulaimi, leader of parliament's largest Sunni Arab bloc and a critic of the government. "Al-Hakim was expected to assure Bush that he is not a tool in Iran's hands, but that he can take a message back to the Iranians from him."

While al-Hakim's ties to Iran inspire suspicion among Sunni Iraqis, they apparently enhanced his prestige with the U.S. — especially as the Bush administration searches for an exit strategy from its 44-month-old military involvement in Iraq.

A report by a bipartisan commission due out Wednesday is expected to offer a set of military and political options for Iraq including an effort to enlist Iran's help in curbing the violence.

Bush refuses to speak directly to Iran, a U.S. adversary for almost 30 years. That prompted al-Hakim to consider volunteering as an intermediary between Washington and Tehran, according to key advisers to the government of Prime Minister Nouri al-Maliki, who talked with al-Hakim before his Washington visit.

"He went to Washington with a green light from the Iranians to take back a message from Bush to them on Iraq," said a senior aide to al-Hakim, who spoke to The Associated Press on condition of anonymity because of the sensitivity of the information.

Hassan al-Sneid, a lawmaker and al-Maliki confidante, said Iraqi President Jalal Talabani was told during a visit to Tehran last week that the Iranians had no objections to a dialogue with the Americans over Iraq.

Iranian influence in Iraq worries the United States and its Arab Sunni allies in the region, like Saudi Arabia, Jordan and Egypt. Shiite and Sunni Arab politicians privately complain that their non-Arab neighbor supports Shiite and even some Sunni armed groups in a bid to achieve what analysts call "controlled chaos."

The aim, they said, was to keep the United States bogged down in Iraq and distracted from taking strong action against Iran over its nuclear program.

Al-Hakim has championed giving Iraq's Shiite-dominated security forces the lead role in the fight against Sunni insurgents and al-Qaida in Iraq militants.

Iraqi government advisers, speaking on condition of anonymity because of the sensitivity of the issue, said al-Hakim had planned to raise the issue with Bush.

Sunni Arabs fear al-Hakim will persuade the Americans to give the security forces a free hand to crush the once-dominant Sunni community. They also fear he will persuade Washington to tone down its demands that the Shiite militias to be disbanded.

Al-Maliki has been reluctant to rein in the militias. Sunnis fear that pressure from Washington to curb the militias will ease after the U.S. military relinquishes the lead on the battlefield to the Iraqis.

Officially, al-Hakim's Badr militia has been disbanded and turned into a political group, but few in Iraq believe it.

Instead, the Badr militia is widely believed to be the source of the top leadership in Iraq's police and army forces. The militia is also suspected of operating death squads targeting Sunni foes and senior members of Saddam's former Baath party.

Bush Meets With Iraq's Shiite Leader (AP)

By Terence Hunt

AP, December 5, 2006

President Bush told an Iraqi power broker on Monday that the United States was not satisfied with the progress of efforts to stop the sharp escalation of violence in Iraq.

Bush met at the White House with Abdul-Aziz al-Hakim, the Shiite leader of the largest bloc in Iraq's parliament.

Al-Hakim said that he "vehemently" opposes any regional or international effort to solve Iraq's problems that goes around the unity government in Baghdad.

"Iraq should be in a position to solve Iraq's problems," al-Hakim said.

The president said he spoke with al-Hakim for more than an hour and said they had a "very constructive conversation."

"I assured him that the U.S. supports his work and the work of the prime minister to unify the country," Bush said, referring to Iraqi Prime Minister Nouri al-Maliki.

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"Part of unifying Iraq is for the elected leaders and society leaders to reject the extremists that are trying to stop the advance of this young democracy," Bush said.

"We talked about the need to give the government Iraq more capability as soon as possible so the elected government of Iraq can do that which the Iraqi people want to secure their country from extremists and murderers," Bush said. "I told his eminence that I was proud of the courage of the Iraqi people. I told him that we're not satisfied with the pace of progress in Iraq. And that we want to continue to work with the sovereign government of Iraq."

Al-Hakim, after what he called a "very clear" meeting earlier with Secretary of State Condoleezza Rice, told reporters in Arabic that "we have asked for the American forces to stay in Iraq" to enable Iraqi security to deal with terrorists.

Monday's developments came amid an atmosphere of rising expectations about a new U.S. policy in Iraq and an acknowledgment by Bush's national security adviser that Bush accepts that a new approach is warranted.

National security adviser Stephen Hadley said Sunday that while Bush recognizes something different needs to be done, the president won't use the recommendations due this week from the Iraq Study Group as political cover for bringing troops home.

"We have not failed in Iraq," Hadley said as he made the talk show rounds Sunday. "We will fail in Iraq if we pull out our troops before we're in a position to help the Iraqis succeed."

He added: "The president understands that we need to have a way forward in Iraq that is more successful."

But, with the leak of another insider's secret memo, the second in a week, the administration found itself on the defensive.

The latest showed that Donald H. Rumsfeld called for a "major adjustment" in U.S. tactics on Nov. 6 — the day before an election that cost Republicans the Congress and Rumsfeld his job as defense secretary.

Hadley played down the memo as a laundry list of ideas rather than a call for a new course of action.

He said that Bush — just before a pivotal election — was not portraying a different sense of the war to the public than his own defense secretary was giving him in private.

The president "has said publicly what Rumsfeld said, that things are not proceeding well enough or fast enough in Iraq," Hadley said.

Democrats did not buy that.

"The Rumsfeld memo makes it quite clear that one of the greatest concerns is the political fallout from changing course here in the United States," said Sen. Joseph Biden, D-Del., the incoming chairman of the Senate Foreign Relations Committee. "The bottom line is there is no one, including the former secretary, who thought the policy the president continues to pursue makes any sense."

Rep. John Murtha, D-Pa., said the Rumsfeld memo was an example of how the administration has been "mischaracterizing and misstating this war." He said the Iraq conflict had devolved into a civil war. "There's two factions fighting for supremacy inside Iraq and our troops are caught in between," Murtha said on NBC's "Today" show. As incoming chairman of the House Defense Appropriations subcommittee, Murtha said he would put pressure on the administration to redeploy U.S. troops there.

Bush has nominated Robert Gates to replace Rumsfeld. His confirmation hearing before the Senate Armed Services Committee is on Tuesday.

As pressure builds for a new strategy, the report from the Iraq Study Group increasingly is viewed as perhaps clearing the way for a U.S. exit strategy in Iraq. Hadley, though, said the review will be just one factor the White House considers.

After a meeting last week in Jordan, Bush expressed confidence that Iraqi Prime Minister Nouri al-Maliki and his government can lead the country toward peace with support from the United States.

Yet Hadley found himself defending his own memo that called that very point into question.

Bush Presses Shi'ite Leader On Violence (WT)

By Joseph Curl

The Washington Times, December 5, 2006

President Bush yesterday bluntly told the leader of Iraq's largest Shi'ite party that the United States is not satisfied with efforts by Iraqi political leaders to stop sectarian violence, which has spiraled out of control in recent months.

The Oval Office meeting came on a day when the White House announced that the president will meet Thursday with British Prime Minister Tony Blair, his closest ally in the Iraq war. That meeting will come just a day after Mr. Bush receives recommendations from a bipartisan commission charged with coming up with solutions to the nearly four-year-long war in Iraq.

After his hourlong meeting yesterday with Abdul-Aziz al-Hakim, who heads the largest bloc in Iraq's parliament and is a leading opponent of anti-U.S. Shi'ite Muslim cleric Muqtada al-Sadr, the president said political leaders must step up to quell dissent among opposing factions.

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"I told him that we're not satisfied with the pace of progress in Iraq, and that we want to continue to work with the sovereign government of Iraq," Mr. Bush said. "Part of unifying Iraq is for the elected leaders and society leaders to reject the extremists that are trying to stop the advance of this young democracy."

But Mr. al-Hakim, head of the Supreme Council for Islamic Revolution in Iraq, said he "vehemently" opposes any regional or international effort to solve Iraq's problems that goes around the unity government in Baghdad.

"We cannot bypass the political process. Iraq should be in a position to solve Iraqi problems," he said. "Therefore, we believe that the Iraqi issue should be solved by the Iraqis with the help of friends everywhere. But we reject any attempts to have a regional or international role in solving the Iraqi issue."

Yesterday's meeting, which followed the president's meeting last week in Amman, Jordan, with Iraqi Prime Minister Nouri al-Maliki, begins a new effort by the Bush administration to create a dialogue with Iraqi political leaders. Mr. Bush is scheduled to meet next month with Vice President Tariq al-Hashimi, who is a Sunni, and one senior administration official said top U.S. officials will meet soon with other moderate Sunni, Shi'ite and Kurdish leaders.

Still, the escalating sectarian violence in Iraq has prompted some U.S. critics to step up their calls for immediate withdrawal. "There's two factions fighting for supremacy inside Iraq, and our troops are caught in between," Rep. John P. Murtha, Pennsylvania Democrat, said Sunday.

Mr. al-Hakim said Iraq can solve its own problems but told reporters after a morning meeting with Secretary of State Condoleezza Rice that "we have asked for the American forces to stay in Iraq" in an effort to help Iraqi security forces contend with terrorists.

"We will work very hard and seek all forms of cooperation at the international level and the regional level in order to defeat terrorism that it is trying to use Iraq as a base in order to sabotage the future of that nation," Mr. al-Hakim said.

The White House yesterday did not rule out a possible meeting with Sheik al-Sadr. "I don't know if al-Sadr would also be willing to entertain the option. It's a very interesting question; we'll go back and muse on it in a few minutes," White House spokesman Tony Snow said.

The outreach to all political leaders in Iraq, Mr. Snow said, is designed to give the president the chance "to talk to significant leaders and make the case that it's important for people to build together across sectarian lines, to take the measures necessary for national reconciliation."

Mr. al-Hakim defended the U.S. role in Iraq, and said Americans are unaware of the advances taking place in Iraq.

"The Iraqi situation has been subjected to a great deal of defamation, and the true picture is not being presented in order to show a dark side of what's happening in Iraq," he said.

Speaking at the United States Institute of Peace after meeting with Mr. Bush, Mr. al-Hakim endorsed proposals to create federal regions in Iraq, saying that concerns about such plans "are exaggerated."

"Federalism definitely will not divide Iraq," said Mr. al-Hakim. He said that religious -- not secular -- authorities were the only ones that could hold the country together.

"We should not resort to dealing with issues that may weaken the religious authorities, otherwise Iraq may be subjected to catastrophic storms that no power in the world could calm or control [or] return Iraq to its senses," he said.

In a Fox News interview last night, Mr. Bush told Brit Hume he was pleased by the Shi'ite leader's expressions of commitment to a unity government in Iraq.

"There is a lot of talk about Shia dominance to the exclusion of other folks in Iraq. I didn't hear that at all -- quite the contrary," Mr. Bush said. "I listened to a man who understands that the way forward is for there to be a government of and by and for the people."

Referring to his previous meeting with Mr. al-Maliki, Mr. Bush said both the prime minister and Mr. al-Hakim "understand that murderers must be stopped, that you can't have a society, a constitutional government presiding over a society in which murderers are allowed to run free."

US 'not Satisfied' With Pace Of Iraqi Progress (FT)

By Guy Dinmore

Financial Times, December 5, 2006

President George W. Bush told a powerful Iraqi Shia cleric on Monday that he was not satisfied with the pace of progress in Iraq as they discussed how the US could accelerate assistance to the Baghdad government.

Abdul Aziz al-Hakim, leader of the Supreme Council for Islamic Revolution in Iraq (Sciri), a key partner in the coalition government, said talks focused on arms and training for the Iraqi army and the transfer of military authority from the US commander to the Iraqi government.

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Speaking later at the US Institute of Peace (USIP), Mr Hakim criticised US forces for not cracking down hard enough on Sunni insurgents.

Decisive strikes were needed, Mr Hakim said. Otherwise, he warned, Shia spiritual leaders might lose their capacity to contain Shia anger and Iraq would be plunged into civil war and "catastrophic storms that no power in the world could calm or control".

USIP is assisting the bipartisan Iraq Study Group, which is due to release its recommendations for new strategies in Iraq on Wednesday. A gradual redeployment of US combat troops by early 2008 is expected to form the core proposal. But there was no suggestion by Mr Bush or Mr Hakim of adopting such a timeline.

"I told His Eminence that I was proud of the courage of the Iraqi people. I told him that we're not satisfied with the pace of progress in Iraq," Mr Bush said.

Although White House officials portrayed the meeting as part of a normal process of consultation with Iraqi politicians, Mr Hakim's visit to the White House fuelled the perception of an administration desperately seeking a new direction.

Asked whether Iraqis were worse off now than under Saddam Hussein – as asserted by Kofi Annan, UN secretary-general, in a BBC interview – the White House spokesman, Tony Snow, replied: "You will have to ask the Iraqi people."

Mr Hakim vies with Moqtada al-Sadr, a radical cleric and militia leader, for the mantle of Iraq's most powerful Shia politician. Their family feud is generational. Both their militias have been accused of involvement in sectarian violence against the Sunni Arab minority – a charge Mr Hakim denies.

Mr Hakim also maintains close ties to Iran, where he lived in exile after 1980 and went on to lead the Badr brigade, an Iranian-trained and funded militia that fought on the side of Iran against Iraq in their 1980-88 war.

Mr Bush and Mr Hakim have rejected a proposal by Mr Annan, which is expected to be echoed by the Iraq Study Group, for direct US engagement with Iran and Syria. Mr Hakim said Iraq would deal with its neighbours.

Mr Hakim's support for the coalition government is crucial to its survival, although his relations with Nouri al-Maliki, prime min-ister, are difficult and he may be angling for US support for one of his allies to replace him.

Judith Yaphe, an analyst at Washington's National Defence University, said: "We may be trying to play on long-standing animosity between Sadr and the Hakims. He could be an ally but it's a very dangerous game to play and usually we don't play these games very well."

More deaths in Baghdad prompted Zalmay Khalilzad, the US ambassador, and General George Casey, the US commander, to issue a joint plea to Iraqis not to be "drawn down the road of senseless brutality" in tit-for-tat sectarian killings.

Sins Of The Father (WP)

By Michael Kinsley

The Washington Post, December 5, 2006

It is not the fault of Jenna or Barbara Bush that their father, the president, has gotten us into a war that he doesn't know how to get us out of. And, although you can blame parents for almost anything, George W. and Laura Bush are no longer responsible for the behavior of their twin daughters, who are in their mid-20s. Presidents, like the rest of us, don't get to choose their relatives. Remember Billy Carter?

Anyway, Jenna and Barbara are far from George W. Bush's biggest familial problem. The law of averages has given him at least one ne'er-do-well brother -- Neil. The biggest familial thorn in the president's side is probably his father, always ready (or so it seems) to send out a Brent Scowcroft or a James Baker with some patronizing and excruciatingly public advice for the young pup.

As for the twins, we actually know next to nothing about them. George and Laura Bush made the wise decision to keep them out of the limelight, and -- with surprisingly little slippage -- they have managed to enforce this policy on the press, on the Republican propaganda machine and on the girls themselves. Good for them.

From what little has leaked out, it seems that Jenna and Barbara are party girls who like to drink and dance until the wee hours with aristocrats and frat boys. Jenna is interning for UNICEF in Latin America (not actually teaching kids, as originally reported, but involved somehow in education). The twins recently took a trip to Argentina. Their first night there, partying in Buenos Aires, Barbara lost her purse to a thief.

So it would appear that George W. Bush's daughters are not Amy Carter or Chelsea Clinton or Karenna Gore. So what? Are you surprised?

Nevertheless, there is a war on. It's a war that has killed 3,000 Americans, most of them around Jenna and Barbara's age or younger. It has killed hundreds of thousands of Iraqis of all ages. And even more Americans and Iraqis have been injured, lost limbs, suffered terrible pain. President Bush can be quite eloquent in talking about the sacrifices of American soldiers and -- he always adds -- their families. In the Reagan style that has become almost mandatory, he uses anecdotes. He talks of Marine 2nd

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Lt. Frederick Pokorney Jr. "His wife, Carolyn, received a folded flag. His two-year-old daughter, Taylor, knelt beside her mother at the casket to say a final goodbye."

Bush says truly, about the American dead, "They did not yearn to be heroes. They yearned to see mom and dad again and to hold their sweethearts and to watch their sons and daughters grow. They wanted the daily miracle of freedom in America, yet they gave all that up and gave life itself for the sake of others."

Living your life according to your own values is a challenge for everyone, and it must be a special challenge if you happen to be the president. No one thinks that the president should have to give up a child to prove that his family is as serious about freedom as these other families he praises. But it would be reassuring to see a little struggle here -- some sign that the Bush family truly believes that American soldiers are dying for our freedom, and that it's worth it.

Who knows? Maybe they have had huge arguments about this. Maybe George and Laura wanted the girls to join the Red Cross, or the Peace Corps, or do something that would at least take them off the party circuit for a couple of years. And perhaps the girls said no. But I doubt this scenario, don't you?

The opposite approach to this question is taken by Jim Webb, the incoming senator from Virginia. Webb seems to believe that because he served in Vietnam, anyone who could have but didn't should shut up. That includes people who opposed that war -- that is, who got it right -- as well as those who supported it. Webb's son is serving in Iraq, and -- in a gesture that would throw Dr. Freud for a loop -- Webb wears a pair of the son's combat boots. At a White House reception for new members of Congress, Webb avoided the receiving line and then, when Bush came up and asked him how his son was doing, he basically told the president to flake off. Webb's self-righteousness can be obnoxious. But at least he is being morally serious.

At first it seemed a brilliant strategy -- repellent, but brilliant -- to isolate most Americans from the cost of the war in Iraq. It's starting to seem a lot less so. As the deaths and injuries mount, more and more people are touched by the war -- and become understandably resentful of those who are not. Bush, in his speeches, is eloquent about what no one doubts -- the sacrifice -- but banal about what most people have come to doubt: the purpose.

But no amount of eloquence can overcome the bald contrast between that rhetoric and how his own family lives. His daughters are over 21, and he can't control them, but that doesn't let them off the hook. They are now independent moral actors, and their situation requires that they either publicly oppose their father's war or do something to support it. Is it unfair to expect Jenna and Barbara to shape their lives around their father's folly? Of course it's unfair. If this is war, then unfairness comes with the territory.

Iraq Panel Likened To Vietnam 'Wise Men' (WT)

By Rowan Scarborough

The Washington Times, December 5, 2006

The bipartisan Iraq Study Group, which has received concentrated press coverage this fall as it prepares to report to President Bush tomorrow, was the idea of a Republican lawmaker looking for fresh ideas on the war.

For some, it brings memories of Vietnam in 1967 and 1968, when President Johnson turned to a group of "wise men," mostly Democrats, for advice on how to win that long war. But while Mr. Johnson actively sought their counsel, the White House and Pentagon are not overly enthusiastic about an outside group of former politicians and Cabinet members suggesting war policy, according to senior officials.

While the Iraq Study Group was in the homestretch of a 10-month project to write a report, the Bush administration in September kicked off its own top-to-bottom reviews on many fronts. The office of the secretary of defense, the Joint Chiefs of Staff, the State Department and the National Security Council are all weighing options. The ideas range from A to Z: pull out all troops now or add more troops to quell restive Baghdad and Anbar province.

Mr. Bush already has received some options from Gen. Peter Pace, Joint Chiefs of Staff chairman, and from outgoing Defense Secretary Donald H. Rumsfeld. Mr. Rumsfeld provided a list of 21 possible actions in a Nov. 6 memo to the president.

"Let's see if the [Iraq Study Group] comes up with anything better than this," a Pentagon official said of Mr. Rumsfeld's ideas. Mr. Rumsfeld proposed innovative ideas on the possible redeployment of forces inside Iraq and denying construction projects to violent communities.

By the time the White House begins studying the group's report, the president will also have scores of ideas from his own advisers.

The study group's main recommendations are thought to be a gradual withdrawal of U.S. troops but with no predetermined timeline, and Washington engagement with Iran and Syria.

Rep. Frank R. Wolf, Virginia Republican, pushed the study group idea after a September 2005 visit to Iraq. The deteriorating security situation indicated to him the administration needed a fresh look. He proposed a panel of outside experts

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and sold the idea to Secretary of State Condoleezza Rice and Mr. Rumsfeld. Mr. Wolf then sponsored a $1 million appropriation to fund the study.

Mr. Wolf, other members of Congress and the U.S. Institute of Peace collectively selected the co-chairman -- former Secretary of State James A. Baker III and former Rep. Lee Hamilton, Indiana Democrat. Mr. Baker and Mr. Hamilton then selected the other eight members.

Some have referred to the study panel's cast of "formers" as nine wise men, plus one woman. It includes four members of Congress; two secretaries of state; one attorney general; one Supreme Court justice, one secretary of defense; and an investment banker and Washington power broker.

The group began work in March. By November, it had listened to more than 250 current and former government officials, military personnel and national security thinkers. It interviewed Mr. Bush twice.

The recommendations will be available online at 11 a.m. tomorrow on the sites of four organizations tied to the group: the U.S. Institute of Peace (www.usip.org); the Baker Institute for Public Policy at Rice University (www.bakerinstitute.org); the Center for Strategic and International Studies (www.csis.org); and the Center for the Study of the Presidency (www.thepresidency.org).

Also at 11 a.m., the group will formally release its report in a press conference on Capitol Hill. Members of the panel, including Mr. Baker and Mr. Hamilton, will appear Thursday before the Senate Armed Services Committee.

Unlike the September 11 commission, the Iraq Study Group has no statutory mandate. Its recommendations are not binding on Mr. Bush. But Democrats who want the president to change course in Iraq and bring troops home are expected to embrace any recommendation, no matter how imprecise, to cut troop levels in the near future.

The study group is somewhat unique.

"It's the old throwback to the 'wise men,' " said Richard Shultz, director of International Security Studies Program at Tufts University's Fletcher School. "Johnson did the same thing."

Mr. Johnson, his Vietnam War policy in shambles, summoned some of the most experienced minds in the Democratic Party to come to the White House on a number of occasions in 1967 and 1968 to advise the president. The list included Dean Acheson, President Truman's secretary of state; Judge Abe Fortas; and retired Gen. Omar Bradley, one of the top U.S. commanders in World War II.

Unlike the Iraq Study Group, however, Mr. Johnson's "wise men" did not constitute a formal group, with staff and a congressional budget.

"The extent of [the Iraq Study Group] is unique, but it's the same principle: The 'wise men,' " Mr. Shultz said.

Three weeks after the "wise men" came for a Nov. 2, 1967, meeting, Robert McNamara resigned as Mr. Johnson's defense secretary in a break over war policy.

Iraq Report Confronts Bush Resolve (CSM)

By Howard Lafranchi

The Christian Science Monitor, December 5, 2006

WASHINGTON

With the White House facing a pivotal week for Iraq policy, the big question is not so much what the bipartisan Iraq Study Group will say when it releases its report Wednesday, but how President Bush will respond.

In the final two years of his tenure and well aware that Iraq more than anything will define his place in history, Mr. Bush is facing intense pressure to make extensive adjustments to save a project that most experts conclude is rapidly failing.

At the same time, recent insistence by the president that his policies will yet succeed suggest that Bush will resist recommendations that do not mesh with his vision for Iraq.

"This president doesn't like to backtrack - but then sometimes he does," says Jon Alterman, Middle East program director at the Center for Strategic and International Studies in Washington. "He sees his legacy as showing resolve, and that is going to influence any decisions [on Iraq] as much as the enormous pressure he is under to change course."

For example: the study group is expected to recommend a significant drawdown of the 144,000 US troops in Iraq over the coming year, even if Iraqi forces are not up to replacing them. That proposal "simply has no realism to it," Bush said last week. But another anticipated proposal, for substantially increased training of Iraqi security forces, is more likely to receive a presidential nod.

Much has been revealed in recent days suggesting the congressionally commissioned Iraq Study Group, headed by former Secretary of State James Baker III and former Democratic Rep. Lee Hamilton, will recommend a direction that's neither "stay the course" nor "cut and run." Recommendations are expected to include measures for using future US troop levels as leverage to pressure the Iraqi government to make hard political decisions - on disbanding militias, for example, or accommodating Sunnis.

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At the same time, the Baker commission is expected to favor intensifying and broadening regional diplomatic efforts to help pull Iraq back from the brink of full-blown civil war. That recommendation is expected to include opening dialogue with objectionable but influential neighbors in the region, especially Iran and Syria.

The administration has been dropping hints that a major adjustment is forthcoming in US Iraq policy. National Security Adviser Stephen Hadley, said Sunday that the president would unveil a "new way forward" in coming weeks that will include "significant changes."

But Bush is also acting to put the public on notice that any changes will be what he determines is best, based on the full panoply of recommendations he is receiving. Four policy outlines beyond Baker report

Bush and various aides have repeated recently that the Baker commission's report is just one of a number that the president will be receiving over the coming days on how to proceed in Iraq.

In addition to studies anticipated from the Pentagon and the National Security Council, Bush has also received recently at least two detailed memos - from Mr. Hadley and outgoing Defense Secretary Donald Rumsfeld - offering analysis and recommendations that emphasize the need for deep policy changes to alter Iraq's downward spiral.

Those two memos in particular have shifted the political ground for Bush as he awaits what was already expected to be a week of pressure for change with the release of the Iraq Study Group's recommendations.

"The flow of calls to reconsider Iraq policy means the context is very different - and more intense," says Mr. Alterman, a former State Department policy planning staff member in the president's first term. "After the Hadley and Rumsfeld memos, this would be the third call in a week saying: 'You really have to consider alternatives' - and to a president who has made clear he doesn't want to consider alternatives."

Given the high profile the Iraq Study Group has achieved, the White House won't be able to brush it off. At the same time, it will not want it to appear that the president is hanging on its every word, former presidential advisers say.

"We can anticipate that the [Baker] report will offer such a number of nuanced statements that it will permit reading into it what you want to see," says Geoffrey Kemp, an expert in security issues at the Nixon Center in Washington who was on the national security staff of the Reagan White House. "It will be difficult for the president to dismiss it, but ... neither will [Bush] want to look as if he is waiting, hat in hand, for its recommendations." Analyst: Bush will take his time to respond

Given those dual pressures, Mr. Kemp says he expects the White House to "take some time to digest what the study group has to say," and then to incorporate those aspects it agrees with into its new policy.

"I think [Bush] will use Baker-Hamilton to bolster his case where he can," Kemp says.

For example, Kemp says he now sees as practically written in stone a significant drawdown of US troops over the coming year.

But some analysts expect Bush to announce in the coming weeks an actual increase in US troops patrolling the Iraqi capital. If that happens, the president can be expected to announce such a decision as a short-term necessity for achieving the long-term goal of "withdrawing US troops and putting the Iraqis in control of their destiny," Kemp says.

White House political calculations will play a role in how it responds, others say.

"Remember this is not a nonpartisan commission, it is bipartisan," Alterman says. "So it will be looking at political outcomes as much as at outcomes on the grounds in Iraq."

Bush May Face Iraq Change Recommendation (AP)

By Barry Schweid

AP, December 5, 2006

It would take a major policy shift for the Bush administration to expand its sporadic dialogue with two old foes, Iran and Syria, as the Iraq study commission is expected to recommend.

The bipartisan panel appears convinced that reaching out to Iran and Syria could help stabilize neighboring Iraq, and improve chances for easing overall Middle East tensions by boosting the prospects for an Arab-Israeli settlement.

The White House has said it would consider talking to Iran and Syria if the Iraq Study Group makes that recommendation. Administration officials have also dropped hints that they might be willing to hold talks with Iran restricted to curbing violence in Iraq.

Yet the administration's overall tone has been one of skepticism about reaching accommodation with Tehran and Damascus. It has long accused both countries of stirring up trouble in the region, and it confronts both of them on issues besides Iraq.

With the Iraq report due for release Wednesday, administration officials continue to accuse Iran and Syria of arming and otherwise supporting insurgents in Iraq, Lebanon and elsewhere. They insist there is nothing to be gained by rewarding Iran and Syria with high-profile discourse with American diplomats.

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"If diplomatic engagement serves a broader strategy in moving Iran, that is something we will consider," said David Satterfield, top State Department adviser on Iraq, in a recent AP Television News interview.

But he added, "What is critical is actions on the part of the Iranian government. The only actions we have seen from Tehran have been negative ones."

Satterfield expressed similar doubts about Syria, saying, "We don't believe engagement will serve a useful purpose in the absence of substantive changes by the Syrian government."

On Sunday, Sen. Joseph Lieberman, D-Conn., said on "Face the Nation" on CBS, "Asking Iran and Syria to help us succeed in Iraq is about like your local fire department asking a couple of arsonists to help put out the fire."

By contrast, Sen. John Kerry, D-Mass., said on CNN's "Late Edition" that he supported a multinational Mideast conference including Iran and Syria, "because nothing will hold unless you begin to resolve those differences."

The Bush administration's differences with Iran include a demand that Tehran suspend development of nuclear weapons — a goal Iran denies it is pursuing — before the U.S. will join European-led talks that offer Iran economic inducements to halt its nuclear program.

The U.S. also wants Iran to cease its support for Hezbollah militia in Lebanon and other groups designated as terrorist by the State Department.

Iran and the United States have not had formal relations since fundamentalist revolutionaries seized the U.S. Embassy in Tehran in 1979 and held Americans captive for 444 days. Successive U.S. administrations have harbored hopes that a more moderate leadership would emerge in Iran.

Relations have soured since the Sept. 11 attacks and President Bush's inclusion of Iran in an "axis of evil" with North Korea and Saddam Hussein's Iraq. They have only worsened since hardline President Mahmoud Ahmadinejad took office last year, with confrontations over his calls for Israel's destruction and Tehran's nuclear efforts.

Richard Perle, a former U.S. official who is a fellow at the American Enterprise Institute, said last week that if the Iraq panel called for talks with Iran and Bush took the advice, "It will be seen throughout the region as an indication of American weakness."

"The Iranians are fundamentally on the other side on Iraq and nothing we can say or do will change that," Perle said in an interview.

On the other hand, Robert Gates, Bush's choice to replace Donald H. Rumsfeld as secretary of defense, told the Council on Foreign Relations in 2004, "Direct dialogue with Tehran on specific areas of mutual concern should be pursued."

Over the years, while keeping their distance from Tehran, succeeding U.S. administrations have worked with Syria to promote peace with Israel.

But relations between Washington and Damascus have remained cool, largely because Syria views the U.S. as pro-Israel and Syria supports Islamic extremist groups.

Tensions worsened after the 2003 U.S. invasion of Iraq, with the Bush administration charging that Syria was letting insurgents cross its border into Iraq to fight coalition troops.

Bush has focused on curtailing Syria's domination of Lebanon. And State Department spokesman Tom Casey called last week for an end to "its well-known support for Palestinian rejectionist groups as well as other terrorist organizations," which include the leaders of Hamas and Islamic Jihad.

The U.S. withdrew its ambassador to Syria in February 2005 after the killing of former Lebanese Prime Minister Rafik Hariri in Beirut. A U.N. investigation has implicated top Syrian officials, but President Bashar Assad has denied Syrian involvement.

Cut And Walk (NYT)

By Nicholas D. Kristof

The New York Times, December 5, 2006

In the 1990s, we became more aware of the importance not only of I.Q. to success but also of “E.Q.” — “emotional intelligence quotient.” Authors like Daniel Goleman explained E.Q. in part as an ability to assess, adjust to and influence the emotions of others.

These days, as we grope for a new policy in Iraq, we desperately need that kind of emotional intelligence, particularly toward overseas nationalism. Insensitivity to nationalism may be the biggest foreign policy mistake the U.S. and Europe alike have made in the last half-century — from Vietnam to Suez, Mexico to Algeria — and we’ve been repeating it in Iraq.

One of the essential paradoxes is that even well-meaning efforts to stabilize Iraq with our military presence inflame Iraqi nationalism and bolster nationalist extremists. Inadvertently, because we’re not sensitive enough to how our actions are perceived in the Iraqi cauldron, we end up empowering extremists who destabilize the country.

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Exhibit A is the shadowy man who has won a reputation as perhaps the single most brutal mass murderer there, Abu Deraa. He is a Shiite who in the late Saddam years was apparently just a petty forger, according to Terrorism Monitor, a publication of the Jamestown Foundation.

Abu Deraa won renown as a "patriot" who attacked U.S. armored vehicles. Then he diversified into criminal kidnapping, which generated cash to make him a player and finance his band of gangsters.

The whispers about Abu Deraa and his torture of the Sunnis he captures — he specializes in using electric drills on their skulls — have won him increasingly mythic status. Some of the biggest and boldest attacks in Iraq are attributed to him, and he brings creativity and economies of scale to his murder enterprise. An Australian news account described how he once drove a fleet of ambulances into a Sunni neighborhood and used loudspeakers to call on young men to donate blood to help fellow Sunnis injured by Shiites. Dozens of young men came forward — and were executed.

Abu Deraa told Time magazine, in an interview through an intermediary, that his fight is against "occupiers, their supporters" and Sunni insurgents, and he painted himself as a pious Muslim driven by a "sense of holy duty" to attack American forces. Those arguments resonate among some Shiites, who see him as a hero and protect him, even as he helps tear his country apart.

At bottom, Abu Deraa is a psychopathic thug who terrorizes fellow Iraqis. But he has been able to use his attacks on American forces to win political cover to foment civil war.

So as we Americans plan our own strategy for Iraq, let's show more emotional intelligence. The Iraqi Study Group is right about needing to consult with neighbors like Syria and Iran, but that doesn't resolve another central problem in Iraq: Our open-ended military presence, perceived by Iraqis as a grab for Iraqi oil and bases, ends up legitimizing extremists like Abu Deraa and aggravating civil war.

Our military presence risks expanding the civil war in another way. As we side more openly with the Shiite government in its struggle against Sunni insurgents, Saudi Arabia — already nervous about the rise of Shiites — is hinting that it may help the Sunnis defend themselves. We could end up with a war in which Iran and Iraqi Shiites battle against Saudi Arabia, Jordan and Iraqi Sunni Arabs. (That's when gas prices reach $5 a gallon.)

So let's raise our E.Q. and take account of Iraqi emotions and nationalist sensitivities, particularly alarm about American bases on Iraqi soil. For starters, we can (as Don Rumsfeld noted in his leaked memo) quickly give back up to 50 of our 55 military bases in Iraq.

We should also state clearly that we will not keep any permanent military bases in Iraq. That's not going to persuade the extremist insurgents, but polls suggest that such an announcement would reduce the support that extremists get from ordinary Iraqis. That's a simple step that would save American and Iraqi lives.

The same logic argues for a timetable for withdrawal from Iraq, ending by November 2007. Granted, there is a real risk that the bloodbath will worsen significantly when we leave. But Iraqis themselves say overwhelmingly in polls that our presence is inflaming the violence rather than reducing it, and a timetable would be a useful signal that we really are going to pull out and that Iraqi factions need to conciliate and address their own problems.

We needn't cut and run. But let's post a schedule, and then cut and walk. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Iraq Study Group Findings Due Wednesday (AP)

By Anne Plummer Flaherty

AP, December 5, 2006

The Iraq Study Group's long-awaited report on how the U.S. should overhaul its effort in Iraq will be released online on Wednesday, with members of the panel expected to testify on Capitol Hill the following day.

The recommendations will be posted to the Web sites of four organizations that have been involved in the effort: the U.S. Institute of Peace (http://www.usip.org); the Baker Institute for Public Policy at Rice University (http://www.bakerinstitute.org); the Center for Strategic and International Studies (http://www.csis.org); and the Center for the Study of the Presidency (http://www.thepresidency.org).

The report will be posted at 11 a.m. EST, just as the commission begins a news conference on Capitol Hill formally releasing its work. The panel is headed by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton of Indiana.

In a letter Monday, Sens. John Warner, R-Va., and Carl Levin, D-Mich., asked Baker and Hamilton and other members of the group to testify Thursday before the Senate Armed Services Committee.

The group's study is seen as the first major bipartisan effort to rethink military and political options in Iraq, where increasing violence has raised questions about the viability of the Iraqi government and U.S. policy.

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The group is expected to recommend gradually phasing out the mission of U.S. troops in Iraq from combat to training and supporting Iraqi units, with a goal of pulling back American combat troops by early 2008.

On Oct. 5, Warner said he thought the Iraq war was "drifting sideways" without a commitment from the Iraqi government to disarm militias. He said he wanted Baker's group to testify on its findings as soon as possible following the Nov. 7 elections, so that Congress could use its advice to forge its own bipartisan consensus.

"The ultimate power rests in the power of the people," Warner said in an interview with The Associated Press last week. The public, he added, will "watch very carefully as to how the Congress and the president hopefully work together, achieve a consensus."

While On Panel, Iraq Study Group Members Made Political Donations (HILL)

By Bob Cusack

The Hill, December 5, 2006

A few members of the Iraq Study Group have made political contributions since they joined the bipartisan committee, with one panelist giving to a leading House Democrat who has embraced a quick withdrawal of U.S. troops.

The contributions could be fodder for critics who disapprove of the group's final recommendations, even though the panel consists of five Democrats and five Republicans.

Two months after the Iraq Study Group was launched, Leon Panetta contributed $500 to Rep. John Murtha (D-Pa.), the most outspoken House Democrat on the redeployment of troops in Iraq. Panetta is a former Democratic congressman who served as President Clinton's chief of staff.

Other group members opened their wallets for politicians this fall, but most steered clear of endorsing candidates so publicly.

The bipartisan group, which is scheduled to release its highly anticipated recommendations on the Iraq war tomorrow, is expected to lobby Congress and the Bush administration to implement its proposals in the coming months.

Rep. Frank Wolf (R-Va.) played a leading role in the formation of the study group. On July 31, one of its members, Vernon Jordan, a former adviser to Clinton, contributed $500 to Wolf's 2006 opponent, Judy Feder (D). Wolf won, attracting 57 percent of the vote.

Leaked information about the study group's forthcoming recommendations has triggered criticism from some conservatives, who have mocked the idea of talking to Iran and Syria about resolving the Iraq conflict.

Fred Barnes, executive editor of the right-wing Weekly Standard magazine, has panned the study group for what he sees as a retreat mentality. Barnes and other conservatives believe Democrats and the national media will champion the recommendations.

The bipartisan 9/11 commission also came under fire from conservatives, though the GOP-led Congress did pass many of its recommendations. After commission members complained about the input that Congress ignored, GOP lawmakers returned fire, suggesting the panel leaned to the left.

Democrats have vowed to implement all of the 9/11 panel's proposals, though they may lack the votes to do so.

Six of the 10 members on the 9/11 commission made campaign contributions after they joined the panel. The 9/11 members agreed that they should not physically participate in partisan activities, but did not put any limitations on political giving.

It is unclear whether the ISG came to a similar agreement. A spokesman for the group did not comment for this article.

Of the 10 commission members, Jordan was the most generous to political war chests in the 2006 cycle, giving more than $36,000 in contributions, according to PoliticalMoneyLine.com. He gave to the Democratic Congressional Campaign Committee, Rep. Harold Ford Jr. (D-Tenn.), and Sen. Hillary Rodham Clinton (D-N.Y.), among many others.

Yet political giving on the Iraq Study Group is not confined to Democrats. James Baker, co-chairman of the committee and chief of staff to former President George H.W. Bush, contributed $15,000 to the National Republican Senatorial Committee in April. The study group was launched on March 15.

Federal records indicated that former Rep. Lee Hamilton (D-Ind.), the other co-chairman, did not make any political contributions during the 2006 cycle.

Former Sen. Alan Simpson (R-Wyo.), another study group member, gave campaign cash to Rep. Barbara Cubin (R-Wyo.) and Sens. Jon Kyl (R-Ariz.), Lincoln Chafee (R-R.I.), and Craig Thomas (R-Wyo.) after joining the group.

At press time, Simpson told The Hill, "I give to people. What's new?" He added any article on the political giving of the ISG is "b******t" and amounts to "extraneous crap."

He strongly defended the commission's work, noting each of the panelists signed on to every sentence in the forthcoming ISG report.

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The Iraq Study Group is supported by four expert working groups and a panel of senior retired military officers. Most of the members of these subgroups did not make political contributions since being appointed as SIG analysts.

The study group says that "it will make a forward-looking, independent assessment of the current and prospective situation on the ground in Iraq."

Baker, Panetta and Jordan did not comment by press time.

An Earmark With An Impact (NYT)

By David D. Kirkpatrick

The New York Times, December 5, 2006

One never knows what some lawmaker will insert into a spending bill without public scrutiny: a remote bridge, or maybe a bike path. Then there is the Iraq Study Group, better known as the Baker-Hamilton commission.

In the last year, lawmakers of both parties have criticized earmarks as fostering waste and corruption. But few are complaining about the Iraq Study Group, which will release its much-anticipated report on Wednesday.

Representative Frank R. Wolf, Republican of Virginia, created the commission single-handedly last year when he inserted a $1 million earmark into a supplemental spending bill for the war.

"The fact is that there were members of Congress who would have opposed it," Mr. Wolf said. "Should I have allowed that to stop me from doing what was in the best interest of the country?"

There Is Much More At Stake For America Than Iraq (FT)

By Zbigniew Brzezinski

Financial Times, December 5, 2006

This is the week in which a painful truth finally came calling on power in the Oval Office of the White House. The president, though still mouthing his self-reassuring slogans to the public, has on his desk two documents, each telling him in effect that "mission accomplished" has turned into mission bust.

Superficially, the two documents could not be more different. Donald Rumsfeld's memo on the conduct of the military operations in Iraq, submitted just prior to his sudden dismissal, is a very brief and highly personal summary of the various tactical adjustments that might be considered in the light of the setbacks in fighting the Iraqi insurgency. It conveys anxiety but offers no strategic alternative.

The long-awaited Baker-Hamilton Study Group report assessing broader US policy options in Iraq is a lengthy compromise statement reflecting a typical, middle-of-the-road consensus among an elite Washington "focus group", composed of esteemed individuals not handicapped by much historical or geopolitical familiarity with the region's problems.

Arguing for conditional military redeployment from Iraq, it offers sound advice on the desirability of wider diplomatic initiatives to engage Iraq's neighbours in a collective search for regional stability, including the belated need to tackle seriously the lingering Israeli-Palestinian conflict.

The real importance of both documents is in what they do not say explicitly but implicitly convey: that the war has been a disaster; that the US must find a way to disengage by handing over the mess it created to the Iraqi leaders that the US itself had elevated to power; and that eventually the US may have to leave while blaming those same leaders for the US failure to cope. That notion is implicit even in some of Mr Rumsfeld's options and it is inherent in the 16-months deadline set by the Baker-Hamilton group for eventual US military disengagement.

Neither document faces squarely two basic and troubling realities: that since in Iraq (except for Kurdistan) real power is not in the hands of the Iraqi politicians resident in the US-protected Green Zone in Baghdad, any political solution must engage the Shia theocracy, with its militias; and that the longer the American occupation continues, the already declining US influence in the Middle East will give way to regional extremism and instability, especially if continuing indecision over the basic strategic choices in Iraq continue to be matched by US unwillingness to address the negative regional consequences of Israel's prolonged and increasingly repressive occupation of the Palestinians.

The combination of the two has already elevated Iran's geopolitical power in the region. Hence the need of the moment is not for tactical tinkering or long consensus reports. Can one imagine Charles de Gaulle in the late 1950s waiting weeks for a long study by French public figures on how to end the Algerian war that was damaging France's national unity and international reputation? Leadership derived from a sense of history requires sometimes the cutting of Gordian knots, not tying oneself up in knots.

The president, and America's political leadership, must recognise that the US role in the world is being gravely undermined by the policies launched more than three years ago. The destructive war in Iraq, the hypocritical indifference to the human dimensions of the stalemate in Israeli- Palestinian relations, the lack of diplomatic initiative in dealing with Iran and the frequent

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use of Islamophobic rhetoric are setting in motion forces that threaten to push America out of the Middle East, with dire consequences for itself and its friends in Egypt, Israel, Jordan and Saudi Arabia.

America needs a strategic change of course, and it has to be undertaken on a broad front. It must accept the fact that real leadership in Iraq should be based on a coalition of the Shia clergy commanding the loyalty of Shia militias and of the autonomous Kurds and that the sooner a date is set for US departure, the sooner the authentic Iraqi leaders will be able to enlist Iraq's neighbours in a wider regional effort to promote a more stable Iraq. It must also engage its allies in a joint definition of the basic parameters of an Israeli-Palestinian settlement, for the two parties to the conflict will never do so on their own. Last but not least, the US must be ready to pursue multilateral and bilateral talks with Iran, including regional security issues.

In brief, the immediate dilemma is Iraq but the larger stake is the future of the Middle East.

The writer, former national security adviser to President Jimmy Carter, is author of "The Choice" (Basic Books)

Blurring Political Lines In The Military Debate (NYT)

By Michael R. Gordon

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — No military expert was more forthright in opposing the Iraq war than Anthony C. Zinni.

General Zinni, a retired marine who once served as the top American military officer in the Middle East, contended that the threat posed by Saddam Hussein's Iraq was vastly overstated and that invading Iraq would be a burdensome distraction from the struggle against Al Qaeda.

These days General Zinni is delivering another provocative message: that leaving Iraq quickly would strengthen Iranian influence throughout the Middle East, create a sanctuary for terrorist groups, encourage even more sectarian strife in Iraq and risk turmoil in an oil-rich region.

"This is not Vietnam or Somalia or those places where you can walk away," General Zinni said in a recent interview. (He served in both countries.) "If we just pull out, we will find ourselves back in short order."

Instead, he says, the United States should leave open the door for a temporary increase in American troops, an argument he included in a broader plan prepared for the World Security Institute, a research organization, and made public on Monday. "It may be necessary to surge them for a short term," he said.

General Zinni noted that his position was similar to that of Senator John McCain, Republican of Arizona, a staunch supporter of the decision to invade. "I do believe more troops are required on the ground," the general said. "I believe what Senator McCain says."

The Iraq debate roiling Washington cuts across partisan divides and has led to some odd bedfellows. For example, the troop reduction and pullback options suggested by Defense Secretary Donald H. Rumsfeld in a memo written just before he resigned reflect some convergence between him and Democratic lawmakers who have criticized the war.

But for all the twists and turns, there is an underlying logic to the policy alignments.

Even before the Iraq war, Mr. Rumsfeld opposed sending large numbers of troops to Iraq, arguing that a large and lengthy presence would put the United States in the position of doing things that the Iraqis should be doing for themselves. He outlined his view shortly before the war in a speech in New York called "Beyond Nation Building," and it was reflected in his criticism of Gen. Eric Shinseki, the Army chief of staff at the time, who cautioned that hundreds of thousands of troops would be needed in postwar Iraq.

In offering new options for shrinking the American military footprint in Iraq, Mr. Rumsfeld, in his memo to the White House, was also giving expression to old policy predilections. His option to begin modest troop reductions to put pressure on the Iraqi government is very similar to the amendment sponsored by Senator Carl Levin, the Michigan Democrat and incoming chairman of the Senate Armed Services Committee, though with one notable difference: the secretary has resisted the idea of a firm timeline.

So close is the parallel between some of Mr. Rumsfeld's favored options and the Democratic agenda that Senator John Kerry, the Massachusetts Democrat and former presidential candidate, has all but claimed credit for them. "Look, everything in the Rumsfeld memo is a summary of things that I and others laid out three years ago," Senator Kerry said Sunday on CNN. "This is rather extraordinary."

As for General Zinni, he forcefully opposed the invasion of Iraq, in part because he thought it would undermine stability in the Middle East and because he was worried that holding a post-Hussein Iraq together would be a monumental enterprise. But now that the United States is in Iraq, he opposes a quick withdrawal for the same reasons.

The barrel-chested officer has a well-earned reputation for blunt talk and a tortured relationship with the Bush administration after a rocky stint in which he served as a special envoy to the Middle East. In his new paper on "The Future for

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Iraq," he argues that there is no easy fix. "We have missed too many opportunities," he writes, "and have created too much irreparable damage via the mistakes that were made, for that to be possible."

Having acknowledged that, he suggests economic, political, security and administrative steps to try to turn the situation around. His program calls for a new bipartisan steering group to ensure that American policies toward Iraq are efficiently carried out, job-creation programs for Iraqis, integration of Iraq's militias into government-supervised national guard units and encouragement for the Iraqi Army to promote civil affairs.

On American troop levels, General Zinni wrote that the United States has had too few forces to carry out effectively what the administration has called a "clear, hold and build" strategy, which, he explains, "requires holding and staying in an area long enough for the building process to be effective." While the American military is stretched thin, he writes, it could "with difficulty, support a short-term increase in force if the increase would provide the security momentum to jump-start other programs."

As difficult as it is to stabilize Iraq, General Zinni insists that the alternatives are worse.

Swiftly redeploying forces from Baghdad to safer areas in Iraq or Kuwait, for example, would leave the United States unable to influence events in the capital and the volatile heartland, he said.

Extracting American forces altogether, he said, is unrealistic in the short term. Iraq under the sway of extremists, he asserted, could encourage instability in the Persian Gulf. The stakes are so high, he said, that if the fighting in Iraq expands into a major civil war the United States may need to consider intervening to try to quell the fighting instead of leaving.

"We made a mess in the worst possible place we could have made a mess," he said in the interview. "We took an Iran that was contained, and now its influence is stretched through Iraq, Syria, Lebanon and into Palestinian territories.

"You can't be in the region for security reasons and not deal with the biggest security problem that you created in effect. I don't see how you walk away from this one." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

When Iraq Went Wrong (NYT)

By Tim Pritchard

The New York Times, December 5, 2006

London

OF the many tasks that faced the Iraq Study Group, which is to release its report tomorrow, perhaps the most vexing was pinpointing the exact moment when everything in Iraq started to go wrong. How did scenes of joyful Iraqis pulling down Saddam Hussein's statue so quickly turn into images of car bombings, grieving mothers and burning helicopters?

Some of those who appeared before the panel argued that it had been a mistake to disband the Iraqi Army after the military victory. Others said there had not been enough troops on the ground to secure and stabilize Iraq. The problem with such analyses is their tendency to treat the invasion and the post-invasion period as separate entities.

That is, the invasion is generally portrayed as well planned and executed, while the post-invasion strategy is characterized as poorly thought out and undermanned. The idea is that hidden somewhere in the weeks and months following the arrival of American forces in Baghdad lies a magic moment when Iraq somehow began to descend into chaos.

In fact, the short fight to get to Baghdad and the long one in which coalition forces have been engaged ever since have much in common. All the information about the nature of the trouble to come was apparent from the very first days of the war. If lessons learned then had been incorporated into military and political thinking, it would have injected a much needed dose of realism at an early stage.

Those lessons were best synthesized in a little-known but bloody battle, fought in an obscure part of Iraq on Day 4 of the war. It was a battle that America nearly lost.

It was dawn on March 23, 2003, when marines from Task Force Tarawa approached the town of Nasiriya, in southern Iraq. They had been given a routine task: taking two key bridges to open up a route to Baghdad. Nasiriya was a predominantly Shiite town that had rebelled against Saddam Hussein during the Persian Gulf war. It was assumed that as soon as the Americans rolled into town, the city's defenders would lay down their weapons and, as one Marine commander told me, "put flowers in our gun barrels, hold up their babies for us to kiss and give us the keys to the city."

But when Task Force Tarawa's lead units reached the outskirts they came across the burnt-out remnants of several vehicles of the Army's 507th Maintenance Company. A captain in the 507th told wide-eyed Marine commanders how his convoy had taken a wrong turn at night, driven into Nasiriya and been attacked by Iraqi fighters. Several soldiers were still missing in the city, including a young private, Jessica Lynch.

It was the fate of the missing Jessica Lynch that attracted America's attention in the days following. But it's what happened to the marines of Task Force Tarawa that is most instructive about the true nature of the Iraq war.

As Marine units moved into the city, they were attacked by large numbers of Iraqi fighters. To their surprise, few of the Iraqi combatants seemed to be wearing military uniforms. Many were dressed in the loose-fitting black clothing worn by Shiite

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Muslims, and much of the gunfire came from dwellings flying black flags denoting them as Shiite homes. And yet the Shiites were supposed to be on the Americans' side.

What's more, as the marines were drawn into a raging battle in the city center, more and more people came out of ordinary homes to take up arms. One group of young American troops, who became separated from the rest of their unit and were forced to commandeer a house in the middle of the city, found themselves under attack for several hours from what appeared to be armed civilians. They had been expecting to fight Iraqi soldiers. Instead they found themselves shooting at old men, women, even children.

Of course, there were fanatical Sunni Saddam Fedayeen troops, as well as some desperate foreign jihadis, who fought that day. But untold hundreds of those who picked up weapons were simply civilians intent on defending homes against foreign invaders. The potent and complex mix of insurgency — Sunni and Shiite militants, foreign fighters and civilians — that causes such chaos in Iraq today was already apparent during the battle of Nasiriya.

Intelligence about the terrain was also sorely lacking. Marine tanks spearheading the maneuver took a route that led to a marsh where they sank, mired uselessly in thick mud, while the battle raged. It's more than just a metaphor for coalition forces getting bogged down, post-invasion, in towns like Falluja and Samarra. It was the product of a rush to arms without adequate intelligence or planning.

At one stage, in a "friendly fire" incident, Air Force planes fired at marines on the ground, killing up to 10. Radio communications repeatedly failed. Units lost contact with each other. Faced with an increasingly determined enemy, Marine commanders thought they might just lose the battle. This showed another truth, obscured during the march to Baghdad, but that has become strikingly apparent since: there is a limit to what armor and technology can do against a people with faith and who fight because they feel their country has been violated.

There were other incidents in Nasiriya, minor at the time, that foreshadowed events that would become an international embarrassment. At one point, a Marine commander came across a gruesome scene: young marines, standing over a pile of Iraqi corpses, taking photos of each other, thumbs up and grinning inanely to camera. It took only a year for the first photos of American soldiers grinning over the bodies of abused Iraqi prisoners to appear.

BUT what was most striking at Nasiriya in those very early days of the war was the refusal of freedom-deprived Iraqis to come forward and support coalition forces. At best, the civilians stood by and watched the American war machine thunder into town. At worst, they ran to arms stashes, grabbed AK-47s and took to the streets. Four days into the invasion, and already, instead of coming together, Iraqis were falling back into their faiths and tribes and killing coalition forces and each other.

Eighteen marines died in Nasiriya that March day, in what turned out to be the bloodiest phase of the invasion. Four days later the city was finally declared secure. Two weeks after that, American forces triumphantly entered Baghdad and helped topple Saddam Hussein's statue. Everyone lauded the speed and efficiency with which United States forces had fought their way to Baghdad. The trauma of Nasiriya was forgotten.

And that was a shame. If the details of what happened at Nasiriya had been gathered, recognized and analyzed more soberly early on, instead of trampled on in a rush of triumphalism, coalition forces might have learned useful lessons for the reconstruction of Iraq: the limits of military power, the importance of a proper understanding of the complexity of a place and its people, the perils of underestimating an enemy. Instead, of course, President Bush stood on the deck of the aircraft carrier Abraham Lincoln and made his hubristic speech announcing the end of combat operations under a banner announcing "Mission Accomplished."

The battle of Nasiriya taught that there was, contrary to first appearances, no simple route to Baghdad. It should also serve to remind those in Washington that there will be no simple route out of it. <NYT_AUTHOR_ID>

Tim Pritchard is the author of "Ambush Alley: The Most Extraordinary Battle of the Iraq War."</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Warner Wants Dems In War Debate (CLE)

By Anne Plummer Flaherty

The Columbus Ledger-Enquirer, December 5, 2006

WASHINGTON - A leading Senate Republican on defense issues, Sen. John Warner, will call on President Bush to solicit privately the opinions of Democrats before forging a new strategy on Iraq.

Warner in an opening statement Tuesday to Robert Gates' confirmation hearing as defense secretary will say there is a "moral obligation" for the president to seek out the views of Democrats.

A copy of the Virginia senators prepared remarks were obtained late Monday by The Associated Press.

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Gates is being considered to take over the Pentagon as Bush is rethinking his policy in Iraq and awaits the recommendations of an independent bipartisan panel. Bush also launched an internal assessment of U.S. options and says he will consider both studies before making any decisions.

"After the President has had the opportunity to review these important reports, I respectfully recommend that he privately consult with the bipartisan leadership of the new Congress before making his final decisions," Warner said.

Warner later adds: "To me, this fulfills the moral obligation that our government has to the brave men and women of the armed forces and their families, who have sacrificed so very, very much in this fight for freedom," Warner said.

While several Republicans, including Warner, have urged a bipartisan approach in crafting a new Iraq policy, Warner's statement is the strongest indication yet that he and perhaps other key Republicans will challenge Bush when it comes to the war.

Warner is stepping down as chairman of the Armed Services Committee when Democrats take charge next year but is expected to remain a key player on the Iraq debate.

Warner and Sen. Carl Levin, D-Mich., who will take over the panel next year, vowed to generate a bipartisan resolution or legislation that would address the situation in Iraq.

On Oct. 5, Warner returned from a trip to Iraq to declare the war was "drifting sideways." If the situation did not improve within the next three months, the U.S. must reconsider its options, he said.

"Regrettably, the levels of violence have continued to escalate, and the ability of Prime Minister (Nouri al-Maliki) and his government to exercise fully the reins of sovereignty remains an enormous challenge," Warner said in the prepared statement.

Rumsfeld Memo Developed Over Weeks (AP)

By Robert Burns

AP, December 5, 2006

Defense Secretary Donald H. Rumsfeld's secret memo to President Bush offering new approaches in Iraq was developed over a period of weeks, according to a newly declassified cover letter.

The letter, obtained by The Associated Press on Monday, also said that Rumsfeld had instructed Gen. John Abizaid, the top commander for U.S. forces in the Middle East, to assemble his own group "some time ago" to consider new approaches in Iraq — "since war plans of this type" are the responsibility of Abizaid's command.

There has been no public disclosure of recommendations from the Abizaid group.

The letter, addressed to Bush, Vice President Dick Cheney and Stephen Hadley, the president's national security adviser, was transmitted with the memo and dated Nov. 6, two days before Rumsfeld resigned.

The cover letter was declassified Monday by Rumsfeld.

The options paper remains classified secret, although its contents were published in full by the New York Times on Sunday and authenticated by Pentagon press secretary Eric Ruff.

Some in Congress have questioned the timing of Rumsfeld's memo outlining "illustrative new course of action" in Iraq, suggesting that it came to light as a way of defending Rumsfeld's reputation as he was about to leave office.

The Rumsfeld cover letter makes clear that he had been working on the options paper for some weeks.

Sen. Susan Collins, R-Maine, said Monday she viewed the memo as inconsistent with Rumsfeld's recent congressional testimony, and she said he should have shared these suggestions with Congress many months ago.

"The memo by Secretary Rumsfeld and the leaking of it very much reminded me of a strategy of trying to leave office saying that you actually had a lot of good plans that were different than your public utterances," Collins said.

In the options paper, Rumsfeld declared, "In my view it is time for a major adjustment" in Iraq. He had previously stated publicly the current policy is not working well enough or fast enough, but he had not called for major change.

Rumsfeld did not recommend any particular new course of action but enumerated about 20 possible alternative courses, including to begin modest withdrawals of U.S. forces "so Iraqis know they have to pull up their socks, step up and take responsibility for their country."

Other options included an accelerated drawdown of U.S. military bases in Iraq; having U.S. forces provide security only for those provinces or cities that openly request U.S. help; and positioning substantially more U.S. troops near the Iranian and Syrian borders to reduce infiltration of foreign fighters.

In the cover letter accompanying the secret memo, Rumsfeld wrote that he and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, had mentioned to Bush "a number of weeks ago" that they were considering alternative approaches for Iraq.

"It is clear that the current path in Iraq is not working well enough or fast enough. Change is needed," Rumsfeld wrote.

The defense secretary said he had given his options paper to Pace to use as a "discussion piece" with the chiefs of the military services. He said Pace and the chiefs have been discussing various options on their own.

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U.S. Military Shifts Troops In Iraq Into Advisory Roles (NYT)

By Thom Shanker And Edward Wong

The New York Times, December 5, 2006

BAGHDAD, Dec. 2 — American commanders in Iraq are already shifting thousands of combat troops into advisory positions with Iraqi Army and police units, especially in the capital, in their latest attempt to bring sectarian violence under control.

Changes in troop assignments over just the past three weeks included moving about 1,000 American soldiers in Baghdad from traditional combat roles to serve as trainers and advisers to Iraqi units, senior American officers said in interviews here. Commanders say they believe that a major influx of American advisers can add spine and muscle to Iraqi units that will help them to move into the lead in improving security.

The troops have been reassigned by commanders, who have not sought additional combat troops to replace them. While the troops have not been through the special program for trainers set up by the military, they are working in their areas of expertise, commanders said.

American generals in Iraq have made the reassignments in recent weeks even though President Bush and his senior national security advisers have not yet made a formal decision about whether to expand the American contingent sent to Iraq specifically to serve on military training teams.

Before the transfers began, between 4,000 and 5,000 troops had been assigned to about 400 training teams.

Increasing the number of American trainers for the Iraqi military and the police is among the recommendations expected on Wednesday from the bipartisan Iraq Study Group, which Mr. Bush has said he wishes to review before announcing a future course in Iraq.

Gen. John P. Abizaid, the top American commander in the Middle East, told Congress last month that he envisioned doubling the number of American trainers, but senior military officers now say they are drawing up plans that would at least triple the number of troops assigned to training.

Maj. Gen. Joseph F. Fil Jr., the commander of the First Cavalry Division, which assumed control of Baghdad in the middle of November, pulled troops from his own force for those assignments without requesting replacements to make up for those joining Iraqi units, officers here said.

Similarly, Maj. Gen. Benjamin R. Mixon, commander of the 25th Infantry Division, based in Tikrit in north-central Iraq, said he was planning to add 2,000 trainers to Iraqi units in his area by transferring troops from his combat ranks. General Mixon, who discussed his plan on Friday during a visit by General Abizaid to Tikrit, said he, too, believed he could increase the number of American trainers without asking for more American troops.

Before any expansions, the average number of troops serving on one of the teams was 11 members at the battalion level, 11 at the brigade level and 15 at the division level, said Brig. Gen. Dana J. H. Pittard, who oversees the Americans training the Iraqi Army, elite police units and border guards.

"We're going to double, triple, quadruple the size of the transition teams," General Pittard said on a recent visit to the main training base for the Iraqi Army, in a windswept area called Kirkush near the Iranian border.

At the training base, a 15-member team working with the top commanders of the Fifth Iraqi Army Division recently bolstered their numbers with a platoon from a combat unit of the 82nd Airborne Division. If security improves, American commanders might transfer more people from combat units to the training mission, said Col. David Puster, the leader of the division-level team. "They'll have to come from resources in the country," the colonel said. "As you stand up the teams, you stand down the combat units."

The goal is to create platoon-size teams of 20 to 30 advisers for each Iraqi battalion. The larger teams would also have communications specialists capable of such tasks as calling in airstrikes and medical evacuations, Pentagon officials say. American officers in Iraq say expanding the teams could also allow trainers to work more intimately with Iraqi soldiers, down to the company level.

The teams would also be able to watch more closely for sectarian biases and human rights abuses.

At the same time, though, commanders acknowledge that the plan of moving American forces from direct combat roles to training and advising carries risks, especially as some Bush administration officials and military officers say the Baghdad security operation already is short by four Iraqi brigades, or approximately 5,000 Iraqi troops.

"Our plan is shaping up over the next three or four months where we will reposition troops within Iraq, perhaps to increase the numbers in Baghdad as needed," said one senior military officer, who spoke on the condition of anonymity because he was discussing future planning.

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Asked whether stabilizing Baghdad would require pulling American forces from other contested areas to fill the deficit in forces — in particular whether American troops could be spared from the Sunni base of Anbar Province — the senior officer said only, "We will try and keep our head above water in Anbar."

But General Abizaid said that any current shortage in combat troop numbers for the Baghdad security mission should be filled by Iraqi forces.

"The Baghdad security situation requires more Iraqi troops," General Abizaid said in an interview. "And that's the direction we are heading right now."

Senior officers here said that the Iraqi Army, however imperfect, was better suited for quelling sectarian violence than Iraq's national and local police, and that it was more respected by the Iraqi populace.

"The Iraqi Army has the opportunity to be the single institution that can elevate the narrative beyond regional, local, religious interests," said Lt. Gen. Martin E. Dempsey, the senior commander of the training program. "And in most cases they are succeeding in doing so, in other words becoming that institution of national unity."

Commanders say that national police units — which have been infiltrated by sectarian militias — are being pulled out of the fight unit by unit for retraining and, in some cases, the assignment of new commanders, with Iraqi Army units taking over their duties in the interim.

The risks to American troops of working as trainers away from the security of larger American units were underscored early last month, when a staff sergeant and two team leaders — a lieutenant colonel and his replacement — were killed in a single attack in Baghdad.

Another risk is that operations carried out with Iraqi security forces in the lead may be less effective and result in more casualties among Iraqi security forces and civilians than with the better-trained American troops. Thus, American units will step back from the frontlines, but would remain on standby to respond should Iraqi units get in trouble.

There is also some concern that pushing Iraqi units to the front may result in atrocities by corrupt or sectarian Iraqi units.

Commanders said they were drawing up a set of "red lines" that, if crossed by Iraqi forces, would require American troops to return to the fight in those areas. Officers declined to provide many details, but said that, for example, kidnappings or killings by units in Iraqi security uniforms would be countered by immediate American action.

4 U.S. Troops Killed In Helicopter Crash (NYT)

By Kirk Semple

The New York Times, December 5, 2006

BAGHDAD, Dec. 4 — Four American troops were killed when a military helicopter broke down while flying over a lake in Anbar Province in western Iraq and made an emergency landing on the shore, American military officials said Monday.

The military said the craft, Marine Corps CH-46 Sea Knight troop transport helicopter with 16 people and equipment on board, was flying over Lake Qadisiya, near Haditha, on Sunday when it began to experience mechanical difficulties. The pilots brought the twin-rotor helicopter down in a controlled maneuver and guided it to the water's edge, according to Lt. Col. Josslyn L. Aberle, a military spokeswoman in Baghdad.

The mechanical failures were not caused by an enemy attack, officials said; they did not give further details.

In the minutes after the accident, 13 of the people on board were accounted for, including one marine whose body was recovered from the water. The bodies of the three other victims were recovered in the lake on Monday during an intensive search that included air, amphibious and diving teams, officials said.

Noting that the investigation was continuing, military officials declined to explain how the victims ended up in the water.

A number of military helicopters have crashed in Iraq, usually because of mechanical failure or enemy attack. One of the most deadly incidents for American troops since the invasion was the crash of a Marine helicopter near the Jordanian border in Anbar Province in January 2005, which killed 31.

Last week, an American F-16 jet on a combat mission crashed west of Baghdad. Though the pilot's body has not been recovered, the military has listed him as dead.

Elsewhere, Shiite gunmen planted explosives in a Sunni Arab mosque in the northern Baghdad neighborhood of Hurriya on Sunday afternoon and shattered its blue dome, Sunni officials said on Monday. The building, called the Nidaa Allah Mosque, was empty during the attack, and the explosion caused no casualties, according to a local cleric, Said Ahmed Mohammad.

For several months, Shiite death squads have been waging a bloody campaign of violence and intimidation in Hurriya to drive Sunni Arabs from the neighborhood, Sunni officials say. The Nidaa Allah Mosque was one of four Sunni mosques in Hurriya that came under assault during a wave of reprisal attacks by Shiite gunmen following a series of car bombings on Nov. 23 that killed more than 200 people in Sadr City.

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According to Mr. Mohammad, the mosque's imam and his family abandoned the mosque on Nov. 25 and it has sat empty since then. In a photograph of the sandstone-colored mosque taken on Sunday and distributed by the American military, the dome was broken like an egg shell and pocked with holes from the bullets of automatic gunfire.

In Falluja, two civilians were killed and two wounded when a gun battle erupted on Monday between Sunni Arab insurgents and an American military patrol in the Nazal district of the city, a local police official said.

A bomb exploded in the southern Baghdad neighborhood of Dora on Monday, killing a child and wounding two civilians, an Interior Ministry official said, and at least 52 dumped bodies were found around the capital. <NYT_AUTHOR_ID>

Qais Mizher contributed reporting.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Emergency Helicopter Landing Kills 4 U.S. Troops (WP)

By Nancy Trejos

The Washington Post, December 5, 2006

BAGHDAD, Dec. 4 -- Four American troops were killed over the weekend when their helicopter made an emergency landing in a lake in western Anbar province, the U.S. military said on Monday.

Their deaths bring to 14 the number of U.S. troops killed across Iraq so far this month. Over the weekend, eight of those deaths occurred in western Iraq's Anbar province, a base for Sunni Arab insurgent groups and the deadliest area of the country for U.S. troops.

"There's always been a tough fight going on in Anbar province, and it continues to be so," said Lt. Col. Christopher C. Garver, a U.S. military spokesman.

In recent months, U.S. troops have stepped up efforts to quell reprisal killings between Sunnis and Shiites and tamp down insurgent activity. On Monday morning, they killed two suspected insurgents and captured six in a raid in northern Baghdad, according to a military statement. They also destroyed a vehicle packed with explosives in that operation.

The CH-46 helicopter that went down in Lake Qadisiyah on Sunday had 16 troops on board. One Marine was recovered from the water but could not be resuscitated. The bodies of three service members -- one each from the Marines, the Army and the Air Force -- were found in a subsequent search, the military said.

"We have recovered all of our comrades," Marine Lt. Col. Bryan Salas said in an e-mailed statement. "Our thoughts and prayers are with the families of the deceased."

The mayor of Haditha, Ibraheem al-Bayati, and Iraqi army Lt. Hussein Muslih said the helicopter had been shot down by insurgents with machine guns as it was taking off from the town, located near the Euphrates River.

A group that calls itself the Islamic State of Iraq posted a sign on a nearby mosque in Haditha announcing that the helicopter had 30 passengers on board and had been downed, according to a resident who read the sign.

The U.S. military strongly denied that machine-gun fire brought down the helicopter, saying that the aircraft experienced mechanical difficulties.

"The guys who own the helicopter say it is under investigation and that there is no evidence that it is the result of enemy action," Garver said.

The military is still investigating the crash in Anbar last week of an F-16 fighter jet that killed a U.S. Air Force major. Enemy fire was not suspected.

The first days of December have also been deadly for Iraqi civilians.

On Sunday, a 5-year-old girl was shot during an attack on coalition forces and Iraqi national police in the al-Doura district of Baghdad, according to the U.S. military. The girl was taken to a military hospital in the Green Zone, which houses the Iraqi government and U.S. and British embassies. She later died from her injuries, the military said.

In Baqubah, a group of men opened fire on four employees of Diyala province's agricultural office as they drove to work Monday morning. The driver and three of the employees died, police said. Gunmen also shot and killed a taxi driver in central Baqubah, police said.

In Baghdad, a news editor at an Iraqi radio station was shot and killed on his way to work, the Associated Press reported. Nabil Ibrahim al-Dulaim, a Sunni, was married with two young daughters, the news agency said. His death brings to 93 the number of journalists killed in Iraq since the war began, according to the Paris-based group Reporters Without Borders.

U.S. Ambassador Zalmay Khalilzad and Army Gen. George W. Casey Jr. on Monday condemned the recent car bombings and sectarian killings. Their statement was partially a response to a triple car bombing that struck a food market in the majority Shiite neighborhood of Sadriyah on Saturday, killing more than 60 people.

"The true enemies of all Iraqis are the murderers who carry out these senseless and cowardly attacks, regardless of sect, tribe or ethnicity," they said. "They are terrified of progress in this country and are determined to sow sectarian discord for their own selfish agenda."

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Census Counts 100,000 Contractors In Iraq (WP)

By Renae Merle

The Washington Post, December 5, 2006

There are about 100,000 government contractors operating in Iraq, not counting subcontractors, a total that is approaching the size of the U.S. military force there, according to the military's first census of the growing population of civilians operating in the battlefield.

The survey finding, which includes Americans, Iraqis and third-party nationals hired by companies operating under U.S. government contracts, is significantly higher and wider in scope than the Pentagon's only previous estimate, which said there were 25,000 security contractors in the country.

It is also 10 times the estimated number of contractors that deployed during the Persian Gulf War in 1991, reflecting the Pentagon's growing post-Cold War reliance on contractors for such jobs as providing security, interrogating prisoners, cooking meals, fixing equipment and constructing bases that were once reserved for soldiers.

Official numbers are difficult to find, said Deborah D. Avant, author of the 2005 book "The Market for Force: The Consequences of Privatizing Security," but an estimated 9,200 contractors deployed during the Gulf War, a far shorter conflict without reconstruction projects. "This is the largest deployment of U.S. contractors in a military operation," said Avant, an associate professor at George Washington University.

In addition to about 140,000 U.S. troops, Iraq is now filled with a hodgepodge of contractors. DynCorp International has about 1,500 employees in Iraq, including about 700 helping train the police force. Blackwater USA has more than 1,000 employees in the country, most of them providing private security. Kellogg, Brown and Root, one of the largest contractors in Iraq, said it does not delineate its workforce by country but that it has more than 50,000 employees and subcontractors working in Iraq, Afghanistan and Kuwait. MPRI, a unit of L-3 Communications, has about 500 employees working on 12 contracts, including providing mentors to the Iraqi Defense Ministry for strategic planning, budgeting and establishing its public affairs office. Titan, another L-3 division, has 6,500 linguists in the country.

The Pentagon's latest estimate "further demonstrates the need for Congress to finally engage in responsible, serious and aggressive oversight over the questionable and growing U.S. practice of private military contracting," said Rep. Janice D. Schakowsky (D-Ill.), who has been critical of the military's reliance on contractors.

About 650 contractors have died in Iraq since 2003, according to Labor Department statistics.

Central Command, which conducted the census, said a breakdown by nationality or job description was not immediately available because the project is still in its early stages. "This is the first time we have initiated a census of this robustness," Lt. Col. Julie Wittkoff, chief of the contracting branch at Central Command, said in an interview. Those figures do not include subcontractors, which could substantially grow the figure.

In June, government agencies were asked to provide data about contractors working for them in Iraq, including their nationality, a description of their work and locations where they were working. The information was provided by more than a dozen entities within the Pentagon and a dozen outside agencies, including the departments of State and Interior, Wittkoff said. The count increased about 15 percent from about 87,000 since Central Command began keeping a tally this summer, she said, though the increase may reflect ongoing data collection efforts. The census will be updated quarterly, Wittkoff said.

Three years into the war, the headcount represents one of the Pentagon's most concrete efforts so far toward addressing the complexities and questions raised by the large numbers of civilians who have flooded into Iraq to work. With few industry standards, the military and contractors have sometimes lacked coordination, resulting in friendly fire incidents, according to a Government Accountability Office report last year.

"It takes a great deal of vigilance on the part of the military commander to ensure contractor compliance," said William L. Nash, a retired Army general and a senior fellow at the Council on Foreign Relations. "If you're trying to win hearts and minds and the contractor is driving 90 miles per hour through the streets and running over kids, that's not helping the image of the American army. The Iraqis aren't going to distinguish between a contractor and a soldier."

The census gives military commanders insight into the contractors operating in their region and the type of work they are doing, Wittkoff said. "It helps the combatant commanders have a better idea of . . . food and medical requirements they may need to provide to support the contractors," she said.

Journalists Acquitted In Iraq WMD Case (AP)

By Jan M. Olsen

AP, December 5, 2006

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Three Danish journalists who published classified intelligence reports on Iraq's former weapons program were acquitted Monday on charges of endangering national security.

The Copenhagen City Court ruled that Niels Lunde, chief editor of the Berlingske Tidende newspaper, and reporters Michael Bjerre and Jesper Larsen acted in the public interest when they published a series of articles in 2004 citing leaked Danish intelligence reports.

The articles said there was no evidence Iraq had weapons of mass destruction at the time of the U.S.-led invasion in 2003, one of the key reasons cited by the U.S. and Britain for going to war.

A former intelligence officer previously has been sentenced to four months in prison for leaking the documents in the case, which was viewed in Denmark as a landmark test of media freedom.

Lunde called the verdict "a great victory for the open society." Prosecutor Michael Joergensen said he had not yet decided whether to appeal.

Joergensen had recommended that each of the defendants be given a four-month prison term — the same sentence that former intelligence officer Frank Grevil received after he was convicted last year of leaking the documents to the reporters.

Judge Peter Lind Larsen said the "considerable public interest" in the information outweighed the government's concerns that its intelligence-gathering operations were jeopardized.

Press freedom advocates welcomed the decision, which was met with applause in the packed court room.

"In Denmark, we have today thoroughly underlined that journalists, media have an extensive freedom of expression," said Mogens Blicher Bjerregaard, head of the Danish Union of Journalists.

Troops Needed To Fight Taliban (USAT)

By Paul Wiseman

USA Today, December 5, 2006

KABUL, Afghanistan — The outgoing U.S. commander in Afghanistan warned that the fight against the Taliban is in danger of being undermined by a shortage of NATO troops and by restrictions that keep some alliance forces out of combat.

U.S. Army Lt. Gen. Karl Eikenberry said in an interview that NATO countries need to contribute more troops and that some of them must drop “caveats” that prevent their forces from fighting freely.

The restrictions risk driving a wedge in the NATO alliance between forces that fight and those that don't, Eikenberry said.

“Could you have an alliance in which you have one group that is always going into the toughest places and fighting and taking casualties, and you have a second group that is in a different category?” Eikenberry said over the weekend. “Over the next several years, that is something that could be a challenge if it is not addressed.”

The United States and other countries have been pushing for the removal of caveats as they try to send troops to fight the raging insurgency in southern and eastern Afghanistan. At a summit last week in the Latvian capital, Riga, the NATO countries operating in Afghanistan agreed to come to each other's aid in an emergency, ignoring any caveats. The NATO commander in Afghanistan defines what constitutes an emergency.

Eikenberry's comments indicate caveats remain a worry as NATO has assumed a larger role in Afghanistan. The United States this year handed over military responsibility for all of Afghanistan to a 32,000-strong NATO force, which previously had operated in the country's relatively secure north and western regions. Eikenberry said the transition to NATO command had gone smoothly. Afghanistan is the alliance's first deployment outside Europe.

Eikenberry is worried about the caveats and about NATO's troop strength, which is at 90% of the level NATO says is required. “The objective has got to be to get to the 100% level,” he said.

The caveats require NATO to put more troops in the field to compensate for the countries that are prevented by their governments from joining in combat.

The full list of caveats is secret to prevent Taliban militants from exploiting NATO weaknesses.

Restrictions are sometimes imposed by governments wary about casualties. German forces in Afghanistan, for instance, have been ordered to avoid combat and rarely venture outside their outposts for long patrols, according to an August report by the Congressional Research Service. Other limitations result from lack of equipment or training.

Romanian forces that share a base with U.S. troops in Qalat, the capital of southern Afghanistan's restive Zabul province, don't have vehicles that can handle the region's rugged terrain. Lengthier patrols are carried out by U.S. troops in Humvees.

“Commanders on the ground are best served if all their forces do not have caveats that place operational constraints on them,” Eikenberry said. “Any caveats that would restrict combat forces from being able to maneuver or to be deployed anywhere within Afghanistan for any kind of combat operation … are the ones of greatest concern.”

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Close to wrapping up an 18-month tour as U.S. commander in Afghanistan, Eikenberry also said Afghanistan's broken-down infrastructure — particularly its roads — needed more repair than the United States and its allies realized after ousting the Taliban regime in late 2001.

Pentagon Resists Pleas For Help In Afghan Opium Fight (LAT)

By Josh Meyer,

The Los Angeles Times, December 5, 2006

The DEA wants the military to take a larger role in stopping the drug trade, which experts say finances the insurgency.

— The Pentagon, engaged in a difficult fight to defeat a resurgent Taliban in Afghanistan, has resisted entreaties from U.S. anti-narcotics officials to play an aggressive role in the faltering campaign to curb the country's opium trade.

Military units in Afghanistan largely overlook drug bazaars, rebuff some requests to take U.S. drug agents on raids and do little to counter the organized crime syndicates shipping the drug to Europe, Asia and, increasingly, the United States, according to officials and documents.

While the Pentagon and the Drug Enforcement Administration, or the DEA, have been at odds, poppy cultivation has exploded, increasing by more than half this year. Afghanistan supplies about 92% of the world's opium, and traffickers reap an estimated $2.3 billion in annual profits.

"It is surprising to me that we have allowed things to get to the point that they have," said Robert B. Charles, a former top State Department counter-narcotics official. "It we do not act aggressively against the narcotics threat now, all gains made to date will be washed out to sea."

The bumper crop of opium poppies, much of it from Taliban strongholds in southern Afghanistan, finances the insurgency the U.S. is trying to dismantle.

The DEA's advocates in Congress argue that the Pentagon could undermine the insurgency by combating the drugs that help finance it. Military officials say they can spare no resources from the task of fighting the Taliban and its allies.

Outgoing Defense Secretary Donald H. Rumsfeld has said that Afghanistan's flourishing opium trade is a law enforcement problem, not a military one. It would be "mission creep" if the 21,000 U.S. troops in Afghanistan were to turn their attention to opium, and it would also set a precedent for future combat operations, military officials say.

Pentagon spokesman Bryan Whitman said Afghanistan's police forces and British troops in the North Atlantic Treaty Organization peacekeeping operation have the primary responsibility for fighting the Afghan drug problem.

Military officials also fear that cracking down on opium traffickers could alienate the Afghan people and warlords who profit from the trade. An estimated one-eighth of the population is involved in poppy cultivation, and the opium trade is one-third of the country's economy.

The Pentagon has cooperated some with the DEA, but its resistance to doing more has drawn criticism from prominent congressmen, including Rep. Henry J. Hyde (R-Ill.), chairman of the International Relations Committee.

Hyde and other lawmakers say the Bush administration is making a crucial mistake in not directing U.S. forces to collaborate with the DEA to take down those supplying the Taliban with cash, high-tech weapons and trucks.

"If we don't change the policy soon, and fight both drugs and terrorism simultaneously, Afghanistan may well fall into a failed narcotics state status," Hyde said in a statement.

Hyde has urged the White House and the Pentagon to look to Colombia as a model. Anti-narcotics agents there work closely with the military to target terrorism and drug trafficking.

Afghan President Hamid Karzai and other officials have asked for more help from the Pentagon, especially stronger support for the DEA.

"We are disappointed that there isn't more and closer cooperation between these two," said M. Ashraf Haidari, Afghanistan's Washington liaison to U.S. military and law enforcement agencies. "We have been saying this since 2003."

Haidari said the DEA and Afghan authorities needed "maximum military support both from ground and air." He complained that there was little coordination between the U.S. and international anti-drug efforts in Afghanistan.

The DEA has about 10 agents in Kabul, the Afghan capital, and rotates small teams of agents and intelligence analysts into the country, two at a time. The teams train and work with Afghan narcotics police, but also do their own investigations.

But DEA agents can't move about the mountainous terrain without helicopters and, in many cases, can't penetrate well-protected drug operations without backup from troops.

Several dozen kingpins have emerged in the Afghan drug trade who are allied with the Taliban and Al Qaeda, current and former U.S. and Afghan officials said. In the last year, the drug bosses have become more brazen, richer and powerful.

U.S. and Afghan officials say the major traffickers and their hundreds of criminal associates prey on poor Afghan poppy farmers, openly run huge opium bazaars and labs that turn opium into heroin, and truck vast quantities of drugs into neighboring

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countries. They often return with night-vision goggles, land mines, sniper rifles and other high-tech weapons to use against U.S. and NATO forces.

Antonio Maria Costa, head of the United Nations Office on Drugs and Crime, said in a recent interview that the location of major drug operations were "well-known to us and to the authorities." He said he recently watched a video of a heavily armed drug convoy of about 20 vehicles crossing into Iran.

"When you see narcotics trafficking that has the connotation of military operations, I am afraid we can only cope with them with military muscle," he said.

U.S. efforts have largely focused on small drug arrests and the State Department's program to eradicate poppy fields.

Publicly, DEA officials praise the Pentagon for its help and say coordination has improved. But two senior congressional aides said DEA Administrator Karen P. Tandy had been quietly campaigning for more Pentagon assistance.

"Behind closed doors she has been very adamant about how we need this stuff over there," a DEA official said, speaking on condition of anonymity. "Without the helicopters, we can't move. We're sure not going to go out in caravans with a couple of pistols."

Tandy testified in June that although DEA agents had developed leads in Afghanistan, the agency had "no operational infrastructure, assets or support to conduct operations" in Helmand province, where as much as half of Afghan heroin is grown and processed.

The Pentagon has promised as many as eight MI-17 helicopters for Afghan authorities to use in collaboration with U.S. military and law enforcement officials. But only two have arrived and are being used solely for training, DEA spokesman Steve Robertson said. DEA officials cannot say when helicopters will be available for drug operations, he said.

Pentagon spokesman Lt. Col. Todd Vician said that in the last two years U.S. troops had worked to support DEA efforts to combat the drug trade in Afghanistan "in the form of intelligence, planning, transportation of interdiction forces, medical evacuation and close air support if needed."

He also said Rumsfeld had authorized federal authorities, including DEA agents, to go on military operations in areas of known or suspected drug activity.

But in many cases the Pentagon has balked at drug interdiction efforts even when it had the resources, said a former senior U.S. anti-drug official, who declined to give details of what he said were classified operations.

"There were [drug] convoys where military people looked the other way, and situations where DEA sought [Pentagon] intelligence and it wasn't given to them," the former official said.

"DEA would identify a lab to go hit or a storage facility and [the Pentagon] would find a reason to ground the helicopters," the former official added. "They would say we don't want you to create a disturbance in an area where we're trying to chase down terrorists and the Taliban."

A recent congressional report said the DEA asked the Pentagon for airlifts on 26 occasions in 2005, and was denied in all but three cases. The Pentagon said it had done better in 2006, supporting 12 of 14 DEA requests for air support.

Several current and former DEA officials said the Pentagon efforts were mostly administrative and not related to raids and other enforcement efforts.

Hyde and Rep. Mark Steven Kirk (R-Ill.), a former naval intelligence officer, told Rumsfeld in an Oct. 12 letter that they wanted the Pentagon to allow DEA agents to ride along on more military missions in Afghanistan and to call them in when soldiers found a large drug stash or operation.

Eight days later, Rumsfeld wrote that he had asked one of his undersecretaries, Eric S. Edelman, "to look into this matter."

"We will get back to you as soon as possible," Rumsfeld wrote.

Hyde's aides say the congressman hasn't heard back.

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NTSB Faults Pentagon In '04 Afghan Crash (USAT)

By Alan Levin And Matt Kelley,

USA Today, December 5, 2006

WASHINGTON — Poor Defense Department oversight of private companies that fly military missions in war zones was partially responsible for a 2004 crash that killed six people in Afghanistan, federal accident investigators said Monday.

The National Transportation Safety Board recommended that the Defense Department coordinate with the Federal Aviation Administration to better monitor the charter flights increasingly being used to carry small numbers of troops and cargo in Iraq and Afghanistan.

An NTSB statement said the agency is “concerned that the unique risks presented by operations in remote overseas locations have not been adequately addressed for civilian contractors that provide air transportation services to the U.S. military.”

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The flight was operated by Presidential Airways of Melbourne, Fla., a part of the same company as Blackwater USA, a private security firm assisting private companies and the military in war zones.

Pilots on the CASA 212 twin-turboprop were flying over a remote mountainous region of Afghanistan on Nov. 27, 2004, when they entered a tight canyon ringed by peaks as high as 16,580 feet. They tried to climb over the mountains, but crashed at 14,650 feet, the NTSB said.

The pilots had not used oxygen, as is required when flying over 10,000 feet for prolonged periods, the NTSB said. Lack of oxygen at high altitudes can interfere with pilots' mental skills. The NTSB also noted the company's failure to require crews to fly specific routes and follow safety regulations.

For example, the military requires planes it charters to be equipped with a device that allows people on the ground to follow the flight's route. But the NTSB said it found no evidence that the military had tried to enforce the rule.

Without the device, searchers had difficulty locating the wreckage. Searchers did not find it for nearly 24 hours. The search was also slowed because the company did not discover that the plane was missing until nearly six hours after the crash.

Lt. Col. Todd Vician, a Defense Department spokesman, said the Pentagon will review the recommendations.

Mark Corallo, a spokesman for Blackwater, said that the NTSB report “fails to understand the realities of operations in a war zone.”

The crash killed Lt. Col. Michael McMahon, 41; Chief Warrant Officer Travis W. Grogan, 31; Spc. Harley D. Miller, 21; pilot Noel English, 37; co-pilot Loren Hammer, 35; and mechanic Melvin Rowe, 43.

A Precarious Shelter In Afghanistan (WP)

By Pamela Constable

The Washington Post, December 5, 2006

KABUL -- The room was carpeted and cozy, warm from the wood stove and filled with the chatter of children. But the tales their mothers and older sisters told recently, speaking hesitantly even in the safety of a guarded private shelter, were bone-chilling.

Sahara, an angelic-looking young woman, said she was forcibly married at 11, widowed at 12 and kept as a virtual slave by her in-laws for the next eight years. Unable to endure more beatings, she slipped away early one morning, walked for two days and nights and finally ventured into a police station to ask for help.

Gulshan, a mother of three with a permanently worried look, said she was falsely accused of murdering her husband after he had an affair with her sister. She was sentenced to five years in jail, and her husband's brothers vowed to kill her upon her release. Under the law, they may also take custody of her small children, who are hidden with her at the shelter.

"They said I killed my husband, but I am very sad he died, even though he had a bad friendship with my sister," Gulshan said. "I need him, because of the children. Now I am alone in life, and in this society a woman alone is less than nothing."

Until recently, most of the 20 women at the shelter would probably have been either dead or in prison, hunted down by male relatives seeking revenge or hit with criminal charges for actions that would not be illegal in the West, such as eloping with a boyfriend or fleeing an abusive husband. Some might have committed suicide by burning themselves, as hundreds of desperate Afghan girls and women have done in the past several years.

Afghan society still considers such women "bad" and deserving of punishment. According to the country's conservative Muslim and tribal traditions, arranged marriages are both a cultural cornerstone and a business contract, sometimes with two sisters marrying two brothers. Wives are expected to endure beatings, unfaithfulness or years of separation in obedient silence.

But Afghanistan is also officially a democracy now, with a ministry of women's affairs, human rights organizations and constitutional protections against abuse. In the years since the overthrow of the Taliban in 2001, a network of civic groups has begun promoting women's legal rights and opening shelters.

Still, despite increasing cooperation from police and referrals from the women's ministry, the shelters remain controversial and in permanent danger of attack by angry husbands and fathers. Some Afghans view groups that advocate women's emancipation as the real danger to society and blame foreign influence for provoking the widely reported phenomenon of self-immolation by unhappy brides or daughters-in-law.

"In our society, it is still unacceptable for a woman to leave home or go to court to solve her problems," said Mari Akrami, who directs the Afghan Women's Skills Development Center. She recently made a documentary film about a girl named Mujahida, who was betrothed to a man at age 4 and later murdered by her family for running away from him.

"Now some people call me a bad woman, too," Akrami said with a rueful laugh.

Women's activists said Afghan courts still tend to side with men in cases of domestic abuse or marital conflict and are often swayed by influential families rather than the law. Two years ago, Akrami's group was given custody of a 10-year-old girl whose family had been arrested for selling her as a bride four years earlier.

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"In court she told how she had been made to wear a white dress and a lot of people were invited to a feast. She had no idea it was her wedding," Akrami said. A senior justice official, under heavy pressure from the girl's family, wrote Akrami a letter asking that the girl be sent back to her husband. "He said I must respect Afghan culture and customs," she said.

Today, that official is no longer in his post, and the government of President Hamid Karzai has made several changes in the justice system. Last summer, Karzai appointed an Afghan American to head the Supreme Court, a former university teacher who is widely viewed as a modern thinker, sympathetic to women's rights.

In a recent interview, the new chief justice, Abdul Salam Azimi, said Afghan civil laws and Islamic principles both provide ample protection for women, including the right to divorce for a variety of reasons. But he acknowledged that conservative culture is often more powerful, especially in rural areas, and that there are heavy social and psychological barriers to women seeking legal help.

"If a woman comes to court, we will protect her under the law," said Azimi, 70, who dresses in tailored business suits. "The problem is that many cases never reach us at all. A lady in a house may be suffering a lot, but she is too ashamed to go and complain. There is strong pressure from families, and often there is pressure from the women themselves."

Advocacy groups have tried to educate the public about women's rights, with limited success. In the town of Charikar, 30 miles north of Kabul, a community meeting was held recently to discuss the problem of domestic violence. The women in the audience were eager and attentive, but the male officials on the panel seemed impatient and uncomfortable.

One official gave a long, rambling speech in which he said it was important to protect women but then criticized Western countries as immoral and defended Afghan culture as "the least violent toward women in the world."

In a small room nearby, a free knitting and literacy class for women was underway. None of the participants had ever been to school or learned a skill, and several said it had been difficult to get permission to attend from male family members.

"Some women are stopped by their brothers, their fathers, even their uncles," said Rahima, 35, a mother of six. "I visit those families, and I tell them I am a good woman, I go straight to class and back home with my face covered. My honor is safe, and I am learning something useful for myself, and it can be useful to their wives and daughters, too."

Advocates say that what little legal protection Afghan women have is effectively available only in Kabul, the capital, and several other large cities. But even there, they said, courts rarely grant divorces to women and usually award custody of minor children to fathers.

In Kabul, a German-based group called Medica Mondiale provides attorneys for girls or women charged with such offenses as fleeing their husbands or having sex outside of marriage. Lawyers there said they try to mediate informally with family members, who often level such accusations against their own daughters or wives.

For example, they said, two families could be persuaded to let an eloping son and daughter marry instead of going to prison, or a girl who rejects an arranged marriage could return the gifts and money the man's family has given her, often the real cause of dispute.

"If a girl of 16 has been promised to an old man in marriage and she is unhappy about it, the law says she cannot be forced, but she may be unable to express her feelings to the family. We can express them for her," said Aziza Khowa, a lawyer with the group. "If the families are open-minded, they may understand quickly. If they are very strict, we may have to visit them and talk about it many times."

Since Medica Mondiale began offering legal aid to Afghan women in 2003, it has helped solve 750 cases through the court system or informal mediation.

The most formidable obstacle to change, advocates said, is the power of gossip and shame. An Afghan woman's reputation can be destroyed for life if she simply decides to insist on her right to choose, whether that means rejecting an unattractive groom or refusing to endure daily beatings by a drunken husband.

"The rule of rumor is a terrible thing, and it can cause great tragedy," said Angeles Martinez, the Medica Mondiale director here. "In Afghanistan, women have no identity as individuals, only in relation to their families."

In more than 90 percent of cases in which Afghan women or girls have attempted suicide by burning, Martinez said, "the cause is pure, constant domestic violence. At some point you turn it against others, or against yourself."

Losing The Good War (NYT)

The New York Times, December 5, 2006

Afghanistan was supposed to be the good war — and the war America was winning. But because of the Bush administration's inattention and mismanagement, even the good war is going wrong.

The latest grim news is that after years of effort — and more than $1 billion spent — Afghanistan's American-trained police force is unable to perform even routine law enforcement work. According to an article in yesterday's Times, investigators for the

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Pentagon and the State Department found that the training program's managers did not even know how many police officers were serving, while thousands of trucks and other American-purchased police equipment have simply disappeared.

The failure to provide local security — or even a semblance of impartial justice — helps explain why so many Afghans have lost confidence in the pro-Western government of President Hamid Karzai, and why a growing number are again turning to the Taliban for protection. The failure to stand up an effective police force also helps explain why opium cultivation rose by nearly 60 percent this year.

Creating even the most basic government institutions was always going to be difficult in a country as poor as Afghanistan. According to one expert, 70 percent or more of the recruits in the police training program are illiterate — not surprising in a country with a male literacy rate of only 43 percent. But the State Department and Pentagon compounded these problems, handing off the bulk of the police training work to an expensive private contractor and then failing to vigilantly monitor the program. We have seen that time and again in Iraq, where experts say the police training is at least as flawed.

There are many culprits for Afghanistan's many problems. Mr. Karzai needs to do a lot more to curb the corruption that is rife among his political appointees. President Pervez Musharraf of Pakistan needs to do a lot more to stanch the torrent of Taliban fighters crossing his border into Afghanistan. NATO members need to send more troops to Afghanistan — with far fewer restrictions on how they fight.

As for fixing the police training program, there is little hope of that without also reforming the Afghan Ministry of Interior, which oversees the police, and is mired in both incompetence and corruption. Washington has sent some advisers to help clean up the ministry, but the effort is moving far too slowly. And the United States and its allies need to send a lot more police advisers to walk the beat with the newly graduated recruits, who get just a few months of classroom training. That is standard practice for training effective police forces, but it has not been tried in Afghanistan.

Mr. Bush's decision to rush off to invade Iraq meant that Afghanistan would be shortchanged when it came to resources and to policy makers' priority lists. The cost of that inattention can be seen in the failing Afghan police force. It can also be seen in the Taliban's growing strength, the mounting death toll of Afghan civilians and NATO troops, and the unraveling of the Karzai government. So much for winning the good war.

U.S. Army Battling To Save Equipment (WP)

By Ann Scott Tyson

The Washington Post, December 5, 2006

ANNISTON, Ala. -- Field upon field of more than 1,000 battered M1 tanks, howitzers and other armored vehicles sit amid weeds here at the 15,000-acre Anniston Army Depot -- the idle, hulking formations symbolic of an Army that is wearing out faster than it is being rebuilt.

The Army and Marine Corps have sunk more than 40 percent of their ground combat equipment into the wars in Iraq and Afghanistan, according to government data. An estimated $17 billion-plus worth of military equipment is destroyed or worn out each year, blasted by bombs, ground down by desert sand and used up to nine times the rate in times of peace. The gear is piling up at depots such as Anniston, waiting to be repaired.

The depletion of major equipment such as tanks, Bradley Fighting Vehicles, and especially helicopters and armored Humvees has left many military units in the United States without adequate training gear, officials say. Partly as a result of the shortages, many U.S. units are rated "unready" to deploy, officials say, raising alarm in Congress and concern among military leaders at a time when Iraq strategy is under review by the White House and the bipartisan Iraq Study Group.

Gen. Peter J. Schoomaker, the Army's chief of staff, is lobbying hard for more money to repair what he calls the "holes" in his force, saying current war funding is inadequate to make the Army "well." Asked in a congressional hearing this past summer whether he was comfortable with the readiness levels of non-deployed Army units, Schoomaker replied: "No."

Lt. Col. Mike Johnson, a senior Army planner, said: "Before, if a unit was less than C-1," or fully ready, "someone would get fired." Now, he said, that is accepted as combat-zone rotations are sapping all units of gear and manpower. "It's a cost of continuous operations. You can't be ready all the time," he said.

Across the military, scarce equipment is being shifted from unit to unit for training. For example, a brigade of 3,800 soldiers from the 3rd Infantry Division that will deploy to Iraq next month has been passing around a single training set of 44 Humvees, none of which has the added armor of the Humvees they will drive in Iraq.

The military's ground forces are only beginning the vast and costly job of replacing, repairing and upgrading combat equipment -- work that will cost an estimated $17 billion to $19 billion annually for several more years, regardless of any shift in Iraq strategy. The Army alone has 280,000 major pieces of equipment in combat zones that will eventually have to be fixed or replaced. Before the war, the Army spent $2.5 billion to $3 billion a year on wear and tear.

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At Anniston, the sprawling lots of tanks and other armored vehicles are just the start of a huge backlog in broken-down gear.

"There's stuff, stuff everywhere," Joan Gustafson, a depot official, said as she wheeled her brown Chevrolet van through a landscape of rolling hills lined with armadas of mobile guns.

"There's another field of M1s," she said, motioning toward a swath of M1A1 Abrams tanks next to the winding road. "We're just waiting for someone to tell us what to do with them."

The Army's five depots carry out the highest level of maintenance for Army gear ranging from rifles and other small arms to tanks, helicopters and missile systems. Since the U.S.-led invasion of Iraq in 2003, the Army has left behind hundreds of thousands of pieces of equipment in Iraq and has relied heavily on field maintenance facilities in Kuwait.

But as the war has continued, Army leaders have recognized that they cannot afford to wait for a drawdown of troops before they begin overhauling equipment -- some of it 20 years old -- that is being used at extraordinary rates. Helicopters are flying two or three times their planned usage rates. Tank crews are driving more than 4,000 miles a year -- five times the normal rate. Truck fleets that convoy supplies down Iraq's bomb-laden roads are running at six times the planned mileage, according to Army data.

Equipment shipped back from Iraq is stacking up at all the Army depots: More than 530 M1 tanks, 220 M88 wreckers and 160 M113 armored personnel carriers are sitting at Anniston. The Red River Army Depot in Texas has 700 Bradley Fighting Vehicles and 450 heavy and medium-weight trucks, while more than 1,000 Humvees are awaiting repair at the Letterkenny Army Depot in Pennsylvania.

Despite the work piling up, the Army's depots have been operating at about half their capacity because of a lack of funding for repairs. In the spring, a funding gap caused Anniston and other depots to lose about a month's worth of work, said Brig. Gen. Robert Radin, deputy chief of staff for operations at the Army Materiel Command at Fort Belvoir.

"Last year we spent as much time trying to find available money as managing our program," he said. "We don't want to go into the next rotation . . . with equipment that's at the far end of its expected life."

Responding to urgent requests from the Army and Marine Corps, Congress approved an extra $23.8 billion in October to replace worn-out equipment in fiscal 2007. With the money, the Army plans to double the workload at its depots, which will repair and upgrade 130,000 pieces in 2007, up from 63,000 last year. This will include a quadrupling of the number of tanks, Bradleys and other tracked vehicles overhauled, from 1,000 to 4,000.

At Anniston, which will handle 1,800 combat vehicles in fiscal 2007, a cavernous 250,000-square-foot repair shop is humming as damaged tanks are rolled in one by one and disassembled with the help of giant cranes. Removing an M1 tank's turret alone takes a day and a half, and the entire overhaul requires 54 days and costs about $1 million, said Ted A. Law, the depot's vehicle manager.

Earnest Linn, 58, a heavy-mobile-equipment mechanic who as of January will have worked at Anniston for 30 years, said that "it's never been like this" since the end of the Vietnam War.

In October, Anniston became the official repair facility for the Army's newest armored vehicle, the Stryker. Repairs for those vehicles will soar from eight in fiscal 2006 to 75 this fiscal year -- including 58 that received some level of battle damage, said Gregory McMath, program manager for Stryker repair.

"This one hit a triple-stacked land mine," he said, peering up into the underbelly of a Stryker ripped open by the blast. Some of the Strykers are coming in with 40,000 miles on their odometers, he said.

Workers at Anniston take pride in patching, rebuilding and testing the broken-down gear and returning it to like-new condition. Often, they must innovate by taking parts from wrecked vehicles if new parts do not exist or have not been ordered in time.

"The supply system can't keep up with us," said Rodney Brodeur, division chief for turbine engines, speaking over the clang and whir of his workshop. It is projected that in 2007, Anniston will rebuild 1,400 turbine engines for M1 tanks, compared with 800 this year.

Fine sand and heavy use erode the blades on the tank engine rotors, eventually leading the blades to snap off and stall the engines. Such erosion, which is invisible to the Army's field mechanics, can lead to catastrophic failure without timely maintenance.

"If your Cadillac stops by the side of the road, that's an inconvenience," Brodeur said. "If the tank quits in the middle of the fight, that's a hard target."

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CORPORATE SCANDALS:

SEC Disputes 'whistle-blower' (USAT)

By Greg Farrell

USA Today, December 5, 2006

In an unusual departure from the polite "no comment" that the Securities and Exchange Commission generally offers in response to criticism, four SEC officials are expected to blast a self-proclaimed "whistle-blower" before a Senate subcommittee hearing today.

The four officials, including Linda Chatman Thomsen, the SEC's director of enforcement, are scheduled to appear before the Senate Judiciary Committee to answer allegations that a high-profile investigation of John Mack, the CEO of Morgan Stanley, was abandoned last year because of political pressure.

Gary Aguirre, a former SEC investigator, made those allegations at a congressional hearing in June. Aguirre said he was fired because he didn't want to abandon an investigation into whether Mack broke inside-trading rules by sharing market-sensitive information with a hedge fund, Pequot Capital Management.

He testified that he wanted to subpoena Mack in order to ask him about various suspicious trades, but his superiors wouldn't let him issue the subpoena.

In June, the SEC said political pressure didn't play a role in the decision not to bring Mack in for questioning. Last week the SEC closed the investigation. Today, Thomsen and others are expected to offer blunt testimony about Aguirre and his work habits at the SEC.

Aguirre was fired in September 2005, just days before the expiration of his one-year probationary period at the commission. Once an employee passes the one-year mark at the SEC, it's almost impossible for him or her to be fired.

According to the testimony of Thomsen and three other former supervisors of Aguirre, advance copies of which USA TODAY obtained from a source close to the committee, Aguirre was an unhappy employee who did not respond well to authority.

He "demonstrated his own dissatisfaction with his employment by twice leaving the office abruptly during the workday after disagreeing with other attorneys," Thomsen will say.

Aguirre, who is in his 60s, also requested, and received, official time to pursue an unsuccessful age-discrimination case against the SEC "for failing to hire him on 22 prior applications."

Mark Kreitman, who heads the SEC divisional unit where Aguirre worked, will testify that Aguirre refused to reason with his superiors about the Mack subpoena.

"Frighteningly, it appeared that Mr. Aguirre was pursuing a personal agenda bordering on a vendetta, instead of a calmly reasoned, fair-minded pursuit of the evidence," an advance copy of his testimony says.

"Toward the end of his tenure, Mr. Aguirre's behavior became increasingly unprofessional, irresponsible and erratic. He threw what can only be reasonably described as tantrums, storming up and down the halls in a furious crouch, and abruptly left the office without leave on a number of occasions," Kreitman will say.

A spokesman for Aguirre did not return calls for comment.

2nd Official Dissented Over Pequot Inquiry (NYT)

By Walt Bogdanich

The New York Times, December 5, 2006

Congressional investigators have found that a second official at the Securities and Exchange Commission expressed serious concerns about how the agency was conducting its inquiry into a prominent hedge fund, Pequot Capital Management.

The official, Eric Ribelin, an investigator at the commission, asked to be removed from the Pequot inquiry because of his serious misgivings about decisions being made on the case by senior S.E.C. officials, according to a government official who spoke on condition of anonymity because he is not authorized to discuss the matter.

Mr. Ribelin believed that the inquiry "was not handled right," Senator Arlen Specter, the chairman of the Judiciary Committee, said in an interview. The investigator's criticism echoes some of the complaints lodged this year by the former S.E.C. lawyer who ran the investigation, Gary J. Aguirre.

"Something smells rotten here," Mr. Ribelin wrote in an e-mail message to an S.E.C. supervisor last year.

He is among those expected to testify today before Senator Specter's committee, which, together with the Senate Finance Committee, has been examining allegations by Mr. Aguirre that the agency prematurely halted its Pequot investigation because of outside political pressure.

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Mr. Aguirre, who led the hedge fund investigation until he was fired last year, has told members of Congress that senior S.E.C. officials blocked him from taking testimony from John J. Mack, an influential Wall Street executive and friend of Pequot's founder, Arthur J. Samberg.

S.E.C. officials said they turned down Mr. Aguirre's request at that time because he had not made a strong enough case for taking Mr. Mack's testimony, records show. The S.E.C. took Mr. Mack's testimony about a year later, and formally closed the Pequot investigation last week without taking any enforcement action. Mr. Samberg and Mr. Mack have repeatedly denied any improper conduct.

Mr. Ribelin did not return a message left at his office yesterday.

An S.E.C. spokesman, John J. Nester, declined to comment, saying, "We'll just let our testimony speak for itself."

Senator Specter, a Pennsylvania Republican, said he was interested in finding out why S.E.C. officials, who had previously written favorable evaluations of Mr. Aguirre's work, suddenly wrote a critical evaluation that covered the same time period.

"The supplemental evaluation was highly unusual," Senator Specter said.

Government officials said the S.E.C. supervisors never discussed the evaluation with Mr. Aguirre and then placed it in his employment file after he was fired on Sept. 1, 2005.

Just days before his firing, Mr. Aguirre was awarded a two-step merit pay increase.

According to a government official, Mr. Aguirre's direct supervisor, Robert Hanson, an S.E.C. branch chief, said the supplemental evaluation was written at the suggestion of Paul R. Berger, a former associate director of enforcement. Mr. Berger declined to discuss the evaluation yesterday, saying he could not comment on personnel matters.

Senate investigators have also been looking at circumstances surrounding Mr. Berger's decision to take a job at the law firm of Debevoise & Plimpton this year.

Debevoise was hired by Morgan Stanley's board to vet Mr. Mack before he was named to head the company in June 2005. As part of that vetting process, Mary Jo White, the former New York federal prosecutor now at Debevoise, did contact the S.E.C.'s director of enforcement, Linda Thomsen, about Mr. Mack, but the firm says it never suggested to anyone at the commission that the investigation be stopped.

Mr. Aguirre has told Congress that after a compliance officer at Morgan Stanley called the S.E.C. in June of 2005, inquiring whether Mr. Mack might face an enforcement action, Mr. Aguirre's Pequot investigation was essentially shut down.

Mr. Aguirre said that before answering the compliance officer, he consulted with his two superiors, Mr. Hanson and Mark Kreitman, an assistant director of enforcement. According to Mr. Aguirre, Mr. Kreitman favored telling Morgan Stanley that Mr. Mack was indeed a target, but first he informed his boss, Mr. Berger, by speakerphone.

With Mr. Aguirre listening in, Mr. Berger overruled Mr. Kreitman, saying in effect that the S.E.C. would most likely not file charges against Mr. Mack, and that nothing should be said to Morgan Stanley, Mr. Aguirre said.

Mr. Berger said yesterday that he had told Morgan Stanley "that it was premature to say whether or not Mr. Mack had any exposure."

Several months later, Mr. Berger said, an S.E.C. colleague who was interviewing at Debevoise offered to mention that Mr. Berger might have an interest in working there, too. Mr. Berger agreed.

In a statement yesterday, Debevoise's presiding partner, Martin Frederic Evans, said, "Sometime in September 2005, well after our work for the Morgan Stanley board had concluded, we were told that Mr. Berger might have an interest in talking to Debevoise, but the firm did not contact Mr. Berger, nor did the firm hear from him till January 2006."

Mr. Evans said that neither Mr. Mack nor the S.E.C. investigation were mentioned in the firm's employment discussions with Mr. Berger.

Once that contact began, Mr. Berger said yesterday, "I recused myself from any matter with which the firm was involved, including the Pequot investigation."

Mr. Aguirre has already provided Senate investigators with lengthy statements and dozens of contemporaneous e-mail exchanges he had with S.E.C. supervisors. He is also expected to testify at the hearing today, along with senior S.E.C. officials, including Ms. Thomsen and Mr. Berger.

The committee is also expected to question the agency's inspector general, Walter J. Stachnik, who initially concluded that the S.E.C. had done nothing wrong. But after the disclosure that Mr. Stachnik's office had not interviewed Mr. Aguirre before rendering its judgment, the inspector general reopened his investigation.

"These folks are going to be under oath, and I'm going to try to get to the bottom of it," Senator Specter said.

The senator said he would call for legislation requiring hedge funds to register with the S.E.C. if they manage pension fund investments or money from small investors.

Before the S.E.C. decided this year not to file any enforcement action against Pequot, the agency had been investigating a number of profitable trades by the hedge fund in advance of mergers or other market-moving news.

Mr. Aguirre began investigating Pequot soon after he started at the agency in September 2004.

“When you are inquiring into areas like this, it’s very delicate and people are very reluctant to talk,” Senator Specter said. “These investigations are not easy and not totally predictable.”

The S.E.C. is also under review by the Government Accountability Office, the investigative arm of Congress. Charles E. Grassley, the Iowa Republican who is chairman of the Senate Finance Committee, asked for the review in September because he was growing concerned, he said, about whether the S.E.C. was “faithfully adhering to its mission.”

The G.A.O. will also examine how well the commission monitors self-regulatory organizations — like the New York Stock Exchange and NASD — that refer cases to the commission for possible enforcement actions. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Jefferies Settles Probe Of Lavish Gifts, But Fidelity Isn't Clear Of U.S. Scrutiny (WSJ)

By Susanne Craig And Jennifer Levitz

The Wall Street Journal, December 5, 2006

Brokerage firm Jefferies Group Inc. has agreed to pay more than $10 million to settle allegations that a former star trader doled out gifts and entertainment, including expensive wine and private-jet flights, to Fidelity Investments to win mutual-fund trading business.

The National Association of Securities Dealers, which spearheaded the investigation, imposed a $5.5 million penalty on Jefferies, and the Securities and Exchange Commission ordered Jefferies to return nearly $4.8 million of trading gains. The firm, which settled charges without admitting or denying guilt, has been ordered to hire a monitor to review travel, entertainment and gift policies.

WALL STREET JOURNAL VIDEO

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WSJ reporter Suzanne Craig reports on the SEC and NASD fining brokerage firm Jefferies Group $5.5 million for splurging on improper gifts and excessive entertainment2 to Fidelity Investments.

Former Jefferies trader Kevin Quinn, whom Jefferies armed with a big expense account to lure Fidelity business, was fined $468,000, and Scott Jones, a Jefferies board member who was Mr. Quinn's immediate supervisor, was fined $50,000. Both agreed to other penalties to settle the charges.

Mr. Quinn, who through his attorney declined to comment, has been permanently barred from working at a registered securities firm. A spokesman for Jefferies said the New York firm has enhanced its internal controls and was happy the matter is behind the firm. Mr. Jones, through a Jefferies spokesman, declined to comment.

Notable in yesterday's announcement was that the SEC, which has jurisdiction over Fidelity, took no action against the mutual-fund company. Mutual funds are supposed to send their stock trades to whichever firm offers them -- and their customers -- the best price and service, and such decisions aren't supposed to be based on gifts a fund manager may have received from a broker.

However, according to people familiar with the inquiry, the SEC has had difficulty trying to prove that investors were financially harmed because Fidelity traders accepted the gifts and entertainment. "It's very hard to do, very hard to prove...that the gifts are in any way impairing price," said Howard Schiffman, a securities lawyer and former SEC enforcement lawyer in Washington.

Complicating the picture is Fidelity's reputation for using its market muscle to squeeze brokers' profits and lower its funds' trading costs. Fidelity's trading costs, once in line with those of other money managers, have fallen in recent years to half the industry average, according to a study by Abel/Noser Corp., which tracks such expenses. That saved hundreds of millions of dollars for investors. As a result, it could be hard to show that the company could have done better with costs had it gone elsewhere.

Fidelity has had an investor-friendly image and a reputation for ethical conduct and has been rocked by the probe. The company has disciplined more than 20 employees on the trading desk, including firing some people, Fidelity spokeswoman Anne Crowley said. Scott DeSano, the once-powerful head of equity trading, was reassigned and the company also has a new policy on gifts.

The mutual-fund company, also known as FMR Corp., continues to fight allegations that customers were harmed. "We continue to believe it's not possible to demonstrate that financial harm occurred to any Fidelity fund or client as a result of these excessive gifts or entertainment," Ms. Crowley said.

Fidelity isn't out of the woods yet. The SEC is continuing to investigate the company, according to people familiar with the investigation. These people said the SEC may be trying two other strategies, including bringing civil charges against the company for violating disclosure laws, which require fund companies to disclose conflicts of interest to customers. Those familiar

with the case said the SEC also is looking at whether it can bring a charge based on Fidelity traders receiving compensation above what Fidelity paid them.

The charges bring to a close a painful, albeit colorful, chapter in Jefferies' corporate history. In 2002, the company hired Mr. Quinn, agreeing to pay him $4 million a year. The firm armed the trader with a $1.5 million expense account that Mr. Quinn used to curry favor with a select group of Fidelity traders.

He spared little expense, doling out gifts valued at more than $600,000 and entertainment that totaled more than $1 million, regulators estimated. The NASD bars gifts valued at more than $100 and allows "ordinary and usual business entertainment" so long as it is "neither so frequent nor so extensive as to raise any question of propriety."

Mr. Quinn bought tickets to concerts and tennis matches at Wimbledon and the U.S. Open, often making available a private plane so traders could travel in style to the events, regulators said. In 2004, Jefferies paid more than $125,000 for a weekend trip to the Super Bowl that featured parties hosted by Maxim and Playboy magazines. Regulators said the brokerage firm also bought traders numerous bottles of wines, including six bottles of 1998 Opus One for a total of more than $2,600, regulators found.

On one weekend jaunt featured in a page-one article in The Wall Street Journal, Jefferies paid about $75,000 for traders to attend a Miami bachelor party for a Fidelity trader that featured dwarf tossing. A friend of the bridegroom to be, not a Wall Street firm, paid for the dwarf to attend the weekend festivities, according to people familiar with the matter. As the probe unfolded, some traders said they reimbursed Jefferies for some of the gifts. Still, regulators said any money paid to Jefferies didn't come close to covering the amount that was spent.

The case led the NASD to overhaul its gift and entertainment rules. Regulators don't plan to tinker with the gift-giving rule but want firms to set dollar limits, or establish comprehensive guidelines for expenses that are subject to regulatory review. These changes are being considered by the SEC.

The NASD still may bring a handful of gift and entertainment cases, but the bulk of its review was completed with an 11-page report issued yesterday. The report found that while most firms have failed to keep records on things like which clients and staff attended events, abuse was limited and doesn't warrant further action. It encouraged firms to review their systems. "We saw problems but it was mostly record-keeping and nothing approaching the Jefferies excess," said James Shorris, the NASD's head of enforcement.

Jefferies To Pay $9.7 Million To Settle Fidelity Gift Case (USAT)

By Greg Farrell

USA Today, December 5, 2006

In a case that could taint the pristine image of mutual fund giant Fidelity Investments, federal regulators settled civil charges with a stock brokerage firm for lavishing more than $1.6 million in fine wines, golf junkets, sports tickets and other goodies on a handful of Fidelity traders. The gifts, regulators contend, were designed to get Fidelity to shift more of its stock-trading business to the firm.

The Securities and Exchange Commission and the National Association of Securities Dealers announced Monday that Jefferies & Co. agreed to pay $5.5 million in fines and $4.2 million in disgorgement to settle the case.

Regulators say Jefferies obliterated the NASD's $100 limit on the amount of gifts and expense-related entertainment that can be provided to a customer each year.

According to the settlement, Jefferies made only $4.3 million in commissions off the Boston-based family of mutual funds in 2001. In order to grow its Fidelity business, the company hired Kevin Quinn in September 2002, paying him $4 million a year and an annual expense account of $1.5 million.

Quinn moved quickly, organizing a $215,000 golf junket to Las Vegas and Cabo San Lucas, Mexico, that fall for two Fidelity traders and their supervisor. For the next two years, the big-ticket spending continued. Quinn arranged for five Fidelity traders and their supervisor, Scott DeSano, to fly from Boston to various spots across the USA and in the Caribbean.

One of the Fidelity traders must have been a tennis fan, because Quinn provided $90,000 worth of tickets to Wimbledon from 2002 to 2004, and $17,000 in U.S. Open tickets during those same years.

Other traders received tickets to Broadway shows, and one received tickets to the 2004 Super Bowl in Houston.

While Quinn was lavishing perks on five traders and their boss, Jefferies' business with Fidelity grew more than tenfold: In the second quarter of 2002, Jefferies executed trades in 25 million shares of major companies on behalf of Fidelity; two years later, that number swelled to 277 million.

Fidelity spokeswoman Anne Crowley said the company had disciplined 14 individuals in the matter some two years ago, after an internal investigation. Several were terminated. “We don't tolerate this type of conduct,” she said. The SEC's investigation of Fidelity continues, she added.

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Jefferies & Co. Settles Claims Of Illegal Gifts (WP/AP)

By Marcy Gordon

The Washington Post, December 5, 2006

The New York brokerage firm Jefferies & Co. is paying $9.7 million to settle regulators' charges that it illegally lavished nearly $2 million in golf trips, entertainment and other gifts on Fidelity mutual fund traders in exchange for their business.

The Securities and Exchange Commission and the NASD, the brokerage industry's self-policing organization, announced the settlements yesterday. Two Jefferies executives were also sanctioned.

Under the settlement with the SEC, Jefferies was censured and agreed to pay $4.2 million in restitution plus interest. It also agreed to hire an independent consultant to review the firm's compliance procedures. In the deal with NASD, Jefferies will pay a $5.5 million civil fine over the alleged violations that occurred between September 2002 and October 2004.

Jefferies neither admitted nor denied wrongdoing.

It was the first case brought in a two-year investigation by the SEC and the NASD into whether about two dozen brokerage firms illegally provided golf outings, Super Bowl tickets and other gifts to traders at mutual fund advisers to get them to bring their business to the firms. The practice is said to be widespread in the brokerage industry.

NASD rules prohibit such gifts worth more than $100. Additionally, mutual fund advisers are required to disclose potential conflicts of interest.

Fidelity Investments, the Boston-based fund giant, has said it could face action from the SEC in an investigation into whether its traders sent company business to brokerage firms that offered gifts and gratuities, rather than to firms offering the best deals on trades. More than a dozen Fidelity employees have been disciplined in connection with the investigation and at least five traders have left the firm.

Jefferies' director of equities, Scott Jones, accused by the regulators of failing to adequately supervise Kevin Quinn, a former trader and senior vice president, agreed to pay a $50,000 civil fine and was barred for three months from working as a supervisor for any brokerage firm.

The firm hired Quinn in May 2002 to expand its business with the Fidelity funds, giving him a $1.5 million annual travel and entertainment budget, the regulators said.

Quinn allegedly showered the fund traders with expensive golf outings, flew them on private jets to such locations as Bermuda and Puerto Rico, put them up at swank hotels and gave them golf merchandise and tickets to major sporting events -- including the Super Bowl and the Wimbledon tennis tournament.

Quinn agreed to pay a $468,000 civil fine; he was barred from working for any brokerage firm.

Fidelity spokeswoman Anne Crowley declined to comment on the Jefferies settlements.

Bruce Baird, an attorney for Jefferies, said the firm "cooperated completely" with the regulators' investigation. "Jefferies is glad to have all this behind it," he said.

SEC In Crackdown On Wall St Lavish Gifts (FT)

By Brooke Masters In New York And Rebecca Knight In Boston

Financial Times, December 5, 2006

US regulators moved on Monday to crack down on brokers who lavish gifts on mutual fund traders as they slapped $9.7m in penalties on Jefferies & Co, the New York securities firm, for currying favour with Fidelity traders.

The Securities and Exchange Commission and the industry regulator NASD said Jefferies, a middle-sized investment bank, hired Kevin Quinn as an executive vice-president in 2002 and gave him a $1.5m annual travel and entertainment budget to boost their institutional business.

He used the money to court five Fidelity traders, paying for private flights to Turks and Caicos, Bermuda and Puerto Rico, as well as vintage wines, golf outings, and trips to Wimbledon and the US Open tennis tournament.

He also paid $75,000 towards a lavish Miami bachelor party for a Fidelity trader. “Investors deserve and the integrity of the market requires that traders select brokers based on the quality of their trade execution and not the lavishness of their gifts,” said Walter Ricciardi, the SEC’s deputy enforcement director.

The regulators said the case was part of a broader effort to tighten policies that have let brokers funnel thousands of dollars in gifts and entertainment to institutional traders.

The NASD, which unearthed the problem, also issued a report urging firms to track entertainment and gifts more closely.

“We looked at 40 different firms that did institutional business and there was an industry- wide failure to track entertainment and gifts,” said James Schorris, head of enforcement at the NASD.

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The firms routinely violated the NASD's gift policy at the time, which limited gifts to $100. "We didn't see any other firm that sank to the level of Jefferies but there is a lot of room for improvement," Mr Schorris said.

Mr Quinn, who lost his job in October 2004 after his spending habits came to light, has been ordered to pay $468,000 in SEC penalties and barred from the securities industry for life, his lawyer said.

His supervisor Scott Jones was fined $50,000 and suspended from serving as a supervisor for three months. Since the scandal broke, Jefferies has instituted a "no gifts" policy for its employees.

"Jefferies has revamped its procedures and it is going to make sure nothing like this ever happens again," said the firm's outside counsel Bruce Baird.

"Jeffries chose to settle, rather than to litigate," said Anne Crowley, a Fidelity spokeswoman. "This settlement is one where we played no role and had no say, this is not a settlement with Fidelity."

She said that Fidelity had conducted its own investigation and taken strong disciplinary action against those employees found to have violated company policies.

Agreement Elusive On Accounting Rule Change (WP)

By Carrie Johnson

The Washington Post, December 5, 2006

Regulators continue to revise an accounting rule criticized by business groups as overly expensive, Securities and Exchange Commission Chairman Christopher Cox said yesterday, but an agreement remains days away.

Officials at the SEC and the board that oversees the audit industry have been meeting and exchanging documents about the measure, which requires accountants to review corporate financial controls, for the better part of two weeks. The rule is the single most expensive part of the Sarbanes-Oxley law, corporate accountability legislation passed in 2002 that is designed to prevent fraud after collapses at Enron and WorldCom.

Trade groups and lawmakers have attacked the provision and called for regulators to scrap the burdensome approach. At the same time, consumer advocates warn that establishing different standards for thousands of small and mid-size businesses would effectively gut the measure and make financial reports less reliable for investors.

The trick is to make complying with the rule less expensive, particularly for smaller companies with fewer resources. Coming to agreement on the mechanics, including forcing accountants to rely on the judgment of corporate managers, and to focus on the most important issues in the financial statements, has been a difficult task. The debate broke into public view two weeks ago after a memo from Cox was leaked to the press.

At a public meeting yesterday, Cox said he was "confident" a pact could be reached soon that would both "improve the reliability of public company financial statements and better protect investors." The SEC is to meet Dec. 13 to issue a new proposal. Mark Olson, chairman of the Public Company Accounting Oversight Board, said last week that his panel would meet to issue its own guidance sometime before Christmas.

Separately, the SEC's five commissioners unanimously approved the accounting board's $136.4 million budget, an increase of about 4 percent over 2006. Olson said the budget would allow him to hire more inspectors and enforcement officials to police the work of more than 1,600 firms that are registered with the board.

SEC officials are to testify today at a Senate Judiciary Committee hearing on how the agency enforces insider trading rules against hedge funds. Among the witnesses will be a former SEC lawyer who claims he was fired for seeking to depose a top investment banker. The agency has argued his allegations lack merit.

CRIMINAL LAW:

Feds Charge Alzheimer's Researcher (AP)

By Rita Beamish, The Associated Press

AP, December 5, 2006

(AP) — In a rare federal prosecution, a leading government Alzheimer's researcher was charged Monday with a criminal conflict of interest for performing lucrative private drug company work that overlapped his official duties.

Prosecutors alleged Dr. Trey Sunderland of the National Institutes of Health received $285,000 in improper consulting fees and travel expenses from Pfizer, Inc., for work on early indicators of Alzheimer's at the same time he also oversaw similar NIH business with the drugmaker.

The private consulting "directly related" to his government job, and Sunderland failed to obtain the proper approvals from his supervisors or disclose the work to NIH, according to papers filed in U.S. District Court in Baltimore.

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The felony charge carries a maximum sentence of one year in prison and a $100,000 fine. Prosecutors filed the charge as a criminal information, instead of indictment, signaling the possibility of a plea deal.

Sunderland did not return a call to his office Monday seeking comment. His attorney, Robert Muse, declined comment.

The prosecution is believed to be the first such case against a federal scientist since the early 1990s.

It stemmed from a two-year ethics controversy at NIH that prompted the nation's premier medical agency to issue new rules on consulting and end such relationships that enrich its scientists.

Scientists recently told NIH that the new rules are so strict that many are considering leaving the agency.

NIH had identified at least 44 government researchers who improperly made money moonlighting for biotechnology and drug companies. Most were given written or verbal reprimands or were permitted to retire.

But Sunderland drew the attention of federal prosecutors and the ire of Congress when House investigators revealed his private financial deal and the fact that he transferred hundreds of tubes of valuable NIH tissue samples to Pfizer around the time of his consulting work.

Sunderland, 55, who heads a geriatric psychiatry branch at NIH's National Institute of Mental Health in Bethesda, Md., is to appear Friday for arraignment.

Sunderland refused to testify before Congress last June, citing his Fifth Amendment right against self-incrimination.

Members of the House Energy and Commerce Committee which launched the probe called Monday for Sunderland's dismissal. Otherwise, Rep. Bart Stupak, D-Mich., said in a statement, "We can only conclude that no one is being held accountable, the system is broken and the public trust has been violated."

Rep. John Dingell, D-Mich., complained Sunderland had been kept on even after Department of Health and Human Services agencies found wrongdoing in their own internal investigations.

"Will a criminal conviction for conflict of interest be enough to get someone fired from NIH?" he asked.

Prosecutors alleged in Monday's court filing that during his five-year private deal with Pfizer, Sunderland "did participate personally and substantially as a government employee and officer ... in a particular matter in which, to the defendant's knowledge, he had a financial interest."

The conflict began in 1998 when Sunderland was making arrangements for NIH to work with Pfizer on an Alzheimer's project. At the same time, he began negotiations to be a paid consultant on the same project, prosecutors allege. Government scientists are not allowed to take money for their official collaborations with private companies.

NIH spokesman John Burklow declined comment.

Ned Feder, a former NIH scientist now with the non-profit watchdog group Project on Government Oversight, said "in this and similar cases NIH authorities have made it habit of covering up or minimizing wrongdoing. They are still hiding the details of other scientists' conflicts of interest over the past 10 years."

Experts said the last prosecution of a senior NIH scientist was that of Prem Sarin, who was convicted in 1992 of embezzling a drug company payment to NIH that was intended to help with AIDS research.

My Boss Stole My Identity! (FORTUNE)

By Stephanie Mehta, Fortune senior writer

Fortune, December 5, 2006

I.D. theft in the workplace is becoming more common, but workers are still forced to trust their employers with sensitive information, says Fortune's Stephanie Mehta.

Anyone who works in an office - or watches "The Office" - knows how torturous cubicle life can be: unflattering fluorescent lights, insecure supervisors and clueless co-workers can all take their toll. Now, it seems, there's a new indignity: bosses who steal their employees' identities.

Terrence D. Chalk, a well-known White Plains, N.Y., entrepreneur, may have done just that. The Justice Department says Chalk, CEO of a computer services company called CompuLinx, applied for loans and credit cards using the names of employees or clients, falsely claiming they were officers of his firm.

Charges include conspiracy and credit card fraud, and if he's convicted, he faces up to 165 years in prison. Chalk, who was quoted frequently in computer industry trade publications and served on local charity boards, has made other enemies too.

4 scams: How to avoid them

Once his case became public, assorted associates came out of the woodwork, claiming the entrepreneur owed them money. And a former business partner told the local paper that Chalk used his deceased father's personal information to get a loan. Chalk's lawyer didn't return calls.

ID-stealing bosses are the exception, but they are out there, says Linda Foley, executive director of the Identity Theft Resource Center, a leading nonprofit that provides information and support for fraud victims.

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In fact, Foley started the center in 1999 after her boss used information on Foley's tax forms to apply for credit cards and a cell phone. And earlier this year a judge in upstate New York sentenced a computer entrepreneur to seven years in jail for tax fraud and stealing the IDs of employees and friends.

"It is very hard when an employer or co-worker does this to you, because you somehow feel you are safe in the workplace," says Foley.

Yet the office is fertile territory for a would-be identity thief: Workers constantly leave personal information lying around on their desks or office fax machines. People place wallets and bags - containing Social Security cards, checks and other information thieves use to commit fraud - in the same place every day, making them easy pickings.

But even if you're extra cautious in the workplace, you're still no match for a boss who wants to steal your identity. After all, there's one institution you really can't hide a Social Security number from: your employer.

Feds Win Milberg Discovery Battle (LAW)

By Justin Scheck, The Recorder

California Recorder, December 5, 2006

L.A. federal prosecutors have won a behind-the-scenes discovery fight in the undying probe of plaintiffs firm Milberg Weiss Bershad & Schulman.

In a sealed ruling issued the day before Thanksgiving, U.S. District Judge A. Howard Matz ordered the production of reams of discovery that prosecutors had sought from various plaintiffs firms, according to lawyers familiar with the case.

Attorneys for Milberg -- which was indicted in May, as were two of its name partners, on charges of paying kickbacks to clients -- had argued that the material was covered by work-product privilege.

The documents relate largely to payment agreements with other firms for John Torkelsen, a former expert witness for the plaintiff goliath, said the attorneys.

Torkelsen has been the subject of intense interest as the prosecutors continue efforts to indict Milberg's former star partner William Lerach, who now heads the top plaintiff shop Lerach Coughlin Stoia Geller Rudman & Robbins.

The May indictment of Milberg accused that firm of giving fees to outside lawyers who in turn paid lead plaintiffs in class actions, constituting illegal kickbacks.

But the ongoing investigation looks beyond those charges at other transactions. Aside from the Torkelsen payments, prosecutors have spent years looking at referral fees Milberg allegedly paid to other lawyers -- and possibly stockbrokers -- in exchange for bringing them lead plaintiffs.

STOCK SUSPECTS

The stockbroker probes involve a group from Florida and brokers at the New York investment firm First Albany, said attorneys with knowledge of the case. A spokeswoman for First Albany didn't return calls.

Lawyers said the prosecutors are interested in whether Milberg paid brokers for referring investors to serve as lead plaintiffs in shareholder suits.

While such payments were made explicitly illegal by a 1995 federal law, it's not clear whether they were allowed in earlier years. That legal gray area, the lawyers said, muddles whether brokers could be forced to cooperate.

Last year, a Long Island, N.Y., broker -- and former Milberg partner -- Paul Tullman, pleaded guilty to tax charges and -- according to the Wall Street Journal -- is cooperating in the L.A. case.

SQUEEZING TORKELSEN

Torkelsen became central to the investigation some time after it was launched in 1999 by a former firm client who -- in trying to dodge a long prison sentence for insurance fraud -- told prosecutors he got kickbacks while serving as a persuasive expert witness who helped set the value of many Milberg class actions.

After leaving the expert business, Torkelsen started an investment fund -- largely with cash from plaintiffs lawyers -- that led to his downfall: He pleaded guilty last year to bilking the Small Business Administration of about $5 million invested in his fund. Torkelsen's ex-wife, Pamela, is cooperating with prosecutors, testifying in the Milberg case while her ex-husband resists pressure to flip, said lawyers familiar with the probe. Torkelsen is serving a prison sentence of more than five years.

L.A. federal prosecutors moved Torkelsen to a downtown Los Angeles detention center months ago to get a handwriting sample and have kept him there.

Lawyers familiar with the case -- speaking on condition of anonymity due to the confidential nature of the proceedings -- said Matz's discovery order could provide detailed information on pay arrangements among Milberg, the expert and various plaintiffs firms. That could lead to more pressure on Torkelsen: the threat of another criminal indictment.

Torkelsen's attorneys with the L.A. federal public defender's office didn't return calls by press time, nor did lawyers for the two indicted Milberg partners, David Bershad and Steven Schulman.

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And Bryan Daly, a partner at Beck, De Corso, Daly, Kreindler & Harris in Los Angeles who represents the firm, said he couldn't comment on discovery issues. So did Thom Mrozek, a spokesman for the L.A. U.S. Attorney's Office.

13 MONTHS TO GO

While the investigation continues, defense lawyers for the firm, its partners and two Southern California lawyers indicted last year for alleged involvement with referral fees are preparing for trial.

At a hearing last week, U.S. District Judge John Walter chose Jan. 8, 2008, to start the Milberg trial. And while speculation is still rampant about whether Lerach and lead Milberg partner Melvyn Weiss will face charges, Daly, the L.A.-based Milberg lawyer, said his focus now has to be on the pending case. "The trial schedule is something we're going to work very hard to meet," he said.

U.S. Navy Submariner Pleads Guilty To Trying To Transmit Classified Data (FINDLAW/AP)

By Sonja Barisic, Associated Press Writer

AP, December 5, 2006

(AP) - NORFOLK, Virginia-A sailor accused of stealing a U.S.Navy laptop and peddling its classified contents to an undisclosed foreign government pleaded guilty to espionage, desertion and other charges.

If convicted, Petty Officer 3rd Class Ariel J. Weinmann, 22, of Salem, Oregon, could face a sentence of life in prison without parole, a dishonorable discharge from the Navy and forfeiture of all pay.

Under the plea agreement Monday, Weinmann pleaded guilty to one count each of espionage, desertion, failing to properly safeguard and store classified information, electronically copying classified information, communicating classified information to a person not entitled to receive it, and stealing and destroying a government computer.

Weinmann pleaded guilty to trying to transmit classified information related to national defense to a representative of a foreign government on Oct. 19, 2005, while he was in or near Vienna, Austria.

He pleaded not guilty to two additional espionage counts, one accusing him of giving classified information to an agent of a foreign government in March 2005 in Bahrain and another accusing him of trying to deliver confidential information on March 19, 2006, in Mexico City.

Weinmann told the judge that he deserted the Navy in July 2005 because the service did not meet his expectations.

"I had a very idealized view, basically what amounted to a World War II Navy," Weinmann told the judge.

Court adjourned Monday with the judge yet to accept the plea. Attorneys need to iron out details in the agreement regarding Weinmann's cooperation with investigators after trial.

Weinmann, a fire control technician, had been stationed on the Connecticut-based submarine USS Albuquerque.

He said he did not report for duty aboard his submarine on July 3, 2005. He moved to Austria and never planned to come back to the United States, but changed his mind and was arrested in March at Dallas-Fort Worth International Airport.

Weinmann told the judge he believed his actions could hurt national security.

"I believe if it fell into the wrong hand, sir, the information could be detrimental to the United States," Weinmann said.

He said he made copies of classified material on a laptop computer, which he took with him to Austria. He said that he printed one document and copied other information onto CDs and that he had unclassified, classified and secret information sitting on a table in his apartment in Austria.

The military has not said what it believes Weinmann might have sought in exchange for the information.

Weinmann's most recent duty station was at the Submarine Support Squadron, based in Norfolk.

Former U.S. Attorney Who Prosecuted Rickey Peete Speaks To Eyewitness News (WOTY)

WPTY-TV, December 5, 2006

A former U.S. Attorney talks to Eyewitness News about corruption charges against a Memphis City Council Member.

On Thursday, November 30, 2006, city council members Rickey Peete and Edmund Ford were charged for taking a bribes in exchange for their votes on a zoning issue. It is the same crime Rickey Peete was convicted of in 1989. Hickman Ewing was the U.S. Attorney who prosecuted the case.

The year was 1989. Hickman Ewing was the U.S. Attorney for West Tennessee. One day he received a call from his friend, a real estate developer. Ewing said, “In this case they called, and they said this guy's trying to shake us down.”

It was the beginning of Ewing's case against city councilman Rickey Peete. He said, “They would go down and talk to each councilman and try to lobby them to vote for them, and Rickey basically says I’m the one that can get this through, I can get this through for you, and I need money now and money later.

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Ewing said the developers said no, and called him. They agreed to help Ewing get evidence that Rickey Peete was looking for a bribe. Ewing said, "The third partner, Hank Hill, called Rickey and said, 'Hey look, I know what you told my other partner, I'm a little different situation, we may be interested in this, so come on down.' Of course he's wearing a recorder at city hall."

Ewing said the two agreed to meet later that day at a restaurant to exchange the money. "Literally, Rickey says 'hand it under the table', and the guy hands him a sack full of bills under the table. The FBI is sitting at the next table watching," said Ewing. "He was two payments behind on his Mercedes, like $350, he goes and pays one that afternoon and says I'll give you the next payment whatever the date was of the vote. He says I'll give you that money then, that's pretty good evidence."

Ewing said Rickey Peete was by no means the first public official he went after during his time in the federal building. He said, "We probably prosecuted 100 public officials before 1989."

But hearing that Rickey Peete is now accused of the exact same crime was a different story, "It's sad, especially if it happens again, in somewhat the same way."

Ewing said he is glad the U.S. Attorney's office is continuing it's crusade against public corruption. He said, "I think prosecuting one public official is worth a lot more than prosecuting ten bank robbers. Who's more dangerous to society, one crack dealer who's 19 years-old who's got a habit, or the public official? I'd say the public official."

We tried to contact both Rickey Peete and his lawyer on Monday, December 04, 2006 for a comment on this story. Neither of them returned my calls.

On Friday, December 1, 2006, Rickey Peete resigned his position as chairman of the Center City Commission Board of Directors, but he is still a voting board member. On Tuesday, December 5, 2006, some city council members say they will call for Peete and Edmund Ford to resign from the council.

Not Guilty Plea In Hollywood Wiretapping (MH)

The Miami Herald, December 5, 2006

LOS ANGELES - A former phone company employee pleaded not guilty Monday to charges of lying to FBI agents and a federal grand injury investigating wiretapping allegations against Hollywood private investigator Anthony Pellicano.

Joann Wiggan is to stand trial Jan. 9 in U.S. District Court.

Wiggan, 52, is charged with lying to investigators, grand jurors and during a previous trial about her contact with former co-worker Ray Turner. If convicted, she faces a maximum of 15 years in prison.

Prosecutors say Wiggan was one of three SBC employees who supplied Turner with information from confidential phone company databases he used to help Pellicano illegally tap the phones of several Hollywood figures.

Turner and Pellicano have pleaded not guilty to charges in a separate indictment.

Wiggan was acquitted in September of four perjury charges but jurors deadlocked on a fifth. During the trial, she said her conversations with Turner had nothing to do with accessing private phone records for Pellicano.

Prosecutors countered by showing jurors pages of phone calls - more than 1,000 - from Wiggan between 1998 and 2002 that they say prove she lied about her contact with Turner.

In the new indictment, prosecutors allege Wiggan and Turner called each other at least 35 times during a time when Wiggan claimed they hadn't spoken.

Prosecutors also allege Wiggan denied retrieving voice mail messages from an account they say she accessed on "hundreds of occasions" between 1998 and 2004. Jurors deadlocked on that charge during her trial.

Prosecutors contend Pellicano illegally wiretapped the phones of such people as actors Sylvester Stallone and Keith Carradine and bribed police officers to run the names of more than 60 people, including comedians Garry Shandling and Kevin Nealon, through government databases. According to court documents, the information gathered was used to get dirt for threats, blackmail and in some cases to secure a tactical advantage in litigation.

Fourteen people have been charged in the case, with six pleading guilty to various crimes. Pellicano has pleaded not guilty to racketeering and wiretapping and is set for trial in August.

Alleged Mafia Underboss Is Freed On Bail (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, December 5, 2006

He faces charges of extortion and illegal gaming

SALEM -- Reputed New England Mafia underboss Carmen "The Big Cheese" DiNunzio looked uncomfortable yesterday as he shuffled into court in leg irons. He didn't speak, as his lawyer entered not guilty pleas on his behalf to charges of illegal gambling and extortion.

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"He's unused to the attention he's getting," said Boston lawyer Anthony M. Cardinale, who represents DiNunzio, 49, of East Boston. The man described by law enforcement officials as a low-key underworld leader was freed on bail after posting $20,000 cash.

"It's not the strongest of cases, but anything in superior court is always serious," said Cardinale, who has previously represented a who's who of mobsters, including former New England mob boss Francis "Cadillac Frank" Salemme and former underboss Gennaro "Jerry" Angiulo.

Cardinale said the indictment returned by an Essex County grand jury on Friday alleges crimes that occurred in 2001 and was brought just as the statute of limitations was about to expire.

"I think it's to our benefit that they waited this long" to bring the case, Cardinale said.

DiNunzio is charged with extortion, maintaining or organizing an illegal gaming operation, and conspiracy in maintaining or organizing a gaming operation.

According to law enforcement officials, DiNunzio rose to be second in command of all New England mobsters about 2002, after winning the favor of New England godfather Luigi "Baby Shanks" Manocchio of Providence.

Cardinale said his client vehemently denies allegations that he is the number two man in the New England mob and controls all Mafia activities in the Boston area.

First Assistant Essex District Attorney John T. Dawley said he was seeking a high cash bail for DiNunzio because "this case involves violence."

"It also involves witnesses who remain on the street," Dawley said.

He added that DiNunzio has a 1993 federal conviction for extortion.

In that case, DiNunzio admitted shaking down a Las Vegas gambler for $27,000 and was sentenced to four years in prison.

The indictment alleges that DiNunzio conspired to run an illegal gambling operation between September and December 2001 with four men, Joseph Settipane, Thomas Verona, James Candelino, and Gregory Costa.

All four men were bookmakers, according to law enforcement officials.

Settipane died after the Massachusetts State Police Special Service Section launched the 2001 probe, using wiretaps and hidden bugs to secretly record conversations.

Verona, Candelino, and Costa were indicted in December 2002 on illegal gambling charges in allegedly running a sports betting operation.

At the time, an Essex prosecutor described the trio as midlevel agents in a gambling network tied to organized crime. All three were convicted and sentenced to probation.

In March, Varone was among 24 men indicted on state gaming charges, according to a spokesman for Essex District Attorney Jonathan W. Blodgett. That case is still pending.

The investigation that led to DiNunzio's indictment also led to the indictment last February of reputed mob soldier William Angelesco on gambling and conspiracy charges.

DiNunzio, who owns the Fresh Cheese shop in the North End and Carmen's Kitchen restaurant in East Boston, declined to comment before leaving in a silver Isuzu.

Ansonia Man Competent For Murder-for-hire Trial (NHREG)

By Phil Helsel, Register Staff

New Haven Register, December 5, 2006

-ANSONIA — The local man who police say conspired with his mother in a low-rent "murder for hire" scheme was ruled competent to stand trial and entered not guilty pleas Monday.

Nicholas Scott Taylor, 20, is charged, along with his mother, Kathryn Smith, 48, of conspiring in a plot to kill Smith's boyfriend for what they believed would result in a $100,000 insurance policy payout earlier this year.

Monday, a judge ruled that Scott is competent to stand trial and the case was continued until Jan. 9.

Taylor, of Nichols Street, and his mother allegedly offered an undercover FBI informant a used stereo and up to $150 cash to kill Smith's longtime boyfriend, according to an arrest warrant affidavit. The offer was just $50 and a used stereo, and possibly another $100 after they cashed in some methadone, to carry out the killing, police said.

Smith and Taylor are each being held in lieu of $250,000 bail and are charged with one count each of conspiracy to commit murder, criminal attempt to commit murder and inciting injury to persons. Smith already has pleaded innocent to the charges.

According to police, Smith and Taylor tried to hire an acquaintance of theirs to carry out the murder, but he went to Shelton police instead.

Ansonia police and the FBI then began an undercover investigation that led to the pair's arrest Aug. 29.

Taylor allegedly told undercover officers during an arranged meeting that his mother's boyfriend was "getting really annoying to us."

He allegedly provided the undercover officer the man's work schedule, including days off, and said "the area around the ferry" would be a good place to discard a weapon.

Both allegedly told the agent they would not feel guilty if the plan were carried out, according to the affidavit.

Phil Helsel can be reached at 876-3028 or at phelsel@nhregister.com .

Woman Charged In '78 Slaying (SEATIMES)

By Steve Miletich And Jim Brunner, Seattle Times staff reporters

Seattle Times, December 5, 2006

Prosecutors charged a Pierce County woman Monday with first-degree murder in the 1978 killing of an auto mechanic who allegedly was lured to his death as part of a contract killing.

Karen L. Martin, 51, was arrested Friday by a FBI/local law-enforcement task force investigating old unsolved homicides. Her name surfaced as investigators combed past cases related to organized crime and Seattle strip clubs.

In court documents filed with the murder charge, King County Detective Scott Tompkins said Martin told him in July that her then-husband informed her they would be paid $10,000 to kill the victim, Leroy Grant, 36.

Martin said her husband was involved with prostitution and organized crime, Tompkins wrote in the charging documents. Her husband was in prison at the time.

On Jan. 22, 1978, Martin lured Grant to a site in Maple Valley on the premise that she wanted him to restore a Corvette for her, and then she killed him, according to the documents. His body was found four days later, shot at close range in the head and chest with a .22-caliber pistol.

A year after the killing, Martin and her attorney went to federal prosecutors, saying she had information on contract killings linked to a Seattle-based crime organization.

She was offered immunity from federal prosecution before she acknowledged she killed Grant, according to the charging papers. Grant was killed because he had obtained money "he was not supposed to have gotten," Martin allegedly told prosecutors.

Federal prosecutors didn't inform King County prosecutors about Martin's admissions, and Grant's slaying went unsolved.

The immunity offer was never formally executed and is not binding on state prosecutors, according to Tompkins' court filing.

When Tompkins contacted Martin in July, she at first denied killing Grant, the filing said. But Tompkins suggested investigators had found her DNA at the scene, and then she "confessed to committing the murder."

Martin provided details of the crime, including that she used a .22-caliber revolver and took Grant's wallet to make it look like a robbery, Tompkins wrote.

Martin's arrest was the third in the past year by the task force, which was formed after the 2003 "Strippergate" scandal in Seattle. The scandal involved the alleged funneling of illegal contributions to three Seattle City Council members by associates of Frank Colacurcio Sr. and his son, Frank Colacurcio Jr., the operator of Rick's strip club on Lake City Way Northeast.

In the wake of that scandal, investigators decided to focus on the Colacurcios' business operations, as well as old homicides possibly related to the strip-club industry.

When Martin approached federal prosecutors in 1979, she did so out of fear that her husband was trying to blame her for the killing, according to court documents. She sought immunity in exchange for the information.

At the time prosecutors were investigating Colacurcio Sr. and later convicted him of tax evasion.

Colacurcio Sr. has not been implicated in Grant's killing or in connection with the other two arrests, made in two separate 1975 killings at a Seattle-area strip club and at a Yakima restaurant. Colacurcio Jr. was in his teens at the time.

Martin is being held on $500,000 bail and is scheduled to enter a plea Dec. 14.

Producer Gets Short Sentence In TV Scam (LAT)

By Christine Hanley And Greg Krikorian, Times Staff Writers

The Los Angeles Times, December 5, 2006

After bilking millions from scores of investors, Joseph Medawar gets a term of a year and a day.

In a ruling that surprised attorneys and outraged investors, a federal judge Monday sentenced onetime Hollywood producer Joseph Medawar to a year and a day in prison for swindling scores of people out of millions of dollars to develop a bogus television show about the U.S. Department of Homeland Security.

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Minutes after Medawar apologized to the people he defrauded, U.S. District Judge Manuel L. Real sentenced the 45-year-old con man to a prison term far shorter than the 33 months his attorney had requested, or the 57 months sought by the government. Medawar also was sentenced to nine months' home detention after his prison sentence ends and 3,000 hours of community service, and he was ordered to pay at least $2.6 million in restitution.

Showing no emotion, Medawar left the courtroom without comment. He was ordered to surrender Jan. 22 to begin his prison term. His attorney, Jeffrey Rutherford, later issued a prepared statement.

"Joseph Medawar accepts his sentence," the statement read. "He is extremely remorseful and repentant. He is sorry for the harm that he has caused and he accepts full responsibility for his conduct. He thanks his family and friends for their support. He vows to repay each of the victim-investors. He also vows to continue to help the government in its investigation of others."

Acknowledging disappointment, Assistant U.S. Atty. Christine Ewell told reporters outside court that authorities would review Real's sentence to see if there are any grounds for appeal.

Ewell also was apologetic when questioned by many investors about whether and when they might get reimbursed.

"We're doing our best. We're sorry," she told one woman. "Our goal is to get as much as we can back to you."

Real, 82, has been a lightning rod for criticism, with a reputation for a peremptory and even cantankerous temperament on the bench. Most recently, he was the subject of a congressional subcommittee hearing considering possible impeachment over his decision to seize a bankruptcy case from another judge.

After the sentence, investor Manuel Lozano did not hide his disappointment.

"I was looking for justice," he said. "I was expecting more."

In May, about three years after he first began promoting his idea for a Homeland Security series, Medawar admitted to authorities that the show was a financial scam and pleaded guilty to conspiracy to commit mail fraud and income tax evasion.

By then, according to the FBI, the IRS and the U.S. attorney's office, Medawar and others had defrauded at least 70 investors — many from local churches — out of millions of dollars.

The money poured into his company, Steeple Productions, was spent on luxury cars, shopping sprees, jewelry, posh dinners and $40,000-a-month rent on a Beverly Hills mansion for the show's purported lead actress, Alison Heruth-Waterbury.

Heruth-Waterbury previously pleaded guilty in the case and was sentenced to five years' probation and 2,500 hours of community service and ordered to pay restitution. Jeffrey Rosenberg, former chief financial officer of Medawar's company, was sentenced to 10 months in federal prison for lying to agents about the fraud.

Medawar also persuaded two prominent Orange County Republicans, U.S. Rep. Dana Rohrabacher and former congressman and current Securities and Exchange Commission Chairman Christopher Cox, as well as House Homeland Security Committee staffers, to provide advice on how to make the show more realistic.

Medawar also was accused of using money laundered through the scheme to pay Rohrabacher (R-Huntington Beach) $23,000 for an option on a 30-year-old screenplay by Rohrabacher. The congressman has said he thought Medawar's proposed TV show would bring positive attention to the nation's homeland security efforts and denied that he provided Medawar any special attention in return for the producer's purchasing Rohrabacher's script or contributing to his political campaign.

In May, when Medawar pleaded guilty, Rohrabacher said he would return the screenplay option payment.

At Monday's hearing, the courtroom was packed with Medawar's relatives and victims.

Carmen Wood, 71, of Southgate, who invested $10,000 from her family trust, talked about how she blindly put her faith in Medawar and his idea the day she met him at a Whittier church, and how disappointed she was that someone would misuse Christianity to target innocent people for financial gain.

"I am asking that justice be served here for me and these people here who lost money," she said, later turning to look straight at Medawar and saying. "May God be your judge."

Lozano, who lost $120,000, told the story of another investor who could not be in court Tuesday. The man, suffering from lung cancer, had scraped up $1,000 to give Medawar, banking on the hope that once the production company went public, as promised, it would bring the payday he needed for a special medical procedure that could have saved his life. "His illness got the best of him," Lozano said of the man, who died "waiting for the money."

Minutes before Real's ruling, prosecutor Ewell urged the judge to sentence Medawar to no less than the nearly six years recommended by the government. She also dismissed the arguments of Medawar's family and friends that he is a good man who has always been generous to them.

"It's simple to be generous," Ewell scoffed, "when you are using other people's money."

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Producer Gets 1-year Prison Sentence In Phony TV Series Scheme (MERCN)

The San Jose Mercury News, December 5, 2006

LOS ANGELES - A man was sentenced to a year in prison Monday for bilking investors out of millions of dollars by fraudulently claiming to be producing a government-backed television show about the U.S. Department of Homeland Security.

The sentence given to Joseph Medawar, 44, by a federal judge was a fraction of what prosecutors had sought.

U.S. District Judge Manuel Real said he wanted Medawar free after a year to earn $3.46 million in restitution to investors, many of whom Medawar met in church. The judge also sentenced Medawar to 3,000 hours of community service.

Medawar pleaded guilty in May to tax evasion and conspiracy to commit mail and wire fraud, admitting fleecing about 50 people of millions of dollars.

Assistant U.S. Attorney Christine Ewell said outside court that she had sought a 57-month sentence and was disappointed by the judge's leniency.

Prosecutors said Medawar's lies included telling investors that President Bush endorsed the series and that the real Department of Homeland Security approved use of its name and seal for the TV show.

As part of the scheme, federal prosecutors said, he falsely claimed 26 episodes of "DHS" were in post-production and that the company had distribution deals with 137 overseas markets. Investigators found only one episode had been shot, and only after Medawar became aware of the federal probe.

One would-be investor, Manuel Lozano, told the judge Monday that Medawar left many "individuals financially crushed by the side of the road." Lozano said he had been fooled into investing $120,000 in the series - money that included life insurance he collected when his wife died.

Lozano also expressed disappointment outside the court, saying "justice and the legal system don't necessarily coexist."

Jeffrey Rosenberg, 58, a financial officer who failed to report the scheme, was sentenced to five years probation and 2,000 hours of community service in September. He also was ordered to pay $1.5 million in restitution to the victims of the investment scam.

Alison Heruth, who claimed to be the lead actress in "DHS," also pleaded guilty in the case and was given probation.

Murder Convict In FEMA Fraud Trial (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), December 4, 2006

Governor Reiss Sr. committed murder as a teenager, spent part of his adulthood on the run after an escape from prison and then became a preacher.

Now in his 50s, the Mobile native finds himself once again in trouble with the law.

Reiss, 54, will go on trial later this month on charges that he defrauded the federal government following Hurricane Katrina, the first such case to go to trial in Mobile's federal court. Jury selection is slated for today.

It marks yet another bizarre turn in a life filled with twists that has taken Reiss from Mobile County to prison to Louisiana to prison again.

Reiss' colorful history notwithstanding, defense attorney Willie Huntley said his client is innocent of the current allegations. He attributed the fraud charges to confusion on the part of the Federal Emergency Management Agency, which he contends filed his application under the wrong category.

"All he did was make a call and say, 'I need some help' just like thousands of people along the Gulf Coast," Huntley said in a recent interview.

Reiss pleaded not guilty last week to the latest charges, the third set of allegations brought in the case. Prosecutors accuse him of filing fraudulent claims with FEMA for housing assistance totaling more than $12,000.

A guilty plea hearing had been set for August, but Reiss said he wanted a trial. Then a federal grand jury added more charges in September. The trial was supposed to be held in October, but a judge postponed it until this month because a key prosecution witness was unavailable at the time.

A week before jury selection, the grand jury came back with more charges.

If the trial goes off as scheduled on Dec. 18, it will not be the first time Reiss will have sweated out the deliberations of 12 jurors. Records from the Alabama Department of Corrections show that Reiss was sentenced in January 1970 for second-degree murder in the shooting death of a teenager at a Prichard club the previous year.

He served four years in prison before escaping from Draper Correctional Institution in September 1974, said corrections spokesman Brian Corbett.

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"I didn't stay because I was wrongly accused, and the only way I could prove that was to live it," Reiss said in an interview last week.

Louisiana authorities arrested Reiss 10 years later, Corbett said. According to a news account at the time, Reiss had become a minister and asked for permission to preach to inmates at the Louisiana State Police barracks in Baton Rouge.

Louisiana officials conducted a routine background check and discovered that Reiss had two arrests on his record -- the murder charge and a second one for assault with intent to murder, according to the 1984 newspaper article. The story said police inquired further and discovered Reiss had escaped from the Alabama prison.

Mike Edmonson, a Louisiana state trooper, said at the time that authorities called up Reiss and told him his request to preach had been granted. When he arrived, police arrested him and took him to the East Baton Rouge Parish jail.

"The guy was extremely surprised. It was a shock to him, but he knew what he'd done in the past, so I don't think he was completely surprised," the newspaper quoted Edmonson as saying.

Reiss said that it was not the first time he had been arrested. He said he was arrested in Louisiana 1976, and three other times on the escape charge, but that Louisiana refused to turn him over to Alabama authorities out of concern over the validity of the murder conviction.

Corbett said records indicate Reiss returned to Alabama in 1991, seven years after the 1984 arrest in Louisiana. He said the Alabama Board of Pardons and Paroles granted Reiss a parole in 1991. Reiss said he came back voluntarily.

Reiss was 17 when the original crime for which he was convicted took place. According to a newspaper account, Reiss shot Ronnie Hays to death during a dance inside a teen club on Whistler Avenue.

Reiss testified that he and some friends had been drinking and were angered when they were told to leave. He said he went to his grandmother's house, got a shotgun and shells and returned to fire several shots through the window.

Hays, a standout high school athlete, was killed and 12 others were wounded.

Defense lawyers argued at trial that Hays could have been killed by his own father, who had fired a pistol during the confusion, according to the newspaper article.

Charges involves FEMA

Reiss said he became a born-again Christian in 1978, and later became a minister. He said he founded three different churches, retiring as a full-time preacher in 2001 because of high blood pressure.

Now, he is one of thousands of people across the country who authorities contend took advantage of FEMA's decision to hand out cash on little more than the word of the applicants following the Aug. 29, 2005, hurricane. More than a dozen people have been charged in southwest Alabama.

The latest indictment charges Reiss with making false claims against the government, making a false statement and two counts each of theft of public money, wire fraud and aggravated identity theft.

Authorities allege that Reiss lived in New Orleans at one time but was living in Mobile when the storm struck. According to the indictment, Reiss applied for assistance from the Federal Emergency Management Agency on Sept. 30, 2005, listing his name and someone else's, and using a New Orleans address where he did not live at the time of the hurricane.

Reiss allegedly obtained two payments from FEMA in 2005: $2,358 on Oct. 4 and $10,500 on Nov. 22.

Huntley said Reiss applied over the phone for aid to replace furniture, clothing and a vehicle that were destroyed when floodwaters ravaged New Orleans. Reiss said he did not use the first check to replace those belongings, as FEMA requires, but instead spent it on other things -- including helping a church member. He said he did not know about FEMA's restrictions on the aid at the time.

Reiss said the second check came as a surprise. "They sent me money that I didn't ask for. It was supposed to go to my ex-wife."

Reiss said he did not apply under his ex-wife's name, as the indictment alleges, but listed her as an occupant of the house that was damaged. He and his lawyer contend it was a mix-up that the check came to him. Huntley said Reiss, his ex-wife and son -- all of whom share the same last name -- all applied for aid.

"I believe that's what caused the complications and confusion," Huntley said.

Reiss said he deposited the money in his credit union but said he never spent it. He said he was trying to get it to his ex-wife but was not supposed to have contact with her as a result of the divorce.

The indictment accuses Reiss of falsely stating in his application that he lived in New Orleans when he actually lived in Mobile. Huntley said his client has an Alabama driver's license and had gotten a job in Mobile and moved in with relatives in the Port City several months before Katrina because his New Orleans home was about to be foreclosed on. But he continued to travel back and forth between both cities, Huntley said.

Even if Mobile was his primary residence, Huntley said, Reiss still would be eligible for FEMA assistance related to his personal property.

Under a preliminary calculation by the U.S. Probation Office, Reiss would have an incarceration range of six to 12 months and be eligible for probation. But Huntley said prosecutors have indicated to him that they plan to hold Reiss' prior criminal record against him if he's convicted -- a move the defense lawyer said he would fight on grounds that it happened too long ago to be relevant.

"Hopefully, we won't even have to get to this issue because, hopefully, a jury will find him not guilty ," he said.

Man Arrested, Tied To Assaults Near Howard (WP)

By Robert E. Pierre

The Washington Post, December 5, 2006

A teenager from Temple Hills has been arrested in connection with eight recent sexual assaults near Howard University, D.C. police said yesterday.

Women were groped in the incidents, and in two cases, the assailant brandished a knife, police said. No one was injured in the assaults, which took place late last month. During the past week, police blanketed the area where the assaults occurred with plainclothes and uniformed officers.

Yesterday, police announced the arrest of Avon Marquell Pittman, 17, of the 4700 block of Temple Hill Road. On Saturday afternoon, plainclothes officers noticed Pittman following a woman in the 200 block of T Street NW and pounced, discovering a kitchen knife and taking him into custody, police said. He was later let go, and police said the woman he had been following was so startled that she left before they could question her.

Police arrested Pittman early yesterday, after authorities developed additional leads. He was charged as an adult with assault with intent to commit first-degree sexual assault while armed. The charge applies to just one of the cases.

But "the community can feel confident" that the crimes are solved, police Cmdr. Larry McCoy declared at a news conference.

Police had offered a $10,000 reward in the case, and McCoy said it was unclear whether it would be paid. But he said tips helped police solve the cases quickly. Witnesses helped police come up with a composite drawing that was passed out to residents.

Police said the victims ranged in age from 16 to 49, though most were in their teens and 20s. Most of the crimes took place near Fifth and U streets NW, near one another and during daylight hours. Police did not offer a motive but said Pittman had friends and family in the neighborhood.

D.C. Council member Jim Graham (D-Ward 1), who represents the area, said residents have been concerned about being groped as they walked down the street. He praised the police effort, which he said included having female officers pose as private citizens.

"This shows what can happen when the police really focus their energy and make determined efforts," he said. "This is a real relief to get this guy off the street."

For Second Time, Kaine Delays Execution Of Va. Triple Killer (WP)

By Candace Rondeaux, Washington Post Staff Writer

The Washington Post, December 5, 2006

Virginia Gov. Timothy M. Kaine yesterday delayed for the second time the execution of triple killer Percy L. Walton, a move that keeps the capital murder case at the center of a growing national debate over the execution of the mentally ill.

In June, Kaine delayed Walton's scheduled execution until Friday to allow for an independent evaluation of his mental condition and competence. Based on that evaluation, Kaine (D) said yesterday that Walton's execution would be delayed 18 more months, until June 10, 2008.

"I am compelled to conclude that Walton is severely mentally impaired and meets the Supreme Court's definition of mental incompetence," Kaine said in a statement. "At the same time, it is within the realm of possibility -- though unlikely -- that Walton's mental impairment is not permanent. Accordingly, a commutation of his sentence is not appropriate at this time."

The U.S. Supreme Court ruled in 1986 that the execution of the mentally ill violates the constitutional prohibition against cruel and unusual punishment. The court said death-row inmates must be able to comprehend that they are about to be executed and why. But the high court left it up to states to define who is sane or insane.

Walton's case is one of several pending around the country that have frequently been cited as important tests of the limits of the Supreme Court's ruling in Ford v. Wainwright.

Attorneys for Walton, 28, contend that Walton is mentally ill and mentally retarded and that his condition has further deteriorated since he has been on death row. His attorneys at trial never requested a competency hearing. A competency hearing was held three years ago as part of his appeals, and experts disagreed about his mental state.

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In a rare move, less than two hours before his scheduled execution in June, Kaine asked three mental health experts to evaluate Walton to determine if he is competent to be executed. A spokesman for the governor said two of the three experts had completed reports on Walton's mental health, and one declined to review his case. The experts' conclusions will not be made public, the spokesman said.

Jennifer Givens, an attorney for Walton, said yesterday that there is little doubt that Walton is mentally ill, adding that she is pleased with the governor's decision.

"As we have predicted all along, the governor has determined that Walton's severe mental illness prevents him from understanding fully the punishment he is about to suffer and why he is to suffer it," Givens said.

The reprieve drew fire, however, from Kaine's political adversaries, who said Kaine, who twice defended death-row inmates as a private attorney, failed to deliver on his campaign promise to uphold the death penalty in Virginia. Kaine's former campaign opponent, former Republican attorney general Jerry W. Kilgore, said he was not surprised by the governor's decision.

"It's what we expected and what we said when we were on the campaign trail," Kilgore said. "It's a shame any time one person exerts his will over that of an unbiased jury and not only that, judges and appellate judges."

Virginia Attorney General Robert F. McDonnell (R) raised similar concerns in a statement yesterday, saying he "respects" Kaine's authority but thinks Walton should be executed. McDonnell said he is "concerned about the impact today's action could have on our justice system."

Since he took office, Kaine has allowed four executions to go forward.

Walton pleaded guilty in 1997 to killing Jessie and Elizabeth Kendrick, an elderly Danville couple, and his neighbor Archie Moore. Walton's current attorneys and his family maintain that he showed signs of the early onset of schizophrenia before his conviction.

Yesterday's decision marked the third time in three years that the execution of Walton, 28, has been at least temporarily halted. In 2003, a federal judge delayed Walton's execution three days to hear testimony about his mental state. This June 8, after ordering an inquiry into his mental state, Kaine said there "is more than a minimal chance that Walton no longer knows why he is to be executed or is even aware of the punishment he is about to receive."

Nicknamed "Crazy Horse" by death-row guards for his bizarre behavior, Walton often refuses to shower and rarely speaks coherently, his attorneys say. Characterized as "floridly psychotic" by a psychiatrist, Walton has said that he will go to Burger King, that he will drive a motorcycle after his execution and that he believes his death will resurrect his three victims and his late grandfather, his attorneys said.

In March, Walton's case narrowly split the U.S. Court of Appeals for the 4th Circuit, which ruled 7 to 6 that his execution could go forward, saying that questions about whether Walton understood that his "death means the end of his physical life" bordered on the "metaphysical."

Last week, a North Carolina judge issued a 60-day stay in the case of Guy T. LeGrande, a convicted killer who wore a Superman T-shirt and sent letters to a judge signed "Lucifer" when he defended himself at his murder trial.

CIVIL LAW:

Trusts Busted (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, December 5, 2006

Harry Kananian died in the year 2000 of mesothelioma -- a cancer almost always caused by asbestos. But the legacy that may survive him is the role he is posthumously playing in exposing evidence of asbestos litigation fraud.

In early 2000, the Ohio resident met with the law firm of Early, Ludwick, Sweeney & Strauss to see about collecting compensation from special trusts set up by companies to deal with asbestos liabilities. So the law firm filed a claim to one trust, saying Kananian had worked in a World War II shipyard and was exposed to insulation containing asbestos. It also filed a claim to another trust saying he had been a shipyard welder. A third claim, to another trust, said he'd unloaded asbestos off ships in Japan. And a fourth claim said that he'd worked with "tools of asbestos" before the war. Meanwhile, a second law firm, Brayton Purcell, submitted two more claims to two further trusts, with still different stories. The two firms swept up as much as $700,000 for Kananian and his estate from trusts and settlements.

In the legal trade, this is known as "double dipping" -- the process by which lawyers file claims at many different bankruptcy trusts on behalf of a single plaintiff. Each trust is told a different story about how the client got sick, and the plaintiff collects from all of them. Of course, the lawyers collect too. This practice may well have remained unexposed had not Brayton Purcell decided to cash in on Kananian one more time. It sued Lorillard Tobacco, this time claiming its client had become sick from smoking Kent

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cigarettes, whose filters contained asbestos for several years in the 1950s. That suit has now exploded on Brayton, exposing one of the asbestos bar's more lucrative cash cows.

In Cleveland, Judge Harry Hanna of the Cuyahoga County Court of Common Pleas has been asked to rule on a motion to disqualify Brayton from the suit and bar it from practicing in Ohio. The firm stands accused by Lorillard of lying to the court, defrauding asbestos trust funds and obstructing discovery. Those accusations come via a raft of internal emails and documents, most if which are referred to in the court record, that tell a story of two law firms using contradictory stories to rake in money from bankruptcy trusts, then potentially trying to cover it up. All parties are under a gag order from the judge. Last week, Brayton Purcell, amazingly, requested to withdraw itself from the case. * * *

As the tort bar piled on endless -- and often bogus -- asbestos claims in the 1990s, many defendant companies started looking for a way out. One solution was to go into bankruptcy, turn over a huge chunk of money to an asbestos "trust," and emerge from Chapter 11 clear of asbestos woes. These trusts are responsible for one of the largest wealth transfers in history, shifting billions from companies and insurers to plaintiffs lawyers and their largely healthy customers. A number of large trusts are due to come online over the next year alone, with assets of $30 billion.

Many trusts are run by the very lawyers who created them; that is, once the trust is created, the defendant company is no longer involved with claims, and the trial lawyers divvy up the money. These lawyers, because their contingency fees are based on the trust's payouts, have no incentive to ensure that applicants for compensation were actually harmed by that particular trust's product. While it is not illegal to file at different trusts (and some industrial workers were exposed in multiple ways), most such claims are vague or contradictory. Trust payments are also considered legal settlements and thus confidential. So while the asbestos bar may wrongly double dip, this is usually hard to prove.

Harry Kananian met with the firm Early Ludwick in February 2000. According to an Early email, he wasn't clear how he'd been exposed. He had, however, served in the Army in World War II and remembered several months on troop ships known to contain asbestos. On one such two-week trip he'd done welding. He also recalled working in a factory that was "dusty," as well as a "white powdery substance" when he was remodeling his house.

Early Ludwick then filed its multiple claims -- to the 48 Insulations trust, the Eagle Picher trust, the UNR trust, the Celotex trust and others. Brayton Purcell was also retained by the plaintiff and filed claims to Johns Manville and Bethlehem Steel. The discrepancies were never questioned until Brayton sued Lorillard Tobacco, and Brayton probably never thought the prior claims would be an issue. But Lorillard suspected Kananian had already collected on the basis of his work history -- and it argued the jury had a right to know. To Brayton's dismay, Judge Hanna agreed earlier this year.

When Brayton's lead counsel, Chris Andreas, started to realize in February that Judge Hanna would allow the claims as evidence, his first strategy was to sell Early Ludwick down the river. Mr. Andreas seemed to hope that, if the judge thought Early's work was erroneous, he wouldn't allow the claims into court, where they might sway a jury. Mr. Andreas said in court that the Early claims were "flat incorrect," "simply inaccurate," "absurd" and "the most misleading information that [he'd] ever seen." The judge was unmoved.

In a March 10 email, Mr. Andreas relates the bad news to his partners, and explains the problems with the original claims. To give one example: In the UNR claim (which stated Kananian had unloaded asbestos off ships), Mr. Andreas says that, in fact, Kananian only supervised Japanese workers who'd unloaded ships. Also, "there is absolutely no evidence that anyone shipped or unloaded Unibestos [a UNR product] on any of ship [sic] he was involved with during this period, least of all Mr. Kananian himself." The rest of the Early claims had similar problems, he said, admitting that in one of Brayton's own claims "we also overstate Mr. Kananian's exposure . . ." In a separate email he states, "there is no way what our client sent them matches what they put in these forms."

Mr. Andreas worries that "I am forced to try to explain them away as mistakes by clerks or [attorneys]. A jury is going to look down on this type of fabrication by lawyers and can use this information to dump plaintiffs by finding that." He then offers a choice: They can give the money back, in which case Judge Hanna won't allow the claims, or they can "go forward at trial" and try to get the jury to focus on something other than "unsworn claim forms that were just used to pry money out of a bankrupt" (my emphasis). The goal, he says in another email, is to "blame [Early] for bulls----ing the trusts."

Meanwhile, Lorillard was trying to subpoena the confidential trust claims. Brayton knew the judge would go ballistic if it tried to officially squelch this process, so instead it worked behind the scenes. When the Celotex trust informed the law firms that it had received a subpoena, and asked whether they would try to legally block the subpoena, one outside lawyer suggested they "respond to [Celotex] via phone requesting that they resist . . ." Mr. Andreas noted: "I would love if Celotex gave these a--holes a hard time."

When it became clear Lorillard would get its way, the strategy changed again. Brayton Purcell decided it would work with Early Ludwick to submit amended claims to the trusts. In Brayton's original claim to Johns Manville, for instance, the form had described Kananian as a "laborer" who had direct contact with asbestos. It also said he'd worked in "shipyard construction/repair"

and listed several Manville products, by name, to which he'd been exposed. The amended claim instead listed Kananian's occupation as "other," noted that he'd only been on board a ship where Manville products were installed, removed any reference to shipyard work, and deleted any Manville products. Other trust claims were similarly purged.

But Brayton Purcell had a problem. It needed to change the forms to bolster the Lorillard suit, but it didn't want to raise alarms at the asbestos trusts. Its solution was apparently to try to make sure the trusts didn't look closely. Even as Mr. Andreas was telling his partners that the original Early claims were "fictional," he instructed those working on the new claims to tell the trusts they were only "correcting some clerical errors." Partner Al Brayton instructed his staff, according to an email, to "simply re-do the old claim form with the new answers and submit with a cover letter. Do not call them."

By spring, Judge Hanna was getting suspicious. To the firms' dismay, he took the rare step of allowing Lorillard to depose its opponents. Brayton Purcell emails show it wondering if the former office assistant who'd prepared the original Manville claim was "disgruntled." Mr. Brayton had already instructed an underling to "immediately brief all personnel preparing claim forms or efficiency responses that they are not to 'make up' information to make a claim qualify." But the firms continued to obstruct, and the judge had enough. This summer, he ordered up their emails.

Among other things, the emails show that raise questions about Mr. Andreas's candor with Judge Hanna. On March 10, Mr. Andreas told the court that he didn't know if the original Early Ludwick claims had even been submitted to the trusts, and said he would "welcome" documentation showing they had. In fact, on March 3 -- a week prior to Mr. Andreas's statement -- a paralegal at Brayton sent an email to Early Ludwick noting that "trial attorney, Christopher Andreas, asked that I follow up with your office on the total amount of settlements your office has obtained in this case." That same day, Early Ludwick sent back an email listing the trusts and how much money had been obtained from each. As for Mr. Andreas welcoming proof from the trusts, this was about the same time he was hoping Celotex would resist.

Then there's Mr. Andreas's knowledge of the claims. On March 23, he told Judge Hanna that his firm would "stand by" its original Manville form. In fact, the firm had submitted a revised claim the night before. When Judge Hanna found out, he asked if Mr. Andreas had known. His response: "I'll just tell you right on the record and I'll repeat it under oath at any other point, I did not know about it when we argued on [March 23]. I did not know it had been prepared." However, Mr. Andreas had been sent an email with the revised form on March 22 -- the night before his "stand by" comment -- and had replied, only two hours after receipt. * * *

Lorillard laid most of this out in a motion requesting that the judge dismiss the case, bar Brayton Purcell from Ohio, and turn the information over to the Justice Department. Lorillard is insisting the original claims were accurate, although Harry Kananian's real history remains the great mystery here.

Brayton Purcell in November filed a 101-page document, arguing that Kananian's mesothelioma was caused by the "total dose of inhaled asbestos from all products," including Kent cigarettes. Regarding its desire to alter the claims, it said it believes the jury had a right to accurate evidence. It addressed one issue, claiming that "while it may be true" that Mr. Andreas knew about the amended claim form even as he said he "stood by" the original, his statement related to the "overall accuracy" of that original. Then, last week, it filed a motion asking to be withdrawn, although it said it was doing this to help its client, not because of the allegations. Mark Abelson, of Campagnoli, Abelson and Campagnoli, an attorney for Brayton Purcell, says: "At this point in time, we don't believe that the Brayton Purcell firm had done anything wrong. It is my belief that Lorillard is making every attempt to create tangential issues to the litigation that will delay and deflect any actual trial on the merits of their own conduct." Early Ludwick had no comment. Lorillard did not return a call.

Judge Hanna has continued to push back the trial date until the claims issue is resolved. A hearing is set for this week, and it isn't clear he'll allow Brayton to withdraw and thus escape any further scrutiny.

Whatever happens, the exposure of this trust scam is bolstering a new wave of oversight. Judges are already taking a closer look at silicosis claims and "prepackaged" bankruptcies -- both cash cows for the trial bar. Just last week, a separate Ohio judge ruled that an asbestos plaintiff must turn over any prior claims to a bankruptcy trust. Similar rulings have been handed down in Virginia and California.

Meanwhile, reform proposals are beginning to emerge. One idea is for the trusts to release data about claimants, so that other trusts and defense attorneys can review existing claims. Some lawyers are requesting that active litigation be put on hold until companies can see who claimed from trusts. That this hasn't already happened is the fault of bankruptcy judges, who have been unresponsive to requests for more oversight of the trusts they help create.

A cleaner system would help true victims. Some lawyers for mesothelioma victims feel the need to file many claims because trusts are drying up -- making it difficult to get decent compensation. The feeding frenzy by plaintiffs lawyers who cash in repeatedly, often on behalf of plaintiffs who are entirely healthy, often leaves little for those who are truly ill. It isn't justice: It's fraud.

Ms. Strassel is a member of the Journal's editorial board, based in Washington.

DOJ_NMG_0102414

CIVIL RIGHTS:

Diversity Programs May Face Ax (USAT)

By Joan Biskupic

USA Today, December 5, 2006

WASHINGTON — The Supreme Court appeared ready Monday to strike down public school diversity programs that use race as a factor in deciding where students go to school.

In the first test of school integration efforts to come before the court since Chief Justice John Roberts and fellow conservative Samuel Alito joined the bench last term, the justices heard two cases — one from Seattle, the other from Louisville — that examine whether using race in school assignments violates the Constitution's equality guarantee.

The court has supported affirmative action policies in education, most recently in 2003, when Justice Sandra Day O'Connor joined the nine-member court's four liberals to allow colleges to consider race in admissions to get diversity.

O'Connor is retired now, replaced by Alito. And Monday's two hours of arguments indicated that the court is moving toward a harder line on race-based policies.

The key player appeared to be Justice Anthony Kennedy, who is at the ideological center of the court. As the liberals asked questions that suggested they supported the school districts' policies, Kennedy joined conservative justices in expressing skepticism about programs that transfer some students out of their neighborhoods to counteract racially segregated housing patterns in those cities.

Kennedy bristled at the notion of "characterizing each student by the color of his or her skin," even for benevolent reasons. He rejected arguments that such policies do not stigmatize or otherwise harm students because all pupils end up with a place in a classroom, even if they are denied the school of their choice.

"The question is whether or not you can get into the school that you really prefer," Kennedy said. "And that in some cases depends solely on skin color. You know, it's like saying everybody can have a meal but only people with (a particular) skin can get the dessert."

Also challenging the policies were Roberts, Alito and Justice Antonin Scalia. Justice Clarence Thomas, the only African-American justice, asked no questions but has made clear in the past that he opposes using race as a factor to address past discrimination.

If the court rules against the districts, it could spell the end to school policies across the nation that use race as a criterion for enrollment and other decisions. The impact of a ruling would depend on its scope. Kennedy suggested that policies such as those in Louisville and Seattle that use race determinatively were unconstitutional but that "magnet" programs that enroll students voluntarily in a racially mixed school might be permissible.

Liberal Justice Stephen Breyer, whose questions indicated he backed the school districts, lamented the possibility that they would not be able to use race-conscious methods to continue integrating schools.

"It seems to me … that there is a terrible problem in this country," he said. "There are lots and lots of school districts that are becoming more and more segregated, and school boards all over are struggling with this problem. If they knew an easy way, they would do it."

Breyer and the other liberals — John Paul Stevens, David Souter and Ruth Bader Ginsburg — suggested a ruling against the school districts could undermine Brown v. Board of Education, the landmark 1954 ruling in which the court abolished the doctrine of "separate but equal" and began the nation's history of school desegregation.

Attorneys on both sides of the issue Monday, whether supporting the school systems' integration efforts or challenging them as wrongly perpetuating the use of race, contend that their side embodies the legacy of Brown.

The significance of the cases — and of their potential impact on the 1954 landmark — was apparent in the courtroom. Among the spectators was Cecilia "Cissy" Marshall, the widow of the late Justice Thurgood Marshall, the nation's first black justice and a legal architect of desegregation. Also in the court was William Coleman, who was part of Marshall's legal team in 1954, went on to become secretary of Transportation in the Ford administration and is now a lawyer in Washington.

Outside the marble-columned building, supporters of the integration programs vastly outnumbered challengers. They chanted, "Equal education, not segregation."

However, it is the challengers — mostly white parents whose children were not assigned to their schools of choice — who seemed more likely to prevail.

Supreme Court Weighs School Diversity Cases (MCT)

By Stephen Henderson

DOJ_NMG_0102415

McClatchy Newspapers, December 5, 2006

WASHINGTON - In historic arguments over voluntary school desegregation plans in Seattle and Louisville, Ky., a majority of the Supreme Court seemed highly skeptical Monday that race can be used even as a "tipping factor" in the decision to move students around to produce racially diverse schools.

But Justice Anthony Kennedy, probably the decisive vote on the matter, also seemed to stop short of embracing assertions that the Constitution always requires colorblind approaches to school integration, such as magnet schools.

Either way, the court effectively could end voluntary integration plans that are in place in dozens of school districts across the country by next spring. That would force administrators to come up with more subtle ways to ensure that children don't attend schools that reflect the nation's still-segregated housing patterns. Kennedy's distinctions might be the only hope for school districts that want to desegregate.

"When it came to the plans at issue, Kennedy certainly seemed to evince a good deal of hostility," said Ted Shaw, the executive director of the NAACP Legal Defense and Education Fund, which is supporting the school districts in the cases.

"But I also think he was trying to figure out where the stopping point was or how far the argument ought to go," Shaw said. "I think he was looking for a limiting principle" for the idea of government colorblindness.

Kennedy was joined by Chief Justice John G. Roberts, Justice Antonin Scalia and Justice Samuel Alito in his criticism of the school plans. Justice Clarence Thomas, a longtime critic of race-conscious policies, typically doesn't speak during oral arguments but is widely expected to object to the plans.

The cases, Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education, mark a return for the justices to the dicey question of how race fits into the Constitution, and how the nation's past can be confronted.

The school districts say integration is a key component of a public education, and is compelling enough by law to justify a limited use of race in policies designed to produce that integration.

Scalia was especially dubious of the argument, advanced by a lawyer for the Seattle schools, that the plans were justified as a way to combat segregation.

"Can you think of any area of law in which we say whatever it takes, so long as there's a real need?" Scalia asked. "I mean, if we have a lot of crime out there and the only way to get rid of it is to use warrantless searches, you know, fudge on some of the protections of the Bill of Rights, whatever it takes, we've got to do it?"

"It seems to me you're saying you can't make an omelet without breaking eggs," Scalia said.

Kennedy seemed closer to Justices John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer on the question of whether race-conscious policies should be permitted at all.

Breyer was particularly exercised over assertions that race-conscious integration efforts, which have been mandated by courts seeking to remedy past segregation, could be deemed unconstitutional outside the context of a court order.

"How could the Constitution, the day that that decree is removed, tell the school board it cannot make that effort anymore, it can't do what it's been doing, and we'll send the children back to their black schools and their white schools?" Breyer asked.

Kennedy was quite pointed in his criticism of the Seattle and Louisville plans, saying that unlike more nuanced measures, they characterize "each student by reason of the color of his or her skin.

"That is quite a different means. And it seems to me that should only be, if ever, allowed as a last resort."

But Kennedy also signaled to lawyers for parents who've challenged the assignment plans that race neutrality may not always be required.

In Seattle, an "open choice" student-assignment plan allows high school students to pick a number of schools they'd like to attend. They're generally granted their choices, but if a school has too many applicants, the district takes several other factors into account to decide who got in.

One of them is race, which is used to prevent most schools from having demographics that differed wildly from the district as a whole.

In Louisville, after public schools were released from a court-ordered desegregation plan in 2000, administrators chose to continue an integration plan. Students choose from among several schools near their homes, and the district assigns them based, in part, on maintaining a racial balance in each school.

But parents, including some blacks, in both districts sued after their children were denied entry to neighborhood schools or schools they otherwise wanted to attend. They say the districts' policies discriminate on the basis of race, something the 14th Amendment to the Constitution doesn't permit.

The parents are supported in both cases by the Bush administration, which has consistently argued that while diversity is a compelling interest, it must be achieved through race-neutral means.

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The cases' arguments echo the court's 2003 rulings on college affirmative action, which carved a narrow berth for race-conscious admissions as a way to enhance campus diversity. The school districts rely directly on the reasoning in those cases to support their policies.

The cases also reach back to Brown v. Board of Education, the landmark 1954 case that ordered an end to public school segregation. Brown at one time was used to support massive involuntary busing and sweeping, court-ordered desegregation plans, and its promise of integrated public schools is the legal force behind the voluntary plans that exist today.

A decision is expected by the end of June.

Court Reviews Race As Factor In School Plans (NYT)

By Linda Greenhouse

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — By the time the Supreme Court finished hearing arguments on Monday on the student-assignment plans that two urban school systems use to maintain racial integration, the only question was how far the court would go in ruling such plans unconstitutional.

There seemed little prospect that either the Louisville, Ky., or Seattle plans would survive the hostile scrutiny of the court's new majority. In each system, students are offered a choice of schools but can be denied admission based on their race if enrolling at a particular school would upset the racial balance.

At its most profound, the debate among the justices was over whether measures designed to maintain or achieve integration should be subjected to the same harsh scrutiny to which Brown v. Board of Education subjected the regime of official segregation. In the view of the conservative majority, the answer was yes.

While there is no reliable data on how common these plans are, they are thought to be widespread among school districts where residential patterns would otherwise produce neighborhood schools of one race or nearly so. Depending on how broadly the court rules, possibly hundreds of districts would need to modify or scrap voluntary integration plans.

The National School Boards Association as well as the Council of the Great City Schools, representing 66 urban districts, filed briefs on behalf of Seattle and Louisville, warning of impending disruption if the justices overturn the lower court rulings that upheld the two plans.

The Supreme Court had declined to review a similar voluntary integration plan in Massachusetts last year, shortly before the retirement of Justice Sandra Day O'Connor and the arrival of Justice Samuel A. Alito Jr. But in June, after weeks of internal debate, the justices accepted these two appeals.

One was filed by a white woman in Louisville whose son was denied a transfer to attend kindergarten in a school that needed black rather than white students in order to keep its black population at the district's required minimum of 15 percent.

The other was filed by parents in Seattle who organized as a corporation to oppose the plan there, which applies only to the city's 10 high schools. A racial "tiebreaker," used when a high school attracts more students than there are places, intends to keep the schools within 15 percent of the district's overall makeup, which is 60 percent nonwhite.

Before the arguments on Monday, the challenge for the school board lawyers defending the plans, along with their allies in the civil rights community, had appeared to be to persuade the justices that the appropriate analogy was not to affirmative action, a freighted subject for the court in which benefits are bestowed on one group and withheld from another, but rather to integration, in which the goal is to educate everyone as equally as possible.

But by the end of the tense two hours of argument, that effort had not so much failed as it had become irrelevant. Lawyers for the school systems found themselves struggling, under the justices' questioning, to meet the even more basic challenge of explaining why the plans should be seen as something different from the intentional segregation that the court struck down in Brown v. Board of Education.

For example, Michael F. Madden, the Seattle district's lawyer, tried to argue that because the Seattle high schools were "basically comparable," and "everyone gets a seat," the court should not view the plan as "a selective or merit-based system where we adjudge one student to be better than the other."

It was, Mr. Madden said, "a distributive system" that was "quite wholly dissimilar to a merit or selective-based system."

Chief Justice John G. Roberts Jr. countered, "Saying that this doesn't involve individualized determinations simply highlights the fact that the decision to distribute, as you put it, was based on skin color and not any other factor."

He added: "I mean, everyone got a seat in Brown as well. But because they were assigned to those seats on the basis of race, it violated equal protection. How is your argument that there's no problem here because everybody gets a seat distinguishable?"

"Because segregation is harmful," Mr. Madden replied.

"It's an assignment on the basis of race, correct?" the chief justice persisted.

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It was, Mr. Madden replied as his 30 minutes ran out and the red light came on, an effort "to bring students together in a mix that is not too far from their community."

As the arguments proceeded, the court's more liberal members appeared increasingly and visibly dispirited. Justice Ruth Bader Ginsburg tried unsuccessfully to turn the chief justice's colloquy with Mr. Madden in a different direction. The question of whether "using racial integration is the same as segregation," she said, was "pretty far from the kind of headlines that attended the Brown decision."

Bringing "white and black children together on the same school bench," Justice Ginsburg continued, "seems to be worlds apart from saying we'll separate them."

Justice Stephen G. Breyer let his frustration show in several exchanges with Solicitor General Paul D. Clement, who argued the Bush administration's position as a "friend of the court" for the challengers and against the school systems in both cases.

"Think, go back to Cooper v. Aaron," Justice Breyer told the solicitor general, referring during the argument in the Louisville case to the court's 1958 decision enforcing a desegregation order in Little Rock, Ark. "Go back to the case where this court with paratroopers had to use tremendous means to get those children into the school. That's because the society was divided."

He continued: "Here we have a society, black and white, who elect school board members who together have voted to have this form of integration. Why, given that change in society, which is a good one, how can the Constitution be interpreted in a way that would require us, the judges, to go in and make them take the black children out of the school?"

"Well, I understand that, Justice Breyer," Mr. Clement said. "But I think the answer to that is that the lesson of history in this area is that racial classifications are not ones where we should just let local school board officials do what they think is right."

The Louisville plan, adopted in 2000 as the formerly segregated district emerged from 25 years of federal court supervision, provides that all schools should have a black student enrollment of no lower than 15 percent and no greater than 50 percent. The district as a whole, which includes suburban areas of Jefferson County as well as the city of Louisville, is about one-third black.

Mr. Clement said the 15-to-50-percent range was a "strict racial band" that was not sufficiently "narrowly tailored" to satisfy the "strict scrutiny" to which the court's precedents subject government actions that are based on race. The administration's position is that those choosing to adjust the racial balance in their schools should do so by "race-neutral means," like magnet schools that attract children across racial lines.

"There's a fundamental difference between whether or not the policy manages to avoid classifying people on the basis of their race," the solicitor general said.

Justice David H. Souter asked Mr. Clement why this position was not just another way of saying that "the important thing is simply to hide the ball." If improving the racial mix was the objective, Justice Souter asked, "why can't they do that candidly?"

There were "several responses," Mr. Clement answered. "One is that the Constitution puts a particular premium on avoiding express racial classifications."

Justice Anthony M. Kennedy asked the lawyers a series of questions designed to test the outer reaches of their positions. Could a school district deliberately place a new school in a location designed to supply a racially mixed student body, he asked, and appeared displeased when Harry J. F. Korrell, the lawyer representing the parents challenging the Seattle plan, answered no.

While his questions suggested that he would not rule out any and all policies undertaken with a knowledge of the probable racial consequences, Justice Kennedy made clear his distaste for the policies at issue in these cases, Parents Involved in Community Schools v. Seattle School District, No. 05-908, and Meredith v. Jefferson County Board of Education, No. 05-915.

To Mr. Madden, the Seattle district's lawyer, Justice Kennedy said that unlike magnet schools, special resources, or school location decisions, "you're characterizing each student by reason of the color of his or her skin."

He continued: "That is quite a different means. And it seems to me that that should only be, if ever allowed, allowed as a last resort." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Supreme Court Could Rule Against Use Of Race For Public School Diversity (LAW)

By Tony Mauro, Legal Times

Legal Times, December 5, 2006

The Supreme Court appeared headed on Monday toward a ruling that will sharply limit, if not eliminate, the use of race as a factor in assigning students to public schools to achieve diversity.

During two hours of oral argument, Justice Anthony Kennedy, whose vote may determine the outcome of the case, seemed deeply skeptical of the constitutionality of using race as a factor, especially in a school district that has already been declared "unitary" and ended efforts to desegregate.

"If we, for the first time, say that a system that has achieved unitary status ... can turn around and use individual skin color. ... We've never said that," Kennedy exclaimed at one point. "That takes us on a very perilous course."

A ruling against the use of race could have a broad impact in school districts nationwide that use a variety of race-conscious methods to cure racial imbalances caused by housing patterns. Civil rights leaders who were among the spectators packing the courtroom Monday were pessimistic afterward.

"If they are inclined to view these voluntary measures in the same light as segregation and any use of race is constitutionally suspect, then God help us," said Ted Shaw, director and counsel of the NAACP Legal Defense and Educational Fund. "I'm not going to predict defeat, but it's an uphill fight after what we heard today."

At issue in Parents Involved in Community Schools v. Seattle School District No. 1 and Meredith v. Jefferson County Board of Education were programs aimed at achieving racial diversity and balance throughout the public schools of Seattle and Louisville, Ky., respectively.

Parents whose children were not admitted to their school of choice because they would have upset the desired racial mix challenged the programs. But in both cases, appeals courts upheld the programs.

One measure of the tenor of the arguments Monday was the repeated effort by Justice Stephen Breyer to remind his colleagues about long-standing Court precedents, ranging from Swann v. Charlotte-Mecklenburg Board of Education to Cooper v. Aaron, which in his view support the use of race to achieve public school diversity.

Swann, the 1971 ruling that allowed the use of busing and racial balancing to eliminate lingering segregation, was repeatedly cited by Breyer. Once desegregation is achieved through these measures, Breyer said almost plaintively, "How could the Constitution ... tell the school board it cannot make that effort anymore, it can't do what it's been doing, and we'll send the children back to their black schools and their white schools?"

Teddy Gordon, representing the Louisville parents who challenged the school board's use of race, replied that race-based remedies are no longer appropriate once past desegregation programs have ended. "Once you've achieved the unitary status, you no longer get to carve out that exception to the Fourteenth Amendment," Gordon said.

Louisville School Board lawyer Francis Mellen Jr. responded by arguing that the program has effectively maintained the desegregation that was achieved after a court order started the process in the 1970s. "This case presents a story of a board of education that has replaced a desegregation decree with a student assignment plan that works."

Justices David Souter and Ruth Bader Ginsburg, and John Paul Stevens to a lesser extent, also seemed determined through their questioning to salvage the argument in favor of race-conscious school programs. Souter, for example, pointed out that the only harm Seattle or Louisville students suffer because of the race factor is that they might not get to go to their first-choice schools. But unlike university affirmative action programs that might result in qualified white students not gaining admission, the elementary and secondary schools will still educate all students in the district. "The principal benefit is the education, not the choice of schools," Souter said.

But Harry Korrell, who represented the Seattle parents who challenged that city's program, said the use of race as a factor "strikes at the heart of the equal protection clause, which commands that government treat people as individuals, not simply as members of a racial class."

The only sign from Kennedy that he might not rule out all uses of race came when he repeatedly asked whether a school board could choose the site of a new school with the goal of achieving racial balance in light of residential demographics. Korrell said if racial equality was the sole goal, it would be unconstitutional. But he allowed that if race was just one of several factors, it might be permissible if analyzed in the same way the Court has handled race-based redrawing of voting districts.

Solicitor General Paul Clement argued that "in the real world," race is rarely the only factor in such decisions, implying that they could be permitted if other factors predominate. Clement participated in both cases, arguing against the use of race. He said race-neutral means are still available to school boards to achieve a racial mix, adding that "the lesson of history" is to oppose racial classifications by local school boards.

Silent during the entire two hours was Justice Clarence Thomas, the Court's only African-American member. In past rulings and speeches, Thomas has made it clear he opposes affirmative action and thinks it stigmatizes blacks. He has also argued that black students don't necessarily get a better education just because white students are in their midst.

At one point late in the arguments, Thomas leaned forward as if to start asking a question or making a comment, but he apparently thought better of it and leaned back again, allowing the clock to run out on arguments in what could be the most important civil rights cases in years.

Court Hears Cases On Schools And Race (WP)

By Robert Barnes

The Washington Post, December 5, 2006

DOJ_NMG_0102419

Supreme Court deliberations are private, but yesterday's oral arguments on whether it is constitutional to allow school systems to use race in making school assignments became as much a public debate between the divided justices as a questioning of lawyers.

And after two hours, it seemed to reflect a court majority highly skeptical of the proposition that the benefits of racially diverse public schools can justify any restriction on an individual's constitutional right to equal protection.

"You're characterizing each student by reason of the color of his or her skin," Justice Anthony Kennedy told a lawyer representing the Seattle school board. "And it seems to me that that should only be, if ever allowed, allowed as a last resort."

The ultimate decision is likely to be one of the most defining of the court headed by the new chief justice, John G. Roberts Jr., and a powerful statement about where the nation stands more than 50 years after Brown v. Board of Education demanded an end to segregated schools.

The court, encouraged by the Bush administration, has grown increasingly distrustful of racial classifications, and it reached out to take up the cases challenging schools in Seattle and Louisville even though appeals courts had upheld them as constitutional.

Because of the stakes, the day at the court took on a feeling of great import -- there were demonstrations on the plaza out front, some people camped overnight in freezing temperatures to secure a spot in the courtroom, and the lines for members of the bar began forming before dawn. More than 50 organizations weighed in with supporting briefs, mostly on the side of the school boards.

With the departure of Sandra Day O'Connor, Kennedy is seen as the justice mostly likely to depart from his normally conservative outlook. His active questioning of lawyers representing the school boards, who have been sued by white parents whose children were denied their first choice of schools, was the most closely watched.

He noted that even the Bush administration, which intervened on behalf of the white parents, said in its brief that "school districts have an unquestioned interest in reducing minority isolation," but it added that only if it were achieved by "race-neutral means."

"Isn't it odd jurisprudence where we have an objective that we state in one set of terms but a means for achieving it in another set of terms?" he asked Solicitor General Paul D. Clement.

But he also repeatedly questioned the constitutionality of allowing a school system, especially one that has remedied past discrimination, to make school assignment decisions based "solely on skin color." Kennedy seemed to disapprove of the school boards' argument that students weren't being harmed because they still were getting school placements.

"You know, it's like saying everybody can have a meal but only people with separate skin can get the dessert," he said.

In the cases at issue -- Parents Involved in Community Schools Inc. v. Seattle School District and Meredith v. Jefferson County (Ky.) Board of Education-- both systems offer parents and students a choice of schools, partly to achieve a level of integration that wouldn't otherwise be possible because of racially segregated housing patterns.

Both set goals for white and minority representation at schools and, along with other factors, made decisions about school assignments based on a student's race. The previous time Seattle used the system -- it has stopped because of the litigation -- about 100 minority students and 200 white students didn't get their first choice.

The Louisville-Jefferson County plan was implemented after the school system emerged from a 25-year desegregation plan overseen by the federal courts. The goal was to maintain the racial integration it had achieved.

Justice Ruth Bader Ginsburg noted that the federal government was now challenging a system it had once championed.

"What's constitutionally required one day gets constitutionally prohibited the next day," she mused. "That's very odd."

Along with the other liberal justices -- John Paul Stevens, David H. Souter and Stephen G. Breyer -- she seemed to agree that a limited use of race to maintain a more integrated system should be sanctioned.

It set up an interesting debate among the justices in which the liberals argued for a deference to local officials who have found a system that for the most part their constituents like, and conservatives arguing for the strict color-blind protections of the 14th Amendment.

Roberts noted that in segregated school systems, students were also guaranteed a spot, but "because they were assigned to those seats on the basis of race, it violated equal protection."

Ginsburg responded that questioning whether using racial criterion to achieve integration "is the same as segregation, it seems to me is pretty far from the kind of headlines that attended the Brown decision."

Justices Reconsider Race-based School Admissions (WT)

By Amy Fagan

The Washington Times, December 5, 2006

DOJ_NMG_0102420

The Supreme Court yesterday explored the question of how far districts can go in ensuring diverse public schools, hearing cases from parents in Louisville, Ky., and Seattle who argue it is wrong to use race as a factor in assigning students to schools.

At issue is whether students can be denied admission to their top choice of public school and assigned elsewhere in order to keep the schools racially mixed.

Attorneys for the school districts argued race is just one of several factors taken into account and usually isn't the main factor. But they said without the plans it would be very difficult to prevent more schools from being segregated by choice or by reflecting the racial makeup of the neighborhood.

"Ultimately, we'd have a resegregated school system," said Francis Mellen Jr., who represented the Louisville schools.

Louisville's schools followed a systemwide federally mandated desegregation plan for 25 years and the board ultimately decided to keep much of it in place. Mr. Mellen said it is a success story that has support from both black and white parents.

Lawyers challenging the programs, including a representative from the Justice Department, said a racially diverse school is a fine goal, but there are ways to achieve it without using what amounts to unfair racial quotas.

"This strikes at the heart of the Equal Protection Clause [of the 14th Amendment], which commands that government treat people as individuals, not simply as members of a racial class," said Harry Korrell, who represented a group of Seattle parents.

The court's more liberal justices seemed to have no problem with using race to keep schools mixed and said the plaintiffs' thinking simply doesn't compute. "It's very hard for me to see how you can have a racial objective, but a nonracial means to get there," said Justice Ruth Bader Ginsburg.

Conservative justices -- including Chief Justice John G. Roberts Jr. and Samuel A. Alito Jr., the court's two newest members, appointed by President Bush -- did not seem thrilled with the programs.

Justice Anthony M. Kennedy, who could be the deciding vote, said the Seattle program, which applies to high school students, seems to be saying that "everybody can have a meal," but only some people get "dessert," since certain students are denied access to schools they want owing to their race.

Mr. Korrell said that happened to about 300 Seattle high school students, both black and white.

Michael F. Madden, representing the Seattle school district, argued that the students aren't being denied admission; rather, the seats are simply being distributed. But Justice Roberts said, "The decision to distribute, as you put it, was based on skin color and not any other factor."

Rulings in the cases are expected to be handed down by the end of June.

Repeated reference was made yesterday to a 2003 case in which the Supreme Court OK'd a law school affirmative-action program at the University of Michigan.

Mr. Madden said it is hard to compare the Seattle case, since it doesn't deny one student a better education than another student. "This is not like being denied access to a state's flagship university," he said.

Outside of the court, Theodore M. Shaw, director of the NAACP's Legal Defense and Educational Fund, said that if the court rules against these programs "it will be a reversal of historic proportions."

He said Justice Kennedy was especially "active" in the questioning and is usually difficult to convince on desegregation cases.

· This article is based in part on wire service reports.

Court Appears Likely To Bar School 'Racial Balancing' (LAT)

By David G. Savage

The Los Angeles Times, December 5, 2006

WASHINGTON — The Supreme Court justices, hearing arguments on school integration, signaled today that they are likely to bar racial guidelines for assigning students to the public schools.

Such a ruling would deal a blow to civil rights lawyers and to school officials nationwide who had hoped to maintain a semblance of classroom integration in cities whose neighborhoods are divided along racial lines.

It would be a major victory for those who have called for "color blind" decision-making by public officials.

At issue today were the integration guidelines adopted by the schools boards in Seattle and Louisville, Ky. They were challenged by parents of the small number of students, most of them white, who were denied their first choice in schools because of race.

All the justices who spoke up during the argument agreed that racial integration is a laudable goal. However, a narrow majority of them, in comments and questions, said the Constitution forbade shifting children from one school to another based on their race.

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"Outright racial balancing is patently unconstitutional," said Justice Anthony M. Kennedy, a centrist who often casts the deciding vote. "And that seems to be what you have here," he told the lawyer defending Seattle's program, whose guidelines gave "nonwhite" students first choice for enrolling in its most popular, predominantly white high schools.

Agreeing with Kennedy, Chief Justice John G. Roberts said, "The purpose of the equal protection clause is to ensure that people are treated as individuals rather than based on the color of their skin."

No students have been excluded from school because of their race, responded Michael Madden, the school board's lawyer. They may be assigned to a "different [but] basically a comparable school."

"Everyone got a seat in Brown as well," replied Roberts, referring to the landmark decision that struck down racial segregation. "But because they were assigned to those seats on the basis of race, it violated equal protection."

Madden disputed the comparison between forced segregation and voluntary integration. "Segregation is harmful" to students, while integration "has benefits," he said.

Achieving racial diversity "is certainly an admirable goal," said Justice Antonin Scalia. "Even if the objective is O.K., you cannot achieve it by any means whatsoever.... I thought one of the absolute restrictions [in the Constitution] is that you cannot judge and classify people on the basis of their race."

Justice Samuel A. Alito Jr. also skeptically questioned the school lawyers. Justice Clarence Thomas, though he said nothing today, has always insisted that public officials may not treat individuals differently because of their race.

Until today, civil rights lawyers held out hope that Kennedy — and perhaps Roberts — might vote to uphold the local school boards that pursued voluntary school integration. But both made clear that they believe explicitly that race-based plans cannot stand.

School Desegregation Faces Big Test (WSJ)

By Jess Bravin

The Wall Street Journal, December 5, 2006

WASHINGTON -- In twin cases that could define the 21st-century meaning of Brown v. Board of Education, the Supreme Court weighed arguments for barring local school boards from voluntarily adopting race-conscious integration plans.

Both sides in the cases claim to be asking for a modern-day interpretation of the Brown decision, the landmark 1954 ruling that abolished official segregation in public education. The cases pit parents challenging race-conscious enrollment plans, who say Brown forbids any consideration of race, against an education establishment that argues that the legacy of American segregation requires continued efforts to foster integration.

At stake, education officials say, are hundreds of integration plans voluntarily adopted by school boards from Lynn, Mass., to St. Petersburg, Fla.

With four justices seen as likely to oppose such programs, and four others as likely to find them constitutional, the focus was on Justice Anthony Kennedy. In comments yesterday, Justice Kennedy suggested discomfort with race-conscious school assignments, regardless of their assertedly benign purposes.

Justice Kennedy appeared to accept the idea that government sometimes can factor race in its decisions, such as considering the racial composition of various neighborhoods when considering sites for new schools, so they would draw a diverse enrollment. But programs that classify specific individuals by race are "perilous," he said.

One case that came before the court yesterday involved Seattle, a city that never suffered official segregation and whose enrollment policy allows students to select any of 10 high schools. When a particular school has more applicants than seats, officials use several tiebreaking factors -- including race -- to attain an enrollment that roughly mirrors the citywide student population. Whites account for 40% of the population, with blacks, Asian-Americans, Hispanics and Native Americans making up the remaining 60%.

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· Read the case docket3 and the transcript4 in Parents Involved in Community Schools. v. Seattle School District. No. 1.

· Read the case docket5 and the transcript6 from arguments in Meredith v. Jefferson County Board of Education.

The second case came from Louisville, Ky., which once ran a dual school system that reserved some campuses for whites, others for blacks. A 1975 federal court order imposed mandatory busing to desegregate the schools. A judge dissolved the order in 2000, finding the schools had been successfully desegregated.

Local authorities, seeking to maintain integrated campuses, decided to continue the desegregation policy, which aims to keep black enrollment at each school between 15% and 50%. As a whole, the system's enrollment is 34% black.

A parent group in Seattle and a white parent in Louisville sued in the two respective cases, contending that racial classifications violated the 14th Amendment's Equal Protection Clause. Federal appeals courts disagreed, and the parents, backed by the Bush administration, petitioned the Supreme Court.

A half-century ago, the Brown decision set in motion an aggressive, court-driven effort to root out segregation in public schools. In that case, a unanimous Supreme Court stunned the nation by declaring "separate educational facilities...inherently unequal," and thus unconstitutional. A generation of court-ordered busing to desegregate black and white student enrollment followed, a contentious policy that drove some white families to suburbs from cities in an effort to avoid participation.

But with official segregation a fading memory, the justices have confronted the more difficult question of when government can consider race for purportedly beneficial purposes and not to cure state-mandated discrimination. The court's precedents call for strict scrutiny of race-conscious polices to ensure that they are "narrowly tailored" to achieve a "compelling governmental purpose."

The court has struck down government contracting programs that gave an advantage to minority-owned businesses. But in 2003 it upheld race-conscious criteria at the University of Michigan law school, because "attaining a diverse student body" was a compelling interest.

The dynamics were different yesterday. Not only were the institutions elementary and secondary schools rather than universities, but the author of the 5-to-4 Michigan decision, Justice Sandra Day O'Connor, has been replaced with Samuel Alito. Like Chief Justice John Roberts, Justice Alito worked as a lawyer in the Reagan administration, which strongly opposed most programs that took account of race. At yesterday's arguments, the two new justices seemed to hew to those views, as did Justice Antonin Scalia. Justice Clarence Thomas, who by custom never speaks at arguments, consistently has opposed race-conscious programs.

The court's four more liberal members suggested that U.S. society still bears the legacy of the nation's history of racial discrimination and that school officials should be free to craft enrollment policies to promote diversity. Justice Ruth Bader Ginsburg observed that in 1975, Louisville officials had been forced to accept a desegregation plan, but after the court order was lifted, decided "it's worked rather well, so we'll keep it." How can "what's constitutionally required one day" be "constitutionally prohibited the next day?" she said. "That's very odd."

But the Louisville schools' attorney, Francis Mellen, said prior official segregation was irrelevant to his argument. "We stand on the same footing as the Seattle district, as a unitary district," he said in reply to a question from Chief Justice Roberts.

A decision is expected by the end of the court's term, in June.

Separately, the justices declined to hear a petition from R.J. Reynolds Tobacco Co. to toss out a lawsuit from a longtime smoker.

Outside, A 'Fight For Equality' (WP)

By Keith L. Alexander

The Washington Post, December 5, 2006

Chanting slogans and waving signs, thousands of demonstrators -- mostly high school and college students and teachers -- gathered yesterday on the steps of the Supreme Court to support the use of race in programs to maintain school integration.

Demonstrators from as far as California, along with students from Washington area high schools and universities, braved the breezy, 40-degree weather and gathered on the court steps as early as Sunday night to protest a case that the demonstrators said could reinstitute school segregation. Then, holding signs saying "Fight for Equality" and chanting "by any means necessary," they marched down Independence Avenue for a rally at the Lincoln Memorial.

Inside the court, the justices considered arguments in the case, which challenges school diversity programs that take into account the race of students. The demonstrators agreed with attorneys for schools in Seattle and Louisville, who argued that race remains a necessary tool.

On the steps of the memorial, student leaders defended affirmative action policies in public schools and demanded school improvements. Three busloads of students from the District's Ballou Senior High School called for better facilities.

"We want better computers," said Brenda Bell, 15, a Ballou sophomore. "No dripping ceiling. We have broken water fountains. We have mice. Our schools should be as nice as schools everywhere else in this city."

Charles J. Ogletree Jr., a Harvard Law School professor and one of the organizers of the march, said the biggest difference between yesterday's demonstration and previous marches was the role of teenagers and young adults.

"Young people were leading this effort to preserve opportunities for the children of tomorrow," Ogletree said. "This wasn't the usual suspects. It was the youth who saw this as such an important effort that they had to mount this movement. And they did so in a very impressive way."

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Organizers estimated that as many as 5,000 demonstrators gathered outside the Supreme Court, but the number declined as the day wore on. By the time the march reached the steps of the Lincoln Memorial at noon, about 1,000 remained.

Students wearing paraphernalia from Howard University, Hampton University, the University of Michigan, Morehouse College, Clark Atlanta University and other colleges raised their fists and chanted, "Give kids good schools."

About 30 students from Hampton University left their campus in Hampton, Va., at 5:30 a.m. on a chartered bus to arrive in time for the demonstration. "We wanted to support the cause and make sure our voice was heard," said Hampton student Dominique Green, 18.

Dozens of people camped out on the steps of the Supreme Court to be among the 50 or so members of the general public to receive tickets to hear the arguments in the courtroom. Anurima Bhargava, 30, an NAACP Legal Defense and Educational Fund lawyer, said she and her mother, Ranjana, 60, arrived at 9:45 p.m. Sunday and waited through the night, wrapped in sleeping blankets, to get tickets for the arguments for her father, Vijay.

At one point, the steps between the Lincoln Memorial and the Reflecting Pool were transformed into a church scene. Speaker Rodney Jeremiah Reynolds, a freshman at Yale University, said he hoped that one day the nation would not need affirmative action, "but that day has not come yet."

Supreme Court Justices Face New Arguments On Desegregation, Racial Preferences (FINDLAW/AP)

By Mark Sherman, Associated Press Writer

AP, December 5, 2006

(AP) - WASHINGTON-Demonstrators in favor of racial preferences and bearing "Fight For Equality" placards descended on the Supreme Court Monday as justices prepared to hear fresh arguments in cases testing when race may be used as a basis for assigning students to public schools.

The cases could produce the most important decisions on school integration in the U.S. in decades.

Parents in two cities are challenging school assignment plans that factor in a student's race in an effort to have individual school populations approximate the racial makeup of the entire system. Federal appeals courts have upheld both programs.

On the sidewalk in front of the Supreme Court, hundreds of demonstrators marched to dramatize their issue. A parent-teachers group from Chicago and several civil rights groups were among those sponsoring the demonstration.

Demonstrators chanted "Equal education, not segregation" and "We won't go to the back of the bus, integration is a must." Some held signs that read "Stop racism now."

"It's ridiculous to separate us. We worked hard to get everyone together. Why separate us now?" said Jade Johnson, 15, a Washington high school student. Johnson said she came to the demonstration instead of going to school because the issue is important and affects the whole country.

The school policies in contention are designed to keep schools from segregating along the same lines as neighborhoods. In the Pacific coast city of Seattle, only high school students are affected. The plan in another city, Louisville, Kentucky, applies systemwide.

"The plan has prevented the resegregation that inevitably would result from the community's segregated housing patterns and that most likely would produce many schools that might be perceived as 'failing,'" the Seattle school district said in its brief to the high court.

The Bush administration has taken the side of the parents who are suing the school districts, much as it intervened on behalf of college and graduate students who challenged racial preferences policies known as affirmative action before the Supreme Court in 2003.

In 2003, the court upheld race-conscious admissions in higher education in a 5-4 opinion by Justice Sandra Day O'Connor.

O'Connor, however, has since retired and been replaced by conservative Justice Samuel Alito. Lawyers on both sides of the issue presume that Alito is inclined to oppose the school plans.

About 400 of the 15,000 U.S. school districts are under court orders to desegregate. It is believed that hundreds more voluntarily take race into account.

There are no firm figures, although the Pacific Legal Foundation said up to 1,000 districts voluntarily use race as a factor in school assignments, drawing boundaries, deciding where to locate new buildings and in other ways. The foundation opposes race-based policies.

Stop Discriminating By Race (USAT)

By Douglas Kmiec

USA Today, December 5, 2006

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In a phrase often cited to show the Supreme Court's disdain for racial preference, Justice Anthony Kennedy wrote in a 1995 ruling (quoting Justice Sandra Day O'Connor): "At the heart of the Constitution's guarantee of equal protection lies the simple command that government must treat citizens as individuals, not as components of a racial … class."

The Seattle and Louisville school districts have not honored this basic precept of equality. Excluding students from a desired public school on the basis of race is as wrong today as it was in 1954 when the court decided Brown v. Board of Education. Treating students as "white" or "non-white" statistics should be unanimously rejected.

The supporters of racial balancing are not the descendants of Brown, which desegregated public schools, but of Plessy v. Ferguson, which upheld the pernicious "separate but equal" doctrine in the late 19th century. Just as the Plessy majority obtusely asserted that if separation meant inferiority it was only because the minority chose "to put that construction upon it," so too the advocates of today's rigid ratios of white and non-white students can see no harm. The harm, however, is palpable. And it is to all races, since it indulges the ugly stereotype that skin color determines thought and action.

Race may be an aspect of our personal lives for good (racial pride) or ill, and diversity in viewpoint is attractive in educational settings. That is why the Supreme Court allowed public universities in Grutter v. Bollinger (2003) to consider race along with other factors in admissions decisions. But the court was adamant: Racial balancing is always unconstitutional. The school districts violated that principle, and worse. Seattle's differentiation of white from non-white, for example, lumps together those of African, Asian, Latino or Native American heritage. When a student declines to disclose racial ancestry, the schools use "visual inspection." Admission by skin pigment is not academic diversity.

It is speculated that the usually collegial, and often unanimous, court led by Chief Justice John Roberts might divide sharply on this one. It shouldn't. The moral authority asserted by Earl Warren to banish race stands foursquare behind his young, articulate successor. The way to end racial discrimination is to stop discriminating by race — not to invite and embed the practice in the decision-making of thousands of schools.

Douglas W. Kmiec, professor of constitutional law, Pepperdine University; constitutional legal counsel to Presidents Reagan and George H. W. Bush.

52 Years Later, Integration Faces New Supreme Court Test (USAT)

USA Today, December 5, 2006

Since the historic 1954 ruling in Brown v. Board of Education began dismantling separate schooling for black and white children, the Supreme Court has spent a half-century painstakingly working out a fair way of making America's classrooms more racially diverse.

The results can be seen nearly everywhere you look. African-Americans head major companies. The two most recent secretaries of State are black. A vibrant, educated black middle class has sprung up, and colleges actively seek black students to enrich their campuses, expanding that middle class further.

So it was ominous Monday to hear Supreme Court justices sounding hostile to voluntary — and popular — desegregation plans in Seattle and Louisville. If the justices rule them unconstitutional, the tenuous advance of equal opportunity could be undermined or even reversed.

As with anything involving race, the system of desegregation and affirmative action that has evolved under the court's watchful eye is controversial. Whites sometimes feel slighted, and it is whites who brought the Seattle and Louisville cases to court.

Both cities assigned students to schools in part to ensure that the schools are racially diverse, and parents whose children were temporarily denied admission to the schools they preferred sued, claiming racial bias.

Lower courts ruled against them, and just a year ago, the issue seemed settled. The court refused to hear a challenge to a desegregation plan in Lynn, Mass., that is similar to the Louisville plan.

But then Justice Sandra Day O'Connor retired and was replaced by Justice Samuel Alito, who civil rights advocates fear is the crucial fifth vote to undo the two plans — and others in hundreds of school districts that follow similar guidelines to achieve diversity.

In 2003, O'Connor was the fifth vote in a pivotal 5-4 decision that said the University of Michigan Law School could consider race as a factor in admissions, as long as there was no explicit quota for admitting black applicants. The court noted that diversity promotes "cross-racial understanding and the breaking down of racial stereotypes" and gives students invaluable skills that "can only be developed through exposure to widely diverse people, cultures, ideas, and viewpoints."

That is the reason Louisville and Seattle tried to diversify their schools. Another reason was that students in overwhelming black or Hispanic schools consistently underperform.

The plans of both cities are complex, trying to balance family preferences against diversity and other non-racial considerations, but they are widely accepted in those communities, and they work.

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But they appear far less popular at the court. Court watchers came away thinking the school diversity plans will be in trouble when the court rules early next year. Justice Anthony Kennedy, the likely swing vote now, said at one point that Seattle's plan seems to hinge in some cases "solely on skin color … it's like saying everybody can have a meal, but only (certain people) can get the dessert."

More telling was the answer to a question Kennedy asked about what has happened to Seattle schools since the school board suspended the plan after an adverse court ruling in 2001. Kennedy wondered whether the schools had integrated on their own.

The facts should sober him. In 2000, white enrollment at predominantly non-white Franklin High School was 25%; by 2005 it was down to 10%. Without the plan, Seattle's schools have gone backwards. The high court shouldn't lead a charge to ensure similar results around the nation.

Truck Driver Convicted For Deaths In Smuggling Case (AP)

By JUAN A. LOZANO, The Associated Press

AP, December 5, 2006

HOUSTON (AP) — Now that a jury has convicted a truck driver for his role in the nation's deadliest human smuggling attempt, his defense attorneys said they are focused on one thing: sparing him a death sentence.

The federal jury convicted Tyrone Williams on Monday of all 58 counts of conspiracy, harboring and transporting he faced for ferrying illegal immigrants during a May 2003 smuggling attempt from South Texas to Houston.

His airtight tractor-trailer was packed with more than 70 immigrants who punched out taillights and screamed for help when the heat inside the tomblike trailer became deadly. Nineteen of the immigrants died from dehydration, overheating and suffocation.

On the 20 death penalty eligible counts Williams faced in his retrial, the new jury found that his actions resulted in the death of a person, sending the trial to a punishment phase. That phase is set to begin Wednesday and last about a week.

Jurors will decide whether Williams should be sentenced to death or up to life in prison.

Craig Washington, Williams' defense attorney, said he plans on presenting testimony from about 20 witnesses. He wouldn't comment on who would testify on Williams' behalf or speculate on what will be key to his case.

"The jury has to decide whether to take another human being's life. So everything is on the table when they do that. And everything about a human being that the jury wants to know to decide whether the person lives or dies is important," said a visibly shaken Washington.

Prosecutors say Williams merits a death sentence because he was responsible for the deaths by not freeing the immigrants or turning on the trailer's air conditioning, which could have saved their lives. Some survivors testified they thought the air conditioning had been turned on.

Prosecutors declined comment on the verdict, but during a court hearing after the jury's decision was read, said they would be presenting 25 to 26 witnesses during the punishment phase and concentrating on how the crime was committed.

Williams had no visible reaction when the verdict was read, but hugged Washington, a former Houston congressman, before being led away by U.S. marshals.

Washington said his client transported the illegal immigrants but wasn't responsible for their deaths because he didn't know they were dying until it was too late. Washington blamed another smuggling ring member for causing the deaths by overstuffing the trailer.

Williams abandoned the trailer at a truck stop near Victoria, about 100 miles southwest of Houston.

Williams, 35, a Jamaican citizen who lived in Schenectady, N.Y., is the only one of 14 people charged in the case who is facing the death penalty.

This was the second time Williams was tried for the smuggling deaths.

Last year, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury couldn't agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

The 5th U.S. Circuit Court of Appeals rejected the decision, saying the verdict didn't count because the jury failed to specify his role in the crime.

The new jury deliberated for more than four days, beginning Nov. 27 and taking a three-day weekend. They returned the verdict after deliberating for about two more hours Monday.

Douglas McNabb, a Houston attorney who specializes in federal criminal defense, said Williams' team of defense lawyers has an "uphill climb" during the punishment phase.

"Primarily the government is going to argue that not only what he did was intentional, but that it was such a heinous offense that the defendant has no redemptive value at all and should be executed," he said.

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Trucker Guilty In Migrant Deaths (LAT)

By Lianne Hart, Times Staff Writer

The Los Angeles Times, December 5, 2006

The Texas driver could get the death penalty. A trek in his hot trailer was fatal to 19 people.

HOUSTON — A Texas jury Monday convicted a truck driver on all 58 counts against him for his role in the deaths of 19 people during a bungled human smuggling attempt.

Tyrone Williams, 35, faces a possible death sentence or life in prison. The punishment phase of the trial will start Wednesday and is expected to last about a week.

Williams stared ahead and showed no emotion when the verdict was read, but later hugged his lawyer, Craig Washington, before being led away by U.S. marshals.

"I'm deeply disappointed," Washington said outside the courtroom.

Prosecutors declined to comment on the verdict, but told U.S. District Judge Lee Rosenthal that they expect to call about 25 witnesses during the sentencing trial.

In May 2003, Williams hauled more than 70 illegal immigrants in a sweltering trailer from south Texas to a truck stop near Houston. As temperatures inside the trailer rose, the increasingly desperate riders peeled off their clothes, punched out tail lights for air and shouted for help.

By the time Williams opened the door about 3 1/2 hours later, 17 people had died of dehydration, overheating or suffocation. Two others died later.

Williams abandoned the trailer at a truck stop and fled to Houston, 100 miles away. He was arrested after walking into a hospital complaining of anxiety.

During the trial, the jury of seven women and five men watched as grieving family members from Mexico, Honduras, El Salvador and the Dominican Republic identified their relatives from grisly photos. One showed a 5-year-old boy who had died in his father's arms.

Assistant U.S. Atty. Daniel Rodriguez told jurors that Williams was a "vile and heartless truck driver" who ignored the suffering of the riders.

Williams' lawyers said he didn't know how many people were packed into his trailer, and didn't understand the immigrants' cries for help, which were in Spanish.

Williams' first trial ended in a hung jury in March 2005.

Of the 14 people charged in the case, Williams is the only defendant to face death. His lawyers have said that Williams, who is black, was singled out because of his race.

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Trucker Convicted In Deaths Of 19 Illegal Immigrants (NYT)

By Ralph Blumenthal

The New York Times, December 5, 2006

HOUSTON, Dec. 4 — A truck driver was found guilty of all charges Monday and faces possible execution in the deaths of 19 illegal immigrants who suffocated in his airless trailer in South Texas in 2003.

In a retrial of the nation's deadliest human trafficking case, the federal jury that convicted the driver, Tyrone M. Williams, 35, of Schenectady, N.Y., begins hearing testimony Wednesday on whether to give Mr. Williams the first death sentence under a 12-year-old "alien smuggling" statute or a lesser term of up to life in prison.

The milk trailer, piled with bodies and 55 survivors, was found abandoned at a truck stop near Victoria, Tex., in the early hours of May 14, 2003.

Mr. Williams, a legal immigrant from Jamaica, sat impassively through 58 recitations of "guilty" as the verdict form was read, then embraced his lawyer, Craig A. Washington. Asked afterward how his client had taken the news, Mr. Washington, a former Texas congressman, said, "Better than me."

Mr. Washington, whose trial defense conceded Mr. Williams's role as a smuggler but challenged his awareness of the victims' suffering, said he planned to put on about 20 witnesses to testify about mitigating factors in Mr. Williams's history.

The lead prosecutor, Daniel C. Rodriguez, an assistant United States attorney who had painted Mr. Williams as "vile and heartless," declined to comment until the punishment phase was concluded.

Mr. Williams's first trial ended in March 2005 with an incomplete verdict later thrown out by the United States Court of Appeals for the Fifth Circuit. Jurors had found Mr. Williams guilty on 38 of the 58 counts but deadlocked on the others, including

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conspiracy resulting in death, a charge carrying possible capital punishment. Jurors also could not agree on how to answer questions assessing Mr. Williams's degree of culpability.

Monday's verdict, on the fifth day of deliberations, found him guilty of all 58 counts: conspiracy plus counts of harboring, transporting and transporting resulting in death for each of the 19 victims. The jurors also found him culpable as a principal offender, out for "private financial gain."

Evidence in the trials portrayed Mr. Williams as a milk trucker and sometime drug courier who had been recruited by a smuggling ring to transport 60 illegal immigrants on a similar run from the border about a week earlier and who then took $7,500 to carry a group from Harlingen, Tex., past a Border Patrol checkpoint in Sarita to a waiting van and pickup truck.

But the relief vehicles became stuck at the checkpoint, and Mr. Williams, with the truck's refrigeration turned off, was directed by the smugglers to continue toward Houston.

A companion in the cab, Fatima Holloway, who was traveling along for a drug deal, testified for the government that Mr. Williams ignored the banging of his passengers as they succumbed to airlessness, dehydration and temperatures as high as 173 degrees, finally clawing out a taillight in a desperate bid to breathe.

The first to die, a survivor testified in English, was a 5-year-old Mexican boy who expired in his father's arms, crying, "Daddy, Daddy, I'm dying." Sixteen more people suffocated before Mr. Williams finally halted the truck in Victoria, about 100 miles southwest of Houston, and two more died later in the hospital.

How many were crammed into the 18-wheeler remains unclear. The dead and survivors total 74, but some riders may have escaped when Mr. Williams unlocked the doors.

The jurors asked to review a particularly graphic piece of evidence: a videotape from the Victoria truck stop in which Mr. Williams and Ms. Holloway seem composed while buying 55 bottles of water — just as one of the survivors staggers in pleading for help.

Mr. Williams and Ms. Holloway fled in the cab, and Mr. Williams was arrested later in a Houston medical center where he had sought treatment for stress.

Of 14 defendants charged in the case, Mr. Williams is the 11th to be convicted and the only one to face the death penalty. Seven, including ringleaders of the scheme, have been sentenced to long prison terms, and three are awaiting sentencing. Two had their charges dismissed, and one man is a fugitive.

In the first trial, Mr. Washington raised a defense of racial discrimination, arguing that Mr. Williams, who is black, had been singled out for execution because of his race. Judge Vanessa D. Gilmore pressed prosecutors to explain their reasoning and, when they refused, said she intended to inform the jury.

The Fifth Circuit, in throwing out the partial verdict, ruled racial questions out of the case and, citing Judge Gilmore's heavy schedule, reassigned the case to Judge Lee H. Rosenthal.

In what some legal experts saw as a defense misstep this time, Mr. Williams, apparently against Mr. Washington's advice, declined to concede the identities of the victims, requiring the government to call relatives whose grief-stricken testimony clearly anguished the jury.

First Trial's Juror Says Williams Not Alone (HC)

By Harvey Rice, Houston Chronicle

Houston Chronicle, December 5, 2006

Holdout felt others shared the blame for deaths

One of the jurors in Tyrone Williams' first trial, which ended with a hung jury in March 2005, said he held out to spare the truck driver from a death sentence because he believed others shared responsibility for the deaths of 19 illegal immigrants.

"I couldn't see them giving the death sentence to one person," said Horace Rains, 79, a merchant seaman who lives in east Harris County.

Williams was one of 14 people charged in the failed smuggling attempt that left 19 illegal immigrants dead in the back of a tractor trailer near Victoria in 2003. He is the only one to face a possible death sentence.

Rains says he and a woman , whose name he could not recall, kept the 2005 jury from reaching a unanimous verdict. His revelation was made possible by U.S. District Judge Lee Rosenthal's decision to lift a gag order issued by the judge who presided over Williams' first trial.

U.S. District Judge Vanessa Gilmore gave an oral order to jurors at the end of the first trial not to speak with the news media or attorneys after they were discharged.

Story held until verdictGilmore lifted a written gag order in May this year after the case was transferred to Rosenthal, but not the oral order to jurors. The Houston Chronicle asked Rosenthal to lift the oral order and provide a list of jurors because reporters were prevented from interviewing them after the trial.

Rosenthal refused to make the jury list available because of a standing policy by Houston federal courts forbidding the release of juror information. She lifted the gag order, however, and said jurors were free to contact the Chronicle.

Rains contacted the Chronicle after a new jury had heard eight days of testimony in Williams' retrial. The Chronicle delayed publishing the story until the new jury reached a verdict.

The jury found Williams guilty of 58 smuggling counts Monday. The penalty phase of the trial begins Wednesday.

Rains was juror No. 3 in the first trial. That panel failed to reach a verdict on a smuggling conspiracy count, which carried the death penalty, and 19 counts of harboring illegal immigrants.

The jury did find Williams guilty of 38 smuggling transportation counts, 19 carrying a possible death sentence, but failed to answer special questions for each count, including whether Williams had a primary responsibility for the deaths or was an aider and abettor.

The 5th U.S. Circuit Court of Appeals ruled that failing to answer those questions amounted to a failure to reach a verdict.

No intentionRains said he and a woman juror refused to answer the special questions because they believed it would have been tantamount to a death sentence.

"That part would have made them give him the death sentence," Rains said. "A lot of them wanted him to get the death sentence."

If the holdouts had voted with the majority, the trial would have gone to a penalty phase in which prosecutors would have to prove Williams deserved the death penalty.

Rains said he supports the death penalty but not for Williams.

"I don't believe he had any intention of letting those people die," he said. "He didn't shut the door. He didn't know how many people were in there."

Rains said Abelardo Flores, the smuggler who recruited Williams and provided key prosecution testimony, was just as guilty.

Flores pleaded guilty and agreed to testify against Williams in return for the prosecution's support of a reduced sentence. He is awaiting sentencing.

Prosecutors Interview Two Shot By Police In Queens (NYT)

By Al Baker And William K. Rashbaum

The New York Times, December 5, 2006

Prosecutors from the Queens district attorney's office conducted bedside hospital interviews yesterday with the two men wounded in a hail of 50 police bullets that claimed the life of Sean Bell, the first time investigators have heard from any direct participants in the Nov. 25 shooting, a lawyer for the two men said.

In separate interviews, the two men, Trent Benefield, 23, and Joseph Guzman, 31, told prosecutors what their lawyers have been saying publicly for days about the shooting, according to the lawyer, Sanford A. Rubenstein.

The two said that only they and Mr. Bell, who was 23, were in or near the car when the shooting erupted — contradicting accounts from some officers involved that a fourth man was with the group and may have been armed.

Mr. Benefield and Mr. Guzman also said that the five police officers who opened fire on them did not identify themselves and that they had no idea that they were facing the police, Mr. Rubenstein said. He was one of three lawyers present as a team of assistant district attorneys and members of the district attorney's staff questioned the men in their rooms at Mary Immaculate Hospital.

Richard A. Brown, the Queens district attorney, is gathering facts about the case, which he has said will go before a grand jury.

For days, the Police Department has been seeking a fourth man who officers and a civilian witness quoted by the police say was wearing a beige jacket and who law enforcement officials believe may have been with Mr. Bell, Mr. Benefield and Mr. Guzman.

One of the detectives who fired, according to a person briefed on his version of events, said the fourth man was in Mr. Bell's car. The civilian witness, who looked down from an apartment window after she heard gunshots, described seeing a man in a beige jacket fleeing the scene, the police said.

Mr. Rubenstein and others, including Charlie King, a lawyer who is representing several men who were in Mr. Bell's bachelor party that morning and who witnessed the shooting, have insisted that the police are wrong. "There was no fourth man in the car or next to the car," Mr. Rubenstein said.

Mr. Rubenstein said Mr. Guzman and Mr. Benefield told prosecutors that the undercover officer who fired the first shots, a 28-year-old six-year veteran of the department, "did not identify himself either through a shield or a verbal command. Period."

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As with the back-and-forth over the "fourth man," Mr. Rubenstein's statements served to create a clear line separating the versions of events being given by those close to the wounded men and those close to the police officers. A person briefed on the account of that undercover detective has said that that detective got in front of Mr. Bell's car, pulled out his gun and, with his police badge around his neck, identified himself as an officer.

That detective and the other officers fired after Mr. Bell drove into the detective and an unmarked police van, the police said. The officers suspected that one of the men had a gun, but no gun was later found, the police have said.

Mr. Rubenstein declined to offer further specifics about the officials' questions or his clients' answers. But he said the exchange marked the beginning of his clients' cooperation with prosecutors.

"What's next is for the district attorney to continue his initial investigation, which they are in the process of conducting," Mr. Rubenstein said. "Any witnesses who saw what happened should come forward, either directly to the district attorney's office or contact me, and we will see to it that they get the opportunity to come forward to the district attorney's office."

Kevin Ryan, a spokesman for the district attorney's office, would not discuss details of the interviews.

A law enforcement official involved in the investigation said that as the medical conditions of the two men improve, and the inquiry moves forward, officials expect to speak to them again. "As long as they were medically ready to talk, we want to talk to them," the official said. "Even though we're not setting a deadline, we're going to move expeditiously."

The five police officers who fired the shots have not yet spoken to the police or prosecutors.

"The Internal Affairs Division has conducted inquires and provided all information to the Queens district attorney," Paul J. Browne, the Police Department's chief spokesman, said yesterday when asked about the statements Mr. Benefield and Mr. Guzman made to prosecutors.

As the investigation moves forward, prosecutors are seeking to gather as much independent evidence as they can — from witness accounts, forensics and ballistics to information about the events leading up to the shootings, including surveillance video from inside and outside the club, phone records and radio transmissions from the officers and other material, the official involved in the investigation has said.

Among other steps prosecutors will take to get ready for their grand jury presentation, they will prepare a detailed timeline, starting at the point where the officers began their tour of duty on the night of Nov. 24 but focusing mainly on the minutes leading up to the shooting and on the shooting itself, according to the official. Some points along the timeline will be firmer than others, set by benchmarks like radio transmissions, cellphone records and other more determinate factors, the official said.

Prosecutors will also put together detailed profiles of each of the officers, the official said.

Michael J. Palladino, president of the Detectives Endowment Association, said he and the president of the Patrolmen's Benevolent Association, Patrick J. Lynch, met yesterday with Mr. Brown and Jack Ryan, Mr. Brown's chief assistant, for about 30 minutes.

Mr. Palladino said that he wanted to know when the case would be presented to a grand jury and "wanted to come away with a comfort level" that the four detectives and one police officer involved in the shooting "would have a level playing field" in Mr. Brown's investigation.

"Because I think they're entitled to a fair and impartial investigation, and most importantly, they are entitled to due process," Mr. Palladino said.

He said he came away from the meeting with a sense that the five would be treated fairly.

Appearing last night on "Larry King Live," Mr. Bell's fiancée, Nicole Paultre, said that she had spoken to Mr. Guzman and Mr. Benefield in the hospital and that they had believed they were about to be carjacked that morning on the street. "They were afraid," she said.

Ms. Paultre was wearing the wedding ring that Mr. Bell never got to place on her hand. She said that he had been buried with his ring.

"I'm actually, to be honest, not angry," she said. "I'm more just trying to be strong. I just want justice. Me and my family just want justice."

Meanwhile, Mayor Michael R. Bloomberg, in Florida yesterday, said that while people "have a right to express themselves" about the shooting, he found "disgusting and disgraceful" some demonstrators' signs, which read "Death to Pigs." <NYT_AUTHOR_ID>

Reporting was contributed by Diane Cardwell, Alan Feuer, Kate Hammer, Daryl Khan and Michael Wilson.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Lauderdale Mayor, Union Call Critics 'Reckless' For Condemning Police Shooting (FLSUNSEN)

By Akilah Johnson, South Florida Sun-sentinel

South Florida Sun-Sentinel, December 5, 2006

FORT LAUDERDALE -- Standing on the steps of City Hall on Monday, the mayor and police union called the actions of some elected officials and the NAACP "irresponsible" and "reckless" after the fourth fatal shooting by Fort Lauderdale police this year.

The community has rushed to condemn officers Robert Norvis and Todd Hill before the investigation into the Nov. 28 shooting is finished, said Jack Lokeinsky, president of the Fort Lauderdale Fraternal Order of Police.

Norvis, 35, and Hill, 33, tried to stop a stolen Mitsubishi SUV. They opened fire, police said, after the driver put the SUV in reverse and accelerated toward the officers. Driver Troy Eddines was killed and passenger Travis Jackson was wounded.

"Judge incidents after all the facts are ascertained, and not before," Lokeinsky said Monday with a diverse crowd of more than 75 officers standing behind him. "That did not happen in this case. Elected officials have an obligation to attempt to defuse, not incite the community."

That statement came after a chaotic community meeting Thursday at the Mizell Center, where hundreds of residents demanded answers.

On Monday, Mayor Jim Naugle stood among the sea of police blue.

"The posturing of some in the community trying to stir things up, to me, is really wrong," Naugle said of Commissioner Carlton Moore and the National Association for the Advancement of Colored People. "People were acting like something was wrong in this incident, and that is reckless and irresponsible."

Moore, two state legislators and the NAACP called for state and federal investigations into the shooting. The FBI has begun a civil rights investigation.

The NAACP plans to ask federal officials to broaden their investigation and look at all recent Fort Lauderdale police shootings, as well as the department's policies and practices, particularly those concerning use of force.

"When it comes to investigating our own, this department is an open book," Lokeinsky said, adding that Fort Lauderdale has a Citizens Police Review Board.

A grand jury will decide if the shooting was justified, Naugle said. "And the grand jury is the people ... us."

Moore and Marsha Ellison, president of the Fort Lauderdale branch of the NAACP, said Monday that they are not provoking the public but expressing concerns that exist among northwest Fort Lauderdale residents.

Moore said the police department is a public entity, and the public, therefore, has every right to scrutinize it.

"Are they saying they can't be questioned?" he asked.

One criticism has been that the department seems more concerned with highlighting Eddines' and Jackson's lengthy criminal records instead of figuring out what happened.

Police now are trying to do the same to him, Moore said. A Broward Sheriff's deputy stopped Moore on Sunday when a check of his license plate indicated it was registered to the wrong car, said sheriff's spokesman Elliot Cohen. The stop occurred about 7:50 a.m. in the 600 block of Northwest 27th Avenue.

Turns out, it was the correct license plate, but Moore's driver's license was suspended, Cohen said. Moore was ticketed for driving with a suspended license with knowledge. His license was suspended more than a year ago for failure to pay traffic fines, officials said.

"All of a sudden Carlton is the issue," Moore said Monday. "Anything but the police."

Panel Discusses Atlanta Police Shooting (NSDY/AP)

By Errin Haines, Associated Press Writer

Long Island Newsday, December 5, 2006

ATLANTA -- Civil rights leaders, clergy and city officials met Monday with residents of a northwest Atlanta neighborhood to discuss how to ease tensions between them and police after officers serving a warrant killed an elderly woman at her home.

Many in the audience had questions for Atlanta Police Chief Richard Pennington, who said he was committed to a thorough investigation into the Nov. 21 fatal shooting of Kathryn Johnston.

"I assure you that we are going to do everything we can to make sure we get to the bottom of this tragedy," Pennington said. "We need to do a lot of healing."

Pennington said he was not able to comment on specifics of the case, which has been turned over to the FBI and Georgia Bureau of Investigation.

Diana Myers, 46, who has lived in the neighborhood for 17 years, called the meeting a farce.

"They didn't answer none of our questions," Myers said. "They didn't say nothing. But our community, we're not letting this go. We have to change our community."

The National Association for the Advancement of Colored People, which hosted the meeting, has called for the establishment of a civilian review board with the power to subpoena witnesses and a return to community policing.

Johnston -- who family members said was 92, but was 88 according to the county medical examiner -- was home alone when plainclothes officers burst in, searching for drugs. Police said she opened fire with a revolver, wounding three officers before she was shot.

The officers said they obtained the "no-knock" warrant earlier that day after they said an informant bought drugs at the house from a man who has not been arrested.

The informant later denied buying drugs at Johnston's home and said he was told by police to lie about the incident, according to Pennington. The chief said the informant, who's in protective custody, is a key part of the FBI-led investigation.

Black Lawmakers Set To Take Crucial Posts Face Pressure (NYT)

By David D. Kirkpatrick

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — The impending Democratic takeover of Congress will elevate more blacks to positions of power in the Capitol than ever: 4 major House committee chairmen, as many as 16 subcommittee chairmen, the third-ranking House Democratic leader and a senator considered a credible candidate for his party's presidential nomination.

It is so much power that Representative Charles B. Rangel, the New York Democrat set to be chairman of the pivotal Ways and Means Committee, said he hesitated to speak about it publicly. "I don't want to scare the hell out of people," Mr. Rangel said, "that blacks are now in charge of the committees and so, therefore, watch out."

While celebrating their rise to prominence, black lawmakers face conflicting pressures from their traditional supporters on one side and the Democratic leaders on the other. Many African-American lawmakers represent poor, predominantly black districts created to ensure black representation under voting rights laws. Their safely Democratic seats have helped them rise in seniority ahead of colleagues from more politically heterogeneous districts. Many lean well to the left of the Democratic caucus as a whole.

Traditional party allies like the National Association for the Advancement of Colored People and some members of the Congressional Black Caucus say they expect their newly powerful champions like Mr. Rangel, 76, to push a long-stalled agenda that includes hearings or a commission on reparations for slavery, guaranteeing voting rights for convicted felons, prohibiting racial profiling by police or customs officers, restricting gun sales, and sharply increasing the compensation paid to people displaced by Hurricane Katrina.

But like other leaders of the larger Democratic caucus, the black lawmakers are being cautioned to be mindful of a broader audience that includes voters in Republican-leaning swing districts, where those initiatives can be politically perilous. And black lawmakers say they feel pressure to appeal to a broader audience because their names and faces often appear as emblems of their party's liberalism in what they consider racially tinged campaign appeals by their opponents.

"It's going to be a delicate balance for the chairmen," said Representative Melvin Watt, the North Carolina Democrat who is chairman of the Congressional Black Caucus. "They want to be progressive in their agenda, but they don't want the public to react negatively to what they are doing, because they know you are leading up to a 2008 presidential election." (Senator Barack Obama of Illinois, who is black, could be a presidential candidate.)

Mr. Watt and others emphasized that the Democratic leadership had already embraced some black caucus priorities, like raising the minimum wage and increasing education subsidies. But the black caucus is still preparing its own agenda of items left off the Democratic leadership's program for the first 100 days of the new Congress, including more aid for the victims of Hurricane Katrina, many of whom were black.

The number of African-Americans in Congress has grown to 43 from just 13 at the founding of the Congressional Black Caucus in 1969. But although the 2006 election elevated some caucus members to prominence, it did not add to the group's numbers. Its 43 members still make up less than 10 percent of the House and 1 percent of the Senate. By comparison, blacks make up about 13 percent of the population.

The previous high mark for black power in Congress was in 1993-4, when three blacks served as chairmen of less significant House committees, said David Bositis, a researcher at the Joint Center for Political and Economic Studies, an African-American research and policy group. In addition, Carol Moseley Braun of Illinois, the second black senator since Reconstruction, was elected in 1992.

Many black lawmakers maintain that since then Republican partisans have often played to the racial animosities of some white voters by focusing attention on the black lawmakers who would be committee chairmen if the Democrats controlled the House. Republican speeches and other appeals often emphasized that Mr. Rangel would take over the Ways and Means Committee and that Representative John Conyers Jr. of Michigan, at 77 the dean of the black caucus, was in line to lead the Judiciary Committee.

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Weeks before the midterm elections, the Republican strategist Mary Matalin told The Washington Post that the party was seeking to "hammer home what a Pelosi-Rangel-Conyers House would really mean," linking the two black members to Representative Nancy Pelosi, a liberal white Democrat from San Francisco in line to be House speaker. Black lawmakers say the Republican attacks usually fail to mention their white liberal counterparts like Representative David R. Obey of Wisconsin, soon to be chairman of the Appropriations Committee.

Richard A. Viguerie, a conservative direct mail pioneer, said the political liability was not the lawmakers' race but the impression that the Democrats were "a party of special interests."

"With the feminists, the homosexual groups, the other interest groups, you put it all together with the black interest groups and it does not look like America," Mr. Viguerie said, predicting that the theme would "get pounded" in conservative talk radio and other outlets during the next Congress.

"We have to be very careful," said William Lacy Clay Sr., a former Democratic representative from Missouri who was a founding member of the Congressional Black Caucus and chairman of the postal committee before the Republican takeover in 1994. (His son, William Lacy Clay Jr., now holds his seat.) "You can bet your life we do not live in a color-blind society," the elder Mr. Clay said.

Some lawmakers, though, said the Democratic victories this year showed that racially charged attacks were losing their edge. "It didn't work," said Representative Bennie Thompson, 58, a Mississippi Democrat who is set to be chairman of the Homeland Security Committee.

Mr. Thompson said he would not shy away from potentially controversial measures intended to undo the effects of discrimination, including ensuring that a part of domestic security contracts went to firms owned by African-Americans and other minorities, that contractors hired members of minority groups, that research money went to historically black colleges, and that border security officers did not single out travelers on the basis of race or ethnicity.

Representative William Lacy Clay Jr. said black lawmakers should not get distracted by the concerns of the larger Democratic caucus. "We need to stay focused as a caucus on the people who sent us there," Mr. Clay said, "and remember we are the black caucus."

Mr. Conyers, who has sponsored a bill creating a commission to study the idea of reparations, and Representative Juanita Millender-McDonald, a 68-year-old California Democrat who is set to lead the House Administration Committee, both declined to discuss potential agendas until the caucus formally selected the new chairmen.

Mr. Rangel, however, said he was conscious that as Ways and Means chairman he would be accountable to a different constituency, including what he called "wannabe Democrats" — moderate freshman elected in Republican-leaning districts.

So instead, Mr. Rangel said, he will advocate policies to help the disadvantaged of all races, which could help blacks as well. "When God hit with Katrina, she didn't give a damn about color at all," he said, "but she sure did give the poor people a hard road to travel." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Pioneering Fire Chief Fights For Her Job Amid Lawsuits (NYT)

By Susan Saulny

The New York Times, December 5, 2006

CHICAGO, Dec. 4 — Two years ago, when Bonnie Bleskachek was named fire chief in Minneapolis, it made news far beyond Minnesota because she was the first openly lesbian firefighter to achieve that rank in the professional fire service of a major city.

Hailed as a pioneer, Chief Bleskachek was showered with praise for her years of hard work. Perhaps no one was more pleased with the appointment than Mayor R. T. Rybak, a supporter of gay rights who made the promotion a media event.

But last Wednesday, it became clear that everything had changed. Citing a lack of confidence in Chief Bleskachek's management style, Mr. Rybak asked the City Council to fire her.

The move was made after suits were filed against the city and Chief Bleskachek that accused her of playing sexual politics, retaliating against a former partner, acting as a lustful predator and showing bias against at least one heterosexual male firefighter.

"All of that information has been presented to us in great detail," Mr. Rybak said. "I have to be honest. I very much wanted Bonnie Bleskachek to succeed."

Chief Bleskachek says that she did succeed and that is precisely why she is entangled in such a case.

"Being an out lesbian, which the mayor really wanted to push, the first openly lesbian fire chief, made me an easy target," she said. "The sharks smelled blood in the water."

John A. Klassen, an employment lawyer representing the plaintiffs in three of the four suits against Chief Bleskachek, rejected that argument.

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"None of these cases are antilesbian," Mr. Klassen said. "These cases are about discrimination."

He added, "It's unfortunate that someone who could have been a beacon" for gay, lesbian, bisexual and transgender people "was engaging in what everybody views as stereotypically male harassment behaviors."

The suits, including one by a former partner of Chief Bleskachek, depict a firehouse culture where lesbians and their allies enjoyed favors and people who crossed them risked punishment.

Chief Bleskachek said the complaints were nonsense, calculated to prey on some of the public's worst fears about gay men and lesbians in power. Of her accusers, she said, "They knew it would be tantalizing and salacious and that the City Council would run, turn tail and run the other way."

The city has settled or is in the process of settling three suits for modest sums. That, Chief Bleskachek, said, angered her most of all.

"I wanted to have my day in court, to be deposed, to force these people to produce some proof," she said. "It's a devastating blow to my career, my reputation, my everything."

The Minneapolis Fire Department had made strides in dismantling barriers to women and minorities, being held up as a model. It was widely considered one of the best places in the country to work as a firefighter, particularly for women.

The national average for women in firefighting agencies is 2.5 percent; in Minneapolis, 71 of 435 members, or 16 percent, of the Fire Department are women.

Last year, the department was first in the country for the number of women in the ranks, according to Women in the Fire Service, an advocacy group in Madison, Wis.

It was not always that way. In the late 1970s, the department was sued over a lack of diversity. It remained under federal oversight until 2000, when it was clear that a lack of diversity was no longer a problem.

Some credit goes to Chief Bleskachek, 43 supporters have said. In 1996, she was a co-founder of the Minnesota Women's Firefighter Association, helping prepare women for firefighting careers and offering professional development to women who sought leadership posts.

Minneapolis has not decided whether the department still has a place for Chief Bleskachek, but she said she wanted to be part of it.

"I've worked too hard for years," she said. "If I'm such a terrible manager, if I'm such a bad leader, where are the red flags in my past? The only thing I can come up with is that this is a whole lot of homophobia and sexism."

A plaintiff, Firefighter Jennifer Cornell, is a former partner of Chief Bleskachek. They share custody of the chief's two children.

Firefighter Cornell said in court papers that Chief Bleskachek, out of vengeance and pride, nullified the results of a test for promotion to battalion chief on which she performed well because Chief Bleskachek's current partner, also a firefighter, did not pass.

Another plaintiff, Firefighter Kathleen Mullen, had been a friend of Chief Bleskachek for years, until the chief started dating Capt. Mary Maresca, who used to go out with Firefighter Mullen.

Firefighter Mullen passed the first part of the battalion chief's test, only to have the remainder of the test canceled. She said the results were thrown out to prevent her promotion and in retaliation for not approving of Chief Bleskachek's current relationship.

Chief Bleskachek said that a panel of city officials had found some test questions flawed and that she had stopped the entire test.

The two cases were settled. Firefighter Cornell had sought $300,000. She received $69,000 and a guaranteed promotion. Firefighter Mullen received a backdated promotion and $29,000.

After the first two suits were filed, a third firefighter, Kristina Lemon, filed a legal complaint stating that 10 years ago Chief Bleskachek pursued an unwanted romantic relationship with her. After being spurned, Firefighter Lemon said, Chief Bleskachek used her increasing power over the years to penalize her.

In the complaint, Firefighter Lemon described a loud argument when Chief Bleskachek demanded that she admit romantic feelings. At another time, Firefighter Lemon said in the complaint, Chief Bleskachek told her that she had "sexual dreams" about her.

"The defense for that is pretty simple," said Jerry Burg, a lawyer for Chief Bleskachek. "It didn't happen. These two people haven't talked in 10 years, and Kristina is making it up."

Firefighter Lemon's case is in the final stages of settlement, said her lawyer, R. Daniel Rasmus. He would not discuss the terms.

A fourth suit was filed against Chief Bleskachek and her current partner, Captain Maresca, by Firefighter Elondo J. Wright, who says he suffered discrimination because he is not gay and not a woman. The federal case is in the early stages.

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In his complaint, Firefighter Wright said that he was called a home wrecker after joining an all-female crew headed by Captain Maresca and that he was denied opportunities for advancement. He also said he saw the women “behaving in a physically inappropriate manner” while on duty at the firehouse, where they had adjoining rooms.

Captain Maresca declined to comment.

Amid the accusations less than a year after her reappointment to a second term, Chief Bleskachek said her head was spinning.

“It’s been brutal,” she said. “I still feel like I’m recovering from shock.” <NYT_AUTHOR_ID>

Lucy Quinlivan contributed reporting from Minneapolis.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Minneapolis Likely To Oust Lesbian Fire Chief (WP)

By Kari Lydersen, Washington Post Staff Writer

The Washington Post, December 5, 2006

Two years ago, Minneapolis, known for its civic diversity and tolerance, made national headlines for naming Bonnie Bleskachek the first openly lesbian fire chief of a major U.S. city.

Now city officials are cringing in the face of four lawsuits filed against her.

The city has settled two lawsuits with women firefighters who allege that sexual favoritism on Bleskachek's part stunted their careers in the department. A sexual harassment suit from a third female firefighter and a gender discrimination claim from a male employee are pending.

Last week, city officials were briefed on an investigation being conducted by a local law firm into Bleskachek's performance as chief. After the briefing, Mayor R.T. Rybak announced that a proposed deal that would have given Bleskachek severance pay and demoted her within the department is off the table. Instead, the city may move to fire her from the force, pending the completion of the investigation.

"The only thing decided is a broad consensus from the mayor and City Council that she be removed from the fire chief position," said Rybak's spokesman, Jeremy Hanson.

Bleskachek, 43, is furious that the city has settled the lawsuits rather than taking them to trial, where she could have told her side of the story.

"They have no evidence at all; this is all based on conjecture and hurt feelings," she said, in her home in a pleasant, modest south Minneapolis neighborhood.

There is no doubt the Fire Department is rife with personal dramas and romantic entanglements. One of the lawsuits against Bleskachek was filed by Jennifer Cornell, 35, the chief's ex-partner of six years, who shares custody of their two children. Another suit was brought by Kathleen Mullen, 43, a longtime friend who had dated Bleskachek's current girlfriend.

A third complaint is from a woman who says Bleskachek flirted with her and then punished her professionally after she declined the advances. Bleskachek counters that the firefighter, Kristina Lemon, was the one who professed attraction to her a decade ago and that she became angry when Bleskachek disciplined her last year for a physical altercation with another firefighter in a burning building.

In February, Cornell and Mullen were the only ones to pass the first portion of a test to promote two employees to battalion chief. Shortly afterward, Bleskachek and several other department officials scrapped the test and left the two positions vacant. Mullen and Cornell charge that the move thwarted their careers and was taken because Bleskachek's current partner, Mary Maresca, had failed the test.

Bleskachek said that the test had been hastily prepared and that officials were shocked that even after a preparatory college class, only two out of 13 firefighters passed. "The test was flawed," she said. "There were questions with more than one answer and ones that were poorly written."

In September, the city settled with Cornell for $65,000 and Mullen for $29,000. Mullen was retroactively promoted to battalion chief, and Cornell was promised a promotion within two years.

"Both of those women had a lot to lose by suing the city and would only have done it if it was absolutely necessary," said John A. Klassen, the attorney for Cornell, Mullen and Elondo Wright, 39, a black male firefighter who recently filed a civil rights lawsuit against Bleskachek, Maresca and the city.

Wright's lawsuit alleges that he was harassed after he was transferred to an all-female fire company overseen by Maresca in 2002. He says Maresca forced him to train long hours late into the night while other firefighters were relaxing, and he alleges that from 1999 to 2005, women supervisors gave him 86 informal disciplinary write-ups, while four male supervisors gave him a total of four. Bleskachek was Maresca's supervisor at the time.

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"We're battling the public perception that where there's smoke there's fire," said Bleskachek's attorney, Jerry Burg. "But Bonnie was really a small player in the story of Elondo Wright."

The Minneapolis Fire Department had no women firefighters until 1986, though it was under a federal consent decree to increase diversity. When Bleskachek joined in 1989, she said women faced constant harassment by men.

She is credited with aggressively recruiting women and co-founding the Minnesota Women Fire Fighters Association, which helps women prepare for the entrance test. The national group Women in the Fire Service says 70 of the 447 Minneapolis firefighters are female, the highest percentage of any major department in the country.

Even Bleskachek's critics admire her firefighting and management skills.

"She's a very bright, competent individual who train-wrecked her career by letting personal relationships and abuse of her office cloud what could have been an enormously promising career," Klassen said.

Tom Thornberg, president of Minneapolis Fire Fighters Local 82, said union members are grateful to Bleskachek for convincing the city to establish minimum staffing levels, which it had never had.

National and local gay rights groups declined to comment on the situation but said Minneapolis is considered a leader in gay rights. Klassen says pride in this reputation backfired.

"The city's desire to hold itself out as a diverse, accepting community plays a role in this whole tragedy," he said. "The mayor didn't really look at his candidate well enough to see if she could handle it."

Md. Court Urged To Toss Out Ban On Gay Marriage (WP)

By Eric Rich

The Washington Post, December 5, 2006

An attorney for 19 gay and lesbian Maryland residents urged the state's highest court yesterday to strike down a law banning same-sex marriage, saying there is "no constitutionally sufficient justification" for denying his clients and their children protections that only marriage affords.

During an hour-long argument in a crowded chamber of the Court of Appeals in Annapolis, attorney Kenneth Y. Choe of the American Civil Liberties Union invoked the civil rights struggle and said the ability to marry is a fundamental right that belongs to all Marylanders, not only to those for whom that right has always been recognized.

"Despite the fact that plaintiffs have formed committed relationships and loving households, the state excludes them and their children from the numerous important protections that come with marriage solely because the person whom they love is a person of the same sex," he said.

On behalf of the state, Assistant Attorney General Robert A. Zarnoch urged the court to let stand the statute that defines marriage as the union of a man and a woman. Arguing that the judiciary should defer to the legislature, Zarnoch noted that no federal or state appellate court in the country has held that, as the plaintiffs argue, there is a fundamental right to same-sex marriage.

"An invalidation of Maryland's law would have the unfortunate consequence of placing these issues outside the arena of public debate, outside the legislative and democratic process," Zarnoch said.

The court took the case after the state appealed a ruling by Baltimore Circuit Court Judge M. Brooke Murdock, who held in January that the 1973 law banning same-sex marriage is discriminatory and "cannot withstand constitutional challenge." In anticipation of an appeal, Murdock stayed her decision when she announced it.

With Murdock's ruling, Maryland was thrust deep into a debate that has raged across the country at least since 1996, when Congress passed a law barring federal recognition of same-sex marriages and allowing states to do the same.

Massachusetts alone recognizes same-sex marriage, but several states and the District allow domestic partnerships or civil unions that offer some of the rights of marriage.

Plaintiffs, activists on both sides and legal observers packed the wood-paneled courtroom in Annapolis yesterday in what was one of the court's most well-attended sessions in recent memory. The potential audience was wider still; the court began a webcast of its proceedings Thursday.

The judges asked few questions, and little hint of their leanings could be detected. Judge Dale R. Cathell was notably vocal during Choe's presentation, when he interjected five times -- once to ask whether in some instances the proper function of the court was, as Zarnoch had suggested, to defer to the legislature.

Later, on the steps of the courthouse, the legal abstractions faded as the plaintiffs described the protections they do not have because their relationships are not legally recognized: inheritance and adoption rights, decisions about life support, hospital visitation.

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Patrick Wojahn, a disabilities lawyer, said his partner, Dave Kolesar, a broadcast engineer, had experimental brain surgery some time ago. Wojahn worried that he might not be able to ride in an ambulance if Kolesar's medical condition recurred and he had to be taken to a hospital.

"We just want to have the security to know that if something happens to him, or to me even, we will be able to be there for each other," Wojahn said.

Among those on the steps was RoseMarie Briggs of the Family Leader Network, a national lobbying organization that backs a constitutional amendment prohibiting same-sex marriage. She said children who are raised "in the home with their married mother and father in a low-conflict marriage" are more likely to succeed in school and to avoid such social hazards as illegal drug use.

"Our laws should reflect what is best for children, not what is best for adults," she said.

In court, Zarnoch argued that the disputed statute is "gender-neutral" because it does not benefit or burden one sex more than the other.

He also argued that gay men and lesbians do not constitute a "suspect class," a designation applied to racial minorities and other groups that have faced discrimination and are held to be deserving of special protections under the law.

Such classes, Zarnoch said, are typically politically powerless. By contrast, he said, "in Maryland, we have openly gay legislators who, in fact, are legislative powerhouses in leadership."

Choe disputed that, saying that if gays and lesbians were politically powerful, they would have been able to achieve their aims through the legislature rather than in court.

For And Against Same-Sex Marriage At Maryland's Highest Court (NYT/AP)

By The Associated Press

The New York Times, December 5, 2006

ANNAPOLIS, Md., Dec. 4 (AP) — The state has no rational basis for denying same-sex couples the fundamental right to marriage, a lawyer for plaintiffs in a gay-marriage case told Maryland's highest court on Monday.

A lawyer for the state argued that Maryland's 1973 ban on same-sex marriage did not constitute gender discrimination because it applied equally to men and women and that the question on same-sex marriage should be decided by the legislature.

"There is no fundamental constitutional right to same-sex marriage," said the lawyer, Robert Zarnoch, counsel to the General Assembly.

Nine same-sex couples and a gay man whose partner is dead filed a lawsuit in 2004 against court clerks who denied their applications for marriage licenses. In January, Judge M. Brooke Murdock of the Circuit Court for Baltimore struck down the law defining marriage as a union between one man and one woman, and the state immediately appealed.

The highest court, the Court of Appeals, gave no indication of how it would rule.

Kenneth Choe, an American Civil Liberties Union lawyer who argued on behalf of the plaintiffs, said they were not trying to undermine the religious institution of marriage. Instead, they are seeking the ability to make medical decisions for one another and to provide legal and financial stability for themselves and their children.

Mr. Choe's argument centered on whether the state had a rational basis to deny same-sex couples the right to marry. "It is not enough that there is a reason for including the included class," he said. "There must also be a reason for excluding the excluded class."

"The state could grant right-handed people but not left-handed people the right to marry simply by observing that marriage benefits right-handed people and their children," he said.

In his rebuttal, Mr. Zarnoch argued that such a statute would be "wholly arbitrary," but that the same-sex marriage ban was not. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

State, ACLU Square Off Over Same-sex 'Marriage' (WT)

By Jon Ward

The Washington Times, December 5, 2006

ANNAPOLIS -- Lawyers for the state of Maryland yesterday said there is no constitutional right for same-sex "marriage," but advocates for homosexuals argued that marriage is a fundamental right for all state residents.

"There is no fundamental, constitutional right to same-sex marriage," Robert A. Zarnoch, an assistant state attorney general, told the state Court of Appeals.

Kenneth Y. Choe, a lawyer with the American Civil Liberties Union, said that state law should not exclude homosexual couples from "marrying" because they have "committed relationships and loving households."

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"Fundamental rights belong to all Marylanders," Mr. Choe said. "They do not belong only to those who have historically enjoyed them."

The seven-member Court of Appeals -- the state's highest court -- heard arguments in a lawsuit brought by nine same-sex couples and one homosexual man seeking to "marry." The court is expected to issue a ruling in weeks.

The lawsuit challenges a 1973 amendment to the state constitution that defines marriage as a union only between one man and one woman.

Representing the state, Mr. Zarnoch said the lawsuit seeks to redefine the law and the institution of marriage. He recommended that the court allow the legislature to settle the issue.

"The General Assembly is the proper venue to weigh these issues," said Mr. Zarnoch, adding that if the court were to redefine marriage, it would have "the unfortunate consequence of placing these issues outside the area of public debate."

The state's case rests largely on the original intent of the Equal Rights Amendment (ERA) to the state constitution and on the authority of the legislature to change laws.

Enacted in 1972, the ERA was created to eliminate discrimination against men or women based on sex.

The lawsuit aims to include "sexual orientation" under the term "sex."

However, the state made clear that the lawmakers who passed the ERA specifically did not want homosexual "marriage" to be allowed under the statute.

High courts of several other states have ruled that their ERAs do not cover sexual orientation and cannot be used to justify same-sex "marriage."

Mr. Choe of the ACLU said the court should not let the legislature decide the matter and asked the judges not to "capitulate."

Judge Dale R. Cathell took issue with Mr. Choe's characterization.

"I don't equate due deference to the word capitulation ... . This court doesn't have a history of capitulation," Judge Cathell said, drawing laughter from the packed courtroom.

The state is appealing a ruling in favor of the plaintiffs issued in January by Baltimore Circuit Court Judge M. Brooke Murdoch.

Judge Murdoch ruled that maintaining traditional marriage "is not a legitimate state interest" if it discriminates against homosexuals.

Voters in 27 states, including seven in the most recent election, have opted to define marriage in their state constitutions as a union only between a man and a woman.

Last month, Arizona became the first state in which residents voted against a ban on same-sex "marriage."

In July, five state courts and one federal court issued rulings upholding traditional marriage laws similar to those in Maryland. Only Massachusetts allows same-sex "marriages."

Outside the courthouse after the hourlong hearing, Delegate Don Dwyer Jr. told reporters he would try again to put the marriage issue to the voters in the coming legislative session.

Mr. Dwyer, Anne Arundel County Republican, has failed to win enough support for the measure in the Democrat-controlled legislature in the last few years.

Before Mr. Dwyer addressed reporters, the 19 plaintiffs stood behind Mr. Choe and Dan Furmansky, executive director of Equality Maryland, a homosexual lobbying group.

"The only truth that really matters today is the truth that is love, the love of these couples behind me," Mr. Furmansky said. "They love each other very, very, very much."

Mr. Zarnoch disagreed. "You can't just change the state family law overnight on a court decision," he said.

U.S. Panel Rejects Plan For Paper Ballots (NYT/AP)

By The Associated Press

The New York Times, December 5, 2006

GAITHERSBURG, Md., Dec. 4 (AP) — A federal advisory panel rejected a recommendation on Monday that states use just voting machines whose results could be independently verified.

The panel, drafting guidelines for the United States Election Assistance Commission, deadlocked, 6 to 6, on a proposal that would have required electronic machines to produce paper records or other independent means of checking results. Eight votes were needed to pass the recommendation.

The resolution, proposed by Ronald Rivest, a computer scientist at the Massachusetts Institute of Technology, closely mirrored a report that warned that paperless voting machines were vulnerable to errors and fraud and could not be made secure.

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Some opponents of the proposal said that they supported paper records but that the requirement could overwhelm state election boards.

Congress created the panel after the counting problems in 2000. The meeting on Monday was at the National Institute of Standards and Technology, which is advising the panel on technology. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Federal Panel Rebuffs Guidelines That Insist On A Paper Trail (WP)

By Cameron W. Barr

The Washington Post, December 5, 2006

A federal advisory group rejected a measure yesterday that would have discouraged states from using electronic voting systems that lack an independent means of verifying their results, according to a spokeswoman for the National Institute of Standards and Technology.

Members of the Technical Guidelines Development Committee, a group created by Congress to advise the U.S. Election Assistance Commission, deadlocked 6 to 6 on the proposal at a meeting held at the NIST headquarters in Gaithersburg. Eight votes are needed to pass a measure on the 15-member committee.

NIST spokeswoman Jan Kosko said the proposal was introduced by Ronald Rivest, a computer science professor at MIT who heads a subcommittee on transparency and security.

Rivest told committee members that software errors in paperless machines could go undetected, leading to a situation in which "an election result is wrong and you have no evidence to show that it's wrong."

Committee member Brit Williams, a computer scientist who has conducted certification evaluations of Georgia's paperless electronic voting system, opposed the measure. "You are talking about basically a reinstallation of the entire voting system hardware," he said.

Five states -- Delaware, Georgia, Louisiana, Maryland and South Carolina -- use machines without a paper record exclusively. Eleven states and the District either use them in some jurisdictions or allow voters to chose whether to use them or some other voting system.

The proposal was based on draft recommendations developed by scientists at NIST, who said in a document released last week that voting machines that do not produce a paper record of each vote "cannot be made secure."

The committee is beginning to prepare technical guidelines that the Election Assistance Commission is expected to adopt next year but that would not be implemented until 2009 or 2010. The guidelines are not binding, but many states require election officials to use voting systems that meet national criteria.

Echoing the work of the NIST scientists, Rivest's proposal suggested guidelines that reject systems "in which the correctness of the election results is dependent on the correctness of the software."

Utah, Using Olive Branch, Tries To Add Seat In House (NYT)

By Kirk Johnson

The New York Times, December 5, 2006

SALT LAKE CITY, Dec. 4 — The State of Utah and the District of Columbia are perhaps the oddest imaginable political allies in a nation of polarized partisan loyalties, alike in few things other than bankable predictability: Washington Democratic, Utah Republican.

But they share outrage that each does not have more influence in Congress, and Utah took a big step toward a marriage of convenience Monday when legislators here approved a plan that would give the state a fourth Congressional seat before the next census and Washington its first voting representation ever.

The plan by Utah, which was denied a fourth seat after the 2000 census because the government did not count thousands of residents who were away serving as missionaries for the Mormon Church, faces big hurdles.

Still, the gulf of political difference between the state and the District is the very glue that offers both of them some hope Congress will give its required approval: one of the newly created seats would almost certainly be Democratic, the other Republican, with no net change in the balance of power.

Both sides also express hope that the measure can be adopted in the current lame-duck session of Congress, though time is running short.

Even here, the idea has its opponents, who cite the constitutional provision that reserves Congressional representation for the states.

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But as the voting neared on Monday, Republicans, who have overwhelming control of the Legislature, urged their members to stay focused on what Utah would get from the bargain. What Congress does or does not do for Washington is not Utah's business, they said.

"Our purpose here today is really just to substitute one map for another," said Representative David Clark, a Republican who sponsored the measure on the House floor, where it passed by 51 to 19 after clearing the Senate earlier in the day on a vote of 23 to 4.

A spokesman for Gov. Jon Huntsman Jr., a Republican, said he would sign the bill.

Advocates for the District exulted.

"It's great news for Utah, great news for D.C.," said Ilir Zherka, executive director of DC Vote, a nonprofit group that works for Congressional representation.

"We've been able to keep an unusual coalition together," Mr. Zherka added. "This is the most momentum this issue has had in 30 years."

Backers of the Congressional bill that would adopt the idea, enlarging the House to 437 members from its current 435, said they hoped the action by Utah would add momentum and lead to approval in the final days of the current Congress.

But both houses are expected to adjourn by the end of the week, and House leadership aides of both parties said Monday that it was very unlikely the bill would make it to the House floor before then. It is not even currently on the floor schedule, they said.

If the legislation stalls, the new Democratic majority could resurrect it after taking control in January. But the Democrats want to make certain that any changes in the Congressional boundaries do not threaten Representative Jim Matheson, the party's lone lawmaker from Utah.

Democrats in the Legislature said they saw no such problem: if the plan is adopted, Mr. Matheson's new district will be heavily concentrated in the area of Salt Lake City, where the party is strong.

Despite the overwhelming backing for the measure, some legislators here continued to see it as wrongheaded and perhaps unconstitutional.

One Republican who voted no, Representative Julie Fisher, noted the state's rapid population growth and its expectations for the next census, saying, "We will get our seat anyway in 2010, without selling short our nation's most revered document." <NYT_AUTHOR_ID>

Martin Stolz contributed reporting from Salt Lake City, and Carl Hulse from Washington.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Utah Redistricting Brings D.C. Closer To Vote (WT)

By Gary Emerling

The Washington Times, December 5, 2006

D.C. officials yesterday cheered the Utah Legislature's approval of a redistricting map that is key to the District's voting rights bill, saying the development brings city residents one step closer to having a vote in the House.

"I do think we can move this bill," said D.C. Delegate Eleanor Holmes Norton, a Democrat who co-sponsored the D.C. Voting Rights Act. "The main problem is time."

Mayor-elect Adrian M. Fenty, who met with House Speaker-elect Nancy Pelosi last week and discussed the bill's prospects, said that Mrs. Pelosi, California Democrat, told him she would move aggressively for the bill.

"I remain optimistic that the bill will move this week," said Mr. Fenty, a Democrat. "And if it doesn't, I'm hopeful it will be at the top of the legislative agenda in 2007."

Jennifer Crider, a spokeswoman for Mrs. Pelosi, said the bill would be a priority for Democratic lawmakers if introduced again next year.

The Utah Legislature yesterday approved a map dividing the state into four congressional districts. The redistricting map was required by lawmakers to move the Voting Rights Act proposal, which has been put forward by Mrs. Norton and Rep. Thomas M. Davis III, Virginia Republican.

The plan would give the largely Democratic District a seat in the House and add a fourth seat for largely Republican Utah. It also would expand the House permanently from 435 to 437 members.

But the chances of the measure making it out of the House Judiciary Committee and through both chambers of the Republican-controlled Congress before lawmakers adjourn this month are shrinking.

The bill was not on the House floor schedule issued last week, although bills can be added to the docket.

A House senior leadership aide said yesterday there had been "zero discussions" about bringing the bill to the floor this week.

And an aide for Senate Majority Leader Bill Frist, Tennessee Republican, said the chances of the bill passing the Senate this session are "rather slim" because the squeezed time frame doesn't allow for much debate.

Mrs. Norton also said some House Republicans have suggested changes to the bill beyond the Utah redistricting. But she remained hopeful that the measure could move forward.

"We can't do the impossible, but we can certainly keep pressing for this bill as long as this session is still alive," Mrs. Norton said. "Even with all the uncertainty, we're not willing to throw in the towel."

If lawmakers fail to pass the bill before the current session expires, Mr. Davis is expected to reintroduce it immediately after the next session begins Jan. 4.

David Marin, a spokesman for Mr. Davis, said the bill's supporters are holding out hope that it will be introduced this week.

"There are a lot of calls going around to a lot of very influential people," Mr. Marin said. "We're still optimistic."

D.C. Vote, a nonprofit advocacy group, is expected to visit congressional offices today in an effort to have the bill brought to a vote.

Ilir Zherka, executive director of the group, said he expects about 60 advocates to visit about 80 congressional offices, using yesterday's vote in Utah as momentum to have the bill heard this year.

"It's definitely still an uphill battle," Mr. Zherka said. "The effort in Congress is to do as little as possible and get out, and our effort is to add things to their list. This bill is still in the mix."

Without Further Delay (WP)

The Washington Post, December 5, 2006

THE PEOPLE of the District of Columbia shouldn't have to wait another minute, let alone another month, to get the full voting representation in government that is their due as Americans. A bill to give the District a vote in the House of Representatives is pending, but for reasons that are as unclear as they are unacceptable, it may not be brought to a vote. Instead of idly watching the hours tick down in the final days of a generally useless legislative year, the 109th Congress should muster the political will to right a 200-year-old wrong.

A significant step was taken yesterday with the Utah legislature's approval of a redistricting plan that carves out an extra congressional seat for the fast-growing state. The resourceful proposal to give the District a voting seat hinges on balancing it against an additional seat for Utah, which just missed qualifying for one more legislator after the last census. The House would increase in size by two, to 437; because it's presumed that Utah voters would elect a Republican and District voters a Democrat, party politics are neutralized. Now that Utah's political leaders have agreed on the shape of a redistricting map, they may prod the Republican leadership to take action.

Some might argue that a lame-duck Congress shouldn't enact far-reaching reform. But this bill has been four painstaking years in the making. It enjoys widespread bipartisan support, and there is no organized opposition to it. Indeed, how could there be? Legal scholars of all political persuasions have testified to its soundness and, as Rep. Thomas M. Davis III (R-Va.) said, "It's hard to make a straight-faced argument that the capital of the free world shouldn't have a vote in Congress." If President Bush would like to argue against democracy for the District, he should do so openly; otherwise he should openly support this bill. The same goes for Speaker J. Dennis Hastert (R-Ill.) and Senate Majority Leader Bill Frist (R-Tenn.).

That the bill got this far is a testament to Mr. Davis and his partnership with Eleanor Holmes Norton (D), the District's nonvoting delegate in the House. If the bill languishes this year, Mr. Davis has vowed to make it the first bill he introduces in the new Congress. But that carries risks. Will the Republicans who signed on this year stay committed? Will Democrats balk at the seat for Utah? New questions mean potential new delays. All the while D.C. residents continue to pay federal taxes and go off to war without a say in making policy.

That's fundamentally wrong. That's why the 109th Congress couldn't come up with a better ending than one titled "The District of Columbia Fair and Equal House Voting Rights Act of 2006."

House To Consider Abortion Anesthesia Bill (WP)

By Jonathan Weisman

The Washington Post, December 5, 2006

In a parting gesture by social conservatives before Republicans relinquish control, House leaders plan to bring up a bill tomorrow that would declare that fetuses feel pain and require abortion providers to offer pregnant patients anesthesia for their unborn child.

The scheduled vote may be the last on abortion-related legislation for years. That's because Democratic leaders hope to avoid confrontations over hot-button social issues that divide their caucus, and focus instead on military and pocketbook issues.

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But Republicans and antiabortion activists signaled yesterday that they intend to press hard on social issues, even those that failed to gain traction during GOP control, to separate moderate-to-conservative Democrats from their more liberal leaders.

"The Democrats are facing an interesting situation because they ran to the right in this election," said Wendy Wright, president of the conservative group Concerned Women for America. "They promised one thing to America with their campaigning. The question is, will they live up to that image? Running and hiding is not a solution."

Democrats are shying from the fight. Party leaders in the House have declared tomorrow's decision "a vote of conscience" and will not try to sway the outcome. House Speaker-elect Nancy Pelosi (D-Calif.) does not plan to speak on the bill, a rarity for her.

The fetal pain bill is coming up nearly as an afterthought, in the final week of a lame-duck session of Congress. House Republican leaders are using expedited procedures to bring it to a vote, meaning it will take a two-thirds vote of the chamber to pass. Its supporters are setting expectations low.

"Hopefully, we get a majority," said Rep. Christopher H. Smith (R-N.J.), the bill's author. "Two-thirds is hard on anything, except if it's a post office."

Even if the bill can muster a two-thirds vote, it cannot pass the Senate before Congress adjourns.

But social conservatives see an opportunity to test Democrats' evolving position on abortion, a position that has become more amenable to incremental curbs on ending pregnancies and more vocal about reducing the number of abortions. Under Republican control, Congress passed a ban on the late-term abortion method called "partial birth" abortion by its foes and passed the Unborn Victims of Violence Act, which increased penalties for crimes that harm a fetus.

At first blush, the Unborn Child Pain Awareness Act would seem to be anathema to abortion rights groups. It requires abortion providers to tell a woman whose pregnacy is 20 weeks past fertilization "there is substantial evidence" that the fetus will feel pain during the procedure -- a point hotly debated among physicians and pain specialists.

The woman would then have to sign a form accepting or declining anesthesia for her fetus. Some medical groups interpret the language to mean that the fetus would have to have an application of anesthesia separate from the mother's, a procedure that many abortion clinics are not capable of providing.

Even the bill's definition of pregnancy -- beginning at the moment of fertilization, rather than at implantation in the uterus -- is problematic to some abortion rights groups, since it would legislatively establish that some forms of birth control induce abortion by blocking implantation after fertilization.

Backers of the bill have framed it as a common-sense extension of existing state laws that mandate that patients receive information about abortion procedures before giving their consent.

"This is just a compassion piece of legislation to take informed consent to the level it should be at," said Rep. Phil Gingrey (R-Ga.), an obstetrician and antiabortion conservative.

While the measure has provoked strong opposition from Planned Parenthood and the National Abortion Federation, NARAL Pro-Choice America, perhaps the nation's leading abortion rights group, has stayed neutral.

"Pro-choice Americans have always believed that women deserve access to all the information relevant to their reproductive health decisions. For some women, that includes information related to fetal anesthesia options," Nancy Keenan, NARAL's president, has said in a statement on the bill.

Democratic leaders cited NARAL's position when they decided against trying to influence the vote. Democratic leadership aides said yesterday that they are leery of Republicans charging that they are already out of touch with mainstream values, even before they assume power.

Citing those divisions, the National Right to Life Committee's Douglas Johnson dared Democrats to vote against the bill. If it passes the House, Sen. Sam Brownback (R-Kan.) will try to pass it in the Senate by a unanimous voice vote.

"Somebody will object," Johnson said. "We want to know who that person is."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, December 5, 2006

'Without honor'

Yesterday, when we called on John "Jack" McDermott, who supervised the Watergate investigation as special agent in charge (SAC) of the FBI's Washington Field Office, he was awaiting a scheduled visit from a Hollywood screenwriter.

The big question now is whether Hollywood will listen.

"Tom Hanks has already paid Mark Felt's family for the rights to write the screenplay on 'Deep Throat,' and I can only surmise that they will only be willing to proceed with this if Hanks were planning on projecting Felt in a heroic manner. You don't make too many films about the devil," Mr. McDermott tells Inside the Beltway.

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"Our aim is to see if we can inject some degree of perspective in this thing," he says. "So I plan to accommodate them by making myself available for the sole purpose to get the proper slant on this thing -- projected in a way consistent with accuracy. You try to save what you can -- keep this from becoming historic revisionism."

Mr. McDermott makes no secret of his disdain for former FBI Deputy Director W. Mark Felt, who after decades of secrecy has conceded to being "Deep Throat." The retired SAC has charged that Mr. Felt's repeated leaks to the press not only compromised the Watergate probe, but placed witnesses in jeopardy.

"[A]ll other arguments seeking to justify Felt's actions are trash," says Mr. McDermott, handing this column yesterday a three-page, unpublished summary he has written surrounding Mr. Felt's secret role in Watergate.

"Felt was the bureau's Benedict Arnold," Mr. McDermott opines. "Having been entrusted with the highest levels of military command by [Gen. George] Washington and his staff, Arnold betrayed his oath, his country and his fellow citizen-soldiers to pursue his own ambitions. Felt did no less to the bureau and his fellow agents.

"Let's not fool ourselves," he says. "The bureau's reputation for faithfulness and unselfish devotion to duty has been seriously diminished by this foul episode."

Mr. McDermott acknowledges having "long admired most of Tom Hanks' work product," however, the retired SAC is concerned that the Hollywood actor and director is "sold" on a belief that "Deep Throat" is a champion of truth that otherwise would have been suppressed, rather than a cowardly bushwhacker, disloyal to his fellow agents and his oath of office."

He concludes that "some have called Felt a hero; but heroes don't lurk in the shadows for 33 years. ... The man is without honor."

Mr. McDermott retired in September 1979 as the FBI's deputy associate director.

Spoken by Spanish

Rob Toonkel, director of communications for U.S. English Inc., called our attention yesterday to a new Zogby International poll finding that 65 percent of Hispanics favor making English the official language of the United States.

He says the results of the poll of 903 Hispanic adults "challenges the long-standing claim that Hispanics generally oppose official-English measures. "

Lucky 35

The National Archives on Dec. 15 will continue its moving tradition of holding a naturalization ceremony for petitioners seeking U.S. citizenship.

Chief Judge Thomas F. Hogan of the U.S. District Court for the District of Columbia will preside as 35 petitioners take the oath of citizenship in front of the Charters of Freedom -- the Declaration of Independence, the U.S. Constitution and the Bill of Rights, which was adopted 215 years ago.

Uh-oh

Good grief, have you read the December issue of Popular Mechanics?

"Friday the 13th of April, 2029, could be a very unlucky day for planet Earth," according to the article penned by David Noland. "At 4:36 a.m. Greenwich Mean Time, a 25-million-ton, 820-foot-wide asteroid called 99942 Apophis will slice across the orbit of the moon and barrel toward Earth at more than 28,000 miles per hour.

"The huge pockmarked rock, two-thirds the size of Devils Tower in Wyoming, will pack the energy of 65,000 Hiroshima bombs -- enough to wipe out a small country or kick up an 800-foot tsunami. On this day, however, Apophis is not expected to live up to its namesake, the ancient Egyptian god of darkness and destruction. Scientists are 99.7 percent certain it will pass at a distance of 18,800 to 20,800 miles. We will have dodged a cosmic bullet. Maybe."

Mr. Noland points out that NASA "is taking a wait-and-see attitude."

ANTITRUST:

FCC May Ask Commissioner With Conflict To Break Tie On AT&T-BellSouth Merger (USAT)

By Paul Davidson, Usa Today

USA Today, December 5, 2006

Moving to break a deadlock over approval of AT&T's (T) purchase of BellSouth (BLS), the chairman of the Federal Communications Commission said he will ask a recused commissioner to cast the tie-breaking vote.

For nearly two months, the FCC has been split 2-2 along party lines, with Democrats Jonathan Adelstein and Michel Copps pressing for tough conditions on the $80 billion deal, which would create the nation's largest phone company.

The impasse has forced three postponements of votes on the merger and talks broke down again Friday over Democrats' demands for non-discrimination assurances for AT&T's broadband traffic and reduced wholesale prices.

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In a letter to congressional leaders Friday, FCC Chairman Kevin Martin, who favors no conditions on the deal, said he will ask fellow Republican Robert McDowell to break the stalemate.

McDowell disqualified himself because he previously worked as a lobbyist for a trade group that opposed the deal. Martin told lawmakers a recused commissioner may be authorized to vote if the government's interests outweigh any ethical concerns. He said he has asked the FCC general counsel to determine if McDowell may vote.

Enlisting McDowell could "spark various ethical/legal complaints" and a political ruckus with leaders in the new Democratic-controlled Congress, Stifel Nicolaus analyst Blair Levin said in a report.

The FCC hopes to clear the deal at its Dec. 20 meeting, before the new Congress takes over in January. Levin predicted McDowell would "seek some sort of compromise" but would lean toward Martin's view.

In a statement, Copps said "taking a mulligan by starting over with (McDowell involved) would create more problems than it resolves" and "short-circuit discussions."

Recent talks broke down partly over Democrats' efforts to prevent AT&T's DSL broadband service from offering faster downloads to websites that pay higher fees. AT&T agreed not to prioritize traffic on a portion of its network, rather than throughout its network, say people with direct knowledge of the discussions.

AT&T also bristled at demands for binding arbitration to settle disputes over the wholesale prices it charges rivals to lease its network for business services.

AT&T has been more receptive to Democrats' requests to charge lower prices for its stand-alone broadband service, say people with knowledge of the discussions. As a condition of the AT&T-SBC merger, the company agreed to offer DSL without also requiring customers to buy AT&T phone service. That way, consumers could choose a rival Internet-based phone service, such as Vonage. But competitors have complained that AT&T's pricing gives consumers no incentive to buy standalone DSL. AT&T says its prices are competitive.

To win FCC approval for its acquisition of BellSouth, AT&T has offered other concessions, such as $10-a-month DSL service for 30 months and expansion of its broadband service in rural areas. Such offers may be withdrawn if McDowell joins the discussions.

FCC clearance is the final regulatory hurdle for the deal, which has been approved by the Justice Department and 18 states.

'Rubber-Stamp' Inference Riles Federal Judge At Telecom Merger Hearing (LAW)

By Cecile Kohrs Lindell, The Deal

The Deal, December 5, 2006

Fireworks in a Washington, D.C., courtroom don't necessarily signal bad news for two telecommunications mergers under review by a federal judge, but they may portend a battle over merger law.

On Nov. 30, District Court Judge Emmet Sullivan heard the latest round of arguments in his review of the mergers between Verizon Communications Inc. and MCI Inc., and SBC Communications Inc. and AT&T Corp., which the Department of Justice approved in 2005.

Sullivan, months into a congressionally mandated review of the merger, was taken aback when Verizon's lawyer bluntly suggested the judge had little power to unwind the deals.

"This merger is not going to be unscrambled by anything this court does," senior Verizon lawyer John Thorne told Sullivan.

The startled judge -- who has repeatedly said he intends to conduct an independent review and "won't be a rubber stamp" for the government -- nearly came off the bench. Leaning forward, he glared at Thorne and asked the Verizon attorney to explain his opinion of the judge's authority and the importance of the Tunney Act proceeding.

Thorne, who is well-versed in antitrust law, replied, "If a transaction is largely good, it should close."

Sullivan's irritation aside, Thorne's view of restricted judicial authority is shared by many antitrust experts.

Thorne concluded that anti-competitive issues posed by a merger, which in this case resulted in the telecoms being ordered to let competitors lease lines into some 700 buildings in about a dozen markets, can be dealt with after a deal closes through the Tunney Act process.

Continuing to glare at Thorne, Sullivan said, "Maybe Congress should make it clear that mergers couldn't close until there has been judicial review," he said.

As Thorne finally sat down, Sullivan said, "I'm going to do an independent review and we'll see where the merger stands at that point."

Despite Sullivan's tough words, other antitrust experts say the judge, in fact, has little power to rewrite the Justice Department's two merger approvals.

In merger cases where DOJ predicts anti-competitive harm and negotiates divestitures or other remedies with the merging parties to resolve the problems, the agency must submit any remedies for approval by a federal judge. The Tunney Act, a law enacted in the 1970s and amended in 2004, mandates that process.

The current Tunney Act proceeding is the first subjected to hearings since the Congress moved to strengthen the law two years ago.

DOJ's practice has been to allow mergers to close prior to the Tunney Act hearings. In many cases, including the two telecom mergers now under judicial review, the agency does not require execution of the divestitures until the Tunney process concludes.

In most merger cases, DOJ simultaneously files with a district court the complaint outlining the competitive harms as well as the negotiated consent decree spelling out the proposed remedies.

Most of the time, in what has been characterized as a rubber-stamp process, judges quietly approve the consent decree.

But for all Sullivan's concern, he is left with two choices. He can decide that the required divestitures are in the public interest, and enter an order approving them, or he can decide they are not sufficient.

If he rules against the remedies, DOJ would go back and reconsider their options, DOJ lawyer Claude Scott told the court. Should that happen, the divestiture requirements could be dropped, eliminating the need for any further court action.

"I know you don't have to file anything," in these cases, Sullivan told Scott. In an effort to introduce a little levity, he grinned. "Are you sorry you did? Just kidding."

If the DOJ decided to appeal the decision, as at least one lawyer arguing against the deal predicted, the matter would shift to the Court of Appeals for the District of Columbia Circuit, where the chief judge is Douglas Ginsburg, a Reagan appointee and a former assistant attorney general for antitrust at DOJ. Depending on how far Sullivan goes, Ginsburg and other judges on the appeal court panel could see the Tunney Act process as infringing on prosecutorial discretion, according to a lawyer who requested anonymity.

"And that might not be the best thing for consumers," because without the Tunney Act, it's not clear why divestitures are required to protect consumers, the lawyer said.

In the AT&T and Verizon mergers, however, trade groups for rivals of the big telecommunications companies have vociferously opposed the remedies, arguing that in fact the mergers themselves should never have been approved.

In court, Justice Department lawyers have gone out their way to avoid the rubber-stamp analogy while still arguing that Sullivan's role is limited to judging whether the remedies are sufficient to fix the mergers' perceived harm to competition.

"You do have a role in looking at this remedy," Scott said when Sullivan queried him after the exchange with Thorne.

Sullivan, however, has repeatedly said he isn't sure he is limited to just determining whether the remedy fits the harms alleged in the complaint.

Therein lies the rub, according to antitrust lawyers watching the case. While the Tunney Act does allow judicial scrutiny of the remedy, the decision of whether to require any divestitures is a matter of prosecutorial discretion that lies with the antitrust regulators.

As in the case of AT&T Inc.'s subsequent purchase of BellSouth Corp., DOJ found no anti-competitive harm, and consequently that deal didn't require any judicial review. Sullivan noted that and queried whether DOJ's decision not to impose conditions on the BellSouth deal was intended to avoid another Tunney act review.

"The government chose not to file a complaint in a case that was on the heels of this case," Sullivan said to Scott. "Does this alter the landscape"?

Scott said no.

So far, Sullivan, a Clinton appointee, has conducted public hearings, ordered DOJ to produce nonpublic documents, and allowed lawyers for the diverse opponents, such as industry groups CompTel and AcTel, and even the New York State Attorney General's office, to review and comment on the matter.

During the hearing, Sullivan said he might hold an evidentiary hearing before issuing his ruling.

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Kentucky Congressman Raises Concerns About Delta Merger (LOUBIZ)

Louisville (KY) Business First, December 5, 2006

Kentucky congressman Geoff Davis is encouraging the U.S. Attorney General and Transportation Secretary to conduct a "full and careful review" of US Airways' efforts to merge with Delta Air Lines.

In letters dated Dec. 1, Davis told both Attorney General Alberto Gonzales and Transportation Secretary Mary Peters that he is "very concerned about the significant loss of competition and the likely impact on air fares this merger could create."

"The tremendous overlap of the route networks of these carriers would cause significant consolidation, reducing flight choices and increasing already expensive fares for our consumers," he wrote. "This potential merger affects thousands of jobs, and Delta/Comair has an economic impact for our region in the billions."

Atlanta-based Delta (Pink Sheets: DALRQ) operates its second-largest hub at the Cincinnati/Northern Kentucky International Airport in Hebron, Ky. That hub, which also contains the headquarters of Comair, Delta's regional carrier subsidiary, employs an estimated 10,000 people and has an economic impact of nearly $4 billion, according to a news release issued Monday by Davis, a Boone County Republican representing Kentucky's Fourth District.

"We feel that Delta and its employees, through extraordinary sacrifice and hard work, are making tremendous progress on their restructuring plan to emerge from bankruptcy as a strong and independent carrier," Davis wrote to Peters and Gonzales. "The interests of all may be best served by ensuring they remain on this course."

US Airways made its $8 billion merger offer public on Nov. 15 when the airline released a letter to Delta CEO Gerald Grinstein outlining its unsolicited bid. Grinstein already had rebuffed the offers privately and has continued to argue that Delta and the public would be best served if it emerges from bankruptcy as an independent, stand-alone airline.

Mercury News Reduces Number Of Layoffs After Bargaining Session (AP)

By Rachel Konrad, Ap Business Writer

AP, December 5, 2006

San Francisco (AP) -- After a 20-hour bargaining session ended Monday morning, the San Jose Mercury News and its union reached a tentative agreement on a two-year contract that reduced the number of workers to be laid off.

The 263,000-circulation daily newspaper will eliminate 27.5 full-time positions, down from the 69 positions originally slated to be cut.

The paper, which employs 490 members of the San Jose Newspaper Guild, guaranteed it would not lay off more union workers through June. Managers will notify employees of the layoffs by Tuesday morning.

Laid off workers may receive two weeks pay for every year of service, up to 10 weeks of salary, and two months of paid health care.

The reduction in layoffs was welcome news among reporters, photographers and other editorial workers, who wore black Monday to show solidarity with soon-departed colleagues.

"Nobody wants to see good journalists and friends walk out the door," said columnist and guild member Mike Cassidy. "But I'm encouraged because it shows that the owners of the paper do have a concern for quality journalism and are willing to try to work with the unions to remain the paper it is."

Newspaper spokesman Dan Breeden confirmed terms of the agreement but would not comment further.

Luther Jackson, executive officer of San Jose Newspaper Guild, did not immediately return calls Monday.

The contract provides 2 percent annual wage increases and a $1,000 bonus meant to help reduce the sting of a new health plan that requires members to pay at least 20 percent of premiums.

The company froze its pension plan and replaced it with a 401K matching contribution of up to 3 percent if an employee contributes 6 percent.

Despite concessions, the agreement offers a measure of stability in a newsroom rattled by corporate turmoil.

MediaNews Group Inc., the nation's fourth-largest newspaper publisher, acquired the Mercury News, the Monterey County Herald and Contra Costa Times from McClatchy Co. earlier this year in a complex deal valued at $1 billion. MediaNews also owns the Oakland Tribune and seven other Bay Area newspapers.

The Mercury News was previously owned by Knight Ridder, the nation's second largest newspaper publisher, which put itself up for sale late last year under pressure from shareholders unhappy with a sagging stock price. The slump reflected investors' souring sentiments about traditional media as the Internet siphons away advertising revenue.

The new contract, which expires in October 2008, permits MediaNews to coordinate news coverage and advertising with other papers in the chain.

Late last month, a federal judge issued a temporary restraining order on the San Francisco Chronicle, whose parent company, Hearst Corp., appeared interested in collaborating with MediaNews on local distribution and national advertising sales. U.S. District Judge Susan Illston said such a deal would possibly violate antitrust laws.

Plaintiffs In Iowa Microsoft Case Won't Call Gates, Ballmer As Witnessess (AP)

By David Pitt, The Associated Press

AP, December 5, 2006

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DES MOINES, Iowa – The attorney representing plaintiffs in one of the few state-level class-action antitrust lawsuits left against Microsoft announced today that she would not call Chairman Bill Gates and CEO Steve Ballmer as witnesses.

Roxanne Conlin won a judge's ruling prior to the trial that would have forced Gates and Ballmer to travel to Des Moines for direct questioning even though the two executives were expected to testify later in the case when Microsoft presents its defense.

Judge Scott Rosenberg's ruling indicated that Gates and Ballmer would be required to travel to Des Moines from Washington only once. That would have allowed Microsoft attorneys to question the two men directly — in effect presenting part of their defense in the middle of the plaintiffs' case.

Conlin released a statement today that said the decision was reached to avoid any potential confusion by jurors.

"I am concerned such a disruption of our case may create unnecessary confusion for the jurors," Conlin said. "There is absolutely no reason to have such a disruption in light of the defense's promise to call Bill Gates as a witness."

The Iowa lawsuit claims Microsoft violated Iowa's competition laws and seeks about $330 million for Iowans who have purchased the software maker's products since 1994.

Microsoft attorney Rich Wallis said Friday that many of the allegations Conlin is making are 15 to 20 years old and the company resolved many of the issues years ago. Wallis said the case is about whether Iowans paid fair prices for computer software, and the company will show that consumers received a good value for their money.

The lawsuit was originally filed in 2000, after federal antitrust actions against Microsoft were settled. It has already been before the Iowa Supreme Court three times on various legal issues and been sent back to Polk County District Court for trial.

Conlin will be allowed to play a 10-hour unflattering 1998 deposition by Gates from another lawsuit that shows a fidgety, nervous looking chief executive.

She has said the videotape will give jurors "good insight into the motivation and business practices of Microsoft."

Microsoft has planned on calling Gates and Ballmer as witnesses from the outset of the trial and said Conlin's change in strategy does not affect their case.

"This does not change our strategy one iota. Bill Gates and Steve Ballmer are coming to Iowa to testify in our case," Wallis said. "They're looking forward to telling our story as we have said all along."

The change will mean Gates and Ballmer will come later next year. Both men are expected to be on the witness stand for about four days.

The jury of seven men and five women have been told the case will likely last about six months.

Bank Of N.Y. To Buy Mellon Financial In $16.5B Deal (USAT)

By Matt Krantz

USA Today, December 5, 2006

Bank of New York said Monday it will buy Mellon Financial for $16.5 billion in stock, creating an investor service behemoth and one of the world's largest asset managers.

The combined company, to be called Bank of New York Mellon, will rank first worldwide with $16.6 trillion of assets under custody, says globalcustody.net (custody services distribute cash and dividends held in trust on behalf of the trust owners). It will be in the top 10 of the world's largest asset managers, overseeing more than $1.1 trillion of assets, says David George, analyst at A.G. Edwards.

“This deal does make sense,” says Eric Fitzwater at bank industry research firm SNL Financial.

Investors seemed to agree. Shares of Bank of New York gained $4.27 to $39.75, and Mellon gained $2.73 to $42.78. Investors were so pleased because the expectations for the merger are “reasonable and realistic,” says Gerard Cassidy, analyst at RBC Capital Markets.

The deal is significant for the industry because it results in:

·Cost savings. The combined firm plans to slash pretax costs by 8.5% or $700 million a year in a three-year plan. Part will be accomplished by cutting 3,900 of 40,000 jobs. The restructuring plan is expected to cost $1.3 billion. Cassidy thinks that after everything is done, the new company might save more and spend less to restructure.

·Pressure to consolidate. Being big is a major advantage in the asset custody business, where firms are paid relatively small amounts to handle routine back-office tasks, Fitzwater says. “In this sector, scale is huge,” he says.

The new combined company will put major pressure on smaller firms to combine so they can compete, Cassidy says.

As large as the Bank of New York's buy of Mellon is, it's just the latest in a frenzied year for financial M&A. The deal is the industry's second-largest this year and 12th-largest ever, Thomson Financial says.

It's not surprising to see strong M&A activity in the financial industry since the stocks have done so well, says Anant Sundaram, finance professor at the Tuck School of Business. Banks are on the hunt for deals using their rich stock, he says. Bank CEOs are telling themselves: “Everyone is doing it (merging), so let me do it also,” he says.

Banking On Market Complexities (WSJ)

By Clint Riley

The Wall Street Journal, December 5, 2006

Bank of New York Co.'s proposed takeover of Mellon Financial Corp. reveals a new pot-of-gold in the investment industry: The increasingly complicated, global investment strategies used by hedge funds and other sophisticated money managers has been a boom for banks that keep track of all those trades.

If the $16.5 billion stock deal is approved by regulators and shareholders, that business now would have a new leader: The combined Bank of New York Mellon Corp. would have $16.6 trillion in assets under custody -- overseeing trade processing, internal accounting, fund administration and other such services for hedge funds, retirement plans, mutual funds and government entities. That figure would catapult the company ahead of J.P. Morgan Chase & Co., which oversees about $12.9 trillion under custody.

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WSJ's Clint Riley explains2 why the merger "is meant to be."

The new company would have another $1.1 trillion in assets under management, making investment decisions on behalf of mostly big institutional clients, putting it in the top 10 global asset managers.

Share prices for both companies rallied on the news, with the Bank of New York up 12% and Mellon up nearly 7% for a total combined stock market value of $47.5 billion.

Investors bid up prices for the other two big stand-alone custody banks' shares, with Northern Trust Corp. and State Street Corp. jumping amid speculation that they could become takeover targets or steal customers from their merging rivals. Prices for smaller asset servicers in the U.S. and abroad also rose, including Investors Financial Services Corp.

"This is about the future and not about the past," said Robert P. Kelly, Mellon's chief executive, who will become chief executive of the combined company if the deal is completed as planned, in mid-2007. "We are in a consolidating industry and we are in businesses that are becoming more global."

Hedge funds and institutional investors, including governments in emerging markets, are making a larger number of often-complicated investments across multiple asset classes in many countries, sometimes simultaneously through several trading strategies.

MORE ON THE MERGER

· Tale of the Tape: Merging Assets3

· Analysts React: 'Strategic Sense'4

· Read the full text5 of the companies' statement on the merger agreement.

The complexity of dealing with varied regulations, currency conversions and accounting differences world-wide is forcing many asset managers, which once serviced their own trades, to outsource the work to larger and better-equipped financial institutions with global reach.

To keep up with investing trends, banks and asset servicing firms are employing sophisticated technology, including software that can quickly translate foreign language, track currency transactions and ensure compliance with constantly shifting regulations.

Such technology is costly to develop and maintain. Those with the broadest client bases have the advantage of spreading such costs, allowing them to reap higher returns.

'Guaranteed' Profits

That is part of what is driving consolidation in the industry, which previously had been confined to acquisitions of smaller players, including some overseas.

The Bank of New York brings its scale and expertise in asset servicing, as well as short-term lending to traders and trade clearing -- the business guaranteeing that all parties in a trade will make good on their commitments.

This potentially lucrative business would provide about 71% of the new company's annual revenue, or $8.9 billion of the $12.5 billion total.

The remaining $3.6 billion, or 29%, would come from asset and wealth management, Mellon's forte.

Most of Mellon's business is as a money manager for big institutional clients, but it also advises the struggling mutual-fund family Dreyfus Funds.

Despite its well-known brand name, investors have been pulling more money out of Dreyfus stock and bond funds than they put in for the past three years, according to Financial Research Corp.

The combined company would be based in New York and have 40,000 employees in 36 countries.

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It said cost-cutting from the proposed takeover should save the new company $700 million a year in pretax expenses, or about 8.5%. It hopes to cut about 3,900 jobs over three years, through attrition "where possible."

Bowing to Mellon's iconic status in its hometown of Pittsburgh, the new company plans to base some of its divisions there and add jobs.

Current shareholders of Bank of New York will control more than 60% of the new company, while Mellon's current management team will largely take over day-to-day operations of the company. The current chairman and chief executive of Bank of New York, Thomas A. Renyi, will stay on for 18 months as executive chairman and play a key role in its integration.

"This is a combination that is coming out of strength," said Mr. Renyi in an interview. "Now is the time to play on a global stage."

The deal, described by the banks as a merger of equals, brings together two storied financial institutions that analysts have speculated for years would join forces.

Mellon was founded by the family of industrialist Andrew Mellon, the other, the brain child of Alexander Hamilton. Both men were once U.S. Treasury secretaries; Hamilton was its founder, and his visage today graces the $10 bill.

"Hamilton and Mellon are probably drinking scotch right now," quipped Gerard Cassidy, a bank analyst for RBC Capital Markets.

Back in early 1998, Mr. Renyi approached Mellon with a so-called bear hug -- a merger offer to a corporate board that falls short of a hostile takeover bid. The idea was harshly rejected by Mellon's board, then led by Frank V. Cahouet.

The Challenge to Renyi

"Our board does not believe you have the commitment or the experience to implement a strategy that capitalizes on the quality of the Mellon franchise and the value inherent in it," Mr. Cahouet told Mr. Renyi in a letter.

Mr. Renyi didn't let that deter him. For years, he had sought to have his bank viewed in a better light by investors and fellow bankers, arguing that it didn't deserve to be trading at cheaper valuations than its biggest competitors Mellon, State Street of Boston and Northern Trust of Chicago.

In late September, with Mellon under new leadership and the 60-year-old Mr. Renyi approaching retirement age, he decided that the timing was right to try again. He found a receptive audience in his counterpart at Mellon, Mr. Kelly, an expansion-minded bank executive who left Wachovia Corp. less than a year ago to head Mellon. Both men were acutely aware of the huge scale their companies needed to compete in the competitive business.

DEAL MONDAY

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· Premier Foods to Buy RHM in $2.44 Billion Deal9

Though speculation was rampant that more consolidation was in the offing, Northern Trust and State Street tried to douse it. "We believe we have a strong future serving our clients and creating shareholder value as an independent company," said a Northern Trust spokesman.

A State Street spokeswoman said her company also doesn't feel it is under pressure to do a deal.

The deal also could prompt other big banks with such operations to move to strengthen their positions, including Citigroup Inc., which has a custody unit that is the fourth largest in the business. Asset services is a double-digit growth engine for Citigroup and J.P. Morgan.

Bank of New York was represented in the transaction by Goldman Sachs Group Inc. and the law firm of Sullivan & Cromwell. Mellon was represented by UBS Investment Bank and Lazard and the law firms of Simpson Thacher & Bartlett LLP and Reed Smith LLP.

Bank Of New York To Buy Mellon For $16.5 Billion (NYT)

By Peter Edmonston

The New York Times, December 5, 2006

Bank of New York has agreed to acquire Mellon Financial of Pittsburgh in an all-stock transaction valued at $16.5 billion that will create the world's largest securities-servicing firm, the two companies announced today.

The combined entity will be called Bank of New York Mellon and have annual revenue of more than $12 billion.

The boards of both banking companies have approved the deal, which is expected to close early in the third quarter of 2007 and will immediately add to earnings, the companies said.

For Bank of New York, the deal will bolster its position as a leader in the securities servicing and processing business, which provides the backbone of the world's stock and bond markets. Earlier this year, Bank of New York nearly doubled the size

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of its corporate trust business, which handles record-keeping for debt issues, by agreeing to swap many of its retail branches for J.P. Morgan Chase's corporate trust unit.

The combined company will have $16.6 trillion in assets under custody and act as corporate trustee for an additional $8 trillion in assets.

"Mellon is going to have the opportunity to accelerate what is are very compelling growth rates for the company," said Thomas A. Renyi, Bank of New York's chairman and chief executive, during a presentation for investors and banking industry analysts today. "This is a combination that has extraordinarily similar and very complimentary businesses."

Wall Street viewed the deal favorably for both banking companies. Bank of New York's shares climbed $4.27, or 12 percent, to close at $39.75 today on the New York Stock Exchange, while Mellon's shares gained $2.73, or 6.8 percent, to $42.78.

While the deal ends a longstanding rivalry for both companies, it will bring together institutions whose heritage is tied to two titans of American business history. Mellon was founded more than a century ago by Judge Thomas Mellon, who handed over the business to his son Andrew; the Bank of New York was founded by Alexander Hamilton in 1784.

When the deal is completed, Bank of New York's shareholders will own 63 percent of the stock in the combined company, with Mellon's shareholders owning the remainder. Under the terms of the deal, Bank of New York's shareholders will receive 0.9434 shares of the combined company for each their current shares. Mellon's shareholders will exchange their stock on a one-for-one basis.

The combined company's board will have 10 members appointed by Bank of New York and eight members appointed by Mellon. Its headquarters will be in New York.

"Several business divisions" are expected to be based out of Pittsburgh, said Robert Kelly, Mellon's chairman and chief executive, who become chief executive of the combined company. Mr. Renyi will serve as executive chairman for 18 months after the transaction closes, to be succeeded as chairman by Mr. Kelly.

The companies said today that their merger would allow for annual cost reductions of about $700 million. The companies' combined work force of about 40,000 will be reduced by about 3,900 over three years, though specific businesses or locations where jobs are to be shed have not yet been determined.

Mr. Kelly joined Mellon in February, after activist investors had pushed the company for change in strategy. In his previous job as chief financial officer at Wachovia, Mr. Kelly led the Charlotte, N.C.-based banking company through a series of large acquisitions. Still, many analysts saw Mr. Kelly's hiring at Mellon as a sign that the company would not put itself up for sale any time soon. Shortly after his appointment, he told The New York Times that "I am not focused on M.&A."

Last month, Mr. Kelly gave a presentation to investors and analysts outlining his strategy for improving the company's margins and expanding its international presence. After the presentation, an analyst at Prudential securities, Michael Mayo, raised his rating on Mellon's stock to "overweight" from "underweight," writing in a research note that Mr. Kelly had "outlined a series of steps that should help liven up what we had considered a sleepy organization."

Mr. Mayo also noted that Mellon's securities-processing business would fare well if the stock market continued its recent rise. Each 10 percent increase in the stock market would bolster Mellon's revenue by 1 to 2 percent, he estimated.

Goldman Sachs and the law firm Sullivan & Cromwell advised Bank of New York in the transaction. Mellon was represented by UBS Investment Bank, Lazard and the law firms Simpson Thacher & Bartlett and Reed Smith. <NYT_AUTHOR_ID>

Eric Dash contributed reporting.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Old-Line Institutions To Merge (WP/AP)

By Eileen Alt Powell

The Washington Post, December 5, 2006

NEW YORK, Dec. 4 -- Bank of New York said Monday that it would take over Mellon Financial in a $16.5 billion all-stock deal that will create the world's largest securities servicing company.

The merger, which is projected to be completed by mid-2007, combines two financial institutions that are steeped in American history.

Bank of New York was founded in 1784 by Alexander Hamilton, who went on to become the first secretary of the U.S. Treasury. Mellon Financial, based in Pittsburgh, was founded in 1869 by the famous family of financiers and philanthropists.

The new company, which will preserve links to that heritage by calling itself Bank of New York Mellon, would become the world's leading asset servicer, with $16.6 trillion in assets under management. It also will rank among the top 10 global asset managers with more than $1.1 trillion in assets under management.

The companies, in announcing the deal, said it would result in the elimination of about 3,900 jobs, or nearly 10 percent of their combined work force of about 40,000. The reductions would be made through normal attrition "wherever possible," the companies said in a statement.

The deal was approved by each company's board of directors but requires approval by regulators and shareholders.

Investors appeared to signal support Monday: Bank of New York shares closed at $39.75, up 4.27; Mellon Financial closed at $42.78, up $2.73. Analyst David A. George with A.G. Edwards & Sons in St. Louis upgraded Mellon Financial to "buy" from "hold," saying "from our perspective, this is an excellent transaction as it creates a securities servicing and asset management behemoth that can rival any bank or asset manager in the world."

The announcement also said that Thomas Renyi, chairman and chief executive of Bank of New York, would lead the merger integration team as the new institution's executive chairman for 18 months. Mellon's chairman and chief executive, Robert P. Kelly, would be chief executive of the merged bank and then replace Renyi when he retires. Gerald L. Hassell, president of Bank of New York, will hold the same position in the new company.

Renyi, 60, has been chief executive of the New York bank since 1997 and chairman since 1998. Kelly, 52, who had been the chief financial officer of Wachovia in Charlotte, took over at Mellon last February with the retirement of longtime chief executive Martin G. McGuinn.

The new company would have its headquarters in New York.

The companies said they expected the combined company to cut costs by about $700 million a year and said the deal will result in restructuring charges of about $1.3 billion.

LSI Logic To Buy Agere In Bet On Data-Storage Chips (WSJ)

By Don Clark

The Wall Street Journal, December 5, 2006

LSI Logic Corp. agreed to buy Agere Systems Inc. for stock valued at about $3.45 billion, placing a big bet on the market for chips used in data storage and networking.

The purchase agreement announced yesterday is the largest in the 25-year history of LSI. The Silicon Valley company pioneered the market for chips that companies customize for specific chores.

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LSI Logic CEO Abhi Talwalkar2 tells CNBC that the purchase of Agere Systems brings together 4,300 engineers, 10,000 strong patent portfolio and "a competitive pipeline of innovation."

Abhi Talwalkar, a former Intel Corp. executive who became LSI's chief executive in May 2005, has narrowed the company's broad range of products to focus on chips for managing disk drives and communications between computers and data-storage systems. LSI chips also are used in consumer-electronic products.

Agere, of Allentown, Pa., traces its lineage to Bell Laboratories, the one-time research arm of AT&T Corp. that invented the transistor. Lucent Technologies Inc., which inherited those operations, spun Agere off in 2000. Agere also sells data-storage chips, as well as chips used in networking devices and cellphones.

Mr. Talwalkar said the deal creates a "formidable competitor" across all parts of the data-storage market, and bolsters LSI's position in networking and consumer electronics -- while assembling a big team of engineers with a massive collection of patents.

For Agere, being part of a larger company reassures customers about the future of its products. "We had some of our largest customers concerned at the size we were about our ability to move forward," said Richard Clemmer, its president and chief executive.

Under a definitive agreement between the companies, Agere shareholders will receive 2.16 shares of LSI for each Agere share they own, or a total of 379 million LSI shares. Based on LSI's closing price Friday, the companies estimated the value to Agere shareholders at about $4 billion, or $22.81 a share -- 28% above the closing price of Agere's shares on Friday.

Following the announcement of the deal, however, LSI's shares fell nearly 14%, or $1.44, to $9.12 in afternoon trading on the New York Stock Exchange, reducing the transaction value. Agere's shares rose 8.5%, or $1.51, to $19.30 on the NYSE.

Tim Luke, an analyst at Lehman Brothers, said some investors may be concerned about the price of the deal, particularly because LSI had seemed to be moving away from communications markets. "I think investors had been hoping they would be more focused," he said.

The companies expect to record cost savings starting next year, with annual savings of at least $125 million in 2008. The deal will slightly cut into earnings next year but "meaningfully" add to earnings in 2008, the companies said. LSI and Agere had combined revenue of $3.5 billion for the 12 months ended Sept. 30. The deal is expected to close in the first quarter.

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Mr. Talwalkar will remain CEO of the combined companies, which will keep the LSI name and be based at LSI's headquarters in Milpitas, Calif. The deal must approved by regulators as well as shareholders of both companies.

Upon completion, Agere shareholders will own about 48% of the combined company and Agere will designate three seats on its nine-member board. LSI shareholders will own 52% of the combined company an designate the remaining six board seats.

Family Leads Management Bid For Vegas Casinos (WSJ)

By Peter Sanders

The Wall Street Journal, December 5, 2006

A management-led $4.7 billion buyout offer for Station Casinos Inc. represents a way for the company's founding family to tighten its hold on Station at a time when competition is intensifying for Las Vegas residents, its core customers.

Station received an $82-per-share offer from a group led by Chairman and Chief Executive Frank Fertitta III; his brother, President Lorenzo Fertitta; and Colony Capital LLC. The Fertittas already own about 20% of Station, a Las Vegas-based company that owns and operates 16 so-called locals casinos aimed largely at suburban Las Vegas residents. The offer also calls for the assumption of more than $3.4 billion in Station debt.

WALL STREET JOURNAL VIDEO

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WSJ reporter Randall Smith discusses2 why high profile Wall Street firms like Morgan Stanley are overcoming a traditional distaste for casinos by seeking to invest in them, albeit in a low-profile manner.

Spokespeople for Station and Colony declined to comment.

Speculation about a buyout of Station has circulated for weeks, and yesterday the offer sent the shares up more than 22%, ending the day at $84.90 as of 4 p.m. in New York Stock Exchange composite trading. That is $2.90 higher than the offer price, suggesting that investors expect a higher offer before a deal is reached.

Any deal for Station will likely be closely scrutinized because of management's involvement. Station says it appointed a special committee of independent directors to review the proposal.

The move comes as Station is facing tough competitive issues. Last month, the company lowered its fourth-quarter and 2007 earnings estimates. Station reported net income of $161.9 million in 2005 on revenue of $1.1 billion. It faces competition from Boyd Gaming Corp. and others angling for gamblers who live in Las Vegas, as opposed to tourists. The softening of the "locals" market is partly because of Station, which has built glamorous casino-resorts that have cannibalized its older properties.

It also comes amid a wave of interest in casino-industry buyouts. Gambling giant Harrah's Entertainment Inc. Oct. 2 received an $81-per-share offer from private equity firms Apollo Management and Texas Pacific Group. That offer was quickly raised to $83.50 per share, according to people close to the situation, valuing the company at $15.5 billion.

Station has seen its long-term debt increase in the past year to more than $3.4 billion, partly on higher interest expense and loans used to finance stock buybacks. Station has repurchased about 19% of its common stock this year.

Questions have been raised about the company's stock compensation program, which has allowed the Fertitta family to realize about $300 million in stock-based compensation since 2002. In a May 4, 2005, proxy paper, research firm Glass Lewis & Co. said Station's "equity-based compensation practices are among the most expensive and liberal we have reviewed."

The Fertittas and other partners involved in the buyout offer, Blake Sartini and Delise Sartini, together own 27% of the outstanding Station shares, according to a filing with the Securities and Exchange Commission. Mr. Sartini, a former Station board member, couldn't be reached to comment.

Casino analysts are split over whether outside bidders will make a run for Station. "Unlike Harrah's...we expect the Station management led LBO will not likely receive multiple offers and come to a quicker resolution than Harrah's," Robin Farley, analyst at UBS Investment Research in New York wrote in a research note. The Fertitta brothers already hold casino licenses in Nevada, making their path to a deal easier than the Harrah's suitors, who face complicated licensing issues.

Reckson Rejects Icahn's Late Bid (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, December 5, 2006

Reckson Associates Realty Corp. has rejected a late bid from financier Carl Icahn and will hold a shareholder vote tomorrow seeking approval for its planned merger with SL Green Realty Corp.

Reckson's board issued a statement late last night saying that Mr. Icahn's cash-and-stock offer "does not meet the standard set forth in the SL Green merger agreement to permit discussions or negotiations" with American Real Estate Partners LP, which is 90%-owned by Mr. Icahn.

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On Monday, Mr. Icahn faxed a letter to the independent board of Reckson, offering $1 billion in cash and $3.3 billion in a new class of stock in American Real Estate Partners, traded on the New York Stock Exchange. The proposal was considerably altered from his planned all-cash bid of $49 a share because he lost his two partners over the weekend.

The board's rejection of Mr. Icahn's proposal, by a vote of its independent directors last night, came even before Mr. Icahn issued his official bid, which he had said he would provide today to Reckson, a Uniondale, N.Y., real-estate investment trust.

The development is a victory for SL Green, of New York, another REIT, whose efforts to acquire Reckson hit a kink on Nov. 16 when Mr. Icahn and his then-partner, New York real-estate developer Harry Macklowe, jumped in with a surprise proposal. The partners announced they were willing to pay $4.6 billion for Reckson, trumping SL Green's $4.1 billion bid from Aug. 3. Reckson's directors began discussions with Messrs. Macklowe and Icahn, and last week it looked as if SL Green was losing ground when Mack-Cali Realty Corp., an Edison, N.J., REIT, was allowed to join the Icahn-Macklowe partnership. But over the weekend Mack-Cali and Mr. Macklowe both opted out, leaving Mr. Icahn alone in the bidding.

But the outcome is also surely a disappointment to many Reckson shareholders who had been excited about the considerably higher price originally proposed by Messrs. Icahn and Macklowe.

Mr. Macklowe wasn't available for comment. Mack-Cali said that after performing due diligence on Reckson's assets, it determined that bidding wasn't in the best interests of its shareholders. Mr. Icahn declined to discuss why his partners dropped out.

In his letter to Reckson, Mr. Icahn offered preferred units in American Real Estate Partners that would carry a 5% annual dividend and would be convertible for AREP units at the price of $104.50 per unit. Mr. Icahn's letter stated that, if the preferred units were valued at par, it would constitute a total consideration of $49 per share for Reckson -- his original proposed price. That would top a cash-and-stock SL Green bid that was valued at about $45.60 a share as of yesterday's close.

However, as soon as Mr. Icahn announced the proposal, some analysts immediately cast doubt on whether the offer would persuade Reckson to walk away from an agreement to be acquired by SL Green. The analysts said the newly created securities weren't as liquid as cash or common stock, making Mr. Icahn's bid difficult to value.

For Mr. Icahn "to come in at the 11th hour, with a bid that doesn't include the two local real-estate players and introduces a new security, it's going to make it tough for the board to go with that bid," said John Lutzius, chief executive of Green Street Advisors Inc., a Newport Beach, Calif., real-estate investment and trading firm.

And indeed by late last night, Reckson's statement from its independent directors was citing that very concern: "In making this determination, the Reckson board considered that there are substantial valuation issues associated with the securities being offered as part of the AREP proposal and that these securities could be valued at a substantial discount to par, which would reduce the proposal's economic value."

Earlier yesterday in an interview, Mr. Icahn had said that he was hopeful that Reckson would consider his bid, saying he believed traditional REIT investors would find the dividend on the preferred units attractive, and "if there's a question of liquidity, I think that will be taken care of once they are issued."

Both SL Green and Reckson had publicly questioned whether Mr. Icahn's bid was credible. But Mr. Icahn said he wanted to buy Reckson because it is a good value -- not to prove doubters wrong. "I didn't appreciate them saying that, but I don't make investment decisions of this magnitude based on just being a little miffed," he said.

To bolster his bid, Mr. Icahn had offered to immediately deposit $613 million into escrow if Reckson accepted his merger proposal, his letter states. That would have covered the $99.8 million breakup fee that would be owed to SL Green if Reckson went with another bidder. It also would have included a "good faith deposit" by Mr. Icahn that would be forfeited to Reckson if American Real Estate Partners didn't meet its merger-agreement obligations.

Reckson's shares fell $2.34, or 4.9%, to $45.75 in 4 p.m. New York Stock Exchange composite trading yesterday; SL Green shares slipped 95 cents, or 0.7%, to $134 on the Big Board.

Gold Kist Accepts Pilgrim's Pride's Sweetened Bid (WSJ)

By Richard Gibson

The Wall Street Journal, December 5, 2006

Gold Kist Inc.'s agreement to be acquired by Pilgrim's Pride Corp. for a sweetened $21-a-share bid ended a four-month standoff in a deal that would create the world's largest chicken processor.

Assuming the proposed transaction is completed, the combined company would leapfrog industry leader Tyson Foods Inc. as the largest processor of chicken. Tyson, which also processes beef and pork, would remain the world's largest meat company, with more than three times the annual sales.

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The $1.1 billion offer was approved by Gold Kist's board Sunday after a weekend of negotiations over price. The accord came three days after the announcement that 67% of Gold Kist shareholders had tendered their stock despite repeated urgings from management that it was preferable to remain independent.

Shares of Pilgrim's Pride gained $2.52, or 9.9% to $27.90 as of 4 p.m. in New York Stock Exchange composite trading, while Gold Kist stock was up 90 cents, or 4.5%, to $20.87 on the Nasdaq Stock Market.

In what Pilgrim's Pride executives called a "cordial" meeting in Dallas on Saturday and Sunday, Pilgrim's Pride sweetened its initial $20-a-share bid by $1, Gold Kist agreed to a takeover and Pilgrim's Pride was allowed to look at Gold Kist's nonpublic documents for the first time since it launched its unsolicited offer in August.

Rising grain prices, other competitive pressures and overseas concerns about avian flu have squeezed poultry processors in recent months. For the fiscal year ended Sept. 30, Pilgrim's Pride reported a net loss of $34.2 million, or 51 cents a share, on sales of $5.24 billion. Gold Kist reported a net loss for the year ended Oct. 1 of $17.7 million, or 35 cents a share, on sales of $2.13 billion.

To improve their results, both Pilgrim's Pride and Gold Kist have cut poultry production about 5% in recent months.

Combined annual sales of Pilgrim's Pride, based in Pittsburg, Texas, and Gold Kist, of Atlanta, would exceed $7.5 billion. Pilgrim's employs about 40,000 people and Gold Kist about 16,500, both primarily at facilities in the southeastern U.S.

Analysts estimated the acquisition would give Pilgrim's Pride a 27% share of the U.S. chicken market and put Tyson's share at 24%. Pilgrim's Pride Chief Executive O.B. Goolsby said that his company has "absolutely no intention of any plant closings" from the pending combination.

EU To Investigate Car Battery Merger (AP)

AP, December 5, 2006

EU to Investigate Merger in European Car Batteries Market

BRUSSELS, Belgium (AP) -- The European Union launched an antitrust investigation Monday into plans by German car battery maker VB Autobatterie to buy the car battery business of Italy's FIAMM group.

An initial review revealed "serious competition concerns," EU antitrust chief Neelie Kroes said in a statement.

Under EU rules, she has until April 23 to reach a final finding.

"When the largest producer of automotive starter batteries (in Europe) wants to acquire the third-largest manufacturer in an already highly concentrated market, the Commission must ensure that this would not adversely affect consumers," Kroes said.

VB and FIAMM make and market batteries for makers of cars, trucks and commercial vehicles as well as car parts and repair services. VB is a joint venture of Johnson Controls Inc. of Milwaukee and the German Robert Bosch GmbH, Europe's leading supplier of car starter batteries.

If VB buys FIAMM's battery business, the number of European suppliers would drop from three to two. Kroes said she also would examine any impact of the acquisition on the "independent aftermarket," which covers sales of replacement batteries.

ENVIRONMENT:

Water War Brewing Along Mexico-California Border (AP)

By David Kravets

AP, December 5, 2006

SAN FRANCISCO - The Bush administration urged a federal appeals court Monday to allow a section of a major canal separating California and Mexico to be lined with cement to stop millions of gallons of water from seeping south of the border each year.

The 82-mile-long All-American Canal, which gets life from the Colorado River, in part nourishes crops on both sides of the border about 100 miles east of San Diego along the Calexico-Mexicali border - where the lining is proposed. The U.S. government says Mexico already gets 489 billion gallons of Colorado River water legitimately each year under a 1944 treaty and isn't entitled to the seepage, which provides a farming lifeline in Mexico.

A Justice Department attorney, John Smeltzer, told a three-judge panel of the 9th U.S. Circuit Court of Appeals that Mexicans have no right to the water, which is also the lifeblood for 500,000 acres of U.S. farmland.

The lining project will provide enough annual water for 135,000 new homes in the San Diego area.

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All three judges suggested while hearing oral arguments in the case Monday that people in Mexico might not have legal standing to assert a claim for the water in U.S. courts.

"How does a constitutional barrier against takings of property in the United States apply to somebody's property in Mexico?" Judge John Noonan asked.

The San Francisco-based appeals court temporarily blocked the $210 million, 23-mile-long lining construction project in August after Mexican business interests and U.S. environmental groups sued.

The lawsuit essentially claims that the Mexicans are entitled to the water. It says there would be a significant number of job losses on the Mexicali side of the Imperial Valley border as thousands of acres of crops would turn to dust, that Mexican wells would become polluted without the seepage and, among other things, migratory birds would be threatened if wetlands disappeared.

R. Gaylord Smith, an attorney for Consejo de Desarrollo Economico de Mexicali, a Mexican business group, argued that the U.S. has abandoned rights to the water.

Judge Sidney Thomas said the U.S. might have abandoned the water, but that doesn't mean "somebody else acquires it."

Malissa Hathaway, another attorney for the business group, said the societies of Mexicali in Mexico and adjacent Calexico on the U.S. side depend on one another, meaning the lining will affect the U.S.

"No one has looked at the economic effects of taking land out of production," she said.

Water consumption spurred by breakneck growth in Southern California prompted Western states to complain they weren't getting their share of Colorado River water. The dispute resulted in a water redistribution deal that included the lining project as California settled for less water.

Colorado River water first flowed to California's arid southeast in 1901 on the Alamo Canal, which dipped into Mexico. California farmers soon decided they needed a canal completely within the United States, leading to completion of the All-American in 1942.

Critics of the project say migrants may die crossing a lined canal because concrete will deprive desperate swimmers of tall grasses to grab. While the canal appears calm, migrants who cram onto inflatable rafts can be swept away by a fierce undercurrent.

The court did not indicate when it would rule.

The Mexican government is not a party to the case, but disapproved of the lining in court briefs.

The case is Consejo de Desarrollo Economico de Mexicali v. United States, 06-16345.

House To Vote On Senate's Offshore Drilling Plan (WP)

By Steven Mufson And Juliet Eilperin

Washington Post, December 5, 2006

The House is scheduled to vote today on a Senate plan for offshore oil and gas drilling that would open up new acreage in the Gulf of Mexico but that falls far short of an offshore drilling bill the House adopted earlier this year.

House Democratic leaders have decided not to take a position on the bill in order to avoid having to choose between different constituencies within the party's own ranks. Environmental groups oppose the drilling measure; the Sierra Club issued a statement saying that "it's time for Congress to stop appeasing Big Oil" and that "drilling is a bad deal for Americans."

Yet in the face of high energy prices, many Democrats support wider drilling to increase domestic natural gas supplies. And Louisiana Democrats avidly support the Senate bill because it would divert 37.5 percent of federal royalties to Gulf states for coastal restoration projects. Sen. Mary Landrieu (D-La.) has been pushing especially hard for its passage.

House Speaker-elect Nancy Pelosi (D-Calif.) opposes offshore drilling and is concerned about the loss of federal royalties, said spokeswoman Jennifer Crider. But Pelosi will not try to rally the Democratic caucus against the Senate bill.

Earlier this year, the House voted for an offshore drilling plan that would have opened the Atlantic and Pacific coastal waters to oil and gas drilling for the first time in a quarter-century. Senate leaders told House negotiators that there was no chance that approach could pass the Senate and that the House would have to go along with the Senate's version. House negotiators, led by outgoing House Resources Committee Chairman Richard W. Pombo (R-Calif.), resisted that compromise, but now key Republicans say they will accept the Senate version.

"What concerns me is that a month from now, when natural gas finds its way past $12 again, folks out there will be scratching their heads as to why we didn't pass a more comprehensive bill," Rep. John E. Peterson (R-Pa.) said in a statement.

The bill, which will be considered on an expedited basis, cannot be amended and requires the support of a two-thirds majority of the House.

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Separately, the White House confirmed on Saturday that President Bush is considering lifting a 17-year-old moratorium on offshore drilling near Alaska's Aleutian Islands. The area was put off limits to drilling after the Exxon Valdez oil tanker spill in 1989.

The area, which includes Bristol Bay, is home to the world's largest wild salmon run along with commercial fisheries for red king crab, pollock and cod. According to the Sierra Club, commercial, sport and sustenance fishing in the region harvests more than 25 million fish a year and contributes $300 million to the local economy.

In 2003, Sen. Ted Stevens (R-Alaska) persuaded Congress to remove protections for Bristol Bay, but it has remained off limits to drilling until 2012 under a directive by President Bill Clinton.

Rep. Edward J. Markey (D-Mass.) said, "As the Republican Party prepares to relinquish control of the House and Senate, they are attempting a last-minute giveaway of public lands as an early Christmas present to the big oil companies."

Drew Malcomb, a Minerals Management Service spokesman, said, "The north Aleutian Basin area is currently part of the five-year oil and gas leasing plan, but no drilling could occur there unless the presidential withdrawal was removed."

A few dozen environmental and tribal groups active in Alaska wrote an "open letter" to Bush on Friday, urging him to protect Bristol Bay.

Eric Siy, executive director of the Alaska Marine Conservation Council, an advocacy group, said that many tribal communities depend on the area for subsistence fishing. For them, Siy said, drilling in Bristol Bay "is like burning the pews to heat the church."

Some US Cities Grapple With An Unusual Problem: Too Many Churches (CSM)

By Amy Green

The Christian Science Monitor, December 5, 2006

ORLANDO, FLA.

It's rush hour in southeast Orlando - Sunday rush hour, that is.

About a dozen churches are within a few miles of one another, and more are under construction. Neighbors venturing out for bagels and other errands find themselves stuck in traffic, heads bowed not in faith but frustration. Some complain that the traffic persists all week, as religious, youth, sports, and other activities draw crowds after work and school.

"It's ridiculous," says Pat DeLanger, an accountant who was about to climb into her car on a recent Sunday with her teen-age daughter after a service at St. Isaac Jogues Catholic Church. She lives less than a mile away, but expects her Sunday morning drive to stretch to 30 minutes once construction on another church across the street is complete. "We live right there. We probably could walk faster."

While communities traditionally zone against houses of ill-repute, not houses of worship, frustrations have grown since 2000, when then-President Clinton signed the Religious Land Use and Institutionalized Persons Act. The law doesn't exempt churches from zoning regulations, per se. But when religious groups say the rules would create "a substantial burden," officials must show a compelling reason for the limits. Sometimes, the results leave neighborhoods feeling helpless in the face of ecclesiastical development.

Across the country, local governments are challenging the law in court, says Marci Hamilton, a church-state scholar at Cardozo School of Law at Yeshiva University in New York. She believes the issue probably will reach the US Supreme Court.

"It's happening all over the country," Ms. Hamilton says. "I get an e-mail from a new neighborhood daily. It's unbelievable because of this law what religious entities are willing to impose on residential neighborhoods."

For their part, religious leaders say they are responding to growth in their communities by providing needed services. Growth among houses of worship - particularly megachurches - poses a delicate quandary for local leaders. In smaller communities, too many churches - because of their tax-exempt status - can even strain the economy.

The federal government exempts religious organizations from property taxes, but some cities have become creative in collecting money from churches, says Chris Hoene, research manager for the National League of Cities in Washington. For example, some have begun taxing religious organizations' profit-generating enterprises, such as publishing. Especially in communities that operate on small margins, a small change in the budget can mean a big difference.

"It's a growing concern, because ... the not-for-profit sector is continually noted as a fast-growing sector," Mr. Hoene says.

In Stafford, Texas, leaders decided that with 51 places of worship and only 300 acres left to develop, they had too many churches. This Houston suburb of 20,000 balloons on Sundays, since many of the worshippers commute from outside the community, says Mayor Leonard Scarcella. With no property tax, the city's budget was stretched. Leaders imposed new regulations that would subject anyone who wants to develop in Stafford to stricter review.

"We believe very strongly in God. If you want religion, you can get just about anything here," Mr. Scarcella says. "We don't have 51 of anything else.... We're looking into ways that we can maintain balance."

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Tensions can run especially high over land residents hope to preserve for agriculture or conservation purposes.

In Maryland's Montgomery County, leaders zoned 93,000 acres as an agricultural reserve in 1980. The zoning allowed churches, and there were about 60 scattered around, says Royce Hanson, chairman of the county planning board. More than a year ago, several megachurches sought to develop in the area.

Neighbors balked, and leaders rejected building plans that would have required their own water and sewer systems. Religious organizations haven't sued yet, Mr. Hanson says, but they're not happy with the decision. The plans were "out of character with the rural area," he says. "Those of us who want to preserve the agricultural reserve believe it was a good solution."

In southeast Orlando, Faith Assembly of God is paying the city impact fees of up to $1 million to build a new location to hold its 6,000 members, the Rev. Robb Hawks says. He says the argument that places of worship don't pay for their own development is a fallacy. His church will hold weeklong activities at its current location, and hold worship services in its new home, which will be located right across from another large church.

Neighbors are concerned that the roads can't handle the development, but Mr. Hawks offers no apology for his church's growth. It's a reflection of Orlando's rampant development, he says.

"I find it fascinating that people will move into a housing development ... and the first thing they want to do is stop any developments going in around them," Hawks says. "People come ... looking for community, and where do you find community?... They go looking for a church to not only fulfill their spiritual needs but their social needs as well."

Administration Tried To Cut Payouts To Nuke Workers (USAT)

By Peter Eisler

USA Today, December 5, 2006

WASHINGTON — The Bush administration repeatedly sought ways to limit payouts to nuclear weapons workers sickened by radiation and toxic material, according to a memo written by congressional investigators and obtained by USA TODAY.

The investigation focuses on a federal program created in 2000 to compensate people with cancers and other illnesses tied to their work at government and contractor-owned facilities involved in Cold War nuclear weapons production. About 98,000 cases have been filed under the program, and the Labor Department has approved compensation in about 24,000 of those cases. However, program records show that not all of those approved claims have been paid.

Since 2002, “there is a continuous stream of (administration) communications … strategizing on minimizing payouts,” according to the Nov. 30 memo by staff for the House Judiciary Subcommittee on Immigration, Border Security and Claims. The memo, prepared for the panel's chairman, Rep. John Hostettler, R-Ind., summarizes and quotes from thousands of pages of records reviewed by the subcommittee in its probe.

The subcommittee holds a hearing today on the investigation. Hostettler is pressing ahead despite losing re-election last month, vowing to release key documents and urging Democrats to continue the probe when they take over in 2007.

Administration officials say the memos reflect internal brainstorming on how to avoid compensating workers who aren't eligible.

“We're not pursuing those ideas,” says Shelby Hallmark, the Labor Department's director of workers' compensation programs. “What we've been doing all along is trying to ensure that the program is implemented in a way that is fair and consistent and in accord with the law.”

Hostettler was not available for comment, but he said at a November hearing that records reviewed in the investigation “do not support” the administration's stance. “This program was supposed to assure workers … (that) their government was finally going to do right by them,” he added. “Those tasked with implementing (it) have failed that purpose miserably, and they need to be exposed.”

The program covers workers from about 350 facilities nationwide, as well as uranium miners. Claimants can get up to $150,000; some also can get paid for medical bills, lost wages and disability.

In a memo from October 2005, program director Hallmark complains to White House officials that the National Institute for Occupational Safety and Health, which reviews some claims, is adopting “extreme exaggerations of (worker exposure) on the grounds that every decision point must be as ‘claimant favorable' as conceivably possible.” The documents also show officials debating ways to change the balance of a program oversight panel by adding members skeptical of workers' claims.

“You've got bureaucrats pressuring the scientists, and when they can't get what they want, they try to squeeze the (adjudication) process wherever they can,” says Richard Miller, a claimants' advocate with the Government Accountability Project. “These workers are dying with every day that goes by.”

Nuclear Power Revival Could Encounter Hurdles (WSJ)

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By John J. Fialka

Wall Street Journal, December 5, 2006

WASHINGTON -- The Bush administration's plan for a "renaissance" in nuclear power may be crimped by tightening worldwide supplies of uranium and a lack of enrichment facilities to turn the uranium into fuel for power plants.

In a recent setback, an accident in October flooded the world's largest uranium mine, which was set to open in Canada next year. That nudged prices for processed uranium ore, already up more than 800% since 2001, even higher.

Meanwhile, enrichment facilities, which turn uranium into fuel for nuclear power plants, have already pledged their services because of growing interest in nuclear fuel by other countries. The result is that the U.S. is relying more than before on Russia, which provides about half the enriched nuclear fuel used in this country.

Uranium is extracted from mines and processed into a form called "yellowcake." The yellowcake, in turn, is processed at enrichment plants, into fuel for nuclear-power plants. A far more time-consuming process is required to turn yellowcake into fuel for nuclear weapons.

Spurred by President Bush, who for years has touted nuclear power as a clean, safe way to generate electricity, the owners of U.S. utilities have made plans for at least 30 new U.S. nuclear power plants.

The administration is calling its plan a "renaissance," as it would revive a domestic industry that has been dormant for decades. The most recent time a utility ordered a new nuclear power plant in the U.S. was 1973.

Spurring the renaissance isn't just the tax breaks the administration is offering for the first six plants. Some utilities also are looking to nuclear power because of the soaring prices of natural gas and the prospect of controls on fossil-fuel generated power. Possible climate-change legislation wouldn't affect nuclear power, which doesn't generate the same pollutants.

However, the "Ad Hoc Utility Group," an industry collective that represents 85% of the utilities involved in producing nuclear power is nervous about securing adequate fuel supplies for nuclear power plants over the next 10 years. The group is lobbying the administration to allow Russia to sell enriched fuel directly to U.S. utilities.

That effort is opposed by USEC Inc., the Bethesda, Md., company that acts as the U.S. agent for Russian enriched fuel under a 1993 agreement that requires Russia to supply $12 billion of enriched uranium derived from its nuclear weapons to the U.S. USEC opposes the introduction of more Russian fuel, arguing that it could interfere with its plans to finance and build a new enrichment plant in the U.S.

The supply situation with uranium and enrichment facilities will be discussed today at an international gathering of nuclear power experts here. One speaker, Thomas L. Neff, a senior researcher at the Massachusetts Institute of Technology, says the supply issues mean that "it will take heroic efforts to fuel the expected growth in nuclear power by 2015. Under the most positive assumptions you might just get there. But they may not pan out."

Mr. Neff, who has followed the nuclear fuel market for 30 years, blames the tightening uranium supply on a failure to open mines in the U.S. and elsewhere. Between 1987 and 2001, he says, stockpiles of processed uranium were "sold off really cheap." Some hedge funds, he adds, are exacerbating the situation by buying and holding uranium off the market in an effort to reap profits later.

The accident at the Canadian mine highlights the supply problem. In October, the ceiling of the nearly completed mine, located in Saskatchewan, collapsed and let in a flood of water. The mine's owner, Cameco Corp., says the mishap will delay completion for as long as three years. The mine could eventually supply 17% of the world's uranium demand, Cameco says.

The dwindling supply of uranium enrichment plants began after two U.S. facilities, built after World War II, shut down, leaving power-plant owners more dependent on the Russians. Natural uranium has less than 1% of the unstable isotope U-235, which must be concentrated to a level of 4% to 5% to make fuel for nuclear power plants. The concentration required to make nuclear weapons is closer to 90%. The concentration is done through a complex sifting process called enrichment.

USEC plans to build a $2 billion enrichment facility near Piketon, Ohio, scheduled to open around 2009, but it still must obtain the financing -- a concern for utility-plant owners who need an assured supply of fuel. The plant will use a type of high-speed centrifuges that haven't been commercially proven in the U.S. Currently USEC operates a plant near Paducah, Ky., built in the 1950s. "If anything happens to that, where do you go?" asks Jim Tramuto, a vice president of PG&E Corp., a San Francisco utility, and a leader of the Ad Hoc Utility Group.

"You want to have as many suppliers in the market as you can have," adds Mr. Tramuto, noting that most non-Russian suppliers already have promised their supplies of enriched uranium to buyers.

The Russians say they could supply more enriched uranium to the U.S., but they are blocked by an agreement with the Commerce Department that restricts their imports to the current levels managed by USEC. While the Russians have some additional near-term capacity, they say they will cut shipments to the U.S. in half after 2013, when the current agreement to use fuel derived from nuclear weapons ends.

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"We're having our own nuclear renaissance," says Vladimir I. Rybachenkov, a counselor at the Russian embassy in Washington. He notes Russia recently announced plans to increase its use of nuclear power to generate electricity to 25% from 15%, which means it will need more of its uranium and enrichment facilities.

Still, Mr. Rybachenkov says, Russia is willing to help the U.S. if the limits on its near-term imports of enriched fuel are lifted. "If nothing happens by 2013, there will be a black hole in deliveries of enriched fuel for the U.S. from Russia," he predicts.

Clay Sell, deputy secretary of the U.S. Department of Energy and an architect of U.S. plans for more use of nuclear power, admits that there are near-term problems with both uranium and enrichment services, but adds: "We think it can all be managed."

His department is circulating a draft plan among U.S. power-plant owners that suggests that more enriched uranium fuel could be provided by "blending down" highly enriched uranium from retired U.S. nuclear warheads and by reprocessing uranium tails, or wastes from the process of enriching uranium for U.S. nuclear weapons.

"The higher uranium prices go, the more these tails look like money instead of trash," Mr. Sell says.

Getting more fuel from U.S. enrichment wastes, however, might require the Russians to enrich them, another option under discussion. Mr. Sell says the future U.S. supply picture may not be as bleak as the "black hole" described by Mr. Rybachenkov. "You've got to understand that a lot of what they're saying right now has to do with bargaining," he noted.

Inside Politics (WT)

By Greg Pierce

The Washington Times, December 5, 2006

Media climate

Sen. James M. Inhofe, Oklahoma Republican and chairman of the Environment and Public Works Committee, will hold a full committee hearing tomorrow on "Climate Change and the Media."

The hearing will look at how the media has presented scientific evidence regarding predictions of human-caused catastrophic global warming, the senator's office said.

"Senator Inhofe believes that poorly conceived policy decisions will result from the media's nonstop hyping of 'extreme scenarios' and dire climate predictions," said committee Communications Director Marc Morano. "This hearing will serve to advance the interests of sound science and encourage rational policy decisions."

Among those who are scheduled to testify at the hearing are geologist David Deming of the University of Oklahoma; paleoclimate researcher Bob Carter of Australia's James Cook University; Dan Gainor of the Business & Media Institute; Naomi Oreskes of the University of California at San Diego and professor Daniel Schrag of Harvard University.

The hearing will be held at 9:30 a.m. in 406 Dirksen Senate Office Building. It can be watched live on the Internet at http://epw.senate.gov/epwmultimedia/epwmultimedia.htm.

Brownback's step

Republican Sen. Sam Brownback said yesterday he is taking the first step toward a bid for the 2008 Republican presidential nomination.

A vigorous abortion opponent, the Kansas senator pledged to make "issues of life," fiscal restraint and tax reform key components of his effort to woo supporters.

"I have decided, after much prayerful consideration, to consider a bid for the Republican nomination for the presidency," Mr. Brownback said. "There is a real need in our country to rebuild the family and renew our culture, and there is a need for genuine conservatism and real compassion in the national discussion."

Mr. Brownback said he has formed a presidential exploratory committee, which will allow him to travel the country and raise money while gauging support for the Republican nomination, the Associated Press reports.

Thomas returns

Sen. Craig Thomas returned to work yesterday, about a month earlier than originally planned, after undergoing treatment for leukemia.

"I'm glad to be back," the Wyoming Republican told the Associated Press in a telephone interview from his office in Washington.

Mr. Thomas, 73, was released Saturday from Bethesda National Naval Medical Center. He began treatment for leukemia on Nov. 9.

He had said previously he didn't expect to return to the Senate until January.

Mr. Thomas won re-election last month to a third term while he was in the hospital, easily beating Democrat Dale Groutage with 70 percent of the vote.

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Mr. Thomas said he continues taking medication and undergoing tests. "I think I'm through with the major treatment," he said.

The senator was diagnosed with acute myeloid leukemia, the most common form the cancer of the blood and bone marrow.

Dr. Brian Monahan, director of Hematology and Medical Oncology at the National Naval Medical Center, has said that most people with Mr. Thomas' physical condition and general health survive the cancer.

Amazing letter

"Washington has no shortage of bullies, but even we can't quite believe an October 27 letter that Sens. Jay Rockefeller and Olympia Snowe sent to ExxonMobil CEO Rex Tillerson. Its message: Start toeing the senators' line on climate change, or else," the Wall Street Journal says in an editorial.

The letter's essential point, the newspaper said, "is that the two senators believe global warming is a fact, and therefore all debate about the issue must stop and ExxonMobil should 'end its dangerous support of the [global warming] "deniers." ' Not only that, the company 'should repudiate its climate change denial campaign and make public its funding history.' And in extra penance for being 'one of the world's largest carbon emitters,' Exxon should spend that money on 'global remediation efforts.'

"The senators aren't dumb enough to risk an ethics inquiry by threatening specific consequences if Mr. Tillerson declines this offer he can't refuse. But in case the CEO doesn't understand his company's jeopardy, they add that 'ExxonMobil and its partners in denial have manufactured controversy, sown doubt, and impeded progress with strategies all-too-reminiscent of those used by the tobacco industry for so many years.' (Our emphasis.) The senators also graciously copied the Exxon board on their missive.

"This is amazing stuff. On the one hand, the senators say that everyone agrees on the facts and consequences of climate change. But at the same time they are so afraid of debate that they want Exxon to stop financing a doughty band of dissenters who can barely get their name in the paper. We respect the folks at the Competitive Enterprise Institute, but we didn't know until reading the Rockefeller-Snowe letter that they ran U.S. climate policy and led the mainstream media around by the nose, too. Congratulations."

Sebelius chosen

Kansas Gov. Kathleen Sebelius will assume the chairmanship of the Democratic Governors' Association next year as the party enjoys its first gubernatorial majority in 12 years, officials said yesterday.

Mrs. Sebelius, who was elected to a second term last month, will succeed New Mexico Gov. Bill Richardson, said the officials, who spoke on the condition of anonymity to avoid upstaging an official announcement tomorrow.

Mrs. Sebelius, 58, prevailed in her Republican-leaning state with 58 percent of the vote on Nov. 7. Her vice chairman will be West Virginia Gov. Joe Manchin III, who was elected in 2004, the Associated Press reports.

Civil rights award

The Congress of Racial Equality, one of the nation's oldest civil rights groups, has announced it will present an achievement award to Bishop Robert Morlino of the Catholic Diocese of Madison, Wis.

The award recognizes Bishop Morlino for exercising his free speech and religious free-exercise rights in the face of intense pressure designed to silence him -- and thereby chill the rights of others -- in the weeks preceding the recent marriage state constitutional amendment vote in Wisconsin. Bishop Morlino was targeted because he was the most visible proponent of the amendment measure banning same-sex "marriage" in Wisconsin, the group said.

For years, those seeking to invalidate America's marriage laws in court have attempted to advance their cause by invoking analogies to civil rights, the group said. This award is the first time that a major civil rights organization has publicly acknowledged the reality that the basic civil liberties of groups and individuals in America who believe in the protection of marriage are increasingly being challenged.

The award ceremony will take place Friday afternoon at St. Patrick's Cathedral in Madison.

Crude Awakening As Alternative Energy Heats Up, Environmental Concerns Grow (WSJ)

By Patrick Barta And Jane Spencer

Wall Street Journal, December 5, 2006

PONTIANAK, Indonesia -- Investors are pouring billions of dollars into "renewable" energy sources such as ethanol, biodiesel and solar power that promise to reduce the world's reliance on petroleum. But exploiting these alternatives may produce unintended environmental and economic consequences that offset the expected benefits.

Here on the island of Borneo, a thick haze often encloses this city of 500,000 people. The cause: forest fires that have blazed across the island. Many of them were set to clear land to produce palm oil -- a key ingredient in biodiesel, a clean-burning diesel fuel alternative.

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The bluish smoke is at times so dense that it leaves the city dark and gloomy even at midday. The haze has sometimes closed Pontianak's airport and prompted local volunteers to distribute face-masks on city streets. From July through mid-October, Indonesian health officials reported 28,762 smog-related cases of respiratory illness across the country.

"I feel it in my breath when I breathe," said Imanuel Patasik, a 26-year-old delivery man, as he sat in one of Pontianak's many open-air coffee shops on a recent evening. When the smoke is really bad, he wears a mask to work, but still wakes up the next morning feeling sick. "It's part of life here," he sighed.

Seasonal rains have helped quell the fires over the past few weeks. But the miasma of smoke from Borneo and the island of Sumatra -- an annual phenomenon that blankets large parts of Southeast Asia in smog -- underscores a troubling dark side of the world's alternative-energy boom. Among other problems, the fires in Indonesia spew millions of tons of carbon dioxide and other greenhouse gases into the atmosphere, experts say. In doing so, they exacerbate the very global-warming concerns biofuels are meant to alleviate.

Such side effects are not an isolated problem. In Indonesia, Malaysia, Canada and elsewhere, forests are being slashed for new energy-yielding crops or other unconventional fuels. In India, environmental activists say, water tables are dropping as farmers try to boost production of ethanol-yielding sugar.

"Let's be brutally frank: [The push for alternative fuels] is going to cause significant changes for the environment," says Sean Darby, an equities analyst and expert on alternative energy companies at Nomura International in Hong Kong. He is most worried about the strain on water resources caused by accelerated crop production. Water, he says, is "just as precious" as oil.

Some experts are also concerned that crops for biofuels will compete with other farmland, possibly driving up global costs of basic food production.

It's not clear how serious these problems will become -- or whether they eventually will be resolved through new technologies and stricter environmental measures. Proponents of alternative energy, including some palm oil industry executives, say the dangers are exaggerated and are outweighed by the benefits new fuels promise.

"We're unfairly targeted," says M.R. Chandran, former chief executive of the Malaysian Palm Oil Association. He contends that the timber industry and local farmers are much to blame for destroying Indonesia's forests.

The alternative energy field "is almost like the Internet in terms of the pace of how fast all this is changing," says Chris Flavin, president of Worldwatch Institute, an environmental organization. He believes that new technologies could help resolve some concerns over collateral damage. One of the hottest, for example, is called cellulosic ethanol, which uses different kinds of waste -- including municipal garbage -- to create fuel.

In the U.S., questions about corn-based ethanol are swirling in academic and agricultural circles, in part because of the work of a Cornell University professor. David Pimentel, who teaches environmental policy, has long held doubts about the fuel's value. He argues that expanding corn production for biofuels would deplete water resources and pollute soils with added fertilizer and chemicals. It would also require huge volumes of traditional energy for farming equipment and ethanol-conversion facilities -- a toll that could nullify gains from the less-polluting fuel produced.

Other studies, including reports by researchers at the U.S. Department of Agriculture, have reached much more optimistic conclusions and have criticized Mr. Pimentel's methodology.

Big Implications for Business

Critiques of alternative energy -- even if they prove to be exaggerated -- could have big implications for business. Last year, investors globally poured a record $49 billion into energies such as solar power, ethanol and biodiesel, according to New Energy Finance, a London-based firm that specializes in analyzing renewable energies. That was a 60% increase from the previous year.

But commercializing many alternative fuels relies on political support in the form of government subsidies or tax incentives. So the rise of local resistance could jeopardize the new fuels' economic viability.

This is particularly true for palm oil, a once-mundane commodity whose price has climbed about 31% so far this year. The spike is partly attributable to demand for biofuels.

In October, a European Parliament committee recommended a ban on all biofuel made from palm oil, citing fears that the crop encourages deforestation in tropical countries. In Indonesia, activists helped block an $8 billion Chinese-backed project that would have created one of the world's largest palm-oil plantations.

And last month, one of Britain's largest power companies, RWE npower, a subsidiary of the German power giant RWE AG, said it would abandon a project that was to use several hundred thousand tons of palm oil a year to generate power. An environmental group, Friends of the Earth, had complained that the project would contribute to unsustainable global demand for palm oil, contributing to rain-forest destruction in South East Asia. RWE npower said it dropped the project because it couldn't secure an adequate supply of sustainably grown palm oil.

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Most consumers still think of palm oil mainly as a source of cooking oil. The oil is squeezed from bunches of red fruit that grow on oil palms, primarily in Malaysia and Indonesia. But the oil can also be processed to make fuel. Then it's mixed with conventional diesel to form a hybrid energy source -- for instance, 80% regular diesel and 20% biofuel -- that can be pumped directly into fuel tanks.

Biodiesel offers lots of upsides. Renewable crops such as palm oil reduce the need for fossil fuels such as petroleum whose supplies are finite. It also burns more cleanly than carbon-based liquid fuel, releasing fewer of the gases thought to cause global warming.

As oil prices have surged, a number of companies, including Chevron Corp., have announced plans to build or invest in biodiesel plants. In a recent report, Credit Suisse analysts said there's enough refining capacity under development to produce as much as 20 million metric tons of fuel annually by late 2008. That capacity, more than twice that of today's levels, would "easily soak up" all the world's available palm oil -- creating even more demand for plantations.

Indonesian authorities hope to capitalize on such demand to bring economic growth to impoverished regions. The government is offering low-interest loans for plantation companies, with a goal of adding 3.7 million acres of new plantations over the next five years, an area more than half the size of New Hampshire. Officials maintain this can be done on designated land areas without causing widespread environmental damage.

Different Outcome

But what's happening on the ground in Borneo suggests a different outcome. Among the world's most fabled islands, Borneo -- which is divided between Indonesia and Malaysia -- is considered by environmentalists to be one of the last great tropical wildernesses. It's home to rare and unusual species, including the wild orangutan, the clouded leopard and the Sumatran rhinoceros.

It's also home to some of the world's last headhunters. The indigenous Dayaks resurrected the grisly practice as recently as the late 1990s in interethnic clashes. Some Dayaks still live in villages that can only be reached by river, and sleep in wooden "longhouse" buildings on stilts.

In the 1800s, Dutch and British traders began carving up parts of the island to produce rubber and other commodities. Later, Malaysian and Indonesian timber barons devastated millions of acres of forest logging tropical hardwoods. Today, only a little more than half of Borneo's once-ubiquitous forest cover remains, according to WWF, the global conservation organization.

Now, the palm-oil boom threatens what's left. In West Kalimantan, a province along the western coast, the palms cover about 988,000 acres or more, up from less than 37,000 acres in 1984. Fleets of orange and mustard-colored trucks ply the province's few paved roads, ferrying the oil to river ports.

The plantations have meant jobs and opportunities for many Dayak families. Some have even taken ownership stakes in the operations.

As residents are discovering, though, the spreading plantations have deleterious effects. They can alter water-catchment areas, destroy animal habitats and contribute to the months-long bouts of haze that spreads hundreds of kilometers across Southeast Asia.

As fires burn deep into the dry peat soil beneath Indonesia's forests, centuries of carbon trapped in the biomass are released into the atmosphere. A study presented last month at a U.N. Climate Change Conference in Nairobi showed that Indonesia is the world's third-biggest carbon emitter behind the U.S. and China, when emissions from fires and other factors are considered.

"Stopping these fires could be one way of getting rid of some significant carbon emissions to the atmosphere," says Susan Page, a senior lecturer at Britain's University of Leicester who studies carbon emissions in Southeast Asia.

To be sure, palm-oil plantations aren't the only cause of deforestation and smoke on Borneo. Loggers have degraded huge swathes of forest. And indigenous residents have long practiced their own form of slash-and-burn agriculture that involves setting fires to clear fields for planting.

But Indonesian environmental officials say plantation companies are exacerbating the problem, and some palm-oil executives concede their industry is partly to blame. Often, companies hack down the trees, leaving behind a mass of debris that must be removed before they can plant oil palms. The cheapest and easiest way is simply to torch it.

One new oil-palm plantation, four hours by dirt road from Pontianak, offers a glimpse of the fallout from the flames.

The plantation stretches across some 2,740 acres and features a series of blackened and largely bare hills. Charred stumps stick up from the soil and blistered tree trunks litter the ground. In the distance, a wall of misty jungle marks the border of the property.

Villagers nearby say smoke and flames from fires at the site destroyed fruit and rubber trees on which they relied. They also made many people in the area sick. One villager began acting like he was possessed and was placed in a cage where he remained for weeks, the village chief says.

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Nearby, on a ridge overlooking the property, a man in a floppy sun hat who identifies himself as the plantation manager says he didn't know who started the fires. "We are one of the victims," says the man, Kong Tamcheng.

Mr. Kong says his employer, an Indonesian company called Incasi Raya Group, has a strict no-burning policy. He suggests the fire might have been started by a careless worker flicking cigarette butts, or by "interested parties" out to "smear" the company's reputation.

But Untad Dharmawan, director of environmental impact assessment for West Kalimantan, says Indonesian authorities are investigating nine palm-oil companies for illegal burning, including Incasi Raya Group and its manager, Mr. Kong. He displays a dossier of photos of the Incasi Raya site, adding that his department has witnesses with evidence the company started the fires.

Phone calls to Incasi Raya's office in Padang, Indonesia went unanswered.

Indonesian officials say they're doing the best they can to fight the fires and prevent illegal forest-clearing. Among other tactics, they hired two giant Russian planes to drop "water bombs" and launched projects to hand out water pumps to local villagers.

But they're hamstrung by tight budgets and the logistical difficulties of policing such a vast area with few roads. At best, "we can just minimize the spread" of fires, laments Mr. Dharmawan, the provincial environmental official.

Palm-oil companies, meanwhile, have joined with environment organizations, energy companies and others to set up a group known as the Roundtable on Sustainable Palm Oil that plans to certify plantation companies that follow guidelines to minimize ecological damage.

Back in Borneo, Tony Hartono, head of a local plantation association in West Kalimantan, says he still believes biodiesel derived from palm oil will play a big role in solving the world's energy problems. After all, "it's a renewable energy," he says. "It's our future."

Signs Of Energy (NYT)

The New York Times, December 5, 2006

It seemed to take forever, but the Bush administration has finally agreed to a strict timetable for establishing new energy efficiency standards for nearly two dozen commercial and residential appliances over the next five years. The agreement is good news for the environment. It is also a tribute to the persistence of 15 states, the Natural Resources Defense Council and various consumer groups that sued the Energy Department for failing to comply with longstanding Congressional mandates.

By some estimates, the new standards — covering items like dishwashers, ovens, clothes dryers, and heating and air-conditioning systems — could eventually save the amount of energy used by 12 million households, eliminate the need to build dozens of power plants and significantly cut emissions of carbon dioxide, the main global warming gas.

Congress ordered the Energy Department to make periodic updates in efficiency standards for appliances as part of the Energy Policy and Conservation Act of 1975. The Clinton administration strengthened standards for 10 appliances. But no new standards have been issued since 2001. In 2004, under pressure from manufacturers, the Bush administration actually tried to weaken standards for commercial air-conditioners, only to be rebuked by the courts.

In some cases, the technology already exists to meet stronger standards; the trick is to get manufacturers to incorporate them across the board. In other cases, the new standards would drive technology forward. The benefits are obvious, and Samuel Bodman, in his second year as secretary of energy, is to be commended for recognizing them.

FBI/DEA/ATF/USMS:

FBI Computer System Faces Funding Gap (NSDY/AP)

By Lara Jakes Jordan

Long Island Newsday, December 5, 2006

WASHINGTON -- The FBI faces a $56.7 million funding gap as it builds a new computer system to replace a problem-riddled database of investigation files, Justice Department auditors said Monday.

With careful oversight, the Sentinel program still could be successful, auditors from the department's inspector general's office concluded. Even so, the Bush administration's funding request for this year's share of the $425 million system, set for completion in 2009, falls short of what the bureau said it needs keep it on track.

The FBI asked for an estimated $150 million in the fiscal year that began Oct. 1; the White House approved spending $100 million. Congress is not expected to approve the FBI's funding until next year.

A 112-page audit of the Sentinel system's progress "found that the FBI faces uncertainty" over how to meet the funding needs to continue building it.

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Although the FBI expects to have about $50 million left over from earlier work on Sentinel and other bureau projects, auditors warned that pulling money from other programs "may have an adverse affect on the FBI's mission capabilities," the auditors said.

Responding, the FBI in a statement said the money needed "has long been identified from existing FBI balances, and will not impact operational programs."

The total cost for the computer program remains the same, the statement noted, adding that "at this time, Sentinel is within cost and schedule."

The funding concerns over Sentinel follow the FBI's decision last year to scrap a botched $170 million project to build a paperless case management system. FBI Director Robert Mueller abandoned the project, called Virtual Case File, after consultants said it was obsolete and riddled with problems.

Incoming Senate Judiciary Chairman Patrick Leahy, D-Vt., questioning whether the funding gap would bring cuts to the FBI's counterterrorism programs, said "mismanagement of this project seems to know no bounds."

"I remain seriously concerned about the handling of this project," Leahy said. "The American people cannot afford another fiasco."

Mueller is set to testify Wednesday at a Senate Judiciary Committee hearing on FBI oversight.

Sentinel is being built by Lockheed Martin contractors in four phases. Its designers currently are building an electronic records repository and a security network to limit its access.

FBI Computer Funding Is Uncertain (WP)

By Dan Eggen

The Washington Post, December 5, 2006

The Justice Department's inspector general warned yesterday that funding for the FBI's new Sentinel computer system is uncertain and that the program's final price tag could exceed its $425 million budget.

A 112-page audit by Inspector General Glenn A. Fine said that a current White House budget request includes only $100 million for Sentinel in fiscal 2007, although the FBI says it needs $57 million more to keep it going.

The FBI plans to make up the difference with leftover funds from other areas, but the audit warns that moving too much money "could erode the FBI's mission capability in counterterrorism, cybercrime and other important operational areas." Congress has yet to act on a budget for the fiscal year that began Oct. 1.

Sentinel is designed to give agents the ability to manage case files from computers at their desks. The audit is the second in a series of planned reviews by Fine's office; it warned in March that the FBI was at risk of repeating many of the same mistakes with Sentinel that it made with a failed attempt to build a computerized case management system, the Virtual Case File (VCF), to replace the FBI's antiquated paper-based system. VCF was abandoned in 2005 after costing the government $170 million.

Previous audits and reviews found that the FBI did a poor job of overseeing and managing VCF, and that the main contractor delivered a product that was incomplete and unusable.

In contrast to VCF, which was built from scratch, Sentinel will rely primarily on off-the-shelf commercial software adapted for the FBI. Lockheed Martin Corp. is slated to receive $305 million as the main contractor on the project, which is supposed to be begin operating by 2009.

Yesterday's audit also raised questions about the assumptions underlying the FBI's overall cost estimate, which is based on rough calculations and does not include $25 million in related improvements.

The FBI said in a statement that the extra money needed for the current fiscal year "has long been identified from existing FBI balances and will not impact operational programs." The bureau played down concerns about Sentinel's cost, saying the project "is within cost and schedule."

The newest report says the FBI has made "significant progress" in several key areas, including improving management controls and finding ways to ensure that the software will work as intended.

Fine made five specific recommendations to overcome various problems. FBI officials said they agreed with the ideas and had begun implementing them.

F.B.I. Overhaul Of Computers Is Facing A Gap Of $57 Million (NYT)

By Eric Lichtblau

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — The latest effort to overhaul the Federal Bureau of Investigation's antiquated computer system, still in its early stages, is already coming up short by $57 million, a Justice Department audit report concluded Monday.

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The budget gap could force the F.B.I. to take money from law enforcement and other areas, the report by the Justice Department inspector general's office determined. It concluded that while the bureau had taken steps in the management of the project that provided a "reasonable assurance" of success, crucial financing and operational questions lingered.

The F.B.I. has struggled for more than a decade to modernize its computer systems and replace a record-keeping system that is still largely paper-driven — a task considered critical to strengthening antiterrorism operations. Widespread design and management problems last year forced the bureau to scrap the final phase of its case-automation system, known as Trilogy, after spending $170 million on the project.

Democrats said they planned to press Robert S. Mueller III, the director of the F.B.I., about the computer project when he appears before the Senate Judiciary Committee on Wednesday.

"After watching the F.B.I. waste five years and more than 170 million of taxpayer dollars on the Trilogy program, I remain seriously concerned about the handling of this project," Senator Patrick J. Leahy, the Vermont Democrat who will take over next month as chairman of the Judiciary Committee, said Monday.

"The American people cannot afford another fiasco," Mr. Leahy said.

The findings by the inspector general came in the first status report that office has issued since March when the F.B.I. awarded the latest version of the project to Lockheed Martin. The company's part of the project, known as Sentinel, has an estimated value of $305 million.

For the current fiscal year, the Bush administration has sought $100 million for the Sentinel project, a request still pending in Congress. But the F.B.I. estimates that it actually needs $56.7 million more this year, the inspector general found.

The F.B.I. said in a statement on Monday that "the balance of $57 million has long been identified from existing F.B.I. balances, and will not impact operational programs." It said that "characterizations to the contrary are misleading."

The inspector general's report noted that the Sentinel project was still in its early stages, with the most difficult portions ahead. Nonetheless, it offered a somewhat more optimistic assessment than in the past.

"We believe that the processes the F.B.I. has established to manage and control the Sentinel project if implemented and carefully followed as Sentinel develops can provide reasonable assurance that Sentinel can be successful and that any deviations from cost, schedule, technical or performance baselines can be identified," it said.

In its formal response as part of the report, the F.B.I. said it welcomed the inspector general's findings and would be adopting all of the report's budget, management and staffing recommendations in an effort to keep the computer project on track.
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Funding May Be A Sticking Point For FBI Tech Upgrade (GOVEXEC)

By Daniel Pulliam

Government Executive, December 5, 2006

The FBI is exercising more control over its $425 million information technology modernization effort than it did over the project's predecessor, but funding remains uncertain, according to an audit released Monday.

The FBI has made "significant progress" in addressing many initial concerns about the development of the case management system dubbed Sentinel, the Justice Department inspector general's office stated in the audit.

For instance, the FBI has made strides in staffing the project's program management office, auditors said. An October Government Accountability Office review found that the bureau had not properly analyzed its staffing needs.

But uncertainty about funding and cost estimates, and deficient contingency planning, must be addressed if the law enforcement agency is to avoid delays and other problems developing Sentinel, the IG report stated. This is particularly important as the project enters a high-risk second development phase in early 2007, it noted.

The FBI's fiscal 2007 budget request included $100 million for Sentinel, but an additional $56.7 million is needed to bridge the gap between requested funds and the program's requirements, the report stated.

According to the IG, about $50 million remains from the first phase of Sentinel and unspent balances in other accounts. But if the fiscal 2007 appropriation is less than the $100 million requested, reprogramming of other agency funds may be required to keep the project on track, the report stated. Reprogramming could diminish the agency's abilities in counterterrorism and cybercrime, the auditors said.

In a statement on the report, Sen. Patrick Leahy, D-Vt., incoming chairman of the Senate Judiciary Committee, said, "I remain seriously concerned about the handling of this project. The American people cannot afford another fiasco."

"Bush administration mismanagement of this project seems to know no bounds," Leahy said.

FBI Director Robert Mueller is scheduled to testify before the Senate Judiciary Committee on Wednesday.

Sentinel, a six-year effort to replace the failed Virtual Case File project, is intended to upgrade the FBI's old-fashioned paper-based system for managing investigations and information. Lockheed Martin Corp. won a $57 million task order in March to work on the first stage of the program, with options to earn $248 million for three additional phases.

Costs associated with Sentinel, such as changes to the FBI's National Name Check Program, security costs and employee salaries, were not included in the $425 million estimate for the project's overall costs, the report stated. Auditors estimated that more than $25 million in associated costs are not included in the FBI's estimate. An independent estimate of the project's price tag found that it could range from $329 million to $493 million, and would most likely fall at $438 million.

The IG recommended that the FBI update the project's estimated total cost as actual cost data becomes available, develop contingency plans for identified risks to the project and fill all vacancies in the program management office.

In a response to the report, the FBI agreed with all of the IG's recommendations.

Mollohan, Under FBI Probe, Is Poised To Control Bureau's Budget (BLOOM)

By Brian Faler And Michael Forsythe

Bloomberg, December 5, 2006

Dec. 5 (Bloomberg) -- Representative Alan Mollohan, a West Virginia Democrat whose finances are being investigated by the Federal Bureau of Investigation, is in line to take over the House panel that sets the bureau's budget.

Mollohan, 63, is the ranking Democrat on the appropriations subcommittee overseeing the Department of Justice, which includes the FBI. His party has a long-standing practice of awarding appropriations subcommittee chairmanships to senior members, and no other Democrat has announced plans to seek the post when the party assumes control of Congress next month.

The pending appointment poses an ethical dilemma for incoming House Speaker Nancy Pelosi, 66, who helped her party take control of Congress for the first time in 12 years by vowing to clean up a ``culture of corruption'' on Capitol Hill.

``If the Democrats want to be taken seriously as the party of ethics reform, then every time one of their members gets into trouble, they're going to have to take it seriously,'' said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. Her organization is urging Mollohan to recuse himself from any decisions affecting the FBI's budget.

A spokesman for Pelosi, a California Democrat, didn't respond to repeated requests for a comment. Mollohan's office and the Justice Department declined to comment.

Net Worth

Earlier this year, the National Legal and Policy Center, a Falls Church, Virginia-based group that backs smaller government, filed a complaint with the department questioning an increase in Mollohan's net worth. For 2005, Mollohan and his wife reported assets worth $6.8 million to $25.7 million, up from $116,000 to $315,000 in 1999, when he restated financial disclosure forms after the group's complaint.

In May, Mollohan told the Washington Post that the FBI had subpoenaed a Washington-based real-estate company in which he had invested. In April, a nonprofit group set up under Mollohan's leadership, the Vandalia Heritage Foundation, said in a statement that it had been told by the FBI to expect a request for information.

Fairmont, West Virginia-based Vandalia and at least three other nonprofits have benefited from ``earmarks,'' specific projects inserted by lawmakers into spending measures, that Mollohan secured. Mollohan, in turn, received campaign donations and gifts to his family charity from the nonprofits or their employees, according to Federal Election Commission records.

Mollohan, who hasn't been charged with any crime, said in a June statement that his increase in net worth was a result of prudent real-estate investments.

A Rising Market

``We received a sizable inheritance, took on considerable financial risks and had the good fortune to be investing in a rising real-estate market,'' Mollohan said in the statement.

Mollohan stepped down in April from the House Ethics Committee in the wake of the investigation. He remained the ranking Democrat on the appropriations subcommittee, which also has jurisdiction over the Departments of State and Commerce.

Ken Boehm, chairman of the National Legal and Policy Center, urged Democrats to remove Mollohan from the appropriations committee and said appointing him chairman would represent a conflict of interest.

``Somebody who is under investigation should have no leverage over those investigating him, for reasons that are blindingly obvious,'' Boehm said. ``You can't have it both ways if in fact there's going to be a serious effort to root out what's called the `culture of corruption.'''

Backing Murtha

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Mollohan's case is the third nettlesome personnel issue to face Pelosi since Democrats won control of Congress in the Nov. 7 midterm elections. Democrats rejected her preferred candidate for the No. 2 leadership job, Pennsylvania Representative John Murtha, in favor of Maryland Democrat Steny Hoyer amid complaints that Murtha had used his position on the defense appropriations subcommittee to direct federal dollars to political donors.

Pelosi later considered naming Representative Alcee Hastings of Florida, a former federal judge who had been impeached and removed from office, as head of the House Intelligence Committee. She ultimately named Silvestre Reyes of Texas to the job.

Drug Dealer Pleads Guilty In Cocaine Case Involving Mayor (NSDY/AP)

Long Island Newsday, December 5, 2006

BRIDGEPORT, Conn. (AP) _ A former member of the Bridgeport Democratic Town Committee pleaded guilty Monday to federal cocaine charges, avoiding a trial that could have put pressure on Mayor John Fabrizi to testify.

Shawn Fardy, 36, convicted of conspiracy to possess with intent to distribute, and distribution of cocaine, admitted buying cocaine from drug dealer Juan Marrero and then distributing some of that to others and keeping some for his own use. Marrero pleaded guilty in September.

Fabrizi admitted in June that he had used cocaine while he was in office and was getting treatment.

Fardy's attorney, Francis O'Reilly, has said prosecutors were relying on allegations that Fabrizi made against Fardy. Fabrizi met with the FBI at least twice and gave lengthy interviews that are contained in FBI reports, O'Reilly said.

Prosecutors have declined to comment on whether Fabrizi would be a government witness, but his name was among 41 people whose names may be mentioned during the trial or who may testify.

Jury selection was scheduled to start Tuesday. The trial was moved to New Haven after a judge found most prospective jurors were aware of the high profile case.

Fardy faces up to 20 years in prison and fines of $1 million when he is sentenced on Feb. 22.

Defense Attorney Pleads To Own Guilt (PALMBEACHP)

By Larry Keller, Palm Beach Post Staff Writer

Palm Beach Post (FL), December 5, 2006

WEST PALM BEACH — Veteran criminal defense attorney John Garcia pleaded guilty Monday to federal charges of helping a drug dealer and former client conceal financial transactions and lying about it to drug enforcement agents.

U.S. District Court Judge Daniel T. K. Hurley called Garcia's admissions "an intensely sad day." He said Garcia, 45, of Lake Worth has represented many clients in his courtroom. "He has always done so with skill, with dignity. ... He's one of the outstanding members of the criminal bar."

Hurley set sentencing for Feb. 16. Garcia, married and the father of two daughters, will remain free on $100,000 bond until then. Sentencing guidelines call for a prison term of 18 to 24 months, defense attorney Richard Lubin said, but are not binding. Garcia also forfeited $75,000 to the government as a condition of his plea.

Garcia was arrested in September and charged with three counts of illegal money structuring and one count of making false statements to federal Drug Enforcement Administration agents. All are felonies.

His downfall began when agents began investigating drug dealer Joel McDermott in 2003 after learning he had a contract with Minto Homes for a $625,000 home in Wellington's Olympia development, and that he was making down payments with bank checks, not personal checks.

McDermott eventually was charged with and convicted of drug trafficking. He was sentenced to nearly 22 years in prison.

McDermott told federal agents that he gave Garcia $28,000 in drug profits in 2002, which Garcia deposited in his law practice trust account. Garcia then had two cashier's checks of $9,500 each and another for $9,000 issued to Minto Homes, said Assistant U.S. Attorney Stephen Carlton.

The next month, Garcia deposited $9,000 in McDermott drug profits into his personal account, which was used for the home, Carlton said. The scenario was repeated in September 2003, the government said.

By pleading guilty, Garcia admitted that he helped McDermott circumvent a law requiring financial institutions to report transactions of more than $10,000, the basis of the illegal money structuring charges. He also admitted lying to investigators about his own financial stake in the Wellington home and about buying cashier's checks.

Federal agents had a wiretap on McDermott's home from December 2003 through March 2004, Carlton disclosed. Garcia "was acting as a front on various business ventures" with McDermott, including renovations of a restaurant and a nightclub. Garcia lost thousands of dollars in those ventures, he said.

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In one phone conversation between McDermott and Garcia that agents listened to, Garcia said his financial dealings, coupled with McDermott's lack of apparent employment, could be construed as money laundering, Carlton said. In return for Garcia's plea, the government agreed not to pursue the more serious money-laundering charges.

Garcia has been practicing law in Florida for more than 18 years. The Florida Bar cited him for "minor misconduct" in 1999.

Now that he's a felon, Garcia's law license will be suspended by the Bar. He faces possible disbarment. "There is a presumption of disbarment with a felony conviction," said Ken Marvin, director of lawyer regulation at the Florida Bar.

"It's a virtual certainty you're going to lose your right to practice law," Hurley told Garcia.

Afterward, defense attorney Lubin said Garcia's crimes weren't entirely motivated by financial gain. "He is generous to a fault," he said. "John is always helping people. He just helped this guy the wrong way."

West Palm Attorney Admits Helping Drug Trafficker, And Lying About It (FLSUNSEN)

By Missy Diaz, Sun-sentinel.com

South Florida Sun-Sentinel, December 5, 2006

WEST PALM BEACH -- Before the plea conference even got under way Monday morning, emotion overcame criminal defense attorney John Anthony Garcia.

At first Garcia sat stoically beside his attorney, Richard Lubin, as U.S. District Court Judge Daniel T. K. Hurley lauded Garcia's good work over the years representing his clients with "skill and dignity, " before acknowledging that Monday was "an intensely sad day."

Then, as he prepared to accept guilt on three counts of illegal money structuring and a count of lying to federal investigators, Garcia quietly choked back tears for a couple of minutes before regaining his composure and proceeding with the 90-minute hearing.

The charges against Garcia stem from his dealings with former client and convicted drug trafficker Joel McDermott, 32.

Garcia admitted to depositing $18,000 into his personal checking account -- once in 2002 and again in 2003 -- and $28,000 into his law firm's trust account to help McDermott buy a five-bedroom, $630,000 home in the Olympia community in Wellington. Garcia purchased Bank of America cashier's checks for McDermott, who's serving a 21-year federal prison sentence.

In early 2003, the Drug Enforcement Administration began investigating McDermott, who it suspected of trafficking in cocaine, ecstasy and marijuana, Prosecutor Stephen Carlton said. During that investigation, DEA agents came across records detailing the Olympia home, built by developer Minto Homes. McDermott made payments to Minto Homes with bank checks not from his own bank account. McDermott began cooperating with the DEA following his arrest for cocaine trafficking, telling agents that he gave drug-related profits to Garcia, who then bought the cashier's checks. The cash transactions were always under $10,000. Anything above that amount is required to be reported to the federal government.

The government has telephone wiretaps of conversations between Garcia and McDermott that show the men partnered in a "variety of business ventures," Carlton told the judge, adding that Garcia signed leases for a restaurant and a nightclub, though none of the ventures between the two turned a profit. The men can be heard commiserating over their financial losses in some of the phone conversations, the prosecutor said.

"John Garcia lost thousands," Carlton said.

The DEA gave McDermott $5,000 and had him ask Garcia to help him pay off a car loan. During the wiretapped conversation, Garcia can be heard willing to launder the funds, according to Carlton.

"For one thing, you don't have a job," Garcia explains to McDermott when asked how it could be considered money laundering.

The government eventually searched Garcia's West Palm Beach office and learned that he had used his firm's trust account to help McDermott. During a February interview by the feds, Garcia denied buying the cashier's checks for the Olympia home or having any financial interest in the property.

Garcia, a tall and handsome 45-year-old father of two, hung his head during much of Monday's colloquy. His wife Karen and a handful of the criminal defense bar showed their support from the gallery.

Garcia remains free on $100,000 bond. As part of his plea deal, he forfeited $75,000 to the government. Federal guidelines call for a prison term of 18 to 24 months, Lubin said, though Hurley will make the ultimate decision.

Sentencing has been set for Feb. 16. Garcia, who has represented many high-profile clients, included accused nanny killer Jerry Wiggins, is expected to lose his license to practice law as a result of the plea.

Outside court, Lubin said Garcia's renowned generosity led to his current troubles.

"John is always helping people and he just helped this guy in the wrong way this time," Lubin said.

Attorney Bert Winkler, who has known Garcia for nearly 20 years, dating back to their days as assistant public defenders, described him as a "generous individual and a genuinely good guy."

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Colleague Franklin Prince recalled Garcia's quiet generosity in a variety of ways, from representing indigent clients to sponsoring youth soccer leagues and helping mentor young lawyers. He hopes the judge will consider those attributes when handing down a sentence.

"He's such a good friend, a hard-working lawyer and generous with his time and has helped many people over the past 18 years," Prince said. "John has a lot of friends that are supporting him and will be able to help in any way that is possible."

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Supreme Court Lets Stand 55 - Year Term (NYT/AP)

By The Associated Press

The New York Times, December 5, 2006

Filed at 10:30 a.m. ET

WASHINGTON (AP) -- The Supreme Court on Monday let stand a mandatory 55-year prison sentence, condemned as excessive by the federal judge who imposed it, for a man convicted of carrying a handgun during three marijuana deals.

Record producer Weldon Angelos received the minimum sentence under the law -- a harsher sentence than a child rapist or a terrorist who detonates a bomb aboard an aircraft would receive, according to his attorneys. The justices, without comment, left the prison term undisturbed.

Angelos was convicted of 16 counts of violating federal firearms, drug and money laundering laws in 2003. The charges stemmed from his sale of three 8-ounce bags of marijuana to an undercover informant.

He had a gun but never brandished or used it. Nevertheless, the three counts of possession of a firearm in a drug transaction required the mandatory minimum sentence.

Four former attorneys general and 145 former prosecutors and judges wrote in support of a lighter sentence for Angelos. Even the sentencing judge, U.S. District Judge Paul Cassell, an appointee of President Bush, called the sentence "unjust, cruel and irrational." But he said the law left him no choice.

Prosecutors said the sentence was appropriate and an appeals court agreed.

The case is Angelos v. U.S., 06-26.

Pentagon Resists Pleas For Help In Afghan Opium Fight (LAT)

By Josh Meyer, Times Staff Writer

The Los Angeles Times, December 5, 2006

The DEA wants the military to take a larger role in stopping the drug trade, which experts say finances the insurgency.

WASHINGTON — The Pentagon, engaged in a difficult fight to defeat a resurgent Taliban in Afghanistan, has resisted entreaties from U.S. anti-narcotics officials to play an aggressive role in the faltering campaign to curb the country's opium trade.

Military units in Afghanistan largely overlook drug bazaars, rebuff some requests to take U.S. drug agents on raids and do little to counter the organized crime syndicates shipping the drug to Europe, Asia and, increasingly, the United States, according to officials and documents.

While the Pentagon and the Drug Enforcement Administration, or the DEA, have been at odds, poppy cultivation has exploded, increasing by more than half this year. Afghanistan supplies about 92% of the world's opium, and traffickers reap an estimated $2.3 billion in annual profits.

"It is surprising to me that we have allowed things to get to the point that they have," said Robert B. Charles, a former top State Department counter-narcotics official. "It we do not act aggressively against the narcotics threat now, all gains made to date will be washed out to sea."

The bumper crop of opium poppies, much of it from Taliban strongholds in southern Afghanistan, finances the insurgency the U.S. is trying to dismantle.

The DEA's advocates in Congress argue that the Pentagon could undermine the insurgency by combating the drugs that help finance it. Military officials say they can spare no resources from the task of fighting the Taliban and its allies.

Outgoing Defense Secretary Donald H. Rumsfeld has said that Afghanistan's flourishing opium trade is a law enforcement problem, not a military one. It would be "mission creep" if the 21,000 U.S. troops in Afghanistan were to turn their attention to opium, and it would also set a precedent for future combat operations, military officials say.

Pentagon spokesman Bryan Whitman said Afghanistan's police forces and British troops in the North Atlantic Treaty Organization peacekeeping operation have the primary responsibility for fighting the Afghan drug problem.

Military officials also fear that cracking down on opium traffickers could alienate the Afghan people and warlords who profit from the trade. An estimated one-eighth of the population is involved in poppy cultivation, and the opium trade is one-third of the country's economy.

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The Pentagon has cooperated some with the DEA, but its resistance to doing more has drawn criticism from prominent congressmen, including Rep. Henry J. Hyde (R-Ill.), chairman of the International Relations Committee.

Hyde and other lawmakers say the Bush administration is making a crucial mistake in not directing U.S. forces to collaborate with the DEA to take down those supplying the Taliban with cash, high-tech weapons and trucks.

"If we don't change the policy soon, and fight both drugs and terrorism simultaneously, Afghanistan may well fall into a failed narcotics state status," Hyde said in a statement.

Hyde has urged the White House and the Pentagon to look to Colombia as a model. Anti-narcotics agents there work closely with the military to target terrorism and drug trafficking.

Afghan President Hamid Karzai and other officials have asked for more help from the Pentagon, especially stronger support for the DEA.

"We are disappointed that there isn't more and closer cooperation between these two," said M. Ashraf Haidari, Afghanistan's Washington liaison to U.S. military and law enforcement agencies. "We have been saying this since 2003."

Haidari said the DEA and Afghan authorities needed "maximum military support both from ground and air." He complained that there was little coordination between the U.S. and international anti-drug efforts in Afghanistan.

The DEA has about 10 agents in Kabul, the Afghan capital, and rotates small teams of agents and intelligence analysts into the country, two at a time. The teams train and work with Afghan narcotics police, but also do their own investigations.

But DEA agents can't move about the mountainous terrain without helicopters and, in many cases, can't infiltrate well-protected drug operations without backup from troops.

Several dozen kingpins have emerged in the Afghan drug trade who are allied with the Taliban and Al Qaeda, current and former U.S. and Afghan officials said. In the last year, the drug bosses have become more brazen, richer and powerful.

U.S. and Afghan officials say the major traffickers and their hundreds of criminal associates prey on poor Afghan poppy farmers, openly run huge opium bazaars and labs that turn opium into heroin, and truck vast quantities of drugs into neighboring countries. They often return with night-vision goggles, land mines, sniper rifles and other high-tech weapons to use against U.S. and NATO forces.

Antonio Maria Costa, head of the United Nations Office on Drugs and Crime, said in a recent interview that the location of major drug operations were "well-known to us and to the authorities." He said he recently watched a video of a heavily armed drug convoy of about 20 vehicles crossing into Iran.

"When you see narcotics trafficking that has the connotation of military operations, I am afraid we can only cope with them with military muscle," he said.

U.S. efforts have largely focused on small drug arrests and the State Department's program to eradicate poppy fields.

Publicly, DEA officials praise the Pentagon for its help and say coordination has improved. But two senior congressional aides said DEA Administrator Karen P. Tandy had been quietly campaigning for more Pentagon assistance.

"Behind closed doors she has been very adamant about how we need this stuff over there," a DEA official said, speaking on condition of anonymity. "Without the helicopters, we can't move. We're sure not going to go out in caravans with a couple of pistols."

Tandy testified in June that although DEA agents had developed leads in Afghanistan, the agency had "no operational infrastructure, assets or support to conduct operations" in Helmand province, where as much as half of Afghan heroin is grown and processed.

The Pentagon has promised as many as eight MI-17 helicopters for Afghan authorities to use in collaboration with U.S. military and law enforcement officials. But only two have arrived and are being used solely for training, DEA spokesman Steve Robertson said. DEA officials cannot say when helicopters will be available for drug operations, he said.

Pentagon spokesman Lt. Col. Todd Vician said that in the last two years U.S. troops had worked to support DEA efforts to combat the drug trade in Afghanistan "in the form of intelligence, planning, transportation of interdiction forces, medical evacuation and close air support if needed."

He also said Rumsfeld had authorized federal authorities, including DEA agents, to go on military operations in areas of known or suspected drug activity.

But in many cases the Pentagon has balked at drug interdiction efforts even when it had the resources, said a former senior U.S. anti-drug official, who declined to give details of what he said were classified operations.

"There were [drug] convoys where military people looked the other way, and situations where DEA sought [Pentagon] intelligence and it wasn't given to them," the former official said.

"DEA would identify a lab to go hit or a storage facility and [the Pentagon] would find a reason to ground the helicopters," the former official added. "They would say we don't want you to create a disturbance in an area where we're trying to chase down terrorists and the Taliban."

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A recent congressional report said the DEA asked the Pentagon for airlifts on 26 occasions in 2005, and the requests were denied in all but three cases. The Pentagon said it had done better in 2006, approving 12 of 14 DEA requests for air support.

Several current and former DEA officials said the Pentagon efforts were mostly administrative and not related to raids and other enforcement efforts.

Hyde and Rep. Mark Steven Kirk (R-Ill.), a former naval intelligence officer, told Rumsfeld in an Oct. 12 letter that they wanted the Pentagon to allow DEA agents to ride along on more military missions in Afghanistan and to call them in when soldiers found a large drug stash or operation.

Eight days later, Rumsfeld wrote that he had asked one of his undersecretaries, Eric S. Edelman, "to look into this matter."

"We will get back to you as soon as possible," Rumsfeld wrote.

Hyde's aides say the congressman hasn't heard back.

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60% Leap In Opium Production In 2006 (AN)

Asia News, December 4, 2006

Kabul (AsiaNews/Agencies) – Opium production in Afghanistan reached record highs this year despite international efforts to strangle it. This was recently revealed by the US government, in confirmation of a report by the UN Office on Drugs and Crime and the World Bank. In 2006, production is estimated to have grown by 61% after a 26% increase in 2005, for a total product of around 5,600 tons. This is 17 times more than the world's second producer: Myanmar. In the two main production provinces, Helmand in the southwest and Oruzgan in central Afghanistan, cultivation went up by 132%. Opium poppy covers only about 4% of cultivable land, but the crop is becoming more popular because it needs minimal care and irrigation. President Karzai declared opium as "Afghanistan's major enemy", worse than terrorism.

More than 90% of the world's heroin comes from Afghan opium. John Walters, White House drug policy chief, said the main causes for the failure to eradicate production were the resurgence of Taliban forces, which oppose US operations, and limited funds available for anti-narcotic and development programs.

But military sources believe the problem is more pervasive, with drug traffickers that have their own armies to pit against the force of 30,000 NATO soldiers deployed in the country. General James L. Jones, the supreme allied commander for NATO, said: "It would be wrong to say that this is just the Taliban… They [drug cartels] are buying their protection by funding other organizations, from criminal gangs to tribes, to inciting any kind of resistance to keep the government off of their back… They have their own capability to inflict damage, to make sure that the roads and the passages stay open and they get to where they want to go, even through Pakistan, Iran and Russia."

In Afghanistan, drugs fuel an industry of 2.6 billion dollars per year, a sum that equalled one-third of the country's GDP (Gross Domestic Product) in 2006. Although farmers who cultivate opium poppies receive only a small percentage of the profits, it is estimated that they earn 12 times as much income than for any other crop. So any attempts to eradicate cultivation meet violent local resistance.

This is one of the reasons why the Afghan government has prohibited aerial herbicide spraying, used by US anti-narcotic programs in Latin America. Instead, opium poppy plants in Afghanistan are destroyed by tractors. But only 38,500 of nearly 430,000 acres under cultivation were eradicated in 2006.

Panel Faults U.S.-Trained Afghan Police (NYT)

By James Glanz And David Rohde

The New York Times, December 5, 2006

Five years after the fall of the Taliban, a joint report by the Pentagon and the State Department has found that the American-trained police force in Afghanistan is largely incapable of carrying out routine law enforcement work, and that managers of the $1.1 billion training program cannot say how many officers are actually on duty or where thousands of trucks and other equipment issued to police units have gone.

In fact, most police units had less than 50 percent of their authorized equipment on hand as of June, says the report, which was issued two weeks ago but is only now circulating among members of relevant Congressional committees.

In its most significant finding, the report said that no effective field training program had been established in Afghanistan, at least in part because of a slow, ineffectual start and understaffing.

Police training experts who have studied or had first-hand experience with the American effort in Afghanistan said they agreed with the report's findings, and some said they had warned for years that field training was the backbone of a strong program. But they said additional problems needed to be investigated, including the quality of private contractors and the cost

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and effectiveness of relying on them to train the police officers. In particular, the experts questioned why the report focused on United States government managers and only glancingly analyzed the performance of the principal contractor in Afghanistan, DynCorp International of Virginia.

Considering the state of the police force, an estimated $600 million per year will be needed indefinitely to sustain it, says the report, undertaken by the offices of the inspectors general at the Pentagon and the State Department. Howard J. Krongard is the inspector general at State, which led the work on the 97-page report, and Thomas F. Gimble holds the office at the Pentagon.

American advisers will also have to combat endemic corruption in the force, the report says.

Efforts to respond to some of the issues that the report identifies are already under way. Afghan and American officials recently announced that they had instituted an "auxiliary police" program at the end of the summer, which aims to hire 11,200 officers in parts of the country beset by Taliban attacks, primarily in the south.

But those officers receive only two of the standard eight weeks of training, and the police training experts say the program could worsen the situation. They say the new hastily created program could place ill-trained and poorly vetted officers in the field and allow militias and criminals to infiltrate the force.

An American official involved in the new effort said the program became necessary after southern governors besieged by Taliban attacks began hiring police officers on their own. American officials feared they were seeing the beginnings of de facto private militias.

"This was designed to avoid the creation of the militias," said the official, who was not authorized to comment publicly.

The training experts say the United States made some of the same mistakes in training police forces in Afghanistan that it made in Iraq, including offering far too little field training, tracking equipment poorly and relying on private contractors for the actual training. At the same time, those experts say, the failure to create viable police forces to keep order and enforce the law on a local level has played a pivotal role in undermining the American efforts to stabilize both countries.

In Afghanistan, the failure has contributed to the explosion in opium production, government corruption and the resurgence of the Taliban.

In Iraq, the challenge is even larger: Sectarian death squads have infiltrated the police force and helped push the country to what many are now calling a civil war.

"In both places we were extraordinarily late getting started," said Robert M. Perito, a policing expert at the United States Institute of Peace and a former National Security Council, State Department and Justice Department official. "In both places you have a dysfunctional Interior Ministry in control, and in both places the United States has tried to stand up a ministry advisory group to bring order out of chaos."

In an interview this fall, the Afghan president, Hamid Karzai, said the violence in the country's south was partly a result of the lack of a viable force. He called for "much more support" from the United States and for an expansion of the country's force of roughly 70,000 officers.

"It is not that they are strong," he said, referring to the Taliban. "It is that we are not strong enough to defend ourselves."

Most of the $1.1 billion the United States has spent on the training program in Afghanistan has gone to DynCorp, a technical services company based in Falls Church, Va., with 14,000 employees in about 33 countries. DynCorp also won the largest part of the training work in Iraq; it received a total of $1.6 billion for its training and security work in Iraq and Afghanistan in the 2004, 2005 and 2006 fiscal years, according to Gregory Lagana, a company spokesman. The work accounted for roughly 30 percent of the company's revenue during those years. In May, the company raised $375 million in an initial public offering of its stock.

Under orders from the Defense Department, the company has deployed 377 police advisers to Afghanistan, roughly half the number the United States has deployed in Iraq. Police training experts say far more police advisers are needed in Afghanistan, which is roughly the same size as Iraq. The report says that management of the DynCorp contract by United States government officials in Afghanistan has fallen into a state of disarray; conflicting military and civilian bureaucracies could not even find a copy of the contract to clarify for auditors exactly what it called for.

The report does not suggest that DynCorp held any responsibility for the program's failures, but former Afghan officials and several American policing experts who have examined DynCorp's training on the ground say that the company is partly to blame for long delays and that the use of private contractors for training should be reviewed. Afghan officials have complained about the high cost of the advisers and have said that some have too little experience.

Ali Jalali, an Afghan-American military historian who served as interior minister from 2002 to 2005, said the expertise level of some DynCorp advisers sent to his ministry was mixed. He said he rejected the first group he was offered because their résumés were unimpressive. When a second group arrived, some were retired officers not up to the demands of working in Afghanistan, he said. Others knew virtually nothing about the country.

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"They were good on patrols in Oklahoma City, Houston or Miami," said Mr. Jalali, now a professor at the National Defense University in Washington. "But not in a country where you faced rebuilding the police force."

Mr. Lagana defended the company's work and said State Department officials closely monitored their activities. He said the Interior Ministry advisers who drew complaints regarding their experience level were removed.

"We filled positions based on the requirements and salary levels authorized by the State Department," Mr. Lagana said. "As we went along, everyone realized we needed people with experience at higher levels in law enforcement."

Seth Jones, an Afghanistan expert at the RAND Corporation who has made eight trips to Afghanistan since 2003 to study army and police training, called for a review of the company's performance. He said he had repeatedly heard complaints from both Western and Afghan officials in Afghanistan about the quality and experience of DynCorp's advisers.

"I was surprised, based on what I have seen on the ground, that DynCorp was let off the hook so easily," he said of the report. "I think a very frank assessment of DynCorp needs to be done."

Mr. Krongard, the State Department inspector general, acknowledged the seriousness of the report's criticisms. But he said in a statement in answer to questions about the report that in the face of obstacles like largely illiterate recruits, low pay and corruption, the program was "generally well conceived and well executed," but that for the police force to be self-sustaining, "long-term U.S. and international assistance and funding will be required at least beyond 2010."

The report concluded that the official figure of 70,000 trained police officers was inflated and that only where American advisers were present was the counting reliable to some degree.

As a best estimate, the report said that 30,395 Afghan officers — fewer than half the official total — were "trained and equipped to carry out their police functions."

The report also says that the vetting process for recruits, intended to keep the Taliban and people with powerful sectarian or tribal loyalties out of police ranks, has not been effective. After recruits are trained, they are often assigned by local police commanders to menial tasks like guard duty.

The international effort lost critical time when it initially mounted a token effort to train officers in Afghanistan, according to Afghan officials and policing experts. For the first two and a half years after the fall of the Taliban, no systematic police training program existed outside of Afghanistan's capital, according to American and Afghan officials. The United States focused on training a new multiethnic army and paid little attention to the need for policemen. Germany pledged to train a new force but sent only 40 police advisers to Kabul.

Then, in 2004, the State Department issued a contract to DynCorp to deploy 30 police advisers across Afghanistan and construct seven regional training centers.

The United States spent $164 million building and running the training centers; recruits received two to four weeks of training. The effort was poorly monitored and achieved mixed results, according to a June 2005 report by the Government Accountability Office.

In April 2005, the Defense Department took over police training in Afghanistan and drastically expanded the number of American police advisers; the number is 377 today. Still, police training experts said the Afghanistan effort remained far too small, with small teams of advisers each expected to field train thousands of Afghan policemen.

The small corps of advisers also makes it more difficult to track equipment, and the report said that just 3,000 of 5,000 vehicles issued to the police nationwide could be accounted for. Although the report does not explicitly connect its warnings on corruption to the loss of equipment, the two appear to be closely related.

The weakness of the police has contributed to Afghanistan becoming the world's largest producer of opium, accounting for 92 percent of the world's supply, experts said. A report issued by the United Nations Office of Drug Control and the World Bank on Tuesday found that corruption had stymied efforts to counter opium production and that a handful of politically connected traffickers increasingly dominated the drug trade.

"The drug industry in Afghanistan is becoming increasingly consolidated," the report says. "At the top level, around 25-30 key traffickers, the majority of them in southern Afghanistan, control major transactions and transfers, working closely with sponsors in top government and political positions."

The report on police training strongly recommends expanding the advising program to take care of some of those problems but points out that an expansion would cost the United States much more money "as well as increasing the risk to U.S. personnel."

Outside View: Russia And Afghan Drugs (UPI)

By Pyotr Goncharov, Upi Outside View Commenatator
United Press International, December 5, 2006

MOSCOW, Dec. 4 (UPI) -- It will take more than two or three years to fight drug trafficking from Afghanistan, according to a joint report of the World Bank and the U.N. Office on Drugs and Crime published recently.

"History teaches us that it will take a generation to render Afghanistan opium-free," the report reads. To eradicate this evil, "support to farmers, the arrest of corrupt officials and eradication measures must be concentrated in half a dozen provinces ... so as to free them from the scourge of opium."

Not a very optimistic forecast. Especially for Russia, which is the main target of Afghan drug trafficking, standing in its way to Europe. By November this year, the Russian Federal Service for Control of Drugs and Psychotropic Substances Circulation alone confiscated over 80 tons of drugs from Afghanistan, including two tons of heroin.

Moscow, however, was not too upbeat about the outlook for fighting Afghan drugs even before the release of the report. The Service's director, Viktor Cherkesov, says that measures taken in Afghanistan by the international community and the Afghan government, are insufficient and their efficiency is extremely low. International programs for financing alternative crops (such as cotton instead of opium poppy) have failed.

Moreover, criminal structures that control heroin production in the country are often close to the Afghan regional authorities. This means that those who are responsible for fighting drugs are most interested in the industry's prosperity. So it would be ridiculous to make any optimistic predictions.

Hopes vested in the NATO-led International Security Assistance Force in Afghanistan are also ungrounded. The coalition can do little when the Afghan authorities have almost no control over the situation outside Kabul, so it is difficult to launch programs that would cover the whole country.

Moscow is still quite critical about ISAF and NATO's stance on fighting drugs. Anatoly Safonov, the Russian president's envoy on counter-terrorism, said he disagreed with NATO commanders that destruction of opium poppy crops by ISAF would only aggravate relations with the local population. "We believe that this is a deadlock," he said when commenting on these statements.

A voice in the wilderness. What does NATO have to do with it if the U.N. Security Council does not give ISAF the go-ahead to destroy opium crops? The United States, whose troops are the backbone of the anti-insurgent coalition, is not going to do it either, justifying its refusal with impressive statements. Former Secretary of Defense Donald Rumsfeld said once that as Afghan drugs were planted on Russian and European money, it was Russia and Europe that should address the problem. What he meant was that the United States did not care.

There are serious objections as well. The above-mentioned UNODC report says that destruction of opium poppy crops, planted by the poorest Afghan farmers, should be done with extreme caution in order not to aggravate the situation.

What is Russia to do then? Is there a way out of this vicious cycle?

Maj. Gen. Alexander Yanevsky, head of the Drugs Control Service's department for inter-department preventive interaction, says that Russia has 342,000 people officially diagnosed as drug addicts. Overall, the country has up to six million drug addicts. The situation in Europe is no better, although addicts there prefer cocaine and marijuana to Afghan opium.

Perhaps, it is worth considering a proposal made by the Senlis Council, an international drug policy think tank based in Europe. It believes that Western countries should officially buy opium poppy from Afghanistan and then license it to produce pain killers. The Afghan state would benefit and establish at least partial control over the poppy fields. More importantly, this would be a severe blow to illegal drug trafficking.

This year, opium poppy crops in Afghanistan have surged 60 percent against last year, according to the United Nations, and production of opium -- used to produce heroin -- will be up at least 50 percent by year's end. This means that Afghanistan can export over 600 tons of premium quality heroin to Europe this year. Russia has already confiscated about two tons. There's some tough work still left in store.

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(Pyotr Goncharov is a political commentator at RIA Novosti. This article was reprinted with permission from the news agency.)

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(United Press International's "Outside View" commentaries are written by outside contributors who specialize in a variety of important issues. The views expressed do not necessarily reflect those of United Press International. In the interests of creating an open forum, original submissions are invited.)

Colombian Drug Czar's Brother Arrested On Cocaine Charge (CNN)

CNN, December 5, 2006

BOGOTA, Colombia (AP) -- Colombia's drug czar said police arrested his brother over the weekend with six grams (0.2 ounces) of cocaine.

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Carlos Albornoz, head of the National Drug Directorate responsible for Colombia's drug-control policies, said in a news conference Sunday his brother Ivan Albornoz was arrested shortly after buying the drugs Saturday night in southern Bogota.

The anti-drug official said President Alvaro Uribe asked him to continue in his job.

"My family and myself are obligated to confront a situation that we never foresaw," said Albornoz, a former Senator. "The curse of drugs, which I've dedicated myself to combat aggressively, is among us."

Albornoz said he was unaware of his brother's drug use and expected him to be treated with the same severity as any other Colombian citizen.

The six grams (0.2 ounces) of cocaine found on Albornoz, a 49-year old architect, was more than the maximum amount permitted by a controversial 1994 court ruling that decriminalized small amounts of cocaine, heroin and other drugs for personal usage.

Uribe, whose government receives about $500 million a year in anti-narcotic aid from the United States, has vowed to change that ruling with a constitutional amendment.

Colombia is the world's largest producer of cocaine and almost every family in the country has in one way or another been touched by the drug trade, including other top anti-drug officials.

In May, the brother of Gen. Oscar Naranjo, head of judicial police responsible for pursuing Colombia's drug cartels, was arrested in southwestern Germany in possession of 100 kilograms (220 pounds) of drugs.

IMMIGRATION:

Ga. Senator's Wife Fights Deportation (AP)

By Giovanna Dell'orto

AP, December 5, 2006

State Sen. Curt Thompson has been a strong advocate of immigration rights, once speaking in Spanish from the steps of the Georgia Capitol against the adoption of some of the nation's strictest immigration controls.

Now Thompson's Colombia-born wife is in hiding as federal immigration officials try to deport her.

Sascha Herrera, 28, has been in hiding since Immigration and Customs Enforcement officers arrived at her home Nov. 28 with an order to remove her from the U.S. She was not home at the time.

Her attorney, Charles Kuck, claims she was duped by a man handling her immigration requests and that she never received the immigration notices that triggered her deportation order. While Kuck says neither he nor her husband know where Herrera is, he said that she will turn herself in Tuesday.

"It's the right thing to do. She needs to get the law to work for her," Kuck said.

Kuck filed a petition Monday to halt her deportation order and reopen her case, arguing that a man filed an asylum petition on her behalf without her knowledge and before her husband sponsored her green card application based on their April marriage.

The deportation order stems from Herrera's repeated failure to appear before a judge on the asylum application, which Kuck said she did not know had been filed.

The case hinges on whether Herrera received a notice to appear in court, and whether the asylum application could have been filed without her knowledge, said Victor Cerda, former general counsel for Immigration and Customs Enforcement.

According to Kuck, Herrera came to the U.S. — where her parents have been living — on a visitor visa in 2003. She applied for an extension to the visa through a "notario" — a man who claimed he was qualified to handle legal immigration matters — but did not get it until 20 days before the extension was due to expire.

The notario then suggested an asylum application, which Herrera signed, but she got a "bad vibe" from the man and decided not to proceed, Kuck said.

Later in 2004, she was accepted as a student at Kennesaw State University, which got a student visa for her. She then told the notario she did not want anything to do with him.

She met Thompson last year and they got married in April, when he applied for her to become a permanent resident. Kuck said Herrera's husband, a Democrat and attorney, would not comment on the case.

But in the meantime, the notario filed the asylum application, listing his address as hers. A telephone number listed for the notario, identified as Tomas Vilela, was being answered Monday by a fax machine.

Cerda said the deportation order in the asylum case would trump any pending green card application and trigger mandatory detention.

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Her decision to hide could hurt her request for a judge's stay on deportation, Cerda said. If she turns herself in, she could remain in the U.S. while her petition is pending, either in jail or released on bond.

Minuteman Consulting Charity Fined (WT)

By Jerry Seper

The Washington Times, December 5, 2006

One of the charitable organizations cited by Minuteman Civil Defense Corps boss Chris Simcox on why financial accountability concerns raised by some corps members were unfounded has been fined for failing to keep its own financial records in order, The Washington Times has learned.

The Declaration Foundation, a tax-exempt charity created by conservative activist Alan Keyes, who has vigorously supported the Minuteman movement, was fined $6,500 in August and prohibited by the Pennsylvania Bureau of Charitable Organizations from soliciting donations until it becomes "properly registered."

The Aug. 18 "agreement and order," signed by Declaration Foundation Executive Director Mary Parker Lewis, a top Minuteman adviser, acknowledged that the charity made false statements in seeking to solicit donations, failed to properly administer money it had collected, and withheld documents sought as part of an "investigative subpoena."

According to the bureau, the Declaration Foundation failed over a four-year period to submit audited financial statements, gave false information when it said it did not share revenue with other nonprofit or tax-exempt groups, and misstated the truth when it said none of its officers or employees was tied to any vendor providing services or goods.

The bureau said the Declaration Foundation improperly shared revenue with the Declaration Alliance, another tax-exempt charity founded by Mr. Keyes, which also has been active in overseeing the Minuteman Civil Defense Corps (MCDC).

The Declaration Foundation is at the center of an intricate weave of conservative organizations founded by Mr. Keyes or tied to longtime Keyes associates now working with MCDC. They have served as mentors for Mr. Simcox and provided consulting and financial services for the group's fundraising and media activities.

According to Internal Revenue Service records, the Declaration Foundation reported more than $600,000 in contributions over the past two years and the Declaration Alliance, in its 2004 IRS filing, the latest available, reported more than $1.7 million in donations. The two organizations list the same Reston, Va., address as its place of business.

MCDC describes itself as a "project" of the Declaration Alliance. The Minuteman political action committee, which raised hundreds of thousands of dollars in political contributions this year, is formally known as the Declaration Alliance Minuteman Civil Defense Corps Political Action Committee, according to Federal Election Commission records.

Connie Hair, spokeswoman for MCDC and Mr. Keyes, said she had been asked not to talk with The Times.

Mr. Simcox did not respond to e-mails concerning the Pennsylvania order.

But Mr. Simcox, who co-founded the Minuteman movement in April 2005, has told The Times and said on the Minuteman Web page that the Declaration groups offered "an experienced organization for mass mailings, advertising and public relations" and the ability to conduct a "fully accredited and independent audit" of MCDC finances.

He said he had "complete confidence in the professional firms we have retained to perform fiduciary responsibility and accounting for the Minuteman Civil Defense Corps" and that he had "checked these people out very carefully before agreeing to work with them." In a July interview, he accused his critics of being racists and disgruntled former MCDC members.

Mr. Keyes and his supporters have been tagged in the past on suspected violations involving contributions, including a December 2002 finding by the Federal Election Commission that said his 2000 presidential campaign owed the government more than $220,000 for questionable contributions, nonqualified expenses, improperly handled checks and other ineligible expenses.

Mrs. Lewis, who signed off on the Pennsylvania agreement and order, served as chief of staff to the Keyes 2000 campaign.

Several current and former MCDC members have questioned the whereabouts of hundreds of thousands of dollars in donations collected since the Minuteman movement began in April 2005.

In interviews this week, they said the organization's first IRS filing as a 501(c)4 tax-exempt charity on Nov. 15 failed to answer many of their concerns. They said, for example, there was no accounting in the new filing for at least $150,000 in the $50 registration fees required of the 4,000 Minuteman volunteers.

Others questioned why the IRS financial statement included mention of the construction of a border fence, since the filing listed MCDC contributions and expenditures only for 2005. They noted that Mr. Simcox began the fence project in April 2006.

In a statement posted on the MCDC Web site, the group's board of directors, which Mr. Simcox heads, decided that "this year and this year only" it would make public the organization's financial records. The statement did not address the fact nonprofit organizations such as MCDC are required to file annual financial statements, which are available to the public.

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TAX:

Westminster Man Told To Stop Running Tax Scheme (BSUN/AP)

The Associated Press

The Baltimore Sun, December 5, 2006

He falsely advised clients that they did not need to pay taxes

A Westminster man has been barred by a federal judge from running a scheme in which he promised to help members avoid paying federal taxes, the U.S. Department of Justice announced today.

The "Save-A-Patriot Fellowship" run by John Baptist Kotmair Jr. falsely advised that clients didn't have to pay taxes and could legally withdraw from the Social Security system, U.S. District Judge William Nickerson said in his ruling. Despite legal action by the U.S. Justice Department, Kotmair's organization continued to file frivolous protest letters with the Internal Revenue Service on behalf of more than 800 clients and showed "no inclination ... to cease their activities," Nickerson noted.

Nickerson's order, issued last week, permanently bars Kotmair and his organization from representing or assisting anyone in corresponding with the IRS, or preparing court filings relating to income taxes. Kotmair and his organization must also notify all individuals involved in the scheme of the injunction and provide the Justice Department with the names of the customers, their e-mail addresses and telephone and Social Security numbers.

The injunction also must be posted prominently on the organization's Web sites for a year, and fraudulent promotional materials must be removed from the sites.

How The IRS Failed To Stop $200M In Bogus Refunds (USAT)

By Kevin McCoy

USA Today, December 5, 2006

At least two months before the IRS mistakenly began paying an estimated $200 million in fraudulent or erroneous 2006 tax season refunds, the agency was warned about potentially “catastrophic” problems in a new computer being developed to avert such a blunder.

A USA TODAY examination of the IRS Electronic Fraud Detection System project found the previously unpublicized November 2005 warning, along with other warnings and new details of missteps that culminated in one of the most costly and embarrassing episodes in the tax agency's recent history.

As the peak of the 2006 tax season approached last spring, the IRS discovered that a planned upgrade of the agency computer that red-flags potentially fraudulent tax refunds had failed. The discovery came after the IRS had shut down the older computer. The failure forced the agency to continue processing 2006 tax season returns — and issuing refunds — without its first line of electronic defense against fraud.

USA TODAY's review found that the IRS lacks a comprehensive plan to recover the $200 million, which the agency said represents far less than 1% of all 2006 tax season refunds. That means most fraudulent filers who got federal checks in 2006 will likely never be caught.

Today, as the 2007 tax season looms, the IRS is restarting the older computer, because the nearly $21 million planned successor still isn't operable.

“I would say it is one of the more significant disappointments of my tenure,” IRS Commissioner Mark Everson said in a recent interview. The blame, he said, “lies both within the IRS and at the contractor,” because both “totally misjudged the complexity and the difficulty of this system.”

The IRS managed to identify and stop some fraudulent 2006 tax returns without the computer. But Senate Finance Committee Chairman Charles Grassley, R-Iowa, said the agency's failure to see beyond rosy projections on the computer project and act on the warnings had hurt millions of Americans.

“There's a lot of fraudulent tax returns that are filed … and for at least last year, they're all going to get off scot-free,” says Grassley. “And it's not just that they're getting off scot-free — it's that the honest taxpayers become the suckers.”

The Electronic Fraud Detection System is the IRS' second-largest repository of taxpayer data. Every tax return that claims a refund is run through the computer, which is designed to flag potentially suspicious claims for additional review under the agency's Questionable Refund Program.

The IRS decided to upgrade the then-6-year-old computer in 2001 to keep pace with new refund fraud schemes and to enable investigators to use the system via the Internet. Nine companies bid on the upgrade, the IRS said. DynCorp, a computer firm based in Reston, Va., won. In 2003, California-headquartered Computer Sciences Corp. (CSC) acquired DynCorp, and became the main contractor.

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The IRS planned to switch to the upgraded computer in time for the 2005 tax season. But multiple problems arose, delaying the planned start-up to early 2006. IRS officials said the agency's own personnel and CSC representatives repeatedly voiced confidence the new computer would start on schedule.

During a Jan. 17 meeting at Everson's Washington office, IRS Deputy Commissioner John Dalrymple said, CSC projected a mid-February start date. The timing was crucial, Dalrymple said, because the IRS had shut down the older computer months earlier. By autumn 2005, he said, it couldn't be restarted for 2006.

But the promised February date came and went. By late March or early April, "It was clear to us that we were not going to be able to bring the Web-based system up at all," said Dalrymple.

Everson said he and other top IRS officials relied on repeated assurances in which the agency's managers on the computer project and CSC personnel said the new computer would be up and running as scheduled.

However, internal IRS documents obtained by USA TODAY, including a $400,000 post-failure assessment of the project, show the agency received multiple warnings about serious problems.

In a Nov. 10, 2005, memo, CSC personnel who worked on the project outlined "10 most critical EFDS (Electronic Fraud Detection System) risks" they said had to be resolved by the company and the IRS "before they become catastrophic." The problems included:

·"Extremely slow" communication between IRS computers and those used by CSC. The problems, chronic since June 21, made the communication so slow that at times, it's like using a "dial-up connection from home" that requires "2-3 minutes to do even the simplest of tasks, such as sending an e-mail."

Unless the problem was addressed, the memo warned, the IRS risked "putting the entire EFDS project in jeopardy."

·Repeated delays in setting up a large Oracle-manufactured computer network capable of handling massive volumes of data. Failure to rectify the problem by Dec. 9, 2005, the memo warned, raised the prospect that the new IRS computer "may not be ready to go into production" as scheduled.

·Computer servers that the contractor used for data conversion shut down frequently, halting work. The company wasn't alerted to a weekend shutdown on Oct. 15, 2005, until two days later.

CSC has not been fined or sanctioned by the IRS, and continues to work on restarting the older Electronic Fraud Detection System. The firm declined to discuss specifics of either the warning memo or the project.

James Sheaffer, president of the firm's federal contracts sector, issued a statement that said: "We are contractually obligated to address any current or anticipated issues or problems that could, in our best judgment, interfere with our scheduled performance. That is exactly what we were doing in the '10 critical issues' document."

Dalrymple said the problems in the memo had all been addressed before top IRS officials learned the new computer would not start on time and did not "have anything to do with what the problem was with the root cause of the failure." The key problem, which Dalrymple said was only determined during a March 2006, test, was that the new computer "couldn't load a full day's worth of data in one day. And when you can't do that … you just fall further and further behind."

Yet, the IRS' post-failure assessment, obtained by USA TODAY under the Freedom of Information Act, found that some of the problems in the CSC warning memo "contributed to the delay" of the project.

The assessment also said "multiple warning signs calling for more formal oversight reviews were missed by multiple organizations." It cited a mistaken IRS designation of the project as low-risk and low-complexity, the "inexperience of key personnel and questionable judgment and decision-making by key IRS and Computer Sciences Corp. management," plus IRS budget and staffing cuts and turnover in CSC personnel.

"Many of the most critical issues were entirely preventable," concluded the assessment, which also reported the new computer could eventually be implemented with additional work.

A recent audit by the Treasury Inspector General for Tax Administration identified other warnings. As early as April 20, 2005, an e-mail from workers on the project reported problems with computer data loads, the audit found. That was the same issue Dalrymple identified as the most critical.

On Dec. 22, 2005, an IRS information technology specialist found "significant inaccuracies" in reports submitted by CSC, the auditors found. Although the firm said annual data loads were 50% complete by Dec. 20, "the IRS was advised by the contractor's technical staff that the data loads had never been started."

"We were told the IRS advised the contractor of this situation, but did not pursue the matter," the auditors wrote.

The computer project "was a perfect example of where anything can go wrong, it did," said Michael Phillips, the Treasury deputy inspector general who led the audit. Signaling the depth of the IRS' embarrassment, the agency took the rare step of proposing to fire two administrators who oversaw the computer project, and suspend a third. One manager has retired, and administrative appeals for the others are pending, the IRS said.

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In all, the Treasury audit concluded the IRS "inefficiently used" at least $20.5 million in development costs on the computer project. That comes on top of the $200 million in estimated fraudulent refunds. The audit also estimated that the IRS could have mistakenly paid as much as $318.3 million in fraudulent refunds during the 2006 tax season.

The IRS, however, pegged the loss at roughly $200 million after nearly all 2006 federal tax season returns were processed. Everson said there's little chance IRS will collect the bulk of the erroneously issued checks.

"We're not going to go back. … That's gone," he said. "If you look at stopping frauds on refunds, you either stop it upfront, or it's very hard to get that money."

The IRS said it was able to freeze 84,000 questionable refunds using other safeguards. All tax data filed in 2006 has been loaded into the old Electronic Fraud Detection System, Everson said, as the agency prepares for the approaching tax season. Any 2006 tax returns flagged as potentially suspicious could prompt the IRS to check those filers' 2005 returns, Everson said.

While acknowledging the enormity of the $200 million loss, Everson said the total is outweighed by $2.3 trillion the IRS collects in tax revenue, and millions more saved in modernization efforts. He also voiced confidence that the older computer would be successfully restarted for the 2007 tax season set to start next month.

"I have every reason to believe that we'll be successful," said Everson.

At least one federal official isn't quite as sanguine. Nina Olson, head of the IRS National Taxpayer Advocate's office, criticized the agency earlier this year for failing to notify filers whose tax refunds were frozen while investigators checked for potential fraud. Olson said many of those taxpayers were blameless.

"The fact that the old computer system is going back on line for 2007 raises questions for me about whether it will continue to freeze refunds that should not be frozen," said Olson.

"We could have the same problem again."

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CONGRESS-ADMINISTRATION:

Votes In Doubt, Bolton Resigns As Ambassador (NYT)

By Helene Cooper

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — President Bush reluctantly accepted the resignation of the United Nations ambassador, John R. Bolton, on Monday, conceding that the envoy could not win Senate confirmation and signaling that the administration was unwilling to make another end run around Congressional opponents in order to keep Mr. Bolton in his job.

Ending more than a year of controversy surrounding the blunt-spoken ambassador, Mr. Bush issued a strongly worded statement excoriating Mr. Bolton's opponents on the Senate Foreign Relations Committee for refusing to send his nomination to the Senate floor for a vote.

"They chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time," Mr. Bush said. "This stubborn obstructionism ill serves our country, and discourages men and women of talent from serving their nation."

Mr. Bush went on to praise Mr. Bolton, a fiery conservative and longtime critic of the United Nations, thanking him for his "advocacy of human rights and human dignity."

Despite the president's strong words, administration officials had largely given up on Mr. Bolton's confirmation last month, after Sen. Lincoln Chafee, a Rhode Island Republican and a member of the Foreign Relations Committee, said he would not support it.

It was not immediately clear who would replace Mr. Bolton. The leading candidate appeared to be the American ambassador to Iraq, Zalmay Khalilzad, who has told colleagues he is ready to leave Baghdad. Others said to be in the running

are Richard S. Williamson, former ambassador to the United Nations Commission on Human Rights, Sen. Mike DeWine, the Ohio Republican who lost his re-election bid, and R. Nicholas Burns, the undersecretary of state for political affairs.

Mr. Bolton's decision to step down brings to an end the stormy and controversial tenure of an ambassador whose confrontational style often conflicted with the understated ways of the United Nations.

To his critics, he was an abrasive proponent of a hard-line, conservative ideology at odds with the multilateral approach at the United Nations. But his supporters pointed to numerous successes: several Security Council resolutions, including measures seeking to slow or halt the nuclear ambitions of Iran and North Korea and another ending the war in Lebanon and establishing a United Nations peacekeeping force there.

Mr. Chafee, who lost his Senate seat in last month's elections, perhaps best captured the political reality that has engulfed Mr. Bolton since he took office in a recess appointment last year.

"The American people have spoken out against the president's agenda on a number of fronts, and presumably one of those is on foreign policy," Mr. Chafee said last month.

Mr. Chafee's decision might have been the end of the matter. But White House officials began exploring whether the president could somehow bypass the Senate to keep Mr. Bolton at the United Nations, perhaps by naming him to be Mr. Bush's special envoy or to some other post that would not require Senate confirmation.

Mr. Bolton wanted very much to stay at the world body, administration officials said, and Vice President Dick Cheney backed exploration of some way to bypass the Senate. But that course was almost certain to inflame tensions between Congress and the White House, and in the end, Mr. Cheney and Mr. Bolton gave up.

Lea Anne McBride, a spokeswoman for Mr. Cheney, said that Mr. Bolton came to Washington on Thursday and met with the vice president. At the meeting, the two men decided not to press the issue any further. On Friday, Mr. Bolton sent a resignation letter to President Bush.

"After careful consideration, I have concluded that my service in your administration should end when the current recess appointment ends," Mr. Bolton wrote.

President Bush initially appointed Mr. Bolton during a Congressional recess last year after the Foreign Relations Committee sent his nomination to the floor without a recommendation. That term expires at the end of this year. Mr. Bush could give Mr. Bolton a second recess appointment, but under the law he could not be paid for his work.

Administration officials, speaking on condition of anonymity because they were not authorized to speak publicly about their internal deliberations, said that they dropped the idea of circumventing the Senate by appointing him to a special position at the United Nations because they did not want another fight.

"That would have been too much for the Senate," said Carl Tobias, a law professor at the University of Richmond. "I suppose it could have been done, but it would have undermined Bolton's authority at the U.N."

Mr. Bolton's resignation leaves President Bush with three holes in his national security team: at the United Nations; the State Department, where Ms. Rice's deputy, Robert B. Zoellick, resigned in June; and at the office of the director of National Intelligence, where the job of deputy has been vacant since Michael V. Hayden was named C.I.A. director in May.

How Mr. Bush chooses to fill those jobs could indicate which direction the administration will tilt during its last two years, administration officials and United Nations diplomats said. Since the midterm elections, foreign policy realists have appeared to be ascendant at the expense of more ideological conservatives.

Of those said to be under consideration, Mr. Burns has expressed interest in the job, administration officials said, but he is also Secretary of State Condoleezza Rice's most trusted deputy, and she may be unwilling to relinquish him. Administration officials said that an appointment of Mr. Burns, who served under President Clinton as well, might further alienate conservatives who are already unhappy about Mr. Bolton's departure.

United Nations officials sent out a dictate that the official statement would be "no comment" on Mr. Bolton's departure. Secretary General Kofi Annan, buttonholed by reporters after the announcement, was restrained in his remarks. "I think Ambassador Bolton did the job he was expected to do," he said, adding that it is important for ambassadors to "understand that to get concessions, they have to make concessions." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

U.N. Ambassador Bolton Won't Stay (WP)

By Peter Baker And Glenn Kessler

The Washington Post, December 5, 2006

President Bush surrendered to congressional foes yesterday in his fight to install John R. Bolton as permanent ambassador to the United Nations, a harbinger of how the political world has changed since Democrats captured both houses of Congress.

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Bush circumvented Senate opposition last year, sending Bolton to the United Nations on a recess appointment, and administration lawyers in recent weeks had developed options to keep him there after that appointment expires this month. But officials said Bolton and the White House decided against provoking an early confrontation with Democrats as they take over Congress next month.

As Bolton's resignation was announced, the White House deliberated on a new nominee, with attention focusing on Zalmay Khalilzad, the U.S. ambassador to Iraq. The White House also has a crop of Republican lawmakers who lost reelection to consider. A number of senior ambassadors from around the world have expressed interest, but administration officials said Bolton's successor will be a political nominee.

Bolton became the second high-profile member of Bush's national security team, after Defense Secretary Donald H. Rumsfeld, to announce his departure since the Nov. 7 elections. Bush appeared aggravated at having to abandon Bolton, whose bare-knuckle diplomacy and skepticism of multilateralism made him a favorite of conservatives and a lightning rod for many in the Washington and international establishments.

"I'm not happy about it," Bush said in a one-minute appearance with Bolton before cameras in the Oval Office. "I think he deserved to be confirmed. And the reason why I think he deserved to be confirmed is because I know he did a fabulous job for the country."

In a separate interview with Fox News Channel, Bush said: "On issue after issue, Bolton delivered. And so you're looking at a man who is deeply disappointed, and I would call it shallow politics of the Senate in this case."

Bolton's departure leaves another hole in Bush's foreign policy team at a time when the U.N. ambassador is heavily involved in diplomacy involving the nuclear activities of Iran and North Korea and the ongoing crisis in Lebanon. Secretary of State Condoleezza Rice has been without a deputy since July, when Robert B. Zoellick resigned, and her counselor, Philip D. Zelikow, announced last week that he will depart at the end of the year.

Bolton recast the role of ambassador to the United Nations, a post traditionally filled by prominent Americans who helped explain the organization to Washington. Instead, Bolton relished the role of the body's chief critic, playing down its achievements and regaling congressional committees with its failings.

Still, his encyclopedic knowledge of the United Nations and his tough negotiating style earned him grudging admiration from peers on the Security Council, who credited him with helping pass resolutions demanding that North Korea and Iran restrain their nuclear programs and ending the war between Israel and Hezbollah. Bolton also persuaded the Security Council for the first time to add Burma to its permanent agenda, a long-sought goal of human rights activists.

Edward Luck, director of the Center on International Organization at Columbia University's School of International and Public Affairs, said Bolton was effective at the 15-member council but faltered trying to build consensus in the much larger General Assembly, particularly in favor of reforms he long advocated. "He's been a strong American ambassador to the Security Council, but unfortunately the Security Council is just one piece of the puzzle up here," Luck said.

Some U.N. officials privately blamed Bolton for sabotaging the organization's reform initiative by stirring differences between poor and rich countries. "He sometimes makes it very difficult to build bridges because he is a very honest and blunt person," said South Africa's ambassador, Dumisani Shadrack Kumalo, chairman of a coalition of developing nations. He said it sometimes appears that "Ambassador Bolton wants to prove nothing works at the United Nations."

Secretary General Kofi Annan reacted coolly to Bolton's announcement: "As a representative of the U.S. government he pressed ahead with the instructions that he had been given, and tried to work as effectively as he could with the other ambassadors."

Bolton's fate was sealed when Sen. Lincoln D. Chafee (R-R.I.) decided to block his nomination in the Foreign Relations Committee, joining with all Democrats on the panel. Administration lawyers explored ways of keeping him in the job by appointing him to a position that does not require Senate confirmation and then making him "acting ambassador."

Friends said Bolton decided not to put Bush in that position. "More importantly, he felt he had done a very good job, he defended policies he didn't always agree with and he did so ably, and so now he can go out on top," said William Kristol, editor of the Weekly Standard, who spoke with Bolton several times in recent weeks.

A senior administration official, who spoke on the condition of anonymity because of the sensitivity of the matter, said the White House was eager to avoid a fight as well: "The thought was, 'Okay, at a time we're going to need help from a Democratic Congress on too many things, this is not worth it.' "

Khalilzad, an Afghan American who has served as Bush's envoy in both Kabul and Baghdad, is generally well liked by Democrats. Deputy Chief of Mission Alejandro D. Wolff will fill in until a replacement is confirmed.

Staff writer Colum Lynch contributed to this report.

Bolton's Exit May Signal A Shift To The Center (WSJ)

By John D. McKinnon And Yochi J. Dreazen

The Wall Street Journal, December 5, 2006

WASHINGTON -- The departure of United Nations Ambassador John Bolton marked another concession by President Bush to the new political realities facing him, and likely pushes his administration more to the center as he heads into his final two years in office.

After last month's Democratic congressional election victories, Mr. Bush ousted hawkish Defense Secretary Donald Rumsfeld and nominated as his successor Robert Gates, a former U.S. intelligence director who served both Republican and Democratic administrations. Mr. Gates's Senate confirmation hearings begin today, and he is expected to be approved without major opposition.

Speculation on Mr. Bolton's successor has focused on the U.S. ambassador to Iraq, Zalmay Khalilzad, who is widely expected to leave his post soon; Andrew Natsios, the special envoy to Sudan; and the undersecretary of state, Paula Dobriansky. It also is possible the White House may figure it is easier to win confirmation for a current or departing member of Congress. Rep. Jim Leach (R., Iowa), who was defeated for re-election last month, once served as a foreign-service officer and was being mentioned by Republicans.

Yesterday, the White House said Mr. Bolton had decided to drop his bid for the U.N. post, after an unsuccessful last-ditch effort to save the nomination. A sometimes cantankerous conservative with strong views on the need to overhaul the U.N., Mr. Bolton received a temporary recess appointment in August 2005, after his nomination stalled. The White House resubmitted his name earlier this year and hoped to win enough votes to advance the nomination.

Political observers say the administration considered putting Mr. Bolton in another post and then making him acting U.N. ambassador, which would allow Mr. Bolton to continue in the job with a salary. With a second recess appointment, Mr. Bolton wouldn't be paid. However, such maneuvering would likely have provoked outrage among critics. In his resignation letter to Mr. Bush, Mr. Bolton said, "I have concluded that my service in your administration should end" when his recess appointment expires at the end of the current Congress.

Alejandro Wolff, Mr. Bolton's deputy, is expected to serve as acting ambassador until a successor is confirmed.

In a brief appearance with Mr. Bolton, Mr. Bush said he is "not happy" about the resignation. "I think he deserved to be confirmed...because I know he did a fabulous job for the country." In a statement, he blamed "a handful of United States senators" for blocking a vote on the nomination. Press Secretary Tony Snow went further, saying the defeat was due to "partisanship and not performance."

At least one former Republican critic, Ohio Sen. George Voinovich, had decided based on Mr. Bolton's performance to support him. Mr. Voinovich said Mr. Bolton has "done a good job under the harshest of circumstances," adding that he is concerned about losing Mr. Bolton's expertise and contacts on such issues as Iran, North Korea and Lebanon.

But many Democrats -- and at least a few Republicans -- raised questions about the nomination. The incoming chairman of the Senate Foreign Relations Committee, Sen. Joseph Biden (D., Del.), said the president "now has an opportunity to nominate an ambassador who can garner strong bipartisan and international support."

Mr. Bolton's nomination initially drew opposition not only because of his conservative foreign-policy philosophy and his views on the U.N., but also because the administration declined to turn over secret National Security Agency intercepts that Mr. Bolton had sought to review. At least some of the concern over his positions and personality softened during his tenure, and Sen. Biden yesterday praised his "intellect, hard work, dedication."

White House officials credit Mr. Bolton with pulling together the often-unwieldy coalitions that must be built at the U.N. over issues such as North Korea's nuclear-weapons program. "He ... has been a highly capable, competent and effective and sometimes very creative diplomat working with other countries, building large coalitions, as well as coalitions within the U.N. Security Council," Mr. Snow said.

Mr. Bolton's resignation suggests the Bush White House is "being forced into the center," said Danielle Pletka of the American Enterprise Institute. "This confirms an inevitable fact of political life, which is that administrations do drift" as they move into the home stretch.

Mr. Bolton's successor could be pivotal in the administration's diplomatic efforts in the Middle East, where the White House is facing pressure to convene an international summit on Iraq that includes Iran and Syria, but that would require heavy U.N. involvement.

The new ambassador will also have to maintain the shaky international consensus on Iran's nuclear program as the administration's high-stakes showdown with Tehran enters a critical phase. The Security Council has been deadlocked for months over Iran, with powerful nations like Russia and China making clear they won't support U.S. language imposing sanctions on Iran. That means the U.S. may be forced to accept a weaker resolution than it initially wanted, complicating the administration's efforts to build a coalition to disarm Iran if necessary.

DOJ_NMG_0102482

Write to John D. McKinnon at john.mckinnon@wsj.com1 and Yochi J. Dreazen at yochi.dreazen@wsj.com2

Bolton Resigns From U.N. Post (LAT)

By Maggie Farley And James Gerstenzang

The Los Angeles Times, December 5, 2006

The diplomat knew he couldn't get votes in Senate. Colleagues praise his tenacity but won't miss his rigidity.

UNITED NATIONS — John R. Bolton, the pugnacious U.S. ambassador to the United Nations, is known for not giving up. But after meeting with his mentor Vice President Dick Cheney on Thursday to discuss ways to stay at the U.N. without a Senate confirmation, he decided it was time to quit.

In a letter to President Bush that the White House made public Monday morning, Bolton said: "After careful consideration, I have concluded that my service in your administration should end when the current recess appointment expires."

Bolton's resignation, along with the election of a Democrat-dominated Congress and selection of a new secretary-general, may provide a fresh start for U.N.-U.S. relations that have been tense since the Iraq war began, diplomats said. It also signals that the Bush administration is less willing, or less able, to go around Congress to push through an unpopular agenda.

Bush accepted the resignation Monday with "deep regret."

"I'm not happy about it," the president said in the Oval Office as he thanked Bolton for his service. "I think he deserved to be confirmed. And the reason why I think he deserved to be confirmed is because I know he did a fabulous job for the country."

Bush criticized key senators on the Foreign Relations Committee for blocking Bolton's confirmation, "even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time."

"This stubborn obstructionism ill-serves our country and discourages men and women of talent from serving their nation," Bush said.

In August 2005, Bush installed Bolton at the U.N. during a congressional recess because he couldn't get enough support in the Senate.

Until Thursday, U.S. officials said, the White House was exploring ways to appoint Bolton to a position that would allow him to continue his U.N. duties without facing a confirmation hearing. His term will end with this term of Congress, probably later this month.

White House Press Secretary Tony Snow said Monday that it had "become pretty obvious" that there were insufficient votes in the Senate to confirm Bolton.

The president singled out Bolton's efforts to obtain unanimous Security Council support for resolutions on North Korea's military and nuclear activities. He also praised him for helping bring pressure on Iran to suspend uranium enrichment and for working to bring peace to Darfur.

At the United Nations, where most of his colleagues maintain a grudging respect for Bolton's tenacity, intellect and clear positions, there were mixed reactions to word of his resignation. His style alienated European nations that have typically been allies, and other colleagues said that he might have accomplished more if he were less rigid and abrasive.

When Bolton took over the rotating Security Council presidency in February, he declared that things would be different: The council would start on time, and diplomats would abandon their set speeches and engage in unscripted discussion of the issues. His fellow ambassadors started calling him "the schoolmarm," reflecting thinly veiled resentment.

"Starting on time is a form of discipline," he said at the time. "I brought the gavel down at 10. I was the only one in the room, though."

"His absence will be conspicuous," said Tanzanian Ambassador Augustine Mahiga, who sits near Bolton in the Security Council. "He leaves the U.N. with the reputation as someone not easy to deal with. His style tended to be quite imposing, maybe well-intentioned, but creating difficulties in developing consensus."

Chinese Ambassador Wang Guangya has often been on the opposite side of issues, such as Darfur and Iran, but said he respected Bolton's diligence and command of the facts. "He is serious about the American objectives here in reforming the United Nations, and he pushed hard," Wang told reporters. "But of course sometimes in order to achieve the objective you have to work together with others."

Another ambassador said that when he couldn't work with Bolton, he would work around him. "When he was blocking the way, we would just call Condi," he said, referring to Secretary of State Condoleezza Rice. "Many times, Condi was much more cooperative."

There was near celebration on the 38th floor, where Kofi Annan and his Cabinet sit. Annan and Bolton have a prickly relationship, and Annan, in a rare show of indignation, recently accused the U.S. ambassador of "intimidation." Deputy Secretary-General Mark Malloch Brown, a vocal critic who has engaged in public arguments with Bolton, was restrained Monday.

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"John Bolton's problem is last month's election, not the U.N. But obviously, while one admired his skillful use of the media, we longed for an American partner who could really work with us to achieve reform here. And when he couldn't, we often had to work around him with others."

"He certainly enjoyed a significant amount of respect for the clarity and firmness of his analysis, for being innovative, for being willing to do things differently," said Colin Keating, executive director of the Security Council Report, a think tank based at Columbia University.

Keating said that Bolton could not be blamed for the lack of progress on Iran and Sudan, nor could he be credited solely for obtaining unanimous support for resolutions on North Korea sanctions and a cease-fire in Lebanon.

But even his critics acknowledge that getting the council to discuss human rights and drug trafficking in Myanmar, formerly Burma, was a major accomplishment in the face of opposition from China.

"The process of getting that on the agenda is quite a significant achievement," Keating said. "It took a high degree of professionalism."

Bolton's successor will walk into the middle of sensitive discussions on Iran's nuclear program, the Sudanese government's resistance to peacekeepers in Darfur, security issues in Lebanon and Somalia, and the U.N.'s involvement in Iraq.

That makes Zalmay Khalilzad, the U.S. ambassador to Iraq who has just announced his departure, a much-talked-about candidate to replace Bolton. Some U.N. officials, however, worry that choosing him would signal a U.S. desire to use the U.N. to facilitate a hasty exit from Iraq.

Former U.S. Deputy Ambassador to the United Nations Richard Williamson also has been approached for the job. Other names mentioned are George J. Mitchell, a former Democratic senator from Maine; Paula J. Dobriansky, the undersecretary of State for global affairs; and Jim Leach, a former Republican congressman from Iowa who has good relations with Democrats.

Bolton Resigns As US Ambassador To UN (FT)

By Caroline Daniel And Mark Turner

Financial Times, December 5, 2006

The White House on Monday bowed to the political realities imposed by the new Democratic Congress when it accepted John Bolton's resignation as Ambassador to the United Nations, ending his combative, controversial tenure.

His departure marks the second high profile resignation of Mr Bush's long serving foreign policy team after the November mid-term elections. Tony Snow, White House spokesman, admitted defeat saying, it was "pretty obvious" he wasn't going to get the votes from the Senate Foreign Relations Committee.

Mr Bolton had become to his critics an unpopular symbol of an aggressive, unilateralist style of US foreign policy. President George W. Bush on Monday hailed his record and his "extraordinary dedication and skill, assembling coalitions that addressed some of the most consequential issues facing the international community," such as the nuclear ambitions of Iran and North Korea.

The White House decision last month to re-nominate Mr Bolton – who had needed to be imposed in a recess appointment – was seen by some political analysts as a strategic mistake, undermining Mr Bush's immediate rhetoric of bi-partisanship and was always doomed to fail. Joe Biden, the incoming Democrat chairman of the Senate foreign relations committee, warned he saw no point in reconsidering it.

"The administration made a minor mistake over John Bolton," said Vin Weber, a Republican strategist. "His resignation is a recognition of the fact the administration is in the process of sorting out what its new relationship with Capital Hill looks like."

However, Norm Ornstein, resident scholar fellow at the American Enterprise Institute, said it had made sense to pursue it, even if failure was inevitable. "It was a balancing act with his conservative base, and an effort to show some loyalty."

The White House was reluctant to present it as a conciliatory move for Democrats. Mr Bush blamed "stubborn obstructionism," while Mr Snow said the "appointments process is broken," and charged that "for reasons of partisanship a handful of senators prevented him remaining UN ambassador."

Opposition to Mr Bolton was not just confined to Democrats. Lincoln Chafee, a Republican moderate who lost his Senate seat, also blocked Mr Bolton's nomination. Democrats, such as Senator John Kerry, were quick to claim a scalp. "Like Secretary Rumsfeld's departure, Ambassador Bolton's resignation offers a chance to turn the page at a critical period." He called for a new ambassador "who has the full support of Congress," and "who can put results ahead of ideology."

Mr Bolton will leave at the end of lame duck congressional session. The announcement comes at a difficult time for the UN. While Mr Bolton saw through several important UN resolutions on Lebanon, Iran and other trouble spots over recent months, the permanent five are once more struggling to make policy on the fast-evolving situation around the Middle East.

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Talks on Iran are currently being held by political directors, not ambassadors, but the dossier is expected to return to the UN before Christmas. Serious challenges remain in Darfur, Somalia and Lebanon; and the UN is still struggling to find a way through on internal reforms.

Bolton's Goodbye: Bowing To The Inevitable (TIME)

By Adam Zagorin

Time, December 5, 2006

The resignation of John Bolton as U.S. ambassador to the United Nations marks another acknowledgement by the White House of the political consequences of the Nov. 7 Congressional elections.

A longtime critic of the U.N. and its bureaucracy, Bolton was opposed by Democrats, and even a few Republicans, who regarded him as too confrontational for the job, and he was unable to win support in the Senate Foreign Relations Committee when Bush first nominated him last year. Rather than accept that rejection, however, the President gave Bolton a "recess" appointment in August 2005, allowing him to take up the high-profile U.N. post without Senate approval.

But with that appointment set to expire at the end of the current Congress and a new Democratic majority about to take control, Bolton announced his resignation Monday. President Bush, in a statement, continued to express support. "I am deeply disappointed that a handful of United States Senators prevented Ambassador Bolton from receiving the up or down vote he deserved in the Senate," Bush said. "They chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time. This stubborn obstructionism ill serves our country, and discourages men and women of talent from serving their nation."

But the White House had essentially acknowledged the futility of keeping Bolton in the post by resubmitting his nomination at the worst possible moment — on the morning of Nov. 9, just as the Democrats were celebrating their election victory. Sen. Richard Lugar, the Indiana Republican who chairs the Senate Foreign Relations committee , said he would not even put the matter to a committee vote during the last days of GOP control, since all of the Democrats on the committee, plus Sen. Lincoln Chaffee, the Rhode Island Republican who also opposed him, would still vote no.

Chafee, who was defeated for reelection, issued a statement reiterating his opposition. " Mr. Bolton did not demonstrate the kind of collaborative approach that I believe will be called for if we are to restore the United States ' position as the strongest country in a peaceful world," he said. "This would be an appropriate time to choose a nominee who has a proven ability to work with both sides of the political aisle, a history of building strong international relationships and a reputation of respect for the institution of the United Nations. The names Brent Scowcroft and George Mitchell come to mind immediately as outstanding candidates. " There's no word from White House yet on whom it might nominate as Bolton's replacement.

Even without Senate confirmation, Bush could have put Bolton's name up for a new recess appointment when his current one expires in early January, but Bolton would have been prohibited by law from drawing a salary. More important, such an attempt by the White House to again override the Senate by sending Bolton back to the U.N. risked infuriating Democrats and undermining Bush's professed intention to seek consensus and political compromise.

Bolton was known as a vitriolic critic of the UN, who once famously announced that no one would notice if the world body lost the top 10 floors of its Secretariat building in New York. After he became ambassador, however, colleagues accorded him grudging respect for his professionalism in helping to win unanimous Security Council resolutions on North Korea, and in fostering consensus on tough issues like Iran's nuclear program and the conflict in Sudan.

One former critic, Sen. George V. Voinovich, the Ohio Republican whose initial opposition to Bolton doomed his Senate approval last year, revealed a change of heart on Bolton a few months ago. " I am very disappointed that John Bolton will not continue in his role as ambassador to the United Nations," Voinivich said in a statement after the resignation. "Given the fragile nature of the world situation, and the critical task of reforming the U.N., he should have been given an up-or-down vote on the Senate floor."

Another Senator offering support was John McCain, a frontrunner for the Republican presidential nomination in 2008. "His resignation today is less a commentary on Mr. Bolton than on the state of affairs in the U.S. Senate," said McCain. "For over a year, Democrats blocked his nomination in the Foreign Relations Committee, preventing an up or down vote on the Senate floor. In so doing, they have deprived America of the right man at the right time at the U.N.

Bolton Quits Fight For U.N. Nomination (WT)

By Stephen Dinan

The Washington Times, December 5, 2006

President Bush yesterday accepted John R. Bolton's resignation as U.N. ambassador, giving in to the objections of Senate Democrats and one Republican a month after the White House pledged to push to confirm him.

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Mr. Bolton had been serving as a temporary "recess appointment" since August 2005, but his busy term was not enough to persuade Senate critics to give him full approval for the top U.S. job at the United Nations.

"I'm not happy about it. I think he deserved to be confirmed," Mr. Bush said at the White House yesterday after accepting Mr. Bolton's resignation in person in the Oval Office.

Republican leaders had wanted to force another vote on Mr. Bolton's nomination before the end of the year, when Democrats assume control of Congress. But in Mr. Bolton's Dec. 1 resignation letter, he said the fight was over and he would end his service in the Bush administration when his temporary post expires, when Congress adjourns this year.

The White House said Mr. Bolton's letter also ended the possibility of keeping him on the job, which they could have done by creating another similar position and giving him a recess appointment to it.

His departure will leave Secretary of State Condoleezza Rice with three major vacancies to fill. Deputy Secretary of State Robert B. Zoellick, the department's second-in-command, left for Wall Street in July, and Philip Zelikow, the department counselor and a top confidant of the secretary, announced last month he plans to return to his teaching job at the University of Virginia in January.

The Bloomberg News service reported yesterday that U.S. Ambassador to Iraq Zalmay Khalilzad may soon be leaving Baghdad and is a leading candidate to fill one of the top vacancies.

White House press secretary Tony Snow said Mr. Bolton's departure showed the confirmation process was broken, and he blamed partisan obstruction.

But lawmakers on Capitol Hill said Mr. Bolton couldn't have even gotten out of the Senate Foreign Relations Committee under Republican control because one Republican committee member, Sen. Lincoln Chafee of Rhode Island, opposed him, denying him majority support to proceed for a floor vote.

"It basically fell because of the fact that Lincoln Chafee changed his mind and [Foreign Relations Committee Chairman Richard G.] Lugar couldn't bring it to committee because he wouldn't have the votes to get it out of the committee," said Sen. George V. Voinovich, Ohio Republican.

Mr. Voinovich, an early opponent of Mr. Bolton's who later became his champion, said in an interview yesterday that Mr. Bolton had become "a team player" who didn't stray from the Bush administration's policy during his time as ambassador.

Mr. Bolton's departure comes as the United Nations is grappling with developing nuclear weapons programs in North Korea and Iran and upheaval in Lebanon.

Mr. Bolton worked on U.N. agreements on each of those issues, and Mr. Voinovich said he fears the loss of continuity. He said on the Lebanon resolution in particular, he doubts Israel would have signed off without Mr. Bolton's firm assurances.

Outgoing U.N. Secretary-General Kofi Annan said Mr. Bolton "did the job he was expected to do."

"He came at a time when we had lots of tough issues. As a representative of the U.S. government, he pressed ahead with the instructions that he had been given, and tried to work as effectively with the other ambassadors," he said.

But Democrats said the resignation gives Mr. Bush a chance to show he can be bipartisan and respond to the needs of the international community.

"This is an opportunity for the president to appoint a United Nations ambassador who enjoys the support necessary to unite our country and the world and who can put results ahead of ideology," said Sen. John Kerry, Massachusetts Democrat.

Mr. Bolton's nomination had previously passed out of committee but had been blocked by a Democratic filibuster, failing on May 26, 2005, by a 56-42 vote and on June 20, 2005, by a 54-38 vote.

At The U.N., A Mixed View Of Bolton's Tenure (NYT)

By Warren Hoge

The New York Times, December 5, 2006

UNITED NATIONS, Dec. 4 — The announcement on Monday of John R. Bolton's decision to step down was greeted by United Nations officials with relief, while diplomats from other nations offered mixed assessments of his effectiveness during his 17 months as the American envoy.

" 'No comment,' he said with a smile," Mark Malloch Brown, the deputy secretary general, said over his shoulder to reporters as he hustled to a meeting.

Mr. Malloch Brown had angered Mr. Bolton during the summer by accusing the United States of "stealth diplomacy" — turning to the United Nations when Washington needed it while showing public disdain for the institution.

At the time, Mr. Bolton demanded that Secretary General Kofi Annan "personally and publicly" repudiate Mr. Malloch Brown's remarks, but Mr. Annan stood by them.

Mr. Bolton's relationship with Mr. Annan was also marked by testiness, with the American repeatedly ducking opportunities to commend Mr. Annan by declining comment or saying, as he did last month, "I'll pass."

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A year ago, at a monthly lunch for Security Council ambassadors, Mr. Annan signaled how deep the divide had become by chastising Mr. Bolton for trying to “intimidate” him.

Security Council ambassadors said they respected Mr. Bolton’s professionalism and command of the subject matter, and thought he had represented the Bush administration’s foreign policy goals well.

On the other hand, they said his manner, often described as abrupt, unyielding and confrontational, had alienated traditional American allies and undercut American influence.

They said that in areas where he was clearly taking his instructions from Washington, he performed well, but that in pursuing the objective on which he planted his personal stamp — overhauling the sclerotic United Nations management — he had been unsuccessful.

But even Mr. Bolton’s success in championing the administration’s policy represented a problem for him: At the United Nations, that policy is perceived as disdainful of diplomacy and single-minded in its assertion of American interests.

“I think he was serious about the American objective here of reforming the United Nations, and he pushed hard,” said Wang Guangya, the Chinese ambassador. “But of course, sometimes in order to achieve the objective, you have to work together with others.”

Another Council envoy, Adamantios Vassilakis of Greece, said, “Sometimes it was not easy, but we managed to find a solution whenever I dealt with him.”

Augustine P. Mahiga, the ambassador of Tanzania, also a Council member, said Mr. Bolton’s style, which he described as “abrasive and not very helpful to amenable consensus,” had deepened the divisions between the developing world and the great powers.

“He will be remembered, of course, for his principled stand on various issues,” Mr. Mahiga said, “but at the same time, he was the person who could have done it differently in order to minimize the negative perceptions of the positions of the United States.”

Mr. Vassilakis said he thought Mr. Bolton had been particularly effective in obtaining backing for resolutions condemning North Korea’s nuclear program, but less so in gaining support for joint action against Iran’s nuclear program. “But then, Iran is more complicated,” he said.

Mr. Bolton is leaving his post just weeks before Mr. Annan, who completes his second five-year term on Dec. 31, leaves his. “Yes,” Mr. Annan said Monday, “we are both graduating together.” <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Bush Accepts Bolton's U.N. Resignation (AP)

By Ben Feller

AP, December 5, 2006

Lacking the votes to keep his job, embattled U.N. Ambassador John Bolton said Monday he would resign, a defeat for a chagrined President Bush who had clung to hopes of Senate confirmation.

Bolton got the position in August 2005, appointed by Bush when Congress was in recess. With that temporary assignment about to expire, and his long fight for confirmation going nowhere, Bolton made it official.

He handed in a resignation letter that did not mention the political fight behind it. It said simply: "I have concluded that my service in your administration should end when the current recess appointment expires."

"I accepted. I'm not happy about it," Bush said Monday afternoon in the Oval Office, with Bolton at his side. Bush did not name a replacement, and officials offered no timetable for an announcement.

The setback for the White House seemed to put a hold on the postelection talk of bipartisanship.

Bush considered Bolton a strong voice as the U.N. dealt with crises in Iraq, Lebanon, North Korea and other complex matters around the world. Bolton also pushed the administration's effort to reform the United Nations.

But Democrats opposed Bolton, whom they viewed as a brusque, ill-suited diplomat. Some Republicans helped scuttle his nomination, including moderate Republican Sen. Lincoln Chafee of Rhode Island.

The president had stinging words for them.

"They chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time," Bush said in a statement. "This stubborn obstructionism ill serves our country."

Democrats, though, said Bolton's resignation signaled a fresh start.

"Hopefully this change marks a shift from the failed go-it-alone strategies that have left America less safe," said the incoming Senate majority leader, Democrat Harry Reid of Nevada.

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"With the Middle East on the verge of chaos and the nuclear threats from Iran and North Korea increasing, we need a United Nations ambassador who has the full support of Congress and can help rally the international community to tackle the serious threats we face," said Sen. John Kerry, D-Mass.

Bolton's nomination had languished in the Senate Foreign Relations Committee for more than a year. The White House made a renewed push for him after Democrats won control of Congress in November.

But it became clear that "there were not going to be the votes" to get the nomination out of committee, said White House spokesman Tony Snow. He suggested the entire confirmation process was broken.

"If bipartisanship is to succeed, perhaps we ought to make sure that people who serve their country ably and well are sent the signal that 'Your services will be treasured,'" Snow said.

Bolton, a 57-year-old arms control expert, came to the job with a reputation for brilliance, obstinacy and speaking his mind — and with a mission to reform the 61-year-old world body born in the ashes of World War II.

By his own account, Bolton remains frustrated that "precious little" reform has been accomplished so far by the U.N. General Assembly, though some diplomats would at least partly blame Bolton's blunt tactics.

But Bolton did play a key role in major U.S. foreign policy initiatives — getting U.N. Security Council approval of resolutions imposing sanctions on North Korea for conducting a nuclear test, joining with France to promote Lebanon's democratic government, pushing for a U.N. peacekeeping force in Sudan's conflict-wracked Darfur region and putting Myanmar's repressive military regime on the council's agenda.

Bolton has had strained relations with many in the U.N. Secretariat, led by Secretary-General Kofi Annan.

"I think Ambassador Bolton did the job he was expected to do," Annan said Monday. "He came at a time when we had lots of tough issues from reform to issues on Iran and North Korea. I think as a representative of the U.S. government, he pressed ahead with the instructions he had been given."

Republicans blamed the Democrats for Bolton's ouster.

"It also unfairly undermines President Bush's prerogative to appoint his own people to his team," said Sen. Lindsey Graham, R-S.C. "There's no doubt Bolton is extremely qualified and has done tremendous work."

Bush gave Bolton the job temporarily, circumventing a Congress in recess in 2005. Under that process, the appointment expires when Congress formally adjourns, no later than early January.

While Bush could not give Bolton another recess appointment, the White House was believed to be exploring other ways of keeping him in the job, perhaps by giving him a title other than ambassador. But Bolton told the White House he intended to leave, period.

Chafee Going Down Swining (PTC)

By Jim Baron

Pawtucket Times Chafee, Bolton, December 5, 2006

In what may be his last significant action as a U.S. Senator, Republican Lincoln Chafee has withheld his support from United Nations Ambassador John Bolton, killing the controversial delegate's chances to be permanently confirmed in the job and prompting Bolton to resign from the post, perhaps as early as the end of this week.

President George W. Bush named Bolton as a "recess appointment" when Congress was out of session in August, 2005, meaning his commission would expire with the end of the the current Congressional session, tentatively scheduled for Friday. Bush said Monday that he accepted Bolton's resignation with "deep regret," adding, "All Americans owe John Bolton their gratitude for a job well done."

Chafee's opposition to Bolton as a member of the Senate Foreign Relations Committee "was what made it not happen," said Chafee spokesman Steven Hourahan. "Without his vote in committee, it wasn't going to go."

Hourahan said Chafee was "very comfortable" with his decision to effectively remove Bolton as ambassador. He said it was "clear that the the American people sent a message," in the November election that they were unhappy with Bolton's confrontational style and the Bush administration's foreign policy.

He said Chafee hopes the president will use this opportunity "to put someone in there who is more of a uniter."

In a written statement issued Monday, Chafee said: ""I have long believed that the go-it-alone philosophy that has driven this administration's approach to international relations has damaged our leadership position in the world.

"Mr. Bolton did not demonstrate the kind of collaborative approach that I believe will be called for if we are to restore the United States' position as the strongest country in a peaceful world," the senator said. "This would be an appropriate time to choose a nominee who has a proven ability to work with both sides of the political aisle, a history of building strong international relationships and a reputation of respect for the institution of the United Nations."

That sentiment was echoed by the Democratic members of Rhode Island's congressional delegation.

Sen. Jack Reed said, "A bipartisan group of Senators in the Senate Foreign Relations Committee refused to confirm John Bolton because he wasn't the right person to represent American interests at the U.N.

"Ambassador Bolton's resignation should signal the end of this President's unilateral approach to foreign policy," Reed asserted. "This is a chance for the United States to diplomatically reengage at the U.N. and work with our allies and other member nations to confront global security challenges, especially in Iraq and Afghanistan. I hope the President will use this opportunity to nominate a candidate who can garner broad bipartisan support and who can help build consensus and protect our national interests."

Rep. Patrick Kennedy allowed that, "John Bolton should be commended for his many years of public service."

But, Kennedy added, "now more than ever, this country needs a more pragmatic, more effective, and more consensus-oriented Ambassador, who can build bipartisan and international support while effectively representing the interests of the United States at the United Nations."

Rep. James Langevin believes Bolton's decision to resign "was the right one," said spokeswoman Joy Fox. Pointing to geopolitical crises in places such as Darfur, North Korea, Lebanon and Iraq, Fox said Langevin "hopes the president will take this opportunity to nominate someone who can work cooperatively in the United Nations."

In a statement made after meeting with Bolton on Monday, Bush blasted the appointee's opponents in no uncertain terms.

"I am deeply disappointed that a handful of United States Senators prevented Ambassador Bolton from receiving the up or down vote he deserved in the Senate," the president said. "They chose to obstruct his confirmation, even though he enjoys majority support in the Senate, and even though their tactics will disrupt our diplomatic work at a sensitive and important time. This stubborn obstructionism ill serves our country, and discourages men and women of talent from serving their nation.

Bush said Bolton "served his country with extraordinary dedication and skill, assembling coalitions that addressed some of the most consequential issues facing the international community. During his tenure, he articulately advocated the positions and values of the United States and advanced the expansion of democracy and liberty. I appointed Ambassador Bolton because I knew he would represent America's values and effectively confront difficult problems at the United Nations."

Ben Chang, deputy spokesman for the United States Mission to the United Nations, declined to comment on Bolton's resignation or Chafee's part in it, and referred to Bush's statement after meeting with Bolton.

Asked about reports that former Democratic Sen. George Mitchell of Maine was being considered as a possible replacement for Bolton, Hourahan said Chafee thinks "Mitchell did a good job in Ireland" negotiating peace in that troubled land. "He has experience bringing allies together. He would be a good choice."

His Confirmation In Doubt, John Bolton Exits The UN (CSM)

By Peter Grier

The Christian Science Monitor, December 5, 2006

WASHINGTON

US Ambassador to the United Nations John Bolton isn't known for being diplomatic.

Last week, when the UN Human Rights Council declined to criticize the Sudanese government's complicity in Darfur atrocities, UN Secretary-General Kofi Annan issued a carefully worded critical statement. Mr. Bolton issued a thunderbolt.

The action was "another example of the poor performance of the Human Rights Council, another reason why those who advocated going ahead with this council will have a heavy burden to bear," said Bolton.

Whether these words were deserved or not, they were reflective of a style which in the end undid his UN posting. With his path to Senate confirmation appearing blocked, Bolton announced Monday that he will step down when his temporary appointment expires within weeks.

President Bush said he accepted Bolton's decision with deep regret. "He served his country with extraordinary dedication and skill, assembling coalitions that addressed some of the most consequential issues facing the international community," Mr. Bush said in a statement.

Critics claimed that Bolton's brusqueness made him counterproductive. At the UN, he alienated US allies, both real and potential, according to his critics. Many Senate Democrats - and a few Republicans - charged that his hard-line ideology and penchant for confrontation was at odds with the UN's multilateral nature.

Bolton's defenders insist that he has done well at the UN headquarters in New York, pushing through tough Security Council resolutions on North Korea's nuclear activities, building consensus among allies on the need for Iran to suspend its enrichment of uranium, and pressing for peace in Darfur.

"US participation at the United Nations is not about winning popularity contests or engaging in feel-good, back-slapping exercises. It is about steadfast leadership and the advancement of clear principles and ideals," writes Heritage Foundation foreign policy expert Nile Gardiner in an examination of Bolton's record.

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As recently as November the administration appeared intent on fighting to keep Bolton in his current position.

The incoming chairman of the Senate Foreign Relations Committee, Sen. Joe Biden (D) of Delaware recently said he saw "no point" in bringing Bolton's nomination before the panel, given the opposition in the chamber to confirming him in the post.

Administration officials were searching for ways to possibly circumvent the Senate, perhaps by giving him a title other than ambassador or by again giving him a temporary, recess appointment.

In the end, Bolton may have decided to simply take himself out of the running.

His letter of resignation to Bush, dated Dec. 1, was brief and to the point. "I have concluded that my service in your [administration] should end when the current recess appointment expires," Bolton wrote.

Mr. Bolton Resigns (NYT)

The New York Times, December 5, 2006

John Bolton's decision to resign as America's envoy to the United Nations was a wise move. He averted a distracting and divisive fight at a time when both Congress and the Bush administration have better things to do. He has also provided President Bush with an opportunity to show the kind of bipartisan leadership he talks about so frequently and exercises so seldom.

This page opposed Mr. Bolton's nomination in the first place, arguing that at the very minimum, an ambassador to the United Nations should be someone who believed the organization deserved to exist. Mr. Bolton has always been hostile to the U.N., and to the whole spirit of consensus-seeking diplomacy it embodies. When Democrats and moderate Republicans kept the nomination tied up in the Senate, Mr. Bush characteristically insisted on having his own way by giving Mr. Bolton an interim appointment while Congress was out of session.

But the interim appointment was about to expire, and the battle would have had to begin all over again once the new Congress arrived. Attempts to get the lame duck Senate to confirm Mr. Bolton ran aground when Lincoln Chafee, the Republican senator from Rhode Island, refused to support the nomination in the Foreign Relations Committee, leaving Mr. Bolton's fate hung up on a tie vote.

Mr. Chafee is the prime example of a moderate Republican who was popular with his constituents but who lost his seat because of Mr. Bush's hard-edge partisanship and insistence on having his own way in Iraq. The White House was left contemplating schemes to keep Mr. Bolton at work without Senate confirmation — like making him deputy ambassador and leaving the top job unfilled.

The United Nations doesn't need any further proof of how little the Bush administration thinks of it. And the Bush administration doesn't need to insult the world at a time when it is becoming increasingly clear how much help the United States needs to stabilize Afghanistan, extricate itself from Iraq, and curb the nuclear appetites of North Korea and Iran. Mr. Bolton's withdrawal gives the president a chance to improve his relationship with both the U.N. and Congress. There are plenty of experienced, internationalist Republicans who could get near-unanimous support in the Senate and send a signal to the world that Mr. Bush understands that the United States is not the only nation on the planet whose opinion matters.

Bolton Departs (WSJ)

The Wall Street Journal, December 5, 2006

If one measure of a man is his enemies, then John Bolton must have done something right during his six years in the Bush Administration. Yesterday's announcement that Mr. Bolton will resign as U.S. Ambassador to the United Nations when his recess appointment ends with this Congress was no doubt cheered in Tehran, Damascus, Caracas, Pyongyang, and Christopher Dodd's Senate office.

Mr. Bolton served with exemplary tact at Turtle Bay, notwithstanding critics who said he wouldn't. More important, he has stood forcefully for American interests despite the leaks and sniping from the office of Secretary General Kofi Annan. He helped to corral votes for resolutions isolating Iran and North Korea for their nuclear programs. He was assailed for leading the fight against Mr. Annan's "reformed" Human Rights Council, but he and the U.S. are now looking prescient as that Council descends into one more Israel-bashing cabal. He also fought harder for U.N. reform than have his critics who claim to want that corrupt institution to lead the world in providing collective security.

"Realism" is back in foreign policy fashion (see the editorial on Iran1), and we only wish some of that school's alleged practitioners were as realistic as Mr. Bolton. He has understood that the essence of realism is, or ought to be, to see the world as it is and speak with moral clarity about it. He offended America's enemies because he looked at their behavior and refused to excuse it. This is discomfiting to those who prefer to believe that every enemy can be appeased with talk, and that every dispute can be settled with a treaty.

It is no small diplomatic irony that, as an Undersecretary at the State Department in President Bush's first term, Mr. Bolton organized the Proliferation Security Initiative that is the one effective multilateral restraint against the spread of WMD. And it does

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not speak well for the American political system that it can't find a place in government at this dangerous moment in history for one of the world's leading anti-proliferation experts.

The decision by newly ascendant Democrats -- Mr. Dodd in particular -- to deny Mr. Bolton a confirmation vote on the Senate floor shows that they value partisan animosity above having a seasoned negotiator at the U.N. Mr. Bolton's graceful exit yesterday is further evidence that he deserved better, but so did American interests.

The Second Time Around For Bob Gates (TIME)

By Doug Waller

Time, December 5, 2006

Robert Gates, who begins his confirmation hearing Tuesday as President Bush's choice to replace Donald Rumsfeld as Secretary of Defense, is expected to have little trouble winning Senate approval. Even Democrats who have had issues with Gates in the past are anxious to begin course corrections in the Pentagon's troubled Iraq war strategy. And means the hearings will most likely be a far cry from the last ones Gates faced — when George Herbert Walker Bush picked Gates to be CIA director in 1991.

Gatess came to that hearing with baggage, having withdrawn his nomination to be CIA director four years earlier because of questions raised about his role in the Iran-contra affair. By 1991, the Berlin Wall had fallen, but Gates's nomination to be the nation's top spy reopened an intense debate that had been festering within U.S. intelligence since the dawn of the Cold War: How big a threat was the Soviet Union?

Ironically, his second nomination to be CIA director was almost sunk by the same accusation the current Bush administration has faced on Iraq — that intelligence was slanted to suit hard-line policies toward an enemy. During highly charged confirmation hearings in the fall of 1991, which were unprecedented for an agency that usually keeps its bureaucratic battles shrouded in secrecy, past and current CIA employees accused Gates of cooking the books on the Soviet threat. As then-Director William Casey's intelligence analysis chief and later deputy director in the 1980s, Gates had shaped intelligence reports to suit Casey's and Ronald Reagan's anti-Soviet agenda, agency critics charged.

The Defense Intelligence Agency under Reagan routinely inflated Soviet threat assessments to bolster the Pentagon's case for a military buildup. But a debate had been long running within the CIA's Office of Soviet Analysis (SOVA) over whether the Russian military was ahead of the U.S. Many CIA analysts were convinced Moscow was actually lagging behind. Melvin Goodman, a former division chief in SOVA, testified at Gates's hearing that "Casey seized on every opportunity to exaggerate the Soviet threat... Gates's role in this activity was to corrupt the process and the ethics of intelligence on all of these issues... He pandered to Casey's agenda." Goodman accused Gates of trying to change SOVA reports stating that the Soviet empire was in decline. Two other CIA analysts who were still in the agency at the time also sent in sworn affidavits to the Senate Intelligence Committee accusing Gates of politicizing intelligence.

Goodman also charged that Gates personally rewrote a 1985 CIA report on the attempted assassination of Pope John Paul II so it would prove Casey's belief that Moscow was behind the shooting, even though agency analysts had no conclusive evidence establishing Soviet complicity in the plot. A later internal CIA review panel report concluded that there had in fact been "serious shortcomings" in how the reports were produced and charged that "alternate explanations" that disproved a Soviet conspiracy "were not adequately examined."

Gates had his defenders at the hearing, such as Lawrence Gershwin (the CIA's national intelligence officer for strategic programs) and Douglas MacEachin (head of the agency's arms control intelligence staff), who insisted that Gates never biased intelligence. Graham Fuller, a Gates colleague at the CIA, contended that many of the analysts in SOVA were themselves guilty of liberal bias, painting the Soviet Union as too benign, to compensate for Casey's conservative views. Gates's defenders, who also included then-Sen. Warren Rudman, claimed Gates was a victim of character assassination by the left. Armed with his own set of documents, an angry Gates marched into the committee room with a detailed 20-point rebuttal of the politicization charges. He accused critics from the agency of being malcontents who mistook professional editing of their reports for political pressure.

Gates also could be a ruthless manager, and he admitted during the hearing that in a popularity contest, "I sure as hell wouldn't win one at CIA." Gates's vigorous rebuttal saved his nomination, although 31 Democrats voted against him on the floor — an unprecedented number for a CIA nominee. But the Gates furor soon died down, and during his three years as CIA director he was widely praised inside and out of the agency for being an effective and fair manager. "I never saw him or anyone around him trying to cook the intelligence on Iraq," says Judith Yaphe, who served under Gates as the agency's senior analyst on Iraq and now teaches at the National Defense University. "Gates was just the opposite. You were told this is what we need and look ahead. I never was told what to write."

Goodman, who is now a senior fellow with the Center for International Policy, a foreign affairs think tank in Washington, says he was " shocked" when he learned of Gates's nomination to be defense chief. "He's a terrible micromanager and I just

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can't see him existing in that Pentagon structure." But Gates, 63, has won friends among both Republican and Democratic foreign policy gurus. "Bob Gates is a pragmatist and problem solver," says Richard Holbrooke, U.N. ambassador during the Clinton Administration.

Senate Democrats appear willing to let bygones be bygones. One of the senators who voted against Gates in 1991 was Carl Levin, who takes over as Armed Services Committee chairman next year. "Fifteen years have passed since that vote," Levin says. "I'm going to want to consider what his record has been since then — his thinking and writing since then. And I'm going to give it a fair and fresh look."

Only 10 senators who voted against Gates in 1991 remain in the Senate. And Democratic senators who weren't in the chamber back in 1991 don't seem inclined to dredge up an old dispute. "I've gotten to know him over the last several years," says Jack Reed, an influential Armed Services Committee member. "And he strikes me as someone who's a pragmatist. He strikes me also as somebody who will listen, particularly to the uniformed services. In that respect, he'll be a very pleasant change from Secretary Rumsfeld." —with reporting by Massimo Calabresi

Confirm Intelligence (LAT)

The Los Angeles Times, December 5, 2006

SO UNPOPULAR IS Secretary of Defense Donald H. Rumsfeld, and such is Washington's eagerness to be rid of him, that the Senate Armed Services Committee is expected to take no more than a day to question his anointed successor, Robert M. Gates.

A former CIA director, Gates is a shoo-in. But senators should nevertheless use his confirmation hearings, slated to begin today, to put Gates on notice that he will have to reestablish the trust of Congress and the American people about whether to believe what the military — and other agencies — say about intelligence matters.

Allegations that Gates has in the past edited intelligence to suit his political superiors are certainly disturbing. Particularly worrisome is his alleged pattern of misjudging the capabilities of enemy states — the former Soviet Union and Iran — in precisely the ways that his political masters were bound to find most pleasing.

But the point of these hearings is not to rehash Gates' past. It is to establish what he has learned from his mistakes and how he intends to prevent the Pentagon from repeating them.

Not long ago, such questions would have been better addressed to the director of the Central Intelligence Agency. But under Rumsfeld, the Pentagon's intelligence operations have become extensive while congressional oversight has not kept pace. And the GOP-dominated Senate Intelligence Committee failed to challenge CIA Director Michael V. Hayden when he gave superficial answers during his confirmation hearings last May.

The struggle against Islamic terrorism requires intelligence that is not corrupted by politics. Senators should ask Gates questions designed to ensure that the intelligence the nation's leaders will use to make tactical and strategic decisions be as untainted as possible.

How, for instance, does he plan to reassure the military and civilian intelligence collectors and analysts in the Defense Department that their findings will be welcomed, even when they disagree with his own conclusions? How will he discourage the common practice of "stovepiping," by which officials pass on — or retrieve — raw intelligence and use it without subjecting it to sufficient scrutiny? What will he do to minimize bureaucratic duplication and competition among the various defense intelligence agencies, the CIA and the National Security Agency? What lessons from the intelligence failures and successes of Iraq would he bring to the Pentagon, and how?

Senators might also ask Gates about reports that a unit sounding extraordinarily similar to the one accused of manipulating the intelligence on Iraq has been set up inside the Pentagon to coordinate intelligence on Iran.

Gates has the requisite background for the job and the brains to do it well. Senators should use his answers to these and similar questions to judge his fitness for office and his performance when he gets there.

Wage Bill Set For Fast Track In January (USAT)

USA Today, December 5, 2006

Incoming House Speaker Nancy Pelosi wants to fast-track efforts to boost the federal minimum wage and could seek to bring a bill directly to the House floor in January, her spokesman said Monday. Pelosi's preference is for a “stand alone” minimum-wage bill that is not tied to other legislative endeavors.

The bill probably will go straight to the floor for consideration, bypassing the House Committee on Education and the Workforce, said Pelosi spokesman Brendan Daly, lobbyists and others involved in the process.

The legislation is likely to call for a phased-in increase in the current federal minimum wage of $5.15 an hour to $7.25 an hour along the lines of a proposal written by Rep. George Miller, D-Calif., the incoming chairman of the committee.

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Pelosi, D-Calif., has made it clear that raising the federal minimum wage is a top priority in the first 100 hours of legislative business when the Democratic-controlled House convenes Jan. 4.

Kansas Gov. Sebeliusto head Democratic group

Kansas Gov. Kathleen Sebelius will assume the chairmanship of the Democratic Governors Association next year as the party enjoys its first gubernatorial majority in 12 years, officials said.

Sebelius, who was elected to a second term last month, will succeed New Mexico Gov. Bill Richardson, officials told the Associated Press. The officials spoke on condition of anonymity to avoid upstaging an official announcement Wednesday.

Michigan's Levin to seeksixth term in Senate

Sen. Carl Levin, D-Mich., said he will seek re-election in 2008. Levin, 72, was first elected to the Senate in 1978. He will lead the Armed Services Committee when Democrats take control of the Senate in January.

Levin said he was in a good position to change "both the security policy and the economic policy of this country." He has called for U.S. troop withdrawals from Iraq beginning within four to six months.

Sen. Thomas back at workafter leukemia treatment

Sen. Craig Thomas, R-Wyo., returned to work about a month earlier than planned after undergoing treatment for leukemia. Thomas, 73, was released Saturday from Bethesda National Naval Medical Center in Maryland. He had acute myeloid leukemia, the most common form of the cancer of the blood and bone marrow.

Last month, Thomas won re-election with 70% of the vote while he was in the hospital.

With The Democratic Congress, Groups Gear Up For Fight Over Paid Sick Days (NYT)

By Steven Greenhouse

The New York Times, December 5, 2006

With the Democratic Congress expected to move quickly to raise the minimum wage, many Democrats, women's organizations and liberal groups are gearing up for a fight on another workplace issue: paid sick days.

Supporters point to studies showing that nearly half of American workers do not receive paid sick days. But many Republicans and businesses complain that such legislation would impose another mandate on companies, driving up their costs.

Advocates of paid sick leave cite workers like Naomi Nakamura, who lost a week's pay when her 103-degree fever forced her to miss five days from her job at a video rental store in San Francisco.

Ms. Nakamura said, "Some employees didn't want to lose their pay, so they showed up for work even though they had strep throat, and they just spread it to other people."

Last month, San Francisco voters approved a measure requiring all employers to provide paid sick days, making it the first jurisdiction in the nation with such a requirement. The vote was 61 percent to 39 percent.

Now supporters are planning a big push for sick day legislation not just in Congress, but in Maine, Maryland, Montana and several other states. Senator Edward M. Kennedy, a Massachusetts Democrat, introduced a bill last year to require companies with at least 15 employees to provide seven paid sick days a year, but that bill languished in the Republican-led Congress.

Now that Democrats have won control of Congress, Mr. Kennedy, the incoming chairman of the Health, Education, Labor and Pensions Committee, is more optimistic.

"It has a wildfire of support across the country," he said. "When you talk to workers, this is, besides an increase in the minimum wage, the most important issue for these families. This is a families issue. This is a values issue."

Mr. Kennedy's bill, like a House bill sponsored by Rosa DeLauro, a Connecticut Democrat, would provide a total of seven paid sick days not just when workers are ill, but when members of their families are ill — or need to go to the doctor for checkups and tests.

A big problem with not having paid sick days, Mr. Kennedy said, is that many parents, not wanting to miss work, let their sick children go to school, spreading their illnesses. Mr. Kennedy said his bill would guarantee paid sick days to 66 million who do not now have them.

Business lobbyists plan to fight the effort.

"Supporters of legislation like this complain about unfunded mandates in education when it comes to No Child Left Behind, but they don't hesitate to impose unfunded mandates on employers," said Randel Johnson, vice president for labor, immigration and employee benefits at the United States Chamber of Commerce. "The employer community is not going to roll over on this issue."

Susan Eckerly, vice president for federal policy at the National Federation of Independent Business, said, "I could see where this would pass the House, but if you put this on the floor of the Senate, it would be a good candidate for a filibuster."

Mr. Kennedy acknowledged that possibility. "We'll need some of our Republican colleagues," he said.

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Advocates plan to build a coalition like the one that won passage of the Families and Medical Leave Act in 1993 after a long struggle — including two vetoes by the first President Bush. The coalition backing paid sick days includes the United States Conference of Catholic Bishops, the National Partnership for Women and Families, and Acorn, an association of community organizations that helped win passage of a minimum wage increase in six states on Election Day.

"These kinds of policies that create flexibility in the workplace are important to make families be healthy and economically secure," said Debra Ness, president of the National Partnership. "You'd be hard-pressed to talk to a woman today at any point of the economic spectrum who isn't struggling with this issue."

Jody Heymann, a professor of social policy at McGill University, pointed to studies showing that children get well sooner when their parents take time off to care for them. She said the United States was the only industrial nation not to require paid sick days when workers are ill.

"Enough firms do this to show that companies can provide this and compete economically," Professor Heymann said.

But many business owners complain that mandates like paid sick days require lots of paperwork and take a one-size-fits-all approach.

Steve Caughran, owner of a printing shop outside Fresno, Calif., said, "Any time the government is mandating something and creates an extra burden on business, it becomes another regulatory tax and raises costs."

He said that to attract workers most companies needed to provide good benefits, including sick days. He said he offered most employees about 14 paid days off each year, to be taken as vacation or sick days.

The Institute for Women's Policy Research found that 77 percent of workers in the lowest quarter by wages did not have paid sick days, while 43 percent of middle-class workers did not and 31 percent of workers in the top quarter did not.

Leonardo Prado, a restaurant worker in San Francisco, said not having paid sick days was a financial and emotional strain. Mr. Prado, who is divorced, said that last June when his 4-year-old, Antonio, got sick for two days, he had to hire a baby sitter for $10 an hour, even though he earned $8.82 an hour as a waiter, not counting tips.

"It really hurt in the wallet," Mr. Prado said. "You didn't have the option to say: 'I can't work this day. I have to take care of my son.' "

A community group in San Francisco, Young Workers United, sponsored the referendum, after many workers had complained about the issue.

Businesses hardly fought the measure, considering it a lost cause. "San Franciscans have a history of voting their social conscience as long as someone else writes the check," said Kevin Westlye, executive director of the Golden Gate Restaurant Association, which opposed the referendum.

He said consumers would be hurt, predicting that restaurants would raise prices because of the sick days mandate and a mandate for employers to contribute toward health insurance. The higher prices, he said, might cause some restaurants to lose business — and perhaps close.

"There's no such thing as a free lunch on something like this," he said. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Liberal Groups Target 86 Districts For '100 Hours' Campaign Blitz (HILL)

By Josephine Hearn

The Hill, December 5, 2006

Change America Now, a coalition of 40 liberal groups set to push the House Democrats' economic agenda, is targeting 86 districts around the country for press events and possibly television advertising, according to a list obtained by The Hill.

The groups will focus their efforts on 54 Republican and 32 Democratic districts, most represented by moderates, hoping to build support for four parts of the Democrats' "100 Hours" agenda: raising the minimum wage, allowing Medicare to negotiate drug prices with pharmaceutical companies, cutting student-loan interest rates and repealing tax breaks for oil companies.

"It is basically about branding a progressive agenda," said Brad Woodhouse, a spokesman for Americans United, a liberal group that led the 2005 campaign against adding private accounts to Social Security. Other groups taking a lead role in the effort include the Campaign for America's Future, USAction, the Service Employees International Union (SEIU), the Sierra Club and the American Federation of State, County and Municipal Employees (AFSCME).

Woodhouse said the groups would start as early as next week meeting with members in the targeted districts, then holding press events to talk about their findings.

The coalition will hold a series of "high-intensity press events" in January when Democrats take formal control of the House, Woodhouse said, and could venture into paid advertising later.

The groups have no central budget but their individual expenditures on press events, websites, phone and e-mail campaigns would rate in the "low seven figures," Woodhouse said.

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The groups first met last Tuesday and adopted the name Change America Now earlier this week.

Risk And Reward (NYT)

By Thomas B. Edsall
The New York Times, December 5, 2006
Washington

The G.O.P. is the party of risk, aggression, military assertion and dominance — an approach that led to the implosion in Iraq and the Republicans' defeat in November. Now the Democrats have a chance to demonstrate a core difference in how the two parties calculate and manage risk.

In "Fiasco," Thomas Ricks describes the results of the Republican approach: "Bush's decision to invade Iraq ... ultimately may come to be seen as one of the most profligate actions in the history of American foreign policy. ... The U.S.-led invasion was launched recklessly, with a flawed plan for war and a worse approach to occupation."

While inflicting destruction on the Iraqis, Bush multiplied America's enemies and endangered this nation's military, economic health and international stature. Courting risk without managing it, Bush repeatedly and remorselessly failed to accurately evaluate the consequences of his actions.

The embroilment in Iraq is not an aberration. It stems from core party principles equally evident on the domestic front. For a quarter-century, the Republican temper — its reckless drive to jettison the social safety net; its support of violence in law enforcement and in national defense; its advocacy of regressive taxation, environmental hazard and pro-business deregulation; its 'remoralizing' of the pursuit of wealth — has been judged by many voters as essential to America's position in the world, producing more benefit than cost.

While some Republican long shots have paid off handsomely (the Reagan administration's accelerated arms race arguably drove the former Soviet Union into bankruptcy), now the dice are turning up snake eyes. In November, voters concluded that the Bush administration had run one risk too many. After 40 years of ascendancy, the G.O.P. has provided Democrats with an opening. Will the Democratic Party, often insufficiently authoritative and bold, manage risk better? Democrats arguably suffer from their own impaired judgment: utopian faith in the power of negotiation and compromise — naïve, perhaps, in a world where the threat of bloodshed is endemic.

In this election campaign, the Democratic leadership offered pallid, nonspecific policy initiatives — in the House, a "bipartisan solution to strengthen Social Security," and in the Senate, a call to "work together to strengthen Social Security and Medicare."

Nonetheless, buried in a morass of campaign-season evasion were the outlines of a potentially salable political program. Representative Rahm Emanuel, the Democratic Caucus chairman, pointed out that 16 of the seats the party won in November were suburban or exurban. He contended that the election marked the emergence of a new "metropolitan" populism, "a revolt of the center against the Rovian model of polarization politics." In Emanuel's view, "Prescription drugs, gas prices and economic populism are no longer associated with blue-collar downscale voters. Office park workers can be just as populist as industrial workers — they are struggling under rising college and health care costs too. They resent giveaways to H.M.O.s; they don't want subsidies to oil companies when oil is 68 bucks a barrel. We are going to deal with the oil royalty issue, and we can cut the interest rates for student loans."

Serious Democratic policy makers are beginning to rigorously assess and quantify risk with an eye toward generating growth, calculating "second-, third- and fourth-order effects," while aiming to avoid, for example, the "silent trade-offs" that the economic strategist Gene Sperling writes about, which occur when "well-intentioned policies to protect certain workers or communities impose burdens on similarly situated or worse-off workers who were not included in the immediate cost-benefit calculations."

The morass in Iraq has created a Democratic moment. As the party struggles to forge a working majority, it must strike a delicate balance, argue Jason Bordoff and colleagues at the Brookings Institution's Hamilton Project. Allocating excessive economic risk to individuals can harm economic growth as well as family well-being, they note. Conversely, "poorly designed programs to protect against risks can distort economic incentives and impair overall economic performance."

For the Democrats to thread this needle will take a steady hand. <NYT_AUTHOR_ID>

Thomas B. Edsall, who holds the Pulitzer-Moore Chair at the Columbia Graduate School of Journalism, is a guest columnist.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Coming Soon: Dem Chairmen (HILL)

By Josephine Hearn
The Hill, December 5, 2006

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House Democratic leaders hope to have nearly all their committee chairmen named by week's end, a House Democratic leadership aide said yesterday.

The House Democratic Steering and Policy Committee, a group that makes recommendations on committee chairmen, is scheduled to meet today at 2:30 p.m. in HC-5 to consider the nominations for the chairmen of five "exclusive" committees: Rep. David Obey (Wis.) for Appropriations, Rep. Charles Rangel (N.Y.) for Ways and Means, Rep. John Dingell (Mich.) for Energy and Commerce, Rep. Barney Frank (Mass.) for Financial Services and Rep. Louise Slaughter (N.Y.) for Rules, the aide said.

The panel's recommendations will then come before the full caucus at a meeting scheduled for noon on Wednesday. The steering committee will meet two more times later in the week to handle non-exclusive committees, at 1:30 p.m. on Wednesday in HC-9 and 2 p.m. on Thursday in HC-5. Among those chairmanships, only the Veterans Affairs Committee is disputed.

Although chairmen may be decided soon, it will still be another few weeks before committees and leadership staff will move offices.

A second Democratic leadership aide said leadership offices in the Capitol and elsewhere would begin their move on Dec. 21, while committee staffs will wait until Dec. 26.

Democrats To Restructure Hill Appropriations Panels (WT)

By Shaun Waterman

The Washington Times, December 5, 2006

When Democrats take over Congress next year, they will restructure the appropriations panels of both chambers, seeking to restore the alignment between the Senate and House subcommittees and ease a budgeting process that has failed for 12 years in a row to deliver spending bills on time.

Democrats said that the details on the changes had not been finalized, but confirmed that the aim was to bring the two chambers' structures into alignment by adding two subcommittees on the House side.

"The objective is to have the subcommittees (in the two chambers) mirror each other," said one senior Democratic Senate appropriations staffer. "That is the key."

The staffer said that before a series of changes enacted by the Republican House leadership two years ago, the structure of the two chambers' subcommittees had been "identical, except for some very minor technical differences."

The last time Congress managed to complete all its spending bills before the start of the fiscal year was 1994, also the last year when both incoming appropriations committee chairmen Sen. Robert C. Byrd, West Virginia Democrat, and Rep. David R. Obey, Wisconsin Democrat, were leading their respective panels.

Aides said the two were determined to try to get the budgeting process back on track next year, though they acknowledged it would be challenging. With the fiscal year already a month old, Congress has passed only two of the required 12 appropriations bills and plans to adjourn this week after passing a long-term "continuing resolution" -- essentially permission for the government to go on spending at current budget levels.

Democrats maintain that by eliminating two subcommittees on the House side, responsible for funding the legislative branch and the District of Columbia, and moving other elements of jurisdiction around among the remaining 10, Republicans made the complex job of reconciling the House and Senate versions of spending bills that much more complicated, because the two-chamber conferences doing the work had to involve lawmakers from as many as four different subcommittees.

"Those changes created some difficulties when [appropriations] bills were conferenced," said Ronald Platt, a Washington Democratic veteran who chairs the federal government practice of the law firm Buchanan Ingersoll, and follows appropriations matters.

A spokesman for the Republicans on the House Appropriations Committee denied that.

Jurisdictional difficulties were "not insurmountable ... not a substantive problem," spokesman John Scofield said.

Conservatives argued that doing away with two of the powerful appropriations subcommittee chairmen, known as "cardinals," helped reduce earmarks and keep spending under control. Mr. Scofield said it was inefficient to have an entire subcommittee devoted to a small spending bill for the District of Columbia.

Mr. Platt said that Mr. Obey has the support of Speaker-elect Nancy Pelosi, California Democrat, for the changes.

"She and Obey have worked it out," he said.

In the Senate, staffers said members of the committee would meet tomorrow with Mr. Byrd to thrash out the details of the changes there.

"Some restructuring will be on the table," another Democratic aide said.

In addition to abolishing two subcommittees, GOP House leaders also made a series of other changes two years ago, moving oversight of about $40 billion of defense spending, mainly on health and basic housing, into the subcommittee that deals with theVeterans Affairs Department and military-construction spending bill.

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Mr. Scofield said that the change made sense and was supported by veterans groups and military families.

Congress Expected To Adjourn This Week (AP)

By Jim Abrams

AP, December 5, 2006

A Republican-led Congress criticized for producing little but political rancor is likely to end its term this week with at best a grade of "Incomplete."

The House and Senate return Tuesday having already decided to dump an unfinished budget on next year's Democratic-controlled Congress. Passing grades are problematic for a host of other issues on lawmakers' plates.

The main task this week will be approval of continued funding for most federal programs at fiscal 2006 levels through Feb. 15. That's necessary because the House and Senate have not come together on any of the new spending bills for the fiscal year that started in October except those covering defense and homeland security.

In other action this final week:

· The Senate is likely to move quickly to confirm former CIA Director Robert Gates as Defense Secretary Donald Rumsfeld's successor. The Senate Armed Services Committee holds a hearing with Gates on Tuesday.

· The House on Tuesday will vote on a Senate bill that would open 8.3 million acres in the eastern Gulf of Mexico to new oil and gas drilling. The bill's chances rose after House leaders last week abandoned the more ambitious House-passed bill, which would have ended drilling moratoriums along much of the nation's coast.

· Congress will also probably send the president a package of targeted tax breaks, most which expired at the beginning of the year. Those breaks include deductions for research and development, for higher education costs, for teachers' classroom expenses and for employers who hire people coming off welfare.

Efforts to move the popular tax package have been thwarted several times this year because of maneuvers to link it to more controversial legislation. This time, too, passage could be complicated by proposals to tie it to several pending bills, including one to stop a scheduled cut of Medicare payments to physicians and another to extend trade benefits for sub-Saharan Africa and other developing nations.

· Also possibly in the mix for an end-of-year combo package are an abandoned mine cleanup bill and a bill to permanently normalize trade relations with Vietnam.

The office of Senate Majority Leader Bill Frist said Monday it will take up the Vietnam bill if the House acts first. The House failed to pass the measure last month with a procedure requiring a two-thirds majority, and GOP House leaders have not announced plans for revisiting the issue.

Frist said Monday that House and Senate negotiators would meet to iron out a compromise on another major foreign policy initiative that would allow the United States to ship civilian nuclear fuel and technology to India.

Also on Frist's agenda is legislation to improve the nation's ability to react to bioterror attacks.

Frist had originally talked of keeping the Senate working right up to Christmas, but motivation to stay in Washington was deflated by the Republican losses of both the House and Senate in the election.

The House this week is scheduled to dispose of several dozen mostly minor bills including naming a Capitol room after retiring Rep. Henry Hyde, R-Ill.

The House is also to take up a bill requiring abortion providers to inform a woman 20 weeks into a pregnancy that the fetus may experience pain during an abortion. It's unlikely that the Senate would consider it this year.

Congress did approve significant measures this year, including a pension overhaul bill and the renewal of the Patriot Act. Other security-related measures sent to the White House included a port security bill and endorsement of President Bush's plans to create military commissions to prosecute terror suspects.

However, Congress was unable to come up with a plan creating a path to legal status for illegal immigrants, instead approving a 700-mile fence along the Mexican border. It couldn't pass a lobbying and ethics bill generated by lobbying scandals at the beginning of the year, and failed to reach a consensus on the administration's warrantless eavesdropping program.

By postponing action on the spending bills, Republicans will be leaving to the newly empowered Democrats the job of meeting the many demands for spending on health, education, veterans and transportation as well as doing something about the budget deficit.

Congress Not In A Spending Mood As The Holidays Near (WP)

By Shailagh Murray

The Washington Post, December 5, 2006

DOJ_NMG_0102497

A pile of unfinished business awaits the Republican-led Congress when it returns today, and a pile of unfinished business is likely to remain when lawmakers adjourn for the year, presumably on Friday.

Lawmakers have all but given up on completing any of the nine remaining spending bills and will instead leave it to the new Democratic leaders to work out the new government spending levels when they take charge in January.

Republican leaders will try, however, to pass a package of tax breaks, including several provisions that have expired or are scheduled to die Dec. 31. The list includes a research-and-development credit that is popular with manufacturing companies, individual deductions that benefit parents of college students and teachers who spend their own money on classroom supplies, and a sales-tax deduction for people who reside in states with no income taxes.

One urgent task before the Senate this week is confirming President Bush's choice of Robert M. Gates as the new defense secretary. Gates, a former CIA director, would succeed Donald H. Rumsfeld, who resigned Nov. 8, the day after Republicans lost control of Congress. Senate Majority Leader Bill Frist (R-Tenn.) said he expects Gates to be approved no later than Friday.

Frist also announced yesterday that final House-Senate negotiations would begin immediately on the U.S.-India Civil Nuclear Cooperation bill, hailed as a cornerstone of a broader strategic initiative between the two countries. The bill would allow American companies to export nuclear technology, equipment and fuel to India, which is vastly expanding its nuclear energy program.

But the Senate version of the bill contains restrictions that reflect an unease among some lawmakers that the India agreement would weaken international nuclear nonproliferation rules. Secretary of State Condoleezza Rice has urged that the Senate language be removed, warning that it could jeopardize support for the bill by the Indian government. Supporters believe chances for passage would plummet in a Democratic-led Congress, with lawmakers likely to insist on tougher nonproliferation terms.

Republicans hope to deliver a long-promised expansion of domestic oil and gas drilling, and the House will attempt today to pass an offshore-drilling bill allowing limited increases in oil and gas production in the Gulf of Mexico. The House had sought new access to waters along the East and West coasts, but Senate Democratic Leader Harry M. Reid (Nev.) warned that Democrats will filibuster a final bill unless expansion is restricted to the relatively small slice of the eastern Gulf that the Senate bill identified.

The future of a Vietnam trade-liberalization bill looks bleak. One possibility is attaching it to the tax-break package, but that high-priority measure has become a magnet for all sorts of straggler provisions. One is a Frist favorite that would block a scheduled Jan. 1 reduction in Medicare physician payments.

Another is a Medicaid provision backed by a coalition of long-term health-care providers and state government officials. They want to force Bush to rescind an August order that would reduce the amount of Medicaid funding available to public hospitals and nursing homes. Currently, state governments can charge providers a 6 percent tax, which is matched by federal funds and then returned to hospitals and nursing homes as government payments. The administration said the federal matching grants were too costly and ordered the maximum tax cut in half. Congress had earlier rejected such a plan.

The Vietnam legislation, which would establish permanent normal trade relations with the Asian country, ran into unexpected trouble last month in the House from lawmakers concerned that it would further damage the U.S. textile industry. Frist said the Senate would consider the bill "if the House can act," but House leadership aides said yesterday that the bill is a long shot.

Democrats have lambasted the GOP Congress for months about its skimpy list of accomplishments this year, including its failure to complete work on most of the annual spending bills to operate the government. Just two of the 11 fiscal 2006 appropriation bills have been completed. The nine remaining measures would fund about $460 billion of government programs and have been hung up by internal Republican feuds, in addition to the usual partisan squabbling.

Incoming House Appropriations Chairman David R. Obey (D-Wis.) said that if Republicans, as expected, seek to pass a resolution that would continue current funding levels through Feb. 15, Democrats will face two choices. They may seek to pass the remaining bills when they take over in January -- a daunting exercise that would coincide with the writing of next year's budget -- or pass a long-term continuing funding resolution.

"Either of those scenarios would represent lousy outcomes, but they would have been made unavoidable by Republican inaction today," Obey said.

Staff writer Charles Babington contributed to this report.

Blunt, Cantor Fall Out (HILL)

By Patrick O'connor

The Hill, December 5, 2006

DOJ_NMG_0102498

House Majority Whip Roy Blunt (R-Mo.) met yesterday with his chief deputy to quell simmering tension between the two of them that boiled over during the recent leadership contest.

Blunt and Rep. Eric Cantor (R-Va.) sat down in the whip's Capitol office for the second time in a week in an attempt to repair lingering damage that occurred during the Missouri Republican's successful drive to retain his leadership post when Republicans assume the minority next year, GOP aides said.

The dustup between Blunt and his chief deputy is largely the result of staff tension, which has been mounting for years but rarely affects the two lawmakers' close working relationship, members and aides cautioned.

The friction came to a head during the recent leadership races even though Cantor was assisting Blunt in turning back a challenge from Rep. John Shadegg (R-Ariz.), a conservative stalwart.

During that campaign, some Republican members and staff frequently suggested that Cantor was the more popular candidate to perform the whip duties even though Blunt eventually beat Shadegg by a wide margin.

A steady stream of stories and member comments fed that perception during the week and a half between the midterm election and the leadership race, creating tension between the two offices that was further fueled by inconsistent communication between the two staffs, the sources said.

That tension erupted during a phone call between the Blunt and Cantor before the race itself when Blunt expressed concern that Cantor's staff had not gone far enough to discredit a story that members wanted to "draft" the affable Virginian despite his commitment to build support for Blunt, aides said.

Blunt and Cantor spoke frequently during the race, and Cantor worked the phones and his contacts with other members to help Blunt hold onto the post. But the regular communications between the two members did nothing to dispel a growing perception in the conference that many members wanted Cantor to have a chance to run for the whip post as well.

At one point, the Cantor factor in the race was so influential that Shadegg sent a letter to his Republican colleagues reminding them of his pledge to retain Cantor as chief deputy if he could successfully unseat Blunt.

That dynamic spurred tension between Blunt's and Cantor's offices that became increasingly evident among members and staff on the Hill as Blunt fought for the No. 2 spot at the GOP leadership table.

In a staff meeting last month convened to discuss the rules and procedures for each of the seven leadership races, Blunt Chief of Staff Brian Gaston alarmed a number of those present by asking a question about whether write-in votes would be counted to determine the total number of votes after a Rules Committee staffer explained those votes would not count in the race itself.

Many of those present, which included one staff member for each lawmaker running, interpreted Gaston's question as a sign of concern that the Virginia Republican would somehow challenge Blunt during the closed-door election session. Gaston asked the question to determine whether or not write-in votes would count against the overall number of votes cast in the race and therefore change the number needed to win, an aide present said.

The overall episode is a brief aberration in a normally cooperative relationship, a Blunt spokeswoman said yesterday.

"Mr. Cantor is Mr. Blunt's closest friend in Congress, and he trusts him completely," Blunt spokeswoman Jessica Boulanger said yesterday. "They talk several times a day and have never had a single discussion that has ended with Mr. Blunt angry."

"The hallmark of Whip Blunt and Rep. Cantor's relationship is friendship and trust," Cantor Chief of Staff Rob Collins said. "Politics is a passionate business, so of course those passions can come out. But to win you have to be passionate."

The tension has eased since the race, and the conversation has turned to the role of the whip in the minority. During the race, Blunt promised Cantor an expanded role in the whip operation, aides said, and the two lawmakers must now define those changes as Republicans adapt to life in the minority.

"We're in the minority, and, as a result, the whip office has to function differently," Boulanger said.

The two lawmakers met over lunch last week to discuss possible changes to their whip operation, but details remain unclear about the particulars of those modifications.

One leadership aide unaffiliated with either lawmaker suggested that Blunt should give Cantor and his staff more access to Blunt's internal whip list. In the past, Blunt and his Floor Director Amy Steinmann have been very reluctant to share the details of those lists with members or leadership staff, a holdover practice from ex-Rep. Tom DeLay's (R-Texas) tenure in the post.

The dustup has stirred questions about Republican unity as the party moves forward, but aides to both members said it would not hamper their working relationship.

DeLay first tapped Blunt as his chief deputy in 1999. At the time, the Missouri Republican was popular among members and the press, but he has struggled occasionally in the intervening years to emerge from the Texan's long shadow. Cantor, meanwhile, has been considered a rising star since Blunt tapped him as his chief deputy in late 2002 after only his second term.

Cantor has since remained as deputy after own presumed rise in the leadership ranks was blocked when Blunt decided to hold onto his job as whip after narrowly losing his bid to become majority leader to Rep. John Boehner (R-Ohio).

Despite grumbling that Blunt should make way for Cantor, the two lawmakers worked closely during the Blunt's recent run to retain the whip job and both sides expressed confidence that they can move beyond this rocky episode.

"The Blunt Whip team is the most successful whip team in the history of the House," Collins said. "Based on that past, one could only assume the future will bring more success."

House Ethics Probes May Stay Unresolved (WT)

By Christina Bellantoni

The Washington Times, December 5, 2006

The secretive House ethics panel is unlikely to complete several of its investigations during the final month of the 109th Congress, so questions about the conduct of a handful of members will remain unresolved.

The probes began in May but will end when members adjourn this month. A new committee at the convening of the 110th Congress could vote to reauthorize or carry over the investigations, but panel members are not required to do so.

House leaders are mum about whether the panel will keep the same members in the upcoming session, when Democrats will assume majority for the first time since 1994.

The panel, formally named the Committee on Standards of Official Conduct, has at least four active investigations, including probes of Rep. William J. Jefferson, Louisiana Democrat, and former Rep. Bob Ney, Ohio Republican.

Ney pleaded guilty to conspiracy charges and to accepting bribes in exchange for legislative favors this fall, then resigned his seat before last month's elections.

Mr. Jefferson faces a runoff Saturday against Democrat Karen Carter, a state representative, in his bid for a ninth term representing a New Orleans district. He has not been charged with a crime, but FBI investigators found $90,000 cash in his freezer after they videotaped him receiving a $100,000 bribe.

Also under investigation is the bribery scandal involving former Rep. Randy "Duke" Cunningham in 2005. The panel is trying to determine whether the California Republican, serving an eight-year prison sentence for accepting at least $2.4 million in bribes for securing defense contracts, was able to influence any other members.

The ethics panel has been investigating the inappropriate computer messages that former Rep. Mark Foley, Florida Republican, sent to male teenagers who had served as congressional pages.

Democrats campaigned against a culture of corruption, reminding voters that Republicans in the majority were plagued by scandals and saying special interests influenced legislation on health care and energy.

Speaker-elect Nancy Pelosi of California has promised to "drain the swamp" and said yesterday that her party's "first order of business" in January will be ethics reform.

"The people's House should not be an auction house, with legislation being sold to the highest bidder," she said. "Democrats pledge to make this the most honest, ethical and open Congress in history."

Changes could arise in a House rules package passed when the new session convenes Jan. 4.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington (CREW), said any ethics reform should include creation of an independent office of public integrity. Without outside oversight or enforcement, corrupt members can feel protected by their congressional pals, she said.

"The ethics committee is always viewed as partisan and political, and they need to take investigations away from it," she said, adding that groups such as CREW should be allowed to file ethics complaints.

Hastings Paid Penance And Deserved Better (USAT)

By Dewayne Wickham

USA Today, December 5, 2006

What Democrats did to Alcee Hastings is a case of political ethics being taken to an illogical extreme.

The decision by Rep. Nancy Pelosi, D-Calif., the soon-to-be speaker of the House, not to make the Florida congressman chairman of the Intelligence Committee was a concession to political expediency, not good judgment.

Hastings, the second-ranking Democrat on the committee that oversees the government's intelligence operations, was thought to be the front-runner to head that panel when his party assumes control of the House in January. But last week, Pelosi announced that he would not get the post. In doing so, she caved in to those who say the former federal judge can't be trusted with the nation's secrets because he was impeached for a crime he allegedly committed a quarter century ago.

Never mind that Hastings was acquitted of conspiring to extort a $150,000 bribe in a 1983 criminal trial. His detractors pointed to his impeachment in 1989 on charges that he lied and fabricated evidence in that case as proof of his unfitness to head the committee.

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But in stripping Hastings of his judgeship, the Senate chose not to disqualify him from ever holding another public office — a ban the Constitution allows it to invoke in an impeachment. So in 1992, Hastings sought and won a seat in Congress. He has been a member of the Intelligence Committee since 1999.

"No one has raised any concerns" about whether Hastings can be trusted with the nation's secrets during his time on the committee, says Jamal Ware, the Intelligence Committee's spokesman.

As the committee's chairman, Hastings would have had greater access to the nation's secrets as a member of the Gang of Eight — a group of congressional leaders with whom the president can choose to share limited knowledge of the most tightly held secrets. But to say that Hastings should be disqualified from this inner circle because of something he allegedly did in 1981 ignores what he has done since.

"He's been there (on the Intelligence Committee) too long to make the claim that he is unreliable," says Charles Ogletree, a Harvard law professor who runs the school's Charles Hamilton Houston Institute for Race & Justice. "Not before 9/11 or after were any arguments made to remove him from that panel. His record of unblemished service has to mean something. To judge him on what happened in the 1980s, and not on what he has done since, seems disingenuous."

But that is exactly what Pelosi seems to have done — or been forced to do.

In backing away from an appointment she was said to once favor, the House's top Democrat seems to be saying that there is nothing Hastings can do to rehabilitate himself. It doesn't matter that in impeaching Hastings, Congress punished him for his alleged offense. Nor does it matter that since being stripped of his federal judgeship, Hastings has been elected seven times to the Congress and has served seven years on the Intelligence Committee.

If she is going to make good on her pledge to rid the House of its "culture of corruption" when Democrats take control of that body next month, Pelosi appears to have decided that she must make a sacrifice of Hastings.

That's a shame. Hastings deserved better. After years of loyal service on the Intelligence Committee, he deserved to hear Pelosi answer his critics rather than give in to them. He deserved to hear her say that ever since Congress meted out its punishment, Hastings has served that body, and the nation, and not reviled it.

She should have said people who pay a price for wrongdoing shouldn't be treated as if they got a life sentence, especially when they follow that penalty with a long record of unassailable public service.

Pelosi should have said that when it comes to bad behavior, she believes in both punishment and redemption.

Lawmakers' Regional Slams Draw Rebukes (USAT)

By Larry Copeland

USA Today, December 5, 2006

The regional insult, a staple of trash-talking sports fans but rarely used these days by national politicians, is making a comeback.

Rep. Charles Rangel, D-N.Y., who is slated to become chairman of the powerful House Ways and Means Committee, angered Mississippians when he asked last month, "Who the hell wants to live in Mississippi?"

Last week, Rep. Tom Tancredo, R-Colo., a vocal opponent of illegal immigration, said of Miami: "You would never know you're in the United States of America. You would certainly say you're in a Third World country."

George Gonzalez, associate professor of political science at the University of Miami, says regional insults by national politicians are rare. "There are regional rivalries in terms of economy and industry but it rarely spills over into outright insult," he says. "In some ways, it's unpatriotic, because you're just insulting another part of your country. Ideally, we're all one nation."

The Miami and Mississippi slams drew stern rebukes.

"There's been a steady supply of letters to the editor," says Joe Parker, a professor of political science at the University of Southern Mississippi. "The tone has been: Charlie Rangel lives up there in New York where people are killing each other. What does he know?"

Rangel, who has apologized, was simply indulging in an age-old tradition when he insulted Mississippi, which has a long history of poverty, racial inequity and illiteracy, says William Ferris, a Mississippian and now senior associate director of the Center for the Study of the American South at the University of North Carolina at Chapel Hill.

Rangel was discussing how New York state might keep more of the tax revenue it sends to Washington when he told The New York Times: "Mississippi gets more than its share back in federal money, but who the hell wants to live in Mississippi?" He later apologized.

"There is no excuse for my having said that," Rangel said in a statement. "My love for New York got in the way of my common sense and judgment."

Tancredo's comments, made during a summit of conservative activists in Palm Beach, earned him an admonishment from Florida Gov. Jeb Bush, a fellow Republican, who called the remarks "disappointing" and "naive."

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Tancredo was discussing how unchecked immigration has contributed to high crime rates in Miami.

Gonzalez says Tancredo's comments are "overtly racist. You're equating immigration with criminality."

Tancredo "didn't insult anybody," says his spokesman, Carlos Espinosa. "He made an observation. No one's questioning him on the statement itself. They want to discuss their hurt feelings. But they're not willing to fix the problem."

Renewed Worries On Medicare Drug Plans (NYT)

By Robert Pear

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — Pharmacists and advocates for older Americans say they are worried that tens of thousands of low-income Medicare beneficiaries will again have trouble getting medications next month, as they did in January of this year.

Many prescription drug plans are changing benefits. Beneficiaries are changing from one plan to another. New plans are entering the market. Some beneficiaries will find they can no longer use the drugstores they have been using.

“There will be surprises and shocks for some beneficiaries,” said Michael J. Negrete, vice president of the California Pharmacists Association.

About 600,000 poor people are losing the guarantee of extra assistance that covered nearly all their drug costs this year.

“Starting Jan. 1, 2007, you will no longer automatically qualify for this extra help,” the Bush administration said in letters sent recently to these beneficiaries.

Some may still be able to obtain extra help. But they need to apply to a federal or state agency, and few have done so.

Pharmacists and insurance counselors say many of the 600,000 beneficiaries will not discover the change in their status until they show up at pharmacies next month. Then they could be charged $25 to $50 or more for drugs that cost them only $3 or $5 this year.

Druggists say they also foresee problems for another group: 300,000 low-income people who will be reassigned to plans chosen at random by the federal government.

Even people who stay in the same plan may face surprises because some of their drugs may no longer be covered. Plans can change the list of covered drugs from one year to the next, dropping some and adding others.

Mark J. Gregory, a vice president of Kerr Drug, which owns 102 pharmacies in North and South Carolina, predicted some snarls and delays for customers next month, but said, “It can’t be as bad as early this year.”

“Some seniors will show up at the pharmacy, unaware they have been reassigned to a different plan,” Mr. Gregory said. “They may find that the new plan no longer covers some of their medications. Others may learn that they no longer have a low-income subsidy, and they cannot afford the new co-payment. In both cases, drug therapy may be interrupted.”

Mr. Gregory offered this advice: “Beneficiaries should be prepared. If you have any doubt, take action now. Ask questions. Call your plan. Don’t wait till Jan. 1.”

Jennifer Mezey, a lawyer at the Legal Aid Society of the District of Columbia, voiced a similar concern. “Come Jan. 1,” she said, “some low-income people will show up at the pharmacy and be charged full price, and they won’t be able to get their medications.”

Even if a drug is still covered, Ms. Mezey said, it may be subject to new restrictions limiting the number of pills or requiring doctors to get advance approval for prescriptions.

Federal officials said they were trying hard to avoid a repetition of the problems that overwhelmed pharmacists 11 months ago.

With a year’s experience, they said, pharmacists, insurers and beneficiaries know what to expect. Medicare has upgraded its computer systems. Insurers have hired more people for telephone call centers.

“Lessons have been learned,” said Kathleen M. Harrington, a spokeswoman for the Medicare agency.

Beneficiaries have until Dec. 31 to pick a plan. The Bush administration is urging people to act by this Friday, to avoid delays on Jan. 1.

E. Timothy Marks, co-owner of Excel Drug, a pharmacy in Waldport, Ore., said beneficiaries should be prepared for “problems somewhat similar” to those they experienced early this year.

“The plans are too complicated for some of the elderly to understand,” Mr. Marks said. “Many low-income beneficiaries eligible for Medicare and Medicaid are unaware of the procedures and changes that will affect their drug coverage.”

In the chaotic first weeks of the drug benefit this year, many pharmacists gave away drugs, and many states established emergency assistance programs for low-income people who could not get the drug coverage promised by Medicare. New York and other states have curtailed those programs.

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William P. Scheer, chairman of the Pharmacists Society of the State of New York, who owns a drugstore in the Bronx, said: “Some people will go cold turkey on Jan. 1. They will go without needed medications that they have been receiving under the state program.”

The New York State Health Department is sending a “reduction of benefits notice” to people who receive both Medicare and Medicaid. It says the state will no longer cover their drugs, with a few exceptions.

New York officials are urging doctors to help patients get coverage through Medicare. Doctors could, for example, rewrite prescriptions or ask Medicare to make an exception for a particular drug and a particular patient.

California is continuing its emergency program through Jan. 31.

“We anticipated that there could be problems in January,” said Stan Rosenstein, the Medicaid director in California. “So we kept the program available as a safety net. The governor and the State Legislature did not want any possibility of disruption.”

Mr. Rosenstein said he was most concerned about 85,000 Californians who were losing automatic eligibility for Medicare’s low-income subsidy. “It could be a surprise when they go from paying $5 co-payments to having a $250 deductible,” he said.

The Bush administration has repeatedly advised beneficiaries that they do not have to take any action if they are satisfied with their current drug coverage.

But insurance counselors and health care lawyers say most people can save money by switching plans in 2007.

Katrina A. Eversole, an insurance counselor at the Washington County Commission on Aging in Hagerstown, Md., said she had helped 50 beneficiaries in the last week.

“In most cases,” Ms. Eversole said, “we are signing them up for new plans and saving them a great deal of money. We can often find a plan whose total annual costs will be just half of what they would have to pay for their current plan in 2007.” <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Medicare's 'Doughnut Hole' Help (WSJ)

By Jane Zhang

The Wall Street Journal, December 5, 2006

The federal government is offering seniors a hand figuring out the infamous "doughnut hole" -- the coverage gap in Medicare's prescription-drug benefit that many beneficiaries will encounter during the year.

A new tool on Medicare's Web site, called a cost estimator, offers monthly and annual spending estimates based on the drugs seniors take and the pharmacy they use. Because it includes both the costs to seniors and to their plans -- the two factors that determine when the doughnut hole kicks in -- seniors can get at least a rough idea of when during the year they will reach the gap under each plan in their area.

For 2007, the doughnut hole begins after seniors and their stand-alone drug plan have spent a total of $2,400. The beneficiary then must bear all costs for his or her drugs until the out-of-pocket expenses reach $3,850. After that, seniors pay only 5% of additional drug costs.

Seniors have four weeks left in the current enrollment season to sign up for the Medicare drug benefit or change plans. Especially for seniors who spend a hefty amount on drugs, the new cost estimator can help decide whether they should change plans. All other things being equal, drug plans that negotiated lower prices with drug makers will have coverage gaps that occur later in the year than plans that pay higher prices for drugs. So a plan with a later coverage gap may mean lower out-of-pocket costs for beneficiaries.

The drug benefit, which took effect in January, is subsidized by the federal government and offered through private insurers. This year, an estimated three million to four million seniors hit the gap. While more plans are offering coverage through the gap next year, most don't cover brand-name drugs, so seniors still need to watch their spending.

The cost estimator was launched in October as part of the upgraded Medicare Web site. Previously, most enrollees could figure out how much their plans were spending on drugs only when they bought the drugs at the pharmacy. This year, insurers such as Humana Inc., UnitedHealth Group Inc. and WellPoint Inc. also have updated their Web sites so seniors can compare total drug costs from different plans. But the Medicare tool is the most comprehensive -- if a bit harder to navigate. To use it, seniors need to click the compare-drug-plans link on www.medicare.gov1, followed by "find and compare plans." They then can begin either a personalized or general search for drug costs and enter the lists or drug names they use. The estimates -- shown in a chart followed by a detailed explanation -- are at the very end of the page with the plans' details.

The site is updated every two weeks based on updated information from the plans, and the costs reflect discounted prices each plan has negotiated with drug manufacturers, not including rebates, says Mary Agnes Laureno, director of beneficiary information services at the federal Centers for Medicare and Medicaid Services. "It should be really close" to what seniors see after each purchase at their pharmacy.

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But there's also a caveat: Plans can change their drug prices during the year, so a beneficiary's actual spending may be higher or lower than estimated. "That gives you the best possible estimate, but it's only an estimate," says Tricia Neuman, Medicare policy director at Kaiser Family Foundation.

In addition, seniors can't always predict what drug they will use, and not all seniors are savvy online users. John Rother, policy director at the seniors' group AARP, welcomes the tool but wonders how useful it will be. "Most seniors are not going online for information," he says. A Kaiser survey in April showed that 5% of seniors compare plans themselves on www.medicare.gov, while another 5% had family or friends that did that for them.

In all, 3.6 million seniors enrolled in the drug benefit online in 2006, says Medicare spokesman Jeff Nelligan. The enrollment period ends Dec. 31.

Bill Would Restructure Red Cross (NYT)

By Stephanie Strom

The New York Times, December 5, 2006

Senator Charles E. Grassley filed legislation yesterday to overhaul the American Red Cross. It is the first time in almost 60 years that Congress has moved to amend the organization's charter.

The legislation, which has the organization's strong support, would cut the size of the Red Cross's national board by more than half, change the way board members are nominated and mandate the appointment of an independent ombudsman charged with reporting annually to Congress, among other steps.

Mr. Grassley, an Iowa Republican who is chairman of the Senate Finance Committee, has been pushing for change at the organization. A House version of the bill was filed by George P. Radanovich, Republican of California.

Following widespread criticism of its performance after Hurricane Katrina, the Red Cross commissioned a panel of experts to examine its governance and make recommendations. The report suggested many changes that require legislative action because the Red Cross is governed by a Congressional charter.

"The Red Cross views this legislation as vital to modernizing its governance structure to meet the demands of the 21st century and is hopeful that Congress will pass this historic legislation before it adjourns for the year," the organization said in a statement.

The changes would require the Red Cross to reduce its board to at most 20 members by 2012, from the current 50, and change the way board members are nominated in an effort to reduce the influence of Red Cross chapters.

The legislation also seeks to clarify and limit the role of the board. Former senior executives of the organization have long complained about its interference in day-to-day operations.

It also all but eliminates the role of the president of the United States in board appointments. In the past, the president has appointed the chairman and eight board members, typically cabinet secretaries who rarely attended meetings.

Under the proposed legislation, the board would nominate a chairman for approval and appointment by the president. All other presidential appointments to the board would be abolished.

Among other duties, the ombudsman would offer make it easier for whistleblowers. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

NASA Plans Permanent Base On The Moon (NYT)

By Warren E. Leary

The New York Times, December 5, 2006

WASHINGTON, Dec. 4 — NASA announced plans on Monday for a permanent base on the Moon, to be started soon after astronauts return there around 2020.

The agency's deputy administrator, Shana Dale, said the United States would develop rockets and spacecraft to get people to the Moon and establish a rudimentary base. There, other countries and commercial enterprises could expand the outpost to develop scientific and other interests, Ms. Dale said.

Ms. Dale and other officials of the National Aeronautics and Space Administration said the agency envisioned a base at one of the lunar poles, to take advantage of the near-constant sunlight for solar power generation. It would have an "open architecture" design to which others could add the capabilities they want.

Scott Horowitz, NASA's associate administrator for exploration, said crews of four astronauts would make weeklong missions to the Moon starting around 2020.

As more equipment was set up, human stays would eventually grow to 180 days, and become permanent by 2024. By 2027, officials said, a pressurized roving vehicle on the surface would take people on expeditions far from the base.

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NASA gave no cost estimate for the program and no design details for the base. Ms. Dale said all plans assumed that the agency would continue operating from a fixed budget of about $17 billion a year.

The space shuttle fleet is to be retired by 2010, and the United States plans to scale back its involvement in the International Space Station. The station is still under construction, with a mission by the shuttle Discovery to lift off on Thursday. Ms. Dale said money would be shifted to the lunar exploration program from the shuttle and the station.

While the Bush administration and NASA have spoken in general terms about plans for a return to the Moon, followed by human spaceflight to Mars, the lunar outpost plan is the first time officials have proposed a permanent presence.

"We're going for a base on the Moon," Mr. Horowitz said. "It's a very, very big decision."

Many gaps in the plan remain to be filled in. NASA called Monday's announcement a baseline concept.

In a televised news conference from the Johnson Space Center in Houston on the eve of an international conference there on space exploration, Ms. Dale said the plan was developed after consultation with space agencies representing 14 countries and more than 1,000 experts in space science and commerce.

"The door is open for international and commercial interests," she said.

The lunar base plan is part of a larger effort to develop an international exploration strategy, one that explains why and how humans are returning to the Moon and what they plan to do when they get there, NASA officials said.

The planning includes an international conference early next year on setting scientific goals for returning to the Moon, including those that private interests might want to pursue.

Doug Cooke, the agency official who led the lunar study group, said the plan called for putting a lander craft down near a polar crater and later adding solar-power generating units and living quarters to establish a base.

A site near the lunar South Pole, like the Shackleton Crater, would provide enough sunlight for power generation. It is also near possible deposits of valuable minerals.

From this site, Mr. Cooke said, other nations could add scientific laboratories or observatories, and commercial concerns might want to process rocket fuel and other products from water and other materials that might be found in the ground nearby.

Mr. Horowitz said having a base did not mean that humans would go there after every lunar landing. The option remains open for some missions to go to equatorial regions, as the Apollo project landers did in the 1970s, or even to the other side of the Moon.

Getting to the Moon and establishing a base will require a versatile, general-purpose lander that could land anywhere and be the core of an outpost, he said.

"The nickname I use for the lander is, it's a pickup truck," Mr. Horowitz said. "You can put whatever you want in the back. You can take it to wherever you want. So you can deliver cargo, crew, do it robotically, do it with humans on board. These are the types of things we're looking for in this system."

Ms. Dale said she and other NASA officials would spend part of next year visiting potential partners in the lunar project, like the space agencies of Europe, Russia and Japan, to see what they might want to contribute. Different aspects of a lunar base might come from many agreements between the United States and other nations, she said, rather than following the model of the space station of having many partners signing one agreement.

While there have been preliminary talks about cooperation in space with China, a growing space power which along with the United States and Russia has the ability to launch humans, it is too early to tell whether the two nations will agree to work together on human space flight projects such as the lunar base, she said.

Howard McCurdy, a NASA expert who is a professor at the school of public affairs at American University in Washington, expressed some skepticism about whether the space agency could make the ambitious plan fit in its budget, even with the winding down of the shuttle program and "throwing the keys to the International Space Station" to the other nations that helped to build it.

By relying on some of the ideas and technologies developed during the Apollo program and beyond, Mr. McCurdy said, NASA planners expect to be able to get back to the Moon for 40 percent to 60 percent of the original cost. There would be savings, too, in not having to reinvent technologies for protecting spacecraft from the heat of re-entry into the atmosphere, and not having to develop new launching facilities from scratch.

But he said he was concerned that the technology for lunar exploration "won't get us beyond the Moon" and on to Mars.

"The fear is that the Moon, which is now viewed as a means to get beyond the Moon, will become its own destination, for hundreds of years," he said. "The easy way to go to the Moon is the hard way to go to Mars."

While NASA has yet to design the permanent camp, last July officials at the Johnson Space Center took reporters on a tour of possible lunar habitats to come.

The mock-ups were built of plywood and plastic, and had the crowded feel of a FEMA trailer. They addressed problems that NASA engineers expected astronauts living on the Moon to encounter.

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Dust, for example, is not just untidy. On the Moon, the particles tend to be jagged and sticky, and so the engineers have designed an airlock to allow dust removal after any trip outside. <NYT_AUTHOR_ID>

John Schwartz contributed reporting from New York.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

NASA Plans Permanent Moon Base In 20 Years (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, December 5, 2006

An international team of astronauts will be living and working at a permanent moon base to be built at one of the resource-rich lunar poles within two decades, NASA announced Monday.

Earth's first off-world colonists will cruise the surface in a lunar lander that will function like a low-gravity pickup, possibly journeying to the dark side to build the most ambitious collection of observatories ever constructed, NASA said.

The announcement of NASA's vision to build a permanent scientific research station on the moon represents the space agency's first outline of its plans once it reaches the moon, scheduled no later than 2020.

"We will begin with short missions. Then we will build up to the point where we are staying 180 days, and then we will have a permanent presence," Doug Cooke, deputy associate administrator for exploration systems, said at a news conference at Johnson Space Center in Houston. The base could be operational by 2024, officials said.

In 2004, President Bush announced the Vision for Space Exploration, which proposed a return to the moon by 2020, as the first step to an eventual manned mission to Mars. NASA has since embarked on a $100-billion-plus program to design a new launch system and crew vehicle capable of carrying four astronauts to the lunar surface. To free up money, NASA will mothball the space shuttles by 2010.

Until now, it was unclear what NASA had in mind for the moon.

"We're going to go after a lunar base," said Scott Horowitz, associate administrator for exploration systems. "This is a very, very big decision; one of the few where the science and exploration communities agree."

Space science advocates have complained that money for basic research is being raided to pay for manned spaceflight, which they feel is costly and of questionable benefit when robotic explorers can perform many of the same tasks less expensively.

In choosing to locate the moon base at either the north or south pole, NASA was persuaded by three factors. One, the sites are relatively unexplored. Two, temperatures are more moderate there than in the searing heat of the equatorial bright side and the numbing cold of the dark side. Lastly, previous moon missions detected unusual amounts of hydrogen at both poles. Some scientists have speculated that this could be traced to hidden ice deposits, a potential source of water.

Australia, Canada, China, Europe, Japan, India and Russia have expressed interest in participating, NASA said.

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NASA Plans Lunar Outpost (WP)

By Marc Kaufman

The Washington Post, December 5, 2006

NASA unveiled plans yesterday to set up a small and ultimately self-sustaining settlement of astronauts at the south pole of the moon sometime around 2020 -- the first step in an ambitious plan to resume manned exploration of the solar system.

The long-awaited proposal envisions initial stays of a week by four-person crews, followed by gradually longer visits until power and other supplies are in place to make a permanent presence possible by 2024.

The effort was presented as an unprecedented mission to learn about the moon and places beyond, as well as an integral part of a long-range plan to send astronauts to Mars. The moon settlement would ultimately be a way station for space travelers headed onward, and would provide not only a haven but also hydrogen and oxygen mined from the lunar surface to make water and rocket fuel.

NASA officials declined to put a price tag on what will clearly be an extremely expensive venture. But they said that with help from international partners and perhaps space businesses, the agency would have sufficient funds to undertake the plan without any dramatic infusion of new money.

If the project goes ahead as planned, it would return humans to the moon for the first time since 1972.

NASA Deputy Administrator Shana Dale said the agency met with hundreds of scientists, potential international partners and space businesses over the past year to discuss lunar options -- most pressingly, whether the plan should be based around a

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series of sorties to the moon or a permanent outpost and later settlement. The conclusion, she said, was that an outpost would be the best both for science and to prepare for exploration deeper into space.

Scott Horowitz, chief of lunar exploration, said: "The lunar base will be a central theme in our going forward plan for going back to the moon in preparation to go to Mars and beyond. It's a very, very big decision, and it's one of the few where I've seen the scientific community and the engineering community actually agree on anything."

Dale said that once the team endorsed the concept of an outpost, which would be about the size of the Mall, the next debate was over where to put it, with a focus on either of the moon's poles.

"Conditions at the south pole appear to be more moderate and safer," she said. The south pole is almost constantly bathed in light and would be an ideal place to set up solar-power collectors for an electrical system -- a precondition for achieving the kind of "living off the land" that NASA is aiming for.

Horowitz also said the polar sites are scientifically exciting because "we don't know as much about the lunar poles as we know about Mars." Officials said the area around the south pole has craters that probably hold volatile gases that could be collected for commercial purposes. Highest on the list of possible resources is helium-3, a form of the gas seldom found on Earth that could be well suited for nuclear power fuel.

The rockets and space capsules that will take astronauts back to the moon will be exclusively American, but Dale said the mission envisions and needs the cooperation of other nations. As part of the process, she said, NASA officials met with representatives from the European Space Agency and the national space agencies of Australia, Britain, Canada, China, France, Germany, India, Italy, Russia, South Korea and Ukraine.

Dale said she will travel extensively next year to these nations and others to see how they might participate. One project she mentioned as attractive to NASA and possibly others is the deployment of an array of telescopes on the dark side of the moon to see far into the universe.

The NASA plan grew out of President Bush's Vision for Space Exploration, which was announced in 2004 and calls for sending astronauts back to the moon and later to Mars. Congress almost unanimously embraced the general plan last year in an authorization bill, but questions remain about its funding. NASA is counting on redirecting billions of dollars from the space shuttle and international space station programs to fund development of a new spaceship, but some critics have complained that the agency is already cutting back its science programs to pay for the moon-Mars project.

It seems appropriate that the space agency is aiming for the moon's south pole, because NASA Administrator Michael D. Griffin is fond of likening the lunar project to the exploration of Antarctica. Adventurers first reached Earth's South Pole in the early 20th century, but it wasn't until the 1950s that researchers returned and years later before they established permanent, year-round settlements.

NASA plans to send a robot lander to the moon in 2010 to look for good settlement sites. One of the top candidates now is near the Shackleton Crater (named, fittingly, for Antarctic explorer Ernest Shackleton), near the south pole, but NASA officials said their plans will evolve based on what they learn from rovers and satellites.

The new lunar plan harks back to NASA's Apollo era, when six missions landed on the moon between 1969 and 1972. But unlike Apollo's spacecraft, the new space transport being developed -- the Ares I rocket and Orion capsule -- will have a lander designed for reuse and to serve as a kind of "pickup truck," according to Horowitz. The plan also calls for the development of a pressurized rover that would allow astronauts to ride around the moon without wearing cumbersome spacesuits.

The first test flight of the Ares rocket is scheduled for 2009, and the first manned flight of the Orion is scheduled for 2014.

While NASA is counting on international support and funds to make the lunar settlement possible, the track record for international cooperation in space is mixed. The space station -- which was initially conceived and designed by the United States -- has taken far longer to assemble than planned, and at a far greater cost. Some of the 14 international partners have also chafed over American priorities for the station -- a situation that Dale said NASA hopes to avoid in the moon mission by bringing in partners very early in the planning process.

John Logsdon, director of the Space Policy Institute at George Washington University, commended NASA for undertaking a "bottom-up" assessment of the project. He said the program seems to have broad support in Congress, though it will probably get more scrutiny now with Democrats in charge.

"The basic assumption in Congress," Logsdon said, "is that this is the way to go."

NASA Plans To Put A Base On The Moon By 2020 (USAT)

By Traci Watson

USA Today, December 5, 2006

WASHINGTON — NASA plans to surpass the Apollo missions by establishing a base on the moon that could lead to a permanent human presence on the lunar surface, space agency officials said Monday.

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For the first time since President Bush announced in 2004 that U.S. astronauts would return to the moon, NASA has specified what it plans to do once there. No human has set foot on the moon since 1972. That final stay, the longest, lasted three days.

Under the plans outlined Monday, human habitation of the moon would begin in 2020 with four-person crews that would stay for a week. Visits would lengthen until astronauts could live on the base for up to six months at a stretch. This could occur as early as 2024.

The Apollo missions of the 1960s and 1970s “were limited,” said Doug Cooke, NASA's deputy chief of exploration. “We're looking at this more permanent capability that will allow longer stays and a lot of achievements.”

Cooke and other officials declined to say precisely how much the program would cost or how it would be funded. Deputy NASA Administrator Shana Dale said the costs of building a moon colony would not require an increase in the NASA budget, currently $17 billion per year. Part of the money would come from the retirement of the space shuttle, planned for mid-2010, Dale said.

Last year, NASA Administrator Michael Griffin said that the first voyage back to the moon would cost $100 billion. That includes the price for NASA's new Orion spaceship, a pumped-up version of the Apollo capsule, and the Ares rocket to carry the Orion into space.

Skeptics, such as the Congressional Budget Office and the Government Accountability Office, have warned that NASA is unlikely to be able to mount such an ambitious effort with so little money. Already Griffin has cut NASA's funding of space science and aeronautics research to help pay for the moon program and the high costs of the space shuttle and the International Space Station.

A moon base would help NASA decide what's needed to send people to Mars, said David Portree, a former NASA historian. But he warned that the expense could sink the whole project.

“Running a base is going to be very expensive,” Portree said. “It's going to make running a space station look cheap.” The Congressional Research Service estimates that the station's construction cost will exceed $100 billion, more than five times the first estimate, made in the early '90s.

Saving money was foremost in NASA's thinking in choosing the site for a moon base. It will probably be located at the lunar north or south pole, Dale said, in part because the ample sunlight that hits those regions would make it cheaper to provide power.

The south pole is intriguing to scientists because of the possibility that deep, well-shadowed craters there hold ice, which could be used to provide water as well as fuel. A recent study has raised doubts about that theory.

A Flock Of Frocks And One Weepy Warbler (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, December 5, 2006

Can we just start the evening over? Come back out, do it all over again but this time, you know, differently?

So it went at the Kennedy Center Honors on Sunday, not just for Jessica Simpson -- who broke down onstage over some imperceptible flaw in her tribute to Dolly Parton -- but also for Laura Bush, who mysteriously changed dresses right before the gala.

Why? Turns out that earlier in the evening, the first lady walked into the super-exclusive White House reception for the honorees, wearing the exact same red Oscar de la Renta embroidered tulle jacket and floor-length trumpet skirt as three other party guests, including local philanthropist Vicki Sant.

"Evidently Oscar is very popular this season," press secretary Susan Whitson said of the $8,400 ensemble from the designer's fall 2006 collection. "It just goes to show that no one can resist a beautiful red gown."

The first couple laughed about it. "But she didn't want her guests to feel uncomfortable," Whitson said, so FLOTUS dashed upstairs and slipped into a black lace gown before heading to the KenCen.

It was harder to figure out what was going on with Simpson. The 26-year-old pop starlet kept one arm clutched to her midsection while singing "9 to 5." At the end, she blurted, "Dolly, you make me so nervous, I can't even sing the words right," then scuttled awkwardly off the stage.

Witnesses told us she was a wreck before she went on, weeping while the video tribute to Parton played and pacing anxiously during performances by Carrie Underwood, Kenny Rogers, Alison Krauss and Shania Twain.

"She was overcome with emotion performing the song for Dolly because she has idolized Dolly Parton her entire life and she wanted the song to be perfect," her publicist Cindi Berger said yesterday. "When it wasn't, she was upset with herself."

We didn't hear any mistakes. Said Berger: "She did."

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Producer George Stevens told us, "She was very upset, so we said, 'Would you like to have another shot at it?' " Simpson then redid the song for the TV cameras (the show will air on CBS Dec. 26) once the audience had left the Opera House.

But it was all smiles and hugs in the Grand Foyer, as the stars filtered out to be seated for dinner. "What a photo op!" Parton exclaimed. There she was with Simpson, Twain, Krauss, Reese Witherspoon and Reba McEntire, arms wrapped around each other in a Country Girl Power lineup for every digicam and Nokia in the vicinity.

"Everybody, look this way now!" chirped McEntire.

Then Simpson -- after a quick hello with chum Ken Mehlman (who knew?) -- was outta there, showing us the laced-up back of her black dress as she hightailed it down the Hall of Nations. All that was left was the memory, and the photo that Bob Schieffer had captured of himself with her in his digital camera, which he was proudly showing to Karl Rove.

Witherspoon, radiant in a sparkly slip dress, lasted only a few minutes longer. "I have to catch a plane," she was telling a friend. "Gotta get back to my kids."

Fine -- lots of other folks to see. Like Smokey Robinson posing for pics with childhood pal Aretha Franklin, who snagged a seat next to his at dinner . . . And another A-list traffic jam over by Steven Spielberg's table, though once we drew closer we saw the mob was swarming Tom Hanks, while the director ate quietly with wife Kate Capshaw, in her glamorous sideswept bangs. Hanks later took a seat and chatted animatedly with John Williams. Two matrons approached timidly. "Not while they're eating," warned a buzz-cut bodyguard. At a quieter table, Andrew Lloyd Webber talked to the willowy redhead sitting between him and young crooner Josh Groban.

Curvaceous in black lace, Fran Drescher (yes, "The Nanny") was there with Patrick Kennedy, though not with him -- meaning she was his date, but it wasn't a date date . . . And Joan Collins (she's still here!) with grandly oversize frilly white collar and cuffs.

We found McEntire and husband Narvel Blackstock sitting all alone at a table for 12. "Dolly had to leave," McEntire explained. "She's real tired." (Pronounced "tarred.") Seems it's a lot of work schmoozing with all those people. "She had to get back on the bus and leave to go home."

Doesn't a Kennedy Center Honoree get a private jet? "She sleeps better on her bus," McEntire said.

Well after midnight, Spielberg headed toward the door. "We're going back to the hotel," he said, leaning down to kiss his mother, Leah Adler, "but you can stay here. Party on, Mom."

Bush Welcomes Children To White House (AP)

AP, December 5, 2006

Dozens of children cashed in their equivalent of a golden ticket on Monday: a greeting from the president and a private showing of "Willy Wonka" at the White House.

In a yearly tradition, President Bush and first lady Laura Bush welcomed their young guests to the East Room for a holiday performance. The kids all came from military families, and the president had a message for them.

"We wanted to welcome you here to the White House to, first of all, thank you for your strength — and so that you would do me a favor," the president told the children. He asked them to send an e-mail to their parents stationed overseas to say "how much the commander in chief respects them, admires them and supports them."

Bush and his wife sat with the children for an abbreviated performance of "Willy Wonka," a play based on Roald Dahl's book, "Charlie and the Chocolate Factory." It's the story of Charlie Bucket, who finds a golden ticket to Willy Wonka's chocolate factory and is rewarded by Wonka for showing honesty and character.

The president seemed to enjoy the music, often tapping his feet and nodding along. When he went on stage to thank the performers after the show, the children headed the other way — following Santa Claus out of the room.

How's Your War? (WP)

By Richard Cohen

The Washington Post, December 5, 2006

I am of two minds about what Virginia Sen.-elect James Webb did at a White House reception for new members of Congress. After first trying to avoid speaking to George W. Bush altogether, he was forced to respond when the president approached him and asked, "How's your boy?" Webb replied, "I'd like to get them out of Iraq, Mr. President." (Webb's son is a Marine serving there.) "That's not what I asked you," Bush said. "How's your boy?"

"That's between me and my boy, Mr. President," Webb said, ending the conversation right there. Bad manners? Yes. Understandable? Yes, again.

For this act of consummate rudeness, Webb was roundly reprimanded. George F. Will offered him a magisterial rebuke, and so, less magisterially, did some editorial pages. (Why did Webb go to the White House in the first place?) Not only is such

behavior rude, but it is usually counterproductive. We don't want to get where we were in the late 1960s, when Lyndon Johnson became a virtual prisoner in the White House, avoiding antiwar demonstrators by simply staying home.

Even that sometimes does not work. Eartha Kitt confronted Lady Bird Johnson at a White House reception, telling her, "You send the best of this country off to be shot and maimed." The next day's Post reported that the first lady went pale. Still, the war ended no sooner -- and not, I should note, before an impassioned opponent of the Vietnam War tried to throw Robert McNamara, the Don Rumsfeld of his day, off the Martha's Vineyard ferry. Much as he did while at the Pentagon, McNamara hung on.

Yet the dastardly act, aside from being oh-so-satisfying to the perp, can have its uses. In this case, it might have jarred Bush into appreciating the fact that many of his critics actually feel keenly about the war in Iraq -- that they are not mere political opponents but people who are morally appalled by a war that continues for no apparent reason. Maybe also the incident made him wonder about Webb, who, after all, hardly fits the demagogic antiwar stereotype constructed by Bush, Karl Rove and Fox News. Webb is a pugnacious sort, a former college boxer, Marine officer in Vietnam and secretary of the Navy under, of all people, Ronald Reagan. I would not, to his face, impeach his patriotism or suggest a dreamy liberalism.

Washington is a bad marriage with monuments. Just to get through the day, it's necessary to lower voices, modulate tempers, eschew insults, voice soft lies -- compromise, compromise, compromise. Quaint parliamentary rules have their utility -- no name-calling, please, and lots of grandiloquence about the "eminent gentleman" who in actuality is a skirt chaser who needs to trim his nasal hair. It is all necessary, like the rules of war or journalistic ethics. Sans manners, nothing would get done. Even with them, precious little is accomplished.

Still, there is accumulating evidence that Bush is talking to mirrors and taking instruction from his dog. He makes no sense, saying he's amenable to change one day and digging in his heels the next. "I'm not going to pull our troops off the battlefield before the mission is complete," he said recently. Yes. Absolutely. But what is the mission? Please, ask the dog. Lives are being wasted.

That, of course, is the whole point. This imbroglio about Webb and manners is, at bottom, about the (very) premature deaths of young people in Iraq -- the sons and daughters of people much like Webb. Their only hope is that Bush is a liar rather than a fool. There is ample evidence for both propositions. He vowed enduring loyalty to Rumsfeld while interviewing his replacement, and he has overseen the administration of the war with an incompetence that will earn him a special place in American history.

Maybe the president has a plan for disengaging in Iraq. Maybe, though, he is disengaged himself. If that is the case, the thought occurs that it would take a polite version of a Cagneyesque grapefruit in the face to get his attention. If Webb did that, then a medal, not a rebuke, is in order.

Now, Jim, behave yourself.

Report Says VA's Spending Too Slow (USAT)

By Gregg Zoroya

USA Today, December 5, 2006

The Department of Veterans Affairs is too slow to spend the money it budgeted to treat the mental health needs of veterans, including those returning from Iraq and Afghanistan, according to a Congressional study released Monday.

The VA budgeted $300 million in fiscal 2005-06 for new mental health initiatives but spent only $200 million, according to the study by the Government Accountability Office, the watchdog arm of Congress.

The study also found that the VA had little or no way of tracking spending for new mental health initiatives during those two years, and that some of the money it spent might not have gone toward mental health programs.

The VA took issue with the findings. "Unfortunately, the GAO chose to look at the plan as an accounting exercise, focusing primarily on how many dollars are spent," said Matt Burns, VA spokesman. Mental health funds were spent on new initiatives, but Burns said the VA spent money only on programs that met its standards.

VA officials planned to place at least some of the unspent money in a reserve fund to be used in fiscal year 2007, the GAO study says.

"We are taking some time," VA executive Gerald Cross told a House subcommittee Sept. 28. "But we want to make sure it's spent right."

The $300 million in 2005-06 funding came in response to a 2004 VA plan to correct gaps in a variety of areas. Among them: early assistance for Iraq and Afghanistan war veterans suffering from combat stress; mental health treatment programs for a growing number of female veterans; and rehabilitation programs for veterans with serious mental illnesses.

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"Without the commitment to fully fund the mental health care proposals … improvements in VA's mental health services will not be achieved," Rep. Mike Michaud, ranking Democrat for a Veterans Health subcommittee, wrote in a letter last week to VA Secretary Jim Nicholson.

Michaud cited statistics showing that the VA saw almost 18,000 Iraq and Afghanistan veterans diagnosed with post-traumatic stress disorder (PTSD) during fiscal 2006; the VA had anticipated 2,900 cases.

The VA provides health care to more than 5 million patients, including veterans and their families. It treats homeless veterans, veterans with serious mental illnesses and combat veterans for conditions such as depression, PTSD and substance-abuse problems.

A 2003 Army study showed that 17% of soldiers from combat units were diagnosed with such conditions as PTSD or major depression.

VA Failed To Spend All Money To Beef Up Mental Health Services (NCT)

By Suzanne Gamboa

North County Times, December 5, 2006

WASHINGTON -- The Department of Veterans Affairs did not spend all of the extra $300 million it budgeted to increase mental health services and failed to keep track of how some of the money was used, a government report says.

VA launched a plan in 2004 to improve its mental health services for veterans with post-traumatic stress disorders and substance-abuse problems. To fill gaps in services, the department added $100 million for mental health initiatives in 2005 and another $200 million in 2006. That money was to be distributed to its regional networks of hospitals, medical centers and clinics for new services.

But the VA fell short of the spending, by $12 million in 2005 and about $42 million in fiscal 2006, said the Government Accountability Office, Congress investigative arm.

It distributed $35 million in 2005 to its 21 health care networks but didn't inform the networks the money was supposed to be used for mental health initiatives. VA medical centers returned $46 million to headquarters because they couldn't spend the money in fiscal 2006.

In addition, the VA cannot determine to what extent about $112 million was spent on mental health services improvements or new services in 2006.

VA reported in September that more than a third of Iraq and Afghanistan veterans who sought medical treatment from the VA in the 18 months prior reported symptoms of stress or other mental disorders.

Longer and multiple deployments, unpredictable daily attacks and roadside bombings and efforts to reduce the stigma of post-traumatic stress disorders have been cited as reasons for the increased reports.

VA said at the time it had increased funding for mental health services, hired 100 more counselors and was not overwhelmed by the rising demand.

VA spokesman Matt Burns said in a written statement the GAO looked at the agency's Mental Health Strategic Plan as an accounting exercise. "In contrast, VA's emphasis has been on building mental health care capacity and high quality programs to support and treat veterans. VA expends resources for programs that meet these criteria," Burns said.

He said VA has already taken steps to make sure mental health money is used for its intended purpose.

The money is only a portion of what VA spends on mental health. VA planned to spend about $2 billion on mental health services in FY2006. But the additional spending from existing funds on what VA dubbed its Mental Health Care Strategic Plan was trumpeted by VA as way to eliminate gaps in mental health services now and services that would be needed in the future.

"While we are at war we do have to make sure we spend the resources that are allocated for our veterans," said Rep. Michael Michaud, ranking Democrat on the House Veterans Affairs health subcommittee.

He said he thinks VA is overwhelmed. Along with the increased mental stress reports from Iraq and Afghanistan veterans, Vietnam vets are also experiencing flashbacks and recurrences of combat stress problems because of the ongoing wars, he said.

"This goes above and beyond just dealing with the veterans, it deals with the family of veterans which could have long-term implications and additional costs at federal level and state and local level," Michaud said.

Democrats have said they want to increase funding for veterans' health care, in particular its mental health counseling for returning Iraq and Afghanistan vets when they take over Congress next year. They also have said they want to increase the department's oversight and get detailed budget accounting from the VA.

On the Net: Government Accountability Office: http://www.gao.gov

Previous Story: In newly disclosed letter to Bush, Rumsfeld called his Iraq options paper a weeks-old project

Next Story: Navy submariner pleads guilty in Norfolk, Va. to trying to sell classified data

. Comments On This Story

Note: Comments reflect the views of readers and not necessarily those of the North County Times or its staff.

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First name only. Comments including last names, contact addresses, email addresses or phone numbers will be deleted. All comments are screened before they appear online, so please keep them brief.

Group Asks Removal Of Koran Swearing-In Critic (WP/AP)

By Frederic J. Frommer

The Washington Post, December 5, 2006

An Islamic civil rights group wants a columnist removed from the U.S. Holocaust Memorial Council for criticizing Rep.-elect Keith Ellison's decision to use the Koran during the Minnesota Democrat's ceremonial swearing-in next month.

The Council on American-Islamic Relations said yesterday that comments by Dennis Prager, a columnist and conservative talk radio host, displayed an intolerance toward Islam that makes him inappropriate to serve on the council, which oversees the U.S. Holocaust Memorial Museum.

President Bush appointed Prager in August to fill the remainder of a five-year term, which expires in January 2011.

In his column last week, Prager wrote: "Insofar as a member of Congress taking an oath to serve America and uphold its values is concerned, America is interested in only one book, the Bible. If you are incapable of taking an oath on that book, don't serve in Congress."

Nihad Awad, CAIR's executive director, sent a letter to the council's chairman, Fred Zeidman, saying, "No one who holds such bigoted, intolerant and divisive views should be in a policymaking position at a taxpayer-funded institution that seeks to educate Americans about the destructive impact hatred has had, and continues to have, on every society."

Messages left yesterday at the Holocaust Museum and at Zeidman's office were not returned.

Prager, in a telephone interview yesterday, offered what he called "a solution to this that would satisfy me and the vast majority of Americans" -- Ellison bringing a Bible with him along with his Koran.

"The issue has never been one of religious freedom or attitudes toward Islam," added Prager, who is Jewish. "The issue has been from the outset honoring the most important text of American history."

Ellison is the first Muslim elected to Congress.

He will replace longtime Democratic Rep. Martin Sabo, who is retiring.

Ellison did not return phone messages yesterday, but a CAIR spokesman, Ibrahim Hooper, questioned Prager's offer.

"It's obviously up to Mr. Ellison to decide, but I don't think that forcing him to swear an oath on a book not of his faith is the answer," Hooper said.

By tradition, all members of the House are sworn in together on the House floor. It's in the photo-op ceremony that a Bible is used -- or in Ellison's case, the Koran.

Meanwhile, the Anti-Defamation League, which fights anti-Semitism and racism, issued a statement calling Prager's comments "intolerant, misinformed and downright un-American."

Postal Service, Union To Take Their Differences To Arbitration (WP)

By Stephen Barr

The Washington Post, December 5, 2006

The U.S. Postal Service and one of its largest unions, the National Association of Letter Carriers, have broken off contract talks and will take their differences to arbitration.

William H. Young, president of the letter carriers group, said outsourcing was the main issue preventing an agreement. In an e-mail to union members, he said the Postal Service "has signaled its intention" to use contractors for "existing city carrier work," such as delivering mail to homes and businesses in the nation's metropolitan areas.

A spokesman for the Postal Service said he could not comment on specific issues but said the agency had tried "in good faith" to reach an agreement with the letter carriers.

Contract talks continue with three other unions -- the American Postal Workers Union, the National Rural Letter Carriers' Association and the National Postal Mail Handlers Union. Contracts for all the unions expired Nov. 30.

The American Postal Workers Union posted a notice on its Web site yesterday afternoon reporting "substantial progress" in its contract talks. "We are cautiously optimistic" about a possible deal, the union's president, William Burrus, said in the notice. The union has asked rank-and-file union advisers on the talks to come to Washington for a meeting Wednesday, he said.

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Labor costs account for 78 percent of the Postal Service budget, and postal officials often try to avoid having contract disputes decided by a third party. The arbitration process typically takes six months or longer, and the rulings usually give unions some or much of what they sought at the negotiating table, according to Bush administration officials.

More than 616,700 postal employees are covered by union contracts; about 270,640 are represented by the American Postal Workers Union, and about 224,775 are represented by the letter carriers union.

Controlling the cost of mail delivery is a key management issue for the Postal Service, according to the agency's inspector general. Mail is delivered to more than 144 million homes, business and other places in the nation, primarily by city and rural letter carriers. The Postal Service rarely uses contractors to deliver city mail but has more than 6,000 contractors who deliver to mailboxes on highway routes, according to the inspector general.

Young said that the letter carriers union had offered to restructure mail delivery in cities and to help the post office address soaring employee and retiree health-care costs but that postal officials, in exchange, would not agree to protect work performed by letter carriers from outsourcing.

In an apparent reference to the union's lobbying strength on Capitol Hill, Young said the Postal Service had put at risk "a cooperative strategic partnership with NALC in pursuit of an outsourcing strategy that is politically unattainable."Early Outs at Labor

It's time for another round of early outs at the Labor Department.

Labor, which has offered early retirement to employees eight times in the past 10 years, will offer the option next year, from Jan. 1 to Sept. 30.

The department estimates that 2,662 of its 15,349 employees will be eligible to volunteer for retirement.

Employees are eligible for early outs if they have 25 years of service or have 20 years of service and are at least 50. Early outs can lead to reduced pensions for some employees, usually people under 55 covered by the Civil Service Retirement System.

The Labor Department said it was offering early outs to make room for new employees and a different mix of occupational skills. Relatively few employees take early outs, however. This year, only 125 left through a similar program.Retirement

Solly Thomas, acting associate director for human capital at the Office of Personnel Management, retired Dec. 1 after more than 33 years of government service.

Thomas joined the OPM in 2003 and has managed a number of government-wide initiatives, including personnel policy changes under the president's management agenda.

He has worked in eight federal agencies, including the Federal Labor Relations Authority, the International Trade Commission and the Navy.

Can't Be Bothered (WP)

The Washington Post, December 5, 2006

IT SHOULDN'T matter whether you're conservative or liberal, for globalization or against: Some trade bills are so obviously beneficial and unobjectionable that there's no excuse for letting them languish. This is the case with a raft of measures that would extend trade preferences for poor countries -- preferences due to expire at the end of the year. Failing to renew them would not save American jobs or advance any other national interest; rather, it would disrupt the economies of U.S. trading partners and create another excuse for foreigners to resent the United States. The lame-duck session of Congress provides a chance to avoid that outcome, but there's no guarantee members will act.

Four trade-preference measures are in jeopardy. The measures would prolong tariff concessions to Andean nations, allow African garments made with third-country fabrics into the U.S. market, extend a similar concession to Haiti and renew the Generalized System of Preferences, which helps more than 100 countries. Passing these measures would not involve granting new market access; it would avoid closing the U.S. market and triggering factory closures in partner countries. Meanwhile, Congress also needs to ratify Vietnam's membership in the World Trade Organization. Without ratification, Vietnam will join the WTO anyway, but the United States will not enjoy the access that Vietnam has granted other WTO partners. The more Congress delays, the greater the head start it will give European and Japanese companies seeking to establish themselves in a fast-growing market of 85 million people.

These trade measures might founder partly because anti-globalization sentiment is growing in Congress, causing a minority of members to oppose all trade deals, no matter how routine. Another factor is that the pro-trade chairman of the House Ways and Means Committee, Rep. Bill Thomas (R-Calif.), is complicating passage by loading up legislation with his own tactical wheezes. To punish India and Brazil for not doing more to secure passage of the Doha global trade liberalization package, Mr. Thomas wants to restrict the Bush administration's discretion to allow those countries access to U.S. markets, but Mr. Thomas should leave the calibration of sticks and carrots to the president's negotiating team. To encourage Africans to make garments

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out of locally produced textiles, Mr. Thomas wants to set impossibly tough targets for local content. He should leave the management of Africa's industrial development to Africans.

But the biggest reason these trade measures may fail is the most scandalous: Most members of Congress know that they ought to be extended, but institutional inertia is stopping them from doing the right thing. For the past several months, Congress has put off dealing with the trade preferences, even though their expiration at the end of the year was no secret. Now the deadline is approaching, and members of Congress complain that they lack time to craft the legislation. What Congress is saying is that leaving town for the holidays is more important than jobs in developing countries. No wonder the United States is seen as arrogant.

OTHER NEWS:

Fed Official Moskow Continues To Expect Economic Growth (WSJ)

By Stephen Wisnefski

The Wall Street Journal, December 5, 2006

CHICAGO -- The president of the Federal Reserve Bank of Chicago said Monday that the latest economic data, including numbers last week showing a contraction in the manufacturing sector, haven't changed his view of the economy.

"Overall, I think the economy is solid," Michael Moskow said in an interview that was webcast on CNBC.com. Mr. Moskow pointed to productivity growth, low unemployment and strong demand from countries outside the U.S. as factors that buoy the domestic economy.

Mr. Moskow said that the Chicago Fed is expecting gross domestic product growth to be "somewhat below trend," citing a forecast for 2007 of a 2.8% expansion. "I don't think that the data we have seen are out of line with that forecast," he added.

On Friday, the Institute of Supply Management, a private research group, said that its index of manufacturing activity fell to 49.5 in November. The figure came in well below market expectations and marked the first time in nearly three-and-a-half years that the ISM number didn't show expansion.

Mr. Moskow, who isn't currently a voting member of the policy-making Federal Open Market Committee but will be in 2007, said that it is essential for the Fed to look at all incoming data to see how its forecasts could be impacted and to adjust monetary policy accordingly.

The FOMC has left its benchmark federal funds rate at 5.25% at each of its last three meetings, after tightening monetary policy steadily over a two-year period to contain inflationary pressure.

Mr. Moskow and other Fed officials in recent weeks have said that inflation threats remain. Mr. Moskow has also said that further rate increases could be needed, as the risk of inflation being too high is greater than the risk of economic growth being too slow.

On Monday, Mr. Moskow said that core inflation -- which excludes energy and food costs -- is expected to come down somewhat over the coming year. He also said that recent data indicate that inflation is moving in the right direction.

Nonetheless, he said the Fed has to ensure that inflation doesn't stay elevated for an extended period of time and that inflation expectations remain under control. He noted that the Fed can't let up its guard on inflation.

Stocks Rebound On Takeovers, Oil-Price Decline (WSJ)

By E.s. Browning

The Wall Street Journal, December 5, 2006

All it took was a couple of takeover announcements and a dip in oil futures, and stocks wiped out all of last week's losses.

Although they already have pushed indexes to double-digit gains since July 14, investors still appear prepared to buy.

After falling 86.04 points last week on disappointing economic news, the Dow Jones Industrial Average yesterday rebounded 89.72 points, or 0.74%, to finish at 12283.85. It is up 14.6% in 2006, less than 60 points from the record 12342.56 hit last month.

The Dow would have been up another 23.7 points except for a 10.6% decline at Dow-industrials component Pfizer, which abandoned a prospective cholesterol drug that was supposed to be a blockbuster. The decline knocked $21.3 billion off the overall stock-market value of the drug maker.

Investors applauded some takeover announcements -- that Bank of New York would buy Mellon Financial and LSI Logic would acquire Agere Systems. Takeovers reassure investors by indicating that acquiring companies see value in current stock prices. (Mergers boosted European markets, too1.)

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More important to some traders, oil futures, which had been rebounding, pulled back 99 cents to $62.44, following a National Weather Service forecast of warm December weather. "As oil goes, so does the stock market. That just happens to be the data point that everyone is concentrating on at this moment," said Doug Johnston, head of trading at Boston-based brokerage firm Canaccord Adams. Overall, he added, "the stock trend is still up."

Investors now await the November jobs report due Friday, which Fed officials have indicated they will examine as a key inflation indicator.

The National Association of Realtors announced a bigger-than-expected drop in its index of pending home sales for October. But Michael Moskow, president of the Federal Reserve Bank of Chicago, told CNBC that "the economy is solid."

Treasury bonds, which react to economic surprises, were little changed, as was the dollar, which has rattled investors with its recent slide.

The Standard & Poor's 500-stock index pushed to another six-year high, rising 0.89%, or 12.41 points, to 1409.12, up 12.9% this year. The volatile Nasdaq Composite Index advanced 1.46%, or 35.18 points, to 2448.39, ahead 11% in 2006. The Russell 2000 small-stock index hit another record.

In major U.S. market action:

Stocks and bonds rose2. The 10-year Treasury note rose3 2/32, or 63 cents for each $1,000 invested, pushing the yield down to 4.431%.

The dollar was mixed4. It traded at 115.33 yen, down from 115.47, while the euro fell against the dollar to $1.3328 from $1.3336.

Deals Propel Stocks To Highs For Year (USAT)

USA Today, December 5, 2006

NEW YORK — The broad U.S. stock market closed at a fresh 2006 high Monday as investors put aside Pfizer's decision to halt development of a key drug and focused instead on another series of takeover deals (stories, 1B, 9B).

The Standard & Poor's 500 index rose 12.41 points, or 0.9%, at 1409.12, hitting a fresh six-year high. The Russell 2000, an index of small-company stocks, notched a record high, gaining 14.68 points, or 1.9%, to 795.85.

The Dow Jones industrial average rose 89.72 points, or 0.7%, to 12,283.85, while the Nasdaq composite added 35.18 points, or 1.5%, to 2448.39.

Pfizer shares fell $2.96, or 11%, to $24.90, after the company stopped the development of the cholesterol drug torcetrapib because of deaths and cardiovascular problems among people taking the drug during clinical trials (story, 3B).

The news was offset by several merger announcements that reinforced the belief that companies are optimistic about the economy and therefore are willing to take some risks. Leading them was Bank of New York's $16.5 billion deal to buy rival Mellon Financial to create an asset-management powerhouse.

Bank of New York shares jumped 12% to end at $39.75, while Mellon shares ended up 7% at $42.78.

“Trading activity is being driven by the large amount of merger and acquisition announcements, specifically in the banking, semiconductor and hotel sectors of the market,” says Michael Sheldon, market strategist at Spencer Clark.

LSI Logic, a maker of storage and DVD chips, said it would pay $4 billion for semiconductor and software storage company Agere Systems, sparking a rally in chip stocks. The semiconductor index rose 2%.

A break in the dollar's recent decline also raised the allure of U.S. stocks as investors bet on a strong Wall Street year-end finish.

The dollar edged up against most major currencies on Monday as investors moved in following a dollar decline that has shaved some 3% off its value in less than two weeks.

Crude ended down 99 cents a barrel at $62.44 amid forecasts of warmer weather in the USA and doubts among traders of another OPEC production cut.

The drop in oil prices spurred demand for industrial stocks such as United Technologies, Honeywell and 3M. United Technologies gained $1.04 to $64.90. Honeywell gained 80 cents to $43.61. 3M rose 91 cents to $80.89.

Merger Announcements Lift Stocks Even As Pfizer Dumps Key Drug (WP/AP)

The Washington Post, December 5, 2006

NEW YORK, Dec. 4 -- Wall Street surged higher Monday as investors dismissed Pfizer's decision to halt development of a key drug and focused instead on another series of takeover deals.

The Dow Jones industrial average rose 89.72, or 0.74 percent, to 12,283.85. The Standard & Poor's 500-stock index was up 12.41, or 0.89 percent, at 1409.12, and the Nasdaq composite index added 35.18, or 1.46 percent, to 2448.39.

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Pfizer shares fell by about 11 percent after the company stopped the development of torcetrapib, a cholesterol drug, because of deaths and cardiovascular problems among people taking it in clinical trials. The stock was also downgraded by several Wall Street analysts concerned that Pfizer's revenue growth would weaken.

But that news was offset by several merger announcements that reinforced the belief that companies are optimistic about the economy and therefore are willing to take some risks. Leading them was Bank of New York's $16.5 billion deal to buy rival Mellon Financial to create an asset management powerhouse. The all-stock deal will create the world's leading asset servicer with $16.6 trillion in assets under management. It also ranks among the top 10 global money managers, with more than $1.1 trillion in assets under management.

LSI Logic said it would buy rival chip and storage systems maker Agere Systems for $4 billion in stock. The purchase price represents a 28 percent premium for Agere shareholders.

And Kirk Kerkorian's investment firm, Tracinda, launched a cash tender offer to acquire 15 million shares of casino operator MGM Mirage.

Stocks stumbled Friday after a manufacturing survey unexpectedly contracted in November, pushing the major indicators to a loss for the week. However, major indicators are still poised to finish 2006 with double-digit gains.

Movers

Pfizer fell $2.96, to $24.90.

Merck gave up 36 cents, to $44.70.

Schering-Plough added 80 cents, to $22.73.

Bank of New York gained $4.27, to $39.75.

Mellon rose $2.73, to $42.78.

LSI fell $1.44, to $9.12.

Agere Systems rose $1.51, to $19.30.

MGM Mirage rose $2.68, to $56.35.

Wanted: Factory Workers (USAT)

By Barbara Hagenbaugh

USA Today, December 5, 2006

EMMAUS, Pa. — Michael Bunner has done everything he can think of to hire workers.

He's increased pay, offered training and recently, hired a man straight out of prison.

While his story isn't too surprising given that the unemployment rate of 4.4% is at a 51/2-year low, what is unexpected is that Bunner is in the manufacturing sector, an industry that has been grabbing headlines for losing jobs. But despite all those layoffs, Bunner can't find plastic welders or even people who are willing and able to be trained for the specialty job.

“I'm turning down contracts,” says Bunner, president of Electro Chemical Engineering and Manufacturing, which makes chemical tanks. “I could expand 20-30% overnight if I had more people.”

Much has been made of the loss of millions of manufacturing jobs in the USA in recent years.

But manufacturers, regardless of size, specialty or location, across the USA are reporting a dire shortage of skilled workers: people such as welders, electricians or machinists with a craft that goes beyond pushing buttons or stacking boxes but does not require a degree. That shortage is threatening their ability to meet current demand, let alone expand their businesses. The gap could threaten the viability of the U.S. manufacturing sector at a time when it is facing heavy competition from abroad.

In a survey of 800 manufacturers conducted by the National Association of Manufacturers (NAM) last year, more than 80% said they were experiencing a shortage of skilled workers. In October, manufacturers surveyed by the Federal Reserve Bank of Philadelphia said “finding qualified workers” was their biggest business problem.

The shortage of skilled workers is the result of a number of factors. One of the biggest is that manufacturing in the USA is becoming more high-tech and skill-based as the more repetitive, less-skilled work is moving abroad. Such jobs require greater expertise.

Plus, baby boomers with years of experience are retiring. And younger people are bypassing factory jobs, viewing them as repetitive, dirty and without much opportunity, a view that hasn't been helped by all the factory closings and headlines about manufacturing jobs moving to China.

These factors have combined to create a serious worker shortage with no end in sight.

“I've never seen anything like it in my life,” says Bunner, whose father worked in a factory when he was growing up in West Virginia. “When I was a kid, people would stand in line for hours for an opportunity at a job like I have available. I can't get people to show up for an interview.”

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There were 10.2 million manufacturing production workers in the USA in October, down 19% from 10 years ago and 28% fewer than 40 years ago.

The percentage of all workers in the USA employed in manufacturing has been declining for 50 years. In October, 10% of the U.S. workforce was employed in the manufacturing sector, an all-time low. In 1946, one out of every three workers had jobs in manufacturing.

But the loss of jobs doesn't mean that manufacturing is disappearing from the USA. U.S. manufacturing production last year totaled $1.5 trillion, or 12% of gross domestic product, the broadest measure of economic activity within U.S. borders.

The sector has become more specialized, with a greater focus on technology. With a boom in productivity in manufacturing, firms are able to produce more with fewer workers.

Innovation in the manufacturing sector means that the jobs require greater skills than ever before. According to an analysis by economists Richard Deitz and James Orr at the Federal Reserve Bank of New York, employment in high-skilled manufacturing jobs rose 37%, or by 1.2 million jobs, from 1983 to 2002. At the same time, low-skilled factory jobs dropped 25%, or by approximately 2 million workers.

"The time when you can be relatively unskilled and work in manufacturing for a long time with just a high school degree and make a good salary to support a family is gone," National Association of Manufacturers chief economist David Huether says.

But finding people with the right skills isn't easy.

"It's limiting my growth," says John West, president of Fox Valley Metal-Tech in Green Bay, Wis.

Earlier this year West turned down a $1.5 million contract with Kraft Foods because he didn't have enough welders. That order would have grown his business by 10%.

West's firm, which produces metal machinery parts, has increased pay and offers full health benefits, training, a matching 401(k) plan and bonuses to employees who refer people to work there.

"You get a good worker who has that skill set, you make sure they don't want to leave," West says. "You pay them well; you treat them well."

That's good news for Richard Smith. The 29-year-old from Chillicothe, Ohio, is graduating Dec. 15 from a nine-month welding program at the Hobart Institute of Welding Technology. He's received three job offers, paying $16 to $19 an hour, or more than three times the federal minimum wage. The companies are also paying medical benefits, offering 401(k) plans and paying for additional training.

"It really took me off my feet," says Smith, who got interested in welding while he was in the Navy.

Andre Odermatt, president of the Hobart Institute in Troy, Ohio, says job postings at the school have risen 40% in the last year. Companies are increasingly offering sign-on bonuses of as much as $3,000 and are coming from as far away as California and offering to pay relocation for students willing to move, he says.

"It's like having gone through Harvard," he says. "The world is open for them."

Odermatt and others say they think the shortage of skilled manufacturing workers is largely a function of perception.

"Culturally, we have browbeaten manufacturing to such an extent that we don't have people interested," says John Sinn, interim director of the Center for Applied Technology at Bowling Green State University.

Sinn and others say it is now up to people in manufacturing to change that perception, particularly among younger people and their parents.

"Everyone wants their kids to be doctors, lawyers and dentists. … (But) all of us can't be that," says Lloyd McCaffrey, director of manufacturing technology at Williams International, a gas turbine manufacturer in Ogden, Utah.

McCaffrey's company is investing $30 million in a program at nearby Ogden-Weber Applied Technology College that will bring in students, some of them in high school, for hands-on training in machining.

Representatives at Oklahoma State University-Okmulgee meet with students, some of whom are in middle school, to teach them about manufacturing. The university also recently started a program to help train disadvantaged youths, some of whom are on probation, in manufacturing basics.

"What we're saying is, 'Here is a good option.' … This is a very good career for a lot of people," says Roy Cail, executive director of the economic development and training center at the university.

What concerns Cail and others is that as the workforce ages and the baby boomers retire, the shortage of skilled manufacturing workers could grow more acute.

In 2005, 43% of manufacturing workers were 45 years old or older. That's up from 32% in 1995, according to a NAM analysis of Labor Department data.

"As the labor force ages, there really aren't young kids coming into the trades," says Patrick Duffy, president of American Machine & Gear in Portland, Ore. Duffy recently paid workers triple time to work on Thanksgiving to get an order out.

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At Electro Chemical Engineering and Manufacturing, workers create tanks that are used to process, store or haul chemicals. The steel tanks are lined with a special plastic that prevents erosion and sometimes contain reactors to make the chemicals. Bunner's clients include major companies in the pharmaceutical, chemical and high-tech industries, such as Dow Chemical, Bayer, DuPont and General Electric.

Building the tanks takes a special skill in plastic welding. Even the tiniest crack can mean a chemical leakage, a potentially dangerous and even deadly situation.

But finding plastic welders, or even people interested in learning the skill, has become next to impossible. Bunner has had three open slots for welders since April. People have come in who can't do simple math — such as calculating square footages, a key skill when 1 square foot of plastic material goes for $250. He's also had people come in who have never used a tape measure or read blueprints.

Not only has Bunner increased pay, he offers a 401(k) with a matching program, health insurance and vacation time. But that still isn't working, so he's had to "go outside the box" to recruit, as he puts it.

When a local company shut down, he set up a booth in its human resources department. He hired two people that way. And he's working with the local rescue mission and prison ministry to try to identify candidates.

Bunner is also trying to bring former employees back. An employee who retired at 65 came back to work when he was 68. Soon, the company will be mailing letters to 13 former employees, asking if they'd be interested in working night or weekend hours.

"The fact that they worked for us and they are still alive, we are contacting them," he says.

Bunner notes with a tinge of irony that his business is just down the street from Allentown, Pa., the town Billy Joel made famous in 1982 with his song Allentown. In it Joel described the area's declining manufacturing base, particularly in the steel sector, saying it was "getting very hard to stay."

Electro Chemical used to serve the steel industry but has since adapted to more high-tech uses in the evolving economy, like many other companies.

"We had to adapt or die," he says.

But unless he finds enough people who can, as he puts it, "work with your hands and work with your head," companies like his are going to struggle to get ahead. He's perplexed why more people aren't going into manufacturing.

"Manufacturing has an ugly aura," he says. But "you can't have everyone sitting in a Dilbert cubicle. … Working with your hands, there's nothing wrong with that."

Wyoming Wins Over Mich. Job Seekers (USAT)

By Sharon Silke Carty

USA Today, December 5, 2006

At times, Kathy Emmons can sound like a tour guide.

Wyoming, says the director of the state's department of workforce services, isn't as cold in the winter as people think. There's very little traffic. Tons of skiing and snowboarding. No state income tax.

And the best part: lots of available jobs.

Wyoming, a state with a population of around 500,000, is seeing a boom in the energy, coal mining, high-tech data storage, communications and health care industries. The need for all kinds of workers, especially skilled ones, is so great that the state is actively recruiting from Michigan, were the situation is almost the exact opposite.

For the past two years, as General Motors, then Ford Motor and now Chrysler Group have sounded the siren on their worsening financial situations, workers have lived under the daily stress of knowing their jobs could be eliminated at any moment. More than 70,000 hourly autoworkers have agreed to take buyout packages this year.

The impact of those job losses is reverberating throughout Michigan's economy, affecting supplier companies that make everything from steel wheel wells to paper towels used in plant restrooms.

So, Wyoming officials thought, why not bring some of Michigan's displaced workers 1,000 miles west? The recruiting effort was "born out of absolute necessity to bring in people to fill jobs," Emmons says. "With only a half a million people, we just don't have enough people to fill the jobs."

About 100 people have made the move so far, and 6,000 more Michiganians have posted résumés on Wyoming's jobs website. Emmons considers the recruiting effort a big success, and the state is now brainstorming to determine what other regions to target for workers.

Few kids — except maybe some die-hard skiers — grow up dreaming of moving to Wyoming to make it big. Sandwiched between Idaho and Utah to the west and South Dakota and Nebraska to the east, the Rocky Mountain state has a reputation for harsh winters and, well, that might be about it.

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"We want to make sure we target states that make sense," Emmons says. "People think of Wyoming as having really hard winters. It really doesn't. … But it wouldn't make sense to recruit people from Florida."

Michigan may be a perfect target area. It's a state where winter lasts for five or six months. And its unemployment rate was 6.9% in October, the highest in the nation. Wyoming's rate was 3.3%. The national average was 4.4%.

"We've clearly had a difficult time over the last three years," says Dana Johnson, chief economist for Detroit's Comerica Bank. "It feels terrible, and it's discouraging and frustrating. Some people will react to that by looking for opportunities elsewhere, where the wind is more at their back."

Karen and Brian Peters, longtime Michigan residents, never thought they'd leave the state before retiring four or five years from now. Karen, a University of Michigan alumna and huge football fan, was used to spending summers by the lake and fall weekends at Michigan's "Big House" football stadium.

After her husband was laid off from his job as an electrician, Karen's job as a nurse managing workers' compensation claims continued paying the bills. But as Brian's unemployment dragged on, things started getting tough.

"We tried to stay very positive with the friends we have in Michigan, but it was very hard on my husband," Karen Peters said.

So when Brian easily landed a job working as an electrician in the Rio Tinto coal mines in Wyoming, Karen started looking, too. She found an opening for a job working for the state and got it with just one phone interview.

"There was no way I could say we weren't going to do it," says Karen Peters, who has three grandchildren.

There could be a downside to a mass exodus of skilled workers from Michigan, warns David Cole, chairman for the Center for Automotive Research. While the job losses seem significant today, many of the people accepting buyouts were close to retirement age anyway and would have left within the next four or five years.

Cole says the auto industry likely will face a shortage of skilled workers within the next decade. "We're very close to the point where the question is going to be, 'Where am I going to find someone to fill this job?' "

More Borrowers With Risky Loans Are Falling Behind (WSJ)

By Ruth Simon And James R. Hagerty

The Wall Street Journal, December 5, 2006

Americans who have stretched themselves financially to buy a home or refinance a mortgage have been falling behind on their loan payments at an unexpectedly rapid pace.

The surge in mortgage delinquencies in the past few months is squeezing lenders and unsettling investors world-wide in the $10 trillion U.S. mortgage market. The pain is most apparent in subprime mortgages, though there are signs it is spreading to other parts of the mortgage market.

Subprime mortgages are loans made to borrowers who are considered to be higher credit risks because of past payment problems, high debt relative to income or other factors. Lenders typically charge them higher interest rates -- as much as four percentage points more than more-credit-worthy borrowers pay -- one reason subprime mortgages are among the most profitable segments of the industry.

They also have been among the fastest-growing segments. Subprime mortgage originations climbed to $625 billion in 2005 from $120 billion in 2001, according to Inside Mortgage Finance, a trade publication. Like other types of mortgages, subprime home loans are often packaged into securities and sold to investors, helping lenders limit their risks.

Until the past year or so, delinquency rates were low by historical standards, thanks to low interest rates and rising home prices, which made it easy for borrowers to refinance or sell their homes if they ran into trouble. But as the housing market peaked and loan volume leveled off, some lenders responded by relaxing their lending standards. Now, the downside of that strategy is becoming more apparent. (See related article1.)

Based on current performance, 2006 is on track to be one of the worst ever for subprime loans, according to UBS AG. "We are a bit surprised by how fast this has unraveled," says Thomas Zimmerman, head of asset-backed securities research at UBS. Roughly 80,000 subprime borrowers who took out mortgages packaged into securities this year are behind on their payments, the bank says.

Though delinquency rates on subprime mortgages originated in the past year have soared to the highest levels in a decade, economists don't expect any significant harm to the nation's economy or financial systems. But if late payments and foreclosures continue to rise at a faster-than-expected pace, the pain could extend beyond homeowners and lenders to the investors who buy mortgage-backed securities.

Several lenders are already feeling the sting. H&R Block Inc., which operates Option One, a major subprime lender, said last week that its mortgage-services unit posted a pretax loss of $39 million in the fiscal second quarter ended Oct. 31, compared

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with a year-earlier pretax profit of $48.8 million. The Kansas City-based tax-services company said last month it is considering selling Option One, which has been struggling with higher interest rates and defaults, and is closing 12 branch offices.

On Friday, KeyCorp said it reached a deal to sell its subprime Champion Mortgage business. Analysts at Friedman, Billings, Ramsey & Co. put the price for the company's subprime mortgage operation at $130 million, "far below" the $200 million to $250 million they expected. A spokeswoman for KeyCorp declined to comment, except to say that KeyCorp feels it "definitely generated a fair price" for both the unit and its loan portfolio, which was sold separately. She added that KeyCorp was leaving the subprime market because "it no longer fits with our long-term strategic priorities."

Soaring delinquencies are making some lenders more cautious, which is likely to put further pressure on the weak housing market. Yesterday, the National Association of Realtors said that its index for pending home sales for October fell a seasonally adjusted rate of 1.7% from September and was down 13.2% from a year earlier.

Delinquency rates have been rising steadily since the middle of 2005. But the trend has accelerated sharply in the past two to three months, according to an analysis by UBS. The figures don't include loans that lenders were forced to repurchase because the borrower went into default in the first few months; such repurchases also have increased sharply this year.

In October, borrowers were 60 days or more behind in payments on 3.9% of the subprime home loans packaged into mortgage securities this year, UBS says. That's nearly twice the delinquency rate on new subprime loans recorded a year earlier.

Carol Alter, a mail carrier in Aurora, Ohio, says she bought her first home for $99,000 at a sheriff's foreclosure sale in February, but felt pinched right from the start by her nearly $80,000 subprime mortgage. She says closing costs on the loan totaled $6,500, rather than the $2,500 she expected, forcing her to drain her savings and miss payments on her utility bills.

Ms. Alter says she fell behind on her mortgage payments in June after she hurt her leg and missed several weeks of work. She has been able to stave off foreclosure, she says, with the help of a $2,100 interest-free loan from Neighborhood Development Services in Ravenna, which operates a foreclosure rescue fund.

How much higher delinquencies further climb will depend in part on the depth of the current housing slump. Mortgage delinquencies generally rise when the housing market cools because borrowers who are in financial trouble find it harder to sell their homes. In addition, if prices fall, they may not have enough equity in their homes to refinance their mortgage.

The subprime industry's current troubles can be traced back to 2003 and 2004, when defaults were unusually low. Investors who purchased these loans did well and were eager to buy more. That encouraged lenders to lower their standards, making loans to more people with low credit ratings. Lenders also grew less inclined to demand full documentation of income and assets and more willing to offer "piggyback" loans that allowed borrowers to finance 90% or 100% of the purchase price without being required to buy private mortgage insurance.

Many lenders kept introductory "teaser" rates low even after short-term interest rates began rising in June 2005, while increasing the amount the rate could rise on the first adjustment. That meant borrowers would face sharply higher costs when their monthly payments were reset.

Fraud has also increased. Some borrowers who took out no- or low-documentation loans were coached by loan officers or mortgage brokers to inflate their incomes and couldn't afford even their first mortgage payment, says Theresa Ortiz, a foreclosure manager with Neighborhood Housing Services of New York City, a nonprofit that works with homeowners in financial trouble.

Even after the housing market started to cool in late 2005, lenders continued to offer credit on easy terms. Many didn't begin tightening up until a few months ago. Now, they are pulling back. Accredited Home Lenders Holding Co., for example, is doing fewer piggyback and stated-income loans -- or loans that don't require borrowers to fully document their income -- especially for people with lower credit scores. In retrospect, "the tightening process should have started a bit earlier," says James Konrath, Accredited's CEO.

Recent analyses by UBS and by RBS Greenwich Capital show that subprime loans made in 2006 are going into foreclosure at a faster pace than loans made in previous years. In many cases these loans are "so bad right off the bat" and so far beyond the borrower's ability to pay that giving the borrower more time to pay or restructuring the loan wouldn't help, says Michael van Zalingen, director of homeownership services at Neighborhood Housing Services of Chicago, a nonprofit organization that works with financially distressed homeowners.

If delinquencies continue to grow, the pain could also be felt by investors who have flooded into the market for subprime securities. Because of the way mortgage-backed securities are structured, investors who buy investment-grade securities aren't likely to be hurt if losses are close to expectations. But if losses on the underlying mortgages substantially exceed expectations, some investors who buy the riskiest slices of subprime securities are likely to rack up losses. These include hedge funds and investors who buy collateralized debt obligations, pools of debt instruments that are often snapped up by foreign buyers.

Because the underlying loans have gotten riskier, credit-rating agencies are telling issuers of mortgage-backed bonds to set aside more money to cover losses than they did three years ago in order to get an AAA rating for their bonds.

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But some recent deals are already coming under review. Standard & Poor's Corp. put one deal backed by loans issued by Fremont General Corp.'s mortgage unit on credit watch for possible downgrade last month and says it could take similar action on deals from several other issuers within the next few months. Fremont declined to comment.

"We are really monitoring very, very closely the portfolios of all the subprime issuers," says Ernestine Warner, head of RMBS Surveillance. "It's an industrywide trend."

Last week, Moody's Investors Service put a third 2006 deal on credit watch for a possible downgrade. Fitch Ratings also has a 2006 deal on credit watch. When mortgage-backed securities are downgraded it is typically during their third or fourth year.

Predicting losses on these securities is a challenge because there's little or no historical evidence to show how subprime loans will perform at a time when home prices are falling, says Thomas Lawler, a housing economist in Vienna, Va. An analysis by Merrill Lynch & Co. found that losses on recent subprime deals could be "in the 6% to 8% range" if home prices are flat next year and could rise to the "double digits" if home prices fall by 5%. Falling home prices could trigger losses not only for investors who bought riskier classes of mortgage-backed securities, but also for some holders of A-rated bonds, according to the report.

Dems' Gains In New Hampshire Spur 2008 Optimism For Sununu's Seat (HILL)

By Aaron Blake

Hill, December 5, 2006

If it was a Democratic wave that swept the country last month, it was a Democratic tsunami rushing over New Hampshire.

Battle lines will surely be drawn in 2008 in the Granite State over its two state houses and two U.S. House seats, which all flipped Democratic in dramatic fashion on Election Day — not to mention the state's having the first presidential primary in the nation.

But the lone red state in the Northeast, if one can still call it red, still has two Republican senators who were not up for reelection this year. In two years, however, freshman Sen. John Sununu (R) could well be headed for a race worthy of what has become the biggest little state in American politics.

Nearly a quarter of the 400 seats in the state House flipped, and exactly one quarter of the 24 seats in the state Senate flipped. Democrats now control each chamber with a nearly 60 percent majority.

Coupled with the reelection of Democratic Gov. John Lynch, these shifts give New Hampshire Democrats control of the state capitol for the first time in more than 130 years and a bright eye toward 2008 and, specifically, Sununu's seat.

"Certainly, the environment is more favorable for a Democrat than it has been in quite some time," said Portsmouth Mayor Steve Marchand (D), who last week indicated he would weigh a challenge to Sununu. "From a Democratic perspective, New Hampshire had about as favorable a day as any state in the country a few weeks ago."

The state-level action was overshadowed nationally by the losses of the state's two House members, Republican Reps. Jeb Bradley and Charlie Bass. Bradley was stunned by underfunded anti-war activist Carol Shea-Porter while Bass lost to Democrat Paul Hodes.

Shea-Porter and Hodes both figure to be attractive targets in 2008, and the state GOP is already attacking them in press releases.

The events of last month capped off a shift in the political landscape of New Hampshire, said St. Anselm College politics professor Dante Scala.

Scala said the transition from red to blue in New Hampshire is something that has been evolving for a while. The Republican-dominated state government simply hadn't yet changed to reflect it, he said.

"The political demographics of the state have deteriorated for John Sununu since 2002; 2002 was, in retrospect, a high-water mark for the Republican Party for the whole decade and maybe for longer than that," Scala said. "Ever since then, Democrats have really had the upper hand in terms of simple voter enthusiasm.

President Bush won New Hampshire in 2000, but Sen. John Kerry (D-Mass.) won it in 2004.

"Republicans can no longer count on a lead among the base voters the way they used to," said Scala.

Scala suggested that Sununu would be especially vulnerable in the absence of a Republican presidential nominee who appeals to the state's voters, adding that Sen. John McCain (R-Ariz.), who ran away with nearly 50 percent of the vote in the 2000 presidential primary there, would be a boon to Sununu.

The trick for Democrats is finding a candidate worthy of the race, and three potential challengers with valuable statewide experience appear unlikely to run.

Perhaps the strongest candidate, Lynch, was returned to office with a record 74 percent of the vote last month and doesn't plan to leave.

Former state Sen. Burt Cohen (D), who dropped a bid against Sen. Judd Gregg (R) in 2004 amid flawed financial filings, was recently charged with disobeying a police officer and resisting arrest during an incident stemming from a traffic stop.

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And former Gov. Jeanne Shaheen (D), who lost to Sununu by four points in 2002, is unlikely to run again, according to a New Hampshire Democratic Party source who "would be surprised" if Shaheen left her post as head of Harvard University's Institute of Politics. Asked about Sununu, Shaheen was reported in The Harvard Law Record as saying she has noticed that Sununu's approval rating is under 50 percent. She could not be reached for comment.

State senators who have been mentioned as potential candidates are also faced with deciding between their newfound majority and a difficult and costly bid to unseat Sununu. State Sen. Maggie Hassan, who will be a part of the new majority's leadership, told The Hill last week that her party's ascent quashed any thought she might have had of running.

State Sens. Peter Burling, Joe Foster and David Gottesman have also been mentioned, along with former Rep. Dick Swett.

Marchand, 32, indicated he would mull the decision with his family over the next several weeks and said it is important that he or any candidate decide by early next year so he or she can compete financially. Sununu, who raised $3.5 million and was outspent by more than $2 million in 2002, had $560,000 on hand at the end of September.

State Democratic Party Chairwoman Kathy Sullivan said she is optimistic that the gains Democrats made in the state will lead to increased interest in running against Sununu, since candidates will feel better about their chances.

She said adding hotly contested U.S. Senate and presidential races to defending their gains in the state and the U.S. House will surely make for a full plate for state Democrats, but that it's a nice problem to have.

"We were saying on election night — it's like the New Hampshire we always hoped we would see but never dreamed would happen," Sullivan said. "It's great. Now we've got to just try to hold on."

In a statement, Sununu said he would run his 2008 campaign just like past efforts.

"As they have always been, our campaign in 2008 will be an aggressive town-to-town, person-to-person effort — strong on grassroots organization and focused on the issues that matter most to New Hampshire citizens," Sununu said.

Brownback Moves Toward White House Bid (AP)

By Sam Hananel

AP, December 5, 2006

After taking the first step in a presidential bid on Monday, Sen. Sam Brownback said he would start a 10-state tour with a traditional stop in Iowa. Then he's going to jail.

The Kansas Republican plans to spend Friday night at Louisiana's notorious state penitentiary in Angola to highlight the problem of recidivism and programs that can help prisoners become law-abiding members of the community.

It's an unusual route, possibly a first for a potential presidential candidate. But the prison stay captures the complexity of Brownback's views and his desire to broaden his appeal beyond religious conservatives who form his natural base.

"There is a real need in our country to rebuild the family and renew our culture and there is a need for genuine conservatism and real compassion in the national discussion," Brownback said in a statement.

Brownback established an exploratory committee that will allow him to travel the country and raise money while gauging support for his long-shot White House bid.

Brownback, 50, says his deep faith in God guides his well-known opposition to abortion, gay marriage and embryonic stem-cell research. He pledged to make "issues of life," fiscal restraint and tax reform key components of his effort to woo supporters.

But his faith also leads him to tackle social injustice around the world. He's spearheaded legislation to fight genocide in Sudan and clamp down on human slave trafficking. Last week, he took an AIDS test with a potential White House rival on the Democratic side — Sen. Barack Obama of Illinois — to encourage others to be tested.

"We believe in a culture of life — that every human life is a beautiful, sacred, unique child of a loving God," Brownback said in a statement on his new Web site.

Brownback has openly weighed a presidential bid for nearly two years, but has struggled to build a national profile despite more than a dozen trips to Iowa and other states with early nomination contests.

The senator's best chance to make a splash in Iowa remains with influential members of the GOP's powerful conservative Christian wing. Those voters tend to be skeptical of better-known, more moderate Republicans such as Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani, who also have established exploratory committees.

The number of possible candidates with a claim to the religious right has shrunk in recent weeks with the defeat of Sen. George Allen of Virginia in the midterm election and Senate Majority Leader Bill Frist's decision to forego a run for president.

But with many other contenders expected to jump into the wide-open race, Brownback needs to focus on Iowa and spend as much time as he can to generate more name recognition, said Chuck Hurley, president of the conservative Iowa Family Policy Center and an old law school classmate who's been supporting Brownback.

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"The next 30 to 60 days obviously will be critical," Hurley said. "He's really got to describe who he is and get enough recognition that people see for sure that he's serious and that he's credible."

On Monday, Brownback announced 20 members of his exploratory advisory committee, an eclectic mix ranging from anti-abortion activists to business executives, including: Domino's Pizza founder Tom Monaghan, former Major League Baseball commissioner Bowie Kuhn, and the Rev. Frank Pavone, head of the advocacy group Priests for Life.

Brownback, who grew up on a farm near tiny Parker, Kan., was elected to the U.S. House in 1994 with the wave of Republicans who seized control of Congress. Two years later, he won a special election to succeed Bob Dole in the Senate after Dole left the seat to run for president.

Brownback promised to serve no more than two terms and has said he will not seek re-election in 2010.

Brownback Takes Step Toward Seeking GOP Presidential Nod (CQ)

By Martin Kady II

Congressional Quarterly, December 5, 2006

Sen. Sam Brownback is joining an increasingly crowded field of 2008 presidential candidates, hoping his social conservative credentials will appeal to Republican primary voters.

Brownback, R-Kan., has formed an exploratory committee, allowing him to raise money and travel. He would be considered a dark horse right out of the gate, standing in the shadows of Arizona Sen. John McCain and former New York Mayor Rudolph Giuliani. But Brownback says there is room in the Republican race for a committed social conservative who has been more outspoken on gay marriage, judicial activism and abortion. In courting the right wing, Brownback will be competing immediately with outgoing Massachusetts Gov. Mitt Romney, another favorite of conservatives.

“I am running to spread hope and ideas,” Brownback said Monday in a statement on his Web site. “We are a blessed nation at an important crossroads. War, corruption, disintegrating families, and for some, hopelessness, tear at the American dream. We need hope and ideas.”

On the Democratic side, Sen. Evan Bayh, D-Ind., announced over the weekend he was creating an exploratory committee to run for president, and Sen. Hillary Rodham Clinton, D-N.Y., is reportedly conducting closed-door meetings with New York Democrats to discuss her possible candidacy.

Brownback may have a tough time standing out in the crowded GOP field, but he has ways of courting controversy.

Brownback caused a stir in recent weeks by holding up a judicial nominee who had merely attended a gay marriage ceremony, saying that going to the ceremony could affect the judge’s professional judgement should gay marriage issues come before the court.

In his announcement, Brownback made it clear his faith would be front and center in his nascent campaign.

“We believe in a culture of life—that every human life is a beautiful, sacred, unique child of a loving God,” Brownback said.

But Brownback’s social conservative activism extends beyond the traditional issues of gay marriage and abortion. He is one of the Senate’s most frequent travelers to Africa, speaking out for the continent’s AIDS victims. He has five children, including two adopted internationally. He is an advocate for prison reform and sees himself as a true believer in compassionate conservatism.

“The place to grow the vote for Republicans is in the compassionate conservative field,” Brownback said in an interview this summer with Congressional Quarterly. “Bush had a great line on compassionate conservatism, but a lot of people feel like he hasn’t delivered on it. I’m really mining the area, whether it’s prison reform, reconciliation — particularly with African Americans, poverty reduction.”

Brownback converted to Catholicism late in life, and on Sundays he has been known to attend two separate church services — a Catholic Mass on his own and Protestant services with his family.

Brownback realizes he is a long shot, but says there is a “calling” for people who run for president.

“My decision has always been based on whether you feel a real calling to do it at all,” Brownback said in the interview. “If you feel like this is really something you’re called to do, do it. I don’t care what the polls say and what the money is.”

Brownback Begins Bid For White House (KCS)

By Matt Stearns

The Kansas City Star, December 5, 2006

WASHINGTON | For Kansas Sen. Sam Brownback, the time for coyness is over.

The conservative Republican, “after much prayerful consideration,” took his first official step in a long-anticipated, long-shot 2008 bid for the White House Monday when he filed papers with the Federal Election Commission creating a presidential exploratory committee.

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Forming an exploratory committee allows Brownback to raise money and hire staff for a presidential campaign and to transfer money from his Senate campaign committee to the exploratory committee. It is one step short of a full-fledged campaign announcement, but in a prepared statement Brownback sounded like a full-throated candidate.

Calling the United States "a blessed nation at an important crossroads," Brownback said "I am running for America…to be of service in a crucial time of trial."

His first campaign stop will be Tuesday in Cedar Rapids, Iowa, to be followed by visits to ten states over the next month.

Brownback has spent the past two years road-testing a theme he describes as "renewing the culture."

It's a unique amalgam of old-fashioned Republican social and fiscal conservatism combined with a progressive, internationalist message of reconciliation between rich and poor, deeply informed by religious faith.

He is a leading opponent of abortion rights, embryonic stem cell research and gay marriage. But he is generally opposed to the death penalty and has made alleviating disease and poverty in the developing world a cornerstone of his Senate efforts.

Brownback called for a flat tax, for term limits for judges and members of Congress, and for "compassionate yet practical programs to help the poor here and around the world," in his prepared statement Monday.

He wrote that he considered "my citizenship and the responsibilities it carries today in the light of eternity."

A 20-member exploratory advisory group includes Tom Monaghan, founder of Domino's Pizza; Bowie Kuhn, former Major League Baseball commissioner; retired Gen. Charles Krulak, former U.S. Marine Corps commandant; and Steve McEveety, a Hollywood producer closely affiliated with Mel Gibson (his credits include The Passion of the Christ).

Also officially on board: Chuck Hurley, a friend of Brownback from law school who is a leader among social conservatives in Iowa, site of the crucial first-in-the-nation presidential caucuses in 13 months.

Brownback's Senate chief of staff, Rob Wasinger, will leave to run the exploratory committee. Kansas native Wasinger has worked for Brownback for 10 years and is well-known and well-regarded in Washington and national social conservative circles.

Brownback joins a field expected to be crowded.

Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani recently created presidential exploratory committees. Other Republicans in various stages of running: Massachusetts Gov. Mitt Romney, Nebraska Sen. Chuck Hagel, Arkansas Gov. Mike Huckabee, former Wisconsin Gov. Tommy Thompson, and California Rep. Duncan Hunter.

But the field has thinned unexpectedly in ways that could help Brownback. Three Republicans also expected to compete for the party's socially conservative base in the party won't be factors: Tennessee Sen. Bill Frist dropped out last week. Virginia Sen. George Allen and Pennsylvania Sen. Rick Santorum lost Senate re-election bids.

Still, Brownback faces daunting challenges, chiefly fundraising and name recognition.

Between his Senate committee and his Restore America political action committee, Brownback has about $650,000 at his disposal.

Compare that to Sen. Evan Bayh, an Indiana Democrat who said Sunday he'll form an exploratory committee this week for his own dark horse 2008 candidacy. He's got $10.5 million in his Senate account that he can transfer.

In early polls, Brownback routinely is near the bottom, around 1 or 2 percent. But he is a darling of the social conservatives who are the backbone of the Republican party in many states. He must persuade them he is electable.

"Ours is an exceptional nation united by our ideals," Brownback said. "But we are a great nation because of our goodness. If we ever lose our goodness, we will surely lose our greatness… we need a culture that encourages what is right and discourages what is wrong – and has the wisdom to understand the difference."

Brownback, A Favorite Among Social Conservatives, To Explore 2008 Presidential Bid (LAT)

By Johanna Neuman, Times Staff Writer

The Los Angeles Times, December 5, 2006

WASHINGTON — Sen. Sam Brownback, R-Kan., a favorite of social conservatives, announced Monday that he was taking the first step toward a 2008 White House run by setting up an exploratory committee.

"I have decided, after much prayerful consideration, to consider a bid for the Republican nomination for the presidency," he said in a statement. "There is a real need in our country to rebuild the family and renew our culture, and there is a need for genuine conservatism and real compassion in the national discussion."

The formation of such a committee allows Brownback to begin raising money and test support for a presidential race without making a formal commitment to seek the nomination. Sen. John McCain, R-Ariz., and former New York Mayor Rudolph W. Giuliani already have such groups, but neither GOP hopeful has wide appeal among conservatives.

In recent weeks, several candidates on the right have fallen from contention: Sen. Bill Frist, R-Tenn., see took himself out of the running, and Sens. Rick Santorum, R-Pa., and George Allen, R-Va., were defeated in their re-election bids, dashing their presidential hopes.

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"Obviously there's a vacancy on the right, and (Brownback) may well fit the niche," said Stu Rothenberg of the Rothenberg Political Report. "He's a long shot -- but you don't have any shot if you don't throw your hat in the ring."

Raised as a Methodist, Brownback became a Roman Catholic in 2002. He has worked with Democrats on bills to stop human trafficking, end starvation in Uganda and genocide in Sudan, extend a path to citizenship to illegal immigrants, curb recidivism and ease the AIDS epidemic in Africa.

He also has pushed for a Smithsonian museum on black history and for a federal apology to American Indians to "help us move toward reconciliation" with two groups that "didn't feel like America had been fair to them."

And, outraged by singer Janet Jackson's 2004 Super Bowl halftime "wardrobe malfunction," he was instrumental in requiring the Federal Communications Commission to increase the fines for indecency on the airwaves.

An opponent of abortion, same-sex marriage and embryonic stem-cell research, Brownback often chairs meetings of the Values Action Team, where advocacy groups meet to track social conservative legislation.

"He will add a lot to the national, not just the presidential, debate," said Wendy Wright, president of Concerned Women for America, a group represented at those meetings. "He truly understands the conservative point of view. It is so frustrating for us when politicians try to pander to us. Brownback is consistent."

Elected to the House in the "Republican revolution" of 1994, Brownback ran for the Senate four years later, pledging to serve only two terms.

In an interview this summer with the Weekly Standard, a conservative magazine, he signaled that he intended to model himself on Ronald Reagan, whom he first supported when Reagan unsuccessfully sought the GOP presidential nomination in 1976.

Brownback, a graduate of Kansas State University and the University of Kansas law school, was raised on his family's farm in Parker, Kan., and served as secretary of the Kansas Board of Agriculture for seven years. He was named a White House Fellow in 1990, working for Trade Representative Carla Hills. A supporter of free trade and a flat tax, he has voted to authorize trade relations with China and phase out estate and gift taxes. He voted for -- and, aides say, still supports -- the Iraq war.

"Culturally and geographically, Sen. Brownback is a tremendous fit for Iowa -- the strongest fit of any candidate, Democrat or Republican," said David Kensinger, his former chief of staff and an informal campaign adviser. "He's clearly going to run as a Reagan Republican."

Brownback Seeks '08 Conservative Mantle (HILL)

By Alexander Bolton

The Hill, December 5, 2006

Sen. Sam Brownback (R-Kan.) yesterday established a presidential exploratory committee, seeking to fill what conservatives say is an absence of strong conservative leadership among top-tier Republican White House candidates.

Brownback immediately sought to position himself as the leading social conservative of the 2008 field.

"I have decided, after much prayerful consideration, to consider a bid for the Republican nomination for the presidency," Brownback said in a statement. "There is a real need in our country to rebuild the family and renew our culture and there is a need for genuine conservatism and real compassion in the national discussion."

Brownback, along with outgoing Sen. Rick Santorum (R-Pa.), has in recent years been the Senate's most vocal advocate of social conservatives' agenda on abortion and related issues.

Brownback's appeal to social conservatives could help him become the leading alternative to Sen. John McCain (R-Ariz.), the perceived frontrunner.

"The way I see the race shaping up is that it's going to be McCain against someone who's not McCain," said David Keene, chairman of the American Conservative Union. "McCain has a lot of people in the party who don't like him."

McCain has opposed his party on key issues such as tax cuts, campaign finance reform, gun control and global warming — stances that won the admiration of the nation's media elite, whom conservatives distrust.

Brownback is the third Republican member of Congress to create an exploratory committee. McCain and House Armed Services Committee Chairman Duncan Hunter (R-Calif.) have both established such panels, as has former New York mayor Rudy Giuliani.

McCain, Giuliani and Massachusetts Gov. Mitt Romney, who is expected to set up an exploratory committee soon, are considered by Republican insiders and political analysts as the top tier. Arkansas Gov. Mike Huckabee, an ordained Baptist minister popular with social conservatives, is also among the upper echelon of GOP candidates.

The two Republican officials who were thought to have the best chance of becoming the conservatives' choice candidate, Senate Majority Leader Bill Frist (R-Tenn.) and Sen. George Allen (R-Va.), have both dropped out of contention. Frist announced

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last week that he would not run, and Allen lost his reelection bid in an upset after a dismal campaign that did much damage to his long-term appeal.

Social conservatives are wary of McCain for his stance on campaign finance, of Romney for his views on abortion, and of Giuliani because of his beliefs on both abortion and homosexual rights.

Many are gravitating toward Huckabee because of his experience as a minister, but Huckabee has alienated small-government fiscal conservatives because he raised taxes as governor.

The three most prominent aspirants, McCain, Giuliani, and Romney, are expected to run as centrists, even though they are all now working hard to court conservative support.

"Each of those three is going to run toward the center of the Reagan coalition," said Grover Norquist, president of Americans for Tax Reform, a leader of libertarian small-government conservatives, who hosts a weekly meeting of prominent activists. "McCain despite his apostasy is trying to get in the right place on guns and taxes; Romney is trying to run as a more conservative candidate [and] Giuliani I assume will do the same thing when he gets in the race."

Norquist criticized Huckabee's record on fiscal issues.

"He keeps raising taxes," Norquist said, then alluded to Huckabee's authorship of a book on his personal weight loss. "He has raised taxes more than once. The one thing Huckabee is known for is that he's lost lots of weight. I would prefer a fat guy with a skinny budget."

Tom McClusky, vice president of government affairs for the Family Research Council, one of the most influential conservative advocacy groups in Washington, said Giuliani has been historically "pro-gay rights and pro-abortion."

McCain, he said, has been "moderately pro-life" and supported issues adamantly opposed by social conservatives, such as embryonic stem-cell research and fetal- tissue research.

Romney, who declared his support for abortion rights during an unsuccessful 1994 Senate race, has a "spotty record on life," said McCluskey, who said Romney is now "certainly coming around on the issue, which we hope he will, and he has good people working for him."

McClusky said Brownback might be able to fill a conservative leadership void among top-tier candidates. But even if he does not win the nomination, Brownback could have a major impact on the Republican primary by defining the debate on abortion and other related "life" issues, he said.

Paul Weyrich, chairman of the Free Congress Foundation, who hosts a weekly meeting of influential social conservatives, acknowledged the perceived weakness of conservative credentials among the GOP's presidential frontrunners. He said Brownback or Huckabee could fill the role of a strong socially conservative candidate.

"Brownback's candidacy potentially gives us a vehicle and there may be others, like Gov. Huckabee of Arkansas, who many favor because he's a former preacher and is mesmerizing in his speaking ability."

Weyrich said that he and other conservative leaders would meet with and question leading presidential candidates to understand their views.

"If we can, we're gong to try to get behind one of them," said Weyrich. "If we do, we can give one of the candidates a considerable boost and could kick one of them to the top tier."

Conservative leaders uniting behind Brownback could push him to the final stages of the GOP primary or perhaps to the nomination.

But Keene, who is also columnist for The Hill, said Brownback's strength is also his weakness. He may appeal to social conservatives but faces the challenge of having to win over a broader spectrum of Republicans.

"His reach doesn't go much beyond the social conservative base," said Keene. "To run a viable candidacy you have to do more than that. At least Brownback has a claim that none of the others have on that segment of the movement. His challenge will be to get other conservatives, [such as] anti-tax people."

Keene said Brownback is better known by conservative voters than other Republicans positioning themselves as alternatives to McCain. He cited former Wisconsin Gov. Tommy Thompson and former Virginia Gov. Jim Gilmore as examples.

Keene said conservatives are afraid of McCain because of his past stances on tax cuts and campaign finance reform, and because he has a reputation for doling out political retribution.

"Conservatives are afraid of him because they think he doesn't like them and goes after most people he doesn't like," said Keene.

Sen. Brownback Forms Group To Explore White House Bid (WP)

By Chris Cillizza

The Washington Post, December 5, 2006

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Sen. Sam Brownback joined the ever-growing group of politicians with an eye on the White House by announcing the creation of an exploratory committee for a presidential run yesterday.

The Kansas Republican made clear that he will focus on the socially conservative themes that have formed the foundation of his career in elected office. "There is a real need in our country to rebuild the family and renew our culture, and there is a need for genuine conservatism and real compassion in the national discussion," he said.

Brownback allies noted that the formation of the exploratory group, which will allow the senator to raise money and travel the country to gauge support for a presidential bid, is a pro forma move and that he will almost certainly launch a full-fledged campaign.

Brownback is the fifth Republican to signal his intention to pursue the presidency in 2008. Sen. John McCain (Ariz.), former New York mayor Rudolph W. Giuliani and Rep. Duncan Hunter (Calif.) have formed exploratory committees, while Massachusetts Gov. Mitt Romney is expected to join the race in early 2007. Arkansas Gov. Mike Huckabee, Sen. Chuck Hagel (Neb.) and former congressman Newt Gingrich (Ga.) also have been mentioned as candidates for the GOP nomination.

In declaring his intentions so early, Brownback is hoping to stake out a position as the most viable conservative in the field. Neither McCain nor Romney is the first choice of social conservatives, and analysts said there is room for a candidate who fills that niche.

"He is the candidate of movement conservatives," said David Kensinger, a former Brownback chief of staff and a member of the senator's political inner circle.

Brownback began his political career with his 1994 election to the House. He was elected to the Senate in 1996, filling the seat vacated by Robert J. Dole (R). Throughout his tenure, Brownback has been one of the staunchest conservatives in Congress. He speaks often about the importance of religion in his life -- he converted from Protestantism to Catholicism in 2002 -- and is a critic of abortion and its impact on the culture more broadly.

Matt Keelen, a Republican lobbyist not affiliated with any '08 candidate, said Brownback's campaign will be "compassionate conservatism on steroids" with a strong focus on poverty and moral issues.

Kensinger argued that Brownback's political positioning makes him the ideal candidate for the Iowa caucuses, which tend to be dominated by social conservatives. While Brownback has kept a low public profile in Iowa, he has been working hard behind the scenes to build a volunteer-heavy grass-roots effort -- meeting with small groups in churches and living rooms -- under the belief that President Bush's reelection effort affirmed the import of ground troops.

Brownback's social-conservative credentials should get him in the door of many Iowa Republican households. What's more, having been raised on a farm outside of Parker, Kan., Brownback is as well versed as any candidate in the field on the agriculture issues so important to Iowa and enjoys home-state proximity, his supporters say.

Money is a major hurdle for Brownback, who has never raised or spent more than $2.5 million on a race. At the end of September, he had $600,000 in his Senate campaign account.

Kensinger acknowledged that Brownback's fundraising ability remains an open question but added: "If you can win Iowa, you are going to have all the money you need overnight."

Swelling 2008 Field Signals Expensive Race (USAT)

By Jill Lawrence

USA Today, December 5, 2006

WASHINGTON — Republican Sen. Sam Brownback of Kansas on Monday became the fourth major presidential hopeful to set up a fundraising committee for 2008, testimony to the demands of a White House race shaping up as the most expensive in U.S. history.

Brownback is a Roman Catholic and social conservative active on issues such as abortion, prison reform, global AIDS and poverty. On Monday, he said he wants to talk to the country about fiscal restraint, tax reform, economic growth and a foreign policy that is “vigorous yet compassionate and consistent.”

Two leading GOP prospects, Arizona Sen. John McCain and former New York City mayor Rudy Giuliani, already have formed exploratory committees. A third, Massachusetts Gov. Mitt Romney, is also preparing to run. Other prospects include Arkansas Gov. Mike Huckabee and New York Gov. George Pataki.

On the Democratic side, Iowa Gov. Tom Vilsack is in the race and Indiana Sen. Evan Bayh is expected to form a fundraising committee today. Decisions one way or the other are expected after the holidays from a half-dozen Democrats, among them New York Sen. Hillary Clinton, New Mexico Gov. Bill Richardson, Massachusetts Sen. John Kerry and former North Carolina senator John Edwards.

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The pace of campaigns has been accelerating since 2000, when then-Texas governor George W. Bush formed an exploratory committee in March 1999 and started campaigning in June. Democrat Howard Dean officially started his 2004 bid in May 2002.

The big change for 2008 is the sheer scale of fundraising necessary to compete with celebrity candidates such as Clinton and McCain, and to prepare for spending unfettered by federal rules and caps.

Bush, Dean and Kerry turned down public money for the 2004 primary season because it would have required them to limit their spending. Nominees Bush and Kerry did accept about $75 million apiece in government funds for the general election campaign.

Michael Toner, chairman of the Federal Election Commission, says he expects that "for the first time ever," nominees of both parties in 2008 will opt out of the public financing system for both the primaries and the general. "The stage is set for the first billion-dollar presidential election," Toner says, predicting the eventual nominees will raise $500 million apiece.

Top-tier prospects such as McCain, Giuliani, Romney and Clinton should plan on raising $100 million by the end of 2007, Toner says. "If you're not in that ballgame, it's going to be hard to be taken seriously." That's nearly four times as much as Kerry, the Democratic nominee in 2004, raised in 2003.

The demands are equally stiff on lower-tier candidates. Republican strategist Alex Vogel says "the threshold for respectability" for Brownback and other long shots is $10 million by the end of March 2007. "This early money is friends and family money," he says. "If you can't bank $10 million in easy money, how long realistically are you going to stay in this process?"

Edwards raised the most money of the Democratic hopefuls in the first quarter of 2003, $7.4 million.

Brownback says he'll visit 10 states this month, including an overnight stay Friday at a Louisiana prison to dramatize the need for prison reforms and promote faith-based prison programs. Today he is in Iowa, where he has been cultivating Christian conservatives.

Ray Dearin, an active Republican and a professor of campaign rhetoric at Iowa State University, calls Christian conservatives "the predominant organized force" in the Iowa Republican Party. He says they view Brownback and Huckabee favorably — but after Republican defeats last month nationally and in Iowa, "they probably are going to be pretty pragmatic and look for someone who's likely to win."

Two early favorites of religious conservatives are no longer options: Senate Majority Leader Bill Frist of Tennessee, who says he won't run, and Virginia Sen. George Allen, who lost his re-election bid. Dearin said McCain, who skipped Iowa in his 2000 nomination race, could benefit.

Brownback released a list of supporters that includes several active in the fight against abortion. But McCain outmaneuvered him in Iowa last week by snagging Marlys Popma, a prominent GOP activist who used to head Iowa Right to Life. Dearin called her decision "a signal to a lot of Christian evangelicals that John McCain is OK."

Obama Meets Party Donors In New York (NYT)

By Patrick Healy

The New York Times, December 5, 2006

Senator Barack Obama treaded onto Senator Hillary Rodham Clinton's home turf last night to meet with prominent Democratic donors and feel out those who might prefer the sound of President Obama to President Clinton (as in Hillary, not Bill).

Amid intensifying presidential musings by Mr. Obama and Mrs. Clinton, Mr. Obama met with George Soros, the liberal billionaire philanthropist, then some other donors last night at Mr. Soros's offices. Afterward he spoke at a charity event that was to be followed by a news conference.

One of the donors who met with Mr. Obama, and who spoke on the condition of anonymity because he did not want to offend Mrs. Clinton, said that he and several others had supported Mrs. Clinton's Senate campaigns but were not committed to her as a presidential candidate.

"I like Hillary a lot, but I'm also impressed with Obama — his message, the way he connects to people," said the donor, a prominent businessman. "It's a little too early for Democrats to be certain that Hillary is the strongest bet for 2008. There are a lot of good people interested in running."

Mr. Obama's reconnaissance mission came as Mrs. Clinton was starting to talk about 2008 not only with New York elected officials, but also with some prominent donors whom she would like to lock in for a possible White House bid.

John Catsimatidis, a loyal Clinton donor, said he had recently received a phone call from Mrs. Clinton asking to have dinner before the holidays. He believes she wants to run for president and is moving to ramp up her Senate fund-raising operation for a White House campaign.

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"I think they have a phenomenal political machine set up that's far superior to any of the other candidates, or theoretical candidates," Mr. Catsimatidis said. "Now they're getting ready to put that machine to use."

To that end, the Clinton team disclosed yesterday that they had a new national finance director lined up in case the senator decided to run. Jonathan Mantz, a fund-raiser for Gov. Jon S. Corzine of New Jersey and a former finance official for the Washington-based operations to elect a Democratic House and Senate, has agreed to work for her if she is a candidate.

"It's not anything that is imminent," said Howard Wolfson, a senior adviser to Senator Clinton. The senator is expected to decide this winter whether to create an exploratory presidential committee.

The Clinton team also announced that Phil Singer, a communications strategist for the Democrats' successful takeover of the Senate last month, had agreed to play a similar role for Senator Clinton, should she run. Mr. Singer is a protégé of Senator Charles E. Schumer and was an aide on Senator John Kerry's presidential campaign.

Derek Shearer, a former ambassador, a donor to President Bill Clinton's campaigns and a supporter of Senator Clinton, said he believed that Mrs. Clinton's moves did not reflect concern about financial or political competition from Mr. Obama or others, but rather an orderly process of consultation and preparation.

"She's very deliberate about these things," he said. "What most concerns her is, does she think she could win and really make a difference in the country."

Supporters of Mr. Obama, a freshman senator from Illinois, described his New York visit as a combination of fact-finding and meet-and-greet as he considers whether to seek the Democratic nomination.

They said, and political analysts echoed, that Mr. Obama acknowledged Mrs. Clinton's home-state advantage in New York, but that there was surging interest in Mr. Obama, an eloquent antiwar Democrat who, if successful, would be the country's first black nominee for president.

"Most of the people Barack is seeing are either doing it out of respect for anyone who is a United States senator, or out of curiosity, or to leave their options open in case she decides not to run," said Ken Sherrill, a political scientist at Hunter College. "I can't imagine his picking up any significant support, but he can establish good will."

Mr. Soros, an early supporter, was the host of a fund-raiser during Mr. Obama's campaign for the Senate in 2004, said Michael Vachon, a senior aide to Mr. Soros. Mr. Obama's staff asked to use the Soros offices for last night's meetings since it was near the Midtown hotel where the senator spoke last night at a fund-raiser for K.I.D.S. (Kids in Distressed Situations), which assists children living in poverty.

Mr. Soros has not publicly endorsed or committed to any 2008 presidential hopeful.

While another possible Democratic candidate, Senator Chris Dodd of Connecticut, raised $500,000 in New York last week, others have been less aggressive in reaching out to New York donors than in past cycles, some of these donors say.

Former Senator John Edwards and former Vice President Al Gore have been in New York recently, and others plan to be, including Senator Joseph R. Biden of Delaware and Gov. Tom Vilsack of Iowa.

Yet the donors say that neither Mr. Edwards nor Mr. Obama, who are receiving perhaps the most buzz as possible opponents of Senator Clinton, nor anyone else has made an assertive push to challenge Mrs. Clinton and her local donor base in the aftermath of the 2006 elections. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Message From A Megachurch (WP)

By E. J. Dionne Jr.

The Washington Post, December 5, 2006

American politics took an important turn last week at a church in the foothills of Southern California's Santa Ana Mountains.

When Rick Warren, one of the nation's most popular evangelical pastors, faced down right-wing pressure and invited Sen. Barack Obama to speak at a gathering at his Saddleback Valley Community Church about the AIDS crisis, he sent a signal: A significant group of theologically conservative Christians no longer wants to be treated as a cog in the Republican political machine.

For his part, Obama, the former community organizer from Chicago, showed why he is this moment's hottest commodity in 2008 presidential politics, even though he has not entered the race yet.

For a quarter-century since the rise of the Moral Majority and the Christian Coalition, white evangelical Christians have been widely seen as a Republican preserve. No one did a more comprehensive job of organizing them than President Bush, and he carried the white evangelical vote in 2004 over John Kerry by a ratio of nearly 4 to 1. Many of the most politically active evangelical leaders have insisted that the morally freighted social issues -- abortion, stem-cell research, same-sex marriage -- took priority over all questions.

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Enter Warren, or Pastor Rick, as he likes to be known. Warren is no political liberal. On the contrary, his views on the hot-button issues are reliably conservative, and he has said that members of his sprawling Orange County congregation probably vote overwhelmingly Republican.

But Warren speaks for a new generation of evangelicals who think that harnessing religious faith too closely to electoral politics is bad for religion, and who are broadening the evangelical public agenda to include a concern for global poverty and the scourge of AIDS.

Warren is also the most gifted religious entrepreneur since Billy Graham. Warren's book "The Purpose Driven Life" has sold in the tens of millions, and his specific model for the megachurch has spread all over the country. He is not building a new denomination. He is building a new network, and it's powerful. Warren and his wife, Kay, have made alleviating the AIDS crisis in Africa one of the central components of their mission.

And thus it came to pass that when Warren called a conference at his church last Friday on World AIDS Day, among those he invited were two potential presidential candidates. It was unsurprising that one of them was Sen. Sam Brownback, the Kansas Republican and a loyal social conservative who has taken up the AIDS issue with passion and commitment.

But when the other invitee turned out to be Obama, parts of the old evangelical political apparatus went after Warren as a heretic. Rob Schenck, president of the National Clergy Council, declared that Obama's views on abortion -- Obama is pro-choice -- represented "the antithesis of biblical ethics and morality" and insisted that Warren had no business inviting him to Saddleback.

Warren's church issued a statement reaffirming its strong opposition to abortion, but Warren did not back down. Indeed, he seemed to revel in rejecting the old evangelical political model. "I'm a pastor, not a politician," Warren told ABC News. "People always say, 'Rick, are you right wing or left wing?' I say 'I'm for the whole bird.' "

When it came his turn to speak, Obama took on the moral message of evangelical AIDS activists -- and then challenged them.

"Let me say this and let me say this loud and clear: I don't think that we can deny that there is a moral and spiritual component to prevention," he declared. "In too many places . . . the relationship between men and women, between sexuality and spirituality, has broken down and needs to be repaired."

Then Obama got to what "may be the difficult part for some," as he put it, that "abstinence and fidelity, although the ideal, may not always be the reality."

"We're dealing with flesh-and-blood men and women, and not abstractions," Obama said, and "if condoms and potentially things like microbicides can prevent millions of deaths, then they should be made more widely available. . . . I don't accept the notion that those who make mistakes in their lives should be given an effective death sentence."

That Obama received a standing ovation suggests that Warren is right to sense that growing numbers of Christians are tired of narrowly partisan politics and share his interest in "the whole bird." In their different spheres, Warren and Obama are both in the business of retailing hope.

One more thing: If you read Obama's speech, you'll realize he demonstrates a much truer Christian spirit than the GOP masterminds who have recently tried to push people away from Obama by pointing out that his middle name is Hussein.

Hillary Clinton Begins Calling Iowa Democrats (DMR)

Des Moines Register, December 4, 2006

Sen. Hillary Clinton began making calls today to Iowa Democrats about the state's political landscape with an eye toward its 2008 presidential nominating caucuses, aides to Clinton said.

The moves come as the New York senator has accelerated the steps she has taken since her November re-election toward making a decision about whether to run for president.

"She's begun the process of making some calls into Iowa," Lorraine Voles, Clinton's communication director, said today in a telephone interview with The Des Moines Register.

In the past week, Clinton has had conversations with supporters in New York and the state's congressional delegation to discuss the possibility of running.

"As a continuation of this process, she is starting to reach out across the country and specifically to some friends in Iowa," Voles said.

Clinton spoke today with Des Moines Democrat Bonnie Campbell, who worked in the Department of Justice during the administration of President Bill Clinton, the senator's husband.

Campbell, a former Iowa attorney general, declined to discuss the details of her brief talk with Sen. Clinton, except that it touched on her running for president and competing for the caucuses, scheduled to launch the 2008 nominating process.

"She is looking at the possibility of running for president and is looking for a read on Iowa," Campbell said.

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Sen. Clinton, by far the best-known among the Democrats eyeing the 2008 campaign, has ranked first in all national polls measuring support for prospective Democratic candidates for president.

However, two Iowa polls in the past year have borne out what some party activists worry are potential problems for Clinton.

A Register poll in June showed Clinton second to former North Carolina Sen. John Edwards among likely Democratic caucusgoers. In September, a Register poll of Iowa voters showed Clinton trailing all four Republicans listed in a hypothetical general election matchup.

Clinton handily won election to a second Senate term on Nov.7, but had not made any gestures toward the presidential campaign until last week, while others in the large, gathering field had begun to take visible steps and make key contacts.

Illinois Sen. Barack Obama and Edwards, a candidate for president in 2004, also rank high in national polls and are contemplating the 2008 race.

Iowa Gov. Tom Vilsack is the only announced candidate among the large number of nationally recognized Democrats considering the race. The two-term governor formed a federal campaign organization on Nov. 9 and wrapped up his kickoff national tour Monday with stops in South Carolina.

Indiana Sen. Evan Bayh announced Sunday he was forming a presidential exploratory committee and was in Iowa today.

All of them have made efforts to visit and appeal to Iowa Democrats during the past two years.

Campbell said she would support Clinton if she ran, as did Iowa Sen. Tom Harkin's former chief of staff JoDee Winterhoff, a former Iowan now living in the Washington, D.C.-area.

Winterhoff said Clinton called her today but the two failed to connect.

"I would assume that Senator Clinton would compete in the caucuses if she runs," Winterhoff said.

There has been speculation about whether she would campaign in Iowa, considering her husband bypassed the caucuses in his winning 1992 bid.

Voles said there had been no discussion of an Iowa visit by Clinton.

Hillary Sizes Up Support Among NH Democrats (UL)

By John Distaso

Union Leader.com, December 5, 2006

New York Sen. Hillary Clinton has begun weighing in with New Hampshire Democratic activists about a possible run for President in 2008.

Clinton during the past few days has placed initial calls to key Democrats in the first-in-the-nation primary state seeking advice, according to veteran state and national party activist Karen Hicks.

Hicks, who headed Howard Dean's New Hampshire presidential campaign in 2004, said those calls will continue. Hicks also confirmed that if Clinton runs for President, "I'll be with her," reportedly as national field director, a position similar to the one she held for the Democratic National Committee during the 2004 general election.

The New Hampshire Union Leader learned that Clinton had a telephone conversation last week with Gov. John Lynch. The two officials had been trying to contact each other since Clinton initiated the calling immediately after the Nov. 7 election.

Clinton reportedly met on Sunday with New York Gov.-elect Eliot Spitzer to solicit his support for a White House bid. A top aide to Clinton also told The Associated Press that Clinton aides have begun interviewing possible campaign staffers and have hired a communications specialist and a national fund-raising director.

Word of Clinton's New Hampshire overtures comes as state Democrats prepare to welcome their party's newest "rock star," Illinois Sen. Barack Obama, to a celebration of their 2006 election day sweep on Sunday afternoon in Manchester. Yesterday, Obama added a Sunday morning visit to Portsmouth to his schedule.

As first reported on UnionLeader.com yesterday afternoon, Hicks said Clinton has "begun calling a whole variety of people in New Hampshire to get their advice as she enters a new phase of thinking" about a run for President in 2008.

Hicks said she spoke with Clinton recently about the former First Lady's possible Presidential bid. She said Clinton told her she would be making the New Hampshire calls.

"I still think she is exploring this," Hicks said. "She, of course, has a huge interest in New Hampshire, and she is interested in getting people's advice about what the campaign should look like if she runs."

Hicks said she did not have the names of all of those Clinton has called and will be calling.

"I don't know the whole list," Hicks said, "but obviously they are going to be some of the leaders that you would think would be on the list, some of the good grassroots organizational people on the electoral level, and a whole variety of people that, should she decide to run, would be in a position to help her."

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Hicks was a long-time New Hampshire-based activist who, after working for Dean's campaign and then the DNC, became a senior advisor to the Labor Party in Great Britain for the 2005 British general election. She said she is currently engaged in a fellowship in political organizing at the John F. Kennedy School of Government's Institute of Politics in Boston.

Hicks called Clinton "the kind of leader we need, and I'm excited about the fact that she is considering this. I'm willing to do whatever I can to help."

She said she did not know either Clinton's timetable for a formal decision or whether plans are being made for a Clinton visit to New Hampshire.

State Democratic chair Kathy Sullivan yesterday declined to comment when asked if she has heard from Clinton.

State Rep. Patricia McMahon, D-North Sutton, and former Bill Clinton-appointed ambassadors Terry Shumaker and George Bruno, all key players in former President Clinton's New Hampshire Presidential campaigns in 1992 and 1996, said they had not yet heard from her.

"I have no idea if she will run," McMahon said, "and my bet is that she is not sure yet and her husband does not know yet. But McMahon, asked if she would support a Clinton run for President, said, "It's early, but I'd have to say it would be hard to say 'no' because of the experience she's had and the issues that she has supported."

The Host With The Most (NYT)

By Jeff Zeleny

The New York Times, December 5, 2006

Senator John McCain hardly needs a holiday to give a party. Just last week, Mr. McCain, Republican of Arizona, presented a lavish feast for Republican governors gathering in Florida. From the 2004 Republican convention in New York City, Mr. McCain, Republican of Arizona, is still fondly remembered, at least among the A-list crowd, for holding an event for his 68th birthday at La Goulue on Madison Avenue and another soiree at Cipriani on 42nd Street. And in this bustling season of holiday parties, Mr. McCain was among the first to have an event, on Monday evening. The senator and his wife, Cindy, invited several hundred people to the Corcoran Gallery of Art in Washington for a party to be paid for by his primary campaign account. Cameras were not only allowed, but also encouraged. JEFF ZELENY <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Why The Early Field For 2008's Election Is The Biggest Yet (CSM)

By Linda Feldmann

The Christian Science Monitor, December 5, 2006

WASHINGTON

Twenty-three months before the 2008 presidential election, the jockeying among hopefuls is already fierce. No fewer than two dozen men - and a woman - are running or thinking of running or being urged to run for the top spot. On an almost daily basis, exploratory committees are forming, first trips to New Hampshire are taking place, and Internet campaigns both for and against possible candidates are sprouting up.

The 2008 race is morphing so fast that four possible candidates have already dropped out. Then there's the X factor - the unprecedented front-loading of primaries and caucuses that will make it more difficult than ever for a dark horse to come out of nowhere and take the nomination.

This election is going to be "the mother of them all," Democratic adviser James Carville declared at a political conference last week. He marvels at the array of "larger than life people" definitely or possibly mounting campaigns - John McCain, Rudolph Giuliani, Hillary Rodham Clinton, Barack Obama, Al Gore, and "to make it interesting," Newt Gingrich. These are people who "change the temperature of the room" when they walk in, Mr. Carville says.

It may be a sign of the vulnerabilities of both putative front-runners - Senators McCain (R) and Clinton (D) - that so many other people are talking about running, but in the end, many political oddsmakers are still betting that today's front-runners end up facing off in November 2008. And the size of the field is likely to shrink fast.

This is good news, at least, for most news organizations, which don't have the staff to follow dozens of Oval Office wannabes all over Iowa, New Hampshire, South Carolina, and Nevada, not to mention Michigan, Florida, and California, which are taking steps to hold early primaries, too.

"A big field will become a little field very quickly," says Jack Pitney, a political scientist at Claremont-McKenna College in Claremont, Calif. "I suspect a lot of the people talking of running now or even announcing exploratory committees will flunk the invisible primary."

He refers to the early fundraising, polls, and media attention that indicate whether a candidate is viable.

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For now, it's the Democratic world that's buzzing, as the charismatic Senator Obama starts making moves toward a possible run; he delivers his first speech in New Hampshire next Sunday. Obama's maneuvering may have quickened the pace of other hopefuls' moves, though they deny it.

Gov. Tom Vilsack of Iowa has become the first fully announced Democratic candidate. Over the weekend Sen. Evan Bayh of Indiana announced an exploratory committee. Team Hillary has whispered to the media that the senator is lining up support among top Democrats in New York for an increasingly likely run.

For a candidate like Governor Vilsack, who is not widely known nationally, the early rollout has provided him some time in the spotlight that will become increasingly difficult to commandeer.

His next task is to raise enough money to mount at least a minimal campaign, in the hopes that he catches fire as an outsider alternative to the top-billed senators he faces. As a governor, with roots in both Pennsylvania and Iowa and a life story that stresses overcoming adversity, he can tout executive experience that has made other governors successful presidential candidates. But even he acknowledges that he is a long shot.

"As a sheer matter of math, the more candidates, the lower the odds," says William Mayer, a political scientist at Northeastern University in Boston. "For long shots, the question is, can you get a bare minimum amount of attention to break through to the public consciousness."

Just how much money a candidate needs to raise in the first quarter of 2007 is open to debate, but a common benchmark is $30 million. Obama would probably be able to hit that mark; Clinton would have little trouble raising several times that; former Vice President Gore also still has his network. Beyond those three, access to big money is dubious; there's a lot out there, but it's not infinite.

Top advisers are also limited in supply, and will soon be married up to one candidate or another, if they aren't already.

The possible expansion of the early primary and caucus calendar will also favor those with big war chests. If Vilsack stays in the race until the Iowa caucuses, his presence as a native son could diminish the importance of that race, which would add even more clout to the New Hampshire primaries. And even though New Hampshire Democrats are upset that the national party has added early nominating contests in Nevada and South Carolina, New Hampshire's key role remains in place. The same will hold true if Michigan, California, and Florida move up their primaries to just after New Hampshire's.

Assuming that New Hampshire maintains its status as the first primary state, then the additional front-loading could serve to enhance New Hampshire's clout.

"If you are anybody but Hillary, your only chance of breaking out of the pack is in New Hampshire," says Mr. Mayer. "You can't say, 'It's OK if I come in fifth in New Hampshire; I'll emerge by doing well in California.' "

So the race is on to see who becomes Clinton's top challenger. For now, the excitement is around Obama. If he runs and does not stumble, there may not be enough political oxygen left for any of the other Democrats running or thinking of running or being urged to run.

Democrats Eyeing '08 Face Stumbling Blocks (WT)

By Donald Lambro

The Washington Times, December 5, 2006

The 2008 Democratic presidential race was off and running as soon as last month's midterm elections concluded, with front-runner Sen. Hillary Rodham Clinton facing more opposition than she may have expected at this point in the two-year campaign cycle.

The New York senator and former first lady, who easily won a second term on Nov. 7, is the leading choice of her party in all the polls. But more than half a dozen other candidates are likely to challenge her expected bid for the nomination, including Massachusetts Sen. John Kerry, the party's 2004 nominee; Mr. Kerry's running mate, former Sen. John Edwards of North Carolina; and Illinois Sen. Barack Obama, the Democrats' hottest political figure, who has rocketed into contention like a rock star.

But the Democrats' growing pack of presidential hopefuls is fraught with problems. Mrs. Clinton remains one of the most polarizing political leaders in the country, with nearly half of the voters polled earlier this year saying they did not like her. Mr. Kerry, who hurt himself in the final weeks of the midterm elections when he told a joke that suggested only uneducated soldiers ended up fighting the war in Iraq, has fallen in the polls since then.

And both Mr. Edwards and Mr. Obama have thin experience on their resumes. Mr. Edwards of North Carolina served only one term in the Senate, while Mr. Obama, who was elected in 2004 has been in the Senate for just two years, and has little or no legislative accomplishments of which to speak.

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"I don't think anyone is going to doubt Hillary's credentials. She certainly was an activist first lady. On the other hand, there will be issues raised about her [lack of] foreign-policy experience and gender," said pollster John Zogby. "She does have problems."

"Right now, Barack Obama and John Edwards are both blank slates, empty slates," Mr. Zogby said.

A national poll of 530 registered Democratic voters conducted last month by Opinion Research for CNN showed Mrs. Clinton favored by 33 percent. Mr. Obama was in second place with 15 percent and Mr. Edwards and former Vice President Al Gore were tied for third with 14 percent. Mr. Kerry, in the wake of what he called his "botched joke," dropped from 12 percent in late October to 7 percent.

"Worse news for Kerry: a majority of registered Democrats say they do not want to see Kerry win the party's nomination in 2008," CNN said.

The rest of the pack of potential candidates were all in the low single digits, including retired Gen. Wesley Clark, Sen. Joseph R. Biden Jr. of Delaware, Gov. Bill Richardson of New Mexico, Sen. Evan Bayh of Indiana and Iowa Gov. Tom Vilsack, who on Thursday became the first Democrat to formally announce his presidential candidacy.

As first lady in the Clinton White House, Mrs. Clinton had a reputation as the most liberal figure in her husband's inner circle. But during the past six years in the Senate she has reinvented her political persona as more of centrist. She voted for the Iraq war resolution and rebuked Democratic calls for a complete U.S. troop withdrawal.

The centrist Democratic Leadership Council, which helped Bill Clinton put together the agenda that helped him win the presidency, has been in her corner, too, defining her as one of them and giving her prominent speaking roles at their political conventions.

"There has been an attempt at an image makeover in which she is attempting to portray herself as a centrist Democrat," Mr. Zogby said.

But in the past few months, and particularly since the midterm elections, most of the political buzz in the party has been about Mr. Obama and his announcement that he is considering a run for the presidency.

Mr. Obama reportedly has been talking to top Democratic campaign strategists, including John Norris, the Des Moines Democrat who was the architect of Mr. Kerry's come-from-behind win in the state's 2004 delegate-selection caucuses.

Mr. Norris said Mr. Obama "truly wanted to know what he had to do and when he had to do it," to wage a competitive campaign in Iowa, political reporter Thomas Beaumont wrote last week in the Des Moines Register.

For 1,000 Or More Homeless In Hawaii, Beaches Are The Best Option (NYT)

By Janis L. Magin

The New York Times, December 5, 2006

HONOLULU, Dec. 4 — When the home she had rented for 30 years for $300 a month was sold, Alice Greenwood and her 6-year-old son joined an estimated 1,000 people living in tents along the 13 miles of beaches on the Waianae Coast of Oahu.

“There was no choice but to come on the beach,” said Ms. Greenwood, 60, who is disabled because of a work-related injury eight years ago and lost her benefits a month before losing her home.

Homelessness in Hawaii has become so pervasive that the governor has assigned a state employee to work full-time at getting people off the beaches and into transitional housing. Once there, they have access to rent assistance programs and low-income housing.

While hundreds of homeless people live on Honolulu’s beaches, including the tourist center Waikiki, it is the Waianae Coast on the semiarid west shore where the problem is most visible. The population of Waianae, home to about 40,000 of Oahu’s 900,000 people, is predominantly native Hawaiian and is historically low income.

Hawaii’s economy has been strong in the last two years, and the state consistently has one of the lowest unemployment rates in the nation. The real estate market has skyrocketed along with the job growth, and houses on the Waianae Coast that rented for $200 or $300 a month a couple of years ago are now advertised for more than $1,000.

Nobody knows exactly how many people are living on the beach. Kaulana Park, the state’s point man for the homeless, estimated that more than 1,000 people lived on the Waianae Coast beaches, but cautioned that any count was good only on the day it was taken. And that estimate does not account for the hidden homeless: people who sleep on a relative’s sofa, or in their cars, or camp in areas not as visible as the public beaches.

Many living on the beach have jobs, mostly in the service and construction sectors. They include families with children, who attend public schools by day and sleep in tents on the beach at night.

Venise Lewis, 35, who lives near Ms. Greenwood at Maili Beach Park with her husband and two of their four children, said her daughters, ages 8 and 10, must finish their homework in the afternoon because there was no lighting at the beach after sunset.

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Ms. Lewis's oldest daughter lives with a grandmother, and her son lives with the family's pastor.

"They don't like the idea of living on the beach," she said of her younger children. "Usually when we go camping, we go home if it rains."

The homeless problem in Hawaii came to light in March, when the City and County of Honolulu began a cleanup of Ala Moana Beach Park, at the entrance to Waikiki, and began closing the park at night in response to complaints.

Hundreds of homeless people, or "illegal campers," as the city calls them, moved to an emergency transitional shelter set up by the state in a warehouse close to downtown Honolulu. But some went west, closer to the Waianae Coast communities where they were raised. The city has since conducted similar cleanups at other beaches.

Lester Chang, the city's parks and recreation director, said the number of illegal campers made it difficult for his department to keep the parks safe and clean.

"I think all communities have to deal with this situation, but Hawaii is unique because it's an island," Mr. Chang said. "There's no place to push them off to."

Honolulu officials say finding long-term solutions to the homeless problem on Oahu is the state's responsibility. The city's housing department was abolished in the late 1990s after a scandal.

Mr. Park has been talking with New York City officials about how to adapt New York's solutions to an island state.

He said he was inspired by a speech last summer by Mayor Michael R. Bloomberg of New York, who told of how the city secured financing for some 12,000 units of supportive housing, and of the city's program to help people stay in their homes by interceding with landlords to head off evictions. Hawaii has started a similar program.

In late October, the state opened a transitional shelter for 30 families, including 90 children, at a converted 1940s-era military building in Kalaeloa, the former Barbers Point Naval Air Station.

On Nov. 18, the state poured the foundation for an emergency transitional shelter in Waianae that will house up to 300 people when it opens early next year. The state is looking at building shelters at eight more sites along the Waianae Coast.

But Dino Palisbo, who has been living at Maili Beach Park with his girlfriend and their three dogs for about a year, said some people did not want to trade the freedom of the beach for the rules of a transitional shelter. "Half of them can pay rent, but it is so high it is going to take them out of the comfort zone," Mr. Palisbo said. "When a studio costs $700 or $800, how can a family put four or five kids there?"

Others, like Ms. Greenwood, did not want to leave their communities for the state's shelter at Kalaeloa, which is 10 miles from the beach park and several miles from the nearest bus route. She plans to move to the new shelter in Waianae, set to open next spring, because it is closer to her son's school and her community activities.

Mr. Park said other homeless people on the beach looked up to Ms. Greenwood, who is a member of the state's Oahu Island Burial Council, which works to protect ancient Hawaiian remains. A widow, she also has four adult children, but the only daughter who lives nearby has a studio apartment too small for Ms. Greenwood and the boy she adopted, Makalii Hatchie.

"She takes it upon herself to be somewhat of a leader," Mr. Park said.

Ms. Greenwood said she hoped to begin collecting Social Security benefits and settle her workers' compensation case soon so that she and her son could find a new home.

"Being homeless is not a crime, it is the fault of the government," she said. "I can understand when its 20, 30 people, but when it hits the thousands. ..."

French: 6 Powers Near Iran Nuke Accord (AP)

By Angela Charlton

AP, December 5, 2006

The six powers seeking a U.N. resolution to punish Iran for its nuclear program are nearing agreement on a text, France's foreign minister said Monday.

High-ranking diplomats from the U.N. Security Council's five permanent members plus Germany will meet Tuesday in Paris to discuss imposing penalties on Iran for refusing to stop uranium enrichment.

"I think that we should now reach agreement on this," Foreign Minister Philippe Douste-Blazy said in Brussels.

He gave no details of the possible text, but indicated progress had been made in his talks in Brussels on Monday with his Russian counterpart, Sergey Lavrov.

"We are in agreement with Russia to adopt sanctions against Iran's proliferation program, that is to say the sensitive nuclear activities and the ballistic missile program. ... We want to reach as broad an agreement as possible in the U.N. Security Council," Douste-Blazy said.

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The Security Council has been at odds over how to deal with Iran's defiance of an Aug. 31 U.N. deadline to halt uranium enrichment. The Europeans and Americans want tough sanctions. Russia and China have pushed for dialogue instead, despite the failure of a EU effort to bring the Iranians to the negotiating table.

On Friday, Lavrov reaffirmed Russia's readiness to back a U.N. ban on exports of nuclear materials and sensitive technologies to Iran, but said U.S.-proposed sanctions were "too tough."

A European draft U.N. resolution in October would order all countries to ban the supply of materials and technology that could contribute to Iran's nuclear and missiles programs. It would also impose a travel ban and asset freeze on companies, individuals and organizations involved in those programs.

The draft would exempt a nuclear power plant being built by the Russians at Bushehr in Iran, but not the nuclear fuel needed for the reactor.

Russia want to scratch any travel ban, asset freeze, or mention of Bushehr. They proposed major changes that would limit sanctions solely to measures that would keep Iran from developing nuclear weapons and ballistic missiles.

"We have taken the Russian amendments into consideration," Douste-Blazy said. "We want to reaffirm the unity of the international community. We are trying to find a plan that is both firm and effective."

A representative of EU foreign policy chief Javier Solana was expected to join Tuesday's talks in Paris with political directors of the foreign ministries of Britain, China, France, Russia and the United States, plus Germany, "for an update on the Iranian nuclear file," French Foreign Ministry spokesman Jean-Baptiste Mattei told reporters Monday.

No other details of the meeting were immediately available.

Britain's U.N. Ambassador Emyr Jones Parry said Friday that he didn't expect the Iran resolution to make its way back to New York for discussion until at least Dec. 11.

In Brussels, Nicholas Burns, U.S. undersecretary of state for political affairs, said it was time to send a strong message to Tehran that "we're all unhappy with Iran."

"We just wish the Iranian government would stop developing nuclear weapons, supporting ... terrorist groups in the Middle East and destabilizing Lebanon," said Burns, who will represent the United States at the meeting. "We stand for peace and overcoming divisions in the Middle East and Iran stands for disrupting everything through the barrel of the gun."

Time For Russia And China To Accept Iran Resolution: US Official (AFP)

AFP, December 5, 2006

A top US official said it was "time" for Russia and China to agree with Britain, France, Germany and the United States on the sanctions to impose on Iran for refusing to suspend its uranium enrichment program.

"It's been too long we have been debating ... we have to pass the sanction resolution" at the UN Security Council, US undersecretary of state for political affairs Nicholas Burns said to journalists on the margins of a conference of the pan-European OSCE watchdog.

"It is not that complicated," he added, "we need to send a strong message to the Iranians."

The six world powers are to meet Tuesday in Paris in their latest bid to secure agreement on a package of sanctions against Iran for its refusal to suspend sensitive nuclear activities.

High-ranking diplomats from the five veto-wielding UN Security Council members plus Germany will attend the talks at the French foreign ministry.

A representative of European Union policy chief Javier Solana will also take part in the meeting.

Burns said that the participants would "see if we can narrow our differences and agree so that our ambassadors (at the UN) in New York should pass in the quickest possible time a decisive sanction resolution".

World powers have been trying for weeks to agree what sanctions to impose on Iran for its refusal to comply with a UN deadline to freeze uranium enrichment, which can be used to generate electricity or to build atomic weapons.

A draft resolution circulated by Britain, France and Germany would have barred trade with Iran in goods related to its nuclear and ballistic missile programmes and applied financial and travel restrictions to persons and agencies involved in either area.

But Russia and to a lesser extent China, have tried to water down the text, saying the sanctions should not target individuals and should be limited in duration.

Meanwhile Washington wants to harden at least the wording of the text.

Iran's Web Crackdown Shows Ease Of Government Internet Censorship (WSJ)

By Christopher Rhoads

The Wall Street Journal, December 5, 2006

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Iran's campaign to shutter popular Web sites and curtail text-message traffic reflects the growing ability of governments to control online content inside their national borders.

The crackdown, reported earlier by Britain's Guardian newspaper, is part of a broader offensive against what authorities consider immoral Western culture. It has targeted Web sites including Amazon.com, publicly edited online encyclopedia Wikipedia.com, movie Web site imdb.com and online video-sharing portal YouTube.com, among others. Some of these sites are working again, but the clampdown is consistent with a tightening of online content in Iran dating back two years.

The blockage isn't airtight, as more-savvy Internet users in the country have access to software and other measures that allow them to get around government restrictions, Internet experts say. It is uncertain how long the restrictions will last.

Iran is one of a host of nations that have taken steps to limit access to the Internet or control what users can see in cyberspace. Others that have taken such steps include China, Cuba and North Korea. Tehran's recent actions are noteworthy given the country's flourishing and relatively free Internet culture in recent years. Iran has an estimated 7.5 million users, up from 250,000 six years ago, according to InternetWorldStats.com. A lively blogosphere emerged in recent years, as state control of the country's traditional print media increased.

Arash Sigarchi, for example, was a member of the reformist press that developed under President Mohammad Khatami in the late-1990s. When this media was shut down in 2000, Mr. Sigarchi began blogging on a collective site called "The Man from Gilan," and later on his own personal site, called "The Window of Hope." The now 28-year-old Mr. Sigarchi was arrested in early 2005 and sentenced to 14 years in prison for "propaganda against the regime," according to Reporters Without Borders, a Paris-based press-freedom group.

As Internet usage has increased in more countries, so has the ability of governments to restrict the online experience within their countries.

"Countries with the political ability and desire to limit info will do so," said Robert Faris, director of research for a global project on Internet filtering at the Berkman Center for Society and Internet at Harvard Law School. "The technical means are available now."

The Internet crackdown in Iran reflects efforts by the Islamist government of President Mahmoud Ahmadinejad to cleanse Iran of what its leaders deem decadent Western culture, including music and movies. Government authorities in recent days have broached several new measures, such as requiring bloggers and operators of Web sites to register with an official body, strengthening the government's ability to police what it views as objectionable content.

The government began tightening its grip on the Internet two years ago, when it arrested a handful of bloggers and others whose writings were deemed offensive, according to Reporters Without Borders. One blogger, Mojtaba Saminejad, faced the death penalty for "insulting the prophets," but was found guilty of a lesser charge.

Last month, the government blocked two Web sites, tik.ir and meydann.com. The first contained criticism of the government and its spiritual leadership, and the second published articles calling for an end to the stoning of women, according to Reporters Without Borders.

The government has also taken the unusual step of attempting to curtail the speed of Internet access, essentially banning broadband.

"It's weird" said Julian Pain, head of the Internet freedom desk for Reporters Without Borders, because limiting connection speed not only curbs dissidents but "economically has a huge impact." Trade, government business and private-sector activities can all be hurt by hobbled Internet speeds, he said.

Tools to get around restrictions are spreading quickly. The University of Toronto, for example, late last month announced a program called psiphon, which works on the principle of social networking. It enables a person in an uncensored country who downloads the software to turn his computer into an access point for users in censored countries. People in censored countries can use the computer as a proxy to access the broader Internet without detection by authorities.

Write to Christopher Rhoads at christopher.rhoads@wsj.com1

Realism And Iran (WSJ)

The Wall Street Journal, December 5, 2006

Realism is an academic theory that holds that nations should, and typically do, conduct foreign policy with greater regard for their interests than their values. But realism is also an ordinary word that tells us that good sense and experience are better practical guides to action than theory. That's a distinction worth bearing in mind as the Baker-Hamilton Iraq Study Group releases its report this week and we debate whether the U.S. should engage diplomatically with Iran.

To hear the so-called realists tell it, engaging Tehran is a matter of necessity and ought to be one of choice. Necessity, they say, because there will be no good outcome in Iraq -- or Lebanon and Palestine -- without Iranian acquiescence, which can

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only be achieved through face-to-face talks and confidence-building measures. Necessity, too, because they think that neither the U.S. nor Israel can stop Iran's nuclear ambitions militarily and so they must be dealt with as part of a broader negotiation.

Yet the same people who now call for engagement also believed in it long before the invasion of Iraq or the recent revelations about Iran's nuclear advances. They argue that Iran's pressing political and economic problems -- the country's huge youth cohort, cleavages within the regime and its loss of popular legitimacy, ethnic and labor unrest and growing unemployment -- mean the Islamic Republic has reasons of its own to come to the table. The same logic also suggests that the real purpose of its nuclear program is to serve as a bargaining chip to obtain bigger concessions from the West rather than as an end in itself. * * *

But here's where realism of the common sense kind should intrude. Iran's domestic problems are hardly new and in some ways have been eased by the high oil prices of recent years. In 1997, Iranians "elected" a supposedly moderate president, Mohammed Khatami, on a reformist platform. As Iranian journalist Amir Taheri notes in the November Commentary magazine, the Clinton Administration sought to establish openings with the Khatami government by lifting some sanctions and apologizing for U.S. political meddling. President Clinton even planned an "accidental" encounter with Mr. Khatami during the U.N.'s millennium summit, but Iran's Supreme Guide Ali Khamenei canceled it at the last minute. The stood-up President "was left pacing the corridors of the U.N.," writes Mr. Taheri.

Presidents Carter and Reagan earlier tried engagement with the Ayatollah Khomeini, each time with disastrous consequences: the seizure of the U.S. embassy in 1979; the Iran-Contra scandal of 1986. One problem is that however sincere Iranian moderates may be in seeking an accommodation with the West, Iranian hardliners have proved equally intent on torpedoing any deals. The hardliners have consistently held the upper hand.

This point should be obvious now that Mr. Khatami has been replaced by Mahmoud Ahmadinejad. Much has been said about Mr. Ahmadinejad's election being a victory for populism over clericalism. But his candidacy was promoted by Supreme Guide Khamenei and a clerical establishment that pre-selects its officeholders according to narrow ideological and religious criteria.

In Mr. Ahmadinejad, they found a man whose wipe-Israel-off-the-map rhetoric is matched by his record as a hostage-taker, prison interrogator and organizer of violent domestic paramilitaries. If the "realists" greeted Mr. Khatami's election as a sign of regime softening, why then do they not draw opposite conclusions about his successor?

The Bush Administration has also tried diplomacy, agreeing to allow the Europeans -- hardly the most truculent negotiators, except on Guantanamo -- to take the lead on the nuclear issue. In late 2003, Iran agreed to suspend its nuclear work as a confidence-building measure; within months, they were caught cheating. A second go-around a year later led to the same result, with Tehran dismissing a package of incentives that included security guarantees, technical assistance, commercial ties and prospective membership in the World Trade Organization.

An effort to get Iran to agree to have Russia enrich its uranium was negotiated for months and led nowhere. Iran has consistently misled U.N. inspectors and illegally obstructed their work by denying them multiple-entry visas. It has flouted the Security Council's August 31 deadline to cease enriching uranium, choosing instead to expand its enrichment work while pursuing other nuclear programs such as a heavy water plant at Arak that has few possible non-military uses.

The deeper issue concerns Iran's strategic ambitions. "Realists" argue that despite the regime's avowed revolutionary principles, what it really seeks is to become a status quo power, secure in its neighborhood and linked to the wider world.

Even assuming Iran's ambitions extend only to the region, its unneighborly behavior belies this hope. Iranian agents were almost certainly responsible for the 1996 murders of 19 U.S. servicemen in Saudi Arabia. Hezbollah waged its summer war against Israel using arms supplied by Tehran; those arms may yet be turned on the Lebanese government.

Both Britain and the U.S. have publicly accused Iran of supplying increasingly sophisticated improvised explosive devices to anti-Coalition forces in Iraq; IEDs are the leading cause of U.S. military deaths. Now Iran says that a swift American withdrawal from Iraq is the key to peace. That may be music to the ears of Western critics of the war. But it's hardly surprising given that the U.S. is what chiefly stands in the way of Iran's desire to dominate Iraq through the likes of Muqtada al-Sadr, whose Mahdi Army is responsible for some of the worst sectarian violence.

Iran actively supports more than a dozen Parties of God (aka, Hezb Allah) in places as faraway as Paraguay and Argentina. Asian regional powers such as India and Pakistan have not sought the long-range ballistic missiles as Iran has through its Shihabs, which can now reach parts of Europe. Whereas India and Pakistan have deployed modest nuclear arsenals adequate to defend against each other, the scope of Iran's enrichment program suggests a desire to construct scores of bombs a year. * * *

Finally, there is the matter of values. One has to wonder about "engaging" a regime whose recent domestic practices include taking a razor to the tongue of labor leader Mansour Ossanloo, whose crime was to have organized an independent

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union for bus drivers. Realists would have us believe that a country that indulges such barbarism can still be expected to act as a predictable and, under certain conditions, reliable partner in diplomacy.

It's true that we also "engaged" the Soviet Union during the Cold War, but most successfully when Ronald Reagan also spoke candidly about Soviet reality and on behalf of Russian freedom and the U.S. resisted the Kremlin's global designs. We suppose in that sense the Gipper was an idealistic realist. President Bush has spoken repeatedly, in his major speeches and in interviews, about American support for Iranians who aspire to more freedom, which is one reason the U.S. is popular among the Iranian people. What message would it now send those Iranians if the U.S. turned around and embraced the rule of Tehran's mullahs?

We think it's simple realism to believe the fate of people like Mr. Ossanloo explains Iran's past behavior, and well predicts its future.

Blair Proposes Sub-based Missile Shield (USAT)

USA Today, December 5, 2006

British Prime Minister Tony Blair unveiled plans Monday for a new submarine-based nuclear-missile defense system to thwart threats from rogue regimes and state-sponsored terrorists.

Blair told the House of Commons that despite the end of the Cold War, threats were posed by North Korea, Iran and others. Blair said land- or air-based alternatives were considered too costly and too vulnerable.

“It would be unwise and dangerous for Britain alone of any of the nuclear powers to give up its independent nuclear deterrent,” he said. Blair said Britain would cut back on its nuclear stockpile from 200 warheads to 160.

Parliament will vote on the proposal by March. Blair's Labor Party was once committed to unilateral disarmament.

Coup underway in Fiji, prime minister says

Fiji's elected leader said a military takeover was under way in the South Pacific country as armed troops surrounded his house and locked down the capital. Heavily armed soldiers set up check points around the capital, Suva, and seized official vehicles from government ministers.

Prime Minister Laisenia Qarase was asked in a radio interview if he was still in control of the country.

“There are some things that aren't clear,” Qarase told the Legend network. “If the military has completed the takeover then they are in control. If they have not completed the takeover, then we are still the government of the day.”

U.S. Marine gets 40 years in Philippine rape case

U.S. Marine Lance Cpl. Daniel Smith was convicted of rape in the Philippines and sentenced to 40 years in prison. A 23-year-old Filipino woman accused Smith of sexually assaulting her while she was drunk on Nov. 1, 2005. Smith, 21, of St. Louis, testified that the sex was consensual. Three other Marines were acquitted of complicity.

The U.S. Embassy had retained custody of the men during prosecution, in line with the Visiting Forces Agreement signed in 1998. Smith became the first American soldier to be convicted of wrongdoing since then. The judge ruled Smith would be temporarily held in a Philippine jail during his appeals.

Egypt arrests foreigners for allegedly plotting attacks

Egyptian police arrested an American, two Belgians, nine French and several others from Arab countries for allegedly plotting terrorist attacks in Middle Eastern countries including Iraq, the Interior Ministry said.

The group was part of an Islamic terrorist cell that was in Egypt under the guise of studying Arabic and Islamic studies, a ministry statement said. “They were seeking to recruit others … urging them for jihad, traveling to Iraq to carry out operations,” the statement said.

It did not give names or the number of Arabs arrested.

Blair Unveils Plan For Nuclear Missiles (AP)

By David Stringer

AP, December 5, 2006

Prime Minister Tony Blair launched plans Monday for a new multibillion-dollar submarine-based nuclear missile defense system, warning lawmakers the future may hold perilous threats from rogue regimes and state-sponsored terrorists.

In what is expected to be among his last major acts as premier, Blair told the House of Commons that despite the end of the Cold War, potential threats were posed by North Korea, Iran and others.

"In these circumstances, it would be unwise and dangerous for Britain alone of any of the nuclear powers to give up its independent nuclear deterrent," he said.

Blair said Britain would cut back on its stock of nuclear warheads from 200 to 160 — a move intended to make the proposal more acceptable to detractors within his own party. But he said any decision to reduce the nuclear-armed submarine

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fleet from four to three would be made only after a new vessel is designed. Blair said advisers had ruled out land or air based alternatives as too costly and too vulnerable.

The existing submarine fleet will be phased out from 2022, defense officials said.

Blair also said a decision on whether Britain will build a new arsenal of warheads to replace current stocks — expected to last only until the 2020s — would not be made before 2009.

That means Blair — due to stand down in 2007 — avoided the most contentious aspect of committing to a future nuclear defense program. Debates over a new warhead program are expected to stir up fierce divisions in his Labour party, once committed to unilateral nuclear disarmament

Britain's conservative opposition leader, David Cameron, endorsed the new deterrent, though he urged options be kept open for fourth submarine.

The replacement fleet would cost around $40 billion.

Blair said Britain would join in a U.S. program to extend the Trident D5 missile, currently used by both countries, until the early 2040s. President Bush has assured Blair that Britain would also be included in designing a successor missile, defense officials said.

Blair told legislators they would be asked to decide on the number of new submarines and a new missile design in the next Parliament, following national elections expected in 2009.

Kate Hudson, chairwoman of the Campaign for Nuclear Disarmament, said Iran and North Korea would see Blair's decision as a vindication of their own aspirations.

Opponents of a replacement system — including nuclear disarmament campaigners — claim the new fleet is likely to cost as much as $150.6 billion.

Lawmakers will be asked to vote on the proposal by March and senior officials said the plan was expected to win overwhelming support.

Britain's first Trident submarine, the HMS Vanguard, went on a maiden patrol in December 1994.

Britain's third party Liberal Democrats have argued that a decision could be put off until as late as 2014. The government claims a decision is urgent because it will take up to 14 years to design, commission and build the submarines.

Menzies Campbell, leader of the Liberal Democrats, questioned the timing of the decision. "Is this about Britain's interest or your legacy?" he asked Blair in the Commons.

A survey of members of the House of Commons indicated that Blair faces strong resistance within his party.

Among 80 Labour lawmakers who completed a questionnaire, 39 percent were opposed to a new generation of nuclear-armed submarines, CommunicateResearch reported for The Independent newspaper.

In contrast, 94 percent of 52 Conservatives supported a new generation.

Beyond five formally declared nuclear weapons states — the United States, Russia, China, France and Britain — four others are known or thought to have such arms. They are India, Pakistan, Israel and, following its October missile test, North Korea.

Of the nuclear powers, only the United States and Russia have submarine, air and land-based capability.

Blair Urges Keeping Nuclear Arms Program Alive (NYT)

By Alan Cowell

The New York Times, December 5, 2006

LONDON, Dec. 4 — Citing a potential nuclear threat from nations like North Korea and Iran, Prime Minister Tony Blair urged legislators on Monday to extend the life of Britain's nuclear arms program with a new generation of submarines costing as much as $40 billion.

Mr. Blair made his proposal as he presented a white paper to Parliament on the subject of Britain's nuclear capacity that is expected to be debated at some length before a vote next March.

Mr. Blair proposed a plan to replace four Vanguard nuclear-powered submarines, equipped with Trident D5 missiles manufactured in the United States, that he said were the nation's only nuclear deterrent. The vessels will begin to go out of service in 2022, he said, and it will take 17 years to design and build replacements.

Nuclear weapons are a sensitive issue for the governing Labor Party since many of its supporters — including at one time Mr. Blair himself — have traditionally opposed nuclear weapons. Indeed, until the late 1980s, the party was formally committed to unilateral nuclear disarmament.

Mr. Blair insisted Monday that Britain should not dispense with its nuclear capacity.

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“The risk of giving up something that has been one of the mainstays of our security since the war, and moreover doing so when the one certain thing about our world today is its uncertainty, is not a risk I feel we can responsibly take,” he said in Parliament. “Our independent nuclear deterrent is the ultimate insurance.”

Apart from other arguments, Mr. Blair said, “The new dimension is undoubtedly the desire by states, highly dubious in their intentions, like North Korea and Iran, to pursue nuclear weapons capability.”

But Mr. Blair’s supporters are calculating that they can muster sufficient parliamentary support from the opposition Conservatives to squash Labor opposition in next year’s vote. As a sop to Labor dissent, however, Mr. Blair said Britain would consider reducing its nuclear submarine force to three from four and might cut its “stockpile of operationally available warheads” by one-fifth, to “no more than 160.”

In addition to Britain, nations with nuclear weapons include the other four permanent members of the United Nations Security Council — the United States, Russia, China and France — and India and Pakistan.

Western nations like the United States and Britain accuse Iran of seeking a nuclear weapons capacity, which it denies. North Korea conducted a nuclear test in October. Israel has not commented on claims that it has nuclear weapons capacity.

“The notion of unstable, usually deeply repressive and anti-democratic states, in some cases profoundly inimical to our way of life, having a nuclear capability is a distinct and novel reason for Britain not to give up its capacity to deter,” Mr. Blair said.

“It is not utterly fanciful either to imagine states sponsoring nuclear terrorism from their soil,” he said. “We know this global terrorism seeks chemical, biological and nuclear devices. It is not impossible to contemplate a rogue government help such an acquisition.”

Some opponents of nuclear weapons said that Britain should spend its money on the environment, not on weapons. But labor unions representing shipyard and engineering workers said thousands of skilled jobs would be secured by a new nuclear submarine program. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Blair Calls For New Nuclear Sub Fleet (LAT)

By Kim Murphy

The Los Angeles Times, December 5, 2006

LONDON — British Prime Minister Tony Blair on Monday called for building a multibillion-dollar, new-generation nuclear submarine fleet to counter future threats from "rogue" nuclear states and nuclear terrorism.

The move, which Blair justified as a hedge against potential threats from terrorists and states with nuclear ambitions, such as Iran and North Korea, rekindled debate over Britain's nuclear future and the role of such weapons in the post-Cold War world.

Blair said his government would support a top-to-bottom renewal of the nation's nuclear-powered Trident submarine fleet, which is equipped with nuclear ballistic missiles, to ensure that Britain retains its seat among the world's five major nuclear powers for decades to come.

"The risk of giving up something that has been one of the mainstays of our security since the [Second World] War, and moreover doing so when the one certain thing about our world today is its uncertainty, is not a risk I feel we can responsibly take. Our independent nuclear deterrent is the ultimate insurance," Blair told an occasionally skeptical Parliament, which will vote on the program in March.

"Proliferation remains a real problem," he said. "The notion of unstable, usually deeply repressive and anti-democratic states, in some cases profoundly inimical to our way of life, having a nuclear capability, is a distinct and novel reason for Britain not to give up its capacity to deter."

There have been mounting calls in Britain to dismantle the four-vessel nuclear-weapons fleet that many believe has outlived its purpose. Spending billions on a new fleet could undermine negotiations with North Korea and Iran at a time when those nations are being asked to adhere to international nonproliferation obligations, these critics say.

"How can this cost be justified in the post-Cold War environment, when it will severely restrict much more needed conventional military expenditures, undermine the Nonproliferation Treaty and drain off colossal sums of money from real threats of terrorism, climate change and long-term energy security?" Michael Meacher, a lawmaker from Blair's Labor Party, argued during Monday's opening debate in the House of Commons.

But Blair's proposal can survive misgivings in his own camp because he is assured of substantial support among opposition Conservative lawmakers. Tory leader David Cameron said "the case is very powerful" for building "a credible system … that isn't vulnerable to preemptive attack," and even questioned Blair's commitment to a 20% reduction in the number of Trident nuclear warheads.

"Does he realize he doesn't have to make concessions to those who've never supported the concept of deterrence?" Cameron said.

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Blair is calling for revamping U.S.-made Trident D5 missiles to extend their utility into the early 2040s while reducing their number to 160 from 200. British designers would immediately launch the design and construction of as many as four new submarines to replace within 17 years the current fleet of four Vanguard-class nuclear-powered submarines, launched in the mid-1990s.

The estimated cost would range from $30 billion to $40 billion, an average of 3% of the defense budget over the next two decades.

Britain would continue to field the smallest stockpile of nuclear weapons among the five recognized nuclear powers and would be the only one with a single delivery system, Blair noted.

He said the end of the Cold War had not ended Britain's potential future vulnerability to possible threats. "The new dimension is undoubtedly the desire by states, highly dubious in their intentions, like North Korea and Iran, to pursue nuclear weapons capability," he said.

Gavin Ireland, a military sciences researcher at the Royal United Services Institute, said Britain's nuclear posture was founded on the concept of deterrence based on ambiguity.

"It's there in the back pocket. It's not intended to be an overt threat," Ireland said.

Unlike U.S. nuclear policy, he said, which calls for deployment of a wide range of missiles on multiple platforms capable of striking a broad range of targets, Britain's strategy calls for keeping at least one sophisticated and elusive nuclear submarine deployed somewhere in the world's oceans whose orders to launch would be difficult, if not impossible, to subvert.

Ultimately, Blair said, relying on the substantially larger U.S. arsenal to shield Britain is not a foolproof option.

"The independent nature of the British deterrent is again an additional insurance against circumstances where we are threatened but America is not," he said. "These circumstances are also highly unlikely, but I am unwilling to say they are nonexistent."

Offering Video, Israel Answers Critics On War (NYT)

By Greg Myre

The New York Times, December 5, 2006

JERUSALEM, Dec. 4 — Israel's military, which has been accused of abuses in its war against Hezbollah this summer, has declassified photographs, video images and prisoner interrogations to buttress its accusation that Hezbollah systematically fired from civilian neighborhoods in southern Lebanon and took cover in those areas to shield itself from attack.

Lebanon and international human rights groups have accused Israel of war crimes in the 34 days of fighting in July and August, saying that Israel fired into populated areas and that civilians accounted for a vast majority of the more than 1,000 Lebanese killed.

Israel says that it tried to avoid civilians, but that Hezbollah fired from civilian areas, itself a war crime, which made those areas legitimate targets.

In a new report, an Israeli research group says Hezbollah stored weapons in mosques, battled Israelis from inside empty schools, flew white flags while transporting missiles and launched rockets near United Nations monitoring posts.

The detailed report on the war was produced by the Intelligence and Terrorism Information Center at the Center for Special Studies, a private research group headed by Reuven Erlich, a retired colonel in military intelligence, who worked closely with the Israeli military.

An advance copy was given to The New York Times by the American Jewish Congress, which has itself fought against the use of "human shields," provided consultation and translated the study.

In Lebanon, a Hezbollah official denied the study's allegations, saying its military units were based outside towns and villages and had come into populated areas only when circumstances required it. "We tried to avoid having to fight among civilian areas, but when Israeli troops entered villages, we were automatically forced to fight them from inside these villages to defend it," said the official, who spoke on condition of anonymity because he was not authorized to speak on military matters.

Israel's critics charge that its military either singled out civilians or was reckless in its pursuit of Hezbollah. The new report is an attempt to rebut such criticism.

The report includes Israeli Air Force video that it says shows several instances of Hezbollah personnel firing rockets next to residential buildings in southern Lebanon and then being bombed by Israel. The adjacent buildings were presumably damaged, but there is no information on whether civilians were inside.

"This study explains the dilemma facing the Israeli military as it fights an enemy that intentionally operates from civilian areas," Mr. Erlich said. "This is the kind of asymmetric warfare we are seeing today. It's not only relevant to Lebanon, but is also what we are seeing in the Gaza Strip and in Iraq."

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The report says: “The construction of a broad military infrastructure, positioned and hidden in populated areas, was intended to minimize Hezbollah’s vulnerability. Hezbollah would also gain a propaganda advantage if it could represent Israel as attacking innocent civilians.”

In video from July 23, a truck with a multi-barreled missile launcher, presumably from Hezbollah, is parked in a street, sandwiched between residential buildings. The video was transmitted from an Israeli missile approaching the truck. The screen goes fuzzy as the missile slams into the target.

In another video, from a Lebanese village, rockets are seen being fired from a launcher on the back of a truck. The truck then drives a short distance and disappears inside a building. Seconds later, the building itself disappears under a cloud of smoke from an Israeli bomb.

The report says that there were many such examples, and that Hezbollah has been preparing for such an engagement for years, embedding its fighters and their weapons in the Shiite villages of southern Lebanon. When Hezbollah fired its rockets from those areas, Israel faced a choice of attacking, and possibly causing civilian casualties, or refraining from shooting because of the risk, the report said.

Elias Hanna, a retired Lebanese Army general, said of the Israeli allegations, “Of course there are hidden invisible tunnels, bunkers of missile launchers, bunkers of explosive charges amongst civilians.”

He added: “You cannot separate the southern society from Hezbollah, because Hezbollah is the society and the society is Hezbollah. Hezbollah is holding this society together through its political, military and economic services. It is providing the welfare for the south.”

Asked whether Hezbollah should be seen as responsible for the deaths of Lebanese civilians in the war, he replied: “Of course Hezbollah is responsible. But these people are ready to sacrifice their lives for Hezbollah. If you tell them, ‘Your relative died,’ they will tell you ‘No, he was a martyr.’ The party’s military preparations from 2000 till 2006 took place in their areas. They were of course done with complete secrecy, but in accordance with the civilians.”

During the war, Israel dropped leaflets urging villagers to leave southern Lebanon and also to evacuate from Hezbollah strongholds in southern Beirut. Many did flee, but some remained and among them were hundreds who were killed.

In one highly publicized Israeli strike on July 30, at least 28 Lebanese civilians, including many women and children, were killed when Israel bombed a residential building in the village of Qana. Israel said it struck a Hezbollah rocket cell that had recently fired from near the building.

In several other instances, Israel bombed vehicle convoys that were trying to leave the combat zone in southern Lebanon, killing many civilians. Human Rights Watch, a New York-based advocacy group, said shortly before the war ended that it had documented the deaths of 27 Lebanese civilians killed while trying to flee.

Kenneth Roth, the executive director of Human Rights Watch, wrote shortly after the war that the Israeli military “seemed to assume that because it gave warnings to civilians to evacuate southern Lebanon, anyone who remained was a Hezbollah fighter.”

He wrote, “But giving warnings, as required by international humanitarian law, does not relieve the attacker of the duty to distinguish between civilians and combatants and to target only combatants.”

Amnesty International said that Israel “consistently failed to adopt necessary precautionary measures,” and that its forces “carried out indiscriminate and disproportionate attacks on a large scale.”

The group also accused Hezbollah of “serious violations of international humanitarian law” for deliberately attacking Israeli civilians with rockets. But it did not address the accusation that Hezbollah hid its militants among Lebanese civilians.

The Israeli report defended the Israeli operations, saying “airstrikes and ground attacks against Hezbollah targets located in population centers were carried out in accordance with international law, which does not grant immunity to a terrorist organization deliberately hiding behind civilians.”

The Israeli report included video of what it said were three Hezbollah prisoners being questioned by Israeli military personnel.

Muhammad Srour, a young Hezbollah fighter, said he had initially received training in Iran and was undergoing further training in eastern Lebanon’s Bekaa Valley when the war broke out. He was sent to the front lines.

Like many Hezbollah fighters, he traveled by motorbike, but they were frequently the targets of Israeli forces. While transporting missiles, hidden in cloth, in and around the southern village of Aita al Shaab, “I carried a white flag,” Mr. Srour said.

Hezbollah operated freely from homes in the village, with the permission of residents who had fled. The departing residents either left their doors unlocked or gave their keys to Hezbollah, he said. Mr. Srour acknowledged that homes used by Hezbollah were more likely to draw fire.

But, he said, “better that the house is destroyed and the Israelis don’t enter and come back to conquer Lebanon.”

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Another captured fighter, Hussein Suleiman, explained how he had set up a rocket-firing position on the front porch of a house on the outskirts of Aita al Shaab.

A third Hezbollah man, Maher Kourani, said group members had worn civilian clothes, tried never to show their weapons, and traveled in ordinary civilian cars. “We use Volvos, Mercedes, BMW,” he said. “We use Range Rovers, too.”

The Israeli report makes frequent references to Hezbollah’s using Lebanese civilians as human shields, though it cites only two villages where it says Hezbollah prevented residents from leaving. Mr. Erlich acknowledged that over all, Hezbollah did not use coercion against Lebanese civilians.

Rather, he said, “Hezbollah was operating inside a supportive population, and cynically used them to further its own goals.”

Hezbollah fired some 4,000 rockets into northern Israel, and most Israeli civilians either fled the region or took refuge in bomb shelters.

Over all, more than 1,000 Lebanese were killed, and a vast majority were civilians, according to the Lebanese government. Hezbollah has said that no more than 100 of its fighters were killed.

The Israeli report disputes this, claiming that at least 450 and perhaps as many as 650 of the Lebanese dead were from Hezbollah.

Israel suffered 159 deaths, including 41 civilians and 118 military personnel, according to the report.

Israel withdrew its troops from southern Lebanon in 2000 after a presence of nearly two decades, much of it spent fighting Hezbollah. There was periodic cross-border shelling in the ensuing years.

The war erupted on July 12 when Hezbollah crossed the border and attacked an Israeli jeep patrol, killing three soldiers and capturing two more, who remain held by Hezbollah, according to the group.

The fighting stopped Aug. 14, shortly after the passage of United Nations Security Council Resolution 1701, which reaffirmed an earlier resolution calling for Lebanese militias to disarm.

Israel says Hezbollah has only hidden its weapons and is being resupplied from its longtime patrons, Syria and Iran. Israel continues to send warplanes on reconnaissance missions over southern Lebanon, despite criticism from the United Nations forces in the region. <NYT_AUTHOR_ID>

Nada Bakri contributed reporting from Beirut, Lebanon.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

More Troops Deployed In Beirut After Killing Of Protester (FT)

By Ferry Biedermann

Financial Times, December 5, 2006

Lebanon’s army deployed more soldiers in Beirut on Monday after the killing of a pro-Syrian demonstrator raised fears peaceful anti-government protests could turn to violence.

Security sources said the military increased its forces in the Sunni districts that Shia protesters drive through to get to central Beirut where the Hezbollah-led opposition is holding a sit-in aimed at forcing the government of Fouad Siniora to step down.

The anti-government demonstrations in Lebanon claimed their first life on Sunday after a protester was killed in a clash when Shia marchers entered a largely Sunni neighbourhood of Beirut. The man was shot when Hizbollah supporters were making their way home through the suburbs.

Both sides in the country's power struggle vowed not to budge, with thousands of anti-government demonstrators camping out in the heart of Beirut for a third night while Mr Siniora insisted that he would not resign.

The prime minister said that "protest is no solution". The opposition, led by the pro-Syrian, Shia Hizbollah movement, is demanding a government of national unity. Margaret Beckett, the British foreign secretary, and Frank-Walter Steinmeier, the German foreign minister, were in Beirut over the weekend.

They met Mr Siniora separately and expressed their support for him. In the Arab world, King Abdullah of Saudi Arabia and Egypt's President Hosni Mubarak voiced strong support for the Lebanese government. Amr Moussa, the head of the Arab League, called for a compromise.

Troops Patrol Beirut After Shooting (AP)

By Scheherezade Faramarzi

AP, December 5, 2006

Troops in armored cars deployed to Sunni Muslim neighborhoods in the capital Monday after the shooting death of a young Shiite man, but that failed to prevent renewed friction. Shiite leaders urged the victim's family to avoid revenge, fearing sectarian violence that could detonate Lebanon's political crisis.

Lebanese were struggling to contain tensions after Shiites were fired on Sunday as they walked through Sunni and mixed neighborhoods following an anti-government demonstration in downtown Beirut. The attack raised memories of Lebanon's 1975-1990 civil war, when Beirut was divided by the Green Line between its warring Christian and Muslim districts.

Now Lebanon's divisions fall along different lines: The government of Prime Minister Fuad Saniora has widespread support among Sunnis, while its opponent, the pro-Syrian Hezbollah, is backed by Shiites. Lebanon's Christians largely support the government, though a major faction has allied with Hezbollah.

Police said two people were injured late Monday when a group of Shiites, returning home from downtown Beirut, smashed windows of parked cars and stores in a neighborhood near Qasqas, the mainly Sunni area where Sunday's shooting took place.

Troops fired several warning shots in the air and intervened to prevent the friction from escalating, said security officials, who spoke on condition of anonymity because they were not authorized to speak to the media.

About 300 people also gathered on the highway to Beirut international airport, in an apparent attempt to block the road, but security forces prevented them, the security officials said.

The body of Ahmed Mahmoud, a 20-year-old Shiite, was brought by ambulance Monday night to downtown Riad Solh Square, where thousands of pro-Hezbollah protesters were camping for the fourth straight night demanding the ouster of Saniora's U.S-backed government.

The protesters cheered, blared nationalist songs and waved the Lebanese flag as the coffin was placed on a platform in front of the crowd, just a few hundred yards from Saniora's offices, which were ringed by troops.

Hezbollah's Al-Manar television station, which aired the event live, called Mahmoud "the martyr of national unity." Mahmoud's funeral was scheduled for Tuesday.

Mahmoud's father, Ali, said he initially had thought of revenge, but backed down after a visit by envoys of Hezbollah leader Sheik Hassan Nasrallah and his ally, Parliament Speaker and leader of the Shiite Amal Movement Nabih Berri, who said vengeance would only play into the hands of those trying to divide Lebanon.

"They said my son was martyred for the homeland and they don't want chaos, but want all sects to live in harmony, to love each other," Mahmoud said as he received well-wishers at a funeral hall.

He said he hoped that Saniora, who has been holed up in his office since Friday, will quit. "Then, everything will be fine. We don't want problems between Sunnis and Shiites, Christians and Druse," he said.

Ahmed Mahmoud and his brother Hassan were returning home from the protest Sunday and had just turned a corner when heavy gunfire broke out.

"Ali said, 'Let's run the other way,'" said Hassan, 22. He said he heard his brother scream, and saw him fall, but kept running. An hour later, the family got a call saying Ahmed had been killed by a bullet to the back.

Hassan Mahmoud accused Saniora and his top ally, Saad Hariri — son of slain Sunni former prime minister Rafik Hariri — of causing problems "so Sunnis and Shiites start fighting each other."

Accounts of how the shooting started varied. Sunnis in the neighborhood said the Shiites returning from the rally began chanting rude slogans against Sunni leaders, provoking Sunnis to throw stones. Some — Sunnis and Shiites — said they believed the came from outsiders not connected to the rally.

"I expect things to get worse, there will be war. The signs are all there," said Issam Qadah, a Sunni coffee vendor who heard the gunfire.

Mazen Mizhir, 19, a Sunni student, said he was worried about his safety because his college was in a Shiite neighborhood. "Tomorrow, Nasrallah and Saad Hariri will kiss and make up. It's only the ordinary people who will lose," he said.

Mohammed Barakat, a 34-year-old Sunni, blamed Hezbollah for the crisis. "We (Sunnis) feel like foreigners in our own land," he said. "We're living on the edge."

The political crisis began escalating when six pro-Hezbollah ministers resigned from the Cabinet last month after Saniora and his anti-Syrian majority in parliament rejected the group's demand for a new national unity government that would effectively give it and its allies veto power.

Hezbollah says it will continue its protest campaign until Saniora agrees to step down; the prime minister and his supporters have vowed to stay.

Saniora, a Sunni, gave a veiled warning Sunday of the possibility of Sunni-Shiite fighting, saying that any attempt by Hezbollah's supporters to storm his office would lead to "a major and serious problem."

Beirut Protester Killed In Brawl Is Hailed As Hezbollah 'Martyr' (WP)

By Anthony Shadid

The Washington Post, December 5, 2006

DOJ_NMG_0102545

BEIRUT, Dec. 4 -- The posters went up Monday morning, followed by slogans and chants. And within a day of his death in a street brawl along Beirut's increasingly tense fault lines of sect and politics, Ahmed Mahmoud became the first symbol of the mass demonstrations by Hezbollah and its allies meant to bring down the government of Prime Minister Fouad Siniora.

"Lift the Lebanese flag," an announcer intoned over loudspeakers, as tens of thousands at the protest in downtown Beirut surged toward an ambulance carrying Mahmoud's coffin, draped in a Lebanese flag. "Let us give respect to the martyr."

The bells of St. George Cathedral rang, and protesters recited Koranic verses as his body was carried through the streets. At times, the crowd shouted, "Down with the government!" His posters were hung over the crowd and plastered on car windshields. "Martyr of Lebanese national unity," one read. "Martyred at the hands of the authority's militias," said another.

Mahmoud was shot Sunday in clashes that erupted on the edge of Tariq Jdideh, a tense Sunni neighborhood, between its residents and Shiite protesters returning from downtown. The exact circumstances of his death remained unclear, but the conflicts there and elsewhere in the city sent a chill through Beirut, bracing for more trouble between the tens of thousands going back and forth to the protest and other residents who say they see the banners, flags and chants as a provocation.

Soon after the clashes, the Lebanese army deployed more soldiers in the capital, particularly along protesters' routes. Downtown, dozens of soldiers and riot police stood behind barbed wire and barricades guarding the government headquarters known as the Serail, where Siniora and other ministers have taken up residence. Even the arrival of Mahmoud's body at the protest went unannounced; organizers, sensing that tempers were running high, said they were trying to act responsibly.

Hours after nightfall Monday, Lebanese television aired footage of more fights in the same neighborhood, which is near the largely Shiite Muslim southern suburbs. Car windows were shattered, and groups of youths surged down the streets.

"We're not scared of sectarian strife, but we're ready for it," said Wael Ali, a 27-year-old protester. "We don't want to aggress against anyone, but if someone aggresses against us, we'll never give in."

He stood with a friend, Hassan Qassem, both of whom have come each day to the demonstrations.

"We're ready for everything," said Qassem, also 27. "We had martyrs in the war with Israel, and we won. We're not ready for just one martyr. We're ready for 1,000 martyrs, but in the end, the government will be brought down."

As they spoke, the Lebanese national anthem played as the body was driven through the streets, with crowds rushing toward the ambulance. Some threw red and white rose petals on top of the hood. As it made its way toward the edge of downtown, the crowd shouted, "There is no god but God; the martyr is beloved by God."

Hezbollah and its allies called the protest Friday after the government rejected their demands for a greater share of power in the cabinet. The government and its supporters, allied with the United States and France, have described the demonstrations as a coup attempt. Hezbollah, backed by Syria and Iran, has insisted the protesters will remain in the streets until the government resigns.

The arrival of Mahmoud's body was a dramatic moment in the otherwise carnival-like atmosphere of the demonstrations, which entered their fourth day. Boys played cards in the street or smoked Arabic water pipes outside dozens of tents that have gone up in parking lots and parks.

Families posed for pictures, and youths tried to outdo each other with chants. Most were directed at Siniora and his government allies, particularly Ahmed Fatfat, who as acting interior minister during the recent war had authority over a police commander who served tea to Israeli troops who had entered his headquarters as they occupied the southern town of Marjayoun.

"Oh Fatfat, you tough guy, we'll take three coffees and a tea!" they shouted.

As protesters passed police checkpoints, some motioned their hands downward, a gesture made to order tea.

British Police Take Poisoning Inquiry To Moscow (WP)

By Mary Jordan And Peter Finn

The Washington Post, December 5, 2006

LONDON, Dec. 4 -- A team of British police investigators arrived in Moscow on Monday to begin questioning people about the poisoning death of Alexander Litvinenko, a former Russian spy who had recently become a British citizen, in a case that is straining relations between the two governments.

Home Secretary John Reid, speaking at a European Union meeting in Brussels, said the Scotland Yard officers in Moscow would "follow the evidence wherever it goes."

Although Russian officials have pledged to cooperate in the inquiry, their irritation over the case showed through in official comments. Foreign Minister Sergei Lavrov warned Monday against "politicizing this issue" and "speculations on this subject." The Interfax news agency also quoted him as saying, "This is, of course, harming our relations."

In Russia, a jailed former intelligence officer made a plea Monday through his lawyers for British investigators to talk to him. Mikhail Trepashkin, who used to work in the Federal Security Service, or FSB, said an FSB officer had told him that Litvinenko

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was being targeted and "won't escape Trotsky's ice pick," a reference to the 1940 murder of Bolshevik figure Leon Trotsky by a Soviet agent in Mexico City.

Alex Goldfarb, a friend of Litvinenko's, said he hoped British investigators would be allowed to interview Trepashkin in jail because he would be able to tell them about "rogue elements within the FSB," the domestic successor to the KGB.

Litvinenko, 43, an outspoken critic of Russian President Vladimir Putin, a former KGB officer, accused Putin of ordering his killing, according to a statement Litvinenko's family and friends said he dictated on his deathbed. The Kremlin has called those allegations absurd, and Reid has cautioned against making assumptions about the case before the facts are known.

Scotland Yard detectives in Moscow are treading on delicate ground as they look into the business and personal relationships of former members of Russia's secretive intelligence services. A central focus of the investigation in Moscow will be interviews with three men, at least one of them a former KGB officer, who met with Litvinenko on Nov. 1, hours before he fell violently ill from poisoning by radioactive polonium-210.

In comments to Russian news organizations, the three men -- Andrei Lugovoy, Dmitry Kovtun and Vyacheslav Sokolenko -- have denied any involvement in Litvinenko's death. All three met Litvinenko in the Millennium Hotel in London, across the street from the U.S. Embassy. Police later detected traces of radiation at the hotel.

Police are investigating whether there are also links between any of the men and traces of polonium-210 found in London hotel rooms and on British Airways planes that flew from London to Moscow, among other destinations.

The three Russians met in the 1980s at the Supreme Council Military School in Moscow, according to a recent joint interview with Echo Moskvy radio. Lugovoy is a former KGB agent -- as was Litvinenko -- but the backgrounds of Kovtun and Sokolenko are less clear. Sokolenko said he runs an association of security companies called the Ninth Degree, and Kovtun described himself as a business consultant.

Many private security companies in Russia are stocked with former officers of the KGB and FSB, according to Olga Kryshtanovskaya, head of the Center for the Study of Elites at the Institute of Sociology in Moscow. She said the former agents provide physical security and gather political and economic intelligence for corporations.

"They are very valuable to employers of private security firms," agreed John Barber, an expert in modern Russian history at Cambridge University, especially because of their connections.

Sokolenko told the radio station that he was in London on Nov. 1 to join Lugovoy at a soccer game between British and Russian teams. Sokolenko said he "didn't have a meeting" with Litvinenko at the Millennium but merely "exchanged greetings" with him as Litvinenko spoke to the other two.

Kovtun said he first met Litvinenko in London with Lugovoy on Oct. 16, then again on Nov. 1. Kovtun said on Echo Moskvy that Litvinenko had "serious contacts with serious British companies which wanted to get into the Russian market, but had experienced difficulties with this."

Lugovoy described himself as an owner of a factory producing wine and nonalcoholic drinks made from herbs and honey. "This is my main business now," he said. "This factory is the largest in the country, 50,000 square meters, 500 employees. The company is very successful."

After graduating from the military academy, Lugovoy said, he worked in a KGB Kremlin regiment that provided security for VIPs. After the fall of the Soviet Union, he provided security in 1992 and 1993 for then-Prime Minister Yegor Gaidar -- who himself fell mysteriously ill recently during a visit to Ireland. He was released from a Moscow hospital Monday evening.

After leaving government service, Lugovoy spent several years as head of security for ORT, a national television channel once controlled by Boris Berezovsky, a billionaire now living in self-imposed exile in London. Berezovsky was a friend of Litvinenko's and is another harsh critic of Putin, who arranged a state takeover of ORT.

Lugovoy, like Litvinenko, spent time in prison in Russia. Lugovoy was charged with trying to help an official of the Russian airline Aeroflot, in which Berezovsky was a major shareholder, escape from police custody.

Litvinenko, for his part, angered his superiors when he publicly accused them of ordering him to kill Berezovsky. He was jailed on several charges of abusing his authority before he was released and fled the country, arriving in Britain in 2000.

Russia: Poison Probe Has Hurt UK Ties (FT)

By Neil Buckley And Jimmy Burns And Daniel Dombey

Financial Times, December 5, 2006

Russia warned on Monday that the mounting furore over the poisoning in London of Alexander Litvinenko was damaging relations between the two countries.

As British investigators arrived in Moscow last night for a highly unusual joint probe, Sergei Lavrov, Russian foreign minister, hit out at what he called the “politicisation” of the case.

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UK investigators and officials have refused to rule out the possibility that the former KGB agent was killed as a result of a conspiracy involving Russian security services involved in political manoeuvring.

The Russian prosecutor-general's office confirmed that London's police had requested assistance with its investigation. Mr Litvinenko died after being poisoned with radioactive polonium 210. His death led to a health scare in Britain in which buildings and people were found to be contaminated with radiation and three British Airways aircraft were grounded.

Moscow has been irritated by newspaper reports from London that Moscow tried to prevent the publication of Mr Litvinenko's deathbed letter. "This is damaging our relations," Mr Lavrov was quoted as saying by Russian news agencies. "We must avoid speculation on this subject."

British investigators plan to interview at least three Russians who met Mr Litvinenko on November 1, the day he fell ill.

Particular attention is focusing on Andrei Lugovoi, a former KGB officer who also has past links – like Mr Litvinenko – with Boris Berezovsky, the exiled Russian oligarch.

Mr Lugovoi was unavailable for comment on Monday but in previous media statements has denied any responsibility for Mr Litvinenko's poisoning.

British Spy Probe Turns To Émigrés (WSJ)

By Carrick Mollenkamp And Aaron O. Patrick

The Wall Street Journal, December 5, 2006

LONDON -- The investigation into the poisoning of the former Russian spy who died here last month has cast a spotlight on some of London's wealthiest jet-setters: the thousands of Russian émigrés who have moved here in the past decade.

Russians, as with other wealthy émigrés from the Middle East, come to protect their wealth and take advantage of the tax laws, or send their children to British schools. Some Russians are exiles seeking escape from the regime of President Vladimir Putin.

It was in these circles that former spy Alexander Litvinenko moved before his death in a London hospital on Nov. 23 from poisoning by the radioactive substance polonium 210.

Mr. Litvinenko was an associate of Boris Berezovsky, one of the most prominent Russian exiles in the United Kingdom and, like Mr. Litvinenko, a critic of Mr. Putin.

Many Russians here maintain ties back to Russia and its murky business and government connections, and while police haven't publicly identified any suspects, those links appear to be key. Yesterday, British investigators traveled to Moscow, testing relations between the U.K. and Russia.

To many, it follows that the plot leading to Mr. Litvinenko's poisoning would play out, like a spy novel, in London. London's Metropolitan Police Service has investigated nearly a dozen sites Mr. Litvinenko visited, or sites that police say require monitoring by health officials because of his radioactive poisoning. While Mr. Litvinenko blamed Mr. Putin in a note from his death bed -- a claim the Russian government has denied -- with the many wealthy Russian businessmen in London, a former spy could have crossed others who had the means to poison him.

Russian wealth makes a big contribution to London's economy, driving up house prices and boosting retail sales. Communities of wealthy Russians can be found in a number of other major cities, such as New York. London, and the U.K., do a lot to court these émigrés and other wealthy foreigners. Foreigners who reside in the U.K. but can show they don't live here permanently don't have to pay taxes on overseas income as long it resides offshore.

London's business climate also helps. The city has seen an influx of Russian businessmen rich with oil and telecommunication assets who have tapped the city's deep well of capital. Britons refer to a top London soccer team, Chelsea, as "Chelski" because the team is owned by Russian oligarch Roman Abramovich. Since 2000, Russian companies have taken part in 27 equity sales on the London Stock Exchange's main and alternative investment market, raising $24.6 billion, according to research firm Dealogic.

Earlier this year, in a huge offering, state-controlled Russian oil company OAO Rosneft listed its global depositary receipts on the London Stock Exchange. Underscoring the disputes from Russia that have spilled over into London, the stock offering came about only after lawyers for Russian oil company OAO Yukos failed to stop the listing after claiming that Rosneft's assets came from the unlawful seizure and sale of Yukos.

Among home sales, from June 2005 to June of this year, Russians have bought one in every five properties priced at and above £6 million ($11.9 million), according to real-estate firm Knight Frank.

This year, Russian homeowners are expected to buy 243 London homes priced above £1 million, compared with 67 in 2001, according to Liam Bailey, head of residential research at Knight Frank. The average sales price during that same period has risen 80% to £2.5 million for homes in London and the English countryside.

Last month, one of the U.K.'s top real-estate agents, Savills PLC, formed a joint venture with a Russian real-estate company, Intermark, to sell English houses and apartments to wealthy Russians. Virginia Garnett, a Russian-speaking executive with Savills in London, says Russians are prepared to spend £15 million to £30 million for homes in London.

Lately, Russians are discussing Mr. Litvinenko, Ms. Garnett says. "Socially, it comes up. Overwhelmingly, the Russian position is that Putin is being unfairly accused. I think there is definitely an attitude of disappointment in that right now that [Putin] is guilty until proven innocent" in the U.K., she says.

Iconic department store Harrods hired Russian-speaking personal shopping assistants last year. The store's export bureau, which helps foreign customers claim back sales tax, has had Russian-speaking staff since 2004. "The Russian market is very attracted to all of the top-of-the-range international designer labels," says a Harrods spokesman.

Peter Eatenton, a joint partner at Chelsea's Rolls Royce and Bentley car dealership, says Russians usually will only buy the latest and most expensive models. "They tend to be a bit over the top and want the best of the best," he says.

At the outpost of Sotheby's auction house in London, sales of Russian art are booming. Two sales of Russian art last month raised £22 million, including £2.25 million for two vases which Tsar Nicholas I gave to a French ambassador in 1830. Sotheby's declined to disclose the buyers, but Jo Vickery, head of the Russian department, says "the vast majority of our buyers are Russians. They made their money during the [Russian President Boris] Yeltsin period and now they are building up their collections."

Write to Carrick Mollenkamp at carrick.mollenkamp@wsj.com1 and Aaron O. Patrick at aaron.patrick@wsj.com2

A Familiar Mystery (WP)

By Anne Applebaum

The Washington Post, December 5, 2006

In the 10 days that have passed since Alexander Litvinenko, an ex-KGB agent, died of radiation poisoning in London, we have learned a lot about his death -- haven't we?

Well, we have learned that Litvinenko died after somehow ingesting polonium-210, a relatively rare radioactive substance. We have learned that a mysterious Italian, Mario Scaramella-- a self-employed "security expert" who last year claimed that he'd found ex-KGB men selling nuclear material in the postage-stamp republic of San Marino -- has been poisoned too. We have learned that various other ex-KGB agents floating around London also have tested positive for polonium-210, as have a Piccadilly sushi restaurant, a London hotel room and a few airplanes.

We have seen a photograph of Litvinenko flaunting KGB gauntlets, a Chechen sword and a Union Jack. We have also seen a photograph of Litvinenko with tubes in his body, on his deathbed.

We have learned that Litvinenko may or may not have known who murdered the Russian journalist Anna Politkovskaya earlier this year (and that the same people may have killed him too); that he may or may not have been involved in a scam to blackmail various prominent Russians (unless that's just information planted in the British press); that he may or may not have possessed a dossier proving that the Kremlin framed the imprisoned billionaire boss of the Yukos oil company, Mikhail Khodorkovsky (unless that's what Khodorkovsky's people, or some other people, want us to think); that he may or may not have possessed proof that Vladimir Putin -- another ex-KGB officer, now president of Russia -- ordered his goons to blow up some apartment buildings in Moscow several years ago, a terrorist act that launched the current Chechen war.

In other words: Though we don't know who killed Litvinenko, we have learned that London is a more exciting place than we thought it was. We have learned that the complex plots of Dostoevsky novels merely reflect Russian reality. And we have learned that the old KGB lives on in new guises.

Or rather -- we have been reminded that the old KGB lives on in new guises, because in fact we have known this for some time. True, the old employees no longer belong to a single all-powerful institution. Some ("the stupidest," according to Oleg Gordievsky, the former double agent) have stayed with the agency, joining either the domestic service (FSB) or the foreign intelligence bureau (SVR). Others went into business, some joining the security entourages of new Russian millionaires, some becoming Russian millionaires in their own right. Still others, to put it bluntly, went into organized crime. And some -- President Putin is the shining example here -- went into politics.

Despite their widely varying fates, it has long been perfectly clear that many of these old comrades continue to work together in mutually profitable ways. As far back as 1999, for example, a group of Russian-born bankers was caught laundering money through a New York bank, probably using information obtained, one way or another, by Russian intelligence. Since then it has become clear that a number of Russia's largest companies were launched with money from mysterious sources, and a number of former KGB officers have shown up at the helm of businesses and banks, too.

Of course this same mutually profitable relationship will also make it extremely difficult to find Litvinenko's real killer. After all, this set of post-KGB relationships is nothing if not complex: There are conspiracies within conspiracies, agents of agents of

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agents, people who pretend to be acting on behalf of a particular oligarch or Chechen insurgent who are actually acting on behalf of someone quite different. It is possible that Litvinenko was murdered by "rogue secret policemen," as the British press suspects. It is also possible that the "rogue secret policemen" were working for someone who worked for the Kremlin, or someone who worked for a Russian oligarch, or who worked for a Russian oligarch who worked for the Kremlin.

As the investigation progresses, I'm sure many more wonderfully shady characters will emerge, along with many theories about who was trying to discredit whom. But though it's doubtful that he ever gave an actual order to an actual thug, Putin is certainly responsible for Litvinenko's death in this deeper sense: He presides over this web of old intelligence operatives, indeed, sits at its center. And he approves of their methods.

One of his first acts as prime minister in 1999 was the unveiling of a plaque to Yuri Andropov, the former KGB boss best known for his harsh treatment of dissidents. Last year Russians built a statue to Andropov. No one should have been surprised that the former KGB's harassment of modern "dissidents" grew harsher with every passing year -- or that it culminated in this strange murder.

That we were surprised, are surprised, is both tragic and ironic: After all, for the better part of a decade now, we've been desperately looking for weapons of mass destruction and for the strange new enemies, the Islamic radicals who might be planning to use them. And now we've discovered that there really is nuclear material for sale and that it really is being used, in the West, to kill people. And that the killers aren't strange, or new, or even Islamic.

Ukraine Committed To U.S., Leader Says (AP)

By Desmond Butler, Associated Press Writer

AP, December 5, 2006

Prime Minister Viktor Yanukovych of Ukraine told an American audience Monday that his country is committed to democracy and on a path toward political and economic reform.

On his first trip to the U.S. after becoming prime minister, Yanukovych sought to convince U.S. officials and business leaders that he has strong democratic credentials, even though he was previously identified with efforts to rig the 2004 presidential election.

"There can never be too much democracy in the Ukraine, just as there can never be too much freedom," Yanukovych said in remarks at the Center for Strategic and International Studies, a think tank.

Yanukovych's meetings Monday and Tuesday with Vice President Dick Cheney, Secretary of State Condoleezza Rice and members of Congress were designed in part to discuss Ukraine's economy and its possible entry into the World Trade Organization and NATO.

But more was at stake than that.

"The main goal that Yanukovych is coming with is to establish some credibility with the administration," said Steven Pifer, a former U.S. ambassador to Ukraine and now a senior adviser at the think tank.

In 2004, Yanukovych was seen as a foe of democracy. Western officials expressed outrage at stolen votes that initially helped him win the presidential election. Protesters rose up in what became known as the "Orange Revolution." The country's Supreme Court overturned the election and ordered a new vote, which he lost to his pro-Western rival, Viktor Yushchenko.

Yanukovych was widely discredited, while Yushchenko was praised in the West and given a standing ovation when he addressed the U.S. Congress last year.

But Yanukovych became prime minister after parliamentary elections in March that were declared Ukraine's freest and fairest ever. He now shares power with Yushchenko.

Yanukovych's trip comes after the Ukrainian parliament on Friday ousted the country's foreign and interior ministers, two key allies of Yushchenko. Pro-Western Foreign Minister Borys Tarasyuk was fired after criticizing Yanukovych's Washington trip and grappling with Parliament about the president's constitutional primacy over foreign policy.

U.S. officials have played down the moves by Yanukovych's party against the ministers as an internal Ukrainian matter. But they have cautioned that Ukraine's democratic development is their primary concern.

"With respect to Ukraine, as with respect to any other country, we certainly want to see those that are elected democratically, govern democratically," said State Department deputy spokesman Tom Casey at a briefing Friday.

Despite setbacks for Yushchenko, he has argued that the wrangling between two directly elected power centers — the parliament and the presidency — are indeed signs of democracy.

Venezuelans Give Chávez A Mandate To Tighten His Grip (NYT)

By Simon Romero

The New York Times, December 5, 2006

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CARACAS, Venezuela, Dec. 4 — If President Hugo Chávez rules like an autocrat, as his critics in Washington and here charge, then he does so with the full permission of a substantial majority of the Venezuelan people, Sunday's election here showed.

Sent to power for a third time, Mr. Chávez seems intent on assuming the mantle from the fading Fidel Castro of chief Latin American scourge of the United States. He also has made no secret of his intent to consolidate his power further through legal and personnel changes.

He has spoken of a desire to unite his supporters in one political party and to alter legislation to allow him to remain in power past 2020.

Winning support for such measures may not be difficult in a country where his allies already control the legislature and the Supreme Court as well as governorships in all but two states, and where the military, the national oil company and other government bureaucracies and institutions have been systematically packed with Chávez boosters and stripped of opponents.

Now, facing an anemic opposition that could not win in any of Venezuela's 23 states or Caracas, Mr. Chávez is expected to tighten his grip, first and foremost over his own supporters in an effort to prevent challenges to his rule from emerging.

"A priority for Chávez right now is what he calls a 'revolution within a revolution,' " said Steve Ellner, a political scientist at the Universidad de Oriente in eastern Venezuela. "This means a purging process of those associated with corruption or excess bureaucracy. In January you're going to see some heads being chopped."

Venezuela leading newspapers, El Nacional and El Universal, published maps in their pages on Monday showing the entire country painted red, the color of Mr. Chávez's campaign, as a reflection of his convincing victory.

Red, in fact, colored not just the clothing and advertisements of the Chávez campaign. Rafael Ramírez, the energy minister, described the national oil company as "red, really red," in comments caught on video in which he told workers that they had no place in the company if they were not supporters of the government.

Mr. Ramírez's words, which Mr. Chávez promptly adopted as one of his refrains, point to a creeping "with us or against us" radicalization in Venezuelan society that goes beyond the government-run oil company to institutions like public schools and museums.

That polarization may now worsen, a prospect that clearly concerns leaders of Venezuela's political opposition as they regroup after their defeat.

"Chávez is not a dictator," Teodoro Petkoff, the editor of the newspaper TalCual and a key adviser to the president's defeated opponent, Manuel Rosales, said in an interview. "But he's not a Thomas Jefferson either."

The reality of Venezuela's democracy is indeed far more nuanced, as is Mr. Chávez's "21st-century socialism" in an oil-exporting country experiencing a boom in conspicuous consumption.

Mr. Rosales's campaign itself illustrated that complexity. Mr. Rosales, the governor of Zulia State, rose from near obscurity to lead a movement that won nearly 40 percent of the vote nationwide. Much of the established media in the capital, Caracas, clearly supported him, although in relatively restrained coverage compared with their previous opposition to Mr. Chávez.

Beyond Venezuela, Mr. Chávez's rise to international prominence in Latin America and beyond has much to do with his supremacy in Venezuela.

With his new term and the slow demise of his hero Fidel Castro, who was too ill to attend his own 80th birthday celebrations in Havana over the weekend, Mr. Chávez may indeed solidify his place as the new the standard-bearer of the left in Latin America, where leftist candidates have won presidential elections in the last five weeks in Brazil, Ecuador, Nicaragua and Venezuela.

That left is indeed varied, and Mr. Chávez is not necessarily its most representative figure. But he is its most vocal one, especially when it comes to chiding President Bush.

Mr. Chávez's prominent position will continue to depend, of course, on the price of oil, the volatile commodity at the heart of Venezuela's economy. Those prices may remain high as the war in Iraq drags on and markets gaze nervously at the Middle East. Meanwhile, paradoxically, the United States remains the largest buyer of Venezuelan oil and has in effect helped to finance Mr. Chávez's ambitions.

"Chávez is getting stronger as an unintended consequence of war and globalization," said Kenneth Maxwell, a professor of Latin American history at Harvard.

Despite Venezuela's tight commercial embrace of the United States, the obstacles to improving relations may now loom larger.

Washington remains wary of Venezuela's warm ties to Cuba, Iran and Syria. The Bush and Chávez administrations hold different views on hemispheric integration, with United States wanting to expand it, based on the model of trade agreements like Nafta, and Venezuela promoting Latin America first, before further integration with the North American economies.

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"The chances for improvement are minimal for the remainder of the Bush administration," said Daniel Hellinger, a political scientist and an expert on Venezuela at Webster University in St. Louis. "More is involved here than the personal animosity between Bush and Chávez."

U.S.: We Can Work With Venezuela (AP)

AP, December 5, 2006

The Bush administration, long at odds with Venezuelan President Hugo Chavez, greeted the populist leader's landslide re-election victory by holding out the possibility of a more cooperative relationship.

"We look forward to having the opportunity to work with the Venezuelan government on issues of mutual interest," State Department press officer Eric Watnik said Monday.

His brief comment did not offer congratulations to Chavez. Nor did it make direct reference to him or what it regards as the increasingly authoritarian course he has pursued.

Watnik noted that Tom Shannon, who heads the State Department's Latin America bureau, has praised the campaign run by Chavez's main opponent, Manuel Rosales.

"The opposition demonstrated its ability to put forth an important, peaceful and democratic campaign and it garnered a significant share of the vote," Watnik said.

He said reports of irregularities should be investigated.

"We look forward to hearing from the Organization of American States, the European Union and civil society groups that observed the electoral process," Watnik added.

The administration, he said, closely followed reports of intimidation and voter harassment during the campaign, including various instances of irregularities reported by the media.

On Friday, two days before the election, National Intelligence Director John Negroponte outlined U.S. concerns about Chavez in a wide-ranging speech at Harvard.

He said Chavez's "meddling in the domestic affairs of other states in the region — granting Colombia's FARC insurgents safe haven and other material support, for example — already has made him a divisive force."

He criticized Venezuela's attitude toward drug trafficking as "permissive," an allegation Venezuelan officials have denied.

Venezuela's growing ties to Iran and other states, such as North Korea, Syria, and Belarus, "clearly demonstrate a desire to build an anti-U.S. coalition that extends well beyond Latin America," Negroponte said.

The High Road To Caracas (LAT)

The Los Angeles Times, December 5, 2006

Washington should heed Venezuela's opposition leader and greet Chavez's election victory with grace.

THERE ARE PLENTY of reasons for Venezuelans not to like Hugo Chavez. Crime, especially murder, has skyrocketed during his eight years as president. Corruption is ubiquitous — the country ranks No. 138 out of 163 on Transparency International's annual misgovernance index (the higher the number, the more corrupt the country is perceived to be). Democratic institutions have been subverted, foreign investors are jittery and Chavez's clownish anti-American rhetoric has made Venezuela a pariah in most Western countries, even if it has warmed the hearts of dictators everywhere.

None of that mattered Sunday, when Chavez was reelected with an impressive 61% of the vote. The source of Chavez's popularity is apparent: High oil prices have fueled 9% annual growth in Venezuela and allowed him to buy the loyalty of the poor by pumping oil revenue into social programs. Oil wealth also has given him free rein for socialist tinkering — such as seizing energy production facilities and increasing government control over the private sector — that has backfired in nearly every nation in which it's been tried.

Yet as long as the petrodollars pour in, Chavez will remain a daunting political force, and the impracticality of his economic policies will be rendered moot. And if he has his way, he may be in charge for a lot longer than six more years; he has promised to push through a constitutional reform ending term limits for Venezuela's president.

Not all the news was bad for the beleaguered opposition, led by the middle and upper classes. In the past, it has reacted badly to Chavez's political successes, including an attempted coup in 2002. These moves only made Chavez stronger by allowing him to paint his opponents as undemocratic. By gracefully conceding after the election results became clear, opposition candidate Manuel Rosales has assured that the coalition he patched together will continue to be a political player.

The U.S. should also take the high road. President Bush, a.k.a. "the devil" in Chavez's lexicon, should disappoint the Venezuelan leader by taking his win in stride. That means ratcheting down the anti-Chavez rhetoric and U.S. support for the opposition. The point is not to play into Chavez's narrative portraying the U.S. as an intolerant hegemonist. Chavez has shown himself to be his own worst enemy, capable of acting as much the bully as he portrays Bush to be.

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Washington should try to improve bilateral ties not just because there is a long-term strategic value to cordial relations with this big oil producer. A goodwill effort to be reasonable toward Caracas will also undermine Chavez's own credibility when he tries to sell his Yankees-are-devils pitch to the rest of Latin America.

Now Is The Time To Engage With Hugo (FT)

Financial Times, December 5, 2006

On the face of it Hugo Chávez's decisive election victory in Sunday's election in Venezuela and his promises to radicalise what he calls "21st century socialism" might seem to present something of a problem for policymakers in Washington.

After all, the Venezuelan leader seems to go out of his way to make friends with US enemies and elections in Latin America during the past 12 months have shown that he has pull in the smaller and more economically vulnerable countries of the region.

Firm allies are now installed in Bolivia, Ecuador and Nicaragua, which, alongside Cuba, are all likely to form part of the anti-US axis that Mr Chávez aspires to lead.

Yet, it is important not to exaggerate the Venezuelan leader's influence. This year's election round has also highlighted the limits of Mr Chávez's reach. Moderate candidates keen to work with Washington won elections in five of the six important countries. In two of those, Peru and Mexico, perceived association with Chavismo contributed to the defeat of left-wingers.

And at home, the re-elected leader faces significant obstacles as he looks to radicalise. True, a six-fold rise in the oil price has transformed Venezuela's economy in the eight years since Mr Chávez was first elected, allowing the government to spend heavily on social programmes and build up considerable financial reserves.

However, Venezuela's rapidly growing economy is not creating enough jobs nor making enough goods. A boom in liquidity and credit is adding to inflationary pressures.

Opinion polls, which forecast the election result and demonstrated the popularity of health and education programmes, also showed that government supporters are worried about the extent of corruption and crime.

And there are signs too that Mr Chávez may also face opposition from within his own ranks if he presses through a constitutional reform that would allow him to run for office yet again, remaining in power into the next decade and beyond.

Mr Chávez also faces a more effective opposition. Judging by the dignified way Manuel Rosales, the losing candidate, accepted defeat on Sunday night, he realises that building up a viable alternative is a long-term process.

Better then, for the US and its hemispheric friends to cease the rhetorical barrages against Mr Chávez that are such grist to his populist mill. After appearing to collude in the failed 2002 coup against his elected government, moreover, Washington has ground to make up. It should continue a recent more pragmatic approach, engaging Venezuela in areas such as oil, energy policy and border security.

None of this will be easy, but it will place the onus on Mr Chávez to deliver prosperity for his people and make it more difficult for him to hide behind a smokescreen of nationalist rhetoric.

Efforts To Aid Darfur Reach Dead End (AP)

By Alfred De Montesquiou

AP, December 5, 2006

Sudan's final rejection of a joint U.N.-African peacekeeping force in Darfur came as little surprise to many involved in failed international efforts to end the region's deadly violence.

But many say civilians will be the ones to bear the costs of that opposition — thousands more will die, they fear, and many more will be forced to flee their homes unless the West can somehow muster strong sanctions against Sudan's government.

"Khartoum will not stop the massive war crimes taking place in Darfur until it is forced to," said Tom Cargyll of Chatham House, a British think tank.

The U.N. compromise deal was announced last month by U.N. Secretary-General Kofi Annan as a major diplomatic breakthrough to bring peace to Darfur — one that would allow him to keep his pledge to solve the Darfur crisis before he steps down as U.N. chief later this year.

Annan said Sudan had agreed in principle to a "hybrid mission" of some 20,000 peacekeepers — mostly from Africa — to deploy in Darfur under U.N. command to replace an overwhelmed AU force.

Yet within 24 hours, Sudan's foreign minister said there was a misunderstanding and that a "mixed operation" in Darfur did not mean a "mixed force."

That put Sudan back to its original stance: No U.N. peacekeeper could deploy in Darfur, but the U.N. was welcome to provide logistical and financial support.

"International troops are a colonization of Sudan," Sudanese President Omar al-Bashir later told reporters.

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An African Union summit in Nigeria last week — which had been due to fine-tune the joint mission — instead was forced to yield to Sudanese pressure. It voted to prolong by another six months the stay of the underfunded and ill-equipped 7,000 AU peacekeepers.

Sudan's opposition is deeply rooted, some analysts say.

"Its entirely coherent with (Sudan's) pattern of behavior over the last 17 years," since al-Bashir came to power in a 1989 Islamist and military coup, said Colin Thomas-Jensen of the International Crisis Group, a U.S. think tank.

Several Sudanese government hard-liners are believed to be on a list of suspects that the International Criminal Court has said it would prosecute for crimes against humanity.

That could explain why Sudan adamantly refuses to let the U.N. into Darfur, even though 10,000 peacekeepers are already in the country's south on a separate mission, Cargyll said.

"Khartoum has much more to lose at Darfur being internationalized than any other country has to win," he said.

Thursday's AU summit in Abuja came as a bitter reminder of dashed hopes.

In the same city last May, the Sudanese government and a leading rebel group signed a deal meant to end three years of violence that have killed at least 200,000 people and displaced 2.5 million. The deal has since largely collapsed, and Sudan's policy has since been to win time by appearing to negotiate, while pro-government militias rampage through Darfur on an ever-larger scale, analysts say. The Sudan's latest backtracking shows it will only yield to strong pressure, they say.

But al-Bashir and other Khartoum hard-liners have grown increasingly savvy at playing the rifts in international diplomacy, he said.

Sudan gained sympathy in the Arab world, for example, by comparing its confrontation with the West to the plight of Lebanon, Iraq and the Palestinians — which many Arabs see as victims of U.S. foreign policy.

More importantly, Sudan knows that Russia and China, two veto-yielding powers at the U.N. Security Council, oppose sanctions.

Previous U.N. sanctions against Sudan were lifted after it cooperated with U.S. counterterrorism efforts after the Sept. 11, 2001, attacks. U.S. sanctions were re-imposed in 1997 and recently strengthened, but such one-country measures have little effect in a globalized economy, analysts say.

More than 5 percent of China's oil imports come from Sudan, and Khartoum knows that its key Asian ally is unlikely to let it down if the Security Council considers an embargo, Cargyll said.

"Over the past four years, there has been no real cost imposed on the Sudanese government for what is happening in Darfur," Thomas-Jensen said.

The United States has given some indications it may take a more robust stance soon.

Andrew Natsios, the special envoy named by the White House, recently warned that if Khartoum did not accept an international solution by January, the U.S. and it allies would find an alternative.

Analysts say the new strategy could be targeted sanctions against Sudan's main oil companies, suspected to be owned by regime hard-liners. But Khartoum appears confident it will face no harsh measures, because too many countries now rely on its resources.

"Just when some countries gave us sanctions, God gave us oil," al-Bashir said last week.

'Hotel Rwanda' Hero Hasn't Fared Well Back Home Lately (WSJ)

By Christopher Rhoads

The Wall Street Journal, December 5, 2006

KIGALI, Rwanda -- Since the movie "Hotel Rwanda" was released two years ago, Paul Rusesabagina has become a hero in the U.S. In Rwanda, he is seen in a different light.

The film shows him saving hundreds of refugees from his country's genocide in 1994, as the manager of a Rwandan hotel. Mr. Rusesabagina was awarded the Presidential Medal of Freedom by George Bush. He has published his autobiography, "An Ordinary Man," and is currently on a U.S. speaking tour. There's talk he will enter Rwandan politics.

Back home, the Rwandan media, former refugees in the hotel and even the country's president in recent months have denounced Mr. Rusesabagina as an impostor profiting from the genocide. They say the Hollywood movie greatly exaggerated his role and distorted these sensitive events. The head of the country's genocide survivor association has called for criminal charges against him. A government adviser is interviewing more than 100 people who were in the hotel and intends to write a book on his findings.

Efforts to discredit Mr. Rusesabagina have taken some bizarre turns: His detractors used criticism from a supposed U.S. journalist who turned out to be a 12-year-old Arizona boy. Mr. Rusesabagina says an attempt was made on his life on a highway in Belgium and that agents of the Rwandan government tried to disrupt a speech he made recently at a school in Ohio.

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"I never expected to be in the public as I am," says the 52-year-old Mr. Rusesabagina, who has declined invitations to return to Rwanda because he fears for his life. In his travels to speaking engagements in the U.S., he rides with police escorts.

Twelve years after genocide orchestrated by a Rwandan government led by the majority Hutus killed more than 800,000 minority Tutsis and some moderate Hutus in just 100 days, tensions in Rwanda are rising again -- this time over the writing of history. Once again, Mr. Rusesabagina finds himself at the center of it.

Mr. Rusesabagina's case comes as anti-French protests sprang up in the capital Kigali in recent days, after a judge in France charged associates of President Paul Kagame with downing the presidential plane in 1994. The event set the genocide in motion. In response to the judge's action, Rwanda last month severed diplomatic relations with France. President Kagame, the Tutsi military leader whose rebel forces ended the genocide, says radical Hutus shot down the plane.

France supported the Hutu government in the civil war with the Tutsis, but France denies any involvement in the genocide.

Mr. Rusesabagina's father was Hutu, his mother Tutsi. By Rwandan custom, that made him a Hutu. He worked his way up from receptionist at the Hotel des Mille Collines, the meeting place for the country's elite here in Kigali. He later became manager of a sister hotel up the road.

After the bloodshed began on April 6, 1994, he was asked to oversee both hotels. Over the next two months, the Mille Collines became a sanctuary for Tutsis and some moderate Hutus, including prominent politicians and a handful of United Nations personnel. The Mille Collines was one of the few gathering places where nobody was killed. The film depicts Mr. Rusesabagina saving the refugees by plying the militants with bribes, including fine alcohol, and by calling on his extensive network of contacts.

Mr. Rusesabagina subsequently moved with his family to Brussels, where he was driving a taxi when his life took another turn.

In 1999, Keir Pearson, fresh out of New York University film school, heard about what happened at the hotel from a friend living in Tanzania and got in touch with Mr. Rusesabagina. He thought the story was so compelling that he turned it into a screenplay. The film, directed by Terry George, won several film prizes and three Academy Award nominations.

In May 2005, Mr. George watched the movie in Rwanda with most of the Rwandan parliament and President Kagame. The president thanked Mr. George for making the world aware at last of what had happened in the country, Mr. George says.

Then, in the fall of 2005, as Mr. Rusesabagina's fame grew in the U.S., he began criticizing the Rwandan government for limiting political opposition, controlling the media and having only a few token Hutus in cabinet positions.

Around that time, the attacks against him began. Rwanda's New Times newspaper called him, among other things, a "dirty political animal." After Mr. Rusesabagina was awarded the Presidential Medal of Freedom in November 2005, an editorial declared he had "sold the soul of the Rwandan genocide to amass medals."

At a public ceremony in Rwanda last February, Mr. Kagame weighed in, saying, "Film stars have no place on the list of our national heroes." During a visit to Washington in June, Mr. Kagame dismissed Mr. Rusesabagina as someone who just happened to be in the hotel at the time. "Someone is trying to rewrite the history of Rwanda, and we cannot accept it," he said.

Mr. Rusesabagina was beginning to get scared. He says that in Belgium at about that time, a car driven by several Africans tried to run his car into a truck. He escaped with minor bruises and cuts, he says.

To buttress its condemnation of Mr. Rusesabagina, the New Times in one article quoted someone identified as an American reporter named Richard Cesare saying, "None of his actions made him a hero even in the eyes of Americans." Mr. Cesare later in the article dismissed the Medal of Freedom as no big deal.

It turns out Mr. Cesare is, in fact, a 12-year-old from Sahuarita, Ariz., who had contacted the New Times for help with a history paper he was writing on Mr. Rusesabagina.

"We were laughing so hard when we saw this article," says Lea Cesare, Richard's mother. "He was just a kid doing a homework assignment." Ms. Cesare says her son was in contact for months with several reporters and editors at the New Times who were well aware of his age. The New Times did not respond to requests for comment.

In an interview in his Kigali office, President Kagame said his concern is to set the record straight. He said he believes the hotel was spared, in part, because Hutu militants wanted to use the refugees there to exchange for hostages held by the Tutsi rebel forces. He says he also believes Mr. Rusesabagina is being used by "subterranean forces trying to pull back what we are trying to move forward."

One evening recently after speaking to about 150 college students in Providence, R.I., Mr. Rusesabagina acknowledged the income from his new fame has allowed him to quit his other jobs and put two of his children in private schools in Massachusetts.

He said he believes the attacks on him come from people worried that he will turn his celebrity into a credible opposition and run for president somewhere down the road. "I haven't made a decision yet," he said. "But you never know."

DOJ_NMG_0102555

Cuba's Future Is Already Here (WP)

By Eugene Robinson

The Washington Post, December 5, 2006

Fiercely implacable exiles in Miami, perennially outfoxed bureaucrats in Washington and salivating real estate developers around the world have spent years trying to predict what will happen in Cuba the day after Fidel Castro dies. Now I think everyone knows the answer: nada.

That chuckling you hear is Fidel, in his hospital room, having the last laugh.

The 80-year-old revolutionary icon, evidently at death's door, appears to have engineered a seamless transition to the post-Fidel era. Brother Ra?l presided over last week's 50th-anniversary shindig with none of Fidel's charisma but all of his authority. If any lingering doubts about the de facto succession needed to be dispelled, Havana's biggest military parade in years on Saturday reminded everyone that Ra?l has been running the Cuban armed forces since Day One.

Fidel's absence from the festivities marking the 50th anniversary of the Cuban revolution pretty much ended any uncertainty about his health. Government officials say he's recovering like a champ and will be back on the job any day, and they sound so sincerely optimistic that you could almost look past the images of a gaunt, frail old man that were released a few weeks ago. But I doubt that anything except the looming hand of death could have kept Fidel Castro away from a cheering, flag-waving crowd of millions -- Fidel's people, filling the vast plaza named for Fidel's revolution, hoping for a last glimpse of the only leader most Cubans have ever known.

We have to assume that Fidel is not long for this world. We also have to assume that a day, a month or even a year after he dies, Cuba will be essentially unaltered.

A year isn't forever, and some kind of change will eventually come. But the Bush administration has been even more idiotic than its predecessors in its policies toward Cuba, which means that the United States is perfectly positioned to have little or no influence over what kind of Cuba finally evolves.

About all this administration can do is make things worse. Julia E. Sweig of the Council on Foreign Relations, a leading Cuba expert, writes in the current issue of the journal Foreign Affairs that by "continuing the current course and making threats about what kind of change is and is not acceptable after Fidel, Washington will only slow the pace of liberalization and political reform in Cuba and guarantee many more years of hostility between the two countries."

In the article, Sweig points out what any visitor to Cuba who is not wearing ideological blinkers quickly realizes: that the Cuban government's hold on power does not derive from repression alone. In my visits to the island, I've been struck by how Cubans can be bitterly critical of the hard-line restrictions the regime imposes on speech, assembly, movement, commerce and other activities, and in the next breath speak with pride of the government's achievements in providing free health care and education.

In Washington and Miami, the prediction was that when the Soviet Union and the East Bloc dissolved, Fidel Castro's regime would soon follow. But Ra?l Castro and a group of pragmatic-minded young officials -- basically, the people who are running the country now -- opened the spigot and allowed just enough economic reform to keep the place going. Now, with Ra?l's armed forces functioning essentially as the island's biggest business conglomerate, and with Venezuelan President Hugo Ch?vez shipping his mentor Fidel all the oil he needs, the government seems increasingly secure.

That security hardly looks permanent. Many Cubans are indeed restless for change. There are focal points around which a kind of civil society has started to coalesce -- the black-market economy, the Catholic Church, the Afro-Cuban faiths, the arts -- and the government has had little success in co-opting these independent movements.

Ra?l Castro is 75, so his time in the driver's seat will be brief. Maybe he will try to move Cuba toward the Chinese model of continued one-party rule in exchange for free-market liberalization of the economy -- something Fidel would never abide. Lacking his older brother's presence and oratorical skills, maybe Ra?l will have to be oppressively heavy-handed in using the army he built to maintain order.

For now, though, the Cuban regime has accomplished something that the Bush administration had pledged to thwart: an uneventful transition that leaves the Cuban Communist Party still comfortably in charge. The handover of power took place in August, when Fidel's illness was announced and power was transferred "temporarily" to Ra?l and other party leaders.

Fidel's revolution won't survive forever -- the tide of history is flowing in the opposite direction. But surely it will survive the old man's death.

Islam Gets Concessions; Infidels Get Conquered (LAT)

By Raymond Ibrahim, Raymond Ibrahim Is A Research Librarian At The Library Of Congress. His Book, "The Al Qaeda Reader,"

DOJ_NMG_0102556

The Los Angeles Times, December 5, 2006

What they capture, they keep. When they lose, they complain to the U.N.

IN THE DAYS before Pope Benedict XVI's visit last Thursday to the Hagia Sophia complex in Istanbul, Muslims and Turks expressed fear, apprehension and rage. "The risk," according to Turkey's independent newspaper Vatan, "is that Benedict will send Turkey's Muslims and much of the Islamic world into paroxysms of fury if there is any perception that the pope is trying to re-appropriate a Christian center that fell to Muslims." Apparently making the sign of the cross or any other gesture of Christian worship in Hagia Sophia constitutes such a sacrilege.

Built in the 6th century, Hagia Sophia — Greek for "Holy Wisdom" — was Christendom's greatest and most celebrated church. After parrying centuries of jihadi thrusts from Arabs, Constantinople — now Istanbul — was finally sacked by Turks in 1453, and Hagia Sophia's crosses were desecrated, its icons defaced. Along with thousands of other churches in the Byzantine Empire, it was immediately converted into a mosque, the tall minarets of Islam surrounding it in triumph. Nearly 500 years later, in 1935, as part of reformer Kemal Ataturk's drive to modernize Turkey, Hagia Sophia was secularized and transformed into a museum.

Protests aimed at keeping the pope out of Hagia Sophia rocked Istanbul right up to the morning of his visit to the site. Contrast that intolerance with the tolerance granted Muslims in regard to the Al Aqsa mosque — this time, an Islamic site in Jerusalem annexed by Judaism. Unlike the permanent Muslim desecration of Hagia Sophia, after Israel's victory in the 1967 war, the Jews did not deface or convert the mosque into a Jewish synagogue or temple, even though the Al Aqsa mosque is deliberately built atop the remains of the Temple Mount, the holiest site of Judaism and, by extension, an important site for Christians. Moreover, since reclaiming the Temple Mount, Israel has granted Muslims control over the Al Aqsa mosque (except during times of crises).

All this illustrates the privileged status that many Muslims expect in the international arena. When Muslims conquer non-Muslim territories — such as Constantinople, not to mention all of North Africa, Spain and southwest Asia — those whom they have conquered as well as their descendants are not to expect any apologies, let alone political or territorial concessions.

Herein lies the conundrum. When Islamists wage jihad — past, present and future — conquering and consolidating non-Muslim territories and centers in the name of Islam, never once considering to cede them back to their previous owners, they ultimately demonstrate that they live by the age-old adage "might makes right." That's fine; many people agree with this Hobbesian view.

But if we live in a world where the strong rule and the weak submit, why is it that whenever Muslim regions are conquered, such as in the case of Palestine, the same Islamists who would never concede one inch of Islam's conquests resort to the United Nations and the court of public opinion, demanding justice, restitutions, rights and so forth?

Put another way, when Muslims beat infidels, it's just too bad for the latter; they must submit to their new overlords' rules with all the attendant discrimination and humiliation mandated for non-Muslims. Yet when Islam is beaten, demands for apologies and concessions are expected from the infidel world at large.

Double standards do not make for international justice. Either territorial conquests are always unjust and should therefore be ameliorated through concessions, or else they are merely a manifestation of the natural order of things — that is, survival of the fittest.

If some Muslims wish to wage eternal jihad until Islam dominates the globe, they are only being true to Islam and its doctrines as they understand it. However, in that case, where the world is divided into two warring camps, Islam and Infidelity — or, in Islamic terms, the Abode of Islam and the Abode of War — how can these Muslims expect any concessions from the international community? The natural conclusion of the view that "might makes right" is "to the victor go the spoils."

The fact that Turkey conquered Constantinople more than 500 years ago does not prevent the Turkish government from returning Hagia Sophia to Christendom today, which would undoubtedly be a great gesture. But of course that can never be. The Muslim world would undergo a "paroxysm of fury" if a Christian pope dares pray in the conquered church; what would the Muslim world do if Hagia Sophia were actually converted back to a church?

But perhaps Muslims cannot be blamed for expecting special treatment, as well as believing that jihad is righteous and decreed by the Almighty. The West constantly goes out of its way to confirm such convictions. By criticizing itself, apologizing and offering concessions — all things the Islamic world has yet to do — the West reaffirms that Islam has a privileged status in the world.

And what did the pope do in his controversial visit to Hagia Sophia? He refrained from any gesture that could be misconstrued as Christian worship and merely took in the sights of the museum. Moreover, when he was invited into the Blue Mosque nearby, he respectfully took off his shoes and prayed, eyes downcast, standing next to the the grand mufti of Istanbul like a true dhimmi — a subdued non-Muslim living under Islamic law and acknowledging Islamic superiority.

DOJ_NMG_0102557

And therein is the final lesson. Muslims' zeal for their holy places and lands is not intrinsically blameworthy. Indeed, there's something to be said about being passionate and protective of one's own. Here the secular West — Christendom's prodigal son and true usurper — can learn something from Islam. For whenever and wherever the West concedes ideologically, politically and especially spiritually, Islam will be sure to conquer. If might does not make right, zeal apparently does.

DOJ_NMG_0102558

Miller, Charles S

From: Miller, Charles S
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Subject: 12/5/06 Civil Division News

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AP

December 5, 2006

US Justice Department says secrecy needs bar surveillance suit

By DAVID N. GOODMAN

Associated Press Writer

DETROIT_The Bush administration asked a federal appeals court to toss out a lawsuit challenging a warrantless surveillance program, saying the government cannot defend itself without revealing national secrets.

The Bush administration secretly launched the surveillance program in 2001. It monitors international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links.

The American Civil Liberties Union sued the National Security Agency in January on behalf of journalists, scholars and lawyers who say the surveillance has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets.

U.S. District Judge Anna Diggs Taylor in Detroit ruled in August that the program violates the rights to free speech and privacy and the separation of powers.

The Justice Department appealed to the 6th U.S. Circuit Court of Appeals in Cincinnati, which ruled that the administration could keep the program in place during the appeal.

"This suit must be dismissed because its very subject matter is a state secret, and litigation would inevitably result in disclosing state secrets," Justice Department lawyers wrote in a brief filed Monday.

A secret court was established in the late 1970s to grant warrants for such surveillance, but the Justice Department said it cannot always wait for a court to act.

Bush and his advisers "have determined that the current threat to the United States demands that signals intelligence be carried out with a speed and methodology that cannot be achieved by seeking judicial approval" through traditional channels, Monday's brief said.

The journalists and other plaintiffs lack standing to sue because secrecy considerations mean that "they cannot show, and the government cannot dispute, that the government has intercepted or likely will intercept their communications," the government brief said.

It a brief filed Nov. 14, the ACLU said that the Bush administration's "sweeping theory of executive power would allow the president to violate any law passed by Congress."

"This theory presents a profound threat to our democratic system," it said.

The 6th Circuit Court of Appeals has set a Dec. 18 deadline for other interested groups to file their own briefs in the case.

In a related case, a Michigan judge last week refused to halt the ACLU's complaint that accuses AT&T Inc. and Verizon Communications Inc. of giving the NSA private phone call information.

The ACLU asked the Michigan Public Service Commission in July to determine whether the phone companies violated customers' privacy rights.

Administrative Law Judge Mark D. Eyster on Friday rejected the phone companies' contention that the state secrets doctrine requires dismissal of the complaint. "Only the federal government may claim the state secrets privilege," he wrote.

Verizon spokesman Bill Kula said Monday that the company continues to believe that the case is without merit.

AT&T spokeswoman Melissa Oakley said, "We respect our customers' right to privacy, and beyond that we do not comment on matters of national security."

END

Washington Post

December 5, 2006

Lawyers Sue for 5 Detainees' Freedom, Alleging U.S. China Deal-Making

By Josh White

WASHINGTON _ Lawyers for a group of Chinese Muslims held for nearly five years in the U.S. military prison at Guantanamo Bay, Cuba, filed suit Monday, asking that the men be released immediately and alleging that they have been held as part of a political deal between the United States and China.

Citing new laws that allow detainees to challenge their status as ``enemy combatants,'' the lawyers argue that their seven clients, ethnic Uighurs (pronounced wee-gurs), have never taken up arms against the United States or its allies. They contend the men have been labeled wrongfully as terrorist suspects because they oppose the communist Chinese government.

In a 58-page filing in the Court of Appeals for the D.C. Circuit, the lawyers argue that the Uighurs have been held since early 2002 as a way to win Chinese acquiescence for the U.S. invasion of Iraq.

The lawyers, Sabin Willett and Susan Baker Manning, allege in the court documents that their clients' detention in Guantanamo was one of several demands the Chinese government solicited in mid-2002 as the U.S. was seeking global support for its plan to topple Saddam Hussein.

U.S. officials labeled the East Turkistan Islamic Movement (ETIM) _ a group that includes Uighur separatists who want their own nation in western China _ a terrorist organization in August 2002 after diplomatic discussions with China about Iraq, the lawyers allege.

``In the crisis atmosphere of the time, the interests of a few dozen refugees paled beside the urgency of the Administration's war plans,'' the lawsuit says. ``The Iraq deal sealed the fate of the seven petitioners here. More than four years have passed. Long-discarded pawns in a diplomatic match between superpowers, petitioners today remain illegally imprisoned at Guantanamo.''

Former State Department officials acknowledged in interviews that they negotiated with China about placing ETIM and another group on a list of known terrorist organizations, and that ETIM was added after intelligence reports indicated the group had killed innocent people. The officials said, however, that labeling the group as terrorists had no effect on Uighurs already in U.S. custody, who were believed to be cooperating with the Taliban and al-Qaida near Tora Bora, Afghanistan.

Then-Deputy Secretary of State Richard Armitage met with Chinese officials in Beijing in late August 2002 and discussed the Iraq situation with them. He said at the time that ETIM was placed on the foreign terrorist list after months of discussions with China. He also said he made clear that China needed to respect the minority Uighur population.

``They had been after us to put ETIM on the list,'' Armitage said in a recent interview. He said the decision did not have anything to do with winning China's tacit approval on the Iraq invasion. ``But at the time, we didn't know when we were going to invade Iraq. It was done in response to information gathered by the intelligence group.''

The Uighurs have been a diplomatic headache for the United States. U.S. officials working to negotiate the release of five other Uighurs held at Guantanamo who were determined not to be a threat to U.S.

interests refused to return them to China out of concern they could be tortured or killed. More than two dozen countries declined requests to take them in, and the United States has been unwilling to allow them to come here.

Earlier this year, those five Uighurs were released to a U.N. compound in Albania, where they remain virtual prisoners.

Pierre-Richard Prosper, who formerly led U.S. negotiations with other countries over Guantanamo detainees, said that China wanted custody of the Uighurs, but the United States staved off Beijing because of human rights concerns. ``We tried for many months to reach an understanding with China regarding the fate of the Uighurs and were unable to do so,'' Prosper said.

More than a dozen Uighurs are still in Guantanamo. U.S. officials have determined them to be enemy combatants because of their participation in an alleged terrorist training camp in Afghanistan, which all fled when the United States started bombing the area after the Sept. 11, 2001, attacks.

The Uighurs have told military court officials they were not allied with the Taliban and are sympathetic to the United States, which they view as a liberator. They said they were living in a small community in Afghanistan after fleeing oppression in China.

According to military tribunal records and court filings, the men were lured to a mosque in Pakistan, where they were arrested and later turned over to Pakistani authorities. Willett said he believes the men were sold to the United States for sizable bounties and were sent to Guantanamo along with many other detainees\l "I" captured there.

The lawyers challenge the way the Uighurs were determined to be enemy combatants, arguing that their encampment in Afghanistan did not make them a party to hostilities. The Uighurs have said the United States allowed a Chinese delegation to visit and interrogate them after their capture, and that the Chinese agents threatened them. A U.S. official confirmed that the Chinese were allowed to question the Uighurs.

``It is amazing to me that the U.S. has agreed to, in effect, hold political prisoners for China in exchange for anything,'' Manning said. ``That goes against everything that we, I thought, stood for in this country.''

END

Canadian Press

December 5, 2006

RCMP commissioner admits inaccuracy over Arar testimony

OTTAWA (CP) - The embattled RCMP commissioner has admitted he was inaccurate when testifying to a Commons committee about the Maher Arar affair in September, but he has steadfastly refused to offer his resignation.

Giuliano Zaccardelli says he wants to "set the record straight" about what he knew and when he knew it in the case of Arar's deportation to Syria as a suspected al Qaida agent.

For the first time, Zaccardelli said the national police force alerted U.S. authorities that it had no evidence to support allegations against Arar before they deported him to his homeland, where he was tortured into false confessions of involvement in terrorism.

Zaccardelli initially told the committee he got involved before Arar was detained, but on Monday he said

he learned far more about the Mounties involvement after report on the incident was issued this fall.

He told the all-party committee U.S. authorities were informed that the RCMP had no reason to detain, charge or prevent Arar from returning to Canada. But he admitted mistakes were made in the process and key information was not known by senior Mounties until after the O'Connor report was issued.

Zaccardelli told the panel that purposely withholding information or misrepresenting facts is a "cardinal sin," and he added that if he had done so no one would have to ask for his resignation.

END

AP

December 5, 2006

Wyo man sues BLM workers under racketeering law

By BEN NEARY
Associated Press writer

CHEYENNE -- The U.S. Supreme Court has agreed to decide some issues from a case in which a Wyoming rancher charges that employees of the U.S. Bureau of Land Management stripped him of his federal land grazing permits because he refused to give the agency easements over his land.

The Supreme Court on Friday announced it will consider the case, which centers on whether BLM officials can be sued personally under federal racketeering law for their official actions.

Thermopolis rancher Harvey Frank Robbins maintains that BLM workers pulled his grazing permits and otherwise persecuted him to try to get him to give the government road access.

Although Robbins sued the BLM employees personally, the U.S. Department of Justice is representing them. Kathleen Blomquist, spokesman for the department, said her office had no comment on the case, but federal officials previously have said that Robbins' grazing permits were revoked because of repeated grazing violations.

Robbins' case itself is still pending in U.S. District Court in Wyoming. The issue of whether federal employees are immune from lawsuits under the racketeering law was first appealed to 10th U.S. Circuit Court of Appeals in Denver. When that court sided with Robbins, government lawyers appealed that issue to the Supreme Court.

Cheyenne lawyer Karen Budd-Falen, who represents Robbins, said she has never argued a case before the U.S. Supreme Court in her career.

"I am very excited, and very nervous -- especially a case that I believe is going to define private property rights vis-a-vis the federal government," Budd-Falen said.

Because the courts have not addressed a similar situation previously, she said, lawyers on both sides will be left arguing about Congress' original intent.

Budd-Falen said the court has placed the matter on a fast-track schedule, with all briefs due by Feb. 15. She said the case has been pending for seven years, longer than cases usually take.

"The Supreme Court could say that government employees are protected by sovereign immunity, which

means that you can't sue them, period," Budd-Falen said. However, she said that if the court rules for Robbins, trial would proceed in Wyoming.

Budd-Falen said the Supreme Court will also consider whether citizens enjoy a constitutional right to be free from retaliation from government employees if they exclude the government from their property.

Budd-Falen said the government argues that the federal employees shouldn't be sued even if they violated or conspired to violate Robbins' property rights because the government, and not the employees themselves, stood to gain by the action.

Budd-Falen said the government maintains that it was acting like any other neighboring property owner in asking Robbins for easements over his land. But she said Robbins maintains that the government must use its power of eminent domain to obtain any easement, and must pay for whatever it gets.

In 2003, the BLM and Robbins entered an agreement under which he would not be punished for 16 alleged grazing violations. The BLM said it revoked the agreement because Robbins had violated the permits again.

The 2003 agreement had prompted complaints from conservation and watchdog groups. The inspector general of the Department of Interior, which oversees the BLM, concluded in February 2005 that the settlement negotiations circumvented normal processes and were completed without appropriate input from agency officials, and that the interests of the BLM "were not adequately protected."

While Robbins' lawsuit under the federal racketeering law is still alive, the 10th Circuit Court of Appeals -- in a separate case -- agreed with U.S. District Judge Alan Johnson of Wyoming that Robbins' right to due process was not violated by the BLM's decision to revoke his grazing permits.

END

River Falls, WI, Journal

December 5, 2006

Supreme Court to decide if Madison atheist group can sue Bush

Shamane Mills, Wisconsin Public Radio

The U.S. Supreme Court will decide whether Madison's Freedom from Religion Foundation can sue the White House, for using tax money on faith-based programs.

Annie Laurie Gaylor, representative from the foundation, says the suit challenges the existence of President Bush's Office of Faith-Based Initiatives.

She says it's not right for the group to hold taxpayer-funded conferences, where churches can learn how to get money from the government.

Religion is supposed to be kept out of the service programs themselves.

Gaylor says the conferences are more like prayer sessions and it all adds up to an unconstitutional preference for religion by the folks at 1600 Pennsylvania Ave.

The Supreme Court will not consider the merits of the case, only whether folks like Gaylor can sue.

END

E-Trucker.com

December 5, 2006

Judges question FMCSA's numbers in hours rule

By Avery Vise

An attorney representing the Federal Motor Carrier Safety Administration's latest hours of service regulations Dec. 4 found himself defending the statistical models the agency relied on for guidance in its redrafting the rules.

Matthew Colette, a Justice Department lawyer representing FMCSA, also faced questions from a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit regarding the impact of the rules on the industry and public.

FMCSA is fighting separate lawsuits filed by the Owner-Operator Independent Drivers Association and safety advocacy group Public Citizen over the August 2005 revisions to the rules that took effect in January 2004. The D.C. circuit appeals court in July 2004 had invalidated those rules. On Dec. 4, a three-judge panel –- different from the one that ruled in 2004 –- heard arguments from OOIDA, Public Citizen and FMCSA.

Paul Cullen, Jr., an attorney representing OOIDA, urged the court to send FMCSA "back to the drawing board" to reconsider the rule in three areas:

The decision not to allow breaks during the work day to stop the 14-hour clock. OOIDA has found that delivery schedules force many drivers to complete their work days without taking a break, Cullen told the judges. That's the type of impact on driver health the court expressed worries about in 2004, Cullen said. In a member survey, OOIDA found that 60 percent said they avoid taking breaks during the 14-hour window.
The increased minimum consecutive hours in sleepers to satisfy mandatory rest. "The sleeper berth issue has caused the most concern," especially for team drivers, Cullen told the court. He also faulted FMCSA's procedural conduct in adopting the change even though the notice of proposed rulemaking didn't specifically propose it. "We do not believe FMCSA gave proper notice," Cullen said. "Either they would have to do a two-step rulemaking –- and they had plenty of time to do that –- or they would have had to better define the problem they were seeking to address."
The effect of loading and unloading on driver fatigue, particularly extensive waiting times that force drivers to push harder once they can get on the road.

Public Citizen argued that FMCSA's statistical models in the "virtually identical" new rule gave short shrift to the effects of "time on task" –- in other words, time spent working and driving –- even though the court in 2004 criticized the agency for precisely this approach. "The model only cares about sleep," said Bonnie Robin-Vergeer, an attorney for Public Citizen. "It's irrelevant how much work you are doing."

But time on task matters, Robin-Vergeer said. "We have extensive evidence about the sharp increase in crash risk after 8 hours of driving."

"The 34-hour restart is the most pernicious provision in the new rule," Robin-Vergeer told the appeals court. The rule allows substantially more hours driving in a week, contributing to higher cumulative fatigue and less off-duty time, Public Citizen charges. Various surveys have shown that a significant number of drivers are pushing the limits by taking only the 34-hour minimum, she said.

Public Citizen also faults FMCSA for simultaneously downplaying in the preamble to the rule the

likelihood that drivers would use the 34-hour restart to maximize driving hours and playing up, in the regulatory impact analysis (RIA) accompanying the rule, the productivity gains from the restart.

Colette defended FMCSA's position that the science shows that "length of wakefulness is a bigger factor in fatigue than time on task" and disagreed with Public Citizen that there is an inconsistency between the preamble and the RIA. FMCSA used the same estimates and assumptions in analyzing both crash risk and productivity, he said.

The government attorney also stood by FMCSA's analysis of the 34-hour restart and how drivers are using it in practice. "They are not necessarily using it to drive a massive number of hours," Colette told the three-judge panel. "Rather, we believe they are using it to spend more time at home." In any case, the number of hours driving per week is not as significant as reducing fatigue on a daily basis, he said.

Judges on the panel seemed less interested in how the rule has worked in practice than in how FMCSA justified the rule from the standpoint of safety and economic impact.

Judge Merrick Garland, for example, questioned Colette on the methodology of FMCSA's analysis of how increased consecutive hours of driving affected crash risk. Unsatisfied with Colette's responses, Garland chided the government attorney. "You're not a statistician. This is a debate among statisticians."

Colette stood by FMCSA. "Where we are statistically is within the realm of reasonableness." But Garland responded that the analysis must be not only reasonable but also fairly transparent, noting that the appeals court has declared numerous times that the court can't evaluate a model if the agency doesn't expose it in the notice of proposed rulemaking.

Chief Judge Douglas Ginsburg raised similar concerns, noting that the RIA doesn't break down the components of the regulatory impact it projects. He asked, "How do the petitioners know it's a sound number?" It's difficult for parties to respond to FMCSA's projections, the judge said, if the agency doesn't disclose how the agency arrived at them. "Any number of times we have said, 'Show your work.'"

The appeals court panel is expected to issue its ruling in the next two or three months.

END

Delaware County, PA, Times

December 5, 2006

Editorial: District judge unable to see the big picture

Last week a federal judge ruled that the U.S. Treasury must start redesigning its paper currency so that each denomination could be readily identifiable by blind people. The ruling comes four years after the American Council of the Blind filed a lawsuit claiming the current bills discriminate against them.

U.S. District Court Judge James Robinson ordered the Treasury Department to think about changing the color and size of all paper currency and adding other tactile differences so the blind can better ensure they are not being ripped off by unscrupulous cashiers.

Is this a big enough problem for the blind to impose hundreds of millions of new costs on society?

According to Judge Robinson, changing the size of the bills and other modifications would "only" cost the federal government around $200 million dollars every 10 years.

Only?

But what he doesn't seem to take into account is the non-governmental costs, like to the vending industry.

There are 7 million food and beverage machines and millions more video games in the U.S. that accept both $1 and $5 bills. To retrofit those machines to accept new currencies those industries would have to spend $200 to $300 per machine.

As one owner of a food service company that uses vending machines said, "I couldn't afford to spend $300 per machine. I simply would not be able to do it."

Besides, not even all advocates for the blind agree this is a good idea.

The National Federation of the Blind says this is a solution in search of a problem.

"In reality, blind people do not routinely find that we have been short-charged," says NFB President Dr. Mark Mauer.

All sorts of machines, vending and others, Mauer says, are readily available to identify paper money for blind people who run businesses or handle large amounts of cash.

"Essentially, the United States Treasury has been ordered by the courts to come up with a solution for a nonexistent problem," Mauer said.

It is interesting to note how the NFB and ACB take different approaches to advocating for the blind.

One stresses the importance of urging society to make changes to better accommodate the blind. While the other believes that with training and opportunity the blind can not only function well, but also compete in the world.

Mauer says such lawsuits promote the view that "the blind must be made objects of care and pity rather than equal participants in society."

Many blind people readily and routinely learn how to differentiate between their own bills (often by folding different denominations in different ways). As for the risk of their getting ripped off by sleazy cashiers or small business owners, it is low indeed. And the public scorn that ripping off the handicapped brings is enough to keep it to a minimum.

Add up all the money short-changed from blind people in the last 10 years and it probably wouldn't amount to 1/1,000,000th of what it would cost to prevent the problem.

The most annoying thing about Judge Robinson's decision is that he chose to make it at all.

Such decisions are more properly left to government policymakers.

Obviously, such changes have been considered for years, but rejected because those in charge decided the costs involved outweighed the suggested benefits to a small minority that is itself split on the issue.

In this case, what makes Judge Robinson think he's more qualified to decide this matter than the professionals at the Mint and Treasury?

He gave the government 10 days to appeal his decision.

It should.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, December 06, 2006 8:24 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, December 06, 2006
Attachments:	agnb061206.pdf; agnb061206.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 6, 2006 7:45 AM EST

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TERRORISM NEWS:

NYU Study Finds Fault With Federal Anti-Terror Efforts. The New York Daily News (12/6, Meek) reports, "Federal authorities' strategy of arresting terror suspects on any charge possible has proved effective in thwarting attacks, but too often prosecutors have inflated the importance of the busts, a new study says. … 'The strategy of disruption has worked, but they hyped these cases to be more than what they seemed,' said Karen Greenberg, author of the study by New York University's Center of Law and Security. .. 'It leaves their record of prosecuting the war on terror unconvincing,' she said yesterday." The News continues, "Of 510 cases since the Sept. 11 attacks that the government said were terrorism-related, only 30% of the defendants were actually prosecuted on a terrorism charge, the NYU study found. Most of the others faced charges such as fraud, racketeering or conspiracy. … While 169 cases are still pending, only four people charged since the 2001 attacks were convicted for trying to commit an act of terrorism, the study said." The News adds, "Justice Department spokesman Brian Roehrkasse said the report 'reflects the underlying premise of our strategy to prevent and disrupt terrorists before they can carry out what they may be conspiring to do, by using any and all tools at our disposal in the U.S. code.' … Terror prosecutions have declined from a spike in the three months following the 9/11 attacks, when 116 people were indicted. Only 57 have been indicted in 2006. … The NYU study found that only 14% of the defendants were tied to Al Qaeda. Of the 510 defendants, more than half had 'no known affiliation' with any terrorist group. … Justice officials said that suggests homegrown terror is a bigger threat than many realize."

Critics Question Power Of Privacy Board. The AP (12/6, Yen) reports, "Civil liberties advocates urged a

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White House privacy board Tuesday to review aggressively the government's warrantless surveillance program, even as they questioned whether it has the power to do so." The AP continues, "The Privacy and Civil Liberties Board, created in late 2004 after a recommendation by the Sept. 11 commission, held its first hearing with testimony from nongovernment experts on ways to protect Americans' rights during the war on terror. … Its five members, who left the agenda open, repeatedly found themselves under scrutiny. … 'This board needs to bring a little sunshine,' said Caroline Frederickson, director of the ACLU's Washington legislative office. She said she was disappointed panel members recently praised the surveillance program's safeguards that a federal judge initially ruled as illegal. … 'It remains clear that this program was built outside of, and in direct contradiction to, the Foreign Intelligence Surveillance Act and Fourth Amendment guaranteed protections,' she said. 'This panel's integrity and usefulness will be questioned if it dodges its duty to undertake a full review.'" The AP adds, 'Board members defended their role, saying that as an advisory panel to the president it was not their job to determine whether the eavesdropping program was illegal but to find ways - in consultation with Congress and Bush - to improve it. … 'Congress put us in the office of the president,' said former Clinton White House counsel Lanny Davis, the panel's lone Democrat, after several audience members unsuccessfully asked the panel to divulge what specific issues it has raised with the White House."

The Los Angeles Times (12/6, Schmitt) reports, "The four-member Privacy and Civil Liberties Oversight Board was urged to take a more aggressive tack in checking the power of the Bush administration in its handling of the war on terrorism. Witnesses cited concerns over such policies as the National Security Agency's warrantless electronic surveillance program and an error-plagued terrorist watch list that has ensnared innocent citizens." The Times adds, "Created by Congress in response to a recommendation by the bipartisan Sept. 11 commission, the panel was conceived as a way to ensure the administration considers implications on privacy and civil liberties when implementing 'all laws, regulations and executive branch policies.' In practice, though, its power is limited by the fact that its members are appointed by the president, whose policies they are supposed to scrutinize. … Its authority is also likely to change next month when Democrats take control of Congress. Some Democrats have proposed making the panel independent of the White House, with the power to subpoena witnesses and documents. Others have suggested that its influence could wane if Democrats take over one of the reasons for its existence — aggressive oversight of administration policies. … But board members said at the hearing that they were taking their job seriously. They have received classified briefings on the secret surveillance program and a separate program that monitored international bank data, and were also briefed on legislation to put new limits on the surveillance program. … 'This program today is an exceedingly important part of our mission to hear these points of view, and we have a great deal to learn in order to perform our statutory responsibility,' panel member Theodore B. Olson, Bush's first solicitor general, said at the hearing. In recent months, he said, the board has met with senior officials of the Justice Department, the National Intelligence office and the National Security Agency, among others."

The Washington Post (12/6, A11, Nakashima, 690K) reports, "James Dempsey, a member of a Markle Foundation task force on privacy, said the guidelines lack substance and specificity. They do not address data-collection standards or set up appropriate redress mechanisms for people erroneously targeted in counterterrorism programs, he said." The Post adds, "Caroline Frederickson, legislative director of the American Civil Liberties Union, said the board lacked any power to change policies on crucial issues such as citizen redress on terrorist and criminal watch lists. … Frederickson called on Congress to give the board subpoena power and remove it from the executive branch."

CNET News (12/5, Broache) reports, "In a stately, wood-paneled hall at Georgetown University, a seemingly phantom White House panel charged with overseeing privacy and civil liberties issues made its public debut on Tuesday. But it didn't quite receive the warm welcome it may have liked. … At its first open meeting since it was conceived two years ago, the Privacy and Civil Liberties Oversight Board heard more than three hours of tips for future action--and not all of it gentle--from advocacy groups, think tanks and academics of various political stripes." CNET continues, "Of the 10 such representatives who spoke on panels at the meeting, many urged the group to probe more deeply into the constitutional issues surrounding electronic surveillance, data mining and swapping, and terrorist watch list programs conducted by the government. Some didn't mince words. … 'When our government is torturing innocent people and spying on Americans without a warrant, this board should act--indeed,

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should have acted long ago,' Caroline Fredrickson, director of the American Civil Liberties Union's Washington, D.C., office, told the panel in her testimony. … Training her gaze on the five presidentially appointed board members, she added: 'Clearly you've been fiddling while Rome burns.' … The board, borne out of an act of Congress in 2004 based on recommendations by the 9/11 Commission, has been dogged before. 9/11 Commission Chairman Thomas Kean, congressional Democrats, and watchdog groups accused the Bush administration of not taking the endeavor seriously and dragging their feet in nominating members and getting the group up and running."

Italian Prosecutors Seek Indictment Of 25 CIA "Operatives" In Rendition Case. The New York Times (12/6, Fisher, Povoledo, 1.16M) reports, "Italian prosecutors asked Tuesday for the indictment of the country's former intelligence chief, along with 25 operatives of the Central Intelligence Agency, for their involvement in the kidnapping of a militant Egyptian cleric from Milan in 2003. The case is one of the most sensitive in Italy, raising the question of whether the Italian government broke the nation's laws by approving or assisting in the abduction." The Times notes, "It is the first case in the world in which local officials have been tried in the contentious program of 'extraordinary rendition,' a program in which U.S. agents abducted scores of suspected Islamic militants after Sept. 11, 2001. The suspects are believed to have been taken to interrogation centers in third countries, some of which permit torture. The case has complicated relations between Italy and the United States, though until now Italy has not asked for the agents' extradition, meaning that any trials against them could take place in absentia."

HOMELAND RESPONSE:

Government Urges Holiday Travelers To Keep Watch For Terrorists. The Washington Post's (12/6, A23) Al Kamen writes in his "In the Loop" column that "Uncle Sam hopes you'll remain vigilant, on the lookout for terrorists who also might be heading home to see their families" for the holidays. The State Department and the Department of Homeland Security are "distributing hundreds of 'wanted terrorist' posters to major airports around the country."

Jackson-Lee's Complaint About Airport Security Draws Faint Praise. The Washington Times (12/6, McCaslin, 88K) reports in its "Inside The Beltway" column that gun control advocate Rep. Sheila Jackson-Lee "was going through security at George Bush Intercontinental Airport in Houston when the alarm sounded not once, but twice. However, when she was placed in a queue for follow-up screening, Mrs. Jackson-Lee 'complained' about the process, according to the DHS." When she "insisted on retrieving her personal carry-on items, a Transportation Security Administration (TSA) officer informed her that she would first have to be rescreened, at which point the lawmaker continued to complain. Now, one group is actually coming to the congresswoman's defense. Or is it?" In a two-page letter, Michael L. Bane, founder of the Armed Passengers Project, says, "I cannot commend you enough for criticizing the humiliating and degrading treatment that travelers must endure undergoing security screening."

DHS Extends Comment Period On Traveler Risk Assessments. In an article appearing on at least 65 news websites, the AP (12/5, Sniffen) reported, "Under pressure from Congress and the public, the Homeland Security Department extended the time for people to comment on its computerized risk assessment system for international travelers" from Dec. 4 to Dec. 29. As of Tuesday, the department "had received 59 public comments," all but one either opposing "the system outright" or calling "for better means for people to correct any errors in the data. … Rep. Bennie Thompson, D-Miss., who will become chairman of the House Homeland Security Committee when Democrats take control of Congress in January, wrote Homeland Security Secretary Michael Chertoff seeking extension of the comment period." The AP added that the assessments, made using the Automatic Targeting System, "are based on applying so-called rules, which are actually assumptions based on the past behavior of terrorists and criminals, to the person's travel records."

The Christian Science Monitor (12/6, Marks, 59K) reports the program "is generating a growing controversy both in the United States and abroad." Officials at Customs and Border Protection, which assigns international travelers with scores "designed to identify high-risk travelers," say the program is "a crucial tool to protect the nation." However, "some congressional leaders, privacy advocates, and travel executives believe it's an unparalleled use of data-mining to

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invade individuals' privacy. Some European leaders also object, claiming the program…violates a privacy agreement worked out between the US and the European Union."

Investigations Find Clerics' Removal From Flight Was Justified. The Washington Times (12/6, Hudson, 88K) reports, "Three parallel investigations into the removal of six imams from a US Airways flight last month have so far concluded that the airline acted properly, that the imams' claims they were merely praying and their eviction was racially inspired are without foundation. An internal investigation by the airline found that air and ground crews 'acted correctly' when they requested that the Muslim men be removed from a Minneapolis-to-Phoenix flight on Nov. 20." DHS spokesman Russ Knocke said an investigation by the agency's Office of Civil Rights and Civil Liberties had found no indication of "any inappropriate activity, at least no indication at this time." An investigation by the Air Carrier Security Committee of the Air Line Pilots Association concluded that "decisions made by all the parties were made as a result of the behavior of the passengers and not as a result of their ethnicity."

Imams' Actions Seen As Deliberately Provocative. Debra Burlingame, a director of the World Trade Center Memorial Foundation and the sister of Charles F. "Chic" Burlingame III, the pilot of American Airlines flight 77, writes in the Wall Street Journal (12/6, A16, 2.04M) that "Allahu Akbar," the words spoken by the six "bearded imams" before their flight, were also the "very last human sound on the cockpit voice recorder of United flight 93 before it screamed into the ground at 580 miles per hour." Burlingame says, "Given that Islamic terrorists continue their obsession with turning airplanes into weapons of mass destruction, it is nothing short of obscene that these six religious leaders -- fresh from attending a conference of the North American Imams Federation, featuring discussions on 'Imams and Politics' and 'Imams and the Media' -- chose to turn that airport into a stage and that airplane into a prop in the service of their need for grievance theater." Burlingame adds, "The imams, experienced travelers all, counted on the security system established after 9/11 to kick in, and now they plan not only to benefit financially from the proper operation of that system but to substantially weaken it -- with help from the Saudi-endowed attorneys" at the Council on American-Islamic Relations.

Former HHS Secretary Urges Congress To Invest In ER One Project. Tommy Thompson, former secretary of the Department of Health and Human Services, in an op-ed in the Hill (12/6, Thompson) writes, "More than five years after Sept. 11, 2001, no state is adequately prepared for a potential mass-casualty disaster caused by a terrorist attack, pandemic or natural disaster." Thompson says a provision under this year's major spending bill for the Department of Health and Human Services that would fund the "ER One" project is "arguably one of the smartest investments that Congress could make, and it deserves to be approved." The Washington Hospital Center emergency facility "will serve as an education center and working research laboratory for testing and publishing new approaches to managing risks."

Woman Arrested After Throwing Package Into Old Executive Office Building Courtyard. The AP (12/6) reports, "Streets around the White House were closed Tuesday morning after a woman threw a package into the courtyard of the adjacent Old Executive Office Building. The woman was taken into custody without incident and was being questioned by the Secret Service, said Darrin Blackford, a spokesman for the service. The package was being investigated but no immediate details were available."

GAO Report Says FEMA Failing To Recoup Unjust Payments. The New York Times (12/6, Lipton, 1.16M) reports a new Government Accountability Office report says FEMA "has recouped less than 1 percent of an estimated $1 billion in fraudulent or unjustified payments it distributed after Hurricanes Katrina and Rita." The report also says "the agency continued to wrongly send out millions of dollars of new aid this year, including $17 million in rental assistance to families living rent-free in FEMA trailers." The findings, set for release Wednesday, "demonstrate how the agency has remained open to criticism from advocates for evacuees as being too stingy with people who have real needs, and to criticism from auditors as being too willing to give taxpayer dollars to scam artists and cheats." Sen. Joe Lieberman, the ranking Democrat on the Homeland Security and Governmental Affairs Committee, which has scheduled a hearing for Wednesday on Hurricane Katrina-related fraud and abuse, said the agency "has much work to do before we can be confident that it is providing assistance to those who

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are eligible and who need it, while denying it to those who do not."

FEMA Says It Will Appeal Housing Aid Decision. The AP (12/5) reported FEMA announced Tuesday that it would appeal "a court order requiring it to make housing payments to thousands of families whose homes were damaged by Hurricane Katrina. US District Judge Richard J. Leon said last week that confusing, often contradictory letters to hurricane victims from the Federal Emergency Management Agency didn't explain why housing funding was cut. He said that violated the Constitution, and he ordered the agency to restart the program immediately." The agency "may ask an appeals court to put the judge's ruling on hold while the appeal plays out."

Evacuees Relying On FEMA Said To Find Little Stability. The New York Times (12/6, Dewan, 1.16M) reports Wynaen Walker, whose Lake Charles home was destroyed by Hurricane Rita, returned to her FEMA trailer one day in October to find that its "lock had been changed." She "had been displaced by a family from one of five FEMA trailer parks at the nearby Baton Rouge Metropolitan Airport that are scheduled to close in April. Though her move was a mistake, it is one that residents say the agency has made repeatedly in its trailer parks. … More than a year after Hurricanes Katrina and Rita, life is still precarious and unpredictable for many evacuees, especially those who have depended on the government for a modicum of stability."

WAR NEWS:

Gates Says US "Not Winning" In Iraq. The AP (12/6, Burns) reports, "Robert Gates, seemingly clinching confirmation as the new secretary of defense, said Tuesday the United States is not winning in Iraq and he's confident President Bush will listen to his ideas about forging a new war strategy." Gates "won speedy and unanimous approval from the Senate Armed Services Committee after five hours of testimony, a bipartisan show of support that suggested how eager many lawmakers are to replace Donald H. Rumsfeld at the Pentagon. The full Senate could seal Gates' confirmation as early as Wednesday." The Los Angeles Times (12/6, Spiegel, Barnes, 850K) notes the expected quick approval of the nomination "would contrast with Gates' confirmation hearings in 1991, one of the longest and most contentious in recent Senate history. At the time, Gates was grilled on his knowledge of the Iran-Contra scandal and accusations that he bullied analysts into shaping intelligence to fit his worldview."

Gates is receiving glowing media reviews following yesterday's hearing, much of it focusing on his statement that the US "isn't winning in Iraq." That statement, seen as a deviation from the Administration's line on Iraq, is getting extensive media play. The CBS Evening News (12/5, lead story, 3:10, Couric, 7.66M) reported, "No matter how much the violence has worsened in Iraq, no matter how high the death toll has risen…Bush has insisted United States is winning. He said so as recently as six weeks ago at a White House news conference. Today, that question was asked again, this time to the man who will soon be in charge of the war." CBS (Martin) added, "Gates said what no senior official of the Bush Administration has dared utter publicly." The Washington Times (12/6, Scarborough, 88K) also says Gates' assertion that the US is "not winning" seemed to "put the nominee at odds with the commander in chief," while The Hill (12/6, Tiron) reports, "Senate critics of the war saw the nominee's opinion, given in a response during his nomination hearing, as a sharp departure from the president's position." The New York Times (12/6, Cloud, Mazzetti, 1.16M) notes Gates also "appeared to differ slightly with Mr. Bush's frequent declaration that Iraq is the 'central battlefield' in fighting terrorists. Asked if he agreed with that description, Mr. Gates called Iraq 'one of the central fronts in the war on terror' but said the United States also faced a 'dispersed' enemy of Islamic militants worldwide." But "he was more direct in criticizing the Bush administration's decision to disband the Iraqi Army and, for a time, to bar from government jobs tens of thousands of Iraqis who were members of Saddam Hussein's Baath Party."

The Los Angeles Times (12/6, Barnes, 850K) says "Gates stepped into what passes in the nation's capital for a congressional love-fest Tuesday for the simple reason that he was not Donald H. Rumsfeld. … The soft-spoken Gates, it seemed, could do no wrong, eliciting praise from Republicans and Democrats for his 'candor' and 'forthrightness.'" McClatchy (12/6, Stearns) reports Gates "received a warm, if stern, welcome," and the Washington Post (12/6, A1, Tyson, Ricks, 690K) notes the "cordial reception by the Senate Armed Services Committee,"

In his "Washington Sketch" column for the Washington Post (12/6, A2, 690K), Dana Milbank makes light of the "love fest." Writes Milbank, "And so it came to pass, in the 12th month of the sixth year of the reign of Bush, that a prophet

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came forth to deliver us from the war in Babylon." The "rapturous senators seemed to regard the president's second defense secretary as a harbinger of the Second Coming." Gates "earned these very, very nice words because of one very important attribute: He is not Donald Rumsfeld. He gave no wiseacre answers, asked himself no questions and said nothing to disparage the 'Army you have.' Instead, he made the obvious statement that the Bush administration, until yesterday, had refused to utter: We are not winning in Iraq."

Even editorial pages that often are highly critical of the Administration this morning sing the nominee's praises. The Washington Post (12/6, 690K) lauds Gates' "refreshingly candid voice" and "frankness," and the New York Times (12/6, 1.16M), in an editorial titled "The Un-Rumsfeld," says Gates "played the role of the un-Rumsfeld masterfully yesterday. He offered just enough candor and conciliation to persuade most senators that he plans to be a very different sort of defense secretary, while deftly holding back any real information about how he plans to clean up…Bush's mess in Iraq." However, adds the Times, "Iraq is unraveling so fast that Mr. Gates will have to come up with opinions quickly, and be willing to express them to the president forcefully." USA Today (12/6, 2.27M) editorializes, "After almost four years of prickly denials from…Rumsfeld that anything was wrong with the Pentagon's plan in Iraq, it was refreshing Tuesday to hear his successor acknowledge that things are not going so well." His "chief strength" is that he is not Rumsfeld. Even Maureen Dowd, in a New York Times column (12/6, 1.16M) titled "Goodness Gracious! The Truth!" praises Gates for the "sort of realistic assessment that never came from Rummy." Dowd adds that "the old criticisms of whether Mr. Gates massaged intelligence were forgotten; the senators would have embraced an ax-murderer if he had seemed sensible about Iraq."

On ABC World News (12/5, story 2, 2:05, 8.78M), George Stephanopoulos said Gates "was the anti-Rumsfeld. He was direct. He was deferential. He didn't pretend to have the answers. That's why he's going to sail through." Tim Tussert said on NBC Nightly News (12/5, story 2, 1:45, Williams, 9.87M) reported that what "you heard over and over again" was "candor, refreshing, fresh start, new eyes. Put this in context. Who would have thought that less than a month ago that Donald Rumsfeld would be pushed out as Secretary of Defense and his replacement would come forward and say we're not winning the war and basically say that his appointment or nomination is an admission that things have to change in Iraq? That's why the vote is unanimous. Both Republicans and Democrats are yearning for a fresh start on Iraq."

All three networks, and front-page stories in today's major newspapers, reproduced Gates' answer to the question from Democratic Sen. Carl Levin ("Do you believe we are winning the war in Iraq?"). Gates responded, "No, sir." Later, ABC World News (12/5, lead story, 3:05, Gibson, 8.78M) reported, Gates sought to clarify" this statement. Gates was shown saying, "I certainly stand by my statement this morning that we are not winning, but we are not losing. But I want to make clear that that pertains to the situation in Iraq as a whole. Our military forces win the battles that they fight." ABC (Karl) also reported that "all day long, Gates strayed from the White House script, even on the biggest questions of all." Sen. Mark Dayton: "With that benefit of hindsight, would you say that invading Iraq was the right decision or the wrong decision?" Gates: "I think it's too soon to tell." Gates also "identified several mistakes he believes have been made -- disbanding the Iraqi army, underestimating the job of rebuilding the country and not sending enough troops." Gates: "I suspect, in hindsight, some of the folks in the Administration probably would not make the same decisions that they made. And I think one of those is that there clearly were insufficient troops in Iraq after the initial invasion to establish control over the country." Karl: "Several Senators praised Gates and took shots at his boss." Sen. Edward Kennedy: "Now, in short, should we believe you or the President on the critical issue whether the Administration is really willing to make a change in its policy?" Robert Gates: "If I'm confirmed, I will be independent. I intend to draw my own conclusions. And I'll make my recommendations. But I can assure you that I don't owe anybody anything."

NBC Nightly News (12/5, lead story, 3:10, Williams, 9.87M), meanwhile, summed up Gates' testimony reporting, "The United States is not winning the war in Iraq and there are no good ideas about how to reverse that. Those were some of the answers to the questions that senators fired at the new man for the Pentagon today."

Democratic senators praised Gates yesterday. On CNN's Your World Today (12/5, Frazier), Florida Sen. Ben Nelson predicted Gates will be confirmed unanimously. Nelson said, "Clearly, there is a big change in candor and forthrightness from what we've seen in the secretary of defense and the former Deputy Secretary of Defense

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Wolfowitz, where there's been all of this sleight of hand, and head fake and not being straightforward."

On MSNBC (12/5, O'Donnell), Rhode Island Sen. Jack Reed (D) said Gates will "be someone who's going to listen to his military commanders. He's going to listen to advice from across the aisle. And I think he's someone that will take that advice and not simply respond ideologically with fixed positions. He's someone that will learn and will change. And I think that's a very positive development." Reed added, "I've had experience with Bob Gates over several years in a nonpolitical setting. He's someone, I think, whose judgment is good, who brings to this task experience. He's someone, I think, today who demonstrated candor, directness, thoughtfulness. Those are qualities that are needed. And I think those are qualities that'll be very helpful to the administration."

On Fox News (12/5, Hill), Indiana Sen. Evan Bayh (D) said, 'Mr. Gates was asked a question if he thought we were winning in Iraq. He gave a one-word answer. He said, No. I thought that was a moment of refreshing candor. You don't see that very often in Washington. Too bad."

And on CNN's Anderson Cooper 360 (12/5, McIntyre), GOP Sen. John Warner was shown saying at a press conference, "America got a good look at this extraordinary nominee. America can take the confidence that he's going to be a very strong adviser to the president of the United States."

The New York Times (12/6, Zernike, 1.16M) reports Gates also "displayed a knack for flattering the committee. 'Secretaries come and go, but the Senate Armed Services Committee remains,' he said. 'If confirmed, I will seek your counsel and take it seriously.'" Gates also told the committee, "We all work for the same boss. … That boss is the people of the United States."

Gates Downplays ISG Report. NBC Nightly News (12/5, lead story, 3:10, Williams, 9.87M) reported Gates "downplayed tomorrow's release of recommended options from the Baker-Hamilton Iraq Study Group." Gates: "It's my impression that, frankly, there are no new ideas on Iraq."

USA Today (12/6, 10A, Kelley, 2.27M) notes Gates "was a member of the bipartisan Iraq Study Group until Nov. 8, when Bush announced Rumsfeld's resignation and Gates' nomination. That panel's recommendations, due to be released today, will be helpful but aren't the only ones to consider, Gates said." On Fox News' Special Report (12/5, Hume), Weekly Standard editor Fred Barnes said, "I think, the truth is, though, what I'm told anyway, he told President Bush when Bush interviewed him a couple days before the election, he said, one, I agree that going into Iraq was the right thing, two, I think victory is what we should go after, not retreat, and I'm determined to pursue that."

Iran Comments Seen As "Shot Across The Bows" Of Neocons. The Financial Times (12/6, Sevastopulo, Dinmore) reports "Gates was also outspoken on Iran, saying he would only advise an attack on the country as an 'absolute last resort.' … His reservations on military action against Iran were a shot across the bows of weakened but still influential neo-conservatives in Washington who have called for strikes against the Islamic republic's nuclear facilities. Glen Howard of the Jamestown Foundation, a security think-tank, said: 'The neo-cons are regrouping around the Iran threat.'"

Gates Assets Include Defense Contractor's Stock. The AP (12/5, Theimer) reports, "Gates' assets include up to $250,000 in stock in a defense contractor on whose board he serves, a financial disclosure report made public Tuesday shows. If confirmed as defense secretary, Gates will divest his holdings in the company, NACCO Industries, White House spokeswoman Dana Perino said. He will step away from any Defense Department matters involving NACCO for at least a year." In general, "Gates plans to sell all the stock he owns in individual companies and sever all ties with them if the Senate confirms him as Pentagon chief, Perino said." Like Secretary Rumsfeld, "Gates is a millionaire." The AP lists other sources of income on his financial statement. About 40 sites carried this story.

President's Neocon Advisors "Down To One." Meanwhile, in a piece for Scripps Howard (12/5), analyst Martin Schram writes, "They were all this President's men - Cheney and Rummy and Wolfie and Bolton - neoconservatives, hard-line conservatives, iron-fisted conservatives, unyielding conservatives. ... Now there is only one. Don Rumsfeld, Paul Wolfowitz and now John Bolton have been bulldozed and/or forklifted out of power. ... it seems that Dick Cheney may be on his way to becoming just another one of those veeps who are seldom seen and hardly heard. After all, Cheney's last assigned mission was to be unceremoniously summoned to Saudi Arabia, where not a single public event was held." As for Rumsfeld, after the GOP's election defeat, he "was told his resignation was accepted, so would he please write it?" Rumsfeld's leaked memo "seems intended mainly for our eyes only," Schram says sarcastically. He recounts Cheney and Rumsfeld's

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intertwined careers and concludes, "The dynamic duo has run its last course."

Baker Briefs Bush On Iraq Study Group Report. The CBS Evening News (12/5, story 9, 2:55, Couric, 7.66M) reported, "A very close friend of the Bush family had a power lunch with the current President today. James Baker briefed him on the Baker-Hamilton commission's recommendations on Iraq a day before that report comes out. It's a familiar role for Baker," who "when the Bushes need help…always answers the call." CBS (Plante) added "this President may not be in much of a hurry to accept the Baker commission's ideas. Asked if Baker would be drafted to help implement the recommendation, the President's spokesman said, 'Jim Baker can go back to his day job.'"

The AP (12/6, Loven) reports the report "will be released this morning. The full commission, led by Baker and former Democratic Rep. Lee Hamilton of Indiana, "will give a copy of the report to Bush at 7 a.m. EST." The AP adds, "Following the presentation to the president, the group is to brief Iraqi Prime Minister Nouri al-Maliki and his team via secure videoconference from the White House." Bush, "to be joined by Vice President Dick Cheney, White House chief of staff Joshua Bolton, national security adviser Stephen Hadley and other senior White House aides, was to thank the commission but not comment on the specifics of its recommendations, the official said." White House press secretary Tony Snow said yesterday, "We're going to give it a careful review. … As we have mentioned, there are other ongoing studies within the administration."

USA Today (12/6, 10A, Jackson, 2.27M) reports, "After their White House visit, group members will head to Capitol Hill to brief House and Senate leaders. They plan to hold a news conference at 11 a.m., when they will release the report to the public. The rest of the day features a string of television, radio and newspaper interviews of study group members, including its co-chairmen: former secretary of State James Baker and former congressman Lee Hamilton, D-Ind., now director of the Woodrow Wilson International Center for Scholars in Washington." The interviews "are being coordinated by the Edelman public relations firm, which will continue to assist the institute through appearances on this Sunday's news talk shows." The US Institute of Peace, "which is devoted to global conflict resolution, received a $1 million appropriation from Congress to assist the Iraq Study Group."

CNN's The Situation Room (12/5, Henry) reported, "The White House is bracing for this report." CNN (Henry) said that yesterday's breakfast meeting between and Baker was initiated by Baker to give "a heads up to the president." CNN added, "Snow today was asked if this lunch was the cushion before the blow by James Baker. He insisted this does not have to be adversarial. He said this is a commission not an 'insurgency trying to attack the White House.'"

A number of reports this morning also depict a President on the defensive over the ISG report. The Financial Times (12/6, Sevastopulo), for example, says the report "will increase the pressure on…Bush to adjust US military policy in Iraq," and the Chicago Tribune (12/6, Silva, 617K) reports, "With his unwavering insistence that US military forces must stand, fight and 'win' in Iraq, President Bush has taken on the look of the last man standing. Both inside and outside the White House, voices are calling for at least a new war strategy -- and at most a target date for withdrawal of troops from Iraq. But Bush, while acknowledging frustration with the progress of the US mission, so far has refused to fundamentally alter it." The White House "has downplayed the report, saying the president will have no 'snap reaction' to the congressionally mandated review." Yet on ABC World News (12/5, story 2, 2:05, 8.78M), George Stephanopoulos said Republicans and Democrats in Congress are also "not going to treat" the ISG report "as a complete answer. They're not going to embrace it whole. They're going to treat it as a Chinese menu. Picking out what they like. Ignoring what they don't like." The President "has two more reports coming out. He's asked his National Security Adviser to do a review. He asked the Chairman of the Joint Chiefs of Staff to do a review. But the White House is having the President to come before the country, with his recommendation for a new strategy by Christmas."

Roll Call (12/6, Billings) reports "Congressional Democrats will use today's report by the Iraq Study Group as another opportunity to seek validation for a change of course in the region, but they privately acknowledge that they will be careful not to go too far in embracing the study." Democrats "say they want to make sure that the report…doesn't provide cover for the Bush administration over its policies. As part of that approach, both House and Senate Democratic leaders will be driving home the message that the research serves as a strong rebuke of a conflict they believe has devolved into a

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civil war." Roll Call adds, "A senior Senate Democratic aide said there will be a 'significant attempt' by Democrats to 'embrace as much [of the report] as possible, while calling it a clear repudiation of the Bush administration's failed stay-the-course strategy.'"

Panel, White House Warning There Are No "Dramatic Fixes" In Store. The Wall Street Journal (12/6, A4, King, Dreazen, Jaffe, 2.04M) reports "the panel and the Bush administration are broadcasting a similar message: There are no dramatic fixes to end the war or to get US troops home in a hurry." The "long-awaited report, people familiar with the matter say, will describe the situation in Iraq as deteriorating, but will acknowledge that its own recommendations are flawed and far from a magic solution." The panel "plans to put the main focus on the need to launch an immediate effort to gain international support for rescuing Iraq, including from nettlesome neighbors Syria and Iran. At the same time, the group will argue that the US should redouble its effort to train the Iraqi army while diminishing its own military presence there largely to an advising and support role, with an eye toward pulling out all combat units by the first three months of 2008. Tens of thousands of US troops will likely remain."

The Washington Post (12/6, A1, Baker, Linzer, 690K) reports, "The bipartisan Iraq Study Group plans to recommend to President Bush that he threaten to reduce economic and military support for Iraq's government if it fails to meet specific benchmarks intended to improve security in the country, a source familiar with the report said yesterday. … The latest details to emerge from the commission's report help flesh out a plan that also calls for the United States to withdraw nearly all combat units by early 2008 while leaving behind tens of thousands of troops to advise, train and embed with Iraqi forces." The Post also reports, "Much debate in e-mail exchanges among the most outspoken advisers to the study group focused on whether adding troops would help. But most feared that bringing in the large numbers required would break the military, lead to a surge in US deaths and do nothing to better protect civilians. In the end, the experts did not agree on sending additional forces beyond military advisers for the Iraqi national army. They seemed certain that Bush would reject most of their recommendations and that few could work anyway."

USA Today (12/6, 1A, Kelley, Brook, 2.27M) reports, "Among the issues to be raised by the commission and others: Withdrawing US troops. The commission is expected to propose withdrawing about 70,000 combat troops by 2008. … Engagement with Iraq's neighbors, Syria and Iran."

ISG Praised For Bipartisanship. David Broder writes in the Washington Post (12/6, A25, 690K), "Whatever the final impact of the Iraq Study Group report being issued today, for the 10 commission members this was an exhilarating experience, a demonstration of genuine bipartisanship that they hope will serve as an example to the broader political world." … The nine men and one woman serving on the commission -- five from each party -- represented a wide range of political backgrounds and philosophical views. Several had been on opposing sides in past presidential campaigns." But "as commission member Vernon Jordan, the Democratic lawyer, noted, they were also 'professionals' -- veterans of public service. Jordan has served on presidential commissions of one sort or another since 1965, and said, 'This process has been a lesson in civility.'" The New York Times (12/6, Shenon, 1.16M), meanwhile, profiles Lee H. Hamilton," in a story that calls him "a compromiser who operates above the partisan fray." Hamilton's "disdain for partisan battle, often to the annoyance of fellow Democrats, and his willingness to work toward compromise on national security policy, are likely to be on display again on Wednesday with the release of the findings of the Iraq Study Group."

Baker's Abilities Praised. The CBS Evening News (12/5, story 9, 2:55, Plante, 7.66M) reported, "In more than 30 years, he's been both a behind-the-scenes political operator and a very public statesman, much of it in the service of his close friend, the first President Bush." Ken Duberstein, former Regan White House Chief Of Staff: "Jim Baker is always an honest broker. If he can help the family, and help other families, I think he really strikes a two-fer." Plante: "This isn't the first time Baker has helped George the son. Remember six years ago in Florida." Baker: "The Gore campaign refused to accept the vote count on election day." Plante: "It was Baker who was called upon to lead the legal team that opened the White House doors once again for the bushes. Jim Baker's been White House Chief of Staff for two Presidents, Treasury Secretary, and Secretary of State. He helped put together the coalition which joined the US and the Gulf War. And knew enough then to anticipate the dangers of marching into Baghdad and overthrowing Saddam Hussein." Michael Deaver, former Deputy Chief of Staff: "Jim Baker of one of these rare people that comes along once in a while

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who is smart, smart not only intellectually and from experience, but street smart." Plante: "Street smart for sure. Back in 1990, he convinced Syria to join the Gulf War coalition against Saddam. Now, he wants this George Bush to talk to Syria and Iran, too." Baker: "It's got to be hard nosed. It's got to be determined. You don't give away anything, but in my view, it's not appeasement to talk to your enemies."

Kerry Sees Study Group Moving In Direction He Outlined. On MSNBC's Hardball (12/5, Barnicle), Massachusetts Sen. John Kerry (D) said that the Iraq Study Group "is moving in the direction that I and others have been arguing we should be moving in." Kerry added that "if what we've read in the papers is correct, they are going to suggest an alternative course that includes talking to Syria and Iran, a regional kind of conference or a regional engagement with the countries there to get them more involved, and some kind of down-the-road target of some kind that we are going to be withdrawing at some point, we have to begin at some point. And I think it's going to change the debate."

Poll Finds Views On Iraq War At New Low. On its website, the Wall Street Journal (12/5, 2.04M) reports "a majority of Americans say the situation for US troops in Iraq has grown worse and confidence in US policies in Iraq is at a new low, a Harris poll shows. Fifty-eight percent of US adults say the situation for troops in Iraq is getting worse, according to the online survey from Nov. 13 to Nov. 20, 2006, compared with 45% in September and 36% in January. Nine percent said the situation for troops in Iraq is getting better, while 27% said there was 'no real change.' … In addition, more Americans have a negative view of President Bush's handling of Iraq over the last several months: 71% said he is doing only fair or poor, compared with 26% who think he is doing a pretty good or excellent job. In September, 64% had a negative view of Mr. Bush's handling of Iraq and 32% rated him positively." Harris Interactive "conducted this online survey in the U.S., Nov. 13-20, 2006, among a nationwide cross section of 2,429 adults."

Democrats May Attach "Conditions" To Iraq Spending. McClatchy (12/6, Talev) reports, "On the eve of the Iraq Study Group's long-awaited recommendations for how to exit Iraq, congressional Democrats were eyeing a different document as leverage for change: President Bush's anticipated request for more money to keep fighting." House Democratic leaders "are considering attaching a series of conditions to the estimated $160 billion supplemental war funding request for Iraq and Afghanistan that President Bush is expected to send them early next year. They wouldn't specify what their conditions would be, including whether they might attach a troop-withdrawal timeline, as many Democratic lawmakers want to do." Rep. Rahm Emanuel, chairman of the House Democratic Caucus, "said the supplemental funding request 'is going to be the turning point' for the direction of the war. 'Those dollars are going to be treated differently,' he said."

The Washington Times (12/6, Bellantoni, 88K), meanwhile, reports, "Top Democrats in Congress are ignoring calls from within their caucus to eliminate funding for troops in Iraq, a strategy some say is necessary to end US involvement in the war. 'There is only one way in which the United States will withdraw from Iraq prior to the end of President Bush's term,' said Rep. Dennis J. Kucinich, Ohio Democrat. 'Congress must vote to cut off funds.'" Democratic leaders "flatly rejected the idea yesterday, insisting they will move to 'change the course' of the war but will continue to appropriate money to support the troops fighting in Iraq."

Reports Highlight "Hidden Costs" Of War. The Miami Herald (12/6, Hall, Montgomery, 286K) reports, "Belt-tightening at the bases is only the beginning. As the United States spends about $8 billion a month in Iraq, the military is being forced to cut costs in ways big and small." The Herald cites multiple examples, including cutback on restroom janitorial services at Fort Hood, TX, and early closings at swimming pools in Fort Leonard Wood, Missouri. The Herald continues, "Soldiers preparing to ship to Iraq don't have enough equipment to train on because it's been left in Iraq, where it's most needed. Thousands of tanks and other vehicles sit at repair depots waiting to be fixed because funds are short." The Herald cites other "hidden" costs, including 73,000 diagnoses of Post Traumatic Stress Disorder, shortage of parts for equipment repair, and suicide attempts by soldiers "haunted by the horrors of combat." The Herald continues, "In January, Nobel Prize-winning economist Joseph Stiglitz released a study that said the true costs of the Iraq war could exceed $1 trillion and perhaps reach $2 trillion. … The Stiglitz report focused on hard-to-measure things such as lifetime care for injured soldiers and the economic effect of higher oil prices as a result of the war. But his final numbers for unofficial costs are on pace to be matched by the official costs -- which don't add the intangibles."

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Maliki Seeks To Hold Regional Talks. The New York Times (12/6, A1, Wong, Cooper, 1.16M) reports in a front page article Iraqi Prime Minister Nuri Kamal al-Maliki said Tuesday that he would "send envoys to neighboring countries to plan a conference on Iraq, adding momentum to calls for a regional approach" to quelling violence. The Times notes that "such a proposal is already gaining attention" in the Washington, where the Iraq Study Group is "expected to recommend Wednesday that the American government should approach Iran and Syria to seek their aid in ending the war." Although the White House has publicly "resisted the idea of widening its own diplomatic channels with Iran and Syria," the Times reports that "senior Bush administration officials now say they are working out ways to talk to those countries without the White House appearing to have conceded on its principle of giving them the diplomatic cold shoulder." Assistant Secretary McCormack said Washington "approved" of the proposed conference, calling it "absolutely consistent with what the Iraqis have said -- that they have the reins on their own diplomacy and how they will relate to their neighbors, and how their neighbors will relate to them."

The Washington Post (12/6, A21, Trejos, 690K) notes that Maliki "rejected a proposal from U.N. Secretary General Kofi Annan that [the conference] take place outside Iraq." In a statement e-mailed to reporters, Maliki "rebuked" Annan for suggesting that Iraq was not the right venue, saying, "We consider his invitation to hold an international conference about Iraq as just another way to confiscate the will of Iraqis and their achievements that established democracy, a national unity government and the elected Parliament." The Financial Times (12/6, Khalaf) says Maliki has "been trying to take ownership of regional policy ahead of the Iraq Study Group report, fearing that changes in US policy will undermine the elected government."

Meanwhile, the AP (12/6, Abdul-Zahra) reports that Maliki "reversed course" by calling for an international conference, "despite opposition to the plan by some key political allies," including Iraqi President Jalal Talabani and leading Shiite leader Abdul-Aziz al-Hakim. In Washington, White House spokesman Tony Snow said the Bush administration welcomed the announcement, saying it was "a good idea for the Iraqis to be involved in working with their neighbors on issues of regional security." The Los Angeles Times (12/6, Zavis, Moore, 850K) runs a similar report.

Fox News' Special Report (12/5, Rosen) reported Maliki "called for two separate conferences, both to be held in Iraq, and both aimed at stabilizing the country. First, Maliki said Sunnis, Kurds and Shia would hold a long-delayed reconciliation summit later this month" and pledged a regional conference." Fox News (Rosen) also aired video of Iraqi Shiite politician Abdul Aziz al-Hakim saying Monday, "We reject any attempts to have a regional or international role in solving the Iraqi issue. We cannot bypass the political process. Iraq should be in a position to solve Iraqi problems." Fox News added, "That posture matches the thinking of President Bush and Secretary of State Rice, who not only doubt the usefulness of the US sitting down with Damascus and Tehran, but want to encourage the Iraqis to develop their own solutions in the realms of security and diplomacy, as when the Iraqis last month restored diplomatic ties, after 24 years, with Syria."

US Urged To Address "Refugee Crisis" With Syria. Kenneth H. Bacon, resident of Refugees International, writes in the Washington Post (12/6, A25, 690K), "Syria is the last country in the Middle East to leave its borders open to Iraqi refugees. The United Nations estimates that 1.8 million Iraqis have sought refuge in the region, and Syria and Jordan host the largest concentration. It can't maintain its open-door policy without international support. Refugees already strain social services. Yet, the international response to the Iraqi refugee crisis has been dismal." There has been "scant media attention and even less political concern," and the Office of the UN High Commissioner for Refugees is doing little." Bacon adds, "Working through the United Nations or directly, the United States has an opportunity to engage with Damascus to mitigate the suffering of Iraqi refugees and the growing burden on Syria."

Iranian Official Says Iran Will Only Help If US Announces Pullout Schedule. David Ignatius writes in the Washington Post (12/6, A25, 690K) that "a top Iranian official set a tough condition for his country's help in stabilizing Iraq, saying that Tehran isn't interested in such cooperation unless the Bush administration sets a timetable for withdrawing its troops. Ali Larijani, Iran's national security adviser, said in an interview that a US plan for removing 'occupation forces' from Iraq would be considered 'a sign of a change in strategy.' In that case, he said, 'Iran would definitely extend the hand of assistance and would use its influence to help solve the problem.'" Larijani "made his comments after a speech yesterday to a conference…called the Arab Strategy Forum. His remarks were the clearest statement I've heard of how Iran views its role in the region following what he described as

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the failure of US intervention in Iraq, Afghanistan and Lebanon. His tone was triumphalist: In his view, America is bogged down in Iraq and 'in dire need of change,' while a newly confident Iran is positioning itself as a dominant power for the region."

Caldwell Says Iraqis Will Command Own Forces By Spring. AFP (12/6) reports, "Iraq's government will have command of its own armed forces by the middle of next year, a US general has said, revealing details of a deal between the US president and the Iraqi prime minister." Spokesman Maj. Gen. William Caldwell's "announcement came on the eve of a much-anticipated report" from the Baker commission. AFP adds, "Currently only two of Iraq's 18 provinces are under direct Iraqi security control and only two of the country's 10 army divisions answer directly to Maliki rather than to US General George Casey's headquarters." Moves such as increasing the number of Americans serving on transition teams "are among ideas expected to be recommended by former US secretary of state James Baker's Iraq Study Group on Wednesday, but Caldwell said the revised plan had come from the military itself."

On the CBS Evening News (12/5, story 2, 1:55, Couric, 7.66M), Gen. Caldwell was shown saying, "As the Iraqi forces become more capable out there, there is no reason why we would see a necessity for as many US military forces as we have here today. The Prime Minister is very adamant that he's ready to resume control of his country, and if he is, then, we're going to let them step up and be more responsible and provide them back support to help make sure they just don't fail." CBS (Martin) added, "There are a lot of people in the Pentagon who will tell you, look, we had 140,000 troops when there were zero Iraqi troops. Now there are 325,000 Iraqi troops, and we still have 140,000 there. It's time to start pulling our troops out of combat, assigning more trainers and advisers to the Iraqi units to make up the difference."

The Los Angeles Times (12/6, Richter, 850K) reports Bush "has warned that a precipitate withdrawal would create a terrorism superstate in the Middle East that is rich with oil cash and determined to topple moderate governments around it. But to many US lawmakers, regional experts and Middle East leaders, the chief risk is not a more menacing version of Taliban-dominated Afghanistan, but a Lebanese-style civil war that could result in the deaths of thousands more Iraqis and expand the conflict by drawing in neighboring states."

Gen. Caldwell writes in the Washington Post (12/6, A25, 690K), "I don't see a civil war in Iraq. I don't see a constituency for civil war. The vast majority of the people want hope for their families, not to massacre their neighbors or divide their country. A poll conducted in June by the International Republican Institute, a nonpartisan group that promotes democracy, found 89 percent of Iraqis supporting a unity government representing all sects and ethnic communities. No wonder no 'rebel army' steps forward to claim credit for vicious car bombs and cowardly executions of civilians. I see debates among Iraqis -- often angry and sometimes divisive -- but arguments characteristic of political discourse, not political breakdown. … Regardless of what academics and pundits decide to label this conflict, hundreds of thousands of brave Iraqi soldiers, police officers and civil servants will continue to go to work building a free, prosperous and united Iraq. And every day more than 137,000 U.S. servicemen and servicewomen will lace up their boots, strap on their body armor and drive ahead with our mission to support these courageous Iraqis."

US Said To Be Applying Lessons From Vietnam. In a commentary for the Washington Post (12/6, 690K), Vietnam War historian Mark Moyar writes, "In moving to swiftly transfer security responsibilities to the Iraqi government, the Bush administration appears to be heeding lessons learned during ... the Vietnam War. In Vietnam, the United States found that indigenous troops were inherently better suited to local security tasks than Americans. ... Recent comments from the Bush administration indicate that America will spend less time telling the Iraqis how to solve their political problems." Detractors "point to the ultimate defeat of South Vietnam. But in fact the South Vietnamese ... ultimately lost because the United States withdrew support while the North Vietnamese enjoyed enough superpower support to mount an even larger offensive in 1975." Iraqi forces "are not going to experience anything resembling the 1975 offensive; they need only end the low-intensity fighting among Iraqis. But this task will require great political skill on the part of Iraq's prime minister. We will find out very soon whether he possesses it."

Fallujah's City Council Persevering Under Tough Conditions. The Christian Science Monitor (12/6, Peterson, 59K) reports, in a pessimistic article on the challenges of serving on the Fallujah city council, "No other city council operates in the insurgent-riddled Anbar Province. But the embattled [mayor] Bedawi -- whose family, like those

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of other members, is under threat of kidnapping or worse -- continues to forge ahead in one of the most stressful jobs the city has to offer. ... Two years after US marines invaded Fallujah to force out insurgents who had made the city off limits to US forces, militants are filtering back into the city, despite only six entry points, which are heavily guarded. Since August, they have waged a campaign of intimidation that has left two key councilmen and the deputy chief of police murdered, and a trail of threats against those who persist." One November council meeting "begins with three men who complain about shootings by US Marines - one of them fatal - of their sons and a nephew. They demand prosecution of the 'snipers' involved, and their removal." Col. Lawrence Nicholson promises to investigate. The Marine presence in town has shrunk to "fewer than 300," but the mayor says, "We don't want the Americans to leave until the Iraqi Army and Iraqi Police are rebuilt and well armed, and they kill a lot of people from Al Qaeda, and dismantle militias, and kill extremists."

Marines Expected To Be Charged In Haditha Incident. The New York Times (12/6, Von Zielbauer, 1.16M) reports, "At least five marines are expected to be charged, possibly as early as Wednesday, with the killing of 24 Iraqis, many of them unarmed women and children, in the village of Haditha in November 2005, according to a Marine official and a lawyer involved in the case." Charges will likely "range from negligent homicide to murder, said a senior Pentagon official." The timing of official disclosure of the charges is "unclear," but officials and defense lawyers "said charges could closely follow a closed-door briefing by Lt. Gen. Richard F. Natonski, the Marine Corps deputy commandant for plans, policies and operations, to the House Armed Services Committee on Wednesday morning." While a "senior Pentagon official" expected five indictments, a Marine officer "said that he expected charges to be brought against one or two additional marines, including one officer," namely, First Lt. William T. Kallop.

The AP (12/5, Watkins) reports, "Lt. Gen. James Mattis has examined the investigations into the killings and has made initial decisions about what action to take, Marine spokesman Lt. Col. Sean Gibson said Tuesday in a news release. ... A parallel investigation examined whether officers in the Marines' chain of command tried to cover up details of the killings. Results of the probes have not been made public."

Baghdad's Ambulance Workers Struggle With Violence. The New York Times (12/6, Luo, 1.16M) reports, "Ambulance workers have among the clearest views of Baghdad's descent into chaos. As the city has disintegrated around them, they have been left to pick up the pieces. They are often overwhelmed, and have increasingly become targets themselves." One of them likens "these three years" to "16 years as a paramedic." Baghdad has "only about 90 ambulances and crews" on "any given day"; in addition, "The capital's maddening traffic, and the fact that most residents ignore sirens, compound the challenges. Ambulance crews are also treated with suspicion by American troops because militants have been known to use ambulances to transport weapons or bombs. ... Emergency workers earn salaries that are often barely enough to live on, as little as $80 a month for new paramedics. ... As they rush to bombings now, a secondary blast is often aimed at them. Eleven emergency workers were killed in 2006. Previously, six others had been killed since early 2004, when the department started keeping track. More than 10 percent of Baghdad's ambulance drivers have resigned in the last three months alone as violence has escalated."

Baghdad Firefighters Endangered By Terrorist Tactics. The Washington Times (12/6, Palmer, 88K) reports, "The terrorists who daily spread mayhem in the capital [Baghdad] increasingly have adopted the tactic of following a suicide bombing with one or two secondary blasts, timed to detonate a few minutes later when a crowd has formed. And that is bad news for the city's 3,500 firefighters, whose job demands that they rush to the scene of every explosion to douse the flames and assist the injured. ... This year alone, at least 30 Baghdad firemen have died in the line of duty and another 55 have been wounded, according to the Interior Ministry, which oversees Iraq's fire departments. Others have been kidnapped by criminal groups or militiamen; still others find themselves in the crossfire of insurgent groups, U.S. and Iraqi security forces, and warring militias."

Use of Body Counts Criticized As Political Device. In a commentary for USA Today (12/6, 21A, 2.27M), surgery professor and former Iraq health sector consultant John Bowersox writes disparagingly of The Lancet's allegation of "more than 600,000 'excess' civilian deaths" since the "US-led invasion of Iraq": "Never mind that

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editors failed to disclose that The Lancet had taken an anti-war stand on Iraq even before 2003, or that the study used dubious methods to come up with a number many times higher than any reported before. ... Ever since the Vietnam War, civilian and enemy body counts have ranged from educated guesses to pure fiction -- tragic statistics twisted to serve the agendas of whoever is spinning the numbers."

Analysts Think Bin Laden Alive But "Hamstrung." The Washington Times (12/6, Gertz, 88K) reports, "U.S. intelligence agencies think al Qaeda leaders Osama bin Laden and Ayman al-Zawahri are alive and still plotting attacks ... Both remain powerful symbols for Islamist extremists around the world and the target of scores to hundreds of covert special-operations commandos, regular troops and CIA paramilitary officers." Secretary-designate Gates "said yesterday he plans to review the tactics being used by forces taking part in the five-year hunt for bin Laden, although he noted that bin Laden has become more a symbol to terrorists and less an active planner and organizer of attacks." He predicted, "Just as in the case of Saddam Hussein, one of his own people will turn him in." Counterterrorism expert Dennis Pluchinsky "said bin Laden's low profile is likely the result of poor health or because he is hiding in an ultra-secret location that is too risky to conduct videotaping."

Afghans Mull Reconstruction Of Bamiyan Buddhas. The New York Times (12/6, Gall, 1.16M) reports on the "colossal Buddhas" blown up by the Taliban in 2001: "Five years after the Taliban were ousted from power, Bamiyan's Buddhist relics are once again the focus of debate: Is it possible to restore the great Buddhas? And, if so, can the extraordinary investment that would be required be justified in a country crippled by poverty and a continued Taliban insurgency in the south and that is, after all, overwhelmingly Muslim? ... There have been calls to rebuild the Buddhas, mostly from Afghans who feel that restored statues would provide a greater tourist attraction, and a righting of wrongs." Although Afghanistan is "impoverished," the provincial governor "favors rebuilding the Buddhas using anastylosis, and said she would propose that the central government make a formal request to Unesco."

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Senate Not Expected To Act On Minnesota US Attorney Nominee. The Minneapolis Star Tribune (12/6, Furst) reports, "Nine months after Rachel Paulose was named acting U.S. attorney for Minnesota, and four months after she was formally nominated for the job by President Bush, her appointment is slipping further into doubt." The Tribune continues, "The U.S. Senate is expected to adjourn this week without acting on the nomination. That would mean that Bush, if he wishes, must resubmit her name to the next Senate, with a new Democratic majority. … 'I am disappointed the Senate will adjourn this year without taking up Rachel Paulose's nomination,' Sen. Norm Coleman, R-Minn., said in a statement Monday to the Star Tribune. 'Ms. Paulose has shown herself to be an extremely competent and capable professional.' He said he expects her to be renominated, 'and I hope we will have the opportunity to confirm her nomination in a timely manner.'" The Tribune adds, "If approved to permanently succeed Tom Heffelfinger, Paulose, 33, would become the state's first female U.S. attorney and the youngest current U.S. attorney. … Her nomination stalled when the GOP-led Senate Judiciary Committee failed to take it up. In an apparent oversight, Paulose and her supporters did not solicit the support of both home-state senators. Without that, the committee typically does not act on a nominee. … Coleman supported her nomination, but Sen. Mark Dayton, D-Minn., took no position, saying it's his practice to meet with any nominee before the choice moves to the Judiciary Committee. However, Dayton said, Paulose never sought a meeting."

DC Federal Court Is Jeffress Family Affair. The Washington Post (12/6, B01, Leonnig) reports, "Each day, chances are good that Bill, Amy and Jon Jeffress will be applying their legal talents just a few doors down the hall from each other in the same stately office building near the U.S. Capitol. … But the father, daughter and son are not racking up billable hours at a white-shoe family firm. … They are reporting for work at the E. Barrett Prettyman Courthouse, Washington's federal court." The Post continues, "On the sixth floor, father William H. Jeffress Jr., 61, one of Washington's most prominent defense attorneys, has been busy with pretrial hearings in a case that has rocked the White House. He represents I. Lewis 'Scooter' Libby, Vice President Cheney's former chief of staff, who is accused of lying to

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investigators probing the leak of a CIA operative's name. … On the second floor, daughter Amy, 41, has been checking on narcotics cases she oversees for the U.S. Attorney's Office -- including a trial involving a ring that is accused of peddling cocaine and heroin. … And in a magistrate courtroom down the hall, Jonathan, 35, has been representing poor people as a public defender." The Post adds, "In many ways, the U.S. District Court is a kind of family home. … Their personal stories are intertwined with the court's history. Each learned the power of the law here and can trace career trajectories to work they did in the building. Some of their most profound moments of victory and disappointment unfolded in the oak-paneled courtrooms. … All three are former law clerks who returned to practice here. Bill Jeffress, a partner in the firm of Baker Botts, clerked for Judge Gerhard A. Gesell, who presided over many landmark cases, from Watergate to Iran-contra. In 1971, Jeffress was working in Gesell's chambers when the judge famously ruled that The Washington Post could print the Pentagon Papers, a historical assessment of the Vietnam War that embarrassed the U.S. government. … When Amy was growing up, Gesell was her dad's mentor and 'like my second grandfather,' she recalled. Two decades later, when she graduated from Yale Law School -- just like her father -- Amy, too, went to clerk for Gesell." The Post notes, "Although their job choices are different, there definitely is a certain Jeffress way about them. … The three share the same Democratic Party leanings. Bill and his wife have long been active in the party. Amy worked in the Justice Department during the Clinton administration with her future husband. And Jon was an advance worker for Al Gore's 2000 presidential campaign."

Prospects For DC DA's Office Seen As Bleak. In a column for The Hill (12/6), Arthur Delaney writes, "In two of this year's most pungent national crime stories — the Duke University rape scandal and the JonBenet Ramsey confession scandal — the next biggest stars, after the DNA, are the DAs. This question often comes up: Will the people vote the district attorney out of office as a result of his or her antics in the case? … To somebody who grew up in Washington, D.C., this perfectly normal question is perfectly foreign. We don't get to elect a district attorney. We don't even have a district attorney's office, another of the many quaint differences between the U.S. and its capital city, where only second-class citizens live." Delaney continues, "In July, D.C.'s nonvoting congressional delegate, Eleanor Holmes Norton (D), introduced legislation that would create a D.C. district attorney's office. … Norton's District of Columbia District Attorney Establishment Act of 2006 is going nowhere in the Government Reform Committee. … So the local U.S. attorney's office, the largest such office in the country, will continue to be responsible for prosecuting both federal crimes and local crimes committed by adults in the District." Delaney adds, "But wait! There's a third horse in this race: The D.C. attorney general's office. Mayor-elect Adrian Fenty and his nominee for attorney general, Linda Singer, have expressed interest in the attorney general's office taking some of our federal prosecutors' local criminal caseload. … All they've got so far, though, is an embarrassing bitch-slap from a federal judge: 'How could there even be a thought that they could take that on? The D.C. attorney general's office is not adequately or properly handling the cases it has now,' said U.S. District Judge Royce Lamberth, according to a Nov. 18 Washington Post story. Lamberth was miffed over the office's apparent mishandling of a case against the D.C. police." Delaney concludes, "Meanwhile, U.S. Attorney Jeffrey Taylor, in his capacity as D.C.'s unelected district attorney, has the totally unique ability to try local thugs either in federal or local court. For our hometown criminals, this is a matter of life or death — even though you won't find the 'ultimate penalty' in the D.C. Code and voters rejected a congressionally imposed referendum on execution in 1992, federal prosecutors still can seek it against D.C. criminals if their offenses meet the right criteria. … A federal judge recently ruled that the murder and racketeering charges against Larry Gooch qualify him for a capital trial, set to begin in January. It's a fat chance that a D.C. jury will send any man to die, but if it happens — well, score one for the Feds, I suppose."

CORPORATE SCANDALS:

US Charges French Alcatel Executive With Bribing Costa Rican Officials. In a widely-distributed story, the AP (12/6, Anderson) reports, "A former top executive for the Latin American business of the French telecommunications giant Alcatel-Lucent faces U.S. corruption charges for allegedly funneling millions of dollars in bribes to Costa Rican officials to win lucrative contracts. Christian Sapsizian, a 60-year-old French citizen…was free Tuesday on $525,000 bail after making his initial appearance Monday in federal court." The AP notes, "According to an FBI affidavit, Sapsizian agreed in 2000 to make payments to an

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unnamed senior official with Costa Rica's state-owned telecommunications authority, the Instituto Costarricense de Electricidad, or ICE. In return, the official would 'vote in favor of awarding Alcatel a contract' and provide other valuable assistance, according to the FBI. … Sapsizian's attorney, Roy Kahn, said Sapsizian will plead not guilty to the charges and added that companies frequently hire such consulting firms for business ventures in Latin America."

2nd Circuit Rejects Class Action Against Banks In IPO Case. The Wall Street Journal (12/6, C4, Koppel) reports, "In a victory for Wall Street securities firms, a federal appeals court said a lawsuit alleging fraud in the pricing of initial public offerings couldn't move forward in its current form as a class action." The Journal continues, "The case alleges that more than 50 Wall Street firms committed fraud by artificially inflating stock prices in IPOs that the firms underwrote in the late 1990s and 2000. … In a ruling, the Second U.S. Circuit Court of Appeals in New York said that the trial judge shouldn't have allowed the plaintiffs to pursue the case as a class action, in part because their individual claims are not sufficiently similar to be grouped together. The decision could mean that the thousands of plaintiffs in the litigation will have to take on the banks individually, which is a much more difficult challenge for plaintiffs. 'It's a great win,' says Vince DiBlasi of Sullivan & Cromwell, one of the lead lawyers for the banks. … 'There is no question the court made it hard for us,' says Melvyn Weiss, chairman of the executive committee in the litigation, who plans to appeal the ruling. But 'this is not necessarily a happy day for the [Wall Street] banks, either,' says Mr. Weiss, of Milberg Weiss Bershad & Schulman LLP. The Wall Street firms may now be "swamped" with individual suits by some of the class members, who number in the thousands, 'if not millions,' he said."

The New York Times (12/6, Creswell) reports, "The decision was seen on Wall Street as a huge victory. The investment banks faced making payments of billions of dollars to settle the accusations — if they chose not to risk a trial — involving potentially millions of investors, lawyers involved in the case said." The Times adds, "The ruling also raises the prospects that earlier settlements in the case, in particular a $425 million agreement with J. P. Morgan Chase and a $1 billion guaranteed proposed deal with the issuers of the new shares that was still pending approval by the judge in the case, could be nullified. … Nearly all firms on Wall Street were touched by the lawsuit. Described by many as the largest consolidated securities class-action case ever, the I.P.O. lawsuit involved more than 300 individual investors, 309 issuers and 55 underwriters, including Merrill Lynch, Goldman Sachs, Morgan Stanley and Credit Suisse First Boston." The Times notes, "Yesterday, a three-judge panel of the Federal Court of Appeals for the Second Circuit in Manhattan said the federal judge overseeing the lawsuit had erred in granting class-action status to six 'focus cases' out of 310 consolidated class actions that claimed fraud on the part of many of the nation's largest securities underwriters. … That means investors will probably have to pursue their claims individually, in some cases perhaps through arbitration, lawyers involved in the case said."

Former Comverse CEO May Have Problems With Option Exercise Dates. The Wall Street Journal (12/6, C1, Levitz) reports, "Kobi Alexander, the former chief executive of Comverse Technology Inc., fled to Namibia rather than face criminal-fraud charges alleging he fattened his paycheck by backdating his options grants to low points in the company's stock price, making them more valuable. … But Mr. Alexander might have other problems with options, too." The Journal continues, "Mr. Alexander reported a 1998 option exercise near a notable low in the company's share price. If the timing of that exercise was backdated, Mr. Alexander could have received a substantial, improper break on his personal income-tax bill. … The issue has been referred to the special committee of Comverse directors who are examining the company's grant-backdating problem, according to a person familiar with the matter. The timing of the 1998 exercise was noted in a 13-page Nov. 27 report by Gradient Analytics Inc., a Scottsdale, Ariz., research firm that specializes in the analysis of executive compensation, which Gradient believes can affect share prices. The report was distributed to clients including hedge funds and mutual-fund money managers." The Journal adds, "Gradient didn't conclude that Mr. Alexander's exercise was backdated, and his favorable timing might have been just a matter of luck. … Mr. Alexander said on a form he filed with the Securities and Exchange Commission on Dec. 9, 1998, that he had exercised the split-adjusted equivalent of 675,000 options two months earlier, on Oct. 9, when Comverse's shares closed at a split-adjusted price of $10 each, just pennies above its lowest closing price of the quarter. He didn't report a sale for that same day."

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SEC Calls Pequot Probe Thorough, But Attorney Adds Concerns. The Wall Street Journal (12/6, C4, Hughes) reports, "A second Securities and Exchange Commission official told Congress he had warned agency officials that 'something smells rotten' about the SEC's handling of an insider-trading probe of hedge fund Pequot Capital Management." The Journal continues, "The testimony from Eric Ribelin, who works in the office of market surveillance, provides a leg of support for the claims of former SEC enforcement attorney Gary Aguirre." The Journal adds, "Mr. Aguirre says he was fired in September 2005 after his supervisors reversed course and stopped him from issuing subpoenas to current Morgan Stanley Chief Executive John Mack, whom Mr. Aguirre suspected of tipping off Pequot. SEC officials said they fired Mr. Aguirre because his behavior became erratic and he couldn't get along with his colleagues. … 'I have serious misgivings about many decisions made in this investigation,' Mr. Ribelin wrote in September 2005 to Robert Hanson, an SEC branch chief who had supervised Mr. Aguirre. 'I don't know what all has driven the decisions. Something smells rotten, though.' … Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) called the hearing to air allegations that the Pequot probe was derailed by political influence. The SEC staff closed its investigation of Pequot and Mr. Mack last week without recommending enforcement action. Morgan Stanley has said Mr. Mack, who testified to the SEC this past August, cooperated in the probe."

The New York Times (12/6, Bogdanich) reports, "Senior officials at the Securities and Exchange Commission vigorously defended the commission's investigation of a prominent hedge fund, Pequot Capital Management, telling the Senate Judiciary Committee on Tuesday that its inquiry was professional, thorough and untainted by outside political influence." The Times continues, "In their first detailed public comments about the investigation of Pequot, four current or former S.E.C. supervisors took aim at their former colleague and chief accuser, Gary J. Aguirre, saying his allegations that the agency had pulled its punches were unfounded and came from a fired employee whose temperament and judgment had caused problems in the office. … 'He treated his colleagues with disrespect bordering on contempt,' said Mark Kreitman, an assistant director of enforcement at the S.E.C. 'His investigation of Pequot was poorly thought out, disorganized, and sloppily documented.' … The testimony by S.E.C. officials, including the agency's inspector general, was met with considerable skepticism by Senator Arlen Specter, who is chairman of the Judiciary Committee, and Senator Charles E. Grassley, the Iowa Republican who heads the Finance Committee. Both panels are investigating the Securities and Exchange Commission's handling of the Pequot inquiry."

AIG Settles Some Legal Disputes With Greenberg Firm. The Wall Street Journal (12/6, C4, Pleven) reports, "American International Group Inc. and C.V. Starr & Co., a firm led by former AIG Chief Executive Maurice R. 'Hank' Greenberg, are settling multiple legal cases." The Journal continues, "Mr. Greenberg left AIG last year amid an accounting probe. He has denied any wrongdoing in a resulting civil case. … After Mr. Greenberg's departure, AIG terminated its relationship with insurance agencies controlled by C.V. Starr, which was headed by Mr. Greenberg when he ran AIG and sold commercial policies to large clients. Among other things, the firms have argued about who could use the 'Starr' and 'American International' trademarks. Under the settlement, AIG won't use the Starr or related names in doing insurance business, and C.V. Starr won't use certain AIG-related names." The Journal adds, "The settlement doesn't resolve a dispute over billions of dollars in AIG shares held by investment vehicle Starr International Co. Mr. Greenberg is chairman of Starr International. … The terms of the settlement are confidential, the companies said. A spokesman for AIG said it includes 'no monetary payment that is material to AIG's financial disclosures.' Of his work at C.V. Starr, Mr. Greenberg said yesterday the company has opened offices in recent months in London and Hong Kong and has invested hundreds of millions of dollars since he left AIG."

Siemens Suspect Claims Officials Had Role In Bribes. The Wall Street Journal (12/6, B2, Crawford, Esterl) reports, "Siemens AG's troubles with a fraud investigation look set to grow, after a suspect gave German investigators details of a bribes-for-business scheme and alleged senior officials at the conglomerate were involved." The Journal continues, "Munich prosecutors say they are investigating allegations that officials at Siemens' telecommunications division diverted at least €200 million ($266.6 million) to a slush fund held at banks in Austria, Switzerland and Liechtenstein for use to pay bribes. Authorities searched offices and homes of Siemens employees in mid-November." The Journal adds, "On Friday, prosecutors ordered the release of Reinhard Sickzek, 56

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years old, a former sales official in the Siemens telecoms division, after he provided details of a system of bribes paid to potential customers in Africa, Russia and the Middle East, according to Mr. Sickzek's lawyer, Wolfgang Kreuzer. Mr. Sickzek also named at least one board member in the Siemens telecoms division as the supervisor of the scheme, Mr. Kreuzer said. … Mr. Sickzek's statement to Munich prosecutors, which encompasses hundreds of pages, raises questions about Siemens's determination to prevent corruption. Mr. Sickzek told police that a member of the Siemens Compliance Department advised him on how to prevent detection of the bribery operation. … Siemens says it is cooperating in the investigation as a witness."

Countrywide Financial Settles Spitzer Probe Of Lending Disparities. The Wall Street Journal (12/6, B10, Davies) reports, "Countrywide Financial Corp., one of the nation's largest home-mortgage lenders, has settled an inquiry by New York state's attorney general, Eliot Spitzer, into alleged discriminatory pricing practices and agreed to establish a $3 million consumer-education fund and implement other reforms." The Journal continues, "The settlement comes as other banks involved in the inquiry continue to resist Mr. Spitzer's efforts to obtain information about their lending practices." The Journal adds, "Mr. Spitzer launched the inquiry into lending by seven large banks -- including Citigroup Inc., HSBC Holdings PLC, and Wells Fargo & Co. -- in April 2005. Mr. Spitzer was elected governor of New York in November and takes office next month. .. .The inquiry began after a review of federal Home Mortgage Disclosure Act data showed that black and Latino customers were more likely than whites to receive high-priced loans in New York in 2004. … Mr. Spitzer sent the banks letters seeking loan-pricing data, such as credit scores, used to set interest rates and fees. .. .The banks sued Mr. Spitzer, contending that as federally-chartered institutions they are shielded from state scrutiny. A federal district court sided with the banks, whose position was backed by the federal Office of the Comptroller of the Currency, which joined the suit. The case is on appeal before the Second U.S. Circuit Court of Appeals in Manhattan."

The Washington Post (12/6, D02, Day) reports, "Countrywide, which denied any wrongdoing, has agreed to review the loans in question to make sure the customers were charged the same rate as white borrowers with similar financial histories. The company made 20,000 mortgages in New York in 2004, including the 4,500 to black and Hispanic borrowers." The Post adds, "Neither the company nor Spitzer knows how much will be repaid until Countrywide's review is complete, but company spokesman Rick Simon said it wouldn't involve many loans or much money. 'We do not think there will be a lot of payments. We do not expect this to have great impact,' he said. He declined to be more specific." The Post notes, "The Calabasas, Calif., company said it consented to the agreement to avoid the cost and inconvenience of a longer investigation by Spitzer's office and possible litigation. The agreement also requires Countrywide to pay $200,000 to cover the cost of Spitzer's probe, beef up monitoring of its lending practices and invest $3 million in consumer education."

Congress Pushing Legislation To Make Pretexting A Federal Crime. The Wall Street Journal (12/6, B1, Conkey, Rogers) reports, "Spurred by the Hewlett Packard Co. scandal, Congress is moving toward passing legislation this week that would make it a federal crime to obtain someone's telephone records without his or her approval." The Journal continues, "The measure targets so-called 'pretexting' tactics, where investigators use various schemes to impersonate their target and gain access to private phone records. Investigators hired by H-P used the strategy earlier this year in a now-infamous investigation into who leaked information to reporters." The Journal adds, "About 12 states have made telephone pretexting a crime, but there's currently no clear federal prohibition. Former H-P executive Patricia Dunn and several others were charged in the pretexting scandal for violations of California's state privacy laws. … The federal legislation under consideration, which passed the House in April and may clear the Senate before Congress adjourns for the year, would make pretexting for phone records a federal crime, and spell out new federal criminal penalties for both those who buy and sell such fraudulently obtained records." The Journal notes, "Individuals and organizations that purchase confidential records -- knowing they were obtained without the consumer's consent -- could be subject to fines of up to $500,000 and imprisonment for up to five years. Additional penalties would be imposed in cases where the information is used to commit further federal crimes, or causes substantial financial harm, for example, to a consumer whose identity has been stolen. … The law contains an exception for law-enforcement agencies."

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SEC Plans Database To Crack Down On Hedge-Fund Insider Trading. Bloomberg (12/6, Westbrook, Scheer) reports, "The U.S. Securities and Exchange Commission plans to have a database in place by next year that will help it crack down on hedge-fund insider trading, a senior agency official said. … 'The SEC presently does not have an electronic system to aggregate referrals based on the identities of the specific traders involved,' SEC Enforcement Director Linda Thomsen said before the Senate Judiciary Committee today. 'We anticipate implementing a new case tracking system by mid-2007.'" Bloomberg continues, "Illegal trading by hedge funds 'remains a substantial concern' to the SEC as the $1.3 trillion industry's influence over financial markets grows, Thomsen said. Hedge funds, which are loosely regulated private pools of capital, manage about 5 percent of U.S. assets and account for about 30 percent of U.S. equity trading volume." Bloomberg adds, "Today's hearing is the third convened by Senator Arlen Specter, the Judiciary Committee's chairman, in six months to examine oversight of insider trading. The Pennsylvania Republican circulated draft legislation aimed at halting illegal buying and selling of stocks that would require hedge funds accepting money from pension funds to submit to random inspections by the SEC. … His measure would also force hedge funds, which allow managers to participate substantially in the gains of money invested, to set up ethics codes and compliance programs and allow the Justice Department to give private citizens rewards for helping in prosecutions of insider trading cases."

Regulators Break Deadlock On Revising Audit Rule. The Washington Post (12/6, D01, Johnson) reports, "Regulators have reached an agreement in principle on how to revamp a contentious accounting rule that cost businesses millions of dollars more than anticipated, removing a pair of major stumbling blocks attacked by consumer advocates." The Post continues, "The Public Company Accounting Oversight Board, which oversees the audit industry, plans to meet Dec. 19 to present its revised version of the regulation, officials said yesterday. The rule, which mandates that auditors review corporate financial controls, is the most disputed part of the Sarbanes-Oxley law, passed by Congress in 2002 after frauds at Enron and WorldCom." The Post adds, "Businesses had objected to the cost of complying with the law's stricter audit provision. The accounting board's chairman, Mark Olson, said the new proposed guidance, which attempts to focus auditors on areas of highest risk, would more closely align the costs of the measure with its benefits. … Accounting board officials had clashed with leaders of the Securities and Exchange Commission over the issue in recent weeks. But a visit to the board's office Friday by SEC Chairman Christopher Cox helped put the process back on track." The Post notes, "Cox had floated the idea of requiring small companies to develop financial controls, which help prevent fraud and mistakes, but forcing auditors to test the controls only on a narrow and limited basis, in a memo that was leaked two weeks ago. But investor groups howled that the proposal would gut the law. … That idea now appears to be off the table, in part because of a report issued last week by a panel supported by Treasury Secretary Henry M. Paulson Jr. The Committee on Capital Markets Regulation, funded by business interests, advocated a broad overhaul of U.S. regulation and urged new protections against shareholder lawsuits. But the panel rejected the notion that small companies could evade regular testing of their internal controls."

CRIMINAL LAW:

FBI Reportedly Probing Threats To Rep Renzi. The Arizona Republic (12/6, House) reports, "Rep. Rick Renzi says the FBI is investigating several 'death threats' directed at him, as well as incidents of gunshots and other vandalism to his Flagstaff office. … 'I'm very concerned about a series of calls we've gotten - one we're taking very seriously,' said the Arizona Republican, in an interview today." The Republic continues, "A Justice Department official in Phoenix would neither confirm nor deny a pending investigation into the incidents described by Renzi. … Renzi, who was elected to his third term on Nov. 7, said incidents of vandalism dates from several months ago, and include instances of golf balls and firecrackers thrown at his congressional offices. … But concerns over the vandalism heightened last week, after gunshots were fired at the congressional office on North San Francisco Street, either late on Nov. 28 or early Nov. 29. .. .Along with the vandalism, there's been a series of threatening telephone calls to the office, including death threats to the congressman, said Renzi. … One call, in particular, is prompting the most concern. Renzi declined to provide the details of that message. … The FBI is conducting interviews regarding the calls and the shooting, Renzi said."

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Pennsylvania Man Could Face Federal Death Sentence In Murder-For-Hire Case. The Pittsburgh Post-Gazette (12/6, Simonich) reports, "What began as an extramarital affair for an Aleppo man is now a federal criminal case that could cost him his life." The Post-Gazette continues, "Grand jurors in Wheeling, W.Va., yesterday indicted Eugene Talik Jr. on a murder-for-hire charge in the death of his lover, Kelly Jo Elliott. … Mr. Talik, 38, also was charged with conspiracy and interstate domestic violence. The grand jury alleges that he hired an acquaintance to kill Ms. Elliott, 28, so word of their affair would never reach his wife." The Post-Gazette adds, "Prosecutors say Mr. Talik himself strangled Ms. Elliott after the man he hired decided he could not go through with the killing. … The second man has not been identified by federal prosecutors or the grand jury. He is cooperating with the U.S. attorney's staff in Wheeling as it prepares its case against Mr. Talik." The Post-Gazette notes, "Mr. Talik could face a sentence of life in prison or death if he is convicted. For prosecutors to pursue a capital case against him, they would need approval from U.S. Attorney General Alberto Gonzales. … Mr. Gonzales earlier this year authorized the death penalty in a case similar to the one against Mr. Talik. It involves Donna Moonda, of Hermitage in Mercer County, who is charged with hiring a man to murder her husband, a wealthy physician."

US Seeks Disqualification Of Attorney In Utah Grant Funds Case. The Salt Lake Tribune (12/5, Manson) reports, "Prosecutors are seeking to disqualify the lawyer for a Layton (UT) couple accused of stealing federal grant money from Davis School District, claiming he gave legal advice to witnesses in the criminal investigation." The Tribune continues, "The defense attorney, Paul Gotay, denies that his actions have caused a legal conflict that would require him to step down and is fighting to continue his representation of Susan G. Ross and John D. Ross. … 'My head was put in the vise, and they tried to squeeze it,' Gotay said Monday after a hearing in U.S. District Court in Salt Lake City, where the disqualification motion was discussed. 'It's a good thing I have a hard head.'" The Tribune adds, "Magistrate Brooke Wells has set a hearing for Monday to hear arguments on the disqualification motion and Gotay's request for transcripts of grand jury testimony by the witnesses. … In the disqualification motion, filed late Friday, the U.S. Attorney's Office said that as early as May 2005, Gotay appeared with the Rosses at the office of the FBI, the agency investigating the alleged fraud that drained the district of millions in Title I money meant to help disadvantaged students. … Then, when agents attempted to interview two witnesses they believed had knowledge of the scheme - Keith Evans and Terry Applegate - both men said Gotay was their attorney, the motion said. … In addition, Gotay himself, by engaging in 'multiple financial transactions with the defendants,' has personal knowledge relevant to the case and is likely to be a witness in the prosecution, according to the motion." The Tribune notes, "Gotay has said the attempt to disqualify him stems from the fact that the Rosses paid him a fixed fee for his representation after they came under investigation in the spring of 2005. The couple's assets were frozen when they were indicted Nov. 21 by a federal grand jury."

Alabama Amber Alert Canceled As Boy's Mother Charged In Murder. In a widely-distributed story, the AP (12/6, Reeves) reports, "A north Alabama woman who claimed that someone stole a car with her 5-year-old son asleep in the back seat was charged Tuesday afternoon with hindering prosecution, and her boyfriend was charged with capital murder in the boy's death. An Amber Alert was issued Monday morning when Shalinda Glass reported that her son had been abducted outside an Albertville convenience store. A massive search was conducted by police and members of the FBI and the Alabama Bureau of Investigation. It turns out Glass was lying." Etowah County Sheriff James Hayes "said Glass told police that her son, who was in kindergarten, died from a beating after he brought home a bad progress report from school Friday."

USA Today (12/6, 4A, Koch) reports, "An Alabama mother's report that her slain 5-year-old son had been asleep in a car when it was stolen was a hoax, and she and her boyfriend have been charged in the boy's death, police said Tuesday." USA continues, "The body of the kindergartner, Geontae Glass, was found early Tuesday in the trunk of the car, which was parked outside a house owned by the mother's boyfriend, said Capt. Michael Jones of the Etowah County Sheriff's office. "They came up with a plan to disguise the homicide," Jones said of Shalinda Glass, 25, and her boyfriend, Kevin Andre Towles. … Towles has been charged with capital murder and Glass with hindering prosecution." USA adds, "The story could be the latest in a string of hoaxes, from 'runaway bride' Jennifer Wilbanks of Georgia, who faked

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her own kidnapping, to Sarah Everson, a Missouri woman who collected donations by pretending to be pregnant with sextuplets. Some appear aimed at financial gain or avoiding prosecution — or marriage. Others are odder: John Mark Karr claimed to have killed JonBenét Ramsey until evidence showed otherwise. … 'In Alabama, Jones says, police concluded that Glass' story was false after interviewing her and others. He said Glass has no prior criminal record but Towles, who runs a barbecue restaurant, has a record of drug offenses. … Glass, who also has a 7-year-old daughter, told police Monday that the boy was sleeping in the back seat of a car that she left running when she went into a convenience store in Albertville, about 80 miles northeast of Birmingham."

DOJ Creates Team To Review Prince George's County Prosecutors' Office. The Washington Post (12/6, Castaneda) reports, "A team of current and former state prosecutors from across the country is meeting this week with Prince George's County prosecutors, police, judges and defense attorneys to assess how well the state's attorney's office is performing and what it can do to improve." The Post continues, "The broad independent review is being conducted at the request of State's Attorney Glenn F. Ivey, who will begin his second term in January. Ivey, who was reelected without opposition in the November general election, said no event or case prompted the review." The Post adds, "In an interview, Ivey said he wanted to conduct such a review from the time he first assumed the office in December 2002 but was unable to because of budgetary constraints. … He said the review is being conducted at no cost to the state's attorney's office." The Post notes, "The team of four current and former prosecutors that will be reviewing the office was put together by the Bureau of Justice Assistance, which is part of the Justice Department. … The review team will be supported by two staff members from the bureau, said Joseph Trotter, an official with the bureau."

Homeless Louisiana Man Charged With 23 Murders. In a widely-distributed story, the AP (12/6, Foster) reports, "A near-broke nobody who lived with his sister before moving into a homeless shelter," Ronald J. Dominique "went willingly, leaning heavily on a cane, when officers came to get him last week. … Even with a meek persona, investigators said, Dominique bound and strangled or smothered 23 men and teenage boys in south Louisiana in what the FBI considered its most urgent serial killing case." The AP notes, "Dominique, 42, was arrested Friday at a homeless shelter in Houma and charged with two murders. On Monday, authorities filed nine more counts against him and said more charges were possible. … FBI Special Agent in Charge Jim Bernazzani said FBI profilers felt this was the most significant current serial killer case in the country in terms of the number of victims and its time span – the killings took place from 1997 to 2005. 'A serial killer like this hides in plain sight,' Bernazzani said. 'They do not disturb people. That's why they are so effective.'"

Jefferson Faces Voters Saturday With Backdrop Of Bribery Allegations. Under the headline "Katrina Struck District, Scandal Struck Dem," USA Today (12/6, 8A, Wolf, 2.27M) reports, "None of the nation's other 434 congressional districts has put up with as much adversity as the 2nd District of Louisiana, where entire neighborhoods have been razed after Hurricane Katrina 15 months ago. Now weary voters in the district must decide whether to re-elect a member of Congress after the FBI found $90,000 in marked bills in his freezer. Rep. William Jefferson, a Democrat, has denied wrongdoing, and he has not been charged with a crime." USA adds, "Saturday's vote will write the epilogue on the past two years' scandals in Congress." Jefferson spokeswoman Melanie Roussell said, "He asks voters to consider him on his record," adding "that Jefferson 'has brought home billions' of dollars in federal aid since Katrina struck. 'Now is not the time to send someone new, who doesn't know anyone and who can't negotiate our needs.'"

Under the headline "The $90,000 Question," the New Orleans Times-Picayune (12/6, Alpert) reports, "Judith Woods and Dwight Garrett know all about the $90,000 FBI agents say they found in…Jefferson's freezer, but they are of different minds on how the federal probe…should influence voters in Saturday's runoff." Garrett, "an insurance broker and adjuster and self-described community activist, admits he was 'shocked' when he heard about the $90,000. But he said he's decided to stick with Jefferson because the government's case 'apparently isn't very strong or they would have indicted him by now.' Jefferson, he said, wouldn't be the first African-American politician wrongly tainted with false charges." Woods, "a social worker, said she has voted for Jefferson in the past but can't conceive of what Jefferson has in mind

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when he promises an honorable explanation for the allegations against him." The Picayune adds that "perhaps more than any other issue, including the federal government's continued role in hurricane recovery efforts, how voters see the federal probe…will determine whether Jefferson is elected."

Reputed Chicago Mob Boss Asks Judge For Larger Cell. In a widely-distributed story, the AP (12/6, Robinson) reports, "A reputed leader of Chicago's organized crime family pleaded with a federal judge Tuesday for more space in jail while he awaits trial on charges of plotting 18 slayings going back three decades. 'I'm taking 15 medications and my back is killing me,' Frank Calabrese Sr., 69, told U.S. District Judge James B. Zagel. He said overcrowding on his floor at the Metropolitan Correctional Center is so bad that he can't concentrate on court papers and study the charges against him. … 'All I want to do is be in a two-man room so I can study my case,' said the portly, bearded defendant." The AP notes, "Zagel was holding a hearing on complaints by a number of the defendants charged in the FBI's Operation Family Secrets that their health and related problems are not being met in the MCC."

The Chicago Tribune (12/6, Bush, 617K) reports, "Zagel and federal prosecutors said that they would look into the matter but stopped short of promising any quick relief. Zagel said that getting Calabrese into a different room might require putting him on a different floor, which in turn could bring him into contact with other defendants in the case—something federal prosecutors have sought to avoid. 'I would be reluctant to interfere with the separation order,' the judge said."

Memphis City Council Fails To Remove, Censure Indicted Councilmen. The Memphis Commercial Appeal (12/6, Jones, 163K) reports, "At the end of the day, Edmund Ford and Rickey Peete remained in their seats on the Memphis City Council dais. … Despite federal bribery charges against the two, the council failed to muster enough support Tuesday to ask them to resign or to censure them." The Commercial Appeal notes, "The resolution asking Ford and Peete to resign failed on a 6-6 vote during a morning executive session. A separate motion to initiate censure proceedings on the pair failed by a 3-5 vote in the council's personnel, intergovernmental and annexation committee. Peete did not attend committee meetings, but showed up for the full council meeting in the afternoon. Ford, however, attended meetings all day and voted against the censure motion and cast a 'no' vote that doomed the resolution requesting he and Peete step down. … Earlier he told The Commercial Appeal 'This is about color.'"

MySpace Developing Method To Keep Sex Offenders Off Site. The New York Times (12/6, Richtel) reports, "MySpace.com, the social networking site, said Tuesday that it was developing technologies that would help combat the use of its site by sexual predators by cross-referencing its more than 130 million users against state databases of registered sex offenders." The Times continues, "The Web site, which is owned by the News Corporation, said that within 30 days it planned to deploy the technology, which will seek to identify known sex offenders not just by their names, but also by date of birth, height, weight and ZIP code. …. If the automated system finds a potential match between a MySpace user and a registered sex offender, employees will try to verify the match or determine if it is a false positive. Users who are registered sex offenders, MySpace said, will be denied access to the site and, depending in the circumstances, be turned over to law enforcement." The Times adds, "The system, which MySpace executives said was the first of its kind, comes as the site has faced scrutiny and criticism by advocates of children's safety. Ernie Allen, president of the National Center for Missing and Exploited Children, said the technology was a potentially useful step in slowing the incidence of sexual solicitation of minors."

California Prison On Lockdown As FBI Investigates Attack On Guard. The AP (12/6) reports, "The federal penitentiary in Atwater will remain on lockdown as the FBI investigates the stabbing of a prison employee, a prison spokesman said. The facility has been locked down since an inmate attacked an employee Nov. 28 with a homemade knife, U.S. Penitentiary Atwater Executive Assistant Jesse Gonzalez said. The staff member was treated at a hospital for non-life threatening injuries and returned to work, Gonzalez said." The AP notes that the "inmates will remain in their cells as investigators find out how the prisoner made the knife, said FBI Supervising Special Agent John Gliatta."

Spammers Keeping Ahead Of Anti-Spam Law Enforcement. The Washington Times (12/6,

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Rowland) reports, "Three years after the federal Can-Spam Act went into effect, unsolicited commercial e-mails are assaulting inboxes at record rates as spamming technology grows more sophisticated. … 'I think the majority of the industry would say that spam levels are at the highest they've ever been,' said Scott Chasin, chief technology officer at MX Logic Inc., a Colorado-based Internet security firm." The Times continues, "In September, unsolicited commercial e-mail messages accounted for more than 77 percent of all e-mail filtered by the company. Of that amount, only a fraction -- 0.27 percent -- was in compliance with federal anti-spamming law. … 'Spammers are creative and industrious,' said Michael Davis, a lawyer with the Federal Trade Commission (FTC), which is responsible for enforcing the act. 'Because of their dedication and their technological sophistication, they have found ways to stay oftentimes one step ahead of law enforcement.'" The Times adds, "Under the Can-Spam Act, marketers are allowed to send unsolicited commercial e-mails as long as they include a truthful subject line and routing information; an opt-out mechanism; a notice that labels the e-mail as an advertisement; and a valid postal address. … 'The challenge of enforcement does not stem from a lack of teeth. Can-Spam allows the FTC to seek civil penalties of up to $11,000 per violation, plus further fines for spammers who unlawfully "harvest" or extract e-mail addresses from Web sites or Web services. The law also gives the Justice Department authority to seek criminal punishment for violators who falsify header information or hijack a computer to send e-mail without a user's consent. … So far, the FTC has filed 26 lawsuits for violations of the act, Mr. Davis said. In those cases, federal courts have awarded civil penalties totaling more than $10 million."

Barr Urges Limits On Government's Use Of Cellphone Taps. In an op-ed for the Atlanta Journal-Constitution (12/6), former Rep. Bob Barr writes, "Modern cellphones are nothing more than miniature computers with small but sensitive microphones attached. Law enforcement agencies are discovering the significant benefit of drawing on that powerful combination of technology, by increasingly seeking court permission to use cellphones in the hands of suspects as surreptitious listening devices. Unfortunately for anyone who happens to be nearby, cellphones thus utilized as listening devices will pick up their conversations as well." Barr continues, "This latest example of electronic snooping should draw attention to the need for comprehensive national legislation to more clearly define the privacy rights of American citizens. Thus far, Congress has shown itself completely uninterested in addressing such fundamental civil liberty issues, much to the delight of the administration of George W. Bush, which continues to push the envelope of electronic snooping as far as possible." Barr adds, "I first became aware that the federal government wanted to outfit regular phones — so-called 'land lines' — with devices that could be activated remotely by government investigators to allow agents to hear whatever was being spoken into or near the receiver, about 10 years ago, shortly after I was elected to Congress. … At the time, the Justice Department was trying to require telecommunications companies to incorporate technology in their phones to enable the government to engage in such surreptitious listening. The law the government was trying to use to do this was passed in the early 1990s and called the Communications Assistance to Law Enforcement Act. … We stopped the government from such heavy-handed and privacy-invasive directives at the time, but in the post-Sept. 11 world, with a Congress almost completely submissive to executive branch entreaties to increase its powers to invade citizens' privacy, such efforts appear now to be quaintly outdated." Barr concludes, "We should also force Congress to place limits on the extent such technology might be employed in circumstances where private and lawful conversations might be picked up. In the absence of such limits, it is only a matter of time, for example, before the government starts asking courts to allow it to surreptitiously take photographs with cellphones thus equipped. Perhaps it already has."

Meanwhile, ABC News' The Blotter (12/5, Walter, Kjellman, 3:38 p.m.) reported on the Genovese case ruling and noted, "The FBI can listen to everything you say, even when the cell phone is turned off. … 'The courts have given law enforcement a blank check for surveillance,' Richard Rehbock, attorney for defendant John Ardito, told ABC News. Judge Kaplan's ruling said otherwise. 'While a mobile device makes interception easier and less costly to accomplish than a stationary one, this does not mean that it implicated new or different privacy concerns.' … 'It does not invade zones of privacy that the government could not reach by more conventional means.'" ABC added, "The FBI maintains the methods used in its investigation of the Genovese family are within the law. 'The FBI does not discuss sensitive surveillance techniques other than to emphasize that any electronic surveillance is done pursuant to a court order and

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ongoing judicial scrutiny,' Agent Jim Margolin told ABC News."

FBI Twice Has Interviewed Former LANL Employee About Classified Data. CBS News (12/5, Attkisson) reported on its Web site, "The FBI has conducted two interviews and may schedule a third with the woman who walked out carrying classified documents from what's supposed to be one of the most secure facilities in the world, the Los Alamos National Laboratory, CBS News has learned. … Sources say 22-year-old Jessica Quintana was hired to archive data from weapons tests, and even had access to information on how to deactivate the locks that keep nuclear weapons from firing. Somehow, she managed to leave the laboratory with hundreds of pages of classified documents and several portable computer storage devices known as 'thumb drives.' CBS added that Rep. Ed Markey "plans to fire off a scathing letter to the Energy Secretary demanding answers. 'These are secrets that could be valuable to al Qaeda,' Markey tells CBS News."

Questions Raised About Milberg Weiss Indictment. The ABA Journal (12/6, Neil) reports, "Secret cash payments. falsified court documents. Behind-the-scenes deals between favored clients and their counsel. … All the elements of a John Grisham potboiler are present in the case of United States v. Milberg Weiss Bershad & Schulman." The Journal continues, "The nation's leading plaintiffs securities class-action law firm is on the receiving end of the first criminal indictment filed against a major law firm in U.S. history. The New York City-based firm—which has been both celebrated and vilified for its ferocious attacks on alleged corporate wrongdoing—lost about 40 percent of its 128 lawyers in the five months after its indictment and may be fighting for its very existence." The Journal adds, "Lost in the spectacle, according to critics of the government's case, is the question of whether prosecutors have gone too far. Even if Milberg Weiss is found guilty, indicting an entire law firm causes more harm than good, they contend. … The federal government's controversial tactic of getting corporations that are under investigation to surrender their attorney-client privilege in order to avoid prosecution is now being applied to law firms, with disastrous results for the legal profession and clients, the critics say. … And they are concerned that more law firms will be viewed as fair game for the same kind of aggressive criminal prosecutions the U.S. Department of Justice has pursued against a number of high-profile corporations in the post-Enron era." The Journal notes, "Even if the allegations are proven, the government has failed to exercise appropriate prosecutorial discretion, according to Stephen Gillers, a professor of legal ethics at New York University School of Law. 'The government obtains little or nothing by indicting the firm, when only a small number of attorneys allegedly were involved in the wrongdoing,' he says. … If the Justice Department is concerned about deterrence, says Gillers, 'the threat of criminal prosecution and the indictment of two prominent plaintiffs class-action lawyers is plenty chilling. I don't think you have to indict the firm to bring home the point that lawyers are at risk for this kind of conduct or alleged conduct.'"

CIVIL LAW:

US Agrees To $500,000 Settlement In VA Cancer Study Case. The Albany Times Union (12/5, Lyons) reports, "The federal government agreed to pay $500,000 to settle the first of seven federal lawsuits brought by the widows of veterans who died in a corrupt cancer research program at Stratton VA Medical Center Hospital, the Times Union has learned." The Times-Union continues, "The six other widows, who still have lawsuits pending against the U.S. Department of Veterans Affairs, are finding the government less willing to admit their husbands were used as guinea pigs in the tainted drug studies." The Times-Union adds, "The Justice Department has not agreed to settle the remaining cases, in part because it's never been determined -- or publicly disclosed -- that more than one veteran died as a result of the corruption. The government's position has been that the men had advanced stages of cancer, so it is impossible to determine what killed them, attorneys in the case said. … But in at least one case it was clear, and Justice Department lawyers recently settled with the family of that victim, James J. DiGeorgio, a 71-year-old Air Force veteran from Brunswick who died at Stratton in June 2001. The settlement comes a little more than a year after a former hospital researcher, Paul H. Kornak, was sentenced to nearly six years in prison for his role in the scandal. … VA officials and federal prosecutors have portrayed Kornak as an out-of-control researcher who forged medical records to push cancern-stricken patients into drug studies that allegedly paid the hospital thousands of dollars. But attorneys for the families and people familiar with the hospital's operation contend the

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corruption was widespread and Kornak was following orders from oncology doctors."

Former Springfield, MA, Mayor To Testify In Suit Against FBI. The Springfield (MA) Republican (12/6, Barry) reports, "Former Springfield Mayor Michael J. Albano is among witnesses scheduled to testify in Boston federal court on behalf of four men and their families suing the government for an FBI-sanctioned frame-up in a 1965 murder." The Republican continues, "Albano, once a Massachusetts Parole Board member, joins two former governors, notorious gangster-cum-informants and corrupt federal agents as witnesses for Peter Limone, Joseph Salvati and the estates of the late Louis Greco and Enrico 'Henry' Tameleo. … The four - two of whom died in prison - were wrongly convicted of the murder of Edward 'Teddy' Deegan, who met a shower of mob bullets in a dark alley in Chelsea. They were falsely identified by onetime hit man Joseph 'The Animal' Barboza, whom the FBI wooed as a top-level informant in the 1960s. The three initially received death sentences in 1969, later commuted to life in prison. … What's more, the government knew it, even ignoring chatter about the then-proposed hit picked up on a secret FBI wire tap before Deegan's ambush, according to once-secret bureau records presented to bolster the plaintiffs' case." The Republican notes, "Reports on the matter were made public during a 2001 U.S. Justice Department probe that exposed collusion among former Boston agents and their informants. Limone and Salvati were released after 30 years; Greco and Tameleo were pardoned posthumously. Their families are suing for malicious prosecution and conspiracy."

California High Court Considers Key Tobacco Case. The California Recorder (12/6, Mckee) reports, "More than 40 years ago, at age 13, Leslie Grisham was already hooked on smoking, convinced doing it would make her part of the cool crowd. … Even as subsequent scientific evidence revealed smoking could cause serious health problems, the Los Angeles-area woman claims she was misled by industry ads proclaiming cigarettes safe." The Recorder continues, "Five years ago, however, Grisham's faith was shattered when she was diagnosed with severe periodontal disease, which doctors said had been caused by toxins in cigarette smoke. She sued Philip Morris USA Inc. and Brown & Williamson Tobacco Corp., accusing them of deceiving her for four decades about the safety of their products. … Today, the California Supreme Court will hear arguments in Grisham's case to resolve an unsettled point of law in the vast realm of smoking suits. At what point, the court must decide, are longtime smokers who relied on manufacturers' false safety claims required to file suit -- when health problems emerge or much earlier, when smokers realize they're addicted?" The Recorder notes, "Millions of dollars in damages hinge on the court's decision. If the justices find that the statute of limitations tolls upon awareness of addiction, thousands of already sick smokers could be left with no recourse, while manufacturers' exposure to damages would be sharply limited."

CIVIL RIGHTS:

DOJ Probing Conditions At Seattle Jail. The Seattle Times (12/6, Carter) reports, "The U.S. Department of Justice has opened a civil-rights investigation into the King County Jail in Seattle, focusing on sexual abuse of inmates and on allegations of inadequate suicide prevention and contagious-disease control." The Times continues, "Lawyers from the department's Special Litigation Section met with jail and public-health officials Monday and will conduct a wide-ranging investigation that may be expanded beyond those topics. The county learned of the investigation in a letter received by King County Executive Ron Sims last month. … 'I can confirm the existence of an investigation ... into the King County Jail,' said Cynthia Magnuson, a spokeswoman for the Department of Justice in Washington, D.C. 'Beyond that, I cannot comment.'" The Times adds, "The investigation will focus on the jail in downtown Seattle and will not involve the Regional Justice Center in Kent. .. .Two former jail guards have been convicted of sex-related acts with female inmates and a third is awaiting a retrial after a jury failed to reach a verdict. The assaults surfaced in April 2005 after a female inmate was transferred to state prison and spoke up about the assault."

The AP (12/6) reports, "Jail and public-health officials met with Justice Department lawyers on Monday, and they plan to cooperate fully with the investigation, said jail director Reed Holtgeerts." The AP adds, "Two former jail guards have been convicted of sex-related acts with female inmates, while another is to be retried following a hung jury. Seven inmates have committed suicide since January 1999 -- three hangings, two poisonings, a suicide by jumping, plus a carbon-monoxide poisoning by an inmate on home

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confinement, according to the county. The jail also has investigated reports of potentially dangerous infections, including a jail death involving methicillin-resistant staphylococcus aureus, or MRSA, commonly called 'Mersa.' .. .Two weeks ago, the county released a report it commissioned which found that a sexualized work environment, meager training and poor communication were among the root causes of the string of sexual-misconduct allegations against corrections officers with the King County Department of Adult and Juvenile Detention."

The Seattle Post-Intelligencer (12/6, Castro) reports, "The past year has been a tough one for the King County Jail with corrections officers caught sexually abusing inmates, suicides and reports of contagious diseases. … Now, the federal government has begun an investigation into jail operations." The P-I adds, "Monday, investigators with the U.S. Department of Justice visited the King County Jail to meet with staff and tour the facility, said Carolyn Duncan, spokeswoman for King County Executive Ron Sims. … 'We're cooperating,' Duncan said Tuesday. 'Whatever suggestions they make, we're obviously going to be making changes.'" The P-I adds, "In an Oct. 30 letter to Sims, the Justice Department told the county it would be examining the incarceration and treatment of inmates housed at the main jail in downtown Seattle, which has a bed capacity of 1,697. … 'Our investigation will focus on the protection of inmates from harm, including, but not limited to, custodial sexual misconduct, inadequate suicide prevention measures, and inadequate contagious disease prevention measures,' wrote Assistant Attorney General Wan Kim, who oversees the DOJ Civil Rights Division. … The letter went on to suggest the federal government may actually be able to assist King County in its efforts to improve conditions at the jail and the government may be able to provide financial assistance."

Atlanta Police Provide Few Details On Use Of "No-Knock" Warrants. The AP (12/6, Bluestein) reports, "Atlanta police often offer only cursory details when asking judges for so-called 'no-knock' warrants that allow them to burst into homes unannounced, like the one used when an elderly woman was killed in a shootout with plainclothes officers as they stormed her home, according to an analysis by The Associated Press." The AP continues, "Police Chief Richard Pennington called for a review of how his agency uses the warrants after Kathryn Johnson died and three officers were wounded Nov. 21 in the shootout during a no-knock search for drugs in Johnson's northwest Atlanta home. Family members say Johnson was 92 years old; authorities claim she was 88." The AP adds, "An AP review of all no-knock warrants filed in Atlanta's Fulton County this year found that authorities often give scant detail when applying for the warrants, which are typically used to search for drugs and weapons. The special warrants are intended to prevent suspects from getting rid of evidence or to protect officers from suspects who can show a threat of violence. .. .In an August affidavit, an officer pursuing a suspect named 'Kabuki' offered a two-line explanation for the no-knock warrant, claiming that an informant said people at the home 'always carry pistols' and could store guns. In others, officers only detailed their years of experience with the police force as justification for no-knock powers. … Critics of no-knock warrants say Atlanta is no anomaly when it comes to judges granting the special search warrants to police on few details."

Federal Prosecutors Face High Hurdle In Police Shooting Trials. Newsday (12/6, DeStefano) reports, "While federal officials said they are only monitoring developments in the fatal shooting of Sean Bell, new data indicate that making criminal cases against law enforcement officials such as cops is still a difficult task for the Brooklyn U.S. Attorneys Office, the office that would have jurisdiction if the case shifted to the FBI. … Tuesday attorneys for the wounded men signaled they would be waiting to see what happens to the Brown case before going to federal prosecutors." Newsday notes, "Nationally, data show that 96 percent of civil rights cases are not prosecuted." Transactional Records Access Clearinghouse "statistics for fiscal 2005 showed that weak or insufficient evidence and lack of evidence of criminal intent were key reasons for tossing the cases." Additionally, "said one federal prosecutor yesterday who didn't want to be named," is the high standard for proving criminal intent. The official "added that the issue of self defense in a police shooting could make a federal case harder to prove."

New York Village Challenges DOJ's Stand On Election System. The New York Journal News (12/6, Sadler) reports that the village of Port Chester "is challenging the federal government's claim that its election system illegally disenfranchises Hispanic voters, possibly paving the way for an expensive legal battle." The News continues, "The Board of Trustees voted unanimously tonight to notify the U.S. Department of Justice that it does not believe the village's at-large election system violates Section 2 of the

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federal Voting Rights Act, as claimed by the Justice Department. The board reached the decision after reviewing data the Justice Department provided the village. … 'The federal government's data does not credibly support their allegations and contentions,' Mayor Gerald Logan said before the vote. 'I speak for the entire Board of Trustees when I say that we are shocked. The federal government has been working on their case for the past three years. I can only imagine the waste of taxpayer dollars.'" The News adds, "Anthony Piscionere, a lawyer for the village, said he had already notified the Justice Department of the board's decision and 'they've indicated they will get back to us.' Piscionere said he could not speculate about whether a lawsuit is imminent. … Tonight's decision came in response to an April 20 letter from the Justice Department to Village Attorney Anthony Cerreto that threatened to sue the village unless it switches to district voting. The letter called for a districting plan that includes a majority Hispanic district and concluded that 'voting patterns in Port Chester are polarized by ethnicity.'"

Divided 9th Circuit Panel Upholds Hawaii School's Admissions Policy. The New York Times (12/6, Liptak, 1.16M) reports the Kamehameha Schools in Hawaii, "private schools with an endowment of more than $6 billion, are entitled to limit their enrollment to Native Hawaiian children, a federal appeals court panel in San Francisco ruled yesterday by a vote of 8 to 7." Students "may be denied admission based on their race without running afoul of a civil rights law, the majority ruled, citing what it said were unique factors in the history of Hawaii, the plight of Native Hawaiians and the schools' distinctively remedial mission, which Congress has repeatedly endorsed." The schools "are the only beneficiary of the enormous legacy of a 19th-century Hawaiian princess. They have an enrollment of some 5,000 students, from kindergarten through 12th grade, on campuses on three islands. Admission is a great prize, as students pay about $1,800 in annual tuition for an education worth about $20,000." The suit "argued that the admission policy ran afoul of a Reconstruction-era law, the Civil Rights Act of 1866. The court, splitting almost entirely along partisan lines, ruled that the prohibition did not apply to the schools' admissions program. (The eight judges in the majority were appointed by Democratic presidents. All but one of the dissenters were appointed by Republicans.)"

The AP (12/6, Kravets) reports, "The decision by a 15-judge panel of the 9th U.S. Circuit Court of Appeals overturned an earlier ruling by three of the same judges that the Kamehameha Schools policy amounted to unlawful discrimination." The AP adds, "In Tuesday's decision, the majority noted that the case was unique because Congress has singled out the plight of native Hawaiians for improvement, just as lawmakers have done with Alaskan natives and American Indians. … The policy 'furthers the urgent need for better education of Native Hawaiians, which Congress has repeatedly identified as necessary,' the court said." The AP notes, "Admission to the elite school is first granted to qualified Hawaiian students, and non-Hawaiians may be admitted if there are openings available. .. .Only one in eight eligible applicants is admitted to the schools, which serve about 5,400 students at three campuses. … The decision came a day after the Supreme Court suggested during arguments in a different case that it might ban the practice of race-based admissions in public schools, even if the policy was intended to create racial harmony."

The Los Angeles Times (12/6, Weinstein) reports that "a sharply divided federal appeals court ruled Tuesday that a private school can favor Native Hawaiians for admissions in an effort to 'counteract the significant, current educational deficits' experienced by the islands' indigenous population. In an 8-7 ruling, the US 9th Circuit Court of Appeals in San Francisco held that the admissions policy of Hawaii's Kamehameha Schools is constitutional because it is narrowly tailored to remedy a well-documented problem and does not unnecessarily trammel on the rights of other students." This case is distinguished from and "nothing like" the current Supreme Court case about public schools in Seattle and Louisville because Kamehameha "is private; Seattle and Louisville are public. Kamehameha involves remedial preferences; Seattle and Louisville involved diversity;" and while Kamehameha "involves preferences of a kind explicitly adopted by Congress; Seattle and Louisville do not."

The New York Times (12/6, Liptak) reports that the Kamehameha Schools in Hawaii, "private schools with an endowment of more than $6 billion, are entitled to limit their enrollment to Native Hawaiian children, a federal appeals court panel in San Francisco ruled yesterday by a vote of 8 to 7. Students may be denied admission based on their race without running afoul of a civil rights law, the majority ruled;" but Eric Grant, the plaintiff's lawyer, "said he would ask the United States Supreme Court to hear the case" and "the

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closeness of the vote, he added, made Supreme Court review more likely."

LATimes Calls On Justice Kennedy To Uphold Affirmative-Action Plans. In an editorial, the Los Angeles Times (12/6, 850K) opines that it was "clear" that the outcome of the Supreme Court's affirmative action cases "hangs on the vote of Justice Anthony M. Kennedy." The Times editorializes, "Some of Kennedy's comments from the bench Monday were ominous for the school districts. But if Kennedy views Brown in the proper perspective, he will provide a fifth vote to allow school districts, including the Los Angeles Unified School District, to experiment with ways to bring children of different races together in the classroom."

Professor Calls For "Race-Baiting Language" To End In Affirmative-Action Dialogue. In a column appearing in USA Today (12/6, 21A, 2.27M), Jonathan Turley, the Shapiro Professor of Public Interest law at George Washington University, notes that the Supreme Court "once again ventured into the quagmire of affirmative action" in two cases it is now considering. Turley writes, "Even after many decades, affirmative action remains one of the most contentious issues in our society. Yet, like abortion, there appears to be less, not more, true dialogue. … All too often, critics of affirmative action are dismissed as racists." Turley continues, "Most Americans are neither racist nor hostile to the ends sought by affirmative action. It remains a question of means." After reviewing varying stances and rationales on affirmative action, Turley writes, "It is time to have a substantive dialogue about the promise and limits of affirmative action — free of race-baiting language."

Egyptian Investigator Sues Over Contractor's Allegedly Racist Emails. The New York Times (12/6, Rashbaum) reports that an anonymous Egyptian-born analyst, part of a New York City Police Department "elite undercover unit of Middle Eastern and Asian investigators who use their foreign-language skills online to search out potential terrorist threats against the city," has filed a discrimination lawsuit , charging that "he was subjected to hundreds of blistering anti-Muslim and anti-Arab e-mail messages sent out by" Bruce Tefft, who "worked for Orion, a company that provided the department with counter-terrorism information culled from its massive database, including news articles and other materials known as open-source intelligence." The Times adds, "According to the suit, the briefing messages were preceded by commentary from Mr. Tefft that included virulent anti-Muslim and anti-Arab statements." Department spokesman Paul J. Browne "said in an e-mail message that the department moved to stop the e-mail messages when it became aware of a complaint about them."

Panel Calls For Standard That Would Phase Out Paperless Voting. The Washington Post (12/6, A9, Barr, 690K) reports, that the Technical Guidelines Development Committee "voted yesterday to begin developing a national standard that could result in the gradual phasing out of the paperless electronic voting machines in use across the Washington region and in many parts of the country. … 'This seems to mark the end of an era' for paperless electronic voting, said Doug Chapin, director of electionline.org, a nonpartisan organization that tracks changes in the country's election systems." The Post adds, "Some politicians indicated yesterday that they would move more quickly to add verification systems -- also known as paper trails -- to voting systems that lack them."

ANTITRUST:

Microsoft "Resets" Technical Documents In Compliance Dispute. IDG News Service (12/6, Gross) reports, "A U.S. district judge on Tuesday praised the schedule set up in a revamped technical documentation project that's part of the 4-year-old antitrust settlement between Microsoft Corp. and the U.S. government." IDG continues, "Judge Colleen Kollar-Kotelly, of the U.S. District Court for the District of Columbia, hailed a new plan that would deliver 58 documents related to Microsoft's software communication protocols by Dec. 15, with more documents coming in February, April and May." IDG adds, "Kollar-Kotelly in May approved a two-year extension to parts of her antitrust judgment against Microsoft because of ongoing problems in the technical documentation for Microsoft's software communication protocols. … 'I hope this approach works,' Kollar-Kotelly said during Tuesday's antitrust compliance hearing. 'We seem to be on the correct time table.'" IDG notes, "Kollar-Kotelly, in an antitrust settlement approved in November 2002, ordered Microsoft to create the technical documentation so that competing software companies can buy licenses to Microsoft's communications protocols and make products that work with Microsoft software. .. .The judge expressed support for the new plan after numerous

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delays and past complaints about the quality of technical documentation. 'We'll have to see if this achieves the [results] that have eluded us so far,' she said after Microsoft representatives explained the technical documentation 'reset,' as they called it."

US Air CEO Will Abandon Delta Bid If Management Balks. USA Today (12/6, 1B, Adams) reports, "US Airways will give up its proposed takeover of Delta Air Lines if management there can't be persuaded of the benefits, US Airways CEO Doug Parker said Tuesday." USA continues, "Parker said he's not prepared to fight Delta's management in bankruptcy court by submitting a merger plan to the judge without the backing of Delta officials. … 'We have to get to a point where we are all working together on this, or it's not going to happen,' Parker said at a meeting with editors and reporters at USA TODAY. 'This is all about convincing Delta's management that this plan makes sense.'" USA adds, "US Airways has made an unsolicited takeover offer of $8.5 billion in cash and stock to acquire Delta, the USA's third-biggest carrier. … Delta's management has rebuffed the offer, saying it's too risky and that Delta is better off as an independent airline. Delta declined to comment on Parker's remarks. Delta CEO Gerald Grinstein has repeatedly voiced opposition to the merger proposal since US Airways announced it Nov. 15." USA notes, "In a memo to employees Tuesday, Grinstein said Delta, 'is making crucial progress toward becoming a strong, independent, stand-alone company.' … But because Delta is in bankruptcy, its management does not have complete control of the company's fate. Its creditors must approve Delta's post-bankruptcy business plan before the airline can exit. Delta executives plan to unveil the plan this month."

Delta CEO Says He Will Resist Merger. The Washington Post (12/6, D01, Wilber) reports, "The top executive at Delta Air Lines said he would vigorously defend his company against an unsolicited takeover bid, insisting that the Atlanta-based carrier would be a stronger company and better for consumers if it remained independent." The Post continues, "In his first interview since US Airways Group announced its merger proposal last month, Delta chief executive Gerald Grinstein said he was confident that creditors would accept his reorganization plan. He also said it would be difficult for a combined company to overcome internal and regulatory hurdles. … 'Whenever you go from having two carriers to one, or three carriers to two, that is going to have a consumer impact,' he said. 'There will be a loss of service in some smaller communities. There will be an increase in fares. . . . There is no question that there are antitrust issues that won't be quickly or easily resolved.' .. 'I think the track record of good mergers is hard to find' in the airline industry, he said." The Post adds, "Delta and US Airways are battling to convince creditors, regulators and legislators of the virtues of their competing plans. US Airways has dominated the early rounds. Its stock price soared the day the merger proposal was announced but has since retreated slightly. … Many outside analysts and airline executives think the industry needs to consolidate to improve its financial outlook. .. .Several analysts and executives at other airlines said US Airways appeared to have lost momentum, as investors and creditors look more carefully at the merger proposal. Among their concerns are the reaction of regulators, the new Democratic-controlled Congress and the short time available for US Airways to complete a deal. US Airways hopes to do that before Delta leaves bankruptcy protection, which is expected next year. Otherwise, US Airways would lose some cost-cutting advantages it could gain in the bankruptcy process."

Critics Knock FCC Chair's Attempt To Break Telecom Deadlock. USA Today (12/6, 5B, Cauley) reports, "If you can't settle through negotiation, why not try a different approach? … So it goes these days at the Federal Communications Commission, which is using legal maneuvering to break its 2-2 deadlock on the pending AT&T-BellSouth merger." USA continues, "The $80 billion deal just needs FCC approval to close. It already has received the other necessary approval, from the Department of Justice, which imposed no conditions. … Last week, FCC Chairman Kevin Martin asked the panel's third Republican to cast the tiebreaking vote on the deal. The commissioner, Robert McDowell, has recused himself because he worked as a lobbyist for a trade group opposing the deal. McDowell also cited ethical concerns of the Virginia Bar Association. … An official can be unrecused if the FCC's general counsel determines that the need for his or her participation outweighs public ethics concerns." USA adds, "Gene Kimmelman, public policy director of Consumers' Union, which opposes the deal, calls the move 'the most unusual thing I've ever seen in my entire career.' .. .Kimmelman says he was helping to negotiate an agreement among AT&T and the two Democrats and Martin when the chairman pulled the

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plug. … 'We thought we were making progress,' Kimmelman says. 'It's just bizarre.'" USA notes, "In moving to unrecuse McDowell, Martin, who declined to comment, cited legal precedent in a case involving the National Association of Broadcasters. But that request to break the FCC stalemate came from the U.S. Court of Appeals after a two-year impasse. … In the AT&T case, the request is from an FCC chairman who openly favors approval with no conditions. And it comes after a stalemate of just two months. … Tuesday, McDowell issued a statement that he is prepared to get up to speed quickly on the AT&T merger should the general counsel unrecuse him."

The AP (12/6, Dunbar) reports, "Two powerful Democrats on Capitol Hill Tuesday night sharply questioned a move by the chairman of the Federal Communications Commission to allow a fellow commissioner who had claimed a conflict of interest to vote on the nation's largest telecommunications industry merger. … Sen. Daniel Inouye, D-Hawaii, wrote FCC Chairman Kevin Martin expressing 'disappointment' in Martin's 'apparent willingness to waive government recusal rules' to allow former lobbyist and current commissioner Robert McDowell to vote on the proposed merger of San Antonio-based AT&T Inc. and BellSouth Corp." The AP adds, "Rep. John Dingell, D-Mich., along with Rep. Ed Markey, D-Mass., sent a letter to the FCC's general counsel asking 15 pointed questions about past precedent of such recusals and other issues. … Their dismay takes on added significance because the Democrats will take control of Congress in January. Inouye will be chairman of the Senate Commerce, Science and Transportation Committee and Dingell will chair the House Energy and Commerce Committee. Both committees oversee the FCC."

EU Regulators Back NYSE-Euronext Merger. The Wall Street Journal (12/6, C3, MacDonald, Lucchetti) reports, "One of the last major hurdles to a merger of the New York Stock Exchange and Euronext NV was removed yesterday, after European regulators gave their provisional clearance, pushing the first major trans-Atlantic stock-exchange merger toward the finishing line after a six-month battle." The Journal continues, "NYSE's likely success will heap further pressure on its fast-growing rival, Nasdaq Stock Market Inc., to do a deal. Last month, Nasdaq made a bid for London Stock Exchange PLC, but London rejected its approach. Nasdaq has acquired a 29% stake in the London exchange since April, but says its bid is a final offer, unless London agrees on a deal or a rival bidder comes in." The Journal adds, "The Euronext deal still needs approval from the Dutch finance minister, because the exchange is incorporated in Amsterdam, though operated from Paris. Also, shareholders in Euronext and NYSE Group Inc., which operates the New York Stock Exchange, will vote on the deal in about two weeks. Neither the finance minister nor shareholders are expected to block the creation of what would be a $28 billion company. A spokesman for the Netherlands Finance Ministry said Finance Minister Gerrit Zalm is expected to decide in January. … NYSE-Euronext Group, as the combined company will be called, will have stock exchanges in New York, Paris, Brussels, Lisbon and Amsterdam, as well as a London-based market in the fast-growing sector of derivatives."

Icahn's Withdrawal From Reckson Bid Shows Changing M&A Climate. The Wall Street Journal (12/6, C1, Pulliam, Forsyth) reports, "For years, financier Carl Icahn has been a prominent 'activist' investor, attempting to push companies to make changes in a bid to boost their stocks. Now he's being forced to change his game plan in using this brand of investing." The Journal continues, "This week Mr. Icahn's partners pulled out of a $4.6 billion bid for Reckson Associates Realty Corp., a real-estate investment trust. Mr. Icahn initially pressed ahead with the Reckson bid on his own. Late Monday night, the Reckson board rejected Mr. Icahn's offer in favor of a merger with SL Green Realty Corp., a rival real-estate trust. Yesterday, Mr. Icahn said he would back out. … 'The offer is pretty much done,' Mr. Icahn said in an interview. 'It's a minor disappointment.' Reckson shareholders must decide whether to approve SL Green's cash and stock offer, valued at about $45.56 a share as of yesterday's market close." The Journal adds, "The development illustrates the complications for even the savviest shareholders in mounting corporate challenges. These days, companies are launching ever-more aggressive legal and public-relations efforts, among other things, to block such efforts. Competition from industry players is intense. … Real-estate developer Harry Macklowe and Mack-Cali, a real-estate investment trust, both dropped out of the partnership with Mr. Icahn over the weekend. Now, Mr. Icahn said he is returning to his roots as a solo financier, bringing him full circle in his approach to 'activist' investing. Until a couple of years ago, when Mr. Icahn began joining forces

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with other investors to prod corporate managements to change, he largely had operated on his own."

Ryanair Offers To Sell Airport Slots In EU Review Of Aer Lingus Bid. Bloomberg (12/6, Newman) reports, "Ryanair Holdings Plc, Europe's biggest discount airline, has offered to sell slots at eight airports, including London's Heathrow, to win European Union antitrust approval to buy Aer Lingus Plc." Bloomberg continues, "Ryanair told the European Commission, the EU's antitrust authority in Brussels, that it would sell as many as four Aer Lingus slots at Heathrow if its bid for the carrier succeeds, according to a document submitted to the regulator last week. It also offered slots at Stansted Airport near London and airports serving Frankfurt, Paris, Milan, Rome, Bratislava and Barcelona. … 'The purpose is to allow one or more entrants to operate a new or additional non-stop scheduled daily frequencies on the 8 identified relevant airport pairs,' said the document, which was obtained by Bloomberg News today." Bloomberg adds, "Ryanair Chief Executive Officer Michael O'Leary has pursued the 1.48 billion-euro ($2 billion) hostile takeover of Ireland's flag carrier to add routes to the U.S. The Irish government and Aer Lingus employee shareholders, who together control almost 40 percent of the carrier, have rejected the offer, which expires Dec. 22. Ryanair said on Nov. 21 that it won't raise its offer."

ENVIRONMENT:

South Korean Ship's Crewmen Pleads Guilty To Oil Dumping Cover-Up. The AP (12/6) reports, "The chief engineer and second engineer of a South Korean cargo vessel have pleaded guilty to environmental crimes and obstruction of justice for covering up illegal dumping of oil residue at sea, the U.S. Department of Justice announced Tuesday." The AP continues, "The owner and operator of the vessel, Sun Ace Shipping Co., based in Seoul, South Korea, previously pleaded guilty in the case and agreed to pay a $400,000 fine and $100,000 to New Jersey environmental organizations." The AP adds, "Chief engineer Chang-Sig O pleaded guilty to obstruction of justice for maintaining a false oil record book and lying to the Coast Guard about his knowledge of hoses used to bypass shipboard pollution control equipment. … Second engineer Mun Sig Wang pleaded guilty to violating the Act to Prevent Pollution from Ships for presenting a false oil record book to Coast Guard inspectors who boarded the ship in Camden on Jan. 3. … Inspectors learned that crew members had dumped oily waste into the ocean at least two times on their voyage from South Korea, the Justice Department said."

Activists Using Research In Environmental Justice Battles. USA Today (12/6, 13A, Jones) reports, "Neighborhood activists from California to Washington, D.C., are using a growing body of research on how pollutants exacerbate illness to block the building of facilities, relocate residents from contaminated communities and gain other concessions from large firms. … 'One of the problems with all environmental struggles, but particularly when you have the overlay of environmental racism, is the community always has the burden of proof of harm,' says Elizabeth Crowe, an organizer with the Kentucky Environmental Foundation in Berea, Ky. Now, 'we have much more definitive information as to how bad this stuff is. … So the science is catching up to the experiences of folks on the ground, and it helps prove the point.'" USA adds, 'Among recent developments: … A group in Port Arthur, Texas, signed an agreement on Nov. 6 with Motiva Enterprises under which the oil company will pour up to $3.5 million into the impoverished neighborhood as it expands a refinery there. The money will help fund new local businesses. … A plan to build a nuclear waste storage facility on the Skull Valley Goshute Indian reservation in Utah was scuttled in September by the federal Bureau of Land Management and Bureau of Indian Affairs. The agencies were concerned that it would have a negative impact on the reservation, says attorney Paul EchoHawk, who represented tribal members opposing the project. … From Sept. 24 to Oct. 1, representatives of more than 70 social justice and human rights groups toured the nation by bus caravan, visiting communities where residents face health problems associated with pollution." USA adds, "The environmental justice movement took root in the South in the early 1980s, when activists, church leaders and residents complained that toxic waste sites and other polluters often were located in poor and black neighborhoods. Their protests merged the struggle for a clean environment with that of civil rights."

NYTimes Says Bush Should Not Rescind Order Protecting Bristol Bay. The New York Times (12/6, 1.16M) says in an editorial, "President Bush is thinking about rescinding a longstanding presidential order that specifically prohibits oil and gas drilling in Alaska's

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pristine Bristol Bay. He should resist the impulse to do so, no matter how powerful the entreaties from his friends in the oil business. Drilling in Bristol Bay would threaten one of the nation's most productive fisheries without appreciably strengthening the nation's long-term energy security."

FBI/DEA/ATF/USMS:

Report Says DOJ Should Regroup Following Failed Effort To Update Evidence System. Federal Computer Week (12/5, Sarkar) reported, "Although the FBI is forging ahead with establishing an interoperable fingerprint system with the Homeland Security Department, the Justice Department needs to regroup following a failed $1.18 million effort to modernize a system that manages evidence, according to a semi-annual report released by Justice's inspector general." The IG report "also provided updates with respect to the Federal Information Security Management Act (FISMA). A review found that systems within the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosive (ATF); the Drug Enforcement Agency (DEA); and the Justice Management Division (JMD) were all certified and accredited, security controls were tested and evaluated in the past year, and contingency plans were in compliance with FISMA. However, the FBI, ATF and DEA did not perform electronic authentication risk assessments, and the FBI and ATF did not fully implement Justice's process for tracking system vulnerabilities and corrective actions, the IG report adds."

FBI Says Computer Database System On Budget. The Washington Times (12/6, Seper, 88K) reports, "The FBI says a new computer system -- introduced last year as a replacement for a failed case-file program -- is within cost and on schedule to be fully operational by 2009, despite criticisms in a report this week by the Justice Department's Office of Inspector General. … 'The FBI appreciates the Inspector General's continued interest and assessment of the Sentinel program,' the bureau said. … 'The total project cost for Sentinel was budgeted at a cost of $425 million and that figure remains the same. Characterizations to the contrary are misleading,' the FBI said." The Times notes FBI Director Robert Mueller has said of the new system, "Sentinel will support our current priorities, including our No. 1 priority: preventing terrorist attacks."

Federal Probe Yields Arrests Of Chicago Gang Leaders. The AP (12/6, Tareen) reports, "Twenty alleged street gang members have been arrested on charges of running of sophisticated drug trafficking operation in the culmination of what officials said was a three-year undercover investigation, authorities announced Tuesday." The AP continues, "Since the investigation began, 38 alleged members of the Latin Kings street gang have been charged and at least 20 individuals - including several men believed to be top leaders - are in custody on drug and weapons charges, U.S. Attorney Patrick Fitzgerald said during a news conference. … The charges are included in 13 separate federal complaints filed or unsealed Tuesday. … 'We pretty much decapitated the Latin Kings on the South Side,' said Andrew Traver, a special agent with the Bureau of Alcohol, Tobacco and Firearms, the main agency involved in the investigation."

WMAQ-TV, NBC 5, Chicago (12/6) reports, "Federal agents moved in on the gang on Tuesday. … 'Operation Broken Crown' started when a member of the Southside Latin Kings began cooperating with ATF agents."

Gang Kingpin Among Those Nabbed. The Chicago Tribune (12/6, Coen, Bush) reports, "A Chicago man described by federal authorities as 'the CEO of the Latin Kings Nation on the South Side' was taken into custody early Tuesday, capping a three-year investigation into the operations of the violent street gang." The Tribune continues, "Fernando 'Ace' King was among 18 gang members whose arrests were announced Tuesday by U.S. Atty. Patrick Fitzgerald. King had the title of 'Supreme Inca,' running the gang's drug empire on the city's South Side and the south suburbs, officials said. There are only a small circle of leaders above him, including Gustavo 'Gino' Colon, the gang's imprisoned head, officials said. … 'It may seem pretty cool to be a Supreme Inca when you're the leader on the street of a gang until the title "Supreme Inca" becomes "lead defendant,"' Fitzgerald said." The Tribune notes, "The Latin Kings operate in seven regions in Chicago, including the southwest and northwest suburbs, authorities said. … King is one of 38 members and associates charged in the case after investigators with the Bureau of Alcohol, Tobacco, Firearms and Explosives used wiretaps and undercover drug purchases to crack the gang's operations. He was charged with intent to distribute cocaine as part of 'Operation Broken Crown,' which is billed as the most significant federal effort against the Latin Kings since the takedown of Colon in 1998."

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Eight San Francisco Gang Members Sentenced To Prison. Bay City News Wire (12/5) reported, "Eight members of San Francisco's Down Below Gang will spend years in prison after pleading guilty to federal racketeering and drug-dealing charges Monday, according to the U.S. attorney's office. The gang…has been involved in criminal activity such as selling crack cocaine and intimidation for years, according to U.S. Attorney Kevin Ryan. … For their crimes, Don Johnson, 20, agreed to 23 years in federal prison; Robert Calloway, 22, agreed to more than 17 years; Dornell Ellis, 25, agreed to almost 16 years; and Ricky Rollins, 21, agreed to 15 years." BCN notes, "The pleas are the result of a joint investigation by the FBI and the San Francisco Police Department. Ryan thanked the two organizations in a statement." The San Francisco Chronicle (12/5, Gordon, 384K) added, The four other defendants pleaded guilty to drug-related charges, according to federal prosecutors. They are Christopher Byes, 26; Paris Ragland, 21; Ronnie Calloway, 26; and Allen Calloway, 24. Their sentences will range from 21 months to 77 months in federal prison."

New Jersey Gang Member Sentenced To 10 Years In Prison. The Cherry Hill Courier-Post (12/3, Strupczewski) reported, "A Camden gang member who cooperated with federal investigators was sentenced Friday to 10 years in federal prison for his role in a drug trafficking organization, the U.S. Attorney's Office said. U.S. District Judge Freda L. Wolfson said she recognized the need to reward Lamont Powell, also known as 'Mont G,' 29, for his cooperation. Had he not cooperated, Powell would have faced a sentence of anywhere from 30 years to life." The Post noted, "Powell was a member of the 'Tuten Organization,' a notorious drug gang. After his arrest, he cooperated with federal investigators to convict other gang members, including one of the organization's leaders, Leonard Paulk of Camden.

Tandy Notes DEA's Position On Handling Painkiller Cases. In the Orlando Sentinel (12/6), Karen Tandy writes about Dr. Freddie Williams who she says "was diverting so many OxyContin pills to abusers and traffickers that after Drug Enforcement Administration (DEA) agents and our partners arrested him, the street price of OxyContin nearly doubled in the area because of the significantly diminished availability of OxyContin." Tandy adds, "These few doctors cause grave harm and contribute to the alarming prescription-drug-abuse problem in our country. … There is much debate within the medical community about how chronic pain should be treated, how aggressively and with what medications. The DEA doesn't enter into that debate except to ensure the drugs aren't being diverted for illegal purposes as we are required to do by federal law. Doctors need to practice medicine as they have been trained to do and as they are sworn to do: to help their patients. The DEA in turn will do what we are sworn to do: to protect the American public by putting dealers like Williams out of business."

Hearing Set For San Diego Chargers Safety In Cough Syrup Case. On its Web site, KGTV-TV, San Diego (12/5) reports a Feb. 7 preliminary hearing "was set Tuesday for a Chargers player accused of getting codeine-based cough syrup from a friend who worked at a San Diego pharmacy and trying to ship it to his home state of Texas. Terrance Kiel faces a maximum of seven years and four months in state prison if convicted of five felony charges…said Deputy District Attorney James Fontaine." DEA agents "said they intercepted two FedEx packages containing 18 pint bottles of the codeine-based cough syrup in June and September. Prosecutors alleged Monday that Hope Devina Vines, 30, was stealing codeine-based cough syrup from her employer, Sharp Rees-Stealy, and giving it to Kiel."

KFMB-TV, San Diego (12/6) reports on its Web site that according to drug enforcement agents, Vines "was arrested Thursday afternoon. She worked at Sharp Rees-Steely in the downtown area, where a large number of bottles of cough syrup were reported missing."

Boxer Suspended After Positive Meth Test. The AP (12/6) reports WBC light flyweight champion Omar Nino "was temporarily suspended Tuesday after testing positive for methamphetamine after last month's title bout, Nevada boxing regulators said. The 30-year-old Mexican fighter retained the 108-pound title Nov. 18 with a majority draw over former champion Brian Viloria of Hawaii. … The Nevada Athletic Commission decided to keep Nino out of the ring until it could hold a formal hearing, probably in January, commission executive director Keith Kizer said."

NFL Player Suspended For Violating Steroid Policy. The AP (12/6) reports New Orleans Saints

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defensive tackle Hollis Thomas "was suspended yesterday for the final four games of the regular season for violating the NFL's steroid policy. Thomas, supported by the club, appealed the suspension, which he said was caused by asthma medication. He uses an inhaler daily and it apparently contained a banned steroid."

Seattle Officials Concerned About Mounting Gun Violence, Gang Activity. The Seattle Post-Intelligencer (12/6, Gutierrez) reports, "The slaying of King County sheriff's Deputy Steve Cox is another harsh reflection of resurging gun violence and gang activity plaguing Seattle and cities around the country, law enforcement officials say." The P-I continues, "Cox was shot and killed early Saturday as he interviewed witnesses in connection with a shooting and beating outside a party at a White Center home. The felon and gang member who apparently shot him, Raymond O. Porter, is thought to have killed another man in SeaTac Friday night. … 'Gang members are more dangerous, they're more armed, than other criminals and that fact alone means we're going to run into more people and things like this,' Sheriff's Sgt. John Urquhart said Monday. … 'But I don't believe (Porter) killed Deputy Cox because he was a gang member. I believe he killed Deputy Cox because he was armed,' Urquhart added." The P-I adds, "Cox's death comes after a year in Seattle in which gun assaults were up by 25 percent, similar to national trends, according to law enforcement. Police say shootings are becoming much too frequent, whether gang-related or not. Even as deputies responded to the gun blasts that killed Cox in White Center, Seattle police were busy Saturday hunting for another shooter in Rainier Valley who wounded another man in an unrelated case. … In October, Seattle police gang detectives lamented in a Seattle P-I story that they had already investigated more gang cases than in all of 2005. An estimated 30 to 60 street gangs are operating in the Seattle area. … The Sheriff's Office does not field a gang unit, which means gangsters pushed out of Seattle likely work their way into the suburbs and unincorporated areas such as White Center, Urquhart said." The P-I notes, "The reasons for the latest surge in violence vary, according to law enforcement and gang experts. Some experts say it's stoked in part by gang-bangers who went to prison in the early 1990s and now are finishing their sentences. … Earlier this year, U.S. Attorney General Alberto Gonzales promised $30 million to buttress anti-gang programs nationwide, calling street gangs 'an increasingly deadly threat to the safety and security of our citizens.' Locally, agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives teamed up with Seattle police, the Sheriff's Office, the state Department of Corrections and others to form a Violent Gang Task Force."

IMMIGRATION:

Supreme Court Restricts Deportation Of Immigrants For State Felonies. The New York Times (12/6, Greenhouse, 1.16M) reports the Supreme Court "rejected the government's interpretation of immigration law on Tuesday, ruling that a noncitizen is not subject to mandatory deportation for a drug crime that, while a felony in the state where the crime was prosecuted, is only a misdemeanor under federal law." The 8-to-1 decision "restored to one category of immigrants, caught in the nearly impenetrable maze where immigration law and criminal law meet, the ability to avoid automatic deportation and the other dire consequences of being guilty of an 'aggravated felony.'" The category is "made up of immigrants convicted of simple drug possession in states that treat those offenses as felonies. Federal law treats possession in most instances as a misdemeanor. But in the government's view, possession when deemed a felony under state law became a 'drug trafficking crime,' which under federal immigration law is an 'aggravated felony' that strips an immigrant of the right to seek relief from automatic deportation, to seek asylum, or ever to return legally to the United States." Writing for the majority, Justice David H. Souter "said the government's interpretation was based on a strained and implausible reading of the definition of 'drug trafficking crime' in the federal criminal code."

USA Today (12/6, 4A, Biskupic, 2.27M) reports the "8-1 decision could affect thousands of permanent legal immigrants, often known as green-card holders, who, because of certain state convictions, face deportation without a chance to plead their case before a judge." The decision, "drawing the dissent of only Justice Clarence Thomas, rejected a position taken by the Bush administration and resolved a split in views among lower courts."

The Los Angeles Times (12/6, Savage, 850K) reports, "Immigrant-rights lawyers said the resounding 8-1 decision will allow noncitizens who have a family, a job and an otherwise clean record to appeal to immigration judges to stay in this country, despite a drug conviction." Noting

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"Humpty Dumpty's use of words to mean whatever he wanted them to mean in author Lewis Carroll's 'Through the Looking-Glass,' the justices said it did not make sense to interpret the words 'aggravated felony' and 'drug trafficking crime' to mean simple drug possession." Justice David H. Souter, "who wrote the opinion, said the government's interpretation was incoherent and is 'just what the English language tells us not to expect, and that result makes us very wary of the government's position.'"

The Washington Post (12/6, A3, Barnes, 690K) reports the "decision came in one of several cases the justices are considering to reconcile conflicting lower-court decisions on when immigrants convicted of crimes must be deported. After announcing yesterday's decision, the court heard arguments in a separate case from California in which a Peruvian immigrant was convicted on car theft charges."

The AP (12/6, Yost) reports, "The issue before the Supreme Court was the interpretation of the federal Immigration and Nationality Act, which says immigrants found guilty of aggravated felonies are subject to deportation. … Conduct that is a felony under state law but a misdemeanor under the Controlled Substances Act is not a felony for purposes of immigration, stated the ruling by Justice David Souter. … Jose Antonio Lopez, a 16-year permanent U.S. resident, was deported to Mexico in January 2006, but could return to his wife and two children, who are U.S. citizens, one of his lawyers has said. … Even then, Lopez, who had operated a grocery store in Sioux Falls, S.D., still could face deportation, but an immigration judge would have discretion to allow him to remain in the United States." The AP adds, "In opposing the immigrant's legal position, the Bush administration said that Congress left the door open to counting state felonies as felonies under the federal Controlled Substances Act, which would make them a crime that could trigger deportation under the Immigration and Nationality Act."

Democrats May Plan Crack Down On Illegal Immigrants' Employers. The Hill (12/6, Joseph, Cusack) reports the "selection of Rep. Silvestre Reyes (D-Texas) to head the Intelligence Committee may be an indication that Democrats will press the Bush administration to crack down on employers who hire illegal immigrants." Reyes, "a former Border Patrol agent, is one of the most outspoken proponents of enforcing these types of employer sanctions and appears to have an ally in Rep. Rahm Emanuel (D-Ill.), who will be the House caucus chairman next year." In a previous interview, Emanuel said "many Democrats want to focus on employer sanctions as a way to stem illegal immigration. He accused the White House and the Republican-led Congress for letting 'its guard down when it comes to employer sanctions.'"

TAX:

DOJ's California Tax Probe Ensnares Nebraskans. The North Platte (NE) Telegraph (12/6, Lindenberger) reports, "The U.S. Department of Justice is seeking a preliminary injunction against California accountant Lowell Baisden, who is currently under investigation for promoting an illegal tax fraud scheme." The Telegraph continues, "The motion, which was filed Nov. 29 in U.S. District Court, asks for a preliminary injunction to prevent Baisden from preparing any federal tax returns for his clients and from representing them before the IRS." The Telegraph adds, "Court documents indicate seven North Platte practitioners have been investigated by the IRS in connection with Baisden's scheme. They are doctors Michael Trierweiler, Chris Johng and Walter and Deborah Weaver, along with anesthetist Burt McKeag and nurse anesthetists Evan Geilenkirchen and Kathryn Snoozy. … According to the court records, Baisden helped his clients set up phony corporations to significantly reduce their tax liabilities. He also allegedly prepared their tax returns to perpetuate his scheme. Many of these clients were referred to Baisden by his brother-in-law, Michael Koning, a former North Platte anesthesiologist now living in Montana." The Telegraph notes, "The tax scheme allegedly involves creating sham corporations to which the client's income is assigned. Baisden would then allegedly claim large illegal deductions for non-deductible personal expenses. The remaining income would then be reported as royalty or rental income, which is not subject to self-employment and social security taxes. … According to the complaint from the Justice Department, 'several of Baisden's former customers have sought new representation, filed the past-due returns and conceded that the tax returns filed by Baisden are incorrect.'"

DOJ Turns Over Bank Documents To Attorneys In KPMG Suit. The New York Times (12/6, Browning) reports, "Federal prosecutors who are investigating Deutsche Bank over questionable tax shelters

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have been turning over internal bank documents to lawyers defending former employees of the accounting firm KPMG in a separate criminal case." The Times continues, "The providing of the Deutsche Bank documents, which began in earnest earlier this year and has accelerated in recent months, was disclosed in a court filing late Monday by John M. Hillebrecht, an assistant United States attorney in Manhattan who is overseeing the case against the indicted KPMG employees. His office is also overseeing the investigation of Deutsche Bank." The Times adds, "The judge in the KPMG case, Lewis A. Kaplan of United States District Court in Manhattan, had previously criticized prosecutors for tardy production of evidence. The trial of the 16 former KPMG employees had been scheduled to begin in January, but last month Judge Kaplan postponed it indefinitely, citing concerns that the defendants, who include an outside lawyer and investment adviser, would not be able to pay their legal bills." The Times notes, "In his filing, Mr. Hillebrecht wrote that prosecutors were turning over the Deutsche Bank documents in part because the Deutsche Bank case had 'substantial overlap' with the KPMG employees case, which prosecutors call the largest criminal tax case ever. .. .Mr. Hillebrecht also disclosed that prosecutors had asked Deutsche Bank to provide additional assistance with the documents for the defendants in the KPMG case, in which Jeffrey Stein, a former KPMG executive, is the lead defendant."

IRS Tries To Seal Gaps In State Business Laws. In his "Tax Report" column for the Wall Street Journal (12/6), Tom Herman writes, "Escalating its assault on cheating, the Internal Revenue Service is turning up the heat on tax dodgers who conceal taxable income by exploiting gaps in state business-formation laws that allow hidden ownership or control." Herman continues, "The IRS is focusing on individuals or small groups whose tools include use of corporations, trusts, partnerships, limited liability companies and other types of business structures. Some people may form a company, conceal their ownership and use it to claim phony expenses, an IRS official says. Other cases involve outright fraud. IRS officials say some people have created sham, one-person, tax-exempt religious corporations to dodge taxes." Herman adds, "Officials say the problem appears to be particularly severe in Nevada, where recent investigations into promoters of corporations there have turned up widespread abuses. As a result, the IRS has begun expanding the number of audits of people involved in forming Nevada corporations, says Steven Burgess, director of examination for the IRS's Small Business/Self-Employed Division. … The IRS also is considering additional investigations of promoters, Mr. Burgess said at a recent Senate hearing. Even if promoters aren't guilty of wrongdoing, their client lists could be valuable in unearthing evidence of cheating, he said." Herman notes, "For years, law-enforcement officials have expressed concern about widespread use of offshore tax havens to hide or shelter taxable income. But now IRS officials and senators are also focusing on the exploitation of onshore havens. … While laws vary from state to state, a report earlier this year by the U.S. Government Accountability Office, a congressional investigative arm, said most states don't require companies or third-party agents representing them to disclose ownership information when companies are being formed or in periodic reports."

WSJournal Proposes Scrapping IRS Code, Keeping AMT. The Wall Street Journal (12/6, 2.04M) says in an editorial, "Fans of political irony will appreciate that Democrats in Congress are saying they now want to address the 'wealth gap' even as they deplore and want to eliminate the Alternative Minimum Tax, or AMT. It was a previous crusade against the wealthy that created the AMT. Haven't we learned anything about the perils of tax policy rooted in political envy?" Somehow, Democrats "never raised a peep over the years when the AMT was whacking mostly Republican voters. But the tax has now become the monster that ate Marin County, to pick just one of the blue state redoubts where the AMT hits especially hard. This year it will strike four million Americans, and next year without a change in law it will snare 23 million -- one in four tax filers." The "latest data indicate that the eight states with the highest percentage of tax filers subject to the AMT all voted heavily Democratic in 2004 and 2006 -- including Massachusetts, Connecticut, New Jersey and Rhode Island. Those voters are now screaming for relief, and the question for Democrats is where they'll find the money. Eliminating the AMT would cost about $50 billion for one year and $1.2 trillion over 10 years, according to the Treasury Department." The journal proposes a "possible deal between the Bush Administration and the Pelosi Democrats: Junk the IRS code and use the AMT as the basis for tax reform. The AMT provides at least the crude framework for a much simpler tax code, because it

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eliminates almost all deductions and special interest carve-outs. It requires only about one-tenth as many tax forms as the regular code. It has a broad tax base and only two tax rates, 26% and 28%."

CONGRESS-ADMINISTRATION:

Bush To Meet With Blue Dogs, New Democrats. The Hill (12/6, Hearn) reports, "President Bush has invited leaders of the conservative Blue Dog and New Democrat coalitions to the White House Friday to discuss areas of 'mutual cooperation' in the words of one Democratic Congressional aide. The outreach comes at a time when Bush's image on Capitol Hill and around the country has taken a serious beating." Reps. Alan Boyd, Dennis Moore and Mike Ross will represent the Blue Dogs, and Reps. Joe Crowley), Artur Davis, Ron Kind, Adam Smith and Ellen Tauscher are set to represent the New Democrats.

Lawmakers Seen As Unlikely Replacements For Bolton. The Hill (12/6, Schor) reports that as President Bush begins vetting candidates to succeed UN Ambassador John Bolton, "as many as five departing lawmakers have surfaced as players in the Beltway's nominations guessing game." Iowa Rep. Jim Leach said he is "flattered and honored by the bipartisan effort on his behalf but is making other plans for his future," spokesman Gregory Wierzynski said. Another "surprise on several U.N. shortlists" is Sen. Lincoln Chafee (R-R.I.), but he is reportedly "leaning toward taking an academic or policy position after leaving the Hill." In addition, former Senate Majority Leader George Mitchell told CNN yesterday that Bush would seek to replace Bolton with a Republican.

Missed Opportunities Seen In 4th Circuit Vacancies. The Legal Times (12/6, Schwartz) reports, "Chief Judge William Wilkins, who has presided over the 4th U.S. Circuit Court of Appeals for the past four years, sent President George W. Bush a letter last week announcing his plans to step down in June. … Though Wilkins, a South Carolina native who will turn 65 in March, will still hear cases as a senior judge, his quasi-retirement creates a fourth official vacancy on the 15-member bench. (Technically, there are five openings, but Judge H. Emory Widener Jr., who announced plans to retire in 2003, has pledged to stay active until the nominee for his seat -- Defense Department general counsel William Haynes II -- is confirmed.)" The Times continues, "The large number of vacancies during a Republican administration is particularly striking given the 4th Circuit's reputation as one of the most stalwart conservative courts in the nation. The circuit, which covers Maryland, Virginia, West Virginia, and North and South Carolina, also is the key appellate arena for the administration's terrorism cases, largely prosecuted in the Eastern District of Virginia. … 'You'd think they'd want to fill them and fill them as quickly as possible,' says Arthur Hellman, a professor at the University of Pittsburgh School of Law." The Times adds, "Though the Bush administration has tried to fill a few open seats, it has faced stiff opposition even during the Republican-controlled Congress. U.S. District Judge Terrence Boyle's nomination to the 4th Circuit has languished since 2001, and senators have blocked Haynes' confirmation over questions about his involvement with the Justice Department's infamous "torture memo." It's unlikely the administration will fare any better under the incoming Democratic-controlled Congress."

Administration Withdraws "Open Skies" Plan. USA Today/AP (12/6, 7B, Sniffen) reports, "Already rebuffed by a Republican-controlled Congress, the Bush administration on Tuesday withdrew its plan to give foreign investors more management control of US airlines." Announced yesterday by Transportation Secretary Mary Peters, "the decision follows a department review of public comments about the proposal, and votes by the Senate and House this year to prevent the plan from going forward. 'It was clear from reviewing the comments that the department needs to do more to inform the public, labor groups and Congress about the benefits of allowing more international investment,' Peters said in a statement."

The Financial Times (12/6) reports the Administration is "bowing to pressure from Congress, labour unions and airlines," while the Wall Street Journal (12/6, A8, Meckler, 2.04M) says the move "underscored the rising protectionist sentiments in Congress and throughout the country." It "will have an impact on negotiations over a long-sought agreement that would allow U.S. and European airlines to fly without restrictions across the Atlantic." The Journal adds, "The 'open skies' agreement also would provide greater access to London's popular Heathrow airport for US carriers. Europeans had said they wouldn't finalize that agreement if the US doesn't liberalize the foreign-investment rules on US airline operations.

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Republicans Lay "Legislative Landmines" For Democrats As They Postpone Spending. The Wall Street Journal (12/6, A8, Rogers, 2.04M) reports, "Like a retreating army, Republicans are tearing up railroad track and planting legislative land mines to make it harder for Democrats to govern when they take power in Congress next month. Already, the Republican leadership has moved to saddle the new Democratic majority with responsibility for resolving $463 billion in spending bills for the fiscal year that began Oct. 1. … The unstated goal is to disrupt the Democratic agenda and make it harder for the new majority to meet its promise to reinstitute 'pay-as-you-go' budget rules, under which new costs or tax cuts must be offset to protect the deficit from growing." The Journal adds, "The collapse of the appropriations process will be felt soon in the Justice and Commerce departments, food-safety agencies and veterans' health care."

The Hill (12/6, McCormack) reports, "As time runs out in the Congress, politics can trump policy in deciding which bills become law. Even if a bill has more than enough support to pass if brought to the floor, powerful members and long-held vendettas can determine a bill's fate. Some lawmakers file discharge petitions to get their bills out of committee, trying to attach their legislation to appropriations bills or wage last-ditch efforts to get their objectives pushed through." The Hill cites several examples of stalled bills, including WI8 Rep. Mark Green's (R) bill to "crack down on abuses against animals," which has 324 cosponsors; PA3 Rep. Phil English's (R) bill to "repeal Medicare's outpatient therapy caps;" and CA51 Rep. Bob Filner's (D) proposal "that would allow World War II Merchant Marines and Naval and Army transportation personnel to be eligible for benefits."

Republican Leaders Won't Allow Vote On DC House Member. The Washington Post (12/6, B10, Sheridan, Woodlee, 690K) reports, "Republican congressional leaders decided yesterday not to bring to the floor a bill giving the District a full voting member of the House, dooming the measure's chances in this legislative session." GOP Rep. Thomas M. Davis, "the bill's author, had appealed to his party's leadership to cram in a vote during Congress's lame-duck session, which could end as soon as Thursday. But in a closed-door meeting, House leaders rejected the request." The Washington Times (12/6, Emerling, 88K) notes "the DC Voting Rights Act would give the overwhelmingly Democratic District a full vote in the House and create a fourth House seat for predominantly Republican Utah."

The New York Times (12/6, Johnson, 1.16M) reports, "A spokesman for the chief backer of the plan, Representative Thomas M. Davis III, Republican of Virginia, said Mr. Davis would push for reconsideration. Failing that, the spokesman said, Mr. Davis would reintroduce the package in the next Congress, which the Democrats will lead."

GOP Majority Ends "With A Legislative Whimper." The Los Angeles Times (12/6, Levey, Simon, 850K) reports, "Twelve years after Republicans stormed into power on Capitol Hill with ambitious plans for action on energy exploration, abortion and other key issues, the GOP wraps up its run at the helm this week with a legislative whimper." The Times adds, "With Democrats slated to take control of Congress in January, proposals to expand oil drilling and reduce abortions are unlikely to see the light of day during the next two years. Instead, they will join other mainstays of the Republican agenda — such as abolishing the estate tax, limiting medical malpractice lawsuits and banning gay marriages — on the legislative sidelines. GOP lawmakers express resignation as they contemplate seeing many of their cherished goals consigned to oblivion, replaced by priorities near and dear to the hearts of Democrats.

Incoming House Chairmen Jostle Over Committee Structures, Jurisdiction. The Hill (12/6, Bolton) reports, "Incoming Democratic House committee chairmen" are "edging toward a turf war" between themselves and with the Senate as they press "to reverse structural changes made to their panels by former Majority Leader Tom DeLay (R-Texas) and other Republican leaders." Incoming House Speaker Nancy Pelosi "has said there will not likely be any changes of jurisdiction between committees."

"Seniority Ruled" In Selection of First Committee Chairmen. The Hill (12/6, Hearn) reports, "As expected, seniority ruled the first round of selections for House committee chairmen yesterday afternoon, despite Democratic leaders' repeated insistence that seniority would be only one of many factors weighed in choosing panel leaders. In the first of what will be many decisions the Democratic Steering and Policy Committee will make in coming weeks, the panel met to select the chairmen of four 'exclusive' committees: Appropriations, Ways and Means, Energy and Commerce and Financial Services. The leader of the fifth exclusive committee, Rules, is appointed by House Speaker-designate Nancy Pelosi (D-Calif.). Although the

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results of yesterday's meeting were expected — Rep. Dave Obey (D-Wis.) will chair Appropriations, Rep. Charles Rangel (D-N.Y.) Ways and Means, Rep. John Dingell (D-Mich.) Energy and Commerce and Rep. Barney Frank (D-Mass.) Financial Services — the gathering raised an obvious question among House Democrats: whether committee chairmen would cooperate with Democratic leaders or whether some would chart their own course on certain issues."

Black Caucus Members Hold Key Chairmanships In Next Congress. The Washington Times (12/6, DeBose, 88K) reports, "The Congressional Black Caucus today will announce its leadership team and agenda for the 110th Congress with Rep. Carolyn Cheeks Kilpatrick, the group's chairman, expected to refocus on urban and poverty issues." The Times says she "could be one of the most effective CBC chairman in 20 years because many caucus members are likely to lead key House committees -- Judiciary, Homeland Security, Administration, and Ways and Means." The Times adds, "Almost every piece of legislation that Democrats bring to the House floor will have to pass the approval of a CBC member. The group, composed of Democrats, also will benefit from almost 17 subcommittee chairmanships and former CBC Chairman James E. Clyburn, South Carolina Democrat, as the House majority whip." MO5 Rep. Emmanuel Cleaver (D), one of the caucus's incoming vice chairmen, "said he soon expects the group to announce its legislative agenda for the first 100 hours of Congress to go in tandem with the issues House Speaker-elect Nancy Pelosi of California has said will be done in that time."

Republicans Hold To Term Limits For Minority Committee Heads. The Hill (12/6, O'Connor) reports, "Republicans renewed their six-year term limits on top committee posts yesterday, dealing a blow to three outgoing chairmen who lobbied for a rules change to head their respective panels in the minority. … Republicans are set to decide which members will head select panels during Steering Committee meetings today and tomorrow, and members of the conservative Republican Study Committee (RSC) will also decide their next chairman in a bruising race between Reps. Jeb Hensarling (R-Texas) and Todd Tiahrt (R-Kan.)."

Democrats Divided On Extent Of Promised Ethics Overhaul. USA Today (12/6, 6A, Schouten, 2.27M) reports, "Less than a month after sweeping into office on the promise of a major ethics overhaul, Democrats are divided over just how much change is needed." Several Democrats, "citing the corruption scandals that beset Congress in the past year, want tougher standards than their leaders have proposed. The major points of contention: Whether lawmakers should police themselves and how much to clamp down on earmarks, the special projects that lawmakers, often anonymously, insert into spending bills to benefit hometown or special interests." Sen. Joe Lieberman "was among a small, bipartisan coalition of lawmakers who on Tuesday promised a broad array of changes. Specifically, they backed the creation of an Office of Public Integrity to launch and carry out ethics probes. That power now resides with the House and Senate ethics committees, which the lawmakers slammed as failing to act on corruption charges." Incoming Speaker Nancy Pelosi "has pledged to make changes to ethics rules the first order of business when the new Congress convenes. Under a proposal she unveiled this year, Democrats would eliminate a wide array of lobbying practices — from banning lobbyist-funded travel and gifts to barring former lawmakers-turned-lobbyists from the House floor and the members-only gym. The proposal would require greater public disclosure of some earmarks."

Liberal Coalition To Unleash PR Campaign For Democratic Agenda. The Washington Post (12/6, A6, Birnbaum, 690K) reports a "large group of liberal organizations is planning to wage a national lobbying and public relations campaign to press for passage of the House Democrats' legislative agenda next year, taking a page from longtime corporate practices." The Change America Now coalition, "or CAN, met yesterday at AFL-CIO headquarters to outline the many methods it will use -- including the release of research papers and e-mail and phone bombardment of Congress." The goal is "to persuade on-the-fence lawmakers in more than 80 congressional districts to vote for the 'Hundred Hours' agenda, a list of legislation that Democrats hope to approve in the first 100 legislative hours of the new Congress. The agenda includes an increase in the minimum wage and an effort to reduce the cost of Medicare prescription drugs." The campaign "will largely target Republican moderates and Republicans who were narrowly elected in November."

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Democrats Plan Longer Congressional Work Week. The Washington Post (12/6, A1, Layton, 690K) reports in a front page story that the "labor issue most on the minds of members of Congress yesterday was their own: They will have to work five days a week starting in January. The horror." Incoming Majority Leader Steny Hoyer, who is "writing the schedule for the next Congress, said members should expect longer hours than the brief week they have grown accustomed to." Hoyer told reporters, "I have bad news for you. Those trips you had planned in January, forget 'em. We will be working almost every day in January, starting with the 4th." The Post adds, "For lawmakers, it is awful, compared with what they have come to expect. For much of this election year, the legislative week started late Tuesday and ended by Thursday afternoon -- and that was during the relatively few weeks the House wasn't in recess." Hoyer said that in 2007, "members of the House will be expected in the Capitol for votes each week by 6:30 p.m. Monday and will finish their business about 2 p.m. Friday." With the "new calendar, the Democrats are trying to project a businesslike image when they take control of Congress in January. House and Senate Democratic leaders have announced an ambitious agenda for their first 100 hours and say they are adamant about scoring legislative victories they can trumpet in the 2008 campaigns."

The Washington Times (12/6, Pierce, 88K) reports in its "Inside Politics" column that with Republicans "on Capitol Hill trying to spend like Democrats and Democrats trying to be as tough as Republicans in the war on terror, the grand difference between the two parties may come down to a matter of scheduling, reports Charles Hurt of The Washington Times." Republicans "prefer to keep lawmakers out of Washington, since that's usually where they do all the damage, and Democrats want members chained to their desks so they can churn out innumerable pages of new federal laws."

Lawmakers Ask GAO Administrator To Halt Plan To Privatize Auditing. The Washington Post (12/6, A9, Higham, O'Harrow, 690K) reports, "Three federal lawmakers yesterday called on the new administrator of the General Services Administration to halt her plan to replace government auditors in the agency's inspector general's office with private auditors, saying in a letter that the change could lead to less oversight of contractors. The letter to GSA Administrator Lurita Alexis Doan followed a report in The Washington Post on Saturday that described Doan's plans to cut $5 million in spending on audits and shift responsibility for contract reviews to small, private contractors."

State Department Honors Employees' Charitable Works Overseas. The Washington Post (12/6, A23, Williamson, 690K) reports on Tuesday "five State Department employees and spouses were recognized for charitable works abroad -- and two of them were men." This year's "uber-volunteers" included spouses, full-timers or both serving in posts in Afghanistan, South Korea, the Dominican Republic, Swaziland and Greece.

Marcus Suggests Bipartisan "Clinton-McCain" Panel To Address Social Security. In her column in the Washington Post (12/6, A25, 690K), Ruth Marcus writes, "I have high hopes for the Clinton-McCain Commission to Fix Social Security. Haven't heard of it? Actually, neither have Hillary Clinton and John McCain. It's my long-shot scheme for tackling the problem." She writes, "The political system right now is too broken, and relations between President Bush and congressional Democrats too frayed, to deal with the truly daunting entitlement issues, Medicare and Medicaid. Social Security is entitlement reform on training wheels. … As the front-runners for their parties' presidential nominations, Sens. Clinton (D-N.Y.) and McCain (R-Ariz.) have a shared interest in getting Social Security off the presidential plate before January 2009." Marcus adds, "The president should issue an order creating the commission, announce, LBJ-style, that he wants Clinton and McCain at the helm, and impose a tight deadline -- six months at most. … Then he should set up the commission in a way that's doubly tilted against him."

WPost Repeats Call For Senate To Require Electronic Campaign-Finance Reports. In an editorial, the Washington Post (12/6, A24, 690K) notes that three years ago, it "decried the senseless and costly loophole under which people running for the Senate -- alone among federal political candidates and committees -- aren't required to file campaign finance reports electronically. In an age when such reports can be filed with the click of a mouse, Senate candidates submit their disclosures on paper, with weeks of delay before they are transferred to a form available and searchable on the Internet." The Post writes, "Three years later, the situation remains unaddressed. … It would be

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easy to change the rule, and the Senate should do so in the final days of the 109th Congress."

Senate GOP Criticized For Backing Schumer New York Project. The Wall Street Journal (12/6, 2.04M) says in an editorial, "You would think the last thing Senate Republicans would want to do in their final lame-duck days this week is approve a new $682 million subsidy gift to Senator Chuck Schumer, the New York Democrat who just cleaned their electoral clocks." GOP tax writers "are preparing to award Mr. Schumer this money for 'transportation infrastructure projects.' One of the projects to be funded: a new train from Manhattan to John F. Kennedy Airport. Why people in Oshkosh or Olympia should have to pay for this urban choochoo is a mystery." What "makes this project especially objectionable is the creative financing conjured up to pay for it. This earmark hangs like a Christmas ornament from a must-pass bill to extend certain annual tax credits. And how's this for a misnomer? The subsidy is called the 'New York Liberty Zone Tax Credit.'" The result is "a new $2 billion hole in the budget. Our Congressional sources say this is the first time this kind of tax credit has been provided for a city or state to pay for infrastructure pork."

OTHER NEWS:

Reports Paint Mixed Picture Of US Economy. The Washington Post (12/6, D1, Henderson, 690K) reports, "The US economy can't seem to make up its mind. It keeps showing strength and weakness, with fresh data yesterday providing still more mixed signals -- and fueling a debate over whether the housing slump is dragging the nation into a recession." The "conflicting data could be a sign that the economy is turning, with what was at first a mild growth slowdown about to give way to a harsher downturn, some analysts said." But "others echoed the Federal Reserve, countering that the worst news is still coming from businesses involved in housing and automobile production while the rest of the economy is holding up." The Post adds, "The situation has left many investors confused and queasy; stock prices rose yesterday after falling Friday, as did the dollar." The "pessimists could point yesterday to the Commerce Department's report that new orders to U.S. factories fell 4.7 percent in October, the steepest decline in six years. … But optimists noted that the much larger service sector of the economy -- which includes health care, finance, education, travel and entertainment, accounting for 87 percent of the nation's economic output -- grew more briskly in November than in the month before, according to an index published yesterday by the Institute for Supply Management."

The Washington Times (12/6, 88K) reports "activity in services accelerated in November, indicating that the economy was able to shake off the effects of a deep housing slump more easily than many economists expected, according to a report from the Institute for Supply Management. The rise in the institute's service index to 58.9 from 57.1 in October contrasted with a fall into recession territory in the organization's closely watched manufacturing index reported on Friday, and provided a positive offset to a spate of weak economic news last week. … Many economists had expected the services index to decline to 55.5. Readings above 50 indicate an expansion in industries such as retailing, banking and construction." But "manufacturing remains a question mark."

The Wall Street Journal (12/6, A6, Conkey, 2.04M) says "US labor costs have been rising at a much slower rate this year than previously thought, suggesting the nation's tight labor market is less likely to stoke inflation in the months ahead." The Labor Department "reported yesterday that unit labor costs in the nonfarm business sector -- a measure of how much employees are paid to produce a single unit of output -- rose at an annualized rate of 2.3% in the third quarter, considerably less than its earlier estimate of 3.8%. In addition, the department said unit labor costs fell at a 2.4% rate during the second quarter, rather than growing at the originally estimated 5.4% pace."

The Wall Street Journal (12/6, lp, 2.04M) also reports, "Federal Reserve officials -- unlike bond investors -- think the economy is a lot sounder today than at the end of 2000 and in early 2001, when the Fed abruptly reversed course and began a string of interest-rate cuts. Yet Fed Chairman Ben Bernanke's effort to convey the message that today's conditions are different is hampered by the Fed's lack of candor back in 2000." Fed officials, "who have universally voiced concerns about inflation, are expected to keep short-term interest rates steady at 5.25% at their policy meeting next Tuesday. But bond markets have priced in a small chance of a rate cut next week and three one-quarter percentage-point cuts over the next 12 months." Markets "anticipate those cuts in part because they see parallels to 2000."

Dow Nears New High. USA Today (12/6, 6B, 2.27M) reports, "The Standard & Poor's 500 index scored its second-

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consecutive six-year high Tuesday after a report showing unexpected strength in the key services sector renewed optimism about corporate profit growth. The benchmark S&P added 5.64 points, or 0.4%, to 1414.76 for its highest close since Nov. 7, 2000. The S&P now is up 13.3% this year. The Dow Jones industrial average rose 47.75 points, or 0.4%, to 12,331.60, which is just 11 points from a new all-time high. The Dow is up 15.1% this year. The Nasdaq composite remained the relative laggard, rising 3.99 points, or 0.2%, to 2452.38 for an 11.2% 2006 gain." The Wall Street Journal (12/6, C1, Browning, 2.04M) reports on the stocks markets under the headline "Upbeat Data Lift Street's Spirits; Stocks Climb."

US Manufacturing Seen As Thriving. The CBS Evening News (12/5, story 6, 2:45, Couric, 7.66M) reported, "With all the reports about American jobs being shipped overseas and so many US industries taking a real beating, our next story may surprise you. Because it turns out American manufacturing is still the envy of the world." CBS (Regan) added, "They're part of the American landscape... Caterpillar, or Cat, is the number one maker of tractors and earth-moving machines all over the world. So when Panama wants to expand its canal, it turns to Cat. And when China mines nickel, Cat again. CEO Jim Owens says the company ships $9 billion worth of machines overseas every year. What surprises you the most about how Americans perceive manufacturing here in the US?" James Owens, CEO Cat: "I guess it surprises me that Americans thinks we're losing." Regan: "We're not. Last year, America produced $1.79 trillion worth of goodies, almost twice as much as second-place Japan. The key to success in factories like this comes down to one thing -- a steady increase in worker productivity. In other words, it's not your grandparents' assembly line. Every year for the last decade, American workers have increased manufacturing productivity by more than 4%. And it's because of employees like Jack Morgenstern. He figured out how to take minutes off parts distribution on Cat's engine line in Peoria, Illinois." Jack Morgenstern: "I would say there's at least 25 to 30 parts that each assembler uses at each station. So my idea was to coordinate them in the kits where the first assembler would not have to reach for anything, they could tame them off the top." Regan: "That idea has resulted in two more engines a day." Owens: "We're more competitive with our manufacturing in the United States than we were 15 or 20 years ago because we've broken through a lot of those hurdle where's people had tightly-defined jobs and didn't work together." Regan: "Caterpillar's products are the number one or two best sellers on every continent, proving that made in the USA is a very valuable label."

US Dollar's Slide Examined. The Christian Science Monitor (12/6, Trumbull, 59K) analyzes the effects of a US dollar slide, pointing that "prices are rising for foreign goods, but a falling greenback could help balance the world economy and fix America's trade deficit. … A weaker dollar, over time, could help the world economy become better balanced -- with America less reliant on borrowing and Asia less dependent on exports to fuel development. But currency realignment also holds risks. It would impose some hardship on Americans, and on the many nations that sell goods to them. A sudden shift could jolt US consumers with higher prices at a time when some economists worry about a possible recession." In an editorial, the New York Times (12/6, 1.16M) says that "the great unknowables are the timing and steepness of a sustained dollar decline. Over the past few years, investors who bet on a weakening dollar have lost money." But "the current swoon is a reminder that no nation, even the United States, can borrow forever without facing up to economic consequences. The government has been assuming -- correctly, so far -- that the United States is too big to fail. Administration officials seem confident that the Chinese, in particular, will continue to finance the nation's deficits, because doing so helps their exports. They also assume that China and other countries won't sell off chunks of their huge dollar holdings, lest they drive the dollar down, and with it, the value of their remaining dollar-based assets."

Jennings Presses Case For Challenge In Florida's 13th CD. Roll Call (12/6, McArdle) reports it "could be well into the 110th Congress before a Member from Florida's 13th district is seated by the House — and the next several weeks could prove to be explosive as the fight plays out in the courts and on Capitol Hill." Democrat bank executive Christine Jennings "is in Washington, D.C., this week, meeting with party leaders and drumming up financial support as she continues to dispute the results that appeared to hand auto dealer Vern Buchanan (R) a 369-vote victory." Although Jennings "already has filed suit in a Florida circuit court seeking a revote, she said in an interview Tuesday that she also intends to contest the result with the House Administration Committee — which has oversight over federal elections — by the Dec. 20 deadline. Jennings and her

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attorneys already have met with Democratic staff members from the committee to discuss the filing process." Jennings said she "still held out hope that the Florida courts might order a revote for the entire 13th district or just in Sarasota County, where Jennings insists malfunctions with the electronic voting machines produced 18,000 undervotes — and changed the outcome of the election." Filing an "official protest with the House Administration Committee will automatically make the Jennings/Buchanan case one of the first indicators of just how partisan the 110th Congress will be, and observers won't even have to wait until the new year to begin to see the fissures."

The Hill (12/6, Blake) reports Jennings was "in Washington over the last two days renewing her call for a revote in her race against Rep.-elect Vern Buchanan (R-Fla.), as government and independent reviews failed to support her case." Jennings said she "would do everything she could to see the legal challenge through. She set up shop at Democratic Congressional Campaign Committee headquarters and was to meet with lawmakers including Reps. Allen Boyd (D-Fla.), Ellen Tauscher (D-Calif.) and Rush Holt (D-N.J.). She was also asking for financial support and continuing to push her case to the news media." Jennings's visit "came as state officials continued their audit of the touch-screen voting machines in Sarasota County, where an abnormally high number of ballots cast were 'undervotes,' meaning they failed to register votes in the congressional race for the 13th District." The audit has "yet to produce any evidence of machine errors, and a review by a local newspaper published Tuesday points to ballot design as the leading cause of the undervotes."

House Urged To Declare 13th CD Vacant, Requiring Special Election. In a Roll Call op-ed (12/6), Richard L. Hasen of the Loyola Law School says, "The elections last month brought us the 2006 version of the butterfly ballot. This time, it appears that poor ballot design or machine malfunctions with electronic voting machines caused thousands of voters to skip the race for Florida's 13th Congressional district, leading to a 369-vote victory by the Republican candidate over the Democratic one. Once again the matter is in court, and once again the courts are not likely to give a remedy. But this time there's another option. The House can — and should — declare the seat vacant, requiring the seat to be filled by a special election."

Mail Voting Seen As Alternative To Flawed Election Process. In a New York Times op-ed (12/6), Ruth Goldway, a commissioner on the Postal Rate Commission, says that on election day, there was "one state where all went well: Oregon, where everyone votes by mail. Since Oregon adopted Vote by Mail as its sole voting option in 1998, the state's turnout has increased, concerns about fraud have decreased, a complete paper trail exists for every election, recounts are non-controvertible and both major political parties have gained voters. Moreover, in doing away with voting machines, polling booths, precinct captains and election workers, the state estimates that it saves up to 40 percent over the cost of a traditional election. Vote by Mail could offer real advantages if it were adopted nationwide."

Jefferson's Fate To Be Decided In Runoff For Louisiana's 2nd CD. USA Today (12/6, 8A, Wolf, 2.27M) reports, "None of the nation's other 434 congressional districts has put up with as much adversity as the 2nd District of Louisiana, where entire neighborhoods have been razed after Hurricane Katrina 15 months ago." Now, the "weary voters in the district must decide whether to re-elect a member of Congress after the FBI found $90,000 in marked bills in his freezer." Democratic Rep. William Jefferson "has denied wrongdoing, and he has not been charged with a crime. In an open primary election last month, he placed first with 30% of the vote. None of the 13 candidates got a majority, so he faces Democratic state Rep. Karen Carter in a runoff election Saturday." Jefferson has been "outraised financially and was stripped of his most powerful committee assignment by Democratic leaders, but few here count him out." If Carter "wins, Jefferson will be the only Democrat to lose his seat this year for any reason."

Vilsack Sees Energy Security As Key'08 Issue. The Christian Science Monitor (12/6, Feldmann, 59K) reports on outgoing Iowa Gov. Tom Vilsack's appearance at a Monitor breakfast. Vilsack "knows he's a long shot. He says so. But he has an answer to the inevitable question: How does an obscure Midwestern governor get past the Hillary Rodham Clinton juggernaut and now 'Obama-mania,' as the junior senator from Illinois, Barack Obama, also considers a run?" Vilsack said, "You have to work longer, and you have to work smarter, and that's what we intend to do." There is "nothing flashy about Vilsack," and when "asked about Obama-style charisma, he countered with his own version: 'There is a quiet charisma,' he said, a charisma that causes voters to say 'he's authentic and real

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and has done well.'" Vilsack also "notes that among the dozen or so other Democrats who may run for president, only two are candidates from west of the Mississippi River and are governors: himself and Bill Richardson of New Mexico." A "signature issue for Vilsack will be energy security."

USA Today (12/6, 8A, Lawrence, 2.27M) reports Gov. Vilsack "pitched energy independence as a path to security, jobs and health Tuesday." Vilsack "is one of several Democrats staking their cases on executive experience, appeal beyond the usual Democratic states and voters, or both." At a lunch "with journalists from USA TODAY and Gannett News Service, Vilsack struck themes meant to help him stand out in a group that includes Bayh, son of former senator Birch Bayh; former North Carolina senator John Edwards; and New Mexico Gov. Bill Richardson, a former Energy secretary." Vilsack said "energy security is a cause 'with extraordinary opportunity to unite this country.'"

The Washington Times (12/6, Pfeiffer, 88K) reports Vilsack said "he doesn't fear any of his fellow Democrats considering a run for president in 2008 and is happy to run as an underdog, even in his home state's important caucus." Vilsack said, "I respect everyone who is running, but I don't fear anyone." The Times adds that in "a meeting with reporters in Washington yesterday, however, the governor most frequently returned to criticism of Sen. John McCain and the Arizona Republican's call for increasing troop levels in Iraq." Vilsack said, "I don't believe he's exercised particularly good judgment."

Clinton Taking "Concrete Steps" Toward 2008 Run. The Washington Post (12/6, A1, Balz, Cillizza, 690K) reports in a front page story that Sen. Hillary Rodham Clinton "is taking a series of concrete steps toward a likely campaign for president in 2008, settling on key members of her campaign team, recruiting potential new additions to her staff, and calling Democratic activists in states with early primaries and caucuses." Sources "knowledgeable about her thinking" said "no final decision on running is expected before the end of the year." Clinton is working "methodically through a checklist of preparatory steps," and "she and her inner circle are already ramping up for what could be a history-making bid for the White House." The "latest move is the choice of longtime adviser Patti Solis Doyle as campaign manager. That follows the recent recruitment of three seasoned political operatives who, if she runs, would play key roles on what is now a rapidly expanding Clinton campaign organization." Clinton is "operating on a model she used before she decided to run for the Senate in 2000." Clinton spokesman Howard Wolfson said, "If you want to understand the process she is going through now, you need only look at the process she went through in 1999. In that race, she reached out to elected officials, to potential donors [and] to policy experts and had lengthy serious meetings about whether she should run, the issues before the country, [and] what a campaign would look like."

The Washington Times (12/6, Hurt, 88K) reports, "Speculation about the presidential plans of Sen. Hillary Rodham Clinton has reached a fevered pitch this week as newspapers and Web sites scramble to be the first with the big headline that the former first lady will run." Clinton spokeswoman Lorraine Voles said Clinton "certainly…is actively weighing whether to run for president in 2008." Voles said, "After her election, she said she was going to look at this. As part of that process, she has been making some phone calls."

Obama Boomlet Seen As Driving Force Behind Clinton's Renewed Effort. NBC Nightly News (12/5, story 3, 1:30, Williams, 9.87M) reported, "A funny thing, if you listen to Democrats, happened on" Hillary Clinton's "cakewalk to presumptive Democratic Party nominee status this next election and that person was Barack Obama. Is that what is behind this accelerated talk of Senator Clinton as the Democratic candidate?" NBC (Russert) added, "Is it ever. Since October 22, when Barack Obama said he may in fact seek the nomination in '08, Hillary Clinton realizes she cannot let a vacuum be created because Obama was filling it. That's why she had to reach out to African-American New York Democrats, quickly, because she knew they would be very receptive to Obama. Brian, Obama is going to New Hampshire this Sunday. He's been in Iowa twice. Hillary Clinton on the phone -- where? To Iowa and to New Hampshire. She cannot afford to sit back and wait until February or March. The Iowa caucuses are 57 weeks away. Every day counts. She had to move."

Morris Says Clinton Can Win, But She Would Be A "Disaster." In his column in The Hill (12/6), Dick Morris says Sen. Clinton "definitely can win … and probably will. She is uniquely able to expand the electorate to bring in millions of women, mostly single, who will vote overwhelmingly for a female Democrat." The "enthusiasm that will grip many Americans — women in particular — at the cultural implications of a woman president will probably sweep

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through the primaries and cause many to overlook Hillary's flaws and dismiss her defects. The generic of a woman candidate will prove so attractive that millions of voters will overcome their objections to the specific person who is running." Clinton's "mastery of the establishment of the Democratic Party, her vast lead among ex-officio delegates — many of whom have received campaign contributions from her coffers — and the celebrity draw of her ex-president husband will prove hard for a mere mortal to overcome. But should she win? No way!" Those who "know both Hillary and Bill well and are willing to speak frankly in public realize the fundamental differences between the two and grasp how his abilities are the counterpoints to her defects." He "made a very good domestic-policy president. She would be a disaster at home and abroad."

Bayh Files Paperwork For '08 Exploratory Committee. USA Today (12/6, 8A, Lawrence, 2.27M) reports Sen. Evan Bayh "filed papers to raise money for the Democratic nomination." Bayh "said he is moving toward a 2008 race because America needs to 'get back on the path to greatness.' The former two-term governor will be in Minnesota, Illinois, Ohio and New Hampshire this week."

Edwards Hires Bonior For Possible Presidential Bid. Fox News' Special Report (12/5, Hume) reported, "Former Democratic vice presidential candidate, John Edwards has not announced that he will run for president in 2008, but he has hired former Democratic Congressman David Bonior to manage his campaign if there is one. Bonior has close ties to labor unions. Since leaving Congress, he has been a professor of labor studies at Wayne State University in Detroit and chairman of an organization that promotes workers' rights to unionize."

The Washington Times (12/6, Pierce, 88K) reports in its "Inside Politics" column that "an Edwards adviser said last week that Mr. Bonior will manage the effort if Mr. Edwards decides to run. In the meantime, Mr. Bonior has signed on as a senior adviser to Mr. Edwards' leadership PAC, the One America Committee, the Associated Press reports."

McCain's Mother Hurt At Son's Holiday Party. Roll Call (12/6, Akers) reports in its "Heard on the Hill" column that the "most popular guest at Sen. John McCain's (R-Ariz.) bustling media-and-money holiday party Monday night wound up in the hospital. Roberta McCain, the Senator's 94-year-old mother, fell as she was walking out of the star-studded bash at the Corcoran Gallery of Art and injured her hip." After "driving herself (as usual) to the party and hobnobbing for two hours with her fans in the media and supporters and guests of her son, the fiercely independent Mrs. McCain took a tumble on the front steps of the Corcoran as she was walking to her car." Friends "drove her to the Naval Medical Center in Bethesda, Md., where doctors discovered she had a 'hairline fracture below the joint,' according to a senior McCain aide." Roll Call adds McCain's "bash, paid for by his Straight Talk America political action committee, sure looked like a dry run for potential future White House Christmas parties." The party "drew an A-list of the media and politicos. Guests instinctively formed a receiving line to greet McCain and get a photo." Notable "primary- and caucus-state Senators who attended the bash: John Sununu (R-N.H.) and Lindsey Graham (R-S.C.), who reiterated his devotion to McCain's probable presidential bid while Sununu continued to play coy."

Emotional Bush 41 Praises Son Jeb. The CBS Evening News (12/5, story 8, 0:45, Couric, 7.66M) reported, "Former President George Herbert Walker Bush has always shied away from public displays of emotion, so we wanted to show you what was a very rare and touching scene yesterday in Florida. He was giving a speech on leadership, and cited son, Jeb, as an example for the way he handled losing the governor's race in 1994. The former President said that while voters chose the other candidate..." Former President George HW Bush: "They took note of his defeated opponent, who showed not merely with words but by his actions what decency was." Couric: Jeb Bush, of course, was later elected governor in 1998 and re-elected in 2002."

NBC Nightly News (12/5, story 10, 1:50, Williams, 9.87M) reported, "The former President, an emotional guy, became emotional and had to stop more than once when talking about Jeb's 1994 loss to Governor Lawton Chiles and how his son held up in the face of a tough campaign." Former President HW Bush: "In '94, Floridians chose to rehire the Governor. They took note of his defeated opponent who showed not merely with words but by his actions what decency he and...I can do it." Williams: "With support from his son and the crowd, the former President recovered. He said his wife Barbara would 'bawl him out for breaking up.' He went on to finish his speech by saying to those Florida lawmakers, your Governor has served with honor."

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Whistleblower Sworn In As Alaska Governor. The Christian Science Monitor (12/6, Rosen, 59K) reports Sarah Palin "crushed Gov. Frank Murkowski in the Republican gubernatorial primary. Then in the general election she defeated former Democratic Gov. Tony Knowles, a political veteran who was seeking a return to the office he held for two terms." At her "swearing-in in Fairbanks, she simultaneously became Alaska's first female governor, Alaska's youngest governor, and the state's only beauty-queen-turned-chief-executive. Not bad for a suburban mother of four with a relatively thin résumé that critics claimed marked her as a lightweight." Palin's "victory stems partly from the fact that her campaign bore little connection to the rest of the US." Palin "turned her relative lack of political experience into an asset. She presented, according to campaign slogans, a 'fresh face' offering 'new energy for Alaska.' That resonated with an electorate that was in a decidedly antiestablishment, anti-incumbent mood." High on "her priority list is a plan to take a tougher line with the oil industry, which she says has been 'making mind-boggling profits' from Alaska's resources." Also a "top priority, she says, is restoring a sense of ethics to a state where citizens are weary of government scandals." Palin "gained much of her prominence as a whistle-blower."

NRC Commissioner Seeks To Inspire Others Toward Public Service. Under the headline, "A Public Servant To The Last; Before Stepping Down, He Calls a New Generation to Serve," the Washington Post (12/6, A23, Williamson, 690K) reports, "In 1961, Ed McGaffigan Jr. was a seventh-grader from Boston watching the inauguration on television when a president told him to ask what he could do for his country." That speech "inspired a three-decade career that included stints at the State Department, the White House, the US Embassy in Moscow, Capitol Hill and the Nuclear Regulatory Commission, where last month McGaffigan became the agency's longest-serving commissioner. McGaffigan, who turns 58 on Friday, would normally have many more years of service ahead. Instead, he is fighting an illness that threatens to vanquish him, and he is taking on one last assignment: closing his career in a way that inspires others to consider public service."

Survey Suggests Ambivalence Toward Public Service. Under the headline, "Potential Employees Express Lukewarm Interest in Working for the Government," the Washington Post's (12/6, D4, Barr) "Federal Diary" column reports, "Many people the government wants as employees are interested in working for Uncle Sam, but they don't see the government as being as innovative and creative as the private sector, according to a Gallup survey released yesterday. While survey respondents gave the government high marks on job security and compensation, only 3 percent said they see the government as more innovative and creative than the private sector, only 5 percent think it is better at recruiting the best and brightest, and only 6 percent viewed the government as providing a more competitive work environment." The survey is the "latest in a series of efforts aimed at helping the government cope with a wave of baby-boom retirements predicted to set off a "war for talent" with the private sector. The government is particularly vulnerable because substantial numbers of federal employees are projected to retire in 2008 and 2009 and because many young Americans do not view the government as their employer of first choice."

Former GOP Aides Form Defense Firm. The Washington Post's (12/6, A23) Al Kamen writes in his "In the Loop" column that "just as the Hill is staffing up with Democrats to investigate administration officials, former Republican aides are rushing to offer their services in defense." Hill veteran Mark Corallo -- formerly with the House Government Reform Committee, later Justice Department chief spokesman and most recently Karl Rove's spokesman during the Valerie Plame investigation -- is teaming up with the redoubtable Barbara Comstock, who boasts similarly top credentials" to form the firm Corallo Comstock.

Mary Cheney Pregnant. The Washington Post (12/6, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column that Mary Cheney, "the vice president's openly gay daughter, is pregnant. She and her partner of 15 years, Heather Poe, are 'ecstatic' about the baby, due in late spring, said a source close to the couple." It's a "baby boom for grandparents Dick and Lynne Cheney: Their older daughter, Elizabeth, went on leave as deputy assistant secretary of state before having her fifth child in July." News of "the pregnancy will undoubtedly reignite the debate about gay marriage."

US Offers North Korea Aid For Dropping Nuclear Plans. The New York Times (12/6, A14, Cooper, Sanger, 1.16M) reports Washington has offered "a detailed package of economic and energy assistance in exchange for North Korea's giving up nuclear weapons and technology," American officials said Tuesday. However, the

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offer, "made last week during two days of intense talks in Beijing, would hinge on North Korea's agreeing to begin dismantling some of the equipment it is using to expand its nuclear arsenal, even before returning to negotiations." The Times says it remains "unclear whether North Korea will accept the offer, which is more specific -- in both the details and the timing -- than a vaguely worded statement of principles that the North signed in September 2005, a year before its first nuclear test." According to a "senior administration official," the "combination of incentives and demands was the focal point of three-way meetings on Nov. 28 and 29 involving" Assistant Secretary Hill, North Korea's vice foreign minister, Kim Kye-gwan, and Chinese officials in Beijing. The incentives offered by the United States "include food aid from the United States, Japan and South Korea," the official said. The Times calls the offer "significant" because the administration "has resisted making clear to North Korea exactly what kind of aid it would receive if it agreed to begin taking apart facilities."

Diplomats Fail To Reach Accord On Iran Sanctions. The AP (12/6, Charlton) reports diplomats meeting in Paris Tuesday made "substantive progress" but "failed to reach an accord…on a UN resolution to punish Iran for defying demands to halt its nuclear program," the French Foreign Ministry said. "We made substantive progress on the scope of the sanctions targeting proliferation-sensitive activities. There remain several outstanding issues, upon which we will reflect over the coming days," the French ministry said in a statement, noting that the parties "are now close to a conclusion of this process." Despite France's insistence that a compromise is near, the AP notes that "illustrating the divisions that have tangled the negotiations," Russian Foreign Minister Sergey Lavrov said earlier Tuesday that imposing wide-ranging sanctions would be "irresponsible." Speaking in Brussels, Lavrov said Russia believes "that to impose these kind of sanctions would be...disproportionate to the real situation. … We believe this is wrong. We will work in a more responsible way." However, European diplomats "said the Russians made some concessions at Tuesday's talks," including agreeing to a measure "prohibiting financial transfers to 'problematic' Iranians linked to nuclear or ballistic missile programs." Meanwhile, Iranian President Mahmoud Ahmadinejad "vowed Tuesday to stick by the nuclear program and issued a new threat to downgrade relations" with the EU "if European negotiators opted for tough UN sanctions." However, he gave no details on how ties might be downgraded. AFP (12/6) reports that the French ministry said the "next step will be in New York" at UN headquarters, "without specifying when the next round of talks would take place."

Iran Urges Arabs To Expel US Troops, Join Regional Alliance. The Washington Times/AP (12/6, Krane) reports Iran's top national security official "urged Arabs yesterday to expel the US military from bases in the region and instead join Tehran in a regional security alliance." The offer was seen as "a strong sign of Iran's rising assertiveness in its contest with the United States for influence in the region." However, experts says Persian Gulf countries, "suspicious of Iran's intentions, are unlikely to respond to the call and push out the US military or end US security deals they view as offering them an umbrella of protection."

Iran To Host Conference On Holocaust Evidence. The New York Times (12/6, A5, Fathi, 1.16M) reports Iranian authorities announced plans on Tuesday for an international conference on the Holocaust next Monday and Tuesday. Organizers expect "more than 60 scholars from 30 countries and would examine a range of issues, including whether the gas chambers were actually used." Deputy Foreign Minister Manouchehr Mohammadi said the conference would "provide the opportunity for scholars from both sides to give their papers in freedom and without preconceived ideas."

Lebanese Commander Says Military May Not Be Able To Halt Protests. The Washington Times/AP (12/6, Ghattas) reports Lebanese Army Commander Michel Suleiman Tuesday "warned that the military may not be able to contain further protests linked to the country's tense political standoff." Therefore, he "urged politicians to compromise," but the AP reports that the standoff "shows no sign of waning despite calls from the two sides for dialogue to resolve their differences."

The Washington Post (12/6, A14, Shadid, 690K) reports Hezbollah has "entered territory uncharted in its 24-year history…effectively seeking an unprecedented, decisive say in Lebanese politics to protect what it sees as its interests from foes at home and abroad." The Post says the "month-long political crisis that has roiled Lebanon…marks a revealing shift for the Shiite Muslim movement that for years, at least rhetorically, tried to stay above politics."

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Israeli Textbooks To Show Pre-1967 West Bank Border. The Washington Post (12/6, A15, Wilson, 690K) reports that maps in future Israeli public school textbooks "will show the boundary that existed between Israel and the West Bank before the 1967 Middle East war," Israeli Education Minister Yuli Tamir announced Tuesday. The move "drew sharp protest from lawmakers, settler groups and religious leaders who claim the West Bank as part of the Jewish state."

Consultants Warn Palestinians Developing Ties With Al Qaeda. Mideast consultants Louis Rene Beres and Clare M. Lopez write in the Washington Times (12/6, Beres, Lopez, 88K) that the "Palestinian link to al Qaeda has become more than mere sympathy and friendship. Al Qaeda has now set its sights on Israel and on an incremental takeover of the Palestinian cause. This is the next phase of its campaign to dominate the Muslim world and re-establish an Islamic Caliphate." According to Beres and Lopez, "Joint Palestinian-al Qaeda teams are planning coordinated mega-terror strikes against Israel and America." Therefore, they urge both Israel and the US to "immediately cease any and all assistance to the Hamas-controlled Palestinian Authority."

Musharraf Hints At Resolution With India Over Kashmir. The New York Times (12/6, A6, Sengupta, 1.16M) reports Pakistani President Pervez Musharraf said in an Indian television program broadcast Tuesday that Islamabad "could accept a solution to the festering dispute over Kashmir if New Delhi were to agree to greater autonomy and gradual demilitarization in the Indian-controlled swath of the territory." In an interview with NDTV, Musharraf said, "Inherently, both sides have to give up their positions." The Times says the Pakistani leader's remarks "signal, however, that even as official peace talks yield virtually no breakthroughs, the areas of disagreement between the rivals could well be shrinking."

Frist Says Congress Will Complete India Nuclear Bill This Week. AFP (12/6) reports Senate leader Bill Frist "assured India's Prime Minister Manmohan Singh that a major US-India nuclear energy bill is on track for completion this week." Frist said he spoke Tuesday with Indian Prime Minister Manmohan Singh and assured him "that one of my top priorities for the remainder of this Congress is to enact this legislation," and he is "confident that we will be able to complete congressional action on it this week."

Somali PM Says Troops Prepared for War. The AP (12/6, Tomlinson) reports Somalia's troops are "ready for an imminent and inevitable war with the Islamic militia that has taken over much of the country and surrounded the internationally backed government," Somali Prime Minister Ali Gedi said in a recent interview. Gedi told The AP that Islamic militant leaders "are the decision makers now," and "those who believe that the situation in Somalia will be solved through dialogue and talks are wrong." However, he said his government will "continue to take part in all peace efforts while preparing to defend itself against attacks."

Rebels Threaten To Withdraw From Darfur Peace Deal. The AP (12/6, De Montesquiou) reports the "only Darfur rebel group to sign a peace agreement with the government threatened Tuesday to pull out from the deal if Khartoum-backed militias continue to attack civilians in the troubled region." The "ultimatum" from the Sudan Liberation Movement "came a day after the pro-government janjaweed paramilitary looted the central market in El Fasher, the capital of North Darfur, and clashed with SLM fighters, killing at least two," the AP notes. The group's leader warned that the Sudanese government "must disarm and neutralize the janjaweed by the end of this month" or "a bridge will be crossed, and no one knows what will happen."

Russia Restricts Investigation As Suspect Identified In Poison Probe. ABC World News (12/5, story 4, 2:15, Gibson, 8.78M) reported on "significant developments" in the poisoning death of former Russian spy Aexander Litvinenko. "A British official tells ABC News that British detectives have identified a prime suspect -- a man who also once was a Russian spy. But now, the British detectives are finding they will not get cooperation from Russia." ABC (Sciutto) added, "British detectives had just arrived in Moscow when Russian officials said they would not let them see the man they consider their prime suspect, former Russian spy Andrei Lugovoi. He was unavailable, Russian officials said, hospitalized with signs of radiation poisoning."

NBC Nightly News (12/5, story 7, 2:50, Williams, 9.87M) said "in an indication just how sensitive this probe is, today Russia warned it would conduct any interviews" with persons of interest in the case, and British investigators "could sit in."

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The AP (12/6, Isachenkov) reports Russia's top prosecutor said Tuesday that Moscow "will not extradite possible Russian suspects to Britain" and "warned that British detectives would not be allowed to carry out interrogations in Russia." The Wall Street Journal (12/6, A5, Cullison, Chazan, Mollenkamp, 2.04M) reports Prosecutor General Yuri Chaika also "ruled out questioning leaders at the FSB, Russia's state security service."

Meanwhile, the New York Times (12/6, A12, Kramer, 1.16M) reports that for Russian law enforcement the investigation has been "a delicate one because President Vladimir Putin was blamed" for the poisoning by Litvinenko on his deathbed. The Washington Post (12/6, A18, Finn, Jordan, 690K) and Los Angeles Times (12/6, Holley, 850K) also report on the developments.

Ukrainian Prime Minister Meets With Rice, Cheney. The Washington Times (12/6, Sands, 88K) reports, "Ukraine will reject any effort to be used as a pawn in any struggle for influence between Russia and the West, Ukrainian Prime Minister Viktor Yanukovych said yesterday at the end of a two-day visit to Washington." Yanukovych said "his four-month-old government will not lobby strongly for membership in NATO in the face of weak popular support for the trans-Atlantic alliance inside Ukraine." Yanukovych held "low-key talks with Vice President Dick Cheney and Secretary of State Condoleezza Rice on his visit," and they discussed "Ukraine's World Trade Organization bid, energy security and domestic reforms in Ukraine." Yanukovych "declined to criticize recent anti-democratic moves by Russian President Vladimir Putin," and said, "The most important thing is that Ukraine should not be allied with Russia against the United States and the European Union or vice versa. We are not going to conduct such a policy."

European Recovery Gives Boost To Global Economy. The Wall Street Journal (12/6, A1, Walker, 2.04M) reports, "Europe's economy is firing on all cylinders after years of feeble growth, helping to sustain global expansion as the US economy slows and surprising many economists who doubted the Continent could muster enough demand to break its reliance on exports." Its recovery "was ignited by rising exports, but it is now spreading to investment, job creation and consumer spending." The 12-nation euro currency area "earned Europe a reputation rivaling Japan's as the world's economic laggard." Euro-zone gross domestic product is "on course to grow by 2.7% this year," and "a strengthening euro and looming tax increases in Germany could brake euro-zone growth next year, most forecasters still expect an expansion of around 2%." Europe's recovery "still has flaws," but much of the improvement this year "has occurred in Germany, which is helping to buoy its neighbors after taking some painful steps, while many companies in France and Italy still struggle to cope with fierce global competition."

Immigration Helps UK's Economy. The Wall Street Journal (12/6, Peaple, 2.04M) reports, "An influx of immigrant labor after the European Union expanded in 2004 has fueled a surge in the UK economy and is expected to prompt the government to announce today that growth this year will be faster than expected." Chancellor of the Exchequer Gordon Brown said last week that the "faster growth trend was due at least in part to the wave of immigration that has washed over Britain," as the government "estimates that 600,000 people have moved to the UK from Central and Eastern Europe since the EU grew by 10 countries two years ago." More than two-thirds of them already found jobs, "increasing Britain's work force by 1.5%." The Centre for Economic and Business Research says "migrant workers add £54 billion ($107 billion) a year to output, or around 5% of GDP." Other EU countries, including Ireland and Sweden, "have been similarly jolted by immigration flows, though not to the extent seen in Britain, which is equipped with a heavily service-based economy and liberal labor laws that help it absorb more jobs."

Fiji Declares State Of Emergency After Coup. The Washington Post/AP (12/6, A14, Lilley) reports, "Fiji's military commander declared a state of emergency Wednesday, a day after he overthrew the elected government and brought international sanctions and censure that began to isolate the South Pacific country." This was the "fourth coup in 20 years, " and armed forces will "set up checkpoints around Suva, the capital, as part of the state of emergency." Prime Minister Laisenia Qarase "flew Wednesday from the capital to his home village on the remote, northeastern Lau Islands," said his private secretary Pene Nonu. The armed forces chief, Commodore Frank Bainimarama "justified seizing power to prevent legislation that favored indigenous Fijians, contending that the measures 'would undermine the constitution and deny many citizens their rights.'"

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Worldwide Rise In Uranium Prices Creating Boomtowns In Africa. Under the headline, "Rising Interest In Nuclear Power Brings New Life To Uranium Mining; Firm's Boom Helps Namibian Town, Worries Environmentalists," the Washington Post (12/6, A16, Timberg, 690K) reports from Arandis, Namibia, that "the nuclear industry, stagnant for two decades, reversed its fortunes at a time of rising oil prices and growing realization that burning fossil fuel caused global climate change. Nuclear went from being seen as a dirty source of energy to a comparatively clean, efficient one. From that shift in perception, mainly in the minds of Westerners thousands of miles away, the fate of this remote African town went from doom to boom." The Post adds, "Roessing Uranium Mine opened in 1976 during nuclear power's heyday. But the Three Mile Island accident in 1979 and Chernobyl in 1986 caused a profound political backlash that nearly halted new reactor construction." Now, "Roessing, which recently made its first delivery to an increasingly energy-hungry China, has decided to continue mining until at least 2016, mine officials say. They expect to end this year with Roessing's first substantial profit, and tax bill to the Namibian government, in five years."

US Urged To Start China-Style "Green" Industrial Revolution. In a column titled "China's Sunshine Boys" in the New York Times (12/6, Friedman, 1.16M) columnist Thomas L. Friedman writes that Shi Zhengrong, ranked as the "seventh-richest man in China today" is China's "leading maker of silicon photovoltaic solar cells, which convert sunlight into electricity." He is a "green entrepreneur," and Friedman "wishes him well" as an environmentalist. However, as an American, he worries that "if we don't start doing everything we can to develop our own clean power," like Shi, "we're going to miss out on the green industrial revolution." China is "setting high standards for renewables, but is still weak on enforcement." The United States "is better at enforcement, but still weak on setting high standards." Friedman writes, "We need to get our act together, because eventually China will bring its enforcement in line with its regulations -- or it won't breathe." At that time, "China's emerging green power entrepreneurs could clean our clock in the clean power business."

LATimes Urges Completion Of US-South Korean Trade Talks. The Los Angeles Times (12/6, 850K) editorializes that as the fifth round of free talks between the US and South Korea get underway "the stakes for both countries are high and go beyond mere economics -- though the economies of both nations would benefit from a pact." The Times warns that "a failure would further strain already frayed relations between the US and South Korea and could push Seoul nearer to China's political and trade orbit."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"She Took A Stand To Testify."
"Gates OKd By Senate Panel."
"Family's Ordeal Not Over After Rescue In The Snow."
"Facial Tune-Ups That Went Downhill Fast."
"State Starts Crackdown On Uninsured Drivers."
"Court Bars Automatic Deportations In Drug Cases."

USA Today:

"Key Day On Iraq As Report Unveiled."
"NYC Bans Trans Fats In Restaurants."
"Study: Doctors Call In More Antibiotics Without Exams."
"For The Fresh Prince, Films Are Family Business."

New York Times:

"Defense Nominee Gains Approval of Senate Panel."
"Iraqi Premier Moves to Plan Regional Talks."
"New York Bans Most Trans Fats in Restaurants."
"Spam Doubles, Finding New Ways To Deliver Itself."
"Storm Evacuees remain In Grip Of Uncertainty."
"MTA Get Bill When Armrest Chew Up Pants."
"From Ruins Of Afghan Buddhas, A History Grow."

Washington Post:

"Panel To Urge Pressure On Iraq
"Senate Panel Approves Gates."
"3 Counties Attempt To Put Brakes On Growth."
"Hillary Clinton's Early Moves."
"On Cellphones, Girl Talk Comes With A Bling Tone."
"Culture Shock On Capitol Hill: House To Work 5 Days A Week."
"Culture Shock On Capitol Hill: House To Work 5 Days A Week."

Washington Times:

"Probes Dismiss Imams' Racism Claim."
"Gates Says US Isn't Winning Iraq War."

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"Black Caucus Ready To Flex Political Muscle."
"Clever Spammers Stay 'One Step Ahead' Of Law."

Detroit Free Press:
"$4,000 Grant For Students Is Almost A Done Deal."
"The Road Erupts And Hearts Stop."
"Patterson Ends."
"Gates Backed For Defense Job."

Atlanta Journal-Constitution:
"Cherokee OKs Illegals Law."
"DFCS Chief 'Outraged' By Botched Case."
"Homeowners No More."
"Senator's Wife Won't Be Deported."

Houston Chronicle:
"Candid Gates tells Panel US Is Not Winning War."
"'Virtual Fence To Cost $8 Billion."
"Butterfly And The Knife."
"Unlike New York, Houston Isn't Yet Holding The Trans Fat."
"County may Move To Control Pit Bulls."

Story Lineup From Last Night's Network News:
ABC: Gates-Senate Hearing; Gates Hearing- Analysis; Iraq-Sectarian Violence; Litvinenko Investigation; NASA-Moon Base; Post Partum Depression; Post Partum Depression-Analysis; WA-Missing Man; USS Intrepid; Women Hunters.
CBS: Gates-Senate Hearing; Iraq Timetable; Iraq-Sectarian Violence; WA-Missing Man; Healthcare Fraud; Made In USA; USS Intrepid; Former President Bush Speech; James Baker's Legacy.
NBC: Gates-Senate Hearing; Gates Senate Hearing-Analysis; Campaign 2008; Terrorist Training Camp; NASA-Moon Base; Stock Market; Litvinenko Investigation; Transfats Banned; Postpartum Depression; Former President Bush Speech; USS Intrepid.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq Study Group Recommendations; Gates Approved By Senate Armed Services Committee; OR-Missing Father; NYC-Transfat Ban; Postpartum Depression Study; NJ-Virgin Mary Spotted In Tree Stump; Wall Street.
NPR: Iraq Study Group Recommendations; Gates Approved By Senate Armed Services Committee; Illinois-Power Outages; Congress-Ethics And Lobby Reform; Fiji-Military Coup; Wall Street; NASA-Launch Concerns; Job Cuts Expected Next Year At Submarine Maker, Electric Boat; Tokyo Stock Market.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:
PRESIDENT BUSH — Meets with the Iraq Study Group, White House; meets with President Arias of Costa Rica, White House.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:15 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Votes on pending nominations, followed at 9:30 by a hearing on climate change and the media. David Deming, University of Oklahoma; Daniel Schrag, Harvard University; R.M. Carter, James Cook University, Australia; Naomi Oreskes, University of California, San Diego; Dan Gainor, Business and Media Institute. Location: Room 406, Dirksen.

9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on pending nominations.

9:30 a.m. JUDICIARY _ Full Committee. Oversight hearing on the FBI. Dirdctor Robert Mueller. Location: Room 226, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Votes on pending nominations. Location: Room 430, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on fraud, waste and abuse in Hurricane Katrina relief programs. Gregory Kutz, GAO; John Ryan, GAO. Location: Room 342, Dirksen.

1:30 p.m. ARMED SERVICES _ Full Committee. Closed briefing on the Naval Criminal Investigative Service report on the Nov. 2005 events in the Iraqi town of Haditha and the Army investigation on how the chain of command handled the initial reports of the incident. Location: Room 222, Russell.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Confirmation hearing on a pending nomination. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Administrative Oversight and the Courts Subcommittee. Oversight hearing on implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act. Location: Room 226, Dirksen.

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2:30 p.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Hearing on pending nominations. Location: Room 428A, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (16 bills): 1) H.R. 6099 - Unborn Child Pain Awareness Act of 2006; 2) H.R. 3248 - Lifespan Respite Care Act of 2005; 3) S. 843 - Combating Autism Act of 2006; 4) H.R. __ - To amend title 38, United States Code, to extend certain expiring provisions of law administered by the Secretary of Veterans Affairs, to expand eligibility for the Survivors' and Dependents' Educational Assistance program, and for other purposes; 5) S. 4073 - Robert Silvey Department of Veterans Affairs Outpatient Clinic Designation Act; 6) S. 1820 - Dewey F. Bartlett Post Office Designation Act; 7) S. 3722 - Naval Vessels Transfer Act of 2006; 8) S. 2125 - Democratic Republic of the Congo Relief, Security, and Democracy Promotion Act of 2006; 9) H.Res. 1082 - Condemning the decision by the city of St. Denis, France, to name a street in honor of Mumia Abu-Jamal, the convicted murderer of Philadelphia Police Officer Danny Faulkner; 10) H.Res. __ - Honoring the life and accomplishments of Ruth Brown and expressing condolences to her family on her death; 11) S. 1998 - Stolen Valor Act of 2005; 12) H.R. 5076 - National Transportation Safety Board Amendments Act of 2006; 13) H.R. 5782 - Pipeline Safety Improvement Act of 2006; 14) H.R. 1674 - Tsunami Warning and Education Act; 15) H.Res. __ - Honoring the life of Milton Friedman; 16) H.Res. 1084 - To honor the contributions and life of Edward R. Bradley.

10:30 a.m. WAYS AND MEANS _ Full Committee. Hearing on safety and quality for Medicare beneficiaries with End Stage Renal Disease. Location: Room 1100, Longworth.

11 a.m. ARMED SERVICES _ Military Personnel Subcommittee. Hearing on criteria for awards and decorations. Former Marines Joseph A. Kinney and Gerald ``Jerry'' Jonas; Michael L. Dominguez, Principal Deputy Under Secretary of Defense for Personnel and Readiness; Lt. Gen. Michael D. Rochelle, Army; Vice Admiral John C. Harvey, Jr. Navy; Lt. Gen. Roger A. Brady, Air Force; Brig. Gen. Richard P. Mills, USMC. Location: Room 2212, Rayburn.

Other: PRESIDENT ARIAS OF COSTA RICA _ Highlights: 10:45 a.m. Meets with President Bush. White House.

NUCLEAR FUEL _ First annual Nuclear Fuel Cycle Monitor Global Nuclear Renaissance Summit, sponsored by the publication Nuclear Fuel Cycle Monitor. Highlights: 8 a.m. Sen. Larry Craig. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

FINANCIAL SERVICES-MILITARY _ 8 a.m. - 4:30 p.m. The FDIC sponsors a conference on financial services for members of the military. Highlights: 8 a.m. FDIC Chairman Sheila Bair. 8:15 a.m. Keynote address - Rep. Barney Frank. 8:45 a.m. Session on military banks meeting the needs of service personnel. 1:15 p.m. Session on high-cost credit and its impact on military personnel. Location: Seidman Center, 3501 N. Fairfax Dr., Arlington.

ITALY-MANUFACTURERS _ 8:30 a.m. - 4:30 p.m. The Hudson Institute hosts a one-day conference, sponsored by Italy's global aerospace and defense leader Finmeccanica, to examine the implications of legislation (``Buy American'' Acts) that limits Pentagon purchases of military equipment from non-U.S. manufacturers, particularly restrictions on military procurement from companies based in allied countries. The conference will consist of keynote speeches and two panel discussions. Keynote Speakers include: Giovanni Castellaneta, ambassador of Italy to the United States; Pier Francesco Guarguaglini, chairman and CEO of Finmeccanica, S.p.A; Robert J. Stevens, chairman, president and CEO of Lockheed Martin; Thomas J. Donohue, president of the U.S. Chamber of Commerce; and William Schneider, chairman of the Defense Science Board. Location: Hudson Institute, 1015 15th St. NW, 6th floor.

WORLD VIEWS-GLOBALIZATION _ 8:45 a.m. The Swedish Embassy holds a symposium on world views, international relations and globalization. Highlights: 9 a.m. Keynote address - Cecilia Malmstrom, Minister for European Union Affairs, Sweden. 9:30 a.m. Session on world views and conflict resolution, with former IAEA Director-General Hans Blitz; Richard Perle, AEI, others. Location: 901 30th St. NW.

ASIA-US-JAPAN _ 9 a.m. - 2 p.m. The Center for Strategic and International Studies, Japan External Trade Organization and the Asia Society hold a panel discussion entitled ``East Asian Economic Integration and U.S.-Japan Relations. Highlights: 9:10 a.m. Osamu Watanabe, Chairman, Japan External Trade Organization. 9:30 a.m. Rep. Adam Smith. 12:30 p.m. Luncheon address - Richard Armitage. Location: B-1 conference level, 1800 K St. NW.

LATAM-US _ 8:30 a.m. - 10:15 a.m. The Inter-American Dialogue hosts a breakfast roundtable on the significance of the dozen presidential elections in Latin America during the past year. Speakers: Richard Lapper, Latin America editor for the Financial Times; Michael Shifter, vice president for

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policy, Inter-American Dialogue; and Peter Hakim, president, Inter-American Dialogue. Location: Inter-American Dialogue 1211 Connecticut Ave. NW Suite 510.

ENGLISH LANGUAGE _ 9 a.m. Sens. Daniel Akaka and Daniel Inouye are the featured speakers at an event,``Reaching Every Englsih Language Leaner - From Hawaii to New York City," presented by the Alliance for Excellent Education. Location: Room G-50, Dirksen.

HEALTH CARE _ 9:30 a.m. Leading US-based corporations announce an initiative to help employees better manage their health care, improve communications between doctors and patients, and reduce inefficiencies in the health care system. Companies include BP America, Intel, Pitney Bowes and Wal-Mart. Location: National Press Club.

HOUSE REPUBLICANS _ 9:30 a.m. Closed meeting of the House GOP Conference for the current Congress. Location: Room HC-5, Capitol. Notes: No media availability expected. Stakeout in the Center Steps hallway.

TORTURE CASE _ 10 a.m. The American Civil Liberties Union and Human Rights First hold a telephone briefing to discuss Friday's hearing in federal court on the pending torture case against Defense Secretary Rumsfeld. Notes: Callin number: 800-611-1148.

IRAQ STUDY GROUP _ 11 a.m. The Iraq Study Group holds a news conference to release its report. Location: Room 216, Hart.

HEALTH CARE _ 12:15 p.m. - 1:30 p.m. The Alliance for Health Reform and the Robert Wood Johnson Foundation sponsor luncheon media briefing. Briefers include: Bridgett Taylor, Democratic staff of the House Energy and Commerce Committee; Mark Hayes, chief health advisor to Republicans on the Senate Finance Committee; Kate Leone, health policy advisor to Sen. Reid; and Chuck Clapton, health policy advisory to House Speaker Dennis Hastert. Ed Howard, executive vice president of the Alliance, will moderate the discussion. Location: National Press Club, Murrow Room.

SUDAN _ 12:20 p.m. Sens. Sam Brownback and Dick Durbin and Special Envoy Andrew Natsios hold a media availability following their meeting to discuss Darfur. Location: Room S-321, Capitol.

TALIBAN _ 1:30 p.m. - 3 p.m. The Afghanistan Working Group holds a meeting, ``Five Years After the Fall of the Taliban: Afghanistan Beyond the Bonn Agreement." Speakers: Ambassador James Dobbins Former US Special Envoy to Afghanistan; and Dr. Barnett R. Rubin Former Advisor to Lakhdar Brahimi, UN Representative to Afghanistan. Moderator: Beth Ellen Cole US Institute of Peace. Location: U.S. Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

BLACK CAUCUS _ 2 p.m. Members of the Congressional Black Caucus hold a news conference to announce the group's leadership team for the 110th Congress. Location: House Radio-TV Gallery.

DEMOCRATIC GOVERNORS _ 2:30 p.m. Democratic Governors Association Chair Bill Richardson of New Mexico announces the new DGA Chair. Location: California Room, Capital Hilton, 16th and K Sts. NW.

US FOREIGN POLICY _ 2:30 p.m. The Brookings Institution hosts a panel, ``Diplomacy and Security: Building a Solid Agenda for U.S. Foreign Policy." Moderator: Carlos Pascual, vice president and director, Foreign Policy Studies, Brookings Institution. Panelists: Michael O'Hanlon, senior fellow, The Brookings Institution; Morton H. Halperin, senior fellow, Center for American Progress; Kurt Campbell, senior vice president and director of the International Security Program, Center for Strategic and International Studies; Priscilla A. Clapp, retired, minister-counselor, U.S. Foreign Service; and Arnold Kantor, principal, Scowcroft Group. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

SATELLITES-CONFLICT PREVENTION _ 3 p.m. - 5 p.m. The American Association for the Advancement of Science (AAAS) hosts a seminar on the uses of satellites in precention of conflict and human rights abuses. Participants include Lars Bromley, AAAS Office of International Initiatives; Ariela Blatter, director of the Crisis Prevention and Response Center of Amnesty International USA; Paul D. Williams, senior lecturer at the University of Birminghm (UK); and Matthew McKinzie, scientific consultant, Natural Resources Defense Council. Location: AAAS Auditorium, 1200 New York Ave. NW.

MOHAMMED CARTOONS _ 3:30 p.m. Georgetown University sponsors an event with Flemming Rose, the editor responsible for publishing the Danish Mohammed cartoons in 2005, who will look back on the controversy and its implications. He will be joined by Aiman Mazyek, General Secretary of the leading Muslim organization in Germany. Location: Copley Formal Lounge, on campus.

HEALTH DISPARITIES _ 7 p.m. The Public Relations Society of America holds a forum on bridging the gap in health communications, with Liany Arroyo of the National Council of La Raza Institute of Hispanic Health, Terry Long of

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NHLBI; David Markenson of the Advisorfy Council for First Aid and Safety, others. Location: National Press Club.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 6, 2006 7:45 AM EST

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TERRORISM NEWS:

NYU Study Finds Fault With Federal Anti-Terror Efforts. The New York Daily News (12/6, Meek) reports, "Federal authorities' strategy of arresting terror suspects on any charge possible has proved effective in thwarting attacks, but too often prosecutors have inflated the importance of the busts, a new study says. … 'The strategy of disruption has worked, but they hyped these cases to be more than what they seemed,' said Karen Greenberg, author of the study by New York University's Center of Law and Security. .. 'It leaves their record of prosecuting the war on terror unconvincing,' she said yesterday." The News continues, "Of 510 cases since the Sept. 11 attacks that the government said were terrorism-related, only 30% of the defendants were actually prosecuted on a terrorism charge, the NYU study found. Most of the others faced charges such as fraud, racketeering or conspiracy. … While 169 cases are still pending, only four people charged since the 2001 attacks were convicted for trying to commit an act of terrorism, the study said." The News adds, "Justice Department spokesman Brian Roehrkasse said the report 'reflects the underlying premise of our strategy to prevent and disrupt terrorists before they can carry out what they may be conspiring to do, by using any and all tools at our disposal in the U.S. code.' … Terror prosecutions have declined from a spike in the three months following the 9/11 attacks, when 116 people were indicted. Only 57 have been indicted in 2006. … The NYU study found that only 14% of the defendants were tied to Al Qaeda. Of the 510 defendants, more than half had 'no known affiliation' with any terrorist group. … Justice officials said that suggests homegrown terror is a bigger threat than many realize."

Critics Question Power Of Privacy Board. The AP (12/6, Yen) reports, "Civil liberties advocates urged a White House privacy board Tuesday to review aggressively the government's warrantless surveillance program, even as they questioned whether it has the power to do so." The AP continues, "The Privacy and Civil Liberties Board, created in late 2004 after a recommendation by the Sept. 11 commission, held its first hearing with testimony from nongovernment experts on ways to protect Americans' rights during the war on terror. … Its five members, who left the agenda open, repeatedly found themselves under scrutiny. … 'This board needs to bring a little sunshine,' said Caroline Frederickson, director of the ACLU's Washington legislative office. She said she was disappointed panel members recently praised the surveillance program's safeguards that a federal judge initially ruled as illegal. … 'It remains clear that this program was built outside of, and in direct contradiction to, the Foreign Intelligence Surveillance Act and Fourth Amendment guaranteed protections,' she said. 'This panel's integrity and usefulness will be questioned if it dodges its duty to undertake a full review.'" The AP adds, 'Board members defended their role, saying that as an advisory panel to the president it was not their job to determine whether the eavesdropping program was illegal but to find ways - in consultation with Congress and Bush - to improve it. … 'Congress put us in the office of the president,' said former Clinton White House counsel Lanny Davis, the panel's lone Democrat, after several audience members unsuccessfully asked the panel to divulge what specific issues it has raised with the White House."

The Los Angeles Times (12/6, Schmitt) reports, "The four-member Privacy and Civil Liberties Oversight Board was urged to take a more aggressive tack in checking the power of the Bush administration in its handling of the war on terrorism. Witnesses cited concerns over such policies as the National Security Agency's warrantless electronic surveillance program and an error-plagued terrorist watch list that has ensnared innocent citizens." The Times adds, "Created by Congress in response to a recommendation by the bipartisan Sept. 11 commission, the panel was conceived as a way to ensure the administration considers implications on privacy and civil liberties when implementing 'all laws, regulations and executive branch policies.' In practice, though, its power is limited by the fact that its members are appointed by the president, whose policies they are supposed to scrutinize. … Its authority is also likely to change next month when Democrats take control of Congress. Some Democrats have proposed making the panel independent of the White House, with the power to subpoena witnesses and documents. Others have suggested that its influence could wane if Democrats take over one of the reasons for its existence — aggressive oversight of administration policies. … But board members said at the hearing that they were taking their job seriously. They have received classified briefings on the secret surveillance program and a separate program that monitored international bank data, and were also briefed on legislation to put new limits on the surveillance program. …

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'This program today is an exceedingly important part of our mission to hear these points of view, and we have a great deal to learn in order to perform our statutory responsibility,' panel member Theodore B. Olson, Bush's first solicitor general, said at the hearing. In recent months, he said, the board has met with senior officials of the Justice Department, the National Intelligence office and the National Security Agency, among others."

The Washington Post (12/6, A11, Nakashima, 690K) reports, "James Dempsey, a member of a Markle Foundation task force on privacy, said the guidelines lack substance and specificity. They do not address data-collection standards or set up appropriate redress mechanisms for people erroneously targeted in counterterrorism programs, he said." The Post adds, "Caroline Frederickson, legislative director of the American Civil Liberties Union, said the board lacked any power to change policies on crucial issues such as citizen redress on terrorist and criminal watch lists. … Frederickson called on Congress to give the board subpoena power and remove it from the executive branch."

CNET News (12/5, Broache) reports, "In a stately, wood-paneled hall at Georgetown University, a seemingly phantom White House panel charged with overseeing privacy and civil liberties issues made its public debut on Tuesday. But it didn't quite receive the warm welcome it may have liked. … At its first open meeting since it was conceived two years ago, the Privacy and Civil Liberties Oversight Board heard more than three hours of tips for future action--and not all of it gentle--from advocacy groups, think tanks and academics of various political stripes." CNET continues, "Of the 10 such representatives who spoke on panels at the meeting, many urged the group to probe more deeply into the constitutional issues surrounding electronic surveillance, data mining and swapping, and terrorist watch list programs conducted by the government. Some didn't mince words. … 'When our government is torturing innocent people and spying on Americans without a warrant, this board should act--indeed, should have acted long ago,' Caroline Fredrickson, director of the American Civil Liberties Union's Washington, D.C., office, told the panel in her testimony. … Training her gaze on the five presidentially appointed board members, she added: 'Clearly you've been fiddling while Rome burns.' … The board, borne out of an act of Congress in 2004 based on recommendations by the 9/11 Commission, has been dogged before. 9/11 Commission Chairman Thomas Kean, congressional Democrats, and watchdog groups accused the Bush administration of not taking the endeavor seriously and dragging their feet in nominating members and getting the group up and running."

Italian Prosecutors Seek Indictment Of 25 CIA "Operatives" In Rendition Case. The New York Times (12/6, Fisher, Povoledo, 1.16M) reports, "Italian prosecutors asked Tuesday for the indictment of the country's former intelligence chief, along with 25 operatives of the Central Intelligence Agency, for their involvement in the kidnapping of a militant Egyptian cleric from Milan in 2003. The case is one of the most sensitive in Italy, raising the question of whether the Italian government broke the nation's laws by approving or assisting in the abduction." The Times notes, "It is the first case in the world in which local officials have been tried in the contentious program of 'extraordinary rendition,' a program in which U.S. agents abducted scores of suspected Islamic militants after Sept. 11, 2001. The suspects are believed to have been taken to interrogation centers in third countries, some of which permit torture. The case has complicated relations between Italy and the United States, though until now Italy has not asked for the agents' extradition, meaning that any trials against them could take place in absentia."

HOMELAND RESPONSE:

Government Urges Holiday Travelers To Keep Watch For Terrorists. The Washington Post's (12/6, A23) Al Kamen writes in his "In the Loop" column that "Uncle Sam hopes you'll remain vigilant, on the lookout for terrorists who also might be heading home to see their families" for the holidays. The State Department and the Department of Homeland Security are "distributing hundreds of 'wanted terrorist' posters to major airports around the country."

Jackson-Lee's Complaint About Airport Security Draws Faint Praise. The Washington Times (12/6, McCaslin, 88K) reports in its "Inside The Beltway" column that gun control advocate Rep. Sheila Jackson-Lee "was going through security at George Bush Intercontinental Airport in Houston when the alarm sounded not once, but twice. However, when she was placed in a queue for follow-up screening, Mrs. Jackson-Lee 'complained' about the process, according to the DHS." When she "insisted on retrieving her personal carry-on items, a Transportation Security Administration (TSA) officer informed her that she would first have to be rescreened, at which point the lawmaker continued to complain. Now, one group is actually coming to the congresswoman's defense. Or is it?" In a two-page letter, Michael L. Bane, founder of the Armed Passengers Project, says, "I cannot commend you enough for criticizing the humiliating and degrading treatment that travelers must endure undergoing security screening."

DHS Extends Comment Period On Traveler Risk Assessments. In an article appearing on at least 65 news websites, the AP (12/5, Sniffen) reported, "Under pressure from Congress and the public, the Homeland

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Security Department extended the time for people to comment on its computerized risk assessment system for international travelers" from Dec. 4 to Dec. 29. As of Tuesday, the department "had received 59 public comments," all but one either opposing "the system outright" or calling "for better means for people to correct any errors in the data. … Rep. Bennie Thompson, D-Miss., who will become chairman of the House Homeland Security Committee when Democrats take control of Congress in January, wrote Homeland Security Secretary Michael Chertoff seeking extension of the comment period." The AP added that the assessments, made using the Automatic Targeting System, "are based on applying so-called rules, which are actually assumptions based on the past behavior of terrorists and criminals, to the person's travel records."

The Christian Science Monitor (12/6, Marks, 59K) reports the program "is generating a growing controversy both in the United States and abroad." Officials at Customs and Border Protection, which assigns international travelers with scores "designed to identify high-risk travelers," say the program is "a crucial tool to protect the nation." However, "some congressional leaders, privacy advocates, and travel executives believe it's an unparalleled use of data-mining to invade individuals' privacy. Some European leaders also object, claiming the program…violates a privacy agreement worked out between the US and the European Union."

Investigations Find Clerics' Removal From Flight Was Justified. The Washington Times (12/6, Hudson, 88K) reports, "Three parallel investigations into the removal of six imams from a US Airways flight last month have so far concluded that the airline acted properly, that the imams' claims they were merely praying and their eviction was racially inspired are without foundation. An internal investigation by the airline found that air and ground crews 'acted correctly' when they requested that the Muslim men be removed from a Minneapolis-to-Phoenix flight on Nov. 20." DHS spokesman Russ Knocke said an investigation by the agency's Office of Civil Rights and Civil Liberties had found no indication of "any inappropriate activity, at least no indication at this time." An investigation by the Air Carrier Security Committee of the Air Line Pilots Association concluded that "decisions made by all the parties were made as a result of the behavior of the passengers and not as a result of their ethnicity."

Imams' Actions Seen As Deliberately Provocative. Debra Burlingame, a director of the World Trade Center Memorial Foundation and the sister of Charles F. "Chic" Burlingame III, the pilot of American Airlines flight 77, writes in the Wall Street Journal (12/6, A16, 2.04M) that "Allahu Akbar," the words spoken by the six "bearded imams" before their flight, were also the "very last human sound on the cockpit voice recorder of United flight 93 before it screamed into the ground at 580 miles per hour." Burlingame says, "Given that Islamic terrorists continue their obsession with turning airplanes into weapons of mass destruction, it is nothing short of obscene that these six religious leaders -- fresh from attending a conference of the North American Imams Federation, featuring discussions on 'Imams and Politics' and 'Imams and the Media' -- chose to turn that airport into a stage and that airplane into a prop in the service of their need for grievance theater." Burlingame adds, "The imams, experienced travelers all, counted on the security system established after 9/11 to kick in, and now they plan not only to benefit financially from the proper operation of that system but to substantially weaken it -- with help from the Saudi-endowed attorneys" at the Council on American-Islamic Relations.

Former HHS Secretary Urges Congress To Invest In ER One Project. Tommy Thompson, former secretary of the Department of Health and Human Services, in an op-ed in the Hill (12/6, Thompson) writes, "More than five years after Sept. 11, 2001, no state is adequately prepared for a potential mass-casualty disaster caused by a terrorist attack, pandemic or natural disaster." Thompson says a provision under this year's major spending bill for the Department of Health and Human Services that would fund the "ER One" project is "arguably one of the smartest investments that Congress could make, and it deserves to be approved." The Washington Hospital Center emergency facility "will serve as an education center and working research laboratory for testing and publishing new approaches to managing risks."

Woman Arrested After Throwing Package Into Old Executive Office Building Courtyard. The AP (12/6) reports, "Streets around the White House were closed Tuesday morning after a woman threw a package into the courtyard of the adjacent Old Executive Office Building. The woman was taken into custody without incident and was being questioned by the Secret Service, said Darrin Blackford, a spokesman for the service. The package was being investigated but no immediate details were available."

GAO Report Says FEMA Failing To Recoup Unjust Payments. The New York Times (12/6, Lipton, 1.16M) reports a new Government Accountability Office report says FEMA "has recouped less than 1 percent of an estimated $1 billion in fraudulent or unjustified payments it distributed after Hurricanes Katrina and Rita." The report also says "the agency continued to wrongly send out millions of dollars of new aid this year, including $17 million in rental assistance to families living rent-free in FEMA trailers." The

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findings, set for release Wednesday, "demonstrate how the agency has remained open to criticism from advocates for evacuees as being too stingy with people who have real needs, and to criticism from auditors as being too willing to give taxpayer dollars to scam artists and cheats." Sen. Joe Lieberman, the ranking Democrat on the Homeland Security and Governmental Affairs Committee, which has scheduled a hearing for Wednesday on Hurricane Katrina-related fraud and abuse, said the agency "has much work to do before we can be confident that it is providing assistance to those who are eligible and who need it, while denying it to those who do not."

FEMA Says It Will Appeal Housing Aid Decision. The AP (12/5) reported FEMA announced Tuesday that it would appeal "a court order requiring it to make housing payments to thousands of families whose homes were damaged by Hurricane Katrina. US District Judge Richard J. Leon said last week that confusing, often contradictory letters to hurricane victims from the Federal Emergency Management Agency didn't explain why housing funding was cut. He said that violated the Constitution, and he ordered the agency to restart the program immediately." The agency "may ask an appeals court to put the judge's ruling on hold while the appeal plays out."

Evacuees Relying On FEMA Said To Find Little Stability. The New York Times (12/6, Dewan, 1.16M) reports Wynaen Walker, whose Lake Charles home was destroyed by Hurricane Rita, returned to her FEMA trailer one day in October to find that its "lock had been changed." She "had been displaced by a family from one of five FEMA trailer parks at the nearby Baton Rouge Metropolitan Airport that are scheduled to close in April. Though her move was a mistake, it is one that residents say the agency has made repeatedly in its trailer parks. … More than a year after Hurricanes Katrina and Rita, life is still precarious and unpredictable for many evacuees, especially those who have depended on the government for a modicum of stability."

WAR NEWS:

Gates Says US "Not Winning" In Iraq. The AP (12/6, Burns) reports, "Robert Gates, seemingly clinching confirmation as the new secretary of defense, said Tuesday the United States is not winning in Iraq and he's confident President Bush will listen to his ideas about forging a new war strategy." Gates "won speedy and unanimous approval from the Senate Armed Services Committee after five hours of testimony, a bipartisan show of support that suggested how eager many lawmakers are to replace Donald H. Rumsfeld at the Pentagon. The full Senate could seal Gates' confirmation as early as Wednesday." The Los Angeles Times (12/6, Spiegel, Barnes, 850K) notes the expected quick approval of the nomination "would contrast with Gates' confirmation hearings in 1991, one of the longest and most contentious in recent Senate history. At the time, Gates was grilled on his knowledge of the Iran-Contra scandal and accusations that he bullied analysts into shaping intelligence to fit his worldview."

Gates is receiving glowing media reviews following yesterday's hearing, much of it focusing on his statement that the US "isn't winning in Iraq." That statement, seen as a deviation from the Administration's line on Iraq, is getting extensive media play. The CBS Evening News (12/5, lead story, 3:10, Couric, 7.66M) reported, "No matter how much the violence has worsened in Iraq, no matter how high the death toll has risen…Bush has insisted United States is winning. He said so as recently as six weeks ago at a White House news conference. Today, that question was asked again, this time to the man who will soon be in charge of the war." CBS (Martin) added, "Gates said what no senior official of the Bush Administration has dared utter publicly." The Washington Times (12/6, Scarborough, 88K) also says Gates' assertion that the US is "not winning" seemed to "put the nominee at odds with the commander in chief," while The Hill (12/6, Tiron) reports, "Senate critics of the war saw the nominee's opinion, given in a response during his nomination hearing, as a sharp departure from the president's position." The New York Times (12/6, Cloud, Mazzetti, 1.16M) notes Gates also "appeared to differ slightly with Mr. Bush's frequent declaration that Iraq is the 'central battlefield' in fighting terrorists. Asked if he agreed with that description, Mr. Gates called Iraq 'one of the central fronts in the war on terror' but said the United States also faced a 'dispersed' enemy of Islamic militants worldwide." But "he was more direct in criticizing the Bush administration's decision to disband the Iraqi Army and, for a time, to bar from government jobs tens of thousands of Iraqis who were members of Saddam Hussein's Baath Party."

The Los Angeles Times (12/6, Barnes, 850K) says "Gates stepped into what passes in the nation's capital for a congressional love-fest Tuesday for the simple reason that he was not Donald H. Rumsfeld. … The soft-spoken Gates, it seemed, could do no wrong, eliciting praise from Republicans and Democrats for his 'candor' and 'forthrightness.'" McClatchy (12/6, Stearns) reports Gates "received a warm, if stern, welcome," and the Washington Post (12/6, A1, Tyson, Ricks, 690K) notes the "cordial reception by the Senate Armed Services Committee,"

In his "Washington Sketch" column for the Washington Post (12/6, A2, 690K), Dana Milbank makes light of the "love fest." Writes Milbank, "And so it came to pass, in the 12th month of the sixth year of the reign of Bush, that a prophet came forth to deliver us from the war in Babylon." The "rapturous senators seemed to regard the president's second defense secretary as a harbinger of the Second Coming."

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Gates "earned these very, very nice words because of one very important attribute: He is not Donald Rumsfeld. He gave no wiseacre answers, asked himself no questions and said nothing to disparage the 'Army you have.' Instead, he made the obvious statement that the Bush administration, until yesterday, had refused to utter: We are not winning in Iraq."

Even editorial pages that often are highly critical of the Administration this morning sing the nominee's praises. The Washington Post (12/6, 690K) lauds Gates' "refreshingly candid voice" and "frankness," and the New York Times (12/6, 1.16M), in an editorial titled "The Un-Rumsfeld," says Gates "played the role of the un-Rumsfeld masterfully yesterday. He offered just enough candor and conciliation to persuade most senators that he plans to be a very different sort of defense secretary, while deftly holding back any real information about how he plans to clean up…Bush's mess in Iraq." However, adds the Times, "Iraq is unraveling so fast that Mr. Gates will have to come up with opinions quickly, and be willing to express them to the president forcefully." USA Today (12/6, 2.27M) editorializes, "After almost four years of prickly denials from…Rumsfeld that anything was wrong with the Pentagon's plan in Iraq, it was refreshing Tuesday to hear his successor acknowledge that things are not going so well." His "chief strength" is that he is not Rumsfeld. Even Maureen Dowd, in a New York Times column (12/6, 1.16M) titled "Goodness Gracious! The Truth!" praises Gates for the "sort of realistic assessment that never came from Rummy." Dowd adds that "the old criticisms of whether Mr. Gates massaged intelligence were forgotten; the senators would have embraced an ax-murderer if he had seemed sensible about Iraq."

On ABC World News (12/5, story 2, 2:05, 8.78M), George Stephanopoulos said Gates "was the anti-Rumsfeld. He was direct. He was deferential. He didn't pretend to have the answers. That's why he's going to sail through." Tim Tussert said on NBC Nightly News (12/5, story 2, 1:45, Williams, 9.87M) reported that what "you heard over and over again" was "candor, refreshing, fresh start, new eyes. Put this in context. Who would have thought that less than a month ago that Donald Rumsfeld would be pushed out as Secretary of Defense and his replacement would come forward and say we're not winning the war and basically say that his appointment or nomination is an admission that things have to change in Iraq? That's why the vote is unanimous. Both Republicans and Democrats are yearning for a fresh start on Iraq."

All three networks, and front-page stories in today's major newspapers, reproduced Gates' answer to the question from Democratic Sen. Carl Levin ("Do you believe we are winning the war in Iraq?"). Gates responded, "No, sir." Later, ABC World News (12/5, lead story, 3:05, Gibson, 8.78M) reported, Gates sought to clarify" this statement. Gates was shown saying, "I certainly stand by my statement this morning that we are not winning, but we are not losing. But I want to make clear that that pertains to the situation in Iraq as a whole. Our military forces win the battles that they fight." ABC (Karl) also reported that "all day long, Gates strayed from the White House script, even on the biggest questions of all." Sen. Mark Dayton: "With that benefit of hindsight, would you say that invading Iraq was the right decision or the wrong decision?" Gates: "I think it's too soon to tell." Gates also "identified several mistakes he believes have been made -- disbanding the Iraqi army, underestimating the job of rebuilding the country and not sending enough troops." Gates: "I suspect, in hindsight, some of the folks in the Administration probably would not make the same decisions that they made. And I think one of those is that there clearly were insufficient troops in Iraq after the initial invasion to establish control over the country." Karl: "Several Senators praised Gates and took shots at his boss." Sen. Edward Kennedy: "Now, in short, should we believe you or the President on the critical issue whether the Administration is really willing to make a change in its policy?" Robert Gates: "If I'm confirmed, I will be independent. I intend to draw my own conclusions. And I'll make my recommendations. But I can assure you that I don't owe anybody anything."

NBC Nightly News (12/5, lead story, 3:10, Williams, 9.87M), meanwhile, summed up Gates' testimony reporting, "The United States is not winning the war in Iraq and there are no good ideas about how to reverse that. Those were some of the answers to the questions that senators fired at the new man for the Pentagon today."

Democratic senators praised Gates yesterday. On CNN's Your World Today (12/5, Frazier), Florida Sen. Ben Nelson predicted Gates will be confirmed unanimously. Nelson said, "Clearly, there is a big change in candor and forthrightness from what we've seen in the secretary of defense and the former Deputy Secretary of Defense Wolfowitz, where there's been all of this sleight of hand, and head fake and not being straightforward."

On MSNBC (12/5, O'Donnell), Rhode Island Sen. Jack Reed (D) said Gates will "be someone who's going to listen to his military commanders. He's going to listen to advice from across the aisle. And I think he's someone that will take that advice and not simply respond ideologically with fixed positions. He's someone that will learn and will change. And I think that's a very positive development." Reed added, "I've had experience with Bob Gates over several years in a nonpolitical setting. He's someone, I think, whose judgment is good, who brings to this task experience. He's someone, I think, today who demonstrated candor, directness, thoughtfulness. Those are qualities that are needed. And I think those are qualities that'll be very helpful to the administration."

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On Fox News (12/5, Hill), Indiana Sen. Evan Bayh (D) said, 'Mr. Gates was asked a question if he thought we were winning in Iraq. He gave a one-word answer. He said, No. I thought that was a moment of refreshing candor. You don't see that very often in Washington. Too bad."

And on CNN's Anderson Cooper 360 (12/5, McIntyre), GOP Sen. John Warner was shown saying at a press conference, "America got a good look at this extraordinary nominee. America can take the confidence that he's going to be a very strong adviser to the president of the United States."

The New York Times (12/6, Zernike, 1.16M) reports Gates also "displayed a knack for flattering the committee. 'Secretaries come and go, but the Senate Armed Services Committee remains,' he said. 'If confirmed, I will seek your counsel and take it seriously.'" Gates also told the committee, "We all work for the same boss. … That boss is the people of the United States."

Gates Downplays ISG Report. NBC Nightly News (12/5, lead story, 3:10, Williams, 9.87M) reported Gates "downplayed tomorrow's release of recommended options from the Baker-Hamilton Iraq Study Group." Gates: "It's my impression that, frankly, there are no new ideas on Iraq."

USA Today (12/6, 10A, Kelley, 2.27M) notes Gates "was a member of the bipartisan Iraq Study Group until Nov. 8, when Bush announced Rumsfeld's resignation and Gates' nomination. That panel's recommendations, due to be released today, will be helpful but aren't the only ones to consider, Gates said." On Fox News' Special Report (12/5, Hume), Weekly Standard editor Fred Barnes said, "I think, the truth is, though, what I'm told anyway, he told President Bush when Bush interviewed him a couple days before the election, he said, one, I agree that going into Iraq was the right thing, two, I think victory is what we should go after, not retreat, and I'm determined to pursue that."

Iran Comments Seen As "Shot Across The Bows" Of Neocons. The Financial Times (12/6, Sevastopulo, Dinmore) reports "Gates was also outspoken on Iran, saying he would only advise an attack on the country as an 'absolute last resort.' … His reservations on military action against Iran were a shot across the bows of weakened but still influential neo-conservatives in Washington who have called for strikes against the Islamic republic's nuclear facilities. Glen Howard of the Jamestown Foundation, a security think-tank, said: 'The neo-cons are regrouping around the Iran threat.'"

Gates Assets Include Defense Contractor's Stock. The AP (12/5, Theimer) reports, "Gates' assets include up to $250,000 in stock in a defense contractor on whose board he serves, a financial disclosure report made public Tuesday shows. If confirmed as defense secretary, Gates will divest his holdings in the company, NACCO Industries, White House spokeswoman Dana Perino said. He will step away from any Defense Department matters involving NACCO for at least a year." In general, "Gates plans to sell all the stock he owns in individual companies and sever all ties with them if the Senate confirms him as Pentagon chief, Perino said." Like Secretary Rumsfeld, "Gates is a millionaire." The AP lists other sources of income on his financial statement. About 40 sites carried this story.

President's Neocon Advisors "Down To One." Meanwhile, in a piece for Scripps Howard (12/5), analyst Martin Schram writes, "They were all this President's men - Cheney and Rummy and Wolfie and Bolton - neoconservatives, hard-line conservatives, iron-fisted conservatives, unyielding conservatives. ... Now there is only one. Don Rumsfeld, Paul Wolfowitz and now John Bolton have been bulldozed and/or forklifted out of power. ... it seems that Dick Cheney may be on his way to becoming just another one of those veeps who are seldom seen and hardly heard. After all, Cheney's last assigned mission was to be unceremoniously summoned to Saudi Arabia, where not a single public event was held." As for Rumsfeld, after the GOP's election defeat, he "was told his resignation was accepted, so would he please write it?" Rumsfeld's leaked memo "seems intended mainly for our eyes only," Schram says sarcastically. He recounts Cheney and Rumsfeld's intertwined careers and concludes, "The dynamic duo has run its last course."

Baker Briefs Bush On Iraq Study Group Report.

The CBS Evening News (12/5, story 9, 2:55, Couric, 7.66M) reported, "A very close friend of the Bush family had a power lunch with the current President today. James Baker briefed him on the Baker-Hamilton commission's recommendations on Iraq a day before that report comes out. It's a familiar role for Baker," who "when the Bushes need help…always answers the call." CBS (Plante) added "this President may not be in much of a hurry to accept the Baker commission's ideas. Asked if Baker would be drafted to help implement the recommendation, the President's spokesman said, 'Jim Baker can go back to his day job.'"

The AP (12/6, Loven) reports the report "will be released this morning. The full commission, led by Baker and former Democratic Rep. Lee Hamilton of Indiana, "will give a copy of the report to Bush at 7 a.m. EST." The AP adds, "Following the presentation to the president, the group is to brief Iraqi Prime Minister Nouri al-Maliki and his team via secure videoconference from the White House." Bush, "to be joined by Vice President Dick Cheney, White House chief of staff Joshua Bolton, national security adviser Stephen Hadley and other senior White House aides, was to thank the commission but not comment on the specifics of its recommendations, the official said." White House press secretary Tony Snow said yesterday, "We're going to give it a careful review. … As we have mentioned, there are other ongoing studies within the administration."

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USA Today (12/6, 10A, Jackson, 2.27M) reports, "After their White House visit, group members will head to Capitol Hill to brief House and Senate leaders. They plan to hold a news conference at 11 a.m., when they will release the report to the public. The rest of the day features a string of television, radio and newspaper interviews of study group members, including its co-chairmen: former secretary of State James Baker and former congressman Lee Hamilton, D-Ind., now director of the Woodrow Wilson International Center for Scholars in Washington." The interviews "are being coordinated by the Edelman public relations firm, which will continue to assist the institute through appearances on this Sunday's news talk shows." The US Institute of Peace, "which is devoted to global conflict resolution, received a $1 million appropriation from Congress to assist the Iraq Study Group."

CNN's The Situation Room (12/5, Henry) reported, "The White House is bracing for this report." CNN (Henry) said that yesterday's breakfast meeting between and Baker was initiated by Baker to give "a heads up to the president." CNN added, "Snow today was asked if this lunch was the cushion before the blow by James Baker. He insisted this does not have to be adversarial. He said this is a commission not an 'insurgency trying to attack the White House.'"

A number of reports this morning also depict a President on the defensive over the ISG report. The Financial Times (12/6, Sevastopulo), for example, says the report "will increase the pressure on…Bush to adjust US military policy in Iraq," and the Chicago Tribune (12/6, Silva, 617K) reports, "With his unwavering insistence that US military forces must stand, fight and 'win' in Iraq, President Bush has taken on the look of the last man standing. Both inside and outside the White House, voices are calling for at least a new war strategy -- and at most a target date for withdrawal of troops from Iraq. But Bush, while acknowledging frustration with the progress of the US mission, so far has refused to fundamentally alter it." The White House "has downplayed the report, saying the president will have no 'snap reaction' to the congressionally mandated review." Yet on ABC World News (12/5, story 2, 2:05, 8.78M), George Stephanopoulos said Republicans and Democrats in Congress are also "not going to treat" the ISG report "as a complete answer. They're not going to embrace it whole. They're going to treat it as a Chinese menu. Picking out what they like. Ignoring what they don't like." The President "has two more reports coming out. He's asked his National Security Adviser to do a review. He asked the Chairman of the Joint Chiefs of Staff to do a review. But the White House is having the President to come before the country, with his recommendation for a new strategy by Christmas."

Roll Call (12/6, Billings) reports "Congressional Democrats will use today's report by the Iraq Study Group as another opportunity to seek validation for a change of course in the region, but they privately acknowledge that they will be careful not to go too far in embracing the study." Democrats "say they want to make sure that the report…doesn't provide cover for the Bush administration over its policies. As part of that approach, both House and Senate Democratic leaders will be driving home the message that the research serves as a strong rebuke of a conflict they believe has devolved into a civil war." Roll Call adds, "A senior Senate Democratic aide said there will be a 'significant attempt' by Democrats to 'embrace as much [of the report] as possible, while calling it a clear repudiation of the Bush administration's failed stay-the-course strategy.'"

Panel, White House Warning There Are No "Dramatic Fixes" In Store. The Wall Street Journal (12/6, A4, King, Dreazen, Jaffe, 2.04M) reports "the panel and the Bush administration are broadcasting a similar message: There are no dramatic fixes to end the war or to get US troops home in a hurry." The "long-awaited report, people familiar with the matter say, will describe the situation in Iraq as deteriorating, but will acknowledge that its own recommendations are flawed and far from a magic solution." The panel "plans to put the main focus on the need to launch an immediate effort to gain international support for rescuing Iraq, including from nettlesome neighbors Syria and Iran. At the same time, the group will argue that the US should redouble its effort to train the Iraqi army while diminishing its own military presence there largely to an advising and support role, with an eye toward pulling out all combat units by the first three months of 2008. Tens of thousands of US troops will likely remain."

The Washington Post (12/6, A1, Baker, Linzer, 690K) reports, "The bipartisan Iraq Study Group plans to recommend to President Bush that he threaten to reduce economic and military support for Iraq's government if it fails to meet specific benchmarks intended to improve security in the country, a source familiar with the report said yesterday. … The latest details to emerge from the commission's report help flesh out a plan that also calls for the United States to withdraw nearly all combat units by early 2008 while leaving behind tens of thousands of troops to advise, train and embed with Iraqi forces." The Post also reports, "Much debate in e-mail exchanges among the most outspoken advisers to the study group focused on whether adding troops would help. But most feared that bringing in the large numbers required would break the military, lead to a surge in US deaths and do nothing to better protect civilians. In the end, the experts did not agree on sending additional forces beyond military advisers for the Iraqi national army. They seemed certain that Bush would reject most of their recommendations and that few could work anyway."

USA Today (12/6, 1A, Kelley, Brook, 2.27M) reports, "Among the issues to be raised by the commission and

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others: Withdrawing US troops. The commission is expected to propose withdrawing about 70,000 combat troops by 2008. … Engagement with Iraq's neighbors, Syria and Iran."

ISG Praised For Bipartisanship. David Broder writes in the Washington Post (12/6, A25, 690K), "Whatever the final impact of the Iraq Study Group report being issued today, for the 10 commission members this was an exhilarating experience, a demonstration of genuine bipartisanship that they hope will serve as an example to the broader political world." … The nine men and one woman serving on the commission -- five from each party -- represented a wide range of political backgrounds and philosophical views. Several had been on opposing sides in past presidential campaigns." But "as commission member Vernon Jordan, the Democratic lawyer, noted, they were also 'professionals' -- veterans of public service. Jordan has served on presidential commissions of one sort or another since 1965, and said, 'This process has been a lesson in civility.'" The New York Times (12/6, Shenon, 1.16M), meanwhile, profiles Lee H. Hamilton," in a story that calls him "a compromiser who operates above the partisan fray." Hamilton's "disdain for partisan battle, often to the annoyance of fellow Democrats, and his willingness to work toward compromise on national security policy, are likely to be on display again on Wednesday with the release of the findings of the Iraq Study Group."

Baker's Abilities Praised. The CBS Evening News (12/5, story 9, 2:55, Plante, 7.66M) reported, "In more than 30 years, he's been both a behind-the-scenes political operator and a very public statesman, much of it in the service of his close friend, the first President Bush." Ken Duberstein, former Regan White House Chief Of Staff: "Jim Baker is always an honest broker. If he can help the family, and help other families, I think he really strikes a two-fer." Plante: "This isn't the first time Baker has helped George the son. Remember six years ago in Florida." Baker: "The Gore campaign refused to accept the vote count on election day." Plante: "It was Baker who was called upon to lead the legal team that opened the White House doors once again for the bushes. Jim Baker's been White House Chief of Staff for two Presidents, Treasury Secretary, and Secretary of State. He helped put together the coalition which joined the US and the Gulf War. And knew enough then to anticipate the dangers of marching into Baghdad and overthrowing Saddam Hussein." Michael Deaver, former Deputy Chief of Staff: "Jim Baker of one of these rare people that comes along once in a while who is smart, smart not only intellectually and from experience, but street smart." Plante: "Street smart for sure. Back in 1990, he convinced Syria to join the Gulf War coalition against Saddam. Now, he wants this George Bush to talk to Syria and Iran, too." Baker: "It's got to be hard nosed. It's got to be determined. You don't give away anything, but in my view, it's not appeasement to talk to your enemies."

Kerry Sees Study Group Moving In Direction He Outlined. On MSNBC's Hardball (12/5, Barnicle), Massachusetts Sen. John Kerry (D) said that the Iraq Study Group "is moving in the direction that I and others have been arguing we should be moving in." Kerry added that "if what we've read in the papers is correct, they are going to suggest an alternative course that includes talking to Syria and Iran, a regional kind of conference or a regional engagement with the countries there to get them more involved, and some kind of down-the-road target of some kind that we are going to be withdrawing at some point, we have to begin at some point. And I think it's going to change the debate."

Poll Finds Views On Iraq War At New Low. On its website, the Wall Street Journal (12/5, 2.04M) reports "a majority of Americans say the situation for US troops in Iraq has grown worse and confidence in US policies in Iraq is at a new low, a Harris poll shows. Fifty-eight percent of US adults say the situation for troops in Iraq is getting worse, according to the online survey from Nov. 13 to Nov. 20, 2006, compared with 45% in September and 36% in January. Nine percent said the situation for troops in Iraq is getting better, while 27% said there was 'no real change.' … In addition, more Americans have a negative view of President Bush's handling of Iraq over the last several months: 71% said he is doing only fair or poor, compared with 26% who think he is doing a pretty good or excellent job. In September, 64% had a negative view of Mr. Bush's handling of Iraq and 32% rated him positively." Harris Interactive "conducted this online survey in the U.S., Nov. 13-20, 2006, among a nationwide cross section of 2,429 adults."

Democrats May Attach "Conditions" To Iraq Spending. McClatchy (12/6, Talev) reports, "On the eve of the Iraq Study Group's long-awaited recommendations for how to exit Iraq, congressional Democrats were eyeing a different document as leverage for change: President Bush's anticipated request for more money to keep fighting." House Democratic leaders "are considering attaching a series of conditions to the estimated $160 billion supplemental war funding request for Iraq and Afghanistan that President Bush is expected to send them early next year. They wouldn't specify what their conditions would be, including whether they might attach a troop-withdrawal timeline, as many Democratic lawmakers want to do." Rep. Rahm Emanuel, chairman of the House Democratic Caucus, "said the supplemental funding request 'is going to be the turning point' for the direction of the war. 'Those dollars are going to be treated differently,' he said."

The Washington Times (12/6, Bellantoni, 88K), meanwhile, reports, "Top Democrats in Congress are

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ignoring calls from within their caucus to eliminate funding for troops in Iraq, a strategy some say is necessary to end US involvement in the war. 'There is only one way in which the United States will withdraw from Iraq prior to the end of President Bush's term,' said Rep. Dennis J. Kucinich, Ohio Democrat. 'Congress must vote to cut off funds.'" Democratic leaders "flatly rejected the idea yesterday, insisting they will move to 'change the course' of the war but will continue to appropriate money to support the troops fighting in Iraq."

Reports Highlight "Hidden Costs" Of War. The Miami Herald (12/6, Hall, Montgomery, 286K) reports, "Belt-tightening at the bases is only the beginning. As the United States spends about $8 billion a month in Iraq, the military is being forced to cut costs in ways big and small." The Herald cites multiple examples, including cutback on restroom janitorial services at Fort Hood, TX, and early closings at swimming pools in Fort Leonard Wood, Missouri. The Herald continues, "Soldiers preparing to ship to Iraq don't have enough equipment to train on because it's been left in Iraq, where it's most needed. Thousands of tanks and other vehicles sit at repair depots waiting to be fixed because funds are short." The Herald cites other "hidden" costs, including 73,000 diagnoses of Post Traumatic Stress Disorder, shortage of parts for equipment repair, and suicide attempts by soldiers "haunted by the horrors of combat." The Herald continues, "In January, Nobel Prize-winning economist Joseph Stiglitz released a study that said the true costs of the Iraq war could exceed $1 trillion and perhaps reach $2 trillion. … The Stiglitz report focused on hard-to-measure things such as lifetime care for injured soldiers and the economic effect of higher oil prices as a result of the war. But his final numbers for unofficial costs are on pace to be matched by the official costs -- which don't add the intangibles."

Maliki Seeks To Hold Regional Talks. The New York Times (12/6, A1, Wong, Cooper, 1.16M) reports in a front page article Iraqi Prime Minister Nuri Kamal al-Maliki said Tuesday that he would "send envoys to neighboring countries to plan a conference on Iraq, adding momentum to calls for a regional approach" to quelling violence. The Times notes that "such a proposal is already gaining attention" in the Washington, where the Iraq Study Group is "expected to recommend Wednesday that the American government should approach Iran and Syria to seek their aid in ending the war." Although the White House has publicly "resisted the idea of widening its own diplomatic channels with Iran and Syria," the Times reports that "senior Bush administration officials now say they are working out ways to talk to those countries without the White House appearing to have conceded on its principle of giving them the diplomatic cold shoulder." Assistant Secretary McCormack said Washington "approved" of the proposed conference, calling it "absolutely consistent with what the Iraqis have said -- that they have the reins on their own diplomacy and how they will relate to their neighbors, and how their neighbors will relate to them."

The Washington Post (12/6, A21, Trejos, 690K) notes that Maliki "rejected a proposal from U.N. Secretary General Kofi Annan that [the conference] take place outside Iraq." In a statement e-mailed to reporters, Maliki "rebuked" Annan for suggesting that Iraq was not the right venue, saying, "We consider his invitation to hold an international conference about Iraq as just another way to confiscate the will of Iraqis and their achievements that established democracy, a national unity government and the elected Parliament." The Financial Times (12/6, Khalaf) says Maliki has "been trying to take ownership of regional policy ahead of the Iraq Study Group report, fearing that changes in US policy will undermine the elected government."

Meanwhile, the AP (12/6, Abdul-Zahra) reports that Maliki "reversed course" by calling for an international conference, "despite opposition to the plan by some key political allies," including Iraqi President Jalal Talabani and leading Shiite leader Abdul-Aziz al-Hakim. In Washington, White House spokesman Tony Snow said the Bush administration welcomed the announcement, saying it was "a good idea for the Iraqis to be involved in working with their neighbors on issues of regional security." The Los Angeles Times (12/6, Zavis, Moore, 850K) runs a similar report.

Fox News' Special Report (12/5, Rosen) reported Maliki "called for two separate conferences, both to be held in Iraq, and both aimed at stabilizing the country. First, Maliki said Sunnis, Kurds and Shia would hold a long-delayed reconciliation summit later this month" and pledged a regional conference." Fox News (Rosen) also aired video of Iraqi Shiite politician Abdul Aziz al-Hakim saying Monday, "We reject any attempts to have a regional or international role in solving the Iraqi issue. We cannot bypass the political process. Iraq should be in a position to solve Iraqi problems." Fox News added, "That posture matches the thinking of President Bush and Secretary of State Rice, who not only doubt the usefulness of the US sitting down with Damascus and Tehran, but want to encourage the Iraqis to develop their own solutions in the realms of security and diplomacy, as when the Iraqis last month restored diplomatic ties, after 24 years, with Syria."

US Urged To Address "Refugee Crisis" With Syria. Kenneth H. Bacon, resident of Refugees International, writes in the Washington Post (12/6, A25, 690K), "Syria is the last country in the Middle East to leave its borders open to Iraqi refugees. The United Nations estimates that 1.8 million Iraqis have sought refuge in the region, and Syria and Jordan host the largest concentration. It can't maintain its open-door policy without international support. Refugees already strain social services. Yet, the international response to the Iraqi refugee crisis has been dismal." There has been "scant

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media attention and even less political concern," and the Office of the UN High Commissioner for Refugees is doing little." Bacon adds, "Working through the United Nations or directly, the United States has an opportunity to engage with Damascus to mitigate the suffering of Iraqi refugees and the growing burden on Syria."

Iranian Official Says Iran Will Only Help If US Announces Pullout Schedule. David Ignatius writes in the Washington Post (12/6, A25, 690K) that "a top Iranian official set a tough condition for his country's help in stabilizing Iraq, saying that Tehran isn't interested in such cooperation unless the Bush administration sets a timetable for withdrawing its troops. Ali Larijani, Iran's national security adviser, said in an interview that a US plan for removing 'occupation forces' from Iraq would be considered 'a sign of a change in strategy.' In that case, he said, 'Iran would definitely extend the hand of assistance and would use its influence to help solve the problem.'" Larijani "made his comments after a speech yesterday to a conference…called the Arab Strategy Forum. His remarks were the clearest statement I've heard of how Iran views its role in the region following what he described as the failure of US intervention in Iraq, Afghanistan and Lebanon. His tone was triumphalist: In his view, America is bogged down in Iraq and 'in dire need of change,' while a newly confident Iran is positioning itself as a dominant power for the region."

Caldwell Says Iraqis Will Command Own Forces By Spring. AFP (12/6) reports, "Iraq's government will have command of its own armed forces by the middle of next year, a US general has said, revealing details of a deal between the US president and the Iraqi prime minister." Spokesman Maj. Gen. William Caldwell's "announcement came on the eve of a much-anticipated report" from the Baker commission. AFP adds, "Currently only two of Iraq's 18 provinces are under direct Iraqi security control and only two of the country's 10 army divisions answer directly to Maliki rather than to US General George Casey's headquarters." Moves such as increasing the number of Americans serving on transition teams "are among ideas expected to be recommended by former US secretary of state James Baker's Iraq Study Group on Wednesday, but Caldwell said the revised plan had come from the military itself."

On the CBS Evening News (12/5, story 2, 1:55, Couric, 7.66M), Gen. Caldwell was shown saying, "As the Iraqi forces become more capable out there, there is no reason why we would see a necessity for as many US military forces as we have here today. The Prime Minister is very adamant that he's ready to resume control of his country, and if he is, then, we're going to let them step up and be more responsible and provide them back support to help make sure they just don't fail." CBS (Martin) added, "There are a lot of people in the Pentagon who will tell you, look, we had 140,000 troops when there were zero Iraqi troops. Now there are 325,000 Iraqi troops, and we still have 140,000 there. It's time to start pulling our troops out of combat, assigning more trainers and advisers to the Iraqi units to make up the difference."

The Los Angeles Times (12/6, Richter, 850K) reports Bush "has warned that a precipitate withdrawal would create a terrorism superstate in the Middle East that is rich with oil cash and determined to topple moderate governments around it. But to many US lawmakers, regional experts and Middle East leaders, the chief risk is not a more menacing version of Taliban-dominated Afghanistan, but a Lebanese-style civil war that could result in the deaths of thousands more Iraqis and expand the conflict by drawing in neighboring states."

Gen. Caldwell writes in the Washington Post (12/6, A25, 690K), "I don't see a civil war in Iraq. I don't see a constituency for civil war. The vast majority of the people want hope for their families, not to massacre their neighbors or divide their country. A poll conducted in June by the International Republican Institute, a nonpartisan group that promotes democracy, found 89 percent of Iraqis supporting a unity government representing all sects and ethnic communities. No wonder no 'rebel army' steps forward to claim credit for vicious car bombs and cowardly executions of civilians. I see debates among Iraqis -- often angry and sometimes divisive -- but arguments characteristic of political discourse, not political breakdown. … Regardless of what academics and pundits decide to label this conflict, hundreds of thousands of brave Iraqi soldiers, police officers and civil servants will continue to go to work building a free, prosperous and united Iraq. And every day more than 137,000 U.S. servicemen and servicewomen will lace up their boots, strap on their body armor and drive ahead with our mission to support these courageous Iraqis."

US Said To Be Applying Lessons From Vietnam. In a commentary for the Washington Post (12/6, 690K), Vietnam War historian Mark Moyar writes, "In moving to swiftly transfer security responsibilities to the Iraqi government, the Bush administration appears to be heeding lessons learned during ... the Vietnam War. In Vietnam, the United States found that indigenous troops were inherently better suited to local security tasks than Americans. ... Recent comments from the Bush administration indicate that America will spend less time telling the Iraqis how to solve their political problems." Detractors "point to the ultimate defeat of South Vietnam. But in fact the South Vietnamese ... ultimately lost because the United States withdrew support while the North Vietnamese enjoyed enough superpower support to mount an even larger offensive in 1975." Iraqi forces "are not going to experience anything resembling the 1975 offensive; they need only end

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the low-intensity fighting among Iraqis. But this task will require great political skill on the part of Iraq's prime minister. We will find out very soon whether he possesses it."

Fallujah's City Council Persevering Under Tough Conditions. The Christian Science Monitor (12/6, Peterson, 59K) reports, in a pessimistic article on the challenges of serving on the Fallujah city council, "No other city council operates in the insurgent-riddled Anbar Province. But the embattled [mayor] Bedawi -- whose family, like those of other members, is under threat of kidnapping or worse -- continues to forge ahead in one of the most stressful jobs the city has to offer. ... Two years after US marines invaded Fallujah to force out insurgents who had made the city off limits to US forces, militants are filtering back into the city, despite only six entry points, which are heavily guarded. Since August, they have waged a campaign of intimidation that has left two key councilmen and the deputy chief of police murdered, and a trail of threats against those who persist." One November council meeting "begins with three men who complain about shootings by US Marines - one of them fatal - of their sons and a nephew. They demand prosecution of the 'snipers' involved, and their removal." Col. Lawrence Nicholson promises to investigate. The Marine presence in town has shrunk to "fewer than 300," but the mayor says, "We don't want the Americans to leave until the Iraqi Army and Iraqi Police are rebuilt and well armed, and they kill a lot of people from Al Qaeda, and dismantle militias, and kill extremists."

Marines Expected To Be Charged In Haditha Incident. The New York Times (12/6, Von Zielbauer, 1.16M) reports, "At least five marines are expected to be charged, possibly as early as Wednesday, with the killing of 24 Iraqis, many of them unarmed women and children, in the village of Haditha in November 2005, according to a Marine official and a lawyer involved in the case." Charges will likely "range from negligent homicide to murder, said a senior Pentagon official." The timing of official disclosure of the charges is "unclear," but officials and defense lawyers "said charges could closely follow a closed-door briefing by Lt. Gen. Richard F. Natonski, the Marine Corps deputy commandant for plans, policies and operations, to the House Armed Services Committee on Wednesday morning." While a "senior Pentagon official" expected five indictments, a Marine officer "said that he expected charges to be brought against one or two additional marines, including one officer," namely, First Lt. William T. Kallop.

The AP (12/5, Watkins) reports, "Lt. Gen. James Mattis has examined the investigations into the killings and has made initial decisions about what action to take, Marine spokesman Lt. Col. Sean Gibson said Tuesday in a news release. ... A parallel investigation examined whether officers in the Marines' chain of command tried to cover up details of the killings. Results of the probes have not been made public."

Baghdad's Ambulance Workers Struggle With Violence. The New York Times (12/6, Luo, 1.16M) reports, "Ambulance workers have among the clearest views of Baghdad's descent into chaos. As the city has disintegrated around them, they have been left to pick up the pieces. They are often overwhelmed, and have increasingly become targets themselves." One of them likens "these three years" to "16 years as a paramedic." Baghdad has "only about 90 ambulances and crews" on "any given day"; in addition, "The capital's maddening traffic, and the fact that most residents ignore sirens, compound the challenges. Ambulance crews are also treated with suspicion by American troops because militants have been known to use ambulances to transport weapons or bombs. ... Emergency workers earn salaries that are often barely enough to live on, as little as $80 a month for new paramedics. ... As they rush to bombings now, a secondary blast is often aimed at them. Eleven emergency workers were killed in 2006. Previously, six others had been killed since early 2004, when the department started keeping track. More than 10 percent of Baghdad's ambulance drivers have resigned in the last three months alone as violence has escalated."

Baghdad Firefighters Endangered By Terrorist Tactics. The Washington Times (12/6, Palmer, 88K) reports, "The terrorists who daily spread mayhem in the capital [Baghdad] increasingly have adopted the tactic of following a suicide bombing with one or two secondary blasts, timed to detonate a few minutes later when a crowd has formed. And that is bad news for the city's 3,500 firefighters, whose job demands that they rush to the scene of every explosion to douse the flames and assist the injured. ... This year alone, at least 30 Baghdad firemen have died in the line of duty and another 55 have been wounded, according to the Interior Ministry, which oversees Iraq's fire departments. Others have been kidnapped by criminal groups or militiamen; still others find themselves in the crossfire of insurgent groups, U.S. and Iraqi security forces, and warring militias."

Use of Body Counts Criticized As Political Device. In a commentary for USA Today (12/6, 21A, 2.27M), surgery professor and former Iraq health sector consultant John Bowersox writes disparagingly of The Lancet's allegation of "more than 600,000 'excess' civilian deaths" since the "US-led invasion of Iraq": "Never mind that editors failed to disclose that The Lancet had taken an anti-

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war stand on Iraq even before 2003, or that the study used dubious methods to come up with a number many times higher than any reported before. ... Ever since the Vietnam War, civilian and enemy body counts have ranged from educated guesses to pure fiction -- tragic statistics twisted to serve the agendas of whoever is spinning the numbers."

Analysts Think Bin Laden Alive But "Hamstrung." The Washington Times (12/6, Gertz, 88K) reports, "U.S. intelligence agencies think al Qaeda leaders Osama bin Laden and Ayman al-Zawahri are alive and still plotting attacks ... Both remain powerful symbols for Islamist extremists around the world and the target of scores to hundreds of covert special-operations commandos, regular troops and CIA paramilitary officers." Secretary-designate Gates "said yesterday he plans to review the tactics being used by forces taking part in the five-year hunt for bin Laden, although he noted that bin Laden has become more a symbol to terrorists and less an active planner and organizer of attacks." He predicted, "Just as in the case of Saddam Hussein, one of his own people will turn him in." Counterterrorism expert Dennis Pluchinsky "said bin Laden's low profile is likely the result of poor health or because he is hiding in an ultra-secret location that is too risky to conduct videotaping."

Afghans Mull Reconstruction Of Bamiyan Buddhas. The New York Times (12/6, Gall, 1.16M) reports on the "colossal Buddhas" blown up by the Taliban in 2001: "Five years after the Taliban were ousted from power, Bamiyan's Buddhist relics are once again the focus of debate: Is it possible to restore the great Buddhas? And, if so, can the extraordinary investment that would be required be justified in a country crippled by poverty and a continued Taliban insurgency in the south and that is, after all, overwhelmingly Muslim? ... There have been calls to rebuild the Buddhas, mostly from Afghans who feel that restored statues would provide a greater tourist attraction, and a righting of wrongs." Although Afghanistan is "impoverished," the provincial governor "favors rebuilding the Buddhas using anastylosis, and said she would propose that the central government make a formal request to Unesco."

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Senate Not Expected To Act On Minnesota US Attorney Nominee. The Minneapolis Star Tribune (12/6, Furst) reports, "Nine months after Rachel Paulose was named acting U.S. attorney for Minnesota, and four months after she was formally nominated for the job by President Bush, her appointment is slipping further into doubt." The Tribune continues, "The U.S. Senate is expected to adjourn this week without acting on the nomination. That would mean that Bush, if he wishes, must resubmit her name to the next Senate, with a new Democratic majority. … 'I am disappointed the Senate will adjourn this year without taking up Rachel Paulose's nomination,' Sen. Norm Coleman, R-Minn., said in a statement Monday to the Star Tribune. 'Ms. Paulose has shown herself to be an extremely competent and capable professional.' He said he expects her to be renominated, 'and I hope we will have the opportunity to confirm her nomination in a timely manner.'" The Tribune adds, "If approved to permanently succeed Tom Heffelfinger, Paulose, 33, would become the state's first female U.S. attorney and the youngest current U.S. attorney. … Her nomination stalled when the GOP-led Senate Judiciary Committee failed to take it up. In an apparent oversight, Paulose and her supporters did not solicit the support of both home-state senators. Without that, the committee typically does not act on a nominee. … Coleman supported her nomination, but Sen. Mark Dayton, D-Minn., took no position, saying it's his practice to meet with any nominee before the choice moves to the Judiciary Committee. However, Dayton said, Paulose never sought a meeting."

DC Federal Court Is Jeffress Family Affair. The Washington Post (12/6, B01, Leonnig) reports, "Each day, chances are good that Bill, Amy and Jon Jeffress will be applying their legal talents just a few doors down the hall from each other in the same stately office building near the U.S. Capitol. … But the father, daughter and son are not racking up billable hours at a white-shoe family firm. … They are reporting for work at the E. Barrett Prettyman Courthouse, Washington's federal court." The Post continues, "On the sixth floor, father William H. Jeffress Jr., 61, one of Washington's most prominent defense attorneys, has been busy with pretrial hearings in a case that has rocked the White House. He represents I. Lewis 'Scooter' Libby, Vice President Cheney's former chief of staff, who is accused of lying to investigators probing the leak of a CIA operative's name. … On the second floor, daughter Amy, 41, has been checking on narcotics cases she oversees for the U.S. Attorney's Office -- including a trial involving a ring that is accused of peddling cocaine and heroin. … And in a magistrate courtroom down the hall, Jonathan, 35, has been representing poor people as a public defender." The Post adds, "In many ways, the U.S. District Court is a kind of family home. … Their personal stories are intertwined with the court's history. Each learned the power of the law here and can trace career trajectories to work they did in the building. Some of their most profound moments of victory and disappointment unfolded in the oak-paneled courtrooms. … All three are former law clerks who returned to practice here. Bill Jeffress, a partner in the firm of Baker Botts, clerked for

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Judge Gerhard A. Gesell, who presided over many landmark cases, from Watergate to Iran-contra. In 1971, Jeffress was working in Gesell's chambers when the judge famously ruled that The Washington Post could print the Pentagon Papers, a historical assessment of the Vietnam War that embarrassed the U.S. government. … When Amy was growing up, Gesell was her dad's mentor and 'like my second grandfather,' she recalled. Two decades later, when she graduated from Yale Law School -- just like her father -- Amy, too, went to clerk for Gesell." The Post notes, "Although their job choices are different, there definitely is a certain Jeffress way about them. … The three share the same Democratic Party leanings. Bill and his wife have long been active in the party. Amy worked in the Justice Department during the Clinton administration with her future husband. And Jon was an advance worker for Al Gore's 2000 presidential campaign."

Prospects For DC DA's Office Seen As Bleak. In a column for The Hill (12/6), Arthur Delaney writes, "In two of this year's most pungent national crime stories — the Duke University rape scandal and the JonBenet Ramsey confession scandal — the next biggest stars, after the DNA, are the DAs. This question often comes up: Will the people vote the district attorney out of office as a result of his or her antics in the case? … To somebody who grew up in Washington, D.C., this perfectly normal question is perfectly foreign. We don't get to elect a district attorney. We don't even have a district attorney's office, another of the many quaint differences between the U.S. and its capital city, where only second-class citizens live." Delaney continues, "In July, D.C.'s nonvoting congressional delegate, Eleanor Holmes Norton (D), introduced legislation that would create a D.C. district attorney's office. … Norton's District of Columbia District Attorney Establishment Act of 2006 is going nowhere in the Government Reform Committee. … So the local U.S. attorney's office, the largest such office in the country, will continue to be responsible for prosecuting both federal crimes and local crimes committed by adults in the District." Delaney adds, "But wait! There's a third horse in this race: The D.C. attorney general's office. Mayor-elect Adrian Fenty and his nominee for attorney general, Linda Singer, have expressed interest in the attorney general's office taking some of our federal prosecutors' local criminal caseload. … All they've got so far, though, is an embarrassing bitch-slap from a federal judge: 'How could there even be a thought that they could take that on? The D.C. attorney general's office is not adequately or properly handling the cases it has now,' said U.S. District Judge Royce Lamberth, according to a Nov. 18 Washington Post story. Lamberth was miffed over the office's apparent mishandling of a case against the D.C. police." Delaney concludes, "Meanwhile, U.S. Attorney Jeffrey Taylor, in his capacity as D.C.'s unelected district attorney, has the totally unique ability to try local thugs either in federal or local court. For our hometown criminals, this is a matter of life or death — even though you won't find the 'ultimate penalty' in the D.C. Code and voters rejected a congressionally imposed referendum on execution in 1992, federal prosecutors still can seek it against D.C. criminals if their offenses meet the right criteria. … A federal judge recently ruled that the murder and racketeering charges against Larry Gooch qualify him for a capital trial, set to begin in January. It's a fat chance that a D.C. jury will send any man to die, but if it happens — well, score one for the Feds, I suppose."

CORPORATE SCANDALS:

US Charges French Alcatel Executive With Bribing Costa Rican Officials. In a widely-distributed story, the AP (12/6, Anderson) reports, "A former top executive for the Latin American business of the French telecommunications giant Alcatel-Lucent faces U.S. corruption charges for allegedly funneling millions of dollars in bribes to Costa Rican officials to win lucrative contracts. Christian Sapsizian, a 60-year-old French citizen…was free Tuesday on $525,000 bail after making his initial appearance Monday in federal court." The AP notes, "According to an FBI affidavit, Sapsizian agreed in 2000 to make payments to an unnamed senior official with Costa Rica's state-owned telecommunications authority, the Instituto Costarricense de Electricidad, or ICE. In return, the official would 'vote in favor of awarding Alcatel a contract' and provide other valuable assistance, according to the FBI. … Sapsizian's attorney, Roy Kahn, said Sapsizian will plead not guilty to the charges and added that companies frequently hire such consulting firms for business ventures in Latin America."

2nd Circuit Rejects Class Action Against Banks In IPO Case. The Wall Street Journal (12/6, C4, Koppel) reports, "In a victory for Wall Street securities firms, a federal appeals court said a lawsuit alleging fraud in the pricing of initial public offerings couldn't move forward in its current form as a class action." The Journal continues, "The case alleges that more than 50 Wall Street firms committed fraud by artificially inflating stock prices in IPOs that the firms underwrote in the late 1990s and 2000. … In a ruling, the Second U.S. Circuit Court of Appeals in New York said that the trial judge shouldn't have allowed the plaintiffs to pursue the case as a class action, in part because their individual claims are not sufficiently similar to be grouped together. The decision could mean that the thousands of plaintiffs in the litigation will have to take on the banks individually, which is a much more difficult challenge for plaintiffs. 'It's a great win,' says Vince DiBlasi of Sullivan & Cromwell, one of the lead lawyers for the banks. … 'There is no question the court made it hard for us,' says Melvyn Weiss, chairman of the

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executive committee in the litigation, who plans to appeal the ruling. But 'this is not necessarily a happy day for the [Wall Street] banks, either,' says Mr. Weiss, of Milberg Weiss Bershad & Schulman LLP. The Wall Street firms may now be "swamped" with individual suits by some of the class members, who number in the thousands, 'if not millions,' he said."

The New York Times (12/6, Creswell) reports, "The decision was seen on Wall Street as a huge victory. The investment banks faced making payments of billions of dollars to settle the accusations — if they chose not to risk a trial — involving potentially millions of investors, lawyers involved in the case said." The Times adds, "The ruling also raises the prospects that earlier settlements in the case, in particular a $425 million agreement with J. P. Morgan Chase and a $1 billion guaranteed proposed deal with the issuers of the new shares that was still pending approval by the judge in the case, could be nullified. … Nearly all firms on Wall Street were touched by the lawsuit. Described by many as the largest consolidated securities class-action case ever, the I.P.O. lawsuit involved more than 300 individual investors, 309 issuers and 55 underwriters, including Merrill Lynch, Goldman Sachs, Morgan Stanley and Credit Suisse First Boston." The Times notes, "Yesterday, a three-judge panel of the Federal Court of Appeals for the Second Circuit in Manhattan said the federal judge overseeing the lawsuit had erred in granting class-action status to six 'focus cases' out of 310 consolidated class actions that claimed fraud on the part of many of the nation's largest securities underwriters. … That means investors will probably have to pursue their claims individually, in some cases perhaps through arbitration, lawyers involved in the case said."

Former Comverse CEO May Have Problems With Option Exercise Dates. The Wall Street Journal (12/6, C1, Levitz) reports, "Kobi Alexander, the former chief executive of Comverse Technology Inc., fled to Namibia rather than face criminal-fraud charges alleging he fattened his paycheck by backdating his options grants to low points in the company's stock price, making them more valuable. … But Mr. Alexander might have other problems with options, too." The Journal continues, "Mr. Alexander reported a 1998 option exercise near a notable low in the company's share price. If the timing of that exercise was backdated, Mr. Alexander could have received a substantial, improper break on his personal income-tax bill. … The issue has been referred to the special committee of Comverse directors who are examining the company's grant-backdating problem, according to a person familiar with the matter. The timing of the 1998 exercise was noted in a 13-page Nov. 27 report by Gradient Analytics Inc., a Scottsdale, Ariz., research firm that specializes in the analysis of executive compensation, which Gradient believes can affect share prices. The report was distributed to clients including hedge funds and mutual-fund money managers." The Journal adds, "Gradient didn't conclude that Mr. Alexander's exercise was backdated, and his favorable timing might have been just a matter of luck. … Mr. Alexander said on a form he filed with the Securities and Exchange Commission on Dec. 9, 1998, that he had exercised the split-adjusted equivalent of 675,000 options two months earlier, on Oct. 9, when Comverse's shares closed at a split-adjusted price of $10 each, just pennies above its lowest closing price of the quarter. He didn't report a sale for that same day."

SEC Calls Pequot Probe Thorough, But Attorney Adds Concerns. The Wall Street Journal (12/6, C4, Hughes) reports, "A second Securities and Exchange Commission official told Congress he had warned agency officials that 'something smells rotten' about the SEC's handling of an insider-trading probe of hedge fund Pequot Capital Management." The Journal continues, "The testimony from Eric Ribelin, who works in the office of market surveillance, provides a leg of support for the claims of former SEC enforcement attorney Gary Aguirre." The Journal adds, "Mr. Aguirre says he was fired in September 2005 after his supervisors reversed course and stopped him from issuing subpoenas to current Morgan Stanley Chief Executive John Mack, whom Mr. Aguirre suspected of tipping off Pequot. SEC officials said they fired Mr. Aguirre because his behavior became erratic and he couldn't get along with his colleagues. … 'I have serious misgivings about many decisions made in this investigation,' Mr. Ribelin wrote in September 2005 to Robert Hanson, an SEC branch chief who had supervised Mr. Aguirre. 'I don't know what all has driven the decisions. Something smells rotten, though.' … Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) called the hearing to air allegations that the Pequot probe was derailed by political influence. The SEC staff closed its investigation of Pequot and Mr. Mack last week without recommending enforcement action. Morgan Stanley has said Mr. Mack, who testified to the SEC this past August, cooperated in the probe."

The New York Times (12/6, Bogdanich) reports, "Senior officials at the Securities and Exchange Commission vigorously defended the commission's investigation of a prominent hedge fund, Pequot Capital Management, telling the Senate Judiciary Committee on Tuesday that its inquiry was professional, thorough and untainted by outside political influence." The Times continues, "In their first detailed public comments about the investigation of Pequot, four current or former S.E.C. supervisors took aim at their former colleague and chief accuser, Gary J. Aguirre, saying his allegations that the agency had pulled its punches were unfounded and came

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from a fired employee whose temperament and judgment had caused problems in the office. … 'He treated his colleagues with disrespect bordering on contempt,' said Mark Kreitman, an assistant director of enforcement at the S.E.C. 'His investigation of Pequot was poorly thought out, disorganized, and sloppily documented.' … The testimony by S.E.C. officials, including the agency's inspector general, was met with considerable skepticism by Senator Arlen Specter, who is chairman of the Judiciary Committee, and Senator Charles E. Grassley, the Iowa Republican who heads the Finance Committee. Both panels are investigating the Securities and Exchange Commission's handling of the Pequot inquiry."

AIG Settles Some Legal Disputes With Greenberg Firm. The Wall Street Journal (12/6, C4, Pleven) reports, "American International Group Inc. and C.V. Starr & Co., a firm led by former AIG Chief Executive Maurice R. 'Hank' Greenberg, are settling multiple legal cases." The Journal continues, "Mr. Greenberg left AIG last year amid an accounting probe. He has denied any wrongdoing in a resulting civil case. … After Mr. Greenberg's departure, AIG terminated its relationship with insurance agencies controlled by C.V. Starr, which was headed by Mr. Greenberg when he ran AIG and sold commercial policies to large clients. Among other things, the firms have argued about who could use the 'Starr' and 'American International' trademarks. Under the settlement, AIG won't use the Starr or related names in doing insurance business, and C.V. Starr won't use certain AIG-related names." The Journal adds, "The settlement doesn't resolve a dispute over billions of dollars in AIG shares held by investment vehicle Starr International Co. Mr. Greenberg is chairman of Starr International. … The terms of the settlement are confidential, the companies said. A spokesman for AIG said it includes 'no monetary payment that is material to AIG's financial disclosures.' Of his work at C.V. Starr, Mr. Greenberg said yesterday the company has opened offices in recent months in London and Hong Kong and has invested hundreds of millions of dollars since he left AIG."

Siemens Suspect Claims Officials Had Role In Bribes. The Wall Street Journal (12/6, B2, Crawford, Esterl) reports, "Siemens AG's troubles with a fraud investigation look set to grow, after a suspect gave German investigators details of a bribes-for-business scheme and alleged senior officials at the conglomerate were involved." The Journal continues, "Munich prosecutors say they are investigating allegations that officials at Siemens' telecommunications division diverted at least €200 million ($266.6 million) to a slush fund held at banks in Austria, Switzerland and Liechtenstein for use to pay bribes. Authorities searched offices and homes of Siemens employees in mid-November." The Journal adds, "On Friday, prosecutors ordered the release of Reinhard Sickzek, 56 years old, a former sales official in the Siemens telecoms division, after he provided details of a system of bribes paid to potential customers in Africa, Russia and the Middle East, according to Mr. Sickzek's lawyer, Wolfgang Kreuzer. Mr. Sickzek also named at least one board member in the Siemens telecoms division as the supervisor of the scheme, Mr. Kreuzer said. … Mr. Sickzek's statement to Munich prosecutors, which encompasses hundreds of pages, raises questions about Siemens's determination to prevent corruption. Mr. Sickzek told police that a member of the Siemens Compliance Department advised him on how to prevent detection of the bribery operation. … Siemens says it is cooperating in the investigation as a witness."

Countrywide Financial Settles Spitzer Probe Of Lending Disparities. The Wall Street Journal (12/6, B10, Davies) reports, "Countrywide Financial Corp., one of the nation's largest home-mortgage lenders, has settled an inquiry by New York state's attorney general, Eliot Spitzer, into alleged discriminatory pricing practices and agreed to establish a $3 million consumer-education fund and implement other reforms." The Journal continues, "The settlement comes as other banks involved in the inquiry continue to resist Mr. Spitzer's efforts to obtain information about their lending practices." The Journal adds, "Mr. Spitzer launched the inquiry into lending by seven large banks -- including Citigroup Inc., HSBC Holdings PLC, and Wells Fargo & Co. -- in April 2005. Mr. Spitzer was elected governor of New York in November and takes office next month. .. .The inquiry began after a review of federal Home Mortgage Disclosure Act data showed that black and Latino customers were more likely than whites to receive high-priced loans in New York in 2004. … Mr. Spitzer sent the banks letters seeking loan-pricing data, such as credit scores, used to set interest rates and fees. .. .The banks sued Mr. Spitzer, contending that as federally-chartered institutions they are shielded from state scrutiny. A federal district court sided with the banks, whose position was backed by the federal Office of the Comptroller of the Currency, which joined the suit. The case is on appeal before the Second U.S. Circuit Court of Appeals in Manhattan."

The Washington Post (12/6, D02, Day) reports, "Countrywide, which denied any wrongdoing, has agreed to review the loans in question to make sure the customers were charged the same rate as white borrowers with similar financial histories. The company made 20,000 mortgages in New York in 2004, including the 4,500 to black and Hispanic borrowers." The Post adds, "Neither the company nor Spitzer knows how much will be repaid until Countrywide's review is complete, but company spokesman Rick Simon said it

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wouldn't involve many loans or much money. 'We do not think there will be a lot of payments. We do not expect this to have great impact,' he said. He declined to be more specific." The Post notes, "The Calabasas, Calif., company said it consented to the agreement to avoid the cost and inconvenience of a longer investigation by Spitzer's office and possible litigation. The agreement also requires Countrywide to pay $200,000 to cover the cost of Spitzer's probe, beef up monitoring of its lending practices and invest $3 million in consumer education."

Congress Pushing Legislation To Make Pretexting A Federal Crime. The Wall Street Journal (12/6, B1, Conkey, Rogers) reports, "Spurred by the Hewlett Packard Co. scandal, Congress is moving toward passing legislation this week that would make it a federal crime to obtain someone's telephone records without his or her approval." The Journal continues, "The measure targets so-called 'pretexting' tactics, where investigators use various schemes to impersonate their target and gain access to private phone records. Investigators hired by H-P used the strategy earlier this year in a now-infamous investigation into who leaked information to reporters." The Journal adds, "About 12 states have made telephone pretexting a crime, but there's currently no clear federal prohibition. Former H-P executive Patricia Dunn and several others were charged in the pretexting scandal for violations of California's state privacy laws. … The federal legislation under consideration, which passed the House in April and may clear the Senate before Congress adjourns for the year, would make pretexting for phone records a federal crime, and spell out new federal criminal penalties for both those who buy and sell such fraudulently obtained records." The Journal notes, "Individuals and organizations that purchase confidential records -- knowing they were obtained without the consumer's consent -- could be subject to fines of up to $500,000 and imprisonment for up to five years. Additional penalties would be imposed in cases where the information is used to commit further federal crimes, or causes substantial financial harm, for example, to a consumer whose identity has been stolen. … The law contains an exception for law-enforcement agencies."

SEC Plans Database To Crack Down On Hedge-Fund Insider Trading. Bloomberg (12/6, Westbrook, Scheer) reports, "The U.S. Securities and Exchange Commission plans to have a database in place by next year that will help it crack down on hedge-fund insider trading, a senior agency official said. … 'The SEC presently does not have an electronic system to aggregate referrals based on the identities of the specific traders involved,' SEC Enforcement Director Linda Thomsen said before the Senate Judiciary Committee today. 'We anticipate implementing a new case tracking system by mid-2007.'" Bloomberg continues, "Illegal trading by hedge funds 'remains a substantial concern' to the SEC as the $1.3 trillion industry's influence over financial markets grows, Thomsen said. Hedge funds, which are loosely regulated private pools of capital, manage about 5 percent of U.S. assets and account for about 30 percent of U.S. equity trading volume." Bloomberg adds, "Today's hearing is the third convened by Senator Arlen Specter, the Judiciary Committee's chairman, in six months to examine oversight of insider trading. The Pennsylvania Republican circulated draft legislation aimed at halting illegal buying and selling of stocks that would require hedge funds accepting money from pension funds to submit to random inspections by the SEC. … His measure would also force hedge funds, which allow managers to participate substantially in the gains of money invested, to set up ethics codes and compliance programs and allow the Justice Department to give private citizens rewards for helping in prosecutions of insider trading cases."

Regulators Break Deadlock On Revising Audit Rule. The Washington Post (12/6, D01, Johnson) reports, "Regulators have reached an agreement in principle on how to revamp a contentious accounting rule that cost businesses millions of dollars more than anticipated, removing a pair of major stumbling blocks attacked by consumer advocates." The Post continues, "The Public Company Accounting Oversight Board, which oversees the audit industry, plans to meet Dec. 19 to present its revised version of the regulation, officials said yesterday. The rule, which mandates that auditors review corporate financial controls, is the most disputed part of the Sarbanes-Oxley law, passed by Congress in 2002 after frauds at Enron and WorldCom." The Post adds, "Businesses had objected to the cost of complying with the law's stricter audit provision. The accounting board's chairman, Mark Olson, said the new proposed guidance, which attempts to focus auditors on areas of highest risk, would more closely align the costs of the measure with its benefits. … Accounting board officials had clashed with leaders of the Securities and Exchange Commission over the issue in recent weeks. But a visit to the board's office Friday by SEC Chairman Christopher Cox helped put the process back on track." The Post notes, "Cox had floated the idea of requiring small companies to develop financial controls, which help prevent fraud and mistakes, but forcing auditors to test the controls only on a narrow and limited basis, in a memo that was leaked two weeks ago. But investor groups howled that the proposal would gut the law. … That idea now appears to be off the table, in part because of a report issued last week by a panel supported by Treasury Secretary Henry M. Paulson Jr. The Committee on Capital Markets

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Regulation, funded by business interests, advocated a broad overhaul of U.S. regulation and urged new protections against shareholder lawsuits. But the panel rejected the notion that small companies could evade regular testing of their internal controls."

CRIMINAL LAW:

FBI Reportedly Probing Threats To Rep Renzi. The Arizona Republic (12/6, House) reports, "Rep. Rick Renzi says the FBI is investigating several 'death threats' directed at him, as well as incidents of gunshots and other vandalism to his Flagstaff office. … 'I'm very concerned about a series of calls we've gotten - one we're taking very seriously,' said the Arizona Republican, in an interview today." The Republic continues, "A Justice Department official in Phoenix would neither confirm nor deny a pending investigation into the incidents described by Renzi. … Renzi, who was elected to his third term on Nov. 7, said incidents of vandalism dates from several months ago, and include instances of golf balls and firecrackers thrown at his congressional offices. … But concerns over the vandalism heightened last week, after gunshots were fired at the congressional office on North San Francisco Street, either late on Nov. 28 or early Nov. 29. .. .Along with the vandalism, there's been a series of threatening telephone calls to the office, including death threats to the congressman, said Renzi. … One call, in particular, is prompting the most concern. Renzi declined to provide the details of that message. … The FBI is conducting interviews regarding the calls and the shooting, Renzi said."

Pennsylvania Man Could Face Federal Death Sentence In Murder-For-Hire Case. The Pittsburgh Post-Gazette (12/6, Simonich) reports, "What began as an extramarital affair for an Aleppo man is now a federal criminal case that could cost him his life." The Post-Gazette continues, "Grand jurors in Wheeling, W.Va., yesterday indicted Eugene Talik Jr. on a murder-for-hire charge in the death of his lover, Kelly Jo Elliott. … Mr. Talik, 38, also was charged with conspiracy and interstate domestic violence. The grand jury alleges that he hired an acquaintance to kill Ms. Elliott, 28, so word of their affair would never reach his wife." The Post-Gazette adds, "Prosecutors say Mr. Talik himself strangled Ms. Elliott after the man he hired decided he could not go through with the killing. … The second man has not been identified by federal prosecutors or the grand jury. He is cooperating with the U.S. attorney's staff in Wheeling as it prepares its case against Mr. Talik." The Post-Gazette notes, "Mr. Talik could face a sentence of life in prison or death if he is convicted. For prosecutors to pursue a capital case against him, they would need approval from U.S. Attorney General Alberto Gonzales. … Mr. Gonzales earlier this year authorized the death penalty in a case similar to the one against Mr. Talik. It involves Donna Moonda, of Hermitage in Mercer County, who is charged with hiring a man to murder her husband, a wealthy physician."

US Seeks Disqualification Of Attorney In Utah Grant Funds Case. The Salt Lake Tribune (12/5, Manson) reports, "Prosecutors are seeking to disqualify the lawyer for a Layton (UT) couple accused of stealing federal grant money from Davis School District, claiming he gave legal advice to witnesses in the criminal investigation." The Tribune continues, "The defense attorney, Paul Gotay, denies that his actions have caused a legal conflict that would require him to step down and is fighting to continue his representation of Susan G. Ross and John D. Ross. … 'My head was put in the vise, and they tried to squeeze it,' Gotay said Monday after a hearing in U.S. District Court in Salt Lake City, where the disqualification motion was discussed. 'It's a good thing I have a hard head.'" The Tribune adds, "Magistrate Brooke Wells has set a hearing for Monday to hear arguments on the disqualification motion and Gotay's request for transcripts of grand jury testimony by the witnesses. … In the disqualification motion, filed late Friday, the U.S. Attorney's Office said that as early as May 2005, Gotay appeared with the Rosses at the office of the FBI, the agency investigating the alleged fraud that drained the district of millions in Title I money meant to help disadvantaged students. … Then, when agents attempted to interview two witnesses they believed had knowledge of the scheme - Keith Evans and Terry Applegate - both men said Gotay was their attorney, the motion said. … In addition, Gotay himself, by engaging in 'multiple financial transactions with the defendants,' has personal knowledge relevant to the case and is likely to be a witness in the prosecution, according to the motion." The Tribune notes, "Gotay has said the attempt to disqualify him stems from the fact that the Rosses paid him a fixed fee for his representation after they came under investigation in the spring of 2005. The couple's assets were frozen when they were indicted Nov. 21 by a federal grand jury."

Alabama Amber Alert Canceled As Boy's Mother Charged In Murder. In a widely-distributed story, the AP (12/6, Reeves) reports, "A north Alabama woman who claimed that someone stole a car with her 5-year-old son asleep in the back seat was charged Tuesday afternoon with hindering prosecution, and her boyfriend was charged with capital murder in the boy's death. An Amber Alert was issued Monday morning when Shalinda Glass reported that her son had been abducted outside an Albertville convenience store. A massive search was conducted by police and members of the FBI and the

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Alabama Bureau of Investigation. It turns out Glass was lying." Etowah County Sheriff James Hayes "said Glass told police that her son, who was in kindergarten, died from a beating after he brought home a bad progress report from school Friday."

USA Today (12/6, 4A, Koch) reports, "An Alabama mother's report that her slain 5-year-old son had been asleep in a car when it was stolen was a hoax, and she and her boyfriend have been charged in the boy's death, police said Tuesday." USA continues, "The body of the kindergartner, Geontae Glass, was found early Tuesday in the trunk of the car, which was parked outside a house owned by the mother's boyfriend, said Capt. Michael Jones of the Etowah County Sheriff's office. "They came up with a plan to disguise the homicide," Jones said of Shalinda Glass, 25, and her boyfriend, Kevin Andre Towles. … Towles has been charged with capital murder and Glass with hindering prosecution." USA adds, "The story could be the latest in a string of hoaxes, from 'runaway bride' Jennifer Wilbanks of Georgia, who faked her own kidnapping, to Sarah Everson, a Missouri woman who collected donations by pretending to be pregnant with sextuplets. Some appear aimed at financial gain or avoiding prosecution — or marriage. Others are odder: John Mark Karr claimed to have killed JonBenét Ramsey until evidence showed otherwise. … 'In Alabama, Jones says, police concluded that Glass' story was false after interviewing her and others. He said Glass has no prior criminal record but Towles, who runs a barbecue restaurant, has a record of drug offenses. … Glass, who also has a 7-year-old daughter, told police Monday that the boy was sleeping in the back seat of a car that she left running when she went into a convenience store in Albertville, about 80 miles northeast of Birmingham."

DOJ Creates Team To Review Prince George's County Prosecutors' Office. The Washington Post (12/6, Castaneda) reports, "A team of current and former state prosecutors from across the country is meeting this week with Prince George's County prosecutors, police, judges and defense attorneys to assess how well the state's attorney's office is performing and what it can do to improve." The Post continues, "The broad independent review is being conducted at the request of State's Attorney Glenn F. Ivey, who will begin his second term in January. Ivey, who was reelected without opposition in the November general election, said no event or case prompted the review." The Post adds, "In an interview, Ivey said he wanted to conduct such a review from the time he first assumed the office in December 2002 but was unable to because of budgetary constraints. … He said the review is being conducted at no cost to the state's attorney's office." The Post notes, "The team of four current and former prosecutors that will be reviewing the office was put together by the Bureau of Justice Assistance, which is part of the Justice Department. … The review team will be supported by two staff members from the bureau, said Joseph Trotter, an official with the bureau."

Homeless Louisiana Man Charged With 23 Murders. In a widely-distributed story, the AP (12/6, Foster) reports, "A near-broke nobody who lived with his sister before moving into a homeless shelter," Ronald J. Dominique "went willingly, leaning heavily on a cane, when officers came to get him last week. … Even with a meek persona, investigators said, Dominique bound and strangled or smothered 23 men and teenage boys in south Louisiana in what the FBI considered its most urgent serial killing case." The AP notes, "Dominique, 42, was arrested Friday at a homeless shelter in Houma and charged with two murders. On Monday, authorities filed nine more counts against him and said more charges were possible. … FBI Special Agent in Charge Jim Bernazzani said FBI profilers felt this was the most significant current serial killer case in the country in terms of the number of victims and its time span – the killings took place from 1997 to 2005. 'A serial killer like this hides in plain sight,' Bernazzani said. 'They do not disturb people. That's why they are so effective.'"

Jefferson Faces Voters Saturday With Backdrop Of Bribery Allegations. Under the headline "Katrina Struck District, Scandal Struck Dem," USA Today (12/6, 8A, Wolf, 2.27M) reports, "None of the nation's other 434 congressional districts has put up with as much adversity as the 2nd District of Louisiana, where entire neighborhoods have been razed after Hurricane Katrina 15 months ago. Now weary voters in the district must decide whether to re-elect a member of Congress after the FBI found $90,000 in marked bills in his freezer. Rep. William Jefferson, a Democrat, has denied wrongdoing, and he has not been charged with a crime." USA adds, "Saturday's vote will write the epilogue on the past two years' scandals in Congress." Jefferson spokeswoman Melanie Roussell said, "He asks voters to consider him on his record," adding "that Jefferson 'has brought home billions' of dollars in federal aid since Katrina struck. 'Now is not the time to send someone new, who doesn't know anyone and who can't negotiate our needs.'"

Under the headline "The $90,000 Question," the New Orleans Times-Picayune (12/6, Alpert) reports, "Judith Woods and Dwight Garrett know all about the $90,000 FBI agents say they found in…Jefferson's freezer, but they are of different minds on how the federal probe…should influence voters in Saturday's runoff." Garrett, "an insurance broker and adjuster and self-described community activist, admits he was 'shocked' when he heard about the $90,000. But he said

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he's decided to stick with Jefferson because the government's case 'apparently isn't very strong or they would have indicted him by now.' Jefferson, he said, wouldn't be the first African-American politician wrongly tainted with false charges." Woods, "a social worker, said she has voted for Jefferson in the past but can't conceive of what Jefferson has in mind when he promises an honorable explanation for the allegations against him." The Picayune adds that "perhaps more than any other issue, including the federal government's continued role in hurricane recovery efforts, how voters see the federal probe…will determine whether Jefferson is elected."

Reputed Chicago Mob Boss Asks Judge For Larger Cell. In a widely-distributed story, the AP (12/6, Robinson) reports, "A reputed leader of Chicago's organized crime family pleaded with a federal judge Tuesday for more space in jail while he awaits trial on charges of plotting 18 slayings going back three decades. 'I'm taking 15 medications and my back is killing me,' Frank Calabrese Sr., 69, told U.S. District Judge James B. Zagel. He said overcrowding on his floor at the Metropolitan Correctional Center is so bad that he can't concentrate on court papers and study the charges against him. … 'All I want to do is be in a two-man room so I can study my case,' said the portly, bearded defendant." The AP notes, "Zagel was holding a hearing on complaints by a number of the defendants charged in the FBI's Operation Family Secrets that their health and related problems are not being met in the MCC."

The Chicago Tribune (12/6, Bush, 617K) reports, "Zagel and federal prosecutors said that they would look into the matter but stopped short of promising any quick relief. Zagel said that getting Calabrese into a different room might require putting him on a different floor, which in turn could bring him into contact with other defendants in the case—something federal prosecutors have sought to avoid. 'I would be reluctant to interfere with the separation order,' the judge said."

Memphis City Council Fails To Remove, Censure Indicted Councilmen. The Memphis Commercial Appeal (12/6, Jones, 163K) reports, "At the end of the day, Edmund Ford and Rickey Peete remained in their seats on the Memphis City Council dais. … Despite federal bribery charges against the two, the council failed to muster enough support Tuesday to ask them to resign or to censure them." The Commercial Appeal notes, "The resolution asking Ford and Peete to resign failed on a 6-6 vote during a morning executive session. A separate motion to initiate censure proceedings on the pair failed by a 3-5 vote in the council's personnel, intergovernmental and annexation committee. Peete did not attend committee meetings, but showed up for the full council meeting in the afternoon. Ford, however, attended meetings all day and voted against the censure motion and cast a 'no' vote that doomed the resolution requesting he and Peete step down. … Earlier he told The Commercial Appeal 'This is about color.'"

MySpace Developing Method To Keep Sex Offenders Off Site. The New York Times (12/6, Richtel) reports, "MySpace.com, the social networking site, said Tuesday that it was developing technologies that would help combat the use of its site by sexual predators by cross-referencing its more than 130 million users against state databases of registered sex offenders." The Times continues, "The Web site, which is owned by the News Corporation, said that within 30 days it planned to deploy the technology, which will seek to identify known sex offenders not just by their names, but also by date of birth, height, weight and ZIP code. …. If the automated system finds a potential match between a MySpace user and a registered sex offender, employees will try to verify the match or determine if it is a false positive. Users who are registered sex offenders, MySpace said, will be denied access to the site and, depending in the circumstances, be turned over to law enforcement." The Times adds, "The system, which MySpace executives said was the first of its kind, comes as the site has faced scrutiny and criticism by advocates of children's safety. Ernie Allen, president of the National Center for Missing and Exploited Children, said the technology was a potentially useful step in slowing the incidence of sexual solicitation of minors."

California Prison On Lockdown As FBI Investigates Attack On Guard. The AP (12/6) reports, "The federal penitentiary in Atwater will remain on lockdown as the FBI investigates the stabbing of a prison employee, a prison spokesman said. The facility has been locked down since an inmate attacked an employee Nov. 28 with a homemade knife, U.S. Penitentiary Atwater Executive Assistant Jesse Gonzalez said. The staff member was treated at a hospital for non-life threatening injuries and returned to work, Gonzalez said." The AP notes that the "inmates will remain in their cells as investigators find out how the prisoner made the knife, said FBI Supervising Special Agent John Gliatta."

Spammers Keeping Ahead Of Anti-Spam Law Enforcement. The Washington Times (12/6, Rowland) reports, "Three years after the federal Can-Spam Act went into effect, unsolicited commercial e-mails are assaulting inboxes at record rates as spamming technology grows more sophisticated. … 'I think the majority of the industry would say that spam levels are at the highest they've ever been,' said Scott Chasin, chief technology officer at MX Logic Inc., a

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Colorado-based Internet security firm." The Times continues, "In September, unsolicited commercial e-mail messages accounted for more than 77 percent of all e-mail filtered by the company. Of that amount, only a fraction -- 0.27 percent -- was in compliance with federal anti-spamming law. … 'Spammers are creative and industrious,' said Michael Davis, a lawyer with the Federal Trade Commission (FTC), which is responsible for enforcing the act. 'Because of their dedication and their technological sophistication, they have found ways to stay oftentimes one step ahead of law enforcement.'" The Times adds, "Under the Can-Spam Act, marketers are allowed to send unsolicited commercial e-mails as long as they include a truthful subject line and routing information; an opt-out mechanism; a notice that labels the e-mail as an advertisement; and a valid postal address. … 'The challenge of enforcement does not stem from a lack of teeth. Can-Spam allows the FTC to seek civil penalties of up to $11,000 per violation, plus further fines for spammers who unlawfully "harvest" or extract e-mail addresses from Web sites or Web services. The law also gives the Justice Department authority to seek criminal punishment for violators who falsify header information or hijack a computer to send e-mail without a user's consent. … So far, the FTC has filed 26 lawsuits for violations of the act, Mr. Davis said. In those cases, federal courts have awarded civil penalties totaling more than $10 million."

Barr Urges Limits On Government's Use Of Cellphone Taps. In an op-ed for the Atlanta Journal-Constitution (12/6), former Rep. Bob Barr writes, "Modern cellphones are nothing more than miniature computers with small but sensitive microphones attached. Law enforcement agencies are discovering the significant benefit of drawing on that powerful combination of technology, by increasingly seeking court permission to use cellphones in the hands of suspects as surreptitious listening devices. Unfortunately for anyone who happens to be nearby, cellphones thus utilized as listening devices will pick up their conversations as well." Barr continues, "This latest example of electronic snooping should draw attention to the need for comprehensive national legislation to more clearly define the privacy rights of American citizens. Thus far, Congress has shown itself completely uninterested in addressing such fundamental civil liberty issues, much to the delight of the administration of George W. Bush, which continues to push the envelope of electronic snooping as far as possible." Barr adds, "I first became aware that the federal government wanted to outfit regular phones — so-called 'land lines' — with devices that could be activated remotely by government investigators to allow agents to hear whatever was being spoken into or near the receiver, about 10 years ago, shortly after I was elected to Congress. … At the time, the Justice Department was trying to require telecommunications companies to incorporate technology in their phones to enable the government to engage in such surreptitious listening. The law the government was trying to use to do this was passed in the early 1990s and called the Communications Assistance to Law Enforcement Act. … We stopped the government from such heavy-handed and privacy-invasive directives at the time, but in the post-Sept. 11 world, with a Congress almost completely submissive to executive branch entreaties to increase its powers to invade citizens' privacy, such efforts appear now to be quaintly outdated." Barr concludes, "We should also force Congress to place limits on the extent such technology might be employed in circumstances where private and lawful conversations might be picked up. In the absence of such limits, it is only a matter of time, for example, before the government starts asking courts to allow it to surreptitiously take photographs with cellphones thus equipped. Perhaps it already has."

Meanwhile, ABC News' The Blotter (12/5, Walter, Kjellman, 3:38 p.m.) reported on the Genovese case ruling and noted, "The FBI can listen to everything you say, even when the cell phone is turned off. … 'The courts have given law enforcement a blank check for surveillance,' Richard Rehbock, attorney for defendant John Ardito, told ABC News. Judge Kaplan's ruling said otherwise. 'While a mobile device makes interception easier and less costly to accomplish than a stationary one, this does not mean that it implicated new or different privacy concerns.' … 'It does not invade zones of privacy that the government could not reach by more conventional means.'" ABC added, "The FBI maintains the methods used in its investigation of the Genovese family are within the law. 'The FBI does not discuss sensitive surveillance techniques other than to emphasize that any electronic surveillance is done pursuant to a court order and ongoing judicial scrutiny,' Agent Jim Margolin told ABC News."

FBI Twice Has Interviewed Former LANL Employee About Classified Data. CBS News (12/5, Attkisson) reported on its Web site, "The FBI has conducted two interviews and may schedule a third with the woman who walked out carrying classified documents from what's supposed to be one of the most secure facilities in the world, the Los Alamos National Laboratory, CBS News has learned. … Sources say 22-year-old Jessica Quintana was hired to archive data from weapons tests, and even had access to information on how to deactivate the locks that keep nuclear weapons from firing. Somehow, she managed to leave the laboratory with hundreds of pages of classified documents and several portable computer storage devices known as 'thumb drives.' CBS added that Rep. Ed Markey "plans to fire off a scathing letter to the Energy Secretary demanding

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answers. 'These are secrets that could be valuable to al Qaeda,' Markey tells CBS News."

Questions Raised About Milberg Weiss Indictment. The ABA Journal (12/6, Neil) reports, "Secret cash payments. falsified court documents. Behind-the-scenes deals between favored clients and their counsel. … All the elements of a John Grisham potboiler are present in the case of United States v. Milberg Weiss Bershad & Schulman." The Journal continues, "The nation's leading plaintiffs securities class-action law firm is on the receiving end of the first criminal indictment filed against a major law firm in U.S. history. The New York City-based firm—which has been both celebrated and vilified for its ferocious attacks on alleged corporate wrongdoing—lost about 40 percent of its 128 lawyers in the five months after its indictment and may be fighting for its very existence." The Journal adds, "Lost in the spectacle, according to critics of the government's case, is the question of whether prosecutors have gone too far. Even if Milberg Weiss is found guilty, indicting an entire law firm causes more harm than good, they contend. … The federal government's controversial tactic of getting corporations that are under investigation to surrender their attorney-client privilege in order to avoid prosecution is now being applied to law firms, with disastrous results for the legal profession and clients, the critics say. … And they are concerned that more law firms will be viewed as fair game for the same kind of aggressive criminal prosecutions the U.S. Department of Justice has pursued against a number of high-profile corporations in the post-Enron era." The Journal notes, "Even if the allegations are proven, the government has failed to exercise appropriate prosecutorial discretion, according to Stephen Gillers, a professor of legal ethics at New York University School of Law. 'The government obtains little or nothing by indicting the firm, when only a small number of attorneys allegedly were involved in the wrongdoing,' he says. … If the Justice Department is concerned about deterrence, says Gillers, 'the threat of criminal prosecution and the indictment of two prominent plaintiffs class-action lawyers is plenty chilling. I don't think you have to indict the firm to bring home the point that lawyers are at risk for this kind of conduct or alleged conduct.'"

CIVIL LAW:

US Agrees To $500,000 Settlement In VA Cancer Study Case. The Albany Times Union (12/5, Lyons) reports, "The federal government agreed to pay $500,000 to settle the first of seven federal lawsuits brought by the widows of veterans who died in a corrupt cancer research program at Stratton VA Medical Center Hospital, the Times Union has learned." The Times-Union continues, "The six other widows, who still have lawsuits pending against the U.S. Department of Veterans Affairs, are finding the government less willing to admit their husbands were used as guinea pigs in the tainted drug studies." The Times-Union adds, "The Justice Department has not agreed to settle the remaining cases, in part because it's never been determined -- or publicly disclosed -- that more than one veteran died as a result of the corruption. The government's position has been that the men had advanced stages of cancer, so it is impossible to determine what killed them, attorneys in the case said. … But in at least one case it was clear, and Justice Department lawyers recently settled with the family of that victim, James J. DiGeorgio, a 71-year-old Air Force veteran from Brunswick who died at Stratton in June 2001. The settlement comes a little more than a year after a former hospital researcher, Paul H. Kornak, was sentenced to nearly six years in prison for his role in the scandal. … VA officials and federal prosecutors have portrayed Kornak as an out-of-control researcher who forged medical records to push cancern-stricken patients into drug studies that allegedly paid the hospital thousands of dollars. But attorneys for the families and people familiar with the hospital's operation contend the corruption was widespread and Kornak was following orders from oncology doctors."

Former Springfield, MA, Mayor To Testify In Suit Against FBI. The Springfield (MA) Republican (12/6, Barry) reports, "Former Springfield Mayor Michael J. Albano is among witnesses scheduled to testify in Boston federal court on behalf of four men and their families suing the government for an FBI-sanctioned frame-up in a 1965 murder." The Republican continues, "Albano, once a Massachusetts Parole Board member, joins two former governors, notorious gangster-cum-informants and corrupt federal agents as witnesses for Peter Limone, Joseph Salvati and the estates of the late Louis Greco and Enrico 'Henry' Tameleo. … The four - two of whom died in prison - were wrongly convicted of the murder of Edward 'Teddy' Deegan, who met a shower of mob bullets in a dark alley in Chelsea. They were falsely identified by onetime hit man Joseph 'The Animal' Barboza, whom the FBI wooed as a top-level informant in the 1960s. The three initially received death sentences in 1969, later commuted to life in prison. … What's more, the government knew it, even ignoring chatter about the then-proposed hit picked up on a secret FBI wire tap before Deegan's ambush, according to once-secret bureau records presented to bolster the plaintiffs' case." The Republican notes, "Reports on the matter were made public during a 2001 U.S. Justice Department probe that exposed collusion among former Boston agents and their informants. Limone and Salvati were released after 30 years; Greco and

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Tameleo were pardoned posthumously. Their families are suing for malicious prosecution and conspiracy."

California High Court Considers Key Tobacco Case. The California Recorder (12/6, Mckee) reports, "More than 40 years ago, at age 13, Leslie Grisham was already hooked on smoking, convinced doing it would make her part of the cool crowd. … Even as subsequent scientific evidence revealed smoking could cause serious health problems, the Los Angeles-area woman claims she was misled by industry ads proclaiming cigarettes safe." The Recorder continues, "Five years ago, however, Grisham's faith was shattered when she was diagnosed with severe periodontal disease, which doctors said had been caused by toxins in cigarette smoke. She sued Philip Morris USA Inc. and Brown & Williamson Tobacco Corp., accusing them of deceiving her for four decades about the safety of their products. … Today, the California Supreme Court will hear arguments in Grisham's case to resolve an unsettled point of law in the vast realm of smoking suits. At what point, the court must decide, are longtime smokers who relied on manufacturers' false safety claims required to file suit -- when health problems emerge or much earlier, when smokers realize they're addicted?" The Recorder notes, "Millions of dollars in damages hinge on the court's decision. If the justices find that the statute of limitations tolls upon awareness of addiction, thousands of already sick smokers could be left with no recourse, while manufacturers' exposure to damages would be sharply limited."

CIVIL RIGHTS:

DOJ Probing Conditions At Seattle Jail. The Seattle Times (12/6, Carter) reports, "The U.S. Department of Justice has opened a civil-rights investigation into the King County Jail in Seattle, focusing on sexual abuse of inmates and on allegations of inadequate suicide prevention and contagious-disease control." The Times continues, "Lawyers from the department's Special Litigation Section met with jail and public-health officials Monday and will conduct a wide-ranging investigation that may be expanded beyond those topics. The county learned of the investigation in a letter received by King County Executive Ron Sims last month. … 'I can confirm the existence of an investigation ... into the King County Jail,' said Cynthia Magnuson, a spokeswoman for the Department of Justice in Washington, D.C. 'Beyond that, I cannot comment.'" The Times adds, "The investigation will focus on the jail in downtown Seattle and will not involve the Regional Justice Center in Kent. .. .Two former jail guards have been convicted of sex-related acts with female inmates and a third is awaiting a retrial after a jury failed to reach a verdict. The assaults surfaced in April 2005 after a female inmate was transferred to state prison and spoke up about the assault."

The AP (12/6) reports, "Jail and public-health officials met with Justice Department lawyers on Monday, and they plan to cooperate fully with the investigation, said jail director Reed Holtgeerts." The AP adds, "Two former jail guards have been convicted of sex-related acts with female inmates, while another is to be retried following a hung jury. Seven inmates have committed suicide since January 1999 -- three hangings, two poisonings, a suicide by jumping, plus a carbon-monoxide poisoning by an inmate on home confinement, according to the county. The jail also has investigated reports of potentially dangerous infections, including a jail death involving methicillin-resistant staphylococcus aureus, or MRSA, commonly called 'Mersa.' .. .Two weeks ago, the county released a report it commissioned which found that a sexualized work environment, meager training and poor communication were among the root causes of the string of sexual-misconduct allegations against corrections officers with the King County Department of Adult and Juvenile Detention."

The Seattle Post-Intelligencer (12/6, Castro) reports, "The past year has been a tough one for the King County Jail with corrections officers caught sexually abusing inmates, suicides and reports of contagious diseases. … Now, the federal government has begun an investigation into jail operations." The P-I adds, "Monday, investigators with the U.S. Department of Justice visited the King County Jail to meet with staff and tour the facility, said Carolyn Duncan, spokeswoman for King County Executive Ron Sims. … 'We're cooperating,' Duncan said Tuesday. 'Whatever suggestions they make, we're obviously going to be making changes.'" The P-I adds, "In an Oct. 30 letter to Sims, the Justice Department told the county it would be examining the incarceration and treatment of inmates housed at the main jail in downtown Seattle, which has a bed capacity of 1,697. … 'Our investigation will focus on the protection of inmates from harm, including, but not limited to, custodial sexual misconduct, inadequate suicide prevention measures, and inadequate contagious disease prevention measures,' wrote Assistant Attorney General Wan Kim, who oversees the DOJ Civil Rights Division. … The letter went on to suggest the federal government may actually be able to assist King County in its efforts to improve conditions at the jail and the government may be able to provide financial assistance."

Atlanta Police Provide Few Details On Use Of "No-Knock" Warrants. The AP (12/6, Bluestein) reports, "Atlanta police often offer only cursory details when asking judges for so-called 'no-knock' warrants that allow them to burst into homes unannounced, like the one used when an elderly woman was killed in a shootout with

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plainclothes officers as they stormed her home, according to an analysis by The Associated Press." The AP continues, "Police Chief Richard Pennington called for a review of how his agency uses the warrants after Kathryn Johnson died and three officers were wounded Nov. 21 in the shootout during a no-knock search for drugs in Johnson's northwest Atlanta home. Family members say Johnson was 92 years old; authorities claim she was 88." The AP adds, "An AP review of all no-knock warrants filed in Atlanta's Fulton County this year found that authorities often give scant detail when applying for the warrants, which are typically used to search for drugs and weapons. The special warrants are intended to prevent suspects from getting rid of evidence or to protect officers from suspects who can show a threat of violence. .. .In an August affidavit, an officer pursuing a suspect named 'Kabuki' offered a two-line explanation for the no-knock warrant, claiming that an informant said people at the home 'always carry pistols' and could store guns. In others, officers only detailed their years of experience with the police force as justification for no-knock powers. … Critics of no-knock warrants say Atlanta is no anomaly when it comes to judges granting the special search warrants to police on few details."

Federal Prosecutors Face High Hurdle In Police Shooting Trials. Newsday (12/6, DeStefano) reports, "While federal officials said they are only monitoring developments in the fatal shooting of Sean Bell, new data indicate that making criminal cases against law enforcement officials such as cops is still a difficult task for the Brooklyn U.S. Attorneys Office, the office that would have jurisdiction if the case shifted to the FBI. … Tuesday attorneys for the wounded men signaled they would be waiting to see what happens to the Brown case before going to federal prosecutors." Newsday notes, "Nationally, data show that 96 percent of civil rights cases are not prosecuted." Transactional Records Access Clearinghouse "statistics for fiscal 2005 showed that weak or insufficient evidence and lack of evidence of criminal intent were key reasons for tossing the cases." Additionally, "said one federal prosecutor yesterday who didn't want to be named," is the high standard for proving criminal intent. The official "added that the issue of self defense in a police shooting could make a federal case harder to prove."

New York Village Challenges DOJ's Stand On Election System. The New York Journal News (12/6, Sadler) reports that the village of Port Chester "is challenging the federal government's claim that its election system illegally disenfranchises Hispanic voters, possibly paving the way for an expensive legal battle." The News continues, "The Board of Trustees voted unanimously tonight to notify the U.S. Department of Justice that it does not believe the village's at-large election system violates Section 2 of the federal Voting Rights Act, as claimed by the Justice Department. The board reached the decision after reviewing data the Justice Department provided the village. … 'The federal government's data does not credibly support their allegations and contentions,' Mayor Gerald Logan said before the vote. 'I speak for the entire Board of Trustees when I say that we are shocked. The federal government has been working on their case for the past three years. I can only imagine the waste of taxpayer dollars.'" The News adds, "Anthony Piscionere, a lawyer for the village, said he had already notified the Justice Department of the board's decision and 'they've indicated they will get back to us.' Piscionere said he could not speculate about whether a lawsuit is imminent. … Tonight's decision came in response to an April 20 letter from the Justice Department to Village Attorney Anthony Cerreto that threatened to sue the village unless it switches to district voting. The letter called for a districting plan that includes a majority Hispanic district and concluded that 'voting patterns in Port Chester are polarized by ethnicity.'"

Divided 9th Circuit Panel Upholds Hawaii School's Admissions Policy. The New York Times (12/6, Liptak, 1.16M) reports the Kamehameha Schools in Hawaii, "private schools with an endowment of more than $6 billion, are entitled to limit their enrollment to Native Hawaiian children, a federal appeals court panel in San Francisco ruled yesterday by a vote of 8 to 7." Students "may be denied admission based on their race without running afoul of a civil rights law, the majority ruled, citing what it said were unique factors in the history of Hawaii, the plight of Native Hawaiians and the schools' distinctively remedial mission, which Congress has repeatedly endorsed." The schools "are the only beneficiary of the enormous legacy of a 19th-century Hawaiian princess. They have an enrollment of some 5,000 students, from kindergarten through 12th grade, on campuses on three islands. Admission is a great prize, as students pay about $1,800 in annual tuition for an education worth about $20,000." The suit "argued that the admission policy ran afoul of a Reconstruction-era law, the Civil Rights Act of 1866. The court, splitting almost entirely along partisan lines, ruled that the prohibition did not apply to the schools' admissions program. (The eight judges in the majority were appointed by Democratic presidents. All but one of the dissenters were appointed by Republicans.)"

The AP (12/6, Kravets) reports, "The decision by a 15-judge panel of the 9th U.S. Circuit Court of Appeals overturned an earlier ruling by three of the same judges that the Kamehameha Schools policy amounted to unlawful discrimination." The AP adds, "In Tuesday's decision, the majority noted that the case was unique because Congress has singled out the plight of native Hawaiians for improvement, just as lawmakers have done with Alaskan

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natives and American Indians. … The policy 'furthers the urgent need for better education of Native Hawaiians, which Congress has repeatedly identified as necessary,' the court said." The AP notes, "Admission to the elite school is first granted to qualified Hawaiian students, and non-Hawaiians may be admitted if there are openings available. .. .Only one in eight eligible applicants is admitted to the schools, which serve about 5,400 students at three campuses. … The decision came a day after the Supreme Court suggested during arguments in a different case that it might ban the practice of race-based admissions in public schools, even if the policy was intended to create racial harmony."

The Los Angeles Times (12/6, Weinstein) reports that "a sharply divided federal appeals court ruled Tuesday that a private school can favor Native Hawaiians for admissions in an effort to 'counteract the significant, current educational deficits' experienced by the islands' indigenous population. In an 8-7 ruling, the US 9th Circuit Court of Appeals in San Francisco held that the admissions policy of Hawaii's Kamehameha Schools is constitutional because it is narrowly tailored to remedy a well-documented problem and does not unnecessarily trammel on the rights of other students." This case is distinguished from and "nothing like" the current Supreme Court case about public schools in Seattle and Louisville because Kamehameha "is private; Seattle and Louisville are public. Kamehameha involves remedial preferences; Seattle and Louisville involved diversity;" and while Kamehameha "involves preferences of a kind explicitly adopted by Congress; Seattle and Louisville do not."

The New York Times (12/6, Liptak) reports that the Kamehameha Schools in Hawaii, "private schools with an endowment of more than $6 billion, are entitled to limit their enrollment to Native Hawaiian children, a federal appeals court panel in San Francisco ruled yesterday by a vote of 8 to 7. Students may be denied admission based on their race without running afoul of a civil rights law, the majority ruled;" but Eric Grant, the plaintiff's lawyer, "said he would ask the United States Supreme Court to hear the case" and "the closeness of the vote, he added, made Supreme Court review more likely."

LATimes Calls On Justice Kennedy To Uphold Affirmative-Action Plans. In an editorial, the Los Angeles Times (12/6, 850K) opines that it was "clear" that the outcome of the Supreme Court's affirmative action cases "hangs on the vote of Justice Anthony M. Kennedy." The Times editorializes, "Some of Kennedy's comments from the bench Monday were ominous for the school districts. But if Kennedy views Brown in the proper perspective, he will provide a fifth vote to allow school districts, including the Los Angeles Unified School District, to experiment with ways to bring children of different races together in the classroom."

Professor Calls For "Race-Baiting Language" To End In Affirmative-Action Dialogue. In a column appearing in USA Today (12/6, 21A, 2.27M), Jonathan Turley, the Shapiro Professor of Public Interest law at George Washington University, notes that the Supreme Court "once again ventured into the quagmire of affirmative action" in two cases it is now considering. Turley writes, "Even after many decades, affirmative action remains one of the most contentious issues in our society. Yet, like abortion, there appears to be less, not more, true dialogue. … All too often, critics of affirmative action are dismissed as racists." Turley continues, "Most Americans are neither racist nor hostile to the ends sought by affirmative action. It remains a question of means." After reviewing varying stances and rationales on affirmative action, Turley writes, "It is time to have a substantive dialogue about the promise and limits of affirmative action — free of race-baiting language."

Egyptian Investigator Sues Over Contractor's Allegedly Racist Emails. The New York Times (12/6, Rashbaum) reports that an anonymous Egyptian-born analyst, part of a New York City Police Department "elite undercover unit of Middle Eastern and Asian investigators who use their foreign-language skills online to search out potential terrorist threats against the city," has filed a discrimination lawsuit , charging that "he was subjected to hundreds of blistering anti-Muslim and anti-Arab e-mail messages sent out by" Bruce Tefft, who "worked for Orion, a company that provided the department with counter-terrorism information culled from its massive database, including news articles and other materials known as open-source intelligence." The Times adds, "According to the suit, the briefing messages were preceded by commentary from Mr. Tefft that included virulent anti-Muslim and anti-Arab statements." Department spokesman Paul J. Browne "said in an e-mail message that the department moved to stop the e-mail messages when it became aware of a complaint about them."

Panel Calls For Standard That Would Phase Out Paperless Voting. The Washington Post (12/6, A9, Barr, 690K) reports, that the Technical Guidelines Development Committee "voted yesterday to begin developing a national standard that could result in the gradual phasing out of the paperless electronic voting machines in use across the Washington region and in many parts of the country. … 'This seems to mark the end of an era' for paperless electronic voting, said Doug Chapin, director of electionline.org, a nonpartisan organization that tracks changes in the country's election systems." The Post adds, "Some politicians indicated yesterday that they would move more quickly to add verification systems -- also known as paper trails -- to voting systems that lack them."

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ANTITRUST:

Microsoft "Resets" Technical Documents In Compliance Dispute. IDG News Service (12/6, Gross) reports, "A U.S. district judge on Tuesday praised the schedule set up in a revamped technical documentation project that's part of the 4-year-old antitrust settlement between Microsoft Corp. and the U.S. government." IDG continues, "Judge Colleen Kollar-Kotelly, of the U.S. District Court for the District of Columbia, hailed a new plan that would deliver 58 documents related to Microsoft's software communication protocols by Dec. 15, with more documents coming in February, April and May." IDG adds, "Kollar-Kotelly in May approved a two-year extension to parts of her antitrust judgment against Microsoft because of ongoing problems in the technical documentation for Microsoft's software communication protocols. … 'I hope this approach works,' Kollar-Kotelly said during Tuesday's antitrust compliance hearing. 'We seem to be on the correct time table.'" IDG notes, "Kollar-Kotelly, in an antitrust settlement approved in November 2002, ordered Microsoft to create the technical documentation so that competing software companies can buy licenses to Microsoft's communications protocols and make products that work with Microsoft software. .. .The judge expressed support for the new plan after numerous delays and past complaints about the quality of technical documentation. 'We'll have to see if this achieves the [results] that have eluded us so far,' she said after Microsoft representatives explained the technical documentation 'reset,' as they called it."

US Air CEO Will Abandon Delta Bid If Management Balks. USA Today (12/6, 1B, Adams) reports, "US Airways will give up its proposed takeover of Delta Air Lines if management there can't be persuaded of the benefits, US Airways CEO Doug Parker said Tuesday." USA continues, "Parker said he's not prepared to fight Delta's management in bankruptcy court by submitting a merger plan to the judge without the backing of Delta officials. … 'We have to get to a point where we are all working together on this, or it's not going to happen,' Parker said at a meeting with editors and reporters at USA TODAY. 'This is all about convincing Delta's management that this plan makes sense.'" USA adds, "US Airways has made an unsolicited takeover offer of $8.5 billion in cash and stock to acquire Delta, the USA's third-biggest carrier. … Delta's management has rebuffed the offer, saying it's too risky and that Delta is better off as an independent airline. Delta declined to comment on Parker's remarks. Delta CEO Gerald Grinstein has repeatedly voiced opposition to the merger proposal since US Airways announced it Nov. 15." USA notes, "In a memo to employees Tuesday, Grinstein said Delta, 'is making crucial progress toward becoming a strong, independent, stand-alone company.' … But because Delta is in bankruptcy, its management does not have complete control of the company's fate. Its creditors must approve Delta's post-bankruptcy business plan before the airline can exit. Delta executives plan to unveil the plan this month."

Delta CEO Says He Will Resist Merger. The Washington Post (12/6, D01, Wilber) reports, "The top executive at Delta Air Lines said he would vigorously defend his company against an unsolicited takeover bid, insisting that the Atlanta-based carrier would be a stronger company and better for consumers if it remained independent." The Post continues, "In his first interview since US Airways Group announced its merger proposal last month, Delta chief executive Gerald Grinstein said he was confident that creditors would accept his reorganization plan. He also said it would be difficult for a combined company to overcome internal and regulatory hurdles. … 'Whenever you go from having two carriers to one, or three carriers to two, that is going to have a consumer impact,' he said. 'There will be a loss of service in some smaller communities. There will be an increase in fares. . . . There is no question that there are antitrust issues that won't be quickly or easily resolved.' .. 'I think the track record of good mergers is hard to find' in the airline industry, he said." The Post adds, "Delta and US Airways are battling to convince creditors, regulators and legislators of the virtues of their competing plans. US Airways has dominated the early rounds. Its stock price soared the day the merger proposal was announced but has since retreated slightly. … Many outside analysts and airline executives think the industry needs to consolidate to improve its financial outlook. .. .Several analysts and executives at other airlines said US Airways appeared to have lost momentum, as investors and creditors look more carefully at the merger proposal. Among their concerns are the reaction of regulators, the new Democratic-controlled Congress and the short time available for US Airways to complete a deal. US Airways hopes to do that before Delta leaves bankruptcy protection, which is expected next year. Otherwise, US Airways would lose some cost-cutting advantages it could gain in the bankruptcy process."

Critics Knock FCC Chair's Attempt To Break Telecom Deadlock. USA Today (12/6, 5B, Cauley) reports, "If you can't settle through negotiation, why not try a different approach? … So it goes these days at the Federal Communications Commission, which is using legal maneuvering to break its 2-2 deadlock on the pending AT&T-BellSouth merger." USA continues, "The $80 billion deal just needs FCC approval to close. It already has received the other necessary approval, from the Department of Justice,

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which imposed no conditions. … Last week, FCC Chairman Kevin Martin asked the panel's third Republican to cast the tiebreaking vote on the deal. The commissioner, Robert McDowell, has recused himself because he worked as a lobbyist for a trade group opposing the deal. McDowell also cited ethical concerns of the Virginia Bar Association. … An official can be unrecused if the FCC's general counsel determines that the need for his or her participation outweighs public ethics concerns." USA adds, "Gene Kimmelman, public policy director of Consumers' Union, which opposes the deal, calls the move 'the most unusual thing I've ever seen in my entire career.' .. .Kimmelman says he was helping to negotiate an agreement among AT&T and the two Democrats and Martin when the chairman pulled the plug. … 'We thought we were making progress,' Kimmelman says. 'It's just bizarre.'" USA notes, "In moving to unrecuse McDowell, Martin, who declined to comment, cited legal precedent in a case involving the National Association of Broadcasters. But that request to break the FCC stalemate came from the U.S. Court of Appeals after a two-year impasse. … In the AT&T case, the request is from an FCC chairman who openly favors approval with no conditions. And it comes after a stalemate of just two months. … Tuesday, McDowell issued a statement that he is prepared to get up to speed quickly on the AT&T merger should the general counsel unrecuse him."

The AP (12/6, Dunbar) reports, "Two powerful Democrats on Capitol Hill Tuesday night sharply questioned a move by the chairman of the Federal Communications Commission to allow a fellow commissioner who had claimed a conflict of interest to vote on the nation's largest telecommunications industry merger. … Sen. Daniel Inouye, D-Hawaii, wrote FCC Chairman Kevin Martin expressing 'disappointment' in Martin's 'apparent willingness to waive government recusal rules' to allow former lobbyist and current commissioner Robert McDowell to vote on the proposed merger of San Antonio-based AT&T Inc. and BellSouth Corp." The AP adds, "Rep. John Dingell, D-Mich., along with Rep. Ed Markey, D-Mass., sent a letter to the FCC's general counsel asking 15 pointed questions about past precedent of such recusals and other issues. … Their dismay takes on added significance because the Democrats will take control of Congress in January. Inouye will be chairman of the Senate Commerce, Science and Transportation Committee and Dingell will chair the House Energy and Commerce Committee. Both committees oversee the FCC."

EU Regulators Back NYSE-Euronext Merger. The Wall Street Journal (12/6, C3, MacDonald, Lucchetti) reports, "One of the last major hurdles to a merger of the New York Stock Exchange and Euronext NV was removed yesterday, after European regulators gave their provisional clearance, pushing the first major trans-Atlantic stock-exchange merger toward the finishing line after a six-month battle." The Journal continues, "NYSE's likely success will heap further pressure on its fast-growing rival, Nasdaq Stock Market Inc., to do a deal. Last month, Nasdaq made a bid for London Stock Exchange PLC, but London rejected its approach. Nasdaq has acquired a 29% stake in the London exchange since April, but says its bid is a final offer, unless London agrees on a deal or a rival bidder comes in." The Journal adds, "The Euronext deal still needs approval from the Dutch finance minister, because the exchange is incorporated in Amsterdam, though operated from Paris. Also, shareholders in Euronext and NYSE Group Inc., which operates the New York Stock Exchange, will vote on the deal in about two weeks. Neither the finance minister nor shareholders are expected to block the creation of what would be a $28 billion company. A spokesman for the Netherlands Finance Ministry said Finance Minister Gerrit Zalm is expected to decide in January. … NYSE-Euronext Group, as the combined company will be called, will have stock exchanges in New York, Paris, Brussels, Lisbon and Amsterdam, as well as a London-based market in the fast-growing sector of derivatives."

Icahn's Withdrawal From Reckson Bid Shows Changing M&A Climate. The Wall Street Journal (12/6, C1, Pulliam, Forsyth) reports, "For years, financier Carl Icahn has been a prominent 'activist' investor, attempting to push companies to make changes in a bid to boost their stocks. Now he's being forced to change his game plan in using this brand of investing." The Journal continues, "This week Mr. Icahn's partners pulled out of a $4.6 billion bid for Reckson Associates Realty Corp., a real-estate investment trust. Mr. Icahn initially pressed ahead with the Reckson bid on his own. Late Monday night, the Reckson board rejected Mr. Icahn's offer in favor of a merger with SL Green Realty Corp., a rival real-estate trust. Yesterday, Mr. Icahn said he would back out. … 'The offer is pretty much done,' Mr. Icahn said in an interview. 'It's a minor disappointment.' Reckson shareholders must decide whether to approve SL Green's cash and stock offer, valued at about $45.56 a share as of yesterday's market close." The Journal adds, "The development illustrates the complications for even the savviest shareholders in mounting corporate challenges. These days, companies are launching ever-more aggressive legal and public-relations efforts, among other things, to block such efforts. Competition from industry players is intense. … Real-estate developer Harry Macklowe and Mack-Cali, a real-estate investment trust, both dropped out of the partnership with Mr. Icahn over the weekend. Now, Mr. Icahn said he is returning to his roots as a solo financier, bringing him full circle in his approach to 'activist' investing. Until a couple of years ago, when Mr. Icahn began joining forces with other

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investors to prod corporate managements to change, he largely had operated on his own."

Ryanair Offers To Sell Airport Slots In EU Review Of Aer Lingus Bid. Bloomberg (12/6, Newman) reports, "Ryanair Holdings Plc, Europe's biggest discount airline, has offered to sell slots at eight airports, including London's Heathrow, to win European Union antitrust approval to buy Aer Lingus Plc." Bloomberg continues, "Ryanair told the European Commission, the EU's antitrust authority in Brussels, that it would sell as many as four Aer Lingus slots at Heathrow if its bid for the carrier succeeds, according to a document submitted to the regulator last week. It also offered slots at Stansted Airport near London and airports serving Frankfurt, Paris, Milan, Rome, Bratislava and Barcelona. … 'The purpose is to allow one or more entrants to operate a new or additional non-stop scheduled daily frequencies on the 8 identified relevant airport pairs,' said the document, which was obtained by Bloomberg News today." Bloomberg adds, "Ryanair Chief Executive Officer Michael O'Leary has pursued the 1.48 billion-euro ($2 billion) hostile takeover of Ireland's flag carrier to add routes to the U.S. The Irish government and Aer Lingus employee shareholders, who together control almost 40 percent of the carrier, have rejected the offer, which expires Dec. 22. Ryanair said on Nov. 21 that it won't raise its offer."

ENVIRONMENT:

South Korean Ship's Crewmen Pleads Guilty To Oil Dumping Cover-Up. The AP (12/6) reports, "The chief engineer and second engineer of a South Korean cargo vessel have pleaded guilty to environmental crimes and obstruction of justice for covering up illegal dumping of oil residue at sea, the U.S. Department of Justice announced Tuesday." The AP continues, "The owner and operator of the vessel, Sun Ace Shipping Co., based in Seoul, South Korea, previously pleaded guilty in the case and agreed to pay a $400,000 fine and $100,000 to New Jersey environmental organizations." The AP adds, "Chief engineer Chang-Sig O pleaded guilty to obstruction of justice for maintaining a false oil record book and lying to the Coast Guard about his knowledge of hoses used to bypass shipboard pollution control equipment. … Second engineer Mun Sig Wang pleaded guilty to violating the Act to Prevent Pollution from Ships for presenting a false oil record book to Coast Guard inspectors who boarded the ship in Camden on Jan. 3. … Inspectors learned that crew members had dumped oily waste into the ocean at least two times on their voyage from South Korea, the Justice Department said."

Activists Using Research In Environmental Justice Battles. USA Today (12/6, 13A, Jones) reports, "Neighborhood activists from California to Washington, D.C., are using a growing body of research on how pollutants exacerbate illness to block the building of facilities, relocate residents from contaminated communities and gain other concessions from large firms. … 'One of the problems with all environmental struggles, but particularly when you have the overlay of environmental racism, is the community always has the burden of proof of harm,' says Elizabeth Crowe, an organizer with the Kentucky Environmental Foundation in Berea, Ky. Now, 'we have much more definitive information as to how bad this stuff is. … So the science is catching up to the experiences of folks on the ground, and it helps prove the point.'" USA adds, 'Among recent developments: … A group in Port Arthur, Texas, signed an agreement on Nov. 6 with Motiva Enterprises under which the oil company will pour up to $3.5 million into the impoverished neighborhood as it expands a refinery there. The money will help fund new local businesses. … A plan to build a nuclear waste storage facility on the Skull Valley Goshute Indian reservation in Utah was scuttled in September by the federal Bureau of Land Management and Bureau of Indian Affairs. The agencies were concerned that it would have a negative impact on the reservation, says attorney Paul EchoHawk, who represented tribal members opposing the project. … From Sept. 24 to Oct. 1, representatives of more than 70 social justice and human rights groups toured the nation by bus caravan, visiting communities where residents face health problems associated with pollution." USA adds, "The environmental justice movement took root in the South in the early 1980s, when activists, church leaders and residents complained that toxic waste sites and other polluters often were located in poor and black neighborhoods. Their protests merged the struggle for a clean environment with that of civil rights."

NYTimes Says Bush Should Not Rescind Order Protecting Bristol Bay. The New York Times (12/6, 1.16M) says in an editorial, "President Bush is thinking about rescinding a longstanding presidential order that specifically prohibits oil and gas drilling in Alaska's pristine Bristol Bay. He should resist the impulse to do so, no matter how powerful the entreaties from his friends in the oil business. Drilling in Bristol Bay would threaten one of the nation's most productive fisheries without appreciably strengthening the nation's long-term energy security."

FBI/DEA/ATF/USMS:

Report Says DOJ Should Regroup Following Failed Effort To Update Evidence System.

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Federal Computer Week (12/5, Sarkar) reported, "Although the FBI is forging ahead with establishing an interoperable fingerprint system with the Homeland Security Department, the Justice Department needs to regroup following a failed $1.18 million effort to modernize a system that manages evidence, according to a semi-annual report released by Justice's inspector general." The IG report "also provided updates with respect to the Federal Information Security Management Act (FISMA). A review found that systems within the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosive (ATF); the Drug Enforcement Agency (DEA); and the Justice Management Division (JMD) were all certified and accredited, security controls were tested and evaluated in the past year, and contingency plans were in compliance with FISMA. However, the FBI, ATF and DEA did not perform electronic authentication risk assessments, and the FBI and ATF did not fully implement Justice's process for tracking system vulnerabilities and corrective actions, the IG report adds."

FBI Says Computer Database System On Budget. The Washington Times (12/6, Seper, 88K) reports, "The FBI says a new computer system -- introduced last year as a replacement for a failed case-file program -- is within cost and on schedule to be fully operational by 2009, despite criticisms in a report this week by the Justice Department's Office of Inspector General. … 'The FBI appreciates the Inspector General's continued interest and assessment of the Sentinel program,' the bureau said. … 'The total project cost for Sentinel was budgeted at a cost of $425 million and that figure remains the same. Characterizations to the contrary are misleading,' the FBI said." The Times notes FBI Director Robert Mueller has said of the new system, "Sentinel will support our current priorities, including our No. 1 priority: preventing terrorist attacks."

Federal Probe Yields Arrests Of Chicago Gang Leaders. The AP (12/6, Tareen) reports, "Twenty alleged street gang members have been arrested on charges of running of sophisticated drug trafficking operation in the culmination of what officials said was a three-year undercover investigation, authorities announced Tuesday." The AP continues, "Since the investigation began, 38 alleged members of the Latin Kings street gang have been charged and at least 20 individuals - including several men believed to be top leaders - are in custody on drug and weapons charges, U.S. Attorney Patrick Fitzgerald said during a news conference. … The charges are included in 13 separate federal complaints filed or unsealed Tuesday. … 'We pretty much decapitated the Latin Kings on the South Side,' said Andrew Traver, a special agent with the Bureau of Alcohol, Tobacco and Firearms, the main agency involved in the investigation."

WMAQ-TV, NBC 5, Chicago (12/6) reports, "Federal agents moved in on the gang on Tuesday. … 'Operation Broken Crown' started when a member of the Southside Latin Kings began cooperating with ATF agents."

Gang Kingpin Among Those Nabbed. The Chicago Tribune (12/6, Coen, Bush) reports, "A Chicago man described by federal authorities as 'the CEO of the Latin Kings Nation on the South Side' was taken into custody early Tuesday, capping a three-year investigation into the operations of the violent street gang." The Tribune continues, "Fernando 'Ace' King was among 18 gang members whose arrests were announced Tuesday by U.S. Atty. Patrick Fitzgerald. King had the title of 'Supreme Inca,' running the gang's drug empire on the city's South Side and the south suburbs, officials said. There are only a small circle of leaders above him, including Gustavo 'Gino' Colon, the gang's imprisoned head, officials said. … 'It may seem pretty cool to be a Supreme Inca when you're the leader on the street of a gang until the title "Supreme Inca" becomes "lead defendant,"' Fitzgerald said." The Tribune notes, "The Latin Kings operate in seven regions in Chicago, including the southwest and northwest suburbs, authorities said. … King is one of 38 members and associates charged in the case after investigators with the Bureau of Alcohol, Tobacco, Firearms and Explosives used wiretaps and undercover drug purchases to crack the gang's operations. He was charged with intent to distribute cocaine as part of 'Operation Broken Crown,' which is billed as the most significant federal effort against the Latin Kings since the takedown of Colon in 1998."

Eight San Francisco Gang Members Sentenced To Prison. Bay City News Wire (12/5) reported, "Eight members of San Francisco's Down Below Gang will spend years in prison after pleading guilty to federal racketeering and drug-dealing charges Monday, according to the U.S. attorney's office. The gang…has been involved in criminal activity such as selling crack cocaine and intimidation for years, according to U.S. Attorney Kevin Ryan. … For their crimes, Don Johnson, 20, agreed to 23 years in federal prison; Robert Calloway, 22, agreed to more than 17 years; Dornell Ellis, 25, agreed to almost 16 years; and Ricky Rollins, 21, agreed to 15 years." BCN notes, "The pleas are the result of a joint investigation by the FBI and the San Francisco Police Department. Ryan thanked the two organizations in a statement." The San Francisco Chronicle (12/5, Gordon, 384K) added, The four other defendants pleaded guilty to drug-related charges, according to federal prosecutors. They are Christopher Byes, 26; Paris Ragland, 21; Ronnie Calloway, 26; and Allen Calloway, 24. Their sentences will range from 21 months to 77 months in federal prison."

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New Jersey Gang Member Sentenced To 10 Years In Prison. The Cherry Hill Courier-Post (12/3, Strupczewski) reported, "A Camden gang member who cooperated with federal investigators was sentenced Friday to 10 years in federal prison for his role in a drug trafficking organization, the U.S. Attorney's Office said. U.S. District Judge Freda L. Wolfson said she recognized the need to reward Lamont Powell, also known as 'Mont G,' 29, for his cooperation. Had he not cooperated, Powell would have faced a sentence of anywhere from 30 years to life." The Post noted, "Powell was a member of the 'Tuten Organization,' a notorious drug gang. After his arrest, he cooperated with federal investigators to convict other gang members, including one of the organization's leaders, Leonard Paulk of Camden.

Tandy Notes DEA's Position On Handling Painkiller Cases. In the Orlando Sentinel (12/6), Karen Tandy writes about Dr. Freddie Williams who she says "was diverting so many OxyContin pills to abusers and traffickers that after Drug Enforcement Administration (DEA) agents and our partners arrested him, the street price of OxyContin nearly doubled in the area because of the significantly diminished availability of OxyContin." Tandy adds, "These few doctors cause grave harm and contribute to the alarming prescription-drug-abuse problem in our country. … There is much debate within the medical community about how chronic pain should be treated, how aggressively and with what medications. The DEA doesn't enter into that debate except to ensure the drugs aren't being diverted for illegal purposes as we are required to do by federal law. Doctors need to practice medicine as they have been trained to do and as they are sworn to do: to help their patients. The DEA in turn will do what we are sworn to do: to protect the American public by putting dealers like Williams out of business."

Hearing Set For San Diego Chargers Safety In Cough Syrup Case. On its Web site, KGTV-TV, San Diego (12/5) reports a Feb. 7 preliminary hearing "was set Tuesday for a Chargers player accused of getting codeine-based cough syrup from a friend who worked at a San Diego pharmacy and trying to ship it to his home state of Texas. Terrance Kiel faces a maximum of seven years and four months in state prison if convicted of five felony charges…said Deputy District Attorney James Fontaine." DEA agents "said they intercepted two FedEx packages containing 18 pint bottles of the codeine-based cough syrup in June and September. Prosecutors alleged Monday that Hope Devina Vines, 30, was stealing codeine-based cough syrup from her employer, Sharp Rees-Stealy, and giving it to Kiel."

KFMB-TV, San Diego (12/6) reports on its Web site that according to drug enforcement agents, Vines "was arrested Thursday afternoon. She worked at Sharp Rees-Steely in the downtown area, where a large number of bottles of cough syrup were reported missing."

Boxer Suspended After Positive Meth Test. The AP (12/6) reports WBC light flyweight champion Omar Nino "was temporarily suspended Tuesday after testing positive for methamphetamine after last month's title bout, Nevada boxing regulators said. The 30-year-old Mexican fighter retained the 108-pound title Nov. 18 with a majority draw over former champion Brian Viloria of Hawaii. … The Nevada Athletic Commission decided to keep Nino out of the ring until it could hold a formal hearing, probably in January, commission executive director Keith Kizer said."

NFL Player Suspended For Violating Steroid Policy. The AP (12/6) reports New Orleans Saints defensive tackle Hollis Thomas "was suspended yesterday for the final four games of the regular season for violating the NFL's steroid policy. Thomas, supported by the club, appealed the suspension, which he said was caused by asthma medication. He uses an inhaler daily and it apparently contained a banned steroid."

Seattle Officials Concerned About Mounting Gun Violence, Gang Activity. The Seattle Post-Intelligencer (12/6, Gutierrez) reports, "The slaying of King County sheriff's Deputy Steve Cox is another harsh reflection of resurging gun violence and gang activity plaguing Seattle and cities around the country, law enforcement officials say." The P-I continues, "Cox was shot and killed early Saturday as he interviewed witnesses in connection with a shooting and beating outside a party at a White Center home. The felon and gang member who apparently shot him, Raymond O. Porter, is thought to have killed another man in SeaTac Friday night. … 'Gang members are more dangerous, they're more armed, than other criminals and that fact alone means we're going to run into more people and things like this,' Sheriff's Sgt. John Urquhart said Monday. … 'But I don't believe (Porter) killed Deputy Cox because he was a gang member. I believe he killed Deputy Cox because he was armed,' Urquhart added." The P-I adds, "Cox's death comes after a year in Seattle in which gun assaults were up by 25 percent, similar to national trends, according to law enforcement. Police say shootings are becoming much too frequent, whether gang-related or not. Even as deputies responded to the gun blasts that killed Cox in White Center, Seattle police were busy Saturday hunting for another shooter in Rainier Valley who wounded another man in an unrelated case. … In October, Seattle police gang detectives lamented in a Seattle P-I story that they had

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already investigated more gang cases than in all of 2005. An estimated 30 to 60 street gangs are operating in the Seattle area. … The Sheriff's Office does not field a gang unit, which means gangsters pushed out of Seattle likely work their way into the suburbs and unincorporated areas such as White Center, Urquhart said." The P-I notes, "The reasons for the latest surge in violence vary, according to law enforcement and gang experts. Some experts say it's stoked in part by gang-bangers who went to prison in the early 1990s and now are finishing their sentences. … Earlier this year, U.S. Attorney General Alberto Gonzales promised $30 million to buttress anti-gang programs nationwide, calling street gangs 'an increasingly deadly threat to the safety and security of our citizens.' Locally, agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives teamed up with Seattle police, the Sheriff's Office, the state Department of Corrections and others to form a Violent Gang Task Force."

IMMIGRATION:

Supreme Court Restricts Deportation Of Immigrants For State Felonies. The New York Times (12/6, Greenhouse, 1.16M) reports the Supreme Court "rejected the government's interpretation of immigration law on Tuesday, ruling that a noncitizen is not subject to mandatory deportation for a drug crime that, while a felony in the state where the crime was prosecuted, is only a misdemeanor under federal law." The 8-to-1 decision "restored to one category of immigrants, caught in the nearly impenetrable maze where immigration law and criminal law meet, the ability to avoid automatic deportation and the other dire consequences of being guilty of an 'aggravated felony.'" The category is "made up of immigrants convicted of simple drug possession in states that treat those offenses as felonies. Federal law treats possession in most instances as a misdemeanor. But in the government's view, possession when deemed a felony under state law became a 'drug trafficking crime,' which under federal immigration law is an 'aggravated felony' that strips an immigrant of the right to seek relief from automatic deportation, to seek asylum, or ever to return legally to the United States." Writing for the majority, Justice David H. Souter "said the government's interpretation was based on a strained and implausible reading of the definition of 'drug trafficking crime' in the federal criminal code."

USA Today (12/6, 4A, Biskupic, 2.27M) reports the "8-1 decision could affect thousands of permanent legal immigrants, often known as green-card holders, who, because of certain state convictions, face deportation without a chance to plead their case before a judge." The decision, "drawing the dissent of only Justice Clarence Thomas, rejected a position taken by the Bush administration and resolved a split in views among lower courts."

The Los Angeles Times (12/6, Savage, 850K) reports, "Immigrant-rights lawyers said the resounding 8-1 decision will allow noncitizens who have a family, a job and an otherwise clean record to appeal to immigration judges to stay in this country, despite a drug conviction." Noting "Humpty Dumpty's use of words to mean whatever he wanted them to mean in author Lewis Carroll's 'Through the Looking-Glass,' the justices said it did not make sense to interpret the words 'aggravated felony' and 'drug trafficking crime' to mean simple drug possession." Justice David H. Souter, "who wrote the opinion, said the government's interpretation was incoherent and is 'just what the English language tells us not to expect, and that result makes us very wary of the government's position.'"

The Washington Post (12/6, A3, Barnes, 690K) reports the "decision came in one of several cases the justices are considering to reconcile conflicting lower-court decisions on when immigrants convicted of crimes must be deported. After announcing yesterday's decision, the court heard arguments in a separate case from California in which a Peruvian immigrant was convicted on car theft charges."

The AP (12/6, Yost) reports, "The issue before the Supreme Court was the interpretation of the federal Immigration and Nationality Act, which says immigrants found guilty of aggravated felonies are subject to deportation. … Conduct that is a felony under state law but a misdemeanor under the Controlled Substances Act is not a felony for purposes of immigration, stated the ruling by Justice David Souter. … Jose Antonio Lopez, a 16-year permanent U.S. resident, was deported to Mexico in January 2006, but could return to his wife and two children, who are U.S. citizens, one of his lawyers has said. … Even then, Lopez, who had operated a grocery store in Sioux Falls, S.D., still could face deportation, but an immigration judge would have discretion to allow him to remain in the United States." The AP adds, "In opposing the immigrant's legal position, the Bush administration said that Congress left the door open to counting state felonies as felonies under the federal Controlled Substances Act, which would make them a crime that could trigger deportation under the Immigration and Nationality Act."

Democrats May Plan Crack Down On Illegal Immigrants' Employers. The Hill (12/6, Joseph, Cusack) reports the "selection of Rep. Silvestre Reyes (D-Texas) to head the Intelligence Committee may be an indication that Democrats will press the Bush administration to crack down on employers who hire illegal immigrants." Reyes, "a former Border Patrol agent, is one of the most outspoken proponents of enforcing these types of employer

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sanctions and appears to have an ally in Rep. Rahm Emanuel (D-Ill.), who will be the House caucus chairman next year." In a previous interview, Emanuel said "many Democrats want to focus on employer sanctions as a way to stem illegal immigration. He accused the White House and the Republican-led Congress for letting 'its guard down when it comes to employer sanctions.'"

TAX:

DOJ's California Tax Probe Ensnares Nebraskans. The North Platte (NE) Telegraph (12/6, Lindenberger) reports, "The U.S. Department of Justice is seeking a preliminary injunction against California accountant Lowell Baisden, who is currently under investigation for promoting an illegal tax fraud scheme." The Telegraph continues, "The motion, which was filed Nov. 29 in U.S. District Court, asks for a preliminary injunction to prevent Baisden from preparing any federal tax returns for his clients and from representing them before the IRS." The Telegraph adds, "Court documents indicate seven North Platte practitioners have been investigated by the IRS in connection with Baisden's scheme. They are doctors Michael Trierweiler, Chris Johng and Walter and Deborah Weaver, along with anesthetist Burt McKeag and nurse anesthetists Evan Geilenkirchen and Kathryn Snoozy. … According to the court records, Baisden helped his clients set up phony corporations to significantly reduce their tax liabilities. He also allegedly prepared their tax returns to perpetuate his scheme. Many of these clients were referred to Baisden by his brother-in-law, Michael Koning, a former North Platte anesthesiologist now living in Montana." The Telegraph notes, "The tax scheme allegedly involves creating sham corporations to which the client's income is assigned. Baisden would then allegedly claim large illegal deductions for non-deductible personal expenses. The remaining income would then be reported as royalty or rental income, which is not subject to self-employment and social security taxes. … According to the complaint from the Justice Department, 'several of Baisden's former customers have sought new representation, filed the past-due returns and conceded that the tax returns filed by Baisden are incorrect.'"

DOJ Turns Over Bank Documents To Attorneys In KPMG Suit. The New York Times (12/6, Browning) reports, "Federal prosecutors who are investigating Deutsche Bank over questionable tax shelters have been turning over internal bank documents to lawyers defending former employees of the accounting firm KPMG in a separate criminal case." The Times continues, "The providing of the Deutsche Bank documents, which began in earnest earlier this year and has accelerated in recent months, was disclosed in a court filing late Monday by John M. Hillebrecht, an assistant United States attorney in Manhattan who is overseeing the case against the indicted KPMG employees. His office is also overseeing the investigation of Deutsche Bank." The Times adds, "The judge in the KPMG case, Lewis A. Kaplan of United States District Court in Manhattan, had previously criticized prosecutors for tardy production of evidence. The trial of the 16 former KPMG employees had been scheduled to begin in January, but last month Judge Kaplan postponed it indefinitely, citing concerns that the defendants, who include an outside lawyer and investment adviser, would not be able to pay their legal bills." The Times notes, "In his filing, Mr. Hillebrecht wrote that prosecutors were turning over the Deutsche Bank documents in part because the Deutsche Bank case had 'substantial overlap' with the KPMG employees case, which prosecutors call the largest criminal tax case ever. .. .Mr. Hillebrecht also disclosed that prosecutors had asked Deutsche Bank to provide additional assistance with the documents for the defendants in the KPMG case, in which Jeffrey Stein, a former KPMG executive, is the lead defendant."

IRS Tries To Seal Gaps In State Business Laws. In his "Tax Report" column for the Wall Street Journal (12/6), Tom Herman writes, "Escalating its assault on cheating, the Internal Revenue Service is turning up the heat on tax dodgers who conceal taxable income by exploiting gaps in state business-formation laws that allow hidden ownership or control." Herman continues, "The IRS is focusing on individuals or small groups whose tools include use of corporations, trusts, partnerships, limited liability companies and other types of business structures. Some people may form a company, conceal their ownership and use it to claim phony expenses, an IRS official says. Other cases involve outright fraud. IRS officials say some people have created sham, one-person, tax-exempt religious corporations to dodge taxes." Herman adds, "Officials say the problem appears to be particularly severe in Nevada, where recent investigations into promoters of corporations there have turned up widespread abuses. As a result, the IRS has begun expanding the number of audits of people involved in forming Nevada corporations, says Steven Burgess, director of examination for the IRS's Small Business/Self-Employed Division. … The IRS also is considering additional investigations of promoters, Mr. Burgess said at a recent Senate hearing. Even if promoters aren't guilty of wrongdoing, their client lists could be valuable in unearthing evidence of cheating, he said." Herman notes, "For years, law-enforcement officials have expressed concern about widespread use of offshore tax havens to hide or shelter taxable income. But now IRS officials and senators are also focusing on the exploitation of onshore havens. … While laws vary from state to state, a report earlier this year by the

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U.S. Government Accountability Office, a congressional investigative arm, said most states don't require companies or third-party agents representing them to disclose ownership information when companies are being formed or in periodic reports."

WSJournal Proposes Scrapping IRS Code, Keeping AMT. The Wall Street Journal (12/6, 2.04M) says in an editorial, "Fans of political irony will appreciate that Democrats in Congress are saying they now want to address the 'wealth gap' even as they deplore and want to eliminate the Alternative Minimum Tax, or AMT. It was a previous crusade against the wealthy that created the AMT. Haven't we learned anything about the perils of tax policy rooted in political envy?" Somehow, Democrats "never raised a peep over the years when the AMT was whacking mostly Republican voters. But the tax has now become the monster that ate Marin County, to pick just one of the blue state redoubts where the AMT hits especially hard. This year it will strike four million Americans, and next year without a change in law it will snare 23 million -- one in four tax filers." The "latest data indicate that the eight states with the highest percentage of tax filers subject to the AMT all voted heavily Democratic in 2004 and 2006 -- including Massachusetts, Connecticut, New Jersey and Rhode Island. Those voters are now screaming for relief, and the question for Democrats is where they'll find the money. Eliminating the AMT would cost about $50 billion for one year and $1.2 trillion over 10 years, according to the Treasury Department." The journal proposes a "possible deal between the Bush Administration and the Pelosi Democrats: Junk the IRS code and use the AMT as the basis for tax reform. The AMT provides at least the crude framework for a much simpler tax code, because it eliminates almost all deductions and special interest carve-outs. It requires only about one-tenth as many tax forms as the regular code. It has a broad tax base and only two tax rates, 26% and 28%."

CONGRESS-ADMINISTRATION:

Bush To Meet With Blue Dogs, New Democrats. The Hill (12/6, Hearn) reports, "President Bush has invited leaders of the conservative Blue Dog and New Democrat coalitions to the White House Friday to discuss areas of 'mutual cooperation' in the words of one Democratic Congressional aide. The outreach comes at a time when Bush's image on Capitol Hill and around the country has taken a serious beating." Reps. Alan Boyd, Dennis Moore and Mike Ross will represent the Blue Dogs, and Reps. Joe Crowley), Artur Davis, Ron Kind, Adam Smith and Ellen Tauscher are set to represent the New Democrats.

Lawmakers Seen As Unlikely Replacements For Bolton. The Hill (12/6, Schor) reports that as President Bush begins vetting candidates to succeed UN Ambassador John Bolton, "as many as five departing lawmakers have surfaced as players in the Beltway's nominations guessing game." Iowa Rep. Jim Leach said he is "flattered and honored by the bipartisan effort on his behalf but is making other plans for his future," spokesman Gregory Wierzynski said. Another "surprise on several U.N. shortlists" is Sen. Lincoln Chafee (R-R.I.), but he is reportedly "leaning toward taking an academic or policy position after leaving the Hill." In addition, former Senate Majority Leader George Mitchell told CNN yesterday that Bush would seek to replace Bolton with a Republican.

Missed Opportunities Seen In 4th Circuit Vacancies. The Legal Times (12/6, Schwartz) reports, "Chief Judge William Wilkins, who has presided over the 4th U.S. Circuit Court of Appeals for the past four years, sent President George W. Bush a letter last week announcing his plans to step down in June. … Though Wilkins, a South Carolina native who will turn 65 in March, will still hear cases as a senior judge, his quasi-retirement creates a fourth official vacancy on the 15-member bench. (Technically, there are five openings, but Judge H. Emory Widener Jr., who announced plans to retire in 2003, has pledged to stay active until the nominee for his seat -- Defense Department general counsel William Haynes II -- is confirmed.)" The Times continues, "The large number of vacancies during a Republican administration is particularly striking given the 4th Circuit's reputation as one of the most stalwart conservative courts in the nation. The circuit, which covers Maryland, Virginia, West Virginia, and North and South Carolina, also is the key appellate arena for the administration's terrorism cases, largely prosecuted in the Eastern District of Virginia. … 'You'd think they'd want to fill them and fill them as quickly as possible,' says Arthur Hellman, a professor at the University of Pittsburgh School of Law." The Times adds, "Though the Bush administration has tried to fill a few open seats, it has faced stiff opposition even during the Republican-controlled Congress. U.S. District Judge Terrence Boyle's nomination to the 4th Circuit has languished since 2001, and senators have blocked Haynes' confirmation over questions about his involvement with the Justice Department's infamous "torture memo." It's unlikely the administration will fare any better under the incoming Democratic-controlled Congress."

Administration Withdraws "Open Skies" Plan. USA Today/AP (12/6, 7B, Sniffen) reports, "Already rebuffed by a Republican-controlled Congress, the Bush administration on Tuesday withdrew its plan to give foreign investors more management control of US airlines."

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Announced yesterday by Transportation Secretary Mary Peters, "the decision follows a department review of public comments about the proposal, and votes by the Senate and House this year to prevent the plan from going forward. 'It was clear from reviewing the comments that the department needs to do more to inform the public, labor groups and Congress about the benefits of allowing more international investment,' Peters said in a statement."

The Financial Times (12/6) reports the Administration is "bowing to pressure from Congress, labour unions and airlines," while the Wall Street Journal (12/6, A8, Meckler, 2.04M) says the move "underscored the rising protectionist sentiments in Congress and throughout the country." It "will have an impact on negotiations over a long-sought agreement that would allow U.S. and European airlines to fly without restrictions across the Atlantic." The Journal adds, "The 'open skies' agreement also would provide greater access to London's popular Heathrow airport for US carriers. Europeans had said they wouldn't finalize that agreement if the US doesn't liberalize the foreign-investment rules on US airline operations.

Republicans Lay "Legislative Landmines" For Democrats As They Postpone Spending. The Wall Street Journal (12/6, A8, Rogers, 2.04M) reports, "Like a retreating army, Republicans are tearing up railroad track and planting legislative land mines to make it harder for Democrats to govern when they take power in Congress next month. Already, the Republican leadership has moved to saddle the new Democratic majority with responsibility for resolving $463 billion in spending bills for the fiscal year that began Oct. 1. … The unstated goal is to disrupt the Democratic agenda and make it harder for the new majority to meet its promise to reinstitute 'pay-as-you-go' budget rules, under which new costs or tax cuts must be offset to protect the deficit from growing." The Journal adds, "The collapse of the appropriations process will be felt soon in the Justice and Commerce departments, food-safety agencies and veterans' health care."

The Hill (12/6, McCormack) reports, "As time runs out in the Congress, politics can trump policy in deciding which bills become law. Even if a bill has more than enough support to pass if brought to the floor, powerful members and long-held vendettas can determine a bill's fate. Some lawmakers file discharge petitions to get their bills out of committee, trying to attach their legislation to appropriations bills or wage last-ditch efforts to get their objectives pushed through." The Hill cites several examples of stalled bills, including WI8 Rep. Mark Green's (R) bill to "crack down on abuses against animals," which has 324 cosponsors; PA3 Rep. Phil English's (R) bill to "repeal Medicare's outpatient therapy caps;" and CA51 Rep. Bob Filner's (D) proposal "that would allow World War II Merchant Marines and Naval and Army transportation personnel to be eligible for benefits."

Republican Leaders Won't Allow Vote On DC House Member. The Washington Post (12/6, B10, Sheridan, Woodlee, 690K) reports, "Republican congressional leaders decided yesterday not to bring to the floor a bill giving the District a full voting member of the House, dooming the measure's chances in this legislative session." GOP Rep. Thomas M. Davis, "the bill's author, had appealed to his party's leadership to cram in a vote during Congress's lame-duck session, which could end as soon as Thursday. But in a closed-door meeting, House leaders rejected the request." The Washington Times (12/6, Emerling, 88K) notes "the DC Voting Rights Act would give the overwhelmingly Democratic District a full vote in the House and create a fourth House seat for predominantly Republican Utah."

The New York Times (12/6, Johnson, 1.16M) reports, "A spokesman for the chief backer of the plan, Representative Thomas M. Davis III, Republican of Virginia, said Mr. Davis would push for reconsideration. Failing that, the spokesman said, Mr. Davis would reintroduce the package in the next Congress, which the Democrats will lead."

GOP Majority Ends "With A Legislative Whimper." The Los Angeles Times (12/6, Levey, Simon, 850K) reports, "Twelve years after Republicans stormed into power on Capitol Hill with ambitious plans for action on energy exploration, abortion and other key issues, the GOP wraps up its run at the helm this week with a legislative whimper." The Times adds, "With Democrats slated to take control of Congress in January, proposals to expand oil drilling and reduce abortions are unlikely to see the light of day during the next two years. Instead, they will join other mainstays of the Republican agenda — such as abolishing the estate tax, limiting medical malpractice lawsuits and banning gay marriages — on the legislative sidelines. GOP lawmakers express resignation as they contemplate seeing many of their cherished goals consigned to oblivion, replaced by priorities near and dear to the hearts of Democrats.

Incoming House Chairmen Jostle Over Committee Structures, Jurisdiction. The Hill (12/6, Bolton) reports, "Incoming Democratic House committee chairmen" are "edging toward a turf war" between themselves and with the Senate as they press "to reverse structural changes made to their panels by former Majority Leader Tom DeLay (R-Texas) and other Republican leaders." Incoming House Speaker Nancy Pelosi "has said there will not likely be any changes of jurisdiction between committees."

"Seniority Ruled" In Selection of First Committee Chairmen. The Hill (12/6, Hearn) reports, "As expected, seniority ruled the first round of selections for House committee chairmen yesterday afternoon, despite Democratic

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leaders' repeated insistence that seniority would be only one of many factors weighed in choosing panel leaders. In the first of what will be many decisions the Democratic Steering and Policy Committee will make in coming weeks, the panel met to select the chairmen of four 'exclusive' committees: Appropriations, Ways and Means, Energy and Commerce and Financial Services. The leader of the fifth exclusive committee, Rules, is appointed by House Speaker-designate Nancy Pelosi (D-Calif.). Although the results of yesterday's meeting were expected — Rep. Dave Obey (D-Wis.) will chair Appropriations, Rep. Charles Rangel (D-N.Y.) Ways and Means, Rep. John Dingell (D-Mich.) Energy and Commerce and Rep. Barney Frank (D-Mass.) Financial Services — the gathering raised an obvious question among House Democrats: whether committee chairmen would cooperate with Democratic leaders or whether some would chart their own course on certain issues."

Black Caucus Members Hold Key Chairmanships In Next Congress. The Washington Times (12/6, DeBose, 88K) reports, "The Congressional Black Caucus today will announce its leadership team and agenda for the 110th Congress with Rep. Carolyn Cheeks Kilpatrick, the group's chairman, expected to refocus on urban and poverty issues." The Times says she "could be one of the most effective CBC chairman in 20 years because many caucus members are likely to lead key House committees -- Judiciary, Homeland Security, Administration, and Ways and Means." The Times adds, "Almost every piece of legislation that Democrats bring to the House floor will have to pass the approval of a CBC member. The group, composed of Democrats, also will benefit from almost 17 subcommittee chairmanships and former CBC Chairman James E. Clyburn, South Carolina Democrat, as the House majority whip." MO5 Rep. Emmanuel Cleaver (D), one of the caucus's incoming vice chairmen, "said he soon expects the group to announce its legislative agenda for the first 100 hours of Congress to go in tandem with the issues House Speaker-elect Nancy Pelosi of California has said will be done in that time."

Republicans Hold To Term Limits For Minority Committee Heads. The Hill (12/6, O'Connor) reports, "Republicans renewed their six-year term limits on top committee posts yesterday, dealing a blow to three outgoing chairmen who lobbied for a rules change to head their respective panels in the minority. … Republicans are set to decide which members will head select panels during Steering Committee meetings today and tomorrow, and members of the conservative Republican Study Committee (RSC) will also decide their next chairman in a bruising race between Reps. Jeb Hensarling (R-Texas) and Todd Tiahrt (R-Kan.)."

Democrats Divided On Extent Of Promised Ethics Overhaul. USA Today (12/6, 6A, Schouten, 2.27M) reports, "Less than a month after sweeping into office on the promise of a major ethics overhaul, Democrats are divided over just how much change is needed." Several Democrats, "citing the corruption scandals that beset Congress in the past year, want tougher standards than their leaders have proposed. The major points of contention: Whether lawmakers should police themselves and how much to clamp down on earmarks, the special projects that lawmakers, often anonymously, insert into spending bills to benefit hometown or special interests." Sen. Joe Lieberman "was among a small, bipartisan coalition of lawmakers who on Tuesday promised a broad array of changes. Specifically, they backed the creation of an Office of Public Integrity to launch and carry out ethics probes. That power now resides with the House and Senate ethics committees, which the lawmakers slammed as failing to act on corruption charges." Incoming Speaker Nancy Pelosi "has pledged to make changes to ethics rules the first order of business when the new Congress convenes. Under a proposal she unveiled this year, Democrats would eliminate a wide array of lobbying practices — from banning lobbyist-funded travel and gifts to barring former lawmakers-turned-lobbyists from the House floor and the members-only gym. The proposal would require greater public disclosure of some earmarks."

Liberal Coalition To Unleash PR Campaign For Democratic Agenda. The Washington Post (12/6, A6, Birnbaum, 690K) reports a "large group of liberal organizations is planning to wage a national lobbying and public relations campaign to press for passage of the House Democrats' legislative agenda next year, taking a page from longtime corporate practices." The Change America Now coalition, "or CAN, met yesterday at AFL-CIO headquarters to outline the many methods it will use -- including the release of research papers and e-mail and phone bombardment of Congress." The goal is "to persuade on-the-fence lawmakers in more than 80 congressional districts to vote for the 'Hundred Hours' agenda, a list of legislation that Democrats hope to approve in the first 100 legislative hours of the new Congress. The agenda includes an increase in the minimum wage and an effort to reduce the cost of Medicare prescription drugs." The campaign "will largely target Republican moderates and Republicans who were narrowly elected in November."

Democrats Plan Longer Congressional Work Week. The Washington Post (12/6, A1, Layton, 690K) reports in a front page story that the "labor issue most on the minds of members of Congress yesterday was their own: They will have to work five days a week starting in January.

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The horror." Incoming Majority Leader Steny Hoyer, who is "writing the schedule for the next Congress, said members should expect longer hours than the brief week they have grown accustomed to." Hoyer told reporters, "I have bad news for you. Those trips you had planned in January, forget 'em. We will be working almost every day in January, starting with the 4th." The Post adds, "For lawmakers, it is awful, compared with what they have come to expect. For much of this election year, the legislative week started late Tuesday and ended by Thursday afternoon -- and that was during the relatively few weeks the House wasn't in recess." Hoyer said that in 2007, "members of the House will be expected in the Capitol for votes each week by 6:30 p.m. Monday and will finish their business about 2 p.m. Friday." With the "new calendar, the Democrats are trying to project a businesslike image when they take control of Congress in January. House and Senate Democratic leaders have announced an ambitious agenda for their first 100 hours and say they are adamant about scoring legislative victories they can trumpet in the 2008 campaigns."

The Washington Times (12/6, Pierce, 88K) reports in its "Inside Politics" column that with Republicans "on Capitol Hill trying to spend like Democrats and Democrats trying to be as tough as Republicans in the war on terror, the grand difference between the two parties may come down to a matter of scheduling, reports Charles Hurt of The Washington Times." Republicans "prefer to keep lawmakers out of Washington, since that's usually where they do all the damage, and Democrats want members chained to their desks so they can churn out innumerable pages of new federal laws."

Lawmakers Ask GAO Administrator To Halt Plan To Privatize Auditing. The Washington Post (12/6, A9, Higham, O'Harrow, 690K) reports, "Three federal lawmakers yesterday called on the new administrator of the General Services Administration to halt her plan to replace government auditors in the agency's inspector general's office with private auditors, saying in a letter that the change could lead to less oversight of contractors. The letter to GSA Administrator Lurita Alexis Doan followed a report in The Washington Post on Saturday that described Doan's plans to cut $5 million in spending on audits and shift responsibility for contract reviews to small, private contractors."

State Department Honors Employees' Charitable Works Overseas. The Washington Post (12/6, A23, Williamson, 690K) reports on Tuesday "five State Department employees and spouses were recognized for charitable works abroad -- and two of them were men." This year's "uber-volunteers" included spouses, full-timers or both serving in posts in Afghanistan, South Korea, the Dominican Republic, Swaziland and Greece.

Marcus Suggests Bipartisan "Clinton-McCain" Panel To Address Social Security. In her column in the Washington Post (12/6, A25, 690K), Ruth Marcus writes, "I have high hopes for the Clinton-McCain Commission to Fix Social Security. Haven't heard of it? Actually, neither have Hillary Clinton and John McCain. It's my long-shot scheme for tackling the problem." She writes, "The political system right now is too broken, and relations between President Bush and congressional Democrats too frayed, to deal with the truly daunting entitlement issues, Medicare and Medicaid. Social Security is entitlement reform on training wheels. … As the front-runners for their parties' presidential nominations, Sens. Clinton (D-N.Y.) and McCain (R-Ariz.) have a shared interest in getting Social Security off the presidential plate before January 2009." Marcus adds, "The president should issue an order creating the commission, announce, LBJ-style, that he wants Clinton and McCain at the helm, and impose a tight deadline -- six months at most. … Then he should set up the commission in a way that's doubly tilted against him."

WPost Repeats Call For Senate To Require Electronic Campaign-Finance Reports. In an editorial, the Washington Post (12/6, A24, 690K) notes that three years ago, it "decried the senseless and costly loophole under which people running for the Senate -- alone among federal political candidates and committees -- aren't required to file campaign finance reports electronically. In an age when such reports can be filed with the click of a mouse, Senate candidates submit their disclosures on paper, with weeks of delay before they are transferred to a form available and searchable on the Internet." The Post writes, "Three years later, the situation remains unaddressed. … It would be easy to change the rule, and the Senate should do so in the final days of the 109th Congress."

Senate GOP Criticized For Backing Schumer New York Project. The Wall Street Journal (12/6, 2.04M) says in an editorial, "You would think the last thing Senate Republicans would want to do in their final lame-duck days this week is approve a new $682 million subsidy gift to Senator Chuck Schumer, the New York Democrat who just cleaned their electoral clocks." GOP tax writers "are preparing to award Mr. Schumer this money for 'transportation infrastructure projects.' One of the projects to be funded: a new train from Manhattan to John F. Kennedy Airport. Why people in Oshkosh or Olympia should have to pay for this urban choochoo is a mystery." What "makes this project especially objectionable is the creative financing conjured up to pay for it. This earmark hangs like a Christmas

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ornament from a must-pass bill to extend certain annual tax credits. And how's this for a misnomer? The subsidy is called the 'New York Liberty Zone Tax Credit.'" The result is "a new $2 billion hole in the budget. Our Congressional sources say this is the first time this kind of tax credit has been provided for a city or state to pay for infrastructure pork."

OTHER NEWS:

Reports Paint Mixed Picture Of US Economy. The Washington Post (12/6, D1, Henderson, 690K) reports, "The US economy can't seem to make up its mind. It keeps showing strength and weakness, with fresh data yesterday providing still more mixed signals -- and fueling a debate over whether the housing slump is dragging the nation into a recession." The "conflicting data could be a sign that the economy is turning, with what was at first a mild growth slowdown about to give way to a harsher downturn, some analysts said." But "others echoed the Federal Reserve, countering that the worst news is still coming from businesses involved in housing and automobile production while the rest of the economy is holding up." The Post adds, "The situation has left many investors confused and queasy; stock prices rose yesterday after falling Friday, as did the dollar." The "pessimists could point yesterday to the Commerce Department's report that new orders to U.S. factories fell 4.7 percent in October, the steepest decline in six years. … But optimists noted that the much larger service sector of the economy -- which includes health care, finance, education, travel and entertainment, accounting for 87 percent of the nation's economic output -- grew more briskly in November than in the month before, according to an index published yesterday by the Institute for Supply Management."

The Washington Times (12/6, 88K) reports "activity in services accelerated in November, indicating that the economy was able to shake off the effects of a deep housing slump more easily than many economists expected, according to a report from the Institute for Supply Management. The rise in the institute's service index to 58.9 from 57.1 in October contrasted with a fall into recession territory in the organization's closely watched manufacturing index reported on Friday, and provided a positive offset to a spate of weak economic news last week. … Many economists had expected the services index to decline to 55.5. Readings above 50 indicate an expansion in industries such as retailing, banking and construction." But "manufacturing remains a question mark."

The Wall Street Journal (12/6, A6, Conkey, 2.04M) says "US labor costs have been rising at a much slower rate this year than previously thought, suggesting the nation's tight labor market is less likely to stoke inflation in the months ahead." The Labor Department "reported yesterday that unit labor costs in the nonfarm business sector -- a measure of how much employees are paid to produce a single unit of output -- rose at an annualized rate of 2.3% in the third quarter, considerably less than its earlier estimate of 3.8%. In addition, the department said unit labor costs fell at a 2.4% rate during the second quarter, rather than growing at the originally estimated 5.4% pace."

The Wall Street Journal (12/6, Ip, 2.04M) also reports, "Federal Reserve officials -- unlike bond investors -- think the economy is a lot sounder today than at the end of 2000 and in early 2001, when the Fed abruptly reversed course and began a string of interest-rate cuts. Yet Fed Chairman Ben Bernanke's effort to convey the message that today's conditions are different is hampered by the Fed's lack of candor back in 2000." Fed officials, "who have universally voiced concerns about inflation, are expected to keep short-term interest rates steady at 5.25% at their policy meeting next Tuesday. But bond markets have priced in a small chance of a rate cut next week and three one-quarter percentage-point cuts over the next 12 months." Markets "anticipate those cuts in part because they see parallels to 2000."

Dow Nears New High. USA Today (12/6, 6B, 2.27M) reports, "The Standard & Poor's 500 index scored its second-consecutive six-year high Tuesday after a report showing unexpected strength in the key services sector renewed optimism about corporate profit growth. The benchmark S&P added 5.64 points, or 0.4%, to 1414.76 for its highest close since Nov. 7, 2000. The S&P now is up 13.3% this year. The Dow Jones industrial average rose 47.75 points, or 0.4%, to 12,331.60, which is just 11 points from a new all-time high. T he Dow is up 15.1% this year. The Nasdaq composite remained the relative laggard, rising 3.99 points, or 0.2%, to 2452.38 for an 11.2% 2006 gain." The Wall Street Journal (12/6, C1, Browning, 2.04M) reports on the stocks markets under the headline "Upbeat Data Lift Street's Spirits; Stocks Climb."

US Manufacturing Seen As Thriving. The CBS Evening News (12/5, story 6, 2:45, Couric, 7.66M) reported, "With all the reports about American jobs being shipped overseas and so many US industries taking a real beating, our next story may surprise you. Because it turns out American manufacturing is still the envy of the world." CBS (Regan) added, "They're part of the American landscape... Caterpillar, or Cat, is the number one maker of tractors and earth-moving machines all over the world. So when Panama wants to expand its canal, it turns to Cat. And when China mines nickel, Cat again. CEO Jim Owens says the company ships $9 billion worth of machines overseas every year. What surprises you the most about how Americans perceive manufacturing here in the US?" James Owens, CEO Cat: "I guess it surprises me that Americans thinks we're losing." Regan: "We're not. Last year, America produced $1.79

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trillion worth of goodies, almost twice as much as second-place Japan. The key to success in factories like this comes down to one thing -- a steady increase in worker productivity. In other words, it's not your grandparents' assembly line. Every year for the last decade, American workers have increased manufacturing productivity by more than 4%. And it's because of employees like Jack Morgenstern. He figured out how to take minutes off parts distribution on Cat's engine line in Peoria, Illinois." Jack Morgenstern: "I would say there's at least 25 to 30 parts that each assembler uses at each station. So my idea was to coordinate them in the kits where the first assembler would not have to reach for anything, they could tame them off the top." Regan: "That idea has resulted in two more engines a day." Owens: "We're more competitive with our manufacturing in the United States than we were 15 or 20 years ago because we've broken through a lot of those hurdle where's people had tightly-defined jobs and didn't work together." Regan: "Caterpillar's products are the number one or two best sellers on every continent, proving that made in the USA is a very valuable label."

US Dollar's Slide Examined. The Christian Science Monitor (12/6, Trumbull, 59K) analyzes the effects of a US dollar slide, pointing that "prices are rising for foreign goods, but a falling greenback could help balance the world economy and fix America's trade deficit. … A weaker dollar, over time, could help the world economy become better balanced -- with America less reliant on borrowing and Asia less dependent on exports to fuel development. But currency realignment also holds risks. It would impose some hardship on Americans, and on the many nations that sell goods to them. A sudden shift could jolt US consumers with higher prices at a time when some economists worry about a possible recession." In an editorial, the New York Times (12/6, 1.16M) says that "the great unknowables are the timing and steepness of a sustained dollar decline. Over the past few years, investors who bet on a weakening dollar have lost money." But "the current swoon is a reminder that no nation, even the United States, can borrow forever without facing up to economic consequences. The government has been assuming -- correctly, so far -- that the United States is too big to fail. Administration officials seem confident that the Chinese, in particular, will continue to finance the nation's deficits, because doing so helps their exports. They also assume that China and other countries won't sell off chunks of their huge dollar holdings, lest they drive the dollar down, and with it, the value of their remaining dollar-based assets."

Jennings Presses Case For Challenge In Florida's 13th CD. Roll Call (12/6, McArdle) reports it "could be well into the 110th Congress before a Member from Florida's 13th district is seated by the House — and the next several weeks could prove to be explosive as the fight plays out in the courts and on Capitol Hill." Democrat bank executive Christine Jennings "is in Washington, D.C., this week, meeting with party leaders and drumming up financial support as she continues to dispute the results that appeared to hand auto dealer Vern Buchanan (R) a 369-vote victory." Although Jennings "already has filed suit in a Florida circuit court seeking a revote, she said in an interview Tuesday that she also intends to contest the result with the House Administration Committee — which has oversight over federal elections — by the Dec. 20 deadline. Jennings and her attorneys already have met with Democratic staff members from the committee to discuss the filing process." Jennings said she "still held out hope that the Florida courts might order a revote for the entire 13th district or just in Sarasota County, where Jennings insists malfunctions with the electronic voting machines produced 18,000 undervotes — and changed the outcome of the election." Filing an "official protest with the House Administration Committee will automatically make the Jennings/Buchanan case one of the first indicators of just how partisan the 110th Congress will be, and observers won't even have to wait until the new year to begin to see the fissures."

The Hill (12/6, Blake) reports Jennings was "in Washington over the last two days renewing her call for a revote in her race against Rep.-elect Vern Buchanan (R-Fla.), as government and independent reviews failed to support her case." Jennings said she "would do everything she could to see the legal challenge through. She set up shop at Democratic Congressional Campaign Committee headquarters and was to meet with lawmakers including Reps. Allen Boyd (D-Fla.), Ellen Tauscher (D-Calif.) and Rush Holt (D-N.J.). She was also asking for financial support and continuing to push her case to the news media." Jennings's visit "came as state officials continued their audit of the touch-screen voting machines in Sarasota County, where an abnormally high number of ballots cast were 'undervotes,' meaning they failed to register votes in the congressional race for the 13th District." The audit has "yet to produce any evidence of machine errors, and a review by a local newspaper published Tuesday points to ballot design as the leading cause of the undervotes."

House Urged To Declare 13th CD Vacant, Requiring Special Election. In a Roll Call op-ed (12/6), Richard L. Hasen of the Loyola Law School says, "The elections last month brought us the 2006 version of the butterfly ballot. This time, it appears that poor ballot design or machine malfunctions with electronic voting machines caused thousands of voters to skip the race for Florida's 13th Congressional district, leading to a 369-vote victory by the Republican candidate over the Democratic one. Once again the matter is in court, and once again the courts are not likely to give a remedy. But this time there's another option. The

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House can — and should — declare the seat vacant, requiring the seat to be filled by a special election."

Mail Voting Seen As Alternative To Flawed Election Process. In a New York Times op-ed (12/6), Ruth Goldway, a commissioner on the Postal Rate Commission, says that on election day, there was "one state where all went well: Oregon, where everyone votes by mail. Since Oregon adopted Vote by Mail as its sole voting option in 1998, the state's turnout has increased, concerns about fraud have decreased, a complete paper trail exists for every election, recounts are non-controvertible and both major political parties have gained voters. Moreover, in doing away with voting machines, polling booths, precinct captains and election workers, the state estimates that it saves up to 40 percent over the cost of a traditional election. Vote by Mail could offer real advantages if it were adopted nationwide."

Jefferson's Fate To Be Decided In Runoff For Louisiana's 2nd CD. USA Today (12/6, 8A, Wolf, 2.27M) reports, "None of the nation's other 434 congressional districts has put up with as much adversity as the 2nd District of Louisiana, where entire neighborhoods have been razed after Hurricane Katrina 15 months ago." Now, the "weary voters in the district must decide whether to re-elect a member of Congress after the FBI found $90,000 in marked bills in his freezer." Democratic Rep. William Jefferson "has denied wrongdoing, and he has not been charged with a crime. In an open primary election last month, he placed first with 30% of the vote. None of the 13 candidates got a majority, so he faces Democratic state Rep. Karen Carter in a runoff election Saturday." Jefferson has been "outraised financially and was stripped of his most powerful committee assignment by Democratic leaders, but few here count him out." If Carter "wins, Jefferson will be the only Democrat to lose his seat this year for any reason."

Vilsack Sees Energy Security As Key'08 Issue. The Christian Science Monitor (12/6, Feldmann, 59K) reports on outgoing Iowa Gov. Tom Vilsack's appearance at a Monitor breakfast. Vilsack "knows he's a long shot. He says so. But he has an answer to the inevitable question: How does an obscure Midwestern governor get past the Hillary Rodham Clinton juggernaut and now 'Obama-mania,' as the junior senator from Illinois, Barack Obama, also considers a run?" Vilsack said, "You have to work longer, and you have to work smarter, and that's what we intend to do." There is "nothing flashy about Vilsack," and when "asked about Obama-style charisma, he countered with his own version: 'There is a quiet charisma,' he said, a charisma that causes voters to say 'he's authentic and real and has done well.'" Vilsack also "notes that among the dozen or so other Democrats who may run for president, only two are candidates from west of the Mississippi River and are governors: himself and Bill Richardson of New Mexico." A "signature issue for Vilsack will be energy security."

USA Today (12/6, 8A, Lawrence, 2.27M) reports Gov. Vilsack "pitched energy independence as a path to security, jobs and health Tuesday." Vilsack "is one of several Democrats staking their cases on executive experience, appeal beyond the usual Democratic states and voters, or both." At a lunch "with journalists from USA TODAY and Gannett News Service, Vilsack struck themes meant to help him stand out in a group that includes Bayh, son of former senator Birch Bayh; former North Carolina senator John Edwards; and New Mexico Gov. Bill Richardson, a former Energy secretary." Vilsack said "energy security is a cause 'with extraordinary opportunity to unite this country.'"

The Washington Times (12/6, Pfeiffer, 88K) reports Vilsack said "he doesn't fear any of his fellow Democrats considering a run for president in 2008 and is happy to run as an underdog, even in his home state's important caucus." Vilsack said, "I respect everyone who is running, but I don't fear anyone." The Times adds that in "a meeting with reporters in Washington yesterday, however, the governor most frequently returned to criticism of Sen. John McCain and the Arizona Republican's call for increasing troop levels in Iraq." Vilsack said, "I don't believe he's exercised particularly good judgment."

Clinton Taking "Concrete Steps" Toward 2008 Run. The Washington Post (12/6, A1, Balz, Cillizza, 690K) reports in a front page story that Sen. Hillary Rodham Clinton "is taking a series of concrete steps toward a likely campaign for president in 2008, settling on key members of her campaign team, recruiting potential new additions to her staff, and calling Democratic activists in states with early primaries and caucuses." Sources "knowledgeable about her thinking" said "no final decision on running is expected before the end of the year." Clinton is working "methodically through a checklist of preparatory steps," and "she and her inner circle are already ramping up for what could be a history-making bid for the White House." The "latest move is the choice of longtime adviser Patti Solis Doyle as campaign manager. That follows the recent recruitment of three seasoned political operatives who, if she runs, would play key roles on what is now a rapidly expanding Clinton campaign organization." Clinton is "operating on a model she used before she decided to run for the Senate in 2000." Clinton spokesman Howard Wolfson said, "If you want to understand the process she is going through now, you need only look at the process she went through in 1999. In that race, she reached out to elected officials, to potential donors [and] to policy experts and had lengthy serious meetings about whether she should run, the issues before the country, [and] what a campaign would look like."

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The Washington Times (12/6, Hurt, 88K) reports, "Speculation about the presidential plans of Sen. Hillary Rodham Clinton has reached a fevered pitch this week as newspapers and Web sites scramble to be the first with the big headline that the former first lady will run." Clinton spokeswoman Lorraine Voles said Clinton "certainly…is actively weighing whether to run for president in 2008." Voles said, "After her election, she said she was going to look at this. As part of that process, she has been making some phone calls."

Obama Boomlet Seen As Driving Force Behind Clinton's Renewed Effort. NBC Nightly News (12/5, story 3, 1:30, Williams, 9.87M) reported, "A funny thing, if you listen to Democrats, happened on" Hillary Clinton's "cakewalk to presumptive Democratic Party nominee status this next election and that person was Barack Obama. Is that what is behind this accelerated talk of Senator Clinton as the Democratic candidate?" NBC (Russert) added, "Is it ever. Since October 22, when Barack Obama said he may in fact seek the nomination in '08, Hillary Clinton realizes she cannot let a vacuum be created because Obama was filling it. That's why she had to reach out to African-American New York Democrats, quickly, because she knew they would be very receptive to Obama. Brian, Obama is going to New Hampshire this Sunday. He's been in Iowa twice. Hillary Clinton on the phone -- where? To Iowa and to New Hampshire. She cannot afford to sit back and wait until February or March. The Iowa caucuses are 57 weeks away. Every day counts. She had to move."

Morris Says Clinton Can Win, But She Would Be A "Disaster." In his column in The Hill (12/6), Dick Morris says Sen. Clinton "definitely can win … and probably will. She is uniquely able to expand the electorate to bring in millions of women, mostly single, who will vote overwhelmingly for a female Democrat." The "enthusiasm that will grip many Americans — women in particular — at the cultural implications of a woman president will probably sweep through the primaries and cause many to overlook Hillary's flaws and dismiss her defects. The generic of a woman candidate will prove so attractive that millions of voters will overcome their objections to the specific person who is running." Clinton's "mastery of the establishment of the Democratic Party, her vast lead among ex-officio delegates — many of whom have received campaign contributions from her coffers — and the celebrity draw of her ex-president husband will prove hard for a mere mortal to overcome. But should she win? No way!" Those who "know both Hillary and Bill well and are willing to speak frankly in public realize the fundamental differences between the two and grasp how his abilities are the counterpoints to her defects." He "made a very good domestic-policy president. She would be a disaster at home and abroad."

Bayh Files Paperwork For '08 Exploratory Committee. USA Today (12/6, 8A, Lawrence, 2.27M) reports Sen. Evan Bayh "filed papers to raise money for the Democratic nomination." Bayh "said he is moving toward a 2008 race because America needs to 'get back on the path to greatness.' The former two-term governor will be in Minnesota, Illinois, Ohio and New Hampshire this week."

Edwards Hires Bonior For Possible Presidential Bid. Fox News' Special Report (12/5, Hume) reported, "Former Democratic vice presidential candidate, John Edwards has not announced that he will run for president in 2008, but he has hired former Democratic Congressman David Bonior to manage his campaign if there is one. Bonior has close ties to labor unions. Since leaving Congress, he has been a professor of labor studies at Wayne State University in Detroit and chairman of an organization that promotes workers' rights to unionize."

The Washington Times (12/6, Pierce, 88K) reports in its "Inside Politics" column that "an Edwards adviser said last week that Mr. Bonior will manage the effort if Mr. Edwards decides to run. In the meantime, Mr. Bonior has signed on as a senior adviser to Mr. Edwards' leadership PAC, the One America Committee, the Associated Press reports."

McCain's Mother Hurt At Son's Holiday Party. Roll Call (12/6, Akers) reports in its "Heard on the Hill" column that the "most popular guest at Sen. John McCain's (R-Ariz.) bustling media-and-money holiday party Monday night wound up in the hospital. Roberta McCain, the Senator's 94-year-old mother, fell as she was walking out of the star-studded bash at the Corcoran Gallery of Art and injured her hip." After "driving herself (as usual) to the party and hobnobbing for two hours with her fans in the media and supporters and guests of her son, the fiercely independent Mrs. McCain took a tumble on the front steps of the Corcoran as she was walking to her car." Friends "drove her to the Naval Medical Center in Bethesda, Md., where doctors discovered she had a 'hairline fracture below the joint,' according to a senior McCain aide." Roll Call adds McCain's "bash, paid for by his Straight Talk America political action committee, sure looked like a dry run for potential future White House Christmas parties." The party "drew an A-list of the media and politicos. Guests instinctively formed a receiving line to greet McCain and get a photo." Notable "primary- and caucus-state Senators who attended the bash: John Sununu (R-N.H.) and Lindsey Graham (R-S.C.), who reiterated his devotion to McCain's probable presidential bid while Sununu continued to play coy."

Emotional Bush 41 Praises Son Jeb. The CBS Evening News (12/5, story 8, 0:45, Couric, 7.66M) reported,

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"Former President George Herbert Walker Bush has always shied away from public displays of emotion, so we wanted to show you what was a very rare and touching scene yesterday in Florida. He was giving a speech on leadership, and cited son, Jeb, as an example for the way he handled losing the governor's race in 1994. The former President said that while voters chose the other candidate..." Former President George HW Bush: "They took note of his defeated opponent, who showed not merely with words but by his actions what decency was." Couric: Jeb Bush, of course, was later elected governor in 1998 and re-elected in 2002."

NBC Nightly News (12/5, story 10, 1:50, Williams, 9.87M) reported, "The former President, an emotional guy, became emotional and had to stop more than once when talking about Jeb's 1994 loss to Governor Lawton Chiles and how his son held up in the face of a tough campaign." Former President HW Bush: "In '94, Floridians chose to rehire the Governor. They took note of his defeated opponent who showed not merely with words but by his actions what decency he and...I can do it." Williams: "With support from his son and the crowd, the former President recovered. He said his wife Barbara would 'bawl him out for breaking up.' He went on to finish his speech by saying to those Florida lawmakers, your Governor has served with honor."

Whistleblower Sworn In As Alaska Governor. The Christian Science Monitor (12/6, Rosen, 59K) reports Sarah Palin "crushed Gov. Frank Murkowski in the Republican gubernatorial primary. Then in the general election she defeated former Democratic Gov. Tony Knowles, a political veteran who was seeking a return to the office he held for two terms." At her "swearing-in in Fairbanks, she simultaneously became Alaska's first female governor, Alaska's youngest governor, and the state's only beauty-queen-turned-chief-executive. Not bad for a suburban mother of four with a relatively thin résumé that critics claimed marked her as a lightweight." Palin's "victory stems partly from the fact that her campaign bore little connection to the rest of the US." Palin "turned her relative lack of political experience into an asset. She presented, according to campaign slogans, a 'fresh face' offering 'new energy for Alaska.' That resonated with an electorate that was in a decidedly antiestablishment, anti-incumbent mood." High on "her priority list is a plan to take a tougher line with the oil industry, which she says has been 'making mind-boggling profits' from Alaska's resources." Also a "top priority, she says, is restoring a sense of ethics to a state where citizens are weary of government scandals." Palin "gained much of her prominence as a whistle-blower."

NRC Commissioner Seeks To Inspire Others Toward Public Service. Under the headline, "A Public Servant To The Last; Before Stepping Down, He Calls a New Generation to Serve," the Washington Post (12/6, A23, Williamson, 690K) reports, "In 1961, Ed McGaffigan Jr. was a seventh-grader from Boston watching the inauguration on television when a president told him to ask what he could do for his country." That speech "inspired a three-decade career that included stints at the State Department, the White House, the US Embassy in Moscow, Capitol Hill and the Nuclear Regulatory Commission, where last month McGaffigan became the agency's longest-serving commissioner. McGaffigan, who turns 58 on Friday, would normally have many more years of service ahead. Instead, he is fighting an illness that threatens to vanquish him, and he is taking on one last assignment: closing his career in a way that inspires others to consider public service."

Survey Suggests Ambivalence Toward Public Service. Under the headline, "Potential Employees Express Lukewarm Interest in Working for the Government," the Washington Post's (12/6, D4, Barr) "Federal Diary" column reports, "Many people the government wants as employees are interested in working for Uncle Sam, but they don't see the government as being as innovative and creative as the private sector, according to a Gallup survey released yesterday. While survey respondents gave the government high marks on job security and compensation, only 3 percent said they see the government as more innovative and creative than the private sector, only 5 percent think it is better at recruiting the best and brightest, and only 6 percent viewed the government as providing a more competitive work environment." The survey is the "latest in a series of efforts aimed at helping the government cope with a wave of baby-boom retirements predicted to set off a "war for talent" with the private sector. The government is particularly vulnerable because substantial numbers of federal employees are projected to retire in 2008 and 2009 and because many young Americans do not view the government as their employer of first choice."

Former GOP Aides Form Defense Firm. The Washington Post's (12/6, A23) Al Kamen writes in his "In the Loop" column that "just as the Hill is staffing up with Democrats to investigate administration officials, former Republican aides are rushing to offer their services in defense." Hill veteran Mark Corallo -- formerly with the House Government Reform Committee, later Justice Department chief spokesman and most recently Karl Rove's spokesman during the Valerie Plame investigation -- is teaming up with the redoubtable Barbara Comstock, who boasts similarly top credentials" to form the firm Corallo Comstock.

Mary Cheney Pregnant. The Washington Post (12/6, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column that Mary Cheney, "the vice president's openly gay

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daughter, is pregnant. She and her partner of 15 years, Heather Poe, are 'ecstatic' about the baby, due in late spring, said a source close to the couple." It's a "baby boom for grandparents Dick and Lynne Cheney: Their older daughter, Elizabeth, went on leave as deputy assistant secretary of state before having her fifth child in July." News of "the pregnancy will undoubtedly reignite the debate about gay marriage."

US Offers North Korea Aid For Dropping Nuclear Plans. The New York Times (12/6, A14, Cooper, Sanger, 1.16M) reports Washington has offered "a detailed package of economic and energy assistance in exchange for North Korea's giving up nuclear weapons and technology," American officials said Tuesday. However, the offer, "made last week during two days of intense talks in Beijing, would hinge on North Korea's agreeing to begin dismantling some of the equipment it is using to expand its nuclear arsenal, even before returning to negotiations." The Times says it remains "unclear whether North Korea will accept the offer, which is more specific -- in both the details and the timing -- than a vaguely worded statement of principles that the North signed in September 2005, a year before its first nuclear test." According to a "senior administration official," the "combination of incentives and demands was the focal point of three-way meetings on Nov. 28 and 29 involving" Assistant Secretary Hill, North Korea's vice foreign minister, Kim Kye-gwan, and Chinese officials in Beijing. The incentives offered by the United States "include food aid from the United States, Japan and South Korea," the official said. The Times calls the offer "significant" because the administration "has resisted making clear to North Korea exactly what kind of aid it would receive if it agreed to begin taking apart facilities."

Diplomats Fail To Reach Accord On Iran Sanctions. The AP (12/6, Charlton) reports diplomats meeting in Paris Tuesday made "substantive progress" but "failed to reach an accord…on a UN resolution to punish Iran for defying demands to halt its nuclear program," the French Foreign Ministry said. "We made substantive progress on the scope of the sanctions targeting proliferation-sensitive activities. There remain several outstanding issues, upon which we will reflect over the coming days," the French ministry said in a statement, noting that the parties "are now close to a conclusion of this process." Despite France's insistence that a compromise is near, the AP notes that "illustrating the divisions that have tangled the negotiations," Russian Foreign Minister Sergey Lavrov said earlier Tuesday that imposing wide-ranging sanctions would be "irresponsible." Speaking in Brussels, Lavrov said Russia believes "that to impose these kind of sanctions would be...disproportionate to the real situation. … We believe this is wrong. We will work in a more responsible way." However, European diplomats "said the Russians made some concessions at Tuesday's talks," including agreeing to a measure "prohibiting financial transfers to 'problematic' Iranians linked to nuclear or ballistic missile programs." Meanwhile, Iranian President Mahmoud Ahmadinejad "vowed Tuesday to stick by the nuclear program and issued a new threat to downgrade relations" with the EU "if European negotiators opted for tough UN sanctions." However, he gave no details on how ties might be downgraded. AFP (12/6) reports that the French ministry said the "next step will be in New York" at UN headquarters, "without specifying when the next round of talks would take place."

Iran Urges Arabs To Expel US Troops, Join Regional Alliance. The Washington Times/AP (12/6, Krane) reports Iran's top national security official "urged Arabs yesterday to expel the US military from bases in the region and instead join Tehran in a regional security alliance." The offer was seen as "a strong sign of Iran's rising assertiveness in its contest with the United States for influence in the region." However, experts says Persian Gulf countries, "suspicious of Iran's intentions, are unlikely to respond to the call and push out the US military or end US security deals they view as offering them an umbrella of protection."

Iran To Host Conference On Holocaust Evidence. The New York Times (12/6, A5, Fathi, 1.16M) reports Iranian authorities announced plans on Tuesday for an international conference on the Holocaust next Monday and Tuesday. Organizers expect "more than 60 scholars from 30 countries and would examine a range of issues, including whether the gas chambers were actually used." Deputy Foreign Minister Manouchehr Mohammadi said the conference would "provide the opportunity for scholars from both sides to give their papers in freedom and without preconceived ideas."

Lebanese Commander Says Military May Not Be Able To Halt Protests. The Washington Times/AP (12/6, Ghattas) reports Lebanese Army Commander Michel Suleiman Tuesday "warned that the military may not be able to contain further protests linked to the country's tense political standoff." Therefore, he "urged politicians to compromise," but the AP reports that the standoff "shows no sign of waning despite calls from the two sides for dialogue to resolve their differences."

The Washington Post (12/6, A14, Shadid, 690K) reports Hezbollah has "entered territory uncharted in its 24-year history…effectively seeking an unprecedented, decisive say in Lebanese politics to protect what it sees as its interests from foes at home and abroad." The Post says the "month-long political crisis that has roiled Lebanon…marks a revealing shift for the Shiite Muslim movement that for years, at least rhetorically, tried to stay above politics."

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Israeli Textbooks To Show Pre-1967 West Bank Border. The Washington Post (12/6, A15, Wilson, 690K) reports that maps in future Israeli public school textbooks "will show the boundary that existed between Israel and the West Bank before the 1967 Middle East war," Israeli Education Minister Yuli Tamir announced Tuesday. The move "drew sharp protest from lawmakers, settler groups and religious leaders who claim the West Bank as part of the Jewish state."

Consultants Warn Palestinians Developing Ties With Al Qaeda. Mideast consultants Louis Rene Beres and Clare M. Lopez write in the Washington Times (12/6, Beres, Lopez, 88K) that the "Palestinian link to al Qaeda has become more than mere sympathy and friendship. Al Qaeda has now set its sights on Israel and on an incremental takeover of the Palestinian cause. This is the next phase of its campaign to dominate the Muslim world and re-establish an Islamic Caliphate." According to Beres and Lopez, "Joint Palestinian-al Qaeda teams are planning coordinated mega-terror strikes against Israel and America." Therefore, they urge both Israel and the US to "immediately cease any and all assistance to the Hamas-controlled Palestinian Authority."

Musharraf Hints At Resolution With India Over Kashmir. The New York Times (12/6, A6, Sengupta, 1.16M) reports Pakistani President Pervez Musharraf said in an Indian television program broadcast Tuesday that Islamabad "could accept a solution to the festering dispute over Kashmir if New Delhi were to agree to greater autonomy and gradual demilitarization in the Indian-controlled swath of the territory." In an interview with NDTV, Musharraf said, "Inherently, both sides have to give up their positions." The Times says the Pakistani leader's remarks "signal, however, that even as official peace talks yield virtually no breakthroughs, the areas of disagreement between the rivals could well be shrinking."

Frist Says Congress Will Complete India Nuclear Bill This Week. AFP (12/6) reports Senate leader Bill Frist "assured India's Prime Minister Manmohan Singh that a major US-India nuclear energy bill is on track for completion this week." Frist said he spoke Tuesday with Indian Prime Minister Manmohan Singh and assured him "that one of my top priorities for the remainder of this Congress is to enact this legislation," and he is "confident that we will be able to complete congressional action on it this week."

Somali PM Says Troops Prepared for War. The AP (12/6, Tomlinson) reports Somalia's troops are "ready for an imminent and inevitable war with the Islamic militia that has taken over much of the country and surrounded the internationally backed government," Somali Prime Minister Ali Gedi said in a recent interview. Gedi told The AP that Islamic militant leaders "are the decision makers now," and "those who believe that the situation in Somalia will be solved through dialogue and talks are wrong." However, he said his government will "continue to take part in all peace efforts while preparing to defend itself against attacks."

Rebels Threaten To Withdraw From Darfur Peace Deal. The AP (12/6, De Montesquiou) reports the "only Darfur rebel group to sign a peace agreement with the government threatened Tuesday to pull out from the deal if Khartoum-backed militias continue to attack civilians in the troubled region." The "ultimatum" from the Sudan Liberation Movement "came a day after the pro-government janjaweed paramilitary looted the central market in El Fasher, the capital of North Darfur, and clashed with SLM fighters, killing at least two," the AP notes. The group's leader warned that the Sudanese government "must disarm and neutralize the janjaweed by the end of this month" or "a bridge will be crossed, and no one knows what will happen."

Russia Restricts Investigation As Suspect Identified In Poison Probe. ABC World News (12/5, story 4, 2:15, Gibson, 8.78M) reported on "significant developments" in the poisoning death of former Russian spy Aexander Litvinenko. "A British official tells ABC News that British detectives have identified a prime suspect -- a man who also once was a Russian spy. But now, the British detectives are finding they will not get cooperation from Russia." ABC (Sciutto) added, "British detectives had just arrived in Moscow when Russian officials said they would not let them see the man they consider their prime suspect, former Russian spy Andrei Lugovoi. He was unavailable, Russian officials said, hospitalized with signs of radiation poisoning."

NBC Nightly News (12/5, story 7, 2:50, Williams, 9.87M) said "in an indication just how sensitive this probe is, today Russia warned it would conduct any interviews" with persons of interest in the case, and British investigators "could sit in." The AP (12/6, Isachenkov) reports Russia's top prosecutor said Tuesday that Moscow "will not extradite possible Russian suspects to Britain" and "warned that British detectives would not be allowed to carry out interrogations in Russia." The Wall Street Journal (12/6, A5, Cullison, Chazan, Mollenkamp, 2.04M) reports Prosecutor General Yuri Chaika also "ruled out questioning leaders at the FSB, Russia's state security service."

Meanwhile, the New York Times (12/6, A12, Kramer, 1.16M) reports that for Russian law enforcement the investigation has been "a delicate one because President Vladimir Putin was blamed" for the poisoning by Litvinenko on his deathbed. The Washington Post (12/6, A18, Finn,

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Jordan, 690K) and Los Angeles Times (12/6, Holley, 850K) also report on the developments.

Ukrainian Prime Minister Meets With Rice, Cheney. The Washington Times (12/6, Sands, 88K) reports, "Ukraine will reject any effort to be used as a pawn in any struggle for influence between Russia and the West, Ukrainian Prime Minister Viktor Yanukovych said yesterday at the end of a two-day visit to Washington." Yanukovych said "his four-month-old government will not lobby strongly for membership in NATO in the face of weak popular support for the trans-Atlantic alliance inside Ukraine." Yanukovych held "low-key talks with Vice President Dick Cheney and Secretary of State Condoleezza Rice on his visit," and they discussed "Ukraine's World Trade Organization bid, energy security and domestic reforms in Ukraine." Yanukovych "declined to criticize recent anti-democratic moves by Russian President Vladimir Putin," and said, "The most important thing is that Ukraine should not be allied with Russia against the United States and the European Union or vice versa. We are not going to conduct such a policy."

European Recovery Gives Boost To Global Economy. The Wall Street Journal (12/6, A1, Walker, 2.04M) reports, "Europe's economy is firing on all cylinders after years of feeble growth, helping to sustain global expansion as the US economy slows and surprising many economists who doubted the Continent could muster enough demand to break its reliance on exports." Its recovery "was ignited by rising exports, but it is now spreading to investment, job creation and consumer spending." The 12-nation euro currency area "earned Europe a reputation rivaling Japan's as the world's economic laggard." Euro-zone gross domestic product is "on course to grow by 2.7% this year," and "a strengthening euro and looming tax increases in Germany could brake euro-zone growth next year, most forecasters still expect an expansion of around 2%." Europe's recovery "still has flaws," but much of the improvement this year "has occurred in Germany, which is helping to buoy its neighbors after taking some painful steps, while many companies in France and Italy still struggle to cope with fierce global competition."

Immigration Helps UK's Economy. The Wall Street Journal (12/6, Peaple, 2.04M) reports, "An influx of immigrant labor after the European Union expanded in 2004 has fueled a surge in the UK economy and is expected to prompt the government to announce today that growth this year will be faster than expected." Chancellor of the Exchequer Gordon Brown said last week that the "faster growth trend was due at least in part to the wave of immigration that has washed over Britain," as the government "estimates that 600,000 people have moved to the UK from Central and Eastern Europe since the EU grew by 10 countries two years ago." More than two-thirds of them already found jobs, "increasing Britain's work force by 1.5%." The Centre for Economic and Business Research says "migrant workers add £54 billion ($107 billion) a year to output, or around 5% of GDP." Other EU countries, including Ireland and Sweden, "have been similarly jolted by immigration flows, though not to the extent seen in Britain, which is equipped with a heavily service-based economy and liberal labor laws that help it absorb more jobs."

Fiji Declares State Of Emergency After Coup. The Washington Post/AP (12/6, A14, Lilley) reports, "Fiji's military commander declared a state of emergency Wednesday, a day after he overthrew the elected government and brought international sanctions and censure that began to isolate the South Pacific country." This was the "fourth coup in 20 years, " and armed forces will "set up checkpoints around Suva, the capital, as part of the state of emergency." Prime Minister Laisenia Qarase "flew Wednesday from the capital to his home village on the remote, northeastern Lau Islands," said his private secretary Pene Nonu. The armed forces chief, Commodore Frank Bainimarama "justified seizing power to prevent legislation that favored indigenous Fijians, contending that the measures 'would undermine the constitution and deny many citizens their rights.'"

Worldwide Rise In Uranium Prices Creating Boomtowns In Africa. Under the headline, "Rising Interest In Nuclear Power Brings New Life To Uranium Mining; Firm's Boom Helps Namibian Town, Worries Environmentalists," the Washington Post (12/6, A16, Timberg, 690K) reports from Arandis, Namibia, that "the nuclear industry, stagnant for two decades, reversed its fortunes at a time of rising oil prices and growing realization that burning fossil fuel caused global climate change. Nuclear went from being seen as a dirty source of energy to a comparatively clean, efficient one. From that shift in perception, mainly in the minds of Westerners thousands of miles away, the fate of this remote African town went from doom to boom." The Post adds, "Roessing Uranium Mine opened in 1976 during nuclear power's heyday. But the Three Mile Island accident in 1979 and Chernobyl in 1986 caused a profound political backlash that nearly halted new reactor construction." Now, "Roessing, which recently made its first delivery to an increasingly energy-hungry China, has decided to continue mining until at least 2016, mine officials say. They expect to end this year with Roessing's first substantial profit, and tax bill to the Namibian government, in five years."

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US Urged To Start China-Style "Green" Industrial Revolution. In a column titled "China's Sunshine Boys" in the New York Times (12/6, Friedman, 1.16M) columnist Thomas L. Friedman writes that Shi Zhengrong, ranked as the "seventh-richest man in China today" is China's "leading maker of silicon photovoltaic solar cells, which convert sunlight into electricity." He is a "green entrepreneur," and Friedman "wishes him well" as an environmentalist. However, as an American, he worries that "if we don't start doing everything we can to develop our own clean power," like Shi, "we're going to miss out on the green industrial revolution." China is "setting high standards for renewables, but is still weak on enforcement." The United States "is better at enforcement, but still weak on setting high standards." Friedman writes, "We need to get our act together, because eventually China will bring its enforcement in line with its regulations -- or it won't breathe." At that time, "China's emerging green power entrepreneurs could clean our clock in the clean power business."

LATimes Urges Completion Of US-South Korean Trade Talks. The Los Angeles Times (12/6, 850K) editorializes that as the fifth round of free talks between the US and South Korea get underway "the stakes for both countries are high and go beyond mere economics -- though the economies of both nations would benefit from a pact." The Times warns that "a failure would further strain already frayed relations between the US and South Korea and could push Seoul nearer to China's political and trade orbit."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"She Took A Stand To Testify."
"Gates OKd By Senate Panel."
"Family's Ordeal Not Over After Rescue In The Snow."
"Facial Tune-Ups That Went Downhill Fast."
"State Starts Crackdown On Uninsured Drivers."
"Court Bars Automatic Deportations In Drug Cases."

USA Today:
"Key Day On Iraq As Report Unveiled."
"NYC Bans Trans Fats In Restaurants."
"Study: Doctors Call In More Antibiotics Without Exams."
"For The Fresh Prince, Films Are Family Business."

New York Times:
"Defense Nominee Gains Approval of Senate Panel."
"Iraqi Premier Moves to Plan Regional Talks."
"New York Bans Most Trans Fats in Restaurants."
"Spam Doubles, Finding New Ways To Deliver Itself."
"Storm Evacuees remain In Grip Of Uncertainty."
"MTA Get Bill When Armrest Chew Up Pants."
"From Ruins Of Afghan Buddhas, A History Grow."

Washington Post:
"Panel To Urge Pressure On Iraq
"Senate Panel Approves Gates."
"3 Counties Attempt To Put Brakes On Growth."
"Hillary Clinton's Early Moves."
"On Cellphones, Girl Talk Comes With A Bling Tone."
"Culture Shock On Capitol Hill: House To Work 5 Days A Week."
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Washington Times:
"Probes Dismiss Imams' Racism Claim."
"Gates Says US Isn't Winning Iraq War."
"Black Caucus Ready To Flex Political Muscle."
"Clever Spammers Stay 'One Step Ahead' Of Law."

Detroit Free Press:
"$4,000 Grant For Students Is Almost A Done Deal."
"The Road Erupts And Hearts Stop."
"Patterson Ends."
"Gates Backed For Defense Job."

Atlanta Journal-Constitution:
"Cherokee OKs Illegals Law."
"DFCS Chief 'Outraged' By Botched Case."
"Homeowners No More."
"Senator's Wife Won't Be Deported."

Houston Chronicle:
"Candid Gates tells Panel US Is Not Winning War."
"'Virtual Fence To Cost $8 Billion."
"Butterfly And The Knife."
"Unlike New York, Houston Isn't Yet Holding The Trans Fat."
"County may Move To Control Pit Bulls."

Story Lineup From Last Night's Network News:
ABC: Gates-Senate Hearing; Gates Hearing- Analysis; Iraq-Sectarian Violence; Litvinenko Investigation; NASA-Moon Base; Post Partum Depression; Post Partum Depression-Analysis; WA-Missing Man; USS Intrepid; Women Hunters.
CBS: Gates-Senate Hearing; Iraq Timetable; Iraq-Sectarian Violence; WA-Missing Man; Healthcare Fraud; Made In USA; USS Intrepid; Former President Bush Speech; James Baker's Legacy.
NBC: Gates-Senate Hearing; Gates Senate Hearing-Analysis; Campaign 2008; Terrorist Training Camp; NASA-Moon Base; Stock Market; Litvinenko Investigation; Transfats Banned; Postpartum Depression; Former President Bush Speech; USS Intrepid.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: Iraq Study Group Recommendations; Gates Approved By Senate Armed Services Committee; OR-Missing Father; NYC-Transfat Ban; Postpartum Depression Study; NJ-Virgin Mary Spotted In Tree Stump; Wall Street.

NPR: Iraq Study Group Recommendations; Gates Approved By Senate Armed Services Committee; Illinois-Power Outages; Congress-Ethics And Lobby Reform; Fiji-Military Coup; Wall Street; NASA-Launch Concerns; Job Cuts Expected Next Year At Submarine Maker, Electric Boat; Tokyo Stock Market.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Iraq Study Group, White House; meets with President Arias of Costa Rica, White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:15 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Votes on pending nominations, followed at 9:30 by a hearing on climate change and the media. David Deming, University of Oklahoma; Daniel Schrag, Harvard University; R.M. Carter, James Cook University, Australia; Naomi Oreskes, University of California, San Diego; Dan Gainor, Business and Media Institute. Location: Room 406, Dirksen.

9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on pending nominations.

9:30 a.m. JUDICIARY _ Full Committee. Oversight hearing on the FBI. Dirdctor Robert Mueller. Location: Room 226, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Votes on pending nominations. Location: Room 430, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Hearing on fraud, waste and abuse in Hurricane Katrina relief programs. Gregory Kutz, GAO; John Ryan, GAO. Location: Room 342, Dirksen.

1:30 p.m. ARMED SERVICES _ Full Committee. Closed briefing on the Naval Criminal Investigative Service report on the Nov. 2005 events in the Iraqi town of Haditha and the Army investigation on how the chain of command handled the initial reports of the incident. Location: Room 222, Russell.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Confirmation hearing on a pending nomination. Location: Room 342, Dirksen.

2:30 p.m. JUDICIARY _ Administrative Oversight and the Courts Subcommittee. Oversight hearing on implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act. Location: Room 226, Dirksen.

2:30 p.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Hearing on pending nominations. Location: Room 428A, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (16 bills): 1) H.R. 6099 - Unborn Child Pain Awareness Act of 2006; 2) H.R. 3248 - Lifespan Respite Care Act of 2005; 3) S. 843 - Combating Autism Act of 2006; 4) H.R. __ - To amend title 38, United States Code, to extend certain expiring provisions of law administered by the Secretary of Veterans Affairs, to expand eligibility for the Survivors' and Dependents' Educational Assistance program, and for other purposes; 5) S. 4073 - Robert Silvey Department of Veterans Affairs Outpatient Clinic Designation Act; 6) S. 1820 - Dewey F. Bartlett Post Office Designation Act; 7) S. 3722 - Naval Vessels Transfer Act of 2006; 8) S. 2125 - Democratic Republic of the Congo Relief, Security, and Democracy Promotion Act of 2006; 9) H.Res. 1082 - Condemning the decision by the city of St. Denis, France, to name a street in honor of Mumia Abu-Jamal, the convicted murderer of Philadelphia Police Officer Danny Faulkner; 10) H.Res. __ - Honoring the life and accomplishments of Ruth Brown and expressing condolences to her family on her death; 11) S. 1998 - Stolen Valor Act of 2005; 12) H.R. 5076 - National Transportation Safety Board Amendments Act of 2006; 13) H.R. 5782 - Pipeline Safety Improvement Act of 2006; 14) H.R. 1674 - Tsunami Warning and Education Act; 15) H.Res. __ - Honoring the life of Milton Friedman; 16) H.Res. 1084 - To honor the contributions and life of Edward R. Bradley.

10:30 a.m. WAYS AND MEANS _ Full Committee. Hearing on safety and quality for Medicare beneficiaries with End Stage Renal Disease. Location: Room 1100, Longworth.

11 a.m. ARMED SERVICES _ Military Personnel Subcommittee. Hearing on criteria for awards and decorations. Former Marines Joseph A. Kinney and Gerald ``Jerry" Jonas; Michael L. Dominguez, Principal Deputy Under Secretary of Defense for Personnel and Readiness; Lt. Gen. Michael D. Rochelle, Army; Vice Admiral John C. Harvey, Jr. Navy; Lt. Gen. Roger A. Brady, Air Force; Brig. Gen. Richard P. Mills, USMC. Location: Room 2212, Rayburn.

Other: PRESIDENT ARIAS OF COSTA RICA _ Highlights: 10:45 a.m. Meets with President Bush. White House.

NUCLEAR FUEL _ First annual Nuclear Fuel Cycle Monitor Global Nuclear Renaissance Summit, sponsored by

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the publication Nuclear Fuel Cycle Monitor. Highlights: 8 a.m. Sen. Larry Craig. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

FINANCIAL SERVICES-MILITARY _ 8 a.m. - 4:30 p.m. The FDIC sponsors a conference on financial services for members of the military. Highlights: 8 a.m. FDIC Chairman Sheila Bair. 8:15 a.m. Keynote address - Rep. Barney Frank. 8:45 a.m. Session on military banks meeting the needs of service personnel. 1:15 p.m. Session on high-cost credit and its impact on military personnel. Location: Seidman Center, 3501 N. Fairfax Dr., Arlington.

ITALY-MANUFACTURERS _ 8:30 a.m. - 4:30 p.m. The Hudson Institute hosts a one-day conference, sponsored by Italy's global aerospace and defense leader Finmeccanica, to examine the implications of legislation (``Buy American'' Acts) that limits Pentagon purchases of military equipment from non-U.S. manufacturers, particularly restrictions on military procurement from companies based in allied countries. The conference will consist of keynote speeches and two panel discussions. Keynote Speakers include: Giovanni Castellaneta, ambassador of Italy to the United States; Pier Francesco Guarguaglini, chairman and CEO of Finmeccanica, S.p.A; Robert J. Stevens, chairman, president and CEO of Lockheed Martin; Thomas J. Donohue, president of the U.S. Chamber of Commerce; and William Schneider, chairman of the Defense Science Board. Location: Hudson Institute, 1015 15th St. NW, 6th floor.

WORLD VIEWS-GLOBALIZATION _ 8:45 a.m. The Swedish Embassy holds a symposium on world views, international relations and globalization. Highlights: 9 a.m. Keynote address - Cecilia Malmstrom, Minister for European Union Affairs, Sweden. 9:30 a.m. Session on world views and conflict resolution, with former IAEA Director-General Hans Blitz; Richard Perle, AEI, others. Location: 901 30th St. NW.

ASIA-US-JAPAN _ 9 a.m. - 2 p.m. The Center for Strategic and International Studies, Japan External Trade Organization and the Asia Society hold a panel discussion entitled ``East Asian Economic Integration and U.S.-Japan Relations. Highlights: 9:10 a.m. Osamu Watanabe, Chairman, Japan External Trade Organization. 9:30 a.m. Rep. Adam Smith. 12:30 p.m. Luncheon address - Richard Armitage. Location: B-1 conference level, 1800 K St. NW.

LATAM-US _ 8:30 a.m. - 10:15 a.m. The Inter-American Dialogue hosts a breakfast roundtable on the significance of the dozen presidential elections in Latin America during the past year. Speakers: Richard Lapper, Latin America editor for the Financial Times; Michael Shifter, vice president for policy, Inter-American Dialogue; and Peter Hakim, president, Inter-American Dialogue. Location: Inter-American Dialogue 1211 Connecticut Ave. NW Suite 510.

ENGLISH LANGUAGE _ 9 a.m. Sens. Daniel Akaka and Daniel Inouye are the featured speakers at an event,``Reaching Every Englsih Language Leaner - From Hawaii to New York City,'' presented by the Alliance for Excellent Education. Location: Room G-50, Dirksen.

HEALTH CARE _ 9:30 a.m. Leading US-based corporations announce an initiative to help employees better manage their health care, improve communications between doctors and patients, and reduce inefficiencies in the health care system. Companies include BP America, Intel, Pitney Bowes and Wal-Mart. Location: National Press Club.

HOUSE REPUBLICANS _ 9:30 a.m. Closed meeting of the House GOP Conference for the current Congress. Location: Room HC-5, Capitol. Notes: No media availability expected. Stakeout in the Center Steps hallway.

TORTURE CASE _ 10 a.m. The American Civil Liberties Union and Human Rights First hold a telephone briefing to discuss Friday's hearing in federal court on the pending torture case against Defense Secretary Rumsfeld. Notes: Callin number: 800-611-1148.

IRAQ STUDY GROUP _ 11 a.m. The Iraq Study Group holds a news conference to release its report. Location: Room 216, Hart.

HEALTH CARE _ 12:15 p.m. - 1:30 p.m. The Alliance for Health Reform and the Robert Wood Johnson Foundation sponsor luncheon media briefing. Briefers include: Bridgett Taylor, Democratic staff of the House Energy and Commerce Committee; Mark Hayes, chief health advisor to Republicans on the Senate Finance Committee; Kate Leone, health policy advisor to Sen. Reid; and Chuck Clapton, health policy advisory to House Speaker Dennis Hastert. Ed Howard, executive vice president of the Alliance, will moderate the discussion. Location: National Press Club, Murrow Room.

SUDAN _ 12:20 p.m. Sens. Sam Brownback and Dick Durbin and Special Envoy Andrew Natsios hold a media availability following their meeting to discuss Darfur. Location: Room S-321, Capitol.

TALIBAN _ 1:30 p.m. - 3 p.m. The Afghanistan Working Group holds a meeting, ``Five Years After the Fall of the Taliban: Afghanistan Beyond the Bonn Agreement.'' Speakers: Ambassador James Dobbins Former US Special Envoy to Afghanistan; and Dr. Barnett R. Rubin Former Advisor to Lakhdar Brahimi, UN Representative to Afghanistan. Moderator: Beth Ellen Cole US Institute of Peace. Location: U.S. Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

BLACK CAUCUS _ 2 p.m. Members of the Congressional Black Caucus hold a news conference to announce the group's leadership team for the 110th Congress. Location: House Radio-TV Gallery.

DEMOCRATIC GOVERNORS _ 2:30 p.m. Democratic Governors Association Chair Bill Richardson of New Mexico announces the new DGA Chair. Location: California Room, Capital Hilton, 16th and K Sts. NW.

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US FOREIGN POLICY _ 2:30 p.m. The Brookings Institution hosts a panel, ``Diplomacy and Security: Building a Solid Agenda for U.S. Foreign Policy.'' Moderator: Carlos Pascual, vice president and director, Foreign Policy Studies, Brookings Institution. Panelists: Michael O'Hanlon, senior fellow, The Brookings Institution; Morton H. Halperin, senior fellow, Center for American Progress; Kurt Campbell, senior vice president and director of the International Security Program, Center for Strategic and International Studies; Priscilla A. Clapp, retired, minister-counselor, U.S. Foreign Service; and Arnold Kantor, principal, Scowcroft Group. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

SATELLITES-CONFLICT PREVENTION _ 3 p.m. - 5 p.m. The American Association for the Advancement of Science (AAAS) hosts a seminar on the uses of satellites in precention of conflict and human rights abuses. Participants include Lars Bromley, AAAS Office of International Initiatives; Ariela Blatter, director of the Crisis Prevention and Response Center of Amnesty International USA; Paul D. Williams, senior lecturer at the University of Birminghm (UK); and Matthew McKinzie, scientific consultant, Natural Resources Defense Council. Location: AAAS Auditorium, 1200 New York Ave. NW.

MOHAMMED CARTOONS _ 3:30 p.m. Georgetown University sponsors an event with Flemming Rose, the editor responsible for publishing the Danish Mohammed cartoons in 2005, who will look back on the controversy and its implications. He will be joined by Aiman Mazyek, General Secretary of the leading Muslim organization in Germany. Location: Copley Formal Lounge, on campus.

HEALTH DISPARITIES _ 7 p.m. The Public Relations Society of America holds a forum on bridging the gap in health communications, with Liany Arroyo of the National Council of La Raza Institute of Hispanic Health, Terry Long of NHLBI; David Markenson of the Advisorfy Council for First Aid and Safety, others. Location: National Press Club.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, December 06, 2006 8:24 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Wednesday, December 06, 2006
Attachments:	dojclips061206.pdf; dojclips061206.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 6, 2006 7:45 AM EST

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TERRORISM NEWS:

Terror War A Bust Stats Inflated: Study (NYDN)

By James Gordon Meek, Daily News Washington Bureau

New York Daily News, December 6, 2006

Federal authorities' strategy of arresting terror suspects on any charge possible has proved effective in thwarting attacks, but too often prosecutors have inflated the importance of the busts, a new study says.

"The strategy of disruption has worked, but they hyped these cases to be more than what they seemed," said Karen Greenberg, author of the study by New York University's Center of Law and Security.

"It leaves their record of prosecuting the war on terror unconvincing," she said yesterday.

Of 510 cases since the Sept. 11 attacks that the government said were terrorism-related, only 30% of the defendants were actually prosecuted on a terrorism charge, the NYU study found. Most of the others faced charges such as fraud, racketeering or conspiracy.

While 169 cases are still pending, only four people charged since the 2001 attacks were convicted for trying to commit an act of terrorism, the study said.

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Justice Department spokesman Brian Roehrkasse said the report "reflects the underlying premise of our strategy to prevent and disrupt terrorists before they can carry out what they may be conspiring to do, by using any and all tools at our disposal in the U.S. code."

Terror prosecutions have declined from a spike in the three months following the 9/11 attacks, when 116 people were indicted. Only 57 have been indicted in 2006.

The NYU study found that only 14% of the defendants were tied to Al Qaeda. Of the 510 defendants, more than half had "no known affiliation" with any terrorist group.

Justice officials said that suggests homegrown terror is a bigger threat than many realize.

Material support for terrorism was the most common charge in cases where a defendant was slapped with a federal terrorism offense - but only 30% were convicted. Officials noted, however, that the pending cases skew that statistic.

Former federal prosecutor Andrew McCarthy, who led probes of the 1993 World Trade Center bombing, said the strategy has worked. But he said when the feds oversell a case's terror ties, it's "woefully unproductive [because] it tells the bad guys that we don't know what we think we know."

The report also found that no sleeper cell with "logistical or tactical links to Al Qaeda" has been uncovered in the U.S.

Power Of Privacy Board Questioned (AP)

By Hope Yen

AP, December 6, 2006

WASHINGTON - Civil liberties advocates urged a White House privacy board Tuesday to review aggressively the government's warrantless surveillance program, even as they questioned whether it has the power to do so.

The Privacy and Civil Liberties Board, created in late 2004 after a recommendation by the Sept. 11 commission, held its first hearing with testimony from nongovernment experts on ways to protect Americans' rights during the war on terror.

Its five members, who left the agenda open, repeatedly found themselves under scrutiny.

"This board needs to bring a little sunshine," said Caroline Frederickson, director of the ACLU's Washington legislative office. She said she was disappointed panel members recently praised the surveillance program's safeguards that a federal judge initially ruled as illegal.

"It remains clear that this program was built outside of, and in direct contradiction to, the Foreign Intelligence Surveillance Act and Fourth Amendment guaranteed protections," she said. "This panel's integrity and usefulness will be questioned if it dodges its duty to undertake a full review."

Board members defended their role, saying that as an advisory panel to the president it was not their job to determine whether the eavesdropping program was illegal but to find ways - in consultation with Congress and Bush - to improve it.

"Congress put us in the office of the president," said former Clinton White House counsel Lanny Davis, the panel's lone Democrat, after several audience members unsuccessfully asked the panel to divulge what specific issues it has raised with the White House.

"Had Congress wanted us to be an independent body, they would have made us an independent body," he said, explaining that as a result many of the board's deliberations will be kept secret. "Why Congress did what it did, that's an open question."

Privacy officers from the Office of Director of National Intelligence and the departments of Justice and Homeland Security also attended in a hearing described by the board as a "listening session."

The panel was created as a compromise between Congress and the White House amid growing public concern about the government's tactics in the war on terror, including the eavesdropping program, a financial transactions tracking system and secret CIA prisons where terrorism suspects have been interrogated.

Bush appointed Carol Dinkins, a Houston Republican, to chair the board. A longtime friend of the Bush family, she was treasurer of Bush's first campaign for governor of Texas, and a longtime partner in the law firm of Vinson & Elkins, where Attorney General Alberto Gonzales once was a partner.

The panel's other GOP members include vice chairman Alan Raul, a Washington attorney, former U.S. Solicitor General Theodore B. Olson and former Ambassador Francis Taylor.

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The board does not have subpoena power, and the White House can vet its annual reports to Congress. The members serve at the pleasure of Bush, and Gonzales has final say over whether officials must comply with the board's recommendations.

After a delay of more than a year, board members last week received classified briefings on the National Security Agency's surveillance program as well as the administration's program to monitor international banking transactions.

Raul and Davis have said in interviews that they were impressed by the protections and indicated that Americans might be "more reassured" if they knew all the details.

On Tuesday, privacy advocates said they were worried the board might be partly missing the point.

"We continue to be troubled by the argument that a president has no obligation to follow the law or respect other constitutional guarantees whenever he invokes national security as a justification for his actions," David Keene, chairman of the American Conservative Union, told the panel.

Frederickson said she was not confident of the board's ability to get meaningful information from government agencies. Americans might be better off with legislation introduced by Reps. Carolyn Maloney, D-N.Y. and Christopher Shays, R-Conn., that would make the board independent from the president, she said.

Board members responded that they were briefed by administration officials on the surveillance program with the understanding that they had the same level of classified detail as members on the congressional intelligence committees.

The board's first report to Congress is due in March.

ON THE NET

Privacy and Civil Liberties Oversight Board: http://www.whitehouse.gov/privacyboard/

Civil Liberties Panel Criticized At Hearing (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, December 6, 2006

Some groups say the advisory board is powerless. Members, picked by Bush, seem to struggle in their watchdog role.

WASHINGTON — A presidential advisory commission created two years ago to monitor the effects of anti-terrorism measures on civil liberties held its first public hearing Tuesday amid criticism from advocacy groups that the panel was a paper tiger and indications that its members were wrestling with their watchdog role.

The four-member Privacy and Civil Liberties Oversight Board was urged to take a more aggressive tack in checking the power of the Bush administration in its handling of the war on terrorism. Witnesses cited concerns over such policies as the National Security Agency's warrantless electronic surveillance program and an error-plagued terrorist watch list that has ensnared innocent citizens.

"This hearing is a welcome, but long overdue, first step in the right direction to air just some of the civil liberties transgressions of this administration over the past five years," said Caroline Fredrickson of the American Civil Liberties Union. "Clearly, you've been fiddling while Rome burns."

Created by Congress in response to a recommendation by the bipartisan Sept. 11 commission, the panel was conceived as a way to ensure the administration considers implications on privacy and civil liberties when implementing "all laws, regulations and executive branch policies." In practice, though, its power is limited by the fact that its members are appointed by the president, whose policies they are supposed to scrutinize.

Its authority is also likely to change next month when Democrats take control of Congress. Some Democrats have proposed making the panel independent of the White House, with the power to subpoena witnesses and documents. Others have suggested that its influence could wane if Democrats take over one of the reasons for its existence — aggressive oversight of administration policies.

But board members said at the hearing that they were taking their job seriously. They have received classified briefings on the secret surveillance program and a separate program that monitored international bank data, and were also briefed on legislation to put new limits on the surveillance program.

"This program today is an exceedingly important part of our mission to hear these points of view, and we have a great deal to learn in order to perform our statutory responsibility," panel member Theodore B. Olson, Bush's first solicitor general, said at

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the hearing. In recent months, he said, the board has met with senior officials of the Justice Department, the National Intelligence office and the National Security Agency, among others.

"We have had access to anyone that we wanted to have access to," Olson said. "We have been able to ask any questions we wanted to, and they have been answered."

The hearing also showed that panel members were struggling over such basic issues as whether the advice they give to the administration will ever become public.

"It is important for us to maintain the confidentiality of the recommendations that we might or might not take," Alan Raul, a Washington lawyer and vice chairman of the panel, said in response to a question. "To share some of the private views we might have would undermine our ability to be effective as the statute contemplated."

The panel's lone Democrat, Lanny J. Davis, a former Clinton administration advisor, said Congress put the board in a predicament.

"We did not put ourselves in the office of the president. If Congress wanted us to be an independent agency, they would have created us as an independent agency," he said.

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Civil Libertarians Protest Privacy Policy (WP)

By Ellen Nakashima

The Washington Post, December 6, 2006

The Bush administration's new privacy guidelines fail to protect the rights of Americans, and the board created to guarantee those rights lacks the independence to do the job, civil libertarians told the White House privacy board yesterday at its first public forum.

The guidelines, released Monday, are intended to protect the personal privacy and civil liberties of U.S. citizens as the government attempts to strengthen its intelligence-sharing to fight terrorism.

But, said privacy advocate Marc Rotenberg, the guidelines pale in comparison to protections offered under the Privacy Act of 1974.

"What struck me about the guidelines when compared with the federal privacy act was the absence of transparency, the absence of oversight and the inability for individuals to know what information about them is being collected by the federal government," said Rotenberg, executive director of the Electronic Privacy Information Center. Rotenberg was one of 10 panelists yesterday at a forum held by the White House Privacy and Civil Liberties Oversight Board, a panel created by Congress in 2004.

The new guidelines, issued by the Office of the Director of National Intelligence, direct agencies to develop procedures to ensure that information on "U.S. persons" is lawfully obtained, is shared only if it relates to terrorism or law enforcement, and that data errors are corrected. They do not require the people affected to be notified.

James Dempsey, a member of a Markle Foundation task force on privacy, said the guidelines lack substance and specificity. They do not address data-collection standards or set up appropriate redress mechanisms for people erroneously targeted in counterterrorism programs, he said.

Democrats, about to take control of Congress, have promised stronger oversight over the Bush administration's terrorism surveillance program and its push for stronger data-mining programs to identify terrorists.

The five-member privacy board, which started work in March, lacks subpoena power and has only four full-time staff members. President Bush appointed all five members, four of whom are Republicans, including Theodore B. Olson, the administration's former solicitor general.

"What we have established here is an oversight mechanism within the executive branch of government," Rotenberg said at the forum at Georgetown University. "To be effective, the agency has to be independent because even well-intended people seeking to protect privacy will necessarily be under institutional pressure to move in the direction the . . . institution wishes it to go."

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Caroline Frederickson, legislative director of the American Civil Liberties Union, said the board lacked any power to change policies on crucial issues such as citizen redress on terrorist and criminal watch lists.

"It's all bark and no bite," she said.

Frederickson called on Congress to give the board subpoena power and remove it from the executive branch. She also urged the board to be more aggressive in reviewing the government's surveillance program, which she said violates the Constitution.

Alexander W. Joel, the civil liberties and protection officer for the Office of the Director of National Intelligence, said the 1974 Privacy Act is "an important foundation" and will continue to be.

"We have to be both safe and free," Joel said. "How do we do both? Sometimes by not doing as much on one side. Sometimes it's by adding work on the privacy and civil liberties side."

Board members, including Chairman Carole E. Dinkins, noted that the panel has visited the major agencies combating terrorism and met with senior officials, including the directors of national intelligence, the FBI and the National Security Agency. They received good cooperation and their questions were answered, board members said.

"We want to do this job conscientiously, and we're going to continue," Olson said.

Lanny J. Davis, the board's only Democrat, said he was puzzled about why Congress had placed what was supposed to be an independent oversight board under the president.

"That's an open question that none of us up here have been able to quite figure out," he said.

Bush's Privacy Watchdogs Make Public Debut (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, December 6, 2006

At its first public meeting, a White House panel hears from civil liberties advocates, but sheds little light on its supposed watchdog role.

WASHINGTON--In a stately, wood-paneled hall at Georgetown University, a seemingly phantom White House panel charged with overseeing privacy and civil liberties issues made its public debut on Tuesday. But it didn't quite receive the warm welcome it may have liked.

At its first open meeting since it was conceived two years ago, the Privacy and Civil Liberties Oversight Board heard more than three hours of tips for future action--and not all of it gentle--from advocacy groups, think tanks and academics of various political stripes.

Of the 10 such representatives who spoke on panels at the meeting, many urged the group to probe more deeply into the constitutional issues surrounding electronic surveillance, data mining and swapping, and terrorist watch list programs conducted by the government. Some didn't mince words.

"When our government is torturing innocent people and spying on Americans without a warrant, this board should act--indeed, should have acted long ago," Caroline Fredrickson, director of the American Civil Liberties Union's Washington, D.C., office, told the panel in her testimony.

Training her gaze on the five presidentially appointed board members, she added: "Clearly you've been fiddling while Rome burns."

The board, borne out of an act of Congress in 2004 based on recommendations by the 9/11 Commission, has been dogged before. 9/11 Commission Chairman Thomas Kean, congressional Democrats, and watchdog groups accused the Bush administration of not taking the endeavor seriously and dragging their feet in nominating members and getting the group up and running.

That's because it was not until March 2006 that all of its members, which include partners at high-profile law firms and the chief security officer of General Electric, were confirmed by the U.S. Senate and able to hold their first meeting. Since then, they have held more than a dozen closed-door meetings composed "mainly of phone calls or teleconferences with administration insiders and agencies," by the ACLU's critical characterization.

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Some board members implicitly acknowledged that rocky past but sought to reassure the sparsely populated hall that Tuesday afternoon's meeting, which they billed as an "expert's forum," would not be a one-shot deal.

"You should always feel free to raise your comments, your concerns and maybe, even an occasional compliment," Chairwoman Carol Dinkins, who served as a deputy attorney general in the Reagan administration's Justice Department and is now a partner, told an audience of about 40 people at the outset of the meeting. Dinkins is now a partner focusing on environmental and administrative law at the firm Vinson & Elkins.

How much power?

But in an ironic twist, the very group that the participants in Tuesday's meeting hoped to call to action wields less power than critics say it should.

By law, its members serve "at the pleasure" of the president, which means they can be retained or fired at his discretion. Although the body may request documents or interviews with officials, it lacks the power to subpoena such materials that many congressional committees and federal agencies enjoy. The government is free to withhold information if it determines that divulging it would thwart national security or "sensitive law enforcement or counterterrorism operations."

According to published reports, the board wasn't briefed until late last month on the National Security Agency's once-secret warrantless terrorist surveillance program, which has drawn legal challenges from civil liberties watchdogs who claim it sweeps up the phone calls and Internet communications of millions of innocent Americans. The program came to light through a New York Times report nearly a year ago.

Some members of Congress have proposed legislation that would beef up the board's powers. But at least one board member downplayed those concerns Tuesday.

"We have had access to anyone we've wanted to have to date," said board member Theodore "Ted" Olson, a partner with the firm Gibson, Dunn & Crutcher who focuses on appellate and constitutional law. "We have asked any questions we wanted to ask to date and they have been answered."

Suggestions and criticisms

The public meeting included no shortage of familiar suggestions from outside panelists--namely, that they believed the president's warrantless wiretapping program is operating outside of the law and the U.S. Constitution and must be reined in. But the afternoon brought a relative dearth of specific commitments on that front from the board members.

"Our chief burden as a board is to find the right balance between my own and, I believe, my colleagues' commitment to civil liberties and privacy rights while still giving the government the ability to protect our country, our children, and all of us from these forces of evil we all experienced on 9/11," said board member Lanny Davis, a former White House counsel under President Clinton and now a partner with the law firm Orrick in Washington, D.C.

During his testimony, Electronic Privacy Information Center Director Marc Rotenberg said he would be interested to hear whether the board agrees with the president's assertion that he has inherent authority to run the surveillance program without a court order. When fellow panelist Michael Ostrolenk of the Liberty Coalition, a civil liberties activist group, pressed the board members on whether they planned to answer that question, four of the board members remained mum.

Davis, the sole member to speak up, said he would prefer that "we go back to the conservative tradition of checks and balances," but seemed to suggest it was more Congress' duty than his own to curb the executive branch's power.

During a question-and-answer session, one audience member asked the board if it could reveal whether it had been briefed on how many Americans have had their phone records or Internet and phone communications monitored by the NSA.

"All that would be appropriate to say is that we did receive a detailed briefing with information of the kind you described," responded Vice Chairman Alan Raul, who served as a White House lawyer during the Reagan administration and is now a partner with a wide-ranging focus at the firm Sidley Austin in Washington D.C.

The audience member pressed the board member further, asking whether the board planned to recommend that such information be made public, just as the government is expected to disclose how many court-ordered wiretaps it completes each year, but Raul deferred again.

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"I can't address the substance of the question," he said, adding: "Part of our ability to provide advice within the executive branch is the ability to provide advice confidentially and...to share some private views we have, I think, would undermine our (work)."

Raul's seemingly vague responses all go back to the manner in which Congress designed the board, fellow board member Davis said. "We didn't put ourselves in the office of the president," he said. "If Congress wanted us to be an independent agency, they would've created us as an independent agency."

How the board is supposed to reconcile its oversight duties under that umbrella, Davis added, remains "an open question that none of us up here have quite been able to figure out."

Italy Seeks Indictments Of C.I.A. Operatives In Egyptian's Abduction (NYT)

By Ian Fisher And Elisabetta Povoledo

The New York Times, December 6, 2006

ROME, Dec. 5 — Italian prosecutors asked Tuesday for the indictment of the country's former intelligence chief, along with 25 operatives of the Central Intelligence Agency, for their involvement in the kidnapping of a militant Egyptian cleric from Milan in 2003.

The case is one of the most sensitive in Italy, raising the question of whether the Italian government broke the nation's laws by approving or assisting in the abduction.

Nicolò Pollari, the former chief of military intelligence, was replaced by the Italian government last month, possibly in anticipation of his indictment. On Tuesday, prosecutors in Milan asked for his indictment for what they said was his collaboration with American agents in the abduction of the cleric, Hassan Mustafa Osama Nasr, known as Abu Omar.

The indictment asks for the trials of 26 Americans, all but one of whom were C.I.A. agents, including two who were the top agency officials in Italy at the time. The other American named in the indictment is an Air Force colonel at the American air base in Aviano, from which Mr. Nasr says he was flown to an American air base in Germany, then to Egypt, where he claims he was tortured.

It is the first case in the world in which local officials have been tried in the contentious program of "extraordinary rendition," a program in which U.S. agents abducted scores of suspected Islamic militants after Sept. 11, 2001. The suspects are believed to have been taken to interrogation centers in third countries, some of which permit torture.

The case has complicated relations between Italy and the United States, though until now Italy has not asked for the agents' extradition, meaning that any trials against them could take place in absentia. The American Embassy here declined to comment on the indictments.

The risk of political embarrassment inside Italy was underscored Tuesday after one of Mr. Pollari's lawyers said the defense would call to the stand both the current prime minister, Romano Prodi, and the prime minister at the time, Silvio Berlusconi. The lawyer, Titta Madia, said the men would be able to testify about the existence of documents showing Mr. Pollari was opposed to the abduction.

"We mean to show that Mr. Pollari and the institution he represented acted correctly," Mr. Madia said in a telephone interview.

Mr. Pollari, 63, has maintained his innocence, claiming that he cannot defend himself adequately without breaching national security laws.

Mr. Berlusconi has repeatedly denied any knowledge of the abduction. Intelligence experts say it is highly unlikely that American agents would have carried out the kidnapping without high-level approval in the Italian government because the American action would have violated the sovereignty of a close ally.

Mr. Berlusconi's allies have portrayed the indictments as politically motivated — and Tuesday they strongly defended Mr. Pollari. "The attack against him risks discrediting not only him personally but also our services which, in these difficult years, have effectively protected our country against criminal assaults from international terrorism," said Enrico La Loggia, a deputy with Mr. Berlusconi's Forza Italia party.

A judge will now have to decide whether the cases go to trial.

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HOMELAND RESPONSE:

Catch The Holiday Spirit -- And A Terrorist (WP)

By Al Kamen

The Washington Post, December 6, 2006

Flying out for the holidays for a little relaxation and family time? Fine. But Uncle Sam hopes you'll remain vigilant, on the lookout for terrorists who also might be heading home to see their families in such places as Myrtle Beach, S.C., or Londonderry, N.H.

To help, the State Department and the Department of Homeland Security are distributing hundreds of "wanted terrorist" posters to major airports around the country, a news release announces.

Get those visions of dancing sugarplums out of your head and focus on the "Faces of Global Terrorism" posters. Each poster shows mug shots of "26 known terrorists with reward offers of up to $25 million" for some of them.

So as you put on your seat belt, take a look at that guy in shorts across the aisle. Sure, he's got blond hair now, and he's cleanshaven, but doesn't he look just a little like Abderraouf Ben Habib Jdey, a.k.a. Faruq al-Tunisi? Look for a scar on his forehead. Get the jump on him and it could be worth $5 million.

And that short guy sitting next to him with those big ears? Okay, the picture's maybe five years old, but isn't that Faker Ben Abdelaziz Boussora, a.k.a. Abu Yusif al-Tunisi, sitting in 15B? He's worth another $5 million from the Rewards for Justice program.

Who knows, but Osama-- worth a cool $25 million -- just might be that guy in the dark glasses and cane on your right.

And remember: "You and your family may be eligible for relocation," the program Web site says, and "strict confidentiality is assured."

Inside The Beltway (WT)

By John Mccaslin, The Washington Times

The Washington Times, December 6, 2006

Liberty and security

Suffice it to say, Rep. Sheila Jackson-Lee, Texas Democrat, is no fan of guns. In 2003, the National Rifle Association (NRA) took one look at her pro-gun-control voting record and gave her a rating of F.

That said, this column a few days ago was the first to report that the Department of Homeland Security (DHS) was alerted to a recent airport-security incident involving Mrs. Jackson-Lee, who serves on the Homeland Security subcommittee on intelligence, information sharing and terrorism risk assessment.

The congresswoman was going through security at George Bush Intercontinental Airport in Houston when the alarm sounded not once, but twice. However, when she was placed in a queue for follow-up screening, Mrs. Jackson-Lee "complained" about the process, according to the DHS.

When she insisted on retrieving her personal carry-on items, a Transportation Security Administration (TSA) officer informed her that she would first have to be rescreened, at which point the lawmaker continued to complain.

Now, one group is actually coming to the congresswoman's defense. Or is it?

"I cannot commend you enough for criticizing the humiliating and degrading treatment that travelers must endure undergoing security screening," Michael L. Bane, founder of the Armed Passengers Project, writes in a two-page letter to Mrs. Jackson-Lee.

"However, one very valid question has been overlooked throughout the years of dialogue since September 11th. That question is whether the victims of Flight 93 -- indeed, the victims of all the doomed flights -- could have saved themselves as well as the lives of others if they had been allowed by law to carry weapons onboard," he says.

"If they had been permitted to do so, they would have had, literally, a fighting chance to stop the hijackers and at least minimize the damage done on that fateful day."

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Mr. Bane's project (www.armedpassengers.org) advocates restoring the basic human right of self-defense on planes, trains, buses and shops. He reminds Mrs. Jackson-Lee of what Ben Franklin said: "Those who would sacrifice liberty for security deserve neither."

Instant No. 2

One thing is for certain, there are more rats roaming around the city of Washington than there are Republicans.

Consider the 2006 mayoral election. In a city that counts 354,410 registered voters, Republican candidate David W. Kranich received only 6,744 votes last month, or about 6 percent of the votes cast.

We call this to your attention because, based on the documents filed with the D.C. Board of Elections and Ethics, the District of Columbia Independent Party (DCIP) is expecting certification this month as the District's newest political party and organization, representing the growing numbers of registered voters designated by the D.C. Board of Elections and Ethics as "independent" and "no-party."

Already the DCIP is touting itself as "the second-largest ... voting group in the District of Columbia."

Feeling blue?

What's with all the blue neckties (particularly a certain shade of baby blue) appearing in Washington of late, including at the White House -- and during Christmas season, no less?

Even yesterday's White House pool report observed that for his early-morning meeting with President Bush, Defense Secretary-designate Robert M. Gates "got the clothing memo -- both men showed up in dark pinstripe suits, white shirts and blue ties."

Quote of the week

"I apologized to him in Philadelphia the other day. I said, 'Bill, I take it back. My dog Millie did not know more about foreign policy than you do.' And he was very understanding."

-- Former President George Bush, speaking in Tallahassee, Fla., this week about a criticism he made of Bill Clinton during the 1992 presidential campaign

Going for baroque

"When we're earmarking money for opera houses, it's no wonder the federal government is baroque."

So says Rep. Jeff Flake, Arizona Republican, who, while his wordplay is clever, is not happy to discover a $250,000 earmark for the Bardavan Opera House in Poughkeepsie, N.Y., in one congressional appropriations bill for fiscal 2006.

Homeland Security Extends Comment Time (WP/AP)

By Michael J. Sniffen

The Washington Post, December 6, 2006

WASHINGTON -- Under pressure from Congress and the public, the Homeland Security Department extended the time for people to comment on its computerized risk assessment system for international travelers.

The deadline was pushed back from Dec. 4 to Dec. 29, department spokesman Jarrod Agen said Tuesday.

By Tuesday, the department had received 59 public comments. All but one either opposed the system outright as a violation of privacy and other laws or called for better means for people to correct any errors in the data. One law firm representing ship owners and importers sought more time for comment.

Rep. Bennie Thompson, D-Miss., who will become chairman of the House Homeland Security Committee when Democrats take control of Congress in January, wrote Homeland Security Secretary Michael Chertoff seeking extension of the comment period.

Based on a briefing that committee staff received about the system last Friday, Thompson wrote "serious concerns have arisen that, with respect to U.S. citizens and possibly lawful permanent aliens, some elements of ATS as practiced may constitute violations of privacy or civil rights."

The Associated Press reported last Thursday that for four years Customs and Border Protection agents have been using the Automatic Targeting System, or ATS, to produce assessments of the risk that any of the millions of people crossing U.S. borders, including Americans, are terrorists or criminals.

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Almost every traveler entering or leaving the country is evaluated by the ATS computers, but they are not allowed to see the assessment of them or directly challenge its accuracy. The government intends to keep the assessments 40 years and the data on which they are based for up to 40 years.

Sen. Patrick Leahy, D-Vt., incoming chair of the Senate Judiciary Committee, promised more congressional scrutiny next year of the government's anti-terrorist databases and called the ATS scheme "simply incredible."

The assessments are based on applying so-called rules, which are actually assumptions based on the past behavior of terrorists and criminals, to the person's travel records, including where they are from, how they paid for tickets, their motor vehicle records, past one-way travel, seating preference and what kind of meals they ordered.

The government's first acknowledgment that ATS was producing risk assessments of travelers came in a Nov. 2 notice in the Federal Register, a dry daily compendium of rules and regulations.

Although that notice said ATS would be implemented Dec. 4 unless negative comments dissuaded officials, ATS has been operational for some time and no changes were planned for Dec. 4, Toby Levin, senior adviser in Homeland Security's privacy office told the AP.

The notice was only designed "to give greater transparency" to what Homeland Security was already doing, she said.

In fact, Jayson Ahern, assistant commissioner of Customs and Border Protection, said federal agents had used ATS to develop risk assessments of travelers since the late 1990s, but the program had mushroomed in 2002 when legislation spawned by the Sept. 11, 2001, terrorist attacks took effect. That legislation required all air and cruise lines to electronically give Homeland Security advance lists of all their incoming and outgoing passengers and crew members.

In addition, Ahern said Amtrak voluntarily provides passenger data on rail travelers between the U.S. and Canada and border agents keep track of many of the people and drivers who enter or leave land border crossings. Ahern said ATS is designed to pick out people who are not already on watch lists or wanted by law enforcement.

Homeland Security's Agen said a new notice announcing the extension was sent Tuesday to the Federal Register and would be published in a few days.

Furor Over 'Terror Scores' For Airline Travelers (CSM)

By Alexandra Marks

The Christian Science Monitor, December 6, 2006

NEW YORK

Do you know your terror score? Think you don't have one? You may, if you've traveled internationally during the past four years. And that is generating a growing controversy both in the United States and abroad.

The Department of Homeland Security's Customs and Border Protection (CBP) has been quietly assigning travelers, both American and foreign, on international flights a score that's designed to identify high-risk travelers. It's derived from a set of criteria, such as where you're from and whether you have a habit of buying one-way tickets and paying with cash.

CBP officials call the program, which was implemented with little public notice and no congressional approval, a crucial tool to protect the nation. They describe it as a kind of extra electronic border that has the potential to catch terrorists and criminals before they get to an actual border crossing.

"Without a system like this, we would in many ways be blind to potential threats before they arrive," says Jarrod Agen, a DHS spokesman.

But some congressional leaders, privacy advocates, and travel executives believe it's an unparalleled use of data-mining to invade individuals' privacy. Some European leaders also object, claiming the program - called the Automated Targeting System (ATS) - violates a privacy agreement worked out between the US and the European Union.

Opponents are calling on the Department of Homeland Security (DHS) to suspend the program until privacy concerns can be addressed. They say the key problem with ATS is that there's no way for individual to determine that he or she has been flagged. CBP can also share the information it's collected with other government agencies, other governments, and even private contractors. And CBP can keep the data up to 40 years.

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"For the first time, a dossier is being built on me and every other innocent citizen that tracks information on them," says Kevin Mitchell, chairman of the Business Travel Coalition in Radnor, Pa. "To add insult to injury ... they say they're keeping the data for 40 years - just in case Kevin Mitchell - whose profile is not threatening at the moment - has some kind of ties to a terrorist organization in the future."

The controversy over ATS erupted after privacy advocates at the Electronic Frontier Foundation (EFF) found an obscure notice about it in the Federal Register last month. In the notice, which is required under the 1974 Privacy Act, DHS says that its data collection system "does not identify or create any new collection of information, rather DHS is providing additional notice and transparency of the functionality of these systems."

In fact, the data collection system has been in place since the mid-1990s, says CBP spokesman Pat Jones. It was started as a way to help interdict drug shipments and smugglers and was carried out by the Treasury Department. After 9/11, it was enhanced to include potential terrorists, and it was eventually moved to CBP, according to Mr. Jones. "The information that we've got is not invasive. How someone pays for their plane ticket I don't think is an invasion of anyone's privacy," he says. "These issues always involve some kind of a balance."

But privacy advocates contend the issue is far more complex. EFF's lead counsel, David Sobel, notes that prior to the publication of the November notice, the only public mention of ATS said that it was used to target and assess cargo shipments, not people.

"Congress didn't know they were doing this. Even DHS's own inspector general in a report issued this summer didn't realize they were using this to target passengers," he says.

The Transportation Security Administration has been trying to put together a similar data collection system to check air passengers for years, Mr. Sobel and other privacy advocates note. That system, called Secure Flight, has been tabled by DHS until privacy concerns raised by Congress can be addressed.

Mr. Mitchell of the Business Travel Coalition says that while he and others were testifying before Congress about problems with Secure Flight, DHS was quietly collecting almost the same kind of information. And unlike Secure Flight, which is designed to "ping data" and then expunge it, the ATS data is saved in a data bank.

"None of us knew this was going on behind our backs," says Mitchell. "This looks like it was done because [other data-mining systems failed] and Secure Flight's in trouble."

Some congressional leaders, including Sen. Patrick Leahy (D) of Vermont, have pledged to hold hearings on ATS. "Databanks like this are overdue for oversight, and that is going to change in the new Congress," Senator Leahy said in a statement.

For now, DHS is standing by its program and says it has no plans to suspend it for further public scrutiny. "You tell [privacy advocates] when they're able to persuade the bad guys to announce when they're coming into the country, we won't need a system like this," says Jones of CBP.

Probes Dismiss Imams' Racism Claim (WT)

By Audrey Hudson

The Washington Times, December 6, 2006

Three parallel investigations into the removal of six imams from a US Airways flight last month have so far concluded that the airline acted properly, that the imams' claims they were merely praying and their eviction was racially inspired are without foundation.

An internal investigation by the airline found that air and ground crews "acted correctly" when they requested that the Muslim men be removed from a Minneapolis-to-Phoenix flight on Nov. 20.

"We believe the ground crew and employees acted correctly and did what they are supposed to do," US Airways spokeswoman Andrea Rader said.

Omar Shahin -- one of the imams and the group's spokesman -- said the men did not behave out of the ordinary while on the plane, and that passengers overreacted because some of the imams conducted prayers in the concourse before boarding.

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US Airways' investigation is "substantially complete" but Miss Rader said airline officials still want to meet with the imams to review the situation. "We're looking at it as a security issue and as a customer-service issue and where we might need to do outreach," she said.

Airline officials have had several discussions with Mr. Shahin, but a meeting scheduled for Monday with all six men was canceled at the imams' request.

"We talked with crew members and passengers and those on the ground. We've done what we typically do in a situation where there is a removal or some kind of customer service at issue," Miss Rader said. "We found out the facts are substantially the same, and the imams were detained because of the concerns crew members had based on the behavior they observed, and from reports by the customers."

The Minneapolis airport police department's report on the incident said the imams' behavior warranted their removal. The imams were not accused of breaking any laws.

The Department of Homeland Security's (DHS) Office of Civil Rights and Civil Liberties is reviewing the actions of department members who were involved in the incident.

Secret Service agents questioned the imams, who are accused of making negative comments about President Bush and the Iraq war. Officials of the Transportation Security Administration were involved in screening the imams and their baggage.

"There is no indication there is any inappropriate activity, at least no indication at this time," DHS spokesman Russ Knocke said. "To my knowledge, we are only doing a review, and that is a fairly routine practice with incidents like this."

The Air Carrier Security Committee of the Air Line Pilots Association investigated the incident and said, "The crew's actions were strictly in compliance with procedures and demonstrated overall good judgment in the care and concern for their passengers, fellow crew members, and the company."

"The decisions made by all the parties were made as a result of the behavior of the passengers and not as a result of their ethnicity," the report concluded.

The suspicious behavior cited in the report included "changing seats, stating anti-war, anti U.S.-Iraq involvement, negative comments concerning the president of the United States." The report noted that "two of the passengers requesting seat-belt extensions when their body size did not appear to warrant their use."

Mr. Shahin told television reporters that he needed the seat-belt extension because he weighs 280 pounds. However, the police report lists his weight as 201 pounds. Weights listed for the other imams ranged from 170 pounds to 250 pounds.

The imams have retained the Council of American-Islamic Relations (CAIR) as their legal counsel. CAIR officials said yesterday that initial claims by the airline contradict the official police report.

"The imams are obviously concerned about a number of false and distorted representation of the facts and events, and one example is initial reports that all suggested they refused to get off the plane when personnel asked them to, and the police report said they all got off and cooperated," a CAIR spokesman said.

On A Wing And A Prayer (WSJ)

By Debra Burlingame

The Wall Street Journal, December 6, 2006

Allahu Akbar! Allahu Akbar! Allahu Akbar! Allahu Akbar! Those are the words that started it all. Six bearded imams are said to have shouted them out while offering evening prayers as they and 141 other passengers waited at the gate for their flight out of Minneapolis International Airport. It was three days before Thanksgiving. Allahu Akbar: God is great.

Initial media reports of the incident did not include the disturbing details about what happened after they boarded US Airways flight 300, but the story quickly went national with provocative headlines: "Six Muslims Ejected from US Air Flight for Praying." Yes, they were praying -- but let's be clear about this. The very last human sound on the cockpit voice recorder of United flight 93 before it screamed into the ground at 580 miles per hour is the sound of male voices shouting "Allahu Akbar" in a moment of religious ecstasy.

They, too, were praying. The passengers and crew of flight 93 lost their valiant fight to take back the plane just one hour and 20 minutes after it pushed back from the gate. Until the hijackers stormed the cockpit door, they were just a handful of Middle

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Eastern-looking men on their way to sunny California. So, yes, let's be exceedingly clear about the whole matter. Some 3,000 men, women and children are dead because the unassuming people on those airplanes did not look at them and see murderers. Or dangerous Arabs. Or fanatical Muslims. They saw a few guys in chinos. * * *

In five years since the 9/11 attacks, U.S. commercial carriers have transported approximately 2.9 billion domestic and international passengers. It is a testament to the flying public, but, most of all, to the flight crews who put those planes into the air and who daily devote themselves to the safety and well-being of their passengers, that they have refused to succumb to ethnic hatred, religious intolerance or irrational fear on those millions of flights. But they have not forgotten the sight of a 200,000-pound aircraft slicing through heavy steel and concrete as easily as a knife through butter. They still remember the voices of men and women in the prime of their lives saying final goodbyes, people who just moments earlier set down their coffee and looked out the window to a beautiful new morning. Today, when travelers and flight crews arrive at the airport, all the overheated rhetoric of the civil rights absolutists, all the empty claims of government career bureaucrats, all the disingenuous promises of the election-focused politicians just fall away. They have families. They have responsibilities. To them, this is not a game or a cause. This is real life.

Given that Islamic terrorists continue their obsession with turning airplanes into weapons of mass destruction, it is nothing short of obscene that these six religious leaders -- fresh from attending a conference of the North American Imams Federation, featuring discussions on "Imams and Politics" and "Imams and the Media" -- chose to turn that airport into a stage and that airplane into a prop in the service of their need for grievance theater. The reality is, these passengers endured a frightening three-and-a-half hour ordeal, which included a front-to-back sweep of the aircraft with a bomb-sniffing dog, in order to advance the provocative agenda of these imams in, of all the inappropriate places after 9/11, U.S. airports.

"Allahu Akbar" was just the opening act. After boarding, they did not take their assigned seats but dispersed to seats in the first row of first class, in the midcabin exit rows and in the rear -- the exact configuration of the 9/11 execution teams. The head of the group, seated closest to the cockpit, and two others asked for a seatbelt extension, kept on board for obese people. A heavy metal buckle at the end of a long strap, it can easily be used as a lethal weapon. The three men rolled them up and placed them on the floor under their seats. And lest this entire incident be written off as simple cultural ignorance, a frightened Arabic-speaking passenger pulled aside a crew member and translated the imams' suspicious conversations, which included angry denunciations of Americans, furious grumblings about U.S. foreign policy, Osama Bin Laden and "killing Saddam."

Predictably, these imams and their attorneys now suggest that another passenger who penned a frantic note of warning and slipped it to a flight attendant was somehow a hysterical Islamophobe. Let us remember that but for their performance at the gate this passenger might never have noticed these men or their behavior on board, much less have the slightest clue as to their religion or political passions. Of course, that was the point of the shouting. According to the police report, yet another alarmed passenger who frequently travels to the Middle East described a conversation with one of the imams. The 31-year-old Egyptian expressed fundamentalist Muslim views, and stated the he would go to whatever measures necessary to obey all the tenets set out in the Koran.

The activist Muslim American Society (MAS) issued a press release within hours of the incident, demanding an apology and announcing a "pray-in" at Reagan National Airport in Washington, D.C. Standing just a short distance from the Pentagon, where five years ago black plumes of smoke from the crash of American Airlines flight 77 could be seen for miles, the assembled demonstrators complained that African-American Muslims, accustomed to "driving while black," must now cope with the injustice of "flying while Muslim." This brazen two-step is racial politics at its worst; none of the imams are African-American. MAS, which teaches an "Activist Training" program with lessons on "how to talk to the media," must have been thrilled when one cable news outfit, suckered by the rhetoric, compared the imams' conduct to that of civil rights icon Rosa Parks, who refused to give up her bus seat in the face of institutional racism. One wonders what the parents of the three 11-year-olds who died on flight 77 -- all African-American kids on a National Geographic field trip -- would make of this stunning comparison.

Today, MAS Executive Director Mahdi Bray says his organization wants more than an apology. He wants to "hit [US Airways] where it hurts, the pocketbook," and, joined by the Council on American-Islamic Relations (CAIR), will seek compensation for the imams, civil and federal monetary sanctions, and new, sweeping legislation that will extract even bigger penalties for airlines that engage in "racial and religious profiling." An investigation by the Department of Homeland Security's Office of Civil Rights & Civil

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Liberties is underway. Not incidentally, it is the "fatwa department" of MAS that pushed for segregated taxi lines that would permit Muslim cab drivers at the Minneapolis airport to reject passengers carrying alcohol. * * *

Here's what the flying public needs to know about airplanes and civil rights: Once your foot traverses the entranceway of a commercial airliner, you are no longer in a democracy in which everyone gets a vote and minority rights are affirmatively protected in furtherance of fuzzy, ever-shifting social policy. Ultimately, the responsibility for your personal safety and security rests on the shoulders of one person, the pilot in command. His primary job is to safely transport you and your belongings from one place to another. Period.

This is the doctrine of "captain's authority." It has a longstanding history and a statutory mandate, further strengthened after 9/11, which recognizes that flight crews are our last line of defense between the kernel of a terrorist plot and its lethal execution. The day we tell the captain of a commercial airliner that he cannot remove a problem passenger unless he divines beyond question what is in that passenger's head and heart is the day our commercial aviation system begins to crumble. When a passenger's conduct is so disturbing and disruptive that reasonable, ordinary people fear for their lives, the captain must have the discretionary authority to respond without having to consider equal protection or First Amendment standards about which even trained lawyers with the clarity of hindsight might strongly disagree. The pilot in command can't get it wrong. At 35,000 feet, when multiple events are rapidly unfolding in real time, there is no room for error.

We have a new, inviolate aviation standard after 9/11, which requires that the captain cannot take that airplane up so long as there are any unresolved issues with respect to the security of his airplane. At altitude, the cockpit door is barred and crews are instructed not to open them no matter what is happening in the cabin behind them. This is an extremely challenging situation for the men and women who fly those planes, one that those who write federal aviation regulations and the people who agitate for more restrictions on a captain's authority will never have to face themselves.

Likewise, flight attendants are confined in the back of the plane with upwards of 200 people; they must be the eyes and ears, not just for the pilot but for us all. They are not combat specialists, however, and to compel them to ignore all but the most unambiguous cases of suspicious behavior is to further enable terrorists who act in ways meant to defy easy categorization. As the American Airlines flight attendants who literally jumped on "shoe bomber" Richard Reid demonstrated, cabin crews are sharply attuned to unusual or abnormal behavior and they must not be second-guessed, or hamstrung by misguided notions of political correctness.

Ultimately, the most despicable aspect about the imams' behavior is that when they pierced the normally quiet hum of a passenger waiting area with shouts of "Allahu Akbar" and deliberately engaged in terrorist-associated behavior that was sure to trigger suspicion, they exploited the fear that began with the Sept. 11 attacks. The imams, experienced travelers all, counted on the security system established after 9/11 to kick in, and now they plan not only to benefit financially from the proper operation of that system but to substantially weaken it -- with help from the Saudi-endowed attorneys at CAIR.

US Airways is right to stand by its flight crew. It will be both dangerous and disgraceful if the Department of Homeland Security, the Department of Transportation and, ultimately, our federal courts allow aviation security measures put in place after 9/11 to be cynically manipulated in the name of civil rights.

Ms. Burlingame, a director of the World Trade Center Memorial Foundation, is the sister of Charles F. "Chic" Burlingame III, the pilot of American Airlines flight 77, which was crashed into the Pentagon on Sept. 11, 2001.

For Mass-casualty Preparedness, Congress Should Fund 'ER One' (HILL)

By Tommy Thompson

The Hill, December 6, 2006

The old adage that "failing to prepare is preparing to fail" seems particularly poignant today. More than five years after Sept. 11, 2001, no state is adequately prepared for a potential mass-casualty disaster caused by a terrorist attack, pandemic or natural disaster. A new CDC study on the state of emergency rooms and the Institute of Medicine's report this summer on our inability to respond to large disasters and epidemics tell a very alarming tale about the state of emergency preparedness in this country.

As head of the federal government's health response to Sept. 11 and as a former governor, I am keenly aware that emergency preparedness is a critical issue for every state's chief executive and legislature. Although major efforts have been

made to strengthen security and improve coordination of resources, one persistent public policy question remains unanswered: How best can the federal government help prepare 50 states with diverse assets, risks and needs for an unknown mass-casualty emergency?

Congress can now begin to answer that question. Under debate will be this year's major spending bill for the Department of Health and Human Services, and along with it, a provision to fund a hospital preparedness project that could benefit every state. The project, commonly known as "ER One," is the Washington Hospital Center's proposed state-of-the-art emergency facility. It is arguably one of the smartest investments that Congress could make, and it deserves to be approved. Conceived by physicians, scientists, infectious disease specialists, disaster relief professionals, and security experts recruited from some of the nation's most prestigious institutions, ER One will bolster states' preparedness in two critical ways.

First, as the nation's first civilian demonstration facility, ER One will serve as an education center and working research laboratory for testing and publishing new approaches to managing risks. ER One Institutes, the educational and training arm of the project, will create practical, exportable training models on emergency preparedness for every type of hospital nationwide. Medical personnel from small-town facilities to major urban complexes throughout the United States will learn how to deal with mass-casualty events beyond their scope of daily practice and maintain those skills as new treatments and new threats appear.

By having access to this thinking and training, states and localities would be much better served than if the funds designated for ER One were simply included as part of the overall hospital preparedness block grants through which funds are parceled out to the states. The money needed to fund construction of ER One will make a huge impact and ultimately benefit disaster preparedness at all levels far more than it would if it were simply thrown into the pot and parceled out in small amounts to dozens or even hundreds of potential recipients.

Training and education for the country's hospital staffs is a priority today. The Trust for America's Health (TFAH) has found that hospitals in nearly one-third of the states have not sufficiently planned for a surge of extra patients. In addition, the General Accounting Office has said the nation's emergency preparedness efforts in healthcare remain grossly inadequate. ER One and the ER One Institutes represent the most efficient and effective way to address this need.

Second, as the nation's first all-risks-ready facility, ER One would meet myriad challenges posed by a mass-casualty medical emergency in the nation's capital. A major disaster that interrupts government operations, cripples essential federal services, shuts down communications, or disrupts national security would create chaos across the country and in world markets. Every American would be affected — from recipients of government programs such as Social Security, Medicare, low-interest loans and housing allowances to state and local law enforcement officers.

Washington's unique role will always make the city vulnerable to dangers that have national ramifications. ER One would help protect government functions and personnel, as well as the general population, by managing large surges of patients, treating victims of any major disaster, and containing rare contagious illnesses, especially biological, chemical or radiological.

Rarely has an issue enjoyed this level of support from both political parties, local and national officials and the public and private sectors, particularly during an election year. The ER One project has already received federal funding for planning and design efforts. And although both the fiscal year 2006 and 2007 budgets included money for such a facility, the funds needed to begin construction became an unintended casualty during the most recent congressional debate over earmarks.

Now Congress has another opportunity to boost states' preparedness by approving a Health and Human Services budget that includes funds for ER One. The choice is clear: Congress can give states the ER One tools and training they need to meet the challenges of a dangerous world — or it can prepare to fail by failing to prepare.

As an open and free society, we may be more vulnerable, but we also have the ability to be more resourceful. We must be aware of danger, but always recognize opportunity. ER One is that opportunity.

Thompson, former secretary of the Department of Health and Human Services and former governor of Wisconsin, is a partner with the law firm Akin Gump Straus Hauer & Feld LLP.

Package Tossed Near White House (AP)

AP, December 6, 2006

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Streets around the White House were closed Tuesday morning after a woman threw a package into the courtyard of the adjacent Old Executive Office Building.

The woman was taken into custody without incident and was being questioned by the Secret Service, said Darrin Blackford, a spokesman for the service. The package was being investigated but no immediate details were available.

The president was in the White House at the time of the incident.

Streets were closed along Pennsylvania Avenue, between 17th and 18th streets, and along 17th Street between State Place and H Street.

Report Finds New Problems In FEMA Aid Distribution (NYT)

By Eric Lipton

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — The Federal Emergency Management Agency has recouped less than 1 percent of an estimated $1 billion in fraudulent or unjustified payments it distributed after Hurricanes Katrina and Rita, a new report by Congressional investigators says.

At the same time, the agency continued to wrongly send out millions of dollars of new aid this year, including $17 million in rental assistance to families living rent-free in FEMA trailers, the Government Accountability Office report says.

The auditors' findings, set to be released on Wednesday, demonstrate how the agency has remained open to criticism from advocates for evacuees as being too stingy with people who have real needs, and to criticism from auditors as being too willing to give taxpayer dollars to scam artists and cheats.

Just last week, a federal judge ordered the agency to restore housing assistance and pay back rent to thousands of Hurricane Katrina evacuees who had been deemed ineligible for long-term housing aid.

Yet the new report by the Congressional investigators said that, in addition to the rental aid given to more than 8,600 victims living in trailers rent-free, the agency distributed $20 million to people who registered for both hurricanes, meaning they received double payments for rent and other emergency aid.

The investigators also recently determined that the agency gave at least $3 million to more than 500 foreign students or other foreigners in the United States on work visas even though federal law specifically prohibits such aid.

"FEMA has much work to do before we can be confident that it is providing assistance to those who are eligible and who need it, while denying it to those who do not," said Senator Joseph I. Lieberman of Connecticut. Mr. Lieberman is the ranking Democrat on the Homeland Security and Governmental Affairs Committee, which has scheduled a hearing for Wednesday on Hurricane Katrina-related fraud and abuse.

The agency's officials on Tuesday said they had not yet seen the new report and would not comment in detail until they had. But they acknowledged the serious flaws in distribution of financial aid after the hurricanes. A copy of the report was given to The New York Times.

"The stringent controls instituted this past year by FEMA will dramatically improve safeguards and help eliminate processing errors and fraudulent abuse," Pat Philbin, an agency spokesman, said in a written statement.

But the Government Accountability Office report made it clear that the inappropriate payments continued into this year. For example, 10 residents of an apartment complex in Plano, Tex., collected $46,000 in rental assistance from FEMA through June, even though the City of Plano was paying their rent, with money from the federal agency.

FEMA estimates that of the $7 billion in emergency aid given out to individuals and families after Hurricanes Katrina and Rita, about $290 million was unjustified. But based on more than a year of spot-checking applications, Congressional auditors said they believed the federal agency was grossly underestimating the figure, and that a more accurate amount would be at least $1 billion.

That would include money that went to thousands of inmates and people who used falsified Social Security numbers or submitted applications for phantom homes, all cases turned up by the investigators.

FEMA has recouped about $7.5 million of these inappropriate payments, an agency official said Tuesday, and he estimated that an additional $8.1 million was on the way.

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Senator Susan Collins, Republican of Maine, chairwoman of the Homeland Security Committee, said the small percentage of money recouped showed how important it was for the agency to improve how it screened applications for disaster aid.

"Once the money is out the door, it is very difficult for it to be recovered," Ms. Collins said.

At the time Hurricanes Katrina and Rita hit, the agency had systems in place to prevent fraud, including a computer program that looked for applications with the same Social Security number. But officials said they turned the system off, claiming that they were worried it might prevent legitimate victims from getting help, the report said.

That is why, for example, the 7,600 individuals had been able to collect $20 million in emergency aid for properties supposedly hit by both storms, the report said.

Ms. Collins said she did not accept the assertion that the agency could not figure out how to distribute emergency assistance quickly while preventing widespread waste and fraud.

"It's a false choice," she said.

FEMA Appeals Katrina Housing Order (AP)

AP, December 6, 2006

The Bush administration is challenging a court order requiring it to make housing payments to thousands of families whose homes were damaged by Hurricane Katrina.

U.S. District Judge Richard J. Leon said last week that confusing, often contradictory letters to hurricane victims from the Federal Emergency Management Agency didn't explain why housing funding was cut. He said that violated the Constitution, and he ordered the agency to restart the program immediately.

FEMA said Tuesday it would appeal that ruling.

The government is still under a court order to make housing payments for people displaced by last year's storm, but the Association of Community Organizations for Reform Now, which won last week's ruling, said in court documents Tuesday that FEMA has refused to disclose its plans for restarting the program.

FEMA may ask an appeals court to put the judge's ruling on hold while the appeal plays out.

Leon criticized the agency's handling of the housing program and described the process as "Kafkaesque."

FEMA Director R. David Paulison told reporters last week that he was disappointed by the ruling.

"It's almost a thing of no good deed goes unpunished," he said. "We felt like we did a good job."

Storm Evacuees Remain In Grip Of Uncertainty (NYT)

By Shaila Dewan

The New York Times, December 6, 2006

BAKER, La., Dec. 2 — Wynaen Walker keeps a change of clothes, her prescription medications and important papers in the trunk of a friend's car. When she leaves her FEMA trailer, she tapes handwritten signs on the door with her phone number. "I still live here," one of them says.

Ms. Walker does this not so much because Hurricane Rita destroyed her house in Lake Charles, but because in October, she came home from church to find her trailer, in a park here operated by the Federal Emergency Management Agency, occupied by someone else. The lock had been changed. The meager belongings she had accumulated since the hurricane were gone.

"Imagine leaving your house, and you're going right up the street," said Ms. Walker, known as Nina, who was told by FEMA officials to seek out a homeless shelter. "I come back, I ain't got no place."

"They left me out in the cold," she added. "I really panicked."

Ms. Walker had been displaced by a family from one of five FEMA trailer parks at the nearby Baton Rouge Metropolitan Airport that are scheduled to close in April. Though her move was a mistake, it is one that residents say the agency has made repeatedly in its trailer parks. And when the trailers at the airport are shut down next year, more than 600 families who took refuge in those parks will find themselves on the move once again.

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More than a year after Hurricanes Katrina and Rita, life is still precarious and unpredictable for many evacuees, especially those who have depended on the government for a modicum of stability. About 102,000 families are still living in government trailers scattered around the region, and an additional 33,000 are living in apartments paid for by FEMA. What trauma victims need most, stability, is just what has proved most elusive.

Most families in the five parks that are closing have not been told where their new homes will be. In New Orleans, residents at two FEMA trailer parks were notified that the construction of a film studio nearby would mean ceaseless noise for months. Initially they were told the parks would close, but the families refused to move yet again.

For thousands more displaced families living in apartments, FEMA has cut off aid with little explanation, but the agency was ordered by a federal judge late last month to reinstate the aid and pay months of back rent. The judge described the ordeal of the families, many of whom have already left their apartments or are on the brink of eviction, as "Kafkaesque."

The seesaw of daily life for the displaced is playing out against a backdrop of still larger uncertainties. Billions of dollars intended to help homeowners rebuild have yet to be distributed. And on Saturday, at a "town hall" meeting held simultaneously in five cities, Mayor C. Ray Nagin of New Orleans said he did not expect the city's rebuilding plan to be finished until mid-January.

Mental health experts have repeatedly warned of the importance of a consistent environment for adults and children who are recovering from trauma, and evacuees complain that stress has aggravated their physical ailments, literally making them sick.

And people who work at the agencies trying to help evacuees no longer bother to conceal their anger and astonishment at the constant change in policies and how they are carried out.

"People are basically in many instances left to fend for themselves, while being hampered, if not prevented, from fending for themselves," said Raymond A. Jetson, the chief executive of the Louisiana Family Recovery Corps, a nonprofit organization started at the behest of Gov. Kathleen Babineaux Blanco.

Mr. Jetson added, "There is a misunderstanding that in some way these people have abdicated the expectation of being treated with respect and dignity."

Jim Stark, the director of the Louisiana Transitional Recovery Office at FEMA, acknowledged that finding permanent housing had been "more difficult than anyone anticipated." On the other hand, he said, "The travel trailers aren't meant as permanent homes."

For those who got apartments instead of trailers, the rental assistance program has been rife with confusing letters, repetitive requests and conflicting information from FEMA. The agency has consistently defended the process, saying that any denial of benefits can be appealed within 60 days.

But in last month's ruling, Judge Richard J. Leon of Federal District Court disagreed, saying the inconsistencies amounted to a denial of the due process rights of evacuees. He ordered FEMA to clarify the eligibility requirements and "immediately restore" many families to the program. [On Tuesday, FEMA appealed the ruling.]

So far, though, said Cindy Gabriel, the spokeswoman for the Community Settlement Network, which has taken over for Houston's evacuee housing program, the ruling has done little but create confusion, in part because FEMA's lawyers have given no indication of how they will carry it out.

Christalyn Mavis, 20, an evacuee living in Austin, Tex., said she and her fiancé had been threatened with eviction for months while they tried to convince FEMA that they were eligible for rental assistance. In September, Ms. Mavis, who lost her mother in Hurricane Katrina, gave birth to a boy, adding urgency to the couple's need for resolution.

"We were in the recovery room," she said, "and I was getting in touch with my lawyer and caseworker from the hospital hours after giving birth."

Tired of fighting, the couple now hope to move to a less expensive city.

In Baton Rouge, the five trailer parks are closing because the airport has declined to renew the lease. Mr. Stark said the residents who did not find their own housing would be moved, but the agency is not yet sure where. "We're going to try to be as least disruptive to the families that live there as possible," he said.

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Yet even the moves that FEMA has already orchestrated have not necessarily been smooth. Kim Landry, the transitional communities coordinator for the Family Recovery Corps, said caseworkers knew of five cases like Ms. Walker's in which people had returned home to find their property, or in some cases their entire trailer, gone.

"We do make regular sweeps through the parks, and we often find that people have moved without telling us," Mr. Stark said. "If it looks like no one's home and we haven't been able to contact the folks, we will close the trailer."

FEMA procedures call for three attempts to contact a resident by phone and the posting of an abandonment notice before a trailer is cleaned out. The contents are supposed to be "bagged and tagged" and stored for 30 days. But, an agency spokeswoman said, "maintenance and deactivation contractors" have a "realistic margin of error."

Ms. Walker, who is 49 and has diabetes, high blood pressure and arthritis, was eventually issued a new, empty trailer. But the belongings on her carefully written list — "engagement ring $1249.99 pl. tx." and "clothings new — (7) outfits" — have not been recovered. On Tuesday, she has an appointment at the FEMA storage facility to look for them. At the mention of this, Ms. Walker, who with her chipper grin, multicolored sweater and braided pigtails is a picture of stoic cheer, broke down like a c hild.

"The stuff that was taken out of my trailer wasn't bagged and tagged," she wailed. "Mine wasn't bagged and tagged. It's hard starting over again. You know. Everything. It's very hard."

Then she pulled herself together, straightened up, and smiled.

WAR NEWS:

Gates OK'd For Defense By Senate Panel (AP)

By Robert Burns

AP, December 6, 2006

Robert Gates, seemingly clinching confirmation as the new secretary of defense, said Tuesday the United States is not winning in Iraq and he's confident President Bush will listen to his ideas about forging a new war strategy.

He won speedy and unanimous approval from the Senate Armed Services Committee after five hours of testimony, a bipartisan show of support that suggested how eager many lawmakers are to replace Donald H. Rumsfeld at the Pentagon. The full Senate could seal Gates' confirmation as early as Wednesday.

"In my view, all options are on the table, in terms of how we address this problem in Iraq," he told the committee. But he also acknowledged the complexity of the challenge.

"There are no new ideas on Iraq," he said during a discussion of the bipartisan Iraq Study Group, which previewed its findings and recommendations to President Bush Tuesday and will release them Wednesday. Gates was a member of the group until Bush announced his nomination for the Pentagon job last month.

The senators voted 24-0 to support the nomination to replace Rumsfeld, who has become a symbol of the Bush administration's steadfast course in a war that has long since soured with the public and much of the world.

"I voted yes because in both the substance of his answers and the tone of his answers, he seemed open to course correction," said Carl Levin, D-Mich., who will be the committee's chairman when Democrats take control of the Senate next month.

During his appearance, Gates would not commit to any specific new course of action in the conflict. He said he would consult first with commanders and others.

Asked directly by Levin whether the U.S. is winning in Iraq, Gates replied, "No, sir." That response appeared to contradict Bush, who said at an Oct. 25 news conference, "Absolutely, we're winning."

Gates later said he believes the United States is neither winning nor losing, "at this point."

His statements on the war — and his professed openness to change — underscored pressures heaped on Bush since Democratic victories in last month's congressional elections, votes widely read as a rejection of the administration's steadfast course in the war.

Unrelenting violence by insurgents and between ethnic groups, and a U.S. death toll that has soared past 2,900, have raised questions about the effectiveness of Iraq's government. Bush in recent weeks has expressed a willingness to consider a

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fresh course in the war, but has shown no sign of a willingness to heed Democratic calls to start withdrawal of the 140,000 U.S. troops.

Bush has said he wants to keep U.S. forces there until Iraq is able to govern and defend itself without being a haven for terrorists.

"It seems to me that the United States is going to have to have some kind of presence in Iraq for a long time ... but it could be with a dramatically smaller number of U.S. forces than are there today," Gates said.

Iraq dominated the hearing, which began with Gates saying, "I am under no illusion why I am sitting before you today — the war in Iraq." Without mentioning Rumsfeld by name, Gates made clear that he hopes to find a strategy that is more effective in Iraq than the current Pentagon approach.

After lunch, Gates told the committee he wanted to amplify on his morning remark about not winning in Iraq. He said he did not want U.S. troops to think he believes they are being unsuccessful in their assigned missions.

"Our military wins the battles that we fight," Gates said. "Where we're having our challenges, frankly, are in the areas of stabilization and political developments and so on." He said other federal agencies should do more in Iraq.

Gates, a former director of the CIA, fielded questions with apparent ease, acknowledging at times that he simply did not know the answer or needed more time for study. He was armed with details, such as the exact U.S. death count in Iraq (2,889 as of Monday, he said), and the number of extra troops NATO has been asked to provide in Afghanistan (2,500, he said).

There was little of the confrontational tone that sometimes emerged when the pricklier Rumsfeld testified before the same committee, which is responsible for overseeing the Defense Department.

If confirmed, Gates said, he planned to visit U.S. commanders and troops in Iraq "quite soon."

Gates, 63, said he believes Bush wants to see Iraq improve to the point where it can govern and defend itself, while seeking a new approach. "What we are now doing is not satisfactory," Gates said.

On other high-priority subjects, Gates said:

• He worries about the prospect of growing Iranian influence in Iraq.

• He would be open to the idea of direct talks with Iran and Syria about stabilizing Iraq.

• He is uncertain whether the Army and Marine Corps need to expand, as many in Congress advocate.

• He is "sympathetic to the notion" of adding more U.S. or allied troops in Afghanistan.

At the White House, press secretary Tony Snow was pressed by reporters about Gates' remark that the U.S. is not winning in Iraq. Snow said Gates' overall testimony showed he shares Bush's view that the U.S. must help Iraq govern and defend itself.

"I know you want to pit a fight between Bob Gates and the president, it doesn't exist," Snow told reporters.

Gates said he came to some of his conclusions during his time on the Iraqi Study Group, but he did not say what information or testimony in that process led him.

Asked whether announcing a specific troop withdrawal timetable would send a signal of U.S. weakness, he said it "would essentially tell (the insurgents) how long they have to wait until we're gone."

Gates also expressed concern about political divisions in Iraq. Unless the dominant Shiite faction shows a new willingness to share power and national wealth with the minority Sunnis and Kurds, then the country will fracture, and "it will not be long before we have a government in Baghdad that is as hostile as the one in Tehran," he said.

Much of the questioning from panel members focused on whether Gates was committed to providing unvarnished advice to Bush. He assured the committee he would not shirk from that duty.

He said he did not give up his position as president of Texas A&M University and return to Washington to "be a bump on a log."

Sen. John McCain, R-Ariz., a likely 2008 presidential candidate and an advocate of increasing U.S. troop strength in Iraq, asked whether Gates believes the U.S. had too few troops at the outset of the war in 2003.

"I suspect in hindsight some of the folks in the administration would not make the same decisions they made," including the number of troops in Iraq to establish control after the overthrow of Saddam Hussein, Gates said.

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"Our course over the next year or two will determine whether the American and Iraqi people and the next president of the United States will face a slowly but steadily improving situation in Iraq and in the region or will face the very real risk, and possible reality, of a regional conflagration," Gates said.

Gates Gets Unanimous Approval Of Senate Panel (LAT)

By Peter Spiegel And Julian E. Barnes

The Los Angeles Times, December 6, 2006

WASHINGTON — The Senate Armed Services Committee today unanimously approved the nomination of Robert M. Gates to become secretary of Defense, hours after he acknowledged that the U.S. was not winning in Iraq.

In a 21-0 vote, the Senate committee sent the nomination of Gates to replace Donald H. Rumsfeld to the full Senate. The vote was announced by committee Chairman Sen. John W. Warner (R-Va.) this afternoon.

At the morning session of his confirmation hearing, Gates said he believed that President Bush, by nominating him, was looking for a new approach in Iraq. Gates vowed under questioning by both Democrats and Republicans that he would give the White House his frank opinion regardless of the conclusions reached by his predecessors.

"Mr. Gates, do you believe that we are currently winning in Iraq?" asked Sen. Carl Levin (D-Mich.), who will become chairman of the Senate Armed Services Committee when Democrats take over Congress next month.

"No sir," Gates replied.

Gates' views before the committee sharply contrasted with the public stance of the Bush administration in several ways.

He told senators that "there clearly were insufficient troops in Iraq after the initial invasion to establish control over the country." And he said he would consider increasing the size of the Army and Marine Corps. Rumsfeld has resisted increasing the size of the force and has opposed troop withdrawals.

Gates pledged to maintain his independence and speak "boldly" to Congress and the White House.

"I am not giving up the presidency of Texas A&M ... to come back to Washington and be a bump on a log," Gates told the committee. "I don't owe anybody anything."

In addition, he expressed concern over "offline analytical organizations" in the government, an apparent reference to efforts by Rumsfeld and Vice President Dick Cheney to set up groups outside the established intelligence agencies to examine information gathered by U.S. agents.

Most strikingly, Gates refused to say whether he believed the decision to invade Iraq was correct, saying that was a judgment that should be left for historians.

But at the beginning the afternoon session, Gates sought to clarify his remarks and told the committee he didn't want to give the military the wrong impression.

"Our military wins the battles that we fight," Gates said. "Where we're having our challenges, frankly, are in the areas of stabilization and political developments and so on."

At the White House, Press Secretary Tony Snow defended Gates and Bush despite what seemed to be different positions.

"I know you want to pit a fight between Bob Gates and the president. It doesn't exist," Snow said.

Gates' testimony appeared to assuage leading Democrats, who indicated they were ready to quickly approve Gates as the nation's Defense secretary. Levin said he found Gates' stance "a necessary, refreshing breath of reality."

Committee aides said they anticipated that the Gates hearing would conclude today and that the panel could vote on the nomination this evening, though it was more likely to come Wednesday.

"Things are going pretty well for you right now," laughed Sen. Lindsey Graham (R-S.C.), a leading centrist on the committee.

Quick approval would contrast with Gates' confirmation hearings in 1991, one of the longest and most contentious in recent Senate history. At the time, Gates was grilled on his knowledge of the Iran-Contra scandal and accusations that he bullied analysts into shaping intelligence to fit his worldview.

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Some of those charges were raised again today, particularly accusations by George Shultz, the secretary of State when Gates was the No. 2 official at the CIA, who accused Gates in his memoir of using intelligence to paint the Soviet Union in the worst possible light.

Gates responded by sharing some inside Washington lore, saying he believed Shultz's view was shaped largely by his strained relationship with Gates' boss, then-CIA Director William Casey, who opposed efforts by Shultz to reach out to the Soviets and once tried to get Shultz fired.

"It was an open secret in Washington that the two didn't get along," Gates said, adding that his relations with Shultz on a day-to-day basis were more cordial.

Gates sought to portray himself as a practical moderate, open to proposals for withdrawals as well as increases in the size of the Army and Marines — his views on troop levels, he said, were "too unformed to be helpful."

On other issues in the Middle East, he warned that military attacks against Syria and Iran could hinder U.S. efforts in Iraq and harm U.S. standing in the region. He also noted that Iraq's downward spiral into further instability could lead to a regional conflagration.

"My greatest worry if we mishandle the next year or two and leave Iraq in chaos is that a number of regional powers will become involved in Iraq," Gates said, noting that Sunni-dominated countries such as Saudi Arabia could move to back Sunni Iraqis, Iran could become even more active among Iraqi Shiites, and Turkey could become involved in the Kurdish north. "All of that could spread very dramatically."

Gates said that along with finding a path forward in Iraq, the reason he agreed to accept Bush's nomination was to find a bipartisan consensus on the global war on terrorism that would mirror the post-World War II consensus in dealing with the Soviet Union.

He argued that a baseline agreement on underlying principles would allow for ongoing debate on tactics, but would give potential adversaries certainty that the U.S. would continue to pursue a common goal.

Gates Says U.S. Isn't Winning Iraq War (WT)

By Rowan Scarborough

The Washington Times, December 6, 2006

Defense Secretary-designate Robert M. Gates yesterday said the U.S. is not winning in Iraq, but he declined to endorse any one of scores of new options floating in Washington for ending the stalemate and the American troop commitment.

Mr. Gates' Iraq assessment before the Senate Armed Services Committee, which later gave its unanimous approval to his nomination, came in response to a question from Sen. Carl Levin, Michigan Democrat, who asked, "Do you believe that we are currently winning in Iraq?"

"No, sir," answered the man who is likely to become the president's chief military adviser on overhauling Iraq strategy. Mr. Gates later testified that he agreed with Gen. Peter Pace, Joint Chiefs chairman, who has said the U.S. is neither winning nor losing at this point.

The response seemed to put the nominee at odds with the commander in chief.

President Bush declared: "Absolutely, we're winning" in Iraq during an October press conference. He added, however, that he was not satisfied with overall developments, including a big spike in sectarian violence in Baghdad.

Mr. Gates said of the president, "I also believe that he understands that there needs to be a change in our approach in Iraq, that what we are doing now is not working satisfactorily."

The committee later, as expected, voted unanimously to approve the Gates nomination. The full Senate will take up the matter this week.

The question dominating Washington, as the White House weighs a shift in Iraq strategy, is whether to increase, decrease or rearrange the 135,000 troops on the ground. Mr. Gates said he does not know enough today to make a recommendation to Mr. Bush.

If confirmed, he said, he plans to first travel to Iraq to meet commanders and receive their assessments. The timeline suggests that any comprehensive change in policy will not come for weeks.

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Mr. Gates did signal that he does not favor an immediate pullout, as favored by Rep. John P. Murtha, Pennsylvania Democrat.

"There is a risk that others looking around the world would see that we don't have the patience and we don't have the will," Mr. Gates said. "So I think those are some of the concerns that we would face if we ended up leaving Iraq in chaos."

During the hearing's lunch break, Mr. Gates noted that press coverage was dominated by his not-winning comment.

"I want to make clear that that pertains to the situation in Iraq as a whole," he told Sen. John W. Warner, Virginia Republican and committee chairman, in the afternoon session. "Our military forces win the battles that they fight. Our soldiers have done an incredible job in Iraq, and I'm not aware of a single battle that they have lost."

The former CIA director, in sober clipped testimony, made a dramatic overture to both Democrats and Republicans. Under questioning from Sen. Joe Lieberman of Connecticut, a Democrat who supports the war, Mr. Gates implored Congress to agree on a bipartisan framework for winning in Iraq, and in the larger struggle against Islamist terrorism.

"I think that it is imperative in this long war on terrorism that we face, that could go on for a generation, that there be a bipartisan agreement," he said. "Then there would be consistency on the part of whoever is elected president in 2008 and beyond, so that we can carry on this struggle in a way that they don't think we're going to cut and run."

Mr. Gates clearly distanced himself from early Bush administration Iraq policy and the war planning presided over by outgoing Defense Secretary Donald H. Rumsfeld.

"There clearly were insufficient troops in Iraq after the initial invasion to establish control over the country," he testified.

He also labeled as a mistake the decision by L. Paul Bremer, the first U.S. administrator in Iraq, to dissolve the Iraqi army. Mr. Gates said it left thousands of armed men without a means to support their families and pushed them toward the insurgency. Instead, the soldiers should have been sent home -- with pay, he said.

Mr. Gates said options from the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, are "not the last word" and will likely differ from ideas from the Joint Chiefs of Staff. The Baker-Hamilton panel, whose report will be released today, is expected to recommend a gradual troop drawdown, but not a specific timetable.

"Frankly, there are no new ideas on Iraq," said Mr. Gates, 63. "The list of tactics, the list of strategies, the list of approaches is pretty much out there, and the question is: Is there a way to put pieces of those different proposals together in a way that provides a path forward?"

Democrats and Republicans both eye Mr. Gates as the fresh face in Mr. Bush's war Cabinet who will change Iraq strategy in the fourth year of fighting and more than 2,900 American military deaths. Some on both sides are so happy to have Mr. Rumsfeld leaving the Pentagon that Mr. Gates' confirmation by the full Senate is a certainty.

Although Mr. Rumsfeld was typically feisty at Armed Services hearings as Democrats hurled charges, Mr. Gates gave measured answers to generally polite questions.

Mr. Gates is the first defense secretary nominee to undergo confirmation in time of war since 1968. Then, the Senate confirmed Clark M. Clifford to succeed Robert McNamara, who quit after a Vietnam War policy break with President Lyndon B. Johnson.

"I don't owe anybody anything," Mr. Gates said in response to a question from Sen. Edward M. Kennedy, Massachusetts Democrat, on his independence. He said he did not give up the presidency of Texas A&M University "to come back to Washington to be a bump on a log, and not to say exactly what I think."

He confronted two starkly different views on the committee itself. Mr. Levin is pushing a date-certain U.S. pullout, brigade by brigade, beginning in March. On the other end of the debate, Sen. John McCain, Arizona Republican, wants a substantial increase in troops in Iraq beyond the current 135,000.

Mr. Gates told Mr. McCain he is "very open" to increase the Army's end strength -- its congressionally authorized force. Critics say the Army, with a half-million active soldiers, is stressed to the breaking point. Army Gen. John Abizaid, the top commander in the Iraq region, told the committee last month that he does not want more troops, in order to let the Iraqis prove themselves.

The Baker-Hamilton 10-member bipartisan group is expected to call for direct talks with Syria and Iran, two bordering regimes that support the deadly insurgency in Iraq.

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Mr. Gates said he would not recommend military action against Syria and came close to ruling it out against Iran.

He called war with Iran an "absolute last resort" to stop the Islamic republic's nuclear-weapons program, but agreed that Iranian President Mahmoud Ahmadinejad is "lying" when he says Tehran is not pursuing an atomic arsenal.

"I think that we have seen in Iraq that once war is unleashed, it becomes unpredictable," he said.

Gates Says U.S. Is Not Winning In Iraq; Heads For Confirmation (HILL)

By Roxana Tiron

The Hill, December 6, 2006

Robert Gates, President Bush's nominee to become the next secretary of defense, yesterday admitted that the United States is not winning the war in Iraq.

Senate critics of the war saw the nominee's opinion, given in a response during his nomination hearing, as a sharp departure from the president's position in late October — that America was "absolutely" winning.

Asked by Sen. Carl Levin (D-Mich.), ranking member of the Armed Services Committee, whether he thought the United States was winning in Iraq, Gates answered, "No, sir."

The committee yesterday endorsed the Gates nomination unanimously. The full Senate will likely vote on the nomination by the end of this week.

In the second part of his hearing, Gates refined his view, saying he agreed with a statement by Gen. Peter Pace of the Joint Chiefs of Staff, who said, "We are not winning, but we are not losing." Gates said he did not want to give troops in Iraq the impression that he thought they were failing in their mission.

Sen. John McCain (R-Ariz.), a prospective 2008 presidential candidate, asked the same question as Levin and used his time to express frustration that the U.S. military does not have enough troops in Iraq.

He has been pushing for more troops in Iraq, a view considered unpopular, as has his close ally, Sen. Lindsey Graham (R-S.C.).

McCain is heeding the call of several military leaders who said at the onset of the war in Iraq that the U.S. needed more troops to stabilize the country after the invasion. Gates acknowledged that the United States should have sent more in 2003.

"At this particular point … when the suggestion is made, as the situation deteriorates and the status quo is not acceptable, that we reduce troops or, as General [John] Abizaid said, that he had sufficient number of troops, in your study when did we reach the point where we went from not having enough troops to having sufficient number of troops as the situation — boots on the ground — as the situation deteriorated?" McCain asked Gates at the hearing.

"That's a non sequitur that I have yet found to — I'm unable to intellectually embrace," the senator concluded.

Levin has pushed for swift withdrawal of U.S. troops and is due to become the armed services panel chairman in January. McCain will be the ranking GOP member.

Gates cautioned that setting a timetable for withdrawal would tell extremists "how long they have to wait until we're gone."

But Levin said he would still press for a phased troop withdrawal.

Gates, a former CIA director, said there are no new ideas on Iraq, but "all options are on the table."

His nomination hearing came just a day before the congressionally created, bipartisan Iraq Study Group is due to release its policy recommendations.

Gates said these recommendations will not be the be-all, end-all and that he would be open to a wide range of ideas and proposals on Iraq, including an analysis conducted by the Joint Chiefs of Staff and other reports commissioned by the White House.

Gates said that as soon as he is confirmed he would travel to Iraq to seek advice, including that of Gen. George Casey, commander of multi-national forces Iraq, and Abizaid, head of the Central Command. If confirmed, he said, he would immediately consult other military leaders and Congress.

America would be in Iraq a long time because the Iraqi military does not have any logistics or airpower of its own, he added.

He was open to new ideas, he said, but developments in Iraq would shape the future of the entire Middle East, possibly with dire consequences.

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"Our course over the next year or two will determine whether the American and Iraqi people and the next president of the United States will face a slowly and steadily improving situation in Iraq and in the region or will face the very real risk of a regional conflagration," he said.

His greatest "worry" was that if U.S. forces left the country "in chaos," regional powers including Iran and Syria would get involved "and we will have a regional conflict on our hands."

The likely 2008 presidential candidates praised Gates for his open-mindedness and candor, but pressed him to prove his independence from Vice President Dick Cheney.

Sen. Evan Bayh (D-Ind.) asked Gates what made him believe the president would heed his advice after shooting down advice from prominent figures in his administration, such as Secretary of State Colin Powell.

"Senator, because he asked me to take the job," Gates answered, adding that the situation has changed since other political appointees were asked to serve five years ago.

Sen. Hillary Rodham Clinton (D-N.Y.), another high-profile candidate for the presidency, was skeptical that President Bush would look at all alternatives.

"Based on your experience, do you believe that the president, the vice president and the existing secretary of defense are intelligent men?" she asked.

"Yes, ma'am," he replied

Clinton: "Are they patriotic men?"

Gates: "Absolutely."

Clinton: "Do they care about our men and women in uniform?"

Gates: "Absolutely."

Clinton: "Do they believe that the decisions they have made for the last five years have been in America's best interest?"

Gates: "I have not had that discussion. I'm sure that they believe that they were in the country's best interest."

Gates told Clinton that the process of changing strategy and tactics in Iraq would proceed with "considerable urgency."

Levin opposed Gates's confirmation 15 years ago, in part because Gates had been accused of skewing intelligence reports while at the CIA. This time around he said that he wants to ensure that Gates is independent-minded.

Defense Nominee Gains Approval Of Senate Panel (NYT)

By David S. Cloud And Mark Mazzetti

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — Robert M. Gates, President Bush's nominee to be defense secretary, won unanimous approval from a Senate panel on Tuesday after testifying that the United States was not winning in Iraq and that American failure there could ignite "a regional conflagration" in the Middle East.

At one point, Mr. Gates said it was "too soon to tell" whether the American invasion of 2003 had been a wise decision. He added: "My greatest worry if we mishandle the next year or two and leave Iraq in chaos is that a variety of regional powers will become involved in Iraq, and we will have a regional conflict on our hands." [Excerpts, Page A20.]

Mr. Gates is expected to win confirmation from the full Senate as early as Wednesday to succeed Donald H. Rumsfeld. At the daylong hearing of the Senate Armed Services Committee, Democrats and Republicans praised what they called Mr. Gates's refreshing candor.

Mr. Gates gave few firm signals on Tuesday about his own favored options for Iraq, but portrayed himself as a flexible realist, open to all options for adjusting American strategy. But he made clear that he had concerns about a rapid military withdrawal, and said the recommendations to be made public on Wednesday by the Iraq Study Group would be important but not "the last word."

"It's my impression that frankly there are no new ideas on Iraq," Mr. Gates said, pointing out that there are multiple other government reviews under way. "The question is: Is there a way to put pieces of those different proposals together in a way that provides a way forward?"

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The group, headed by James A. Baker III and Lee H. Hamilton, is expected to propose that American combat troops be pulled back from Iraq, but not necessarily withdrawn, by sometime in 2008.

In 2003, Mr. Gates supported the administration's decision to invade Iraq. In his testimony on Tuesday, however, he made clear that his operating style and approach would be in some respects different from those of Mr. Rumsfeld and his deputies, who have led the Defense Department for nearly six years. Mr. Gates expressed grave reservations about taking military action against Iran, an idea that the Bush administration has not ruled out in trying to halt its nuclear program.

"I think that military action against Iran would be an absolute last resort," Mr. Gates said. "I think that we have seen in Iraq that once war is unleashed, it becomes unpredictable. And I think that the consequences of a conflict, a military conflict, with Iran could be quite dramatic. And therefore, I would counsel against military action, except as a last resort."

Mr. Gates said he also opposed any attack on Syria, which the Bush administration has criticized, along with Iran, for contributing to the instability in Iraq.

Mr. Gates's most direct statements about Iraq came during exchanges with Senators Carl Levin, the Michigan Democrat who will take over as the panel's chairman, and John McCain of Arizona, who will become the top-ranking Republican.

"Do you believe that we are currently winning in Iraq?" asked Mr. Levin, who has pushed for announcing a date to begin withdrawing American troops from Iraq. "No, sir," Mr. Gates replied, adding that he did not believe that the United States was losing, either.

Senator John W. Warner, Republican of Virginia, pointed out that Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, had used language similar to Mr. Gates's at a policy forum in Washington on Monday.

As recently as October, Mr. Bush said that "absolutely, we're winning" in Iraq, though he also made clear he was dissatisfied with the pace of progress.

Mr. Warner, the chairman of the Senate committee, said the message from last month's elections was that "change is needed."

Mr. Gates said he agreed with Mr. Levin that it was "worth looking into" the idea of withdrawing troops to instill a "sense of urgency" in the Iraqi government to resolve sectarian strife. But he ruled out setting a date for a withdrawal.

Under questioning from Mr. McCain, Mr. Gates said there had not been sufficient troops in Iraq immediately after the 2003 invasion. If confirmed, he said, he would consult with ground commanders about whether they wanted additional forces.

Mr. Gates also appeared to differ slightly with Mr. Bush's frequent declaration that Iraq is the "central battlefield" in fighting terrorists. Asked if he agreed with that description, Mr. Gates called Iraq "one of the central fronts in the war on terror" but said the United States also faced a "dispersed" enemy of Islamic militants worldwide.

But he was more direct in criticizing the Bush administration's decision to disband the Iraqi Army and, for a time, to bar from government jobs tens of thousands of Iraqis who were members of Saddam Hussein's Baath Party.

Several Democrats, while applauding Mr. Gates's forthrightness and willingness to consider new tactics, questioned whether Mr. Bush would follow his advice on a new strategy.

"Senator, I'm not coming here to be a bump on a log and not say exactly what I think," Mr. Gates told Senator Edward M. Kennedy, Democrat of Massachusetts. He added: "There is still only one president of the United States. He will make the final decision."

Mr. Gates said he had abandoned certain positions he once held on certain national security issues. Asked about an article he wrote in 1994 advocating a military strike against North Korea's nuclear facilities, Mr. Gates said he had changed his mind about how to deal with the communist country's developing nuclear program. "I believe that clearly at this point, the best course is the diplomatic one," Mr. Gates said.

If confirmed, Mr. Gates said, he would make an early visit to Iraq to assess the situation. He visited Iraq in September as a member of the Iraq Study Group, a post he resigned after being nominated by Mr. Bush on Nov. 8 to take charge at the Pentagon. On Tuesday, Mr. Bush and Mr. Baker ate lunch together to talk about the recommendations the group would make, said Dana Perino, a White House spokeswoman.

Mr. Gates did not say whether he intended to roll back any of Mr. Rumsfeld's initiatives, but there were indications that his tenure at the Pentagon would be vastly different from the nearly six-year term of Mr. Rumsfeld.

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Mr. Rumsfeld arrived at the Pentagon brimming with ideas for a leaner, more agile military. He promised to challenge what he saw as the status quo thinking of the military services, and he brought in civilian aides who clashed repeatedly with senior uniformed officers.

Mr. Gates offered no such agenda or vision. He said the campaign to transform the military needed to continue, but admitted that he was not familiar with the details of Mr. Rumsfeld's efforts. He also questioned some of the Pentagon's efforts before the Iraq war to analyze raw intelligence.

Mr. Gates's presumably easy path to confirmation contrasts with his two previous nomination hearings before the Senate, both for the post of director of central intelligence. Mr. Gates withdrew his nomination the first time, in 1987, after questions arose about his role in the Iran-contra affair.

After being nominated again by Mr. Bush's father in 1991, Mr. Gates was confirmed, but 31 Democrats voted against him, including 12 senators who are still in office.

Mr. Levin, one of those who opposed him in 1991, said after Tuesday's vote, "I voted yes because in both the substance of his answers and the tone of his answers, he seemed open to course correction."

As the day wore on and his confirmation appeared increasingly secure, Mr. Gates seemed to absorb the weight of the job. He asked to expound on his morning remark about not winning in Iraq, saying he did not want the troops to believe they were being unsuccessful.

"Our military wins the battles that we fight," Mr. Gates said. He added that "where we're having our challenges, frankly, are in the areas of stabilization and political developments," and that he believed that other federal agencies should contribute more assistance in Iraq.

Dinner for Secretary General

WASHINGTON, Dec. 5 — The White House under Mr. Bush and the United Nations under Kofi Annan have not exactly gone together like Mom and apple pie. But the White House spokesman, Tony Snow, predicted that all would be amicable when Mr. Bush, Mr. Annan and their top aides met for a final time Tuesday over dinner in the White House residence, where Mr. Bush was to toast Mr. Annan on the completion later this month of his tenure as the United Nations secretary general.

It was unclear, however, whether the White House had a table long enough or wide enough to separate John Bolton, who has resigned as United Nations ambassador, and Mr. Annan's top deputy, Mark Malloch Brown, who was visibly pleased on Monday at the news of Mr. Bolton's departure.

Mr. Snow said he was not worried. "We practice effective diplomacy," he said. "I expect it will be perfectly pleasant." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Gates' Main Appeal: He's Not Rumsfeld (LAT)

By Julian E. Barnes

The Los Angeles Times, December 6, 2006

WASHINGTON — Once one of the most controversial men in Washington, Robert M. Gates stepped into what passes in the nation's capital for a congressional love-fest Tuesday for the simple reason that he was not Donald H. Rumsfeld.

The last time around, when Gates was nominated to head the CIA in 1991, the hearings stretched over months — with the nominee facing hundreds of tough, personal questions. This time, Gates, nominated to become secretary of Defense, was questioned publicly for less than a day. Few, if any, of the questions could be considered difficult.

The soft-spoken Gates, it seemed, could do no wrong, eliciting praise from Republicans and Democrats for his "candor" and "forthrightness."

In addition to not being Rumsfeld, Gates had the decided advantage of not having yet made up his mind on U.S. strategy in Iraq. And so, as various senators laid out their competing plans for the future of Iraq — more trainers, more troops, fewer troops, hard deadlines — Gates could answer that every option was on the table.

Gates told Sen. John McCain (R.-Ariz.), who favors increasing forces, that if confirmed he would inquire as to whether the military commanders wanted more American forces, and said he would consider increasing the size of the Army and Marine Corps.

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Gates told Sen. Carl M. Levin (D.-Mich.), who favors withdrawing U.S. troops as a way to force Iraqis to take more responsibility, that such an option also would be considered.

Even on the question of winning and losing, Gates was able to have it both ways.

When Levin, now a war skeptic, asked whether the U.S. was winning in Iraq, Gates answered "no." But when Sen. James M. Inhofe (R-Okla.) asked whether the nominee agreed that the United States was not losing, Gates was able to say: "Yes, sir. At this point."

Gates gave few hints of precisely where he was inclined to try to steer U.S. policy. But he did say the new strategy probably would be a mix of the ideas for strategic changes that are being discussed.

"It's my impression that, frankly, there are no new ideas on Iraq," Gates said. "The list of tactics, the list of strategies, the list of approaches is pretty much out there, and the question is: Is there a way to put pieces of those different proposals together in a way that provides a path forward?"

It may appear unlikely that Gates can craft a policy that combines both Levin's call for a scheduled draw-down with McCain's demand that the military send in more troops for a last attempt to win the war.

But Gates could well intend to try. He told Sen. Joe Lieberman (D-Conn.), a war supporter, that he agreed to take the Defense Department job because he saw the need to help create a basic foreign policy that both Republicans and Democrats agreed with — akin to the broad accord that prevailed during the Cold War.

"I think that it is imperative in this long war on terrorism that we face, that could go on for a generation, that there be a bipartisan agreement," Gates said.

To that sentiment, Gates added exactly what the committee members wanted to hear: a promise that he would work with them to craft the policy.

Inclusion is not something Rumsfeld was keen on offering the Senate. And throughout the day, it seemed as if Gates was working hard to come off as the anti-Rumsfeld.

Rumsfeld, both with Congress and the media, had a habit of restating questions to make them more to his liking before embarking on long answers. Gates appears to favor the more straightforward "yes" and "no."

While Rumsfeld would offer up a belittling "goodness gracious" or a strategic pause when presented a supposition with which he disagreed, Gates was taking all comers seriously Tuesday.

After Gates suggested the U.S. would capture Osama bin Laden when someone close to the Al Qaeda leader turned him in to collect the reward, Sen. Ben Nelson (D.-Neb.) asked for Gates' opinion on a plan to increase the bounty by $1 million a week.

"Sort of 'Terrorist Powerball,' " Gates quipped.

But a moment later, intent on including all suggestions, Gates added: "I'm certainly open to that, senator."

Defense Nominee Candid On Iraq Views (MCT)

By Matt Stearns

McClatchy Newspapers, December 6, 2006

WASHINGTON - The United States is not winning the war in Iraq and “all options are on the table,” defense secretary nominee Robert Gates said at his confirmation hearing Tuesday.

Gates, 63, told the Senate Armed Services Committee that he was “open to a wide range of ideas and proposals” regarding the American presence in Iraq, but he made clear he felt a precipitous withdrawal would not be the best solution.

“My greatest worry is if we mishandle the next few years … and leave Iraq in chaos, we’ll have a regional conflict … that would spread fairly dramatically” and involve Syria, Iran, Turkey and Saudi Arabia, Gates said. “There is the risk that others would see we don’t have the patience and we don’t have the will.”

Gates also noted that one of the reasons President Bush nominated him was to get a fresh approach on Iraq. But while he pledged to be a strong, independent voice within the Bush administration, Gates said there was ultimately one authority: Bush.

“Of course, it is the president who will decide what if any changes will be made in our approach,” he told the Senate panel.

Later, Gates said: “There is only one president of the United States, and he will make the final decision.”

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If confirmed, Gates would lead the Defense Department at a time of nearly unprecedented challenges: a difficult war in Iraq, a resurgent Taliban in Afghanistan, nuclear threats in North Korea and Iran, military readiness as dangerously low levels, and a procurement system under fire.

But it was Iraq that dominated the hearing.

"This is our last chance to save this situation," Arizona Republican Sen. John McCain told Gates, a conclusion Gates did not challenge.

Gates received a warm, if stern, welcome during the first part of the hearing from both Republicans and Democrats, all of whom urged regular, substantive contact between Congress and the Pentagon.

Armed Services Committee Chairman John Warner of Virginia told Gates he "simply had to be fearless" in delivering his advice; ranking Democrat Carl Levin of Michigan urged Gates to "speak truth to power."

But even Levin, who voted against Gates when was nominated as CIA director in 1991, said he would take a "fresh and fair look" at Gates this time around.

Gates promised not to let them down.

"I will speak candidly, frankly, boldly to people at both ends of Pennsylvania Avenue," Gates said. "I don't owe anybody anything."

Senate Panel Approves Gates (WP)

By Ann Scott Tyson And Thomas E. Ricks

The Washington Post, December 6, 2006

Robert M. Gates was unanimously approved by a Senate committee yesterday to become President Bush's new defense secretary, after a day-long confirmation hearing in which he bluntly stated that the United States is not winning the war in Iraq.

Gates also told the panel that "it's too soon to tell" whether the Bush administration made the right decision in launching the invasion in March 2003 to topple Saddam Hussein.

In confirmation hearings that left both Democrats and Republicans praising his candor, Gates warned that the war risks provoking a "regional conflagration" in the Middle East unless a new strategy can arrest Iraq's slide toward chaos.

"My greatest worry, if we mishandle the next year or two and if we leave Iraq in chaos, is that . . . we will have a regional conflict on our hands," he said. "You could have Saudi Arabia, you could have Turkey, Syria, Iran -- all would be involved. We're already seeing Hezbollah involved in training fighters for Iraq. I think all of that could spread fairly dramatically."

Gates's cordial reception by the Senate Armed Services Committee signals he will almost certainly be confirmed as the nation's 22nd defense secretary. He would replace Donald H. Rumsfeld, who announced his resignation a day after the Nov. 7 elections, in which Democrats regained control of Congress. Gates's view that the United States is not winning the war stood in sharp contrast to Bush's own statement on Oct. 25, when he declared, "Absolutely, we're winning."

"What we heard this morning was a welcome breath of honest, candid realism about the situation in Iraq," Sen. Carl M. Levin (D-Mich.) said during a midday break. Levin, who will become committee chairman next month, said this "bodes well . . . for a speedy confirmation."

At the end of the session, Sen. Bill Nelson (D-Fla.) said, "I think you're going to be a good secretary."

In return, Gates emphasized "the importance of the bipartisan approach" and laid out several ways in which he would operate differently than Rumsfeld. "I think the first step is the tone at the top," he said.

Gates promised to treat the top brass respectfully, a subject that became an issue earlier this year after several retired generals called for Rumsfeld to be fired, in part because they felt he ignored their professional advice.

Gates said a "great deference" should be shown to the judgment of generals once a policy is decided that they have to implement, and he emphasized that one of his first steps as secretary would be to "urgently" consult with U.S. ground commanders in Iraq. "When you treat the professionals in an organization who deliver the mission . . . with respect and you listen to them . . . I think that everybody is better served," he said.

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Gates, who was CIA director from November 1991 to January 1993, was also critical of a Pentagon office that had independently examined intelligence on Iraq during the run-up to the war, second-guessing the CIA and other agencies. "I have a problem with that," he said.

Against fairly light probing by senators, Gates defended his record over past allegations that as CIA deputy in the 1980s he had skewed intelligence reports to fit his views. He said such charges grew largely out of personal animosity between then-Secretary of State George P. Shultz and then-CIA chief William J. Casey.

Several senators, listing the immense challenges Gates would face as defense secretary, urged him to be bold in expressing independent views. "You simply have to be fearless -- I repeat, fearless" in counseling the president on Iraq and other critical Pentagon matters, advised the committee chairman, Sen. John W. Warner (R-Va.).

Gates responded later that he has no intention of coming to Washington "to be a bump on a log and not to say exactly what I think, and to speak candidly and, frankly, boldly to people at both ends of Pennsylvania Avenue." He also emphasized that he did not seek the job of defense secretary, saying, "I don't owe anybody anything."

Gates, 63, made it clear that if confirmed, Iraq will be his highest priority. "I am under no illusion why I am sitting before you today: the war in Iraq," the white-haired Wichita native told a packed committee hearing room. Gates said the president nominated him to bring "fresh eyes" to the problem, stating repeatedly that "all options are on the table" on Iraq strategy.

As a member of the Iraq Study Group, the commission led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), Gates studied those options for several months, until leaving the group when he was nominated for the Pentagon slot.

Currently president of Texas A&M University, Gates said he has known some of the 12 university students who have been killed in Iraq. "This all comes down to being very personal for all of us," he said, reciting the exact count of the 2,889 U.S. troops who had died in Iraq as of Monday.

Even so, U.S. forces will be in Iraq for "a long time," Gates predicted, although he said the number of troops could be "dramatically smaller" than the current 140,000. Pressed by Democrats, he said beginning modest troop withdrawals -- a suggestion included in a recently leaked Nov. 6 memo to the White House by Rumsfeld -- is one possibility.

Questioned by Republicans, however, Gates suggested a specific withdrawal timetable would be detrimental because it would tell U.S. enemies in Iraq "how long they have to wait until we're gone."

He also allowed for the possibility of a surge of U.S. ground forces into Iraq.

"That certainly is an option," he said, saying that such an increase could involve dispatching more military training teams to work with Iraqi security forces. "If our focus is on training and bringing up the Iraqi army, do we have enough trainers to do that job in Iraq?"

Gates declined to call the Iraq situation a civil war and agreed with senators that he did not want to see U.S. troops caught in a crossfire between Iraqi factions. Nor was he willing to predict whether beginning to withdraw troops would exacerbate sectarian violence, as the top U.S. commander in the Middle East, Army Gen. John P. Abizaid, testified last month.

Several times during the hearing, senators mentioned an assessment offered Monday at a think tank by Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, that the United States is neither winning nor losing in Iraq. (Pace had spoken on an off-the-record basis, but the senators quoted him by name.) Gates said he agrees with Pace's view.

While the hearing concentrated on Iraq, Gates appeared to depart from administration rhetoric by saying Iraq is just one central front in the anti-terrorism effort. Moreover, he said that over the past five years, Osama bin Laden has posed a greater threat to the United States than has Saddam Hussein.

Gates said the U.S. overthrow of the Taliban government in Afghanistan in the fall of 2001 led to a "metastasized terror threat from the jihadists" around the world. "Indigenous radicals in countries like Britain, like Spain and like the United States are in fact planning terrorist operations," he said, adopting a tone reflective of his past as a career intelligence expert.

But he sighed audibly when Sen. Robert C. Byrd (D-W.Va.) asked how he plans to catch bin Laden. "The way we'll catch bin Laden eventually," Gates said, is "one of his own people will turn him in."

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On Iran, Gates said he thinks Tehran is pursuing nuclear weapons but is lying about it, and he cited threats the country poses to the region, including the potential to shut down vital oil lanes and install a like-minded regime in Baghdad. Still, he said that U.S. "military action against Iran would be an absolute last resort" and that diplomacy is his preferred course.

Senators So Very, Very Not Contrary Toward Gates (WP)

By Dana Milbank

The Washington Post, December 6, 2006

And so it came to pass, in the 12th month of the sixth year of the reign of Bush, that a prophet came forth to deliver us from the war in Babylon.

Actually, it was only Bob Gates at his confirmation hearing before the Senate Armed Services Committee, but the rapturous senators seemed to regard the president's second defense secretary as a harbinger of the Second Coming.

"We're very pleased," Chairman John Warner (R-Va.) said twice.

"Very, very pleased," added soon-to-be-chairman Carl Levin (D-Mich.).

"We're very grateful," proffered John McCain (R-Ariz.).

"We're all very impressed," Warner continued.

"Very proud," contributed Pat Roberts (R-Kan.). "Very enthusiastic . . . and very happy."

Gates earned these very, very nice words because of one very important attribute: He is not Donald Rumsfeld. He gave no wiseacre answers, asked himself no questions and said nothing to disparage the "Army you have." Instead, he made the obvious statement that the Bush administration, until yesterday, had refused to utter: We are not winning in Iraq. Where Rummy was incurably aloof -- he originally used an automatic signature machine to sign letters to the kin of dead troops -- Gates sounded human.

"The pressures of the hearing are nothing compared to the pressures I got from a woman who came over to me at the hotel while I was having dinner the other night, seated by myself," the nominee said. "She congratulated me on my nomination and she said, 'I have two sons in Iraq. For God's sake, bring them home safe.' "

The room went quiet as Ted Kennedy (D-Mass.), who had been questioning Gates, smiled and nodded in agreement. Robert Byrd (D-W.Va.) joined the nodding, and the smiles spread down both sides of the dais as Gates vowed independence. "I can assure you that I don't owe anybody anything," the nominee promised.

Gates, who won the committee's unanimous support by day's end, was confident enough about his prospects that he told the senators his wife had skipped the hearing to accompany "the Texas A&M women's basketball team to an away game in Seattle."

The senators, too, exhibited few signs of tension: Bill Nelson (D-Fla.) read a news clipping about himself headlined "Nelson Defeats Harris," then perused a housing report. Ben Nelson (D-Neb.) worked his way through a box of candy and a large cup of coffee. Hillary Clinton (D-N.Y.) and John Thune (R-S.D.) thumbed their BlackBerrys. Elizabeth Dole (R-N.C.) rehearsed her questions, written in large type on numbered index cards. An evidently distracted Jeff Sessions (R-Ala.) spoke of communing with fallen troops. "I talk to those who've lost their lives, and they have that sense of duty and mission," he reported.

Even the war protesters lacked enthusiasm: Only six dissenters answered organizers' call to picket in front of the Hart Office Building before the hearing. In this environment, Gates felt comfortable enough to lighten things up a bit. When Ben Nelson proposed continually increasing the bounty for Osama bin Laden, Gates noted: "A sort of Terrorist Powerball."

Gates made no promise to end the war in Iraq or to bring home the troops. But he endeared himself to the candor-starved senators at the start with just two words. "Mr. Gates, do you believe that we are currently winning in Iraq?" Levin asked.

"No, sir," Gates replied. In fact, he worried about "the very real risk and possible reality of a regional conflagration."

Seven times, Gates assured the senators that all options are "on the table" -- even a "dramatically smaller" number of troops in Iraq. Nine times, Gates and his questioners agreed on the need for "fresh eyes" or a "fresh look" or a "fresh approach" -- a development Levin, Bill Nelson and Evan Bayh (D-Ind.) declared "refreshing."

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But if Gates was offering fresh eyes (his reading glasses rested on the witness table), he could not promise a fresh face. The veteran of the George H.W. Bush administration was ushered into the room by a literal old guard: former senators Bob Dole and David Boren.

The current senators, having embraced Gates as the ticket out of Iraq, encouraged him to say something bad about Bush policies. Mark Dayton (D-Minn.) got Gates to criticize the administration's disbanding of the Iraqi army and de-Baathification of the government. McCain got him to say that "there clearly were insufficient troops." Byrd got him to say that it would be folly to attack Iran or Syria. Warner got him to say that Bush "understands that there needs to be a change in our approach in Iraq." Lindsey Graham (R-S.C) got him to say that Iraq wasn't necessarily the "central front" in the fight against terrorism. Levin got him to criticize the Pentagon's handling of intelligence.

But it was Kennedy, the old liberal, who elicited an emotional response when he noted that 59 Americans had been killed in Iraq since Gates was nominated.

Gates, unlike some predecessors at the Pentagon, knew the war's total tally: 2,889 dead as of Monday morning. "Twelve graduates of Texas A&M have been killed in Iraq," said the nominee, who is A&M's president. "I would run in the morning with some of those kids. . . . I'd hand them their degrees, I'd attend their commissioning, and then I would get word of their death. So this all comes down to being very personal for all of us."

Very well said.

A Fresh Old Hand (WP)

The Washington Post, December 6, 2006

ROBERT M. GATES, asked by President Bush to provide "fresh eyes" at the Defense Department, began yesterday by offering the Senate Armed Services Committee a refreshingly candid voice. Asked near the beginning of his confirmation hearing if the United States was winning the war in Iraq, he responded with two words: "No, sir." He later spelled out some of the mistakes that explain that failure -- including the deployment of too few troops -- with a frankness rarely heard from a Bush administration Cabinet member. Where outgoing Defense Secretary Donald H. Rumsfeld commonly batted down or evaded legitimate congressional questions, Mr. Gates was responsive to the most tendentious queries, calmly explaining to Sen. Robert C. Byrd (D-W.Va.) why he would not favor a U.S. invasion of Syria. He said one of his two principal goals was to help forge a truly bipartisan policy for the war on terrorism; his performance yesterday was a good start.

Mr. Gates's first challenge, as he acknowledged, is Iraq, and there he no more possesses a simple solution than does the Iraq Study Group, which is due to report today. The Defense nominee said he would be open to all options, but he made clear that he does not favor a quick or unconditional withdrawal of American forces or the abandonment of efforts to shore up the elected Iraqi government and its army. He warned that such an abandonment could lead to "a regional conflagration" that would deeply damage U.S. interests in the region. "Frankly," he said, "there are no new ideas on Iraq. The list of tactics, the list of strategies, the list of approaches, is pretty much out there. And the question is: Is there a way to put pieces of those different proposals together in a way that provides a path forward?"

We share Mr. Gates's view that a consensus can be reached on a new course for Iraq, one that would involve a mix of the pieces that he and senators from both parties returned to yesterday: more training for Iraqi forces and a handoff of combat duties that would allow for a reduction of U.S. troops; pressure on Iraqis to reach a political settlement; more aggressive regional diplomacy. A couple of Democratic senators questioned whether President Bush accepted Mr. Gates's view that the status quo is unacceptable. The veteran Washington operative responded forcefully: "I am not . . . [coming] back to Washington to be a bump on a log and not to say exactly what I think, and to speak candidly and, frankly, boldly to people at both ends of Pennsylvania Avenue about . . . what I think needs to be done."

We hope Iraq will not be the only subject for such candor. Mr. Rumsfeld also leaves behind the pressing question of whether the Army and Marine Corps are too small to handle the press of engagements around the world -- as we believe they are. Also, how can the department manage a procurement budget intended to "transform" the military for 21st-century battles and also pay for big conventional weapons systems conceived during the Cold War? Was the enormous expansion of Defense Department intelligence operations since 2001 a necessary shift or a wasteful byproduct of Mr. Rumsfeld's bureaucratic

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infighting? Mr. Gates promised to investigate all these matters; we hope his answers will be as sure and unvarnished as those he offered yesterday.

The Un-Rumsfeld (NYT)

The New York Times, December 6, 2006

The nearly universal (and bipartisan) relief at the departure of Donald Rumsfeld ensured that Robert Gates would have an easy confirmation hearing. And Mr. Gates played the role of the un-Rumsfeld masterfully yesterday. He offered just enough candor and conciliation to persuade most senators that he plans to be a very different sort of defense secretary, while deftly holding back any real information about how he plans to clean up President Bush's mess in Iraq.

Mr. Gates's truth-telling did not go much further than acknowledging what is obvious to everyone but this White House. He agreed with various senators that the United States is not winning in Iraq, that politicians in Baghdad need to be pressured into negotiating a political settlement, and that the Pentagon botched the post-invasion by failing to send enough troops and committing other now infamous errors.

He was less accommodating when asked to share his prescriptions for Iraq, saying only that he was open to all ideas. Given both President Bush's and Mr. Rumsfeld's unrelenting denials of Iraq's disastrous reality — and their refusal to accept the advice of others — even statements of the obvious and a pledge to keep an open mind sound good. But Iraq is unraveling so fast that Mr. Gates will have to come up with opinions quickly, and be willing to express them to the president forcefully.

Mr. Bush has certainly shown little sign of opening his mind. Since announcing Mr. Gates's nomination, he has sought to pre-empt the much-anticipated advice of James Baker's Iraq Study Group (on which Mr. Gates served), brushing off suggestions that he talk directly to Iran and insisting that there would be no "graceful exit" from Iraq.

Still, Mr. Gates seems at least game to try to break through the wall. He said that Iraq was only "one of the central fronts" in the war on terror — a departure from the official litany. He said that he did not believe that the president had been given authority — either under the 9/11 war resolution or the Iraq war resolution — to attack Iran or Syria (and would counsel against it). And he said bringing both countries into negotiations about Iraq's future at least "merits thinking about."

In any other time that would all be considered pretty bland stuff. But for an aspiring member of this administration, that came close to speaking truth to power.

A More Honest Assessment Of Iraq Draws Cheers (USAT)

USA Today, December 6, 2006

After almost four years of prickly denials from Defense Secretary Donald Rumsfeld that anything was wrong with the Pentagon's plan in Iraq, it was refreshing Tuesday to hear his successor acknowledge that things are not going so well. During a Senate confirmation hearing, Robert Gates conceded that U.S. forces aren't winning and that new approaches need to be considered.

This is obvious to nearly everyone now, but it nevertheless was so sharp a departure from Bush administration dogma that it won over some of Gates' strongest detractors.

Sen. Carl Levin, D-Mich., who advocates withdrawing U.S. troops and who becomes chairman of the Armed Services Committee when Democrats take over Congress next month, gushed that Gates' testimony was a "welcome breath of honest, candid realism." This from one of 31 senators who voted against Gates' confirmation as CIA director in 1991. The committee voted 21-0 on Tuesday for confirmation, and the full Senate is certain to follow.

So two cautionary notes:

One is that Gates' fans should hope he's no longer the man his critics said he was during his painful CIA confirmation hearings 15 years ago. Then, Gates was portrayed as an arrogant bully who distorted intelligence findings to fit administration policy, refused to listen to dissenting opinions, and was never entirely forthcoming about his role in the Iran-contra scandal — precisely the sort of arrogance and bad judgment that got Rumsfeld in trouble and chained the nation to a failed policy in Iraq. Gates' friends say he has evolved since that confirmation experience, and he went on to win generally favorable reviews for his tenure as CIA director. But wartime Defense secretaries face far more pressure and far more scrutiny.

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The other worry is that no matter how adroit Gates is, no matter how clear-eyed about the magnitude of the mess he faces, the outlook is bleak. As Defense secretary, Gates will be playing a weak hand for a politically damaged administration with few friends in Washington or around the world. He will get lots of advice, starting with today's much-anticipated recommendations of the Iraq Study Group, but what happens next is as much about the public's willingness to support any new plan as it is about the Pentagon's ability to execute it.

For now, Gates' chief strength — and it's significant — is that he's not the man he'll replace. Given Rumsfeld's radioactivity in Washington and around the world, that should give Gates a useful honeymoon.

The signs are that he realizes he's walking on the edge of an abyss. At the very end of the morning session Tuesday, a time when many onlookers have left and participants are mostly thinking about lunch, Gates mused about possible outcomes in Iraq. He sketched a scenario in which U.S. forces remain bogged down and unable to win, and another in which they slowly manage to right the situation and impose order.

"Seems to me," he said, "it could go either way." That's the right place to start.

Goodness Gracious! The Truth! (NYT)

By Maureen Dowd

The New York Times, December 6, 2006

WASHINGTON

First Junior took over the house with grandiose plans to remodel it and make it the envy of the neighborhood. But then he played with matches and set the house on fire. So now he's frantically trying to stop the flames from torching the whole block.

The Bush administration has gone from a breathless plan to change the Middle East to a breathless plan to preserve it, from democracy promotion to conflagration avoidance.

That was the cold shower offered yesterday by Robert Gates, the former C.I.A. chief, on his way to being unanimously endorsed as the new defense secretary by a Senate panel craving a cold shower.

He told the Armed Services Committee, peppered with wannabe future presidents, that the American occupation could lead to a Baghdad as hostile as Tehran, and set off "a regional conflagration" if Iraq is not deftly handled in the next couple of years.

Mr. Gates asserted that if America left Iraq in chaos, Iran and Syria could encroach more, and Turkey and Saudi Arabia might jump in to stop the ethnic cleansing of Sunnis by Shiites. "We're already seeing Hezbollah involved in training fighters for Iraq," he said. "I think all of that could spread fairly dramatically."

It was the sort of realistic assessment that never came from Rummy, except when he privately admitted in a classified Nov. 6 memo that their Iraq strategy was "not working well enough or fast enough," offering a silly hodgepodge of wildly tardy or dubious options, like telling the Iraqis to "pull up their socks."

It was chilling to see in print that the man who spent nearly four years overseeing the war did not have any idea what to do in Iraq; his basic plan was not so much to fix the problem as to lower expectations. The memo, reported by Michael Gordon in The Times on Sunday, offered the following lame-brained prescriptions to manage perception:

"Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis. This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose.' " And this: "Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist."

So with the Pentagon deciding whether to Go Big, Go Long or Go Home, Rummy urged the White House to Go Minimalist and simply streamline the spin.

Junior took the advice to manage perceptions by minimizing Rummy two days after he sent the memo. The walls had closed in on W.; he could no longer minimize the war, which was escalating, or the perception that it was not going well, which had spread into Republican ranks. Even Gen. Peter Pace, yes man that he is, acknowledged on Monday that "We're not winning but we're not losing."

The old criticisms of whether Mr. Gates massaged intelligence were forgotten; the senators would have embraced an ax-murderer if he had seemed sensible about Iraq.

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There was no blathering yesterday about "known unknowns" or "Henny Penny" pessimists. The soft-spoken, vanilla Mr. Gates offered a sharp contrast from the finger-wagging, flavorful Rummy. In a remarkable shift from the mindless bellicosity and jingoism of the last few years, Mr. Gates said he did not favor military action against Iran or Syria.

Even though he was a member of the Iraq Study Group, Mr. Gates conceded that there would be no silver bullet. "It's my impression that, frankly, there are no new ideas on Iraq," he said. Asked by Robert Byrd who was responsible for 9/11, Saddam or Osama, Mr. Gates did not try to fudge. "Osama bin Laden, Senator," he replied. Asked who has represented a greater threat to the U.S., he repeated "Osama bin Laden."

W. insisted to Fox News's Brit Hume on Monday that his "objective hadn't changed" and that "we're going to succeed in Iraq." Asked by Carl Levin if America was winning in Iraq, Mr. Gates answered, "No, sir."

After lunch the nominee clarified his remarks, saying he had not meant to criticize the troops, that the reversals in Iraq were not their fault. They don't lose battles in Iraq because there are no battles. There's just a counterinsurgency that they can't see and that they weren't prepared or equipped to fight.

Gates's friends from the old Bush 41 gang have been watching closely to see if 43 brought the old Washington hand back for "cosmetic reasons," as one put it, simply to try to change the perception that W. has been stubborn and deaf on Iraq. Or whether 43 really will give his new defense chief the parameters he needs to make real changes in strategy. Will he let him Go Maximalist? <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

This Time Around, A Shorter Confirmation Hearing And Praise For Candor (NYT)

By Kate Zernike

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — When Robert M. Gates faced Senate confirmation to be director of central intelligence in 1991, the hearings stretched over four months and featured hundreds of witnesses, thousands of documents and the nominee responding to 1,000 questions in written and oral form over four long days of testimony.

On Tuesday, Mr. Gates was welcomed back by the Senate as "a refreshing breath of reality," applauded by people on both sides of the aisle for his candor and forthrightness, his pledges of bipartisanship and dialogue. And the committee rewarded him with unanimous confirmation in less than eight hours.

This time, of course, he was appearing as the anti-Rumsfeld, and as a symbol to the incoming Democratic majority in particular of fresh thinking on Iraq. No one on either side spent much time defending the departing defense secretary on style or substance.

If the comparison was not obvious enough, Senator Hillary Rodham Clinton, Democrat of New York, made it so in her questioning late in the morning. "Thank you for your candor — that's something that has been sorely lacking from the current occupant in the position that you seek to hold," Mrs. Clinton said. "We need a strong secretary of defense, but that doesn't mean strong-headed."

In contrast to Donald H. Rumsfeld, who sometimes had to be coaxed to his appearances before the committee and then rarely ceded an inch, Mr. Gates declared that the United States was not winning in Iraq and that mistakes had been made all around.

The Democrats seized the opportunity to relish their victory in the midterm elections, which provided the final push out the door for Mr. Rumsfeld, and to hammer home their campaign themes.

Senator Robert C. Byrd of West Virginia, displaying his feistiness at age 89, asked Mr. Gates who he believed was responsible for the Sept. 11 attacks, Saddam Hussein or Osama bin Laden. "Osama bin Laden, sir," Mr. Gates replied quietly.

Who has represented the greater threat to the United States? Mr. Byrd pushed. "Osama bin Laden."

Senator Edward M. Kennedy, Democrat of Massachusetts, who was sitting next to Mr. Byrd, raised an eyebrow and smiled.

Republicans for the most part were content to sit back and lob softballs suited more to a first job interview or college application. "You've been in tough situations before," said Senator Jeff Sessions of Alabama. "Do you feel that that experience can help you think through with some new perspective on these issues?"

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With the White House and Congress awaiting the release of the Iraq Study Group's conclusions on Wednesday, Democrats sought to remind President Bush, through Mr. Gates, that Congress intends to have a say in the conduct of the war. Senator John W. Warner of Virginia, the pocket-kerchiefed Senate parliamentarian, backed them up from across the aisle, opening with a statement that pointedly reminded the president that he had "a moral obligation" to listen to both parties and to work with the legislative branch.

Mr. Warner, the departing Republican chairman of the committee, reminded Mr. Gates of his own reflections in his book, that the White House works best when it works in concert with Congress. And Mr. Warner urged him not to hold back in offering his personal recommendations to the president. "You simply must be fearless," Mr. Warner said. "I repeat, fearless."

The seats behind the nominee, normally filled with family, White House escorts and other defenders, were left largely empty behind Mr. Gates, who sat alone at the table. (His wife of 40 years, Mr. Gates said, had asked to be excused to travel with the Texas A&M women's basketball team to a game in Seattle.)

But Mr. Gates did not need much protection, except perhaps from the 40-odd photographers tripping over themselves to capture his every hand gesture.

He displayed a knack for flattering the committee. "Secretaries come and go, but the Senate Armed Services Committee remains," he said. "If confirmed, I will seek your counsel and take it seriously."

"We all work for the same boss," he added. If it was not clear that he did not mean the president, he added, "That boss is the people of the United States."

Mr. Gates paid moving tribute to the nearly 3,000 American service members killed in Iraq, including 12 graduates of Texas A&M, where he has been president for four years. He spoke of the woman who came up to him as he dined alone in a Washington restaurant and told him: "I have two sons in Iraq. For God's sake, bring them home safe."

"So this all comes down to being very personal for all of us," Mr. Gates said.

It was a day of compliments and warm chuckles; when Senator Ben Nelson, Democrat of Nebraska, suggested increasing the bounty for capturing Mr. bin Laden by a million dollars a week, Mr. Gates offered, "Sort of terrorist Powerball?"

Introducing Mr. Gates, former Senator Bob Dole made the obligatory joke about how he realized too late that Mr. Gates's handlers wanted the other Senator Dole — his wife, Elizabeth, beaming in a red suit and matching lipstick from her seat alongside the other committee members — to do the honors.

Mr. Dole then reminded the committee of the seriousness of the task at hand; the last time a secretary of defense was changed in wartime, he said, was in 1968 when President Lyndon B. Johnson nominated Clark Clifford to succeed Robert S. McNamara. "Make no mistake about it," Mr. Dole said, "history is being made here today."

The most aggressive questioning came from those committee members eyeing the presidency: Mrs. Clinton and Senator John McCain, Republican of Arizona, who continued to press his case for more troops in Iraq. It was a "non sequitur," he insisted, to say that there were not enough troops going in, but also that current troop levels are sufficient despite the deteriorating situation.

But even he seemed to recognize that he would not win his point, concluding, "I hope you will help us gain consensus."

Senator Evan Bayh of Indiana, another possible Democratic contender, asked Mr. Gates how he could be confident the president would heed his counsel. "Senator, because he asked me to take the job," Mr. Gates replied. Mr. Bayh waited for a more elaborate answer, and, realizing one was not coming, said simply, "He asked the others to take the jobs as well."

Gates Wins Senate Committee Approval, 21-0 (USAT)

By Matt Kelley

USA Today, December 6, 2006

WASHINGTON — President Bush's nominee for secretary of Defense told a Congressional committee Tuesday that he agreed to replace Defense Secretary Donald Rumsfeld so he could help shape a new course in Iraq, not "to be a bump on a log." Robert Gates said he expected President Bush to listen to his advice even when he disagreed.

"I think that the president was very direct in saying, both privately to me and then publicly, that he saw the need for fresh eyes on the problem," Gates said during his Senate Armed Services Committee confirmation hearing.

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Committee Democrats said they were encouraged by Gates' statements that were seemingly at odds with the White House. For example, Gates said the United States was neither winning nor losing in Iraq, adding that he wasn't criticizing U.S. troops. They, Gates said, were doing well and had not lost on the battlefield.

U.S. forces will be in Iraq for a long time, Gates warned, and failing to secure the country could cause a "regional conflagration" involving Iran, Syria, Saudi Arabia, Turkey and other Middle Eastern nations.

Gates said the United States needs to communicate with Iran and Syria, although Bush has rejected direct talks with those two neighbors of Iraq.

"A channel for communications is not necessarily a vehicle for negotiations," Gates said, adding he doubted the U.S. could gain much in negotiations with Iran.

After the U.S. invasion toppled Saddam Hussein's regime in April 2003, the United States should not have disbanded the Iraqi military or purged the government of Saddam's Baath Party, Gates said.

In another diversion from current administration policy, Gates criticized Rumsfeld's creation of a small group at the Pentagon to mine intelligence reports for signs that Saddam was threat.

"The one thing that I don't like is offline intelligence organizations, or analytical groups," said Gates, who worked at the CIA for more than two decades before becoming its director from 1991 to 1993. Instead, Gates said, he prefers depending on professional intelligence analysts and preserving their independence.

Gates said his first move as Defense secretary would be visiting U.S. commanders in Iraq and Afghanistan to seek their recommendations, which he will give "great weight."

The panel liked what it heard. Gates won unanimous committee approval that set up a final Senate vote that could come as early as today. The 21-0 vote Tuesday evening came after a day of public and private questioning of the former CIA director. Democrats and Republicans alike praised Gates as an independent voice for changing policies in Iraq the Bush administration now concedes aren't working.

"I think you're going to be a good secretary," Sen. Bill Nelson, D-Fla., told Gates near the end of about five hours of public questioning. "You come to the table for all the right reasons … and I think you're doing this out of a sense of loyalty to our country and a sense of patriotism."

Committee Chairman John Warner, R-Va., said he asked Senate leaders to hold debate and a vote on the Gates nomination today, but no decision had been made Tuesday evening.

Gates' approval is all but inevitable, said Sen. Carl Levin of Michigan, the panel's top Democrat. "The faster the president can hear the kind of candor we heard this morning on Iraq, the better." Levin told reporters during a break in the hearings.

Sen. Hillary Rodham Clinton, one of at least three potential 2008 presidential contenders on the Senate panel, praised Gates while simultaneously criticizing Rumsfeld's prickly relationship with Congress.

"Thank you for your candor," she told Gates. "That's something that has been sorely lacking from the current occupant in the position that you seek to hold."

Gates was a member of the bipartisan Iraq Study Group until Nov. 8, when Bush announced Rumsfeld's resignation and Gates' nomination. That panel's recommendations, due to be released today, will be helpful but aren't the only ones to consider, Gates said.

"It's my impression that there are no new ideas, really, on Iraq," Gates said. "I think the report of the Iraq Study Group is important. I don't think it's the last word."

Gates Says 'US Is Not Winning Iraq' (FT)

By Demetri Sevastopulo And Guy Dinmore

Financial Times, December 6, 2006

Robert Gates, the White House choice to replace Donald Rumsfeld as defence secretary, on Tuesday acknowledged the US was not winning the war in Iraq.

Asked at his nomination hearing before the Senate Armed Services Committee whether the US was winning the war, Mr Gates responded: "No sir."

DOJ_NMG_0102714

Following the hearing - notable for the lack of acrimony that was present when Mr Rumsfeld testified - the committee voted unanimously to approve sending his nomination to the full Senate for final approval, which is expected to come this week.

Mr Gates later clarified that his remarks did not mean he thought the US was losing in Iraq. But his blunt assessment was at odds with an October statement by President George W. Bush that the US was "absolutely...winning".

Mr Gates also demonstrated clear differences with Mr Rumsfeld. Asked by John McCain, the Arizona senator who is the frontrunner for the Republican presidential nomination for 2008, whether he believed there had been enough troops in Iraq, he replied: "There clearly were insufficient troops in Iraq after the initial invasion to establish control over the country."

In another display of independence that won Mr Gates admiration from Democrats, Mr Gates said he did not believe Iraq was "the central front" in the war on terror, which President Bush has consistently argued.

Asked by Lindsey Graham, an influential Republican on the committee, whether Iraq was "the central front", Mr Gates paused before replying: "I think it is one of the central fronts in the war on terror".

The Iraq Study Group, the bi-partisan commission mandated by Congress to examine US policy on Iraq, is on Wednesday expected to release its recommendations for a new policy direction on Iraq, although Mr Bush is not expected to respond until after he has heard the conclusions of two internal administration reviews.

Carl Levin, the Michigan Democrat who will chair the Armed Services Committee from January, praised Mr Gates, saying his acknowledgement that the US was not winning in Iraq was "a necessary, refreshing breath of reality that is so needed if we're going to look at ways of changing course in Iraq to maximise the chances of success". Mr Gates said he was open to a "wide range" of ideas for US policy on Iraq. But the former director of the Central Intelligence Agency – who was an ISG member until being nominated to replace the controversial Mr Rumsfeld – said he did not believe the group's recommendations would be the "last word".

"It's my impression that . . . there are no new ideas on Iraq," said Mr Gates. "The list of tactics, the list of strategies, the list of approaches, is pretty much out there. And the question is: is there a way to put pieces of those different proposals together in a way that provides a path forward?"

Mr Gates said the next two years in Iraq would be crucial in determining whether the US could help the country stabilise.

"Our course over the next year or two will determine whether American and Iraqi people and the next president of the US will face a slowly but steadily improving situation in Iraq and in the region, or will face the very real risk and possible reality of a regional conflagration."

Mr Gates was also outspoken on Iran, saying he would only advise an attack on the country as an "absolute last resort".

"We have seen in Iraq that once war is unleashed, it becomes unpredictable. And I think that the consequences of a military conflict with Iran could be quite dramatic." He said he did not support an attack on Syria, which, along with Iran, the US has accused of meddling in Iraq, adding that an attack on either country would likely worsen the violence in Iraq.

His reservations on military action against Iran were a shot across the bows of weakened but still influential neo-conservatives in Washington who have called for strikes against the Islamic republic's nuclear facilities. Glen Howard of the Jamestown Foundation, a security think-tank, said: "The neo-cons are regrouping around the Iran threat."

Gates' Assets Include Defense Stock (WP/AP)

By Sharon Theimer, The Associated Press

The Washington Post/AP, December 6, 2006

WASHINGTON -- Defense Secretary-nominee Robert Gates' assets include up to $250,000 in stock in a defense contractor on whose board he serves, a financial disclosure report made public Tuesday shows.

If confirmed as defense secretary, Gates will divest his holdings in the company, NACCO Industries, White House spokeswoman Dana Perino said. He will step away from any Defense Department matters involving NACCO for at least a year, she said.

Gates is a member of the board of directors of NACCO Industries, the Cleveland-based parent of the NACCO Materials Handling Group, a lift truck company and Defense Department contractor.

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He holds stock worth $100,000 to $250,000 and earned $134,750 in director fees from the company from 2005 to the present, according to the financial report he filed with the federal government.

Gates plans to sell all the stock he owns in individual companies and sever all ties with them if the Senate confirms him as Pentagon chief, Perino said.

The Cabinet post would mean a pay cut for Gates. Like the man he would succeed, Donald H. Rumsfeld, Gates is a millionaire. The defense secretary post pays $183,500 a year; Gates earned nearly that much from speeches alone over the past few years.

Among his other holdings, Gates is part of BLO Family Properties, a family-owned company in Mount Vernon, Wash. He described that asset as worth $1 million to $5 million.

Other assets and earnings detailed in Gates' financial report from 2005 to the present include:

_ $752,788 in salary as president of Texas A&M University.

_ $137,469 in a lump-sum payment from a Texas A&M deferred compensation plan.

_ $397,834 in compensation from Fidelity Investments, where he is chairman of the board of trustees.

_ $163,000 from a total of 10 speeches, including $16,000 each in speaking fees from National Pest Management, AIM Investments, Mellon Financial, Target Corp. and others and $20,000 for addressing the Securing America's Future Energy Foundation.

_ $91,000 in director fees from Parker Drilling Co.

_ $80,033 in director fees from Brinker International.

_ $64,749 in consulting fees from The Mitchell Group, an energy consulting group in Houston.

_ A $5,000 consulting fee from Temple Inland, a real estate firm in Austin, Texas.

Gates' report also lists positions he holds with nonprofit organizations.

Gates is a member of the boards of directors of the Boy Scouts of America in Irving, Texas, and the United Way of Brazos County in College Station, Texas. He is president of the National Eagle Scout Association in Irving and a member of the Council on Foreign Relations, the Aspen Strategy Group and the Center for Strategic and International Studies Transnational Threat Project, all in Washington.

All The President's Men Are Down To One (SH)

By Martin Schram

Scripps Howard, December 6, 2006

(SH) - They were all this President's men - Cheney and Rummy and Wolfie and Bolton - neoconservatives, hard-line conservatives, iron-fisted conservatives, unyielding conservatives.

Once they were not only The Untouchables but also The Unbudgeables. Now there is only one.

Don Rumsfeld, Paul Wolfowitz and now John Bolton have been bulldozed and/or forklifted out of power. Once the Team Bush Neocons controlled Bush's Situation Room. Now they can caucus in a telephone booth - except it is unlikely Cheney can find one anymore.

So perhaps the once-dominant neocons will make do with just a morning caucus in Dick Cheney's bathroom mirror.

And that may be Cheney's most visible appearance of the day. For it seems that Dick Cheney may be on his way to becoming just another one of those veeps who is seldom seen and hardly heard. After all, Cheney's last assigned mission was to be unceremoniously summoned to Saudi Arabia, where not a single public event was held. And that was just as well because the word in the Washington think tanks is that the Saudi monarch used Cheney to send his sternest warning that if the Untied States leaves Iraq too rapidly and the Iranian-backed Shiite take over, the Saudis may step in to prevent a massacre of the Suunis.

The last Cheney sighting you may recall was his Nov. 3 appearance on ABC News, where he defined President Bush's resolve: "It's victory in Iraq. And it's full speed ahead on that basis." That, of course, was part of the pre-election bravado when Bush himself had promised that both Cheney and Rummy would stay on the job as long as he was president. Then, faster than you can say, "Brownie you're doing a heck of a job," Rummy was told his resignation was accepted, so would he please write it?

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Rummy has had a heck of a run in Washington - a marathon. As a 1960s congressman from Chicago's suburbs, he was known as a moderate Republican back before GOP moderates became a rare breed. Then he got cabinet-rank domestic jobs in the Nixon White House - even though the Old Man (as Nixon's favorite guys, like Pat Buchanan and Bill Safire, called their boss when he wasn't around) suspected he was a secret dove on the Vietnam War.

One day when a young Washington correspondent arrived for a scheduled interview, Rumsfeld had another fellow there, too. "This is a new guy on my staff and, if you don't mind, I'd like him to sit in just to see how I handle press interviews," Rumsfeld said, adding, "Say hello to Dick Cheney."

Rummy and Cheney. Mentor and protege. They were cautious, thorough, insightful yet careful not to leave fingerprints on anything that could explode in their faces ... or all over their resumes. They excelled at avoiding controversy, skillfully putting their best and blandest face forward.

But Rummy did his best work behind the scenes and Cheney quickly learned the craft of politics. Including the great manipulation of November 1975. President Ford was under pressure to dump his veep (Nelson Rockefeller) from the 1976 ticket and Ford's chief of staff. Rumsfeld (Cheney was his deputy there. too) coveted the job. But a potential rival was another ex-congressman, ex-United Nations ambassador and currently ambassador to China: George H. W. Bush. So Rummy engineered Bush's appointment as CIA director. Bush felt trapped into accepting - and furious.

"It's a graveyard for politics... ," he wrote his three brothers and sister. Offering his reluctant acceptance to Secretary of State Henry Kissinger, the elder Bush lamented: "Your message came as a total and complete shock ... I see this as the total end of any political future."

Strange turns. Voters weren't spooked by Bush's CIA past and he, not Rummy, became a president. And when Bush's son was elected, it was Cheney who landed a return engagement as defense secretary for his old mentor, Rummy.

Speaking of strange turns, Rummy apparently had one last writing job before getting to his resignation note - that classified memo to President Bush, listing every conceivable new course option for Iraq. His memo, written without the usual detailed analysis, seems intended mainly for our eyes only. It quickly materialized on page one of The New York Times - and we saw everything but the leaker's fingerprints.

"Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough," Rumsfeld wrote. His memo was dated Nov. 6, just three days after his protege had assured us that the Iraq plan was "full speed ahead" - and three days before the president told the world he needed a new man at the Pentagon to help us find a new direction.

The dynamic duo has run its last course.

Iraq Panel To Urge New Policy Wednesday (AP)

By Jennifer Loven

AP, December 6, 2006

President Bush got a preview Tuesday of the Iraq commission's ideas for changing war policies, as the White House sought to dampen the report's impact by emphasizing that Bush will be listening to other voices as well.

Over lunch at the White House, former Secretary of State James A. Baker III, the Iraq Study Group's Republican co-chairman, gave Bush a private briefing on the general outline of the conclusions, said Dana Perino, a presidential spokeswoman.

The report — which Baker referred to during the lunch, Perino said — will be released Wednesday morning. The full commission, led by Baker and former Democratic Rep. Lee Hamilton of Indiana, will give a copy of the report to Bush at 7 a.m. EST.

Following the presentation to the president, the group is to brief Iraqi Prime Minister Nouri al-Maliki and his team via secure videoconference from the White House.

Bush, to be joined by Vice President Dick Cheney, White House chief of staff Joshua Bolton, national security adviser Stephen Hadley and other senior White House aides, was to thank the commission but not comment on the specifics of its recommendations, the official said.

"We're going to give it a careful review," said White House press secretary Tony Snow. "As we have mentioned, there are other ongoing studies within the administration."

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Bush is expected to hear in about two weeks the conclusions of in-house examinations of Iraq policy, anchored by a review of military options by Gen. Peter Pace, chairman of the Joint Chiefs of Staff.

Snow said the president already is taking the advice of Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, who said Bush has a "moral obligation" to seek input on a new Iraq strategy from Democrats who are about to take control of Congress.

Tuesday afternoon, the president consulted on Iraq with House Republicans and is due to see House and Senate leaders after Wednesday's briefing by the Iraq Study Group.

On Capitol Hill Tuesday, the confirmation hearing for Robert Gates — who is expected to be approved to replace embattled Pentagon chief Donald H. Rumsfeld — became a vehicle for lawmakers to express their displeasure. Democrats as well as some Republicans have urged Bush to present a plan for some of the 140,000 U.S. troops to begin coming home.

Replying to a question, Gates contradicted Bush's previous statements and said the United States is not winning in Iraq — a conclusion he said he reached while a member of the Iraq commission. But he played down the likelihood of the commission coming up with a quick solution.

"It's my impression that, frankly, there are no new ideas on Iraq," said Gates, who left the commission when Bush nominated him to be defense secretary. The Senate panel voted 21-0 to recommend his confirmation.

But even as the administration pushed back against the idea that a major change is coming, it appeared to be maneuvering separately from the commission to set the stage for adjustments.

The war has surpassed the length of American involvement in World War II, and U.S. deaths have passed 2,900. A relentless insurgency and the added complication of increased fighting between religious and ethnic factions have raised questions about whether Iraq is embroiled in a civil war and whether the al-Maliki's U.S.-backed government will ever be able to calm the country.

A changed political environment at home has added to the pressure on Bush. Democrats wrested majorities in the House and Senate from the president's Republican Party in last month's midterm elections, in large part because of dissatisfaction with the war.

The Iraq commission members gathered at a Washington hotel Tuesday to receive their copies of the report, thick black binders that each carried out, and their marching orders for media interviews on Wednesday. "But of course," said lobbyist and commission member Vernon Jordan when asked if the group was satisfied with its product, but everyone stayed mum on details, as did the White House.

The report was expected to urge the U.S. to reach out for more help on Iraq's security — including Iran and Syria as part of a larger group — and to gradually change U.S. troops' mission from combat to training and support, with a broad goal of withdrawing the Americans by early 2008.

Bush has resisted engagement with Iran and Syria, which the U.S. accuses of being bad actors on the world stage as well as fomenting instability in Iraq. Bush has rejected any timetable for U.S. troop drawdowns.

From Baghdad, though, the top American military spokesman said the Pentagon expects all of Iraq to be under the control of Iraqi forces by the middle of next year.

Maj. Gen. William Caldwell said this is part of an accelerated timetable discussed by Bush and al-Maliki during a meeting in Jordan last week. Previous Iraqi predictions of their abilities to take over have fallen by the wayside, but al-Maliki's statement last week that Iraq soldiers and police would be up to speed by June was seen as one way out for the administration.

And the White House reacted warmly to al-Maliki's announcement Tuesday that his government wants a conference with neighboring nations, such as Iran and Syria, on ending the violence.

"It's a good idea for the Iraqis to be involved in working with their neighbors on issues of regional security," Snow said.

A powerful Iraqi Shiite political leader, Abdul-Aziz al-Hakim, returned to the White House Tuesday to meet with Vice President Dick Cheney. He met with Bush the day before.

Report's Rollout Precisely Planned (USAT)

By David Jackson

DOJ_NMG_0102718

USA Today, December 6, 2006

WASHINGTON — Beginning with an early morning presidential briefing, the long-awaited Iraq Study Group report will be unveiled and promoted with a well-choreographed plan.

Group members have a 7 a.m. appointment today at the White House to present their report to President Bush, starting a day-long series of briefings and media appearances on their recommendations for Iraq.

"The purpose is to inspire and inform public debate," said Lauren Sucher, a spokeswoman for the U.S. Institute of Peace, a federally funded think tank that has assisted the Iraq Study Group.

After their White House visit, group members will head to Capitol Hill to brief House and Senate leaders. They plan to hold a news conference at 11 a.m., when they will release the report to the public.

The rest of the day features a string of television, radio and newspaper interviews of study group members, including its co-chairmen: former secretary of State James Baker and former congressman Lee Hamilton, D-Ind., now director of the Woodrow Wilson International Center for Scholars in Washington.

The interviews are being coordinated by the Edelman public relations firm, which will continue to assist the institute through appearances on this Sunday's news talk shows.

The U.S. Institute of Peace, which is devoted to global conflict resolution, received a $1 million appropriation from Congress to assist the Iraq Study Group.

Sucher would not reveal how much of that budget is going to Edelman.

White House spokesman Tony Snow said Bush and his aides probably won't be saying much today because they want to study the report first.

Pressure Builds On Bush To Change Track (FT)

By Demetri Sevastopulo In Washington

Financial Times, December 6, 2006

The Iraq Study Group report, to be released on Wednesday, will increase the pressure on President George W. Bush to adjust US military policy in Iraq to stem the rising violence and pave the way for an eventual troop withdrawal.

Leaks from the bipartisan commission led by James Baker, the former Republican secretary of state, and Lee Hamilton, a former Democratic congressman, suggest it will recommend a gradual withdrawal to step up pressure on the Iraqi government to clamp down on sectarian violence without outlining a timetable for a complete pull-out.

White House officials said Mr Bush would make a strategy decision within weeks after he has absorbed two internal reviews of Iraq policy, including a Pentagon military "scrub" and the Baker-Hamilton recommendations.

The initial drumbeat surrounding the ISG suggested Mr Baker, a Bush family friend, would help the president extricate himself from Iraq, where almost 2,900 US troops and tens of thousands of Iraqi civilians have died.

In Amman last week, Mr Bush appeared, however, to reject that. "I know there's a lot of speculation that these reports in Washington mean there's going to be some kind of graceful exit out of Iraq," he said. "We're going to stay in Iraq to get the job done, so long as the [Iraqi] government wants us there."

In a classified memo leaked over the weekend, however, Donald Rumsfeld, the outgoing defence secretary, laid out policy options that included a modest withdrawal of troops to force the Iraqis to "pull up their socks".

Regardless of the ISG recommendations, most experts say Mr Bush cannot continue along the same track and there is likely to be some change to the levels and structure of US forces in Iraq.

With the exception of small, temporary increases around events such as elections, the number and composition of US troops has been relatively stable since the March 2003 invasion.

The US has about 139,000 troops operating from 55 bases across Iraq. The Pentagon has cut the number of bases from a peak of 110 and has reduced the number of troops from a post-invasion high of 159,000 in January last year.

The Pentagon was forced to abandon plans to bring the number down to about 100,000 this year because of the escalating violence, which many experts are now calling a civil war.

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One option that will be debated in the wake of the ISG report is whether to move troops to Baghdad from Anbar, the Sunni-dominated province in western Iraq which houses the insurgent strongholds of Falluja and Ramadi and where most of the marine units operate.

Anbar has recently been eclipsed as the most violent area in Iraq by the capital, which is seeing an escalation of kidnappings, suicide bombings and killings carried out by sectarian squads.

In his memo, Mr Rumsfeld outlined several "less attractive options" which included moving a large proportion of US forces in Iraq to Baghdad in an effort to secure the capital.

At the congressional hearing last month, Gen John Abizaid, US commander in the Middle East, conceded that Anbar was "not under control" but said the "preponderance of the military activity" should be in the Baghdad area. A recent marine intelligence report concluded that the US could not defeat the insurgency in Anbar.

While the marines had previously been doing most of the difficult fighting, the army has borne more of the brunt in recent months because of the violence in Baghdad, where six of the 14 US combat brigades in Iraq are now based.

The other main army division is based outside Tikrit where, in addition to patrolling the Sunni triangle, it has responsibility for Mosul, Kirkuk and Baquba.

A separate military command, known as Anaconda because of the twisting supply lines, has responsibility for logistics -support.

The US military in Baghdad declined to provide a breakdown of the numbers of the different kinds of troops engaged in operating in Iraq. But military experts say that anywhere from 45,000-70,000 troops are involved in combat operations, several thousand are involved in the increasingly important mission to train the Iraqi security forces, while the remainder are engaged in logistics.

One ISG proposal that Mr Bush should have less difficulty endorsing is a recommendation to increase the number of US troops training the Iraqi army and police. The New York Times reported on Tuesday that the US military was already starting to shift combat troops to become advisers in Iraqi units.

Tom Donnelly, a defence expert at the Center for Strategic and International Studies, said the military faces a trade-off in increasing the number of trainers because of a lack of personnel. "If you are going to get serious about it, you have to really rearrange the incentives and pull your good guys out of combat units. There is no free lunch in all this."

James Carafano, a military expert at the Heritage Foundation, said the army had previously been reluctant to do this but is starting to change.

"The most significant thing is that before the advisers would stop at the battalion level and now there really is an effort to get advisers down to the lowest level and infuse throughout the chain of command," said Mr Carafano.

An increased focus on training might require US troops to pull back to garrison. This would probably result in a reduction in the casualty rate of US troops. Michael O'Hanlon, a defence expert at the Brookings Institution, said: "There has been less garrisoning in the last few months which is why the fatalities are so much higher."

War Denials Vs. Too-simple Solutions (CHIT)

By Mark Silva

Chicago Tribune, December 6, 2006

WASHINGTON -- With his unwavering insistence that U.S. military forces must stand, fight and "win" in Iraq, President Bush has taken on the look of the last man standing.

Both inside and outside the White House, voices are calling for at least a new war strategy—and at most a target date for withdrawal of troops from Iraq. But Bush, while acknowledging frustration with the progress of the U.S. mission, so far has refused to fundamentally alter it.

Another call to change course is likely to come Wednesday from the Iraq Study Group, chaired by Republican James Baker, a former secretary of state, and Democrat Lee Hamilton, an ex-congressman from Indiana. They are expected to recommend a drawdown of U.S. combat troops with a soft deadline of early 2008, with remaining troops focusing on training Iraqi forces, logistics, support and quick reaction in case U.S. advisers are in trouble.

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The White House has downplayed the report, saying the president will have no "snap reaction" to the congressionally mandated review.

After nearly four years of war, the president has said he welcomes "fresh eyes" and new tactics. At the same time, he has kept his position that U.S. forces will not stand down until Iraq's nascent government is able to defend itself against terrorism.

And while growing ranks of authorities warn that sectarian violence is consuming Iraq in civil war, the president steadfastly rejects that assessment, calling most of Iraq "relatively peaceful."

"I just think this president simply doesn't want to believe how bad things have gotten," said Anthony Cordesman, a senior fellow at the non-partisan Washington-based Center for Strategic and International Studies. "Parallels to Vietnam are always terribly dangerous, but you are beginning to see in George Bush some striking resemblance to Lyndon Johnson. Both became failed presidents and tragic figures long before they left office."

Dangerous path

More dangerous, Cordesman suggested, is the temptation of Washington to seize upon simple solutions, such as a premature withdrawal of forces from Iraq, without considering the far-reaching implications of a potential collapse of civil society inside Iraq and the opportunity that would provide for both terrorists within the country and regional neighbors with designs on greater power.

"If the president is in denial, his critics are in oversimplification. I don't know which is worse," said Cordesman, who predicted a rush to flee Iraq if the Baker-Hamilton report bolsters a movement for quick withdrawal. "Everybody is running out to … catch the wave, rather than wondering where the ocean is going to lead."

Bush would be hard-pressed to embrace any formula for troop withdrawal because of his insistence that U.S. troop deployments are dependent on the Iraqi government's ability to operate without them.

Bush met Tuesday with Baker. The Baker-Hamilton study isn't the only review under way. The administration's National Security Council is reviewing the war policy. Secretary of State Condoleezza Rice is reviewing the policy. The joint chiefs of staff, led by Marine Gen. Peter Pace, is reviewing the policy.

"I think anybody who expects … a magic bullet out of the Baker-Hamilton commission is probably placing an unfair burden on them," White House spokesman Tony Snow said Tuesday. "The way out of Iraq is to have an Iraq that can sustain, govern and defend itself."

For Bush, some say, the solution might lie in embracing one of the recommendations made by his own advisers—or even the Iraq Study Group—without publicly acknowledging that he is taking a dramatic course change in Iraq.

"He is, rhetorically, the last man standing, but from where he is standing he can also see the writing on the wall," said Fred Greenstein, professor emeritus of politics at Princeton University. "This is an extreme situation, but Bush has often been in a situation where he has said he wanted X and settled for X minus whatever he can get, and said this is a great victory. …

"It wasn't very long before he announced [Donald] Rumsfeld's retirement, after he had said he wanted Rumsfeld [to stay] until the end of his presidency," Greenstein said. "He is existing in the real world. He's got very poor cards to play with now."

Bush will play host to British Prime Minister Tony Blair, his staunchest ally in the war, on Thursday. The British government has been striving to soft-pedal a recent Blair comment to broadcaster David Frost, who interviewed Blair for Al Jazeera's English-language channel and said the invasion of Iraq has been "pretty much of a disaster." Blair replied: "It has. …" But Blair's spokesman immediately called that "a straightforward slip of the tongue."

Both Rumsfeld, the president's retiring Pentagon chief, and Robert Gates, the president's nominee to succeed Rumsfeld, have issued sobering assessments of the war.

"In my view, it is time for a major adjustment," Rumsfeld wrote to the White House the day before midterm elections handed control of Congress to the Democrats—a memo leaked and published last weekend.

Gates, at his Senate confirmation hearing Tuesday, was asked whether the U.S. is winning the war.

Gates: All options on table

"No, sir," replied Gates, adding later that the U.S. is neither winning nor losing. Gates said: "In my view, all options are on the table, in terms of how we address this problem in Iraq."

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He also remained non-committal about a troop withdrawal: "It depends on the conditions on the ground under which troops were withdrawn."

The president, too, insists that any withdrawal must be based on ground conditions.

"My objective is to succeed," Bush said this week in an interview with Fox News Channel's Brit Hume. "Failure in Iraq would be a disaster for your grandchildren. And the reason … is because we're now in an ideological struggle between extremists and people who want to live in peace."

Democrats Likely To Be Cautious On Iraq Report (RC)

By Erin P. Billings

Roll Call, December 6, 2006

Congressional Democrats will use today's report by the Iraq Study Group as another opportunity to seek validation for a change of course in the region, but they privately acknowledge that they will be careful not to go too far in embracing the study.

Democrats say they want to make sure that the report — which is expected to call for a transition out of Iraq — doesn't provide cover for the Bush administration over its policies. As part of that approach, both House and Senate Democratic leaders will be driving home the message that the research serves as a strong rebuke of a conflict they believe has devolved into a civil war.

A senior Senate Democratic aide said there will be a "significant attempt" by Democrats to "embrace as much [of the report] as possible, while calling it a clear repudiation of the Bush administration's failed stay-the-course strategy."

"The president owns this lock, stock and barrel," the Senate aide added. "We don't want to be too closely identified with the president."

House and Senate Democrats have largely rallied around the message that 2007 will be a transition year in Iraq and have insisted on some type of troop redeployment in the nearer term. But the party, recently thrust into the majority in both chambers of Congress, has struggled to find a unified position on the war, and many Democrats still disagree on whether, and when, to redeploy from the region.

Still, Democratic leaders used Tuesday to reach across the Dome to present a unified party message on today's unveiling of the report. Sources said they were "still working" to coordinate their talking points in advance of the report's release.

The bipartisan Iraq Study Group, led by former Secretary of State James Baker and former Democratic Rep. Lee Hamilton (Ind.), will brief House and Senate leaders this morning on their six-month study on the war. House Democrats and Republicans will meet with the group at 8:30 a.m., while Senate leaders will hold their session an hour later.

Later today, House and Senate leaders are scheduled to head to the White House to discuss the study with President Bush. Bush got a personal preview of the report from Baker on Tuesday.

On Tuesday, Democratic sources said they plan to drive home three key messages: that the report shows need for a new policy in Iraq, that Iraq is embroiled in a civil war and that Bush must use the report as a wake-up call. But Democrats also will make clear that the report is "not the be-all-and-end-all."

"If what we're hearing is true, it validates what we've been saying," a senior House Democratic staffer said Tuesday. "We need to change what we're doing; it's not working."

Iraq Study Group Finds Options Are Limited (WSJ)

By Neil King Jr., Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, December 6, 2006

As the Iraq Study Group prepares to release recommendations today, the panel and the Bush administration are broadcasting a similar message: There are no dramatic fixes to end the war or to get U.S. troops home in a hurry.

The group's long-awaited report, people familiar with the matter say, will describe the situation in Iraq as deteriorating, but will acknowledge that its own recommendations are flawed and far from a magic solution. The panel plans to put the main focus on the need to launch an immediate effort to gain international support for rescuing Iraq, including from nettlesome neighbors Syria and Iran.

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At the same time, the group will argue that the U.S. should redouble its effort to train the Iraqi army while diminishing its own military presence there largely to an advising and support role, with an eye toward pulling out all combat units by the first three months of 2008. Tens of thousands of U.S. troops will likely remain.

During the past few months, Democrats vying in congressional elections had talked up the possibility of beginning an immediate troop withdrawal, and anticipation had been high that the Iraq Study Group might offer some unexpected solutions. Now, most factions in Washington seem to agree that the room for maneuvering in Iraq is narrow and that any changes in U.S. strategy are likely to come largely on the margins.

Former Democratic Rep. Lee Hamilton, who is co-chairman of the bipartisan group with former Secretary of State James Baker, made that point to a number of ambassadors and former U.S. officials at a Christmas party Saturday. "The expectations are up here," he said, putting his hand shoulder-high, "while our options are down here." He then lowered his hand below his knees, according to two other guests at the gathering.

The lack of any clear solutions for Iraq underscores the sentiment in Washington that U.S. involvement is likely to continue for years, even without obvious signs of progress.

"We are in a position where, politically, it may soon be impossible to stay in Iraq, but where, strategically, we simply can't leave," said Brent Scowcroft, a former national-security adviser to President George H.W. Bush.

During his Senate confirmation hearing yesterday, Robert Gates, Mr. Bush's nominee for secretary of defense, acknowledged that the U.S. isn't winning in Iraq. "All options are on the table in terms of how we address this problem," he said. The panel later unanimously approved the nomination and moved it to the full Senate for a vote.

Mr. Gates, who was a member of the Baker-Hamilton panel until he was selected to succeed Donald Rumsfeld as Pentagon chief, declined to discuss the timing or size of any potential military withdrawal from Iraq. He also didn't offer specifics about what other options the administration would consider to stem the violence.

Mr. Gates's role on the panel had led many to believe that Mr. Bush might be keen to embrace the group's findings, which will be laid out in a 100-plus-page report. But in recent days, Mr. Bush and his aides have downplayed its importance, depicting the report as just one review among many.

In detailed private briefings, U.S. officials have told close allies that Mr. Bush plans no abrupt shifts in Iraq and will stick by U.S. troop commitments there. Senior U.S. military commanders in Iraq also say no major changes are in the works, arguing that their current strategy will succeed if given enough time.

That strategy aims to shift thousands of U.S. personnel from combat to training-and-advisory roles while temporarily increasing the numbers of American combat personnel in Baghdad to stabilize the city.

The administration is collecting recommendations from the Pentagon, the State Department and the National Security Council. Mr. Bush plans to set out his response in a speech later this month, U.S. officials say. U.S. military officials in Iraq said they expect to hear results of the reviews in January and don't expect major changes in policy. "If there was an easy way to do it, we'd have done it by now," one senior official said.

The report of the 10-member bipartisan group, which began work in April, is titled, "The Way Forward: A New Approach." Yesterday, Mr. Baker briefed Mr. Bush at the White House on the general direction of the report. Officials involved with the panel's work said some members are troubled by the increasing violence in Iraq and worry that their recommendations might make little difference, even if followed.

The recommendations put forward in the report may get a cool reception from the administration. White House officials have said the U.S. would be open to considering negotiations with Tehran if it drops its support for the militant group Hezbollah and agrees to suspend its uranium-enrichment work. But Washington has given little sign of what it would be willing to offer Iran in exchange for help in Iraq. During a visit to Amman, Jordan, last week, Mr. Bush told King Abdullah that "this is not the time for engagement with Syria," a senior administration official said.

The White House has rejected calls for beginning a U.S. military withdrawal from Iraq. Administration officials have said they are committed to maintaining current U.S. troop levels there indefinitely.

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The administration's apparent reluctance to make sweeping changes in Iraq reflects two factors, said senior U.S. officials familiar with the deliberations. First, Mr. Bush continues to insist that the U.S. can still win, despite evidence that the initial goal of helping build a stable country with a democratic government capable of enforcing order is out of reach.

Second, Mr. Bush and his top advisers believe the White House can resist political pressures to change course in Iraq for at least a few months, Bush aides said. They said Mr. Bush feels that he has a short window to continue his current policy before the 2008 presidential-election cycle intensifies.

The administration's apparent commitment to largely staying the course in Iraq is certain to trigger debate within the new Democratic majorities in the House and Senate. Democratic lawmakers have coalesced around a proposal by incoming Senate Armed Services Committee Chairman Carl Levin (D., Mich.) to begin drawing down U.S. forces in the spring. Democratic leaders have said they won't use their power over the nation's purse strings to cut funding for U.S. personnel in Iraq for fear that it would open them up to charges of endangering the troops.

But some Democrats said they will consider reducing the money available for other administration priorities in Iraq -- like continuing small-scale rebuilding projects or training and equipping Iraqi security forces -- if the administration refuses to change course there or if the country slides deeper into conflict.

Panel To Urge Pressure On Iraq (WP)

By Peter Baker And Dafna Linzer

The Washington Post, December 6, 2006

The bipartisan Iraq Study Group plans to recommend to President Bush that he threaten to reduce economic and military support for Iraq's government if it fails to meet specific benchmarks intended to improve security in the country, a source familiar with the report said yesterday.

The congressionally chartered panel, which is due to deliver its much-anticipated report to Bush at the White House this morning and then unveil it to the public, outlined diplomatic and military ideas intended to change the course of the 44-month-old war. Among other things, the source said, the report urges Bush to aggressively tackle the Israeli-Palestinian dispute to reduce the broader regional tensions fueling the Iraq conflict.

The latest details to emerge from the commission's report help flesh out a plan that also calls for the United States to withdraw nearly all combat units by early 2008 while leaving behind tens of thousands of troops to advise, train and embed with Iraqi forces. The report suggests that the Bush administration open talks with Iran and Syria about ways to end the violence in Iraq and proposes holding a regional conference to bring together all of Iraq's neighbors.

Some proposals in the report track measures that the administration is already carrying out or is considering, but several directly challenge Bush in areas in which he has refused to compromise. The president has rejected talking with Iran and Syria and has resisted linking the Iraq war to the Palestinian issue. He has dismissed timetables for troop withdrawals, although the panel cites 2008 as a goal rather than a firm deadline. He has also declined to punish Iraqis for not making progress in establishing security.

Although the study group will present its plan as a much-needed course change in Iraq, many of its own advisers concluded during its deliberations that the war is essentially already lost, according to private correspondence obtained yesterday and interviews with participants. The best the commission could put forward would be the "least bad" of many bad options, as former ambassador Daniel C. Kurtzer wrote.

An early working draft from July stated that "there is even doubt that any level of resources could achieve the administration's stated goals, given the illiberal and undemocratic political forces, many of them Islamic fundamentalists, that will dominate large parts of the country for a long time."

In private e-mail exchanges over the past two weeks, members of the commission's working group, including former ambassadors, military officers and CIA analysts, expressed equally bleak outlooks for Iraq and skepticism that Bush would accept the panel's recommendations.

The report that resulted from that process is a mix of initiatives and conclusions that cover an array of areas, including a long diplomatic section, a security section and the proposed benchmarks for Iraqi leaders. Former secretary of state James A.

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Baker III, who served under President George H.W. Bush and co-chaired the commission, briefed the current president on its conclusions over lunch yesterday.

Baker and his co-chairman, former congressman Lee H. Hamilton (D-Ind.), and the rest of the 10-member panel will meet with Bush at the White House at 7 a.m. today to formally hand over the report, then travel to Capitol Hill for an 11 a.m. news conference. The report will be released at that time on four Web sites and is being published today as a mass-market paperback by Vintage Books, a division of Random House, under the title "The Iraq Study Group Report: The Way Forward -- a New Approach."

Some of its conclusions, such as the need for a phased withdrawal and for shifting the mission of U.S. forces, have been reported over the past few days. Much of the report, though, emphasizes diplomatic options. Advisers said they pushed for dialogue with Iraq's immediate neighbors, Iran and Syria, as a major path toward improving the situation, despite a belief that Bush would reject the recommendation outright because of those countries' ties to terrorism.

Baker, who as secretary of state spent much time working to bring peace to the Middle East after the Persian Gulf War, made a personal point of including the Israeli-Palestinian conflict in the report and "laying out the importance of why it needs to be dealt with and a strategy to deal with it," said a source familiar with the report. Baker has been close to the Saudi royal family and his ideas may provoke opposition from Israel and its allies.

The benchmarks laid out for Iraqi forces are similar to the goals the Iraqi government recently embraced, the source said. Unlike Bush, though, the commission recommends consequences for not meeting them. "If they don't do it, we ought to reduce the military, economic and political support," the source said.

At the same time, the source said, the U.S. military strategy ought to be implemented regardless of whether Iraqis meet their benchmarks. But the commission warns against turning over control of security to Iraqi forces until reforms are in place.

Clifford May, one of the working group's advisers and a former Republican Party spokesman, was one of two advisers who opposed withdrawal and supported Bush's strategy, but he said he "was willing to concede from the start that what Bush hoped for is probably not achievable. But it doesn't mean that nothing is achievable."

May said the report includes "at least 70 recommendations," but a timetable for troop withdrawal is not among them. "Instead, it says we have a mission that can be accomplished, and it defines that mission as the need to leave behind a government that can sustain itself," May said.

Much debate in e-mail exchanges among the most outspoken advisers to the study group focused on whether adding troops would help. But most feared that bringing in the large numbers required would break the military, lead to a surge in U.S. deaths and do nothing to better protect civilians.

In the end, the experts did not agree on sending additional forces beyond military advisers for the Iraqi national army. They seemed certain that Bush would reject most of their recommendations and that few could work anyway.

"Very early on, the notion of achieving some sort of victory didn't take," said Chas W. Freeman Jr., a former U.S. ambassador to Saudi Arabia. "So if victory is not possible and not feasible, even if you could define it, then what you're left with is to find some way to mitigate defeat."

James Dobbins, a principal U.S. architect of the Afghan reconciliation process, said he supported "an intensified regional dialogue that would be comprehensive and encompass all of Iraq's neighbors." But he and others on the staff said a push for more U.S. engagement with Israel and the Palestinians was rarely discussed beyond a few e-mail exchanges.

"It was kind of assumed by everybody that if the U.S. devoted more attention to it, it would be a good thing in its own right, but we didn't devote much time to that, so if it becomes a recommendation, it would likely come directly from Baker and Hamilton," said Kurtzer, who served as U.S. ambassador to Israel and Egypt.

Staff researcher Julie Tate contributed to this report.

Key Day On Iraq As Report Unveiled (USAT)

By Matt Kelley And Tom Vanden Brook

USA Today, December 6, 2006

DOJ_NMG_0102725

WASHINGTON — President Bush today receives a high-profile report suggesting new approaches for the Iraq war, a day after a Senate committee signaled it wants change by unanimously approving Robert Gates to replace Defense Secretary Donald Rumsfeld.

Gates, who was a member of the bipartisan Iraq Study Group that is releasing its recommendations, acknowledged at his confirmation hearing Tuesday that the United States is not winning the war. He said he would be open to new options.

After the Armed Service Committee vote, senators praised Gates' willingness to alter course. "I voted yes because … he seemed open to course correction," said Sen. Carl Levin, D-Mich., who will be the panel's chairman after Democrats take control of the Senate.

The vote and the report come at a critical time in the war and Bush's presidency. Violence in Iraq has escalated as U.S. public support for the war has fallen.

Asked directly by Levin if the United States is winning in Iraq, Gates replied, "No, sir." Later he clarified his answer by saying that the country is neither winning nor losing, "at this point."

He also acknowledged that there are "no new ideas on Iraq" but added that "all options are on the table."

President Bush, who had lunch with James Baker, the Republican co-chairman of the study group, will get the report at a 7 a.m. meeting today.

Among the issues to be raised by the commission and others:

•Withdrawing U.S. troops. The commission is expected to propose withdrawing about 70,000 combat troops by 2008.

Gates, who dismissed any timetable, told senators that any withdrawal of troops will depend on "conditions on the ground."

A timetable, he said, would tell insurgents "how long they have to wait until we're gone." There are about 140,000 U.S. troops in Iraq.

• Engagement with Iraq's neighbors, Syria and Iran. Gates said he would support such a move.

White House spokesman Tony Snow said Tuesday it would be a good idea for Iraq to work with its neighbors. Iraqi Prime Minister Nouri al-Maliki also said he'd be receptive to a conference with Iran and Syria.

•Increasing U.S. troops. Sen. John McCain, R-Ariz., a member of the committee, talked to Gates about whether there have been enough troops in Iraq. Gates said he would travel to Iraq to speak with commanders about troop levels.

Gates' nomination now goes to the full Senate for a vote, which could be held as early as today.

A Study In Comity (WP)

By David S. Broder

The Washington Post, December 6, 2006

Whatever the final impact of the Iraq Study Group report being issued today, for the 10 commission members this was an exhilarating experience, a demonstration of genuine bipartisanship that they hope will serve as an example to the broader political world.

"It was a very wonderful experience," former Republican senator Al Simpson of Wyoming told me last weekend. "We very quickly stopped considering ourselves as Republicans and Democrats, but as Americans trying to deal with a most urgent problem."

The nine men and one woman serving on the commission -- five from each party -- represented a wide range of political backgrounds and philosophical views. Several had been on opposing sides in past presidential campaigns.

But as commission member Vernon Jordan, the Democratic lawyer, noted, they were also "professionals" -- veterans of public service. Jordan has served on presidential commissions of one sort or another since 1965, and said, "This process has been a lesson in civility."

Leon Panetta, a former Democratic congressman and Clinton White House chief of staff, said the high average age of the 10 commission members contributed to its success. "This is a different generation of policymakers," said Panetta, who at 68 was one of the youngest members. "These are people who have very different views but are comfortable trying to understand each other and coming together to solve a terrible issue facing the country."

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The analogy suggested by Simpson and Panetta, both veterans of Capitol Hill, and endorsed by Jordan, is that the commission functioned like a successful House-Senate conference committee. Members fought to include (or exclude) points that were especially important to them, "but in the end," as Jordan noted, "you have to have the votes to pass it."

"We went over the recommendations word by word until everyone was satisfied," Simpson said. "No one was trying to sneak anything in, and no one was laying traps. It was a very powerful experience."

Despite all the goodwill, several of the members recounted that toward the end of their deliberations, one commissioner -- not someone who had served in Congress, they noted -- said he would not sign the report if one part was not removed.

James A. Baker III, the former Republican secretary of state, glanced at his co-chairman, former Democratic representative Lee Hamilton, and calmly said to the dissenter, "Okay, don't."

A little later, others recalled, the dissenting member asked to return to the disputed passage and, in short order, agreed to slightly modified language.

"No one wanted to see us embarrassed by being unable to come to consensus," Simpson said.

Panetta observed that while most of the commission members had had some dealings with each other in their previous positions, they really bonded during their inspection trip to Baghdad earlier this year. "Fifteen hours on the plane together and three days in a tough place -- that was a human experience where we shared a lot and really got to know each other," he said.

When I asked the commission members whether they thought their experience of coming to agreement could serve as an example to others, the answers were emphatic.

"Hopefully," Jordan said, "the House and Senate and both political parties will be instructed by our process. In the rollout, we're going to try to provide that example. I'll be going around with Ed Meese," the former Republican attorney general, "and there will be other bipartisan pairs, led by Baker and Hamilton."

When I put the question to Panetta, he said, "Our forefathers intended that a process like this work for people elected to office -- the president and members of Congress in both the House and Senate. They believed they would come from different places but ultimately find consensus -- that was the Miracle of Philadelphia," the compromise that produced the Constitution.

"What's unusual now is their contracting out to people like us a job that elected officials are supposed to do -- finding consensus on difficult issues. I hope this will be a lesson to them; otherwise, we're in for continued trench warfare."

Panetta concluded: "This is an opportunity to look at the realities we're confronting in Iraq. For too long, both sides have been trapped by their sound bites. I hope they realize that if they're going to govern this country, they have to work together."

Simpson was even more expansive. "This could be an example, not only of how to handle Iraq, but it could apply to immigration, Social Security and all those other things that have been hung up for so long. That's what this last election said: Get serious and get your work done."

I hope Washington is listening.

Lee H. Hamilton, A Compromiser Who Operates Above The Partisan Fray (NYT)

By Philip Shenon

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — The choice before the Sept. 11 commission in late 2003 was whether to subpoena the Pentagon to turn over classified documents, and four of the panel's five Democrats were eager to do so.

The dissenter was the commission's vice chairman, Lee H. Hamilton, a retired Democratic House member from Indiana, who had come to be trusted by the Bush administration as an honest broker. He told the other Democrats that he wanted to give Defense Secretary Donald H. Rumsfeld, an old friend from Congress, time to cooperate.

Mr. Hamilton's disdain for partisan battle, often to the annoyance of fellow Democrats, and his willingness to work toward compromise on national security policy, are likely to be on display again on Wednesday with the release of the findings of the Iraq Study Group, the independent panel established by Congress to rethink American policy in Iraq.

Panel members say the co-chairmen, Mr. Hamilton and former Secretary of State James A. Baker III, a Republican, have formed a close partnership that has allowed the group's five Democrats and five Republicans to transcend what might have been bitter partisan differences over the conduct of the war. The group's report is unanimous.

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"At a time when foreign policy issues are part of the partisan trench warfare of Washington, there aren't many people who can rise above it, but Lee is one of them," said Leon E. Panetta, a Democratic member of the Iraq group.

He said Mr. Hamilton and Mr. Baker had a "strong relationship," in part because "they are both cut from the same cloth — they're pragmatists who are willing to face realities and not get trapped in political posturing." They both practiced the "lost art" of negotiation, he said.

A Republican on the panel, Alan K. Simpson, a former senator from Wyoming, said Mr. Hamilton and Mr. Baker developed a "remarkable symbiosis — they trusted each other, they respected each other." He said their leadership was a welcome reminder of a time when Democrats and Republicans typically reached across the aisle to find consensus on foreign policy.

Mr. Hamilton has said little in public about the deliberations of the panel but said recently that the successes of the Sept. 11 commission resulted from an effort to "respect one another as individuals — I didn't see my Republican friends with a big R on their head." He added: "We talked, and we talked, and we talked. And if you know a way to build a consensus without talking to one another, let me know."

With his assignments on the Sept. 11 commission and the Iraq Study Group, Mr. Hamilton, 75, has had nearly the public recognition he enjoyed during 34 years in the House, where he was a leading Democratic voice on foreign policy.

On the Iraq Study Group, Mr. Hamilton is demonstrating, as he did in Congress, that he is not in lock-step with Democratic leaders, who have mostly recommended a sharper reversal of American policy than the group will propose.

While never criticizing him in public, Democrats on the Sept. 11 commission and Congressional leaders were often at odds with Mr. Hamilton during that investigation, describing him as too trusting of the Bush administration and too patient in negotiations with the White House over access to classified documents.

At the same time, his willingness to hear out the White House won him the respect of the commission's Republicans, making them more willing to compromise when it came time to write a final report.

Similar complaints from Democrats about Mr. Hamilton's dealings with the White House were heard in the mid-1980s, when he led the House intelligence committee and appeared reluctant to follow up on news reports that the Reagan administration had sold weapons to Iran and diverted the proceeds to Nicaraguan rebels, called the contras.

The reports proved to be true, and Mr. Hamilton acknowledged later that he had been duped by senior Reagan administration officials. "I basically believed them," he said after the Iran-contra affair was exposed. "My attitude was, 'I don't have any hard evidence not to believe.' " He later led the House investigation of the scandal.

Lee Herbert Hamilton was born on April 20, 1931, in Daytona Beach, Fla. His father was a Methodist minister, and the future lawmaker's traditional, religious upbringing in Evansville, Ind. might help explain his reputation in Congress for fair play and his enthusiasm for hard work. He arrived at his desk in the House by six most mornings.

After graduation from DePauw University in 1952 and the Indiana University School of Law in 1956, he practiced law before entering Democratic politics. He was first elected to the House in 1964, swept into office in a traditionally Republican district as part of President Lyndon Johnson's landslide that year.

Mr. Hamilton ended up on what was then called the House Foreign Affairs Committee, now known as the Committee on International Relations.

He found he liked it and, when later asked to join other committees and to consider a Senate bid, Mr. Hamilton turned the offers down, preferring to remain in the House and cement his reputation as a spokesman for the Democratic Party on how the United States should deal with the rest of the world. He went on to become chairman of both the international relations and intelligence committees.

Mr. Hamilton said in a speech last spring that in his decades in Congress, he was often asked, "Why don't you focus on problems here at home?"

The answer, he said, was simple. Americans lived in a world, he said, in which a foreign-born terrorist "can endanger more Americans than a drug dealer in Brooklyn, where a terrorist strike can take the lives of 3,000 Americans in a few horrifying minutes." More and more, he said, the United States needed to "see our problems in the context of the world we live in." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

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Americans' Iraq Views Sink To New Lows, Poll Finds (WSJ)

The Wall Street Journal, December 6, 2006

A majority of Americans say the situation for U.S. troops in Iraq has grown worse and confidence in U.S. policies in Iraq is at a new low, a Harris poll shows.

Fifty-eight percent of U.S. adults say the situation for troops in Iraq is getting worse, according to the online survey from Nov. 13 to Nov. 20, 2006, compared with 45% in September and 36% in January. Nine percent said the situation for troops in Iraq is getting better, while 27% said there was "no real change."

The percentage who are confident U.S. policies in Iraq will be successful fell to 17% from 26% in January, while those who aren't confident increased to 63% from 55% at the first of the year.

In addition, more Americans have a negative view of President Bush's handling of Iraq over the last several months: 71% said he is doing only fair or poor, compared with 26% who think he is doing a pretty good or excellent job. In September, 64% had a negative view of Mr. Bush's handling of Iraq and 32% rated him positively.

When asked if taking military action against Iraq was the right or wrong thing to do, 36% said it was the right thing and 46% said it was the wrong thing.

See full results of the poll: "Overall, how would you rate the job President Bush has done in handling the issue of Iraq over the last several months?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "How confident are you that U.S. policies in Iraq will be successful?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Thinking about everything that has happened, do you think that taking military action against Iraq was the right or wrong thing to do?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you think that the situation for U.S. troops in Iraq is…?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Overall, how would you rate the job each of the following has done in handling Iraq over the last several months?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding.

* Positive: excellent or pretty good

Negative: only fair or poor

Methodology:

Harris Interactive conducted this online survey in the U.S., Nov. 13-20, 2006, among a nationwide cross section of 2,429 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

<hr/>About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com1. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com2.

House Democrats May Attach Conditions To Iraq Funding (MCT)

By Margaret Talev

DOJ_NMG_0102729

McClatchy Newspapers, December 6, 2006

WASHINGTON - On the eve of the Iraq Study Group's long-awaited recommendations for how to exit Iraq, congressional Democrats were eyeing a different document as leverage for change: President Bush's anticipated request for more money to keep fighting.

House Democratic leaders, who will take control in January, said Tuesday they are considering attaching a series of conditions to the estimated $160 billion supplemental war funding request for Iraq and Afghanistan that President Bush is expected to send them early next year.

They wouldn't specify what their conditions would be, including whether they might attach a troop-withdrawal timeline, as many Democratic lawmakers want to do.

Rep. Rahm Emanuel, D-Ill., chairman of the House Democratic Caucus, said the supplemental funding request "is going to be the turning point" for the direction of the war. "Those dollars are going to be treated differently," he said.

"There may well be attached to those $160 billion various parameters that the Congress expects to be met," said Majority Leader-elect Steny Hoyer, D-Md.

The Study Group's recommendations, to be formally released Wednesday after weeks of leaks, aren't expected to trigger much in the way of immediate results. But a big war-budget request that requires congressional approval could give Democrats a hand in forcing change.

If they use the funding request to pressure the administration, two political questions arise: Will Senate Democrats have the will or the power to act as boldly as House Democrats? And how far can Democrats push without being accused of cutting off funds for troops fighting on the ground?

In an interview last week, incoming Senate Majority Leader Harry Reid, D-Nev., showed little appetite for holding up the supplemental budget request. "We'll see if there's any fluff in it and make sure there's no pet projects," he said. "But if it's legitimate I think we'll have to go along with it."

"We will not cut off funding for the troops," Pelosi said Tuesday, but she added: "The days of rubber-stamping any request by this administration are over."

She underscored that her ally, Rep. Jack Murtha, D-Pa., incoming chairman of the Defense Appropriations subcommittee and a strong advocate for troop redeployment, would be heavily involved in setting Democratic strategy for the war budget request.

Thomas Donnelly, a defense policy expert with the Center for Strategic and International Studies, a center-right think tank, said that Democrats aren't likely to play their new power to the hilt, but they will have room for pressure.

"They could say, `We're not going to pay the bills for a force larger than X size,' or `You can't have this money unless you start withdrawing troops from Iraq.' (But) I think they haven't got the votes or the nerve."

Instead, Donnelly said, Democrats could opt for less controversial steps.

"You start demanding a lot of reports. Or you force the president to certify that things are getting better in Iraq. You can refuse to fund certain White House operations. Or they could say `I'm going to cut missile defense funding to pay for war costs, or other executive branch operations.'

"This is how it works when you have a political division between the legislative branch and the executive branch," Donnelly said. "Obviously in a wartime situation this game of chicken is conducted at a much higher level."

Top Democrats Rebuff Calls To Cut Off War Funds (WT)

By Christina Bellantoni

The Washington Times, December 6, 2006

Top Democrats in Congress are ignoring calls from within their caucus to eliminate funding for troops in Iraq, a strategy some say is necessary to end U.S. involvement in the war.

"There is only one way in which the United States will withdraw from Iraq prior to the end of President Bush's term," said Rep. Dennis J. Kucinich, Ohio Democrat. "Congress must vote to cut off funds."

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Democratic leaders flatly rejected the idea yesterday, insisting they will move to "change the course" of the war but will continue to appropriate money to support the troops fighting in Iraq. The Democrats won back the House and Senate leadership in large part with staunch opposition to the Iraq war, but many worry that cutting off funding would seem unpatriotic.

"My only real comment is you have to support the troops," incoming House Armed Services Committee Chairman Ike Skelton said about the Kucinich proposal. The Missouri Democrat initially supported the war but now wants gradual troop withdrawal.

Mr. Kucinich is trying to convince his colleagues that resolutions to withdraw troops have no legal effect as long as the president receives appropriations to continue the war. He said Congress must "force a new direction" in Iraq.

"Even a substantial reduction of funds could leave open the door for a legal claim that Congress still intends to keep troops in Iraq," said Mr. Kucinich, a Democratic presidential contender in 2004.

Several members of the Out of Iraq Caucus support a less drastic measure to end war funding.

Rep. Jim McGovern, Massachusetts Democrat, said his plan would send "a signal that our occupation has to end." It would cut off most funding but leave money for the "safe and orderly" withdrawal of troops, economic recovery and international peacekeeping.

Mr. McGovern's proposal has 18 co-sponsors. Mr. Kucinich's plan, which has not surfaced in the form of a bill, has received no endorsement.

Party leaders instead favor setting conditions on appropriations.

"As long as our troops are in harm's way, Democrats will be there to support them," said House Speaker-elect Nancy Pelosi of California. "We will not cut off funding for the troops."

Democrats downplayed intraparty divisions. "No matter how you look at it, there is a consensus this war needs to end," Mr. McGovern said.

Rep. Barney Frank, Massachusetts Democrat, dismissed the Kucinich plan as "silly," but one Republican said it is the most genuine proposal he has heard from a war opponent.

"I completely disagree with him, but he is the only honest voice of liberalism in the House," said Rep. Patrick T. McHenry of North Carolina.

Rep. John P. Murtha of Pennsylvania, the incoming chairman of the House Appropriations subcommittee on defense, told fellow Democrats that he will now allow an emergency request from the White House for billions of dollars in supplemental appropriations and will insist that the president lay out exact spending plans for completing the mission in Iraq.

Majority Leader-elect Steny H. Hoyer, Maryland Democrat, said conditions "may well be attached" to the next such bill, expected to total $160 billion.

Mrs. Pelosi said Democrats will insist on oversight, which includes investigations into missing defense appropriations and subcontractors such as Halliburton Co.

Some anti-war groups think that cutting off funding would be a quick way to end the conflict. Democrats took such action in 1974 during the Vietnam War. When a $70 billion spending measure was up for a vote in September, only 20 House Democrats opposed it. It received unanimous support in the Senate.

War Cost Has Hidden Tolls (MH)

By Kevin G. Hall And Dave Montgomery

The Miami Herald, December 6, 2006

WASHINGTON - During a recent visit to a military family center at Fort Hood in Texas, Joyce Raezer was dismayed to find a sign in a stall in the ladies' room. It asked women to clean up because janitorial service had been cut back.

"What message does that send to a family member when they walk into a family center?" asked Raezer, the director of government relations for the National Military Families Association.

At Fort Leonard Wood in Missouri, swimming pools closed a month early this fall, and shuttle vans were sharply curtailed in an effort to trim spending. At Fort Sam Houston in Texas, unpaid utility bills exceeded $4 million, and the base reduced mail delivery to cut costs.

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Belt-tightening at the bases is only the beginning. As the United States spends about $8 billion a month in Iraq, the military is being forced to cut costs in ways big and small.

Soldiers preparing to ship to Iraq don't have enough equipment to train on because it's been left in Iraq, where it's most needed. Thousands of tanks and other vehicles sit at repair depots waiting to be fixed because funds are short.

At the Red River Army Depot in Texas, the Fort Worth Star-Telegram reported in October that at least 6,200 Humvees, Bradley Fighting Vehicles, trucks and ambulances were awaiting repair because of insufficient funds.

There's a virtual graveyard of tanks and fighting vehicles at the Anniston Army Depot in Alabama. Depot spokeswoman Joan Gustafson said that the depot expects to repair 1,885 tanks and other armored vehicles during the fiscal year that began on Oct. 1. That's up from the 1,169 and 1,035 vehicles repaired in the prior two fiscal years.

Some of the depot's private-sector contractors haven't been able to supply enough parts in time to make all the repairs, she said. The depot is trying to reduce the time it takes to get repair and replacement parts from 120 days to 60 days.

Tanks and helicopters are one thing; the toll on America's warriors and their families is another.

More than 73,000 soldiers returning from Iraq and Afghanistan have been diagnosed with post-traumatic stress disorder (PTSD) and with problems such as drug abuse and depression. That's enough people to fill a typical NFL stadium.

Internet blogs written by soldiers or their wives tell of suicide attempts by soldiers haunted by the horror of combat, civilian careers of reservists who've been harmed by deployment and redeployment, and marriages broken by distance and the trauma of war.

"Back-to-back war deployments has changed both of us -- to where it's as if a marriage does not exist anymore," wrote a woman calling herself Blackhawk wife on an Iraq war vets Web site. ``We just go through the daily steps of life and raising children as best we can."

A mother of a returning soldier posted this: "Since he has been back, he has had 3 DUIs, wrecked his truck, attempted suicide, been diagnosed with PTSD" and is being kicked out of the Army.

The length of the war in Iraq has strained all aspects of the armed forces, said Dov Zakheim, who was the Pentagon's chief financial officer from 2001 to 2004.

"In 2003, I don't think anybody predicted it would go as long as World War II and the wear and tear on equipment would be as intense," said Zakheim, now a vice president for global strategy consultant Booz Allen Hamilton Inc. ``When I left the department, we were spending less than $4 billion a month on Iraq. Now it's pretty much doubled."

The length of the Iraq war surpassed that of World War II last month. The costs of the wars in Iraq and Afghanistan and the global fight against terrorism are expected to surpass the $536 billion in inflation-adjusted costs of the Vietnam War by spring. That's more than 10 times the Bush administration's $50 billion prewar estimate.

Through the fiscal year that ended on Sept. 30, Congress authorized about $436 billion in war spending, according to the Government Accountability Office, the investigative arm of Congress.

In October, President Bush signed legislation that tacked on $70 billion, bringing the total to more than $506 billion. That number will rise again once Congress appropriates Iraq stabilization and reconstruction funding.

The armed services, seeking to replace aging equipment and address quality-of-life issues for military families, are believed to be seeking $100 billion to $160 billion in a supplemental spending bill for spring.

If that's approved, war funding -- three-quarters of it going to Iraq-related operations -- would reach nearly $700 billion. If U.S. troops remain in Iraq through 2010, it will approach $1 trillion.

In January, Nobel Prize-winning economist Joseph Stiglitz released a study that said the true costs of the Iraq war could exceed $1 trillion and perhaps reach $2 trillion.

"When I saw that figure, I thought it was an exaggeration. I no longer think it's an exaggeration," said Rep. John Murtha, D-Pa., a decorated Vietnam veteran who's criticized how the war has been fought and funded.

The Stiglitz report focused on hard-to-measure things such as lifetime care for injured soldiers and the economic effect of higher oil prices as a result of the war. But his final numbers for unofficial costs are on pace to be matched by the official costs -- which don't add the intangibles.

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"We were very conservative on the numbers, and the numbers have repeatedly come in higher than we estimated," said Stiglitz, a former chief economist of the World Bank, in a telephone interview from Spain. "Those costs continue to pile up: the healthcare costs, the disability costs, the replacement costs -- and there's obviously an open question now if we ever reconstruct" Iraq.

Here's a look at some of the costs:

• RESET

Until recently, little of the authorized war funding went toward reset, the military term for replacing fighting vehicles, tanks, helicopters and other equipment that are wearing out from heavy use.

"We have a backlog of maintenance work to reset, fix, retool all our equipment, and at the same time we have to take care of our civilian soldiers," said Rep. Solomon Ortiz, D-Texas, who in January will become chairman of the House Armed Services subcommittee on readiness. ``Many of the units in the United States Reserve or National Guard do not have any equipment because their equipment stayed in Iraq . . . Humvees, weapons, trucks, tanks. You name it, they need it."

Gary Schmitt, a defense expert for the American Enterprise Institute, a conservative think tank, said the problem existed before 2001. "The war has obviously made that much worse," he said. "People would be surprised, but the reality is the increases in defense spending have been personnel and operational," not for upgrading or modernizing the armed forces.

The October bridge funding, which bridges the gap that occurs when the fiscal year begins before funds have been appropriated, included $24 billion for reset costs across the armed services. The Army's deputy chief of staff, Lt. Gen. David Melcher, told Congress in March that he expected reset costs of at least $12 billion a year while troops are in Iraq and for two years after withdrawal. In the 2006 fiscal year, the Marine Corps' reset request was three times bigger than its regular procurement budget.

The nonpartisan Congressional Budget Office estimated a $60 billion reset price tag through 2016, assuming a reduction in U.S. troops in Iraq by 2010.

'As long as the current level of intensity is maintained in Iraq operations, there's not going to be enough money to meet all the services' needs," said Loren Thompson, a defense analyst at the Lexington Institute, a military think tank. ``We're really burning up money over there at a furious pace."

Policymakers are stymied in their efforts to predict war costs, partly because the Department of Defense provides only vague estimates of future costs.

"DOD has provided little information about overall requirements to replace worn equipment or to upgrade capabilities, or how war requirements relate to ongoing peacetime investment," Amy Belasco, a defense budget analyst for the nonpartisan Congressional Research Service, said in a September report.

As the chief economist on President Bush's Council of Economic Advisors in 2002 and director of the CBO from 2002 until last year, Douglas Holtz-Eakin wrestled with that same problem. "It was hard to get actual cost data," he said.

• HEALTH

Between Oct. 1, 2001, and June 30, 2006, 35 percent of returning active-duty soldiers and 31 percent of Army reservists and National Guardsmen sought medical care from Veterans Affairs health centers. That figure from the Veterans Health Administration doesn't include treatment at VA hospitals.

In that period, more than 33,000 returning troops received preliminary diagnoses of post-traumatic stress disorder. Others experienced depression and drug abuse.

"The wear and tear on soldiers and the wear and tear on their families have been immense," said John Grady, a spokesman for the Association of the United States Army, a nonprofit group that lobbies on behalf of active and retired soldiers.

Problems are getting corrected, he said, ``but they're getting corrected very slowly because the money is very slow in arriving."

In the first Gulf war, in which 700,000 U.S. soldiers were involved, 44 percent filed for some sort of disability compensation.

More than 1.4 million U.S. soldiers have been deployed to Iraq and Afghanistan since late 2001, and about 26 percent have filed disability claims, according to raw data provided by the Department of Veterans Affairs. That percentage could grow as soldiers leave the armed forces.

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"I see the whole thing as a mini-Medicare, another huge entitlement program which is going to be sprawling out over the course of our lifetimes and our children's lifetimes," said Linda Bilmes, a Harvard University public finance professor and co-author of the Stiglitz study. ``The big costs come when they get back . . . they stand a good chance of being really underfunded and not taken care of properly."

Veterans groups worry that they'll be forced to compete with other government programs for funds. Not enough attention is being given to the future mental health and medical needs of Iraq and Afghanistan war vets, they say, especially given how those wars differ from previous ones.

"First, they are deployed to war longer. Second, they are being deployed to the war zone two or three times. The combat there is more intense than the Gulf War for nearly everyone deployed," said Paul Sullivan, a Desert Storm veteran and director of programs for Veterans for America. ``There are no rear-area jobs. Everyone is on the front lines . . . cooks and clerks and truck drivers . . . the entire country is a war zone."

• FUTURE READINESS

Military commanders complain that they've been forced to fight a war on the cheap, despite its large costs. That's because military spending totals about 4 percent of the broader economy, a historically low level. Some critics, including Murtha, want to see more funds dedicated to the military's long-term needs.

"As the ships get older, the airplanes get older, we won't have the deterrent capability that we need," Murtha said.

Big-ticket U.S. military programs have been delayed since the 1990s, said Schmitt at the American Enterprise Institute. There are now so many unfunded replacements and upgrades scheduled in the years ahead that the nation faces a "procurement bow wave" that could swamp the federal budget.

Zakheim, the Pentagon's former CFO, said diverting money from acquisition programs is akin to ``eating our seed corn for the future."

Iraqi Premier Moves To Plan Regional Talks (NYT)

By Edward Wong And Helene Cooper

The New York Times, December 6, 2006

BAGHDAD, Dec. 5 — Prime Minister Nuri Kamal al-Maliki said Tuesday that he would send envoys to neighboring countries to plan a conference on Iraq, adding momentum to calls for a regional approach to quell the increasingly anarchic war here.

Such a proposal is already gaining attention in the United States, where the Iraq Study Group, headed by former Secretary of State James A. Baker III and former Representative Lee H. Hamilton, is expected to recommend Wednesday that the American government should approach Iran and Syria to seek their aid in ending the war. Last week, Kofi Annan, the United Nations secretary general, suggested convening an international conference.

Publicly, the White House has resisted the idea of widening its own diplomatic channels with Iran and Syria, saying that even opening a regular dialogue would be a concession to two governments suspected of fomenting violence in Iraq. But senior Bush administration officials now say they are working out ways to talk to those countries without the White House appearing to have conceded on its principle of giving them the diplomatic cold shoulder.

A State Department spokesman, Sean McCormack, said the United States approved of Mr. Maliki's proposed conference.

"It's absolutely consistent with what the Iraqis have said, that they have the reins on their own diplomacy and how they will relate to their neighbors, and how their neighbors will relate to them," he said.

American diplomats say they could use an international conference on Iraq, possibly the one called for by Mr. Maliki or a resurrection of a forum held in Egypt in 2004, to engage in talks with Iran and Syria.

The talk of a regional conference came as a spokesman for the American military command, Maj. Gen. William B. Caldwell IV, said the Iraqis would take operational control of all Iraqi Army divisions by early summer, and responsibility for security in all 18 provinces by next fall.

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He said the timetable resulted from discussions last week in Jordan between President Bush and Mr. Maliki, who has been pressing the White House for an accelerated transfer of authority. So far, the American command has given the Iraqis operational control of 3 of the 10 Iraqi Army divisions and security oversight in two provinces.

Mr. Maliki's statement on an international meeting was the first time the prime minister had indicated that he wanted a wider regional discussion. It contradicted the stand taken by Iraq's president, Jalal Talabani, as well as that of a powerful Shiite politician, Abdul Aziz al-Hakim, who met with President Bush in Washington on Monday. Both rejected a conference, saying that Iraq would find solutions through internal deliberations.

Mr. Maliki told reporters that a conference should held in Iraq, and that he was seeking support — not interference — from his neighbors.

"We will send envoys to neighboring countries to exchange opinions on matters and to ask the governments of these countries to help reinforce security and stability in Iraq," Mr. Maliki said. "After settling the political climate, we will call for a convening of only those countries that want to ensure the security and stability of Iraq."

Though Iran, Syria and Saudi Arabia have long been accused of aiding militants in Iraq, and the country's Shiite revival has already sent ripples across other Arab nations, most noticeably Lebanon, rulers around the Middle East have been expressing even more concerns about cross-border destabilization. King Abdullah II of Jordan warned late last month, for example, that the Middle East could be shaken by civil wars in Iraq, Lebanon and the Palestinian territories by early next year.

Representatives from the region have met before to discuss Iraq, most recently in September, when foreign ministers from predominantly Sunni Arab countries converged in Cairo. The conference proposed by Mr. Maliki could take place at a higher level and would presumably be more wide ranging, to possibly include Turkey and Iran. Syria reopened its embassy in Baghdad last month after a hiatus of more than two decades.

One of the first international conferences on Iraq was held in 2004 at the Egyptian Red Sea resort of Sharm el Sheik. The conference was attended by the United Nations and the Arab League, as well as Saudi Arabia, Jordan, the United States, Britain, France, Canada, Japan, Iran and Syria.

American officials said the format of that conference might be a good vehicle for indirect talks with Syria and Iran. Administration officials have been working with the United Nations and the Iraqi government to set up the next meeting of the conference, which is sometimes called the Iraq Compact Group and other times called the International Compact on Iraq.

The parties had planned to meet this week in Saudi Arabia, but postponed those plans when Mr. Maliki asked for more time to reach out to Iraq's neighbors, according to senior Bush administration officials.

The question is whether the administration can make the next, yet-unscheduled meeting of the conference substitute for the direct talks with Iran and Syria that many politicians are calling for. Secretary of State Condoleezza Rice and her deputies have been pointing recently to the forum begun in 2004 as a sign that America and Iran have a channel available to talk whenever they want.

"We already have a transparent process we can use to talk to Iran," Mr. McCormack said. "You know, we have this international forum."

General Caldwell's discussion at a news conference of the handover of military authority to the Iraqis next year dovetailed with the other main recommendation expected from the Iraq Study Group's report on Wednesday — that the Americans should steadily reduce the number of combat units in Iraq while increasing the size and number of American training teams embedded with Iraqi units.

Senior American commanders in Iraq say that they doubt that many of the Iraqi units will be capable of fighting the Sunni-led insurgency on their own, even after the Iraqi government gets full operational command of the military, but they say that the influx of advisers should strengthen the Iraqi forces. The Iraqis would then be able to take over most of the fighting by the end of 2007, the commanders say.

The immense security challenge facing the Iraqi and American forces was highlighted Tuesday by a series of particularly brutal attacks across Baghdad that resulted in at least 54 Iraqis killed and scores wounded.

In the deadliest assault, gunmen set off a bomb to stop a bus carrying workers for a government organization that maintains Shiite mosques, then opened fire on the passengers, killing at least 15 people and wounding nine, an Interior Ministry official

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said. In the Bayaa neighborhood, a triple car bombing near a gas station killed at least 14 people and wounded 25, a hospital official said.

The American military said Tuesday that a soldier had been killed and four were wounded by a guerrilla ambush in northeastern Baghdad on Monday, and that a soldier was killed and another wounded by a roadside bomb in Diyala Province on Monday.

In pushing for a regional conference, Mr. Maliki appeared to be showing more flexibility in looking for solutions to the violence than either Mr. Talabani, the Iraqi president, or Mr. Hakim, the head of the main Shiite political bloc and a rival of Mr. Maliki's.

Over the weekend, Mr. Talabani and Mr. Hakim had reacted with disdain to Mr. Annan's suggestion of an international conference on Iraq.

Mr. Hakim has very close ties to Iran, ruled by Shiite Persians, and has chafed at the prospect that Sunni Arab countries in the region could get more involved in Iraq. Like many Kurds, Mr. Talabani fears interference in Iraqi affairs by Turkey, which has threatened to invade the autonomous region of Iraqi Kurdistan if the Kurds try to move toward independence or take control of the oil city of Kirkuk.

Mr. Maliki is a conservative Shiite, but is believed to be less closely allied to Iran than Mr. Hakim.

The different positions staked out by the two Shiite politicians suggested that the White House might not have an easy time getting Mr. Hakim to lend full political support to Mr. Maliki, if that had been one of President Bush's goals in inviting Mr. Hakim to the White House.

In a classified memo written last month, Stephen J. Hadley, the national security adviser, suggested that the Americans could build a new political base for Mr. Maliki by urging Sunni Arab leaders and Shiite politicians, especially Mr. Hakim, to back Mr. Maliki. That would then in theory allow Mr. Maliki to break with Moktada al-Sadr, the anti-American Shiite cleric who is Mr. Maliki's main political backer.

For months, American officials have been urging Mr. Maliki to crack down on Mr. Sadr's formidable militia, the Mahdi Army, which has been responsible for waves of reprisal killings of Sunni Arabs. <NYT_AUTHOR_ID>

Edward Wong reported from Baghdad, and Helene Cooper from Washington.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Maliki Seeks Regional Meeting On Iraq Security (WP)

By Nancy Trejos

The Washington Post, December 6, 2006

BAGHDAD, Dec. 5 -- Iraqi Prime Minister Nouri al-Maliki called Tuesday for a regional conference on stabilizing his country but rejected a proposal from U.N. Secretary General Kofi Annan that it take place outside Iraq.

"After preparing the proper political atmosphere, we will call for holding a conference in which all those countries that are interested in the security and stability of Iraq will participate," Maliki said in a televised speech in Baghdad.

He said he would send envoys to neighboring countries, which he did not name. He also did not explain what a proper political atmosphere would be. An aide close to Maliki said the prime minister wants the conference to take place in Iraq under the Iraqi government's terms.

In an earlier statement e-mailed to reporters, Maliki rebuked Annan for suggesting that Iraq was not the right venue. "We consider his invitation to hold an international conference about Iraq as just another way to confiscate the will of Iraqis and their achievements that established democracy, a national unity government and the elected Parliament," he said in the statement.

Under pressure from the Bush administration to rein in violence, Maliki, a Shiite Muslim, said Iraqi leaders would meet in mid-December to reconcile feuding factions and "strengthen the Iraqi national unity."

His comments came a day before the bipartisan Iraq Study Group, co-chaired by former secretary of state James A. Baker III and former representative Lee H. Hamilton (D-Ind.), is set to release a report in Washington recommending ways to reduce the U.S. military presence in Iraq and end sectarian violence. The report is expected to include a recommendation that Iraq and the

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United States engage in talks with Iran and Syria, which border Iraq. Iraq recently resumed diplomatic relations with Syria after more than two decades of severed ties.

But the Bush administration has long-standing concerns about what officials believe to be Iran's support for Shiite militias and Syria's failure to stop foreign fighters from joining the Iraqi insurgency. High-ranking Iraqi leaders also have reservations about involving the two neighbors.

"What are other countries going to do?" Mahmoud Othman, a Kurdish Coalition member of Iraq's parliament, asked after Maliki's speech. "The problem is between Iraqis now."

Late Tuesday, Maliki released a statement urging university professors and students to ignore "the desperate attempts" of a Sunni insurgent group to keep them from class. The group had sent e-mails to students and posted signs at schools and mosques saying students should stay away while it cleanses the campuses of Shiite death squads.

Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, said at a Baghdad news conference that the military expects the country to be under complete control of Iraqi forces by the middle of 2007, which he called "the year of transition."

"We should see the complete transfer of command and control of all Iraqi army divisions by late spring, early summer," he said, echoing a timetable discussed by Bush and Maliki at their meeting last week in Jordan.

Nasar al-Rubaie, who leads the parliamentary bloc of radical Shiite cleric Moqtada al-Sadr, said Tuesday that he had collected signatures from 115 of the 275 members of parliament calling on the government to draft a timetable for the withdrawal of U.S. forces. The bloc suspended its participation in the government last week. The number of signatures could not be independently verified.

Dozens of civilians died in various shootings and car bombings across the country Tuesday.

The U.S. military reported that 14 Iraqi members of the "Society of Shia" were killed and four wounded when small-arms fire hit the bus carrying them in the Adhamiyah section of northern Baghdad Tuesday morning. A car bomb exploded after they died, a military statement said. Then a BMW was driven into the area and exploded as the injured were being taken to a hospital. The bomb caused no further injuries, the military said.

Three car bombs exploded near a fuel station, killing 16 people and wounding 25, in the southwestern Bayaa district of Baghdad, according to the Associated Press.

In central Baqubah, gunmen raided a house, killing two residents and wounding a third before setting the house on fire, according to an official with the Diyala Joint Coordination Center.

The U.S. military announced that three more soldiers died Monday. A soldier from the 1st Cavalry Division died from wounds suffered from an explosion near his vehicle in Diyala province. A second soldier was wounded in the blast. One soldier died when his vehicle rolled over north of Camp Anaconda in north-central Iraq. Another soldier was killed and five were wounded when insurgents attacked them as they were enforcing curfew restrictions in a northeastern neighborhood of Baghdad.

Special correspondent Naseer Mehdawi in Baghdad contributed to this report.

Baghdad Wants Control Of Talks With Neighbours (FT)

By Roula Khalaf

Financial Times, December 6, 2006

Baghdad has been trying to take ownership of regional policy ahead of the Iraq Study Group report, fearing that changes in US policy will undermine the elected government.

Nouri al-Maliki, the prime minister, said on Tuesday he was sending envoys to neighbouring countries to improve security co-operation and that he would call for a regional conference.

Iraqi leaders have underlined in recent days their opposition to any proposal for an international conference and warned that they, rather than the US, should lead any direct engagement with Syria and Iran.

Direct US talks with Syria and Iran as part of a broader regional initiative is said to be among the policies that will be advocated today by the bipartisan group co-led by James Baker, the former US secretary of state.

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While another core proposal may be a gradual redeployment of US combat troops, the Iraqi government has sought to focus the military debate on the need to accelerate the training and equipping of Iraqi forces and on giving greater authority to Baghdad to command and control military operations.

"We have our own views," Hoshyar Zebari, Iraq's foreign minister, told the Financial Times. "We have concerns about an international conference because we're past that stage."

Iraq "should involve the neighbours instead of the US," he added. "The elected Iraqi government should take the lead and hold neighbours to account."

Both the Shia coalition that dominates government and the minority Kurds worry that broader regional involvement will bring new demands on how power should be shared in Iraq.

Sunni Arab states, which would have to be brought into any discussion, for example, are urging a larger political role for Iraq's Sunni community.

"We the Iraqis are not ready to allow neighbours to dictate the form of political system we have and how we should act," said Mr Zebari.

Iraqi officials fear that direct US engagement with Syria and Iran could embolden the two neighbours and enhance their regional standing, without necessarily bringing an end to their alleged support for violent sectarian groups.

To underline that the government should be the only party engaging with neighbours Mr Zebari recently invited Walid al-Muallem, his Syrian counterpart, to Baghdad, while Jalal Talabani, the president, held talks in Tehran.

Mr Zebari said he was pushing for a February gathering in Baghdad of foreign ministers from neighbouring countries. Such meetings take place periodically but diplomats say that they have proved no more than a talking shop.

Although much work still needs to be done with neighbours, said Mr Zebari, the dramatic escalation in sectarian violence in recent months has alarmed the whole region. "Everyone is starting to understand that what's going on has reached a certain level that it could be out of everybody's control and could spill over," said Mr Zebari.

Al-Maliki To Call For Regional Meeting (AP)

By Qassim Abdul-Zahra

AP, December 6, 2006

Iraq's prime minister reversed course Tuesday and said his envoys will talk with Iraq's neighbors about the possibility of a regional conference on quelling the violence here, despite opposition to the plan by some key political allies.

Prime Minister Nouri al-Maliki made the announcement as more than 100 people were killed or found dead in and around Baghdad, underscoring the urgency of finding a solution to the bloodshed.

The U.S. military said three more American troops had died Monday — two as a result of insurgent attacks and one in a traffic accident.

Despite a string of ambushes, mortar attacks and bombings Tuesday, the chief U.S. military spokesman told reporters that all of Iraq would be under Baghdad's control by the fall of 2007, with U.S. soldiers and Marines and other coalition forces playing a supporting role.

Al-Maliki, a Shiite, told reporters that his envoys would talk with other governments in the region, most of them Sunni-dominated, about how they might help establish security and stability in Iraq.

"After the political climate is cleared, we will call for the convening of a regional conference in which these countries that are keen on the stability and security of Iraq will participate," al-Maliki said.

The prime minister's statement fell short of an unconditional call for a conference. Previously, Iraqi leaders have resisted suggestions they include outsiders in efforts to settle their bitter internal divisions.

In recent days, President Jalal Talabani and a leading Shiite politician, Abdul-Aziz al-Hakim, have rejected U.N. Secretary-General Kofi Annan's proposal for a regional peace conference. Annan said such a gathering could be useful if the parties met outside Iraq.

Al-Maliki, though, said any conference should take place in Iraq. Any proposals to emerge, he added, should conform to "what the national unity government wants."

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The Bush administration welcomed the announcement. "It's a good idea for the Iraqis to be involved in working with their neighbors on issues of regional security," said White House spokesman Tony Snow.

At al-Maliki's press conference in Baghdad, the Iraqi leader said a frequently delayed national reconciliation conference would convene this month. He also said he planned to reshuffle his six-month-old Cabinet, to increase its "effectiveness and strength," but offered no further details.

Al-Maliki's hedged endorsement of a regional peace conference came one day before the bipartisan Iraq Study Group, co-chaired by former Secretary of State James A. Baker III, is to release recommendations on changing U.S. strategy in Iraq.

The group is expected to suggest that Iraq's neighbors, including longtime U.S. adversaries Iran and Syria, be invited to help in the search for an end to the violence. Al-Maliki did not say whether his envoys would visit those countries.

Al-Maliki was careful not to commit himself unequivocally to a regional conference, perhaps due to opposition to the proposal among his allies.

But the prime minister may feel he cannot reject such a call outright. Instead, his conditions appeared aimed at limiting the scope of the conference, raising the possibility it may not take place soon.

Arab countries like Egypt generally favor such a conference, in part because they increasingly fear the rise of Shiite power in Iraq and the possible growing influence of predominantly Shiite Iran.

But Iraq's Shiites, who dominate the government, fear Sunni-dominated countries will pressure Baghdad to make concessions to Iraq's Sunni Arab minority, which launched the insurgency against the U.S.-led coalition three years ago.

At any regional peace conference, both Iran and Syria would most likely try to increase their influence in Iraq.

The U.S. maintains about 140,000 troops in Iraq and is considering changing its strategic course in the country.

Robert Gates, the White House choice to be the next defense secretary, conceded during his Senate confirmation hearing Tuesday that the United States is not winning the war in Iraq. If the country is not stabilized in the next year or two, he warned, it could lead to a "regional conflagration."

He later said he believes the U.S. is neither winning nor losing, "at this point."

U.S. military spokesman Maj. Gen. William Caldwell told reporters that efforts to transfer security responsibility to the Iraqi military were moving forward. He predicted the entire country would be under the control of Iraqi police and military by the fall of next year.

"We would expect to see the entire country having reached provincial Iraqi control by early fall of next year," Caldwell said. "We should see the complete transfer of command and control of all Iraqi army divisions by late spring, early summer."

The planned transfer of authority, he said, was part of an accelerated timetable discussed by President Bush and al-Maliki last week in Jordan.

Meanwhile, violence persisted unabated.

Suspected Sunni extremists killed 15 Shiite government workers in an attack on their minibus in Baghdad, the government said. Gunmen halted the vehicle and executed several passengers, who were on their way to work at the Shiite Endowment, a government ministry that acts as caretaker for Shiite mosques.

Fifteen other people were killed near a gasoline station when two car bombs exploded in the capital, police said. And at least 15 died in shootings, bombings and a mortar attack in and around Baghdad. Four bodies were pulled from the Tigris River south of the capital.

Police discovered the tortured bodies of 60 people who had been bound, blindfolded, then shot and left in Baghdad over the past 24 hours, Lt. Mohammed Khayoun said.

An American soldier was killed Monday when attackers fired on a U.S. patrol in northeastern Baghdad, the U.S. command said. Also Monday, a soldier died of wounds suffered in a blast in Diyala province and another soldier died in a traffic accident.

The deaths raised to at least 2,905 the number of members of the U.S. military who have died since the Iraq war started in March 2003, according to an Associated Press count.

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AP writers Hamza Hendawi and Sameer N. Yacoub contributed to this report from Baghdad.

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Looking To Themselves For Solutions (LAT)

By Alexandra Zavis And Solomon Moore

The Los Angeles Times, December 6, 2006

BAGHDAD — While Washington waits attentively for the release today of a report calling for new approaches to the Iraq war, leaders in Baghdad have pressed ahead with their own initiatives, some of which differ sharply from Bush administration thinking.

Iraqi Prime Minister Nouri Maliki reaffirmed Tuesday his intention to work with Iran and Syria to stem support for Shiite Muslim militias and Sunni Arab insurgents, an idea likely to be part of today's recommendations from the bipartisan Iraq Study Group led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.).

President Bush has been reluctant to approach either Iran or Syria for assistance.

Other Iraqi proposals dovetail with Bush administration priorities and the U.S. panel's expected recommendations. Maliki's Shiite-led government has pressed for the accelerated training of Iraqi armed forces to quicken the transfer of security responsibilities. And the prime minister has promised to put more effective leaders in his Cabinet, reconcile with Sunnis and dismantle militia death squads blamed for nightly killings.

Few Iraqi politicians have put much stock in the deliberations of the Iraq Study Group or other reviews taking place in Washington.

Most appear preoccupied with gaining the upper hand for a particular sect or ethnicity in the byzantine negotiations that will shape Maliki's promised Cabinet reshuffle. Others say they will reject any Washington proposals on principle.

"We are now under occupation; whatever the occupation produces is considered illegitimate," said Fatah Sheik, an ally of radical Shiite cleric Muqtada Sadr, whose followers have repeatedly fought U.S. forces and account for one of the two largest Shiite factions in parliament.

There is also scant evidence that Iraq's fractured government will set aside its internal differences long enough to implement any of its proposed initiatives.

Maliki's decision Tuesday to send envoys to Iraq's neighbors to pave the way for a regional conference has the potential to further polarize the debate.

While his government courts Iran and Syria, representatives of the disaffected Sunni minority that dominated Iraq under former leader Saddam Hussein have made overtures to Sunni governments in Saudi Arabia, Jordan and Egypt.

Kurdish leaders, for their part, worry that such moves will lead to more foreign interference by hostile neighbors. They prefer to look within Iraq for solutions.

Maliki has made reconciliation with Sunnis leading Iraq's deadly insurgency a central tenet of his administration, promising more meetings aimed at drawing opponents into the political process.

But the prime minister has not specified with whom he plans to negotiate. Not anyone who has killed Iraqis, his government said, and not anyone who has killed Americans.

"Well, if it is an armed resistance, they have to kill somebody," said Wamidh Nadhmi, a Baghdad political analyst.

Many promises have been made, including a softening of the de-Baathification policy that forced thousands of Hussein-era functionaries out of jobs and the disarming of Shiite militias that have targeted Sunnis. But there has been little movement on these initiatives.

The few Sunni politicians who agreed to participate in Maliki's unity government say they are under increasing pressure to pull out.

Maliki, frustrated by accusations that he isn't doing enough to stop the bloodshed, has pressed hard in recent weeks for a quick U.S. transfer of security control to Iraqi forces.

"Our hands are in cuffs," said Ridha Jawad Taqi, a politician with the Supreme Council for Islamic Revolution in Iraq, the Sadr movement's main Shiite rival.

"We can't do anything unless we have the permission" of U.S.-led forces.

Given a free hand, Maliki said, he could rein in the violence in six months.

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Maliki's proposal is similar to those in Washington that call for rolling back U.S. combat units and ramping up training by assigning more American advisors to Iraqi units. But with only three out of 10 Iraqi army divisions under direct Iraqi control, there is a long way to go.

Other factions disagree about the capabilities of Iraqi security forces and their allegiance to the government. Shiite militiamen and Sunni insurgents have infiltrated Iraq's army and police, using them as cover to hunt and kill their rivals.

"The government is very weak, and therefore it is not feasible that it should have full control of security," said Sunni lawmaker Adnan Dulaimi, an opponent of the U.S. occupation who nonetheless recently called American troops for help when his house was attacked. "That the Interior Ministry and the Defense Ministry are divided along sectarian lines [one run by a Shiite, the other a Sunni] is the best evidence that the government is not ready."

Deep differences of opinion extend to Maliki's governing coalition. Iraq's two largest Shiite factions, each backed by a private army implicated in the nationwide violence, disagree on a timetable for U.S. troop withdrawals.

Sadr's representatives want U.S. forces out immediately. The cleric's movement protested last week's meeting between Maliki and Bush by suspending its participation in the government.

"Four years after the Americans occupied Iraq there is no excuse to stay here," said Nassar Rubaie, the leader of Sadr's legislative representatives.

"If the Americans leave Iraq today, Iraq will be secure tomorrow."

But most other Shiites acknowledge that Iraq's fledgling forces still need U.S. support and agree with American Democrats on a phased troop withdrawal.

"We need the United States to be with the Iraqi government as a partner, not a commander," Taqi said.

Shiites are also divided on proposals to split Iraq into semiautonomous regions based on sect and ethnicity.

Abdelaziz Hakim, whose Supreme Council for Islamic Revolution in Iraq has a strong hold on local government in southern Iraq, is pushing for a vote on greater regional authority.

Sadr loyalists oppose weakening the central government.

Such divergent stances on solutions to the war, coupled with an embryonic Iraqi government that has failed to provide basic services or hold parliamentary meetings on a regular basis, threaten to derail any initiatives, whether they come from Washington or Baghdad.

Sunni politician Iyad Samarrai said the government suffered from two major deficiencies: the inability to reach consensus and the inability to carry out policies.

"Many Cabinet ministers are inexperienced and incapable of fulfilling their responsibilities," Samarrai said.

Maliki's plan to replace ineffective Cabinet members with technocrats has broad support — in principle — among the politicians ensconced in Baghdad's fortified Green Zone. But negotiations have featured the same jostling for influence that paralyzed previous attempts at reform. And there doesn't appear to be a sense of urgency for results.

"You have this government hidden in the Green Zone protected by Americans and isolated from people, and the streets are left to the terrorists," said Kurdish legislator Mahmoud Othman. "The citizens don't feel they have a government there to protect them."

A Role For Syria (WP)

By Kenneth H. Bacon

The Washington Post, December 6, 2006

James Baker has never met Alia Al-Naradi, but they both have an interest in seeing the United States engage Syria on Iraq. For Baker, engagement is about stabilizing Iraq to allow the United States to exit gracefully. For Alia, it's about survival.

Alia is an Iraqi refugee who fled to Syria, a country that has absorbed more than 750,000 Iraqis since the beginning of the war. Syria's resources are now stretched thin, and without international help, it may not be able to accept vulnerable Iraqis much longer. Working with Syria through the United Nations to help Iraqi refugees could provide a humanitarian first step for greater engagement.

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My organization, Refugees International, met Alia in Damascus shortly after she and her family fled to Syria in June. Shiite-dominated police had imprisoned her Sunni husband; roving militias fought in her ethnically mixed Baghdad neighborhood; gangs had been holding her nephew hostage for a week. Others waiting with her at the border crossing at Al Tanf said they fled after being kidnapped, tortured or raped, or having seen family members killed.

Syria is the last country in the Middle East to leave its borders open to Iraqi refugees. The United Nations estimates that 1.8 million Iraqis have sought refuge in the region, and Syria and Jordan host the largest concentration.

It can't maintain its open-door policy without international support. Refugees already strain social services. Yet, the international response to the Iraqi refugee crisis has been dismal. Despite numbers that rival the displacement in Darfur, there has been scant media attention and even less political concern. The Office of the U.N. High Commissioner for Refugees is doing little.

An increase in resources for UNHCR could make a huge difference. As winter approaches, the need is growing for portable heaters, warm clothing and help in paying electric bills and warm clothing. Mental health services for traumatized Iraqis are equally needed. And legal and financial help to maintain their visa status would prevent deportations back to a precarious life in Iraq.

Working through the United Nations or directly, the United States has an opportunity to engage with Damascus to mitigate the suffering of Iraqi refugees and the growing burden on Syria. This would advance both Alia's interests and Washington's.

The writer is president of Refugees International.

The Price Of Iran's Help (WP)

By David Ignatius

The Washington Post, December 6, 2006

DUBAI -- On the eve of the Baker-Hamilton commission's report, a top Iranian official set a tough condition for his country's help in stabilizing Iraq, saying that Tehran isn't interested in such cooperation unless the Bush administration sets a timetable for withdrawing its troops.

Ali Larijani, Iran's national security adviser, said in an interview that a U.S. plan for removing "occupation forces" from Iraq would be considered "a sign of a change in strategy." In that case, he said, "Iran would definitely extend the hand of assistance and would use its influence to help solve the problem."

The Iranian official made his comments after a speech yesterday to a conference here called the Arab Strategy Forum. His remarks were the clearest statement I've heard of how Iran views its role in the region following what he described as the failure of U.S. intervention in Iraq, Afghanistan and Lebanon. His tone was triumphalist: In his view, America is bogged down in Iraq and "in dire need of change," while a newly confident Iran is positioning itself as a dominant power for the region.

"When we face a strategic stalemate, we can break it only by changing the strategy itself," Larijani said in his speech. He explained that America's choice was to stick with a failing strategy of unilateralism, tinker with it to "retard the process" of defeat, or replace it altogether with a new strategy of "interdependence" that recognized Iran's primacy as a regional power. By embracing a new strategy, he said, the United States "would bring psychological calm to the region and help America to behave in a more rational way."

When I asked Larijani later at a news conference what Iran would regard as evidence that the Bush administration was indeed changing its strategy, he said, "The clearest sign would be the exit or evacuation of U.S. forces," adding: "Should there be a timetable presented, that would serve as a positive sign."

On the nuclear issue, Larijani said that a U.N. Security Council sanctions resolution reportedly drafted this week by Russia and France would not stop Iran's uranium-enrichment efforts. "I announce: This is not effective," he said.

After these public comments, Larijani talked one-on-one about the changes he thinks have been set in motion by the Republican Party's defeat in last month's congressional elections. He wouldn't talk in detail about the likely recommendations of the Iraq Study Group, headed by former secretary of state James A. Baker III and ex-representative Lee Hamilton. But he indicated that if the Bush administration embraced a call for gradual withdrawal, Iran would agree to join discussions on Iraq and

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Afghanistan. Though he called repeatedly for a U.S. withdrawal plan, Larijani didn't explain how the resulting vacuum would be filled in a way that avoided all-out civil war.

Harvard professor Graham Allison, who had a private talk with Larijani following mine, said: "In discussing Iraq after U.S. withdrawal he didn't seem to have a credible idea of what comes next."

As for the idea of a regional peace conference involving Iraq's neighbors, Larijani told me he favored a smaller group of countries that are committed to the "new paradigm" in Iraq flowing from its democratic elections and constitution -- both of which enfranchised Iraq's Shiite majority. "We are against a tribal democracy," he said.

Larijani said President Bush's statement in an interview with me in September, in which Bush recognized Iran's status as an important nation in the region, was "the first sign of having any respect for the long history and cultural background of Iran." But Larijani said the administration needed to accompany such rhetoric with a halt to its "adventurous moves" against Tehran. "The Iranian people might be great and gracious, but not naive," he said.

Larijani isn't proposing a grand bargain but a ruthlessly pragmatic one shaped by Tehran's view of current realities: Iran is up, America is down, and any post-Iraq settlement should reflect those facts. That's the steep price of Tehran's help.

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In a column last week, I praised Republican Sen. Chuck Hagel for his prescient early warnings about the risks of U.S. involvement in Iraq. Some readers complained that for all his prescience, Hagel still voted to support the war, and that I was ignoring the many Democrats who were similarly wary of Iraq -- and who voted against war funding. These readers are right. Hagel took political risks expressing his concerns back in 2003, but so did Democrats who voted against the Iraq mission despite a vitriolic barrage from the administration.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Gen: Iraq To Command Own Forces By Spring (AFP)

AFP, December 6, 2006

Iraq's government will have command of its own armed forces by the middle of next year, a US general has said, revealing details of a deal between the US president and the Iraqi prime minister.

US military spokesman Major General William Caldwell said Tuesday Prime Minister Nuri al-Maliki and President George W. Bush had agreed on an "accelerated timetable" for Iraq to take charge of its own security.

The announcement came on the eve of a much-anticipated report from a panel of US experts which is expected to recommend that US forces in Iraq do exactly that, in order to disengage American troops from Iraq's bloody conflict.

"We would expect to see the entire country having reached Iraqi provincial control by the fall of next year," Caldwell told reporters in Baghdad.

"We should see the complete transfer of command and control of all Iraqi army divisions by late spring early summer," he added.

"This is all part of the accelerated timetable that was discussed by the prime minister and the president of the United States when they were in Jordan," referring to a meeting in Amman last Thursday.

"I think what you'll find from here is that 2007 is going to be the year of transition. We are going to transition security responsibility to the government of Iraq and their security forces," he said.

Currently only two of Iraq's 18 provinces are under direct Iraqi security control and only two of the country's 10 army divisions answer directly to Maliki rather than to US General George Casey's headquarters.

Caldwell said, however, that increasing numbers of America's 150,000-strong force would be assigned to "transition teams" directly inside Iraqi units to speed their training and coordinate operations with US support units.

These moves are among ideas expected to be recommended by former US secretary of state James Baker's Iraq Study Group on Wednesday, but Caldwell said the revised plan had come from the military itself.

"What's happening back in Washington... we'll take whatever guidance we're given but we're already refining and making adjustments here based on General Casey's guidance," he said.

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"The mission of our forces here is to set the conditions to allow the Iraqi security forces to be successful in providing security for Iraq so that Iraqis can determine the future of Iraq," he added.

What Would Happen If The U.S. Left Iraq? (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, December 6, 2006

Bush predicts a surge in terrorism and others see regional civil war as the greatest risk.

WASHINGTON — With Americans leaning consistently in favor of disengagement from Iraq, President Bush has warned that a precipitate withdrawal would create a terrorism superstate in the Middle East that is rich with oil cash and determined to topple moderate governments around it.

But to many U.S. lawmakers, regional experts and Middle East leaders, the chief risk is not a more menacing version of Taliban-dominated Afghanistan, but a Lebanese-style civil war that could result in the deaths of thousands more Iraqis and expand the conflict by drawing in neighboring states.

The sharply differing views color the growing debate over the consequences of withdrawal as incoming Democratic congressional leaders demand a troop drawdown and Bush opens the door to new approaches. A majority of Americans favor at least a partial withdrawal, but the administration also is considering a temporary troop increase as part of an effort to step up training of Iraqi forces.

A study panel chaired by former Secretary of State James A. Baker III and former Rep. Lee Hamilton (D-Ind.) will offer recommendations today for gradual troop withdrawals. Its final report is expected to reject a quick withdrawal, but key members have signaled that the U.S. commitment eventually should come to an end.

Bush has warned repeatedly of what he sees as the dangers of a swift exit.

"If we do not defeat the terrorists and extremists in Iraq, they will gain access to vast oil reserves and use Iraq as a base to overthrow moderate governments across the broader Middle East," he said Oct. 25 at a White House news conference.

Terrorists "will launch new attacks on America from this safe haven," Bush said, and "will pursue their goal of a radical Islamic empire that stretches from Spain to Indonesia."

But many others believe the increased risk of terrorism would be confined to limited portions of Iraq.

Some experts argue that many Iraqis, including some Sunni Arabs, as well as Shiites and Kurds, already are unhappy with foreign terrorists and would try to drive them out.

John McLaughlin, former acting CIA director, said there was less risk of an Al Qaeda-like terrorist group taking control of the entire country than of a "civil war in which you have the disintegration of the country and a widening set of tensions and potential conflicts throughout the Middle East."

In such circumstances, "Al Qaeda could gain a foothold in some piece of territory," said McLaughlin, now at the Philip Merrill Center for Strategic Studies at the Johns Hopkins University School of Advanced International Studies.

Sen. Lindsey Graham (R-S.C.), who favors an increase in U.S. troops, agreed that the greatest risk is not an Al Qaeda takeover but a "wider regional war around ethnic and religious differences."

But even if Iraq wasn't taken over by terrorists, he said, a U.S. withdrawal would hearten Islamic militants and strengthen them in their fight against moderate states in the region.

Neighboring countries may initially choose a side and support it with money and weapons. Sunni-led states, perhaps Syria and Saudi Arabia, could come to the aid of Sunni groups, while Iran might help the Shiite south, said Stephen Biddle, a military affairs specialist at the Council on Foreign Relations.

But if it appears that their allies are about to lose, the states might feel pressure to increase their commitment, and might escalate the conflict by sending in their own troops, he said.

"I see a lot of warfare going on here before anyone can form a stable state out of Iraq," Biddle said. "We're more likely to get a regional version of Lebanon, and chaos, than the quick formation of a new order under a party we don't like."

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Sen. Jack Reed (D-R.I.), one of the Democrats' point men on Iraq, sees progressive fragmentation along sectarian lines in Iraq. But he argues that a reduction in U.S. forces would not worsen the trend, "because those dynamics are going on regardless of our presence."

Even in a drawdown, Reed said, the U.S. could train and support Iraqis, and could continue to go after Islamic militants in such places as Sunni-dominated Al Anbar province.

Syrian President Bashar Assad, among other Middle Eastern leaders, has said that the growing sectarian pressures in Iraq are likely to draw in other countries.

"Almost all countries have breaking points, and when the ethnic-religious break occurs in one country, it will not fail to occur elsewhere too," Assad recently told the German magazine Der Spiegel. "Large wars, small wars — no one will be able to get a grip on the consequences."

Like Bush, some U.S. military commanders fear an outburst of terrorism after a withdrawal.

Army Gen. John P. Abizaid, the top U.S. commander for the Middle East, predicted in Senate testimony this fall that the Sunni Arab areas of central and western Iraq would not be viable as an independent state and would turn into a lawless haven for groups such as Al Qaeda.

But other analysts believe Sunnis would have little tolerance.

"We know they're already rather sick of the foreign terrorists, and could boot them out," said Wayne White, a former State Department intelligence official. "In the worst case, there would be only pockets of terrorists in the Sunni areas."

A U.S. withdrawal also would affect the growing regional influence of Iran, but there is little agreement on what a pullout would mean for Tehran.

Some, such as Graham, believe that "Iran would be the biggest winner" of a U.S. exit because it would gain strong influence over Iraq's Shiite south and an increased ability to dominate others in its region.

But others believe that though the U.S.-led invasion of Iraq has greatly increased Iran's regional influence, a withdrawal would be a setback, forcing it to become a caretaker of disorderly southern Iraq and threatening to embroil Tehran in a costly regional civil war.

"The American presence has greatly facilitated an expansion of Iranian influence, and they would probably prefer to have us stay and continue to bear the burdens," said James Dobbins, a veteran diplomat who was a senior envoy for the Bush administration and is now director of Rand Corp.'s International Security and Defense Policy Center.

Indeed, some analysts believe that a withdrawal could benefit the United States by breaking up the alliance between Iran and Syria. That could happen, they say, should Syria side with the Sunni west as Iran comes to the aid of the Shiite south.

A civil war could reduce Iraq's oil output and increase world prices, but most experts doubt that Iraqi reserves would be used as a weapon against the U.S., even if Iraq comes under the influence of Iran.

"They're going to need the money," said Peter Khalil, an analyst at Eurasia Group, a risk-advisory consulting firm, and a former advisor to the Coalition Provisional Authority in Iraq. "They're not going to want to shoot themselves in the foot."

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Why We Persevere (WP)

By William Caldwell IV

The Washington Post, December 6, 2006

BAGHDAD -- I don't see a civil war in Iraq. I don't see a constituency for civil war. The vast majority of the people want hope for their families, not to massacre their neighbors or divide their country. A poll conducted in June by the International Republican Institute, a nonpartisan group that promotes democracy, found 89 percent of Iraqis supporting a unity government representing all sects and ethnic communities. No wonder no "rebel army" steps forward to claim credit for vicious car bombs and cowardly executions of civilians.

I see debates among Iraqis -- often angry and sometimes divisive -- but arguments characteristic of political discourse, not political breakdown. The Council of Representatives meets here in Baghdad as the sole legitimate sovereign representative of

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the people, 12 million of whom braved bombs and threats last December to vote. No party has seceded or claimed independent territory.

I see a representative government exercising control over the sole legitimate armed authority in Iraq, the Iraqi Security Force. After decades in which the armed services were tools of oppression, Iraq is taking time to build an army and national police force loyal to all. There have been setbacks, but also great successes. In Fallujah, a city almost lost two years ago, I have seen the cooperation between the local army commander, a Shiite, and the police chief, a Sunni.

I don't see terrorist and criminal elements mounting campaigns for territory. Al-Qaeda in Iraq doesn't use roadside bombs, suicidal mass murderers and rocket barrages to gain and hold ground. Extremist Shiite death squads don't shoot people in the back of the head to further their control of the government. I do see random executions seeking to instill fear and insecurity. I don't see a struggle between armies and aligned political parties competing to rule.

I studied civil wars at West Point and at the Army Command and Staff College. I respect the credentials and opinions of those who want to hang that label here. But I respectfully -- and strongly -- disagree. I see the Iraqi people suffering from overlapping terrorist campaigns by extremist groups combined with the mass criminality that too often accompanies the sudden toppling of a dictatorship. This poses a different military challenge than does a civil war.

As the Iraqi people labor to build a country based on human rights and respect for all citizens, they are moving from the law of the gun to the rule of law. Violence will increase before life gets better. Those who know that freedom and democracy offer more hope than anarchy will not give up.

Regardless of what academics and pundits decide to label this conflict, hundreds of thousands of brave Iraqi soldiers, police officers and civil servants will continue to go to work building a free, prosperous and united Iraq. And every day more than 137,000 U.S. servicemen and servicewomen will lace up their boots, strap on their body armor and drive ahead with our mission to support these courageous Iraqis.

Army Maj. Gen. Caldwell is the chief U.S. military spokesman in Iraq.

Knowing When To Let Go (WP)

By Mark Moyar

The Washington Post, December 6, 2006

In moving to swiftly transfer security responsibilities to the Iraqi government, the Bush administration appears to be heeding lessons learned during America's closest historical precedent, the Vietnam War. In Vietnam, the United States found that indigenous troops were inherently better suited to local security tasks than Americans. Because they spoke the language, had relatives and friends in their operational areas and belonged to the same ethnic groups, they were better able to get information from civilians. They knew where the enemy was likely to hide, and could identify him by noticing subtle distinctions that escaped American troops.

During the Vietnamization period, from 1969 to 1972, the reduction of U.S. involvement in security operations galvanized the South Vietnamese forces to become more proficient. Moreover, the Saigon government's handling of sectarian unrest showed that the Vietnamese knew better than the Americans how to solve their own political problems. Recent comments from the Bush administration indicate that America will spend less time telling the Iraqis how to solve their political problems.

Restoring order will require numerous decisions based on perceptions of the beliefs, loyalties and alliances of particular Iraqis. No American is likely to perceive these things as accurately as an astute Iraqi. If Prime Minister Nouri al-Maliki is to be an effective national leader, we must let him use his own judgment.

During Vietnamization, the United States installed more advisers with South Vietnamese forces, just as we are now planning to do with Iraqi forces. American advisers helped in South Vietnam, but we have exaggerated the importance of their role. By far the most important factor in South Vietnamese units was the quality of their own leaders, and the same has generally been true in other countries with authoritarian traditions like Iraq's. As in Vietnam, U.S. advisers should seek to persuade Iraqi authorities to replace bad commanders.

But in any war, the ultimate objective is political, not military, and thus military competence must, in the end, be subordinated to attainment of the desired political goal. South Vietnam's premier had to engage in a delicate balancing act to

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keep enough competent officers in power while also keeping enough loyalists to prevent fractious military officers from starting a rebellion. The national leader in Iraq must likewise figure out how to employ some good commanders while also selecting some simply for the purpose of co-opting various factions.

Critics of Vietnamization point to the ultimate defeat of South Vietnam. But in fact the South Vietnamese largely pacified their country by 1971, and defeated a massive conventional North Vietnamese invasion in 1972 without the help of U.S. ground forces. They ultimately lost because the United States withdrew support while the North Vietnamese enjoyed enough superpower support to mount an even larger offensive in 1975.

Iraq's security forces are not going to experience anything resembling the 1975 offensive; they need only end the low-intensity fighting among Iraqis. But this task will require great political skill on the part of Iraq's prime minister. We will find out very soon whether he possesses it.

Mark Moyar is the author of "Triumph Forsaken: The Vietnam War, 1954-1965."

Fallujah's City Council Battles To Hold Its Ground (CSM)

By Scott Peterson, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, December 6, 2006

Despite threats from insurgents, Iraqi leaders meet weekly to address the concerns of citizens.

FALLUJAH, IRAQ

His voice cracking with emotion and anger, the mayor of Fallujah lashes out at his city council: Insurgent violence is growing, he tells them, and they're not trying to stem the tide.

"You haven't done anything," says Jassim Bedawi. "When Sheikh Kamal and Sheikh Hamza got killed, what had you citizens done to prevent their deaths?"

Mayor Bedawi is a rare phenomenon: an Iraqi still willing to participate in a democratic institution once seen as central to the rebuilding of Iraq. No other city council operates in the insurgent-riddled Anbar Province. But the embattled Bedawi - whose family, like those of other members, is under threat of kidnapping or worse - continues to forge ahead in one of the most stressful jobs the city has to offer. No debates over parking or playground equipment occupy his agenda. Issues of life and death occupy him and a number of city councilors who meet every Tuesday - as well as the question of whether they will survive a US pullback from the city. The Marine presence is reviled by many here, even though many recognize its importance to maintain some level of protection and even reconstruction.

"The people of Fallujah are not standing with me," the mayor complains, saying that without such support, asking for help from the central government could "get my head cut off, or a member of my family kidnapped."

"Citizens can't just come here and make requests," says Bedawi. "They must also give support."

Two years after US marines invaded Fallujah to force out insurgents who had made the city off limits to US forces, militants are filtering back into the city, despite only six entry points, which are heavily guarded. Since August, they have waged a campaign of intimidation that has left two key councilmen and the deputy chief of police chief murdered, and a trail of threats against those who persist.

The previous mayor fled to Syria earlier this year, after a dispute with the Ministry of Defense in Baghdad over his plans to raise a local Sunni militia.

On this day in late November, the meeting begins with three men who complain about shootings by US Marines - one of them fatal - of their sons and a nephew. They demand prosecution of the "snipers" involved, and their removal.

The council also discusses compensation by the military for occupation of certain properties; they had previously dismissed 300 false claims by residents. They talk of the need for US forces to "get close to the people" and how the US election is likely to change their lives. They ponder who will guard the phone exchange after repairs by US forces.

"I'm in awe.... Against all odds, they continue to meet," says Col. Lawrence Nicholson, the Marine regimental combat team commander who attends every meeting. "I don't know how resilient we [Americans] would be, if [insurgents] came to our door and said: 'We will kill your family.' "

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"Witness No. 1," a man called Khalid with a bandaged wrist and his arm in a sling, tells how his teenage son Hamidi was shot by a Marine "sniper" on Oct. 30 from Observation Post Fenton, a tall house with three lookout positions on the main east-west artery. The son died a week later; Khalid was wounded, and a neighbor boy who came to assist him was also shot.

The family home is near OP Fenton. Marines there, officers say, believed that Hamidi was armed with a grenade.

"No matter how much compensation, it will not be worth a dime when I go to my son's funeral," Khalid told the council and the officers present. "I want the sniper to be prosecuted, according to the law."

A third witness speaks of a shooting of his nephew from the "sniper's building" on Nov. 19. He asks that the position be moved, "because the sniper does not differentiate between terrorists and civilians."

Colonel Nicholson - a stickler on abuse, say marines under his command - stands, promising a full investigation and "my word that we will clean up this situation."

"What we have heard is ... a tragic event for all of us who call Fallujah home," says Nicholson, reminding them that he has investigated "every allegation" in his 10 months in Iraq.

"In many cases, we have pulled marines who do not act properly out of the city," Nicholson says. "I have sent marines back to the US, because they did not deserve to be able to serve here. They had betrayed my trust; I lost confidence in them."

"I must point out that this sniper position is where it is to save all lives," he says, noting that three Marines had been shot at by Iraqi snipers in the previous 48 hours.

"While I will not tolerate a Marine shooting an innocent, I think we all have to understand ... the number of IEDs [roadside bombs] that are planted in this city every day ... kill police, Iraqi Army and marines, and wound them," says Nicholson. "I could spend every meeting parading 30 victims in here."

The shooting illustrates the difficulty of policing a Sunni city where insurgent attacks have spiked, and the population - according to uncertain military estimates - has jumped by some 80,000 to about 350,000 from before the invasion of late 2004, which destroyed much of the city.

Marine officers note that, in the 45 days prior to the shooting incident, marines had reported a half-dozen incidents of teenagers or children throwing grenades at US forces. "This is the tough thing that is Fallujah," says Lt. Col. Harold Van Opdorp, a commander from Stafford, Va., of the 1/24 Marines battaltion, with units in the city. An initial investigation concluded that the shooter believed the teen was throwing a grenade, though it was not clear if such a weapon was located.

The marines have seen a "significant increase in the level of violence" directed at them in Fallujah in the last four months, says Colonel Van Opdorp.

That dynamic adds a degree of combustibility on the streets as the Marine presence shrinks. There are now fewer than 300 marines who work in Fallujah, and half of those are not based inside the city limits. Most are likely to be pulled back in the next few months.

The mayor notes that the area around OP Fenton is relatively safe, and that there should be communication between the sniper and residents. "If a sniper actually sees someone place an IED, yes, please shoot them," says Bedawi. "Look at this sniper incident, which has set a bad example for all the citizens of Fallujah of the marines."

Clouding all the proceedings are the pall of numerous threats, and the awareness that, outside this fortified meeting place, these men and one woman are top targets for insurgents. The mayor relates threats aimed at his wife, sent by cellphone, and warnings against his family. At one point, he lowers his head into his arms in despair. Later, while discussing the theft of city and business property, he laments how little good citizenship seems to be taught by the 76 mosques here.

But Fallujah is buffeted as much as any city in Iraq by forces beyond local control. The US State Department official for Fallujah, Kael Weston, stands up to describe the consequences of the shift of congressional power far away in Washington.

The mood in America about Iraq is that "people are anxious," Mr. Weston tells the council. "It pains them as much as it pains you, to see the kidnapping in Baghdad, and see the killing that's going on. But Americans are not the most patient people in the world [and] are looking for changes.

"So until I leave and the marines leave, we will make small steps [of progress], and that is probably the most lasting contribution we can make," says Weston.

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"We've made many mistakes, and I've not pretended otherwise. And unlike most Americans, I've lived through 3-1/2 years of those mistakes," adds Weston. "I think it would also be unfair to indict the American government, because we did not have a perfect crystal ball."

Still, he says, the future "will be determined more by you and less by us. And that's not necessarily because we wanted it that way, but that's the reality we face."

"This is escaping from the reality," protests "Engineer Khalid," a councilman.

"If Iraq fails, America fails - I've said that before," replies Weston. "And we don't like to fail."

The meeting shifts to talk of school opening days, and the US colonel asks who will protect the telephone-exchange boxes.

"Americans will guard it," suggests the mayor, helpfully.

"We're supposed to be going home!" replies an exasperated Nicholson. "Americans guarding this is a step backward, not a step forward."

The next issue: The recent killing of one British and three Iraqi security contractors, while trying to deliver crucial medical equipment to a local clinic.

"The simple, ordinary people thought that the Ministry of Interior [which is Shiite controlled, and widely blamed for operating death squads against Sunnis in Baghdad] sent three trucks of medicine, most of it expired and poisoned," explains Engineer Khalid. "We support you, [but] this was something taken advantage of by the other side, to aggravate the people."

The question for Fallujans is whether such an atrocity will be more likely, or less, after Americans withdraw.

Bedawi voices concern for the day when Fallujah is handed back fully to Iraqis. When asked how capable the council will be then, he pulls a reporter aside.

"We don't want the Americans to leave until the Iraqi Army and Iraqi Police are rebuilt and well armed, and they kill a lot of people from Al Qaeda, and dismantle militias, and kill extremists," he says. "After that, the Americans can leave."

"I think we are capable enough, to do our work without the help of any side," says secretary Abbas Ali Hussein with a well-practiced optimism after the meeting. "No one in our city council is intimidated."

"Rebuilding now is going on very well; people are appreciating what is going on," says Mr. Hussein, adding that vigilante groups are being formed to go after militants. "There is a wakening in the city toward us, and ideological disgust of Al Qaeda.

"People have begun to realize their interests, [and that militants] are pushed by foreign hands, just to kill the will of the people toward welfare and prosperity," he continues. "Everybody who works for the sake of his people and his country - he will be secured first by God."

At Least 5 Marines Are Expected To Be Charged In Haditha Deaths (NYT)

By Paul Von Zielbauer

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — At least five marines are expected to be charged, possibly as early as Wednesday, with the killing of 24 Iraqis, many of them unarmed women and children, in the village of Haditha in November 2005, according to a Marine official and a lawyer involved in the case.

The charges are expected to range from negligent homicide to murder, said a senior Pentagon official familiar with the military's nearly nine-month investigation into the episode. Several marines from the Third Platoon of Company K, Third Battalion, First Marine Regiment, are accused of killing the villagers after a roadside explosion killed one of their comrades.

Charges could also be brought against an additional one or two marines, the Marine official said, including one officer who was in the vicinity of the killings but did not participate in them.

Though it was nearly certain that marines would be charged with crimes for the killings, exactly when the charges would be made official was unclear, military officials and defense lawyers involved in the case said. But they said charges could closely follow a closed-door briefing by Lt. Gen. Richard F. Natonski, the Marine Corps deputy commandant for plans, policies and operations, to the House Armed Services Committee on Wednesday morning.

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That briefing will relate the findings of a military inquiry into how the Marine Corps managed its investigation of the slayings, which began with an inquiry in March, four months after the killings occurred, the Pentagon official said. Aides to committee members said that Marine officials promised a confidential briefing before any charges were announced.

According to the Marine official and the defense lawyer representing one of the marines under investigation, criminal charges will be filed against Staff Sgt. Frank D. Wuterich, 26, of Meriden, Conn., the squad's leader; Lance Cpl. Stephen Tatum, 25, of Edmund, Okla.; Lance Cpl. Justin Sharratt, 21, of Carbondale, Penn.; Cpl. Sanick Dela Cruz, 24, of Chicago; and Cpl. Hector Salinas, 22, of Houston.

The 5 marines are said to have been the ones who killed the 24 Iraqis, including 5 men in a taxi that approached the marines' convoy after the explosion that killed a 20-year-old lance corporal, and 19 other civilians in several houses nearby. About 10 of the dead were women and children who appeared to have been killed by rifle fire at close range, military officials said.

The marines have said they believed that they were coming under small-arms fire from a house on the south side of the road.

Jack Zimmermann, a lawyer for Lance Corporal Tatum, said his client had responded appropriately to a lethal attack in a dangerous region of Iraq. "There was no crime committed," Mr. Zimmermann said.

Mark Zaid, a lawyer representing Sergeant Wuterich, said his client acted in accordance with military rules of engagement.

"We emphatically deny that Staff Sergeant Wuterich participated in any unlawful killings that day in Haditha," Mr. Zaid said. "The collateral civilian deaths were absolutely tragic, but occurred as a result of legally justified actions that routinely occur during time of war."

Lawyers for the other three enlisted marines declined to comment.

The senior Pentagon official said that no other marines would face charges in the case. "The only people who will be charged with an offense will be those individuals who did the shootings," the official said last week.

But the Marine officer, interviewed on Tuesday, said that he expected charges to be brought against one or two additional marines, including one officer.

"I don't see just five of them being charged," the official said. "I see six or seven. One of them, I see, is an officer."

That officer, the Marine official said, was First Lt. William T. Kallop, 25, the only officer at the scene, who arrived sometime after the initial explosion that led to the marines' sweep of the nearby homes.

A lawyer for Lieutenant Kallop declined to comment Tuesday. <NYT_AUTHOR_ID>

David S. Cloud contributed reporting.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Marine Corps Nears Haditha Charges (AP)

By Thomas Watkins

AP, December 6, 2006

Military prosecutors are close to charging some of the Marines involved in the deaths of 24 civilians in the Iraqi town of Haditha last year, the Marine Corps said Tuesday.

It is the first time the Corps has said it will file charges in the deaths, which included unarmed women and children and followed the killing of a Marine by a roadside bomb in the town.

Defense lawyers for some members of Kilo Company, 3rd Battalion, 1st Marine Regiment have said their clients were following rules of engagement when they returned fire after the bomb went off Nov. 19, 2005.

Lt. Gen. James Mattis has examined the investigations into the killings and has made initial decisions about what action to take, Marine spokesman Lt. Col. Sean Gibson said Tuesday in a news release.

Gibson declined to say how many Marines would be charged or what crimes prosecutors would allege.

The Marines initially reported that 15 Iraqi civilians had been killed by a makeshift roadside bomb and in crossfire between Marines and insurgent attackers. After media reports surfaced in March that the killings were deliberate, the top Marine commander in Iraq ordered a crimnial investigation.

A parallel investigation examined whether officers in the Marines' chain of command tried to cover up details of the killings. Results of the probes have not been made public.

Gibson said the Marine Corps would brief members of both the Senate and House Armed Services Committees this week on the findings of the investigations.

Washington-based attorney Mark Zaid, who represents squad leader Sgt. Frank Wuterich, said he had not heard if his client was going to be charged.

"We'll be prepared," Zaid said in a telephone interview. "If they file anything we will refute them. Our position remains that the collateral deaths of civilians was a tragedy but all of them were legally justified actions in a time of war."

In a separate case involving Camp Pendleton Marines, an eight-man squad was accused of kidnapping and murdering an Iraqi man in the town of Hamdania. That case is working its way through the military courts.

As War Ravages Baghdad, City's Ambulance Workers Must Pick Up The Pieces (NYT)

By Michael Luo

The New York Times, December 6, 2006

BAGHDAD — Each time emergency workers return to the Mansour district ambulance station after a run, they jot notes in a dog-eared logbook that doubles as a grim diary of life here in the capital.

Sept. 10, for example: bombing with two dead.

Or Sept. 29: woman shot in the abdomen.

Oct. 10: man with shrapnel wounds.

Ambulance workers have among the clearest views of Baghdad's descent into chaos. As the city has disintegrated around them, they have been left to pick up the pieces. They are often overwhelmed, and have increasingly become targets themselves.

"These three years have been equal to 16 years as a paramedic," said Ali Jasim, 38, before he set off on a convoy carrying medicine and other supplies to Balad, a town north of the capital that was the site of horrific sectarian bloodletting.

Before the collapse of Saddam Hussein's government in 2003, so-called hot calls, for bombings or shootings, were virtually nonexistent for Baghdad's emergency workers. Now most of Baghdad's ambulance calls are hot. A relatively calm 24-hour shift might mean having to wash the blood from their clothes only once, the workers say.

In this war-ravaged city of five million people, only about 90 ambulances and crews are typically available on any given day for emergency calls, said Dr. Hashim Jabbar Muhammad, chief of the Health Ministry's emergency directorate. He said international standards recommended several times that number for a city this size.

The city's emergency dispatch system, the Iraqi equivalent of 911, amounts to a dingy room with 10 phone lines; on a recent visit, three of them were broken. Calls come in at a rate of about one every 10 minutes, although residents often complain that the lines are busy.

Each call requires a cumbersome process of calling back to make sure the call is legitimate.

The ambulance corps here and elsewhere in Iraq feel each spike in violence. When sectarian assassinations surged after the attack on a sacred Shiite shrine in Samarra, 60 miles north of Baghdad, in February, the Baghdad ambulance drivers who pick up dead bodies were swamped.

The capital's maddening traffic, and the fact that most residents ignore sirens, compound the challenges. Ambulance crews are also treated with suspicion by American troops because militants have been known to use ambulances to transport weapons or bombs. The Americans frequently pull over ambulances in the middle of runs to search them.

Emergency workers earn salaries that are often barely enough to live on, as little as $80 a month for new paramedics. Drivers are also held responsible for any damage they incur on their vehicles.

"I wish I could quit," said Muhammad Nerous, 26, who has been a paramedic for six years and works at a station in the Bab Sharji neighborhood. "Every day when I come to work, I pray there will be no explosions because I am fed up with these scenes."

As they rush to bombings now, a secondary blast is often aimed at them. Eleven emergency workers were killed in 2006. Previously, six others had been killed since early 2004, when the department started keeping track.

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More than 10 percent of Baghdad's ambulance drivers have resigned in the last three months alone as violence has escalated, said Dr. Muhammad of the Health Ministry.

On a typical call last month, a crew from the center in Mansour, a troubled western Baghdad neighborhood, transported a woman who had just gone into labor to the hospital. But after dropping her off, a firefight broke out nearby, and the crew was stuck in the cross-fire.

Upon their return, the workers scrawled a new notation in the logbook: "We could have been killed for this assignment. But God's protection was available."

It was apparently unavailable several months ago when gunmen killed an ambulance driver from Mansour en route to the dangerous southern neighborhood of Dora. As the ambulance was stopped in traffic, two men appeared and sprayed the vehicle with bullets. The driver, Akram Muhammad Sahih, 34, a married father of two, was killed.

"I pretended I was dead," said Ali Jabbar Hatin, 34, who was sitting next to Mr. Sahih in the ambulance. He escaped injury but the other paramedic in the vehicle was wounded.

Arkan Ali Hussein, 40, a veteran paramedic who works out of the Mansour center, has an unusual system for keeping in touch with his worried wife throughout his 24-hour shift. She calls his cellphone and hangs up, avoiding a charge. When he calls back and then hangs up, she knows he is alive, he said. The pair exchange missed calls at least a dozen times a day.

But he is reluctant to share with her the horror he sees. Two months ago, a man wearing a suicide belt detonated himself at an army recruiting center in western Baghdad. Mr. Hussein was among the first to arrive.

"There were pieces of flesh everywhere," he said. "People were yelling and screaming."

The first man he treated was badly burned, riddled with shrapnel. He shoved a tube into the man's mouth to establish an airway, then rushed him to the hospital.

When he returned, he spotted a severed leg lying on the ground but could not find the body it belonged to, so he left it, moving on to another victim. The gruesome injuries that he sees nowadays, he said, are much worse than anything he witnessed as a medic in the military during the Iran-Iraq war in the 1980s.

"Back then, there was a bullet in the body or a blast from a mine." he said, "Now we're finding flesh everywhere, heads, legs and hands."

Most of the paramedics have only minimal training. As a result, Dr. Muhammad said, their main strategy, rather than treating patients in the field, is to "scoop and run."

Often, however, there is little they can do. Bilal Mehdi, 26; his brother, Hilmi, 23; and their father, Mehdi Hussain Lazim, 54, are part of a small contingent of emergency workers who only pick up the dead.

Earlier this year, they helped deliver 800 bodies to the morgue in one month from a single sewage treatment station in the mixed eastern Baghdad neighborhood of Rustamiya. Bilal Mehdi said he took 300 bodies himself. Militia members had been dumping bodies into the sewers nearby, and they would wind up at the station. Mr. Mehdi had to clamber down by rope to retrieve the putrid remains.

More recently, he said, he delivered a dozen bodies stacked in his ambulance in one trip from Mahmudiya, south of the capital; some of them decapitated, some without legs. He drove back with his head out the window, because the smell was so overpowering.

As the body count in Baghdad continues to mount, Mr. Mehdi says he wishes he could leave his job. But without any other job prospects, he is stuck for now. He knows it is only a matter of time until his next call. <NYT_AUTHOR_ID>

Wisam A. Habeeb contributed reporting.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Iraqi Firefighters Bear The Heat Of Terrorists' Tactics (WT)

By James Palmer, The Washington Times

The Washington Times, December 6, 2006

BAGHDAD -- One of Iraq's most perilous jobs has become even more dangerous.

The terrorists who daily spread mayhem in the capital increasingly have adopted the tactic of following a suicide bombing with one or two secondary blasts, timed to detonate a few minutes later when a crowd has formed.

And that is bad news for the city's 3,500 firefighters, whose job demands that they rush to the scene of every explosion to douse the flames and assist the injured.

"This is part of our job now," said Nazar Khani Mousa, 32, who was working a bomb scene in central Baghdad last summer when two more explosions knocked him unconscious. His back, right hand and forearm were burned badly, while shrapnel pierced his forehead. He was unable to walk for three months.

Today, he's back at work at the Karrada firehouse in the Al-Resafah district on the east bank of the Tigris River, risking his life for the equivalent of less than $90 a week.

This year alone, at least 30 Baghdad firemen have died in the line of duty and another 55 have been wounded, according to the Interior Ministry, which oversees Iraq's fire departments.

Others have been kidnapped by criminal groups or militiamen; still others find themselves in the crossfire of insurgent groups, U.S. and Iraqi security forces, and warring militias.

Most say they are motivated to carry on by a sense of duty and a need to support their families at a time when other jobs are hard to find.

"The people still count on us to do our work. If we don't put out the fires, who will?" asked Mahdi Muhsin, a 31-year-old veteran firefighter who has been on the job since he was a teenager.

Mr. Mousa, for his part, explained that he is the sole provider for his wife and his three daughters, who range in age from 1 month to 7 years. "This is only job I've ever worked," he said.

If Baghdad's firefighters are undeterred by the risks they face, that does not mean they are casual about security.

At the Karrada firehouse, guards peer from sandbagged machine-gun nests high above the row of red trucks in the garage below. Others patrol the front gate while, inside, most carry holstered sidearms.

"We're always prepared for an attack," said Laith Al-Sabbah, a 45-year-old colonel who has 21 years on the job. "The militias control the streets now."

Col. Al-Sabbah and the other firefighters say their biggest problem on calls is trying to figure out who is who. Many of the militias have acquired police or Interior Ministry uniforms, so the firefighters seldom know whether uniformed "officials" are there to help them or hurt them.

In August, men in police uniforms kidnapped and killed three firefighters from the Al-Shaab station in north Baghdad. And on Nov. 6, assailants in police uniforms snatched eight firefighters from the Sheik Omar station in north Baghdad during a government-imposed daylight curfew. So far, three men have been found dead; the other five are still missing.

Just getting to the scene of a fire or explosion is also a challenge.

Mahdi Muhsin, 31, a firetruck driver, said it normally takes at least 20 minutes to get to an emergency scene because of traffic congestion, closed roads and security cordons. That compares to an average response time of eight minutes for American fire departments, according to the U.S. Fire Administration.

"Sometimes when there is an attack we can't reach our destination because the military won't let us pass," said Mr. Muhsin, a 15-year veteran of the department.

The steady monthly salaries -- $350 for rookies and $600 for seasoned officers -- are keeping the department staffed, but many long for another way of life.

Col. Al-Sabbah, who oversees all 20 firehouses in the Al-Resafah district, told a reporter he had sent his wife and two sons to Syria and said he was thinking of moving there, too.

Then his phone rang. A colleague reported that Lt. Col. Ali Mustafa Hable, the director of fire training in Baghdad, had been missing for more than 24 hours.

Col. Al-Sabbah hung up the phone and looked at his visitor. He didn't have to say much. The call had clearly pushed him one step closer to joining his family.

Body Counts Only Serve To Fill Agendas (USAT)

By Jon C. Bowersox

USA Today, December 6, 2006

DOJ_NMG_0102753

The United States may not be able to stop the bloodshed in Iraq, but it can halt the war over body counts. The latest salvo was fired recently by The Lancet, a leading British medical journal. The editors took a shot at the Bush administration's claims that democracy and reconstruction are succeeding in Iraq by publishing a research study claiming that the U.S.-led invasion has caused more than 600,000 "excess" civilian deaths since 2003.

Never mind that editors failed to disclose that The Lancet had taken an anti-war stand on Iraq even before 2003, or that the study used dubious methods to come up with a number many times higher than any reported before. The Lancet's number drew widespread disagreement even with the British anti-war group Iraq Body Count, which expressed "skepticism." The Iraq Body Count estimates that more than 55,000 civilians could have been killed during the war.

Ever since the Vietnam War, civilian and enemy body counts have ranged from educated guesses to pure fiction — tragic statistics twisted to serve the agendas of whoever is spinning the numbers.

As I grew up during the Vietnam War listening to the daily tally of body counts on the evening news, I saw how they served no value other than to catalyze national opposition to the war. Thus, I was heartened when Defense Secretary Donald Rumsfeld said at the start of the Iraq war that "we don't do (civilian) body counts."

But when I arrived in Iraq as the senior consultant for reconstructing the health sector in 2005, I was surprised to see that our intelligence briefings by the U.S. Army included civilian body counts. After the Samarra mosque bombing in February, our military became obsessed with obtaining daily body counts from the Iraqi government as a way of attempting to disprove reports that sectarian violence was out of control.

Why are we so obsessed with body counts? Regardless of the true numbers, the one thing we can say with any moral certainty about excess civilian deaths is that the numbers are too high. Then we should focus on how to help Iraqis get their health system up to the level of being able to reduce the body count by saving lives.

One visit to the Baghdad morgue is all it takes to see that Iraq has a major collateral damage problem. You see it by just walking amidst the hundreds of decomposing corpses scattered about a building that rarely had more than 30 cases at a time in the past. You also see it as families watch a TV screen trying to identify missing relatives from a never-ending loop of postmortem photographs. In fact, you can taste the permeating stench for days.

All it takes is one visit to a Baghdad hospital, where Iraqis injured in the day's bombings lie in pools of blood waiting to be treated by doctors who are working without the resources needed for even basic casualty care. Many potential survivors die because the health system lacks the medical staff, medicines and equipment needed to save them.

The U.S. government has already spent 90% of its $800 million investment in health-sector reconstruction on building projects that haven't been completed — and wouldn't help the Iraqis even if they are. Not only did we not anticipate the level of excess collateral damage, we did not budget enough money to handle the flood of blood.

The international donor community has delivered less than 25% of what was pledged in 2003. In fact, the World Bank has been unable to renovate 12 badly needed Iraqi emergency centers because of the security situation.

During my time in Iraq, I learned that there are thousands of Iraqi doctors who have chosen to risk their lives to care for their people. They need essential medicines, supplies and a safe working environment. What they don't need is the mockery of the daily body count thrown in their faces. What they need — and we owe them — is a daily survivor count.

Jon C. Bowersox is professor and vice chair of surgery at the University of Cincinnati. He worked at the U.S. Embassy in Baghdad from October 2005 until last July.

Analysts: Bin Laden Alive But Hamstrung (WT)

By Bill Gertz

The Washington Times, December 6, 2006

U.S. intelligence agencies think al Qaeda leaders Osama bin Laden and Ayman al-Zawahri are alive and still plotting attacks, even though both have eluded a massive manhunt for more than five years since the September 11 terrorist attacks.

Bin Laden's few appearances and statements in recent months, and two recent bombing attacks in Pakistan aimed at killing al-Zawahri prompted recent intelligence reports that both may be dead.

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But so far there has been no success in locating and catching either extremist leader through his movements or communications, or from intelligence agents on the ground. Both remain powerful symbols for Islamist extremists around the world and the target of scores to hundreds of covert special-operations commandos, regular troops and CIA paramilitary officers.

Defense Secretary-designate Robert M. Gates said yesterday he plans to review the tactics being used by forces taking part in the five-year hunt for bin Laden, although he noted that bin Laden has become more a symbol to terrorists and less an active planner and organizer of attacks.

"While it's important to continue the search for Osama bin Laden, I think that his ability to directly organize and plan the kind of attacks against us that hurt us so badly in September of 2001 is very limited now," Mr. Gates said. "And I think that it's important to keep him on the run."

The challenge in chasing al Qaeda leaders is "figuring out where they're going to be, not where they've been, and getting the information in a way that is timely enough to act on it," Mr. Gates said.

"With that kind of intelligence lacking," he said, "the way we'll catch bin Laden eventually, in my view, is that just as in the case of Saddam Hussein, one of his own people will turn him in."

"I think just as he is not organizing things any longer, but remains a powerful symbol, I think being able to capture or kill him would have a powerful symbolic impact also," Mr. Gates told the Senate Armed Services Committee.

Last week, Director of National Intelligence John D. Negroponte was asked why bin Laden has eluded the manhunt. He said he would not provide "a long exegesis" explaining the failure so far.

"Obviously, we're not going to give up on our efforts to track him down," Mr. Negroponte said after a speech at Harvard University.

CIA Director Michael V. Hayden told WTOP radio last week that both bin Laden and al-Zawahri are "still alive" and "and working to hurt the people and values of the United States."

Intelligence officials said bin Laden and al-Zawahri are hiding in separate locations somewhere in the extremely rugged and mountainous border region separating Pakistan and Afghanistan. Scores to several hundred regular and special-operations troops and CIA officers are working in several task forces to locate both bin Laden and his deputy, al-Zawahri, along the 1,200-mile border.

The State Department, for its part, is supporting programs in Afghanistan and Pakistan to develop the ungoverned border region as part of a "drain-the-swamp" anti-terrorism campaign.

John Gastright, deputy assistant secretary of state for South Asia, said the United States is supporting a Pakistani plan to spend $750 million over five years to develop the border region so it won't support terrorists.

Several billion dollars in U.S. and international funds also were spent in Afghanistan as well, including the border region. "The reality is that over time [al Qaeda] won't find a home there" once the area is developed, he said.

Dennis Pluchinsky, a former State Department counterterrorism analyst, said bin Laden's low profile is likely the result of poor health or because he is hiding in an ultra-secret location that is too risky to conduct videotaping.

"The last possibility leads to the intriguing question of whether it is more secure to make many movements, or to stay in one place for a lengthy period of time," he said. "The more you move, the more opportunities for someone to see you move. The longer you stay in one place, the greater the possibility that the enemy may find you, especially in sector searches."

Gen. Hayden told the Senate Armed Services Committee in congressional testimony on Nov. 15 that killing or capturing bin Laden and al-Zawahri will not end the al Qaeda threat, but "probably would contribute to the unraveling of the central al Qaeda organization."

Al Qaeda's "physical safe haven in the Afghanistan-Pakistan border area," Gen. Hayden said, gives the terrorists "the physical -- and psychological -- space needed to meet, train, expand its networks and prepare new attacks."

From Ruins Of Afghan Buddhas, A History Grows (NYT)

By Carlotta Gall

The New York Times, December 6, 2006

DOJ_NMG_0102755

BAMIYAN, Afghanistan — The empty niches that once held Bamiyan's colossal Buddhas now gape in the rock face — a silent cry at the terrible destruction wrought on this fabled valley and its 1,500-year-old treasures, once the largest standing Buddha statues in the world.

It was in March 2001, when the Taliban and their sponsors in Al Qaeda were at the zenith of their power in Afghanistan, that militiamen, acting on an edict to take down the "gods of the infidels," laid explosives at the base and the shoulders of the two Buddhas and blew them to pieces. To the outraged outside world, the act encapsulated the horrors of the Islamic fundamentalist government. Even Genghis Khan, who laid waste to this valley's towns and population in the 13th century, had left the Buddhas standing.

Five years after the Taliban were ousted from power, Bamiyan's Buddhist relics are once again the focus of debate: Is it possible to restore the great Buddhas? And, if so, can the extraordinary investment that would be required be justified in a country crippled by poverty and a continued Taliban insurgency in the south and that is, after all, overwhelmingly Muslim?

This valley about 140 miles northwest of Kabul, where in the sixth century tens of thousands of pilgrims flocked to worship at its temples and monasteries and meditate in its rock caves, is attracting new international attention.

In 2003, the United Nations designated the Bamiyan ruins a World Heritage site, but also listed them as endangered, because of their fragile condition, vulnerability to looters and pressures from a post-Taliban boom in construction and tourism. Intensive efforts have been under way to stabilize what remains of the cliff sculptures and murals.

Meanwhile, archaeologists have been taking advantage of the greatly increased access that became possible once the statues were gone to make new discoveries — and to pursue ancient tales of a third giant Buddha, possibly buried between the two that were destroyed.

"The history of Bamiyan is beginning to be revealed, in a concrete sense, for the first time through both works of conservation and excavations of archaeological remains," said Kasaku Maeda, a Japanese historian who has studied Bamiyan for more than 40 years.

Unesco has been overseeing a program of emergency repairs to the niches over the last few years, drawing teams of archaeologists and conservationists from all over the world. "The site is in danger," said Masanori Nagaoka, a cultural program specialist at Unesco's Kabul office.

Gedeone Tonoli, a tunnel engineer from Italy, has been overseeing the most urgent task: securing the cracking cliff face. One morning two Italian mountain climbers swung on ropes at the top of the niche that held the eastern Buddha, which, at an astounding 125 feet tall, was the smaller of the two. Wire netting covered the back wall of the niche, which still occasionally rattles with falling rocks and stones. A great scar marks the inner left wall where the explosion tore away the side of the niche, threatening the whole cliff.

The right side of the niche, however, has been stable for two years, anchored with steel rods and tons of concrete pumped into the fissures. Tiny glass slides are taped to the rock, and sensors linked to a computer keep track of every tremble in the cliff face. Before, Mr. Tonoli said, "you could see the sky here and birds were flying in."

At the base of what, at 180 feet, had been the larger Buddha, workers were still shoveling away at rubble left from the explosions. German restorers from the International Council on Monuments and Sites have spent two years carefully sorting through the debris from both Buddhas, lifting out the largest sections by crane — some weigh 70, even 90 tons — and placing them under cover, because the soft stone disintegrates in rain or snow. The smaller fragments and mounds of dust are carefully piled up at the side.

Reports that the Taliban had taken away 40 truckloads of the stone from the statues to sell were not true, said Edmund Melzl, a restorer. "From the volume we think we have everything," he said. Yet only 60 percent of that volume is stone, he added. The rest crumbled to dust in the explosions.

A continuing paradox is that the destruction of the Buddhas has in a way aided archaeologists in their investigations. For example, carbon dating of fragments of the plaster surface of the Buddhas was able to pinpoint the construction of the smaller one to 507, and the larger one to 554. Previous estimates had varied over 200 years.

The Buddhas were only roughly carved in the rock, which was then covered in a mud plaster mixed with straw and horsehair molded to depict the folds of their robes and then painted in bright colors. Workers have recovered nearly 3,000 pieces

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of the surface plaster, some with traces of paint, as well as the wooden pegs and rope that were laid across the bodies to hold the plaster to the statue. The dryness of Afghanistan's climate and the depth of the niches helped protect the statues and preserve the wood and rope.

The larger Buddha was painted carmine red and the smaller one was multicolored, Mr. Melzl said.

The most exciting find, he added, was a reliquary containing three clay beads, a leaf, clay seals and parts of a Buddhist text written on bark. The reliquary is thought to have been placed on the chest of the larger Buddha and plastered over at the time of construction.

The fragments have been carefully stored while the main task continues: to gather all the rubble so that the Afghan government and experts can decide what to do with it. There have been calls to rebuild the Buddhas, mostly from Afghans who feel that restored statues would provide a greater tourist attraction, and a righting of wrongs. Unesco has warned that for Bamiyan to retain its status as a World Heritage site there must be no new building, only preservation. Yet the alternative of displaying 200 tons of recovered material in a museum does not seem feasible, said Michael Petzet, president of the International Council on Monuments and Sites.

The one restoration approach considered acceptable by Unesco and other experts is anastylosis, often used for Greek and Roman temples, in which the original pieces are reassembled and held together with a minimum of new material. Michael Urbat, a geologist from the University of Cologne, has analyzed pieces of the larger Buddha and from the rock strata has been able to work out what part of the vast statue they came from.

But reassembling pieces that can weigh up to 90 tons would be extremely difficult; Afghanistan does not even have a crane strong enough to hoist them, Mr. Melzl said. The reconstruction project, which the governor of Bamiyan Province has estimated would cost $50 million, would probably also become a political issue in this impoverished Muslim country, where more than 10 percent of the population remains in need of food aid.

Nevertheless, the provincial governor, Habiba Sarabi, favors rebuilding the Buddhas using anastylosis, and said she would propose that the central government make a formal request to Unesco. Professor Maeda said he supports the idea of reassembling one of the Buddhas and leaving the other destroyed as a testament to the crime.

The government also approved the proposal of the Japanese artist Hiro Yamagata to mount a $64 million sound-and-laser show starting in 2009 that would project Buddha images at Bamiyan, powered by hundreds of windmills that would also supply electricity to surrounding residents.

Meanwhile, simply preserving what remains is daunting. Once the niches, grottos and caves were covered with murals, but 80 percent were obliterated by the Taliban, Professor Maeda said. Art thieves also did damage, using ropes to climb into caves 100 feet up on the cliff face and hacking away priceless medallions depicting seated Buddhas. One of them made its way to Tokyo, where an art dealer, suspecting its illicit provenance, showed it to Professor Maeda, who has managed to retrieve more than 40 stolen artifacts.

"One day I hope we will return them to Afghanistan," he said.

He continues to scour the caves, and finds small joys amid the destruction. One cave that he first discovered during his first trip here, in 1964, so blackened by soot from camp fires that the Taliban and looters passed it by, has revealed fine paintings of tiny animals — a lion and a wild boar, a monkey, an ox and a griffin — rare in Buddhist art, but characteristic of Bamiyan, which combines Indian, Iranian and Gandharan influences.

While the focus now is on conservation, experts know there is more to discover. At least two teams of archaeologists are engaged in a discreet race to discover a third colossal Buddha that may have once lain between the two standing Buddhas.

The Chinese monk Xuan Zang visited Bamiyan in 632 and described not only the two big standing Buddhas, but also a temple some distance from the royal palace that housed a reclining Buddha about 1,000 feet long. Most experts believe it lay above ground and was long ago destroyed.

But two archaeologists, Zemaryalai Tarzi of Afghanistan and Kazuya Yamauchi of Japan, are busy digging in the hope of finding its foundations. Mr. Tarzi, who excavated a Buddhist monastery this year, may have also found the wall of the royal citadel that could lead the way to the third Buddha. He plans to return next year to continue digging.

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Nominee For U.S. Attorney Is In Limbo (MINNST)

By Randy Furst, Star Tribune

Minneapolis Star Tribune, December 6, 2006

The Senate is expected to adjourn this week without acting on Rachel Paulose's nomination for U.S. attorney in Minnesota.

Nine months after Rachel Paulose was named acting U.S. attorney for Minnesota, and four months after she was formally nominated for the job by President Bush, her appointment is slipping further into doubt.

The U.S. Senate is expected to adjourn this week without acting on the nomination. That would mean that Bush, if he wishes, must resubmit her name to the next Senate, with a new Democratic majority.

"I am disappointed the Senate will adjourn this year without taking up Rachel Paulose's nomination," Sen. Norm Coleman, R-Minn., said in a statement Monday to the Star Tribune. "Ms. Paulose has shown herself to be an extremely competent and capable professional." He said he expects her to be renominated, "and I hope we will have the opportunity to confirm her nomination in a timely manner."

If approved to permanently succeed Tom Heffelfinger, Paulose, 33, would become the state's first female U.S. attorney and the youngest current U.S. attorney.

Her nomination stalled when the GOP-led Senate Judiciary Committee failed to take it up. In an apparent oversight, Paulose and her supporters did not solicit the support of both home-state senators. Without that, the committee typically does not act on a nominee.

Coleman supported her nomination, but Sen. Mark Dayton, D-Minn., took no position, saying it's his practice to meet with any nominee before the choice moves to the Judiciary Committee. However, Dayton said, Paulose never sought a meeting.

"I assumed that their silence meant lack of interest in moving the nomination forward" this term, Dayton said two weeks ago.

Meeting sought this week

Told of Dayton's comments Tuesday, the Justice Department scrambled to clear up the matter, saying it was unaware that Dayton wanted a meeting. "Now that we are aware, we have reached out to the senator's office to set up a meeting while she is here in Washington this week," said Brian Roehrkasse, a Justice Department spokesman.

Roehrkasse added that even if Dayton is no longer senator when the matter comes before the judiciary committee, Paulose was still paying Dayton the courtesy of meeting with him.

Dayton spokeswoman Chani Wiggins said the Justice Department's contact with his office Tuesday was "the first time we heard from them" about Paulose. Wiggins said Dayton's office will try to schedule a meeting for today.

All fall, Paulose continued to have the backing of the Bush administration.

"Rachel is a rare combination of exceptional intelligence, common sense and high moral character," Deputy Attorney General Paul J. McNulty said in a statement to the Star Tribune last month.

Choice was a surprise

Paulose's choice as interim U.S. attorney came as something of a surprise last winter. When Tom Heffelfinger announced in February his resignation as U.S. attorney, Joan Hume was his first assistant. Traditionally, Hume would have become interim U.S. attorney until the Senate approved a successor. But the White House bypassed her and named Paulose to the interim post.

At the time, Paulose was senior counsel to McNulty in Washington, D.C. She had been an assistant U.S. attorney in Minnesota from 1999 to 2002.

Besides Paulose, Coleman offered the White House at least one other candidate for the permanent post: Clayton Robinson, assistant director of the prosecution division for the Ramsey County Attorney's Office.

Paulose keeps low profile

While the U.S. attorney is considered to be among the state's most prominent federal appointees, Paulose has kept a low profile. In her nine months, she has declined interviews with the Star Tribune and other media. Jeanne Cooney, a spokeswoman

in the U.S. attorney's office, said Paulose was unavailable to the media on "any subject relative to this office because she hasn't been confirmed." She said Paulose is following Justice Department policy.

There is a slight chance Paulose would be given a recess appointment later this month, after Congress goes home. Such an appointment would be good through the end of 2008, a month before Bush's term ends.

If Bush resubmits her nomination next year, she'll face a Democratic-led Senate. Then her fate may well rest with Minnesota's newly elected senator, DFLer Amy Klobuchar, the current Hennepin County attorney. Klobuchar has declined to comment on Paulose.

She graduated from Yale Law School in 1997 and has been an attorney for eight years. She served in the civil rights division of the Justice Department for a year, three-plus years as an assistant U.S. attorney in Minneapolis and stints with law firms Williams & Connolly and Dorsey & Whitney, before rejoining the Justice Department. She worked there for two months as a senior counsel to McNulty, the deputy attorney general.

Judge offers support

Another supporter of Paulose is James B. Loken, chief judge of the U.S. Eighth Circuit Court of Appeals, which includes Minnesota. Paulose clerked for him in the late 1990s.

"I have enthusiastically recommended her to every employer to hire her ... including to Senator Coleman, before he urged that she be nominated," Loken said.

While with McNulty, she worked on issues of health care, immigration and child pornography, she wrote in a memo for the Senate.

U.S. attorney nominees invariably come from the party in the White House. In 1992, Paulose was a Republican Party vice chair in a state house district covering parts of Eagan, Apple Valley and Burnsville. In 2004, she was a delegate to the state Republican convention and a party lawyer in the state for Bush.

Before her nomination, Paulose was a political unknown, her only press clippings coming as a student member of the University of Minnesota Board of Regents in the early 1990s.

Todd Jones, U.S. attorney before Heffelfinger, hired her in 1998 and calls her a friend, saying she's capable of doing the job: "I think her biggest challenge is going to be developing the credibility at such a young age and breaking the perception that because of her young age she lacks the judgment grounded in experience."

Star Tribune researchers Roberta Hovde and Linda Scheimann contributed to this report. Randy Furst • 612-673-7382 • rfurst@startribune.com

Courthouse A Home Away From Home (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, December 6, 2006

For a Father, Son and Daughter Who Are Lawyers, Chance to Share in Family Is Just Down the Hall

Each day, chances are good that Bill, Amy and Jon Jeffress will be applying their legal talents just a few doors down the hall from each other in the same stately office building near the U.S. Capitol.

But the father, daughter and son are not racking up billable hours at a white-shoe family firm.

They are reporting for work at the E. Barrett Prettyman Courthouse, Washington's federal court.

On the sixth floor, father William H. Jeffress Jr., 61, one of Washington's most prominent defense attorneys, has been busy with pretrial hearings in a case that has rocked the White House. He represents I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, who is accused of lying to investigators probing the leak of a CIA operative's name.

On the second floor, daughter Amy, 41, has been checking on narcotics cases she oversees for the U.S. Attorney's Office -- including a trial involving a ring that is accused of peddling cocaine and heroin.

And in a magistrate courtroom down the hall, Jonathan, 35, has been representing poor people as a public defender. Last month, he defended a woman accused of creating phony checks and, more recently, a convicted felon charged with carrying a 9mm handgun as he drove through the city.

The family's workdays -- and once in a while, their lunch breaks -- overlap in the court's marble hallways.

"I don't think you can go into the courthouse now and not run into at least one and usually two or three of them," said A.J. Kramer, the federal public defender in Washington and Jon's boss.

"It's really unusual for a family of lawyers to be in the same city, much less the same court," Kramer said. "You've really covered all the bases when you have one on prosecution, one on defense and another doing all kinds of private practice."

It makes for tender moments in a place that can be anything but.

One recent day, Amy, the federal prosecutor, spotted Jon, the public defender, while he was talking in a conference room with a client. The sister in Amy naturally walked over to kiss her brother on the cheek.

"Was that awkward for you?" she later asked him.

Jon smiled and shook his head.

"I like seeing a lot of my dad and sister now," he said, then joked about his junior status in the family's legal lineup. "Plus, some of my clients appreciate that I know some people in high places."

In many ways, the U.S. District Court is a kind of family home.

Their personal stories are intertwined with the court's history. Each learned the power of the law here and can trace career trajectories to work they did in the building. Some of their most profound moments of victory and disappointment unfolded in the oak-paneled courtrooms.

All three are former law clerks who returned to practice here. Bill Jeffress, a partner in the firm of Baker Botts, clerked for Judge Gerhard A. Gesell, who presided over many landmark cases, from Watergate to Iran-contra. In 1971, Jeffress was working in Gesell's chambers when the judge famously ruled that The Washington Post could print the Pentagon Papers, a historical assessment of the Vietnam War that embarrassed the U.S. government.

When Amy was growing up, Gesell was her dad's mentor and "like my second grandfather," she recalled. Two decades later, when she graduated from Yale Law School -- just like her father -- Amy, too, went to clerk for Gesell.

After Gesell's death in 1993, Amy finished her year of clerking with Judge Thomas F. Hogan, now chief judge of the court. Jon followed in Amy's footsteps, clerking for Hogan seven years later.

Jon spent several years as an associate for the Williams & Connolly law firm but decided after consulting with Hogan and Kramer that he would work for the Office of the Federal Public Defender. He said it was a natural fit because as a clerk, "I always found myself rooting for the defense."

Bill, who now typically charges more than $600 an hour, has a reputation as a go-to lawyer for white-collar defendants. He represented President Richard M. Nixon in a case blocking public access to Watergate tape recordings and has won acquittals for such clients as former Tyson Foods executive Archibald R. Schaffer III and former Louisiana governor Edwin W. Edwards (D).

Although their job choices are different, there definitely is a certain Jeffress way about them.

The three share the same Democratic Party leanings. Bill and his wife have long been active in the party. Amy worked in the Justice Department during the Clinton administration with her future husband. And Jon was an advance worker for Al Gore's 2000 presidential campaign.

They are all just a little taller than 5 feet -- not by much. They share a self-deprecating manner that the kids attribute to their dad. Amy's more likely to talk about her two sons than the fact that this fall she won the Attorney General's John Marshall Award for excellence in trial work and was on a list of candidates suggested to the White House for D.C. Superior Court judgeships.

In a short break together in the court cafeteria, Bill patted his kids on the back for work that makes the city better. He said he has no pretensions about his job.

"As a defense lawyer, you've got to be kidding yourself if you think you're making the world a better place," the father said.

Amy retorted: "Oh Dad, what you do makes the world better."

"Well," Bill said, "it's very important to at least one person."

The family is close, although not everyone is a lawyer. Mother Judy was a longtime social worker for Adoption Service Information Agency, but Amy joked that she's "pretty much a full-time grandmother and dog walker now." Brother Jeff went to business school so he "could make some real money," Jon deadpanned. But the youngest brother also has artistic skills. Jon remembered when they made a big splash in a Louisiana courtroom where their father was in a trial.

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"My brother did this amazing sketch of the entire courtroom scene," Jon recalled. "The only problem was that it showed the judge sleeping during trial, with all of these ZZZZZs coming up and all. But my dad showed it to the judge anyhow -- and the judge thought it was hilarious."

They don't talk about their cases except in general ways, and they make a concerted effort not to be the lawyers opposite each other.

One could say there' s a fourth lawyer in the group: Amy's husband, Casey Cooper. He met Bill before he met Amy. He was an impressive associate at Bill's law firm, which was then Miller Cassidy Larroca & Lewin. Then-Deputy Attorney General Jamie S. Gorelick, a former Miller Cassidy lawyer and friend of Bill's, hired Casey and Amy to work at the Justice Department.

The younger two lawyers got to know each other while working in offices across the hall at Main Justice. Now Casey works with Bill at Baker Botts, sometimes sharing cases.

"Dad never interfered with my love life," Amy insisted. Then she added: "I think Dad would have loved to have me or Jon, or Jeff for that matter, work with him. So it's really nice for him to have Casey there."

The children have appreciated their father's counsel through life. Amy most remembers him saying a lawyer has to know the facts of a case "inside and out." Jon said his father helped him by explaining that the law was about "reasoning your way to the correct rule."

But Jon couldn't resist a parting joke: "Dad prepared for the bar in, like, two days while in the middle of working on the Pentagon Papers case for Judge Gesell, so I tried not to follow his example on that one."

Staff researcher Meg Smith contributed to this report.

D.C. Prosecution: A Ménage À Trois (HILL)

By Arthur Delaney

The Hill, December 6, 2006

In two of this year's most pungent national crime stories — the Duke University rape scandal and the JonBenet Ramsey confession scandal — the next biggest stars, after the DNA, are the DAs. This question often comes up: Will the people vote the district attorney out of office as a result of his or her antics in the case?

To somebody who grew up in Washington, D.C., this perfectly normal question is perfectly foreign. We don't get to elect a district attorney. We don't even have a district attorney's office, another of the many quaint differences between the U.S. and its capital city, where only second-class citizens live.

In July, D.C.'s nonvoting congressional delegate, Eleanor Holmes Norton (D), introduced legislation that would create a D.C. district attorney's office.

"No other citizens in the United States are treated so unfairly on this issue of such major importance. My bill would make the DA accountable to the people who elect him or her as elsewhere in the country," Norton is quoted in a July 13 statement released by her office.

Norton's District of Columbia District Attorney Establishment Act of 2006 is going nowhere in the Government Reform Committee. Norton's office had the following comment on the bill's bleak prospects:

"Unfortunately, there was no chance of getting the bill to the floor through the Republican Congress this year. In addition, this DA bill requires an affirmative decision from the mayor and the City Council that they are prepared to take on the additional $50 million annual cost. The third impediment would be opposition by the Justice Department and the administration."

So the local U.S. attorney's office, the largest such office in the country, will continue to be responsible for prosecuting both federal crimes and local crimes committed by adults in the District.

But wait! There's a third horse in this race: The D.C. attorney general's office. Mayor-elect Adrian Fenty and his nominee for attorney general, Linda Singer, have expressed interest in the attorney general's office taking some of our federal prosecutors' local criminal caseload.

All they've got so far, though, is an embarrassing bitch-slap from a federal judge: "How could there even be a thought that they could take that on? The D.C. attorney general's office is not adequately or properly handling the cases it has now," said U.S.

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District Judge Royce Lamberth, according to a Nov. 18 Washington Post story. Lamberth was miffed over the office's apparent mishandling of a case against the D.C. police.

Former D.C. U.S. Attorney Roscoe Howard is also a bit skeptical of D.C.'s ability to take on the U.S. attorney office's work: "I know everybody wants home rule … but I'm not sure that fiscally they're ready for it. I don't think they understand how expensive it is," he says. "More power to 'em, I guess."

Meanwhile, U.S. Attorney Jeffrey Taylor, in his capacity as D.C.'s unelected district attorney, has the totally unique ability to try local thugs either in federal or local court. For our hometown criminals, this is a matter of life or death — even though you won't find the "ultimate penalty" in the D.C. Code and voters rejected a congressionally imposed referendum on execution in 1992, federal prosecutors still can seek it against D.C. criminals if their offenses meet the right criteria.

A federal judge recently ruled that the murder and racketeering charges against Larry Gooch qualify him for a capital trial, set to begin in January. It's a fat chance that a D.C. jury will send any man to die, but if it happens — well, score one for the Feds, I suppose.

Democracy, thy name is public-access television

Every Tuesday at 9 p.m., watch the wildest show on television: "Hear the Real Right Side" on DCTV, starring D.C.'s own James Caviness, a man who proclaims himself "the lone voice of common sense in the District of Columbia" and his show "the most politically incorrect commentary show in the universe."

You'll see a bespectacled Caviness standing at a podium, blasting the "despicable disgrace" of affirmative action and "phony liberals" like Eleanor Holmes Norton. Patriotic music is playing in the background, and Caviness is wearing an American-flag tie. It's just the kind of stuff you would never, ever expect from a black 60-year-old cab driver who lives east of the river.

Caviness is joined by a cast of regular callers, who sometimes sound a little drunk and who often jibe him for his far-right views: "I saw you rakin' leaves on the White House lawn!"

One man who called in on Nov. 28 just seemed baffled: "I ain't never seen a man like white people like you do! I got 10 people in here and we listenin' to this. I'm done!" he exclaimed and then hung up, just like he'd done during the previous show. Caviness was impervious to the ad-homonym, trudging ahead with his tirade against the phony liberal establishment.

How did this man get this way? The obvious answer, at first, is insanity. But Caviness explains his politics with an anecdote from his sophomore year of high school in Florida. He needed glasses so badly that he had moved to the front of the classroom just to be able to read the board. But his parents wouldn't buy him a pair; they thought he only wanted them because he was going with a girl who wore glasses.

"I became convinced I had to do what I had to do to keep from going blind," he says.

So he told his principal that he planned to take three weeks off to earn enough money picking oranges that he could buy spectacles for himself. Not wanting a student to miss so much school, his principal told his parents buy them for him. They did.

Afterwards, Caviness sat his parents down and asked them not to interrupt him (he had spent three or four days composing a little speech).

"I explained to them that what they had done was somewhat inexcusable," he says, "but they had taught me the greatest lesson they could ever teach."

He learned that he could not rely on anybody but himself to do things for him, and that became the basis for his small-government politics. "It was a very eye-opening experience," he says.

He's run for mayor several times. In the most recent election, he started running but decided he'd rather do his show than be a politician. But he still voted for himself.

Caviness has never been a real part of the D.C. Republican party, but he says he knows just how his political career would end if he were. It would be something like what happened in1997 to J.C. Watts, a black Republican ex-congressman from Oklahoma who triggered a round of GOP apologies after he decried "race-hustling poverty pimps" in an apparent jab at Jesse Jackson and Marion Barry.

Caviness says he would do the same thing, but when apology time came he would have a different strategy: "'I don't consider you a race poverty pimp,'" he would say. "'You are a DAMN race poverty pimp!' And then I would tell 'em all to go to hell."

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CORPORATE SCANDALS:

Former French Telecom Exec Charged With Costa Rican Bribery (AP)

By Curt Anderson, AP LEGAL AFFAIRS WRITER

AP, December 6, 2006

MIAMI -- A former top executive for the Latin American business of the French telecommunications giant Alcatel-Lucent faces U.S. corruption charges for allegedly funneling millions of dollars in bribes to Costa Rican officials to win lucrative contracts.

Christian Sapsizian, a 60-year-old French citizen who was a senior vice president for Latin America for Alcatel-Lucent, was free Tuesday on $525,000 bail after making his initial appearance Monday in federal court. Sapsizian is scheduled for arraignment Dec. 18 on a charge of making corrupt payments to a foreign official.

According to an FBI affidavit, Sapsizian agreed in 2000 to make payments to an unnamed senior official with Costa Rica's state-owned telecommunications authority, the Instituto Costarricense de Electricidad, or ICE.

In return, the official would "vote in favor of awarding Alcatel a contract" and provide other valuable assistance, according to the FBI.

Paris-based Alcatel S.A. completed its $11.6 billion acquisition of Murray Hill, N.J.-based Lucent Technologies Inc. last month, officially assuming the new Alcatel-Lucent name. The allegations involving Sapsizian, who is now retired, were under the former Alcatel S.A. corporate name.

Regine Coqueran, an Alcatel-Lucent spokeswoman in Paris, provided a company statement Tuesday saying that the U.S. Securities and Exchange Commission is also investigating payments by the company in foreign countries. The company said it would "cooperate fully in any inquiry or investigation into these matters."

According to U.S. court documents, a subsidiary that handled Costa Rican business, Alcatel CIT, was awarded two contracts worth over $250 million in 2001 and 2002. Before that, according to the FBI, Alcatel CIT had frequently lost out to competitor Sweden's LM Ericsson AB.

The FBI traced $2.4 million payments from Alcatel to the senior ICE official in Costa Rica and $2.56 million to the official's wife. These alleged bribes were routed through a Costa Rican consulting firm hired to assist Alcatel in winning the contracts, using wire transfers from accounts at banks in New York, the Bahamas and Miami.

Sapsizian's attorney, Roy Kahn, said Sapsizian will plead not guilty to the charges and added that companies frequently hire such consulting firms for business ventures in Latin America. The Costa Rican consulting firm was paid some $14 million by Alcatel, according to the FBI.

"It appears that this is an institutionalized means of doing business by international companies in Latin America," Kahn said.

In addition, a cooperating witness told investigators that the ICE official and a Costa Rican government official, also unnamed, "agreed to share whatever bribe payments were made by Sapsizian to the ICE official," according to the FBI affidavit.

The FBI affidavit quotes Sapsizian as telling investigators after his arrest on Nov. 20 at Miami International Airport that "he could not explain" what Alcatel received in return for the money paid to the Costa Rican consulting firm.

The affidavit also says that Sapsizian arranged for a group of ICE officials to stay at a Paris hotel for four or five nights in October 2003 and told an Alcatel employee to pay their bills in company cash. In the later FBI interview, Sapsizian is quoted as telling agents that he wanted to pay cash so he would not "leave a paper trail" and that it was "wrong" to pay these officials' expenses.

Wall Street Wins Ruling Blocking IPO Class Action (WSJ)

By Nathan Koppel

The Wall Street Journal, December 6, 2006

In a victory for Wall Street securities firms, a federal appeals court said a lawsuit alleging fraud in the pricing of initial public offerings couldn't move forward in its current form as a class action.

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The case alleges that more than 50 Wall Street firms committed fraud by artificially inflating stock prices in IPOs that the firms underwrote in the late 1990s and 2000.

In a ruling, the Second U.S. Circuit Court of Appeals in New York said that the trial judge shouldn't have allowed the plaintiffs to pursue the case as a class action, in part because their individual claims are not sufficiently similar to be grouped together. The decision could mean that the thousands of plaintiffs in the litigation will have to take on the banks individually, which is a much more difficult challenge for plaintiffs. "It's a great win," says Vince DiBlasi of Sullivan & Cromwell, one of the lead lawyers for the banks.

"There is no question the court made it hard for us," says Melvyn Weiss, chairman of the executive committee in the litigation, who plans to appeal the ruling. But "this is not necessarily a happy day for the [Wall Street] banks, either," says Mr. Weiss, of Milberg Weiss Bershad & Schulman LLP. The Wall Street firms may now be "swamped" with individual suits by some of the class members, who number in the thousands, "if not millions," he said.

Plaintiffs lawyers often believe there are economies of scale to be gained from getting cases to run as class actions.

Lawyers on both sides said it may be possible for the plaintiffs to somehow recast the case so that it could pass muster as a class action, but that that would be difficult to achieve.

In 2003, the plaintiffs announced a settlement with insurers for technology companies that issued more than 300 IPOs. The settlement includes a guaranteed payment of $1 billion that is to be offset in part by any settlement payments from banks. U.S. District Judge Shira Scheindlin, the trial judge, has yet to approve the settlement.

In April, J.P. Morgan Chase & Co. agreed to pay $425 million in a settlement. That settlement is also awaiting court approval. It is unclear how yesterday's ruling affects those settlement pacts.

Court Rejects Class Action Against Banks (NYT)

By Julie Creswell

The New York Times, December 6, 2006

Wall Street banks, accused of manipulating the prices of initial public offerings of technology companies during the market boom of the late 1990s and cheating small investors out of hundreds of millions of dollars, will not have to face a huge securities class-action lawsuit, a federal appeals court ruled yesterday.

The decision was seen on Wall Street as a huge victory. The investment banks faced making payments of billions of dollars to settle the accusations — if they chose not to risk a trial — involving potentially millions of investors, lawyers involved in the case said.

The ruling also raises the prospects that earlier settlements in the case, in particular a $425 million agreement with J. P. Morgan Chase and a $1 billion guaranteed proposed deal with the issuers of the new shares that was still pending approval by the judge in the case, could be nullified.

Nearly all firms on Wall Street were touched by the lawsuit. Described by many as the largest consolidated securities class-action case ever, the I.P.O. lawsuit involved more than 300 individual investors, 309 issuers and 55 underwriters, including Merrill Lynch, Goldman Sachs, Morgan Stanley and Credit Suisse First Boston.

Yesterday, a three-judge panel of the Federal Court of Appeals for the Second Circuit in Manhattan said the federal judge overseeing the lawsuit had erred in granting class-action status to six “focus cases” out of 310 consolidated class actions that claimed fraud on the part of many of the nation’s largest securities underwriters.

That means investors will probably have to pursue their claims individually, in some cases perhaps through arbitration, lawyers involved in the case said.

“It’s a big win with far-reaching implications for the I.P.O. cases and for class actions,” said Gandolfo V. DiBlasi, a lawyer with Sullivan & Cromwell who represented Goldman Sachs and acted as lead liaison for the defendants in the case.

The ruling was a devastating blow to the embattled securities class-action powerhouse Milberg Weiss Bershad & Schulman, which is a co-leader for the plaintiffs. The firm has been operating under a cloud for months after it was indicted by a federal grand jury in Los Angeles in May. The firm and two of its named partners are accused of making $11.3 million in secret payments to entice people to serve as plaintiffs in more than 150 lawsuits.

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The firm's co-founder, Melvyn I. Weiss, however, tried to strike a defiant tone about the ruling.

"It's not over," Mr. Weiss said. "We have the right to seek a review by the entire panel of the Second Circuit, for instance." He also said the ruling affected only the six "focus cases" and that others could satisfy the standards for class-action status.

Still, he added that he was surprised by the ruling.

"I think the decision doesn't reflect a real understanding of how people get defrauded in our society," Mr. Weiss said. "It's just sad that we don't have courts that will recognize the need for judicial approval mechanisms to hold these people accountable."

Notable not only for its sheer size and scope, the public offering case has also been one of the longest running in the class-action landscape and one that has been marked by frequent behind-the-scenes battles among the plaintiffs' lawyers over control.

The lawsuit accused the Wall Street banks of netting huge profits during the technology boom of the late 1990s by artificially inflating the share prices through various means of newly public companies after they went public.

The suit contended that the banks had awarded shares of hot initial offerings to favored clients in return for lucrative investment banking business. It also contended that the banks had made deals with investors so that they would buy shares in the aftermarket to drive up prices artificially and created misleading research to lure investors into buying.

Throughout 2001, thousands of investors filed class-action lawsuits against numerous underwriters and hundreds of issuers. Those lawsuits were later transferred and consolidated by Judge Shira A. Scheindlin in Federal District Court in Manhattan.

What remains unclear is what impact the appeals court ruling may have on two separate settlements that were reached earlier in the case.

In a proposed settlement that is both complicated and extremely unusual, the more than 300 companies, mostly Internet companies, that went public during the boom and are named in the lawsuit, guaranteed the plaintiffs at least $1 billion in recovery from all of the defendants in the case. Approval of that settlement is still pending before Judge Scheindlin.

In April, J. P. Morgan Chase agreed to settle its part of the lawsuit for $425 million. A spokeswoman for J. P. Morgan Chase declined to comment yesterday on the ruling.

But a lawyer involved in the case said it was likely that if the lawsuit did not achieve class-action status, the settlement could be revoked.

Yesterday's ruling was decided by Judges Jon O. Newman, Sonia Sotomayor and Peter W. Hall. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Comverse Ex-CEO May Have Fudged Option Exercise Dates, Not Just Grants (WSJ)

By Jennifer Levitz

The Wall Street Journal, December 6, 2006

Kobi Alexander, the former chief executive of Comverse Technology Inc., fled to Namibia rather than face criminal-fraud charges alleging he fattened his paycheck by backdating his options grants to low points in the company's stock price, making them more valuable.

But Mr. Alexander might have other problems with options, too.

Mr. Alexander reported a 1998 option exercise near a notable low in the company's share price. If the timing of that exercise was backdated, Mr. Alexander could have received a substantial, improper break on his personal income-tax bill.

MORE ON OPTIONS

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The issue has been referred to the special committee of Comverse directors who are examining the company's grant-backdating problem, according to a person familiar with the matter. The timing of the 1998 exercise was noted in a 13-page Nov. 27 report by Gradient Analytics Inc., a Scottsdale, Ariz., research firm that specializes in the analysis of executive compensation, which Gradient believes can affect share prices. The report was distributed to clients including hedge funds and mutual-fund money managers.

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Gradient didn't conclude that Mr. Alexander's exercise was backdated, and his favorable timing might have been just a matter of luck. Robert Morvillo, the lawyer who is representing Mr. Alexander, who is fighting extradition from Namibia, declined to comment.

Exercise backdating isn't new. A former executive of Symbol Technologies Inc. pleaded guilty to tax fraud in 2004 in connection with the practice, and Mercury Interactive Corp. has said former executives also engaged in it.

Options typically allow their recipients to buy shares in the future at the price on the day the option is granted, called the "strike price." The exercise date is the day the recipient decides to buy the shares.

The form of backdating that has landed Mr. Alexander and more than 60 other top corporate officials in trouble involves pretending that the options were granted on an earlier date, when share prices were lower. Moving the grant date to a time when the stock was trading at a lower price increases the recipient's potential gain.

By contrast, backdating an exercise date gives the recipient a tax break, thanks to the particular way the Internal Revenue Service treats employee options. Such stock options are generally taxed when the employee exercises them.

The IRS considers the spread between the option's strike price and the shares' market value on the exercise date to be subject to tax as ordinary income. Because most executives exercise their options and sell the shares simultaneously, all of the gain is often taxed this way.

But when the shares aren't sold at the same time as the option is exercised, the difference between the market value of the shares on the date of exercise and any price when the shares are subsequently sold is taxed at the lower capital-gains rate. At the time of the 1998 exercises by Mr. Alexander, the top capital-gains tax rate was 20%, while the top rate on ordinary income was 39.6%.

Mr. Alexander said on a form he filed with the Securities and Exchange Commission on Dec. 9, 1998, that he had exercised the split-adjusted equivalent of 675,000 options two months earlier, on Oct. 9, when Comverse's shares closed at a split-adjusted price of $10 each, just pennies above its lowest closing price of the quarter. He didn't report a sale for that same day.

In the two months between Mr. Alexander's reported exercise date and the date he told the SEC about the exercise, Comverse's share price had risen to $22.92.

Assuming the exercise actually occurred as late as the day of the filing, Gradient wrote that "the possible backdating of this exercise may have reduced the amount subject to ordinary income taxes for CEO Alexander by up to $8.72 million, or almost 60%."

It isn't clear what Mr. Alexander did with the shares he received when he exercised the options. He sold a large batch of Comverse stock in 1999, months after the exercise, at about $68 a share. In 4 p.m. Nasdaq Stock Market trading yesterday, Comverse shares rose 29 cents, or 1.5%, to $19.88.

The stock closed at $24.29 on March 17, the day before a page-one article in The Wall Street Journal spotlighted an unusual pattern of option grants to Mr. Alexander.

Comverse, a New York telecommunications-software maker, uses an independent broker to administer stock-option exercises, a practice that should make manipulation of the exercise date more difficult. But the company doesn't know whether the broker was used for the 1998 transaction highlighted by Gradient. At that time, the broker wasn't being used by the company on a full-time basis, a person familiar with the matter said.

A Comverse spokesman said a special committee was reviewing "all matters related to this company's stock-option practices." The Gradient analysis doesn't demonstrate that Comverse had a pattern of low exercise dates. The report also doesn't mention possible legitimate reasons for the dates, including chance and the desire of executives to exercise options at low price points and hold the shares.

SEC Attorney Adds To Concerns About Probe Of Hedge Fund Pequot (WSJ)

By Siobhan Hughes

The Wall Street Journal, December 6, 2006

DOJ_NMG_0102766

WASHINGTON -- A second Securities and Exchange Commission official told Congress he had warned agency officials that "something smells rotten" about the SEC's handling of an insider-trading probe of hedge fund Pequot Capital Management.

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The testimony from Eric Ribelin, who works in the office of market surveillance, provides a leg of support for the claims of former SEC enforcement attorney Gary Aguirre.

Mr. Aguirre says he was fired in September 2005 after his supervisors reversed course and stopped him from issuing subpoenas to current Morgan Stanley Chief Executive John Mack, whom Mr. Aguirre suspected of tipping off Pequot. SEC officials said they fired Mr. Aguirre because his behavior became erratic and he couldn't get along with his colleagues.

"I have serious misgivings about many decisions made in this investigation," Mr. Ribelin wrote in September 2005 to Robert Hanson, an SEC branch chief who had supervised Mr. Aguirre. "I don't know what all has driven the decisions. Something smells rotten, though."

Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) called the hearing to air allegations that the Pequot probe was derailed by political influence. The SEC staff closed its investigation of Pequot and Mr. Mack last week without recommending enforcement action. Morgan Stanley has said Mr. Mack, who testified to the SEC this past August, cooperated in the probe.

SEC enforcement director Linda Thomsen, former SEC associate enforcement director Paul Berger, SEC assistant director Mark Kreitman and Mr. Hanson joined forces to testify under oath yesterday that their probe of Pequot wasn't derailed for political reasons. The SEC enforcement attorneys said they hadn't had enough information to make it worthwhile to subpoena Mr. Mack.

The Judiciary Committee, together with the Senate Finance Committee, will release a report early next year that summarizes the evidence they have gathered through a congressional investigation. The SEC staff always has the option of reopening the Pequot probe. However, that is deemed unlikely because it would suggest that the SEC's enforcement investigations are steered by Congress, undercutting its status as an independent agency.

In an interview after the hearing, Mr. Specter said that "I think that there was totally insufficient justification for the firing of [Mr.] Aguirre." He said that they "manufactured a reevaluation as the basis for firing him." Mr. Specter said he planned to study the transcript to determine "where we go next."

"At best, this is a demonstration of very lax and inadequate enforcement by the SEC, and at worst, they have not pursued the evidence which was talked about relating to [Mr.] Mack" and Pequot chief Arthur Samberg, Mr. Specter said.

S.E.C. Calls Pequot Study Thorough (NYT)

By Walt Bogdanich

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — Senior officials at the Securities and Exchange Commission vigorously defended the commission's investigation of a prominent hedge fund, Pequot Capital Management, telling the Senate Judiciary Committee on Tuesday that its inquiry was professional, thorough and untainted by outside political influence.

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In their first detailed public comments about the investigation of Pequot, four current or former S.E.C. supervisors took aim at their former colleague and chief accuser, Gary J. Aguirre, saying his allegations that the agency had pulled its punches were unfounded and came from a fired employee whose temperament and judgment had caused problems in the office.

"He treated his colleagues with disrespect bordering on contempt," said Mark Kreitman, an assistant director of enforcement at the S.E.C. "His investigation of Pequot was poorly thought out, disorganized, and sloppily documented."

The testimony by S.E.C. officials, including the agency's inspector general, was met with considerable skepticism by Senator Arlen Specter, who is chairman of the Judiciary Committee, and Senator Charles E. Grassley, the Iowa Republican who heads the Finance Committee. Both panels are investigating the Securities and Exchange Commission's handling of the Pequot inquiry.

"At a minimum, it is very, very troubling what the S.E.C. has done here," Senator Specter, a Pennsylvania Republican, said, citing conflicting accounts of Mr. Aguirre's conduct and what he said was a long delay in taking testimony from John J. Mack, an influential Wall Street executive. "We are not finished with this, ladies and gentlemen."

Mr. Aguirre had previously told Congress that the Pequot investigation, which he led, was derailed in the summer of 2005 after his supervisors blocked him from taking testimony from Mr. Mack, a major fund-raiser for President Bush's re-election campaign.

Senator Grassley saved his most biting comments for the S.E.C.'s inspector general, Walter J. Stachnik, pointing out that the inspector general had not interviewed Mr. Aguirre before concluding that his charges were unfounded.

"Just calling up people accused of wrongdoing and asking them if they did it is not my idea of an investigation," Senator Grassley said.

Senator Specter said the inspector general's investigation was at best lax and at worst had the "overtone of a cover-up."

Mr. Stachnik said his staff did not need to interview Mr. Aguirre because it had ample evidence from other sources to reach its conclusion. Mr. Stachnik eventually reopened his investigation, but in doing so he has raised new questions.

Senator Grassley accused Mr. Stachnik of trying to intimidate future whistleblowers by subpoenaing Mr. Aguirre's communications with Senate investigators.

Asked why he had done so, Mr. Stachnik said he could not answer the question because the Justice Department advised him not to discuss the matter. That prompted Senator Grassley to say in a rising voice, "You may be playing footsy with an executive branch of government that wants to curb congressional inquiry, even beyond this one."

The S.E.C. had been investigating a number of profitable trades by the hedge fund in advance of mergers or other market-moving news. The commission eventually interviewed Mr. Mack and closed its investigation last week without filing an enforcement action. Both Mr. Mack and Pequot's founder, Arthur J. Samberg, have repeatedly denied any improper conduct.

Mr. Aguirre's tenure at the S.E.C. was a troubled one, said his former supervisors, who in addition to Mr. Kreitman were Robert B. Hanson, a branch chief; Linda Thomsen, the agency's director of enforcement; and Paul R. Berger, a former associate director of enforcement. They said they could now respond publicly to Mr. Aguirre's charges because the Pequot case was no longer active.

Mr. Kreitman said Mr. Aguirre had become increasingly erratic, throwing tantrums and "storming down the halls in a furious crouch."

Ms. Thomsen called Mr. Aguirre's supervisors "smart, dedicated and honorable" officials who were not afraid to follow evidence wherever it might lead, even if it implicated "captains of industry."

Mr. Hanson said Mr. Aguirre reached conclusions not supported by evidence, and cited Mr. Aguirre's examination of Mr. Samberg of Pequot. "It was reported to me that Mr. Aguirre behaved unprofessionally and was extremely disorganized during the testimony," Mr. Hanson said.

Senator Grassley challenged that assertion. Noting that Mr. Hanson had not been at the examination, the senator said a completely different conclusion about Mr. Aguirre's conduct had been reached by L. Hilton Foster, one of the S.E.C.'s most-respected experts on insider trading.

Senator Grassley said Mr. Foster, who had attended the examination, told Senate investigators that Mr. Aguirre's questioning had elicited "dynamite stuff," and that he intended to use the hearing transcript to train new attorneys.

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Mr. Hanson said he had not spoken with Mr. Foster before reaching his conclusion.

Senator Specter said the S.E.C.'s harsh criticism of Mr. Aguirre did not square with the favorable job evaluations from his supervisors. In response, Mr. Kreitman said S.E.C. officials came to believe that they had been "overly generous" and decided to add a second, more critical evaluation.

That evaluation was not shared with Mr. Aguirre and was put in his file after he left the agency.

"It looks like that negative evaluation was created only after Aguirre started complaining," Senator Grassley said.

In a statement after the hearing, the senator added, "Neither the S.E.C. nor the inspector general can get around the fact that there is little or no documentary evidence to support the supervisors' claims about Mr. Aguirre."

The senior S.E.C. officials who testified Tuesday said politics played no role in the Pequot investigation. "I certainly knew that Mr. Mack was a very high profile individual, but I had no idea until I read in The New York Times recently about Mr. Mack's political connections," Mr. Hanson said.

S.E.C. officials said they had turned down Mr. Aguirre's request to interview Mr. Mack at the time because he had not made a strong enough case for doing so, and they pointed out that at no time was there any evidence that Mr. Mack had access to information that could have constituted insider trading.

Eric Ribelin, an S.E.C. official who had worked on the Pequot case, testified that he had been "stunned and outraged" by Mr. Aguirre's firing.

"Something smells rotten," he wrote in an e-mail message to one of his supervisors. "I'm nonplussed by issues big and small about the course of events going back to January."

Asked what he meant, Mr. Ribelin said Mr. Aguirre did not receive the support he needed within the S.E.C. to aggressively pursue his investigation.

Greenberg Firm, AIG Agree To Settle Some Legal Cases (WSJ)

By Liam Pleven

The Wall Street Journal, December 6, 2006

American International Group Inc. and C.V. Starr & Co., a firm led by former AIG Chief Executive Maurice R. "Hank" Greenberg, are settling multiple legal cases.

Mr. Greenberg left AIG last year amid an accounting probe. He has denied any wrongdoing in a resulting civil case.

After Mr. Greenberg's departure, AIG terminated its relationship with insurance agencies controlled by C.V. Starr, which was headed by Mr. Greenberg when he ran AIG and sold commercial policies to large clients. Among other things, the firms have argued about who could use the "Starr" and "American International" trademarks. Under the settlement, AIG won't use the Starr or related names in doing insurance business, and C.V. Starr won't use certain AIG-related names.

The settlement doesn't resolve a dispute over billions of dollars in AIG shares held by investment vehicle Starr International Co. Mr. Greenberg is chairman of Starr International.

The terms of the settlement are confidential, the companies said. A spokesman for AIG said it includes "no monetary payment that is material to AIG's financial disclosures." Of his work at C.V. Starr, Mr. Greenberg said yesterday the company has opened offices in recent months in London and Hong Kong and has invested hundreds of millions of dollars since he left AIG.

C.V. Starr and Starr International are represented by David Boies, of Boies, Schiller & Flexner LLP. AIG's lead attorney in the case is Michael Carlinsky, of Quinn Emanuel Urquhart Oliver & Hedges LLP.

Suspect In Siemens Case Claims Executives Had A Role In Bribes (WSJ)

By David Crawford In Berlin And Mike Esterl In Frankfurt

The Wall Street Journal, December 6, 2006

Siemens AG's troubles with a fraud investigation look set to grow, after a suspect gave German investigators details of a bribes-for-business scheme and alleged senior officials at the conglomerate were involved.

Munich prosecutors say they are investigating allegations that officials at Siemens' telecommunications division diverted at least €200 million ($266.6 million) to a slush fund held at banks in Austria, Switzerland and Liechtenstein for use to pay bribes. Authorities searched offices and homes of Siemens employees in mid-November.

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On Friday, prosecutors ordered the release of Reinhard Sickzek, 56 years old, a former sales official in the Siemens telecoms division, after he provided details of a system of bribes paid to potential customers in Africa, Russia and the Middle East, according to Mr. Sickzek's lawyer, Wolfgang Kreuzer. Mr. Sickzek also named at least one board member in the Siemens telecoms division as the supervisor of the scheme, Mr. Kreuzer said.

Mr. Sickzek's statement to Munich prosecutors, which encompasses hundreds of pages, raises questions about Siemens's determination to prevent corruption. Mr. Sickzek told police that a member of the Siemens Compliance Department advised him on how to prevent detection of the bribery operation.

Siemens says it is cooperating in the investigation as a witness.

Siemens, Europe's largest engineering company by sales, has attributed the alleged fraud to "individual acts" but also has said it is reviewing its compliance procedures and recently hired an ombudsman.

A spokesman at the Munich-based company declined to comment yesterday on Mr. Sickzek's statement, citing the continuing investigation.

Few details from Mr. Sickzek's statement, reported on Saturday in the Süddeutsche Zeitung and confirmed yesterday, are available.

A prosecutor said Mr. Sickzek was released because he provided important assistance and laid to rest any concerns he would attempt to damage the investigation.

A spokesman for the Munich prosecutors office declined to comment. Mr. Sickzek wasn't available for comment, according to Mr. Kreuzer.

In his statement, Mr. Sickzek told prosecutors he had expected his arrest since November 2004 when he was contacted by Liechtenstein prosecutors about the movement of funds at a bank in Vaduz. Prior to his arrest, he began collecting files, memos, bank receipts and legal documents that would assist the investigation, according to Mr. Kreuzer.

Among the documents were a series of falsified contracts and invoices used to divert €70 million to €100 million per year through a network of accounts and shell companies in Austria, Switzerland and Liechtenstein, according to Mr. Sickzek's statement, Mr. Kreuzer said.

Mr. Sickzek provided details of how the system of slush funds was organized at Siemens and who was in the know, according to Mr. Kreuzer.

Mr. Sickzek is likely to be a key witness against his accomplices should the case go to trial, Mr. Kreuzer said.

Robert Wallner, senior prosecutor in Valduz, Liechtenstein, says his office opened an investigation of a suspected attempt to defraud Siemens in November 2004 after a bank reported €7.6 million withdrawn from one Siemens account in cash and then deposited in cash in a second account several days later.

Mr. Wallner said he continued his investigation even after a Siemens lawyer requested he close it because Siemens hadn't been defrauded. "We are still investigating to see whether the claim is true," Mr. Wallner said.

Countrywide Settles With Spitzer (WSJ)

By Paul Davies

The Wall Street Journal, December 6, 2006

Countrywide Financial Corp., one of the nation's largest home-mortgage lenders, has settled an inquiry by New York state's attorney general, Eliot Spitzer, into alleged discriminatory pricing practices and agreed to establish a $3 million consumer-education fund and implement other reforms.

The settlement comes as other banks involved in the inquiry continue to resist Mr. Spitzer's efforts to obtain information about their lending practices.

Mr. Spitzer launched the inquiry into lending by seven large banks -- including Citigroup Inc., HSBC Holdings PLC, and Wells Fargo & Co. -- in April 2005. Mr. Spitzer was elected governor of New York in November and takes office next month.

The inquiry began after a review of federal Home Mortgage Disclosure Act data showed that black and Latino customers were more likely than whites to receive high-priced loans in New York in 2004.

Mr. Spitzer sent the banks letters seeking loan-pricing data, such as credit scores, used to set interest rates and fees.

The banks sued Mr. Spitzer, contending that as federally-chartered institutions they are shielded from state scrutiny. A federal district court sided with the banks, whose position was backed by the federal Office of the Comptroller of the Currency, which joined the suit. The case is on appeal before the Second U.S. Circuit Court of Appeals in Manhattan.

Announcing the Countrywide settlement, Mr. Spitzer criticized the OCC for siding with the banks.

"We wish that OCC would expend as much effort examining the pricing practices of the national banks it regulates as it has devoted to protecting these banks from our fair lending inquiries," he said in a statement.

Under the settlement, Countrywide agreed to compensate minority borrowers improperly steered toward higher-cost loans. The total amount of compensation hasn't been determined yet.

Countrywide Financial, based in Calabasas, Calif., also agreed to improve training for loan officers and provide detailed reporting to the attorney general's office to ensure compliance. It also agreed to pay the state $200,000 to cover investigation costs.

"Countrywide and Attorney General Spitzer share a common goal: to assure that all individuals who apply for a mortgage loan receive equal treatment, and that any pricing differences should be based on credit, property and other risk factors," said a statement from Rick Wentz, senior managing director and chief ethics officer for Countrywide.

Countrywide Reaches Deal After Bias Probe (WP)

By Kathleen Day, Washington Post Staff Writer

The Washington Post, December 6, 2006

Countrywide Financial Corp., the nation's largest mortgage lender, will compensate as many as 4,500 black and Hispanic borrowers under an agreement announced yesterday with New York Attorney General Eliot L. Spitzer.

The agreement ends the attorney general's probe of Countrywide for possible violations of fair-lending laws that Spitzer said were suggested by patterns in mortgage data collected each year by the federal government. Spitzer's office examined mortgages made in 2004.

Countrywide, which denied any wrongdoing, has agreed to review the loans in question to make sure the customers were charged the same rate as white borrowers with similar financial histories. The company made 20,000 mortgages in New York in 2004, including the 4,500 to black and Hispanic borrowers.

Neither the company nor Spitzer knows how much will be repaid until Countrywide's review is complete, but company spokesman Rick Simon said it wouldn't involve many loans or much money. "We do not think there will be a lot of payments. We do not expect this to have great impact," he said. He declined to be more specific.

The Calabasas, Calif., company said it consented to the agreement to avoid the cost and inconvenience of a longer investigation by Spitzer's office and possible litigation. The agreement also requires Countrywide to pay $200,000 to cover the cost of Spitzer's probe, beef up monitoring of its lending practices and invest $3 million in consumer education.

Allen Fishbein, housing and credit expert for Consumer Federation of America, praised the agreement for requiring Countrywide to monitor not only the loans it originates but also those it buys from mortgage brokers. He said it could be a model for other state and federal regulators, who are combing through the same federal loan data for evidence of discrimination.

Major mortgage lenders, including Wells Fargo, J.P. Morgan Chase, Citigroup and HSBC Holdings, went to court to block Spitzer from probing their lending practices. The Office of the Comptroller of the Currency has supported the banks, a stance Spitzer is challenging.

Congress May Soon Make 'Pretexting' A Federal Crime (WSJ)

By Christopher Conkey And David Rogers

The Wall Street Journal, December 6, 2006

Spurred by the Hewlett Packard Co. scandal, Congress is moving toward passing legislation this week that would make it a federal crime to obtain someone's telephone records without his or her approval.

The measure targets so-called "pretexting" tactics, where investigators use various schemes to impersonate their target and gain access to private phone records. Investigators hired by H-P used the strategy earlier this year in a now-infamous investigation into who leaked information to reporters.

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About 12 states have made telephone pretexting a crime, but there's currently no clear federal prohibition. Former H-P executive Patricia Dunn and several others were charged in the pretexting scandal for violations of California's state privacy laws.

The federal legislation under consideration, which passed the House in April and may clear the Senate before Congress adjourns for the year, would make pretexting for phone records a federal crime, and spell out new federal criminal penalties for both those who buy and sell such fraudulently obtained records.

Individuals and organizations that purchase confidential records -- knowing they were obtained without the consumer's consent -- could be subject to fines of up to $500,000 and imprisonment for up to five years. Additional penalties would be imposed in cases where the information is used to commit further federal crimes, or causes substantial financial harm, for example, to a consumer whose identity has been stolen.

The law contains an exception for law-enforcement agencies.

Until recently, telephone pretexting has existed in a murky legal realm, and federal regulators and state attorneys general have often been forced to bring cases under general consumer protection or antifraud statutes.

Noting the lack of federal protections against the practice, House Judiciary Committee Chairman James Sensenbrenner (R., Wisc.) said yesterday: "We recognized this loophole long ago, but Hewlett Packard made it a front burner issue. And if we fail to pass this now, it just gives people an opportunity to do what Hewlett Packard did again and try to get away with it."

The legislation moving through Congress doesn't go as far as some consumer advocates want. It doesn't compel phone companies to beef up security procedures, and it doesn't give the Federal Trade Commission the power to levy civil fines. While the Justice Department would have the power to enforce criminal penalties, the FTC's hands would remain tied.

In a recent telephone-pretexting enforcement sweep, for example, the FTC targeted companies that advertised their ability to obtain confidential phone records, alleging "unfair and deceptive" violations of marketing laws.

But the FTC doesn't have the clear authority to go after the shadier investigative firms that actually acquired the phone logs for those companies, and still would not under the proposed law.

Consumer advocates characterized the bill moving through Congress as a good start, but said they will continue pushing for broader measures. "It's a good first step," said Rob Douglas, an information-security consultant who runs the privacytoday.com Web site. "If we're going to get anything done in these closing moments of Congress, this is the only bill that has a chance."

Because of the bill's narrow provisions, most of the industries affected said they support the measure. "We need stiff penalties to deter criminals from pursuing this trade," said Joe Farren, spokesman for CITA-The Wireless Association, a trade group for cellular carriers. Mr. Farren said phone pretexting is already illegal under general fraud statutes, and noted that every major phone carrier has filed lawsuits against pretexters.

Many private investigators distinguish pretexting for phone and other confidential records from other, more general forms of pretexting -- such as pretending to be someone's brother-in-law to find out if they live at a certain address when investigating a child-abduction case. They say they support the penalties for those seeking confidential information -- and say few companies do that anymore. The recent attention paid to telephone pretexting has driven many Web sites advertising the service offline. "I don't know anyone that goes near it anymore," said Joseph Biondo, a private investigator in Forest Hills, NY.

Pretexting to obtain financial records is already illegal under previous federal legislation.

The House approved the proposed phone legislation long before the H-P scandal, but the bill then languished for months amid jockeying between the Senate Commerce and Judiciary committees. Both panels supported action, but the Commerce bill went beyond the Judiciary bill by creating a set of civil penalties and giving a greater enforcement role for the Federal Trade Commission and Federal Communications Commission. But consumer advocates were concerned that the Commerce bill would pre-empt tougher state laws.

In September, Mr. Sensenbrenner appealed to Senate Majority Leader Bill Frist (R., Tenn.) to break the logjam. This week, the leadership began pursuing a strategy of simply calling up the House bill and sending it to President Bush for his signature.

Given the late hour -- Congress is due to adjourn this week -- it could yet be blocked by an individual senator seeking leverage on some other legislation. Late yesterday, Republican aides said Arizona Sen. John McCain was threatening to block the measure unless an unrelated bill establishing a federal boxing commission was added. Mr. McCain's office did not respond to requests for comment.

Democrats said that none of their members objected and both Republican Sens. Ted Stevens and Arlen Specter, the departing chairmen of the Commerce and Judiciary Committees, have endorsed the decision to proceed along these lines.

In appealing for action, Mr. Sensenbrenner was joined by Rep. Howard Berman (D., Cal.) and Rep. Lama Smith (R., Tex.), senior members of the House Judiciary panel. In a letter to Mr. Frist in September, the three lawmakers noted the HP disclosures and that outside counsel to the company had reportedly suggested that the use of pretexting services is not clearly illegal.

"The time has come to clearly and unambiguously make such activity illegal," Chairman Sensenbrenner and his colleagues wrote.

SEC Plans Database To Stem Illegal Hedge-Fund Trading (Update3) (BLOOM)

By Jesse Westbrook And David Scheer

Bloomberg, December 6, 2006

Dec. 5 (Bloomberg) -- The U.S. Securities and Exchange Commission plans to have a database in place by next year that will help it crack down on hedge-fund insider trading, a senior agency official said.

``The SEC presently does not have an electronic system to aggregate referrals based on the identities of the specific traders involved," SEC Enforcement Director Linda Thomsen said before the Senate Judiciary Committee today. ``We anticipate implementing a new case tracking system by mid-2007."

Illegal trading by hedge funds ``remains a substantial concern" to the SEC as the $1.3 trillion industry's influence over financial markets grows, Thomsen said. Hedge funds, which are loosely regulated private pools of capital, manage about 5 percent of U.S. assets and account for about 30 percent of U.S. equity trading volume.

Today's hearing is the third convened by Senator Arlen Specter, the Judiciary Committee's chairman, in six months to examine oversight of insider trading. The Pennsylvania Republican circulated draft legislation aimed at halting illegal buying and selling of stocks that would require hedge funds accepting money from pension funds to submit to random inspections by the SEC.

His measure would also force hedge funds, which allow managers to participate substantially in the gains of money invested, to set up ethics codes and compliance programs and allow the Justice Department to give private citizens rewards for helping in prosecutions of insider trading cases.

``Light regulation, secrecy, unregulated recordkeeping and limited compliance programs of hedge funds increase the difficulty of detecting and proving insider trading," according to Specter's legislation, which hasn't been introduced.

NYSE Effort

The New York Stock Exchange and the NASD, which refer data about suspicious buying and selling to the SEC, are coordinating efforts to share information about hedge funds, Robert Marchman, head of market surveillance for the NYSE, said in an interview.

The agencies plan to build out a database with information detailing relationships between hedge funds and other ``financial business-related entities" in an effort to uncover illegal trading, he said.

Lawsuits involving hedge funds made up 11 percent of the SEC's insider trading cases in fiscal 2006, according to agency figures. The SEC expects to file more cases against the industry alleging illegal trading in 2007, Thomsen has said.

The SEC sued Wynnefield Capital Inc. Managing Partner Nelson Obus in April, alleging three hedge funds he runs made $1.34 million after getting a tip about the merger of Allied Capital Corp. and SunSource Inc.

In May, hedge fund Deephaven Capital Management LLC agreed to pay $5.7 million to settle allegations that it profited from trades made before 19 private investments in public equity offerings that were about to be announced.

`Increasing Pressure'

``The increasing role played by hedge funds and the expectation of consistent, market-beating returns could lead to increasing pressure on fund managers to deliver by any means, such as riskier investments, or worse, illegal trading on inside information," Senate Finance Committee Chairman Charles Grassley said at the hearing.

Specter held today's hearing, in part, to continue probing allegations by former SEC attorney Gary Aguirre that his investigation of insider trading at hedge fund Pequot Capital Management Inc. was stymied for political reasons. Thomsen denied Aguirre's claims, telling Specter and Grassley that the ``enforcement division does not pull its punches."

Specter's legislation would restore elements of SEC rules struck down by a federal appeals court in June that required hedge-fund advisers to register with the agency. While Specter said today that he plans to introduce the measure, he doesn't expect Congress will take it up before the end of the year.

Amaranth Collapse

Lawmakers became concerned that the lack of hedge-fund oversight could put retiree money at risk after pension funds were stung by the collapse of Amaranth Advisers LLC. The Greenwich, Connecticut-based hedge fund lost $6.5 billion in September on bad natural gas trades.

Regulators should double the amount of net worth required to invest in hedge funds to $2 million to protect unsophisticated investors, Connecticut Attorney General Richard Blumenthal told the judiciary panel today. Currently, individuals can also invest in hedge funds if they had income of $200,000 for each of the past two years, a requirement that should be raised to $500,000, he suggested.

``A small investor in my view would be anyone who can't afford to lose the amount invested," Blumenthal said. ``Raising the net worth or income levels for participation in hedge funds is one of the single most important steps that this committee or the SEC could take to raise the bar."

The SEC will consider proposing at a Dec. 13 public meeting that the amount of wealth needed to invest in hedge funds be increased. The agency hasn't specified how it might limit the pool of hedge-fund investors.

Deadlock Broken On Revising Audit Rule (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, December 6, 2006

Proposal to Rein In Accounting Costs

Regulators have reached an agreement in principle on how to revamp a contentious accounting rule that cost businesses millions of dollars more than anticipated, removing a pair of major stumbling blocks attacked by consumer advocates.

The Public Company Accounting Oversight Board, which oversees the audit industry, plans to meet Dec. 19 to present its revised version of the regulation, officials said yesterday. The rule, which mandates that auditors review corporate financial controls, is the most disputed part of the Sarbanes-Oxley law, passed by Congress in 2002 after frauds at Enron and WorldCom.

Businesses had objected to the cost of complying with the law's stricter audit provision. The accounting board's chairman, Mark Olson, said the new proposed guidance, which attempts to focus auditors on areas of highest risk, would more closely align the costs of the measure with its benefits.

Accounting board officials had clashed with leaders of the Securities and Exchange Commission over the issue in recent weeks. But a visit to the board's office Friday by SEC Chairman Christopher Cox helped put the process back on track.

Cox had floated the idea of requiring small companies to develop financial controls, which help prevent fraud and mistakes, but forcing auditors to test the controls only on a narrow and limited basis, in a memo that was leaked two weeks ago. But investor groups howled that the proposal would gut the law.

That idea now appears to be off the table, in part because of a report issued last week by a panel supported by Treasury Secretary Henry M. Paulson Jr. The Committee on Capital Markets Regulation, funded by business interests, advocated a broad overhaul of U.S. regulation and urged new protections against shareholder lawsuits. But the panel rejected the notion that small companies could evade regular testing of their internal controls.

Accounting board and SEC officials also appear to have resolved another obstacle. Under a proposal in Cox's leaked memo, thousands of companies already complying with the rule might have won an exemption because of the way the proposal defined a small business. But the new draft calls for auditors to take into account both the size of a company and the complexity of its business and accounting practices. That way, a small business that handles complex financial instruments known as derivatives, for instance, would get more stringent review.

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The SEC is set to issue new guidance for corporate managers at a public meeting next week, and the accounting board is to lay out its proposed changes a week later. Officials at both agencies cautioned that certain technical details remain to be resolved and the agreement may yet founder.

Given the importance of the issue to investors and the continued urging by key lawmakers from both political parties to lighten the burden on businesses, the incentive is for regulators to settle the matter quickly.

Investor advocates said they are following the debate with interest, but they preferred to reserve comment until they could review the specific proposals. The rule is complex, and it may be difficult to grasp its implications without a close reading of the language, they added.

The revisions will be "critical in transforming [the rule] from one of the most troublesome parts of Sarbanes-Oxley to one of the most meaningful parts of the act," SEC Commissioner Paul S. Atkins, a Republican, said at a public meeting Monday.

Likewise, Commissioner Roel C. Campos, a Democrat, said that the end product "will balance very well investor protection while also creating a better environment for efficient audits of internal controls."

CRIMINAL LAW:

Renzi Reports Death Threats, Gunshots At Office (AZREP)

By Billy House, Republic Washington Bureau

Arizona Republic, December 6, 2006

WASHINGTON - Rep. Rick Renzi says the FBI is investigating several "death threats" directed at him, as well as incidents of gunshots and other vandalism to his Flagstaff office.

"I'm very concerned about a series of calls we've gotten - one we're taking very seriously," said the Arizona Republican, in an interview today.

A Justice Department official in Phoenix would neither confirm nor deny a pending investigation into the incidents described by Renzi.

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Renzi, who was elected to his third term on Nov. 7, said incidents of vandalism dates from several months ago, and include instances of golf balls and firecrackers thrown at his congressional offices.

But concerns over the vandalism heightened last week, after gunshots were fired at the congressional office on North San Francisco Street, either late on Nov. 28 or early Nov. 29.

Along with the vandalism, there's been a series of threatening telephone calls to the office, including death threats to the congressman, said Renzi.

One call, in particular, is prompting the most concern. Renzi declined to provide the details of that message.

The FBI is conducting interviews regarding the calls and the shooting, Renzi said.

"These incidents are having a cumulative effect on our people (staffers)," said Renzi. "We are seriously looking at the possibly having to move into a more-secure building."

Reach the reporter at billy.house@arizonarepublic.com or 1 (202) 906-8136. You can read his blog from Washington at http://www.azcentral.com/blogs/index.php?blog=300&blogtype=News

Aleppo Man Indicted In Murder-for-hire Case (PPG)

By Milan Simonich, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 6, 2006

What began as an extramarital affair for an Aleppo man is now a federal criminal case that could cost him his life.

Grand jurors in Wheeling, W.Va., yesterday indicted Eugene Talik Jr. on a murder-for-hire charge in the death of his lover, Kelly Jo Elliott.

Mr. Talik, 38, also was charged with conspiracy and interstate domestic violence. The grand jury alleges that he hired an acquaintance to kill Ms. Elliott, 28, so word of their affair would never reach his wife.

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Prosecutors say Mr. Talik himself strangled Ms. Elliott after the man he hired decided he could not go through with the killing.

The second man has not been identified by federal prosecutors or the grand jury. He is cooperating with the U.S. attorney's staff in Wheeling as it prepares its case against Mr. Talik.

Mr. Talik could face a sentence of life in prison or death if he is convicted. For prosecutors to pursue a capital case against him, they would need approval from U.S. Attorney General Alberto Gonzales.

Mr. Gonzales earlier this year authorized the death penalty in a case similar to the one against Mr. Talik. It involves Donna Moonda, of Hermitage in Mercer County, who is charged with hiring a man to murder her husband, a wealthy physician.

Investigators say Mr. Talik killed Ms. Elliott the night of May 25. The indictment alleges that Mr. Talik told her they would be taking a camping trip over the Memorial Day weekend. After they had packed, they drove in separate vehicles to the truck stop at the Dallas Pike exit of Interstate 70, where the other man was waiting.

The second man told prosecutors he hit Ms. Elliott with a pipe, but the blow did not kill her. At that point, he said, he decided he could not take her life.

Prosecutors allege that Mr. Talik then attacked and strangled Ms. Elliott, a mother of two small boys. The indictment alleges that he killed her in the moving van he drove for a living.

An arrest warrant for Mr. Talik said he and his accomplice then drove Ms. Elliott's body across the West Virginia line and into Pennsylvania. The killers set her body afire and buried her remains in a shallow grave in Elk County, prosecutors said.

Mr. Talik is in jail without bail in West Virginia. Prosecutors will not say where the second suspect is being held.

Boot Lawyer Off Case, Feds Urge (SLT UT)

By Pamela Manson

Salt Lake Tribune, December 5, 2006

Davis scandal

Prosecutors are seeking to disqualify the lawyer for a Layton couple accused of stealing federal grant money from Davis School District, claiming he gave legal advice to witnesses in the criminal investigation.

The defense attorney, Paul Gotay, denies that his actions have caused a legal conflict that would require him to step down and is fighting to continue his representation of Susan G. Ross and John D. Ross.

"My head was put in the vise, and they tried to squeeze it," Gotay said Monday after a hearing in U.S. District Court in Salt Lake City, where the disqualification motion was discussed. "It's a good thing I have a hard head."

Magistrate Brooke Wells has set a hearing for Monday to hear arguments on the disqualification motion and Gotay's request for transcripts of grand jury testimony by the witnesses.

In the disqualification motion, filed late Friday, the U.S. Attorney's Office said that as early as May 2005, Gotay appeared with the Rosses at the office of the FBI, the agency investigating the alleged fraud that drained the district of millions in Title I money meant to help disadvantaged students.

Then, when agents attempted to interview two witnesses they believed had knowledge of the scheme - Keith Evans and Terry Applegate - both men said Gotay was their attorney, the motion said.

In addition, Gotay himself, by engaging in "multiple financial transactions with the defendants," has personal knowledge relevant to the case and is likely to be a witness in the prosecution, according to the motion.

Gotay has said the attempt to disqualify him stems from the fact that the Rosses paid him a fixed fee for his representation after they came under investigation in the spring of 2005. The couple's assets were frozen when they were indicted Nov. 21 by a federal grand jury.

On Monday, Gotay repeated his assertion that he will represent the Rosses no matter what. Because they have paid him, the government has also frozen his assets, he said.

"The government deems it necessary to have me removed because I was willing to represent them free of charge as needed," he said. "When all legal avenues fail . . . personal attack is the name of the game."

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Gotay also said he will file a motion asking that Wells be removed from the case because she appears to have decided already to disqualify him. The magistrate said during the hearing she has no opinion yet on the matter and declined to recuse herself.

The Rosses have pleaded not guilty to 47 counts of theft, fraud, copyright infringement and money laundering against them. Stella V. Smith - Susan Ross' former secretary at the district - also has pleaded not guilty after being charged in a separate indictment with 37 counts of mail fraud for allegedly taking more than $300,000 in payment on fake invoices.

Prosecutors did not seek to keep any of the three behind bars in the months leading up to their trials, scheduled in February. But all three were required to surrender their passports and keep in contact with the court's pretrial services officers.

Wells ruled at Monday's hearing to leave the same release conditions in place.

The indictment accuses the couple of selling photocopies of books to schools that receive federal Title I funding at vastly inflated prices through an intermediary company, which kept a small percentage of the profit and paid the rest to a company allegedly owned by Susan and John Ross. Money allegedly taken from 2000 to 2005 amounts to $4.3 million, but officials say the scam may have begun as early as 1985.

The intermediary company is Research and Development (R&D), which is run by Evans and Applegate, according to court records. The records say the two men, who are not charged in the case, are prosecution witnesses.

Smith is accused of creating phony invoices for books that were never ordered and never delivered. She allegedly collected $338,000 from 1999 to 2005.

The Davis district first detected something was amiss with its Title I programs in spring 2005 after implementing a new review system. Authorities were contacted immediately, said Timothy FuhrÃ¸man, special agent in charge of the FBI's Salt Lake City office, which investigated the matter along with the U.S. Department of Education Office of Inspector General, the IRS and Farmington police.

Susan Ross, who was employed by the district beginning in the 1970s, was director of federal programs before she retired in spring 2005. John Ross is the former Title I specialist for the Utah Office of Education and worked as a grant specialist for the Davis district from March 2000 to February 2005.

The maximum penalty for mail fraud and money laundering is 20 years in prison; for theft, 10 years; and for copyright violations, five years.

The U.S. Department of Education is working on its own Office of Inspector General and the Justice Department to determine whether officials at the district or state level might also be held liable, spokesman Jim Bradshaw said.

Generally in such cases, prosecutors request restitution, which the judge determines at sentencing. The Ross charges include a "notice of intent to seek criminal forfeiture" for the nearly $4.3 million and all ill-gotten assets.

Rather than waiting for the trial's conclusion, possible "administrative steps" are being discussed now, Bradshaw said, although he declined to elaborate on whether those actions might target state or district overseers.

Davis district spokesman Chris Williams said "it would be really tough" for the district to come up with the money to repay what allegedly was stolen. The district currently has less than $3.5 million in reserves, he said.

Among schemes to defraud the department, the Davis charges aren't unique. In its latest semiannual report to Congress, three of five cases reported by the U.S. Department of Education's Office of Inspector General echoed aspects of the Davis fiasco.

In West Virginia, a former financial manager embezzled more than $1.3 million in state Title I funds. The official was sentenced to more than five years in prison and ordered to pay $1.5 million in restitution.

Investigations in Georgia and Minnesota also uncovered scams to funnel federal money to front companies. The conspirators were sentenced to serve up to eight years in prison and pay back most of the money.

Stolen Car A Hoax; Mom's Boyfriend Charged In Boy's Death (AP)

By Jay Reeves

AP, December 6, 2006

DOJ_NMG_0102777

BIRMINGHAM, Ala. - A north Alabama woman who claimed that someone stole a car with her 5-year-old son asleep in the back seat was charged Tuesday afternoon with hindering prosecution, and her boyfriend was charged with capital murder in the boy's death.

An Amber Alert was issued Monday morning when Shalinda Glass reported that her son had been abducted outside an Albertville convenience store. A massive search was conducted by police and members of the FBI and the Alabama Bureau of Investigation.

It turns out Glass was lying.

Etowah County Sheriff James Hayes said the body of the boy, Geontae Glass, was discovered in the pre-dawn hours inside the missing Nissan Altima, which had been parked in a closed garage at a house in rural Etowah County.

He said Glass, 25, of Rainbow City, and her boyfriend, Kevin Andre Towles, who is believed to own the house where the body was found, were arrested early Tuesday morning at Towles' apartment in Rainbow City. They were both being held in the Etowah County jail Tuesday night.

Hayes said Glass told police that her son, who was in kindergarten, died from a beating after he brought home a bad progress report from school Friday.

Authorities were trying to determine jurisdiction, but believed the child was killed in Etowah County, where the mother lives, and that the alleged cover-up was committed in neighboring Marshall County, where the car theft was reported.

Marshall County District Attorney Steve Marshall said investigators believe the dead child was in the car when his mother went to the store and went inside with her 7-year-old daughter.

Towles was believed to be the "main player" in the death of the boy, Hayes said in an interview. Authorities aren't sure exactly what happened, he said, but Towles has a criminal record and appeared to be "an abusive boyfriend of the mother."

Glass reported Monday morning that her car was stolen with her son asleep in the back seat in the parking lot of a convenience store in Albertville in neighboring Marshall County. Witnesses reported seeing a man get out of a pickup truck and get into the vehicle before driving away as someone else drove off in the pickup truck.

Authorities took the pickup truck driver into custody Tuesday for questioning. Police decided not to charge him because they believe he didn't know what was happening, Marshall said.

Hayes said the pickup truck has been found and the driver was taken into custody for questioning. No charges were filed, but he said the investigation was ongoing.

"We do expect others to be arrested," he said.

Towles has several residences, Hayes said, and investigators searching his home in Albertville discovered evidence that led them to the house in Etowah County. Besides the body, officers found more than $30,000 in cash, a small amount of cocaine, marijuana residue and weapons including an AK-47, Hayes said.

"We believe this is what he thought was his safe house, where nobody knew where he was," Hayes said.

Hayes said both the time and cause of the boy's death were yet to be determined.

Alabama state troopers and Albertville police had issued an Amber Alert for the boy, who was said to be last seen in his mother's light blue 1994 Altima. Hayes said the suspects could have tried to dispose of the car - with the body inside - if not for the public being put on alert for the vehicle.

"The Amber Alert was absolutely critical in this case," he said.

Gina Keeton, a clerk at the Albertville store, said she saw Glass crying hysterically in the parking lot after she left the store.

"When I asked her what was wrong, she said someone had taken her child and her car," Keeton said.

Beside being accused in the boy's slaying, Towles will be charged with drug offenses and being a convicted felon in possession of a firearm, the sheriff said.

Abduction Tale May Be Latest Hoax (USAT)

By Wendy Koch

USA Today, December 6, 2006

An Alabama mother's report that her slain 5-year-old son had been asleep in a car when it was stolen was a hoax, and she and her boyfriend have been charged in the boy's death, police said Tuesday.

The body of the kindergartner, Geontae Glass, was found early Tuesday in the trunk of the car, which was parked outside a house owned by the mother's boyfriend, said Capt. Michael Jones of the Etowah County Sheriff's office. "They came up with a plan to disguise the homicide," Jones said of Shalinda Glass, 25, and her boyfriend, Kevin Andre Towles.

Towles has been charged with capital murder and Glass with hindering prosecution.

The story could be the latest in a string of hoaxes, from "runaway bride" Jennifer Wilbanks of Georgia, who faked her own kidnapping, to Sarah Everson, a Missouri woman who collected donations by pretending to be pregnant with sextuplets. Some appear aimed at financial gain or avoiding prosecution — or marriage. Others are odder: John Mark Karr claimed to have killed JonBenét Ramsey until evidence showed otherwise.

"Some of these people aren't exactly brain surgeons," says Jay Siegel, director of the Forensic and Investigative Sciences Program at Indiana University. "There are a lot of reasons why people do these things," he says, including mental disorders such as Munchausen Syndrome by Proxy, in which parents make up symptoms, hurt or even kill their children, making it look like an accident.

"A lot of this is done for attention," Siegel says. "It's a form of exhibitionism without taking your clothes off." He says the desire for fame may be exacerbated by reality TV shows.

Michael Aamodt, who teaches forensic psychology at Radford University in Virginia, says some people panic when they get in trouble and make up elaborate stories.

"People, in general, are not very good liars," he says. "They don't really think about the getting-caught part."

In Alabama, Jones says, police concluded that Glass' story was false after interviewing her and others. He said Glass has no prior criminal record but Towles, who runs a barbecue restaurant, has a record of drug offenses.

Glass, who also has a 7-year-old daughter, told police Monday that the boy was sleeping in the back seat of a car that she left running when she went into a convenience store in Albertville, about 80 miles northeast of Birmingham.

Witnesses reported seeing a man get out of a pickup and into the car while someone else drove the truck.

State's Attorney's Office Under Review (WP)

By Ruben Castaneda, Washington Post Staff Writer

The Washington Post, December 6, 2006

Ivey Requested Justice Department Probe

A team of current and former state prosecutors from across the country is meeting this week with Prince George's County prosecutors, police, judges and defense attorneys to assess how well the state's attorney's office is performing and what it can do to improve.

The broad independent review is being conducted at the request of State's Attorney Glenn F. Ivey, who will begin his second term in January. Ivey, who was reelected without opposition in the November general election, said no event or case prompted the review.

In an interview, Ivey said he wanted to conduct such a review from the time he first assumed the office in December 2002 but was unable to because of budgetary constraints.

He said the review is being conducted at no cost to the state's attorney's office.

The team of four current and former prosecutors that will be reviewing the office was put together by the Bureau of Justice Assistance, which is part of the Justice Department.

The review team will be supported by two staff members from the bureau, said Joseph Trotter, an official with the bureau.

Ivey said he told his staff, which includes about 70 prosecutors, about the review a month ago, shortly after he was reelected. Ivey said he urged his prosecutors and other staff to be honest with the assessors, who began conducting interviews Monday and are scheduled to complete them today.

"I told our people the only way this will work is if they're candid," Ivey said. The reviewers will interview prosecutors, supervisors and trial lawyers away from the Upper Marlboro office, he said.

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Ivey said he wants the reviewers to determine whether policies need to be changed and to point out any problems with personnel. If prosecutors or staff members believe there is something Ivey can be doing better, he wants to know about it, Ivey said.

Ivey said he would like the reviewers to provide a list of recommendations, "a sheet I can work from."

Trotter said a written report would be available within a few weeks, perhaps by January.

During his tenure, Ivey has been credited with beefing up prosecutions of thefts and other economic crimes. Assistant State's Attorney Isabel Mercedes Cumming, head of the "fraud squad, " was named the national fraud examiner of the year by a financial crime analysts group last year.

Prince George's prosecutors also have been successful in obtaining convictions against at least four members of the violent MS-13 gang in recent years for offenses such as murder and attempted murder.

On the other hand, several prosecutions of homicides and other violent crimes have gone awry in recent months.

Last month, two Prince George's judges in separate cases dismissed murder charges against defendants because of what they considered flaws in the prosecution.

Since May, prosecutors have dropped murder charges against at least two other defendants because of problems with state witnesses or evidence.

La. Authorities: Seemingly Harmless Suspect In Serial Killings Disarmed Victims With Charm (SDUT/AP)

By Mary Foster, Associated Press

The San Diego Union-Tribune, December 6, 2006

HOUMA, La. – Short, overweight and suffering from a heart condition, Ronald J. Dominique hardly seemed a threat, much less a serial killer.

A near-broke nobody who lived with his sister before moving into a homeless shelter, he went willingly, leaning heavily on a cane, when officers came to get him last week.

Even with a meek persona, investigators said, Dominique bound and strangled or smothered 23 men and teenage boys in south Louisiana in what the FBI considered its most urgent serial killing case.

Dominique apparently was able to charm his victims into accompanying him, said Les Bonano, director of investigations for the state attorney general's office.

“He'd meet them on the street, walking or riding their bikes, and just start talking to them. He'd offer them a ride or talk them into sex and they'd go with him,” Bonano said Tuesday.

Dominique, 42, was arrested Friday at a homeless shelter in Houma and charged with two murders. On Monday, authorities filed nine more counts against him and said more charges were possible.

Dominique was being held without bond at the Terrebonne Parish jail pending a Jan. 17 arraignment. A message seeking comment was left with the parish public defender's office, which was assigned Tuesday to represent him.

Joseph Waitz, the Terrebonne district attorney, said he will seek the death penalty.

Once investigators began interrogating him, Dominique eagerly claimed credit for the killings, Terrebonne Sheriff Jerry Larpenter said.

“We'd been talking to him just a short period of time and he just started giving it up,” Larpenter said. “I don't know what prompted it. Maybe he just wanted to clear his conscience.”

Dominique is believed to have raped his victims before killing them, Larpenter said.

“He's nothing on the street, a nobody. But here he had power. Once he got those ropes on them, they were his,” he said.

Until the week of his arrest, Dominique was living with his sister in Bayou Blue, a rural area near Houma, a Cajun community of 32,000 surrounded by bayous and sugar cane fields, where many work in commercial fishing or the oil industry. His camper was parked behind a trailer covered by a broad, wood roof.

Dominique hit the shelter almost penniless. Phillip “Pappy” Breaux, who lives at the shelter, said Dominique told him he had enough money to pay for a room for five or six nights at $10 a night.

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“If he hadn't been arrested he could have been here 20 years and nobody would have paid any attention to him,” Breaux said. “He complained about his health some, but that was about it.”

Investigators said Dominique was charged at least seven times and jailed twice over the years, mostly for minor offenses such as traffic violations, simple battery and disturbing the peace by offensive language.

But one case apparently planted the seed for his later crimes, according to Larpenter.

On Aug. 25, 1996, Dominique was arrested on a charge of forcible rape. He was booked into jail, but the case did not go to trial because the victim could not be found.

Larpenter said Dominique told investigators that brief brush with incarceration left him determined not to go back to jail.

“He said he killed them because he didn't want to get caught,” Larpenter said. “But I would think he discovered somewhere on the way to killing 23 that it was not just because of that. I think he discovered he liked it.”

FBI Special Agent in Charge Jim Bernazzani said FBI profilers felt this was the most significant current serial killer case in the country in terms of the number of victims and its time span – the killings took place from 1997 to 2005.

“A serial killer like this hides in plain sight,” Bernazzani said. “They do not disturb people. That's why they are so effective.”'

All the victims were homeless males, ranging from 16 to 46, all were strangled or asphyxiated and all the bodies were bound. Their bodies were dumped in remote spots in seven parishes.

The break in the case came when an ex-con told his parole agent about getting away from a man who wanted to tie him up for sex, Larpenter said.

Dominique voluntarily gave investigators a DNA sample, which connected him two Jefferson Parish murders, Sheriff Harry Lee said.

“He went along with it, let us take a swab,” Lee said. “He was no trouble at all.”

Katrina Struck District, Scandal Struck Dem (USAT)

By Richard Wolf

USA Today, December 6, 2006

NEW ORLEANS — None of the nation's other 434 congressional districts has put up with as much adversity as the 2nd District of Louisiana, where entire neighborhoods have been razed after Hurricane Katrina 15 months ago.

Now weary voters in the district must decide whether to re-elect a member of Congress after the FBI found $90,000 in marked bills in his freezer.

Rep. William Jefferson, a Democrat, has denied wrongdoing, and he has not been charged with a crime. In an open primary election last month, he placed first with 30% of the vote. None of the 13 candidates got a majority, so he faces Democratic state Rep. Karen Carter in a runoff election Saturday.

Jefferson has been outraised financially and was stripped of his most powerful committee assignment by Democratic leaders, but few here count him out.

Some want to keep him in office just to keep an eye on him.

"He can hide better being a private citizen than a public official," says Glenn Trotter, 52, over lunch at Li'l Dizzy's Cafe. "New Orleans already has a stigma about it. The die has been cast in terms of what people think of us."

Saturday's vote will write the epilogue on the past two years' scandals in Congress. Since November 2005, Republican Reps. Randy "Duke" Cunningham, Tom DeLay, Bob Ney and Mark Foley have resigned because of wrongdoing or ethical questions. Others facing allegations lost re-election. If Carter wins, Jefferson will be the only Democrat to lose his seat this year for any reason.

Democratic Party officials are doing what they can to make that happen. House Minority Leader Nancy Pelosi, who will become the first female speaker of the House of Representatives next month, stripped Jefferson of his seat on the Ways and Means Committee. State party officials endorsed Carter in the runoff.

Jefferson is the target of a Justice Department investigation into a Kentucky businessman's dealings with Nigeria. The businessman and a former aide to Jefferson have pleaded guilty to bribery.

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An FBI affidavit alleges that Jefferson took $100,000 from an investor who was working with the FBI to bribe a Nigerian official. The FBI found $90,000 of it later in a freezer in Jefferson's home on Capitol Hill.

The eight-term congressman has not talked about the case except to declare his innocence, and he turns down most requests for interviews. His spokeswoman, Melanie Roussell, points out that Jefferson "has not been charged with anything."

"He asks voters to consider him on his record," she says, claiming that Jefferson "has brought home billions" of dollars in federal aid since Katrina struck. "Now is not the time to send someone new, who doesn't know anyone and who can't negotiate our needs."

Carter says now is not the time to return Jefferson, under a cloud and without his seat on Ways and Means.

The 2nd District includes the hardest-hit areas of the Gulf Coast, such as the Lower Ninth Ward, where low-income homeowners lost everything. They need full representation, she says.

"We don't have a strong voice from this district, and we are the most devastated district," she tells people at a gathering in the Algiers neighborhood on the Mississippi River's west bank. "Our national image is at stake."

Carter, who like Jefferson is black, has strong backing among whites. Mary Lore, 81, says she was "appalled" by Jefferson's "flagrant" behavior and doesn't want to re-elect him while he faces possible indictment. "We don't need another question mark," she says.

Even Republicans, badly outnumbered in a district drawn to favor black Democrats, are enticed by Carter. "I've always voted against Jefferson. We disagree on everything," says Bill Bryan, 48, director of a local sports club.

Yet Carter has her own obstacles. After Katrina, she appeared in a Spike Lee documentary criticizing officials of neighboring Jefferson Parish for keeping Orleans Parish residents out. Her remarks haunt her as she campaigns in Jefferson Parish, which is about 30% of the district. She also is opposed by some who disagreed with education legislation she advocated.

Amy Lafont, 31, a parent active in school issues, says she'll vote for " 'Dollar Bill' Jefferson. He is a known quantity."

THE $90,000 QUESTION (NOTP)

By Bruce Alpert

New Orleans Times-Picayune, December 6, 2006

Whom Will Voters Believe -- Jefferson Or The Feds?

Judith Woods and Dwight Garrett know all about the $90,000 FBI agents say they found in Rep. William Jefferson's freezer, but they are of different minds on how the federal probe of the New Orleans Democrat should influence voters in Saturday's runoff.

Garrett, 52, an insurance broker and adjuster and self-described community activist, admits he was "shocked" when he heard about the $90,000. But he said he's decided to stick with Jefferson because the government's case "apparently isn't very strong or they would have indicted him by now."

Jefferson, he said, wouldn't be the first African-American politician wrongly tainted with false charges.

"He's been our congressman for 16 years, and I think he's entitled to a presumption of innocence," said Garrett, who said the Justice Department has been overly aggressive by making Jefferson's congressional office the first ever raided by the FBI.

Woods, also 52 and a social worker, said she has voted for Jefferson in the past but can't conceive of what Jefferson has in mind when he promises an honorable explanation for the allegations against him. The Justice Department in an affidavit said FBI agents found $90,000 in marked $100 bills in the freezer of his Washington, D.C., home. Prosecutors secured guilty pleas from two former Jefferson associates, who testified that the congressman demanded payments for family-run businesses in return for his help in securing contracts in West Africa.

"My conclusion is that he's guilty of something," said Woods, who wonders how effective a congressman Jefferson can be while fighting the accusations.

Jefferson has denied wrongdoing, saying in a recent campaign ad that he has never accepted a bribe from anyone.

Still, perhaps more than any other issue, including the federal government's continued role in hurricane recovery efforts, how voters see the federal probe, which began March 15, 2005, will determine whether Jefferson is elected to a ninth term or is ousted by state Rep. Karen Carter, D-New Orleans.

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Sympathy for Jefferson

Gay Cunningham, an Uptown resident, said she has decided to support Carter with a "heavy heart" because Jefferson has helped her efforts to raise money for the Louisiana State Museum dating to when he was in the Legislature.

Accused Mobster Requests Larger Cell (AP)

By Mike Robinson

AP, December 6, 2006

CHICAGO - A reputed leader of Chicago's organized crime family pleaded with a federal judge Tuesday for more space in jail while he awaits trial on charges of plotting 18 slayings going back three decades.

"I'm taking 15 medications and my back is killing me," Frank Calabrese Sr., 69, told U.S. District Judge James B. Zagel. He said overcrowding on his floor at the Metropolitan Correctional Center is so bad that he can't concentrate on court papers and study the charges against him.

A chronic back problem only makes matters worse, he said.

"All I want to do is be in a two-man room so I can study my case," said the portly, bearded defendant, clad in the bright orange jumpsuit of a federal prisoner.

To underscore Calabrese's woes, defense attorney Joseph Lopez asked permission from Zagel for his client to sit down during the hearing.

Calabrese is among 14 reputed mob figures charged in a racketeering indictment that alleges at least 18 slayings going as far back as 1970.

Zagel was holding a hearing on complaints by a number of the defendants charged in the FBI's Operation Family Secrets that their health and related problems are not being met in the MCC - a skyscraper federal jail a block from the Dirksen Federal Courthouse in downtown Chicago.

Other attorneys said their clients had urgent medical needs ranging from a new hearing aid to a fresh set of false teeth.

Zagel and federal prosecutors said that they would look into the matter.

Emotions Run High As Peete, Ford Keep Seats In Close Vote (MCA)

By Jacinthia Jones

Memphis Commercial Appeal, December 6, 2006

December 6, 2006 At the end of the day, Edmund Ford and Rickey Peete remained in their seats on the Memphis City Council dais.

There was Ford, voting as if nothing had happened.

And Peete, who, after being absent most of the day, recused himself from voting only on planning and zoning issues.

Despite federal bribery charges against the two, the council failed to muster enough support Tuesday to ask them to resign or to censure them.

Ford and Peete were arrested last week on charges they took money in exchange for their influence on the council concerning development.

The resolution asking Ford and Peete to resign failed on a 6-6 vote during a morning executive session.

A separate motion to initiate censure proceedings on the pair failed by a 3-5 vote in the council's personnel, intergovernmental and annexation committee.

Peete did not attend committee meetings, but showed up for the full council meeting in the afternoon. Ford, however, attended meetings all day and voted against the censure motion and cast a "no" vote that doomed the resolution requesting he and Peete step down.

Council members did not publicly question the appropriateness of Ford's voting on the two measures.

During a break in the council meeting, reporters asked him why he was still voting. He replied: "I'm innocent, OK? I'm innocent."

Earlier he told The Commercial Appeal "This is about color."

"I'm a child of God, OK? I know what I have not done. Maybe this will open up the eyes of some people."

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He took issue with comments by Councilman Jack Sammons during the executive session.

In pushing the resolution asking for the resignations, Sammons said the events involving his colleagues had caused him "much consternation."

"It's unfathomable to me that this could happen in this atmosphere of Tennessee Waltz."

Sammons' resolution "humbly, prayerfully and respectfully" requested that Peete and Ford resign and focus their energies on their legal defenses.

Now that Peete and Ford have given no indication they intend to do that, the council's hands are tied.

Council atty. Allan Wade, citing an attorney general's opinion, said there is no state law or constitutional provision that allows the General Assembly to prohibit one of its members from voting on matters with only an indictment, but no conviction. That also is the case with the council, he said.

The district attorney could remove any public official for misconduct, but Wade said that's unlikely with a federal investigation ongoing.

Those arguments seemed to sway Councilman E.C. Jones, who had previously called for the two to resign.

"I personally think we should just wait until this case has been heard, dropped, dismissed, found guilty, convicted or whatever, and we should just move on with our business," Jones said.

But Councilman Myron Lowery, who supported the resolution, disagreed. He summed up the issue as one of public trust versus the individual rights of council members.

"Our colleagues should be convicted or acquitted in a court of law and not at the City Council," Lowery said. "But at the same time, this body has to take a stand to tell the public that we are displeased with the information that we have received."

An emotional Barbara Swearengen Holt said she was disappointed the council would "sit here today and have them on trial."

The councilwoman railed against the resolution, saying, "I don't see anything humble about it, I don't see anything prayerful about it, and I don't see anything respectful about it."

After the vote, Sammons said he was "saddened" by the whole situation.

"I suspect the system will rectify this sword that we have in our heart," Sammons said. He added, "To throw the race card is to be anticipated."

Councilman Scott McCormick, who made the motion to initiate censure proceedings, said his votes for the measures were public statements.

"I think it's important for the council as a body to help restore the trust of the public to show that we take these allegations seriously and we're taking whatever action we can," McCormick said.

Council chairwoman TaJuan Stout Mitchell, who had called in additional police for the session, said she refused to condemn individuals "before someone has had his day in court."

-- Jacinthia Jones: 529-2780

HOW THEY VOTED

Resolution asking Edmund Ford and Rickey Peete to resign.

Yes: Council members Carol Chumney, Myron Lowery, Tom Marshall, Scott McCormick, Jack Sammons and Brent Taylor.

No: Dedrick Brittenum, Joe Brown, Edmund Ford, Barbara Swearengen Holt, E.C. Jones, TaJuan Stout Mitchell

MySpace.com Moves To Keep Sex Offenders Off Of Its Site (NYT)

By Matt Richtel

The New York Times, December 6, 2006

SAN FRANCISCO, Dec. 5 — MySpace.com, the social networking site, said Tuesday that it was developing technologies that would help combat the use of its site by sexual predators by cross-referencing its more than 130 million users against state databases of registered sex offenders.

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The Web site, which is owned by the News Corporation, said that within 30 days it planned to deploy the technology, which will seek to identify known sex offenders not just by their names, but also by date of birth, height, weight and ZIP code.

If the automated system finds a potential match between a MySpace user and a registered sex offender, employees will try to verify the match or determine if it is a false positive. Users who are registered sex offenders, MySpace said, will be denied access to the site and, depending in the circumstances, be turned over to law enforcement.

The system, which MySpace executives said was the first of its kind, comes as the site has faced scrutiny and criticism by advocates of children's safety. Ernie Allen, president of the National Center for Missing and Exploited Children, said the technology was a potentially useful step in slowing the incidence of sexual solicitation of minors.

"It's not a panacea, but it makes a whole lot of sense," Mr. Allen said.

According to the National Center for Missing and Exploited Children, a nonprofit group, one in seven regular Internet users between the ages of 10 and 17 will be solicited online for sex. That figure has fallen from 2000, when it was one in five.

The perception, particularly among parents, has been that children are vulnerable on social networking sites like MySpace.com, which allow users to create profiles, share their interests and create a vast social network.

MySpace said that more than 80 percent of its users were 18 years or older.

In its announcement, MySpace said it had signed a deal to use technology created by the Sentinel Tech Holdings Corporation.

Forty-six states have public data bases that include 550,000 registered sex offenders. The technology will compare the names on the databases with the 135 million MySpace users.

Hemanshu Nigam, chief security officer for MySpace, said the company hoped the technology would work in real time, meaning that as people signed up — which they are doing at a rate of 320,000 a day — the system would automatically compare the names to the databases.

The system, by MySpace's admission, is not fool-proof. If registered sex offenders sign up but do not give their real names, physical attributes, locations or post their real picture, they could elude detection.

Similarly, there is a chance that people who are not sex offenders might be flagged by the system. Mr. Nigam said a team was in place to analyze potential matches and throw out false positives.

Kevin Bankston, a staff lawyer for the Electronic Frontier Foundation, a free speech and consumer advocacy group, said the technology was a response to growing worries about the extent of the problem of sexual solicitation of minors on the Internet.

Mr. Bankston said the incidents of such solicitation were falling but that fear was causing companies to take steps that could ultimately impinge civil liberties.

"My concern is MySpace is acting based on a level of pressure and fear that may be unreasonable," he said.

News From The San Joaquin Valley (AP)

AP, December 6, 2006

The University of California, Merced will begin a marketing campaign in February to lure off-campus students to its nine dormitories, university officials said.

There's room for more than 585 students, but only 371 live on campus this semester, said Leslie Santos, the University of Merced's director of student housing.

School officials had asked students to live off campus to make room for freshman, but enrollment was lower than predicted. To entice students to campus, administrators are giving students who don't have roommates the option to stay in double rooms for the single-occupancy rate, Santos said.

"From this point forward, it's our goal to offer continuing students the ability to live on campus," Santos said. "We pay gas, utilities, maintenance, grounds all of that stuff and the mortgage."

The university must fill its empty beds because dorm fees help pay the annual $1.7 million mortgage for student housing, Santos said.

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CASTLE, Calif. (AP) - The federal penitentiary in Atwater will remain on lockdown as the FBI investigates the stabbing of a prison employee, a prison spokesman said.

The facility has been locked down since an inmate attacked an employee Nov. 28 with a homemade knife, U.S. Penitentiary Atwater Executive Assistant Jesse Gonzalez said.

The staff member was treated at a hospital for non-life threatening injuries and returned to work, Gonzalez said.

The 1,200 maximum security inmates will remain in their cells as investigators find out how the prisoner made the knife, said FBI Supervising Special Agent John Gliatta.

The inmate's name and information will not be released until he is charged in connection with the assault, prison officials said. The worker's identity and job title were not released because they are confidential.

WOODLAKE, Calif. (AP) - Two San Joaquin Valley phone-sex operators helped immigration agents nab a Canadian corrections officer on child pornography charges, authorities said.

Matthew Hughes, 26, of Toronto, was arrested by Toronto police and charged in Canada Friday with possession and distribution of child pornography and sexual interference with a person under 14, U.S. Immigration and Customs Enforcement said.

The two female telephone sex operators tipped off police in Woodlake by reporting that Hughes, with whom they had been corresponding, had sent them a live Web camera broadcast in which he was assaulting a 7-year-old girl, ICE officials said.

Immigration authorities obtained subscriber information for the e-mail address and passed along photos of the corrections officer to Canadian police, officials said.

"Those who engage in the exploitation of children should no longer expect the anonymity of cyberspace or ordinary citizens to protect them," said Brian Poulsen, an ICE agent in Fresno.

Clever Spammers Stay 'One Step Ahead' Of Law (WT)

By Kara Rowland

The Washington Times, December 6, 2006

Viagra, gibberish, money-transfer requests, more Viagra.

Three years after the federal Can-Spam Act went into effect, unsolicited commercial e-mails are assaulting inboxes at record rates as spamming technology grows more sophisticated.

"I think the majority of the industry would say that spam levels are at the highest they've ever been," said Scott Chasin, chief technology officer at MX Logic Inc., a Colorado-based Internet security firm.

In September, unsolicited commercial e-mail messages accounted for more than 77 percent of all e-mail filtered by the company. Of that amount, only a fraction -- 0.27 percent -- was in compliance with federal anti-spamming law.

"Spammers are creative and industrious," said Michael Davis, a lawyer with the Federal Trade Commission (FTC), which is responsible for enforcing the act. "Because of their dedication and their technological sophistication, they have found ways to stay oftentimes one step ahead of law enforcement."

Under the Can-Spam Act, marketers are allowed to send unsolicited commercial e-mails as long as they include a truthful subject line and routing information; an opt-out mechanism; a notice that labels the e-mail as an advertisement; and a valid postal address.

"Legitimate businesses overwhelmingly comply with it," said Stephanie Hendricks, spokeswoman for the Direct Marketing Association. "Obviously, folks are still seeing a lot of spam, but it's not coming from legitimate companies."

That's the problem, according to Mr. Chasin.

"The spammers that were sending spam before the law was passed were not obeying the laws then, and they're certainly not obeying the laws now," he said. "When the legislation was adopted, it gave the amateur spammers a decision: Do they want to get out, or do they want to become criminals?"

The challenge of enforcement does not stem from a lack of teeth. Can-Spam allows the FTC to seek civil penalties of up to $11,000 per violation, plus further fines for spammers who unlawfully "harvest" or extract e-mail addresses from Web sites or Web

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services. The law also gives the Justice Department authority to seek criminal punishment for violators who falsify header information or hijack a computer to send e-mail without a user's consent.

So far, the FTC has filed 26 lawsuits for violations of the act, Mr. Davis said. In those cases, federal courts have awarded civil penalties totaling more than $10 million.

Spam isn't just irking consumers; it's harming the reputations of legitimate businesses, said David Daniels, a vice president and research director with JupiterResearch of New York.

"Forty-three percent of consumers have told us that when they sign up for permission-based e-mail from their bank or retailer, they believe that doing that leads to more spam," Mr. Daniels said. "That is not the case. When you sign up for an e-mail offer at a reputable retailer or financial services institution, they're certainly not going to be sharing that information with another party."

Contrary to the assumption of many home computer users, spammers typically extract addresses using a "botnet," or program that takes over computers and uses their stored e-mail addresses to spread spam throughout the Web. Botnets can link thousands of computers without owners' knowledge.

Spammers have learned to avoid common e-mail filters, purposefully misspelling words like "Viagra" or embedding messages in graphics rather than plain text, Mr. Chasin said. They also cut and paste random, unrelated text to throw off filter keyword searches.

Mr. Davis said the FTC uses a variety of tracking techniques to trace e-mails forwarded by consumers and identified as spam. While it's hard enough to track the messages, he said, the problem is exacerbated when the spam's origin is traced overseas. In that case, federal courts can award penalties, but collecting the fines can prove a challenge unless the spammer has assets in the U.S. Enforcement of the laws often depends on the relationship between the U.S. and the country in which the spam originated.

The five biggest violators, according to British nonprofit Spamhaus, are the U.S., China, Japan, Russia and South Korea.

While a comprehensive solution may be elusive, spam analysts cite the need for greater international cooperation to crack down on spammers.

In addition, there are steps that Internet service providers (ISPs) and consumers can take to ensure they are not propagating spam networks, Mr. Chasin said. Consumers should not open unknown attachments and should constantly update their Web security software to avoid having their computers hijacked, he said. ISPs should quarantine infected computers until they are fixed, he added.

Until then, "I'm afraid we're only going to see spam continue to rise," he said.

Other Shoe Has Dropped Government Lends Its Ears To Cellphones (AJC)

By Bob Barr

The Atlanta Journal-Constitution, December 6, 2006

In the 1960s-era TV show "Get Smart," whenever the protagonist — secret agent Maxwell Smart — required an absolutely secure environment to discuss a top secret project with his boss, he would ask that the "Cone of Silence," a huge Plexiglas dome, be lowered to shield their conversation from prying ears.

The Cone of Silence was obviously and amusingly ineffective, of course, but even had it served its purpose, in today's high-tech world, the KGB or whatever hostile agency Agent Smart might be trying to evade would be able to pick up whatever conversations they wished simply by using the very cellphone in Smart's shoe.

Modern cellphones are nothing more than miniature computers with small but sensitive microphones attached. Law enforcement agencies are discovering the significant benefit of drawing on that powerful combination of technology, by increasingly seeking court permission to use cellphones in the hands of suspects as surreptitious listening devices. Unfortunately for anyone who happens to be nearby, cellphones thus utilized as listening devices will pick up their conversations as well.

This latest example of electronic snooping should draw attention to the need for comprehensive national legislation to more clearly define the privacy rights of American citizens. Thus far, Congress has shown itself completely uninterested in

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addressing such fundamental civil liberty issues, much to the delight of the administration of George W. Bush, which continues to push the envelope of electronic snooping as far as possible.

In the most recent case, a federal judge in New York authorized the FBI to use cellphones belonging to alleged Genovese crime family members to listen to and record conversations in the vicinity of the phones. The government was not limited to conversations involving the tapped phone or the person using it. Unlike court orders applying to such surveillance in years past, the government is now seeking — and courts apparently are granting — orders allowing the feds to use cellphones belonging to or merely carried by suspects, to record conversations even if the phones are not being used or even turned on. A cellphone thus utilized will pick up whatever conversations take place anywhere in the vicinity.

If a suspect against whom the government has obtained such a "roving wiretap" order is seated in a restaurant with their cellphone in their pocket, and you and your girlfriend happen to be seated at a table nearby, your conversations — which you intend to be and which you have every expectation will be free from government eavesdropping — might be picked up and recorded.

I first became aware that the federal government wanted to outfit regular phones — so-called "land lines" — with devices that could be activated remotely by government investigators to allow agents to hear whatever was being spoken into or near the receiver, about 10 years ago, shortly after I was elected to Congress.

At the time, the Justice Department was trying to require telecommunications companies to incorporate technology in their phones to enable the government to engage in such surreptitious listening. The law the government was trying to use to do this was passed in the early 1990s and called the Communications Assistance to Law Enforcement Act.

We stopped the government from such heavy-handed and privacy-invasive directives at the time, but in the post-Sept. 11 world, with a Congress almost completely submissive to executive branch entreaties to increase its powers to invade citizens' privacy, such efforts appear now to be quaintly outdated.

In fact, the technology as described by reading between the lines of the court order in New York appears to be precisely what the government sought a decade ago for land lines. While the New York case is one that many might find compelling to justify such expansive government surveillance, law-abiding citizens should nevertheless demand that Congress act now to get a handle on the extent of the coerced technology that appears to have made this surveillance possible.

We should also force Congress to place limits on the extent such technology might be employed in circumstances where private and lawful conversations might be picked up. In the absence of such limits, it is only a matter of time, for example, before the government starts asking courts to allow it to surreptitiously take photographs with cellphones thus equipped. Perhaps it already has.

• Former congressman and U.S. Attorney Bob Barr practices law in Atlanta.

Web site: bobbarr.org.

Can You Hear Me Now? (ABC)

By Vic Walter And Krista Kjellman Report:

ABC News' The Blotter, December 6, 2006

Cell phone users, beware. The FBI can listen to everything you say, even when the cell phone is turned off.

A recent court ruling in a case against the Genovese crime family revealed that the FBI has the ability from a remote location to activate a cell phone and turn its microphone into a listening device that transmits to an FBI listening post, a method known as a "roving bug." Experts say the only way to defeat it is to remove the cell phone battery.

"The FBI can access cell phones and modify them remotely without ever having to physically handle them," James Atkinson, a counterintelligence security consultant, told ABC News. "Any recently manufactured cell phone has a built-in tracking device, which can allow eavesdroppers to pinpoint someone's location to within just a few feet," he added.

According to the recent court ruling by U.S. District Court Judge Lewis Kaplan, "The device functioned whether the phone was powered on or off, intercepting conversations within its range wherever it happened to be."

The court ruling denied motions by 10 defendants to suppress the conversations obtained by "roving bugs" on the phones of John Ardito, a high-ranking member of the family, and Peter Peluso, an attorney and close associate of Ardito, who later

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cooperated with the government. The "roving bugs" were approved by a judge after the more conventional bugs planted at specified locations were discovered by members of the crime family, who then started to conduct their business dealings in several additional locations, including more restaurants, cars, a doctor's office and public streets.

"The courts have given law enforcement a blank check for surveillance," Richard Rehbock, attorney for defendant John Ardito, told ABC News.

Judge Kaplan's ruling said otherwise. "While a mobile device makes interception easier and less costly to accomplish than a stationary one, this does not mean that it implicated new or different privacy concerns." He continued, "It simply dispenses with the need for repeated installations and surreptitious entries into buildings. It does not invade zones of privacy that the government could not reach by more conventional means."

But Rehbock disagrees. "Big Brother is upon us...1984 happened a long time ago," he said, referring to the George Orwell futuristic novel "1984," which described a society whose members were closely watched by those in power and was published in 1949.

The FBI maintains the methods used in its investigation of the Genovese family are within the law. "The FBI does not discuss sensitive surveillance techniques other than to emphasize that any electronic surveillance is done pursuant to a court order and ongoing judicial scrutiny," Agent Jim Margolin told ABC News.

"Cell phone users, beware. The FBI can listen to everything you say, even when the cell phone is turned off."

This is the worst kind of sensational journalism, implying that the FBI is listening into everybody's cell phone calls. Only in the last sentence do you let the reader know that the FBI "maintains" it strictly observes the law and only engages in surveillance after obtaining a warrant from a judge(requiring evidence of probable cause that a crime has been committed and this person committed it). Why not just say "Homeowners Beware-The FBI can come in your house and search all your belongings!!!!"

Posted by: Chase | Dec 5, 2006 4:05:53 PM

What a fantastic thing to know the government can do. Actually, I've heard about this before, from people I know who work for different federal agencies who've said when they do anything personal, they always leave their phone at home because someone could listen in (even with it off). I thought it was just talk, but here's the proof.

The potential for abuse or misuse of this is staggering. Which says nothing of what could happen if a band of geeks in a basement decipher exactly how this is done. The potential for real damage to people's lives could be incalculable.

Why would manufacturers even allow for this type of function? I'm sure there's industry taxbreaks involves somewhere and dire pleas of national security. In the process, nothing you say can really be private.

Los Alamos Ignoring Warnings? (CBS)

By Sharyl Attkisson, CBS News Capitol Hill correspondent

CBS News, December 6, 2006

The FBI has conducted two interviews and may schedule a third with the woman who walked out carrying classified documents from what's supposed to be one of the most secure facilities in the world, the Los Alamos National Laboratory, CBS News has learned. The incident has exposed continuing security weaknesses at Los Alamos, which has been the focus of security and management scandals for seven years.

Sources say 22-year-old Jessica Quintana was hired to archive data from weapons tests, and even had access to information on how to deactivate the locks that keep nuclear weapons from firing. Somehow, she managed to leave the laboratory with hundreds of pages of classified documents and several portable computer storage devices known as "thumb drives."

As CBS News was first to report, the materials were found by accident in October during a drug raid on Quintana's roommate at their trailer home. Now, a chief watchdog of the Laboratory, Rep. Ed Markey of the House Energy Committee, plans to fire off a scathing letter to the Energy Secretary demanding answers.

"These are secrets that could be valuable to al Qaeda," Markey tells CBS News. "Our enemies want to have access to the most dangerous technologies to hurt our country. [The Laboratory and the Department of Energy] keep promising they're going to put better security measure in place, but they never do."

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In his letter addressed to Energy Secretary Samuel Bodman, Markey outlines years of high-profile security breaches at Los Alamos, followed by promises from the Energy Department and lab officials to tighten the ship. That includes weapons design information being obtained by the Chinese in the late 90s and missing computer hard drives or similar materials in 2000, 2002 and 2004. The security breach in 2004 led to a temporary complex-wide shutdown of the laboratory that cost taxpayers at least several hundred million dollars, according to the Department of Energy.

The Department of Energy's Inspector General, Gregory Friedman, recently weighed in with his own criticism over the latest security breach, calling the laboratory's security "seriously flawed."

"Monitoring by both Laboratory and Federal officials was inadequate," Friedman reported in his findings. He called the latest incident "especially troubling" since taxpayers have spent "tens of millions of dollars" upgrading security at the laboratory in recent years after other security breaches.

A spokesman for Los Alamos tells CBS News that after the October security incident, many new security measures were installed. These include disabling the ability to download classified materials to unauthorized electronic devices and banning computer memory devices in certain areas. However, an official with the Department of Energy tells CBS News he thought those measures had been taken long ago.

Rep. Markey echoes that, saying Congress was promised in prior hearings that such steps were being taken — but "apparently they weren't."

Tune in to the CBS Early Show Wednesday at 7 a.m. for an exclusive report on the investigation and just how easy it was for the Los Alamos employee to slip out with classified documents.

Milberg Weiss In The Hot Seat (ABAJ)

By Martha Neil

ABA Journal, December 6, 2006

Should law firms ever get indicted?

Secret cash payments. falsified court documents. Behind-the-scenes deals between favored clients and their counsel.

All the elements of a John Grisham potboiler are present in the case of United States v. Milberg Weiss Bershad & Schulman.

The nation's leading plaintiffs securities class-action law firm is on the receiving end of the first criminal indictment filed against a major law firm in U.S. history. The New York City-based firm—which has been both celebrated and vilified for its ferocious attacks on alleged corporate wrongdoing—lost about 40 percent of its 128 lawyers in the five months after its indictment and may be fighting for its very existence.

Lost in the spectacle, according to critics of the government's case, is the question of whether prosecutors have gone too far. Even if Milberg Weiss is found guilty, indicting an entire law firm causes more harm than good, they contend.

The federal government's controversial tactic of getting corporations that are under investigation to surrender their attorney-client privilege in order to avoid prosecution is now being applied to law firms, with disastrous results for the legal profession and clients, the critics say.

And they are concerned that more law firms will be viewed as fair game for the same kind of aggressive criminal prosecutions the U.S. Department of Justice has pursued against a number of high-profile corporations in the post-Enron era.

A 20-count indictment filed on May 18 in U.S. District Court in Los Angeles charges the firm and two of its name partners, David J. Bershad and Steven G. Schulman, with conspiring to obstruct justice and commit bribery, perjury and fraud. United States v. Milberg Weiss Bershad & Schulman, No. CR 05-587(A)-DDP (C.D. Cal.).

Milberg Weiss, through the two partners, engaged in a multidecade, multimillion-dollar scheme to make illegal payments to hand-picked clients serving as lead plaintiffs in class actions handled by the firm, prosecutors allege. All the while, lawyers from the firm denied in court filings in the underlying cases that any undisclosed payments were made to plaintiffs, prosecutors say.

Counsel for Bershad and Schulman, who are on leaves of absence from Milberg Weiss, assert their clients' innocence, and the firm itself vehemently denies the charges.

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Even if the allegations are proven, the government has failed to exercise appropriate prosecutorial discretion, according to Stephen Gillers, a professor of legal ethics at New York University School of Law. "The government obtains little or nothing by indicting the firm, when only a small number of attorneys allegedly were involved in the wrongdoing," he says.

If the Justice Department is concerned about deterrence, says Gillers, "the threat of criminal prosecution and the indictment of two prominent plaintiffs class-action lawyers is plenty chilling. I don't think you have to indict the firm to bring home the point that lawyers are at risk for this kind of conduct or alleged conduct."

Debra Wong Yang, the outgoing U.S. attorney for the Central District of California, whose office is prosecuting Milberg Weiss, says she's just following the facts, as prosecutors would in any case.

"I think the part of this case that was particularly egregious was that a fraud was being perpetrated on the court," Yang says. "You have to respect the rules and the confines of the system in which we work, and can't 'game' it."

Just before press time, Yang announced plans to leave her job and accept a partnership at Los Angeles-based Gibson, Dunn & Crutcher. Her replacement had not yet been named, but Yang says her departure should make no difference to the Milberg Weiss prosecution, which has "always been driven by the facts."

UNPOPULAR PIONEER

Notoriety is nothing new to milberg weiss, which was established four decades ago. Under the leadership of founding partners Lawrence Milberg, who died in 1989, and Melvyn I. Weiss, who still is an active partner, the firm pioneered class action lawsuits on behalf of shareholders alleging violations of securities law by corporations.

By the 1980s, Milberg Weiss was widely recognized as the most influential plaintiffs securities firm in the United States. Since its formation, the firm estimates, it has been responsible for more than $45 billion in plaintiff recoveries. Many of the firm's cases also have established important precedents affirming the rights of shareholders and consumers to pursue class actions against corporations for securities fraud.

A track record like that hasn't always sat well with the business community. Critics such as the U.S. Chamber of Commerce have complained that class actions are little more than a money machine minting attorney fees for lawyers while the plaintiffs themselves receive little more than token recoveries. Proponents of class actions, however, contend that they often are the only practical means of redress for shareholders and consumers victimized by corporate wrongdoing.

The Justice Department alleges that two of the firm's partners found a way to manipulate the class action process illegally.

Under recent federal legislation, the shareholder in a class action who holds the largest block of shares generally is designated lead plaintiff—in effect, the representative for the class. As a result, lead plaintiffs now often are institutional investors, such as pension funds.

For decades, however, the first plaintiff to file, or an individual agreed upon by class counsel, was commonly put in the position of lead plaintiff. Because the lead plaintiff helps make strategic decisions about the direction of the case, such as what settlement terms would be desirable, he or she may have a considerable role in deciding whether a quick settlement—and hence speedy payment of attorney fees—is appropriate.

The Justice Department contends that Milberg Weiss partners Bershad and Schulman paid friends of the firm secret fees to serve in the lead plaintiff role in numerous cases—and then misrepresented to courts that no such payments had been made.

Although at least some of these illegal kickbacks were disguised as attorney fees paid to "local counsel" representing the lead plaintiffs, the money actually was being paid to lawyers who did virtually no work on the case, according to federal prosecutors. Instead, the so-called local counsel served as conduits to funnel these secret kickbacks to the lead plaintiffs chosen by Bershad and Schulman, the indictment alleges.

The Justice Department contends that Bershad and Schulman, along with their firm and two Southern California men who served as a paid plaintiff and an intermediary lawyer funneling funds, were responsible for some $11 million in secret kickbacks. They allegedly were paid to be lead plaintiffs in more than 150 class action and shareholder derivative suits during a period of more than two decades. The payments—which the Justice Department says ended only in 2005—were required to be disclosed to the courts hearing the class actions, but were not, according to the indictment.

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These alleged kickbacks, by providing Milberg Weiss with "a stable of individuals ready and willing to serve as paid plaintiffs," benefited the firm "by, in many cases, allowing the firm to be among the first to file a lawsuit on behalf of shareholders," Yang said in a written statement distributed at the time of the indictment in May.

But the payments created a conflict of interest between the named plaintiffs and the other plaintiffs in the class action, Yang said in her statement. The payments gave "the paid plaintiffs a financial interest that differed from that of the class," said Yang. "In particular, pursuant to their secret arrangement with Milberg Weiss, the named plaintiffs expected to receive a percentage of Milberg Weiss' legal fees, a payment not available to the other class members."

Key factors in deciding to prosecute, Yang told the ABA Journal, included Milberg Weiss' central role in orchestrating alleged misconduct and in filing what prosecutors contend were fraudulent pleadings. There was no motivation for the indictments beyond the four corners of the case itself, she says. "You've got hardworking prosecutors who have really just followed the facts."

The individual defendants as well as the firm itself have denied the Justice Department's charges, and indications are that they intend to slug it out with the government all the way to trial.

Bershad "absolutely denies the charges and expects to be vindicated at trial," says his attorney, Robert D. Luskin of Washington, D.C., who otherwise declines to discuss the case. Schulman's attorney, Herbert J. Stern of Roseland, N.J., also declines to comment on the case.

Meanwhile, Milberg Weiss is telling its side on a Web site devoted to the case.

"The Justice Department's case against Milberg Weiss is based on unprecedented legal theories, unsubstantiated allegations, and a dubious interpretation of how class action litigation is adjudicated," the firm states. "The Justice Department's misguided case is a major blow to consumer rights and not in keeping with its commitment to serve the public good."

Milberg Weiss also maintains the Justice Department has charged the entire firm even though the actions of only a few individuals are in question. Moreover, the firm says it has given "extensive cooperation" to the government's investigation. The firm "has willingly turned over hundreds of thousands of documents and made dozens of current employees available to the Justice Department for examination and questioning," states the Web site. "The firm has also volunteered to develop industry-leading best practices for use of referral fees."

ANOTHER FIRST

Milberg Weiss is the largest and most prominent U.S. law firm to be indicted on criminal charges, say experts who are watching the case.

"I can't remember, and no one I've talked to can remember, another instance in American history in which an entire law firm has been indicted," says New York University's Gillers. "It's hard to prove a negative—there may be one—but it's certainly not a firm of this size and reputation."

Milberg Weiss, however, is far from the first prominent law firm to face potential sanctions by the federal government. The difference is that, up until now, those cases have been handled as civil matters.

In recent years, for example, the Equal Employment Opportunity Commission has alleged in an ongoing case that Chicago-based Sidley & Austin violated employment discrimination laws when it let go a number of its older partners.

Prior to the Milberg Weiss prosecution, perhaps the most daunting federal action against a major U.S. law firm was an administrative enforcement action brought by the U.S. Office of Thrift Supervision against Kaye, Scholer, Fierman, Hays & Handler, based in New York City. The government sued the firm for $275 million in 1992 over its role as counsel in the late 1980s to a failed savings and loan institution with questionable business and accounting practices.

What really made other lawyers sit up and take notice, though, was when the government upped the ante by freezing the then-400-lawyer firm's assets. Unable to do business without access to its bank accounts, Kaye Scholer voluntarily agreed to pay a $41 million fine a short time later.

But Kaye Scholer stayed in business, and now numbers 500 lawyers.

Milberg Weiss likely will have to deal with potential civil liability arising out of the Justice Department's charges, but experts say it is the government's criminal charges that pose the greatest threat to the firm.

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Comparisons are being made to the federal government's 2002 indictment of Big Five accounting firm Arthur Andersen on obstruction of justice charges for allegedly destroying key documents relating to the financial condition of Enron Corp. Arthur Andersen quickly disbanded in the wake of the indictments, even though the U.S. Supreme Court in 2005 overturned the conviction because jury instructions were improper.

Under U.S. law, a business entity, such as a corporation or law firm, can be held vicariously liable for criminal misconduct by its employees even if management was unaware of the adverse activity, notes Columbia University law professor John C. Coffee Jr.

But Coffee says a key distinction between the two cases is that, unlike the Arthur Andersen case, the partners charged in the Milberg Weiss case are members of the firm's senior management.

"So I think this is the opposite end of the continuum from indicting a corporation because of one allegedly rogue employee," Coffee says. "If you're ever going to indict and convict a corporation or partnership, it would be in a case where the senior-most management is believed by the government to be involved."

UCLA law professor Stephen M. Bainbridge doesn't foresee the Arthur Andersen scenario playing out for Milberg Weiss. "There's absolutely no reason to think we'll have the kind of massive, immediate demise that you got with an Arthur Andersen," Bainbridge says. He notes that law firms, unlike accounting firms, are not prohibited by federal government regulators from representing clients while under indictment.

Nevertheless, says Bainbridge, "as long as this thing is hanging over Milberg's head, as a business matter, they are going to have problems getting appointed as lead counsel in these class actions."

Moreover, Bainbridge says, "this is the kind of thing that can put a lot of stress on intrafirm relationships. Partnership—particularly in a smaller firm like Milberg Weiss, which by today's standards is relatively small—that's a real trust relationship. You want these people to have your back. If you're spending a lot of time worrying about your partners—'Are they going to jump ship?' and whether they're going to be there when you need them—that's really not very healthy."

Professional firms, says Coffee, "are fragile." If Milberg Weiss is convicted, "I think it will have to disband."

NEW TWIST ON THOMPSON MEMO

But it isn't the future of Milberg Weiss that most concerns others in the legal profession.

There already is widespread consternation within the legal profession and corporate America about Justice Department policies that restrict the traditional defense rights of businesses charged with crimes and those who work for these businesses. As a result, lawyers who represent these businesses are restricted in their ability to defend them.

And now, with the indictment of Milberg Weiss, concern about overzealous federal prosecution of corporate America has been ratcheted up a few notches, as lawyers realize these controversial policies could be applied directly to their own profession.

Policies at issue include not only pressuring companies to cooperate with prosecutors by waiving attorney-client privilege and the work product doctrine, but also pressuring companies to encourage corporate officers and senior employees to cooperate, says R. William Ide III of Atlanta. He is a past ABA president who chairs the ABA Task Force on Attorney-Client Privilege.

Such policies effectively eliminate many traditional defense rights such as the right to consult a lawyer, Miranda warnings, the Fifth Amendment right to remain silent, and even the right to a criminal defense, Ide says.

At the heart of these concerns is a memorandum issued in January 2003 by then-Deputy Attorney General Larry D. Thompson. Drafted in the wake of the wave of corporate scandals that followed the fall of Enron, the Thompson memo sets forth a list of nine factors that federal prosecutors should take into account in deciding whether to file criminal charges against business entities.

Particularly troubling to businesses and the lawyers who represent them is the Thompson memo's guideline stating that prosecutors should consider a corporation's "willingness to cooperate in the investigation of its agents, including, if necessary, the waiver of corporate attorney-client and work product protection."

Requests by federal prosecutors for privilege waivers from corporations facing potential criminal charges are increasingly common, says Lawrence J. Fox of Philadelphia, a past chair of the ABA Section of Litigation. He cites recent surveys on the issue indicating that federal prosecutors are seeking privilege waivers in up to 20 percent of cases involving corporations.

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The ABA has played a leading role in opposing application of Thompson memo factors in a way that forces potential defendants to waive their protections under the attorney-client privilege and work product doctrine.

In recent testimony before the Senate Judiciary Committee, ABA President Karen J. Mathis of Denver urged Congress "to send a strong message to the Department of Justice that the attorney-client privilege and the work product doctrine are fundamental principles of our legal system that must be protected." If corporations resist pressure to waive their privileges, they risk being labeled as uncooperative, said Mathis, which can trigger "a profound effect not just on charging and sentencing decisions, but on each company's public image, stock price and creditworthiness."

Just before the hearing, a bipartisan group of former senior officials at the Justice Department submitted a letter objecting to the "culture of waiver" being promoted by the Thompson memo. The letter calls for the Justice Department to "state affirmatively that waiver of attorney-client privilege and work product protections should not be a factor in determining whether an organization has cooperated with the government in an investigation."

(Among the signers is Carol E. Dinkins of Houston, who served as deputy U.S. attorney general in 1984-85. She now chairs the ABA Journal Board of Editors.)

The concern raised by the Milberg Weiss indictment is that, if it's a sign that more criminal actions against law firms may be in the offing, then more firms will be put in the position of compromising their own protections under the attorney-client privilege and work product doctrine.

In her interview with the ABA Journal, then-U.S. Attorney Yang said her office in Los Angeles "complied with all the necessary steps under the manual" of standards for prosecutors, which incorporates the Thompson memo and a 1999 memo that relates to prosecutions of attorneys and law firms. "We have to get approval anytime we do something like that, which we did," she said.

Milberg Weiss' Web site relating to the case states that the Justice Department raised the possibility of privilege waivers before indicting the firm.

"The Justice Department informed Milberg Weiss that, if the firm wanted to avoid indictment, it had to agree to broad waivers of the firm's attorney-client privilege and work product protection," states the Web site. "According to the government, Milberg Weiss could not truly 'cooperate' with the investigation unless it waived these time-honored privileges."

AN OFFER SPURNED

It was an offer Milberg Weiss says it had to refuse. "As members of the bar, the attorneys who work at Milberg Weiss feel strongly that they cannot, in good conscience, contribute to the erosion of the attorney-client privilege by knuckling under to the government's blackmail," states the firm's Web site. "The firm therefore elected to reject the government's demands for broad privilege waivers and will fight the case in court."

A law firm may be in a better position to take that kind of stand than most corporations, Ide says.

"Particularly corporations, the scenario is, if they're indicted—look at Arthur Andersen; it's gone," Ide says. "Because the shareholders walk away and your stock starts going down, and then you get sued by the plaintiffs' lawyers. It's such a huge risk that you'll find very few scenarios that a company's willing, like Milberg did, to run the risk of indictment."

Milberg Weiss is far from out of the woods, but lawyers at the firm are confident it will come out of its ordeal intact.

There were 128 lawyers at Milberg Weiss when the Justice Department indictment was announced in May. (Including support staff, a total of 363 people worked at the firm.) By the end of September, the number of lawyers at the firm had dropped to 78.

"While a number of lawyers have left in recent months, virtually all of the senior lawyers have stayed, along with a significant number of younger attorneys," said Weiss in a written statement to the ABA Journal. "Their combined capabilities have [been] and are being enhanced by the addition of key new hires."

But departures are outpacing new hires. When Matthew Gluck, a 63-year-old partner at New York City's Fried, Frank, Harris, Shriver & Jacobson, came aboard in October, the New York Times headlined its story, "Against Tide, Lawyer Joins Milberg Weiss."

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According to news reports, the firm filed 114 securities class-action lawsuits in 2004, 91 in 2005, and 17 through mid-May in 2006, but it has filed no new cases since being indicted. On its Web site, however, the firm says it has some 560 ongoing cases.

Nationwide, class action filings related to securities have dropped to a 10-year low, according to a report issued in July by the Securities Class Action Clearinghouse at Stanford Law School.

In the meantime, Milberg Weiss is continuing to aggressively seek out cases in new practice areas, says senior partner Ariana J. Tadler.

"The firm has always been extremely entrepreneurial in the areas we reach out to," Tadler says. "We continue to have people call us every day asking for us to represent them. Likewise, there are certain firms that continue to call us and say, 'Hey, we want to partner up with you,' because we continue to be the best-resourced."

The case against Milberg Weiss may have a chilling effect on private enforcement of securities laws in the U.S., says Lawrence Rosenthal, a former federal prosecutor in Chicago who now teaches at Chapman University School of Law in Orange, Calif.

Milberg Weiss has been "the single most effective securities regulator in the country," Rosenthal says, taking on major cases that federal regulatory agencies haven't pursued. "I don't want to speculate on anyone's motives who I haven't even met, whose names I don't even know," Rosenthal says of the Justice Department decision to prosecute the firm. "I'm just talking about the effect. It's hard to understand how the incremental deterrent value of pursuing the law firm could possibly exceed the value as a securities regulator that this law firm has had."

Considering Milberg Weiss' history, the firm is getting support from some surprising allies, says Fox.

"The delicious irony here is that we actually had the U.S. Chamber of Commerce come out and decry the fact that Milberg Weiss was indicted, even though the chamber hates Milberg Weiss," Fox says. "Because the Chamber of Commerce understands that the same sledgehammer that was used on Milberg Weiss is being used on corporations every day."

Martha Neil, a lawyer, is a legal affairs writer for the ABA Journal. Her e-mail address is neilm@staff.abanet.org.

CIVIL LAW:

Family To Be Awarded $500,000 In VA Case (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, December 6, 2006

Widow wins settlement in corrupt cancer study, but 6 others kept waiting

ALBANY -- The federal government agreed to pay $500,000 to settle the first of seven federal lawsuits brought by the widows of veterans who died in a corrupt cancer research program at Stratton VA Medical Center Hospital, the Times Union has learned.

The six other widows, who still have lawsuits pending against the U.S. Department of Veterans Affairs, are finding the government less willing to admit their husbands were used as guinea pigs in the tainted drug studies.

The Justice Department has not agreed to settle the remaining cases, in part because it's never been determined -- or publicly disclosed -- that more than one veteran died as a result of the corruption. The government's position has been that the men had advanced stages of cancer, so it is impossible to determine what killed them, attorneys in the case said.

But in at least one case it was clear, and Justice Department lawyers recently settled with the family of that victim, James J. DiGeorgio, a 71-year-old Air Force veteran from Brunswick who died at Stratton in June 2001. The settlement comes a little more than a year after a former hospital researcher, Paul H. Kornak, was sentenced to nearly six years in prison for his role in the scandal.

VA officials and federal prosecutors have portrayed Kornak as an out-of-control researcher who forged medical records to push cancern-stricken patients into drug studies that allegedly paid the hospital thousands of dollars. But attorneys for the families and people familiar with the hospital's operation contend the corruption was widespread and Kornak was following orders from oncology doctors.

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At his sentencing, Kornak said he was a scapegoat. His conviction exposed deep problems at the hospital, where he masqueraded as a doctor despite flunking out of medical school, and was hired despite a felony criminal conviction in Pennsylvania in 1992 for forging a medical license application.

The scandal triggered nationwide efforts by Congress to reform the Department of Veterans Affairs' hiring practices and embattled research programs. Many widows have dismissed the government's assertions that Kornak acted alone.

Attorneys for the widows recently obtained permission to depose Kornak at an Ohio prison, giving the public an opportunity to hear Kornak's story, contained in sealed files kept by the Justice Department, which has declined to prosecute anyone else.

An assistant U.S. attorney in Massachusetts declined comment on the settlement last week, saying it has not been publicly filed. The criminal investigation was handled by the U.S. attorney's office in Albany.

Mary Snavlin, DiGeorgio's daughter, said her family's settlement doesn't bring any closure.

"The families that are out there waiting for their due, they need to get that," she said. "The Justice Department, the VA, the doctors, the non-doctors, they need to own up for what they did to all of the veterans. They need to say 'OK, we did this,' and whether it's 5 cents or $2 million, they need to understand that families are still hurting over this. It will never go away."

In January, the DiGeorgio family filed a motion saying their case should be settled because there was no dispute that his death was caused by experimental drugs that he should never have been given. Settlement talks began the following month.

"We have several other family members of victims to deal with," said Alan C. Milstein, an attorney for plaintiffs in the case, including the DiGeorgio family. "The difference between DiGeorgio and the others is that Mr. DiGeorgio was the one victim the government used in the prosecution (of Kornak) to basically say it was akin to manslaughter."

Many of the remaining widows have said the litigation is not about money. They contend it's about getting answers to why their husbands were used as experiments and in making sure it doesn't happen again.

Milstein said the quandary in their cases is convincing the government that it is indefensible to argue the men would have died anyway because they all had advanced cancer. Kornak admitted forging their medical backgrounds so they could be enrolled in the drug studies, where they were given drugs that may have worsened their conditions and hastened their deaths.

"It's always been my position that when somebody is used and abused the way these people were, that's what I call damage to their human dignity," Milstein said.

Hospital officials have denied a widespread coverup and instead placed blame on Kornak, who pleaded guilty to federal charges of negligent homicide and falsifying medical records.

Kornak posed as a doctor at Stratton, including carrying the title "M.D." on his VA-issued business cards and being introduced to patients as "doctor" even though he never finished medical school. His supervisors knew about his lack of credentials.

In all, Kornak is accused of undermining at least four major research studies involving dozens of veterans and hundreds of thousands of dollars. The hospital earned thousands of dollars for each patient enrolled in the programs, in which pharmaceutical companies tested new drugs on cancer patients to obtain approval for them from the Food and Drug Administration.

Over the summer, attorneys for the plaintiffs obtained permission from a federal magistrate to depose Kornak at Elkton Federal Correctional Institution in Ohio.

At his sentencing in November 2005, Kornak apologized for his crimes but told a judge he was "used" by the hospital's former cancer research director, James A. Holland, who was fired along with Kornak shortly after the scandal broke about four years ago.

No one else, including Holland, has been charged in the case. Holland now works in a cancer research program at a Georgia hospital. A federal review of his research credentials is pending.

Brendan J. Lyons can be reached at 454-5547 or by e-mail at blyons@timesunion.com.

Albano To Testify In FBI Suit (SPRINGREP)

By Stephanie Barry

Springfield (MA) Republican, December 6, 2006

SPRINGFIELD - Former Springfield Mayor Michael J. Albano is among witnesses scheduled to testify in Boston federal court on behalf of four men and their families suing the government for an FBI-sanctioned frame-up in a 1965 murder.

Albano, once a Massachusetts Parole Board member, joins two former governors, notorious gangster-cum-informants and corrupt federal agents as witnesses for Peter Limone, Joseph Salvati and the estates of the late Louis Greco and Enrico "Henry" Tameleo.

The four - two of whom died in prison - were wrongly convicted of the murder of Edward "Teddy" Deegan, who met a shower of mob bullets in a dark alley in Chelsea. They were falsely identified by onetime hit man Joseph "The Animal" Barboza, whom the FBI wooed as a top-level informant in the 1960s. The three initially received death sentences in 1969, later commuted to life in prison.

What's more, the government knew it, even ignoring chatter about the then-proposed hit picked up on a secret FBI wire tap before Deegan's ambush, according to once-secret bureau records presented to bolster the plaintiffs' case.

Reports on the matter were made public during a 2001 U.S. Justice Department probe that exposed collusion among former Boston agents and their informants. Limone and Salvati were released after 30 years; Greco and Tameleo were pardoned posthumously. Their families are suing for malicious prosecution and conspiracy.

So, what does Albano have to do with a 40-year cover-up?

He's glad you asked.

Albano's once-lauded tenure as mayor, 1996-2004, was tainted when his administration became the subject of a federal corruption probe starting around 2000.

Albano argued he was targeted, in part, because he voted to pardon Limone in 1983. He said two FBI agents, one named in the Boston lawsuit, tried to bully him while the state police launched an investigation. Albano contended tangling with the bureau won him a spot on a black list, though investigators have denied this.

Many local political observers looked askance at Albano's theory as several in his administration were charged in federal court in connection with various scandals at City Hall.

More than a dozen were convicted and still more face trial, but Albano was never charged. He declined to run for a fifth term in 2003, moving into the private sector.

Contacted recently, the former mayor confirmed he will testify at the trial in U.S. District Court in Boston. He declined to discuss the case further, citing a gag order.

However, the complaint filed by the plaintiffs in 2002 refers directly to the FBI's treatment of parole board members who supported pardons for Limone, Salvati and Greco in the 1980s. Albano served from 1982 to 1994.

"FBI agents ... caused state law enforcement officials to investigate members of the Advisory Board of Pardons who had voted in favor of commutation to determine if they had relationships with 'organized crime,' with the intent to discourage members of the Board from supporting any future petitions for commutation by Limone," the complaint reads.

The trial began Nov. 16. Albano may testify next week.

Others on the witness list:

Gov. William F. Weld, Massachusetts U.S. attorney for a period in the 1980s;

Gov. Michael S. Dukakis, whom the plaintiffs argue was misled by federal investigators and denied commutations for Limone and others, and

Stephen "The Rifleman" Flemmi, now serving a life sentence for 10 murders.

The plaintiffs also intend to introduce testimony from the late H. Paul Rico, the former FBI agent who facilitated the Boston cover-up and died in federal prison in 2004 while awaiting trial for a Miami murder.

Barboza and Flemmi's brother, Vincent, were suspected to have committed the murder. Barboza was gunned down in San Francisco in 1976. Vincent Flemmi died of a drug overdose in prison. As for any connection between the Boston cover-up and the current corruption investigation in this city, the local FBI supervisor scoffed at Albano's theory.

"When I got here in 2001, I had never, ever heard of Michael Albano," Springfield FBI supervisor Michael G. O'Reilly said during a recent interview. "Organized crime was so entrenched, I felt there had to be public corruption. I made it a priority. ... If it affected his administration, so be it."

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Smokers Await Calif. High Court Ruling With Bated Breath (LAW)

By Mike Mckee, The Recorder

California Recorder, December 6, 2006

More than 40 years ago, at age 13, Leslie Grisham was already hooked on smoking, convinced doing it would make her part of the cool crowd.

Even as subsequent scientific evidence revealed smoking could cause serious health problems, the Los Angeles-area woman claims she was misled by industry ads proclaiming cigarettes safe.

Five years ago, however, Grisham's faith was shattered when she was diagnosed with severe periodontal disease, which doctors said had been caused by toxins in cigarette smoke. She sued Philip Morris USA Inc. and Brown & Williamson Tobacco Corp., accusing them of deceiving her for four decades about the safety of their products.

Today, the California Supreme Court will hear arguments in Grisham's case to resolve an unsettled point of law in the vast realm of smoking suits. At what point, the court must decide, are longtime smokers who relied on manufacturers' false safety claims required to file suit -- when health problems emerge or much earlier, when smokers realize they're addicted?

Millions of dollars in damages hinge on the court's decision. If the justices find that the statute of limitations tolls upon awareness of addiction, thousands of already sick smokers could be left with no recourse, while manufacturers' exposure to damages would be sharply limited.

Manufacturers consider addiction a disease in itself, and contend that all smoking-related claims accrue at that point. However, plaintiffs lawyers, knowing damages for addiction could be hard to prove, contend there are two statutes of limitations -- one at the time of addiction knowledge and another when an actual disease develops.

Kentfield appellate specialist Daniel Smith, who will argue Grisham's case, said last week that the court's ruling will be critical for ailing smokers who were lulled by ads into a sense of security only to develop emphysema, lung cancer, periodontal disease and other serious illnesses.

Tobacco manufacturers, he said, "misled the public by undermining truthful statements and attacking scientific conclusions as not yet being established. They effectively blunted the truth."

Smith, a solo practitioner, will share the lectern with Santa Monica, Calif., lawyer Martin Stanley, a solo practitioner who represents Maria Cannata, an emphysema victim who began smoking about the same time as Grisham. Both plaintiffs are seeking damages not only for their medical bills, but also for smoking cessation programs and the cost of all the cigarettes they purchased over the years.

Daniel Collins, a partner in Los Angeles' Munger, Tolles & Olson who is scheduled to present the industry's position today, didn't return several calls seeking comment. But based on his court documents, it appears he will argue that smokers shouldn't be allowed to wait decades to sue over use of products that the surgeon general declared hazardous in 1966, and addictive in 1988.

"Indeed, Grisham's complaint makes clear that she had actual knowledge of 'deadly health risks associated with smoking' long before her complaint was filed," Collins wrote, "and that she knew she was 'addicted' no later than 1993 -- nine years before she filed suit."

Grisham's and Cannata's case was referred to the state Supreme Court last year by the 9th U.S. Circuit Court of Appeals, which noted different federal and California court interpretations about the statute of limitations in tobacco cases.

"The two lines of tobacco precedent in federal and state court," the 9th Circuit held, "may suggest that California law presumes a general public awareness of the risks of smoking, but that an individual plaintiff, in an appropriate case, can overcome this presumption and receive a jury determination on whether [his or her] reliance on cigarette manufacturers' misrepresentations are justifiable."

The case had reached the 9th Circuit after a Los Angeles federal court dismissed Grisham's and Cannata's case as being time barred.

That decision was based on the 9th Circuit's 2002 ruling in Soliman v. Philip Morris Inc., 311 F.3d 966, which held that the statute of limitations "began to run not when [the plaintiff] was first diagnosed with injuries stemming from his tobacco use, but

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'when he should have known of any significant injury from [the companies'] wrongful conduct.'" The court said that included when smokers realized they were addicted.

Since then, however, two state appellate court cases -- 2004's Whiteley v. Philip Morris Inc., 117 Cal.App.4th 635, and 2005's Boeken v. Philip Morris Inc., 127 Cal.App.4th 1640 -- have held that a manufacturer's fraudulent statements might be more important than a smoker's awareness of addiction. A common-knowledge defense to fraud claims, the rulings held, raises a question of fact for a jury to decide.

"Our holdings in Soliman bind us," the 9th Circuit said in Grisham's case, "but at the same time we do not wish to ignore the intervening decisions of California's intermediate appellate courts."

The 9th Circuit judges stated that they would dismiss Grisham's and Cannata's claims if the California Supreme Court decides the two women "cannot overcome the presumed awareness that smoking causes addiction and other health problems."

In his court documents for Grisham, Smith argued that California law doesn't presume a smoker's awareness of addiction, nor does it deem addiction a trigger for the statute of limitations.

"It is illogical to absolve the industry from liability simply because addiction arose years before serious disabling injuries occurred or were diagnosed," he wrote.

In his answer brief for the manufacturers, Collins insists that it would be ridiculous to let career smokers -- aware of tobacco's dangers through accounts in the media, reports by the surgeon general and massive public health campaigns -- claim ignorance about the risks of smoking.

"In light of the overwhelming common knowledge of the dangers and addictiveness of smoking since at least 1988 (and well before)," he wrote, "consumers are presumed to be aware of those risks for statute-of-limitations purposes."

The case, which will be heard in Los Angeles, is Grisham v. Philip Morris U.S.A. Inc., S132772.

CIVIL RIGHTS:

Inquiry Into Jail Begins (SEATIMES)

By Mike Carter, Seattle Times staff reporter

The Seattle Times, December 6, 2006

The U.S. Department of Justice has opened a civil-rights investigation into the King County Jail in Seattle, focusing on sexual abuse of inmates and on allegations of inadequate suicide prevention and contagious-disease control.

Lawyers from the department's Special Litigation Section met with jail and public-health officials Monday and will conduct a wide-ranging investigation that may be expanded beyond those topics. The county learned of the investigation in a letter received by King County Executive Ron Sims last month.

"I can confirm the existence of an investigation ... into the King County Jail," said Cynthia Magnuson, a spokeswoman for the Department of Justice in Washington, D.C. "Beyond that, I cannot comment."

The investigation will focus on the jail in downtown Seattle and will not involve the Regional Justice Center in Kent.

Two former jail guards have been convicted of sex-related acts with female inmates and a third is awaiting a retrial after a jury failed to reach a verdict. The assaults surfaced in April 2005 after a female inmate was transferred to state prison and spoke up about the assault.

One of the former officers, Louis G. Laurencio, was sentenced to four months in jail last week after pleading guilty to inappropriately touching an inmate and photographing her breasts.

A report commissioned by the county and released two weeks ago found that a sexualized work environment, meager training and poor communication are among the root causes of the string of sexual-misconduct allegations against corrections officers with the King County Department of Adult and Juvenile Detention.

Cedric McGrew, who coerced an inmate to perform oral sex, is scheduled to be sentenced Dec. 15. Harland Richmond, accused of exposing himself to women and of later having sex with two female inmates, is scheduled for a second trial soon. His first trial ended in a mistrial in August when the jury failed to agree on a verdict.

"We've been pretty aggressive in dealing with jail staff misconduct," said Carolyn Duncan, a spokeswoman for Sims.

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Jail Director Reed Holtgeerts said the county will cooperate fully with the DOJ investigation.

According to a list provided by the county, seven inmates have committed suicide while in custody since Jan. 1, 1999. They include three hangings, two self-induced poisonings, a suicide by jumping and a carbon-monoxide asphyxiation by an inmate on home confinement, according to inmate death certificates.

The jail also has investigated reports of potentially dangerous infections, including a jail death involving "methicillin-resistant staphylococcus aureus," or MRSA, commonly called "Mersa."

In a letter last December to the Metropolitan King County Council, Dorothy Teeter, the interim director of the Seattle-King County Public Health Department, said Jail Health Services staff has been trained to prevent and watch for MRSA infections.

Justice Department Investigates King County Jail (AP)

AP, December 6, 2006

SEATTLE - The U.S. Justice Department has launched a civil-rights investigation of the King County Jail following incidents of sexual abuse and allegations of inadequate suicide and disease prevention.

"I can confirm the existence of an investigation ... into the King County Jail," Cynthia Magnuson, a Justice Department spokeswoman in Washington, D.C., told The Seattle Times. "Beyond that, I cannot comment."

The county was apprised of the investigation -- which concerns the downtown jail but not the Regional Justice Center in Kent -- in a letter to Executive Ron Sims last month, the newspaper said.

Jail and public-health officials met with Justice Department lawyers on Monday, and they plan to cooperate fully with the investigation, said jail director Reed Holtgeerts.

Two former jail guards have been convicted of sex-related acts with female inmates, while another is to be retried following a hung jury. Seven inmates have committed suicide since January 1999 -- three hangings, two poisonings, a suicide by jumping, plus a carbon-monoxide poisoning by an inmate on home confinement, according to the county. The jail also has investigated reports of potentially dangerous infections, including a jail death involving methicillin-resistant staphylococcus aureus, or MRSA, commonly called "Mersa."

Two weeks ago, the county released a report it commissioned which found that a sexualized work environment, meager training and poor communication were among the root causes of the string of sexual-misconduct allegations against corrections officers with the King County Department of Adult and Juvenile Detention.

One of the former officers, Louis G. Laurencio, was sentenced to four months in jail last week after pleading guilty to inappropriately touching an inmate and photographing her breasts. Cedric McGrew, who coerced an inmate to perform oral sex, is to be sentenced Dec. 15. Harland Richmond, accused of exposing himself to women and of having sex with two female inmates, is scheduled for a second trial soon.

"We've been pretty aggressive in dealing with jail staff misconduct," said Carolyn Duncan, a spokeswoman for Sims.

Feds Look Into King County Jail Problems (SEAPI)

By Hector Castro, P-I REPORTER

Seattle Post-Intelligencer, December 6, 2006

The past year has been a tough one for the King County Jail with corrections officers caught sexually abusing inmates, suicides and reports of contagious diseases.

Now, the federal government has begun an investigation into jail operations.

Monday, investigators with the U.S. Department of Justice visited the King County Jail to meet with staff and tour the facility, said Carolyn Duncan, spokeswoman for King County Executive Ron Sims.

"We're cooperating," Duncan said Tuesday. "Whatever suggestions they make, we're obviously going to be making changes."

In an Oct. 30 letter to Sims, the Justice Department told the county it would be examining the incarceration and treatment of inmates housed at the main jail in downtown Seattle, which has a bed capacity of 1,697.

"Our investigation will focus on the protection of inmates from harm, including, but not limited to, custodial sexual misconduct, inadequate suicide prevention measures, and inadequate contagious disease prevention measures," wrote Assistant Attorney General Wan Kim, who oversees the DOJ Civil Rights Division.

The letter went on to suggest the federal government may actually be able to assist King County in its efforts to improve conditions at the jail and the government may be able to provide financial assistance.

Jail officials have been working on problems cited in the letter for some time.

Last year, investigators learned about the first of several cases of sexual misconduct by jail guards. Reed Holtgeerts, director of the King County Department of Adult and Juvenile Detention, called in Seattle police to investigate whether there were any other cases.

To date, four guards have been charged with incidents related to sexual misconduct. Several other jail personnel have been disciplined as a result of several internal and criminal investigations into alleged misconduct.

In November, former corrections officer Cedric McGrew pleaded guilty to second-degree sexual misconduct and third-degree assault for having sexual contact with a female inmate and another woman in a work-release program. Another former officer, Louis Laurencio, was convicted of sexual misconduct and sentenced last week to four months in jail.

A third officer, Harland Richmond, is expected to face trial in January on unrelated sexual misconduct charges. And a female guard with the Youth Services Center, Lydia Korolak, was charged with custodial sexual misconduct for her alleged acts with two teenage inmates.

The county brought in an outside consultant, the Moss Group, to suggest ways to curtail sexual misconduct within the main jail. The consultants found in their study that many employees were themselves concerned about the atmosphere within the facility.

Jail officials have made several changes, many of them involving increased training of staff.

As for suicides, Duncan said King County's jail has fewer suicides per capita than is average for jail facilities nationwide, and a suicide prevention program.

Seven inmates have committed suicide since January 1999.

There also were recent concerns about the spread of MRSA, a type of staph skin infection resistant to traditional antibiotic treatments. Last year, in a letter to the King County Council regarding the problem, jail officials said there has been extensive training of the staff to prevent the spread of the disease.

Duncan said the contagious disease is not running rampant in the jail. "There's no medical epidemic," she said.

Still, it will be one area federal investigators will examine.

There is no timeline for when the investigation will be complete.

P-I reporter Hector Castro can be reached at 206-903-5396 or hectorcastro@seattlepi.com.

Atlanta Police Give Few Details For 'no Knocks' (AP)

By Greg Bluestein

AP, December 6, 2006

ATLANTA - Atlanta police often offer only cursory details when asking judges for so-called "no-knock" warrants that allow them to burst into homes unannounced, like the one used when an elderly woman was killed in a shootout with plainclothes officers as they stormed her home, according to an analysis by The Associated Press.

Police Chief Richard Pennington called for a review of how his agency uses the warrants after Kathryn Johnson died and three officers were wounded Nov. 21 in the shootout during a no-knock search for drugs in Johnson's northwest Atlanta home. Family members say Johnson was 92 years old; authorities claim she was 88.

An AP review of all no-knock warrants filed in Atlanta's Fulton County this year found that authorities often give scant detail when applying for the warrants, which are typically used to search for drugs and weapons. The special warrants are intended to prevent suspects from getting rid of evidence or to protect officers from suspects who can show a threat of violence.

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In an August affidavit, an officer pursuing a suspect named "Kabuki" offered a two-line explanation for the no-knock warrant, claiming that an informant said people at the home "always carry pistols" and could store guns. In others, officers only detailed their years of experience with the police force as justification for no-knock powers.

Critics of no-knock warrants say Atlanta is no anomaly when it comes to judges granting the special search warrants to police on few details.

"One of the problems we have in the country are that lower-level judges who issue search warrants are notorious for being rubber stamps," said Donald E. Wilkes Jr., a University of Georgia law professor who studies the practice. "This is compounded by the fact that police tend to use these boilerplate allegations for no-knock search warrants."

Use of the warrants has ramped up as the war on drugs has intensified, said Peter Moskos, a former Baltimore police officer who teaches police studies at New York's John Jay College of Criminal Justice.

"The problem is that you do get cases where police bust down the wrong door and people die," he said. "And to me, it's not worth it. I don't really care if they flush the drugs down the toilet. I don't care if drugs are destroyed. So what? It's not like the drug war is being won."

Officers obtained the no-knock warrant to search Johnston's home by claiming there was a carefully monitored surveillance system in the home and that an informant recently bought $50 worth of crack cocaine at the house from a man called "Sam."

But since the woman's death, concern over the police's investigation has increased. Her friends and neighbors describe Johnston as a woman who rarely left her one-story brick home and carried a rusty revolver for her protection. The informant cited in the search warrant's affidavit told Atlanta television station WAGA-TV last week that he was never at the house and that he was coached by police to cover for them.

Pennington has said Johnston's death has led his department to closely scrutinize its procedures. The FBI is investigating the shootout.

"Were mistakes made? That is yet to be determined. Could we, or should we, have done anything differently? That will also be determined," Pennington wrote in an Atlanta Journal-Constitution editorial.

"But I do know this: Every policy and procedure that the Atlanta Police Department relies on for guidance in drug arrests and search warrants will be scrutinized."

Pennington said at a community meeting Monday that of the 200 search warrants his department has served this year, 20 have been no-knock warrants. At the meeting, hosted by the NAACP, many in the audience wanted to know where in the city the no-knock warrants had been served - accusing the department of targeting poor, black neighborhoods.

The NAACP is now calling for the establishment of a civilian review board with subpoena powers. On Sunday, the Rev. Al Sharpton called for a congressional inquiry into incidents like Johnston's and the fatal police shooting on Nov. 25 of 23-year-old groom-to-be Sean Bell in New York.

In Atlanta, community members and police have been at odds since Johnston's shooting, and Mayor Shirley Franklin has publicly defended Pennington in an effort to ease tensions. The case has been turned over to state and federal authorities for investigation.

On the federal level, the U.S. Supreme Court ruled in June that evidence obtained in violation of police knock-and-announce rules could be used at trial. A measure was proposed in the House of Representatives shortly after the ruling that would have blocked the Justice Department from obtaining evidence without officers knocking and announcing first. It failed by a 310-109 vote.

Associated Press writer Errin Haines contributed to this report.

Federal Case May Be A Longshot (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, December 6, 2006

DOJ_NMG_0102802

While federal officials said they are only monitoring developments in the fatal shooting of Sean Bell, new data indicate that making criminal cases against law enforcement officials such as cops is still a difficult task for the Brooklyn U.S. Attorneys Office, the office that would have jurisdiction if the case shifted to the FBI.

The probe into the police shooting of Bell and two friends on Nov. 25 outside the Kalua Cabaret in Jamaica is currently being handled by Queens District Attorney Richard Brown, who has promised a thorough and fair inquiry. As of Tuesday, the case hadn't been sent to the local grand jury where prosecutors would have to not only present evidence against the cops but also raise the issue of self-defense.

Tuesday attorneys for the wounded men signaled they would be waiting to see what happens to the Brown case before going to federal prosecutors.

"We're taking a wait-and-see attitude," said lawyer Sanford Rubenstein, who wouldn't speculate about what his next move would be if no state indictment comes. "Our clients are fully cooperating with the Queens district attorney in this case."

But federal prosecutors nationwide, including Brooklyn, find that making a criminal case against law enforcement officials for misconduct -- be they federal agents or local police -- is tough. Nationally, data show that 96 percent of civil rights cases are not prosecuted.

As reported in October by Newsday, Brooklyn federal prosecutors in fiscal 2005 declined to prosecute 75 percent of civil rights cases, be they complaints about police misconduct, racial violence or human trafficking, according to data compiled by the Department of Justice.

In recent weeks the data, compiled by the non-profit Transactional Records Access Clearinghouse, affiliated with Syracuse University, showed that Brooklyn federal prosecutors continued to take a tough look at complaints involving specific allegations of law enforcement misconduct. Statistics for the first 10 months of fiscal 2006 (October 2005 through July 2006) found the prosecutors declined to prosecute 91 percent of allegations involving "deprivation of rights under color of law," the statute that covers police and other law enforcement misconduct.

Though the data didn't readily show why the cases were declined, statistics for fiscal 2005 showed that weak or insufficient evidence and lack of evidence of criminal intent were key reasons for tossing the cases. An additional problem, said one federal prosecutor yesterday who didn't want to be named, was the standard of criminal intent required under the civil rights law. The standard was a high one for prosecutors to meet, said the official, who added that the issue of self defense in a police shooting could make a federal case harder to prove.

Still, while federal prosecutions of law enforcement aren't frequent, the cases that do go trial often lead to convictions. For instance Brooklyn federal investigators in fiscal year 2006 convicted 84 percent of the law enforcement defendants accused of civil rights violations. A spokesman for the Brooklyn U.S. attorneys office couldn't provide a list of such cases late yesterday, but noted that a number of law enforcement defendants, including "Mafia Cops" Louis Eppolito and Stephen Caracappa, had been convicted or charged this year for offenses committed while acting as public officials.

"Getting convictions in these kinds of cases isn't easy, but it is not impossible," said Rubenstein, noting how his former client Abner Louima was able to prevail in getting justice when police officers were convicted in Brooklyn federal court in connection with the attack on him in 1997.

"We proved in the Louima ... [case] that federal government can bring to justice police officers who have acted criminally."

Port Chester Challenges U.S. Government's Stance Over Election System (NYJN)

By Liz Sadler

NY Journal News, December 6, 2006

PORT CHESTER - The village is challenging the federal government's claim that its election system illegally disenfranchises Hispanic voters, possibly paving the way for an expensive legal battle.

The Board of Trustees voted unanimously tonight to notify the U.S. Department of Justice that it does not believe the village's at-large election system violates Section 2 of the federal Voting Rights Act, as claimed by the Justice Department. The board reached the decision after reviewing data the Justice Department provided the village.

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"The federal government's data does not credibly support their allegations and contentions," Mayor Gerald Logan said before the vote. "I speak for the entire Board of Trustees when I say that we are shocked. The federal government has been working on their case for the past three years. I can only imagine the waste of taxpayer dollars."

Anthony Piscionere, a lawyer for the village, said he had already notified the Justice Department of the board's decision and "they've indicated they will get back to us." Piscionere said he could not speculate about whether a lawsuit is imminent.

"It's very hard to say at this point," he said. "What I'd like to see is some further dialogue."

Tonight's decision came in response to an April 20 letter from the Justice Department to Village Attorney Anthony Cerreto that threatened to sue the village unless it switches to district voting. The letter called for a districting plan that includes a majority Hispanic district and concluded that "voting patterns in Port Chester are polarized by ethnicity."

Though the village's population is nearly half Hispanic, no Hispanic has ever been elected to village office. Hispanic residents represent about 22 percent of the citizen voting age population, or 3,058 of 13,980 eligible voters.

Hawaii Schools' Racial Enrollment Upheld (NYT)

By Adam Liptak

The New York Times, December 6, 2006

The Kamehameha Schools in Hawaii, private schools with an endowment of more than $6 billion, are entitled to limit their enrollment to Native Hawaiian children, a federal appeals court panel in San Francisco ruled yesterday by a vote of 8 to 7.

Students may be denied admission based on their race without running afoul of a civil rights law, the majority ruled, citing what it said were unique factors in the history of Hawaii, the plight of Native Hawaiians and the schools' distinctively remedial mission, which Congress has repeatedly endorsed.

The schools are the only beneficiary of the enormous legacy of a 19th-century Hawaiian princess. They have an enrollment of some 5,000 students, from kindergarten through 12th grade, on campuses on three islands. Admission is a great prize, as students pay about $1,800 in annual tuition for an education worth about $20,000.

The schools' admissions policy requires prospective students to prove that at least one ancestor lived on the Hawaiian Islands in 1778, when the British explorer Capt. James Cook arrived.

The suit was brought by a student identified as John Doe. The schools conceded that the student probably would have been admitted had he possessed Hawaiian ancestry. The suit argued that the admission policy ran afoul of a Reconstruction-era law, the Civil Rights Act of 1866. The court, splitting almost entirely along partisan lines, ruled that the prohibition did not apply to the schools' admissions program. (The eight judges in the majority were appointed by Democratic presidents. All but one of the dissenters were appointed by Republicans.)

"The schools are a wholly private K-12 educational establishment, whose preferential admissions policy is meant to counteract the significant, current educational deficits of Native Hawaiian children in Hawaii," Judge Susan P. Graber wrote for the majority. That fact, coupled with Congressional praise for the schools' mission, she wrote, meant that the admission program did not violate the civil rights law.

The decision overturned a decision by a divided three-judge panel last year. Judge Graber was in dissent in that decision. Judge Jay S. Bybee, who wrote the principal dissent yesterday, wrote the majority decision last year.

Eric Grant, the plaintiff's lawyer, said he would ask the United States Supreme Court to hear the case. "We're disappointed to be on the seven side rather than the eight," Mr. Grant said. But the closeness of the vote, he added, made Supreme Court review more likely.

Kathleen M. Sullivan, a lawyer for the schools and a law professor at Stanford, said her clients were elated by the decision and particularly by its unanimity on some points.

"All of the judges agreed that the Kamehameha School has a noble mission and has had extraordinary success in addressing what all the judges admitted are the continuing disadvantages suffered by Native Hawaiians," Professor Sullivan said.

The schools' history and mandate is so unusual, she added, that yesterday's decision will have "no precedential impact on any other school in the nation."

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In a dissent joined at least in part by six other judges, Judge Bybee said the schools' worthy mission nonetheless violated the law.

"I cannot reconcile its admissions preferences — a racially exclusive policy that operates as a complete bar to all applicants who are not of the preferred race — with the Supreme Court's requirements for a valid affirmative action plan," Judge Bybee wrote. "The majority exempts an organization with noble goals that seeks to remedy a significant problem in a community that is in great need, but it can do so only because the majority departs from clear principles and established precedent."

The case from Hawaii is only superficially similar to the ones from Seattle and Louisville, Ky., argued Monday before the United States Supreme Court, Professor Sullivan said.

In contrast to the schools involved in the Supreme Court case, the Kamehameha schools are private, receiving no federal funds; they say their discrimination is remedial, meant to address historical wrongs; the beneficiaries are indigenous peoples; and the program has met with Congressional approval.

The student-assignment programs before the Supreme Court, Professor Sullivan said, involve public schools, mean to achieve racial diversity, are not directed at any particular racial group and come without similar Congressional endorsement.

Federal Appeals Court Upholds School's Admissions Policy Favoring Hawaiian Natives (FINDLAW/AP)

By David Kravets, Associated Press Writer

AP, December 6, 2006

(AP) - SAN FRANCISCO-A private school in Hawaii can favor Hawaiian natives for admission as a means of giving a helping hand to a downtrodden indigenous population, a divided federal appeals court ruled Tuesday.

The decision by a 15-judge panel of the 9th U.S. Circuit Court of Appeals overturned an earlier ruling by three of the same judges that the Kamehameha Schools policy amounted to unlawful discrimination.

In Tuesday's decision, the majority noted that the case was unique because Congress has singled out the plight of native Hawaiians for improvement, just as lawmakers have done with Alaskan natives and American Indians.

The policy "furthers the urgent need for better education of Native Hawaiians, which Congress has repeatedly identified as necessary," the court said.

Admission to the elite school is first granted to qualified Hawaiian students, and non-Hawaiians may be admitted if there are openings available.

Only one in eight eligible applicants is admitted to the schools, which serve about 5,400 students at three campuses.

The case was brought by a white student excluded because of his race.

Three of the dissenting judges wrote separately that civil rights law prohibits a private school from denying admission because of race.

The Kamehameha Schools were established under the 1883 will of Princess Bernice Pauahi Bishop as part of a trust now worth about $6.8 billion (â,¬5.1 billion).

The trust subsidizes tuition and is designed to help remedy some of the wrongs done during the U.S.-backed overthrow of the Hawaiian kingdom in 1893.

The decision came a day after the Supreme Court suggested during arguments in a different case that it might ban the practice of race-based admissions in public schools, even if the policy was intended to create racial harmony.

The last time the Supreme Court ruled on a similar issue was in 2003, when justices banned the use of rigid formulas that award points based on race for admission to the University of Michigan and its law school.

But the court that same year also permitted colleges to consider race as part of a "holistic review" of every application.

Private School Is Allowed To Favor Native Hawaiians In Its Admissions (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, December 6, 2006

The 9th Circuit Court splits 8-7 on the policy for educational parity.

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A sharply divided federal appeals court ruled Tuesday that a private school can favor Native Hawaiians for admissions in an effort to "counteract the significant, current educational deficits" experienced by the islands' indigenous population.

In an 8-7 ruling, the U.S. 9th Circuit Court of Appeals in San Francisco held that the admissions policy of Hawaii's Kamehameha Schools is constitutional because it is narrowly tailored to remedy a well-documented problem and does not unnecessarily trammel on the rights of other students.

The schools' policy furthers a goal that "Congress has repeatedly identified as necessary," Judge Susan P. Graber wrote for the majority.

Native Hawaiian students, she wrote, "are systematically disadvantaged in the classroom." They score lower on standardized tests than other ethnic groups in the state, are more likely to be in special education classes, and are less likely to graduate from high school and attend college.

The Kamehameha Schools — with campuses on Oahu, Maui and Hawaii — admit students from kindergarten through 12th grade. They were founded in 1887 to educate Native Hawaiians and are supported by a $6.2-billion trust endowed by the last direct descendant of King Kamehameha I.

The schools receive no federal funding and typically cover 60% or more of a student's tuition — making them considerably less expensive than other private schools in Hawaii.

Graber said the schools' admission policy "is not an absolute bar to non-Native Hawaiians; instead it is intended only for so long as Native Hawaiians suffer educational disadvantages."

But Judge Jay S. Bybee, writing for the dissenters, said the policy clearly violated the rights of other students by in effect blocking their admission. Kamehameha has admitted only one non-Native Hawaiian since 1962, he said.

The case highlighted a stark ideological divide on the 9th Circuit, which considers federal appeals in nine Western states, including California. All eight judges who voted to uphold the school's policy were appointed by Democratic presidents, whereas all but one of the dissenting judges were appointed by Republicans.

The ruling came one day after two affirmative action cases were argued before the U.S. Supreme Court, in which the debate suggested most justices favor halting the use of race to assign students to public schools.

But Stanford University law professor Kathleen Sullivan, who argued the case successfully for Kamehameha Schools, said: "Apart from the fact that both are about education, our case is nothing like" the Seattle and Louisville, Ky., school systems cases before the high court.

"Kamehameha is private; Seattle and Louisville are public. Kamehameha involves remedial preferences; Seattle and Louisville involved diversity," Sullivan said. "Kamehameha involves preferences of a kind explicitly adopted by Congress; Seattle and Louisville do not."

Kamehameha is highly selective, with only one in every eight students who applies gaining admission.

The case was brought by a white Hawaiian student who initially was denied admission to Kamehameha four years ago when he applied for the 9th grade, and then was turned down the next three years too, said the applicant's attorney, Eric Grant.

A U.S. district judge in Honolulu initially dismissed the case. But the student, identified as John Doe, appealed to the 9th Circuit and prevailed, 2 to 1, last year in a decision written by Bybee. But Kamehameha was granted a rehearing by a larger panel of judges, setting the stage for Tuesday's ruling.

Hawaii's political establishment, including its Republican governor and its full congressional delegation, supported the schools' position in the case.

Grant said he and his client were disappointed but planned to ask the Supreme Court to review the case. "We think the closeness of the decision bodes very well for the eventual resolution of this case by the U.S. Supreme Court," Grant said. "The admissions policy does operate as an absolute exclusion of children with the wrong ancestry."

He said John Doe is now a freshman in college but declined to say where.

But Sullivan said that "it is hard to see why the Supreme Court would be interested in a case that turns on such unique circumstances. There is no other case just like this one."

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Black, White And Brown (LAT)

The Los Angeles Times, December 6, 2006

FIFTY-TWO YEARS after the U.S. Supreme Court ruled in Brown vs. Board of Education that "separate educational facilities are inherently unequal," the court still can't agree on what that landmark decision really meant. That was painfully clear Monday when the Brown ruling was cited by justices on both sides of a debate over the constitutionality of programs that try to maintain a racial balance in public schools.

It was equally clear that the outcome of the cases, from Seattle and Louisville, hangs on the vote of Justice Anthony M. Kennedy. Some of Kennedy's comments from the bench Monday were ominous for the school districts. But if Kennedy views Brown in the proper perspective, he will provide a fifth vote to allow school districts, including the Los Angeles Unified School District, to experiment with ways to bring children of different races together in the classroom.

Brown vs. Board of Education, of course, was the 1954 case in which the court ruled that Topeka, Kan., and several Southern states had violated the 14th Amendment's guarantee of "equal protection of the laws" by operating separate schools for whites and blacks. Yet wrapped inside that seemingly straightforward result was a riddle. Were segregated schools wrong because they violated the principle that pupil assignments must always be "colorblind," or because they took race into account for a malign purpose: to separate "superior" whites from "inferior" African Americans?

Four conservatives on the Supreme Court seem wedded to the first view of Brown. In their view, once the vestiges of state-sponsored segregation are remedied, schools may not engage in what Chief Justice John G. Roberts Jr. has called the "sordid business [of] divvying us up by race."

But for the court's four liberal justices, Brown wasn't primarily about abstract colorblindness. Rather, it was about giving force to the 14th Amendment, which was intended, as Justice Stephen G. Breyer noted Monday, "to take people who had formerly been slaves and their children and make them full members of American society. And part of that was that the state couldn't insist that they go to separate schools."

Breyer has the better of the argument. Taking account of race to bring children of different backgrounds together is fundamentally different from using race to keep those children apart. Is there a ray of hope that Kennedy, the likely swing vote in these cases, will agree?

At several points Monday, he seemed to be endorsing his conservative colleagues' colorblind approach. At other points, he signaled that he recognizes that efforts to integrate schools are not the moral or constitutional equivalent of pre-Brown school segregation. In this, as in so many other cases, what Kennedy decides may well dictate what the court itself does.

It's Not Black And White (USAT)

By Jonathan Turley

USA Today, December 6, 2006

Monday, the Supreme Court once again ventured into the quagmire of affirmative action. In two cases, the court will decide whether it is permissible to use race as a criteria in the selection of students on the elementary or high school levels — three years after the court barely sustained the use of such policies on the university level.

Even after many decades, affirmative action remains one of the most contentious issues in our society. Yet, like abortion, there appears to be less, not more, true dialogue. Many people who are uncomfortable with these programs remain silent in fear that their concerns will be misconstrued or mischaracterized.

All too often, critics of affirmative action are dismissed as racists. Such hair-trigger attacks were common during the debate over Michigan's Proposition 2, a ban on affirmative action in government contracts, hiring and public education. In launching his organization's campaign against the measure, NAACP President Bruce Gordon said the organization "does not plan to stand by while the architects of racism dismantle affirmative action programs that attempt to level the playing field in higher education and help create a diverse work force."

Such racial politics clearly did not serve opponents well: The proposition passed with an impressive 58% of the vote. According to Gordon's logic, does that mean that 58% of Michigan is either racist or enabling racism? If so, 55% of Californians

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were racists in 1996 when they enacted Proposition 209 barring affirmative action, and 59% of voters in Washington were racists in 1998 when they passed Initiative 200 that imposes a similar ban.

Most Americans are neither racist nor hostile to the ends sought by affirmative action. It remains a question of means.

We have a long way to go to bring down the continuing economic and social barriers for African-Americans. There is considerable support for programs to assist minority students with extra funds for improving schools, creating scholarships, and affording greater opportunities to excel on their own merit. There is also broad support for continuing to offer low-interest loans to minority businesses to help get them into the competitive marketplace. Nonetheless, there is a valid distinction between programs that "level the field" of competition and programs that direct its outcome.

When it finally comes down to the competition itself between students or businesses vying for the same goals, the outcome should be based entirely on merit. In other words, we need to draw a clear line between programs that assist minority students and businesses in reaching the field of competition and those that favor competitors on the basis of race, gender or religion. That means that some anti-affirmative action measures go too far. Yet, it is equally wrong when the government moves beyond facilitating and begins manipulating competition.

Under such an approach, states would be allowed to give disproportionate funds for improving opportunities for minority students or businesses, but they would be barred from using racial preferences in competitive selections for schools, government contracts, or hiring. For example, while a minority business can be given special help in its formation, government contracts should be awarded entirely on the basis of the best product and the lowest cost for citizens.

Not surprisingly, both sides take different meanings from studies of the effect of eliminating affirmative action programs. Thus, many people were rightfully alarmed to learn that UCLA would have only 96 African-Americans among its incoming freshmen — 2% of the class. For affirmative action advocates, it shows why special programs are necessary even after so many years of racial preferences in selection. For opponents of affirmative action, it shows that many students in prior years were not the most qualified on academic scores and achievement.

Both sides might be partially correct. The fall in minority admissions and minority contractors should motivate leaders to improve recruiting efforts in minority areas for schools and explore programs to help minority businesses. But it also shows that many past students and businesses were not sufficiently competitive to prevail on a playing field that is entirely free of racial preference in selection.

Some leaders, however, cannot shake the desire to manipulate the final outcome of competition. After Proposition 2 passed, Detroit Mayor Kwame Kilpatrick stated his interest in an ordinance that gave a preference to Detroit-based contractors — who would presumably be largely minorities in the largely minority city population. "That way, you don't have to deal with gender or race," said the mayor's spokesperson. Putting aside the legal mistake of openly admitting an intention to create de facto preferences to avoid the law, Kilpatrick would be better off addressing the underlying reasons for the lack of competitive showing through special pre-competition programs. Indeed, the removal of preferences will increase the pressure on such firms to be competitive and the pressure on cities such as Detroit to better educate and train citizens for such competition.

It is time to have a substantive dialogue about the promise and limits of affirmative action — free of race-baiting language. Opposing some forms of affirmative action does not make someone any more of a racist than opposing abortion makes someone a misogynist.

Until such true dialogue occurs, we will continue to speak to each other through ballot referendums, or worse yet, many will continue not to speak to each other at all.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and a member of USA TODAY's board of contributors.

Police Analyst Sues New York, Charging Anti-Muslim E-Mail (NYT)

By William K. Rashbaum

The New York Times, December 6, 2006

For several years, the New York Police Department has touted an elite undercover unit of Middle Eastern and Asian investigators who use their foreign-language skills online to search out potential terrorist threats against the city.

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But now the department is under sharp criticism from a member of the unit, an Egyptian-born analyst who filed a lawsuit yesterday that charges he was subjected to hundreds of blistering anti-Muslim and anti-Arab e-mail messages sent out by a city contractor over the course of three years.

The analyst, who is not named in the court papers, filed the discrimination lawsuit in federal court in Manhattan as "John Doe Anti-Terrorism Officer" because he still works undercover in the Cyber Unit. In an interview yesterday, he said that he complained repeatedly to his supervisors about the messages but that no one took action.

A 48-year-old captain with the New York City Department of Correction, the analyst has been assigned to work with the Police Department's Intelligence Division since 1998. He said he helped to form the Cyber Unit in 2002. He and the other members, who number about a dozen, troll message boards and Web sites to engage extremists and collect intelligence about potential threats, the lawsuit says. He fears that his family in Egypt might face retaliation if his name and the nature of his work were revealed, said his lawyer, Ilann M. Maazel.

At the center of the lawsuit are e-mail briefing messages sent out several times a day to members of the Intelligence Division by Bruce Tefft, a former C.I.A. official who has identified himself in the past as the Police Department's counter-terrorism adviser.

Mr. Tefft worked for Orion, a company that provided the department with counter-terrorism information culled from its massive database, including news articles and other materials known as open-source intelligence.

According to the suit, the briefing messages were preceded by commentary from Mr. Tefft that included virulent anti-Muslim and anti-Arab statements like, "Burning the hate-filled Koran should be viewed as a public service at the least," and "This is not a war against terrorism ... it is against Islam and we are not winning."

In one message, he asked, "Has the U.S. threatened to vaporize Mecca?" and responded, "Excellent idea, if true."

"These e-mail briefings ridiculed and disparaged the Muslim religion and Arab people, and stated that Muslim- and Arab-Americans were untrustworthy and could not reliably serve in law enforcement positions or handle sensitive data," the suit said.

Paul J. Browne, the Police Department's chief spokesman, said in an e-mail message that the department moved to stop the e-mail messages when it became aware of a complaint about them. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Panel Backs Guideline Favoring Voting-Machine Verification (WP)

By Cameron W. Barr

The Washington Post, December 6, 2006

A federal panel voted yesterday to begin developing a national standard that could result in the gradual phasing out of the paperless electronic voting machines in use across the Washington region and in many parts of the country.

The "next generation" of voting systems should have an independent means of verifying election results, the Technical Guidelines Development Committee said. The standard would have to be adopted by the U.S. Election Assistance Commission.

"This seems to mark the end of an era" for paperless electronic voting, said Doug Chapin, director of electionline.org, a nonpartisan organization that tracks changes in the country's election systems.

The commission and its advisory panel have yet to determine when the new standard would go into effect and how it would apply. A report prepared by scientists at the National Institute of Standards and Technology last week said the new standard would not be implemented until 2009 at the earliest.

Some politicians indicated yesterday that they would move more quickly to add verification systems -- also known as paper trails -- to voting systems that lack them.

The speaker of Maryland's House of Delegates, Michael E. Busch (D-Anne Arundel), said the legislature would start exploring options for a paper trail during its upcoming session with an eye toward having something in place for the 2008 elections.

"It would be nice if we could get a look at a couple of options," Busch said. "The price tag is going to be great."

Maryland Gov.-elect Martin O'Malley (D) said his administration would "have to find some way to move forward" and noted that a transition panel is looking at election issues.

Maryland is one of five states that exclusively use electronic voting systems that offer no independent means of verifying an election result. Virginia and 10 other states, as well as the District, use such systems in some jurisdictions or allow voters to choose whether to use them or some other voting system.

Virginia Gov. Timothy M. Kaine (D) said he plans a careful review of the findings. "I'm going to take a look at this report. I've talked to a lot of people who are very concerned about electronic machines without a paper trail," he said.

Del. Timothy D. Hugo (R-Fairfax), a main sponsor of unsuccessful legislation in Virginia's General Assembly last year that would have required the state to launch a paper-trail pilot program, said: "I think the committee recommendations will help validate what we have been doing. It will really make people stand up and pay attention."

District Mayor-elect Adrian M. Fenty (D) said in a statement that the red flags raised by the federal panel had caught his attention and that "we need assurances that election outcomes are reliable. As Mayor, I will work closely with the Council and the Board of Elections to make sure that the District of Columbia's election process is regulated and administered in a fashion that supports the report's findings and is in-line with best practices from around the Country."

In unanimously approving the resolution yesterday, members of the panel made it clear that they would not recommend that states stop using such systems "at this time" as long as proper security measures are in place.

The panel also said the commission should ensure that all voters -- including disabled ones -- "can verify the independent voting record." Advocates for people with disabilities have said that existing systems of verification, such as electronic voting machines that show voters a printed summary of their choices before they cast their ballots, would not be accessible to blind voters.

The voting-machine industry will have to come up with new technology to satisfy the need to provide verification accessible to all voters, said James C. Dickson, vice president for governmental affairs at the American Association of People with Disabilities. That means it could be 2020 before the voting systems envisioned by the panel are "widely available in polling places."

A supporter of the paperless electronic machines, Dickson disputed the notion that the panel's resolution meant the end of an era for such systems. "Era, schmera," he said. "There isn't any money to buy anything else."

The panel considered a similar resolution Monday but deadlocked and failed to pass it. The version adopted yesterday contained new language that grandfathers in existing systems, calls on the commission to ensure that verification systems are universally accessible and credits election officials and voting-machine makers for adopting security controls.

Michael Newman, a spokesman for the National Institute of Standards and Technology, said the panel, which the institute is advising, would have until the end of July to prepare a draft set of standards that would then be considered by the Election Assistance Commission.

The commission would solicit public input before adopting new standards. The standards are voluntary, but many state laws require voting systems to meet federal or national criteria before they can be used.

Staff writers Tim Craig, John Wagner and Nikita Stewart contributed to this report.

ANTITRUST:

Microsoft Technical Documents Back On Track In Antitrust Case (IDG)

By Grant Gross, IDG News Service

IDG News Service, December 6, 2006

Microsoft sets up delivery schedule after complaints about the company's technical documentation caused delays in the DOJ antitrust case

A U.S. district judge on Tuesday praised the schedule set up in a revamped technical documentation project that's part of the 4-year-old antitrust settlement between Microsoft Corp. and the U.S. government.

Judge Colleen Kollar-Kotelly, of the U.S. District Court for the District of Columbia, hailed a new plan that would deliver 58 documents related to Microsoft's software communication protocols by Dec. 15, with more documents coming in February, April and May.

Kollar-Kotelly in May approved a two-year extension to parts of her antitrust judgment against Microsoft because of ongoing problems in the technical documentation for Microsoft's software communication protocols.

"I hope this approach works," Kollar-Kotelly said during Tuesday's antitrust compliance hearing. "We seem to be on the correct time table."

Kollar-Kotelly, in an antitrust settlement approved in November 2002, ordered Microsoft to create the technical documentation so that competing software companies can buy licenses to Microsoft's communications protocols and make products that work with Microsoft software.

The judge expressed support for the new plan after numerous delays and past complaints about the quality of technical documentation."We'll have to see if this achieves the [results] that have eluded us so far," she said after Microsoft representatives explained the technical documentation "reset," as they called it.

Under the plan, Microsoft delivered 32 technical documents to the court-mandated technical committee overseeing the settlement by Oct. 25, and is on track to deliver another 26 documents by Dec. 15. The technical documentation that's most useful to protocol licensees will be delivered first, Microsoft said.

The schedule has Microsoft delivering another 99 technical documents between Feb. 22 and May 29. About 90 days after the initial release of a document, Microsoft will give the technical committee and licensees an online build of the document.

In addition, there were 943 identified problems with the current technical documentation as of Oct. 31, up from 835 problems identified as of Sept. 30, according to court records. Microsoft will work on fixing those problems as part of the revamped documentation project, said Robert Muglia, senior vice president of Microsoft's server and tools business.

Lawyers for the U.S. Department of Justice and some of the plaintiff states in the antitrust case said the documentation plan seems to be working. But Stephen Houck, a lawyer for the California group of state plaintiffs in the case, noted that hundreds of problems still exist in the current documentation.

"While much as been accomplished, there's much left to do," Houck said.

Muglia walked the judge through an example of the new technical documentation, and Kollar-Kotelly noted the new version had "a lot more details."

"My only wish is that it had been done earlier, so we wouldn't be at this point," she said.

US Airways Won't Fight Over Delta Deal (USAT)

By Marilyn Adams

USA Today, December 6, 2006

US Airways will give up its proposed takeover of Delta Air Lines if management there can't be persuaded of the benefits, US Airways CEO Doug Parker said Tuesday.

Parker said he's not prepared to fight Delta's management in bankruptcy court by submitting a merger plan to the judge without the backing of Delta officials.

"We have to get to a point where we are all working together on this, or it's not going to happen," Parker said at a meeting with editors and reporters at USA TODAY. "This is all about convincing Delta's management that this plan makes sense."

US Airways has made an unsolicited takeover offer of $8.5 billion in cash and stock to acquire Delta, the USA's third-biggest carrier.

Delta's management has rebuffed the offer, saying it's too risky and that Delta is better off as an independent airline. Delta declined to comment on Parker's remarks. Delta CEO Gerald Grinstein has repeatedly voiced opposition to the merger proposal since US Airways announced it Nov. 15.

In a memo to employees Tuesday, Grinstein said Delta, "is making crucial progress toward becoming a strong, independent, stand-alone company."

But because Delta is in bankruptcy, its management does not have complete control of the company's fate. Its creditors must approve Delta's post-bankruptcy business plan before the airline can exit. Delta executives plan to unveil the plan this month.

Delta CFO Ed Bastian has expressed alarm that a merger would prolong the airline's stay in bankruptcy at least by several months because it would have to be reviewed by antitrust experts at the U.S. Department of Justice. That would increase Delta's bankruptcy costs and run the risk of a downturn in the economy or a spike in jet fuel prices, Bastian says.

Parker predicted a US Airways-Delta merger could close by June 30, 2007, roughly when Delta had predicted emerging from bankruptcy alone.

Parker called the proposed merger schedule "aggressive," but said he believes it can be done, although his airline is still working through last year's merger of America West and the old US Airways.

Although that deal closed 15 months ago, the new, combined US Airways is still flying with two separate reservation systems and two sets of pilots and flight attendants who are scheduled separately and who work under separate labor contracts.

Parker and US Airways President Scott Kirby said they would finish merging America West and the old US Airways before beginning a merger with Delta.

Delta Chief Firmly Against Merger (WP)

By Del Quentin Wilber, Washington Post Staff Writer

The Washington Post, December 6, 2006

US Airways Proposal Bad for Consumers, Grinstein Asserts

The top executive at Delta Air Lines said he would vigorously defend his company against an unsolicited takeover bid, insisting that the Atlanta-based carrier would be a stronger company and better for consumers if it remained independent.

In his first interview since US Airways Group announced its merger proposal last month, Delta chief executive Gerald Grinstein said he was confident that creditors would accept his reorganization plan. He also said it would be difficult for a combined company to overcome internal and regulatory hurdles.

"Whenever you go from having two carriers to one, or three carriers to two, that is going to have a consumer impact," he said. "There will be a loss of service in some smaller communities. There will be an increase in fares. . . . There is no question that there are antitrust issues that won't be quickly or easily resolved."

"I think the track record of good mergers is hard to find" in the airline industry, he said.

Delta and US Airways are battling to convince creditors, regulators and legislators of the virtues of their competing plans. US Airways has dominated the early rounds. Its stock price soared the day the merger proposal was announced but has since retreated slightly.

Many outside analysts and airline executives think the industry needs to consolidate to improve its financial outlook.

Grinstein, 74, has been working to get Delta, the nation's third-largest carrier, out of Chapter 11 bankruptcy protection for the past year. He is expected in the coming weeks to present creditors and the court with a reorganization plan that he says would be better for creditors than US Airways' $8.5 billion offer.

Several analysts and executives at other airlines said US Airways appeared to have lost momentum, as investors and creditors look more carefully at the merger proposal. Among their concerns are the reaction of regulators, the new Democratic-controlled Congress and the short time available for US Airways to complete a deal. US Airways hopes to do that before Delta leaves bankruptcy protection, which is expected next year. Otherwise, US Airways would lose some cost-cutting advantages it could gain in the bankruptcy process.

"There are more chances of this deal being killed because of market forces and the Justice Department," said Michael Miller, an analyst with the Velocity Group. But, he added, the offer has "the power of dollars behind it."

Ray Neidl, another analyst, said the merger proposal has a 30 to 40 percent chance of overcoming internal and regulatory hurdles in such a short time.

US Airways chief executive W. Douglas Parker said he was confident that the merger would be completed. Creditors seem receptive to the offer, he said in an interview. "It was well received and the process continues. The process is gaining steam."

Parker expressed confidence that the companies could address antitrust issues. A combined airline would probably have to sell some airport gates and one of the lucrative shuttle routes among Washington, New York and Boston, US Airways executives acknowledged.

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Parker is interested in Delta because the two airlines compete on many of the same routes. A merger would allow him to reduce the number of flights and aircraft serving those cities. He said he thought such a business plan would save $1.6 billion a year by combining functions and cutting flights.

Parker said such a strategy would benefit consumers by offering them a healthier airline that serves more destinations. He said the new airline would not raise fares.

"Consumers will be better off," he said.

Grinstein disputed that claim and said his airline would serve customers better without a merger because it has already streamlined operations and achieved more than $2 billion in annual savings.

Although it is still has problems with mishandled baggage and major delays at some airports, Grinstein said Delta is using planes more efficiently and plans to expand its lucrative international routes.

Grinstein would not discuss the specifics of his restructuring plan and said he did not know what creditors thought of the US Airways offer. "They have their cards to play and they are going to play them," he said.

He said there were a variety of obstacles that would make a merger difficult, such as the airlines' different fleets, employment structures and cultures.

US Airways also hasn't fully digested its prior merger, with America West, raising questions about whether it could handle a hostile takeover at the same time, Grinstein said.

"They haven't concluded last night's dinner before planning tonight's," he said. "This was totally unexpected, unsolicited, unencouraged and unhoped for. . . . We are so dissimilar. We have different equipment. We have different service philosophies."

If the merger sets off a spree of consolidation among the other major carriers -- American, Continental, United and Northwest -- the outlook wouldn't be good for a combined Delta and US Airways, which would be smaller than other partnerships, Grinstein said.

"If this devolves into three systems, which is the weakest of the three systems?" he said. "The answer is pretty clear."

Grinstein declined several attempts by Parker to discuss merger possibilities before US Airways made its offer public last month. The Delta executive said he was surprised to learn of the offer while listening to the radio at home before going to work. "I would have handled it differently," Grinstein said.

FCC Chair Acts To Clear Vote On Telecoms By GOP Panelist (USAT)

By Leslie Cauley

USA Today, December 6, 2006

NEW YORK — If you can't settle through negotiation, why not try a different approach?

So it goes these days at the Federal Communications Commission, which is using legal maneuvering to break its 2-2 deadlock on the pending AT&T-BellSouth merger.

The $80 billion deal just needs FCC approval to close. It already has received the other necessary approval, from the Department of Justice, which imposed no conditions.

Last week, FCC Chairman Kevin Martin asked the panel's third Republican to cast the tiebreaking vote on the deal. The commissioner, Robert McDowell, has recused himself because he worked as a lobbyist for a trade group opposing the deal. McDowell also cited ethical concerns of the Virginia Bar Association.

An official can be unrecused if the FCC's general counsel determines that the need for his or her participation outweighs public ethics concerns.

Gene Kimmelman, public policy director of Consumers' Union, which opposes the deal, calls the move "the most unusual thing I've ever seen in my entire career."

Kimmelman says he was helping to negotiate an agreement among AT&T and the two Democrats and Martin when the chairman pulled the plug.

"We thought we were making progress," Kimmelman says. "It's just bizarre."

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In moving to unrecuse McDowell, Martin, who declined to comment, cited legal precedent in a case involving the National Association of Broadcasters. But that request to break the FCC stalemate came from the U.S. Court of Appeals after a two-year impasse.

In the AT&T case, the request is from an FCC chairman who openly favors approval with no conditions. And it comes after a stalemate of just two months.

Tuesday, McDowell issued a statement that he is prepared to get up to speed quickly on the AT&T merger should the general counsel unrecuse him.

McDowell offered no comment on the merits of the deal or whether conditions should be attached. He did note that the deal "is not that different from the two (deals) we saw last year," referring to SBC's acquisition of AT&T and Verizon's purchase of MCI.

In those cases, both buyers were forced to divest a number of assets, including hundreds of phone and high-speed broadband lines, to gain approval.

Some lawmakers are unhappy with Martin's actions. Chief among them is Rep. Edward Markey, D-Mass., the ranking Democrat on the House Subcommittee on Telecommunications and the Internet.

In a Monday statement, Markey urged McDowell to abstain from voting "as a matter of principle." The FCC can unrecuse McDowell, but cannot make him vote.

The two holdout Democrats have been pushing AT&T to make concessions in the area of "special access." The term refers, generally, to the high-speed, high-capacity lines that serve business customers across the USA. It's a $16 billion-a-year business. Big carriers like AT&T continue to dominate the segment by dint of their size and reach.

By the time Martin pulled the plug on talks last week, Kimmelman says AT&T was offering a number of sweeteners, including an offer to sell "naked" DSL — meaning stand-alone DSL with no strings attached or purchase of other services required — for $24.95 a month. That's almost half the $45 price for stand-alone DSL currently.

But he says the carrier did not address a larger issue: its post-merger market power. "AT&T was unwilling to provide strong assurances that they won't abuse the enormous power that they will get with this merger."

Top Democrats Question Move By FCC Chairman On Telecom Deal (HC/AP)

By John Dunbar, Associated Press

Houston Chronicle, December 6, 2006

WASHINGTON — Two powerful Democrats on Capitol Hill Tuesday night sharply questioned a move by the chairman of the Federal Communications Commission to allow a fellow commissioner who had claimed a conflict of interest to vote on the nation's largest telecommunications industry merger.

Sen. Daniel Inouye, D-Hawaii, wrote FCC Chairman Kevin Martin expressing "disappointment" in Martin's "apparent willingness to waive government recusal rules" to allow former lobbyist and current commissioner Robert McDowell to vote on the proposed merger of San Antonio-based AT&T Inc. and BellSouth Corp.

Rep. John Dingell, D-Mich., along with Rep. Ed Markey, D-Mass., sent a letter to the FCC's general counsel asking 15 pointed questions about past precedent of such recusals and other issues.

Their dismay takes on added significance because the Democrats will take control of Congress in January. Inouye will be chairman of the Senate Commerce, Science and Transportation Committee and Dingell will chair the House Energy and Commerce Committee. Both committees oversee the FCC.

Late Friday, with the commission deadlocked on AT&T Inc.'s proposed $82 billion acquisition of BellSouth Corp., Martin — who favors approval of the deal — told members of Congress that he had asked the FCC's counsel to consider whether to allow McDowell to vote.

McDowell, one of three Republicans on the five-person commission, had recused himself because he is a former lobbyist for a trade group that opposes the merger. Despite that background, Martin is betting McDowell will cast a deciding vote in favor of the deal.

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The two Democratic commissioners are demanding the companies offer concessions to ensure the deal won't harm consumers. The Justice Department approved the deal without requiring such concessions.

Inouye, who has been largely quiet on the issue, said waiving the rules and allowing McDowell to vote would derail negotiations over concessions he said were necessary to preserve competition.

He urged Martin to reconsider his decision and "return to serious negotiations with your other colleagues."

In his letter to FCC General Counsel Sam Feder, Dingell and Markey asked what it officially means to be at an impasse and whether it is possible to reach that point since no formal vote has been held.

Neither Inouye nor Dingell have the authority to stop the FCC vote from occurring, but as the chief congressional overseers of the FCC, they are in a position to make life difficult for the chairman.

McDowell once worked for the trade association COMPTEL, which represents companies that compete with AT&T and the other regional Bell phone companies.

Democratic commissioner Michael Copps said allowing McDowell to vote would be "taking a mulligan" and "starting over with a changed set of players." He said the move would "create more problems than it resolves" and "short circuit discussions, and very likely shortchange consumers."

Commissioner Jonathan Adelstein, also a Democrat, said Martin was trying to cut short negotiations "about measures to safeguard choice and competition for consumers."

Federal ethics regulations permit the FCC's general counsel to clear McDowell to vote as long as the government's interest outweighs concerns about how the vote may affect the agency's integrity.

It is unclear how long it will take for the general counsel to reach a determination on whether McDowell should be allowed to vote. The commissioner, who has declined to participate in any conversations about the pending deal, would need time to get up to speed, if he participates.

The next FCC meeting is scheduled for Dec. 20. Dingell and Markey have asked for responses to their questions by Dec. 11.

NYSE-Euronext Steams Ahead As EU Regulators Back Merger (WSJ)

By Alistair Macdonald And Aaron Lucchetti

The Wall Street Journal, December 6, 2006

One of the last major hurdles to a merger of the New York Stock Exchange and Euronext NV was removed yesterday, after European regulators gave their provisional clearance, pushing the first major trans-Atlantic stock-exchange merger toward the finishing line after a six-month battle.

NYSE's likely success will heap further pressure on its fast-growing rival, Nasdaq Stock Market Inc., to do a deal. Last month, Nasdaq made a bid for London Stock Exchange PLC, but London rejected its approach. Nasdaq has acquired a 29% stake in the London exchange since April, but says its bid is a final offer, unless London agrees on a deal or a rival bidder comes in.

The Euronext deal still needs approval from the Dutch finance minister, because the exchange is incorporated in Amsterdam, though operated from Paris. Also, shareholders in Euronext and NYSE Group Inc., which operates the New York Stock Exchange, will vote on the deal in about two weeks. Neither the finance minister nor shareholders are expected to block the creation of what would be a $28 billion company. A spokesman for the Netherlands Finance Ministry said Finance Minister Gerrit Zalm is expected to decide in January.

NYSE-Euronext Group, as the combined company will be called, will have stock exchanges in New York, Paris, Brussels, Lisbon and Amsterdam, as well as a London-based market in the fast-growing sector of derivatives.

Yesterday, Euronext's College of Regulators, which include the market watchdogs of France, Netherlands, the United Kingdom, Belgium and Portugal, said they won't block a deal, subject to commitments from the combined company that will include giving them some limited say over board appointments and future integration of the business. NYSE and Euronext said such conditions are acceptable.

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The European regulators also said they were working with the U.S. Securities and Exchange Commission on "a memorandum of understanding" for coordinating regulation and supervision of Euronext-NYSE. It will be signed when the deal gets its final approval. The potential for U.S. regulatory interference had been a concern to both market users and investors in Europe.

NYSE's rival suitor for Euronext, Frankfurt stock-market operator Deutsche Börse AG, had sounded this concern unsuccessfully to drum up support for its rival bid.

Euronext and NYSE each need more than 50% of their shareholders to approve the deal. Hedge fund Atticus Capital, which owns almost 10% of the exchange, and French bank Société Générale, which owns about 3.5%, have publicly given their approval.

The share prices of both exchange operators climbed on news of the regulatory clearance, with Euronext closing up 2.3% at €87.30 ($116.35) and NYSE Group trading up $1.55 at $97.60 in 4 p.m. Big Board trading yesterday.

Still, Euronext trades below the valuation of about €93.50 a share under the NYSE bid, indicating investors don't believe the road ahead is entirely clear.

Bloodied Investor Icahn Returns To Flying Solo (WSJ)

By Susan Pulliam And Jennifer S. Forsyth

The Wall Street Journal, December 6, 2006

For years, financier Carl Icahn has been a prominent "activist" investor, attempting to push companies to make changes in a bid to boost their stocks. Now he's being forced to change his game plan in using this brand of investing.

This week Mr. Icahn's partners pulled out of a $4.6 billion bid for Reckson Associates Realty Corp., a real-estate investment trust. Mr. Icahn initially pressed ahead with the Reckson bid on his own. Late Monday night, the Reckson board rejected Mr. Icahn's offer in favor of a merger with SL Green Realty Corp., a rival real-estate trust. Yesterday, Mr. Icahn said he would back out.

"The offer is pretty much done," Mr. Icahn said in an interview. "It's a minor disappointment." Reckson shareholders must decide whether to approve SL Green's cash and stock offer, valued at about $45.56 a share as of yesterday's market close.

The development illustrates the complications for even the sawviest shareholders in mounting corporate challenges. These days, companies are launching ever-more aggressive legal and public-relations efforts, among other things, to block such efforts. Competition from industry players is intense.

"It's a daunting proposition to challenge management in a public activist scenario unless you have experience at it," said Ken Squire, who runs 13D Monitor, a research service that tracks activist investing.

Real-estate developer Harry Macklowe and Mack-Cali, a real-estate investment trust, both dropped out of the partnership with Mr. Icahn over the weekend. Now, Mr. Icahn said he is returning to his roots as a solo financier, bringing him full circle in his approach to "activist" investing. Until a couple of years ago, when Mr. Icahn began joining forces with other investors to prod corporate managements to change, he largely had operated on his own.

During difficult management battles, Mr. Icahn said, "most guys fade away." In the end, he said, many investors don't have the stomach for "activist" investing because "it's not easy."

Mr. Icahn could potentially re-emerge if less than two-thirds of Reckson shareholders approve the SL Green merger. The merger agreement has been contentious because of questions about a sale of one-third of the Reckson portfolio to an investor group led by Reckson Chief Executive Scott Rechler for $2.1 billion -- an amount that some investors believe is too low.

Mr. Icahn's bid, by contrast, may have been too high, some analysts say. After due diligence, Mack-Cali found the offer wasn't "in the best interests of its shareholders." Mr. Macklowe backed away at least partly because he couldn't secure the amount of bank financing at the terms he desired, according to a person familiar with the matter. When Mr. Macklowe informed Mr. Icahn that he wasn't prepared to pay $49, Mr. Icahn stayed firm, prompting the partnership's termination. Mr. Macklowe didn't return calls for comment.

It isn't the first time Mr. Icahn's enthusiasm has exceeded that of his partners. When Mr. Icahn -- with the help of another powerful hedge-fund manager, Steven Cohen's SAC Capital Advisors -- made a big investment and waged a proxy contest with Time Warner Inc. in mid-2005, corporate chiefs fretted it was the beginning of a period in which hedge funds would throw their

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financial muscle around, posing threats to management at even the largest companies. Instead, Mr. Icahn backed away from his proxy battle with Time Warner earlier this year as some of his hedge-fund investors lost their resolve.

Mr. Icahn has made a bundle on his Time Warner investment -- about $210 million, according to people familiar with the situation. Mr. Icahn said Time Warner has adopted many of the measures he had been pushing, including a $20 billion share-buyback program and $1 billion in cost cutting. Mr. Icahn added that he and Richard Parsons, Time Warner's chief executive, have patched together a working relationship and are planning to dine together this week. "We meet every few months," he said.

REAL-ESTATE PLAY

The Situation: Shareholders of Reckson Associates Realty Corp., a Uniondale, N.Y., real-estate investment trust, are to vote today on whether to merge with SL Green Realty Corp., another REIT.

The Bids: SL Green is offering cash and stock valued at $45.56 as of yesterday's close, about $4.1 billion not including debt assumption. The Reckon board rejected a late bid by financier Carl Icahn offering $1.1 billion in cash and $3.3 billion in a new class of stock in American Real Estate Partners LP, a publicly traded company that is 90% owned by Mr. Icahn.

The Controversy: The SL Green merger agreement has been contentious because of a secondary transaction in which SL Green is selling back about one-third of the Reckson portfolio to an investor group led by Reckson Chief Executive Scott Rechler for $2.1 billion, a price some shareholders say is low.

Even though his partners haven't shown much staying power, Mr. Icahn has had successes this year. His hedge fund, a private investment pool for wealthy individuals and institutions, is up 26.3% this year, compared with hedge-fund returns averaging 9% this year.

His hedge fund has made a profit of $300 million on its investment in Kerr-McGee Corp., an Oklahoma City energy and chemicals producer, and a profit of $175 million on its investment in South Korea's KT&G, South Korea's dominant tobacco maker, which it has sold. American Real Estate Partners LP also sold NEG Oil & Gas LLC to Riata Energy Inc. for $1.26 billion, giving it a return of about 40% on the investment.

Mr. Icahn, 70 years old, isn't the only veteran investor who is shifting gears. Last week Kirk Kerkorian, 89, sold his stake in General Motors Corp. stock after finding the battle to persuade management to adopt his plans for the company more difficult than he expected.

Said Mr. Icahn: "Activism is a lot more difficult than it looks."

Mr. Icahn is adapting to fit with the market changes since he began making investments for his hedge fund in 2005, which has quadrupled in size, to $4 billion in assets. About half of the increase stems from profits on investments with the rest from new investor money.

In a twist, Mr. Icahn is trying to buy shares in companies a step ahead of private-equity players, who make a profit by buying and selling companies. "It's no secret which companies are set up well for leverage buyouts," he said. Mr. Icahn says investment bankers call him and say: "This is a good one" for (a private-equity firm) -- "why don't you look at it?"

Ryanair Offers Airport Slots In EU's Review Of Aer Lingus Bid (BLOOM)

By Matthew Newman

Bloomberg, December 6, 2006

Dec. 5 (Bloomberg) -- Ryanair Holdings Plc, Europe's biggest discount airline, has offered to sell slots at eight airports, including London's Heathrow, to win European Union antitrust approval to buy Aer Lingus Plc.

Ryanair told the European Commission, the EU's antitrust authority in Brussels, that it would sell as many as four Aer Lingus slots at Heathrow if its bid for the carrier succeeds, according to a document submitted to the regulator last week. It also offered slots at Stansted Airport near London and airports serving Frankfurt, Paris, Milan, Rome, Bratislava and Barcelona.

``The purpose is to allow one or more entrants to operate a new or additional non-stop scheduled daily frequencies on the 8 identified relevant airport pairs," said the document, which was obtained by Bloomberg News today.

Ryanair Chief Executive Officer Michael O'Leary has pursued the 1.48 billion-euro ($2 billion) hostile takeover of Ireland's flag carrier to add routes to the U.S. The Irish government and Aer Lingus employee shareholders, who together control almost 40 percent of the carrier, have rejected the offer, which expires Dec. 22. Ryanair said on Nov. 21 that it won't raise its offer.

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Peter Sherrard, a spokesman for Ryanair, and commission spokesman Jonathan Todd declined to comment.

Gillian Culhane, a spokeswoman for Aer Lingus in Dublin, couldn't be reached for comment. A spokeswoman at Drury Communications, the airline's public-relations company, said the airline wouldn't be commenting.

Government Resistance

The Irish government, which has a 25 percent stake in Aer Lingus, is ``unlikely to support'' the sale of the Heathrow slots to defend the public's interest in connections in London, according to Aer Lingus's prospectus when it was partially privatized.

The government's stake plus a further 5 percent of shareholders is enough to block any sale of the Heathrow slots.

Rival airlines would have ``limited interest'' in Ryanair's other offers, such as up to four slots at Girona, an airport 104 kilometers (64 miles) from Barcelona, said Nick van den Brul, an analyst at Exane BNP Paribas in London.

The commission will decide by Dec. 20 whether to approve the deal, refer it to another antitrust authority or launch a four-month investigation.

Ryanair on Oct. 23 acquired a 19.2 percent stake and offered 2.80 euros a share for the rest of Aer Lingus. The discount carrier then spent about 87.5 million euros Nov. 29 to boost its stake to 25.2 percent.

ENVIRONMENT:

Ship's Crewmen Plead Guilty To Covering Up Oil Dumping (AP)

AP, December 6, 2006

WASHINGTON (AP) _ The chief engineer and second engineer of a South Korean cargo vessel have pleaded guilty to environmental crimes and obstruction of justice for covering up illegal dumping of oil residue at sea, the U.S. Department of Justice announced Tuesday.

The owner and operator of the vessel, Sun Ace Shipping Co., based in Seoul, South Korea, previously pleaded guilty in the case and agreed to pay a $400,000 fine and $100,000 to New Jersey environmental organizations.

Chief engineer Chang-Sig O pleaded guilty to obstruction of justice for maintaining a false oil record book and lying to the Coast Guard about his knowledge of hoses used to bypass shipboard pollution control equipment.

Second engineer Mun Sig Wang pleaded guilty to violating the Act to Prevent Pollution from Ships for presenting a false oil record book to Coast Guard inspectors who boarded the ship in Camden on Jan. 3.

Inspectors learned that crew members had dumped oily waste into the ocean at least two times on their voyage from South Korea, the Justice Department said.

International and U.S. law prohibit such discharges without treatment by an oil-water separator, and then require all discharges be recorded in an oil record book.

Chang-Sig O faces up to five years in prison and a $250,000 fine. Mun Sig Wang faces up to six years in prison and a $250,000 fine. The Justice Department announcement did not mention a sentencing date.

Activists Use Research To Win Pollution Battles (USAT)

By Charisse Jones

USA Today, December 6, 2006

Whether it's bus fumes in Harlem or nuclear waste in Utah, advocates for minority and poor communities do homework needed to win 'environmental justice'

NEW YORK — The buses idle along 146th Street, the faint smell of diesel exhaust in the air. The weathered brick bus depot sits across the street from day care and recreation centers for seniors and children.

Millicent Redick raised a son and daughter here in Harlem, across the street from the city's Mother Clara Hale Bus Depot. She recalls how they both suffered from eczema and asthma. "I was always led to believe that I had to keep the dust out of my apartment, so I cleaned all the time," says Redick, 61, a retired accountant. "But I was never informed that the air we were breathing played a role. … I thought it was all me."

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Then she learned of connections between pollution and asthma attacks, and cleaning up the air became her new mission. "I've always felt strongly that no matter where I live, I have a right to everything every other community has," she says. "That's what I fought for."

Five of Manhattan's six bus depots are north of 96th Street. The struggle by residents and activists against that concentration is one of many environmental battles being waged around the nation in a campaign to improve the health and safety of poor and minority communities.

"People are not … taking the poison quietly," says Robert Bullard, director of Clark Atlanta University's Environmental Justice Resource Center and author of the book Dumping in Dixie: Race, Class, and Environmental Quality. "Over the last decade or so, not only do you have communities fighting, but they also have developed alliances and coalitions with scientists and lawyers and economists."

Neighborhood activists from California to Washington, D.C., are using a growing body of research on how pollutants exacerbate illness to block the building of facilities, relocate residents from contaminated communities and gain other concessions from large firms.

"One of the problems with all environmental struggles, but particularly when you have the overlay of environmental racism, is the community always has the burden of proof of harm," says Elizabeth Crowe, an organizer with the Kentucky Environmental Foundation in Berea, Ky. Now, "we have much more definitive information as to how bad this stuff is. … So the science is catching up to the experiences of folks on the ground, and it helps prove the point."

Among recent developments:

•A group in Port Arthur, Texas, signed an agreement on Nov. 6 with Motiva Enterprises under which the oil company will pour up to $3.5 million into the impoverished neighborhood as it expands a refinery there. The money will help fund new local businesses.

•A plan to build a nuclear waste storage facility on the Skull Valley Goshute Indian reservation in Utah was scuttled in September by the federal Bureau of Land Management and Bureau of Indian Affairs. The agencies were concerned that it would have a negative impact on the reservation, says attorney Paul EchoHawk, who represented tribal members opposing the project.

•From Sept. 24 to Oct. 1, representatives of more than 70 social justice and human rights groups toured the nation by bus caravan, visiting communities where residents face health problems associated with pollution.

Upper Manhattan's bus depots, many of them former trolley barns, have been around for nearly a century. The New York City Council's transportation committee held a hearing in October on the concentration of bus depots in Harlem, which has the city's highest rate of asthma hospitalizations for children 14 and younger, according to the city Department of Health and Mental Hygiene. The department says diesel particulates have been proved to worsen asthma.

"We think (the depots are) very, very responsible for the high asthma rates in the community," says Kizzy Charles-Guzman, policy coordinator of the group WE ACT for Environmental Justice. "It goes beyond air quality. … It's also quality of life impact. You have constant noise and vibrations from the buses, and we also have sanitation truck depots and sewage treatment facilities. … We're not necessarily saying let's shut down the depots and move them all over the city, but if all the clean buses the (bus agency) claims to have in the fleet were assigned to these particular depots, that would help."

MTA New York City Transit, which operates 4,489 buses, says it is dealing with pollution. "No one has done more to improve air quality than New York City Transit," spokesman Charles Seaton says. "We have more than 350 hybrid electric buses on the road. … And the majority of them are in depots in Upper Manhattan."

The environmental justice movement took root in the South in the early 1980s, when activists, church leaders and residents complained that toxic waste sites and other polluters often were located in poor and black neighborhoods. Their protests merged the struggle for a clean environment with that of civil rights.

Winning environmental justice cases in court has become more difficult since a 2001 Supreme Court decision increased the legal burden for those filing suit under the 1964 Civil Rights Act by requiring proof of intentional discrimination, Bullard says.

Analyzing the location of many landfills, chemical plants and highways, Bullard says, "you have to ask is this random or patterns that follow historically the path of least resistance? … If you don't have a lot of resources in terms of money, experts, lawyers and political leaders to divert those things, you are going to get (them)."

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Ted Cromwell, senior director of security and operations for the American Chemistry Council, which represents leading U.S. chemical firms, says businesses don't target certain communities.

"In the vast majority of situations, chemical plants have been in place for many, many years," Cromwell says. Since the late 1980s, emissions from group members' factories have dropped more than 75%, he says. "It's not so much plants being sited in these communities as it is communities building up around them and over time the demographics change."

Some activists see progress. Companies increasingly are trying to create safer products, says Crowe of the Kentucky foundation. "What community organizers look for is … steps forward."

In the Port Arthur case, Hilton Kelley says the agreement he and his organization, Community In-Power and Development Association (CIDA), reached with Motiva is "a significant victory" for his neighborhood.

"We found out it would be difficult to stop the (refinery) expansion, but we were able to negotiate some things for our community's well-being and for our economic stability," Kelley says.

Kelley and his group had challenged Motiva's application to increase the production capacity of its refinery from 275,000 to 600,000 barrels of crude a day. Motiva now has agreed to provide air- pollution monitors and other controls. It also will help finance a local health clinic to offset the medical expenses of residents and supplement services for the diagnosis and treatment of asthma and other respiratory ailments in children.

Extensive pollution controls at the facility were planned before the community challenge, says Rick Strouse, a refinery manager. However, "CIDA had some concerns. I think we've resolved them."

In New York City, concerns remain over the buses in Harlem.

"This is first and foremost a health issue that is important to the residents and children of Harlem," says City Councilman John Liu, who heads the committee that held the hearing. "Secondly, it's a simple matter of honest accountability."

Redick, who has lived in her Harlem apartment for 38 years, says neighbors living closest to the depot entrance never "can open their windows. Never."

She has also noticed the cough her 4-year-old granddaughter develops when she visits — which disappears once she returns home. So Redick fights on.

"I have a right to walk down the street," she says, "and see flowers and trees and pretty buildings and people with smiles on their faces."

Leave Bristol Bay Alone (NYT)

The New York Times, December 6, 2006

President Bush is thinking about rescinding a longstanding presidential order that specifically prohibits oil and gas drilling in Alaska's pristine Bristol Bay. He should resist the impulse to do so, no matter how powerful the entreaties from his friends in the oil business. Drilling in Bristol Bay would threaten one of the nation's most productive fisheries without appreciably strengthening the nation's long-term energy security.

Bristol Bay occupies over 33 million acres of open sea, islands and estuaries just north of where the Aleutian Islands meet the Alaskan mainland. It is home to the world's largest wild salmon run and the source of a commercial fishing industry with an estimated annual value of nearly $2 billion. In the furor following the Exxon Valdez oil spill in 1989, the bay was placed off limits to drilling, first by Congress, and then, in 1998, by President Clinton.

The presidential prohibition has remained in effect even though the Congressional moratorium was lifted in 2003 when Alaska's Ted Stevens — overriding protests from local fishing interests — called in all the chits he had accumulated as head of the Senate Appropriations Committee.

The Interior Department now wants to make about one-fifth of the bay available for leasing — a move, it says, that could create 11,000 jobs and "net benefits" of about $7.7 billion in oil and gas. But this would be a one-shot deal, and the numbers are trivial compared with the country's overall resources. More to the point, they pale in comparison to the sustainable year-after-year yields from a fishing industry that could be devastated — as was Prince William Sound in 1989 — by another major spill.

Mr. Bush has been speaking out lately about the importance of making America more energy independent. Few things are more important for the new Democratic Congress than developing an energy policy more heavily weighted toward conservation,

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efficiency and development of alternatives to traditional fossil fuels. This might be a rare area in which both sides can work together, but opening Bristol Bay to drilling would be exactly the wrong way to begin the conversation.

FBI/DEA/ATF/USMS:

FBI Needs To Step Back Before Moving Forward, IG Says (FCW)

By Dibya Sarkar

Federal Computer Week, December 6, 2006

Although the FBI is forging ahead with establishing an interoperable fingerprint system with the Homeland Security Department, the Justice Department needs to regroup following a failed $1.18 million effort to modernize a system that manages evidence, according to a semi-annual report released by Justice's inspector general.

The recently released 66-page IG report, which summarizes the office's audits, investigations, inspections and special reviews, provided updates on several information technology initiatives Justice agencies started.

In March, after two and a half years, FBI officials terminated a contract with a private company for a commercial laboratory information management system that would have used bar code technology to track evidence and improve reporting capabilities at the FBI Laboratory in Quantico, Va. "After many delays and extensive customization" the system did not meet the agency's security requirements, the IG report states.

According to the report, the initiative began before the agency's IT investment management processes were established, making it difficult to identify problems with the contract and adequately document security requirements for certification and accreditation of the software. Among several recommendations, the IG report states that an experienced IT manager must oversee any future project.

The laboratory conducts more than 1 million examinations of physical evidence annually, but the current system is limited in tracking evidence and reporting capabilities.

However, the joint initiative to make the bureau's 10-fingerprint Integrated Automated Fingerprint Identification System interoperable with DHS' two-fingerprint Automated Biometric Identification System is on track, the IG report states. In the first phase of the three-phase project, both agencies will establish a joint automated system to share important immigration and law enforcement data. The other two phases will focus on expanding the shared data and access by various federal, state and local law enforcement agencies to that data. The initiative is scheduled to be complete by December 2009.

"When the interoperability effort is completed, a single request will search all fingerprint records maintained by the FBI and the DHS, and the requestor will receive all associated criminal history and immigration information about an individual," according to the IG report.

The IG report also provided updates with respect to the Federal Information Security Management Act (FISMA).

A review found that systems within the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosive (ATF); the Drug Enforcement Agency (DEA); and the Justice Management Division (JMD) were all certified and accredited, security controls were tested and evaluated in the past year, and contingency plans were in compliance with FISMA. However, the FBI, ATF and DEA did not perform electronic authentication risk assessments, and the FBI and ATF did not fully implement Justice's process for tracking system vulnerabilities and corrective actions, the IG report adds.

"Moreover, departmentwide system configuration policy was not always implemented as required within the DEA and JMD," the IG report states. "With respect to IT security awareness training, we found that ATF did not fully ensure that all of its employees were trained as required by department policy."

The IG's office is also reviewing and evaluating several classified and unclassified systems within several Justice agencies and plans to issue reports this fiscal year.

In assessing compliance with the Office of Management and Budget guidelines for securing sensitive data, the IG report states that although Justice is implementing additional security controls to protect personally identifiable information, it is not fully compliant for all automated systems.

"For example, the department failed to ensure that personally identifiable information is transported and stored off-site only in encrypted form," the report states. "We also found that the department is not requiring users who access the system remotely to provide two independent ways of authenticating identity, as required by the National Institute of Standards and Technology Special Publications 800-53 and 800-53 A."

Additionally, Justice has established a task force to develop a comprehensive approach to secure wireless access to personally identifiable data on the internal systems and assess technical solutions for remote access.

FBI Denies Woes In Data-sharing Computer System (WT)

By Jerry Seper

The Washington Times, December 6, 2006

The FBI says a new computer system -- introduced last year as a replacement for a failed case-file program -- is within cost and on schedule to be fully operational by 2009, despite criticisms in a report this week by the Justice Department's Office of Inspector General.

In a report released this week, Inspector General Glenn A. Fine said that the new program, known as Sentinel, faced a $56.7 million funding gap and that although it could still prove to be successful with careful oversight, the Bush administration's funding request for this year's share of the $425 million system is short of what is needed.

"The FBI appreciates the Inspector General's continued interest and assessment of the Sentinel program," the bureau said. "The OIG performed the audit at the request of the FBI Director and Congress. This audit was the second in a series of audits to evaluate the progress and implementation of Sentinel.

"According to the audit the FBI has made 'good progress' in addressing the concerns surrounding staffing, information sharing, earned value management, cost tracking and controls, and documentation that were identified in the first audit report," it said.

The FBI said Phase II of the Sentinel program is expected to cost about $157 million. As part of President Bush's fiscal 2007 budget request, $100 million in funding was requested and the balance of $57 million "has long been identified from existing FBI balances and will not impact operational programs."

"The total project cost for Sentinel was budgeted at a cost of $425 million and that figure remains the same. Characterizations to the contrary are misleading," the FBI said. "At this time, Sentinel is within cost and schedule."

The Sentinel program was introduced last year as a replacement for the failed Virtual Case File system and is scheduled to be fully operational by 2009, as part of an FBI effort to close internal communication gaps and improve information sharing with other law-enforcement and intelligence agencies.

The system will be built by Lockheed Martin Corp. on a $305 million contract. The FBI also expects to spend about $120 million evaluating the system.

FBI Director Robert S. Mueller III has said the Sentinel program will "strengthen the FBI's capabilities by replacing its primarily paper-based reporting system with an electronic system designed for information sharing."

"Sentinel will support our current priorities, including our No. 1 priority: preventing terrorist attacks," he said.

The Sentinel program will deliver an electronic information-management system, automate work-flow processes for the first time and provide a user-friendly Web-based interface to access and search across multiple databases. It is designed to help the FBI manage information beyond the case-focus of the existing Automated Case Support (ACS) and will provide enhanced information-sharing and search-and-analysis capabilities.

Sentinel also is expected to facilitate information sharing with members of the law-enforcement and intelligence communities. Mr. Mueller is scheduled to testify today during a Senate Judiciary Committee hearing on FBI oversight.

20 Alleged Gang Members Arrested In Drug Trafficking Sting (AP)

By Sophia Tareen

AP, December 6, 2006

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CHICAGO - Twenty alleged street gang members have been arrested on charges of running of sophisticated drug trafficking operation in the culmination of what officials said was a three-year undercover investigation, authorities announced Tuesday.

Since the investigation began, 38 alleged members of the Latin Kings street gang have been charged and at least 20 individuals - including several men believed to be top leaders - are in custody on drug and weapons charges, U.S. Attorney Patrick Fitzgerald said during a news conference.

The charges are included in 13 separate federal complaints filed or unsealed Tuesday.

"We pretty much decapitated the Latin Kings on the South Side," said Andrew Traver, a special agent with the Bureau of Alcohol, Tobacco and Firearms, the main agency involved in the investigation.

Among Tuesday's arrests were 36-year-old Fernando "Ace" King of Chicago, who authorities allege is a gang leader. He is charged with attempted drug possession with the intent to distribute.

"If you take out the main person, you also send a message to gang leaders that the position comes with a price," Fitzgerald said.

Also arrested was Anthony "Loks" Compean of Cicero, believed to be the second-in-command, authorities said. Compean, 29, has been charged with intent to distribute narcotics.

It was unclear Tuesday who was representing King. Compean's attorney, Todd S. Pugh, declined comment Tuesday evening because he was just receiving the complaint. They were to appear Wednesday in U.S. District Court.

Authorities said they had an informant who wore a wiretap during the investigation and officials seized more than 15 kilograms of cocaine and 90 guns - including at least seven AK47 rifles.

"Every one of these guns is one less crime that won't take place, " Traver said.

Authorities showcased an organizational flow chart Tuesday, detailing what they believed to be the gang's inner workings and systematic coverage of seven regions around the Chicago area.

The Latin Kings street gang in Chicago started in the 1960s as a social club in the Humboldt Park neighborhood, according to Mike Casey, an ATF supervisory special agent.

Officials said their influence has grown to a "tightly controlled narcotics distribution empire." Though the group's presence has been strongest on the city's South Side, authorities said their operations also are active in the suburbs.

"It's time for a lot of people to wake up and see, gangs do not see borders," said Cook County Sheriff Tom Dart.

Feds Make Landmark Arrest Of 30 Gang Leaders (WMAQ)

WMAQ-TV, NBC 5, Chicago, December 6, 2006

CHICAGO -- A lengthy federal probe leads to the arrest of nearly 30 gang leaders in Chicago.

Federal agents moved in on the gang on Tuesday.

"Operation Broken Crown" started when a member of the Southside Latin Kings began cooperating with ATF agents.

Federal authorities were able to infiltrate the gang, described as one of the area's largest and most violent drug trafficking street gangs.

Officials made a point to say they're "not going to pretend to end the drug wars with this arrest or end gangs with this arrest, but we're making a dent and we'll keep pushing."

Numerous automatic weapons were also seized during the undercover operation.

Feds Arrest Latin Kings Gang Leader (CHIT)

By Jeff Coen And Rudolph Bush

Chicago Tribune, December 6, 2006

A Chicago man described by federal authorities as "the CEO of the Latin Kings Nation on the South Side" was taken into custody early Tuesday, capping a three-year investigation into the operations of the violent street gang.

Fernando "Ace" King was among 18 gang members whose arrests were announced Tuesday by U.S. Atty. Patrick Fitzgerald. King had the title of "Supreme Inca," running the gang's drug empire on the city's South Side and the south suburbs,

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officials said. There are only a small circle of leaders above him, including Gustavo "Gino" Colon, the gang's imprisoned head, officials said.

"It may seem pretty cool to be a Supreme Inca when you're the leader on the street of a gang until the title 'Supreme Inca' becomes 'lead defendant,'" Fitzgerald said.

The Latin Kings operate in seven regions in Chicago, including the southwest and northwest suburbs, authorities said.

King is one of 38 members and associates charged in the case after investigators with the Bureau of Alcohol, Tobacco, Firearms and Explosives used wiretaps and undercover drug purchases to crack the gang's operations. He was charged with intent to distribute cocaine as part of "Operation Broken Crown," which is billed as the most significant federal effort against the Latin Kings since the takedown of Colon in 1998.

Others in the case are charged with a wide range of drug and gun violations.

The investigation began in 2003, when a longtime gang member agreed to cooperate and provided investigators with access to the organization's structure, authorities said. About 90 guns were seized during the probe, along with more than 15 kilograms of cocaine.

Investigators said they hoped the case would have an effect in many of the subregions controlled by King.

"I think at this point we've pretty much decapitated the Latin Kings on the South Side," said Andrew Traver, special agent in charge of the Chicago ATF.

Traver said support in executing arrest warrants early Tuesday came from a variety of federal agencies, the Cook County sheriff's office and police in Summit, Hickory Hills, Stickney and Orland Park.

King's alleged second in command, 29-year-old Anthony Compean of Cicero, was charged with conspiring to distribute cocaine.

Compean, known on the street as "Loks," was charged after a cooperating gang member was arrested by the ATF early this year and decided to help investigators.

The gang member, who was not identified, has a rap sheet that includes a 1997 attempted murder conviction in Cook County and a 1999 drug conviction in Texas. He told authorities he knew Compean as a Latin Kings leader in "Chi-Town" and agreed to record drug transactions with him, according to a criminal complaint against Compean.

During a March meeting at the gang member's house, Compean agreed to sell the man a half-kilogram of cocaine for $10,000, the complaint states.

Compean's lawyer, Todd Pugh, declined to comment Tuesday, saying he has not had a chance to read the complaint.

Oscar Diaz, 32, of Blue Island, the alleged southwest regional leader of the gang, was charged with providing a Russian assault rifle to a cooperating witness in November, a gun delivered to Elmhurst. Danny "Fat Danny" Aguilar, 29, of Justice, the gang's alleged regional enforcer, was charged with conspiracy to distribute drugs.

In the case against King, a former gang member cooperating with federal agents recorded conversations with King in which drug deals were discussed, according to a criminal complaint released Tuesday.

On Monday, the informant provided King with a kilogram of what King thought was cocaine, leading to his arrest and the charges against him. The informant told agents that he understood King to report to no one but the gang's highest echelon.

An attorney for King could not immediately be reached for comment.

Fitzgerald said authorities hoped investigations such as the one that ended Tuesday would send a message to would-be gang leaders that such a position comes with a price.

New Cook County Sheriff Tom Dart said the case should also be a warning for suburban residents that street gangs are entrenched in their neighborhoods too.

"For those people who still feel for some reason that gang crime is centered in the city of Chicago and does not touch suburban Cook County, if this is not their wake-up call, I don't know what they're looking for," Dart said. "Gangs do not see borders."

8 SF Gang Members Plead Gulity In Federal Case (BCN)

Bay City News Wire, December 6, 2006

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(BCN) SAN FRANCISCO Eight members of San Francisco's Down Below Gang will spend years in prison after pleading guilty to federal racketeering and drug-dealing charges Monday, according to the U.S. attorney's office.

The gang, whose turf lies in the Sunnydale housing projects in Visitacion Valley, has been involved in criminal activity such as selling crack cocaine and intimidation for years, according to U.S. Attorney Kevin Ryan.

Four of the gang members admitted to committing acts of violence as egregious as murder, robbery and carjacking.

For their crimes, Don Johnson, 20, agreed to 23 years in federal prison; Robert Calloway, 22, agreed to more than 17 years; Dornell Ellis, 25, agreed to almost 16 years; and Ricky Rollins, 21, agreed to 15 years.

The admissions help police put to rest at least three murder cases from 2004.

The defendants admitted to murdering Beverly Daryl Robinson on April 15, Kenya Taylor on June 25 and Jacquain Williams on Oct. 14.

The pleas are the result of a joint investigation by the FBI and the San Francisco Police Department.

Ryan thanked the two organizations in a statement.

"We continue to be committed to bringing peace and justice to communities that have been devastated by gang violence," Ryan said in a statement. "These guilty pleas mark a significant step in the resolution of this prosecution."

The other four defendants face sentences of up to seven years.

Christopher Byes, 26; Paris Ragland, 21; Ronnie Calloway, 26; and Allen Calloway, 24, all admitted to conspiracy to distribute controlled substances.

Police Chief Heather Fong also highlighted the cooperation between federal and local authorities.

"A violent criminal street gang has been removed from the streets of San Francisco," Fong said in a statement. "This case represents a historic chapter in San Francisco's commitment to ending gang and gun violence."

SAN FRANCISCO Guilty Pleas In Gang Case (SFC)

By Rachel Gordon, Chronicle Staff Writer

San Francisco Chronicle, December 6, 2006

Eight members of a violent San Francisco street gang involved in murder and the trafficking of narcotics and weapons pleaded guilty Monday to federal racketeering and conspiracy charges, the U.S. attorney's office announced Monday.

The defendants admitted responsibility for a number of crimes, including murder, attempted murder, conspiracy to commit murder, robbery, carjacking and various drug offenses. The FBI and the San Francisco Police Department led the joint investigation.

The Down Below Gang is based in the violence-plagued Sunnydale public housing project in San Francisco's Visitacion Valley neighborhood on the south side of the city.

Authorities, who obtained indictments last year, said the gang sold drugs and engaged in armed robbery to help finance its operation. Its members also killed rivals. Prosecutors used the federal Racketeer Influenced and Corrupt Organization Act to go after the gang.

"In their plea agreements, several defendants admitted to significant acts of violence, including three murders," said U.S. Attorney Kevin Ryan, who is in charge of the agency's Northern California office. Four of the defendants admitted involvement in the murders of Beverly Daryl Robinson, Kenya Taylor and Jacquain Williams, all of which took place in 2004.

The four men who pleaded guilty are Don Johnson, 20; Robert Calloway, 22; Dornell Ellis, 25; and Rickey Rollins, 21. They agreed to sentences ranging from 15 years to 23 years in federal prison. Any prospect of the death penalty has been taken off the table.

The four other defendants pleaded guilty to drug-related charges, according to federal prosecutors. They are Christopher Byes, 26; Paris Ragland, 21; Ronnie Calloway, 26; and Allen Calloway, 24. Their sentences will range from 21 months to 77 months in federal prison.

E-mail Rachel Gordon at rgordon@sfchronicle.com.

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Man Cooperates For Less Jail Time (CHCP)

By Leo Strupczewski, Courier-Post Staff

Cherry Hill Courier-Post, December 6, 2006

TRENTON -- A Camden gang member who cooperated with federal investigators was sentenced Friday to 10 years in federal prison for his role in a drug trafficking organization, the U.S. Attorney's Office said.

U.S. District Judge Freda L. Wolfson said she recognized the need to reward Lamont Powell, also known as "Mont G," 29, for his cooperation. Had he not cooperated, Powell would have faced a sentence of anywhere from 30 years to life.

Powell will also serve eight years of supervised release and pay a $2,000 fine after his prison sentence.

The sentence stems from a April 15, 2004 plea agreement in which Powell pleaded guilty to one count of conspiracy to distribute and possession with the intent to distribute heroin and crack cocaine.

Powell was a member of the "Tuten Organization," a notorious drug gang. After his arrest, he cooperated with federal investigators to convict other gang members, including one of the organization's leaders, Leonard Paulk of Camden.

Powell also testified against two leaders of another drug organization called the "Perez Organization." Those men -- Bernard Murray and Allen Resto, both of Camden -- were convicted on charges of conspiracy to distribute heroin and crack cocaine and gun-related charges, including use of an AK-47 rifle and three handguns.

Wolfson said rewarding Powell sent a message to the community about the importance of cooperating with the government.

Reach Leo Strupczewski at (856) 317-7828 or lstrupczewski@courierpostonline.com

Doctor Or Dealer? (ORS)

By Karen P. Tandy, Special To The Sentinel

The Orlando Sentinel, December 6, 2006

To find new patients, Dr. Freddie Williams, a general practitioner in Panama City in the Florida Panhandle, would send two recruiters, one of whom was a heroin addict, searching for people looking for easy prescription drugs -- and frequently found them in bars. The recruiters were paid in OxyContin prescriptions, and the new "patients" received practically limitless amounts of high potency OxyContin. The OxyContin was not for pain, nor any other medicinal purpose, but simply for abuse. Patients were injecting and snorting it for the heroin-like high it gave.

Williams created addicts. Patients were overdosing. Parents called his practice pleading for him not to give their children any more drugs. He did anyway. Williams was even demanding sex in exchange for prescriptions.

He was diverting so many OxyContin pills to abusers and traffickers that after Drug Enforcement Administration (DEA) agents and our partners arrested him, the street price of OxyContin nearly doubled in the area because of the significantly diminished availability of OxyContin. Similarly, pharmacy burglaries and patients seeking treatment increased.

A jury convicted Williams on 94 counts of conspiracy to distribute controlled substances and health-care fraud, among other violations, and he was sentenced to life imprisonment.

Fortunately, these kinds of criminal doctors are few and far between. In any given year, including 2005, fewer than one in every 10,000 physicians in the United States -- less than 0.01 percent-loses their authority to prescribe controlled substances based on a DEA investigation.

These few doctors cause grave harm and contribute to the alarming prescription-drug-abuse problem in our country. Prescription controlled substances are the second most abused type of drugs -- behind only marijuana. Nearly one out of every 10 high-school seniors abuses dangerous painkillers.

The addictions these drugs cause are rapidly swelling the number of Americans seeking treatment -- 63,000 at last count. The consequences can turn deadly as illustrated by the deaths of Jason Surks of New Jersey and Ryan Haight of California, who died at ages 19 and 18 after overdosing on prescription narcotics they obtained through the Internet. The Centers for Disease Control and Prevention report that Jason and Ryan are part of a disturbing trend: Prescription painkillers now cause more drug-overdose deaths than cocaine and heroin, combined.

It is DEA's job to enforce the laws of this nation to ensure pharmaceutical narcotics and other controlled drugs are used only for the health and welfare of the public. Prescription drugs help millions of Americans every day, but when these drugs harm

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citizens' health, feed addictions, ruin innocent lives and put more dangerous substances in our neighborhoods, the DEA must target that diversion and those responsible.

In September, the DEA announced three steps to ensure that people who medically need drugs get them, and that those who are diverting them, don't. We issued a proposed rule that will make it easier for patients with chronic pain or other chronic conditions to avoid multiple trips to a physician. The DEA also released a first-of-its-kind pain statement to give the medical community the information they requested on prescribing and dispensing controlled substances to treat pain. Finally, DEA launched a new page on our Web site (www.dea.gov) to provide everyone with the facts on DEA cases against the small number of doctors who violate federal drug laws.

There is much debate within the medical community about how chronic pain should be treated, how aggressively and with what medications. The DEA doesn't enter into that debate except to ensure the drugs aren't being diverted for illegal purposes as we are required to do by federal law. Doctors need to practice medicine as they have been trained to do and as they are sworn to do: to help their patients. The DEA in turn will do what we are sworn to do: to protect the American public by putting dealers like Williams out of business.

Karen P. Tandy is the administrator of the U.S. Drug Enforcement Administration. She wrote this commentary for the Orlando Sentinel.

Hearing Set For Chargers Player Accused Of Shipping Codeine Cough Syrup (KGTV)

KGTV-TV, December 5, 2006

SAN DIEGO -- A Feb. 7 preliminary hearing was set Tuesday for a Chargers player accused of getting codeine-based cough syrup from a friend who worked at a San Diego pharmacy and trying to ship it to his home state of Texas.

Terrance Kiel faces a maximum of seven years and four months in state prison if convicted of five felony charges: three counts of possession for sale of a controlled substance and two counts of transporting a controlled substance, said Deputy District Attorney James Fontaine.

The 26-year-old safety, out of custody on $160,000 bail, was arrested Sept. 26 at team practice after federal agents searched his car and locker.

Drug Enforcement Administration agents said they intercepted two FedEx packages containing 18 pint bottles of the codeine-based cough syrup in June and September.

Prosecutors alleged Monday that Hope Devina Vines, 30, was stealing codeine-based cough syrup from her employer, Sharp Rees-Stealy, and giving it to Kiel.

Vines, charged with grand theft and possession for sale of a controlled substance, was released on her own recognizance, Fontaine said. A readiness conference was set for Dec. 14.

A bar code on one of the codeine bottles that Kiel tried to ship was traced back to the pharmacy where Vines worked, Fontaine said. Other bottles that were intercepted seem to have bar codes that had been scratched off, the prosecutor said.

The prosecutor said earlier that the amount of cough syrup with codeine that Kiel allegedly tried to ship did not constitute "personal-use quantities."

Defense attorney Bob Grimes said adding a co-defendant wouldn't change the case against Kiel much.

Bottles of codeine-based cough syrup sell for up to $325 on the street in Texas, where people are known to mix the drug with soft drinks and refer to it as "lean," according to the DEA.

Kiel allegedly admitted knowing that it was a controlled substance that he was shipping. The athlete paid cash to ship the parcels, even though he has an account with FedEx, according to the DEA.

Kiel is among five Chargers players arrested since last spring.

In early April, linebacker Shaun Phillips was taken into custody for allegedly resisting arrest when officers tried to detain him over an alleged domestic dispute. No charges were filed.

A week later, linebacker Steve Foley was jailed following a scuffle with police at a University City hotel.

Over the Labor Day weekend, Foley got into another confrontation with police, this time when an off-duty Coronado officer tried to pull him over on suspicion of drunken driving.

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An ensuing pursuit ended outside the linebacker's Poway home, where the lawman opened fire as Foley allegedly advanced on him in a threatening manner. Foley, who was hospitalized with multiple gunshot wounds, is facing misdemeanor DUI charges.

On Oct. 9, the Chargers released practice squad defensive back Markus Curry following his arrest on suspicion of domestic violence.

On Nov. 27, cornerback Cletis Gordon was arrested on suspicion of driving drunk in the Gaslamp Quarter.

Pharmacy Worker Arrested In Terrence Kiel Case (KFMB)

KFMB-TV,, December 6, 2006

A pharmacy technician working at a downtown medical building is being accused Tuesday of supplying San Diego Charger Terrence Kiel with the codeine-based cough syrup he allegedly shipped to Texas.

According to drug enforcement agents, 30-year-old Hope Vines was arrested Thursday afternoon. She worked at Sharp Rees-Steely in the downtown area, where a large number of bottles of cough syrup were reported missing.

Prosecutors allege that Kiel shipped several bottles of the cough syrup to his home in Texas. They say a bar code on one of the bottles was tracked back to the San Diego pharmacy where Vines worked.

Vines was charged with theft and possession of a controlled substance. She was released without bail after a court appearance on Monday.

Kiel is accused of possessing and transporting a controlled substance.

Prosecutors say Vines and Kiel will be tried in court together.

Nevada Boxing Officials Suspend Nino, Salido Over Drugs (USAT/AP)

USA Today/AP, December 5, 2006

LAS VEGAS (AP) — WBC light flyweight champion Omar Nino was temporarily suspended Tuesday after testing positive for methamphetamine after last month's title bout, Nevada boxing regulators said.

The 30-year-old Mexican fighter retained the 108-pound title Nov. 18 with a majority draw over former champion Brian Viloria of Hawaii, even though Viloria knocked down Nino twice in the Las Vegas bout. Nino first won the title with a unanimous decision over Viloria in August in Las Vegas.

Nino is the first fighter ever to test positive for methamphetamine in Nevada.

The Nevada Athletic Commission decided to keep Nino out of the ring until it could hold a formal hearing, probably in January, commission executive director Keith Kizer said.

Two tests on a urine sample taken after the Nov. 18 title fight came back positive, enough to bring a case before the commission, Kizer said.

Nino has denied using the drug.

Under commission rules, Nino (24-2-2) could face a suspension, have his boxing license revoked, be fined and have the commission rule that his latest bout was a no-decision.

Also, the WBC is preparing to conduct its own test, which could put Nino's belt in jeopardy, Kizer said.

Kizer said Nino is the first fighter ever to test positive for methamphetamine in Nevada.

The commission also temporarily suspended Orlando Salido of Mexico after he tested positive for the banned steroid Nandrolone after his Nov. 4 unanimous decision over IBF featherweight champ Robert Guerrero.

Salido faces a one-year suspension and up to a $250,000 fine, although Kizer said the commission would consider fining Salido only the $17,500 he was paid for the fight.

Saints' Thomas Barred After Failing Drug Test (NYT/AP)

The New York Times/AP, December 6, 2006

Saints defensive tackle Hollis Thomas was suspended yesterday for the final four games of the regular season for violating the N.F.L.'s steroid policy.

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Thomas, supported by the club, appealed the suspension, which he said was caused by asthma medication. He uses an inhaler daily and it apparently contained a banned steroid.

Thomas signed this year with New Orleans after playing nine seasons with the Eagles. He missed the 2002 season in Philadelphia with a broken right foot. He has had 43 tackles and 3½ sacks for the Saints and has been an important component in building their division-leading 8-4 record.

If New Orleans makes the playoffs, Thomas will be eligible to play. He can be added to the active roster on Jan. 1, the day after the regular season ends.

SHOULDER SURGERY FOR PORTIS Redskins running back Clinton Portis had shoulder surgery yesterday that will require six months of rehabilitation.

Portis was placed on injured reserve Nov. 15 after breaking his hand in a loss to Philadelphia. His left shoulder had also been ailing him. He partly dislocated the shoulder making a tackle in the first preseason game, then jammed the rotator cuff in the regular-season opener.

FRYE HAS WRIST IN BRACE Browns quarterback Charlie Frye did not practice because of a bruised right wrist, leaving his status uncertain for Cleveland's game against the Pittsburgh Steelers tomorrow night.

If Frye cannot play, the Browns will turn to the backup Derek Anderson. Frye will spend at least another day with his wrist in a brace. Today team doctors will re-evaluate his injury, which the club feared was a break before X-rays and magnetic resonance imaging test results came back negative.

COURT DATE FOR TITANS' JONES A judge in Nashville set a Feb. 1 hearing for Titans cornerback Pacman Jones on a misdemeanor charge of assault filed by a woman who said he spit on her at a nightclub.

Jones's lawyer hoped to settle the case with yesterday's appearance before Judge John Holt and had talks with the district attorney's office. But Krystal Webb, the Tennessee State University student who filed the charge over the October incident, has hired a lawyer.

"I had had some positive dialogue with Ms. Webb, but since she's retained outside counsel, I'm no longer able to discuss the case with her," said Worrick Robinson, the lawyer who is representing Jones.

Jones told Robinson that he left before the incident happened.

LATER START FOR GIANTS The starting time of the Giants' game against the Eagles at the Meadowlands on Dec. 17 was moved to 4:15 p.m. from 1 o'clock.

Also moved that day was the starting time for the Dolphins-Bills game, to 4:05 p.m. from 1 o'clock.

The moves are part of the network's flexible scheduling, a feature of the new television contract with the National Football League.

CLAYTON OUT Another disappointing season for Buccaneers receiver Michael Clayton came to an end yesterday when the team said he would miss the remaining four games because of a knee injury.

Clayton was one of the N.F.L.'s top rookies in 2004, with 80 receptions for 1,193 yards and 7 touchdowns. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Mounting Gun Violence, Gang Activity Seen In Area (SEAPI)

By Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, December 6, 2006

The slaying of King County sheriff's Deputy Steve Cox is another harsh reflection of resurging gun violence and gang activity plaguing Seattle and cities around the country, law enforcement officials say.

Cox was shot and killed early Saturday as he interviewed witnesses in connection with a shooting and beating outside a party at a White Center home. The felon and gang member who apparently shot him, Raymond O. Porter, is thought to have killed another man in SeaTac Friday night.

"Gang members are more dangerous, they're more armed, than other criminals and that fact alone means we're going to run into more people and things like this," Sheriff's Sgt. John Urquhart said Monday.

"But I don't believe (Porter) killed Deputy Cox because he was a gang member. I believe he killed Deputy Cox because he was armed," Urquhart added.

Cox's death comes after a year in Seattle in which gun assaults were up by 25 percent, similar to national trends, according to law enforcement. Police say shootings are becoming much too frequent, whether gang-related or not. Even as deputies responded to the gun blasts that killed Cox in White Center, Seattle police were busy Saturday hunting for another shooter in Rainier Valley who wounded another man in an unrelated case.

"There is certainly much more willingness to use firearms and a willingness to use them on human beings," Urquhart said.

In October, Seattle police gang detectives lamented in a Seattle P-I story that they had already investigated more gang cases than in all of 2005. An estimated 30 to 60 street gangs are operating in the Seattle area.

The Sheriff's Office does not field a gang unit, which means gangsters pushed out of Seattle likely work their way into the suburbs and unincorporated areas such as White Center, Urquhart said.

The reasons for the latest surge in violence vary, according to law enforcement and gang experts. Some experts say it's stoked in part by gang-bangers who went to prison in the early 1990s and now are finishing their sentences.

Earlier this year, U.S. Attorney General Alberto Gonzales promised $30 million to buttress anti-gang programs nationwide, calling street gangs "an increasingly deadly threat to the safety and security of our citizens." Locally, agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives teamed up with Seattle police, the Sheriff's Office, the state Department of Corrections and others to form a Violent Gang Task Force.

"We don't have the problems that Chicago and Los Angeles have," ATF Special Agent Julianne Marshall said. "But rather than be reactive, we want to attack it from the front end so we really can make a difference."

The ATF also launched a database called "Gangnet," which links law enforcement data from the West and East coasts on tens of thousands of suspected gang members.

Martin Speckmaier, a retired Edmonds police officer who now works as a consultant on school security, said there is a consensus gang activity is back on the rise.

The problem, however, is that officials have no uniform criteria for defining a gang member.

"It's so hard to fight a problem when you can't even define it," said Speckmaier of Comprehensive School Safety LLC.

"It's just really, really sad and tragic that someone so committed to this like Deputy Cox would have his life taken from him in such a tragic way," he said.

P-I reporter Scott Gutierrez can be reached at 206-448-8334 or scottgutierrez@seattlepi.com.

IMMIGRATION:

Court Rejects Interpretation Of Immigration Drug Law (NYT)

By Linda Greenhouse

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — The Supreme Court rejected the government's interpretation of immigration law on Tuesday, ruling that a noncitizen is not subject to mandatory deportation for a drug crime that, while a felony in the state where the crime was prosecuted, is only a misdemeanor under federal law.

The 8-to-1 decision restored to one category of immigrants, caught in the nearly impenetrable maze where immigration law and criminal law meet, the ability to avoid automatic deportation and the other dire consequences of being guilty of an "aggravated felony."

The category is made up of immigrants convicted of simple drug possession in states that treat those offenses as felonies. Federal law treats possession in most instances as a misdemeanor. But in the government's view, possession when deemed a felony under state law became a "drug trafficking crime," which under federal immigration law is an "aggravated felony" that strips an immigrant of the right to seek relief from automatic deportation, to seek asylum, or ever to return legally to the United States.

Writing for the majority on Tuesday, Justice David H. Souter said the government's interpretation was based on a strained and implausible reading of the definition of "drug trafficking crime" in the federal criminal code.

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Thousands of immigrants every year might benefit from the ruling, according to Jayashri Srikantiah, a law professor who heads the Immigrants' Rights Clinic at Stanford Law School and who filed a brief on behalf of Jose Antonio Lopez, the immigrant whose Supreme Court appeal led to the decision, Lopez v. Gonzales, No. 05-547.

In an interview, Ms. Srikantiah said the decision was informed by "a sense of proportionality" and of the "real world consequences" of subjecting legal residents convicted of minor offenses to automatic deportation.

The Immigration and Nationality Act contains a list of aggravated felonies that includes "a drug trafficking crime." This phrase, in turn, is defined not in the immigration law, but in the criminal code as "any felony punishable under the Controlled Substances Act," the basic federal narcotics law.

The government's position was that "any felony" meant any crime that was considered a felony either under federal law or in the state where the prosecution took place. In this way, a conviction for simple possession could become a drug trafficking offense and hence an aggravated felony, which is what happened to Mr. Lopez.

A Mexican who was a permanent legal resident of the United States, Mr. Lopez pleaded guilty in a South Dakota state court to aiding and abetting another person's possession of cocaine. That crime is a felony in South Dakota, although the analogous offense is a misdemeanor under federal law.

Mr. Lopez served 15 months in state prison and was then placed in federal deportation proceedings as an aggravated felon. After unsuccessfully contesting the designation before the immigration service and the United States Court of Appeals for the Eighth Circuit, in St. Louis, he was deported to Mexico.

The Supreme Court's decision makes Mr. Lopez eligible to apply for the administrative relief from deportation known as "cancellation of removal," an option that was foreclosed by his designation as an aggravated felon.

In analyzing the government's position that any offense "punishable" under the Controlled Substances Act therefore became a "drug trafficking" felony, Justice Souter said that "there are a few things wrong with this argument, the first being its incoherence." While "trafficking" ordinarily meant "some sort of commercial dealing," he said, "commerce, however, was no part of Lopez's South Dakota offense of helping someone else to possess."

Justice Souter continued that while the government's argument appeared implausible, that was "not to deny that the government might still be right; Humpty Dumpty used a word to mean 'just what he chose it to mean — neither more nor less,' and legislatures, too, are free to be unorthodox."

But in this instance, he said, if Congress meant to define drug trafficking in such an "unexpected" way, "Congress would need to tell us so, and there are good reasons to think it was doing no such thing here."

Justice Souter said that under the government's interpretation, a central part of federal immigration law, deportation, would depend not on a federal judgment about the seriousness of an offense, but on "varying state criminal classifications." He added, "We cannot imagine that Congress took the trouble to incorporate its own statutory scheme of felonies and misdemeanors if it meant courts to ignore it whenever a state chose to punish a given act more heavily."

The court's conclusion was that "a state offense constitutes a 'felony punishable under the Controlled Substances Act' only if it proscribes conduct punishable as a felony under that federal law."

Justice Clarence Thomas was the lone dissenter, observing in his opinion that "without doubt, Congress could have written the definition with this limitation, but it did not."

This was not the first time the Supreme Court has resisted a categorical interpretation of immigration law by the executive branch. In a unanimous opinion two years ago, the court ruled that contrary to the government's view, driving under the influence of alcohol was not a "crime of violence" for which an immigrant could be subjected to automatic deportation. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Justices Rule On Deporting (USAT)

By Joan Biskupic

USA Today, December 6, 2006

WASHINGTON — The Supreme Court ruled Tuesday that a foreign national living here legally should not be automatically deported if he is convicted of a low-level drug offense that would be a misdemeanor under federal law.

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The 8-1 decision could affect thousands of permanent legal immigrants, often known as green-card holders, who, because of certain state convictions, face deportation without a chance to plead their case before a judge.

The ruling ensures that legal immigrants can fight deportation after they have been convicted of simple drug possession or other offenses that are misdemeanors under the federal Controlled Substances Act even though they are classified as felonies in a state law.

The decision, drawing the dissent of only Justice Clarence Thomas, rejected a position taken by the Bush administration and resolved a split in views among lower courts.

Federal law requires green-card holders who have been convicted of an "aggravated felony" to be deported without an opportunity for appeal. The case tested whether simple drug possession could rise to the level of "illicit trafficking" and an "aggravated felony" because the offense was a state felony.

Jose Antonio Lopez, a Mexican national who became a legal permanent U.S. resident in 1990, was convicted in South Dakota of aiding and abetting possession of cocaine. He was sentenced to five years in prison and released after 15 months for good conduct.

Federal officials began the deportation process, contending that the felony status of drug possession in South Dakota qualified it as an "aggravated felony" requiring Lopez's mandatory banishment.

Justice David Souter wrote for the majority that a state offense should lead to automatic deportation only if it was a felony under the federal Controlled Substances Act.

Souter said that helping someone else possess cocaine does not constitute "illicit trafficking" under federal law: "The government's reading would render the law of alien removal … dependent on varying state criminal classifications," rather than code written by Congress.

Lopez has been in Mexico since his January deportation. Robert Long, his lawyer, said Lopez would now have a chance to argue that he should be allowed to return.

Justice Department spokesman Kathleen Blomquist said officials had not determined how the ruling would affect recent deportations and pending cases.

Court Bars Automatic Deportations In Drug Cases (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, December 6, 2006

WASHINGTON — The Supreme Court on Tuesday rejected the Bush administration's aggressive use of immigration laws to automatically expel legal immigrants for minor drug crimes, a decision that could spare thousands from being deported.

Immigrant-rights lawyers said the resounding 8-1 decision will allow noncitizens who have a family, a job and an otherwise clean record to appeal to immigration judges to stay in this country, despite a drug conviction.

"This ensures these lawful residents will have their day in court," said Benita Jain, a lawyer for the New York State Defenders Assn. in Brooklyn.

Federal judges in nine Western states, including California, have previously rejected the government's position on the language in the law. Immigrant-rights experts said Tuesday's decision doesn't change anything for legal immigrants in those states.

Since 1996, the more than 12 million legal immigrants in the United States have been subject to mandatory deportation if they are found guilty of an "aggravated felony," including a "drug trafficking crime." Four years ago, the government expanded the reach of this law to include state drug crimes that can result in a one-year jail term, even if the offense is simple drug possession.

In Tuesday's decision, the high court said that broad interpretation ignored the plain words of the law.

Noting Humpty Dumpty's use of words to mean whatever he wanted them to mean in author Lewis Carroll's "Through the Looking-Glass," the justices said it did not make sense to interpret the words "aggravated felony" and "drug trafficking crime" to mean simple drug possession.

Justice David H. Souter, who wrote the opinion, said the government's interpretation was incoherent and is "just what the English language tells us not to expect, and that result makes us very wary of the government's position."

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The court said the automatic deportation rule should be triggered only by drug offenses that are the equivalent of drug crimes "punishable as a felony under federal law."

The decision reopened the case of Jose Antonio Lopez, an immigrant from Mexico who had lived as a permanent resident of South Dakota since 1990. He was married with two children and had owned a grocery store.

In 1997, he pleaded guilty to aiding and abetting another person's possession of cocaine. This was a felony in South Dakota but a misdemeanor under federal law.

After serving 15 months in prison, Lopez was released, but U.S. immigration authorities deported him to Mexico.

His lawyer, Patricia G. Mattos of St. Paul, Minn., said she told Lopez on Tuesday about the decision and his right to file a request to cancel his removal. "He was speechless. It was very emotional. He was very pleased the system had worked in the United States and that he will have his day in court," she said.

The ruling does not shield immigrants who commit minor drug crimes from being deported in all instances.

However, without the trigger of the automatic deportation rule, they can seek relief from an immigration judge.

It's unclear how many legal immigrants have been deported for minor drug crimes. Last year, the government said 77,000 legal immigrants were deported because they had criminal records, about 10% of which involved drug crimes.

From mid-1997 to May 2006, federal officials used the aggravated felony provisions to deport an estimated 156,713 people through court proceedings, according to the Transactional Records Access Clearinghouse, which is associated with Syracuse University.

Of that number, a third had criminal convictions for a controlled substance.

Immigrant-rights advocates say the stepped-up enforcement has collared many legal residents who are generally law-abiding and often well established in their adopted communities.

The Washington Legal Foundation, which had supported the government's view, called Tuesday's ruling a disappointment. Lopez was initially charged with more serious drug crimes, said Richard Samp, the group's general counsel.

"One would hope that immigration judges will grant 'cancellation of removal' to aliens convicted of felonies only in the rarest of circumstances," he said.

Tuesday's ruling is the second in three years in which the high court has limited the law's reach. The immigration law requires the government to expel those who commit a "crime of violence," but in 2004, the high court said that drunk driving is not a crime of violence.

In recent years, federal judges have split over whether an immigrant's conviction for a low-level state drug crime can be deemed an "aggravated felony" under immigration laws. Judges in the South and Midwest had adopted the government's view, but judges on the West Coast had rejected it.

"This does not change the situation for folks in California and the 9th Circuit," said Jayshri Srikantiah, a lawyer and director of the Immigrants Rights Clinic at Stanford University.

The Supreme Court justices did not focus on whether it was fair to deport longtime legal immigrants for a low-level drug offense.

Instead, they parsed the words in the federal law.

Souter said that "normal English usage" suggests Congress meant to punish and deport those who sell drugs, not those who simply possess them.

Justice Clarence Thomas was the sole dissenter, saying the law also makes reference to "any felony," which he said could mean both state and federal drug offenses that carry the felony label.

Lawyers who worked on the case said they were uncertain whether those who had been deported several years ago could reopen their cases.

By coincidence, the court heard arguments Tuesday in a related case involving the deportation of a legal Peruvian immigrant who was convicted of stealing a car in Marin County.

A ruling on that issue is due in several months.

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Times staff writer Nicole Gaouette contributed to this report.

Supreme Court Allows Discretion In Deportation For State Felonies (WP)

By Robert Barnes

The Washington Post, December 6, 2006

The Supreme Court ruled yesterday that an immigrant convicted of a state felony drug charge that would be a lesser crime under federal law may contest the government's decision to deport him.

The 8 to 1 ruling, with Justice Clarence Thomas dissenting, held that a state felony charge that would be only a misdemeanor under federal statutes is not the kind of conviction that would trigger automatic deportation under the federal Immigration and Nationality Act.

The court's action reverses lower-court decisions that led the government to send back to Mexico Jose Antonio Lopez, a South Dakota grocery store owner who had pleaded guilty in 1997 to aiding and abetting another person's possession of cocaine.

The decision came in one of several cases the justices are considering to reconcile conflicting lower-court decisions on when immigrants convicted of crimes must be deported. After announcing yesterday's decision, the court heard arguments in a separate case from California in which a Peruvian immigrant was convicted on car theft charges.

Justice David H. Souter's opinion contained something of a grammar lesson for prosecutors and said Lopez's crime could not be classified as the kind of "aggravated felony" that means the government must move for deportation without any discretion.

At issue was the phrase "felony punishable under the Controlled Substances Act."

The government held that that meant the crime could be a felony under state law, as long as it was also punishable under the act.

"But we do not normally speak or write the Government's way," Souter wrote. "We do not use a phrase like 'felony punishable under the [CSA]' when we mean to signal or allow a break between the noun 'felony' and the contiguous modifier 'punishable under the [CSA].' "

Neither, Souter wrote, should it be read as "if it said 'felony punishable under the CSA whether or not as a felony.' "

Thomas agreed with the government's view of the law and found his colleagues' arguments "unpersuasive."

Despite Lopez's victory, his future is uncertain. He entered the country illegally in 1986 and became a legal permanent resident in 1990. He married and had two children in South Dakota and, according to his attorney -- Washington lawyer Robert A. Long Jr. -- had never been in legal trouble until his conviction in 1997 for telling someone where he could buy cocaine.

The court's decision does not mean that Lopez could stay if he decided to return to this country, only that the government had discretion over whether to initiate deportation proceedings. The justices remanded the case, Lopez v. Gonzales , No. 05-547, to the lower courts.

Supreme Court Rules In Favor Of Immigrant On Deportation Issue (LAW/AP)

By Pete Yost, The Associated Press

AP, December 6, 2006

The Supreme Court on Tuesday made it easier for some immigrants convicted of drug possession under state law to remain in the United States rather than being subject to deportation.

In an 8-1 decision, the justices ruled in favor of an immigrant who pleaded guilty to aiding and abetting possession of drugs in South Dakota for telling someone where to obtain cocaine.

While such a crime is a felony in South Dakota, most first-time simple possession offenses are punished as misdemeanors under the federal Controlled Substances Act.

The issue before the Supreme Court was the interpretation of the federal Immigration and Nationality Act, which says immigrants found guilty of aggravated felonies are subject to deportation.

Conduct that is a felony under state law but a misdemeanor under the Controlled Substances Act is not a felony for purposes of immigration, stated the ruling by Justice David Souter.

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Jose Antonio Lopez, a 16-year permanent U.S. resident, was deported to Mexico in January 2006, but could return to his wife and two children, who are U.S. citizens, one of his lawyers has said.

Even then, Lopez, who had operated a grocery store in Sioux Falls, S.D., still could face deportation, but an immigration judge would have discretion to allow him to remain in the United States.

In opposing the immigrant's legal position, the Bush administration said that Congress left the door open to counting state felonies as felonies under the federal Controlled Substances Act, which would make them a crime that could trigger deportation under the Immigration and Nationality Act.

"We do not normally speak or write the government's way," Souter wrote, referring to the government's interpretation of the law. "Regular usage points in the other direction."

Treating a misdemeanor under the federal law as a felony "would be so much trickery," Souter wrote.

Justice Clarence Thomas dissented, declaring his colleagues' approach "unpersuasive."

"Whatever else 'illicit trafficking' might mean" in federal law, "it must include anything defined as a 'drug trafficking crime,'" Thomas said.

The court dismissed the case of another immigrant whose case had been consolidated with that of Lopez. The court said its decision to accept the case of Reymundo Toledo-Flores had been improvidently granted.

Toledo-Flores is a Mexican national who objected to having his latest conviction for illegally entering the United States classified an aggravated felony. Toledo-Flores was contesting his prison term, not his deportation, and he had already served it.

The cases are Lopez v. Gonzales, 05-7664, and Toledo-Flores v. U.S., 05-493.

Dems May Take Hardline On Those Who Hire Illegal Immigrants (HILL)

By Cameron Joseph And Bob Cusack

The Hill, December 6, 2006

The selection of Rep. Silvestre Reyes (D-Texas) to head the Intelligence Committee may be an indication that Democrats will press the Bush administration to crack down on employers who hire illegal immigrants.

Reyes, a former Border Patrol agent, is one of the most outspoken proponents of enforcing these types of employer sanctions and appears to have an ally in Rep. Rahm Emanuel (D-Ill.), who will be the House caucus chairman next year.

In an interview with The Hill earlier this year, Emanuel said many Democrats want to focus on employer sanctions as a way to stem illegal immigration. He accused the White House and the Republican-led Congress for letting “its guard down when it comes to employer sanctions.”

Reyes is a cosponsor of a bill by Rep. Charles Gonzalez (D-Texas) to increase enforcement of sanctions against employers of illegal aliens. And while the Judiciary Committee has lead jurisdiction on immigration reform, Reyes has argued that lax enforcement on illegal immigrants jeopardizes national security, which is under his panel’s purview.

He was the lead Democratic cosponsor on a bipartisan bill to enforce restrictions on employment in the United States of unauthorized aliens through the use of improved Social Security cards and an employment eligibility database. He worked closely with House Rules Committee Chairman David Dreier (R-Calif.) in crafting the bill.

Republican leaders championed border security throughout the 109th Congress, but the GOP has been reticent to call for increased government enforcement on corporations.

A recent Government Accountability Office study showed that the enforcement of employer sanctions has been nearly nonexistent over the last few years. Audits of employers to make sure they are checking employee documentation fell 77 percent from 1998 to 2003. Based on available figures, after reaching a peak in the early and mid-1990s, employer-sanctions investigations, warnings and fines have all dropped sharply.

Reyes called the Republican-led immigration reform in the House “a waste of time” because, he claimed, it was an unfunded mandate, and he voted against the House border security bill. He also argued that Republicans’ border-security plan was politically motivated, stating at the time, “Instead of acting to secure our borders and pass immigration reform, Republicans are holding hearings, just so they can keep scapegoating immigrants.”

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Democrats are expected to seek to permanently bridge the gap with "Lou Dobbs Democrats" that voted for "fair trade" policies, while avoiding alienating an expanding Hispanic voting bloc. In focusing on employer sanctions, Democrats hope to appear tough on border security and illegal immigration while avoiding alienating most voters.

However, this may be difficult to do. Asked whether Democrats are likely to push hard for more employer sanctions, a senior Democratic committee staffer familiar with the immigration debate expressed doubt: "I'm not sure that many people in either party want employer sanctions. There are just too many constituencies that don't support this."

The AFL-CIO opposed the Gonzalez-Reyes bill, and expresses reservations about expansion of employer sanctions based on Social Security number verification.

"Implementation of employer sanctions in the short run has been disastrous," said AFL-CIO legislative representative Sonia Ramirez. "In the future I think that we would really be concerned with expansion of employer sanctions, and would have to look very carefully at any legislation to make sure that it will not give amnesty to any complying employers."

Rep. Sheila Jackson Lee (D-Texas), the ranking member on the Judiciary subcommittee on Immigration, Border Security and Claims, supports employer sanctions but acknowledged union concerns last summer during the immigration reform debate: "The AFL-CIO has a meritorious argument that when you enforce employer sanctions, employers who are unscrupulous will then enforce them against innocent persons."

Many business groups will oppose a Democratic effort to increase employer sanctions.

Angelo Amador, the director of immigration policy for the U.S. Chamber of Commerce, said, "We think everything should be done as part of a package. You need to address the 12 million [estimated illegal immigrants in the U.S.] and the future flow of immigrants, and our concerns of filling jobs, as part of immigration reform." He promised to oppose any increased employer sanctions if they came to the House floor without other immigration reform provisions.

Some Democrats this fall called on their leaders to lay out a clear agenda on immigration reform. In a 25-page agenda document for 2007, Democratic leaders did not mention immigration at all, triggering criticism from the Congressional Hispanic Caucus.

Still, Emanuel is committed to focusing on employer sanctions, saying earlier this year: "There are over 20 million businesses in the U.S.; the main attraction for people coming to this country is work and there has been almost zero enforcement … You have got to have a real consequence to hiring illegal immigrants if you want to fight it."

TAX:

Calif. Tax Case Linked Locally (NOPT)

By John Lindenberger, The North Platte Telegraph

North Platte (NE) Telegraph, December 6, 2006

The U.S. Department of Justice is seeking a preliminary injunction against California accountant Lowell Baisden, who is currently under investigation for promoting an illegal tax fraud scheme.

The motion, which was filed Nov. 29 in U.S. District Court, asks for a preliminary injunction to prevent Baisden from preparing any federal tax returns for his clients and from representing them before the IRS.

Court documents indicate seven North Platte practitioners have been investigated by the IRS in connection with Baisden's scheme. They are doctors Michael Trierweiler, Chris Johng and Walter and Deborah Weaver, along with anesthetist Burt McKeag and nurse anesthetists Evan Geilenkirchen and Kathryn Snoozy.

According to the court records, Baisden helped his clients set up phony corporations to significantly reduce their tax liabilities. He also allegedly prepared their tax returns to perpetuate his scheme. Many of these clients were referred to Baisden by his brother-in-law, Michael Koning, a former North Platte anesthesiologist now living in Montana.

The tax scheme allegedly involves creating sham corporations to which the client's income is assigned. Baisden would then allegedly claim large illegal deductions for non-deductible personal expenses. The remaining income would then be reported as royalty or rental income, which is not subject to self-employment and social security taxes.

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According to the complaint from the Justice Department, "several of Baisden's former customers have sought new representation, filed the past-due returns and conceded that the tax returns filed by Baisden are incorrect."

Supporting documents show that McKeag consulted a new accountant in 2003, who prepared an amended return to correct the false information Baisden allegedly reported on his 2002 tax return. In addition, McKeag told investigators that Baisden claimed his tax plan complied with the Internal Revenue laws.

Geilenkirchen said he has also refiled all his taxes with a credible local accountant and is in the process of paying the past taxes that are due. He and his wife have filed their own lawsuit against Baisden, seeking damages for the interest and penalties that have been assessed against them by the IRS.

Others involved could not be reached for comment on Monday.

While many of the local practitioners in this case are involved with the hospital, GPRMC president Cindy Bradley said the hospital is not involved in any way, and they have cooperated fully with the IRS in their investigation.

"Furthermore, no one has been convicted," Bradley noted. She added, she feels it is a shame the medical community could be tainted by the actions of a few people.

According to court records, Baisden has been promoting his tax scheme since 1999, when he created a corporation called Bioventures Inc. to assist Koning in reducing his tax liability by assigning income from his practice, Anesthesia Consultants of Nebraska, to the sham corporation.

The Justice Department's complaint states Baisden was able to offset more than 50 percent of Koning's yearly income. Over a three-year period Baisden allegedly understated Bioventures' tax liability by more than $676,000.

Koning reportedly classified the employees of Anesthesia Consultants as independent contractors to perpetuate Baisden's tax scheme. Court documents state this made it less apparent to the IRS that the employees' income was actually wage income, since no W-2 forms were issued.

Court records indicate Baisden eventually promoted his tax scheme to Koning's employees and associates as well as his Baisden's clients in California.

Baisden allegedly set up sham corporations in Nevada and provided similar tax avoidance by claiming large expense deductions that reduced his clients' taxable income by well over 50 percent.

Baisden reportedly charged his clients an initial fee between $5,000 and $6,000 to establish their corporations, according to the court records. In addition, he charged $1,000 to $2,500 per month to complete the necessary bookkeeping and accounting work to perpetuate the scheme and prepare his clients' tax returns.

When the IRS became aware of Baisden's alleged scheme, it began to investigate the tax returns of several of his clients and determined that the majority of the corporations he created were not engaged in any legitimate business activities.

In addition to promoting his illegal tax scheme and preparing fraudulent returns, the complaint says Baisden delayed IRS investigations by acting as a power of attorney for his clients. Baisden allegedly filed numerous taxpayer advocate forms requesting determination of whether his clients were experiencing a hardship from the IRS.

The court records state, "Using this technique, Baisden was successful in delaying the IRS investigations by several months while the taxpayer advocate was researching his meritless claims."

Based on the IRS investigations that have been conducted, the U.S. Department of Justice estimates Baisden has understated his clients' tax liability by more than $3 million.

Since the IRS investigations began, Baisden has reportedly stopped preparing tax returns for some customers and has filed requests for extensions for their 2003 and 2004 tax returns. However, he has failed to meet the deadlines, and court records indicate his clients are now faced with penalties for nonfiling and for the underpayment of taxes.

In addition, the court documents allege that Baisden has formed new corporations in Wyoming for at least two of his clients to avoid further detection by the IRS.

Baisden has been given 20 days to respond to the complaint filed by the U.S. Department of Justice. The complaint states failure to respond will result in a default judgment against him.

U.S. Giving Bank's Papers To Lawyers In KPMG Suit (NYT)

By Lynnley Browning

The New York Times, December 6, 2006

Federal prosecutors who are investigating Deutsche Bank over questionable tax shelters have been turning over internal bank documents to lawyers defending former employees of the accounting firm KPMG in a separate criminal case.

The providing of the Deutsche Bank documents, which began in earnest earlier this year and has accelerated in recent months, was disclosed in a court filing late Monday by John M. Hillebrecht, an assistant United States attorney in Manhattan who is overseeing the case against the indicted KPMG employees. His office is also overseeing the investigation of Deutsche Bank.

The judge in the KPMG case, Lewis A. Kaplan of United States District Court in Manhattan, had previously criticized prosecutors for tardy production of evidence. The trial of the 16 former KPMG employees had been scheduled to begin in January, but last month Judge Kaplan postponed it indefinitely, citing concerns that the defendants, who include an outside lawyer and investment adviser, would not be able to pay their legal bills.

In his filing, Mr. Hillebrecht wrote that prosecutors were turning over the Deutsche Bank documents in part because the Deutsche Bank case had "substantial overlap" with the KPMG employees case, which prosecutors call the largest criminal tax case ever.

Mr. Hillebrecht also disclosed that prosecutors had asked Deutsche Bank to provide additional assistance with the documents for the defendants in the KPMG case, in which Jeffrey Stein, a former KPMG executive, is the lead defendant.

A spokesman for Deutsche Bank declined to comment yesterday.

Lawyers for the KPMG defendants, who requested the Deutsche Bank documents, have been seeking ammunition to make their case. KPMG and Deutsche Bank worked together on a number of tax shelters. But by giving the defense lawyers the Deutsche Bank documents, prosecutors may be hoping to entice one of the KPMG defendants to cooperate in the separate case against Deutsche Bank.

"They may have hit a brick wall with the Deutsche Bank case and need somebody to help them out from Stein," said Peter Henning, a former lawyer in the Justice Department's criminal division.

Prosecutors are also turning over to the defense for the indicted KPMG employees other evidence from other, unnamed tax-shelter investigations, according to Mr. Hillebrecht's filing. The evidence includes documents relating to a former tax lawyer with the firm of Jenkens & Gilchrist; to a previously unidentified investment firm called Qantas Investments U.S.; and to four unnamed employees of the accounting firm PricewaterhouseCoopers.

A spokesman for PricewaterhouseCoopers said yesterday that "we have no reason to believe that either PWC or our personnel are under criminal investigation." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

IRS Cracks Down On Dodgers Who Use Onshore Tax Havens (WSJ)

By Tom Herman

The Wall Street Journal, December 6, 2006

Escalating its assault on cheating, the Internal Revenue Service is turning up the heat on tax dodgers who conceal taxable income by exploiting gaps in state business-formation laws that allow hidden ownership or control.

The IRS is focusing on individuals or small groups whose tools include use of corporations, trusts, partnerships, limited liability companies and other types of business structures. Some people may form a company, conceal their ownership and use it to claim phony expenses, an IRS official says. Other cases involve outright fraud. IRS officials say some people have created sham, one-person, tax-exempt religious corporations to dodge taxes.

Officials say the problem appears to be particularly severe in Nevada, where recent investigations into promoters of corporations there have turned up widespread abuses. As a result, the IRS has begun expanding the number of audits of people involved in forming Nevada corporations, says Steven Burgess, director of examination for the IRS's Small Business/Self-Employed Division.

The IRS also is considering additional investigations of promoters, Mr. Burgess said at a recent Senate hearing. Even if promoters aren't guilty of wrongdoing, their client lists could be valuable in unearthing evidence of cheating, he said.

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The problem isn't limited to Nevada. Mr. Burgess also pointed to Wyoming and Delaware laws as being particularly susceptible to abuse, but added that most states have gaps in their business-formation laws, creating the potential for disguising ownership and other abuses.

The push comes at a time when the IRS faces increasing pressure from Congress to do more to discourage tax evasion and reduce the nation's "tax gap" -- the difference between what the IRS collects each year and what it should be collecting. IRS researchers have estimated this gap at around $290 billion. Some influential lawmakers, notably Sen. Max Baucus, the Montana Democrat who will become chairman of the Senate Finance Committee next year, have said the Treasury needs to do much more to attack the problem.

For years, law-enforcement officials have expressed concern about widespread use of offshore tax havens to hide or shelter taxable income. But now IRS officials and senators are also focusing on the exploitation of onshore havens. "The absence of ownership disclosure requirements and lax regulatory regimes in many of our states make U.S. shell companies attractive vehicles for those seeking to launder money, evade taxes, finance terrorism, or conduct other illicit activity anonymously," said Sen. Norm Coleman, a Minnesota Republican.

While laws vary from state to state, a report earlier this year by the U.S. Government Accountability Office, a congressional investigative arm, said most states don't require companies or third-party agents representing them to disclose ownership information when companies are being formed or in periodic reports.

Mr. Burgess, of the IRS, said the agency is taking additional steps to nab wrongdoers. For example, the IRS has begun using special types of summonses to discover the names of people who have paid businesses to help them form a business in Nevada. The IRS also is coordinating efforts with other federal agencies, including the Federal Bureau of Investigation, the Department of Homeland Security and the Treasury's Financial Crimes Enforcement Network.

The GAO study reported that state officials, agents and others said that collecting company ownership information could be "problematic." For example, state officials told the GAO that the costs and time involved in approving company formations could increase, thus "potentially slowing down or derailing business dealings." A few states and agents feared losing business to other places with less stringent rules. Officials and agents also expressed concern about violating the privacy of owners of legitimate businesses.

Nevada statutes "were designed for legitimate purposes," says Scott Anderson, Nevada's deputy secretary of state for commercial recordings. "We do understand there are some entities out there using them for illegitimate purposes," he says, adding that "we will be addressing these in the upcoming legislative session." * * *

About 70% of taxpayers will be eligible for an offer of free federal tax-preparation software and electronic filing next year.

The offer comes through the "Free File" program, a partnership between the IRS and a coalition of tax-preparation software makers. For 2007, only taxpayers who earn $52,000 or less will be able to find an offer for which they're eligible, the IRS said. That means about 93 million people, or 70% of all taxpayers, will be eligible.

In a twist, the program includes an agreement by private-sector partners not to offer controversial "ancillary" services, such as "refund anticipation loans," through the program, the IRS said. Consumer groups have long attacked these loans, which use a taxpayer's refund as collateral for a short-term loan that typically carries a very high interest rate.

"We heard many legitimate concerns about the marketing of ancillary products during the last filing season," IRS Commissioner Mark W. Everson said. "This is a constructive step."

Sen. Baucus criticized the IRS decision to retain an income limit on the Free File program. Taxpayer participation in the program fell sharply this year after income limits were imposed. But Sen. Baucus also praised the decision to block the offering of refund-anticipation loans through the program.

"A direct portal on the agency's Web site should allow taxpayers to file directly and truly for free, regardless of income," Sen. Baucus said. * * *

BRIEFS: Dynasty in the making? For the second year in a row, the College of William & Mary won both the graduate and undergraduate divisions of the Deloitte Tax Case Study National Competition. The contest is sponsored by the Deloitte Foundation, a nonprofit arm of Deloitte & Touche USA LLP. ... Robert Meighan, an executive at Intuit Inc.'s TurboTax, the tax-preparation software, is the new chairman of the IRS's Electronic Tax Administration Advisory Committee.

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The AMT Reckoning (WSJ)

The Wall Street Journal, December 6, 2006

Fans of political irony will appreciate that Democrats in Congress are saying they now want to address the "wealth gap" even as they deplore and want to eliminate the Alternative Minimum Tax, or AMT. It was a previous crusade against the wealthy that created the AMT. Haven't we learned anything about the perils of tax policy rooted in political envy?

The AMT became law in 1969 after LBJ's last Treasury Secretary, Joseph Barr, created a liberal uproar by disclosing that 21 millionaires had managed to pay little or no income tax in 1967. Thus the "alternative" tax was designed to capture high earners who claimed a lot of deductions, and somehow Democrats never raised a peep over the years when the AMT was whacking mostly Republican voters. But the tax has now become the monster that ate Marin County, to pick just one of the blue state redoubts where the AMT hits especially hard. This year it will strike four million Americans, and next year without a change in law it will snare 23 million -- one in four tax filers.

More telling for class warriors, next year a higher percentage of Americans with incomes between $50,000 and $100,000 will pay the AMT than will tax filers with incomes above $1 million a year (see chart). One lesson: Whenever a politician claims a tax will only hit "the rich," don't believe him. Sooner or later the tax always soaks the middle class, because that's where the money is.

The latest data indicate that the eight states with the highest percentage of tax filers subject to the AMT all voted heavily Democratic in 2004 and 2006 -- including Massachusetts, Connecticut, New Jersey and Rhode Island. Those voters are now screaming for relief, and the question for Democrats is where they'll find the money. Eliminating the AMT would cost about $50 billion for one year and $1.2 trillion over 10 years, according to the Treasury Department.

Our free advice is that they consider some bipartisan tax reform. What Americans loathe about the AMT is that it first requires filers to comply with the regular IRS tax code with its hundreds of tax forms, work sheets and instructions. But then if they qualify for too many deductions -- for state and local taxes, say, or the child credit -- they must double their pleasure by recalculating their income and filling out separate tax schedules for the AMT. Then they pay whichever tax is higher. It's really a Mandatory Maximum Tax.

The AMT is gradually evolving into the de facto U.S. tax system, and the regular tax code with its Byzantine rules and carve-outs is becoming less relevant each year. According to the liberal Tax Policy Center at the Brookings Institution and Urban Institute, the total cost to the Treasury of scrapping the entire IRS tax code but retaining the AMT would be only $63 billion in the first year, $56 billion in the second year, and less than that in each succeeding year. For a growing number of Americans, the first page of the IRS 1040 instruction manual might as well read: Go directly to the AMT.

So here's a possible deal between the Bush Administration and the Pelosi Democrats: Junk the IRS code and use the AMT as the basis for tax reform. The AMT provides at least the crude framework for a much simpler tax code, because it eliminates almost all deductions and special interest carve-outs. It requires only about one-tenth as many tax forms as the regular code. It has a broad tax base and only two tax rates, 26% and 28%.

Yes, a load of sticky tax issues would still need to be negotiated: The double and triple taxation of investment and savings would have to be eliminated, and adjustments would also be needed lest many families with children be socked with a huge tax hike as they are under the current AMT.

The Democrats created the AMT and we suppose it's rough justice that they're now stuck with finding a way out of their own mess. Yes, they could try to create some tax showdown between repealing the Bush tax cuts for "the rich" and AMT relief. But Republicans would rightly portray this as a tax increase and our guess is they'd win that fight. Meanwhile, today the average American sucked into the AMT pays an extra $6,000 of tax to the IRS, and next year some 20 million additional Americans will have to pay this "rich man's tax." Democrats running Congress would get the blame if they do nothing.

The whole tax system is on the verge of collapse and needs to be modernized. Republicans pledged for 12 years to create a simpler, fairer tax system and never delivered. This is your chance, Speaker Pelosi.

CONGRESS-ADMINISTRATION:

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Bush To Meet With Centrist Dems (HILL)

By Josephine Hearn

The Hill, December 6, 2006

President Bush has invited leaders of the conservative Blue Dog and New Democrat coalitions to the White House Friday to discuss areas of "mutual cooperation" in the words of one Democratic Congressional aide.

The outreach comes at a time when Bush's image on Capitol Hill and around the country has taken a serious beating. The meeting is scheduled just two days after the Iraq Study Group is scheduled to release its findings and one day after the Senate Armed Services Committee plans to hold hearings on them.

Reps. Alan Boyd (Fla.), Dennis Moore (Kan.) and Mike Ross (Ark.) will represent the Blue Dogs, a coalition of usually southern, conservative-leaning Democrats and Reps. Joe Crowley (N.Y.), Artur Davis (Ala.), Ron Kind (Wis.), Adam Smith (Wash.) and Ellen Tauscher (Calif.) are set to represent the New Democrats, a group of business-friendly centrists, at the meeting, which the president is expected to attend.

Lawmakers Unlikely To Accept U.N. Position (HILL)

By Elana Schor

The Hill, December 6, 2006

As President Bush begins vetting candidates to succeed resigned U.N. Ambassador John Bolton, as many as five departing lawmakers have surfaced as players in the Beltway's nominations guessing game.

Centrist GOP Rep. Jim Leach (Iowa) was a longtime senior member of the International Relations Committee whose support of abortion rights and opposition to the 2003 Bush tax cuts often placed him at odds with conservatives in the conference. He has emerged as a favorite among House colleagues, 48 of whom recommended him to Bush before Bolton's resignation became public.

Leach is flattered and honored by the bipartisan effort on his behalf but is making other plans for his future, spokesman Gregory Wierzynski said. A former Princeton University trustee and expert on international affairs, Leach is leaning toward taking a visiting professorship at Princeton's Woodrow Wilson School.

One source close to Leach's deliberations said the 15-term veteran recognizes that the next nominee is likely to share Bolton's staunchly conservative record. "He realizes that he is in an awkward position, having voted against the war," the source said.

Another surprise on several U.N. shortlists is Sen. Lincoln Chafee (R-R.I.), who not only voted against the war in Iraq but also helped put the brakes on any reconsideration of Bolton during this month's lame-duck session. Chafee, a Foreign Relations Committee member, also is leaning toward taking an academic or policy position after leaving the Hill.

"It's something that's just such a very remote possibility that it would be an extreme hypothetical, and I don't think the senator wants to deal with hypotheticals at this time," Chafee spokesman Chris Spina said of reports that Chafee could be named Bolton's successor.

Former Senate Majority Leader George Mitchell (D-Maine), himself a subject of speculation surrounding the post, dismissed that possibility, telling CNN yesterday that Bush would seek to replace Bolton with a Republican.

Mitchell acknowledged the upside to naming a former lawmaker who might have an easier path to confirmation among former colleagues, and offered up three defeated Republican senators: George Allen (Va.), Mike DeWine (Ohio) and Jim Talent (Mo.). But DeWine took himself out of the running yesterday, telling the Cleveland Plain Dealer that he was flattered but planned to return to his home state.

The President's 'Lost Opportunity' For The 4th Circuit (LAW)

By Emma Schwartz, Legal Times

Legal Times, December 6, 2006

Chief Judge William Wilkins, who has presided over the 4th U.S. Circuit Court of Appeals for the past four years, sent President George W. Bush a letter last week announcing his plans to step down in June.

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"I've had it for a good while now and it's time to move on," Wilkins tells Legal Times. Though Wilkins, a South Carolina native who will turn 65 in March, will still hear cases as a senior judge, his quasi-retirement creates a fourth official vacancy on the 15-member bench. (Technically, there are five openings, but Judge H. Emory Widener Jr., who announced plans to retire in 2003, has pledged to stay active until the nominee for his seat -- Defense Department general counsel William Haynes II -- is confirmed.)

The large number of vacancies during a Republican administration is particularly striking given the 4th Circuit's reputation as one of the most stalwart conservative courts in the nation. The circuit, which covers Maryland, Virginia, West Virginia, and North and South Carolina, also is the key appellate arena for the administration's terrorism cases, largely prosecuted in the Eastern District of Virginia.

"You'd think they'd want to fill them and fill them as quickly as possible," says Arthur Hellman, a professor at the University of Pittsburgh School of Law.

Though the Bush administration has tried to fill a few open seats, it has faced stiff opposition even during the Republican-controlled Congress. U.S. District Judge Terrence Boyle's nomination to the 4th Circuit has languished since 2001, and senators have blocked Haynes' confirmation over questions about his involvement with the Justice Department's infamous "torture memo." It's unlikely the administration will fare any better under the incoming Democratic-controlled Congress.

So the question some court watchers are asking is whether future picks to the 4th Circuit could inch this reliably conservative bench closer to the center.

"A lot of people have said this is a lost opportunity for the Bush administration, because it has been considered quite a conservative court, and they haven't been able to confirm their nominees," says Carl Tobias, a professor at the University of Richmond School of Law.

U.S. Drops Plan To Increase Foreign Control Over Airlines (USAT/AP)

By Michael J. Sniffen

USA Today, December 6, 2006

WASHINGTON — Already rebuffed by a Republican-controlled Congress, the Bush administration on Tuesday withdrew its plan to give foreign investors more management control of U.S. airlines.

Announced Tuesday by Transportation Secretary Mary Peters, the decision follows a department review of public comments about the proposal, and votes by the Senate and House this year to prevent the plan from going forward.

"It was clear from reviewing the comments that the department needs to do more to inform the public, labor groups and Congress about the benefits of allowing more international investment," Peters said in a statement.

On Capitol Hill, Sen. Frank Lautenberg, D-N.J., who introduced the measure to block the plan in the Senate, said the Bush administration recognized that new Democratic majorities in the House and Senate "will not put up with this bad idea." The decision may affect U.S. negotiations with the European Union on a so-called Open Skies aviation treaty that would allow European and U.S. airlines to fly wherever they want between European cities and the USA, and charge whatever they want.

Advocates hope such a deal would increase air travel, lower airfares, create jobs and boost investment in U.S. carriers. Labor unions, some airlines and their allies in Congress fear it would cost U.S. jobs and allow foreign investors, even foreign governments, control over an industry critical to national security.

Peters' decision was greeted with disappointment by Jacques Barrot, vice president of the European Union's Commission in charge of Transport. In a statement, Barrot called the scrapped proposal "an essential element" to concluding a new aviation agreement. He did, however, accept Peters' proposal to send U.S. representatives to Brussels in early 2007 for talks on how to proceed.

Peters renewed the U.S. commitment to seeking an Open Skies agreement with Europe. She asserted the investment proposal was not directly linked to the treaty but acknowledged that some in the European negotiations had aligned the two.

The administration first proposed giving foreign investors in U.S. airlines more control over marketing, routing and fleet structure in November 2005. It amended the plan last May to limit the ability of foreign investors to make decisions about safety, security and national defense obligations.

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A 65-year-old law limits foreign ownership of U.S. airlines to 25%. The administration argued that its plan would not have lifted that limit, but opponents claimed it was trying to use regulations to circumvent the statute at the request of Europeans who viewed that as a prerequisite for an Open Skies treaty.

US Scraps Airline Investment Reforms (FT)

By Doug Cameron

Financial Times, December 6, 2006

Hopes for an open skies aviation pact between the US and the European Union suffered a severe setback on Tuesday when the US abandoned plans to give overseas investors more influence in the management of its airlines.

Bowing to pressure from Congress, labour unions and airlines, Mary Peters, the new transportation secretary, acknowledged dropping the reforms could affect the preliminary transatlantic deal agreed last year.

EU negotiators had made it clear a revision of the rules was essential for their approval of the preliminary open skies pact, which would have opened market access and led to co-operation in areas such as safety, security and competition policy.

The US transport department wanted to ease restrictions on the involvement of overseas investors in marketing and operational decisions, in part to boost airlines' access to capital markets, although the 25 per cent foreign ownership ceiling would remain unchanged.

Current rules prevent overseas investors having any "semblance" of influence in management decisions of US airlines.

After speaking to Ms Peters by telephone, Jacques Barrot, European transport commissioner, expressed disappointment at Tuesday's move.

"We have been waiting a year," said his spokesman. "The legal situation is now fragile."

Further talks are scheduled in Brussels next month, but the European Commission said it would resume legal proceedings if they broke down.

The European Court has ruled current bilateral deals between EU member states and Washington illegal as some countries receive better treatment than others.

Ms Peters, who inherited the controversial proposal when she took over in October, had hoped to present a revised version of the rule change to EU transport ministers next week, having twice missed self-imposed deadlines for the reforms as the DoT wrestled with domestic opposition.

She said: "There simply are too many questions and too many concerns about the potential impact of this rule for us to continue at this point," but she reaffirmed US commitment to a new transatlantic deal.

Congressional critics said that more foreign involvement in the operation of US airlines raised national security concerns and such changes were outside the DoT's jurisdiction.

U.S. Drops Plan For Greater Foreign Role In Aviation (WSJ)

By Laura Meckler

The Wall Street Journal, December 6, 2006

WASHINGTON -- The White House withdrew a proposal to allow foreigners greater control over U.S. airlines, bowing to congressional opposition and putting in question an important aviation agreement with Europe.

The Department of Transportation said yesterday it was dropping a proposed regulation that would have allowed foreigners to exercise power over routes, scheduling and many other aspects of airline operations, after the planned change came under criticism from U.S. lawmakers, labor unions and others.

The move underscored the rising protectionist sentiments in Congress and throughout the country. It will have an impact on negotiations over a long-sought agreement that would allow U.S. and European airlines to fly without restrictions across the Atlantic.

The "open skies" agreement also would provide greater access to London's popular Heathrow airport for U.S. carriers. Europeans had said they wouldn't finalize that agreement if the U.S. doesn't liberalize the foreign-investment rules on U.S. airline operations.

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The parties plan to return to the bargaining table in January to see how the deal might be salvaged. Europeans, who are after broader access to the U.S. market, could seek alternative concessions from the U.S., though it is unclear what those might include.

The Europeans face additional pressure to wrap up the talks: A European high court has ruled that the bilateral aviation agreements that all European countries have with the U.S. are illegal and must be replaced with a broader European regime. If those bilateral agreements were dissolved, it could disrupt airlines services, such as alliances among U.S. and European carriers.

European transport ministers are scheduled to meet next week in Brussels, where they had been expected to approve the open-skies agreement, had the change in U.S. law been complete. Deep and widespread opposition in Congress and elsewhere forced the White House to back down. Opposition is significant in the Republican-led Congress and is only likely to intensify once Democrats take over next year.

For years, U.S. law has limited stock ownership by foreigners in U.S. airlines and has barred foreigners from exercising "actual control" over operations. The administration of President Bush argued that loosening the control rules would attract more foreign investment in U.S. carriers, as well as help with the European negotiations. The Bush plan would have allowed foreigners power over most operations, save matters of safety, security and use of craft by the U.S. military.

Some Republicans Take A Scorched-Hill Tack (WSJ)

By David Rogers

The Wall Street Journal, December 6, 2006

WASHINGTON -- Like a retreating army, Republicans are tearing up railroad track and planting legislative land mines to make it harder for Democrats to govern when they take power in Congress next month.

Already, the Republican leadership has moved to saddle the new Democratic majority with responsibility for resolving $463 billion in spending bills for the fiscal year that began Oct. 1. And the departing chairman of the House Ways and Means Committee, Rep. Bill Thomas (R., Calif.), has been demanding that the Democrat-crafted 2008 budget absorb most of the $13 billion in costs incurred from a decision now to protect physician reimbursements under Medicare, the federal health-care program for the elderly and disabled.

The unstated goal is to disrupt the Democratic agenda and make it harder for the new majority to meet its promise to reinstitute "pay-as-you-go" budget rules, under which new costs or tax cuts must be offset to protect the deficit from growing.

"I think we're trying to get an accommodation," said Speaker Dennis Hastert (R., Ill.) last evening. "You're digging a hole now and filling up with money from '08," he said of Mr. Thomas's demands. "He says he's trying to move away from that."

But with Mr. Hastert dismantling his office, House Republicans appear to be operating in a post-election leadership vacuum. The White House is watching with alarm, as are many Senate Republicans, who have a greater stake than the House in maintaining relations with Democrats.

"There are individuals who want to blow up the tracks, and there are more of those individuals in the House," said one Senate leadership aide.

The collapse of the appropriations process will be felt soon in the Justice and Commerce departments, food-safety agencies and veterans' health care. "It's not just a mess. It's a mountainous mess," complained Wisconsin Rep. David Obey, the next House Appropriations Committee chairman.

In the Medicare dispute, Senate Finance Committee Chairman Charles Grassley (R., Iowa) has aligned himself with Democrats against Mr. Thomas and House Energy and Commerce Chairman Joe Barton (R., Texas). Talks continued last night in hopes of reaching agreement this morning on the physician issue and a larger $38 billion tax-and-trade package important to business.

"Failure is not an option," warned John Engler, president of the National Association of Manufacturers. New York City and Wall Street have a major stake in $682 million in tax provisions important to transportation infrastructure and redevelopment of the World Trade Center area. And the trade package, as introduced by Mr. Thomas last night, runs from Vietnam and Andean countries to a set of expired general preferences for developing countries around the globe.

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"We are fairly close," said Sen. Max Baucus (D., Mont.), the next Finance chairman. But given the still-uncertain Republican support, the Vietnam trade bill could yet be sacrificed, Mr. Grassley warned.

With Congress turning off the lights this week, there seems no chance of saving the appropriations process. Instead, most of the government will remain on a stopgap bill through Feb. 15, and in kicking this can down the road, the Republican leadership has no idea where it will stop rolling.

"It's a demonstration of the irresponsibility of Republicans that they would leave this country with this mess," said the next House speaker, Rep. Nancy Pelosi (D., Calif.). "But we won, we will deal with it."

Democrats could simply extend the stopgap resolution again in February and set themselves up as a budget appeals court of sorts, to which the administration will have to come for relief. "I think we can work through it, but it is not our preference," said White House budget chief Rob Portman. But the administration admits it could yet pay a price if the spending issues become entangled with President Bush's spring supplemental-spending request for military operations in Iraq.

The stopgap resolution, which the House expects to take up today, allows no growth above 2006 spending, and as a rule, any spending cuts from 2006 levels voted by the House this past summer prevail. On balance, annual funding is about $6 billion less than the president's budget request -- without always reflecting his priorities.

In the course of the House floor debate, for example, general administration funds for the Justice Department were cut to $35.4 million, less than half the 2006 funding level and a nearly 70% cut from the president's request. House members were gambling then that at least some of the money could be restored in final talks with the Senate, but since the appropriations process has collapsed, those talks never took place, and the Justice Department must live with the results.

Mr. Portman will have greater discretion to apportion funds to deal with the crisis. But the gaps are too big in some cases to easily work around. Food-safety inspections face a $17 million shortfall by Feb 15. Veterans medical care will be funded at an annual rate $3.1 billion less than most of Congress agrees is needed, and Sen. Kay Bailey Hutchison (R., Texas) is demanding changes in the stopgap bill to recognize this shortfall.

"What a sad mess," said Sen. Robert Byrd (D., W.Va).

Lawmakers Try To Keep Their Bills Alive During Final Week (HILL)

By Kelly Mccormack

The Hill, December 6, 2006

Rep. Mark Green's (R-Wis.) legislation that would crack down on abuses against animals has an impressive 324 cosponsors. Green's party controls Congress and the White House. And Green's bill is going nowhere.

The legislation is one of many on its last breath as Congress inches closer to the end of its 109th session. But unlike the other thousands of bills that will formally die over the next several days, Green's bill is backed by an overwhelmingly majority of lawmakers, making its inevitable demise more frustrating.

When bills fail to cross the finishing line of the president's desk, the rationale usually is that "time ran out." However, with politically popular legislation, the real culprit is usually a powerful subcommittee or committee chairman.

On Feb. 15, 2005, Green introduced a bill to strengthen laws against animal fighting. Two months later, 70 lawmakers had signed on as cosponsors and the Senate passed similar legislation by unanimous consent. By the end of February 2006, the number of cosponsors totaled 221. In mid-May, a subcommittee held a hearing on the bill.

On Sept. 20, in a video sent to Congress, wrestling-entertainment star Hulk Hogan stated, "The laws against animal fighting just aren't tough enough."

On Sept. 25, the Humane Society urged House Majority Leader John Boehner (R-Ohio) to put the bill on the House calendar.

Yet, nearly two years after it was introduced, hope is all that Green and his supporters have left.

"I am hopeful we will find a way to pass this legislation before the end of session," Green wrote in an e-mail to The Hill.

A lobbyist familiar with the issue blames Judiciary Committee Chairman James Sensenbrenner Jr. (R-Wis.) for stifling its passage.

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Wayne Pacelle, president and CEO of the Humane Society of the United States, said that Sensenbrenner "has been an impediment on this bill." He says the group doesn't know why the chairman, from Green's own state and political party, is holding it up.

Judiciary Committee spokesman Terry Shawn did not know why the bill hasn't been passed, but said "there certainly have been a number of priorities," citing homeland security matters. He did not follow up on the matter.

Rep. John Conyers Jr. (D-Mich.), who is expected to head the Judiciary Committee in 2007, is a cosponsor on Green's bill. But there is no next year for the retiring Green, who ran unsuccessfully for governor.

As time runs out in the Congress, politics can trump policy in deciding which bills become law. Even if a bill has more than enough support to pass if brought to the floor, powerful members and long-held vendettas can determine a bill's fate.

Some lawmakers file discharge petitions to get their bills out of committee, trying to attach their legislation to appropriations bills or wage last-ditch efforts to get their objectives pushed through.

For Rep. Phil English (R-Pa.), who introduced a bill that would repeal Medicare's outpatient therapy caps, time just isn't on his side. His bill has 260 cosponsors.

"Frankly, it's not our time yet," said Julia Wanzco, English's press secretary. "Patience is a virtue in the legislative proc ess."

Wanzco stressed that there have been other vehicles for her boss to accomplish his goal — other legislation has created a temporary fix, while his bill would permanently eradicate the healthcare caps.

Other bills require that companion legislation be passed along with them.

For instance, Sen. Pete Domenici (R-N.M.) has a series of three bills that would bolster research-and-development programs, each of which has at least 60 cosponsors. But each of the measures was relegated to a separate committee, ma king passage difficult, Domenici's spokesman Matt Letourneau said. The bills have since been folded into a broad leadership bill, which may or may not be passed this year, he said.

Rep. Bob Filner (D-Calif.) introduced legislation in January 2005 that would allow World War II Merchant Marines and Naval and Army transportation personnel to be eligible for benefits. He's got 267 cosponsors, but it hasn't yet passed.

"It has a bipartisan majority, but the Veterans [Affairs] Committee Chairman [Steve Buyer (R-Ind.)] just won't move it," Filner told The Hill.

The Veterans Affairs Committee's press secretary, Brooke Adams, said that Buyer has policy concerns with the bill.

And even though Filner had so many cosponsors, his discharge petition fell short by about 40 signatures, locking the bill in committee.

Leadership officials have warned their members not to sign on to discharge petitions. It is rare for GOP members to sign them because they are viewed as a rebuff of their leaders. Yet the week after the GOP washout on Election Day, Reps. Walter Jones (R-N.C), Ron Paul (R-Texas), and Ted Poe (R-Texas) put their names on discharge petitions.

Explaining his boss's decision to sign a petition on an education bill, Paul spokesman Jeff Deist said, "I think he was hopeful that leadership would do something about it and … there's no reason to give deference to the leadership if it's going to be different in the spring."

Sometimes a bill would be a piece of a larger puzzle that never gets discussed. Debate on Social Security reform, for example, was crucial for Rep. Buck McKeon's (R-Calif.) chances for his legislation, which had 326 cosponsors.

"The thought was that it would be incorporated into any Social Security reform package, [but] time ran out. We never got that far," said James Geoffrey, McKeon's press secretary.

One Democratic aide, who chose to remain anonymous because of the sensitivity of his boss's bill, said it all comes down to money: "[Many bills have] a lot of members' support, but they're not paid for," he said. "There's a cost. It's not in the budget. It's not paid for; it ought to be, but it's not."

Sen. James Inhofe (R-Okla.), who introduced a bill that would give Native American code-talkers commemorative medals, expressed frustration earlier this year when his bill stalled.

"The hard part of the bill was you have to have two-thirds of members to get it out of the Banking Committee. We had 79 on this," Inhofe said. "There wasn't any opposition to it, [but] a lot of people don't want to add any more commemor ative medals."

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Things changed in September, however, as Inhofe's press secretary Ryan Thompson had breaking news to relay: "I'm doing fantastic," he said. "The code-talkers bill went late last night."

Madeleine Scinto contributed to this article.

GOP House Leaders Choose To Let Bill Die (WP)

By Mary Beth Sheridan And Yolanda Woodlee

The Washington Post, December 6, 2006

Republican congressional leaders decided yesterday not to bring to the floor a bill giving the District a full voting member of the House, dooming the measure's chances in this legislative session.

Rep. Thomas M. Davis III (R-Va.), the bill's author, had appealed to his party's leadership to cram in a vote during Congress's lame-duck session, which could end as soon as Thursday. But in a closed-door meeting, House leaders rejected the request.

"There was a certain level of resistance because there were a number of constitutional concerns from members," said Kevin Madden, a spokesman for Rep. John A. Boehner (R-Ohio), the House majority leader. He did not elaborate.

The bill had faced long odds for approval this week, given the time constraints. Even if it got through the House, it would have needed to clear the Senate. But proponents had taken heart from the bipartisan support it had attracted. The bill would have balanced the new seat for the mostly Democratic District with an additional one for heavily Republican Utah.

D.C. Mayor Anthony A. Williams (D) criticized lawmakers for not moving ahead this week. "I'm disappointed because District residents have waited long enough for basic voting rights, and we shouldn't have to wait one day longer," Williams said in a statement.

Questions about the bill's legal merits have persisted, as it worked its way through Congress this year. Some scholars have testified that the Constitution limits full membership in Congress to states; others have argued that Congress has the authority to treat the District as a state for the purposes of representation.

Davis, working with Del. Eleanor Holmes Norton (D-D.C.) and other voting-rights advocates, had built a wide-ranging coalition to support the bill, and had won the backing of some prominent legal scholars. He and Norton expressed dismay at the decision.

"It's tough to take after we, along with D.C. residents, had created so much momentum for this bipartisan bill," Davis and Norton said in a statement. "We got it farther than anyone anticipated."

They pledged to reintroduce the bill "as our first order of business in the 110th Congress."

Norton has represented the city in the House for eight terms, introducing legislation and serving on committees. But she is not allowed to vote on the floor. Advocates have sought to give the District a vote in Congress for decades, and backers are not giving up.

Some supporters are optimistic that it can win approval next year when Democrats take control of Congress. The House speaker-elect, Rep. Nancy Pelosi (D-Calif.), is a co-sponsor of the measure, and Democrats have generally been more amenable to the issue.

In his statement, Williams said he hoped that the new Congress will revisit the issue next month.

Mayor-elect Adrian M. Fenty, who met with Norton and Pelosi last week, echoed that view. "I look forward to working with all stakeholders to ensure passage of the bill and enfranchisement for District residents," he said.

But Ilir Zherka, executive director of DC Vote, an advocacy group that had been promoting the bill, said he worries that lawmakers will be too busy with budget bills and other priorities to consider the measure early in 2007.

"We're very skeptical about what might happen next year," he said.

District officials were jubilant after the voting measure was approved last May by the House Committee on Government Reform, chaired by Davis. The bill then moved to the Judiciary Committee, where it was held up over its plan to make Utah's new seat at-large, an arrangement some legislators considered unconstitutional.

To resolve that concern, the Utah legislature met in special session Monday to approve a redistricting map that would include a fourth congressional seat for the state. But the move came too late to propel the bill to a full House vote.

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House Doesn't Allow D.C.- Vote Decision (WT)

By Gary Emerling

The Washington Times, December 6, 2006

Congressional leaders decided not to allow a House vote this week on a measure that would give D.C. residents a vote in Congress for the first time.

Sponsors of the bill said last night that Republican leaders won't bring the measure to the floor during the lame-duck session that ends this week.

D.C. Delegate Eleanor Holmes Norton, a Democrat, and Rep. Thomas M. Davis III, Virginia Republican, expressed their disappointment that the measure won't be voted on until after the new Congress is sworn in next month.

"It's tough to take after we, along with D.C. residents, had created so much momentum for this bipartisan bill," Mr. Davis and Mrs. Norton said in a joint statement. "We got it farther than anyone anticipated. We're disappointed not for ourselves but for residents of the District and Utah and all those who joined this fight for justice over the past four years."

The D.C. Voting Rights Act would give the overwhelmingly Democratic District a full vote in the House and create a fourth House seat for predominantly Republican Utah.

Mrs. Norton and Mr. Davis said they will reintroduce the measure in January. Under current House rules, Mrs. Norton only has a vote in committee and cannot vote on final legislation.

"The main problem is time," Mrs. Norton conceded earlier this week.

Mayor Anthony A. Williams, who leaves office Jan. 2, said it was "unfair and unreasonable" for the Republican-controlled Congress to shelve the issue.

"I'm disappointed because District residents have waited long enough for basic voting rights, and we shouldn't have to wait one day longer," Mr. Williams said.

Mayor-elect Adrian M. Fenty met with House Speaker-elect Nancy Pelosi last week to discuss the bill's prospects.

Jennifer Crider, a spokeswoman for the California Democrat, said the bill would be a priority for Democratic lawmakers next session when they are in control of the 110th Congress.

The Utah Legislature on Monday approved a map dividing the state into four congressional districts instead of three. The redistricting map was required by lawmakers to move the bill forward.

The two additional seats would expand the House permanently from 435 to 437 members.

• This article is based in part on wire service reports.

House Republicans Stop Plan For District Of Columbia Seat (NYT)

By Kirk Johnson

The New York Times, December 6, 2006

SALT LAKE CITY, Dec. 5 — A day after the Republican-led Utah Legislature approved a package aimed at creating two new seats in Congress, one for Utah and one for the District of Columbia, Republican leaders in Congress said the plan was dead and would not be voted on this session.

A spokesman for the chief backer of the plan, Representative Thomas M. Davis III, Republican of Virginia, said Mr. Davis would push for reconsideration. Failing that, the spokesman said, Mr. Davis would reintroduce the package in the next Congress, which the Democrats will lead.

A spokesman for Gov. Jon Huntsman Jr. of Utah, a Republican, said Mr. Huntsman had not given up either and was making calls on Tuesday to Washington in an effort to keep the idea alive.

“We’re disappointed, but we view this as a temporary setback, not by any means a final decision,” said the spokesman, Mike Mower.

A Utah-Washington axis, with one side heavily Republican here in Utah and the other overwhelmingly Democratic in Washington, was clearly an odd-duck creation from the beginning.

The plan emerged out of an effort to gain voting representation on Capitol Hill for Washington residents, who have never been a voting voice in Congress. Utah was enlisted as a partner because it has its own grudges about representation. An

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undercount in the 2000 Census robbed Utah, leaders in both parties say, of a fourth Congressional seat that they believe they are due.

Utah fulfilled its part of the pact on Monday, calling a one-day legislative session at a cost of $15,000 to create a redistricting map for the proposed fourth seat, almost certainly to be held by a Republican.

A new Republican seat for Utah was meant to ease the way through the House and Senate by the Washington bill, the District of Columbia Fair and Equal Voting Rights Act.

That measure would allow residents to elect a voting member of Congress. That new representative would presumably be a Democrat. Thus, one new seat on each side of the aisle balancing the other.

Some Republicans in the Utah Legislature balked, saying that the Constitution authorized representation only to the states and that unless the status of the District of Columbia was changed or the constitutional language about statehood was changed, the courts would probably strike down the plan.

The bill's fate in the Senate was also questionable, especially if an allowance for representation in the House for the District of Columbia might lead to calls for a Senate seat, too.

GOP's Big Plans Yield Little Gain (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, December 6, 2006

WASHINGTON — Twelve years after Republicans stormed into power on Capitol Hill with ambitious plans for action on energy exploration, abortion and other key issues, the GOP wraps up its run at the helm this week with a legislative whimper.

One of the few bills that may emerge from Congress before it adjourns for the year would expand oil drilling in the Gulf of Mexico. Yet even if the GOP succeeds in pushing the measure into law, it will be a more modest and much less controversial plan than party leaders envisioned just months ago.

In the House, a GOP-backed bill may pass that would require abortion providers to tell patients that fetuses feel pain. But the measure not only falls far short of initiatives Republicans once hoped to enact that would rein in abortions, it stands virtually no chance of taking effect — the Senate has no intention of considering the bill before leaving town.

The energy and abortion bills are examples of the last gasps of an expiring GOP wish list.

With Democrats slated to take control of Congress in January, proposals to expand oil drilling and reduce abortions are unlikely to see the light of day during the next two years. Instead, they will join other mainstays of the Republican agenda — such as abolishing the estate tax, limiting medical malpractice lawsuits and banning gay marriages — on the legislative sidelines.

GOP lawmakers express resignation as they contemplate seeing many of their cherished goals consigned to oblivion, replaced by priorities near and dear to the hearts of Democrats.

"It's going to be a challenge … and I say that tragically," said Rep. Christopher H. Smith (R-N.J.), whose bill on fetal pain will come up today for what almost assuredly will be its last vote in the foreseeable future.

A cornerstone of the Republican agenda was a pledge to control federal spending. But the party's congressional leaders have faced mounting criticism from their own rank-and-file members on this front as the federal budget deficit has grown in recent years. And in the final days of this congressional session, the GOP is making little effort to pass a series of bills to fund the federal government next year, much less implement any long-term budget restraints.

"There is a sense that the Republicans ultimately … said, 'Let the Democrats sweep up after the elephants, " said Ross K. Baker, a congressional scholar at Rutgers University in New Jersey.

As of Tuesday, Congress had cleared just two of 11 spending measures for the government — one that provides money for the Pentagon, the other for the Department of Homeland Security. Rather than grapple with tough spending decisions for the array of other agencies, the Republicans plan instead to pass a stopgap funding measure, leaving it to the Democratic-controlled Congress to adopt new funding bills early next year.

G. William Hoagland, the top budget aide to outgoing Senate Majority Leader Bill Frist (R-Tenn.), chalked up this scenario to "a dispirited GOP."

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The abortion bill pending before the House has been a second-tier priority for anti-abortion activists, said Douglas Johnson of the National Right to Life Committee.

Under it, women whose pregnancies are 20 weeks past fertilization would have to be informed that "substantial evidence" existed that fetuses experience pain as an abortion is performed. The bill's supporters hope this requirement could dissuade some women from following through with an abortion.

The measure's assertion that fetuses feel pain is in dispute. But in a sign of the relatively low importance attached to the measure, it is not being actively opposed by NARAL Pro-Choice America, one of the nation's leading abortion rights groups.

Republicans scored some successes in the battles over abortion during their years in power. One of the most prominent was the 2003 passage of a bill banning so-called "partial-birth abortions," a procedure often used to end pregnancies during the second trimester.

The measure has yet to take effect, however, pending a U.S. Supreme Court ruling on its constitutionally. And this year, anti-abortion activists suffered a setback when Congress deadlocked on a measure that would have toughened parental-consent laws involving minors who crossed state lines for abortions.

Republicans have similarly had to scale back their hopes for expanding oil drilling off the nation's coastline.

House leaders had been holding out for a far-reaching measure that would have relaxed a decades-long ban on drilling in most coastal waters, including those in the Pacific Ocean. But pro-drilling industry groups lobbied the leaders to accept the more limited Senate bill that focuses only on the Gulf Coast.

"We want to take what we can get" before Democrats take over Capitol Hill, said Rep. John E. Peterson (R-Pa.). "This is about a fraction of what we really wanted to do, but it's helpful."

Panel Turf Wars Looming (HILL)

By Alexander Bolton

The Hill, December 6, 2006

Incoming Democratic House committee chairmen among themselves are edging toward a turf war and tricky talks with the Senate by pressing to reverse structural changes made to their panels by former Majority Leader Tom DeLay (R-Texas) and other Republican leaders.

Rep. John Dingell (D-Mich.), who for years struck fear in executive-branch officials and industry bosses as chairman of the Energy and Commerce Committee, is arguing that his panel should be given back important jurisdictions that Republicans stripped from it.

He is at odds with incoming Speaker Nancy Pelosi (D-Calif.), who has opposed him in the past. She has said there will not likely be any changes of jurisdiction between committees. “I don’t think we’ll be changing jurisdictions but we’ll have to take a look at it,” Pelosi told The Hill.

Rep. Dave Obey (D-Wis.), the presumed next chairman of the Appropriations Committee, is also seeking changes of jurisdiction and is haggling with Sen. Robert Byrd (D-W.Va.) over reversing changes the GOP made to his panel’s jurisdictional structure.

But while Pelosi, keen to avoid turf battles, does not support changing committee jurisdictions, she has given Obey a green light to change the structure of his panel because the reforms would be internal.

Obey, a close ally of Pelosi’s, plans to add at least one new appropriations subcommittee and make Rep. Jose Serrano (D-N.Y.) a subcommittee chairman, according to House Democratic sources. That would allow at least one member of a racial minority to wield a gavel on the panel.

Obey is going to restore the Legislative Branch subcommittee and give the Defense Appropriations subcommittee headed by Rep. John Murtha (D-Pa.), another Pelosi ally, control over military healthcare issues, a big defense account, said a senior Democrat.

Dingell is one of a few House committee ranking members who have approached the Democratic leadership about jurisdictional issues, said a Democratic aide. The Small Business Committee is also pressing jurisdictional concerns.

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Dingell says his panel would be more effective than Financial Services in presiding over securities, insurance and accounting, areas that Republicans carved away from Commerce. Republicans added those powers to the old Banking Committee and turned it into the Financial Services Committee.

"The Commerce Committee has always functioned very well with that jurisdiction. There were no scandals in the financial world whatsoever," said Dingell. "Since they carved up the jurisdiction we have a seen a number of scandals. I think rectification of those problems includes returning jurisdiction to where it was exercised well and where it properly belongs."

When asked whether he would press leaders to make those changes, Dingell responded: "We're still working on that."

Rep. Henry Waxman (D-Calif.), the second-most senior Democrat on Commerce, supports Dingell.

"I've heard his arguments and they're very persuasive to me as a member of the Energy and Commerce Committee," said Waxman.

But Rep. Barney Frank (D-Mass.), incoming chairman of Financial Services, said there would be no jurisdictional realignment between his panel and Commerce. Frank noted that Rep. Mike Capuano (D), chairman of the Committee on Organization, Study, and Review, which is reviewing changes to House rules, is a fellow member of the Massachusetts delegation.

Frank said his staff and the staffs of other incoming chairmen would form a working group to ensure jurisdictional cooperation between committees.

Several senior members of the House Appropriations Committee said Obey and Byrd, the incoming chairman of the Senate panel, would implement reforms to align the Senate and House.

At the beginning of the 109th Congress, House Republicans eliminated the VA, HUD and Independent agencies subcommittee as well as the District of Columbia and Legislative Branch subcommittees.

In the Senate, Republicans managed to reach agreement on eliminating only the District of Columbia subcommittee, creating a misalignment between the two chambers. The Senate Appropriations Committee has 12 subcommittees while its House counterpart has 10. Because each is responsible for crafting a spending bill funding a portion of government, the mismatch created a headache for Senate and House negotiators seeking compromises between significantly differing versions.

Several senior members of the House committee said Obey and Byrd would restructure their respective subcommittees to create alignment.

Democrats have only agreed to add one new House subcommittee. But to create a match with the Senate another would be needed, or a Senate sub-panel would have to be eliminated, something almost impossible in light of how protective Senate subcommittee chairmen are of their fiefdoms.

"I'm told they're trying to get the House Appropriations subcommittees to match the subcommittees in the Senate," said Rep. Ed Pastor (D-Ariz.).

Pastor said the creation of at least one new subcommittee would create "a possibility for Serrano to be made whole."

Serrano, who had served as the ranking Democrat on the old Commerce, Justice, State and Judiciary subcommittee, lost his chance to become a subcommittee chairman because of the Republican alignment. He has since argued in private meetings with his colleagues that he should be given a new position because it's important to have at least one racial minority member wield an Appropriations gavel. Serrano is Hispanic.

One of the other Democrats to lose an Appropriations subcommittee two years ago was Rep. Chaka Fattah (D-Pa.), who is black. All Appropriations subcommittee ranking Democrats are white.

"I think it's important to have diversity," said Pastor.

Obey said he would not discuss changes until he is officially made chairman this week.

Democrats Stick With Seniority In Round One (HILL)

By Josephine Hearn

The Hill, December 6, 2006

As expected, seniority ruled the first round of selections for House committee chairmen yesterday afternoon, despite Democratic leaders' repeated insistence that seniority would be only one of many factors weighed in choosing panel leaders.

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In the first of what will be many decisions the Democratic Steering and Policy Committee will make in coming weeks, the panel met to select the chairmen of four "exclusive" committees: Appropriations, Ways and Means, Energy and Commerce and Financial Services. The leader of the fifth exclusive committee, Rules, is appointed by House Speaker-designate Nancy Pelosi (D-Calif.).

Although the results of yesterday's meeting were expected — Rep. Dave Obey (D-Wis.) will chair Appropriations, Rep. Charles Rangel (D-N.Y.) Ways and Means, Rep. John Dingell (D-Mich.) Energy and Commerce and Rep. Barney Frank (D-Mass.) Financial Services — the gathering raised an obvious question among House Democrats: whether committee chairmen would cooperate with Democratic leaders or whether some would chart their own course on certain issues.

Frank said he did not foresee any differences.

"We've almost always worked together for the past two years, so I don't see why it will be any different," Frank said. "We have great cooperation, a lot of collegiality. We'll work together."

Pelosi was expected to appoint Rep. Louise Slaughter (D-N.Y.) as Rules Committee chairwoman and Rep. John Spratt (D-S.C.) as Budget Committee chairman last night, with plans for the full caucus to ratify them today.

"We don't have any problems with that," Slaughter said, responding to a question about potential friction.

"Whatever message or direction leadership wants to move forward with, I'm comfortable with that," declared Rep. Bennie Thompson (D-Miss.), expected chairman of the Homeland Security Committee.

All incoming committee chairmen have fulfilled their member dues requirements to the Democratic Congressional Campaign Committee, some paying much more than obligated. The two members vying to chair the Veterans Affairs Committee, Reps. Bob Filner (D-Calif.) and Mike Michaud (D-Maine), paid their $125,000 requirements. Veterans Affairs is the only disputed committee. The Steering Committee is expected to decide that contest by the end of the week.

Nearly all of the chairmanships will go to the Democratic member with the most seniority. Democrats have long held seniority in high regard and these decisions are unlikely to change that. In such an atmosphere, a member's dues payments or his or her overall political activity is less important. Frank said that dues were no factor at all in awarding chairmanships. More important, he said, was how a member had weighed in on key votes.

"There's more concern about voting record than giving record," he said.

But several years ago, Rep. Collin Peterson (D-Minn.) nearly missed becoming the ranking Democrat on the Agriculture Committee in part because he had failed to pay all his dues.

This year, Peterson paid all $200,000 of his requirement.

Democratic leaders hope to finish awarding chairmanships by week's end. The sooner they can dispense with the task, the better, Democratic sources said, since Democrats plan a flurry of activity when they formally take control of the chamber on Jan. 4.

"I have bad news for you. Those trips you had planned in January, forget 'em," joked House Majority Leader-elect Steny Hoyer (D-Md.) to reporters yesterday. "We will be working almost every day in January, starting with the fourth."

Hoyer said the House would conduct business Monday through Friday.

"Most weeks, yes, we will be working Monday, we will come in Monday at 6:30 [p.m.] and be working on Friday … until about 2 o'clock in the afternoon to give people time so they can get home," he said.

Black Caucus Ready To Flex Political Muscle (WT)

By Brian Debose

The Washington Times, December 6, 2006

The Congressional Black Caucus today will announce its leadership team and agenda for the 110th Congress with Rep. Carolyn Cheeks Kilpatrick, the group's chairman, expected to refocus on urban and poverty issues.

The Michigan Democrat, whose son Kwame Kilpatrick is mayor of Detroit, could be one of the most effective CBC chairman in 20 years because many caucus members are likely to lead key House committees -- Judiciary, Homeland Security, Administration, and Ways and Means.

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Almost every piece of legislation that Democrats bring to the House floor will have to pass the approval of a CBC member. The group, composed of Democrats, also will benefit from almost 17 subcommittee chairmanships and former CBC Chairman James E. Clyburn, South Carolina Democrat, as the House majority whip.

"The black caucus has an opportunity to raise the ante on its label as 'the conscience of the Congress' and will have the strength to deal with poverty issues; developing a better, more friendly relationship with Africa; criminal-justice issues; and the overwhelming work to be done in the Gulf region," said Rep. Sheila Jackson-Lee, Texas Democrat, who is expected to be elected as CBC whip.

Reps. Barbara Lee of California and Emanuel Cleaver II of Missouri will serve as the vice chairmen, and Rep. Danny K. Davis of Illinois, will be the secretary, said staffers and members who spoke with The Washington Times yesterday.

Mr. Cleaver said his top priority will be to push for an end to state election laws that require voters to present state-issued identification to vote, an issue that will be taken up by his CBC colleague, the next chairman of the House Administration Committee, Rep. Juanita Millender-McDonald of California.

"Congressman Ike Skelton who lives in my metropolitan area couldn't vote because he showed up at the polls and didn't have a driver's license -- Ike has polio and can't use his arms and has no need for a license," Mr. Cleaver said, adding, "That kind of foolishness has to stop."

He said the public should expect the CBC leaders to move Democrats to address several issues, such as police misconduct, HIV/AIDS, mandatory minimum jail sentences and other issues that have been "ignored now for decades."

Mr. Cleaver said he soon expects the group to announce its legislative agenda for the first 100 hours of Congress to go in tandem with the issues House Speaker-elect Nancy Pelosi of California has said will be done in that time.

The agenda is not likely to change much under the new leadership because almost every caucus member supported the agenda of the outgoing chairman, Rep. Melvin Watt, North Carolina Democrat, to end racial disparities in access to education, employment, incarceration rates and health care.

"He has created a wonderful platform for them and they are well-positioned to address issues that in many instances are considered privileges to some but for us in the CBC we consider civil rights," said Rep. Elijah E. Cummings, Maryland Democrat and a past CBC chairman.

However, both he and Mr. Watt said the black caucus would be only as strong as its bonds with the leadership and the congressional Hispanic and Asian and Pacific Islander caucuses.

Mr. Cummings said that when he was chairman, the agendas of the black and Hispanic caucuses were identical with the exception of immigration.

"It was not on our core agenda when it started to gain resonance in the public debate, because it wasn't something that we really had to deal with," Mr. Watt said.

He said the group in the past year decided to work toward a common set of principles on immigration policy with the other minority caucuses that he expects the new leadership to advance.

"One of the primary tenets is a living wage for all workers, legal, illegal or otherwise," Mr. Watt said.

Rep. Bennie Thompson, Mississippi Democrat, who will be chairman of the House Homeland Security Committee, said the second issue would be crafting an entry policy that is neither discriminatory based on race nor arbitrary based on country of origin.

House GOP Fixes Panel Term Limits (HILL)

By Patrick O'connor

The Hill, December 6, 2006

Republicans renewed their six-year term limits on top committee posts yesterday, dealing a blow to three outgoing chairmen who lobbied for a rules change to head their respective panels in the minority.

Rep. Dana Rohrabacher (R-Calif.) also withdrew his amendment to the party's internal rules that would allow ranking Republicans who are term-limited out of those posts to retain the chairman's gavel if the GOP returns to the majority.

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During the closed-door session in the Longworth House Office Building, Minority Leader-elect John Boehner (R-Ohio) instead agreed to create a review task force to study the impact of that change, members and staff present said.

Boehner agrees in principle with Rohrabacher's amendment, GOP leadership aides said, but would like to study it further before implementing the change.

Republicans are set to decide which members will head select panels during Steering Committee meetings today and tomorrow, and members of the conservative Republican Study Committee (RSC) will also decide their next chairman in a bruising race between Reps. Jeb Hensarling (R-Texas) and Todd Tiahrt (R-Kan.).

Tiahrt is the choice of the group's three remaining founders, but Hensarling scrambled to continue building support for his own campaign on the eve of today's election. One of the founders was rumored to be questioning Hensarling's record on immigration yesterday in calls to other members using misleading information, GOP aides said yesterday.

With Republicans set to decide the top committee posts this week, GOP leaders are not expected to decide individual committee slots until Speaker-elect Nancy Pelosi (D-Calif.) determines the ratio of Republicans to Democrats on each panel. Her office has not yet notified the leaders of those ratios, and Republicans this week have not heard any timeline for those decisions to be made.

"No decision has been made yet," Pelosi spokeswoman Jennifer Crider said.

The biggest question regards members on the so-called "A" committees, with Energy and Commerce most likely to shed Republicans.

Republicans lost nine seats on the Ways and Means Committee and at least six on the Appropriations panel to either retirement or the election whereas three GOP lawmakers lost their reelection or retired from Energy and Commerce.

Meanwhile, there have been rumblings that incoming Energy and Commerce Committee Chairman John Dingell (D-Mich.) would like to increase the size of the panel, according to lobbyists with work before the committee. A number of Republicans will soon make their case to the leaders and Rep. Joe Barton (R-Texas), the presumed ranking Republican on that panel.

Republican rules prohibit members on an "A" committee from serving on any other panel, but at least eight Energy and Commerce members currently do, including Veterans Affairs Chairman Steve Buyer (R-Ind.) and Reps. Barbara Cubin (R-Wyo.), Vito Fossella (R-N.Y.), Paul Gillmor (R-Ohio), Ralph Hall (R-Texas), Charles Norwood (R-Ga.), George Radanovich (R-Calif.) and Cliff Stearns (R-Fla.).

Barton moved to force Rep. Heather Wilson (R-N.M.) off his panel a couple of years ago. But Wilson, a former Air Force officer, opted to resign from the Armed Services Committee and retained her spot on Energy and Commerce.

Boehner and a spokesman for the committee both said Barton and the leadership have not discussed enforcing the prohibition and will not address the issue until Pelosi determines the ratios.

Steering Committee members allowed Buyer to hold his seat on Energy and Commerce when he was named chairman two years ago, and he expects the committee to make a similar decision this year.

At the time, Rep. John McHugh (R-N.Y.) asked Buyer if he would stay on Energy and Commerce if he assumed the Veterans Affairs chairmanship, but Speaker Dennis Hastert (R-Ill.), who had just forced Rep. Chris Smith (R-N.J.) to retire his gavel on that panel in favor of the Indiana Republican, told committee members there would not be a problem with Buyer retaining his membership on the powerful A committee, Buyer said yesterday.

Stearns also would like to remain on Veterans Affairs and believes his status as a veteran along with waning interest in the committee itself should allow him to hold both posts.

"I would like to retain my seniority on the Veterans Affairs Committee and to continue to build upon my successes for veterans, and I will make that case to Mr. Barton," Stearns said in a statement e-mailed by his office.

The closest decisions during this week's Steering Committee meeting should be in the races to determine the top spots on Budget, Financial Services, International Relations and Transportation and Infrastructure. Republicans have been campaigning for these slots for much of the last Congress because each panel's chairman was set to be term-limited out of the top spot.

The committee will also decide the ranking slots on Judiciary, Resources, Science, Small Business and Ways and Means.

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Outgoing Judiciary Chairman James Sensenbrenner Jr. (R-Wis.), who had lobbied to retain the top spot on that committee, will make his case to the Steering Committee this week to once again be the top GOP member on the Science Committee. He served as chairman for four years before winning the Judiciary gavel.

House Transportation and Infrastructure Committee Chairman Don Young (R-Alaska) and House Small Business Committee Chairman Don Manzullo (R-Ill.) had also pushed to retain their senior Republican posts.

Republicans want to settle these committee decisions as soon as possible so that the ranking members can determine their staffs in time to combat Democrats during the rollout of their priority legislation during their first 100 hours in power.

"Anytime there is a transfer of power, you have a challenge in continuity," Buyer said, adding committees need to staff up in an attempt to stifle Democratic momentum.

Dems Split On Extent Of Ethics Changes (USAT)

By Fredreka Schouten

USA Today, December 6, 2006

WASHINGTON — A senator and spouse spend several days in Asia, their airfare, meals and hotel bills paid for by a trade association. Former lawmakers who work as lobbyists use a taxpayer-owned gym reserved for members of Congress. Several House members catch a ride on a corporate jet, avoiding long airport lines but paying only a fraction of the flight's cost.

These are the kind of perks enjoyed by current and former members of Congress that could end under a package of ethics changes Democratic leaders intend to push when they assume control of Congress in January. But less than a month after sweeping into office on the promise of a major ethics overhaul, Democrats are divided over just how much change is needed.

Several Democrats, citing the corruption scandals that beset Congress in the past year, want tougher standards than their leaders have proposed. The major points of contention: Whether lawmakers should police themselves and how much to clamp down on earmarks, the special projects that lawmakers, often anonymously, insert into spending bills to benefit hometown or special interests.

Sen. Joe Lieberman, D-Conn., said there's no doubt an ethics bill will pass Congress. "The question is: Will it be as strong and comprehensive as it should be?"

Lieberman was among a small, bipartisan coalition of lawmakers who on Tuesday promised a broad array of changes. Specifically, they backed the creation of an Office of Public Integrity to launch and carry out ethics probes. That power now resides with the House and Senate ethics committees, which the lawmakers slammed as failing to act on corruption charges.

Sen. Barack Obama, D-Ill., has proposed an ethics enforcement commission with similar powers.

Getting an independent watchdog will be a "very tough battle," said Fred Wertheimer, president of Democracy 21, a non-partisan group pushing ethics changes. But "if they don't address the ethics enforcement process, they will have failed in a major way to address the ethics problems in Congress."

Incoming Speaker Nancy Pelosi, D-Calif., has pledged to make changes to ethics rules the first order of business when the new Congress convenes. Under a proposal she unveiled this year, Democrats would eliminate a wide array of lobbying practices — from banning lobbyist-funded travel and gifts to barring former lawmakers-turned-lobbyists from the House floor and the members-only gym. The proposal would require greater public disclosure of some earmarks.

The stakes are high for Democrats and Pelosi, who pledged to deliver "the most honest, most open and most ethical Congress in history" in the wake of corruption scandals that led to investigations of several lawmakers and prison terms for Rep. Duke Cunningham, R-Calif., and disgraced lobbyist Jack Abramoff.

Polls show widespread concern. In a USA TODAY/Gallup national poll taken Oct.6-8, 86% of adults said corruption in government would be "extremely" or "very important" in their votes for Congress. Only 46% of adults polled after the election (Nov. 9-12) said Democrats were likely to curb corruption. The polls had a margin of error of +/-3 percentage points.

In a recent memo to colleagues, Rep. Rahm Emanuel, D-Ill., who oversaw campaign efforts for House Democrats, said failing to deliver ethics reforms "would be devastating to our standing with the public and … jeopardize some of our marginal seats."

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Emanuel and Rep. Chris Van Hollen, D-Md., are pushing for an outright ban on earmarks that would benefit lawmakers or their families or the companies and lobbying firms that employ the relatives of House members.

The existing Pelosi bill does not go that far. It requires lawmakers to disclose their sponsorship of earmarks in their congressional districts and to declare in writing whether they have a financial interest in the project.

Emanuel, a member of the Democratic leadership, predicted that the final proposal would require earmarks "to have a public purpose, not a private or personal gain."

Creation of an independent body to investigate ethics is more controversial. "Members are almost paranoid about letting anyone else into the (ethics) process," said Thomas Mann of the Brookings Institution.

Pelosi spokeswoman Jennifer Crider said an independent panel is part of discussions, but said, "the ethics committee when it functions, does do its job overseeing members."

Jan Baran, a Washington lawyer and ethics expert, said he believes that ethics reform will pass in the new Congress. "The issue is how will people behave two, three, five years from now," he said.

Liberal Coalition Eyes First Hundred Hours (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 6, 2006

A large group of liberal organizations is planning to wage a national lobbying and public relations campaign to press for passage of the House Democrats' legislative agenda next year, taking a page from longtime corporate practices.

The Change America Now coalition, or CAN, met yesterday at AFL-CIO headquarters to outline the many methods it will use -- including the release of research papers and e-mail and phone bombardment of Congress.

The goal is to persuade on-the-fence lawmakers in more than 80 congressional districts to vote for the "Hundred Hours" agenda, a list of legislation that Democrats hope to approve in the first 100 legislative hours of the new Congress. The agenda includes an increase in the minimum wage and an effort to reduce the cost of Medicare prescription drugs.

The campaign will largely target Republican moderates and Republicans who were narrowly elected in November. The group's leaders said they hope to increase the margin of victory for each plank of the platform in the House to boost the measures' prospects in the Senate -- a much harder place for them to succeed. In addition, they said early wins will make it easier for each organization to persuade Congress later to approve other elements of their own legislative wish lists.

"Groups on the progressive side support the priorities that are represented in the Hundred Hours agenda and we want to see them enacted," said Bill Samuel, the AFL-CIO's legislative director.

Robert L. Borosage, co-director of the liberal Campaign for America's Future, said that approval of the Hundred Hours agenda would also help the public better understand what the incoming Democratic majority stands for. "We are still too undefined," he said, and the Hundred Hours agenda "begins that process" of redefinition.

The 40-member coalition's other major organizers are Americans United, USAction, and labor unions led by the American Federation of State, County and Municipal Employees, he said.

Yesterday morning, at a regular, biweekly meeting of liberal organizations called the Tuesday Group, about 100 people packed a conference room to hear the coalition's strategy. Representatives of many groups that were instrumental in electing Democrats to Congress this year were there, including the Sierra Club, the League of Conservation Voters, the Association of Trial Lawyers of America, the Center for American Progress and several women's organizations.

The effort they discussed was reminiscent of the elaborate business-backed lobbying campaign 12 years ago that pushed the "Contract With America," which was the then-Republican majority's legislative agenda. Conservative groups including the U.S. Chamber of Commerce and the Christian Coalition banded together then to lobby the House to pass the GOP's 10-part program.

The meeting was also an echo of a conservatives' gathering that started in 1993 and continues to this day, hosted by Grover G. Norquist, president of Americans for Tax Reform. Norquist's weekly "Wednesday Meeting" routinely attracts 150 people and is a forum for discussing ways to bolster conservative policies.

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Hickey said the liberals' Tuesday Group was designed to counter a government "dominated by the special interests." In response, Norquist said: "So says the guy from the trial lawyers, the labor unions and the radical environmentalists. The Democratic Party is a collection of special interests."

Culture Shock On Capitol Hill: House To Work 5 Days A Week (WP)

By Lyndsey Layton

The Washington Post, December 6, 2006

Forget the minimum wage. Or outsourcing jobs overseas. The labor issue most on the minds of members of Congress yesterday was their own: They will have to work five days a week starting in January.

The horror.

Rep. Steny H. Hoyer, the Maryland Democrat who will become House majority leader and is writing the schedule for the next Congress, said members should expect longer hours than the brief week they have grown accustomed to.

"I have bad news for you," Hoyer told reporters. "Those trips you had planned in January, forget 'em. We will be working almost every day in January, starting with the 4th."

The reporters groaned. "I know, it's awful, isn't it?" Hoyer empathized.

For lawmakers, it is awful, compared with what they have come to expect. For much of this election year, the legislative week started late Tuesday and ended by Thursday afternoon -- and that was during the relatively few weeks the House wasn't in recess.

Next year, members of the House will be expected in the Capitol for votes each week by 6:30 p.m. Monday and will finish their business about 2 p.m. Friday, Hoyer said.

With the new calendar, the Democrats are trying to project a businesslike image when they take control of Congress in January. House and Senate Democratic leaders have announced an ambitious agenda for their first 100 hours and say they are adamant about scoring legislative victories they can trumpet in the 2008 campaigns.

Hoyer and other Democratic leaders say they are trying to repair the image of Congress, which was so anemic this year it could not meet a basic duty: to approve spending bills that fund government. By the time the gavel comes down on the 109th Congress on Friday, members will have worked a total of 103 days. That's seven days fewer than the infamous "Do-Nothing Congress" of 1948.

Hoyer said members can bid farewell to extended holidays, the kind that awarded them six weekdays to relax around Memorial Day, when most Americans get a single day off. He didn't mention the month-long August recess, the two-week April recess or the weeks off in February, March and July.

He said members need to spend more time in the Capitol to pass laws and oversee federal agencies. "We are going to meet sufficient times, so the committees can do their jobs on behalf of the American people," he said.

For lawmakers within a reasonable commute of Washington, longer weeks are not a burden -- although they are likely to cut into members' fundraising and campaigning activities. But for members from Alaska and Hawaii, the West Coast, or rural states, the new schedule will mean less time at home and more stress.

"Keeping us up here eats away at families," said Rep. Jack Kingston (R-Ga.), who typically flies home on Thursdays and returns to Washington on Tuesdays. "Marriages suffer. The Democrats could care less about families -- that's what this says."

Time away from Washington is just as important to being an effective member of Congress as time spent in the Capitol, Kingston added. "When I'm here, people call me Mr. Congressman. When I'm home, people call me 'Jack, you stupid SOB, why did you vote that way?' It keeps me grounded."

Rep. Elton Gallegly (R-Calif.), who had intended to retire this year, only to be persuaded to run again, wondered whether the new schedule was more than symbolic. "If we're doing something truly productive, that's one thing," he said. "If it's smoke-and-mirrors hoopla, that's another."

Senate leaders have not set their schedule, but the upper chamber generally works a longer week than the House, though important votes or hearings are usually not scheduled on Mondays or Fridays.

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House Majority Whip Roy Blunt (R-Mo.), one of the architects of the lighter workweek, put the best Republican face on Hoyer's new schedule.

"They've got a lot more freshmen then we do," he said of the Democrats. "That schedule will make it incredibly difficult for those freshmen to establish themselves in their districts. So we're all for it."

The new schedule poses a headache for Rep. Debbie Wasserman Schultz (D-Fla.), who runs her 7-year-old daughter's Brownie troop meetings on Monday afternoons in Weston, Fla. "I'll have to talk to the other mothers and see if we can move it to the weekend," she said.

Setting a calendar that satisfies 435 members is impossible, said the current majority leader, Rep. John A. Boehner (R-Ohio), who will become minority leader in January. "Between the travel issues, the members' work schedules, the family and district issues, it was a Rubik's cube," he said.

But most Democrats, some still giddy from their election victories, seemed game.

"It's long overdue," said Rep. Mike Thompson (D-Calif.), who lives in Napa Valley and will have to leave his home at 3 a.m. on Sundays to catch a flight to Washington in time for work Mondays. "I didn't come here to turn around and go back home."

Staff writer Jonathan Weisman contributed to this report.

Inside Politics (WT)

By Greg Pierce

The Washington Times, December 6, 2006

Bonior and Edwards

Former Rep. David E. Bonior, a one-time leader in Congress who has close ties to labor unions, has signed on to manage a future John Edwards presidential campaign.

Mr. Edwards hasn't announced a repeat of his 2004 presidential bid yet, but an Edwards adviser said last week that Mr. Bonior will manage the effort if Mr. Edwards decides to run. In the meantime, Mr. Bonior has signed on as a senior adviser to Mr. Edwards' leadership PAC, the One America Committee, the Associated Press reports.

Mr. Bonior represented Detroit's northern suburbs for 26 years in the House, rising to be the No. 2 Democrat before stepping down in 2002 for an unsuccessful campaign for Michigan governor. Mr. Bonior was a leading advocate for labor unions, a constituency that Mr. Edwards has aggressively been courting.

No mercy

With Republicans on Capitol Hill trying to spend like Democrats and Democrats trying to be as tough as Republicans in the war on terror, the grand difference between the two parties may come down to a matter of scheduling, reports Charles Hurt of The Washington Times.

Republicans prefer to keep lawmakers out of Washington, since that's usually where they do all the damage, and Democrats want members chained to their desks so they can churn out innumerable pages of new federal laws.

"It is appropriate that the do-nothing Congress is ending by doing nothing," incoming House Majority Leader Steny H. Hoyer said yesterday, discussing this final week's slim agenda.

"I have bad news for you," the Maryland Democrat said. "Those trips you had planned in January? Forget 'em. We will be working almost every day in January."

In a roomful of reporters who have grown accustomed to short workweeks and bankers' hours under Republican rule, the groans were audible.

Then, he laid out the Democratic vision for five-day workweeks as far as the eye can see.

"Monday through Friday?" asked one stunned reporter.

"You will not be excited about it," Mr. Hoyer observed.

"You sound like the principal," complained another reporter.

"I know," Mr. Hoyer said. "It's awful, isn't it? I presumably have some authority over the schedule, and I don't like it."

Faux centrists

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"Here comes the 2008 presidential cycle, and on cue, Associated Press reporters are finding 'centrists' in the race whose voting records are NOT a 50-50 mishmash of conservative and liberal," the Media Research Center's Tim Graham writes at www.mrc.org.

"This cycle's 'centrist' contenders are Hillary Clinton (actually strongly, staunchly liberal) and Evan Bayh (liberal most of the time.)

"In a Monday dispatch, AP reporter Beth Fouhy stressed that Hillary Clinton won 'even the most conservative areas of her adopted home state of New York,' but there are drawbacks: 'Despite her centrist six-year Senate voting record, Clinton's reputation remains deeply rooted in her polarizing eight years as first lady.' "

"AP does the same for Sen. Evan Bayh ... 'The 50-year-old senator has charted a centrist's course throughout his political career, including two terms as governor and eight years in the Senate.'

"But the American Conservative Union's voting index doesn't match these assessments. Sen. Bayh's lifetime ACU rating is 21 percent conservative, so he votes the liberal position about four of every five Senate votes they've counted. Hillary Clinton has a lifetime ACU rating of 9 percent, or 91 percent liberal. In 2005, Bayh was a 20. Hillary was a 12.

"Or consult Americans with Democratic Action, the liberal vote-counters. Did they find Evan and Hillary in the center? On their 2005 tally, Hillary Clinton is one of 22 'Senate Heroes' who scored a perfect 100 percent with the liberal group. Evan Bayh scored a less-than-centrist 95."

Still spending

The Senate Budget Committee chairman yesterday chastised his party for trying to tack big-ticket spending items onto end-of-the-year legislation, even though November's election sent a clear message about the need for fiscal discipline, reports Amy Fagan of The Washington Times.

"One of the messages out of the last election was that they expected Congress to be fiscally responsible, especially Republicans," said Sen. Judd Gregg, New Hampshire Republican and outgoing budget panel chairman. He said he hopes Republicans can stick to responsible budgeting in these waning days of their majority rule. "If we can't have it now, when can we have it?" he told reporters in a briefing yesterday.

Specifically, Mr. Gregg is concerned that Republicans are adding a $4.8 billion disaster-relief package for farmers to the agriculture spending bill, without cutting agriculture spending in other areas -- a move he called "excessive, inappropriate" and "a payoff" to farm groups.

He also said there is talk of adding extra items to a popular package of tax-cut extensions that lawmakers are trying to approve this week. Among the items that could catch a ride on the tax-cut bill is a proposal to overhaul the program that provides health care benefits to retired coal miners, which would cost about $4 billion in extra spending, Mr. Gregg said.

Viguerie's lament

Richard A. Viguerie, author of "Conservatives Betrayed: How George W. Bush and Other Big Government Republicans Hijacked the Conservative Cause," yesterday bemoaned the resignation of John R. Bolton as U.S. ambassador to the United Nations:

"There are only a mere handful of conservatives in significant policy-making positions in the Bush Administration. The withdrawal of Ambassador Bolton means there is one less," Mr. Viguerie said. "This is very discouraging to conservatives. Instead of fighting for Ambassador Bolton's confirmation, the Bush administration has once again thrown in the towel."

Bayh's step

Sen. Evan Bayh, Indiana Democrat, announced yesterday that he has formed a presidential exploratory committee.

Mr. Bayh filed federal papers that allow him to raise money and hire staff for a White House run. He is the second Democrat to take a formal step toward a run, after Iowa Gov. Tom Vilsack's official announcement of his candidacy last week.

Mr. Bayh, who has been traveling to states with early nominating contests and gauging support for a presidential run for more than a year, said he would make a final decision early next month.

'Full-scale' Sam

Sen. Sam Brownback, Kansas Republican, billed himself as a "full-scale conservative" yesterday as he courted activists in the state that holds the nation's first caucuses, the Associated Press reported.

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Mr. Brownback said the lessons Republicans should take from their November election defeats is that they face enormous trouble when the party's conservative base isn't energized.

"Our ideas weren't repudiated; our execution was," he told Linn County Republicans in a trip to Iowa. "Our base was lethargic because of too much spending and the Washington corruption cases."

Mr. Brownback filed papers Monday creating an exploratory committee allowing him to travel the country and raise money for a possible 2008 White House run.

Trio From Hill Ask GSA Head Not To Shift Audit Burden (WP)

By Scott Higham And Robert O'harrow Jr.

The Washington Post, December 6, 2006

Three federal lawmakers yesterday called on the new administrator of the General Services Administration to halt her plan to replace government auditors in the agency's inspector general's office with private auditors, saying in a letter that the change could lead to less oversight of contractors.

The letter to GSA Administrator Lurita Alexis Doan followed a report in The Washington Post on Saturday that described Doan's plans to cut $5 million in spending on audits and shift responsibility for contract reviews to small, private contractors.

Doan, a former government contractor, recently compared GSA Inspector General Brian D. Miller and his staff to terrorists, according to notes of a meeting taken by GSA officials. Doan has said vendors and government workers reported that Miller's investigators and auditors exerted "undue pressure" on them.

Yesterday, Reps. Henry A. Waxman (D-Calif.) and James L. Oberstar (D-Minn.) and Del. Eleanor Holmes Norton (D-D.C.) asked Doan to provide a description of her plans and a "detailed analysis of its potential effects" before she moves forward with any changes or budget cuts that would affect the inspector general's work.

"You seem to be reversing the commitments of your predecessor, contradicting the recommendations of GAO, and tampering with a system that works well, all to alleviate the 'stress' of corporations that have attempted to overcharge the taxpayer," the letter said.

Kudos For Those Who Do Good Works Overseas (WP)

By Elizabeth Williamson

The Washington Post, December 6, 2006

Back in the day, there was naught for a diplomatic spouse to do but bake and complain. But that was then: Yesterday, five State Department employees and spouses were recognized for charitable works abroad -- and two of them were men.

Every year, beside the holiday trees in the stately Benjamin Franklin Room on the department's eighth floor, Associates of the American Foreign Service Worldwide present the Secretary of State's Awards for Volunteerism Overseas, a mouthful of a prize for State employees and spouses whose pro bono goodwill benefits their host countries.

The awardees "symbolize the very best of our American diplomats and their families," said State Department Director General George M. Staples, on hand to present the awards. "They are a tribute to the generosity of the American spirit."

The AAFSW, whose "W" used to stand for "women," was founded in 1960 to advocate for better conditions for diplomatic spouses. (In a clue to those conditions, one of its publications was titled "What Do I Do Now?") Today the group sponsors educational programs, scholarships, online resources and the awards.

This year's uber-volunteers included spouses, full-timers or both.

Steven Carroll, posted to Kabul for a year, dove into Afghanistan's refugee community. After collecting clothes and money from American children for the city's orphanages, he delivered the loot in an armored car.

In Seoul, Kathy Hansen, an employed diplomatic family member, worked for a long list of schools and churches and seemed bent on providing blankets for babies. She also helped finance the adoption of Korean, Chinese and Vietnamese children.

Marian McGowan is a diplomatic spouse and a pillar of Jackie's House, a home for 36 abused, neglected and abandoned children in Santo Domingo, Dominican Republic. Beyond food and supplies, McGowan and her volunteers taught the children to write, speak English and mentor the youngest among them.

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A full-time embassy employee in Swaziland, where AIDS affects more than 40 percent of the population, Nelda Villines found time to visit scores of schools and hospitals, distributing food, supplies and 3,000 teddy bears made by U.S. volunteers.

Thomas Yazdgerdi, a political officer in Athens, used his time and clout to help Greece's needy immigrants, who are often subject to discrimination by in-country assistance groups. Yazdgerdi also helped renovate a multicultural day-care center and organized a benefit concert in Greece that raised $100,000 for those left homeless by Hurricane Katrina.

A Commission Made In Heaven (WP)

By Ruth Marcus

The Washington Post, December 6, 2006

Forget the Baker-Hamilton commission. I have high hopes for the Clinton-McCain Commission to Fix Social Security. Haven't heard of it? Actually, neither have Hillary Clinton and John McCain. It's my long-shot scheme for tackling the problem.

First, if not now, when? Third-rail political issues such as Social Security benefit from -- maybe even require -- divided government, to share the blame. They can't be touched in an election year. They're difficult to do during a president's first term, if he -- or she -- wants a second. So 2007 offers the last, best hope for some time.

Second, if not Social Security, then what? The political system right now is too broken, and relations between President Bush and congressional Democrats too frayed, to deal with the truly daunting entitlement issues, Medicare and Medicaid. Social Security is entitlement reform on training wheels.

Third, if not them, who? As the front-runners for their parties' presidential nominations, Sens. Clinton (D-N.Y.) and McCain (R-Ariz.) have a shared interest in getting Social Security off the presidential plate before January 2009.

Clinton and McCain have a track record of bipartisan cooperation; working together on Social Security would only serve to burnish a credential that voters seem to crave. By teaming up, they could neutralize Social Security as a general election issue -- neither could use it as a cudgel against the other. Both have expertise in this area without having burrowed into a rigid ideological framework.

Wouldn't each risk attack from rivals for the nomination? Yes, but the counter-argument is that voters will reward gutsiness and bipartisanship. So the short-term political benefits could offset -- if not outweigh -- the potential costs.

For McCain, the political peril is probably less than for Clinton, since his party hasn't made it a near article of faith that benefits can't be cut, retirement ages raised, payroll taxes diverted to private accounts, etc. He has more leeway to embrace alternatives.

For Clinton, the stakes are admittedly higher, but so is the upside. Sure, it's easy to imagine the ominous narration, "Hillary Clinton wants to slash checks for seniors," over the picture of a crying grandma. But some of Clinton's potential opponents serve in the Senate and might be swept along with the momentum of a bipartisan plan. And Clinton could use boldness on Social Security to combat her image as an overly careful, overly poll-driven calculator.

A bigger-tent commission -- Clinton-McCain-Romney-Obama? -- would be just fine, too.

So how to launch? The president should issue an order creating the commission, announce, LBJ-style, that he wants Clinton and McCain at the helm, and impose a tight deadline -- six months at most. That sounds short, but the potential fixes and trade-offs are well known, and, politically, there's little time to spare.

Then he should set up the commission in a way that's doubly tilted against him.

For one, he should forswear any preconditions, which seems to be where the administration is already heading. There's no harm to the administration in dropping its focus on private accounts funded out of payroll taxes--that's the political reality. On taxes, similarly, there's not much to fear: The president's already opened the door to increasing the ceiling on payroll taxes, and the new Democratic majority will be wary of looking like rabid tax-hikers.

More than that, Bush should give Democrats a structural advantage. In a twist on the Greenspan Social Security commission, the president would appoint five members from the executive branch or private life; the Senate majority leader would pick five from among sitting senators or private citizens; and the speaker of the House would similarly name five. But, as with the Greenspan commission, two out of each five would have to be from the opposite party. This would create a commission of eight Democrats and seven Republicans, and drive the membership in a centrist direction.

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Why would the president stack the deck against himself? Because he'd be giving Democrats an offer they couldn't afford to refuse -- or be perceived as refusing. Democrats couldn't complain about being rolled by a Republican-dominated panel. Given the toxic level of distrust between the administration and congressional Democrats, it may be the only way to get action. And Bush could protect himself against Democrats Gone Wild by requiring a supermajority of the panel to agree on recommendations.

As it happens, the 25th anniversary of the executive order creating the Greenspan commission is Dec. 16. That would be a nice touch, too. And, Mr. President, senators, consider this headline that ran in The Post 16 months after the Greenspan panel was created: "President, on a Note of Bipartisanship, Signs Social Security Bill." Not a bad end to a troubled presidency -- or a bad launching pad for a new one.

Dark Ages Disclosure (WP)

The Washington Post, December 6, 2006

THR EE YEARS AGO we wrote an editorial using the headline above. It decried the senseless and costly loophole under which people running for the Senate -- alone among federal political candidates and committees -- aren't required to file campaign finance reports electronically. In an age when such reports can be filed with the click of a mouse, Senate candidates submit their disclosures on paper, with weeks of delay before they are transferred to a form available and searchable on the Internet. As a result, in the final stretch of campaigns, anyone interested in learning who is bankrolling Senate candidates or how they are spending the cash has to go page by page through voluminous reports. This delay is so obviously unjustified that we expected the legal glitch to be quickly fixed.

Naive us. Three years later, the situation remains unaddressed. According to the Campaign Finance Institute, as late as the week before Election Day, in all 10 of the most closely followed Senate races, no detailed information was available online about contributions between Oct. 1 and Oct. 18, the last filing period before the election. For six candidates in those races -- Democrats Ned Lamont (Conn.), Claire McCaskill (Mo.) and Sheldon Whitehouse (R.I.), and Republicans Mike DeWine (Ohio), Rick Santorum (Pa.) and Thomas H. Kean Jr. (N.J.) -- the only financial information available was from before June 30.

It would be easy to change the rule, and the Senate should do so in the final days of the 109th Congress. More than 20 senators, of both parties, have signed on to S.1508, the Senate Campaign Disclosure Parity Act. If any senator opposes requiring electronic filing, none is willing to say so. Majority Whip Mitch McConnell (R-Ky.), who was rumored to be opposed to the change, says he is for it. Senate Rules Committee Chairman Trent Lott (R-Miss.), whose panel has jurisdiction in this area, said three years ago that it was "part of honesty in elections, I think. Make it accessible." Now what's needed is for Mr. Lott to get committee members' approval to speed the matter to the Senate floor.

To put it bluntly: Republicans, why let the new Democratic majority get credit for making this obvious fix? Do it now, while you're still in charge.

Take The Schumer Train (WSJ)

The Wall Street Journal, December 6, 2006

You would think the last thing Senate Republicans would want to do in their final lame-duck days this week is approve a new $682 million subsidy gift to Senator Chuck Schumer, the New York Democrat who just cleaned their electoral clocks.

No hard feelings. GOP tax writers are preparing to award Mr. Schumer this money for "transportation infrastructure projects." One of the projects to be funded: a new train from Manhattan to John F. Kennedy Airport. Why people in Oshkosh or Olympia should have to pay for this urban choochoo is a mystery.

What makes this project especially objectionable is the creative financing conjured up to pay for it. This earmark hangs like a Christmas ornament from a must-pass bill to extend certain annual tax credits. And how's this for a misnomer? The subsidy is called the "New York Liberty Zone Tax Credit." Here's how it would work: New York would receive up to $2 billion over 10 years (about $1.3 billion of which is September 11 money, for a net new subsidy of $682 million).

Of course, New York City doesn't pay federal taxes, so this bill allows the Big Apple to retain the employer share of the payroll taxes that the city collects on behalf of its public employees. And through some accounting sleight of hand, Treasury would reimburse the Social Security trust fund for the missing dollars. The result: a new $2 billion hole in the budget. Our

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Congressional sources say this is the first time this kind of tax credit has been provided for a city or state to pay for infrastructure pork.

Imagine the precedent this sets for Democrats preparing to take over the subsidy levers next year. Congressmen in both parties are already lining up to adopt the "New York model" for securing tax pork. Get ready for the Des Moines "Freedom Tax Credit" for wheat and corn production. The whole process is so underhanded that Senator Jim DeMint of South Carolina has declared he will hold up the tax bill if the credit isn't removed. Just what Congress needs: new forms of chicanery to raid the Treasury.

OTHER NEWS:

Where Is The Economy Headed? (WP)

By Nell Henderson

The Washington Post, December 6, 2006

The U.S. economy can't seem to make up its mind.

It keeps showing strength and weakness, with fresh data yesterday providing still more mixed signals -- and fueling a debate over whether the housing slump is dragging the nation into a recession.

The conflicting data could be a sign that the economy is turning, with what was at first a mild growth slowdown about to give way to a harsher downturn, some analysts said. But others echoed the Federal Reserve, countering that the worst news is still coming from businesses involved in housing and automobile production while the rest of the economy is holding up.

The situation has left many investors confused and queasy; stock prices rose yesterday after falling Friday, as did the dollar.

"No question, housing is in a recession," said Nariman Behravesh, chief economist for Global Insight, an economic research and forecasting firm. "The big question, and where people part ways, is how much effect is this going to have on consumer spending and business spending? . . . Yes, there are scary parts of the economy, but there are other parts that are doing okay."

The pessimists could point yesterday to the Commerce Department's report that new orders to U.S. factories fell 4.7 percent in October, the steepest decline in six years. Much of that reflected falling demand for home-building equipment and materials, as well as automakers' production cuts, analysts said. That echoed a report released Friday showing that manufacturing declined in November.

But optimists noted that the much larger service sector of the economy -- which includes health care, finance, education, travel and entertainment, accounting for 87 percent of the nation's economic output -- grew more briskly in November than in the month before, according to an index published yesterday by the Institute for Supply Management.

Stocks rose yesterday because of that report's "favorable implications for the overall economy," said Stuart Hoffman, chief economist with PNC Financial Services Group.

The economy also headed into the last three months of the year in better health than previously thought, the Labor Department said yesterday, raising its estimate of productivity growth in the July-through-September period.

Growth in productivity -- output per hour of labor -- still slowed sharply from the second quarter, to a weak 0.2 percent annual rate in the third quarter, the department said. But that was higher than its earlier estimate of no growth.

The recent figures all confirm that the economy has lost momentum this year, expanding at a rapid 5.6 percent annual rate in the first three months, at a moderate 2.6 percent pace in the second quarter and at a 2.2 percent pace in the third.

Many economists, including those at the Fed, think growth will be even weaker in the last three months of the year. For example, Macroeconomic Advisers, a St. Louis forecasting firm, predicts that the economy will expand at about a 1.5 percent annual rate in the October-through-December period.

The disagreement is over what comes next.

Fed Chairman Ben S. Bernanke said last week that he foresees moderate economic growth over the next year. Analysts peg that somewhere between a 1 and a 2.6 percent pace, which would be slower than the economy's long-term average.

Bernanke sounded "a little over-optimistic" but not far off, Behravesh said.

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"I don't think there is going to be a recession next year," Behravesh said, noting that housing accounts for only about 6 percent of the economy -- enough to slow growth significantly but not stop it.

On the contrary, he said, consumers are spending more because of low 4.4 percent unemployment, decent income growth, rising stock wealth and lower fuel prices. And businesses are exporting more goods to faster-growing economies overseas.

"All the bad signals coming out have to do with housing, and to a lesser extent autos," he said. "Basically, the rest of the economy is giving out reasonably good signals."

Others foresee a darker picture next year, in which consumers pull back more sharply on spending because of rising unemployment, heavy debt and falling home prices.

"I do think in the first part of next year we'll have a recession, and it could be a difficult one," said Charles W. McMillion, chief economist at MBG Information Services, an economic consultancy.

McMillion pointed to the Labor Department's drastic lowering of its estimates of workers' wages and benefits in the spring and summer. According to the figures released yesterday, hourly compensation rose at a 2.6 percent annual rate in the third quarter, down from its earlier estimate of 3.7 percent growth. And the department said compensation fell at a 1.2 percent pace in the second quarter, a reversal of its earlier estimate of 6.6 percent growth.

To financial markets, those figures looked like good news because stronger productivity growth and weaker compensation gains mean less inflationary pressure. That bolstered expectations that the Fed will hold interest rates steady at its policymaking meeting next week, and maybe lower them next year.

But McMillion said consumers and the economy are likely to buckle in coming months. "Stagnant productivity and falling wages is not a healthy combination," he said.

Service Sector Aids Economic Outlook (WT)

The Washington Times, December 6, 2006

From combined dispatches

Economic growth in the vast service sector picked up last month, while productivity growth and labor costs performed better this summer than earlier estimated, according to economic reports out yesterday.

Activity in services accelerated in November, indicating that the economy was able to shake off the effects of a deep housing slump more easily than many economists expected, according to a report from the Institute for Supply Management.

The rise in the institute's service index to 58.9 from 57.1 in October contrasted with a fall into recession territory in the organization's closely watched manufacturing index reported on Friday, and provided a positive offset to a spate of weak economic news last week.

"The reports of the economy's demise may have been premature," said Joel Naroff, president of Naroff Economic Advisors. "It still does not look as if the problems in housing and motor vehicles have spread into the general economy."

Many economists had expected the services index to decline to 55.5. Readings above 50 indicate an expansion in industries such as retailing, banking and construction.

In a reminder that manufacturing remains a question mark, the Commerce Department reported yesterday that orders to U.S. factories plunged 4.7 percent in October, the third decline in the past four months, and the biggest drop in more than six years. The manufacturing sector is experiencing the fallout from this year's slowdown in the overall economy and slumps in auto sales and home construction.

"The overall economy is nowhere near as weak as the manufacturing sector," said John Ryding, chief U.S. economist at Bear Stearns Cos. "It is worth noting that this index is not just a services index, but also includes construction. The improvement in conditions, therefore, took place despite pressures on residential construction and sales."

On another upbeat note, growth in worker productivity was better than previously reported, growing at a 0.2 percent pace rather than staying flat in the third quarter, according to the Labor Department.

Labor costs, including wages and benefits, were lower during the quarter -- rising 2.3 percent rather than 3.8 percent, as earlier reported, the department said.

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While rising wages are good news for workers, the increases could fuel unwanted inflation when they outstrip the growth in productivity, or the output per hour of work.

Economists said the productivity news is likely to ease inflation worries at the Federal Reserve, where officials had cited the Labor Department's earlier reading showing a big jump in labor costs as a reason the Fed must be vigilant against inflation.

"Based on these numbers, the Fed can rest easy about the threat of inflation," said Nariman Behravesh, chief economist at Global Insight, a private forecasting firm. "The only debate now seems to be about when the Fed will cut" interest rates.

If inflation remains benign and the overall economy continues to show weakness, the central bank might move as soon as March to start cutting rates, he said.

Despite frequently voiced concerns about stubborn inflation pressures, the Fed paused in its two-year rate-raising campaign in August and has left rates unchanged since then. Most analysts expect the Fed to stay on hold at a meeting of its rate-setting committee next week. Speculation in the financial markets has centered on whether the Fed will have a change of heart and start cutting rates early next year.

The hope that yesterday's better inflation news will help quell the Fed's concerns combined with the unexpectedly strong reading on the service economy to spark a rally on Wall Street yesterday. The Dow Jones industrial average rose 47.75 points to 12,332.

Labor Costs, Revised Downward, Point To Less Inflation Pressure (WSJ)

By Christopher Conkey

The Wall Street Journal, December 6, 2006

U.S. labor costs have been rising at a much slower rate this year than previously thought, suggesting the nation's tight labor market is less likely to stoke inflation in the months ahead.

The Labor Department reported yesterday that unit labor costs in the nonfarm business sector -- a measure of how much employees are paid to produce a single unit of output -- rose at an annualized rate of 2.3% in the third quarter, considerably less than its earlier estimate of 3.8%. In addition, the department said unit labor costs fell at a 2.4% rate during the second quarter, rather than growing at the originally estimated 5.4% pace.

The changes reflect a decline in employee compensation in the second quarter and a much slower rate of compensation growth in the third quarter, indicating that businesses are feeling less pressure to raise prices. That is particularly good news, many economists said, because the competitive labor market has recently emerged as the biggest driver of cost increases.

"With energy and commodity prices having receded from their peaks, labor costs now represent the most significant source of potential inflation pressures for the U.S. economy," said Stuart Hoffman, chief economist of PNC Financial Services Group.

That is especially true now, with the unemployment rate at an unusually low 4.4%, but many economists expect inflationary pressures from the labor market to weaken in the months ahead because of slower economic growth.

Yesterday's report showed that nonfarm business-sector productivity is also ebbing. Productivity, or output per hour worked, increased at an annualized rate of 0.2% in the third quarter, slightly above the initial estimate of no change but down from a 1.2% gain in the second quarter. The economy's current weak patch is largely the result of the slumping housing market and auto sector, which is also damping overall manufacturing activity. A separate report from the Commerce Department yesterday found that factory orders plunged 4.7% in October, the sharpest fall in six years.

In other areas, however, the economy is humming along. Another indication of its vigor came in a report from the Institute for Supply Management, a private group of corporate purchasing managers, that said the nonmanufacturing portion of the economy continues to expand at a rapid clip. The ISM's index of nonmanufacturing activity rose to 58.9 in November from 57.1 in October. Readings over 50 indicate expansion. The ISM said last week that its manufacturing index for November indicated the sector is contracting for the first time in more than three years.

Fed Is Hampered By Past In Effort To Sound Warning (WSJ)

By Greg Ip

The Wall Street Journal, December 6, 2006

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WASHINGTON -- Federal Reserve officials -- unlike bond investors -- think the economy is a lot sounder today than at the end of 2000 and in early 2001, when the Fed abruptly reversed course and began a string of interest-rate cuts.

Yet Fed Chairman Ben Bernanke's effort to convey the message that today's conditions are different is hampered by the Fed's lack of candor back in 2000.

Fed officials, who have universally voiced concerns about inflation, are expected to keep short-term interest rates steady at 5.25% at their policy meeting next Tuesday. But bond markets have priced in a small chance of a rate cut next week and three one-quarter percentage-point cuts over the next 12 months.

Markets anticipate those cuts in part because they see parallels to 2000. A technology-stock and investment bust began to unfold in the summer of that year, yet in November the Fed still said its principal concern was inflation, not economic growth. Seven weeks later, with stock prices tumbling and businesses canceling investment plans, the Fed made the first of 13 interest-rate cuts.

Like stock prices then, housing prices today are turning down after a long run-up. But there is little sign the decline has spilled over into the rest of the economy. Stock prices are up, not down. Officials acknowledge recent data have been weak, especially for manufacturing and commercial construction, and they are expected to closely scrutinize the November jobs report, to be released Friday.

The weak data, however, haven't been corroborated by anecdotal evidence from the Fed's extensive business contacts. The Fed's recent "beige book" roundup of regional business conditions found "moderate growth" and "tight" labor markets.

Fed officials thus appear content with a forecast of moderate growth over the next few quarters, then a rebound in mid-2007. "I don't think that the data we have seen are out of line" with that forecast, Federal Reserve Bank of Chicago President Michael Moskow said Monday on CNBC.com.

The Fed has viewed the housing pullback as the principal threat to growth. The slump prompted Fed Vice Chairman Donald Kohn to say two months ago that the risks to growth were "skewed a bit to the downside."

Since then, as the decline in housing sales has moderated and shown little sign of damping consumer spending, officials' concerns have eased. Last week Mr. Bernanke indicated he saw the risks to growth as balanced.

In late 2000, the Fed's business contacts were getting worried, and the stock market was crumpling as profit warnings proliferated. "Everything was pointing up and, all of a sudden, everything started pointing down," recalls Edward Gramlich, a Fed governor at the time. Today, "the key thing is whether the weakness in housing -- and now autos -- feeds over into consumption at large, and as I understand it, it really hasn't."

Unemployment has been lower than expected and wage gains are picking up. That has tempered the comfort Fed officials drew from a recent moderation in inflation and inflationary psychology. At 2.7%, excluding food and energy, it is still higher than they would like. That is why they continue to say inflation is their principal concern.

Skeptics think that is bluster. "They're paid to worry about inflation, which means that until the slowdown is obvious and undeniable, they will stick to their forecasts," Ian Shepherdson, chief U.S. economist at High Frequency Economics, said in a report last week, citing the similarity to late 2000.

"The Fed has a mission to put a good spin on things," says Paul McCulley, an economist and fund manager at Pacific Investment Management Co. "They think they need to continue sounding hawkish...to burnish their anti-inflation credentials and also to temper" downward pressure on bond yields.

Transcripts of the Fed's November 2000 meeting offer grist for the skeptics. Fed officials at the time saw ample reason to shift from their assessment that higher inflation represented a greater risk to the economy than did weaker growth, to a view that the two risks were balanced. "The balance of risks has shifted quite noticeably," then-Vice Chairman Roger Ferguson said.

Mr. Kohn, then a staff adviser, said a balanced assessment of risks might well be merited, but could turn stock and bond markets frothy again. Then-Chairman Alan Greenspan agreed: "Were we to go to balance today we would almost surely end up tomorrow with financial conditions that would be too easy."

Mr. Gramlich, the former Fed governor, said the Fed "is now populated by people who are pretty humble" about their ability to verbally steer the markets.

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More so than Mr. Greenspan, Mr. Bernanke thinks it is dangerous for the Fed to slant its words to elicit a particular market reaction. Indeed, he was burned in April when markets misinterpreted his hints about a pause in interest-rate increases as complacency about inflation. That suggests he means his recent warnings on inflation to be taken at face value.

Dow Near New High As Stocks Rise Again (USAT)

USA Today, December 6, 2006

NEW YORK — The Standard & Poor's 500 index scored its second-consecutive six-year high Tuesday after a report showing unexpected strength in the key services sector renewed optimism about corporate profit growth.

The benchmark S&P added 5.64 points, or 0.4%, to 1414.76 for its highest close since Nov. 7, 2000. The S&P now is up 13.3% this year. The Dow Jones industrial average rose 47.75 points, or 0.4%, to 12,331.60, which is just 11 points from a new all-time high. The Dow is up 15.1% this year. The Nasdaq composite remained the relative laggard, rising 3.99 points, or 0.2%, to 2452.38 for an 11.2% 2006 gain.

The Institute for Supply Management reported Tuesday that its index of activity in the service sector rose to 58.9 in November from 57.1 in October. Analysts were looking for a reading of 55.5. A reading above 50 indicates expansion, and November marked the 44th-consecutive month of expansion in non-manufacturing industries. The service sector accounts for about two-thirds of the nation's economic activity.

"The service sector is really what is holding the whole economy together and providing the impetus for growth," says Michael Metz, chief investment strategist at Oppenheimer & Co.

Highlights:

The beleaguered home-building sector got a lift, led by Toll Bros., which rose 96 cents to $32.87. Although the luxury-home builder reported a 44% drop in fiscal fourth-quarter earnings, it said it sees some signs of stabilization in the slumping housing sector and raised its forecast for first-quarter home deliveries. That sparked a rally in other home builders, with Hovnanian Enterprises up $1.24 to $37.39, KB Home up 75 cents to $52.17, Pulte Homes up 62 cents to $33.97, Beazer Homes up $1.19 to $46.34, Centex up 95 cents to $56.76 and NVR up $36.57 to $665.07.

•Prudential Financial advanced $2.04 to $84.28. The life insurance and investment giant said its 2007 earnings should range from $6.60 to $6.80 a share. Analysts had expected $6.64 a share, Thomson Financial says.

•Bandag jumped $5.46, or 12%, to $50.50. Tiremaker Bridgestone Americas Holding is buying Bandag, which makes retread tires, for $1.1 billion, or $50.75 a share, in cash.

•Kroger gained $1.16 to $23.49. The USA's largest traditional grocery chain posted 16% higher fiscal third-quarter earnings and said full-year profit would be higher than earlier forecasts.

Upbeat Data Lift Street's Spirits; Stocks Climb (WSJ)

By E.s. Browning

The Wall Street Journal, December 6, 2006

After slumping late last month on rising oil prices and uncertain economic data, the Dow Jones Industrial Average is almost back to a record as economic news has improved.

Following bullish news on the service economy and a reassuring report on labor costs, the Dow industrials rose 47.75 points, or 0.39%, to 12331.60. The Dow is up 15% this year, 11 points below the record close of 12342.56 on Nov. 17.

The Standard & Poor's 500-stock index hit a six-year high, rising 0.4%, or 5.64 points, to 1414.76, up 13% this year, but not near a record.

The service economy grew faster than expected last month. That offset Friday's news that manufacturing output shrank for the first time in three years.

A Labor Department report showed a measure of labor-cost inflation at 2.9% for the 12 months through the third quarter, compared to a previously estimated 5.3%.

The Federal Reserve watches labor costs closely as it sets interest rates. Investors now await Friday's report on payrolls and labor costs for November. The next Fed rate meeting is next Tuesday, and policy makers are widely expected to leave rates unchanged.

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"A lot of people missed the autumn rally, because it caught everyone by surprise," said Tim Smalls, head of U.S. stock trading at Greenwich, Conn., brokerage firm Execution. "There is a lot of money on the sidelines that still has to be put to work. If you are a manager and you have a lot of cash...you have a lot of explaining to do."

The Nasdaq Composite Index rose 0.16%, or 3.99 points, to 2452.38, up 11.2% this year. The Russell 2000 small stock index finished at another record, 797.42, up 18% this year.

Gasoline and heating-oil futures fell, which was good news for stocks linked to consumer spending.

Home builders rebounded after Toll Brothers said the housing slump may be nearing bottom.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.4%, or 0.95 point, to 238.09, a record. In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the New York Stock Exchange was 2.79 billion shares, as 2,074 stocks rose and 1,216 fell.

Bond prices declined2. The 10-year Treasury note fell 5/32, or $1.56 for each $1,000 invested, pushing the yield up to 4.448%. The 30-year bond was down 16/32 to yield 4.575%.

The dollar was mixed3. Late in New York, it traded at 114.82 yen, down from 115.33, while the euro fell against the dollar to $1.3326 from $1.3328.

The Sliding Dollar: Both Boon And Bane (CSM)

By Mark Trumbull

The Christian Science Monitor, December 6, 2006

An ominous indicator has moved to center stage for world financial markets: the US dollar's plunging value relative to other currencies.

How this dollar drama unfolds could end up affecting more than just the price of T-shirts at Wal-Mart or the number of German tourists visiting Yosemite National Park.

A weaker dollar, over time, could help the world economy become better balanced - with America less reliant on borrowing and Asia less dependent on exports to fuel development. But currency realignment also holds risks. It would impose some hardship on Americans, and on the many nations that sell goods to them. A sudden shift could jolt US consumers with higher prices at a time when some economists worry about a possible recession.

But down is exactly where the dollar's value has been headed of late. After a quiet summer, the greenback has fallen since mid-November by 4 percent against the euro. It is also down by lesser amounts against the Japanese yen and Chinese yuan.

"Most economists agree that in the long term the dollar has to go down," to help shrink the mammoth US trade deficit, says Axel Merk, who manages the Merk Hard Currency Fund in Palo Alto, Calif. Yet in the short run, "it's in nobody's interest in the world for the dollar to go down."

The current slide may or may not persist. But when the dollar falls relative to other currencies, it tends to make US exports cheaper and, thus, more attractive on world markets. And it makes foreign imports more expensive to American consumers.

That doesn't mean the dollar's value is a magic fix for the US trade deficit, which has reached unprecedented proportions in the past few years. But many economists see it as part of the answer to this dangerous imbalance in global trade.

The dollar's recent weakness continues a pattern that began early in 2002. Why now and will it continue?

Currency watchers see a range of factors propelling the dollar now and possibly in the months ahead. Among them:

• Interest rates are shifting. The European Central Bank is expected to raise its benchmark interest rate on Thursday, boosting what investors can earn in the euro. European economies seem to be strengthening even as US bond yields have fallen on signs of weakening in the US economy.

• Inflation threats linger. Currencies tend to lose value when a central bank fails to tame inflation. Some experts worry that the Federal Reserve will cut interest rates next year - in a bid to prevent a recession - before the job of squelching easy monetary conditions is really done.

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• Politics has an effect. A newly elected Democratic Congress could lean toward protectionism or higher taxes, either of which could dampen foreign interest in dollars. Perhaps more important is the situation in Iraq. A loss of US prestige as a military power can also affect the dollar.

• The yuan has edged up. China has allowed its currency to rise a bit this year. Treasury Secretary Henry Paulson and Fed Chairman Ben Bernanke will visit China this month, and will push for still more currency flexibility. But some analysts say a major shift may be unlikely before of 2008, when Beijing hosts the summer Olympics.

• China is diversifying. With some $1 trillion in foreign reserves, Beijing has said it won't put as much of its reserves into dollars as in the past.

"Foreign exchange traders are speculating at what point are Asian nations going to stop accumulating US assets," says Charles Engel, an economist who studies currency issues at the University of Wisconsin in Madison.

A weaker dollar would affect the purchasing power of Americans when they buy goods or services from other countries. The shift wouldn't be noticed at the supermarket as much as it would be at stores like Target or Best Buy.

"It would mean those things that are so unbelievably cheap at Wal-Mart would be a little bit more expensive," Dr. Engel says. "The flip side of that is that workers ... might move back toward some sort of export industries. That adjustment's going to happen over time." Digging out of a deficit

To some degree, the trade deficit and the buoyant dollar in recent years are signs of US economic strength. Imports often surge in an expanding economy.

Still, many economists say that at some point - and sooner might be better than later - the trade deficit needs to fall.

America's deficit in the current account, a broad measure of cross-border commerce and payments, has surged to more than $800 billion a year - an amount equal to about 7 percent of the gross domestic product. That's up from 1.7 percent of GDP a decade ago.

There's no precedent for a major economy to maintain this level of imbalance. In effect, the US is borrowing more than $2 billion a day to finance its spending on imports. The higher the imbalance goes, the greater the risk of a hard adjustment, if foreigners decide they can earn better returns by taking their dollars elsewhere.

Exchange rates are one piece of a larger puzzle. Another key factor is that the US has an unusually low rate of savings, thanks to federal deficits and consumer borrowing. The trade deficit mirrors this.

Trade barriers in other nations are another factor.

Still, a lower dollar could play a role in resolving the imbalance.

"If China did its part," by allowing the yuan to rise, "the dollar would also fall against most Asian currencies," says Peter Morici, a University of Maryland economist.

Falling imports would push up the US savings rate, he says.

Martin Feldstein, a Harvard University economist, has pointed out that the late 1980s offer precedent for a currency- driven easing of the trade deficit. Then, as the dollar fell, the trade gap closed without fanning inflation or causing a recession.

In a March speech, he said that America should have a "competitive" (lower) dollar abroad alongside a "strong" dollar at home - a currency whose purchasing power is not eroded by domestic inflation.

When The Dollar Talks Back (NYT)

The New York Times, December 6, 2006

Talking up the dollar is a tradition among government officials, who always want to prevent an exchange-rate swing from accelerating into a dollar plunge — an economic nightmare that would be marked by spikes in prices and interest rates. As the dollar fell over the past two weeks, Treasury Secretary Henry Paulson Jr. played his role, saying that “a strong dollar is clearly in our nation’s best interest.” And Ben Bernanke, the Federal Reserve chairman, gave a speech in which he was cautiously optimistic about economic growth and signaled that he would not cut interest rates anytime soon.

Growth and relatively high rates — if they came to pass — would be a good combination for the dollar. But as of yesterday, the dollar hadn’t moved up much from its recent lows against other major currencies. Investors remain largely focused on

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economic weakness in the United States and gathering strength in Europe — which portend a weaker dollar, no matter what anyone says.

A weaker currency is inevitable for a country as indebted as the United States is. During the Bush years, deficits have mushroomed — in the federal budget and in trade. Anything that affects foreign investors' willingness to finance enormous deficits pushes the dollar down — including better investment opportunities elsewhere, as there are now.

The great unknowables are the timing and steepness of a sustained dollar decline. Over the past few years, investors who bet on a weakening dollar have lost money. But the current swoon is a reminder that no nation, even the United States, can borrow forever without facing up to economic consequences.

The government has been assuming — correctly, so far — that the United States is too big to fail. Administration officials seem confident that the Chinese, in particular, will continue to finance the nation's deficits, because doing so helps their exports. They also assume that China and other countries won't sell off chunks of their huge dollar holdings, lest they drive the dollar down, and with it, the value of their remaining dollar-based assets.

That's more like a standoff than stability, and it puts way too much of the nation's well being in the hands of foreign central bankers. But it's the best the Bush crowd has had to offer, because true stability in global finance is grounded in fiscal responsibility at home, something the administration lacks.

Global balance requires cooperation. When Mr. Paulson travels to China this month, he will no doubt seek ways to adjust American and Chinese currencies in an orderly fashion. But there is no substitute for getting one's own financial house in order.

Race For Fla. 13th Heads To House (RC)

By John Mcardle

Roll Call, December 6, 2006

It could be well into the 110th Congress before a Member from Florida's 13th district is seated by the House — and the next several weeks could prove to be explosive as the fight plays out in the courts and on Capitol Hill.

The Democratic candidate in the highly contentious race, bank executive Christine Jennings, is in Washington, D.C., this week, meeting with party leaders and drumming up financial support as she continues to dispute the results that appeared to hand auto dealer Vern Buchanan (R) a 369-vote victory.

Although Jennings already has filed suit in a Florida circuit court seeking a revote, she said in an interview Tuesday that she also intends to contest the result with the House Administration Committee — which has oversight over federal elections — by the Dec. 20 deadline. Jennings and her attorneys already have met with Democratic staff members from the committee to discuss the filing process.

"I would not want to pass up on that opportunity," Jennings said, adding that she still held out hope that the Florida courts might order a revote for the entire 13th district or just in Sarasota County, where Jennings insists malfunctions with the electronic voting machines produced 18,000 undervotes — and changed the outcome of the election.

Filing an official protest with the House Administration Committee will automatically make the Jennings/Buchanan case one of the first indicators of just how partisan the 110th Congress will be, and observers won't even have to wait until the new year to begin to see the fissures.

Here's why: The House of Representatives as a whole is responsible for seating its own membership. Buchanan supporters argue that since he holds a certificate from the Florida Elections Canvassing Commission showing that he won the race, he should be installed as the Representative of Florida's 13th district on Jan. 4, when the 110th Congress convenes.

But in her lawsuit, Jennings has asked the court to order that state officials decertify Buchanan's victory, and Republicans are concerned that the incoming Democratic House leadership might not seat anyone until the House Administration Committee finishes its review and issues a recommendation on the matter.

It is not unprecedented for neither candidate to be seated by the House until a contested election is resolved. Perhaps the most notable example in recent years is the infamous 1984 race between the late Democratic Rep. Frank McCloskey and Republican Richard McIntyre in Indiana's 8th district — where it took until the following May to swear in a Member for that seat. McCloskey eventually was seated by a Democratic House.

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It's unclear yet whether Speaker-elect Nancy Pelosi (D-Calif.) is planning to fill the seat or leave it vacant until Jennings' appeals have run their course.

One House leadership aide said Tuesday that "we're continuing to watch this situation very closely, but of course we have some time ahead of us before we need to really make decisions on this. Obviously the court case that is developing may not be resolved before" Jan. 4.

The Florida dispute could get widespread attention because it involves electronic voting machines, which have come under heavy fire from many good government groups and clean elections advocates.

On Tuesday, Buchanan's spokeswoman, Sally Tibbets, called on Jennings "to put the best interests of the people ahead of her own political ambitions and do the right thing for the people of Florida's 13th Congressional district and to concede. And we would also call on the U.S. House of Representatives to put partisan politics aside and seat Vern Buchanan, who has been certified by the state of Florida as the Congressman. That's what democracy is all about and anything else would totally disrespect the will of the voters of Florida's 13th Congressional district."

The eventual winner will replace departing Rep. Katherine Harris (R) — who, ironically, as Florida secretary of state in 2000, was a major player in the disputed presidential election.

But as both sides speculate as to what will happen on Jan. 4, the process for determining the eventual winner after the Jennings' formal protest is filed with the House also could be controversial.

The House Administration Committee will receive Jennings' challenge at the tail end of the Republican-controlled 109th Congress and the outgoing majority could immediately begin the investigation or hold hearings on the case.

Traditionally when an election contest is filed, a panel of two majority and one minority committee members is put together to review the case, including reports gathered by both Democratic and Republican committee observers who are sent to districts whenever contests seem likely. That panel makes a recommendation to the full committee on how to proceed, and that recommendation is voted on and, if passed, sent to the floor of the House and treated like any other piece of legislation.

But House Administration spokeswoman Salley Collins said Tuesday that the committee will not make any decisions on how it will proceed with its investigation until Jennings' paperwork is filed. When asked if the committee would be holding hearings after Congress adjourns, she said it is "not out of the realm of possibility."

However, as House Administration Democratic Staff Director George Shevlin pointed out, "should she file, no formal action affecting the outcome of the contest could be taken until the next Congress is seated."

So while the House office lottery pool ended weeks ago, Room 1516 of the Longworth House Office Building — which was set aside for the winner of the Florida contest — is currently vacant, and appears likely to remain that way for a while longer.

Jennings Ignores Setbacks, Calls For Revote In Florida (HILL)

By Aaron Blake

The Hill, December 6, 2006

Democrat Christine Jennings was in Washington over the last two days renewing her call for a revote in her race against Rep.-elect Vern Buchanan (R-Fla.), as government and independent reviews failed to support her case.

Jennings said she would do everything she could to see the legal challenge through. She set up shop at Democratic Congressional Campaign Committee headquarters and was to meet with lawmakers including Reps. Allen Boyd (D-Fla.), Ellen Tauscher (D-Calif.) and Rush Holt (D-N.J.). She was also asking for financial support and continuing to push her case to the news media.

Jennings's visit came as state officials continued their audit of the touch-screen voting machines in Sarasota County, where an abnormally high number of ballots cast were "undervotes," meaning they failed to register votes in the congressional race for the 13th District.

The audit has yet to produce any evidence of machine errors, and a review by a local newspaper published Tuesday points to ballot design as the leading cause of the undervotes.

The undervotes numbered about 18,000 in Sarasota County, or 13 percent. That rate is several times higher than the district's other counties, suggesting something skewed the results on Election Day.

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Jennings's camp says the voting machines malfunctioned and failed to record the votes. It has filed suit to obtain the source codes for the voting machines and is offering hundreds of witnesses who say they experienced problems as they were trying to vote for her.

Members of her team have expressed discontent with the state's recount, which gave Buchanan a 369-vote win, and now with the audit, and they say the review needs to be independent and include the source codes.

Jennings won Sarasota County 53-47, which suggests that the 18,000 ballots could well swing the election.

"Our experts have to be capable of getting the hardware and the software so that they can tear it apart — just literally tear it apart," Jennings said. "All I'm concerned about, at this point, is that our voters get an answer and that I get an answer as to what really happened with those machines."

Jennings said Tuesday that the witnesses include a former governor of Maine.

On Tuesday, the state was reviewing videotape of tests conducted on Friday in which two discrepancies occurred in other races, but not the House race. The machines worked properly during the test, though, and the problems were expected to be attributed to human error.

The Jennings team said that this diagnosis was premature and has been critical of how the tests were conducted, saying they did not mimic actual voting conditions.

"We've gone from rubberstamp recount to preordained audit, and now with those events behind us, it's time to get to some forensic testing that's meaningful, by outside experts," Jennings lawyer Kendall Coffey said.

Yesterday, a court date was set for Dec. 15, though it's too early to tell when a trial might begin. Buchanan is set to be sworn in with the rest of the freshman class on Jan. 3.

Jennings's case was also undercut by a review of every Sarasota County ballot conducted by investigative reporters at the Sarasota Herald-Tribune and published Tuesday. The review concluded that the format of the ballot probably contributed to the large undervote, and a number of election experts are now also saying ballot design was probably the leading factor.

The Herald-Tribune review found that three other counties experienced similar undervotes in the two-candidate attorney general race. The attorney general race was on the same page as the gubernatorial race in those counties, just like the two-candidate House race was in Sarasota County.

The gubernatorial race featured seven options and therefore dominated the screen in the four counties, which all used the same touch screens. The four cases all led to undervotes of more than 10 percent and account for four of the five highest undervotes in federal and statewide races in Florida, according to the Herald-Tribune.

A poorly designed ballot would not be sufficient for a revote, but some experts say the discrepancy is so big that it might not be the only factor.

Jennings lawyer Sam Hirsch said it could contribute to a machine malfunction by having too many options on one page. The screens that included Jennings's race had more options than any he has seen, he said.

"It's quite possible that, like with anything else that's computer-based, if you press it to its maximum capacity, you're more likely to trigger some kind of glitch or bug," Hirsch said.

Buchanan spokeswoman Sally Tibbetts said the mounting evidence continues to discount Jennings's assertions.

"Christine Jennings has built her entire legal case on the premise that the machines malfunctioned," Tibbetts said. "So she has no case. Her case has been shattered."

It's Time For The House To Pick Up The Pieces In Florida's 13th District (RC)

By Richard L. Hasen

Roll Call, December 6, 2006

Remember the infamous "butterfly ballot" of Palm Beach County, Fla., in the 2000 presidential election? Back then, poor ballot design appeared to have caused many supporters of Democrat Al Gore to vote for conservative third-party candidate Pat Buchanan for president, effectively allowing George Bush to win Florida's electoral votes and the presidency. The courts said there was nothing that could have been done about the problems with the ballot even though there was strong evidence that more Florida voters came to their polling places intending to vote for Gore than for Bush.

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The elections last month brought us the 2006 version of the butterfly ballot. This time, it appears that poor ballot design or machine malfunctions with electronic voting machines caused thousands of voters to skip the race for Florida's 13th Congressional district, leading to a 369-vote victory by the Republican candidate over the Democratic one. Once again the matter is in court, and once again the courts are not likely to give a remedy.

But this time there's another option. The House can — and should — declare the seat vacant, requiring the seat to be filled by a special election.

First, a bit of background. In the 13th, Congressional district lines don't coincide with county lines, so voters in all or parts of five Florida counties voted either for Republican Vern Buchanan or Democrat Christine Jennings. There was an unusually high number of "undervotes" — that is, an absence of a recorded vote in the race for this seat — with the vast majority coming from Sarasota County.

About 13 percent of Sarasota County votes cast using electronic touch-screen voting machines showed no vote in Florida's 13th contest. This rate was much higher than the undervote rate among Sarasota County voters who voted using absentee ballots, and it was much higher than the undervote rate in the other four counties in that district — including one, Charlotte County, that uses the same type of electronic voting machines that Sarasota uses.

What accounts for the high undervote rate in Sarasota County, in a hard-fought Congressional race in a swing district? Machine malfunction remains a possibility, but based on the evidence available thus far, the most likely culprit appears to be poor ballot design. In Sarasota County — but not in Charlotte County — the 13th district race appeared on the second electronic "page" of the electronic ballot, right at the top of the page above a larger heading for state races. A number of voters appeared to have missed the race because of its placement on the page.

A recent academic analysis by Laurin Frisina, Michael Herron, James Honaker and Jeffrey Lewis notes that in Charlotte County, the undervote rate in the state attorney general race was huge. In Charlotte — but not in Sarasota — the attorney general race was paired with another contest on the same electronic ballot page, mirroring the placement of the House race on the Sarasota County ballot. Fortunately for Floridians, the race for attorney general was not close.

A separate analysis recently completed by the Sarasota Herald-Tribune bolsters the poor ballot design hypothesis. Looking at every ballot cast in the county, the newspaper found that the people you'd most expect to vote in the House race — loyal party voters who voted Republican or Democrat throughout the ballot — were the ones most likely to have skipped voting in the race.

If it turns out that Florida courts concluded that poor ballot design caused the high undervote rate in the Congressional race, it is unlikely that there will be a judicial remedy. Overturning an election in the courts is tough, absent proof of fraud or proof that legal votes were not counted.

But there is another option. The Constitution provides that "Each House shall be the Judge of the Elections, Returns and Qualifications of its own Members ... ." The House has resolved disputed elections before. For two reasons, the House should declare the seat vacant, triggering a special election.

First, the House is not bound by the restrictive rules for ordering new elections that courts are. Assuming that the problem was poor ballot design, why should voters be victims of the design incompetence of election administrators? The fair thing to do — even if it is not legally compelled — is to hold a new election where everyone in the district gets to vote.

This case is unlike the butterfly ballot situation, where it would have been unfair to hold an election for a national office — president — in only one county in one state. A side benefit will be that the controversy will focus attention on problems with election administration, and get Congress and the country thinking more about the problems with how we administer our elections.

This course is not without risks. In 1984, the House, then controlled by the Democrats, waded into the bitter contest between incumbent Rep. Frank McCloskey (D-Ind.) and his Republican challenger, Rick McIntyre. The decision by the majority to seat McCloskey, which prompted widespread disgust within the House Republican Conference, is now cited as a contributing cause in the widening partisan divide in Congress.

In addition, some argue that it would be bad precedent to let the House make this decision on extralegal grounds.

But just like the House makes a political judgment as to what constitutes grounds for impeachment, it can make decisions about new elections on a political basis as well. A Democratic House's decision to grant a revote in these circumstances is a lot

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less likely to contribute to partisanship in Congress than was the Republican House's decision to impeach then-President Bill Clinton.

More importantly, such political judgments are self-limiting. If the Democratic House started overturning election results for no good reason, voters would see such moves as illegitimate and vote the Democrats out of office.

We cannot rerun the 2000 election in Palm Beach, but the House can provide some justice to this year's voters in Sarasota County without triggering a national crisis.

Richard L. Hasen is the William H. Hannon Distinguished Professor of Law at Loyola Law School in Los Angeles and the author of "The Supreme Court and Election Law" (2003).

The Election Is In The Mail (NYT)

By Ruth Goldway

The New York Times, December 6, 2006

Washington

LAST Election Day, voters encountered myriad difficulties, from the unexplained glitch that temporarily halted Montana's vote count to the 18,300 undervotes in Florida's 13th Congressional District, to long lines, bad weather, inadequately trained workers, delayed or missing absentee ballots and complicated new identity forms. There was, however, one state where all went well: Oregon, where everyone votes by mail.

Since Oregon adopted Vote by Mail as its sole voting option in 1998, the state's turnout has increased, concerns about fraud have decreased, a complete paper trail exists for every election, recounts are non-controvertible and both major political parties have gained voters. Moreover, in doing away with voting machines, polling booths, precinct captains and election workers, the state estimates that it saves up to 40 percent over the cost of a traditional election.

Vote by Mail could offer real advantages if it were adopted nationwide. Voters would not need to take time off from work, find transportation, find the right polling station, get babysitters or rush through reading complicated ballot initiatives. The country's 35,000 post offices could provide information, distribute and collect voting materials and issue inexpensive residency and address identifications for voting purposes.

Perhaps most important, given the concerns about voting machine security, mail ballots cannot be hacked. Tampering or interfering with mail is a federal crime, and the United States Postal Service has its own law enforcement arm, which works closely with a variety of enforcement authorities including the F.B.I. Trained election clerks can take the time to check signatures without delaying or discouraging voters. And the advantages of a paper trail outshine the glitter of black box electronic gadgetry.

States that have adopted measures like "no excuse necessary" absentee ballots find that the public is eager to avail itself of the opportunity to vote by mail. As many as 30 percent of voters didn't use the polls in November. In Washington State, where 34 of 39 counties vote entirely by mail, 70 percent of November's votes were cast by mail; in California, the number is near 40 percent.

The Postal Service has set up a Vote by Mail preparation Web site and a traveling workshop. But out of 750,000 employees, it has only a handful who work part-time on mail balloting issues. The 110th Congress should direct it to expand these efforts. Senators Ron Wyden, John Kerry and Barack Obama recently sponsored a bill to grant funds to states that adopt Vote by Mail. That legislation should also give the Postal Service money to coordinate a national program.

For a small fraction of the sums spent on unreliable voting machines, the Postal Service could work with state and local governments to design standard ballots and develop processes for sorting and delivering them (like those that already exist for overseas military personnel). It could coordinate its own address database with the database of registered voters, set postmark deadlines and devise language prompting voters to affix correct postage.

Already, in order to help businesses that send out big mailings, the Postal Service uses bar-code scanning to inexpensively track large volumes of mail from origin to destination. With minor but careful modifications, this technology can be adapted for use with ballots — allowing voters to check on their location and status by entering a tracking number on the Internet or by phone.

Public confidence in the accuracy of vote counting is at an all-time low. The Election Assistance Commission estimated that as many as 850,000 votes were not counted in the 2004 elections, and a recent report warned that electronic voting

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machines cannot be made secure. Fortunately, a remarkably sophisticated and effective technology exists for solving these problems, and it is “old-fashioned” mail.

The founders conceived of a national postal service as a force to “bind our nation together.” Other technologies may now spread the news and help families stay in touch, but the Postal Service should be called upon to meet this latest challenge to our democracy. <NYT_AUTHOR_ID>

Ruth Goldway is a commissioner on the Postal Rate Commission.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Iowa Governor: Smart Campaign Can Beat Clinton Juggernaut In '08 (CSM)

By Linda Feldmann

The Christian Science Monitor, December 6, 2006

WASHINGTON

Tom Vilsack, soon to be ex-governor of Iowa, is not on many voters' radar screen as a possible next president. Even Iowans, who elected him twice to run their state, placed him fourth in a June poll rating possible Democratic candidates.

As he finishes the announcement phase of his candidacy for the 2008 race - including a Monitor breakfast Tuesday with reporters - he knows he's a long shot. He says so. But he has an answer to the inevitable question: How does an obscure Midwestern governor get past the Hillary Rodham Clinton juggernaut and now "Obama-mania," as the junior senator from Illinois, Barack Obama, also considers a run?

"You have to work longer, and you have to work smarter, and that's what we intend to do," Governor Vilsack told the group Tuesday, his wife at his side.

There's nothing flashy about Vilsack, a Pittsburgher by birth who came to Iowa to meet his then-fiancée's family and who now considers Mt. Pleasant, Iowa, his second hometown. When asked about Obama-style charisma, he countered with his own version: "There is a quiet charisma," he said, a charisma that causes voters to say "he's authentic and real and has done well."

Vilsack also notes that among the dozen or so other Democrats who may run for president, only two are candidates from west of the Mississippi River and are governors: himself and Bill Richardson of New Mexico. In 2004, Democratic nominee John Kerry did not win any Plains or Mountain West states, including Iowa and New Mexico. Most recent presidents have been governors first - positioning themselves as outsiders and as chief executives. Vilsack compared himself with former Virginia Gov. Mark Warner (D), who was succeeded last year by another Democrat - a rare feat in the South.

"My record as governor certainly matches Governor Warner's, and we did not raise taxes; we actually have cut taxes every year I've been governor," he said. "We not only elected a Democratic governor, which will be the longest period of time we've had a Democratic governor in consecutive years in the history of our state, we also as a result of efforts of the last four years elected a [Democratic] House and Senate - the first time that combination has occurred in 42 years.... We have turned a red state to blue."

A signature issue for Vilsack will be energy security. He plans to focus on conservation, renewable fuels, and using traditional materials in ways that are "cleaner and greener." He says energy and conservation can unite the country, bringing together right and left.

Vilsack Kicks Off '08 Run Touting Energy Security (USAT)

By Jill Lawrence

USA Today, December 6, 2006

WASHINGTON — Iowa Gov. Tom Vilsack pitched energy independence as a path to security, jobs and health Tuesday, as a rival presidential prospect from the Midwest filed papers to raise money for the Democratic nomination.

Indiana Sen. Evan Bayh said he is moving toward a 2008 race because America needs to "get back on the path to greatness." The former two-term governor will be in Minnesota, Illinois, Ohio and New Hampshire this week.

Vilsack, a two-term governor who helped elect a Democratic successor last month, declared his candidacy on Thursday. He is one of several Democrats staking their cases on executive experience, appeal beyond the usual Democratic states and voters, or both.

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At a lunch with journalists from USA TODAY and Gannett News Service, Vilsack struck themes meant to help him stand out in a group that includes Bayh, son of former senator Birch Bayh; former North Carolina senator John Edwards; and New Mexico Gov. Bill Richardson, a former Energy secretary.

Vilsack described his "interesting" childhood as an orphan adopted by a woman who was an alcoholic. She used to disappear into the attic for weeks to drink, he said, and he'd hear the liquor bottles hit the floor above his bedroom.

"You don't have the notion that tomorrow is necessarily going to be brighter than today," he said. "I wouldn't want youngsters to go through what I went through."

Vilsack said energy security is a cause "with extraordinary opportunity to unite this country." Benefits from conservation and new energy sources, he said, would include a more innovative economy; fewer cases of asthma; reduced reliance on hostile sources of foreign oil; a smaller trade deficit; and a chance to "reclaim the moral high ground" on global warming.

In Iowa, Vilsack said, tax credits have led to increased sales of ethanol, new ethanol production facilities and new jobs. He said Iowa would be the first state to have a biorefinery when it opens in 2009. He also said two manufacturers of turbines and blades for wind power have decided to locate in Iowa.

It's unclear how Vilsack's bid will affects the Iowa caucuses, which launch the nominating season. Other Democrats skipped them when Iowa Sen. Tom Harkin ran in 1992.

Bayh isn't ceding Iowa to anyone. He's been there 10 times this year, most recently on Monday. He's also competing hard for money. He has $10.7 million he can transfer from his Senate account to his new exploratory committee.

Vilsack Back Of Pack, But On Track (WT)

By Eric Pfeiffer

The Washington Times, December 6, 2006

Iowa Gov. Tom Vilsack said he doesn't fear any of his fellow Democrats considering a run for president in 2008 and is happy to run as an underdog, even in his home state's important caucus.

"I respect everyone who is running," Mr. Vilsack said. "but I don't fear anyone."

Last week, he became the first to officially announce his candidacy for the Democrats' 2008 presidential nomination.

In a meeting with reporters in Washington yesterday, however, the governor most frequently returned to criticism of Sen. John McCain and the Arizona Republican's call for increasing troop levels in Iraq.

"I don't believe he's exercised particularly good judgment," Mr. Vilsack said.

Mr. Vilsack was in Washington to work on his presidential campaign and meet with reporters. Afterward, he traveled to New York to attend a campaign fundraiser.

The two-term governor, who is retiring from his post in January, also questioned Mr. McCain's credentials as a White House contender. "He has never been a governor. He's never had to make specific decisions."

A poll released yesterday by Rasmussen Reports shows Mr. McCain leading Sen. Hillary Rodham Clinton, New York Democrat, in a potential White House match-up, 48 percent to 44 percent. Most polls show Mr. Vilsack near the back of the pack of potential Democratic candidates.

"I've always been the underdog," he said.

When asked what plan for Iraq he'd favor as commander in chief, Mr. Vilsack said U.S. forces should redeploy from Baghdad and the more contentious southern regions of the country to the northern region, which has experienced less violence.

"We've given them this opportunity," he said, citing the ouster of Saddam Hussein. "It's a little bit of tough love."

In response to concerns that a redeployment would embolden insurgent and terrorist forces, Mr. Vilsack said, "If there's a bloodbath, how much different is that from the situation today?"

Later, he bristled when asked if, in hindsight, he still would have supported removing Saddam from power. "Tell me why this is important?" he asked. "I was reading three newspapers and watching [local TV] news. I don't know that I had sufficient information and knowledge to make that decision."

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Mr. Vilsack estimates he will need to raise between $20 million and $40 million in order to compete with Mrs. Clinton and other Democrats in the primaries. He also rejected suggestions that a primary victory in his home state would have less than its usual significance.

"Whoever wins Iowa wins Iowa," he said. "I expect to win Iowa."

Mr. Vilsack also said that he would run on a record of success and competence he thinks will be important to voters. "We've turned a red state blue," he said of his eight years in office.

Mr. Vilsack described his tenure as that of a centrist executive with a record that included tax cuts and improved employment numbers. He said that record, along with his connections to rural America, make him an appealing candidate for western and "small town" voters.

Hillary Clinton's Early Moves (WP)

By Dan Balz And Chris Cillizza

The Washington Post, December 6, 2006

Sen. Hillary Rodham Clinton (D-N.Y.) is taking a series of concrete steps toward a likely campaign for president in 2008, settling on key members of her campaign team, recruiting potential new additions to her staff, and calling Democratic activists in states with early primaries and caucuses.

No final decision on running is expected before the end of the year, according to sources knowledgeable about her thinking, as Clinton works methodically through a checklist of preparatory steps. But she and her inner circle are already ramping up for what could be a history-making bid for the White House.

The latest move is the choice of longtime adviser Patti Solis Doyle as campaign manager. That follows the recent recruitment of three seasoned political operatives who, if she runs, would play key roles on what is now a rapidly expanding Clinton campaign organization.

The three are Jonathan Mantz, who has been working for New Jersey Gov. Jon S. Corzine (D), as finance director; Phil Singer, who was communications director for the Democratic Senatorial Campaign Committee, as a communications strategist; and Karen Hicks, who ran former Vermont governor Howard Dean's New Hampshire operation in 2004, to oversee organizing, particularly in the early states.

Clinton is operating on a model she used before she decided to run for the Senate in 2000. "If you want to understand the process she is going through now, you need only look at the process she went through in 1999," said Clinton spokesman Howard Wolfson. "In that race, she reached out to elected officials, to potential donors [and] to policy experts and had lengthy serious meetings about whether she should run, the issues before the country, [and] what a campaign would look like."

In this case, her first step was to secure her New York political base, reaching out to the state's elected officials, including Gov.-elect Eliot L. Spitzer, labor leaders and prominent African Americans and Hispanics. Most of that activity took place last week.

This week's schedule includes phone calls to Iowa, New Hampshire, Nevada and South Carolina, the four states with the earliest contests in 2008. Other prospective candidates have made numerous trips to the early states, but Clinton avoided such travel during her reelection campaign this year -- even forbidding her advisers to begin discussions around the country on a possible campaign.

"She's obviously very knowledgeable already," said JoDee Winterhof, a former chief of staff of Iowa Sen. Tom Harkin (D), who spoke with Clinton yesterday. "We had a good talk about how to run a campaign there. . . . She understands that this will take a significant amount of hard work and campaigning and getting to know Iowans more up close and personal."

Aides expect that, in addition to the phone calls, Clinton will hold a series of meetings in Washington with state activists and others as she nears a final decision. This morning she is scheduled to have breakfast with Harkin in Washington. Harkin is publicly committed to supporting the candidacy of Iowa Gov. Tom Vilsack (D), but he said he and other Democrats in the state want the process there to be "fair and open."

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Clinton has also spoken with former senator Bob Kerrey (D-Neb.), who ran against her husband, Bill Clinton, for the Democratic nomination in 1992. Kerrey is now president of the New School, a university in New York. He would not discuss the nature of that conversation.

Some Clinton advisers view the activities of other prospective Democratic candidates, particularly the mushrooming interest around Illinois Sen. Barack Obama, as a spur to the New York senator to accelerate her timetable. Others say she will not be hurried into a decision until she has completed her soundings and preparations. "She's going to do this at her own pace, and what anyone else does is not going to affect her decision-making," said Lorraine Voles, her Senate communications director.

But her presidential campaign preparations will be done on a far more compressed timetable than her decision to run for the Senate, made when she was first lady and living in the White House.

"It was a much longer process in 1999," said one Democratic strategist. "There she was not at all sure-of-foot politically. She had the carpetbagger aspect to deal with. She had no understanding of the intricacies of New York politics. So it took her a much longer time. Here there's not the luxury of a lot of time. This is a very fast-moving situation."

Clinton advisers also recognize that they must move swiftly to recruit new staff members, in part because of competition from other candidates for operatives to manage key states, to fill communications assignments and to provide the support and assistance necessary to manage an enterprise the size of a presidential campaign. This "talent primary" is seen by her advisers as critically important to her success.

The second early challenge is fundraising. Clinton spent much of the past two years using her Senate reelection campaign to build a national fundraising infrastructure to support such a candidacy. Through mid-October, Clinton had spent $36 million on her reelection race, which she went on to win with 67 percent of the vote. A large portion of those expenditures went into an extensive direct-mail program aimed at beefing up Clinton's small-dollar donor lists.

Clinton advisers are also beginning to prepare for her first travels to states such as Iowa and New Hampshire as a prospective candidate, although there is no timetable for such appearances.

Jerry Crawford, a prominent Iowa Democrat and Vilsack supporter, said yesterday that he and Clinton traded voice-mail messages during the past two days. He said that she and her staff have been "very respectful" toward Vilsack and his candidacy. But he added: "It's clear she's looking to come to Iowa, and it seems clear she's giving serious consideration competing in Iowa."

Speculation Rife Over Hillary Bid (WT)

By Charles Hurt

The Washington Times, December 6, 2006

Speculation about the presidential plans of Sen. Hillary Rodham Clinton has reached a fevered pitch this week as newspapers and Web sites scramble to be the first with the big headline that the former first lady will run.

"I'm In," blared the front page of yesterday's New York Post. "Hill 'really going' for prez run."

The Des Moines Register, always a close observer of presidential nominating contests, went microscopic with its own "exclusive" on its Web site Monday: "Hillary Clinton begins calling Iowa Democrats."

Throughout the weekend, the Drudge Report had rolling exclamation-punctuated headlines: "She is thinking about it," "She Is" and "Hello, Iowa."

Certainly, said a spokeswoman for Mrs. Clinton, the New York senator is actively weighing whether to run for president in 2008.

"After her election, she said she was going to look at this," Lorraine Voles, Mrs. Clinton's communications director, said yesterday. "As part of that process, she has been making some phone calls."

After calling friends and supporters around New York, she also called a handful of key Democrats in Iowa, which will host the first caucuses of the Democratic primary in 13 months. She has not, however, made plans to travel to Iowa, Ms. Voles said.

Mrs. Clinton's moves come after several other Democrats have sent signals in recent days that they are either running for the nomination or seriously considering it.

Iowa Gov. Tom Vilsack last week announced that he would run. Indiana Sen. Evan Bayh filed papers yesterday to officially create a presidential exploratory committee.

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"I will talk to my family over the holidays and make a final decision and an announcement after the first of the year," Mr. Bayh said.

And former vice presidential nominee John Edwards continues to heavily court Iowa voters and hire political staff.

In June, a Des Moines Register poll found that among likely caucusgoers, Mr. Edwards led the pack of likely candidates with 30 percent. Mrs. Clinton trailed slightly with 26 percent. Sen. John Kerry, the Massachusetts Democrat who was the 2004 nominee, took third with 12 percent, and Mr. Vilsack won 10 percent.

In addition to reaching out to Democrats in New York and Iowa, Mrs. Clinton also has hired some new political staff recently. She's brought on board Phil Singer, who is just off a major victory, working for the Democratic Senatorial Campaign Committee (DSCC). Mrs. Clinton also has hired Karen Hicks, who served as Democratic National Committee Chairman Howard Dean's New Hampshire field organizer when he ran for the Democratic nomination in 2004. Also, she's picked up national finance director Jonathan Mantz, a well-regarded operative who has worked for the DSCC and the Democratic Congressional Campaign Committee.

But, as she has throughout her six years on Capitol Hill, Mrs. Clinton isn't taking anyone in her adopted home state for granted. Among those she called this week was Rep. Joseph Crowley, New York Democrat.

"I don't think she ever outright said it, but there's no doubt in my mind that she's going to run," he said. "It was a very exciting and exhilarating conversation. I don't know how often it happens in a lifetime when someone calls you up and says, 'I want you to know I'm doing this and I want your support.' "

• This article is based in part on wire-service reports.

Hillary Can Win But Mustn't (HILL)

By Dick Morris

The Hill, December 6, 2006

Now that Hillary has dropped the coy pretense of indecision that she used to justify her reelection to a Senate seat she no longer wants and has told friends that she plans to run for president, two questions present themselves: Can she win? And what kind of a president would she be?

She definitely can win … and probably will. She is uniquely able to expand the electorate to bring in millions of women, mostly single, who will vote overwhelmingly for a female Democrat. The feminization of poverty, long decried by the left, will finally lead unmarried women to show up at the polling place and vote their short-term economic interest and vindicate their gender bias. In 2000, only 19 million single women voted. By 2004, their turnout rose to 27 million. With Hillary in the race, the single-female vote will probably go up to its proper ratio of the adult population — 33 million votes.

Can white men outvote single women? Despite the intensity with which white men tend to oppose Hillary, they can't vote twice.

The enthusiasm that will grip many Americans — women in particular — at the cultural implications of a woman president will probably sweep through the primaries and cause many to overlook Hillary's flaws and dismiss her defects. The generic of a woman candidate will prove so attractive that millions of voters will overcome their objections to the specific person who is running.

Her mastery of the establishment of the Democratic Party, her vast lead among ex-officio delegates — many of whom have received campaign contributions from her coffers — and the celebrity draw of her ex-president husband will prove hard for a mere mortal to overcome.

But should she win? No way!

Those who know both Hillary and Bill well and are willing to speak frankly in public realize the fundamental differences between the two and grasp how his abilities are the counterpoints to her defects.

He is intensely creative, constantly turning issues over in his mind seeking new solutions. She rarely has a new idea but specializes in advocacy — the rote recitation of talking points.

He has an instinctual feel for people and an uncanny ability to read a room and know what everyone in it is thinking. She is obtuse in her understanding of people and ham-handed in her approach.

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He cares deeply about being loved. She seeks popularity as a means to the goal of getting elected but otherwise marches to the beat of her inner, liberal drummer.

He distrusts ideology, and his innate perfectionism finds all belief systems flawed. She swallows the ideological line of the guru du jour hook, line and sinker. During the healthcare years, it was Ira Magaziner who pushed her buttons. When she decided to back the Iraq War, it was the generals who paraded before her committee. She is vulnerable to a cultish adoration of the guys with all the answers.

He lets the give and take of politics wash off his back. A critic is a potential convert whom he hopes to charm over to his side. She has a rigidly dichotomized view of friends and enemies, demanding total loyalty and public silence from the former and maintaining a ruthless determination to destroy the latter. She is a Democratic Nixon to those whom she perceives as her enemies.

He is a moderate by instinct, seeking incremental change. She devotedly and deeply believes in a European-style socialism in which government takes much more of our national income and offers a far wider array of services and benefits.

He'll raise taxes when he has to. She'll increase them just to redistribute income.

He's most like Eisenhower, Kennedy and Bush Sr. — feeling his way, acting with caution, and skeptical of all advice. She is more like LBJ, Nixon or Bush Jr. — determined to charge ahead and do what she thinks needs to be done, the torpedoes be damned.

And finally, he knows who he is and, except for his private shortcomings, is not ashamed to let it show. She constantly seeks to reinvent herself and rigidly maintains an almost totally inaccurate image in public of what she is really like in private. He has little discipline. Hers is iron. His caution is innate. Hers is a learned response to what happens when people see who she really is.

He made a very good domestic-policy president. She would be a disaster at home and abroad.

Mom's A Maverick, Too (RC)

By Mary Ann Akers

Roll Call, December 6, 2006

The most popular guest at Sen. John McCain's (R-Ariz.) bustling media-and-money holiday party Monday night wound up in the hospital. Roberta McCain, the Senator's 94-year-old mother, fell as she was walking out of the star-studded bash at the Corcoran Gallery of Art and injured her hip.

After driving herself (as usual) to the party and hobnobbing for two hours with her fans in the media and supporters and guests of her son, the fiercely independent Mrs. McCain took a tumble on the front steps of the Corcoran as she was walking to her car.

Luckily, some friends who had just gotten in their car spotted the elegant lady in red and rushed to her aid. They drove her to the Naval Medical Center in Bethesda, Md., where doctors discovered she had a "hairline fracture below the joint," according to a senior McCain aide.

At press time, the slight fracture did not look like it would require surgery, the McCain aide told us. It was unclear when Mrs. McCain would be released from the hospital, where she spent Monday and Tuesday nights.

We hear the Senator — as much as he could ever possibly "make" his spitfire mom do anything — is going to strongly encourage her to come spend a few weeks in Arizona with him and his wife, Cindy.

We wish him luck. Because, if this is any indication of who's the boss in that mother-son relationship, Mrs. McCain firmly told the Senator and would-be president to "turn around and go home" during a phone conversation as he headed up to the hospital after hearing the news and leaving his party early.

And yes, you guessed it, he followed Mom's orders.

More Straight Talk. McCain's bash, paid for by his Straight Talk America political action committee, sure looked like a dry run for potential future White House Christmas parties.

Complete with an orchestra, flashbulb-splashed red carpets, a receiving line, catered gourmet food and two full open bars — and conspicuously located across the street from the Old Executive Office Building — the party drew an A-list of the media and

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politicos. Guests instinctively formed a receiving line to greet McCain and get a photo. (Even McCain's mother stood in the long line with others until CNN's Judy Woodruff politely said, "Mrs. McCain, you don't have to stand in this line!")

Notable primary- and caucus-state Senators who attended the bash: John Sununu (R-N.H.) and Lindsey Graham (R-S.C.), who reiterated his devotion to McCain's probable presidential bid while Sununu continued to play coy.

McCain's party at the Corcoran conveniently fell on the same night as the White House Congressional holiday party, which, of course, drew plenty of star power from 1600 Pennsylvania Ave., where, by the way, defeated House Resources Chairman Richard Pombo (R-Calif.) and ousted Sen. Conrad Burns (R-Mont.) were seen dancing with their wives to Kool & the Gang's "Celebration."

Nothing that zany at McCain's party. Just GOP Sens. Trent Lott (Miss.), Richard Burr (N.C.), Saxby Chambliss (Ga.) and Mel Martinez (Fla.) working a crowd that included former GOP Sens. Phil Gramm (Texas) and Peter Fitzgerald (Ill.).

Other Members included hair-of-their-chinny-chin-chinners Reps. Tom Reynolds (N.Y.), chairman of the National Republican Congressional Committee, and Christopher Shays (Conn.). The only Democrat we saw: Rep. Mark Udall of Colorado. Outgoing Republican National Committee Chairman Ken Mehlman was there, as was Homeland Security Adviser Frances Townsend, among many, many others.

The Royal Rep. Sabo. In one of those times when it pays to have a really cool middle name, retiring Rep. Martin Olav Sabo (D-Minn.) last night was slated to be tapped Commander of the Royal Norwegian Order of Merit.

The coronation was appointed by His Majesty King Harald V of Norway, though the king himself was not expected to attend last night's ceremony at the residence of Norwegian Ambassador Knut Vollebaek and his wife, Ellen.

The order came as a complete surprise for Sabo, who was expecting only to attend a dinner at the ambassador's house. He received the honor for his "outstanding work for Norwegian-American relations over many years."

Sabo, whose parents both immigrated to the United States from Norway, co-founded the Friends of Norway Caucus in the House, which now has more than 50 members. "Sabo" actually means "farm by the sea" in Norwegian.

Members who were expected to attend the ceremony last night included Sens. Mark Dayton (D-Minn.), Kent Conrad (D-N.D.) and Byron Dorgan (D-N.D.), as well as Reps. Rick Larsen (D-Wash.), James Oberstar (D-Minn.), David Obey (D-Wis.), Dale Kildee (D-Mich.) and Hal Rogers (R-Ky.).

Expected on the menu Tuesday night: What else? Lutefisk.

Cry Baby. As Tom Kahn acquires the word "majority" in his title after spending 11 years as minority staff director of the House Budget Committee, his whole world changes with him. He doesn't just have a new job, he has a new baby to boot.

Benjamin Eugene Kahn was born late on Nov. 21, weighing 8 pounds, 11 ounces. Baby Ben is the first child for Kahn and his wife, Susana Sanchez, an economist at the World Bank.

You might think a new father isn't getting much rest. But so far, Kahn says he's been sleeping like a baby. "I wake up every two hours and I cry!"

Anticorruption Whistle-blower Takes Alaska's Top Job (CSM)

By Yereth Rosen

Christian Science Monitor, December 6, 2006

ANCHORAGE, ALASKA

Sarah Palin has toppled two giants.

The former mayor of Wasilla, a rapidly growing bedroom burg north of Anchorage, crushed Gov. Frank Murkowski in the Republican gubernatorial primary. Then in the general election she defeated former Democratic Gov. Tony Knowles, a political veteran who was seeking a return to the office he held for two terms.

Monday at her swearing-in in Fairbanks, she simultaneously became Alaska's first female governor, Alaska's youngest governor, and the state's only beauty-queen-turned-chief-executive.

Not bad for a suburban mother of four with a relatively thin résumé that critics claimed marked her as a lightweight. Not only that, she won during an election in which Republicans in general lost big, including at governors' mansions. The party dropped

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six states, leaving Republicans in control of just 22 governor's seats. Governor Palin is one of three female Republicans to be running a state.

Her victory stems partly from the fact that her campaign bore little connection to the rest of the US. "It was a revolt within the Republican Party against the leadership of the party and the sitting governor," says Gerald McBeath, a political scientist at the University of Alaska in Fairbanks.

A one-time "Miss Wasilla" and a former high school basketball star, Palin turned her relative lack of political experience into an asset. She presented, according to campaign slogans, a "fresh face" offering "new energy for Alaska." That resonated with an electorate that was in a decidedly antiestablishment, anti-incumbent mood.

"This is a good, healthy position Alaskans are in to have a person who's truly an independent. Perhaps we've lacked that in the past," said Palin in an interview.

She is a self-described "hard-core conservative" who opposes abortion and gay marriage, looks favorably on teaching creationism in public schools, and considers the Republican platform "the right agenda for Alaska." Nonetheless, Palin says she sees her victory as part of the national antiestablishment wave that resulted in Democratic control of Congress. She has pledged to run a nonpartisan administration, but sees herself as being on a housecleaning mission, with her own party as a target.

"I am convinced that Alaskans want positive change, and I've taken that to mean in the party itself," she says. Tougher on Big Oil

High on her priority list is a plan to take a tougher line with the oil industry, which she says has been "making mind-boggling profits" from Alaska's resources.

"The oil companies, the executives, are doing exactly what they're supposed to do. You take as much as possible and leave as little as possible behind," she says. The governor needs to ensure that the citizens get as much benefit as possible, "which includes more than just looking out for the bottom line."

Also a top priority, she says, is restoring a sense of ethics to a state where citizens are weary of government scandals.

Palin gained much of her prominence as a whistle-blower. After she was appointed by Governor Murkowski to the Alaska Oil and Gas Conservation Commission, she started bucking the Republican Party leadership over ethics lapses. She blew the whistle on state GOP Chairman Randy Ruedrich when he was a fellow oil and gas commissioner. In 2003, he was forced to resign his regulatory post and pay a record $12,000 fine. She and a Democratic state lawmaker filed an ethics complaint against the state attorney general, Gregg Renkes, who resigned under fire.

"The Randy Ruedrich thing was a huge deal. I think that's when her popularity really started to increase," says Ivan Moore, an Anchorage-based pollster who generally works for Democrats.

Although she campaigned for Murkowski in 2002, she became his consistent critic after he was elected. She was outspoken about the financial deal he negotiated with the three major oil producers for a $20 billion natural-gas pipeline. She and others derided the deal - never ratified by the legislature - as a giveaway to the oil industry.

Palin has paid a price for her outspokenness. Mr. Ruedrich, still party chairman, seldom talks to her, and the state party gave her no money during the general election. Criticized as a 'lightweight'

During the campaign, opponents criticized her for being vague on the issues, and one even took a jab at her intelligence. "I don't hear an answer to my question, so I'm going to repeat it to you, and I'll say it slower," independent Andrew Halcro told her during one debate.

Palin says she has faced the "lightweight" charge before. She was greeted with similar skepticism when, at 32, she was elected mayor of Wasilla. During her tenure, she sometimes worked with an infant daughter asleep under her desk in a car seat.

But voters this year welcomed her outsider status as a former "hockey mom" who spent part of each summer working as a commercial fisherman in Bristol Bay. That stood in sharp contrast to both Murkowski, who served as a US senator for 22 years before becoming governor, and Mr. Knowles, who served two terms in Palin's new job.

A Public Servant To The Last (WP)

By Elizabeth Williamson

The Washington Post, December 6, 2006

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In 1961, Ed McGaffigan Jr. was a seventh-grader from Boston watching the inauguration on television when a president told him to ask what he could do for his country.

The son of an Irish immigrant laborer, McGaffigan had a ready answer, as did many of his generation: He could work for his country.

That inspired a three-decade career that included stints at the State Department, the White House, the U.S. Embassy in Moscow, Capitol Hill and the Nuclear Regulatory Commission, where last month McGaffigan became the agency's longest-serving commissioner.

McGaffigan, who turns 58 on Friday, would normally have many more years of service ahead. Instead, he is fighting an illness that threatens to vanquish him, and he is taking on one last assignment: closing his career in a way that inspires others to consider public service.

"I do what I do out of a deep sense of appreciation for the opportunities that this country gives people like my father and me," he said. "I'm proud to have been there, and proud to serve with a bunch of people as dedicated as I am.

"I hope there's another generation."

One recent rainy morning, McGaffigan, a physicist with thick gray hair and a runner's build, took his place at the front of the NRC's conference room for a celebration of his career. A line of masking tape on the carpet showed him where to stand, and he placed the toes of his shoes precisely on it.

There were jokes, gifts and tributes. "He can quote the most obscure regulations and give exact details on how they were written," said fellow commissioner Pete Lyons. He presented McGaffigan, a serial marathoner, with a specially produced audiobook to listen to while he runs: a recitation of 10 CFR 3240, "tests required for tritium-powered auto lock illuminators," a reg so obscure it stumped even McGaffigan.

Then it was McGaffigan's turn. "As long as I'm here," he said, "I'm going to be dedicated to making you all improve."

He wept a little. But he did not take his shoes off the tape.

McGaffigan was the first in his family to attend college, earning a physics degree, with honors, from Harvard, and master's degrees from the California Institute of Technology and Harvard's Kennedy School of Government. Since his education was underwritten by taxpayers, he decided, he said, to give them the benefit of the technical expertise they paid for.

While at Cal Tech, he took the foreign service exam, and in 1976 he joined the State Department. During that time, he served in the White House Office of Science and Technology Policy, overseeing international scientific programs, and worked for two years in the U.S. Embassy in Moscow, reporting on science, technology and atomic energy.

"I'm sort of an omnivore when it comes to scientific knowledge," he said. "That gave me an advantage."

In 1982, he married Peggy Weeks, whom he met through a friend. Through his former boss at State, Kennedy School professor Joseph Nye, he met Sen. Jeff Bingaman (D-N.M.), and for the next 14 years he advised the senator in his work on the Senate Armed Services Committee.

The McGaffigans had a son, Edward, in 1984, and a daughter, Margaret, two years later. Soon after, Peggy McGaffigan developed Huntington's disease, a degenerative disease of the nervous system. Bingaman reduced McGaffigan's workload, giving him time to care for his wife and children.

"He was always very organized, always making lists," said Margaret, who goes by Meggy. Grocery lists, family appointments, the annotated Christmas shopping list his children found -- for a decade, his reams of routine have kept his household on task.

Meggy McGaffigan, a physics student, has begun an internship at the NRC, where, at least for a time, she'll work alongside her father.

"He's always told me and my brother that we can do what we want" as a career, she said. But it has been her father's dedication to public service "that kind of makes you wonder if that's something that we want to do."

Her father hopes other young idealists follow his path.

"With Kennedy, serving government was a noble cause," he said. "Now Republicans and Democrats alike bash government when it serves their purpose.

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"We are going to need a massive influx of young people. The answer is not contracts." Outsourcing the work of government technicians, he said, means "there are agencies where they can't do the calculations themselves any more. "

When McGaffigan was appointed to the NRC in 1996, his government experience helped the commission unravel a tangle of poor policies "one by one."

Today, he says, the NRC is "much more efficient, much more timely, more fair I believe and more transparent." At the height of this effort, in 1999, McGaffigan was diagnosed with melanoma and underwent extensive surgery. The following year, Peggy McGaffigan died. The day after her funeral, Ed McGaffigan was testifying on the Hill. "What we do is we go on," he said. "It's part of the duty thing."

Throughout his illness, McGaffigan has rarely spent more than a few days off the job.

"The odds are very, very stacked against me," he said. "But I'm going to remain commissioner as long as I'm of use."

Jeff Sharkey, McGaffigan's chief of staff, calls his boss "one of my heroes."

"He invests his entire character in this mission," he said, pausing to compose himself. "You want to do your very best for him."

A few weeks ago, McGaffigan asked his staff to help him write his obituary.

Filled with detailed instructions and proud anecdotes, "it shows what's important to him," Sharkey said. "He continues to be someone who shows others the way, . . . how to deal with things honorably, with grace and with dignity."

Today, Ed McGaffigan and his daughter will drive together to work. He's showing her the ropes, because too soon, Meggy McGaffigan will be working there alone.

"It's one of those things that goes unsaid," she said. Anyway, she knows what her father would tell her.

"Just go on to work like any other day," she said. "Just go on."

Potential Employees Express Lukewarm Interest In Working For The Government (WP)

By Stephen Barr

The Washington Post, December 6, 2006

Many people the government wants as employees are interested in working for Uncle Sam, but they don't see the government as being as innovative and creative as the private sector, according to a Gallup survey released yesterday.

While survey respondents gave the government high marks on job security and compensation, only 3 percent said they see the government as more innovative and creative than the private sector, only 5 percent think it is better at recruiting the best and brightest, and only 6 percent viewed the government as providing a more competitive work environment.

The survey focused on young Americans from 18 to 29, known as Generation Y; professionals in such fields as engineering, law and the social sciences; and mid-career managers who work for nonprofit groups and in the private sector.

"The study makes a strong case that there is a significant disconnect to what targeted workers value in a job and the perception of what government offers compared to the private sector," said Patricia McGinnis, president of the nonprofit Council for Excellence in Government.

It is the latest in a series of efforts aimed at helping the government cope with a wave of baby-boom retirements predicted to set off a "war for talent" with the private sector. The government is particularly vulnerable because substantial numbers of federal employees are projected to retire in 2008 and 2009 and because many young Americans do not view the government as their employer of first choice.

Respondents said they understood the duties of many federal agencies but that those agencies didn't necessarily strike them as interesting places to work.

For example, most said they knew the "key responsibility" of the U.S. Postal Service, Internal Revenue Service and Social Security Administration, but that did not translate into interest. However, respondents found the Defense Department, NASA and the CIA interesting and were clear on their missions. Two agencies, the State Department and the National Science Foundation, got mixed results -- respondents said that they were interesting places to work but that they had relatively little awareness about their key responsibilities.

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F. Warren Wright, a managing partner at the Gallup Organization, and Darby Miller Steiger, a senior research director for Gallup, presented the survey results at a breakfast forum sponsored by the Council for Excellence in Government and The Washington Post. The forum's audience included several dozen federal officials, including Linda M. Springer, director of the Office of Personnel Management, who said she planned to bring the survey to the attention of top federal management officials.

The findings were based on responses from 2,596 participants from Sept. 20 to Oct. 2. The council and Gallup plan to partner on more efforts to collect data and views on federal workforce issues, Wright said.

The survey offered some reassurance that the government should be able to tap into Generation Y. Thirty-four percent of Gen Y respondents reported an interest in working for the government, which Wright called "very positive." Steiger said the response suggested that perhaps as many as 15 million young Americans might have an interest in a federal career, more than enough to fill openings in the federal workforce.

Gen Y respondents said they value workplaces that provide intellectual stimulation and opportunities for growth and advancement. But 77 percent said the private sector does a better job of providing an innovative and creative workplace; 58 percent said it does better at hiring the best and brightest. Fifty-five percent said the private sector pays better than the government.

The survey also targeted a segment of the population that McGinnis dubbed "Government-Go-Gets" because their occupations are vital to the future federal workforce. This group consisted of scientists, engineers and computer science professionals and people who work in law, public policy and the social services.

Thirty percent of the Gov-Go-Gets said they have an interest in working for the government, another encouraging response given that there will be "global competition" to hire from this group, Wright said.

Mary Cheney And Partner Are About To Be Moms (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, December 6, 2006

Mary Cheney, the vice president's openly gay daughter, is pregnant. She and her partner of 15 years, Heather Poe, are "ecstatic" about the baby, due in late spring, said a source close to the couple.

It's a baby boom for grandparents Dick and Lynne Cheney: Their older daughter, Elizabeth, went on leave as deputy assistant secretary of state before having her fifth child in July. "The vice president and Mrs. Cheney are looking forward with eager anticipation to the arrival of their sixth grandchild," spokesman Lea Anne McBride said last night.

Cheney, 37, was a key aide to her father during the 2004 reelection campaign and now is vice president for consumer advocacy at AOL. Poe, 45, a former park ranger, is renovating their Great Falls home.

News of the pregnancy will undoubtedly reignite the debate about gay marriage. During the campaign, Mary Cheney was criticized by gay activists for not being more publicly supportive of same-sex marriage. Her father said people "ought to be free to enter into any kind of relationship they want to" but deferred to the president's policy supporting a constitutional amendment banning same-sex marriages. Cheney herself called the proposed amendment "a gross affront to gays and lesbians everywhere" in her book, "Now It's My Turn: A Daughter's Chronicle of Political Life," which was published in May.

Cheney has described her relationship with Poe -- whom she took to last year's White House dinner honoring Prince Charles and Camilla-- as a marriage. The two met in 1988 while playing ice hockey and began dating four years later. They moved from Colorado to Virginia a year ago to be closer to Cheney's family. In an interview with the Post six months ago, when asked if she and Poe wanted children, Cheney said that was a "conversation I think I should have with Heather first."

In November, Virginia voters passed a state constitutional amendment banning gay marriage and civil unions; state law is unclear on whether Poe could have full legal rights as a parent of Cheney's child. The circumstances of the pregnancy will remain private, said the source close to the couple. This is the first child for both.

Baltimore's Channel 13, Preempted by Channel Faux

Poor Michael Richards. Seems people are willing to believe anything about him these days!

On at least two of its Monday evening news broadcasts, Baltimore's Channel 13 reported that the disgraced "Seinfeld" comic had apologized for yet another racial uproar, when he showed up in blackface at a celebrity roast for Whoopi Goldberg.

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What, you didn't hear about that one? Yee-e-e-ah, well, see, that's probably because it's not true. A WJZ staffer ripped the story off the Web -- without realizing that the source, DatelineHollywood.com, is a purely satirical site, which invented the completely bogus item as a riff on Richards's real-life racist outburst at an L.A. comedy club last month.

"This was an error in judgment by one of our producers who did not follow our established policy," said station spokeswoman Liz Chuday. "She failed to verify a story from a publication we were not familiar with before it aired." The station caught the error in time to issue a correction by the 11 p.m. broadcast.

The producer missed some pretty obvious tipoffs-- like the line about Richards pouring Aunt Jemima pancake syrup over Goldberg's head. Also: The links to other "articles," including " Kid Rock Seeks Physical Custody of Pamela Anderson's Twins" and " Rupert Murdoch Found Dead Next to Bloody Glove."

"Get out!" laughed Dateline: Hollywood creator Ben Fritz when we told him his fake news made the real news. The former political writer -- a recent transplant from Adams Morgan to L.A. -- said this wasn't the first time the site's satire cut too close to the bone.

"Last year we had an article about how Pat Robertson said Katrina happened because they picked Ellen DeGeneres to host the Emmys."

No, of course he never said that, but "a lot of people thought that was real."

HEY, ISN'T THAT . . . ?

? Laura Bush doing some Christmas shopping at Brooks Brothers Saturday morning. The first lady and a handful of pals dropped by the Connecticut Avenue store, where she picked up (spoiler alert, Mr. President!) cashmere sweaters and socks -- just before D.C.'s tax-free shopping week came to a close.

? John McCain scarfing down a two-pound lobster. The former Navy pilot attended the Army-Navy game in Philly Saturday, then celebrated Navy's 26-14 victory at the Old Original Bookbinder's restaurant. Impressive, but still well short of the four-pound crustacean that GOP rival George Pataki tackled at the Palm earlier this fall.

? David Gregory buying a cartful of Jell-O pudding snacks in the Cleveland Park Giant on Sunday. The NBC White House correspondent's 4-year-old son knocked out a tooth on the playground, and his doting dad was loading up soft-food treats.

QUOTE

"I don't usually write speeches, because, well, probably I'm not good with dialogue. . . . I knew I was getting old. I didn't know I was going to be with the dinosaurs so soon. . . . You remember the Tin Man before he got his oil? That's me in the morning."

-- Sylvester Stallone, 60, presenting his "Rocky" boxing gloves, shorts, hat and shoes to the Smithsonian's National Museum of American History yesterday with a little bit of stand-up. Yo, take Adrian -- please!

U.S. Offers North Korea Aid For Dropping Nuclear Plans (NYT)

By Helene Cooper And David E. Sanger

New York Times, December 6, 2006

WASHINGTON, Dec. 5 — The United States has offered a detailed package of economic and energy assistance in exchange for North Korea's giving up nuclear weapons and technology, American officials said Tuesday.

But the offer, made last week during two days of intense talks in Beijing, would hinge on North Korea's agreeing to begin dismantling some of the equipment it is using to expand its nuclear arsenal, even before returning to negotiations.

It is unclear whether North Korea will accept the offer, which is more specific — in both the details and the timing — than a vaguely worded statement of principles that the North signed in September 2005, a year before its first nuclear test.

The combination of incentives and demands was the focal point of three-way meetings on Nov. 28 and 29 involving Assistant Secretary of State Christopher R. Hill; North Korea's vice foreign minister, Kim Kye-gwan; and Chinese officials at the Diaoyutai State Guesthouse in Beijing. The incentives offered by the United States include food aid from the United States, Japan and South Korea, a senior administration official said.

The offer is significant because the administration has resisted making clear to North Korea exactly what kind of aid it would receive if it agreed to begin taking apart facilities like the plutonium reprocessing facility that turns spent fuel into weapons,

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and to provide a list of all its nuclear facilities. Hawks in the administration, particularly in Vice President Dick Cheney's office, have long opposed what they call "rewarding" North Korea for its nuclear test.

But State Department officials have argued that while the argument has gone on in Washington, the North has produced fuel for six or more weapons. They say the only successful strategy will be one that results in the beginning of dismantlement.

The incentives package also includes a pledge by the United States to work with North Korea toward finding a way to end the financial restrictions placed last year on a Macao bank, Banco Delta Asia, that was a main hub of the North's international financial transactions. The Bush administration accused Banco Delta Asia of helping North Korea to launder money from drug smuggling and other illicit activities and to pass counterfeit $100 bills manufactured by the North's government.

While the United States remains unwilling to lift the sanctions until the counterfeiting issue is resolved, a senior administration official said American officials had told the North Koreans they would work with them on the issue. "We would help them to help themselves," the official said. "We would expect them to come forward with what they know, and we'd work through the problem."

Describing the North Koreans' response to the entire package of incentives and demands, the official, who was in the room during the exchanges in Beijing, said: "They listened intently. They were clearly in a listening and probing mode, and they said they were glad to be hearing this from us."

The Beijing discussions took place in advance of planned six-country talks on the nuclear program. Diplomats from the other five countries — the United States, China, Japan, South Korea and Russia — are wary that the off-again, on-again talks risk irrelevancy; they began in 2003 and have yet to produce anything beyond the agreement in principle of dismantlement for eventual aid.

No date has been set for the official talks.

North Korea boycotted the six-party talks last year after the United States cracked down on Banco Delta Asia, and on Oct. 9, Pyongyang conducted a nuclear test. On Oct. 31, North Korea agreed to return to the six-party talks.

Since then, though, American officials have balked at scheduling a meeting until first receiving a commitment from the North to start dismantling the nuclear program.

World Powers Fail To Reach Iran Accord (AP)

By Angela Charlton

AP, December 6, 2006

Six world powers made "substantive progress" but failed to reach an accord Tuesday on a U.N. resolution to punish Iran for defying demands to halt its nuclear program, the French Foreign Ministry said after talks in Paris.

Tehran made a new threat of retaliation if the powers opted for sanctions.

"We made substantive progress on the scope of the sanctions targeting proliferation-sensitive activities. There remain several outstanding issues, upon which we will reflect over the coming days," the French ministry said in a statement. "We are now close to a conclusion of this process."

The talks brought together diplomats from the United States, Britain, China, France and Russia — the permanent members of the U.N. Security Council — as well as Germany and a representative of EU foreign policy chief Javier Solana.

After months of diplomatic wrangling, the United States and France had hoped Tuesday's talks would produce a resolution imposing sanctions on Iran for defying an Aug. 31 U.N. deadline to halt uranium enrichment. Western powers accuse Iran of seeking nuclear bombs, while Tehran insists it only wants nuclear energy.

The five permanent U.N. Security Council members plus Germany remained split over key questions of visa bans and asset freezes for Iranians linked to nuclear development, which Russia is resisting, according to a top European diplomat who spoke on condition of anonymity because of the sensitivity of the talks.

The discussions now move to the United Nations in New York. The Americans and Europeans are pushing for a resolution by the end of the year.

"We are coming up to the time (when) the credibility of the U.N. is at stake," U.S. State Department spokesman Sean McCormack said in Washington before the Paris talks.

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Meanwhile, Iranian President Mahmoud Ahmadinejad vowed Tuesday to stick by the nuclear program and issued a new threat to downgrade relations with the 25-nation EU if European negotiators opted for tough U.N. sanctions. He gave no details on how ties might be downgraded. The EU is Iran's biggest trading partner.

Illustrating the divisions that have tangled the negotiations, Russian Foreign Minister Sergey Lavrov said earlier Tuesday that imposing wide-ranging sanctions would be irresponsible.

"We believe that to impose these kind of sanctions would be ... disproportionate to the real situation. We will achieve the opposite results," Lavrov said in Brussels. "We believe this is wrong. We will work in a more responsible way."

Still, the high-ranking European diplomat said the Russians made some concessions at Tuesday's talks. The Russians agreed to a measure prohibiting financial transfers to "problematic" Iranians linked to nuclear or ballistic missile programs, the diplomat said.

Russia still opposes the broader asset freeze that the European players — Britain, France and Germany — proposed in a draft U.N. resolution presented in October, the diplomat said.

And the question of travel bans for those involved in Iran's nuclear and missile programs remains "blocked," he said. The Europeans and Americans support the bans and Russia opposes them.

The Russians also remain resistant to a measure expanding the powers of the International Atomic Energy Agency to monitor Iran's nuclear program, considering that a "provocation" to Iran, the diplomat said.

The draft resolution would exempt a nuclear power plant being built by the Russians at Bushehr in Iran, but not the nuclear fuel needed for the reactor. Russia wants to remove any mention of Bushehr.

Washington's patience appears to be wearing thin.

When asked earlier Tuesday when he expected Russia and China to join the others in supporting the resolution, the American participant in the discussions, Undersecretary of State Nicholas Burns, replied: "This afternoon would be a good time."

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Associated Press writers Slobodan Lekic and Jan Sliva in Brussels and Angela Doland in Paris contributed to this report.

No Deal On Iran Sanctions At Paris Talks (AFP)

AFP, December 6, 2006

Six world powers meeting in Paris said they had failed to agree what sanctions to impose over Iran's refusal to halt sensitive nuclear work, as diplomats said that Russia was blocking a deal.

Top diplomats from the five veto-wielding UN Security Council members -- Britain, China, France, Russia and the United States -- plus Germany and a European Union envoy, took part in the talks.

"We made substantive progress on the scope of the sanctions, targeting proliferation sensitive activities," the French foreign ministry, which hosted the meeting, said in a statement afterwards.

"We are now close to a conclusion of this process," it added, but said there were still "several outstanding issues".

"The next step will be in New York," it said, in a reference to the headquarters of the United Nations, without specifying when the next round of talks would take place.

The six powers are trying to agree what economic sanctions to impose on Iran for ignoring a UN deadline of August 31 to stop enriching uranium -- which outside powers fear could be used to make nuclear weapons.

Moscow and Beijing -- who have strong economic interests in Iran -- have tried to water down a draft UN Security Council resolution drawn up by France, Britain and Germany, while Washington wants to beef the text up.

The European draft would bar trade with Iran in goods related to its nuclear and ballistic missile programs and impose financial and travel restrictions on persons and agencies involved.

According to diplomats in Paris, Russia -- though willing to back the trade ban -- is still opposed to sanctions being applied to individuals.

Russian Foreign Minister Sergei Lavrov said earlier Tuesday that Moscow would support a ban on shipments of sensitive goods but said broader sanctions would be counter-productive.

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"We believe it is necessary to approve the proposal on forbidding deliveries of technology, material and services in the field of uranium enrichment, chemical processing of radioactive fuel, and heavy-water technology to Iran from abroad," he was quoted as saying by Ria Novosti news agency.

He criticised "our Western partners" for supporting the adoption of wide-reaching sanctions that are "not proportionate" to the monitoring capacity of the International Atomic Energy Agency.

"Such a wholesale approach to banning cooperation with Iran in various spheres will only exacerbate the situation," he said.

The meeting in the French capital came after Tehran warned it would take any attempt to thwart its nuclear programme as an "act of hostility".

In Tehran, President Mahmoud Ahmadinejad warned Europe that international action over Iran's nuclear programme could endanger relations with Tehran.

"If you (Europeans) continue making efforts to halt the progress of the Iranian nuclear programme and if you take any step against the Iranian nation's rights, either in propaganda or international bodies, the Islamic republic will consider this an act of hostility," Ahmadinejad said in a speech.

"And if you continue with this, the Iranian nation will revise the direction of its path and its plans related to you," he said.

The six powers suspect Iran of trying to develop nuclear weapons under cover of a civilian power generation programme -- which Tehran strongly denies.

On Sunday, Israel approved the creation of a new ministry for strategic affairs, mainly to deal with Iran's nuclear ambitions.

Iran Tells Arabs To Oust U.S. (WT/AP)

By Jim Krane

The Washington Times, December 6, 2006

DUBAI, United Arab Emirates -- Iran's top national security official urged Arabs yesterday to expel the U.S. military from bases in the region and instead join Tehran in a regional security alliance.

The offer was a strong sign of Iran's rising assertiveness in its contest with the United States for influence in the region.

Persian Gulf countries, suspicious of Iran's intentions, are unlikely to respond to the call and push out the U.S. military or end U.S. security deals they view as offering them an umbrella of protection, many here said.

But smaller countries, such as Kuwait, do have to tread a fine line of not antagonizing either Washington or Tehran. Some Gulf countries refused to participate in recent U.S. Navy maneuvers in the Gulf so as not to offend Iran.

Iran's top national security official, Ali Larijani, apparently aimed to allay Arab concerns and raise suspicion about U.S. intentions in his speech yesterday. He told Arab business leaders and political analysts that Washington is indifferent to their interests and will cast them aside when they are no longer useful.

"The security and stability of the region needs to be attained and we should do it inside the region, not through bringing in foreign forces," Mr. Larijani said. "We should stand on our own feet."

Such words are a direct rejection by Iran of the "notion that it can be contained," said Vali Nasr, an Iran specialist with the New York-based Council on Foreign Relations, who attended the conference.

Speakers at the Arab Strategy Forum said they think Iran's rising clout came as a direct result of the faltering U.S. policy in Iraq that has put Iran's Shi'ite allies in control of the government in Baghdad.

Mr. Larijani's proposal outlines what analysts here describe as an attempt to split the Arab world into two camps: a U.S.-Israeli-Arab coalition that seeks to contain Iran and an anti-American, anti-Israeli alliance led by Iran.

Iranian President Mahmoud Ahmadinejad has called for wiping Israel off the map and expressed doubts about the Holocaust. Yesterday, Iran's foreign ministry said it will hold a two-day international conference next week on the Holocaust to examine the event without any "preconceived ideas."

Most Arab governments remain firm U.S. allies, but Persian Iran's tough stance against Israel and the West has broad grass-roots appeal.

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Saudi Arabia, Bahrain and other Sunni-dominated countries have expressed misgivings about the growing influence of Iran's Shi'ite-dominated government, which in the 1980s sought to export its Islamic revolution and topple neighboring governments.

"Nobody is asking the Americans to pack up and leave," said Abdulkhaleq Abdulla, a Dubai-based political analyst. "There are vital American interests here, and the smaller Arab countries need protection."

Mr. Larijani expressed annoyance at Arab fears about Iranian intentions, saying Iran and its Sunni-dominated neighbors have more in common with each other than with the United States or Israel.

He assured Arab leaders that Iran seeks "peaceful coexistence" and could replace the security umbrella of U.S. bases in the region.

Iran Invites Scholars To Assess Holocaust As History Or Fiction (NYT)

By Nazila Fathi

The New York Times, December 6, 2006

TEHRAN, Dec. 5 — The Iranian authorities, who have frequently accused the Jews of distorting history to legitimize Israel, announced plans on Tuesday for an international conference on the Holocaust.

They said the conference, to be held in Tehran next Monday and Tuesday, would include more than 60 scholars from 30 countries and would examine a range of issues, including whether the gas chambers were actually used.

Iran's president, Mahmoud Ahmadinejad, stirred outrage in the West last year when he stated on several occasions that the Holocaust, in which six million Jews perished at the hands of the Nazis, was either greatly exaggerated or an outright myth. He also called more than once for Israel to be wiped off the map.

Deputy Foreign Minister Manouchehr Mohammadi said at a news conference here that the seminar flowed from Mr. Ahmadinejad's comments.

Beyond questioning the Holocaust, Mr. Ahmadinejad has said the Jews have used it as a propaganda tool to promote Israel's interests. Since several European countries make Holocaust denial a crime, he says scholars there are not free to do honest research on the subject.

Mr. Mohammadi said the conference would "provide the opportunity for scholars from both sides to give their papers in freedom and without preconceived ideas." He refused to give the names of the 67 scholars invited to attend the seminar out of fear that their countries would prohibit them from coming.

The conference does not mean that Iran "denies the crimes of Hitler," he added. "Since we are not accused and responsible for the Holocaust, we are an impartial judge."

The Foreign Ministry is sponsoring the event though its Institute for Political and International Studies, whose Web site says, "The word 'Holocaust,' which entered the political literature during the Second World War, turned into one of the most important propaganda tools used to politically justify the support for the Jewish People in the 20th century."

It invited participants to submit their papers on a range of nearly 30 subjects including the nature of anti-Semitism, Jews in Iran and Islam, Zionism, gas chambers, freedom of speech and how the law treats those who deny the Holocaust.

Mr. Mohammadi dismissed the notion that the seminar could promote anti-Semitism, saying anti-Semitism was a Western phenomenon. The proof for that, he said, was Iran's community of 25,000 Jews.

The announcement came as foreign ministers of the permanent members of the United Nations Security Council — Britain, France, China, Russia and the United States — plus Germany met in France to discuss possible sanctions on Iran for refusing to halt its nuclear program.

The United Nations had demanded that Iran suspend its uranium enrichment program by Aug. 31. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Military May Not Be Able To Halt Protests (WT/AP)

By Sam F. Ghattas

The Washington Times, December 6, 2006

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BEIRUT -- Shi'ite Muslims yesterday buried a man killed in street clashes in a Sunni Muslim neighborhood as Lebanon's army commander warned that the military may not be able to contain further protests linked to the country's tense political standoff.

Army commander Gen. Michel Suleiman urged politicians to compromise, according to comments quoted in several Beirut newspapers.

After another night of unrest in the capital, Prime Minister Fuad Siniora warned the situation could get out of control.

"No one can impose control on the streets, and this has been proven," he told hundreds of supporters who converged throughout the day on his office complex, which was ringed by barbed wire, combat troops and riot police.

Outside, thousands of opposition protesters were gathered near Mr. Siniora's offices and in several other downtown squares in yet another evening of rallies aimed at bringing down the government. Many have been camped out near the prime minister's headquarters since Friday.

In a new tactic last night, they aimed two powerful floodlights at the government complex. Troops installed more barbed wire and other fortifications.

Lebanon's political confrontation breaks down along dangerous sectarian lines. The U.S.-backed government is supported largely by Sunnis, while the opposition -- led by the pro-Syrian Hezbollah -- has wide support among Shi'ites. Lebanon's Christians are split between the two camps. Hezbollah is demanding the formation of a new government giving it and its allies a larger share of power.

The standoff shows no sign of waning despite calls from the two sides for dialogue to resolve their differences. The Arab League secretary general has visited to try to help, as did Jordan's foreign minister. Egypt's Beirut envoy also has been making the rounds.

After several days of trading accusations in the media, rival Lebanese leaders opened direct channels. A Sunni scholar in the opposition went to the government headquarters to discuss ideas on resolving the crisis, and the government gave him its own proposals, including the possible expansion of the current Cabinet to satisfy opposition demands, Youth and Sports Minister Ahmed Fatfat told reporters.

Shi'ite leaders tried to put the lid on the boiling sectarian tension and prevent revenge attacks after the killing of 21-year-old Shi'ite protester Ahmed Mahmoud, who was shot while walking Sunday with other protesters through the Sunni neighborhood of Qasqas. Twenty-one persons were wounded in the violence.

In a Shi'ite district not far from the shooting scene, Mr. Mahmoud's comrades from the Shi'ite Amal party and relatives took turns carrying his coffin. About 2,000 people, many holding Lebanese and green Amal flags, marched behind. A band played martial music. Some of the Shi'ites beat their heads with their hands in a traditional sign of mourning.

The funeral march made its way to the Rawdat al-Shahidein cemetery, where a senior Shi'ite cleric led the prayer over the coffin amid wails of relatives and calls of "God is great."

With Street Protests, Hezbollah Gambles In Quest For Dominance (WP)

By Anthony Shadid

The Washington Post, December 6, 2006

BEIRUT, Dec. 5 -- Hezbollah has entered territory uncharted in its 24-year history as armed militia, social welfare group and nascent political party, effectively seeking an unprecedented, decisive say in Lebanese politics to protect what it sees as its interests from foes at home and abroad.

The month-long political crisis that has roiled Lebanon, hurtling it dangerously close to the precipice of civil war, marks a revealing shift for the Shiite Muslim movement that for years, at least rhetorically, tried to stay above politics, entering the cabinet for the first time in 2005.

Now, by mobilizing its rank and file and pouring them into downtown Beirut to topple the government, the movement has framed that pursuit for political power in the same martial language of this summer's war with Israel.

The imagery is often blunt: "Just as I promised you victory in the past, I promise you victory once again," goes a recording by Hezbollah leader Hasan Nasrallah played over and over, igniting cheers each time. Banners on tents, housing thousands of

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supporters camped out in front of the government headquarters, display the slogan: "As with victory, change is coming, coming, coming."

"Everything is at stake for Hezbollah," said Amal Saad-Ghorayeb, an analyst on Hezbollah and a visiting scholar at the Carnegie Endowment Middle East Center in Beirut. "There is no way that Hezbollah would back down."

"They're putting this political struggle on a par with the military struggle to show how significant it is strategically," she added. "It's basically an existential struggle for Hezbollah. It's an extension of its war with Israel."

The protests that began last week continued Tuesday, part carnival, part show of force. The crisis has myriad dimensions: notably a contest over ideology toward Israel and a battle over whose patrons -- the United States and France on the government's side, Syria and Iran on Hezbollah's -- will have a greater say here.

And the protests are rife with irony. In pursuit of its political aims, Hezbollah has employed tactics praised by the Bush administration when mass demonstrations took place after the assassination of former prime minister Rafiq al-Hariri in February 2005 helped end Syria's 29-year military presence in the country.

In the street today is a somewhat unlikely coalition of Shiites loyal to Hezbollah and to the allied Amal movement, and Christian supporters of Michel Aoun, an influential former general. The protests themselves represent an unprecedented attempt at popular pressure by Islamic movements that often act, or are forced to act, clandestinely in the Middle East.

But there remains a relentless logic to today's demonstrations: an attempt by Hezbollah to resolve in its favor the political uncertainty that has reigned since the Syrian withdrawal from a country in which two camps contest nearly every aspect of Lebanese political life. At stake, almost everyone agrees, is the direction of the state.

"This is not about one more cabinet minister or one less for either them or us. It is a battle equally important for them and for us," said Samir Geagea, veteran of a civil war militia who supports Prime Minister Fouad Siniora's government.

Nayla Moawad, the minister of social affairs, was more direct. "This is a coup d'etat," she said.

"A balance of power within the government will be a guarantee for both sides," countered Amin Sherri, a Hezbollah member of parliament. "Before they were giving us a choice between bad and worse. We don't want to go on like this."

"We don't want to be merely witnesses to decision-making on important issues," he added.

Since Hezbollah's creation with Iranian patronage in the wake of the 1982 Israeli invasion, the group has often operated in different environments. During the civil war that ended in 1990, there were no rules. Afterward, Syria, long the kingmaker here, protected Hezbollah's interests, as well as determined the country's foreign policy. After the Israeli withdrawal from southern Lebanon in 2000, Hezbollah's popularity swelled, its militia credited with what most in Lebanon considered a victory.

But in the tumult and uncertainty of Lebanese politics today, once unasked questions are up for grabs: whether Hezbollah can keep its arms; its ties to Syria and Iran; the country's posture toward Israel and the United States; and the balance of power among Sunnis, Shiites and divided Christians. Underlying them is another question, sharpened by the contention of Hezbollah's foes that it started the latest war with Israel: Who has the right to make war and peace in Lebanon?

"The state, before the assassination of Hariri, was used to protect and embrace Hezbollah. The whole state served to protect it. And now this state has ended. So Hezbollah is looking for an internal role, to enter the political equation, and its entry into politics represents a huge upheaval," said Hazem al-Amin, an analyst of Shiite politics and writer for al-Hayat newspaper.

"Hezbollah wants to try its political training on us," he added.

Hezbollah's transformation over the years marks one of the most striking transformations of any Islamic organization in the Middle East. In its early years, it was notorious for imposing draconian restrictions in southern Lebanon -- banning mixed sunbathing and women's swimsuits at beaches, closing coffee shops, and prohibiting parties and dancing. Since then, it has evolved from a shadowy organization blamed for two attacks on the U.S. Embassy and the 1983 bombing of the Marine barracks here, killing 241 soldiers, into a sprawling movement that fields a crack militia, serves in parliament and delivers welfare -- from education to compensation for war damages -- for its Shiite constituency, Lebanon's largest community.

Through that evolution, the movement has adapted itself at turning points in Lebanon's history. It took part in parliamentary elections in 1992 after the civil war. After the Syrian withdrawal, it entered the cabinet for the first time. As pressure built for its disarmament, as called for by U.N. Resolution 1559, it struck its alliance with Aoun a year ago. Each turn can be read as

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defensive: protecting its weapons, preventing Lebanon from growing too close to the United States, and promoting the ambitions of the Shiite community, long disenfranchised and still sometimes perceived as second class.

But the protests underway mark a far less certain tactic for Hezbollah than past decisions to participate in parliament or the cabinet. The stakes are higher -- bringing down the government -- and the outcome for a group that prides itself on deliberation, caution and prudence is by no means certain. The implications for its Shiite constituency are similarly ambiguous. A debate remains in Lebanon over what precisely Hezbollah wants and how much the rest of Lebanon is willing to give.

"They sort of painted themselves in a corner, and it's very difficult to back out now," said Timur Goksel, a former spokesman and adviser to the U.N. peacekeeping force here. That strategy entailed risk in Lebanon's notoriously mercurial, even cynical politics, he said. "At the moment, they are spending a lot of the capital they made out of this summer's war. Getting involved in local politics can erode the party's popularity very quickly."

In some ways, he added, "fighting Israel is much easier."

In the protests themselves, canvas tents sprawling across downtown during the day, engulfed by crowds at night, Hezbollah has played down any sectarian ambitions. Rather, it has promoted the protests as a campaign for "national unity." "One, united," banners read at the protest and on the movement's television station, al-Manar. On a recent night, a Hezbollah guard discouraged a couple from bringing a Hezbollah banner to the stage. "Please, only Lebanese flags tonight," he said.

Another dominant theme is resistance to American influence in Lebanon. That message appeals to its constituency, bitter over U.S. support for Israel in this summer's war, and underlines the almost existential threat that Hezbollah, backed by Syria and Iran, perceives in a government too closely allied with the United States and its ambitions in the region.

"Hezbollah was extremely anxious where the country was heading. It seemed to be heading straight into the U.S. orbit. It was turning into a satellite state," said Saad-Ghorayeb, the analyst. "If they back down now, they will have effectively given up on Lebanon. That would mean Lebanon falls to their enemy, the United States and Israel."

Banners condemn Jeffrey D. Feltman, the U.S. ambassador in Lebanon, who is often a target of Nasrallah's speeches. "The government of Feltman," one slogan reads, "We'll bring it down." A homemade billboard was set up near Hussein Ismail, a 15-year-old protester from the southern town of Kafra. Under a picture of Siniora and Secretary of State Condoleezza Rice, it read, "Congratulations to the bride and groom." Another pictured the two shaking hands. "Peace with the enemies," it read.

"This is a struggle with a government that is not Lebanese but rather American," he said. "We want a Lebanese government that doesn't take its decisions from the Americans and the Zionists."

Behind Ismail was another poster of Nasrallah. "He promised a victory, and a victory is coming, just like he said."

Special correspondents Alia Ibrahim and Lynn Maalouf contributed to this report.

Textbooks In Israel To Designate West Bank (WP)

By Scott Wilson

The Washington Post, December 6, 2006

JERUSALEM, Dec. 5 -- Maps in future Israeli public school textbooks will show the boundary that existed between Israel and the West Bank before the 1967 Middle East war, Israel's education minister announced Tuesday. The move drew sharp protest from lawmakers, settler groups and religious leaders who claim the West Bank as part of the Jewish state.

The minister, Yuli Tamir, is a member of the Labor Party and a founder of the advocacy group Peace Now, which opposes Jewish settlement in the occupied territories. Palestinians envision a future state in the West Bank, Gaza Strip and East Jerusalem, all of which Israel occupied in 1967.

Prime Minister Ehud Olmert has stated that Israel should evacuate parts of the West Bank so as to define its borders around land with a solid Jewish majority. He has said that several large Israeli settlement blocs in the West Bank would be included as part of Israel in any final peace deal.

The Israeli government has frequently criticized the Palestinians and neighboring Arab states for using maps in classrooms that do not define the state of Israel, now 58 years old. The maps generally mark it as "Palestine."

Israel's policy of not marking the West Bank began soon after it captured the territory from Jordan in the 1967 war. Most school maps now evoke Jewish history by labeling the territory by the Biblical terms "Judea and Samaria."

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In defending her order in interviews with Israeli reporters Tuesday, Tamir noted the difficulty in pressuring Arab countries to mark Israel on maps when the Jewish state does not designate the West Bank as a separate entity on its own maps. She told Israel's Army Radio that "if we don't show these borders, we will turn out very confused children."

"You cannot expect children to understand history if portions are excised from school texts," said Tamir, a professor of political philosophy at Tel Aviv University.

The order drew angry reactions from legislators affiliated with parties that claim the West Bank as part of "greater Israel," an area that they generally define as stretching from the Mediterranean Sea to the Jordan River.

Roughly 250,000 Jewish settlers live in the West Bank beyond Israeli-annexed East Jerusalem, amid approximately 2.5 million Palestinians.

"In general, I'm not against giving all the information there is to students," said Shaul Goldstein, head of the Gush Etzion settlement bloc south of Jerusalem. "On the other hand, it's obvious she is doing this for political reasons, to educate our youth that 'this land is not ours.' "

Israel Radio reported that a group of conservative rabbis issued a religious decree prohibiting the use of any textbooks whose maps show the "Green Line," the 1949 armistice line separating Israel and the West Bank.

Ronit Tirosh, a legislator from Olmert's centrist Kadima party and a former director general of the Education Ministry, told reporters Tuesday that Tamir "cannot decide for Israeli pupils what is part of Israel and what isn't." Israeli officials estimate it will take more than a year for new maps to reach Israeli classrooms if the policy proceeds.

Olmert, whose governing coalition includes Labor as its largest member, said after meeting with Tamir that "there is no reason not to mark the Green Line and where the borders of the country were in 1967," according to the Ynetnews Web site.

"But there is a duty to present the fact that the government's stance and the consensus in the country rule out returning to the 1967 borders," Olmert added.

Palestinian-al Qaeda Plans (WT)

By Louis Rene Beres And Clare M. Lopez

The Washington Times, December 6, 2006

Most Palestinian communities across the world were jubilant on September 11, 2001. This past June, these very same communities expressed outrage at the successful American assassination of terrorist leader Abu Musab al-Zarqawi. For them, the murderous mastermind of al Qaeda in Iraq had been a great hero. Dead, he was now a "martyr."

But the Palestinian link to al Qaeda has become more than mere sympathy and friendship. Al Qaeda has now set its sights on Israel and on an incremental takeover of the Palestinian cause. This is the next phase of its campaign to dominate the Muslim world and re-establish an Islamic Caliphate.

In the wake of Israel's withdrawal from Gaza in August 2005, and Hezbollah's war with Israel in July 2006, al Qaeda perceives a unique opportunity. With chaos gripping both the Palestinian Authority and the Lebanese political scene, al Qaeda has precisely the opening it needs to counter Iran's radical Shi'ite expansionism and to acquire a necessary foothold in the region. Its direct entry into the Arab-Israeli conflict could produce major instabilities and war.

A common hatred of the United States and Israel facilitates networks of tactical cooperation between Palestinians and al Qaeda. These alignments have functioned for some time in Gaza, the West Bank, Jordan and Lebanon. Shadowy connections exist among clandestine cells that now stretch from the Sinai, across the border into Gaza, and on up to the refugee camps in Lebanon. They involve information sharing, weaponry, safe houses and scientific expertise. The overriding purpose of these alignments is future terror attacks against both Israel and the United States. These planned operations could include chemical, biological or even nuclear technologies.

None of this should be a surprise. Immediately after September 11, not only Hamas approached al Qaeda, but so too did Yasser Arafat's own forces. Fatah, formed as Mr. Arafat's personal movement to dominate the PLO, had openly embraced "martyrdom operations" against Israeli women and children as the al-Aqsa Intifada first unfolded in 2001. Although Palestinian terrorists hardly needed al Qaeda to prod them to commit further acts of cruelty, the example of September 11 seemed to offer

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them both comfort and resolve. For its part, al Qaeda has been more than pleased that its Palestinian collaborators now cite frequently to the sacred Hadith: "Oh, Allah, annihilate the Jews and their supporters."

The glorification of killing for Islam has infiltrated previously secular Palestinian terror groups by way of Iranian-influenced Hezbollah, just as it has affected al Qaeda. In addition to the usual sanctification of "suicide bombing," both also approve of certain religion-based killings within the Islamic community. Both term Muslims who allegedly collaborate with the United States murtaddun (apostates) and both prescribe the sentence of murtadd harbi; to wit, the "ally with Satan" is condemned with a fatwa that pronounces a death sentence. The pertinent Koranic verse is this: "The punishment of those who wage war against Allah and His Prophet and strive to make mischief in the land, is only this -- that they should be murdered or crucified, or their hands and feet should be cut off on opposing sides." There is no difference here between man and woman: "It is permissible to shed the blood of a woman who is a heretic [harbiyya] even if her fighting is limited to singing."

Despite these factors that first allowed al Qaeda to obtain a foothold within the Palestinian cause -- a cause that had been ignored by Osama bin Laden before his 1998 Declaration of War Against Crusaders and Jews -- such an alliance is not necessarily "natural." Nor are Palestinian groups such as Hamas automatically inclined to welcome al Qaeda's growing presence in the territories. In addition to tensions that exist between Sunni offshoots of the Muslim Brotherhood (such as Hamas and the Palestinian Islamic Jihad) and the Iranian Shi'ite proxy group Hezbollah, the international jihad mission of al Qaeda goes far beyond the essentially nationalist, territorial objectives of local groups that have been fighting Israel for decades.

Historically, al Qaeda has sought various security vacuums from which to operate -- e.g., Afghanistan, Somalia, Iraq and Pakistan's wild border region. It now seeks the Palestinian Territories. As far back as December 2002, al Qaeda first announced the establishment of the Islamic Al-Maida Organization in Palestine. This announcement declared "a vow of allegiance to the Emir of the Mujahedeen, the leader Osama bin Laden, by means of whom Allah strengthened the Nation of Islam." Calling for an end to regimes that "serve only the murderous Jews and the Great Satan," the announcement ended with a plea to "our brothers in Islam in Jordan, Egypt and Saudi Arabia to attack the American interests and the heretical institutions of apostasy... Death to the Jews and Zionism; death to America; strength to Allah, Allah is great, and victory to Islam."

It was Israel's 2005 withdrawal from Gaza that provided the first real opportunity for al Qaeda operatives to cross over newly opened border crossings from Sinai. Then, Iran's unleashing of its Lebanese Hezbollah proxy against Israel in the summer of 2006 alerted al Qaeda that a resurgent radical Shi'ism meant to stake its own claim to the Palestinian campaign against Israel. While Hamas' January 2006 electoral victory signaled the demise of Fatah, that terror group was not willing to go down without a fight. Hamas is not Fatah's only enemy, however, as a noose of hatred draws more tightly around Israel. In September, Palestinian President Mahmoud Abbas lost his top intelligence officer and four bodyguards in a shooting ambush claimed brazenly by al Qaeda.

All sides now openly admit to al Qaeda's expanding presence. In Sinai, a mixed Bedouin-Palestinian wing of al Qaeda operates under the name "al Qaeda Organization in the Land of the Nile." In Gaza, a group calling itself "al Qaeda Organization in the Border Districts" has surfaced. In October 2005, Israel's military intelligence chief, Maj. Gen. Aharon Zeevi-Parkash, called al Qaeda's growing interest in Israel "a real threat." Retired Brig. Gen. Danny Arditi, who heads the counterterrorism department of the Israeli National Security Council, confirmed to Army Radio that al Qaeda had infiltrated Gaza from the southern Egyptian border after Israel's disengagement. In a September 2005 interview, Hamas spokesman Mahmoud al-Zahar confirmed the infiltration of al Qaeda members into Gaza, noting not only a physical infiltration, but claiming the existence of contacts from Gaza with al Qaeda centers in other countries. The wary working relationship between Hamas and al Qaeda notwithstanding, the Muslim Brotherhood has launched a propaganda campaign against al Qaeda throughout the Arab world. Hezbollah leader Hassan Nasrallah is frankly antagonistic to al Qaeda's spreading influence in Lebanon, and has acknowledged al Qaeda's involvement there by terming it a "dangerous and unacceptable" situation.

Al Qaeda now operates secretly in the West Bank (Judea/Samaria) and openly in Gaza at the express invitation of Hamas. Relations with Fatah have deteriorated since Mr. Arafat first imported Hezbollah fighters to assist with terror attacks against Israel. Hezbollah and Iranian Revolutionary Guards have, in turn, helped to train a variety of Middle Eastern terrorists. Early on, Mr. Arafat had gathered together a diverse collection of Iranian Revolutionary Guards, Hezbollah, Popular Front-General Command and various Iraqi military intelligence units (Palestinian terrorists had always been extremely close to Saddam Hussein, even sending

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Palestinian Liberation Army units to help torture Kuwaitis in 1991). Also included were the pro-Iraqi Arab Liberation Front, and, since April 2002, al Qaeda.

Significantly, this same crosscut of Islamist terrorist groups presently exists in the United States -- although here they function "only" as fund-raising, propaganda, recruitment and sleeper-cell operatives. Al Qaeda's hatred of the United States has very little to do with American support for Israel. If Israel ceased to exist, its enmity for this country would continue unabated. This is because the United States is seen as the superpower leader of liberal democracy, wielding the ability to check al Qaeda's dream of a new global Caliphate. The unforgivable "sin" of American ties to "apostates and criminals" who rule in such Muslim countries as Egypt, the Emirates, Jordan, Kuwait, Pakistan and Saudi Arabia elicits the same implacable wrath as American support for Israel because both linkages weave a network of opposition to al Qaeda expansion.

Joint Palestinian-al Qaeda teams are planning coordinated mega-terror strikes against Israel and America. Simultaneously, a fight is taking shape among the major ideological factions of radical Islam. It follows that both Israel and the United States should immediately cease any and all assistance to the Hamas-controlled Palestinian Authority. Above all, it is time for Washington to stop sending American tax dollars to support archenemies of the United States.

Louis Rene Beres, who has counseled various government agencies in Washington and Jerusalem, served as chairman of Project Daniel under former Israeli Prime Minister Ariel Sharon. Clare M. Lopez, who lectures on the Mideast and counterterrorism issues, served 20 years as a CIA operations officer.

Pakistani Says Concessions Could Produce Kashmir Pact (NYT)

By Somini Sengupta

The New York Times, December 6, 2006

NEW DELHI, Dec. 5 — The Pakistani president, Gen. Pervez Musharraf, said in an Indian television program broadcast Tuesday that Islamabad could accept a solution to the festering dispute over Kashmir if New Delhi were to agree to greater autonomy and gradual demilitarization in the Indian-controlled swath of the territory.

“Inherently, both sides have to give up their positions,” he said in an interview with NDTV, a private television channel, according to a partial transcript of the interview on the station’s Web site.

General Musharraf’s comments are not entirely new. He has floated the idea of a Kashmir solution that makes borders “irrelevant” and gives the people of Kashmir self-rule, even as it keeps the two sides of Kashmir under the official territorial control of the two countries.

The remarks do signal, however, that even as official peace talks yield virtually no breakthroughs, the areas of disagreement between the rivals could well be shrinking.

Amitabh Matoo, the vice chancellor of the University of Jammu and a longtime observer of India-Pakistan negotiations, said General Musharraf’s comments had reflected “new flexibility in Pakistan’s Kashmir policy.”

“Clearly the back channels, which are active, have considerable space now to work with and arrive at, hopefully, a reconciliation of the two positions,” he said.

On what to do with the de facto border, the Line of Control, which divides the Indian- and Pakistani-controlled parts of Kashmir, no longer is there a sharp gulf in opinion. Prime Minister Manmohan Singh of India has also hinted at the notion of a soft border, one that would allow families to continue to cross with little hindrance, even as he has repeatedly articulated the traditional Indian line. In short, the map of India, which includes Kashmir, would not be redrawn.

Nor is there major disagreement over the idea of greater self-rule by Kashmiris on both sides. The sticky part is how to do it.

General Musharraf called for what the NDTV transcript called “a joint supervision mechanism” across the Line of Control. India is unlikely to accept anything like a joint Kashmiri provincial administration, on the grounds that it would dilute Indian claims over its portion of the province.

According to one person familiar with the proceedings of the closed-door talks, who was not authorized to speak publicly on the matter, India could be open to a “joint institutional mechanism” to regulate certain interstate issues like transportation, water and environmental management.

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As for demilitarization, General Musharraf has repeatedly called on New Delhi to reduce the number of troops from its side of Kashmir, a demand that has met with an Indian retort to reduce the anti-Indian militant violence from across the border.

Hasan-Askari Rizvi, an independent political analyst in Lahore, saw both domestic and international motivation behind General Musharraf's comments. At home, Mr. Rizvi said, General Musharraf faces elections next year and would want to present himself as the architect of a new India-Pakistan accord.

"If India rejects his ideas straight away, Musharraf can show to the international community, especially the U.S., that India's inflexibility is the major obstacle to conflict resolution between the two countries," he said.

Kashmir is their principal point of disagreement, the heart of two of the three wars fought since their violent synchronized births in 1947.

Pakistan has insisted on a plebiscite to allow Kashmiris to choose between joining India or Pakistan.

At least on Kashmir's future, there is one area of agreement. "We are against independence," General Musharraf said. So too, he pointed out, is India.

India Nuclear Bill To Be On President's Desk This Week: Frist (AFP)

AFP, December 6, 2006

US Senate leader Bill Frist assured India's Prime Minister Manmohan Singh that a major US-India nuclear energy bill is on track for completion this week.

"I spoke today by telephone with Indian Prime Minister Manmohan Singh regarding the pending legislation to authorize civil nuclear cooperation between the United States and India," Frist said.

"I assured Prime Minister Singh that one of my top priorities for the remainder of this Congress is to enact this legislation, and I told him I am confident that we will be able to complete congressional action on it this week," he said.

The Republican senator, in his final week in Congress after choosing not to stand for reelection, praised the groundbreaking US-India Civil Nuclear Cooperation bill, separate versions of which were approved in House and Senate.

Frist said negotiators from the two houses are at work merging the legislation into one streamlined bill, and expect to be able to send the bill to President George W. Bush this week for signing.

"The enactment of this legislation will lead to a much more friendly and robust relationship between the United States and India. I told him we share that objective and are working hard to produce legislation that would help our two nations achieve it," Frist said.

The Republican leader said that Singh expressed reservations about several provisions in the bills that are problematic for the Indian government because they depart from the understanding he reached with Bush in July 2005.

Frist said he assured the Indian leader that his concerns would be dealt with, saying that he has named himself to be one of the negotiators on the bill "in order to be able to participate personally in the process of refining the legislation."

Gedi: Somalia Troops Prepared For War (AP)

By Chris Tomlinson

AP, December 6, 2006

Somalia's troops are ready for an imminent and inevitable war with the Islamic militia that has taken over much of the country and surrounded the internationally backed government, the country's prime minister said.

Somali Prime Minister Ali Gedi told The Associated Press he believed the most radical leaders within the Islamic movement were in control and would not take peace talks seriously. The Islamic movement has overrun much of Somalia, including the capital, in recent months, increasingly sidelining the weak government and vowing to bring Islamic law to the whole country.

The radicals within the movement "are the decision makers now," Gedi said in the interview late Monday. "Those who believe that the situation in Somalia will be solved through dialogue and talks are wrong."

But he said his government will continue to take part in all peace efforts while preparing to defend itself against attacks by the Council of Islamic Courts, as the movement that has taken over most of southern Somalia is known.

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"We have already mobilized our forces, we have trained a few thousand troops, they are ready," Gedi said during a visit to Ethiopia's capital. Ethiopia has backed Gedi's government, angering the Islamic movement which sees it as interference from Somalia's traditional rival.

Somali's rainy season is coming to an end and roads will be passable again for military vehicles in the next two weeks, he added.

The United States has said the Islamic movement has links to al-Qaida, an accusation Islamic leaders have repeatedly denied.

Gedi said the Islamic forces included more than 3,000 foreign fighters, echoing similar statements made by a U.N. panel investigating violations of an arms embargo that has been in place since 1992, when the last effective central government in Somalia collapsed.

Gedi's government is the 14th attempt to restore the rule of law in Somalia. But his parliament and Cabinet, made up of former warlords and civic leaders, has struggled to expand out of Baidoa, a key town 150 miles northwest of Mogadishu.

From within this power vacuum, a disparate group of Islamic leaders have banded together to create the Council of Islamic Courts, driving out warlords and installing clerical rule in the areas it now controls.

The militia declared itself in control of the southern town of Dinsor on Saturday, a seizure that effectively surrounds the weak, transitional government in its fortified base in Baidoa.

The international community has sponsored several rounds of peace talks to bring Gedi's government and the courts together. Gedi pointed out that after each round of talks, the Islamic courts returned to Mogadishu and dispatched troops to capture additional territory, despite promises to stop their expansion.

Ethiopia, a largely Christian country that fears the possible rise of Islamic fundamentalism on its borders, has acknowledged sending military advisers to Baidoa and has trained Somali troops to protect the government.

Gedi said several thousand Somali troops recently trained and equipped in Ethiopia had arrived and would able to defend Baidoa. The government has so far intentionally avoided any direct confrontation with the Islamic courts.

A confidential U.N. report recently obtained by The Associated Press said there were up to 8,000 Ethiopian troops in the country supporting the government. Ethiopia's parliament has authorized military action if attacked by the Islamic movement, which has declared holy war on Ethiopia over its troop incursions.

The U.N. report said Ethiopia's regional rival, Eritrea, had 2,000 troops in the country backing the Islamic movement, raising the specter of Eritrea and Ethiopia fighting a proxy war in Somalia.

On Friday, the United States introduced a U.N. resolution to partially lift the arms embargo on Somalia to allow for regional peacekeepers.

U.S. officials say that by providing the government with peacekeepers, the Islamic courts will have a greater incentive to pursue peace talks, rather than a military solution.

Gedi said his government needs international support in order to survive against what he calls the terrorist forces within the Islamic courts. He said the draft resolution should allow any country to provide troops to protect his government.

He said recent suicide bombings in Baidoa were contrary to Somali culture and proof that foreign fighters had come to Somalia.

"Suicide bombings was transferred to Somalia from elsewhere," Gedi said. "It will not stop in Somalia, it will spread out."

The United States has issued a travel advisory for Somalia's neighbors Kenya and Ethiopia, warning that extremists in Somalia could launch suicide attacks in those countries.

Rebels Threaten To Withdraw Peace Deal (AP)

By Alfred De Montesquiou

AP, December 6, 2006

The only Darfur rebel group to sign a peace agreement with the government threatened Tuesday to pull out from the deal if Khartoum-backed militias continue to attack civilians in the troubled region.

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The ultimatum from Minni Minawi, head of the main branch of the Sudan Liberation Movement, came a day after the pro-government janjaweed paramilitary looted the central market in El Fasher, the capital of North Darfur, and clashed with SLM fighters, killing at least two.

The United Nations evacuated staff and international aid workers from El Fasher "as a result of increased janjaweed presence in the town and armed movements in the area," said Radhia Achouri, the spokeswoman for the U.N. mission in Sudan.

African Union peacekeepers warned that El Fasher could be attacked within the next day, saying they had reports that a coalition of rebel groups planned to launch an offensive to drive the janjaweed out of the town.

The AU force in Darfur said its headquarters — located in El Fasher — "could be a target" of the possible rebel attack.

The Khartoum government is accused of unleashing the janjaweed militias, made up of Arab nomads, to help put down ethnic African Darfur rebels who rose up in 2003. The janjaweed are blamed in widespread atrocities against civilians.

More than 200,000 people have been killed in Darfur and another 2.5 million have been driven from their homes. Violence has only increased since the government and the SLM signed the Darfur Peace Agreement in May, which other rebel groups refused to accept.

"The government must disarm and neutralize the janjaweed by the end of this month," Minawi told The Associated Press. "Otherwise a bridge will be crossed, and no one knows what will happen," he said.

He did not say what steps the SLM would take if the government did not meet the deadline, but his spokesman suggested the group could pull out of the Darfur peace deal — a step that could lead to the collapse of the fragile agreement on which the United Nations and others have pinned hopes for bringing peace to the region.

The African Union warned that the National Redemption Front, a coalition of rebels who rejected the peace accord, was reportedly planning an assault on El Fasher along with other factions including some of Minawi's men.

Khartoum has opposed a U.N.-brokered deal for a joint mission of some 20,000 U.N. and African peacekeepers to deploy in Darfur.

The government denies backing the janjaweed, but agreed to disarm them as part of the Darfur peace accord. Observers however, say Khartoum instead reinforced the militia.

Top U.N. officials say janjaweed backed by the army have recently increased their attacks throughout Darfur and are specifically targeting civilians, including children.

Russia Won't OK Extradition In Spy Case (AP)

By Vladimir Isachenkov

AP, December 6, 2006

The top prosecutor said Tuesday that Moscow will not extradite possible Russian suspects to Britain in the poisoning of the former KGB agent Alexander Litvinenko and warned that British detectives would not be allowed to carry out interrogations in Russia.

Prosecutor General Yuri Chaika said that under Russian law, a Russian citizen who is accused of committing a crime abroad must face trial at home. "If they want to arrest citizens of the Russian Federation, it would be impossible because of the Russian Constitution," he told reporters.

Litvinenko, 43, died Nov. 23 in London, and toxicologists found the radioactive isotope polonium-210 in his body. On his deathbed, Litvinenko blamed President Vladimir Putin for the poisoning. The Kremlin has vehemently denied the accusations.

Putin met Tuesday with Italian Foreign Minister Massimo D'Alema, who had pledged to press Moscow about Litvinenko's poisoning, but neither man mentioned the case in their public remarks.

Chaika said his office would fully cooperate with a team of Scotland Yard investigators who arrived in Moscow on Monday to collect information on Litvinenko's death.

However, he said that all figures in the case would be questioned by Russian prosecutors in the presence of the visiting British officers. "It is we who are doing all the interrogating. They only attend that, it cannot be otherwise" in Russia, Chaika said.

The prosecutor also confirmed that Andrei Lugovoi, a former Russian agent who met with Litvinenko in London on Nov. 1 — the day Litvinenko fell ill — has been hospitalized.

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Chaika said the British officers could be allowed to visit Lugovoi and listen to his interrogation by Russian prosecutors, if doctors permit it.

"He's being treated in a hospital," the prosecutor said. "Everything will depend on the doctors' opinion. If doctors allow a conversation with him, he will be questioned."

Lugovoi told the ITAR-Tass news agency that he was undergoing tests for possible radiation contamination, and the results would be ready in a few days.

He said he was prepared to answer the British investigators' questions.

"I intend to fully satisfy their interest and am waiting for an invitation from the law enforcement organs," he was quoted as saying. "Once I give all the necessary testimony to the law enforcement organs, I intend to publicly put an end to (speculation) about my supposed involvement in this story."

Lugovoi went to London in the month before Litvinenko's death and met with Litvinenko four times, according to Russian media. He said Litvinenko had contacted him about a year ago with some business proposals, and that they had met intermittently in London since then.

Chaika refused to say how many people British investigators hoped would be questioned in the case.

He said Mikhail Trepashkin, a former security service officer who is serving a four-year prison sentence for divulging state secrets, was not part of the initial British request and that British investigators would not be allowed to talk to him.

Trepashkin has claimed in a letter that he had warned Litvinenko several years ago about a government-sponsored death squad that intended to kill him and other Kremlin opponents.

Chaika dismissed the allegation, adding, "we aren't obliged to react to any stupidity."

He also shrugged off questions about the possible questioning of officials from the Federal Security Service, a KGB successor agency which some observers have accused of involvement in Litvinenko's death.

"Why should FSB officials be questioned? Why not question everyone here?" Chaika said, using the Russian acronym for the agency.

He also rejected allegations that the polonium-210 that poisoned Litvinenko could have been smuggled from Russia.

"It couldn't happen here," he said, adding that two Russian plants mentioned in the British media as possible sources of the polonium-210 do not produce it.

"It's all sheer nonsense," Chaika said of the allegations.

The case has strained already tense relations between Russia and Britain, which infuriated the Kremlin by giving asylum to Russian tycoon and Kremlin critic Boris Berezovsky, Chechen rebel envoy Akhmed Zakayev and Litvinenko, a former Federal Security Service officer.

Chaika dismissed suggestions that Russia could trade suspects in Litvinenko's murder for Berezovsky and Zakayev. He said British authorities, who have rejected Russian requests for their extradition, eventually would have to change their decision.

Russia Restricts U.K. Inquiry Of Spy Poisoning, Adding To Tensions (WSJ)

By Alan Cullison And Guy Chazan In Moscow And Carrick Mollenkamp In London

The Wall Street Journal, December 6, 2006

Scotland Yard's effort to solve the mysterious poisoning of a former Russian spy has added to mounting political tensions between Russia and the West, as Moscow placed limits on the international investigation.

Alexandar Litvinenko, a critic of the Kremlin, died Nov. 23 in London after ingesting a radioactive substance, polonium 210, triggering a massive investigation. Britain's home secretary, John Reid, recently said the probe would lead wherever necessary for the case to be solved.

But a day after investigators from London's Metropolitan Police, as Scotland Yard is formally known, arrived in Moscow to pursue their probe, Yuri Chaika, Russia's prosecutor general, set clear limits on their reach.

He said only Russian police would be able to question suspects, though British police can listen. He said no Russian could be brought to the United Kingdom for questioning or trial since the two countries have no extradition treaty. He ruled out

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questioning leaders at the FSB, Russia's state security service. "Why question the FSB leadership?" Mr. Chaika said. "We'll end up having to question everyone in Russia."

Mr. Litvinenko and his backers attributed the poisoning to his criticisms of the Kremlin. The Kremlin denies involvement.

British police haven't named any suspects. A person familiar with the probe said Scotland Yard won't be able to directly charge that any responsibility lies in Russia. Instead, the police are likely to seek softer information such as travel details to piece together Mr. Litvinenko's movements before he fell ill on Nov. 1. A Scotland Yard spokeswoman declined to comment.

Another former Russian spy British officials were keen to interview has been hospitalized in Moscow to be tested for possible radioactive contamination. The ex-spy, Andrei Lugovoi, was one of two people who met with Mr. Litvinenko Nov. 1 at a London hotel bar. Mr. Lugovoi said in an interview yesterday that he had told Scotland Yard he intended to cooperate. But Mr. Chaika said Mr. Lugovoi could now only be interviewed with permission from his doctors.

The Kremlin has provided assurances that it plans to cooperate with the British. The U.K. Foreign and Commonwealth Office said Foreign Secretary Margaret Beckett met with her Russian counterpart Friday and that the Russian authorities pledged cooperation.

Still, Russia's response to Mr. Litvinenko's death is raising concerns. "It is my view...that the Russian side also must make its contribution" in clearing up the case, said German Chancellor Angela Merkel. And French President Jacques Chirac, meeting with Ms. Merkel in Germany, said Russia "must provide perfectly transparent cooperation."

Russia's relations with the West have cooled dramatically in the past several years as the Kremlin has become more assertive abroad and Western criticism of Kremlin domestic policies has sharpened. In one high-profile sign of friction, Moscow has continually frustrated Washington's efforts to impose tighter sanctions on Iran to curb that country's nuclear program.

Russia's efforts to convert its vast oil and gas resources into political capital have raised tensions and spurred European governments to look for alternative fuel sources. The Kremlin's efforts to pressure neighboring governments it views as unfriendly and support those it sees as allies have provoked harsh reactions in Europe and the U.S.

Italy's foreign minister, Massimo D'Alema, said after meeting with Russian President Vladimir Putin yesterday that he had received assurances that Russia was "open to cooperating" with British authorities and with prosecutors in Rome, who also are probing the activities of Mario Scaramella. Mr. Scaramella, an Italian security consultant who has tested positive for traces of polonium 210, lunched with Mr. Litvinenko the day he fell ill. Mr. D'Alema said Mr. Putin warned him that the case shouldn't be "politicized."

The U.K. also is home to some of Mr. Putin's fiercest critics and Russia has shown increasing frustration about Britain's reluctance to return some to Russia, including Russian businessman Boris Berezovsky, whom the Russian government alleges has committed financial crimes.

Indeed, Russia's state-run television began its prime-time newscast last night by saying that Russia had amassed enough evidence against British transplants Mr. Berezovsky and Akhmed Zakayev, an alleged terrorist, to prosecute them, but that Britain wouldn't extradite them to Russia. The newscast didn't specify their alleged crimes.

British Police Begin Investigating Poisoning Case In Moscow (NYT)

By Andrew E. Kramer

The New York Times, December 6, 2006

MOSCOW, Dec. 5 — As the British police investigating the poisoning of a former Russian spy began forensic work in Moscow on Tuesday, Russia's prosecutor general laid down strict ground rules and said no Russians would be extradited to Britain to stand trial, signaling the tension the case has created between the countries.

Beyond that, Scotland Yard investigators may not have an opportunity to question a key witness, a former K.G.B. agent who had tea with the poisoned man, Alexander V. Litvinenko, on the day he became sick, because that former agent has checked into a hospital for radiation tests himself.

"This will depend on his doctors," Yuri Y. Chaika, the prosecutor general, said at a news conference. "If the doctors say that they can talk to him, then I think he will be questioned."

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The British authorities are investigating what has been classified as a "suspicious death," not a murder. So far they have not identified any suspects they want extradited.

For Russian law enforcement, the investigation has been a delicate one because President Vladimir V. Putin was blamed for the poisoning by Mr. Litvinenko on his deathbed in London, according to his family. The Kremlin spokesman has called the allegations nonsense.

The Russian authorities are striking a balance between cooperation and criticism of the investigation, which is causing a strain in relations between Russia and Britain.

In a sign of the widening scandal in Europe, Chancellor Angela Merkel of Germany and President Jacques Chirac of France, meeting in Mettlach, Germany, urged Russia on Tuesday to cooperate with the British investigators, who arrived in Moscow on Monday.

"It is my view that everything must be done, that the Russian side also must make its contribution, that clearing this up be supported," Mrs. Merkel was quoted by The Associated Press as saying.

The British forensic team will be allowed to be present while the Russian police question other witnesses, Mr. Chaika said, but they will have no formal authority to compel witnesses to meet with them.

"We will do the interviewing and they can only be present during the questioning," Mr. Chaika said. "Of course, they can ask us for permission to conduct interviews, which we may or may not grant."

A spokesman for the British Embassy said he could not discuss the ground rules for the investigation.

The crucial witness, Andrei K. Lugovoi, is a retired spy who owns a private security company and a brewery that makes mead, or honey wine, and other traditional Russian beverages. He met with Mr. Litvinenko in London on Nov. 1.

Mr. Lugovoi said Friday that he had been cleared of any traces of radiation, telling the newspaper Kommersant that he was "absolutely clean," but he returned for repeat tests late Sunday, his lawyer said, just before the British investigators arrived. He denied any involvement in the poisoning, in a radio interview in Moscow on Nov. 24, and has met once with British Embassy officials.

Mr. Lugovoi said Tuesday that the British team had not called him this week. "My secretary called Scotland Yard and left all my contact numbers," he said, according to the Interfax news agency. "So far I haven't had any calls from anyone."

Russia's early refusal to extradite suspects is in keeping with a wider extradition problem between the countries, as Britain has resisted Russia's efforts to extradite a billionaire fugitive, Boris A. Berezovsky.

Also, Russia will not cooperate in tracing the origins of the radioactive polonium 210, Mr. Chaika said. Russia exports the metal, but it is also made in other countries. "A criminal case has been opened in Britain," Mr. Chaika said. "Let them determine the origin of this polonium." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Moscow Restricts British Police Investigating Ex-Spy's Death (WP)

By Peter Finn And Mary Jordan

The Washington Post, December 6, 2006

MOSCOW, Dec. 5 -- British detectives visiting Russia to investigate the poisoning death of a former Russian intelligence officer in London will face broad restrictions in their work here, a senior Russian official said Tuesday.

Prosecutor General Yury Chaika said his subordinates, not the British, would conduct any interrogations. He ruled out the extradition of possible suspects who are Russian citizens and said British investigators could not meet an imprisoned lawyer and former officer in the FSB, a successor agency of the KGB, who claims to have vital information.

A key witness checked into a hospital Tuesday, raising questions about when, and whether, investigators from Scotland Yard would be able to see him.

Some British politicians quickly criticized the restrictions. "If they don't allow access, the world at large will wonder, why not?" lawmaker David Davis, a leading member of the opposition Conservative Party, said in an interview. But he cautioned that it was too early to know exactly how much cooperation British investigators would get.

At a news conference in Moscow, Chaika smacked down any notion that the British police could go wherever their investigation leads them, as British Home Secretary John Reid put it in London on Sunday. Even allowing for the normal

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sensitivities in any country about allowing foreign police on home turf, Chaika was unequivocal in mapping out the secondary function of his British counterparts.

"They may participate with our consent, and we might also withhold our consent," said Chaika, whose position is equivalent to that of attorney general.

Several British detectives flew into Moscow on Monday night to probe any Russian connection to the Nov. 1 poisoning of Alexander Litvinenko with polonium-210. The radioactive isotope brought on the former domestic security officer's death Nov. 23 after a slow and gruesome deterioration in his condition.

Litvinenko, 43, was part of a London circle of Russian exiles fiercely critical of Russian President Vladimir Putin. In a deathbed statement, Litvinenko accused the Kremlin of ordering his killing, a charge that authorities here labeled baseless and absurd.

Among those the British had planned to interview is Andrei Lugovoy, a Russian entrepreneur and former KGB officer who met with Litvinenko in a bar at the Millennium Hotel in London the day of the poisoning.

Lugovoy spoke to officials at the British Embassy in Moscow and denied any involvement in the poisoning. His attorney, Andrei Romashov, said he was tested last week for radiation contamination and got a clean bill of health at a Moscow clinic. But the Russian newspaper Kommersant, quoting the attorney, said Lugovoy had checked into a hospital with his wife and three children, who were with him in London, for fresh tests.

"I cannot say if he's ready to meet with the British investigators," Romashov said.

British police are also interested in meeting with Dmitry Kovtun, a business consultant, and Vyacheslav Sokolenko, who heads an association of security agencies. Both men also met Litvinenko at the Millennium Hotel with Lugovoy.

The British also want to meet with Mikhail Trepashkin, a former FSB officer who is serving a four-year sentence on charges of divulging state secrets. Trepashkin, like Litvinenko, had investigated a series of apartment bombings in Russia in 1999 that were among the triggers for a second war between Russian forces and separatists in the southern republic of Chechnya.

Trepashkin accused his former colleagues in the security services of organizing the bombings. Human rights groups including Amnesty International have expressed concern that he was prosecuted to stop his unsanctioned inquiry.

Trepashkin's lawyers released a letter in which the prisoner asserted that the FSB had created a list of people, including Litvinenko, who should be assassinated, and he requested a meeting with the British, saying he had relevant information about the case.

A spokesman for the Russian prison system told the Russian news agency Interfax that such a meeting would not happen. "The Federal Penitentiary Service will not allow a person convicted for divulging state secrets to remain a source of information for representatives of foreign special services," the spokesman said.

Chaika ridiculed the idea. "Seven hundred thousand people are prisoners as Trepashkin is, let's interrogate 400,000 of them, what if they tell something," he said.

A prison administrator filed a request with a Russian court Tuesday asking that Trepashkin be transferred to a more secure prison, Interfax reported.

Lynne Featherstone, a member of the British Parliament who said Litvinenko was one of her constituents, said there is so much speculation in the case that Russia should fully cooperate to "lift the cloud."

"Nothing is solved by leaving it in the dark," she said.

Chaika also said any suspects would be tried in Russia. Extradition has long been a touchy subject between London and Moscow. British courts have refused to hand over Boris Berezovsky, an exiled Russian tycoon who clashed with Putin, and Akhmed Zakayev, a Chechen separatist who received asylum in Britain. Both men were close associates of Litvinenko.

"The British side will sooner or later be forced to extradite them, because every day there is more and more evidence that they have committed crimes," Chaika said. "This is actually a case where there are political motives for their non-extradition."

Chris Bryant, a Labor Party member of the British Parliament, said in an interview that "I think there is a feeling in Russia that we are behaving outrageously" by not extraditing Berezovsky and others wanted by Russia, but that a judge had ruled those prosecutions were politically motivated.

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Key Suspect In Poisoning Case Is Hospitalized (LAT)

By David Holley

The Los Angeles Times, December 6, 2006

MOSCOW — Russia's chief prosecutor said Tuesday that a key potential suspect in the poisoning death of dissident former KGB agent Alexander Litvinenko has been hospitalized, and that British investigators would be allowed to see him only if doctors grant approval.

Prosecutor General Yuri Chaika also said that Russia's constitution forbids extradition of citizens, and that if any Russian suspects are identified in the case, they would not be sent to Britain and could only be tried in Russia. Despite earlier top-level pledges of Russian cooperation, he indicated that British investigators may face formidable obstacles in pursuing leads in Russia.

Felllow former KGB agent Andrei Lugovoy, who met with Litvinenko in London on the day he is believed to have been radioactively poisoned, had previously expressed willingness to speak to investigators. On Tuesday, however, a man answering Lugovoy's cellphone said that it was not clear "whether and when he will be able to talk" to investigators or how long he would stay in the hospital. The man, who identified himself as an aide named Alexander, said he was not authorized to comment on the nature of Lugovoy's hospitalization. Chaika said he believed Lugovoy was "undergoing medical treatment" but said nothing about the nature of his illness.

In a statement written shortly before his death Nov. 23, Litvinenko blamed Russian President Vladimir V. Putin for his poisoning, a charge the Kremlin has angrily dismissed. Litvinenko also told friends he believed that Lugovoy might have been the person who poisoned him.

Chaika, speaking at a news conference, said that the questioning of witnesses and potential suspects would be carried out by Russians in the presence of British investigators, who arrived here Monday. He left it unclear whether the British would be allowed to ask any questions.

"They will not interrogate anyone," he said early in the news conference. Later he appeared to modify that statement with an indication that British investigators might be allowed to ask some questions, with permission, on a case-by-case basis.

"We interrogate and they are present. They interrogate in our presence," he said. "We should perform those investigative actions and they can take part in this with our permission. We may even deny them the right to take part. But we will do this together with them. We want them to take part."

The prosecutor's office has not launched an investigation of its own into the case, and will simply assist the British, Chaika said.

An Italian security consultant, Mario Scaramella, also met Litvinenko on Nov. 1, the probable day of his poisoning with radioactive polonium-210. Scaramella, who authorities say also has a "significant quantity" of polomium-210 in his body, has said he asked to meet Litvinenko after receiving an e-mail suggesting that people who were behind the recent unsolved slaying of Russian journalist Anna Politkovskaya were preparing to strike against Litvinenko and himself.

Officials in London said they recognized that Russia is one of several nations that adoes not extradite its citizens for criminal prosecutions. A spokesman for the Home Office, who spoke under standard condition of anonymity, said that should a Russian citizen commit an offense in Britain, there are procedures for trying the case in Russia.

British Home Secretary John Reid, speaking Monday in Brussels, Belgium, said the investigation "will proceed as normal, whatever the diplomatic or ... wider considerations."

The Kremlin has pledged to cooperate in the investigation, he said. But analysts said Chaika's comments did not seem to indicate there would be full cooperation.

"The main message Chaika sent to the world today is that there are powerful forces within the Russian political elite which are not interested in an objective investigation of the Litvinenko murder and are not interested in allowing the people who may well be implicated in that crime, like Andrei Lugovoy, for instance, to say something to the British investigators that they shouldn't," said Stanislav Belkovsky, president of the National Strategy Institute, a Moscow think tank.

Valery Fyodorov, director of the All-Russian Center for Public Opinion Study, said that "the last thing the Russian authorities want now is to look like accomplices in that crime."

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"Matters of image are very important for Russia and President Putin, and of course he is willing to help dispel the current gross suspicions in the West," he said. "I think that if Scotland Yard representatives happen to claim that they haven't been given due support here in Russia, that may result in the Russian authorities giving Russian law enforcement an additional push and shove."

Belkovsky said that some British and Italian newspapers have reported that documents Scaramella gave Litvinenko identified Igor Vlasov, 46, as an assassin who had come to London to kill people identified as "enemies of the Russian people."

Vlasov's current whereabouts are unknown and there is some question whether such a person exists.

Vlasov, according to the reports, was a former Russian special services officer who speaks excellent Portuguese.

The Soviet Union had a major presence in the former Portuguese colony of Angola during the 1980s.

Putin's deputy chief of staff, Igor Sechin, 46, who is seen as leader of the hard-line Kremlin faction called the siloviki, or "powerful ones," comes from a KGB background and also speaks Portuguese, Belkovsky said.

"I don't believe in this as a pure coincidence," he said. If Igor Vlasov is a real person and has something to do with the case, it is possible that "coming from the same background and age groups, Sechin and Vlasov may have served together in Angola and they may still have some firm ties," he said.

It is also possible, he said, that "someone is interested in implicating Sechin.

Prime Minister: Kiev No Pawn Of Russia Or West (WT)

By David R. Sands

The Washington Times, December 6, 2006

Ukraine will reject any effort to be used as a pawn in any struggle for influence between Russia and the West, Ukrainian Prime Minister Viktor Yanukovych said yesterday at the end of a two-day visit to Washington.

But Mr. Yanukovych, whom many in Washington fear is tilting away from the pro-Western reform alliance that spearheaded Ukraine's 2004 Orange Revolution, said his four-month-old government will not lobby strongly for membership in NATO in the face of weak popular support for the trans-Atlantic alliance inside Ukraine.

"Nobody is trying to push anyone anywhere" on NATO, Mr. Yanukovych said, speaking through an interpreter to a small group of reporters at a breakfast briefing. "People have to understand the benefits of this or any other security system."

The prime minister raised fresh doubts about his commitment to NATO when he declined to sign a nonbinding "membership action plan" on a September visit to Brussels. A poll released in Kiev yesterday said that about 75 percent of Ukrainians think Mr. Yanukovych is more likely to protect Russian business interests or those of his home region in eastern Ukraine over the interests of "average Ukrainian citizens."

President Viktor Yushchenko, the hero of the Orange Revolution, has strongly pushed a pro-NATO and pro-Western foreign-policy line. But he was forced to accept Mr. Yanukovych as prime minister after elections this year gave his defeated rival in the 2004 presidential campaign the biggest single bloc in parliament.

Mr. Yanukovych held low-key talks with Vice President Dick Cheney and Secretary of State Condoleezza Rice on his visit, his first to the United States since taking office in August. Topics in the talks included Ukraine's World Trade Organization bid, energy security and domestic reforms in Ukraine.

Mr. Yanukovych told reporters his government was a vast improvement over the faction-ridden team installed by Mr. Yushchenko immediately after the Orange Revolution.

"Beautiful slogans should always be followed by actions," he said. The new unified government "allows for a foreign and domestic policy where we can be 100 percent sure of implementation."

But the infighting clearly goes on in Kiev.

Mr. Yushchenko yesterday voided a parliamentary vote to fire Foreign Minister Borys Tarasyuk, a chief architect of his pro-Western foreign agenda. Mr. Yanukovych's allies hold virtually all of the other Cabinet posts, but Mr. Yushchenko argued the country's constitution gave him final say on foreign policy.

Mr. Yanukovych declined to criticize recent anti-democratic moves by Russian President Vladimir Putin, noting that Russia is Ukraine's biggest trading partner and the critical supplier of its energy needs.

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"President Putin defends the interests of Russia. The way he does -- the Russian people can assess that," Mr. Yanukovych said.

"The most important thing is that Ukraine should not be allied with Russia against the United States and the European Union or vice versa," he said. "We are not going to conduct such a policy."

Europe Is Giving Global Economy A Surprise Boost Amid U.S. Lull (WSJ)

By Marcus Walker

The Wall Street Journal, December 6, 2006

BERLIN -- Europe's economy is firing on all cylinders after years of feeble growth, helping to sustain global expansion as the U.S. economy slows and surprising many economists who doubted the Continent could muster enough demand to break its reliance on exports.

Europe's economic recovery was ignited by rising exports, but it is now spreading to investment, job creation and consumer spending. While some countries around Europe's edges have performed well for years, including the United Kingdom and the Nordic countries, prolonged stagnation in its heartland -- the 12-nation euro currency area dominated by Germany, France and Italy -- earned Europe a reputation rivaling Japan's as the world's economic laggard.

Euro-zone gross domestic product is on course to grow by 2.7% this year, unspectacular by recent U.S. standards but a big improvement on the 1.4% growth the euro zone averaged the previous five years. Even though a U.S. slowdown, a strengthening euro and looming tax increases in Germany could brake euro-zone growth next year, most forecasters still expect an expansion of around 2%. By Europe's lackluster standards, that's nothing short of a comeback -- and is good news for exporters and investors from the U.S. and Asia.

"There is no new miracle in Europe. This recovery is overdue," says Jean-Philippe Cotis, chief economist at the Organization for Economic Cooperation and Development, a Paris-based think tank. The long slowdown led anxious Europeans to save their incomes, Mr. Cotis says, creating pent-up demand that is now being unleashed as confidence gradually returns.

Europe's rebound still has flaws, which bolster arguments that structural changes are needed to realize any lasting gains. Much of the improvement this year has occurred in Germany, which is helping to buoy its neighbors after taking some painful steps, while many companies in France and Italy still struggle to cope with fierce global competition. Changes to labor laws and welfare systems prescribed by economists are low on government agendas because free-market measures remain unpopular.

But governments, companies and unions have made enough organic change to restore some of the Continent's lost dynamism. And better growth in the $10 trillion euro-zone economy means better growth in the 25-nation European Union, whose $14 trillion economy is about the same size as the U.S.'s and accounts for 30% of world GDP. (Twelve of the 25 EU nations use the euro.)

Europe's revival is reflected in the rising value of its currency, the euro, which at $1.33 is close to its highest level ever against the dollar -- $1.36 -- touched at the end of 2004. That partly reflects dollar weakness against many other currencies, but it is also because currency markets believe the European Central Bank in Frankfurt will continue raising interest rates against a backdrop of solid growth.

Germany, for years the sick man of Europe, has led the revival, reclaiming its place as the region's growth engine. Painful measures to boost efficiency and productivity put German companies -- especially makers of machine tools and other industrial equipment -- in a strong position to exploit the recent boom in global trade. While other euro-zone industries haven't restructured in the same way, they have also enjoyed rising exports amid the fastest pace of global growth in more than 30 years.

Rising corporate profits and a new optimism have led European companies to invest at home again, especially in Germany, where strenuous cost cutting has done much to compensate for high labor costs and stiff payroll taxes.

"It's fun to be an industrial entrepreneur in Germany at this time," says Jurgen Grossmann, owner of steel group Georgsmarienhutte. "The world wants our products. We have record order intakes. There is a renaissance in tangible goods."

Many German companies have found leeway in Germany's labor laws to improve productivity, and have been rewarded with rising profits. Machine-tool maker Trumpf Group, near Stuttgart, is typical of the thousands of midsize family-owned companies that make up the backbone of the world's third-largest national economy. After stagnant or falling sales earlier in the

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decade, Trumpf negotiated deals with its work force that allowed an extension of the workweek to near 40 hours from 35, with extra pay partly dependent on company profits, in exchange for job guarantees.

At the same time, Trumpf's export sales to fast-growing economies in Asia and Eastern Europe have rocketed. The firm is adding 450 workers to its 6,500 staff this year. Trumpf's investment spending is up 75% this year -- most of it in Germany, including a new laser factory.

"Our decision to invest in Germany rather than abroad hinged on the agreements with our workers. A 35-hour week is a joke. You can't compete internationally with that," says Nicola Leibinger-Kammüller, Trumpf's chief executive.

Total investment in Germany is set to grow by 5.8% this year, according to the OECD, up from 1% last year and declines in the four previous years. Revived investment has helped bring Germany's chronic unemployment below four million in November, from more than five million in January.

Germany still has a high jobless rate of 9.6%, and many formerly jobless people have found only low-paid, temporary or part-time work. But rising employment has allowed a modest recovery in consumer spending, which is expected to grow by around 0.8% this year after stagnating or shrinking since 2001.

Across the euro area, unemployment has fallen to 7.7%, according to the European Commission's standardized measure, from a peak exceeding 9% in 2004. Surveys show consumer confidence is increasing as fear of unemployment recedes.

The winners from higher investment in German industry include services providers with customers in the booming manufacturing sector. Frankfurt-based Commerzbank AG has recovered from years of heavy losses, bad loans and asset writedowns. After losing €2.3 billion ($3.06 billion) in 2003, it posted net profit of €1.2 billion in the first nine months of this year, and is even hiring 700 new customer advisers after laying off more than 7,000 employees in recent years.

SAP AG, Germany's largest software company, is also hiring. But it's doing so cautiously because German labor laws make it expensive to cut the work force when the business cycle dips. "Whenever you hire in an inflexible environment, you want to make sure you can keep these people for 10 or 20 years," says Chief Executive Henning Kagermann.

Investment is also improving in other European countries, but less markedly than in Germany. Companies in Italy, France and Spain haven't cut costs or jobs or raised productivity as aggressively as their German counterparts. Labor costs in Germany have fallen by nearly 1% a year on average since 2000, but have risen by nearly 4% a year in Italy in the same period, according to the European Commission, the EU's executive arm.

In Germany, the severity of the downturn and joblessness led to far-reaching concessions by unions on work rules. But unions in other euro-zone nations have resisted similar demands from employers.

"Some of the changes German industry has made -- for example, longer working periods -- are not realistic in Italy" in light of stiff union opposition, says Ernesto Greco, chief executive of Italian furniture maker Natuzzi SpA. It has built factories in Brazil, China and Romania recently, while trimming costs in Italy to cope with rising global competition.

Yet companies from other euro-zone nations are also exporting more, in part because Germany's $2.8 trillion economy is buying more goods from the rest of Europe as it grows.

"The recovery in Germany is lifting Italy and helping France," says Mr. Cotis, the OECD economist. In both countries, stronger exports are helping companies to raise investment.

Rising trade among European countries has helped to compensate for slower growth in exports to the rest of the world this year, allowing the euro zone to sustain its recovery even though the U.S. economy is slowing. "It's looking increasingly like Europe hasn't caught a cold from the U.S. sneezing," says Neville Hill, European economist at Credit Suisse in London. That's a break with the past when, if the U.S. economy caught a cold, Europe usually caught something worse.

Consumer spending hasn't improved as strongly as investment, but even here there are signs of improvement. Euro-zone consumption rose by 0.6% during the third quarter, helped by strong spending in Germany. In a sign of the retail market's gradual recovery, Europe's biggest retailer, Carrefour SA of France, recently announced a 7% rise in third-quarter sales, including more than 5% growth in France, where its megastores have struggled against fierce competition from discount chains in recent years.

But the robust outlook could still crumble if the euro rises further against the dollar into next year. The currency's appreciation is beginning to revive bad memories of 2003 and 2004, when a surging euro snuffed out embryonic upturns in the euro-zone economy.

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"The impact was very bad in all industries competing with products made in the dollar area. My feeling is we will have a hard time in front of us," says Andrea Tomat, president of Italian sport-shoe maker Lotto Sport Italia SpA.

Other risks to Europe's revival include planned tax increases in Germany and Italy, whose governments are trying to rein in budget deficits to comply with EU fiscal rules. Germany's plan to raise its value-added tax -- equivalent to U.S. sales tax -- by three percentage points to 19% in January is causing particular worry, given the fragile confidence of German consumers. Most economists believe the increase will cause only a temporary drop in spending, but some point to the case of Japan, where a VAT rise in 1997 prolonged its economic stagnation.

Many economists caution against euphoria about Europe's improved growth. "It's an OK performance compared with the past few years, but nothing is firing tremendously," says Jean-Francois Mercier, an economist at Citigroup in London. "The problems haven't gone away, including structural rigidities and caution by many businesses which prefer to invest offshore rather than at home."

Europe's recovery is also uneven. While German industry is looking strong, consumer spending is still only growing weakly. In France, consumer spending has helped underpin GDP growth, but companies have been losing global market share while investment is growing more slowly than in past upturns.

Thanks to its continuing structural problems, the euro zone is able to sustain a growth rate of only around 2% a year without stoking inflation, the OECD estimates. The U.S. economy can sustain closer to 3%. More-flexible labor rules, more competition in markets for goods and services, and an overhaul of pension and health-care systems would help the euro zone to sustain faster growth, making it easier to cope with the future strains of an aging and eventually shrinking population.

"The case for structural reforms in Europe remains strong," says Mr. Cotis.

Immigration Fuels U.K. Growth (WSJ)

By Andrew Peaple

The Wall Street Journal, December 6, 2006

LONDON -- An influx of immigrant labor after the European Union expanded in 2004 has fueled a surge in the U.K. economy and is expected to prompt the government to announce today that growth this year will be faster than expected.

Chancellor of the Exchequer Gordon Brown, presenting his latest report to Parliament on the economy and public finances, will raise the growth forecast for gross domestic product to around 2.75%, from the 2.25% forecast in March, people familiar with the report say.

Mr. Brown last week said the faster growth trend was due at least in part to the wave of immigration that has washed over Britain. The government estimates that 600,000 people have moved to the U.K. from Central and Eastern Europe since the EU grew by 10 countries two years ago.

More than two-thirds have found jobs, increasing Britain's work force by 1.5% and adding new momentum to a U.K. economy already strengthened by a wave of privatization and deregulation in the 1980s and 1990s. The Centre for Economic and Business Research says migrant workers add £54 billion ($107 billion) a year to output, or around 5% of GDP.

Economists say the new output and domestic buying power have raised the country's economic "speed limit" -- the pace at which it can grow without generating inflation.

"This immigration has been a supply shock on a scale that I don't think we've seen in our history, and we don't have a good handle on its scale and the consequences," Confederation of British Industry Director-General Richard Lambert said in a recent interview.

Other EU countries, including Ireland and Sweden, have been similarly jolted by immigration flows, though not to the extent seen in Britain, which is equipped with a heavily service-based economy and liberal labor laws that help it absorb more jobs.

Spain's per-capita output would have fallen over the past decade, instead of rising 2.6% a year, without a population increase of two million due to immigration, says Andrew Milligan, head of global strategy at Standard Life Investments.

The ability to forecast extra revenue is a boon for any finance minister. For Mr. Brown, who is hoping to succeed Prime Minister Tony Blair next year, it is even more valuable. Extra immigration-related tax revenue could give him a deeper war chest for spending increases ahead of the next general election, due by 2010.

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Indeed, Mr. Brown is expected to add to that war chest in Parliament today, people familiar with the matter say. They say he will raise taxes for airline passengers and motorists this week in a bid to show his environmental credentials ahead of the election.

The air-passenger tax is set to double, with the tax on an economy flight to Europe rising to £10 from £5, while the duty on a business or first-class flight will rise to £20 a person from £10, the people say. The size of the fuel-tax increase -- which will be the first since 2003 -- hasn't been decided, those people say.

Peter Spencer, chief adviser of economic-forecasting group the Ernst & Young ITEM Club, calculates that the U.K. treasury has received an extra £12 billion to £18 billion in tax revenue since 1998 from the influx of workers. And an upgrade to future output estimates means the chancellor can safely forecast higher tax revenue. A number of economists think the scale of immigration means potential economic growth could be as high as 3% to 3.25% a year.

The increase in the working population also has consequences for the Bank of England, as it considers whether to continue raising interest rates next year.

"A faster-growing labor force potentially raises the amount the economy can produce," said Rachel Lomax, the central bank's deputy governor, in a speech last week. "Rather like raising the economy's speed limit, it implies that it can grow faster without hitting supply constraints and generating inflationary pressure -- that may be the situation right now."

But immigration also comes at a social cost, driving up housing prices in London and other urban areas while also restraining wage growth in the services sector, which is good for inflation, but potentially frustrating for Britain's work force.

Recognizing those concerns, the British government is looking at ways to better manage the inflow. When Bulgaria and Romania join the EU next month the government will allow workers from those countries only gradual access to the labor market, limiting entrants to 20,000 a year.

While some economists see this as a bad move, given the boost to growth immigration has given so far, others see the pause as justified to take stock.

"GDP per head also matters. The fact that overall GDP is rising is not in itself something that generates new wealth," says the Confederation of British Industry's Mr. Lambert, who is a former member of the Bank of England's rate-setting monetary-policy committee.

Fiji Under State Of Emergency After Government Is Toppled (WP/AP)

By Ray Lilley

The Washington Post, December 6, 2006

SUVA, Fiji, Dec. 6 -- Fiji's military commander declared a state of emergency Wednesday, a day after he overthrew the elected government and brought international sanctions and censure that began to isolate the South Pacific country.

It was the nation's fourth coup in 20 years. Radio network Legend quoted a military statement saying that armed forces would set up checkpoints around Suva, the capital, as part of the state of emergency.

"As of 6 o'clock this evening, the military has taken over the government, has executive authority and the running of this country," Commodore Frank Bainimarama, the armed forces chief credited with resolving Fiji's last coup, said Tuesday in a nationally broadcast statement.

Prime Minister Laisenia Qarase, who insists he is still Fiji's legitimate leader, flew Wednesday from the capital to his home village on the remote, northeastern Lau Islands, said Pene Nonu, his private secretary.

The takeover, like the previous three coups, has its roots in the ethnic divide between the descendants of ancient Melanesian warrior tribes and those of Indian laborers brought by former colonial power Britain to work in sugar plantations.

In his declaration, Bainimarama justified seizing power to prevent legislation that favored indigenous Fijians, contending that the measures "would undermine the constitution and deny many citizens their rights."

Bainimarama said he had assumed some powers of the president and was using them to dismiss the prime minister.

The nation's last coup, in 2000, was led by indigenous nationalists who overthrew the country's first ethnic Indian prime minister. Bainimarama was widely regarded as a national hero after he stepped in, brokered a resolution without bloodshed and restored democracy, hand-picking Qarase, a former banker, to lead an interim government.

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He also promised amnesty to coup participants but later reneged, and the ringleaders were arrested, tried and imprisoned for treason.

Bainimarama named Jona Senilagakali, a military medic with no political experience, as caretaker prime minister and said a full interim government would be appointed next week to see the country through elections that would restore democracy.

Rising Interest In Nuclear Power Brings New Life To Uranium Mining (WP)

By Craig Timberg

The Washington Post, December 6, 2006

ARANDIS, Namibia -- This sandy little company town, with its tree-lined streets and concrete homes set amid a vast, forbidding desert, had all the signs of terminal decline just a few years back. Both banks closed. The only gas station shut off its pumps. And employable young men, realizing the bleak future of the giant uranium mine that gave Arandis life, began drifting away.

But something unexpected happened on the way to the funeral for Arandis: The nuclear industry, stagnant for two decades, reversed its fortunes at a time of rising oil prices and growing realization that burning fossil fuel caused global climate change. Nuclear went from being seen as a dirty source of energy to a comparatively clean, efficient one.

From that shift in perception, mainly in the minds of Westerners thousands of miles away, the fate of this remote African town went from doom to boom.

"The future was very dark," said the energetic mayor of Arandis, Daniel Muhuura, who like hundreds of residents here has spent his entire professional life working for Roessing Uranium Mine. "Now the future is very bright."

Dramatic turnarounds have happened across the continent as a quest for mineral riches, similar to the one that helped fuel the 19th century's "Scramble for Africa," has become a hot economic story of the decade. Decisions in boardrooms around the world have sent prices soaring for copper in Zambia, coltan in Congo and oil in Angola, Nigeria and Sudan.

From rising demand for these commodities, sub-Saharan Africa's economic growth has hit rates not seen in three decades.

Perhaps no renaissance, however, has matched that of the uranium industry's.

Roessing Uranium Mine opened in 1976 during nuclear power's heyday. But the Three Mile Island accident in 1979 and Chernobyl in 1986 caused a profound political backlash that nearly halted new reactor construction. Uncertainty about how to handle the dangerous radioactive waste created by nuclear power plants also contributed to its unpopularity.

By 2001, the price for uranium oxide had fallen to about $7 a pound, one-sixth of its peak. Two years later, facing massive losses, Roessing announced plans to close.

Under that plan, the mine was to cease operations in 2007 after having dug 1 billion tons of rock out of a jagged, bleached landscape often compared to the surface of the moon. Instead, oil prices soared and global warming became the stuff of newspaper headlines and Hollywood movies. Interest in building new nuclear reactors grew, and the price of uranium oxide rose to $62.50 a pound.

Roessing, which recently made its first delivery to an increasingly energy-hungry China, has decided to continue mining until at least 2016, mine officials say.

They expect to end this year with Roessing's first substantial profit, and tax bill to the Namibian government, in five years.

And the mine, whose workforce dropped from 3,800 in the 1970s to 860 last year, has begun hiring again.

"It is definitely a dramatic change," said company spokesman Rehabeam Hoveka. "It is good news for Arandis. It is good news for Namibia, too."

A second uranium mine, meanwhile, is slated to open nearby soon. Three others within 60 miles are in various stages of development. So where Arandis was once going to be a mining town without a mine, soon there could be five in the area.

The boom in uranium mining has caused grumbling from the tourism industry, which fears the loss of pristine landscapes, and environmentalists, who fear damage to the fragile biodiversity of the Namib, regarded as the driest and oldest desert in the world. Some environmentalists also are concerned about the renewed growth of an industry they still regard as dangerous despite industry claims of safety improvements since the Chernobyl disaster.

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"They cannot tell us that they are safer than before," said Bertchen Kohrs, head of Earthlife Namibia, speaking from Windhoek, the capital. "It starts here with mining uranium, the whole cycle starts. Who says that some day we won't have to take back the nuclear waste here in Namibia?"

Roessing mine is a massive, dun-colored canyon two miles long, nearly a mile wide and more than 1,000 feet deep. From its lip, the giant dump trucks that haul uranium ore from the mine floor look like children's toys.

Several crushing machines pulverize the rock into sand, then powerful acids extract the traces of uranium. The end product, after processing, is a fine gray powder that leaves the mine in steel drums weighing 900 pounds. Mine officials say each holds as much potential energy as 40,000 barrels of oil.

All of Roessing's uranium oxide is used by civilian reactors, mine officials say, and is exported only to countries approved by the International Atomic Energy Agency.

The government of Iran owns 15 percent of Roessing, a legacy of early investment in the 1960s by the shah there. Mine officials say no shipment of uranium has ever been made to Iran, and the country has no right to the mine's product. Roessing's majority owner is Rio Tinto, a global mining conglomerate.

Officials in Arandis say they hope to use the unexpected revival of the mine to secure the future of their town, which already has, by African standards, an enviable infrastructure, including paved roads, a soccer stadium, a library, streetlights and steady sources of electricity and clean water. Two small clothing factories and a technical college provide some jobs not directly affiliated with the mine.

The banks have not resumed operations, but one recently opened a cash machine in Arandis, and work on a new gas station is to begin this month, said Muhuura, the mayor. With population on the rise again, the town recently made a deal with a builder to construct 50 homes.

The mine also has donated one of its dump trucks to Arandis, where it sits massively, with giant rubber wheels twice the height of most men, in the center of town. It is the first piece of what town officials hope is an eventual mining museum, part of the plan to help the town survive the next big downturn in uranium demand, whenever it comes.

"We want to turn around to show the world that this town will never be a ghost town," Muhuura said.

China's Sunshine Boys (NYT)

By Thomas L. Friedman

The New York Times, December 6, 2006

So here's a little news quiz: Guess who's the seventh-richest man in China today, with a fortune estimated by Forbes magazine at $1.43 billion?

Answer: Shi Zhengrong. Now guess what he does. Real estate? No. Banking? No. Manufacturing for Wal-Mart? No. Construction? No.

Mr. Shi is China's leading maker of silicon photovoltaic solar cells, which convert sunlight into electricity. Yes, the seventh-richest man in China is a green entrepreneur! It should only happen in America.

Mr. Shi thinks, as I do, that renewable clean power — wind, solar, bio-fuels — is going to be the growth industry of the 21st century, and he wants to make sure that China and his company, Suntech Power Holdings, are the leaders. Only 43 years old and full of energy himself, Mr. Shi hopes to do for solar energy what China did for tennis shoes: drive down the cost so that millions of people who could not afford solar photovoltaic panels will be able to do so.

As an environmentalist, I wish him well. As an American, I worry that if we don't start doing everything we can to develop our own clean power, we're going to miss out on the green industrial revolution. Today, most of our hybrid cars are imported from Japan. Tomorrow, if Mr. Shi has his way, most of our solar panels will come from China.

What Mr. Shi understands is that China is going to have to go green. Its rivers and air are becoming so polluted it has no choice. In fact, as he and I spoke in his 66th-floor office in Shanghai, the air was so dirty you could barely make out the skyscrapers down the street. America, alas, still seems to think it has a choice in going green. So while China will be compelled to move into this industry, U.S. companies may or may not, depending on whether states, or Washington, require power providers to generate energy from renewables.

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For years our brain-dead Congress thought it was helping our power companies and manufacturers by not imposing tough energy-efficiency standards on them. In fact, it was just helping some of them commit suicide. Congress's idiotic decision not to impose higher mileage standards on U.S. carmakers helped Detroit miss the market and almost go bankrupt. China already has higher mileage standards for its autos than we do.

"People at all levels in China have become more aware of this environment issue and alternative energy," said Mr. Shi. "Five years ago when I started the company people said: 'Why do we need solar? We have a surplus of coal-powered electricity.' Now it is different; now people realize that solar has a bright future. But it is still too expensive."

Mr. Shi founded Suntech in Wuxi, China, near Shanghai, after earning a Ph.D. in engineering in Australia in 1992. As The Wall Street Journal put it in a recent profile, Suntech combines "first world technology and developing world prices" — so effectively it has become one of the world's four top solar manufacturers, along with Sharp and Kyocera of Japan and BP.

The key, Mr. Shi explained to me, is that he uses more low-cost Chinese labor, rather than high-tech machines, to make his solar modules and handle the fragile silicon, and he takes advantage of the subsidies offered by different Chinese provinces dying for him to open a Suntech factory in their region.

Roughly 90 percent of his business today is abroad. But as he brings the price down, the China market will open up, and he expects to use that to gain much greater scale and drive the price of his solar modules down further.

"If we have a market here, we feel confident we will be a cost leader," he says. "Now we are at around $4 per watt. In 10 years time, I'm pretty sure we will be below $2 per watt," which would make solar competitive and scalable.

Thanks to Suntech's success, "now there is a rush of [Chinese] business people entering this sector, even though we still don't have a market here," added Mr. Shi. "Many government people now say, 'This is an industry!' " To help, the Chinese government just passed a law mandating that China get 10 percent of its energy from renewables, like solar, by 2020.

China is setting high standards for renewables, but is still weak on enforcement. America is better at enforcement, but still weak on setting high standards. We need to get our act together, because eventually China will bring its enforcement in line with its regulations — or it won't breathe. And when that happens, China's emerging green power entrepreneurs could clean our clock in the clean power business.

Oh, well, you can always buy a share. Suntech is already listed on the New York Stock Exchange. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Out In The Cold (LAT)

The Los Angeles Times, December 6, 2006

THE SKIING ISN'T ideal in Big Sky, Mont., thanks to a lack of snowfall, but temperatures are cold enough to support the man-made variety. It seems to be equally frosty inside a resort conference room where South Korean and American representatives are trying to cement the United States' biggest trade deal since the North American Free Trade Agreement.

Underway is the fifth round of talks on a bilateral pact supported by President Bush and South Korean President Roh Moo-hyun. The stakes for both countries are high and go beyond mere economics — though the economies of both nations would benefit from a pact. A failure would further strain already frayed relations between the U.S. and South Korea and could push Seoul nearer to China's political and trade orbit.

Despite such considerations, there doesn't seem to be much urgency in Montana. This was supposed to be the final round of talks, but with agreement lacking on even relatively easy issues in earlier rounds, they are expected to continue next year. With Bush's fast-track trade authority expiring in July, a deal needs to be finished by March to allow time for congressional review. Yet on Tuesday, there was still no sign of progress.

There are a number of contentious matters on the table, including South Korea's restrictions on U.S. beef and rice and U.S. anti-dumping rules that South Koreans say have unfairly punished their high-tech manufacturers. Probably the biggest snag is automobiles: South Korea puts heavy tariffs and taxes on imports and imposes safety and environmental regulations that make it difficult for foreign automakers to compete.

These clearly have to go, but that's not enough for Detroit. U.S. automakers are demanding that cuts to U.S. tariffs on South Korean vehicles be tied to measurable gains in market share for U.S. cars in South Korea. They don't just want a level playing

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field — they want sales guarantees. It's an absurd notion that, distressingly, is embraced by Rep. Sander M. Levin (D-Mich.), who is likely to chair the House Ways and Means Committee's trade subcommittee next year.

Meanwhile, among South Korea's more nonsensical trade quirks is its restriction on U.S. beef, which is based on overblown fears of mad cow disease. That should be jettisoned as well.

With $72 billion in trade last year, South Korea is the United States' seventh-biggest trading partner. A successful free-trade agreement would be an achievement in itself and would lay the groundwork for an even bigger deal with Japan. Such an agreement is too important to be derailed by a protectionist minority in both countries.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 6, 2006 7:45 AM EST

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TERRORISM NEWS:

Terror War A Bust Stats Inflated: Study (NYDN)

By James Gordon Meek, Daily News Washington Bureau

New York Daily News, December 6, 2006

Federal authorities' strategy of arresting terror suspects on any charge possible has proved effective in thwarting attacks, but too often prosecutors have inflated the importance of the busts, a new study says.

"The strategy of disruption has worked, but they hyped these cases to be more than what they seemed," said Karen Greenberg, author of the study by New York University's Center of Law and Security.

"It leaves their record of prosecuting the war on terror unconvincing," she said yesterday.

Of 510 cases since the Sept. 11 attacks that the government said were terrorism-related, only 30% of the defendants were actually prosecuted on a terrorism charge, the NYU study found. Most of the others faced charges such as fraud, racketeering or conspiracy.

While 169 cases are still pending, only four people charged since the 2001 attacks were convicted for trying to commit an act of terrorism, the study said.

Justice Department spokesman Brian Roehrkasse said the report "reflects the underlying premise of our strategy to prevent and disrupt terrorists before they can carry out what they may be conspiring to do, by using any and all tools at our disposal in the U.S. code."

Terror prosecutions have declined from a spike in the three months following the 9/11 attacks, when 116 people were indicted. Only 57 have been indicted in 2006.

The NYU study found that only 14% of the defendants were tied to Al Qaeda. Of the 510 defendants, more than half had "no known affiliation" with any terrorist group.

Justice officials said that suggests homegrown terror is a bigger threat than many realize.

Material support for terrorism was the most common charge in cases where a defendant was slapped with a federal terrorism offense - but only 30% were convicted. Officials noted, however, that the pending cases skew that statistic.

Former federal prosecutor Andrew McCarthy, who led probes of the 1993 World Trade Center bombing, said the strategy has worked. But he said when the feds oversell a case's terror ties, it's "woefully unproductive [because] it tells the bad guys that we don't know what we think we know."

The report also found that no sleeper cell with "logistical or tactical links to Al Qaeda" has been uncovered in the U.S.

Power Of Privacy Board Questioned (AP)

By Hope Yen

AP, December 6, 2006

WASHINGTON - Civil liberties advocates urged a White House privacy board Tuesday to review aggressively the government's warrantless surveillance program, even as they questioned whether it has the power to do so.

The Privacy and Civil Liberties Board, created in late 2004 after a recommendation by the Sept. 11 commission, held its first hearing with testimony from nongovernment experts on ways to protect Americans' rights during the war on terror.

Its five members, who left the agenda open, repeatedly found themselves under scrutiny.

"This board needs to bring a little sunshine," said Caroline Frederickson, director of the ACLU's Washington legislative office. She said she was disappointed panel members recently praised the surveillance program's safeguards that a federal judge initially ruled as illegal.

"It remains clear that this program was built outside of, and in direct contradiction to, the Foreign Intelligence Surveillance Act and Fourth Amendment guaranteed protections," she said. "This panel's integrity and usefulness will be questioned if it dodges its duty to undertake a full review."

Board members defended their role, saying that as an advisory panel to the president it was not their job to determine whether the eavesdropping program was illegal but to find ways - in consultation with Congress and Bush - to improve it.

"Congress put us in the office of the president," said former Clinton White House counsel Lanny Davis, the panel's lone Democrat, after several audience members unsuccessfully asked the panel to divulge what specific issues it has raised with the White House.

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"Had Congress wanted us to be an independent body, they would have made us an independent body," he said, explaining that as a result many of the board's deliberations will be kept secret. "Why Congress did what it did, that's an open question."

Privacy officers from the Office of Director of National Intelligence and the departments of Justice and Homeland Security also attended in a hearing described by the board as a "listening session."

The panel was created as a compromise between Congress and the White House amid growing public concern about the government's tactics in the war on terror, including the eavesdropping program, a financial transactions tracking system and secret CIA prisons where terrorism suspects have been interrogated.

Bush appointed Carol Dinkins, a Houston Republican, to chair the board. A longtime friend of the Bush family, she was treasurer of Bush's first campaign for governor of Texas, and a longtime partner in the law firm of Vinson & Elkins, where Attorney General Alberto Gonzales once was a partner.

The panel's other GOP members include vice chairman Alan Raul, a Washington attorney, former U.S. Solicitor General Theodore B. Olson and former Ambassador Francis Taylor.

The board does not have subpoena power, and the White House can vet its annual reports to Congress. The members serve at the pleasure of Bush, and Gonzales has final say over whether officials must comply with the board's recommendations.

After a delay of more than a year, board members last week received classified briefings on the National Security Agency's surveillance program as well as the administration's program to monitor international banking transactions.

Raul and Davis have said in interviews that they were impressed by the protections and indicated that Americans might be "more reassured" if they knew all the details.

On Tuesday, privacy advocates said they were worried the board might be partly missing the point.

"We continue to be troubled by the argument that a president has no obligation to follow the law or respect other constitutional guarantees whenever he invokes national security as a justification for his actions," David Keene, chairman of the American Conservative Union, told the panel.

Frederickson said she was not confident of the board's ability to get meaningful information from government agencies. Americans might be better off with legislation introduced by Reps. Carolyn Maloney, D-N.Y. and Christopher Shays, R-Conn., that would make the board independent from the president, she said.

Board members responded that they were briefed by administration officials on the surveillance program with the understanding that they had the same level of classified detail as members on the congressional intelligence committees.

The board's first report to Congress is due in March.

ON THE NET

Privacy and Civil Liberties Oversight Board: http://www.whitehouse.gov/privacyboard/

Civil Liberties Panel Criticized At Hearing (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, December 6, 2006

Some groups say the advisory board is powerless. Members, picked by Bush, seem to struggle in their watchdog role.

WASHINGTON — A presidential advisory commission created two years ago to monitor the effects of anti-terrorism measures on civil liberties held its first public hearing Tuesday amid criticism from advocacy groups that the panel was a paper tiger and indications that its members were wrestling with their watchdog role.

The four-member Privacy and Civil Liberties Oversight Board was urged to take a more aggressive tack in checking the power of the Bush administration in its handling of the war on terrorism. Witnesses cited concerns over such policies as the National Security Agency's warrantless electronic surveillance program and an error-plagued terrorist watch list that has ensnared innocent citizens.

"This hearing is a welcome, but long overdue, first step in the right direction to air just some of the civil liberties transgressions of this administration over the past five years," said Caroline Fredrickson of the American Civil Liberties Union. "Clearly, you've been fiddling while Rome burns."

Created by Congress in response to a recommendation by the bipartisan Sept. 11 commission, the panel was conceived as a way to ensure the administration considers implications on privacy and civil liberties when implementing "all laws, regulations and executive branch policies." In practice, though, its power is limited by the fact that its members are appointed by the president, whose policies they are supposed to scrutinize.

Its authority is also likely to change next month when Democrats take control of Congress. Some Democrats have proposed making the panel independent of the White House, with the power to subpoena witnesses and documents. Others

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have suggested that its influence could wane if Democrats take over one of the reasons for its existence — aggressive oversight of administration policies.

But board members said at the hearing that they were taking their job seriously. They have received classified briefings on the secret surveillance program and a separate program that monitored international bank data, and were also briefed on legislation to put new limits on the surveillance program.

"This program today is an exceedingly important part of our mission to hear these points of view, and we have a great deal to learn in order to perform our statutory responsibility," panel member Theodore B. Olson, Bush's first solicitor general, said at the hearing. In recent months, he said, the board has met with senior officials of the Justice Department, the National Intelligence office and the National Security Agency, among others.

"We have had access to anyone that we wanted to have access to," Olson said. "We have been able to ask any questions we wanted to, and they have been answered."

The hearing also showed that panel members were struggling over such basic issues as whether the advice they give to the administration will ever become public.

"It is important for us to maintain the confidentiality of the recommendations that we might or might not take," Alan Raul, a Washington lawyer and vice chairman of the panel, said in response to a question. "To share some of the private views we might have would undermine our ability to be effective as the statute contemplated."

The panel's lone Democrat, Lanny J. Davis, a former Clinton administration advisor, said Congress put the board in a predicament.

"We did not put ourselves in the office of the president. If Congress wanted us to be an independent agency, they would have created us as an independent agency," he said.

*

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Civil Libertarians Protest Privacy Policy (WP)

By Ellen Nakashima

The Washington Post, December 6, 2006

The Bush administration's new privacy guidelines fail to protect the rights of Americans, and the board created to guarantee those rights lacks the independence to do the job, civil libertarians told the White House privacy board yesterday at its first public forum.

The guidelines, released Monday, are intended to protect the personal privacy and civil liberties of U.S. citizens as the government attempts to strengthen its intelligence-sharing to fight terrorism.

But, said privacy advocate Marc Rotenberg, the guidelines pale in comparison to protections offered under the Privacy Act of 1974.

"What struck me about the guidelines when compared with the federal privacy act was the absence of transparency, the absence of oversight and the inability for individuals to know what information about them is being collected by the federal government," said Rotenberg, executive director of the Electronic Privacy Information Center. Rotenberg was one of 10 panelists yesterday at a forum held by the White House Privacy and Civil Liberties Oversight Board, a panel created by Congress in 2004.

The new guidelines, issued by the Office of the Director of National Intelligence, direct agencies to develop procedures to ensure that information on "U.S. persons" is lawfully obtained, is shared only if it relates to terrorism or law enforcement, and that data errors are corrected. They do not require the people affected to be notified.

James Dempsey, a member of a Markle Foundation task force on privacy, said the guidelines lack substance and specificity. They do not address data-collection standards or set up appropriate redress mechanisms for people erroneously targeted in counterterrorism programs, he said.

Democrats, about to take control of Congress, have promised stronger oversight over the Bush administration's terrorism surveillance program and its push for stronger data-mining programs to identify terrorists.

The five-member privacy board, which started work in March, lacks subpoena power and has only four full-time staff members. President Bush appointed all five members, four of whom are Republicans, including Theodore B. Olson, the administration's former solicitor general.

"What we have established here is an oversight mechanism within the executive branch of government," Rotenberg said at the forum at Georgetown University. "To be effective, the agency has to be independent because even well-intended people seeking to protect privacy will necessarily be under institutional pressure to move in the direction the . . . institution wishes it to go."

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Caroline Frederickson, legislative director of the American Civil Liberties Union, said the board lacked any power to change policies on crucial issues such as citizen redress on terrorist and criminal watch lists.

"It's all bark and no bite," she said.

Frederickson called on Congress to give the board subpoena power and remove it from the executive branch. She also urged the board to be more aggressive in reviewing the government's surveillance program, which she said violates the Constitution.

Alexander W. Joel, the civil liberties and protection officer for the Office of the Director of National Intelligence, said the 1974 Privacy Act is "an important foundation" and will continue to be.

"We have to be both safe and free," Joel said. "How do we do both? Sometimes by not doing as much on one side. Sometimes it's by adding work on the privacy and civil liberties side."

Board members, including Chairman Carole E. Dinkins, noted that the panel has visited the major agencies combating terrorism and met with senior officials, including the directors of national intelligence, the FBI and the National Security Agency. They received good cooperation and their questions were answered, board members said.

"We want to do this job conscientiously, and we're going to continue," Olson said.

Lanny J. Davis, the board's only Democrat, said he was puzzled about why Congress had placed what was supposed to be an independent oversight board under the president.

"That's an open question that none of us up here have been able to quite figure out," he said.

Bush's Privacy Watchdogs Make Public Debut (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, December 6, 2006

At its first public meeting, a White House panel hears from civil liberties advocates, but sheds little light on its supposed watchdog role.

WASHINGTON--In a stately, wood-paneled hall at Georgetown University, a seemingly phantom White House panel charged with overseeing privacy and civil liberties issues made its public debut on Tuesday. But it didn't quite receive the warm welcome it may have liked.

At its first open meeting since it was conceived two years ago, the Privacy and Civil Liberties Oversight Board heard more than three hours of tips for future action--and not all of it gentle--from advocacy groups, think tanks and academics of various political stripes.

Of the 10 such representatives who spoke on panels at the meeting, many urged the group to probe more deeply into the constitutional issues surrounding electronic surveillance, data mining and swapping, and terrorist watch list programs conducted by the government. Some didn't mince words.

"When our government is torturing innocent people and spying on Americans without a warrant, this board should act--indeed, should have acted long ago," Caroline Fredrickson, director of the American Civil Liberties Union's Washington, D.C., office, told the panel in her testimony.

Training her gaze on the five presidentially appointed board members, she added: "Clearly you've been fiddling while Rome burns."

The board, borne out of an act of Congress in 2004 based on recommendations by the 9/11 Commission, has been dogged before. 9/11 Commission Chairman Thomas Kean, congressional Democrats, and watchdog groups accused the Bush administration of not taking the endeavor seriously and dragging their feet in nominating members and getting the group up and running.

That's because it was not until March 2006 that all of its members, which include partners at high-profile law firms and the chief security officer of General Electric, were confirmed by the U.S. Senate and able to hold their first meeting. Since then, they have held more than a dozen closed-door meetings composed "mainly of phone calls or teleconferences with administration insiders and agencies," by the ACLU's critical characterization.

Some board members implicitly acknowledged that rocky past but sought to reassure the sparsely populated hall that Tuesday afternoon's meeting, which they billed as an "expert's forum," would not be a one-shot deal.

"You should always feel free to raise your comments, your concerns and maybe, even an occasional compliment," Chairwoman Carol Dinkins, who served as a deputy attorney general in the Reagan administration's Justice Department and is now a partner, told an audience of about 40 people at the outset of the meeting. Dinkins is now a partner focusing on environmental and administrative law at the firm Vinson & Elkins.

How much power?

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But in an ironic twist, the very group that the participants in Tuesday's meeting hoped to call to action wields less power than critics say it should.

By law, its members serve "at the pleasure" of the president, which means they can be retained or fired at his discretion. Although the body may request documents or interviews with officials, it lacks the power to subpoena such materials that many congressional committees and federal agencies enjoy. The government is free to withhold information if it determines that divulging it would thwart national security or "sensitive law enforcement or counterterrorism operations."

According to published reports, the board wasn't briefed until late last month on the National Security Agency's once-secret warrantless terrorist surveillance program, which has drawn legal challenges from civil liberties watchdogs who claim it sweeps up the phone calls and Internet communications of millions of innocent Americans. The program came to light through a New York Times report nearly a year ago.

Some members of Congress have proposed legislation that would beef up the board's powers. But at least one board member downplayed those concerns Tuesday.

"We have had access to anyone we've wanted to have to date," said board member Theodore "Ted" Olson, a partner with the firm Gibson, Dunn & Crutcher who focuses on appellate and constitutional law. "We have asked any questions we wanted to ask to date and they have been answered."

Suggestions and criticisms

The public meeting included no shortage of familiar suggestions from outside panelists--namely, that they believed the president's warrantless wiretapping program is operating outside of the law and the U.S. Constitution and must be reined in. But the afternoon brought a relative dearth of specific commitments on that front from the board members.

"Our chief burden as a board is to find the right balance between my own and, I believe, my colleagues' commitment to civil liberties and privacy rights while still giving the government the ability to protect our country, our children, and all of us from these forces of evil we all experienced on 9/11," said board member Lanny Davis, a former White House counsel under President Clinton and now a partner with the law firm Orrick in Washington, D.C.

During his testimony, Electronic Privacy Information Center Director Marc Rotenberg said he would be interested to hear whether the board agrees with the president's assertion that he has inherent authority to run the surveillance program without a court order. When fellow panelist Michael Ostrolenk of the Liberty Coalition, a civil liberties activist group, pressed the board members on whether they planned to answer that question, four of the board members remained mum.

Davis, the sole member to speak up, said he would prefer that "we go back to the conservative tradition of checks and balances," but seemed to suggest it was more Congress' duty than his own to curb the executive branch's power.

During a question-and-answer session, one audience member asked the board if it could reveal whether it had been briefed on how many Americans have had their phone records or Internet and phone communications monitored by the NSA.

"All that would be appropriate to say is that we did receive a detailed briefing with information of the kind you described," responded Vice Chairman Alan Raul, who served as a White House lawyer during the Reagan administration and is now a partner with a wide-ranging focus at the firm Sidley Austin in Washington D.C.

The audience member pressed the board member further, asking whether the board planned to recommend that such information be made public, just as the government is expected to disclose how many court-ordered wiretaps it completes each year, but Raul deferred again.

"I can't address the substance of the question," he said, adding: "Part of our ability to provide advice within the executive branch is the ability to provide advice confidentially and...to share some private views we have, I think, would undermine our (work)."

Raul's seemingly vague responses all go back to the manner in which Congress designed the board, fellow board member Davis said. "We didn't put ourselves in the office of the president," he said. "If Congress wanted us to be an independent agency, they would've created us as an independent agency."

How the board is supposed to reconcile its oversight duties under that umbrella, Davis added, remains "an open question that none of us up here have quite been able to figure out."

Italy Seeks Indictments Of C.I.A. Operatives In Egyptian's Abduction (NYT)

By Ian Fisher And Elisabetta Povoledo

The New York Times, December 6, 2006

ROME, Dec. 5 — Italian prosecutors asked Tuesday for the indictment of the country's former intelligence chief, along with 25 operatives of the Central Intelligence Agency, for their involvement in the kidnapping of a militant Egyptian cleric from Milan in 2003.

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The case is one of the most sensitive in Italy, raising the question of whether the Italian government broke the nation's laws by approving or assisting in the abduction.

Nicolò Pollari, the former chief of military intelligence, was replaced by the Italian government last month, possibly in anticipation of his indictment. On Tuesday, prosecutors in Milan asked for his indictment for what they said was his collaboration with American agents in the abduction of the cleric, Hassan Mustafa Osama Nasr, known as Abu Omar.

The indictment asks for the trials of 26 Americans, all but one of whom were C.I.A. agents, including two who were the top agency officials in Italy at the time. The other American named in the indictment is an Air Force colonel at the American air base in Aviano, from which Mr. Nasr says he was flown to an American air base in Germany, then to Egypt, where he claims he was tortured.

It is the first case in the world in which local officials have been tried in the contentious program of "extraordinary rendition," a program in which U.S. agents abducted scores of suspected Islamic militants after Sept. 11, 2001. The suspects are believed to have been taken to interrogation centers in third countries, some of which permit torture.

The case has complicated relations between Italy and the United States, though until now Italy has not asked for the agents' extradition, meaning that any trials against them could take place in absentia. The American Embassy here declined to comment on the indictments.

The risk of political embarrassment inside Italy was underscored Tuesday after one of Mr. Pollari's lawyers said the defense would call to the stand both the current prime minister, Romano Prodi, and the prime minister at the time, Silvio Berlusconi. The lawyer, Titta Madia, said the men would be able to testify about the existence of documents showing Mr. Pollari was opposed to the abduction.

"We mean to show that Mr. Pollari and the institution he represented acted correctly," Mr. Madia said in a telephone interview.

Mr. Pollari, 63, has maintained his innocence, claiming that he cannot defend himself adequately without breaching national security laws.

Mr. Berlusconi has repeatedly denied any knowledge of the abduction. Intelligence experts say it is highly unlikely that American agents would have carried out the kidnapping without high-level approval in the Italian government because the American action would have violated the sovereignty of a close ally.

Mr. Berlusconi's allies have portrayed the indictments as politically motivated — and Tuesday they strongly defended Mr. Pollari. "The attack against him risks discrediting not only him personally but also our services which, in these difficult years, have effectively protected our country against criminal assaults from international terrorism," said Enrico La Loggia, a deputy with Mr. Berlusconi's Forza Italia party.

A judge will now have to decide whether the cases go to trial.

HOMELAND RESPONSE:

Catch The Holiday Spirit -- And A Terrorist (WP)

By Al Kamen

The Washington Post, December 6, 2006

Flying out for the holidays for a little relaxation and family time? Fine. But Uncle Sam hopes you'll remain vigilant, on the lookout for terrorists who also might be heading home to see their families in such places as Myrtle Beach, S.C., or Londonderry, N.H.

To help, the State Department and the Department of Homeland Security are distributing hundreds of "wanted terrorist" posters to major airports around the country, a news release announces.

Get those visions of dancing sugarplums out of your head and focus on the "Faces of Global Terrorism" posters. Each poster shows mug shots of "26 known terrorists with reward offers of up to $25 million" for some of them.

So as you put on your seat belt, take a look at that guy in shorts across the aisle. Sure, he's got blond hair now, and he's cleanshaven, but doesn't he look just a little like Abderraouf Ben Habib Jdey, a.k.a. Faruq al-Tunisi? Look for a scar on his forehead. Get the jump on him and it could be worth $5 million.

And that short guy sitting next to him with those big ears? Okay, the picture's maybe five years old, but isn't that Faker Ben Abdelaziz Boussora, a.k.a. Abu Yusif al-Tunisi, sitting in 15B? He's worth another $5 million from the Rewards for Justice program.

Who knows, but Osama-- worth a cool $25 million -- just might be that guy in the dark glasses and cane on your right.

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And remember: "You and your family may be eligible for relocation," the program Web site says, and "strict confidentiality is assured."

Inside The Beltway (WT)

By John Mccaslin, The Washington Times

The Washington Times, December 6, 2006

Liberty and security

Suffice it to say, Rep. Sheila Jackson-Lee, Texas Democrat, is no fan of guns. In 2003, the National Rifle Association (NRA) took one look at her pro-gun-control voting record and gave her a rating of F.

That said, this column a few days ago was the first to report that the Department of Homeland Security (DHS) was alerted to a recent airport-security incident involving Mrs. Jackson-Lee, who serves on the Homeland Security subcommittee on intelligence, information sharing and terrorism risk assessment.

The congresswoman was going through security at George Bush Intercontinental Airport in Houston when the alarm sounded not once, but twice. However, when she was placed in a queue for follow-up screening, Mrs. Jackson-Lee "complained" about the process, according to the DHS.

When she insisted on retrieving her personal carry-on items, a Transportation Security Administration (TSA) officer informed her that she would first have to be rescreened, at which point the lawmaker continued to complain.

Now, one group is actually coming to the congresswoman's defense. Or is it?

"I cannot commend you enough for criticizing the humiliating and degrading treatment that travelers must endure undergoing security screening," Michael L. Bane, founder of the Armed Passengers Project, writes in a two-page letter to Mrs. Jackson-Lee.

"However, one very valid question has been overlooked throughout the years of dialogue since September 11th. That question is whether the victims of Flight 93 -- indeed, the victims of all the doomed flights -- could have saved themselves as well as the lives of others if they had been allowed by law to carry weapons onboard," he says.

"If they had been permitted to do so, they would have had, literally, a fighting chance to stop the hijackers and at least minimize the damage done on that fateful day."

Mr. Bane's project (www.armedpassengers.org) advocates restoring the basic human right of self-defense on planes, trains, buses and shops. He reminds Mrs. Jackson-Lee of what Ben Franklin said: "Those who would sacrifice liberty for security deserve neither."

Instant No. 2

One thing is for certain, there are more rats roaming around the city of Washington than there are Republicans.

Consider the 2006 mayoral election. In a city that counts 354,410 registered voters, Republican candidate David W. Kranich received only 6,744 votes last month, or about 6 percent of the votes cast.

We call this to your attention because, based on the documents filed with the D.C. Board of Elections and Ethics, the District of Columbia Independent Party (DCIP) is expecting certification this month as the District's newest political party and organization, representing the growing numbers of registered voters designated by the D.C. Board of Elections and Ethics as "independent" and "no-party."

Already the DCIP is touting itself as "the second-largest ... voting group in the District of Columbia."

Feeling blue?

What's with all the blue neckties (particularly a certain shade of baby blue) appearing in Washington of late, including at the White House -- and during Christmas season, no less?

Even yesterday's White House pool report observed that for his early-morning meeting with President Bush, Defense Secretary-designate Robert M. Gates "got the clothing memo -- both men showed up in dark pinstripe suits, white shirts and blue ties."

Quote of the week

"I apologized to him in Philadelphia the other day. I said, 'Bill, I take it back. My dog Millie did not know more about foreign policy than you do.' And he was very understanding."

-- Former President George Bush, speaking in Tallahassee, Fla., this week about a criticism he made of Bill Clinton during the 1992 presidential campaign

Going for baroque

"When we're earmarking money for opera houses, it's no wonder the federal government is baroque."

So says Rep. Jeff Flake, Arizona Republican, who, while his wordplay is clever, is not happy to discover a $250,000 earmark for the Bardavan Opera House in Poughkeepsie, N.Y., in one congressional appropriations bill for fiscal 2006.

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Homeland Security Extends Comment Time (WP/AP)

By Michael J. Sniffen

The Washington Post, December 6, 2006

WASHINGTON -- Under pressure from Congress and the public, the Homeland Security Department extended the time for people to comment on its computerized risk assessment system for international travelers.

The deadline was pushed back from Dec. 4 to Dec. 29, department spokesman Jarrod Agen said Tuesday.

By Tuesday, the department had received 59 public comments. All but one either opposed the system outright as a violation of privacy and other laws or called for better means for people to correct any errors in the data. One law firm representing ship owners and importers sought more time for comment.

Rep. Bennie Thompson, D-Miss., who will become chairman of the House Homeland Security Committee when Democrats take control of Congress in January, wrote Homeland Security Secretary Michael Chertoff seeking extension of the comment period.

Based on a briefing that committee staff received about the system last Friday, Thompson wrote "serious concerns have arisen that, with respect to U.S. citizens and possibly lawful permanent aliens, some elements of ATS as practiced may constitute violations of privacy or civil rights."

The Associated Press reported last Thursday that for four years Customs and Border Protection agents have been using the Automatic Targeting System, or ATS, to produce assessments of the risk that any of the millions of people crossing U.S. borders, including Americans, are terrorists or criminals.

Almost every traveler entering or leaving the country is evaluated by the ATS computers, but they are not allowed to see the assessment of them or directly challenge its accuracy. The government intends to keep the assessments 40 years and the data on which they are based for up to 40 years.

Sen. Patrick Leahy, D-Vt., incoming chair of the Senate Judiciary Committee, promised more congressional scrutiny next year of the government's anti-terrorist databases and called the ATS scheme "simply incredible."

The assessments are based on applying so-called rules, which are actually assumptions based on the past behavior of terrorists and criminals, to the person's travel records, including where they are from, how they paid for tickets, their motor vehicle records, past one-way travel, seating preference and what kind of meals they ordered.

The government's first acknowledgment that ATS was producing risk assessments of travelers came in a Nov. 2 notice in the Federal Register, a dry daily compendium of rules and regulations.

Although that notice said ATS would be implemented Dec. 4 unless negative comments dissuaded officials, ATS has been operational for some time and no changes were planned for Dec. 4, Toby Levin, senior adviser in Homeland Security's privacy office told the AP.

The notice was only designed "to give greater transparency" to what Homeland Security was already doing, she said.

In fact, Jayson Ahern, assistant commissioner of Customs and Border Protection, said federal agents had used ATS to develop risk assessments of travelers since the late 1990s, but the program had mushroomed in 2002 when legislation spawned by the Sept. 11, 2001, terrorist attacks took effect. That legislation required all air and cruise lines to electronically give Homeland Security advance lists of all their incoming and outgoing passengers and crew members.

In addition, Ahern said Amtrak voluntarily provides passenger data on rail travelers between the U.S. and Canada and border agents keep track of many of the people and drivers who enter or leave land border crossings. Ahern said ATS is designed to pick out people who are not already on watch lists or wanted by law enforcement.

Homeland Security's Agen said a new notice announcing the extension was sent Tuesday to the Federal Register and would be published in a few days.

Furor Over 'Terror Scores' For Airline Travelers (CSM)

By Alexandra Marks

The Christian Science Monitor, December 6, 2006

NEW YORK

Do you know your terror score? Think you don't have one? You may, if you've traveled internationally during the past four years. And that is generating a growing controversy both in the United States and abroad.

The Department of Homeland Security's Customs and Border Protection (CBP) has been quietly assigning travelers, both American and foreign, on international flights a score that's designed to identify high-risk travelers. It's derived from a set of criteria, such as where you're from and whether you have a habit of buying one-way tickets and paying with cash.

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CBP officials call the program, which was implemented with little public notice and no congressional approval, a crucial tool to protect the nation. They describe it as a kind of extra electronic border that has the potential to catch terrorists and criminals before they get to an actual border crossing.

"Without a system like this, we would in many ways be blind to potential threats before they arrive," says Jarrod Agen, a DHS spokesman.

But some congressional leaders, privacy advocates, and travel executives believe it's an unparalleled use of data-mining to invade individuals' privacy. Some European leaders also object, claiming the program - called the Automated Targeting System (ATS) - violates a privacy agreement worked out between the US and the European Union.

Opponents are calling on the Department of Homeland Security (DHS) to suspend the program until privacy concerns can be addressed. They say the key problem with ATS is that there's no way for individual to determine that he or she has been flagged. CBP can also share the information it's collected with other government agencies, other governments, and even private contractors. And CBP can keep the data up to 40 years.

"For the first time, a dossier is being built on me and every other innocent citizen that tracks information on them," says Kevin Mitchell, chairman of the Business Travel Coalition in Radnor, Pa. "To add insult to injury ... they say they're keeping the data for 40 years - just in case Kevin Mitchell - whose profile is not threatening at the moment - has some kind of ties to a terrorist organization in the future."

The controversy over ATS erupted after privacy advocates at the Electronic Frontier Foundation (EFF) found an obscure notice about it in the Federal Register last month. In the notice, which is required under the 1974 Privacy Act, DHS says that its data collection system "does not identify or create any new collection of information, rather DHS is providing additional notice and transparency of the functionality of these systems."

In fact, the data collection system has been in place since the mid-1990s, says CBP spokesman Pat Jones. It was started as a way to help interdict drug shipments and smugglers and was carried out by the Treasury Department. After 9/11, it was enhanced to include potential terrorists, and it was eventually moved to CBP, according to Mr. Jones. "The information that we've got is not invasive. How someone pays for their plane ticket I don't think is an invasion of anyone's privacy," he says. "These issues always involve some kind of a balance."

But privacy advocates contend the issue is far more complex. EFF's lead counsel, David Sobel, notes that prior to the publication of the November notice, the only public mention of ATS said that it was used to target and assess cargo shipments, not people.

"Congress didn't know they were doing this. Even DHS's own inspector general in a report issued this summer didn't realize they were using this to target passengers," he says.

The Transportation Security Administration has been trying to put together a similar data collection system to check air passengers for years, Mr. Sobel and other privacy advocates note. That system, called Secure Flight, has been tabled by DHS until privacy concerns raised by Congress can be addressed.

Mr. Mitchell of the Business Travel Coalition says that while he and others were testifying before Congress about problems with Secure Flight, DHS was quietly collecting almost the same kind of information. And unlike Secure Flight, which is designed to "ping data" and then expunge it, the ATS data is saved in a data bank.

"None of us knew this was going on behind our backs," says Mitchell. "This looks like it was done because [other data-mining systems failed] and Secure Flight's in trouble."

Some congressional leaders, including Sen. Patrick Leahy (D) of Vermont, have pledged to hold hearings on ATS. "Databanks like this are overdue for oversight, and that is going to change in the new Congress," Senator Leahy said in a statement.

For now, DHS is standing by its program and says it has no plans to suspend it for further public scrutiny. "You tell [privacy advocates] when they're able to persuade the bad guys to announce when they're coming into the country, we won't need a system like this," says Jones of CBP.

Probes Dismiss Imams' Racism Claim (WT)

By Audrey Hudson

The Washington Times, December 6, 2006

Three parallel investigations into the removal of six imams from a US Airways flight last month have so far concluded that the airline acted properly, that the imams' claims they were merely praying and their eviction was racially inspired are without foundation.

An internal investigation by the airline found that air and ground crews "acted correctly" when they requested that the Muslim men be removed from a Minneapolis-to-Phoenix flight on Nov. 20.

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"We believe the ground crew and employees acted correctly and did what they are supposed to do," US Airways spokeswoman Andrea Rader said.

Omar Shahin -- one of the imams and the group's spokesman -- said the men did not behave out of the ordinary while on the plane, and that passengers overreacted because some of the imams conducted prayers in the concourse before boarding.

US Airways' investigation is "substantially complete" but Miss Rader said airline officials still want to meet with the imams to review the situation. "We're looking at it as a security issue and as a customer-service issue and where we might need to do outreach," she said.

Airline officials have had several discussions with Mr. Shahin, but a meeting scheduled for Monday with all six men was canceled at the imams' request.

"We talked with crew members and passengers and those on the ground. We've done what we typically do in a situation where there is a removal or some kind of customer service at issue," Miss Rader said. "We found out the facts are substantially the same, and the imams were detained because of the concerns crew members had based on the behavior they observed, and from reports by the customers."

The Minneapolis airport police department's report on the incident said the imams' behavior warranted their removal. The imams were not accused of breaking any laws.

The Department of Homeland Security's (DHS) Office of Civil Rights and Civil Liberties is reviewing the actions of department members who were involved in the incident.

Secret Service agents questioned the imams, who are accused of making negative comments about President Bush and the Iraq war. Officials of the Transportation Security Administration were involved in screening the imams and their baggage.

"There is no indication there is any inappropriate activity, at least no indication at this time," DHS spokesman Russ Knocke said. "To my knowledge, we are only doing a review, and that is a fairly routine practice with incidents like this."

The Air Carrier Security Committee of the Air Line Pilots Association investigated the incident and said, "The crew's actions were strictly in compliance with procedures and demonstrated overall good judgment in the care and concern for their passengers, fellow crew members, and the company."

"The decisions made by all the parties were made as a result of the behavior of the passengers and not as a result of their ethnicity," the report concluded.

The suspicious behavior cited in the report included "changing seats, stating anti-war, anti U.S.-Iraq involvement, negative comments concerning the president of the United States." The report noted that "two of the passengers requesting seat-belt extensions when their body size did not appear to warrant their use."

Mr. Shahin told television reporters that he needed the seat-belt extension because he weighs 280 pounds. However, the police report lists his weight as 201 pounds. Weights listed for the other imams ranged from 170 pounds to 250 pounds.

The imams have retained the Council of American-Islamic Relations (CAIR) as their legal counsel. CAIR officials said yesterday that initial claims by the airline contradict the official police report.

"The imams are obviously concerned about a number of false and distorted representation of the facts and events, and one example is initial reports that all suggested they refused to get off the plane when personnel asked them to, and the police report said they all got off and cooperated," a CAIR spokesman said.

On A Wing And A Prayer (WSJ)

By Debra Burlingame

The Wall Street Journal, December 6, 2006

Allahu Akbar! Allahu Akbar! Allahu Akbar! Allahu Akbar! Those are the words that started it all. Six bearded imams are said to have shouted them out while offering evening prayers as they and 141 other passengers waited at the gate for their flight out of Minneapolis International Airport. It was three days before Thanksgiving. Allahu Akbar: God is great.

Initial media reports of the incident did not include the disturbing details about what happened after they boarded US Airways flight 300, but the story quickly went national with provocative headlines: "Six Muslims Ejected from US Air Flight for Praying." Yes, they were praying -- but let's be clear about this. The very last human sound on the cockpit voice recorder of United flight 93 before it screamed into the ground at 580 miles per hour is the sound of male voices shouting "Allahu Akbar" in a moment of religious ecstasy.

They, too, were praying. The passengers and crew of flight 93 lost their valiant fight to take back the plane just one hour and 20 minutes after it pushed back from the gate. Until the hijackers stormed the cockpit door, they were just a handful of Middle Eastern-looking men on their way to sunny California. So, yes, let's be exceedingly clear about the whole matter. Some 3,000 men, women and children are dead because the unassuming people on those airplanes did not look at them and see murderers. Or dangerous Arabs. Or fanatical Muslims. They saw a few guys in chinos. * * *

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In five years since the 9/11 attacks, U.S. commercial carriers have transported approximately 2.9 billion domestic and international passengers. It is a testament to the flying public, but, most of all, to the flight crews who put those planes into the air and who daily devote themselves to the safety and well-being of their passengers, that they have refused to succumb to ethnic hatred, religious intolerance or irrational fear on those millions of flights. But they have not forgotten the sight of a 200,000-pound aircraft slicing through heavy steel and concrete as easily as a knife through butter. They still remember the voices of men and women in the prime of their lives saying final goodbyes, people who just moments earlier set down their coffee and looked out the window to a beautiful new morning. Today, when travelers and flight crews arrive at the airport, all the overheated rhetoric of the civil rights absolutists, all the empty claims of government career bureaucrats, all the disingenuous promises of the election-focused politicians just fall away. They have families. They have responsibilities. To them, this is not a game or a cause. This is real life.

Given that Islamic terrorists continue their obsession with turning airplanes into weapons of mass destruction, it is nothing short of obscene that these six religious leaders -- fresh from attending a conference of the North American Imams Federation, featuring discussions on "Imams and Politics" and "Imams and the Media" -- chose to turn that airport into a stage and that airplane into a prop in the service of their need for grievance theater. The reality is, these passengers endured a frightening three-and-a-half hour ordeal, which included a front-to-back sweep of the aircraft with a bomb-sniffing dog, in order to advance the provocative agenda of these imams in, of all the inappropriate places after 9/11, U.S. airports.

"Allahu Akbar" was just the opening act. After boarding, they did not take their assigned seats but dispersed to seats in the first row of first class, in the midcabin exit rows and in the rear -- the exact configuration of the 9/11 execution teams. The head of the group, seated closest to the cockpit, and two others asked for a seatbelt extension, kept on board for obese people. A heavy metal buckle at the end of a long strap, it can easily be used as a lethal weapon. The three men rolled them up and placed them on the floor under their seats. And lest this entire incident be written off as simple cultural ignorance, a frightened Arabic-speaking passenger pulled aside a crew member and translated the imams' suspicious conversations, which included angry denunciations of Americans, furious grumblings about U.S. foreign policy, Osama Bin Laden and "killing Saddam."

Predictably, these imams and their attorneys now suggest that another passenger who penned a frantic note of warning and slipped it to a flight attendant was somehow a hysterical Islamophobe. Let us remember that but for their performance at the gate this passenger might never have noticed these men or their behavior on board, much less have the slightest clue as to their religion or political passions. Of course, that was the point of the shouting. According to the police report, yet another alarmed passenger who frequently travels to the Middle East described a conversation with one of the imams. The 31-year-old Egyptian expressed fundamentalist Muslim views, and stated the he would go to whatever measures necessary to obey all the tenets set out in the Koran.

The activist Muslim American Society (MAS) issued a press release within hours of the incident, demanding an apology and announcing a "pray-in" at Reagan National Airport in Washington, D.C. Standing just a short distance from the Pentagon, where five years ago black plumes of smoke from the crash of American Airlines flight 77 could be seen for miles, the assembled demonstrators complained that African-American Muslims, accustomed to "driving while black," must now cope with the injustice of "flying while Muslim." This brazen two-step is racial politics at its worst; none of the imams are African-American. MAS, which teaches an "Activist Training" program with lessons on "how to talk to the media," must have been thrilled when one cable news outfit, suckered by the rhetoric, compared the imams' conduct to that of civil rights icon Rosa Parks, who refused to give up her bus seat in the face of institutional racism. One wonders what the parents of the three 11-year-olds who died on flight 77 -- all African-American kids on a National Geographic field trip -- would make of this stunning comparison.

Today, MAS Executive Director Mahdi Bray says his organization wants more than an apology. He wants to "hit [US Airways] where it hurts, the pocketbook," and, joined by the Council on American-Islamic Relations (CAIR), will seek compensation for the imams, civil and federal monetary sanctions, and new, sweeping legislation that will extract even bigger penalties for airlines that engage in "racial and religious profiling." An investigation by the Department of Homeland Security's Office of Civil Rights & Civil Liberties is underway. Not incidentally, it is the "fatwa department" of MAS that pushed for segregated taxi lines that would permit Muslim cab drivers at the Minneapolis airport to reject passengers carrying alcohol. * * *

Here's what the flying public needs to know about airplanes and civil rights: Once your foot traverses the entranceway of a commercial airliner, you are no longer in a democracy in which everyone gets a vote and minority rights are affirmatively protected in furtherance of fuzzy, ever-shifting social policy. Ultimately, the responsibility for your personal safety and security rests on the shoulders of one person, the pilot in command. His primary job is to safely transport you and your belongings from one place to another. Period.

This is the doctrine of "captain's authority." It has a longstanding history and a statutory mandate, further strengthened after 9/11, which recognizes that flight crews are our last line of defense between the kernel of a terrorist plot and its lethal execution. The day we tell the captain of a commercial airliner that he cannot remove a problem passenger unless he divines beyond

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question what is in that passenger's head and heart is the day our commercial aviation system begins to crumble. When a passenger's conduct is so disturbing and disruptive that reasonable, ordinary people fear for their lives, the captain must have the discretionary authority to respond without having to consider equal protection or First Amendment standards about which even trained lawyers with the clarity of hindsight might strongly disagree. The pilot in command can't get it wrong. At 35,000 feet, when multiple events are rapidly unfolding in real time, there is no room for error.

We have a new, inviolate aviation standard after 9/11, which requires that the captain cannot take that airplane up so long as there are any unresolved issues with respect to the security of his airplane. At altitude, the cockpit door is barred and crews are instructed not to open them no matter what is happening in the cabin behind them. This is an extremely challenging situation for the men and women who fly those planes, one that those who write federal aviation regulations and the people who agitate for more restrictions on a captain's authority will never have to face themselves.

Likewise, flight attendants are confined in the back of the plane with upwards of 200 people; they must be the eyes and ears, not just for the pilot but for us all. They are not combat specialists, however, and to compel them to ignore all but the most unambiguous cases of suspicious behavior is to further enable terrorists who act in ways meant to defy easy categorization. As the American Airlines flight attendants who literally jumped on "shoe bomber" Richard Reid demonstrated, cabin crews are sharply attuned to unusual or abnormal behavior and they must not be second-guessed, or hamstrung by misguided notions of political correctness.

Ultimately, the most despicable aspect about the imams' behavior is that when they pierced the normally quiet hum of a passenger waiting area with shouts of "Allahu Akbar" and deliberately engaged in terrorist-associated behavior that was sure to trigger suspicion, they exploited the fear that began with the Sept. 11 attacks. The imams, experienced travelers all, counted on the security system established after 9/11 to kick in, and now they plan not only to benefit financially from the proper operation of that system but to substantially weaken it -- with help from the Saudi-endowed attorneys at CAIR.

US Airways is right to stand by its flight crew. It will be both dangerous and disgraceful if the Department of Homeland Security, the Department of Transportation and, ultimately, our federal courts allow aviation security measures put in place after 9/11 to be cynically manipulated in the name of civil rights.

Ms. Burlingame, a director of the World Trade Center Memorial Foundation, is the sister of Charles F. "Chic" Burlingame III, the pilot of American Airlines flight 77, which was crashed into the Pentagon on Sept. 11, 2001.

For Mass-casualty Preparedness, Congress Should Fund 'ER One' (HILL)

By Tommy Thompson

The Hill, December 6, 2006

The old adage that "failing to prepare is preparing to fail" seems particularly poignant today. More than five years after Sept. 11, 2001, no state is adequately prepared for a potential mass-casualty disaster caused by a terrorist attack, pandemic or natural disaster. A new CDC study on the state of emergency rooms and the Institute of Medicine's report this summer on our inability to respond to large disasters and epidemics tell a very alarming tale about the state of emergency preparedness in this country.

As head of the federal government's health response to Sept. 11 and as a former governor, I am keenly aware that emergency preparedness is a critical issue for every state's chief executive and legislature. Although major efforts have been made to strengthen security and improve coordination of resources, one persistent public policy question remains unanswered: How best can the federal government help prepare 50 states with diverse assets, risks and needs for an unknown mass-casualty emergency?

Congress can now begin to answer that question. Under debate will be this year's major spending bill for the Department of Health and Human Services, and along with it, a provision to fund a hospital preparedness project that could benefit every state. The project, commonly known as "ER One," is the Washington Hospital Center's proposed state-of-the-art emergency facility. It is arguably one of the smartest investments that Congress could make, and it deserves to be approved. Conceived by physicians, scientists, infectious disease specialists, disaster relief professionals, and security experts recruited from some of the nation's most prestigious institutions, ER One will bolster states' preparedness in two critical ways.

First, as the nation's first civilian demonstration facility, ER One will serve as an education center and working research laboratory for testing and publishing new approaches to managing risks. ER One Institutes, the educational and training arm of the project, will create practical, exportable training models on emergency preparedness for every type of hospital nationwide. Medical personnel from small-town facilities to major urban complexes throughout the United States will learn how to deal with mass-casualty events beyond their scope of daily practice and maintain those skills as new treatments and new threats appear.

By having access to this thinking and training, states and localities would be much better served than if the funds designated for ER One were simply included as part of the overall hospital preparedness block grants through which funds are

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parceled out to the states. The money needed to fund construction of ER One will make a huge impact and ultimately benefit disaster preparedness at all levels far more than it would if it were simply thrown into the pot and parceled out in small amounts to dozens or even hundreds of potential recipients.

Training and education for the country's hospital staffs is a priority today. The Trust for America's Health (TFAH) has found that hospitals in nearly one-third of the states have not sufficiently planned for a surge of extra patients. In addition, the General Accounting Office has said the nation's emergency preparedness efforts in healthcare remain grossly inadequate. ER One and the ER One Institutes represent the most efficient and effective way to address this need.

Second, as the nation's first all-risks-ready facility, ER One would meet myriad challenges posed by a mass-casualty medical emergency in the nation's capital. A major disaster that interrupts government operations, cripples essential federal services, shuts down communications, or disrupts national security would create chaos across the country and in world markets. Every American would be affected — from recipients of government programs such as Social Security, Medicare, low-interest loans and housing allowances to state and local law enforcement officers.

Washington's unique role will always make the city vulnerable to dangers that have national ramifications. ER One would help protect government functions and personnel, as well as the general population, by managing large surges of patients, treating victims of any major disaster, and containing rare contagious illnesses, especially biological, chemical or radiological.

Rarely has an issue enjoyed this level of support from both political parties, local and national officials and the public and private sectors, particularly during an election year. The ER One project has already received federal funding for planning and design efforts. And although both the fiscal year 2006 and 2007 budgets included money for such a facility, the funds needed to begin construction became an unintended casualty during the most recent congressional debate over earmarks.

Now Congress has another opportunity to boost states' preparedness by approving a Health and Human Services budget that includes funds for ER One. The choice is clear: Congress can give states the ER One tools and training they need to meet the challenges of a dangerous world — or it can prepare to fail by failing to prepare.

As an open and free society, we may be more vulnerable, but we also have the ability to be more resourceful. We must be aware of danger, but always recognize opportunity. ER One is that opportunity.

Thompson, former secretary of the Department of Health and Human Services and former governor of Wisconsin, is a partner with the law firm Akin Gump Straus Hauer & Feld LLP.

Package Tossed Near White House (AP)

AP, December 6, 2006

Streets around the White House were closed Tuesday morning after a woman threw a package into the courtyard of the adjacent Old Executive Office Building.

The woman was taken into custody without incident and was being questioned by the Secret Service, said Darrin Blackford, a spokesman for the service. The package was being investigated but no immediate details were available.

The president was in the White House at the time of the incident.

Streets were closed along Pennsylvania Avenue, between 17th and 18th streets, and along 17th Street between State Place and H Street.

Report Finds New Problems In FEMA Aid Distribution (NYT)

By Eric Lipton

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — The Federal Emergency Management Agency has recouped less than 1 percent of an estimated $1 billion in fraudulent or unjustified payments it distributed after Hurricanes Katrina and Rita, a new report by Congressional investigators says.

At the same time, the agency continued to wrongly send out millions of dollars of new aid this year, including $17 million in rental assistance to families living rent-free in FEMA trailers, the Government Accountability Office report says.

The auditors' findings, set to be released on Wednesday, demonstrate how the agency has remained open to criticism from advocates for evacuees as being too stingy with people who have real needs, and to criticism from auditors as being too willing to give taxpayer dollars to scam artists and cheats.

Just last week, a federal judge ordered the agency to restore housing assistance and pay back rent to thousands of Hurricane Katrina evacuees who had been deemed ineligible for long-term housing aid.

Yet the new report by the Congressional investigators said that, in addition to the rental aid given to more than 8,600 victims living in trailers rent-free, the agency distributed $20 million to people who registered for both hurricanes, meaning they received double payments for rent and other emergency aid.

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The investigators also recently determined that the agency gave at least $3 million to more than 500 foreign students or other foreigners in the United States on work visas even though federal law specifically prohibits such aid.

"FEMA has much work to do before we can be confident that it is providing assistance to those who are eligible and who need it, while denying it to those who do not," said Senator Joseph I. Lieberman of Connecticut. Mr. Lieberman is the ranking Democrat on the Homeland Security and Governmental Affairs Committee, which has scheduled a hearing for Wednesday on Hurricane Katrina-related fraud and abuse.

The agency's officials on Tuesday said they had not yet seen the new report and would not comment in detail until they had. But they acknowledged the serious flaws in distribution of financial aid after the hurricanes. A copy of the report was given to The New York Times.

"The stringent controls instituted this past year by FEMA will dramatically improve safeguards and help eliminate processing errors and fraudulent abuse," Pat Philbin, an agency spokesman, said in a written statement.

But the Government Accountability Office report made it clear that the inappropriate payments continued into this year. For example, 10 residents of an apartment complex in Plano, Tex., collected $46,000 in rental assistance from FEMA through June, even though the City of Plano was paying their rent, with money from the federal agency.

FEMA estimates that of the $7 billion in emergency aid given out to individuals and families after Hurricanes Katrina and Rita, about $290 million was unjustified. But based on more than a year of spot-checking applications, Congressional auditors said they believed the federal agency was grossly underestimating the figure, and that a more accurate amount would be at least $1 billion.

That would include money that went to thousands of inmates and people who used falsified Social Security numbers or submitted applications for phantom homes, all cases turned up by the investigators.

FEMA has recouped about $7.5 million of these inappropriate payments, an agency official said Tuesday, and he estimated that an additional $8.1 million was on the way.

Senator Susan Collins, Republican of Maine, chairwoman of the Homeland Security Committee, said the small percentage of money recouped showed how important it was for the agency to improve how it screened applications for disaster aid.

"Once the money is out the door, it is very difficult for it to be recovered," Ms. Collins said.

At the time Hurricanes Katrina and Rita hit, the agency had systems in place to prevent fraud, including a computer program that looked for applications with the same Social Security number. But officials said they turned the system off, claiming that they were worried it might prevent legitimate victims from getting help, the report said.

That is why, for example, the 7,600 individuals had been able to collect $20 million in emergency aid for properties supposedly hit by both storms, the report said.

Ms. Collins said she did not accept the assertion that the agency could not figure out how to distribute emergency assistance quickly while preventing widespread waste and fraud.

"It's a false choice," she said.

FEMA Appeals Katrina Housing Order (AP)

AP, December 6, 2006

The Bush administration is challenging a court order requiring it to make housing payments to thousands of families whose homes were damaged by Hurricane Katrina.

U.S. District Judge Richard J. Leon said last week that confusing, often contradictory letters to hurricane victims from the Federal Emergency Management Agency didn't explain why housing funding was cut. He said that violated the Constitution, and he ordered the agency to restart the program immediately.

FEMA said Tuesday it would appeal that ruling.

The government is still under a court order to make housing payments for people displaced by last year's storm, but the Association of Community Organizations for Reform Now, which won last week's ruling, said in court documents Tuesday that FEMA has refused to disclose its plans for restarting the program.

FEMA may ask an appeals court to put the judge's ruling on hold while the appeal plays out.

Leon criticized the agency's handling of the housing program and described the process as "Kafkaesque."

FEMA Director R. David Paulison told reporters last week that he was disappointed by the ruling.

"It's almost a thing of no good deed goes unpunished," he said. "We felt like we did a good job."

Storm Evacuees Remain In Grip Of Uncertainty (NYT)

By Shaila Dewan

The New York Times, December 6, 2006

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BAKER, La., Dec. 2 — Wynaen Walker keeps a change of clothes, her prescription medications and important papers in the trunk of a friend's car. When she leaves her FEMA trailer, she tapes handwritten signs on the door with her phone number. "I still live here," one of them says.

Ms. Walker does this not so much because Hurricane Rita destroyed her house in Lake Charles, but because in October, she came home from church to find her trailer, in a park here operated by the Federal Emergency Management Agency, occupied by someone else. The lock had been changed. The meager belongings she had accumulated since the hurricane were gone.

"Imagine leaving your house, and you're going right up the street," said Ms. Walker, known as Nina, who was told by FEMA officials to seek out a homeless shelter. "I come back, I ain't got no place."

"They left me out in the cold," she added. "I really panicked."

Ms. Walker had been displaced by a family from one of five FEMA trailer parks at the nearby Baton Rouge Metropolitan Airport that are scheduled to close in April. Though her move was a mistake, it is one that residents say the agency has made repeatedly in its trailer parks. And when the trailers at the airport are shut down next year, more than 600 families who took refuge in those parks will find themselves on the move once again.

More than a year after Hurricanes Katrina and Rita, life is still precarious and unpredictable for many evacuees, especially those who have depended on the government for a modicum of stability. About 102,000 families are still living in government trailers scattered around the region, and an additional 33,000 are living in apartments paid for by FEMA. What trauma victims need most, stability, is just what has proved most elusive.

Most families in the five parks that are closing have not been told where their new homes will be. In New Orleans, residents at two FEMA trailer parks were notified that the construction of a film studio nearby would mean ceaseless noise for months. Initially they were told the parks would close, but the families refused to move yet again.

For thousands more displaced families living in apartments, FEMA has cut off aid with little explanation, but the agency was ordered by a federal judge late last month to reinstate the aid and pay months of back rent. The judge described the ordeal of the families, many of whom have already left their apartments or are on the brink of eviction, as "Kafkaesque."

The seesaw of daily life for the displaced is playing out against a backdrop of still larger uncertainties. Billions of dollars intended to help homeowners rebuild have yet to be distributed. And on Saturday, at a "town hall" meeting held simultaneously in five cities, Mayor C. Ray Nagin of New Orleans said he did not expect the city's rebuilding plan to be finished until mid-January.

Mental health experts have repeatedly warned of the importance of a consistent environment for adults and children who are recovering from trauma, and evacuees complain that stress has aggravated their physical ailments, literally making them sick.

And people who work at the agencies trying to help evacuees no longer bother to conceal their anger and astonishment at the constant change in policies and how they are carried out.

"People are basically in many instances left to fend for themselves, while being hampered, if not prevented, from fending for themselves," said Raymond A. Jetson, the chief executive of the Louisiana Family Recovery Corps, a nonprofit organization started at the behest of Gov. Kathleen Babineaux Blanco.

Mr. Jetson added, "There is a misunderstanding that in some way these people have abdicated the expectation of being treated with respect and dignity."

Jim Stark, the director of the Louisiana Transitional Recovery Office at FEMA, acknowledged that finding permanent housing had been "more difficult than anyone anticipated." On the other hand, he said, "The travel trailers aren't meant as permanent homes."

For those who got apartments instead of trailers, the rental assistance program has been rife with confusing letters, repetitive requests and conflicting information from FEMA. The agency has consistently defended the process, saying that any denial of benefits can be appealed within 60 days.

But in last month's ruling, Judge Richard J. Leon of Federal District Court disagreed, saying the inconsistencies amounted to a denial of the due process rights of evacuees. He ordered FEMA to clarify the eligibility requirements and "immediately restore" many families to the program. [On Tuesday, FEMA appealed the ruling.]

So far, though, said Cindy Gabriel, the spokeswoman for the Community Settlement Network, which has taken over for Houston's evacuee housing program, the ruling has done little but create confusion, in part because FEMA's lawyers have given no indication of how they will carry it out.

Christalyn Mavis, 20, an evacuee living in Austin, Tex., said she and her fiancé had been threatened with eviction for months while they tried to convince FEMA that they were eligible for rental assistance. In September, Ms. Mavis, who lost her mother in Hurricane Katrina, gave birth to a boy, adding urgency to the couple's need for resolution.

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"We were in the recovery room," she said, "and I was getting in touch with my lawyer and caseworker from the hospital hours after giving birth."

Tired of fighting, the couple now hope to move to a less expensive city.

In Baton Rouge, the five trailer parks are closing because the airport has declined to renew the lease. Mr. Stark said the residents who did not find their own housing would be moved, but the agency is not yet sure where. "We're going to try to be as least disruptive to the families that live there as possible," he said.

Yet even the moves that FEMA has already orchestrated have not necessarily been smooth. Kim Landry, the transitional communities coordinator for the Family Recovery Corps, said caseworkers knew of five cases like Ms. Walker's in which people had returned home to find their property, or in some cases their entire trailer, gone.

"We do make regular sweeps through the parks, and we often find that people have moved without telling us," Mr. Stark said. "If it looks like no one's home and we haven't been able to contact the folks, we will close the trailer."

FEMA procedures call for three attempts to contact a resident by phone and the posting of an abandonment notice before a trailer is cleaned out. The contents are supposed to be "bagged and tagged" and stored for 30 days. But, an agency spokeswoman said, "maintenance and deactivation contractors" have a "realistic margin of error."

Ms. Walker, who is 49 and has diabetes, high blood pressure and arthritis, was eventually issued a new, empty trailer. But the belongings on her carefully written list — "engagement ring $1249.99 pl. tx." and "clothings new — (7) outfits" — have not been recovered. On Tuesday, she has an appointment at the FEMA storage facility to look for them. At the mention of this, Ms. Walker, who with her chipper grin, multicolored sweater and braided pigtails is a picture of stoic cheer, broke down like a child.

"The stuff that was taken out of my trailer wasn't bagged and tagged," she wailed. "Mine wasn't bagged and tagged. It's hard starting over again. You know. Everything. It's very hard."

Then she pulled herself together, straightened up, and smiled.

WAR NEWS:

Gates OK'd For Defense By Senate Panel (AP)

By Robert Burns

AP, December 6, 2006

Robert Gates, seemingly clinching confirmation as the new secretary of defense, said Tuesday the United States is not winning in Iraq and he's confident President Bush will listen to his ideas about forging a new war strategy.

He won speedy and unanimous approval from the Senate Armed Services Committee after five hours of testimony, a bipartisan show of support that suggested how eager many lawmakers are to replace Donald H. Rumsfeld at the Pentagon. The full Senate could seal Gates' confirmation as early as Wednesday.

"In my view, all options are on the table, in terms of how we address this problem in Iraq," he told the committee. But he also acknowledged the complexity of the challenge.

"There are no new ideas on Iraq," he said during a discussion of the bipartisan Iraq Study Group, which previewed its findings and recommendations to President Bush Tuesday and will release them Wednesday. Gates was a member of the group until Bush announced his nomination for the Pentagon job last month.

The senators voted 24-0 to support the nomination to replace Rumsfeld, who has become a symbol of the Bush administration's steadfast course in a war that has long since soured with the public and much of the world.

"I voted yes because in both the substance of his answers and the tone of his answers, he seemed open to course correction," said Carl Levin, D-Mich., who will be the committee's chairman when Democrats take control of the Senate next month.

During his appearance, Gates would not commit to any specific new course of action in the conflict. He said he would consult first with commanders and others.

Asked directly by Levin whether the U.S. is winning in Iraq, Gates replied, "No, sir." That response appeared to contradict Bush, who said at an Oct. 25 news conference, "Absolutely, we're winning."

Gates later said he believes the United States is neither winning nor losing, "at this point."

His statements on the war — and his professed openness to change — underscored pressures heaped on Bush since Democratic victories in last month's congressional elections, votes widely read as a rejection of the administration's steadfast course in the war.

Unrelenting violence by insurgents and between ethnic groups, and a U.S. death toll that has soared past 2,900, have raised questions about the effectiveness of Iraq's government. Bush in recent weeks has expressed a willingness to consider a

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fresh course in the war, but has shown no sign of a willingness to heed Democratic calls to start withdrawal of the 140,000 U.S. troops.

Bush has said he wants to keep U.S. forces there until Iraq is able to govern and defend itself without being a haven for terrorists.

"It seems to me that the United States is going to have to have some kind of presence in Iraq for a long time ... but it could be with a dramatically smaller number of U.S. forces than are there today," Gates said.

Iraq dominated the hearing, which began with Gates saying, "I am under no illusion why I am sitting before you today — the war in Iraq." Without mentioning Rumsfeld by name, Gates made clear that he hopes to find a strategy that is more effective in Iraq than the current Pentagon approach.

After lunch, Gates told the committee he wanted to amplify on his morning remark about not winning in Iraq. He said he did not want U.S. troops to think he believes they are being unsuccessful in their assigned missions.

"Our military wins the battles that we fight," Gates said. "Where we're having our challenges, frankly, are in the areas of stabilization and political developments and so on." He said other federal agencies should do more in Iraq.

Gates, a former director of the CIA, fielded questions with apparent ease, acknowledging at times that he simply did not know the answer or needed more time for study. He was armed with details, such as the exact U.S. death count in Iraq (2,889 as of Monday, he said), and the number of extra troops NATO has been asked to provide in Afghanistan (2,500, he said).

There was little of the confrontational tone that sometimes emerged when the pricklier Rumsfeld testified before the same committee, which is responsible for overseeing the Defense Department.

If confirmed, Gates said, he planned to visit U.S. commanders and troops in Iraq "quite soon."

Gates, 63, said he believes Bush wants to see Iraq improve to the point where it can govern and defend itself, while seeking a new approach. "What we are now doing is not satisfactory," Gates said.

On other high-priority subjects, Gates said:

· He worries about the prospect of growing Iranian influence in Iraq.

· He would be open to the idea of direct talks with Iran and Syria about stabilizing Iraq.

· He is uncertain whether the Army and Marine Corps need to expand, as many in Congress advocate.

· He is "sympathetic to the notion" of adding more U.S. or allied troops in Afghanistan.

At the White House, press secretary Tony Snow was pressed by reporters about Gates' remark that the U.S. is not winning in Iraq. Snow said Gates' overall testimony showed he shares Bush's view that the U.S. must help Iraq govern and defend itself.

"I know you want to pit a fight between Bob Gates and the president, it doesn't exist," Snow told reporters.

Gates said he came to some of his conclusions during his time on the Iraqi Study Group, but he did not say what information or testimony in that process led him.

Asked whether announcing a specific troop withdrawal timetable would send a signal of U.S. weakness, he said it "would essentially tell (the insurgents) how long they have to wait until we're gone."

Gates also expressed concern about political divisions in Iraq. Unless the dominant Shiite faction shows a new willingness to share power and national wealth with the minority Sunnis and Kurds, then the country will fracture, and "it will not be long before we have a government in Baghdad that is as hostile as the one in Tehran," he said.

Much of the questioning from panel members focused on whether Gates was committed to providing unvarnished advice to Bush. He assured the committee he would not shirk from that duty.

He said he did not give up his position as president of Texas A&M University and return to Washington to "be a bump on a log."

Sen. John McCain, R-Ariz., a likely 2008 presidential candidate and an advocate of increasing U.S. troop strength in Iraq, asked whether Gates believes the U.S. had too few troops at the outset of the war in 2003.

"I suspect in hindsight some of the folks in the administration would not make the same decisions they made," including the number of troops in Iraq to establish control after the overthrow of Saddam Hussein, Gates said.

"Our course over the next year or two will determine whether the American and Iraqi people and the next president of the United States will face a slowly but steadily improving situation in Iraq and in the region or will face the very real risk, and possible reality, of a regional conflagration," Gates said.

Gates Gets Unanimous Approval Of Senate Panel (LAT)

By Peter Spiegel And Julian E. Barnes

The Los Angeles Times, December 6, 2006

WASHINGTON — The Senate Armed Services Committee today unanimously approved the nomination of Robert M. Gates to become secretary of Defense, hours after he acknowledged that the U.S. was not winning in Iraq.

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In a 21-0 vote, the Senate committee sent the nomination of Gates to replace Donald H. Rumsfeld to the full Senate. The vote was announced by committee Chairman Sen. John W. Warner (R-Va.) this afternoon.

At the morning session of his confirmation hearing, Gates said he believed that President Bush, by nominating him, was looking for a new approach in Iraq. Gates vowed under questioning by both Democrats and Republicans that he would give the White House his frank opinion regardless of the conclusions reached by his predecessors.

"Mr. Gates, do you believe that we are currently winning in Iraq?" asked Sen. Carl Levin (D-Mich.), who will become chairman of the Senate Armed Services Committee when Democrats take over Congress next month.

"No sir," Gates replied.

Gates' views before the committee sharply contrasted with the public stance of the Bush administration in several ways.

He told senators that "there clearly were insufficient troops in Iraq after the initial invasion to establish control over the country." And he said he would consider increasing the size of the Army and Marine Corps. Rumsfeld has resisted increasing the size of the force and has opposed troop withdrawals.

Gates pledged to maintain his independence and speak "boldly" to Congress and the White House.

"I am not giving up the presidency of Texas A&M ... to come back to Washington and be a bump on a log," Gates told the committee. "I don't owe anybody anything."

In addition, he expressed concern over "offline analytical organizations" in the government, an apparent reference to efforts by Rumsfeld and Vice President Dick Cheney to set up groups outside the established intelligence agencies to examine information gathered by U.S. agents.

Most strikingly, Gates refused to say whether he believed the decision to invade Iraq was correct, saying that was a judgment that should be left for historians.

But at the beginning the afternoon session, Gates sought to clarify his remarks and told the committee he didn't want to give the military the wrong impression.

"Our military wins the battles that we fight," Gates said. "Where we're having our challenges, frankly, are in the areas of stabilization and political developments and so on."

At the White House, Press Secretary Tony Snow defended Gates and Bush despite what seemed to be different positions.

"I know you want to pit a fight between Bob Gates and the president. It doesn't exist," Snow said.

Gates' testimony appeared to assuage leading Democrats, who indicated they were ready to quickly approve Gates as the nation's Defense secretary. Levin said he found Gates' stance "a necessary, refreshing breath of reality."

Committee aides said they anticipated that the Gates hearing would conclude today and that the panel could vote on the nomination this evening, though it was more likely to come Wednesday.

"Things are going pretty well for you right now," laughed Sen. Lindsey Graham (R-S.C.), a leading centrist on the committee.

Quick approval would contrast with Gates' confirmation hearings in 1991, one of the longest and most contentious in recent Senate history. At the time, Gates was grilled on his knowledge of the Iran-Contra scandal and accusations that he bullied analysts into shaping intelligence to fit his worldview.

Some of those charges were raised again today, particularly accusations by George Shultz, the secretary of State when Gates was the No. 2 official at the CIA, who accused Gates in his memoir of using intelligence to paint the Soviet Union in the worst possible light.

Gates responded by sharing some inside Washington lore, saying he believed Shultz's view was shaped largely by his strained relationship with Gates' boss, then-CIA Director William Casey, who opposed efforts by Shultz to reach out to the Soviets and once tried to get Shultz fired.

"It was an open secret in Washington that the two didn't get along," Gates said, adding that his relations with Shultz on a day-to-day basis were more cordial.

Gates sought to portray himself as a practical moderate, open to proposals for withdrawals as well as increases in the size of the Army and Marines — his views on troop levels, he said, were "too unformed to be helpful."

On other issues in the Middle East, he warned that military attacks against Syria and Iran could hinder U.S. efforts in Iraq and harm U.S. standing in the region. He also noted that Iraq's downward spiral into further instability could lead to a regional conflagration.

"My greatest worry if we mishandle the next year or two and leave Iraq in chaos is that a number of regional powers will become involved in Iraq," Gates said, noting that Sunni-dominated countries such as Saudi Arabia could move to back Sunni Iraqis, Iran could become even more active among Iraqi Shiites, and Turkey could become involved in the Kurdish north. "All of that could spread very dramatically."

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Gates said that along with finding a path forward in Iraq, the reason he agreed to accept Bush's nomination was to find a bipartisan consensus on the global war on terrorism that would mirror the post-World War II consensus in dealing with the Soviet Union.

He argued that a baseline agreement on underlying principles would allow for ongoing debate on tactics, but would give potential adversaries certainty that the U.S. would continue to pursue a common goal.

Gates Says U.S. Isn't Winning Iraq War (WT)

By Rowan Scarborough

The Washington Times, December 6, 2006

Defense Secretary-designate Robert M. Gates yesterday said the U.S. is not winning in Iraq, but he declined to endorse any one of scores of new options floating in Washington for ending the stalemate and the American troop commitment.

Mr. Gates' Iraq assessment before the Senate Armed Services Committee, which later gave its unanimous approval to his nomination, came in response to a question from Sen. Carl Levin, Michigan Democrat, who asked, "Do you believe that we are currently winning in Iraq?"

"No, sir," answered the man who is likely to become the president's chief military adviser on overhauling Iraq strategy. Mr. Gates later testified that he agreed with Gen. Peter Pace, Joint Chiefs chairman, who has said the U.S. is neither winning nor losing at this point.

The response seemed to put the nominee at odds with the commander in chief.

President Bush declared: "Absolutely, we're winning" in Iraq during an October press conference. He added, however, that he was not satisfied with overall developments, including a big spike in sectarian violence in Baghdad.

Mr. Gates said of the president, "I also believe that he understands that there needs to be a change in our approach in Iraq, that what we are doing now is not working satisfactorily."

The committee later, as expected, voted unanimously to approve the Gates nomination. The full Senate will take up the matter this week.

The question dominating Washington, as the White House weighs a shift in Iraq strategy, is whether to increase, decrease or rearrange the 135,000 troops on the ground. Mr. Gates said he does not know enough today to make a recommendation to Mr. Bush.

If confirmed, he said, he plans to first travel to Iraq to meet commanders and receive their assessments. The timeline suggests that any comprehensive change in policy will not come for weeks.

Mr. Gates did signal that he does not favor an immediate pullout, as favored by Rep. John P. Murtha, Pennsylvania Democrat.

"There is a risk that others looking around the world would see that we don't have the patience and we don't have the will," Mr. Gates said. "So I think those are some of the concerns that we would face if we ended up leaving Iraq in chaos."

During the hearing's lunch break, Mr. Gates noted that press coverage was dominated by his not-winning comment.

"I want to make clear that that pertains to the situation in Iraq as a whole," he told Sen. John W. Warner, Virginia Republican and committee chairman, in the afternoon session. "Our military forces win the battles that they fight. Our soldiers have done an incredible job in Iraq, and I'm not aware of a single battle that they have lost."

The former CIA director, in sober clipped testimony, made a dramatic overture to both Democrats and Republicans. Under questioning from Sen. Joe Lieberman of Connecticut, a Democrat who supports the war, Mr. Gates implored Congress to agree on a bipartisan framework for winning in Iraq, and in the larger struggle against Islamist terrorism.

"I think that it is imperative in this long war on terrorism that we face, that could go on for a generation, that there be a bipartisan agreement," he said. "Then there would be consistency on the part of whoever is elected president in 2008 and beyond, so that we can carry on this struggle in a way that they don't think we're going to cut and run."

Mr. Gates clearly distanced himself from early Bush administration Iraq policy and the war planning presided over by outgoing Defense Secretary Donald H. Rumsfeld.

"There clearly were insufficient troops in Iraq after the initial invasion to establish control over the country," he testified.

He also labeled as a mistake the decision by L. Paul Bremer, the first U.S. administrator in Iraq, to dissolve the Iraqi army. Mr. Gates said it left thousands of armed men without a means to support their families and pushed them toward the insurgency. Instead, the soldiers should have been sent home -- with pay, he said.

Mr. Gates said options from the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, are "not the last word" and will likely differ from ideas from the Joint Chiefs of Staff. The Baker-Hamilton panel, whose report will be released today, is expected to recommend a gradual troop drawdown, but not a specific timetable.

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"Frankly, there are no new ideas on Iraq," said Mr. Gates, 63. "The list of tactics, the list of strategies, the list of approaches is pretty much out there, and the question is: Is there a way to put pieces of those different proposals together in a way that provides a path forward?"

Democrats and Republicans both eye Mr. Gates as the fresh face in Mr. Bush's war Cabinet who will change Iraq strategy in the fourth year of fighting and more than 2,900 American military deaths. Some on both sides are so happy to have Mr. Rumsfeld leaving the Pentagon that Mr. Gates' confirmation by the full Senate is a certainty.

Although Mr. Rumsfeld was typically feisty at Armed Services hearings as Democrats hurled charges, Mr. Gates gave measured answers to generally polite questions.

Mr. Gates is the first defense secretary nominee to undergo confirmation in time of war since 1968. Then, the Senate confirmed Clark M. Clifford to succeed Robert McNamara, who quit after a Vietnam War policy break with President Lyndon B. Johnson.

"I don't owe anybody anything," Mr. Gates said in response to a question from Sen. Edward M. Kennedy, Massachusetts Democrat, on his independence. He said he did not give up the presidency of Texas A&M University "to come back to Washington to be a bump on a log, and not to say exactly what I think."

He confronted two starkly different views on the committee itself. Mr. Levin is pushing a date-certain U.S. pullout, brigade by brigade, beginning in March. On the other end of the debate, Sen. John McCain, Arizona Republican, wants a substantial increase in troops in Iraq beyond the current 135,000.

Mr. Gates told Mr. McCain he is "very open" to increase the Army's end strength -- its congressionally authorized force. Critics say the Army, with a half-million active soldiers, is stressed to the breaking point. Army Gen. John Abizaid, the top commander in the Iraq region, told the committee last month that he does not want more troops, in order to let the Iraqis prove themselves.

The Baker-Hamilton 10-member bipartisan group is expected to call for direct talks with Syria and Iran, two bordering regimes that support the deadly insurgency in Iraq.

Mr. Gates said he would not recommend military action against Syria and came close to ruling it out against Iran.

He called war with Iran an "absolute last resort" to stop the Islamic republic's nuclear-weapons program, but agreed that Iranian President Mahmoud Ahmadinejad is "lying" when he says Tehran is not pursuing an atomic arsenal.

"I think that we have seen in Iraq that once war is unleashed, it becomes unpredictable," he said.

Gates Says U.S. Is Not Winning In Iraq; Heads For Confirmation (HILL)

By Roxana Tiron

The Hill, December 6, 2006

Robert Gates, President Bush's nominee to become the next secretary of defense, yesterday admitted that the United States is not winning the war in Iraq.

Senate critics of the war saw the nominee's opinion, given in a response during his nomination hearing, as a sharp departure from the president's position in late October — that America was "absolutely" winning.

Asked by Sen. Carl Levin (D-Mich.), ranking member of the Armed Services Committee, whether he thought the United States was winning in Iraq, Gates answered, "No, sir."

The committee yesterday endorsed the Gates nomination unanimously. The full Senate will likely vote on the nomination by the end of this week.

In the second part of his hearing, Gates refined his view, saying he agreed with a statement by Gen. Peter Pace of the Joint Chiefs of Staff, who said, "We are not winning, but we are not losing." Gates said he did not want to give troops in Iraq the impression that he thought they were failing in their mission.

Sen. John McCain (R-Ariz.), a prospective 2008 presidential candidate, asked the same question as Levin and used his time to express frustration that the U.S. military does not have enough troops in Iraq.

He has been pushing for more troops in Iraq, a view considered unpopular, as has his close ally, Sen. Lindsey Graham (R-S.C.).

McCain is heeding the call of several military leaders who said at the onset of the war in Iraq that the U.S. needed more troops to stabilize the country after the invasion. Gates acknowledged that the United States should have sent more in 2003.

"At this particular point … when the suggestion is made, as the situation deteriorates and the status quo is not acceptable, that we reduce troops or, as General [John] Abizaid said, that he had sufficient number of troops, in your study when did we reach the point where we went from not having enough troops to having sufficient number of troops as the situation — boots on the ground — as the situation deteriorated?" McCain asked Gates at the hearing.

"That's a non sequitur that I have yet found to — I'm unable to intellectually embrace," the senator concluded.

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Levin has pushed for swift withdrawal of U.S. troops and is due to become the armed services panel chairman in January. McCain will be the ranking GOP member.

Gates cautioned that setting a timetable for withdrawal would tell extremists "how long they have to wait until we're gone."

But Levin said he would still press for a phased troop withdrawal.

Gates, a former CIA director, said there are no new ideas on Iraq, but "all options are on the table."

His nomination hearing came just a day before the congressionally created, bipartisan Iraq Study Group is due to release its policy recommendations.

Gates said these recommendations will not be the be-all, end-all and that he would be open to a wide range of ideas and proposals on Iraq, including an analysis conducted by the Joint Chiefs of Staff and other reports commissioned by the White House.

Gates said that as soon as he is confirmed he would travel to Iraq to seek advice, including that of Gen. George Casey, commander of multi-national forces Iraq, and Abizaid, head of the Central Command. If confirmed, he said, he would immediately consult other military leaders and Congress.

America would be in Iraq a long time because the Iraqi military does not have any logistics or airpower of its own, he added.

He was open to new ideas, he said, but developments in Iraq would shape the future of the entire Middle East, possibly with dire consequences.

"Our course over the next year or two will determine whether the American and Iraqi people and the next president of the United States will face a slowly and steadily improving situation in Iraq and in the region or will face the very real risk of a regional conflagration," he said.

His greatest "worry" was that if U.S. forces left the country "in chaos," regional powers including Iran and Syria would get involved "and we will have a regional conflict on our hands."

The likely 2008 presidential candidates praised Gates for his open-mindedness and candor, but pressed him to prove his independence from Vice President Dick Cheney.

Sen. Evan Bayh (D-Ind.) asked Gates what made him believe the president would heed his advice after shooting down advice from prominent figures in his administration, such as Secretary of State Colin Powell.

"Senator, because he asked me to take the job," Gates answered, adding that the situation has changed since other political appointees were asked to serve five years ago.

Sen. Hillary Rodham Clinton (D-N.Y.), another high-profile candidate for the presidency, was skeptical that President Bush would look at all alternatives.

"Based on your experience, do you believe that the president, the vice president and the existing secretary of defense are intelligent men?" she asked.

"Yes, ma'am," he replied

Clinton: "Are they patriotic men?"

Gates: "Absolutely."

Clinton: "Do they care about our men and women in uniform?"

Gates: "Absolutely."

Clinton: "Do they believe that the decisions they have made for the last five years have been in America's best interest?"

Gates: "I have not had that discussion. I'm sure that they believe that they were in the country's best interest."

Gates told Clinton that the process of changing strategy and tactics in Iraq would proceed with "considerable urgency."

Levin opposed Gates's confirmation 15 years ago, in part because Gates had been accused of skewing intelligence reports while at the CIA. This time around he said that he wants to ensure that Gates is independent-minded.

Defense Nominee Gains Approval Of Senate Panel (NYT)

By David S. Cloud And Mark Mazzetti

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — Robert M. Gates, President Bush's nominee to be defense secretary, won unanimous approval from a Senate panel on Tuesday after testifying that the United States was not winning in Iraq and that American failure there could ignite "a regional conflagration" in the Middle East.

At one point, Mr. Gates said it was "too soon to tell" whether the American invasion of 2003 had been a wise decision. He added: "My greatest worry if we mishandle the next year or two and leave Iraq in chaos is that a variety of regional powers will become involved in Iraq, and we will have a regional conflict on our hands." [Excerpts, Page A20.]

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Mr. Gates is expected to win confirmation from the full Senate as early as Wednesday to succeed Donald H. Rumsfeld. At the daylong hearing of the Senate Armed Services Committee, Democrats and Republicans praised what they called Mr. Gates's refreshing candor.

Mr. Gates gave few firm signals on Tuesday about his own favored options for Iraq, but portrayed himself as a flexible realist, open to all options for adjusting American strategy. But he made clear that he had concerns about a rapid military withdrawal, and said the recommendations to be made public on Wednesday by the Iraq Study Group would be important but not "the last word."

"It's my impression that frankly there are no new ideas on Iraq," Mr. Gates said, pointing out that there are multiple other government reviews under way. "The question is: Is there a way to put pieces of those different proposals together in a way that provides a way forward?"

The group, headed by James A. Baker III and Lee H. Hamilton, is expected to propose that American combat troops be pulled back from Iraq, but not necessarily withdrawn, by sometime in 2008.

In 2003, Mr. Gates supported the administration's decision to invade Iraq. In his testimony on Tuesday, however, he made clear that his operating style and approach would be in some respects different from those of Mr. Rumsfeld and his deputies, who have led the Defense Department for nearly six years. Mr. Gates expressed grave reservations about taking military action against Iran, an idea that the Bush administration has not ruled out in trying to halt its nuclear program.

"I think that military action against Iran would be an absolute last resort," Mr. Gates said. "I think that we have seen in Iraq that once war is unleashed, it becomes unpredictable. And I think that the consequences of a conflict, a military conflict, with Iran could be quite dramatic. And therefore, I would counsel against military action, except as a last resort."

Mr. Gates said he also opposed any attack on Syria, which the Bush administration has criticized, along with Iran, for contributing to the instability in Iraq.

Mr. Gates's most direct statements about Iraq came during exchanges with Senators Carl Levin, the Michigan Democrat who will take over as the panel's chairman, and John McCain of Arizona, who will become the top-ranking Republican.

"Do you believe that we are currently winning in Iraq?" asked Mr. Levin, who has pushed for announcing a date to begin withdrawing American troops from Iraq. "No, sir," Mr. Gates replied, adding that he did not believe that the United States was losing, either.

Senator John W. Warner, Republican of Virginia, pointed out that Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, had used language similar to Mr. Gates's at a policy forum in Washington on Monday.

As recently as October, Mr. Bush said that "absolutely, we're winning" in Iraq, though he also made clear he was dissatisfied with the pace of progress.

Mr. Warner, the chairman of the Senate committee, said the message from last month's elections was that "change is needed."

Mr. Gates said he agreed with Mr. Levin that it was "worth looking into" the idea of withdrawing troops to instill a "sense of urgency" in the Iraqi government to resolve sectarian strife. But he ruled out setting a date for a withdrawal.

Under questioning from Mr. McCain, Mr. Gates said there had not been sufficient troops in Iraq immediately after the 2003 invasion. If confirmed, he said, he would consult with ground commanders about whether they wanted additional forces.

Mr. Gates also appeared to differ slightly with Mr. Bush's frequent declaration that Iraq is the "central battlefield" in fighting terrorists. Asked if he agreed with that description, Mr. Gates called Iraq "one of the central fronts in the war on terror" but said the United States also faced a "dispersed" enemy of Islamic militants worldwide.

But he was more direct in criticizing the Bush administration's decision to disband the Iraqi Army and, for a time, to bar from government jobs tens of thousands of Iraqis who were members of Saddam Hussein's Baath Party.

Several Democrats, while applauding Mr. Gates's forthrightness and willingness to consider new tactics, questioned whether Mr. Bush would follow his advice on a new strategy.

"Senator, I'm not coming here to be a bump on a log and not say exactly what I think," Mr. Gates told Senator Edward M. Kennedy, Democrat of Massachusetts. He added: "There is still only one president of the United States. He will make the final decision."

Mr. Gates said he had abandoned certain positions he once held on certain national security issues. Asked about an article he wrote in 1994 advocating a military strike against North Korea's nuclear facilities, Mr. Gates said he had changed his mind about how to deal with the communist country's developing nuclear program. "I believe that clearly at this point, the best course is the diplomatic one," Mr. Gates said.

If confirmed, Mr. Gates said, he would make an early visit to Iraq to assess the situation. He visited Iraq in September as a member of the Iraq Study Group, a post he resigned after being nominated by Mr. Bush on Nov. 8 to take charge at the

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Pentagon. On Tuesday, Mr. Bush and Mr. Baker ate lunch together to talk about the recommendations the group would make, said Dana Perino, a White House spokeswoman.

Mr. Gates did not say whether he intended to roll back any of Mr. Rumsfeld's initiatives, but there were indications that his tenure at the Pentagon would be vastly different from the nearly six-year term of Mr. Rumsfeld.

Mr. Rumsfeld arrived at the Pentagon brimming with ideas for a leaner, more agile military. He promised to challenge what he saw as the status quo thinking of the military services, and he brought in civilian aides who clashed repeatedly with senior uniformed officers.

Mr. Gates offered no such agenda or vision. He said the campaign to transform the military needed to continue, but admitted that he was not familiar with the details of Mr. Rumsfeld's efforts. He also questioned some of the Pentagon's efforts before the Iraq war to analyze raw intelligence.

Mr. Gates's presumably easy path to confirmation contrasts with his two previous nomination hearings before the Senate, both for the post of director of central intelligence. Mr. Gates withdrew his nomination the first time, in 1987, after questions arose about his role in the Iran-contra affair.

After being nominated again by Mr. Bush's father in 1991, Mr. Gates was confirmed, but 31 Democrats voted against him, including 12 senators who are still in office.

Mr. Levin, one of those who opposed him in 1991, said after Tuesday's vote, "I voted yes because in both the substance of his answers and the tone of his answers, he seemed open to course correction."

As the day wore on and his confirmation appeared increasingly secure, Mr. Gates seemed to absorb the weight of the job. He asked to expound on his morning remark about not winning in Iraq, saying he did not want the troops to believe they were being unsuccessful.

"Our military wins the battles that we fight," Mr. Gates said. He added that "where we're having our challenges, frankly, are in the areas of stabilization and political developments," and that he believed that other federal agencies should contribute more assistance in Iraq.

Dinner for Secretary General

WASHINGTON, Dec. 5 — The White House under Mr. Bush and the United Nations under Kofi Annan have not exactly gone together like Mom and apple pie. But the White House spokesman, Tony Snow, predicted that all would be amicable when Mr. Bush, Mr. Annan and their top aides met for a final time Tuesday over dinner in the White House residence, where Mr. Bush was to toast Mr. Annan on the completion later this month of his tenure as the United Nations secretary general.

It was unclear, however, whether the White House had a table long enough or wide enough to separate John Bolton, who has resigned as United Nations ambassador, and Mr. Annan's top deputy, Mark Malloch Brown, who was visibly pleased on Monday at the news of Mr. Bolton's departure.

Mr. Snow said he was not worried. "We practice effective diplomacy," he said. "I expect it will be perfectly pleasant." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Gates' Main Appeal: He's Not Rumsfeld (LAT)

By Julian E. Barnes

The Los Angeles Times, December 6, 2006

WASHINGTON — Once one of the most controversial men in Washington, Robert M. Gates stepped into what passes in the nation's capital for a congressional love-fest Tuesday for the simple reason that he was not Donald H. Rumsfeld.

The last time around, when Gates was nominated to head the CIA in 1991, the hearings stretched over months — with the nominee facing hundreds of tough, personal questions. This time, Gates, nominated to become secretary of Defense, was questioned publicly for less than a day. Few, if any, of the questions could be considered difficult.

The soft-spoken Gates, it seemed, could do no wrong, eliciting praise from Republicans and Democrats for his "candor" and "forthrightness."

In addition to not being Rumsfeld, Gates had the decided advantage of not having yet made up his mind on U.S. strategy in Iraq. And so, as various senators laid out their competing plans for the future of Iraq — more trainers, more troops, fewer troops, hard deadlines — Gates could answer that every option was on the table.

Gates told Sen. John McCain (R.-Ariz.), who favors increasing forces, that if confirmed he would inquire as to whether the military commanders wanted more American forces, and said he would consider increasing the size of the Army and Marine Corps.

Gates told Sen. Carl M. Levin (D.-Mich.), who favors withdrawing U.S. troops as a way to force Iraqis to take more responsibility, that such an option also would be considered.

Even on the question of winning and losing, Gates was able to have it both ways.

When Levin, now a war skeptic, asked whether the U.S. was winning in Iraq, Gates answered "no." But when Sen. James M. Inhofe (R-Okla.) asked whether the nominee agreed that the United States was not losing, Gates was able to say: "Yes, sir. At this point."

Gates gave few hints of precisely where he was inclined to try to steer U.S. policy. But he did say the new strategy probably would be a mix of the ideas for strategic changes that are being discussed.

"It's my impression that, frankly, there are no new ideas on Iraq," Gates said. "The list of tactics, the list of strategies, the list of approaches is pretty much out there, and the question is: Is there a way to put pieces of those different proposals together in a way that provides a path forward?"

It may appear unlikely that Gates can craft a policy that combines both Levin's call for a scheduled draw-down with McCain's demand that the military send in more troops for a last attempt to win the war.

But Gates could well intend to try. He told Sen. Joe Lieberman (D-Conn.), a war supporter, that he agreed to take the Defense Department job because he saw the need to help create a basic foreign policy that both Republicans and Democrats agreed with — akin to the broad accord that prevailed during the Cold War.

"I think that it is imperative in this long war on terrorism that we face, that could go on for a generation, that there be a bipartisan agreement," Gates said.

To that sentiment, Gates added exactly what the committee members wanted to hear: a promise that he would work with them to craft the policy.

Inclusion is not something Rumsfeld was keen on offering the Senate. And throughout the day, it seemed as if Gates was working hard to come off as the anti-Rumsfeld.

Rumsfeld, both with Congress and the media, had a habit of restating questions to make them more to his liking before embarking on long answers. Gates appears to favor the more straightforward "yes" and "no."

While Rumsfeld would offer up a belittling "goodness gracious" or a strategic pause when presented a supposition with which he disagreed, Gates was taking all comers seriously Tuesday.

After Gates suggested the U.S. would capture Osama bin Laden when someone close to the Al Qaeda leader turned him in to collect the reward, Sen. Ben Nelson (D.-Neb.) asked for Gates' opinion on a plan to increase the bounty by $1 million a week.

"Sort of 'Terrorist Powerball,' " Gates quipped.

But a moment later, intent on including all suggestions, Gates added: "I'm certainly open to that, senator."

Defense Nominee Candid On Iraq Views (MCT)

By Matt Stearns

McClatchy Newspapers, December 6, 2006

WASHINGTON - The United States is not winning the war in Iraq and “all options are on the table,” defense secretary nominee Robert Gates said at his confirmation hearing Tuesday.

Gates, 63, told the Senate Armed Services Committee that he was “open to a wide range of ideas and proposals” regarding the American presence in Iraq, but he made clear he felt a precipitous withdrawal would not be the best solution.

“My greatest worry is if we mishandle the next few years … and leave Iraq in chaos, we’ll have a regional conflict … that would spread fairly dramatically” and involve Syria, Iran, Turkey and Saudi Arabia, Gates said. “There is the risk that others would see we don’t have the patience and we don’t have the will.”

Gates also noted that one of the reasons President Bush nominated him was to get a fresh approach on Iraq. But while he pledged to be a strong, independent voice within the Bush administration, Gates said there was ultimately one authority: Bush.

“Of course, it is the president who will decide what if any changes will be made in our approach,” he told the Senate panel.

Later, Gates said: “There is only one president of the United States, and he will make the final decision.”

If confirmed, Gates would lead the Defense Department at a time of nearly unprecedented challenges: a difficult war in Iraq, a resurgent Taliban in Afghanistan, nuclear threats in North Korea and Iran, military readiness as dangerously low levels, and a procurement system under fire.

But it was Iraq that dominated the hearing.

“This is our last chance to save this situation,” Arizona Republican Sen. John McCain told Gates, a conclusion Gates did not challenge.

Gates received a warm, if stern, welcome during the first part of the hearing from both Republicans and Democrats, all of whom urged regular, substantive contact between Congress and the Pentagon.

Armed Services Committee Chairman John Warner of Virginia told Gates he “simply had to be fearless” in delivering his advice; ranking Democrat Carl Levin of Michigan urged Gates to “speak truth to power.”

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But even Levin, who voted against Gates when was nominated as CIA director in 1991, said he would take a “fresh and fair look” at Gates this time around.

Gates promised not to let them down.

“I will speak candidly, frankly, boldly to people at both ends of Pennsylvania Avenue,” Gates said. “I don’t owe anybody anything.”

Senate Panel Approves Gates (WP)

By Ann Scott Tyson And Thomas E. Ricks

The Washington Post, December 6, 2006

Robert M. Gates was unanimously approved by a Senate committee yesterday to become President Bush's new defense secretary, after a day-long confirmation hearing in which he bluntly stated that the United States is not winning the war in Iraq.

Gates also told the panel that "it's too soon to tell" whether the Bush administration made the right decision in launching the invasion in March 2003 to topple Saddam Hussein.

In confirmation hearings that left both Democrats and Republicans praising his candor, Gates warned that the war risks provoking a "regional conflagration" in the Middle East unless a new strategy can arrest Iraq's slide toward chaos.

"My greatest worry, if we mishandle the next year or two and if we leave Iraq in chaos, is that . . . we will have a regional conflict on our hands," he said. "You could have Saudi Arabia, you could have Turkey, Syria, Iran -- all would be involved. We're already seeing Hezbollah involved in training fighters for Iraq. I think all of that could spread fairly dramatically."

Gates's cordial reception by the Senate Armed Services Committee signals he will almost certainly be confirmed as the nation's 22nd defense secretary. He would replace Donald H. Rumsfeld, who announced his resignation a day after the Nov. 7 elections, in which Democrats regained control of Congress. Gates's view that the United States is not winning the war stood in sharp contrast to Bush's own statement on Oct. 25, when he declared, "Absolutely, we're winning."

"What we heard this morning was a welcome breath of honest, candid realism about the situation in Iraq," Sen. Carl M. Levin (D-Mich.) said during a midday break. Levin, who will become committee chairman next month, said this "bodes well . . . for a speedy confirmation."

At the end of the session, Sen. Bill Nelson (D-Fla.) said, "I think you're going to be a good secretary."

In return, Gates emphasized "the importance of the bipartisan approach" and laid out several ways in which he would operate differently than Rumsfeld. "I think the first step is the tone at the top," he said.

Gates promised to treat the top brass respectfully, a subject that became an issue earlier this year after several retired generals called for Rumsfeld to be fired, in part because they felt he ignored their professional advice.

Gates said a "great deference" should be shown to the judgment of generals once a policy is decided that they have to implement, and he emphasized that one of his first steps as secretary would be to "urgently" consult with U.S. ground commanders in Iraq. "When you treat the professionals in an organization who deliver the mission . . . with respect and you listen to them . . . I think that everybody is better served," he said.

Gates, who was CIA director from November 1991 to January 1993, was also critical of a Pentagon office that had independently examined intelligence on Iraq during the run-up to the war, second-guessing the CIA and other agencies. "I have a problem with that," he said.

Against fairly light probing by senators, Gates defended his record over past allegations that as CIA deputy in the 1980s he had skewed intelligence reports to fit his views. He said such charges grew largely out of personal animosity between then-Secretary of State George P. Shultz and then-CIA chief William J. Casey.

Several senators, listing the immense challenges Gates would face as defense secretary, urged him to be bold in expressing independent views. "You simply have to be fearless -- I repeat, fearless" in counseling the president on Iraq and other critical Pentagon matters, advised the committee chairman, Sen. John W. Warner (R-Va.).

Gates responded later that he has no intention of coming to Washington "to be a bump on a log and not to say exactly what I think, and to speak candidly and, frankly, boldly to people at both ends of Pennsylvania Avenue." He also emphasized that he did not seek the job of defense secretary, saying, "I don't owe anybody anything."

Gates, 63, made it clear that if confirmed, Iraq will be his highest priority. "I am under no illusion why I am sitting before you today: the war in Iraq," the white-haired Wichita native told a packed committee hearing room. Gates said the president nominated him to bring "fresh eyes" to the problem, stating repeatedly that "all options are on the table" on Iraq strategy.

As a member of the Iraq Study Group, the commission led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), Gates studied those options for several months, until leaving the group when he was nominated for the Pentagon slot.

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Currently president of Texas A&M University, Gates said he has known some of the 12 university students who have been killed in Iraq. "This all comes down to being very personal for all of us," he said, reciting the exact count of the 2,889 U.S. troops who had died in Iraq as of Monday.

Even so, U.S. forces will be in Iraq for "a long time," Gates predicted, although he said the number of troops could be "dramatically smaller" than the current 140,000. Pressed by Democrats, he said beginning modest troop withdrawals -- a suggestion included in a recently leaked Nov. 6 memo to the White House by Rumsfeld -- is one possibility.

Questioned by Republicans, however, Gates suggested a specific withdrawal timetable would be detrimental because it would tell U.S. enemies in Iraq "how long they have to wait until we're gone."

He also allowed for the possibility of a surge of U.S. ground forces into Iraq.

"That certainly is an option," he said, saying that such an increase could involve dispatching more military training teams to work with Iraqi security forces. "If our focus is on training and bringing up the Iraqi army, do we have enough trainers to do that job in Iraq?"

Gates declined to call the Iraq situation a civil war and agreed with senators that he did not want to see U.S. troops caught in a crossfire between Iraqi factions. Nor was he willing to predict whether beginning to withdraw troops would exacerbate sectarian violence, as the top U.S. commander in the Middle East, Army Gen. John P. Abizaid, testified last month.

Several times during the hearing, senators mentioned an assessment offered Monday at a think tank by Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, that the United States is neither winning nor losing in Iraq. (Pace had spoken on an off-the-record basis, but the senators quoted him by name.) Gates said he agrees with Pace's view.

While the hearing concentrated on Iraq, Gates appeared to depart from administration rhetoric by saying Iraq is just one central front in the anti-terrorism effort. Moreover, he said that over the past five years, Osama bin Laden has posed a greater threat to the United States than has Saddam Hussein.

Gates said the U.S. overthrow of the Taliban government in Afghanistan in the fall of 2001 led to a "metastasized terror threat from the jihadists" around the world. "Indigenous radicals in countries like Britain, like Spain and like the United States are in fact planning terrorist operations," he said, adopting a tone reflective of his past as a career intelligence expert.

But he sighed audibly when Sen. Robert C. Byrd (D-W.Va.) asked how he plans to catch bin Laden. "The way we'll catch bin Laden eventually," Gates said, is "one of his own people will turn him in."

On Iran, Gates said he thinks Tehran is pursuing nuclear weapons but is lying about it, and he cited threats the country poses to the region, including the potential to shut down vital oil lanes and install a like-minded regime in Baghdad. Still, he said that U.S. "military action against Iran would be an absolute last resort" and that diplomacy is his preferred course.

Senators So Very, Very Not Contrary Toward Gates (WP)

By Dana Milbank

The Washington Post, December 6, 2006

And so it came to pass, in the 12th month of the sixth year of the reign of Bush, that a prophet came forth to deliver us from the war in Babylon.

Actually, it was only Bob Gates at his confirmation hearing before the Senate Armed Services Committee, but the rapturous senators seemed to regard the president's second defense secretary as a harbinger of the Second Coming.

"We're very pleased," Chairman John Warner (R-Va.) said twice.

"Very, very pleased," added soon-to-be-chairman Carl Levin (D-Mich.).

"We're very grateful," proffered John McCain (R-Ariz.).

"We're all very impressed," Warner continued.

"Very proud," contributed Pat Roberts (R-Kan.). "Very enthusiastic . . . and very happy."

Gates earned these very, very nice words because of one very important attribute: He is not Donald Rumsfeld. He gave no wiseacre answers, asked himself no questions and said nothing to disparage the "Army you have." Instead, he made the obvious statement that the Bush administration, until yesterday, had refused to utter: We are not winning in Iraq. Where Rummy was incurably aloof -- he originally used an automatic signature machine to sign letters to the kin of dead troops -- Gates sounded human.

"The pressures of the hearing are nothing compared to the pressures I got from a woman who came over to me at the hotel while I was having dinner the other night, seated by myself," the nominee said. "She congratulated me on my nomination and she said, 'I have two sons in Iraq. For God's sake, bring them home safe.' "

The room went quiet as Ted Kennedy (D-Mass.), who had been questioning Gates, smiled and nodded in agreement. Robert Byrd (D-W.Va.) joined the nodding, and the smiles spread down both sides of the dais as Gates vowed independence. "I can assure you that I don't owe anybody anything," the nominee promised.

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Gates, who won the committee's unanimous support by day's end, was confident enough about his prospects that he told the senators his wife had skipped the hearing to accompany "the Texas A&M women's basketball team to an away game in Seattle."

The senators, too, exhibited few signs of tension: Bill Nelson (D-Fla.) read a news clipping about himself headlined "Nelson Defeats Harris," then perused a housing report. Ben Nelson (D-Neb.) worked his way through a box of candy and a large cup of coffee. Hillary Clinton (D-N.Y.) and John Thune (R-S.D.) thumbed their BlackBerrys. Elizabeth Dole (R-N.C.) rehearsed her questions, written in large type on numbered index cards. An evidently distracted Jeff Sessions (R-Ala.) spoke of communing with fallen troops. "I talk to those who've lost their lives, and they have that sense of duty and mission," he reported.

Even the war protesters lacked enthusiasm: Only six dissenters answered organizers' call to picket in front of the Hart Office Building before the hearing. In this environment, Gates felt comfortable enough to lighten things up a bit. When Ben Nelson proposed continually increasing the bounty for Osama bin Laden, Gates noted: "A sort of Terrorist Powerball."

Gates made no promise to end the war in Iraq or to bring home the troops. But he endeared himself to the candor-starved senators at the start with just two words. "Mr. Gates, do you believe that we are currently winning in Iraq?" Levin asked.

"No, sir," Gates replied. In fact, he worried about "the very real risk and possible reality of a regional conflagration."

Seven times, Gates assured the senators that all options are "on the table" -- even a "dramatically smaller" number of troops in Iraq. Nine times, Gates and his questioners agreed on the need for "fresh eyes" or a "fresh look" or a "fresh approach" -- a development Levin, Bill Nelson and Evan Bayh (D-Ind.) declared "refreshing."

But if Gates was offering fresh eyes (his reading glasses rested on the witness table), he could not promise a fresh face. The veteran of the George H.W. Bush administration was ushered into the room by a literal old guard: former senators Bob Dole and David Boren.

The current senators, having embraced Gates as the ticket out of Iraq, encouraged him to say something bad about Bush policies. Mark Dayton (D-Minn.) got Gates to criticize the administration's disbanding of the Iraqi army and de-Baathification of the government. McCain got him to say that "there clearly were insufficient troops." Byrd got him to say that it would be folly to attack Iran or Syria. Warner got him to say that Bush "understands that there needs to be a change in our approach in Iraq." Lindsey Graham (R-S.C) got him to say that Iraq wasn't necessarily the "central front" in the fight against terrorism. Levin got him to criticize the Pentagon's handling of intelligence.

But it was Kennedy, the old liberal, who elicited an emotional response when he noted that 59 Americans had been killed in Iraq since Gates was nominated.

Gates, unlike some predecessors at the Pentagon, knew the war's total tally: 2,889 dead as of Monday morning. "Twelve graduates of Texas A&M have been killed in Iraq," said the nominee, who is A&M's president. "I would run in the morning with some of those kids. . . . I'd hand them their degrees, I'd attend their commissioning, and then I would get word of their death. So this all comes down to being very personal for all of us."

Very well said.

A Fresh Old Hand (WP)

The Washington Post, December 6, 2006

ROB ERT M. GATES, asked by President Bush to provide "fresh eyes" at the Defense Department, began yesterday by offering the Senate Armed Services Committee a refreshingly candid voice. Asked near the beginning of his confirmation hearing if the United States was winning the war in Iraq, he responded with two words: "No, sir." He later spelled out some of the mistakes that explain that failure -- including the deployment of too few troops -- with a frankness rarely heard from a Bush administration Cabinet member. Where outgoing Defense Secretary Donald H. Rumsfeld commonly batted down or evaded legitimate congressional questions, Mr. Gates was responsive to the most tendentious queries, calmly explaining to Sen. Robert C. Byrd (D-W.Va.) why he would not favor a U.S. invasion of Syria. He said one of his two principal goals was to help forge a truly bipartisan policy for the war on terrorism; his performance yesterday was a good start.

Mr. Gates's first challenge, as he acknowledged, is Iraq, and there he no more possesses a simple solution than does the Iraq Study Group, which is due to report today. The Defense nominee said he would be open to all options, but he made clear that he does not favor a quick or unconditional withdrawal of American forces or the abandonment of efforts to shore up the elected Iraqi government and its army. He warned that such an abandonment could lead to "a regional conflagration" that would deeply damage U.S. interests in the region. "Frankly," he said, "there are no new ideas on Iraq. The list of tactics, the list of strategies, the list of approaches, is pretty much out there. And the question is: Is there a way to put pieces of those different proposals together in a way that provides a path forward?"

We share Mr. Gates's view that a consensus can be reached on a new course for Iraq, one that would involve a mix of the pieces that he and senators from both parties returned to yesterday: more training for Iraqi forces and a handoff of combat duties

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that would allow for a reduction of U.S. troops; pressure on Iraqis to reach a political settlement; more aggressive regional diplomacy. A couple of Democratic senators questioned whether President Bush accepted Mr. Gates's view that the status quo is unacceptable. The veteran Washington operative responded forcefully: "I am not . . . [coming] back to Washington to be a bump on a log and not to say exactly what I think, and to speak candidly and, frankly, boldly to people at both ends of Pennsylvania Avenue about . . . what I think needs to be done."

We hope Iraq will not be the only subject for such candor. Mr. Rumsfeld also leaves behind the pressing question of whether the Army and Marine Corps are too small to handle the press of engagements around the world -- as we believe they are. Also, how can the department manage a procurement budget intended to "transform" the military for 21st-century battles and also pay for big conventional weapons systems conceived during the Cold War? Was the enormous expansion of Defense Department intelligence operations since 2001 a necessary shift or a wasteful byproduct of Mr. Rumsfeld's bureaucratic infighting? Mr. Gates promised to investigate all these matters; we hope his answers will be as sure and unvarnished as those he offered yesterday.

The Un-Rumsfeld (NYT)

The New York Times, December 6, 2006

The nearly universal (and bipartisan) relief at the departure of Donald Rumsfeld ensured that Robert Gates would have an easy confirmation hearing. And Mr. Gates played the role of the un-Rumsfeld masterfully yesterday. He offered just enough candor and conciliation to persuade most senators that he plans to be a very different sort of defense secretary, while deftly holding back any real information about how he plans to clean up President Bush's mess in Iraq.

Mr. Gates's truth-telling did not go much further than acknowledging what is obvious to everyone but this White House. He agreed with various senators that the United States is not winning in Iraq, that politicians in Baghdad need to be pressured into negotiating a political settlement, and that the Pentagon botched the post-invasion by failing to send enough troops and committing other now infamous errors.

He was less accommodating when asked to share his prescriptions for Iraq, saying only that he was open to all ideas. Given both President Bush's and Mr. Rumsfeld's unrelenting denials of Iraq's disastrous reality — and their refusal to accept the advice of others — even statements of the obvious and a pledge to keep an open mind sound good. But Iraq is unraveling so fast that Mr. Gates will have to come up with opinions quickly, and be willing to express them to the president forcefully.

Mr. Bush has certainly shown little sign of opening his mind. Since announcing Mr. Gates's nomination, he has sought to pre-empt the much-anticipated advice of James Baker's Iraq Study Group (on which Mr. Gates served), brushing off suggestions that he talk directly to Iran and insisting that there would be no "graceful exit" from Iraq.

Still, Mr. Gates seems at least game to try to break through the wall. He said that Iraq was only "one of the central fronts" in the war on terror — a departure from the official litany. He said that he did not believe that the president had been given authority — either under the 9/11 war resolution or the Iraq war resolution — to attack Iran or Syria (and would counsel against it). And he said bringing both countries into negotiations about Iraq's future at least "merits thinking about."

In any other time that would all be considered pretty bland stuff. But for an aspiring member of this administration, that came close to speaking truth to power.

A More Honest Assessment Of Iraq Draws Cheers (USAT)

USA Today, December 6, 2006

After almost four years of prickly denials from Defense Secretary Donald Rumsfeld that anything was wrong with the Pentagon's plan in Iraq, it was refreshing Tuesday to hear his successor acknowledge that things are not going so well. During a Senate confirmation hearing, Robert Gates conceded that U.S. forces aren't winning and that new approaches need to be considered.

This is obvious to nearly everyone now, but it nevertheless was so sharp a departure from Bush administration dogma that it won over some of Gates' strongest detractors.

Sen. Carl Levin, D-Mich., who advocates withdrawing U.S. troops and who becomes chairman of the Armed Services Committee when Democrats take over Congress next month, gushed that Gates' testimony was a "welcome breath of honest, candid realism." This from one of 31 senators who voted against Gates' confirmation as CIA director in 1991. The committee voted 21-0 on Tuesday for confirmation, and the full Senate is certain to follow.

So two cautionary notes:

One is that Gates' fans should hope he's no longer the man his critics said he was during his painful CIA confirmation hearings 15 years ago. Then, Gates was portrayed as an arrogant bully who distorted intelligence findings to fit administration policy, refused to listen to dissenting opinions, and was never entirely forthcoming about his role in the Iran-contra scandal —

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precisely the sort of arrogance and bad judgment that got Rumsfeld in trouble and chained the nation to a failed policy in Iraq. Gates' friends say he has evolved since that confirmation experience, and he went on to win generally favorable reviews for his tenure as CIA director. But wartime Defense secretaries face far more pressure and far more scrutiny.

The other worry is that no matter how adroit Gates is, no matter how clear-eyed about the magnitude of the mess he faces, the outlook is bleak. As Defense secretary, Gates will be playing a weak hand for a politically damaged administration with few friends in Washington or around the world. He will get lots of advice, starting with today's much-anticipated recommendations of the Iraq Study Group, but what happens next is as much about the public's willingness to support any new plan as it is about the Pentagon's ability to execute it.

For now, Gates' chief strength — and it's significant — is that he's not the man he'll replace. Given Rumsfeld's radioactivity in Washington and around the world, that should give Gates a useful honeymoon.

The signs are that he realizes he's walking on the edge of an abyss. At the very end of the morning session Tuesday, a time when many onlookers have left and participants are mostly thinking about lunch, Gates mused about possible outcomes in Iraq. He sketched a scenario in which U.S. forces remain bogged down and unable to win, and another in which they slowly manage to right the situation and impose order.

"Seems to me," he said, "it could go either way." That's the right place to start.

Goodness Gracious! The Truth! (NYT)

By Maureen Dowd

The New York Times, December 6, 2006

WASHINGTON

First Junior took over the house with grandiose plans to remodel it and make it the envy of the neighborhood. But then he played with matches and set the house on fire. So now he's frantically trying to stop the flames from torching the whole block.

The Bush administration has gone from a breathless plan to change the Middle East to a breathless plan to preserve it, from democracy promotion to conflagration avoidance.

That was the cold shower offered yesterday by Robert Gates, the former C.I.A. chief, on his way to being unanimously endorsed as the new defense secretary by a Senate panel craving a cold shower.

He told the Armed Services Committee, peppered with wannabe future presidents, that the American occupation could lead to a Baghdad as hostile as Tehran, and set off "a regional conflagration" if Iraq is not deftly handled in the next couple of years.

Mr. Gates asserted that if America left Iraq in chaos, Iran and Syria could encroach more, and Turkey and Saudi Arabia might jump in to stop the ethnic cleansing of Sunnis by Shiites. "We're already seeing Hezbollah involved in training fighters for Iraq," he said. "I think all of that could spread fairly dramatically."

It was the sort of realistic assessment that never came from Rummy, except when he privately admitted in a classified Nov. 6 memo that their Iraq strategy was "not working well enough or fast enough," offering a silly hodgepodge of wildly tardy or dubious options, like telling the Iraqis to "pull up their socks."

It was chilling to see in print that the man who spent nearly four years overseeing the war did not have any idea what to do in Iraq; his basic plan was not so much to fix the problem as to lower expectations. The memo, reported by Michael Gordon in The Times on Sunday, offered the following lame-brained prescriptions to manage perception:

"Announce that whatever new approach the U.S. decides on, the U.S. is doing so on a trial basis. This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose.' " And this: "Recast the U.S. military mission and the U.S. goals (how we talk about them) — go minimalist."

So with the Pentagon deciding whether to Go Big, Go Long or Go Home, Rummy urged the White House to Go Minimalist and simply streamline the spin.

Junior took the advice to manage perceptions by minimizing Rummy two days after he sent the memo. The walls had closed in on W.; he could no longer minimize the war, which was escalating, or the perception that it was not going well, which had spread into Republican ranks. Even Gen. Peter Pace, yes man that he is, acknowledged on Monday that "We're not winning but we're not losing."

The old criticisms of whether Mr. Gates massaged intelligence were forgotten; the senators would have embraced an ax-murderer if he had seemed sensible about Iraq.

There was no blathering yesterday about "known unknowns" or "Henny Penny" pessimists. The soft-spoken, vanilla Mr. Gates offered a sharp contrast from the finger-wagging, flavorful Rummy. In a remarkable shift from the mindless bellicosity and jingoism of the last few years, Mr. Gates said he did not favor military action against Iran or Syria.

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Even though he was a member of the Iraq Study Group, Mr. Gates conceded that there would be no silver bullet. "It's my impression that, frankly, there are no new ideas on Iraq," he said. Asked by Robert Byrd who was responsible for 9/11, Saddam or Osama, Mr. Gates did not try to fudge. "Osama bin Laden, Senator," he replied. Asked who has represented a greater threat to the U.S., he repeated "Osama bin Laden."

W. insisted to Fox News's Brit Hume on Monday that his "objective hadn't changed" and that "we're going to succeed in Iraq." Asked by Carl Levin if America was winning in Iraq, Mr. Gates answered, "No, sir."

After lunch the nominee clarified his remarks, saying he had not meant to criticize the troops, that the reversals in Iraq were not their fault. They don't lose battles in Iraq because there are no battles. There's just a counterinsurgency that they can't see and that they weren't prepared or equipped to fight.

Gates's friends from the old Bush 41 gang have been watching closely to see if 43 brought the old Washington hand back for "cosmetic reasons," as one put it, simply to try to change the perception that W. has been stubborn and deaf on Iraq. Or whether 43 really will give his new defense chief the parameters he needs to make real changes in strategy. Will he let him Go Maximalist? <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

This Time Around, A Shorter Confirmation Hearing And Praise For Candor (NYT)

By Kate Zernike

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — When Robert M. Gates faced Senate confirmation to be director of central intelligence in 1991, the hearings stretched over four months and featured hundreds of witnesses, thousands of documents and the nominee responding to 1,000 questions in written and oral form over four long days of testimony.

On Tuesday, Mr. Gates was welcomed back by the Senate as "a refreshing breath of reality," applauded by people on both sides of the aisle for his candor and forthrightness, his pledges of bipartisanship and dialogue. And the committee rewarded him with unanimous confirmation in less than eight hours.

This time, of course, he was appearing as the anti-Rumsfeld, and as a symbol to the incoming Democratic majority in particular of fresh thinking on Iraq. No one on either side spent much time defending the departing defense secretary on style or substance.

If the comparison was not obvious enough, Senator Hillary Rodham Clinton, Democrat of New York, made it so in her questioning late in the morning. "Thank you for your candor — that's something that has been sorely lacking from the current occupant in the position that you seek to hold," Mrs. Clinton said. "We need a strong secretary of defense, but that doesn't mean strong-headed."

In contrast to Donald H. Rumsfeld, who sometimes had to be coaxed to his appearances before the committee and then rarely ceded an inch, Mr. Gates declared that the United States was not winning in Iraq and that mistakes had been made all around.

The Democrats seized the opportunity to relish their victory in the midterm elections, which provided the final push out the door for Mr. Rumsfeld, and to hammer home their campaign themes.

Senator Robert C. Byrd of West Virginia, displaying his feistiness at age 89, asked Mr. Gates who he believed was responsible for the Sept. 11 attacks, Saddam Hussein or Osama bin Laden. "Osama bin Laden, sir," Mr. Gates replied quietly.

Who has represented the greater threat to the United States? Mr. Byrd pushed. "Osama bin Laden."

Senator Edward M. Kennedy, Democrat of Massachusetts, who was sitting next to Mr. Byrd, raised an eyebrow and smiled.

Republicans for the most part were content to sit back and lob softballs suited more to a first job interview or college application. "You've been in tough situations before," said Senator Jeff Sessions of Alabama. "Do you feel that that experience can help you think through with some new perspective on these issues?"

With the White House and Congress awaiting the release of the Iraq Study Group's conclusions on Wednesday, Democrats sought to remind President Bush, through Mr. Gates, that Congress intends to have a say in the conduct of the war. Senator John W. Warner of Virginia, the pocket-kerchiefed Senate parliamentarian, backed them up from across the aisle, opening with a statement that pointedly reminded the president that he had "a moral obligation" to listen to both parties and to work with the legislative branch.

Mr. Warner, the departing Republican chairman of the committee, reminded Mr. Gates of his own reflections in his book, that the White House works best when it works in concert with Congress. And Mr. Warner urged him not to hold back in offering his personal recommendations to the president. "You simply must be fearless," Mr. Warner said. "I repeat, fearless."

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The seats behind the nominee, normally filled with family, White House escorts and other defenders, were left largely empty behind Mr. Gates, who sat alone at the table. (His wife of 40 years, Mr. Gates said, had asked to be excused to travel with the Texas A&M women's basketball team to a game in Seattle.)

But Mr. Gates did not need much protection, except perhaps from the 40-odd photographers tripping over themselves to capture his every hand gesture.

He displayed a knack for flattering the committee. "Secretaries come and go, but the Senate Armed Services Committee remains," he said. "If confirmed, I will seek your counsel and take it seriously."

"We all work for the same boss," he added. If it was not clear that he did not mean the president, he added, "That boss is the people of the United States."

Mr. Gates paid moving tribute to the nearly 3,000 American service members killed in Iraq, including 12 graduates of Texas A&M, where he has been president for four years. He spoke of the woman who came up to him as he dined alone in a Washington restaurant and told him: "I have two sons in Iraq. For God's sake, bring them home safe."

"So this all comes down to being very personal for all of us," Mr. Gates said.

It was a day of compliments and warm chuckles; when Senator Ben Nelson, Democrat of Nebraska, suggested increasing the bounty for capturing Mr. bin Laden by a million dollars a week, Mr. Gates offered, "Sort of terrorist Powerball?"

Introducing Mr. Gates, former Senator Bob Dole made the obligatory joke about how he realized too late that Mr. Gates's handlers wanted the other Senator Dole — his wife, Elizabeth, beaming in a red suit and matching lipstick from her seat alongside the other committee members — to do the honors.

Mr. Dole then reminded the committee of the seriousness of the task at hand; the last time a secretary of defense was changed in wartime, he said, was in 1968 when President Lyndon B. Johnson nominated Clark Clifford to succeed Robert S. McNamara. "Make no mistake about it," Mr. Dole said, "history is being made here today."

The most aggressive questioning came from those committee members eyeing the presidency: Mrs. Clinton and Senator John McCain, Republican of Arizona, who continued to press his case for more troops in Iraq. It was a "non sequitur," he insisted, to say that there were not enough troops going in, but also that current troop levels are sufficient despite the deteriorating situation.

But even he seemed to recognize that he would not win his point, concluding, "I hope you will help us gain consensus."

Senator Evan Bayh of Indiana, another possible Democratic contender, asked Mr. Gates how he could be confident the president would heed his counsel. "Senator, because he asked me to take the job," Mr. Gates replied. Mr. Bayh waited for a more elaborate answer, and, realizing one was not coming, said simply, "He asked the others to take the jobs as well."

Gates Wins Senate Committee Approval, 21-0 (USAT)

By Matt Kelley

USA Today, December 6, 2006

WASHINGTON — President Bush's nominee for secretary of Defense told a Congressional committee Tuesday that he agreed to replace Defense Secretary Donald Rumsfeld so he could help shape a new course in Iraq, not "to be a bump on a log." Robert Gates said he expected President Bush to listen to his advice even when he disagreed.

"I think that the president was very direct in saying, both privately to me and then publicly, that he saw the need for fresh eyes on the problem," Gates said during his Senate Armed Services Committee confirmation hearing.

Committee Democrats said they were encouraged by Gates' statements that were seemingly at odds with the White House. For example, Gates said the United States was neither winning nor losing in Iraq, adding that he wasn't criticizing U.S. troops. They, Gates said, were doing well and had not lost on the battlefield.

U.S. forces will be in Iraq for a long time, Gates warned, and failing to secure the country could cause a "regional conflagration" involving Iran, Syria, Saudi Arabia, Turkey and other Middle Eastern nations.

Gates said the United States needs to communicate with Iran and Syria, although Bush has rejected direct talks with those two neighbors of Iraq.

"A channel for communications is not necessarily a vehicle for negotiations," Gates said, adding he doubted the U.S. could gain much in negotiations with Iran.

After the U.S. invasion toppled Saddam Hussein's regime in April 2003, the United States should not have disbanded the Iraqi military or purged the government of Saddam's Baath Party, Gates said.

In another diversion from current administration policy, Gates criticized Rumsfeld's creation of a small group at the Pentagon to mine intelligence reports for signs that Saddam was threat.

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"The one thing that I don't like is offline intelligence organizations, or analytical groups," said Gates, who worked at the CIA for more than two decades before becoming its director from 1991 to 1993. Instead, Gates said, he prefers depending on professional intelligence analysts and preserving their independence.

Gates said his first move as Defense secretary would be visiting U.S. commanders in Iraq and Afghanistan to seek their recommendations, which he will give "great weight."

The panel liked what it heard. Gates won unanimous committee approval that set up a final Senate vote that could come as early as today. The 21-0 vote Tuesday evening came after a day of public and private questioning of the former CIA director. Democrats and Republicans alike praised Gates as an independent voice for changing policies in Iraq the Bush administration now concedes aren't working.

"I think you're going to be a good secretary," Sen. Bill Nelson, D-Fla., told Gates near the end of about five hours of public questioning. "You come to the table for all the right reasons … and I think you're doing this out of a sense of loyalty to our country and a sense of patriotism."

Committee Chairman John Warner, R-Va., said he asked Senate leaders to hold debate and a vote on the Gates nomination today, but no decision had been made Tuesday evening.

Gates' approval is all but inevitable, said Sen. Carl Levin of Michigan, the panel's top Democrat. "The faster the president can hear the kind of candor we heard this morning on Iraq, the better." Levin told reporters during a break in the hearings.

Sen. Hillary Rodham Clinton, one of at least three potential 2008 presidential contenders on the Senate panel, praised Gates while simultaneously criticizing Rumsfeld's prickly relationship with Congress.

"Thank you for your candor," she told Gates. "That's something that has been sorely lacking from the current occupant in the position that you seek to hold."

Gates was a member of the bipartisan Iraq Study Group until Nov. 8, when Bush announced Rumsfeld's resignation and Gates' nomination. That panel's recommendations, due to be released today, will be helpful but aren't the only ones to consider, Gates said.

"It's my impression that there are no new ideas, really, on Iraq," Gates said. "I think the report of the Iraq Study Group is important. I don't think it's the last word."

Gates Says 'US Is Not Winning Iraq' (FT)

By Demetri Sevastopulo And Guy Dinmore

Financial Times, December 6, 2006

Robert Gates, the White House choice to replace Donald Rumsfeld as defence secretary, on Tuesday acknowledged the US was not winning the war in Iraq.

Asked at his nomination hearing before the Senate Armed Services Committee whether the US was winning the war, Mr Gates responded: "No sir."

Following the hearing - notable for the lack of acrimony that was present when Mr Rumsfeld testified - the committee voted unanimously to approve sending his nomination to the full Senate for final approval, which is expected to come this week.

Mr Gates later clarified that his remarks did not mean he thought the US was losing in Iraq. But his blunt assessment was at odds with an October statement by President George W. Bush that the US was "absolutely...winning".

Mr Gates also demonstrated clear differences with Mr Rumsfeld. Asked by John McCain, the Arizona senator who is the frontrunner for the Republican presidential nomination for 2008, whether he believed there had been enough troops in Iraq, he replied: "There clearly were insufficient troops in Iraq after the initial invasion to establish control over the country."

In another display of independence that won Mr Gates admiration from Democrats, Mr Gates said he did not believe Iraq was "the central front" in the war on terror, which President Bush has consistently argued.

Asked by Lindsey Graham, an influential Republican on the committee, whether Iraq was "the central front", Mr Gates paused before replying: "I think it is one of the central fronts in the war on terror".

The Iraq Study Group, the bi-partisan commission mandated by Congress to examine US policy on Iraq, is on Wednesday expected to release its recommendations for a new policy direction on Iraq, although Mr Bush is not expected to respond until after he has heard the conclusions of two internal administration reviews.

Carl Levin, the Michigan Democrat who will chair the Armed Services Committee from January, praised Mr Gates, saying his acknowledgement that the US was not winning in Iraq was "a necessary, refreshing breath of reality that is so needed if we're going to look at ways of changing course in Iraq to maximise the chances of success". Mr Gates said he was open to a "wide range" of ideas for US policy on Iraq. But the former director of the Central Intelligence Agency – who was an ISG member until being nominated to replace the controversial Mr Rumsfeld – said he did not believe the group's recommendations would be the "last word".

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"It's my impression that . . . there are no new ideas on Iraq," said Mr Gates. "The list of tactics, the list of strategies, the list of approaches, is pretty much out there. And the question is: is there a way to put pieces of those different proposals together in a way that provides a path forward?"

Mr Gates said the next two years in Iraq would be crucial in determining whether the US could help the country stabilise.

"Our course over the next year or two will determine whether American and Iraqi people and the next president of the US will face a slowly but steadily improving situation in Iraq and in the region, or will face the very real risk and possible reality of a regional conflagration."

Mr Gates was also outspoken on Iran, saying he would only advise an attack on the country as an "absolute last resort".

"We have seen in Iraq that once war is unleashed, it becomes unpredictable. And I think that the consequences of a military conflict with Iran could be quite dramatic." He said he did not support an attack on Syria, which, along with Iran, the US has accused of meddling in Iraq, adding that an attack on either country would likely worsen the violence in Iraq.

His reservations on military action against Iran were a shot across the bows of weakened but still influential neo-conservatives in Washington who have called for strikes against the Islamic republic's nuclear facilities. Glen Howard of the Jamestown Foundation, a security think-tank, said: "The neo-cons are regrouping around the Iran threat."

Gates' Assets Include Defense Stock (WP/AP)

By Sharon Theimer, The Associated Press

The Washington Post/AP, December 6, 2006

WASHINGTON -- Defense Secretary-nominee Robert Gates' assets include up to $250,000 in stock in a defense contractor on whose board he serves, a financial disclosure report made public Tuesday shows.

If confirmed as defense secretary, Gates will divest his holdings in the company, NACCO Industries, White House spokeswoman Dana Perino said. He will step away from any Defense Department matters involving NACCO for at least a year, she said.

Gates is a member of the board of directors of NACCO Industries, the Cleveland-based parent of the NACCO Materials Handling Group, a lift truck company and Defense Department contractor.

He holds stock worth $100,000 to $250,000 and earned $134,750 in director fees from the company from 2005 to the present, according to the financial report he filed with the federal government.

Gates plans to sell all the stock he owns in individual companies and sever all ties with them if the Senate confirms him as Pentagon chief, Perino said.

The Cabinet post would mean a pay cut for Gates. Like the man he would succeed, Donald H. Rumsfeld, Gates is a millionaire. The defense secretary post pays $183,500 a year; Gates earned nearly that much from speeches alone over the past few years.

Among his other holdings, Gates is part of BLO Family Properties, a family-owned company in Mount Vernon, Wash. He described that asset as worth $1 million to $5 million.

Other assets and earnings detailed in Gates' financial report from 2005 to the present include:

_ $752,788 in salary as president of Texas A&M University.

_ $137,469 in a lump-sum payment from a Texas A&M deferred compensation plan.

_ $397,834 in compensation from Fidelity Investments, where he is chairman of the board of trustees.

_ $163,000 from a total of 10 speeches, including $16,000 each in speaking fees from National Pest Management, AIM Investments, Mellon Financial, Target Corp. and others and $20,000 for addressing the Securing America's Future Energy Foundation.

_ $91,000 in director fees from Parker Drilling Co.

_ $80,033 in director fees from Brinker International.

_ $64,749 in consulting fees from The Mitchell Group, an energy consulting group in Houston.

_ A $5,000 consulting fee from Temple Inland, a real estate firm in Austin, Texas.

Gates' report also lists positions he holds with nonprofit organizations.

Gates is a member of the boards of directors of the Boy Scouts of America in Irving, Texas, and the United Way of Brazos County in College Station, Texas. He is president of the National Eagle Scout Association in Irving and a member of the Council on Foreign Relations, the Aspen Strategy Group and the Center for Strategic and International Studies Transnational Threat Project, all in Washington.

All The President's Men Are Down To One (SH)

By Martin Schram

DOJ_NMG_0102949

Scripps Howard, December 6, 2006

(SH) - They were all this President's men - Cheney and Rummy and Wolfie and Bolton - neoconservatives, hard-line conservatives, iron-fisted conservatives, unyielding conservatives.

Once they were not only The Untouchables but also The Unbudgeables. Now there is only one.

Don Rumsfeld, Paul Wolfowitz and now John Bolton have been bulldozed and/or forklifted out of power. Once the Team Bush Neocons controlled Bush's Situation Room. Now they can caucus in a telephone booth - except it is unlikely Cheney can find one anymore.

So perhaps the once-dominant neocons will make do with just a morning caucus in Dick Cheney's bathroom mirror.

And that may be Cheney's most visible appearance of the day. For it seems that Dick Cheney may be on his way to becoming just another one of those veeps who is seldom seen and hardly heard. After all, Cheney's last assigned mission was to be unceremoniously summoned to Saudi Arabia, where not a single public event was held. And that was just as well because the word in the Washington think tanks is that the Saudi monarch used Cheney to send his sternest warning that if the Untied States leaves Iraq too rapidly and the Iranian-backed Shiite take over, the Saudis may step in to prevent a massacre of the Suunis.

The last Cheney sighting you may recall was his Nov. 3 appearance on ABC News, where he defined President Bush's resolve: "It's victory in Iraq. And it's full speed ahead on that basis." That, of course, was part of the pre-election bravado when Bush himself had promised that both Cheney and Rummy would stay on the job as long as he was president. Then, faster than you can say, "Brownie you're doing a heck of a job," Rummy was told his resignation was accepted, so would he please write it?

Rummy has had a heck of a run in Washington - a marathon. As a 1960s congressman from Chicago's suburbs, he was known as a moderate Republican back before GOP moderates became a rare breed. Then he got cabinet-rank domestic jobs in the Nixon White House - even though the Old Man (as Nixon's favorite guys, like Pat Buchanan and Bill Safire, called their boss when he wasn't around) suspected he was a secret dove on the Vietnam War.

One day when a young Washington correspondent arrived for a scheduled interview, Rumsfeld had another fellow there, too. "This is a new guy on my staff and, if you don't mind, I'd like him to sit in just to see how I handle press interviews," Rumsfeld said, adding, "Say hello to Dick Cheney."

Rummy and Cheney. Mentor and protege. They were cautious, thorough, insightful yet careful not to leave fingerprints on anything that could explode in their faces ... or all over their resumes. They excelled at avoiding controversy, skillfully putting their best and blandest face forward.

But Rummy did his best work behind the scenes and Cheney quickly learned the craft of politics. Including the great manipulation of November 1975. President Ford was under pressure to dump his veep (Nelson Rockefeller) from the 1976 ticket and Ford's chief of staff. Rumsfeld (Cheney was his deputy there. too) coveted the job. But a potential rival was another ex-congressman, ex-United Nations ambassador and currently ambassador to China: George H. W. Bush. So Rummy engineered Bush's appointment as CIA director. Bush felt trapped into accepting - and furious.

"It's a graveyard for politics... ," he wrote his three brothers and sister. Offering his reluctant acceptance to Secretary of State Henry Kissinger, the elder Bush lamented: "Your message came as a total and complete shock ... I see this as the total end of any political future."

Strange turns. Voters weren't spooked by Bush's CIA past and he, not Rummy, became a president. And when Bush's son was elected, it was Cheney who landed a return engagement as defense secretary for his old mentor, Rummy.

Speaking of strange turns, Rummy apparently had one last writing job before getting to his resignation note - that classified memo to President Bush, listing every conceivable new course option for Iraq. His memo, written without the usual detailed analysis, seems intended mainly for our eyes only. It quickly materialized on page one of The New York Times - and we saw everything but the leaker's fingerprints.

"Clearly, what U.S. forces are currently doing in Iraq is not working well enough or fast enough," Rumsfeld wrote. His memo was dated Nov. 6, just three days after his protege had assured us that the Iraq plan was "full speed ahead" - and three days before the president told the world he needed a new man at the Pentagon to help us find a new direction.

The dynamic duo has run its last course.

Iraq Panel To Urge New Policy Wednesday (AP)

By Jennifer Loven

AP, December 6, 2006

President Bush got a preview Tuesday of the Iraq commission's ideas for changing war policies, as the White House sought to dampen the report's impact by emphasizing that Bush will be listening to other voices as well.

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Over lunch at the White House, former Secretary of State James A. Baker III, the Iraq Study Group's Republican co-chairman, gave Bush a private briefing on the general outline of the conclusions, said Dana Perino, a presidential spokeswoman.

The report — which Baker referred to during the lunch, Perino said — will be released Wednesday morning. The full commission, led by Baker and former Democratic Rep. Lee Hamilton of Indiana, will give a copy of the report to Bush at 7 a.m. EST.

Following the presentation to the president, the group is to brief Iraqi Prime Minister Nouri al-Maliki and his team via secure videoconference from the White House.

Bush, to be joined by Vice President Dick Cheney, White House chief of staff Joshua Bolton, national security adviser Stephen Hadley and other senior White House aides, was to thank the commission but not comment on the specifics of its recommendations, the official said.

"We're going to give it a careful review," said White House press secretary Tony Snow. "As we have mentioned, there are other ongoing studies within the administration."

Bush is expected to hear in about two weeks the conclusions of in-house examinations of Iraq policy, anchored by a review of military options by Gen. Peter Pace, chairman of the Joint Chiefs of Staff.

Snow said the president already is taking the advice of Sen. John Warner, R-Va., chairman of the Senate Armed Services Committee, who said Bush has a "moral obligation" to seek input on a new Iraq strategy from Democrats who are about to take control of Congress.

Tuesday afternoon, the president consulted on Iraq with House Republicans and is due to see House and Senate leaders after Wednesday's briefing by the Iraq Study Group.

On Capitol Hill Tuesday, the confirmation hearing for Robert Gates — who is expected to be approved to replace embattled Pentagon chief Donald H. Rumsfeld — became a vehicle for lawmakers to express their displeasure. Democrats as well as some Republicans have urged Bush to present a plan for some of the 140,000 U.S. troops to begin coming home.

Replying to a question, Gates contradicted Bush's previous statements and said the United States is not winning in Iraq — a conclusion he said he reached while a member of the Iraq commission. But he played down the likelihood of the commission coming up with a quick solution.

"It's my impression that, frankly, there are no new ideas on Iraq," said Gates, who left the commission when Bush nominated him to be defense secretary. The Senate panel voted 21-0 to recommend his confirmation.

But even as the administration pushed back against the idea that a major change is coming, it appeared to be maneuvering separately from the commission to set the stage for adjustments.

The war has surpassed the length of American involvement in World War II, and U.S. deaths have passed 2,900. A relentless insurgency and the added complication of increased fighting between religious and ethnic factions have raised questions about whether Iraq is embroiled in a civil war and whether the al-Maliki's U.S.-backed government will ever be able to calm the country.

A changed political environment at home has added to the pressure on Bush. Democrats wrested majorities in the House and Senate from the president's Republican Party in last month's midterm elections, in large part because of dissatisfaction with the war.

The Iraq commission members gathered at a Washington hotel Tuesday to receive their copies of the report, thick black binders that each carried out, and their marching orders for media interviews on Wednesday. "But of course," said lobbyist and commission member Vernon Jordan when asked if the group was satisfied with its product, but everyone stayed mum on details, as did the White House.

The report was expected to urge the U.S. to reach out for more help on Iraq's security — including Iran and Syria as part of a larger group — and to gradually change U.S. troops' mission from combat to training and support, with a broad goal of withdrawing the Americans by early 2008.

Bush has resisted engagement with Iran and Syria, which the U.S. accuses of being bad actors on the world stage as well as fomenting instability in Iraq. Bush has rejected any timetable for U.S. troop drawdowns.

From Baghdad, though, the top American military spokesman said the Pentagon expects all of Iraq to be under the control of Iraqi forces by the middle of next year.

Maj. Gen. William Caldwell said this is part of an accelerated timetable discussed by Bush and al-Maliki during a meeting in Jordan last week. Previous Iraqi predictions of their abilities to take over have fallen by the wayside, but al-Maliki's statement last week that Iraq soldiers and police would be up to speed by June was seen as one way out for the administration.

And the White House reacted warmly to al-Maliki's announcement Tuesday that his government wants a conference with neighboring nations, such as Iran and Syria, on ending the violence.

"It's a good idea for the Iraqis to be involved in working with their neighbors on issues of regional security," Snow said.

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A powerful Iraqi Shiite political leader, Abdul-Aziz al-Hakim, returned to the White House Tuesday to meet with Vice President Dick Cheney. He met with Bush the day before.

Report's Rollout Precisely Planned (USAT)

By David Jackson

USA Today, December 6, 2006

WASHINGTON — Beginning with an early morning presidential briefing, the long-awaited Iraq Study Group report will be unveiled and promoted with a well-choreographed plan.

Group members have a 7 a.m. appointment today at the White House to present their report to President Bush, starting a day-long series of briefings and media appearances on their recommendations for Iraq.

"The purpose is to inspire and inform public debate," said Lauren Sucher, a spokeswoman for the U.S. Institute of Peace, a federally funded think tank that has assisted the Iraq Study Group.

After their White House visit, group members will head to Capitol Hill to brief House and Senate leaders. They plan to hold a news conference at 11 a.m., when they will release the report to the public.

The rest of the day features a string of television, radio and newspaper interviews of study group members, including its co-chairmen: former secretary of State James Baker and former congressman Lee Hamilton, D-Ind., now director of the Woodrow Wilson International Center for Scholars in Washington.

The interviews are being coordinated by the Edelman public relations firm, which will continue to assist the institute through appearances on this Sunday's news talk shows.

The U.S. Institute of Peace, which is devoted to global conflict resolution, received a $1 million appropriation from Congress to assist the Iraq Study Group.

Sucher would not reveal how much of that budget is going to Edelman.

White House spokesman Tony Snow said Bush and his aides probably won't be saying much today because they want to study the report first.

Pressure Builds On Bush To Change Track (FT)

By Demetri Sevastopulo In Washington

Financial Times, December 6, 2006

The Iraq Study Group report, to be released on Wednesday, will increase the pressure on President George W. Bush to adjust US military policy in Iraq to stem the rising violence and pave the way for an eventual troop withdrawal.

Leaks from the bipartisan commission led by James Baker, the former Republican secretary of state, and Lee Hamilton, a former Democratic congressman, suggest it will recommend a gradual withdrawal to step up pressure on the Iraqi government to clamp down on sectarian violence without outlining a timetable for a complete pull-out.

White House officials said Mr Bush would make a strategy decision within weeks after he has absorbed two internal reviews of Iraq policy, including a Pentagon military “scrub” and the Baker-Hamilton recommendations.

The initial drumbeat surrounding the ISG suggested Mr Baker, a Bush family friend, would help the president extricate himself from Iraq, where almost 2,900 US troops and tens of thousands of Iraqi civilians have died.

In Amman last week, Mr Bush appeared, however, to reject that. “I know there’s a lot of speculation that these reports in Washington mean there’s going to be some kind of graceful exit out of Iraq,” he said. “We’re going to stay in Iraq to get the job done, so long as the [Iraqi] government wants us there.”

In a classified memo leaked over the weekend, however, Donald Rumsfeld, the outgoing defence secretary, laid out policy options that included a modest withdrawal of troops to force the Iraqis to “pull up their socks”.

Regardless of the ISG recommendations, most experts say Mr Bush cannot continue along the same track and there is likely to be some change to the levels and structure of US forces in Iraq.

With the exception of small, temporary increases around events such as elections, the number and composition of US troops has been relatively stable since the March 2003 invasion.

The US has about 139,000 troops operating from 55 bases across Iraq. The Pentagon has cut the number of bases from a peak of 110 and has reduced the number of troops from a post-invasion high of 159,000 in January last year.

The Pentagon was forced to abandon plans to bring the number down to about 100,000 this year because of the escalating violence, which many experts are now calling a civil war.

One option that will be debated in the wake of the ISG report is whether to move troops to Baghdad from Anbar, the Sunni-dominated province in western Iraq which houses the insurgent strongholds of Falluja and Ramadi and where most of the marine units operate.

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Anbar has recently been eclipsed as the most violent area in Iraq by the capital, which is seeing an escalation of kidnappings, suicide bombings and killings carried out by sectarian squads.

In his memo, Mr Rumsfeld outlined several “less attractive options” which included moving a large proportion of US forces in Iraq to Baghdad in an effort to secure the capital.

At the congressional hearing last month, Gen John Abizaid, US commander in the Middle East, conceded that Anbar was “not under control” but said the “preponderance of the military activity” should be in the Baghdad area. A recent marine intelligence report concluded that the US could not defeat the insurgency in Anbar.

While the marines had previously been doing most of the difficult fighting, the army has borne more of the brunt in recent months because of the violence in Baghdad, where six of the 14 US combat brigades in Iraq are now based.

The other main army division is based outside Tikrit where, in addition to patrolling the Sunni triangle, it has responsibility for Mosul, Kirkuk and Baquba.

A separate military command, known as Anaconda because of the twisting supply lines, has responsibility for logistics -support.

The US military in Baghdad declined to provide a breakdown of the numbers of the different kinds of troops engaged in operating in Iraq. But military experts say that anywhere from 45,000-70,000 troops are involved in combat operations, several thousand are involved in the increasingly important mission to train the Iraqi security forces, while the remainder are engaged in logistics.

One ISG proposal that Mr Bush should have less difficulty endorsing is a recommendation to increase the number of US troops training the Iraqi army and police. The New York Times reported on Tuesday that the US military was already starting to shift combat troops to become advisers in Iraqi units.

Tom Donnelly, a defence expert at the Center for Strategic and International Studies, said the military faces a trade-off in increasing the number of trainers because of a lack of personnel. “If you are going to get serious about it, you have to really rearrange the incentives and pull your good guys out of combat units. There is no free lunch in all this.”

James Carafano, a military expert at the Heritage Foundation, said the army had previously been reluctant to do this but is starting to change.

“The most significant thing is that before the advisers would stop at the battalion level and now there really is an effort to get advisers down to the lowest level and infuse throughout the chain of command,” said Mr Carafano.

An increased focus on training might require US troops to pull back to garrison. This would probably result in a reduction in the casualty rate of US troops. Michael O’Hanlon, a defence expert at the Brookings Institution, said: “There has been less garrisoning in the last few months which is why the fatalities are so much higher.”

War Denials Vs. Too-simple Solutions (CHIT)

By Mark Silva

Chicago Tribune, December 6, 2006

WASHINGTON -- With his unwavering insistence that U.S. military forces must stand, fight and "win" in Iraq, President Bush has taken on the look of the last man standing.

Both inside and outside the White House, voices are calling for at least a new war strategy—and at most a target date for withdrawal of troops from Iraq. But Bush, while acknowledging frustration with the progress of the U.S. mission, so far has refused to fundamentally alter it.

Another call to change course is likely to come Wednesday from the Iraq Study Group, chaired by Republican James Baker, a former secretary of state, and Democrat Lee Hamilton, an ex-congressman from Indiana. They are expected to recommend a drawdown of U.S. combat troops with a soft deadline of early 2008, with remaining troops focusing on training Iraqi forces, logistics, support and quick reaction in case U.S. advisers are in trouble.

The White House has downplayed the report, saying the president will have no "snap reaction" to the congressionally mandated review.

After nearly four years of war, the president has said he welcomes "fresh eyes" and new tactics. At the same time, he has kept his position that U.S. forces will not stand down until Iraq's nascent government is able to defend itself against terrorism.

And while growing ranks of authorities warn that sectarian violence is consuming Iraq in civil war, the president steadfastly rejects that assessment, calling most of Iraq "relatively peaceful."

"I just think this president simply doesn't want to believe how bad things have gotten," said Anthony Cordesman, a senior fellow at the non-partisan Washington-based Center for Strategic and International Studies. "Parallels to Vietnam are always terribly dangerous, but you are beginning to see in George Bush some striking resemblance to Lyndon Johnson. Both became failed presidents and tragic figures long before they left office."

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Dangerous path

More dangerous, Cordesman suggested, is the temptation of Washington to seize upon simple solutions, such as a premature withdrawal of forces from Iraq, without considering the far-reaching implications of a potential collapse of civil society inside Iraq and the opportunity that would provide for both terrorists within the country and regional neighbors with designs on greater power.

"If the president is in denial, his critics are in oversimplification. I don't know which is worse," said Cordesman, who predicted a rush to flee Iraq if the Baker-Hamilton report bolsters a movement for quick withdrawal. "Everybody is running out to … catch the wave, rather than wondering where the ocean is going to lead."

Bush would be hard-pressed to embrace any formula for troop withdrawal because of his insistence that U.S. troop deployments are dependent on the Iraqi government's ability to operate without them.

Bush met Tuesday with Baker. The Baker-Hamilton study isn't the only review under way. The administration's National Security Council is reviewing the war policy. Secretary of State Condoleezza Rice is reviewing the policy. The joint chiefs of staff, led by Marine Gen. Peter Pace, is reviewing the policy.

"I think anybody who expects … a magic bullet out of the Baker-Hamilton commission is probably placing an unfair burden on them," White House spokesman Tony Snow said Tuesday. "The way out of Iraq is to have an Iraq that can sustain, govern and defend itself."

For Bush, some say, the solution might lie in embracing one of the recommendations made by his own advisers—or even the Iraq Study Group—without publicly acknowledging that he is taking a dramatic course change in Iraq.

"He is, rhetorically, the last man standing, but from where he is standing he can also see the writing on the wall," said Fred Greenstein, professor emeritus of politics at Princeton University. "This is an extreme situation, but Bush has often been in a situation where he has said he wanted X and settled for X minus whatever he can get, and said this is a great victory. …

"It wasn't very long before he announced [Donald] Rumsfeld's retirement, after he had said he wanted Rumsfeld [to stay] until the end of his presidency," Greenstein said. "He is existing in the real world. He's got very poor cards to play with now."

Bush will play host to British Prime Minister Tony Blair, his staunchest ally in the war, on Thursday. The British government has been striving to soft-pedal a recent Blair comment to broadcaster David Frost, who interviewed Blair for Al Jazeera's English-language channel and said the invasion of Iraq has been "pretty much of a disaster." Blair replied: "It has. …" But Blair's spokesman immediately called that "a straightforward slip of the tongue."

Both Rumsfeld, the president's retiring Pentagon chief, and Robert Gates, the president's nominee to succeed Rumsfeld, have issued sobering assessments of the war.

"In my view, it is time for a major adjustment," Rumsfeld wrote to the White House the day before midterm elections handed control of Congress to the Democrats—a memo leaked and published last weekend.

Gates, at his Senate confirmation hearing Tuesday, was asked whether the U.S. is winning the war.

Gates: All options on table

"No, sir," replied Gates, adding later that the U.S. is neither winning nor losing. Gates said: "In my view, all options are on the table, in terms of how we address this problem in Iraq."

He also remained non-committal about a troop withdrawal: "It depends on the conditions on the ground under which troops were withdrawn."

The president, too, insists that any withdrawal must be based on ground conditions.

"My objective is to succeed," Bush said this week in an interview with Fox News Channel's Brit Hume. "Failure in Iraq would be a disaster for your grandchildren. And the reason … is because we're now in an ideological struggle between extremists and people who want to live in peace."

Democrats Likely To Be Cautious On Iraq Report (RC)

By Erin P. Billings

Roll Call, December 6, 2006

Congressional Democrats will use today's report by the Iraq Study Group as another opportunity to seek validation for a change of course in the region, but they privately acknowledge that they will be careful not to go too far in embracing the study.

Democrats say they want to make sure that the report — which is expected to call for a transition out of Iraq — doesn't provide cover for the Bush administration over its policies. As part of that approach, both House and Senate Democratic leaders will be driving home the message that the research serves as a strong rebuke of a conflict they believe has devolved into a civil war.

A senior Senate Democratic aide said there will be a "significant attempt" by Democrats to "embrace as much [of the report] as possible, while calling it a clear repudiation of the Bush administration's failed stay-the-course strategy."

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"The president owns this lock, stock and barrel," the Senate aide added. "We don't want to be too closely identified with the president."

House and Senate Democrats have largely rallied around the message that 2007 will be a transition year in Iraq and have insisted on some type of troop redeployment in the nearer term. But the party, recently thrust into the majority in both chambers of Congress, has struggled to find a unified position on the war, and many Democrats still disagree on whether, and when, to redeploy from the region.

Still, Democratic leaders used Tuesday to reach across the Dome to present a unified party message on today's unveiling of the report. Sources said they were "still working" to coordinate their talking points in advance of the report's release.

The bipartisan Iraq Study Group, led by former Secretary of State James Baker and former Democratic Rep. Lee Hamilton (Ind.), will brief House and Senate leaders this morning on their six-month study on the war. House Democrats and Republicans will meet with the group at 8:30 a.m., while Senate leaders will hold their session an hour later.

Later today, House and Senate leaders are scheduled to head to the White House to discuss the study with President Bush. Bush got a personal preview of the report from Baker on Tuesday.

On Tuesday, Democratic sources said they plan to drive home three key messages: that the report shows need for a new policy in Iraq, that Iraq is embroiled in a civil war and that Bush must use the report as a wake-up call. But Democrats also will make clear that the report is "not the be-all-and-end-all."

"If what we're hearing is true, it validates what we've been saying," a senior House Democratic staffer said Tuesday. "We need to change what we're doing; it's not working."

Iraq Study Group Finds Options Are Limited (WSJ)

By Neil King Jr., Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, December 6, 2006

As the Iraq Study Group prepares to release recommendations today, the panel and the Bush administration are broadcasting a similar message: There are no dramatic fixes to end the war or to get U.S. troops home in a hurry.

The group's long-awaited report, people familiar with the matter say, will describe the situation in Iraq as deteriorating, but will acknowledge that its own recommendations are flawed and far from a magic solution. The panel plans to put the main focus on the need to launch an immediate effort to gain international support for rescuing Iraq, including from nettlesome neighbors Syria and Iran.

At the same time, the group will argue that the U.S. should redouble its effort to train the Iraqi army while diminishing its own military presence there largely to an advising and support role, with an eye toward pulling out all combat units by the first three months of 2008. Tens of thousands of U.S. troops will likely remain.

During the past few months, Democrats vying in congressional elections had talked up the possibility of beginning an immediate troop withdrawal, and anticipation had been high that the Iraq Study Group might offer some unexpected solutions. Now, most factions in Washington seem to agree that the room for maneuvering in Iraq is narrow and that any changes in U.S. strategy are likely to come largely on the margins.

Former Democratic Rep. Lee Hamilton, who is co-chairman of the bipartisan group with former Secretary of State James Baker, made that point to a number of ambassadors and former U.S. officials at a Christmas party Saturday. "The expectations are up here," he said, putting his hand shoulder-high, "while our options are down here." He then lowered his hand below his knees, according to two other guests at the gathering.

The lack of any clear solutions for Iraq underscores the sentiment in Washington that U.S. involvement is likely to continue for years, even without obvious signs of progress.

"We are in a position where, politically, it may soon be impossible to stay in Iraq, but where, strategically, we simply can't leave," said Brent Scowcroft, a former national-security adviser to President George H.W. Bush.

During his Senate confirmation hearing yesterday, Robert Gates, Mr. Bush's nominee for secretary of defense, acknowledged that the U.S. isn't winning in Iraq. "All options are on the table in terms of how we address this problem," he said. The panel later unanimously approved the nomination and moved it to the full Senate for a vote.

Mr. Gates, who was a member of the Baker-Hamilton panel until he was selected to succeed Donald Rumsfeld as Pentagon chief, declined to discuss the timing or size of any potential military withdrawal from Iraq. He also didn't offer specifics about what other options the administration would consider to stem the violence.

Mr. Gates's role on the panel had led many to believe that Mr. Bush might be keen to embrace the group's findings, which will be laid out in a 100-plus-page report. But in recent days, Mr. Bush and his aides have downplayed its importance, depicting the report as just one review among many.

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In detailed private briefings, U.S. officials have told close allies that Mr. Bush plans no abrupt shifts in Iraq and will stick by U.S. troop commitments there. Senior U.S. military commanders in Iraq also say no major changes are in the works, arguing that their current strategy will succeed if given enough time.

That strategy aims to shift thousands of U.S. personnel from combat to training-and-advisory roles while temporarily increasing the numbers of American combat personnel in Baghdad to stabilize the city.

The administration is collecting recommendations from the Pentagon, the State Department and the National Security Council. Mr. Bush plans to set out his response in a speech later this month, U.S. officials say. U.S. military officials in Iraq said they expect to hear results of the reviews in January and don't expect major changes in policy. "If there was an easy way to do it, we'd have done it by now," one senior official said.

The report of the 10-member bipartisan group, which began work in April, is titled, "The Way Forward: A New Approach." Yesterday, Mr. Baker briefed Mr. Bush at the White House on the general direction of the report. Officials involved with the panel's work said some members are troubled by the increasing violence in Iraq and worry that their recommendations might make little difference, even if followed.

The recommendations put forward in the report may get a cool reception from the administration. White House officials have said the U.S. would be open to considering negotiations with Tehran if it drops its support for the militant group Hezbollah and agrees to suspend its uranium-enrichment work. But Washington has given little sign of what it would be willing to offer Iran in exchange for help in Iraq. During a visit to Amman, Jordan, last week, Mr. Bush told King Abdullah that "this is not the time for engagement with Syria," a senior administration official said.

The White House has rejected calls for beginning a U.S. military withdrawal from Iraq. Administration officials have said they are committed to maintaining current U.S. troop levels there indefinitely.

The administration's apparent reluctance to make sweeping changes in Iraq reflects two factors, said senior U.S. officials familiar with the deliberations. First, Mr. Bush continues to insist that the U.S. can still win, despite evidence that the initial goal of helping build a stable country with a democratic government capable of enforcing order is out of reach.

Second, Mr. Bush and his top advisers believe the White House can resist political pressures to change course in Iraq for at least a few months, Bush aides said. They said Mr. Bush feels that he has a short window to continue his current policy before the 2008 presidential-election cycle intensifies.

The administration's apparent commitment to largely staying the course in Iraq is certain to trigger debate within the new Democratic majorities in the House and Senate. Democratic lawmakers have coalesced around a proposal by incoming Senate Armed Services Committee Chairman Carl Levin (D., Mich.) to begin drawing down U.S. forces in the spring. Democratic leaders have said they won't use their power over the nation's purse strings to cut funding for U.S. personnel in Iraq for fear that it would open them up to charges of endangering the troops.

But some Democrats said they will consider reducing the money available for other administration priorities in Iraq -- like continuing small-scale rebuilding projects or training and equipping Iraqi security forces -- if the administration refuses to change course there or if the country slides deeper into conflict.

Panel To Urge Pressure On Iraq (WP)

By Peter Baker And Dafna Linzer

The Washington Post, December 6, 2006

The bipartisan Iraq Study Group plans to recommend to President Bush that he threaten to reduce economic and military support for Iraq's government if it fails to meet specific benchmarks intended to improve security in the country, a source familiar with the report said yesterday.

The congressionally chartered panel, which is due to deliver its much-anticipated report to Bush at the White House this morning and then unveil it to the public, outlined diplomatic and military ideas intended to change the course of the 44-month-old war. Among other things, the source said, the report urges Bush to aggressively tackle the Israeli-Palestinian dispute to reduce the broader regional tensions fueling the Iraq conflict.

The latest details to emerge from the commission's report help flesh out a plan that also calls for the United States to withdraw nearly all combat units by early 2008 while leaving behind tens of thousands of troops to advise, train and embed with Iraqi forces. The report suggests that the Bush administration open talks with Iran and Syria about ways to end the violence in Iraq and proposes holding a regional conference to bring together all of Iraq's neighbors.

Some proposals in the report track measures that the administration is already carrying out or is considering, but several directly challenge Bush in areas in which he has refused to compromise. The president has rejected talking with Iran and Syria and has resisted linking the Iraq war to the Palestinian issue. He has dismissed timetables for troop withdrawals, although the

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panel cites 2008 as a goal rather than a firm deadline. He has also declined to punish Iraqis for not making progress in establishing security.

Although the study group will present its plan as a much-needed course change in Iraq, many of its own advisers concluded during its deliberations that the war is essentially already lost, according to private correspondence obtained yesterday and interviews with participants. The best the commission could put forward would be the "least bad" of many bad options, as former ambassador Daniel C. Kurtzer wrote.

An early working draft from July stated that "there is even doubt that any level of resources could achieve the administration's stated goals, given the illiberal and undemocratic political forces, many of them Islamic fundamentalists, that will dominate large parts of the country for a long time."

In private e-mail exchanges over the past two weeks, members of the commission's working group, including former ambassadors, military officers and CIA analysts, expressed equally bleak outlooks for Iraq and skepticism that Bush would accept the panel's recommendations.

The report that resulted from that process is a mix of initiatives and conclusions that cover an array of areas, including a long diplomatic section, a security section and the proposed benchmarks for Iraqi leaders. Former secretary of state James A. Baker III, who served under President George H.W. Bush and co-chaired the commission, briefed the current president on its conclusions over lunch yesterday.

Baker and his co-chairman, former congressman Lee H. Hamilton (D-Ind.), and the rest of the 10-member panel will meet with Bush at the White House at 7 a.m. today to formally hand over the report, then travel to Capitol Hill for an 11 a.m. news conference. The report will be released at that time on four Web sites and is being published today as a mass-market paperback by Vintage Books, a division of Random House, under the title "The Iraq Study Group Report: The Way Forward -- a New Approach."

Some of its conclusions, such as the need for a phased withdrawal and for shifting the mission of U.S. forces, have been reported over the past few days. Much of the report, though, emphasizes diplomatic options. Advisers said they pushed for dialogue with Iraq's immediate neighbors, Iran and Syria, as a major path toward improving the situation, despite a belief that Bush would reject the recommendation outright because of those countries' ties to terrorism.

Baker, who as secretary of state spent much time working to bring peace to the Middle East after the Persian Gulf War, made a personal point of including the Israeli-Palestinian conflict in the report and "laying out the importance of why it needs to be dealt with and a strategy to deal with it," said a source familiar with the report. Baker has been close to the Saudi royal family and his ideas may provoke opposition from Israel and its allies.

The benchmarks laid out for Iraqi forces are similar to the goals the Iraqi government recently embraced, the source said. Unlike Bush, though, the commission recommends consequences for not meeting them. "If they don't do it, we ought to reduce the military, economic and political support," the source said.

At the same time, the source said, the U.S. military strategy ought to be implemented regardless of whether Iraqis meet their benchmarks. But the commission warns against turning over control of security to Iraqi forces until reforms are in place.

Clifford May, one of the working group's advisers and a former Republican Party spokesman, was one of two advisers who opposed withdrawal and supported Bush's strategy, but he said he "was willing to concede from the start that what Bush hoped for is probably not achievable. But it doesn't mean that nothing is achievable."

May said the report includes "at least 70 recommendations," but a timetable for troop withdrawal is not among them. "Instead, it says we have a mission that can be accomplished, and it defines that mission as the need to leave behind a government that can sustain itself," May said.

Much debate in e-mail exchanges among the most outspoken advisers to the study group focused on whether adding troops would help. But most feared that bringing in the large numbers required would break the military, lead to a surge in U.S. deaths and do nothing to better protect civilians.

In the end, the experts did not agree on sending additional forces beyond military advisers for the Iraqi national army. They seemed certain that Bush would reject most of their recommendations and that few could work anyway.

"Very early on, the notion of achieving some sort of victory didn't take," said Chas W. Freeman Jr., a former U.S. ambassador to Saudi Arabia. "So if victory is not possible and not feasible, even if you could define it, then what you're left with is to find some way to mitigate defeat."

James Dobbins, a principal U.S. architect of the Afghan reconciliation process, said he supported "an intensified regional dialogue that would be comprehensive and encompass all of Iraq's neighbors." But he and others on the staff said a push for more U.S. engagement with Israel and the Palestinians was rarely discussed beyond a few e-mail exchanges.

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"It was kind of assumed by everybody that if the U.S. devoted more attention to it, it would be a good thing in its own right, but we didn't devote much time to that, so if it becomes a recommendation, it would likely come directly from Baker and Hamilton," said Kurtzer, who served as U.S. ambassador to Israel and Egypt.

Staff researcher Julie Tate contributed to this report.

Key Day On Iraq As Report Unveiled (USAT)

By Matt Kelley And Tom Vanden Brook

USA Today, December 6, 2006

WASHINGTON — President Bush today receives a high-profile report suggesting new approaches for the Iraq war, a day after a Senate committee signaled it wants change by unanimously approving Robert Gates to replace Defense Secretary Donald Rumsfeld.

Gates, who was a member of the bipartisan Iraq Study Group that is releasing its recommendations, acknowledged at his confirmation hearing Tuesday that the United States is not winning the war. He said he would be open to new options.

After the Armed Service Committee vote, senators praised Gates' willingness to alter course. "I voted yes because … he seemed open to course correction," said Sen. Carl Levin, D-Mich., who will be the panel's chairman after Democrats take control of the Senate.

The vote and the report come at a critical time in the war and Bush's presidency. Violence in Iraq has escalated as U.S. public support for the war has fallen.

Asked directly by Levin if the United States is winning in Iraq, Gates replied, "No, sir." Later he clarified his answer by saying that the country is neither winning nor losing, "at this point."

He also acknowledged that there are "no new ideas on Iraq" but added that "all options are on the table."

President Bush, who had lunch with James Baker, the Republican co-chairman of the study group, will get the report at a 7 a.m. meeting today.

Among the issues to be raised by the commission and others:

·Withdrawing U.S. troops. The commission is expected to propose withdrawing about 70,000 combat troops by 2008.

Gates, who dismissed any timetable, told senators that any withdrawal of troops will depend on "conditions on the ground."

A timetable, he said, would tell insurgents "how long they have to wait until we're gone." There are about 140,000 U.S. troops in Iraq.

· Engagement with Iraq's neighbors, Syria and Iran. Gates said he would support such a move.

White House spokesman Tony Snow said Tuesday it would be a good idea for Iraq to work with its neighbors. Iraqi Prime Minister Nouri al-Maliki also said he'd be receptive to a conference with Iran and Syria.

·Increasing U.S. troops. Sen. John McCain, R-Ariz., a member of the committee, talked to Gates about whether there have been enough troops in Iraq. Gates said he would travel to Iraq to speak with commanders about troop levels.

Gates' nomination now goes to the full Senate for a vote, which could be held as early as today.

A Study In Comity (WP)

By David S. Broder

The Washington Post, December 6, 2006

Whatever the final impact of the Iraq Study Group report being issued today, for the 10 commission members this was an exhilarating experience, a demonstration of genuine bipartisanship that they hope will serve as an example to the broader political world.

"It was a very wonderful experience," former Republican senator Al Simpson of Wyoming told me last weekend. "We very quickly stopped considering ourselves as Republicans and Democrats, but as Americans trying to deal with a most urgent problem."

The nine men and one woman serving on the commission -- five from each party -- represented a wide range of political backgrounds and philosophical views. Several had been on opposing sides in past presidential campaigns.

But as commission member Vernon Jordan, the Democratic lawyer, noted, they were also "professionals" -- veterans of public service. Jordan has served on presidential commissions of one sort or another since 1965, and said, "This process has been a lesson in civility."

Leon Panetta, a former Democratic congressman and Clinton White House chief of staff, said the high average age of the 10 commission members contributed to its success. "This is a different generation of policymakers," said Panetta, who at 68 was one of the youngest members. "These are people who have very different views but are comfortable trying to understand each other and coming together to solve a terrible issue facing the country."

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The analogy suggested by Simpson and Panetta, both veterans of Capitol Hill, and endorsed by Jordan, is that the commission functioned like a successful House-Senate conference committee. Members fought to include (or exclude) points that were especially important to them, "but in the end," as Jordan noted, "you have to have the votes to pass it."

"We went over the recommendations word by word until everyone was satisfied," Simpson said. "No one was trying to sneak anything in, and no one was laying traps. It was a very powerful experience."

Despite all the goodwill, several of the members recounted that toward the end of their deliberations, one commissioner -- not someone who had served in Congress, they noted -- said he would not sign the report if one part was not removed.

James A. Baker III, the former Republican secretary of state, glanced at his co-chairman, former Democratic representative Lee Hamilton, and calmly said to the dissenter, "Okay, don't."

A little later, others recalled, the dissenting member asked to return to the disputed passage and, in short order, agreed to slightly modified language.

"No one wanted to see us embarrassed by being unable to come to consensus," Simpson said.

Panetta observed that while most of the commission members had had some dealings with each other in their previous positions, they really bonded during their inspection trip to Baghdad earlier this year. "Fifteen hours on the plane together and three days in a tough place -- that was a human experience where we shared a lot and really got to know each other," he said.

When I asked the commission members whether they thought their experience of coming to agreement could serve as an example to others, the answers were emphatic.

"Hopefully," Jordan said, "the House and Senate and both political parties will be instructed by our process. In the rollout, we're going to try to provide that example. I'll be going around with Ed Meese," the former Republican attorney general, "and there will be other bipartisan pairs, led by Baker and Hamilton."

When I put the question to Panetta, he said, "Our forefathers intended that a process like this work for people elected to office -- the president and members of Congress in both the House and Senate. They believed they would come from different places but ultimately find consensus -- that was the Miracle of Philadelphia," the compromise that produced the Constitution.

"What's unusual now is their contracting out to people like us a job that elected officials are supposed to do -- finding consensus on difficult issues. I hope this will be a lesson to them; otherwise, we're in for continued trench warfare."

Panetta concluded: "This is an opportunity to look at the realities we're confronting in Iraq. For too long, both sides have been trapped by their sound bites. I hope they realize that if they're going to govern this country, they have to work together."

Simpson was even more expansive. "This could be an example, not only of how to handle Iraq, but it could apply to immigration, Social Security and all those other things that have been hung up for so long. That's what this last election said: Get serious and get your work done."

I hope Washington is listening.

Lee H. Hamilton, A Compromiser Who Operates Above The Partisan Fray (NYT)

By Philip Shenon

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — The choice before the Sept. 11 commission in late 2003 was whether to subpoena the Pentagon to turn over classified documents, and four of the panel's five Democrats were eager to do so.

The dissenter was the commission's vice chairman, Lee H. Hamilton, a retired Democratic House member from Indiana, who had come to be trusted by the Bush administration as an honest broker. He told the other Democrats that he wanted to give Defense Secretary Donald H. Rumsfeld, an old friend from Congress, time to cooperate.

Mr. Hamilton's disdain for partisan battle, often to the annoyance of fellow Democrats, and his willingness to work toward compromise on national security policy, are likely to be on display again on Wednesday with the release of the findings of the Iraq Study Group, the independent panel established by Congress to rethink American policy in Iraq.

Panel members say the co-chairmen, Mr. Hamilton and former Secretary of State James A. Baker III, a Republican, have formed a close partnership that has allowed the group's five Democrats and five Republicans to transcend what might have been bitter partisan differences over the conduct of the war. The group's report is unanimous.

"At a time when foreign policy issues are part of the partisan trench warfare of Washington, there aren't many people who can rise above it, but Lee is one of them," said Leon E. Panetta, a Democratic member of the Iraq group.

He said Mr. Hamilton and Mr. Baker had a "strong relationship," in part because "they are both cut from the same cloth — they're pragmatists who are willing to face realities and not get trapped in political posturing." They both practiced the "lost art" of negotiation, he said.

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A Republican on the panel, Alan K. Simpson, a former senator from Wyoming, said Mr. Hamilton and Mr. Baker developed a "remarkable symbiosis — they trusted each other, they respected each other." He said their leadership was a welcome reminder of a time when Democrats and Republicans typically reached across the aisle to find consensus on foreign policy.

Mr. Hamilton has said little in public about the deliberations of the panel but said recently that the successes of the Sept. 11 commission resulted from an effort to "respect one another as individuals — I didn't see my Republican friends with a big R on their head." He added: "We talked, and we talked, and we talked. And if you know a way to build a consensus without talking to one another, let me know."

With his assignments on the Sept. 11 commission and the Iraq Study Group, Mr. Hamilton, 75, has had nearly the public recognition he enjoyed during 34 years in the House, where he was a leading Democratic voice on foreign policy.

On the Iraq Study Group, Mr. Hamilton is demonstrating, as he did in Congress, that he is not in lock-step with Democratic leaders, who have mostly recommended a sharper reversal of American policy than the group will propose.

While never criticizing him in public, Democrats on the Sept. 11 commission and Congressional leaders were often at odds with Mr. Hamilton during that investigation, describing him as too trusting of the Bush administration and too patient in negotiations with the White House over access to classified documents.

At the same time, his willingness to hear out the White House won him the respect of the commission's Republicans, making them more willing to compromise when it came time to write a final report.

Similar complaints from Democrats about Mr. Hamilton's dealings with the White House were heard in the mid-1980s, when he led the House intelligence committee and appeared reluctant to follow up on news reports that the Reagan administration had sold weapons to Iran and diverted the proceeds to Nicaraguan rebels, called the contras.

The reports proved to be true, and Mr. Hamilton acknowledged later that he had been duped by senior Reagan administration officials. "I basically believed them," he said after the Iran-contra affair was exposed. "My attitude was, 'I don't have any hard evidence not to believe.' " He later led the House investigation of the scandal.

Lee Herbert Hamilton was born on April 20, 1931, in Daytona Beach, Fla. His father was a Methodist minister, and the future lawmaker's traditional, religious upbringing in Evansville, Ind. might help explain his reputation in Congress for fair play and his enthusiasm for hard work. He arrived at his desk in the House by six most mornings.

After graduation from DePauw University in 1952 and the Indiana University School of Law in 1956, he practiced law before entering Democratic politics. He was first elected to the House in 1964, swept into office in a traditionally Republican district as part of President Lyndon Johnson's landslide that year.

Mr. Hamilton ended up on what was then called the House Foreign Affairs Committee, now known as the Committee on International Relations.

He found he liked it and, when later asked to join other committees and to consider a Senate bid, Mr. Hamilton turned the offers down, preferring to remain in the House and cement his reputation as a spokesman for the Democratic Party on how the United States should deal with the rest of the world. He went on to become chairman of both the international relations and intelligence committees.

Mr. Hamilton said in a speech last spring that in his decades in Congress, he was often asked, "Why don't you focus on problems here at home?"

The answer, he said, was simple. Americans lived in a world, he said, in which a foreign-born terrorist "can endanger more Americans than a drug dealer in Brooklyn, where a terrorist strike can take the lives of 3,000 Americans in a few horrifying minutes." More and more, he said, the United States needed to "see our problems in the context of the world we live in." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Americans' Iraq Views Sink To New Lows, Poll Finds (WSJ)

The Wall Street Journal, December 6, 2006

A majority of Americans say the situation for U.S. troops in Iraq has grown worse and confidence in U.S. policies in Iraq is at a new low, a Harris poll shows.

Fifty-eight percent of U.S. adults say the situation for troops in Iraq is getting worse, according to the online survey from Nov. 13 to Nov. 20, 2006, compared with 45% in September and 36% in January. Nine percent said the situation for troops in Iraq is getting better, while 27% said there was "no real change."

The percentage who are confident U.S. policies in Iraq will be successful fell to 17% from 26% in January, while those who aren't confident increased to 63% from 55% at the first of the year.

In addition, more Americans have a negative view of President Bush's handling of Iraq over the last several months: 71% said he is doing only fair or poor, compared with 26% who think he is doing a pretty good or excellent job. In September, 64% had a negative view of Mr. Bush's handling of Iraq and 32% rated him positively.

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When asked if taking military action against Iraq was the right or wrong thing to do, 36% said it was the right thing and 46% said it was the wrong thing.

See full results of the poll: "Overall, how would you rate the job President Bush has done in handling the issue of Iraq over the last several months?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "How confident are you that U.S. policies in Iraq will be successful?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Thinking about everything that has happened, do you think that taking military action against Iraq was the right or wrong thing to do?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you think that the situation for U.S. troops in Iraq is…?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Overall, how would you rate the job each of the following has done in handling Iraq over the last several months?"

Base: All Adults

Note: Percentages may not add up exactly to 100% due to rounding.

* Positive: excellent or pretty good

Negative: only fair or poor

Methodology:

Harris Interactive conducted this online survey in the U.S., Nov. 13-20, 2006, among a nationwide cross section of 2,429 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

<hr/>About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com1. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com2.

House Democrats May Attach Conditions To Iraq Funding (MCT)

By Margaret Talev

McClatchy Newspapers, December 6, 2006

WASHINGTON - On the eve of the Iraq Study Group's long-awaited recommendations for how to exit Iraq, congressional Democrats were eyeing a different document as leverage for change: President Bush's anticipated request for more money to keep fighting.

House Democratic leaders, who will take control in January, said Tuesday they are considering attaching a series of conditions to the estimated $160 billion supplemental war funding request for Iraq and Afghanistan that President Bush is expected to send them early next year.

They wouldn't specify what their conditions would be, including whether they might attach a troop-withdrawal timeline, as many Democratic lawmakers want to do.

Rep. Rahm Emanuel, D-Ill., chairman of the House Democratic Caucus, said the supplemental funding request "is going to be the turning point" for the direction of the war. "Those dollars are going to be treated differently," he said.

"There may well be attached to those $160 billion various parameters that the Congress expects to be met," said Majority Leader-elect Steny Hoyer, D-Md.

The Study Group's recommendations, to be formally released Wednesday after weeks of leaks, aren't expected to trigger much in the way of immediate results. But a big war-budget request that requires congressional approval could give Democrats a hand in forcing change.

If they use the funding request to pressure the administration, two political questions arise: Will Senate Democrats have the will or the power to act as boldly as House Democrats? And how far can Democrats push without being accused of cutting off funds for troops fighting on the ground?

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In an interview last week, incoming Senate Majority Leader Harry Reid, D-Nev., showed little appetite for holding up the supplemental budget request. "We'll see if there's any fluff in it and make sure there's no pet projects," he said. "But if it's legitimate I think we'll have to go along with it."

"We will not cut off funding for the troops," Pelosi said Tuesday, but she added: "The days of rubber-stamping any request by this administration are over."

She underscored that her ally, Rep. Jack Murtha, D-Pa., incoming chairman of the Defense Appropriations subcommittee and a strong advocate for troop redeployment, would be heavily involved in setting Democratic strategy for the war budget request.

Thomas Donnelly, a defense policy expert with the Center for Strategic and International Studies, a center-right think tank, said that Democrats aren't likely to play their new power to the hilt, but they will have room for pressure.

"They could say, `We're not going to pay the bills for a force larger than X size,' or `You can't have this money unless you start withdrawing troops from Iraq.' (But) I think they haven't got the votes or the nerve."

Instead, Donnelly said, Democrats could opt for less controversial steps.

"You start demanding a lot of reports. Or you force the president to certify that things are getting better in Iraq. You can refuse to fund certain White House operations. Or they could say `I'm going to cut missile defense funding to pay for war costs, or other executive branch operations.'

"This is how it works when you have a political division between the legislative branch and the executive branch," Donnelly said. "Obviously in a wartime situation this game of chicken is conducted at a much higher level."

Top Democrats Rebuff Calls To Cut Off War Funds (WT)

By Christina Bellantoni

The Washington Times, December 6, 2006

Top Democrats in Congress are ignoring calls from within their caucus to eliminate funding for troops in Iraq, a strategy some say is necessary to end U.S. involvement in the war.

"There is only one way in which the United States will withdraw from Iraq prior to the end of President Bush's term," said Rep. Dennis J. Kucinich, Ohio Democrat. "Congress must vote to cut off funds."

Democratic leaders flatly rejected the idea yesterday, insisting they will move to "change the course" of the war but will continue to appropriate money to support the troops fighting in Iraq. The Democrats won back the House and Senate leadership in large part with staunch opposition to the Iraq war, but many worry that cutting off funding would seem unpatriotic.

"My only real comment is you have to support the troops," incoming House Armed Services Committee Chairman Ike Skelton said about the Kucinich proposal. The Missouri Democrat initially supported the war but now wants gradual troop withdrawal.

Mr. Kucinich is trying to convince his colleagues that resolutions to withdraw troops have no legal effect as long as the president receives appropriations to continue the war. He said Congress must "force a new direction" in Iraq.

"Even a substantial reduction of funds could leave open the door for a legal claim that Congress still intends to keep troops in Iraq," said Mr. Kucinich, a Democratic presidential contender in 2004.

Several members of the Out of Iraq Caucus support a less drastic measure to end war funding.

Rep. Jim McGovern, Massachusetts Democrat, said his plan would send "a signal that our occupation has to end." It would cut off most funding but leave money for the "safe and orderly" withdrawal of troops, economic recovery and international peacekeeping.

Mr. McGovern's proposal has 18 co-sponsors. Mr. Kucinich's plan, which has not surfaced in the form of a bill, has received no endorsement.

Party leaders instead favor setting conditions on appropriations.

"As long as our troops are in harm's way, Democrats will be there to support them," said House Speaker-elect Nancy Pelosi of California. "We will not cut off funding for the troops."

Democrats downplayed intraparty divisions. "No matter how you look at it, there is a consensus this war needs to end," Mr. McGovern said.

Rep. Barney Frank, Massachusetts Democrat, dismissed the Kucinich plan as "silly," but one Republican said it is the most genuine proposal he has heard from a war opponent.

"I completely disagree with him, but he is the only honest voice of liberalism in the House," said Rep. Patrick T. McHenry of North Carolina.

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Rep. John P. Murtha of Pennsylvania, the incoming chairman of the House Appropriations subcommittee on defense, told fellow Democrats that he will now allow an emergency request from the White House for billions of dollars in supplemental appropriations and will insist that the president lay out exact spending plans for completing the mission in Iraq.

Majority Leader-elect Steny H. Hoyer, Maryland Democrat, said conditions "may well be attached" to the next such bill, expected to total $160 billion.

Mrs. Pelosi said Democrats will insist on oversight, which includes investigations into missing defense appropriations and subcontractors such as Halliburton Co.

Some anti-war groups think that cutting off funding would be a quick way to end the conflict. Democrats took such action in 1974 during the Vietnam War. When a $70 billion spending measure was up for a vote in September, only 20 House Democrats opposed it. It received unanimous support in the Senate.

War Cost Has Hidden Tolls (MH)

By Kevin G. Hall And Dave Montgomery

The Miami Herald, December 6, 2006

WASHINGTON - During a recent visit to a military family center at Fort Hood in Texas, Joyce Raezer was dismayed to find a sign in a stall in the ladies' room. It asked women to clean up because janitorial service had been cut back.

"What message does that send to a family member when they walk into a family center?" asked Raezer, the director of government relations for the National Military Families Association.

At Fort Leonard Wood in Missouri, swimming pools closed a month early this fall, and shuttle vans were sharply curtailed in an effort to trim spending. At Fort Sam Houston in Texas, unpaid utility bills exceeded $4 million, and the base reduced mail delivery to cut costs.

Belt-tightening at the bases is only the beginning. As the United States spends about $8 billion a month in Iraq, the military is being forced to cut costs in ways big and small.

Soldiers preparing to ship to Iraq don't have enough equipment to train on because it's been left in Iraq, where it's most needed. Thousands of tanks and other vehicles sit at repair depots waiting to be fixed because funds are short.

At the Red River Army Depot in Texas, the Fort Worth Star-Telegram reported in October that at least 6,200 Humvees, Bradley Fighting Vehicles, trucks and ambulances were awaiting repair because of insufficient funds.

There's a virtual graveyard of tanks and fighting vehicles at the Anniston Army Depot in Alabama. Depot spokeswoman Joan Gustafson said that the depot expects to repair 1,885 tanks and other armored vehicles during the fiscal year that began on Oct. 1. That's up from the 1,169 and 1,035 vehicles repaired in the prior two fiscal years.

Some of the depot's private-sector contractors haven't been able to supply enough parts in time to make all the repairs, she said. The depot is trying to reduce the time it takes to get repair and replacement parts from 120 days to 60 days.

Tanks and helicopters are one thing; the toll on America's warriors and their families is another.

More than 73,000 soldiers returning from Iraq and Afghanistan have been diagnosed with post-traumatic stress disorder (PTSD) and with problems such as drug abuse and depression. That's enough people to fill a typical NFL stadium.

Internet blogs written by soldiers or their wives tell of suicide attempts by soldiers haunted by the horror of combat, civilian careers of reservists who've been harmed by deployment and redeployment, and marriages broken by distance and the trauma of war.

"Back-to-back war deployments has changed both of us -- to where it's as if a marriage does not exist anymore," wrote a woman calling herself Blackhawk wife on an Iraq war vets Web site. ``We just go through the daily steps of life and raising children as best we can."

A mother of a returning soldier posted this: "Since he has been back, he has had 3 DUIs, wrecked his truck, attempted suicide, been diagnosed with PTSD" and is being kicked out of the Army.

The length of the war in Iraq has strained all aspects of the armed forces, said Dov Zakheim, who was the Pentagon's chief financial officer from 2001 to 2004.

"In 2003, I don't think anybody predicted it would go as long as World War II and the wear and tear on equipment would be as intense," said Zakheim, now a vice president for global strategy consultant Booz Allen Hamilton Inc. ``When I left the department, we were spending less than $4 billion a month on Iraq. Now it's pretty much doubled."

The length of the Iraq war surpassed that of World War II last month. The costs of the wars in Iraq and Afghanistan and the global fight against terrorism are expected to surpass the $536 billion in inflation-adjusted costs of the Vietnam War by spring. That's more than 10 times the Bush administration's $50 billion prewar estimate.

Through the fiscal year that ended on Sept. 30, Congress authorized about $436 billion in war spending, according to the Government Accountability Office, the investigative arm of Congress.

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In October, President Bush signed legislation that tacked on $70 billion, bringing the total to more than $506 billion. That number will rise again once Congress appropriates Iraq stabilization and reconstruction funding.

The armed services, seeking to replace aging equipment and address quality-of-life issues for military families, are believed to be seeking $100 billion to $160 billion in a supplemental spending bill for spring.

If that's approved, war funding -- three-quarters of it going to Iraq-related operations -- would reach nearly $700 billion. If U.S. troops remain in Iraq through 2010, it will approach $1 trillion.

In January, Nobel Prize-winning economist Joseph Stiglitz released a study that said the true costs of the Iraq war could exceed $1 trillion and perhaps reach $2 trillion.

"When I saw that figure, I thought it was an exaggeration. I no longer think it's an exaggeration," said Rep. John Murtha, D-Pa., a decorated Vietnam veteran who's criticized how the war has been fought and funded.

The Stiglitz report focused on hard-to-measure things such as lifetime care for injured soldiers and the economic effect of higher oil prices as a result of the war. But his final numbers for unofficial costs are on pace to be matched by the official costs -- which don't add the intangibles.

"We were very conservative on the numbers, and the numbers have repeatedly come in higher than we estimated," said Stiglitz, a former chief economist of the World Bank, in a telephone interview from Spain. "Those costs continue to pile up: the healthcare costs, the disability costs, the replacement costs -- and there's obviously an open question now if we ever reconstruct" Iraq.

Here's a look at some of the costs:

· RESET

Until recently, little of the authorized war funding went toward reset, the military term for replacing fighting vehicles, tanks, helicopters and other equipment that are wearing out from heavy use.

"We have a backlog of maintenance work to reset, fix, retool all our equipment, and at the same time we have to take care of our civilian soldiers," said Rep. Solomon Ortiz, D-Texas, who in January will become chairman of the House Armed Services subcommittee on readiness. ``Many of the units in the United States Reserve or National Guard do not have any equipment because their equipment stayed in Iraq . . . Humvees, weapons, trucks, tanks. You name it, they need it."

Gary Schmitt, a defense expert for the American Enterprise Institute, a conservative think tank, said the problem existed before 2001. "The war has obviously made that much worse," he said. "People would be surprised, but the reality is the increases in defense spending have been personnel and operational," not for upgrading or modernizing the armed forces.

The October bridge funding, which bridges the gap that occurs when the fiscal year begins before funds have been appropriated, included $24 billion for reset costs across the armed services. The Army's deputy chief of staff, Lt. Gen. David Melcher, told Congress in March that he expected reset costs of at least $12 billion a year while troops are in Iraq and for two years after withdrawal. In the 2006 fiscal year, the Marine Corps' reset request was three times bigger than its regular procurement budget.

The nonpartisan Congressional Budget Office estimated a $60 billion reset price tag through 2016, assuming a reduction in U.S. troops in Iraq by 2010.

'As long as the current level of intensity is maintained in Iraq operations, there's not going to be enough money to meet all the services' needs," said Loren Thompson, a defense analyst at the Lexington Institute, a military think tank. ``We're really burning up money over there at a furious pace."

Policymakers are stymied in their efforts to predict war costs, partly because the Department of Defense provides only vague estimates of future costs.

"DOD has provided little information about overall requirements to replace worn equipment or to upgrade capabilities, or how war requirements relate to ongoing peacetime investment," Amy Belasco, a defense budget analyst for the nonpartisan Congressional Research Service, said in a September report.

As the chief economist on President Bush's Council of Economic Advisors in 2002 and director of the CBO from 2002 until last year, Douglas Holtz-Eakin wrestled with that same problem. "It was hard to get actual cost data," he said.

· HEALTH

Between Oct. 1, 2001, and June 30, 2006, 35 percent of returning active-duty soldiers and 31 percent of Army reservists and National Guardsmen sought medical care from Veterans Affairs health centers. That figure from the Veterans Health Administration doesn't include treatment at VA hospitals.

In that period, more than 33,000 returning troops received preliminary diagnoses of post-traumatic stress disorder. Others experienced depression and drug abuse.

"The wear and tear on soldiers and the wear and tear on their families have been immense," said John Grady, a spokesman for the Association of the United States Army, a nonprofit group that lobbies on behalf of active and retired soldiers.

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Problems are getting corrected, he said, ``but they're getting corrected very slowly because the money is very slow in arriving."

In the first Gulf war, in which 700,000 U.S. soldiers were involved, 44 percent filed for some sort of disability compensation.

More than 1.4 million U.S. soldiers have been deployed to Iraq and Afghanistan since late 2001, and about 26 percent have filed disability claims, according to raw data provided by the Department of Veterans Affairs. That percentage could grow as soldiers leave the armed forces.

"I see the whole thing as a mini-Medicare, another huge entitlement program which is going to be sprawling out over the course of our lifetimes and our children's lifetimes," said Linda Bilmes, a Harvard University public finance professor and co-author of the Stiglitz study. ``The big costs come when they get back . . . they stand a good chance of being really underfunded and not taken care of properly."

Veterans groups worry that they'll be forced to compete with other government programs for funds. Not enough attention is being given to the future mental health and medical needs of Iraq and Afghanistan war vets, they say, especially given how those wars differ from previous ones.

"First, they are deployed to war longer. Second, they are being deployed to the war zone two or three times. The combat there is more intense than the Gulf War for nearly every one deployed," said Paul Sullivan, a Desert Storm veteran and director of programs for Veterans for America. ``There are no rear-area jobs. Everyone is on the front lines . . . cooks and clerks and truck drivers . . . the entire country is a war zone."

· FUTURE READINESS

Military commanders complain that they've been forced to fight a war on the cheap, despite its large costs. That's because military spending totals about 4 percent of the broader economy, a historically low level. Some critics, including Murtha, want to see more funds dedicated to the military's long-term needs.

"As the ships get older, the airplanes get older, we won't have the deterrent capability that we need," Murtha said.

Big-ticket U.S. military programs have been delayed since the 1990s, said Schmitt at the American Enterprise Institute. There are now so many unfunded replacements and upgrades scheduled in the years ahead that the nation faces a "procurement bow wave" that could swamp the federal budget.

Zakheim, the Pentagon's former CFO, said diverting money from acquisition programs is akin to ``eating our seed corn for the future."

Iraqi Premier Moves To Plan Regional Talks (NYT)

By Edward Wong And Helene Cooper

The New York Times, December 6, 2006

BAGHDAD, Dec. 5 — Prime Minister Nuri Kamal al-Maliki said Tuesday that he would send envoys to neighboring countries to plan a conference on Iraq, adding momentum to calls for a regional approach to quell the increasingly anarchic war here.

Such a proposal is already gaining attention in the United States, where the Iraq Study Group, headed by former Secretary of State James A. Baker III and former Representative Lee H. Hamilton, is expected to recommend Wednesday that the American government should approach Iran and Syria to seek their aid in ending the war. Last week, Kofi Annan, the United Nations secretary general, suggested convening an international conference.

Publicly, the White House has resisted the idea of widening its own diplomatic channels with Iran and Syria, saying that even opening a regular dialogue would be a concession to two governments suspected of fomenting violence in Iraq. But senior Bush administration officials now say they are working out ways to talk to those countries without the White House appearing to have conceded on its principle of giving them the diplomatic cold shoulder.

A State Department spokesman, Sean McCormack, said the United States approved of Mr. Maliki's proposed conference.

"It's absolutely consistent with what the Iraqis have said, that they have the reins on their own diplomacy and how they will relate to their neighbors, and how their neighbors will relate to them," he said.

American diplomats say they could use an international conference on Iraq, possibly the one called for by Mr. Maliki or a resurrection of a forum held in Egypt in 2004, to engage in talks with Iran and Syria.

The talk of a regional conference came as a spokesman for the American military command, Maj. Gen. William B. Caldwell IV, said the Iraqis would take operational control of all Iraqi Army divisions by early summer, and responsibility for security in all 18 provinces by next fall.

He said the timetable resulted from discussions last week in Jordan between President Bush and Mr. Maliki, who has been pressing the White House for an accelerated transfer of authority. So far, the American command has given the Iraqis operational control of 3 of the 10 Iraqi Army divisions and security oversight in two provinces.

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Mr. Maliki's statement on an international meeting was the first time the prime minister had indicated that he wanted a wider regional discussion. It contradicted the stand taken by Iraq's president, Jalal Talabani, as well as that of a powerful Shiite politician, Abdul Aziz al-Hakim, who met with President Bush in Washington on Monday. Both rejected a conference, saying that Iraq would find solutions through internal deliberations.

Mr. Maliki told reporters that a conference should held in Iraq, and that he was seeking support — not interference — from his neighbors.

"We will send envoys to neighboring countries to exchange opinions on matters and to ask the governments of these countries to help reinforce security and stability in Iraq," Mr. Maliki said. "After settling the political climate, we will call for a convening of only those countries that want to ensure the security and stability of Iraq."

Though Iran, Syria and Saudi Arabia have long been accused of aiding militants in Iraq, and the country's Shiite revival has already sent ripples across other Arab nations, most noticeably Lebanon, rulers around the Middle East have been expressing even more concerns about cross-border destabilization. King Abdullah II of Jordan warned late last month, for example, that the Middle East could be shaken by civil wars in Iraq, Lebanon and the Palestinian territories by early next year.

Representatives from the region have met before to discuss Iraq, most recently in September, when foreign ministers from predominantly Sunni Arab countries converged in Cairo. The conference proposed by Mr. Maliki could take place at a higher level and would presumably be more wide ranging, to possibly include Turkey and Iran. Syria reopened its embassy in Baghdad last month after a hiatus of more than two decades.

One of the first international conferences on Iraq was held in 2004 at the Egyptian Red Sea resort of Sharm el Sheik. The conference was attended by the United Nations and the Arab League, as well as Saudi Arabia, Jordan, the United States, Britain, France, Canada, Japan, Iran and Syria.

American officials said the format of that conference might be a good vehicle for indirect talks with Syria and Iran. Administration officials have been working with the United Nations and the Iraqi government to set up the next meeting of the conference, which is sometimes called the Iraq Compact Group and other times called the International Compact on Iraq.

The parties had planned to meet this week in Saudi Arabia, but postponed those plans when Mr. Maliki asked for more time to reach out to Iraq's neighbors, according to senior Bush administration officials.

The question is whether the administration can make the next, yet-unscheduled meeting of the conference substitute for the direct talks with Iran and Syria that many politicians are calling for. Secretary of State Condoleezza Rice and her deputies have been pointing recently to the forum begun in 2004 as a sign that America and Iran have a channel available to talk whenever they want.

"We already have a transparent process we can use to talk to Iran," Mr. McCormack said. "You know, we have this international forum."

General Caldwell's discussion at a news conference of the handover of military authority to the Iraqis next year dovetailed with the other main recommendation expected from the Iraq Study Group's report on Wednesday — that the Americans should steadily reduce the number of combat units in Iraq while increasing the size and number of American training teams embedded with Iraqi units.

Senior American commanders in Iraq say that they doubt that many of the Iraqi units will be capable of fighting the Sunni-led insurgency on their own, even after the Iraqi government gets full operational command of the military, but they say that the influx of advisers should strengthen the Iraqi forces. The Iraqis would then be able to take over most of the fighting by the end of 2007, the commanders say.

The immense security challenge facing the Iraqi and American forces was highlighted Tuesday by a series of particularly brutal attacks across Baghdad that resulted in at least 54 Iraqis killed and scores wounded.

In the deadliest assault, gunmen set off a bomb to stop a bus carrying workers for a government organization that maintains Shiite mosques, then opened fire on the passengers, killing at least 15 people and wounding nine, an Interior Ministry official said. In the Bayaa neighborhood, a triple car bombing near a gas station killed at least 14 people and wounded 25, a hospital official said.

The American military said Tuesday that a soldier had been killed and four were wounded by a guerrilla ambush in northeastern Baghdad on Monday, and that a soldier was killed and another wounded by a roadside bomb in Diyala Province on Monday.

In pushing for a regional conference, Mr. Maliki appeared to be showing more flexibility in looking for solutions to the violence than either Mr. Talabani, the Iraqi president, or Mr. Hakim, the head of the main Shiite political bloc and a rival of Mr. Maliki's.

Over the weekend, Mr. Talabani and Mr. Hakim had reacted with disdain to Mr. Annan's suggestion of an international conference on Iraq.

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Mr. Hakim has very close ties to Iran, ruled by Shiite Persians, and has chafed at the prospect that Sunni Arab countries in the region could get more involved in Iraq. Like many Kurds, Mr. Talabani fears interference in Iraqi affairs by Turkey, which has threatened to invade the autonomous region of Iraqi Kurdistan if the Kurds try to move toward independence or take control of the oil city of Kirkuk.

Mr. Maliki is a conservative Shiite, but is believed to be less closely allied to Iran than Mr. Hakim.

The different positions staked out by the two Shiite politicians suggested that the White House might not have an easy time getting Mr. Hakim to lend full political support to Mr. Maliki, if that had been one of President Bush's goals in inviting Mr. Hakim to the White House.

In a classified memo written last month, Stephen J. Hadley, the national security adviser, suggested that the Americans could build a new political base for Mr. Maliki by urging Sunni Arab leaders and Shiite politicians, especially Mr. Hakim, to back Mr. Maliki. That would then in theory allow Mr. Maliki to break with Moktada al-Sadr, the anti-American Shiite cleric who is Mr. Maliki's main political backer.

For months, American officials have been urging Mr. Maliki to crack down on Mr. Sadr's formidable militia, the Mahdi Army, which has been responsible for waves of reprisal killings of Sunni Arabs. <NYT_AUTHOR_ID>

Edward Wong reported from Baghdad, and Helene Cooper from Washington.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Maliki Seeks Regional Meeting On Iraq Security (WP)

By Nancy Trejos

The Washington Post, December 6, 2006

BAGHDAD, Dec. 5 -- Iraqi Prime Minister Nouri al-Maliki called Tuesday for a regional conference on stabilizing his country but rejected a proposal from U.N. Secretary General Kofi Annan that it take place outside Iraq.

"After preparing the proper political atmosphere, we will call for holding a conference in which all those countries that are interested in the security and stability of Iraq will participate," Maliki said in a televised speech in Baghdad.

He said he would send envoys to neighboring countries, which he did not name. He also did not explain what a proper political atmosphere would be. An aide close to Maliki said the prime minister wants the conference to take place in Iraq under the Iraqi government's terms.

In an earlier statement e-mailed to reporters, Maliki rebuked Annan for suggesting that Iraq was not the right venue. "We consider his invitation to hold an international conference about Iraq as just another way to confiscate the will of Iraqis and their achievements that established democracy, a national unity government and the elected Parliament," he said in the statement.

Under pressure from the Bush administration to rein in violence, Maliki, a Shiite Muslim, said Iraqi leaders would meet in mid-December to reconcile feuding factions and "strengthen the Iraqi national unity."

His comments came a day before the bipartisan Iraq Study Group, co-chaired by former secretary of state James A. Baker III and former representative Lee H. Hamilton (D-Ind.), is set to release a report in Washington recommending ways to reduce the U.S. military presence in Iraq and end sectarian violence. The report is expected to include a recommendation that Iraq and the United States engage in talks with Iran and Syria, which border Iraq. Iraq recently resumed diplomatic relations with Syria after more than two decades of severed ties.

But the Bush administration has long-standing concerns about what officials believe to be Iran's support for Shiite militias and Syria's failure to stop foreign fighters from joining the Iraqi insurgency. High-ranking Iraqi leaders also have reservations about involving the two neighbors.

"What are other countries going to do?" Mahmoud Othman, a Kurdish Coalition member of Iraq's parliament, asked after Maliki's speech. "The problem is between Iraqis now."

Late Tuesday, Maliki released a statement urging university professors and students to ignore "the desperate attempts" of a Sunni insurgent group to keep them from class. The group had sent e-mails to students and posted signs at schools and mosques saying students should stay away while it cleanses the campuses of Shiite death squads.

Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, said at a Baghdad news conference that the military expects the country to be under complete control of Iraqi forces by the middle of 2007, which he called "the year of transition."

"We should see the complete transfer of command and control of all Iraqi army divisions by late spring, early summer," he said, echoing a timetable discussed by Bush and Maliki at their meeting last week in Jordan.

Nasar al-Rubaie, who leads the parliamentary bloc of radical Shiite cleric Moqtada al-Sadr, said Tuesday that he had collected signatures from 115 of the 275 members of parliament calling on the government to draft a timetable for the withdrawal of U.S. forces. The bloc suspended its participation in the government last week. The number of signatures could not be independently verified.

Dozens of civilians died in various shootings and car bombings across the country Tuesday.

The U.S. military reported that 14 Iraqi members of the "Society of Shia" were killed and four wounded when small-arms fire hit the bus carrying them in the Adhamiyah section of northern Baghdad Tuesday morning. A car bomb exploded after they died, a military statement said. Then a BMW was driven into the area and exploded as the injured were being taken to a hospital. The bomb caused no further injuries, the military said.

Three car bombs exploded near a fuel station, killing 16 people and wounding 25, in the southwestern Bayaa district of Baghdad, according to the Associated Press.

In central Baqubah, gunmen raided a house, killing two residents and wounding a third before setting the house on fire, according to an official with the Diyala Joint Coordination Center.

The U.S. military announced that three more soldiers died Monday. A soldier from the 1st Cavalry Division died from wounds suffered from an explosion near his vehicle in Diyala province. A second soldier was wounded in the blast. One soldier died when his vehicle rolled over north of Camp Anaconda in north-central Iraq. Another soldier was killed and five were wounded when insurgents attacked them as they were enforcing curfew restrictions in a northeastern neighborhood of Baghdad.

Special correspondent Naseer Mehdawi in Baghdad contributed to this report.

Baghdad Wants Control Of Talks With Neighbours (FT)

By Roula Khalaf

Financial Times, December 6, 2006

Baghdad has been trying to take ownership of regional policy ahead of the Iraq Study Group report, fearing that changes in US policy will undermine the elected government.

Nouri al-Maliki, the prime minister, said on Tuesday he was sending envoys to neighbouring countries to improve security co-operation and that he would call for a regional conference.

Iraqi leaders have underlined in recent days their opposition to any proposal for an international conference and warned that they, rather than the US, should lead any direct engagement with Syria and Iran.

Direct US talks with Syria and Iran as part of a broader regional initiative is said to be among the policies that will be advocated today by the bipartisan group co-led by James Baker, the former US secretary of state.

While another core proposal may be a gradual redeployment of US combat troops, the Iraqi government has sought to focus the military debate on the need to accelerate the training and equipping of Iraqi forces and on giving greater authority to Baghdad to command and control military operations.

“We have our own views,” Hoshyar Zebari, Iraq’s foreign minister, told the Financial Times. “We have concerns about an international conference because we’re past that stage.”

Iraq “should involve the neighbours instead of the US,” he added. “The elected Iraqi government should take the lead and hold neighbours to account.”

Both the Shia coalition that dominates government and the minority Kurds worry that broader regional involvement will bring new demands on how power should be shared in Iraq.

Sunni Arab states, which would have to be brought into any discussion, for example, are urging a larger political role for Iraq’s Sunni community.

“We the Iraqis are not ready to allow neighbours to dictate the form of political system we have and how we should act,” said Mr Zebari.

Iraqi officials fear that direct US engagement with Syria and Iran could embolden the two neighbours and enhance their regional standing, without necessarily bringing an end to their alleged support for violent sectarian groups.

To underline that the government should be the only party engaging with neighbours Mr Zebari recently invited Walid al-Muallem, his Syrian counterpart, to Baghdad, while Jalal Talabani, the president, held talks in Tehran.

Mr Zebari said he was pushing for a February gathering in Baghdad of foreign ministers from neighbouring countries. Such meetings take place periodically but diplomats say that they have proved no more than a talking shop.

Although much work still needs to be done with neighbours, said Mr Zebari, the dramatic escalation in sectarian violence in recent months has alarmed the whole region. “Everyone is starting to understand that what’s going on has reached a certain level that it could be out of everybody’s control and could spill over,” said Mr Zebari.

Al-Maliki To Call For Regional Meeting (AP)

By Qassim Abdul-Zahra

AP, December 6, 2006

DOJ_NMG_0102968

Iraq's prime minister reversed course Tuesday and said his envoys will talk with Iraq's neighbors about the possibility of a regional conference on quelling the violence here, despite opposition to the plan by some key political allies.

Prime Minister Nouri al-Maliki made the announcement as more than 100 people were killed or found dead in and around Baghdad, underscoring the urgency of finding a solution to the bloodshed.

The U.S. military said three more American troops had died Monday — two as a result of insurgent attacks and one in a traffic accident.

Despite a string of ambushes, mortar attacks and bombings Tuesday, the chief U.S. military spokesman told reporters that all of Iraq would be under Baghdad's control by the fall of 2007, with U.S. soldiers and Marines and other coalition forces playing a supporting role.

Al-Maliki, a Shiite, told reporters that his envoys would talk with other governments in the region, most of them Sunni-dominated, about how they might help establish security and stability in Iraq.

"After the political climate is cleared, we will call for the convening of a regional conference in which these countries that are keen on the stability and security of Iraq will participate," al-Maliki said.

The prime minister's statement fell short of an unconditional call for a conference. Previously, Iraqi leaders have resisted suggestions they include outsiders in efforts to settle their bitter internal divisions.

In recent days, President Jalal Talabani and a leading Shiite politician, Abdul-Aziz al-Hakim, have rejected U.N. Secretary-General Kofi Annan's proposal for a regional peace conference. Annan said such a gathering could be useful if the parties met outside Iraq.

Al-Maliki, though, said any conference should take place in Iraq. Any proposals to emerge, he added, should conform to "what the national unity government wants."

The Bush administration welcomed the announcement. "It's a good idea for the Iraqis to be involved in working with their neighbors on issues of regional security," said White House spokesman Tony Snow.

At al-Maliki's press conference in Baghdad, the Iraqi leader said a frequently delayed national reconciliation conference would convene this month. He also said he planned to reshuffle his six-month-old Cabinet, to increase its "effectiveness and strength," but offered no further details.

Al-Maliki's hedged endorsement of a regional peace conference came one day before the bipartisan Iraq Study Group, co-chaired by former Secretary of State James A. Baker III, is to release recommendations on changing U.S. strategy in Iraq.

The group is expected to suggest that Iraq's neighbors, including longtime U.S. adversaries Iran and Syria, be invited to help in the search for an end to the violence. Al-Maliki did not say whether his envoys would visit those countries.

Al-Maliki was careful not to commit himself unequivocally to a regional conference, perhaps due to opposition to the proposal among his allies.

But the prime minister may feel he cannot reject such a call outright. Instead, his conditions appeared aimed at limiting the scope of the conference, raising the possibility it may not take place soon.

Arab countries like Egypt generally favor such a conference, in part because they increasingly fear the rise of Shiite power in Iraq and the possible growing influence of predominantly Shiite Iran.

But Iraq's Shiites, who dominate the government, fear Sunni-dominated countries will pressure Baghdad to make concessions to Iraq's Sunni Arab minority, which launched the insurgency against the U.S.-led coalition three years ago.

At any regional peace conference, both Iran and Syria would most likely try to increase their influence in Iraq.

The U.S. maintains about 140,000 troops in Iraq and is considering changing its strategic course in the country.

Robert Gates, the White House choice to be the next defense secretary, conceded during his Senate confirmation hearing Tuesday that the United States is not winning the war in Iraq. If the country is not stabilized in the next year or two, he warned, it could lead to a "regional conflagration."

He later said he believes the U.S. is neither winning nor losing, "at this point."

U.S. military spokesman Maj. Gen. William Caldwell told reporters that efforts to transfer security responsibility to the Iraqi military were moving forward. He predicted the entire country would be under the control of Iraqi police and military by the fall of next year.

"We would expect to see the entire country having reached provincial Iraqi control by early fall of next year," Caldwell said. "We should see the complete transfer of command and control of all Iraqi army divisions by late spring, early summer."

The planned transfer of authority, he said, was part of an accelerated timetable discussed by President Bush and al-Maliki last week in Jordan.

Meanwhile, violence persisted unabated.

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Suspected Sunni extremists killed 15 Shiite government workers in an attack on their minibus in Baghdad, the government said. Gunmen halted the vehicle and executed several passengers, who were on their way to work at the Shiite Endowment, a government ministry that acts as caretaker for Shiite mosques.

Fifteen other people were killed near a gasoline station when two car bombs exploded in the capital, police said. And at least 15 died in shootings, bombings and a mortar attack in and around Baghdad. Four bodies were pulled from the Tigris River south of the capital.

Police discovered the tortured bodies of 60 people who had been bound, blindfolded, then shot and left in Baghdad over the past 24 hours, Lt. Mohammed Khayoun said.

An American soldier was killed Monday when attackers fired on a U.S. patrol in northeastern Baghdad, the U.S. command said. Also Monday, a soldier died of wounds suffered in a blast in Diyala province and another soldier died in a traffic accident.

The deaths raised to at least 2,905 the number of members of the U.S. military who have died since the Iraq war started in March 2003, according to an Associated Press count.

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AP writers Hamza Hendawi and Sameer N. Yacoub contributed to this report from Baghdad.

Looking To Themselves For Solutions (LAT)

By Alexandra Zavis And Solomon Moore

The Los Angeles Times, December 6, 2006

BAGHDAD — While Washington waits attentively for the release today of a report calling for new approaches to the Iraq war, leaders in Baghdad have pressed ahead with their own initiatives, some of which differ sharply from Bush administration thinking.

Iraqi Prime Minister Nouri Maliki reaffirmed Tuesday his intention to work with Iran and Syria to stem support for Shiite Muslim militias and Sunni Arab insurgents, an idea likely to be part of today's recommendations from the bipartisan Iraq Study Group led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.).

President Bush has been reluctant to approach either Iran or Syria for assistance.

Other Iraqi proposals dovetail with Bush administration priorities and the U.S. panel's expected recommendations. Maliki's Shiite-led government has pressed for the accelerated training of Iraqi armed forces to quicken the transfer of security responsibilities. And the prime minister has promised to put more effective leaders in his Cabinet, reconcile with Sunnis and dismantle militia death squads blamed for nightly killings.

Few Iraqi politicians have put much stock in the deliberations of the Iraq Study Group or other reviews taking place in Washington.

Most appear preoccupied with gaining the upper hand for a particular sect or ethnicity in the byzantine negotiations that will shape Maliki's promised Cabinet reshuffle. Others say they will reject any Washington proposals on principle.

"We are now under occupation; whatever the occupation produces is considered illegitimate," said Fatah Sheik, an ally of radical Shiite cleric Muqtada Sadr, whose followers have repeatedly fought U.S. forces and account for one of the two largest Shiite factions in parliament.

There is also scant evidence that Iraq's fractured government will set aside its internal differences long enough to implement any of its proposed initiatives.

Maliki's decision Tuesday to send envoys to Iraq's neighbors to pave the way for a regional conference has the potential to further polarize the debate.

While his government courts Iran and Syria, representatives of the disaffected Sunni minority that dominated Iraq under former leader Saddam Hussein have made overtures to Sunni governments in Saudi Arabia, Jordan and Egypt.

Kurdish leaders, for their part, worry that such moves will lead to more foreign interference by hostile neighbors. They prefer to look within Iraq for solutions.

Maliki has made reconciliation with Sunnis leading Iraq's deadly insurgency a central tenet of his administration, promising more meetings aimed at drawing opponents into the political process.

But the prime minister has not specified with whom he plans to negotiate. Not anyone who has killed Iraqis, his government said, and not anyone who has killed Americans.

"Well, if it is an armed resistance, they have to kill somebody," said Wamidh Nadhmi, a Baghdad political analyst.

Many promises have been made, including a softening of the de-Baathification policy that forced thousands of Hussein-era functionaries out of jobs and the disarming of Shiite militias that have targeted Sunnis. But there has been little movement on these initiatives.

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The few Sunni politicians who agreed to participate in Maliki's unity government say they are under increasing pressure to pull out.

Maliki, frustrated by accusations that he isn't doing enough to stop the bloodshed, has pressed hard in recent weeks for a quick U.S. transfer of security control to Iraqi forces.

"Our hands are in cuffs," said Ridha Jawad Taqi, a politician with the Supreme Council for Islamic Revolution in Iraq, the Sadr movement's main Shiite rival.

"We can't do anything unless we have the permission" of U.S.-led forces.

Given a free hand, Maliki said, he could rein in the violence in six months.

Maliki's proposal is similar to those in Washington that call for rolling back U.S. combat units and ramping up training by assigning more American advisors to Iraqi units. But with only three out of 10 Iraqi army divisions under direct Iraqi control, there is a long way to go.

Other factions disagree about the capabilities of Iraqi security forces and their allegiance to the government. Shiite militiamen and Sunni insurgents have infiltrated Iraq's army and police, using them as cover to hunt and kill their rivals.

"The government is very weak, and therefore it is not feasible that it should have full control of security," said Sunni lawmaker Adnan Dulaimi, an opponent of the U.S. occupation who nonetheless recently called American troops for help when his house was attacked. "That the Interior Ministry and the Defense Ministry are divided along sectarian lines [one run by a Shiite, the other a Sunni] is the best evidence that the government is not ready."

Deep differences of opinion extend to Maliki's governing coalition. Iraq's two largest Shiite factions, each backed by a private army implicated in the nationwide violence, disagree on a timetable for U.S. troop withdrawals.

Sadr's representatives want U.S. forces out immediately. The cleric's movement protested last week's meeting between Maliki and Bush by suspending its participation in the government.

"Four years after the Americans occupied Iraq there is no excuse to stay here," said Nassar Rubaie, the leader of Sadr's legislative representatives.

"If the Americans leave Iraq today, Iraq will be secure tomorrow."

But most other Shiites acknowledge that Iraq's fledgling forces still need U.S. support and agree with American Democrats on a phased troop withdrawal.

"We need the United States to be with the Iraqi government as a partner, not a commander," Taqi said.

Shiites are also divided on proposals to split Iraq into semiautonomous regions based on sect and ethnicity.

Abdelaziz Hakim, whose Supreme Council for Islamic Revolution in Iraq has a strong hold on local government in southern Iraq, is pushing for a vote on greater regional authority.

Sadr loyalists oppose weakening the central government.

Such divergent stances on solutions to the war, coupled with an embryonic Iraqi government that has failed to provide basic services or hold parliamentary meetings on a regular basis, threaten to derail any initiatives, whether they come from Washington or Baghdad.

Sunni politician Iyad Samarrai said the government suffered from two major deficiencies: the inability to reach consensus and the inability to carry out policies.

"Many Cabinet ministers are inexperienced and incapable of fulfilling their responsibilities," Samarrai said.

Maliki's plan to replace ineffective Cabinet members with technocrats has broad support — in principle — among the politicians ensconced in Baghdad's fortified Green Zone. But negotiations have featured the same jostling for influence that paralyzed previous attempts at reform. And there doesn't appear to be a sense of urgency for results.

"You have this government hidden in the Green Zone protected by Americans and isolated from people, and the streets are left to the terrorists," said Kurdish legislator Mahmoud Othman. "The citizens don't feel they have a government there to protect them."

A Role For Syria (WP)

By Kenneth H. Bacon

The Washington Post, December 6, 2006

James Baker has never met Alia Al-Naradi, but they both have an interest in seeing the United States engage Syria on Iraq. For Baker, engagement is about stabilizing Iraq to allow the United States to exit gracefully. For Alia, it's about survival.

Alia is an Iraqi refugee who fled to Syria, a country that has absorbed more than 750,000 Iraqis since the beginning of the war. Syria's resources are now stretched thin, and without international help, it may not be able to accept vulnerable Iraqis much longer. Working with Syria through the United Nations to help Iraqi refugees could provide a humanitarian first step for greater engagement.

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My organization, Refugees International, met Alia in Damascus shortly after she and her family fled to Syria in June. Shiite-dominated police had imprisoned her Sunni husband; roving militias fought in her ethnically mixed Baghdad neighborhood; gangs had been holding her nephew hostage for a week. Others waiting with her at the border crossing at Al Tanf said they fled after being kidnapped, tortured or raped, or having seen family members killed.

Syria is the last country in the Middle East to leave its borders open to Iraqi refugees. The United Nations estimates that 1.8 million Iraqis have sought refuge in the region, and Syria and Jordan host the largest concentration.

It can't maintain its open-door policy without international support. Refugees already strain social services. Yet, the international response to the Iraqi refugee crisis has been dismal. Despite numbers that rival the displacement in Darfur, there has been scant media attention and even less political concern. The Office of the U.N. High Commissioner for Refugees is doing little.

An increase in resources for UNHCR could make a huge difference. As winter approaches, the need is growing for portable heaters, warm clothing and help in paying electric bills and warm clothing. Mental health services for traumatized Iraqis are equally needed. And legal and financial help to maintain their visa status would prevent deportations back to a precarious life in Iraq.

Working through the United Nations or directly, the United States has an opportunity to engage with Damascus to mitigate the suffering of Iraqi refugees and the growing burden on Syria. This would advance both Alia's interests and Washington's.

The writer is president of Refugees International.

The Price Of Iran's Help (WP)

By David Ignatius

The Washington Post, December 6, 2006

DUBAI -- On the eve of the Baker-Hamilton commission's report, a top Iranian official set a tough condition for his country's help in stabilizing Iraq, saying that Tehran isn't interested in such cooperation unless the Bush administration sets a timetable for withdrawing its troops.

Ali Larijani, Iran's national security adviser, said in an interview that a U.S. plan for removing "occupation forces" from Iraq would be considered "a sign of a change in strategy." In that case, he said, "Iran would definitely extend the hand of assistance and would use its influence to help solve the problem."

The Iranian official made his comments after a speech yesterday to a conference here called the Arab Strategy Forum. His remarks were the clearest statement I've heard of how Iran views its role in the region following what he described as the failure of U.S. intervention in Iraq, Afghanistan and Lebanon. His tone was triumphalist: In his view, America is bogged down in Iraq and "in dire need of change," while a newly confident Iran is positioning itself as a dominant power for the region.

"When we face a strategic stalemate, we can break it only by changing the strategy itself," Larijani said in his speech. He explained that America's choice was to stick with a failing strategy of unilateralism, tinker with it to "retard the process" of defeat, or replace it altogether with a new strategy of "interdependence" that recognized Iran's primacy as a regional power. By embracing a new strategy, he said, the United States "would bring psychological calm to the region and help America to behave in a more rational way."

When I asked Larijani later at a news conference what Iran would regard as evidence that the Bush administration was indeed changing its strategy, he said, "The clearest sign would be the exit or evacuation of U.S. forces," adding: "Should there be a timetable presented, that would serve as a positive sign."

On the nuclear issue, Larijani said that a U.N. Security Council sanctions resolution reportedly drafted this week by Russia and France would not stop Iran's uranium-enrichment efforts. "I announce: This is not effective," he said.

After these public comments, Larijani talked one-on-one about the changes he thinks have been set in motion by the Republican Party's defeat in last month's congressional elections. He wouldn't talk in detail about the likely recommendations of the Iraq Study Group, headed by former secretary of state James A. Baker III and ex-representative Lee Hamilton. But he indicated that if the Bush administration embraced a call for gradual withdrawal, Iran would agree to join discussions on Iraq and Afghanistan. Though he called repeatedly for a U.S. withdrawal plan, Larijani didn't explain how the resulting vacuum would be filled in a way that avoided all-out civil war.

Harvard professor Graham Allison, who had a private talk with Larijani following mine, said: "In discussing Iraq after U.S. withdrawal he didn't seem to have a credible idea of what comes next."

As for the idea of a regional peace conference involving Iraq's neighbors, Larijani told me he favored a smaller group of countries that are committed to the "new paradigm" in Iraq flowing from its democratic elections and constitution -- both of which enfranchised Iraq's Shiite majority. "We are against a tribal democracy," he said.

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Larijani said President Bush's statement in an interview with me in September, in which Bush recognized Iran's status as an important nation in the region, was "the first sign of having any respect for the long history and cultural background of Iran." But Larijani said the administration needed to accompany such rhetoric with a halt to its "adventurous moves" against Tehran. "The Iranian people might be great and gracious, but not naive," he said.

Larijani isn't proposing a grand bargain but a ruthlessly pragmatic one shaped by Tehran's view of current realities: Iran is up, America is down, and any post-Iraq settlement should reflect those facts. That's the steep price of Tehran's help.

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In a column last week, I praised Republican Sen. Chuck Hagel for his prescient early warnings about the risks of U.S. involvement in Iraq. Some readers complained that for all his prescience, Hagel still voted to support the war, and that I was ignoring the many Democrats who were similarly wary of Iraq -- and who voted against war funding. These readers are right. Hagel took political risks expressing his concerns back in 2003, but so did Democrats who voted against the Iraq mission despite a vitriolic barrage from the administration.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Gen: Iraq To Command Own Forces By Spring (AFP)

AFP, December 6, 2006

Iraq's government will have command of its own armed forces by the middle of next year, a US general has said, revealing details of a deal between the US president and the Iraqi prime minister.

US military spokesman Major General William Caldwell said Tuesday Prime Minister Nuri al-Maliki and President George W. Bush had agreed on an "accelerated timetable" for Iraq to take charge of its own security.

The announcement came on the eve of a much-anticipated report from a panel of US experts which is expected to recommend that US forces in Iraq do exactly that, in order to disengage American troops from Iraq's bloody conflict.

"We would expect to see the entire country having reached Iraqi provincial control by the fall of next year," Caldwell told reporters in Baghdad.

"We should see the complete transfer of command and control of all Iraqi army divisions by late spring early summer," he added.

"This is all part of the accelerated timetable that was discussed by the prime minister and the president of the United States when they were in Jordan," referring to a meeting in Amman last Thursday.

"I think what you'll find from here is that 2007 is going to be the year of transition. We are going to transition security responsibility to the government of Iraq and their security forces," he said.

Currently only two of Iraq's 18 provinces are under direct Iraqi security control and only two of the country's 10 army divisions answer directly to Maliki rather than to US General George Casey's headquarters.

Caldwell said, however, that increasing numbers of America's 150,000-strong force would be assigned to "transition teams" directly inside Iraqi units to speed their training and coordinate operations with US support units.

These moves are among ideas expected to be recommended by former US secretary of state James Baker's Iraq Study Group on Wednesday, but Caldwell said the revised plan had come from the military itself.

"What's happening back in Washington... we'll take whatever guidance we're given but we're already refining and making adjustments here based on General Casey's guidance," he said.

"The mission of our forces here is to set the conditions to allow the Iraqi security forces to be successful in providing security for Iraq so that Iraqis can determine the future of Iraq," he added.

What Would Happen If The U.S. Left Iraq? (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, December 6, 2006

Bush predicts a surge in terrorism and others see regional civil war as the greatest risk.

WASHINGTON — With Americans leaning consistently in favor of disengagement from Iraq, President Bush has warned that a precipitate withdrawal would create a terrorism superstate in the Middle East that is rich with oil cash and determined to topple moderate governments around it.

But to many U.S. lawmakers, regional experts and Middle East leaders, the chief risk is not a more menacing version of Taliban-dominated Afghanistan, but a Lebanese-style civil war that could result in the deaths of thousands more Iraqis and expand the conflict by drawing in neighboring states.

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The sharply differing views color the growing debate over the consequences of withdrawal as incoming Democratic congressional leaders demand a troop drawdown and Bush opens the door to new approaches. A majority of Americans favor at least a partial withdrawal, but the administration also is considering a temporary troop increase as part of an effort to step up training of Iraqi forces.

A study panel chaired by former Secretary of State James A. Baker III and former Rep. Lee Hamilton (D-Ind.) will offer recommendations today for gradual troop withdrawals. Its final report is expected to reject a quick withdrawal, but key members have signaled that the U.S. commitment eventually should come to an end.

Bush has warned repeatedly of what he sees as the dangers of a swift exit.

"If we do not defeat the terrorists and extremists in Iraq, they will gain access to vast oil reserves and use Iraq as a base to overthrow moderate governments across the broader Middle East," he said Oct. 25 at a White House news conference.

Terrorists "will launch new attacks on America from this safe haven," Bush said, and "will pursue their goal of a radical Islamic empire that stretches from Spain to Indonesia."

But many others believe the increased risk of terrorism would be confined to limited portions of Iraq.

Some experts argue that many Iraqis, including some Sunni Arabs, as well as Shiites and Kurds, already are unhappy with foreign terrorists and would try to drive them out.

John McLaughlin, former acting CIA director, said there was less risk of an Al Qaeda-like terrorist group taking control of the entire country than of a "civil war in which you have the disintegration of the country and a widening set of tensions and potential conflicts throughout the Middle East."

In such circumstances, "Al Qaeda could gain a foothold in some piece of territory," said McLaughlin, now at the Philip Merrill Center for Strategic Studies at the Johns Hopkins University School of Advanced International Studies.

Sen. Lindsey Graham (R-S.C.), who favors an increase in U.S. troops, agreed that the greatest risk is not an Al Qaeda takeover but a "wider regional war around ethnic and religious differences."

But even if Iraq wasn't taken over by terrorists, he said, a U.S. withdrawal would hearten Islamic militants and strengthen them in their fight against moderate states in the region.

Neighboring countries may initially choose a side and support it with money and weapons. Sunni-led states, perhaps Syria and Saudi Arabia, could come to the aid of Sunni groups, while Iran might help the Shiite south, said Stephen Biddle, a military affairs specialist at the Council on Foreign Relations.

But if it appears that their allies are about to lose, the states might feel pressure to increase their commitment, and might escalate the conflict by sending in their own troops, he said.

"I see a lot of warfare going on here before anyone can form a stable state out of Iraq," Biddle said. "We're more likely to get a regional version of Lebanon, and chaos, than the quick formation of a new order under a party we don't like."

Sen. Jack Reed (D-R.I.), one of the Democrats' point men on Iraq, sees progressive fragmentation along sectarian lines in Iraq. But he argues that a reduction in U.S. forces would not worsen the trend, "because those dynamics are going on regardless of our presence."

Even in a drawdown, Reed said, the U.S. could train and support Iraqis, and could continue to go after Islamic militants in such places as Sunni-dominated Al Anbar province.

Syrian President Bashar Assad, among other Middle Eastern leaders, has said that the growing sectarian pressures in Iraq are likely to draw in other countries.

"Almost all countries have breaking points, and when the ethnic-religious break occurs in one country, it will not fail to occur elsewhere too," Assad recently told the German magazine Der Spiegel. "Large wars, small wars — no one will be able to get a grip on the consequences."

Like Bush, some U.S. military commanders fear an outburst of terrorism after a withdrawal.

Army Gen. John P. Abizaid, the top U.S. commander for the Middle East, predicted in Senate testimony this fall that the Sunni Arab areas of central and western Iraq would not be viable as an independent state and would turn into a lawless haven for groups such as Al Qaeda.

But other analysts believe Sunnis would have little tolerance.

"We know they're already rather sick of the foreign terrorists, and could boot them out," said Wayne White, a former State Department intelligence official. "In the worst case, there would be only pockets of terrorists in the Sunni areas."

A U.S. withdrawal also would affect the growing regional influence of Iran, but there is little agreement on what a pullout would mean for Tehran.

Some, such as Graham, believe that "Iran would be the biggest winner" of a U.S. exit because it would gain strong influence over Iraq's Shiite south and an increased ability to dominate others in its region.

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But others believe that though the U.S.-led invasion of Iraq has greatly increased Iran's regional influence, a withdrawal would be a setback, forcing it to become a caretaker of disorderly southern Iraq and threatening to embroil Tehran in a costly regional civil war.

"The American presence has greatly facilitated an expansion of Iranian influence, and they would probably prefer to have us stay and continue to bear the burdens," said James Dobbins, a veteran diplomat who was a senior envoy for the Bush administration and is now director of Rand Corp.'s International Security and Defense Policy Center.

Indeed, some analysts believe that a withdrawal could benefit the United States by breaking up the alliance between Iran and Syria. That could happen, they say, should Syria side with the Sunni west as Iran comes to the aid of the Shiite south.

A civil war could reduce Iraq's oil output and increase world prices, but most experts doubt that Iraqi reserves would be used as a weapon against the U.S., even if Iraq comes under the influence of Iran.

"They're going to need the money," said Peter Khalil, an analyst at Eurasia Group, a risk-advisory consulting firm, and a former advisor to the Coalition Provisional Authority in Iraq. "They're not going to want to shoot themselves in the foot."

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Why We Persevere (WP)

By William Caldwell IV

The Washington Post, December 6, 2006

BAGHDAD -- I don't see a civil war in Iraq. I don't see a constituency for civil war. The vast majority of the people want hope for their families, not to massacre their neighbors or divide their country. A poll conducted in June by the International Republican Institute, a nonpartisan group that promotes democracy, found 89 percent of Iraqis supporting a unity government representing all sects and ethnic communities. No wonder no "rebel army" steps forward to claim credit for vicious car bombs and cowardly executions of civilians.

I see debates among Iraqis -- often angry and sometimes divisive -- but arguments characteristic of political discourse, not political breakdown. The Council of Representatives meets here in Baghdad as the sole legitimate sovereign representative of the people, 12 million of whom braved bombs and threats last December to vote. No party has seceded or claimed independent territory.

I see a representative government exercising control over the sole legitimate armed authority in Iraq, the Iraqi Security Force. After decades in which the armed services were tools of oppression, Iraq is taking time to build an army and national police force loyal to all. There have been setbacks, but also great successes. In Fallujah, a city almost lost two years ago, I have seen the cooperation between the local army commander, a Shiite, and the police chief, a Sunni.

I don't see terrorist and criminal elements mounting campaigns for territory. Al-Qaeda in Iraq doesn't use roadside bombs, suicidal mass murderers and rocket barrages to gain and hold ground. Extremist Shiite death squads don't shoot people in the back of the head to further their control of the government. I do see random executions seeking to instill fear and insecurity. I don't see a struggle between armies and aligned political parties competing to rule.

I studied civil wars at West Point and at the Army Command and Staff College. I respect the credentials and opinions of those who want to hang that label here. But I respectfully -- and strongly -- disagree. I see the Iraqi people suffering from overlapping terrorist campaigns by extremist groups combined with the mass criminality that too often accompanies the sudden toppling of a dictatorship. This poses a different military challenge than does a civil war.

As the Iraqi people labor to build a country based on human rights and respect for all citizens, they are moving from the law of the gun to the rule of law. Violence will increase before life gets better. Those who know that freedom and democracy offer more hope than anarchy will not give up.

Regardless of what academics and pundits decide to label this conflict, hundreds of thousands of brave Iraqi soldiers, police officers and civil servants will continue to go to work building a free, prosperous and united Iraq. And every day more than 137,000 U.S. servicemen and servicewomen will lace up their boots, strap on their body armor and drive ahead with our mission to support these courageous Iraqis.

Army Maj. Gen. Caldwell is the chief U.S. military spokesman in Iraq.

Knowing When To Let Go (WP)

By Mark Moyar

The Washington Post, December 6, 2006

In moving to swiftly transfer security responsibilities to the Iraqi government, the Bush administration appears to be heeding lessons learned during America's closest historical precedent, the Vietnam War. In Vietnam, the United States found that

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indigenous troops were inherently better suited to local security tasks than Americans. Because they spoke the language, had relatives and friends in their operational areas and belonged to the same ethnic groups, they were better able to get information from civilians. They knew where the enemy was likely to hide, and could identify him by noticing subtle distinctions that escaped American troops.

During the Vietnamization period, from 1969 to 1972, the reduction of U.S. involvement in security operations galvanized the South Vietnamese forces to become more proficient. Moreover, the Saigon government's handling of sectarian unrest showed that the Vietnamese knew better than the Americans how to solve their own political problems. Recent comments from the Bush administration indicate that America will spend less time telling the Iraqis how to solve their political problems.

Restoring order will require numerous decisions based on perceptions of the beliefs, loyalties and alliances of particular Iraqis. No American is likely to perceive these things as accurately as an astute Iraqi. If Prime Minister Nouri al-Maliki is to be an effective national leader, we must let him use his own judgment.

During Vietnamization, the United States installed more advisers with South Vietnamese forces, just as we are now planning to do with Iraqi forces. American advisers helped in South Vietnam, but we have exaggerated the importance of their role. By far the most important factor in South Vietnamese units was the quality of their own leaders, and the same has generally been true in other countries with authoritarian traditions like Iraq's. As in Vietnam, U.S. advisers should seek to persuade Iraqi authorities to replace bad commanders.

But in any war, the ultimate objective is political, not military, and thus military competence must, in the end, be subordinated to attainment of the desired political goal. South Vietnam's premier had to engage in a delicate balancing act to keep enough competent officers in power while also keeping enough loyalists to prevent fractious military officers from starting a rebellion. The national leader in Iraq must likewise figure out how to employ some good commanders while also selecting some simply for the purpose of co-opting various factions.

Critics of Vietnamization point to the ultimate defeat of South Vietnam. But in fact the South Vietnamese largely pacified their country by 1971, and defeated a massive conventional North Vietnamese invasion in 1972 without the help of U.S. ground forces. They ultimately lost because the United States withdrew support while the North Vietnamese enjoyed enough superpower support to mount an even larger offensive in 1975.

Iraq's security forces are not going to experience anything resembling the 1975 offensive; they need only end the low-intensity fighting among Iraqis. But this task will require great political skill on the part of Iraq's prime minister. We will find out very soon whether he possesses it.

Mark Moyar is the author of "Triumph Forsaken: The Vietnam War, 1954-1965."

Fallujah's City Council Battles To Hold Its Ground (CSM)

By Scott Peterson, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, December 6, 2006

Despite threats from insurgents, Iraqi leaders meet weekly to address the concerns of citizens.

FALLUJAH, IRAQ

His voice cracking with emotion and anger, the mayor of Fallujah lashes out at his city council: Insurgent violence is growing, he tells them, and they're not trying to stem the tide.

"You haven't done anything," says Jassim Bedawi. "When Sheikh Kamal and Sheikh Hamza got killed, what had you citizens done to prevent their deaths?"

Mayor Bedawi is a rare phenomenon: an Iraqi still willing to participate in a democratic institution once seen as central to the rebuilding of Iraq. No other city council operates in the insurgent-riddled Anbar Province. But the embattled Bedawi - whose family, like those of other members, is under threat of kidnapping or worse - continues to forge ahead in one of the most stressful jobs the city has to offer. No debates over parking or playground equipment occupy his agenda. Issues of life and death occupy him and a number of city councilors who meet every Tuesday - as well as the question of whether they will survive a US pullback from the city. The Marine presence is reviled by many here, even though many recognize its importance to maintain some level of protection and even reconstruction.

"The people of Fallujah are not standing with me," the mayor complains, saying that without such support, asking for help from the central government could "get my head cut off, or a member of my family kidnapped."

"Citizens can't just come here and make requests," says Bedawi. "They must also give support."

Two years after US marines invaded Fallujah to force out insurgents who had made the city off limits to US forces, militants are filtering back into the city, despite only six entry points, which are heavily guarded. Since August, they have waged a campaign of intimidation that has left two key councilmen and the deputy chief of police chief murdered, and a trail of threats against those who persist.

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The previous mayor fled to Syria earlier this year, after a dispute with the Ministry of Defense in Baghdad over his plans to raise a local Sunni militia.

On this day in late November, the meeting begins with three men who complain about shootings by US Marines - one of them fatal - of their sons and a nephew. They demand prosecution of the "snipers" involved, and their removal.

The council also discusses compensation by the military for occupation of certain properties; they had previously dismissed 300 false claims by residents. They talk of the need for US forces to "get close to the people" and how the US election is likely to change their lives. They ponder who will guard the phone exchange after repairs by US forces.

"I'm in awe.... Against all odds, they continue to meet," says Col. Lawrence Nicholson, the Marine regimental combat team commander who attends every meeting. "I don't know how resilient we [Americans] would be, if [insurgents] came to our door and said: 'We will kill your family.' "

"Witness No. 1," a man called Khalid with a bandaged wrist and his arm in a sling, tells how his teenage son Hamidi was shot by a Marine "sniper" on Oct. 30 from Observation Post Fenton, a tall house with three lookout positions on the main east-west artery. The son died a week later; Khalid was wounded, and a neighbor boy who came to assist him was also shot.

The family home is near OP Fenton. Marines there, officers say, believed that Hamidi was armed with a grenade.

"No matter how much compensation, it will not be worth a dime when I go to my son's funeral," Khalid told the council and the officers present. "I want the sniper to be prosecuted, according to the law."

A third witness speaks of a shooting of his nephew from the "sniper's building" on Nov. 19. He asks that the position be moved, "because the sniper does not differentiate between terrorists and civilians."

Colonel Nicholson - a stickler on abuse, say marines under his command - stands, promising a full investigation and "my word that we will clean up this situation."

"What we have heard is ... a tragic event for all of us who call Fallujah home," says Nicholson, reminding them that he has investigated "every allegation" in his 10 months in Iraq.

"In many cases, we have pulled marines who do not act properly out of the city," Nicholson says. "I have sent marines back to the US, because they did not deserve to be able to serve here. They had betrayed my trust; I lost confidence in them."

"I must point out that this sniper position is where it is to save all lives," he says, noting that three Marines had been shot at by Iraqi snipers in the previous 48 hours.

"While I will not tolerate a Marine shooting an innocent, I think we all have to understand ... the number of IEDs [roadside bombs] that are planted in this city every day ... kill police, Iraqi Army and marines, and wound them," says Nicholson. "I could spend every meeting parading 30 victims in here."

The shooting illustrates the difficulty of policing a Sunni city where insurgent attacks have spiked, and the population - according to uncertain military estimates - has jumped by some 80,000 to about 350,000 from before the invasion of late 2004, which destroyed much of the city.

Marine officers note that, in the 45 days prior to the shooting incident, marines had reported a half-dozen incidents of teenagers or children throwing grenades at US forces. "This is the tough thing that is Fallujah," says Lt. Col. Harold Van Opdorp, a commander from Stafford, Va., of the 1/24 Marines battaltion, with units in the city. An initial investigation concluded that the shooter believed the teen was throwing a grenade, though it was not clear if such a weapon was located.

The marines have seen a "significant increase in the level of violence" directed at them in Fallujah in the last four months, says Colonel Van Opdorp.

That dynamic adds a degree of combustibility on the streets as the Marine presence shrinks. There are now fewer than 300 marines who work in Fallujah, and half of those are not based inside the city limits. Most are likely to be pulled back in the next few months.

The mayor notes that the area around OP Fenton is relatively safe, and that there should be communication between the sniper and residents. "If a sniper actually sees someone place an IED, yes, please shoot them," says Bedawi. "Look at this sniper incident, which has set a bad example for all the citizens of Fallujah of the marines."

Clouding all the proceedings are the pall of numerous threats, and the awareness that, outside this fortified meeting place, these men and one woman are top targets for insurgents. The mayor relates threats aimed at his wife, sent by cellphone, and warnings against his family. At one point, he lowers his head into his arms in despair. Later, while discussing the theft of city and business property, he laments how little good citizenship seems to be taught by the 76 mosques here.

But Fallujah is buffeted as much as any city in Iraq by forces beyond local control. The US State Department official for Fallujah, Kael Weston, stands up to describe the consequences of the shift of congressional power far away in Washington.

The mood in America about Iraq is that "people are anxious," Mr. Weston tells the council. "It pains them as much as it pains you, to see the kidnapping in Baghdad, and see the killing that's going on. But Americans are not the most patient people in the world [and] are looking for changes.

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"So until I leave and the marines leave, we will make small steps [of progress], and that is probably the most lasting contribution we can make," says Weston.

"We've made many mistakes, and I've not pretended otherwise. And unlike most Americans, I've lived through 3-1/2 years of those mistakes," adds Weston. "I think it would also be unfair to indict the American government, because we did not have a perfect crystal ball."

Still, he says, the future "will be determined more by you and less by us. And that's not necessarily because we wanted it that way, but that's the reality we face."

"This is escaping from the reality," protests "Engineer Khalid," a councilman.

"If Iraq fails, America fails - I've said that before," replies Weston. "And we don't like to fail."

The meeting shifts to talk of school opening days, and the US colonel asks who will protect the telephone-exchange boxes.

"Americans will guard it," suggests the mayor, helpfully.

"We're supposed to be going home!" replies an exasperated Nicholson. "Americans guarding this is a step backward, not a step forward."

The next issue: The recent killing of one British and three Iraqi security contractors, while trying to deliver crucial medical equipment to a local clinic.

"The simple, ordinary people thought that the Ministry of Interior [which is Shiite controlled, and widely blamed for operating death squads against Sunnis in Baghdad] sent three trucks of medicine, most of it expired and poisoned," explains Engineer Khalid. "We support you, [but] this was something taken advantage of by the other side, to aggravate the people."

The question for Fallujans is whether such an atrocity will be more likely, or less, after Americans withdraw.

Bedawi voices concern for the day when Fallujah is handed back fully to Iraqis. When asked how capable the council will be then, he pulls a reporter aside.

"We don't want the Americans to leave until the Iraqi Army and Iraqi Police are rebuilt and well armed, and they kill a lot of people from Al Qaeda, and dismantle militias, and kill extremists," he says. "After that, the Americans can leave."

"I think we are capable enough, to do our work without the help of any side," says secretary Abbas Ali Hussein with a well-practiced optimism after the meeting. "No one in our city council is intimidated."

"Rebuilding now is going on very well; people are appreciating what is going on," says Mr. Hussein, adding that vigilante groups are being formed to go after militants. "There is a wakening in the city toward us, and ideological disgust of Al Qaeda.

"People have begun to realize their interests, [and that militants] are pushed by foreign hands, just to kill the will of the people toward welfare and prosperity," he continues. "Everybody who works for the sake of his people and his country - he will be secured first by God."

At Least 5 Marines Are Expected To Be Charged In Haditha Deaths (NYT)

By Paul Von Zielbauer

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — At least five marines are expected to be charged, possibly as early as Wednesday, with the killing of 24 Iraqis, many of them unarmed women and children, in the village of Haditha in November 2005, according to a Marine official and a lawyer involved in the case.

The charges are expected to range from negligent homicide to murder, said a senior Pentagon official familiar with the military's nearly nine-month investigation into the episode. Several marines from the Third Platoon of Company K, Third Battalion, First Marine Regiment, are accused of killing the villagers after a roadside explosion killed one of their comrades.

Charges could also be brought against an additional one or two marines, the Marine official said, including one officer who was in the vicinity of the killings but did not participate in them.

Though it was nearly certain that marines would be charged with crimes for the killings, exactly when the charges would be made official was unclear, military officials and defense lawyers involved in the case said. But they said charges could closely follow a closed-door briefing by Lt. Gen. Richard F. Natonski, the Marine Corps deputy commandant for plans, policies and operations, to the House Armed Services Committee on Wednesday morning.

That briefing will relate the findings of a military inquiry into how the Marine Corps managed its investigation of the slayings, which began with an inquiry in March, four months after the killings occurred, the Pentagon official said. Aides to committee members said that Marine officials promised a confidential briefing before any charges were announced.

According to the Marine official and the defense lawyer representing one of the marines under investigation, criminal charges will be filed against Staff Sgt. Frank D. Wuterich, 26, of Meriden, Conn., the squad's leader; Lance Cpl. Stephen Tatum, 25, of Edmund, Okla.; Lance Cpl. Justin Sharratt, 21, of Carbondale, Penn.; Cpl. Sanick Dela Cruz, 24, of Chicago; and Cpl. Hector Salinas, 22, of Houston.

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The 5 marines are said to have been the ones who killed the 24 Iraqis, including 5 men in a taxi that approached the marines' convoy after the explosion that killed a 20-year-old lance corporal, and 19 other civilians in several houses nearby. About 10 of the dead were women and children who appeared to have been killed by rifle fire at close range, military officials said.

The marines have said they believed that they were coming under small-arms fire from a house on the south side of the road.

Jack Zimmermann, a lawyer for Lance Corporal Tatum, said his client had responded appropriately to a lethal attack in a dangerous region of Iraq. "There was no crime committed," Mr. Zimmermann said.

Mark Zaid, a lawyer representing Sergeant Wuterich, said his client acted in accordance with military rules of engagement.

"We emphatically deny that Staff Sergeant Wuterich participated in any unlawful killings that day in Haditha," Mr. Zaid said. "The collateral civilian deaths were absolutely tragic, but occurred as a result of legally justified actions that routinely occur during time of war."

Lawyers for the other three enlisted marines declined to comment.

The senior Pentagon official said that no other marines would face charges in the case. "The only people who will be charged with an offense will be those individuals who did the shootings," the official said last week.

But the Marine officer, interviewed on Tuesday, said that he expected charges to be brought against one or two additional marines, including one officer.

"I don't see just five of them being charged," the official said. "I see six or seven. One of them, I see, is an officer."

That officer, the Marine official said, was First Lt. William T. Kallop, 25, the only officer at the scene, who arrived sometime after the initial explosion that led to the marines' sweep of the nearby homes.

A lawyer for Lieutenant Kallop declined to comment Tuesday. <NYT_AUTHOR_ID>

David S. Cloud contributed reporting.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Marine Corps Nears Haditha Charges (AP)

By Thomas Watkins

AP, December 6, 2006

Military prosecutors are close to charging some of the Marines involved in the deaths of 24 civilians in the Iraqi town of Haditha last year, the Marine Corps said Tuesday.

It is the first time the Corps has said it will file charges in the deaths, which included unarmed women and children and followed the killing of a Marine by a roadside bomb in the town.

Defense lawyers for some members of Kilo Company, 3rd Battalion, 1st Marine Regiment have said their clients were following rules of engagement when they returned fire after the bomb went off Nov. 19, 2005.

Lt. Gen. James Mattis has examined the investigations into the killings and has made initial decisions about what action to take, Marine spokesman Lt. Col. Sean Gibson said Tuesday in a news release.

Gibson declined to say how many Marines would be charged or what crimes prosecutors would allege.

The Marines initially reported that 15 Iraqi civilians had been killed by a makeshift roadside bomb and in crossfire between Marines and insurgent attackers. After media reports surfaced in March that the killings were deliberate, the top Marine commander in Iraq ordered a crimnial investigation.

A parallel investigation examined whether officers in the Marines' chain of command tried to cover up details of the killings. Results of the probes have not been made public.

Gibson said the Marine Corps would brief members of both the Senate and House Armed Services Committees this week on the findings of the investigations.

Washington-based attorney Mark Zaid, who represents squad leader Sgt. Frank Wuterich, said he had not heard if his client was going to be charged.

"We'll be prepared," Zaid said in a telephone interview. "If they file anything we will refute them. Our position remains that the collateral deaths of civilians was a tragedy but all of them were legally justified actions in a time of war."

In a separate case involving Camp Pendleton Marines, an eight-man squad was accused of kidnapping and murdering an Iraqi man in the town of Hamdania. That case is working its way through the military courts.

As War Ravages Baghdad, City's Ambulance Workers Must Pick Up The Pieces (NYT)

By Michael Luo

The New York Times, December 6, 2006

DOJ_NMG_0102979

BAGHDAD — Each time emergency workers return to the Mansour district ambulance station after a run, they jot notes in a dog-eared logbook that doubles as a grim diary of life here in the capital.

Sept. 10, for example: bombing with two dead.

Or Sept. 29: woman shot in the abdomen.

Oct. 10: man with shrapnel wounds.

Ambulance workers have among the clearest views of Baghdad's descent into chaos. As the city has disintegrated around them, they have been left to pick up the pieces. They are often overwhelmed, and have increasingly become targets themselves.

"These three years have been equal to 16 years as a paramedic," said Ali Jasim, 38, before he set off on a convoy carrying medicine and other supplies to Balad, a town north of the capital that was the site of horrific sectarian bloodletting.

Before the collapse of Saddam Hussein's government in 2003, so-called hot calls, for bombings or shootings, were virtually nonexistent for Baghdad's emergency workers. Now most of Baghdad's ambulance calls are hot. A relatively calm 24-hour shift might mean having to wash the blood from their clothes only once, the workers say.

In this war-ravaged city of five million people, only about 90 ambulances and crews are typically available on any given day for emergency calls, said Dr. Hashim Jabbar Muhammad, chief of the Health Ministry's emergency directorate. He said international standards recommended several times that number for a city this size.

The city's emergency dispatch system, the Iraqi equivalent of 911, amounts to a dingy room with 10 phone lines; on a recent visit, three of them were broken. Calls come in at a rate of about one every 10 minutes, although residents often complain that the lines are busy.

Each call requires a cumbersome process of calling back to make sure the call is legitimate.

The ambulance corps here and elsewhere in Iraq feel each spike in violence. When sectarian assassinations surged after the attack on a sacred Shiite shrine in Samarra, 60 miles north of Baghdad, in February, the Baghdad ambulance drivers who pick up dead bodies were swamped.

The capital's maddening traffic, and the fact that most residents ignore sirens, compound the challenges. Ambulance crews are also treated with suspicion by American troops because militants have been known to use ambulances to transport weapons or bombs. The Americans frequently pull over ambulances in the middle of runs to search them.

Emergency workers earn salaries that are often barely enough to live on, as little as $80 a month for new paramedics. Drivers are also held responsible for any damage they incur on their vehicles.

"I wish I could quit," said Muhammad Nerous, 26, who has been a paramedic for six years and works at a station in the Bab Sharji neighborhood. "Every day when I come to work, I pray there will be no explosions because I am fed up with these scenes."

As they rush to bombings now, a secondary blast is often aimed at them. Eleven emergency workers were killed in 2006. Previously, six others had been killed since early 2004, when the department started keeping track.

More than 10 percent of Baghdad's ambulance drivers have resigned in the last three months alone as violence has escalated, said Dr. Muhammad of the Health Ministry.

On a typical call last month, a crew from the center in Mansour, a troubled western Baghdad neighborhood, transported a woman who had just gone into labor to the hospital. But after dropping her off, a firefight broke out nearby, and the crew was stuck in the cross-fire.

Upon their return, the workers scrawled a new notation in the logbook: "We could have been killed for this assignment. But God's protection was available."

It was apparently unavailable several months ago when gunmen killed an ambulance driver from Mansour en route to the dangerous southern neighborhood of Dora. As the ambulance was stopped in traffic, two men appeared and sprayed the vehicle with bullets. The driver, Akram Muhammad Sahih, 34, a married father of two, was killed.

"I pretended I was dead," said Ali Jabbar Hatin, 34, who was sitting next to Mr. Sahih in the ambulance. He escaped injury but the other paramedic in the vehicle was wounded.

Arkan Ali Hussein, 40, a veteran paramedic who works out of the Mansour center, has an unusual system for keeping in touch with his worried wife throughout his 24-hour shift. She calls his cellphone and hangs up, avoiding a charge. When he calls back and then hangs up, she knows he is alive, he said. The pair exchange missed calls at least a dozen times a day.

But he is reluctant to share with her the horror he sees. Two months ago, a man wearing a suicide belt detonated himself at an army recruiting center in western Baghdad. Mr. Hussein was among the first to arrive.

"There were pieces of flesh everywhere," he said. "People were yelling and screaming."

The first man he treated was badly burned, riddled with shrapnel. He shoved a tube into the man's mouth to establish an airway, then rushed him to the hospital.

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When he returned, he spotted a severed leg lying on the ground but could not find the body it belonged to, so he left it, moving on to another victim. The gruesome injuries that he sees nowadays, he said, are much worse than anything he witnessed as a medic in the military during the Iran-Iraq war in the 1980s.

"Back then, there was a bullet in the body or a blast from a mine." he said, "Now we're finding flesh everywhere, heads, legs and hands."

Most of the paramedics have only minimal training. As a result, Dr. Muhammad said, their main strategy, rather than treating patients in the field, is to "scoop and run."

Often, however, there is little they can do. Bilal Mehdi, 26; his brother, Hilmi, 23; and their father, Mehdi Hussain Lazim, 54, are part of a small contingent of emergency workers who only pick up the dead.

Earlier this year, they helped deliver 800 bodies to the morgue in one month from a single sewage treatment station in the mixed eastern Baghdad neighborhood of Rustamiya. Bilal Mehdi said he took 300 bodies himself. Militia members had been dumping bodies into the sewers nearby, and they would wind up at the station. Mr. Mehdi had to clamber down by rope to retrieve the putrid remains.

More recently, he said, he delivered a dozen bodies stacked in his ambulance in one trip from Mahmudiya, south of the capital; some of them decapitated, some without legs. He drove back with his head out the window, because the smell was so overpowering.

As the body count in Baghdad continues to mount, Mr. Mehdi says he wishes he could leave his job. But without any other job prospects, he is stuck for now. He knows it is only a matter of time until his next call. <NYT_AUTHOR_ID>

Wisam A. Habeeb contributed reporting.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Iraqi Firefighters Bear The Heat Of Terrorists' Tactics (WT)

By James Palmer, The Washington Times

The Washington Times, December 6, 2006

BAGHDAD -- One of Iraq's most perilous jobs has become even more dangerous.

The terrorists who daily spread mayhem in the capital increasingly have adopted the tactic of following a suicide bombing with one or two secondary blasts, timed to detonate a few minutes later when a crowd has formed.

And that is bad news for the city's 3,500 firefighters, whose job demands that they rush to the scene of every explosion to douse the flames and assist the injured.

"This is part of our job now," said Nazar Khani Mousa, 32, who was working a bomb scene in central Baghdad last summer when two more explosions knocked him unconscious. His back, right hand and forearm were burned badly, while shrapnel pierced his forehead. He was unable to walk for three months.

Today, he's back at work at the Karrada firehouse in the Al-Resafah district on the east bank of the Tigris River, risking his life for the equivalent of less than $90 a week.

This year alone, at least 30 Baghdad firemen have died in the line of duty and another 55 have been wounded, according to the Interior Ministry, which oversees Iraq's fire departments.

Others have been kidnapped by criminal groups or militiamen; still others find themselves in the crossfire of insurgent groups, U.S. and Iraqi security forces, and warring militias.

Most say they are motivated to carry on by a sense of duty and a need to support their families at a time when other jobs are hard to find.

"The people still count on us to do our work. If we don't put out the fires, who will?" asked Mahdi Muhsin, a 31-year-old veteran firefighter who has been on the job since he was a teenager.

Mr. Mousa, for his part, explained that he is the sole provider for his wife and his three daughters, who range in age from 1 month to 7 years. "This is only job I've ever worked," he said.

If Baghdad's firefighters are undeterred by the risks they face, that does not mean they are casual about security.

At the Karrada firehouse, guards peer from sandbagged machine-gun nests high above the row of red trucks in the garage below. Others patrol the front gate while, inside, most carry holstered sidearms.

"We're always prepared for an attack," said Laith Al-Sabbah, a 45-year-old colonel who has 21 years on the job. "The militias control the streets now."

Col. Al-Sabbah and the other firefighters say their biggest problem on calls is trying to figure out who is who. Many of the militias have acquired police or Interior Ministry uniforms, so the firefighters seldom know whether uniformed "officials" are there to help them or hurt them.

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In August, men in police uniforms kidnapped and killed three firefighters from the Al-Shaab station in north Baghdad. And on Nov. 6, assailants in police uniforms snatched eight firefighters from the Sheik Omar station in north Baghdad during a government-imposed daylight curfew. So far, three men have been found dead; the other five are still missing.

Just getting to the scene of a fire or explosion is also a challenge.

Mahdi Muhsin, 31, a firetruck driver, said it normally takes at least 20 minutes to get to an emergency scene because of traffic congestion, closed roads and security cordons. That compares to an average response time of eight minutes for American fire departments, according to the U.S. Fire Administration.

"Sometimes when there is an attack we can't reach our destination because the military won't let us pass," said Mr. Muhsin, a 15-year veteran of the department.

The steady monthly salaries -- $350 for rookies and $600 for seasoned officers -- are keeping the department staffed, but many long for another way of life.

Col. Al-Sabbah, who oversees all 20 firehouses in the Al-Resafah district, told a reporter he had sent his wife and two sons to Syria and said he was thinking of moving there, too.

Then his phone rang. A colleague reported that Lt. Col. Ali Mustafa Hable, the director of fire training in Baghdad, had been missing for more than 24 hours.

Col. Al-Sabbah hung up the phone and looked at his visitor. He didn't have to say much. The call had clearly pushed him one step closer to joining his family.

Body Counts Only Serve To Fill Agendas (USAT)

By Jon C. Bowersox

USA Today, December 6, 2006

The United States may not be able to stop the bloodshed in Iraq, but it can halt the war over body counts. The latest salvo was fired recently by The Lancet, a leading British medical journal. The editors took a shot at the Bush administration's claims that democracy and reconstruction are succeeding in Iraq by publishing a research study claiming that the U.S.-led invasion has caused more than 600,000 "excess" civilian deaths since 2003.

Never mind that editors failed to disclose that The Lancet had taken an anti-war stand on Iraq even before 2003, or that the study used dubious methods to come up with a number many times higher than any reported before. The Lancet's number drew widespread disagreement even with the British anti-war group Iraq Body Count, which expressed "skepticism." The Iraq Body Count estimates that more than 55,000 civilians could have been killed during the war.

Ever since the Vietnam War, civilian and enemy body counts have ranged from educated guesses to pure fiction — tragic statistics twisted to serve the agendas of whoever is spinning the numbers.

As I grew up during the Vietnam War listening to the daily tally of body counts on the evening news, I saw how they served no value other than to catalyze national opposition to the war. Thus, I was heartened when Defense Secretary Donald Rumsfeld said at the start of the Iraq war that "we don't do (civilian) body counts."

But when I arrived in Iraq as the senior consultant for reconstructing the health sector in 2005, I was surprised to see that our intelligence briefings by the U.S. Army included civilian body counts. After the Samarra mosque bombing in February, our military became obsessed with obtaining daily body counts from the Iraqi government as a way of attempting to disprove reports that sectarian violence was out of control.

Why are we so obsessed with body counts? Regardless of the true numbers, the one thing we can say with any moral certainty about excess civilian deaths is that the numbers are too high. Then we should focus on how to help Iraqis get their health system up to the level of being able to reduce the body count by saving lives.

One visit to the Baghdad morgue is all it takes to see that Iraq has a major collateral damage problem. You see it by just walking amidst the hundreds of decomposing corpses scattered about a building that rarely had more than 30 cases at a time in the past. You also see it as families watch a TV screen trying to identify missing relatives from a never-ending loop of postmortem photographs. In fact, you can taste the permeating stench for days.

All it takes is one visit to a Baghdad hospital, where Iraqis injured in the day's bombings lie in pools of blood waiting to be treated by doctors who are working without the resources needed for even basic casualty care. Many potential survivors die because the health system lacks the medical staff, medicines and equipment needed to save them.

The U.S. government has already spent 90% of its $800 million investment in health-sector reconstruction on building projects that haven't been completed — and wouldn't help the Iraqis even if they are. Not only did we not anticipate the level of excess collateral damage, we did not budget enough money to handle the flood of blood.

The international donor community has delivered less than 25% of what was pledged in 2003. In fact, the World Bank has been unable to renovate 12 badly needed Iraqi emergency centers because of the security situation.

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During my time in Iraq, I learned that there are thousands of Iraqi doctors who have chosen to risk their lives to care for their people. They need essential medicines, supplies and a safe working environment. What they don't need is the mockery of the daily body count thrown in their faces. What they need — and we owe them — is a daily survivor count.

Jon C. Bowersox is professor and vice chair of surgery at the University of Cincinnati. He worked at the U.S. Embassy in Baghdad from October 2005 until last July.

Analysts: Bin Laden Alive But Hamstrung (WT)

By Bill Gertz

The Washington Times, December 6, 2006

U.S. intelligence agencies think al Qaeda leaders Osama bin Laden and Ayman al-Zawahri are alive and still plotting attacks, even though both have eluded a massive manhunt for more than five years since the September 11 terrorist attacks.

Bin Laden's few appearances and statements in recent months, and two recent bombing attacks in Pakistan aimed at killing al-Zawahri prompted recent intelligence reports that both may be dead.

But so far there has been no success in locating and catching either extremist leader through his movements or communications, or from intelligence agents on the ground. Both remain powerful symbols for Islamist extremists around the world and the target of scores to hundreds of covert special-operations commandos, regular troops and CIA paramilitary officers.

Defense Secretary-designate Robert M. Gates said yesterday he plans to review the tactics being used by forces taking part in the five-year hunt for bin Laden, although he noted that bin Laden has become more a symbol to terrorists and less an active planner and organizer of attacks.

"While it's important to continue the search for Osama bin Laden, I think that his ability to directly organize and plan the kind of attacks against us that hurt us so badly in September of 2001 is very limited now," Mr. Gates said. "And I think that it's important to keep him on the run."

The challenge in chasing al Qaeda leaders is "figuring out where they're going to be, not where they've been, and getting the information in a way that is timely enough to act on it," Mr. Gates said.

"With that kind of intelligence lacking," he said, "the way we'll catch bin Laden eventually, in my view, is that just as in the case of Saddam Hussein, one of his own people will turn him in."

"I think just as he is not organizing things any longer, but remains a powerful symbol, I think being able to capture or kill him would have a powerful symbolic impact also," Mr. Gates told the Senate Armed Services Committee.

Last week, Director of National Intelligence John D. Negroponte was asked why bin Laden has eluded the manhunt. He said he would not provide "a long exegesis" explaining the failure so far.

"Obviously, we're not going to give up on our efforts to track him down," Mr. Negroponte said after a speech at Harvard University.

CIA Director Michael V. Hayden told WTOP radio last week that both bin Laden and al-Zawahri are "still alive" and "and working to hurt the people and values of the United States."

Intelligence officials said bin Laden and al-Zawahri are hiding in separate locations somewhere in the extremely rugged and mountainous border region separating Pakistan and Afghanistan. Scores to several hundred regular and special-operations troops and CIA officers are working in several task forces to locate both bin Laden and his deputy, al-Zawahri, along the 1,200-mile border.

The State Department, for its part, is supporting programs in Afghanistan and Pakistan to develop the ungoverned border region as part of a "drain-the-swamp" anti-terrorism campaign.

John Gastright, deputy assistant secretary of state for South Asia, said the United States is supporting a Pakistani plan to spend $750 million over five years to develop the border region so it won't support terrorists.

Several billion dollars in U.S. and international funds also were spent in Afghanistan as well, including the border region. "The reality is that over time [al Qaeda] won't find a home there" once the area is developed, he said.

Dennis Pluchinsky, a former State Department counterterrorism analyst, said bin Laden's low profile is likely the result of poor health or because he is hiding in an ultra-secret location that is too risky to conduct videotaping.

"The last possibility leads to the intriguing question of whether it is more secure to make many movements, or to stay in one place for a lengthy period of time," he said. "The more you move, the more opportunities for someone to see you move. The longer you stay in one place, the greater the possibility that the enemy may find you, especially in sector searches."

Gen. Hayden told the Senate Armed Services Committee in congressional testimony on Nov. 15 that killing or capturing bin Laden and al-Zawahri will not end the al Qaeda threat, but "probably would contribute to the unraveling of the central al Qaeda organization."

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Al Qaeda's "physical safe haven in the Afghanistan-Pakistan border area," Gen. Hayden said, gives the terrorists "the physical -- and psychological -- space needed to meet, train, expand its networks and prepare new attacks."

From Ruins Of Afghan Buddhas, A History Grows (NYT)

By Carlotta Gall

The New York Times, December 6, 2006

BAMIYAN, Afghanistan — The empty niches that once held Bamiyan's colossal Buddhas now gape in the rock face — a silent cry at the terrible destruction wrought on this fabled valley and its 1,500-year-old treasures, once the largest standing Buddha statues in the world.

It was in March 2001, when the Taliban and their sponsors in Al Qaeda were at the zenith of their power in Afghanistan, that militiamen, acting on an edict to take down the "gods of the infidels," laid explosives at the base and the shoulders of the two Buddhas and blew them to pieces. To the outraged outside world, the act encapsulated the horrors of the Islamic fundamentalist government. Even Genghis Khan, who laid waste to this valley's towns and population in the 13th century, had left the Buddhas standing.

Five years after the Taliban were ousted from power, Bamiyan's Buddhist relics are once again the focus of debate: Is it possible to restore the great Buddhas? And, if so, can the extraordinary investment that would be required be justified in a country crippled by poverty and a continued Taliban insurgency in the south and that is, after all, overwhelmingly Muslim?

This valley about 140 miles northwest of Kabul, where in the sixth century tens of thousands of pilgrims flocked to worship at its temples and monasteries and meditate in its rock caves, is attracting new international attention.

In 2003, the United Nations designated the Bamiyan ruins a World Heritage site, but also listed them as endangered, because of their fragile condition, vulnerability to looters and pressures from a post-Taliban boom in construction and tourism. Intensive efforts have been under way to stabilize what remains of the cliff sculptures and murals.

Meanwhile, archaeologists have been taking advantage of the greatly increased access that became possible once the statues were gone to make new discoveries — and to pursue ancient tales of a third giant Buddha, possibly buried between the two that were destroyed.

"The history of Bamiyan is beginning to be revealed, in a concrete sense, for the first time through both works of conservation and excavations of archaeological remains," said Kasaku Maeda, a Japanese historian who has studied Bamiyan for more than 40 years.

Unesco has been overseeing a program of emergency repairs to the niches over the last few years, drawing teams of archaeologists and conservationists from all over the world. "The site is in danger," said Masanori Nagaoka, a cultural program specialist at Unesco's Kabul office.

Gedeone Tonoli, a tunnel engineer from Italy, has been overseeing the most urgent task: securing the cracking cliff face. One morning two Italian mountain climbers swung on ropes at the top of the niche that held the eastern Buddha, which, at an astounding 125 feet tall, was the smaller of the two. Wire netting covered the back wall of the niche, which still occasionally rattles with falling rocks and stones. A great scar marks the inner left wall where the explosion tore away the side of the niche, threatening the whole cliff.

The right side of the niche, however, has been stable for two years, anchored with steel rods and tons of concrete pumped into the fissures. Tiny glass slides are taped to the rock, and sensors linked to a computer keep track of every tremble in the cliff face. Before, Mr. Tonoli said, "you could see the sky here and birds were flying in."

At the base of what, at 180 feet, had been the larger Buddha, workers were still shoveling away at rubble left from the explosions. German restorers from the International Council on Monuments and Sites have spent two years carefully sorting through the debris from both Buddhas, lifting out the largest sections by crane — some weigh 70, even 90 tons — and placing them under cover, because the soft stone disintegrates in rain or snow. The smaller fragments and mounds of dust are carefully piled up at the side.

Reports that the Taliban had taken away 40 truckloads of the stone from the statues to sell were not true, said Edmund Melzl, a restorer. "From the volume we think we have everything," he said. Yet only 60 percent of that volume is stone, he added. The rest crumbled to dust in the explosions.

A continuing paradox is that the destruction of the Buddhas has in a way aided archaeologists in their investigations. For example, carbon dating of fragments of the plaster surface of the Buddhas was able to pinpoint the construction of the smaller one to 507, and the larger one to 554. Previous estimates had varied over 200 years.

The Buddhas were only roughly carved in the rock, which was then covered in a mud plaster mixed with straw and horsehair molded to depict the folds of their robes and then painted in bright colors. Workers have recovered nearly 3,000 pieces of the surface plaster, some with traces of paint, as well as the wooden pegs and rope that were laid across the bodies to hold

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the plaster to the statue. The dryness of Afghanistan's climate and the depth of the niches helped protect the statues and preserve the wood and rope.

The larger Buddha was painted carmine red and the smaller one was multicolored, Mr. Melzl said.

The most exciting find, he added, was a reliquary containing three clay beads, a leaf, clay seals and parts of a Buddhist text written on bark. The reliquary is thought to have been placed on the chest of the larger Buddha and plastered over at the time of construction.

The fragments have been carefully stored while the main task continues: to gather all the rubble so that the Afghan government and experts can decide what to do with it. There have been calls to rebuild the Buddhas, mostly from Afghans who feel that restored statues would provide a greater tourist attraction, and a righting of wrongs. Unesco has warned that for Bamiyan to retain its status as a World Heritage site there must be no new building, only preservation. Yet the alternative of displaying 200 tons of recovered material in a museum does not seem feasible, said Michael Petzet, president of the International Council on Monuments and Sites.

The one restoration approach considered acceptable by Unesco and other experts is anastylosis, often used for Greek and Roman temples, in which the original pieces are reassembled and held together with a minimum of new material. Michael Urbat, a geologist from the University of Cologne, has analyzed pieces of the larger Buddha and from the rock strata has been able to work out what part of the vast statue they came from.

But reassembling pieces that can weigh up to 90 tons would be extremely difficult; Afghanistan does not even have a crane strong enough to hoist them, Mr. Melzl said. The reconstruction project, which the governor of Bamiyan Province has estimated would cost $50 million, would probably also become a political issue in this impoverished Muslim country, where more than 10 percent of the population remains in need of food aid.

Nevertheless, the provincial governor, Habiba Sarabi, favors rebuilding the Buddhas using anastylosis, and said she would propose that the central government make a formal request to Unesco. Professor Maeda said he supports the idea of reassembling one of the Buddhas and leaving the other destroyed as a testament to the crime.

The government also approved the proposal of the Japanese artist Hiro Yamagata to mount a $64 million sound-and-laser show starting in 2009 that would project Buddha images at Bamiyan, powered by hundreds of windmills that would also supply electricity to surrounding residents.

Meanwhile, simply preserving what remains is daunting. Once the niches, grottos and caves were covered with murals, but 80 percent were obliterated by the Taliban, Professor Maeda said. Art thieves also did damage, using ropes to climb into caves 100 feet up on the cliff face and hacking away priceless medallions depicting seated Buddhas. One of them made its way to Tokyo, where an art dealer, suspecting its illicit provenance, showed it to Professor Maeda, who has managed to retrieve more than 40 stolen artifacts.

"One day I hope we will return them to Afghanistan," he said.

He continues to scour the caves, and finds small joys amid the destruction. One cave that he first discovered during his first trip here, in 1964, so blackened by soot from camp fires that the Taliban and looters passed it by, has revealed fine paintings of tiny animals — a lion and a wild boar, a monkey, an ox and a griffin — rare in Buddhist art, but characteristic of Bamiyan, which combines Indian, Iranian and Gandharan influences.

While the focus now is on conservation, experts know there is more to discover. At least two teams of archaeologists are engaged in a discreet race to discover a third colossal Buddha that may have once lain between the two standing Buddhas.

The Chinese monk Xuan Zang visited Bamiyan in 632 and described not only the two big standing Buddhas, but also a temple some distance from the royal palace that housed a reclining Buddha about 1,000 feet long. Most experts believe it lay above ground and was long ago destroyed.

But two archaeologists, Zemaryalai Tarzi of Afghanistan and Kazuya Yamauchi of Japan, are busy digging in the hope of finding its foundations. Mr. Tarzi, who excavated a Buddhist monastery this year, may have also found the wall of the royal citadel that could lead the way to the third Buddha. He plans to return next year to continue digging.

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Nominee For U.S. Attorney Is In Limbo (MINNST)

By Randy Furst, Star Tribune

Minneapolis Star Tribune, December 6, 2006

The Senate is expected to adjourn this week without acting on Rachel Paulose's nomination for U.S. attorney in Minnesota.

Nine months after Rachel Paulose was named acting U.S. attorney for Minnesota, and four months after she was formally nominated for the job by President Bush, her appointment is slipping further into doubt.

The U.S. Senate is expected to adjourn this week without acting on the nomination. That would mean that Bush, if he wishes, must resubmit her name to the next Senate, with a new Democratic majority.

"I am disappointed the Senate will adjourn this year without taking up Rachel Paulose's nomination," Sen. Norm Coleman, R-Minn., said in a statement Monday to the Star Tribune. "Ms. Paulose has shown herself to be an extremely competent and capable professional." He said he expects her to be renominated, "and I hope we will have the opportunity to confirm her nomination in a timely manner."

If approved to permanently succeed Tom Heffelfinger, Paulose, 33, would become the state's first female U.S. attorney and the youngest current U.S. attorney.

Her nomination stalled when the GOP-led Senate Judiciary Committee failed to take it up. In an apparent oversight, Paulose and her supporters did not solicit the support of both home-state senators. Without that, the committee typically does not act on a nominee.

Coleman supported her nomination, but Sen. Mark Dayton, D-Minn., took no position, saying it's his practice to meet with any nominee before the choice moves to the Judiciary Committee. However, Dayton said, Paulose never sought a meeting.

"I assumed that their silence meant lack of interest in moving the nomination forward" this term, Dayton said two weeks ago.

Meeting sought this week

Told of Dayton's comments Tuesday, the Justice Department scrambled to clear up the matter, saying it was unaware that Dayton wanted a meeting. "Now that we are aware, we have reached out to the senator's office to set up a meeting while she is here in Washington this week," said Brian Roehrkasse, a Justice Department spokesman.

Roehrkasse added that even if Dayton is no longer senator when the matter comes before the judiciary committee, Paulose was still paying Dayton the courtesy of meeting with him.

Dayton spokeswoman Chani Wiggins said the Justice Department's contact with his office Tuesday was "the first time we heard from them" about Paulose. Wiggins said Dayton's office will try to schedule a meeting for today.

All fall, Paulose continued to have the backing of the Bush administration.

"Rachel is a rare combination of exceptional intelligence, common sense and high moral character," Deputy Attorney General Paul J. McNulty said in a statement to the Star Tribune last month.

Choice was a surprise

Paulose's choice as interim U.S. attorney came as something of a surprise last winter. When Tom Heffelfinger announced in February his resignation as U.S. attorney, Joan Hume was his first assistant. Traditionally, Hume would have become interim U.S. attorney until the Senate approved a successor. But the White House bypassed her and named Paulose to the interim post.

At the time, Paulose was senior counsel to McNulty in Washington, D.C. She had been an assistant U.S. attorney in Minnesota from 1999 to 2002.

Besides Paulose, Coleman offered the White House at least one other candidate for the permanent post: Clayton Robinson, assistant director of the prosecution division for the Ramsey County Attorney's Office.

Paulose keeps low profile

While the U.S. attorney is considered to be among the state's most prominent federal appointees, Paulose has kept a low profile. In her nine months, she has declined interviews with the Star Tribune and other media. Jeanne Cooney, a spokeswoman in the U.S. attorney's office, said Paulose was unavailable to the media on "any subject relative to this office because she hasn't been confirmed." She said Paulose is following Justice Department policy.

There is a slight chance Paulose would be given a recess appointment later this month, after Congress goes home. Such an appointment would be good through the end of 2008, a month before Bush's term ends.

If Bush resubmits her nomination next year, she'll face a Democratic-led Senate. Then her fate may well rest with Minnesota's newly elected senator, DFLer Amy Klobuchar, the current Hennepin County attorney. Klobuchar has declined to comment on Paulose.

She graduated from Yale Law School in 1997 and has been an attorney for eight years. She served in the civil rights division of the Justice Department for a year, three-plus years as an assistant U.S. attorney in Minneapolis and stints with law firms Williams & Connolly and Dorsey & Whitney, before rejoining the Justice Department. She worked there for two months as a senior counsel to McNulty, the deputy attorney general.

Judge offers support

Another supporter of Paulose is James B. Loken, chief judge of the U.S. Eighth Circuit Court of Appeals, which includes Minnesota. Paulose clerked for him in the late 1990s.

"I have enthusiastically recommended her to every employer to hire her ... including to Senator Coleman, before he urged that she be nominated," Loken said.

While with McNulty, she worked on issues of health care, immigration and child pornography, she wrote in a memo for the Senate.

U.S. attorney nominees invariably come from the party in the White House. In 1992, Paulose was a Republican Party vice chair in a state house district covering parts of Eagan, Apple Valley and Burnsville. In 2004, she was a delegate to the state Republican convention and a party lawyer in the state for Bush.

Before her nomination, Paulose was a political unknown, her only press clippings coming as a student member of the University of Minnesota Board of Regents in the early 1990s.

Todd Jones, U.S. attorney before Heffelfinger, hired her in 1998 and calls her a friend, saying she's capable of doing the job: "I think her biggest challenge is going to be developing the credibility at such a young age and breaking the perception that because of her young age she lacks the judgment grounded in experience."

Star Tribune researchers Roberta Hovde and Linda Scheimann contributed to this report. Randy Furst · 612-673-7382 · rfurst@startribune.com

Courthouse A Home Away From Home (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, December 6, 2006

For a Father, Son and Daughter Who Are Lawyers, Chance to Share in Family Is Just Down the Hall

Each day, chances are good that Bill, Amy and Jon Jeffress will be applying their legal talents just a few doors down the hall from each other in the same stately office building near the U.S. Capitol.

But the father, daughter and son are not racking up billable hours at a white-shoe family firm.

They are reporting for work at the E. Barrett Prettyman Courthouse, Washington's federal court.

On the sixth floor, father William H. Jeffress Jr., 61, one of Washington's most prominent defense attorneys, has been busy with pretrial hearings in a case that has rocked the White House. He represents I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, who is accused of lying to investigators probing the leak of a CIA operative's name.

On the second floor, daughter Amy, 41, has been checking on narcotics cases she oversees for the U.S. Attorney's Office -- including a trial involving a ring that is accused of peddling cocaine and heroin.

And in a magistrate courtroom down the hall, Jonathan, 35, has been representing poor people as a public defender. Last month, he defended a woman accused of creating phony checks and, more recently, a convicted felon charged with carrying a 9mm handgun as he drove through the city.

The family's workdays -- and once in a while, their lunch breaks -- overlap in the court's marble hallways.

"I don't think you can go into the courthouse now and not run into at least one and usually two or three of them," said A.J. Kramer, the federal public defender in Washington and Jon's boss.

"It's really unusual for a family of lawyers to be in the same city, much less the same court," Kramer said. "You've really covered all the bases when you have one on prosecution, one on defense and another doing all kinds of private practice."

It makes for tender moments in a place that can be anything but.

One recent day, Amy, the federal prosecutor, spotted Jon, the public defender, while he was talking in a conference room with a client. The sister in Amy naturally walked over to kiss her brother on the cheek.

"Was that awkward for you?" she later asked him.

Jon smiled and shook his head.

"I like seeing a lot of my dad and sister now," he said, then joked about his junior status in the family's legal lineup. "Plus, some of my clients appreciate that I know some people in high places."

In many ways, the U.S. District Court is a kind of family home.

Their personal stories are intertwined with the court's history. Each learned the power of the law here and can trace career trajectories to work they did in the building. Some of their most profound moments of victory and disappointment unfolded in the oak-paneled courtrooms.

All three are former law clerks who returned to practice here. Bill Jeffress, a partner in the firm of Baker Botts, clerked for Judge Gerhard A. Gesell, who presided over many landmark cases, from Watergate to Iran-contra. In 1971, Jeffress was working in Gesell's chambers when the judge famously ruled that The Washington Post could print the Pentagon Papers, a historical assessment of the Vietnam War that embarrassed the U.S. government.

When Amy was growing up, Gesell was her dad's mentor and "like my second grandfather," she recalled. Two decades later, when she graduated from Yale Law School -- just like her father -- Amy, too, went to clerk for Gesell.

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After Gesell's death in 1993, Amy finished her year of clerking with Judge Thomas F. Hogan, now chief judge of the court. Jon followed in Amy's footsteps, clerking for Hogan seven years later.

Jon spent several years as an associate for the Williams & Connolly law firm but decided after consulting with Hogan and Kramer that he would work for the Office of the Federal Public Defender. He said it was a natural fit because as a clerk, "I always found myself rooting for the defense."

Bill, who now typically charges more than $600 an hour, has a reputation as a go-to lawyer for white-collar defendants. He represented President Richard M. Nixon in a case blocking public access to Watergate tape recordings and has won acquittals for such clients as former Tyson Foods executive Archibald R. Schaffer III and former Louisiana governor Edwin W. Edwards (D).

Although their job choices are different, there definitely is a certain Jeffress way about them.

The three share the same Democratic Party leanings. Bill and his wife have long been active in the party. Amy worked in the Justice Department during the Clinton administration with her future husband. And Jon was an advance worker for Al Gore's 2000 presidential campaign.

They are all just a little taller than 5 feet -- not by much. They share a self-deprecating manner that the kids attribute to their dad. Amy's more likely to talk about her two sons than the fact that this fall she won the Attorney General's John Marshall Award for excellence in trial work and was on a list of candidates suggested to the White House for D.C. Superior Court judgeships.

In a short break together in the court cafeteria, Bill patted his kids on the back for work that makes the city better. He said he has no pretensions about his job.

"As a defense lawyer, you've got to be kidding yourself if you think you're making the world a better place," the father said.

Amy retorted: "Oh Dad, what you do makes the world better."

"Well," Bill said, "it's very important to at least one person."

The family is close, although not everyone is a lawyer. Mother Judy was a longtime social worker for Adoption Service Information Agency, but Amy joked that she's "pretty much a full-time grandmother and dog walker now." Brother Jeff went to business school so he "could make some real money," Jon deadpanned. But the youngest brother also has artistic skills. Jon remembered when they made a big splash in a Louisiana courtroom where their father was in a trial.

"My brother did this amazing sketch of the entire courtroom scene," Jon recalled. "The only problem was that it showed the judge sleeping during trial, with all of these ZZZZZs coming up and all. But my dad showed it to the judge anyhow -- and the judge thought it was hilarious."

They don't talk about their cases except in general ways, and they make a concerted effort not to be the lawyers opposite each other.

One could say there' s a fourth lawyer in the group: Amy's husband, Casey Cooper. He met Bill before he met Amy. He was an impressive associate at Bill's law firm, which was then Miller Cassidy Larroca & Lewin. Then-Deputy Attorney General Jamie S. Gorelick, a former Miller Cassidy lawyer and friend of Bill's, hired Casey and Amy to work at the Justice Department.

The younger two lawyers got to know each other while working in offices across the hall at Main Justice. Now Casey works with Bill at Baker Botts, sometimes sharing cases.

"Dad never interfered with my love life," Amy insisted. Then she added: "I think Dad would have loved to have me or Jon, or Jeff for that matter, work with him. So it's really nice for him to have Casey there."

The children have appreciated their father's counsel through life. Amy most remembers him saying a lawyer has to know the facts of a case "inside and out." Jon said his father helped him by explaining that the law was about "reasoning your way to the correct rule."

But Jon couldn't resist a parting joke: "Dad prepared for the bar in, like, two days while in the middle of working on the Pentagon Papers case for Judge Gesell, so I tried not to follow his example on that one."

Staff researcher Meg Smith contributed to this report.

D.C. Prosecution: A Ménage À Trois (HILL)

By Arthur Delaney

The Hill, December 6, 2006

In two of this year's most pungent national crime stories — the Duke University rape scandal and the JonBenet Ramsey confession scandal — the next biggest stars, after the DNA, are the DAs. This question often comes up: Will the people vote the district attorney out of office as a result of his or her antics in the case?

To somebody who grew up in Washington, D.C., this perfectly normal question is perfectly foreign. We don't get to elect a district attorney. We don't even have a district attorney's office, another of the many quaint differences between the U.S. and its capital city, where only second-class citizens live.

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In July, D.C.'s nonvoting congressional delegate, Eleanor Holmes Norton (D), introduced legislation that would create a D.C. district attorney's office.

"No other citizens in the United States are treated so unfairly on this issue of such major importance. My bill would make the DA accountable to the people who elect him or her as elsewhere in the country," Norton is quoted in a July 13 statement released by her office.

Norton's District of Columbia District Attorney Establishment Act of 2006 is going nowhere in the Government Reform Committee. Norton's office had the following comment on the bill's bleak prospects:

"Unfortunately, there was no chance of getting the bill to the floor through the Republican Congress this year. In addition, this DA bill requires an affirmative decision from the mayor and the City Council that they are prepared to take on the additional $50 million annual cost. The third impediment would be opposition by the Justice Department and the administration."

So the local U.S. attorney's office, the largest such office in the country, will continue to be responsible for prosecuting both federal crimes and local crimes committed by adults in the District.

But wait! There's a third horse in this race: The D.C. attorney general's office. Mayor-elect Adrian Fenty and his nominee for attorney general, Linda Singer, have expressed interest in the attorney general's office taking some of our federal prosecutors' local criminal caseload.

All they've got so far, though, is an embarrassing bitch-slap from a federal judge: "How could there even be a thought that they could take that on? The D.C. attorney general's office is not adequately or properly handling the cases it has now," said U.S. District Judge Royce Lamberth, according to a Nov. 18 Washington Post story. Lamberth was miffed over the office's apparent mishandling of a case against the D.C. police.

Former D.C. U.S. Attorney Roscoe Howard is also a bit skeptical of D.C.'s ability to take on the U.S. attorney office's work: "I know everybody wants home rule … but I'm not sure that fiscally they're ready for it. I don't think they understand how expensive it is," he says. "More power to 'em, I guess."

Meanwhile, U.S. Attorney Jeffrey Taylor, in his capacity as D.C.'s unelected district attorney, has the totally unique ability to try local thugs either in federal or local court. For our hometown criminals, this is a matter of life or death — even though you won't find the "ultimate penalty" in the D.C. Code and voters rejected a congressionally imposed referendum on execution in 1992, federal prosecutors still can seek it against D.C. criminals if their offenses meet the right criteria.

A federal judge recently ruled that the murder and racketeering charges against Larry Gooch qualify him for a capital trial, set to begin in January. It's a fat chance that a D.C. jury will send any man to die, but if it happens — well, score one for the Feds, I suppose.

Democracy, thy name is public-access television

Every Tuesday at 9 p.m., watch the wildest show on television: "Hear the Real Right Side" on DCTV, starring D.C.'s own James Caviness, a man who proclaims himself "the lone voice of common sense in the District of Columbia" and his show "the most politically incorrect commentary show in the universe."

You'll see a bespectacled Caviness standing at a podium, blasting the "despicable disgrace" of affirmative action and "phony liberals" like Eleanor Holmes Norton. Patriotic music is playing in the background, and Caviness is wearing an American-flag tie. It's just the kind of stuff you would never, ever expect from a black 60-year-old cab driver who lives east of the river.

Caviness is joined by a cast of regular callers, who sometimes sound a little drunk and who often jibe him for his far-right views: "I saw you rakin' leaves on the White House lawn!"

One man who called in on Nov. 28 just seemed baffled: "I ain't never seen a man like white people like you do! I got 10 people in here and we listenin' to this. I'm done!" he exclaimed and then hung up, just like he'd done during the previous show. Caviness was impervious to the ad-homonym, trudging ahead with his tirade against the phony liberal establishment.

How did this man get this way? The obvious answer, at first, is insanity. But Caviness explains his politics with an anecdote from his sophomore year of high school in Florida. He needed glasses so badly that he had moved to the front of the classroom just to be able to read the board. But his parents wouldn't buy him a pair; they thought he only wanted them because he was going with a girl who wore glasses.

"I became convinced I had to do what I had to do to keep from going blind," he says.

So he told his principal that he planned to take three weeks off to earn enough money picking oranges that he could buy spectacles for himself. Not wanting a student to miss so much school, his principal told his parents buy them for him. They did.

Afterwards, Caviness sat his parents down and asked them not to interrupt him (he had spent three or four days composing a little speech).

"I explained to them that what they had done was somewhat inexcusable," he says, "but they had taught me the greatest lesson they could ever teach."

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He learned that he could not rely on anybody but himself to do things for him, and that became the basis for his small-government politics. “It was a very eye-opening experience,” he says.

He’s run for mayor several times. In the most recent election, he started running but decided he’d rather do his show than be a politician. But he still voted for himself.

Caviness has never been a real part of the D.C. Republican party, but he says he knows just how his political career would end if he were. It would be something like what happened in1997 to J.C. Watts, a black Republican ex-congressman from Oklahoma who triggered a round of GOP apologies after he decried “race-hustling poverty pimps” in an apparent jab at Jesse Jackson and Marion Barry.

Caviness says he would do the same thing, but when apology time came he would have a different strategy: “‘I don’t consider you a race poverty pimp,’” he would say. “‘You are a DAMN race poverty pimp!’ And then I would tell ’em all to go to hell.”

CORPORATE SCANDALS:

Former French Telecom Exec Charged With Costa Rican Bribery (AP)

By Curt Anderson, AP LEGAL AFFAIRS WRITER

AP, December 6, 2006

MIAMI -- A former top executive for the Latin American business of the French telecommunications giant Alcatel-Lucent faces U.S. corruption charges for allegedly funneling millions of dollars in bribes to Costa Rican officials to win lucrative contracts.

Christian Sapsizian, a 60-year-old French citizen who was a senior vice president for Latin America for Alcatel-Lucent, was free Tuesday on $525,000 bail after making his initial appearance Monday in federal court. Sapsizian is scheduled for arraignment Dec. 18 on a charge of making corrupt payments to a foreign official.

According to an FBI affidavit, Sapsizian agreed in 2000 to make payments to an unnamed senior official with Costa Rica's state-owned telecommunications authority, the Instituto Costarricense de Electricidad, or ICE.

In return, the official would "vote in favor of awarding Alcatel a contract" and provide other valuable assistance, according to the FBI.

Paris-based Alcatel S.A. completed its $11.6 billion acquisition of Murray Hill, N.J.-based Lucent Technologies Inc. last month, officially assuming the new Alcatel-Lucent name. The allegations involving Sapsizian, who is now retired, were under the former Alcatel S.A. corporate name.

Regine Coqueran, an Alcatel-Lucent spokeswoman in Paris, provided a company statement Tuesday saying that the U.S. Securities and Exchange Commission is also investigating payments by the company in foreign countries. The company said it would "cooperate fully in any inquiry or investigation into these matters."

According to U.S. court documents, a subsidiary that handled Costa Rican business, Alcatel CIT, was awarded two contracts worth over $250 million in 2001 and 2002. Before that, according to the FBI, Alcatel CIT had frequently lost out to competitor Sweden's LM Ericsson AB.

The FBI traced $2.4 million payments from Alcatel to the senior ICE official in Costa Rica and $2.56 million to the official's wife. These alleged bribes were routed through a Costa Rican consulting firm hired to assist Alcatel in winning the contracts, using wire transfers from accounts at banks in New York, the Bahamas and Miami.

Sapsizian's attorney, Roy Kahn, said Sapsizian will plead not guilty to the charges and added that companies frequently hire such consulting firms for business ventures in Latin America. The Costa Rican consulting firm was paid some $14 million by Alcatel, according to the FBI.

"It appears that this is an institutionalized means of doing business by international companies in Latin America," Kahn said.

In addition, a cooperating witness told investigators that the ICE official and a Costa Rican government official, also unnamed, "agreed to share whatever bribe payments were made by Sapsizian to the ICE official," according to the FBI affidavit.

The FBI affidavit quotes Sapsizian as telling investigators after his arrest on Nov. 20 at Miami International Airport that "he could not explain" what Alcatel received in return for the money paid to the Costa Rican consulting firm.

The affidavit also says that Sapsizian arranged for a group of ICE officials to stay at a Paris hotel for four or five nights in October 2003 and told an Alcatel employee to pay their bills in company cash. In the later FBI interview, Sapsizian is quoted as telling agents that he wanted to pay cash so he would not "leave a paper trail" and that it was "wrong" to pay these officials' expenses.

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Wall Street Wins Ruling Blocking IPO Class Action (WSJ)

By Nathan Koppel

The Wall Street Journal, December 6, 2006

In a victory for Wall Street securities firms, a federal appeals court said a lawsuit alleging fraud in the pricing of initial public offerings couldn't move forward in its current form as a class action.

The case alleges that more than 50 Wall Street firms committed fraud by artificially inflating stock prices in IPOs that the firms underwrote in the late 1990s and 2000.

In a ruling, the Second U.S. Circuit Court of Appeals in New York said that the trial judge shouldn't have allowed the plaintiffs to pursue the case as a class action, in part because their individual claims are not sufficiently similar to be grouped together. The decision could mean that the thousands of plaintiffs in the litigation will have to take on the banks individually, which is a much more difficult challenge for plaintiffs. "It's a great win," says Vince DiBlasi of Sullivan & Cromwell, one of the lead lawyers for the banks.

"There is no question the court made it hard for us," says Melvyn Weiss, chairman of the executive committee in the litigation, who plans to appeal the ruling. But "this is not necessarily a happy day for the [Wall Street] banks, either," says Mr. Weiss, of Milberg Weiss Bershad & Schulman LLP. The Wall Street firms may now be "swamped" with individual suits by some of the class members, who number in the thousands, "if not millions," he said.

Plaintiffs lawyers often believe there are economies of scale to be gained from getting cases to run as class actions.

Lawyers on both sides said it may be possible for the plaintiffs to somehow recast the case so that it could pass muster as a class action, but that that would be difficult to achieve.

In 2003, the plaintiffs announced a settlement with insurers for technology companies that issued more than 300 IPOs. The settlement includes a guaranteed payment of $1 billion that is to be offset in part by any settlement payments from banks. U.S. District Judge Shira Scheindlin, the trial judge, has yet to approve the settlement.

In April, J.P. Morgan Chase & Co. agreed to pay $425 million in a settlement. That settlement is also awaiting court approval. It is unclear how yesterday's ruling affects those settlement pacts.

Court Rejects Class Action Against Banks (NYT)

By Julie Creswell

The New York Times, December 6, 2006

Wall Street banks, accused of manipulating the prices of initial public offerings of technology companies during the market boom of the late 1990s and cheating small investors out of hundreds of millions of dollars, will not have to face a huge securities class-action lawsuit, a federal appeals court ruled yesterday.

The decision was seen on Wall Street as a huge victory. The investment banks faced making payments of billions of dollars to settle the accusations — if they chose not to risk a trial — involving potentially millions of investors, lawyers involved in the case said.

The ruling also raises the prospects that earlier settlements in the case, in particular a $425 million agreement with J. P. Morgan Chase and a $1 billion guaranteed proposed deal with the issuers of the new shares that was still pending approval by the judge in the case, could be nullified.

Nearly all firms on Wall Street were touched by the lawsuit. Described by many as the largest consolidated securities class-action case ever, the I.P.O. lawsuit involved more than 300 individual investors, 309 issuers and 55 underwriters, including Merrill Lynch, Goldman Sachs, Morgan Stanley and Credit Suisse First Boston.

Yesterday, a three-judge panel of the Federal Court of Appeals for the Second Circuit in Manhattan said the federal judge overseeing the lawsuit had erred in granting class-action status to six “focus cases” out of 310 consolidated class actions that claimed fraud on the part of many of the nation’s largest securities underwriters.

That means investors will probably have to pursue their claims individually, in some cases perhaps through arbitration, lawyers involved in the case said.

“It’s a big win with far-reaching implications for the I.P.O. cases and for class actions,” said Gandolfo V. DiBlasi, a lawyer with Sullivan & Cromwell who represented Goldman Sachs and acted as lead liaison for the defendants in the case.

The ruling was a devastating blow to the embattled securities class-action powerhouse Milberg Weiss Bershad & Schulman, which is a co-leader for the plaintiffs. The firm has been operating under a cloud for months after it was indicted by a federal grand jury in Los Angeles in May. The firm and two of its named partners are accused of making $11.3 million in secret payments to entice people to serve as plaintiffs in more than 150 lawsuits.

The firm’s co-founder, Melvyn I. Weiss, however, tried to strike a defiant tone about the ruling.

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"It's not over," Mr. Weiss said. "We have the right to seek a review by the entire panel of the Second Circuit, for instance." He also said the ruling affected only the six "focus cases" and that others could satisfy the standards for class-action status.

Still, he added that he was surprised by the ruling.

"I think the decision doesn't reflect a real understanding of how people get defrauded in our society," Mr. Weiss said. "It's just sad that we don't have courts that will recognize the need for judicial approval mechanisms to hold these people accountable."

Notable not only for its sheer size and scope, the public offering case has also been one of the longest running in the class-action landscape and one that has been marked by frequent behind-the-scenes battles among the plaintiffs' lawyers over control.

The lawsuit accused the Wall Street banks of netting huge profits during the technology boom of the late 1990s by artificially inflating the share prices through various means of newly public companies after they went public.

The suit contended that the banks had awarded shares of hot initial offerings to favored clients in return for lucrative investment banking business. It also contended that the banks had made deals with investors so that they would buy shares in the aftermarket to drive up prices artificially and created misleading research to lure investors into buying.

Throughout 2001, thousands of investors filed class-action lawsuits against numerous underwriters and hundreds of issuers. Those lawsuits were later transferred and consolidated by Judge Shira A. Scheindlin in Federal District Court in Manhattan.

What remains unclear is what impact the appeals court ruling may have on two separate settlements that were reached earlier in the case.

In a proposed settlement that is both complicated and extremely unusual, the more than 300 companies, mostly Internet companies, that went public during the boom and are named in the lawsuit, guaranteed the plaintiffs at least $1 billion in recovery from all of the defendants in the case. Approval of that settlement is still pending before Judge Scheindlin.

In April, J. P. Morgan Chase agreed to settle its part of the lawsuit for $425 million. A spokeswoman for J. P. Morgan Chase declined to comment yesterday on the ruling.

But a lawyer involved in the case said it was likely that if the lawsuit did not achieve class-action status, the settlement could be revoked.

Yesterday's ruling was decided by Judges Jon O. Newman, Sonia Sotomayor and Peter W. Hall. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Comverse Ex-CEO May Have Fudged Option Exercise Dates, Not Just Grants (WSJ)

By Jennifer Levitz

The Wall Street Journal, December 6, 2006

Kobi Alexander, the former chief executive of Comverse Technology Inc., fled to Namibia rather than face criminal-fraud charges alleging he fattened his paycheck by backdating his options grants to low points in the company's stock price, making them more valuable.

But Mr. Alexander might have other problems with options, too.

Mr. Alexander reported a 1998 option exercise near a notable low in the company's share price. If the timing of that exercise was backdated, Mr. Alexander could have received a substantial, improper break on his personal income-tax bill.

MORE ON OPTIONS

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The issue has been referred to the special committee of Comverse directors who are examining the company's grant-backdating problem, according to a person familiar with the matter. The timing of the 1998 exercise was noted in a 13-page Nov. 27 report by Gradient Analytics Inc., a Scottsdale, Ariz., research firm that specializes in the analysis of executive compensation, which Gradient believes can affect share prices. The report was distributed to clients including hedge funds and mutual-fund money managers.

Gradient didn't conclude that Mr. Alexander's exercise was backdated, and his favorable timing might have been just a matter of luck. Robert Morvillo, the lawyer who is representing Mr. Alexander, who is fighting extradition from Namibia, declined to comment.

Exercise backdating isn't new. A former executive of Symbol Technologies Inc. pleaded guilty to tax fraud in 2004 in connection with the practice, and Mercury Interactive Corp. has said former executives also engaged in it.

Options typically allow their recipients to buy shares in the future at the price on the day the option is granted, called the "strike price." The exercise date is the day the recipient decides to buy the shares.

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The form of backdating that has landed Mr. Alexander and more than 60 other top corporate officials in trouble involves pretending that the options were granted on an earlier date, when share prices were lower. Moving the grant date to a time when the stock was trading at a lower price increases the recipient's potential gain.

By contrast, backdating an exercise date gives the recipient a tax break, thanks to the particular way the Internal Revenue Service treats employee options. Such stock options are generally taxed when the employee exercises them.

The IRS considers the spread between the option's strike price and the shares' market value on the exercise date to be subject to tax as ordinary income. Because most executives exercise their options and sell the shares simultaneously, all of the gain is often taxed this way.

But when the shares aren't sold at the same time as the option is exercised, the difference between the market value of the shares on the date of exercise and any price when the shares are subsequently sold is taxed at the lower capital-gains rate. At the time of the 1998 exercises by Mr. Alexander, the top capital-gains tax rate was 20%, while the top rate on ordinary income was 39.6%.

Mr. Alexander said on a form he filed with the Securities and Exchange Commission on Dec. 9, 1998, that he had exercised the split-adjusted equivalent of 675,000 options two months earlier, on Oct. 9, when Comverse's shares closed at a split-adjusted price of $10 each, just pennies above its lowest closing price of the quarter. He didn't report a sale for that same day.

In the two months between Mr. Alexander's reported exercise date and the date he told the SEC about the exercise, Comverse's share price had risen to $22.92.

Assuming the exercise actually occurred as late as the day of the filing, Gradient wrote that "the possible backdating of this exercise may have reduced the amount subject to ordinary income taxes for CEO Alexander by up to $8.72 million, or almost 60%."

It isn't clear what Mr. Alexander did with the shares he received when he exercised the options. He sold a large batch of Comverse stock in 1999, months after the exercise, at about $68 a share. In 4 p.m. Nasdaq Stock Market trading yesterday, Comverse shares rose 29 cents, or 1.5%, to $19.88.

The stock closed at $24.29 on March 17, the day before a page-one article in The Wall Street Journal spotlighted an unusual pattern of option grants to Mr. Alexander.

Comverse, a New York telecommunications-software maker, uses an independent broker to administer stock-option exercises, a practice that should make manipulation of the exercise date more difficult. But the company doesn't know whether the broker was used for the 1998 transaction highlighted by Gradient. At that time, the broker wasn't being used by the company on a full-time basis, a person familiar with the matter said.

A Comverse spokesman said a special committee was reviewing "all matters related to this company's stock-option practices." The Gradient analysis doesn't demonstrate that Comverse had a pattern of low exercise dates. The report also doesn't mention possible legitimate reasons for the dates, including chance and the desire of executives to exercise options at low price points and hold the shares.

SEC Attorney Adds To Concerns About Probe Of Hedge Fund Pequot (WSJ)

By Siobhan Hughes

The Wall Street Journal, December 6, 2006

WASHINGTON -- A second Securities and Exchange Commission official told Congress he had warned agency officials that "something smells rotten" about the SEC's handling of an insider-trading probe of hedge fund Pequot Capital Management.

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07/22/06

The testimony from Eric Ribelin, who works in the office of market surveillance, provides a leg of support for the claims of former SEC enforcement attorney Gary Aguirre.

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Mr. Aguirre says he was fired in September 2005 after his supervisors reversed course and stopped him from issuing subpoenas to current Morgan Stanley Chief Executive John Mack, whom Mr. Aguirre suspected of tipping off Pequot. SEC officials said they fired Mr. Aguirre because his behavior became erratic and he couldn't get along with his colleagues.

"I have serious misgivings about many decisions made in this investigation," Mr. Ribelin wrote in September 2005 to Robert Hanson, an SEC branch chief who had supervised Mr. Aguirre. "I don't know what all has driven the decisions. Something smells rotten, though."

Senate Judiciary Committee Chairman Arlen Specter (R., Pa.) called the hearing to air allegations that the Pequot probe was derailed by political influence. The SEC staff closed its investigation of Pequot and Mr. Mack last week without recommending enforcement action. Morgan Stanley has said Mr. Mack, who testified to the SEC this past August, cooperated in the probe.

SEC enforcement director Linda Thomsen, former SEC associate enforcement director Paul Berger, SEC assistant director Mark Kreitman and Mr. Hanson joined forces to testify under oath yesterday that their probe of Pequot wasn't derailed for political reasons. The SEC enforcement attorneys said they hadn't had enough information to make it worthwhile to subpoena Mr. Mack.

The Judiciary Committee, together with the Senate Finance Committee, will release a report early next year that summarizes the evidence they have gathered through a congressional investigation. The SEC staff always has the option of reopening the Pequot probe. However, that is deemed unlikely because it would suggest that the SEC's enforcement investigations are steered by Congress, undercutting its status as an independent agency.

In an interview after the hearing, Mr. Specter said that "I think that there was totally insufficient justification for the firing of [Mr.] Aguirre." He said that they "manufactured a reevaluation as the basis for firing him." Mr. Specter said he planned to study the transcript to determine "where we go next."

"At best, this is a demonstration of very lax and inadequate enforcement by the SEC, and at worst, they have not pursued the evidence which was talked about relating to [Mr.] Mack" and Pequot chief Arthur Samberg, Mr. Specter said.

S.E.C. Calls Pequot Study Thorough (NYT)

By Walt Bogdanich

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — Senior officials at the Securities and Exchange Commission vigorously defended the commission's investigation of a prominent hedge fund, Pequot Capital Management, telling the Senate Judiciary Committee on Tuesday that its inquiry was professional, thorough and untainted by outside political influence.

In their first detailed public comments about the investigation of Pequot, four current or former S.E.C. supervisors took aim at their former colleague and chief accuser, Gary J. Aguirre, saying his allegations that the agency had pulled its punches were unfounded and came from a fired employee whose temperament and judgment had caused problems in the office.

"He treated his colleagues with disrespect bordering on contempt," said Mark Kreitman, an assistant director of enforcement at the S.E.C. "His investigation of Pequot was poorly thought out, disorganized, and sloppily documented."

The testimony by S.E.C. officials, including the agency's inspector general, was met with considerable skepticism by Senator Arlen Specter, who is chairman of the Judiciary Committee, and Senator Charles E. Grassley, the Iowa Republican who heads the Finance Committee. Both panels are investigating the Securities and Exchange Commission's handling of the Pequot inquiry.

"At a minimum, it is very, very troubling what the S.E.C. has done here," Senator Specter, a Pennsylvania Republican, said, citing conflicting accounts of Mr. Aguirre's conduct and what he said was a long delay in taking testimony from John J. Mack, an influential Wall Street executive. "We are not finished with this, ladies and gentlemen."

Mr. Aguirre had previously told Congress that the Pequot investigation, which he led, was derailed in the summer of 2005 after his supervisors blocked him from taking testimony from Mr. Mack, a major fund-raiser for President Bush's re-election campaign.

Senator Grassley saved his most biting comments for the S.E.C.'s inspector general, Walter J. Stachnik, pointing out that the inspector general had not interviewed Mr. Aguirre before concluding that his charges were unfounded.

"Just calling up people accused of wrongdoing and asking them if they did it is not my idea of an investigation," Senator Grassley said.

Senator Specter said the inspector general's investigation was at best lax and at worst had the "overtone of a cover-up."

Mr. Stachnik said his staff did not need to interview Mr. Aguirre because it had ample evidence from other sources to reach its conclusion. Mr. Stachnik eventually reopened his investigation, but in doing so he has raised new questions.

Senator Grassley accused Mr. Stachnik of trying to intimidate future whistleblowers by subpoenaing Mr. Aguirre's communications with Senate investigators.

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Asked why he had done so, Mr. Stachnik said he could not answer the question because the Justice Department advised him not to discuss the matter. That prompted Senator Grassley to say in a rising voice, "You may be playing footsy with an executive branch of government that wants to curb congressional inquiry, even beyond this one."

The S.E.C. had been investigating a number of profitable trades by the hedge fund in advance of mergers or other market-moving news. The commission eventually interviewed Mr. Mack and closed its investigation last week without filing an enforcement action. Both Mr. Mack and Pequot's founder, Arthur J. Samberg, have repeatedly denied any improper conduct.

Mr. Aguirre's tenure at the S.E.C. was a troubled one, said his former supervisors, who in addition to Mr. Kreitman were Robert B. Hanson, a branch chief; Linda Thomsen, the agency's director of enforcement; and Paul R. Berger, a former associate director of enforcement. They said they could now respond publicly to Mr. Aguirre's charges because the Pequot case was no longer active.

Mr. Kreitman said Mr. Aguirre had become increasingly erratic, throwing tantrums and "storming down the halls in a furious crouch."

Ms. Thomsen called Mr. Aguirre's supervisors "smart, dedicated and honorable" officials who were not afraid to follow evidence wherever it might lead, even if it implicated "captains of industry."

Mr. Hanson said Mr. Aguirre reached conclusions not supported by evidence, and cited Mr. Aguirre's examination of Mr. Samberg of Pequot. "It was reported to me that Mr. Aguirre behaved unprofessionally and was extremely disorganized during the testimony," Mr. Hanson said.

Senator Grassley challenged that assertion. Noting that Mr. Hanson had not been at the examination, the senator said a completely different conclusion about Mr. Aguirre's conduct had been reached by L. Hilton Foster, one of the S.E.C.'s most-respected experts on insider trading.

Senator Grassley said Mr. Foster, who had attended the examination, told Senate investigators that Mr. Aguirre's questioning had elicited "dynamite stuff," and that he intended to use the hearing transcript to train new attorneys.

Mr. Hanson said he had not spoken with Mr. Foster before reaching his conclusion.

Senator Specter said the S.E.C.'s harsh criticism of Mr. Aguirre did not square with the favorable job evaluations from his supervisors. In response, Mr. Kreitman said S.E.C. officials came to believe that they had been "overly generous" and decided to add a second, more critical evaluation.

That evaluation was not shared with Mr. Aguirre and was put in his file after he left the agency.

"It looks like that negative evaluation was created only after Aguirre started complaining," Senator Grassley said.

In a statement after the hearing, the senator added, "Neither the S.E.C. nor the inspector general can get around the fact that there is little or no documentary evidence to support the supervisors' claims about Mr. Aguirre."

The senior S.E.C. officials who testified Tuesday said politics played no role in the Pequot investigation. "I certainly knew that Mr. Mack was a very high profile individual, but I had no idea until I read in The New York Times recently about Mr. Mack's political connections," Mr. Hanson said.

S.E.C. officials said they had turned down Mr. Aguirre's request to interview Mr. Mack at the time because he had not made a strong enough case for doing so, and they pointed out that at no time was there any evidence that Mr. Mack had access to information that could have constituted insider trading.

Eric Ribelin, an S.E.C. official who had worked on the Pequot case, testified that he had been "stunned and outraged" by Mr. Aguirre's firing.

"Something smells rotten," he wrote in an e-mail message to one of his supervisors. "I'm nonplussed by issues big and small about the course of events going back to January."

Asked what he meant, Mr. Ribelin said Mr. Aguirre did not receive the support he needed within the S.E.C. to aggressively pursue his investigation.

Greenberg Firm, AIG Agree To Settle Some Legal Cases (WSJ)

By Liam Pleven

The Wall Street Journal, December 6, 2006

American International Group Inc. and C.V. Starr & Co., a firm led by former AIG Chief Executive Maurice R. "Hank" Greenberg, are settling multiple legal cases.

Mr. Greenberg left AIG last year amid an accounting probe. He has denied any wrongdoing in a resulting civil case.

After Mr. Greenberg's departure, AIG terminated its relationship with insurance agencies controlled by C.V. Starr, which was headed by Mr. Greenberg when he ran AIG and sold commercial policies to large clients. Among other things, the firms have argued about who could use the "Starr" and "American International" trademarks. Under the settlement, AIG won't use the Starr or related names in doing insurance business, and C.V. Starr won't use certain AIG-related names.

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The settlement doesn't resolve a dispute over billions of dollars in AIG shares held by investment vehicle Starr International Co. Mr. Greenberg is chairman of Starr International.

The terms of the settlement are confidential, the companies said. A spokesman for AIG said it includes "no monetary payment that is material to AIG's financial disclosures." Of his work at C.V. Starr, Mr. Greenberg said yesterday the company has opened offices in recent months in London and Hong Kong and has invested hundreds of millions of dollars since he left AIG.

C.V. Starr and Starr International are represented by David Boies, of Boies, Schiller & Flexner LLP. AIG's lead attorney in the case is Michael Carlinsky, of Quinn Emanuel Urquhart Oliver & Hedges LLP.

Suspect In Siemens Case Claims Executives Had A Role In Bribes (WSJ)

By David Crawford In Berlin And Mike Esterl In Frankfurt

The Wall Street Journal, December 6, 2006

Siemens AG's troubles with a fraud investigation look set to grow, after a suspect gave German investigators details of a bribes-for-business scheme and alleged senior officials at the conglomerate were involved.

Munich prosecutors say they are investigating allegations that officials at Siemens' telecommunications division diverted at least €200 million ($266.6 million) to a slush fund held at banks in Austria, Switzerland and Liechtenstein for use to pay bribes. Authorities searched offices and homes of Siemens employees in mid-November.

On Friday, prosecutors ordered the release of Reinhard Sickzek, 56 years old, a former sales official in the Siemens telecoms division, after he provided details of a system of bribes paid to potential customers in Africa, Russia and the Middle East, according to Mr. Sickzek's lawyer, Wolfgang Kreuzer. Mr. Sickzek also named at least one board member in the Siemens telecoms division as the supervisor of the scheme, Mr. Kreuzer said.

Mr. Sickzek's statement to Munich prosecutors, which encompasses hundreds of pages, raises questions about Siemens's determination to prevent corruption. Mr. Sickzek told police that a member of the Siemens Compliance Department advised him on how to prevent detection of the bribery operation.

Siemens says it is cooperating in the investigation as a witness.

Siemens, Europe's largest engineering company by sales, has attributed the alleged fraud to "individual acts" but also has said it is reviewing its compliance procedures and recently hired an ombudsman.

A spokesman at the Munich-based company declined to comment yesterday on Mr. Sickzek's statement, citing the continuing investigation.

Few details from Mr. Sickzek's statement, reported on Saturday in the Süddeutsche Zeitung and confirmed yesterday, are available.

A prosecutor said Mr. Sickzek was released because he provided important assistance and laid to rest any concerns he would attempt to damage the investigation.

A spokesman for the Munich prosecutors office declined to comment. Mr. Sickzek wasn't available for comment, according to Mr. Kreuzer.

In his statement, Mr. Sickzek told prosecutors he had expected his arrest since November 2004 when he was contacted by Liechtenstein prosecutors about the movement of funds at a bank in Vaduz. Prior to his arrest, he began collecting files, memos, bank receipts and legal documents that would assist the investigation, according to Mr. Kreuzer.

Among the documents were a series of falsified contracts and invoices used to divert €70 million to €100 million per year through a network of accounts and shell companies in Austria, Switzerland and Liechtenstein, according to Mr. Sickzek's statement, Mr. Kreuzer said.

Mr. Sickzek provided details of how the system of slush funds was organized at Siemens and who was in the know, according to Mr. Kreuzer.

Mr. Sickzek is likely to be a key witness against his accomplices should the case go to trial, Mr. Kreuzer said.

Robert Wallner, senior prosecutor in Valduz, Liechtenstein, says his office opened an investigation of a suspected attempt to defraud Siemens in November 2004 after a bank reported €7.6 million withdrawn from one Siemens account in cash and then deposited in cash in a second account several days later.

Mr. Wallner said he continued his investigation even after a Siemens lawyer requested he close it because Siemens hadn't been defrauded. "We are still investigating to see whether the claim is true," Mr. Wallner said.

Countrywide Settles With Spitzer (WSJ)

By Paul Davies

The Wall Street Journal, December 6, 2006

DOJ_NMG_0102996

Countrywide Financial Corp., one of the nation's largest home-mortgage lenders, has settled an inquiry by New York state's attorney general, Eliot Spitzer, into alleged discriminatory pricing practices and agreed to establish a $3 million consumer-education fund and implement other reforms.

The settlement comes as other banks involved in the inquiry continue to resist Mr. Spitzer's efforts to obtain information about their lending practices.

Mr. Spitzer launched the inquiry into lending by seven large banks -- including Citigroup Inc., HSBC Holdings PLC, and Wells Fargo & Co. -- in April 2005. Mr. Spitzer was elected governor of New York in November and takes office next month.

The inquiry began after a review of federal Home Mortgage Disclosure Act data showed that black and Latino customers were more likely than whites to receive high-priced loans in New York in 2004.

Mr. Spitzer sent the banks letters seeking loan-pricing data, such as credit scores, used to set interest rates and fees.

The banks sued Mr. Spitzer, contending that as federally-chartered institutions they are shielded from state scrutiny. A federal district court sided with the banks, whose position was backed by the federal Office of the Comptroller of the Currency, which joined the suit. The case is on appeal before the Second U.S. Circuit Court of Appeals in Manhattan.

Announcing the Countrywide settlement, Mr. Spitzer criticized the OCC for siding with the banks.

"We wish that OCC would expend as much effort examining the pricing practices of the national banks it regulates as it has devoted to protecting these banks from our fair lending inquiries," he said in a statement.

Under the settlement, Countrywide agreed to compensate minority borrowers improperly steered toward higher-cost loans. The total amount of compensation hasn't been determined yet.

Countrywide Financial, based in Calabasas, Calif., also agreed to improve training for loan officers and provide detailed reporting to the attorney general's office to ensure compliance. It also agreed to pay the state $200,000 to cover investigation costs.

"Countrywide and Attorney General Spitzer share a common goal: to assure that all individuals who apply for a mortgage loan receive equal treatment, and that any pricing differences should be based on credit, property and other risk factors," said a statement from Rick Wentz, senior managing director and chief ethics officer for Countrywide.

Countrywide Reaches Deal After Bias Probe (WP)

By Kathleen Day, Washington Post Staff Writer

The Washington Post, December 6, 2006

Countrywide Financial Corp., the nation's largest mortgage lender, will compensate as many as 4,500 black and Hispanic borrowers under an agreement announced yesterday with New York Attorney General Eliot L. Spitzer.

The agreement ends the attorney general's probe of Countrywide for possible violations of fair-lending laws that Spitzer said were suggested by patterns in mortgage data collected each year by the federal government. Spitzer's office examined mortgages made in 2004.

Countrywide, which denied any wrongdoing, has agreed to review the loans in question to make sure the customers were charged the same rate as white borrowers with similar financial histories. The company made 20,000 mortgages in New York in 2004, including the 4,500 to black and Hispanic borrowers.

Neither the company nor Spitzer knows how much will be repaid until Countrywide's review is complete, but company spokesman Rick Simon said it wouldn't involve many loans or much money. "We do not think there will be a lot of payments. We do not expect this to have great impact," he said. He declined to be more specific.

The Calabasas, Calif., company said it consented to the agreement to avoid the cost and inconvenience of a longer investigation by Spitzer's office and possible litigation. The agreement also requires Countrywide to pay $200,000 to cover the cost of Spitzer's probe, beef up monitoring of its lending practices and invest $3 million in consumer education.

Allen Fishbein, housing and credit expert for Consumer Federation of America, praised the agreement for requiring Countrywide to monitor not only the loans it originates but also those it buys from mortgage brokers. He said it could be a model for other state and federal regulators, who are combing through the same federal loan data for evidence of discrimination.

Major mortgage lenders, including Wells Fargo, J.P. Morgan Chase, Citigroup and HSBC Holdings, went to court to block Spitzer from probing their lending practices. The Office of the Comptroller of the Currency has supported the banks, a stance Spitzer is challenging.

Congress May Soon Make 'Pretexting' A Federal Crime (WSJ)

By Christopher Conkey And David Rogers

The Wall Street Journal, December 6, 2006

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Spurred by the Hewlett Packard Co. scandal, Congress is moving toward passing legislation this week that would make it a federal crime to obtain someone's telephone records without his or her approval.

The measure targets so-called "pretexting" tactics, where investigators use various schemes to impersonate their target and gain access to private phone records. Investigators hired by H-P used the strategy earlier this year in a now-infamous investigation into who leaked information to reporters.

About 12 states have made telephone pretexting a crime, but there's currently no clear federal prohibition. Former H-P executive Patricia Dunn and several others were charged in the pretexting scandal for violations of California's state privacy laws.

The federal legislation under consideration, which passed the House in April and may clear the Senate before Congress adjourns for the year, would make pretexting for phone records a federal crime, and spell out new federal criminal penalties for both those who buy and sell such fraudulently obtained records.

Individuals and organizations that purchase confidential records -- knowing they were obtained without the consumer's consent -- could be subject to fines of up to $500,000 and imprisonment for up to five years. Additional penalties would be imposed in cases where the information is used to commit further federal crimes, or causes substantial financial harm, for example, to a consumer whose identity has been stolen.

The law contains an exception for law-enforcement agencies.

Until recently, telephone pretexting has existed in a murky legal realm, and federal regulators and state attorneys general have often been forced to bring cases under general consumer protection or antifraud statutes.

Noting the lack of federal protections against the practice, House Judiciary Committee Chairman James Sensenbrenner (R., Wisc.) said yesterday: "We recognized this loophole long ago, but Hewlett Packard made it a front burner issue. And if we fail to pass this now, it just gives people an opportunity to do what Hewlett Packard did again and try to get away with it."

The legislation moving through Congress doesn't go as far as some consumer advocates want. It doesn't compel phone companies to beef up security procedures, and it doesn't give the Federal Trade Commission the power to levy civil fines. While the Justice Department would have the power to enforce criminal penalties, the FTC's hands would remain tied.

In a recent telephone-pretexting enforcement sweep, for example, the FTC targeted companies that advertised their ability to obtain confidential phone records, alleging "unfair and deceptive" violations of marketing laws.

But the FTC doesn't have the clear authority to go after the shadier investigative firms that actually acquired the phone logs for those companies, and still would not under the proposed law.

Consumer advocates characterized the bill moving through Congress as a good start, but said they will continue pushing for broader measures. "It's a good first step," said Rob Douglas, an information-security consultant who runs the privacytoday.com Web site. "If we're going to get anything done in these closing moments of Congress, this is the only bill that has a chance."

Because of the bill's narrow provisions, most of the industries affected said they support the measure. "We need stiff penalties to deter criminals from pursuing this trade," said Joe Farren, spokesman for CITA-The Wireless Association, a trade group for cellular carriers. Mr. Farren said phone pretexting is already illegal under general fraud statutes, and noted that every major phone carrier has filed lawsuits against pretexters.

Many private investigators distinguish pretexting for phone and other confidential records from other, more general forms of pretexting -- such as pretending to be someone's brother-in-law to find out if they live at a certain address when investigating a child-abduction case. They say they support the penalties for those seeking confidential information -- and say few companies do that anymore. The recent attention paid to telephone pretexting has driven many Web sites advertising the service offline. "I don't know anyone that goes near it anymore," said Joseph Biondo, a private investigator in Forest Hills, NY.

Pretexting to obtain financial records is already illegal under previous federal legislation.

The House approved the proposed phone legislation long before the H-P scandal, but the bill then languished for months amid jockeying between the Senate Commerce and Judiciary committees. Both panels supported action, but the Commerce bill went beyond the Judiciary bill by creating a set of civil penalties and giving a greater enforcement role for the Federal Trade Commission and Federal Communications Commission. But consumer advocates were concerned that the Commerce bill would pre-empt tougher state laws.

In September, Mr. Sensenbrenner appealed to Senate Majority Leader Bill Frist (R., Tenn.) to break the logjam. This week, the leadership began pursuing a strategy of simply calling up the House bill and sending it to President Bush for his signature.

Given the late hour -- Congress is due to adjourn this week -- it could yet be blocked by an individual senator seeking leverage on some other legislation. Late yesterday, Republican aides said Arizona Sen. John McCain was threatening to block the measure unless an unrelated bill establishing a federal boxing commission was added. Mr. McCain's office did not respond to requests for comment.

Democrats said that none of their members objected and both Republican Sens. Ted Stevens and Arlen Specter, the departing chairmen of the Commerce and Judiciary Committees, have endorsed the decision to proceed along these lines.

In appealing for action, Mr. Sensenbrenner was joined by Rep. Howard Berman (D., Cal.) and Rep. Lama Smith (R., Tex.), senior members of the House Judiciary panel. In a letter to Mr. Frist in September, the three lawmakers noted the HP disclosures and that outside counsel to the company had reportedly suggested that the use of pretexting services is not clearly illegal.

"The time has come to clearly and unambiguously make such activity illegal," Chairman Sensenbrenner and his colleagues wrote.

SEC Plans Database To Stem Illegal Hedge-Fund Trading (Update3) (BLOOM)

By Jesse Westbrook And David Scheer

Bloomberg, December 6, 2006

Dec. 5 (Bloomberg) -- The U.S. Securities and Exchange Commission plans to have a database in place by next year that will help it crack down on hedge-fund insider trading, a senior agency official said.

``The SEC presently does not have an electronic system to aggregate referrals based on the identities of the specific traders involved," SEC Enforcement Director Linda Thomsen said before the Senate Judiciary Committee today. ``We anticipate implementing a new case tracking system by mid-2007."

Illegal trading by hedge funds ``remains a substantial concern" to the SEC as the $1.3 trillion industry's influence over financial markets grows, Thomsen said. Hedge funds, which are loosely regulated private pools of capital, manage about 5 percent of U.S. assets and account for about 30 percent of U.S. equity trading volume.

Today's hearing is the third convened by Senator Arlen Specter, the Judiciary Committee's chairman, in six months to examine oversight of insider trading. The Pennsylvania Republican circulated draft legislation aimed at halting illegal buying and selling of stocks that would require hedge funds accepting money from pension funds to submit to random inspections by the SEC.

His measure would also force hedge funds, which allow managers to participate substantially in the gains of money invested, to set up ethics codes and compliance programs and allow the Justice Department to give private citizens rewards for helping in prosecutions of insider trading cases.

``Light regulation, secrecy, unregulated recordkeeping and limited compliance programs of hedge funds increase the difficulty of detecting and proving insider trading," according to Specter's legislation, which hasn't been introduced.

NYSE Effort

The New York Stock Exchange and the NASD, which refer data about suspicious buying and selling to the SEC, are coordinating efforts to share information about hedge funds, Robert Marchman, head of market surveillance for the NYSE, said in an interview.

The agencies plan to build out a database with information detailing relationships between hedge funds and other ``financial business-related entities" in an effort to uncover illegal trading, he said.

Lawsuits involving hedge funds made up 11 percent of the SEC's insider trading cases in fiscal 2006, according to agency figures. The SEC expects to file more cases against the industry alleging illegal trading in 2007, Thomsen has said.

The SEC sued Wynnefield Capital Inc. Managing Partner Nelson Obus in April, alleging three hedge funds he runs made $1.34 million after getting a tip about the merger of Allied Capital Corp. and SunSource Inc.

In May, hedge fund Deephaven Capital Management LLC agreed to pay $5.7 million to settle allegations that it profited from trades made before 19 private investments in public equity offerings that were about to be announced.

`Increasing Pressure'

``The increasing role played by hedge funds and the expectation of consistent, market-beating returns could lead to increasing pressure on fund managers to deliver by any means, such as riskier investments, or worse, illegal trading on inside information," Senate Finance Committee Chairman Charles Grassley said at the hearing.

Specter held today's hearing, in part, to continue probing allegations by former SEC attorney Gary Aguirre that his investigation of insider trading at hedge fund Pequot Capital Management Inc. was stymied for political reasons. Thomsen denied Aguirre's claims, telling Specter and Grassley that the ``enforcement division does not pull its punches."

Specter's legislation would restore elements of SEC rules struck down by a federal appeals court in June that required hedge-fund advisers to register with the agency. While Specter said today that he plans to introduce the measure, he doesn't expect Congress will take it up before the end of the year.

Amaranth Collapse

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Lawmakers became concerned that the lack of hedge-fund oversight could put retiree money at risk after pension funds were stung by the collapse of Amaranth Advisers LLC. The Greenwich, Connecticut-based hedge fund lost $6.5 billion in September on bad natural gas trades.

Regulators should double the amount of net worth required to invest in hedge funds to $2 million to protect unsophisticated investors, Connecticut Attorney General Richard Blumenthal told the judiciary panel today. Currently, individuals can also invest in hedge funds if they had income of $200,000 for each of the past two years, a requirement that should be raised to $500,000, he suggested.

``A small investor in my view would be anyone who can't afford to lose the amount invested," Blumenthal said. ``Raising the net worth or income levels for participation in hedge funds is one of the single most important steps that this committee or the SEC could take to raise the bar."

The SEC will consider proposing at a Dec. 13 public meeting that the amount of wealth needed to invest in hedge funds be increased. The agency hasn't specified how it might limit the pool of hedge-fund investors.

Deadlock Broken On Revising Audit Rule (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, December 6, 2006

Proposal to Rein In Accounting Costs

Regulators have reached an agreement in principle on how to revamp a contentious accounting rule that cost businesses millions of dollars more than anticipated, removing a pair of major stumbling blocks attacked by consumer advocates.

The Public Company Accounting Oversight Board, which oversees the audit industry, plans to meet Dec. 19 to present its revised version of the regulation, officials said yesterday. The rule, which mandates that auditors review corporate financial controls, is the most disputed part of the Sarbanes-Oxley law, passed by Congress in 2002 after frauds at Enron and WorldCom.

Businesses had objected to the cost of complying with the law's stricter audit provision. The accounting board's chairman, Mark Olson, said the new proposed guidance, which attempts to focus auditors on areas of highest risk, would more closely align the costs of the measure with its benefits.

Accounting board officials had clashed with leaders of the Securities and Exchange Commission over the issue in recent weeks. But a visit to the board's office Friday by SEC Chairman Christopher Cox helped put the process back on track.

Cox had floated the idea of requiring small companies to develop financial controls, which help prevent fraud and mistakes, but forcing auditors to test the controls only on a narrow and limited basis, in a memo that was leaked two weeks ago. But investor groups howled that the proposal would gut the law.

That idea now appears to be off the table, in part because of a report issued last week by a panel supported by Treasury Secretary Henry M. Paulson Jr. The Committee on Capital Markets Regulation, funded by business interests, advocated a broad overhaul of U.S. regulation and urged new protections against shareholder lawsuits. But the panel rejected the notion that small companies could evade regular testing of their internal controls.

Accounting board and SEC officials also appear to have resolved another obstacle. Under a proposal in Cox's leaked memo, thousands of companies already complying with the rule might have won an exemption because of the way the proposal defined a small business. But the new draft calls for auditors to take into account both the size of a company and the complexity of its business and accounting practices. That way, a small business that handles complex financial instruments known as derivatives, for instance, would get more stringent review.

The SEC is set to issue new guidance for corporate managers at a public meeting next week, and the accounting board is to lay out its proposed changes a week later. Officials at both agencies cautioned that certain technical details remain to be resolved and the agreement may yet founder.

Given the importance of the issue to investors and the continued urging by key lawmakers from both political parties to lighten the burden on businesses, the incentive is for regulators to settle the matter quickly.

Investor advocates said they are following the debate with interest, but they preferred to reserve comment until they could review the specific proposals. The rule is complex, and it may be difficult to grasp its implications without a close reading of the language, they added.

The revisions will be "critical in transforming [the rule] from one of the most troublesome parts of Sarbanes-Oxley to one of the most meaningful parts of the act," SEC Commissioner Paul S. Atkins, a Republican, said at a public meeting Monday.

Likewise, Commissioner Roel C. Campos, a Democrat, said that the end product "will balance very well investor protection while also creating a better environment for efficient audits of internal controls."

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CRIMINAL LAW:

Renzi Reports Death Threats, Gunshots At Office (AZREP)

By Billy House, Republic Washington Bureau

Arizona Republic, December 6, 2006

WASHINGTON - Rep. Rick Renzi says the FBI is investigating several "death threats" directed at him, as well as incidents of gunshots and other vandalism to his Flagstaff office.

"I'm very concerned about a series of calls we've gotten - one we're taking very seriously," said the Arizona Republican, in an interview today.

A Justice Department official in Phoenix would neither confirm nor deny a pending investigation into the incidents described by Renzi.

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Renzi, who was elected to his third term on Nov. 7, said incidents of vandalism dates from several months ago, and include instances of golf balls and firecrackers thrown at his congressional offices.

But concerns over the vandalism heightened last week, after gunshots were fired at the congressional office on North San Francisco Street, either late on Nov. 28 or early Nov. 29.

Along with the vandalism, there's been a series of threatening telephone calls to the office, including death threats to the congressman, said Renzi.

One call, in particular, is prompting the most concern. Renzi declined to provide the details of that message.

The FBI is conducting interviews regarding the calls and the shooting, Renzi said.

"These incidents are having a cumulative effect on our people (staffers)," said Renzi. "We are seriously looking at the possibly having to move into a more-secure building."

Reach the reporter at billy.house@arizonarepublic.com or 1 (202) 906-8136. You can read his blog from Washington at http://www.azcentral.com/blogs/index.php?blog=300&blogtype=News

Aleppo Man Indicted In Murder-for-hire Case (PPG)

By Milan Simonich, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 6, 2006

What began as an extramarital affair for an Aleppo man is now a federal criminal case that could cost him his life.

Grand jurors in Wheeling, W.Va., yesterday indicted Eugene Talik Jr. on a murder-for-hire charge in the death of his lover, Kelly Jo Elliott.

Mr. Talik, 38, also was charged with conspiracy and interstate domestic violence. The grand jury alleges that he hired an acquaintance to kill Ms. Elliott, 28, so word of their affair would never reach his wife.

Prosecutors say Mr. Talik himself strangled Ms. Elliott after the man he hired decided he could not go through with the killing.

The second man has not been identified by federal prosecutors or the grand jury. He is cooperating with the U.S. attorney's staff in Wheeling as it prepares its case against Mr. Talik.

Mr. Talik could face a sentence of life in prison or death if he is convicted. For prosecutors to pursue a capital case against him, they would need approval from U.S. Attorney General Alberto Gonzales.

Mr. Gonzales earlier this year authorized the death penalty in a case similar to the one against Mr. Talik. It involves Donna Moonda, of Hermitage in Mercer County, who is charged with hiring a man to murder her husband, a wealthy physician.

Investigators say Mr. Talik killed Ms. Elliott the night of May 25. The indictment alleges that Mr. Talik told her they would be taking a camping trip over the Memorial Day weekend. After they had packed, they drove in separate vehicles to the truck stop at the Dallas Pike exit of Interstate 70, where the other man was waiting.

The second man told prosecutors he hit Ms. Elliott with a pipe, but the blow did not kill her. At that point, he said, he decided he could not take her life.

Prosecutors allege that Mr. Talik then attacked and strangled Ms. Elliott, a mother of two small boys. The indictment alleges that he killed her in the moving van he drove for a living.

An arrest warrant for Mr. Talik said he and his accomplice then drove Ms. Elliott's body across the West Virginia line and into Pennsylvania. The killers set her body afire and buried her remains in a shallow grave in Elk County, prosecutors said.

Mr. Talik is in jail without bail in West Virginia. Prosecutors will not say where the second suspect is being held.

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Boot Lawyer Off Case, Feds Urge (SLT UT)

By Pamela Manson

Salt Lake Tribune, December 5, 2006

Davis scandal

Prosecutors are seeking to disqualify the lawyer for a Layton couple accused of stealing federal grant money from Davis School District, claiming he gave legal advice to witnesses in the criminal investigation.

The defense attorney, Paul Gotay, denies that his actions have caused a legal conflict that would require him to step down and is fighting to continue his representation of Susan G. Ross and John D. Ross.

"My head was put in the vise, and they tried to squeeze it," Gotay said Monday after a hearing in U.S. District Court in Salt Lake City, where the disqualification motion was discussed. "It's a good thing I have a hard head."

Magistrate Brooke Wells has set a hearing for Monday to hear arguments on the disqualification motion and Gotay's request for transcripts of grand jury testimony by the witnesses.

In the disqualification motion, filed late Friday, the U.S. Attorney's Office said that as early as May 2005, Gotay appeared with the Rosses at the office of the FBI, the agency investigating the alleged fraud that drained the district of millions in Title I money meant to help disadvantaged students.

Then, when agents attempted to interview two witnesses they believed had knowledge of the scheme - Keith Evans and Terry Applegate - both men said Gotay was their attorney, the motion said.

In addition, Gotay himself, by engaging in "multiple financial transactions with the defendants," has personal knowledge relevant to the case and is likely to be a witness in the prosecution, according to the motion.

Gotay has said the attempt to disqualify him stems from the fact that the Rosses paid him a fixed fee for his representation after they came under investigation in the spring of 2005. The couple's assets were frozen when they were indicted Nov. 21 by a federal grand jury.

On Monday, Gotay repeated his assertion that he will represent the Rosses no matter what. Because they have paid him, the government has also frozen his assets, he said.

"The government deems it necessary to have me removed because I was willing to represent them free of charge as needed," he said. "When all legal avenues fail . . . personal attack is the name of the game."

Gotay also said he will file a motion asking that Wells be removed from the case because she appears to have decided already to disqualify him. The magistrate said during the hearing she has no opinion yet on the matter and declined to recuse herself.

The Rosses have pleaded not guilty to 47 counts of theft, fraud, copyright infringement and money laundering against them. Stella V. Smith - Susan Ross' former secretary at the district - also has pleaded not guilty after being charged in a separate indictment with 37 counts of mail fraud for allegedly taking more than $300,000 in payment on fake invoices.

Prosecutors did not seek to keep any of the three behind bars in the months leading up to their trials, scheduled in February. But all three were required to surrender their passports and keep in contact with the court's pretrial services officers.

Wells ruled at Monday's hearing to leave the same release conditions in place.

The indictment accuses the couple of selling photocopies of books to schools that receive federal Title I funding at vastly inflated prices through an intermediary company, which kept a small percentage of the profit and paid the rest to a company allegedly owned by Susan and John Ross. Money allegedly taken from 2000 to 2005 amounts to $4.3 million, but officials say the scam may have begun as early as 1985.

The intermediary company is Research and Development (R&D), which is run by Evans and Applegate, according to court records. The records say the two men, who are not charged in the case, are prosecution witnesses.

Smith is accused of creating phony invoices for books that were never ordered and never delivered. She allegedly collected $338,000 from 1999 to 2005.

The Davis district first detected something was amiss with its Title I programs in spring 2005 after implementing a new review system. Authorities were contacted immediately, said Timothy FuhrÃ‚man, special agent in charge of the FBI's Salt Lake City office, which investigated the matter along with the U.S. Department of Education Office of Inspector General, the IRS and Farmington police.

Susan Ross, who was employed by the district beginning in the 1970s, was director of federal programs before she retired in spring 2005. John Ross is the former Title I specialist for the Utah Office of Education and worked as a grant specialist for the Davis district from March 2000 to February 2005.

The maximum penalty for mail fraud and money laundering is 20 years in prison; for theft, 10 years; and for copyright violations, five years.

The U.S. Department of Education is working on its own Office of Inspector General and the Justice Department to determine whether officials at the district or state level might also be held liable, spokesman Jim Bradshaw said.

Generally in such cases, prosecutors request restitution, which the judge determines at sentencing. The Ross charges include a "notice of intent to seek criminal forfeiture" for the nearly $4.3 million and all ill-gotten assets.

Rather than waiting for the trial's conclusion, possible "administrative steps" are being discussed now, Bradshaw said, although he declined to elaborate on whether those actions might target state or district overseers.

Davis district spokesman Chris Williams said "it would be really tough" for the district to come up with the money to repay what allegedly was stolen. The district currently has less than $3.5 million in reserves, he said.

Among schemes to defraud the department, the Davis charges aren't unique. In its latest semiannual report to Congress, three of five cases reported by the U.S. Department of Education's Office of Inspector General echoed aspects of the Davis fiasco.

In West Virginia, a former financial manager embezzled more than $1.3 million in state Title I funds. The official was sentenced to more than five years in prison and ordered to pay $1.5 million in restitution.

Investigations in Georgia and Minnesota also uncovered scams to funnel federal money to front companies. The conspirators were sentenced to serve up to eight years in prison and pay back most of the money.

Stolen Car A Hoax; Mom's Boyfriend Charged In Boy's Death (AP)

By Jay Reeves

AP, December 6, 2006

BIRMINGHAM, Ala. - A north Alabama woman who claimed that someone stole a car with her 5-year-old son asleep in the back seat was charged Tuesday afternoon with hindering prosecution, and her boyfriend was charged with capital murder in the boy's death.

An Amber Alert was issued Monday morning when Shalinda Glass reported that her son had been abducted outside an Albertville convenience store. A massive search was conducted by police and members of the FBI and the Alabama Bureau of Investigation.

It turns out Glass was lying.

Etowah County Sheriff James Hayes said the body of the boy, Geontae Glass, was discovered in the pre-dawn hours inside the missing Nissan Altima, which had been parked in a closed garage at a house in rural Etowah County.

He said Glass, 25, of Rainbow City, and her boyfriend, Kevin Andre Towles, who is believed to own the house where the body was found, were arrested early Tuesday morning at Towles' apartment in Rainbow City. They were both being held in the Etowah County jail Tuesday night.

Hayes said Glass told police that her son, who was in kindergarten, died from a beating after he brought home a bad progress report from school Friday.

Authorities were trying to determine jurisdiction, but believed the child was killed in Etowah County, where the mother lives, and that the alleged cover-up was committed in neighboring Marshall County, where the car theft was reported.

Marshall County District Attorney Steve Marshall said investigators believe the dead child was in the car when his mother went to the store and went inside with her 7-year-old daughter.

Towles was believed to be the "main player" in the death of the boy, Hayes said in an interview. Authorities aren't sure exactly what happened, he said, but Towles has a criminal record and appeared to be "an abusive boyfriend of the mother."

Glass reported Monday morning that her car was stolen with her son asleep in the back seat in the parking lot of a convenience store in Albertville in neighboring Marshall County. Witnesses reported seeing a man get out of a pickup truck and get into the vehicle before driving away as someone else drove off in the pickup truck.

Authorities took the pickup truck driver into custody Tuesday for questioning. Police decided not to charge him because they believe he didn't know what was happening, Marshall said.

Hayes said the pickup truck has been found and the driver was taken into custody for questioning. No charges were filed, but he said the investigation was ongoing.

"We do expect others to be arrested," he said.

Towles has several residences, Hayes said, and investigators searching his home in Albertville discovered evidence that led them to the house in Etowah County. Besides the body, officers found more than $30,000 in cash, a small amount of cocaine, marijuana residue and weapons including an AK-47, Hayes said.

"We believe this is what he thought was his safe house, where nobody knew where he was," Hayes said.

Hayes said both the time and cause of the boy's death were yet to be determined.

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Alabama state troopers and Albertville police had issued an Amber Alert for the boy, who was said to be last seen in his mother's light blue 1994 Altima. Hayes said the suspects could have tried to dispose of the car - with the body inside - if not for the public being put on alert for the vehicle.

"The Amber Alert was absolutely critical in this case," he said.

Gina Keeton, a clerk at the Albertville store, said she saw Glass crying hysterically in the parking lot after she left the store.

"When I asked her what was wrong, she said someone had taken her child and her car," Keeton said.

Beside being accused in the boy's slaying, Towles will be charged with drug offenses and being a convicted felon in possession of a firearm, the sheriff said.

Abduction Tale May Be Latest Hoax (USAT)

By Wendy Koch

USA Today, December 6, 2006

An Alabama mother's report that her slain 5-year-old son had been asleep in a car when it was stolen was a hoax, and she and her boyfriend have been charged in the boy's death, police said Tuesday.

The body of the kindergartner, Geontae Glass, was found early Tuesday in the trunk of the car, which was parked outside a house owned by the mother's boyfriend, said Capt. Michael Jones of the Etowah County Sheriff's office. "They came up with a plan to disguise the homicide," Jones said of Shalinda Glass, 25, and her boyfriend, Kevin Andre Towles.

Towles has been charged with capital murder and Glass with hindering prosecution.

The story could be the latest in a string of hoaxes, from "runaway bride" Jennifer Wilbanks of Georgia, who faked her own kidnapping, to Sarah Everson, a Missouri woman who collected donations by pretending to be pregnant with sextuplets. Some appear aimed at financial gain or avoiding prosecution — or marriage. Others are odder: John Mark Karr claimed to have killed JonBenét Ramsey until evidence showed otherwise.

"Some of these people aren't exactly brain surgeons," says Jay Siegel, director of the Forensic and Investigative Sciences Program at Indiana University. "There are a lot of reasons why people do these things," he says, including mental disorders such as Munchausen Syndrome by Proxy, in which parents make up symptoms, hurt or even kill their children, making it look like an accident.

"A lot of this is done for attention," Siegel says. "It's a form of exhibitionism without taking your clothes off." He says the desire for fame may be exacerbated by reality TV shows.

Michael Aamodt, who teaches forensic psychology at Radford University in Virginia, says some people panic when they get in trouble and make up elaborate stories.

"People, in general, are not very good liars," he says. "They don't really think about the getting-caught part."

In Alabama, Jones says, police concluded that Glass' story was false after interviewing her and others. He said Glass has no prior criminal record but Towles, who runs a barbecue restaurant, has a record of drug offenses.

Glass, who also has a 7-year-old daughter, told police Monday that the boy was sleeping in the back seat of a car that she left running when she went into a convenience store in Albertville, about 80 miles northeast of Birmingham.

Witnesses reported seeing a man get out of a pickup and into the car while someone else drove the truck.

State's Attorney's Office Under Review (WP)

By Ruben Castaneda, Washington Post Staff Writer

The Washington Post, December 6, 2006

Ivey Requested Justice Department Probe

A team of current and former state prosecutors from across the country is meeting this week with Prince George's County prosecutors, police, judges and defense attorneys to assess how well the state's attorney's office is performing and what it can do to improve.

The broad independent review is being conducted at the request of State's Attorney Glenn F. Ivey, who will begin his second term in January. Ivey, who was reelected without opposition in the November general election, said no event or case prompted the review.

In an interview, Ivey said he wanted to conduct such a review from the time he first assumed the office in December 2002 but was unable to because of budgetary constraints.

He said the review is being conducted at no cost to the state's attorney's office.

The team of four current and former prosecutors that will be reviewing the office was put together by the Bureau of Justice Assistance, which is part of the Justice Department.

The review team will be supported by two staff members from the bureau, said Joseph Trotter, an official with the bureau.

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Ivey said he told his staff, which includes about 70 prosecutors, about the review a month ago, shortly after he was reelected. Ivey said he urged his prosecutors and other staff to be honest with the assessors, who began conducting interviews Monday and are scheduled to complete them today.

"I told our people the only way this will work is if they're candid," Ivey said. The reviewers will interview prosecutors, supervisors and trial lawyers away from the Upper Marlboro office, he said.

Ivey said he wants the reviewers to determine whether policies need to be changed and to point out any problems with personnel. If prosecutors or staff members believe there is something Ivey can be doing better, he wants to know about it, Ivey said.

Ivey said he would like the reviewers to provide a list of recommendations, "a sheet I can work from."

Trotter said a written report would be available within a few weeks, perhaps by January.

During his tenure, Ivey has been credited with beefing up prosecutions of thefts and other economic crimes. Assistant State's Attorney Isabel Mercedes Cumming, head of the "fraud squad, " was named the national fraud examiner of the year by a financial crime analysts group last year.

Prince George's prosecutors also have been successful in obtaining convictions against at least four members of the violent MS-13 gang in recent years for offenses such as murder and attempted murder.

On the other hand, several prosecutions of homicides and other violent crimes have gone awry in recent months.

Last month, two Prince George's judges in separate cases dismissed murder charges against defendants because of what they considered flaws in the prosecution.

Since May, prosecutors have dropped murder charges against at least two other defendants because of problems with state witnesses or evidence.

La. Authorities: Seemingly Harmless Suspect In Serial Killings Disarmed Victims With Charm (SDUT/AP)

By Mary Foster, Associated Press

The San Diego Union-Tribune, December 6, 2006

HOUMA, La. – Short, overweight and suffering from a heart condition, Ronald J. Dominique hardly seemed a threat, much less a serial killer.

A near-broke nobody who lived with his sister before moving into a homeless shelter, he went willingly, leaning heavily on a cane, when officers came to get him last week.

Even with a meek persona, investigators said, Dominique bound and strangled or smothered 23 men and teenage boys in south Louisiana in what the FBI considered its most urgent serial killing case.

Dominique apparently was able to charm his victims into accompanying him, said Les Bonano, director of investigations for the state attorney general's office.

“He'd meet them on the street, walking or riding their bikes, and just start talking to them. He'd offer them a ride or talk them into sex and they'd go with him,” Bonano said Tuesday.

Dominique, 42, was arrested Friday at a homeless shelter in Houma and charged with two murders. On Monday, authorities filed nine more counts against him and said more charges were possible.

Dominique was being held without bond at the Terrebonne Parish jail pending a Jan. 17 arraignment. A message seeking comment was left with the parish public defender's office, which was assigned Tuesday to represent him.

Joseph Waitz, the Terrebonne district attorney, said he will seek the death penalty.

Once investigators began interrogating him, Dominique eagerly claimed credit for the killings, Terrebonne Sheriff Jerry Larpenter said.

“We'd been talking to him just a short period of time and he just started giving it up,” Larpenter said. “I don't know what prompted it. Maybe he just wanted to clear his conscience.”

Dominique is believed to have raped his victims before killing them, Larpenter said.

“He's nothing on the street, a nobody. But here he had power. Once he got those ropes on them, they were his,” he said.

Until the week of his arrest, Dominique was living with his sister in Bayou Blue, a rural area near Houma, a Cajun community of 32,000 surrounded by bayous and sugar cane fields, where many work in commercial fishing or the oil industry. His camper was parked behind a trailer covered by a broad, wood roof.

Dominique hit the shelter almost penniless. Phillip “Pappy” Breaux, who lives at the shelter, said Dominique told him he had enough money to pay for a room for five or six nights at $10 a night.

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"If he hadn't been arrested he could have been here 20 years and nobody would have paid any attention to him," Breaux said. "He complained about his health some, but that was about it."

Investigators said Dominique was charged at least seven times and jailed twice over the years, mostly for minor offenses such as traffic violations, simple battery and disturbing the peace by offensive language.

But one case apparently planted the seed for his later crimes, according to Larpenter.

On Aug. 25, 1996, Dominique was arrested on a charge of forcible rape. He was booked into jail, but the case did not go to trial because the victim could not be found.

Larpenter said Dominique told investigators that brief brush with incarceration left him determined not to go back to jail.

"He said he killed them because he didn't want to get caught," Larpenter said. "But I would think he discovered somewhere on the way to killing 23 that it was not just because of that. I think he discovered he liked it."

FBI Special Agent in Charge Jim Bernazzani said FBI profilers felt this was the most significant current serial killer case in the country in terms of the number of victims and its time span – the killings took place from 1997 to 2005.

"A serial killer like this hides in plain sight," Bernazzani said. "They do not disturb people. That's why they are so effective.'"

All the victims were homeless males, ranging from 16 to 46, all were strangled or asphyxiated and all the bodies were bound. Their bodies were dumped in remote spots in seven parishes.

The break in the case came when an ex-con told his parole agent about getting away from a man who wanted to tie him up for sex, Larpenter said.

Dominique voluntarily gave investigators a DNA sample, which connected him two Jefferson Parish murders, Sheriff Harry Lee said.

"He went along with it, let us take a swab," Lee said. "He was no trouble at all."

Katrina Struck District, Scandal Struck Dem (USAT)

By Richard Wolf

USA Today, December 6, 2006

NEW ORLEANS — None of the nation's other 434 congressional districts has put up with as much adversity as the 2nd District of Louisiana, where entire neighborhoods have been razed after Hurricane Katrina 15 months ago.

Now weary voters in the district must decide whether to re-elect a member of Congress after the FBI found $90,000 in marked bills in his freezer.

Rep. William Jefferson, a Democrat, has denied wrongdoing, and he has not been charged with a crime. In an open primary election last month, he placed first with 30% of the vote. None of the 13 candidates got a majority, so he faces Democratic state Rep. Karen Carter in a runoff election Saturday.

Jefferson has been outraised financially and was stripped of his most powerful committee assignment by Democratic leaders, but few here count him out.

Some want to keep him in office just to keep an eye on him.

"He can hide better being a private citizen than a public official," says Glenn Trotter, 52, over lunch at Li'l Dizzy's Cafe. "New Orleans already has a stigma about it. The die has been cast in terms of what people think of us."

Saturday's vote will write the epilogue on the past two years' scandals in Congress. Since November 2005, Republican Reps. Randy "Duke" Cunningham, Tom DeLay, Bob Ney and Mark Foley have resigned because of wrongdoing or ethical questions. Others facing allegations lost re-election. If Carter wins, Jefferson will be the only Democrat to lose his seat this year for any reason.

Democratic Party officials are doing what they can to make that happen. House Minority Leader Nancy Pelosi, who will become the first female speaker of the House of Representatives next month, stripped Jefferson of his seat on the Ways and Means Committee. State party officials endorsed Carter in the runoff.

Jefferson is the target of a Justice Department investigation into a Kentucky businessman's dealings with Nigeria. The businessman and a former aide to Jefferson have pleaded guilty to bribery.

An FBI affidavit alleges that Jefferson took $100,000 from an investor who was working with the FBI to bribe a Nigerian official. The FBI found $90,000 of it later in a freezer in Jefferson's home on Capitol Hill.

The eight-term congressman has not talked about the case except to declare his innocence, and he turns down most requests for interviews. His spokeswoman, Melanie Roussell, points out that Jefferson "has not been charged with anything."

"He asks voters to consider him on his record," she says, claiming that Jefferson "has brought home billions" of dollars in federal aid since Katrina struck. "Now is not the time to send someone new, who doesn't know anyone and who can't negotiate our needs."

Carter says now is not the time to return Jefferson, under a cloud and without his seat on Ways and Means.

The 2nd District includes the hardest-hit areas of the Gulf Coast, such as the Lower Ninth Ward, where low-income homeowners lost everything. They need full representation, she says.

"We don't have a strong voice from this district, and we are the most devastated district," she tells people at a gathering in the Algiers neighborhood on the Mississippi River's west bank. "Our national image is at stake."

Carter, who like Jefferson is black, has strong backing among whites. Mary Lore, 81, says she was "appalled" by Jefferson's "flagrant" behavior and doesn't want to re-elect him while he faces possible indictment. "We don't need another question mark," she says.

Even Republicans, badly outnumbered in a district drawn to favor black Democrats, are enticed by Carter. "I've always voted against Jefferson. We disagree on everything," says Bill Bryan, 48, director of a local sports club.

Yet Carter has her own obstacles. After Katrina, she appeared in a Spike Lee documentary criticizing officials of neighboring Jefferson Parish for keeping Orleans Parish residents out. Her remarks haunt her as she campaigns in Jefferson Parish, which is about 30% of the district. She also is opposed by some who disagreed with education legislation she advocated.

Amy Lafont, 31, a parent active in school issues, says she'll vote for " 'Dollar Bill' Jefferson. He is a known quantity."

THE $90,000 QUESTION (NOTP)

By Bruce Alpert

New Orleans Times-Picayune, December 6, 2006

Whom Will Voters Believe -- Jefferson Or The Feds?

Judith Woods and Dwight Garrett know all about the $90,000 FBI agents say they found in Rep. William Jefferson's freezer, but they are of different minds on how the federal probe of the New Orleans Democrat should influence voters in Saturday's runoff.

Garrett, 52, an insurance broker and adjuster and self-described community activist, admits he was "shocked" when he heard about the $90,000. But he said he's decided to stick with Jefferson because the government's case "apparently isn't very strong or they would have indicted him by now."

Jefferson, he said, wouldn't be the first African-American politician wrongly tainted with false charges.

"He's been our congressman for 16 years, and I think he's entitled to a presumption of innocence," said Garrett, who said the Justice Department has been overly aggressive by making Jefferson's congressional office the first ever raided by the FBI.

Woods, also 52 and a social worker, said she has voted for Jefferson in the past but can't conceive of what Jefferson has in mind when he promises an honorable explanation for the allegations against him. The Justice Department in an affidavit said FBI agents found $90,000 in marked $100 bills in the freezer of his Washington, D.C., home. Prosecutors secured guilty pleas from two former Jefferson associates, who testified that the congressman demanded payments for family-run businesses in return for his help in securing contracts in West Africa.

"My conclusion is that he's guilty of something," said Woods, who wonders how effective a congressman Jefferson can be while fighting the accusations.

Jefferson has denied wrongdoing, saying in a recent campaign ad that he has never accepted a bribe from anyone.

Still, perhaps more than any other issue, including the federal government's continued role in hurricane recovery efforts, how voters see the federal probe, which began March 15, 2005, will determine whether Jefferson is elected to a ninth term or is ousted by state Rep. Karen Carter, D-New Orleans.

Sympathy for Jefferson

Gay Cunningham, an Uptown resident, said she has decided to support Carter with a "heavy heart" because Jefferson has helped her efforts to raise money for the Louisiana State Museum dating to when he was in the Legislature.

Accused Mobster Requests Larger Cell (AP)

By Mike Robinson

AP, December 6, 2006

CHICAGO - A reputed leader of Chicago's organized crime family pleaded with a federal judge Tuesday for more space in jail while he awaits trial on charges of plotting 18 slayings going back three decades.

"I'm taking 15 medications and my back is killing me," Frank Calabrese Sr., 69, told U.S. District Judge James B. Zagel. He said overcrowding on his floor at the Metropolitan Correctional Center is so bad that he can't concentrate on court papers and study the charges against him.

A chronic back problem only makes matters worse, he said.

"All I want to do is be in a two-man room so I can study my case," said the portly, bearded defendant, clad in the bright orange jumpsuit of a federal prisoner.

To underscore Calabrese's woes, defense attorney Joseph Lopez asked permission from Zagel for his client to sit down during the hearing.

Calabrese is among 14 reputed mob figures charged in a racketeering indictment that alleges at least 18 slayings going as far back as 1970.

Zagel was holding a hearing on complaints by a number of the defendants charged in the FBI's Operation Family Secrets that their health and related problems are not being met in the MCC - a skyscraper federal jail a block from the Dirksen Federal Courthouse in downtown Chicago.

Other attorneys said their clients had urgent medical needs ranging from a new hearing aid to a fresh set of false teeth.

Zagel and federal prosecutors said that they would look into the matter.

Emotions Run High As Peete, Ford Keep Seats In Close Vote (MCA)

By Jacinthia Jones

Memphis Commercial Appeal, December 6, 2006

December 6, 2006 At the end of the day, Edmund Ford and Rickey Peete remained in their seats on the Memphis City Council dais.

There was Ford, voting as if nothing had happened.

And Peete, who, after being absent most of the day, recused himself from voting only on planning and zoning issues.

Despite federal bribery charges against the two, the council failed to muster enough support Tuesday to ask them to resign or to censure them.

Ford and Peete were arrested last week on charges they took money in exchange for their influence on the council concerning development.

The resolution asking Ford and Peete to resign failed on a 6-6 vote during a morning executive session.

A separate motion to initiate censure proceedings on the pair failed by a 3-5 vote in the council's personnel, intergovernmental and annexation committee.

Peete did not attend committee meetings, but showed up for the full council meeting in the afternoon. Ford, however, attended meetings all day and voted against the censure motion and cast a "no" vote that doomed the resolution requesting he and Peete step down.

Council members did not publicly question the appropriateness of Ford's voting on the two measures.

During a break in the council meeting, reporters asked him why he was still voting. He replied: "I'm innocent, OK? I'm innocent."

Earlier he told The Commercial Appeal "This is about color."

"I'm a child of God, OK? I know what I have not done. Maybe this will open up the eyes of some people."

He took issue with comments by Councilman Jack Sammons during the executive session.

In pushing the resolution asking for the resignations, Sammons said the events involving his colleagues had caused him "much consternation."

"It's unfathomable to me that this could happen in this atmosphere of Tennessee Waltz."

Sammons' resolution "humbly, prayerfully and respectfully" requested that Peete and Ford resign and focus their energies on their legal defenses.

Now that Peete and Ford have given no indication they intend to do that, the council's hands are tied.

Council atty. Allan Wade, citing an attorney general's opinion, said there is no state law or constitutional provision that allows the General Assembly to prohibit one of its members from voting on matters with only an indictment, but no conviction. That also is the case with the council, he said.

The district attorney could remove any public official for misconduct, but Wade said that's unlikely with a federal investigation ongoing.

Those arguments seemed to sway Councilman E.C. Jones, who had previously called for the two to resign.

"I personally think we should just wait until this case has been heard, dropped, dismissed, found guilty, convicted or whatever, and we should just move on with our business," Jones said.

But Councilman Myron Lowery, who supported the resolution, disagreed. He summed up the issue as one of public trust versus the individual rights of council members.

"Our colleagues should be convicted or acquitted in a court of law and not at the City Council," Lowery said. "But at the same time, this body has to take a stand to tell the public that we are displeased with the information that we have received."

An emotional Barbara Swearengen Holt said she was disappointed the council would "sit here today and have them on trial."

The councilwoman railed against the resolution, saying, "I don't see anything humble about it, I don't see anything prayerful about it, and I don't see anything respectful about it."

After the vote, Sammons said he was "saddened" by the whole situation.

"I suspect the system will rectify this sword that we have in our heart," Sammons said. He added, "To throw the race card is to be anticipated."

Councilman Scott McCormick, who made the motion to initiate censure proceedings, said his votes for the measures were public statements.

"I think it's important for the council as a body to help restore the trust of the public to show that we take these allegations seriously and we're taking whatever action we can," McCormick said.

Council chairwoman TaJuan Stout Mitchell, who had called in additional police for the session, said she refused to condemn individuals "before someone has had his day in court."

-- Jacinthia Jones: 529-2780

HOW THEY VOTED

Resolution asking Edmund Ford and Rickey Peete to resign.

Yes: Council members Carol Chumney, Myron Lowery, Tom Marshall, Scott McCormick, Jack Sammons and Brent Taylor.

No: Dedrick Brittenum, Joe Brown, Edmund Ford, Barbara Swearengen Holt, E.C. Jones, TaJuan Stout Mitchell

MySpace.com Moves To Keep Sex Offenders Off Of Its Site (NYT)

By Matt Richtel

The New York Times, December 6, 2006

SAN FRANCISCO, Dec. 5 — MySpace.com, the social networking site, said Tuesday that it was developing technologies that would help combat the use of its site by sexual predators by cross-referencing its more than 130 million users against state databases of registered sex offenders.

The Web site, which is owned by the News Corporation, said that within 30 days it planned to deploy the technology, which will seek to identify known sex offenders not just by their names, but also by date of birth, height, weight and ZIP code.

If the automated system finds a potential match between a MySpace user and a registered sex offender, employees will try to verify the match or determine if it is a false positive. Users who are registered sex offenders, MySpace said, will be denied access to the site and, depending in the circumstances, be turned over to law enforcement.

The system, which MySpace executives said was the first of its kind, comes as the site has faced scrutiny and criticism by advocates of children's safety. Ernie Allen, president of the National Center for Missing and Exploited Children, said the technology was a potentially useful step in slowing the incidence of sexual solicitation of minors.

"It's not a panacea, but it makes a whole lot of sense," Mr. Allen said.

According to the National Center for Missing and Exploited Children, a nonprofit group, one in seven regular Internet users between the ages of 10 and 17 will be solicited online for sex. That figure has fallen from 2000, when it was one in five.

The perception, particularly among parents, has been that children are vulnerable on social networking sites like MySpace.com, which allow users to create profiles, share their interests and create a vast social network.

MySpace said that more than 80 percent of its users were 18 years or older.

In its announcement, MySpace said it had signed a deal to use technology created by the Sentinel Tech Holdings Corporation.

Forty-six states have public data bases that include 550,000 registered sex offenders. The technology will compare the names on the databases with the 135 million MySpace users.

Hemanshu Nigam, chief security officer for MySpace, said the company hoped the technology would work in real time, meaning that as people signed up — which they are doing at a rate of 320,000 a day — the system would automatically compare the names to the databases.

The system, by MySpace's admission, is not fool-proof. If registered sex offenders sign up but do not give their real names, physical attributes, locations or post their real picture, they could elude detection.

Similarly, there is a chance that people who are not sex offenders might be flagged by the system. Mr. Nigam said a team was in place to analyze potential matches and throw out false positives.

Kevin Bankston, a staff lawyer for the Electronic Frontier Foundation, a free speech and consumer advocacy group, said the technology was a response to growing worries about the extent of the problem of sexual solicitation of minors on the Internet.

Mr. Bankston said the incidents of such solicitation were falling but that fear was causing companies to take steps that could ultimately impinge civil liberties.

"My concern is MySpace is acting based on a level of pressure and fear that may be unreasonable," he said.

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News From The San Joaquin Valley (AP)

AP, December 6, 2006

The University of California, Merced will begin a marketing campaign in February to lure off-campus students to its nine dormitories, university officials said.

There's room for more than 585 students, but only 371 live on campus this semester, said Leslie Santos, the University of Merced's director of student housing.

School officials had asked students to live off campus to make room for freshman, but enrollment was lower than predicted. To entice students to campus, administrators are giving students who don't have roommates the option to stay in double rooms for the single-occupancy rate, Santos said.

"From this point forward, it's our goal to offer continuing students the ability to live on campus," Santos said. "We pay gas, utilities, maintenance, grounds all of that stuff and the mortgage."

The university must fill its empty beds because dorm fees help pay the annual $1.7 million mortgage for student housing, Santos said.

CASTLE, Calif. (AP) - The federal penitentiary in Atwater will remain on lockdown as the FBI investigates the stabbing of a prison employee, a prison spokesman said.

The facility has been locked down since an inmate attacked an employee Nov. 28 with a homemade knife, U.S. Penitentiary Atwater Executive Assistant Jesse Gonzalez said.

The staff member was treated at a hospital for non-life threatening injuries and returned to work, Gonzalez said.

The 1,200 maximum security inmates will remain in their cells as investigators find out how the prisoner made the knife, said FBI Supervising Special Agent John Gliatta.

The inmate's name and information will not be released until he is charged in connection with the assault, prison officials said. The worker's identity and job title were not released because they are confidential.

WOODLAKE, Calif. (AP) - Two San Joaquin Valley phone-sex operators helped immigration agents nab a Canadian corrections officer on child pornography charges, authorities said.

Matthew Hughes, 26, of Toronto, was arrested by Toronto police and charged in Canada Friday with possession and distribution of child pornography and sexual interference with a person under 14, U.S. Immigration and Customs Enforcement said.

The two female telephone sex operators tipped off police in Woodlake by reporting that Hughes, with whom they had been corresponding, had sent them a live Web camera broadcast in which he was assaulting a 7-year-old girl, ICE officials said.

Immigration authorities obtained subscriber information for the e-mail address and passed along photos of the corrections officer to Canadian police, officials said.

"Those who engage in the exploitation of children should no longer expect the anonymity of cyberspace or ordinary citizens to protect them," said Brian Poulsen, an ICE agent in Fresno.

Clever Spammers Stay 'One Step Ahead' Of Law (WT)

By Kara Rowland

The Washington Times, December 6, 2006

Viagra, gibberish, money-transfer requests, more Viagra.

Three years after the federal Can-Spam Act went into effect, unsolicited commercial e-mails are assaulting inboxes at record rates as spamming technology grows more sophisticated.

"I think the majority of the industry would say that spam levels are at the highest they've ever been," said Scott Chasin, chief technology officer at MX Logic Inc., a Colorado-based Internet security firm.

In September, unsolicited commercial e-mail messages accounted for more than 77 percent of all e-mail filtered by the company. Of that amount, only a fraction -- 0.27 percent -- was in compliance with federal anti-spamming law.

"Spammers are creative and industrious," said Michael Davis, a lawyer with the Federal Trade Commission (FTC), which is responsible for enforcing the act. "Because of their dedication and their technological sophistication, they have found ways to stay oftentimes one step ahead of law enforcement."

Under the Can-Spam Act, marketers are allowed to send unsolicited commercial e-mails as long as they include a truthful subject line and routing information; an opt-out mechanism; a notice that labels the e-mail as an advertisement; and a valid postal address.

"Legitimate businesses overwhelmingly comply with it," said Stephanie Hendricks, spokeswoman for the Direct Marketing Association. "Obviously, folks are still seeing a lot of spam, but it's not coming from legitimate companies."

That's the problem, according to Mr. Chasin.

"The spammers that were sending spam before the law was passed were not obeying the laws then, and they're certainly not obeying the laws now," he said. "When the legislation was adopted, it gave the amateur spammers a decision: Do they want to get out, or do they want to become criminals?"

The challenge of enforcement does not stem from a lack of teeth. Can-Spam allows the FTC to seek civil penalties of up to $11,000 per violation, plus further fines for spammers who unlawfully "harvest" or extract e-mail addresses from Web sites or Web services. The law also gives the Justice Department authority to seek criminal punishment for violators who falsify header information or hijack a computer to send e-mail without a user's consent.

So far, the FTC has filed 26 lawsuits for violations of the act, Mr. Davis said. In those cases, federal courts have awarded civil penalties totaling more than $10 million.

Spam isn't just irking consumers; it's harming the reputations of legitimate businesses, said David Daniels, a vice president and research director with JupiterResearch of New York.

"Forty-three percent of consumers have told us that when they sign up for permission-based e-mail from their bank or retailer, they believe that doing that leads to more spam," Mr. Daniels said. "That is not the case. When you sign up for an e-mail offer at a reputable retailer or financial services institution, they're certainly not going to be sharing that information with another party."

Contrary to the assumption of many home computer users, spammers typically extract addresses using a "botnet," or program that takes over computers and uses their stored e-mail addresses to spread spam throughout the Web. Botnets can link thousands of computers without owners' knowledge.

Spammers have learned to avoid common e-mail filters, purposefully misspelling words like "Viagra" or embedding messages in graphics rather than plain text, Mr. Chasin said. They also cut and paste random, unrelated text to throw off filter keyword searches.

Mr. Davis said the FTC uses a variety of tracking techniques to trace e-mails forwarded by consumers and identified as spam. While it's hard enough to track the messages, he said, the problem is exacerbated when the spam's origin is traced overseas. In that case, federal courts can award penalties, but collecting the fines can prove a challenge unless the spammer has assets in the U.S. Enforcement of the laws often depends on the relationship between the U.S. and the country in which the spam originated.

The five biggest violators, according to British nonprofit Spamhaus, are the U.S., China, Japan, Russia and South Korea.

While a comprehensive solution may be elusive, spam analysts cite the need for greater international cooperation to crack down on spammers.

In addition, there are steps that Internet service providers (ISPs) and consumers can take to ensure they are not propagating spam networks, Mr. Chasin said. Consumers should not open unknown attachments and should constantly update their Web security software to avoid having their computers hijacked, he said. ISPs should quarantine infected computers until they are fixed, he added.

Until then, "I'm afraid we're only going to see spam continue to rise," he said.

Other Shoe Has Dropped Government Lends Its Ears To Cellphones (AJC)

By Bob Barr

The Atlanta Journal-Constitution, December 6, 2006

In the 1960s-era TV show "Get Smart," whenever the protagonist — secret agent Maxwell Smart — required an absolutely secure environment to discuss a top secret project with his boss, he would ask that the "Cone of Silence," a huge Plexiglas dome, be lowered to shield their conversation from prying ears.

The Cone of Silence was obviously and amusingly ineffective, of course, but even had it served its purpose, in today's high-tech world, the KGB or whatever hostile agency Agent Smart might be trying to evade would be able to pick up whatever conversations they wished simply by using the very cellphone in Smart's shoe.

Modern cellphones are nothing more than miniature computers with small but sensitive microphones attached. Law enforcement agencies are discovering the significant benefit of drawing on that powerful combination of technology, by increasingly seeking court permission to use cellphones in the hands of suspects as surreptitious listening devices. Unfortunately for anyone who happens to be nearby, cellphones thus utilized as listening devices will pick up their conversations as well.

This latest example of electronic snooping should draw attention to the need for comprehensive national legislation to more clearly define the privacy rights of American citizens. Thus far, Congress has shown itself completely uninterested in addressing

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such fundamental civil liberty issues, much to the delight of the administration of George W. Bush, which continues to push the envelope of electronic snooping as far as possible.

In the most recent case, a federal judge in New York authorized the FBI to use cellphones belonging to alleged Genovese crime family members to listen to and record conversations in the vicinity of the phones. The government was not limited to conversations involving the tapped phone or the person using it. Unlike court orders applying to such surveillance in years past, the government is now seeking — and courts apparently are granting — orders allowing the feds to use cellphones belonging to or merely carried by suspects, to record conversations even if the phones are not being used or even turned on. A cellphone thus utilized will pick up whatever conversations take place anywhere in the vicinity.

If a suspect against whom the government has obtained such a "roving wiretap" order is seated in a restaurant with their cellphone in their pocket, and you and your girlfriend happen to be seated at a table nearby, your conversations — which you intend to be and which you have every expectation will be free from government eavesdropping — might be picked up and recorded.

I first became aware that the federal government wanted to outfit regular phones — so-called "land lines" — with devices that could be activated remotely by government investigators to allow agents to hear whatever was being spoken into or near the receiver, about 10 years ago, shortly after I was elected to Congress.

At the time, the Justice Department was trying to require telecommunications companies to incorporate technology in their phones to enable the government to engage in such surreptitious listening. The law the government was trying to use to do this was passed in the early 1990s and called the Communications Assistance to Law Enforcement Act.

We stopped the government from such heavy-handed and privacy-invasive directives at the time, but in the post-Sept. 11 world, with a Congress almost completely submissive to executive branch entreaties to increase its powers to invade citizens' privacy, such efforts appear now to be quaintly outdated.

In fact, the technology as described by reading between the lines of the court order in New York appears to be precisely what the government sought a decade ago for land lines. While the New York case is one that many might find compelling to justify such expansive government surveillance, law-abiding citizens should nevertheless demand that Congress act now to get a handle on the extent of the coerced technology that appears to have made this surveillance possible.

We should also force Congress to place limits on the extent such technology might be employed in circumstances where private and lawful conversations might be picked up. In the absence of such limits, it is only a matter of time, for example, before the government starts asking courts to allow it to surreptitiously take photographs with cellphones thus equipped. Perhaps it already has.

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Web site: bobbarr.org.

Can You Hear Me Now? (ABC)

By Vic Walter And Krista Kjellman Report:

ABC News' The Blotter, December 6, 2006

Cell phone users, beware. The FBI can listen to everything you say, even when the cell phone is turned off.

A recent court ruling in a case against the Genovese crime family revealed that the FBI has the ability from a remote location to activate a cell phone and turn its microphone into a listening device that transmits to an FBI listening post, a method known as a "roving bug." Experts say the only way to defeat it is to remove the cell phone battery.

"The FBI can access cell phones and modify them remotely without ever having to physically handle them," James Atkinson, a counterintelligence security consultant, told ABC News. "Any recently manufactured cell phone has a built-in tracking device, which can allow eavesdroppers to pinpoint someone's location to within just a few feet," he added.

According to the recent court ruling by U.S. District Court Judge Lewis Kaplan, "The device functioned whether the phone was powered on or off, intercepting conversations within its range wherever it happened to be."

The court ruling denied motions by 10 defendants to suppress the conversations obtained by "roving bugs" on the phones of John Ardito, a high-ranking member of the family, and Peter Peluso, an attorney and close associate of Ardito, who later cooperated with the government. The "roving bugs" were approved by a judge after the more conventional bugs planted at specified locations were discovered by members of the crime family, who then started to conduct their business dealings in several additional locations, including more restaurants, cars, a doctor's office and public streets.

"The courts have given law enforcement a blank check for surveillance," Richard Rehbock, attorney for defendant John Ardito, told ABC News.

Judge Kaplan's ruling said otherwise. "While a mobile device makes interception easier and less costly to accomplish than a stationary one, this does not mean that it implicated new or different privacy concerns." He continued, "It simply dispenses with

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the need for repeated installations and surreptitious entries into buildings. It does not invade zones of privacy that the government could not reach by more conventional means."

But Rehbock disagrees. "Big Brother is upon us...1984 happened a long time ago," he said, referring to the George Orwell futuristic novel "1984," which described a society whose members were closely watched by those in power and was published in 1949.

The FBI maintains the methods used in its investigation of the Genovese family are within the law. "The FBI does not discuss sensitive surveillance techniques other than to emphasize that any electronic surveillance is done pursuant to a court order and ongoing judicial scrutiny," Agent Jim Margolin told ABC News.

"Cell phone users, beware. The FBI can listen to everything you say, even when the cell phone is turned off."

This is the worst kind of sensational journalism, implying that the FBI is listening into everybody's cell phone calls. Only in the last sentence do you let the reader know that the FBI "maintains" it strictly observes the law and only engages in surveillance after obtaining a warrant from a judge(requiring evidence of probable cause that a crime has been committed and this person committed it). Why not just say "Homeowners Beware-The FBI can come in your house and search all your belongings!!!!"

Posted by: Chase | Dec 5, 2006 4:05:53 PM

What a fantastic thing to know the government can do. Actually, I've heard about this before, from people I know who work for different federal agencies who've said when they do anything personal, they always leave their phone at home because someone could listen in (even with it off). I thought it was just talk, but here's the proof.

The potential for abuse or misuse of this is staggering. Which says nothing of what could happen if a band of geeks in a basement decipher exactly how this is done. The potential for real damage to people's lives could be incalculable.

Why would manufacturers even allow for this type of function? I'm sure there's industry taxbreaks involves somewhere and dire pleas of national security. In the process, nothing you say can really be private.

Los Alamos Ignoring Warnings? (CBS)

By Sharyl Attkisson, CBS News Capitol Hill correspondent

CBS News, December 6, 2006

The FBI has conducted two interviews and may schedule a third with the woman who walked out carrying classified documents from what's supposed to be one of the most secure facilities in the world, the Los Alamos National Laboratory, CBS News has learned. The incident has exposed continuing security weaknesses at Los Alamos, which has been the focus of security and management scandals for seven years.

Sources say 22-year-old Jessica Quintana was hired to archive data from weapons tests, and even had access to information on how to deactivate the locks that keep nuclear weapons from firing. Somehow, she managed to leave the laboratory with hundreds of pages of classified documents and several portable computer storage devices known as "thumb drives."

As CBS News was first to report, the materials were found by accident in October during a drug raid on Quintana's roommate at their trailer home. Now, a chief watchdog of the Laboratory, Rep. Ed Markey of the House Energy Committee, plans to fire off a scathing letter to the Energy Secretary demanding answers.

"These are secrets that could be valuable to al Qaeda," Markey tells CBS News. "Our enemies want to have access to the most dangerous technologies to hurt our country. [The Laboratory and the Department of Energy] keep promising they're going to put better security measure in place, but they never do."

In his letter addressed to Energy Secretary Samuel Bodman, Markey outlines years of high-profile security breaches at Los Alamos, followed by promises from the Energy Department and lab officials to tighten the ship. That includes weapons design information being obtained by the Chinese in the late 90s and missing computer hard drives or similar materials in 2000, 2002 and 2004. The security breach in 2004 led to a temporary complex-wide shutdown of the laboratory that cost taxpayers at least several hundred million dollars, according to the Department of Energy.

The Department of Energy's Inspector General, Gregory Friedman, recently weighed in with his own criticism over the latest security breach, calling the laboratory's security "seriously flawed."

"Monitoring by both Laboratory and Federal officials was inadequate," Friedman reported in his findings. He called the latest incident "especially troubling" since taxpayers have spent "tens of millions of dollars" upgrading security at the laboratory in recent years after other security breaches.

A spokesman for Los Alamos tells CBS News that after the October security incident, many new security measures were installed. These include disabling the ability to download classified materials to unauthorized electronic devices and banning computer memory devices in certain areas. However, an official with the Department of Energy tells CBS News he thought those measures had been taken long ago.

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Rep. Markey echoes that, saying Congress was promised in prior hearings that such steps were being taken — but "apparently they weren't."

Tune in to the CBS Early Show Wednesday at 7 a.m. for an exclusive report on the investigation and just how easy it was for the Los Alamos employee to slip out with classified documents.

Milberg Weiss In The Hot Seat (ABAJ)

By Martha Neil

ABA Journal, December 6, 2006

Should law firms ever get indicted?

Secret cash payments. falsified court documents. Behind-the-scenes deals between favored clients and their counsel.

All the elements of a John Grisham potboiler are present in the case of United States v. Milberg Weiss Bershad & Schulman.

The nation's leading plaintiffs securities class-action law firm is on the receiving end of the first criminal indictment filed against a major law firm in U.S. history. The New York City-based firm—which has been both celebrated and vilified for its ferocious attacks on alleged corporate wrongdoing—lost about 40 percent of its 128 lawyers in the five months after its indictment and may be fighting for its very existence.

Lost in the spectacle, according to critics of the government's case, is the question of whether prosecutors have gone too far. Even if Milberg Weiss is found guilty, indicting an entire law firm causes more harm than good, they contend.

The federal government's controversial tactic of getting corporations that are under investigation to surrender their attorney-client privilege in order to avoid prosecution is now being applied to law firms, with disastrous results for the legal profession and clients, the critics say.

And they are concerned that more law firms will be viewed as fair game for the same kind of aggressive criminal prosecutions the U.S. Department of Justice has pursued against a number of high-profile corporations in the post-Enron era.

A 20-count indictment filed on May 18 in U.S. District Court in Los Angeles charges the firm and two of its name partners, David J. Bershad and Steven G. Schulman, with conspiring to obstruct justice and commit bribery, perjury and fraud. United States v. Milberg Weiss Bershad & Schulman, No. CR 05-587(A)-DDP (C.D. Cal.).

Milberg Weiss, through the two partners, engaged in a multidecade, multimillion-dollar scheme to make illegal payments to hand-picked clients serving as lead plaintiffs in class actions handled by the firm, prosecutors allege. All the while, lawyers from the firm denied in court filings in the underlying cases that any undisclosed payments were made to plaintiffs, prosecutors say.

Counsel for Bershad and Schulman, who are on leaves of absence from Milberg Weiss, assert their clients' innocence, and the firm itself vehemently denies the charges.

Even if the allegations are proven, the government has failed to exercise appropriate prosecutorial discretion, according to Stephen Gillers, a professor of legal ethics at New York University School of Law. "The government obtains little or nothing by indicting the firm, when only a small number of attorneys allegedly were involved in the wrongdoing," he says.

If the Justice Department is concerned about deterrence, says Gillers, "the threat of criminal prosecution and the indictment of two prominent plaintiffs class-action lawyers is plenty chilling. I don't think you have to indict the firm to bring home the point that lawyers are at risk for this kind of conduct or alleged conduct."

Debra Wong Yang, the outgoing U.S. attorney for the Central District of California, whose office is prosecuting Milberg Weiss, says she's just following the facts, as prosecutors would in any case.

"I think the part of this case that was particularly egregious was that a fraud was being perpetrated on the court," Yang says. "You have to respect the rules and the confines of the system in which we work, and can't 'game' it."

Just before press time, Yang announced plans to leave her job and accept a partnership at Los Angeles-based Gibson, Dunn & Crutcher. Her replacement had not yet been named, but Yang says her departure should make no difference to the Milberg Weiss prosecution, which has "always been driven by the facts."

UNPOPULAR PIONEER

Notoriety is nothing new to milberg weiss, which was established four decades ago. Under the leadership of founding partners Lawrence Milberg, who died in 1989, and Melvyn I. Weiss, who still is an active partner, the firm pioneered class action lawsuits on behalf of shareholders alleging violations of securities law by corporations.

By the 1980s, Milberg Weiss was widely recognized as the most influential plaintiffs securities firm in the United States. Since its formation, the firm estimates, it has been responsible for more than $45 billion in plaintiff recoveries. Many of the firm's cases also have established important precedents affirming the rights of shareholders and consumers to pursue class actions against corporations for securities fraud.

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A track record like that hasn't always sat well with the business community. Critics such as the U.S. Chamber of Commerce have complained that class actions are little more than a money machine minting attorney fees for lawyers while the plaintiffs themselves receive little more than token recoveries. Proponents of class actions, however, contend that they often are the only practical means of redress for shareholders and consumers victimized by corporate wrongdoing.

The Justice Department alleges that two of the firm's partners found a way to manipulate the class action process illegally.

Under recent federal legislation, the shareholder in a class action who holds the largest block of shares generally is designated lead plaintiff—in effect, the representative for the class. As a result, lead plaintiffs now often are institutional investors, such as pension funds.

For decades, however, the first plaintiff to file, or an individual agreed upon by class counsel, was commonly put in the position of lead plaintiff. Because the lead plaintiff helps make strategic decisions about the direction of the case, such as what settlement terms would be desirable, he or she may have a considerable role in deciding whether a quick settlement—and hence speedy payment of attorney fees—is appropriate.

The Justice Department contends that Milberg Weiss partners Bershad and Schulman paid friends of the firm secret fees to serve in the lead plaintiff role in numerous cases—and then misrepresented to courts that no such payments had been made.

Although at least some of these illegal kickbacks were disguised as attorney fees paid to "local counsel" representing the lead plaintiffs, the money actually was being paid to lawyers who did virtually no work on the case, according to federal prosecutors. Instead, the so-called local counsel served as conduits to funnel these secret kickbacks to the lead plaintiffs chosen by Bershad and Schulman, the indictment alleges.

The Justice Department contends that Bershad and Schulman, along with their firm and two Southern California men who served as a paid plaintiff and an intermediary lawyer funneling funds, were responsible for some $11 million in secret kickbacks. They allegedly were paid to be lead plaintiffs in more than 150 class action and shareholder derivative suits during a period of more than two decades. The payments—which the Justice Department says ended only in 2005—were required to be disclosed to the courts hearing the class actions, but were not, according to the indictment.

These alleged kickbacks, by providing Milberg Weiss with "a stable of individuals ready and willing to serve as paid plaintiffs," benefited the firm "by, in many cases, allowing the firm to be among the first to file a lawsuit on behalf of shareholders," Yang said in a written statement distributed at the time of the indictment in May.

But the payments created a conflict of interest between the named plaintiffs and the other plaintiffs in the class action, Yang said in her statement. The payments gave "the paid plaintiffs a financial interest that differed from that of the class," said Yang. "In particular, pursuant to their secret arrangement with Milberg Weiss, the named plaintiffs expected to receive a percentage of Milberg Weiss' legal fees, a payment not available to the other class members."

Key factors in deciding to prosecute, Yang told the ABA Journal, included Milberg Weiss' central role in orchestrating alleged misconduct and in filing what prosecutors contend were fraudulent pleadings. There was no motivation for the indictments beyond the four corners of the case itself, she says. "You've got hardworking prosecutors who have really just followed the facts."

The individual defendants as well as the firm itself have denied the Justice Department's charges, and indications are that they intend to slug it out with the government all the way to trial.

Bershad "absolutely denies the charges and expects to be vindicated at trial," says his attorney, Robert D. Luskin of Washington, D.C., who otherwise declines to discuss the case. Schulman's attorney, Herbert J. Stern of Roseland, N.J., also declines to comment on the case.

Meanwhile, Milberg Weiss is telling its side on a Web site devoted to the case.

"The Justice Department's case against Milberg Weiss is based on unprecedented legal theories, unsubstantiated allegations, and a dubious interpretation of how class action litigation is adjudicated," the firm states. "The Justice Department's misguided case is a major blow to consumer rights and not in keeping with its commitment to serve the public good."

Milberg Weiss also maintains the Justice Department has charged the entire firm even though the actions of only a few individuals are in question. Moreover, the firm says it has given "extensive cooperation" to the government's investigation. The firm "has willingly turned over hundreds of thousands of documents and made dozens of current employees available to the Justice Department for examination and questioning," states the Web site. "The firm has also volunteered to develop industry-leading best practices for use of referral fees."

ANOTHER FIRST

Milberg Weiss is the largest and most prominent U.S. law firm to be indicted on criminal charges, say experts who are watching the case.

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"I can't remember, and no one I've talked to can remember, another instance in American history in which an entire law firm has been indicted," says New York University's Gillers. "It's hard to prove a negative—there may be one—but it's certainly not a firm of this size and reputation."

Milberg Weiss, however, is far from the first prominent law firm to face potential sanctions by the federal government. The difference is that, up until now, those cases have been handled as civil matters.

In recent years, for example, the Equal Employment Opportunity Commission has alleged in an ongoing case that Chicago-based Sidley & Austin violated employment discrimination laws when it let go a number of its older partners.

Prior to the Milberg Weiss prosecution, perhaps the most daunting federal action against a major U.S. law firm was an administrative enforcement action brought by the U.S. Office of Thrift Supervision against Kaye, Scholer, Fierman, Hays & Handler, based in New York City. The government sued the firm for $275 million in 1992 over its role as counsel in the late 1980s to a failed savings and loan institution with questionable business and accounting practices.

What really made other lawyers sit up and take notice, though, was when the government upped the ante by freezing the then-400-lawyer firm's assets. Unable to do business without access to its bank accounts, Kaye Scholer voluntarily agreed to pay a $41 million fine a short time later.

But Kaye Scholer stayed in business, and now numbers 500 lawyers.

Milberg Weiss likely will have to deal with potential civil liability arising out of the Justice Department's charges, but experts say it is the government's criminal charges that pose the greatest threat to the firm.

Comparisons are being made to the federal government's 2002 indictment of Big Five accounting firm Arthur Andersen on obstruction of justice charges for allegedly destroying key documents relating to the financial condition of Enron Corp. Arthur Andersen quickly disbanded in the wake of the indictments, even though the U.S. Supreme Court in 2005 overturned the conviction because jury instructions were improper.

Under U.S. law, a business entity, such as a corporation or law firm, can be held vicariously liable for criminal misconduct by its employees even if management was unaware of the adverse activity, notes Columbia University law professor John C. Coffee Jr.

But Coffee says a key distinction between the two cases is that, unlike the Arthur Andersen case, the partners charged in the Milberg Weiss case are members of the firm's senior management.

"So I think this is the opposite end of the continuum from indicting a corporation because of one allegedly rogue employee," Coffee says. "If you're ever going to indict and convict a corporation or partnership, it would be in a case where the senior-most management is believed by the government to be involved."

UCLA law professor Stephen M. Bainbridge doesn't foresee the Arthur Andersen scenario playing out for Milberg Weiss. "There's absolutely no reason to think we'll have the kind of massive, immediate demise that you got with an Arthur Andersen," Bainbridge says. He notes that law firms, unlike accounting firms, are not prohibited by federal government regulators from representing clients while under indictment.

Nevertheless, says Bainbridge, "as long as this thing is hanging over Milberg's head, as a business matter, they are going to have problems getting appointed as lead counsel in these class actions."

Moreover, Bainbridge says, "this is the kind of thing that can put a lot of stress on intrafirm relationships. Partnership—particularly in a smaller firm like Milberg Weiss, which by today's standards is relatively small—that's a real trust relationship. You want these people to have your back. If you're spending a lot of time worrying about your partners—'Are they going to jump ship?' and whether they're going to be there when you need them—that's really not very healthy."

Professional firms, says Coffee, "are fragile." If Milberg Weiss is convicted, "I think it will have to disband."

NEW TWIST ON THOMPSON MEMO

But it isn't the future of Milberg Weiss that most concerns others in the legal profession.

There already is widespread consternation within the legal profession and corporate America about Justice Department policies that restrict the traditional defense rights of businesses charged with crimes and those who work for these businesses. As a result, lawyers who represent these businesses are restricted in their ability to defend them.

And now, with the indictment of Milberg Weiss, concern about overzealous federal prosecution of corporate America has been ratcheted up a few notches, as lawyers realize these controversial policies could be applied directly to their own profession.

Policies at issue include not only pressuring companies to cooperate with prosecutors by waiving attorney-client privilege and the work product doctrine, but also pressuring companies to encourage corporate officers and senior employees to cooperate, says R. William Ide III of Atlanta. He is a past ABA president who chairs the ABA Task Force on Attorney-Client Privilege.

Such policies effectively eliminate many traditional defense rights such as the right to consult a lawyer, Miranda warnings, the Fifth Amendment right to remain silent, and even the right to a criminal defense, Ide says.

At the heart of these concerns is a memorandum issued in January 2003 by then-Deputy Attorney General Larry D. Thompson. Drafted in the wake of the wave of corporate scandals that followed the fall of Enron, the Thompson memo sets forth a list of nine factors that federal prosecutors should take into account in deciding whether to file criminal charges against business entities.

Particularly troubling to businesses and the lawyers who represent them is the Thompson memo's guideline stating that prosecutors should consider a corporation's "willingness to cooperate in the investigation of its agents, including, if necessary, the waiver of corporate attorney-client and work product protection."

Requests by federal prosecutors for privilege waivers from corporations facing potential criminal charges are increasingly common, says Lawrence J. Fox of Philadelphia, a past chair of the ABA Section of Litigation. He cites recent surveys on the issue indicating that federal prosecutors are seeking privilege waivers in up to 20 percent of cases involving corporations.

The ABA has played a leading role in opposing application of Thompson memo factors in a way that forces potential defendants to waive their protections under the attorney-client privilege and work product doctrine.

In recent testimony before the Senate Judiciary Committee, ABA President Karen J. Mathis of Denver urged Congress "to send a strong message to the Department of Justice that the attorney-client privilege and the work product doctrine are fundamental principles of our legal system that must be protected." If corporations resist pressure to waive their privileges, they risk being labeled as uncooperative, said Mathis, which can trigger "a profound effect not just on charging and sentencing decisions, but on each company's public image, stock price and creditworthiness."

Just before the hearing, a bipartisan group of former senior officials at the Justice Department submitted a letter objecting to the "culture of waiver" being promoted by the Thompson memo. The letter calls for the Justice Department to "state affirmatively that waiver of attorney-client privilege and work product protections should not be a factor in determining whether an organization has cooperated with the government in an investigation."

(Among the signers is Carol E. Dinkins of Houston, who served as deputy U.S. attorney general in 1984-85. She now chairs the ABA Journal Board of Editors.)

The concern raised by the Milberg Weiss indictment is that, if it's a sign that more criminal actions against law firms may be in the offing, then more firms will be put in the position of compromising their own protections under the attorney-client privilege and work product doctrine.

In her interview with the ABA Journal, then-U.S. Attorney Yang said her office in Los Angeles "complied with all the necessary steps under the manual" of standards for prosecutors, which incorporates the Thompson memo and a 1999 memo that relates to prosecutions of attorneys and law firms. "We have to get approval anytime we do something like that, which we did," she said.

Milberg Weiss' Web site relating to the case states that the Justice Department raised the possibility of privilege waivers before indicting the firm.

"The Justice Department informed Milberg Weiss that, if the firm wanted to avoid indictment, it had to agree to broad waivers of the firm's attorney-client privilege and work product protection," states the Web site. "According to the government, Milberg Weiss could not truly 'cooperate' with the investigation unless it waived these time-honored privileges."

AN OFFER SPURNED

It was an offer Milberg Weiss says it had to refuse. "As members of the bar, the attorneys who work at Milberg Weiss feel strongly that they cannot, in good conscience, contribute to the erosion of the attorney-client privilege by knuckling under to the government's blackmail," states the firm's Web site. "The firm therefore elected to reject the government's demands for broad privilege waivers and will fight the case in court."

A law firm may be in a better position to take that kind of stand than most corporations, Ide says.

"Particularly corporations, the scenario is, if they're indicted—look at Arthur Andersen; it's gone," Ide says. "Because the shareholders walk away and your stock starts going down, and then you get sued by the plaintiffs' lawyers. It's such a huge risk that you'll find very few scenarios that a company's willing, like Milberg did, to run the risk of indictment."

Milberg Weiss is far from out of the woods, but lawyers at the firm are confident it will come out of its ordeal intact.

There were 128 lawyers at Milberg Weiss when the Justice Department indictment was announced in May. (Including support staff, a total of 363 people worked at the firm.) By the end of September, the number of lawyers at the firm had dropped to 78.

"While a number of lawyers have left in recent months, virtually all of the senior lawyers have stayed, along with a significant number of younger attorneys," said Weiss in a written statement to the ABA Journal. "Their combined capabilities have [been] and are being enhanced by the addition of key new hires."

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But departures are outpacing new hires. When Matthew Gluck, a 63-year-old partner at New York City's Fried, Frank, Harris, Shriver & Jacobson, came aboard in October, the New York Times headlined its story, "Against Tide, Lawyer Joins Milberg Weiss."

According to news reports, the firm filed 114 securities class-action lawsuits in 2004, 91 in 2005, and 17 through mid-May in 2006, but it has filed no new cases since being indicted. On its Web site, however, the firm says it has some 560 ongoing cases.

Nationwide, class action filings related to securities have dropped to a 10-year low, according to a report issued in July by the Securities Class Action Clearinghouse at Stanford Law School.

In the meantime, Milberg Weiss is continuing to aggressively seek out cases in new practice areas, says senior partner Ariana J. Tadler.

"The firm has always been extremely entrepreneurial in the areas we reach out to," Tadler says. "We continue to have people call us every day asking for us to represent them. Likewise, there are certain firms that continue to call us and say, 'Hey, we want to partner up with you,' because we continue to be the best-resourced."

The case against Milberg Weiss may have a chilling effect on private enforcement of securities laws in the U.S., says Lawrence Rosenthal, a former federal prosecutor in Chicago who now teaches at Chapman University School of Law in Orange, Calif.

Milberg Weiss has been "the single most effective securities regulator in the country," Rosenthal says, taking on major cases that federal regulatory agencies haven't pursued. "I don't want to speculate on anyone's motives who I haven't even met, whose names I don't even know," Rosenthal says of the Justice Department decision to prosecute the firm. "I'm just talking about the effect. It's hard to understand how the incremental deterrent value of pursuing the law firm could possibly exceed the value as a securities regulator that this law firm has had."

Considering Milberg Weiss' history, the firm is getting support from some surprising allies, says Fox.

"The delicious irony here is that we actually had the U.S. Chamber of Commerce come out and decry the fact that Milberg Weiss was indicted, even though the chamber hates Milberg Weiss," Fox says. "Because the Chamber of Commerce understands that the same sledgehammer that was used on Milberg Weiss is being used on corporations every day."

Martha Neil, a lawyer, is a legal affairs writer for the ABA Journal. Her e-mail address is neilm@staff.abanet.org.

CIVIL LAW:

Family To Be Awarded $500,000 In VA Case (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, December 6, 2006

Widow wins settlement in corrupt cancer study, but 6 others kept waiting

ALBANY -- The federal government agreed to pay $500,000 to settle the first of seven federal lawsuits brought by the widows of veterans who died in a corrupt cancer research program at Stratton VA Medical Center Hospital, the Times Union has learned.

The six other widows, who still have lawsuits pending against the U.S. Department of Veterans Affairs, are finding the government less willing to admit their husbands were used as guinea pigs in the tainted drug studies.

The Justice Department has not agreed to settle the remaining cases, in part because it's never been determined -- or publicly disclosed -- that more than one veteran died as a result of the corruption. The government's position has been that the men had advanced stages of cancer, so it is impossible to determine what killed them, attorneys in the case said.

But in at least one case it was clear, and Justice Department lawyers recently settled with the family of that victim, James J. DiGeorgio, a 71-year-old Air Force veteran from Brunswick who died at Stratton in June 2001. The settlement comes a little more than a year after a former hospital researcher, Paul H. Kornak, was sentenced to nearly six years in prison for his role in the scandal.

VA officials and federal prosecutors have portrayed Kornak as an out-of-control researcher who forged medical records to push cancern-stricken patients into drug studies that allegedly paid the hospital thousands of dollars. But attorneys for the families and people familiar with the hospital's operation contend the corruption was widespread and Kornak was following orders from oncology doctors.

At his sentencing, Kornak said he was a scapegoat. His conviction exposed deep problems at the hospital, where he masqueraded as a doctor despite flunking out of medical school, and was hired despite a felony criminal conviction in Pennsylvania in 1992 for forging a medical license application.

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The scandal triggered nationwide efforts by Congress to reform the Department of Veterans Affairs' hiring practices and embattled research programs. Many widows have dismissed the government's assertions that Kornak acted alone.

Attorneys for the widows recently obtained permission to depose Kornak at an Ohio prison, giving the public an opportunity to hear Kornak's story, contained in sealed files kept by the Justice Department, which has declined to prosecute anyone else.

An assistant U.S. attorney in Massachusetts declined comment on the settlement last week, saying it has not been publicly filed. The criminal investigation was handled by the U.S. attorney's office in Albany.

Mary Snavlin, DiGeorgio's daughter, said her family's settlement doesn't bring any closure.

"The families that are out there waiting for their due, they need to get that," she said. "The Justice Department, the VA, the doctors, the non-doctors, they need to own up for what they did to all of the veterans. They need to say 'OK, we did this,' and whether it's 5 cents or $2 million, they need to understand that families are still hurting over this. It will never go away."

In January, the DiGeorgio family filed a motion saying their case should be settled because there was no dispute that his death was caused by experimental drugs that he should never have been given. Settlement talks began the following month.

"We have several other family members of victims to deal with," said Alan C. Milstein, an attorney for plaintiffs in the case, including the DiGeorgio family. "The difference between DiGeorgio and the others is that Mr. DiGeorgio was the one victim the government used in the prosecution (of Kornak) to basically say it was akin to manslaughter."

Many of the remaining widows have said the litigation is not about money. They contend it's about getting answers to why their husbands were used as experiments and in making sure it doesn't happen again.

Milstein said the quandary in their cases is convincing the government that it is indefensible to argue the men would have died anyway because they all had advanced cancer. Kornak admitted forging their medical backgrounds so they could be enrolled in the drug studies, where they were given drugs that may have worsened their conditions and hastened their deaths.

"It's always been my position that when somebody is used and abused the way these people were, that's what I call damage to their human dignity," Milstein said.

Hospital officials have denied a widespread coverup and instead placed blame on Kornak, who pleaded guilty to federal charges of negligent homicide and falsifying medical records.

Kornak posed as a doctor at Stratton, including carrying the title "M.D." on his VA-issued business cards and being introduced to patients as "doctor" even though he never finished medical school. His supervisors knew about his lack of credentials.

In all, Kornak is accused of undermining at least four major research studies involving dozens of veterans and hundreds of thousands of dollars. The hospital earned thousands of dollars for each patient enrolled in the programs, in which pharmaceutical companies tested new drugs on cancer patients to obtain approval for them from the Food and Drug Administration.

Over the summer, attorneys for the plaintiffs obtained permission from a federal magistrate to depose Kornak at Elkton Federal Correctional Institution in Ohio.

At his sentencing in November 2005, Kornak apologized for his crimes but told a judge he was "used" by the hospital's former cancer research director, James A. Holland, who was fired along with Kornak shortly after the scandal broke about four years ago.

No one else, including Holland, has been charged in the case. Holland now works in a cancer research program at a Georgia hospital. A federal review of his research credentials is pending.

Brendan J. Lyons can be reached at 454-5547 or by e-mail at blyons@timesunion.com.

Albano To Testify In FBI Suit (SPRINGREP)

By Stephanie Barry

Springfield (MA) Republican, December 6, 2006

SPRINGFIELD - Former Springfield Mayor Michael J. Albano is among witnesses scheduled to testify in Boston federal court on behalf of four men and their families suing the government for an FBI-sanctioned frame-up in a 1965 murder.

Albano, once a Massachusetts Parole Board member, joins two former governors, notorious gangster-cum-informants and corrupt federal agents as witnesses for Peter Limone, Joseph Salvati and the estates of the late Louis Greco and Enrico "Henry" Tameleo.

The four - two of whom died in prison - were wrongly convicted of the murder of Edward "Teddy" Deegan, who met a shower of mob bullets in a dark alley in Chelsea. They were falsely identified by onetime hit man Joseph "The Animal" Barboza, whom the FBI wooed as a top-level informant in the 1960s. The three initially received death sentences in 1969, later commuted to life in prison.

What's more, the government knew it, even ignoring chatter about the then-proposed hit picked up on a secret FBI wire tap before Deegan's ambush, according to once-secret bureau records presented to bolster the plaintiffs' case.

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Reports on the matter were made public during a 2001 U.S. Justice Department probe that exposed collusion among former Boston agents and their informants. Limone and Salvati were released after 30 years; Greco and Tameleo were pardoned posthumously. Their families are suing for malicious prosecution and conspiracy.

So, what does Albano have to do with a 40-year cover-up?

He's glad you asked.

Albano's once-lauded tenure as mayor, 1996-2004, was tainted when his administration became the subject of a federal corruption probe starting around 2000.

Albano argued he was targeted, in part, because he voted to pardon Limone in 1983. He said two FBI agents, one named in the Boston lawsuit, tried to bully him while the state police launched an investigation. Albano contended tangling with the bureau won him a spot on a black list, though investigators have denied this.

Many local political observers looked askance at Albano's theory as several in his administration were charged in federal court in connection with various scandals at City Hall.

More than a dozen were convicted and still more face trial, but Albano was never charged. He declined to run for a fifth term in 2003, moving into the private sector.

Contacted recently, the former mayor confirmed he will testify at the trial in U.S. District Court in Boston. He declined to discuss the case further, citing a gag order.

However, the complaint filed by the plaintiffs in 2002 refers directly to the FBI's treatment of parole board members who supported pardons for Limone, Salvati and Greco in the 1980s. Albano served from 1982 to 1994.

"FBI agents ... caused state law enforcement officials to investigate members of the Advisory Board of Pardons who had voted in favor of commutation to determine if they had relationships with 'organized crime,' with the intent to discourage members of the Board from supporting any future petitions for commutation by Limone," the complaint reads.

The trial began Nov. 16. Albano may testify next week.

Others on the witness list:

Gov. William F. Weld, Massachusetts U.S. attorney for a period in the 1980s;

Gov. Michael S. Dukakis, whom the plaintiffs argue was misled by federal investigators and denied commutations for Limone and others, and

Stephen "The Rifleman" Flemmi, now serving a life sentence for 10 murders.

The plaintiffs also intend to introduce testimony from the late H. Paul Rico, the former FBI agent who facilitated the Boston cover-up and died in federal prison in 2004 while awaiting trial for a Miami murder.

Barboza and Flemmi's brother, Vincent, were suspected to have committed the murder. Barboza was gunned down in San Francisco in 1976. Vincent Flemmi died of a drug overdose in prison. As for any connection between the Boston cover-up and the current corruption investigation in this city, the local FBI supervisor scoffed at Albano's theory.

"When I got here in 2001, I had never, ever heard of Michael Albano," Springfield FBI supervisor Michael G. O'Reilly said during a recent interview. "Organized crime was so entrenched, I felt there had to be public corruption. I made it a priority. ... If it affected his administration, so be it."

Smokers Await Calif. High Court Ruling With Bated Breath (LAW)

By Mike Mckee, The Recorder

California Recorder, December 6, 2006

More than 40 years ago, at age 13, Leslie Grisham was already hooked on smoking, convinced doing it would make her part of the cool crowd.

Even as subsequent scientific evidence revealed smoking could cause serious health problems, the Los Angeles-area woman claims she was misled by industry ads proclaiming cigarettes safe.

Five years ago, however, Grisham's faith was shattered when she was diagnosed with severe periodontal disease, which doctors said had been caused by toxins in cigarette smoke. She sued Philip Morris USA Inc. and Brown & Williamson Tobacco Corp., accusing them of deceiving her for four decades about the safety of their products.

Today, the California Supreme Court will hear arguments in Grisham's case to resolve an unsettled point of law in the vast realm of smoking suits. At what point, the court must decide, are longtime smokers who relied on manufacturers' false safety claims required to file suit -- when health problems emerge or much earlier, when smokers realize they're addicted?

Millions of dollars in damages hinge on the court's decision. If the justices find that the statute of limitations tolls upon awareness of addiction, thousands of already sick smokers could be left with no recourse, while manufacturers' exposure to damages would be sharply limited.

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Manufacturers consider addiction a disease in itself, and contend that all smoking-related claims accrue at that point. However, plaintiffs lawyers, knowing damages for addiction could be hard to prove, contend there are two statutes of limitations -- one at the time of addiction knowledge and another when an actual disease develops.

Kentfield appellate specialist Daniel Smith, who will argue Grisham's case, said last week that the court's ruling will be critical for ailing smokers who were lulled by ads into a sense of security only to develop emphysema, lung cancer, periodontal disease and other serious illnesses.

Tobacco manufacturers, he said, "misled the public by undermining truthful statements and attacking scientific conclusions as not yet being established. They effectively blunted the truth."

Smith, a solo practitioner, will share the lectern with Santa Monica, Calif., lawyer Martin Stanley, a solo practitioner who represents Maria Cannata, an emphysema victim who began smoking about the same time as Grisham. Both plaintiffs are seeking damages not only for their medical bills, but also for smoking cessation programs and the cost of all the cigarettes they purchased over the years.

Daniel Collins, a partner in Los Angeles' Munger, Tolles & Olson who is scheduled to present the industry's position today, didn't return several calls seeking comment. But based on his court documents, it appears he will argue that smokers shouldn't be allowed to wait decades to sue over use of products that the surgeon general declared hazardous in 1966, and addictive in 1988.

"Indeed, Grisham's complaint makes clear that she had actual knowledge of 'deadly health risks associated with smoking' long before her complaint was filed," Collins wrote, "and that she knew she was 'addicted' no later than 1993 -- nine years before she filed suit."

Grisham's and Cannata's case was referred to the state Supreme Court last year by the 9th U.S. Circuit Court of Appeals, which noted different federal and California court interpretations about the statute of limitations in tobacco cases.

"The two lines of tobacco precedent in federal and state court," the 9th Circuit held, "may suggest that California law presumes a general public awareness of the risks of smoking, but that an individual plaintiff, in an appropriate case, can overcome this presumption and receive a jury determination on whether [his or her] reliance on cigarette manufacturers' misrepresentations are justifiable."

The case had reached the 9th Circuit after a Los Angeles federal court dismissed Grisham's and Cannata's case as being time barred.

That decision was based on the 9th Circuit's 2002 ruling in Soliman v. Philip Morris Inc., 311 F.3d 966, which held that the statute of limitations "began to run not when [the plaintiff] was first diagnosed with injuries stemming from his tobacco use, but 'when he should have known of any significant injury from [the companies'] wrongful conduct.'" The court said that included when smokers realized they were addicted.

Since then, however, two state appellate court cases -- 2004's Whiteley v. Philip Morris Inc., 117 Cal.App.4th 635, and 2005's Boeken v. Philip Morris Inc., 127 Cal.App.4th 1640 -- have held that a manufacturer's fraudulent statements might be more important than a smoker's awareness of addiction. A common-knowledge defense to fraud claims, the rulings held, raises a question of fact for a jury to decide.

"Our holdings in Soliman bind us," the 9th Circuit said in Grisham's case, "but at the same time we do not wish to ignore the intervening decisions of California's intermediate appellate courts."

The 9th Circuit judges stated that they would dismiss Grisham's and Cannata's claims if the California Supreme Court decides the two women "cannot overcome the presumed awareness that smoking causes addiction and other health problems."

In his court documents for Grisham, Smith argued that California law doesn't presume a smoker's awareness of addiction, nor does it deem addiction a trigger for the statute of limitations.

"It is illogical to absolve the industry from liability simply because addiction arose years before serious disabling injuries occurred or were diagnosed," he wrote.

In his answer brief for the manufacturers, Collins insists that it would be ridiculous to let career smokers -- aware of tobacco's dangers through accounts in the media, reports by the surgeon general and massive public health campaigns -- claim ignorance about the risks of smoking.

"In light of the overwhelming common knowledge of the dangers and addictiveness of smoking since at least 1988 (and well before)," he wrote, "consumers are presumed to be aware of those risks for statute-of-limitations purposes."

The case, which will be heard in Los Angeles, is Grisham v. Philip Morris U.S.A. Inc., S132772.

DOJ_NMG_0103021

CIVIL RIGHTS:

Inquiry Into Jail Begins (SEATIMES)

By Mike Carter, Seattle Times staff reporter

The Seattle Times, December 6, 2006

The U.S. Department of Justice has opened a civil-rights investigation into the King County Jail in Seattle, focusing on sexual abuse of inmates and on allegations of inadequate suicide prevention and contagious-disease control.

Lawyers from the department's Special Litigation Section met with jail and public-health officials Monday and will conduct a wide-ranging investigation that may be expanded beyond those topics. The county learned of the investigation in a letter received by King County Executive Ron Sims last month.

"I can confirm the existence of an investigation ... into the King County Jail," said Cynthia Magnuson, a spokeswoman for the Department of Justice in Washington, D.C. "Beyond that, I cannot comment."

The investigation will focus on the jail in downtown Seattle and will not involve the Regional Justice Center in Kent.

Two former jail guards have been convicted of sex-related acts with female inmates and a third is awaiting a retrial after a jury failed to reach a verdict. The assaults surfaced in April 2005 after a female inmate was transferred to state prison and spoke up about the assault.

One of the former officers, Louis G. Laurencio, was sentenced to four months in jail last week after pleading guilty to inappropriately touching an inmate and photographing her breasts.

A report commissioned by the county and released two weeks ago found that a sexualized work environment, meager training and poor communication are among the root causes of the string of sexual-misconduct allegations against corrections officers with the King County Department of Adult and Juvenile Detention.

Cedric McGrew, who coerced an inmate to perform oral sex, is scheduled to be sentenced Dec. 15. Harland Richmond, accused of exposing himself to women and of later having sex with two female inmates, is scheduled for a second trial soon. His first trial ended in a mistrial in August when the jury failed to agree on a verdict.

"We've been pretty aggressive in dealing with jail staff misconduct," said Carolyn Duncan, a spokeswoman for Sims.

Jail Director Reed Holtgeerts said the county will cooperate fully with the DOJ investigation.

According to a list provided by the county, seven inmates have committed suicide while in custody since Jan. 1, 1999. They include three hangings, two self-induced poisonings, a suicide by jumping and a carbon-monoxide asphyxiation by an inmate on home confinement, according to inmate death certificates.

The jail also has investigated reports of potentially dangerous infections, including a jail death involving "methicillin-resistant staphylococcus aureus," or MRSA, commonly called "Mersa."

In a letter last December to the Metropolitan King County Council, Dorothy Teeter, the interim director of the Seattle-King County Public Health Department, said Jail Health Services staff has been trained to prevent and watch for MRSA infections.

Justice Department Investigates King County Jail (AP)

AP, December 6, 2006

SEATTLE - The U.S. Justice Department has launched a civil-rights investigation of the King County Jail following incidents of sexual abuse and allegations of inadequate suicide and disease prevention.

"I can confirm the existence of an investigation ... into the King County Jail," Cynthia Magnuson, a Justice Department spokeswoman in Washington, D.C., told The Seattle Times. "Beyond that, I cannot comment."

The county was apprised of the investigation -- which concerns the downtown jail but not the Regional Justice Center in Kent -- in a letter to Executive Ron Sims last month, the newspaper said.

Jail and public-health officials met with Justice Department lawyers on Monday, and they plan to cooperate fully with the investigation, said jail director Reed Holtgeerts.

Two former jail guards have been convicted of sex-related acts with female inmates, while another is to be retried following a hung jury. Seven inmates have committed suicide since January 1999 -- three hangings, two poisonings, a suicide by jumping, plus a carbon-monoxide poisoning by an inmate on home confinement, according to the county. The jail also has investigated reports of potentially dangerous infections, including a jail death involving methicillin-resistant staphylococcus aureus, or MRSA, commonly called "Mersa."

Two weeks ago, the county released a report it commissioned which found that a sexualized work environment, meager training and poor communication were among the root causes of the string of sexual-misconduct allegations against corrections officers with the King County Department of Adult and Juvenile Detention.

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One of the former officers, Louis G. Laurencio, was sentenced to four months in jail last week after pleading guilty to inappropriately touching an inmate and photographing her breasts. Cedric McGrew, who coerced an inmate to perform oral sex, is to be sentenced Dec. 15. Harland Richmond, accused of exposing himself to women and of having sex with two female inmates, is scheduled for a second trial soon.

"We've been pretty aggressive in dealing with jail staff misconduct," said Carolyn Duncan, a spokeswoman for Sims.

Feds Look Into King County Jail Problems (SEAPI)

By Hector Castro, P-I REPORTER

Seattle Post-Intelligencer, December 6, 2006

The past year has been a tough one for the King County Jail with corrections officers caught sexually abusing inmates, suicides and reports of contagious diseases.

Now, the federal government has begun an investigation into jail operations.

Monday, investigators with the U.S. Department of Justice visited the King County Jail to meet with staff and tour the facility, said Carolyn Duncan, spokeswoman for King County Executive Ron Sims.

"We're cooperating," Duncan said Tuesday. "Whatever suggestions they make, we're obviously going to be making changes."

In an Oct. 30 letter to Sims, the Justice Department told the county it would be examining the incarceration and treatment of inmates housed at the main jail in downtown Seattle, which has a bed capacity of 1,697.

"Our investigation will focus on the protection of inmates from harm, including, but not limited to, custodial sexual misconduct, inadequate suicide prevention measures, and inadequate contagious disease prevention measures," wrote Assistant Attorney General Wan Kim, who oversees the DOJ Civil Rights Division.

The letter went on to suggest the federal government may actually be able to assist King County in its efforts to improve conditions at the jail and the government may be able to provide financial assistance.

Jail officials have been working on problems cited in the letter for some time.

Last year, investigators learned about the first of several cases of sexual misconduct by jail guards. Reed Holtgeerts, director of the King County Department of Adult and Juvenile Detention, called in Seattle police to investigate whether there were any other cases.

To date, four guards have been charged with incidents related to sexual misconduct. Several other jail personnel have been disciplined as a result of several internal and criminal investigations into alleged misconduct.

In November, former corrections officer Cedric McGrew pleaded guilty to second-degree sexual misconduct and third-degree assault for having sexual contact with a female inmate and another woman in a work-release program. Another former officer, Louis Laurencio, was convicted of sexual misconduct and sentenced last week to four months in jail.

A third officer, Harland Richmond, is expected to face trial in January on unrelated sexual misconduct charges. And a female guard with the Youth Services Center, Lydia Korolak, was charged with custodial sexual misconduct for her alleged acts with two teenage inmates.

The county brought in an outside consultant, the Moss Group, to suggest ways to curtail sexual misconduct within the main jail. The consultants found in their study that many employees were themselves concerned about the atmosphere within the facility.

Jail officials have made several changes, many of them involving increased training of staff.

As for suicides, Duncan said King County's jail has fewer suicides per capita than is average for jail facilities nationwide, and a suicide prevention program.

Seven inmates have committed suicide since January 1999.

There also were recent concerns about the spread of MRSA, a type of staph skin infection resistant to traditional antibiotic treatments. Last year, in a letter to the King County Council regarding the problem, jail officials said there has been extensive training of the staff to prevent the spread of the disease.

Duncan said the contagious disease is not running rampant in the jail. "There's no medical epidemic," she said.

Still, it will be one area federal investigators will examine.

There is no timeline for when the investigation will be complete.

P-I reporter Hector Castro can be reached at 206-903-5396 or hectorcastro@seattlepi.com.

Atlanta Police Give Few Details For 'no Knocks' (AP)

By Greg Bluestein

AP, December 6, 2006

DOJ_NMG_0103023

ATLANTA - Atlanta police often offer only cursory details when asking judges for so-called "no-knock" warrants that allow them to burst into homes unannounced, like the one used when an elderly woman was killed in a shootout with plainclothes officers as they stormed her home, according to an analysis by The Associated Press.

Police Chief Richard Pennington called for a review of how his agency uses the warrants after Kathryn Johnson died and three officers were wounded Nov. 21 in the shootout during a no-knock search for drugs in Johnson's northwest Atlanta home. Family members say Johnson was 92 years old; authorities claim she was 88.

An AP review of all no-knock warrants filed in Atlanta's Fulton County this year found that authorities often give scant detail when applying for the warrants, which are typically used to search for drugs and weapons. The special warrants are intended to prevent suspects from getting rid of evidence or to protect officers from suspects who can show a threat of violence.

In an August affidavit, an officer pursuing a suspect named "Kabuki" offered a two-line explanation for the no-knock warrant, claiming that an informant said people at the home "always carry pistols" and could store guns. In others, officers only detailed their years of experience with the police force as justification for no-knock powers.

Critics of no-knock warrants say Atlanta is no anomaly when it comes to judges granting the special search warrants to police on few details.

"One of the problems we have in the country are that lower-level judges who issue search warrants are notorious for being rubber stamps," said Donald E. Wilkes Jr., a University of Georgia law professor who studies the practice. "This is compounded by the fact that police tend to use these boilerplate allegations for no-knock search warrants."

Use of the warrants has ramped up as the war on drugs has intensified, said Peter Moskos, a former Baltimore police officer who teaches police studies at New York's John Jay College of Criminal Justice.

"The problem is that you do get cases where police bust down the wrong door and people die," he said. "And to me, it's not worth it. I don't really care if they flush the drugs down the toilet. I don't care if drugs are destroyed. So what? It's not like the drug war is being won."

Officers obtained the no-knock warrant to search Johnston's home by claiming there was a carefully monitored surveillance system in the home and that an informant recently bought $50 worth of crack cocaine at the house from a man called "Sam."

But since the woman's death, concern over the police's investigation has increased. Her friends and neighbors describe Johnston as a woman who rarely left her one-story brick home and carried a rusty revolver for her protection. The informant cited in the search warrant's affidavit told Atlanta television station WAGA-TV last week that he was never at the house and that he was coached by police to cover for them.

Pennington has said Johnston's death has led his department to closely scrutinize its procedures. The FBI is investigating the shootout.

"Were mistakes made? That is yet to be determined. Could we, or should we, have done anything differently? That will also be determined," Pennington wrote in an Atlanta Journal-Constitution editorial.

"But I do know this: Every policy and procedure that the Atlanta Police Department relies on for guidance in drug arrests and search warrants will be scrutinized."

Pennington said at a community meeting Monday that of the 200 search warrants his department has served this year, 20 have been no-knock warrants. At the meeting, hosted by the NAACP, many in the audience wanted to know where in the city the no-knock warrants had been served - accusing the department of targeting poor, black neighborhoods.

The NAACP is now calling for the establishment of a civilian review board with subpoena powers. On Sunday, the Rev. Al Sharpton called for a congressional inquiry into incidents like Johnston's and the fatal police shooting on Nov. 25 of 23-year-old groom-to-be Sean Bell in New York.

In Atlanta, community members and police have been at odds since Johnston's shooting, and Mayor Shirley Franklin has publicly defended Pennington in an effort to ease tensions. The case has been turned over to state and federal authorities for investigation.

On the federal level, the U.S. Supreme Court ruled in June that evidence obtained in violation of police knock-and-announce rules could be used at trial. A measure was proposed in the House of Representatives shortly after the ruling that would have blocked the Justice Department from obtaining evidence without officers knocking and announcing first. It failed by a 310-109 vote.

Associated Press writer Errin Haines contributed to this report.

Federal Case May Be A Longshot (NSDY)

By Anthony M. Destefano, Newsday Staff Writer
Long Island Newsday, December 6, 2006

DOJ_NMG_0103024

While federal officials said they are only monitoring developments in the fatal shooting of Sean Bell, new data indicate that making criminal cases against law enforcement officials such as cops is still a difficult task for the Brooklyn U.S. Attorneys Office, the office that would have jurisdiction if the case shifted to the FBI.

The probe into the police shooting of Bell and two friends on Nov. 25 outside the Kalua Cabaret in Jamaica is currently being handled by Queens District Attorney Richard Brown, who has promised a thorough and fair inquiry. As of Tuesday, the case hadn't been sent to the local grand jury where prosecutors would have to not only present evidence against the cops but also raise the issue of self-defense.

Tuesday attorneys for the wounded men signaled they would be waiting to see what happens to the Brown case before going to federal prosecutors.

"We're taking a wait-and-see attitude," said lawyer Sanford Rubenstein, who wouldn't speculate about what his next move would be if no state indictment comes. "Our clients are fully cooperating with the Queens district attorney in this case."

But federal prosecutors nationwide, including Brooklyn, find that making a criminal case against law enforcement officials for misconduct -- be they federal agents or local police -- is tough. Nationally, data show that 96 percent of civil rights cases are not prosecuted.

As reported in October by Newsday, Brooklyn federal prosecutors in fiscal 2005 declined to prosecute 75 percent of civil rights cases, be they complaints about police misconduct, racial violence or human trafficking, according to data compiled by the Department of Justice.

In recent weeks the data, compiled by the non-profit Transactional Records Access Clearinghouse, affiliated with Syracuse University, showed that Brooklyn federal prosecutors continued to take a tough look at complaints involving specific allegations of law enforcement misconduct. Statistics for the first 10 months of fiscal 2006 (October 2005 through July 2006) found the prosecutors declined to prosecute 91 percent of allegations involving "deprivation of rights under color of law," the statute that covers police and other law enforcement misconduct.

Though the data didn't readily show why the cases were declined, statistics for fiscal 2005 showed that weak or insufficient evidence and lack of evidence of criminal intent were key reasons for tossing the cases. An additional problem, said one federal prosecutor yesterday who didn't want to be named, was the standard of criminal intent required under the civil rights law. The standard was a high one for prosecutors to meet, said the official, who added that the issue of self defense in a police shooting could make a federal case harder to prove.

Still, while federal prosecutions of law enforcement aren't frequent, the cases that do go trial often lead to convictions. For instance Brooklyn federal investigators in fiscal year 2006 convicted 84 percent of the law enforcement defendants accused of civil rights violations. A spokesman for the Brooklyn U.S. attorneys office couldn't provide a list of such cases late yesterday, but noted that a number of law enforcement defendants, including "Mafia Cops" Louis Eppolito and Stephen Caracappa, had been convicted or charged this year for offenses committed while acting as public officials.

"Getting convictions in these kinds of cases isn't easy, but it is not impossible," said Rubenstein, noting how his former client Abner Louima was able to prevail in getting justice when police officers were convicted in Brooklyn federal court in connection with the attack on him in 1997.

"We proved in the Louima ... [case] that federal government can bring to justice police officers who have acted criminally."

Port Chester Challenges U.S. Government's Stance Over Election System (NYJN)

By Liz Sadler

NY Journal News, December 6, 2006

PORT CHESTER - The village is challenging the federal government's claim that its election system illegally disenfranchises Hispanic voters, possibly paving the way for an expensive legal battle.

The Board of Trustees voted unanimously tonight to notify the U.S. Department of Justice that it does not believe the village's at-large election system violates Section 2 of the federal Voting Rights Act, as claimed by the Justice Department. The board reached the decision after reviewing data the Justice Department provided the village.

"The federal government's data does not credibly support their allegations and contentions," Mayor Gerald Logan said before the vote. "I speak for the entire Board of Trustees when I say that we are shocked. The federal government has been working on their case for the past three years. I can only imagine the waste of taxpayer dollars."

Anthony Piscionere, a lawyer for the village, said he had already notified the Justice Department of the board's decision and "they've indicated they will get back to us." Piscionere said he could not speculate about whether a lawsuit is imminent.

"It's very hard to say at this point," he said. "What I'd like to see is some further dialogue."

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Tonight's decision came in response to an April 20 letter from the Justice Department to Village Attorney Anthony Cerreto that threatened to sue the village unless it switches to district voting. The letter called for a districting plan that includes a majority Hispanic district and concluded that "voting patterns in Port Chester are polarized by ethnicity."

Though the village's population is nearly half Hispanic, no Hispanic has ever been elected to village office. Hispanic residents represent about 22 percent of the citizen voting age population, or 3,058 of 13,980 eligible voters.

Hawaii Schools' Racial Enrollment Upheld (NYT)

By Adam Liptak

The New York Times, December 6, 2006

The Kamehameha Schools in Hawaii, private schools with an endowment of more than $6 billion, are entitled to limit their enrollment to Native Hawaiian children, a federal appeals court panel in San Francisco ruled yesterday by a vote of 8 to 7.

Students may be denied admission based on their race without running afoul of a civil rights law, the majority ruled, citing what it said were unique factors in the history of Hawaii, the plight of Native Hawaiians and the schools' distinctively remedial mission, which Congress has repeatedly endorsed.

The schools are the only beneficiary of the enormous legacy of a 19th-century Hawaiian princess. They have an enrollment of some 5,000 students, from kindergarten through 12th grade, on campuses on three islands. Admission is a great prize, as students pay about $1,800 in annual tuition for an education worth about $20,000.

The schools' admissions policy requires prospective students to prove that at least one ancestor lived on the Hawaiian Islands in 1778, when the British explorer Capt. James Cook arrived.

The suit was brought by a student identified as John Doe. The schools conceded that the student probably would have been admitted had he possessed Hawaiian ancestry. The suit argued that the admission policy ran afoul of a Reconstruction-era law, the Civil Rights Act of 1866. The court, splitting almost entirely along partisan lines, ruled that the prohibition did not apply to the schools' admissions program. (The eight judges in the majority were appointed by Democratic presidents. All but one of the dissenters were appointed by Republicans.)

"The schools are a wholly private K-12 educational establishment, whose preferential admissions policy is meant to counteract the significant, current educational deficits of Native Hawaiian children in Hawaii," Judge Susan P. Graber wrote for the majority. That fact, coupled with Congressional praise for the schools' mission, she wrote, meant that the admission program did not violate the civil rights law.

The decision overturned a decision by a divided three-judge panel last year. Judge Graber was in dissent in that decision. Judge Jay S. Bybee, who wrote the principal dissent yesterday, wrote the majority decision last year.

Eric Grant, the plaintiff's lawyer, said he would ask the United States Supreme Court to hear the case. "We're disappointed to be on the seven side rather than the eight," Mr. Grant said. But the closeness of the vote, he added, made Supreme Court review more likely.

Kathleen M. Sullivan, a lawyer for the schools and a law professor at Stanford, said her clients were elated by the decision and particularly by its unanimity on some points.

"All of the judges agreed that the Kamehameha School has a noble mission and has had extraordinary success in addressing what all the judges admitted are the continuing disadvantages suffered by Native Hawaiians," Professor Sullivan said.

The schools' history and mandate is so unusual, she added, that yesterday's decision will have "no precedential impact on any other school in the nation."

In a dissent joined at least in part by six other judges, Judge Bybee said the schools' worthy mission nonetheless violated the law.

"I cannot reconcile its admissions preferences — a racially exclusive policy that operates as a complete bar to all applicants who are not of the preferred race — with the Supreme Court's requirements for a valid affirmative action plan," Judge Bybee wrote. "The majority exempts an organization with noble goals that seeks to remedy a significant problem in a community that is in great need, but it can do so only because the majority departs from clear principles and established precedent."

The case from Hawaii is only superficially similar to the ones from Seattle and Louisville, Ky., argued Monday before the United States Supreme Court, Professor Sullivan said.

In contrast to the schools involved in the Supreme Court case, the Kamehameha schools are private, receiving no federal funds; they say their discrimination is remedial, meant to address historical wrongs; the beneficiaries are indigenous peoples; and the program has met with Congressional approval.

The student-assignment programs before the Supreme Court, Professor Sullivan said, involve public schools, mean to achieve racial diversity, are not directed at any particular racial group and come without similar Congressional endorsement.

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Federal Appeals Court Upholds School's Admissions Policy Favoring Hawaiian Natives (FINDLAW/AP)

By David Kravets, Associated Press Writer

AP, December 6, 2006

(AP) - SAN FRANCISCO-A private school in Hawaii can favor Hawaiian natives for admission as a means of giving a helping hand to a downtrodden indigenous population, a divided federal appeals court ruled Tuesday.

The decision by a 15-judge panel of the 9th U.S. Circuit Court of Appeals overturned an earlier ruling by three of the same judges that the Kamehameha Schools policy amounted to unlawful discrimination.

In Tuesday's decision, the majority noted that the case was unique because Congress has singled out the plight of native Hawaiians for improvement, just as lawmakers have done with Alaskan natives and American Indians.

The policy "furthers the urgent need for better education of Native Hawaiians, which Congress has repeatedly identified as necessary," the court said.

Admission to the elite school is first granted to qualified Hawaiian students, and non-Hawaiians may be admitted if there are openings available.

Only one in eight eligible applicants is admitted to the schools, which serve about 5,400 students at three campuses.

The case was brought by a white student excluded because of his race.

Three of the dissenting judges wrote separately that civil rights law prohibits a private school from denying admission because of race.

The Kamehameha Schools were established under the 1883 will of Princess Bernice Pauahi Bishop as part of a trust now worth about $6.8 billion (â‚¬5.1 billion).

The trust subsidizes tuition and is designed to help remedy some of the wrongs done during the U.S.-backed overthrow of the Hawaiian kingdom in 1893.

The decision came a day after the Supreme Court suggested during arguments in a different case that it might ban the practice of race-based admissions in public schools, even if the policy was intended to create racial harmony.

The last time the Supreme Court ruled on a similar issue was in 2003, when justices banned the use of rigid formulas that award points based on race for admission to the University of Michigan and its law school.

But the court that same year also permitted colleges to consider race as part of a "holistic review" of every application.

Private School Is Allowed To Favor Native Hawaiians In Its Admissions (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, December 6, 2006

The 9th Circuit Court splits 8-7 on the policy for educational parity.

A sharply divided federal appeals court ruled Tuesday that a private school can favor Native Hawaiians for admissions in an effort to "counteract the significant, current educational deficits" experienced by the islands' indigenous population.

In an 8-7 ruling, the U.S. 9th Circuit Court of Appeals in San Francisco held that the admissions policy of Hawaii's Kamehameha Schools is constitutional because it is narrowly tailored to remedy a well-documented problem and does not unnecessarily trammel on the rights of other students.

The schools' policy furthers a goal that "Congress has repeatedly identified as necessary," Judge Susan P. Graber wrote for the majority.

Native Hawaiian students, she wrote, "are systematically disadvantaged in the classroom." They score lower on standardized tests than other ethnic groups in the state, are more likely to be in special education classes, and are less likely to graduate from high school and attend college.

The Kamehameha Schools — with campuses on Oahu, Maui and Hawaii — admit students from kindergarten through 12th grade. They were founded in 1887 to educate Native Hawaiians and are supported by a $6.2-billion trust endowed by the last direct descendant of King Kamehameha I.

The schools receive no federal funding and typically cover 60% or more of a student's tuition — making them considerably less expensive than other private schools in Hawaii.

Graber said the schools' admission policy "is not an absolute bar to non-Native Hawaiians; instead it is intended only for so long as Native Hawaiians suffer educational disadvantages."

But Judge Jay S. Bybee, writing for the dissenters, said the policy clearly violated the rights of other students by in effect blocking their admission. Kamehameha has admitted only one non-Native Hawaiian since 1962, he said.

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The case highlighted a stark ideological divide on the 9th Circuit, which considers federal appeals in nine Western states, including California. All eight judges who voted to uphold the school's policy were appointed by Democratic presidents, whereas all but one of the dissenting judges were appointed by Republicans.

The ruling came one day after two affirmative action cases were argued before the U.S. Supreme Court, in which the debate suggested most justices favor halting the use of race to assign students to public schools.

But Stanford University law professor Kathleen Sullivan, who argued the case successfully for Kamehameha Schools, said: "Apart from the fact that both are about education, our case is nothing like" the Seattle and Louisville, Ky., school systems cases before the high court.

"Kamehameha is private; Seattle and Louisville are public. Kamehameha involves remedial preferences; Seattle and Louisville involved diversity," Sullivan said. "Kamehameha involves preferences of a kind explicitly adopted by Congress; Seattle and Louisville do not."

Kamehameha is highly selective, with only one in every eight students who applies gaining admission.

The case was brought by a white Hawaiian student who initially was denied admission to Kamehameha four years ago when he applied for the 9th grade, and then was turned down the next three years too, said the applicant's attorney, Eric Grant.

A U.S. district judge in Honolulu initially dismissed the case. But the student, identified as John Doe, appealed to the 9th Circuit and prevailed, 2 to 1, last year in a decision written by Bybee. But Kamehameha was granted a rehearing by a larger panel of judges, setting the stage for Tuesday's ruling.

Hawaii's political establishment, including its Republican governor and its full congressional delegation, supported the schools' position in the case.

Grant said he and his client were disappointed but planned to ask the Supreme Court to review the case. "We think the closeness of the decision bodes very well for the eventual resolution of this case by the U.S. Supreme Court," Grant said. "The admissions policy does operate as an absolute exclusion of children with the wrong ancestry."

He said John Doe is now a freshman in college but declined to say where.

But Sullivan said that "it is hard to see why the Supreme Court would be interested in a case that turns on such unique circumstances. There is no other case just like this one."

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Black, White And Brown (LAT)

The Los Angeles Times, December 6, 2006

FIFTY-TWO YEARS after the U.S. Supreme Court ruled in Brown vs. Board of Education that "separate educational facilities are inherently unequal," the court still can't agree on what that landmark decision really meant. That was painfully clear Monday when the Brown ruling was cited by justices on both sides of a debate over the constitutionality of programs that try to maintain a racial balance in public schools.

It was equally clear that the outcome of the cases, from Seattle and Louisville, hangs on the vote of Justice Anthony M. Kennedy. Some of Kennedy's comments from the bench Monday were ominous for the school districts. But if Kennedy views Brown in the proper perspective, he will provide a fifth vote to allow school districts, including the Los Angeles Unified School District, to experiment with ways to bring children of different races together in the classroom.

Brown vs. Board of Education, of course, was the 1954 case in which the court ruled that Topeka, Kan., and several Southern states had violated the 14th Amendment's guarantee of "equal protection of the laws" by operating separate schools for whites and blacks. Yet wrapped inside that seemingly straightforward result was a riddle. Were segregated schools wrong because they violated the principle that pupil assignments must always be "colorblind," or because they took race into account for a malign purpose: to separate "superior" whites from "inferior" African Americans?

Four conservatives on the Supreme Court seem wedded to the first view of Brown. In their view, once the vestiges of state-sponsored segregation are remedied, schools may not engage in what Chief Justice John G. Roberts Jr. has called the "sordid business [of] divvying us up by race."

But for the court's four liberal justices, Brown wasn't primarily about abstract colorblindness. Rather, it was about giving force to the 14th Amendment, which was intended, as Justice Stephen G. Breyer noted Monday, "to take people who had formerly been slaves and their children and make them full members of American society. And part of that was that the state couldn't insist that they go to separate schools."

Breyer has the better of the argument. Taking account of race to bring children of different backgrounds together is fundamentally different from using race to keep those children apart. Is there a ray of hope that Kennedy, the likely swing vote in these cases, will agree?

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At several points Monday, he seemed to be endorsing his conservative colleagues' colorblind approach. At other points, he signaled that he recognizes that efforts to integrate schools are not the moral or constitutional equivalent of pre-Brown school segregation. In this, as in so many other cases, what Kennedy decides may well dictate what the court itself does.

It's Not Black And White (USAT)

By Jonathan Turley

USA Today, December 6, 2006

Monday, the Supreme Court once again ventured into the quagmire of affirmative action. In two cases, the court will decide whether it is permissible to use race as a criteria in the selection of students on the elementary or high school levels — three years after the court barely sustained the use of such policies on the university level.

Even after many decades, affirmative action remains one of the most contentious issues in our society. Yet, like abortion, there appears to be less, not more, true dialogue. Many people who are uncomfortable with these programs remain silent in fear that their concerns will be misconstrued or mischaracterized.

All too often, critics of affirmative action are dismissed as racists. Such hair-trigger attacks were common during the debate over Michigan's Proposition 2, a ban on affirmative action in government contracts, hiring and public education. In launching his organization's campaign against the measure, NAACP President Bruce Gordon said the organization "does not plan to stand by while the architects of racism dismantle affirmative action programs that attempt to level the playing field in higher education and help create a diverse work force."

Such racial politics clearly did not serve opponents well: The proposition passed with an impressive 58% of the vote. According to Gordon's logic, does that mean that 58% of Michigan is either racist or enabling racism? If so, 55% of Californians were racists in 1996 when they enacted Proposition 209 barring affirmative action, and 59% of voters in Washington were racists in 1998 when they passed Initiative 200 that imposes a similar ban.

Most Americans are neither racist nor hostile to the ends sought by affirmative action. It remains a question of means.

We have a long way to go to bring down the continuing economic and social barriers for African-Americans. There is considerable support for programs to assist minority students with extra funds for improving schools, creating scholarships, and affording greater opportunities to excel on their own merit. There is also broad support for continuing to offer low-interest loans to minority businesses to help get them into the competitive marketplace. Nonetheless, there is a valid distinction between programs that "level the field" of competition and programs that direct its outcome.

When it finally comes down to the competition itself between students or businesses vying for the same goals, the outcome should be based entirely on merit. In other words, we need to draw a clear line between programs that assist minority students and businesses in reaching the field of competition and those that favor competitors on the basis of race, gender or religion. That means that some anti-affirmative action measures go too far. Yet, it is equally wrong when the government moves beyond facilitating and begins manipulating competition.

Under such an approach, states would be allowed to give disproportionate funds for improving opportunities for minority students or businesses, but they would be barred from using racial preferences in competitive selections for schools, government contracts, or hiring. For example, while a minority business can be given special help in its formation, government contracts should be awarded entirely on the basis of the best product and the lowest cost for citizens.

Not surprisingly, both sides take different meanings from studies of the effect of eliminating affirmative action programs. Thus, many people were rightfully alarmed to learn that UCLA would have only 96 African-Americans among its incoming freshmen — 2% of the class. For affirmative action advocates, it shows why special programs are necessary even after so many years of racial preferences in selection. For opponents of affirmative action, it shows that many students in prior years were not the most qualified on academic scores and achievement.

Both sides might be partially correct. The fall in minority admissions and minority contractors should motivate leaders to improve recruiting efforts in minority areas for schools and explore programs to help minority businesses. But it also shows that many past students and businesses were not sufficiently competitive to prevail on a playing field that is entirely free of racial preference in selection.

Some leaders, however, cannot shake the desire to manipulate the final outcome of competition. After Proposition 2 passed, Detroit Mayor Kwame Kilpatrick stated his interest in an ordinance that gave a preference to Detroit-based contractors — who would presumably be largely minorities in the largely minority city population. "That way, you don't have to deal with gender or race," said the mayor's spokesperson. Putting aside the legal mistake of openly admitting an intention to create de facto preferences to avoid the law, Kilpatrick would be better off addressing the underlying reasons for the lack of competitive showing through special pre-competition programs. Indeed, the removal of preferences will increase the pressure on such firms to be competitive and the pressure on cities such as Detroit to better educate and train citizens for such competition.

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It is time to have a substantive dialogue about the promise and limits of affirmative action — free of race-baiting language. Opposing some forms of affirmative action does not make someone any more of a racist than opposing abortion makes someone a misogynist.

Until such true dialogue occurs, we will continue to speak to each other through ballot referendums, or worse yet, many will continue not to speak to each other at all.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and a member of USA TODAY's board of contributors.

Police Analyst Sues New York, Charging Anti-Muslim E-Mail (NYT)

By William K. Rashbaum

The New York Times, December 6, 2006

For several years, the New York Police Department has touted an elite undercover unit of Middle Eastern and Asian investigators who use their foreign-language skills online to search out potential terrorist threats against the city.

But now the department is under sharp criticism from a member of the unit, an Egyptian-born analyst who filed a lawsuit yesterday that charges he was subjected to hundreds of blistering anti-Muslim and anti-Arab e-mail messages sent out by a city contractor over the course of three years.

The analyst, who is not named in the court papers, filed the discrimination lawsuit in federal court in Manhattan as "John Doe Anti-Terrorism Officer" because he still works undercover in the Cyber Unit. In an interview yesterday, he said that he complained repeatedly to his supervisors about the messages but that no one took action.

A 48-year-old captain with the New York City Department of Correction, the analyst has been assigned to work with the Police Department's Intelligence Division since 1998. He said he helped to form the Cyber Unit in 2002. He and the other members, who number about a dozen, troll message boards and Web sites to engage extremists and collect intelligence about potential threats, the lawsuit says. He fears that his family in Egypt might face retaliation if his name and the nature of his work were revealed, said his lawyer, Ilann M. Maazel.

At the center of the lawsuit are e-mail briefing messages sent out several times a day to members of the Intelligence Division by Bruce Tefft, a former C.I.A. official who has identified himself in the past as the Police Department's counter-terrorism adviser.

Mr. Tefft worked for Orion, a company that provided the department with counter-terrorism information culled from its massive database, including news articles and other materials known as open-source intelligence.

According to the suit, the briefing messages were preceded by commentary from Mr. Tefft that included virulent anti-Muslim and anti-Arab statements like, "Burning the hate-filled Koran should be viewed as a public service at the least," and "This is not a war against terrorism ... it is against Islam and we are not winning."

In one message, he asked, "Has the U.S. threatened to vaporize Mecca?" and responded, "Excellent idea, if true."

"These e-mail briefings ridiculed and disparaged the Muslim religion and Arab people, and stated that Muslim- and Arab-Americans were untrustworthy and could not reliably serve in law enforcement positions or handle sensitive data," the suit said.

Paul J. Browne, the Police Department's chief spokesman, said in an e-mail message that the department moved to stop the e-mail messages when it became aware of a complaint about them. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Panel Backs Guideline Favoring Voting-Machine Verification (WP)

By Cameron W. Barr

The Washington Post, December 6, 2006

A federal panel voted yesterday to begin developing a national standard that could result in the gradual phasing out of the paperless electronic voting machines in use across the Washington region and in many parts of the country.

The "next generation" of voting systems should have an independent means of verifying election results, the Technical Guidelines Development Committee said. The standard would have to be adopted by the U.S. Election Assistance Commission.

"This seems to mark the end of an era" for paperless electronic voting, said Doug Chapin, director of electionline.org, a nonpartisan organization that tracks changes in the country's election systems.

The commission and its advisory panel have yet to determine when the new standard would go into effect and how it would apply. A report prepared by scientists at the National Institute of Standards and Technology last week said the new standard would not be implemented until 2009 at the earliest.

Some politicians indicated yesterday that they would move more quickly to add verification systems -- also known as paper trails -- to voting systems that lack them.

The speaker of Maryland's House of Delegates, Michael E. Busch (D-Anne Arundel), said the legislature would start exploring options for a paper trail during its upcoming session with an eye toward having something in place for the 2008 elections.

"It would be nice if we could get a look at a couple of options," Busch said. "The price tag is going to be great."

Maryland Gov.-elect Martin O'Malley (D) said his administration would "have to find some way to move forward" and noted that a transition panel is looking at election issues.

Maryland is one of five states that exclusively use electronic voting systems that offer no independent means of verifying an election result. Virginia and 10 other states, as well as the District, use such systems in some jurisdictions or allow voters to choose whether to use them or some other voting system.

Virginia Gov. Timothy M. Kaine (D) said he plans a careful review of the findings. "I'm going to take a look at this report. I've talked to a lot of people who are very concerned about electronic machines without a paper trail," he said.

Del. Timothy D. Hugo (R-Fairfax), a main sponsor of unsuccessful legislation in Virginia's General Assembly last year that would have required the state to launch a paper-trail pilot program, said: "I think the committee recommendations will help validate what we have been doing. It will really make people stand up and pay attention."

District Mayor-elect Adrian M. Fenty (D) said in a statement that the red flags raised by the federal panel had caught his attention and that "we need assurances that election outcomes are reliable. As Mayor, I will work closely with the Council and the Board of Elections to make sure that the District of Columbia's election process is regulated and administered in a fashion that supports the report's findings and is in-line with best practices from around the Country."

In unanimously approving the resolution yesterday, members of the panel made it clear that they would not recommend that states stop using such systems "at this time" as long as proper security measures are in place.

The panel also said the commission should ensure that all voters -- including disabled ones -- "can verify the independent voting record." Advocates for people with disabilities have said that existing systems of verification, such as electronic voting machines that show voters a printed summary of their choices before they cast their ballots, would not be accessible to blind voters.

The voting-machine industry will have to come up with new technology to satisfy the need to provide verification accessible to all voters, said James C. Dickson, vice president for governmental affairs at the American Association of People with Disabilities. That means it could be 2020 before the voting systems envisioned by the panel are "widely available in polling places."

A supporter of the paperless electronic machines, Dickson disputed the notion that the panel's resolution meant the end of an era for such systems. "Era, schmera," he said. "There isn't any money to buy anything else."

The panel considered a similar resolution Monday but deadlocked and failed to pass it. The version adopted yesterday contained new language that grandfathers in existing systems, calls on the commission to ensure that verification systems are universally accessible and credits election officials and voting-machine makers for adopting security controls.

Michael Newman, a spokesman for the National Institute of Standards and Technology, said the panel, which the institute is advising, would have until the end of July to prepare a draft set of standards that would then be considered by the Election Assistance Commission.

The commission would solicit public input before adopting new standards. The standards are voluntary, but many state laws require voting systems to meet federal or national criteria before they can be used.

Staff writers Tim Craig, John Wagner and Nikita Stewart contributed to this report.

ANTITRUST:

Microsoft Technical Documents Back On Track In Antitrust Case (IDG)

By Grant Gross, IDG News Service

IDG News Service, December 6, 2006

Microsoft sets up delivery schedule after complaints about the company's technical documentation caused delays in the DOJ antitrust case

A U.S. district judge on Tuesday praised the schedule set up in a revamped technical documentation project that's part of the 4-year-old antitrust settlement between Microsoft Corp. and the U.S. government.

Judge Colleen Kollar-Kotelly, of the U.S. District Court for the District of Columbia, hailed a new plan that would deliver 58 documents related to Microsoft's software communication protocols by Dec. 15, with more documents coming in February, April and May.

Kollar-Kotelly in May approved a two-year extension to parts of her antitrust judgment against Microsoft because of ongoing problems in the technical documentation for Microsoft's software communication protocols.

"I hope this approach works," Kollar-Kotelly said during Tuesday's antitrust compliance hearing. "We seem to be on the correct time table."

Kollar-Kotelly, in an antitrust settlement approved in November 2002, ordered Microsoft to create the technical documentation so that competing software companies can buy licenses to Microsoft's communications protocols and make products that work with Microsoft software.

The judge expressed support for the new plan after numerous delays and past complaints about the quality of technical documentation."We'll have to see if this achieves the [results] that have eluded us so far," she said after Microsoft representatives explained the technical documentation "reset," as they called it.

Under the plan, Microsoft delivered 32 technical documents to the court-mandated technical committee overseeing the settlement by Oct. 25, and is on track to deliver another 26 documents by Dec. 15. The technical documentation that's most useful to protocol licensees will be delivered first, Microsoft said.

The schedule has Microsoft delivering another 99 technical documents between Feb. 22 and May 29. About 90 days after the initial release of a document, Microsoft will give the technical committee and licensees an online build of the document.

In addition, there were 943 identified problems with the current technical documentation as of Oct. 31, up from 835 problems identified as of Sept. 30, according to court records. Microsoft will work on fixing those problems as part of the revamped documentation project, said Robert Muglia, senior vice president of Microsoft's server and tools business.

Lawyers for the U.S. Department of Justice and some of the plaintiff states in the antitrust case said the documentation plan seems to be working. But Stephen Houck, a lawyer for the California group of state plaintiffs in the case, noted that hundreds of problems still exist in the current documentation.

"While much as been accomplished, there's much left to do," Houck said.

Muglia walked the judge through an example of the new technical documentation, and Kollar-Kotelly noted the new version had "a lot more details."

"My only wish is that it had been done earlier, so we wouldn't be at this point," she said.

US Airways Won't Fight Over Delta Deal (USAT)

By Marilyn Adams

USA Today, December 6, 2006

US Airways will give up its proposed takeover of Delta Air Lines if management there can't be persuaded of the benefits, US Airways CEO Doug Parker said Tuesday.

Parker said he's not prepared to fight Delta's management in bankruptcy court by submitting a merger plan to the judge without the backing of Delta officials.

"We have to get to a point where we are all working together on this, or it's not going to happen," Parker said at a meeting with editors and reporters at USA TODAY. "This is all about convincing Delta's management that this plan makes sense."

US Airways has made an unsolicited takeover offer of $8.5 billion in cash and stock to acquire Delta, the USA's third-biggest carrier.

Delta's management has rebuffed the offer, saying it's too risky and that Delta is better off as an independent airline. Delta declined to comment on Parker's remarks. Delta CEO Gerald Grinstein has repeatedly voiced opposition to the merger proposal since US Airways announced it Nov. 15.

In a memo to employees Tuesday, Grinstein said Delta, "is making crucial progress toward becoming a strong, independent, stand-alone company."

But because Delta is in bankruptcy, its management does not have complete control of the company's fate. Its creditors must approve Delta's post-bankruptcy business plan before the airline can exit. Delta executives plan to unveil the plan this month.

Delta CFO Ed Bastian has expressed alarm that a merger would prolong the airline's stay in bankruptcy at least by several months because it would have to be reviewed by antitrust experts at the U.S. Department of Justice. That would increase Delta's bankruptcy costs and run the risk of a downturn in the economy or a spike in jet fuel prices, Bastian says.

Parker predicted a US Airways-Delta merger could close by June 30, 2007, roughly when Delta had predicted emerging from bankruptcy alone.

Parker called the proposed merger schedule "aggressive," but said he believes it can be done, although his airline is still working through last year's merger of America West and the old US Airways.

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Although that deal closed 15 months ago, the new, combined US Airways is still flying with two separate reservation systems and two sets of pilots and flight attendants who are scheduled separately and who work under separate labor contracts.

Parker and US Airways President Scott Kirby said they would finish merging America West and the old US Airways before beginning a merger with Delta.

Delta Chief Firmly Against Merger (WP)

By Del Quentin Wilber, Washington Post Staff Writer

The Washington Post, December 6, 2006

US Airways Proposal Bad for Consumers, Grinstein Asserts

The top executive at Delta Air Lines said he would vigorously defend his company against an unsolicited takeover bid, insisting that the Atlanta-based carrier would be a stronger company and better for consumers if it remained independent.

In his first interview since US Airways Group announced its merger proposal last month, Delta chief executive Gerald Grinstein said he was confident that creditors would accept his reorganization plan. He also said it would be difficult for a combined company to overcome internal and regulatory hurdles.

"Whenever you go from having two carriers to one, or three carriers to two, that is going to have a consumer impact," he said. "There will be a loss of service in some smaller communities. There will be an increase in fares. . . . There is no question that there are antitrust issues that won't be quickly or easily resolved."

"I think the track record of good mergers is hard to find" in the airline industry, he said.

Delta and US Airways are battling to convince creditors, regulators and legislators of the virtues of their competing plans. US Airways has dominated the early rounds. Its stock price soared the day the merger proposal was announced but has since retreated slightly.

Many outside analysts and airline executives think the industry needs to consolidate to improve its financial outlook.

Grinstein, 74, has been working to get Delta, the nation's third-largest carrier, out of Chapter 11 bankruptcy protection for the past year. He is expected in the coming weeks to present creditors and the court with a reorganization plan that he says would be better for creditors than US Airways' $8.5 billion offer.

Several analysts and executives at other airlines said US Airways appeared to have lost momentum, as investors and creditors look more carefully at the merger proposal. Among their concerns are the reaction of regulators, the new Democratic-controlled Congress and the short time available for US Airways to complete a deal. US Airways hopes to do that before Delta leaves bankruptcy protection, which is expected next year. Otherwise, US Airways would lose some cost-cutting advantages it could gain in the bankruptcy process.

"There are more chances of this deal being killed because of market forces and the Justice Department," said Michael Miller, an analyst with the Velocity Group. But, he added, the offer has "the power of dollars behind it."

Ray Neidl, another analyst, said the merger proposal has a 30 to 40 percent chance of overcoming internal and regulatory hurdles in such a short time.

US Airways chief executive W. Douglas Parker said he was confident that the merger would be completed. Creditors seem receptive to the offer, he said in an interview. "It was well received and the process continues. The process is gaining steam."

Parker expressed confidence that the companies could address antitrust issues. A combined airline would probably have to sell some airport gates and one of the lucrative shuttle routes among Washington, New York and Boston, US Airways executives acknowledged.

Parker is interested in Delta because the two airlines compete on many of the same routes. A merger would allow him to reduce the number of flights and aircraft serving those cities. He said he thought such a business plan would save $1.6 billion a year by combining functions and cutting flights.

Parker said such a strategy would benefit consumers by offering them a healthier airline that serves more destinations. He said the new airline would not raise fares.

"Consumers will be better off," he said.

Grinstein disputed that claim and said his airline would serve customers better without a merger because it has already streamlined operations and achieved more than $2 billion in annual savings.

Although it is still has problems with mishandled baggage and major delays at some airports, Grinstein said Delta is using planes more efficiently and plans to expand its lucrative international routes.

Grinstein would not discuss the specifics of his restructuring plan and said he did not know what creditors thought of the US Airways offer. "They have their cards to play and they are going to play them," he said.

He said there were a variety of obstacles that would make a merger difficult, such as the airlines' different fleets, employment structures and cultures.

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US Airways also hasn't fully digested its prior merger, with America West, raising questions about whether it could handle a hostile takeover at the same time, Grinstein said.

"They haven't concluded last night's dinner before planning tonight's," he said. "This was totally unexpected, unsolicited, unencouraged and unhoped for. . . . We are so dissimilar. We have different equipment. We have different service philosophies."

If the merger sets off a spree of consolidation among the other major carriers -- American, Continental, United and Northwest -- the outlook wouldn't be good for a combined Delta and US Airways, which would be smaller than other partnerships, Grinstein said.

"If this devolves into three systems, which is the weakest of the three systems?" he said. "The answer is pretty clear."

Grinstein declined several attempts by Parker to discuss merger possibilities before US Airways made its offer public last month. The Delta executive said he was surprised to learn of the offer while listening to the radio at home before going to work. "I would have handled it differently," Grinstein said.

FCC Chair Acts To Clear Vote On Telecoms By GOP Panelist (USAT)

By Leslie Cauley

USA Today, December 6, 2006

NEW YORK — If you can't settle through negotiation, why not try a different approach?

So it goes these days at the Federal Communications Commission, which is using legal maneuvering to break its 2-2 deadlock on the pending AT&T-BellSouth merger.

The $80 billion deal just needs FCC approval to close. It already has received the other necessary approval, from the Department of Justice, which imposed no conditions.

Last week, FCC Chairman Kevin Martin asked the panel's third Republican to cast the tiebreaking vote on the deal. The commissioner, Robert McDowell, has recused himself because he worked as a lobbyist for a trade group opposing the deal. McDowell also cited ethical concerns of the Virginia Bar Association.

An official can be unrecused if the FCC's general counsel determines that the need for his or her participation outweighs public ethics concerns.

Gene Kimmelman, public policy director of Consumers' Union, which opposes the deal, calls the move "the most unusual thing I've ever seen in my entire career."

Kimmelman says he was helping to negotiate an agreement among AT&T and the two Democrats and Martin when the chairman pulled the plug.

"We thought we were making progress," Kimmelman says. "It's just bizarre."

In moving to unrecuse McDowell, Martin, who declined to comment, cited legal precedent in a case involving the National Association of Broadcasters. But that request to break the FCC stalemate came from the U.S. Court of Appeals after a two-year impasse.

In the AT&T case, the request is from an FCC chairman who openly favors approval with no conditions. And it comes after a stalemate of just two months.

Tuesday, McDowell issued a statement that he is prepared to get up to speed quickly on the AT&T merger should the general counsel unrecuse him.

McDowell offered no comment on the merits of the deal or whether conditions should be attached. He did note that the deal "is not that different from the two (deals) we saw last year," referring to SBC's acquisition of AT&T and Verizon's purchase of MCI.

In those cases, both buyers were forced to divest a number of assets, including hundreds of phone and high-speed broadband lines, to gain approval.

Some lawmakers are unhappy with Martin's actions. Chief among them is Rep. Edward Markey, D-Mass., the ranking Democrat on the House Subcommittee on Telecommunications and the Internet.

In a Monday statement, Markey urged McDowell to abstain from voting "as a matter of principle." The FCC can unrecuse McDowell, but cannot make him vote.

The two holdout Democrats have been pushing AT&T to make concessions in the area of "special access." The term refers, generally, to the high-speed, high-capacity lines that serve business customers across the USA. It's a $16 billion-a-year business. Big carriers like AT&T continue to dominate the segment by dint of their size and reach.

By the time Martin pulled the plug on talks last week, Kimmelman says AT&T was offering a number of sweeteners, including an offer to sell "naked" DSL — meaning stand-alone DSL with no strings attached or purchase of other services required — for $24.95 a month. That's almost half the $45 price for stand-alone DSL currently.

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But he says the carrier did not address a larger issue: its post-merger market power. "AT&T was unwilling to provide strong assurances that they won't abuse the enormous power that they will get with this merger."

Top Democrats Question Move By FCC Chairman On Telecom Deal (HC/AP)

By John Dunbar, Associated Press

Houston Chronicle, December 6, 2006

WASHINGTON — Two powerful Democrats on Capitol Hill Tuesday night sharply questioned a move by the chairman of the Federal Communications Commission to allow a fellow commissioner who had claimed a conflict of interest to vote on the nation's largest telecommunications industry merger.

Sen. Daniel Inouye, D-Hawaii, wrote FCC Chairman Kevin Martin expressing "disappointment" in Martin's "apparent willingness to waive government recusal rules" to allow former lobbyist and current commissioner Robert McDowell to vote on the proposed merger of San Antonio-based AT&T Inc. and BellSouth Corp.

Rep. John Dingell, D-Mich., along with Rep. Ed Markey, D-Mass., sent a letter to the FCC's general counsel asking 15 pointed questions about past precedent of such recusals and other issues.

Their dismay takes on added significance because the Democrats will take control of Congress in January. Inouye will be chairman of the Senate Commerce, Science and Transportation Committee and Dingell will chair the House Energy and Commerce Committee. Both committees oversee the FCC.

Late Friday, with the commission deadlocked on AT&T Inc.'s proposed $82 billion acquisition of BellSouth Corp., Martin — who favors approval of the deal — told members of Congress that he had asked the FCC's counsel to consider whether to allow McDowell to vote.

McDowell, one of three Republicans on the five-person commission, had recused himself because he is a former lobbyist for a trade group that opposes the merger. Despite that background, Martin is betting McDowell will cast a deciding vote in favor of the deal.

The two Democratic commissioners are demanding the companies offer concessions to ensure the deal won't harm consumers. The Justice Department approved the deal without requiring such concessions.

Inouye, who has been largely quiet on the issue, said waiving the rules and allowing McDowell to vote would derail negotiations over concessions he said were necessary to preserve competition.

He urged Martin to reconsider his decision and "return to serious negotiations with your other colleagues."

In his letter to FCC General Counsel Sam Feder, Dingell and Markey asked what it officially means to be at an impasse and whether it is possible to reach that point since no formal vote has been held.

Neither Inouye nor Dingell have the authority to stop the FCC vote from occurring, but as the chief congressional overseers of the FCC, they are in a position to make life difficult for the chairman.

McDowell once worked for the trade association COMPTEL, which represents companies that compete with AT&T and the other regional Bell phone companies.

Democratic commissioner Michael Copps said allowing McDowell to vote would be "taking a mulligan" and "starting over with a changed set of players." He said the move would "create more problems than it resolves" and "short circuit discussions, and very likely shortchange consumers."

Commissioner Jonathan Adelstein, also a Democrat, said Martin was trying to cut short negotiations "about measures to safeguard choice and competition for consumers."

Federal ethics regulations permit the FCC's general counsel to clear McDowell to vote as long as the government's interest outweighs concerns about how the vote may affect the agency's integrity.

It is unclear how long it will take for the general counsel to reach a determination on whether McDowell should be allowed to vote. The commissioner, who has declined to participate in any conversations about the pending deal, would need time to get up to speed, if he participates.

The next FCC meeting is scheduled for Dec. 20. Dingell and Markey have asked for responses to their questions by Dec. 11.

NYSE-Euronext Steams Ahead As EU Regulators Back Merger (WSJ)

By Alistair Macdonald And Aaron Lucchetti

The Wall Street Journal, December 6, 2006

One of the last major hurdles to a merger of the New York Stock Exchange and Euronext NV was removed yesterday, after European regulators gave their provisional clearance, pushing the first major trans-Atlantic stock-exchange merger toward the finishing line after a six-month battle.

NYSE's likely success will heap further pressure on its fast-growing rival, Nasdaq Stock Market Inc., to do a deal. Last month, Nasdaq made a bid for London Stock Exchange PLC, but London rejected its approach. Nasdaq has acquired a 29% stake in the London exchange since April, but says its bid is a final offer, unless London agrees on a deal or a rival bidder comes in.

The Euronext deal still needs approval from the Dutch finance minister, because the exchange is incorporated in Amsterdam, though operated from Paris. Also, shareholders in Euronext and NYSE Group Inc., which operates the New York Stock Exchange, will vote on the deal in about two weeks. Neither the finance minister nor shareholders are expected to block the creation of what would be a $28 billion company. A spokesman for the Netherlands Finance Ministry said Finance Minister Gerrit Zalm is expected to decide in January.

NYSE-Euronext Group, as the combined company will be called, will have stock exchanges in New York, Paris, Brussels, Lisbon and Amsterdam, as well as a London-based market in the fast-growing sector of derivatives.

Yesterday, Euronext's College of Regulators, which include the market watchdogs of France, Netherlands, the United Kingdom, Belgium and Portugal, said they won't block a deal, subject to commitments from the combined company that will include giving them some limited say over board appointments and future integration of the business. NYSE and Euronext said such conditions are acceptable.

The European regulators also said they were working with the U.S. Securities and Exchange Commission on "a memorandum of understanding" for coordinating regulation and supervision of Euronext-NYSE. It will be signed when the deal gets its final approval. The potential for U.S. regulatory interference had been a concern to both market users and investors in Europe.

NYSE's rival suitor for Euronext, Frankfurt stock-market operator Deutsche Börse AG, had sounded this concern unsuccessfully to drum up support for its rival bid.

Euronext and NYSE each need more than 50% of their shareholders to approve the deal. Hedge fund Atticus Capital, which owns almost 10% of the exchange, and French bank Société Générale, which owns about 3.5%, have publicly given their approval.

The share prices of both exchange operators climbed on news of the regulatory clearance, with Euronext closing up 2.3% at €87.30 ($116.35) and NYSE Group trading up $1.55 at $97.60 in 4 p.m. Big Board trading yesterday.

Still, Euronext trades below the valuation of about €93.50 a share under the NYSE bid, indicating investors don't believe the road ahead is entirely clear.

Bloodied Investor Icahn Returns To Flying Solo (WSJ)

By Susan Pulliam And Jennifer S. Forsyth

The Wall Street Journal, December 6, 2006

For years, financier Carl Icahn has been a prominent "activist" investor, attempting to push companies to make changes in a bid to boost their stocks. Now he's being forced to change his game plan in using this brand of investing.

This week Mr. Icahn's partners pulled out of a $4.6 billion bid for Reckson Associates Realty Corp., a real-estate investment trust. Mr. Icahn initially pressed ahead with the Reckson bid on his own. Late Monday night, the Reckson board rejected Mr. Icahn's offer in favor of a merger with SL Green Realty Corp., a rival real-estate trust. Yesterday, Mr. Icahn said he would back out.

"The offer is pretty much done," Mr. Icahn said in an interview. "It's a minor disappointment." Reckson shareholders must decide whether to approve SL Green's cash and stock offer, valued at about $45.56 a share as of yesterday's market close.

The development illustrates the complications for even the savviest shareholders in mounting corporate challenges. These days, companies are launching ever-more aggressive legal and public-relations efforts, among other things, to block such efforts. Competition from industry players is intense.

"It's a daunting proposition to challenge management in a public activist scenario unless you have experience at it," said Ken Squire, who runs 13D Monitor, a research service that tracks activist investing.

Real-estate developer Harry Macklowe and Mack-Cali, a real-estate investment trust, both dropped out of the partnership with Mr. Icahn over the weekend. Now, Mr. Icahn said he is returning to his roots as a solo financier, bringing him full circle in his approach to "activist" investing. Until a couple of years ago, when Mr. Icahn began joining forces with other investors to prod corporate managements to change, he largely had operated on his own.

During difficult management battles, Mr. Icahn said, "most guys fade away." In the end, he said, many investors don't have the stomach for "activist" investing because "it's not easy."

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Mr. Icahn could potentially re-emerge if less than two-thirds of Reckson shareholders approve the SL Green merger. The merger agreement has been contentious because of questions about a sale of one-third of the Reckson portfolio to an investor group led by Reckson Chief Executive Scott Rechler for $2.1 billion -- an amount that some investors believe is too low.

Mr. Icahn's bid, by contrast, may have been too high, some analysts say. After due diligence, Mack-Cali found the offer wasn't "in the best interests of its shareholders." Mr. Macklowe backed away at least partly because he couldn't secure the amount of bank financing at the terms he desired, according to a person familiar with the matter. When Mr. Macklowe informed Mr. Icahn that he wasn't prepared to pay $49, Mr. Icahn stayed firm, prompting the partnership's termination. Mr. Macklowe didn't return calls for comment.

It isn't the first time Mr. Icahn's enthusiasm has exceeded that of his partners. When Mr. Icahn -- with the help of another powerful hedge-fund manager, Steven Cohen's SAC Capital Advisors -- made a big investment and waged a proxy contest with Time Warner Inc. in mid-2005, corporate chiefs fretted it was the beginning of a period in which hedge funds would throw their financial muscle around, posing threats to management at even the largest companies. Instead, Mr. Icahn backed away from his proxy battle with Time Warner earlier this year as some of his hedge-fund investors lost their resolve.

Mr. Icahn has made a bundle on his Time Warner investment -- about $210 million, according to people familiar with the situation. Mr. Icahn said Time Warner has adopted many of the measures he had been pushing, including a $20 billion share-buyback program and $1 billion in cost cutting. Mr. Icahn added that he and Richard Parsons, Time Warner's chief executive, have patched together a working relationship and are planning to dine together this week. "We meet every few months," he said.

REAL-ESTATE PLAY

The Situation: Shareholders of Reckson Associates Realty Corp., a Uniondale, N.Y., real-estate investment trust, are to vote today on whether to merge with SL Green Realty Corp., another REIT.

The Bids: SL Green is offering cash and stock valued at $45.56 as of yesterday's close, about $4.1 billion not including debt assumption. The Reckon board rejected a late bid by financier Carl Icahn offering $1.1 billion in cash and $3.3 billion in a new class of stock in American Real Estate Partners LP, a publicly traded company that is 90% owned by Mr. Icahn.

The Controversy: The SL Green merger agreement has been contentious because of a secondary transaction in which SL Green is selling back about one-third of the Reckson portfolio to an investor group led by Reckson Chief Executive Scott Rechler for $2.1 billion, a price some shareholders say is low.

Even though his partners haven't shown much staying power, Mr. Icahn has had successes this year. His hedge fund, a private investment pool for wealthy individuals and institutions, is up 26.3% this year, compared with hedge-fund returns averaging 9% this year.

His hedge fund has made a profit of $300 million on its investment in Kerr-McGee Corp., an Oklahoma City energy and chemicals producer, and a profit of $175 million on its investment in South Korea's KT&G, South Korea's dominant tobacco maker, which it has sold. American Real Estate Partners LP also sold NEG Oil & Gas LLC to Riata Energy Inc. for $1.26 billion, giving it a return of about 40% on the investment.

Mr. Icahn, 70 years old, isn't the only veteran investor who is shifting gears. Last week Kirk Kerkorian, 89, sold his stake in General Motors Corp. stock after finding the battle to persuade management to adopt his plans for the company more difficult than he expected.

Said Mr. Icahn: "Activism is a lot more difficult than it looks."

Mr. Icahn is adapting to fit with the market changes since he began making investments for his hedge fund in 2005, which has quadrupled in size, to $4 billion in assets. About half of the increase stems from profits on investments with the rest from new investor money.

In a twist, Mr. Icahn is trying to buy shares in companies a step ahead of private-equity players, who make a profit by buying and selling companies. "It's no secret which companies are set up well for leverage buyouts," he said. Mr. Icahn says investment bankers call him and say: "This is a good one" for (a private-equity firm) -- "why don't you look at it?"

Ryanair Offers Airport Slots In EU's Review Of Aer Lingus Bid (BLOOM)

By Matthew Newman

Bloomberg, December 6, 2006

Dec. 5 (Bloomberg) -- Ryanair Holdings Plc, Europe's biggest discount airline, has offered to sell slots at eight airports, including London's Heathrow, to win European Union antitrust approval to buy Aer Lingus Plc.

Ryanair told the European Commission, the EU's antitrust authority in Brussels, that it would sell as many as four Aer Lingus slots at Heathrow if its bid for the carrier succeeds, according to a document submitted to the regulator last week. It also offered slots at Stansted Airport near London and airports serving Frankfurt, Paris, Milan, Rome, Bratislava and Barcelona.

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``The purpose is to allow one or more entrants to operate a new or additional non-stop scheduled daily frequencies on the 8 identified relevant airport pairs," said the document, which was obtained by Bloomberg News today.

Ryanair Chief Executive Officer Michael O'Leary has pursued the 1.48 billion-euro ($2 billion) hostile takeover of Ireland's flag carrier to add routes to the U.S. The Irish government and Aer Lingus employee shareholders, who together control almost 40 percent of the carrier, have rejected the offer, which expires Dec. 22. Ryanair said on Nov. 21 that it won't raise its offer.

Peter Sherrard, a spokesman for Ryanair, and commission spokesman Jonathan Todd declined to comment.

Gillian Culhane, a spokeswoman for Aer Lingus in Dublin, couldn't be reached for comment. A spokeswoman at Drury Communications, the airline's public-relations company, said the airline wouldn't be commenting.

Government Resistance

The Irish government, which has a 25 percent stake in Aer Lingus, is ``unlikely to support" the sale of the Heathrow slots to defend the public's interest in connections in London, according to Aer Lingus's prospectus when it was partially privatized.

The government's stake plus a further 5 percent of shareholders is enough to block any sale of the Heathrow slots.

Rival airlines would have ``limited interest" in Ryanair's other offers, such as up to four slots at Girona, an airport 104 kilometers (64 miles) from Barcelona, said Nick van den Brul, an analyst at Exane BNP Paribas in London.

The commission will decide by Dec. 20 whether to approve the deal, refer it to another antitrust authority or launch a four-month investigation.

Ryanair on Oct. 23 acquired a 19.2 percent stake and offered 2.80 euros a share for the rest of Aer Lingus. The discount carrier then spent about 87.5 million euros Nov. 29 to boost its stake to 25.2 percent.

ENVIRONMENT:

Ship's Crewmen Plead Guilty To Covering Up Oil Dumping (AP)

AP, December 6, 2006

WASHINGTON (AP) _ The chief engineer and second engineer of a South Korean cargo vessel have pleaded guilty to environmental crimes and obstruction of justice for covering up illegal dumping of oil residue at sea, the U.S. Department of Justice announced Tuesday.

The owner and operator of the vessel, Sun Ace Shipping Co., based in Seoul, South Korea, previously pleaded guilty in the case and agreed to pay a $400,000 fine and $100,000 to New Jersey environmental organizations.

Chief engineer Chang-Sig O pleaded guilty to obstruction of justice for maintaining a false oil record book and lying to the Coast Guard about his knowledge of hoses used to bypass shipboard pollution control equipment.

Second engineer Mun Sig Wang pleaded guilty to violating the Act to Prevent Pollution from Ships for presenting a false oil record book to Coast Guard inspectors who boarded the ship in Camden on Jan. 3.

Inspectors learned that crew members had dumped oily waste into the ocean at least two times on their voyage from South Korea, the Justice Department said.

International and U.S. law prohibit such discharges without treatment by an oil-water separator, and then require all discharges be recorded in an oil record book.

Chang-Sig O faces up to five years in prison and a $250,000 fine. Mun Sig Wang faces up to six years in prison and a $250,000 fine. The Justice Department announcement did not mention a sentencing date.

Activists Use Research To Win Pollution Battles (USAT)

By Charisse Jones

USA Today, December 6, 2006

Whether it's bus fumes in Harlem or nuclear waste in Utah, advocates for minority and poor communities do homework needed to win 'environmental justice'

NEW YORK — The buses idle along 146th Street, the faint smell of diesel exhaust in the air. The weathered brick bus depot sits across the street from day care and recreation centers for seniors and children.

Millicent Redick raised a son and daughter here in Harlem, across the street from the city's Mother Clara Hale Bus Depot. She recalls how they both suffered from eczema and asthma. "I was always led to believe that I had to keep the dust out of my apartment, so I cleaned all the time," says Redick, 61, a retired accountant. "But I was never informed that the air we were breathing played a role. … I thought it was all me."

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Then she learned of connections between pollution and asthma attacks, and cleaning up the air became her new mission. "I've always felt strongly that no matter where I live, I have a right to everything every other community has," she says. "That's what I fought for."

Five of Manhattan's six bus depots are north of 96th Street. The struggle by residents and activists against that concentration is one of many environmental battles being waged around the nation in a campaign to improve the health and safety of poor and minority communities.

"People are not … taking the poison quietly," says Robert Bullard, director of Clark Atlanta University's Environmental Justice Resource Center and author of the book Dumping in Dixie: Race, Class, and Environmental Quality. "Over the last decade or so, not only do you have communities fighting, but they also have developed alliances and coalitions with scientists and lawyers and economists."

Neighborhood activists from California to Washington, D.C., are using a growing body of research on how pollutants exacerbate illness to block the building of facilities, relocate residents from contaminated communities and gain other concessions from large firms.

"One of the problems with all environmental struggles, but particularly when you have the overlay of environmental racism, is the community always has the burden of proof of harm," says Elizabeth Crowe, an organizer with the Kentucky Environmental Foundation in Berea, Ky. Now, "we have much more definitive information as to how bad this stuff is. … So the science is catching up to the experiences of folks on the ground, and it helps prove the point."

Among recent developments:

·A group in Port Arthur, Texas, signed an agreement on Nov. 6 with Motiva Enterprises under which the oil company will pour up to $3.5 million into the impoverished neighborhood as it expands a refinery there. The money will help fund new local businesses.

·A plan to build a nuclear waste storage facility on the Skull Valley Goshute Indian reservation in Utah was scuttled in September by the federal Bureau of Land Management and Bureau of Indian Affairs. The agencies were concerned that it would have a negative impact on the reservation, says attorney Paul EchoHawk, who represented tribal members opposing the project.

·From Sept. 24 to Oct. 1, representatives of more than 70 social justice and human rights groups toured the nation by bus caravan, visiting communities where residents face health problems associated with pollution.

Upper Manhattan's bus depots, many of them former trolley barns, have been around for nearly a century. The New York City Council's transportation committee held a hearing in October on the concentration of bus depots in Harlem, which has the city's highest rate of asthma hospitalizations for children 14 and younger, according to the city Department of Health and Mental Hygiene. The department says diesel particulates have been proved to worsen asthma.

"We think (the depots are) very, very responsible for the high asthma rates in the community," says Kizzy Charles-Guzman, policy coordinator of the group WE ACT for Environmental Justice. "It goes beyond air quality. … It's also quality of life impact. You have constant noise and vibrations from the buses, and we also have sanitation truck depots and sewage treatment facilities. … We're not necessarily saying let's shut down the depots and move them all over the city, but if all the clean buses the (bus agency) claims to have in the fleet were assigned to these particular depots, that would help."

MTA New York City Transit, which operates 4,489 buses, says it is dealing with pollution. "No one has done more to improve air quality than New York City Transit," spokesman Charles Seaton says. "We have more than 350 hybrid electric buses on the road. … And the majority of them are in depots in Upper Manhattan."

The environmental justice movement took root in the South in the early 1980s, when activists, church leaders and residents complained that toxic waste sites and other polluters often were located in poor and black neighborhoods. Their protests merged the struggle for a clean environment with that of civil rights.

Winning environmental justice cases in court has become more difficult since a 2001 Supreme Court decision increased the legal burden for those filing suit under the 1964 Civil Rights Act by requiring proof of intentional discrimination, Bullard says.

Analyzing the location of many landfills, chemical plants and highways, Bullard says, "you have to ask is this random or patterns that follow historically the path of least resistance? … If you don't have a lot of resources in terms of money, experts, lawyers and political leaders to divert those things, you are going to get (them)."

Ted Cromwell, senior director of security and operations for the American Chemistry Council, which represents leading U.S. chemical firms, says businesses don't target certain communities.

"In the vast majority of situations, chemical plants have been in place for many, many years," Cromwell says. Since the late 1980s, emissions from group members' factories have dropped more than 75%, he says. "It's not so much plants being sited in these communities as it is communities building up around them and over time the demographics change."

Some activists see progress. Companies increasingly are trying to create safer products, says Crowe of the Kentucky foundation. "What community organizers look for is … steps forward."

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In the Port Arthur case, Hilton Kelley says the agreement he and his organization, Community In-Power and Development Association (CIDA), reached with Motiva is "a significant victory" for his neighborhood.

"We found out it would be difficult to stop the (refinery) expansion, but we were able to negotiate some things for our community's well-being and for our economic stability," Kelley says.

Kelley and his group had challenged Motiva's application to increase the production capacity of its refinery from 275,000 to 600,000 barrels of crude a day. Motiva now has agreed to provide air- pollution monitors and other controls. It also will help finance a local health clinic to offset the medical expenses of residents and supplement services for the diagnosis and treatment of asthma and other respiratory ailments in children.

Extensive pollution controls at the facility were planned before the community challenge, says Rick Strouse, a refinery manager. However, "CIDA had some concerns. I think we've resolved them."

In New York City, concerns remain over the buses in Harlem.

"This is first and foremost a health issue that is important to the residents and children of Harlem," says City Councilman John Liu, who heads the committee that held the hearing. "Secondly, it's a simple matter of honest accountability."

Redick, who has lived in her Harlem apartment for 38 years, says neighbors living closest to the depot entrance never "can open their windows. Never."

She has also noticed the cough her 4-year-old granddaughter develops when she visits — which disappears once she returns home. So Redick fights on.

"I have a right to walk down the street," she says, "and see flowers and trees and pretty buildings and people with smiles on their faces."

Leave Bristol Bay Alone (NYT)

The New York Times, December 6, 2006

President Bush is thinking about rescinding a longstanding presidential order that specifically prohibits oil and gas drilling in Alaska's pristine Bristol Bay. He should resist the impulse to do so, no matter how powerful the entreaties from his friends in the oil business. Drilling in Bristol Bay would threaten one of the nation's most productive fisheries without appreciably strengthening the nation's long-term energy security.

Bristol Bay occupies over 33 million acres of open sea, islands and estuaries just north of where the Aleutian Islands meet the Alaskan mainland. It is home to the world's largest wild salmon run and the source of a commercial fishing industry with an estimated annual value of nearly $2 billion. In the furor following the Exxon Valdez oil spill in 1989, the bay was placed off limits to drilling, first by Congress, and then, in 1998, by President Clinton.

The presidential prohibition has remained in effect even though the Congressional moratorium was lifted in 2003 when Alaska's Ted Stevens — overriding protests from local fishing interests — called in all the chits he had accumulated as head of the Senate Appropriations Committee.

The Interior Department now wants to make about one-fifth of the bay available for leasing — a move, it says, that could create 11,000 jobs and "net benefits" of about $7.7 billion in oil and gas. But this would be a one-shot deal, and the numbers are trivial compared with the country's overall resources. More to the point, they pale in comparison to the sustainable year-after-year yields from a fishing industry that could be devastated — as was Prince William Sound in 1989 — by another major spill.

Mr. Bush has been speaking out lately about the importance of making America more energy independent. Few things are more important for the new Democratic Congress than developing an energy policy more heavily weighted toward conservation, efficiency and development of alternatives to traditional fossil fuels. This might be a rare area in which both sides can work together, but opening Bristol Bay to drilling would be exactly the wrong way to begin the conversation.

FBI/DEA/ATF/USMS:

FBI Needs To Step Back Before Moving Forward, IG Says (FCW)

By Dibya Sarkar

Federal Computer Week, December 6, 2006

Although the FBI is forging ahead with establishing an interoperable fingerprint system with the Homeland Security Department, the Justice Department needs to regroup following a failed $1.18 million effort to modernize a system that manages evidence, according to a semi-annual report released by Justice's inspector general.

The recently released 66-page IG report, which summarizes the office's audits, investigations, inspections and special reviews, provided updates on several information technology initiatives Justice agencies started.

In March, after two and a half years, FBI officials terminated a contract with a private company for a commercial laboratory information management system that would have used bar code technology to track evidence and improve reporting capabilities at the FBI Laboratory in Quantico, Va. "After many delays and extensive customization" the system did not meet the agency's security requirements, the IG report states.

According to the report, the initiative began before the agency's IT investment management processes were established, making it difficult to identify problems with the contract and adequately document security requirements for certification and accreditation of the software. Among several recommendations, the IG report states that an experienced IT manager must oversee any future project.

The laboratory conducts more than 1 million examinations of physical evidence annually, but the current system is limited in tracking evidence and reporting capabilities.

However, the joint initiative to make the bureau's 10-fingerprint Integrated Automated Fingerprint Identification System interoperable with DHS' two-fingerprint Automated Biometric Identification System is on track, the IG report states. In the first phase of the three-phase project, both agencies will establish a joint automated system to share important immigration and law enforcement data. The other two phases will focus on expanding the shared data and access by various federal, state and local law enforcement agencies to that data. The initiative is scheduled to be complete by December 2009.

"When the interoperability effort is completed, a single request will search all fingerprint records maintained by the FBI and the DHS, and the requestor will receive all associated criminal history and immigration information about an individual," according to the IG report.

The IG report also provided updates with respect to the Federal Information Security Management Act (FISMA).

A review found that systems within the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosive (ATF); the Drug Enforcement Agency (DEA); and the Justice Management Division (JMD) were all certified and accredited, security controls were tested and evaluated in the past year, and contingency plans were in compliance with FISMA. However, the FBI, ATF and DEA did not perform electronic authentication risk assessments, and the FBI and ATF did not fully implement Justice's process for tracking system vulnerabilities and corrective actions, the IG report adds.

"Moreover, departmentwide system configuration policy was not always implemented as required within the DEA and JMD," the IG report states. "With respect to IT security awareness training, we found that ATF did not fully ensure that all of its employees were trained as required by department policy."

The IG's office is also reviewing and evaluating several classified and unclassified systems within several Justice agencies and plans to issue reports this fiscal year.

In assessing compliance with the Office of Management and Budget guidelines for securing sensitive data, the IG report states that although Justice is implementing additional security controls to protect personally identifiable information, it is not fully compliant for all automated systems.

"For example, the department failed to ensure that personally identifiable information is transported and stored off-site only in encrypted form," the report states. "We also found that the department is not requiring users who access the system remotely to provide two independent ways of authenticating identity, as required by the National Institute of Standards and Technology Special Publications 800-53 and 800-53 A."

Additionally, Justice has established a task force to develop a comprehensive approach to secure wireless access to personally identifiable data on the internal systems and assess technical solutions for remote access.

FBI Denies Woes In Data-sharing Computer System (WT)

By Jerry Seper

The Washington Times, December 6, 2006

The FBI says a new computer system -- introduced last year as a replacement for a failed case-file program -- is within cost and on schedule to be fully operational by 2009, despite criticisms in a report this week by the Justice Department's Office of Inspector General.

In a report released this week, Inspector General Glenn A. Fine said that the new program, known as Sentinel, faced a $56.7 million funding gap and that although it could still prove to be successful with careful oversight, the Bush administration's funding request for this year's share of the $425 million system is short of what is needed.

"The FBI appreciates the Inspector General's continued interest and assessment of the Sentinel program," the bureau said. "The OIG performed the audit at the request of the FBI Director and Congress. This audit was the second in a series of audits to evaluate the progress and implementation of Sentinel.

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"According to the audit the FBI has made 'good progress' in addressing the concerns surrounding staffing, information sharing, earned value management, cost tracking and controls, and documentation that were identified in the first audit report," it said.

The FBI said Phase II of the Sentinel program is expected to cost about $157 million. As part of President Bush's fiscal 2007 budget request, $100 million in funding was requested and the balance of $57 million "has long been identified from existing FBI balances and will not impact operational programs."

"The total project cost for Sentinel was budgeted at a cost of $425 million and that figure remains the same. Characterizations to the contrary are misleading," the FBI said. "At this time, Sentinel is within cost and schedule."

The Sentinel program was introduced last year as a replacement for the failed Virtual Case File system and is scheduled to be fully operational by 2009, as part of an FBI effort to close internal communication gaps and improve information sharing with other law-enforcement and intelligence agencies.

The system will be built by Lockheed Martin Corp. on a $305 million contract. The FBI also expects to spend about $120 million evaluating the system.

FBI Director Robert S. Mueller III has said the Sentinel program will "strengthen the FBI's capabilities by replacing its primarily paper-based reporting system with an electronic system designed for information sharing."

"Sentinel will support our current priorities, including our No. 1 priority: preventing terrorist attacks," he said.

The Sentinel program will deliver an electronic information-management system, automate work-flow processes for the first time and provide a user-friendly Web-based interface to access and search across multiple databases. It is designed to help the FBI manage information beyond the case-focus of the existing Automated Case Support (ACS) and will provide enhanced information-sharing and search-and-analysis capabilities.

Sentinel also is expected to facilitate information sharing with members of the law-enforcement and intelligence communities. Mr. Mueller is scheduled to testify today during a Senate Judiciary Committee hearing on FBI oversight.

20 Alleged Gang Members Arrested In Drug Trafficking Sting (AP)

By Sophia Tareen

AP, December 6, 2006

CHICAGO - Twenty alleged street gang members have been arrested on charges of running of sophisticated drug trafficking operation in the culmination of what officials said was a three-year undercover investigation, authorities announced Tuesday.

Since the investigation began, 38 alleged members of the Latin Kings street gang have been charged and at least 20 individuals - including several men believed to be top leaders - are in custody on drug and weapons charges, U.S. Attorney Patrick Fitzgerald said during a news conference.

The charges are included in 13 separate federal complaints filed or unsealed Tuesday.

"We pretty much decapitated the Latin Kings on the South Side," said Andrew Traver, a special agent with the Bureau of Alcohol, Tobacco and Firearms, the main agency involved in the investigation.

Among Tuesday's arrests were 36-year-old Fernando "Ace" King of Chicago, who authorities allege is a gang leader. He is charged with attempted drug possession with the intent to distribute.

"If you take out the main person, you also send a message to gang leaders that the position comes with a price," Fitzgerald said.

Also arrested was Anthony "Loks" Compean of Cicero, believed to be the second-in-command, authorities said. Compean, 29, has been charged with intent to distribute narcotics.

It was unclear Tuesday who was representing King. Compean's attorney, Todd S. Pugh, declined comment Tuesday evening because he was just receiving the complaint. They were to appear Wednesday in U.S. District Court.

Authorities said they had an informant who wore a wiretap during the investigation and officials seized more than 15 kilograms of cocaine and 90 guns - including at least seven AK47 rifles.

"Every one of these guns is one less crime that won't take place, " Traver said.

Authorities showcased an organizational flow chart Tuesday, detailing what they believed to be the gang's inner workings and systematic coverage of seven regions around the Chicago area.

The Latin Kings street gang in Chicago started in the 1960s as a social club in the Humboldt Park neighborhood, according to Mike Casey, an ATF supervisory special agent.

Officials said their influence has grown to a "tightly controlled narcotics distribution empire." Though the group's presence has been strongest on the city's South Side, authorities said their operations also are active in the suburbs.

"It's time for a lot of people to wake up and see, gangs do not see borders," said Cook County Sheriff Tom Dart.

Feds Make Landmark Arrest Of 30 Gang Leaders (WMAQ)

WMAQ-TV, NBC 5, Chicago, December 6, 2006

CHICAGO -- A lengthy federal probe leads to the arrest of nearly 30 gang leaders in Chicago.

Federal agents moved in on the gang on Tuesday.

"Operation Broken Crown" started when a member of the Southside Latin Kings began cooperating with ATF agents.

Federal authorities were able to infiltrate the gang, described as one of the area's largest and most violent drug trafficking street gangs.

Officials made a point to say they're "not going to pretend to end the drug wars with this arrest or end gangs with this arrest, but we're making a dent and we'll keep pushing."

Numerous automatic weapons were also seized during the undercover operation.

Feds Arrest Latin Kings Gang Leader (CHIT)

By Jeff Coen And Rudolph Bush

Chicago Tribune, December 6, 2006

A Chicago man described by federal authorities as "the CEO of the Latin Kings Nation on the South Side" was taken into custody early Tuesday, capping a three-year investigation into the operations of the violent street gang.

Fernando "Ace" King was among 18 gang members whose arrests were announced Tuesday by U.S. Atty. Patrick Fitzgerald. King had the title of "Supreme Inca," running the gang's drug empire on the city's South Side and the south suburbs, officials said. There are only a small circle of leaders above him, including Gustavo "Gino" Colon, the gang's imprisoned head, officials said.

"It may seem pretty cool to be a Supreme Inca when you're the leader on the street of a gang until the title 'Supreme Inca' becomes 'lead defendant,'" Fitzgerald said.

The Latin Kings operate in seven regions in Chicago, including the southwest and northwest suburbs, authorities said.

King is one of 38 members and associates charged in the case after investigators with the Bureau of Alcohol, Tobacco, Firearms and Explosives used wiretaps and undercover drug purchases to crack the gang's operations. He was charged with intent to distribute cocaine as part of "Operation Broken Crown," which is billed as the most significant federal effort against the Latin Kings since the takedown of Colon in 1998.

Others in the case are charged with a wide range of drug and gun violations.

The investigation began in 2003, when a longtime gang member agreed to cooperate and provided investigators with access to the organization's structure, authorities said. About 90 guns were seized during the probe, along with more than 15 kilograms of cocaine.

Investigators said they hoped the case would have an effect in many of the subregions controlled by King.

"I think at this point we've pretty much decapitated the Latin Kings on the South Side," said Andrew Traver, special agent in charge of the Chicago ATF.

Traver said support in executing arrest warrants early Tuesday came from a variety of federal agencies, the Cook County sheriff's office and police in Summit, Hickory Hills, Stickney and Orland Park.

King's alleged second in command, 29-year-old Anthony Compean of Cicero, was charged with conspiring to distribute cocaine.

Compean, known on the street as "Loks," was charged after a cooperating gang member was arrested by the ATF early this year and decided to help investigators.

The gang member, who was not identified, has a rap sheet that includes a 1997 attempted murder conviction in Cook County and a 1999 drug conviction in Texas. He told authorities he knew Compean as a Latin Kings leader in "Chi-Town" and agreed to record drug transactions with him, according to a criminal complaint against Compean.

During a March meeting at the gang member's house, Compean agreed to sell the man a half-kilogram of cocaine for $10,000, the complaint states.

Compean's lawyer, Todd Pugh, declined to comment Tuesday, saying he has not had a chance to read the complaint.

Oscar Diaz, 32, of Blue Island, the alleged southwest regional leader of the gang, was charged with providing a Russian assault rifle to a cooperating witness in November, a gun delivered to Elmhurst. Danny "Fat Danny" Aguilar, 29, of Justice, the gang's alleged regional enforcer, was charged with conspiracy to distribute drugs.

In the case against King, a former gang member cooperating with federal agents recorded conversations with King in which drug deals were discussed, according to a criminal complaint released Tuesday.

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On Monday, the informant provided King with a kilogram of what King thought was cocaine, leading to his arrest and the charges against him. The informant told agents that he understood King to report to no one but the gang's highest echelon.

An attorney for King could not immediately be reached for comment.

Fitzgerald said authorities hoped investigations such as the one that ended Tuesday would send a message to would-be gang leaders that such a position comes with a price.

New Cook County Sheriff Tom Dart said the case should also be a warning for suburban residents that street gangs are entrenched in their neighborhoods too.

"For those people who still feel for some reason that gang crime is centered in the city of Chicago and does not touch suburban Cook County, if this is not their wake-up call, I don't know what they're looking for," Dart said. "Gangs do not see borders."

8 SF Gang Members Plead Gulity In Federal Case (BCN)

Bay City News Wire, December 6, 2006

(BCN) SAN FRANCISCO Eight members of San Francisco's Down Below Gang will spend years in prison after pleading guilty to federal racketeering and drug-dealing charges Monday, according to the U.S. attorney's office.

The gang, whose turf lies in the Sunnydale housing projects in Visitacion Valley, has been involved in criminal activity such as selling crack cocaine and intimidation for years, according to U.S. Attorney Kevin Ryan.

Four of the gang members admitted to committing acts of violence as egregious as murder, robbery and carjacking.

For their crimes, Don Johnson, 20, agreed to 23 years in federal prison; Robert Calloway, 22, agreed to more than 17 years; Dornell Ellis, 25, agreed to almost 16 years; and Ricky Rollins, 21, agreed to 15 years.

The admissions help police put to rest at least three murder cases from 2004.

The defendants admitted to murdering Beverly Daryl Robinson on April 15, Kenya Taylor on June 25 and Jacquain Williams on Oct. 14.

The pleas are the result of a joint investigation by the FBI and the San Francisco Police Department.

Ryan thanked the two organizations in a statement.

"We continue to be committed to bringing peace and justice to communities that have been devastated by gang violence," Ryan said in a statement. "These guilty pleas mark a significant step in the resolution of this prosecution."

The other four defendants face sentences of up to seven years.

Christopher Byes, 26; Paris Ragland, 21; Ronnie Calloway, 26; and Allen Calloway, 24, all admitted to conspiracy to distribute controlled substances.

Police Chief Heather Fong also highlighted the cooperation between federal and local authorities.

"A violent criminal street gang has been removed from the streets of San Francisco," Fong said in a statement. "This case represents a historic chapter in San Francisco's commitment to ending gang and gun violence."

SAN FRANCISCO Guilty Pleas In Gang Case (SFC)

By Rachel Gordon, Chronicle Staff Writer

San Francisco Chronicle, December 6, 2006

Eight members of a violent San Francisco street gang involved in murder and the trafficking of narcotics and weapons pleaded guilty Monday to federal racketeering and conspiracy charges, the U.S. attorney's office announced Monday.

The defendants admitted responsibility for a number of crimes, including murder, attempted murder, conspiracy to commit murder, robbery, carjacking and various drug offenses. The FBI and the San Francisco Police Department led the joint investigation.

The Down Below Gang is based in the violence-plagued Sunnydale public housing project in San Francisco's Visitacion Valley neighborhood on the south side of the city.

Authorities, who obtained indictments last year, said the gang sold drugs and engaged in armed robbery to help finance its operation. Its members also killed rivals. Prosecutors used the federal Racketeer Influenced and Corrupt Organization Act to go after the gang.

"In their plea agreements, several defendants admitted to significant acts of violence, including three murders," said U.S. Attorney Kevin Ryan, who is in charge of the agency's Northern California office. Four of the defendants admitted involvement in the murders of Beverly Daryl Robinson, Kenya Taylor and Jacquain Williams, all of which took place in 2004.

The four men who pleaded guilty are Don Johnson, 20; Robert Calloway, 22; Dornell Ellis, 25; and Rickey Rollins, 21. They agreed to sentences ranging from 15 years to 23 years in federal prison. Any prospect of the death penalty has been taken off the table.

The four other defendants pleaded guilty to drug-related charges, according to federal prosecutors. They are Christopher Byes, 26; Paris Ragland, 21; Ronnie Calloway, 26; and Allen Calloway, 24. Their sentences will range from 21 months to 77 months in federal prison.

E-mail Rachel Gordon at rgordon@sfchronicle.com.

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Man Cooperates For Less Jail Time (CHCP)

By Leo Strupczewski, Courier-Post Staff

Cherry Hill Courier-Post, December 6, 2006

TRENTON -- A Camden gang member who cooperated with federal investigators was sentenced Friday to 10 years in federal prison for his role in a drug trafficking organization, the U.S. Attorney's Office said.

U.S. District Judge Freda L. Wolfson said she recognized the need to reward Lamont Powell, also known as "Mont G," 29, for his cooperation. Had he not cooperated, Powell would have faced a sentence of anywhere from 30 years to life.

Powell will also serve eight years of supervised release and pay a $2,000 fine after his prison sentence.

The sentence stems from a April 15, 2004 plea agreement in which Powell pleaded guilty to one count of conspiracy to distribute and possession with the intent to distribute heroin and crack cocaine.

Powell was a member of the "Tuten Organization," a notorious drug gang. After his arrest, he cooperated with federal investigators to convict other gang members, including one of the organization's leaders, Leonard Paulk of Camden.

Powell also testified against two leaders of another drug organization called the "Perez Organization." Those men -- Bernard Murray and Allen Resto, both of Camden -- were convicted on charges of conspiracy to distribute heroin and crack cocaine and gun-related charges, including use of an AK-47 rifle and three handguns.

Wolfson said rewarding Powell sent a message to the community about the importance of cooperating with the government.

Reach Leo Strupczewski at (856) 317-7828 or lstrupczewski@courierpostonline.com

Doctor Or Dealer? (ORS)

By Karen P. Tandy, Special To The Sentinel

The Orlando Sentinel, December 6, 2006

To find new patients, Dr. Freddie Williams, a general practitioner in Panama City in the Florida Panhandle, would send two recruiters, one of whom was a heroin addict, searching for people looking for easy prescription drugs -- and frequently found them in bars. The recruiters were paid in OxyContin prescriptions, and the new "patients" received practically limitless amounts of high potency OxyContin. The OxyContin was not for pain, nor any other medicinal purpose, but simply for abuse. Patients were injecting and snorting it for the heroin-like high it gave.

Williams created addicts. Patients were overdosing. Parents called his practice pleading for him not to give their children any more drugs. He did anyway. Williams was even demanding sex in exchange for prescriptions.

He was diverting so many OxyContin pills to abusers and traffickers that after Drug Enforcement Administration (DEA) agents and our partners arrested him, the street price of OxyContin nearly doubled in the area because of the significantly diminished availability of OxyContin. Similarly, pharmacy burglaries and patients seeking treatment increased.

A jury convicted Williams on 94 counts of conspiracy to distribute controlled substances and health-care fraud, among other violations, and he was sentenced to life imprisonment.

Fortunately, these kinds of criminal doctors are few and far between. In any given year, including 2005, fewer than one in every 10,000 physicians in the United States -- less than 0.01 percent-loses their authority to prescribe controlled substances based on a DEA investigation.

These few doctors cause grave harm and contribute to the alarming prescription-drug-abuse problem in our country. Prescription controlled substances are the second most abused type of drugs -- behind only marijuana. Nearly one out of every 10 high-school seniors abuses dangerous painkillers.

The addictions these drugs cause are rapidly swelling the number of Americans seeking treatment -- 63,000 at last count. The consequences can turn deadly as illustrated by the deaths of Jason Surks of New Jersey and Ryan Haight of California, who died at ages 19 and 18 after overdosing on prescription narcotics they obtained through the Internet. The Centers for Disease Control and Prevention report that Jason and Ryan are part of a disturbing trend: Prescription painkillers now cause more drug-overdose deaths than cocaine and heroin, combined.

It is DEA's job to enforce the laws of this nation to ensure pharmaceutical narcotics and other controlled drugs are used only for the health and welfare of the public. Prescription drugs help millions of Americans every day, but when these drugs harm

citizens' health, feed addictions, ruin innocent lives and put more dangerous substances in our neighborhoods, the DEA must target that diversion and those responsible.

In September, the DEA announced three steps to ensure that people who medically need drugs get them, and that those who are diverting them, don't. We issued a proposed rule that will make it easier for patients with chronic pain or other chronic conditions to avoid multiple trips to a physician. The DEA also released a first-of-its-kind pain statement to give the medical community the information they requested on prescribing and dispensing controlled substances to treat pain. Finally, DEA launched a new page on our Web site (www.dea.gov) to provide everyone with the facts on DEA cases against the small number of doctors who violate federal drug laws.

There is much debate within the medical community about how chronic pain should be treated, how aggressively and with what medications. The DEA doesn't enter into that debate except to ensure the drugs aren't being diverted for illegal purposes as we are required to do by federal law. Doctors need to practice medicine as they have been trained to do and as they are sworn to do: to help their patients. The DEA in turn will do what we are sworn to do: to protect the American public by putting dealers like Williams out of business.

Karen P. Tandy is the administrator of the U.S. Drug Enforcement Administration. She wrote this commentary for the Orlando Sentinel.

Hearing Set For Chargers Player Accused Of Shipping Codeine Cough Syrup (KGTV)

KGTV-TV, December 5, 2006

SAN DIEGO -- A Feb. 7 preliminary hearing was set Tuesday for a Chargers player accused of getting codeine-based cough syrup from a friend who worked at a San Diego pharmacy and trying to ship it to his home state of Texas.

Terrance Kiel faces a maximum of seven years and four months in state prison if convicted of five felony charges: three counts of possession for sale of a controlled substance and two counts of transporting a controlled substance, said Deputy District Attorney James Fontaine.

The 26-year-old safety, out of custody on $160,000 bail, was arrested Sept. 26 at team practice after federal agents searched his car and locker.

Drug Enforcement Administration agents said they intercepted two FedEx packages containing 18 pint bottles of the codeine-based cough syrup in June and September.

Prosecutors alleged Monday that Hope Devina Vines, 30, was stealing codeine-based cough syrup from her employer, Sharp Rees-Stealy, and giving it to Kiel.

Vines, charged with grand theft and possession for sale of a controlled substance, was released on her own recognizance, Fontaine said. A readiness conference was set for Dec. 14.

A bar code on one of the codeine bottles that Kiel tried to ship was traced back to the pharmacy where Vines worked, Fontaine said. Other bottles that were intercepted seem to have bar codes that had been scratched off, the prosecutor said.

The prosecutor said earlier that the amount of cough syrup with codeine that Kiel allegedly tried to ship did not constitute "personal-use quantities."

Defense attorney Bob Grimes said adding a co-defendant wouldn't change the case against Kiel much.

Bottles of codeine-based cough syrup sell for up to $325 on the street in Texas, where people are known to mix the drug with soft drinks and refer to it as "lean," according to the DEA.

Kiel allegedly admitted knowing that it was a controlled substance that he was shipping. The athlete paid cash to ship the parcels, even though he has an account with FedEx, according to the DEA.

Kiel is among five Chargers players arrested since last spring.

In early April, linebacker Shaun Phillips was taken into custody for allegedly resisting arrest when officers tried to detain him over an alleged domestic dispute. No charges were filed.

A week later, linebacker Steve Foley was jailed following a scuffle with police at a University City hotel.

Over the Labor Day weekend, Foley got into another confrontation with police, this time when an off-duty Coronado officer tried to pull him over on suspicion of drunken driving.

An ensuing pursuit ended outside the linebacker's Poway home, where the lawman opened fire as Foley allegedly advanced on him in a threatening manner. Foley, who was hospitalized with multiple gunshot wounds, is facing misdemeanor DUI charges.

On Oct. 9, the Chargers released practice squad defensive back Markus Curry following his arrest on suspicion of domestic violence.

On Nov. 27, cornerback Cletis Gordon was arrested on suspicion of driving drunk in the Gaslamp Quarter.

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Pharmacy Worker Arrested In Terrence Kiel Case (KFMB)

KFMB-TV,, December 6, 2006

A pharmacy technician working at a downtown medical building is being accused Tuesday of supplying San Diego Charger Terrence Kiel with the codeine-based cough syrup he allegedly shipped to Texas.

According to drug enforcement agents, 30-year-old Hope Vines was arrested Thursday afternoon. She worked at Sharp Rees-Steely in the downtown area, where a large number of bottles of cough syrup were reported missing.

Prosecutors allege that Kiel shipped several bottles of the cough syrup to his home in Texas. They say a bar code on one of the bottles was tracked back to the San Diego pharmacy where Vines worked.

Vines was charged with theft and possession of a controlled substance. She was released without bail after a court appearance on Monday.

Kiel is accused of possessing and transporting a controlled substance.

Prosecutors say Vines and Kiel will be tried in court together.

Nevada Boxing Officials Suspend Nino, Salido Over Drugs (USAT/AP)

USA Today/AP, December 5, 2006

LAS VEGAS (AP) — WBC light flyweight champion Omar Nino was temporarily suspended Tuesday after testing positive for methamphetamine after last month's title bout, Nevada boxing regulators said.

The 30-year-old Mexican fighter retained the 108-pound title Nov. 18 with a majority draw over former champion Brian Viloria of Hawaii, even though Viloria knocked down Nino twice in the Las Vegas bout. Nino first won the title with a unanimous decision over Viloria in August in Las Vegas.

Nino is the first fighter ever to test positive for methamphetamine in Nevada.

The Nevada Athletic Commission decided to keep Nino out of the ring until it could hold a formal hearing, probably in January, commission executive director Keith Kizer said.

Two tests on a urine sample taken after the Nov. 18 title fight came back positive, enough to bring a case before the commission, Kizer said.

Nino has denied using the drug.

Under commission rules, Nino (24-2-2) could face a suspension, have his boxing license revoked, be fined and have the commission rule that his latest bout was a no-decision.

Also, the WBC is preparing to conduct its own test, which could put Nino's belt in jeopardy, Kizer said.

Kizer said Nino is the first fighter ever to test positive for methamphetamine in Nevada.

The commission also temporarily suspended Orlando Salido of Mexico after he tested positive for the banned steroid Nandrolone after his Nov. 4 unanimous decision over IBF featherweight champ Robert Guerrero.

Salido faces a one-year suspension and up to a $250,000 fine, although Kizer said the commission would consider fining Salido only the $17,500 he was paid for the fight.

Saints' Thomas Barred After Failing Drug Test (NYT/AP)

The New York Times/AP, December 6, 2006

Saints defensive tackle Hollis Thomas was suspended yesterday for the final four games of the regular season for violating the N.F.L.'s steroid policy.

Thomas, supported by the club, appealed the suspension, which he said was caused by asthma medication. He uses an inhaler daily and it apparently contained a banned steroid.

Thomas signed this year with New Orleans after playing nine seasons with the Eagles. He missed the 2002 season in Philadelphia with a broken right foot. He has had 43 tackles and 3½ sacks for the Saints and has been an important component in building their division-leading 8-4 record.

If New Orleans makes the playoffs, Thomas will be eligible to play. He can be added to the active roster on Jan. 1, the day after the regular season ends.

SHOULDER SURGERY FOR PORTIS Redskins running back Clinton Portis had shoulder surgery yesterday that will require six months of rehabilitation.

Portis was placed on injured reserve Nov. 15 after breaking his hand in a loss to Philadelphia. His left shoulder had also been ailing him. He partly dislocated the shoulder making a tackle in the first preseason game, then jammed the rotator cuff in the regular-season opener.

FRYE HAS WRIST IN BRACE Browns quarterback Charlie Frye did not practice because of a bruised right wrist, leaving his status uncertain for Cleveland's game against the Pittsburgh Steelers tomorrow night.

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If Frye cannot play, the Browns will turn to the backup Derek Anderson. Frye will spend at least another day with his wrist in a brace. Today team doctors will re-evaluate his injury, which the club feared was a break before X-rays and magnetic resonance imaging test results came back negative.

COURT DATE FOR TITANS' JONES A judge in Nashville set a Feb. 1 hearing for Titans cornerback Pacman Jones on a misdemeanor charge of assault filed by a woman who said he spit on her at a nightclub.

Jones's lawyer hoped to settle the case with yesterday's appearance before Judge John Holt and had talks with the district attorney's office. But Krystal Webb, the Tennessee State University student who filed the charge over the October incident, has hired a lawyer.

"I had had some positive dialogue with Ms. Webb, but since she's retained outside counsel, I'm no longer able to discuss the case with her," said Worrick Robinson, the lawyer who is representing Jones.

Jones told Robinson that he left before the incident happened.

LATER START FOR GIANTS The starting time of the Giants' game against the Eagles at the Meadowlands on Dec. 17 was moved to 4:15 p.m. from 1 o'clock.

Also moved that day was the starting time for the Dolphins-Bills game, to 4:05 p.m. from 1 o'clock.

The moves are part of the network's flexible scheduling, a feature of the new television contract with the National Football League.

CLAYTON OUT Another disappointing season for Buccaneers receiver Michael Clayton came to an end yesterday when the team said he would miss the remaining four games because of a knee injury.

Clayton was one of the N.F.L.'s top rookies in 2004, with 80 receptions for 1,193 yards and 7 touchdowns. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Mounting Gun Violence, Gang Activity Seen In Area (SEAPI)

By Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, December 6, 2006

The slaying of King County sheriff's Deputy Steve Cox is another harsh reflection of resurging gun violence and gang activity plaguing Seattle and cities around the country, law enforcement officials say.

Cox was shot and killed early Saturday as he interviewed witnesses in connection with a shooting and beating outside a party at a White Center home. The felon and gang member who apparently shot him, Raymond O. Porter, is thought to have killed another man in SeaTac Friday night.

"Gang members are more dangerous, they're more armed, than other criminals and that fact alone means we're going to run into more people and things like this," Sheriff's Sgt. John Urquhart said Monday.

"But I don't believe (Porter) killed Deputy Cox because he was a gang member. I believe he killed Deputy Cox because he was armed," Urquhart added.

Cox's death comes after a year in Seattle in which gun assaults were up by 25 percent, similar to national trends, according to law enforcement. Police say shootings are becoming much too frequent, whether gang-related or not. Even as deputies responded to the gun blasts that killed Cox in White Center, Seattle police were busy Saturday hunting for another shooter in Rainier Valley who wounded another man in an unrelated case.

"There is certainly much more willingness to use firearms and a willingness to use them on human beings," Urquhart said.

In October, Seattle police gang detectives lamented in a Seattle P-I story that they had already investigated more gang cases than in all of 2005. An estimated 30 to 60 street gangs are operating in the Seattle area.

The Sheriff's Office does not field a gang unit, which means gangsters pushed out of Seattle likely work their way into the suburbs and unincorporated areas such as White Center, Urquhart said.

The reasons for the latest surge in violence vary, according to law enforcement and gang experts. Some experts say it's stoked in part by gang-bangers who went to prison in the early 1990s and now are finishing their sentences.

Earlier this year, U.S. Attorney General Alberto Gonzales promised $30 million to buttress anti-gang programs nationwide, calling street gangs "an increasingly deadly threat to the safety and security of our citizens." Locally, agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives teamed up with Seattle police, the Sheriff's Office, the state Department of Corrections and others to form a Violent Gang Task Force.

"We don't have the problems that Chicago and Los Angeles have," ATF Special Agent Julianne Marshall said. "But rather than be reactive, we want to attack it from the front end so we really can make a difference."

The ATF also launched a database called "Gangnet," which links law enforcement data from the West and East coasts on tens of thousands of suspected gang members.

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Martin Speckmaier, a retired Edmonds police officer who now works as a consultant on school security, said there is a consensus gang activity is back on the rise.

The problem, however, is that officials have no uniform criteria for defining a gang member.

"It's so hard to fight a problem when you can't even define it," said Speckmaier of Comprehensive School Safety LLC.

"It's just really, really sad and tragic that someone so committed to this like Deputy Cox would have his life taken from him in such a tragic way," he said.

P-I reporter Scott Gutierrez can be reached at 206-448-8334 or scottgutierrez@seattlepi.com.

IMMIGRATION:

Court Rejects Interpretation Of Immigration Drug Law (NYT)

By Linda Greenhouse

The New York Times, December 6, 2006

WASHINGTON, Dec. 5 — The Supreme Court rejected the government's interpretation of immigration law on Tuesday, ruling that a noncitizen is not subject to mandatory deportation for a drug crime that, while a felony in the state where the crime was prosecuted, is only a misdemeanor under federal law.

The 8-to-1 decision restored to one category of immigrants, caught in the nearly impenetrable maze where immigration law and criminal law meet, the ability to avoid automatic deportation and the other dire consequences of being guilty of an "aggravated felony."

The category is made up of immigrants convicted of simple drug possession in states that treat those offenses as felonies. Federal law treats possession in most instances as a misdemeanor. But in the government's view, possession when deemed a felony under state law became a "drug trafficking crime," which under federal immigration law is an "aggravated felony" that strips an immigrant of the right to seek relief from automatic deportation, to seek asylum, or ever to return legally to the United States.

Writing for the majority on Tuesday, Justice David H. Souter said the government's interpretation was based on a strained and implausible reading of the definition of "drug trafficking crime" in the federal criminal code.

Thousands of immigrants every year might benefit from the ruling, according to Jayashri Srikantiah, a law professor who heads the Immigrants' Rights Clinic at Stanford Law School and who filed a brief on behalf of Jose Antonio Lopez, the immigrant whose Supreme Court appeal led to the decision, Lopez v. Gonzales, No. 05-547.

In an interview, Ms. Srikantiah said the decision was informed by "a sense of proportionality" and of the "real world consequences" of subjecting legal residents convicted of minor offenses to automatic deportation.

The Immigration and Nationality Act contains a list of aggravated felonies that includes "a drug trafficking crime." This phrase, in turn, is defined not in the immigration law, but in the criminal code as "any felony punishable under the Controlled Substances Act," the basic federal narcotics law.

The government's position was that "any felony" meant any crime that was considered a felony either under federal law or in the state where the prosecution took place. In this way, a conviction for simple possession could become a drug trafficking offense and hence an aggravated felony, which is what happened to Mr. Lopez.

A Mexican who was a permanent legal resident of the United States, Mr. Lopez pleaded guilty in a South Dakota state court to aiding and abetting another person's possession of cocaine. That crime is a felony in South Dakota, although the analogous offense is a misdemeanor under federal law.

Mr. Lopez served 15 months in state prison and was then placed in federal deportation proceedings as an aggravated felon. After unsuccessfully contesting the designation before the immigration service and the United States Court of Appeals for the Eighth Circuit, in St. Louis, he was deported to Mexico.

The Supreme Court's decision makes Mr. Lopez eligible to apply for the administrative relief from deportation known as "cancellation of removal," an option that was foreclosed by his designation as an aggravated felon.

In analyzing the government's position that any offense "punishable" under the Controlled Substances Act therefore became a "drug trafficking" felony, Justice Souter said that "there are a few things wrong with this argument, the first being its incoherence." While "trafficking" ordinarily meant "some sort of commercial dealing," he said, "commerce, however, was no part of Lopez's South Dakota offense of helping someone else to possess."

Justice Souter continued that while the government's argument appeared implausible, that was "not to deny that the government might still be right; Humpty Dumpty used a word to mean 'just what he chose it to mean — neither more nor less,' and legislatures, too, are free to be unorthodox."

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But in this instance, he said, if Congress meant to define drug trafficking in such an “unexpected” way, “Congress would need to tell us so, and there are good reasons to think it was doing no such thing here.”

Justice Souter said that under the government’s interpretation, a central part of federal immigration law, deportation, would depend not on a federal judgment about the seriousness of an offense, but on “varying state criminal classifications.” He added, “We cannot imagine that Congress took the trouble to incorporate its own statutory scheme of felonies and misdemeanors if it meant courts to ignore it whenever a state chose to punish a given act more heavily.”

The court’s conclusion was that “a state offense constitutes a ‘felony punishable under the Controlled Substances Act’ only if it proscribes conduct punishable as a felony under that federal law.”

Justice Clarence Thomas was the lone dissenter, observing in his opinion that “without doubt, Congress could have written the definition with this limitation, but it did not.”

This was not the first time the Supreme Court has resisted a categorical interpretation of immigration law by the executive branch. In a unanimous opinion two years ago, the court ruled that contrary to the government’s view, driving under the influence of alcohol was not a “crime of violence” for which an immigrant could be subjected to automatic deportation. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Justices Rule On Deporting (USAT)

By Joan Biskupic

USA Today, December 6, 2006

WASHINGTON — The Supreme Court ruled Tuesday that a foreign national living here legally should not be automatically deported if he is convicted of a low-level drug offense that would be a misdemeanor under federal law.

The 8-1 decision could affect thousands of permanent legal immigrants, often known as green-card holders, who, because of certain state convictions, face deportation without a chance to plead their case before a judge.

The ruling ensures that legal immigrants can fight deportation after they have been convicted of simple drug possession or other offenses that are misdemeanors under the federal Controlled Substances Act even though they are classified as felonies in a state law.

The decision, drawing the dissent of only Justice Clarence Thomas, rejected a position taken by the Bush administration and resolved a split in views among lower courts.

Federal law requires green-card holders who have been convicted of an "aggravated felony" to be deported without an opportunity for appeal. The case tested whether simple drug possession could rise to the level of "illicit trafficking" and an "aggravated felony" because the offense was a state felony.

Jose Antonio Lopez, a Mexican national who became a legal permanent U.S. resident in 1990, was convicted in South Dakota of aiding and abetting possession of cocaine. He was sentenced to five years in prison and released after 15 months for good conduct.

Federal officials began the deportation process, contending that the felony status of drug possession in South Dakota qualified it as an "aggravated felony" requiring Lopez's mandatory banishment.

Justice David Souter wrote for the majority that a state offense should lead to automatic deportation only if it was a felony under the federal Controlled Substances Act.

Souter said that helping someone else possess cocaine does not constitute "illicit trafficking" under federal law: "The government's reading would render the law of alien removal … dependent on varying state criminal classifications," rather than code written by Congress.

Lopez has been in Mexico since his January deportation. Robert Long, his lawyer, said Lopez would now have a chance to argue that he should be allowed to return.

Justice Department spokesman Kathleen Blomquist said officials had not determined how the ruling would affect recent deportations and pending cases.

Court Bars Automatic Deportations In Drug Cases (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, December 6, 2006

WASHINGTON — The Supreme Court on Tuesday rejected the Bush administration's aggressive use of immigration laws to automatically expel legal immigrants for minor drug crimes, a decision that could spare thousands from being deported.

Immigrant-rights lawyers said the resounding 8-1 decision will allow noncitizens who have a family, a job and an otherwise clean record to appeal to immigration judges to stay in this country, despite a drug conviction.

"This ensures these lawful residents will have their day in court," said Benita Jain, a lawyer for the New York State Defenders Assn. in Brooklyn.

Federal judges in nine Western states, including California, have previously rejected the government's position on the language in the law. Immigrant-rights experts said Tuesday's decision doesn't change anything for legal immigrants in those states.

Since 1996, the more than 12 million legal immigrants in the United States have been subject to mandatory deportation if they are found guilty of an "aggravated felony," including a "drug trafficking crime." Four years ago, the government expanded the reach of this law to include state drug crimes that can result in a one-year jail term, even if the offense is simple drug possession.

In Tuesday's decision, the high court said that broad interpretation ignored the plain words of the law.

Noting Humpty Dumpty's use of words to mean whatever he wanted them to mean in author Lewis Carroll's "Through the Looking-Glass," the justices said it did not make sense to interpret the words "aggravated felony" and "drug trafficking crime" to mean simple drug possession.

Justice David H. Souter, who wrote the opinion, said the government's interpretation was incoherent and is "just what the English language tells us not to expect, and that result makes us very wary of the government's position."

The court said the automatic deportation rule should be triggered only by drug offenses that are the equivalent of drug crimes "punishable as a felony under federal law."

The decision reopened the case of Jose Antonio Lopez, an immigrant from Mexico who had lived as a permanent resident of South Dakota since 1990. He was married with two children and had owned a grocery store.

In 1997, he pleaded guilty to aiding and abetting another person's possession of cocaine. This was a felony in South Dakota but a misdemeanor under federal law.

After serving 15 months in prison, Lopez was released, but U.S. immigration authorities deported him to Mexico.

His lawyer, Patricia G. Mattos of St. Paul, Minn., said she told Lopez on Tuesday about the decision and his right to file a request to cancel his removal. "He was speechless. It was very emotional. He was very pleased the system had worked in the United States and that he will have his day in court," she said.

The ruling does not shield immigrants who commit minor drug crimes from being deported in all instances.

However, without the trigger of the automatic deportation rule, they can seek relief from an immigration judge.

It's unclear how many legal immigrants have been deported for minor drug crimes. Last year, the government said 77,000 legal immigrants were deported because they had criminal records, about 10% of which involved drug crimes.

From mid-1997 to May 2006, federal officials used the aggravated felony provisions to deport an estimated 156,713 people through court proceedings, according to the Transactional Records Access Clearinghouse, which is associated with Syracuse University.

Of that number, a third had criminal convictions for a controlled substance.

Immigrant-rights advocates say the stepped-up enforcement has collared many legal residents who are generally law-abiding and often well established in their adopted communities.

The Washington Legal Foundation, which had supported the government's view, called Tuesday's ruling a disappointment. Lopez was initially charged with more serious drug crimes, said Richard Samp, the group's general counsel.

"One would hope that immigration judges will grant 'cancellation of removal' to aliens convicted of felonies only in the rarest of circumstances," he said.

Tuesday's ruling is the second in three years in which the high court has limited the law's reach. The immigration law requires the government to expel those who commit a "crime of violence," but in 2004, the high court said that drunk driving is not a crime of violence.

In recent years, federal judges have split over whether an immigrant's conviction for a low-level state drug crime can be deemed an "aggravated felony" under immigration laws. Judges in the South and Midwest had adopted the government's view, but judges on the West Coast had rejected it.

"This does not change the situation for folks in California and the 9th Circuit," said Jayshri Srikantiah, a lawyer and director of the Immigrants Rights Clinic at Stanford University.

The Supreme Court justices did not focus on whether it was fair to deport longtime legal immigrants for a low-level drug offense.

Instead, they parsed the words in the federal law.

Souter said that "normal English usage" suggests Congress meant to punish and deport those who sell drugs, not those who simply possess them.

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Justice Clarence Thomas was the sole dissenter, saying the law also makes reference to "any felony," which he said could mean both state and federal drug offenses that carry the felony label.

Lawyers who worked on the case said they were uncertain whether those who had been deported several years ago could reopen their cases.

By coincidence, the court heard arguments Tuesday in a related case involving the deportation of a legal Peruvian immigrant who was convicted of stealing a car in Marin County.

A ruling on that issue is due in several months.

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Times staff writer Nicole Gaouette contributed to this report.

Supreme Court Allows Discretion In Deportation For State Felonies (WP)

By Robert Barnes

The Washington Post, December 6, 2006

The Supreme Court ruled yesterday that an immigrant convicted of a state felony drug charge that would be a lesser crime under federal law may contest the government's decision to deport him.

The 8 to 1 ruling, with Justice Clarence Thomas dissenting, held that a state felony charge that would be only a misdemeanor under federal statutes is not the kind of conviction that would trigger automatic deportation under the federal Immigration and Nationality Act.

The court's action reverses lower-court decisions that led the government to send back to Mexico Jose Antonio Lopez, a South Dakota grocery store owner who had pleaded guilty in 1997 to aiding and abetting another person's possession of cocaine.

The decision came in one of several cases the justices are considering to reconcile conflicting lower-court decisions on when immigrants convicted of crimes must be deported. After announcing yesterday's decision, the court heard arguments in a separate case from California in which a Peruvian immigrant was convicted on car theft charges.

Justice David H. Souter's opinion contained something of a grammar lesson for prosecutors and said Lopez's crime could not be classified as the kind of "aggravated felony" that means the government must move for deportation without any discretion.

At issue was the phrase "felony punishable under the Controlled Substances Act."

The government held that that meant the crime could be a felony under state law, as long as it was also punishable under the act.

"But we do not normally speak or write the Government's way," Souter wrote. "We do not use a phrase like 'felony punishable under the [CSA]' when we mean to signal or allow a break between the noun 'felony' and the contiguous modifier 'punishable under the [CSA].' "

Neither, Souter wrote, should it be read as "if it said 'felony punishable under the CSA whether or not as a felony.' "

Thomas agreed with the government's view of the law and found his colleagues' arguments "unpersuasive."

Despite Lopez's victory, his future is uncertain. He entered the country illegally in 1986 and became a legal permanent resident in 1990. He married and had two children in South Dakota and, according to his attorney -- Washington lawyer Robert A. Long Jr. -- had never been in legal trouble until his conviction in 1997 for telling someone where he could buy cocaine.

The court's decision does not mean that Lopez could stay if he decided to return to this country, only that the government had discretion over whether to initiate deportation proceedings. The justices remanded the case, Lopez v. Gonzales , No. 05-547, to the lower courts.

Supreme Court Rules In Favor Of Immigrant On Deportation Issue (LAW/AP)

By Pete Yost, The Associated Press

AP, December 6, 2006

The Supreme Court on Tuesday made it easier for some immigrants convicted of drug possession under state law to remain in the United States rather than being subject to deportation.

In an 8-1 decision, the justices ruled in favor of an immigrant who pleaded guilty to aiding and abetting possession of drugs in South Dakota for telling someone where to obtain cocaine.

While such a crime is a felony in South Dakota, most first-time simple possession offenses are punished as misdemeanors under the federal Controlled Substances Act.

The issue before the Supreme Court was the interpretation of the federal Immigration and Nationality Act, which says immigrants found guilty of aggravated felonies are subject to deportation.

Conduct that is a felony under state law but a misdemeanor under the Controlled Substances Act is not a felony for purposes of immigration, stated the ruling by Justice David Souter.

Jose Antonio Lopez, a 16-year permanent U.S. resident, was deported to Mexico in January 2006, but could return to his wife and two children, who are U.S. citizens, one of his lawyers has said.

Even then, Lopez, who had operated a grocery store in Sioux Falls, S.D., still could face deportation, but an immigration judge would have discretion to allow him to remain in the United States.

In opposing the immigrant's legal position, the Bush administration said that Congress left the door open to counting state felonies as felonies under the federal Controlled Substances Act, which would make them a crime that could trigger deportation under the Immigration and Nationality Act.

"We do not normally speak or write the government's way," Souter wrote, referring to the government's interpretation of the law. "Regular usage points in the other direction."

Treating a misdemeanor under the federal law as a felony "would be so much trickery," Souter wrote.

Justice Clarence Thomas dissented, declaring his colleagues' approach "unpersuasive."

"Whatever else 'illicit trafficking' might mean" in federal law, "it must include anything defined as a 'drug trafficking crime,'" Thomas said.

The court dismissed the case of another immigrant whose case had been consolidated with that of Lopez. The court said its decision to accept the case of Reymundo Toledo-Flores had been improvidently granted.

Toledo-Flores is a Mexican national who objected to having his latest conviction for illegally entering the United States classified an aggravated felony. Toledo-Flores was contesting his prison term, not his deportation, and he had already served it.

The cases are Lopez v. Gonzales, 05-7664, and Toledo-Flores v. U.S., 05-493.

Dems May Take Hardline On Those Who Hire Illegal Immigrants (HILL)

By Cameron Joseph And Bob Cusack

The Hill, December 6, 2006

The selection of Rep. Silvestre Reyes (D-Texas) to head the Intelligence Committee may be an indication that Democrats will press the Bush administration to crack down on employers who hire illegal immigrants.

Reyes, a former Border Patrol agent, is one of the most outspoken proponents of enforcing these types of employer sanctions and appears to have an ally in Rep. Rahm Emanuel (D-Ill.), who will be the House caucus chairman next year.

In an interview with The Hill earlier this year, Emanuel said many Democrats want to focus on employer sanctions as a way to stem illegal immigration. He accused the White House and the Republican-led Congress for letting “its guard down when it comes to employer sanctions.”

Reyes is a cosponsor of a bill by Rep. Charles Gonzalez (D-Texas) to increase enforcement of sanctions against employers of illegal aliens. And while the Judiciary Committee has lead jurisdiction on immigration reform, Reyes has argued that lax enforcement on illegal immigrants jeopardizes national security, which is under his panel’s purview.

He was the lead Democratic cosponsor on a bipartisan bill to enforce restrictions on employment in the United States of unauthorized aliens through the use of improved Social Security cards and an employment eligibility database. He worked closely with House Rules Committee Chairman David Dreier (R-Calif.) in crafting the bill.

Republican leaders championed border security throughout the 109th Congress, but the GOP has been reticent to call for increased government enforcement on corporations.

A recent Government Accountability Office study showed that the enforcement of employer sanctions has been nearly nonexistent over the last few years. Audits of employers to make sure they are checking employee documentation fell 77 percent from 1998 to 2003. Based on available figures, after reaching a peak in the early and mid-1990s, employer-sanctions investigations, warnings and fines have all dropped sharply.

Reyes called the Republican-led immigration reform in the House “a waste of time” because, he claimed, it was an unfunded mandate, and he voted against the House border security bill. He also argued that Republicans’ border-security plan was politically motivated, stating at the time, “Instead of acting to secure our borders and pass immigration reform, Republicans are holding hearings, just so they can keep scapegoating immigrants.”

Democrats are expected to seek to permanently bridge the gap with “Lou Dobbs Democrats” that voted for “fair trade” policies, while avoiding alienating an expanding Hispanic voting bloc. In focusing on employer sanctions, Democrats hope to appear tough on border security and illegal immigration while avoiding alienating most voters.

However, this may be difficult to do. Asked whether Democrats are likely to push hard for more employer sanctions, a senior Democratic committee staffer familiar with the immigration debate expressed doubt: “I’m not sure that many people in either party want employer sanctions. There are just too many constituencies that don’t support this.”

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The AFL-CIO opposed the Gonzalez-Reyes bill, and expresses reservations about expansion of employer sanctions based on Social Security number verification.

"Implementation of employer sanctions in the short run has been disastrous," said AFL-CIO legislative representative Sonia Ramirez. "In the future I think that we would really be concerned with expansion of employer sanctions, and would have to look very carefully at any legislation to make sure that it will not give amnesty to any complying employers."

Rep. Sheila Jackson Lee (D-Texas), the ranking member on the Judiciary subcommittee on Immigration, Border Security and Claims, supports employer sanctions but acknowledged union concerns last summer during the immigration reform debate: "The AFL-CIO has a meritorious argument that when you enforce employer sanctions, employers who are unscrupulous will then enforce them against innocent persons."

Many business groups will oppose a Democratic effort to increase employer sanctions.

Angelo Amador, the director of immigration policy for the U.S. Chamber of Commerce, said, "We think everything should be done as part of a package. You need to address the 12 million [estimated illegal immigrants in the U.S.] and the future flow of immigrants, and our concerns of filling jobs, as part of immigration reform." He promised to oppose any increased employer sanctions if they came to the House floor without other immigration reform provisions.

Some Democrats this fall called on their leaders to lay out a clear agenda on immigration reform. In a 25-page agenda document for 2007, Democratic leaders did not mention immigration at all, triggering criticism from the Congressional Hispanic Caucus.

Still, Emanuel is committed to focusing on employer sanctions, saying earlier this year: "There are over 20 million businesses in the U.S.; the main attraction for people coming to this country is work and there has been almost zero enforcement … You have got to have a real consequence to hiring illegal immigrants if you want to fight it."

TAX:

Calif. Tax Case Linked Locally (NOPT)

By John Lindenberger, The North Platte Telegraph

North Platte (NE) Telegraph, December 6, 2006

The U.S. Department of Justice is seeking a preliminary injunction against California accountant Lowell Baisden, who is currently under investigation for promoting an illegal tax fraud scheme.

The motion, which was filed Nov. 29 in U.S. District Court, asks for a preliminary injunction to prevent Baisden from preparing any federal tax returns for his clients and from representing them before the IRS.

Court documents indicate seven North Platte practitioners have been investigated by the IRS in connection with Baisden's scheme. They are doctors Michael Trierweiler, Chris Johng and Walter and Deborah Weaver, along with anesthetist Burt McKeag and nurse anesthetists Evan Geilenkirchen and Kathryn Snoozy.

According to the court records, Baisden helped his clients set up phony corporations to significantly reduce their tax liabilities. He also allegedly prepared their tax returns to perpetuate his scheme. Many of these clients were referred to Baisden by his brother-in-law, Michael Koning, a former North Platte anesthesiologist now living in Montana.

The tax scheme allegedly involves creating sham corporations to which the client's income is assigned. Baisden would then allegedly claim large illegal deductions for non-deductible personal expenses. The remaining income would then be reported as royalty or rental income, which is not subject to self-employment and social security taxes.

According to the complaint from the Justice Department, "several of Baisden's former customers have sought new representation, filed the past-due returns and conceded that the tax returns filed by Baisden are incorrect."

Supporting documents show that McKeag consulted a new accountant in 2003, who prepared an amended return to correct the false information Baisden allegedly reported on his 2002 tax return. In addition, McKeag told investigators that Baisden claimed his tax plan complied with the Internal Revenue laws.

Geilenkirchen said he has also refiled all his taxes with a credible local accountant and is in the process of paying the past taxes that are due. He and his wife have filed their own lawsuit against Baisden, seeking damages for the interest and penalties that have been assessed against them by the IRS.

Others involved could not be reached for comment on Monday.

While many of the local practitioners in this case are involved with the hospital, GPRMC president Cindy Bradley said the hospital is not involved in any way, and they have cooperated fully with the IRS in their investigation.

"Furthermore, no one has been convicted," Bradley noted. She added, she feels it is a shame the medical community could be tainted by the actions of a few people.

According to court records, Baisden has been promoting his tax scheme since 1999, when he created a corporation called Bioventures Inc. to assist Koning in reducing his tax liability by assigning income from his practice, Anesthesia Consultants of Nebraska, to the sham corporation.

The Justice Department's complaint states Baisden was able to offset more than 50 percent of Koning's yearly income. Over a three-year period Baisden allegedly understated Bioventures' tax liability by more than $676,000.

Koning reportedly classified the employees of Anesthesia Consultants as independent contractors to perpetuate Baisden's tax scheme. Court documents state this made it less apparent to the IRS that the employees' income was actually wage income, since no W-2 forms were issued.

Court records indicate Baisden eventually promoted his tax scheme to Koning's employees and associates as well as his Baisden's clients in California.

Baisden allegedly set up sham corporations in Nevada and provided similar tax avoidance by claiming large expense deductions that reduced his clients' taxable income by well over 50 percent.

Baisden reportedly charged his clients an initial fee between $5,000 and $6,000 to establish their corporations, according to the court records. In addition, he charged $1,000 to $2,500 per month to complete the necessary bookkeeping and accounting work to perpetuate the scheme and prepare his clients' tax returns.

When the IRS became aware of Baisden's alleged scheme, it began to investigate the tax returns of several of his clients and determined that the majority of the corporations he created were not engaged in any legitimate business activities.

In addition to promoting his illegal tax scheme and preparing fraudulent returns, the complaint says Baisden delayed IRS investigations by acting as a power of attorney for his clients. Baisden allegedly filed numerous taxpayer advocate forms requesting determination of whether his clients were experiencing a hardship from the IRS.

The court records state, "Using this technique, Baisden was successful in delaying the IRS investigations by several months while the taxpayer advocate was researching his meritless claims."

Based on the IRS investigations that have been conducted, the U.S. Department of Justice estimates Baisden has understated his clients' tax liability by more than $3 million.

Since the IRS investigations began, Baisden has reportedly stopped preparing tax returns for some customers and has filed requests for extensions for their 2003 and 2004 tax returns. However, he has failed to meet the deadlines, and court records indicate his clients are now faced with penalties for nonfiling and for the underpayment of taxes.

In addition, the court documents allege that Baisden has formed new corporations in Wyoming for at least two of his clients to avoid further detection by the IRS.

Baisden has been given 20 days to respond to the complaint filed by the U.S. Department of Justice. The complaint states failure to respond will result in a default judgment against him.

U.S. Giving Bank's Papers To Lawyers In KPMG Suit (NYT)

By Lynnley Browning

The New York Times, December 6, 2006

Federal prosecutors who are investigating Deutsche Bank over questionable tax shelters have been turning over internal bank documents to lawyers defending former employees of the accounting firm KPMG in a separate criminal case.

The providing of the Deutsche Bank documents, which began in earnest earlier this year and has accelerated in recent months, was disclosed in a court filing late Monday by John M. Hillebrecht, an assistant United States attorney in Manhattan who is overseeing the case against the indicted KPMG employees. His office is also overseeing the investigation of Deutsche Bank.

The judge in the KPMG case, Lewis A. Kaplan of United States District Court in Manhattan, had previously criticized prosecutors for tardy production of evidence. The trial of the 16 former KPMG employees had been scheduled to begin in January, but last month Judge Kaplan postponed it indefinitely, citing concerns that the defendants, who include an outside lawyer and investment adviser, would not be able to pay their legal bills.

In his filing, Mr. Hillebrecht wrote that prosecutors were turning over the Deutsche Bank documents in part because the Deutsche Bank case had "substantial overlap" with the KPMG employees case, which prosecutors call the largest criminal tax case ever.

Mr. Hillebrecht also disclosed that prosecutors had asked Deutsche Bank to provide additional assistance with the documents for the defendants in the KPMG case, in which Jeffrey Stein, a former KPMG executive, is the lead defendant.

A spokesman for Deutsche Bank declined to comment yesterday.

Lawyers for the KPMG defendants, who requested the Deutsche Bank documents, have been seeking ammunition to make their case. KPMG and Deutsche Bank worked together on a number of tax shelters. But by giving the defense lawyers the

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Deutsche Bank documents, prosecutors may be hoping to entice one of the KPMG defendants to cooperate in the separate case against Deutsche Bank.

"They may have hit a brick wall with the Deutsche Bank case and need somebody to help them out from Stein," said Peter Henning, a former lawyer in the Justice Department's criminal division.

Prosecutors are also turning over to the defense for the indicted KPMG employees other evidence from other, unnamed tax-shelter investigations, according to Mr. Hillebrecht's filing. The evidence includes documents relating to a former tax lawyer with the firm of Jenkens & Gilchrist; to a previously unidentified investment firm called Qantas Investments U.S.; and to four unnamed employees of the accounting firm PricewaterhouseCoopers.

A spokesman for PricewaterhouseCoopers said yesterday that "we have no reason to believe that either PWC or our personnel are under criminal investigation." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

IRS Cracks Down On Dodgers Who Use Onshore Tax Havens (WSJ)

By Tom Herman

The Wall Street Journal, December 6, 2006

Escalating its assault on cheating, the Internal Revenue Service is turning up the heat on tax dodgers who conceal taxable income by exploiting gaps in state business-formation laws that allow hidden ownership or control.

The IRS is focusing on individuals or small groups whose tools include use of corporations, trusts, partnerships, limited liability companies and other types of business structures. Some people may form a company, conceal their ownership and use it to claim phony expenses, an IRS official says. Other cases involve outright fraud. IRS officials say some people have created sham, one-person, tax-exempt religious corporations to dodge taxes.

Officials say the problem appears to be particularly severe in Nevada, where recent investigations into promoters of corporations there have turned up widespread abuses. As a result, the IRS has begun expanding the number of audits of people involved in forming Nevada corporations, says Steven Burgess, director of examination for the IRS's Small Business/Self-Employed Division.

The IRS also is considering additional investigations of promoters, Mr. Burgess said at a recent Senate hearing. Even if promoters aren't guilty of wrongdoing, their client lists could be valuable in unearthing evidence of cheating, he said.

The problem isn't limited to Nevada. Mr. Burgess also pointed to Wyoming and Delaware laws as being particularly susceptible to abuse, but added that most states have gaps in their business-formation laws, creating the potential for disguising ownership and other abuses.

The push comes at a time when the IRS faces increasing pressure from Congress to do more to discourage tax evasion and reduce the nation's "tax gap" -- the difference between what the IRS collects each year and what it should be collecting. IRS researchers have estimated this gap at around $290 billion. Some influential lawmakers, notably Sen. Max Baucus, the Montana Democrat who will become chairman of the Senate Finance Committee next year, have said the Treasury needs to do much more to attack the problem.

For years, law-enforcement officials have expressed concern about widespread use of offshore tax havens to hide or shelter taxable income. But now IRS officials and senators are also focusing on the exploitation of onshore havens. "The absence of ownership disclosure requirements and lax regulatory regimes in many of our states make U.S. shell companies attractive vehicles for those seeking to launder money, evade taxes, finance terrorism, or conduct other illicit activity anonymously," said Sen. Norm Coleman, a Minnesota Republican.

While laws vary from state to state, a report earlier this year by the U.S. Government Accountability Office, a congressional investigative arm, said most states don't require companies or third-party agents representing them to disclose ownership information when companies are being formed or in periodic reports.

Mr. Burgess, of the IRS, said the agency is taking additional steps to nab wrongdoers. For example, the IRS has begun using special types of summonses to discover the names of people who have paid businesses to help them form a business in Nevada. The IRS also is coordinating efforts with other federal agencies, including the Federal Bureau of Investigation, the Department of Homeland Security and the Treasury's Financial Crimes Enforcement Network.

The GAO study reported that state officials, agents and others said that collecting company ownership information could be "problematic." For example, state officials told the GAO that the costs and time involved in approving company formations could increase, thus "potentially slowing down or derailing business dealings." A few states and agents feared losing business to other places with less stringent rules. Officials and agents also expressed concern about violating the privacy of owners of legitimate businesses.

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Nevada statutes "were designed for legitimate purposes," says Scott Anderson, Nevada's deputy secretary of state for commercial recordings. "We do understand there are some entities out there using them for illegitimate purposes," he says, adding that "we will be addressing these in the upcoming legislative session." * * *

About 70% of taxpayers will be eligible for an offer of free federal tax-preparation software and electronic filing next year.

The offer comes through the "Free File" program, a partnership between the IRS and a coalition of tax-preparation software makers. For 2007, only taxpayers who earn $52,000 or less will be able to find an offer for which they're eligible, the IRS said. That means about 93 million people, or 70% of all taxpayers, will be eligible.

In a twist, the program includes an agreement by private-sector partners not to offer controversial "ancillary" services, such as "refund anticipation loans," through the program, the IRS said. Consumer groups have long attacked these loans, which use a taxpayer's refund as collateral for a short-term loan that typically carries a very high interest rate.

"We heard many legitimate concerns about the marketing of ancillary products during the last filing season," IRS Commissioner Mark W. Everson said. "This is a constructive step."

Sen. Baucus criticized the IRS decision to retain an income limit on the Free File program. Taxpayer participation in the program fell sharply this year after income limits were imposed. But Sen. Baucus also praised the decision to block the offering of refund-anticipation loans through the program.

"A direct portal on the agency's Web site should allow taxpayers to file directly and truly for free, regardless of income," Sen. Baucus said. * * *

BRIEFS: Dynasty in the making? For the second year in a row, the College of William & Mary won both the graduate and undergraduate divisions of the Deloitte Tax Case Study National Competition. The contest is sponsored by the Deloitte Foundation, a nonprofit arm of Deloitte & Touche USA LLP. ... Robert Meighan, an executive at Intuit Inc.'s TurboTax, the tax-preparation software, is the new chairman of the IRS's Electronic Tax Administration Advisory Committee.

The AMT Reckoning (WSJ)

The Wall Street Journal, December 6, 2006

Fans of political irony will appreciate that Democrats in Congress are saying they now want to address the "wealth gap" even as they deplore and want to eliminate the Alternative Minimum Tax, or AMT. It was a previous crusade against the wealthy that created the AMT. Haven't we learned anything about the perils of tax policy rooted in political envy?

The AMT became law in 1969 after LBJ's last Treasury Secretary, Joseph Barr, created a liberal uproar by disclosing that 21 millionaires had managed to pay little or no income tax in 1967. Thus the "alternative" tax was designed to capture high earners who claimed a lot of deductions, and somehow Democrats never raised a peep over the years when the AMT was whacking mostly Republican voters. But the tax has now become the monster that ate Marin County, to pick just one of the blue state redoubts where the AMT hits especially hard. This year it will strike four million Americans, and next year without a change in law it will snare 23 million -- one in four tax filers.

More telling for class warriors, next year a higher percentage of Americans with incomes between $50,000 and $100,000 will pay the AMT than will tax filers with incomes above $1 million a year (see chart). One lesson: Whenever a politician claims a tax will only hit "the rich," don't believe him. Sooner or later the tax always soaks the middle class, because that's where the money is.

The latest data indicate that the eight states with the highest percentage of tax filers subject to the AMT all voted heavily Democratic in 2004 and 2006 -- including Massachusetts, Connecticut, New Jersey and Rhode Island. Those voters are now screaming for relief, and the question for Democrats is where they'll find the money. Eliminating the AMT would cost about $50 billion for one year and $1.2 trillion over 10 years, according to the Treasury Department.

Our free advice is that they consider some bipartisan tax reform. What Americans loathe about the AMT is that it first requires filers to comply with the regular IRS tax code with its hundreds of tax forms, work sheets and instructions. But then if they qualify for too many deductions -- for state and local taxes, say, or the child credit -- they must double their pleasure by recalculating their income and filling out separate tax schedules for the AMT. Then they pay whichever tax is higher. It's really a Mandatory Maximum Tax.

The AMT is gradually evolving into the de facto U.S. tax system, and the regular tax code with its Byzantine rules and carve-outs is becoming less relevant each year. According to the liberal Tax Policy Center at the Brookings Institution and Urban Institute, the total cost to the Treasury of scrapping the entire IRS tax code but retaining the AMT would be only $63 billion in the first year, $56 billion in the second year, and less than that in each succeeding year. For a growing number of Americans, the first page of the IRS 1040 instruction manual might as well read: Go directly to the AMT.

So here's a possible deal between the Bush Administration and the Pelosi Democrats: Junk the IRS code and use the AMT as the basis for tax reform. The AMT provides at least the crude framework for a much simpler tax code, because it eliminates

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almost all deductions and special interest carve-outs. It requires only about one-tenth as many tax forms as the regular code. It has a broad tax base and only two tax rates, 26% and 28%.

Yes, a load of sticky tax issues would still need to be negotiated: The double and triple taxation of investment and savings would have to be eliminated, and adjustments would also be needed lest many families with children be socked with a huge tax hike as they are under the current AMT.

The Democrats created the AMT and we suppose it's rough justice that they're now stuck with finding a way out of their own mess. Yes, they could try to create some tax showdown between repealing the Bush tax cuts for "the rich" and AMT relief. But Republicans would rightly portray this as a tax increase and our guess is they'd win that fight. Meanwhile, today the average American sucked into the AMT pays an extra $6,000 of tax to the IRS, and next year some 20 million additional Americans will have to pay this "rich man's tax." Democrats running Congress would get the blame if they do nothing.

The whole tax system is on the verge of collapse and needs to be modernized. Republicans pledged for 12 years to create a simpler, fairer tax system and never delivered. This is your chance, Speaker Pelosi.

CONGRESS-ADMINISTRATION:

Bush To Meet With Centrist Dems (HILL)

By Josephine Hearn

The Hill, December 6, 2006

President Bush has invited leaders of the conservative Blue Dog and New Democrat coalitions to the White House Friday to discuss areas of "mutual cooperation" in the words of one Democratic Congressional aide.

The outreach comes at a time when Bush's image on Capitol Hill and around the country has taken a serious beating. The meeting is scheduled just two days after the Iraq Study Group is scheduled to release its findings and one day after the Senate Armed Services Committee plans to hold hearings on them.

Reps. Alan Boyd (Fla.), Dennis Moore (Kan.) and Mike Ross (Ark.) will represent the Blue Dogs, a coalition of usually southern, conservative-leaning Democrats and Reps. Joe Crowley (N.Y.), Artur Davis (Ala.), Ron Kind (Wis.), Adam Smith (Wash.) and Ellen Tauscher (Calif.) are set to represent the New Democrats, a group of business-friendly centrists, at the meeting, which the president is expected to attend.

Lawmakers Unlikely To Accept U.N. Position (HILL)

By Elana Schor

The Hill, December 6, 2006

As President Bush begins vetting candidates to succeed resigned U.N. Ambassador John Bolton, as many as five departing lawmakers have surfaced as players in the Beltway's nominations guessing game.

Centrist GOP Rep. Jim Leach (Iowa) was a longtime senior member of the International Relations Committee whose support of abortion rights and opposition to the 2003 Bush tax cuts often placed him at odds with conservatives in the conference. He has emerged as a favorite among House colleagues, 48 of whom recommended him to Bush before Bolton's resignation became public.

Leach is flattered and honored by the bipartisan effort on his behalf but is making other plans for his future, spokesman Gregory Wierzynski said. A former Princeton University trustee and expert on international affairs, Leach is leaning toward taking a visiting professorship at Princeton's Woodrow Wilson School.

One source close to Leach's deliberations said the 15-term veteran recognizes that the next nominee is likely to share Bolton's staunchly conservative record. "He realizes that he is in an awkward position, having voted against the war," the source said.

Another surprise on several U.N. shortlists is Sen. Lincoln Chafee (R-R.I.), who not only voted against the war in Iraq but also helped put the brakes on any reconsideration of Bolton during this month's lame-duck session. Chafee, a Foreign Relations Committee member, also is leaning toward taking an academic or policy position after leaving the Hill.

"It's something that's just such a very remote possibility that it would be an extreme hypothetical, and I don't think the senator wants to deal with hypotheticals at this time," Chafee spokesman Chris Spina said of reports that Chafee could be named Bolton's successor.

Former Senate Majority Leader George Mitchell (D-Maine), himself a subject of speculation surrounding the post, dismissed that possibility, telling CNN yesterday that Bush would seek to replace Bolton with a Republican.

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Mitchell acknowledged the upside to naming a former lawmaker who might have an easier path to confirmation among former colleagues, and offered up three defeated Republican senators: George Allen (Va.), Mike DeWine (Ohio) and Jim Talent (Mo.). But DeWine took himself out of the running yesterday, telling the Cleveland Plain Dealer that he was flattered but planned to return to his home state.

The President's 'Lost Opportunity' For The 4th Circuit (LAW)

By Emma Schwartz, Legal Times

Legal Times, December 6, 2006

Chief Judge William Wilkins, who has presided over the 4th U.S. Circuit Court of Appeals for the past four years, sent President George W. Bush a letter last week announcing his plans to step down in June.

"I've had it for a good while now and it's time to move on," Wilkins tells Legal Times. Though Wilkins, a South Carolina native who will turn 65 in March, will still hear cases as a senior judge, his quasi-retirement creates a fourth official vacancy on the 15-member bench. (Technically, there are five openings, but Judge H. Emory Widener Jr., who announced plans to retire in 2003, has pledged to stay active until the nominee for his seat -- Defense Department general counsel William Haynes II -- is confirmed.)

The large number of vacancies during a Republican administration is particularly striking given the 4th Circuit's reputation as one of the most stalwart conservative courts in the nation. The circuit, which covers Maryland, Virginia, West Virginia, and North and South Carolina, also is the key appellate arena for the administration's terrorism cases, largely prosecuted in the Eastern District of Virginia.

"You'd think they'd want to fill them and fill them as quickly as possible," says Arthur Hellman, a professor at the University of Pittsburgh School of Law.

Though the Bush administration has tried to fill a few open seats, it has faced stiff opposition even during the Republican-controlled Congress. U.S. District Judge Terrence Boyle's nomination to the 4th Circuit has languished since 2001, and senators have blocked Haynes' confirmation over questions about his involvement with the Justice Department's infamous "torture memo." It's unlikely the administration will fare any better under the incoming Democratic-controlled Congress.

So the question some court watchers are asking is whether future picks to the 4th Circuit could inch this reliably conservative bench closer to the center.

"A lot of people have said this is a lost opportunity for the Bush administration, because it has been considered quite a conservative court, and they haven't been able to confirm their nominees," says Carl Tobias, a professor at the University of Richmond School of Law.

U.S. Drops Plan To Increase Foreign Control Over Airlines (USAT/AP)

By Michael J. Sniffen

USA Today, December 6, 2006

WASHINGTON — Already rebuffed by a Republican-controlled Congress, the Bush administration on Tuesday withdrew its plan to give foreign investors more management control of U.S. airlines.

Announced Tuesday by Transportation Secretary Mary Peters, the decision follows a department review of public comments about the proposal, and votes by the Senate and House this year to prevent the plan from going forward.

"It was clear from reviewing the comments that the department needs to do more to inform the public, labor groups and Congress about the benefits of allowing more international investment," Peters said in a statement.

On Capitol Hill, Sen. Frank Lautenberg, D-N.J., who introduced the measure to block the plan in the Senate, said the Bush administration recognized that new Democratic majorities in the House and Senate "will not put up with this bad idea." The decision may affect U.S. negotiations with the European Union on a so-called Open Skies aviation treaty that would allow European and U.S. airlines to fly wherever they want between European cities and the USA, and charge whatever they want.

Advocates hope such a deal would increase air travel, lower airfares, create jobs and boost investment in U.S. carriers. Labor unions, some airlines and their allies in Congress fear it would cost U.S. jobs and allow foreign investors, even foreign governments, control over an industry critical to national security.

Peters' decision was greeted with disappointment by Jacques Barrot, vice president of the European Union's Commission in charge of Transport. In a statement, Barrot called the scrapped proposal "an essential element" to concluding a new aviation agreement. He did, however, accept Peters' proposal to send U.S. representatives to Brussels in early 2007 for talks on how to proceed.

Peters renewed the U.S. commitment to seeking an Open Skies agreement with Europe. She asserted the investment proposal was not directly linked to the treaty but acknowledged that some in the European negotiations had aligned the two.

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The administration first proposed giving foreign investors in U.S. airlines more control over marketing, routing and fleet structure in November 2005. It amended the plan last May to limit the ability of foreign investors to make decisions about safety, security and national defense obligations.

A 65-year-old law limits foreign ownership of U.S. airlines to 25%. The administration argued that its plan would not have lifted that limit, but opponents claimed it was trying to use regulations to circumvent the statute at the request of Europeans who viewed that as a prerequisite for an Open Skies treaty.

US Scraps Airline Investment Reforms (FT)

By Doug Cameron

Financial Times, December 6, 2006

Hopes for an open skies aviation pact between the US and the European Union suffered a severe setback on Tuesday when the US abandoned plans to give overseas investors more influence in the management of its airlines.

Bowing to pressure from Congress, labour unions and airlines, Mary Peters, the new transportation secretary, acknowledged dropping the reforms could affect the preliminary transatlantic deal agreed last year.

EU negotiators had made it clear a revision of the rules was essential for their approval of the preliminary open skies pact, which would have opened market access and led to co-operation in areas such as safety, security and competition policy.

The US transport department wanted to ease restrictions on the involvement of overseas investors in marketing and operational decisions, in part to boost airlines' access to capital markets, although the 25 per cent foreign ownership ceiling would remain unchanged.

Current rules prevent overseas investors having any "semblance" of influence in management decisions of US airlines.

After speaking to Ms Peters by telephone, Jacques Barrot, European transport commissioner, expressed disappointment at Tuesday's move.

"We have been waiting a year," said his spokesman. "The legal situation is now fragile."

Further talks are scheduled in Brussels next month, but the European Commission said it would resume legal proceedings if they broke down.

The European Court has ruled current bilateral deals between EU member states and Washington illegal as some countries receive better treatment than others.

Ms Peters, who inherited the controversial proposal when she took over in October, had hoped to present a revised version of the rule change to EU transport ministers next week, having twice missed self-imposed deadlines for the reforms as the DoT wrestled with domestic opposition.

She said: "There simply are too many questions and too many concerns about the potential impact of this rule for us to continue at this point," but she reaffirmed US commitment to a new transatlantic deal.

Congressional critics said that more foreign involvement in the operation of US airlines raised national security concerns and such changes were outside the DoT's jurisdiction.

U.S. Drops Plan For Greater Foreign Role In Aviation (WSJ)

By Laura Meckler

The Wall Street Journal, December 6, 2006

WASHINGTON -- The White House withdrew a proposal to allow foreigners greater control over U.S. airlines, bowing to congressional opposition and putting in question an important aviation agreement with Europe.

The Department of Transportation said yesterday it was dropping a proposed regulation that would have allowed foreigners to exercise power over routes, scheduling and many other aspects of airline operations, after the planned change came under criticism from U.S. lawmakers, labor unions and others.

The move underscored the rising protectionist sentiments in Congress and throughout the country. It will have an impact on negotiations over a long-sought agreement that would allow U.S. and European airlines to fly without restrictions across the Atlantic.

The "open skies" agreement also would provide greater access to London's popular Heathrow airport for U.S. carriers. Europeans had said they wouldn't finalize that agreement if the U.S. doesn't liberalize the foreign-investment rules on U.S. airline operations.

The parties plan to return to the bargaining table in January to see how the deal might be salvaged. Europeans, who are after broader access to the U.S. market, could seek alternative concessions from the U.S., though it is unclear what those might include.

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The Europeans face additional pressure to wrap up the talks: A European high court has ruled that the bilateral aviation agreements that all European countries have with the U.S. are illegal and must be replaced with a broader European regime. If those bilateral agreements were dissolved, it could disrupt airlines services, such as alliances among U.S. and European carriers.

European transport ministers are scheduled to meet next week in Brussels, where they had been expected to approve the open-skies agreement, had the change in U.S. law been complete. Deep and widespread opposition in Congress and elsewhere forced the White House to back down. Opposition is significant in the Republican-led Congress and is only likely to intensify once Democrats take over next year.

For years, U.S. law has limited stock ownership by foreigners in U.S. airlines and has barred foreigners from exercising "actual control" over operations. The administration of President Bush argued that loosening the control rules would attract more foreign investment in U.S. carriers, as well as help with the European negotiations. The Bush plan would have allowed foreigners power over most operations, save matters of safety, security and use of craft by the U.S. military.

Some Republicans Take A Scorched-Hill Tack (WSJ)

By David Rogers

The Wall Street Journal, December 6, 2006

WASHINGTON -- Like a retreating army, Republicans are tearing up railroad track and planting legislative land mines to make it harder for Democrats to govern when they take power in Congress next month.

Already, the Republican leadership has moved to saddle the new Democratic majority with responsibility for resolving $463 billion in spending bills for the fiscal year that began Oct. 1. And the departing chairman of the House Ways and Means Committee, Rep. Bill Thomas (R., Calif.), has been demanding that the Democrat-crafted 2008 budget absorb most of the $13 billion in costs incurred from a decision now to protect physician reimbursements under Medicare, the federal health-care program for the elderly and disabled.

The unstated goal is to disrupt the Democratic agenda and make it harder for the new majority to meet its promise to reinstitute "pay-as-you-go" budget rules, under which new costs or tax cuts must be offset to protect the deficit from growing.

"I think we're trying to get an accommodation," said Speaker Dennis Hastert (R., Ill.) last evening. "You're digging a hole now and filling up with money from '08," he said of Mr. Thomas's demands. "He says he's trying to move away from that."

But with Mr. Hastert dismantling his office, House Republicans appear to be operating in a post-election leadership vacuum. The White House is watching with alarm, as are many Senate Republicans, who have a greater stake than the House in maintaining relations with Democrats.

"There are individuals who want to blow up the tracks, and there are more of those individuals in the House," said one Senate leadership aide.

The collapse of the appropriations process will be felt soon in the Justice and Commerce departments, food-safety agencies and veterans' health care. "It's not just a mess. It's a mountainous mess," complained Wisconsin Rep. David Obey, the next House Appropriations Committee chairman.

In the Medicare dispute, Senate Finance Committee Chairman Charles Grassley (R., Iowa) has aligned himself with Democrats against Mr. Thomas and House Energy and Commerce Chairman Joe Barton (R., Texas). Talks continued last night in hopes of reaching agreement this morning on the physician issue and a larger $38 billion tax-and-trade package important to business.

"Failure is not an option," warned John Engler, president of the National Association of Manufacturers. New York City and Wall Street have a major stake in $682 million in tax provisions important to transportation infrastructure and redevelopment of the World Trade Center area. And the trade package, as introduced by Mr. Thomas last night, runs from Vietnam and Andean countries to a set of expired general preferences for developing countries around the globe.

"We are fairly close," said Sen. Max Baucus (D., Mont.), the next Finance chairman. But given the still-uncertain Republican support, the Vietnam trade bill could yet be sacrificed, Mr. Grassley warned.

With Congress turning off the lights this week, there seems no chance of saving the appropriations process. Instead, most of the government will remain on a stopgap bill through Feb. 15, and in kicking this can down the road, the Republican leadership has no idea where it will stop rolling.

"It's a demonstration of the irresponsibility of Republicans that they would leave this country with this mess," said the next House speaker, Rep. Nancy Pelosi (D., Calif.). "But we won, we will deal with it."

Democrats could simply extend the stopgap resolution again in February and set themselves up as a budget appeals court of sorts, to which the administration will have to come for relief. "I think we can work through it, but it is not our preference," said

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White House budget chief Rob Portman. But the administration admits it could yet pay a price if the spending issues become entangled with President Bush's spring supplemental-spending request for military operations in Iraq.

The stopgap resolution, which the House expects to take up today, allows no growth above 2006 spending, and as a rule, any spending cuts from 2006 levels voted by the House this past summer prevail. On balance, annual funding is about $6 billion less than the president's budget request -- without always reflecting his priorities.

In the course of the House floor debate, for example, general administration funds for the Justice Department were cut to $35.4 million, less than half the 2006 funding level and a nearly 70% cut from the president's request. House members were gambling then that at least some of the money could be restored in final talks with the Senate, but since the appropriations process has collapsed, those talks never took place, and the Justice Department must live with the results.

Mr. Portman will have greater discretion to apportion funds to deal with the crisis. But the gaps are too big in some cases to easily work around. Food-safety inspections face a $17 million shortfall by Feb 15. Veterans medical care will be funded at an annual rate $3.1 billion less than most of Congress agrees is needed, and Sen. Kay Bailey Hutchison (R., Texas) is demanding changes in the stopgap bill to recognize this shortfall.

"What a sad mess," said Sen. Robert Byrd (D., W.Va).

Lawmakers Try To Keep Their Bills Alive During Final Week (HILL)

By Kelly Mccormack

The Hill, December 6, 2006

Rep. Mark Green's (R-Wis.) legislation that would crack down on abuses against animals has an impressive 324 cosponsors. Green's party controls Congress and the White House. And Green's bill is going nowhere.

The legislation is one of many on its last breath as Congress inches closer to the end of its 109th session. But unlike the other thousands of bills that will formally die over the next several days, Green's bill is backed by an overwhelmingly majority of lawmakers, making its inevitable demise more frustrating.

When bills fail to cross the finishing line of the president's desk, the rationale usually is that "time ran out." However, with politically popular legislation, the real culprit is usually a powerful subcommittee or committee chairman.

On Feb. 15, 2005, Green introduced a bill to strengthen laws against animal fighting. Two months later, 70 lawmakers had signed on as cosponsors and the Senate passed similar legislation by unanimous consent. By the end of February 2006, the number of cosponsors totaled 221. In mid-May, a subcommittee held a hearing on the bill.

On Sept. 20, in a video sent to Congress, wrestling-entertainment star Hulk Hogan stated, "The laws against animal fighting just aren't tough enough."

On Sept. 25, the Humane Society urged House Majority Leader John Boehner (R-Ohio) to put the bill on the House calendar.

Yet, nearly two years after it was introduced, hope is all that Green and his supporters have left.

"I am hopeful we will find a way to pass this legislation before the end of session," Green wrote in an e-mail to The Hill.

A lobbyist familiar with the issue blames Judiciary Committee Chairman James Sensenbrenner Jr. (R-Wis.) for stifling its passage.

Wayne Pacelle, president and CEO of the Humane Society of the United States, said that Sensenbrenner "has been an impediment on this bill." He says the group doesn't know why the chairman, from Green's own state and political party, is holding it up.

Judiciary Committee spokesman Terry Shawn did not know why the bill hasn't been passed, but said "there certainly have been a number of priorities," citing homeland security matters. He did not follow up on the matter.

Rep. John Conyers Jr. (D-Mich.), who is expected to head the Judiciary Committee in 2007, is a cosponsor on Green's bill. But there is no next year for the retiring Green, who ran unsuccessfully for governor.

As time runs out in the Congress, politics can trump policy in deciding which bills become law. Even if a bill has more than enough support to pass if brought to the floor, powerful members and long-held vendettas can determine a bill's fate.

Some lawmakers file discharge petitions to get their bills out of committee, trying to attach their legislation to appropriations bills or wage last-ditch efforts to get their objectives pushed through.

For Rep. Phil English (R-Pa.), who introduced a bill that would repeal Medicare's outpatient therapy caps, time just isn't on his side. His bill has 260 cosponsors.

"Frankly, it's not our time yet," said Julia Wanzco, English's press secretary. "Patience is a virtue in the legislative process."

Wanzco stressed that there have been other vehicles for her boss to accomplish his goal — other legislation has created a temporary fix, while his bill would permanently eradicate the healthcare caps.

Other bills require that companion legislation be passed along with them.

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For instance, Sen. Pete Domenici (R-N.M.) has a series of three bills that would bolster research-and-development programs, each of which has at least 60 cosponsors. But each of the measures was relegated to a separate committee, making passage difficult, Domenici's spokesman Matt Letourneau said. The bills have since been folded into a broad leadership bill, which may or may not be passed this year, he said.

Rep. Bob Filner (D-Calif.) introduced legislation in January 2005 that would allow World War II Merchant Marines and Naval and Army transportation personnel to be eligible for benefits. He's got 267 cosponsors, but it hasn't yet passed.

"It has a bipartisan majority, but the Veterans [Affairs] Committee Chairman [Steve Buyer (R-Ind.)] just won't move it," Filner told The Hill.

The Veterans Affairs Committee's press secretary, Brooke Adams, said that Buyer has policy concerns with the bill.

And even though Filner had so many cosponsors, his discharge petition fell short by about 40 signatures, locking the bill in committee.

Leadership officials have warned their members not to sign on to discharge petitions. It is rare for GOP members to sign them because they are viewed as a rebuff of their leaders. Yet the week after the GOP washout on Election Day, Reps. Walter Jones (R-N.C), Ron Paul (R-Texas), and Ted Poe (R-Texas) put their names on discharge petitions.

Explaining his boss's decision to sign a petition on an education bill, Paul spokesman Jeff Deist said, "I think he was hopeful that leadership would do something about it and … there's no reason to give deference to the leadership if it's going to be different in the spring."

Sometimes a bill would be a piece of a larger puzzle that never gets discussed. Debate on Social Security reform, for example, was crucial for Rep. Buck McKeon's (R-Calif.) chances for his legislation, which had 326 cosponsors.

"The thought was that it would be incorporated into any Social Security reform package, [but] time ran out. We never got that far," said James Geoffrey, McKeon's press secretary.

One Democratic aide, who chose to remain anonymous because of the sensitivity of his boss's bill, said it all comes down to money: "[Many bills have] a lot of members' support, but they're not paid for," he said. "There's a cost. It's not in the budget. It's not paid for; it ought to be, but it's not."

Sen. James Inhofe (R-Okla.), who introduced a bill that would give Native American code-talkers commemorative medals, expressed frustration earlier this year when his bill stalled.

"The hard part of the bill was you have to have two-thirds of members to get it out of the Banking Committee. We had 79 on this," Inhofe said. "There wasn't any opposition to it, [but] a lot of people don't want to add any more commemorative medals."

Things changed in September, however, as Inhofe's press secretary Ryan Thompson had breaking news to relay: "I'm doing fantastic," he said. "The code-talkers bill went late last night."

Madeleine Scinto contributed to this article.

GOP House Leaders Choose To Let Bill Die (WP)

By Mary Beth Sheridan And Yolanda Woodlee

The Washington Post, December 6, 2006

Republican congressional leaders decided yesterday not to bring to the floor a bill giving the District a full voting member of the House, dooming the measure's chances in this legislative session.

Rep. Thomas M. Davis III (R-Va.), the bill's author, had appealed to his party's leadership to cram in a vote during Congress's lame-duck session, which could end as soon as Thursday. But in a closed-door meeting, House leaders rejected the request.

"There was a certain level of resistance because there were a number of constitutional concerns from members," said Kevin Madden, a spokesman for Rep. John A. Boehner (R-Ohio), the House majority leader. He did not elaborate.

The bill had faced long odds for approval this week, given the time constraints. Even if it got through the House, it would have needed to clear the Senate. But proponents had taken heart from the bipartisan support it had attracted. The bill would have balanced the new seat for the mostly Democratic District with an additional one for heavily Republican Utah.

D.C. Mayor Anthony A. Williams (D) criticized lawmakers for not moving ahead this week. "I'm disappointed because District residents have waited long enough for basic voting rights, and we shouldn't have to wait one day longer," Williams said in a statement.

Questions about the bill's legal merits have persisted, as it worked its way through Congress this year. Some scholars have testified that the Constitution limits full membership in Congress to states; others have argued that Congress has the authority to treat the District as a state for the purposes of representation.

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Davis, working with Del. Eleanor Holmes Norton (D-D.C.) and other voting-rights advocates, had built a wide-ranging coalition to support the bill, and had won the backing of some prominent legal scholars. He and Norton expressed dismay at the decision.

"It's tough to take after we, along with D.C. residents, had created so much momentum for this bipartisan bill," Davis and Norton said in a statement. "We got it farther than anyone anticipated."

They pledged to reintroduce the bill "as our first order of business in the 110th Congress."

Norton has represented the city in the House for eight terms, introducing legislation and serving on committees. But she is not allowed to vote on the floor. Advocates have sought to give the District a vote in Congress for decades, and backers are not giving up.

Some supporters are optimistic that it can win approval next year when Democrats take control of Congress. The House speaker-elect, Rep. Nancy Pelosi (D-Calif.), is a co-sponsor of the measure, and Democrats have generally been more amenable to the issue.

In his statement, Williams said he hoped that the new Congress will revisit the issue next month.

Mayor-elect Adrian M. Fenty, who met with Norton and Pelosi last week, echoed that view. "I look forward to working with all stakeholders to ensure passage of the bill and enfranchisement for District residents," he said.

But Ilir Zherka, executive director of DC Vote, an advocacy group that had been promoting the bill, said he worries that lawmakers will be too busy with budget bills and other priorities to consider the measure early in 2007.

"We're very skeptical about what might happen next year," he said.

District officials were jubilant after the voting measure was approved last May by the House Committee on Government Reform, chaired by Davis. The bill then moved to the Judiciary Committee, where it was held up over its plan to make Utah's new seat at-large, an arrangement some legislators considered unconstitutional.

To resolve that concern, the Utah legislature met in special session Monday to approve a redistricting map that would include a fourth congressional seat for the state. But the move came too late to propel the bill to a full House vote.

House Doesn't Allow D.C.- Vote Decision (WT)

By Gary Emerling

The Washington Times, December 6, 2006

Congressional leaders decided not to allow a House vote this week on a measure that would give D.C. residents a vote in Congress for the first time.

Sponsors of the bill said last night that Republican leaders won't bring the measure to the floor during the lame-duck session that ends this week.

D.C. Delegate Eleanor Holmes Norton, a Democrat, and Rep. Thomas M. Davis III, Virginia Republican, expressed their disappointment that the measure won't be voted on until after the new Congress is sworn in next month.

"It's tough to take after we, along with D.C. residents, had created so much momentum for this bipartisan bill," Mr. Davis and Mrs. Norton said in a joint statement. "We got it farther than anyone anticipated. We're disappointed not for ourselves but for residents of the District and Utah and all those who joined this fight for justice over the past four years."

The D.C. Voting Rights Act would give the overwhelmingly Democratic District a full vote in the House and create a fourth House seat for predominantly Republican Utah.

Mrs. Norton and Mr. Davis said they will reintroduce the measure in January. Under current House rules, Mrs. Norton only has a vote in committee and cannot vote on final legislation.

"The main problem is time," Mrs. Norton conceded earlier this week.

Mayor Anthony A. Williams, who leaves office Jan. 2, said it was "unfair and unreasonable" for the Republican-controlled Congress to shelve the issue.

"I'm disappointed because District residents have waited long enough for basic voting rights, and we shouldn't have to wait one day longer," Mr. Williams said.

Mayor-elect Adrian M. Fenty met with House Speaker-elect Nancy Pelosi last week to discuss the bill's prospects.

Jennifer Crider, a spokeswoman for the California Democrat, said the bill would be a priority for Democratic lawmakers next session when they are in control of the 110th Congress.

The Utah Legislature on Monday approved a map dividing the state into four congressional districts instead of three. The redistricting map was required by lawmakers to move the bill forward.

The two additional seats would expand the House permanently from 435 to 437 members.

· This article is based in part on wire service reports.

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House Republicans Stop Plan For District Of Columbia Seat (NYT)

By Kirk Johnson

The New York Times, December 6, 2006

SALT LAKE CITY, Dec. 5 — A day after the Republican-led Utah Legislature approved a package aimed at creating two new seats in Congress, one for Utah and one for the District of Columbia, Republican leaders in Congress said the plan was dead and would not be voted on this session.

A spokesman for the chief backer of the plan, Representative Thomas M. Davis III, Republican of Virginia, said Mr. Davis would push for reconsideration. Failing that, the spokesman said, Mr. Davis would reintroduce the package in the next Congress, which the Democrats will lead.

A spokesman for Gov. Jon Huntsman Jr. of Utah, a Republican, said Mr. Huntsman had not given up either and was making calls on Tuesday to Washington in an effort to keep the idea alive.

"We're disappointed, but we view this as a temporary setback, not by any means a final decision," said the spokesman, Mike Mower.

A Utah-Washington axis, with one side heavily Republican here in Utah and the other overwhelmingly Democratic in Washington, was clearly an odd-duck creation from the beginning.

The plan emerged out of an effort to gain voting representation on Capitol Hill for Washington residents, who have never been a voting voice in Congress. Utah was enlisted as a partner because it has its own grudges about representation. An undercount in the 2000 Census robbed Utah, leaders in both parties say, of a fourth Congressional seat that they believe they are due.

Utah fulfilled its part of the pact on Monday, calling a one-day legislative session at a cost of $15,000 to create a redistricting map for the proposed fourth seat, almost certainly to be held by a Republican.

A new Republican seat for Utah was meant to ease the way through the House and Senate by the Washington bill, the District of Columbia Fair and Equal Voting Rights Act.

That measure would allow residents to elect a voting member of Congress. That new representative would presumably be a Democrat. Thus, one new seat on each side of the aisle balancing the other.

Some Republicans in the Utah Legislature balked, saying that the Constitution authorized representation only to the states and that unless the status of the District of Columbia was changed or the constitutional language about statehood was changed, the courts would probably strike down the plan.

The bill's fate in the Senate was also questionable, especially if an allowance for representation in the House for the District of Columbia might lead to calls for a Senate seat, too.

GOP's Big Plans Yield Little Gain (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, December 6, 2006

WASHINGTON — Twelve years after Republicans stormed into power on Capitol Hill with ambitious plans for action on energy exploration, abortion and other key issues, the GOP wraps up its run at the helm this week with a legislative whimper.

One of the few bills that may emerge from Congress before it adjourns for the year would expand oil drilling in the Gulf of Mexico. Yet even if the GOP succeeds in pushing the measure into law, it will be a more modest and much less controversial plan than party leaders envisioned just months ago.

In the House, a GOP-backed bill may pass that would require abortion providers to tell patients that fetuses feel pain. But the measure not only falls far short of initiatives Republicans once hoped to enact that would rein in abortions, it stands virtually no chance of taking effect — the Senate has no intention of considering the bill before leaving town.

The energy and abortion bills are examples of the last gasps of an expiring GOP wish list.

With Democrats slated to take control of Congress in January, proposals to expand oil drilling and reduce abortions are unlikely to see the light of day during the next two years. Instead, they will join other mainstays of the Republican agenda — such as abolishing the estate tax, limiting medical malpractice lawsuits and banning gay marriages — on the legislative sidelines.

GOP lawmakers express resignation as they contemplate seeing many of their cherished goals consigned to oblivion, replaced by priorities near and dear to the hearts of Democrats.

"It's going to be a challenge … and I say that tragically," said Rep. Christopher H. Smith (R-N.J.), whose bill on fetal pain will come up today for what almost assuredly will be its last vote in the foreseeable future.

A cornerstone of the Republican agenda was a pledge to control federal spending. But the party's congressional leaders have faced mounting criticism from their own rank-and-file members on this front as the federal budget deficit has grown in

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recent years. And in the final days of this congressional session, the GOP is making little effort to pass a series of bills to fund the federal government next year, much less implement any long-term budget restraints.

"There is a sense that the Republicans ultimately … said, 'Let the Democrats sweep up after the elephants, " said Ross K. Baker, a congressional scholar at Rutgers University in New Jersey.

As of Tuesday, Congress had cleared just two of 11 spending measures for the government — one that provides money for the Pentagon, the other for the Department of Homeland Security. Rather than grapple with tough spending decisions for the array of other agencies, the Republicans plan instead to pass a stopgap funding measure, leaving it to the Democratic-controlled Congress to adopt new funding bills early next year.

G. William Hoagland, the top budget aide to outgoing Senate Majority Leader Bill Frist (R-Tenn.), chalked up this scenario to "a dispirited GOP."

The abortion bill pending before the House has been a second-tier priority for anti-abortion activists, said Douglas Johnson of the National Right to Life Committee.

Under it, women whose pregnancies are 20 weeks past fertilization would have to be informed that "substantial evidence" existed that fetuses experience pain as an abortion is performed. The bill's supporters hope this requirement could dissuade some women from following through with an abortion.

The measure's assertion that fetuses feel pain is in dispute. But in a sign of the relatively low importance attached to the measure, it is not being actively opposed by NARAL Pro-Choice America, one of the nation's leading abortion rights groups.

Republicans scored some successes in the battles over abortion during their years in power. One of the most prominent was the 2003 passage of a bill banning so-called "partial-birth abortions," a procedure often used to end pregnancies during the second trimester.

The measure has yet to take effect, however, pending a U.S. Supreme Court ruling on its constitutionally. And this year, anti-abortion activists suffered a setback when Congress deadlocked on a measure that would have toughened parental-consent laws involving minors who crossed state lines for abortions.

Republicans have similarly had to scale back their hopes for expanding oil drilling off the nation's coastline.

House leaders had been holding out for a far-reaching measure that would have relaxed a decades-long ban on drilling in most coastal waters, including those in the Pacific Ocean. But pro-drilling industry groups lobbied the leaders to accept the more limited Senate bill that focuses only on the Gulf Coast.

"We want to take what we can get" before Democrats take over Capitol Hill, said Rep. John E. Peterson (R-Pa.). "This is about a fraction of what we really wanted to do, but it's helpful."

Panel Turf Wars Looming (HILL)

By Alexander Bolton

The Hill, December 6, 2006

Incoming Democratic House committee chairmen among themselves are edging toward a turf war and tricky talks with the Senate by pressing to reverse structural changes made to their panels by former Majority Leader Tom DeLay (R-Texas) and other Republican leaders.

Rep. John Dingell (D-Mich.), who for years struck fear in executive-branch officials and industry bosses as chairman of the Energy and Commerce Committee, is arguing that his panel should be given back important jurisdictions that Republicans stripped from it.

He is at odds with incoming Speaker Nancy Pelosi (D-Calif.), who has opposed him in the past. She has said there will not likely be any changes of jurisdiction between committees. “I don’t think we’ll be changing jurisdictions but we’ll have to take a look at it,” Pelosi told The Hill.

Rep. Dave Obey (D-Wis.), the presumed next chairman of the Appropriations Committee, is also seeking changes of jurisdiction and is haggling with Sen. Robert Byrd (D-W.Va.) over reversing changes the GOP made to his panel’s jurisdictional structure.

But while Pelosi, keen to avoid turf battles, does not support changing committee jurisdictions, she has given Obey a green light to change the structure of his panel because the reforms would be internal.

Obey, a close ally of Pelosi’s, plans to add at least one new appropriations subcommittee and make Rep. Jose Serrano (D-N.Y.) a subcommittee chairman, according to House Democratic sources. That would allow at least one member of a racial minority to wield a gavel on the panel.

Obey is going to restore the Legislative Branch subcommittee and give the Defense Appropriations subcommittee headed by Rep. John Murtha (D-Pa.), another Pelosi ally, control over military healthcare issues, a big defense account, said a senior Democrat.

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Dingell is one of a few House committee ranking members who have approached the Democratic leadership about jurisdictional issues, said a Democratic aide. The Small Business Committee is also pressing jurisdictional concerns.

Dingell says his panel would be more effective than Financial Services in presiding over securities, insurance and accounting, areas that Republicans carved away from Commerce. Republicans added those powers to the old Banking Committee and turned it into the Financial Services Committee.

"The Commerce Committee has always functioned very well with that jurisdiction. There were no scandals in the financial world whatsoever," said Dingell. "Since they carved up the jurisdiction we have a seen a number of scandals. I think rectification of those problems includes returning jurisdiction to where it was exercised well and where it properly belongs."

When asked whether he would press leaders to make those changes, Dingell responded: "We're still working on that."

Rep. Henry Waxman (D-Calif.), the second-most senior Democrat on Commerce, supports Dingell.

"I've heard his arguments and they're very persuasive to me as a member of the Energy and Commerce Committee," said Waxman.

But Rep. Barney Frank (D-Mass.), incoming chairman of Financial Services, said there would be no jurisdictional realignment between his panel and Commerce. Frank noted that Rep. Mike Capuano (D), chairman of the Committee on Organization, Study, and Review, which is reviewing changes to House rules, is a fellow member of the Massachusetts delegation.

Frank said his staff and the staffs of other incoming chairmen would form a working group to ensure jurisdictional cooperation between committees.

Several senior members of the House Appropriations Committee said Obey and Byrd, the incoming chairman of the Senate panel, would implement reforms to align the Senate and House.

At the beginning of the 109th Congress, House Republicans eliminated the VA, HUD and Independent agencies subcommittee as well as the District of Columbia and Legislative Branch subcommittees.

In the Senate, Republicans managed to reach agreement on eliminating only the District of Columbia subcommittee, creating a misalignment between the two chambers. The Senate Appropriations Committee has 12 subcommittees while its House counterpart has 10. Because each is responsible for crafting a spending bill funding a portion of government, the mismatch created a headache for Senate and House negotiators seeking compromises between significantly differing versions.

Several senior members of the House committee said Obey and Byrd would restructure their respective subcommittees to create alignment.

Democrats have only agreed to add one new House subcommittee. But to create a match with the Senate another would be needed, or a Senate sub-panel would have to be eliminated, something almost impossible in light of how protective Senate subcommittee chairmen are of their fiefdoms.

"I'm told they're trying to get the House Appropriations subcommittees to match the subcommittees in the Senate," said Rep. Ed Pastor (D-Ariz.).

Pastor said the creation of at least one new subcommittee would create "a possibility for Serrano to be made whole."

Serrano, who had served as the ranking Democrat on the old Commerce, Justice, State and Judiciary subcommittee, lost his chance to become a subcommittee chairman because of the Republican alignment. He has since argued in private meetings with his colleagues that he should be given a new position because it's important to have at least one racial minority member wield an Appropriations gavel. Serrano is Hispanic.

One of the other Democrats to lose an Appropriations subcommittee two years ago was Rep. Chaka Fattah (D-Pa.), who is black. All Appropriations subcommittee ranking Democrats are white.

"I think it's important to have diversity," said Pastor.

Obey said he would not discuss changes until he is officially made chairman this week.

Democrats Stick With Seniority In Round One (HILL)

By Josephine Hearn

The Hill, December 6, 2006

As expected, seniority ruled the first round of selections for House committee chairmen yesterday afternoon, despite Democratic leaders' repeated insistence that seniority would be only one of many factors weighed in choosing panel leaders.

In the first of what will be many decisions the Democratic Steering and Policy Committee will make in coming weeks, the panel met to select the chairmen of four "exclusive" committees: Appropriations, Ways and Means, Energy and Commerce and Financial Services. The leader of the fifth exclusive committee, Rules, is appointed by House Speaker-designate Nancy Pelosi (D-Calif.).

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Although the results of yesterday's meeting were expected — Rep. Dave Obey (D-Wis.) will chair Appropriations, Rep. Charles Rangel (D-N.Y.) Ways and Means, Rep. John Dingell (D-Mich.) Energy and Commerce and Rep. Barney Frank (D-Mass.) Financial Services — the gathering raised an obvious question among House Democrats: whether committee chairmen would cooperate with Democratic leaders or whether some would chart their own course on certain issues.

Frank said he did not foresee any differences.

"We've almost always worked together for the past two years, so I don't see why it will be any different," Frank said. "We have great cooperation, a lot of collegiality. We'll work together."

Pelosi was expected to appoint Rep. Louise Slaughter (D-N.Y.) as Rules Committee chairwoman and Rep. John Spratt (D-S.C.) as Budget Committee chairman last night, with plans for the full caucus to ratify them today.

"We don't have any problems with that," Slaughter said, responding to a question about potential friction.

"Whatever message or direction leadership wants to move forward with, I'm comfortable with that," declared Rep. Bennie Thompson (D-Miss.), expected chairman of the Homeland Security Committee.

All incoming committee chairmen have fulfilled their member dues requirements to the Democratic Congressional Campaign Committee, some paying much more than obligated. The two members vying to chair the Veterans Affairs Committee, Reps. Bob Filner (D-Calif.) and Mike Michaud (D-Maine), paid their $125,000 requirements. Veterans Affairs is the only disputed committee. The Steering Committee is expected to decide that contest by the end of the week.

Nearly all of the chairmanships will go to the Democratic member with the most seniority. Democrats have long held seniority in high regard and these decisions are unlikely to change that. In such an atmosphere, a member's dues payments or his or her overall political activity is less important. Frank said that dues were no factor at all in awarding chairmanships. More important, he said, was how a member had weighed in on key votes.

"There's more concern about voting record than giving record," he said.

But several years ago, Rep. Collin Peterson (D-Minn.) nearly missed becoming the ranking Democrat on the Agriculture Committee in part because he had failed to pay all his dues.

This year, Peterson paid all $200,000 of his requirement.

Democratic leaders hope to finish awarding chairmanships by week's end. The sooner they can dispense with the task, the better, Democratic sources said, since Democrats plan a flurry of activity when they formally take control of the chamber on Jan. 4.

"I have bad news for you. Those trips you had planned in January, forget 'em," joked House Majority Leader-elect Steny Hoyer (D-Md.) to reporters yesterday. "We will be working almost every day in January, starting with the fourth."

Hoyer said the House would conduct business Monday through Friday.

"Most weeks, yes, we will be working Monday, we will come in Monday at 6:30 [p.m.] and be working on Friday … until about 2 o'clock in the afternoon to give people time so they can get home," he said.

Black Caucus Ready To Flex Political Muscle (WT)

By Brian Debose

The Washington Times, December 6, 2006

The Congressional Black Caucus today will announce its leadership team and agenda for the 110th Congress with Rep. Carolyn Cheeks Kilpatrick, the group's chairman, expected to refocus on urban and poverty issues.

The Michigan Democrat, whose son Kwame Kilpatrick is mayor of Detroit, could be one of the most effective CBC chairman in 20 years because many caucus members are likely to lead key House committees -- Judiciary, Homeland Security, Administration, and Ways and Means.

Almost every piece of legislation that Democrats bring to the House floor will have to pass the approval of a CBC member. The group, composed of Democrats, also will benefit from almost 17 subcommittee chairmanships and former CBC Chairman James E. Clyburn, South Carolina Democrat, as the House majority whip.

"The black caucus has an opportunity to raise the ante on its label as 'the conscience of the Congress' and will have the strength to deal with poverty issues; developing a better, more friendly relationship with Africa; criminal-justice issues; and the overwhelming work to be done in the Gulf region," said Rep. Sheila Jackson-Lee, Texas Democrat, who is expected to be elected as CBC whip.

Reps. Barbara Lee of California and Emanuel Cleaver II of Missouri will serve as the vice chairmen, and Rep. Danny K. Davis of Illinois, will be the secretary, said staffers and members who spoke with The Washington Times yesterday.

Mr. Cleaver said his top priority will be to push for an end to state election laws that require voters to present state-issued identification to vote, an issue that will be taken up by his CBC colleague, the next chairman of the House Administration Committee, Rep. Juanita Millender-McDonald of California.

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"Congressman Ike Skelton who lives in my metropolitan area couldn't vote because he showed up at the polls and didn't have a driver's license -- Ike has polio and can't use his arms and has no need for a license," Mr. Cleaver said, adding, "That kind of foolishness has to stop."

He said the public should expect the CBC leaders to move Democrats to address several issues, such as police misconduct, HIV/AIDS, mandatory minimum jail sentences and other issues that have been "ignored now for decades."

Mr. Cleaver said he soon expects the group to announce its legislative agenda for the first 100 hours of Congress to go in tandem with the issues House Speaker-elect Nancy Pelosi of California has said will be done in that time.

The agenda is not likely to change much under the new leadership because almost every caucus member supported the agenda of the outgoing chairman, Rep. Melvin Watt, North Carolina Democrat, to end racial disparities in access to education, employment, incarceration rates and health care.

"He has created a wonderful platform for them and they are well-positioned to address issues that in many instances are considered privileges to some but for us in the CBC we consider civil rights," said Rep. Elijah E. Cummings, Maryland Democrat and a past CBC chairman.

However, both he and Mr. Watt said the black caucus would be only as strong as its bonds with the leadership and the congressional Hispanic and Asian and Pacific Islander caucuses.

Mr. Cummings said that when he was chairman, the agendas of the black and Hispanic caucuses were identical with the exception of immigration.

"It was not on our core agenda when it started to gain resonance in the public debate, because it wasn't something that we really had to deal with," Mr. Watt said.

He said the group in the past year decided to work toward a common set of principles on immigration policy with the other minority caucuses that he expects the new leadership to advance.

"One of the primary tenets is a living wage for all workers, legal, illegal or otherwise," Mr. Watt said.

Rep. Bennie Thompson, Mississippi Democrat, who will be chairman of the House Homeland Security Committee, said the second issue would be crafting an entry policy that is neither discriminatory based on race nor arbitrary based on country of origin.

House GOP Fixes Panel Term Limits (HILL)

By Patrick O'connor

The Hill, December 6, 2006

Republicans renewed their six-year term limits on top committee posts yesterday, dealing a blow to three outgoing chairmen who lobbied for a rules change to head their respective panels in the minority.

Rep. Dana Rohrabacher (R-Calif.) also withdrew his amendment to the party's internal rules that would allow ranking Republicans who are term-limited out of those posts to retain the chairman's gavel if the GOP returns to the majority.

During the closed-door session in the Longworth House Office Building, Minority Leader-elect John Boehner (R-Ohio) instead agreed to create a review task force to study the impact of that change, members and staff present said.

Boehner agrees in principle with Rohrabacher's amendment, GOP leadership aides said, but would like to study it further before implementing the change.

Republicans are set to decide which members will head select panels during Steering Committee meetings today and tomorrow, and members of the conservative Republican Study Committee (RSC) will also decide their next chairman in a bruising race between Reps. Jeb Hensarling (R-Texas) and Todd Tiahrt (R-Kan.).

Tiahrt is the choice of the group's three remaining founders, but Hensarling scrambled to continue building support for his own campaign on the eve of today's election. One of the founders was rumored to be questioning Hensarling's record on immigration yesterday in calls to other members using misleading information, GOP aides said yesterday.

With Republicans set to decide the top committee posts this week, GOP leaders are not expected to decide individual committee slots until Speaker-elect Nancy Pelosi (D-Calif.) determines the ratio of Republicans to Democrats on each panel. Her office has not yet notified the leaders of those ratios, and Republicans this week have not heard any timeline for those decisions to be made.

"No decision has been made yet," Pelosi spokeswoman Jennifer Crider said.

The biggest question regards members on the so-called "A" committees, with Energy and Commerce most likely to shed Republicans.

Republicans lost nine seats on the Ways and Means Committee and at least six on the Appropriations panel to either retirement or the election whereas three GOP lawmakers lost their reelection or retired from Energy and Commerce.

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Meanwhile, there have been rumblings that incoming Energy and Commerce Committee Chairman John Dingell (D-Mich.) would like to increase the size of the panel, according to lobbyists with work before the committee. A number of Republicans will soon make their case to the leaders and Rep. Joe Barton (R-Texas), the presumed ranking Republican on that panel.

Republican rules prohibit members on an "A" committee from serving on any other panel, but at least eight Energy and Commerce members currently do, including Veterans Affairs Chairman Steve Buyer (R-Ind.) and Reps. Barbara Cubin (R-Wyo.), Vito Fossella (R-N.Y.), Paul Gillmor (R-Ohio), Ralph Hall (R-Texas), Charles Norwood (R-Ga.), George Radanovich (R-Calif.) and Cliff Stearns (R-Fla.).

Barton moved to force Rep. Heather Wilson (R-N.M.) off his panel a couple of years ago. But Wilson, a former Air Force officer, opted to resign from the Armed Services Committee and retained her spot on Energy and Commerce.

Boehner and a spokesman for the committee both said Barton and the leadership have not discussed enforcing the prohibition and will not address the issue until Pelosi determines the ratios.

Steering Committee members allowed Buyer to hold his seat on Energy and Commerce when he was named chairman two years ago, and he expects the committee to make a similar decision this year.

At the time, Rep. John McHugh (R-N.Y.) asked Buyer if he would stay on Energy and Commerce if he assumed the Veterans Affairs chairmanship, but Speaker Dennis Hastert (R-Ill.), who had just forced Rep. Chris Smith (R-N.J.) to retire his gavel on that panel in favor of the Indiana Republican, told committee members there would not be a problem with Buyer retaining his membership on the powerful A committee, Buyer said yesterday.

Stearns also would like to remain on Veterans Affairs and believes his status as a veteran along with waning interest in the committee itself should allow him to hold both posts.

"I would like to retain my seniority on the Veterans Affairs Committee and to continue to build upon my successes for veterans, and I will make that case to Mr. Barton," Stearns said in a statement e-mailed by his office.

The closest decisions during this week's Steering Committee meeting should be in the races to determine the top spots on Budget, Financial Services, International Relations and Transportation and Infrastructure. Republicans have been campaigning for these slots for much of the last Congress because each panel's chairman was set to be term-limited out of the top spot.

The committee will also decide the ranking slots on Judiciary, Resources, Science, Small Business and Ways and Means.

Outgoing Judiciary Chairman James Sensenbrenner Jr. (R-Wis.), who had lobbied to retain the top spot on that committee, will make his case to the Steering Committee this week to once again be the top GOP member on the Science Committee. He served as chairman for four years before winning the Judiciary gavel.

House Transportation and Infrastructure Committee Chairman Don Young (R-Alaska) and House Small Business Committee Chairman Don Manzullo (R-Ill.) had also pushed to retain their senior Republican posts.

Republicans want to settle these committee decisions as soon as possible so that the ranking members can determine their staffs in time to combat Democrats during the rollout of their priority legislation during their first 100 hours in power.

"Anytime there is a transfer of power, you have a challenge in continuity," Buyer said, adding committees need to staff up in an attempt to stifle Democratic momentum.

Dems Split On Extent Of Ethics Changes (USAT)

By Fredreka Schouten

USA Today, December 6, 2006

WASHINGTON — A senator and spouse spend several days in Asia, their airfare, meals and hotel bills paid for by a trade association. Former lawmakers who work as lobbyists use a taxpayer-owned gym reserved for members of Congress. Several House members catch a ride on a corporate jet, avoiding long airport lines but paying only a fraction of the flight's cost.

These are the kind of perks enjoyed by current and former members of Congress that could end under a package of ethics changes Democratic leaders intend to push when they assume control of Congress in January. But less than a month after sweeping into office on the promise of a major ethics overhaul, Democrats are divided over just how much change is needed.

Several Democrats, citing the corruption scandals that beset Congress in the past year, want tougher standards than their leaders have proposed. The major points of contention: Whether lawmakers should police themselves and how much to clamp down on earmarks, the special projects that lawmakers, often anonymously, insert into spending bills to benefit hometown or special interests.

Sen. Joe Lieberman, D-Conn., said there's no doubt an ethics bill will pass Congress. "The question is: Will it be as strong and comprehensive as it should be?"

Lieberman was among a small, bipartisan coalition of lawmakers who on Tuesday promised a broad array of changes. Specifically, they backed the creation of an Office of Public Integrity to launch and carry out ethics probes. That power now resides with the House and Senate ethics committees, which the lawmakers slammed as failing to act on corruption charges.

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Sen. Barack Obama, D-Ill., has proposed an ethics enforcement commission with similar powers.

Getting an independent watchdog will be a "very tough battle," said Fred Wertheimer, president of Democracy 21, a non-partisan group pushing ethics changes. But "if they don't address the ethics enforcement process, they will have failed in a major way to address the ethics problems in Congress."

Incoming Speaker Nancy Pelosi, D-Calif., has pledged to make changes to ethics rules the first order of business when the new Congress convenes. Under a proposal she unveiled this year, Democrats would eliminate a wide array of lobbying practices — from banning lobbyist-funded travel and gifts to barring former lawmakers-turned-lobbyists from the House floor and the members-only gym. The proposal would require greater public disclosure of some earmarks.

The stakes are high for Democrats and Pelosi, who pledged to deliver "the most honest, most open and most ethical Congress in history" in the wake of corruption scandals that led to investigations of several lawmakers and prison terms for Rep. Duke Cunningham, R-Calif., and disgraced lobbyist Jack Abramoff.

Polls show widespread concern. In a USA TODAY/Gallup national poll taken Oct.6-8, 86% of adults said corruption in government would be "extremely" or "very important" in their votes for Congress. Only 46% of adults polled after the election (Nov. 9-12) said Democrats were likely to curb corruption. The polls had a margin of error of +/-3 percentage points.

In a recent memo to colleagues, Rep. Rahm Emanuel, D-Ill., who oversaw campaign efforts for House Democrats, said failing to deliver ethics reforms "would be devastating to our standing with the public and … jeopardize some of our marginal seats."

Emanuel and Rep. Chris Van Hollen, D-Md., are pushing for an outright ban on earmarks that would benefit lawmakers or their families or the companies and lobbying firms that employ the relatives of House members.

The existing Pelosi bill does not go that far. It requires lawmakers to disclose their sponsorship of earmarks in their congressional districts and to declare in writing whether they have a financial interest in the project.

Emanuel, a member of the Democratic leadership, predicted that the final proposal would require earmarks "to have a public purpose, not a private or personal gain."

Creation of an independent body to investigate ethics is more controversial. "Members are almost paranoid about letting anyone else into the (ethics) process," said Thomas Mann of the Brookings Institution.

Pelosi spokeswoman Jennifer Crider said an independent panel is part of discussions, but said, "the ethics committee when it functions, does do its job overseeing members."

Jan Baran, a Washington lawyer and ethics expert, said he believes that ethics reform will pass in the new Congress. "The issue is how will people behave two, three, five years from now," he said.

Liberal Coalition Eyes First Hundred Hours (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 6, 2006

A large group of liberal organizations is planning to wage a national lobbying and public relations campaign to press for passage of the House Democrats' legislative agenda next year, taking a page from longtime corporate practices.

The Change America Now coalition, or CAN, met yesterday at AFL-CIO headquarters to outline the many methods it will use -- including the release of research papers and e-mail and phone bombardment of Congress.

The goal is to persuade on-the-fence lawmakers in more than 80 congressional districts to vote for the "Hundred Hours" agenda, a list of legislation that Democrats hope to approve in the first 100 legislative hours of the new Congress. The agenda includes an increase in the minimum wage and an effort to reduce the cost of Medicare prescription drugs.

The campaign will largely target Republican moderates and Republicans who were narrowly elected in November. The group's leaders said they hope to increase the margin of victory for each plank of the platform in the House to boost the measures' prospects in the Senate -- a much harder place for them to succeed. In addition, they said early wins will make it easier for each organization to persuade Congress later to approve other elements of their own legislative wish lists.

"Groups on the progressive side support the priorities that are represented in the Hundred Hours agenda and we want to see them enacted," said Bill Samuel, the AFL-CIO's legislative director.

Robert L. Borosage, co-director of the liberal Campaign for America's Future, said that approval of the Hundred Hours agenda would also help the public better understand what the incoming Democratic majority stands for. "We are still too undefined," he said, and the Hundred Hours agenda "begins that process" of redefinition.

The 40-member coalition's other major organizers are Americans United, USAction, and labor unions led by the American Federation of State, County and Municipal Employees, he said.

Yesterday morning, at a regular, biweekly meeting of liberal organizations called the Tuesday Group, about 100 people packed a conference room to hear the coalition's strategy. Representatives of many groups that were instrumental in electing

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Democrats to Congress this year were there, including the Sierra Club, the League of Conservation Voters, the Association of Trial Lawyers of America, the Center for American Progress and several women's organizations.

The effort they discussed was reminiscent of the elaborate business-backed lobbying campaign 12 years ago that pushed the "Contract With America," which was the then-Republican majority's legislative agenda. Conservative groups including the U.S. Chamber of Commerce and the Christian Coalition banded together then to lobby the House to pass the GOP's 10-part program.

The meeting was also an echo of a conservatives' gathering that started in 1993 and continues to this day, hosted by Grover G. Norquist, president of Americans for Tax Reform. Norquist's weekly "Wednesday Meeting" routinely attracts 150 people and is a forum for discussing ways to bolster conservative policies.

Hickey said the liberals' Tuesday Group was designed to counter a government "dominated by the special interests." In response, Norquist said: "So says the guy from the trial lawyers, the labor unions and the radical environmentalists. The Democratic Party is a collection of special interests."

Culture Shock On Capitol Hill: House To Work 5 Days A Week (WP)

By Lyndsey Layton

The Washington Post, December 6, 2006

Forget the minimum wage. Or outsourcing jobs overseas. The labor issue most on the minds of members of Congress yesterday was their own: They will have to work five days a week starting in January.

The horror.

Rep. Steny H. Hoyer, the Maryland Democrat who will become House majority leader and is writing the schedule for the next Congress, said members should expect longer hours than the brief week they have grown accustomed to.

"I have bad news for you," Hoyer told reporters. "Those trips you had planned in January, forget 'em. We will be working almost every day in January, starting with the 4th."

The reporters groaned. "I know, it's awful, isn't it?" Hoyer empathized.

For lawmakers, it is awful, compared with what they have come to expect. For much of this election year, the legislative week started late Tuesday and ended by Thursday afternoon -- and that was during the relatively few weeks the House wasn't in recess.

Next year, members of the House will be expected in the Capitol for votes each week by 6:30 p.m. Monday and will finish their business about 2 p.m. Friday, Hoyer said.

With the new calendar, the Democrats are trying to project a businesslike image when they take control of Congress in January. House and Senate Democratic leaders have announced an ambitious agenda for their first 100 hours and say they are adamant about scoring legislative victories they can trumpet in the 2008 campaigns.

Hoyer and other Democratic leaders say they are trying to repair the image of Congress, which was so anemic this year it could not meet a basic duty: to approve spending bills that fund government. By the time the gavel comes down on the 109th Congress on Friday, members will have worked a total of 103 days. That's seven days fewer than the infamous "Do-Nothing Congress" of 1948.

Hoyer said members can bid farewell to extended holidays, the kind that awarded them six weekdays to relax around Memorial Day, when most Americans get a single day off. He didn't mention the month-long August recess, the two-week April recess or the weeks off in February, March and July.

He said members need to spend more time in the Capitol to pass laws and oversee federal agencies. "We are going to meet sufficient times, so the committees can do their jobs on behalf of the American people," he said.

For lawmakers within a reasonable commute of Washington, longer weeks are not a burden -- although they are likely to cut into members' fundraising and campaigning activities. But for members from Alaska and Hawaii, the West Coast, or rural states, the new schedule will mean less time at home and more stress.

"Keeping us up here eats away at families," said Rep. Jack Kingston (R-Ga.), who typically flies home on Thursdays and returns to Washington on Tuesdays. "Marriages suffer. The Democrats could care less about families -- that's what this says."

Time away from Washington is just as important to being an effective member of Congress as time spent in the Capitol, Kingston added. "When I'm here, people call me Mr. Congressman. When I'm home, people call me 'Jack, you stupid SOB, why did you vote that way?' It keeps me grounded."

Rep. Elton Gallegly (R-Calif.), who had intended to retire this year, only to be persuaded to run again, wondered whether the new schedule was more than symbolic. "If we're doing something truly productive, that's one thing," he said. "If it's smoke-and-mirrors hoopla, that's another."

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Senate leaders have not set their schedule, but the upper chamber generally works a longer week than the House, though important votes or hearings are usually not scheduled on Mondays or Fridays.

House Majority Whip Roy Blunt (R-Mo.), one of the architects of the lighter workweek, put the best Republican face on Hoyer's new schedule.

"They've got a lot more freshmen then we do," he said of the Democrats. "That schedule will make it incredibly difficult for those freshmen to establish themselves in their districts. So we're all for it."

The new schedule poses a headache for Rep. Debbie Wasserman Schultz (D-Fla.), who runs her 7-year-old daughter's Brownie troop meetings on Monday afternoons in Weston, Fla. "I'll have to talk to the other mothers and see if we can move it to the weekend," she said.

Setting a calendar that satisfies 435 members is impossible, said the current majority leader, Rep. John A. Boehner (R-Ohio), who will become minority leader in January. "Between the travel issues, the members' work schedules, the family and district issues, it was a Rubik's cube," he said.

But most Democrats, some still giddy from their election victories, seemed game.

"It's long overdue," said Rep. Mike Thompson (D-Calif.), who lives in Napa Valley and will have to leave his home at 3 a.m. on Sundays to catch a flight to Washington in time for work Mondays. "I didn't come here to turn around and go back home."

Staff writer Jonathan Weisman contributed to this report.

Inside Politics (WT)

By Greg Pierce

The Washington Times, December 6, 2006

Bonior and Edwards

Former Rep. David E. Bonior, a one-time leader in Congress who has close ties to labor unions, has signed on to manage a future John Edwards presidential campaign.

Mr. Edwards hasn't announced a repeat of his 2004 presidential bid yet, but an Edwards adviser said last week that Mr. Bonior will manage the effort if Mr. Edwards decides to run. In the meantime, Mr. Bonior has signed on as a senior adviser to Mr. Edwards' leadership PAC, the One America Committee, the Associated Press reports.

Mr. Bonior represented Detroit's northern suburbs for 26 years in the House, rising to be the No. 2 Democrat before stepping down in 2002 for an unsuccessful campaign for Michigan governor. Mr. Bonior was a leading advocate for labor unions, a constituency that Mr. Edwards has aggressively been courting.

No mercy

With Republicans on Capitol Hill trying to spend like Democrats and Democrats trying to be as tough as Republicans in the war on terror, the grand difference between the two parties may come down to a matter of scheduling, reports Charles Hurt of The Washington Times.

Republicans prefer to keep lawmakers out of Washington, since that's usually where they do all the damage, and Democrats want members chained to their desks so they can churn out innumerable pages of new federal laws.

"It is appropriate that the do-nothing Congress is ending by doing nothing," incoming House Majority Leader Steny H. Hoyer said yesterday, discussing this final week's slim agenda.

"I have bad news for you," the Maryland Democrat said. "Those trips you had planned in January? Forget 'em. We will be working almost every day in January."

In a roomful of reporters who have grown accustomed to short workweeks and bankers' hours under Republican rule, the groans were audible.

Then, he laid out the Democratic vision for five-day workweeks as far as the eye can see.

"Monday through Friday?" asked one stunned reporter.

"You will not be excited about it," Mr. Hoyer observed.

"You sound like the principal," complained another reporter.

"I know," Mr. Hoyer said. "It's awful, isn't it? I presumably have some authority over the schedule, and I don't like it."

Faux centrists

"Here comes the 2008 presidential cycle, and on cue, Associated Press reporters are finding 'centrists' in the race whose voting records are NOT a 50-50 mishmash of conservative and liberal," the Media Research Center's Tim Graham writes at www.mrc.org.

"This cycle's 'centrist' contenders are Hillary Clinton (actually strongly, staunchly liberal) and Evan Bayh (liberal most of the time.)

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"In a Monday dispatch, AP reporter Beth Fouhy stressed that Hillary Clinton won 'even the most conservative areas of her adopted home state of New York,' but there are drawbacks: 'Despite her centrist six-year Senate voting record, Clinton's reputation remains deeply rooted in her polarizing eight years as first lady.' "

"AP does the same for Sen. Evan Bayh ... 'The 50-year-old senator has charted a centrist's course throughout his political career, including two terms as governor and eight years in the Senate.'

"But the American Conservative Union's voting index doesn't match these assessments. Sen. Bayh's lifetime ACU rating is 21 percent conservative, so he votes the liberal position about four of every five Senate votes they've counted. Hillary Clinton has a lifetime ACU rating of 9 percent, or 91 percent liberal. In 2005, Bayh was a 20. Hillary was a 12.

"Or consult Americans with Democratic Action, the liberal vote-counters. Did they find Evan and Hillary in the center? On their 2005 tally, Hillary Clinton is one of 22 'Senate Heroes' who scored a perfect 100 percent with the liberal group. Evan Bayh scored a less-than-centrist 95."

Still spending

The Senate Budget Committee chairman yesterday chastised his party for trying to tack big-ticket spending items onto end-of-the-year legislation, even though November's election sent a clear message about the need for fiscal discipline, reports Amy Fagan of The Washington Times.

"One of the messages out of the last election was that they expected Congress to be fiscally responsible, especially Republicans," said Sen. Judd Gregg, New Hampshire Republican and outgoing budget panel chairman. He said he hopes Republicans can stick to responsible budgeting in these waning days of their majority rule. "If we can't have it now, when can we have it?" he told reporters in a briefing yesterday.

Specifically, Mr. Gregg is concerned that Republicans are adding a $4.8 billion disaster-relief package for farmers to the agriculture spending bill, without cutting agriculture spending in other areas -- a move he called "excessive, inappropriate" and "a payoff" to farm groups.

He also said there is talk of adding extra items to a popular package of tax-cut extensions that lawmakers are trying to approve this week. Among the items that could catch a ride on the tax-cut bill is a proposal to overhaul the program that provides health care benefits to retired coal miners, which would cost about $4 billion in extra spending, Mr. Gregg said.

Viguerie's lament

Richard A. Viguerie, author of "Conservatives Betrayed: How George W. Bush and Other Big Government Republicans Hijacked the Conservative Cause," yesterday bemoaned the resignation of John R. Bolton as U.S. ambassador to the United Nations:

"There are only a mere handful of conservatives in significant policy-making positions in the Bush Administration. The withdrawal of Ambassador Bolton means there is one less," Mr. Viguerie said. "This is very discouraging to conservatives. Instead of fighting for Ambassador Bolton's confirmation, the Bush administration has once again thrown in the towel."

Bayh's step

Sen. Evan Bayh, Indiana Democrat, announced yesterday that he has formed a presidential exploratory committee.

Mr. Bayh filed federal papers that allow him to raise money and hire staff for a White House run. He is the second Democrat to take a formal step toward a run, after Iowa Gov. Tom Vilsack's official announcement of his candidacy last week.

Mr. Bayh, who has been traveling to states with early nominating contests and gauging support for a presidential run for more than a year, said he would make a final decision early next month.

'Full-scale' Sam

Sen. Sam Brownback, Kansas Republican, billed himself as a "full-scale conservative" yesterday as he courted activists in the state that holds the nation's first caucuses, the Associated Press reported.

Mr. Brownback said the lessons Republicans should take from their November election defeats is that they face enormous trouble when the party's conservative base isn't energized.

"Our ideas weren't repudiated; our execution was," he told Linn County Republicans in a trip to Iowa. "Our base was lethargic because of too much spending and the Washington corruption cases."

Mr. Brownback filed papers Monday creating an exploratory committee allowing him to travel the country and raise money for a possible 2008 White House run.

Trio From Hill Ask GSA Head Not To Shift Audit Burden (WP)

By Scott Higham And Robert O'harrow Jr.

The Washington Post, December 6, 2006

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Three federal lawmakers yesterday called on the new administrator of the General Services Administration to halt her plan to replace government auditors in the agency's inspector general's office with private auditors, saying in a letter that the change could lead to less oversight of contractors.

The letter to GSA Administrator Lurita Alexis Doan followed a report in The Washington Post on Saturday that described Doan's plans to cut $5 million in spending on audits and shift responsibility for contract reviews to small, private contractors.

Doan, a former government contractor, recently compared GSA Inspector General Brian D. Miller and his staff to terrorists, according to notes of a meeting taken by GSA officials. Doan has said vendors and government workers reported that Miller's investigators and auditors exerted "undue pressure" on them.

Yesterday, Reps. Henry A. Waxman (D-Calif.) and James L. Oberstar (D-Minn.) and Del. Eleanor Holmes Norton (D-D.C.) asked Doan to provide a description of her plans and a "detailed analysis of its potential effects" before she moves forward with any changes or budget cuts that would affect the inspector general's work.

"You seem to be reversing the commitments of your predecessor, contradicting the recommendations of GAO, and tampering with a system that works well, all to alleviate the 'stress' of corporations that have attempted to overcharge the taxpayer," the letter said.

Kudos For Those Who Do Good Works Overseas (WP)

By Elizabeth Williamson

The Washington Post, December 6, 2006

Back in the day, there was naught for a diplomatic spouse to do but bake and complain. But that was then: Yesterday, five State Department employees and spouses were recognized for charitable works abroad -- and two of them were men.

Every year, beside the holiday trees in the stately Benjamin Franklin Room on the department's eighth floor, Associates of the American Foreign Service Worldwide present the Secretary of State's Awards for Volunteerism Overseas, a mouthful of a prize for State employees and spouses whose pro bono goodwill benefits their host countries.

The awardees "symbolize the very best of our American diplomats and their families," said State Department Director General George M. Staples, on hand to present the awards. "They are a tribute to the generosity of the American spirit."

The AAFSW, whose "W" used to stand for "women," was founded in 1960 to advocate for better conditions for diplomatic spouses. (In a clue to those conditions, one of its publications was titled "What Do I Do Now?") Today the group sponsors educational programs, scholarships, online resources and the awards.

This year's uber-volunteers included spouses, full-timers or both.

Steven Carroll, posted to Kabul for a year, dove into Afghanistan's refugee community. After collecting clothes and money from American children for the city's orphanages, he delivered the loot in an armored car.

In Seoul, Kathy Hansen, an employed diplomatic family member, worked for a long list of schools and churches and seemed bent on providing blankets for babies. She also helped finance the adoption of Korean, Chinese and Vietnamese children.

Marian McGowan is a diplomatic spouse and a pillar of Jackie's House, a home for 36 abused, neglected and abandoned children in Santo Domingo, Dominican Republic. Beyond food and supplies, McGowan and her volunteers taught the children to write, speak English and mentor the youngest among them.

A full-time embassy employee in Swaziland, where AIDS affects more than 40 percent of the population, Nelda Villines found time to visit scores of schools and hospitals, distributing food, supplies and 3,000 teddy bears made by U.S. volunteers.

Thomas Yazdgerdi, a political officer in Athens, used his time and clout to help Greece's needy immigrants, who are often subject to discrimination by in-country assistance groups. Yazdgerdi also helped renovate a multicultural day-care center and organized a benefit concert in Greece that raised $100,000 for those left homeless by Hurricane Katrina.

A Commission Made In Heaven (WP)

By Ruth Marcus

The Washington Post, December 6, 2006

Forget the Baker-Hamilton commission. I have high hopes for the Clinton-McCain Commission to Fix Social Security. Haven't heard of it? Actually, neither have Hillary Clinton and John McCain. It's my long-shot scheme for tackling the problem.

First, if not now, when? Third-rail political issues such as Social Security benefit from -- maybe even require -- divided government, to share the blame. They can't be touched in an election year. They're difficult to do during a president's first term, if he -- or she -- wants a second. So 2007 offers the last, best hope for some time.

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Second, if not Social Security, then what? The political system right now is too broken, and relations between President Bush and congressional Democrats too frayed, to deal with the truly daunting entitlement issues, Medicare and Medicaid. Social Security is entitlement reform on training wheels.

Third, if not them, who? As the front-runners for their parties' presidential nominations, Sens. Clinton (D-N.Y.) and McCain (R-Ariz.) have a shared interest in getting Social Security off the presidential plate before January 2009.

Clinton and McCain have a track record of bipartisan cooperation; working together on Social Security would only serve to burnish a credential that voters seem to crave. By teaming up, they could neutralize Social Security as a general election issue -- neither could use it as a cudgel against the other. Both have expertise in this area without having burrowed into a rigid ideological framework.

Wouldn't each risk attack from rivals for the nomination? Yes, but the counter-argument is that voters will reward gutsiness and bipartisanship. So the short-term political benefits could offset -- if not outweigh -- the potential costs.

For McCain, the political peril is probably less than for Clinton, since his party hasn't made it a near article of faith that benefits can't be cut, retirement ages raised, payroll taxes diverted to private accounts, etc. He has more leeway to embrace alternatives.

For Clinton, the stakes are admittedly higher, but so is the upside. Sure, it's easy to imagine the ominous narration, "Hillary Clinton wants to slash checks for seniors," over the picture of a crying grandma. But some of Clinton's potential opponents serve in the Senate and might be swept along with the momentum of a bipartisan plan. And Clinton could use boldness on Social Security to combat her image as an overly careful, overly poll-driven calculator.

A bigger-tent commission -- Clinton-McCain-Romney-Obama? -- would be just fine, too.

So how to launch? The president should issue an order creating the commission, announce, LBJ-style, that he wants Clinton and McCain at the helm, and impose a tight deadline -- six months at most. That sounds short, but the potential fixes and trade-offs are well known, and, politically, there's little time to spare.

Then he should set up the commission in a way that's doubly tilted against him.

For one, he should forswear any preconditions, which seems to be where the administration is already heading. There's no harm to the administration in dropping its focus on private accounts funded out of payroll taxes--that's the political reality. On taxes, similarly, there's not much to fear: The president's already opened the door to increasing the ceiling on payroll taxes, and the new Democratic majority will be wary of looking like rabid tax-hikers.

More than that, Bush should give Democrats a structural advantage. In a twist on the Greenspan Social Security commission, the president would appoint five members from the executive branch or private life; the Senate majority leader would pick five from among sitting senators or private citizens; and the speaker of the House would similarly name five. But, as with the Greenspan commission, two out of each five would have to be from the opposite party. This would create a commission of eight Democrats and seven Republicans, and drive the membership in a centrist direction.

Why would the president stack the deck against himself? Because he'd be giving Democrats an offer they couldn't afford to refuse -- or be perceived as refusing. Democrats couldn't complain about being rolled by a Republican-dominated panel. Given the toxic level of distrust between the administration and congressional Democrats, it may be the only way to get action. And Bush could protect himself against Democrats Gone Wild by requiring a supermajority of the panel to agree on recommendations.

As it happens, the 25th anniversary of the executive order creating the Greenspan commission is Dec. 16. That would be a nice touch, too. And, Mr. President, senators, consider this headline that ran in The Post 16 months after the Greenspan panel was created: "President, on a Note of Bipartisanship, Signs Social Security Bill." Not a bad end to a troubled presidency -- or a bad launching pad for a new one.

Dark Ages Disclosure (WP)

The Washington Post, December 6, 2006

THR EE YEARS AGO we wrote an editorial using the headline above. It decried the senseless and costly loophole under which people running for the Senate -- alone among federal political candidates and committees -- aren't required to file campaign finance reports electronically. In an age when such reports can be filed with the click of a mouse, Senate candidates submit their disclosures on paper, with weeks of delay before they are transferred to a form available and searchable on the Internet. As a result, in the final stretch of campaigns, anyone interested in learning who is bankrolling Senate candidates or how they are spending the cash has to go page by page through voluminous reports. This delay is so obviously unjustified that we expected the legal glitch to be quickly fixed.

Naive us. Three years later, the situation remains unaddressed. According to the Campaign Finance Institute, as late as the week before Election Day, in all 10 of the most closely followed Senate races, no detailed information was available online

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about contributions between Oct. 1 and Oct. 18, the last filing period before the election. For six candidates in those races -- Democrats Ned Lamont (Conn.), Claire McCaskill (Mo.) and Sheldon Whitehouse (R.I.), and Republicans Mike DeWine (Ohio), Rick Santorum (Pa.) and Thomas H. Kean Jr. (N.J.) -- the only financial information available was from before June 30.

It would be easy to change the rule, and the Senate should do so in the final days of the 109th Congress. More than 20 senators, of both parties, have signed on to S.1508, the Senate Campaign Disclosure Parity Act. If any senator opposes requiring electronic filing, none is willing to say so. Majority Whip Mitch McConnell (R-Ky.), who was rumored to be opposed to the change, says he is for it. Senate Rules Committee Chairman Trent Lott (R-Miss.), whose panel has jurisdiction in this area, said three years ago that it was "part of honesty in elections, I think. Make it accessible." Now what's needed is for Mr. Lott to get committee members' approval to speed the matter to the Senate floor.

To put it bluntly: Republicans, why let the new Democratic majority get credit for making this obvious fix? Do it now, while you're still in charge.

Take The Schumer Train (WSJ)

The Wall Street Journal, December 6, 2006

You would think the last thing Senate Republicans would want to do in their final lame-duck days this week is approve a new $682 million subsidy gift to Senator Chuck Schumer, the New York Democrat who just cleaned their electoral clocks.

No hard feelings. GOP tax writers are preparing to award Mr. Schumer this money for "transportation infrastructure projects." One of the projects to be funded: a new train from Manhattan to John F. Kennedy Airport. Why people in Oshkosh or Olympia should have to pay for this urban choochoo is a mystery.

What makes this project especially objectionable is the creative financing conjured up to pay for it. This earmark hangs like a Christmas ornament from a must-pass bill to extend certain annual tax credits. And how's this for a misnomer? The subsidy is called the "New York Liberty Zone Tax Credit." Here's how it would work: New York would receive up to $2 billion over 10 years (about $1.3 billion of which is September 11 money, for a net new subsidy of $682 million).

Of course, New York City doesn't pay federal taxes, so this bill allows the Big Apple to retain the employer share of the payroll taxes that the city collects on behalf of its public employees. And through some accounting sleight of hand, Treasury would reimburse the Social Security trust fund for the missing dollars. The result: a new $2 billion hole in the budget. Our Congressional sources say this is the first time this kind of tax credit has been provided for a city or state to pay for infrastructure pork.

Imagine the precedent this sets for Democrats preparing to take over the subsidy levers next year. Congressmen in both parties are already lining up to adopt the "New York model" for securing tax pork. Get ready for the Des Moines "Freedom Tax Credit" for wheat and corn production. The whole process is so underhanded that Senator Jim DeMint of South Carolina has declared he will hold up the tax bill if the credit isn't removed. Just what Congress needs: new forms of chicanery to raid the Treasury.

OTHER NEWS:

Where Is The Economy Headed? (WP)

By Nell Henderson

The Washington Post, December 6, 2006

The U.S. economy can't seem to make up its mind.

It keeps showing strength and weakness, with fresh data yesterday providing still more mixed signals -- and fueling a debate over whether the housing slump is dragging the nation into a recession.

The conflicting data could be a sign that the economy is turning, with what was at first a mild growth slowdown about to give way to a harsher downturn, some analysts said. But others echoed the Federal Reserve, countering that the worst news is still coming from businesses involved in housing and automobile production while the rest of the economy is holding up.

The situation has left many investors confused and queasy; stock prices rose yesterday after falling Friday, as did the dollar.

"No question, housing is in a recession," said Nariman Behravesh, chief economist for Global Insight, an economic research and forecasting firm. "The big question, and where people part ways, is how much effect is this going to have on consumer spending and business spending? . . . Yes, there are scary parts of the economy, but there are other parts that are doing okay."

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The pessimists could point yesterday to the Commerce Department's report that new orders to U.S. factories fell 4.7 percent in October, the steepest decline in six years. Much of that reflected falling demand for home-building equipment and materials, as well as automakers' production cuts, analysts said. That echoed a report released Friday showing that manufacturing declined in November.

But optimists noted that the much larger service sector of the economy -- which includes health care, finance, education, travel and entertainment, accounting for 87 percent of the nation's economic output -- grew more briskly in November than in the month before, according to an index published yesterday by the Institute for Supply Management.

Stocks rose yesterday because of that report's "favorable implications for the overall economy," said Stuart Hoffman, chief economist with PNC Financial Services Group.

The economy also headed into the last three months of the year in better health than previously thought, the Labor Department said yesterday, raising its estimate of productivity growth in the July-through-September period.

Growth in productivity -- output per hour of labor -- still slowed sharply from the second quarter, to a weak 0.2 percent annual rate in the third quarter, the department said. But that was higher than its earlier estimate of no growth.

The recent figures all confirm that the economy has lost momentum this year, expanding at a rapid 5.6 percent annual rate in the first three months, at a moderate 2.6 percent pace in the second quarter and at a 2.2 percent pace in the third.

Many economists, including those at the Fed, think growth will be even weaker in the last three months of the year. For example, Macroeconomic Advisers, a St. Louis forecasting firm, predicts that the economy will expand at about a 1.5 percent annual rate in the October-through-December period.

The disagreement is over what comes next.

Fed Chairman Ben S. Bernanke said last week that he foresees moderate economic growth over the next year. Analysts peg that somewhere between a 1 and a 2.6 percent pace, which would be slower than the economy's long-term average.

Bernanke sounded "a little over-optimistic" but not far off, Behravesh said.

"I don't think there is going to be a recession next year," Behravesh said, noting that housing accounts for only about 6 percent of the economy -- enough to slow growth significantly but not stop it.

On the contrary, he said, consumers are spending more because of low 4.4 percent unemployment, decent income growth, rising stock wealth and lower fuel prices. And businesses are exporting more goods to faster-growing economies overseas.

"All the bad signals coming out have to do with housing, and to a lesser extent autos," he said. "Basically, the rest of the economy is giving out reasonably good signals."

Others foresee a darker picture next year, in which consumers pull back more sharply on spending because of rising unemployment, heavy debt and falling home prices.

"I do think in the first part of next year we'll have a recession, and it could be a difficult one," said Charles W. McMillion, chief economist at MBG Information Services, an economic consultancy.

McMillion pointed to the Labor Department's drastic lowering of its estimates of workers' wages and benefits in the spring and summer. According to the figures released yesterday, hourly compensation rose at a 2.6 percent annual rate in the third quarter, down from its earlier estimate of 3.7 percent growth. And the department said compensation fell at a 1.2 percent pace in the second quarter, a reversal of its earlier estimate of 6.6 percent growth.

To financial markets, those figures looked like good news because stronger productivity growth and weaker compensation gains mean less inflationary pressure. That bolstered expectations that the Fed will hold interest rates steady at its policymaking meeting next week, and maybe lower them next year.

But McMillion said consumers and the economy are likely to buckle in coming months. "Stagnant productivity and falling wages is not a healthy combination," he said.

Service Sector Aids Economic Outlook (WT)

The Washington Times, December 6, 2006

From combined dispatches

Economic growth in the vast service sector picked up last month, while productivity growth and labor costs performed better this summer than earlier estimated, according to economic reports out yesterday.

Activity in services accelerated in November, indicating that the economy was able to shake off the effects of a deep housing slump more easily than many economists expected, according to a report from the Institute for Supply Management.

The rise in the institute's service index to 58.9 from 57.1 in October contrasted with a fall into recession territory in the organization's closely watched manufacturing index reported on Friday, and provided a positive offset to a spate of weak economic news last week.

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"The reports of the economy's demise may have been premature," said Joel Naroff, president of Naroff Economic Advisors. "It still does not look as if the problems in housing and motor vehicles have spread into the general economy."

Many economists had expected the services index to decline to 55.5. Readings above 50 indicate an expansion in industries such as retailing, banking and construction.

In a reminder that manufacturing remains a question mark, the Commerce Department reported yesterday that orders to U.S. factories plunged 4.7 percent in October, the third decline in the past four months, and the biggest drop in more than six years. The manufacturing sector is experiencing the fallout from this year's slowdown in the overall economy and slumps in auto sales and home construction.

"The overall economy is nowhere near as weak as the manufacturing sector," said John Ryding, chief U.S. economist at Bear Stearns Cos. "It is worth noting that this index is not just a services index, but also includes construction. The improvement in conditions, therefore, took place despite pressures on residential construction and sales."

On another upbeat note, growth in worker productivity was better than previously reported, growing at a 0.2 percent pace rather than staying flat in the third quarter, according to the Labor Department.

Labor costs, including wages and benefits, were lower during the quarter -- rising 2.3 percent rather than 3.8 percent, as earlier reported, the department said.

While rising wages are good news for workers, the increases could fuel unwanted inflation when they outstrip the growth in productivity, or the output per hour of work.

Economists said the productivity news is likely to ease inflation worries at the Federal Reserve, where officials had cited the Labor Department's earlier reading showing a big jump in labor costs as a reason the Fed must be vigilant against inflation.

"Based on these numbers, the Fed can rest easy about the threat of inflation," said Nariman Behravesh, chief economist at Global Insight, a private forecasting firm. "The only debate now seems to be about when the Fed will cut" interest rates.

If inflation remains benign and the overall economy continues to show weakness, the central bank might move as soon as March to start cutting rates, he said.

Despite frequently voiced concerns about stubborn inflation pressures, the Fed paused in its two-year rate-raising campaign in August and has left rates unchanged since then. Most analysts expect the Fed to stay on hold at a meeting of its rate-setting committee next week. Speculation in the financial markets has centered on whether the Fed will have a change of heart and start cutting rates early next year.

The hope that yesterday's better inflation news will help quell the Fed's concerns combined with the unexpectedly strong reading on the service economy to spark a rally on Wall Street yesterday. The Dow Jones industrial average rose 47.75 points to 12,332.

Labor Costs, Revised Downward, Point To Less Inflation Pressure (WSJ)

By Christopher Conkey

The Wall Street Journal, December 6, 2006

U.S. labor costs have been rising at a much slower rate this year than previously thought, suggesting the nation's tight labor market is less likely to stoke inflation in the months ahead.

The Labor Department reported yesterday that unit labor costs in the nonfarm business sector -- a measure of how much employees are paid to produce a single unit of output -- rose at an annualized rate of 2.3% in the third quarter, considerably less than its earlier estimate of 3.8%. In addition, the department said unit labor costs fell at a 2.4% rate during the second quarter, rather than growing at the originally estimated 5.4% pace.

The changes reflect a decline in employee compensation in the second quarter and a much slower rate of compensation growth in the third quarter, indicating that businesses are feeling less pressure to raise prices. That is particularly good news, many economists said, because the competitive labor market has recently emerged as the biggest driver of cost increases.

"With energy and commodity prices having receded from their peaks, labor costs now represent the most significant source of potential inflation pressures for the U.S. economy," said Stuart Hoffman, chief economist of PNC Financial Services Group.

That is especially true now, with the unemployment rate at an unusually low 4.4%, but many economists expect inflationary pressures from the labor market to weaken in the months ahead because of slower economic growth.

Yesterday's report showed that nonfarm business-sector productivity is also ebbing. Productivity, or output per hour worked, increased at an annualized rate of 0.2% in the third quarter, slightly above the initial estimate of no change but down from a 1.2% gain in the second quarter. The economy's current weak patch is largely the result of the slumping housing market and auto sector, which is also damping overall manufacturing activity. A separate report from the Commerce Department yesterday found that factory orders plunged 4.7% in October, the sharpest fall in six years.

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In other areas, however, the economy is humming along. Another indication of its vigor came in a report from the Institute for Supply Management, a private group of corporate purchasing managers, that said the nonmanufacturing portion of the economy continues to expand at a rapid clip. The ISM's index of nonmanufacturing activity rose to 58.9 in November from 57.1 in October. Readings over 50 indicate expansion. The ISM said last week that its manufacturing index for November indicated the sector is contracting for the first time in more than three years.

Fed Is Hampered By Past In Effort To Sound Warning (WSJ)

By Greg Ip

The Wall Street Journal, December 6, 2006

WASHINGTON -- Federal Reserve officials -- unlike bond investors -- think the economy is a lot sounder today than at the end of 2000 and in early 2001, when the Fed abruptly reversed course and began a string of interest-rate cuts.

Yet Fed Chairman Ben Bernanke's effort to convey the message that today's conditions are different is hampered by the Fed's lack of candor back in 2000.

Fed officials, who have universally voiced concerns about inflation, are expected to keep short-term interest rates steady at 5.25% at their policy meeting next Tuesday. But bond markets have priced in a small chance of a rate cut next week and three one-quarter percentage-point cuts over the next 12 months.

Markets anticipate those cuts in part because they see parallels to 2000. A technology-stock and investment bust began to unfold in the summer of that year, yet in November the Fed still said its principal concern was inflation, not economic growth. Seven weeks later, with stock prices tumbling and businesses canceling investment plans, the Fed made the first of 13 interest-rate cuts.

Like stock prices then, housing prices today are turning down after a long run-up. But there is little sign the decline has spilled over into the rest of the economy. Stock prices are up, not down. Officials acknowledge recent data have been weak, especially for manufacturing and commercial construction, and they are expected to closely scrutinize the November jobs report, to be released Friday.

The weak data, however, haven't been corroborated by anecdotal evidence from the Fed's extensive business contacts. The Fed's recent "beige book" roundup of regional business conditions found "moderate growth" and "tight" labor markets.

Fed officials thus appear content with a forecast of moderate growth over the next few quarters, then a rebound in mid-2007. "I don't think that the data we have seen are out of line" with that forecast, Federal Reserve Bank of Chicago President Michael Moskow said Monday on CNBC.com.

The Fed has viewed the housing pullback as the principal threat to growth. The slump prompted Fed Vice Chairman Donald Kohn to say two months ago that the risks to growth were "skewed a bit to the downside."

Since then, as the decline in housing sales has moderated and shown little sign of damping consumer spending, officials' concerns have eased. Last week Mr. Bernanke indicated he saw the risks to growth as balanced.

In late 2000, the Fed's business contacts were getting worried, and the stock market was crumpling as profit warnings proliferated. "Everything was pointing up and, all of a sudden, everything started pointing down," recalls Edward Gramlich, a Fed governor at the time. Today, "the key thing is whether the weakness in housing -- and now autos -- feeds over into consumption at large, and as I understand it, it really hasn't."

Unemployment has been lower than expected and wage gains are picking up. That has tempered the comfort Fed officials drew from a recent moderation in inflation and inflationary psychology. At 2.7%, excluding food and energy, it is still higher than they would like. That is why they continue to say inflation is their principal concern.

Skeptics think that is bluster. "They're paid to worry about inflation, which means that until the slowdown is obvious and undeniable, they will stick to their forecasts," Ian Shepherdson, chief U.S. economist at High Frequency Economics, said in a report last week, citing the similarity to late 2000.

"The Fed has a mission to put a good spin on things," says Paul McCulley, an economist and fund manager at Pacific Investment Management Co. "They think they need to continue sounding hawkish...to burnish their anti-inflation credentials and also to temper" downward pressure on bond yields.

Transcripts of the Fed's November 2000 meeting offer grist for the skeptics. Fed officials at the time saw ample reason to shift from their assessment that higher inflation represented a greater risk to the economy than did weaker growth, to a view that the two risks were balanced. "The balance of risks has shifted quite noticeably," then-Vice Chairman Roger Ferguson said.

Mr. Kohn, then a staff adviser, said a balanced assessment of risks might well be merited, but could turn stock and bond markets frothy again. Then-Chairman Alan Greenspan agreed: "Were we to go to balance today we would almost surely end up tomorrow with financial conditions that would be too easy."

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Mr. Gramlich, the former Fed governor, said the Fed "is now populated by people who are pretty humble" about their ability to verbally steer the markets.

More so than Mr. Greenspan, Mr. Bernanke thinks it is dangerous for the Fed to slant its words to elicit a particular market reaction. Indeed, he was burned in April when markets misinterpreted his hints about a pause in interest-rate increases as complacency about inflation. That suggests he means his recent warnings on inflation to be taken at face value.

Dow Near New High As Stocks Rise Again (USAT)

USA Today, December 6, 2006

NEW YORK — The Standard & Poor's 500 index scored its second-consecutive six-year high Tuesday after a report showing unexpected strength in the key services sector renewed optimism about corporate profit growth.

The benchmark S&P added 5.64 points, or 0.4%, to 1414.76 for its highest close since Nov. 7, 2000. The S&P now is up 13.3% this year. The Dow Jones industrial average rose 47.75 points, or 0.4%, to 12,331.60, which is just 11 points from a new all-time high. The Dow is up 15.1% this year. The Nasdaq composite remained the relative laggard, rising 3.99 points, or 0.2%, to 2452.38 for an 11.2% 2006 gain.

The Institute for Supply Management reported Tuesday that its index of activity in the service sector rose to 58.9 in November from 57.1 in October. Analysts were looking for a reading of 55.5. A reading above 50 indicates expansion, and November marked the 44th-consecutive month of expansion in non-manufacturing industries. The service sector accounts for about two-thirds of the nation's economic activity.

"The service sector is really what is holding the whole economy together and providing the impetus for growth," says Michael Metz, chief investment strategist at Oppenheimer & Co.

Highlights:

The beleaguered home-building sector got a lift, led by Toll Bros., which rose 96 cents to $32.87. Although the luxury-home builder reported a 44% drop in fiscal fourth-quarter earnings, it said it sees some signs of stabilization in the slumping housing sector and raised its forecast for first-quarter home deliveries. That sparked a rally in other home builders, with Hovnanian Enterprises up $1.24 to $37.39, KB Home up 75 cents to $52.17, Pulte Homes up 62 cents to $33.97, Beazer Homes up $1.19 to $46.34, Centex up 95 cents to $56.76 and NVR up $36.57 to $665.07.

·Prudential Financial advanced $2.04 to $84.28. The life insurance and investment giant said its 2007 earnings should range from $6.60 to $6.80 a share. Analysts had expected $6.64 a share, Thomson Financial says.

·Bandag jumped $5.46, or 12%, to $50.50. Tiremaker Bridgestone Americas Holding is buying Bandag, which makes retread tires, for $1.1 billion, or $50.75 a share, in cash.

·Kroger gained $1.16 to $23.49. The USA's largest traditional grocery chain posted 16% higher fiscal third-quarter earnings and said full-year profit would be higher than earlier forecasts.

Upbeat Data Lift Street's Spirits; Stocks Climb (WSJ)

By E.s. Browning

The Wall Street Journal, December 6, 2006

After slumping late last month on rising oil prices and uncertain economic data, the Dow Jones Industrial Average is almost back to a record as economic news has improved.

Following bullish news on the service economy and a reassuring report on labor costs, the Dow industrials rose 47.75 points, or 0.39%, to 12331.60. The Dow is up 15% this year, 11 points below the record close of 12342.56 on Nov. 17.

The Standard & Poor's 500-stock index hit a six-year high, rising 0.4%, or 5.64 points, to 1414.76, up 13% this year, but not near a record.

The service economy grew faster than expected last month. That offset Friday's news that manufacturing output shrank for the first time in three years.

A Labor Department report showed a measure of labor-cost inflation at 2.9% for the 12 months through the third quarter, compared to a previously estimated 5.3%.

The Federal Reserve watches labor costs closely as it sets interest rates. Investors now await Friday's report on payrolls and labor costs for November. The next Fed rate meeting is next Tuesday, and policy makers are widely expected to leave rates unchanged.

"A lot of people missed the autumn rally, because it caught everyone by surprise," said Tim Smalls, head of U.S. stock trading at Greenwich, Conn., brokerage firm Execution. "There is a lot of money on the sidelines that still has to be put to work. If you are a manager and you have a lot of cash...you have a lot of explaining to do."

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The Nasdaq Composite Index rose 0.16%, or 3.99 points, to 2452.38, up 11.2% this year. The Russell 2000 small stock index finished at another record, 797.42, up 18% this year.

Gasoline and heating-oil futures fell, which was good news for stocks linked to consumer spending.

Home builders rebounded after Toll Brothers said the housing slump may be nearing bottom.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.4%, or 0.95 point, to 238.09, a record. In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the New York Stock Exchange was 2.79 billion shares, as 2,074 stocks rose and 1,216 fell.

Bond prices declined2. The 10-year Treasury note fell 5/32, or $1.56 for each $1,000 invested, pushing the yield up to 4.448%. The 30-year bond was down 16/32 to yield 4.575%.

The dollar was mixed3. Late in New York, it traded at 114.82 yen, down from 115.33, while the euro fell against the dollar to $1.3326 from $1.3328.

The Sliding Dollar: Both Boon And Bane (CSM)

By Mark Trumbull

The Christian Science Monitor, December 6, 2006

An ominous indicator has moved to center stage for world financial markets: the US dollar's plunging value relative to other currencies.

How this dollar drama unfolds could end up affecting more than just the price of T-shirts at Wal-Mart or the number of German tourists visiting Yosemite National Park.

A weaker dollar, over time, could help the world economy become better balanced - with America less reliant on borrowing and Asia less dependent on exports to fuel development. But currency realignment also holds risks. It would impose some hardship on Americans, and on the many nations that sell goods to them. A sudden shift could jolt US consumers with higher prices at a time when some economists worry about a possible recession.

But down is exactly where the dollar's value has been headed of late. After a quiet summer, the greenback has fallen since mid-November by 4 percent against the euro. It is also down by lesser amounts against the Japanese yen and Chinese yuan.

"Most economists agree that in the long term the dollar has to go down," to help shrink the mammoth US trade deficit, says Axel Merk, who manages the Merk Hard Currency Fund in Palo Alto, Calif. Yet in the short run, "it's in nobody's interest in the world for the dollar to go down."

The current slide may or may not persist. But when the dollar falls relative to other currencies, it tends to make US exports cheaper and, thus, more attractive on world markets. And it makes foreign imports more expensive to American consumers.

That doesn't mean the dollar's value is a magic fix for the US trade deficit, which has reached unprecedented proportions in the past few years. But many economists see it as part of the answer to this dangerous imbalance in global trade.

The dollar's recent weakness continues a pattern that began early in 2002. Why now and will it continue?

Currency watchers see a range of factors propelling the dollar now and possibly in the months ahead. Among them:

· Interest rates are shifting. The European Central Bank is expected to raise its benchmark interest rate on Thursday, boosting what investors can earn in the euro. European economies seem to be strengthening even as US bond yields have fallen on signs of weakening in the US economy.

· Inflation threats linger. Currencies tend to lose value when a central bank fails to tame inflation. Some experts worry that the Federal Reserve will cut interest rates next year - in a bid to prevent a recession - before the job of squelching easy monetary conditions is really done.

· Politics has an effect. A newly elected Democratic Congress could lean toward protectionism or higher taxes, either of which could dampen foreign interest in dollars. Perhaps more important is the situation in Iraq. A loss of US prestige as a military power can also affect the dollar.

· The yuan has edged up. China has allowed its currency to rise a bit this year. Treasury Secretary Henry Paulson and Fed Chairman Ben Bernanke will visit China this month, and will push for still more currency flexibility. But some analysts say a major shift may be unlikely before of 2008, when Beijing hosts the summer Olympics.

· China is diversifying. With some $1 trillion in foreign reserves, Beijing has said it won't put as much of its reserves into dollars as in the past.

"Foreign exchange traders are speculating at what point are Asian nations going to stop accumulating US assets," says Charles Engel, an economist who studies currency issues at the University of Wisconsin in Madison.

A weaker dollar would affect the purchasing power of Americans when they buy goods or services from other countries. The shift wouldn't be noticed at the supermarket as much as it would be at stores like Target or Best Buy.

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"It would mean those things that are so unbelievably cheap at Wal-Mart would be a little bit more expensive," Dr. Engel says. "The flip side of that is that workers ... might move back toward some sort of export industries. That adjustment's going to happen over time." Digging out of a deficit

To some degree, the trade deficit and the buoyant dollar in recent years are signs of US economic strength. Imports often surge in an expanding economy.

Still, many economists say that at some point - and sooner might be better than later - the trade deficit needs to fall.

America's deficit in the current account, a broad measure of cross-border commerce and payments, has surged to more than $800 billion a year - an amount equal to about 7 percent of the gross domestic product. That's up from 1.7 percent of GDP a decade ago.

There's no precedent for a major economy to maintain this level of imbalance. In effect, the US is borrowing more than $2 billion a day to finance its spending on imports. The higher the imbalance goes, the greater the risk of a hard adjustment, if foreigners decide they can earn better returns by taking their dollars elsewhere.

Exchange rates are one piece of a larger puzzle. Another key factor is that the US has an unusually low rate of savings, thanks to federal deficits and consumer borrowing. The trade deficit mirrors this.

Trade barriers in other nations are another factor.

Still, a lower dollar could play a role in resolving the imbalance.

"If China did its part," by allowing the yuan to rise, "the dollar would also fall against most Asian currencies," says Peter Morici, a University of Maryland economist.

Falling imports would push up the US savings rate, he says.

Martin Feldstein, a Harvard University economist, has pointed out that the late 1980s offer precedent for a currency- driven easing of the trade deficit. Then, as the dollar fell, the trade gap closed without fanning inflation or causing a recession.

In a March speech, he said that America should have a "competitive" (lower) dollar abroad alongside a "strong" dollar at home - a currency whose purchasing power is not eroded by domestic inflation.

When The Dollar Talks Back (NYT)

The New York Times, December 6, 2006

Talking up the dollar is a tradition among government officials, who always want to prevent an exchange-rate swing from accelerating into a dollar plunge — an economic nightmare that would be marked by spikes in prices and interest rates. As the dollar fell over the past two weeks, Treasury Secretary Henry Paulson Jr. played his role, saying that “a strong dollar is clearly in our nation’s best interest.” And Ben Bernanke, the Federal Reserve chairman, gave a speech in which he was cautiously optimistic about economic growth and signaled that he would not cut interest rates anytime soon.

Growth and relatively high rates — if they came to pass — would be a good combination for the dollar. But as of yesterday, the dollar hadn’t moved up much from its recent lows against other major currencies. Investors remain largely focused on economic weakness in the United States and gathering strength in Europe — which portend a weaker dollar, no matter what anyone says.

A weaker currency is inevitable for a country as indebted as the United States is. During the Bush years, deficits have mushroomed — in the federal budget and in trade. Anything that affects foreign investors’ willingness to finance enormous deficits pushes the dollar down — including better investment opportunities elsewhere, as there are now.

The great unknowables are the timing and steepness of a sustained dollar decline. Over the past few years, investors who bet on a weakening dollar have lost money. But the current swoon is a reminder that no nation, even the United States, can borrow forever without facing up to economic consequences.

The government has been assuming — correctly, so far — that the United States is too big to fail. Administration officials seem confident that the Chinese, in particular, will continue to finance the nation’s deficits, because doing so helps their exports. They also assume that China and other countries won’t sell off chunks of their huge dollar holdings, lest they drive the dollar down, and with it, the value of their remaining dollar-based assets.

That’s more like a standoff than stability, and it puts way too much of the nation’s well being in the hands of foreign central bankers. But it’s the best the Bush crowd has had to offer, because true stability in global finance is grounded in fiscal responsibility at home, something the administration lacks.

Global balance requires cooperation. When Mr. Paulson travels to China this month, he will no doubt seek ways to adjust American and Chinese currencies in an orderly fashion. But there is no substitute for getting one’s own financial house in order.

Race For Fla. 13th Heads To House (RC)

By John Mcardle

DOJ_NMG_0103083

Roll Call, December 6, 2006

It could be well into the 110th Congress before a Member from Florida's 13th district is seated by the House — and the next several weeks could prove to be explosive as the fight plays out in the courts and on Capitol Hill.

The Democratic candidate in the highly contentious race, bank executive Christine Jennings, is in Washington, D.C., this week, meeting with party leaders and drumming up financial support as she continues to dispute the results that appeared to hand auto dealer Vern Buchanan (R) a 369-vote victory.

Although Jennings already has filed suit in a Florida circuit court seeking a revote, she said in an interview Tuesday that she also intends to contest the result with the House Administration Committee — which has oversight over federal elections — by the Dec. 20 deadline. Jennings and her attorneys already have met with Democratic staff members from the committee to discuss the filing process.

"I would not want to pass up on that opportunity," Jennings said, adding that she still held out hope that the Florida courts might order a revote for the entire 13th district or just in Sarasota County, where Jennings insists malfunctions with the electronic voting machines produced 18,000 undervotes — and changed the outcome of the election.

Filing an official protest with the House Administration Committee will automatically make the Jennings/Buchanan case one of the first indicators of just how partisan the 110th Congress will be, and observers won't even have to wait until the new year to begin to see the fissures.

Here's why: The House of Representatives as a whole is responsible for seating its own membership. Buchanan supporters argue that since he holds a certificate from the Florida Elections Canvassing Commission showing that he won the race, he should be installed as the Representative of Florida's 13th district on Jan. 4, when the 110th Congress convenes.

But in her lawsuit, Jennings has asked the court to order that state officials decertify Buchanan's victory, and Republicans are concerned that the incoming Democratic House leadership might not seat anyone until the House Administration Committee finishes its review and issues a recommendation on the matter.

It is not unprecedented for neither candidate to be seated by the House until a contested election is resolved. Perhaps the most notable example in recent years is the infamous 1984 race between the late Democratic Rep. Frank McCloskey and Republican Richard McIntyre in Indiana's 8th district — where it took until the following May to swear in a Member for that seat. McCloskey eventually was seated by a Democratic House.

It's unclear yet whether Speaker-elect Nancy Pelosi (D-Calif.) is planning to fill the seat or leave it vacant until Jennings' appeals have run their course.

One House leadership aide said Tuesday that "we're continuing to watch this situation very closely, but of course we have some time ahead of us before we need to really make decisions on this. Obviously the court case that is developing may not be resolved before" Jan. 4.

The Florida dispute could get widespread attention because it involves electronic voting machines, which have come under heavy fire from many good government groups and clean elections advocates.

On Tuesday, Buchanan's spokeswoman, Sally Tibbets, called on Jennings "to put the best interests of the people ahead of her own political ambitions and do the right thing for the people of Florida's 13th Congressional district and to concede. And we would also call on the U.S. House of Representatives to put partisan politics aside and seat Vern Buchanan, who has been certified by the state of Florida as the Congressman. That's what democracy is all about and anything else would totally disrespect the will of the voters of Florida's 13th Congressional district."

The eventual winner will replace departing Rep. Katherine Harris (R) — who, ironically, as Florida secretary of state in 2000, was a major player in the disputed presidential election.

But as both sides speculate as to what will happen on Jan. 4, the process for determining the eventual winner after the Jennings' formal protest is filed with the House also could be controversial.

The House Administration Committee will receive Jennings' challenge at the tail end of the Republican-controlled 109th Congress and the outgoing majority could immediately begin the investigation or hold hearings on the case.

Traditionally when an election contest is filed, a panel of two majority and one minority committee members is put together to review the case, including reports gathered by both Democratic and Republican committee observers who are sent to districts whenever contests seem likely. That panel makes a recommendation to the full committee on how to proceed, and that recommendation is voted on and, if passed, sent to the floor of the House and treated like any other piece of legislation.

But House Administration spokeswoman Salley Collins said Tuesday that the committee will not make any decisions on how it will proceed with its investigation until Jennings' paperwork is filed. When asked if the committee would be holding hearings after Congress adjourns, she said it is "not out of the realm of possibility."

However, as House Administration Democratic Staff Director George Shevlin pointed out, "should she file, no formal action affecting the outcome of the contest could be taken until the next Congress is seated."

So while the House office lottery pool ended weeks ago, Room 1516 of the Longworth House Office Building — which was set aside for the winner of the Florida contest — is currently vacant, and appears likely to remain that way for a while longer.

Jennings Ignores Setbacks, Calls For Revote In Florida (HILL)

By Aaron Blake

The Hill, December 6, 2006

Democrat Christine Jennings was in Washington over the last two days renewing her call for a revote in her race against Rep.-elect Vern Buchanan (R-Fla.), as government and independent reviews failed to support her case.

Jennings said she would do everything she could to see the legal challenge through. She set up shop at Democratic Congressional Campaign Committee headquarters and was to meet with lawmakers including Reps. Allen Boyd (D-Fla.), Ellen Tauscher (D-Calif.) and Rush Holt (D-N.J.). She was also asking for financial support and continuing to push her case to the news media.

Jennings's visit came as state officials continued their audit of the touch-screen voting machines in Sarasota County, where an abnormally high number of ballots cast were "undervotes," meaning they failed to register votes in the congressional race for the 13th District.

The audit has yet to produce any evidence of machine errors, and a review by a local newspaper published Tuesday points to ballot design as the leading cause of the undervotes.

The undervotes numbered about 18,000 in Sarasota County, or 13 percent. That rate is several times higher than the district's other counties, suggesting something skewed the results on Election Day.

Jennings's camp says the voting machines malfunctioned and failed to record the votes. It has filed suit to obtain the source codes for the voting machines and is offering hundreds of witnesses who say they experienced problems as they were trying to vote for her.

Members of her team have expressed discontent with the state's recount, which gave Buchanan a 369-vote win, and now with the audit, and they say the review needs to be independent and include the source codes.

Jennings won Sarasota County 53-47, which suggests that the 18,000 ballots could well swing the election.

"Our experts have to be capable of getting the hardware and the software so that they can tear it apart — just literally tear it apart," Jennings said. "All I'm concerned about, at this point, is that our voters get an answer and that I get an answer as to what really happened with those machines."

Jennings said Tuesday that the witnesses include a former governor of Maine.

On Tuesday, the state was reviewing videotape of tests conducted on Friday in which two discrepancies occurred in other races, but not the House race. The machines worked properly during the test, though, and the problems were expected to be attributed to human error.

The Jennings team said that this diagnosis was premature and has been critical of how the tests were conducted, saying they did not mimic actual voting conditions.

"We've gone from rubberstamp recount to preordained audit, and now with those events behind us, it's time to get to some forensic testing that's meaningful, by outside experts," Jennings lawyer Kendall Coffey said.

Yesterday, a court date was set for Dec. 15, though it's too early to tell when a trial might begin. Buchanan is set to be sworn in with the rest of the freshman class on Jan. 3.

Jennings's case was also undercut by a review of every Sarasota County ballot conducted by investigative reporters at the Sarasota Herald-Tribune and published Tuesday. The review concluded that the format of the ballot probably contributed to the large undervote, and a number of election experts are now also saying ballot design was probably the leading factor.

The Herald-Tribune review found that three other counties experienced similar undervotes in the two-candidate attorney general race. The attorney general race was on the same page as the gubernatorial race in those counties, just like the two-candidate House race was in Sarasota County.

The gubernatorial race featured seven options and therefore dominated the screen in the four counties, which all used the same touch screens. The four cases all led to undervotes of more than 10 percent and account for four of the five highest undervotes in federal and statewide races in Florida, according to the Herald-Tribune.

A poorly designed ballot would not be sufficient for a revote, but some experts say the discrepancy is so big that it might not be the only factor.

Jennings lawyer Sam Hirsch said it could contribute to a machine malfunction by having too many options on one page. The screens that included Jennings's race had more options than any he has seen, he said.

"It's quite possible that, like with anything else that's computer-based, if you press it to its maximum capacity, you're more likely to trigger some kind of glitch or bug," Hirsch said.

Buchanan spokeswoman Sally Tibbetts said the mounting evidence continues to discount Jennings's assertions.

"Christine Jennings has built her entire legal case on the premise that the machines malfunctioned," Tibbetts said. "So she has no case. Her case has been shattered."

It's Time For The House To Pick Up The Pieces In Florida's 13th District (RC)

By Richard L. Hasen

Roll Call, December 6, 2006

Remember the infamous "butterfly ballot" of Palm Beach County, Fla., in the 2000 presidential election? Back then, poor ballot design appeared to have caused many supporters of Democrat Al Gore to vote for conservative third-party candidate Pat Buchanan for president, effectively allowing George Bush to win Florida's electoral votes and the presidency. The courts said there was nothing that could have been done about the problems with the ballot even though there was strong evidence that more Florida voters came to their polling places intending to vote for Gore than for Bush.

The elections last month brought us the 2006 version of the butterfly ballot. This time, it appears that poor ballot design or machine malfunctions with electronic voting machines caused thousands of voters to skip the race for Florida's 13th Congressional district, leading to a 369-vote victory by the Republican candidate over the Democratic one. Once again the matter is in court, and once again the courts are not likely to give a remedy.

But this time there's another option. The House can — and should — declare the seat vacant, requiring the seat to be filled by a special election.

First, a bit of background. In the 13th, Congressional district lines don't coincide with county lines, so voters in all or parts of five Florida counties voted either for Republican Vern Buchanan or Democrat Christine Jennings. There was an unusually high number of "undervotes" — that is, an absence of a recorded vote in the race for this seat — with the vast majority coming from Sarasota County.

About 13 percent of Sarasota County votes cast using electronic touch-screen voting machines showed no vote in Florida's 13th contest. This rate was much higher than the undervote rate among Sarasota County voters who voted using absentee ballots, and it was much higher than the undervote rate in the other four counties in that district — including one, Charlotte County, that uses the same type of electronic voting machines that Sarasota uses.

What accounts for the high undervote rate in Sarasota County, in a hard-fought Congressional race in a swing district? Machine malfunction remains a possibility, but based on the evidence available thus far, the most likely culprit appears to be poor ballot design. In Sarasota County — but not in Charlotte County — the 13th district race appeared on the second electronic "page" of the electronic ballot, right at the top of the page above a larger heading for state races. A number of voters appeared to have missed the race because of its placement on the page.

A recent academic analysis by Laurin Frisina, Michael Herron, James Honaker and Jeffrey Lewis notes that in Charlotte County, the undervote rate in the state attorney general race was huge. In Charlotte — but not in Sarasota — the attorney general race was paired with another contest on the same electronic ballot page, mirroring the placement of the House race on the Sarasota County ballot. Fortunately for Floridians, the race for attorney general was not close.

A separate analysis recently completed by the Sarasota Herald-Tribune bolsters the poor ballot design hypothesis. Looking at every ballot cast in the county, the newspaper found that the people you'd most expect to vote in the House race — loyal party voters who voted Republican or Democrat throughout the ballot — were the ones most likely to have skipped voting in the race.

If it turns out that Florida courts concluded that poor ballot design caused the high undervote rate in the Congressional race, it is unlikely that there will be a judicial remedy. Overturning an election in the courts is tough, absent proof of fraud or proof that legal votes were not counted.

But there is another option. The Constitution provides that "Each House shall be the Judge of the Elections, Returns and Qualifications of its own Members ... ." The House has resolved disputed elections before. For two reasons, the House should declare the seat vacant, triggering a special election.

First, the House is not bound by the restrictive rules for ordering new elections that courts are. Assuming that the problem was poor ballot design, why should voters be victims of the design incompetence of election administrators? The fair thing to do — even if it is not legally compelled — is to hold a new election where everyone in the district gets to vote.

This case is unlike the butterfly ballot situation, where it would have been unfair to hold an election for a national office — president — in only one county in one state. A side benefit will be that the controversy will focus attention on problems with election administration, and get Congress and the country thinking more about the problems with how we administer our elections.

This course is not without risks. In 1984, the House, then controlled by the Democrats, waded into the bitter contest between incumbent Rep. Frank McCloskey (D-Ind.) and his Republican challenger, Rick McIntyre. The decision by the majority

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to seat McCloskey, which prompted widespread disgust within the House Republican Conference, is now cited as a contributing cause in the widening partisan divide in Congress.

In addition, some argue that it would be bad precedent to let the House make this decision on extralegal grounds.

But just like the House makes a political judgment as to what constitutes grounds for impeachment, it can make decisions about new elections on a political basis as well. A Democratic House's decision to grant a revote in these circumstances is a lot less likely to contribute to partisanship in Congress than was the Republican House's decision to impeach then-President Bill Clinton.

More importantly, such political judgments are self-limiting. If the Democratic House started overturning election results for no good reason, voters would see such moves as illegitimate and vote the Democrats out of office.

We cannot rerun the 2000 election in Palm Beach, but the House can provide some justice to this year's voters in Sarasota County without triggering a national crisis.

Richard L. Hasen is the William H. Hannon Distinguished Professor of Law at Loyola Law School in Los Angeles and the author of "The Supreme Court and Election Law" (2003).

The Election Is In The Mail (NYT)

By Ruth Goldway

The New York Times, December 6, 2006

Washington

LAST Election Day, voters encountered myriad difficulties, from the unexplained glitch that temporarily halted Montana's vote count to the 18,300 undervotes in Florida's 13th Congressional District, to long lines, bad weather, inadequately trained workers, delayed or missing absentee ballots and complicated new identity forms. There was, however, one state where all went well: Oregon, where everyone votes by mail.

Since Oregon adopted Vote by Mail as its sole voting option in 1998, the state's turnout has increased, concerns about fraud have decreased, a complete paper trail exists for every election, recounts are non-controvertible and both major political parties have gained voters. Moreover, in doing away with voting machines, polling booths, precinct captains and election workers, the state estimates that it saves up to 40 percent over the cost of a traditional election.

Vote by Mail could offer real advantages if it were adopted nationwide. Voters would not need to take time off from work, find transportation, find the right polling station, get babysitters or rush through reading complicated ballot initiatives. The country's 35,000 post offices could provide information, distribute and collect voting materials and issue inexpensive residency and address identifications for voting purposes.

Perhaps most important, given the concerns about voting machine security, mail ballots cannot be hacked. Tampering or interfering with mail is a federal crime, and the United States Postal Service has its own law enforcement arm, which works closely with a variety of enforcement authorities including the F.B.I. Trained election clerks can take the time to check signatures without delaying or discouraging voters. And the advantages of a paper trail outshine the glitter of black box electronic gadgetry.

States that have adopted measures like "no excuse necessary" absentee ballots find that the public is eager to avail itself of the opportunity to vote by mail. As many as 30 percent of voters didn't use the polls in November. In Washington State, where 34 of 39 counties vote entirely by mail, 70 percent of November's votes were cast by mail; in California, the number is near 40 percent.

The Postal Service has set up a Vote by Mail preparation Web site and a traveling workshop. But out of 750,000 employees, it has only a handful who work part-time on mail balloting issues. The 110th Congress should direct it to expand these efforts. Senators Ron Wyden, John Kerry and Barack Obama recently sponsored a bill to grant funds to states that adopt Vote by Mail. That legislation should also give the Postal Service money to coordinate a national program.

For a small fraction of the sums spent on unreliable voting machines, the Postal Service could work with state and local governments to design standard ballots and develop processes for sorting and delivering them (like those that already exist for overseas military personnel). It could coordinate its own address database with the database of registered voters, set postmark deadlines and devise language prompting voters to affix correct postage.

Already, in order to help businesses that send out big mailings, the Postal Service uses bar-code scanning to inexpensively track large volumes of mail from origin to destination. With minor but careful modifications, this technology can be adapted for use with ballots — allowing voters to check on their location and status by entering a tracking number on the Internet or by phone.

Public confidence in the accuracy of vote counting is at an all-time low. The Election Assistance Commission estimated that as many as 850,000 votes were not counted in the 2004 elections, and a recent report warned that electronic voting

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machines cannot be made secure. Fortunately, a remarkably sophisticated and effective technology exists for solving these problems, and it is “old-fashioned” mail.

The founders conceived of a national postal service as a force to “bind our nation together.” Other technologies may now spread the news and help families stay in touch, but the Postal Service should be called upon to meet this latest challenge to our democracy. <NYT_AUTHOR_ID>

Ruth Goldway is a commissioner on the Postal Rate Commission.</NYT_AUTHOR_ID> <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Iowa Governor: Smart Campaign Can Beat Clinton Juggernaut In '08 (CSM)

By Linda Feldmann

The Christian Science Monitor, December 6, 2006

WASHINGTON

Tom Vilsack, soon to be ex-governor of Iowa, is not on many voters' radar screen as a possible next president. Even Iowans, who elected him twice to run their state, placed him fourth in a June poll rating possible Democratic candidates.

As he finishes the announcement phase of his candidacy for the 2008 race - including a Monitor breakfast Tuesday with reporters - he knows he's a long shot. He says so. But he has an answer to the inevitable question: How does an obscure Midwestern governor get past the Hillary Rodham Clinton juggernaut and now "Obama-mania," as the junior senator from Illinois, Barack Obama, also considers a run?

"You have to work longer, and you have to work smarter, and that's what we intend to do," Governor Vilsack told the group Tuesday, his wife at his side.

There's nothing flashy about Vilsack, a Pittsburgher by birth who came to Iowa to meet his then-fiancée's family and who now considers Mt. Pleasant, Iowa, his second hometown. When asked about Obama-style charisma, he countered with his own version: "There is a quiet charisma," he said, a charisma that causes voters to say "he's authentic and real and has done well."

Vilsack also notes that among the dozen or so other Democrats who may run for president, only two are candidates from west of the Mississippi River and are governors: himself and Bill Richardson of New Mexico. In 2004, Democratic nominee John Kerry did not win any Plains or Mountain West states, including Iowa and New Mexico. Most recent presidents have been governors first - positioning themselves as outsiders and as chief executives. Vilsack compared himself with former Virginia Gov. Mark Warner (D), who was succeeded last year by another Democrat - a rare feat in the South.

"My record as governor certainly matches Governor Warner's, and we did not raise taxes; we actually have cut taxes every year I've been governor," he said. "We not only elected a Democratic governor, which will be the longest period of time we've had a Democratic governor in consecutive years in the history of our state, we also as a result of efforts of the last four years elected a [Democratic] House and Senate - the first time that combination has occurred in 42 years.... We have turned a red state to blue."

A signature issue for Vilsack will be energy security. He plans to focus on conservation, renewable fuels, and using traditional materials in ways that are "cleaner and greener." He says energy and conservation can unite the country, bringing together right and left.

Vilsack Kicks Off '08 Run Touting Energy Security (USAT)

By Jill Lawrence

USA Today, December 6, 2006

WASHINGTON — Iowa Gov. Tom Vilsack pitched energy independence as a path to security, jobs and health Tuesday, as a rival presidential prospect from the Midwest filed papers to raise money for the Democratic nomination.

Indiana Sen. Evan Bayh said he is moving toward a 2008 race because America needs to "get back on the path to greatness." The former two-term governor will be in Minnesota, Illinois, Ohio and New Hampshire this week.

Vilsack, a two-term governor who helped elect a Democratic successor last month, declared his candidacy on Thursday. He is one of several Democrats staking their cases on executive experience, appeal beyond the usual Democratic states and voters, or both.

At a lunch with journalists from USA TODAY and Gannett News Service, Vilsack struck themes meant to help him stand out in a group that includes Bayh, son of former senator Birch Bayh; former North Carolina senator John Edwards; and New Mexico Gov. Bill Richardson, a former Energy secretary.

Vilsack described his "interesting" childhood as an orphan adopted by a woman who was an alcoholic. She used to disappear into the attic for weeks to drink, he said, and he'd hear the liquor bottles hit the floor above his bedroom.

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"You don't have the notion that tomorrow is necessarily going to be brighter than today," he said. "I wouldn't want youngsters to go through what I went through."

Vilsack said energy security is a cause "with extraordinary opportunity to unite this country." Benefits from conservation and new energy sources, he said, would include a more innovative economy; fewer cases of asthma; reduced reliance on hostile sources of foreign oil; a smaller trade deficit; and a chance to "reclaim the moral high ground" on global warming.

In Iowa, Vilsack said, tax credits have led to increased sales of ethanol, new ethanol production facilities and new jobs. He said Iowa would be the first state to have a biorefinery when it opens in 2009. He also said two manufacturers of turbines and blades for wind power have decided to locate in Iowa.

It's unclear how Vilsack's bid will affects the Iowa caucuses, which launch the nominating season. Other Democrats skipped them when Iowa Sen. Tom Harkin ran in 1992.

Bayh isn't ceding Iowa to anyone. He's been there 10 times this year, most recently on Monday. He's also competing hard for money. He has $10.7 million he can transfer from his Senate account to his new exploratory committee.

Vilsack Back Of Pack, But On Track (WT)

By Eric Pfeiffer

The Washington Times, December 6, 2006

Iowa Gov. Tom Vilsack said he doesn't fear any of his fellow Democrats considering a run for president in 2008 and is happy to run as an underdog, even in his home state's important caucus.

"I respect everyone who is running," Mr. Vilsack said. "but I don't fear anyone."

Last week, he became the first to officially announce his candidacy for the Democrats' 2008 presidential nomination.

In a meeting with reporters in Washington yesterday, however, the governor most frequently returned to criticism of Sen. John McCain and the Arizona Republican's call for increasing troop levels in Iraq.

"I don't believe he's exercised particularly good judgment," Mr. Vilsack said.

Mr. Vilsack was in Washington to work on his presidential campaign and meet with reporters. Afterward, he traveled to New York to attend a campaign fundraiser.

The two-term governor, who is retiring from his post in January, also questioned Mr. McCain's credentials as a White House contender. "He has never been a governor. He's never had to make specific decisions."

A poll released yesterday by Rasmussen Reports shows Mr. McCain leading Sen. Hillary Rodham Clinton, New York Democrat, in a potential White House match-up, 48 percent to 44 percent. Most polls show Mr. Vilsack near the back of the pack of potential Democratic candidates.

"I've always been the underdog," he said.

When asked what plan for Iraq he'd favor as commander in chief, Mr. Vilsack said U.S. forces should redeploy from Baghdad and the more contentious southern regions of the country to the northern region, which has experienced less violence.

"We've given them this opportunity," he said, citing the ouster of Saddam Hussein. "It's a little bit of tough love."

In response to concerns that a redeployment would embolden insurgent and terrorist forces, Mr. Vilsack said, "If there's a bloodbath, how much different is that from the situation today?"

Later, he bristled when asked if, in hindsight, he still would have supported removing Saddam from power. "Tell me why this is important?" he asked. "I was reading three newspapers and watching [local TV] news. I don't know that I had sufficient information and knowledge to make that decision."

Mr. Vilsack estimates he will need to raise between $20 million and $40 million in order to compete with Mrs. Clinton and other Democrats in the primaries. He also rejected suggestions that a primary victory in his home state would have less than its usual significance.

"Whoever wins Iowa wins Iowa," he said. "I expect to win Iowa."

Mr. Vilsack also said that he would run on a record of success and competence he thinks will be important to voters. "We've turned a red state blue," he said of his eight years in office.

Mr. Vilsack described his tenure as that of a centrist executive with a record that included tax cuts and improved employment numbers. He said that record, along with his connections to rural America, make him an appealing candidate for western and "small town" voters.

Hillary Clinton's Early Moves (WP)

By Dan Balz And Chris Cillizza

The Washington Post, December 6, 2006

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Sen. Hillary Rodham Clinton (D-N.Y.) is taking a series of concrete steps toward a likely campaign for president in 2008, settling on key members of her campaign team, recruiting potential new additions to her staff, and calling Democratic activists in states with early primaries and caucuses.

No final decision on running is expected before the end of the year, according to sources knowledgeable about her thinking, as Clinton works methodically through a checklist of preparatory steps. But she and her inner circle are already ramping up for what could be a history-making bid for the White House.

The latest move is the choice of longtime adviser Patti Solis Doyle as campaign manager. That follows the recent recruitment of three seasoned political operatives who, if she runs, would play key roles on what is now a rapidly expanding Clinton campaign organization.

The three are Jonathan Mantz, who has been working for New Jersey Gov. Jon S. Corzine (D), as finance director; Phil Singer, who was communications director for the Democratic Senatorial Campaign Committee, as a communications strategist; and Karen Hicks, who ran former Vermont governor Howard Dean's New Hampshire operation in 2004, to oversee organizing, particularly in the early states.

Clinton is operating on a model she used before she decided to run for the Senate in 2000. "If you want to understand the process she is going through now, you need only look at the process she went through in 1999," said Clinton spokesman Howard Wolfson. "In that race, she reached out to elected officials, to potential donors [and] to policy experts and had lengthy serious meetings about whether she should run, the issues before the country, [and] what a campaign would look like."

In this case, her first step was to secure her New York political base, reaching out to the state's elected officials, including Gov.-elect Eliot L. Spitzer, labor leaders and prominent African Americans and Hispanics. Most of that activity took place last week.

This week's schedule includes phone calls to Iowa, New Hampshire, Nevada and South Carolina, the four states with the earliest contests in 2008. Other prospective candidates have made numerous trips to the early states, but Clinton avoided such travel during her reelection campaign this year -- even forbidding her advisers to begin discussions around the country on a possible campaign.

"She's obviously very knowledgeable already," said JoDee Winterhof, a former chief of staff of Iowa Sen. Tom Harkin (D), who spoke with Clinton yesterday. "We had a good talk about how to run a campaign there. . . . She understands that this will take a significant amount of hard work and campaigning and getting to know Iowans more up close and personal."

Aides expect that, in addition to the phone calls, Clinton will hold a series of meetings in Washington with state activists and others as she nears a final decision. This morning she is scheduled to have breakfast with Harkin in Washington. Harkin is publicly committed to supporting the candidacy of Iowa Gov. Tom Vilsack (D), but he said he and other Democrats in the state want the process there to be "fair and open."

Clinton has also spoken with former senator Bob Kerrey (D-Neb.), who ran against her husband, Bill Clinton, for the Democratic nomination in 1992. Kerrey is now president of the New School, a university in New York. He would not discuss the nature of that conversation.

Some Clinton advisers view the activities of other prospective Democratic candidates, particularly the mushrooming interest around Illinois Sen. Barack Obama, as a spur to the New York senator to accelerate her timetable. Others say she will not be hurried into a decision until she has completed her soundings and preparations. "She's going to do this at her own pace, and what anyone else does is not going to affect her decision-making," said Lorraine Voles, her Senate communications director.

But her presidential campaign preparations will be done on a far more compressed timetable than her decision to run for the Senate, made when she was first lady and living in the White House.

"It was a much longer process in 1999," said one Democratic strategist. "There she was not at all sure-of-foot politically. She had the carpetbagger aspect to deal with. She had no understanding of the intricacies of New York politics. So it took her a much longer time. Here there's not the luxury of a lot of time. This is a very fast-moving situation."

Clinton advisers also recognize that they must move swiftly to recruit new staff members, in part because of competition from other candidates for operatives to manage key states, to fill communications assignments and to provide the support and assistance necessary to manage an enterprise the size of a presidential campaign. This "talent primary" is seen by her advisers as critically important to her success.

The second early challenge is fundraising. Clinton spent much of the past two years using her Senate reelection campaign to build a national fundraising infrastructure to support such a candidacy. Through mid-October, Clinton had spent $36 million on her reelection race, which she went on to win with 67 percent of the vote. A large portion of those expenditures went into an extensive direct-mail program aimed at beefing up Clinton's small-dollar donor lists.

Clinton advisers are also beginning to prepare for her first travels to states such as Iowa and New Hampshire as a prospective candidate, although there is no timetable for such appearances.

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Jerry Crawford, a prominent Iowa Democrat and Vilsack supporter, said yesterday that he and Clinton traded voice-mail messages during the past two days. He said that she and her staff have been "very respectful" toward Vilsack and his candidacy. But he added: "It's clear she's looking to come to Iowa, and it seems clear she's giving serious consideration competing in Iowa."

Speculation Rife Over Hillary Bid (WT)

By Charles Hurt

The Washington Times, December 6, 2006

Speculation about the presidential plans of Sen. Hillary Rodham Clinton has reached a fevered pitch this week as newspapers and Web sites scramble to be the first with the big headline that the former first lady will run.

"I'm In," blared the front page of yesterday's New York Post. "Hill 'really going' for prez run."

The Des Moines Register, always a close observer of presidential nominating contests, went microscopic with its own "exclusive" on its Web site Monday: "Hillary Clinton begins calling Iowa Democrats."

Throughout the weekend, the Drudge Report had rolling exclamation-punctuated headlines: "She is thinking about it," "She Is" and "Hello, Iowa."

Certainly, said a spokeswoman for Mrs. Clinton, the New York senator is actively weighing whether to run for president in 2008.

"After her election, she said she was going to look at this," Lorraine Voles, Mrs. Clinton's communications director, said yesterday. "As part of that process, she has been making some phone calls."

After calling friends and supporters around New York, she also called a handful of key Democrats in Iowa, which will host the first caucuses of the Democratic primary in 13 months. She has not, however, made plans to travel to Iowa, Ms. Voles said.

Mrs. Clinton's moves come after several other Democrats have sent signals in recent days that they are either running for the nomination or seriously considering it.

Iowa Gov. Tom Vilsack last week announced that he would run. Indiana Sen. Evan Bayh filed papers yesterday to officially create a presidential exploratory committee.

"I will talk to my family over the holidays and make a final decision and an announcement after the first of the year," Mr. Bayh said.

And former vice presidential nominee John Edwards continues to heavily court Iowa voters and hire political staff.

In June, a Des Moines Register poll found that among likely caucusgoers, Mr. Edwards led the pack of likely candidates with 30 percent. Mrs. Clinton trailed slightly with 26 percent. Sen. John Kerry, the Massachusetts Democrat who was the 2004 nominee, took third with 12 percent, and Mr. Vilsack won 10 percent.

In addition to reaching out to Democrats in New York and Iowa, Mrs. Clinton also has hired some new political staff recently. She's brought on board Phil Singer, who is just off a major victory, working for the Democratic Senatorial Campaign Committee (DSCC). Mrs. Clinton also has hired Karen Hicks, who served as Democratic National Committee Chairman Howard Dean's New Hampshire field organizer when he ran for the Democratic nomination in 2004. Also, she's picked up national finance director Jonathan Mantz, a well-regarded operative who has worked for the DSCC and the Democratic Congressional Campaign Committee.

But, as she has throughout her six years on Capitol Hill, Mrs. Clinton isn't taking anyone in her adopted home state for granted. Among those she called this week was Rep. Joseph Crowley, New York Democrat.

"I don't think she ever outright said it, but there's no doubt in my mind that she's going to run," he said. "It was a very exciting and exhilarating conversation. I don't know how often it happens in a lifetime when someone calls you up and says, 'I want you to know I'm doing this and I want your support.' "

· This article is based in part on wire-service reports.

Hillary Can Win But Mustn't (HILL)

By Dick Morris

The Hill, December 6, 2006

Now that Hillary has dropped the coy pretense of indecision that she used to justify her reelection to a Senate seat she no longer wants and has told friends that she plans to run for president, two questions present themselves: Can she win? And what kind of a president would she be?

She definitely can win … and probably will. She is uniquely able to expand the electorate to bring in millions of women, mostly single, who will vote overwhelmingly for a female Democrat. The feminization of poverty, long decried by the left, will finally lead unmarried women to show up at the polling place and vote their short-term economic interest and vindicate their

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gender bias. In 2000, only 19 million single women voted. By 2004, their turnout rose to 27 million. With Hillary in the race, the single-female vote will probably go up to its proper ratio of the adult population — 33 million votes.

Can white men outvote single women? Despite the intensity with which white men tend to oppose Hillary, they can't vote twice.

The enthusiasm that will grip many Americans — women in particular — at the cultural implications of a woman president will probably sweep through the primaries and cause many to overlook Hillary's flaws and dismiss her defects. The generic of a woman candidate will prove so attractive that millions of voters will overcome their objections to the specific person who is running.

Her mastery of the establishment of the Democratic Party, her vast lead among ex-officio delegates — many of whom have received campaign contributions from her coffers — and the celebrity draw of her ex-president husband will prove hard for a mere mortal to overcome.

But should she win? No way!

Those who know both Hillary and Bill well and are willing to speak frankly in public realize the fundamental differences between the two and grasp how his abilities are the counterpoints to her defects.

He is intensely creative, constantly turning issues over in his mind seeking new solutions. She rarely has a new idea but specializes in advocacy — the rote recitation of talking points.

He has an instinctual feel for people and an uncanny ability to read a room and know what everyone in it is thinking. She is obtuse in her understanding of people and ham-handed in her approach.

He cares deeply about being loved. She seeks popularity as a means to the goal of getting elected but otherwise marches to the beat of her inner, liberal drummer.

He distrusts ideology, and his innate perfectionism finds all belief systems flawed. She swallows the ideological line of the guru du jour hook, line and sinker. During the healthcare years, it was Ira Magaziner who pushed her buttons. When she decided to back the Iraq War, it was the generals who paraded before her committee. She is vulnerable to a cultish adoration of the guys with all the answers.

He lets the give and take of politics wash off his back. A critic is a potential convert whom he hopes to charm over to his side. She has a rigidly dichotomized view of friends and enemies, demanding total loyalty and public silence from the former and maintaining a ruthless determination to destroy the latter. She is a Democratic Nixon to those whom she perceives as her enemies.

He is a moderate by instinct, seeking incremental change. She devotedly and deeply believes in a European-style socialism in which government takes much more of our national income and offers a far wider array of services and benefits.

He'll raise taxes when he has to. She'll increase them just to redistribute income.

He's most like Eisenhower, Kennedy and Bush Sr. — feeling his way, acting with caution, and skeptical of all advice. She is more like LBJ, Nixon or Bush Jr. — determined to charge ahead and do what she thinks needs to be done, the torpedoes be damned.

And finally, he knows who he is and, except for his private shortcomings, is not ashamed to let it show. She constantly seeks to reinvent herself and rigidly maintains an almost totally inaccurate image in public of what she is really like in private. He has little discipline. Hers is iron. His caution is innate. Hers is a learned response to what happens when people see who she really is.

He made a very good domestic-policy president. She would be a disaster at home and abroad.

Mom's A Maverick, Too (RC)

By Mary Ann Akers

Roll Call, December 6, 2006

The most popular guest at Sen. John McCain's (R-Ariz.) bustling media-and-money holiday party Monday night wound up in the hospital. Roberta McCain, the Senator's 94-year-old mother, fell as she was walking out of the star-studded bash at the Corcoran Gallery of Art and injured her hip.

After driving herself (as usual) to the party and hobnobbing for two hours with her fans in the media and supporters and guests of her son, the fiercely independent Mrs. McCain took a tumble on the front steps of the Corcoran as she was walking to her car.

Luckily, some friends who had just gotten in their car spotted the elegant lady in red and rushed to her aid. They drove her to the Naval Medical Center in Bethesda, Md., where doctors discovered she had a "hairline fracture below the joint," according to a senior McCain aide.

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At press time, the slight fracture did not look like it would require surgery, the McCain aide told us. It was unclear when Mrs. McCain would be released from the hospital, where she spent Monday and Tuesday nights.

We hear the Senator — as much as he could ever possibly "make" his spitfire mom do anything — is going to strongly encourage her to come spend a few weeks in Arizona with him and his wife, Cindy.

We wish him luck. Because, if this is any indication of who's the boss in that mother-son relationship, Mrs. McCain firmly told the Senator and would-be president to "turn around and go home" during a phone conversation as he headed up to the hospital after hearing the news and leaving his party early.

And yes, you guessed it, he followed Mom's orders.

More Straight Talk. McCain's bash, paid for by his Straight Talk America political action committee, sure looked like a dry run for potential future White House Christmas parties.

Complete with an orchestra, flashbulb-splashed red carpets, a receiving line, catered gourmet food and two full open bars — and conspicuously located across the street from the Old Executive Office Building — the party drew an A-list of the media and politicos. Guests instinctively formed a receiving line to greet McCain and get a photo. (Even McCain's mother stood in the long line with others until CNN's Judy Woodruff politely said, "Mrs. McCain, you don't have to stand in this line!")

Notable primary- and caucus-state Senators who attended the bash: John Sununu (R-N.H.) and Lindsey Graham (R-S.C.), who reiterated his devotion to McCain's probable presidential bid while Sununu continued to play coy.

McCain's party at the Corcoran conveniently fell on the same night as the White House Congressional holiday party, which, of course, drew plenty of star power from 1600 Pennsylvania Ave., where, by the way, defeated House Resources Chairman Richard Pombo (R-Calif.) and ousted Sen. Conrad Burns (R-Mont.) were seen dancing with their wives to Kool & the Gang's "Celebration."

Nothing that zany at McCain's party. Just GOP Sens. Trent Lott (Miss.), Richard Burr (N.C.), Saxby Chambliss (Ga.) and Mel Martinez (Fla.) working a crowd that included former GOP Sens. Phil Gramm (Texas) and Peter Fitzgerald (Ill.).

Other Members included hair-of-their-chinny-chin-chinners Reps. Tom Reynolds (N.Y.), chairman of the National Republican Congressional Committee, and Christopher Shays (Conn.). The only Democrat we saw: Rep. Mark Udall of Colorado. Outgoing Republican National Committee Chairman Ken Mehlman was there, as was Homeland Security Adviser Frances Townsend, among many, many others.

The Royal Rep. Sabo. In one of those times when it pays to have a really cool middle name, retiring Rep. Martin Olav Sabo (D-Minn.) last night was slated to be tapped Commander of the Royal Norwegian Order of Merit.

The coronation was appointed by His Majesty King Harald V of Norway, though the king himself was not expected to attend last night's ceremony at the residence of Norwegian Ambassador Knut Vollebaek and his wife, Ellen.

The order came as a complete surprise for Sabo, who was expecting only to attend a dinner at the ambassador's house. He received the honor for his "outstanding work for Norwegian-American relations over many years."

Sabo, whose parents both immigrated to the United States from Norway, co-founded the Friends of Norway Caucus in the House, which now has more than 50 members. "Sabo" actually means "farm by the sea" in Norwegian.

Members who were expected to attend the ceremony last night included Sens. Mark Dayton (D-Minn.), Kent Conrad (D-N.D.) and Byron Dorgan (D-N.D.), as well as Reps. Rick Larsen (D-Wash.), James Oberstar (D-Minn.), David Obey (D-Wis.), Dale Kildee (D-Mich.) and Hal Rogers (R-Ky.).

Expected on the menu Tuesday night: What else? Lutefisk.

Cry Baby. As Tom Kahn acquires the word "majority" in his title after spending 11 years as minority staff director of the House Budget Committee, his whole world changes with him. He doesn't just have a new job, he has a new baby to boot.

Benjamin Eugene Kahn was born late on Nov. 21, weighing 8 pounds, 11 ounces. Baby Ben is the first child for Kahn and his wife, Susana Sanchez, an economist at the World Bank.

You might think a new father isn't getting much rest. But so far, Kahn says he's been sleeping like a baby. "I wake up every two hours and I cry!"

Anticorruption Whistle-blower Takes Alaska's Top Job (CSM)

By Yereth Rosen

Christian Science Monitor, December 6, 2006

ANCHORAGE, ALASKA

Sarah Palin has toppled two giants.

The former mayor of Wasilla, a rapidly growing bedroom burg north of Anchorage, crushed Gov. Frank Murkowski in the Republican gubernatorial primary. Then in the general election she defeated former Democratic Gov. Tony Knowles, a political veteran who was seeking a return to the office he held for two terms.

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Monday at her swearing-in in Fairbanks, she simultaneously became Alaska's first female governor, Alaska's youngest governor, and the state's only beauty-queen-turned-chief-executive.

Not bad for a suburban mother of four with a relatively thin résumé that critics claimed marked her as a lightweight. Not only that, she won during an election in which Republicans in general lost big, including at governors' mansions. The party dropped six states, leaving Republicans in control of just 22 governor's seats. Governor Palin is one of three female Republicans to be running a state.

Her victory stems partly from the fact that her campaign bore little connection to the rest of the US. "It was a revolt within the Republican Party against the leadership of the party and the sitting governor," says Gerald McBeath, a political scientist at the University of Alaska in Fairbanks.

A one-time "Miss Wasilla" and a former high school basketball star, Palin turned her relative lack of political experience into an asset. She presented, according to campaign slogans, a "fresh face" offering "new energy for Alaska." That resonated with an electorate that was in a decidedly antiestablishment, anti-incumbent mood.

"This is a good, healthy position Alaskans are in to have a person who's truly an independent. Perhaps we've lacked that in the past," said Palin in an interview.

She is a self-described "hard-core conservative" who opposes abortion and gay marriage, looks favorably on teaching creationism in public schools, and considers the Republican platform "the right agenda for Alaska." Nonetheless, Palin says she sees her victory as part of the national antiestablishment wave that resulted in Democratic control of Congress. She has pledged to run a nonpartisan administration, but sees herself as being on a housecleaning mission, with her own party as a target.

"I am convinced that Alaskans want positive change, and I've taken that to mean in the party itself," she says. Tougher on Big Oil

High on her priority list is a plan to take a tougher line with the oil industry, which she says has been "making mind-boggling profits" from Alaska's resources.

"The oil companies, the executives, are doing exactly what they're supposed to do. You take as much as possible and leave as little as possible behind," she says. The governor needs to ensure that the citizens get as much benefit as possible, "which includes more than just looking out for the bottom line."

Also a top priority, she says, is restoring a sense of ethics to a state where citizens are weary of government scandals.

Palin gained much of her prominence as a whistle-blower. After she was appointed by Governor Murkowski to the Alaska Oil and Gas Conservation Commission, she started bucking the Republican Party leadership over ethics lapses. She blew the whistle on state GOP Chairman Randy Ruedrich when he was a fellow oil and gas commissioner. In 2003, he was forced to resign his regulatory post and pay a record $12,000 fine. She and a Democratic state lawmaker filed an ethics complaint against the state attorney general, Gregg Renkes, who resigned under fire.

"The Randy Ruedrich thing was a huge deal. I think that's when her popularity really started to increase," says Ivan Moore, an Anchorage-based pollster who generally works for Democrats.

Although she campaigned for Murkowski in 2002, she became his consistent critic after he was elected. She was outspoken about the financial deal he negotiated with the three major oil producers for a $20 billion natural-gas pipeline. She and others derided the deal - never ratified by the legislature - as a giveaway to the oil industry.

Palin has paid a price for her outspokenness. Mr. Ruedrich, still party chairman, seldom talks to her, and the state party gave her no money during the general election. Criticized as a 'lightweight'

During the campaign, opponents criticized her for being vague on the issues, and one even took a jab at her intelligence. "I don't hear an answer to my question, so I'm going to repeat it to you, and I'll say it slower," independent Andrew Halcro told her during one debate.

Palin says she has faced the "lightweight" charge before. She was greeted with similar skepticism when, at 32, she was elected mayor of Wasilla. During her tenure, she sometimes worked with an infant daughter asleep under her desk in a car seat.

But voters this year welcomed her outsider status as a former "hockey mom" who spent part of each summer working as a commercial fisherman in Bristol Bay. That stood in sharp contrast to both Murkowski, who served as a US senator for 22 years before becoming governor, and Mr. Knowles, who served two terms in Palin's new job.

A Public Servant To The Last (WP)

By Elizabeth Williamson

The Washington Post, December 6, 2006

In 1961, Ed McGaffigan Jr. was a seventh-grader from Boston watching the inauguration on television when a president told him to ask what he could do for his country.

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The son of an Irish immigrant laborer, McGaffigan had a ready answer, as did many of his generation: He could work for his country.

That inspired a three-decade career that included stints at the State Department, the White House, the U.S. Embassy in Moscow, Capitol Hill and the Nuclear Regulatory Commission, where last month McGaffigan became the agency's longest-serving commissioner.

McGaffigan, who turns 58 on Friday, would normally have many more years of service ahead. Instead, he is fighting an illness that threatens to vanquish him, and he is taking on one last assignment: closing his career in a way that inspires others to consider public service.

"I do what I do out of a deep sense of appreciation for the opportunities that this country gives people like my father and me," he said. "I'm proud to have been there, and proud to serve with a bunch of people as dedicated as I am.

"I hope there's another generation."

One recent rainy morning, McGaffigan, a physicist with thick gray hair and a runner's build, took his place at the front of the NRC's conference room for a celebration of his career. A line of masking tape on the carpet showed him where to stand, and he placed the toes of his shoes precisely on it.

There were jokes, gifts and tributes. "He can quote the most obscure regulations and give exact details on how they were written," said fellow commissioner Pete Lyons. He presented McGaffigan, a serial marathoner, with a specially produced audiobook to listen to while he runs: a recitation of 10 CFR 3240, "tests required for tritium-powered auto lock illuminators," a reg so obscure it stumped even McGaffigan.

Then it was McGaffigan's turn. "As long as I'm here," he said, "I'm going to be dedicated to making you all improve."

He wept a little. But he did not take his shoes off the tape.

McGaffigan was the first in his family to attend college, earning a physics degree, with honors, from Harvard, and master's degrees from the California Institute of Technology and Harvard's Kennedy School of Government. Since his education was underwritten by taxpayers, he decided, he said, to give them the benefit of the technical expertise they paid for.

While at Cal Tech, he took the foreign service exam, and in 1976 he joined the State Department. During that time, he served in the White House Office of Science and Technology Policy, overseeing international scientific programs, and worked for two years in the U.S. Embassy in Moscow, reporting on science, technology and atomic energy.

"I'm sort of an omnivore when it comes to scientific knowledge," he said. "That gave me an advantage."

In 1982, he married Peggy Weeks, whom he met through a friend. Through his former boss at State, Kennedy School professor Joseph Nye, he met Sen. Jeff Bingaman (D-N.M.), and for the next 14 years he advised the senator in his work on the Senate Armed Services Committee.

The McGaffigans had a son, Edward, in 1984, and a daughter, Margaret, two years later. Soon after, Peggy McGaffigan developed Huntington's disease, a degenerative disease of the nervous system. Bingaman reduced McGaffigan's workload, giving him time to care for his wife and children.

"He was always very organized, always making lists," said Margaret, who goes by Meggy. Grocery lists, family appointments, the annotated Christmas shopping list his children found -- for a decade, his reams of routine have kept his household on task.

Meggy McGaffigan, a physics student, has begun an internship at the NRC, where, at least for a time, she'll work alongside her father.

"He's always told me and my brother that we can do what we want" as a career, she said. But it has been her father's dedication to public service "that kind of makes you wonder if that's something that we want to do."

Her father hopes other young idealists follow his path.

"With Kennedy, serving government was a noble cause," he said. "Now Republicans and Democrats alike bash government when it serves their purpose.

"We are going to need a massive influx of young people. The answer is not contracts." Outsourcing the work of government technicians, he said, means "there are agencies where they can't do the calculations themselves any more. "

When McGaffigan was appointed to the NRC in 1996, his government experience helped the commission unravel a tangle of poor policies "one by one."

Today, he says, the NRC is "much more efficient, much more timely, more fair I believe and more transparent." At the height of this effort, in 1999, McGaffigan was diagnosed with melanoma and underwent extensive surgery. The following year, Peggy McGaffigan died. The day after her funeral, Ed McGaffigan was testifying on the Hill. "What we do is we go on," he said. "It's part of the duty thing."

Throughout his illness, McGaffigan has rarely spent more than a few days off the job.

"The odds are very, very stacked against me," he said. "But I'm going to remain commissioner as long as I'm of use."

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Jeff Sharkey, McGaffigan's chief of staff, calls his boss "one of my heroes."

"He invests his entire character in this mission," he said, pausing to compose himself. "You want to do your very best for him."

A few weeks ago, McGaffigan asked his staff to help him write his obituary.

Filled with detailed instructions and proud anecdotes, "it shows what's important to him," Sharkey said. "He continues to be someone who shows others the way, . . . how to deal with things honorably, with grace and with dignity."

Today, Ed McGaffigan and his daughter will drive together to work. He's showing her the ropes, because too soon, Meggy McGaffigan will be working there alone.

"It's one of those things that goes unsaid," she said. Anyway, she knows what her father would tell her.

"Just go on to work like any other day," she said. "Just go on."

Potential Employees Express Lukewarm Interest In Working For The Government (WP)

By Stephen Barr

The Washington Post, December 6, 2006

Many people the government wants as employees are interested in working for Uncle Sam, but they don't see the government as being as innovative and creative as the private sector, according to a Gallup survey released yesterday.

While survey respondents gave the government high marks on job security and compensation, only 3 percent said they see the government as more innovative and creative than the private sector, only 5 percent think it is better at recruiting the best and brightest, and only 6 percent viewed the government as providing a more competitive work environment.

The survey focused on young Americans from 18 to 29, known as Generation Y; professionals in such fields as engineering, law and the social sciences; and mid-career managers who work for nonprofit groups and in the private sector.

"The study makes a strong case that there is a significant disconnect to what targeted workers value in a job and the perception of what government offers compared to the private sector," said Patricia McGinnis, president of the nonprofit Council for Excellence in Government.

It is the latest in a series of efforts aimed at helping the government cope with a wave of baby-boom retirements predicted to set off a "war for talent" with the private sector. The government is particularly vulnerable because substantial numbers of federal employees are projected to retire in 2008 and 2009 and because many young Americans do not view the government as their employer of first choice.

Respondents said they understood the duties of many federal agencies but that those agencies didn't necessarily strike them as interesting places to work.

For example, most said they knew the "key responsibility" of the U.S. Postal Service, Internal Revenue Service and Social Security Administration, but that did not translate into interest. However, respondents found the Defense Department, NASA and the CIA interesting and were clear on their missions. Two agencies, the State Department and the National Science Foundation, got mixed results -- respondents said that they were interesting places to work but that they had relatively little awareness about their key responsibilities.

F. Warren Wright, a managing partner at the Gallup Organization, and Darby Miller Steiger, a senior research director for Gallup, presented the survey results at a breakfast forum sponsored by the Council for Excellence in Government and The Washington Post. The forum's audience included several dozen federal officials, including Linda M. Springer, director of the Office of Personnel Management, who said she planned to bring the survey to the attention of top federal management officials.

The findings were based on responses from 2,596 participants from Sept. 20 to Oct. 2. The council and Gallup plan to partner on more efforts to collect data and views on federal workforce issues, Wright said.

The survey offered some reassurance that the government should be able to tap into Generation Y. Thirty-four percent of Gen Y respondents reported an interest in working for the government, which Wright called "very positive." Steiger said the response suggested that perhaps as many as 15 million young Americans might have an interest in a federal career, more than enough to fill openings in the federal workforce.

Gen Y respondents said they value workplaces that provide intellectual stimulation and opportunities for growth and advancement. But 77 percent said the private sector does a better job of providing an innovative and creative workplace; 58 percent said it does better at hiring the best and brightest. Fifty-five percent said the private sector pays better than the government.

The survey also targeted a segment of the population that McGinnis dubbed "Government-Go-Gets" because their occupations are vital to the future federal workforce. This group consisted of scientists, engineers and computer science professionals and people who work in law, public policy and the social services.

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Thirty percent of the Gov-Go-Gets said they have an interest in working for the government, another encouraging response given that there will be "global competition" to hire from this group, Wright said.

Mary Cheney And Partner Are About To Be Moms (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, December 6, 2006

Mary Cheney, the vice president's openly gay daughter, is pregnant. She and her partner of 15 years, Heather Poe, are "ecstatic" about the baby, due in late spring, said a source close to the couple.

It's a baby boom for grandparents Dick and Lynne Cheney: Their older daughter, Elizabeth, went on leave as deputy assistant secretary of state before having her fifth child in July. "The vice president and Mrs. Cheney are looking forward with eager anticipation to the arrival of their sixth grandchild," spokesman Lea Anne McBride said last night.

Cheney, 37, was a key aide to her father during the 2004 reelection campaign and now is vice president for consumer advocacy at AOL. Poe, 45, a former park ranger, is renovating their Great Falls home.

News of the pregnancy will undoubtedly reignite the debate about gay marriage. During the campaign, Mary Cheney was criticized by gay activists for not being more publicly supportive of same-sex marriage. Her father said people "ought to be free to enter into any kind of relationship they want to" but deferred to the president's policy supporting a constitutional amendment banning same-sex marriages. Cheney herself called the proposed amendment "a gross affront to gays and lesbians everywhere" in her book, "Now It's My Turn: A Daughter's Chronicle of Political Life," which was published in May.

Cheney has described her relationship with Poe -- whom she took to last year's White House dinner honoring Prince Charles and Camilla-- as a marriage. The two met in 1988 while playing ice hockey and began dating four years later. They moved from Colorado to Virginia a year ago to be closer to Cheney's family. In an interview with the Post six months ago, when asked if she and Poe wanted children, Cheney said that was a "conversation I think I should have with Heather first."

In November, Virginia voters passed a state constitutional amendment banning gay marriage and civil unions; state law is unclear on whether Poe could have full legal rights as a parent of Cheney's child. The circumstances of the pregnancy will remain private, said the source close to the couple. This is the first child for both.

Baltimore's Channel 13, Preempted by Channel Faux

Poor Michael Richards. Seems people are willing to believe anything about him these days!

On at least two of its Monday evening news broadcasts, Baltimore's Channel 13 reported that the disgraced "Seinfeld" comic had apologized for yet another racial uproar, when he showed up in blackface at a celebrity roast for Whoopi Goldberg.

What, you didn't hear about that one? Yee-e-e-ah, well, see, that's probably because it's not true. A WJZ staffer ripped the story off the Web -- without realizing that the source, DatelineHollywood.com, is a purely satirical site, which invented the completely bogus item as a riff on Richards's real-life racist outburst at an L.A. comedy club last month.

"This was an error in judgment by one of our producers who did not follow our established policy," said station spokeswoman Liz Chuday. "She failed to verify a story from a publication we were not familiar with before it aired." The station caught the error in time to issue a correction by the 11 p.m. broadcast.

The producer missed some pretty obvious tipoffs-- like the line about Richards pouring Aunt Jemima pancake syrup over Goldberg's head. Also: The links to other "articles," including " Kid Rock Seeks Physical Custody of Pamela Anderson's Twins" and " Rupert Murdoch Found Dead Next to Bloody Glove."

"Get out!" laughed Dateline: Hollywood creator Ben Fritz when we told him his fake news made the real news. The former political writer -- a recent transplant from Adams Morgan to L.A. -- said this wasn't the first time the site's satire cut too close to the bone.

"Last year we had an article about how Pat Robertson said Katrina happened because they picked Ellen DeGeneres to host the Emmys."

No, of course he never said that, but "a lot of people thought that was real."

HEY, ISN'T THAT . . . ?

? Laura Bush doing some Christmas shopping at Brooks Brothers Saturday morning. The first lady and a handful of pals dropped by the Connecticut Avenue store, where she picked up (spoiler alert, Mr. President!) cashmere sweaters and socks -- just before D.C.'s tax-free shopping week came to a close.

? John McCain scarfing down a two-pound lobster. The former Navy pilot attended the Army-Navy game in Philly Saturday, then celebrated Navy's 26-14 victory at the Old Original Bookbinder's restaurant. Impressive, but still well short of the four-pound crustacean that GOP rival George Pataki tackled at the Palm earlier this fall.

? David Gregory buying a cartful of Jell-O pudding snacks in the Cleveland Park Giant on Sunday. The NBC White House correspondent's 4-year-old son knocked out a tooth on the playground, and his doting dad was loading up soft-food treats.

QUOTE

"I don't usually write speeches, because, well, probably I'm not good with dialogue. . . . I knew I was getting old. I didn't know I was going to be with the dinosaurs so soon. . . . You remember the Tin Man before he got his oil? That's me in the morning."

-- Sylvester Stallone, 60, presenting his "Rocky" boxing gloves, shorts, hat and shoes to the Smithsonian's National Museum of American History yesterday with a little bit of stand-up. Yo, take Adrian -- please!

U.S. Offers North Korea Aid For Dropping Nuclear Plans (NYT)

By Helene Cooper And David E. Sanger

New York Times, December 6, 2006

WASHINGTON, Dec. 5 — The United States has offered a detailed package of economic and energy assistance in exchange for North Korea's giving up nuclear weapons and technology, American officials said Tuesday.

But the offer, made last week during two days of intense talks in Beijing, would hinge on North Korea's agreeing to begin dismantling some of the equipment it is using to expand its nuclear arsenal, even before returning to negotiations.

It is unclear whether North Korea will accept the offer, which is more specific — in both the details and the timing — than a vaguely worded statement of principles that the North signed in September 2005, a year before its first nuclear test.

The combination of incentives and demands was the focal point of three-way meetings on Nov. 28 and 29 involving Assistant Secretary of State Christopher R. Hill; North Korea's vice foreign minister, Kim Kye-gwan; and Chinese officials at the Diaoyutai State Guesthouse in Beijing. The incentives offered by the United States include food aid from the United States, Japan and South Korea, a senior administration official said.

The offer is significant because the administration has resisted making clear to North Korea exactly what kind of aid it would receive if it agreed to begin taking apart facilities like the plutonium reprocessing facility that turns spent fuel into weapons, and to provide a list of all its nuclear facilities. Hawks in the administration, particularly in Vice President Dick Cheney's office, have long opposed what they call "rewarding" North Korea for its nuclear test.

But State Department officials have argued that while the argument has gone on in Washington, the North has produced fuel for six or more weapons. They say the only successful strategy will be one that results in the beginning of dismantlement.

The incentives package also includes a pledge by the United States to work with North Korea toward finding a way to end the financial restrictions placed last year on a Macao bank, Banco Delta Asia, that was a main hub of the North's international financial transactions. The Bush administration accused Banco Delta Asia of helping North Korea to launder money from drug smuggling and other illicit activities and to pass counterfeit $100 bills manufactured by the North's government.

While the United States remains unwilling to lift the sanctions until the counterfeiting issue is resolved, a senior administration official said American officials had told the North Koreans they would work with them on the issue. "We would help them to help themselves," the official said. "We would expect them to come forward with what they know, and we'd work through the problem."

Describing the North Koreans' response to the entire package of incentives and demands, the official, who was in the room during the exchanges in Beijing, said: "They listened intently. They were clearly in a listening and probing mode, and they said they were glad to be hearing this from us."

The Beijing discussions took place in advance of planned six-country talks on the nuclear program. Diplomats from the other five countries — the United States, China, Japan, South Korea and Russia — are wary that the off-again, on-again talks risk irrelevancy; they began in 2003 and have yet to produce anything beyond the agreement in principle of dismantlement for eventual aid.

No date has been set for the official talks.

North Korea boycotted the six-party talks last year after the United States cracked down on Banco Delta Asia, and on Oct. 9, Pyongyang conducted a nuclear test. On Oct. 31, North Korea agreed to return to the six-party talks.

Since then, though, American officials have balked at scheduling a meeting until first receiving a commitment from the North to start dismantling the nuclear program.

World Powers Fail To Reach Iran Accord (AP)

By Angela Charlton

AP, December 6, 2006

Six world powers made "substantive progress" but failed to reach an accord Tuesday on a U.N. resolution to punish Iran for defying demands to halt its nuclear program, the French Foreign Ministry said after talks in Paris.

Tehran made a new threat of retaliation if the powers opted for sanctions.

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"We made substantive progress on the scope of the sanctions targeting proliferation-sensitive activities. There remain several outstanding issues, upon which we will reflect over the coming days," the French ministry said in a statement. "We are now close to a conclusion of this process."

The talks brought together diplomats from the United States, Britain, China, France and Russia — the permanent members of the U.N. Security Council — as well as Germany and a representative of EU foreign policy chief Javier Solana.

After months of diplomatic wrangling, the United States and France had hoped Tuesday's talks would produce a resolution imposing sanctions on Iran for defying an Aug. 31 U.N. deadline to halt uranium enrichment. Western powers accuse Iran of seeking nuclear bombs, while Tehran insists it only wants nuclear energy.

The five permanent U.N. Security Council members plus Germany remained split over key questions of visa bans and asset freezes for Iranians linked to nuclear development, which Russia is resisting, according to a top European diplomat who spoke on condition of anonymity because of the sensitivity of the talks.

The discussions now move to the United Nations in New York. The Americans and Europeans are pushing for a resolution by the end of the year.

"We are coming up to the time (when) the credibility of the U.N. is at stake," U.S. State Department spokesman Sean McCormack said in Washington before the Paris talks.

Meanwhile, Iranian President Mahmoud Ahmadinejad vowed Tuesday to stick by the nuclear program and issued a new threat to downgrade relations with the 25-nation EU if European negotiators opted for tough U.N. sanctions. He gave no details on how ties might be downgraded. The EU is Iran's biggest trading partner.

Illustrating the divisions that have tangled the negotiations, Russian Foreign Minister Sergey Lavrov said earlier Tuesday that imposing wide-ranging sanctions would be irresponsible.

"We believe that to impose these kind of sanctions would be ... disproportionate to the real situation. We will achieve the opposite results," Lavrov said in Brussels. "We believe this is wrong. We will work in a more responsible way."

Still, the high-ranking European diplomat said the Russians made some concessions at Tuesday's talks. The Russians agreed to a measure prohibiting financial transfers to "problematic" Iranians linked to nuclear or ballistic missile programs, the diplomat said.

Russia still opposes the broader asset freeze that the European players — Britain, France and Germany — proposed in a draft U.N. resolution presented in October, the diplomat said.

And the question of travel bans for those involved in Iran's nuclear and missile programs remains "blocked," he said. The Europeans and Americans support the bans and Russia opposes them.

The Russians also remain resistant to a measure expanding the powers of the International Atomic Energy Agency to monitor Iran's nuclear program, considering that a "provocation" to Iran, the diplomat said.

The draft resolution would exempt a nuclear power plant being built by the Russians at Bushehr in Iran, but not the nuclear fuel needed for the reactor. Russia wants to remove any mention of Bushehr.

Washington's patience appears to be wearing thin.

When asked earlier Tuesday when he expected Russia and China to join the others in supporting the resolution, the American participant in the discussions, Undersecretary of State Nicholas Burns, replied: "This afternoon would be a good time."

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Associated Press writers Slobodan Lekic and Jan Sliva in Brussels and Angela Doland in Paris contributed to this report.

No Deal On Iran Sanctions At Paris Talks (AFP)

AFP, December 6, 2006

Six world powers meeting in Paris said they had failed to agree what sanctions to impose over Iran's refusal to halt sensitive nuclear work, as diplomats said that Russia was blocking a deal.

Top diplomats from the five veto-wielding UN Security Council members -- Britain, China, France, Russia and the United States -- plus Germany and a European Union envoy, took part in the talks.

"We made substantive progress on the scope of the sanctions, targeting proliferation sensitive activities," the French foreign ministry, which hosted the meeting, said in a statement afterwards.

"We are now close to a conclusion of this process," it added, but said there were still "several outstanding issues".

"The next step will be in New York," it said, in a reference to the headquarters of the United Nations, without specifying when the next round of talks would take place.

The six powers are trying to agree what economic sanctions to impose on Iran for ignoring a UN deadline of August 31 to stop enriching uranium -- which outside powers fear could be used to make nuclear weapons.

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Moscow and Beijing -- who have strong economic interests in Iran -- have tried to water down a draft UN Security Council resolution drawn up by France, Britain and Germany, while Washington wants to beef the text up.

The European draft would bar trade with Iran in goods related to its nuclear and ballistic missile programs and impose financial and travel restrictions on persons and agencies involved.

According to diplomats in Paris, Russia -- though willing to back the trade ban -- is still opposed to sanctions being applied to individuals.

Russian Foreign Minister Sergei Lavrov said earlier Tuesday that Moscow would support a ban on shipments of sensitive goods but said broader sanctions would be counter-productive.

"We believe it is necessary to approve the proposal on forbidding deliveries of technology, material and services in the field of uranium enrichment, chemical processing of radioactive fuel, and heavy-water technology to Iran from abroad," he was quoted as saying by Ria Novosti news agency.

He criticised "our Western partners" for supporting the adoption of wide-reaching sanctions that are "not proportionate" to the monitoring capacity of the International Atomic Energy Agency.

"Such a wholesale approach to banning cooperation with Iran in various spheres will only exacerbate the situation," he said.

The meeting in the French capital came after Tehran warned it would take any attempt to thwart its nuclear programme as an "act of hostility".

In Tehran, President Mahmoud Ahmadinejad warned Europe that international action over Iran's nuclear programme could endanger relations with Tehran.

"If you (Europeans) continue making efforts to halt the progress of the Iranian nuclear programme and if you take any step against the Iranian nation's rights, either in propaganda or international bodies, the Islamic republic will consider this an act of hostility," Ahmadinejad said in a speech.

"And if you continue with this, the Iranian nation will revise the direction of its path and its plans related to you," he said.

The six powers suspect Iran of trying to develop nuclear weapons under cover of a civilian power generation programme -- which Tehran strongly denies.

On Sunday, Israel approved the creation of a new ministry for strategic affairs, mainly to deal with Iran's nuclear ambitions.

Iran Tells Arabs To Oust U.S. (WT/AP)

By Jim Krane

The Washington Times, December 6, 2006

DUBAI, United Arab Emirates -- Iran's top national security official urged Arabs yesterday to expel the U.S. military from bases in the region and instead join Tehran in a regional security alliance.

The offer was a strong sign of Iran's rising assertiveness in its contest with the United States for influence in the region.

Persian Gulf countries, suspicious of Iran's intentions, are unlikely to respond to the call and push out the U.S. military or end U.S. security deals they view as offering them an umbrella of protection, many here said.

But smaller countries, such as Kuwait, do have to tread a fine line of not antagonizing either Washington or Tehran. Some Gulf countries refused to participate in recent U.S. Navy maneuvers in the Gulf so as not to offend Iran.

Iran's top national security official, Ali Larijani, apparently aimed to allay Arab concerns and raise suspicion about U.S. intentions in his speech yesterday. He told Arab business leaders and political analysts that Washington is indifferent to their interests and will cast them aside when they are no longer useful.

"The security and stability of the region needs to be attained and we should do it inside the region, not through bringing in foreign forces," Mr. Larijani said. "We should stand on our own feet."

Such words are a direct rejection by Iran of the "notion that it can be contained," said Vali Nasr, an Iran specialist with the New York-based Council on Foreign Relations, who attended the conference.

Speakers at the Arab Strategy Forum said they think Iran's rising clout came as a direct result of the faltering U.S. policy in Iraq that has put Iran's Shi'ite allies in control of the government in Baghdad.

Mr. Larijani's proposal outlines what analysts here describe as an attempt to split the Arab world into two camps: a U.S.-Israeli-Arab coalition that seeks to contain Iran and an anti-American, anti-Israeli alliance led by Iran.

Iranian President Mahmoud Ahmadinejad has called for wiping Israel off the map and expressed doubts about the Holocaust. Yesterday, Iran's foreign ministry said it will hold a two-day international conference next week on the Holocaust to examine the event without any "preconceived ideas."

Most Arab governments remain firm U.S. allies, but Persian Iran's tough stance against Israel and the West has broad grass-roots appeal.

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Saudi Arabia, Bahrain and other Sunni-dominated countries have expressed misgivings about the growing influence of Iran's Shi'ite-dominated government, which in the 1980s sought to export its Islamic revolution and topple neighboring governments.

"Nobody is asking the Americans to pack up and leave," said Abdulkhaleq Abdulla, a Dubai-based political analyst. "There are vital American interests here, and the smaller Arab countries need protection."

Mr. Larijani expressed annoyance at Arab fears about Iranian intentions, saying Iran and its Sunni-dominated neighbors have more in common with each other than with the United States or Israel.

He assured Arab leaders that Iran seeks "peaceful coexistence" and could replace the security umbrella of U.S. bases in the region.

Iran Invites Scholars To Assess Holocaust As History Or Fiction (NYT)

By Nazila Fathi

The New York Times, December 6, 2006

TEHRAN, Dec. 5 — The Iranian authorities, who have frequently accused the Jews of distorting history to legitimize Israel, announced plans on Tuesday for an international conference on the Holocaust.

They said the conference, to be held in Tehran next Monday and Tuesday, would include more than 60 scholars from 30 countries and would examine a range of issues, including whether the gas chambers were actually used.

Iran's president, Mahmoud Ahmadinejad, stirred outrage in the West last year when he stated on several occasions that the Holocaust, in which six million Jews perished at the hands of the Nazis, was either greatly exaggerated or an outright myth. He also called more than once for Israel to be wiped off the map.

Deputy Foreign Minister Manouchehr Mohammadi said at a news conference here that the seminar flowed from Mr. Ahmadinejad's comments.

Beyond questioning the Holocaust, Mr. Ahmadinejad has said the Jews have used it as a propaganda tool to promote Israel's interests. Since several European countries make Holocaust denial a crime, he says scholars there are not free to do honest research on the subject.

Mr. Mohammadi said the conference would "provide the opportunity for scholars from both sides to give their papers in freedom and without preconceived ideas." He refused to give the names of the 67 scholars invited to attend the seminar out of fear that their countries would prohibit them from coming.

The conference does not mean that Iran "denies the crimes of Hitler," he added. "Since we are not accused and responsible for the Holocaust, we are an impartial judge."

The Foreign Ministry is sponsoring the event though its Institute for Political and International Studies, whose Web site says, "The word 'Holocaust,' which entered the political literature during the Second World War, turned into one of the most important propaganda tools used to politically justify the support for the Jewish People in the 20th century."

It invited participants to submit their papers on a range of nearly 30 subjects including the nature of anti-Semitism, Jews in Iran and Islam, Zionism, gas chambers, freedom of speech and how the law treats those who deny the Holocaust.

Mr. Mohammadi dismissed the notion that the seminar could promote anti-Semitism, saying anti-Semitism was a Western phenomenon. The proof for that, he said, was Iran's community of 25,000 Jews.

The announcement came as foreign ministers of the permanent members of the United Nations Security Council — Britain, France, China, Russia and the United States — plus Germany met in France to discuss possible sanctions on Iran for refusing to halt its nuclear program.

The United Nations had demanded that Iran suspend its uranium enrichment program by Aug. 31. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Military May Not Be Able To Halt Protests (WT/AP)

By Sam F. Ghattas

The Washington Times, December 6, 2006

BEIRUT -- Shi'ite Muslims yesterday buried a man killed in street clashes in a Sunni Muslim neighborhood as Lebanon's army commander warned that the military may not be able to contain further protests linked to the country's tense political standoff.

Army commander Gen. Michel Suleiman urged politicians to compromise, according to comments quoted in several Beirut newspapers.

After another night of unrest in the capital, Prime Minister Fuad Siniora warned the situation could get out of control.

"No one can impose control on the streets, and this has been proven," he told hundreds of supporters who converged throughout the day on his office complex, which was ringed by barbed wire, combat troops and riot police.

Outside, thousands of opposition protesters were gathered near Mr. Siniora's offices and in several other downtown squares in yet another evening of rallies aimed at bringing down the government. Many have been camped out near the prime minister's headquarters since Friday.

In a new tactic last night, they aimed two powerful floodlights at the government complex. Troops installed more barbed wire and other fortifications.

Lebanon's political confrontation breaks down along dangerous sectarian lines. The U.S.-backed government is supported largely by Sunnis, while the opposition -- led by the pro-Syrian Hezbollah -- has wide support among Shi'ites. Lebanon's Christians are split between the two camps. Hezbollah is demanding the formation of a new government giving it and its allies a larger share of power.

The standoff shows no sign of waning despite calls from the two sides for dialogue to resolve their differences. The Arab League secretary general has visited to try to help, as did Jordan's foreign minister. Egypt's Beirut envoy also has been making the rounds.

After several days of trading accusations in the media, rival Lebanese leaders opened direct channels. A Sunni scholar in the opposition went to the government headquarters to discuss ideas on resolving the crisis, and the government gave him its own proposals, including the possible expansion of the current Cabinet to satisfy opposition demands, Youth and Sports Minister Ahmed Fatfat told reporters.

Shi'ite leaders tried to put the lid on the boiling sectarian tension and prevent revenge attacks after the killing of 21-year-old Shi'ite protester Ahmed Mahmoud, who was shot while walking Sunday with other protesters through the Sunni neighborhood of Qasqas. Twenty-one persons were wounded in the violence.

In a Shi'ite district not far from the shooting scene, Mr. Mahmoud's comrades from the Shi'ite Amal party and relatives took turns carrying his coffin. About 2,000 people, many holding Lebanese and green Amal flags, marched behind. A band played martial music. Some of the Shi'ites beat their heads with their hands in a traditional sign of mourning.

The funeral march made its way to the Rawdat al-Shahidein cemetery, where a senior Shi'ite cleric led the prayer over the coffin amid wails of relatives and calls of "God is great."

With Street Protests, Hezbollah Gambles In Quest For Dominance (WP)

By Anthony Shadid

The Washington Post, December 6, 2006

BEIRUT, Dec. 5 -- Hezbollah has entered territory uncharted in its 24-year history as armed militia, social welfare group and nascent political party, effectively seeking an unprecedented, decisive say in Lebanese politics to protect what it sees as its interests from foes at home and abroad.

The month-long political crisis that has roiled Lebanon, hurtling it dangerously close to the precipice of civil war, marks a revealing shift for the Shiite Muslim movement that for years, at least rhetorically, tried to stay above politics, entering the cabinet for the first time in 2005.

Now, by mobilizing its rank and file and pouring them into downtown Beirut to topple the government, the movement has framed that pursuit for political power in the same martial language of this summer's war with Israel.

The imagery is often blunt: "Just as I promised you victory in the past, I promise you victory once again," goes a recording by Hezbollah leader Hasan Nasrallah played over and over, igniting cheers each time. Banners on tents, housing thousands of supporters camped out in front of the government headquarters, display the slogan: "As with victory, change is coming, coming, coming."

"Everything is at stake for Hezbollah," said Amal Saad-Ghorayeb, an analyst on Hezbollah and a visiting scholar at the Carnegie Endowment Middle East Center in Beirut. "There is no way that Hezbollah would back down."

"They're putting this political struggle on a par with the military struggle to show how significant it is strategically," she added. "It's basically an existential struggle for Hezbollah. It's an extension of its war with Israel."

The protests that began last week continued Tuesday, part carnival, part show of force. The crisis has myriad dimensions: notably a contest over ideology toward Israel and a battle over whose patrons -- the United States and France on the government's side, Syria and Iran on Hezbollah's -- will have a greater say here.

And the protests are rife with irony. In pursuit of its political aims, Hezbollah has employed tactics praised by the Bush administration when mass demonstrations took place after the assassination of former prime minister Rafiq al-Hariri in February 2005 helped end Syria's 29-year military presence in the country.

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In the street today is a somewhat unlikely coalition of Shiites loyal to Hezbollah and to the allied Amal movement, and Christian supporters of Michel Aoun, an influential former general. The protests themselves represent an unprecedented attempt at popular pressure by Islamic movements that often act, or are forced to act, clandestinely in the Middle East.

But there remains a relentless logic to today's demonstrations: an attempt by Hezbollah to resolve in its favor the political uncertainty that has reigned since the Syrian withdrawal from a country in which two camps contest nearly every aspect of Lebanese political life. At stake, almost everyone agrees, is the direction of the state.

"This is not about one more cabinet minister or one less for either them or us. It is a battle equally important for them and for us," said Samir Geagea, veteran of a civil war militia who supports Prime Minister Fouad Siniora's government.

Nayla Moawad, the minister of social affairs, was more direct. "This is a coup d'etat," she said.

"A balance of power within the government will be a guarantee for both sides," countered Amin Sherri, a Hezbollah member of parliament. "Before they were giving us a choice between bad and worse. We don't want to go on like this."

"We don't want to be merely witnesses to decision-making on important issues," he added.

Since Hezbollah's creation with Iranian patronage in the wake of the 1982 Israeli invasion, the group has often operated in different environments. During the civil war that ended in 1990, there were no rules. Afterward, Syria, long the kingmaker here, protected Hezbollah's interests, as well as determined the country's foreign policy. After the Israeli withdrawal from southern Lebanon in 2000, Hezbollah's popularity swelled, its militia credited with what most in Lebanon considered a victory.

But in the tumult and uncertainty of Lebanese politics today, once unasked questions are up for grabs: whether Hezbollah can keep its arms; its ties to Syria and Iran; the country's posture toward Israel and the United States; and the balance of power among Sunnis, Shiites and divided Christians. Underlying them is another question, sharpened by the contention of Hezbollah's foes that it started the latest war with Israel: Who has the right to make war and peace in Lebanon?

"The state, before the assassination of Hariri, was used to protect and embrace Hezbollah. The whole state served to protect it. And now this state has ended. So Hezbollah is looking for an internal role, to enter the political equation, and its entry into politics represents a huge upheaval," said Hazem al-Amin, an analyst of Shiite politics and writer for al-Hayat newspaper.

"Hezbollah wants to try its political training on us," he added.

Hezbollah's transformation over the years marks one of the most striking transformations of any Islamic organization in the Middle East. In its early years, it was notorious for imposing draconian restrictions in southern Lebanon -- banning mixed sunbathing and women's swimsuits at beaches, closing coffee shops, and prohibiting parties and dancing. Since then, it has evolved from a shadowy organization blamed for two attacks on the U.S. Embassy and the 1983 bombing of the Marine barracks here, killing 241 soldiers, into a sprawling movement that fields a crack militia, serves in parliament and delivers welfare -- from education to compensation for war damages -- for its Shiite constituency, Lebanon's largest community.

Through that evolution, the movement has adapted itself at turning points in Lebanon's history. It took part in parliamentary elections in 1992 after the civil war. After the Syrian withdrawal, it entered the cabinet for the first time. As pressure built for its disarmament, as called for by U.N. Resolution 1559, it struck its alliance with Aoun a year ago. Each turn can be read as defensive: protecting its weapons, preventing Lebanon from growing too close to the United States, and promoting the ambitions of the Shiite community, long disenfranchised and still sometimes perceived as second class.

But the protests underway mark a far less certain tactic for Hezbollah than past decisions to participate in parliament or the cabinet. The stakes are higher -- bringing down the government -- and the outcome for a group that prides itself on deliberation, caution and prudence is by no means certain. The implications for its Shiite constituency are similarly ambiguous. A debate remains in Lebanon over what precisely Hezbollah wants and how much the rest of Lebanon is willing to give.

"They sort of painted themselves in a corner, and it's very difficult to back out now," said Timur Goksel, a former spokesman and adviser to the U.N. peacekeeping force here. That strategy entailed risk in Lebanon's notoriously mercurial, even cynical politics, he said. "At the moment, they are spending a lot of the capital they made out of this summer's war. Getting involved in local politics can erode the party's popularity very quickly."

In some ways, he added, "fighting Israel is much easier."

In the protests themselves, canvas tents sprawling across downtown during the day, engulfed by crowds at night, Hezbollah has played down any sectarian ambitions. Rather, it has promoted the protests as a campaign for "national unity." "One, united," banners read at the protest and on the movement's television station, al-Manar. On a recent night, a Hezbollah guard discouraged a couple from bringing a Hezbollah banner to the stage. "Please, only Lebanese flags tonight," he said.

Another dominant theme is resistance to American influence in Lebanon. That message appeals to its constituency, bitter over U.S. support for Israel in this summer's war, and underlines the almost existential threat that Hezbollah, backed by Syria and Iran, perceives in a government too closely allied with the United States and its ambitions in the region.

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"Hezbollah was extremely anxious where the country was heading. It seemed to be heading straight into the U.S. orbit. It was turning into a satellite state," said Saad-Ghorayeb, the analyst. "If they back down now, they will have effectively given up on Lebanon. That would mean Lebanon falls to their enemy, the United States and Israel."

Banners condemn Jeffrey D. Feltman, the U.S. ambassador in Lebanon, who is often a target of Nasrallah's speeches. "The government of Feltman," one slogan reads, "We'll bring it down." A homemade billboard was set up near Hussein Ismail, a 15-year-old protester from the southern town of Kafra. Under a picture of Siniora and Secretary of State Condoleezza Rice, it read, "Congratulations to the bride and groom." Another pictured the two shaking hands. "Peace with the enemies," it read.

"This is a struggle with a government that is not Lebanese but rather American," he said. "We want a Lebanese government that doesn't take its decisions from the Americans and the Zionists."

Behind Ismail was another poster of Nasrallah. "He promised a victory, and a victory is coming, just like he said."

Special correspondents Alia Ibrahim and Lynn Maalouf contributed to this report.

Textbooks In Israel To Designate West Bank (WP)

By Scott Wilson

The Washington Post, December 6, 2006

JERUSALEM, Dec. 5 -- Maps in future Israeli public school textbooks will show the boundary that existed between Israel and the West Bank before the 1967 Middle East war, Israel's education minister announced Tuesday. The move drew sharp protest from lawmakers, settler groups and religious leaders who claim the West Bank as part of the Jewish state.

The minister, Yuli Tamir, is a member of the Labor Party and a founder of the advocacy group Peace Now, which opposes Jewish settlement in the occupied territories. Palestinians envision a future state in the West Bank, Gaza Strip and East Jerusalem, all of which Israel occupied in 1967.

Prime Minister Ehud Olmert has stated that Israel should evacuate parts of the West Bank so as to define its borders around land with a solid Jewish majority. He has said that several large Israeli settlement blocs in the West Bank would be included as part of Israel in any final peace deal.

The Israeli government has frequently criticized the Palestinians and neighboring Arab states for using maps in classrooms that do not define the state of Israel, now 58 years old. The maps generally mark it as "Palestine."

Israel's policy of not marking the West Bank began soon after it captured the territory from Jordan in the 1967 war. Most school maps now evoke Jewish history by labeling the territory by the Biblical terms "Judea and Samaria."

In defending her order in interviews with Israeli reporters Tuesday, Tamir noted the difficulty in pressuring Arab countries to mark Israel on maps when the Jewish state does not designate the West Bank as a separate entity on its own maps. She told Israel's Army Radio that "if we don't show these borders, we will turn out very confused children."

"You cannot expect children to understand history if portions are excised from school texts," said Tamir, a professor of political philosophy at Tel Aviv University.

The order drew angry reactions from legislators affiliated with parties that claim the West Bank as part of "greater Israel," an area that they generally define as stretching from the Mediterranean Sea to the Jordan River.

Roughly 250,000 Jewish settlers live in the West Bank beyond Israeli-annexed East Jerusalem, amid approximately 2.5 million Palestinians.

"In general, I'm not against giving all the information there is to students," said Shaul Goldstein, head of the Gush Etzion settlement bloc south of Jerusalem. "On the other hand, it's obvious she is doing this for political reasons, to educate our youth that 'this land is not ours.' "

Israel Radio reported that a group of conservative rabbis issued a religious decree prohibiting the use of any textbooks whose maps show the "Green Line," the 1949 armistice line separating Israel and the West Bank.

Ronit Tirosh, a legislator from Olmert's centrist Kadima party and a former director general of the Education Ministry, told reporters Tuesday that Tamir "cannot decide for Israeli pupils what is part of Israel and what isn't." Israeli officials estimate it will take more than a year for new maps to reach Israeli classrooms if the policy proceeds.

Olmert, whose governing coalition includes Labor as its largest member, said after meeting with Tamir that "there is no reason not to mark the Green Line and where the borders of the country were in 1967," according to the Ynetnews Web site.

"But there is a duty to present the fact that the government's stance and the consensus in the country rule out returning to the 1967 borders," Olmert added.

Palestinian-al Qaeda Plans (WT)

By Louis Rene Beres And Clare M. Lopez

The Washington Times, December 6, 2006

DOJ_NMG_0103104

Most Palestinian communities across the world were jubilant on September 11, 2001. This past June, these very same communities expressed outrage at the successful American assassination of terrorist leader Abu Musab al-Zarqawi. For them, the murderous mastermind of al Qaeda in Iraq had been a great hero. Dead, he was now a "martyr."

But the Palestinian link to al Qaeda has become more than mere sympathy and friendship. Al Qaeda has now set its sights on Israel and on an incremental takeover of the Palestinian cause. This is the next phase of its campaign to dominate the Muslim world and re-establish an Islamic Caliphate.

In the wake of Israel's withdrawal from Gaza in August 2005, and Hezbollah's war with Israel in July 2006, al Qaeda perceives a unique opportunity. With chaos gripping both the Palestinian Authority and the Lebanese political scene, al Qaeda has precisely the opening it needs to counter Iran's radical Shi'ite expansionism and to acquire a necessary foothold in the region. Its direct entry into the Arab-Israeli conflict could produce major instabilities and war.

A common hatred of the United States and Israel facilitates networks of tactical cooperation between Palestinians and al Qaeda. These alignments have functioned for some time in Gaza, the West Bank, Jordan and Lebanon. Shadowy connections exist among clandestine cells that now stretch from the Sinai, across the border into Gaza, and on up to the refugee camps in Lebanon. They involve information sharing, weaponry, safe houses and scientific expertise. The overriding purpose of these alignments is future terror attacks against both Israel and the United States. These planned operations could include chemical, biological or even nuclear technologies.

None of this should be a surprise. Immediately after September 11, not only Hamas approached al Qaeda, but so too did Yasser Arafat's own forces. Fatah, formed as Mr. Arafat's personal movement to dominate the PLO, had openly embraced "martyrdom operations" against Israeli women and children as the al-Aqsa Intifada first unfolded in 2001. Although Palestinian terrorists hardly needed al Qaeda to prod them to commit further acts of cruelty, the example of September 11 seemed to offer them both comfort and resolve. For its part, al Qaeda has been more than pleased that its Palestinian collaborators now cite frequently to the sacred Hadith: "Oh, Allah, annihilate the Jews and their supporters."

The glorification of killing for Islam has infiltrated previously secular Palestinian terror groups by way of Iranian-influenced Hezbollah, just as it has affected al Qaeda. In addition to the usual sanctification of "suicide bombing," both also approve of certain religion-based killings within the Islamic community. Both term Muslims who allegedly collaborate with the United States murtaddun (apostates) and both prescribe the sentence of murtadd harbi; to wit, the "ally with Satan" is condemned with a fatwa that pronounces a death sentence. The pertinent Koranic verse is this: "The punishment of those who wage war against Allah and His Prophet and strive to make mischief in the land, is only this -- that they should be murdered or crucified, or their hands and feet should be cut off on opposing sides." There is no difference here between man and woman: "It is permissible to shed the blood of a woman who is a heretic [harbiyya] even if her fighting is limited to singing."

Despite these factors that first allowed al Qaeda to obtain a foothold within the Palestinian cause -- a cause that had been ignored by Osama bin Laden before his 1998 Declaration of War Against Crusaders and Jews -- such an alliance is not necessarily "natural." Nor are Palestinian groups such as Hamas automatically inclined to welcome al Qaeda's growing presence in the territories. In addition to tensions that exist between Sunni offshoots of the Muslim Brotherhood (such as Hamas and the Palestinian Islamic Jihad) and the Iranian Shi'ite proxy group Hezbollah, the international jihad mission of al Qaeda goes far beyond the essentially nationalist, territorial objectives of local groups that have been fighting Israel for decades.

Historically, al Qaeda has sought various security vacuums from which to operate -- e.g., Afghanistan, Somalia, Iraq and Pakistan's wild border region. It now seeks the Palestinian Territories. As far back as December 2002, al Qaeda first announced the establishment of the Islamic Al-Maida Organization in Palestine. This announcement declared "a vow of allegiance to the Emir of the Mujahedeen, the leader Osama bin Laden, by means of whom Allah strengthened the Nation of Islam." Calling for an end to regimes that "serve only the murderous Jews and the Great Satan," the announcement ended with a plea to "our brothers in Islam in Jordan, Egypt and Saudi Arabia to attack the American interests and the heretical institutions of apostasy... Death to the Jews and Zionism; death to America; strength to Allah, Allah is great, and victory to Islam."

It was Israel's 2005 withdrawal from Gaza that provided the first real opportunity for al Qaeda operatives to cross over newly opened border crossings from Sinai. Then, Iran's unleashing of its Lebanese Hezbollah proxy against Israel in the summer of 2006 alerted al Qaeda that a resurgent radical Shi'ism meant to stake its own claim to the Palestinian campaign against Israel. While Hamas' January 2006 electoral victory signaled the demise of Fatah, that terror group was not willing to go down without a fight. Hamas is not Fatah's only enemy, however, as a noose of hatred draws more tightly around Israel. In September, Palestinian President Mahmoud Abbas lost his top intelligence officer and four bodyguards in a shooting ambush claimed brazenly by al Qaeda.

All sides now openly admit to al Qaeda's expanding presence. In Sinai, a mixed Bedouin-Palestinian wing of al Qaeda operates under the name "al Qaeda Organization in the Land of the Nile." In Gaza, a group calling itself "al Qaeda Organization in the Border Districts" has surfaced. In October 2005, Israel's military intelligence chief, Maj. Gen. Aharon Zeevi-Parkash, called

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al Qaeda's growing interest in Israel "a real threat." Retired Brig. Gen. Danny Arditi, who heads the counterterrorism department of the Israeli National Security Council, confirmed to Army Radio that al Qaeda had infiltrated Gaza from the southern Egyptian border after Israel's disengagement. In a September 2005 interview, Hamas spokesman Mahmoud al-Zahar confirmed the infiltration of al Qaeda members into Gaza, noting not only a physical infiltration, but claiming the existence of contacts from Gaza with al Qaeda centers in other countries. The wary working relationship between Hamas and al Qaeda notwithstanding, the Muslim Brotherhood has launched a propaganda campaign against al Qaeda throughout the Arab world. Hezbollah leader Hassan Nasrallah is frankly antagonistic to al Qaeda's spreading influence in Lebanon, and has acknowledged al Qaeda's involvement there by terming it a "dangerous and unacceptable" situation.

Al Qaeda now operates secretly in the West Bank (Judea/Samaria) and openly in Gaza at the express invitation of Hamas. Relations with Fatah have deteriorated since Mr. Arafat first imported Hezbollah fighters to assist with terror attacks against Israel. Hezbollah and Iranian Revolutionary Guards have, in turn, helped to train a variety of Middle Eastern terrorists. Early on, Mr. Arafat had gathered together a diverse collection of Iranian Revolutionary Guards, Hezbollah, Popular Front-General Command and various Iraqi military intelligence units (Palestinian terrorists had always been extremely close to Saddam Hussein, even sending Palestinian Liberation Army units to help torture Kuwaitis in 1991). Also included were the pro-Iraqi Arab Liberation Front, and, since April 2002, al Qaeda.

Significantly, this same crosscut of Islamist terrorist groups presently exists in the United States -- although here they function "only" as fund-raising, propaganda, recruitment and sleeper-cell operatives. Al Qaeda's hatred of the United States has very little to do with American support for Israel. If Israel ceased to exist, its enmity for this country would continue unabated. This is because the United States is seen as the superpower leader of liberal democracy, wielding the ability to check al Qaeda's dream of a new global Caliphate. The unforgivable "sin" of American ties to "apostates and criminals" who rule in such Muslim countries as Egypt, the Emirates, Jordan, Kuwait, Pakistan and Saudi Arabia elicits the same implacable wrath as American support for Israel because both linkages weave a network of opposition to al Qaeda expansion.

Joint Palestinian-al Qaeda teams are planning coordinated mega-terror strikes against Israel and America. Simultaneously, a fight is taking shape among the major ideological factions of radical Islam. It follows that both Israel and the United States should immediately cease any and all assistance to the Hamas-controlled Palestinian Authority. Above all, it is time for Washington to stop sending American tax dollars to support archenemies of the United States.

Louis Rene Beres, who has counseled various government agencies in Washington and Jerusalem, served as chairman of Project Daniel under former Israeli Prime Minister Ariel Sharon. Clare M. Lopez, who lectures on the Mideast and counterterrorism issues, served 20 years as a CIA operations officer.

Pakistani Says Concessions Could Produce Kashmir Pact (NYT)

By Somini Sengupta

The New York Times, December 6, 2006

NEW DELHI, Dec. 5 — The Pakistani president, Gen. Pervez Musharraf, said in an Indian television program broadcast Tuesday that Islamabad could accept a solution to the festering dispute over Kashmir if New Delhi were to agree to greater autonomy and gradual demilitarization in the Indian-controlled swath of the territory.

“Inherently, both sides have to give up their positions,” he said in an interview with NDTV, a private television channel, according to a partial transcript of the interview on the station’s Web site.

General Musharraf’s comments are not entirely new. He has floated the idea of a Kashmir solution that makes borders “irrelevant” and gives the people of Kashmir self-rule, even as it keeps the two sides of Kashmir under the official territorial control of the two countries.

The remarks do signal, however, that even as official peace talks yield virtually no breakthroughs, the areas of disagreement between the rivals could well be shrinking.

Amitabh Matoo, the vice chancellor of the University of Jammu and a longtime observer of India-Pakistan negotiations, said General Musharraf’s comments had reflected “new flexibility in Pakistan’s Kashmir policy.”

“Clearly the back channels, which are active, have considerable space now to work with and arrive at, hopefully, a reconciliation of the two positions,” he said.

On what to do with the de facto border, the Line of Control, which divides the Indian- and Pakistani-controlled parts of Kashmir, no longer is there a sharp gulf in opinion. Prime Minister Manmohan Singh of India has also hinted at the notion of a soft border, one that would allow families to continue to cross with little hindrance, even as he has repeatedly articulated the traditional Indian line. In short, the map of India, which includes Kashmir, would not be redrawn.

Nor is there major disagreement over the idea of greater self-rule by Kashmiris on both sides. The sticky part is how to do it.

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General Musharraf called for what the NDTV transcript called “a joint supervision mechanism” across the Line of Control. India is unlikely to accept anything like a joint Kashmiri provincial administration, on the grounds that it would dilute Indian claims over its portion of the province.

According to one person familiar with the proceedings of the closed-door talks, who was not authorized to speak publicly on the matter, India could be open to a “joint institutional mechanism” to regulate certain interstate issues like transportation, water and environmental management.

As for demilitarization, General Musharraf has repeatedly called on New Delhi to reduce the number of troops from its side of Kashmir, a demand that has met with an Indian retort to reduce the anti-Indian militant violence from across the border.

Hasan-Askari Rizvi, an independent political analyst in Lahore, saw both domestic and international motivation behind General Musharraf’s comments. At home, Mr. Rizvi said, General Musharraf faces elections next year and would want to present himself as the architect of a new India-Pakistan accord.

“If India rejects his ideas straight away, Musharraf can show to the international community, especially the U.S., that India’s inflexibility is the major obstacle to conflict resolution between the two countries,” he said.

Kashmir is their principal point of disagreement, the heart of two of the three wars fought since their violent synchronized births in 1947.

Pakistan has insisted on a plebiscite to allow Kashmiris to choose between joining India or Pakistan.

At least on Kashmir’s future, there is one area of agreement. “We are against independence,” General Musharraf said. So too, he pointed out, is India.

India Nuclear Bill To Be On President's Desk This Week: Frist (AFP)

AFP, December 6, 2006

US Senate leader Bill Frist assured India's Prime Minister Manmohan Singh that a major US-India nuclear energy bill is on track for completion this week.

"I spoke today by telephone with Indian Prime Minister Manmohan Singh regarding the pending legislation to authorize civil nuclear cooperation between the United States and India," Frist said.

"I assured Prime Minister Singh that one of my top priorities for the remainder of this Congress is to enact this legislation, and I told him I am confident that we will be able to complete congressional action on it this week," he said.

The Republican senator, in his final week in Congress after choosing not to stand for reelection, praised the groundbreaking US-India Civil Nuclear Cooperation bill, separate versions of which were approved in House and Senate.

Frist said negotiators from the two houses are at work merging the legislation into one streamlined bill, and expect to be able to send the bill to President George W. Bush this week for signing.

"The enactment of this legislation will lead to a much more friendly and robust relationship between the United States and India. I told him we share that objective and are working hard to produce legislation that would help our two nations achieve it," Frist said.

The Republican leader said that Singh expressed reservations about several provisions in the bills that are problematic for the Indian government because they depart from the understanding he reached with Bush in July 2005.

Frist said he assured the Indian leader that his concerns would be dealt with, saying that he has named himself to be one of the negotiators on the bill "in order to be able to participate personally in the process of refining the legislation."

Gedi: Somalia Troops Prepared For War (AP)

By Chris Tomlinson

AP, December 6, 2006

Somalia's troops are ready for an imminent and inevitable war with the Islamic militia that has taken over much of the country and surrounded the internationally backed government, the country's prime minister said.

Somali Prime Minister Ali Gedi told The Associated Press he believed the most radical leaders within the Islamic movement were in control and would not take peace talks seriously. The Islamic movement has overrun much of Somalia, including the capital, in recent months, increasingly sidelining the weak government and vowing to bring Islamic law to the whole country.

The radicals within the movement "are the decision makers now," Gedi said in the interview late Monday. "Those who believe that the situation in Somalia will be solved through dialogue and talks are wrong."

But he said his government will continue to take part in all peace efforts while preparing to defend itself against attacks by the Council of Islamic Courts, as the movement that has taken over most of southern Somalia is known.

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"We have already mobilized our forces, we have trained a few thousand troops, they are ready," Gedi said during a visit to Ethiopia's capital. Ethiopia has backed Gedi's government, angering the Islamic movement which sees it as interference from Somalia's traditional rival.

Somali's rainy season is coming to an end and roads will be passable again for military vehicles in the next two weeks, he added.

The United States has said the Islamic movement has links to al-Qaida, an accusation Islamic leaders have repeatedly denied.

Gedi said the Islamic forces included more than 3,000 foreign fighters, echoing similar statements made by a U.N. panel investigating violations of an arms embargo that has been in place since 1992, when the last effective central government in Somalia collapsed.

Gedi's government is the 14th attempt to restore the rule of law in Somalia. But his parliament and Cabinet, made up of former warlords and civic leaders, has struggled to expand out of Baidoa, a key town 150 miles northwest of Mogadishu.

From within this power vacuum, a disparate group of Islamic leaders have banded together to create the Council of Islamic Courts, driving out warlords and installing clerical rule in the areas it now controls.

The militia declared itself in control of the southern town of Dinsor on Saturday, a seizure that effectively surrounds the weak, transitional government in its fortified base in Baidoa.

The international community has sponsored several rounds of peace talks to bring Gedi's government and the courts together. Gedi pointed out that after each round of talks, the Islamic courts returned to Mogadishu and dispatched troops to capture additional territory, despite promises to stop their expansion.

Ethiopia, a largely Christian country that fears the possible rise of Islamic fundamentalism on its borders, has acknowledged sending military advisers to Baidoa and has trained Somali troops to protect the government.

Gedi said several thousand Somali troops recently trained and equipped in Ethiopia had arrived and would able to defend Baidoa. The government has so far intentionally avoided any direct confrontation with the Islamic courts.

A confidential U.N. report recently obtained by The Associated Press said there were up to 8,000 Ethiopian troops in the country supporting the government. Ethiopia's parliament has authorized military action if attacked by the Islamic movement, which has declared holy war on Ethiopia over its troop incursions.

The U.N. report said Ethiopia's regional rival, Eritrea, had 2,000 troops in the country backing the Islamic movement, raising the specter of Eritrea and Ethiopia fighting a proxy war in Somalia.

On Friday, the United States introduced a U.N. resolution to partially lift the arms embargo on Somalia to allow for regional peacekeepers.

U.S. officials say that by providing the government with peacekeepers, the Islamic courts will have a greater incentive to pursue peace talks, rather than a military solution.

Gedi said his government needs international support in order to survive against what he calls the terrorist forces within the Islamic courts. He said the draft resolution should allow any country to provide troops to protect his government.

He said recent suicide bombings in Baidoa were contrary to Somali culture and proof that foreign fighters had come to Somalia.

"Suicide bombings was transferred to Somalia from elsewhere," Gedi said. "It will not stop in Somalia, it will spread out."

The United States has issued a travel advisory for Somalia's neighbors Kenya and Ethiopia, warning that extremists in Somalia could launch suicide attacks in those countries.

Rebels Threaten To Withdraw Peace Deal (AP)

By Alfred De Montesquiou

AP, December 6, 2006

The only Darfur rebel group to sign a peace agreement with the government threatened Tuesday to pull out from the deal if Khartoum-backed militias continue to attack civilians in the troubled region.

The ultimatum from Minni Minawi, head of the main branch of the Sudan Liberation Movement, came a day after the pro-government janjaweed paramilitary looted the central market in El Fasher, the capital of North Darfur, and clashed with SLM fighters, killing at least two.

The United Nations evacuated staff and international aid workers from El Fasher "as a result of increased janjaweed presence in the town and armed movements in the area," said Radhia Achouri, the spokeswoman for the U.N. mission in Sudan.

African Union peacekeepers warned that El Fasher could be attacked within the next day, saying they had reports that a coalition of rebel groups planned to launch an offensive to drive the janjaweed out of the town.

The AU force in Darfur said its headquarters — located in El Fasher — "could be a target" of the possible rebel attack.

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The Khartoum government is accused of unleashing the janjaweed militias, made up of Arab nomads, to help put down ethnic African Darfur rebels who rose up in 2003. The janjaweed are blamed in widespread atrocities against civilians.

More than 200,000 people have been killed in Darfur and another 2.5 million have been driven from their homes. Violence has only increased since the government and the SLM signed the Darfur Peace Agreement in May, which other rebel groups refused to accept.

"The government must disarm and neutralize the janjaweed by the end of this month," Minawi told The Associated Press. "Otherwise a bridge will be crossed, and no one knows what will happen," he said.

He did not say what steps the SLM would take if the government did not meet the deadline, but his spokesman suggested the group could pull out of the Darfur peace deal — a step that could lead to the collapse of the fragile agreement on which the United Nations and others have pinned hopes for bringing peace to the region.

The African Union warned that the National Redemption Front, a coalition of rebels who rejected the peace accord, was reportedly planning an assault on El Fasher along with other factions including some of Minawi's men.

Khartoum has opposed a U.N.-brokered deal for a joint mission of some 20,000 U.N. and African peacekeepers to deploy in Darfur.

The government denies backing the janjaweed, but agreed to disarm them as part of the Darfur peace accord. Observers however, say Khartoum instead reinforced the militia.

Top U.N. officials say janjaweed backed by the army have recently increased their attacks throughout Darfur and are specifically targeting civilians, including children.

Russia Won't OK Extradition In Spy Case (AP)

By Vladimir Isachenkov

AP, December 6, 2006

The top prosecutor said Tuesday that Moscow will not extradite possible Russian suspects to Britain in the poisoning of the former KGB agent Alexander Litvinenko and warned that British detectives would not be allowed to carry out interrogations in Russia.

Prosecutor General Yuri Chaika said that under Russian law, a Russian citizen who is accused of committing a crime abroad must face trial at home. "If they want to arrest citizens of the Russian Federation, it would be impossible because of the Russian Constitution," he told reporters.

Litvinenko, 43, died Nov. 23 in London, and toxicologists found the radioactive isotope polonium-210 in his body. On his deathbed, Litvinenko blamed President Vladimir Putin for the poisoning. The Kremlin has vehemently denied the accusations.

Putin met Tuesday with Italian Foreign Minister Massimo D'Alema, who had pledged to press Moscow about Litvinenko's poisoning, but neither man mentioned the case in their public remarks.

Chaika said his office would fully cooperate with a team of Scotland Yard investigators who arrived in Moscow on Monday to collect information on Litvinenko's death.

However, he said that all figures in the case would be questioned by Russian prosecutors in the presence of the visiting British officers. "It is we who are doing all the interrogating. They only attend that, it cannot be otherwise" in Russia, Chaika said.

The prosecutor also confirmed that Andrei Lugovoi, a former Russian agent who met with Litvinenko in London on Nov. 1 — the day Litvinenko fell ill — has been hospitalized.

Chaika said the British officers could be allowed to visit Lugovoi and listen to his interrogation by Russian prosecutors, if doctors permit it.

"He's being treated in a hospital," the prosecutor said. "Everything will depend on the doctors' opinion. If doctors allow a conversation with him, he will be questioned."

Lugovoi told the ITAR-Tass news agency that he was undergoing tests for possible radiation contamination, and the results would be ready in a few days.

He said he was prepared to answer the British investigators' questions.

"I intend to fully satisfy their interest and am waiting for an invitation from the law enforcement organs," he was quoted as saying. "Once I give all the necessary testimony to the law enforcement organs, I intend to publicly put an end to (speculation) about my supposed involvement in this story."

Lugovoi went to London in the month before Litvinenko's death and met with Litvinenko four times, according to Russian media. He said Litvinenko had contacted him about a year ago with some business proposals, and that they had met intermittently in London since then.

Chaika refused to say how many people British investigators hoped would be questioned in the case.

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He said Mikhail Trepashkin, a former security service officer who is serving a four-year prison sentence for divulging state secrets, was not part of the initial British request and that British investigators would not be allowed to talk to him.

Trepashkin has claimed in a letter that he had warned Litvinenko several years ago about a government-sponsored death squad that intended to kill him and other Kremlin opponents.

Chaika dismissed the allegation, adding, "we aren't obliged to react to any stupidity."

He also shrugged off questions about the possible questioning of officials from the Federal Security Service, a KGB successor agency which some observers have accused of involvement in Litvinenko's death.

"Why should FSB officials be questioned? Why not question everyone here?" Chaika said, using the Russian acronym for the agency.

He also rejected allegations that the polonium-210 that poisoned Litvinenko could have been smuggled from Russia.

"It couldn't happen here," he said, adding that two Russian plants mentioned in the British media as possible sources of the polonium-210 do not produce it.

"It's all sheer nonsense," Chaika said of the allegations.

The case has strained already tense relations between Russia and Britain, which infuriated the Kremlin by giving asylum to Russian tycoon and Kremlin critic Boris Berezovsky, Chechen rebel envoy Akhmed Zakayev and Litvinenko, a former Federal Security Service officer.

Chaika dismissed suggestions that Russia could trade suspects in Litvinenko's murder for Berezovsky and Zakayev. He said British authorities, who have rejected Russian requests for their extradition, eventually would have to change their decision.

Russia Restricts U.K. Inquiry Of Spy Poisoning, Adding To Tensions (WSJ)

By Alan Cullison And Guy Chazan In Moscow And Carrick Mollenkamp In London

The Wall Street Journal, December 6, 2006

Scotland Yard's effort to solve the mysterious poisoning of a former Russian spy has added to mounting political tensions between Russia and the West, as Moscow placed limits on the international investigation.

Alexandar Litvinenko, a critic of the Kremlin, died Nov. 23 in London after ingesting a radioactive substance, polonium 210, triggering a massive investigation. Britain's home secretary, John Reid, recently said the probe would lead wherever necessary for the case to be solved.

But a day after investigators from London's Metropolitan Police, as Scotland Yard is formally known, arrived in Moscow to pursue their probe, Yuri Chaika, Russia's prosecutor general, set clear limits on their reach.

He said only Russian police would be able to question suspects, though British police can listen. He said no Russian could be brought to the United Kingdom for questioning or trial since the two countries have no extradition treaty. He ruled out questioning leaders at the FSB, Russia's state security service. "Why question the FSB leadership?" Mr. Chaika said. "We'll end up having to question everyone in Russia."

Mr. Litvinenko and his backers attributed the poisoning to his criticisms of the Kremlin. The Kremlin denies involvement.

British police haven't named any suspects. A person familiar with the probe said Scotland Yard won't be able to directly charge that any responsibility lies in Russia. Instead, the police are likely to seek softer information such as travel details to piece together Mr. Litvinenko's movements before he fell ill on Nov. 1. A Scotland Yard spokeswoman declined to comment.

Another former Russian spy British officials were keen to interview has been hospitalized in Moscow to be tested for possible radioactive contamination. The ex-spy, Andrei Lugovoi, was one of two people who met with Mr. Litvinenko Nov. 1 at a London hotel bar. Mr. Lugovoi said in an interview yesterday that he had told Scotland Yard he intended to cooperate. But Mr. Chaika said Mr. Lugovoi could now only be interviewed with permission from his doctors.

The Kremlin has provided assurances that it plans to cooperate with the British. The U.K. Foreign and Commonwealth Office said Foreign Secretary Margaret Beckett met with her Russian counterpart Friday and that the Russian authorities pledged cooperation.

Still, Russia's response to Mr. Litvinenko's death is raising concerns. "It is my view...that the Russian side also must make its contribution" in clearing up the case, said German Chancellor Angela Merkel. And French President Jacques Chirac, meeting with Ms. Merkel in Germany, said Russia "must provide perfectly transparent cooperation."

Russia's relations with the West have cooled dramatically in the past several years as the Kremlin has become more assertive abroad and Western criticism of Kremlin domestic policies has sharpened. In one high-profile sign of friction, Moscow has continually frustrated Washington's efforts to impose tighter sanctions on Iran to curb that country's nuclear program.

Russia's efforts to convert its vast oil and gas resources into political capital have raised tensions and spurred European governments to look for alternative fuel sources. The Kremlin's efforts to pressure neighboring governments it views as unfriendly and support those it sees as allies have provoked harsh reactions in Europe and the U.S.

Italy's foreign minister, Massimo D'Alema, said after meeting with Russian President Vladimir Putin yesterday that he had received assurances that Russia was "open to cooperating" with British authorities and with prosecutors in Rome, who also are probing the activities of Mario Scaramella. Mr. Scaramella, an Italian security consultant who has tested positive for traces of polonium 210, lunched with Mr. Litvinenko the day he fell ill. Mr. D'Alema said Mr. Putin warned him that the case shouldn't be "politicized."

The U.K. also is home to some of Mr. Putin's fiercest critics and Russia has shown increasing frustration about Britain's reluctance to return some to Russia, including Russian businessman Boris Berezovsky, whom the Russian government alleges has committed financial crimes.

Indeed, Russia's state-run television began its prime-time newscast last night by saying that Russia had amassed enough evidence against British transplants Mr. Berezovsky and Akhmed Zakayev, an alleged terrorist, to prosecute them, but that Britain wouldn't extradite them to Russia. The newscast didn't specify their alleged crimes.

British Police Begin Investigating Poisoning Case In Moscow (NYT)

By Andrew E. Kramer

The New York Times, December 6, 2006

MOSCOW, Dec. 5 — As the British police investigating the poisoning of a former Russian spy began forensic work in Moscow on Tuesday, Russia's prosecutor general laid down strict ground rules and said no Russians would be extradited to Britain to stand trial, signaling the tension the case has created between the countries.

Beyond that, Scotland Yard investigators may not have an opportunity to question a key witness, a former K.G.B. agent who had tea with the poisoned man, Alexander V. Litvinenko, on the day he became sick, because that former agent has checked into a hospital for radiation tests himself.

"This will depend on his doctors," Yuri Y. Chaika, the prosecutor general, said at a news conference. "If the doctors say that they can talk to him, then I think he will be questioned."

The British authorities are investigating what has been classified as a "suspicious death," not a murder. So far they have not identified any suspects they want extradited.

For Russian law enforcement, the investigation has been a delicate one because President Vladimir V. Putin was blamed for the poisoning by Mr. Litvinenko on his deathbed in London, according to his family. The Kremlin spokesman has called the allegations nonsense.

The Russian authorities are striking a balance between cooperation and criticism of the investigation, which is causing a strain in relations between Russia and Britain.

In a sign of the widening scandal in Europe, Chancellor Angela Merkel of Germany and President Jacques Chirac of France, meeting in Mettlach, Germany, urged Russia on Tuesday to cooperate with the British investigators, who arrived in Moscow on Monday.

"It is my view that everything must be done, that the Russian side also must make its contribution, that clearing this up be supported," Mrs. Merkel was quoted by The Associated Press as saying.

The British forensic team will be allowed to be present while the Russian police question other witnesses, Mr. Chaika said, but they will have no formal authority to compel witnesses to meet with them.

"We will do the interviewing and they can only be present during the questioning," Mr. Chaika said. "Of course, they can ask us for permission to conduct interviews, which we may or may not grant."

A spokesman for the British Embassy said he could not discuss the ground rules for the investigation.

The crucial witness, Andrei K. Lugovoi, is a retired spy who owns a private security company and a brewery that makes mead, or honey wine, and other traditional Russian beverages. He met with Mr. Litvinenko in London on Nov. 1.

Mr. Lugovoi said Friday that he had been cleared of any traces of radiation, telling the newspaper Kommersant that he was "absolutely clean," but he returned for repeat tests late Sunday, his lawyer said, just before the British investigators arrived. He denied any involvement in the poisoning, in a radio interview in Moscow on Nov. 24, and has met once with British Embassy officials.

Mr. Lugovoi said Tuesday that the British team had not called him this week. "My secretary called Scotland Yard and left all my contact numbers," he said, according to the Interfax news agency. "So far I haven't had any calls from anyone."

Russia's early refusal to extradite suspects is in keeping with a wider extradition problem between the countries, as Britain has resisted Russia's efforts to extradite a billionaire fugitive, Boris A. Berezovsky.

Also, Russia will not cooperate in tracing the origins of the radioactive polonium 210, Mr. Chaika said. Russia exports the metal, but it is also made in other countries. "A criminal case has been opened in Britain," Mr. Chaika said. "Let them determine the origin of this polonium." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Moscow Restricts British Police Investigating Ex-Spy's Death (WP)

By Peter Finn And Mary Jordan

The Washington Post, December 6, 2006

MOSCOW, Dec. 5 -- British detectives visiting Russia to investigate the poisoning death of a former Russian intelligence officer in London will face broad restrictions in their work here, a senior Russian official said Tuesday.

Prosecutor General Yury Chaika said his subordinates, not the British, would conduct any interrogations. He ruled out the extradition of possible suspects who are Russian citizens and said British investigators could not meet an imprisoned lawyer and former officer in the FSB, a successor agency of the KGB, who claims to have vital information.

A key witness checked into a hospital Tuesday, raising questions about when, and whether, investigators from Scotland Yard would be able to see him.

Some British politicians quickly criticized the restrictions. "If they don't allow access, the world at large will wonder, why not?" lawmaker David Davis, a leading member of the opposition Conservative Party, said in an interview. But he cautioned that it was too early to know exactly how much cooperation British investigators would get.

At a news conference in Moscow, Chaika smacked down any notion that the British police could go wherever their investigation leads them, as British Home Secretary John Reid put it in London on Sunday. Even allowing for the normal sensitivities in any country about allowing foreign police on home turf, Chaika was unequivocal in mapping out the secondary function of his British counterparts.

"They may participate with our consent, and we might also withhold our consent," said Chaika, whose position is equivalent to that of attorney general.

Several British detectives flew into Moscow on Monday night to probe any Russian connection to the Nov. 1 poisoning of Alexander Litvinenko with polonium-210. The radioactive isotope brought on the former domestic security officer's death Nov. 23 after a slow and gruesome deterioration in his condition.

Litvinenko, 43, was part of a London circle of Russian exiles fiercely critical of Russian President Vladimir Putin. In a deathbed statement, Litvinenko accused the Kremlin of ordering his killing, a charge that authorities here labeled baseless and absurd.

Among those the British had planned to interview is Andrei Lugovoy, a Russian entrepreneur and former KGB officer who met with Litvinenko in a bar at the Millennium Hotel in London the day of the poisoning.

Lugovoy spoke to officials at the British Embassy in Moscow and denied any involvement in the poisoning. His attorney, Andrei Romashov, said he was tested last week for radiation contamination and got a clean bill of health at a Moscow clinic. But the Russian newspaper Kommersant, quoting the attorney, said Lugovoy had checked into a hospital with his wife and three children, who were with him in London, for fresh tests.

"I cannot say if he's ready to meet with the British investigators," Romashov said.

British police are also interested in meeting with Dmitry Kovtun, a business consultant, and Vyacheslav Sokolenko, who heads an association of security agencies. Both men also met Litvinenko at the Millennium Hotel with Lugovoy.

The British also want to meet with Mikhail Trepashkin, a former FSB officer who is serving a four-year sentence on charges of divulging state secrets. Trepashkin, like Litvinenko, had investigated a series of apartment bombings in Russia in 1999 that were among the triggers for a second war between Russian forces and separatists in the southern republic of Chechnya.

Trepashkin accused his former colleagues in the security services of organizing the bombings. Human rights groups including Amnesty International have expressed concern that he was prosecuted to stop his unsanctioned inquiry.

Trepashkin's lawyers released a letter in which the prisoner asserted that the FSB had created a list of people, including Litvinenko, who should be assassinated, and he requested a meeting with the British, saying he had relevant information about the case.

A spokesman for the Russian prison system told the Russian news agency Interfax that such a meeting would not happen. "The Federal Penitentiary Service will not allow a person convicted for divulging state secrets to remain a source of information for representatives of foreign special services," the spokesman said.

Chaika ridiculed the idea. "Seven hundred thousand people are prisoners as Trepashkin is, let's interrogate 400,000 of them, what if they tell something," he said.

A prison administrator filed a request with a Russian court Tuesday asking that Trepashkin be transferred to a more secure prison, Interfax reported.

Lynne Featherstone, a member of the British Parliament who said Litvinenko was one of her constituents, said there is so much speculation in the case that Russia should fully cooperate to "lift the cloud."

"Nothing is solved by leaving it in the dark," she said.

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Chaika also said any suspects would be tried in Russia. Extradition has long been a touchy subject between London and Moscow. British courts have refused to hand over Boris Berezovsky, an exiled Russian tycoon who clashed with Putin, and Akhmed Zakayev, a Chechen separatist who received asylum in Britain. Both men were close associates of Litvinenko.

"The British side will sooner or later be forced to extradite them, because every day there is more and more evidence that they have committed crimes," Chaika said. "This is actually a case where there are political motives for their non-extradition."

Chris Bryant, a Labor Party member of the British Parliament, said in an interview that "I think there is a feeling in Russia that we are behaving outrageously" by not extraditing Berezovsky and others wanted by Russia, but that a judge had ruled those prosecutions were politically motivated.

Key Suspect In Poisoning Case Is Hospitalized (LAT)

By David Holley

The Los Angeles Times, December 6, 2006

MOSCOW — Russia's chief prosecutor said Tuesday that a key potential suspect in the poisoning death of dissident former KGB agent Alexander Litvinenko has been hospitalized, and that British investigators would be allowed to see him only if doctors grant approval.

Prosecutor General Yuri Chaika also said that Russia's constitution forbids extradition of citizens, and that if any Russian suspects are identified in the case, they would not be sent to Britain and could only be tried in Russia. Despite earlier top-level pledges of Russian cooperation, he indicated that British investigators may face formidable obstacles in pursuing leads in Russia.

Felllow former KGB agent Andrei Lugovoy, who met with Litvinenko in London on the day he is believed to have been radioactively poisoned, had previously expressed willingness to speak to investigators. On Tuesday, however, a man answering Lugovoy's cellphone said that it was not clear "whether and when he will be able to talk" to investigators or how long he would stay in the hospital. The man, who identified himself as an aide named Alexander, said he was not authorized to comment on the nature of Lugovoy's hospitalization. Chaika said he believed Lugovoy was "undergoing medical treatment" but said nothing about the nature of his illness.

In a statement written shortly before his death Nov. 23, Litvinenko blamed Russian President Vladimir V. Putin for his poisoning, a charge the Kremlin has angrily dismissed. Litvinenko also told friends he believed that Lugovoy might have been the person who poisoned him.

Chaika, speaking at a news conference, said that the questioning of witnesses and potential suspects would be carried out by Russians in the presence of British investigators, who arrived here Monday. He left it unclear whether the British would be allowed to ask any questions.

"They will not interrogate anyone," he said early in the news conference. Later he appeared to modify that statement with an indication that British investigators might be allowed to ask some questions, with permission, on a case-by-case basis.

"We interrogate and they are present. They interrogate in our presence," he said. "We should perform those investigative actions and they can take part in this with our permission. We may even deny them the right to take part. But we will do this together with them. We want them to take part."

The prosecutor's office has not launched an investigation of its own into the case, and will simply assist the British, Chaika said.

An Italian security consultant, Mario Scaramella, also met Litvinenko on Nov. 1, the probable day of his poisoning with radioactive polonium-210. Scaramella, who authorities say also has a "significant quantity" of polomium-210 in his body, has said he asked to meet Litvinenko after receiving an e-mail suggesting that people who were behind the recent unsolved slaying of Russian journalist Anna Politkovskaya were preparing to strike against Litvinenko and himself.

Officials in London said they recognized that Russia is one of several nations that adoes not extradite its citizens for criminal prosecutions. A spokesman for the Home Office, who spoke under standard condition of anonymity, said that should a Russian citizen commit an offense in Britain, there are procedures for trying the case in Russia.

British Home Secretary John Reid, speaking Monday in Brussels, Belgium, said the investigation "will proceed as normal, whatever the diplomatic or ... wider considerations."

The Kremlin has pledged to cooperate in the investigation, he said. But analysts said Chaika's comments did not seem to indicate there would be full cooperation.

"The main message Chaika sent to the world today is that there are powerful forces within the Russian political elite which are not interested in an objective investigation of the Litvinenko murder and are not interested in allowing the people who may well be implicated in that crime, like Andrei Lugovoy, for instance, to say something to the British investigators that they shouldn't," said Stanislav Belkovsky, president of the National Strategy Institute, a Moscow think tank.

Valery Fyodorov, director of the All-Russian Center for Public Opinion Study, said that "the last thing the Russian authorities want now is to look like accomplices in that crime."

"Matters of image are very important for Russia and President Putin, and of course he is willing to help dispel the current gross suspicions in the West," he said. "I think that if Scotland Yard representatives happen to claim that they haven't been given due support here in Russia, that may result in the Russian authorities giving Russian law enforcement an additional push and shove."

Belkovsky said that some British and Italian newspapers have reported that documents Scaramella gave Litvinenko identified Igor Vlasov, 46, as an assassin who had come to London to kill people identified as "enemies of the Russian people."

Vlasov's current whereabouts are unknown and there is some question whether such a person exists.

Vlasov, according to the reports, was a former Russian special services officer who speaks excellent Portuguese.

The Soviet Union had a major presence in the former Portuguese colony of Angola during the 1980s.

Putin's deputy chief of staff, Igor Sechin, 46, who is seen as leader of the hard-line Kremlin faction called the siloviki, or "powerful ones," comes from a KGB background and also speaks Portuguese, Belkovsky said.

"I don't believe in this as a pure coincidence," he said. If Igor Vlasov is a real person and has something to do with the case, it is possible that "coming from the same background and age groups, Sechin and Vlasov may have served together in Angola and they may still have some firm ties," he said.

It is also possible, he said, that "someone is interested in implicating Sechin.

Prime Minister: Kiev No Pawn Of Russia Or West (WT)

By David R. Sands

The Washington Times, December 6, 2006

Ukraine will reject any effort to be used as a pawn in any struggle for influence between Russia and the West, Ukrainian Prime Minister Viktor Yanukovych said yesterday at the end of a two-day visit to Washington.

But Mr. Yanukovych, whom many in Washington fear is tilting away from the pro-Western reform alliance that spearheaded Ukraine's 2004 Orange Revolution, said his four-month-old government will not lobby strongly for membership in NATO in the face of weak popular support for the trans-Atlantic alliance inside Ukraine.

"Nobody is trying to push anyone anywhere" on NATO, Mr. Yanukovych said, speaking through an interpreter to a small group of reporters at a breakfast briefing. "People have to understand the benefits of this or any other security system."

The prime minister raised fresh doubts about his commitment to NATO when he declined to sign a nonbinding "membership action plan" on a September visit to Brussels. A poll released in Kiev yesterday said that about 75 percent of Ukrainians think Mr. Yanukovych is more likely to protect Russian business interests or those of his home region in eastern Ukraine over the interests of "average Ukrainian citizens."

President Viktor Yushchenko, the hero of the Orange Revolution, has strongly pushed a pro-NATO and pro-Western foreign-policy line. But he was forced to accept Mr. Yanukovych as prime minister after elections this year gave his defeated rival in the 2004 presidential campaign the biggest single bloc in parliament.

Mr. Yanukovych held low-key talks with Vice President Dick Cheney and Secretary of State Condoleezza Rice on his visit, his first to the United States since taking office in August. Topics in the talks included Ukraine's World Trade Organization bid, energy security and domestic reforms in Ukraine.

Mr. Yanukovych told reporters his government was a vast improvement over the faction-ridden team installed by Mr. Yushchenko immediately after the Orange Revolution.

"Beautiful slogans should always be followed by actions," he said. The new unified government "allows for a foreign and domestic policy where we can be 100 percent sure of implementation."

But the infighting clearly goes on in Kiev.

Mr. Yushchenko yesterday voided a parliamentary vote to fire Foreign Minister Borys Tarasyuk, a chief architect of his pro-Western foreign agenda. Mr. Yanukovych's allies hold virtually all of the other Cabinet posts, but Mr. Yushchenko argued the country's constitution gave him final say on foreign policy.

Mr. Yanukovych declined to criticize recent anti-democratic moves by Russian President Vladimir Putin, noting that Russia is Ukraine's biggest trading partner and the critical supplier of its energy needs.

"President Putin defends the interests of Russia. The way he does -- the Russian people can assess that," Mr. Yanukovych said.

"The most important thing is that Ukraine should not be allied with Russia against the United States and the European Union or vice versa," he said. "We are not going to conduct such a policy."

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Europe Is Giving Global Economy A Surprise Boost Amid U.S. Lull (WSJ)

By Marcus Walker

The Wall Street Journal, December 6, 2006

BERLIN -- Europe's economy is firing on all cylinders after years of feeble growth, helping to sustain global expansion as the U.S. economy slows and surprising many economists who doubted the Continent could muster enough demand to break its reliance on exports.

Europe's economic recovery was ignited by rising exports, but it is now spreading to investment, job creation and consumer spending. While some countries around Europe's edges have performed well for years, including the United Kingdom and the Nordic countries, prolonged stagnation in its heartland -- the 12-nation euro currency area dominated by Germany, France and Italy -- earned Europe a reputation rivaling Japan's as the world's economic laggard.

Euro-zone gross domestic product is on course to grow by 2.7% this year, unspectacular by recent U.S. standards but a big improvement on the 1.4% growth the euro zone averaged the previous five years. Even though a U.S. slowdown, a strengthening euro and looming tax increases in Germany could brake euro-zone growth next year, most forecasters still expect an expansion of around 2%. By Europe's lackluster standards, that's nothing short of a comeback -- and is good news for exporters and investors from the U.S. and Asia.

"There is no new miracle in Europe. This recovery is overdue," says Jean-Philippe Cotis, chief economist at the Organization for Economic Cooperation and Development, a Paris-based think tank. The long slowdown led anxious Europeans to save their incomes, Mr. Cotis says, creating pent-up demand that is now being unleashed as confidence gradually returns.

Europe's rebound still has flaws, which bolster arguments that structural changes are needed to realize any lasting gains. Much of the improvement this year has occurred in Germany, which is helping to buoy its neighbors after taking some painful steps, while many companies in France and Italy still struggle to cope with fierce global competition. Changes to labor laws and welfare systems prescribed by economists are low on government agendas because free-market measures remain unpopular.

But governments, companies and unions have made enough organic change to restore some of the Continent's lost dynamism. And better growth in the $10 trillion euro-zone economy means better growth in the 25-nation European Union, whose $14 trillion economy is about the same size as the U.S.'s and accounts for 30% of world GDP. (Twelve of the 25 EU nations use the euro.)

Europe's revival is reflected in the rising value of its currency, the euro, which at $1.33 is close to its highest level ever against the dollar -- $1.36 -- touched at the end of 2004. That partly reflects dollar weakness against many other currencies, but it is also because currency markets believe the European Central Bank in Frankfurt will continue raising interest rates against a backdrop of solid growth.

Germany, for years the sick man of Europe, has led the revival, reclaiming its place as the region's growth engine. Painful measures to boost efficiency and productivity put German companies -- especially makers of machine tools and other industrial equipment -- in a strong position to exploit the recent boom in global trade. While other euro-zone industries haven't restructured in the same way, they have also enjoyed rising exports amid the fastest pace of global growth in more than 30 years.

Rising corporate profits and a new optimism have led European companies to invest at home again, especially in Germany, where strenuous cost cutting has done much to compensate for high labor costs and stiff payroll taxes.

"It's fun to be an industrial entrepreneur in Germany at this time," says Jurgen Grossmann, owner of steel group Georgsmarienhutte. "The world wants our products. We have record order intakes. There is a renaissance in tangible goods."

Many German companies have found leeway in Germany's labor laws to improve productivity, and have been rewarded with rising profits. Machine-tool maker Trumpf Group, near Stuttgart, is typical of the thousands of midsize family-owned companies that make up the backbone of the world's third-largest national economy. After stagnant or falling sales earlier in the decade, Trumpf negotiated deals with its work force that allowed an extension of the workweek to near 40 hours from 35, with extra pay partly dependent on company profits, in exchange for job guarantees.

At the same time, Trumpf's export sales to fast-growing economies in Asia and Eastern Europe have rocketed. The firm is adding 450 workers to its 6,500 staff this year. Trumpf's investment spending is up 75% this year -- most of it in Germany, including a new laser factory.

"Our decision to invest in Germany rather than abroad hinged on the agreements with our workers. A 35-hour week is a joke. You can't compete internationally with that," says Nicola Leibinger-Kammüller, Trumpf's chief executive.

Total investment in Germany is set to grow by 5.8% this year, according to the OECD, up from 1% last year and declines in the four previous years. Revived investment has helped bring Germany's chronic unemployment below four million in November, from more than five million in January.

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Germany still has a high jobless rate of 9.6%, and many formerly jobless people have found only low-paid, temporary or part-time work. But rising employment has allowed a modest recovery in consumer spending, which is expected to grow by around 0.8% this year after stagnating or shrinking since 2001.

Across the euro area, unemployment has fallen to 7.7%, according to the European Commission's standardized measure, from a peak exceeding 9% in 2004. Surveys show consumer confidence is increasing as fear of unemployment recedes.

The winners from higher investment in German industry include services providers with customers in the booming manufacturing sector. Frankfurt-based Commerzbank AG has recovered from years of heavy losses, bad loans and asset writedowns. After losing €2.3 billion ($3.06 billion) in 2003, it posted net profit of €1.2 billion in the first nine months of this year, and is even hiring 700 new customer advisers after laying off more than 7,000 employees in recent years.

SAP AG, Germany's largest software company, is also hiring. But it's doing so cautiously because German labor laws make it expensive to cut the work force when the business cycle dips. "Whenever you hire in an inflexible environment, you want to make sure you can keep these people for 10 or 20 years," says Chief Executive Henning Kagermann.

Investment is also improving in other European countries, but less markedly than in Germany. Companies in Italy, France and Spain haven't cut costs or jobs or raised productivity as aggressively as their German counterparts. Labor costs in Germany have fallen by nearly 1% a year on average since 2000, but have risen by nearly 4% a year in Italy in the same period, according to the European Commission, the EU's executive arm.

In Germany, the severity of the downturn and joblessness led to far-reaching concessions by unions on work rules. But unions in other euro-zone nations have resisted similar demands from employers.

"Some of the changes German industry has made -- for example, longer working periods -- are not realistic in Italy" in light of stiff union opposition, says Ernesto Greco, chief executive of Italian furniture maker Natuzzi SpA. It has built factories in Brazil, China and Romania recently, while trimming costs in Italy to cope with rising global competition.

Yet companies from other euro-zone nations are also exporting more, in part because Germany's $2.8 trillion economy is buying more goods from the rest of Europe as it grows.

"The recovery in Germany is lifting Italy and helping France," says Mr. Cotis, the OECD economist. In both countries, stronger exports are helping companies to raise investment.

Rising trade among European countries has helped to compensate for slower growth in exports to the rest of the world this year, allowing the euro zone to sustain its recovery even though the U.S. economy is slowing. "It's looking increasingly like Europe hasn't caught a cold from the U.S. sneezing," says Neville Hill, European economist at Credit Suisse in London. That's a break with the past when, if the U.S. economy caught a cold, Europe usually caught something worse.

Consumer spending hasn't improved as strongly as investment, but even here there are signs of improvement. Euro-zone consumption rose by 0.6% during the third quarter, helped by strong spending in Germany. In a sign of the retail market's gradual recovery, Europe's biggest retailer, Carrefour SA of France, recently announced a 7% rise in third-quarter sales, including more than 5% growth in France, where its megastores have struggled against fierce competition from discount chains in recent years.

But the robust outlook could still crumble if the euro rises further against the dollar into next year. The currency's appreciation is beginning to revive bad memories of 2003 and 2004, when a surging euro snuffed out embryonic upturns in the euro-zone economy.

"The impact was very bad in all industries competing with products made in the dollar area. My feeling is we will have a hard time in front of us," says Andrea Tomat, president of Italian sport-shoe maker Lotto Sport Italia SpA.

Other risks to Europe's revival include planned tax increases in Germany and Italy, whose governments are trying to rein in budget deficits to comply with EU fiscal rules. Germany's plan to raise its value-added tax -- equivalent to U.S. sales tax -- by three percentage points to 19% in January is causing particular worry, given the fragile confidence of German consumers. Most economists believe the increase will cause only a temporary drop in spending, but some point to the case of Japan, where a VAT rise in 1997 prolonged its economic stagnation.

Many economists caution against euphoria about Europe's improved growth. "It's an OK performance compared with the past few years, but nothing is firing tremendously," says Jean-Francois Mercier, an economist at Citigroup in London. "The problems haven't gone away, including structural rigidities and caution by many businesses which prefer to invest offshore rather than at home."

Europe's recovery is also uneven. While German industry is looking strong, consumer spending is still only growing weakly. In France, consumer spending has helped underpin GDP growth, but companies have been losing global market share while investment is growing more slowly than in past upturns.

Thanks to its continuing structural problems, the euro zone is able to sustain a growth rate of only around 2% a year without stoking inflation, the OECD estimates. The U.S. economy can sustain closer to 3%. More-flexible labor rules, more

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competition in markets for goods and services, and an overhaul of pension and health-care systems would help the euro zone to sustain faster growth, making it easier to cope with the future strains of an aging and eventually shrinking population.

"The case for structural reforms in Europe remains strong," says Mr. Cotis.

Immigration Fuels U.K. Growth (WSJ)

By Andrew Peaple

The Wall Street Journal, December 6, 2006

LONDON -- An influx of immigrant labor after the European Union expanded in 2004 has fueled a surge in the U.K. economy and is expected to prompt the government to announce today that growth this year will be faster than expected.

Chancellor of the Exchequer Gordon Brown, presenting his latest report to Parliament on the economy and public finances, will raise the growth forecast for gross domestic product to around 2.75%, from the 2.25% forecast in March, people familiar with the report say.

Mr. Brown last week said the faster growth trend was due at least in part to the wave of immigration that has washed over Britain. The government estimates that 600,000 people have moved to the U.K. from Central and Eastern Europe since the EU grew by 10 countries two years ago.

More than two-thirds have found jobs, increasing Britain's work force by 1.5% and adding new momentum to a U.K. economy already strengthened by a wave of privatization and deregulation in the 1980s and 1990s. The Centre for Economic and Business Research says migrant workers add £54 billion ($107 billion) a year to output, or around 5% of GDP.

Economists say the new output and domestic buying power have raised the country's economic "speed limit" -- the pace at which it can grow without generating inflation.

"This immigration has been a supply shock on a scale that I don't think we've seen in our history, and we don't have a good handle on its scale and the consequences," Confederation of British Industry Director-General Richard Lambert said in a recent interview.

Other EU countries, including Ireland and Sweden, have been similarly jolted by immigration flows, though not to the extent seen in Britain, which is equipped with a heavily service-based economy and liberal labor laws that help it absorb more jobs.

Spain's per-capita output would have fallen over the past decade, instead of rising 2.6% a year, without a population increase of two million due to immigration, says Andrew Milligan, head of global strategy at Standard Life Investments.

The ability to forecast extra revenue is a boon for any finance minister. For Mr. Brown, who is hoping to succeed Prime Minister Tony Blair next year, it is even more valuable. Extra immigration-related tax revenue could give him a deeper war chest for spending increases ahead of the next general election, due by 2010.

Indeed, Mr. Brown is expected to add to that war chest in Parliament today, people familiar with the matter say. They say he will raise taxes for airline passengers and motorists this week in a bid to show his environmental credentials ahead of the election.

The air-passenger tax is set to double, with the tax on an economy flight to Europe rising to £10 from £5, while the duty on a business or first-class flight will rise to £20 a person from £10, the people say. The size of the fuel-tax increase -- which will be the first since 2003 -- hasn't been decided, those people say.

Peter Spencer, chief adviser of economic-forecasting group the Ernst & Young ITEM Club, calculates that the U.K. treasury has received an extra £12 billion to £18 billion in tax revenue since 1998 from the influx of workers. And an upgrade to future output estimates means the chancellor can safely forecast higher tax revenue. A number of economists think the scale of immigration means potential economic growth could be as high as 3% to 3.25% a year.

The increase in the working population also has consequences for the Bank of England, as it considers whether to continue raising interest rates next year.

"A faster-growing labor force potentially raises the amount the economy can produce," said Rachel Lomax, the central bank's deputy governor, in a speech last week. "Rather like raising the economy's speed limit, it implies that it can grow faster without hitting supply constraints and generating inflationary pressure -- that may be the situation right now."

But immigration also comes at a social cost, driving up housing prices in London and other urban areas while also restraining wage growth in the services sector, which is good for inflation, but potentially frustrating for Britain's work force.

Recognizing those concerns, the British government is looking at ways to better manage the inflow. When Bulgaria and Romania join the EU next month the government will allow workers from those countries only gradual access to the labor market, limiting entrants to 20,000 a year.

While some economists see this as a bad move, given the boost to growth immigration has given so far, others see the pause as justified to take stock.

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"GDP per head also matters. The fact that overall GDP is rising is not in itself something that generates new wealth," says the Confederation of British Industry's Mr. Lambert, who is a former member of the Bank of England's rate-setting monetary-policy committee.

Fiji Under State Of Emergency After Government Is Toppled (WP/AP)

By Ray Lilley

The Washington Post, December 6, 2006

SUVA, Fiji, Dec. 6 -- Fiji's military commander declared a state of emergency Wednesday, a day after he overthrew the elected government and brought international sanctions and censure that began to isolate the South Pacific country.

It was the nation's fourth coup in 20 years. Radio network Legend quoted a military statement saying that armed forces would set up checkpoints around Suva, the capital, as part of the state of emergency.

"As of 6 o'clock this evening, the military has taken over the government, has executive authority and the running of this country," Commodore Frank Bainimarama, the armed forces chief credited with resolving Fiji's last coup, said Tuesday in a nationally broadcast statement.

Prime Minister Laisenia Qarase, who insists he is still Fiji's legitimate leader, flew Wednesday from the capital to his home village on the remote, northeastern Lau Islands, said Pene Nonu, his private secretary.

The takeover, like the previous three coups, has its roots in the ethnic divide between the descendants of ancient Melanesian warrior tribes and those of Indian laborers brought by former colonial power Britain to work in sugar plantations.

In his declaration, Bainimarama justified seizing power to prevent legislation that favored indigenous Fijians, contending that the measures "would undermine the constitution and deny many citizens their rights."

Bainimarama said he had assumed some powers of the president and was using them to dismiss the prime minister.

The nation's last coup, in 2000, was led by indigenous nationalists who overthrew the country's first ethnic Indian prime minister. Bainimarama was widely regarded as a national hero after he stepped in, brokered a resolution without bloodshed and restored democracy, hand-picking Qarase, a former banker, to lead an interim government.

He also promised amnesty to coup participants but later reneged, and the ringleaders were arrested, tried and imprisoned for treason.

Bainimarama named Jona Senilagakali, a military medic with no political experience, as caretaker prime minister and said a full interim government would be appointed next week to see the country through elections that would restore democracy.

Rising Interest In Nuclear Power Brings New Life To Uranium Mining (WP)

By Craig Timberg

The Washington Post, December 6, 2006

ARANDIS, Namibia -- This sandy little company town, with its tree-lined streets and concrete homes set amid a vast, forbidding desert, had all the signs of terminal decline just a few years back. Both banks closed. The only gas station shut off its pumps. And employable young men, realizing the bleak future of the giant uranium mine that gave Arandis life, began drifting away.

But something unexpected happened on the way to the funeral for Arandis: The nuclear industry, stagnant for two decades, reversed its fortunes at a time of rising oil prices and growing realization that burning fossil fuel caused global climate change. Nuclear went from being seen as a dirty source of energy to a comparatively clean, efficient one.

From that shift in perception, mainly in the minds of Westerners thousands of miles away, the fate of this remote African town went from doom to boom.

"The future was very dark," said the energetic mayor of Arandis, Daniel Muhuura, who like hundreds of residents here has spent his entire professional life working for Roessing Uranium Mine. "Now the future is very bright."

Dramatic turnarounds have happened across the continent as a quest for mineral riches, similar to the one that helped fuel the 19th century's "Scramble for Africa," has become a hot economic story of the decade. Decisions in boardrooms around the world have sent prices soaring for copper in Zambia, coltan in Congo and oil in Angola, Nigeria and Sudan.

From rising demand for these commodities, sub-Saharan Africa's economic growth has hit rates not seen in three decades.

Perhaps no renaissance, however, has matched that of the uranium industry's.

Roessing Uranium Mine opened in 1976 during nuclear power's heyday. But the Three Mile Island accident in 1979 and Chernobyl in 1986 caused a profound political backlash that nearly halted new reactor construction. Uncertainty about how to handle the dangerous radioactive waste created by nuclear power plants also contributed to its unpopularity.

By 2001, the price for uranium oxide had fallen to about $7 a pound, one-sixth of its peak. Two years later, facing massive losses, Roessing announced plans to close.

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Under that plan, the mine was to cease operations in 2007 after having dug 1 billion tons of rock out of a jagged, bleached landscape often compared to the surface of the moon. Instead, oil prices soared and global warming became the stuff of newspaper headlines and Hollywood movies. Interest in building new nuclear reactors grew, and the price of uranium oxide rose to $62.50 a pound.

Roessing, which recently made its first delivery to an increasingly energy-hungry China, has decided to continue mining until at least 2016, mine officials say.

They expect to end this year with Roessing's first substantial profit, and tax bill to the Namibian government, in five years.

And the mine, whose workforce dropped from 3,800 in the 1970s to 860 last year, has begun hiring again.

"It is definitely a dramatic change," said company spokesman Rehabeam Hoveka. "It is good news for Arandis. It is good news for Namibia, too."

A second uranium mine, meanwhile, is slated to open nearby soon. Three others within 60 miles are in various stages of development. So where Arandis was once going to be a mining town without a mine, soon there could be five in the area.

The boom in uranium mining has caused grumbling from the tourism industry, which fears the loss of pristine landscapes, and environmentalists, who fear damage to the fragile biodiversity of the Namib, regarded as the driest and oldest desert in the world. Some environmentalists also are concerned about the renewed growth of an industry they still regard as dangerous despite industry claims of safety improvements since the Chernobyl disaster.

"They cannot tell us that they are safer than before," said Bertchen Kohrs, head of Earthlife Namibia, speaking from Windhoek, the capital. "It starts here with mining uranium, the whole cycle starts. Who says that some day we won't have to take back the nuclear waste here in Namibia?"

Roessing mine is a massive, dun-colored canyon two miles long, nearly a mile wide and more than 1,000 feet deep. From its lip, the giant dump trucks that haul uranium ore from the mine floor look like children's toys.

Several crushing machines pulverize the rock into sand, then powerful acids extract the traces of uranium. The end product, after processing, is a fine gray powder that leaves the mine in steel drums weighing 900 pounds. Mine officials say each holds as much potential energy as 40,000 barrels of oil.

All of Roessing's uranium oxide is used by civilian reactors, mine officials say, and is exported only to countries approved by the International Atomic Energy Agency.

The government of Iran owns 15 percent of Roessing, a legacy of early investment in the 1960s by the shah there. Mine officials say no shipment of uranium has ever been made to Iran, and the country has no right to the mine's product. Roessing's majority owner is Rio Tinto, a global mining conglomerate.

Officials in Arandis say they hope to use the unexpected revival of the mine to secure the future of their town, which already has, by African standards, an enviable infrastructure, including paved roads, a soccer stadium, a library, streetlights and steady sources of electricity and clean water. Two small clothing factories and a technical college provide some jobs not directly affiliated with the mine.

The banks have not resumed operations, but one recently opened a cash machine in Arandis, and work on a new gas station is to begin this month, said Muhuura, the mayor. With population on the rise again, the town recently made a deal with a builder to construct 50 homes.

The mine also has donated one of its dump trucks to Arandis, where it sits massively, with giant rubber wheels twice the height of most men, in the center of town. It is the first piece of what town officials hope is an eventual mining museum, part of the plan to help the town survive the next big downturn in uranium demand, whenever it comes.

"We want to turn around to show the world that this town will never be a ghost town," Muhuura said.

China's Sunshine Boys (NYT)

By Thomas L. Friedman

The New York Times, December 6, 2006

So here's a little news quiz: Guess who's the seventh-richest man in China today, with a fortune estimated by Forbes magazine at $1.43 billion?

Answer: Shi Zhengrong. Now guess what he does. Real estate? No. Banking? No. Manufacturing for Wal-Mart? No. Construction? No.

Mr. Shi is China's leading maker of silicon photovoltaic solar cells, which convert sunlight into electricity. Yes, the seventh-richest man in China is a green entrepreneur! It should only happen in America.

Mr. Shi thinks, as I do, that renewable clean power — wind, solar, bio-fuels — is going to be the growth industry of the 21st century, and he wants to make sure that China and his company, Suntech Power Holdings, are the leaders. Only 43 years old

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and full of energy himself, Mr. Shi hopes to do for solar energy what China did for tennis shoes: drive down the cost so that millions of people who could not afford solar photovoltaic panels will be able to do so.

As an environmentalist, I wish him well. As an American, I worry that if we don't start doing everything we can to develop our own clean power, we're going to miss out on the green industrial revolution. Today, most of our hybrid cars are imported from Japan. Tomorrow, if Mr. Shi has his way, most of our solar panels will come from China.

What Mr. Shi understands is that China is going to have to go green. Its rivers and air are becoming so polluted it has no choice. In fact, as he and I spoke in his 66th-floor office in Shanghai, the air was so dirty you could barely make out the skyscrapers down the street. America, alas, still seems to think it has a choice in going green. So while China will be compelled to move into this industry, U.S. companies may or may not, depending on whether states, or Washington, require power providers to generate energy from renewables.

For years our brain-dead Congress thought it was helping our power companies and manufacturers by not imposing tough energy-efficiency standards on them. In fact, it was just helping some of them commit suicide. Congress's idiotic decision not to impose higher mileage standards on U.S. carmakers helped Detroit miss the market and almost go bankrupt. China already has higher mileage standards for its autos than we do.

"People at all levels in China have become more aware of this environment issue and alternative energy," said Mr. Shi. "Five years ago when I started the company people said: 'Why do we need solar? We have a surplus of coal-powered electricity.' Now it is different; now people realize that solar has a bright future. But it is still too expensive."

Mr. Shi founded Suntech in Wuxi, China, near Shanghai, after earning a Ph.D. in engineering in Australia in 1992. As The Wall Street Journal put it in a recent profile, Suntech combines "first world technology and developing world prices" — so effectively it has become one of the world's four top solar manufacturers, along with Sharp and Kyocera of Japan and BP.

The key, Mr. Shi explained to me, is that he uses more low-cost Chinese labor, rather than high-tech machines, to make his solar modules and handle the fragile silicon, and he takes advantage of the subsidies offered by different Chinese provinces dying for him to open a Suntech factory in their region.

Roughly 90 percent of his business today is abroad. But as he brings the price down, the China market will open up, and he expects to use that to gain much greater scale and drive the price of his solar modules down further.

"If we have a market here, we feel confident we will be a cost leader," he says. "Now we are at around $4 per watt. In 10 years time, I'm pretty sure we will be below $2 per watt," which would make solar competitive and scalable.

Thanks to Suntech's success, "now there is a rush of [Chinese] business people entering this sector, even though we still don't have a market here," added Mr. Shi. "Many government people now say, 'This is an industry!' " To help, the Chinese government just passed a law mandating that China get 10 percent of its energy from renewables, like solar, by 2020.

China is setting high standards for renewables, but is still weak on enforcement. America is better at enforcement, but still weak on setting high standards. We need to get our act together, because eventually China will bring its enforcement in line with its regulations — or it won't breathe. And when that happens, China's emerging green power entrepreneurs could clean our clock in the clean power business.

Oh, well, you can always buy a share. Suntech is already listed on the New York Stock Exchange. <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Out In The Cold (LAT)

The Los Angeles Times, December 6, 2006

THE SKIING ISN'T ideal in Big Sky, Mont., thanks to a lack of snowfall, but temperatures are cold enough to support the man-made variety. It seems to be equally frosty inside a resort conference room where South Korean and American representatives are trying to cement the United States' biggest trade deal since the North American Free Trade Agreement.

Underway is the fifth round of talks on a bilateral pact supported by President Bush and South Korean President Roh Moo-hyun. The stakes for both countries are high and go beyond mere economics — though the economies of both nations would benefit from a pact. A failure would further strain already frayed relations between the U.S. and South Korea and could push Seoul nearer to China's political and trade orbit.

Despite such considerations, there doesn't seem to be much urgency in Montana. This was supposed to be the final round of talks, but with agreement lacking on even relatively easy issues in earlier rounds, they are expected to continue next year. With Bush's fast-track trade authority expiring in July, a deal needs to be finished by March to allow time for congressional review. Yet on Tuesday, there was still no sign of progress.

There are a number of contentious matters on the table, including South Korea's restrictions on U.S. beef and rice and U.S. anti-dumping rules that South Koreans say have unfairly punished their high-tech manufacturers. Probably the biggest snag is

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automobiles: South Korea puts heavy tariffs and taxes on imports and imposes safety and environmental regulations that make it difficult for foreign automakers to compete.

These clearly have to go, but that's not enough for Detroit. U.S. automakers are demanding that cuts to U.S. tariffs on South Korean vehicles be tied to measurable gains in market share for U.S. cars in South Korea. They don't just want a level playing field — they want sales guarantees. It's an absurd notion that, distressingly, is embraced by Rep. Sander M. Levin (D-Mich.), who is likely to chair the House Ways and Means Committee's trade subcommittee next year.

Meanwhile, among South Korea's more nonsensical trade quirks is its restriction on U.S. beef, which is based on overblown fears of mad cow disease. That should be jettisoned as well.

With $72 billion in trade last year, South Korea is the United States' seventh-biggest trading partner. A successful free-trade agreement would be an achievement in itself and would lay the groundwork for an even bigger deal with Japan. Such an agreement is too important to be derailed by a protectionist minority in both countries.

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From:	USDOJ- Office of Public Affairs
Sent:	Thursday, December 07, 2006 8:15 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, December 07, 2006
Attachments:	agnb061207.pdf; agnb061207.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 7, 2006 7:45 AM EST

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TERRORISM NEWS:

Senators Grill Mueller About NSA Surveillance Program. The AP (12/7, Jordan) reports in a widely-distributed story, "Senators frustrated by scant details on the Bush administration's domestic eavesdropping program on Wednesday rapped FBI Director Robert Mueller for refusing to show how it has curbed terrorist activity in the United States. Mueller said he was unable to talk about the warrantless spying program because it is classified." Senate Judiciary Chairman Arlen Specter asked, "What assurances can you provide that the program is worthwhile? Have arrests been made? Have terror cells been broken?" The AP notes, "In his opening remarks, Mueller ticked off a list of FBI cases targeting terror suspects since the 2001 attacks. … But Mueller did not say if any of the cases resulted from the secret spying program, which was revealed last year. His answer annoyed senators, who said their constitutionally protected oversight was being hampered by the administration's stonewalling."

PBS Newshour with Jim Lehrer (12/6, 7:00 p.m., Lehrer) broadcasted, "FBI Director Mueller balked today at giving the results of domestic surveillance. The eavesdropping on international calls and e-mails is done without warrants. At a hearing, Mueller faced persistent questioning from Arlen Specter, the chairman of the Senate judiciary committee." Sen. Arlen Specter, Chairman of Senate Judiciary Committee: "What assurances can you provide to this committee and the American people that the program is worthwhile? Have arrests been made? Have terrorist cells been broken up?" Robert Mueller, FBI Director: "All I can tell you, sir, is the compartment is classified. It is compartmented, and if given the permission to provide such a brief allegation we have breached the intelligence committee, we are happy to do so, sir." Lehrer: "Mueller did say that the FBI had broken up several terror plots since 9/11."

Under the headline "Mueller's Reticence Angers Senate Panel," the Washington Times (12/7, Seper, 88K) reports Mueller "was subjected to bipartisan…after refusing to discuss the Bush administration's domestic terrorist-surveillance program because it is 'classified.'" Mueller "stepped further into the breach when he told Mr. Specter the FBI had given a 'full briefing' on the program to the Senate Intelligence Committee behind closed doors. 'Well, we're very interested in that, Director Mueller, but not as interested as a full briefing to this committee,' said Mr. Specter, adding that 'this committee has oversight jurisdiction over the FBI. We're going to pursue that, Director Mueller. That is not what I view as a satisfactory response by the administration.'" Meanwhile, NPR's All Things Considered (12/6, Shapiro) called the hearing "combative," noting that "every senator brought an issue." In addition to Specter's questions about domestic surveillance, NPR reported Sen. Dianne Feinstein's criticism of FBI anti-gang priorities, as well as criticism of the Amerithrax probe from Sens. Charles Grassley and Patrick Leahy.

Senate Democrats May Press Administration On Terrorism, Privacy Concerns. The New York Times (12/7, Lichtblau) reports, "Leading Senate Democrats put the Bush administration on notice Wednesday that they intended to press for a fuller accounting on a wide range of counterterrorism programs, including wiretapping, data-mining operations and the interrogation and treatment of detainees." The Times continues, "Democrats have appeared divided at times over how aggressively to challenge the administration on its terrorism policies, in part because of concerns that they risked playing into Republican accusations that they were soft on terrorism. … But Senator Patrick J. Leahy, Democrat of Vermont, who will take over next month as chairman of the Judiciary Committee, made clear at a committee hearing Wednesday that he wanted to investigate actively the effectiveness and legality of many programs. … 'The administration's gone to unprecedented lengths to hide its own activities from the public while at the same time collecting an unprecedented amount of data on private citizens,' Mr. Leahy told Robert S. Mueller III, the director of the Federal Bureau of Investigation." The Times adds, "As the sole witness at the hearing, Mr. Mueller bore the brunt of the Democrats' criticism. But their sharp questions often went well beyond the F.B.I.'s purview, delving into areas like the National Security Agency's eavesdropping program, the Central Intelligence Agency's interrogations of Qaeda suspects and the Department of Homeland Security's use of profiling scores to assess the risks posed by travelers. … As a first step toward what Mr. Leahy described as an effort to roll back the administration's curtailment of rights, he and Senator Arlen Specter, Republican of Pennsylvania, proposed legislation that would seek to restore the rights of all terrorism

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suspects to challenge their detentions in court. … Brian Roehrkasse, a spokesman for the Justice Department, said that while the administration would review the Leahy-Specter proposal, the process approved by Congress allows enemy combatants to challenge their detention and 'goes well beyond what is required for lawful prisoners of war under both international and domestic law.'"

Leahy Says FBI, DOJ Oversight Will Be One Of His "Highest Priorities." In its story focusing on Mueller's comments about the Weldon probe leak, Bloomberg (12/7, Schmidt) also reports, "Senator Patrick Leahy, the Vermont Democrat who will take over as committee chairman next year, promised to press the FBI on privacy issues related to personal information the government collects to protect against terrorist attacks. 'There is a growing concern in this country that our government knows too much about us,' Leahy said. Leahy told Mueller that 'oversight of the FBI and the Department of Justice will be one of my highest priorities next year.'"

FBI Seeks More Funds To Avoid Tech Upgrade Delays. Government Executive (12/7, Pulliam) reports, "The FBI's $425 million effort to upgrade its case management system is at risk of delays if Congress does not provide additional funds in the next stopgap spending measure, the bureau's chief told lawmakers Wednesday." GE continues, "Testifying before the Senate Judiciary Committee, FBI Director Robert Mueller said the bureau needs $157 million to begin the second phase of building the system, known as Sentinel, in February as planned. … President Bush included $100 million for the project in his fiscal 2007 budget request. According to Mueller, the Office of Management and Budget has helped the FBI find the additional $57 million, using funds left over from the first phase of the effort and unspent balances in other accounts. … The House version of the fiscal 2007 Science, State, Justice, Commerce and related agencies spending bill, which includes FBI funding, meets the administration's $100 million request. But the Senate version provides an appropriation of only $40 million. The bill has yet to be completed." GE adds, "The Senate did not grant the full request because the FBI failed to fully respond to a March 24, 2006, letter from the Judiciary Committee relating to the bureau's modernization efforts. Language in the report accompanying the appropriations bill stated that the funding levels would be reconsidered if FBI officials answer the committee's outstanding questions. … The current continuing resolution to keep money flowing to agencies in the absence of final fiscal 2007 appropriations is set to expire Dec. 8. Agency officials have asked that when lawmakers extend it, they provide $80 million for Sentinel."

Officials Fear Al Qaeda Could Strike In UK. The Financial Times (12/7, Fidler) reports, "Britain's security services have concluded that al-Qaeda is rebuilding its headquarters' operation in Pakistan and that the UK is the western country mainly at risk from the development, according to UK government officials. The conclusion, drawn from examinations of past plots and other evidence, runs counter to conventional wisdom that al-Qaeda has been in retreat as an operational force and has become essentially a "brand" that inspires radical Muslims to commit acts of terror." The Times adds, "The theme was addressed in public last month in a speech by Dame Eliza Manningham-Buller, director-general of the UK's domestic security service. She said the service knew of some 30 plots and had identified 1,600 people actively engaged in plotting, or facilitating, terrorist acts here and abroad. … UK government officials, speak-ing on condition they not be named, say they have evidence that some groups receive direction from Pakistan, in particular from the lawless tribal areas near the Afghan borders."

HOMELAND RESPONSE:

Gonzales To Tour Supermax Prison In February. The Rocky Mountain News (12/7, Burnett) reports, "U.S. Attorney General Alberto Gonzales plans to tour Supermax prison with Sen. Ken Salazar in February, Salazar's spokesman said today." The News continues, "Salazar said he hopes the Feb. 21 tour will bring much-needed attention to the nation's highest-security federal prison, which has seen a decrease in staff and increased concerns about security since it opened in Florence in 1994. .. .The prison is home to inmates such as 9/11 conspirator Zacarias Moussaoui, 1993 World Trade Center bomber Ramzi Yousef and Oklahoma City bombing conspirator Terry Nichols." The News adds, "In September, a Justice Department inspector general's report criticized the prison for not properly screening terrorists' mail and other communications. A federal indictment also revealed that a drug kingpin had used coded messages to conduct business in Los Angeles from inside Supermax."

The AP (12/7) reports, "This year an arbitrator found staffing levels had made the facility more dangerous, with

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some shifts going unfilled. In September, a Justice Department report criticized the prison for not properly screening mail and other communications." The AP adds, "Gonzales had committed to a tour when he met with Salazar last month, when he restated the Bureau of Prison's commitment to add 18 staff members to the prison by the end of the year."

Local Television. KJCT- TV (12/6, 10:00 p.m.) in Grand Junction, Durango, and Montrose broadcasts, "Senator Ken Salazar and US Attorney General Alberto Gonzales will tour the Supermax prison in Florence next February. Salazar says he hopes the tour will bring more attention to security and staffing concerns at the nation's highest-security federal prison. The prison houses the nation's most dangerous inmates."

KKCO- TV (12/6, 10:00 p.m.) in Grand Junction, Durango, Montrose, broadcasts, "Glen questions about the security of one of the prisons holding the nation's most notorious criminals is prompting a visit from federal officials. Florence, Colorado Supermax security prompts investigation Senator Ken Salazar announced he will visit the Supermax prison near Florence Colorado along with Attorney General Alberto Gonzales. The prison has been criticized for being understaffed. And that mail is not adequately screened."

KMGH- TV (12/6, 4:00 p.m.) in Denver, "Alberto Gonzales will visit Supermax in February. It houses the nation's most notorious prisoners."

US-Bound Cargo To Be Tested For Radiation At Four Foreign Ports. USA Today (12/7, 9A, Hall, 2.27M) reports the Homeland Security and Energy departments will announce today that beginning next year, "containers at ports in Korea, Oman, Honduras and the United Kingdom" will be scanned for radiation before being loaded onto US-bound ships in "the first phase of a program that could expand to ports worldwide." Korea is "one of the world's largest ports" and will only have some cargo containers run through detectors, but "officials expect most or all will be" scanned at the smaller ports. "Either way, the program should deter anyone aiming to sneak weapons onto a cargo ship," Homeland Security Deputy Secretary Michael Jackson said.

EPA To Start Final 9/11 Cleanup Program. The New York Times (12/7, Depalma, 1.16M) reports, "More than five years after contaminated dust from the World Trade Center seeped into apartments and offices throughout Lower Manhattan, the federal Environmental Protection Agency announced plans yesterday to start a final indoor cleanup program next month, despite widespread criticism that the program is seriously flawed." Agency "officials said residents and owners of commercial buildings below Canal Street would have 60 days to sign up for the voluntary program, which will test for asbestos, lead, vitreous fibers and harmful soot that may have come from the collapse of the trade center. If any one of the contaminants is found, the space will be professionally cleaned at no cost to the resident or owner. … Senator Hillary Rodham Clinton, who in 2004 forced the environmental agency to test indoor spaces for contamination, called the program announced yesterday 'totally inadequate.'"

NYTimes Urges Democrats To Adopt All 9/11 Panel Recommendations. The New York Times (12/7, 1.16M) editorializes, "Weeks before they take majority control of the Capitol, the Democrats are reported to be wriggling out of one of their most important campaign vows: to repair Congressional oversight of the nation's intelligence agencies. Congress was found to be nothing less than 'dysfunctional' on this duty by the Sept. 11 commission, which wisely recommended a full-scale revamping of the committee structure. … Now that they can taste power again, however, the victors seem to be having second thoughts. Instead of attempting wholesale committee reform in the first weeks of Congress, Democratic leaders may punt the idea toward oblivion in some sort of a study panel, according to The Washington Post. Nothing could be more disappointing to voters. … Surely, the leaders of the new Congress know they will be risking the nation's security, far more than their credibility, if they retreat from the vow to do a stronger job of oversight."

Nagin Says Federal Government Has Abandoned New Orleans. In a front page article, USA Today (12/7, 1A, Eisler, Heath, 2.27M) reports on an interview with New Orleans Mayor Ray Nagin in which he "accused the federal government…of abandoning its legal obligation to help his city recover from the devastation of Hurricane Katrina." He "insisted that even the city's most flood-prone areas should be rebuilt — albeit 'smarter and safer.' He said that can't happen unless promised federal aid begins to flow." Though Nagin said "local officials have not

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been able to access" most of the $900 million approved by the federal government to rebuild New Orleans' infrastructure, the head of FEMA's recovery office in Louisiana, James Stark, "said most of the federal money already has been turned over to Louisiana" and that the agency "has been working to speed up the funding process."

Under the headline "'We're Going To Do It.'" USA Today (12/7, 13A, 2.27M) runs an excerpt from its interview with Nagin and City Council members Oliver Thomas Jr., Cynthia Hedge-Morrell and Arnie Fielkow. Asked what must be done to make the recover process in New Orleans work, Nagin said, "The main thing we need right now is the $900 million that is pending through the Federal Emergency Management Agency for infrastructure repairs. The second thing is the dollars our citizens need to rebuild their homes and their lives." Nagin said only 44 citizens have "received a check" through the Road Home program. Nagin added later that the program is "not meeting the needs of our citizens. It needs to move more quickly with more dollars. We have to get to a point where I can say to a citizen, you can't live here or you shouldn't live here because of the risk, but here's how we move you to a better place to rebuild your life."

GAO Says FEMA Wasting Millions In Katrina Aid. The Washington Post/AP (12/7, A12, Yen) reports investigators for the Government Accountability Office said Wednesday that the federal government "is squandering tens of millions of dollars in Hurricane Katrina disaster help, in some cases doling out housing payments to people living rent-free." Meanwhile, FEMA "has recouped less than 1 percent of the $1 billion that investigators contend it wasted on fraudulent assistance." GAO's Gregory Kutz told a Senate hearing that the office's "work shows for individual assistance payments, at least tens of thousands of individuals took the opportunity to commit fraud." He added "that his previous $1 billion estimate of wasted aid was now 'likely understated.'" FEMA spokesman Pat Philbin said "the agency has sought to upgrade the registration process and strengthen its procedures for verifying names and addresses."

USA Today (12/7, 7A, Hall, 2.27M) reports, "Among the latest examples of waste were duplicate payments to people claiming the same damage to their homes from two hurricanes." Sen. Susan Collins "called the new revelations about FEMA 'truly alarming.'" NPR (12/6, Anne, Kelly) reported on its website that Collins said the agency "has yet to strike a proper balance between expedited assistance and good stewardship of taxpayers' funds. Current practices invite and enable fraud, harming the very people the program is designed to help."

Louisiana Disputes FEMA Bill For Payments On Fraudulent Claims. The New York Times (12/7, Eaton, 1.16M) reports Louisiana officials "have gone to court to try to prevent the Federal Emergency Management Agency from collecting about $60 million from the state," arguing that the state should not be responsible for fraudulent claims paid by the agency. "The federal government has asked a judge to dismiss the lawsuit, contending that Louisiana cannot refuse to pay charges it disagrees with — even when the charges are the result of fraudulent claims — and that the state has no right to audit FEMA's spending." The figure in dispute "includes $45 million withheld because the state estimates that about 12 percent of FEMA's other needs spending went to people who were probably not eligible for it."

WAR NEWS:

Iraq Study Group Report Seen As Rebuke Of Bush Policies. To say that the release of the Iraq Study Group Report dominates news coverage would be a major understatement. Stories about or related to the release of the 142-page report by the panel headed by ex-Secretary of State James Baker and ex-Rep. Lee Hamilton took up 48 minutes of the three major network news broadcasts Wednesday night, with ABC giving the topic 13 and one-half minutes, NBC just over 16 minutes, and CBS a full 20 minutes. Major newspapers across the country have their own front-page reports and detailed analyses. Most media analyses suggest the release of the eagerly anticipated document puts great pressure on President Bush to chart a new course for the US in Iraq. Much of the coverage is very favorable toward the ISG and its report, which is being portrayed as a blunt rebuke of the Administration's Iraq policies.

ABC World News (12/6, lead story, 2:10, Gibson, 8.78M) said the report "read a bit like a report card on the Bush Administration's conduct of the war and the marks were not good." ABC (Karl) added, "The commission calls not just for a change in military strategy but also a complete overhaul of US foreign policy in the Middle East."

NBC Nightly News (12/6, lead story, 3:15, Williams, 9.87M) said "10 prominent Americans appeared before reporters after working for nine months on a plan for the US in Iraq. Between them they have hundreds of years of

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government experience, Republicans and Democrats who today delivered a blunt bipartisan and grim assessment." NBC (Gregory) added, "This report is a harsh review of the President's handling of the Iraq war, a rejection of the President's recent claim that the US is winning in Iraq. The report concludes just the opposite, that the current approach is not working." A bit later on NBC Nightly News (12/6, story 5, 2:05, Williams, 9.87M), Tim Russert said, "The one thing that resonated today, whether you're liberal, conservative, Democrat, Republican, for the war or against the war, was the grimness of this report. They used the word 'dire.' … When 10 Americans in a bipartisan way come together in a unanimous report and say it's grave and getting worse, it was heard throughout official Washington."

In the most negative of the three network openings, the CBS Evening News (12/6, lead story, 2:20, Couric, 7.66M) reported, "The US military confirms that 10 more American soldiers were killed in Iraq today, some in combat, others by roadside bombs. With each death, with every passing day, so many of us ask, 'Is there any way out of this nightmare?' Today we got an answer from a bipartisan commission. … The committee does recommend a new diplomatic offensive to end the violence in Iraq, one that would include Iran and Syria, something the President has rejected in the past." The CBS Evening News (12/6, story 3, 1:00, Axelrod, 7.66M) additionally said, "From the outset, the President's aides have set he will not outsource his foreign policy. This report calls for several things that would force the President to alter his course, if not pull a 180-degree turn, and that hasn't exactly been a hallmark of this presidency to date."

A harsh AP (12/6, Flaherty, Espo) report appearing in well over 100 newspapers or on their web sites says the ISG concluded that "President Bush's war policies have failed in almost every regard," warning of "dwindling chances to change course before crisis turns to chaos with dire implications for terrorism, war in the Middle East and higher oil prices around the world." The Washington Post (12/7, A1, Abramowitz, Wright, 690K) says the "panel of prominent elder leaders yesterday offered a stinging assessment of virtually every aspect of the U.S. venture in Iraq and called for a reshaping of the American military presence and a new Middle East diplomatic initiative to prevent the country from sliding into anarchy," while the he Los Angeles Times (12/7, Richter, 850K) says the report used "uncompromising and dismal terms" to say "continuing deterioration in Iraq could inflame the entire region in a deadly war that would further curtail U.S. influence throughout the world."

USA Today (12/7, 1A, Nichols, Slavin, 2.27M) said the "much-awaited report" calls for "U.S. troop withdrawals by 2008 to prevent" Iraq's "slide toward 'chaos.'" The Wall Street Journal (12/7, A1, Dreazen, King, 2.04M) also focuses on the call for drawing down troop strength, saying the report offers a "prescription for withdrawing most U.S. troops by a specific date and dismissal of calls to partition Iraq or send additional American forces there." McClatchy (12/7, Hutcheson) reports the "eagerly anticipated report" called for a "get-tough approach that would set clear milestones for the Iraqis in conjunction with a gradual withdrawal of U.S. troops." The Financial Times (12/7, Sevastopulo, Daniel, Luce) says the report "called for a radical change of course in US policy."

The New York Times (12/7, A1, Sanger, 1.16M) cites the report's "unusually sweeping and blunt language" in its 79 recommendations, which "included a call for direct engagement with Syria and Iran as part of a 'new diplomatic offensive,' jump-starting the Israeli-Palestinian peace effort, and a clear declaration that the United States would reduce its support to Iraq unless Baghdad made 'substantial progress' on reconciliation and security." The Baltimore Sun (12/7, Davis, 257K) calls it "a grim and strongly worded report."

The Chicago Tribune (12/7, Silva, 617K) says Bush was presented "with both a pointed critique of his handling of the war and a road map for changing course in Iraq that would require the president to transform the military mission and recalibrate in fundamental ways his approach to Middle East diplomacy." The Houston Chronicle (12/7, A1, Hedges, Roth, 530K) says the report "painted a dire portrait of the situation in Iraq while calling for all American combat brigades to be withdrawn by the first quarter of 2008, barring unexpected developments."

With a slightly different focus, the Christian Science Monitor (12/7, LaFranchi, 59K) says the report "avoids some controversial proposals. This reflects the panel's bipartisan makeup as well as a desire not to be dismissed by the White House out of hand. But it does call for increased pressure on the Iraqi government to make progress in key areas of reconciliation and governability -- and to withdraw US support if progress is not made. … One downbeat note greeting the report is that, no matter how good some of its recommendations may be, it may simply have been overtaken by the deterioration of conditions on the ground in Iraq."

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In a front-page news analysis, the New York Times (12/7, Stolberg, 1.16M) writes, "In 142 stark pages, the Iraq Study Group report makes an impassioned plea for bipartisan consensus on the most divisive foreign policy issue of this generation. Without President Bush, that cannot happen." While the ISG members "gave a nod to Mr. Bush, adopting his language in accepting the goal of an Iraq that can 'govern itself, sustain itself and defend itself,'" the Administration's "talk of Iraq as a beacon of democracy in the Middle East is absent, as is any talk of victory."

The Washington Post (12/7, Kessler, Ricks, 690K) also runs an analysis piece on its front page, saying the report "might well be titled 'The Realist Manifesto.' From the very first page, in which" Baker and Hamilton "scold that 'our leaders must be candid and forthright with the American people,' the bipartisan report is nothing less than a repudiation of the Bush administration's diplomatic and military approach to Iraq and to the whole region." The report "reflects the foreign policy establishment's disdain for the 'neoconservative' policies long espoused by President Bush and his aides." Also in the Washington Post (12/7, A2, 690K), Dana Milbank says the ISG "placed an improvised explosive device beneath the Bush administration's Iraq policy."

An AP (12/6, Raum) news analysis says that now that Bush "has the outlines of a bipartisan exit strategy for Iraq and a new secretary of defense to help carry it out," the "pressure on him to change course is now politically enormous."

NBC Nightly News (12/6, story 6, 2:15, Williams, 9.87M) ran an "In Depth" report on "reaction we are able to gauge from across the country." NBC (Allen) noted that Wednesday was the "eve of that day of infamy" when Japan attacked the US at Pearl Harbor, adding that "even these military families disagree with the Iraq study group's sober assessment of the war." One said, "I don't think we are done there yet." But another said, "Get everybody out of Iraq. It will be another Vietnam if not worse." The CBS Evening News (12/6, story 14, 2:40, Couric, 7.66M) reported, "When the story is written about what finally got the United States out of Iraq, it will have less to do with the Baker-Hamilton report than with this: the mounting toll that turned so many Americans against the war; more than 2,900 dead, more than 22,000 wounded."

Bartlett Says Bush Will Present "One Single Way Forward." Counselor to the President Dan Bartlett spoke for the White House on PBS, MSNBC, and CNN. On PBS' NewsHour (12/6, Suarez), he said, "It's been a constructive dialogue today. The Administration is looking at all of these recommendations very carefully. As we stated, we're not going to have an instant analysis of every piece of information coming out just yet. There is a robust review under way by the Administration, by the military leadership, by the national security staff. So there's a lot of activity under way, but the President was deeply grateful for the service to the country that these people provided by producing this report." On MSNBC's Hardball (12/6, Barnicle), Bartlett said, "President Bush recognizes a sense of urgency when it comes to helping, not only Iraq get on a better path and what role the neighborhood can play in that, but also how important the Middle East peace process can be."

On CNN's The Situation Room (12/6, Blitzer), Bartlett said, "We do want to have as quick an assessment as possible. As you know, there is a very comprehensive assessment going on by the administration, his military leadership, the National Security Council staff. And the President will be meeting with members of his Administration in the next week or two to also get their findings. The President will have one single way forward that he will present to the American people, hopefully before the end of the year, so the American people, our allies in the region and everybody, for that matter, will know quite as clearly as possible about the way forward."

USA Today (12/7, 2A, 2.27M) says the ISG "isn't the only review of U.S. policy in Iraq: The Bush administration has launched its own appraisal. Last month, President Bush asked the National Security Council to coordinate studies that in some cases had been underway for months." National Security Adviser Stephen Hadley "hasn't set a deadline for a final report but says it will be completed in 'weeks, not months.'"

Recommendations Could Be Hard Sell On Capitol Hill. NBC Nightly News (12/6, story 2, 2:20, Williams, 9.87M) reported on the "reaction here on Capitol Hill and this question of how easy or hard it may be to implement even some of this report's key recommendations." NBC (Mitchell) added, "The Baker-Hamilton group overcame its divisions now we will see if Congress can do the same. Leaders of the study group knew their report would be a tough sell on Capitol Hill. Democratic leaders' response sounded a lot like 'we told you so.'" Speaker-elect Nancy Pelosi: "They said we must transition our troops out of Iraq. We begin by changing the mission. Democrats have been saying that all along." Mitchell said the "study group's controversial call for direct talks with Iran and Syria" also found Capitol Hill critics. Sen.

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Joseph Lieberman: "I see it as a non-starter. Why do I? Iran has exactly the opposite interests that we do in Iraq." Sen. John McCain: "If the price of negotiations with Iran is their nuclear weapons program that is not good enough."

ABC World News (12/6, story 3, 2:25, Stephanopoulos, 8.78M) said, "This report ratified a consensus here in Washington. Republicans and Democrats agree that the current strategy has failed, that the situation is slipping, and that a serious change of course is necessary. Now, there is a lot of disagreement over the 79 recommendations. But as a practical matter, Capitol Hill is now in a holding pattern. Everyone here is waiting to see what the President does with the report."

CNN's The Situation Room (12/6, Blitzer) reported, "On Capitol Hill, the early reaction to the Iraq Study Group's plan of action in Iraq is mostly favorable. But after a bitter election and with Democrats poised to take power, lawmakers may not necessarily be ready to put all their old battles over Iraq behind them." CNN (Bash) continued, "Democratic leaders insist time and time again that they're ready and willing to work with the President on a new bipartisan approach to Iraq if he is willing to make major changes there. But what this bipartisan report did was, at least initially, stoke the bitter partisan Iraq divide."

The Hill (12/7, Schor) says incoming Senate Majority Leader Harry Reid said he "felt vindicated by the report and that it would lead to the beginning of military withdrawal." Reid said, "The President has the ball in his court now."

Sen. Barack Obama said on CNN's The Situation Room (12/6, Blitzer), "I thought that the Iraq Study Group did a terrific job of providing, for the first time, in a bipartisan fashion, a realistic assessment of what's taking place there. And many of the recommendations that they put forward mirrored recommendations that I made in a speech in Chicago three weeks ago. … This now gives us an opportunity, as Democrats and Republicans, and as Americans, to come together and say what are the tasks and objectives that we can set for ourselves that will lead to a more acceptable outcome."

Sen. Chuck Hagel said on PBS' NewsHour (12/6, Ifill), "We have a very significant contribution that's just been made here by 10 very important Americans. … I have a sense that the impending disaster in Iraq is unwinding at a rate that we can't quite calibrate. … The fact is the future of Iraq will be determined by the Iraqi people. It's not going to be determined by us."

Sen. Lindsay Graham said on Fox News' Your World (12/6, Cavuto) said, "I appreciate their recommendations. But I am in this thing to win. I believe it's the central battlefront on the war on terror. If you believe that, you throw everything you have as a nation to win. We've never had enough troops. The reason there's chaos in Iraq is because the insurgency has bloomed and moderation has been oppressed."

Sen. Christopher Dodd said on PBS' NewsHour (12/6, Ifill), "To pick up on Jim Baker's suggestion that we send a message to the American people and to others, particularly in Iraq and elsewhere, that this is something that we can generally support -- there may be differences on specifics -- but overall I think it's the right direction, and we ought to be doing that."

Rep. Phil Gingrey said on MSNBC's Tucker (12/6, Carlson), "I think the President responded in the appropriate fashion. He said every recommendation, all 79 of them, will be looked at. They won't necessarily be rubber-stamped."

The CBS Evening News (12/6, story 5, 2:40, Couric, 7.66M) reported on the "key recommendation of this commission" to create an "Iraq support group involving many other countries, including Syria and Iran. The President has frozen them out to this point, so will there be a thaw?" CBS (Axelrod) added, "Recommendation No. 9 suggests the United States should engage directly with Iran and Syria, something Mr. Bush has repeatedly rejected. Today, the Administration seemed to draw limits on this idea of expanded diplomacy, at least with Iran because of its nuclear program." Tony Snow, White House Press Secretary: "I'm telling you that there may be a difference between one-on-one talks with Iran, which is something that we have ruled out." Axelrod: "The report also concludes there will be no peace in the Middle East until the US deals directly the Israeli/Palestinian conflict. That's an idea the Administration seemed to be open to today."

NBC Nightly News (12/6, story 3, 0:45, Engel, 9.87M) said that in Lebanon, "there is a hope that this could be the start not just of a new policy in Iraq, but throughout the Middle East, one that revitalizes the Arab-Israeli peace process, and tries to prevent the conflict in Iraq from spreading beyond the borders. But there is also concern that if Washington engages in serious negotiations with Iran and Syria, then the smaller states in the Middle East, namely Lebanon and Israel, are worried that they will have to pay the price for those negotiations by offering concessions. Many tonight in this

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region are asking if President Bush is really a statesman, a negotiator."

Report Gets Mixed Reaction In Iraq. ABC World News (12/6, story 4, 2:45, Gibson, 8.78M) reported that "in Iraq itself," a deputy prime minister "said, 'There is no doubt that the government of Iraq carries a heavy burden.' But an influential Sunni group, the Association of Muslim Scholars, said that the report is unrealistic in the solutions it provided. And that group questioned whether US troops could successfully train Iraqi forces." The CBS Evening News (12/6, story 7, 0:50, Palmer, 7.66M) said, "The report does appear to bolster" Prime Minister Nouri al-Maliki "by giving him something he wants very much, and that is more control over the Iraqi security forces sooner rather than later. And he's said that he's onside with the diplomatic initiative in the report. In other words, he will send envoys to the neighbors Iran and Syria to ask if they'll help in stabilizing Iraq."

The Washington Post (12/7, A1, Raghavan, 690K) reports that Iraqis "expressed fear that the report's recommendations, if implemented, could weaken an already besieged government in a country teetering on the edge of civil war. 'It is a report to solve American problems, and not to solve Iraq's problems,' said Ayad al-Sammarai, an influential Sunni Muslim politician." USA Today (12/7, 4A, Soriano, 2.27M) reports on the political debate in Iraq over the report.

The New York Times (12/7, A25, Wong, Al-Saiedi, 1.16M) says that according to "conservative Shiite legislator" Sami al-Askari, Maliki was pleased "because the report seemed to affirm an argument that Mr. Maliki and other Shiite leaders had been making to President Bush -- give the Iraqi government more control over the security forces, and the war could be won." But the New York Times (12/7, A1, Gordon, 1.16M) also reports that the "experience of American commanders shows the difficulties in rapidly handing over security responsibilities to Iraq," and military experts say the recommendation "underestimates the challenge of building a capable Iraqi security force." Retired Army Chief of Staff Jack Keane, who advised the ISG, "described that goal as entirely impractical. 'Based on where we are now we can't get there,' General Keane said in an interview." USA Today (12/7, 4A, Brook, Kelley, 2.27M) says the recommendations "would put short-term strains on military people and equipment, while helping with the military's long-term challenges."

Even Called-For Troop Drawdown Would Leave "Tens Of Thousands" In Iraq. The CBS Evening News (12/6, story 4, 2:30, Martin, 7.66M) said that "even if most combat brigades can get out of Iraq by early 2008, tens of thousands of American troops would still be in the fight, both as trainers embedded in Iraqi units and as commandos conducting raids against Al Qaeda operatives." The CBS Evening News (12/6, story 8, 2:10, Couric, 7.66M) ran a feature on preparations to train Iraqi forces.

Wolf Pleased By Commission's Results. NBC Nightly News (12/6, story 10, 2:00, Williams, 9.87M) talked briefly with Rep. Frank Wolf, saying "this whole Iraq commission was his idea, and today he was feeling grateful and hopeful. Are we at our best when our best and get together and hammer out a problem like this?" Wolf: "The answer to that is just yes. That is the way it was during World War II. … I feel good today."

Biden Says Proposals "Necessary, But Not Sufficient." In a USA Today (12/7, 13A, 2.27M) op-ed, Sen. Joseph Biden writes that the report "is a first step toward a bipartisan way forward in Iraq. The fundamental changes it proposes are necessary, but not sufficient to achieve the objective most Americans share: to leave Iraq without leaving chaos behind. The report's most valuable contribution is to make clear that staying the course in Iraq is not an option." But "absent a political settlement, refocusing the mission of our remaining troops on training and engaging Iraq's neighbors will not stabilize Iraq."

Study Group Urges Agencies To Order Civilians To Iraq. The Washington Post's (12/7, D4, Barr) "Federal Diary" column reports, "Federal agencies supporting the Iraq war and reconstruction should order their civilian employees to fill key jobs in the combat zone if not enough volunteers step forward," the Iraq Study Group said yesterday. The recommendation "grew out of a sense that civilian agencies are not contributing enough personnel to Iraq, adding to the burdens on the US military. The group offered little detail on the staffing recommendation." The Post notes that it is rare for agencies to "reassign employees based on where they are needed," since "unions discourage forced reassignments and, at many agencies, only senior federal executives are at any real risk of such transfers because they are seen as a mobile part of the government's workforce."

More Commentary. The New York Times (12/7, A38, 1.16M) editorializes, "The much-anticipated report from the bipartisan panel is precisely about political cover. That is a good thing, if only Mr. Bush has the sense to embrace it. Iraq is so far gone that nobody expected the panel to come up with a breakthrough solution. … Its real mission was to avert

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the worst scenario, in which a stubborn George W. Bush spends the next two years blindly insisting he will accept nothing short of victory, while Iraq keeps spiraling out of control and the Iraqis get no closer to being able to contain the chaos after the Americans leave."

The Washington Post (12/7, A30, 690K) editorializes that the ISG report "outlines a military strategy for Iraq that has already been embraced in large measure by the Iraqi government and U.S. military commanders, if not explicitly by President Bush. It foresees a year-long shift of U.S. forces from fighting insurgents and preventing sectarian war to advising and supporting an Iraqi army that would take responsibility for those missions. … As the study group concedes, this last-ditch strategy to stabilize Iraq might not work. But it is an option worth trying, and one Americans and Iraqis can agree on. … What's missing from the study group report, unfortunately, is any evaluation of what should be done if the new strategy doesn't work."

The Wall Street Journal (12/7, A18, 2.04M) editorializes, "The way to success in Iraq lies in stronger U.S. support for Baghdad's Shiite-led governing coalition, not in some bipartisan strategic muddle ginned up for domestic political purposes. This is not to say that yesterday's Study Group report…serves no useful purpose. In calling for a withdrawal of most U.S. troops by 2008 -- if security conditions allow -- the report rejects any rapid withdrawal or deadline. Likewise, it reinforces the case Mr. Bush has been making about the ugly consequences of failure in Iraq for American interests."

The Los Angeles Times (12/7, 850K) editorializes that the report "distills the emerging conventional wisdom in Washington, laced with a measure of wishful thinking. Yes, persuading Iran and Syria to help stabilize Iraq, contrary to the administration's stance, is a worthy pursuit, though it isn't clear why Syria and Iran would want to do so, at least in the immediate term. And yes, settling the Israeli-Palestinian conflict would indeed reduce tensions throughout the Arab world, though linking that issue to the commission's brief was a stretch that plays into the hands of anti-American extremists in the region."

In a second editorial, the Los Angeles Times (12/7, 850K) says, "Independent commissions have a long and (mostly) honorable history in the United States, and it would be a mistake to dismiss the 79 recommendations of the Iraq Study Group simply because they are familiar. Such commissions often have an influence that lasts beyond their final report." The ultimate success of the ISG "lies less in what the group proposed than in whether its recommendations come to be seen as a turning point in U.S. involvement in Iraq."

The Financial Times (12/7) editorializes that the report "pulls few punches, except perhaps in its almost histrionic overuse of the conditional could to describe events already under way ('neighbouring countries could intervene' in Iraq; 'the global standing of the US could be diminished' and so on)." The report offers "sane suggestions. The question is: will a Bush administration trapped in denial act on them and, even if it does, will it be too late?"

In his Washington Post (12/7, A31, 690K) column, David Ignatius writes that the ISG "achieved the goal of any blue-ribbon commission: It stated the obvious, emphatically. … This report asks the world to help us find our way back home. Even if its proposals don't succeed, Baker-Hamilton can still accomplish its purpose, to 'enable the United States to begin to move its combat forces out of Iraq responsibly.'"

In his Washington Post (12/7, A31, 690K) column, George F. Will writes that the ISG, "like the policy it was created to critique, was overtaken by the unexpectedly rapid crumbling of the U.S. position in Iraq since the ISG was formed in March. … By what the ISG did not recommend -- e.g., many more troops and much more money -- it recognized that the deterioration is beyond much remediation."

In his Los Angeles Times (12/7, 850K) column, Jonah Goldberg writes, "The commissioners are latter-day Laodiceans, whom the Book of Revelation describes as 'neither cold nor hot … [but] lukewarm.' As a result, most of the report hits stratospheric heights of banality. … The commission is making the same core mistake that was made in the Vietnam era: treating a war like a political problem to be haggled, spun and bartered."

In a Wall Street Journal (12/7, A18, 2.04M) op-ed, Eliot Cohen of the Johns Hopkins University School of Advanced International Studies writes that the ISG itself "reflects the vain hope that well-meaning, senior, former public officials can find ideas that have not already occurred to people inside government; that those new ideas can redeem incompetent execution and insufficient resources; that salvation can come from a Washington establishment whose wisdom was exaggerated in its heyday;" and "that a public commission can do the work of oversight that Congress has shirked for five years in the misguided belief that it would thus support an administration struggling to do its best in a difficult situation.

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This is no way to run a war, and most definitely, no way to win it."

In a Washington Post (12/7, A31, 690K) op-ed, Michael J. Glennon of the Tufts University Fletcher School of Law and Diplomacy writes, "As a matter of sound policy, as well as constitutional principle, Congress should participate in weighing recommendations on future military action. Whatever military option is selected, its success will depend upon broad support from the American people. Congressional involvement will not guarantee that support, but congressional exclusion will almost surely preclude it."

Baker, Hamilton Say Bush Will Take Report Seriously. Iraq Study Group co-chairmen James Baker and Lee Hamilton were interviewed by all three broadcast networks as well as Fox News. On NBC Nightly News (12/6, story 4, 3:15, 9.87M), Brian Williams asked Baker, "When you're with this President, do you, can you, speak truth to power?" Baker: "He wants me to, and I do. I give him very candid advice, frank advice. Occasionally, he will take it. Sometimes he doesn't, sometimes he does. But yes, you can speak truth to this President." Asked where the ISG ranks "on all the service you've provided to your country," Baker said, "At the very top of the difficult issues. And there were a lot of difficult issues that I confronted during those 12 or 13 years but this is at the very top." On ABC World News (12/6, story 7, 3:10, Gibson, 8.78M), Baker said, "Presidents have been known to change their minds. It may be -- he's been known to change his. And it may be that you will see some mind changing. But you may not. There's no -- this is nothing more than a report. It is a suggestion. But it is the only bipartisan way forward."

On the CBS Evening News (12/6, story 6, 3:15, 7.66M), Katie Couric asked Hamilton if it is possible "that even if all 79 recommendations are implemented, this thing is lost, that we could be at the point of no return?" Hamilton: "Well, it's certainly possible. I really don't think it's likely. But you cannot ignore the possibility that the whole thing could come apart." As for President Bush's reaction, Hamilton said, "I was pleasantly surprised with his openness as he talked to us." Continuing on that theme on Fox News (12/6, Hume), Hamilton said, "I was personally very encouraged. I think the other members of the group were, as well. He said, first of all, he is going to take it very seriously. He said he was going to read it carefully. He said that it presented an opportunity to bring the country together. I think he sees the potential of it."

ISG's Main Goal Said To Be To Get Bush To "Change His Mind." The Los Angeles Times (12/7, McManus, 850K) observes that while "some bipartisan commissions try to change public opinion on contentious national issues" and others "try to help Congress find compromise solutions to thorny problems," the ISG "had a different -- and unusual -- goal: persuading President Bush to change his mind about staying the course in Iraq. 'This is highly unusual,' an adviser to the group said today, after the panel released its final report. 'It's one thing for people inside the administration to tell the president what to do. But for an outside group to say, "Here, son, let us give you a road map for your foreign policy?" That's remarkable.'"

ISG Managed To Work With Rare Bipartisanship. The Washington Post (12/7, A26, Baker, Wright, Linzer, 690K) takes a look at how the ISG went about its work, saying its process was "marked by that rarest of qualities in a polarized era: bipartisanship. At a time when Washington prefers confrontation to compromise, five Republicans and five Democrats sat down to tackle the country's most urgent crisis and came up with a document they all could sign. It proved to be a nine-month study of how to bridge not only Iraq's deep divide but also America's." The Los Angeles Times (12/7, Miller, 850K) says Baker "was a remarkably familiar presence in a remarkably familiar role -- talking diplomacy in his Texas twang, seeking solutions for a crisis in Iraq, and trying to rescue a president named Bush." The Washington Post (12/7, C1, Montgomery, 690K) also has a feature on the actual distribution of the report around Washington.

ISG Members Discuss Their Efforts And Hopes. Ex-Sen. Charles Robb, an Iraq Study Group member, said of President Bush on MSNBC's Hardball (12/6, Barnicle), "I think that the reception that we got this morning was very positive. Obviously, he's going to consult with others, he's going to get input from other groups. But I think all of us were pleasantly surprised that he was as supportive of the concept and of the unity of the report. And each of us had an opportunity to discuss elements of the report with him, and he seemed to fully understand the gravity of the events and/or actions that we were talking about. But only time will tell in terms of what decisions he ultimately makes."

Ex-Supreme Court Justice Sandra Day O'Connor, an Iraq Study Group member, said on MSNBC's Hardball (12/6, Barnicle), "I thought it was impressive that this group of 10 people, give Democrats and five Republicans, with a very serious, complicated issue, could come up with 79-some

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unanimous recommendations. I thought it was a remarkable performance really. And what we need to go forward now in this very tough situation is a broad consensus in our country. The American people must begin to feel like this is a way we should approach it and this is something that we should support. I hope that the Congress will feel the same way, or at least most of them."

Ex-Secretary of State Lawrence Eagleburger, an Iraq Study Group member, said on CNN's The Situation Room (12/6, Blitzer), "Our job now is to try to figure out how we get from where we are now, which is a mess, and everybody agrees with that, to where we should be...and can we do it in a bipartisan fashion?"

Iraq Study Group member Leon Panetta said on CNN's The Situation Room (12/6, Blitzer), "The goal here is to try to provide some degree of stability in Iraq so they can govern themselves, they can defend themselves and they can operate as an independent government. That's really what we're seeking."

Iraq Study Group member Vernon Jordan said on CNN's The Situation Room (12/6, Blitzer), "I have been serving on presidential commissions since 1965. … This has been the toughest. This has been the most difficult. But, from a standpoint of civility, it's been first-class, especially in this town, where hostility and polarization have taken the front seat, and civility a backseat. This process put civility in the front seat. And, hopefully, it will be instructive to the Congress and to the Administration and to the American people."

Bush, Blair To Discuss Iraq. The AP (12/7, Riechmann) reports, "President Bush faces urgent pressure to find a fresh strategy in Iraq as a new defense secretary heads to the Pentagon and a scathing bipartisan commission report says his war policies have failed and that 'time is running out.'" AFP (12/7) quotes Bush national security spokesman Gordon Johndroe saying the President and Blair "have a number of issues to discuss, including Iraq, the broader war on terror, the NATO commitment to Afghanistan, Sudan, as well as free and fair trade." AFP adds "US and British officials have steadfastly denied that Blair's visit was timed to coincide with the release of the grim Iraq report."

Ten US Troops Died In Iraq Wednesday. The Washington Post (12/7, A18, Trejos, 690K) reports 10 US troops "died in Iraq on Wednesday, the U.S. military reported, matching the highest number of U.S. service members killed on a single day in the past year. It was also a deadly day for Iraqi civilians, with at least 40 killed in car bombings and mortar attacks across the capital." The US troops died in four incidents, according to a military spokesman who "declined to provide details about how or where they were killed because family members were still being notified."

US, Iraq "Quietly Talking" With Insurgent Leaders. The Christian Science Monitor (12/7, Enders, 59K) reports that "both Baghdad and Washington" are "quietly talking with Iraq's insurgent leaders in an effort to end the unrelenting violence. US officials have not commented on reports of these recent meetings with resistance-group representatives. But Arab journalists, politicians, and officials in Jordan say they've occurred." The meetings "have come amid pressure from two key Shiite politicians on Iraqi Prime Minister Nouri al-Maliki to alter course. The opposition has also stepped up efforts to outflank his increasingly unpopular rule. And in the US, the White House is sifting recommendations from the Iraq Study Group and other reviews as discontent grows over the administration's strategy."

Suicide Bomber Strikes Outside US Security Firm In Kandahar. The New York Times (12/7, A25, Gall, 1.16M) reports a suicide bomber "blew himself up on Wednesday outside the offices of an American security firm in the southern city of Kandahar, killing two American security officers and nine Afghan members of the staff."

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Federal Inmate Charged With Mailing Threat Letters To Judge, USAs. The Springfield (MO) News-Leader (12/5) reported, "An Oregon man was indicted by a federal grand jury for mailing threatening letters to a federal judge and former U.S. attorney, the current U.S. attorney for the Western District of Missouri announced Monday. Bruce Dewayne Jensen, 29 — serving a sentence in the U.S. Medical Center for Federal Prisoners — was charged in a three-count indictment returned Wednesday." The News-Leader notes that the case "was investigated by the FBI and the Medical Center for Federal Prisoners."

Dayton Signals Support For Paulose As Minnesota US Attorney. The AP (12/7) reports, "Minnesota's acting U.S. attorney picked up key support

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Wednesday for permanent confirmation, but it wasn't immediately clear whether Rachel Paulose could expect a vote before Congress adjourns this year." The AP continues, "Paulose met Wednesday with Sen. Mark Dayton, who hadn't taken a position on her nomination because he said she hadn't sought a meeting. Afterward, he said she had his support." The AP adds, "Sen. Norm Coleman, R-Minn., had already backed Paulose, calling her 'an extremely competent and capable professional.' But the Senate Judiciary Committee generally doesn't vote on a nominee without the support of both of a nominee's home-state senators. … Paulose, 33, has been acting U.S. attorney for nine months, and President Bush nominated her to the permanent post four months ago. If the Senate fails to take up her nomination before adjourning next week, Bush can resubmit her next year."

CORPORATE SCANDALS:

Fannie Mae Announces Financial Restatement. The Wall Street Journal (12/7, A4, Hagerty, 2.04M) reports, "Fannie Mae took another step toward resolving its accounting fiasco by announcing a restatement of results that reduced retained earnings as of June 30, 2004, by $6.3 billion." But "the long-awaited restatement by the government-sponsored mortgage company increased stockholders' equity by $4.1 billion as of the same date. That is because of big increases in the value of mortgage securities held by Fannie that were reclassified as being available for sale as part of correcting past accounting errors. Those increases more than offset the reduction in retained earnings." The restatement "comes two years after regulators found that Fannie had violated more than a dozen accounting rules, partly in an effort to make earnings growth appear smoother and to trigger maximum bonuses for executives."

The New York Times (12/7, Dash, 1.16M) reports, "Federal regulators, meanwhile, said they planned to file a lawsuit before the end of the year in an effort to recover millions of dollars from Fannie Mae's former top two executives, whose bonuses were tied to the manipulated earnings. Franklin D. Raines, the former chairman and chief executive, and J. Timothy Howard, who had been chief financial officer, were ousted from the company in December 2004, and investigators have laid much of the blame on their shoulders. … A lawyer for Mr. Raines declined to comment, and a lawyer representing Mr. Howard did not return phone calls yesterday. A Fannie Mae spokesman also declined to comment." The Washington Post (12/7, D1, Hilzenrath, 690K) also reports the story.

The AP (12/7, Gordon) reports, "Over the last two years, Fannie Mae has disclosed a passel of new accounting problems that had been uncovered in several areas, including its core business of issuing securities backed by the billions of dollars of home mortgages annually that it buys from lenders and bundles together for resale to investors worldwide. Other problems were revealed in loans, houses acquired through foreclosures, interest on delinquent home loans and reverse mortgages. … Fannie Mae escaped criminal prosecution over the accounting failure. The Justice Department had pursued a criminal investigation, but federal prosecutors said in August that they had shut down their probe without bringing any action. The SEC still could bring civil actions against individual executives, including people no longer at Fannie Mae, with the burden of proof less stringent than in criminal prosecutions."

Home Depot Probe Finds Backdated Options Grants. The Wall Street Journal (12/7, A3, Zimmerman) reports, "Home Depot Inc. said an internal investigation found that the company routinely backdated stock options for 20 years, from 1981 to 2000, and as a result it understated compensation expense by $200 million." The Journal continues, "With fiscal 2006 sales of $81.5 billion, the home-improvement retailer is one of the largest companies to admit to backdating stock options. The practice stopped in the fall of 2000 at the same time that current Chief Executive Bob Nardelli took the helm at the retailer. During the previous two decades, the company was run by founders Bernie Marcus and Arthur Blank, but neither founder received stock options. The company wouldn't say who did receive the awards and who made the decision to backdate them." The Journal adds, "Home Depot's admission that executives backdated options beginning more than 25 years ago is the earliest finding to date, and means the practice began far earlier than the technology boom when stock options became a popular compensation tool. In Home Depot's case, the practice goes back to its inception as a public company."

USA Today (12/7, 1B, Farrell) reports, "Home Depot disclosed in September that the Securities and Exchange Commission has begun an informal inquiry into the company's stock option practices and the U.S. Attorney's

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Office in New York has asked for information." USA adds, "For Home Depot's annual option grants and some quarterly grants from 1981 through November 2000, the 'stated grant date was routinely earlier than the actual date on which the grants were approved by a committee of the board of directors,' the company's statement said. 'In almost every instance, the stock price on the apparent approval date was higher than the price on the stated grant date.' … The company blamed 'management personnel, who have since left the company,' for the practice."

The Financial Times (12/7, Ward) reports, "The investigation, by a sub-committee of Home Depot's board, concluded that no intentional backdating had taken place since Bob Nardelli, the current chief executive, took charge in 2000, and cleared all current management and directors of wrongdoing." The Times adds, "Home Depot launched the inquiry in August after becoming the largest US company to be ensnared in the scandal over backdating of stock options to increase the potential value of compensation packages. … More than 160 companies have acknowledged that they are either facing regulatory inquiries or carrying out internal investigations of the way they handed out stock options. Home Depot said the unrecorded expenses would not have a material impact on its financial statements."

Pediatrix Probe Finds Backdated Options. Bloomberg (12/7, Pettypiece) reports, "Pediatrix Medical Group Inc. said a preliminary review found evidence that stock options were backdated and a board member has resigned." Bloomberg continues, "The company, the largest U.S. provider of care for premature babies, may have to record additional compensation expenses of $28 million for the period from 1995 through 2006, according to a statement distributed today by Business Wire." Bloomberg adds, "Pediatrix is among at least 186 companies that have disclosed internal or federal investigations into how they grant stock options to executives. At least 79 companies have announced they must restate previously reported financial results, and more than 60 executives and directors at companies under investigation have left their jobs."

GCs Fall Victim To Options Probes. Corporate Counsel (12/7, Osborne) reports, "Nothing in memory has ever caused as many GCs to lose their jobs as quickly as stock options backdating. In little more than a year, 12 general counsel have stepped down amid options problems at their companies. These legal chiefs constitute about a quarter of the 40-plus executives who have lost their jobs in the steadily expanding options controversy. Indeed, backdating has forced out as many GCs as CEOs." Corporate Counsel continues, "By all indications, the casualty list will only grow. 'I expect that we will see more general counsel lose their jobs,' says Erik Lie, the University of Iowa business professor whose research into backdating kindled the current firestorm." Corporate Counsel adds, "Some of these GCs won't deserve their fate, Lie adds: 'My sense is that a lot of innocent people might be implicated in this, including, possibly, general counsel.' Indeed, a review of government documents and official company statements about options-related investigations shows that in some cases, the GC appears to have been little more than a fall guy. In other instances, however, company and government reports have directly faulted in-house lawyers for failing to intervene when grant dates on options were deliberately altered to enrich their recipients." Corporate Counsel notes, "So far the U.S. Department of Justice and the Securities and Exchange Commission are scrutinizing option grants at more than 130 companies. But Lie thinks that another 70 may have engaged in backdating, based on his statistical analysis of 8,000 businesses that issued options between 1996 and 2005."

Ouster Of Insurance Giant's CEO After Options Probe Examined. The Wall Street Journal (12/7, A1, Bandler, Forelle) reports, "Over the past 15 years, the board of UnitedHealth Group Inc. couldn't have been more supportive of its chairman and chief executive, William McGuire. Directors lavished close to $2 billion in compensation on him, counting stock options, as he built UnitedHealth into one of the country's largest health insurers. … Last week, Dr. McGuire left his job, following a vote by the same board to dump him. It acted unanimously in October after concluding that his explanations for a pattern of unusually well-timed stock-option grants didn't add up. Dr. McGuire thus became one of the biggest casualties in the options backdating scandal, which so far has swept away more than 60 corporate officials, including 16 CEOs." The Journal continues, "How did one of America's most pliant boards turn on its star chief executive? Dr. McGuire's support slowly leached away over the course of a six-month internal investigation. Documentation that could support his defense was sparse. A board-ordered statistical analysis undercut his arguments. And his closest board ally was sidelined by a conflict of interest that unsettled other directors. In the end, directors felt pressure after their lawyer told them federal regulators appeared likely to charge the UnitedHealth chief.

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… Now, Dr. McGuire and the board are girding for tense negotiations over how much of his giant cache of stock options, many still unexercised, he'll be able to take with him. He has already agreed to surrender about $200 million of those options' value, and people close to the situation say the company hopes to get back at the very least $250 million more. He is still likely to end up with more than $1 billion, although last week a federal judge hearing a shareholder lawsuit temporarily barred him from exercising any options or receiving any retirement pay."

Rep. Frank May Try To Roll Back DOJ Guidelines On Privilege Waivers. The Washington Post (12/7, D3, Johnson) reports, "Rep. Barney Frank (D-Mass.) yesterday held out an olive branch to business interests, announcing that he would be open to cooperating on trade, immigration and outsourcing if industry gave ground on union drives, health-care reforms and minimum-wage proposals." The Post continues, "At a briefing to introduce his legislative agenda, Frank, the incoming chairman of the House Financial Services Committee, addressed several hot-button issues, including a mounting push by business interests to slash what they consider burdensome regulations. … The lawmaker said he had met with leaders of the Securities and Exchange Commission and an accounting industry oversight board to urge them to give businesses some relief from a costly audit rule prescribed by the 2002 Sarbanes-Oxley law. Over the next two weeks, the agencies are set to present proposed changes to the rule, which requires that auditors review corporate financial controls to prevent fraud and mistakes." The Post adds, "He reserved judgment on proposals that would make it more difficult for consumers to sue businesses, auditors and corporate board members, saying that the issue fell under the jurisdiction of another congressional panel. … But Frank said he agreed with several other recommendations, including indicting companies only as a last resort and rolling back controversial Justice Department guidelines that urge companies to waive their attorney-client privilege." The Post notes, "Deputy Attorney General Paul J. McNulty has been considering changes to a memo that says when prosecutors should bring criminal charges against businesses, but he has not released any revisions. In the meantime, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) is set to introduce legislation to supersede those guidelines as early as today."

Frank Says Economic Divide Country's "No. 1 Problem." The AP (12/7, Aversa) reports, "Incoming House Financial Services Committee Chairman Barney Frank said Wednesday he plans to delve deeper into why some Americans are not reaping the benefits of a mostly healthy economy, which he called the 'No. 1 problem' facing the country." Frank, "in a wide-ranging discussion with reporters, highlighted some of his priorities once he takes over the committee, when the new Democratic-controlled Congress convenes in early January. While the economy's growth, as measured by gross domestic product, has been expanding at a decent pace, the inflation-adjusted wages of workers have lagged. … There is an 'increasing disconnect between growth in the gross domestic product and the well-being of the average citizen,' Frank said."

HP Reportedly Ready To Settle California Civil Complaint Over Pretexting. CNET News (12/7, Fried) reports, "The California attorney general's office is expected to announce Thursday that it has settled civil complaints with Hewlett-Packard over the company's spying tactics, CNET News.com has learned." CNET continues, "The civil complaints are separate from the criminal charges already brought forward by the attorney general's office. Five people, including former HP Chairman Patricia Dunn, are facing felony charges in connection with HP's campaign to determine the source of unauthorized media leaks. All five have pleaded not guilty." CNET adds, "A lawyer for the attorney general's office confirmed that an announcement is scheduled for Thursday, but would not confirm or deny the civil settlement. CNET News.com reported last week that the state's top prosecutor was considering a civil complaint over HP's tactics. … As part of its effort to uncover the source of news stories, HP investigators employed the practice of 'pretexting,' or using false pretenses, to obtain the phone records of more than a dozen people, including board members, journalists and HP employees. The company also employed physical surveillance and sent a bogus tip with an electronic tracer to a CNET News.com reporter. .. After the company's tactics came to light, Congress held hearings, and the FBI and Justice Department also launched probes. HP also faces a formal SEC inquiry into the matter."

New York Judge Seeks Settlement In BOA-Parmalat Case. The Financial Times (12/7, Michaels) reports, "A judge in New York has ordered Bank of America

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and the former auditors to Parmalat to set out in writing their stances on a settlement in the multibillion dollar damages case surrounding the collapse of the Italian dairy company." The Times continues, "Judge Lewis Kaplan has also told Parmalat itself to submit what it would accept to settle the case, telling all groups involved to consider a global settlement and to send letters relating to a deal to Henry Pitman, another judge." The Times adds, "Judge Pitman is to review the letters and start to assess the possibility of a global settlement in the week of December 18, according to a transcript of a hearing presided over by Judge Kaplan at the end of November and obtained by the Financial Times. … Bank of America and auditors Grant Thornton and Deloitte are being targeted for damages as it is alleged they helped prolong fraud at the company, which collapsed at the end of 2003. None has admitted wrongdoing."

Korean Probe Of Lone Star Yields No Charges Against Company. The Wall Street Journal (12/7, B10, Ramstad, Yoon) reports from Seoul, South Korea, "Prosecutors here said they would charge former government officials and bankers for fraud in the 2003 sale of a controlling stake in Korea Exchange Bank to Lone Star Funds. But they brought no charges against the Dallas-based private-equity firm that has been trying to sell its stake in the bank since March." The Journal continues, "The prosecutors said in a news conference Thursday morning in Seoul that KEB managers and government officials worked with Lone Star to make the nation's fifth-largest bank look financially troubled in order to get regulatory approval for the 2003 deal. They called the transaction -- in which Lone Star paid $1.2 billion for 51% of the bank – 'inappropriate' but not illegal and said they continue to investigate." The Journal adds, "The prosecutors said they would indict 15 people in the matter, but they identified only two: Byeon Yang Ho, a former official at the Ministry of Finance and Economy, and Lee Kang Won, former chief executive officer of KEB. … Their probe began in late March, just a week after another Korean bank, Kookmin Bank, agreed to buy Lone Star's and other shares in KEB amounting to a 65% stake for $6.6 billion. Lone Star's profit in the deal would have amounted to about $4.5 billion. … The size of that deal and Lone Star's resulting profit shocked politicians and the Korean public. Many were upset when foreign investors over the past two years made big money by selling the control of Korean banks they had purchased in the wake of the country's economic collapse in the late 1990s."

WSJ Lauds Judge's Ruling In Lerach's Enron Suit. The Wall Street Journal (12/7) editorializes, "One reason the tort bar files so many frivolous lawsuits is that there have been very few penalties for its legal abuses. So congratulations are due to a Texas judge who last week ordered class-action kingpin Bill Lerach to pay up for his latest wretched excess." The Journal continues, "Federal Judge Melinda Harmon's good deed came at the end of a high-profile suit against Alliance Capital. She dismissed the case in summary fashion and invoked a little-used legal rule that requires the Lerach firm to pay Alliance's legal fees. While the plaintiffs might have had cause for filing the suit, the judge said, by the end of discovery it was clear 'the continuance of the claim against Alliance was at that point without merit' and so the Lerach firm must pay for dragging Alliance past that point. … We'd call that justice, with the caveat that Judge Harmon is probably too generous in saying Mr. Lerach had a reason to sue in the first place. … The suit was a Lerach Special, a novel attempt to pry money from a company only tangentially involved with the Enron debacle. An Alliance executive, Frank Savage, had served on Enron's board from 1999 to 2001. During his Enron tenure, he'd signed a registration statement for a bond issue that included false financial statements. Mr. Lerach's elastic legal theory was that Alliance had put Mr. Savage on the Enron board, and thus the company was liable for his actions." The Journal notes, "To be sure, Mr. Lerach's client was the University of California Board of Regents and no babe in the tort woods. Like many public pension representatives, the California regents have become willing fronts for the tort bar. But Judge Harmon is right that the real culprit here is Mr. Lerach, whose former firm, Milberg Weiss, was indicted this year for paying kickbacks to plaintiffs in its suits. Let's hope more judges take their duty to protect the integrity of the courts more seriously and make the loser of a frivolous lawsuit pay."

CRIMINAL LAW:

Mueller Tells Senate Committee Public Corruption Is FBI's Top Criminal Priority. The AP (12/7, Jordan) reports, "More than 1,000 government employees, including hundreds of police officers, have been convicted over the last two years in FBI corruption cases against crooked public officials, Director Robert Mueller said Wednesday." The AP continues, "In prepared testimony to the

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Senate panel that oversees the bureau, Mueller called public corruption cases the FBI's 'top criminal investigative priority.' … Public corruption 'erodes public confidence and undermines the strength of our democracy,' Mueller said in his testimony. 'Unchecked, it threatens our government and our way of life.' … His remarks also outlined strides the FBI has taken to protect the nation against terror attacks since 2001." The AP adds, "Over the last year, the Justice Department has targeted about a dozen high-profile House and Senate lawmakers in corruption cases – including three Republicans in the month before the Nov. 7 election that shifted power in Congress to Democrats. … Overall, 177 federal officials have been convicted in corruption cases over the last two years, Mueller said. During the same time, the FBI investigated cases against 158 state officials, 360 local officials and more than 365 police officers. It was not immediately clear how many police officers represented local, state or federal law enforcement agencies. … Last year alone, the FBI saw a 25 percent rise in its public corruption investigations, resulting in 890 indictments and 759 convictions, Mueller said. There are 2,118 cases still pending, he said." USA Today (12/7, 7A, 2.27M) briefly reports on Mueller's testimony, under the headline "FBI Corruption Probes Snare Officials, Officers."

The Washington Post (12/7, A9, Eggen) reports, "Congress isn't the only place where public corruption is on the rise. … More than 1,000 federal, state and local government employees across the country have been convicted in government corruption cases over the past two years, including hundreds of crooked police officers and others who have dipped into the taxpayers' till, FBI Director Robert S. Mueller III said yesterday." The Post continues, "The numbers underscore the extent to which public corruption has become a primary, if little-noticed, focus of FBI criminal investigators, taking its place alongside preventing terrorism as one the bureau's fundamental missions." The Post adds, "All told, public-corruption investigations have surged by 30 percent in the past four years, to more than 2,000, officials said. The FBI now dedicates more than 600 agents and 15 percent of its criminal investigative resources to government graft. … The highest-profile cases have been in Congress, including the probe into the web of corruption surrounding former lobbyist Jack Abramoff that led to guilty pleas from former congressman Robert W. Ney (R-Ohio) and some Capitol Hill aides, and a separate investigation that led to a guilty plea from former congressman Randy 'Duke' Cunningham (R-Calif.). The FBI also prompted a showdown with House leaders earlier this year after it searched the Capitol Hill office of Rep. William J. Jefferson (D-La.) in connection with a probe of financial deals he was involved in. … But most of the FBI's corruption inquiries focus on state legislatures, city halls and police stations, Mueller said. The list of convictions over the past two years includes 158 state officials, 360 local officials and 365 police officers, Mueller said. One hundred seventy-seven of the convictions involved federal officials." The Post notes, "Law-enforcement experts said it is impossible to say whether the increase in corruption cases reflects a rise in criminality among public officials or the greater emphasis at the FBI on such prosecutions. … The number of FBI agents assigned to corruption cases has ballooned from 451 in 2001 to 618 in 2006, officials said, and Mueller has made corruption the top priority for the bureau's criminal investigative division."

Local Television. WMBC- TV (12/6, 5:00 p.m.) New York, broadcasted, "The FBI's top man tells a Senate panel that public corruption is the Bureau's top criminal investigative priority. Robert Mueller tells the Senate Oversight Committee more than 1,000 crooked government employees have been convicted in the past two years. Among those were 360 police officers. The bureau saw a 25% jump in public corruption investigations last year."

WSPA- TV (12/6, 5:00 p.m.) in Greenville, Spartanburg, Asheville, broadcasts, "Fighting public corruption is the top priority of the FBI according to the bureau chief Robert Mueller. Today he told a Senate panel the fight against terror gets the most attention. But the FBI has busted more than 1000 government employees in the past two years in corruption cases."

WBBH- TV (12/6, 4:00 p.m.) Ft. Myers, Naples, broadcasts, "Fighting terrorism is important, but public corruption is the FBI's top investigative priority. FBI director, Robert Mueller told a Senate panel more than 1,000 crooked government employees have been convicted over the past two years. That includes more than 360 police officers. And a dozen high profile House and Senate members."

WZVN- TV (12/6, 11:00 p.m.) Ft. Myers, Naples, broadcasts, "Conviction of 1,000 crooked government employees in the past two years. FBI director Robert Mueller explains they have seen a 25 percent hike last year in public corruption investigations. The Justice Department targeted dozen high-profile House and Senate members necessary corruption cases just in the past year alone." WGME- TV

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(12/6, 5:30 p.m.) in Portland, Auburn also broadcasted this story.

FBI Investigating Leak Of Weldon Probe. Bloomberg (12/7, Schmidt) reports, "The Federal Bureau of Investigation is conducting a leak investigation into the disclosure several weeks before the congressional elections that the FBI is probing U.S. Representative Curt Weldon, the agency's director said." Bloomberg continues, "FBI chief Robert Mueller told the Senate Judiciary Committee today that the agency is pursuing 'a series' of leak probes of its agents, including one involved in the Weldon matter. The Pennsylvania Republican, who lost his seat on Nov. 7, was involved in a tight race when the news of the investigation broke. … 'I was exceptionally disappointed, and that is being charitable in terms of my response,' Mueller said about the leak. 'It is unfair in advance of an election, but, as importantly to us, it adversely affected the investigation.'" Bloomberg adds, "The FBI probe of alleged influence peddling was first reported Oct. 13 by McClatchy Newspapers, which cited an anonymous law enforcement agent. Three days later, agents raided the home of Weldon's daughter and five other targets. … The FBI is probing whether Weldon used his political influence to steer business to help his daughter Karen win consulting deals, a person familiar with the matter has said. … Mueller said that at least one of the bureau's leak probes is being handled as a criminal investigation. He told the senators that he believes investigators are having 'some success' in discovering who the leakers are but declined to give any details."

In a third widely-distributed story, the AP (12/7, Jordan) also reports, "Mueller described himself as 'exceptionally disappointed, and that is being charitable, in terms of my response upon hearing about the leak.' … Senators scolded Mueller about the leaks," with Specter saying "the disclosures were 'just disastrous' for suspects who have not been charged, much less proven guilty." The AP adds, "Disclosing information a grand jury is considering is a serious crime, and such leaks often aim "to sway public opinion in favor of the government," said Martin Pinales, president of the National Association of Criminal Defense Lawyers. … On the other hand, leaks may sometimes be the price of having an open government in a democracy, said Ronald Collins, a scholar at the First Amendment Center."

Mueller Apologizes For Agent's Comments. WRC-TV (12/6, 5:00 p.m.) in Washington DC, broadcasts, "FBI Director Robert Mueller apologized for an agent's comments. The woman was a woman at the University Of Vermont and killed in October after a chance meeting with alleged killer Brian Rooney. Lawyers tried to get the murder charges dismissed. After Agent Fuller wrote or what was described as an inflammatory column about the case, Patrick Leahy chastised the agents and Muller responded."

US Charges Son Of Former Liberian President With Torture. The Miami Herald (12/7, Weaver) reports, "A federal grand jury in Miami today indicted the son of former Liberian President Charles Taylor on torture charges in what is believed to be the first criminal case of its kind in the country." The Herald continues, "Charles McArthur Emmanuel, 29, accused of committing atrocities in Liberia as the former head of a paramilitary unit in his father's government, already is in custody in the Federal Detention Center in Miami. He faces sentencing Thursday on a separate passport-fraud conviction. … Emmanuel, a U.S. citizen born in Boston who is known as 'Chuckie' Taylor, admitted that he falsified his application for a passport to enter the United States from Trinidad on March 30. He was arrested by U.S. Customs and Border Protection agents upon his arrival at Miami International Airport." The Herald adds, "His father, who was arrested the day before in Africa, faces a U.N.-backed war crimes trial for alleged atrocities during Sierre Leone's civil war. The elder Taylor also has been linked to killings, kidnappings, torture and other violence in Liberia, where his son headed the 'Demon Forces,' the security unit blamed for many of the alleged atrocities."

The Washington Post (12/7, A14, Smith) reports, "The indictment involves a rare use of a U.S. human rights law against a foreign national or a U.S. citizen over an act committed outside U.S. territory. Taylor's son allegedly committed the torture in the Liberian capital of Monrovia in July 2002, while he headed an 'antiterrorist unit' charged with protecting Taylor." The Post continues, "The son…has been in a Florida jail for the past nine months on charges of trying to enter the United States on a false passport. In a court pleading in that case, his attorney said that Belfast, 29, has 'consistently denied any criminal acts while in Africa.'" The Post adds, "Human Rights Watch, an advocacy group, had been lobbying the Bush administration to invoke the statute against Taylor since his arrest at the Miami airport after a flight from Trinidad. Amnesty International, which said in 2002 that at least 150 human rights abusers were living in the United States and called the country a 'haven for torturers,'

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had separately been pressing the Justice Department to invoke the 1994 criminal statute. … The charges are 'important for Liberia, but also important because it opens a precedent,' said Elise Keppler, a lawyer in Human Rights Watch's international justice program. .. .Until now, however, the government had preferred to seek extradition rather than criminal indictments. 'These cases are hard cases,' Julie L. Myers, head of the Immigration and Customs Enforcement (ICE) agency, said at a news conference yesterday. 'In this case alone, we had agents from . . . three different agencies flying all over the world to get evidence.' … Myers called the indictment a milestone. She said it will send 'a clear message that the United States will not be a safe haven for human rights violators.'"

The Washington Times (12/7, Seper) reports, "Assistant Attorney General Alice S. Fisher said the indictment, handed up in U.S. District Court in Miami, accuses Roy Belfast Jr., 29, who also is known as Charles Taylor Jr., Charles Taylor II and Charles McArthur Emmanuel, with one count of torture, one count of conspiracy to torture, and one count of using a firearm during the commission of a violent crime. … Mrs. Fisher said the indictment charges Belfast, who was born in the United States, with participating in the July 2002 torture in Monrovia, Liberia, while he was serving as chief of a violent paramilitary unit during his father's regime." The Times adds, "According to the indictment, the victim -- who was not identified -- was abducted from his home and transported to various locations, ultimately arriving at the residence of Mr. Taylor, who was then president of Liberia. It said Belfast observed questioning of the victim at this location before he was transported to the residence of a co-conspirator for continued interrogation. … While at the residence, the indictment said, Belfast and others tortured the victim, including burning his flesh with a hot iron, burning various parts of his body with scalding water, repeatedly electrically shocking the victim's genitalia and other body parts, and rubbing salt into the victim's wounds. … Belfast is in federal custody in connection with a criminal charge of passport fraud, to which he pleaded guilty on Sept. 15. He admitted lying on his passport application by listing his father as 'Steven Daniel Smith' rather than Charles Taylor or his stepfather, Roy Belfast. His sentencing is scheduled for today."

The New York Times (12/7, Johnston) reports, "The three-count indictment said the victim, who is not named, was a political opponent of the Taylor government. The victim was taken from his home to several locations, including the president's residence, and later to the home of a co-conspirator in the Liberian security service. … There the man was repeatedly burned with a hot iron and scalding water, the indictment said. He was given electric shocks and salt was rubbed into his wounds. The interrogation was carried out at gunpoint, the indictment said. … The United States attorney in Miami, R. Alexander Acosta, said these acts violated federal law. 'Such conduct is criminal and constitutes torture, and must be prosecuted,' he said."

The AP (12/7, Anderson) reports, "Because Emmanuel, 29, was born in the United States, prosecutors charged him under a 1994 law making it a crime for a U.S. citizen to commit torture or war crimes abroad. Emmanuel is already in custody in Miami awaiting sentencing for falsifying his father's name to get a passport he used to enter the U.S. from Trinidad in March." The AP notes, "Alice Fisher, assistant U.S. attorney general for the Justice Department's criminal division, said the indictment was the first time charges under the torture laws had been brought. Emmanuel faces a potential life prison sentence. … Emmanuel's father, meanwhile, faces trial next spring in The Hague, Netherlands, on charges of war crimes and crimes against humanity for allegedly overseeing the murder, rape and mutilation of thousands of people during Sierra Leone's bloody 10-year civil war, many hacked to death with machetes. Taylor has pleaded not guilty."

AFP (12/7) reports, "Taylor on Wednesday was charged with one count of torture, one count of conspiracy to torture and one count of using a firearm during the commission of a violent crime, the Justice Department said in a statement. … Specifically, he is charged with participating in the torture of a person in July 2002 who had been abducted from his home and taken to the residence of a member of the Liberian Special Security Service. … 'The allegations in this case include acts of torture, such as burning flesh with a hot iron, burning flesh with scalding water, and applying electric shocks,' US Attorney Acosta said in the statement."

Tennessee County Official Sentenced To Two Years In Prison For Bribery. In a widely-distributed story, the AP (12/7) reports former Shelby County Commissioner Michael Hooks Sr. "was sentenced Wednesday to slightly more than two years in prison for bribery." He "is one of 11 people, including five current or former state lawmakers, charged in an undercover FBI

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investigation code-named Tennessee Waltz. Judge J. Daniel Breen noted Hooks' guilty plea and statements of remorse in sentencing him to 26 months, less than the federal guidelines." The AP notes, "Hooks grew up in the home of his uncle, Benjamin Hooks, 81, the former national director of the National Association for the Advancement of Colored People. The elder Hooks said he had advised his nephew to admit his wrongdoing." The Memphis Commercial Appeal (12/7, Buser, 163K) notes, "Breen and federal prosecutors were clearly impressed by Hooks' admission of guilt and his refrain from criticizing the FBI's Tennessee Waltz investigation that recorded his downfall. 'He has accepted responsibility about as sincerely and publicly as he can,' Asst. U.S. Atty. Tim DiScenza told the judge. By comparison, former state senator Roscoe Dixon's defense in his bribery trial included allegations of entrapment and racism."

Tennessee Professor Suggests Probe Racially, Politically Motivated. WMC-TV Memphis (12/6, Hartman) reported on its Web site from a broadcast story, "A cloud of public corruption is looming over Shelby County; troubled elected officials bear a common thread which is impossible to ignore." Rhodes College Prof. Charles McKinney "says citizens must be able to trust their elected officials as well as the government agencies monitoring them. Specifically, McKinney says, the FBI. McKinney adds, 'What does it mean that the vast majority are Democratic or, perhaps more importantly, are African-American. If somebody is targeting Democrats, the vast majority of them, that's going to mean one of two things: one, they're targeting Democrats, and two, they're targeting African-American Democrats. If that is, in fact, the case,' says McKinney. McKinney says that this case is another unfortunate example of the peeling and stripping away of public trust."

Former US Army Contractor Pleads Guilty To Taking Bribes. The AP (12/7) reports, "A former director of contracting for the Army pleaded guilty in federal court to accepting more than $350,000 in cash, as well as airline tickets and hotel rooms, as bribes in exchange for awarding contracts at an Army recreational facility in Germany, prosecutors said Wednesday." Steven Potoski of Shriesheim, Germany, "a former civilian Army employee, pleaded guilty to one count of bribery and three counts of filing false tax returns, Assistant Attorney General Alice S. Fisher for the Criminal Division said in a statement released from Washington." The AP notes, "In all, Potoski accepted over $350,000 in bribes from 15 contractors or subcontractors, two American contractors, 12 German contractors, and one British contractor, Fisher said. Bribes also came in the form of home renovations, automobile maintenance, airline tickets, hotel rooms and furniture, among other things."

Pennsylvania State Senator Seeks Removal Of Corruption Trial Judge. The Philadelphia Inquirer (12/7, Shiffman, 385K) reports, "State Sen. Vincent J. Fumo says the federal judge supervising a grand jury investigation of him should step aside, citing a long history of 'political animosity' between the judge and senator. U.S. District Judge Legrome D. Davis has declined to recuse himself, saying he bears no animosity to Fumo, who strongly opposed the judge's nominations to the Philadelphia Court of Common Pleas and the federal bench. In a sealed order issued in July, Davis called Fumo's prior opposition nothing more than 'political gamesmanship.' A federal appeals court agreed with Davis, and now Fumo has appealed to the U.S. Supreme Court." The Inquirer notes, "The FBI and IRS are trying to determine whether Fumo used a South Philadelphia charity, Citizens' Alliance for Better Neighborhoods, for personal or political advantage."

Philadelphia Mobsters Fear FBI Intensifying Investigations. The Philadelphia City Paper (12/6, McGarvey) reported, "Many mobsters in the Philadelphia Cosa Nostra are dreaming of a jail-free holiday season, but they're worried that all they'll get for Christmas are chunks of coal taking the form of federal racketeering indictments. Fueling concerns is the fact that undercover feds have been seen closely monitoring alleged mob meeting places in South Philly, Northeast Philly, Cherry Hill and Margate. It seems as if purported boss Joseph 'Uncle Joe' Ligambi is the focus of attention. 'The FBI is following Ligambi around the clock,' a mob associate tells City Paper. 'A lot of people think something big is coming down the pike.'" However, "one local defense attorney who has represented mobsters says he thinks the feds are merely floating indictment rumors because they've wiretapped the local mob. 'It's called "tickling the wire,"' the attorney explains. 'The police tell the press. The press tells everyone else and when the gangsters hear about it, they start blabbing to each other over the telephone. The FBI hopes that someone will panic and say something incriminating.'"

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FBI Says Gang Members Increasingly Infiltrating US Armed Forces. The European edition of Stars and Stripes (12/7, Robson) reports, "U.S. criminal gangs have gained a foothold in the U.S. military and are using overseas deployments to spread tentacles around the globe, according to the FBI. FBI gang investigator Jennifer Simon said in an e-mail to Stars and Stripes this week that gang members have been documented on or near U.S. military bases in Germany, Italy, Japan, South Korea and Iraq. 'It's no secret that gang members are prevalent in the armed forces, including internationally,' Simon said, adding that the FBI is preparing to release a report on gangs in the military." Stars and Stripes adds, "Gang-related activity in the military is highly underreported, and the Army is the only branch of the military that collects gang-related statistics, she wrote. 'It's often in the military's best interest to keep these incidents quiet, given low recruitment numbers and recent negative publicity. The relaxation of recruiting standards, recruiter misconduct and the military's lack of enforcement (gang membership is not prohibited in the Army) have compounded the problem and allowed gang member presence in the military to proliferate,' Simon said."

Federal Judge Directs Maryland Officials To Test Recruiting Doctors For Executions. The AP (12/7, Witte) reports, "A federal judge considering challenges to Maryland's practice of execution by lethal injection wants the state to explore whether general surgeons, anesthesiologists and other more highly trained medical personnel would be willing to take part in executions." The AP continues, "Lawyers for death row inmate and convicted murderer Vernon Evans Jr. argue the people who currently carry out lethal injections are not qualified to know if an inmate is properly anesthetized before being put to death." The AP adds, "They have argued Evans' veins are so damaged from intravenous drug use that current execution protocol would subject him to "an unnecessary risk of unconstitutional pain and suffering." … They have asked U.S. District Judge Benson Legg to require the state to add a general surgeon and either an anesthesiologist or a certified nurse anesthetist to the lethal injection team." The AP notes, "Attorneys representing the state have argued such specialists are not needed because an execution is not a medical procedure. … The state also has argued that finding such specialists would be difficult. The American Medical Association, the American Society of Anesthesiologists and the American Nurses Association strongly discourage members from having anything to do with lethal injections. … But Evans' lawyers have argued there are medical specialists willing to take part. They have cited a study in the Annals of Internal Medicine that found 19 percent of surveyed physicians expressed a willingness to inject the drugs. The 2001 study also found 41 percent of the doctors surveyed would do at least one of the AMA-prohibited actions."

Judge Sets Bail For Two Of Three Charged With Sex Trafficking In Colorado. The AP (12/5) reported, "A federal magistrate set bail at $20,000 each for two people accused of running a prostitution ring but ordered a third suspect held without bail." Wai Chong Kong and Kit Chi Ho "were ordered Monday to wear monitoring bracelets on their ankles if released on bail. Magistrate Judge O. Edward Schlatter denied bail for Kah Poh Cheah…who prosecutors said is in the United States illegally on an expired visa. The three were arrested last month on suspicion of operating brothels out of four Denver-area apartments. Authorities said some of the prostitutes were working to pay off debts of up to $18,000 for fake visas that got them into the United States illegally from Asia." The Rocky Mountain News (12/5, Burnett) notedd Kit Chi Ho "wept as she asked a federal judge Monday to let her go home to her two young children. … On Monday, a federal grand jury returned an 18-count indictment, accusing each defendant of conspiracy and seven counts of transport of an individual for prostitution. Kong also is charged with two counts of money laundering, and Ho and Cheah each are charged with two counts of using interstate facilities to promote prostitution."

Virginia Man Pleads Guilty To $8.3 Million Investment Fraud. The AP (12/7) reports that a "Richmond man accused of cheating more than 350 investors out of about $8.3 million pleaded guilty Wednesday to mail fraud and money laundering. James E. Brown Jr. faces a maximum of 120 years in prison and fines of up to $16 million on each count when he is sentenced March 14 by U.S. District Judge Richard Williams, according to federal prosecutors. Brown was arrested in September after an investigation by the FBI, the U.S. Postal Inspection Service and the Internal Revenue Service. Authorities charged that Brown, owner and president of Brown Investment Services, promised investors he could double their money every 30 business days through trading on the Foreign Currency

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Exchange Market." The AP notes, "Little of the money was invested, and Brown paid early investors with cash coming in from subsequent investors to lull them into believing the investments were paying off as promised."

Former Fort Bliss Soldier Pleads Guilty To Child Porn Charges. The El Paso Times (12/7, Fonce-Olivas) reports, "A 27-year-old former Fort Bliss soldier pleaded guilty Wednesday in U.S District Court to charges of producing and possessing child pornography, the office of U.S. Attorney Johnny Sutton announced. Gary Alan Hernandez Jr., a former first lieutenant in the 204th Military Intelligence Battalion, pleaded guilty to one count of production and one count of possession of material involving the sexual exploitation of children." The Times notes, "As part of his guilty plea, he admitted that on April 16, 2005, he enticed a minor female to engage in sexually explicit conduct that would be photographed and distributed on the Internet. He was arrested Aug. 3, 2005, by FBI agents."

Florida Prosecutors Drop Charges In Girls Gone Wild Video Series Case. The AP (12/7) reports from Panama City, FL, "All but eight of the dozens of felony charges once faced by producers of the Girls Gone Wild video series about young women baring their breasts and acting in other sexual situations have been dropped by prosecutors due to a lack of evidence in the case that is set for trial next year." The AP continues, "Assistant State Attorney Mark Graham said he can support only second-degree felony charges of using children in sexual performances in his case against producer Joseph Francis, Francis' companies and employees. … The remaining charges could be dropped at a Jan. 3 hearing when a judge considers a defense motion to dismiss all charges in the 2003 case." The AP adds, "Graham filed the motion to reduce the charges on Monday in response to the request from Francis' attorney Aaron Dyer for all charges to be dropped because of police misconduct. A judge in July threw out evidence investigators gathered while searching Francis' condominiums and private jet because of problems with the search warrants. … A federal civil lawsuit against Francis filed by the two women filmed is pending."

Maryland Pastor Fatally Shot Outside Church. The Washington Post (12/7, B01, Partlow, Harris) reports, "A well-known Prince George's County minister who runs a transitional home for poor families died yesterday after being gunned down on the steps of his church in the morning." The Post continues, "The Rev. Milton L. Moore was outside the entrance of the Warriors for Christ Ministries in Suitland about 7 a.m. when he was struck in the upper body and bullets shattered a glass door, police and relatives said. He died at 4:25 p.m. … The shooting happened outside the three-story beige brick ministry building at 2420 Brooks Dr., which shares a parking lot with Drew-Freeman Middle School. Vernell Simon, 66, who lives across Brooks Drive from the ministry building, said he heard five or six shots, followed minutes later by sirens." The Post adds, "People inside the ministry building told police that they heard arguing outside before the shots. .. .Moore, 50, was shot once in the upper body, police said. … Several advocates for the homeless in Prince George's said Moore's ministry plays an important role in the county's social safety net and helps people get off the streets until they can find more permanent shelter."

Police Say Same Person May Have Killed Virginia Elderly Women. The Washington Post (12/7, B6, Jackman, 690K) reports, "Two elderly women slain three months apart in Springfield may have been killed by the same person -- someone with ties to their community who happened to come along, saw them alone and pounced on the opportunity to attack them, Fairfax County police said yesterday. 'I'm not going to say it's a serial killer,' Capt. Michael Spradlin, head of Fairfax's criminal investigations bureau, said at a news conference. But he said investigators decided that the cases were linked after looking at the common elements." The Post notes, "There was no indication that the women knew each other, Spradlin said. … Police have been discussing the cases with analysts from the FBI's Behavioral Sciences Unit, but Spradlin said he did not want to release any possible profile of the killer, for fear of limiting tips on potential suspects."

CIVIL LAW:

Family Sues US Mint Over Confiscation Of Rare Coins. The AP (12/7, Loviglio) reports from Philadelphia, "A family is suing the U.S. Mint, saying it illegally seized 10 gold coins that are among the rarest and most valuable in the world that the family found among a dead relative's possessions." The AP continues, "The lawsuit, filed

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Tuesday in U.S. District Court in Philadelphia, accuses the Mint of violating the Constitution and breaking federal forfeiture laws by refusing to return the 1933 'double eagle' coins to the family after it handed the coins over to have their authenticity confirmed." The AP adds, "Plaintiffs Joan S. Langbord and her sons, Roy and David, are seeking the immediate return of the coins, said their attorney, Barry H. Berke. … Defendants named in the suit include the Mint, the Treasury Department, and officials in those agencies. … The coins, which Mint officials have said are so rare that their value could not be calculated, feature a flying eagle on one side and a figure representing liberty on the other. There were 445,500 minted in 1933, but they were melted down before being released into circulation when President Franklin D. Roosevelt took the country off the gold standard. … A handful escaped, however. Two were deliberately set aside and are at the Smithsonian Institution. The Mint has said any others in existence were obtained illegally, but agreed after a lengthy court battle to allow one of the coins to be sold at auction in 2002 for $7.59 million - the highest price ever paid for a coin - after its owner agreed to split the proceeds with the Mint. … Langbord, who discovered the coins in 2003 in a safe deposit box belonging to her deceased father, longtime Philadelphia jeweler Israel Switt, was aware of that case and contacted the Mint to disclose the coins' existence and 'attempt to reach an amicable resolution of any issues that might be raised,' the lawsuit states. … She handed the coins over to the Mint to be authenticated, but the Mint refused to give them back, saying they must have been stolen from the Philadelphia Mint in the early 1930s because they had never been in circulation, according to the lawsuit."

Bankruptcy Filings Down After One Year Under New Law. The AP (12/7, Caterinicchia) reports, "Bankruptcy filings have dropped dramatically in the year since a law went into effect aimed at curbing abuse of the system. But it's too soon to gauge the act's effectiveness, the legislation's most ardent supporters said Wednesday at a hearing held to study the law's impact." The AP continues, "About 750,000 personal bankruptcy cases were filed in the month before the law went into effect Oct. 17, 2005, compared to fewer than 500,000 cases in the past 12 months. … Many consumers rushed to file ahead of the new law, which requires a 'means test' that determines whether filers qualify to have their debt erased under Chapter 7 or must file for a type of bankruptcy that requires repayment of a percentage of their debt over time. … 'Means testing is a workable system,' says Clifford J. White III, director of the Justice Department's Executive Office for U.S. Trustees, which has responsibility for the bankruptcy system. But White added that the test's long-term effectiveness is unknown since the number of filings has been so low." The AP adds, "White, who testified before the Senate Judiciary Subcommittee on Administrative Oversight and the Courts, also urged the mandating of 'smart forms' that would automate most court procedures involved in bankruptcy filings. That could help keep the bankruptcy system efficient if the number of filings increase in the future as trends indicate they will, he said. … From January to September, the personal and business bankruptcies dropped to 443,750 from 1.41 million in the year-ago period, according to data released Tuesday by the Administrative Office of the U.S. Courts. Personal filings fell to 429,522 from 1.38 million, while business bankruptcies declined to 14,228 from 26,275 in the same period. … But the subcommittee's incoming chairman, Sen. Charles Schumer, D-N.Y., said the bill may not go far enough in distinguishing between people who were financially ruined for legitimate reasons like job loss or the death of a spouse, and those who are 'reckless high rollers.'"

CIVIL RIGHTS:

DOJ Probe Clears Florida Police In 2005 Drug Raid Death. The St. Petersburg (FL) Times (12/7, Tisch) reports, "Federal prosecutors have determined that a Pinellas sheriff's deputy did not violate the civil rights of a St. Petersburg man who was shot and killed in April 2005 during a drug raid." The Times continues, "Jarrell S. Walker, 19, was shot to death by Deputy Christopher Taylor after a SWAT team burst into Walker's home as part of a drug investigation April 12, 2005. … Deputies found drugs and guns in the home. Walker, who was unarmed, was shot twice in the back." The Times adds, "The FBI said in May 2005 that it would investigate whether Walker's civil rights were violated. … 'After careful consideration, we concluded that the evidence does not establish a prosecutable violation of the federal criminal civil rights statutes,' said Mark J. Kappelhoff, section chief of the criminal section of the U.S. Department of Justice's Civil Rights Division, in a letter to the Sheriff's Office." The Times notes, "The shooting prompted controversy and criticism from some community leaders, especially in St. Petersburg's African-American community. Walker was black;

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Taylor is white. … The Pinellas-Pasco State Attorney's Office ruled the shooting justifiable homicide because, it said, Walker was reaching for something under a couch and refused repeated orders to show his hands. A loaded handgun was found nearby. … However, Pinellas-Pasco State Attorney Bernie McCabe noted in a report: 'I cannot help but note that this is another relatively young black male who has met his death at the hands of law enforcement in Pinellas County.' He urged the Sheriff's Office to review its policy on deadly force. … Sheriff Jim Coats did just that, changing policy to make it more clear when deadly force should be used. … The federal civil rights review came at the request of the St. Petersburg NAACP, whose leadership disagreed with McCabe's decision to clear Taylor of wrongdoing."

Protestors Urge Action After Atlanta Police Shootings. The Atlanta Journal-Constitution (12/7, Simpson) reports, "Vowing to go to jail for their cause, about 50 protestors blocked traffic on Memorial Drive Wednesday in the latest march to draw attention to police shootings in DeKalb County." The AJC continues, "Marchers who made the short trek from the county jail complex to nearby I-285, included former DeKalb NAACP president John Evans and state Rep. 'Able' Mable Thomas (D-Atlanta). … Some of the marchers said they were willing to be arrested for the cause. No police were on the scene shortly after 11 a.m." The AJC adds, "The march is the third of its kind in recent weeks. This year, DeKalb police have been involved in 12 deadly shootings. One officer has been killed. … Some community activists have called for the U.S. Justice Department to investigate. The DeKalb County District Attorneys office has agreed to review all of the shootings."

Group Sends Letter To Gonzales. WAGA-TV (12/6, 12:00 p.m.) broadcasts in Atlanta, "We want to ask Mr. Vernon Jones how much more a mother has to cry for their child, how much more kids have to cry for their parents. And the group has written a letter to US Attorney General Alberto Gonzalez. They have not heard back yet. So they will be going to the county commission's meeting next Tuesday."

Columnist Decries Slow Pace Of NYC Police Shooting Probe. In his column for the New York Times (12/7), Bob Herbert writes, "I don't know whether the undercover cops who shot and killed Sean Bell and wounded his two friends should be criminally indicted. I wasn't there and not enough information has emerged publicly to make a determination. … What I do know is that the investigation of this shooting in Jamaica, Queens, in which the victims were unarmed and seemed to have no intention of threatening the police, is not being conducted in a timely or effective fashion." Herbert continues, "While the local community is seething with anger over the shooting, there are investigators scrambling like mad to find dirt to throw on the victims and locate any evidence that might, however remotely, tend to justify the shooting. But the authorities have not even asked the cops, who fired 50 bullets at the car with the three men inside, what happened. That is insane." Herbert adds, "The office of the Queens district attorney, Richard Brown, is leading the investigation into the shooting. For procedural reasons that have to do with concerns about inadvertently conferring some degree of immunity on the officers, the D.A. has asked the Police Department not to interview the officers who shot at the car. … But the D.A.'s office has been moving in super-slow motion on the case, and no one from that office has interviewed the cops, either. Mr. Brown told me yesterday that he has a tremendous amount of additional information to gather before his office attempts to speak to the cops. … The truth is that neither the Police Department nor the district attorneys in New York are equipped to properly investigate controversial police shootings. The prosecutors and the cops have a special, co-dependent relationship that exists around-the-clock, year-in and year-out. They work together all the time on criminal cases and other matters. They view one another as members of a close-knit criminal justice family. They watch each other's backs. … The interests of the larger community can be served only when problematic police shootings are thoroughly and fairly investigated by objective, impartial and independent investigators. … A special investigative office, which could look at these incidents and encounters only after the fact, is not enough. There is also a need for Mayor Bloomberg and Police Commissioner Ray Kelly to become proactive, to acknowledge that racism is still an issue in the Police Department and to overhaul police training and address poisonous police attitudes in an effort to prevent these senseless tragedies."

New York Anti-Terror Unit Sued For Anti-Muslim Rhetoric. The AP (12/7, Neumeister) reports, "A celebrated police anti-terrorism cyber unit became a beehive of anti-Muslim rhetoric after a city consultant unleashed hundreds of hateful e-mails saying Muslims and Arabs were all potential terrorists, a unit member said in a lawsuit filed Tuesday." The AP continues, "The Department

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of Correction lieutenant, listed as John Doe Anti-Terrorism Officer on the lawsuit in U.S. District Court in Manhattan, said he was subjected to a hostile work environment, great emotional anguish, public humiliation and illegal retaliation. .. The Egyptian-born man asked for unspecified damages, saying he had suffered severe emotional distress, mental anguish, depression, physical injuries, illness, loss of pay and benefits and loss of advancement opportunities as a member of the elite anti-terror unit." The AP adds, "The man, described in the lawsuit as 'a proud Arab-American, a practicing Muslim and a patriot,' blamed the city for failing to respond to his repeated complaints about the contractor, who was alleged to have sent e-mails saying 'Burning the hate-filled Koran should be viewed as a public service at the least' and 'Without Islam, there wouldn't be any Islamic terror.' … He said the hateful rhetoric, unchecked by supervisors, infected the workplace, where other employees felt comfortable making anti-Muslim comments and jokes and where a high-ranking police official thought it was OK to say, 'All Arabs are animals.'"

Judge To Decide On Osceola, FL, Voting Plan. The Orlando Sentinel (12/7, Pino) reports, "A 17-month-long battle over how Osceola elects county commissioners could come to a close in federal court today." The Sentinel continues, "The remaining issue before U.S. District Judge Gregory A. Presnell is whether the county's proposal to create a system of at-large and single-member seats by increasing the size of the board to seven commissioners will pass legal muster." The Sentinel adds, "Presnell issued an injunction halting commission elections in June and ruled in October that the 'racially polarized' county's at-large voting system penalizes Hispanics in violation of the Voting Rights Act. … On Wednesday, commissioners voted 4-0 to accept a redistricting plan drafted by the U.S. Department of Justice, rather than a plan drawn up by county experts, after Presnell this week rejected a key part of the county's proposal. Commissioner Paul Owen was absent." The Sentinel notes, "In drawing proposed new district lines, Osceola had used 2005 U.S. Census population estimates and a county database of certificates of occupancy to distribute the approximately 59,000 people who have moved to the county since 2000. Presnell said he was "unconvinced" by the data and ordered the county to submit a plan using 2000 Census figures by Wednesday. … 'I'm going to support the resolution' to adopt the Justice Department's plan, Commissioner Tom Franklin said. 'But I think we should express our concern that the court did not allow us enough time to seek public input.' … The plan adopted Wednesday has district lines that do not require two commissioners to face each other in an upcoming election. As a result, Assistant County Attorney George Nickerson said, the Justice Department will accept staggered elections. In its initial proposal, the agency has wanted all five commission seats on the ballot at the same time."

ANTITRUST:

Texas Man Indicted For E-Rate Fraud. The AP (12/7) reports, "A contractor was indicted in Texas on Wednesday and charged with defrauding a federal program that provides computers and Internet access to economically disadvantaged schools and libraries." The AP continues, "A federal grand jury in McAllen, Texas, returned a nine-count indictment alleging that the former president and owner of ATE Tel Solutions Inc. — Rafael G. Adame — committed wire fraud, according to the Justice Department." The AP adds, "The E-Rate program is funded by telephone customers through a special fee included in their bills. The indictment alleges Adame submitted fraudulent charges on behalf of his company to the program's administrator, collecting $141,273 in payments. … The Justice Department said that including Wednesday's filing, 14 individuals and 12 companies have been charged as part of an ongoing investigation into the program. Thus far, defendants have agreed to pay fines and restitution totaling more than $40 million." The AP notes, "The indictment alleges Adame, by making false representations on invoices filed with the E-Rate administrator, received payments in excess of what was authorized and for work that was not performed."

Antitrust Probes Roil Municipal Bond Market. Bloomberg (12/7, Selway, Braun) reports, "The first-ever antitrust probe of the municipal bond market is roiling an industry that states and cities depend on to finance everything from garbage trucks to schools." Bloomberg continues, "U.S. Justice Department prosecutors subpoenaed more than a dozen banks and insurers three weeks ago, seizing documents from three brokers in a search for evidence of bid rigging. Lawyers say it's the biggest criminal investigation of the almost 200- year-old market, where municipalities have more than $2 trillion of debt

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outstanding. … 'You don't want to have something like this going on,' said Robert Doty, a Sacramento, California-based adviser with American Governmental Financial Services Co., who is the vice chairman of the National Association of Independent Public Finance Advisors. 'It's just bad for the reputation of the market.'" Bloomberg adds, "JPMorgan Chase & Co., the third-largest bank in the U.S., American International Group Inc., the world's largest insurance company, and Financial Security Assurance Holdings Ltd., a unit of Brussels-based financial services company Dexia SA, are among the companies that received subpoenas. JPMorgan declined to comment. AIG and Financial Security spokespeople said the companies are cooperating with the probe. … The investigation stems from an Internal Revenue Service review that found scores of municipal bond deals robbed federal taxpayers of more than $100 million. Banks and other financial firms arranged to sell guaranteed investment contracts in a way that increased their fees at the expense of the U.S. government, said Charlie Anderson, manager of field operations for the IRS's tax-exempt bond division."

The Wall Street Journal (12/7, C1, Hudson, Richardson) reports, "Federal regulators tried to clean up corruption in the municipal-bond market in the 1990s. … But with the muni market caught in a new, wide-ranging investigation, it looks like little has changed." The Journal continues, "In recent weeks, the Justice Department and the Securities and Exchange Commission have issued subpoenas to Wall Street firms seeking information on an array of muni-market investment products, according to people close to the banks. In November, the Federal Bureau of Investigation raided offices of some firms that act as go-betweens for municipalities and the banks. The Justice Department acknowledged it was investigating 'anticompetitive practices' in the industry. And the Internal Revenue Service is examining whether consultants and underwriters have used financial sleight of hand to evade federal taxes. … 'There's a lot of bad deals out there -- and the industry is very blasé,' said Charles Anderson, field manager of the IRS's municipal-bond unit, in an interview." The Journal adds, "The Justice Department has issued subpoenas to most of the big investment banks on Wall Street, according to several people close to the banks. The top underwriters of municipal bonds over the past 15 years include Bank of America Corp., Bear Stearns Cos., Citigroup Inc., Goldman Sachs Group Inc., J.P. Morgan Chase & Co., Lehman Brothers Holdings Inc., Merrill Lynch & Co., Morgan Stanley and UBS AG. All declined to comment officially, but several people close to the banks said that most or all of the firms had received subpoenas in recent weeks. … Some people familiar with the probes cautioned that hard details about the nature of the latest investigations are hard to come by. One person close to a big Wall Street bank said the probes 'could take several years.'"

Delta Pilots Union Opposes Merger With US Air. USA Today (12/7, Adams) reports, "On a day of escalating rhetoric from two airlines, the chief of Delta Air Lines' pilots union warned Wednesday that a merger with US Airways (LCC) would leave 'thousands' of Delta employees jobless." USA continues, "The remarks by Lee Moak, chairman of Delta's Air Line Pilots Association, came as US Airways CEO Douglas Parker pressed for access to Delta's books to move ahead on his company's bid to acquire Delta out of Chapter 11 bankruptcy." USA adds, "US Airways has made a hostile takeover offer of $8.5 billion in cash and stock for Delta, the USA's third-biggest airline, which is in Chapter 11. US Airways says a merger would make both airlines stronger and more competitive in the USA and abroad. It would be the world's biggest airline. .. .Executives at Delta have rebuffed the offer, saying that it's too risky and that Delta is better off alone." USA notes, "Moak's warning of job losses contrasts with US Airways' public promises not to lay off any employees or halt air service to any cities if the two airlines merge. Because both US Airways and Delta operate a shuttle service serving Washington, New York and Boston, Parker has said one of the shuttles would have to be sold to avoid federal antitrust violations. … In an interview, Moak said the union's analysis of US Airways' offer finds 'at least 1,000 Delta pilots and several thousand other Delta employees would be terminated' as a result. … Only Delta's pilots are unionized. That union is one of Delta's largest unsecured creditors and is represented on the creditors' committee. Other Delta workers, such as flight attendants, mechanics and reservations agents, are not unionized and have no contract protections."

US Air Reiterates Commitment To Merger. The Atlanta Journal-Constitution (12/7, Hirschman) reports, "US Airways called for Delta Air Lines' directors and creditors to 'fully and fairly' evaluate its $8.6 billion takeover bid and reiterated Wednesday its commitment to pursue the controversial deal." The AJC continues, "Some airline

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analysts had concluded the acquisition was falling apart when US Airways CEO Doug Parker was quoted in USA Today on Wednesday morning saying his carrier would abandon the hostile takeover if Delta wasn't convinced of its benefits. Parker's comments were made during a Tuesday meeting with the newspaper's editors and reporters. … 'We have to get to a point where all are working together on this or it's not going to happen,' Parker said in USA Today. 'This is all about convincing Delta's management that this plan makes sense.'" The AJC adds, "On Wednesday afternoon, however, Parker issued a written statement proclaiming US Airways is 'fully committed' to purchasing Delta and calling for the Atlanta-based airline's board and creditors to move to a detailed study of a combined operation. … Parker didn't deny telling USA Today that US Airways would only pursue a consensual deal. But a US Airways spokeswoman said Parker's written statement was meant to clear up 'misperceptions the article may have caused.'"

SF Chronicle, MediaNews Plan Ad Sales, Distribution Sharing Deal. The AP (12/7, Kravets) reports, "MediaNews Group Inc. and the San Francisco Chronicle plan to consolidate some of the business operations of their Bay Area newspapers, but will refrain from doing so pending the outcome of a federal antitrust trial challenging the deal, both companies said Wednesday." The AP continues, "Last week, U.S. District Judge Susan Illston tentatively blocked MediaNews and the Chronicle's owner, Hearst Corp., from merging local distribution and national ad sales. Illston said such a deal could pave the way for "price manipulation" and make it harder for new competitors to enter the market." The AP adds, "New York-based Hearst Corp. has invested $300 million in a complex deal that gives MediaNews three more Bay Area newspapers -- on top of the seven it already owns, including the Oakland Tribune. Hearst's investment helped Denver-based MediaNews finance the purchase of Hearst rivals Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year. … In issuing the temporary restraining order against the alliance, Illston said she had been under the impression that Hearst's investment was solely an equity stake, but an April 26 memo had surfaced suggesting it actually was a bid to merge operations." The AP notes, "Illston's comments bolstered San Francisco businessman Clint Reilly's federal antitrust claims against the publishers. … In court briefs and in interviews Wednesday, the publishers said they planned to move forward with the consolidation by winning the right to do so at trial by proving the plan is not anticompetitive. Executives have said the two companies had not engaged in any discussions to merge operations since the letter was written."

Telemundo, Grupo Xtra Request For Network Sets Off Mexican Media Dispute. The New York Times (12/7, Malkin) reports, "Night after night for almost two weeks, Mexican television news has shown exposés on how poor people suffer from the high cost of medicines. … The images of the ill and dying have been heart-wrenching. Legislators lament the lack of regulation. Corner pharmacies barely fend off failure. The new health minister concedes that high prices are a problem." The Times continues, "It may be merely a coincidence that Mexico's two competing television companies, Televisa and TV Azteca, have each chosen to focus on this particular social problem at the same time. … Their separate reporting comes to exactly the same conclusion. The culprits who drive the prices so high are two pharmaceutical distributors who together control 70 percent of the market. And both news teams single out the same one for particular opprobrium: Grupo Casa Saba, a $2 billion company controlled by the reclusive octogenarian billionaire Isaac Saba Raffoul. … What neither Televisa nor TV Azteca mentions is that Mr. Saba has his eye on another business: television." The Times adds, "Mr. Saba is the Mexican partner of Telemundo, the NBC Universal unit that is the No. 2 Spanish-language television broadcaster in the United States. In September, Telemundo and another company Mr. Saba owns, Grupo Xtra, formally requested a license for a broadcast television network. … Both Televisa and TV Azteca say that their coverage is driven only by news judgment. … Within weeks, the license request set off a nasty dispute between Telemundo and TV Azteca, leading to lawsuits and countersuits. Last week, Telemundo asked the Federal Communications Commission in the United States to deny the renewal of the broadcasting license to KAZA, the Los Angeles affiliate of Azteca's growing network based in the United States. The dispute comes just as Felipe Calderón takes office as president. Mr. Calderón, who campaigned on a promise to increase competition, has said that Mexico should have a third broadcast company. … The decision over whether to authorize a new network, which would be awarded by public auction, could prove to be the new

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government's first big test when it comes to taking on powerful business interests."

Japan Tobacco Discussing Takeover Of Gallaher. The Financial Times (12/7, Saigol, Wiggins) reports, "Japan Tobacco, the world's third-biggest tobacco company, has made a takeover approach for Gallaher, the UK group that owns the Benson & Hedges and Silk Cut brands. … The approach is expected to trigger a counterbid for Gallaher, which has a market value of £6.4bn ($12.6bn)." The Times continues, "Philip Morris is the most likely suitor. BAT and Imperial Tobacco might also be interested but they would face heavy competition issues. … People familiar with the situation said on Wednesday night the talks were at a preliminary stage. The two companies have had one discussion." The Times adds, "Gallaher has been the subject of persistent takeover speculation in recent weeks. The UK company's shares have risen strongly over the past two months, gaining 13 per cent to close on Wednesday at 979p. … On Thursday, shares of Japan Tobacco surged 5.5 per cent to Y533,000 in midday trading in Tokyo. … Gallaher said on Wednesday night it had received an approach but declined to name the company involved. It said there was no certainty an offer would be made." The Times notes, "Japan Tobacco, which also owns food and pharmaceutical businesses, controls about 70 per cent of the Japanese tobacco market. A former state-owned monopoly, it sells the Camel and Winston brands outside the US. Japan Tobacco's international tobacco business is stronger than its domestic operations."

News Corp Nears Deal To Regain Liberty's Stake. The Wall Street Journal (12/7, A3, Angwin) reports, "A two-year standoff between News Corp. and its second-biggest shareholder, Liberty Media Corp., is nearing an end in a deal that will return Liberty to a powerful position in the media sector and solidify News Corp. Chairman Rupert Murdoch's control of his company, say people close to the situation." The Journal continues, "Under an agreement, which could be finalized in the next few weeks, News Corp. will buy Liberty's $11 billion stake in the media giant in exchange for News Corp's 38.6% stake in satellite-TV firm DirecTV Group Inc., some cash and some smaller News Corp. assets. … While the two sides have been discussing a deal along these lines for several months, significant progress has been made this week, according to people close to the situation." The Journal adds, "The biggest bone of contention has been the soaring stock price of DirecTV, which has risen more than 20% to above $23 since news of the talks broke in mid-September. … But while the two shareholdings are now roughly equal in price, Liberty executives believe the DirecTV stock was inflated by deal speculation, a point Liberty Chief Executive Greg Maffei made to investors at a media conference yesterday. By adding some cash and other assets to the swap, News Corp. will reduce the effective price it is getting for its DirecTV shares. … The main reason to add the assets, however, is to ensure the deal is tax-free for Liberty. Mr. Maffei estimated Liberty would save billions of dollars in taxes on the cash-and-asset swap."

Professor Warns Against Antitrust Probes Of Private Equity Funds. In an op-ed for the Wall Street Journal (12/7, A18), Josh Lerner, the Jacob H. Schiff professor of investment banking at Harvard Business School, writes, "Some 53 years ago, Judge Harold Medina dismissed charges brought by the Justice Department against 17 leading investment banks. A case built up over a decade of investigations and almost three years of trial collapsed when the government was unable to show that the industry's collaborative practices constituted an anti-competitive conspiracy. The judge observed that activities that the government depicted as nefarious were 'nothing more nor less than a gradual, natural and normal growth or evolution by which an ancient form has been adapted to the needs of those engaged in raising capital.' … Now the trust-busters have again launched an inquiry into collusion in financial services, this time focusing on private equity firms such as Kohlberg, Kravis & Roberts. … The concern this time involves teaming up to bid in auctions of firms going private rather than jointly underwriting public corporate offerings. But it is hard not to feel that history is repeating itself. For not only is this investigation sure to fatten the profit pools of dozens of securities law firms, but the fundamental errors that Judge Medina flagged half a century ago seem destined to be repeated." Lerner continues, "Far from being a static industry with ossified giants, private equity features brutal competition and enormous dynamism. Groups that were dominant just a few years ago…have dramatically downsized or announced their intention to cease operations after experiencing investment missteps and succession problems. Meanwhile, new organizations have amassed enormous sums of capital in short periods. For instance, one of the Justice

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Department's targets, Silver Lake Partners, was only established in 1999. Since then, it has raised $6 billion in equity, and in light of its great success, is now raising a larger fund. … Thus, the reality of the market seems dramatically different from the typical setting where "trust-busters" are mandated to work. Moreover, the behavior in the Justice Department's cross-hairs -- deal sharing -- is an important aspect of this competition that benefits all of us." Lerner concludes, "Even if the antitrust threat dissipates, there is a broader lesson here. When one considers private equity's substantial successes in this decade, it is clear that the industry thrives on its extraordinary flexibility and ability to take risks. … Private equity is a dynamic industry, at whose heart is taking calculated risks based on limited information. Washington must understand that the many benefits private equity provides by facilitating economic growth are unlikely to be sustained if the heavy hand of government intrudes, whether through litigation or regulation."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ Tells Alabama County To Continue Greenways Program. The Birmingham (AL) News (12/7, Bouma) reports, "The U.S. Justice Department has rejected Jefferson County's plans to close its greenways program, leading to an 11th-hour scramble to write a new arrangement that all sides agree is legal." The News continues, "The county cannot meet its obligations under a federal agreement by assigning the ultimate financial and legal responsibility to the nonprofit Freshwater Land Trust, as the County Commission voted in November." The News adds, "Jefferson County agreed in 1996, in a federal case, to spend 10 years buying land in the Black Warrior and Cahaba rivers watersheds as penance for polluting the waterways for decades with broken sewers. … All sides agree that the county met its obligation to finish buying land in the $30 million program by the Saturday due date. And lawyers agree the nonprofit Freshwater Land Trust should oversee the land, as the county has planned. … But the 1996 court settlement requires the county to keep financial responsibility for major problems and the legal responsibility of ensuring that the land is preserved." The News notes, "Bill Weinischke, senior attorney for the Justice Department, said he could not say what would happen if the county missed the deadline by a few days but completed it in time for the county commission to vote on it during its Tuesday meeting. … Fines are allowed under the 1996 consent decree, but the Justice Department has not threatened any."

Interior Department AG Finds Pervasive Problems In Royalty Program. The New York Times (12/7, Andrews, 1.16M) reports, "An eight-month investigation by the Interior Department's chief watchdog has found pervasive problems in the government's program for ensuring that companies pay the royalties they owe on billions of dollars of oil and gas pumped on federal land and in coastal waters. In a scathing report to Congress, the Interior Department's inspector general says the agency's data are often inaccurate, that its officials rely too heavily on statements by oil companies rather than actual records and that only about 9 percent of all oil and gas leases are being reviewed." The "report undermines claims by top Interior officials that the department is aggressively pursuing underpayments and outright cheating by companies that drill on property owned by the American public." It "comes as lawmakers in both parties have been attacking the Interior Department for failing to correct blunders that department officials now concede could cost the government as much as $10 billion over the next five years. It also reinforces complaints by critics, from auditors within the agency to lawmakers in both parties, who have said that enforcement has become superficial, prone to errors and overly deferential to oil companies."

The Washington Post (12/7, D3, Mufson, 690K) reports, "The agency that collects royalties from oil and gas producers lacks the data, coordination and manpower to keep track of companies operating on federal land and in federal waters, a report by the Interior Department's inspector general said." It "criticized the Minerals Management Service for relying on 'compliance reviews,' which depend on information provided by the companies, rather than detailed audits, independent information or site visits."

The AP (12/7, Talley) says, "With 'inaccurate and incomplete' data and compliance reviews that 'do not adequately evaluate company-reported volume and allowance data,' the Inspector General said there was a high risk 'the MMS may not detect underpaid royalties.' As a result, the MMS cannot determine the true cost and benefits of the royalty program, and has no complete picture just how much oil companies owe the government." The AP adds, "MMS Director Johnnie Burton, in a response letter to the Inspector General, said that she agreed that more could be done to

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raise compliance levels. In a press release, the MMS said it would act quickly to implement new measures recommended by the Inspector General, including, 'strengthened procedures, improved administrative controls and enhanced tracking systems.'"

The Houston Chronicle (12/7, Ivanovich, 530K) reports the IG "recommended agency officials insist companies turn over actual source documents — such as tank gauge reports — for at least one test month." The Chronicle adds, "Responding to the report today, Rep. Darrell Issa, R-Calf., chairman of a House subcommittee that has been examining the Minerals Management Service, said agency officials 'don't seem to have any concept of independent collection or independent analysis.' ... Rep. Edward Markey, D-Mass., a frequent critic of the White House's energy policies, said the Devaney report 'underscores how poorly the Bush Administration's Minerals Management Service has been overseeing oil and gas drilling activities on public land.'"

Judge Blocks US From Reversing Roadless Rules. The Christian Science Monitor (12/7, Knickerbocker) reports from Ashland, OR, "Six years after the Bush administration came to office seeking to reverse Bill Clinton's order for protecting roadless areas on federal lands, the issue continues to smolder. … A federal judge has blocked the administration from lifting protections on nearly 50 million acres of backcountry. Several governors are suing Uncle Sam over the issue. And other governors are pushing ahead with their own plans to balance environmental protection with mining, logging, oil and gas development, and other commercial uses." The Monitor continues, "At stake are vast areas of federal land, most of it forested tracts across the Ameri-can West where the sound of road-building bulldozers has never been heard. Environmentalists say such areas are valuable for wildlife habitat, preserving water and air quality, and providing a wildernesslike experience. Many hunters and fishermen want them kept pristine as well. .. .But many areas also are potential sources of timber, minerals, gas, and oil. Developing such natural resources can be done in a way that protects the environment, administration and industry officials assert." The Monitor adds, "In September, US Magistrate Elizabeth Laporte in San Francisco ruled that the Bush administration's repeal of the 2001 Roadless Area Conservation Rule, as the Clinton order is called, violates both the Endangered Species Act and the National Environmental Policy Act. .. .In another opinion last week, Judge Laporte blocked plans to extract natural resources in roadless areas, including some 300 controversial oil and gas leases in seven western states the US Forest Service issued in recent years. … Administration officials made 'a clear error of judgment' in attempting to open up roadless areas without the proper environmental assessments, Laporte ruled. .. .The administration had sought to require governors to petition Washington if they wanted to protect federal roadless land in their states. Laporte ruled that illegal as well. But not before governors in Virginia, North and South Carolina, New Mexico, and California had petitioned the federal government for full protection of roadless areas in their states. .. Meanwhile, governors in other states - Idaho, Colorado, and Utah among them - want to lift or ease some of the restrictions imposed by the Clinton rule."

States Developing Own Plans To Cut Mercury Emissions. The Christian Science Monitor (12/7, Clayton, 59K) reports, "Facing a mandate to slash toxic mercury emissions from coal-fired power plants, 23 states are thumbing their noses at a federal cleanup plan and are instead developing their own far tougher plans to deal with mercury." But "doing so has caused many of them to miss a federal Nov. 17 deadline to submit their plans to the Environmental Protection Agency. Now, the EPA is ratcheting up the pressure. This week, the agency is expected to publish names of more than 20 states that could have the federal plan imposed on them if they don't submit tougher plans by next spring." The Monitor adds, "What it all adds up to is a major state-led rebellion over mercury emissions that dwarfs, for example, an 11-state push to create regional greenhouse-gas reduction programs without federal support. If successful, the revolt could weaken a key element of the federal mercury rules: an emissions-trading system popular with the utility industry and already in place for air pollutants like nitrogen oxides."

Small Print In Tax Bill Would Delay EPA Rule. The AP (12/7, Heilprin) reports, "Farmers would be off the hook for costly air pollution cleanups under an obscure provision slipped into a tax bill that may be the last act of this Congress. Buried in the fine print of the bill filed Wednesday, the measure by Senate Finance Committee Chairman Charles Grassley, R-Iowa, would forbid the Environmental Protection Agency from applying the Clean Air Act to dust and soot from farms until 2012." Environmentalists "complain the

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moratorium would grant farmers a five-year holiday from the EPA's health standards for fine particles and soot, which protect people living downwind."

Police Officers Wounded In Shootout On Nevada Indian Reservation. The AP (12/7) reports, "A tribal police chief, another officer and two residents of a home on the Walker River Paiute Reservation were wounded in a shootout Wednesday as the officers tried to serve an arrest warrant at the house, authorities said. The four men were flown by emergency services helicopters to a hospital in Reno, about 100 miles to the north, FBI spokesman David Staretz said. … Staretz said both officers were wearing body armor and their injuries weren't considered life-threatening. Staretz also said he was told the other men, a father and son, didn't sustain serious injuries, although a spokesman for the Regional Emergency Medical Services Authority in Reno said one of the men was in critical condition." The AP notes, "The nature of the arrest warrant wasn't immediately known, although Staretz said it may have been drug-related since DEA personnel were at the scene. A neighbor described the house as a known hangout for drug users."

House GOP Leaders Drop Efforts To Push Indian Casino Bill. The Hill (12/7, Snyder) reports, "House Republican leaders have apparently dropped a late attempt to pass a bill that limits off-reservation Indian gaming, after several tribes raised objections." The Hill continues, "House Speaker Dennis Hastert (R-Ill.), who opposes one tribe's effort to build a casino in his district, supported the last-ditch effort to push the bill, which had previously been introduced by Rep. Richard Pombo (R-Calif.), outgoing House Resources Committee chairman, gaming lobbyists said. … But the measure proved too controversial to fit into a short lame-duck session." The Hill adds, "Tribal officials and their lobbyists have urged Congress to wait instead for the Department of the Interior's own effort to update its rules governing Indian gaming. … A public-comment period on the proposed rule closes next Friday, with a final rule expected sometime late next spring. … 'We felt like there was a regulation out there and that we ought to let the regulation go forward,' one gaming lobbyist said. … But Brian Kennedy, a spokesman for the House Resources Committee, said that the Pombo measure provided stronger protection against the spread of casinos than is contemplated by Interior." The Hill notes, "In September, a majority of House members voted to approve the Pombo bill, but the measure failed because it did not receive the two-thirds support it needed to pass on the suspension calendar. …. An Interior staff member startled a gathering of tribal officials and Indian lobbyists yesterday morning when he announced that both Hastert and Majority Leader John Boehner (R-Ohio) planned to try to push the bill through. … 'The room was packed with D.C. lobbyists there on behalf of their tribal clients,' one lobbyist in attendance wrote in an e-mail to The Hill. 'Most are in strong opposition to the bill.'"

Seminole Tribe To Buy Hard Rock Restaurant, Casino Chain. The Wall Street Journal (12/7, Sanders, Berman) reports, "British gambling-and-leisure company Rank Group PLC said Thursday it will sell the Hard Rock Cafe restaurant-and-casino chain to the Seminole Tribe of Florida for $965 million." The Journal continues, "The Hard Rock business includes 124 Hard Rock Cafes, four Hard Rock Hotels, two Hard Rock Casino Hotels, two Hard Rock Live! concert venues, and stakes in three unbranded hotels. Rank said it would keep the Hard Rock Casino in London but under the Rank Gaming brand. … 'We have maximized the value of Hard Rock through this disposal following a thorough strategic review and competitive auction,' said Chief Executive Ian Burke said." The Journal adds, "The sale, which is subject to shareholder approval, is scheduled to be completed in March. .. The deal shows the long-term maturation of U.S. Indian tribes that have made hundreds of millions of dollars in the gambling business. From roots as operators of small bingo-hall outposts on their reservations, some have become potent entrepreneurs on a wider stage. … The deal for Hard Rock -- a 35-year-old chain based around rock-music memorabilia -- is high-visibility proof of that evolution. Hard Rock posted $70 million in operating profit on $500 million in revenue last year." The Journal notes, "The Seminoles have been a target of the Internal Revenue Service, which in the past few years has stepped up its examination of tax-free bonds used by the Seminoles and tribes in California to build casinos. The tribe issued $415 million of tax-free bonds to build the Tampa and Hollywood casinos, which the IRS deemed illegal. In October 2005, the tribe said it would issue $730 million in bonds to pay off the original tax-free bonds and consolidate debt."

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FBI/DEA/ATF/USMS:

Caribbean Native Pleads Guilty In New York To Drug Conspiracy. The Rochester (NY) Democrat & Chronicle (12/7, Craig) reports, "A Caribbean native whom Justice Department officials had been trying to extradite to the United States for a decade — before finally succeeding last year — pleaded guilty Wednesday to a drug conspiracy that involved a 1992 shipment of 28 pounds of cocaine seized en route to Rochester." The D&C continues, "Noel 'Zambo' Heath, who became somewhat of a folk hero to some residents in the twin-island nation of St. Kitts and Nevis during his fight against extradition, admitted in federal court here to a role in the drug trafficking conspiracy." The D&C adds, "Heath, who was once identified by the White House as an international drug kingpin, could be sentenced to between 70 and 87 months under the terms of the plea agreement. He is scheduled to be sentenced by U.S. District Judge David Larimer in April. … 'We were hopeful to get him back to his family as soon as possible,' said his attorney, Jeffrey Lichtman.In 1992 federal authorities heard Heath on a wiretap, apparently from his St. Kitts home, plotting the shipment of cocaine to Rochester. Using information gleaned from the wiretap, police pulled over a tractor-trailer on the New York Thruway near Victor and discovered the 28 pounds of cocaine, which had a street value then of about $1 million. … Federal authorities eventually identified Heath as a key player in the drug trafficking, and a federal grand jury in Rochester indicted him in 1995. Justice Department officials then initiated extradition proceedings for Heath to face criminal charges in Rochester, but he successfully staved off extradition. Sometimes Heath was aided by sympathetic political powers in St. Kitts."

Court Upholds Florida Man's Conviction In Painkiller Case. The St. Petersburg (FL) Times (12/7) reports "Even those who prosecuted and convicted Richard Paey sympathize with the wheelchair-bound man serving 25 years for drug trafficking - for obtaining the drugs he needs for his debilitating pain. Count among those sympathizers the 2nd District Court of Appeal. The problem, a majority of the court ruled Wednesday, is that they can't help Paey. They upheld his conviction and sentence by a 2-1 vote, but passed on this advice: Get the governor to commute the sentence." The Hudson man "was arrested by the Pasco County Sheriff's Office and the federal Drug Enforcement Administration in 1997 after buying more than 1,200 painkillers with fake prescriptions."

Judge Upholds California's Medical Marijuana Law. In San Diego, the AP (12/7, Hoffman) reported a state judge on Wednesday "upheld California's law permitting the use of medical marijuana for medical purposes, rejecting a lawsuit by three counties challenging the decade-old statute. The counties, led by San Diego, argued that local governments shouldn't be bound to uphold state laws that are weaker than the federal blanket ban on marijuana. … Superior Court Judge William R. Nevitt, Jr., wrote in his ruling counties would not be breaking federal law by giving out state identification cards. … The ruling affirmed a tentative judgment Nevitt issued in November."

The San Diego Union-Tribune (12/7) reports Nevitt "ruled that state law enforcement officials are not obligated to arrest and prosecute people who violate federal laws."

The North County Times (12/7) reports Nevitt, "rejected the county's argument that California's voter-approved Compassionate Use act should be pre-empted by federal law. Federal law says marijuana has no medicinal value and its use is illegal in all situations."

Local TV Coverage. XETV-TV, San Diego (12/6, 10:00 p.m.) aired, "Several counties joined San Diego in the lawsuit. It was filed after local county-officials refused to issue ID cards to medical-marijuana users. But, today, Judge William Nevitt upheld that state law. It was approved by voters in 1996.he said today's ruling does not decide if marijuana really has medical-benefits."

KUSI-TV, San Diego (12/6, 6:00 p.m.) aired, "A victory tonight for supporters of medicinal marijuana in San Diego County. A judge rejected San Diego County's [dispute over] the medical marijuana law. San Diego and two other counties sued, saying federal law supersedes the state law. The tentative ruling was issued last month."

KGTV-TV, San Diego (12/6, 6:30 p.m.) aired, "San Diego County lost a challenge to the state's medical marijuana law. They sued, arguing that [local] governments shouldn't uphold state laws that are overwritten by the federal ban on marijuana. Today a state judge ruled that counties would not be breaking federal law by giving out state marijuana I D cards."

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Survey Says Nearly 1 Million Addicted To Drugs In Afghanistan. The AP (12/6) reported, "The first nationwide survey on drug use, conducted last year by the Ministry of Counter Narcotics and U.N. Office on Drugs and Crime, found nearly 1 million addicts in [Afghanistan]…including 60,000 children under age 15. Drugs of choice range from hashish, opium and heroin to pharmaceutical medicines. An estimated 5,000 children are addicted to opiates, and the remainder take cough syrup and other drugs, the survey found. The actual numbers are probably much higher, especially for children and women, the report said."

Tajikistan Cited Among Leading Transit Routes For Drugs From Afghanistan. The AP (12/7) reports Central Asia's poorest county "is also one of the world's leading transit routes for heroin, opium and other drugs from Afghanistan. … In Tajikistan, the scars still remain from a traumatic civil war that ended nine years ago. Now, new wounds are being inflicted on this mountainous nation -- from the dramatic spike in the trafficking of drugs grown in neighboring Afghanistan, smuggled north through Tajikistan en route to Russia and Europe, and increasingly consumed by Tajiks. … The UN ranked Tajikistan fifth worldwide in heroin and morphine seizures, and fourth for opium."

Former Colorado Firefighter Seeks New Trial On Weapons Charge. The Rocky Mountain News (12/6, Burnett) reported, "A former Denver firefighter convicted of selling an illegal machine gun to an undercover federal agent is requesting a new trial, saying prosecutors failed to turn over evidence that could have led to his acquittal. Stan Ford was scheduled to be sentenced Friday. But U.S. District Court Judge Robert E. Blackburn said the sentencing should be postponed until Ford's motion for a new trial is heard." The Mountain News noted, "The U.S. Attorney's office says it did provide Ford's lawyers with copies of all communications. It also disputes that the messages at issue would have been enough to acquit Ford."

More Judges Packing Heat Behind Bench. The National Law Journal (12/7, Bronstad) reports, "Despite increased security at courthouses following shootings in Chicago and Atlanta about one year ago, many judges are bringing their own guns into their courtrooms for protection." The Journal continues, "Earlier this month, a Florida judge was ordered to accept mentoring after warning a defense attorney that he was 'locked and loaded.' In May, a judicial ethics committee of the New York State Unified Court System found that it was ethical for a judge to carry a pistol into his courtroom. … In Nevada, Oklahoma and Texas, incidences of violence in the past year have prompted new laws or solidified rules allowing judges to bring guns into courtrooms. … 'Judges in our courthouse have been carrying guns almost all the time,' said Cynthia Stevens Kent, a Texas judge in the 114th District Court, where a man in a family law case killed his ex-wife and son last year on the steps of a Tyler courthouse. … 'We feel strongly about providing adequate security, but it comes down to personal responsibility. And you've got to take responsibility for your own safety,' Kent said." The Journal notes, "Security concerns were raised last year after a rape suspect grabbed a deputy's gun and killed an Atlanta judge and others. One month earlier, a litigant had killed the husband and mother of a Chicago federal judge who ruled against him. … Some states allow judges to arm themselves."

IMMIGRATION:

Fewer Illegal Immigrant Arrests Reported Along US-Mexico Border. The AP (12/7, Caldwell) reports, "The number of illegal immigrants being arrested at the U.S.-Mexico border has dropped sharply in the first two months of this fiscal year, with some Border Patrol sectors seeing a drop of up to 63 percent." The AP continues, "Arrests along the border in Texas, New Mexico, Arizona and California have dropped about 27 percent, or by nearly 43,000 illegal immigrants, since Oct. 1, compared to the same time last year, Border Patrol officials in Washington said." The AP adds, "Reports of the decrease come about a month after Border Patrol officials announced a nearly 9 percent drop in arrests from 2004 to 2005. If the downward trend continues it would mark the first sustained decrease in illegal immigrant arrests since shortly after the Sept. 11, 2001, terrorist attacks, said Assistant Chief Patrol Agent Xavier Rios." The AP notes, "It's nearly impossible to know whether the drop in arrests really means that fewer people are coming across the border. … T.J. Bonner, president of the union that represents the majority of agents, said agents on the ground estimate that they only catch 25 percent to 33 percent of illegal immigrants. … Border Patrol officials acknowledge that they don't know how many people make it across the border every year. But

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they insist that the drop in arrests, which varied widely — the San Diego Sector marked a 3 percent drop while the Yuma, Ariz., and Del Rio, Texas, sectors each showed a 63 percent dip — is a sign that recently launched border security efforts are working."

Town Threatens To Withdraw Business Licenses Of Those Who Hire Illegals. The New York Times (12/7, Hamill, 1.16M) reports from Altoona, PA, "Since June, when Hazleton, Pa., some 130 miles east of here, began debating what to do about illegal immigrants, more than 60 local governments in 21 states have followed its lead and considered new ordinances to drive them away. At least 15 have approved the measures, typically intended to punish landlords who rent to illegal immigrants and business owners who employ them." Altoona, "an old railroad town nestled in an Appalachian Mountain valley about 100 miles east of Pittsburgh, is one of those 15. It approved its ordinance, which threatens to withdraw the business licenses of employers and rental licenses of landlords who hire or rent to illegal immigrants, in October." But "it does not fit the same pattern. … If Hazleton, where the immigrant population grew sharply in just a few years, started the current trend for dealing with a surge in illegal immigrants, Altoona may be the beginning of the next wave: trying to prevent a situation from developing in the first place."

CONGRESS-ADMINISTRATION:

Senate Votes 95-2 To Confirm Gates As 22nd Secretary Of Defense. The confirmation of Robert Gates to succeed Donald Rumsfeld as secretary of defense was almost entirely overshadowed by coverage of the release of the Iraq Study Group report. ABC World News (12/6, story 6, 0:15, Gibson, 8.78M) briefly reported on the Gates confirmation, which came of a 95-2 Senate vote. Republican Sens. Jim Bunning and Rick Santorum voted against Gates, "citing his criticism of the war and his view that the U.S. should engage Iran as part of a solution" according to the AP (12/6, Flaherty), while Sens. Evan Bayh, Joseph Biden, and Elizabeth Dole did not vote. The Hill (12/7, Schor) notes the two votes against Gates.

On CNN's The Situation Room (12/6, Blitzer), Counselor to the President Dan Bartlett said, "Expect the new secretary of defense to be sworn in fairly quickly, before the end of the year." The New York Times (12/7, A24, Cloud, 1.16M) reports White House spokeswoman Dana Perino said Gates would "formally begin work on Dec. 18, more than a week after his confirmation, because he wanted to participate in fall commencement at Texas A&M University before resigning as the school's president." Fox News' The Big Story (12/6, Emanuel) also said Gates will start on the 18th.

The Los Angeles Times (12/7, Spiegel, 850K) says Gates "won over critics of the administration's handling of the war on both sides of the aisle during an adulatory confirmation hearing Tuesday." The Washington Post (12/7, A11, Tyson, 690K) reports both Republicans and Democrats "lauded Gates's frankness after a day of testimony Tuesday in which he acknowledged that the United States is not winning in Iraq, and said that historians would have to judge whether the decision to invade Iraq in March 2003 was correct. He also pledged to take a fresh approach to Iraq in which 'all options are on the table.'" USA Today (12/7, 1A, Page, Jackson, 2.27M) says President Bush's selection of Gates could suggest Bush is willing to weigh changes in Iraq policy.

The Hill (12/7, Tiron) says defense industry insiders do not expect Gates to make "any major changes in budget and policy decisions that could curtail their business, at least for now." The DOD budget for 2008 must be submitted about a month and a half after Gates takes office, and "there will be very little Gates can change regarding a process begun months ago and nearly finished, several defense insiders said. But he will come into his own after a few months and be able to influence the 2009 defense budget, lobbyists said."

Blair Agrees With Gates Assessment That Iraq War Not Being Won. BBC.com (12/6) reports British Prime Minister Tony Blair agreed with Gates' "assessment that the war in Iraq is not being won. Asked by Tory leader David Cameron at prime minister's questions if he agreed with Robert Gates' assessment of the war, Mr Blair said: 'Of course.'"

Senate To Consider Vietnam Trade, Tax Bill. The AP (12/7, Abrams) reports, "In the final hours of Republican rule, the Senate put forward an all-purpose bill covering everything from normalized trade with Vietnam and tax breaks for millions of taxpayers to an expansion of offshore oil drilling. The House, while preparing its own tax and trade agenda, gave conservatives perhaps their last chance for a while to vote on an abortion bill. It was defeated." As of late last night, "House and Senate negotiators were still struggling to come up with a common approach to the tax

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and trade package." Senate Finance Committee leaders "said they were bringing to the floor as early as Wednesday the session-ending package that would renew expired or expiring tax breaks for businesses and middle income individuals and trade items affecting economic relations with Vietnam, Haiti, Africa and Andean nations." The tax portion, said Finance Committee Chairman Charles Grassley, gives "continued tax relief to families paying college, teachers buying classroom supplies and producers of clean energy from sources such as wind." The House "put off until Thursday any vote on its Vietnam trade bill as lawmakers pondered whether to combine it with the tax break measure. … It remained uncertain whether the House and Senate could come together on a package that would not be so laden with expensive programs that it becomes unpassable."

The Washington Post (1/27, D1, Montgomery, 690K) says "several senators yesterday raised objections to the bill, blocking its path to a full vote in the Senate and raising alarm among business lobbyists concerned about the fate of the largest of the tax breaks, a credit for research and development worth $7.5 billion in this fiscal year alone." Meanwhile, "with time running out on the 109th Congress, Senate negotiators were still trying to resolve differences with the House, which must also approve the package." The Post adds, "Business organizations and their members were waging a fierce lobbying campaign on behalf of the research credit, urging lawmakers to prevent it from expiring. California Gov. Arnold Schwarzenegger (R) and Arizona Gov. Janet Napolitano (D) sent letters adding their support, and former Michigan governor John Engler, now president of the National Association of Manufacturers, warned lawmakers that 'failure is not an option.' As of late yesterday, business lobbyists remained hopeful that the research credit would be preserved."

House GOP Fails To Pass Abortion Bill. The Los Angeles Times (12/7, Levey, 850K) reports, "House Republicans opposed to abortion rights failed Wednesday in their bid to pass a controversial measure that would have required women seeking abortions to be informed that some fetuses feel pain." Although "it was clear the bill would have stalled in the Senate, the abortion opponents hoped the House vote would provide a symbolic victory before control of Capitol Hill passes to Democrats in January. Instead, the vote dealt social conservatives a final setback in a two-year congressional session that has not produced a major piece of antiabortion legislation." The bill received "majority support, 250 to 162," but "that fell short of the two-thirds margin required under rules that limited debate." The New York Times (12/7, Hulse, 1.16M) notes "proponents of the measure said that they do not expect the new Democratic majority, whose leadership strongly supports abortion rights, to bring up such measures, and that they will press the leadership to allow a second vote under regular rules." But "Republican officials said they had no plans to revisit the issue."

Khalilzad, Williamson Emerge As Top Candidates For UN Post. The AP (12/7, Lederer) reports that speculation on a new US ambassador to the United Nations to succeed John Bolton is focusing on US Ambassador in Iraq Zalmay Khalilzad and a former deputy ambassador at the UN, Richard Williamson. However, there "also are a number of other Republicans and even some Democrats whose names have been floated among diplomats at UN headquarters," including Rep. Jim Leach and Undersecretaries of state Nicholas Burns and Paula Dobriansky. Among the Democratic candidate reportedly being considered are former senators George Mitchell and Sam Nunn.

Bush's DOD IG Nominee Withdraws. The AP (12/6, Solomon) reports David Laufman, President Bush's nominee for Defense Department inspector general, "has withdrawn from consideration." He "sent Bush a letter last week withdrawing from consideration after the Senate Armed Services Committee declined to hold a vote on his nomination before Congress recessed this year." Incoming chairman Carl Levin "has raised concerns about Laufman's nomination. The White House formally withdrew Laufman's name on Wednesday."

Warner Leaving Armed Services Chair But May Seek Reelection. The Norfolk Virginian-Pilot (12/7, Eisman) reports that though Sen. John Warner is stepping down as chairman of the Senate Armed Services Committee, he "told reporters he's 'leaning in favor' of seeking re-election in 2008." His comments "came as he marshaled bipartisan Senate support for President Bush's nomination of Robert Gates to be secretary of defense and pleaded for more bipartisanship in the debate over the future of America's role in Iraq."

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High Court's Reduced Docket Noted. The New York Times (12/7, Greenhouse, 1.16M) reports, "On the Supreme Court's color-coded master calendar, which was distributed months before the term began on the first Monday in October, Dec. 6 is marked in red to signify a day when the justices are scheduled to be on the bench, hearing arguments. The courtroom, however, was empty on Wednesday, and for a simple reason: The court was out of cases. The question is, where have all the cases gone? … The reasons for the decline all grow out of forces building for decades. The federal government has been losing fewer cases in the lower courts and so has less reason to appeal. As Congress enacts fewer laws, the justices have fewer statutes to interpret. And justices who think they might end up on the losing side of an important case might vote not to take it." The Times adds, "In a divided court, in a divided country, the court's reduced role is perhaps not surprising, nor is it necessarily a bad thing. … In private conversations, the justices themselves insist that nothing so profound is going on, but rather seem mystified at what they perceive as a paucity of cases that meet the court's standard criteria. The most important of those criteria is whether a case raises a question that has produced conflicting decisions among the lower federal courts."

Election Decimated Ranks Of GOP Moderates. The Washington Post (12/7, A29, Goldfarb, 690K) reports, "Iowa Rep. Jim Leach (R) seemed a natural to weather voters' antiwar sentiment this fall. His independent streak and moderate views had engendered the allegiance of his Democratic-leaning district for the past 30 years, and he broke with his party and President Bush in October 2002 by voting against the Iraq war. Yet on Election Day, voters in Iowa's 2nd Congressional District ousted him in favor of an untested Democrat, a college professor -- a testament to the vulnerable position that Republican moderates found themselves in all year. … With the defeat of Leach and several other Republican moderates Nov. 7, the Democrats' victory in the midterm election accelerates a three-decade-old pattern of declining moderate influence and rising conservative dominance in the Republican Party. By one measure, the GOP is more ideologically homogenous now than it has been in modern history. The waning moderate wing must find its place when the Democratic majority takes over in January." The Post adds, "Eight of the House's 20 most moderate Republicans lost their seats: Rob Simmons and Nancy L. Johnson (Conn.); Jeb Bradley and Charles Bass (N.H.); Michael G. Fitzpatrick and Curt Weldon (Pa.); Sue W. Kelly (N.Y.); and Leach. Also, moderate GOP Rep. Sherwood L. Boehlert (N.Y.), is retiring, and he will be replaced by Democrat Michael A. Arcuri, the Oneida County district attorney." On the Senate side, "the defeat of Lincoln D. Chafee (R-R.I.), a critic of the war who declined to vote for Bush's reelection in 2004, underscored the same trend."

Snowe Seeking Overhaul Of Centrist Coalition. Roll Call (12/7, Pierce) reports, "Sen. Olympia Snowe (R-Maine) quietly is laying the groundwork to overhaul the Senate Centrist Coalition into a regular bipartisan working group that eschews ideological labels." Snowe, who "co-chairs the coalition with Sen. Joe Lieberman (D-Conn.)," said "she wants to change the name of the group and hopes to invite a broader cross-section of the Senate to attend breakfasts or lunches, potentially on a weekly basis, that are designed to foster bipartisanship in the new Congress." Snowe "noted that the meetings need not be focused on a particular issue, but should merely offer a place to go for building relationships and friendships. Still, she cautioned that she is continuing to vet her ideas with Lieberman and others, and that nothing has been decided yet."

Blue Dogs Pledge To Seek Bipartisan Consensus. The Hill (12/7, Joseph) reports, "In a luncheon yesterday, members of the fiscally centrist Democratic Blue Dog Coalition promised to build bipartisan consensus to establish "fiscal sanity" and attempt to improve government accountability, transparency and oversight. 'This country is desperate for the middle, desperate for common-sense solutions,' said Rep. John Tanner (D-Tenn.)." President Bush "has invited members of the centrist Blue Dog and New Democrat coalitions to the White House on Friday to discuss areas 'of mutual cooperation,' in the words of one Democratic aid."

Lott Win Made Possible By Defections Of Collins, Warner. The Hill (12/7, Bolton) reports, "Sen. Trent Lott's (R-Miss.) stunning return to the Senate leadership was made possible by the last-minute defections of Sens. John Warner (R-Va.) and Susan Collins (R-Maine) from Sen. Lamar Alexander's (R-Tenn.) rival campaign for Republican whip. Ironically, four years earlier, Warner and Collins helped drive Lott from leadership by giving his rivals support at crucial moments during the controversy over his comments at the

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100th birthday party of the late Sen. Strom Thurmond (R-S.C.)."

Lott Selects His Team. Roll Call (12/7, Billings) reports Lott "has opted to dramatically cut the size of the GOP vote-counting team in the next Congress, assembling a group of eight loyalists, led by South Dakota Sen. John Thune, to aid in the party's floor efforts. Insiders suggested the size and membership of the whip team could be a sign that Lott is likely to rely heavily on his own experience and floor know-how to keep his party unified in the 110th Congress." In addition to Thune, "who will serve as Chief Deputy Minority Whip, Lott has brought on GOP Sens. Richard Burr (N.C.), Larry Craig (Idaho), Norm Coleman (Minn.), James Inhofe (Okla.), Olympia Snowe (Maine), John Sununu (N.H.) and David Vitter (La.) to round out his team. Thune, Burr, Vitter, Coleman and Sununu are in their first terms."

Hensarling Wins Race For RSC Post. The Hill (12/7, O'Connor) reports, "Rep. Jeb Hensarling (R-Texas) triumphed yesterday in his bid to chair the conservative Republican Study Committee during the 110th Congress, beating Rep. Todd Tiahrt (R-Kan.) 57-42." Hensarling, "an outspoken second-term conservative who has faced off with Republican leaders on budget and spending issues, won the chairmanship despite Tiahrt's nomination by the group's three remaining founders."

Kilpatrick To Head Black Caucus. The AP (12/7, Ben Evans) reports, "The Congressional Black Caucus on Wednesday tapped Rep. Carolyn Cheeks Kilpatrick as its chairwoman for the next two years, when black lawmakers will wield more power in Congress than ever." Kilpatrick , "a former school teacher and the mother of Detroit Mayor Kwame Kilpatrick, was chosen unanimously. She succeeds Rep. Mel Watt, D-N.C."

Democrats Gather Lobbyists' Donations Following Midterm Wins. The Wall Street Journal (12/7, A4, Cummings, 2.04M) reports, "Democrats may be promising a clampdown on lobbyist freebies once they take control of Congress. But ahead of that push, party leaders are collecting lobbyists' checks, while Democratic staffers angle for jobs inside their well-appointed offices. Verizon Communications Inc. earlier this week sponsored a reception for newly elected Missouri Sen. Claire McCaskill. Illinois Democratic Rep. Melissa Bean was the beneficiary of a Tuesday night fund-raiser in the new Capitol Hill offices of the US Chamber of Commerce." The Journal notes, "Some companies and lobbyists began shifting more donations to Democrats before Election Day. But Political Money Line, an organization that tracks political giving, reported last month that federal political action committees -- the kitties used by corporations and organizations to make donations -- held back $280 million in the final days of the midterm races. That is money now being tapped to welcome the old and new Democratic leaders back to town."

Morris Suggests Ethics Reforms. Dick Morris writes in The Hill (12/7), "Just in case the incoming Democratic majority is serious about real ethics reform, here are a few ideas for its members to consider: Ban spousal and family employment by campaign committees and PACs. … Those who have hired spouses and family members include: Reps. Richard Pombo (R-Calif.), wife and two brothers; Zoe Lofgren (D-Calif.), husband's law firm; Bernie Sanders (I-Vt.), wife and step-daughter; John Doolittle (R-Calif.), wife; Ralph Hall (R-Texas), daughter-in-law; Pete Stark (D-Calif.), wife; Buck McKeon (R-Calif.), wife; Ron Lewis (R-Ky.), wife; Bart Stupak (D-Mich.), wife; Jim Costa (D-Calif.), cousin; Dana Rohrabacher (R-Calif.), wife; Dave Reichert (R-Wash.), nephew; Chris Cannon (R-Utah), three daughters; Lincoln Davis (D-Tenn.), sister-in-law and daughter; Louie Gohmert (R-Texas), wife; Tim Bishop (D-N.Y.), daughter; Bob Filner (D-Calif.), wife; J.D. Hayworth (R-Ariz.), wife; Bob Inglis (R-S.C.), wife; Elton Gallegly (R-Calif.), wife; Sherwood Boehlert (R-N.Y.), wife; John Sweeney (R-N.Y.), wife; Jeff Flake (R-Ariz.), wife; Ed Pastor (D-Ariz.), nephew; John Shadegg (R-Ariz.), son; and Howard Berman (D-Calif.), brother Michael's political consulting firm; Sens. Barbara Boxer (D-Calif.), son; and Joe Lieberman (D-Conn.), son and daughter during vice presidential race; and ex-Reps. Bob Ney (R-Ohio), wife; and Tom DeLay (R-Texas), wife and daughter." Other proposals: "Ban immediate family members of senators or congressmen from lobbying Congress. … Restore presidential power to line-item veto earmarks in appropriations bills and reverse the anti-impoundment legislation passed during the Nixon administration. … Require lobbyists to disclose the specific bills that they are lobbying for or against on the lobbying registration forms. Ban all privately paid travel by members, including use of corporate jets. … Require both chambers to work a full week, instead of the two- to three-day schedule they've had for the past few years."

WPost Comments On House's New Monday To Friday Schedule. The Washington Post (12/7, 690K)

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editorializes, "When Democrats take over the House next year, the regular workweek will stretch to a backbreaking five days -- up from the now-customary Tuesday-through-Thursday arrangement. Members of the House and Senate -- no doubt reeling from the two weeks they've worked since the election -- will have a mere four weeks off after they leave town Friday." The Post adds, "Hard to believe, but the new leadership actually expects them to come to work on Jan. 4 rather than enjoy the usual elongated holiday break as they wait around for the president to deliver his State of the Union address in late January. In the Senate, the weeklong March break is being eliminated and the two-week April vacation cut in half. This kind of punishing schedule is enough to unite lawmakers of both parties, in both chambers, in a chorus of behind-the-scenes bipartisan grumbling. What, us work?"

Frank Derails Bill Giving Thatcher Congressional Gold Medal. Roll Call (12/7, Akers) reports in its "Heard on the Hill" column, "What a kick in the pants, or the skirt, as the case may be, to former British Prime Minister Margaret Thatcher. A revised floor schedule for Wednesday was sent out advising, 'H.R. 6136 -- Margaret Thatcher Congressional Gold Medal Act HAS BEEN PULLED."' Roll Call adds "a GOP leadership source told HOH that the reason the bill was pulled was because Rep. Barney Frank (D-Mass.) objected to it." Frank "explained to HOH in a telephone chat that he opposed giving Thatcher a gold medal because the bill 'hadn't gone through the regular rules' procedure and, frankly, it 'was being used by Republicans for partisan purposes. She was a very conservative person.'"

House Denounces French City For Naming Street After Convicted US Murderer. The AP (12/7, Hefling) reports, "The House passed a resolution Wednesday denouncing a French city for naming a street in honor of Mumia Abu-Jamal, who was sentenced to death for shooting a Philadelphia police officer 25 years ago this month. 'We must stand together as one and send a strong message to the world that cop-killers deserve to be punished, not to be celebrated,' said Rep. Mike Fitzpatrick, a Philadelphia-area congressman who authored the resolution." The vote "came a few days shy of the 25th anniversary of the shooting of Daniel Faulkner, a 25-year-old officer shot after he pulled over Abu-Jamal's brother on Dec. 9, 1981."

Performance Of Medicare Drug Program Said To Defy Critics. David Wessel writes in the Wall Street Journal's (12/7, A2) "Capital" column, "The Medicare prescription-drug benefit…was panned by critics when it was in previews. Now, after a year's run, the elderly audience seems to be applauding, public and private actors are clicking better in the very complex production, and costs are below initial estimates." Although the program's launch was "marred" with problems, critics' "worst fears haven't materialized. That fact is often overshadowed by continuing partisan bickering over the program's design and by persistent public suspicion of drug makers, insurers and pharmaceutical-benefit managers." Now, "Democrats argue the program could be even cheaper if the government, rather than private insurance plans, used its clout to negotiate with drug makers." But "they may have trouble delivering: The official congressional scorekeepers aren't persuaded that the government would actually save money." And "unless Democrats can take credit for saving money, it will be hard to make the benefit more generous."

WSJournal Says NASA Should Offer Prize For Moon Base, Instead Of Building It. The Wall Street Journal (12/7, A18, 2.04M) editoriallizes, "NASA announced this week that it plans to establish a permanent moon base by 2024, a mere generation from now." The Journal adds, "As good as this sounds, we're left to wonder why NASA shouldn't go further. It did not release a budget estimate for the project -- perhaps because the experience with the space station, which was supposed to cost $40 billion but will now likely go above $100 billion, was chastening. But whatever the estimate is, here's a counteroffer. Say NASA believes it can build a permanent moonbase for $100 billion in today's dollars. Why not take half of that and offer it as a bounty to the first private company to build the station and man it. A prize in the neighborhood of $50 billion is bound to attract plenty of interest -- and that number is probably much less than a realistic guess of what it would cost NASA in the end. The taxpayer would save 50% of NASA's cost to build the base, and the result would be much more likely to be attractive to the private interests that NASA wants to draw to the project."

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OTHER NEWS:

Gasoline Price Increases Likely To Continue Until Christmas. USA Today (12/6, Hagenbaugh, 2.27M) reports, "The recent rise in gasoline prices will likely continue until Christmas, making the trip home for the holidays more costly than at Thanksgiving. The nationwide average retail price of a gallon of regular gasoline has risen 8 cents since the end of October." USA Today adds, "On Monday, the average price was $2.297 a gallon, the highest in two months and 15 cents higher than a year ago ... . A number of analysts, including those at Wachovia and Moody's Economy.com, say prices will likely inch higher through December." USA Today points to rising oil prices, declining gasoline inventories, and increased demand as reasons for higher pump prices.

Survey Finds Affordable Housing Has Dwindled. USA Today (12/7, 7A, El Nasser, 2.27M) reports, "The supply of affordable housing continued to dwindle this year despite weakening home prices, according to one-third of local housing officials who responded to a survey by the National League of Cities. Three-fourths of those surveyed say housing costs are significantly limiting home ownership opportunities for lower-income residents and young families. The survey was sent to officials in 1,167 cities." USA Today adds, "Housing prices in many areas skyrocketed in recent years as interest rates dropped. Demand fueled teardowns and rehabilitation of older homes. That took cheaper housing off the market."

Stocks Down Yesterday. NBC Nightly News (12/6, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street today, investors pulled back a bit. The Dow was down more than 22 points [to close at 12,309.26]. NASDAQ lost 6 and a half points [to close at 2,445.86] on the day." The Wall Street Journal (12/7, C1, McKay, 2.04M) reports "the broad Standard & Poor's 500-stock index slipped 0.1%, or 1.86 points, to 1412.90, up 13% on the year."

Investors Face Choices When Class-Actions Die. The Wall Street Journal (12/7, D1, Koppel, Davies) reports, "Is there life after your class-action lawsuit dies? … A ruling earlier this week undercut a class action against 55 Wall Street investment banks, and dashed hopes for small investors who bought hot stocks that went public during the dot-com bubble and then plummeted as it burst." The Journal continues, "The decision likely means that thousands of investors would have to file individual suits to try to recover billions lawyers claim they lost by investing in initial public offerings, mostly of technology companies, in the late 1990s and 2000." The Journal adds, "Class-action suits let individuals band together to pursue big defendants with more power than they could on their own. But the Second U.S. Circuit Court of Appeals in New York ruled that this case in its current form couldn't proceed as a class action, in part because plaintiffs' individual claims were not sufficiently similar to be grouped together. … Attorneys say it will be difficult, if not impossible, for small investors to find lawyers who will pursue such suits for them on an individual basis. Claims, they estimate, would need to be worth anywhere from a hundred thousand to several million dollars to make pursuing them worth a lawyer's time. Christine Hurt, a professor at the University of Illinois College of Law who has written about the IPO case, estimates that the average retail plaintiff suffered losses of less than $20,000. … Meanwhile, the U.S. Chamber of Commerce says the appeals-court decision was a major victory for any businesses that face dubious class-action claims." The Journal notes, "The decision marks the latest win for institutions and individuals fighting regulatory and legal action in the wake of massive stock-market losses earlier in this decade. … Still, investors have won some victories against Wall Street banks in bubble-era disputes."

Federal Judge Rules Virginia, Not Individuals, Can Sue Dairy Industry. The Washington Post (12/7, B07, Markon) reports, "Catherine Holmes saw the ads for the so-called 'dairy diet' and thought it would be a tasty way to lose a few pounds. After all, she loves buttermilk, yogurt and cheese. … Instead, the Arlington woman says, she gained three pounds on the diet, which dairy companies have spent hundreds of millions of dollars promoting. She sued the industry. … But a federal judge has ruled that under Virginia law, Holmes and other people can't take on the industry in court -- only a government entity such as the Virginia attorney general's office can. The decision last week by U.S. District Judge Leonie M. Brinkema in Alexandria threw out the lawsuit Holmes filed last year." The Post continues, "In her ruling last Thursday, Brinkema said Virginia consumer protection law allows people to seek monetary damages but not a broad injunction regulating an industry.

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She did not address the science of the debate, writing that such federal agencies as the Food and Drug Administration and the Federal Trade Commission are better equipped to do so. … An attorney for Holmes vowed yesterday to appeal and file a similar lawsuit in a more consumer-friendly state. 'We're very disappointed,' said Dan Kinburn, general counsel for the Physicians Committee for Responsible Medicine, which filed the Virginia case on Holmes's behalf. 'This will encourage and assist the dairy industry in making this country fatter and sicker.'" The Post notes, "Dairy industry representatives said the ruling validated their view that consuming dairy products helps with weight loss when coupled with calorie restriction and exercise. They vowed to continue the advertising campaign. … Underlying the debate is growing concern nationally about increasing obesity among children. Researchers have split over the role of dairy products in the trend; some studies have found that children who drink too much milk are prone to becoming overweight, and others have found a weight-loss benefit from drinking milk."

Democratic Governors Meet In Washington. The AP (12/7, Tanner) reports, "With election victories behind them, Democratic governors gathered Wednesday to celebrate their first majority in 12 years, talk political strategy and share notes on the issues driving voters back at home. Governor after governor at their winter meeting turned to the backbone of modern Democratic politics -- education, health care and jobs, with many also promising a concerted effort to tackle energy policy." Democrats "emerged from Election Day with a 28-22 majority, reversing the current GOP majority and taking six seats from GOP control. Republicans had held a majority since the 1994 elections."

DCCC Increasingly Confident About Texas Runoff. Roll Call (12/7, Drucker) reports, "Although they were initially hesitant to lend a hand, national Democrats have since gone all out to aid former Rep. Ciro Rodriguez (D) as he seeks to oust Rep. Henry Bonilla (R) in Texas' 23rd district runoff set for Tuesday. With the Republican National Committee and the National Republican Congressional Committee mostly absent from Bonilla's better-funded campaign, the Democratic Congressional Campaign Committee has plunked down nearly $300,000 since Nov. 7 in independent expenditure advertising, hoping that Rodriguez can add to the party's House-takeover total." The Democrats' "confidence is an outgrowth of the DCCC's heavy strategic involvement in the Rodriguez campaign, from the ground up, as well as the 23rd district's new boundaries that were drawn over the summer courtesy of a Supreme Court decision mandating that the seat be brought into compliance with the Voting Rights Act." But "the Bonilla campaign isn't worried. … Bonilla campaign spokesman Phil Ricks on Wednesday claimed a strong volunteer effort and touted the help the Congressman is receiving from the state GOP. Ricks sounded particularly pleased with a new television ad released this week that features retired FBI agent Al Ortiz accusing Rodriguez of sympathizing with "Islamic Radicals.""

Jefferson Hits Opponent On Social Issues. Roll Call (12/7, Whittington) reports, "The contest to decide who will represent hurricane-ravaged New Orleans and Louisiana's 2nd district will be decided Saturday, as the clock winds down on the increasingly bitter runoff fight between Rep. William Jefferson (D) and state Rep. Karen Carter (D)." Jefferson "is the subject of an ongoing federal bribery investigation, although no formal charges have been filed and the eight-term Congressman denies any wrongdoing." The congressman "has turned to social issues in an effort to paint Carter as out of touch with the values of the largely black electorate. … In one of his latest TV ads, Jefferson informs voters that Carter has voted in favor of same-sex marriage and late-term abortions and against making human cloning a crime."

Allen Considers Challenge To Collins In 2008. Roll Call (12/7, Duran) reports, "Rep. Tom Allen (D-Maine) said Wednesday that he is 'seriously considering' running for Senate in 2008, and political watchers in the Pine Tree State say he looks and acts like someone preparing for a Senate bid." Allen "raised more than $930,000 in the previous cycle but spent only about half of it dispensing with two challengers on his way to securing a sixth term with 61 percent of the vote." Allen "presumably would square off with the state's junior Senator, Susan Collins (R), who has said she intends to seek a third term."

Presidential Race Off To Record Start. Roll Call (12/7, Kane) reports, "Shattering the pace of any previous presidential campaign, a half-dozen White House candidates already have leapt out of the gates for 2008, either formally signaling their entry into what is shaping up to be a packed field or filing paperwork freeing them to begin fundraising. …

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With fundraising expectations higher than ever and the caucus and primary schedule so compacted in early 2008, the candidates, former candidates, and current and former campaign aides see nothing unusual about so many declarations for a general election that's still almost two years away." However, in the 2004 presidential race, "the first candidates to open campaign committees were former Vermont Gov. Howard Dean (D), who did so in May 2002, and" Massachusetts Sen. John Kerry (D), "who opened his fundraising operation just after Thanksgiving 2002. Neither man made their formal announcement until 2003. In the 2000 campaign, former Sen. Bill Bradley (D-N.J.) was the only candidate to open a campaign committee in 1998 -- on Dec. 4, 1998. The eventual winner, then-Texas Gov. George Bush (R), didn't open a campaign committee until March 8, 1999." Among those who have already formed an exploratory committee or a formal presidential committee: Arizona Sen. John McCain (R), Kansas Sen. Sam Brownback (R), ex-New York Mayor Rudy Giuliani (R), Indiana Sen. Evan Bayh (D) and Iowa Gov. Tom Vilsack (D).

Rothenberg Says Great "Personal Story" Not Critical For Candidates. In a column titled, "Do '08 Presidential Contenders Need a Great Story?" Stuart Rothenberg writes in Roll Call (12/7), "Many presidential hopefuls have something in their life stories that can paint as a personal test or a hurdle that they overcome. The old 'born in a log cabin' chestnut is about as old as the country." However, "let's not go overboard about the value of a personal story. … A candidate's 'story' may get voters' attention, but a story is by its very nature backward-looking, while presidential contests are about the future. Ultimately, a candidate must offer more compelling reasons than a résumé to justify why he or she deserves to be nominated and elected." Rothenberg adds, "What matters most to voters in selecting a nominee for the White House? Lots of things, of course, but the most important question is whether, after months of campaigning, enough primary voters and caucus attendees in the early states think that a particular hopeful has passed the smell test. … Having an interesting story to tell is nice, but starting off with real advantages is a whole lot better."

Obama Says "You Don't Run For Vice President." On CNN's The Situation Room (12/6), Wolf Blitzer asked Sen. Barack Obama, "Do you want to be president or you want to be vice president?" Obama: "Well, you don't run for vice president." Blitzer: "So what does that mean? You want to be -- you want run for president?" Obama: "I answered the question, Wolf. I've got to go vote."

Meyerson Says GOP "Too Southern" To Win Anywhere Else. Harold Meyerson writes in the Washington Post (12/7, A31, 690K), "You've seen the numbers and understand that America is growing steadily less white. You try to push your party, the Grand Old Party, ahead of this curve by taking a tolerant stance on immigration and making common cause with some black churches. Then you go and blow it all in a desperate attempt to turn out your base by demonizing immigrants and running racist ads against Harold Ford. On Election Day, black support for Democrats remains high; Hispanic support for Democrats surges. So what do you do next? What else? Elect Trent Lott your deputy leader in the Senate. Sure locks in the support of any stray voters who went for Strom in '48." Meyerson adds, "In case you haven't noticed, a fundamental axiom of modern American politics has been altered in recent weeks. For four decades, it's been the Democrats who've had a Southern problem. Couldn't get any votes for their presidential candidates there; couldn't elect any senators, then any House members, then any dogcatchers. They still can't, but the Southern problem, it turns out, is really the Republicans'. They've become too Southern -- too suffused with the knee-jerk militaristic, anti-scientific, dogmatically religious, and culturally, sexually and racially phobic attitudes of Dixie -- to win friends and influence elections outside the South."

Egos Could Test Relations Of Ascending New York Democrats. The New York Times (12/7, Healy, 1.16M) leads with the "big" egos of New York politicians, like Sens. Clinton and Schumer, Gov.-elect Eliot Spitzer, Andrew Cuomo and Rep. Charles Rangel, whose respective "ascensions" to higher ranks will likely "test" their relationships. The Times discusses Spitzer's visit with the delegation that was marked by joking and "back-slapping." The article also discusses the state of relations between Clinton, Schumer and Spitzer.

Mary Cheney's Pregnancy Sparks Gay Marriage Debate. CNN's The Situation Room (12/6, Blitzer) reported, "The Vice President's office confirms his openly gay daughter, Mary Cheney, is pregnant. Dick Cheney and his wife, Lynne, are said to be looking forward to the birth with 'eager anticipation.' That's a direct quote. Mary Cheney

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is 37 years old, and has been with her partner, Heather Poe, for 15 years. The Vice President's spokeswoman would not discuss the circumstances of Mary Cheney's pregnancy." Later in the program, CNN (Snow) reported, "That arrival is already sparking widespread interest especially among gay rights advocates. … Will the Vice President's new grandchild soften conservatives' staunch opposition to gay marriage? At least one conservative says it won't make a difference." Robert Knight of the Culture and Media Institute: "Mary Cheney and her personal life shouldn't be the driving force behind public policy." Still later, Blitzer added that "Concerned Women for America put out a statement calling Mary Cheney, and I'm quoting now, 'The face of the tragic and burgeoning trend of women who don't want a father in the picture.'"

ABC World News (12/6, story 9, 0:35, Gibson, 8.78M) reported, "The pregnancy is causing some awkwardness for the White House. President Bush has opposed gay marriage and gay adoption. The Vice President's Office said he and Mrs. Cheney are eagerly awaiting the birth of their new grandchild."

The New York Times (12/7, Rutenberg, 1.16M) reports, "The announcement of the pregnancy…and Ms. Cheney's future status as a same-sex parent, prompted new debate over the administration's opposition to gay marriage. Family Pride, a gay rights group, noted that Ms. Cheney's home state, Virginia, does not recognize same-sex civil unions or marriages." In 2004, "Ms. Cheney worked on the Bush-Cheney re-election campaign, which won in part because of the so-called values voters who were drawn to the polls by ballot measures seeking to ban same-sex marriage."

The Washington Post's "Reliable Source" column (12/7, C2, Argetsinger, Roberts), which broke the story yesterday, says this morning "the circumstances of the pregnancy are super-secret." The Post adds, "What happens if they split up? Unless state law changes, Cheney could prevent Poe from any visitation or custody; conversely, Poe could walk away without providing child support. Can Poe sign school report cards? Depends on the school. Technically, only Cheney would be authorized to fill out all those school forms."

Conservative Jews To Allow Gay Rabbis, Same-Sex Unions. The New York Times (12/7, Goodstein, 1.16M) reports, "The highest legal body in Conservative Judaism, the centrist movement in worldwide Jewry, voted yesterday to allow the ordination of gay rabbis and the celebration of same-sex commitment ceremonies. The decision, which followed years of debate, was denounced by traditionalists in the movement as an indication that Conservative Judaism had abandoned its commitment to adhere to Jewish law, but celebrated by others as a long-awaited move toward full equality for gay people." But "in a reflection of the divisions in the movement, the 25 rabbis on the law committee passed three conflicting legal opinions -- one in favor of gay rabbis and unions, and two against. In doing so, the committee left it up to individual synagogues to decide whether to accept or reject gay rabbis and commitment ceremonies, saying that either course is justified according to Jewish law." The Washington Post (12/7, A17, Cooperman, 690K) also reports the story.

Castro Backer In Florida Has His Own Radio Show. The New York Times (12/7, Newman, 1.16M) reports, "At the far right end of the AM radio dial, a broadcast from a parallel universe emerges from the static: Come-hither advertisements from Cuba's state travel agency. Reportage from last weekend's Fidel Castro birthday parade in Havana, complete with an admiring assessment of Soviet-era tanks. Excerpts from speeches by whichever Castro brother is running the country. It is not a signal-jamming effort beamed from the Cuban coast like some kind of reverse Radio Martí. It is not, compadre, a joke of any sort." It is Francisco Aruca, "onetime Cuban political prisoner turned Castro admirer, speaking out from a little radio station on the industrial north side of Miami or, more often these days, from the comfort of his home office in the lush suburb of Pinecrest." The Times adds, "For 15 years, Mr. Aruca, founder of the first American company to run charter flights to Cuba, has doubled as on-air apologist for a man whom the vast majority of Cuban-Americans in Miami consider a despicable and murderous dictator."

Kondracke Sees Hope For Consensus On Some Health Care Issues. Morton Kondracke writes in Roll Call (12/7), "Partisan wrangling over health care could be as raucous in the new Congress as the sparring over Iraq, but in the longer run, there's reason to hope for consensus. The Bush administration and the new Democratic Congress almost certainly will be at odds over the Medicare prescription drug program, stem-cell research and funding for the State Children's Health Insurance Program." The Administration "will get nowhere -- once

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again -- if it proposes medical malpractice award ceilings to a Congress in which the trial lawyer lobby has gained influence. And Democrats detest health savings accounts, the GOP device to make individuals responsible for controlling health care costs." But "it's possible -- not likely, but possible -- that an agreement could be reached to expand children's health coverage." It is "also possible that Congress could help accelerate impressive Bush administration initiatives on 'value-driven' health care -- based on computerizing all medical records and providing accurate data on treatment outcomes -- and 'pay-for-performance' medicine." Kondracke adds, "A recent Gallup Poll showed that 71 percent of Americans think that US health care either has 'major problems' or is in 'a state of crisis.' And 69 percent think it's up to the federal government to fix it. That's a mandate."

Assistant Secretary Of State Says US Provided Pyongyang With Aid Details. The AP (12/7, Gedda) reports in recent discussions with North Korean officials Assistant Secretary of State Christopher Hill "offered specific details on the kind of economic and energy assistance Pyongyang would receive in exchange for dismantling its nuclear weapons facilities," a State Department official said Wednesday. Hill said last week the next round of six party talks "could be held in mid-December but the department official who spoke Wednesday, while not ruling out that time frame, raised the possibility of an early January meeting."

Meanwhile, AFP (12/7) reports former Japanese Prime Minister Junichiro Koizumi is "weighing a third visit to North Korea to persuade the communist regime to give up its nuclear ambitions," according to reports from Japan's NHK broadcaster. Koizumi was quoted as saying, "I want to realize the denuclearization of the Korean Peninsula, which is an absolute must, although I don't interfere with Prime Minister (Shinzo) Abe's policy management."

India Nuclear Bill Stalls In House. The AP (12/7, Klug) reports legislation to allow US shipment of civilian nuclear fuel to India has "bogged down as lawmakers try to reconcile differences in the waning days of the congressional session." Ohio Rep. John Boehner "stalled a preliminary settlement on the text after an agreement was reached Wednesday morning," according to congressional aides. The aides said Boehner "appeared to be interested in attaching unrelated legislation, though they did not know what that might be." However, the majority leader's office "denied that he was holding up the bill and said talks were under way." Negotiations were expected to resume Thursday.

UN Seeks $450 Million In Aid For Palestinians. The AP (12/7, Nessman) reports UN aid groups are asking for "a record $450 million to staunch a deepening Palestinian humanitarian crisis, saying Wednesday that international sanctions and Israeli limits on Gaza exports have devastated the Palestinian economy." Despite "that gloomy assessment," a top minister in the Palestinian government offered "a rare upbeat economic picture, saying increased aid from Arab countries had allowed the government to stay afloat. But independent economists and analysts said the government was still deep in crisis." The UN is expected to officially launch its appeal Thursday, but The AP obtained an advance copy of the report.

Israel Says Abducted Soldiers Were Injured. The New York Times (12/7, Kraft, 1.16M) reports that two Israeli Army reservists whose capture "set off Israel's war with Hezbollah last summer" were "seriously wounded in the attack," an Israeli military report that emerged on Wednesday was quoted as saying. The information about the two reservists, "along with recent comments by Prime Minister Ehud Olmert that he wanted proof that the two soldiers were alive before making any decision on an exchange," has "raised speculation here that the two could be dead," the Times notes.

New Israeli Official Outlines Iran Agenda Ahead Of US Visit. The New York Times (12/7, Myre, 1.16M) reports Israel's new minister for strategic affairs, Avigdor Lieberman, is charged with the country's strategy on Iran. Lieberman, who is making his first visit to the US Thursday, will meet with American officials, including Secretary of State Condoleezza Rice. In an interview on the eve of his trip, he said, "Our first task is to convince Western countries to adopt a tough approach to the Iranian problem," which he called "the biggest threat facing the Jewish people since the Second World War." However, he added, "We must also be prepared to deal alone with this problem." To date, Israel's policy is "to remain relatively low-key and to work with the United States and Europe in search of a way to halt or

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contain Iran's nuclear program," but Lieberman had made it "clear he has no faith in the diplomatic efforts."

Carter Aide Resigns Over Book Dispute. The New York Times (12/7, A35, Goodman, Bosman, 1.16M) reports that an adviser to former President Jimmy Carter and onetime executive director of the Carter Center has "publicly parted ways with his former boss, citing concerns with the accuracy and integrity of Mr. Carter's latest book, 'Palestine: Peace Not Apartheid.'" In a two-page letter explaining his action, Kenneth W. Stein called the book "replete with factual errors, copied materials not cited, superficialities, glaring omissions and simply invented segments." The Times says Stein's criticism is "the latest in a growing chorus of academics who have taken issue with the book, including Alan M. Dershowitz, professor of law at Harvard, who called the book 'ahistorical,' and David Makovsky, director of the Project on the Middle East Process at the Washington Institute for Near East Policy."

In an article about Stein's resignation, the Washington Post (12/7, A4, Deyoung, 690K) notes that the book as "quickly became a bestseller," and during an appearance Sunday on NBC's "Meet the Press," Carter said, "If it provokes debate and assessment and disputes and arguments and maybe some action in the Middle East to get the peace process, which is now completely absent or dormant, rejuvenated, and brings peace ultimately to Israel, that's what I want."

Paulson Seeks To Temper Expectations Ahead Of China Visit. The Wall Street Journal (12/7, A6, Solomon, 2.04M) reports that as Treasury Secretary Henry Paulson prepares to lead a delegation to China, he is "seeking to temper the expectations of lawmakers and business interests eager for action by Beijing." Paulson is "cautioning that he won't have any big announcement after the high-level visit next week," instead saying he views the meeting with Chinese leaders as the beginning of a "long term" discussion, and that "simply sitting down to discuss economic issues with top Chinese officials should be seen as progress." However, the Journal says Paulson is "likely to come under increasing pressure from members of Congress and US manufacturers, who want less talk and more action."

Focus Of Poison Probe Turns To Former Spy As Death Officially Ruled As Murder. The CBS Evening News (12/6, story 12, 0:20, Couric, 7.66M) reported, "The case of the former Russian spy who died of radiation poisoning last month is now officially a murder investigation in London. British police are now in Moscow to interview another ex-spy, Andrei Lugovoy, who met with Alexander Litvinenko in London the day he got sick. Lugovoy himself is in the hospital now being treated for radiation poisoning."

The Los Angeles Times (12/7, Holley, Murphy, 850K) reports that British and Russian investigators questioned one of the people Litvinenko met with on the day he was believed to have been poisoned, Russian businessman Dmitry Kovtun, at a Moscow hospital Wednesday, where he was apparently undergoing checks for radiation." However, questioning of Lugovoy was "put off at least to Thursday." Meanwhile, the British Foreign Office announced Wednesday that "small traces of radiation have been found at the British embassy in Moscow." Lugovoy visited the embassy "early in the investigation," which prompted the examination.

The AP (12/7, Lawless) reports Russia's ITAR-Tass news agency quoted a lawyer for Lugovoy as saying the meeting with Scotland Yard detectives would take place "Thursday or Friday." In a separate report, the AP (12/7, Ingram) says a British official told the newswire Wednesday that "Lugovoy is one of many people investigators are looking to question" and is not considered "a suspect at this point."

The Financial Times (12/7, Buckley) notes that the "upgrading of the inquiry came as British detectives in Moscow began interviewing contacts of Litvinenko" and claims that "Russian secret services had been ordered to kill him by the Kremlin," charges it dismisses as "nonsense." However, the Times says the "tangled case is threatening to create a significant rift in Russia's relations with the UK and other western partners." The New York Times (12/7, A3, Myers, Cowell, 1.16M) and the Washington Post (12/7, A18, Jordan, Finn, 690K) also report on the developments in the investigation.

Former Russian PM Says "Hidden Adversaries" Behind Poisoning. Meanwhile, former prime minister of the Russian Federation, Yegor Gaidar, details in the Financial Times (12/6) the events of his own suspected radiation poisoning late last month. Gaidar says that when he "started thinking about who could have orchestrated" his poisoning, he initially "rejected the idea of complicity of the Russian leadership almost immediately." However, "after the death of Alexander Litvinenko on November 23 in London," Gaidar says "another violent death of a famous Russian on the

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following day is the last thing that the Russian authorities would want." Therefore, he concludes that "most likely that means that some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical deterioration of relations between Russia and the west."

UN Approves Peacekeepers For Somalia. The New York Times (12/7, A7, 1.16M) reports briefly that UNSC Wednesday unanimously passed a resolution backing the formation of a peacekeeping force to "monitor the Somali government's struggle with Islamist foes, partly lifting an arms embargo and calling for peace talks." Ambassador Bolton remarked, "It may not be a complete solution to the problem, and that's one reason why we've encouraged the mediation of various parties and to have all the Somalia factions talk with one another."

The Washington Post (12/7, A24, Lynch, 690K) notes that the resolution was passed "after the United States accommodated a European request to exclude participation by Somalia's neighbors, Ethiopia, Kenya and Djibouti, in the new force." The Los Angeles Times (12/7, Farley, 850K) also reports on the move.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Iraq Policy 'No Longer Viable'."
"Manliness Is Next To Godliness."
"War Panel Gives Bush A Safe Path Out Of Iraq."
"A Cast Of Thousands Of Homes."
"Images Show Water May Flow On Red Planet."

USA Today:
"President Promises 'Timely' Response."
"Nagin: Feds have abandoned New Orleans recovery."
"What Will Bush Do? Gates' Hiring May Signal Change In Air."

New York Times:
"Panel Urges basic shift in U.S. Policy In Iraq."
"A Blueprint for Iraq: Will It Work In The White House?."
"Will It Work on the Battlefield? Options Are Based On Hope."
"Case of the Dwindling Docket Mystifies The Supreme Court."
"Green Onions Identified as Source of E. Coli Cases."
"Magical Moments, Tantrums Or A $250 Lullaby."

Washington Post:
"Iraq Panel Proposes Major Strategy Shift."
"Area Students Lead Country In AP, IB Tests Taken."
"The Realists' Repudiation Of Policies For A War, Region."
"Threats Wrapped In Misunderstandings."

Detroit Free Press:
"Lenders Boost Ford's Bailout."
"UAW To Shrink Below 500,000."
"WSU Acts To Preserve Diversity."
"Bush Is Given Exit Strategy For Iraq War."
"A Suspect Takes Away A Cop's Gun Again."
"In The Least Likely To Succeed Category."

Atlanta Journal-Constitution:
"Home Depot Audit Cites Lapses."
"Review Of Fulton DFCS Files Launched."
"'No Heroes, Only Survivors'"
"High School Sports: New Must See TV?"
"Report On Iraq: US Must reach Out To Syria, Iran."

Story Lineup From Last Night's Network News:
ABC: ISG Report; ISG Report Recommendations; ISG Report-Analysis; ISG Report Reaction-Iraq; US Death Toll-Iraq; Robert Gates Approved; Baker & Hamilton Interview; OR-Missing Man; Mary Cheney's Baby; 86 & In 3rd Grade.
CBS: US Death Toll-Iraq; ISG Report Recommendations; ISG Report Reaction; ISG Report Reaction-Military; ISG Report Recommendations-Analysis; Baker & Hamilton Interview; ISG Report Reaction-Iraq; Military Training Trainers; Training Iraqi Forces-Analysis; Bush Reaction-ISG; OR-Missing Man; Litvinenko Investigation; Water On Mars; Grieving For The Fallen.
NBC: ISG Report Recommendations; ISG Report-Reaction; ISG Report Reaction-Middle East; Hamilton & Baker Interview; ISG Report Recommendations-Analysis; ISG Report-Public Reaction; OR-Missing Man; Factory Explosion-Milwaukee; Stock Market; Rep. Frank Wolf's Vision.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq Study Group Recommendations; Bush, Blair Meeting; Gates Wins Approval In Senate; OR-Lost Father Found Dead; NASA-Weather Concerns Prior To Space Shuttle Launch.
NPR: Bush Administration-Potential Conference With Iraq's Neighbors; Iraq Study Group Recommendations; OR-Lost Father Found Dead; Litvinenko Investigation; Illegal

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Immigrant Arrests Down Along US-Mexico Border; Taco Bell-E. Coli Outbreak; Tokyo Stock Market; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Highlights: 9:35 a.m. Meets with British Prime Minister Blair. 10:55 a.m. Participates in Joint Press Availability with the Prime Minister of the United Kingdom. EEOB Room 450, The White House.

4:50 p.m. President and Mrs. Bush depart The White House en route The Ellipse.

4:55 p.m. President and Mrs. Bush arrive The Ellipse.

5 p.m. President and Mrs. Bush participate in Lighting of the National Christmas Tree -- Opening Ceremony for the 2006 Christmas Pageant of Peace. The Ellipse.

6:05 p.m. President and Mrs. Bush depart The Ellipse en route The White House.

6:10 p.m. President and Mrs. Bush arrive The White House.

Notes: There will be no gaggle and no briefing.

VICE PRESIDENT CHENEY — Highlights: 2:25 p.m. Presides over Senate Majority Leader Frist's farewell speech. Senate Chamber.

LAURA BUSH — Highlights: 9:15 a.m. Views Leonardo da Vinci's Adoration of the Magi. Library of Congress.

US Senate: COMMITTEE MEETINGS

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the report of the Iraq Study Group. Co-chairs James Baker III and Lee Hamilton. Location: Room 216, Hart.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Votes on pending nominations. Location: Location TBA.

11 a.m. JUDICIARY _ Full Committee. Hearing on competition in sports programming and broadcasting. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: 10 a.m. FLOOR SCHEDULE _ Meets for legislative business.

COMMITTEE MEETINGS

10 a.m. ARMED SERVICES _ Full Committee. Hearing on military transition teams in Iraq and Afghanistan. Deputy Army Chief of Staff Lt. Gen. James Lovelace, Jr.; Maj. Gen. George Flynn, USMC; Maj. Gen. Carter Ham, Army. Location: Room 2167, Rayburn.

10 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Markup of a motion to approve the interim report on the Administrative Law, Process and Procedure project for the 21st Century. Folloowed at 10:30 a.m. by an oversight hearing on the arbitration process of the National Football League Players Association. Location: Room 2237, Rayburn.

2 p.m. VETERANS AFFAIRS _ Economic Opportunity Subcommittee. Oversight hearing on impelementation of the 1999 recommendations of the Congressional Commission on Servicemembers and Veterans Transition Assistance. Location: Room 334, Cannon.

Other: VISITING VIP SCHEDULES Dec. 6 - 7. PRIME MINISTER TONY BLAIR OF THE UNITED KINGDOM. Highlights: 9:35 a.m. Meets with President Bush. Oval Office.

Dec. 4 - 7. NUCLEAR FUEL _ First annual Nuclear Fuel Cycle Monitor Global Nuclear Renaissance Summit, sponsored by the publication Nuclear Fuel Cycle Monitor. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: n/a, 865-966-7124.

Dec. 6 - 7. INDUSTRIAL ACID _ The Consumer Product Safety Commission's Patricia Bittner and Trey Thomas, Health Sciences, participate in Enforceable Consent Agreement negotiations for perfluorooctanoic acid (PFOA). The chemical is used in manufacturing Teflon and coatings used for microwavable popcorn bags and other applications. Highlights: 1 p.m. - 5 p.m. Plenary session. Location: EPA East Building, 1201 Constitution Ave. NW. Contacts: Patricia Bittner, 301-504-7263.

Dec. 6 - 8. RURAL HOUSING _ The Housing Assistance Council holds its National Rural House Conference 2006, "Building Communities, Celebrating Partnerships." Highlights: 10:30 a.m. Sessions on "Improving Rural Rental Houisng Preservation;" "Planning and Responding to Natural Disasters;" and "Green Building Practices in Rural America." 7 p.m. - 10 p.m. Rural Houisng Awards Banquet. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: 202-842-8600.

Dec. 7 - 8. EMPLOYEE BENEFIT PLANS _ The American Institute of Certified Public Accountants (AICPA) holds its Employee Benefit Plans Accounting, Auditing and

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Regulatory Update. Highlights: 9:15 a.m. Accounting, Auditing & Professional Update, Marilee Lau, National Partner in Charge of Employee Benefit Assurance Practice, KPMG LLP, San Francisco, Calif. 10:50 a.m. Review and Audit Application of SAS 70 Reports, JoAnn Cassell, Lara Stanton, and James Moyna, Directors, McGladrey & Pullen, LLP, Schaumburg, Ill. 11:50 a.m. - 1:05 p.m. Auditing Alternative Investments & The Impact Under Limited Scope Audits, John Hubbe, Partner, KPMG LLP, New York, NY; Peggy A. Bradley, Vice President, ERISA Product Consultant, The Northern Trust Company, Chicago. 1:45 p.m. Legislative Update, Bradford P. Campbell, Acting Assistant Secretary and Deputy Assistant Secretary for Policy, EBSA, Dept. of Labor. 2:25 p.m. Tax Issues for Auditors, Becky Miller, Managing Director, National Tax, RSM McGladrey Inc., Minneapolis, Minn. 2:55 p.m. Audit Deficiencies and Dept. of Labor Expectations, Marcus Aron, Senior Auditor, Division of Accounting Services, EBSA, DOL, Washington, DC; Lara Stanton, Director, McGladrey & Pullen, LLP, Schaumburg, Ill. 4:15 p.m. - 5:30 p.m. Concurrent Sessions: Health & Welfare Audit Issues, Larry Beebe, Partner, Bond, Beebe, Bethesda, Md.; Debbie Smith, PartnerEmployee Benefits Assurance, Grant Thornton LLP, Oak Brook Terrace, Ill.; Multi-Employer Audit Issues, Alan Ross, President, Ross & Company, PC, Reading, Pa.; Whats Up with ESOPs?, Scott Albert, Reporting Compliance Division Chief, Office of the Chief Accountant, EBSA, DOL, Washington, DC; Becky Miller, Managing Director, National Tax, RSM McGladrey Inc., Minneapolis, Minn.; Hot Topics in Defined Contribution and Defined Benefit Plans, Lynne McMennamin, Partner, McGladrey & Pullen, LLP, Baltimore, Md; Roland OBrien, Senior ManagerAssurance Services, Employee Benefit Plan Specialist, BDO Seidman, LLP, Philadelphia, Pa. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: Shirley Twillman, 202-434-9220.

8:30 a.m. - 3:15 p.m. ENERGY _ Symposium on "America's Energy Future." Highlights: 10:30 a.m. Panel on energy sources for the future, with Doug Arent of the National Renewable Energy Lab, William Halsey of Lawrence Livermore Labs; James Kendell of USEIA; others. 11:30 a.m. Session on efficiency in energy, with Davie Austin of the CBO, Robbie Diamond of SAFE, Beth Lowery of General Motors, John Rice of General Electric, others. 1:15 p.m. Session on national security, terrorism and energy, with Lee Shepard of Sandia National Labs, Mike Toman of RAND, Michael Wermuth of RAND, former CIA Director James Woolsey. Location: Cannon Caucus Room. Contacts: Greg Martin, 202-775-5008.

10 a.m. - 3:30 p.m. ELECTION ASSISTANCE COMMISSION _ The Election Assistance Commission holds a public meeting to assess the 2006 election and consider adoption of a voting system testing and certification program manual and a voter fraud report. Location: Suite 150, U.S. Election Assistance Commission, 1225 New York Ave. NW. Contacts: Bryan Whitener, 202-566-3100.

8 a.m. - 10:30 a.m. RACE-POVERTY _ The Congressional Black Caucus Foundation and Representative G.K. Butterfieled host a forum on "Poverty, Race and Policy," during which members of Congress and policy experts will examine solutions for poverty reduction. Participants include Butterfield; Kendrick B. Meek, Chair, Congressional Black Caucus Foundation, Inc.; Rep. Barbara Lee; Elsie Scott, Ph.D., Interim President and CEO, Congressional Black Caucus Foundation, Inc.; and Dr. Ivory Tolson, CBCFs Center for Policy Analysis and Research (CPAR). Location: Room 2212, Rayburn House Office Building. Contacts: Patty Rice, 202-263-2829.

8:30 a.m. - 11 a.m. LATINO SURVEY _ The Woodrow Wilson Center hosts a forum, "Redefining America: Key Findings from the 2006 Latino National Survey." Participants: Michael Jones-Correa, Associate Professor of Government, Cornell University; Luis R. Fraga, Associate Professor of Political Science, Stanford University; John A. Garcia, Professor of Political Science, University of Arizona; Rodney E. Hero, Packey J. Dee III Professor of American Democracy, University of Notre Dame; Valerie Martinez-Ebers, Associate Professor of Political Science, Texas Christian University; ands Gary M. Segura, Associate Professor of American Politics, University of Washington. The event is co-sponsored by the Migration Policy Institute and the Pew Hispanic Center. Location: Flom Auditorium, Sixth floor, Woodrow Wilson Center, 1300 Pennsylvania Ave. NW. Contacts: Sharon McCarter, 202-691-4016. Notes: Continental breakfast will be provided.

9 a.m. BUSINESS-CORRUPTION _ The Center for Strategic and International Studies holds a discussion with former SEC Chairman Roderick Hills on how businesses can fight corruption. Location: B-1 conference level, 1800 K St. NW. Contacts: Andrew Schwartz, 202-775-3242. Notes: Media must RSVP.

9 a.m. CONSUMERISM-HEALTH CARE _ The Employee Benefit Research Institute and the Commwealth

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Fund hold a news briefing to release its 2006 Consumerism in Health Care Survey. Location: Kaiser Family Foundation, 1330 G St. NW. Contacts: John MacDonald, 202-775-6349. Notes: Reporters also may participate by audio conference. To attend via phone or in person, please RSVP with Erin Kerr, 301-652-1558.

9 a.m. - 12 p.m. CONGRESSIONAL LEADERSHIP _ The American Undersity Center for Congressional and Presidential Studies holds a leadership summit with former Reps. Tony Coelho, Martin Frost, Robert Livingston and Robert Walker at 9:15 a.m.; keynote address at 10:30 with Thomas Mann of Brookings Institution on how to correct the course of Congress. Location: National Press Club. Contacts: Maralee Csellar, 202-885-5950.

9:30 a.m. DEMOCRATS-AFSCME _ House Speaker-designate Nancy Pelosi will attend the American Federation of State, County and Municipal Employees (AFSCME) board meeting to discuss House Democrats legislative agenda for the 110th Congress. Location: AFSCME Headquarters, 1625 L St. NW, Board Room (first floor). Contacts: Brendan Daly, 202-226-7616. Notes: Pelosi and AFSCME President McEntee will hold a brief press availability following the meeting at 9:30 a.m.

9:30 a.m. GLOBAL TAXES _ Deputy Assistant Treasury Secretary Robert Carroll discusses the impact of U.S. corporate tax rates on international coampetitiveness at a PricewaterhouseCoopers tax symposium. Location: Ritz-Carlton Hotel, 1150 22nd St. NW. Contacts: n/a, 202-622-2920.

10 a.m. CLIMATE CONFERENCE _ Platts Energy Podium hosts Dr. Harlan Watson, senior climate negotiator at the State Department, discussing the recent UN climate conference in Nairobi. Location: Platts, 10th floor, 1200 G St. NW. Contacts: Nancy Covey, 202-942-8719. Notes: Credentialed press RSVP to Nancy Covey, 202-942-8719.

10 a.m. DARFUR _ Chair of the American Red Cross, Bonnie McElveen-Hunter, will report to Congress about her recent humanitarian observation trip to Red Cross camps sheltering Darfur refugees in Chad and American Red Cross projects in Ethiopia. Reps. Mike Honda and Donald Payne also will participate. Location: Room HC-7, Capitol. Contacts: Kerry McKenney, 202-225-3327.

10 a.m. NIGERIA-ELECTIONS _ The Center for Strategic and International Studies holds a roundtable discussion on the upcoming Nigerian elections, with representatives from three of the leading democracy-promoting institutions. Location: 4th floor conference room, 1800 K St. NW. Contacts: Andrew Schwartz, 202-775-3242. Notes: Media must RSVP.

10 a.m. NORTH KOREA _ The U.S. Committee for Human Rights in North Korea holds a briefing to release a report on the North Korea refugee problem, human rights and the international response. Location: Room 2255, Rayburn. Contacts: Amber Moore, 703-276-2772 ext 17.

10 a.m. RICHARDSON-OAS _ New Mexico Gov. Bill Richardson and OAS General Secretary Jose Miguel Insulza hold a news conference to discuss hemispheric issues. Location: Delegates Lounge, OAS, 17th St. and Constitution Ave. NW. Contacts: n/a, 202-458-6824.

10 a.m. RUSSIA-ENERGY _ The Jamestown Foundation holods a discussion on ``Putin, Petroleum, Power and Patronage: The Dog Barks but the Caravan Moves On," with Marshall Goldman of Harvard University and Lana Ekimoff of the Energy Department. Location: 7th floor board room, 1111 16th St. NW. Notes: RSVP required to rsvp-dec7jamestown.org

10 a.m. WORLD BANK REVIEW _ The World Bank's Independent Evaluation Group releasaes its annual review of the bank's Development Effectiveness in 2006. Location: National Press Club. Contacts: Melanie Zipperer, 202-458-2902.

10:30 a.m. DEMOCRATS-109TH CONGRESS _ Speaker-designate Nancy Pelosi, Majority Leader-elect Steny Hoyer, and Congressman David Obey, Chairman-elect of the Appropriations Committee will hold a news conference to discuss the unfinished business of the 109th Congress and House Democrats' legislative agenda for the next Congress. Location: House Radio/TV Gallery. Contacts: Brendan Daly, 202-226-7616.

10:30 a.m. KATRINA HOUSING _ Members of ACORN will conduct press conferences at the U.S. Capitol and three cities around the country on Thursday, Dec. 7, to announce the organization's next steps to pressure FEMA's to comply with a federal judge's orders to ``immediately" resume making housing benefits available to 11,000 survivors of hurricanes Katrina and Rita. Participants include Reps. Maxine Waters and Al Green, ACORN leaders. Location: Room 2220, Rayburn. Contacts: Charles Jackson, 504-994-4669.

11:30 a.m. CHINA-AFRICA _ The Center for Strategic and International Studies holds a discussion on the finding of a recent trip to the China-Africa summit in Beijing. Panelists

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include Lorne Craner of the International Republican Institute, others. Location: IRI offices, Suite 700, 1225 Eye St. NW. Contacts: Andrew Schwartz, 202-775-3242. Notes: Credentialed media must RSVP.

11:30 a.m. DODD _ Sen. Christopher Dodd holds a news conference to discuss the upcoming agenda for the Senate Banking, Housing and Urban Affairs Committee. Location: Senate Radio-TV Gallery. Contacts: n/a, 202-224-0346.

11:45 a.m. RICHARDSON _ New Mexico Gov. Bill Richardson speaks on immigration and border control, sponsored by Georgetown University. Location: Gaston Hall, 3rd floor, Healy Hall, on campus. Contacts: Andrea Sarubbi, 202-687-4328. Notes: Media must RSVP.

12 p.m. DEVELOPMENT GOALS _ Former Deputy Prime Minister Anwar Ibrahim of Malaysia speaks at the Inter-American Development Bank Forum on the Americas on the role of governance and accountability in achieving development goals. Location: 9th floor, 1300 New York Ave. NW. Contacts: Christina MacCulloch, 202-623-1718.

12 p.m. HOMELAND SECURITY _ Homeland Security Undersecretary George Foresman speaks at the Center for the Study of the Presidency meeting on ``Crisis Leadership: Securing Societies, Protecting Homelands Seminar." Location: Reserve officers Association, 1 Constitution Ave. NE. Contacts: n/a, 202-282-8010.

12 p.m. - 2 p.m. MOUTRAY-SMALL BUSINESS _ Chad Moutray, chief economist, U.S. Small Business Administration, addresses a National Economists Club lunchon to speak on release of ``The SBAs Annual Report to the President: 'The Small Business Economy. Location: Chinatown Garden Restaurant, 618 H St. NW. Contacts: 703-493-8824.

12:30 p.m. NEUROSCIENCE-NATIONAL DEFENSE _ The Center for American Progress holds a panel discussion, ``Mind Wars: Brain Research and National Defense," on the emerging intersection of neuroscience and national defense, with author Jonathan Moreno, Jennifer Bard of Texas Tech University and Paul Root Wolpe of the University of Pennsylvania. Location: 1333 H St. NW. Contacts: Anna Soellner, 202-682-1611.

12:30 p.m. SECURITY POLICY _ WorldPublicOpinion.org holds a news conference to release a poll on national security. Location: Polaris Room, Reagan Trade Center. Contacts: Melinda Brouwer, 202-375-8114.

1 p.m. ENERGY _ Energy Undersecredtary David Garman gives the keynote remarks to the Edison Foundation Conference. Location: Elliott School of International Affairs, 1957 E St. NW. Contacts: Julie Lynn Ruggiero, 202-586-4940.

1 p.m. INVESTING IN RUSSIA _ The American-Russian Chamber of Commerce & Industry holds a National Press Club newsmaker news conference to discuss ``Politics and Investing in Russia's Regions: Opportunities Beyond Moscow." Participants: Rep. Charles H. Taylor, R-N.C.; Robert McDonald, Vice Chairman, Global Operations, ``Procter & Gamble;" Silvio Thiede, General Director, JSC ``Cesla" HeidelbergCement AG; David Zaikin, CEO, JSC, ``Siberian Energy;" Senator Lyudmilla Narusova, Federation Council of the Russian Federation; Khazret Sovmen, President of the Republic of Adyghea; Vladimir Kulakov, Governor of Voronezh Region; Vasily Bochkarev, Governor of Penza Region; Evgeny Samoylov, CEO, ``Russian Union of Oil Exporters;" and Heln Teplitskaia, President of the American-Russian Chamber of Commerce & Industry. Location: National Press Club, Lisagor Room. Contacts: Peter Hickman, 301-530-1210.

1 p.m. RAY NAGIN _ New Orleans Mayor Ray Nagin addresses a National Press Club newsmaker media briefing. Location: National Press Club, Murrow Room. Contacts: Michael Doyle, 202-383-0006.

2 p.m. ARAB LEAGUE _ The Center for Strategic and International Studies holds a forum featuring Amre Moussa, Secretary General of the League of Arab States, discussing regional topics and steps to mitigate violence in the region. Location: B-1 conference level, 1800 K St. NW. Contacts: Andrew Schwartz, 202-775-3242.

5 p.m. HAGEL-FOREIGN AFFAIRS _ Sen. Chuck Hagel, R-Neb., delivers the annual Rostov Lecture on International Affairs at the School of Advanced International Studies. Topic: :The Role of the Senate in U.S. Foreign Policy." Location: Kenney Auditorium, Nitze Building, 1740 Massachusetts Ave. NW. Contacts: Felisa Neuringer Klubes, 202-663-5626. Notes: For more information and to RSVP, contact SAISeventsjhu.edu or 202-663-5636.

5 p.m. KOREA TRADE TALKS _ D.C. area activists hold a demonstration against the U.S.-South Korean trade talks in Montana. Location: White House sidewalk. Contacts: n/a, 703-314-1489.

5:30 p.m. IRAQ-LABOR _ News conference with an Iraqi trade unionist, Rep. Linda Sanchez, U.S. union leader

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and AFL-CIO President John Sweeney to discuss the lack of worker rights and the increase in assassinations of trade unionists in Iraq. Location: AFL-CIO, 815 16th St. NW. Contacts: Alison Omens, 202-637-5018.

7 p.m. - 9 p.m. JOURNALISM-CONFIDENTIAL SOURCING _ The National Press Club hosts a panel, ``The Future of the Free Press: Should Journalists Be Able to Use Confidential Sources and Seek Secret Information?" Participants inckude: Nina Totenberg, National Public Radio; Victoria Toensing, partner at diGenova and Toensing LLP; and Tim Franklin, editor and senior vice president, The Baltimore Sun. Location: National Press Club. Contacts: Ashley Kissinger, 202-508-1131.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 7, 2006 7:45 AM EST

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TERRORISM NEWS:

Senators Grill Mueller About NSA Surveillance Program. The AP (12/7, Jordan) reports in a widely-distributed story, "Senators frustrated by scant details on the Bush administration's domestic eavesdropping program on Wednesday rapped FBI Director Robert Mueller for refusing to show how it has curbed terrorist activity in the United States. Mueller said he was unable to talk about the warrantless spying program because it is classified." Senate Judiciary Chairman Arlen Specter asked, "What assurances can you provide that the program is worthwhile? Have arrests been made? Have terror cells been broken?" The AP notes, "In his opening remarks, Mueller ticked off a list of FBI cases targeting terror suspects since the 2001 attacks. … But Mueller did not say if any of the cases resulted from the secret spying program, which was revealed last year. His answer annoyed senators, who said their constitutionally protected oversight was being hampered by the administration's stonewalling."

PBS Newshour with Jim Lehrer (12/6, 7:00 p.m., Lehrer) broadcasted, "FBI Director Mueller balked today at giving the results of domestic surveillance. The eavesdropping on international calls and e-mails is done without warrants. At a hearing, Mueller faced persistent questioning from Arlen Specter, the chairman of the Senate judiciary committee." Sen. Arlen Specter, Chairman of Senate Judiciary Committee: "What assurances can you provide to this committee and the American people that the program is worthwhile? Have arrests been made? Have terrorist cells been broken up?" Robert Mueller, FBI Director: "All I can tell you, sir, is the compartment is classified. It is compartmented, and if given the permission to provide such a brief allegation we have breached the intelligence committee, we are happy to do so, sir." Lehrer: "Mueller did say that the FBI had broken up several terror plots since 9/11."

Under the headline "Mueller's Reticence Angers Senate Panel," the Washington Times (12/7, Seper, 88K) reports Mueller "was subjected to bipartisan…after refusing to discuss the Bush administration's domestic terrorist-surveillance program because it is 'classified.'" Mueller "stepped further into the breach when he told Mr. Specter the FBI had given a 'full briefing' on the program to the Senate Intelligence Committee behind closed doors. 'Well, we're very interested in that, Director Mueller, but not as interested as a full briefing to this committee,' said Mr. Specter, adding that 'this committee has oversight jurisdiction over the FBI. We're going to pursue that, Director Mueller. That is not what I view as a satisfactory response by the administration.'" Meanwhile, NPR's All Things Considered (12/6, Shapiro) called the hearing "combative," noting that "every senator brought an issue." In addition to Specter's questions about domestic surveillance, NPR reported Sen. Dianne Feinstein's criticism of FBI anti-gang priorities, as well as criticism of the Amerithrax probe from Sens. Charles Grassley and Patrick Leahy.

Senate Democrats May Press Administration On Terrorism, Privacy Concerns. The New York Times (12/7, Lichtblau) reports, "Leading Senate Democrats put the Bush administration on notice Wednesday that they intended to press for a fuller accounting on a wide range of counterterrorism programs, including wiretapping, data-mining operations and the interrogation and treatment of detainees." The Times continues, "Democrats have appeared divided at times over how aggressively to challenge the administration on its terrorism policies, in part because of concerns that they risked playing into Republican accusations that they were soft on terrorism. … But Senator Patrick J. Leahy, Democrat of Vermont, who will take over next month as chairman of the Judiciary Committee, made clear at a committee hearing Wednesday that he wanted to investigate actively the effectiveness and legality of many programs. … 'The administration's gone to unprecedented lengths to hide its own activities from the public while at the same time collecting an unprecedented amount of data on private citizens,' Mr. Leahy told Robert S. Mueller III, the director of the Federal Bureau of Investigation." The Times adds, "As the sole witness at the hearing, Mr. Mueller bore the brunt of the Democrats' criticism. But their sharp questions often went well beyond the F.B.I.'s purview, delving into areas like the National Security Agency's eavesdropping program, the Central Intelligence Agency's interrogations of Qaeda suspects and the Department of Homeland Security's use of profiling scores to assess the risks posed by travelers. … As a first step toward what Mr. Leahy described as an effort to roll back the administration's curtailment of rights, he and Senator Arlen Specter, Republican of Pennsylvania, proposed legislation that would seek to restore the rights of all terrorism suspects to challenge their detentions in court. … Brian Roehrkasse, a spokesman for the Justice Department, said that while the administration would review the Leahy-Specter proposal, the process approved by Congress allows enemy combatants to challenge their detention and 'goes well beyond what is required for lawful prisoners of war under both international and domestic law.'"

Leahy Says FBI, DOJ Oversight Will Be One Of His "Highest Priorities." In its story focusing on Mueller's comments about the Weldon probe leak, Bloomberg (12/7, Schmidt) also reports, "Senator Patrick Leahy, the Vermont Democrat who will take over as committee chairman next

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year, promised to press the FBI on privacy issues related to personal information the government collects to protect against terrorist attacks. 'There is a growing concern in this country that our government knows too much about us,' Leahy said. Leahy told Mueller that 'oversight of the FBI and the Department of Justice will be one of my highest priorities next year.'"

FBI Seeks More Funds To Avoid Tech Upgrade Delays. Government Executive (12/7, Pulliam) reports, "The FBI's $425 million effort to upgrade its case management system is at risk of delays if Congress does not provide additional funds in the next stopgap spending measure, the bureau's chief told lawmakers Wednesday." GE continues, "Testifying before the Senate Judiciary Committee, FBI Director Robert Mueller said the bureau needs $157 million to begin the second phase of building the system, known as Sentinel, in February as planned. … President Bush included $100 million for the project in his fiscal 2007 budget request. According to Mueller, the Office of Management and Budget has helped the FBI find the additional $57 million, using funds left over from the first phase of the effort and unspent balances in other accounts. … The House version of the fiscal 2007 Science, State, Justice, Commerce and related agencies spending bill, which includes FBI funding, meets the administration's $100 million request. But the Senate version provides an appropriation of only $40 million. The bill has yet to be completed." GE adds, "The Senate did not grant the full request because the FBI failed to fully respond to a March 24, 2006, letter from the Judiciary Committee relating to the bureau's modernization efforts. Language in the report accompanying the appropriations bill stated that the funding levels would be reconsidered if FBI officials answer the committee's outstanding questions. … The current continuing resolution to keep money flowing to agencies in the absence of final fiscal 2007 appropriations is set to expire Dec. 8. Agency officials have asked that when lawmakers extend it, they provide $80 million for Sentinel."

Officials Fear Al Qaeda Could Strike In UK. The Financial Times (12/7, Fidler) reports, "Britain's security services have concluded that al-Qaeda is rebuilding its headquarters' operation in Pakistan and that the UK is the western country mainly at risk from the development, according to UK government officials. The conclusion, drawn from examinations of past plots and other evidence, runs counter to conventional wisdom that al-Qaeda has been in retreat as an operational force and has become essentially a "brand" that inspires radical Muslims to commit acts of terror." The Times adds, "The theme was addressed in public last month in a speech by Dame Eliza Manningham-Buller, director-general of the UK's domestic security service. She said the service knew of some 30 plots and had identified 1,600 people actively engaged in plotting, or facilitating, terrorist acts here and abroad. … UK government officials, speak-ing on condition they not be named, say they have evidence that some groups receive direction from Pakistan, in particular from the lawless tribal areas near the Afghan borders."

HOMELAND RESPONSE:

Gonzales To Tour Supermax Prison In February. The Rocky Mountain News (12/7, Burnett) reports, "U.S. Attorney General Alberto Gonzales plans to tour Supermax prison with Sen. Ken Salazar in February, Salazar's spokesman said today." The News continues, "Salazar said he hopes the Feb. 21 tour will bring much-needed attention to the nation's highest-security federal prison, which has seen a decrease in staff and increased concerns about security since it opened in Florence in 1994. .. .The prison is home to inmates such as 9/11 conspirator Zacarias Moussaoui, 1993 World Trade Center bomber Ramzi Yousef and Oklahoma City bombing conspirator Terry Nichols." The News adds, "In September, a Justice Department inspector general's report criticized the prison for not properly screening terrorists' mail and other communications. A federal indictment also revealed that a drug kingpin had used coded messages to conduct business in Los Angeles from inside Supermax."

The AP (12/7) reports, "This year an arbitrator found staffing levels had made the facility more dangerous, with some shifts going unfilled. In September, a Justice Department report criticized the prison for not properly screening mail and other communications." The AP adds, "Gonzales had committed to a tour when he met with Salazar last month, when he restated the Bureau of Prison's commitment to add 18 staff members to the prison by the end of the year."

Local Television. KJCT- TV (12/6, 10:00 p.m.) in Grand Junction, Durango, and Montrose broadcasts, "Senator Ken Salazar and US Attorney General Alberto Gonzales will tour the Supermax prison in Florence next February. Salazar says he hopes the tour will bring more attention to security and staffing concerns at the nation's highest-security federal prison. The prison houses the nation's most dangerous inmates."

KKCO- TV (12/6, 10:00 p.m.) in Grand Junction, Durango, Montrose, broadcasts, "Glen questions about the security of one of the prisons holding the nation's most notorious criminals is prompting a visit from federal officials. Florence, Colorado Supermax security prompts investigation Senator Ken Salazar announced he will visit the Supermax prison near Florence Colorado along with Attorney General Alberto Gonzales. The prison has been criticized for being understaffed. And that mail is not adequately screened."

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KMGH- TV (12/6, 4:00 p.m.) in Denver, "Alberto Gonzales will visit Supermax in February. It houses the nation's most notorious prisoners."

US-Bound Cargo To Be Tested For Radiation At Four Foreign Ports. USA Today (12/7, 9A, Hall, 2.27M) reports the Homeland Security and Energy departments will announce today that beginning next year, "containers at ports in Korea, Oman, Honduras and the United Kingdom" will be scanned for radiation before being loaded onto US-bound ships in "the first phase of a program that could expand to ports worldwide." Korea is "one of the world's largest ports" and will only have some cargo containers run through detectors, but "officials expect most or all will be" scanned at the smaller ports. "Either way, the program should deter anyone aiming to sneak weapons onto a cargo ship," Homeland Security Deputy Secretary Michael Jackson said.

EPA To Start Final 9/11 Cleanup Program. The New York Times (12/7, Depalma, 1.16M) reports, "More than five years after contaminated dust from the World Trade Center seeped into apartments and offices throughout Lower Manhattan, the federal Environmental Protection Agency announced plans yesterday to start a final indoor cleanup program next month, despite widespread criticism that the program is seriously flawed." Agency "officials said residents and owners of commercial buildings below Canal Street would have 60 days to sign up for the voluntary program, which will test for asbestos, lead, vitreous fibers and harmful soot that may have come from the collapse of the trade center. If any one of the contaminants is found, the space will be professionally cleaned at no cost to the resident or owner. … Senator Hillary Rodham Clinton, who in 2004 forced the environmental agency to test indoor spaces for contamination, called the program announced yesterday 'totally inadequate.'"

NYTimes Urges Democrats To Adopt All 9/11 Panel Recommendations. The New York Times (12/7, 1.16M) editorializes, "Weeks before they take majority control of the Capitol, the Democrats are reported to be wriggling out of one of their most important campaign vows: to repair Congressional oversight of the nation's intelligence agencies. Congress was found to be nothing less than 'dysfunctional' on this duty by the Sept. 11 commission, which wisely recommended a full-scale revamping of the committee structure. … Now that they can taste power again, however, the victors seem to be having second thoughts. Instead of attempting wholesale committee reform in the first weeks of Congress, Democratic leaders may punt the idea toward oblivion in some sort of a study panel, according to The Washington Post. Nothing could be more disappointing to voters. … Surely, the leaders of the new Congress know they will be risking the nation's security, far more than their credibility, if they retreat from the vow to do a stronger job of oversight."

Nagin Says Federal Government Has Abandoned New Orleans. In a front page article, USA Today (12/7, 1A, Eisler, Heath, 2.27M) reports on an interview with New Orleans Mayor Ray Nagin in which he "accused the federal government…of abandoning its legal obligation to help his city recover from the devastation of Hurricane Katrina." He "insisted that even the city's most flood-prone areas should be rebuilt — albeit 'smarter and safer.' He said that can't happen unless promised federal aid begins to flow." Though Nagin said "local officials have not been able to access" most of the $900 million approved by the federal government to rebuild New Orleans' infrastructure, the head of FEMA's recovery office in Louisiana, James Stark, "said most of the federal money already has been turned over to Louisiana" and that the agency "has been working to speed up the funding process."

Under the headline "'We're Going To Do It.'" USA Today (12/7, 13A, 2.27M) runs an excerpt from its interview with Nagin and City Council members Oliver Thomas Jr., Cynthia Hedge-Morrell and Arnie Fielkow. Asked what must be done to make the recover process in New Orleans work, Nagin said, "The main thing we need right now is the $900 million that is pending through the Federal Emergency Management Agency for infrastructure repairs. The second thing is the dollars our citizens need to rebuild their homes and their lives." Nagin said only 44 citizens have "received a check" through the Road Home program. Nagin added later that the program is "not meeting the needs of our citizens. It needs to move more quickly with more dollars. We have to get to a point where I can say to a citizen, you can't live here or you shouldn't live here because of the risk, but here's how we move you to a better place to rebuild your life."

GAO Says FEMA Wasting Millions In Katrina Aid. The Washington Post/AP (12/7, A12, Yen) reports investigators for the Government Accountability Office said Wednesday that the federal government "is squandering tens of millions of dollars in Hurricane Katrina disaster help, in some cases doling out housing payments to people living rent-free." Meanwhile, FEMA "has recouped less than 1 percent of the $1 billion that investigators contend it wasted on fraudulent assistance." GAO's Gregory Kutz told a Senate hearing that the office's "work shows for individual assistance payments, at least tens of thousands of individuals took the opportunity to commit fraud." He added "that his previous $1 billion estimate of wasted aid was now 'likely understated.'" FEMA spokesman Pat Philbin said "the agency has sought to

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upgrade the registration process and strengthen its procedures for verifying names and addresses."

USA Today (12/7, 7A, Hall, 2.27M) reports, "Among the latest examples of waste were duplicate payments to people claiming the same damage to their homes from two hurricanes." Sen. Susan Collins "called the new revelations about FEMA 'truly alarming.'" NPR (12/6, Anne, Kelly) reported on its website that Collins said the agency "has yet to strike a proper balance between expedited assistance and good stewardship of taxpayers' funds. Current practices invite and enable fraud, harming the very people the program is designed to help."

Louisiana Disputes FEMA Bill For Payments On Fraudulent Claims. The New York Times (12/7, Eaton, 1.16M) reports Louisiana officials "have gone to court to try to prevent the Federal Emergency Management Agency from collecting about $60 million from the state," arguing that the state should not be responsible for fraudulent claims paid by the agency. "The federal government has asked a judge to dismiss the lawsuit, contending that Louisiana cannot refuse to pay charges it disagrees with — even when the charges are the result of fraudulent claims — and that the state has no right to audit FEMA's spending." The figure in dispute "includes $45 million withheld because the state estimates that about 12 percent of FEMA's other needs spending went to people who were probably not eligible for it."

WAR NEWS:

Iraq Study Group Report Seen As Rebuke Of Bush Policies. To say that the release of the Iraq Study Group Report dominates news coverage would be a major understatement. Stories about or related to the release of the 142-page report by the panel headed by ex-Secretary of State James Baker and ex-Rep. Lee Hamilton took up 48 minutes of the three major network news broadcasts Wednesday night, with ABC giving the topic 13 and one-half minutes, NBC just over 16 minutes, and CBS a full 20 minutes. Major newspapers across the country have their own front-page reports and detailed analyses. Most media analyses suggest the release of the eagerly anticipated document puts great pressure on President Bush to chart a new course for the US in Iraq. Much of the coverage is very favorable toward the ISG and its report, which is being portrayed as a blunt rebuke of the Administration's Iraq policies.

ABC World News (12/6, lead story, 2:10, Gibson, 8.78M) said the report "read a bit like a report card on the Bush Administration's conduct of the war and the marks were not good." ABC (Karl) added, "The commission calls not just for a change in military strategy but also a complete overhaul of US foreign policy in the Middle East."

NBC Nightly News (12/6, lead story, 3:15, Williams, 9.87M) said "10 prominent Americans appeared before reporters after working for nine months on a plan for the US in Iraq. Between them they have hundreds of years of government experience, Republicans and Democrats who today delivered a blunt bipartisan and grim assessment." NBC (Gregory) added, "This report is a harsh review of the President's handling of the Iraq war, a rejection of the President's recent claim that the US is winning in Iraq. The report concludes just the opposite, that the current approach is not working." A bit later on NBC Nightly News (12/6, story 5, 2:05, Williams, 9.87M), Tim Russert said, "The one thing that resonated today, whether you're liberal, conservative, Democrat, Republican, for the war or against the war, was the grimness of this report. They used the word 'dire.' … When 10 Americans in a bipartisan way come together in a unanimous report and say it's grave and getting worse, it was heard throughout official Washington."

In the most negative of the three network openings, the CBS Evening News (12/6, lead story, 2:20, Couric, 7.66M) reported, "The US military confirms that 10 more American soldiers were killed in Iraq today, some in combat, others by roadside bombs. With each death, with every passing day, so many of us ask, 'Is there any way out of this nightmare?' Today we got an answer from a bipartisan commission. … The committee does recommend a new diplomatic offensive to end the violence in Iraq, one that would include Iran and Syria, something the President has rejected in the past." The CBS Evening News (12/6, story 3, 1:00, Axelrod, 7.66M) additionally said, "From the outset, the President's aides have set he will not outsource his foreign policy. This report calls for several things that would force the President to alter his course, if not pull a 180-degree turn, and that hasn't exactly been a hallmark of this presidency to date."

A harsh AP (12/6, Flaherty, Espo) report appearing in well over 100 newspapers or on their web sites says the ISG concluded that "President Bush's war policies have failed in almost every regard," warning of "dwindling chances to change course before crisis turns to chaos with dire implications for terrorism, war in the Middle East and higher oil prices around the world." The Washington Post (12/7, A1, Abramowitz, Wright, 690K) says the "panel of prominent elder leaders yesterday offered a stinging assessment of virtually every aspect of the U.S. venture in Iraq and called for a reshaping of the American military presence and a new Middle East diplomatic initiative to prevent the country from sliding into anarchy," while the he Los Angeles Times (12/7, Richter, 850K) says the report used "uncompromising and dismal terms" to say "continuing deterioration in Iraq could inflame the entire region in a deadly war that would further curtail U.S. influence throughout the world."

USA Today (12/7, 1A, Nichols, Slavin, 2.27M) said the "much-awaited report" calls for "U.S. troop withdrawals by

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2008 to prevent" Iraq's "slide toward 'chaos.'" The Wall Street Journal (12/7, A1, Dreazen, King, 2.04M) also focuses on the call for drawing down troop strength, saying the report offers a "prescription for withdrawing most U.S. troops by a specific date and dismissal of calls to partition Iraq or send additional American forces there." McClatchy (12/7, Hutcheson) reports the "eagerly anticipated report" called for a "get-tough approach that would set clear milestones for the Iraqis in conjunction with a gradual withdrawal of U.S. troops." The Financial Times (12/7, Sevastopulo, Daniel, Luce) says the report "called for a radical change of course in US policy."

The New York Times (12/7, A1, Sanger, 1.16M) cites the report's "unusually sweeping and blunt language" in its 79 recommendations, which "included a call for direct engagement with Syria and Iran as part of a 'new diplomatic offensive,' jump-starting the Israeli-Palestinian peace effort, and a clear declaration that the United States would reduce its support to Iraq unless Baghdad made 'substantial progress' on reconciliation and security." The Baltimore Sun (12/7, Davis, 257K) calls it "a grim and strongly worded report."

The Chicago Tribune (12/7, Silva, 617K) says Bush was presented "with both a pointed critique of his handling of the war and a road map for changing course in Iraq that would require the president to transform the military mission and recalibrate in fundamental ways his approach to Middle East diplomacy." The Houston Chronicle (12/7, A1, Hedges, Roth, 530K) says the report "painted a dire portrait of the situation in Iraq while calling for all American combat brigades to be withdrawn by the first quarter of 2008, barring unexpected developments."

With a slightly different focus, the Christian Science Monitor (12/7, LaFranchi, 59K) says the report "avoids some controversial proposals. This reflects the panel's bipartisan makeup as well as a desire not to be dismissed by the White House out of hand. But it does call for increased pressure on the Iraqi government to make progress in key areas of reconciliation and governability -- and to withdraw US support if progress is not made. … One downbeat note greeting the report is that, no matter how good some of its recommendations may be, it may simply have been overtaken by the deterioration of conditions on the ground in Iraq."

In a front-page news analysis, the New York Times (12/7, Stolberg, 1.16M) writes, "In 142 stark pages, the Iraq Study Group report makes an impassioned plea for bipartisan consensus on the most divisive foreign policy issue of this generation. Without President Bush, that cannot happen." While the ISG members "gave a nod to Mr. Bush, adopting his language in accepting the goal of an Iraq that can 'govern itself, sustain itself and defend itself,'" the Administration's "talk of Iraq as a beacon of democracy in the Middle East is absent, as is any talk of victory."

The Washington Post (12/7, Kessler, Ricks, 690K) also runs an analysis piece on its front page, saying the report "might well be titled 'The Realist Manifesto.' From the very first page, in which" Baker and Hamilton "scold that 'our leaders must be candid and forthright with the American people,' the bipartisan report is nothing less than a repudiation of the Bush administration's diplomatic and military approach to Iraq and to the whole region." The report "reflects the foreign policy establishment's disdain for the 'neoconservative' policies long espoused by President Bush and his aides." Also in the Washington Post (12/7, A2, 690K), Dana Milbank says the ISG "placed an improvised explosive device beneath the Bush administration's Iraq policy."

An AP (12/6, Raum) news analysis says that now that Bush "has the outlines of a bipartisan exit strategy for Iraq and a new secretary of defense to help carry it out," the "pressure on him to change course is now politically enormous."

NBC Nightly News (12/6, story 6, 2:15, Williams, 9.87M) ran an "In Depth" report on "reaction we are able to gauge from across the country." NBC (Allen) noted that Wednesday was the "eve of that day of infamy" when Japan attacked the US at Pearl Harbor, adding that "even these military families disagree with the Iraq study group's sober assessment of the war." One said, "I don't think we are done there yet." But another said, "Get everybody out of Iraq. It will be another Vietnam if not worse." The CBS Evening News (12/6, story 14, 2:40, Couric, 7.66M) reported, "When the story is written about what finally got the United States out of Iraq, it will have less to do with the Baker-Hamilton report than with this: the mounting toll that turned so many Americans against the war; more than 2,900 dead, more than 22,000 wounded."

Bartlett Says Bush Will Present "One Single Way Forward." Counselor to the President Dan Bartlett spoke for the White House on PBS, MSNBC, and CNN. On PBS' NewsHour (12/6, Suarez), he said, "It's been a constructive dialogue today. The Administration is looking at all of these recommendations very carefully. As we stated, we're not going to have an instant analysis of every piece of information coming out just yet. There is a robust review under way by the Administration, by the military leadership, by the national security staff. So there's a lot of activity under way, but the President was deeply grateful for the service to the country that these people provided by producing this report." On MSNBC's Hardball (12/6, Barnicle), Bartlett said, "President Bush recognizes a sense of urgency when it comes to helping, not only Iraq get on a better path and what role the neighborhood can play in that, but also how important the Middle East peace process can be."

On CNN's The Situation Room (12/6, Blitzer), Bartlett said, "We do want to have as quick an assessment as

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possible. As you know, there is a very comprehensive assessment going on by the administration, his military leadership, the National Security Council staff. And the President will be meeting with members of his Administration in the next week or two to also get their findings. The President will have one single way forward that he will present to the American people, hopefully before the end of the year, so the American people, our allies in the region and everybody, for that matter, will know quite as clearly as possible about the way forward."

USA Today (12/7, 2A, 2.27M) says the ISG "isn't the only review of U.S. policy in Iraq: The Bush administration has launched its own appraisal. Last month, President Bush asked the National Security Council to coordinate studies that in some cases had been underway for months." National Security Adviser Stephen Hadley "hasn't set a deadline for a final report but says it will be completed in 'weeks, not months.'"

Recommendations Could Be Hard Sell On Capitol Hill. NBC Nightly News (12/6, story 2, 2:20, Williams, 9.87M) reported on the "reaction here on Capitol Hill and this question of how easy or hard it may be to implement even some of this report's key recommendations." NBC (Mitchell) added, "The Baker-Hamilton group overcame its divisions now we will see if Congress can do the same. Leaders of the study group knew their report would be a tough sell on Capitol Hill. Democratic leaders' response sounded a lot like 'we told you so.'" Speaker-elect Nancy Pelosi: "They said we must transition our troops out of Iraq. We begin by changing the mission. Democrats have been saying that all along." Mitchell said the "study group's controversial call for direct talks with Iran and Syria" also found Capitol Hill critics. Sen. Joseph Lieberman: "I see it as a non-starter. Why do I? Iran has exactly the opposite interests that we do in Iraq." Sen. John McCain: "If the price of negotiations with Iran is their nuclear weapons program that is not good enough."

ABC World News (12/6, story 3, 2:25, Stephanopoulos, 8.78M) said, "This report ratified a consensus here in Washington. Republicans and Democrats agree that the current strategy has failed, that the situation is slipping, and that a serious change of course is necessary. Now, there is a lot of disagreement over the 79 recommendations. But as a practical matter, Capitol Hill is now in a holding pattern. Everyone here is waiting to see what the President does with the report."

CNN's The Situation Room (12/6, Blitzer) reported, "On Capitol Hill, the early reaction to the Iraq Study Group's plan of action in Iraq is mostly favorable. But after a bitter election and with Democrats poised to take power, lawmakers may not necessarily be ready to put all their old battles over Iraq behind them." CNN (Bash) continued, "Democratic leaders insist time and time again that they're ready and willing to work with the President on a new bipartisan approach to Iraq if he is willing to make major changes there. But what this bipartisan report did was, at least initially, stoke the bitter partisan Iraq divide."

The Hill (12/7, Schor) says incoming Senate Majority Leader Harry Reid said he "felt vindicated by the report and that it would lead to the beginning of military withdrawal." Reid said, "The President has the ball in his court now."

Sen. Barack Obama said on CNN's The Situation Room (12/6, Blitzer), "I thought that the Iraq Study Group did a terrific job of providing, for the first time, in a bipartisan fashion, a realistic assessment of what's taking place there. And many of the recommendations that they put forward mirrored recommendations that I made in a speech in Chicago three weeks ago. … This now gives us an opportunity, as Democrats and Republicans, and as Americans, to come together and say what are the tasks and objectives that we can set for ourselves that will lead to a more acceptable outcome."

Sen. Chuck Hagel said on PBS' NewsHour (12/6, Ifill), "We have a very significant contribution that's just been made here by 10 very important Americans. … I have a sense that the impending disaster in Iraq is unwinding at a rate that we can't quite calibrate. … The fact is the future of Iraq will be determined by the Iraqi people. It's not going to be determined by us."

Sen. Lindsay Graham said on Fox News' Your World (12/6, Cavuto) said, "I appreciate their recommendations. But I am in this thing to win. I believe it's the central battlefront on the war on terror. If you believe that, you throw everything you have as a nation to win. We've never had enough troops. The reason there's chaos in Iraq is because the insurgency has bloomed and moderation has been oppressed."

Sen. Christopher Dodd said on PBS' NewsHour (12/6, Ifill), "To pick up on Jim Baker's suggestion that we send a message to the American people and to others, particularly in Iraq and elsewhere, that this is something that we can generally support -- there may be differences on specifics -- but overall I think it's the right direction, and we ought to be doing that."

Rep. Phil Gingrey said on MSNBC's Tucker (12/6, Carlson), "I think the President responded in the appropriate fashion. He said every recommendation, all 79 of them, will be looked at. They won't necessarily be rubber-stamped."

The CBS Evening News (12/6, story 5, 2:40, Couric, 7.66M) reported on the "key recommendation of this commission" to create an "Iraq support group involving many other countries, including Syria and Iran. The President has frozen them out to this point, so will there be a thaw?" CBS (Axelrod) added, "Recommendation No. 9 suggests the United States should engage directly with Iran and Syria, something Mr. Bush has repeatedly rejected. Today, the Administration seemed to draw limits on this idea of

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expanded diplomacy, at least with Iran because of its nuclear program." Tony Snow, White House Press Secretary: "I'm telling you that there may be a difference between one-on-one talks with Iran, which is something that we have ruled out." Axelrod: "The report also concludes there will be no peace in the Middle East until the US deals directly the Israeli/Palestinian conflict. That's an idea the Administration seemed to be open to today."

NBC Nightly News (12/6, story 3, 0:45, Engel, 9.87M) said that in Lebanon, "there is a hope that this could be the start not just of a new policy in Iraq, but throughout the Middle East, one that revitalizes the Arab-Israeli peace process, and tries to prevent the conflict in Iraq from spreading beyond the borders. But there is also concern that if Washington engages in serious negotiations with Iran and Syria, then the smaller states in the Middle East, namely Lebanon and Israel, are worried that they will have to pay the price for those negotiations by offering concessions. Many tonight in this region are asking if President Bush is really a statesman, a negotiator."

Report Gets Mixed Reaction In Iraq. ABC World News (12/6, story 4, 2:45, Gibson, 8.78M) reported that "in Iraq itself," a deputy prime minister "said, 'There is no doubt that the government of Iraq carries a heavy burden.' But an influential Sunni group, the Association of Muslim Scholars, said that the report is unrealistic in the solutions it provided. And that group questioned whether US troops could successfully train Iraqi forces." The CBS Evening News (12/6, story 7, 0:50, Palmer, 7.66M) said, "The report does appear to bolster" Prime Minister Nouri al-Maliki "by giving him something he wants very much, and that is more control over the Iraqi security forces sooner rather than later. And he's said that he's onside with the diplomatic initiative in the report. In other words, he will send envoys to the neighbors Iran and Syria to ask if they'll help in stabilizing Iraq."

The Washington Post (12/7, A1, Raghavan, 690K) reports that Iraqis "expressed fear that the report's recommendations, if implemented, could weaken an already besieged government in a country teetering on the edge of civil war. 'It is a report to solve American problems, and not to solve Iraq's problems,' said Ayad al-Sammarai, an influential Sunni Muslim politician." USA Today (12/7, 4A, Soriano, 2.27M) reports on the political debate in Iraq over the report.

The New York Times (12/7, A25, Wong, Al-Saiedi, 1.16M) says that according to "conservative Shiite legislator" Sami al-Askari, Maliki was pleased "because the report seemed to affirm an argument that Mr. Maliki and other Shiite leaders had been making to President Bush -- give the Iraqi government more control over the security forces, and the war could be won." But the New York Times (12/7, A1, Gordon, 1.16M) also reports that the "experience of American commanders shows the difficulties in rapidly handing over security responsibilities to Iraq," and military experts say the recommendation "underestimates the challenge of building a capable Iraqi security force." Retired Army Chief of Staff Jack Keane, who advised the ISG, "described that goal as entirely impractical. 'Based on where we are now we can't get there,' General Keane said in an interview." USA Today (12/7, 4A, Brook, Kelley, 2.27M) says the recommendations "would put short-term strains on military people and equipment, while helping with the military's long-term challenges."

Even Called-For Troop Drawdown Would Leave "Tens Of Thousands" In Iraq. The CBS Evening News (12/6, story 4, 2:30, Martin, 7.66M) said that "even if most combat brigades can get out of Iraq by early 2008, tens of thousands of American troops would still be in the fight, both as trainers embedded in Iraqi units and as commandos conducting raids against Al Qaeda operatives." The CBS Evening News (12/6, story 8, 2:10, Couric, 7.66M) ran a feature on preparations to train Iraqi forces.

Wolf Pleased By Commission's Results. NBC Nightly News (12/6, story 10, 2:00, Williams, 9.87M) talked briefly with Rep. Frank Wolf, saying "this whole Iraq commission was his idea, and today he was feeling grateful and hopeful. Are we at our best when our best and get together and hammer out a problem like this?" Wolf: "The answer to that is just yes. That is the way it was during World War II. … I feel good today."

Biden Says Proposals "Necessary, But Not Sufficient." In a USA Today (12/7, 13A, 2.27M) op-ed, Sen. Joseph Biden writes that the report "is a first step toward a bipartisan way forward in Iraq. The fundamental changes it proposes are necessary, but not sufficient to achieve the objective most Americans share: to leave Iraq without leaving chaos behind. The report's most valuable contribution is to make clear that staying the course in Iraq is not an option." But "absent a political settlement, refocusing the mission of our remaining troops on training and engaging Iraq's neighbors will not stabilize Iraq."

Study Group Urges Agencies To Order Civilians To Iraq. The Washington Post's (12/7, D4, Barr) "Federal Diary" column reports, "Federal agencies supporting the Iraq war and reconstruction should order their civilian employees to fill key jobs in the combat zone if not enough volunteers step forward," the Iraq Study Group said yesterday. The recommendation "grew out of a sense that civilian agencies are not contributing enough personnel to Iraq, adding to the burdens on the US military. The group offered little detail on the staffing recommendation." The Post notes that it is rare for agencies to "reassign employees based on where they are needed," since "unions discourage forced reassignments and, at many agencies, only senior federal executives are at any real risk of such transfers because they are seen as a mobile part of the government's workforce."

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More Commentary. The New York Times (12/7, A38, 1.16M) editorializes, "The much-anticipated report from the bipartisan panel is precisely about political cover. That is a good thing, if only Mr. Bush has the sense to embrace it. Iraq is so far gone that nobody expected the panel to come up with a breakthrough solution. … Its real mission was to avert the worst scenario, in which a stubborn George W. Bush spends the next two years blindly insisting he will accept nothing short of victory, while Iraq keeps spiraling out of control and the Iraqis get no closer to being able to contain the chaos after the Americans leave."

The Washington Post (12/7, A30, 690K) editorializes that the ISG report "outlines a military strategy for Iraq that has already been embraced in large measure by the Iraqi government and U.S. military commanders, if not explicitly by President Bush. It foresees a year-long shift of U.S. forces from fighting insurgents and preventing sectarian war to advising and supporting an Iraqi army that would take responsibility for those missions. … As the study group concedes, this last-ditch strategy to stabilize Iraq might not work. But it is an option worth trying, and one Americans and Iraqis can agree on. … What's missing from the study group report, unfortunately, is any evaluation of what should be done if the new strategy doesn't work."

The Wall Street Journal (12/7, A18, 2.04M) editorializes, "The way to success in Iraq lies in stronger U.S. support for Baghdad's Shiite-led governing coalition, not in some bipartisan strategic muddle ginned up for domestic political purposes. This is not to say that yesterday's Study Group report…serves no useful purpose. In calling for a withdrawal of most U.S. troops by 2008 -- if security conditions allow -- the report rejects any rapid withdrawal or deadline. Likewise, it reinforces the case Mr. Bush has been making about the ugly consequences of failure in Iraq for American interests."

The Los Angeles Times (12/7, 850K) editorializes that the report "distills the emerging conventional wisdom in Washington, laced with a measure of wishful thinking. Yes, persuading Iran and Syria to help stabilize Iraq, contrary to the administration's stance, is a worthy pursuit, though it isn't clear why Syria and Iran would want to do so, at least in the immediate term. And yes, settling the Israeli-Palestinian conflict would indeed reduce tensions throughout the Arab world, though linking that issue to the commission's brief was a stretch that plays into the hands of anti-American extremists in the region."

In a second editorial, the Los Angeles Times (12/7, 850K) says, "Independent commissions have a long and (mostly) honorable history in the United States, and it would be a mistake to dismiss the 79 recommendations of the Iraq Study Group simply because they are familiar. Such commissions often have an influence that lasts beyond their final report." The ultimate success of the ISG "lies less in what the group proposed than in whether its recommendations come to be seen as a turning point in U.S. involvement in Iraq."

The Financial Times (12/7) editorializes that the report "pulls few punches, except perhaps in its almost histrionic overuse of the conditional could to describe events already under way ('neighbouring countries could intervene' in Iraq; 'the global standing of the US could be diminished' and so on)." The report offers "sane suggestions. The question is: will a Bush administration trapped in denial act on them and, even if it does, will it be too late?"

In his Washington Post (12/7, A31, 690K) column, David Ignatius writes that the ISG "achieved the goal of any blue-ribbon commission: It stated the obvious, emphatically. … This report asks the world to help us find our way back home. Even if its proposals don't succeed, Baker-Hamilton can still accomplish its purpose, to 'enable the United States to begin to move its combat forces out of Iraq responsibly.'"

In his Washington Post (12/7, A31, 690K) column, George F. Will writes that the ISG, "like the policy it was created to critique, was overtaken by the unexpectedly rapid crumbling of the U.S. position in Iraq since the ISG was formed in March. … By what the ISG did not recommend -- e.g., many more troops and much more money -- it recognized that the deterioration is beyond much remediation."

In his Los Angeles Times (12/7, 850K) column, Jonah Goldberg writes, "The commissioners are latter-day Laodiceans, whom the Book of Revelation describes as 'neither cold nor hot … [but] lukewarm.' As a result, most of the report hits stratospheric heights of banality. … The commission is making the same core mistake that was made in the Vietnam era: treating a war like a political problem to be haggled, spun and bartered."

In a Wall Street Journal (12/7, A18, 2.04M) op-ed, Eliot Cohen of the Johns Hopkins University School of Advanced International Studies writes that the ISG itself "reflects the vain hope that well-meaning, senior, former public officials can find ideas that have not already occurred to people inside government; that those new ideas can redeem incompetent execution and insufficient resources; that salvation can come from a Washington establishment whose wisdom was exaggerated in its heyday;" and "that a public commission can do the work of oversight that Congress has shirked for five years in the misguided belief that it would thus support an administration struggling to do its best in a difficult situation. This is no way to run a war, and most definitely, no way to win it."

In a Washington Post (12/7, A31, 690K) op-ed, Michael J. Glennon of the Tufts University Fletcher School of Law and Diplomacy writes, "As a matter of sound policy, as well as constitutional principle, Congress should participate in weighing recommendations on future military action.

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Whatever military option is selected, its success will depend upon broad support from the American people. Congressional involvement will not guarantee that support, but congressional exclusion will almost surely preclude it."

Baker, Hamilton Say Bush Will Take Report Seriously. Iraq Study Group co-chairmen James Baker and Lee Hamilton were interviewed by all three broadcast networks as well as Fox News. On NBC Nightly News (12/6, story 4, 3:15, 9.87M), Brian Williams asked Baker, "When you're with this President, do you, can you, speak truth to power?" Baker: "He wants me to, and I do. I give him very candid advice, frank advice. Occasionally, he will take it. Sometimes he doesn't, sometimes he does. But yes, you can speak truth to this President." Asked where the ISG ranks "on all the service you've provided to your country," Baker said, "At the very top of the difficult issues. And there were a lot of difficult issues that I confronted during those 12 or 13 years but this is at the very top." On ABC World News (12/6, story 7, 3:10, Gibson, 8.78M), Baker said, "Presidents have been known to change their minds. It may be -- he's been known to change his. And it may be that you will see some mind changing. But you may not. There's no -- this is nothing more than a report. It is a suggestion. But it is the only bipartisan way forward."

On the CBS Evening News (12/6, story 6, 3:15, 7.66M), Katie Couric asked Hamilton if it is possible "that even if all 79 recommendations are implemented, this thing is lost, that we could be at the point of no return?" Hamilton: "Well, it's certainly possible. I really don't think it's likely. But you cannot ignore the possibility that the whole thing could come apart." As for President Bush's reaction, Hamilton said, "I was pleasantly surprised with his openness as he talked to us." Continuing on that theme on Fox News (12/6, Hume), Hamilton said, "I was personally very encouraged. I think the other members of the group were, as well. He said, first of all, he is going to take it very seriously. He said he was going to read it carefully. He said that it presented an opportunity to bring the country together. I think he sees the potential of it."

ISG's Main Goal Said To Be To Get Bush To "Change His Mind." The Los Angeles Times (12/7, McManus, 850K) observes that while "some bipartisan commissions try to change public opinion on contentious national issues" and others "try to help Congress find compromise solutions to thorny problems," the ISG "had a different -- and unusual -- goal: persuading President Bush to change his mind about staying the course in Iraq. 'This is highly unusual,' an adviser to the group said today, after the panel released its final report. 'It's one thing for people inside the administration to tell the president what to do. But for an outside group to say, "Here, son, let us give you a road map for your foreign policy?" That's remarkable.'"

ISG Managed To Work With Rare Bipartisanship. The Washington Post (12/7, A26, Baker, Wright, Linzer, 690K) takes a look at how the ISG went about its work, saying its process was "marked by that rarest of qualities in a polarized era: bipartisanship. At a time when Washington prefers confrontation to compromise, five Republicans and five Democrats sat down to tackle the country's most urgent crisis and came up with a document they all could sign. It proved to be a nine-month study of how to bridge not only Iraq's deep divide but also America's." The Los Angeles Times (12/7, Miller, 850K) says Baker "was a remarkably familiar presence in a remarkably familiar role -- talking diplomacy in his Texas twang, seeking solutions for a crisis in Iraq, and trying to rescue a president named Bush." The Washington Post (12/7, C1, Montgomery, 690K) also has a feature on the actual distribution of the report around Washington.

ISG Members Discuss Their Efforts And Hopes. Ex-Sen. Charles Robb, an Iraq Study Group member, said of President Bush on MSNBC's Hardball (12/6, Barnicle), "I think that the reception that we got this morning was very positive. Obviously, he's going to consult with others, he's going to get input from other groups. But I think all of us were pleasantly surprised that he was as supportive of the concept and of the unity of the report. And each of us had an opportunity to discuss elements of the report with him, and he seemed to fully understand the gravity of the events and/or actions that we were talking about. But only time will tell in terms of what decisions he ultimately makes."

Ex-Supreme Court Justice Sandra Day O'Connor, an Iraq Study Group member, said on MSNBC's Hardball (12/6, Barnicle), "I thought it was impressive that this group of 10 people, give Democrats and five Republicans, with a very serious, complicated issue, could come up with 79-some unanimous recommendations. I thought it was a remarkable performance really. And what we need to go forward now in this very tough situation is a broad consensus in our country. The American people must begin to feel like this is a way we should approach it and this is something that we should support. I hope that the Congress will feel the same way, or at least most of them."

Ex-Secretary of State Lawrence Eagleburger, an Iraq Study Group member, said on CNN's The Situation Room (12/6, Blitzer), "Our job now is to try to figure out how we get from where we are now, which is a mess, and everybody agrees with that, to where we should be...and can we do it in a bipartisan fashion?"

Iraq Study Group member Leon Panetta said on CNN's The Situation Room (12/6, Blitzer), "The goal here is to try to provide some degree of stability in Iraq so they can govern themselves, they can defend themselves and they can operate as an independent government. That's really what we're seeking."

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Iraq Study Group member Vernon Jordan said on CNN's The Situation Room (12/6, Blitzer), "I have been serving on presidential commissions since 1965. … This has been the toughest. This has been the most difficult. But, from a standpoint of civility, it's been first-class, especially in this town, where hostility and polarization have taken the front seat, and civility a backseat. This process put civility in the front seat. And, hopefully, it will be instructive to the Congress and to the Administration and to the American people."

Bush, Blair To Discuss Iraq. The AP (12/7, Riechmann) reports, "President Bush faces urgent pressure to find a fresh strategy in Iraq as a new defense secretary heads to the Pentagon and a scathing bipartisan commission report says his war policies have failed and that 'time is running out.'" AFP (12/7) quotes Bush national security spokesman Gordon Johndroe saying the President and Blair "have a number of issues to discuss, including Iraq, the broader war on terror, the NATO commitment to Afghanistan, Sudan, as well as free and fair trade." AFP adds "US and British officials have steadfastly denied that Blair's visit was timed to coincide with the release of the grim Iraq report."

Ten US Troops Died In Iraq Wednesday. The Washington Post (12/7, A18, Trejos, 690K) reports 10 US troops "died in Iraq on Wednesday, the U.S. military reported, matching the highest number of U.S. service members killed on a single day in the past year. It was also a deadly day for Iraqi civilians, with at least 40 killed in car bombings and mortar attacks across the capital." The US troops died in four incidents, according to a military spokesman who "declined to provide details about how or where they were killed because family members were still being notified."

US, Iraq "Quietly Talking" With Insurgent Leaders. The Christian Science Monitor (12/7, Enders, 59K) reports that "both Baghdad and Washington" are "quietly talking with Iraq's insurgent leaders in an effort to end the unrelenting violence. US officials have not commented on reports of these recent meetings with resistance-group representatives. But Arab journalists, politicians, and officials in Jordan say they've occurred." The meetings "have come amid pressure from two key Shiite politicians on Iraqi Prime Minister Nouri al-Maliki to alter course. The opposition has also stepped up efforts to outflank his increasingly unpopular rule. And in the US, the White House is sifting recommendations from the Iraq Study Group and other reviews as discontent grows over the administration's strategy."

Suicide Bomber Strikes Outside US Security Firm In Kandahar. The New York Times (12/7, A25, Gall, 1.16M) reports a suicide bomber "blew himself up on Wednesday outside the offices of an American security firm in the southern city of Kandahar, killing two American security officers and nine Afghan members of the staff."

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Federal Inmate Charged With Mailing Threat Letters To Judge, USAs. The Springfield (MO) News-Leader (12/5) reported, "An Oregon man was indicted by a federal grand jury for mailing threatening letters to a federal judge and former U.S. attorney, the current U.S. attorney for the Western District of Missouri announced Monday. Bruce Dewayne Jensen, 29 — serving a sentence in the U.S. Medical Center for Federal Prisoners — was charged in a three-count indictment returned Wednesday." The News-Leader notes that the case "was investigated by the FBI and the Medical Center for Federal Prisoners."

Dayton Signals Support For Paulose As Minnesota US Attorney. The AP (12/7) reports, "Minnesota's acting U.S. attorney picked up key support Wednesday for permanent confirmation, but it wasn't immediately clear whether Rachel Paulose could expect a vote before Congress adjourns this year." The AP continues, "Paulose met Wednesday with Sen. Mark Dayton, who hadn't taken a position on her nomination because he said she hadn't sought a meeting. Afterward, he said she had his support." The AP adds, "Sen. Norm Coleman, R-Minn., had already backed Paulose, calling her 'an extremely competent and capable professional.' But the Senate Judiciary Committee generally doesn't vote on a nominee without the support of both of a nominee's home-state senators. … Paulose, 33, has been acting U.S. attorney for nine months, and President Bush nominated her to the permanent post four months ago. If the Senate fails to take up her nomination before adjourning next week, Bush can resubmit her next year."

CORPORATE SCANDALS:

Fannie Mae Announces Financial Restatement. The Wall Street Journal (12/7, A4, Hagerty, 2.04M) reports, "Fannie Mae took another step toward resolving its accounting fiasco by announcing a restatement of results that reduced retained earnings as of June 30, 2004, by $6.3 billion." But "the long-awaited restatement by the government-sponsored mortgage company increased stockholders' equity by $4.1 billion as of the same date. That is because of big increases in the value of mortgage securities held by Fannie that were reclassified as being

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available for sale as part of correcting past accounting errors. Those increases more than offset the reduction in retained earnings." The restatement "comes two years after regulators found that Fannie had violated more than a dozen accounting rules, partly in an effort to make earnings growth appear smoother and to trigger maximum bonuses for executives."

The New York Times (12/7, Dash, 1.16M) reports, "Federal regulators, meanwhile, said they planned to file a lawsuit before the end of the year in an effort to recover millions of dollars from Fannie Mae's former top two executives, whose bonuses were tied to the manipulated earnings. Franklin D. Raines, the former chairman and chief executive, and J. Timothy Howard, who had been chief financial officer, were ousted from the company in December 2004, and investigators have laid much of the blame on their shoulders. … A lawyer for Mr. Raines declined to comment, and a lawyer representing Mr. Howard did not return phone calls yesterday. A Fannie Mae spokesman also declined to comment." The Washington Post (12/7, D1, Hilzenrath, 690K) also reports the story.

The AP (12/7, Gordon) reports, "Over the last two years, Fannie Mae has disclosed a passel of new accounting problems that had been uncovered in several areas, including its core business of issuing securities backed by the billions of dollars of home mortgages annually that it buys from lenders and bundles together for resale to investors worldwide. Other problems were revealed in loans, houses acquired through foreclosures, interest on delinquent home loans and reverse mortgages. … Fannie Mae escaped criminal prosecution over the accounting failure. The Justice Department had pursued a criminal investigation, but federal prosecutors said in August that they had shut down their probe without bringing any action. The SEC still could bring civil actions against individual executives, including people no longer at Fannie Mae, with the burden of proof less stringent than in criminal prosecutions."

Home Depot Probe Finds Backdated Options Grants. The Wall Street Journal (12/7, A3, Zimmerman) reports, "Home Depot Inc. said an internal investigation found that the company routinely backdated stock options for 20 years, from 1981 to 2000, and as a result it understated compensation expense by $200 million." The Journal continues, "With fiscal 2006 sales of $81.5 billion, the home-improvement retailer is one of the largest companies to admit to backdating stock options. The practice stopped in the fall of 2000 at the same time that current Chief Executive Bob Nardelli took the helm at the retailer. During the previous two decades, the company was run by founders Bernie Marcus and Arthur Blank, but neither founder received stock options. The company wouldn't say who did receive the awards and who made the decision to backdate them." The Journal adds, "Home Depot's admission that executives backdated options beginning more than 25 years ago is the earliest finding to date, and means the practice began far earlier than the technology boom when stock options became a popular compensation tool. In Home Depot's case, the practice goes back to its inception as a public company."

USA Today (12/7, 1B, Farrell) reports, "Home Depot disclosed in September that the Securities and Exchange Commission has begun an informal inquiry into the company's stock option practices and the U.S. Attorney's Office in New York has asked for information." USA adds, "For Home Depot's annual option grants and some quarterly grants from 1981 through November 2000, the 'stated grant date was routinely earlier than the actual date on which the grants were approved by a committee of the board of directors,' the company's statement said. 'In almost every instance, the stock price on the apparent approval date was higher than the price on the stated grant date.' … The company blamed 'management personnel, who have since left the company,' for the practice."

The Financial Times (12/7, Ward) reports, "The investigation, by a sub-committee of Home Depot's board, concluded that no intentional backdating had taken place since Bob Nardelli, the current chief executive, took charge in 2000, and cleared all current management and directors of wrongdoing." The Times adds, "Home Depot launched the inquiry in August after becoming the largest US company to be ensnared in the scandal over backdating of stock options to increase the potential value of compensation packages. … More than 160 companies have acknowledged that they are either facing regulatory inquiries or carrying out internal investigations of the way they handed out stock options. Home Depot said the unrecorded expenses would not have a material impact on its financial statements."

Pediatrix Probe Finds Backdated Options. Bloomberg (12/7, Pettypiece) reports, "Pediatrix Medical Group Inc. said a preliminary review found evidence that stock options were backdated and a board member has resigned." Bloomberg continues, "The company, the largest U.S. provider of care for premature babies, may have to record additional compensation expenses of $28 million for the period from 1995 through 2006, according to a statement distributed today by Business Wire." Bloomberg adds, "Pediatrix is among at least 186 companies that have disclosed internal or federal investigations into how they grant stock options to executives. At least 79 companies have announced they must restate previously reported financial results, and more than 60 executives and directors at companies under investigation have left their jobs."

GCs Fall Victim To Options Probes. Corporate Counsel (12/7, Osborne) reports, "Nothing in memory has ever caused as many GCs to lose their jobs as quickly as

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stock options backdating. In little more than a year, 12 general counsel have stepped down amid options problems at their companies. These legal chiefs constitute about a quarter of the 40-plus executives who have lost their jobs in the steadily expanding options controversy. Indeed, backdating has forced out as many GCs as CEOs." Corporate Counsel continues, "By all indications, the casualty list will only grow. 'I expect that we will see more general counsel lose their jobs,' says Erik Lie, the University of Iowa business professor whose research into backdating kindled the current firestorm." Corporate Counsel adds, "Some of these GCs won't deserve their fate, Lie adds: 'My sense is that a lot of innocent people might be implicated in this, including, possibly, general counsel.' Indeed, a review of government documents and official company statements about options-related investigations shows that in some cases, the GC appears to have been little more than a fall guy. In other instances, however, company and government reports have directly faulted in-house lawyers for failing to intervene when grant dates on options were deliberately altered to enrich their recipients." Corporate Counsel notes, "So far the U.S. Department of Justice and the Securities and Exchange Commission are scrutinizing option grants at more than 130 companies. But Lie thinks that another 70 may have engaged in backdating, based on his statistical analysis of 8,000 businesses that issued options between 1996 and 2005."

Ouster Of Insurance Giant's CEO After Options Probe Examined. The Wall Street Journal (12/7, A1, Bandler, Forelle) reports, "Over the past 15 years, the board of UnitedHealth Group Inc. couldn't have been more supportive of its chairman and chief executive, William McGuire. Directors lavished close to $2 billion in compensation on him, counting stock options, as he built UnitedHealth into one of the country's largest health insurers. … Last week, Dr. McGuire left his job, following a vote by the same board to dump him. It acted unanimously in October after concluding that his explanations for a pattern of unusually well-timed stock-option grants didn't add up. Dr. McGuire thus became one of the biggest casualties in the options backdating scandal, which so far has swept away more than 60 corporate officials, including 16 CEOs." The Journal continues, "How did one of America's most pliant boards turn on its star chief executive? Dr. McGuire's support slowly leached away over the course of a six-month internal investigation. Documentation that could support his defense was sparse. A board-ordered statistical analysis undercut his arguments. And his closest board ally was sidelined by a conflict of interest that unsettled other directors. In the end, directors felt pressure after their lawyer told them federal regulators appeared likely to charge the UnitedHealth chief. … Now, Dr. McGuire and the board are girding for tense negotiations over how much of his giant cache of stock options, many still unexercised, he'll be able to take with him. He has already agreed to surrender about $200 million of those options' value, and people close to the situation say the company hopes to get back at the very least $250 million more. He is still likely to end up with more than $1 billion, although last week a federal judge hearing a shareholder lawsuit temporarily barred him from exercising any options or receiving any retirement pay."

Rep. Frank May Try To Roll Back DOJ Guidelines On Privilege Waivers. The Washington Post (12/7, D3, Johnson) reports, "Rep. Barney Frank (D-Mass.) yesterday held out an olive branch to business interests, announcing that he would be open to cooperating on trade, immigration and outsourcing if industry gave ground on union drives, health-care reforms and minimum-wage proposals." The Post continues, "At a briefing to introduce his legislative agenda, Frank, the incoming chairman of the House Financial Services Committee, addressed several hot-button issues, including a mounting push by business interests to slash what they consider burdensome regulations. … The lawmaker said he had met with leaders of the Securities and Exchange Commission and an accounting industry oversight board to urge them to give businesses some relief from a costly audit rule prescribed by the 2002 Sarbanes-Oxley law. Over the next two weeks, the agencies are set to present proposed changes to the rule, which requires that auditors review corporate financial controls to prevent fraud and mistakes." The Post adds, "He reserved judgment on proposals that would make it more difficult for consumers to sue businesses, auditors and corporate board members, saying that the issue fell under the jurisdiction of another congressional panel. … But Frank said he agreed with several other recommendations, including indicting companies only as a last resort and rolling back controversial Justice Department guidelines that urge companies to waive their attorney-client privilege." The Post notes, "Deputy Attorney General Paul J. McNulty has been considering changes to a memo that says when prosecutors should bring criminal charges against businesses, but he has not released any revisions. In the meantime, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) is set to introduce legislation to supersede those guidelines as early as today."

Frank Says Economic Divide Country's "No. 1 Problem." The AP (12/7, Aversa) reports, "Incoming House Financial Services Committee Chairman Barney Frank said Wednesday he plans to delve deeper into why some Americans are not reaping the benefits of a mostly healthy economy, which he called the 'No. 1 problem' facing the country." Frank, "in a wide-ranging discussion with reporters, highlighted some of his priorities once he takes over the committee, when the new Democratic-controlled Congress

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convenes in early January. While the economy's growth, as measured by gross domestic product, has been expanding at a decent pace, the inflation-adjusted wages of workers have lagged. … There is an 'increasing disconnect between growth in the gross domestic product and the well-being of the average citizen,' Frank said."

HP Reportedly Ready To Settle California Civil Complaint Over Pretexting. CNET News (12/7, Fried) reports, "The California attorney general's office is expected to announce Thursday that it has settled civil complaints with Hewlett-Packard over the company's spying tactics, CNET News.com has learned." CNET continues, "The civil complaints are separate from the criminal charges already brought forward by the attorney general's office. Five people, including former HP Chairman Patricia Dunn, are facing felony charges in connection with HP's campaign to determine the source of unauthorized media leaks. All five have pleaded not guilty." CNET adds, "A lawyer for the attorney general's office confirmed that an announcement is scheduled for Thursday, but would not confirm or deny the civil settlement. CNET News.com reported last week that the state's top prosecutor was considering a civil complaint over HP's tactics. … As part of its effort to uncover the source of news stories, HP investigators employed the practice of 'pretexting,' or using false pretenses, to obtain the phone records of more than a dozen people, including board members, journalists and HP employees. The company also employed physical surveillance and sent a bogus tip with an electronic tracer to a CNET News.com reporter. .. After the company's tactics came to light, Congress held hearings, and the FBI and Justice Department also launched probes. HP also faces a formal SEC inquiry into the matter."

New York Judge Seeks Settlement In BOA-Parmalat Case. The Financial Times (12/7, Michaels) reports, "A judge in New York has ordered Bank of America and the former auditors to Parmalat to set out in writing their stances on a settlement in the multibillion dollar damages case surrounding the collapse of the Italian dairy company." The Times continues, "Judge Lewis Kaplan has also told Parmalat itself to submit what it would accept to settle the case, telling all groups involved to consider a global settlement and to send letters relating to a deal to Henry Pitman, another judge." The Times adds, "Judge Pitman is to review the letters and start to assess the possibility of a global settlement in the week of December 18, according to a transcript of a hearing presided over by Judge Kaplan at the end of November and obtained by the Financial Times. … Bank of America and auditors Grant Thornton and Deloitte are being targeted for damages as it is alleged they helped prolong fraud at the company, which collapsed at the end of 2003. None has admitted wrongdoing."

Korean Probe Of Lone Star Yields No Charges Against Company. The Wall Street Journal (12/7, B10, Ramstad, Yoon) reports from Seoul, South Korea, "Prosecutors here said they would charge former government officials and bankers for fraud in the 2003 sale of a controlling stake in Korea Exchange Bank to Lone Star Funds. But they brought no charges against the Dallas-based private-equity firm that has been trying to sell its stake in the bank since March." The Journal continues, "The prosecutors said in a news conference Thursday morning in Seoul that KEB managers and government officials worked with Lone Star to make the nation's fifth-largest bank look financially troubled in order to get regulatory approval for the 2003 deal. They called the transaction -- in which Lone Star paid $1.2 billion for 51% of the bank – 'inappropriate' but not illegal and said they continue to investigate." The Journal adds, "The prosecutors said they would indict 15 people in the matter, but they identified only two: Byeon Yang Ho, a former official at the Ministry of Finance and Economy, and Lee Kang Won, former chief executive officer of KEB. … Their probe began in late March, just a week after another Korean bank, Kookmin Bank, agreed to buy Lone Star's and other shares in KEB amounting to a 65% stake for $6.6 billion. Lone Star's profit in the deal would have amounted to about $4.5 billion. … The size of that deal and Lone Star's resulting profit shocked politicians and the Korean public. Many were upset when foreign investors over the past two years made big money by selling the control of Korean banks they had purchased in the wake of the country's economic collapse in the late 1990s."

WSJ Lauds Judge's Ruling In Lerach's Enron Suit. The Wall Street Journal (12/7) editorializes, "One reason the tort bar files so many frivolous lawsuits is that there have been very few penalties for its legal abuses. So congratulations are due to a Texas judge who last week ordered class-action kingpin Bill Lerach to pay up for his latest wretched excess." The Journal continues, "Federal Judge Melinda Harmon's good deed came at the end of a high-profile suit against Alliance Capital. She dismissed the case in summary fashion and invoked a little-used legal rule that requires the Lerach firm to pay Alliance's legal fees. While the plaintiffs might have had cause for filing the suit, the judge said, by the end of discovery it was clear 'the continuance of the claim against Alliance was at that point without merit' and so the Lerach firm must pay for dragging Alliance past that point. … We'd call that justice, with the caveat that Judge Harmon is probably too generous in saying Mr. Lerach had a reason to sue in the first place. … The suit was a Lerach Special, a novel attempt to pry money from a

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company only tangentially involved with the Enron debacle. An Alliance executive, Frank Savage, had served on Enron's board from 1999 to 2001. During his Enron tenure, he'd signed a registration statement for a bond issue that included false financial statements. Mr. Lerach's elastic legal theory was that Alliance had put Mr. Savage on the Enron board, and thus the company was liable for his actions." The Journal notes, "To be sure, Mr. Lerach's client was the University of California Board of Regents and no babe in the tort woods. Like many public pension representatives, the California regents have become willing fronts for the tort bar. But Judge Harmon is right that the real culprit here is Mr. Lerach, whose former firm, Milberg Weiss, was indicted this year for paying kickbacks to plaintiffs in its suits. Let's hope more judges take their duty to protect the integrity of the courts more seriously and make the loser of a frivolous lawsuit pay."

CRIMINAL LAW:

Mueller Tells Senate Committee Public Corruption Is FBI's Top Criminal Priority. The AP (12/7, Jordan) reports, "More than 1,000 government employees, including hundreds of police officers, have been convicted over the last two years in FBI corruption cases against crooked public officials, Director Robert Mueller said Wednesday." The AP continues, "In prepared testimony to the Senate panel that oversees the bureau, Mueller called public corruption cases the FBI's 'top criminal investigative priority.' … Public corruption 'erodes public confidence and undermines the strength of our democracy,' Mueller said in his testimony. 'Unchecked, it threatens our government and our way of life.' … His remarks also outlined strides the FBI has taken to protect the nation against terror attacks since 2001." The AP adds, "Over the last year, the Justice Department has targeted about a dozen high-profile House and Senate lawmakers in corruption cases – including three Republicans in the month before the Nov. 7 election that shifted power in Congress to Democrats. … Overall, 177 federal officials have been convicted in corruption cases over the last two years, Mueller said. During the same time, the FBI investigated cases against 158 state officials, 360 local officials and more than 365 police officers. It was not immediately clear how many police officers represented local, state or federal law enforcement agencies. … Last year alone, the FBI saw a 25 percent rise in its public corruption investigations, resulting in 890 indictments and 759 convictions, Mueller said. There are 2,118 cases still pending, he said." USA Today (12/7, 7A, 2.27M) briefly reports on Mueller's testimony, under the headline "FBI Corruption Probes Snare Officials, Officers."

The Washington Post (12/7, A9, Eggen) reports, "Congress isn't the only place where public corruption is on the rise. … More than 1,000 federal, state and local government employees across the country have been convicted in government corruption cases over the past two years, including hundreds of crooked police officers and others who have dipped into the taxpayers' till, FBI Director Robert S. Mueller III said yesterday." The Post continues, "The numbers underscore the extent to which public corruption has become a primary, if little-noticed, focus of FBI criminal investigators, taking its place alongside preventing terrorism as one the bureau's fundamental missions." The Post adds, "All told, public-corruption investigations have surged by 30 percent in the past four years, to more than 2,000, officials said. The FBI now dedicates more than 600 agents and 15 percent of its criminal investigative resources to government graft. … The highest-profile cases have been in Congress, including the probe into the web of corruption surrounding former lobbyist Jack Abramoff that led to guilty pleas from former congressman Robert W. Ney (R-Ohio) and some Capitol Hill aides, and a separate investigation that led to a guilty plea from former congressman Randy 'Duke' Cunningham (R-Calif.). The FBI also prompted a showdown with House leaders earlier this year after it searched the Capitol Hill office of Rep. William J. Jefferson (D-La.) in connection with a probe of financial deals he was involved in. … But most of the FBI's corruption inquiries focus on state legislatures, city halls and police stations, Mueller said. The list of convictions over the past two years includes 158 state officials, 360 local officials and 365 police officers, Mueller said. One hundred seventy-seven of the convictions involved federal officials." The Post notes, "Law-enforcement experts said it is impossible to say whether the increase in corruption cases reflects a rise in criminality among public officials or the greater emphasis at the FBI on such prosecutions. … The number of FBI agents assigned to corruption cases has ballooned from 451 in 2001 to 618 in 2006, officials said, and Mueller has made corruption the top priority for the bureau's criminal investigative division."

Local Television. WMBC- TV (12/6, 5:00 p.m.) New York, broadcasted, "The FBI's top man tells a Senate panel that public corruption is the Bureau's top criminal investigative priority. Robert Mueller tells the Senate Oversight Committee more than 1,000 crooked government employees have been convicted in the past two years. Among those were 360 police officers. The bureau saw a 25% jump in public corruption investigations last year."

WSPA- TV (12/6, 5:00 p.m.) in Greenville, Spartanburg, Asheville, broadcasts, "Fighting public corruption is the top priority of the FBI according to the bureau chief Robert Mueller. Today he told a Senate panel the fight against terror gets the most attention. But the FBI has busted more than 1000 government employees in the past two years in corruption cases."

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WBBH- TV (12/6, 4:00 p.m.) Ft. Myers, Naples, broadcasts, "Fighting terrorism is important, but public corruption is the FBI's top investigative priority. FBI director, Robert Mueller told a Senate panel more than 1,000 crooked government employees have been convicted over the past two years. That includes more than 360 police officers. And a dozen high profile House and Senate members."

WZVN- TV (12/6, 11:00 p.m.) Ft. Myers, Naples, broadcasts, "Conviction of 1,000 crooked government employees in the past two years. FBI director Robert Mueller explains they have seen a 25 percent hike last year in public corruption investigations. The Justice Department targeted dozen high-profile House and Senate members necessary corruption cases just in the past year alone." WGME- TV (12/6, 5:30 p.m.) in Portland, Auburn also broadcasted this story.

FBI Investigating Leak Of Weldon Probe. Bloomberg (12/7, Schmidt) reports, "The Federal Bureau of Investigation is conducting a leak investigation into the disclosure several weeks before the congressional elections that the FBI is probing U.S. Representative Curt Weldon, the agency's director said." Bloomberg continues, "FBI chief Robert Mueller told the Senate Judiciary Committee today that the agency is pursuing 'a series' of leak probes of its agents, including one involved in the Weldon matter. The Pennsylvania Republican, who lost his seat on Nov. 7, was involved in a tight race when the news of the investigation broke. … 'I was exceptionally disappointed, and that is being charitable in terms of my response,' Mueller said about the leak. 'It is unfair in advance of an election, but, as importantly to us, it adversely affected the investigation.'" Bloomberg adds, "The FBI probe of alleged influence peddling was first reported Oct. 13 by McClatchy Newspapers, which cited an anonymous law enforcement agent. Three days later, agents raided the home of Weldon's daughter and five other targets. … The FBI is probing whether Weldon used his political influence to steer business to help his daughter Karen win consulting deals, a person familiar with the matter has said. … Mueller said that at least one of the bureau's leak probes is being handled as a criminal investigation. He told the senators that he believes investigators are having 'some success' in discovering who the leakers are but declined to give any details."

In a third widely-distributed story, the AP (12/7, Jordan) also reports, "Mueller described himself as 'exceptionally disappointed, and that is being charitable, in terms of my response upon hearing about the leak.' … Senators scolded Mueller about the leaks," with Specter saying "the disclosures were 'just disastrous' for suspects who have not been charged, much less proven guilty." The AP adds, "Disclosing information a grand jury is considering is a serious crime, and such leaks often aim "to sway public opinion in favor of the government," said Martin Pinales, president of the National Association of Criminal Defense Lawyers. … On the other hand, leaks may sometimes be the price of having an open government in a democracy, said Ronald Collins, a scholar at the First Amendment Center."

Mueller Apologizes For Agent's Comments. WRC-TV (12/6, 5:00 p.m.) in Washington DC, broadcasts, "FBI Director Robert Mueller apologized for an agent's comments. The woman was a woman at the University Of Vermont and killed in October after a chance meeting with alleged killer Brian Rooney. Lawyers tried to get the murder charges dismissed. After Agent Fuller wrote or what was described as an inflammatory column about the case, Patrick Leahy chastised the agents and Muller responded."

US Charges Son Of Former Liberian President With Torture. The Miami Herald (12/7, Weaver) reports, "A federal grand jury in Miami today indicted the son of former Liberian President Charles Taylor on torture charges in what is believed to be the first criminal case of its kind in the country." The Herald continues, "Charles McArthur Emmanuel, 29, accused of committing atrocities in Liberia as the former head of a paramilitary unit in his father's government, already is in custody in the Federal Detention Center in Miami. He faces sentencing Thursday on a separate passport-fraud conviction. … Emmanuel, a U.S. citizen born in Boston who is known as 'Chuckie' Taylor, admitted that he falsified his application for a passport to enter the United States from Trinidad on March 30. He was arrested by U.S. Customs and Border Protection agents upon his arrival at Miami International Airport." The Herald adds, "His father, who was arrested the day before in Africa, faces a U.N.-backed war crimes trial for alleged atrocities during Sierre Leone's civil war. The elder Taylor also has been linked to killings, kidnappings, torture and other violence in Liberia, where his son headed the 'Demon Forces,' the security unit blamed for many of the alleged atrocities."

The Washington Post (12/7, A14, Smith) reports, "The indictment involves a rare use of a U.S. human rights law against a foreign national or a U.S. citizen over an act committed outside U.S. territory. Taylor's son allegedly committed the torture in the Liberian capital of Monrovia in July 2002, while he headed an 'antiterrorist unit' charged with protecting Taylor." The Post continues, "The son…has been in a Florida jail for the past nine months on charges of trying to enter the United States on a false passport. In a court pleading in that case, his attorney said that Belfast, 29, has 'consistently denied any criminal acts while in Africa.'" The Post adds, "Human Rights Watch, an advocacy group, had been lobbying the Bush administration to invoke the statute against Taylor since his arrest at the Miami airport after a flight from Trinidad. Amnesty International, which said in 2002 that at least 150 human rights abusers were living in the

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United States and called the country a 'haven for torturers,' had separately been pressing the Justice Department to invoke the 1994 criminal statute. … The charges are 'important for Liberia, but also important because it opens a precedent,' said Elise Keppler, a lawyer in Human Rights Watch's international justice program. .. .Until now, however, the government had preferred to seek extradition rather than criminal indictments. 'These cases are hard cases,' Julie L. Myers, head of the Immigration and Customs Enforcement (ICE) agency, said at a news conference yesterday. 'In this case alone, we had agents from . . . three different agencies flying all over the world to get evidence.' … Myers called the indictment a milestone. She said it will send 'a clear message that the United States will not be a safe haven for human rights violators.'"

The Washington Times (12/7, Seper) reports, "Assistant Attorney General Alice S. Fisher said the indictment, handed up in U.S. District Court in Miami, accuses Roy Belfast Jr., 29, who also is known as Charles Taylor Jr., Charles Taylor II and Charles McArthur Emmanuel, with one count of torture, one count of conspiracy to torture, and one count of using a firearm during the commission of a violent crime. … Mrs. Fisher said the indictment charges Belfast, who was born in the United States, with participating in the July 2002 torture in Monrovia, Liberia, while he was serving as chief of a violent paramilitary unit during his father's regime." The Times adds, "According to the indictment, the victim -- who was not identified -- was abducted from his home and transported to various locations, ultimately arriving at the residence of Mr. Taylor, who was then president of Liberia. It said Belfast observed questioning of the victim at this location before he was transported to the residence of a co-conspirator for continued interrogation. … While at the residence, the indictment said, Belfast and others tortured the victim, including burning his flesh with a hot iron, burning various parts of his body with scalding water, repeatedly electrically shocking the victim's genitalia and other body parts, and rubbing salt into the victim's wounds. … Belfast is in federal custody in connection with a criminal charge of passport fraud, to which he pleaded guilty on Sept. 15. He admitted lying on his passport application by listing his father as 'Steven Daniel Smith' rather than Charles Taylor or his stepfather, Roy Belfast. His sentencing is scheduled for today."

The New York Times (12/7, Johnston) reports, "The three-count indictment said the victim, who is not named, was a political opponent of the Taylor government. The victim was taken from his home to several locations, including the president's residence, and later to the home of a co-conspirator in the Liberian security service. … There the man was repeatedly burned with a hot iron and scalding water, the indictment said. He was given electric shocks and salt was rubbed into his wounds. The interrogation was carried out at gunpoint, the indictment said. … The United States attorney in Miami, R. Alexander Acosta, said these acts violated federal law. 'Such conduct is criminal and constitutes torture, and must be prosecuted,' he said."

The AP (12/7, Anderson) reports, "Because Emmanuel, 29, was born in the United States, prosecutors charged him under a 1994 law making it a crime for a U.S. citizen to commit torture or war crimes abroad. Emmanuel is already in custody in Miami awaiting sentencing for falsifying his father's name to get a passport he used to enter the U.S. from Trinidad in March." The AP notes, "Alice Fisher, assistant U.S. attorney general for the Justice Department's criminal division, said the indictment was the first time charges under the torture laws had been brought. Emmanuel faces a potential life prison sentence. … Emmanuel's father, meanwhile, faces trial next spring in The Hague, Netherlands, on charges of war crimes and crimes against humanity for allegedly overseeing the murder, rape and mutilation of thousands of people during Sierra Leone's bloody 10-year civil war, many hacked to death with machetes. Taylor has pleaded not guilty."

AFP (12/7) reports, "Taylor on Wednesday was charged with one count of torture, one count of conspiracy to torture and one count of using a firearm during the commission of a violent crime, the Justice Department said in a statement. … Specifically, he is charged with participating in the torture of a person in July 2002 who had been abducted from his home and taken to the residence of a member of the Liberian Special Security Service. … 'The allegations in this case include acts of torture, such as burning flesh with a hot iron, burning flesh with scalding water, and applying electric shocks,' US Attorney Acosta said in the statement."

Tennessee County Official Sentenced To Two Years In Prison For Bribery. In a widely-distributed story, the AP (12/7) reports former Shelby County Commissioner Michael Hooks Sr. "was sentenced Wednesday to slightly more than two years in prison for bribery." He "is one of 11 people, including five current or former state lawmakers, charged in an undercover FBI investigation code-named Tennessee Waltz. Judge J. Daniel Breen noted Hooks' guilty plea and statements of remorse in sentencing him to 26 months, less than the federal guidelines." The AP notes, "Hooks grew up in the home of his uncle, Benjamin Hooks, 81, the former national director of the National Association for the Advancement of Colored People. The elder Hooks said he had advised his nephew to admit his wrongdoing." The Memphis Commercial Appeal (12/7, Buser, 163K) notes, "Breen and federal prosecutors were clearly impressed by Hooks' admission of guilt and his refrain from criticizing the FBI's Tennessee Waltz

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investigation that recorded his downfall. 'He has accepted responsibility about as sincerely and publicly as he can,' Asst. U.S. Atty. Tim DiScenza told the judge. By comparison, former state senator Roscoe Dixon's defense in his bribery trial included allegations of entrapment and racism."

Tennessee Professor Suggests Probe Racially, Politically Motivated. WMC-TV Memphis (12/6, Hartman) reported on its Web site from a broadcast story, "A cloud of public corruption is looming over Shelby County; troubled elected officials bear a common thread which is impossible to ignore." Rhodes College Prof. Charles McKinney "says citizens must be able to trust their elected officials as well as the government agencies monitoring them. Specifically, McKinney says, the FBI. McKinney adds, 'What does it mean that the vast majority are Democratic or, perhaps more importantly, are African-American. If somebody is targeting Democrats, the vast majority of them, that's going to mean one of two things: one, they're targeting Democrats, and two, they're targeting African-American Democrats. If that is, in fact, the case,' says McKinney. McKinney says that this case is another unfortunate example of the peeling and stripping away of public trust."

Former US Army Contractor Pleads Guilty To Taking Bribes. The AP (12/7) reports, "A former director of contracting for the Army pleaded guilty in federal court to accepting more than $350,000 in cash, as well as airline tickets and hotel rooms, as bribes in exchange for awarding contracts at an Army recreational facility in Germany, prosecutors said Wednesday." Steven Potoski of Shriesheim, Germany, "a former civilian Army employee, pleaded guilty to one count of bribery and three counts of filing false tax returns, Assistant Attorney General Alice S. Fisher for the Criminal Division said in a statement released from Washington." The AP notes, "In all, Potoski accepted over $350,000 in bribes from 15 contractors or subcontractors, two American contractors, 12 German contractors, and one British contractor, Fisher said. Bribes also came in the form of home renovations, automobile maintenance, airline tickets, hotel rooms and furniture, among other things."

Pennsylvania State Senator Seeks Removal Of Corruption Trial Judge. The Philadelphia Inquirer (12/7, Shiffman, 385K) reports, "State Sen. Vincent J. Fumo says the federal judge supervising a grand jury investigation of him should step aside, citing a long history of 'political animosity' between the judge and senator. U.S. District Judge Legrome D. Davis has declined to recuse himself, saying he bears no animosity to Fumo, who strongly opposed the judge's nominations to the Philadelphia Court of Common Pleas and the federal bench. In a sealed order issued in July, Davis called Fumo's prior opposition nothing more than 'political gamesmanship.' A federal appeals court agreed with Davis, and now Fumo has appealed to the U.S. Supreme Court." The Inquirer notes, "The FBI and IRS are trying to determine whether Fumo used a South Philadelphia charity, Citizens' Alliance for Better Neighborhoods, for personal or political advantage."

Philadelphia Mobsters Fear FBI Intensifying Investigations. The Philadelphia City Paper (12/6, McGarvey) reported, "Many mobsters in the Philadelphia Cosa Nostra are dreaming of a jail-free holiday season, but they're worried that all they'll get for Christmas are chunks of coal taking the form of federal racketeering indictments. Fueling concerns is the fact that undercover feds have been seen closely monitoring alleged mob meeting places in South Philly, Northeast Philly, Cherry Hill and Margate. It seems as if purported boss Joseph 'Uncle Joe' Ligambi is the focus of attention. 'The FBI is following Ligambi around the clock,' a mob associate tells City Paper. 'A lot of people think something big is coming down the pike.'" However, "one local defense attorney who has represented mobsters says he thinks the feds are merely floating indictment rumors because they've wiretapped the local mob. 'It's called "tickling the wire,"' the attorney explains. 'The police tell the press. The press tells everyone else and when the gangsters hear about it, they start blabbing to each other over the telephone. The FBI hopes that someone will panic and say something incriminating.'"

FBI Says Gang Members Increasingly Infiltrating US Armed Forces. The European edition of Stars and Stripes (12/7, Robson) reports, "U.S. criminal gangs have gained a foothold in the U.S. military and are using overseas deployments to spread tentacles around the globe, according to the FBI. FBI gang investigator Jennifer Simon said in an e-mail to Stars and Stripes this week that gang members have been documented on or near U.S. military bases in Germany, Italy, Japan, South Korea and Iraq. 'It's no secret that gang members are prevalent in the armed forces, including internationally,' Simon said, adding that the FBI is preparing to release a report on gangs in the military." Stars and Stripes adds, "Gang-related activity in the military is highly underreported, and the Army is the only branch of the military that collects gang-related statistics, she wrote. 'It's often in the military's best interest to keep these incidents quiet, given low recruitment numbers and recent negative publicity. The relaxation of recruiting standards, recruiter misconduct and the military's lack of enforcement (gang membership is not prohibited in the Army) have compounded the problem and allowed gang member presence in the military to proliferate,' Simon said."

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Federal Judge Directs Maryland Officials To Test Recruiting Doctors For Executions. The AP (12/7, Witte) reports, "A federal judge considering challenges to Maryland's practice of execution by lethal injection wants the state to explore whether general surgeons, anesthesiologists and other more highly trained medical personnel would be willing to take part in executions." The AP continues, "Lawyers for death row inmate and convicted murderer Vernon Evans Jr. argue the people who currently carry out lethal injections are not qualified to know if an inmate is properly anesthetized before being put to death." The AP adds, "They have argued Evans' veins are so damaged from intravenous drug use that current execution protocol would subject him to "an unnecessary risk of unconstitutional pain and suffering." … They have asked U.S. District Judge Benson Legg to require the state to add a general surgeon and either an anesthesiologist or a certified nurse anesthetist to the lethal injection team." The AP notes, "Attorneys representing the state have argued such specialists are not needed because an execution is not a medical procedure. … The state also has argued that finding such specialists would be difficult. The American Medical Association, the American Society of Anesthesiologists and the American Nurses Association strongly discourage members from having anything to do with lethal injections. … But Evans' lawyers have argued there are medical specialists willing to take part. They have cited a study in the Annals of Internal Medicine that found 19 percent of surveyed physicians expressed a willingness to inject the drugs. The 2001 study also found 41 percent of the doctors surveyed would do at least one of the AMA-prohibited actions."

Judge Sets Bail For Two Of Three Charged With Sex Trafficking In Colorado. The AP (12/5) reported, "A federal magistrate set bail at $20,000 each for two people accused of running a prostitution ring but ordered a third suspect held without bail." Wai Chong Kong and Kit Chi Ho "were ordered Monday to wear monitoring bracelets on their ankles if released on bail. Magistrate Judge O. Edward Schlatter denied bail for Kah Poh Cheah…who prosecutors said is in the United States illegally on an expired visa. The three were arrested last month on suspicion of operating brothels out of four Denver-area apartments. Authorities said some of the prostitutes were working to pay off debts of up to $18,000 for fake visas that got them into the United States illegally from Asia." The Rocky Mountain News (12/5, Burnett) notedd Kit Chi Ho "wept as she asked a federal judge Monday to let her go home to her two young children. … On Monday, a federal grand jury returned an 18-count indictment, accusing each defendant of conspiracy and seven counts of transport of an individual for prostitution. Kong also is charged with two counts of money laundering, and Ho and Cheah each are charged with two counts of using interstate facilities to promote prostitution."

Virginia Man Pleads Guilty To $8.3 Million Investment Fraud. The AP (12/7) reports that a "Richmond man accused of cheating more than 350 investors out of about $8.3 million pleaded guilty Wednesday to mail fraud and money laundering. James E. Brown Jr. faces a maximum of 120 years in prison and fines of up to $16 million on each count when he is sentenced March 14 by U.S. District Judge Richard Williams, according to federal prosecutors. Brown was arrested in September after an investigation by the FBI, the U.S. Postal Inspection Service and the Internal Revenue Service. Authorities charged that Brown, owner and president of Brown Investment Services, promised investors he could double their money every 30 business days through trading on the Foreign Currency Exchange Market." The AP notes, "Little of the money was invested, and Brown paid early investors with cash coming in from subsequent investors to lull them into believing the investments were paying off as promised."

Former Fort Bliss Soldier Pleads Guilty To Child Porn Charges. The El Paso Times (12/7, Fonce-Olivas) reports, "A 27-year-old former Fort Bliss soldier pleaded guilty Wednesday in U.S District Court to charges of producing and possessing child pornography, the office of U.S. Attorney Johnny Sutton announced. Gary Alan Hernandez Jr., a former first lieutenant in the 204th Military Intelligence Battalion, pleaded guilty to one count of production and one count of possession of material involving the sexual exploitation of children." The Times notes, "As part of his guilty plea, he admitted that on April 16, 2005, he enticed a minor female to engage in sexually explicit conduct that would be photographed and distributed on the Internet. He was arrested Aug. 3, 2005, by FBI agents."

Florida Prosecutors Drop Charges In Girls Gone Wild Video Series Case. The AP (12/7) reports from Panama City, FL, "All but eight of the dozens of felony charges once faced by producers of the Girls Gone Wild video series about young women baring their breasts and acting in other sexual situations have been dropped by prosecutors due to a lack of evidence in the case that is set for trial next year." The AP continues, "Assistant State Attorney Mark Graham said he can support only second-degree felony charges of using children in sexual performances in his case against producer Joseph Francis, Francis' companies and employees. … The remaining charges could be dropped at a Jan. 3 hearing when a judge considers a defense motion to dismiss all charges in the 2003 case." The AP adds, "Graham filed the motion to reduce the

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charges on Monday in response to the request from Francis' attorney Aaron Dyer for all charges to be dropped because of police misconduct. A judge in July threw out evidence investigators gathered while searching Francis' condominiums and private jet because of problems with the search warrants. … A federal civil lawsuit against Francis filed by the two women filmed is pending."

Maryland Pastor Fatally Shot Outside Church. The Washington Post (12/7, B01, Partlow, Harris) reports, "A well-known Prince George's County minister who runs a transitional home for poor families died yesterday after being gunned down on the steps of his church in the morning." The Post continues, "The Rev. Milton L. Moore was outside the entrance of the Warriors for Christ Ministries in Suitland about 7 a.m. when he was struck in the upper body and bullets shattered a glass door, police and relatives said. He died at 4:25 p.m. … The shooting happened outside the three-story beige brick ministry building at 2420 Brooks Dr., which shares a parking lot with Drew-Freeman Middle School. Vernell Simon, 66, who lives across Brooks Drive from the ministry building, said he heard five or six shots, followed minutes later by sirens." The Post adds, "People inside the ministry building told police that they heard arguing outside before the shots. .. .Moore, 50, was shot once in the upper body, police said. … Several advocates for the homeless in Prince George's said Moore's ministry plays an important role in the county's social safety net and helps people get off the streets until they can find more permanent shelter."

Police Say Same Person May Have Killed Virginia Elderly Women. The Washington Post (12/7, B6, Jackman, 690K) reports, "Two elderly women slain three months apart in Springfield may have been killed by the same person -- someone with ties to their community who happened to come along, saw them alone and pounced on the opportunity to attack them, Fairfax County police said yesterday. 'I'm not going to say it's a serial killer,' Capt. Michael Spradlin, head of Fairfax's criminal investigations bureau, said at a news conference. But he said investigators decided that the cases were linked after looking at the common elements." The Post notes, "There was no indication that the women knew each other, Spradlin said. … Police have been discussing the cases with analysts from the FBI's Behavioral Sciences Unit, but Spradlin said he did not want to release any possible profile of the killer, for fear of limiting tips on potential suspects."

CIVIL LAW:

Family Sues US Mint Over Confiscation Of Rare Coins. The AP (12/7, Loviglio) reports from Philadelphia, "A family is suing the U.S. Mint, saying it illegally seized 10 gold coins that are among the rarest and most valuable in the world that the family found among a dead relative's possessions." The AP continues, "The lawsuit, filed Tuesday in U.S. District Court in Philadelphia, accuses the Mint of violating the Constitution and breaking federal forfeiture laws by refusing to return the 1933 'double eagle' coins to the family after it handed the coins over to have their authenticity confirmed." The AP adds, "Plaintiffs Joan S. Langbord and her sons, Roy and David, are seeking the immediate return of the coins, said their attorney, Barry H. Berke. … Defendants named in the suit include the Mint, the Treasury Department, and officials in those agencies. … The coins, which Mint officials have said are so rare that their value could not be calculated, feature a flying eagle on one side and a figure representing liberty on the other. There were 445,500 minted in 1933, but they were melted down before being released into circulation when President Franklin D. Roosevelt took the country off the gold standard. … A handful escaped, however. Two were deliberately set aside and are at the Smithsonian Institution. The Mint has said any others in existence were obtained illegally, but agreed after a lengthy court battle to allow one of the coins to be sold at auction in 2002 for $7.59 million - the highest price ever paid for a coin - after its owner agreed to split the proceeds with the Mint. … Langbord, who discovered the coins in 2003 in a safe deposit box belonging to her deceased father, longtime Philadelphia jeweler Israel Switt, was aware of that case and contacted the Mint to disclose the coins' existence and 'attempt to reach an amicable resolution of any issues that might be raised,' the lawsuit states. … She handed the coins over to the Mint to be authenticated, but the Mint refused to give them back, saying they must have been stolen from the Philadelphia Mint in the early 1930s because they had never been in circulation, according to the lawsuit."

Bankruptcy Filings Down After One Year Under New Law. The AP (12/7, Caterinicchia) reports, "Bankruptcy filings have dropped dramatically in the year since a law went into effect aimed at curbing abuse of the system. But it's too soon to gauge the act's effectiveness, the legislation's most ardent supporters said Wednesday at a hearing held to study the law's impact." The AP continues, "About 750,000 personal bankruptcy cases were filed in the month before the law went into effect Oct. 17, 2005, compared to fewer than 500,000 cases in the past 12 months. … Many consumers rushed to file ahead of the new law, which requires a 'means test' that determines whether filers qualify to have their debt erased under Chapter 7 or must file for a type of bankruptcy that requires repayment of a percentage of their debt over time. … 'Means testing is a workable system,' says Clifford J. White III, director of the

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Justice Department's Executive Office for U.S. Trustees, which has responsibility for the bankruptcy system. But White added that the test's long-term effectiveness is unknown since the number of filings has been so low." The AP adds, "White, who testified before the Senate Judiciary Subcommittee on Administrative Oversight and the Courts, also urged the mandating of 'smart forms' that would automate most court procedures involved in bankruptcy filings. That could help keep the bankruptcy system efficient if the number of filings increase in the future as trends indicate they will, he said. … From January to September, the personal and business bankruptcies dropped to 443,750 from 1.41 million in the year-ago period, according to data released Tuesday by the Administrative Office of the U.S. Courts. Personal filings fell to 429,522 from 1.38 million, while business bankruptcies declined to 14,228 from 26,275 in the same period. … But the subcommittee's incoming chairman, Sen. Charles Schumer, D-N.Y., said the bill may not go far enough in distinguishing between people who were financially ruined for legitimate reasons like job loss or the death of a spouse, and those who are 'reckless high rollers.'"

CIVIL RIGHTS:

DOJ Probe Clears Florida Police In 2005 Drug Raid Death. The St. Petersburg (FL) Times (12/7, Tisch) reports, "Federal prosecutors have determined that a Pinellas sheriff's deputy did not violate the civil rights of a St. Petersburg man who was shot and killed in April 2005 during a drug raid." The Times continues, "Jarrell S. Walker, 19, was shot to death by Deputy Christopher Taylor after a SWAT team burst into Walker's home as part of a drug investigation April 12, 2005. … Deputies found drugs and guns in the home. Walker, who was unarmed, was shot twice in the back." The Times adds, "The FBI said in May 2005 that it would investigate whether Walker's civil rights were violated. … 'After careful consideration, we concluded that the evidence does not establish a prosecutable violation of the federal criminal civil rights statutes,' said Mark J. Kappelhoff, section chief of the criminal section of the U.S. Department of Justice's Civil Rights Division, in a letter to the Sheriff's Office." The Times notes, "The shooting prompted controversy and criticism from some community leaders, especially in St. Petersburg's African-American community. Walker was black; Taylor is white. … The Pinellas-Pasco State Attorney's Office ruled the shooting justifiable homicide because, it said, Walker was reaching for something under a couch and refused repeated orders to show his hands. A loaded handgun was found nearby. … However, Pinellas-Pasco State Attorney Bernie McCabe noted in a report: 'I cannot help but note that this is another relatively young black male who has met his death at the hands of law enforcement in Pinellas County.' He urged the Sheriff's Office to review its policy on deadly force. … Sheriff Jim Coats did just that, changing policy to make it more clear when deadly force should be used. … The federal civil rights review came at the request of the St. Petersburg NAACP, whose leadership disagreed with McCabe's decision to clear Taylor of wrongdoing."

Protestors Urge Action After Atlanta Police Shootings. The Atlanta Journal-Constitution (12/7, Simpson) reports, "Vowing to go to jail for their cause, about 50 protestors blocked traffic on Memorial Drive Wednesday in the latest march to draw attention to police shootings in DeKalb County." The AJC continues, "Marchers who made the short trek from the county jail complex to nearby I-285, included former DeKalb NAACP president John Evans and state Rep. 'Able' Mable Thomas (D-Atlanta). … Some of the marchers said they were willing to be arrested for the cause. No police were on the scene shortly after 11 a.m." The AJC adds, "The march is the third of its kind in recent weeks. This year, DeKalb police have been involved in 12 deadly shootings. One officer has been killed. … Some community activists have called for the U.S. Justice Department to investigate. The DeKalb County District Attorneys office has agreed to review all of the shootings."

Group Sends Letter To Gonzales. WAGA- TV (12/6, 12:00 p.m.) broadcasts in Atlanta, "We want to ask Mr. Vernon Jones how much more a mother has to cry for their child, how much more kids have to cry for their parents. And the group has written a letter to US Attorney General Alberto Gonzalez. They have not heard back yet. So they will be going to the county commission's meeting next Tuesday."

Columnist Decries Slow Pace Of NYC Police Shooting Probe. In his column for the New York Times (12/7), Bob Herbert writes, "I don't know whether the undercover cops who shot and killed Sean Bell and wounded his two friends should be criminally indicted. I wasn't there and not enough information has emerged publicly to make a determination. … What I do know is that the investigation of this shooting in Jamaica, Queens, in which the victims were unarmed and seemed to have no intention of threatening the police, is not being conducted in a timely or effective fashion." Herbert continues, "While the local community is seething with anger over the shooting, there are investigators scrambling like mad to find dirt to throw on the victims and locate any evidence that might, however remotely, tend to justify the shooting. But the authorities have not even asked the cops, who fired 50 bullets at the car with the three men inside, what happened. That is insane." Herbert adds, "The office of the Queens district attorney, Richard Brown, is leading the investigation into the shooting. For procedural reasons that have to do with concerns about inadvertently

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conferring some degree of immunity on the officers, the D.A. has asked the Police Department not to interview the officers who shot at the car. … But the D.A.'s office has been moving in super-slow motion on the case, and no one from that office has interviewed the cops, either. Mr. Brown told me yesterday that he has a tremendous amount of additional information to gather before his office attempts to speak to the cops. … The truth is that neither the Police Department nor the district attorneys in New York are equipped to properly investigate controversial police shootings. The prosecutors and the cops have a special, co-dependent relationship that exists around-the-clock, year-in and year-out. They work together all the time on criminal cases and other matters. They view one another as members of a close-knit criminal justice family. They watch each other's backs. … The interests of the larger community can be served only when problematic police shootings are thoroughly and fairly investigated by objective, impartial and independent investigators. … A special investigative office, which could look at these incidents and encounters only after the fact, is not enough. There is also a need for Mayor Bloomberg and Police Commissioner Ray Kelly to become proactive, to acknowledge that racism is still an issue in the Police Department and to overhaul police training and address poisonous police attitudes in an effort to prevent these senseless tragedies."

New York Anti-Terror Unit Sued For Anti-Muslim Rhetoric. The AP (12/7, Neumeister) reports, "A celebrated police anti-terrorism cyber unit became a beehive of anti-Muslim rhetoric after a city consultant unleashed hundreds of hateful e-mails saying Muslims and Arabs were all potential terrorists, a unit member said in a lawsuit filed Tuesday." The AP continues, "The Department of Correction lieutenant, listed as John Doe Anti-Terrorism Officer on the lawsuit in U.S. District Court in Manhattan, said he was subjected to a hostile work environment, great emotional anguish, public humiliation and illegal retaliation. .. The Egyptian-born man asked for unspecified damages, saying he had suffered severe emotional distress, mental anguish, depression, physical injuries, illness, loss of pay and benefits and loss of advancement opportunities as a member of the elite anti-terror unit." The AP adds, "The man, described in the lawsuit as 'a proud Arab-American, a practicing Muslim and a patriot,' blamed the city for failing to respond to his repeated complaints about the contractor, who was alleged to have sent e-mails saying 'Burning the hate-filled Koran should be viewed as a public service at the least' and 'Without Islam, there wouldn't be any Islamic terror.' … He said the hateful rhetoric, unchecked by supervisors, infected the workplace, where other employees felt comfortable making anti-Muslim comments and jokes and where a high-ranking police official thought it was OK to say, 'All Arabs are animals.'"

Judge To Decide On Osceola, FL, Voting Plan. The Orlando Sentinel (12/7, Pino) reports, "A 17-month-long battle over how Osceola elects county commissioners could come to a close in federal court today." The Sentinel continues, "The remaining issue before U.S. District Judge Gregory A. Presnell is whether the county's proposal to create a system of at-large and single-member seats by increasing the size of the board to seven commissioners will pass legal muster." The Sentinel adds, "Presnell issued an injunction halting commission elections in June and ruled in October that the 'racially polarized' county's at-large voting system penalizes Hispanics in violation of the Voting Rights Act. … On Wednesday, commissioners voted 4-0 to accept a redistricting plan drafted by the U.S. Department of Justice, rather than a plan drawn up by county experts, after Presnell this week rejected a key part of the county's proposal. Commissioner Paul Owen was absent." The Sentinel notes, "In drawing proposed new district lines, Osceola had used 2005 U.S. Census population estimates and a county database of certificates of occupancy to distribute the approximately 59,000 people who have moved to the county since 2000. Presnell said he was "unconvinced" by the data and ordered the county to submit a plan using 2000 Census figures by Wednesday. … 'I'm going to support the resolution' to adopt the Justice Department's plan, Commissioner Tom Franklin said. 'But I think we should express our concern that the court did not allow us enough time to seek public input.' … The plan adopted Wednesday has district lines that do not require two commissioners to face each other in an upcoming election. As a result, Assistant County Attorney George Nickerson said, the Justice Department will accept staggered elections. In its initial proposal, the agency has wanted all five commission seats on the ballot at the same time."

ANTITRUST:

Texas Man Indicted For E-Rate Fraud. The AP (12/7) reports, "A contractor was indicted in Texas on Wednesday and charged with defrauding a federal program that provides computers and Internet access to economically disadvantaged schools and libraries." The AP continues, "A federal grand jury in McAllen, Texas, returned a nine-count indictment alleging that the former president and owner of ATE Tel Solutions Inc. — Rafael G. Adame — committed wire fraud, according to the Justice Department." The AP adds, "The E-Rate program is funded by telephone customers through a special fee included in their bills. The indictment alleges Adame submitted fraudulent charges on behalf of his company to the program's administrator,

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collecting $141,273 in payments. … The Justice Department said that including Wednesday's filing, 14 individuals and 12 companies have been charged as part of an ongoing investigation into the program. Thus far, defendants have agreed to pay fines and restitution totaling more than $40 million." The AP notes, "The indictment alleges Adame, by making false representations on invoices filed with the E-Rate administrator, received payments in excess of what was authorized and for work that was not performed."

Antitrust Probes Roil Municipal Bond Market. Bloomberg (12/7, Selway, Braun) reports, "The first-ever antitrust probe of the municipal bond market is roiling an industry that states and cities depend on to finance everything from garbage trucks to schools." Bloomberg continues, "U.S. Justice Department prosecutors subpoenaed more than a dozen banks and insurers three weeks ago, seizing documents from three brokers in a search for evidence of bid rigging. Lawyers say it's the biggest criminal investigation of the almost 200- year-old market, where municipalities have more than $2 trillion of debt outstanding. … 'You don't want to have something like this going on,' said Robert Doty, a Sacramento, California-based adviser with American Governmental Financial Services Co., who is the vice chairman of the National Association of Independent Public Finance Advisors. 'It's just bad for the reputation of the market.'" Bloomberg adds, "JPMorgan Chase & Co., the third-largest bank in the U.S., American International Group Inc., the world's largest insurance company, and Financial Security Assurance Holdings Ltd., a unit of Brussels-based financial services company Dexia SA, are among the companies that received subpoenas. JPMorgan declined to comment. AIG and Financial Security spokespeople said the companies are cooperating with the probe. … The investigation stems from an Internal Revenue Service review that found scores of municipal bond deals robbed federal taxpayers of more than $100 million. Banks and other financial firms arranged to sell guaranteed investment contracts in a way that increased their fees at the expense of the U.S. government, said Charlie Anderson, manager of field operations for the IRS's tax-exempt bond division."

The Wall Street Journal (12/7, C1, Hudson, Richardson) reports, "Federal regulators tried to clean up corruption in the municipal-bond market in the 1990s. … But with the muni market caught in a new, wide-ranging investigation, it looks like little has changed." The Journal continues, "In recent weeks, the Justice Department and the Securities and Exchange Commission have issued subpoenas to Wall Street firms seeking information on an array of muni-market investment products, according to people close to the banks. In November, the Federal Bureau of Investigation raided offices of some firms that act as go-betweens for municipalities and the banks. The Justice Department acknowledged it was investigating 'anticompetitive practices' in the industry. And the Internal Revenue Service is examining whether consultants and underwriters have used financial sleight of hand to evade federal taxes. … 'There's a lot of bad deals out there -- and the industry is very blasé,' said Charles Anderson, field manager of the IRS's municipal-bond unit, in an interview." The Journal adds, "The Justice Department has issued subpoenas to most of the big investment banks on Wall Street, according to several people close to the banks. The top underwriters of municipal bonds over the past 15 years include Bank of America Corp., Bear Stearns Cos., Citigroup Inc., Goldman Sachs Group Inc., J.P. Morgan Chase & Co., Lehman Brothers Holdings Inc., Merrill Lynch & Co., Morgan Stanley and UBS AG. All declined to comment officially, but several people close to the banks said that most or all of the firms had received subpoenas in recent weeks. … Some people familiar with the probes cautioned that hard details about the nature of the latest investigations are hard to come by. One person close to a big Wall Street bank said the probes 'could take several years.'"

Delta Pilots Union Opposes Merger With US Air. USA Today (12/7, Adams) reports, "On a day of escalating rhetoric from two airlines, the chief of Delta Air Lines' pilots union warned Wednesday that a merger with US Airways (LCC) would leave 'thousands' of Delta employees jobless." USA continues, "The remarks by Lee Moak, chairman of Delta's Air Line Pilots Association, came as US Airways CEO Douglas Parker pressed for access to Delta's books to move ahead on his company's bid to acquire Delta out of Chapter 11 bankruptcy." USA adds, "US Airways has made a hostile takeover offer of $8.5 billion in cash and stock for Delta, the USA's third-biggest airline, which is in Chapter 11. US Airways says a merger would make both airlines stronger and more competitive in the USA and abroad. It would be the world's biggest airline. .. .Executives at Delta have rebuffed the offer, saying that it's too risky and that Delta is better off alone." USA notes, "Moak's warning of job losses contrasts with US Airways' public promises not to lay off any employees or halt air service to any cities if the two airlines merge. Because both US Airways and Delta operate a shuttle service serving Washington, New York and Boston, Parker has said one of the shuttles would have to be sold to avoid federal antitrust violations. … In an interview, Moak said the union's analysis of US Airways' offer finds 'at least 1,000 Delta pilots and several thousand other Delta employees would be terminated' as a result. … Only Delta's pilots are unionized. That union is one of Delta's largest unsecured creditors and is represented on the creditors' committee. Other Delta workers, such as flight attendants,

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mechanics and reservations agents, are not unionized and have no contract protections."

US Air Reiterates Commitment To Merger. The Atlanta Journal-Constitution (12/7, Hirschman) reports, "US Airways called for Delta Air Lines' directors and creditors to 'fully and fairly' evaluate its $8.6 billion takeover bid and reiterated Wednesday its commitment to pursue the controversial deal." The AJC continues, "Some airline analysts had concluded the acquisition was falling apart when US Airways CEO Doug Parker was quoted in USA Today on Wednesday morning saying his carrier would abandon the hostile takeover if Delta wasn't convinced of its benefits. Parker's comments were made during a Tuesday meeting with the newspaper's editors and reporters. … 'We have to get to a point where all are working together on this or it's not going to happen,' Parker said in USA Today. 'This is all about convincing Delta's management that this plan makes sense.'" The AJC adds, "On Wednesday afternoon, however, Parker issued a written statement proclaiming US Airways is 'fully committed' to purchasing Delta and calling for the Atlanta-based airline's board and creditors to move to a detailed study of a combined operation. … Parker didn't deny telling USA Today that US Airways would only pursue a consensual deal. But a US Airways spokeswoman said Parker's written statement was meant to clear up 'misperceptions the article may have caused.'"

SF Chronicle, MediaNews Plan Ad Sales, Distribution Sharing Deal. The AP (12/7, Kravets) reports, "MediaNews Group Inc. and the San Francisco Chronicle plan to consolidate some of the business operations of their Bay Area newspapers, but will refrain from doing so pending the outcome of a federal antitrust trial challenging the deal, both companies said Wednesday." The AP continues, "Last week, U.S. District Judge Susan Illston tentatively blocked MediaNews and the Chronicle's owner, Hearst Corp., from merging local distribution and national ad sales. Illston said such a deal could pave the way for "price manipulation" and make it harder for new competitors to enter the market." The AP adds, "New York-based Hearst Corp. has invested $300 million in a complex deal that gives MediaNews three more Bay Area newspapers -- on top of the seven it already owns, including the Oakland Tribune. Hearst's investment helped Denver-based MediaNews finance the purchase of Hearst rivals Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year. … In issuing the temporary restraining order against the alliance, Illston said she had been under the impression that Hearst's investment was solely an equity stake, but an April 26 memo had surfaced suggesting it actually was a bid to merge operations." The AP notes, "Illston's comments bolstered San Francisco businessman Clint Reilly's federal antitrust claims against the publishers. … In court briefs and in interviews Wednesday, the publishers said they planned to move forward with the consolidation by winning the right to do so at trial by proving the plan is not anticompetitive. Executives have said the two companies had not engaged in any discussions to merge operations since the letter was written."

Telemundo, Grupo Xtra Request For Network Sets Off Mexican Media Dispute. The New York Times (12/7, Malkin) reports, "Night after night for almost two weeks, Mexican television news has shown exposés on how poor people suffer from the high cost of medicines. … The images of the ill and dying have been heart-wrenching. Legislators lament the lack of regulation. Corner pharmacies barely fend off failure. The new health minister concedes that high prices are a problem." The Times continues, "It may be merely a coincidence that Mexico's two competing television companies, Televisa and TV Azteca, have each chosen to focus on this particular social problem at the same time. … Their separate reporting comes to exactly the same conclusion. The culprits who drive the prices so high are two pharmaceutical distributors who together control 70 percent of the market. And both news teams single out the same one for particular opprobrium: Grupo Casa Saba, a $2 billion company controlled by the reclusive octogenarian billionaire Isaac Saba Raffoul. … What neither Televisa nor TV Azteca mentions is that Mr. Saba has his eye on another business: television." The Times adds, "Mr. Saba is the Mexican partner of Telemundo, the NBC Universal unit that is the No. 2 Spanish-language television broadcaster in the United States. In September, Telemundo and another company Mr. Saba owns, Grupo Xtra, formally requested a license for a broadcast television network. … Both Televisa and TV Azteca say that their coverage is driven only by news judgment. … Within weeks, the license request set off a nasty dispute between Telemundo and TV Azteca, leading to lawsuits and countersuits. Last week, Telemundo asked the Federal Communications Commission in the United States to deny the renewal of the broadcasting license to KAZA, the Los Angeles affiliate of Azteca's growing network based in the United States. The dispute comes just as Felipe Calderón takes office as president. Mr. Calderón, who campaigned on a promise to increase competition, has said that Mexico should have a third broadcast company. … The decision over whether to authorize a new network, which would be awarded by public auction, could prove to be the new government's first big test when it comes to taking on powerful business interests."

Japan Tobacco Discussing Takeover Of Gallaher. The Financial Times (12/7, Saigol, Wiggins)

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reports, "Japan Tobacco, the world's third-biggest tobacco company, has made a takeover approach for Gallaher, the UK group that owns the Benson & Hedges and Silk Cut brands. … The approach is expected to trigger a counterbid for Gallaher, which has a market value of £6.4bn ($12.6bn)." The Times continues, "Philip Morris is the most likely suitor. BAT and Imperial Tobacco might also be interested but they would face heavy competition issues. … People familiar with the situation said on Wednesday night the talks were at a preliminary stage. The two companies have had one discussion." The Times adds, "Gallaher has been the subject of persistent takeover speculation in recent weeks. The UK company's shares have risen strongly over the past two months, gaining 13 per cent to close on Wednesday at 979p. … On Thursday, shares of Japan Tobacco surged 5.5 per cent to Y533,000 in midday trading in Tokyo. … Gallaher said on Wednesday night it had received an approach but declined to name the company involved. It said there was no certainty an offer would be made." The Times notes, "Japan Tobacco, which also owns food and pharmaceutical businesses, controls about 70 per cent of the Japanese tobacco market. A former state-owned monopoly, it sells the Camel and Winston brands outside the US. Japan Tobacco's international tobacco business is stronger than its domestic operations."

News Corp Nears Deal To Regain Liberty's Stake. The Wall Street Journal (12/7, A3, Angwin) reports, "A two-year standoff between News Corp. and its second-biggest shareholder, Liberty Media Corp., is nearing an end in a deal that will return Liberty to a powerful position in the media sector and solidify News Corp. Chairman Rupert Murdoch's control of his company, say people close to the situation." The Journal continues, "Under an agreement, which could be finalized in the next few weeks, News Corp. will buy Liberty's $11 billion stake in the media giant in exchange for News Corp's 38.6% stake in satellite-TV firm DirecTV Group Inc., some cash and some smaller News Corp. assets. … While the two sides have been discussing a deal along these lines for several months, significant progress has been made this week, according to people close to the situation." The Journal adds, "The biggest bone of contention has been the soaring stock price of DirecTV, which has risen more than 20% to above $23 since news of the talks broke in mid-September. … But while the two shareholdings are now roughly equal in price, Liberty executives believe the DirecTV stock was inflated by deal speculation, a point Liberty Chief Executive Greg Maffei made to investors at a media conference yesterday. By adding some cash and other assets to the swap, News Corp. will reduce the effective price it is getting for its DirecTV shares. … The main reason to add the assets, however, is to ensure the deal is tax-free for Liberty. Mr. Maffei estimated Liberty would save billions of dollars in taxes on the cash-and-asset swap."

Professor Warns Against Antitrust Probes Of Private Equity Funds. In an op-ed for the Wall Street Journal (12/7, A18), Josh Lerner, the Jacob H. Schiff professor of investment banking at Harvard Business School, writes, "Some 53 years ago, Judge Harold Medina dismissed charges brought by the Justice Department against 17 leading investment banks. A case built up over a decade of investigations and almost three years of trial collapsed when the government was unable to show that the industry's collaborative practices constituted an anti-competitive conspiracy. The judge observed that activities that the government depicted as nefarious were 'nothing more nor less than a gradual, natural and normal growth or evolution by which an ancient form has been adapted to the needs of those engaged in raising capital.' … Now the trust-busters have again launched an inquiry into collusion in financial services, this time focusing on private equity firms such as Kohlberg, Kravis & Roberts. … The concern this time involves teaming up to bid in auctions of firms going private rather than jointly underwriting public corporate offerings. But it is hard not to feel that history is repeating itself. For not only is this investigation sure to fatten the profit pools of dozens of securities law firms, but the fundamental errors that Judge Medina flagged half a century ago seem destined to be repeated." Lerner continues, "Far from being a static industry with ossified giants, private equity features brutal competition and enormous dynamism. Groups that were dominant just a few years ago…have dramatically downsized or announced their intention to cease operations after experiencing investment missteps and succession problems. Meanwhile, new organizations have amassed enormous sums of capital in short periods. For instance, one of the Justice Department's targets, Silver Lake Partners, was only established in 1999. Since then, it has raised $6 billion in equity, and in light of its great success, is now raising a larger fund. … Thus, the reality of the market seems dramatically different from the typical setting where "trust-busters" are mandated to work. Moreover, the behavior in the Justice Department's cross-hairs -- deal sharing -- is an important aspect of this competition that benefits all of us." Lerner concludes, "Even if the antitrust threat dissipates, there is a broader lesson here. When one considers private equity's substantial successes in this decade, it is clear that the industry thrives on its extraordinary flexibility and ability to take risks. … Private equity is a dynamic industry, at whose heart is taking calculated risks based on limited information. Washington must understand that the many benefits private equity provides by facilitating economic growth are unlikely to

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be sustained if the heavy hand of government intrudes, whether through litigation or regulation."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ Tells Alabama County To Continue Greenways Program. The Birmingham (AL) News (12/7, Bouma) reports, "The U.S. Justice Department has rejected Jefferson County's plans to close its greenways program, leading to an 11th-hour scramble to write a new arrangement that all sides agree is legal." The News continues, "The county cannot meet its obligations under a federal agreement by assigning the ultimate financial and legal responsibility to the nonprofit Freshwater Land Trust, as the County Commission voted in November." The News adds, "Jefferson County agreed in 1996, in a federal case, to spend 10 years buying land in the Black Warrior and Cahaba rivers watersheds as penance for polluting the waterways for decades with broken sewers. … All sides agree that the county met its obligation to finish buying land in the $30 million program by the Saturday due date. And lawyers agree the nonprofit Freshwater Land Trust should oversee the land, as the county has planned. … But the 1996 court settlement requires the county to keep financial responsibility for major problems and the legal responsibility of ensuring that the land is preserved." The News notes, "Bill Weinischke, senior attorney for the Justice Department, said he could not say what would happen if the county missed the deadline by a few days but completed it in time for the county commission to vote on it during its Tuesday meeting. … Fines are allowed under the 1996 consent decree, but the Justice Department has not threatened any."

Interior Department AG Finds Pervasive Problems In Royalty Program. The New York Times (12/7, Andrews, 1.16M) reports, "An eight-month investigation by the Interior Department's chief watchdog has found pervasive problems in the government's program for ensuring that companies pay the royalties they owe on billions of dollars of oil and gas pumped on federal land and in coastal waters. In a scathing report to Congress, the Interior Department's inspector general says the agency's data are often inaccurate, that its officials rely too heavily on statements by oil companies rather than actual records and that only about 9 percent of all oil and gas leases are being reviewed." The "report undermines claims by top Interior officials that the department is aggressively pursuing underpayments and outright cheating by companies that drill on property owned by the American public." It "comes as lawmakers in both parties have been attacking the Interior Department for failing to correct blunders that department officials now concede could cost the government as much as $10 billion over the next five years. It also reinforces complaints by critics, from auditors within the agency to lawmakers in both parties, who have said that enforcement has become superficial, prone to errors and overly deferential to oil companies."

The Washington Post (12/7, D3, Mufson, 690K) reports, "The agency that collects royalties from oil and gas producers lacks the data, coordination and manpower to keep track of companies operating on federal land and in federal waters, a report by the Interior Department's inspector general said." It "criticized the Minerals Management Service for relying on 'compliance reviews,' which depend on information provided by the companies, rather than detailed audits, independent information or site visits."

The AP (12/7, Talley) says, "With 'inaccurate and incomplete' data and compliance reviews that 'do not adequately evaluate company-reported volume and allowance data,' the Inspector General said there was a high risk 'the MMS may not detect underpaid royalties.' As a result, the MMS cannot determine the true cost and benefits of the royalty program, and has no complete picture just how much oil companies owe the government." The AP adds, "MMS Director Johnnie Burton, in a response letter to the Inspector General, said that she agreed that more could be done to raise compliance levels. In a press release, the MMS said it would act quickly to implement new measures recommended by the Inspector General, including, 'strengthened procedures, improved administrative controls and enhanced tracking systems.'"

The Houston Chronicle (12/7, Ivanovich, 530K) reports the IG "recommended agency officials insist companies turn over actual source documents — such as tank gauge reports — for at least one test month." The Chronicle adds, "Responding to the report today, Rep. Darrell Issa, R-Calf., chairman of a House subcommittee that has been examining the Minerals Management Service, said agency officials 'don't seem to have any concept of independent collection or independent analysis.' ... Rep. Edward Markey, D-Mass., a frequent critic of the White House's energy policies, said the Devaney report 'underscores how poorly the Bush Administration's Minerals Management Service has been overseeing oil and gas drilling activities on public land.'"

Judge Blocks US From Reversing Roadless Rules. The Christian Science Monitor (12/7, Knickerbocker) reports from Ashland, OR, "Six years after the Bush administration came to office seeking to reverse Bill Clinton's order for protecting roadless areas on federal lands, the issue continues to smolder. … A federal judge has blocked the administration from lifting protections on nearly 50 million acres of backcountry. Several governors are suing Uncle Sam over the issue. And other governors are pushing

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ahead with their own plans to balance environmental protection with mining, logging, oil and gas development, and other commercial uses." The Monitor continues, "At stake are vast areas of federal land, most of it forested tracts across the Ameri-can West where the sound of road-building bulldozers has never been heard. Environmentalists say such areas are valuable for wildlife habitat, preserving water and air quality, and providing a wildernesslike experience. Many hunters and fishermen want them kept pristine as well. .. .But many areas also are potential sources of timber, minerals, gas, and oil. Developing such natural resources can be done in a way that protects the environment, administration and industry officials assert." The Monitor adds, "In September, US Magistrate Elizabeth Laporte in San Francisco ruled that the Bush administration's repeal of the 2001 Roadless Area Conservation Rule, as the Clinton order is called, violates both the Endangered Species Act and the National Environmental Policy Act. .. .In another opinion last week, Judge Laporte blocked plans to extract natural resources in roadless areas, including some 300 controversial oil and gas leases in seven western states the US Forest Service issued in recent years. … Administration officials made 'a clear error of judgment' in attempting to open up roadless areas without the proper environmental assessments, Laporte ruled. .. .The administration had sought to require governors to petition Washington if they wanted to protect federal roadless land in their states. Laporte ruled that illegal as well. But not before governors in Virginia, North and South Carolina, New Mexico, and California had petitioned the federal government for full protection of roadless areas in their states. .. Meanwhile, governors in other states - Idaho, Colorado, and Utah among them - want to lift or ease some of the restrictions imposed by the Clinton rule."

States Developing Own Plans To Cut Mercury Emissions. The Christian Science Monitor (12/7, Clayton, 59K) reports, "Facing a mandate to slash toxic mercury emissions from coal-fired power plants, 23 states are thumbing their noses at a federal cleanup plan and are instead developing their own far tougher plans to deal with mercury." But "doing so has caused many of them to miss a federal Nov. 17 deadline to submit their plans to the Environmental Protection Agency. Now, the EPA is ratcheting up the pressure. This week, the agency is expected to publish names of more than 20 states that could have the federal plan imposed on them if they don't submit tougher plans by next spring." The Monitor adds, "What it all adds up to is a major state-led rebellion over mercury emissions that dwarfs, for example, an 11-state push to create regional greenhouse-gas reduction programs without federal support. If successful, the revolt could weaken a key element of the federal mercury rules: an emissions-trading system popular with the utility industry and already in place for air pollutants like nitrogen oxides."

Small Print In Tax Bill Would Delay EPA Rule. The AP (12/7, Heilprin) reports, "Farmers would be off the hook for costly air pollution cleanups under an obscure provision slipped into a tax bill that may be the last act of this Congress. Buried in the fine print of the bill filed Wednesday, the measure by Senate Finance Committee Chairman Charles Grassley, R-Iowa, would forbid the Environmental Protection Agency from applying the Clean Air Act to dust and soot from farms until 2012." Environmentalists "complain the moratorium would grant farmers a five-year holiday from the EPA's health standards for fine particles and soot, which protect people living downwind."

Police Officers Wounded In Shootout On Nevada Indian Reservation. The AP (12/7) reports, "A tribal police chief, another officer and two residents of a home on the Walker River Paiute Reservation were wounded in a shootout Wednesday as the officers tried to serve an arrest warrant at the house, authorities said. The four men were flown by emergency services helicopters to a hospital in Reno, about 100 miles to the north, FBI spokesman David Staretz said. … Staretz said both officers were wearing body armor and their injuries weren't considered life-threatening. Staretz also said he was told the other men, a father and son, didn't sustain serious injuries, although a spokesman for the Regional Emergency Medical Services Authority in Reno said one of the men was in critical condition." The AP notes, "The nature of the arrest warrant wasn't immediately known, although Staretz said it may have been drug-related since DEA personnel were at the scene. A neighbor described the house as a known hangout for drug users."

House GOP Leaders Drop Efforts To Push Indian Casino Bill. The Hill (12/7, Snyder) reports, "House Republican leaders have apparently dropped a late attempt to pass a bill that limits off-reservation Indian gaming, after several tribes raised objections." The Hill continues, "House Speaker Dennis Hastert (R-Ill.), who opposes one tribe's effort to build a casino in his district, supported the last-ditch effort to push the bill, which had previously been introduced by Rep. Richard Pombo (R-Calif.), outgoing House Resources Committee chairman, gaming lobbyists said. … But the measure proved too controversial to fit into a short lame-duck session." The Hill adds, "Tribal officials and their lobbyists have urged Congress to wait instead for the Department of the Interior's own effort to update its rules governing Indian gaming. … A public-comment period on the proposed rule closes next Friday, with a final rule expected sometime late next spring. … 'We felt like there was a regulation out there and that we ought to let the regulation go

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forward,' one gaming lobbyist said. … But Brian Kennedy, a spokesman for the House Resources Committee, said that the Pombo measure provided stronger protection against the spread of casinos than is contemplated by Interior." The Hill notes, "In September, a majority of House members voted to approve the Pombo bill, but the measure failed because it did not receive the two-thirds support it needed to pass on the suspension calendar. …. An Interior staff member startled a gathering of tribal officials and Indian lobbyists yesterday morning when he announced that both Hastert and Majority Leader John Boehner (R-Ohio) planned to try to push the bill through. … 'The room was packed with D.C. lobbyists there on behalf of their tribal clients,' one lobbyist in attendance wrote in an e-mail to The Hill. 'Most are in strong opposition to the bill.'"

Seminole Tribe To Buy Hard Rock Restaurant, Casino Chain. The Wall Street Journal (12/7, Sanders, Berman) reports, "British gambling-and-leisure company Rank Group PLC said Thursday it will sell the Hard Rock Cafe restaurant-and-casino chain to the Seminole Tribe of Florida for $965 million." The Journal continues, "The Hard Rock business includes 124 Hard Rock Cafes, four Hard Rock Hotels, two Hard Rock Casino Hotels, two Hard Rock Live! concert venues, and stakes in three unbranded hotels. Rank said it would keep the Hard Rock Casino in London but under the Rank Gaming brand. … 'We have maximized the value of Hard Rock through this disposal following a thorough strategic review and competitive auction,' said Chief Executive Ian Burke said." The Journal adds, "The sale, which is subject to shareholder approval, is scheduled to be completed in March. .. The deal shows the long-term maturation of U.S. Indian tribes that have made hundreds of millions of dollars in the gambling business. From roots as operators of small bingo-hall outposts on their reservations, some have become potent entrepreneurs on a wider stage. … The deal for Hard Rock -- a 35-year-old chain based around rock-music memorabilia -- is high-visibility proof of that evolution. Hard Rock posted $70 million in operating profit on $500 million in revenue last year." The Journal notes, "The Seminoles have been a target of the Internal Revenue Service, which in the past few years has stepped up its examination of tax-free bonds used by the Seminoles and tribes in California to build casinos. The tribe issued $415 million of tax-free bonds to build the Tampa and Hollywood casinos, which the IRS deemed illegal. In October 2005, the tribe said it would issue $730 million in bonds to pay off the original tax-free bonds and consolidate debt."

FBI/DEA/ATF/USMS:

Caribbean Native Pleads Guilty In New York To Drug Conspiracy. The Rochester (NY) Democrat & Chronicle (12/7, Craig) reports, "A Caribbean native whom Justice Department officials had been trying to extradite to the United States for a decade — before finally succeeding last year — pleaded guilty Wednesday to a drug conspiracy that involved a 1992 shipment of 28 pounds of cocaine seized en route to Rochester." The D&C continues, "Noel 'Zambo' Heath, who became somewhat of a folk hero to some residents in the twin-island nation of St. Kitts and Nevis during his fight against extradition, admitted in federal court here to a role in the drug trafficking conspiracy." The D&C adds, "Heath, who was once identified by the White House as an international drug kingpin, could be sentenced to between 70 and 87 months under the terms of the plea agreement. He is scheduled to be sentenced by U.S. District Judge David Larimer in April. … 'We were hopeful to get him back to his family as soon as possible,' said his attorney, Jeffrey Lichtman.In 1992 federal authorities heard Heath on a wiretap, apparently from his St. Kitts home, plotting the shipment of cocaine to Rochester. Using information gleaned from the wiretap, police pulled over a tractor-trailer on the New York Thruway near Victor and discovered the 28 pounds of cocaine, which had a street value then of about $1 million. … Federal authorities eventually identified Heath as a key player in the drug trafficking, and a federal grand jury in Rochester indicted him in 1995. Justice Department officials then initiated extradition proceedings for Heath to face criminal charges in Rochester, but he successfully staved off extradition. Sometimes Heath was aided by sympathetic political powers in St. Kitts."

Court Upholds Florida Man's Conviction In Painkiller Case. The St. Petersburg (FL) Times (12/7) reports "Even those who prosecuted and convicted Richard Paey sympathize with the wheelchair-bound man serving 25 years for drug trafficking - for obtaining the drugs he needs for his debilitating pain. Count among those sympathizers the 2nd District Court of Appeal. The problem, a majority of the court ruled Wednesday, is that they can't help Paey. They upheld his conviction and sentence by a 2-1 vote, but passed on this advice: Get the governor to commute the sentence." The Hudson man "was arrested by the Pasco County Sheriff's Office and the federal Drug Enforcement Administration in 1997 after buying more than 1,200 painkillers with fake prescriptions."

Judge Upholds California's Medical Marijuana Law. In San Diego, the AP (12/7, Hoffman) reported a state judge on Wednesday "upheld California's law permitting the use of medical marijuana for medical purposes, rejecting a lawsuit by three counties challenging the decade-old statute. The counties, led by San Diego, argued that local governments shouldn't be bound to uphold state laws that are

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weaker than the federal blanket ban on marijuana. … Superior Court Judge William R. Nevitt, Jr., wrote in his ruling counties would not be breaking federal law by giving out state identification cards. … The ruling affirmed a tentative judgment Nevitt issued in November."

The San Diego Union-Tribune (12/7) reports Nevitt "ruled that state law enforcement officials are not obligated to arrest and prosecute people who violate federal laws."

The North County Times (12/7) reports Nevitt, "rejected the county's argument that California's voter-approved Compassionate Use act should be pre-empted by federal law. Federal law says marijuana has no medicinal value and its use is illegal in all situations."

Local TV Coverage. XETV-TV, San Diego (12/6, 10:00 p.m.) aired, "Several counties joined San Diego in the lawsuit. It was filed after local county-officials refused to issue ID cards to medical-marijuana users. But, today, Judge William Nevitt upheld that state law. It was approved by voters in 1996.he said today's ruling does not decide if marijuana really has medical-benefits."

KUSI-TV, San Diego (12/6, 6:00 p.m.) aired, "A victory tonight for supporters of medicinal marijuana in San Diego County. A judge rejected San Diego County's [dispute over] the medical marijuana law. San Diego and two other counties sued, saying federal law supersedes the state law. The tentative ruling was issued last month."

KGTV-TV, San Diego (12/6, 6:30 p.m.) aired, "San Diego County lost a challenge to the state's medical marijuana law. They sued, arguing that [local] governments shouldn't uphold state laws that are overwritten by the federal ban on marijuana. Today a state judge ruled that counties would not be breaking federal law by giving out state marijuana I D cards."

Survey Says Nearly 1 Million Addicted To Drugs In Afghanistan. The AP (12/6) reported, "The first nationwide survey on drug use, conducted last year by the Ministry of Counter Narcotics and U.N. Office on Drugs and Crime, found nearly 1 million addicts in [Afghanistan]…including 60,000 children under age 15. Drugs of choice range from hashish, opium and heroin to pharmaceutical medicines. An estimated 5,000 children are addicted to opiates, and the remainder take cough syrup and other drugs, the survey found. The actual numbers are probably much higher, especially for children and women, the report said."

Tajikistan Cited Among Leading Transit Routes For Drugs From Afghanistan. The AP (12/7) reports Central Asia's poorest county "is also one of the world's leading transit routes for heroin, opium and other drugs from Afghanistan. … In Tajikistan, the scars still remain from a traumatic civil war that ended nine years ago. Now, new wounds are being inflicted on this mountainous nation -- from the dramatic spike in the trafficking of drugs grown in neighboring Afghanistan, smuggled north through Tajikistan en route to Russia and Europe, and increasingly consumed by Tajiks. … The UN ranked Tajikistan fifth worldwide in heroin and morphine seizures, and fourth for opium."

Former Colorado Firefighter Seeks New Trial On Weapons Charge. The Rocky Mountain News (12/6, Burnett) reported, "A former Denver firefighter convicted of selling an illegal machine gun to an undercover federal agent is requesting a new trial, saying prosecutors failed to turn over evidence that could have led to his acquittal. Stan Ford was scheduled to be sentenced Friday. But U.S. District Court Judge Robert E. Blackburn said the sentencing should be postponed until Ford's motion for a new trial is heard." The Mountain News noted, "The U.S. Attorney's office says it did provide Ford's lawyers with copies of all communications. It also disputes that the messages at issue would have been enough to acquit Ford."

More Judges Packing Heat Behind Bench. The National Law Journal (12/7, Bronstad) reports, "Despite increased security at courthouses following shootings in Chicago and Atlanta about one year ago, many judges are bringing their own guns into their courtrooms for protection." The Journal continues, "Earlier this month, a Florida judge was ordered to accept mentoring after warning a defense attorney that he was 'locked and loaded.' In May, a judicial ethics committee of the New York State Unified Court System found that it was ethical for a judge to carry a pistol into his courtroom. … In Nevada, Oklahoma and Texas, incidences of violence in the past year have prompted new laws or solidified rules allowing judges to bring guns into courtrooms. … 'Judges in our courthouse have been carrying guns almost all the time,' said Cynthia Stevens Kent, a Texas judge in the 114th District Court, where a man in a family law case killed his ex-wife and son last year on the steps of a Tyler courthouse. … 'We feel strongly about providing adequate security, but it comes down to personal responsibility. And you've got to take responsibility for your own safety,' Kent said." The Journal notes, "Security concerns were raised last year after a rape suspect grabbed a deputy's gun and killed an Atlanta judge and others. One month earlier, a litigant had killed the husband and mother of a Chicago federal judge who ruled against him. … Some states allow judges to arm themselves."

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IMMIGRATION:

Fewer Illegal Immigrant Arrests Reported Along US-Mexico Border. The AP (12/7, Caldwell) reports, "The number of illegal immigrants being arrested at the U.S.-Mexico border has dropped sharply in the first two months of this fiscal year, with some Border Patrol sectors seeing a drop of up to 63 percent." The AP continues, "Arrests along the border in Texas, New Mexico, Arizona and California have dropped about 27 percent, or by nearly 43,000 illegal immigrants, since Oct. 1, compared to the same time last year, Border Patrol officials in Washington said." The AP adds, "Reports of the decrease come about a month after Border Patrol officials announced a nearly 9 percent drop in arrests from 2004 to 2005. If the downward trend continues it would mark the first sustained decrease in illegal immigrant arrests since shortly after the Sept. 11, 2001, terrorist attacks, said Assistant Chief Patrol Agent Xavier Rios." The AP notes, "It's nearly impossible to know whether the drop in arrests really means that fewer people are coming across the border. … T.J. Bonner, president of the union that represents the majority of agents, said agents on the ground estimate that they only catch 25 percent to 33 percent of illegal immigrants. … Border Patrol officials acknowledge that they don't know how many people make it across the border every year. But they insist that the drop in arrests, which varied widely — the San Diego Sector marked a 3 percent drop while the Yuma, Ariz., and Del Rio, Texas, sectors each showed a 63 percent dip — is a sign that recently launched border security efforts are working."

Town Threatens To Withdraw Business Licenses Of Those Who Hire Illegals. The New York Times (12/7, Hamill, 1.16M) reports from Altoona, PA, "Since June, when Hazleton, Pa., some 130 miles east of here, began debating what to do about illegal immigrants, more than 60 local governments in 21 states have followed its lead and considered new ordinances to drive them away. At least 15 have approved the measures, typically intended to punish landlords who rent to illegal immigrants and business owners who employ them." Altoona, "an old railroad town nestled in an Appalachian Mountain valley about 100 miles east of Pittsburgh, is one of those 15. It approved its ordinance, which threatens to withdraw the business licenses of employers and rental licenses of landlords who hire or rent to illegal immigrants, in October." But "it does not fit the same pattern. … If Hazleton, where the immigrant population grew sharply in just a few years, started the current trend for dealing with a surge in illegal immigrants, Altoona may be the beginning of the next wave: trying to prevent a situation from developing in the first place."

CONGRESS-ADMINISTRATION:

Senate Votes 95-2 To Confirm Gates As 22nd Secretary Of Defense. The confirmation of Robert Gates to succeed Donald Rumsfeld as secretary of defense was almost entirely overshadowed by coverage of the release of the Iraq Study Group report. ABC World News (12/6, story 6, 0:15, Gibson, 8.78M) briefly reported on the Gates confirmation, which came of a 95-2 Senate vote. Republican Sens. Jim Bunning and Rick Santorum voted against Gates, "citing his criticism of the war and his view that the U.S. should engage Iran as part of a solution" according to the AP (12/6, Flaherty), while Sens. Evan Bayh, Joseph Biden, and Elizabeth Dole did not vote. The Hill (12/7, Schor) notes the two votes against Gates.

On CNN's The Situation Room (12/6, Blitzer), Counselor to the President Dan Bartlett said, "Expect the new secretary of defense to be sworn in fairly quickly, before the end of the year." The New York Times (12/7, A24, Cloud, 1.16M) reports White House spokeswoman Dana Perino said Gates would "formally begin work on Dec. 18, more than a week after his confirmation, because he wanted to participate in fall commencement at Texas A&M University before resigning as the school's president." Fox News' The Big Story (12/6, Emanuel) also said Gates will start on the 18th.

The Los Angeles Times (12/7, Spiegel, 850K) says Gates "won over critics of the administration's handling of the war on both sides of the aisle during an adulatory confirmation hearing Tuesday." The Washington Post (12/7, A11, Tyson, 690K) reports both Republicans and Democrats "lauded Gates's frankness after a day of testimony Tuesday in which he acknowledged that the United States is not winning in Iraq, and said that historians would have to judge whether the decision to invade Iraq in March 2003 was correct. He also pledged to take a fresh approach to Iraq in which 'all options are on the table.'" USA Today (12/7, 1A, Page, Jackson, 2.27M) says President Bush's selection of Gates could suggest Bush is willing to weigh changes in Iraq policy.

The Hill (12/7, Tiron) says defense industry insiders do not expect Gates to make "any major changes in budget and policy decisions that could curtail their business, at least for now." The DOD budget for 2008 must be submitted about a month and a half after Gates takes office, and "there will be very little Gates can change regarding a process begun months ago and nearly finished, several defense insiders said. But he will come into his own after a few months and be able to influence the 2009 defense budget, lobbyists said."

Blair Agrees With Gates Assessment That Iraq War Not Being Won. BBC.com (12/6) reports British Prime Minister Tony Blair agreed with Gates' "assessment that the

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war in Iraq is not being won. Asked by Tory leader David Cameron at prime minister's questions if he agreed with Robert Gates' assessment of the war, Mr Blair said: 'Of course.'"

Senate To Consider Vietnam Trade, Tax Bill. The AP (12/7, Abrams) reports, "In the final hours of Republican rule, the Senate put forward an all-purpose bill covering everything from normalized trade with Vietnam and tax breaks for millions of taxpayers to an expansion of offshore oil drilling. The House, while preparing its own tax and trade agenda, gave conservatives perhaps their last chance for a while to vote on an abortion bill. It was defeated." As of late last night, "House and Senate negotiators were still struggling to come up with a common approach to the tax and trade package." Senate Finance Committee leaders "said they were bringing to the floor as early as Wednesday the session-ending package that would renew expired or expiring tax breaks for businesses and middle income individuals and trade items affecting economic relations with Vietnam, Haiti, Africa and Andean nations." The tax portion, said Finance Committee Chairman Charles Grassley, gives "continued tax relief to families paying college, teachers buying classroom supplies and producers of clean energy from sources such as wind." The House "put off until Thursday any vote on its Vietnam trade bill as lawmakers pondered whether to combine it with the tax break measure. … It remained uncertain whether the House and Senate could come together on a package that would not be so laden with expensive programs that it becomes unpassable."

The Washington Post (1/27, D1, Montgomery, 690K) says "several senators yesterday raised objections to the bill, blocking its path to a full vote in the Senate and raising alarm among business lobbyists concerned about the fate of the largest of the tax breaks, a credit for research and development worth $7.5 billion in this fiscal year alone." Meanwhile, "with time running out on the 109th Congress, Senate negotiators were still trying to resolve differences with the House, which must also approve the package." The Post adds, "Business organizations and their members were waging a fierce lobbying campaign on behalf of the research credit, urging lawmakers to prevent it from expiring. California Gov. Arnold Schwarzenegger (R) and Arizona Gov. Janet Napolitano (D) sent letters adding their support, and former Michigan governor John Engler, now president of the National Association of Manufacturers, warned lawmakers that 'failure is not an option.' As of late yesterday, business lobbyists remained hopeful that the research credit would be preserved."

House GOP Fails To Pass Abortion Bill. The Los Angeles Times (12/7, Levey, 850K) reports, "House Republicans opposed to abortion rights failed Wednesday in their bid to pass a controversial measure that would have required women seeking abortions to be informed that some fetuses feel pain." Although "it was clear the bill would have stalled in the Senate, the abortion opponents hoped the House vote would provide a symbolic victory before control of Capitol Hill passes to Democrats in January. Instead, the vote dealt social conservatives a final setback in a two-year congressional session that has not produced a major piece of antiabortion legislation." The bill received "majority support, 250 to 162," but "that fell short of the two-thirds margin required under rules that limited debate." The New York Times (12/7, Hulse, 1.16M) notes "proponents of the measure said that they do not expect the new Democratic majority, whose leadership strongly supports abortion rights, to bring up such measures, and that they will press the leadership to allow a second vote under regular rules." But "Republican officials said they had no plans to revisit the issue."

Khalilzad, Williamson Emerge As Top Candidates For UN Post. The AP (12/7, Lederer) reports that speculation on a new US ambassador to the United Nations to succeed John Bolton is focusing on US Ambassador in Iraq Zalmay Khalilzad and a former deputy ambassador at the UN, Richard Williamson. However, there "also are a number of other Republicans and even some Democrats whose names have been floated among diplomats at UN headquarters," including Rep. Jim Leach and Undersecretaries of state Nicholas Burns and Paula Dobriansky. Among the Democratic candidate reportedly being considered are former senators George Mitchell and Sam Nunn.

Bush's DOD IG Nominee Withdraws. The AP (12/6, Solomon) reports David Laufman, President Bush's nominee for Defense Department inspector general, "has withdrawn from consideration." He "sent Bush a letter last week withdrawing from consideration after the Senate Armed Services Committee declined to hold a vote on his nomination before Congress recessed this year." Incoming chairman Carl Levin "has raised concerns about Laufman's nomination. The White House formally withdrew Laufman's name on Wednesday."

Warner Leaving Armed Services Chair But May Seek Reelection. The Norfolk Virginian-Pilot (12/7, Eisman) reports that though Sen. John Warner is stepping down as chairman of the Senate Armed Services Committee, he "told reporters he's 'leaning in favor' of seeking re-election in 2008." His comments "came as he marshaled bipartisan Senate support for President Bush's nomination of Robert Gates to be secretary of defense and pleaded for more

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bipartisanship in the debate over the future of America's role in Iraq."

High Court's Reduced Docket Noted. The New York Times (12/7, Greenhouse, 1.16M) reports, "On the Supreme Court's color-coded master calendar, which was distributed months before the term began on the first Monday in October, Dec. 6 is marked in red to signify a day when the justices are scheduled to be on the bench, hearing arguments. The courtroom, however, was empty on Wednesday, and for a simple reason: The court was out of cases. The question is, where have all the cases gone? … The reasons for the decline all grow out of forces building for decades. The federal government has been losing fewer cases in the lower courts and so has less reason to appeal. As Congress enacts fewer laws, the justices have fewer statutes to interpret. And justices who think they might end up on the losing side of an important case might vote not to take it." The Times adds, "In a divided court, in a divided country, the court's reduced role is perhaps not surprising, nor is it necessarily a bad thing. … In private conversations, the justices themselves insist that nothing so profound is going on, but rather seem mystified at what they perceive as a paucity of cases that meet the court's standard criteria. The most important of those criteria is whether a case raises a question that has produced conflicting decisions among the lower federal courts."

Election Decimated Ranks Of GOP Moderates. The Washington Post (12/7, A29, Goldfarb, 690K) reports, "Iowa Rep. Jim Leach (R) seemed a natural to weather voters' antiwar sentiment this fall. His independent streak and moderate views had engendered the allegiance of his Democratic-leaning district for the past 30 years, and he broke with his party and President Bush in October 2002 by voting against the Iraq war. Yet on Election Day, voters in Iowa's 2nd Congressional District ousted him in favor of an untested Democrat, a college professor -- a testament to the vulnerable position that Republican moderates found themselves in all year. … With the defeat of Leach and several other Republican moderates Nov. 7, the Democrats' victory in the midterm election accelerates a three-decade-old pattern of declining moderate influence and rising conservative dominance in the Republican Party. By one measure, the GOP is more ideologically homogenous now than it has been in modern history. The waning moderate wing must find its place when the Democratic majority takes over in January." The Post adds, "Eight of the House's 20 most moderate Republicans lost their seats: Rob Simmons and Nancy L. Johnson (Conn.); Jeb Bradley and Charles Bass (N.H.); Michael G. Fitzpatrick and Curt Weldon (Pa.); Sue W. Kelly (N.Y.); and Leach. Also, moderate GOP Rep. Sherwood L. Boehlert (N.Y.), is retiring, and he will be replaced by Democrat Michael A. Arcuri, the Oneida County district attorney." On the Senate side, "the defeat of Lincoln D. Chafee (R-R.I.), a critic of the war who declined to vote for Bush's reelection in 2004, underscored the same trend."

Snowe Seeking Overhaul Of Centrist Coalition. Roll Call (12/7, Pierce) reports, "Sen. Olympia Snowe (R-Maine) quietly is laying the groundwork to overhaul the Senate Centrist Coalition into a regular bipartisan working group that eschews ideological labels." Snowe, who "co-chairs the coalition with Sen. Joe Lieberman (D-Conn.)," said "she wants to change the name of the group and hopes to invite a broader cross-section of the Senate to attend breakfasts or lunches, potentially on a weekly basis, that are designed to foster bipartisanship in the new Congress." Snowe "noted that the meetings need not be focused on a particular issue, but should merely offer a place to go for building relationships and friendships. Still, she cautioned that she is continuing to vet her ideas with Lieberman and others, and that nothing has been decided yet."

Blue Dogs Pledge To Seek Bipartisan Consensus. The Hill (12/7, Joseph) reports, "In a luncheon yesterday, members of the fiscally centrist Democratic Blue Dog Coalition promised to build bipartisan consensus to establish "fiscal sanity" and attempt to improve government accountability, transparency and oversight. 'This country is desperate for the middle, desperate for common-sense solutions,' said Rep. John Tanner (D-Tenn.)." President Bush "has invited members of the centrist Blue Dog and New Democrat coalitions to the White House on Friday to discuss areas 'of mutual cooperation,' in the words of one Democratic aid."

Lott Win Made Possible By Defections Of Collins, Warner. The Hill (12/7, Bolton) reports, "Sen. Trent Lott's (R-Miss.) stunning return to the Senate leadership was made possible by the last-minute defections of Sens. John Warner (R-Va.) and Susan Collins (R-Maine) from Sen. Lamar Alexander's (R-Tenn.) rival campaign for Republican whip. Ironically, four years earlier, Warner and Collins helped drive Lott from leadership by giving his rivals support at crucial moments during the controversy over his comments at the 100th birthday party of the late Sen. Strom Thurmond (R-S.C.)."

Lott Selects His Team. Roll Call (12/7, Billings) reports Lott "has opted to dramatically cut the size of the GOP vote-counting team in the next Congress, assembling a group of eight loyalists, led by South Dakota Sen. John Thune, to aid in the party's floor efforts. Insiders suggested the size and membership of the whip team could be a sign that Lott is likely to rely heavily on his own experience and floor know-how to keep his party unified in the 110th

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Congress." In addition to Thune, "who will serve as Chief Deputy Minority Whip, Lott has brought on GOP Sens. Richard Burr (N.C.), Larry Craig (Idaho), Norm Coleman (Minn.), James Inhofe (Okla.), Olympia Snowe (Maine), John Sununu (N.H.) and David Vitter (La.) to round out his team. Thune, Burr, Vitter, Coleman and Sununu are in their first terms."

Hensarling Wins Race For RSC Post. The Hill (12/7, O'Connor) reports, "Rep. Jeb Hensarling (R-Texas) triumphed yesterday in his bid to chair the conservative Republican Study Committee during the 110th Congress, beating Rep. Todd Tiahrt (R-Kan.) 57-42." Hensarling, "an outspoken second-term conservative who has faced off with Republican leaders on budget and spending issues, won the chairmanship despite Tiahrt's nomination by the group's three remaining founders."

Kilpatrick To Head Black Caucus. The AP (12/7, Ben Evans) reports, "The Congressional Black Caucus on Wednesday tapped Rep. Carolyn Cheeks Kilpatrick as its chairwoman for the next two years, when black lawmakers will wield more power in Congress than ever." Kilpatrick , "a former school teacher and the mother of Detroit Mayor Kwame Kilpatrick, was chosen unanimously. She succeeds Rep. Mel Watt, D-N.C."

Democrats Gather Lobbyists' Donations Following Midterm Wins. The Wall Street Journal (12/7, A4, Cummings, 2.04M) reports, "Democrats may be promising a clampdown on lobbyist freebies once they take control of Congress. But ahead of that push, party leaders are collecting lobbyists' checks, while Democratic staffers angle for jobs inside their well-appointed offices. Verizon Communications Inc. earlier this week sponsored a reception for newly elected Missouri Sen. Claire McCaskill. Illinois Democratic Rep. Melissa Bean was the beneficiary of a Tuesday night fund-raiser in the new Capitol Hill offices of the US Chamber of Commerce." The Journal notes, "Some companies and lobbyists began shifting more donations to Democrats before Election Day. But Political Money Line, an organization that tracks political giving, reported last month that federal political action committees -- the kitties used by corporations and organizations to make donations -- held back $280 million in the final days of the midterm races. That is money now being tapped to welcome the old and new Democratic leaders back to town."

Morris Suggests Ethics Reforms. Dick Morris writes in The Hill (12/7), "Just in case the incoming Democratic majority is serious about real ethics reform, here are a few ideas for its members to consider: Ban spousal and family employment by campaign committees and PACs. … Those who have hired spouses and family members include: Reps. Richard Pombo (R-Calif.), wife and two brothers; Zoe Lofgren (D-Calif.), husband's law firm; Bernie Sanders (I-Vt.), wife and step-daughter; John Doolittle (R-Calif.), wife; Ralph Hall (R-Texas), daughter-in-law; Pete Stark (D-Calif.), wife; Buck McKeon (R-Calif.), wife; Ron Lewis (R-Ky.), wife; Bart Stupak (D-Mich.), wife; Jim Costa (D-Calif.), cousin; Dana Rohrabacher (R-Calif.), wife; Dave Reichert (R-Wash.), nephew; Chris Cannon (R-Utah), three daughters; Lincoln Davis (D-Tenn.), sister-in-law and daughter; Louie Gohmert (R-Texas), wife; Tim Bishop (D-N.Y.), daughter; Bob Filner (D-Calif.), wife; J.D. Hayworth (R-Ariz.), wife; Bob Inglis (R-S.C.), wife; Elton Gallegly (R-Calif.), wife; Sherwood Boehlert (R-N.Y.), wife; John Sweeney (R-N.Y.), wife; Jeff Flake (R-Ariz.), wife; Ed Pastor (D-Ariz.), nephew; John Shadegg (R-Ariz.), son; and Howard Berman (D-Calif.), brother Michael's political consulting firm; Sens. Barbara Boxer (D-Calif.), son; and Joe Lieberman (D-Conn.), son and daughter during vice presidential race; and ex-Reps. Bob Ney (R-Ohio), wife; and Tom DeLay (R-Texas), wife and daughter." Other proposals: "Ban immediate family members of senators or congressmen from lobbying Congress. … Restore presidential power to line-item veto earmarks in appropriations bills and reverse the anti-impoundment legislation passed during the Nixon administration. … Require lobbyists to disclose the specific bills that they are lobbying for or against on the lobbying registration forms. Ban all privately paid travel by members, including use of corporate jets. … Require both chambers to work a full week, instead of the two- to three-day schedule they've had for the past few years."

WPost Comments On House's New Monday To Friday Schedule. The Washington Post (12/7, 690K) editorializes, "When Democrats take over the House next year, the regular workweek will stretch to a backbreaking five days -- up from the now-customary Tuesday-through-Thursday arrangement. Members of the House and Senate -- no doubt reeling from the two weeks they've worked since the election -- will have a mere four weeks off after they leave town Friday." The Post adds, "Hard to believe, but the new leadership actually expects them to come to work on Jan. 4 rather than enjoy the usual elongated holiday break as they wait around for the president to deliver his State of the Union address in late January. In the Senate, the weeklong March break is being eliminated and the two-week April vacation cut in half. This kind of punishing schedule is enough to unite lawmakers of both parties, in both chambers, in a chorus of behind-the-scenes bipartisan grumbling. What, us work?"

Frank Derails Bill Giving Thatcher Congressional Gold Medal. Roll Call (12/7, Akers) reports in its "Heard on the Hill" column, "What a kick in the pants, or the skirt, as the case may be, to former British Prime Minister Margaret Thatcher. A revised floor schedule for

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Wednesday was sent out advising, 'H.R. 6136 -- Margaret Thatcher Congressional Gold Medal Act HAS BEEN PULLED.'" Roll Call adds "a GOP leadership source told HOH that the reason the bill was pulled was because Rep. Barney Frank (D-Mass.) objected to it." Frank "explained to HOH in a telephone chat that he opposed giving Thatcher a gold medal because the bill 'hadn't gone through the regular rules' procedure and, frankly, it 'was being used by Republicans for partisan purposes. She was a very conservative person.'"

House Denounces French City For Naming Street After Convicted US Murderer. The AP (12/7, Hefling) reports, "The House passed a resolution Wednesday denouncing a French city for naming a street in honor of Mumia Abu-Jamal, who was sentenced to death for shooting a Philadelphia police officer 25 years ago this month. 'We must stand together as one and send a strong message to the world that cop-killers deserve to be punished, not to be celebrated,' said Rep. Mike Fitzpatrick, a Philadelphia-area congressman who authored the resolution." The vote "came a few days shy of the 25th anniversary of the shooting of Daniel Faulkner, a 25-year-old officer shot after he pulled over Abu-Jamal's brother on Dec. 9, 1981."

Performance Of Medicare Drug Program Said To Defy Critics. David Wessel writes in the Wall Street Journal's (12/7, A2) "Capital" column, "The Medicare prescription-drug benefit…was panned by critics when it was in previews. Now, after a year's run, the elderly audience seems to be applauding, public and private actors are clicking better in the very complex production, and costs are below initial estimates." Although the program's launch was "marred" with problems, critics' "worst fears haven't materialized. That fact is often overshadowed by continuing partisan bickering over the program's design and by persistent public suspicion of drug makers, insurers and pharmaceutical-benefit managers." Now, "Democrats argue the program could be even cheaper if the government, rather than private insurance plans, used its clout to negotiate with drug makers." But "they may have trouble delivering: The official congressional scorekeepers aren't persuaded that the government would actually save money." And "unless Democrats can take credit for saving money, it will be hard to make the benefit more generous."

WSJournal Says NASA Should Offer Prize For Moon Base, Instead Of Building It. The Wall Street Journal (12/7, A18, 2.04M) editoriallizes, "NASA announced this week that it plans to establish a permanent moon base by 2024, a mere generation from now." The Journal adds, "As good as this sounds, we're left to wonder why NASA shouldn't go further. It did not release a budget estimate for the project -- perhaps because the experience with the space station, which was supposed to cost $40 billion but will now likely go above $100 billion, was chastening. But whatever the estimate is, here's a counteroffer. Say NASA believes it can build a permanent moonbase for $100 billion in today's dollars. Why not take half of that and offer it as a bounty to the first private company to build the station and man it. A prize in the neighborhood of $50 billion is bound to attract plenty of interest -- and that number is probably much less than a realistic guess of what it would cost NASA in the end. The taxpayer would save 50% of NASA's cost to build the base, and the result would be much more likely to be attractive to the private interests that NASA wants to draw to the project."

OTHER NEWS:

Gasoline Price Increases Likely To Continue Until Christmas. USA Today (12/6, Hagenbaugh, 2.27M) reports, "The recent rise in gasoline prices will likely continue until Christmas, making the trip home for the holidays more costly than at Thanksgiving. The nationwide average retail price of a gallon of regular gasoline has risen 8 cents since the end of October." USA Today adds, "On Monday, the average price was $2.297 a gallon, the highest in two months and 15 cents higher than a year ago ... . A number of analysts, including those at Wachovia and Moody's Economy.com, say prices will likely inch higher through December." USA Today points to rising oil prices, declining gasoline inventories, and increased demand as reasons for higher pump prices.

Survey Finds Affordable Housing Has Dwindled. USA Today (12/7, 7A, El Nasser, 2.27M) reports, "The supply of affordable housing continued to dwindle this year despite weakening home prices, according to one-third of local housing officials who responded to a survey by the National League of Cities. Three-fourths of those surveyed say housing costs are significantly limiting home ownership opportunities for lower-income residents and young families. The survey was sent to officials in 1,167 cities." USA Today adds, "Housing prices in many areas skyrocketed in recent years as interest rates dropped. Demand fueled teardowns and rehabilitation of older homes. That took cheaper housing off the market."

Stocks Down Yesterday. NBC Nightly News (12/6, story 9, 0:10, Williams, 9.87M) reported, "On Wall Street today, investors pulled back a bit. The Dow was down more than 22 points [to close at 12,309.26]. NASDAQ lost 6 and a half points [to close at 2,445.86] on the day." The Wall Street

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Journal (12/7, C1, McKay, 2.04M) reports "the broad Standard & Poor's 500-stock index slipped 0.1%, or 1.86 points, to 1412.90, up 13% on the year."

Investors Face Choices When Class-Actions Die. The Wall Street Journal (12/7, D1, Koppel, Davies) reports, "Is there life after your class-action lawsuit dies? … A ruling earlier this week undercut a class action against 55 Wall Street investment banks, and dashed hopes for small investors who bought hot stocks that went public during the dot-com bubble and then plummeted as it burst." The Journal continues, "The decision likely means that thousands of investors would have to file individual suits to try to recover billions lawyers claim they lost by investing in initial public offerings, mostly of technology companies, in the late 1990s and 2000." The Journal adds, "Class-action suits let individuals band together to pursue big defendants with more power than they could on their own. But the Second U.S. Circuit Court of Appeals in New York ruled that this case in its current form couldn't proceed as a class action, in part because plaintiffs' individual claims were not sufficiently similar to be grouped together. … Attorneys say it will be difficult, if not impossible, for small investors to find lawyers who will pursue such suits for them on an individual basis. Claims, they estimate, would need to be worth anywhere from a hundred thousand to several million dollars to make pursuing them worth a lawyer's time. Christine Hurt, a professor at the University of Illinois College of Law who has written about the IPO case, estimates that the average retail plaintiff suffered losses of less than $20,000. … Meanwhile, the U.S. Chamber of Commerce says the appeals-court decision was a major victory for any businesses that face dubious class-action claims." The Journal notes, "The decision marks the latest win for institutions and individuals fighting regulatory and legal action in the wake of massive stock-market losses earlier in this decade. … Still, investors have won some victories against Wall Street banks in bubble-era disputes."

Federal Judge Rules Virginia, Not Individuals, Can Sue Dairy Industry. The Washington Post (12/7, B07, Markon) reports, "Catherine Holmes saw the ads for the so-called 'dairy diet' and thought it would be a tasty way to lose a few pounds. After all, she loves buttermilk, yogurt and cheese. … Instead, the Arlington woman says, she gained three pounds on the diet, which dairy companies have spent hundreds of millions of dollars promoting. She sued the industry. … But a federal judge has ruled that under Virginia law, Holmes and other people can't take on the industry in court -- only a government entity such as the Virginia attorney general's office can. The decision last week by U.S. District Judge Leonie M. Brinkema in Alexandria threw out the lawsuit Holmes filed last year." The Post continues, "In her ruling last Thursday, Brinkema said Virginia consumer protection law allows people to seek monetary damages but not a broad injunction regulating an industry. She did not address the science of the debate, writing that such federal agencies as the Food and Drug Administration and the Federal Trade Commission are better equipped to do so. … An attorney for Holmes vowed yesterday to appeal and file a similar lawsuit in a more consumer-friendly state. 'We're very disappointed,' said Dan Kinburn, general counsel for the Physicians Committee for Responsible Medicine, which filed the Virginia case on Holmes's behalf. 'This will encourage and assist the dairy industry in making this country fatter and sicker.'" The Post notes, "Dairy industry representatives said the ruling validated their view that consuming dairy products helps with weight loss when coupled with calorie restriction and exercise. They vowed to continue the advertising campaign. … Underlying the debate is growing concern nationally about increasing obesity among children. Researchers have split over the role of dairy products in the trend; some studies have found that children who drink too much milk are prone to becoming overweight, and others have found a weight-loss benefit from drinking milk."

Democratic Governors Meet In Washington. The AP (12/7, Tanner) reports, "With election victories behind them, Democratic governors gathered Wednesday to celebrate their first majority in 12 years, talk political strategy and share notes on the issues driving voters back at home. Governor after governor at their winter meeting turned to the backbone of modern Democratic politics -- education, health care and jobs, with many also promising a concerted effort to tackle energy policy." Democrats "emerged from Election Day with a 28-22 majority, reversing the current GOP majority and taking six seats from GOP control. Republicans had held a majority since the 1994 elections."

DCCC Increasingly Confident About Texas Runoff. Roll Call (12/7, Drucker) reports, "Although they were initially hesitant to lend a hand, national Democrats have since gone all out to aid former Rep. Ciro Rodriguez (D) as he seeks to oust Rep. Henry Bonilla (R) in Texas' 23rd district runoff set for Tuesday. With the Republican National Committee and the National Republican Congressional Committee mostly absent from Bonilla's better-funded campaign, the Democratic Congressional Campaign Committee has plunked down nearly $300,000 since Nov. 7 in independent expenditure advertising, hoping that Rodriguez can add to the party's House-takeover total." The Democrats' "confidence is an outgrowth of the DCCC's heavy strategic involvement in the Rodriguez campaign, from the ground up, as well as the 23rd district's new boundaries that were drawn over the summer courtesy of a Supreme Court

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decision mandating that the seat be brought into compliance with the Voting Rights Act." But "the Bonilla campaign isn't worried. … Bonilla campaign spokesman Phil Ricks on Wednesday claimed a strong volunteer effort and touted the help the Congressman is receiving from the state GOP. Ricks sounded particularly pleased with a new television ad released this week that features retired FBI agent Al Ortiz accusing Rodriguez of sympathizing with "Islamic Radicals.""

Jefferson Hits Opponent On Social Issues. Roll Call (12/7, Whittington) reports, "The contest to decide who will represent hurricane-ravaged New Orleans and Louisiana's 2nd district will be decided Saturday, as the clock winds down on the increasingly bitter runoff fight between Rep. William Jefferson (D) and state Rep. Karen Carter (D)." Jefferson "is the subject of an ongoing federal bribery investigation, although no formal charges have been filed and the eight-term Congressman denies any wrongdoing." The congressman "has turned to social issues in an effort to paint Carter as out of touch with the values of the largely black electorate. … In one of his latest TV ads, Jefferson informs voters that Carter has voted in favor of same-sex marriage and late-term abortions and against making human cloning a crime."

Allen Considers Challenge To Collins In 2008. Roll Call (12/7, Duran) reports, "Rep. Tom Allen (D-Maine) said Wednesday that he is 'seriously considering' running for Senate in 2008, and political watchers in the Pine Tree State say he looks and acts like someone preparing for a Senate bid." Allen "raised more than $930,000 in the previous cycle but spent only about half of it dispensing with two challengers on his way to securing a sixth term with 61 percent of the vote." Allen "presumably would square off with the state's junior Senator, Susan Collins (R), who has said she intends to seek a third term."

Presidential Race Off To Record Start. Roll Call (12/7, Kane) reports, "Shattering the pace of any previous presidential campaign, a half-dozen White House candidates already have leapt out of the gates for 2008, either formally signaling their entry into what is shaping up to be a packed field or filing paperwork freeing them to begin fundraising. … With fundraising expectations higher than ever and the caucus and primary schedule so compacted in early 2008, the candidates, former candidates, and current and former campaign aides see nothing unusual about so many declarations for a general election that's still almost two years away." However, in the 2004 presidential race, "the first candidates to open campaign committees were former Vermont Gov. Howard Dean (D), who did so in May 2002, and" Massachusetts Sen. John Kerry (D), "who opened his fundraising operation just after Thanksgiving 2002. Neither man made their formal announcement until 2003. In the 2000 campaign, former Sen. Bill Bradley (D-N.J.) was the only candidate to open a campaign committee in 1998 -- on Dec. 4, 1998. The eventual winner, then-Texas Gov. George Bush (R), didn't open a campaign committee until March 8, 1999." Among those who have already formed an exploratory committee or a formal presidential committee: Arizona Sen. John McCain (R), Kansas Sen. Sam Brownback (R), ex-New York Mayor Rudy Giuliani (R), Indiana Sen. Evan Bayh (D) and Iowa Gov. Tom Vilsack (D).

Rothenberg Says Great "Personal Story" Not Critical For Candidates. In a column titled, "Do '08 Presidential Contenders Need a Great Story?" Stuart Rothenberg writes in Roll Call (12/7), "Many presidential hopefuls have something in their life stories that can paint as a personal test or a hurdle that they overcome. The old 'born in a log cabin' chestnut is about as old as the country." However, "let's not go overboard about the value of a personal story. … A candidate's 'story' may get voters' attention, but a story is by its very nature backward-looking, while presidential contests are about the future. Ultimately, a candidate must offer more compelling reasons than a résumé to justify why he or she deserves to be nominated and elected." Rothenberg adds, "What matters most to voters in selecting a nominee for the White House? Lots of things, of course, but the most important question is whether, after months of campaigning, enough primary voters and caucus attendees in the early states think that a particular hopeful has passed the smell test. … Having an interesting story to tell is nice, but starting off with real advantages is a whole lot better."

Obama Says "You Don't Run For Vice President." On CNN's The Situation Room (12/6), Wolf Blitzer asked Sen. Barack Obama, "Do you want to be president or you want to be vice president?" Obama: "Well, you don't run for vice president." Blitzer: "So what does that mean? You want to be -- you want run for president?" Obama: "I answered the question, Wolf. I've got to go vote."

Meyerson Says GOP "Too Southern" To Win Anywhere Else. Harold Meyerson writes in the Washington Post (12/7, A31, 690K), "You've seen the numbers and understand that America is growing steadily less white. You try to push your party, the Grand Old Party, ahead of this curve by taking a tolerant stance on immigration and making common cause with some black churches. Then you go and blow it all in a desperate attempt to turn out your base by demonizing immigrants and running racist ads against Harold Ford. On Election Day, black support for Democrats remains high; Hispanic support for Democrats surges. So what do you do next? What else? Elect Trent Lott

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your deputy leader in the Senate. Sure locks in the support of any stray voters who went for Strom in '48." Meyerson adds, "In case you haven't noticed, a fundamental axiom of modern American politics has been altered in recent weeks. For four decades, it's been the Democrats who've had a Southern problem. Couldn't get any votes for their presidential candidates there; couldn't elect any senators, then any House members, then any dogcatchers. They still can't, but the Southern problem, it turns out, is really the Republicans'. They've become too Southern -- too suffused with the knee-jerk militaristic, anti-scientific, dogmatically religious, and culturally, sexually and racially phobic attitudes of Dixie -- to win friends and influence elections outside the South."

Egos Could Test Relations Of Ascending New York Democrats. The New York Times (12/7, Healy, 1.16M) leads with the "big" egos of New York politicians, like Sens. Clinton and Schumer, Gov.-elect Eliot Spitzer, Andrew Cuomo and Rep. Charles Rangel, whose respective "ascensions" to higher ranks will likely "test" their relationships. The Times discusses Spitzer's visit with the delegation that was marked by joking and "back-slapping." The article also discusses the state of relations between Clinton, Schumer and Spitzer.

Mary Cheney's Pregnancy Sparks Gay Marriage Debate. CNN's The Situation Room (12/6, Blitzer) reported, "The Vice President's office confirms his openly gay daughter, Mary Cheney, is pregnant. Dick Cheney and his wife, Lynne, are said to be looking forward to the birth with 'eager anticipation.' That's a direct quote. Mary Cheney is 37 years old, and has been with her partner, Heather Poe, for 15 years. The Vice President's spokeswoman would not discuss the circumstances of Mary Cheney's pregnancy." Later in the program, CNN (Snow) reported, "That arrival is already sparking widespread interest especially among gay rights advocates. … Will the Vice President's new grandchild soften conservatives' staunch opposition to gay marriage? At least one conservative says it won't make a difference." Robert Knight of the Culture and Media Institute: "Mary Cheney and her personal life shouldn't be the driving force behind public policy." Still later, Blitzer added that "Concerned Women for America put out a statement calling Mary Cheney, and I'm quoting now, 'The face of the tragic and burgeoning trend of women who don't want a father in the picture.'"

ABC World News (12/6, story 9, 0:35, Gibson, 8.78M) reported, "The pregnancy is causing some awkwardness for the White House. President Bush has opposed gay marriage and gay adoption. The Vice President's Office said he and Mrs. Cheney are eagerly awaiting the birth of their new grandchild."

The New York Times (12/7, Rutenberg, 1.16M) reports, "The announcement of the pregnancy…and Ms. Cheney's future status as a same-sex parent, prompted new debate over the administration's opposition to gay marriage. Family Pride, a gay rights group, noted that Ms. Cheney's home state, Virginia, does not recognize same-sex civil unions or marriages." In 2004, "Ms. Cheney worked on the Bush-Cheney re-election campaign, which won in part because of the so-called values voters who were drawn to the polls by ballot measures seeking to ban same-sex marriage."

The Washington Post's "Reliable Source" column (12/7, C2, Argetsinger, Roberts), which broke the story yesterday, says this morning "the circumstances of the pregnancy are super-secret." The Post adds, "What happens if they split up? Unless state law changes, Cheney could prevent Poe from any visitation or custody; conversely, Poe could walk away without providing child support. Can Poe sign school report cards? Depends on the school. Technically, only Cheney would be authorized to fill out all those school forms."

Conservative Jews To Allow Gay Rabbis, Same-Sex Unions. The New York Times (12/7, Goodstein, 1.16M) reports, "The highest legal body in Conservative Judaism, the centrist movement in worldwide Jewry, voted yesterday to allow the ordination of gay rabbis and the celebration of same-sex commitment ceremonies. The decision, which followed years of debate, was denounced by traditionalists in the movement as an indication that Conservative Judaism had abandoned its commitment to adhere to Jewish law, but celebrated by others as a long-awaited move toward full equality for gay people." But "in a reflection of the divisions in the movement, the 25 rabbis on the law committee passed three conflicting legal opinions -- one in favor of gay rabbis and unions, and two against. In doing so, the committee left it up to individual synagogues to decide whether to accept or reject gay rabbis and commitment ceremonies, saying that either course is justified according to Jewish law." The Washington Post (12/7, A17, Cooperman, 690K) also reports the story.

Castro Backer In Florida Has His Own Radio Show. The New York Times (12/7, Newman, 1.16M) reports, "At the far right end of the AM radio dial, a broadcast from a parallel universe emerges from the static: Come-hither advertisements from Cuba's state travel agency. Reportage from last weekend's Fidel Castro birthday parade in Havana, complete with an admiring assessment of Soviet-era tanks. Excerpts from speeches by whichever Castro brother is running the country. It is not a signal-jamming effort beamed from the Cuban coast like some kind of reverse Radio Martí. It is not, compadre, a joke of any sort." It is Francisco Aruca, "onetime Cuban political prisoner turned Castro admirer, speaking out from a little radio station on the

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industrial north side of Miami or, more often these days, from the comfort of his home office in the lush suburb of Pinecrest." The Times adds, "For 15 years, Mr. Aruca, founder of the first American company to run charter flights to Cuba, has doubled as on-air apologist for a man whom the vast majority of Cuban-Americans in Miami consider a despicable and murderous dictator."

Kondracke Sees Hope For Consensus On Some Health Care Issues. Morton Kondracke writes in Roll Call (12/7), "Partisan wrangling over health care could be as raucous in the new Congress as the sparring over Iraq, but in the longer run, there's reason to hope for consensus. The Bush administration and the new Democratic Congress almost certainly will be at odds over the Medicare prescription drug program, stem-cell research and funding for the State Children's Health Insurance Program." The Administration "will get nowhere -- once again -- if it proposes medical malpractice award ceilings to a Congress in which the trial lawyer lobby has gained influence. And Democrats detest health savings accounts, the GOP device to make individuals responsible for controlling health care costs." But "it's possible -- not likely, but possible -- that an agreement could be reached to expand children's health coverage." It is "also possible that Congress could help accelerate impressive Bush administration initiatives on 'value-driven' health care -- based on computerizing all medical records and providing accurate data on treatment outcomes -- and 'pay-for-performance' medicine." Kondracke adds, "A recent Gallup Poll showed that 71 percent of Americans think that US health care either has 'major problems' or is in 'a state of crisis.' And 69 percent think it's up to the federal government to fix it. That's a mandate."

Assistant Secretary Of State Says US Provided Pyongyang With Aid Details. The AP (12/7, Gedda) reports in recent discussions with North Korean officials Assistant Secretary of State Christopher Hill "offered specific details on the kind of economic and energy assistance Pyongyang would receive in exchange for dismantling its nuclear weapons facilities," a State Department official said Wednesday. Hill said last week the next round of six party talks "could be held in mid-December but the department official who spoke Wednesday, while not ruling out that time frame, raised the possibility of an early January meeting."

Meanwhile, AFP (12/7) reports former Japanese Prime Minister Junichiro Koizumi is "weighing a third visit to North Korea to persuade the communist regime to give up its nuclear ambitions," according to reports from Japan's NHK broadcaster. Koizumi was quoted as saying, "I want to realize the denuclearization of the Korean Peninsula, which is an absolute must, although I don't interfere with Prime Minister (Shinzo) Abe's policy management."

India Nuclear Bill Stalls In House. The AP (12/7, Klug) reports legislation to allow US shipment of civilian nuclear fuel to India has "bogged down as lawmakers try to reconcile differences in the waning days of the congressional session." Ohio Rep. John Boehner "stalled a preliminary settlement on the text after an agreement was reached Wednesday morning," according to congressional aides. The aides said Boehner "appeared to be interested in attaching unrelated legislation, though they did not know what that might be." However, the majority leader's office "denied that he was holding up the bill and said talks were under way." Negotiations were expected to resume Thursday.

UN Seeks $450 Million In Aid For Palestinians. The AP (12/7, Nessman) reports UN aid groups are asking for "a record $450 million to staunch a deepening Palestinian humanitarian crisis, saying Wednesday that international sanctions and Israeli limits on Gaza exports have devastated the Palestinian economy." Despite "that gloomy assessment," a top minister in the Palestinian government offered "a rare upbeat economic picture, saying increased aid from Arab countries had allowed the government to stay afloat. But independent economists and analysts said the government was still deep in crisis." The UN is expected to officially launch its appeal Thursday, but The AP obtained an advance copy of the report.

Israel Says Abducted Soldiers Were Injured. The New York Times (12/7, Kraft, 1.16M) reports that two Israeli Army reservists whose capture "set off Israel's war with Hezbollah last summer" were "seriously wounded in the attack," an Israeli military report that emerged on Wednesday was quoted as saying. The information about the two reservists, "along with recent comments by Prime Minister Ehud Olmert that he wanted proof that the two soldiers were alive before making any decision on an exchange," has "raised speculation here that the two could be dead," the Times notes.

New Israeli Official Outlines Iran Agenda Ahead Of US Visit. The New York Times (12/7, Myre, 1.16M) reports Israel's new minister for strategic affairs, Avigdor Lieberman, is charged with the country's strategy on Iran. Lieberman, who is making his first visit to the US Thursday, will meet with American officials, including Secretary of State Condoleezza Rice. In an interview on the eve of his trip, he said, "Our first task is to convince Western countries to adopt a tough approach to the Iranian problem," which he called "the biggest threat facing the Jewish people since the Second World War." However, he added, "We must also be prepared

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to deal alone with this problem." To date, Israel's policy is "to remain relatively low-key and to work with the United States and Europe in search of a way to halt or contain Iran's nuclear program," but Lieberman had made it "clear he has no faith in the diplomatic efforts."

Carter Aide Resigns Over Book Dispute. The New York Times (12/7, A35, Goodman, Bosman, 1.16M) reports that an adviser to former President Jimmy Carter and onetime executive director of the Carter Center has "publicly parted ways with his former boss, citing concerns with the accuracy and integrity of Mr. Carter's latest book, 'Palestine: Peace Not Apartheid.'" In a two-page letter explaining his action, Kenneth W. Stein called the book "replete with factual errors, copied materials not cited, superficialities, glaring omissions and simply invented segments." The Times says Stein's criticism is "the latest in a growing chorus of academics who have taken issue with the book, including Alan M. Dershowitz, professor of law at Harvard, who called the book 'ahistorical,' and David Makovsky, director of the Project on the Middle East Process at the Washington Institute for Near East Policy."

In an article about Stein's resignation, the Washington Post (12/7, A4, Deyoung, 690K) notes that the book as "quickly became a bestseller," and during an appearance Sunday on NBC's "Meet the Press," Carter said, "If it provokes debate and assessment and disputes and arguments and maybe some action in the Middle East to get the peace process, which is now completely absent or dormant, rejuvenated, and brings peace ultimately to Israel, that's what I want."

Paulson Seeks To Temper Expectations Ahead Of China Visit. The Wall Street Journal (12/7, A6, Solomon, 2.04M) reports that as Treasury Secretary Henry Paulson prepares to lead a delegation to China, he is "seeking to temper the expectations of lawmakers and business interests eager for action by Beijing." Paulson is "cautioning that he won't have any big announcement after the high-level visit next week," instead saying he views the meeting with Chinese leaders as the beginning of a "long term" discussion, and that "simply sitting down to discuss economic issues with top Chinese officials should be seen as progress." However, the Journal says Paulson is "likely to come under increasing pressure from members of Congress and US manufacturers, who want less talk and more action."

Focus Of Poison Probe Turns To Former Spy As Death Officially Ruled As Murder. The CBS Evening News (12/6, story 12, 0:20, Couric, 7.66M) reported, "The case of the former Russian spy who died of radiation poisoning last month is now officially a murder investigation in London. British police are now in Moscow to interview another ex-spy, Andrei Lugovoy, who met with Alexander Litvinenko in London the day he got sick. Lugovoy himself is in the hospital now being treated for radiation poisoning."

The Los Angeles Times (12/7, Holley, Murphy, 850K) reports that British and Russian investigators questioned one of the people Litvinenko met with on the day he was believed to have been poisoned, Russian businessman Dmitry Kovtun, at a Moscow hospital Wednesday, where he was apparently undergoing checks for radiation." However, questioning of Lugovoy was "put off at least to Thursday." Meanwhile, the British Foreign Office announced Wednesday that "small traces of radiation have been found at the British embassy in Moscow." Lugovoy visited the embassy "early in the investigation," which prompted the examination.

The AP (12/7, Lawless) reports Russia's ITAR-Tass news agency quoted a lawyer for Lugovoy as saying the meeting with Scotland Yard detectives would take place "Thursday or Friday." In a separate report, the AP (12/7, Ingram) says a British official told the newswire Wednesday that "Lugovoy is one of many people investigators are looking to question" and is not considered "a suspect at this point."

The Financial Times (12/7, Buckley) notes that the "upgrading of the inquiry came as British detectives in Moscow began interviewing contacts of Litvinenko" and claims that "Russian secret services had been ordered to kill him by the Kremlin," charges it dismisses as "nonsense." However, the Times says the "tangled case is threatening to create a significant rift in Russia's relations with the UK and other western partners." The New York Times (12/7, A3, Myers, Cowell, 1.16M) and the Washington Post (12/7, A18, Jordan, Finn, 690K) also report on the developments in the investigation.

Former Russian PM Says "Hidden Adversaries" Behind Poisoning. Meanwhile, former prime minister of the Russian Federation, Yegor Gaidar, details in the Financial Times (12/6) the events of his own suspected radiation poisoning late last month. Gaidar says that when he "started thinking about who could have orchestrated" his poisoning, he initially "rejected the idea of complicity of the Russian leadership almost immediately." However, "after the death of Alexander Litvinenko on November 23 in London," Gaidar says "another violent death of a famous Russian on the following day is the last thing that the Russian authorities would want." Therefore, he concludes that "most likely that means that some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical deterioration of relations between Russia and the west."

UN Approves Peacekeepers For Somalia. The New York Times (12/7, A7, 1.16M) reports briefly that UNSC Wednesday unanimously passed a resolution backing the formation of a peacekeeping force to "monitor the Somali

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government's struggle with Islamist foes, partly lifting an arms embargo and calling for peace talks." Ambassador Bolton remarked, "It may not be a complete solution to the problem, and that's one reason why we've encouraged the mediation of various parties and to have all the Somalia factions talk with one another."

The Washington Post (12/7, A24, Lynch, 690K) notes that the resolution was passed "after the United States accommodated a European request to exclude participation by Somalia's neighbors, Ethiopia, Kenya and Djibouti, in the new force." The Los Angeles Times (12/7, Farley, 850K) also reports on the move.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Iraq Policy 'No Longer Viable'."
"Manliness Is Next To Godliness."
"War Panel Gives Bush A Safe Path Out Of Iraq."
"A Cast Of Thousands Of Homes."
"Images Show Water May Flow On Red Planet."

USA Today:
"President Promises 'Timely' Response."
"Nagin: Feds have abandoned New Orleans recovery."
"What Will Bush Do? Gates' Hiring May Signal Change In Air."

New York Times:
"Panel Urges basic shift in U.S. Policy In Iraq."
"A Blueprint for Iraq: Will It Work In The White House?."
"Will It Work on the Battlefield? Options Are Based On Hope."
"Case of the Dwindling Docket Mystifies The Supreme Court."
"Green Onions Identified as Source of E. Coli Cases."
"Magical Moments, Tantrums Or A $250 Lullaby."

Washington Post:
"Iraq Panel Proposes Major Strategy Shift."
"Area Students Lead Country In AP, IB Tests Taken."
"The Realists' Repudiation Of Policies For A War, Region."
"Threats Wrapped In Misunderstandings."

Detroit Free Press:
"Lenders Boost Ford's Bailout."
"UAW To Shrink Below 500,000."
"WSU Acts To Preserve Diversity."
"Bush Is Given Exit Strategy For Iraq War."
"A Suspect Takes Away A Cop's Gun Again."
"In The Least Likely To Succeed Category."

Atlanta Journal-Constitution:
"Home Depot Audit Cites Lapses."
"Review Of Fulton DFCS Files Launched."
"'No Heroes, Only Survivors'"
"High School Sports: New Must See TV?"
"Report On Iraq: US Must reach Out To Syria, Iran."

Story Lineup From Last Night's Network News:
ABC: ISG Report; ISG Report Recommendations; ISG Report-Analysis; ISG Report Reaction-Iraq; US Death Toll-Iraq; Robert Gates Approved; Baker & Hamilton Interview; OR-Missing Man; Mary Cheney's Baby; 86 & In 3rd Grade.
CBS: US Death Toll-Iraq; ISG Report Recommendations; ISG Report Reaction; ISG Report Reaction-Military; ISG Report Recommendations-Analysis; Baker & Hamilton Interview; ISG Report Reaction-Iraq; Military Training Trainers; Training Iraqi Forces-Analysis; Bush Reaction-ISG; OR-Missing Man; Litvinenko Investigation; Water On Mars; Grieving For The Fallen.
NBC: ISG Report Recommendations; ISG Report-Reaction; ISG Report Reaction-Middle East; Hamilton & Baker Interview; ISG Report Recommendations-Analysis; ISG Report-Public Reaction; OR-Missing Man; Factory Explosion-Milwaukee; Stock Market; Rep. Frank Wolf's Vision.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq Study Group Recommendations; Bush, Blair Meeting; Gates Wins Approval In Senate; OR-Lost Father Found Dead; NASA-Weather Concerns Prior To Space Shuttle Launch.
NPR: Bush Administration-Potential Conference With Iraq's Neighbors; Iraq Study Group Recommendations; OR-Lost Father Found Dead; Litvinenko Investigation; Illegal Immigrant Arrests Down Along US-Mexico Border; Taco Bell-E. Coli Outbreak; Tokyo Stock Market; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Highlights: 9:35 a.m. Meets with British Prime Minister Blair. 10:55 a.m. Participates in Joint Press Availability with the Prime Minister of the United Kingdom. EEOB Room 450, The White House.

4:50 p.m. President and Mrs. Bush depart The White House en route The Ellipse.

4:55 p.m. President and Mrs. Bush arrive The Ellipse.

5 p.m. President and Mrs. Bush participate in Lighting of the National Christmas Tree -- Opening Ceremony for the 2006 Christmas Pageant of Peace. The Ellipse.

6:05 p.m. President and Mrs. Bush depart The Ellipse en route The White House.

6:10 p.m. President and Mrs. Bush arrive The White House.

Notes: There will be no gaggle and no briefing.

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VICE PRESIDENT CHENEY — Highlights: 2:25 p.m. Presides over Senate Majority Leader Frist's farewell speech. Senate Chamber.

LAURA BUSH — Highlights: 9:15 a.m. Views Leonardo da Vinci's Adoration of the Magi. Library of Congress.

US Senate: COMMITTEE MEETINGS

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the report of the Iraq Study Group. Co-chairs James Baker III and Lee Hamilton. Location: Room 216, Hart.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Votes on pending nominations. Location: Location TBA.

11 a.m. JUDICIARY _ Full Committee. Hearing on competition in sports programming and broadcasting. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed briefing on intelligence matters. Location: Room 219, Hart.

US House: 10 a.m. FLOOR SCHEDULE _ Meets for legislative business.

COMMITTEE MEETINGS

10 a.m. ARMED SERVICES _ Full Committee. Hearing on military transition teams in Iraq and Afghanistan. Deputy Army Chief of Staff Lt. Gen. James Lovelace, Jr.; Maj. Gen. George Flynn, USMC; Maj. Gen. Carter Ham, Army. Location: Room 2167, Rayburn.

10 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Markup of a motion to approve the interim report on the Administrative Law, Process and Procedure project for the 21st Century. Followed at 10:30 a.m. by an oversight hearing on the arbitration process of the National Football League Players Association. Location: Room 2237, Rayburn.

2 p.m. VETERANS AFFAIRS _ Economic Opportunity Subcommittee. Oversight hearing on impelementation of the 1999 recommendations of the Congressional Commission on Servicemembers and Veterans Transition Assistance. Location: Room 334, Cannon.

Other: VISITING VIP SCHEDULES Dec. 6 - 7. PRIME MINISTER TONY BLAIR OF THE UNITED KINGDOM. Highlights: 9:35 a.m. Meets with President Bush. Oval Office.

Dec. 4 - 7. NUCLEAR FUEL _ First annual Nuclear Fuel Cycle Monitor Global Nuclear Renaissance Summit, sponsored by the publication Nuclear Fuel Cycle Monitor. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: n/a, 865-966-7124.

Dec. 6 - 7. INDUSTRIAL ACID _ The Consumer Product Safety Commission's Patricia Bittner and Trey Thomas, Health Sciences, participate in Enforceable Consent Agreement negotiations for perfluorooctanoic acid (PFOA). The chemical is used in manufacturing Teflon and coatings used for microwavable popcorn bags and other applications. Highlights: 1 p.m. - 5 p.m. Plenary session. Location: EPA East Building, 1201 Constitution Ave. NW. Contacts: Patricia Bittner, 301-504-7263.

Dec. 6 - 8. RURAL HOUSING _ The Housing Assistance Council holds its National Rural House Conference 2006, "Building Communities, Celebrating Partnerships." Highlights: 10:30 a.m. Sessions on "Improving Rural Rental Houisng Preservation;" "Planning and Responding to Natural Disasters;" and "Green Building Practices in Rural America." 7 p.m. - 10 p.m. Rural Houisng Awards Banquet. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: 202-842-8600.

Dec. 7 - 8. EMPLOYEE BENEFIT PLANS _ The American Institute of Certified Public Accountants (AICPA) holds its Employee Benefit Plans Accounting, Auditing and Regulatory Update. Highlights: 9:15 a.m. Accounting, Auditing & Professional Update, Marilee Lau, National Partner in Charge of Employee Benefit Assurance Practice, KPMG LLP, San Francisco, Calif. 10:50 a.m. Review and Audit Application of SAS 70 Reports, JoAnn Cassell, Lara Stanton, and James Moyna, Directors, McGladrey & Pullen, LLP, Schaumburg, Ill. 11:50 a.m. - 1:05 p.m. Auditing Alternative Investments & The Impact Under Limited Scope Audits, John Hubbe, Partner, KPMG LLP, New York, NY; Peggy A. Bradley, Vice President, ERISA Product Consultant, The Northern Trust Company, Chicago. 1:45 p.m. Legislative Update, Bradford P. Campbell, Acting Assistant Secretary and Deputy Assistant Secretary for Policy, EBSA, Dept. of Labor. 2:25 p.m. Tax Issues for Auditors, Becky Miller, Managing Director, National Tax, RSM McGladrey Inc., Minneapolis, Minn. 2:55 p.m. Audit Deficiencies and Dept. of Labor Expectations, Marcus Aron, Senior Auditor, Division of Accounting Services, EBSA, DOL, Washington, DC; Lara Stanton, Director, McGladrey & Pullen, LLP, Schaumburg, Ill. 4:15 p.m. - 5:30 p.m. Concurrent Sessions: Health & Welfare Audit Issues, Larry Beebe, Partner, Bond, Beebe, Bethesda, Md.; Debbie Smith, PartnerEmployee Benefits Assurance, Grant Thornton LLP, Oak Brook Terrace, Ill.; Multi-Employer Audit Issues, Alan Ross, President, Ross & Company, PC, Reading, Pa.; Whats Up with ESOPs?, Scott Albert, Reporting Compliance Division Chief, Office of the Chief Accountant, EBSA, DOL, Washington, DC; Becky Miller, Managing Director, National Tax, RSM McGladrey Inc., Minneapolis, Minn.; Hot Topics in Defined Contribution and Defined Benefit Plans, Lynne McMennamin, Partner, McGladrey & Pullen, LLP, Baltimore, Md; Roland OBrien, Senior ManagerAssurance Services, Employee Benefit Plan Specialist, BDO Seidman, LLP, Philadelphia, Pa. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: Shirley Twillman, 202-434-9220.

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8:30 a.m. - 3:15 p.m. ENERGY _ Symposium on "America's Energy Future." Highlights: 10:30 a.m. Panel on energy sources for the future, with Doug Arent of the National Renewable Energy Lab, William Halsey of Lawrence Livermore Labs; James Kendell of USEIA; others. 11:30 a.m. Session on efficiency in energy, with Davie Austin of the CBO, Robbie Diamond of SAFE, Beth Lowery of General Motors, John Rice of General Electric, others. 1:15 p.m. Session on national security, terrorism and energy, with Lee Shepard of Sandia National Labs, Mike Toman of RAND, Michael Wermuth of RAND, former CIA Director James Woolsey. Location: Cannon Caucus Room. Contacts: Greg Martin, 202-775-5008.

10 a.m. - 3:30 p.m. ELECTION ASSISTANCE COMMISSION _ The Election Assistance Commission holds a public meeting to assess the 2006 election and consider adoption of a voting system testing and certification program manual and a voter fraud report. Location: Suite 150, U.S. Election Assistance Commission, 1225 New York Ave. NW. Contacts: Bryan Whitener, 202-566-3100.

8 a.m. - 10:30 a.m. RACE-POVERTY _ The Congressional Black Caucus Foundation and Representative G.K. Butterfieled host a forum on "Poverty, Race and Policy," during which members of Congress and policy experts will examine solutions for poverty reduction. Participants include Butterfield; Kendrick B. Meek, Chair, Congressional Black Caucus Foundation, Inc.; Rep. Barbara Lee; Elsie Scott, Ph.D., Interim President and CEO, Congressional Black Caucus Foundation, Inc.; and Dr. Ivory Tolson, CBCFs Center for Policy Analysis and Research (CPAR). Location: Room 2212, Rayburn House Office Building. Contacts: Patty Rice, 202-263-2829.

8:30 a.m. - 11 a.m. LATINO SURVEY _ The Woodrow Wilson Center hosts a forum, "Redefining America: Key Findings from the 2006 Latino National Survey." Participants: Michael Jones-Correa, Associate Professor of Government, Cornell University; Luis R. Fraga, Associate Professor of Political Science, Stanford University; John A. Garcia, Professor of Political Science, University of Arizona; Rodney E. Hero, Packey J. Dee III Professor of American Democracy, University of Notre Dame; Valerie Martinez-Ebers, Associate Professor of Political Science, Texas Christian University; ands Gary M. Segura, Associate Professor of American Politics, University of Washington. The event is co-sponsored by the Migration Policy Institute and the Pew Hispanic Center. Location: Flom Auditorium, Sixth floor, Woodrow Wilson Center, 1300 Pennsylvania Ave. NW. Contacts: Sharon McCarter, 202-691-4016. Notes: Continental breakfast will be provided.

9 a.m. BUSINESS-CORRUPTION _ The Center for Strategic and International Studies holds a discussion with former SEC Chairman Roderick Hills on how businesses can fight corruption. Location: B-1 conference level, 1800 K St. NW. Contacts: Andrew Schwartz, 202-775-3242. Notes: Media must RSVP.

9 a.m. CONSUMERISM-HEALTH CARE _ The Employee Benefit Research Institute and the Commwealth Fund hold a news briefing to release its 2006 Consumerism in Health Care Survey. Location: Kaiser Family Foundation, 1330 G St. NW. Contacts: John MacDonald, 202-775-6349. Notes: Reporters also may participate by audio conference. To attend via phone or in person, please RSVP with Erin Kerr, 301-652-1558.

9 a.m. - 12 p.m. CONGRESSIONAL LEADERSHIP _ The American Undersity Center for Congressional and Presidential Studies holds a leadership summit with former Reps. Tony Coelho, Martin Frost, Robert Livingston and Robert Walker at 9:15 a.m.; keynote address at 10:30 with Thomas Mann of Brookings Institution on how to correct the course of Congress. Location: National Press Club. Contacts: Maralee Csellar, 202-885-5950.

9:30 a.m. DEMOCRATS-AFSCME _ House Speaker-designate Nancy Pelosi will attend the American Federation of State, County and Municipal Employees (AFSCME) board meeting to discuss House Democrats legislative agenda for the 110th Congress. Location: AFSCME Headquarters, 1625 L St. NW, Board Room (first floor). Contacts: Brendan Daly, 202-226-7616. Notes: Pelosi and AFSCME President McEntee will hold a brief press availability following the meeting at 9:30 a.m.

9:30 a.m. GLOBAL TAXES _ Deputy Assistant Treasury Secretary Robert Carroll discusses the impact of U.S. corporate tax rates on international coampetitiveness at a PricewaterhouseCoopers tax symposium. Location: Ritz-Carlton Hotel, 1150 22nd St. NW. Contacts: n/a, 202-622-2920.

10 a.m. CLIMATE CONFERENCE _ Platts Energy Podium hosts Dr. Harlan Watson, senior climate negotiator at the State Department, discussing the recent UN climate conference in Nairobi. Location: Platts, 10th floor, 1200 G St. NW. Contacts: Nancy Covey, 202-942-8719. Notes: Credentialed press RSVP to Nancy Covey, 202-942-8719.

10 a.m. DARFUR _ Chair of the American Red Cross, Bonnie McElveen-Hunter, will report to Congress about her recent humanitarian observation trip to Red Cross camps sheltering Darfur refugees in Chad and American Red Cross projects in Ethiopia. Reps. Mike Honda and Donald Payne also will participate. Location: Room HC-7, Capitol. Contacts: Kerry McKenney, 202-225-3327.

10 a.m. NIGERIA-ELECTIONS _ The Center for Strategic and International Studies holds a roundtable discussion on the upcoming Nigerian elections, with representatives from three of the leading democracy-promoting institutions. Location: 4th floor conference room, 1800 K St. NW. Contacts: Andrew Schwartz, 202-775-3242. Notes: Media must RSVP.

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10 a.m. NORTH KOREA _ The U.S. Committee for Human Rights in North Korea holds a briefing to release a report on the North Korea refugee problem, human rights and the international response. Location: Room 2255, Rayburn. Contacts: Amber Moore, 703-276-2772 ext 17.

10 a.m. RICHARDSON-OAS _ New Mexico Gov. Bill Richardson and OAS General Secretary Jose Miguel Insulza hold a news conference to discuss hemispheric issues. Location: Delegates Lounge, OAS, 17th St. and Constitution Ave. NW. Contacts: n/a, 202-458-6824.

10 a.m. RUSSIA-ENERGY _ The Jamestown Foundation holods a discussion on ``Putin, Petroleum, Power and Patronage: The Dog Barks but the Caravan Moves On," with Marshall Goldman of Harvard University and Lana Ekimoff of the Energy Department. Location: 7th floor board room, 1111 16th St. NW. Notes: RSVP required to rsvp-dec7jamestown.org

10 a.m. WORLD BANK REVIEW _ The World Bank's Independent Evaluation Group releasaes its annual review of the bank's Development Effectiveness in 2006. Location: National Press Club. Contacts: Melanie Zipperer, 202-458-2902.

10:30 a.m. DEMOCRATS-109TH CONGRESS _ Speaker-designate Nancy Pelosi, Majority Leader-elect Steny Hoyer, and Congressman David Obey, Chairman-elect of the Appropriations Committee will hold a news conference to discuss the unfinished business of the 109th Congress and House Democrats' legislative agenda for the next Congress. Location: House Radio/TV Gallery. Contacts: Brendan Daly, 202-226-7616.

10:30 a.m. KATRINA HOUSING _ Members of ACORN will conduct press conferences at the U.S. Capitol and three cities around the country on Thursday, Dec. 7, to announce the organization's next steps to pressure FEMA's to comply with a federal judge's orders to ``immediately" resume making housing benefits available to 11,000 survivors of hurricanes Katrina and Rita. Participants include Reps. Maxine Waters and Al Green, ACORN leaders. Location: Room 2220, Rayburn. Contacts: Charles Jackson, 504-994-4669.

11:30 a.m. CHINA-AFRICA _ The Center for Strategic and International Studies holds a discussion on the finding of a recent trip to the China-Africa summit in Beijing. Panelists include Lorne Craner of the International Republican Institute, others. Location: IRI offices, Suite 700, 1225 Eye St. NW. Contacts: Andrew Schwartz, 202-775-3242. Notes: Credentialed media must RSVP.

11:30 a.m. DODD _ Sen. Christopher Dodd holds a news conference to discuss the upcoming agenda for the Senate Banking, Housing and Urban Affairs Committee. Location: Senate Radio-TV Gallery. Contacts: n/a, 202-224-0346.

11:45 a.m. RICHARDSON _ New Mexico Gov. Bill Richardson speaks on immigration and border control, sponsored by Georgetown University. Location: Gaston Hall, 3rd floor, Healy Hall, on campus. Contacts: Andrea Sarubbi, 202-687-4328. Notes: Media must RSVP.

12 p.m. DEVELOPMENT GOALS _ Former Deputy Prime Minister Anwar Ibrahim of Malaysia speaks at the Inter-American Development Bank Forum on the Americas on the role of governance and accountability in achieving development goals. Location: 9th floor, 1300 New York Ave. NW. Contacts: Christina MacCulloch, 202-623-1718.

12 p.m. HOMELAND SECURITY _ Homeland Security Undersecretary George Foresman speaks at the Center for the Study of the Presidency meeting on ``Crisis Leadership: Securing Societies, Protecting Homelands Seminar." Location: Reserve officers Association, 1 Constitution Ave. NE. Contacts: n/a, 202-282-8010.

12 p.m. - 2 p.m. MOUTRAY-SMALL BUSINESS _ Chad Moutray, chief economist, U.S. Small Business Administration, addresses a National Economists Club lunchon to speak on release of ``The SBAs Annual Report to the President: 'The Small Business Economy. Location: Chinatown Garden Restaurant, 618 H St. NW. Contacts: 703-493-8824.

12:30 p.m. NEUROSCIENCE-NATIONAL DEFENSE _ The Center for American Progress holds a panel discussion, ``Mind Wars: Brain Research and National Defense," on the emerging intersection of neuroscience and national defense, with author Jonathan Moreno, Jennifer Bard of Texas Tech University and Paul Root Wolpe of the University of Pennsylvania. Location: 1333 H St. NW. Contacts: Anna Soellner, 202-682-1611.

12:30 p.m. SECURITY POLICY _ WorldPublicOpinion.org holds a news conference to release a poll on national security. Location: Polaris Room, Reagan Trade Center. Contacts: Melinda Brouwer, 202-375-8114.

1 p.m. ENERGY _ Energy Undersecredtary David Garman gives the keynote remarks to the Edison Foundation Conference. Location: Elliott School of International Affairs, 1957 E St. NW. Contacts: Julie Lynn Ruggiero, 202-586-4940.

1 p.m. INVESTING IN RUSSIA _ The American-Russian Chamber of Commerce & Industry holds a National Press Club newsmaker news conference to discuss ``Politics and Investing in Russia's Regions: Opportunities Beyond Moscow." Participants: Rep. Charles H. Taylor, R-N.C.; Robert McDonald, Vice Chairman, Global Operations, ``Procter & Gamble;" Silvio Thiede, General Director, JSC ``Cesla" HeidelbergCement AG; David Zaikin, CEO, JSC, ``Siberian Energy;" Senator Lyudmilla Narusova, Federation Council of the Russian Federation; Khazret Sovmen, President of the Republic of Adyghea; Vladimir Kulakov, Governor of Voronezh Region; Vasily Bochkarev, Governor of Penza Region; Evgeny Samoylov, CEO, ``Russian Union of Oil Exporters;" and Heln Teplitskaia, President of the

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American-Russian Chamber of Commerce & Industry. Location: National Press Club, Lisagor Room. Contacts: Peter Hickman, 301-530-1210.

1 p.m. RAY NAGIN _ New Orleans Mayor Ray Nagin addresses a National Press Club newsmaker media briefing. Location: National Press Club, Murrow Room. Contacts: Michael Doyle, 202-383-0006.

2 p.m. ARAB LEAGUE _ The Center for Strategic and International Studies holds a forum featuring Amre Moussa, Secretary General of the League of Arab States, discussing regional topics and steps to mitigate violence in the region. Location: B-1 conference level, 1800 K St. NW. Contacts: Andrew Schwartz, 202-775-3242.

5 p.m. HAGEL-FOREIGN AFFAIRS _ Sen. Chuck Hagel, R-Neb., delivers the annual Rostov Lecture on International Affairs at the School of Advanced International Studies. Topic: :The Role of the Senate in U.S. Foreign Policy." Location: Kenney Auditorium, Nitze Building, 1740 Massachusetts Ave. NW. Contacts: Felisa Neuringer Klubes, 202-663-5626. Notes: For more information and to RSVP, contact SAISeventsjhu.edu or 202-663-5636.

5 p.m. KOREA TRADE TALKS _ D.C. area activists hold a demonstration against the U.S.-South Korean trade talks in Montana. Location: White House sidewalk. Contacts: n/a, 703-314-1489.

5:30 p.m. IRAQ-LABOR _ News conference with an Iraqi trade unionist, Rep. Linda Sanchez, U.S. union leader and AFL-CIO President John Sweeney to discuss the lack of worker rights and the increase in assassinations of trade unionists in Iraq. Location: AFL-CIO, 815 16th St. NW. Contacts: Alison Omens, 202-637-5018.

7 p.m. - 9 p.m. JOURNALISM-CONFIDENTIAL SOURCING _ The National Press Club hosts a panel, ``The Future of the Free Press: Should Journalists Be Able to Use Confidential Sources and Seek Secret Information?" Participants inckude: Nina Totenberg, National Public Radio; Victoria Toensing, partner at diGenova and Toensing LLP; and Tim Franklin, editor and senior vice president, The Baltimore Sun. Location: National Press Club. Contacts: Ashley Kissinger, 202-508-1131.

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To:	USDOJ- Office of Public Affairs
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Attachments:	dojclips061207.pdf; dojclips061207.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 7, 2006 7:45 AM EST

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TERRORISM NEWS:

Senators Rap FBI Over Domestic Spying (NSDY/AP)

By Lara Jakes Jordan

Long Island Newsday, December 7, 2006

WASHINGTON -- Senators frustrated by scant details on the Bush administration's domestic eavesdropping program on Wednesday rapped FBI Director Robert Mueller for refusing to show how it has curbed terrorist activity in the United States.

Mueller said he was unable to talk about the warrantless spying program because it is classified.

"What assurances can you provide that the program is worthwhile?" asked Senate Judiciary Chairman Arlen Specter, R-Pa. "Have arrests been made? Have terror cells been broken?"

The FBI has briefed congressional intelligence committees on the controversial program, but Mueller said he did not have permission to share that information with other lawmakers -- including the judiciary panels that oversee the bureau.

"I am prepared to brief whichever committee, to the extent that I am allowed to," he said.

In his opening remarks, Mueller ticked off a list of FBI cases targeting terror suspects since the 2001 attacks. They included the so-called "Lackawanna Six" who allegedly attended al-Qaida training camps; an Ohio truck driver who plotted to attack the Brooklyn Bridge; and four men charged with planning to hit synagogues and U.S. and Israeli facilities in the Los Angeles area.

But Mueller did not say if any of the cases resulted from the secret spying program, which was revealed last year. His answer annoyed senators, who said their constitutionally protected oversight was being hampered by the administration's stonewalling.

"When done poorly or without proper safeguards and oversight, data banks do not make us safer, they just further erode Americans' privacy and civil liberties," said Sen. Patrick Leahy, D-Vt., the panel's incoming chairman. He said the administration "has gone to unprecedented lengths to hide its own activities from the public, while at the same time collecting and compiling unprecedented amounts of information about every citizen."

Later, Mueller also said the FBI could better fight terrorists if authorities had stronger subpoena power to determine if threats are valid, and if search and surveillance tools granted by the Foreign Intelligence Surveillance Act court could be expanded.

His appearance marked a long-delayed hearing for senators eager to hear about the FBI's progress on terror investigations, including a 5-year probe into the deadly anthrax attacks. Mueller declined comment on specifics of the case. He was also scolded by Sen. Dianne Feinstein, D-Calif., for ranking violent crime prevention as less of a priority than public corruption and organized crime cases.

"Gangs are killing more people in this country than organized crime ever did," Feinstein said. "And that's just a fact."

Responding, Mueller said that if the FBI didn't go after crooked public officials and organized crime cases, "it will not be investigated." He called public corruption cases the FBI's "top criminal investigative priority," noting that more than 1,000 government employees have been convicted over the last two years with the FBI's help.

Mueller's Reticence Angers Senate Panel (WT)

By Jerry Seper, THE WASHINGTON TIMES

The Washington Times, December 7, 2006

FBI Director Robert S. Mueller III was subjected to bipartisan criticism yesterday by a Senate committee after refusing to discuss the Bush administration's domestic terrorist-surveillance program because it is "classified."

Mr. Mueller declined to give Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, assurances the program was worthwhile or to say whether it had resulted in any arrests or dismantled terrorist cells.

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But the director stepped further into the breach when he told Mr. Specter the FBI had given a "full briefing"on the program to the Senate Intelligence Committee behind closed doors.

"Well, we're very interested in that, Director Mueller, but not as interested as a full briefing to this committee," said Mr. Specter, adding that "this committee has oversight jurisdiction over the FBI. We're going to pursue that, Director Mueller. That is not what I view as a satisfactory response by the administration."

The committee's ranking Democrat, Sen. Patrick J. Leahy of Vermont, who will take over as chairman next month, accused the Bush administration of going to "unprecedented lengths to hide its own activities from the public, while at the same time collecting and compiling unprecedented amounts of information about every citizen."

Mr. Leahy said data banks, when compiled poorly or without proper safeguards and oversight, "do not make us safer, they just further erode Americans' privacy and civil liberties."

His questions gave insight into the issues he will pursue as chairman.

"The recent revelation that the Bush administration, since 9/11, has been compiling secret dossiers on millions of unwitting, law-abiding Americans who travel across our borders, highlights the importance of diligent congressional oversight," Mr. Leahy said.

The Justice Department has called the domestic terrorist-surveillance program "essential" in its war on terrorism, adding that it "ensures we have in place an early-warning system to detect and prevent a terrorist attack."

Attorney General Alberto R. Gonzales said it focused only on communications with al Qaeda and had been "very effective" in protecting the United States against terrorist attacks.

Democrats and Republicans in the House and Senate have questioned Mr. Bush's constitutional authority to conduct wiretapping, saying among other things the program improperly bypassed the Foreign Intelligence Surveillance Act court established by Congress to approve secret surveillance or searches of those suspected of terrorism.

During the hearing, Mr. Mueller, who took over the FBI a week before the September 11 attacks, suggested that members of Congress look at "all aspects of the program and understand the context in which technology has developed exponentially."

"Congress needs to grapple with the issues of this expanding technology and give us the tools we need to expeditiously do that which you said at the outset, which is to wiretap putative terrorists' conversations so we have the information we need to do our jobs."

Democrats Set To Press Bush On Privacy And Terrorism (NYT)

By Eric Lichtblau

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — Leading Senate Democrats put the Bush administration on notice Wednesday that they intended to press for a fuller accounting on a wide range of counterterrorism programs, including wiretapping, data-mining operations and the interrogation and treatment of detainees.

Democrats have appeared divided at times over how aggressively to challenge the administration on its terrorism policies, in part because of concerns that they risked playing into Republican accusations that they were soft on terrorism.

But Senator Patrick J. Leahy, Democrat of Vermont, who will take over next month as chairman of the Judiciary Committee, made clear at a committee hearing Wednesday that he wanted to investigate actively the effectiveness and legality of many programs.

“The administration’s gone to unprecedented lengths to hide its own activities from the public while at the same time collecting an unprecedented amount of data on private citizens,” Mr. Leahy told Robert S. Mueller III, the director of the Federal Bureau of Investigation.

As the sole witness at the hearing, Mr. Mueller bore the brunt of the Democrats’ criticism. But their sharp questions often went well beyond the F.B.I.’s purview, delving into areas like the National Security Agency’s eavesdropping program, the Central Intelligence Agency’s interrogations of Qaeda suspects and the Department of Homeland Security’s use of profiling scores to assess the risks posed by travelers.

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As a first step toward what Mr. Leahy described as an effort to roll back the administration's curtailment of rights, he and Senator Arlen Specter, Republican of Pennsylvania, proposed legislation that would seek to restore the rights of all terrorism suspects to challenge their detentions in court.

The military detention legislation that President Bush signed into law in October stripped the federal courts of jurisdiction to hear petitions from noncitizens for rights of habeas corpus.

Brian Roehrkasse, a spokesman for the Justice Department, said that while the administration would review the Leahy-Specter proposal, the process approved by Congress allows enemy combatants to challenge their detention and "goes well beyond what is required for lawful prisoners of war under both international and domestic law."

Several Republican senators on the Judiciary Committee, including Mr. Specter and Charles E. Grassley of Iowa, told Mr. Mueller that they shared the concerns about some terrorism operations, particularly the F.B.I.'s struggle to remake its computer system.

An audit of the computer overhaul released this week by the Justice Department inspector general found that the project risked falling $57 million short this year. Mr. Mueller disputed that, saying that the program was on schedule and within budget.

In addition, several senators criticized the pace of the F.B.I. investigation into the anthrax attacks of October 2001, which are unsolved, and the bureau's unwillingness to brief members of Congress fully about where the investigation stands.

Amid the sharp criticism, one notable dissent came from Senator Jeff Sessions, Republican of Alabama, who thanked Mr. Mueller for his hard work and suggested that Democrats and civil rights advocates were too quick to criticize the administration over policies that might affect privacy rights.

Opponents of the administration's policies, Mr. Sessions said, will "criticize you for not maintaining information and not sharing it with the person at the airport so they can identify somebody who might be a terrorist if they happen to get by the system, and then they'll complain that you're maintaining information that somehow might oppress somebody's rights."

Mr. Sessions added, "If you don't maintain those records and somebody slips by and kills a lot of Americans, you'll be hauled in here to be criticized for it, there's no doubt about that."

Mr. Leahy said he was troubled by recent reports about the Department of Homeland Security's use of a scoring system to rate the risk that people coming across American borders might be terrorists or criminals. He said the program and broader government data-mining efforts could make it more difficult for innocent Americans to travel or to get a job — without giving them a chance to know why they were labeled a risk.

"It's worrisome," Mr. Leahy said, "because if it's done poorly or without proper safeguards and oversight, databanks don't make us safer. They just further erode Americans' privacy."

FBI Is Probing Leak Of Curt Weldon Investigation, Mueller Says (AP)

By Robert Schmidt

Ap, December 7, 2006

FBI chief Robert Mueller told the Senate Judiciary Committee today that the agency is pursuing ``a series" of leak probes of its agents, including one involved in the Weldon matter. The Pennsylvania Republican, who lost his seat on Nov. 7, was involved in a tight race when the news of the investigation broke.

``I was exceptionally disappointed, and that is being charitable in terms of my response," Mueller said about the leak. ``It is unfair in advance of an election, but, as importantly to us, it adversely affected the investigation."

The FBI probe of alleged influence peddling was first reported Oct. 13 by McClatchy Newspapers, which cited an anonymous law enforcement agent. Three days later, agents raided the home of Weldon's daughter and five other targets.

Senator Arlen Specter, a Pennsylvania Republican and chairman of the judiciary committee, questioned Mueller about the Weldon leak during a hearing in Washington, calling it ``highly prejudicial."

Weldon, who called the investigation politically motivated, was defeated by Democrat Joseph Sestak.

Political Influence

The FBI is probing whether Weldon used his political influence to steer business to help his daughter Karen win consulting deals, a person familiar with the matter has said.

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Mueller said that at least one of the bureau's leak probes is being handled as a criminal investigation. He told the senators that he believes investigators are having ``some success" in discovering who the leakers are but declined to give any details.

Republican and Democratic Senators sharply questioned Mueller on such issues as the rising violent crime rate, the Bush administration program that wiretaps suspected terrorists without a court order and potential budget problems with a new paperless case file system.

Senator Patrick Leahy, the Vermont Democrat who will take over as committee chairman next year, promised to press the FBI on privacy issues related to personal information the government collects to protect against terrorist attacks.

``There is a growing concern in this country that our government knows too much about us," Leahy said.

Leahy told Mueller that ``oversight of the FBI and the SEARCH

News | News Photos | Images | Web" /> Department of Justice will be one of my highest priorities next year."

Mueller disputed Leahy's claim that the bureau's new computerized case management system, called Sentinel, was underfunded by $56.7 million. A Justice Department inspector general report earlier this week identified the funding problem and expressed concern that the FBI would take money away from its law enforcement mission to fill the gap.

``There are no cost overruns and there are no budget shortfalls," Mueller said, adding that the $425 million projected price tag for the program hasn't changed.

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

FBI Seeks Extra Funding To Avoid Delays On Tech Upgrade (GOVEXEC)

By Daniel Pulliam

Government Executive, December 7, 2006

The FBI's $425 million effort to upgrade its case management system is at risk of delays if Congress does not provide additional funds in the next stopgap spending measure, the bureau's chief told lawmakers Wednesday.

Testifying before the Senate Judiciary Committee, FBI Director Robert Mueller said the bureau needs $157 million to begin the second phase of building the system, known as Sentinel, in February as planned.

President Bush included $100 million for the project in his fiscal 2007 budget request. According to Mueller, the Office of Management and Budget has helped the FBI find the additional $57 million, using funds left over from the first phase of the effort and unspent balances in other accounts.

The House version of the fiscal 2007 Science, State, Justice, Commerce and related agencies spending bill, which includes FBI funding, meets the administration's $100 million request. But the Senate version provides an appropriation of only $40 million. The bill has yet to be completed.

The Senate did not grant the full request because the FBI failed to fully respond to a March 24, 2006, letter from the Judiciary Committee relating to the bureau's modernization efforts. Language in the report accompanying the appropriations bill stated that the funding levels would be reconsidered if FBI officials answer the committee's outstanding questions.

The current continuing resolution to keep money flowing to agencies in the absence of final fiscal 2007 appropriations is set to expire Dec. 8. Agency officials have asked that when lawmakers extend it, they provide $80 million for Sentinel.

Spending levels in continuing resolutions usually are set at the lower of the Senate or House-passed or fiscal 2006-enacted levels. But the FBI requested an exception to that rule, according to a bureau spokeswoman.

Sentinel, a six-year effort to replace the failed Virtual Case File project, is intended to upgrade the FBI's old-fashioned paper-based system for managing investigations and information. Lockheed Martin Corp. won a $57 million task order in March to work on the first stage of the program, with options to earn $248 million for three additional phases.

"We would be prevented legally from going into the contract [for the second phase] if we don't have the $157 million," Mueller said. "It would help if Congress included the $100 million in the continuing resolution."

Mueller said Sentinel has not had cost overruns or budget shortfalls and the total estimate for the project has not changed. He said the FBI has learned from the mistakes made with the failed Virtual Case File project, Sentinel's predecessor.

A Justice Department inspector general report released Monday found that the FBI is exercising more control over the development of Sentinel, but maintained that the funding and cost estimates remained uncertain.

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"I believe everybody believes that this project is a good one. We do need the money to go forward," Mueller said.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said it is highly likely that the $100 million figure would have been the final amount in a conference report. Lawmakers' failure to finish the appropriations bills, he said, "is a highly deplorable situation."

UK 'under Threat From Resurgent Al-Qaeda' (FT)

By Stephen Fidler

Financial Times, December 7, 2006

Britain's security services have concluded that al-Qaeda is rebuilding its headquarters' operation in Pakistan and that the UK is the western country mainly at risk from the development, according to UK government officials.

The conclusion, drawn from examinations of past plots and other evidence, runs counter to conventional wisdom that al-Qaeda has been in retreat as an operational force and has become essentially a "brand" that inspires radical Muslims to commit acts of terror.

The theme was addressed in public last month in a speech by Dame Eliza Manningham-Buller, director-general of the UK's domestic security service. She said the service knew of some 30 plots and had identified 1,600 people actively engaged in plotting, or facilitating, terrorist acts here and abroad.

"These plots often have links back to al-Qaeda in Pakistan and through those links al-Qaeda gives guidance and training to its largely British foot soldiers here on an extensive and growing scale," she said.

UK government officials, speak-ing on condition they not be named, say they have evidence that some groups receive direction from Pakistan, in particular from the lawless tribal areas near the Afghan borders.

"It's an emerging pattern. Training is taking place in Pakistan and contacts are continuing after the training," one official said. According to another: "We are seeing an increase slowly in the level of sophistication of al-Qaeda directed or inspired attacks."

Among a significant number of examples, officials say Dhiren Barot, a British convert from Hinduism convicted last month for plotting to blow up the New York Stock Exchange and other US targets, was di-rected by al-Qaeda. Mohammad Sidique Khan and Shehzad Tanweer, two of the four July 7 suicide bombers, are thought now to have visited terrorist training camps in Pakistan, the officials say.

The link to Pakistan gives the UK a special vulnerability to al-Qaeda. UK residents make 400,000 visits a year to Pakistan, among whom a small number of aspirant terrorists would be hard to find. A disproportionate number of suspects under surveillance are of Pakistani origin, officials say.

The US still remains al-Qaeda's number one target, they say. But the UK, the closest ally of the US and where polls estimate there are at least 100,000 supporters of terror attacks, is an easier mark. "We are talking about risk: risk is made up of a combination of threat and vulnerability," an official says. " If the threat is big, but you are not vulnerable, there is a low risk. But if the threat is high and vulnerability is high, then you are in trouble."

According to specialists, al-Qaeda's comeback has been made possible by developments in Pakistan. Shaun Gregory, head of Bradford University's peace studies de-partment, says Pakistan's military has been scaling back its activities in the tribal areas of north and south Waziristan since mid-2005. "The deals that have been done with tribal militants in that region mean that the heat is off al-Qaeda," he says.

Two other developments are troubling, he says. The west's presence in and around Pakistan and the strength of US influence with the government of President Pervez Musharraf is radicalising some Pakistanis and driving some into the arms of al- Qaeda. And there appears to be a closing of links between Kashmiri terrorist groups and al-Qaeda and the Taliban.

Not all evidence points to a coherent regrouping of al-Qaeda. Nawaf Obaid, a Saudi security specialist and government adviser, says al-Qaeda fighters arrested on their return to Saudi Arabia from Pakistan and Afghanistan appeared disorganised. "They had no attack plan and no clear command structure," he says.

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Jonathan Stevenson, however, professor of strategic studies at the US Naval War College, says the UK's close alignment with US foreign policy may have made the UK more of a target. But the radicalisation of UK Muslims means that from the US perspective "Britain is regarded as among the most problematic of countries, probably the most problematic".

HOMELAND RESPONSE:

AG, Salazar To Tour Supermax (RMN)

By Sara Burnett, Rocky Mountain News

Rocky Mountain News, December 7, 2006

U.S. Attorney General Alberto Gonzales plans to tour Supermax prison with Sen. Ken Salazar in February, Salazar's spokesman said today.

Salazar said he hopes the Feb. 21 tour will bring much-needed attention to the nation's highest-security federal prison, which has seen a decrease in staff and increased concerns about security since it opened in Florence in 1994.

The prison is home to inmates such as 9/11 conspirator Zacarias Moussaoui, 1993 World Trade Center bomber Ramzi Yousef and Oklahoma City bombing conspirator Terry Nichols.

In September, a Justice Department inspector general's report criticized the prison for not properly screening terrorists' mail and other communications. A federal indictment also revealed that a drug kingpin had used coded messages to conduct business in Los Angeles from inside Supermax.

Last month, a federal arbitrator agreed with prison guards that staff cuts had made the facility more dangerous, and local police and fire officials said they had no way to communicate with prison staff in case of an attack, escape or other emergency.

Gonzales told the Rocky Mountain News during an interview last month that he believes the prison is safe, and that all mail and phone calls are now being monitored. He also said 18 additional staff would be added, bringing the total to 208. That's still short of the 240 employees Supermax had when it opened.

Salazar, Gonzales To Tour Supermax In February (AP)

AP, December 7, 2006

DENVER - Sen. Ken Salazar and U.S. Attorney General Alberto Gonzales are scheduled to tour the Supermax prison in Florence together in February following reports of security concerns.

Salazar, D-Colo., said the two would visit the maximum-security prison Feb. 21.

Salazar and Sen. Wayne Allard, R-Colo., both have visited Florence on their own to hear community and staff concerns.

This year an arbitrator found staffing levels had made the facility more dangerous, with some shifts going unfilled. In September, a Justice Department report criticized the prison for not properly screening mail and other communications.

Gonzales had committed to a tour when he met with Salazar last month, when he restated the Bureau of Prison's commitment to add 18 staff members to the prison by the end of the year.

Supermax houses inmates considered to be among the nation's most dangerous, including Unabomber Ted Kaczynski and al-Qaida conspirator Zacarias Moussaoui.

U.S.-bound Cargo To Be Tested For Radiation (USAT)

By Mimi Hall, Usa Today

USA Today, December 7, 2006

WASHINGTON — Cargo containers bound for the USA from four overseas ports will be checked for radiation before they're loaded on ships under a new government program aimed at preventing terrorists from smuggling a nuclear weapon into the country.

The Homeland Security and Energy departments will announce today that containers at ports in Korea, Oman, Honduras and the United Kingdom will be scanned beginning early next year in the first phase of a program that could expand to ports worldwide.

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"There is ample history of people using container traffic for smuggling a whole range of things," Homeland Security Deputy Secretary Michael Jackson said.

Some containers being shipped from Hong Kong's port have been run through radiation detectors since 2004 as part of a test program by shippers and port officials to see whether cargo containers could be effectively scanned without creating bottlenecks and slowing the pace of shipments.

The new program, which will cost $60 million in fiscal 2007, is a first for the government.

In Korea, one of the world's largest ports, some of the cargo containers will be run through detectors. In the other smaller ports, officials expect most or all will be.

Either way, the program should deter anyone aiming to sneak weapons onto a cargo ship, Jackson said.

Officers who work for the port governments will run the containers through the radiation and X-ray machines. If an alarm sounds, Jackson said, the container will not be loaded onto a ship until a U.S. Customs official signs off.

He said most shippers and foreign governments support the program. "Nobody wants the global supply chain to ground to a halt over a terrorist event," he said.

Homeland security consultant Randall Larsen is skeptical of the program. "It would do nothing to make us more secure against an attack on an American city with a nuclear weapon," he said.

If terrorists were able to secure a nuclear weapon, they would never load it into a cargo container and send it across the ocean, he said. "You would never take your hands off it. You'd charter an airplane or (your own) ship" to bring it in.

9/11 Cleanup To Resume, E.P.A. Says (NYT)

By Anthony Depalma

The New York Times, December 7, 2006

More than five years after contaminated dust from the World Trade Center seeped into apartments and offices throughout Lower Manhattan, the federal Environmental Protection Agency announced plans yesterday to start a final indoor cleanup program next month, despite widespread criticism that the program is seriously flawed.

Agency officials said residents and owners of commercial buildings below Canal Street would have 60 days to sign up for the voluntary program, which will test for asbestos, lead, vitreous fibers and harmful soot that may have come from the collapse of the trade center.

If any one of the contaminants is found, the space will be professionally cleaned at no cost to the resident or owner.

The new program is almost identical to one that was rejected in November 2005 as inadequate by the agency's advisory panel of experts as well as by community groups, labor unions and the city's Congressional delegation. The City Council passed a resolution condemning that program, calling it "technically and scientifically flawed."

Senator Hillary Rodham Clinton, who in 2004 forced the environmental agency to test indoor spaces for contamination, called the program announced yesterday "totally inadequate."

In a statement, she said she would use her chairmanship of the Senate Subcommittee on Superfund and Environmental Health in the new Congress to press for a more comprehensive testing and cleaning program.

In early 2005, the agency considered creating a far broader program that would have used statistically based mapping to learn the extent of the contamination, following it outside Manhattan if needed. Under that program, if any dust could be conclusively linked to the trade center collapse, entire buildings, not individual apartments or offices, were to be vacuumed and wiped down to prevent recontamination from spaces that had not been cleaned.

The agency abandoned that program late last year when it could not devise a reliable way to identify trade center dust. It substituted a pared down program that would only test individual apartments in Lower Manhattan and clean only those where contamination was found. However, when community residents objected to the program as insufficient, the agency agreed to continue looking for a method of identifying dust from the twin towers.

Yesterday, Alan J. Steinberg, regional administrator for the agency, said that effort had taken most of the last year but had failed to come up with a viable method.

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Last year's program has been modified to include commercial spaces and to allow previously cleaned apartments to be retested, but it still excludes Brooklyn and is restricted to Lower Manhattan below Canal Street.

Catherine McVay Hughes, a downtown resident who was community liaison on the agency's advisory panel, said she was disturbed that the agency had not notified residents of this latest version before announcing it. She said it was still so limited that it was unlikely to accomplish Mr. Steinberg's goal of providing "peace of mind to people who live and work in Lower Manhattan."

"Because the plan continues to be inadequate, I can't imagine that there will be much of a response," she said.

Paul J. Lioy, an environmental scientist at Rutgers who was also a member of the advisory panel, said the program, though flawed, could do some good.

"At least something is finally being done," he said. "If there is residual dust, we'll be able to find it."

It is not clear how many apartments and commercial spaces can be cleaned under the new program. Mr. Steinberg said only $7 million was left from a Federal Emergency Management Agency grant to pay for the new cleanup. A previous effort in 2002 and 2003 that cleaned or tested 4,200 of more than 23,000 apartments in Lower Manhattan cost $30 million.

Mr. Steinberg said testing for the four contaminants would cost about $3 a square foot, or $3,000 for an average apartment, while cleaning that same space will add an additional $1 per square foot.

But officials said they expected the testing to show that most apartments do not need to be cleaned.

"The danger really is low," said George M. Gray, assistant administrator for the agency's Office of Research and Development. "The vast majority of occupied residential and commercial spaces have been repeatedly cleaned since 2001."

Dr. Gray said the normal process of household cleaning — dusting and vacuuming and the like — has probably eliminated most of the dust that infiltrated indoor spaces.

Environmental advocates disagreed. "That's not an environmental cleanup," said Suzanne Mattei, director of the Sierra Club's New York office. "Most experts say that if a carpet really is contaminated with asbestos, you probably need to get it out of the house altogether."

The 60-day sign-up period for the voluntary cleanup program will begin in January, and testing is expected to start in the spring. More information is available online at epa.gov/wtc/testandclean.

Cherry-Picking Campaign Promises (NYT)

The New York Times, December 7, 2006

Weeks before they take majority control of the Capitol, the Democrats are reported to be wriggling out of one of their most important campaign vows: to repair Congressional oversight of the nation's intelligence agencies. Congress was found to be nothing less than "dysfunctional" on this duty by the Sept. 11 commission, which wisely recommended a full-scale revamping of the committee structure.

This necessarily means a wrenching change in the budget powers over intelligence exercised by the bulls of the defense appropriations process — a monopoly that reduces the intelligence committees to secondary lap dogs. When the Republican-controlled Congress showed no appetite for a turf fight, Democrats eagerly made a campaign vow to promptly enact all of the panel's recommendations.

Now that they can taste power again, however, the victors seem to be having second thoughts. Instead of attempting wholesale committee reform in the first weeks of Congress, Democratic leaders may punt the idea toward oblivion in some sort of a study panel, according to The Washington Post. Nothing could be more disappointing to voters.

The Sept. 11 commission report was not sacred writ. And Democrats still vow to enact major commission recommendations to bolster port security and screen airport cargo. But the lawmakers cannot ignore the fact that they were found to be an organic part of the problem. Surely, the leaders of the new Congress know they will be risking the nation's security, far more than their credibility, if they retreat from the vow to do a stronger job of oversight.

Nagin: Feds Have Abandoned New Orleans Recovery (USAT)

By Peter Eisler And Brad Heath

USA Today, December 7, 2006

DOJ_NMG_0103232

New Orleans Mayor Ray Nagin accused the federal government Wednesday of abandoning its legal obligation to help his city recover from the devastation of Hurricane Katrina.

In an interview with USA TODAY's editorial board, Nagin insisted that even the city's most flood-prone areas should be rebuilt — albeit "smarter and safer." He said that can't happen unless promised federal aid begins to flow.

"I'm planning and building for a city that's as large, if not larger, than pre-Katrina levels," he said. "There is (federal) money out in cyberspace, there is money in the mail … but very little of that money has made it to our local governments and our citizens."

Under federal law, he added, the government is obliged to help restore vital infrastructure devastated by the storm, which struck the Gulf Coast on Aug. 29, 2005. Nagin said the federal government has approved more than $900 million to rebuild New Orleans' infrastructure, but local officials have not been able to access most of it.

"We're here to say to the federal government: 'Honor the law,' " said Nagin, in Washington to see lawmakers and federal officials.

James Stark, the head of the Federal Emergency Management Agency's recovery office in Louisiana, said most of the federal money already has been turned over to Louisiana. But he said FEMA has been working to speed up the funding process. "Given the breadth of this disaster I think it's understandable that some of this has moved slower than we'd all hoped," he said.

Andy Kopplin, executive director of the Louisiana Recovery Authority, said FEMA was at first slow to approve infrastructure projects and has consistently underestimated the cost. Nevertheless, he said, $640 million worth of permanent infrastructure money has been approved for New Orleans projects. "Payments will be made as the projects are constructed," Kopplin said.

Nagin said local officials are caught in a bureaucratic Catch-22: They can't get the money until projects are underway, but they're unable to issue contracts until they have money in hand to pay for them. So the city hasn't been able to begin critical repairs to roads, public buildings, power systems or other damaged infrastructure.

'We're Going To Do It' (USAT)

USA Today, December 7, 2006

'We're going to do it'

The New Orleans mayor and city leaders talk about the progress, setbacks and frustrations of rebuilding an American city. On one point, they are unanimous: The Big Easy will rise again.

More than 15 months after Hurricane Katrina swamped New Orleans and surrounding areas of the Gulf Coast, tangible signs of recovery are evident. Even so, frustrations have been mounting as thousands of residents have yet to return, red tape has slowed rebuilding and many neighborhoods are virtually untouched. New Orleans Mayor Ray Nagin, along with City Council members Oliver Thomas Jr., Cynthia Hedge-Morrell and Arnie Fielkow, discussed the city's rebuilding efforts and other issues with USA TODAY's editorial board. Their comments were edited for length and clarity.

Question: For all of the achievements in New Orleans, many problems remain. This enormously complicated task is made more difficult by dealing with city, state and federal bureaucracies. What's the most important thing that needs to be done to make everything else work?

Nagin: The main thing we need right now is the $900 million that is pending through the Federal Emergency Management Agency for infrastructure repairs. The second thing is the dollars our citizens need to rebuild their homes and their lives. The Road Home program (which uses grants to cover home repairs not covered by insurance or FEMA grants) was designed to award grants of $150,000. But only 44 citizens statewide have received a check. Our citizens are getting very frustrated.

Q: The main federal responsibility would seem to be making the levees safe, which would encourage people to return. Where does this stand?

Nagin: In my dealings with the Army Corps of Engineers, the areas they've fixed seem to be some of the best levee systems we've had in our history. That's the good news. The not-so-good news is that the entire system has not been upgraded to that standard. By the time we get to the next hurricane season, we should have our other really vulnerable areas upgraded. Longer term, the Corps still has not armored the levee stations, it still has not built the gates we need. We still have not adequately started addressing our coastal restoration issues. So it is going to take us probably until 2010 before the city is totally protected.

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Q: Can a citizen confidently make a decision about where he or she should rebuild or live?

Nagin: Our citizens have enough information to understand their risk. I don't think we can eliminate all of the risk because we're a city that's a bowl. When we look at a map of the building permits we've issued, most citizens seem to be shying away from areas most susceptible to flooding if another Katrina happens.

Q: You've said that every citizen should be allowed to return and rebuild. Now Ed Blakely, your new manager for rebuilding, said that doesn't necessarily mean everyone should be allowed to rebuild in exactly the same place. Do you agree or do you still feel the city's footprint cannot shrink?

Nagin: What Blakely was trying to clarify is that we want to make sure that everyone who rebuilds does so safely. For example, everyone seems to be infatuated with the Lower 9th Ward, which is where Councilman Thomas grew up. We have not said that people can't go back and build in the Lower 9th. What we are saying is that they need to build smarter and safer. So if you're going to build in an area that is susceptible to severe flooding, a multistoried living facility — in which the first floor is parking and storage — is probably the smarter way to build.

Q: So are you saying you won't allow rebuilding in certain places?

Nagin: Why are you guys so obsessed with this footprint issue? I'm planning on building a city that's as large, if not larger, than pre-Katrina levels. My immediate objective is to try to get the population back to 75% pre-Katrina levels as quickly as possible, and then we will be attracting non-New Orleanians to a booming economy and grow to a much larger level.

Q: Your "Bring New Orleans Back Commission" said the city should abandon some low-lying areas and a moratorium should be placed on building in the most vulnerable areas? Do you disagree with that recommendation?

Hedge-Morrell: When the commission came back with that announcement, it was just unthinkable. One of the areas they targeted was my district, an area on the rebound. People are rebuilding. We have businesses coming back. So it is misleading and almost an insult to this city's citizens that everyone gets hung up on this footprint issue. I don't hear of any other city that experiences a forest fire or earthquake being told that they can't rebuild.

Thomas: But we can't be irresponsible. We are not going to allow people to bring their families in areas where we can't support them. In New Orleans, you have some families — two, three and four families — that are living together. They don't want to take a chance on not having a school or not having police protection. But the less resources we get, the less infrastructure we'll have to support the quality of life.

Nagin: One thing that is happening is that there is no clarity about buyout dollars for homeowners to move to a better place. How does someone rebuild his life? How does he move away from the home that's been in his family for 100 years with a buyout offer on the table of $10,000 (with the rest of the Road Home money going to the mortgage company)? And anytime we bring up the issue of footprint, our citizens say, well how do I get to a better place? How do I rebuild my life?

Q: And what's the answer?

Nagin: The answer is the Road Home program needs to be rethought. It's not meeting the needs of our citizens. It needs to move more quickly with more dollars. We have to get to a point where I can say to a citizen, you can't live here or you shouldn't live here because of the risk, but here's how we move you to a better place to rebuild your life. But that clarity is not out there.

Fielkow: It is very frustrating. But one of the greatest stories that exists in this country, maybe the world, is what has transpired with average folks for the last year, every night of the week, every weekend of the year, meeting first in small neighborhood groups and then branching out into larger groups and talking about their future, where they're going to rebuild, are their neighbors coming back? What infrastructure needs to come into play? So when we talk about rebuilding, it is not being done in a vacuum, it is being done with the input of every citizen. People are really planning their own future right now.

Q: How does the situation in New Orleans differ from that in California, when houses are devoured in fires, or in Kansas, when homes are flattened by tornadoes?

Hedge-Morrell: It differs because Katrina didn't do it. The fault lies with a poorly constructed federal levee system. Nobody talks about the fact that over the last 20 years, money was appropriated to fortify the system, but it was never completed. Everybody talks about Katrina, Katrina, Katrina.

Thomas: We survived Katrina. We didn't survive the levees breaking.

Hedge-Morrell: We did not survive poorly constructed levees.

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Q: How far does the federal responsibility over the levee failure reach? Because of the levee failure, is there a federal obligation to make everyone whole, regardless of insurance?

Nagin: I think the biggest difference we as New Orleanians are feeling is if there's a wildfire out in California, there's really no question about whether we should rebuild those areas. If there's an earthquake, a snowstorm, nobody questions that. And that's what we are struggling with as a community and it's creating a lot of anger. It really is. Now they're wondering, why is this taking so long, why aren't these resources available and why isn't America basically saying collectively that this city deserves to be rebuilt? If we have to do it by ourselves, we're going to do it. It's just going to happen. I know this city and we're not going to allow anybody to tell us that we can't be back in our city. All we want is fairness, and we hope we can get a little bit of that going forward.

Q: But because there is federal money involved, and people elsewhere in the country are providing that money, who should bear the risk for rebuilding in flood-prone areas of New Orleans?

Nagin: It depends upon how much the area is contributing. I mean, if we are contributing, let's say $2 billion into the flood insurance policies every year, then to me, that's worth the risk. If we are contributing oil and gas to this country at an unprecedented level and the city is a primary producer, if we're delivering most of the seafood to the nation and I could go on and on, then to me it is worth the investment.

Q: Do you believe any of the aid money has been lost through corruption or incompetence?

Nagin: I don't know if there is any corruption going on. I think when you spend a significant amount of money, you're probably going to have some fraud or waste. What I can tell you is that the Stafford Act (which allows the president to declare an emergency and provide federal relief) isn't modern enough to deal with disasters of this nature. The fact that you have to wait for two bureaucracies — the federal and state bureaucracy — while they're both going back and forth to clarify it all, is not an efficient process.

Q: Where are the bottlenecks in getting the money where it needs to go?

Nagin: We've done about everything asked of us. We've gone through probably the most comprehensive planning process of any city in Louisiana that was impacted. Local elected leaders should be involved in designing how to expedite these processes. There are too many instances where the federal government and the state government are going on doing things and not involving us in a meaningful way.

Q: What do you want America to know?

Nagin: As Oliver said earlier, it's not the Katrina event that is really hurting us. It's the recovery, the aftermath of Katrina, all of what we're going through. Our citizens are under tremendous stress, the pain of what's going on in our community, particularly with our seniors, is unbearable almost. People are suffering, and somehow we've got to get away from this debate about whether we should or should not help people or move to improve their lives.

FEMA Wasting Millions In Katrina Aid, Audit Finds (AP)

By Hope Yen

AP, December 6, 2006

The government is squandering tens of millions of dollars in Hurricane Katrina disaster help, in some cases doling out housing payments to people living rent-free, investigators said yesterday.

The Federal Emergency Management Agency has recouped less than 1 percent of the $1 billion that investigators contend it wasted on fraudulent assistance, according to the Government Accountability Office. The report illustrates the disaster relief agency's struggles, more than one year after the deadly storm, to rush aid to those in need while also preventing abuse.

Last week, a federal judge in Washington ordered the Bush administration to resume housing payments for thousands of people displaced by Katrina. The ruling, which FEMA is appealing, cited a convoluted process for applying for help.

"Our work shows for individual assistance payments, at least tens of thousands of individuals took the opportunity to commit fraud," said Gregory Kutz, who works for Congress's investigative arm. He said that his previous $1 billion estimate of wasted aid was now "likely understated."

"I hope FEMA has learned the costly lesson and will make reforms for future disasters," Kutz said at a Senate hearing.

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In its latest report, the GAO found that numerous applicants received duplicate rental aid. In one case, FEMA provided free apartments to 10 people in Plano, Tex., while sending them $46,000 for out-of-pocket housing expenses.

FEMA arranged for a free trailer to a family in Lacombe, La., in January, yet continued to provide monthly rental payments in late January, February and April totaling $5,500 -- a mistake resulting from poor communication within the agency, according to the report.

In addition, $20 million was wasted on thousands of people who claimed the same property damage from two hurricanes, Katrina and Rita. FEMA paid at least $3 million to more than 500 ineligible foreign students in the stricken Gulf Coast region, the report said.

FEMA spokesman Pat Philbin did not challenge the findings. He did say the agency has sought to upgrade the registration process and strengthen its procedures for verifying names and addresses.

"FEMA continues to focus our rebuilding efforts to greatly improve our reliability, accuracy and response in providing aid to disaster victims," Philbin said. "The agency will consider and evaluate any new findings."

Katrina Aid Is Still Being Abused, U.S. Investigators Say (USAT)

By Mimi Hall

USA Today, December 7, 2006

The government continues to waste tens of millions of dollars in its Hurricane Katrina relief efforts, including giving rent checks to evacuees already living in free housing and student aid to ineligible foreigners, U.S. investigators said Wednesday.

The Government Accountability Office (GAO) also found that the Federal Emergency Management Agency (FEMA) has been able to recoup only $7 million of the more than $1 billion in improper payments identified by investigators months ago.

"The taxpayers are the new victims here," the GAO's Greg Kutz told the Senate's Homeland Security and Governmental Affairs Committee during the fourth and final hearing into government waste, fraud and abuse related to Katrina.

Among the latest examples of waste were duplicate payments to people claiming the same damage to their homes from two hurricanes.

Chairwoman Susan Collins, R-Maine, called the new revelations about FEMA "truly alarming."

The GAO reported that FEMA spent:

•Nearly $17 million in improper or fraudulent rental payments to evacuees already living for free in trailers provided by the agency.

•Nearly $20 million in double payments to people who claimed damage to the same property from Hurricanes Katrina and Rita.

•$3 million to more than 500 foreign students who are ineligible for aid.

•$156,000 to 25 foreign workers in the USA on temporary work visas.

Katrina & Recovery Much Katrina Aid Wasted, GAO Report Says (NPR)

By Carol Anne Clark Kelly

NPR, December 6, 2006

More than a year after Hurricane Katrina devastated New Orleans and portions of the Gulf Coast, the government is still wasting millions of dollars in disaster aid, according to a report released Wednesday by the Government Accountability Office.

The GAO report finds evidence of double payments, aid given to foreign exchange students and a major failure to recover money paid out for illegitimate claims.

FEMA spokesman Pat Philbin said the agency has tried over the past year to eliminate waste by improving its registration process and upgrading its ability to check names and addresses.

"The agency will consider and evaluate any new findings that can assist in improving our processes and procedures," Philbin said.

At the same time that public interest groups are in court this week, trying to restart FEMA payments to thousands of Katrina evacuees, congressional investigators detailed instances of fraudulent payments to some Gulf Coast residents.

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The GAO report says nearly $20 million was paid out to some 7,000 people who claimed their property was damaged by first Hurricane Katrina and then again by Hurricane Rita, which followed on the heels of the more powerful storm.

Some may in fact have been damaged by both storms, but the GAO says FEMA didn't have proper checks in place to flag duplicate claims.

FEMA also paid out nearly $3 million to more than 500 foreign exchange students. In several cases, the students actually informed FEMA of their international student status, and still received payments.

The GAO says rental aid was given to more than 8,000 storm victims who were already living rent-free in FEMA-provided trailers. In another case, FEMA provided free apartments to 10 individuals in Plano, Texas, while still sending them $46,000 to cover their own housing expenses.

At a Senate hearing to discuss the report's findings, Sen. Susan Collins (R-ME), chairwoman of the Homeland Security Committee, said a weaker-than-expected 2006 hurricane season has given the government the "luxury of time" to get disaster aid right.

"FEMA has yet to strike a proper balance between expedited assistance and good stewardship of taxpayers' funds. Current practices invite and enable fraud, harming the very people the program is designed to help," Collins said.

The ranking Democrat on the committee, Sen. Joseph Lieberman of Connecticut, said in some cases, people didn't intend to defraud the government.

"Some ineligible people who had no intent of gaming the government, but thought they might be eligible for assistance were granted payments, even though FEMA should have known they were not eligible and should have explained to them they were not eligible," Lieberman said.

Last week, a federal judge ordered FEMA to resume making housing assistance payments to thousands of Katrina evacuees after determining the government had botched the way it notified victims they weren't eligible to receive long-term housing aid. On Tuesday, the government appealed that ruling.

"Apparently FEMA doled out millions of dollars to people who did not deserve it and then denied assistance to many people with potentially legitimate needs without properly documenting why, making it difficult for applicants to appeal FEMA's decisions," Lieberman said.

GAO investigator Gregory Kutz told senators at the hearing that FEMA has recovered less than 1 percent of at least $1 billion wasted on fraudulent or unjustified claims. He described FEMA's approach as "shooting money out the door" and then trying to recoup it later and said only pennies on the dollars are typically recovered that way.

"I hope FEMA has learned the costly lesson," Kutz said.

Louisiana Disputes A Bill From FEMA For Hurricane Aid (NYT)

By Leslie Eaton

The New York Times, December 7, 2006

Who should pay for the federal government's mistakes in handing out disaster aid to the wrong people? Not Louisiana, say state officials, who have gone to court to try to prevent the Federal Emergency Management Agency from collecting about $60 million from the state.

The federal government has asked a judge to dismiss the lawsuit, contending that Louisiana cannot refuse to pay charges it disagrees with — even when the charges are the result of fraudulent claims — and that the state has no right to audit FEMA's spending. A hearing on the lawsuit is scheduled for Monday in Federal District Court in Baton Rouge.

Not long after Hurricanes Katrina and Rita hit last year, government and private watchdogs complained about the slowness of FEMA's response and the agency's poor control over its spending. On Wednesday, the federal Government Accountability Office reported that FEMA had made about $1 billion in improper or fraudulent payments but had recouped a tiny fraction of the money.

While the federal government covers the costs of some disaster-relief programs, like housing assistance, it requires states to contribute to others, including the one at the center of Louisiana's dispute. That program, called "other needs assistance," pays for a variety of victims' expenses, like transportation, dental bills and funeral costs.

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States that ask the federal agency to administer the program, as Louisiana did, are required to reimburse the federal government for 25 percent of the other needs payments, which in the year after Hurricanes Katrina and Rita topped $1.5 billion, according to court filings. FEMA says it credits states for any improper payments that it recovers.

Louisiana was billed about $384 million and has paid about $320 million. It has deposited the disputed $60 million into a court account.

The disputed figure includes $45 million withheld because the state estimates that about 12 percent of FEMA's other needs spending went to people who were probably not eligible for it. The estimate is based on a sample of payments examined by the office of Steve J. Theriot, Louisiana's legislative auditor. The auditor's office found problem payments among 425 cases it reviewed, according to its Oct. 17 report to the Legislature.

Nine payments went to people who claimed to live in houses that, neighbors or owners said, were unoccupied at the time of the storms, the report said. One payment was sent to someone who did not apply for it and had previously been a victim of identity theft; another was made to someone who claimed to live in a subdivision that had not been built. In many cases, the auditors could not verify that people lived at the addresses they claimed.

Mr. Theriot said some of his counterparts in other states were watching the Louisiana case closely because of their own concerns about FEMA payments.

In January, William O. Monroe, Florida's auditor general, issued a report noting that the federal agency had paid too much to people who said their cars were destroyed by hurricanes in 2004. Mr. Monroe recommended that Florida take stronger steps to ensure that its reimbursements to FEMA were for valid obligations.

Aaron T. Walker, a FEMA spokesman, said in an e-mail message that the agency does not comment on litigation. In the past, Louisiana has paid its share of the other needs assistance, Mr. Walker added.

In court papers, lawyers for the federal government said that requiring the agency to use "labor intensive, detective-style techniques such as interviewing the neighbors and landlords of applicants" would cripple the aid program.

The rest of the contested money, about $15 million, is the state's share of money that FEMA paid to reimburse people who bought generators. The federal agency says the state approved such payments; the state says it did not.

Louisiana had a budget surplus of more than $800 million in its last fiscal year, and is running an even larger surplus this year.

But to state officials, "this is about transparency, accountability and, I guess, in a sense, reciprocity," Mr. Theriot said, explaining that when the federal government gives grants to the state, federal auditors can examine the state's spending and, if they find a problem, demand the money back.

Louisiana wants the same rights when FEMA is spending the state's money, Mr. Theriot said.

"Why should we pay 25 cents on the dollar," he asked, "for errors from making payments to noneligible recipients?"

WAR NEWS:

Panel: Bush's Iraq Policies Have Failed (AP)

By Anne Plummer Flaherty, David Espo

AP, December 6, 2006

President Bush's war policies have failed in almost every regard, the bipartisan Iraq Study Group concluded Wednesday, and it warned of dwindling chances to change course before crisis turns to chaos with dire implications for terrorism, war in the Middle East and higher oil prices around the world.

Nearly four years, $400 billion and more than 2,900 U.S. deaths into a deeply unpopular war, violence is bad and getting worse, there is no guarantee of success and the consequences of failure are great, the high-level panel of five Republicans and five Democrats said in a bleak accounting of U.S. and Iraqi shortcomings.

It said the United States should find ways to pull back most of its combat forces by early 2008 and focus U.S. troops on training and supporting Iraqi units. The U.S. should also begin a "diplomatic offensive" by the end of the month and engage adversaries Iran and Syria in an effort to quell sectarian violence and shore up the fragile Iraqi government, the report said.

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It followed by a day the sobering appraisal of Robert Gates, who was confirmed Wednesday as Bush's new Pentagon chief, that the United States is not winning in Iraq.

"Despite a massive effort, stability in Iraq remains elusive and the situation is deteriorating," the independent report said. "The ability of the United States to shape outcomes is diminishing. Time is running out."

The group's recommendations do not endorse either the current White House strategy of staying put in Iraq or calls from Bush's political opponents for a quick pullout or a firm timetable for withdrawal.

"The report is an acknowledgment that there will be no military solution in Iraq. It will require a political solution arrived at through sustained Iraqi and region-wide diplomacy and engagement," said Sen. Chuck Hagel, R-Neb.

Incoming House Speaker Nancy Pelosi, D-Calif., and other Democrats said the ball is in Bush's court.

"If the president is serious about the need for change in Iraq, he will find Democrats ready to work with him in a bipartisan fashion to find a way to end the war as quickly as possible," Pelosi said.

The Iraq panel's leaders said they tried to avoid politically charged language such as "victory," on the one hand or "civil war" on the other, but the words they chose were still powerful. The report says the current strategy is not working and lays out example after example where it has come up short.

As if to underscore that the conflict is hurtling out of control, the military reported that 10 American troops were killed Wednesday, adding to the toll of U.S. forces who have died since the invasion that toppled Saddam Hussein in early 2003. The United States has about 140,000 troops in the country.

"We do not recommend a stay-the-course solution," said James A. Baker III, the former secretary of state and Bush family adviser who co-chaired the commission. "In our opinion, that approach is no longer viable."

Former Rep. Lee Hamilton, D-Ind., the other co-chairman, said the commission agreed with Bush's goal of an Iraq able to govern, protect and sustain itself but that the administration needed new approaches.

"No course of action in Iraq is guaranteed to stop a slide toward chaos," Hamilton said. "Yet, in our view, not all options have been exhausted."

The report has been widely seen as an opportunity for Bush to pivot from policies blamed in large part for Republican losses in midterm elections last month. Bush praised the group's work, but gave no hint of his next move. He said he would give the findings a hard look and urged Congress to do the same.

"This report gives a very tough assessment of the situation in Iraq," Bush said after an early morning briefing from the group of five Republican and five Democratic former government officials and advisers. "It is a report that brings some really very interesting proposals, and we will take every proposal seriously and we will act in a timely fashion."

Bush met later with members of Congress from both political parties and said he wanted to cooperate to "send a message to the American people that the struggle for freedom, the struggle for our security is not the purview of one party over the other."

The commission also briefed members of the Iraqi government by teleconference, and one official there agreed that Iraqis must take responsibility for their own security. "Absolute dependence on foreign troops is not possible," said Deputy Prime Minister Barham Saleh.

Among its 79 recommendations, the group said the United States should reduce political, military or economic support for Iraq if the government in Baghdad cannot make substantial progress. The report said Iraqi leaders have failed to deliver better security or political compromises that would reduce violence, and it implied that a four-month joint U.S.-Iraqi military campaign to reduce violence in Baghdad is hopeless.

"Because none of the operations conducted by U.S. and Iraqi military forces are fundamentally changing the conditions encouraging the sectarian violence, U.S. forces seem to be caught in a mission that has no foreseeable end," the report said.

That was a withering evaluation of a central tenet of the Bush military strategy in Iraq. In Baghdad and elsewhere, U.S. forces are supposed to help Iraqi units "clear, hold and build," shorthand for routing insurgents or other fighters from problem areas, securing those areas from further violence and setting a positive future course.

On the highly emotional issue of troop withdrawals, the commission warned against either a precipitous pullback or an open-ended commitment to a large deployment.

"Military priorities must change," the report said, toward a goal of training, equipping and advising Iraqi forces.

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The report said Bush should put aside misgivings and engage Syria, Iran and the leaders of insurgent forces in negotiations on Iraq's future, to begin by year's end. It urged him to revive efforts at a broader Middle East peace.

The report laid out consequences from bad to worse, including the threat of wider war in the Middle East and reduced oil production that would hurt the global economy.

In a slap at the Pentagon, the commission said there is significant underreporting of the actual level of violence in Iraq. It also faulted the U.S. intelligence effort, saying the government "still does not understand very well either the insurgency in Iraq or the role of the militias."

The commission recommended the number of U.S. troops embedded to train Iraqis should increase dramatically, from 3,000 to 4,000 currently to 10,000 to 20,000. Commission member William Perry, defense secretary in the Clinton administration, said those could be drawn from combat brigades already in Iraq.

The report noted that Iraq costs run about $8 billion a month and that the bills will keep coming. "Caring for veterans and replacing lost equipment will run into the hundreds of billions of dollars," the commission said. "Estimates run as high as $2 trillion for the final cost of the U.S. involvement in Iraq."

Iraq Panel Proposes Major Strategy Shift (WP)

By Michael Abramowitz, Robin Wright

The Washington Post, December 7, 2006

A panel of prominent elder leaders yesterday offered a stinging assessment of virtually every aspect of the U.S. venture in Iraq and called for a reshaping of the American military presence and a new Middle East diplomatic initiative to prevent the country from sliding into anarchy.

The long-awaited report from the bipartisan Iraq Study Group, co-chaired by former secretary of state James A. Baker III and former Indiana congressman Lee H. Hamilton, said that the focus of U.S. troops in Iraq should shift from combat to training Iraqi soldiers and police, and that all combat brigades not necessary for force protection could be withdrawn by early 2008.

At the same time, the panel said, the United States should launch a new round of Middle East diplomacy, including a revived effort to solve the Israeli-Palestinian dispute, aimed at building an international consensus for stabilizing Iraq. As part of this initiative, the group urged the Bush administration to break with its policy of not having high-level dialogues with Iran and Syria, though members of the commission held out little hope that the two countries, longtime rivals of the United States, would be interested in joining the effort.

As they presented their findings, members of the commission made clear their belief that the Bush administration's Iraq policy is failing. They said they hope that the report would prove to be a catalyst of a new bipartisanship on Iraq after years of acrimony in U.S. politics, and that it would help bring consensus to the American people.

Whether both can be achieved is uncertain. Democrats on Capitol Hill welcomed the report but said that the onus is on President Bush to implement the recommendations. For his part, Bush thanked the Iraq Study Group and described its report as "an opportunity to find common ground." But he offered no immediate endorsement or rejection of any of its recommendations.

As Baker and Hamilton unveiled the report at a Capitol Hill news conference with the other eight panel members, the co-chairmen warned that success in Iraq would not be guaranteed even if all their 79 recommendations were adopted by Congress and the administration.

"There is no magic formula that will solve the problems of Iraq," said Baker, a Republican. "But to give the Iraqi government a chance to succeed, United States policy must be focused more broadly than on military strategy alone or on Iraq alone. It must seek the active and constructive engagement of all governments that have an interest in avoiding chaos in Iraq."

Hamilton, a Democrat, said the situation in Iraq is very grave. "We do not know if it can be turned around, but we think we have an obligation to try; and if the recommendations that we have made are effectively implemented, there is at least a chance that you can see established a stable government in Iraq," he said. "The task ahead of us is daunting . . . but it is not, by any means, lost."

Except for the recommendations on Iran and Syria, the panel appeared to steer away from language that might inflame the Bush administration, which has said that it will consider the Iraq Study Group report as part of its own review of strategy and

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tactics in Iraq. The panel did not, for instance, set a formal timetable for troop withdrawal, instead setting 2008 as a goal for the withdrawal of U.S. combat brigades based on an estimate by U.S. commanders for when Iraqi forces will be ready to take charge of the country's security needs.

But in language and tone, the 96-page report offered an assessment of the U.S. mission in Iraq that was strikingly different from what has been heard until recently from the White House. There was no mention of the goal of establishing democracy, and no discussion of "victory" or the centrality of Iraq in "the war on terror" -- staples of Bush rhetoric.

Although the group stressed that it did not look backward at the mistakes in Iraq -- "how the house got on fire," in the words of panel member Vernon E. Jordan Jr., a Democratic power broker -- it offered scathing assessments of the competence of the Iraqi government, the accuracy of U.S. intelligence on the insurgency, the lack of coordination of economic assistance and many other issues. The panel took a veiled shot at outgoing Defense Secretary Donald H. Rumsfeld, saying that Robert M. Gates, the incoming Pentagon chief, who was confirmed by the Senate yesterday, should create "an environment in which the senior military feel free to offer independent advice" to the president and other civilian leaders.

Coming from a group made up in part by five stalwarts of the Republican establishment -- including former attorney general Edwin Meese III, retired Supreme Court justice Sandra Day O'Connor and Baker himself, a longtime associate of former president George H.W. Bush -- the sober report seemed likely to accelerate the reevaluation of Iraq policy now being reviewed by Congress and the administration, according to lawmakers and others involved in policymaking. But experts inside and outside the government voiced some skepticism that the recommendations themselves amounted to a coherent strategy that could accomplish the goal of stabilizing Iraq and reducing the U.S. military presence there.

Congressional Democrats embraced the report's call for a change in tactics in Iraq, and Republicans -- with at least one notable exception in presidential hopeful Sen. John McCain (Ariz.) -- generally praised the report, as well. But in a sign of the potential roadblocks ahead, Democratic aides said privately that Democrats want to make it clear that Bush still "owns" the Iraq war, and that if the panel's recommendations fail, they want the blame to fall on Bush, not on them.

"The president has the ball in his court now," said incoming Senate Majority Leader Harry M. Reid (D-Nev.). McCain offered a toughly worded statement, questioning the usefulness of reaching out to Syria and Iran, and saying that the link between an Arab-Israeli peace initiative and violence in Iraq "seems tenuous at best."

The most dramatic departure from U.S. policy -- and almost certainly the most controversial part of the report for the Bush administration -- is the panel's call for a "diplomatic offensive" with a region-wide approach to stabilizing Iraq.

The report concluded that the major Middle East flashpoints -- Iraq, the Arab-Israeli conflict, Iran, Lebanon, the need for political reform, Islamic extremism and terrorism -- are all "intricately linked." It recommended actions on problems that have been intractable for more than six decades.

Recommendation 16, for example, called for Israel to return the Golan Heights to Syria, with U.S. security guarantees. In exchange, Syria should agree to peace with Israel, end meddling in Lebanon and Iraq, end aid for Hezbollah, help persuade Hamas to recognize Israel's right to exist and intervene to win the release of captured Israeli soldiers.

The report called for the new strategy to be launched by the end of December. The first step is to immediately organize an International Support Group bringing together all of Iraq's neighbors, most notably Iran and Syria, as well as all the Persian Gulf states, Egypt, the five permanent members of the U.N. Security Council and the European Union.

"In diplomacy, a nation can and should engage its adversaries and enemies to try to resolve conflicts and differences consistent with its own interests," the report said. At the news conference, Baker acknowledged that the limited contacts with Iran already indicate that Tehran is not "chomping at the bit" to hold talks on Iraq.

A senior Iranian official, who was not authorized to comment publicly, said he was disappointed with the report. "The only carrot they offer is no regime change," he said. "That's a helluva way to ask for help. That's not a carrot to offer Iran."

Another major point of the panel's report is the need to set more specific goals for the Iraqi government on national reconciliation, security and governance. The members said the United States should make clear that continued economic, military and political support will be conditioned on Iraq's performance in relation to the milestones.

The panel also recommended shifting the focus of the 140,000 U.S. troops in Iraq from combat to training -- a process the administration says has already begun. The Iraqi army should take more responsibility for security, but while the process is

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underway, the United States should embed substantially more U.S. military personnel in Iraqi units for advice and staff assistance, the panel said.

Such a mission could involve 10,000 to 20,000 U.S. troops, compared with the 3,000 to 4,000 now involved in training and advisory roles. The panel said that, for a variety of reasons, the United States should not make an "open-ended" commitment to keep large numbers of U.S. troops in Iraq, including the need to give Iraqis an incentive to make the political changes necessary to quell sectarian violence.

Rejecting the idea of sustained increases in troop levels, the panel said U.S. forces are stretched so thin in the world that it doubted the troops would be available -- while also questioning the very premise. "While it is clear the presence of U.S. troops in Iraq is moderating the violence," the panel members said, "there is little evidence that the long-term deployment of U.S. troops by itself has led or will lead to fundamental improvements in the security situation."

Panel Finds Bush Policies Are Not Working In Iraq (LAT)

By Paul Richter

The Los Angeles Times, December 7, 2006

Washington — Bush administration policies have set off a "slide toward chaos" in Iraq, a bipartisan national commission declared Wednesday in a major reappraisal that challenges President Bush's view of the war and builds new pressure for disengagement.

In uncompromising and dismal terms, the panel said the continuing deterioration in Iraq could inflame the entire region in a deadly war that would further curtail U.S. influence throughout the world. It issued 79 recommendations that counter many hardened administration stances, such as holding talks with Syria and Iran and reassigning U.S. forces as advisers -- a proposal that could enable the withdrawal of combat troops by early 2008.

"The current approach is not working, and the ability of the United States to influence events is diminishing," said former Rep. Lee H. Hamilton, D-Ind., who co-chairs the 10-member Iraq Study Group along with former Secretary of State James A. Baker III. "Many Americans are understandably dissatisfied. Our ship of state has hit rough waters. It must now chart a new way forward."

The report of the Iraq Study Group, coming after midterm elections widely seen as a repudiation of Bush's war policy, is certain to further transform the growing national debate on the war, with Democrats and many Republicans agreeing Wednesday that its conclusions pointed to the urgent need for new policies.

But even as pressure grows on the White House to change course, Bush stopped short of any immediate endorsement of the recommendations. The president has signaled that he is considering strategy proposals from a number of sources, but told members of the study group in a morning meeting that he viewed their report as "unique" because of the panel's bipartisan composition.

The commission's findings were issued on a day when the military reported 10 U.S. soldiers were killed, the highest daily toll in weeks and a reminder of the results of a war policy now widely seen as failing.

The report also came a day after Robert M. Gates, Bush's nominee to head the Pentagon, told Congress that America was not winning the war, and just days after disclosure of a memo by outgoing Defense Secretary Donald H. Rumsfeld in which he said that U.S. strategy required a "major adjustment."

In its 96-page report, the panel urged the Bush administration to initiate a "diplomatic offensive" to stabilize Iraq, and include talks with Syria and Iran. They recommended that U.S. forces step up their shift from combat to an advisory role, thus allowing the Pentagon to withdraw nearly all of its 15 combat brigades by early 2008.

And they urged the administration to actively prod leaders of Iraq's government toward political progress, withholding military, economic and diplomatic help if necessary. The report said the administration should set benchmarks for progress by Iraqis, and should make clear that the mission is "not open-ended."

The five Republicans and five Democrats urged the recommendations be instituted as a set. "Our three most important recommendations are equally important and reinforce one another," Hamilton said.

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For Bush to accept the recommendations, he would have to change course on a number of key issues. He has largely ruled out talks with Syria and Iran, and resisted proposals for setting timetables for Iraqi government progress.

And he has shown no interest in pressing for an Israeli-Palestinian settlement, as the report urged, until the Palestinians establish a government that wins American approval and take other steps.

The report, approved by such conservatives as former Reagan administration Attorney General Edwin Meese III and former Sen. Alan K. Simpson, R-Wyo., was striking in its harsh critique of conditions in Iraq nearly four years after the U.S. invasion.

While the White House continues to point to signs of progress, the report emphasized the "great suffering" of ordinary Iraqis, persistent disorder, government inefficiency and corruption, economic setbacks, and the weaknesses of the Iraqi military and police. The report criticized the U.S. reconstruction effort -- saying that among U.S. government agencies, "there are no clear lines establishing who is in charge" -- and faulted Iraq's neighbors and international donor countries for doing little to help it.

It noted that the war has result in nearly 2,900 American deaths, 21,000 wounded, and costs projected to rise to $2 trillion.

"The United States is spending $2 billion a week," commission members wrote. "Our ability to respond to other international crises is constrained. A majority of the American people are soured on this war. This level of expense is not sustainable over an extended period, especially when progress is not being made."

The report also found that the U.S. military was much worse for the experience, countering years of more favorable assessments by Defense officials.

"U.S. military forces, especially our ground forces, have been stretched nearly to the breaking point by the repeated deployments in Iraq, with attendant casualties. . . greater difficulty in recruiting and accelerated wear on equipment," the report said.

The report found that the traditional partnership between uniformed services and civilian leaders "has frayed, and civil-military relations need to be repaired."

The report faulted U.S. practices for "under-reporting" violence in Iraq, saying American officials leave out many deaths that may be the result of war or insurgent action.

"The standard for recording attacks acts as a filter to keep events out of reports and databases," the report said. "A murder of an Iraqi is not necessarily counted as an attack."

The effect is such that on one day in July, U.S. officials recorded 93 attacks or significant acts of violence. But the commission members said a review of reports uncovered 1,100 acts of violence.

For all that, the future could be far worse, the report said.

"We do not recommend a 'stay the course' solution," Baker said at a morning press conference. "In our opinion, that approach is no longer viable."

Asked if the group accepted Bush's earlier goal of making Iraq a model for democracy in the Middle East, panel members said they preferred to focus on the more recently stated goals: making the country stable, self governing, and secure.

The report rejected the idea of an immediate troop withdrawal, saying that would likely intensify violence and create a dangerous power vacuum. It said that a large increase in U.S. troops would not solve the essential problem: the need for a political deal between Iraqi factions.

The panel ruled out proposals calling for sharply decentralizing the country into three sections, arguing that the mix of ethnic and religious populations would make separating them difficult and dangerous.

At the heart of the Iraq Study Group's proposal is its recommendation for a "new diplomatic offensive" that it said U.S. officials should launch by the end of the year. Panel members recommended formation of a standing group of countries and organizations -- much as world powers formed a "contact group" to deal with Afghanistan after U.S. troops toppled the Taliban in 2002.

The new group would consist of Iraq's neighbors, key regional allies such as Egypt, the Persian Gulf states, the five permanent members of the U.N. Security Council, and the European Union.

The panel argued that a regional solution was needed because all of the Mideast's problem are so closely linked.

As an example, it said that resistance to the U.S. presence as well as support for militant Shiite cleric Muqtada al-Sadr both had "spiked" in the aftermath of the Israeli bombing campaign in Lebanon during the summer.

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The group said that the diplomatic offensive should include, as soon as possible, unconditional meetings between Israel, Lebanon and Syria on one hand, and between Israel and Palestinians on the other -- provided the Palestinians represented acknowledged Israel's right to exist.

Baker staunchly defended the need for U.S. officials to deal with Syria and Iran, even though administration officials believe that would be rewarding bad behavior by ignoring Iran's ambitions to develop a nuclear program.

"For 40 years we talked to the Soviet Union during a time when they were committed to wiping us off the face of the Earth," Baker said. "We're talking not about talking to be talking; we're talking about tough diplomacy."

The group also urged that the United States, in the interests of reducing Iraqi opposition, declare publicly that it has no interest in permanent military bases or designs on Iraqi oil. However, the group said that the U.S. government should consider requests from the Iraqis to maintain temporary bases.

The idea of withdrawing all combat brigades by 2008 was not among the 79 recommendations. But the report's narrative said that, "subject to unexpected developments," almost all combat units could be pulled out by then.

The report said that an open ended commitment provided no incentive for the Iraqi government to move toward reconciliation.

"While it is clear that the presence of U.S. troops in Iraq is moderating the violence, there is little evidence that the long term deployment of U.S. troops by itself has or will lead to fundamental improvements in the security situation," it said.

In Baghdad, Iraqis watching news reports on Arabic language television greeted the findings with a mix of skepticism and guarded hope.

"This study came late," said university professor Ammar Salman, 51. "We have lost three years because of the conflicts inside the Bush administration."

Times staff writers Solomon Moore in Baghdad, Kim Murphy in London and Greg Miller in Washington contributed to this report.

President Promises "Timely" Response (USAT)

By Bill Nichols, Barbara Slavin

USA Today, December 7, 2006

WASHINGTON — A much-awaited report on Iraq called for U.S. troop withdrawals by 2008 to prevent its slide toward "chaos," bringing a pledge by President Bush to weigh its findings and prompting calls from Congress for a swift change of course.

Conditions in Iraq are "grave and deteriorating," according to the report from the congressionally mandated, bipartisan Iraq Study Group. It said Bush's policy in Iraq "is not working."

One panel member, former Supreme Court justice Sandra Day O'Connor, told USA TODAY, "You can see for yourself the situation is bad on the ground."

"There's some very good ideas in there," Bush said after meeting with members of Congress on Wednesday. "Not all of us around the table agree with every idea, but we do agree that it shows that bipartisan consensus on important issues is possible."

Leading Democrats said the report underscores the need for fundamental change. House Speaker-designate Nancy Pelosi, D-Calif., said the commission "has concluded the president's Iraq policy has failed and must be changed. As the November elections clearly demonstrated, that is an assessment shared by the American people."

The 10-member group, co-chaired by former secretary of State James Baker and former representative Lee Hamilton, D-Ind., recommended:

•Pulling U.S. troops back from combat roles by early 2008.

•Reducing support for the Iraqi government if it fails to meet benchmarks.

•A new Middle East peace initiative and talks with Iran and Syria.

The report also accused the Pentagon of underreporting the level of violence in Iraq and faulted U.S. intelligence for its lack of understanding of Iraq.

The study's release came on the same day that 10 U.S. soldiers were killed in Iraq, according to the U.S. military.

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Iraq Report Adds Pressure On Bush To Plan Pullback (WSJ)

By Yochi J. Dreazen, Neil King

The Wall Street Journal, December 7, 2006

The bipartisan Iraq Study Group's searing critique of Bush administration policy is already reshaping the debate over the war -- with its prescription for withdrawing most U.S. troops by a specific date and dismissal of calls to partition Iraq or send additional American forces there.

The report, issued yesterday by a panel headed by former Secretary of State James Baker III and former Democratic Rep. Lee Hamilton, fleshes out some of the broad suggestions that had been widely advertised before its public release. These include a refusal to embrace an immediate troop withdrawal and a recommendation to convene an international conference to enlist nations such as Iran and Syria to help quell the violence in Iraq.

But the report also offers several surprises. Its portrait of the situation in Iraq is far gloomier than many had expected. And while it doesn't lay out a detailed timetable for a full withdrawal, its call to have most combat troops out by March 2008 is more explicit than had been anticipated.

Policy makers and the public are likely to view events in Iraq through the lens of the report -- already widely available in paperback form -- well into the coming year. A circuit of congressional hearings, talk shows and lectures featuring the panel members ensures their advice will remain in headlines for the foreseeable future.

Those favoring withdrawal almost certainly will coalesce around the March 2008 target, and the report's dire description of the situation in Iraq is likely to be seized upon by Democrats and other war critics as evidence that the administration must make broader changes to its strategy.

The report offers a deeply pessimistic assessment of events in Iraq and catalogues a long list of American failures there. It concludes that current U.S. policy is failing despite the nearly 3,000 American military personnel who have been killed and estimates that the financial cost could ultimately exceed $2 trillion.

"The situation in Iraq is very, very serious," Mr. Hamilton told reporters. "We do not know if it can be turned around."

The panel offers 79 specific recommendations for far-reaching changes in U.S. policy across the Middle East as part of a last-ditch effort to stabilize Iraq. It suggests leaving behind troops after March 2008 who would focus almost exclusively on training Iraqi forces, who the panel describes at present as ineffectual and largely driven by sectarian motivations rather than loyalty to the central government.

Neither the chief panelists nor their report are going to fade away soon -- meaning the spotlight will remain on the Bush administration's Iraq policy. Messrs. Baker and Hamilton are already booked to testify before at least a dozen congressional panels over the next month. They, along with a number of others from the study group, are expected to be all over the television talk shows at least through the weekend.

The paperback of the government-funded report, "The Iraq Study Group: The Way Forward -- A New Approach," is published by Bertelsmann AG Vintage Books and is selling briskly in many parts of the country. It jumped to No. 22 on the Amazon.com sales-ranking list yesterday. The publisher said sales are so strong that it expected to go back to the press for the third time by the end of business yesterday.

Washington bureau chief Jerry Seib14 comments on the report, saying it creates an opening for the White House to adjust its Iraq policy without acknowledging the policy was flawed.

President Bush praised the report for offering "interesting proposals" and said his administration will "take every proposal seriously." One study-group panelist, former Defense Secretary William Perry, said he went into a morning meeting with Mr. Bush convinced that the president "was building up antibodies toward the whole report" but came away "pleasantly surprised." Mr. Bush, he said, seemed "clearly interested in making even more of a course correction in the weeks and months ahead."

Still, a senior administration official said the White House doesn't feel bound by the report and is unlikely to implement many of its recommendations, especially regarding calls for diplomatic outreach to U.S. foes Syria and Iran. Mr. Bush, speaking to reporters at the White House, said "we probably won't agree with every proposal." 15

In its report, the commission calls for a new diplomatic offensive to enlist Iran and Syria in the effort to stabilize Iraq, with which both share a border. It says Washington could offer them entry into the World Trade Organization, and help in pressing the

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Israelis to return the disputed Golan Heights to Syria as part of a new round of land-for-peace negotiations between Israel and its Arab neighbors.

At the same time, the panel acknowledges that conditions in Iraq have deteriorated so significantly that even if its recommendations were fully implemented, it might be too late to prevent sectarian warfare from igniting a regional conflagration that engulfs neighboring states.

"Despite a massive effort, stability in Iraq remains elusive and the situation is deteriorating," the report said. "The ability of the United States to shape outcomes is diminishing. Time is running out."

Launched by Congress nine months ago to provide a fresh take in light of growing dismay with U.S. strategy in Iraq, the 10-member panel took on inordinate significance in recent weeks amid soaring alarm at Iraq's growing chaos. Panelists had indicated privately in recent days that they were concerned by growing public expectations that they would offer a magic cure for Iraq's problems. Indeed, the report is as notable for its rejection of some of the most prominent proposals on Iraq as for its own recommendations.

In the aftermath of midterm elections in which voter anger about the war helped Democrats retake the House and Senate, lawmakers from both parties have scrambled to unveil new ideas for how to salvage the Iraq situation. Republican Sen. John McCain of Arizona has called for sending tens of thousands of additional U.S. forces, while Sen. Joseph Biden, a Delaware Democrat, has proposed dividing Iraq into three regions along ethnic and religious lines. The White House has rejected mounting calls for a course correction in Iraq, insisting it would maintain the current numbers of U.S. military personnel in Iraq indefinitely.

The report effectively rejects both the administration's strategy and several leading congressional proposals. It says the current U.S. approach isn't working and that "making no changes in policy would simply delay the day of reckoning at a high cost."

"We do not recommend a stay-the-course solution," Mr. Baker told reporters yesterday. "In our opinion, that approach is no longer viable."

At the same time, the panel rejects sending in more troops. It says the U.S. military has been stretched thin by repeated deployments to Iraq, and the violence there requires a political, not military, solution. It warns that partitioning the country would risk triggering ethnic cleansing and military intervention by neighboring states. And it cautions that a premature U.S. withdrawal could spark even greater sectarian warfare and destabilize the country so completely that "the long-range consequences could eventually require the United States to return."

The panel doesn't address a proposal by Democratic Rep. John Murtha of Pennsylvania to drastically cut the number of U.S. military personnel in Iraq by shifting them to bases in neighboring countries such as Kuwait.

The 142-page report outlines three central recommendations: drastically shrinking the size and mission of American military forces in Iraq; reaching out to Iran and Syria; and linking future American aid to signs that the Iraqi government is making "substantial progress toward the achievement of milestones on national reconciliation, security, and governance."

The commission recommends a major shift in the U.S. military's role, turning what has essentially been a sideshow -- training the Iraqi Army -- into the main event. It proposes multiplying the size of the advisory team to between 15,000 and 20,000 troops, from about 4,000 currently. The report suggests only the "most highly qualified U.S. officials and military personnel should be assigned to the imbedded teams," which live with Iraqi units and give them constant training and mentoring.

Senior military officials have said for several weeks that the U.S. military is weighing ways to increase the size and scope of the advisory effort, which commanders see as a necessary precondition for any future withdrawal.

The panel's diplomatic recommendations are proving more controversial. The Bush administration reacted coolly to a proposal that it reach out to Iran, especially to the panel's assertion that Tehran's Shiite Muslim regime might be coaxed into cooperation with offers of entry into the WTO or U.S. promises to push harder on the Israeli-Arab peace process.

Iran has been emboldened by U.S. failures in Iraq and the ascendancy of Shiite influence across the Middle East. Tehran has shown little willingness to engage in talks with the U.S. on Iraq unless the Bush administration backs off attempts to curb the Iranian nuclear program.

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U.S. officials say Sunni Muslim Arab rulers in Saudi Arabia and other American allies in the region have expressed deep concern about the prospect of greater U.S. engagement with Iran. Arab leaders have warned that such talks would embolden Iran and fuel secessionist feelings among their own restive Shiite populations.

Messrs. Baker and Hamilton met with various Iranian and Syrian officials in recent weeks, and the panel's report acknowledges that the prospects of engaging Tehran aren't promising. Iran's leaders "are likely to say they will not participate in diplomatic efforts" on Iraq, it says, but adds that Syrian officials are far more interested in engagement.

The panel's call for Washington to push Israel to quickly seal peace deals with both the Palestinians and the Syrians struck many critics as overly optimistic. The report envisions a sweeping arrangement in which Israel would return the Golan Heights to Syria, give back the Shebaa Farms parcel to Lebanon and craft a comprehensive settlement with the Palestinians in the occupied West Bank and Gaza Strip.

Resolving the Israeli-Arab dispute has proven elusive for at least five U.S. administrations dating back to the 1970s, and there are few signs today that Israeli or Arab rulers are ready to make the compromises necessary to broker the agreements. The politically weakened Bush administration has spent the past six years avoiding such deep involvement in the Mideast peace process.

Iraq Study Group Report Warns Of Deteriorating Situation (MCT)

By Ron Hutcheson

McClatchy, December 7, 2006

WASHINGTON- Warning that "the situation in Iraq is grave and deteriorating," a blue-ribbon bipartisan commission said Wednesday that the United States should start withdrawing combat troops next year and force Iraqis to take more responsibility for their own fate.

The eagerly anticipated report by the Iraq Study Group called for a get-tough approach that would set clear milestones for the Iraqis in conjunction with a gradual withdrawal of U.S. troops. The report, delivered to President Bush this morning, did not offer a firm timetable for withdrawal, but suggested that most U.S. troops should leave over the coming year.

"The most important questions about Iraq's future are now the responsibility of Iraqis…The United States must not make an open-ended commitment to keep large numbers of American troops deployed in Iraq," the report's executive summary says.

The report suggests that nearly all U.S. combat troops should be out of Iraq by early 2008, "subject to unexpected developments in the security situation." The commission also said that troop levels should "significantly increase" in the short term to help Iraqis take over.

The recommendation would reverse Bush's longstanding commitment to stay in Iraq as long as it takes to transform the former dictatorship into a viable democracy. After meeting with the 10-member group this morning, Bush said he welcomed the commission's advice, but signaled that neither he nor members of Congress would be bound by it.

"While they won't agree with every proposal - and we probably won't agree with every proposal - it, nevertheless, is an opportunity to come together and to work together on this important issue."

The bipartisan panel, headed by former Secretary of State James Baker and former Rep. Lee Hamilton, D-Ind., was appointed by Congress to assess the situation in Iraq and recommend policy changes. In a letter accompanying the report, Baker and Hamilton acknowledged that their suggestions may make little difference.

"There is no magic bullet to solve the problems of Iraq," they wrote. "No one can guarantee that any course of action in Iraq at this point will stop sectarian warfare, growing violence, or a slide toward chaos. If current trends continue, the potential consequences are severe."

The commission also called for a new regional diplomatic initiative, including talks with Iran and Syria; a renewed effort to solve the Israeli-Palestinian conflict; and an accelerated program to train Iraqi security forces.

Iraq Panel Calls For Radical Change Of Course (FT)

By Demetri Sevastopulo, Caroline Daniel, Edward Luce

Financial Times, December 7, 2006

DOJ_NMG_0103247

The Iraq Study Group called for a radical change of course in US policy on Wednesday, saying conditions in Iraq were "grave and deteriorating".

Its report set out how the US was spending $2bn a week on an unpopular conflict in which nearly 100 Americans were dying monthly. The ISG said that, more than three years after the US-led invasion, its forces were stretched "nearly to the breaking point". On Wednesday alone, 10 US soldiers were killed in Iraq.

Challenging many of the tenets of George W. Bush's foreign policy, the bipartisan 10-member commission that prepared the report said a dramatic change of course was needed to avoid "severe consequences".

The ISG warned: "A slide toward chaos could trigger the collapse of Iraq's government and a humanitarian crisis."

The report is particularly damaging to Tony Blair, who travelled to Washington on Wednesday night to meet Mr Bush, both because it highlights the limits of British influence on US policymaking and because the UK premier is inextricably linked with the Bush administration's battle plan.

The report urged Mr Bush to boost efforts to train Iraqi forces, which it said could let most US troops leave by 2008. The report urged the White House to increase pressure on the Iraqi government and launch a Middle East initiative, including direct talks with Syria and Iran.

Mr Bush welcomed what he called a "very tough assessment" and vowed to take its conclusions "seriously". He said the report would provide "common ground" for Democrats and Republicans to work together. But the report was attacked by analysts on right and left. One said it put forward a "tired and discredited consensus". Others said the report was an anticlimax. "An elephant gives birth to a mouse," was the headline of an article by Tony Cordesman, an analyst at the Centre for International Strategic Studies.

The commission led by James Baker, former secretary of state, and Lee Hamilton, a former Democratic congressman, said there was "no magic formula". It said: "no one can guarantee that any course of action in Iraq...will stop sectarian warfare".

The ISG chided Iraq's government for "not adequately advancing national reconciliation" or providing basic security or services. It said the US "must not make an open-ended commitment to keep large numbers of American troops in Iraq".

The group added: "If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security, and governance, the US should reduce its political, military or economic support."

The commission recommended that the US move soldiers from combat missions to training Iraqi forces, saying the change could be accomplished without raising the number of American troops.

The report urged the US to hold talks with Iran and Syria – something Mr Bush has adamantly refused to do. Carl Levin, incoming Democrat chairman of the Senate armed services committee, called the report a "major blow" to the administration's "stay the course" policy.

Panel Urges Basic Shift In U.S. Policy In Iraq (NYT)

By David E. Sanger

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — A bipartisan commission warned Wednesday that "the situation in Iraq is grave and deteriorating," and it handed President Bush both a rebuke for his current strategy and a detailed blueprint for a fundamentally different approach, including the pullback of all American combat brigades over the next 15 months.

In unusually sweeping and blunt language, the panel of five Republicans and five Democrats issued 79 specific recommendations.

These included a call for direct engagement with Syria and Iran as part of a "new diplomatic offensive," jump-starting the Israeli-Palestinian peace effort, and a clear declaration that the United States would reduce its support to Iraq unless Baghdad made "substantial progress" on reconciliation and security.

Mr. Bush has refused to deal with Syria and Iran, and as recently as last week, he assured Prime Minister Nuri Kamal al-Maliki that the American commitment to Iraq would be undiminished until victory was achieved.

DOJ_NMG_0103248

But the commission, led by James A. Baker III and Lee H. Hamilton, argued that while Americans might be in Iraq for years, the Iraqis must understand that the American military commitment was not "open ended." It is time, the panel said, for the United States to "begin to move its combat forces out of Iraq responsibly."

The detailed prescription called for much more aggressive diplomatic efforts in the Middle East than the Bush administration has been willing to embrace. Its calls for reconciliation and reform in Iraq and an overhaul of the American military role would also mark major departures in the American strategy.

Members of the commission said they believed that their recommendations would improve prospects for success in Iraq, but they said there was no guarantee against failure.

"The current approach is not working, and the ability of the United States to influence events is diminishing," Mr. Hamilton said at a news conference on Capitol Hill. "Our ship of state has hit rough waters. It must now chart a new way forward."

Administration officials said they expected President Bush to announce his own "way forward" this month. They were careful not to take issue with the report's findings in public, and said Mr. Bush had yet to make firm decisions. But some suggested that the diplomatic strategy in the report better fit the Middle East of 15 years ago, when Mr. Baker served as secretary of state.

What played out on Wednesday morning, from the White House to Capitol Hill, was a remarkable condemnation of American policy drift in the biggest and most divisive military conflict to involve American forces since Vietnam. It was all the more unusual because Mr. Baker was secretary of state to Mr. Bush's father, and because the bipartisan group managed to come up with unanimous recommendations.

The report was delivered in an atmosphere of mounting anxiety about the war, a month after midterm elections that brought the Democrats to power in Congress and prompted Mr. Bush to oust Donald H. Rumsfeld as defense secretary.

On Wednesday the Senate voted overwhelmingly to confirm Robert M. Gates as the next defense secretary, after hearings in which he acknowledged that the United States was not winning the war and that the region could be on the brink of much broader conflict.

Mr. Baker, Mr. Hamilton and their eight colleagues presented their recommendations to Mr. Bush and to leaders of Congress beginning early on Wednesday, and then spoke to Mr. Maliki via conference call. Mr. Bush called the assessment "tough" and said each recommendation would be taken "seriously."

Mr. Bush, one commission member said, "was very gracious and did not push back."

Commission members said they believed that their report, which was downloaded more than 400,000 times from the computer servers of the United States Institute of Peace in the first five hours after its release, had fundamentally changed the debate. Now, said one member, the former Justice Sandra Day O'Connor, "it really is out of our hands."

Leon E. Panetta, a commission member who served as chief of staff to President Clinton, said, "The country cannot be at war and as divided as we are today."

The panel was careful to avoid phrases and rigid timelines that might alienate the White House. But the group also clearly tried to box the president in, presenting its recommendations as a comprehensive strategy that would work only if implemented in full.

That appeared to be a warning to Mr. Bush, who in recent days has said he would consider the independent panel's findings alongside studies by the Joint Chiefs of Staff and the National Security Council, and has suggested that he would pick the best elements of each.

The commission did not embrace the goal of "victory in Iraq," which President Bush laid out as his own strategy a year ago, nor did its report echo the White House's early aspiration that Iraq might be transformed into a democracy in the near future. "We want to stay current," Mr. Hamilton said briskly.

As the stated goal in Iraq, the panel chose instead the formulation that Mr. Bush has adopted most recently: to establish a country that can sustain itself, govern itself and defend itself. "That was the latest elaboration of the goal," Mr. Baker said, "and that's the one we're working with."

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The findings left Washington awash in speculation over whether Mr. Bush would embark on a huge policy reversal. To do so would mark an admission that three and a half years of strategy had failed, and that his repeated assurances that "absolutely, we're winning" were based more on optimism than realism.

The committee rejected a stricter timeline for withdrawal advocated by one member, William J. Perry, a defense secretary under President Clinton, though Mr. Perry persuaded the commission to set clear goals for the withdrawal of troops.

Jack D. Crouch II, the president's deputy national security adviser, was said by administration officials to be putting together options for Mr. Bush, and they said the president was determined to come up with an approach that, one senior aide said, "borrowed from the panel's findings, but is distinctly his own."

Democrats largely embraced the findings. Senator Harry Reid of Nevada, the Democratic leader, said the group had done "a tremendous and historic service" by declaring "there must be a change in Iraq, and there is no time to lose."

But other Democrats were clearly disappointed that the commission did not embrace calls for a rapid withdrawal, as Representative John P. Murtha recommended a year ago, or a partition of the country, as Senator Joseph R. Biden Jr., the Delaware Democrat soon to lead the Senate Foreign Relations Committee, has said is necessary.

Mr. Bush can easily accept some of the findings, including a call for a fivefold increase in American trainers working alongside Iraqi forces.

The commission's report included blistering critiques of current policy. It said, for example, that intelligence agencies had far too few people with an understanding of the roots of the insurgency in Iraq.

"We were told there are fewer than 10 analysts on the job at the Defense Intelligence Agency who have more than two years' experience in analyzing the insurgency," the report said.

The speed and phasing of the military pullback was the most contentious issue with the commission, and the result is unlikely to satisfy critics on either side. The panel, for example, adopted the core of a proposal made by Mr. Perry to vastly increase training of Iraqi forces while simultaneously pulling back combat brigades, a "train and retreat" scenario that some in the military say is already under way.

Another Democratic member, former Senator Charles S. Robb of Virginia, argued for a surge of additional troops to stabilize Baghdad, an idea the commission was not willing to embrace fully. Instead, it left open the possibility of supporting a "short-term redeployment or surge of American combat forces to stabilize Baghdad, or to speed up the training and equipping mission, if the U.S. commander in Iraq determines that such steps would be effective."

But the key proposal, No. 21, is that the United States should tell the Iraqis that failure to meet their own milestones will only accelerate American withdrawal, or result in a reduction of American support.

"If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security and governance, the United States should reduce its political, military or economic support for the Iraqi government," the report says.

Advocates of that approach said it was a long-overdue effort to shift responsibility onto the Iraqis. "If Iraq continues to fail, or failed worse, it means you have put the lion's share of the blame on the Iraqis," said Richard N. Haass, president of the Council on Foreign Relations, a critic of the decision to invade Iraq when he served in the State Department.

Critics of the panel's conclusion called the approach naïve. "The study group is threatening to weaken a weak government," said Anthony H. Cordesman of the Center for Strategic and International Studies, one of the groups that helped sponsor the study group, which was established by Congress. And, he added: "There is no 'Plan B.' The report does not address what happens if events spiral out of control."

The most controversial element of the diplomatic strategy is the panel's case for engaging Iran, though Mr. Baker and Mr. Hamilton, the chairmen, acknowledged in an interview that they thought it unlikely the Iranians would cooperate. Mr. Baker insisted that even if that effort failed, "the world would see their rejectionist attitude."

Time Running Out In Iraq, Panel Says (BSUN)

By Julie Hirschfeld Davis

The Baltimore Sun, December 7, 2006

DOJ_NMG_0103250

WASHINGTON -- President Bush's Iraq policy "is not working" and he is running out of time to salvage it, a bipartisan panel said Wednesday, in a grim and strongly worded report that called for major reversals of his most firmly held stances but rejected a quick troop withdrawal.

The Iraq Study Group called for a major diplomatic push -- including one-on-one talks with Iran and Syria, which the president has rejected -- to help stabilize Iraq. It also advocated a change in the mission of U.S. forces that could allow some combat troops to pull out by early 2008 and for Bush to pressure the Iraqi government to quickly secure its own country or risk losing U.S. support.

Overall, the report -- delivered to Bush at an early-morning White House meeting and unveiled later in a Capitol Hill news conference -- was a strong rebuke to the president's approach in Iraq, presented as a kind of last-ditch effort to avoid an unfolding catastrophe that has become the driving reality of his presidency.

"The ability of the United States to shape outcomes is diminishing," the group wrote. "Time is running out."

"We do not recommend a stay-the-course solution. In our view, that approach is no longer viable," said James A. Baker III, the Republican former secretary of state and a close Bush family friend who co-chaired the panel. "As a matter of humanitarian concern, as a matter of national interest and as a matter of practical necessity, it is time to find a new way forward, a new approach."

The 10-member panel, co-chaired by former Rep. Lee H. Hamilton, a Democrat, offered a bleak assessment of the situation in Iraq, in stark contrast to Bush's own declarations about the war. The situation, they wrote, is "grave and deteriorating," and there is no "magic formula" nor "guarantee of success" in Iraq.

Calling conditions there "very, very serious," Hamilton said, "We do not know if it can be turned around. But we think we have an obligation to try."

The president neither endorsed nor rejected the report's recommendations, and his aides said it would take time -- perhaps several weeks -- to digest and respond to its conclusions.

"This report gives a very tough assessment of the situation in Iraq," Bush said, grasping a copy as he concluded a meeting with the group in the White House Cabinet Room. "We will take every proposal seriously."

Bush praised the bipartisan nature of the panel, established by Congress last year, saying that Americans are "tired of pure political bickering that happens in Washington, and they understand that on this important issue of war and peace, it is best for our country to work together."

Later, after a meeting with congressional Republicans and Democrats, Bush said there were "some very good ideas" in the report. "Not all of us around the table agree with every idea, but we do agree that it shows that bipartisan consensus on important issues is possible," he said.

Democrats swiftly announced they would hold an "aggressive" series of oversight hearings when they assume control of Congress next month, looking at military strategy and force readiness, the options that remain for stabilizing Iraq, and how the war is affecting national security.

Some Democrats complained that the report's proposals for extricating U.S. troops were neither quick nor specific enough. But in an early hint that bipartisanship on Iraq will be virtually impossible, most Democrats sounded pleased with the panel's harsh assessment of Bush's approach.

"I salute the Iraq Study Group for agreeing that the present Bush policy in Iraq has been a failure," said Speaker-designate Nancy Pelosi of California.

Pennsylvania Rep. John P. Murtha, a leading Democratic voice for a swift troop withdrawal, dismissed the report as "no different than the current policy."

The White House scrambled to put its own spin on the document, elements of which had leaked out in news reports before the official release. Many of the recommendations were things the president supports or has already called for, his aides said, and they strongly rejected the notion that it was in any way a rebuke of Bush's policies.

"It's an acknowledgement of reality," Tony Snow, the White House spokesman, said of the report. Its call for a "new way forward," Snow said, is "what the president's been talking about."

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Commission members said their goal wasn't to criticize Bush, Snow said. During the Cabinet Room session, Alan K. Simpson, a former Republican senator from Wyoming, said, "We're not here to vex and embarrass the administration," said Bush's spokesman, who sat in on the closed-door meeting. But on Capitol Hill, Simpson said that Americans view both Congress and the administration as "dysfunctional" and that the group had tried to keep partisanship out of its work.

The much-anticipated document puts Bush in a tricky position as he looks for options for fixing the situation in Iraq and prepares to review forthcoming proposals from his national security and military advisers about how to proceed there.

If he were to accept the recommendations, the president would essentially be acknowledging that his strategy has been a failure and agreeing to several steps he has previously ruled out. If Bush did not embrace the proposals, he would be rejecting the counsel of a widely respected group of elder statesmen whose frank language and unanimous recommendations -- 79 in all -- reflected the combined wisdom of dozens of officials and analysts who have studied and strategized on Iraq.

The report came amid harsh reminders of the violence raging in Iraq, on a day when the military announced the deaths of 10 U.S. forces in four attacks. It painted an unvarnished picture, referring to violence that is "increasing in scope, complexity and lethality" and saying that in some parts of Iraq, "sectarian cleansing is taking place." Its release came as Robert M. Gates, a former panel member, was confirmed to replace Donald H. Rumsfeld as secretary of defense, one day after acknowledging that the United States is not winning the war.

Bush already has roundly rejected one step the group recommended -- that U.S. officials begin talks with Iran and Syria as part of a broader diplomatic effort to stabilize Iraq and the region. The report called for the high-level diplomatic push -- to be led by the president or the secretary of state -- to begin before the end of this month.

Bush must also recommit to resolving the Arab-Israeli conflict, the report said, pursuing a two- state solution for Israel and the Palestinians and a Syrian peace agreement. In exchange, the panel proposed that Israel return the Golan Heights to Syria.

The group's leaders acknowledged that direct engagement with Iran, which has defied international demands that it cease nuclear activities, and Syria, considered a state sponsor of terrorism, would be controversial. Yet they said it was essential.

"You cannot look at this area of the world and pick and choose among the countries that you're going to deal with," Baker said. "You talk to your enemies, not just your friends."

The panel came closer to siding with Bush on the issue of troop withdrawals, which the president has said he would consider only once the mission is complete and his military commanders counsel it. The group rejected the idea of an immediate withdrawal "because we believe so much is at stake," the report said.

U.S. troops should shift from a combat role to more of a support- and-training and counterterrorism one, the panel said, with the goal of pulling out some combat brigades in 2008. But even that timetable was murky; such a withdrawal would apply only to certain combat units and be subject to events on the ground.

"I wish the report went further by making this a hard deadline for redeploying our combat troops," said Democratic Sen. John F. Kerry of Massachusetts.

The group also pointed up a central dilemma facing Bush in Iraq: his reliance on what appears to be a dysfunctional Iraqi government for any resolution to the current crisis. Bush should essentially threaten Iraqi leaders with dire consequences -- the reduction of help from the United States -- to force them to do better, the report said.

The study group also had harsh criticism for Bush's management of the war. Some estimates put the war's ultimate price tag as high as $2 trillion, it noted, and criticized Bush for "circumvention of the budget process" that obscured the true costs. They also faulted the administration for "significant underreporting of the violence in Iraq," suggesting that U.S. measures were expressly designed to play down the number of attacks.

The report was also remarkable for what it omitted. It said virtually nothing about establishing Iraq as a beacon of democracy in the Middle East, an idea that Bush has described as his broader rationale for the war and the theme of his second inaugural address.

Instead, the report suggests that Bush's so-called democracy agenda could compound the difficulty of getting cooperation from Iraq's neighbors.

"Most of the region's countries are wary of U.S. efforts to promote democracy in Iraq and the Middle East," it said.

Asked why the panel did not address Bush's democracy goals, Baker said flatly, "We want to stay current."

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Bush's more recent assertions that he wants a more basic result -- an Iraq that can sustain, govern and defend itself -- "was the latest elaboration of the goal," Baker said. "And that's the one we're working with."

Report: Iraq Policy Not Working (CHIT)

By Mark Silva

Chicago Tribune, December 7, 2006

WASHINGTON -- President Bush was presented Wednesday with both a pointed critique of his handling of the war and a road map for changing course in Iraq that would require the president to transform the military mission and recalibrate in fundamental ways his approach to Middle East diplomacy.

The Iraq Study Group, composed of a high-powered, bipartisan collection of establishment Washington figures, outlined a plan for drawing down U.S. forces by early 2008 and for directly engaging two regional adversaries, Iran and Syria. The report has added weight, and thus potentially puts added pressure on the president, because its lead architect was former Secretary of State James Baker, a long-time Bush family ally.

The report, published in book form, contains 79 distinct recommendations for what it called a "dire ... grave and deteriorating" situation in Iraq, where the conflict has now gone on as long as U.S. involvement in World War II.

"We do not recommend a `stay the course' solution," said Baker. "In our opinion, that approach is no longer viable."

At the same time, the report did not call for any rapid reduction in troops, warning that the U.S. and powerful nations in the region have an interest in averting a "slide toward chaos" that "could trigger the collapse of Iraq's government and a humanitarian catastrophe."

Acknowledging that a new approach is needed, the White House reserved the right to accept or reject any of this group's advice while its own internal military and diplomatic reviews continue. Yet, as Democrats--many of whom embraced the reports' recommendations--prepare to take control of Congress in January, the president is offering to seek a bipartisan "way forward" in Iraq.

"Not all of us around the table agree with every idea, but we do agree that it shows that bipartisan consensus on important issues is possible," Bush said after a meeting with key House and Senate leaders. "It's important to me that we continue to hear from the Congress as we fashion a way--a new way forward in Iraq, a new look, to achieve our objective of a country which can sustain itself, govern itself, defend itself."

While not endorsing any recommendations, the White House did accept the group's grim assessment of the situation in Iraq.

"In recent months it has been deteriorating, and that's a grave concern," spokesman Tony Snow acknowledged. "You better believe it's a real concern, and it needs to be addressed."

By the first quarter of 2008, the Iraq Study Group suggests, all U.S. combat brigades "not necessary for force protection" could be out of Iraq--with the remaining U.S. troops focused on training of Iraqi forces and embedded in Iraqi military units, or deployed in rapid-reaction and special-forces teams.

"The United States must not make an open-ended commitment to keep large numbers of American troops deployed in Iraq," the group recommends.

The president, however, has resisted any timetables. Beyond that, the report strongly urged the administration to change its approach to the Middle East in ways that would require a near about-face.

Asserting that no American military action "by itself can bring about success in Iraq," the report insists that a new military strategy must be coupled with a broader U.S. diplomatic effort to include direct talks with Iran and Syria, nations that have been accused of fomenting violence within both Iraq and Lebanon.

"You talk to your enemies, not just your friends," Baker said.

The U.S. must also impress upon the Iraqi government a need to reconcile warring sectarian factions that hold Iraq in the "grip of a deadly cycle," the group says, recommending timetables for the Iraqis to reconcile factions and a withdrawal of U.S. economic and other support if the government fails to meet those timeframes.

DOJ_NMG_0103253

With Bush voicing a willingness to reassess a war strategy in Iraq that he concedes is not working "well enough, fast enough," and congressional leaders calling for a change of course, the report will serve as a focal point for a growing debate over the war.

"Stay-the-course is not the policy," Snow said. "Stay-the-course is not an option."

Yet some say the study group's advice falls short of what's needed in Iraq.

"We must have more troops over there," Sen. John McCain (R-Ariz.) said after meeting with the president. "Maybe 20,000 more Marines, and 80,000 Army. ... We have to have a big enough surge that we can get Baghdad under control."

With the imprimatur of seasoned Washington hands, and the ribbon of a bipartisan consensus, the study group's report could offer Bush an opportunity to recast his war strategy.

"If they want to deal with the real situation on the ground, both with what's happened with our military ... and with our reputation ... it's a real opportunity," said Rep. Rahm Emanuel (D-Ill.), who will be a new member of the Democratic House leadership in January. "If they want to stand and call this another piece [of advice], it becomes an opportunity lost."

The report also delivered an urgent plea to reunite Americans polarized by the war.

"This war has badly divided this country," said Leon Panetta, a group member who was President Clinton's chief of staff.

"It's divided Republicans from Democrats, and to some extent the president from the people," Panetta said. "This country cannot be at war and be as divided as we are today.... I suggested to the president that what we did in this group can perhaps serve as an example to try to pull together the leadership of the Congress and try to focus on the recommendations that we've made."

The book-length tome titled "The Iraq Study Group Report"--which indeed will be published as a book by Random House and promoted by a public-relations agency as the group's chairs press for public debate of their recommendations--paints a grim picture of Iraq.

The situation in Baghdad and several provinces already is "dire," it concludes, with "the level of violence ... high and growing." Al Qaeda is deemed responsible for only "a small portion of the violence in Iraq."

The greater threat to security comes from sectarian violence holding the nation in "the grip of a deadly cycle," the commission reports. And the perception of unchecked violence has "emboldened" militias and undermined the government.

While the administration has attempted to portray most of Iraq as "relatively peaceful," the report notes that 40 percent of the population lives in the four--out of 18 provinces--that are "highly insecure": Baghdad, Anbar, Diyala and Salah ad Din.

With 141,000 U.S. troops deployed in Iraq, "many military units are under significant strain," the group found. Nearly every Army and Marine combat unit has served in Iraq at least once, with many on their second or even third rotations.

The Iraqi army, with about 140,000 troops in 10 divisions, lacks leadership, equipment, personnel and support, the commission found. And "the state of the Iraqi police is substantially worse than that of the Iraqi army," the report notes, pointing to unchecked criminality as one of Iraq's problems.

"The current approach is not working, and the ability of the United States to influence events is diminishing," said Democrat Lee Hamilton, group co-chairman and a former congressman from Indiana. "Many Americans are understandably dissatisfied. Our ship of state has hit rough waters. It must now chart a new way forward."

Iraq Panel Paints Dire Portrait Of Situation (HC)

By Michael Hedges, Bennett Roth

Houston Chronicle, December 7, 2006

WASHINGTON — The Iraq Study Group report released today painted a dire portrait of the situation in Iraq while calling for all American combat brigades to be withdrawn by the first quarter of 2008, barring unexpected developments.

The report by the 10-person commission, co-chaired by James A. Baker III and Lee H. Hamilton, began with a sober line: "The situation in Iraq is grave and deteriorating. There is no path that can guarantee success, but the prospects can be improved."

DOJ_NMG_0103254

The study, the product of numerous meetings and study sessions since March of this year, noted that "if the situation continues to deteriorate, the consequences could be severe. A slide toward chaos could trigger the collapse of Iraq's government in a humanitarian catastrophe."

The Baker-Hamilton group issued a series of ideas, most of which already have emerged in public debate, aimed at preventing that outcome. The report calls for the launch of an immediate diplomatic offensive to build "an international consensus for stability in Iraq and the region."

The report also calls for the United States to attempt to directly engage Iran and Syria in diplomatic talks.

The Bush administration has resisted talks with Iran until that country agrees to suspend its nuclear programs. But the Iraqi study group says the issue of Iranian nuclear proliferation should be handled separately by the United Nations Security Council and Germany.

The report also calls for the United States to deal directly with the Arab-Israeli conflict and to insist on direct talks between Israel and other countries in the region, including Syria.

As for the near-term U.S. military commitment in Iraq, the report says "the United States should significantly increase the number of U.S. military personnel, including combat troops embedded in and supporting Iraqi army units."

That idea is among the options already being embraced by the Pentagon. The Iraq Study Group goes further to say that as that happens, "U.S combat forces should begin to move out of Iraq."

As for a timetable, the study says that "by the first quarter of 2008, subject to unexpected developments in the security situation on the ground, all combat brigades not necessary for force protection should be out of Iraq."

The report acknowledges the United States will need to assist Iraq's government "for some time to come." But it said the "United States must not make an open ended commitment to keep large numbers of American troops deployed in Iraq."

The report calls for the Iraqi government to establish "milestones on national reconciliation." It noted "miracles cannot be expected, but the people of Iraq have the right to expect action and progress."

Those milestones should be aimed at convincing the Iraqi people that the government of Iraq will meet standards of economic progress, security and justice.

The report warns the Iraq government that if it does not make substantial progress toward a series of milestones, the United States should reduce its political, military and economic support for the Iraqi government.

The report concluded by saying that all of its recommendations need to be carried out in a "comprehensive and coordinated fashion." While noting there are no guarantees of success in Iraq, it said that by following the report's guidelines, "Iraq, the region, and the United States of America can emerge stronger."

The report rejects the idea floated by some lawmakers to partition Iraq into three regions based on ethnic or sectarian identities, arguing that too many region have mixed populations. Instead, it said the United States should urge the Iraqis to concentrate authority with the central government in Baghdad.

The report listed 79 recommendations, a number of which focus on a reinvigorated diplomatic effort to assist Iraq, including the creation of the Iraq International Support Group, which would include Iraq's neighbors, the five permanent members of the U.N. Security Council, and members of the European Union.

To train Iraqis, the report recommends embedding as many as 20,000 U.S. military personnel in the Iraqi Army – in battalions, brigades and even companies. Currently there are from 3,000 to 4,000 U.S. personnel involved in training roles.

The report rejected the idea of substantially increasing the U.S. presence in Iraq, arguing that additional troops are not available and increasing the number of Americans would heighten tensions with Iraqis. However, the report said a temporary surge or redeployment of troops around Baghdad could be helpful.

The report addresses the issues of Iraq's substantial oil reserves, saying the president should restate that the United States does not seek to control the country's oil supply.

It also states that oil revenues should distributed by central government to the various part of the country and not controlled by regional interests. It states that the United States should press Iraq to reduce subsidies to the energy sector, arguing that the marketplace should set oil prices.

DOJ_NMG_0103255

Iraq Study Group: Shift Mission, Go Regional (CSM)

By Howard Lafranchi

The Christian Science Monitor, December 7, 2006

Amid signs of deepening difficulty and waning American influence in Iraq, the congressionally mandated Iraq Study Group unveiled a set of recommendations Wednesday ranging from a broader regional diplomatic effort to more emphasis on training Iraqi security forces.

The report - available online and as a 160-page book in bookstores - avoids some controversial proposals. This reflects the panel's bipartisan makeup as well as a desire not to be dismissed by the White House out of hand. But it does call for increased pressure on the Iraqi government to make progress in key areas of reconciliation and governability - and to withdraw US support if progress is not made.

Saying "there is no magic formula that will solve the problems of Iraq," group co-chair James Baker III said the group believes its recommendations offer the best hope for "success" in terms of stabilizing Iraq and avoiding regional conflict. He cited 79 recommendations as included in the report. Mr. Baker, a seasoned foreign-policy realist, said the group avoided speaking of "victory" in Iraq.

The group also recommends creation of an "international Iraq support group" to help stabilize the country, specifically including Iran and Syria - two countries the White House has resisted including in its Iraq effort.

"Our most important recommendations call for new and enhanced diplomatic and political efforts in Iraq and the region, and a change in the primary mission of US forces in Iraq that will enable the United States to begin to move its combat forces out of Iraq responsibly," the report says.

One downbeat note greeting the report is that, no matter how good some of its recommendations may be, it may simply have been overtaken by the deterioration of conditions on the ground in Iraq. The 10-member commission has been at work for nine months, dating back to just after a pivotal attack on a Shiite shrine in Samarra in February - as sectarian violence intensified and doubts about the abilities of the government of Iraqi Prime Minister Nouri al-Maliki deepened.

"There may be some fine ideas [in the report], but my concern is that events on the ground have overtaken the ability of the actors [whom] those ideas address to influence things," says Chris Toensing, executive director of the Middle East Research and Information Project in Washington.

Most troubling, Mr. Toensing says, is a "disconnect" between the "very blunt and bleak tone" of the report's opening appraisal, and recommendations that assume a situation much more amenable to correction.

For example, he singles out one recommendation in the key area of national reconciliation, calling for reorganization of the tainted national police under the Defense Ministry. It raises the question of why the very powerful factions currently in control of the police would agree to such a measure - and who has the power to make them acquiesce?, says Toensing.

The reality is that "the US doesn't rule Iraq any more," he says, "and the Iraqi government doesn't have that kind of say outside the Green Zone."

The report does call specifically for the US to "try to engage constructively" Iran and Syria in diplomatic efforts to stabilize Iraq, given their influence in the country. The White House has previously poured cold water on that proposal, saying those two countries should first demonstrate their goodwill toward helping and not further destabilizing Iraq.

The report also calls for the US to recommit itself to resolution of the Israeli-Palestinian conflict as a key element in any successful redirection of US-Iraq policy.

Co-chaired by Baker and former Democratic congressman Lee Hamilton, the Iraq Study Group is one of several studies of options for Iraq that President Bush will be consulting, including one from the Pentagon and a White House in-house analysis from the National Security Council. Bush aides have said the president will decide on any redirection of the Iraq effort over the coming weeks.

While Bush has publicly ruled out any changes that smack of a "graceful exit" from Iraq, some analysts and experts who worked with group during its nine-month investigation say that is essentially what the report boils down to.

Of the two co-chairs, Mr. Hamilton was the more categoric at a news conference Wednesday morning in saying the current approach is not working. "The ability of the US to influence events is diminishing," Hamilton said, adding that the American

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people cannot be expected to accept the same course for a conflict that has cost the lives of nearly 3,000 US soldiers and cost US taxpayers $400 billion. He warned that the total price tag could rise to more than $1 trillion.

While the report does not set a concrete timetable for a US withdrawal from Iraq, it does say that US combat forces "could be out of Iraq" by the first quarter of 2008 - if steps are taken soon to allow Iraqi forces to assume combat functions in the war.

But some analysts say even that finding may rest on the assumption of a functioning Iraqi government that may not exist. "Behind all of these reasonable expectations we are wrestling with is the possibility that Iraq may not be a real nation-state anymore," says Andrew Bacevich, a retired Army colonel now teaching international relations at Boston University. "We may be asking the government to do this or that, when the real decisionmakers and power brokers now are more the factions, sectarian groups, tribes, and clans."

Some experts lauded the report for nevertheless setting down as a necessary step a reduced American military presence. "It is new in saying you can't solve this militarily, and that you have to begin cutting down the American footprint," says Lawrence Korb, a national security analyst at the Center for American Progress in Washington.

Taking note of the report's emphasis on a reassignment of US forces from patrol to training of Iraqi security forces, Mr. Korb adds, "The problem with the Iraqis is not training, it is really motivation." He notes that only one Iraqi Army division is multiethnic in a land of mounting sectarian strife, and he says this points up how crucial will be political decisions about intercommunity equity that the US simply can't force the Iraqi government to make.

White House officials had cautioned against looking for any "magic bullet" in the much-anticipated report, and indeed the group itself said there isn't one. "There is no path that can guarantee success," the report concludes.

"What the report [reflects] is that there are a lot of options out there for a new Iraq policy, but none of them are very good," says one of a number of national-security specialists that the 10-member panel consulted to draw up its recommendations. "This [is] tacit recognition that what was allowed to go quite bad will not be fixed quickly or easily," says the expert, who asked not to be named because of involvement with the panel.

The report was released a day after Defense Secretary-designate Robert Gates answered a flat "no" to a question at his Senate confirmation hearing about whether the US is winning in Iraq.

But the report also seeks to lay out a "new way forward" for US involvement in Iraq at a time of decreasing US influence there. This week, Mr. Maliki announced a plan to hold a regional conference on stabilizing his country, even as the US continues to debate the usefulness of such an initiative.

Mr. Bacevich of Boston University says the commission's emphasis on regional diplomacy "has the potential to be its most helpful recommendation." But he adds that it also may be "the proposal that President Bush is the least likely to accept."

Some analysts have railed against the idea of enlisting Iran's help in Iraq, claiming that Tehran is part of the problem and is angling for a US withdrawal from the region in order to enhance its own power. Baker, a believer in the rule of national interests, responds that Iran was helpful to the US in Afghanistan and could be helpful in Iraq if it understood its interests could be served.

But Toensing of the Middle East Project says the Iran issue is another example of events "overtaking" otherwise sound proposals. "This is another case of a generally sound idea outpaced by events," he says. "Tehran's calculus was such that it was helpful [on Afghanistan], but the strategic interests are so different now," he says, not to mention the further radicalization of the Tehran regime.

The report was unveiled in a Senate chamber with all 10 study group members present, including former Defense Secretary William Perry, former Supreme Court Justice Sandra Day O'Connor, and former Secretary of State Lawrence Eagleburger.

Such is the emotion unleashed by the topic of Iraq that the report was being attacked even before its release as "stay the course lite" by some and as "Vietnam redux" by others. Conservative security analysts critical of any foreseeable drawdown of US troops and of the idea of a regional dialogue that would include Iran and Syria have taken to calling the Baker-Hamilton commission the "Iraq Surrender Group."

The group does not recommend any increase in US troops, currently numbering 140,000 in Iraq, of anything "over 100,000 more troops," Baker said. That recommendation appears to leave the door open to one Pentagon proposal that US troops be increased by perhaps 40,000 - principally in Baghdad to secure the capital.

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Gen. Anthony Zinni, a former Bush Middle East envoy who opposed waging war on Iraq, now holds the view that a US departure would create a dangerous vacuum that would probably be filled by Iran. So not only should the US not pull out of a war that was a mistake in the first place, General Zinni says, but it will have to increase troops to accomplish anything resembling stability.

For all their emphasis on the dire straits the US is encountering in Iraq, the study group members emphasized as a group the need to do something different from the policy the US is following today. Said commission member Alan Simpson, a former Republican senator from Wyoming: "Maybe [our work] is corny, maybe it won't work. But it sure ... [is] better than sitting there where we are right now." Excerpts from the report of the Iraq Study Group

On diplomacy vis-à-vis Iraq

"The United States should immediately launch a new diplomatic offensive to build an international consensus for stability in Iraq and the region. This ... effort should include every country that has an interest in avoiding a chaotic Iraq, including all of Iraq's neighbors. Iraq's neighbors and key states in and outside the region should form a support group to reinforce security and national reconciliation within Iraq...."

On US troop levels

"The primary mission of US forces in Iraq should evolve to one of supporting the Iraqi army, which would take over primary responsibility for combat operations. By the first quarter of 2008, subject to unexpected [security] developments ..., all combat brigades not necessary for force protection could be out of Iraq. At that time, US combat forces in Iraq could be deployed only in units embedded with Iraqi forces, in rapid-reaction and special operations teams [to focus on strikes against Al Qaeda in Iraq], and in training, equipping, advising, force protection, and search and rescue."

"The United States must not make an open-ended commitment to keep large numbers of American troops deployed in Iraq."

On the US role in the Middle East

"There must be a renewed and sustained commitment ... to a comprehensive Arab-Israeli peace on all fronts: Lebanon, Syria, and President Bush's June 2002 commitment to a two-state solution for Israel and Palestine. This commitment must include direct talks with, by, and between Israel, Lebanon, Palestinians - those who accept Israel's right to exist - and Syria."

On Iraq's responsibilities

"If the Iraq government demonstrates political will and makes substantial progress toward the achievement of milestones on national reconciliation, security, and governance, the United States should make clear its willingness to continue training, assistance, and support for Iraq's security forces and to continue political, military, and economic support. If the Iraqi government does not make substantial progress toward the achievement of [those] milestones ..., the United States should reduce its ... support for the Iraqi government."

On the panel's intent

"Success [in Iraq] depends on the unity of the American people in a time of political polarization. Americans can and must enjoy the right of robust debate within a democracy. Yet US foreign policy is doomed to failure - as is any course of action in Iraq - if it is not supported by a broad, sustained consensus. The aim of our report is to move our country toward such a consensus."

A Blueprint For Iraq: Will It Work In The White House? (NYT)

By Sheryl Gay Stolberg

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — In 142 stark pages, the Iraq Study Group report makes an impassioned plea for bipartisan consensus on the most divisive foreign policy issue of this generation. Without President Bush, that cannot happen.

The commissioners gave a nod to Mr. Bush, adopting his language in accepting the goal of an Iraq that can “govern itself, sustain itself and defend itself.” But the administration’s talk of Iraq as a beacon of democracy in the Middle East is absent, as is any talk of victory.

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Instead, the report confronts the president with a powerful argument that his policy in Iraq is not working and that he must move toward disengagement. For Mr. Bush to embrace the study group's blueprint would mean accepting its implicit criticism of his democracy agenda, reversing course in Iraq and throughout the Middle East and meeting Democrats more than halfway.

Assuming he is not ready to go that far, despite some recent signals of flexibility, he faces the more general question of whether he is ready to embrace the spirit of the report — not to mention the drubbing his party took in the midterm elections a month ago — and produce a new approach of his own that amounts to more than a repackaging of his current worldview.

"In a sense," said Dennis Ross, who worked for both President Clinton and the first President Bush as a Middle East envoy, "what you have here offers the Democrats a ready handle to show, 'We're prepared to be bipartisan on the issue of Iraq, because we'll embrace the bipartisan Iraq Study Group — are you prepared to be bipartisan as well?' "

The study group, for instance, calls for direct engagement with Iran and Syria; so far, Mr. Bush has refused. While Mr. Bush has steadfastly resisted a timetable for withdrawal, the report says all combat brigades "not necessary for force protection could be out of Iraq" — note the careful use of the conditional — by the first quarter of 2008.

The report in effect calls on Democrats, at least those who have been pushing for a rapid withdrawal of troops, to show patience, warning that a fast pullout would lead to "a significant power vacuum, greater human suffering, regional destabilization and a threat to the global economy" — in effect, pushing Iraq into total anarchy.

But the real target of the Iraq Study Group was Mr. Bush. The president has already sought to play down the role the report would have in shaping his thinking. The administration has several reviews of its own under way, and Tony Snow, the White House press secretary, began saying as early as October that the White House was "not going to outsource the business of handling the war in Iraq."

So while Mr. Bush called the report "an opportunity to come together and work together" after receiving it Wednesday, it was no surprise on Capitol Hill that many Democrats were quicker to embrace it than Republicans were. Members of the president's party seemed to be adopting a kind of wait-and-see posture, praising the report for its seriousness and depth as they searched for clues about what Mr. Bush would do.

"I was impressed by the seriousness with which this group reached its conclusions and its plea that the level of partisanship we've seen in Iraq be toned down," said Senator Mitch McConnell of Kentucky, who will soon be the Republican leader. But Mr. McConnell cut short any conversation of what Mr. Bush should do. "I'm not going to give the president advice," he said.

The president spent weeks trying to shape the political climate in which he would receive the report. He ordered up a Pentagon study and commissioned his own White House review. Last week, he went to Amman, Jordan, to meet with the prime minister of Iraq, Nuri Kamal al-Maliki; on Monday, he received a powerful Iraqi Shiite leader, Abdul Aziz al-Hakim, at the White House.

Those moves have been aimed at giving Mr. Bush the flexibility he needs to do pretty much whatever he wants. But, meeting with him in the Oval Office on Wednesday morning, the commissioners made a pointed appeal for him to give their study greater weight than his own, if only because it has the backing of both parties.

"This is the only bipartisan advice you're going to get," the Democratic co-chairman of the panel, Lee H. Hamilton, told Mr. Bush, according to an account by Mr. Snow. Commissioners said afterward that the president seemed to absorb that plea.

"I don't want to put too much in his mouth now," said Lawrence S. Eagleburger, who was secretary of state under Mr. Bush's father, "but there was not one bit of argument. He didn't come back at us on anything."

Mr. Bush has already been adjusting policy in modest ways — carrying out, for example, some of the recommendations made to him in late October by his national security adviser, Stephen J. Hadley, engaging other Iraqi leaders, like Mr. Hakim , and sending Vice President Dick Cheney for talks with the leaders of Saudi Arabia.

That is not the only sign the president will give serious consideration to the report. Mr. Bush's new choice for defense secretary, Robert M. Gates, caught Washington by surprise on Tuesday when he testified in his confirmation hearings that the United States was not winning in Iraq. It may be no coincidence that Mr. Gates is a former member of the Iraq Study Group.

The report offered a little something for everyone, and took away a little something from everyone as well. The reaction was harshest at the ends of the political spectrum.

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William Kristol, a neoconservative thinker and the editor of The Weekly Standard who pushed for the invasion, lambasted the recommendations as “a disguised surrender.” Representative John P. Murtha, the Pennsylvania Democrat whose call for withdrawal touched off a firestorm last year, complained that the panel offered a prescription “no different from the current policy.”

The real question now is whether the report can generate what the panel’s Republican co-chairman, James A. Baker III, called the “tremendous amount of political will” necessary to prod Democrats and Republicans into genuine cooperation — and Mr. Bush into embracing policy prescriptions he thus far has shunned.

As he stood before the press corps Wednesday to unveil the long-awaited report, Mr. Baker, a longtime confidante of the Bush family, was asked if Mr. Bush had the capacity to “pull a 180,” as the report would seem to require. He ducked the question then, but later answered it in an interview with Brian Williams of NBC News.

“I don’t know what the president will do,” Mr. Baker said. “But I do know this. I know the president is conflicted by the situation there. I know the president would like to approach this in a bipartisan way and in a manner that would have the support of the American people. Here’s a vehicle to do that.”

The Realists' Repudiation Of Policies For A War, Region (WP)

By Glenn Kessler, Thomas E. Ricks

The Washington Post, December 7, 2006

The Iraq Study Group report released yesterday might well be titled "The Realist Manifesto."

From the very first page, in which co-chairmen James A. Baker III and Lee H. Hamilton scold that "our leaders must be candid and forthright with the American people," the bipartisan report is nothing less than a repudiation of the Bush administration's diplomatic and military approach to Iraq and to the whole region.

Throughout its pages, the report reflects the foreign policy establishment's disdain for the "neoconservative" policies long espoused by President Bush and his aides. But while many of its recommendations stem from the "realist" school of foreign policy, it is unclear at this point whether a radically different approach would make much difference nearly four years after the invasion of Iraq.

The administration's effort to spread democracy to Arab lands is not mentioned in the report, except to note briefly that most countries in the region are wary of it. The report urges direct talks with Iran and Syria, both of which the administration has largely shunned. It also calls for placing new emphasis on resolving the Israel-Arab conflict, including pressing Israel to reach a peace deal with Syria, on the grounds that the issue shapes regional attitudes about U.S. involvement in Iraq. Overall, it strongly suggests that Bush, Vice President Cheney and Secretary of State Condoleezza Rice have bungled diplomacy in the region with unrealistic objectives and narrow strategies.

"We took a very pragmatic approach because all of these people up here are pragmatic public officials," Hamilton told reporters, referring to the five Democrats and five Republicans who unanimously endorsed the report's conclusions and recommendations. The bipartisan nature of the report -- and the fact that Baker was secretary of state for Bush's father -- will make it difficult for the White House to ignore. By endorsing the critics' view of the war, the report will also help incoming Democratic congressional leaders frame the debate over Iraq as a disaster largely of the administration's making.

In a lengthy preamble to the recommendations titled "Assessment," the report gives a dispassionate account of the "grave and deteriorating" situation in Iraq, echoing books and news reports that the administration had previously criticized as one-sided or overly negative. The report's description of the violence in Iraq, which amounts to an attack on the administration's understanding of the facts on the ground, will likely set the new baseline for how the Iraq conflict is portrayed.

"The ability of the United States to influence events within Iraq is diminishing," the report warns.

The report is replete with damning details about the administration's inept handling of Iraq. It notes, for instance, that only six people in the 1,000-person embassy in Baghdad can speak Arabic fluently. It recounts how the military counted 93 acts of violence in one day in July, when the group's own reexamination of the data found 1,100 acts of violence. "Good policy is difficult to make when information is systematically collected in a way that minimizes discrepancy with policy goals," the report says.

The report calls for seeing Iraq differently, for scaling back the administration's goals and for ending the president's open-ended commitments to the war-torn country. It also argues that the administration should support a "far-reaching" amnesty of

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insurgent fighters, pointedly warning that neither the executive nor legislative branches should try to undermine an amnesty program.

Administration officials yesterday gamely insisted that the report is not a criticism of the administration's approach. White House spokesman Tony Snow said many issues raised in the report are being discussed and addressed by the administration. "You're asking if that is a repudiation of policy," he told reporters. "No, it's an acknowledgment of reality."

On both the diplomatic and military fronts, the report differs sharply from the administration's current approach. Perhaps befitting a panel with two former secretaries of state -- Lawrence S. Eagleburger is also a member -- a large section of the report outlines what it labels "the New Diplomatic Offensive."

The section appears to be an implicit rebuke of the policies pursued by Rice, arguing that her current efforts to build a regional "compact for Iraq" are too narrow, that her efforts to engage moderate Arab states lack ambition, and that her pursuit of Israeli-Palestinian peace needs to be reinvigorated. Bush has shunned a hands-on role in the issue, but the report says that "the United States does its ally Israel no favors in avoiding direct involvement to solve the Arab-Israel conflict."

"Everybody said that if you're going to settle Iraq, it is important that you do what you can to settle Israel-Palestine," Eagleburger said, asserting a linkage that until now the administration had rejected. The report makes no mention of the moribund U.S.-backed peace plan known as the road map.

The report also urges high-level talks with Iran and Syria without preconditions, although it sets goals for those talks that struck some analysts as unrealistic. Iran and Syria might have been more amenable to serious negotiations several years ago -- the panel noted, for instance, that Iran was helpful in Afghanistan after the fall of the Taliban -- but that moment has probably passed, now that Iran and Syria believe the United States is on the ropes. Baker, who said "you talk to your enemies, not just your friends," suggested that one goal of such talks would be to demonstrate to others in the region that Iran and Syria want Iraq to fail.

Outgoing Defense Secretary Donald H. Rumsfeld also comes in for some pointed commentary, with the group's 46th recommendation being that his successor repair relations with the top military brass.

The report's core military recommendation -- that almost all U.S. combat troops be withdrawn by the beginning of 2008, but that a large force be left to train and advise Iraqi forces -- struck some military experts as appropriate, but others called it overly ambitious.

Anthony H. Cordesman, a defense expert at the Center for Strategic and International Studies, criticized the recommendation to quadruple the current number of U.S. advisers and trainers to about 20,000 soldiers, saying: "The U.S. is to rush in more qualified trainer and embeds that it doesn't have and assign more existing combat forces unqualified for the mission." Indeed, among the lessons brought home by U.S. trainers over the past three years are that many were unprepared for the task and that the mission is extremely difficult. It requires knowledge not only of U.S. combat operations but also of foreign weaponry and, most of all, of Iraqi culture.

Quang X. Pham, author of a memoir about his service in the U.S. Marine Corps and his father's time as a pilot for the South Vietnamese military, said he considers the troop plan a thinly disguised form of quitting. "In one year, during the 2008 election year, the United States will abandon and betray Iraq as it did South Vietnam," predicted Pham, who was a pilot during the Persian Gulf War.

Meanwhile, Rep. Maxine Waters (D-Calif.), head of the "Out of Iraq" congressional caucus, said it appears to her that the group is calling only for improvements to the Bush administration's plan to stand down U.S. forces as Iraqi forces stand up.

In Theater Of War, It's Iraq Study Group's Turn To Take The Stage (WP)

By Dana Milbank

The Washington Post, December 7, 2006

Minutes after the Iraq Study Group placed an improvised explosive device beneath the Bush administration's Iraq policy yesterday, panel member Lawrence Eagleburger was asked how President Bush reacted to the recommendations.

"His reaction was, 'Where's my drink?' " the former secretary of state cracked after the commission's White House visit and Capitol Hill news conference. Reaching for his own cola, Eagleburger continued: "He was a little loaded. It was early in the morning, too, you know."

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The retired diplomat certainly did not mean that the president had fallen off the wagon. But if any event would call for a stiff one, this was it: A bipartisan group of elder statesmen -- some of them friends of Bush's father, no less -- had just concluded that the Iraq war, the centerpiece of Bush's presidency, was a disaster with no easy way out.

The words tossed out at the news conference were bleak. "Grave and deteriorating," co-chairman Lee Hamilton told the cameras. Reciting a list of woes -- more than 2,900 Americans dead, $400 billion gone and "great hardship" for Iraqis -- the former congressman became dramatic: "Our ship of state has hit rough waters."

The other co-chairman, James Baker, got Bush through the Florida recount of 2000 but was of no help yesterday. "Struggling in a world of fear, the Iraqis themselves dare not dream," George H.W. Bush's secretary of state said, using the words "no longer viable" to describe the current Iraq policy and "brutal violence" to describe Iraq.

Thanks to prolific leaking, there were few surprises in the report. But the panelists had some surprisingly harsh assessments of the president. When Doyle McManus of the Los Angeles Times asked the commissioners what they would do to get Bush to embrace their recommendations, Republican former senator Alan Simpson condemned the "100-percenters in America" who refuse to compromise. "A 100-percenter is a person you don't want to be around. They have gas, ulcers, heartburn and B.O."

Bush reacted with the dyspepsia of a man who was just told to drop his objections to withdrawing combat troops, to talking with Iran and Syria, and to forcing an Israeli-Palestinian peace deal. "This report gives a very tough assessment of the situation in Iraq," he acknowledged from the Cabinet Room.

The unpalatable menu of options for Bush went a long way toward redeeming a Baker-Hamilton commission that had flirted with frivolity. In September, the group called a news conference to announce that it had nothing to announce. Then Hamilton and Baker agreed to pose for Men's Vogue (commissioner Sandra Day O'Connor judiciously killed a plan to involve all 10 panelists in the shoot).

There were moments yesterday when the study group again struggled for gravitas. No sooner had the commissioners taken the stage in the Hart Office Building than Simpson passed around his copy of the report for his colleagues to autograph, "just like a high school annual," as he put it. Though the relevance to the Iraq crisis was not clear, Simpson told the 250 reporters and camera crews about O'Connor's distaste for split infinitives.

All the panelists took a turn at the microphone except for Vernon Jordan, who sat with his hands folded on the table, and Eagleburger, who doodled: first something resembling a sailboat, then a grocery cart, then finally a tyrannosaurus on wheels. The elder statesmen also risked the elderly statesmen label when The Washington Post's Robin Wright asked a question from the second row without a microphone. A chorus of "Can't hear you!" rained from the dais.

But thanks to the work of the Edelman PR firm, the panelists managed an impressive rollout. They arrived at the Capitol in a motorcade of armed Suburbans and black sedans, then were whisked through their itinerary by handlers telling them, "We're falling behind schedule." When Jordan heard the call of nature, he got a two-man escort to the restroom.

Hamilton clearly enjoyed the hero's welcome. Taking a cellphone call in the Capitol basement, he let slip to Fox News's Molly Hooper that it was former president Bill Clinton on the line. At the news conference, he boasted that "I think we have 15 or 20 invitations to testify."

Baker bristled when reporters questioned the study group's credibility. When ABC News's Jonathan Karl, pointing out that only one of the 10 panelists ever left the Green Zone in Iraq, asked why their views should carry weight, Baker looked down the row of commissioners with a smile and a wink. He took out some lip balm and applied it, then smiled some more. "This report by this bunch of has-beens up here is the only bipartisan report that's out there," he finally shot back.

Whatever else the "has-beens" accomplished, they made sure that any credibility questions will be directed not at them but at Bush. Hamilton lectured: "You cannot look at this area of the world and pick and choose among the countries that you're going to deal with." Leon Panetta counseled Bush to "look at the realities of what's taking place." Eagleburger said after the event that when the group met with Bush, "I don't recall, seriously, that he asked any questions." Even the loyal Baker had to advise his friend's son that "it is time to find a new way forward."

At least he didn't say Bush has B.O.

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Analysis: Iraq Report Ups Ante For Bush (AP)

By Tom Raum

AP, December 6, 2006

President Bush now has the outlines of a bipartisan exit strategy for Iraq and a new secretary of defense to help carry it out. And while he's under no obligation to heed the Iraq Study Group's recommendations, the pressure on him to change course is now politically enormous.

Whether he'll go along, when, and to what extent, will shape the nation's political landscape in the months to come.

The group led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton recommended on Wednesday that U.S. forces largely withdraw from combat over the next year and focus on training Iraqis.

It also called for stepped-up diplomatic efforts — including talks with Iran and Syria — to stabilize Iraq and revive the Israeli-Palestinian peace process. Bush has spurned Iraq talks with Iran and Syria.

The commission's document offers a bipartisan blueprint for Bush — if he goes along with the recommendations — to begin extricating himself from the unpopular war. It stops short of proposing a specific troop-withdrawal timetable that Bush could not be expected to embrace.

His remarks on Wednesday were conciliatory but general. In the past, Bush has sometimes sounded ready to embrace changes only to go back to the kind of stubborn line he used as recently as last week in Jordan — that U.S. troops won't leave until the mission is complete.

"This report changes the paradigm. Its most important impact is political. And the impact is going to be felt more strongly in Washington than in Baghdad," said Jon B. Alterman, a former State Department official who specialized in the Middle East.

"Bush is looking for his legacy, but his party is looking toward the 2008 elections — and a lot of them are terrified. This could really provoke an earthquake and leave the president completely isolated unless he changes course," said Alterman, now director of Mideast programs at the Center for Strategic and International Studies.

Stephen Cimbala, a Penn State political scientist who studies war's effects on domestic politics, said pulling most U.S. combat troops out of Iraq by early 2008 has clear ramifications for the upcoming presidential election.

"I don't think anybody wants to run, especially on the Republican ticket, if Iraq in 2008 looks like it does today," Cimbala said.

Since Democrats seized control of Congress in the Nov. 7 midterms, more and more Republicans have broken ranks with Bush on Iraq. The Baker-Hamilton report offers political cover for such defections.

Even within his administration, contrary voices are being heard. National Security Adviser Stephen Hadley recently questioned whether Iraqi Prime Minister Nouri al-Maliki was up to the job.

Robert Gates, a former study group member who was confirmed by the Senate 95-2 on Wednesday to take over as defense secretary, told senators the U.S. isn't winning the war and "all options are on the table."

The man he'll replace, Donald H. Rumsfeld, called for a "major adjustment" in U.S. tactics just before resigning under pressure. Rumsfeld was the architect of the war.

Wednesday's was the first in a series of major reports on war options heading for the White House, including ones by the Pentagon and the National Security Council.

Bush could cherry pick, selecting the most palatable recommendations from among the 79 in the Baker-Hamilton pages, and taking others from other reports.

But the Iraq Study Group's report came with a warning label. It said the recommendations amount to "a new way forward. They are comprehensive and need to be implemented in a coordinated fashion. They should not be separated or carried out in isolation."

The president called the report "a very tough assessment of the situation in Iraq" and said he would take the recommendations very seriously and act "in a timely fashion." He also said, pointedly, that Congress wouldn't agree with every proposal, and neither would he.

White House spokesman Tony Snow said Bush continues to insist that Iran verifiably suspend uranium enrichment before U.S. engages in direct talks. But he left the door open for discussions through an outside group.

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Snow called the report positive, even though it describes the current situation as "grave and deteriorating" and getting worse under current policies.

Many of its key recommendations, including a need to work more aggressively to hand over responsibilities to the Iraqis, are already "precisely what's going on," Snow said.

In fact, Bush's trip to Jordan last week to press al-Maliki directly seemed written to the study group's script. "There is no substitute for sustained dialogue at the highest levels of government," the report said, noting Bush's mission.

Al-Maliki asserts that his government will be able to control security by next June. And while military analysts openly question this, Bush could use the statement as a justification for starting to withdraw combat troops.

The report calls for withdrawing the bulk of the 140,000 U.S. combat troops now in Iraq while embedding some American forces within Iraqi units.

Lawrence J. Korb, assistant defense secretary under President Reagan and now a senior fellow at the liberal Center for American Progress, said the report was right to recommend increasing pressure on the Iraqi government to take over military operations.

"Until the Iraqi leadership makes these painful political compromises, nothing is really going to change," said Korb, who favors a faster withdrawal of troops.

The big open question remains: Is Bush ready to accept the bulk of the panel's recommendations, even though in some areas they constitute close to a 180-degree turn in policy?

Baker, who has been particularly close to the Bush family, wouldn't touch that question.

"You know, I've worked for four presidents," he said. "And I never put presidents I worked for on the couch."

White House Doing Its Own Study (USAT)

USA Today, December 7, 2006

The Iraq Study Group report isn't the only review of U.S. policy in Iraq: The Bush administration has launched its own appraisal. Last month, President Bush asked the National Security Council to coordinate studies that in some cases had been underway for months.

Stephen Hadley, the national security adviser, hasn't set a deadline for a final report but says it will be completed in "weeks, not months."

Among those involved:

•Pentagon. Peter Pace, chairman of the Joint Chiefs of Staff, is drawing up military options that range from adding counterinsurgency troops to redeploying or reducing the U.S. presence in Iraq.

•State Department. David Satterfield, a top adviser on Iraq, and Philip Zelikow, the outgoing counselor for Secretary of State Condoleezza Rice, are analyzing political, economic and diplomatic issues, including the potential impact of new policies in Iraq across the Middle East. One question: Should the United States talk directly with Iran and Syria?

•National Security Council. Hadley, deputy J.D. Crouch and Meghan O'Sullivan, the Iraq director on the NSC, are reviewing information from intelligence agencies and coordinating the departmental reviews. Hadley is providing regular updates to Bush.

Dems Seize On Iraq Report (HILL)

By Elana Schor

The Hill, December 7, 2006

The Iraq Study Group yesterday released its long-awaited counsel for major shifts in U.S. war strategy, gratifying Democrats who built electoral victories on a call for change in Iraq and leaving the new majority ready to put pressure on the president, rather than congressional Republicans.

The bipartisan study group, created by Congress last year, briefed leaders of both parties on its report before the public unveiling. Taking a stark view of the chaotic violence in Iraq, the study group advised a pullback of U.S. combat troops by early 2008 and a regional conference with Iraq's neighbors aimed at stabilizing that nation's elected government.

Incoming Senate Majority Leader Harry Reid (D-Nev.) said afterward that he felt vindicated by the report and that it would lead to the beginning of military withdrawal.

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"The president has the ball in his court now," Reid said, announcing plans for a series of oversight hearings in the Foreign Relations, Armed Services and Intelligence committees beginning early next year.

Though President Bush and his advisers have subtly downplayed the impact of the report in recent days, party politics did not stop many lawmakers from urging that Bush seriously consider the group's findings.

"The decision has to be made by the president," said Senate Intelligence Committee Chairman Pat Roberts (R-Kan.), who hailed the consensus reached by the evenly split 10-member study group. "Democrats and Republicans actually got together. … It serves as a good example for Congress to go forward."

The study group, co-chaired by former Secretary of State and Bush family confidante James Baker III and former Rep. Lee Hamilton (D-Ind.) tempered its recommendations with a warning that their implementation would be difficult and would not guarantee success.

Sen. Mitch McConnell (R-Ky.), who will be minority leader next year, acknowledged the difficult road ahead for lawmakers who now must await the administration's response as well as the outcome of a separate internal Pentagon review of war policy.

"Those who hoped this report would provide a get-done-quick solution will be disappointed," McConnell said. "And though we won't reach agreement overnight, this is an opportunity for us to work in a bipartisan way with Democrats and the White House …"

Neither party shrank from partisan combat over the war during the Republican majority, leading to an acrimonious House debate in June and a surprise closed session of the Senate last November. But Senate Democrats, who will soon be taking over Congress with the slimmest of majorities, stressed the potential for consensus with GOP lawmakers. "You'll see a push from both sides to craft a meaningful strategy in Iraq," said Sen. Barack Obama (D-Ill.) in an interview. "The question is whether the administration will be amenable."

The potential 2008 presidential contender described the study group's report as a welcome bridge between the Bush administration's view of the war, often resolutely optimistic, and the Democrats' perspective.

"It is a realistic portrayal of what's taking place," Obama said. "If we can agree on the facts, we can continue to move forward."

Several other Democrats who have begun vying for their party's presidential nomination placed similar weight on the White House's next move.

"The president is changing his secretary of defense, but this report now raises the most important question: is the president willing to change his mind?" Sen. Evan Bayh (D-Ind.) said in a statement.

"The president's reaction will send a loud and clear message on whether he's listening to the American people's call for a change in policy for Iraq," said Iowa Gov. Tom Vilsack (D), one of the earliest official entrants in the 2008 contest and an early critic of the war.

Sen. Sam Brownback (R-Kan.), who this week began a presidential campaign built on a traditional conservative platform, endorsed the study group's strong medicine for Iraq.

"If this is what it takes to pull us all together, they are things we really ought to look at and see if we can do," Brownback said.

Sen. Chuck Hagel (R-Neb.), another potential White House aspirant, found common ground with the study group in his own calls for a troop drawdown and a focus on diplomatic and political remedies to the crisis in Iraq. "This report is an acknowledgment that there will be no military solution in Iraq," he said.

Sen. Joseph Biden Jr. (D-Del.), who will take the Foreign Relations Committee gavel next year, praised the report overall but cast doubt on its reliance on a strong federal government for Iraq. Biden's plan for regional divisions and an oil revenue-sharing pact in Iraq is playing a central role in his own presidential bid.

One of the study group's ideas likely to arouse bipartisan angst is its call for a regional dialogue that includes Iran and Syria, nations deemed state sponsors of terrorism by the U.S.

Sen. Norm Coleman (R-Minn.) said the notion of engaging Iran and Syria gave him pause, but Sen. Judd Gregg (R-N.H.) said he "subscribes to Baker's view that even if someone is your enemy, you should talk to them."

Sen. John Sununu (R-N.H.) noted that the study group prescribed multiple internal and external readjustments before troops could be workably moved out of combat in Iraq.

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"If we just look at some date that troops may or may not be withdrawn, we will overlook steps we have to take now that are crucial to the success of this effort," Sununu said.

As Democrats continued expressing hope that the study group's report would compel the White House to begin a landmark turnaround in iraq, Sen. Lamar Alexander (R-Tenn.) sounded a note of caution to all members.

"What we all need to do is take breaths, read the report carefully and not use parts of it to justify what we already believe," said Alexander, a close ally of McConnell's who narrowly lost a bid to become GOP whip next year.

Threats Wrapped In Misunderstandings (WP)

By Sudarsan Raghavan

The Washington Post, December 7, 2006

BAGHDAD, Dec. 6 -- The Iraq Study Group's prescriptions hinge on a fragile Iraqi government's ability to achieve national reconciliation and security at a time when the country is fractured along sectarian lines, its security forces are ineffective and competing visions threaten to collapse the state, Iraqi politicians and analysts said Wednesday.

They said the report is a recipe, backed by threats and disincentives, that neither addresses nor understands the complex forces that fuel Iraq's woes. They described it as a strategy largely to help U.S. troops return home and resurrect America's frayed influence in the Middle East.

Iraqis also expressed fear that the report's recommendations, if implemented, could weaken an already besieged government in a country teetering on the edge of civil war.

"It is a report to solve American problems, and not to solve Iraq's problems," said Ayad al-Sammarai, an influential Sunni Muslim politician.

The report arrives at a time of turmoil within the Iraqi government. Senior politicians from Iraq's two major sects, Sunnis and Shiites, have been assassinated or kidnapped in recent weeks. Entire ministries are under the control of sect-based political parties with their own militias.

Three weeks ago, as many as 150 employees were abducted from the Higher Education Ministry, run by a Sunni, by men in police uniforms who said they were from the Interior Ministry, which is controlled by Shiites. And last week, powerful politicians loyal to radical Shiite cleric Moqtada al-Sadr walked out of the government, and have yet to return.

U.S. diplomats have been urging Iraq's government to engage in a process of national reconciliation aimed at giving Sunnis a greater role, but the Shiite-led administration has been largely unwilling to do so. It is unclear whether increased pressure, as called for by the group led by former secretary of state James A. Baker III and former representative Lee H. Hamilton, will result in Shiite leaders moving forward with a new power-sharing agreement.

The mistrust and divisions within the weak unity government are so deep that it is not certain whether the study group's recommendations -- such as using outside powers to exert diplomatic pressure and building a well-trained Iraqi army -- can be effective, or might instead deepen the political and sectarian rifts.

"The main obstacle and challenge is the current government," said Wamidh Nadhmi, a political analyst in Baghdad. "The Baker-Hamilton report is insisting on national reconciliation. This has not been done, only in government propaganda."

For months, the Bush administration has pressured the government of Prime Minister Nouri al-Maliki to take steps toward bringing the warring groups together and tackle Iraq's violent militias and corruption. But the Iraq Study Group recommends withdrawing U.S. support if the Iraqis fail to show advances.

"If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security, and governance, the United States should reduce its political, military, or economic support for the Iraqi government," the report's executive summary says.

For some Iraqis, the statement suggested that the report's authors did not grasp, or refused to acknowledge, the diverse ambitions, rivalries and weaknesses that plague the government. The Kurds have dreams of creating an independent state. The Sunnis appear leaderless, yet seek a political voice. The Shiites are riven by feuds. There are disagreements over partitioning Iraq, over whether to restore members of Saddam Hussein's Baath Party to their old jobs, over whether amnesty should be given to opponents of the government and the U.S. occupation.

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Maliki, who controls no militia of his own, also depends on Sadr for political support, making it politically suicidal for him to attempt to dismantle Sadr's Mahdi Army, the largest and most violent militia in Iraq.

"It comes far too close to having the U.S. threaten to take its ball and go home if the Iraqi children do not play the game our way," Anthony Cordesmann, a military analyst at the Center for Strategic and International Studies, said in an e-mailed analysis, referring to possible withdrawal of support.

Some Iraqis expressed astonishment at a recommendation in the report calling for Iraq's National Police and its police commandos, overseen by the Interior Ministry, to be shifted to the control of Defense Ministry, where the commandos would join the army. There is growing evidence that the majority-Shiite police are infiltrated by Shiite militias and death squads.

Iraqis said that although it might appear to make sense to place the commandos under the majority-Shiite army, which has largely escaped militia infiltration, the recommendation could bring unintended consequences. The Interior Ministry is Shiite-controlled, while the Defense Ministry is headed by a Sunni.

"This is an intervention in the Iraqi structure of the state," said Mahmoud Othman, a Kurdish legislator. "This will also be seen as a point for the Sunnis, at the expense of the Shias."

Joost Hiltermann, an Iraq analyst for the International Crisis Group, said such a shift could force the Defense Ministry into an internal policing role that it is not equipped to address. "The more they get dragged into internal policing, they may become sectarianized," Hiltermann said.

"This demand -- no one will execute it," said Hasan Suneid, a legislator and close aide to Maliki. "It's not realistic."

Other challenges face any attempt to implement the report's recommendations. Iraqis have little trust in the army, which is poorly equipped and trained, to provide security. U.S. troops agree with this assessment.

On Friday, a military transition team from the 1st Cavalry Division working with the Iraqi army's 9th Division oversaw a raid in the Fadhil district of central Baghdad. The U.S. military billed it as an Iraqi-led operation all the way. But U.S. soldiers interviewed Saturday said that was not the case.

"Truthfully, they still need training," said Maj. John Best, 34, of Tampa. "Everything that occurred out there had to be led by Americans. They don't have the level of training, the resources, the education, the motivation. They've been fighting so long, they've become complacent."

The U.S. military already has spent the past two years trying to accelerate the training of Iraqi security forces. A central challenge today, according to analysts, is not a lack of American trainers but the question of whether non-sectarian security forces are viable in Iraq: Will a critical mass of Iraqi soldiers remain loyal to the national government as opposed to their respective religious groups?

The issue of having U.S. advisers embedded with Iraqi units could also be difficult. "I wonder whether it will raise Iraqi sensitivities. They may see it as the Americans are ordering them, that they are still the bosses," said Othman. "This is a matter of national pride."

Sadr, who controls 30 seats in Iraq's 275-member parliament and four ministries, is also opposed to the idea. He has demanded a timetable for U.S. withdrawal.

"We don't want to bring any advisers," said Nasar al-Rubaie, the leader of Sadr's legislative bloc. "We are capable to arm our security and military forces. If the Americans withdraw today from Iraq, the next day there will be security in all of Iraq."

The report's recommendation for outside diplomatic pressure is also divisive. One of Maliki's chief rivals, Abdul Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq, who has close ties to Iran, has rejected the proposal for Sunni Arab countries to become more involved in Iraq.

Kurdish leaders are also worried about interference from Turkey, which has vowed to invade Iraq's Kurdish regions if Kurds move toward independence or assert control over the oil field at Kirkuk.

Maliki supports having a regional conference, as long as it is held inside Iraq.

Maliki has rekindled ties with Iran and Syria, but there is still suspicion among Sunni parties, as well as some Shiite groups, of Iran's growing influence in Iraq. And it is unclear whether either Iran or Syria, which the Bush administration views as sponsors of terrorism, would enter into a dialogue with Washington.

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"If we can make them part of the solution rather than part of the problem, it will be good for Iraq," said Othman. "But it matters how much they gain from the United States."

Sammarai, the Sunni lawmaker, said the Bush administration has a responsibility to fulfill its pledge to bring democracy to Iraq, in which minorities will have a voice. "Because of their mistakes, it is so complicated now," Sammarai said. "Now, they say, 'We're going to leave the Iraqis to solve their problems.' "

Said Cordesmann: "The U.S. effectively sent a bull in to liberate a china shop, and the Study Group now called upon the U.S. to threaten to remove the bull if the shop doesn't fix the china."

Politicians In Iraq Debate Impact Report Might Have (USAT)

By César G. Soriano

USA Today, December 7, 2006

BAGHDAD — Iraqi politicians on Wednesday debated the significance and potential impact of a high-level U.S. commission's report that recommends diplomatic and military changes that could permit U.S. troops to withdraw from combat roles by early 2008.

Baghdad residents, meanwhile, worried that even if the recommendations are adopted, it might be too late to stop the country from sliding further into chaos.

Iraqi Prime Minister Nouri al-Maliki held a video conference on the report with former U.S. secretary of State James Baker and former congressman Lee Hamilton, co-chairmen of the bipartisan Iraq Study Group, al-Maliki's office said in a statement. The statement said al-Maliki reiterated his support for a unified national government, a regional diplomatic conference and shifting U.S. troops from a combat to a training role.

Deputy Prime Minister Barham Saleh, speaking on the pan-Arab satellite TV channel Al-Arabiya, said the government agreed with the broad recommendations of the panel, but he acknowledged that "there may be some details on which we differ." He did not elaborate.

Other Iraqi politicians welcomed the report but questioned whether President Bush would act on the recommendations. "There are good changes recommended," said Mahmoud Othman, a Kurdish coalition member of the parliament. "But I don't know how much will be accepted by the U.S. administration."

Adnan al-Dulaimi, a leader of the Iraqi Accord Front, the biggest Sunni bloc in the parliament, said he was optimistic the suggestions would help correct the situation, if adopted. "We hope the U.S. and Iraqi governments would implement these recommendations for the sake of Iraq's interest and for calming the security situation."

Abbas al-Bayati, a Shiite legislator with the United Iraqi Alliance, worried that a single report would not reverse the growing conflict among Iraqi groups. "The situation in Iraq will not be solved by one committee," he said, "but by the need to open more dialogue and accepting the opinions of Iraqis."

Al-Bayati also criticized the report's recommendation that the United States reduce "political, military or economic support" if the Iraqi government does not make significant changes to improve security. Iraq "should not be pressed into action by threats of stopping American support," he said.

Othman said the prospect of losing U.S. support could pressure the Iraqi government to work harder to end the violence. "This may be useful because at the moment there is no pressure on the Iraqi government to deliver, especially on the issue of militias," he said, referring to Shiite and Sunni fighters blamed for much of the recent unrest. But he added, "The Iraqi government may view this as an unfair threat to cut aid if they don't push hard."

Othman and al-Bayati predicted Bush will ignore the recommendation to open dialogue with Syria, Iran, religious clerics and militia leaders. "These people are important whether we like them or not," Othman said. "Reaching out to Syria and Iran could be helpful and could be positive."

"There is not much time left to correct things. It has become more complex," said Uday Azzam, 37, a Shiite pharmacist in Baghdad. "There are criminals in Iraq pushing their foreign agendas. … If Bush is serious about correcting his mistakes, he should start now."

In Iraq, Reaction To Report Runs From Relief To Anger (NYT)

DOJ_NMG_0103268

By Edward Wong And Abdul Razzaq Al-Saiedi

The New York Times, December 7, 2006

BAGHDAD, Dec. 6 — They gathered Wednesday evening inside an office in the fortified Green Zone, the Iraqi prime minister and a handful of senior officials, awaiting word of the report that could shape American policy toward their embattled country.

The video screen sprang to life. There was the silver-haired James A. Baker III, a former secretary of state and one of the report's main authors. He stared Prime Minister Nuri Kamal al-Maliki in the eyes.

Mr. Baker wanted to lay out the basics of the report for Mr. Maliki before his news conference in Washington. So with his slight Texas drawl, Mr. Baker listed three conclusions that the Iraq Study Group had arrived at: the United States should continue to support the Iraqi government, the Iraqis should engage in high-level diplomacy with neighboring countries, and the 140,000 American troops here should switch from a combat mission to a support role while drawing down significantly.

A look of relief seemed to pass over Mr. Maliki's face, said Sami al-Askari, a conservative Shiite legislator who was in the room.

"If the report is written in that way, it's good," Mr. Maliki said a little later, according to Mr. Askari. "But let's wait to read all the details of the report."

The prime minister had been pleased, Mr. Askari said, because the report seemed to affirm an argument that Mr. Maliki and other Shiite leaders had been making to President Bush — give the Iraqi government more control over the security forces, and the war could be won. Mr. Maliki was also glad, Mr. Askari said, that Mr. Baker had insisted on a regional dialogue and not a full-blown international conference, which Mr. Maliki fears could lead to undue interference here by foreign powers.

"The report was positive," Mr. Askari said. "I think the Baker-Hamilton commission listened carefully and responded to what the Iraqi government wants."

Not all Iraqi politicians were as optimistic. Reaction to the bipartisan commission's recommendations on how to salvage the American enterprise varied among Iraqi politicians, who expressed appreciation, anger and ambivalence at sections of the report. Much depended on whether the study's 79 points seemed to support their ethnic or sectarian group's interests.

Kurdish leaders were outraged by proposals that could weaken Kurdish autonomy by delaying an opportunity for the Kurds to govern the contested oil city of Kirkuk, and by giving the central government control over all oil revenues. Sunni Arab legislators said they had wanted the report's main points to push for a cleansing of Shiite chauvinist elements from the government and security forces.

That is all the more important, the Sunni politicians said, because if American combat units withdraw over the next year, as the report urges, then Shiite-led security forces could commit more atrocities against Sunni Arabs.

"These recommendations might be a solution for the American crisis in Iraq, but not a solution for the Iraqi crisis," said Dhafir al-Ani, a conservative Sunni Arab member of Parliament. "The withdrawal of the American forces at a time when the Iraqi forces are still poorly trained is bad. There should first be a broad purging of the security elements because they were established on a sectarian basis, with militias. There is no assurance that they will enforce justice."

"The Americans can leave and their problems will be finished," he added, "but they will pay a price because all regional stability will disappear, as long as the situation in Iraq stays as it is."

Some of the report's proposals are clearly intended to assuage the fears of Sunni Arabs, like a recommendation that the Americans try to shift control of the elite police units, suspected of being rife with Shiite militiamen, to the Sunni-led Defense Ministry from the Shiite-led Interior Ministry. But Shiite leaders would almost certainly balk at any such move.

Another Sunni Arab legislator, Salim Abdullah, said the report placed too much emphasis on training Iraqi forces and not enough on monitoring those forces for sectarian loyalties.

"We think that improving the Iraqi troops will not be achieved through training only," Mr. Abdullah said. "Corrupt individuals should be removed. The militias should be dealt with, and the security forces should be shielded from political influence."

But Mr. Abdullah praised the report's proposal that the American and Iraqi governments engage in direct talks with regional countries, especially Iran and Syria, to persuade them to stop interfering in Iraq. Iran and Syria are both suspected by the

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Americans of aiding various militant factions in Iraq. Fear of growing Iranian influence is especially rampant among Sunnis like Mr. Abdullah and Mr. Ani.

"The American administration should be decisive in tightening its grip on the regional countries that interfere in Iraq's affairs, especially Iran and Syria," Mr. Ani said.

A Kurdish legislator, Mahmoud Othman, praised the report when asked his opinion in the early evening. But as he and other Kurdish leaders scrutinized the details, they became more and more angry, he said in a later telephone interview. The report's authors had recommended blocking the most important aims of the Kurds: having oil-rich Kirkuk vote next year on whether to join Iraqi Kurdistan, and taking control of oil revenues that come from future exploration in Kurdistan.

Mr. Othman said those goals were enshrined in the Iraqi Constitution. In fact, one of the recommendations that most angered Mr. Othman and his fellow Kurds was a call for a parliamentary committee to immediately start a review — and possible revision — of the Constitution. The Shiites and Kurds were the main authors of the Constitution and are opposed to any review.

"It's sort of interference in Iraqi affairs, actually," Mr. Othman said. "These points are really worrying for the Kurds."

As Iraqi politicians debated the merits of the report, violence around the country underscored the Baker-Hamilton commission's conclusion that "the situation in Iraq is grave and deteriorating." Ten American soldiers were killed in four separate incidents on Wednesday, the American military said, without giving details. The military also said a soldier was killed Monday in Baghdad.

Officials said at least 34 Iraqis were killed on Wednesday and scores were wounded in mortar attacks, bombings and assassinations.

Will It Work On The Battlefield? (NYT)

By Michael R. Gordon

The New York Times, December 7, 2006

The military recommendations issued yesterday by the Iraq Study Group are based more on hope than history and run counter to assessments made by some of its own military advisers.

Ever since the invasion of Iraq in 2003, the United States has struggled in vain to tamp down the violence in Iraq and to build up the capacity of Iraq's security forces. Now the study group is positing that the United States can accomplish in little more than one year what it has failed to carry out in three.

In essence, the study group is projecting that a rapid infusion of American military trainers will so improve the Iraqi security forces that virtually all of the American combat brigades may be withdrawn by the early part of 2008.

"By the first quarter of 2008, subject to unexpected developments in the security situation on the ground, all combat brigades not necessary for force protection could be out of Iraq," the study group says.

Jack Keane, the retired Army chief of staff who served on the group's panel of military advisers, described that goal as entirely impractical. "Based on where we are now we can't get there," General Keane said in an interview, adding that the report's conclusions say more about "the absence of political will in Washington than the harsh realities in Iraq."

The experience of American commanders shows the difficulties in rapidly handing over security responsibilities to Iraq. In June, Gen. George W. Casey Jr., the senior American commander in Iraq, developed a plan that called for gradually drawing down the number of American brigade combat teams by December 2007, to just 5 or 6 from the 14 combat brigades that were deployed at the time. In keeping with this approach, American troops in Baghdad began to cut back on their patrols in the capital, calculating that Iraqi security forces would pick up the slack.

But no sooner did General Casey present his plan in Washington than it had to be deferred. With sectarian violence soaring in Baghdad, the United States reinforced its troops there. More American soldiers are now involved in security operations in Baghdad than Iraqi troops.

Now, the Iraq Study Group is essentially taking General Casey's plan off the shelf and carrying it further. The group's final military recommendations were not discussed with the retired officers who serve on the group's Military Senior Adviser Panel before publication, several of those officers said.

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Military experts say there are several difficulties with the panel's recommendation. First, it underestimates the challenge of building a capable Iraqi security force. After several years of desultory efforts, the United States has taken steps to upgrade and better prepare the teams of American advisers who are assigned to Iraqi units. But training the Iraqi Army is more than a matter of teaching combat skills. It requires transforming the character of the force.

"The new Iraqi Army will need years to become equal to the challenge posed by a persistent insurgency and terrorist threat," Lt. Col. Carl D. Grunow, a former military adviser, wrote in a recent issue of Military Review, a journal published by the United States Army.

One big problem, Colonel Grunow notes, is that the Iraqi military is not proficient in counterinsurgency operations or sufficiently sensitive to the risk of civilian casualties.

"They are still fighting their last war, the high-intensity Iran-Iraq war of the 1980s, a war with clear battle lines fought with mass military formations, and one in which civilians on the battlefield were a nuisance, and not a center of gravity," he wrote. The Iraqi military, he added, "must learn to fight using strategies and tactics far different than those used in the past."

Even if the number of American advisers is increased, it is highly unlikely that the Iraqi forces would be capable of assuming the entire responsibility for security throughout the country in little more than a year. It took four years, from 1969 to 1973, for the Nixon administration to make South Vietnamese forces strong enough to hold their own and withdraw American combat forces from Vietnam. Even so, when Congress withheld authority for American airstrikes in support of those forces in 1975, the North Vietnamese quickly defeated the South and reunified the country under Communist rule.

The rapid withdrawal of American combat forces would also deprive the Iraqi military of the opportunity to work as partners with the Americans in combined operations. "There is no meaningful plan for creating a mix of effective Iraqi military forces, police forces, governance and criminal justice system at any point in the near future, much less by 2008," noted Anthony H. Cordesman of the Center for Strategic and International Studies, referring to the group's study.

Barry R. McCaffrey, a retired four-star general, said in an interview that the overall concept of withdrawing American forces as the Iraqis built up their military capability was sound. But he argued that the specific recommendations by the panel raised a second problem: if American combat brigades were withdrawn from Iraq, the thousands of American advisers who remained might find themselves dangerously exposed, particularly if the fighting in Iraq grew into a full-scale civil war. The advisers could be killed or taken hostage.

"They came up with a political thought but then got to tinkering with tactical ideas that in my view don't make any sense," General McCaffrey said. "This is a recipe for national humiliation."

A last issue is that given the deterioration of security in Iraq, it may take the combined efforts of American combat units and Iraqi security forces to try to arrest the spiraling violence. In the end, that task may not be achievable. But since it is American forces that have often worked to curb the sectarian killings — and since many of the Iraqi forces have been infiltrated by sectarian militias — there is reason to believe that the civil strife will grow if the Americans combat forces soon begin to leave.

A preface to the report by James A. Baker III and Lee H. Hamilton, the group's chairmen, said that one aim of the report was "to move our country toward consensus." The study contains all the ingredients of a Washington compromise. What is less apparent is a detailed and convincing military strategy that is likely to work in Iraq.

Recommendations Could Stretch Special Ops (USAT)

By Tom Vanden Brook, Matt Kelley

USA Today, December 7, 2006

WASHINGTON — The Iraq Study Group's recommendations would put short-term strains on military people and equipment, while helping with the military's long-term challenges.

Military experts, government analyses and the Iraq Study Group itself all cite potential problems and higher costs facing the proposals outlined in the group's report released Wednesday.

Those recommendations could aggravate the pressure on the military's already overburdened special operations forces and increase the costs of maintaining and replacing war-damaged equipment and weapons.

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The group calls for refocusing U.S. efforts on training and equipping the Iraqi military. U.S. troops could then shift their emphasis from combat power to training, support and special operations, the report says. The panel also calls for the United States to give the Iraqi military better equipment, possibly including some gear American forces would leave behind.

Fighting in Iraq has left the U.S. military with little in reserve to respond to other crises, the report says. The war also costs $2 billion a week, the study says, and hurts ground troops through repeated combat tours and wears out weapons and other equipment.

By refocusing its efforts on training and supporting Iraq's military, the U.S. military could remove most of its combat forces from Iraq by spring 2008, the report says. That would help the Army and Marine Corps, which the report calls "stretched nearly to the breaking point by repeated deployments in Iraq."

However, the group's call for a continued reliance on special operations could worsen pressure on those troops, who government reports say are also stretched thin.

For example, the report says Iraqi security forces should receive more U.S. training, which is the role of special operations troops. A July report from the Government Accountability Office (GAO) says those elite troops are so frequently deployed to war zones that they often do not receive their own recommended amount of training.

Gen. John Abizaid, the U.S. commander in the region, said last month that regular American troops embedded in Iraqi units could help the Iraqis improve.

Doing that "will give us a much better feel for how things are evolving and what's happening on the ground," said Chuck Robb, an Iraq Study Group member who is a former U.S. senator and Marine.

Robb, the only panel member to venture outside the fortified Green Zone in Baghdad, told USA TODAY that "with the kind of leadership that we've recommended and the kind of training that we've recommended, they (Iraqi forces) are capable of performing much better."

Special operations teams also would need to remain in Iraq for counterinsurgency efforts and fighting terrorists aligned with al-Qaeda, the report says.

Most special operations units, however, are short of troops, according to the July GAO report. That report also said 85% of all deployed special operations forces are already in the region controlled by U.S. Central Command, which includes Iraq and Afghanistan.

Not enough candidates are passing the rigorous training to join units such as Army Rangers and Navy SEALs, the GAO report said, and competition from high-paying private contractors prompted the military to offer experienced troops re-enlistment bonuses of up to $150,000.

Some Army Special Forces units are short of medics, for example, limiting how they can be used on the battlefield, the GAO report said.

The study group "should be concerned about our ability to sustain the quality of these forces, as well as to increase their size," says Andrew Krepinevich, a retired Army colonel and executive director of the Center for Strategic and Budgetary Assessments.

The Iraq Study Group also recommends spending the billions of dollars necessary to repair and replace the $2 billion per month of military gear used up in Iraq.

It also suggests leaving some U.S. equipment behind for Iraqi forces and increasing the amount of new U.S. equipment available for Iraqi forces to buy through the Pentagon's Foreign Military Sales program.

That program has proposed selling more than $1 billion worth of weapons and equipment to Iraq.

U.S. forces don't have the maintenance facilities in Iraq to do complete overhauls of vehicles such as Humvees and tanks, however, meaning the Iraqi military doesn't, either.

Army Chief of Staff Gen. Peter Schoomaker complained this summer that intermittent funding has created backlogs of thousands of vehicles waiting for maintenance at depots in the United States.

Schoomaker and the Marine Corps' commandant, Gen. James Conway, have said supplemental funding approved by Congress hasn't kept pace with the $2 billion per month needed to repair and replace equipment damaged or destroyed in Iraq.

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Iraq Study Group Report: Necessary, But Not Sufficient (USAT)

By Joseph Biden

USA Today, December 7, 2006

The Baker-Hamilton report is a first step toward a bipartisan way forward in Iraq. The fundamental changes it proposes are necessary, but not sufficient to achieve the objective most Americans share: to leave Iraq without leaving chaos behind.

The report's most valuable contribution is to make clear that staying the course in Iraq is not an option. Thanks to its efforts, the central question is no longer whether to stay in Iraq, but when and how to responsibly leave.

The military redeployment it proposes is not, by itself, a plan. But the knowledge that our troops will not stay in Iraq in these large numbers can help concentrate the Iraqis on the hard political decisions ahead.

We should start to bring our combat troops out in the first half of next year, but with no artificial end date. A residual force should remain, whose mission would be counterterrorism, training, logistics and force protection.

Even if it made strategic sense to keep 145,000 troops in Iraq beyond next year, we could not do so without damaging the military, including: sending soldiers back on third and fourth tours, extending deployment times from 12 to 18 months, ending the practice of a year at home between deployments, fully mobilizing the Guard and Reserves, and returning demobilized soldiers to Iraq through a backdoor draft.

The impact on retention and recruitment would be devastating.

The report is also right that as we start to bring our troops out, we have to bring Iraq's neighbors in to support a peaceful outcome. That includes not just Saudi Arabia, Jordan, Egypt and Turkey, but Iran and Syria, too. Some of Iraq's neighbors have no desire to do us any favors. But like us, they have powerful interests in preventing a full-blown civil war that could become a regional war.

We should also convene an international conference to help hammer out an agreement among Iraqis and secure the support of Iraq's neighbors — or, if chaos ensues anyway, to help contain its fallout.

While the report gets the big military and diplomatic pieces right, it falls short on the most important piece of all: a strategy for a sustainable political settlement.

It is not enough to stand up Iraqi forces. We have to help Iraqis stand together. That is the only way to break the cycle of violence and prevent Iraq from falling apart.

Instead, the report perpetuates one of the Bush's administration's most fundamental mistakes: the belief that a political settlement can be based solely on building up a strong central government.

That policy has been tried and has failed. There is no trust within the government, no trust of the government by the people, and no capacity on the part of the government to deliver basic services to Iraqis.

Six months ago, with Les Gelb of the Council on Foreign Relations, I offered a detailed plan that would give each of Iraq's main groups incentives to pursue their interests peacefully. The details can be found at www.planforiraq.com.

We proposed a federalized Iraq, with three or more largely autonomous regional governments to suit the separate interests of Shiites, Sunnis and Kurds. Baghdad would remain a federal city, and a central government would administer truly common concerns, such as defending Iraq's borders and managing its foreign policy.

Our idea imposes nothing on the Iraqis, whose constitution already provides for this approach.

For federalism to work, the constitution must be amended to guarantee Sunnis — who are sand-rich but oil-poor — a proportionate share of oil revenue, to be administered by the central government with international oversight.

Absent a political settlement, refocusing the mission of our remaining troops on training and engaging Iraq's neighbors will not stabilize Iraq.

Despite its shortcomings, the Baker-Hamilton report has helped spark a fundamental reassessment of our Iraq policy. Right after the New Year, I will focus the Senate Foreign Relations Committee on that same challenge, in collaboration with my Republican counterpart, Sen. Richard Lugar of Indiana.

We will hold intensive and extensive hearings, over many weeks. We won't be wedded to any one plan or proposal. Our mission will be to shine a light on what options remain for America in Iraq and to help complete the work that this report has so valiantly begun.

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Sen. Joseph Biden, D-Del., is the senior Democrat and incoming chairman of the Senate Foreign Relations Committee.

Study Group Supports Ordering Agency Workers To Iraq (WP)

By Stephen Barr

The Washington Post, December 7, 2006

Federal agencies supporting the Iraq war and reconstruction should order their civilian employees to fill key jobs in the combat zone if not enough volunteers step forward, a high-level commission said in a report presented to the president and Congress yesterday.

The recommendation by the Iraq Study Group, chaired by James A. Baker III, a former secretary of state, and Lee H. Hamilton, a former House member, grew out of a sense that civilian agencies are not contributing enough personnel to Iraq, adding to the burdens on the U.S. military.

The group offered little detail on the staffing recommendation. In general, the State and Defense departments have been able to recruit volunteers to work in Iraq and Afghanistan, though violence has curtailed their movement. But the report clearly envisions a closer relationship between civilian and military personnel, with one recommendation calling on civilian agencies to train for and conduct joint operations with the military.

Although federal agencies can reassign employees based on where they are needed, it is rarely done. Unions discourage forced reassignments and, at many agencies, only senior federal executives are at any real risk of such transfers because they are seen as a mobile part of the government's workforce.

"This would be somewhat unprecedented," said John Palguta, a longtime federal personnel expert and a vice president at the nonprofit Partnership for Public Service. "I am not aware of any civilian agency that has used directed reassignments to send employees to support an area of conflict."

The Iraq Study Group's report acknowledges that non-defense agencies "have little experience with complex overseas interventions to restore and maintain order," especially in a dangerous setting like Iraq.

But, the report says, "the United States has had great difficulty filling civilian assignments in Iraq with sufficient numbers of properly trained personnel at the appropriate rank."

If the government in the short term is unable "to fill key positions in Iraq, civilian agencies must fill those positions with directed assignments," the report recommends.

Such orders, also called "directed reassignments," are typically used when an agency transfers a job to a different location, usually in the United States, and tells the civil service employee to move along with the job. Employees who balk risk losing their jobs.

The commission report says agencies should take steps "to mitigate familial or financial hardships posed by directed assignments," including tax exemptions on salaries similar to those provided to the military.

The American Federation of Government Employees, which has long expressed concern about how some agencies handle employees' temporary reassignments to duty stations far from their homes, declined to comment on the recommendation yesterday.

J. Anthony Holmes, president of the American Foreign Service Association, said a key issue in deploying civilians involves "the circumstances into which you are putting these people." For instance, he said, civilians probably cannot do their jobs in areas where security is dangerous but could carry out their duties in a post-conflict environment.

From a management perspective, "you want people to volunteer," he said. "They are far more productive and will be more successful in accomplishing their tasks."

Palguta said the commission's recommendation could be "a tough lift." He said, "Not many employees are going to be happy about being redirected to a war zone."Postal Agreement

The largest post office union, the American Postal Workers Union, has reached a tentative four-year contract agreement with the U.S. Postal Service, officials announced yesterday.

The agreement covers 272,000 career employees, mostly clerks, who process mail and work at retail windows; building maintenance workers, who perform custodial, mechanical and electronic duties; and truck drivers and mechanics.

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"We believe this tentative agreement is in the best interests of our customers, our employees and all postal stakeholders," said Doug Tulino, Postal Service vice president for labor relations.

The agency declined to provide information on changes in wages, benefits and working conditions for APWU members. "The tentative contract is in the hands of APWU leadership, and we will leave it to them to discuss details of the tentative agreement," said Dave Partenheimer, a Postal Service spokesman.

William Burrus, the APWU president, said terms of the agreement will be announced after the tentative contract is presented to representatives of rank-and-file employees. Burrus called the proposed contract "an outstanding agreement."

Contract talks with the Postal Service's other large union, the National Association of Letter Carriers, have broken down, and the two sides appear headed for binding arbitration.

Welcome Political Cover (NYT)

The New York Times, December 7, 2006

When President Bush insisted that the Iraq Study Group would not provide cover for the White House to chart a "graceful exit" of American troops, he was missing the whole point. The much-anticipated report from the bipartisan panel is precisely about political cover. That is a good thing, if only Mr. Bush has the sense to embrace it.

Iraq is so far gone that nobody expected the panel to come up with a breakthrough solution. As the co-chairmen — former Secretary of State James Baker and former Representative Lee Hamilton — began their letter accompanying yesterday's report, "there is no magic formula to solve the problems of Iraq." And the study was never going to change the basic facts: there is no victory to be had in Iraq, and however American troops withdraw, they will leave behind a deadly mess.

Its real mission was to avert the worst scenario, in which a stubborn George W. Bush spends the next two years blindly insisting he will accept nothing short of victory, while Iraq keeps spiraling out of control and the Iraqis get no closer to being able to contain the chaos after the Americans leave.

That is a recipe for years more of savagery, a spillover of terrorism and instability across the Middle East, more sacrifice of American soldiers and more cynicism and division among the American people. Avoiding it is not the same as winning the war, but it is a way to cut one's losses.

If Mr. Bush has the capacity to seriously reassess his Iraq strategy, he will need exactly the kind of political cover that the Baker-Hamilton group was meant to provide. The central point of the group's 79 unanimous recommendations is that Washington should focus far more aggressively on training Iraqi forces and prepare for a withdrawal of American troops. The report says all combat brigades could be out by early 2008, but that would still leave tens of thousands of soldiers behind to hold the Iraqi Army together.

That is to be combined with a lot more pressure on the Iraqis to make political compromises and take responsibility for their own security (the report lays out clear milestones and says the United States should reduce its military and economic support if the Iraqis resist) and more aggressive regional diplomacy, including talks with Iran and Syria that Mr. Bush has ruled out.

Make no mistake, the report is a stunning indictment of Mr. Bush's failure — in Iraq and no less in Washington. But its recommendations are still couched in language vague enough to allow the president to pretend it is the "new way forward" his aides are now talking up, rather than a timetable for withdrawal, which is on Mr. Bush's no-go list. Predictably, the first reaction of Tony Snow, the White House spokesman, was to insist that "there is nothing in here about pulling back militarily."

The world has watched as Mr. Bush painted himself into a corner and then insisted it was a strategic decision. Even the Iraqis are trying to provide cover to for him to come tiptoeing back to the real world. Prime Minister Nuri Kamal al-Maliki's call for a regional conference on Iraq would allow the administration to get past its refusal to talk to Tehran and Damascus, by saying that ban was never meant to include Iraqi initiatives.

The Iraq report is a deeply diplomatic document, stuffed with "coulds" and "mights." It is, all in all, exactly the kind of shades-of-gray thinking that Mr. Bush despises, and exactly what he needs to get the country out of the hole he has dug.

The Study Group Reports (WP)

The Washington Post, December 7, 2006

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THE REPORT OF THE Iraq Study Group outlines a military strategy for Iraq that has already been embraced in large measure by the Iraqi government and U.S. military commanders, if not explicitly by President Bush. It foresees a year-long shift of U.S. forces from fighting insurgents and preventing sectarian war to advising and supporting an Iraqi army that would take responsibility for those missions. If all went well, most U.S. combat units would withdraw by early 2008, but a "robust" American force would stay on to guard against the collapse of the Iraqi government, to fight al-Qaeda and to deter intervention by Iraq's neighbors.

As the study group concedes, this last-ditch strategy to stabilize Iraq might not work. But it is an option worth trying, and one Americans and Iraqis can agree on. The biggest contribution of the group may have been to unite five prominent Republicans and five prominent Democrats behind this plan. As chairmen James A. Baker III and Lee H. Hamilton repeatedly noted, the country desperately needs to build a bipartisan consensus on the war.

The study group's diplomatic proposals are more ambitious and will be more controversial. The report outlines a broad attempt to solve the problems of the Middle East, including the Israeli-Palestinian conflict and the related disputes among Israel, Syria and Lebanon -- worthy goals that have eluded this and every U.S. administration over the past four decades. More practically, it calls for the establishment of an Iraq International Support Group, made up of all of Iraq's neighbors, the permanent members of the U.N. Security Council and possibly other parties that would promote the country's stabilization. This is a good idea that should have been tried long ago. It implies a modification of the Bush administration's refusal to negotiate with Iran or Syria, so it is encouraging that the White House did not rule it out yesterday.

There are other useful recommendations in the report, including an increase in reconstruction aid to Iraq, which is close to running out, and improvements in intelligence-gathering. There is also a proposal to push the Iraqi government toward meeting "milestones" on the way to political reconciliation by threatening to withhold aid or withdraw troops if it does not. The pressure for action is certainly needed. But the danger is that Congress will interpret the policy as a license to place crippling conditions on U.S. support for a government that could not survive without it.

What's missing from the study group report, unfortunately, is any evaluation of what should be done if the new strategy doesn't work -- if, despite the stepped-up training, diplomacy and pressure for Iraqi political reconciliation, the incipient civil war intensifies or the army and government remain too weak to survive on their own. In that all-too-likely scenario, Democrats would probably press for troop withdrawals to proceed regardless, while Mr. Bush has said he will not "pull our troops off the battlefield before the mission is complete."

While the study group has papered over this old debate between "stay the course" and "cut and run," it has not made it go away. With luck the next year will bring both measurable progress toward stability in Iraq and a reduction in U.S. forces and casualties. But it would be well to have a study group or two, inside the administration or out, preparing for the possibility that the United States will face another difficult choice a year from now between a continued commitment of U.S. combat forces and the "slide toward chaos" of which Mr. Baker and Mr. Hamilton grimly warned.

The Iraq Muddle Group (WSJ)

The Wall Street Journal, December 7, 2006

President Bush met yesterday with the Iraq Study Group to discuss its long-awaited report, but by far his most important Iraq meeting of the week was Monday's with Shiite leader Abdul Aziz al-Hakim. That's because the way to success in Iraq lies in stronger U.S. support for Baghdad's Shiite-led governing coalition, not in some bipartisan strategic muddle ginned up for domestic political purposes.

This is not to say that yesterday's Study Group report, led by James Baker and Lee Hamilton, serves no useful purpose. In calling for a withdrawal of most U.S. troops by 2008 -- if security conditions allow -- the report rejects any rapid withdrawal or deadline. Likewise, it reinforces the case Mr. Bush has been making about the ugly consequences of failure in Iraq for American interests. This includes the chance of a bloodbath that would make Rwanda look tame. If the report helps to politically isolate John Murtha and the get-out-now left, its authors will have done some good.

As for specific proposals, the Study Group proves Robert Gates's point from his nomination hearing on Tuesday that "there are no new ideas on Iraq." Its best proposal -- embedding more American troops to train and fight with Iraqi military units -- is well

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under way at the Pentagon. It has been clear for some time that the Iraq Army needs at least to double its current size, and the presence of U.S. troops with Iraqi units has produced better results.

On the other hand, the ISG's proposal to negotiate with Iran and Syria is a very old idea that isn't likely to go anywhere. The report argues that because both Iran and Syria have an "interest in avoiding chaos in Iraq," they will want to cooperate in some larger regional settlement.

Come again? Iran's leadership proclaims its satisfaction with the U.S. troubles in Iraq on an almost daily basis. They seem to believe their interest lies in bleeding the U.S. so much that no President will ever contemplate regime change anywhere else for a very long time. In any case, while Iran and Syria can harm us in Iraq at the margins, Iraq's sectarian violence is primarily indigenous -- fomented by Sunni Baathists and their al Qaeda allies, and countered by Shiite militias.

And this is where the ISG went most awry, with its analysis that comes close to a pox on all Iraqi factions. Of course "national reconciliation" is essential and Iraq's minority Sunnis need to be given a stake in the new Iraq. But the reality is that the main cause of the violence in Iraq -- the main enemy -- are the Sunni terrorists. They can't be appeased with political offers because their goal is to drive out America and then topple the government.

On that point, the best "new" idea on Iraq that we've heard runs exactly counter to the ISG suggestion of "conditional" U.S. support based on forced "reconciliation." According to a report in the Washington Post, State Department Counselor Phillip Zelikow recently drafted a memo on something called the "80% solution," referring to the roughly 80% of Iraqis who are Shiites and Kurds. Mr. Zelikow argues that U.S. attempts to draw violent Sunni factions into the political process have not only failed but also alienated our natural allies among the majority of Iraqis who welcomed the overthrow of Saddam.

This does not mean the U.S. would be taking sides with Shiite death squads against the Sunni terrorists. Far from it, the point would be to reassure Iraq's elected government that the United States is firmly on its side. This is particularly important for Mr. Hakim and other Shiites, many of whom still remember being abandoned by the U.S. after they were urged to rebel against Saddam way back in 1991.

The U.S. has resurrected that mistrust far too often since 2003 -- in the use of Algerian Sunni Lakhdar Brahimi to select Iraq's first interim government, and in the U.S. role earlier this year in forcing out former Prime Minister Ibrahim al-Jaafari. Many Shiites now feel Nouri al-Maliki's government is being undercut too.

So it's no surprise that Maliki aides reacted angrily yesterday to the ISG suggestion of "conditional" support. Shiite mistrust also played a role in the cancellation last week of the planned three-way meeting among Mr. Maliki, Mr. Bush, and Jordan's King Abdullah. Our information is the snub had nothing to do with the leak of a memo about Mr. Maliki by National Security Adviser Stephen Hadley (the Bush-Maliki meeting went ahead as planned) but was instead a signal that the Iraqi government wants no part of a "regional solution" that involves concessions to Sunni terrorists.

A fair deal for ordinary Sunnis on oil revenues and other issues is more likely if the Shiite-led government feels secure, not threatened. The Maliki government will also have more clout to disarm Shiite militias if U.S. support seems firm. This strategy is also the best way to counter Iranian influence in Iraq. Most Iraqi Shiites have no desire to take orders from Tehran, but they will surely turn eastward if they feel abandoned by the U.S.

Mr. Bush was diplomatic in welcoming the ISG report yesterday, as he had to be. But one idea he'd do well to reject out of hand is the proposal that backing for Mr. Maliki be conditioned on U.S. benchmarks. The more the U.S. looks like it is forcing a political solution on Baghdad's moderate Shiites, the less likely a genuine "reconciliation" will become.

What They Said ... (LAT)

The Los Angeles Times, December 7, 2006

IT COULD NOT PUT an end to sectarian violence in Iraq, but at least for a day the Iraq Study Group put an end to sectarian bickering in Washington. The panel's five Republicans and five Democrats unanimously agreed that the present strategy in Iraq is not working and signed off on 79 recommendations to the Bush administration.

Their report distills the emerging conventional wisdom in Washington, laced with a measure of wishful thinking. Yes, persuading Iran and Syria to help stabilize Iraq, contrary to the administration's stance, is a worthy pursuit, though it isn't clear why Syria and Iran would want to do so, at least in the immediate term. And yes, settling the Israeli-Palestinian conflict would indeed

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reduce tensions throughout the Arab world, though linking that issue to the commission's brief was a stretch that plays into the hands of anti-American extremists in the region.

The report also engages in some suspiciously tidy thinking when it says that most U.S. combat troops can exit Iraq by the first quarter of 2008. The commission seems to be offering President Bush the "graceful exit" he has said is not possible. But the formulation is unsatisfying and carefully hedged.

The report says the situation in Iraq is "grave and deteriorating" and concedes that the U.S. cannot pull out abruptly. Yet its recipe for turning the corner — ramp up the training of the Iraqi army while reducing U.S. combat units — is disingenuously optimistic. No one can argue with a recommendation to train Iraqi units at an accelerated pace and to include more U.S. troops serving alongside them. But more direct U.S. involvement in the daily battle to secure Baghdad may also be necessary, especially in the short term.

More useful is the report's discussion of Iraqi governance. To counter the impression that the United States has given the Iraqi government a blank check to do as it pleases, the commission calls for consequences if Baghdad fails to meet specific milestones on governance and national unity. For instance, future U.S. assistance should be conditioned on the government's willingness to take on Shiite militias. This is the most timely part of the report, in light of the Bush administration's own doubts about the government of Prime Minister Nouri Maliki and the moral imperative of preventing U.S. troops from becoming partisans in an Iraqi civil war.

One of the most refreshing of the report's recommendations doesn't appear until No. 72. It won't get U.S. troops out any faster, or bring democracy to Iraq. It would, however, end a gross subversion of democratic checks and balances here at home.

The commission calls out the Bush administration for its excessive reliance on supplemental appropriations bills to pay for the war. This is a way of bypassing House and Senate committees that spend nearly a year examining the president's annual budget request. The emergency bills make it impossible to tell what's going to Iraq and what's going to Afghanistan or somewhere else.

In this, as in so many other areas of the war, the administration's strategy seems designed to avoid congressional review — and in this case, it also runs up the federal tab and conceals the true costs of the war from the American people.

... And Who Will Listen? (LAT)

The Los Angeles Times, December 7, 2006

IT'S EASY TO MAKE fun of the Iraq Study Group, which in many ways epitomizes Washington's tendency to disguise the obvious as profound. But independent commissions have a long and (mostly) honorable history in the United States, and it would be a mistake to dismiss the 79 recommendations of the Iraq Study Group simply because they are familiar. Such commissions often have an influence that lasts beyond their final report.

They come in three basic varieties: First, there are what might be called forensic commissions such as the Warren Commission, chaired by former Chief Justice Earl Warren. It investigated the assassination of President Kennedy and endorsed a "single-bullet theory" that sustained conspiracy theorists long before anyone had heard of Oliver Stone.

Then there are the philosophical commissions, which, though convened because of a specific event, come to broad conclusions about U.S. society. The so-called Kerner Commission, appointed by President Johnson after race riots in 1967, commanded attention by blaming the disorders on white racism and famously warning that the nation was "moving toward two societies, one black, one white — separate and unequal."

Finally, there are programmatic commissions, such as the National Commission on Social Security Reform (a.k.a. the Greenspan Commission) that in 1983 proposed a strategy to keep the retirement system solvent.

What makes a commission influential? It helps if it is bipartisan, though it's hardly a guarantee of relevance. The 9/11 commission, with Republican Chairman Tom Kean and Democratic Vice Chairman Lee Hamilton (the co-chairman of the Iraq Study Group), was more successful at winning publicity than at changing policy. A commission also is likelier to gain traction for its recommendations if the president accepts them, or at least doesn't reject them; President Bush has called the Iraq Study Group's report "interesting," which qualifies as non-rejection.

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Politicians and scholars still cite the sobering conclusions of the Kerner Commission. The Warren Commission report is still demonized by some assassination buffs as the quintessential coverup. And, at least among nervous politicians in Washington, the Greenspan Commission is fondly remembered (and likely to be emulated) for the political cover it gave Congress.

Will the Baker-Hamilton panel secure a similar niche in the memory of the nation, or at least of its political class? Or will it become a trivia question, like the Shafer Commission, better known (well, somewhat better known) as the National Commission on Marijuana and Drug Abuse? The answer lies less in what the group proposed than in whether its recommendations come to be seen as a turning point in U.S. involvement in Iraq.

Baker Report's Whiff Of Realism On Iraq (FT)

Financial Times, December 7, 2006

There can be few more surreal moments in international politics than a president of the US welcoming the findings of a group of American elder statesmen which concludes that his defining policy – the invasion and occupation of Iraq – has caused local meltdown and could cause mayhem across the Middle East.

Naturally, it adds to the air of unreality when President George W. Bush keeps insisting he is not seeking a "graceful exit" from Iraq. As if.

The report of the Iraq Study Group, headed by James Baker, secretary of state to George Bush Sr, and Lee Hamilton, the former Democratic congressman, pulls few punches, except perhaps in its almost histrionic overuse of the conditional could to describe events already under way ("neighbouring countries could intervene" in Iraq; "the global standing of the US could be diminished" and so on).

The ISG's recommendations are that US troops withdraw from combat to a supporting role with Iraqi forces and start pulling out "responsibly" over the next year or so. To that end, the Iraqi government should be held to measur-able goals on security and "national reconciliation" between Sunni and Shia, locked in a sectarian war that is claiming around 5,000 lives a month.

The group also calls for a "diplomatic offensive" to get Iraq's neighbours – including Iran and Syria – to help rebuild its security, and a new push to settle the Israeli-Palestinian conflict at the heart of the region's instability.

These are all sane suggestions. The question is: will a Bush administration trapped in denial act on them and, even if it does, will it be too late?

Mr Bush may move because, despite his protestations, the Baker exercise is intended to help him as he flounders towards the Iraqi exit. But there is no indication he is willing to engage with Iran or capable of pressing Israel to give up enough occupied land to enable the Palestinians to build a viable state.

If, as the ISG says, the US wishes at least to improve the chances of success in Iraq and the region, these are not optional choices but, as this newspaper has long argued, absolute necessities.

The US will never command Arab support unless it makes an honest attempt to secure justice for the Palestinians. Nor will it ever again be able to hold the ring in the Middle East without reaching some modus vivendi with Iran. The Iranians are the clear winners from the fiasco in Iraq. The Bush administration casually overturned a millennium-old Sunni Arab order, oversaw the installation of Tehran's friends in Baghdad and then, as the consequences of its actions unfolded, scurried back to its old Sunni autocrat allies in Egypt and Saudi Arabia in search of solutions.

Wednesday's advice to Mr Bush is clear: for there to be any chance of an orderly withdrawal that leaves behind some sort of stability in Iraq he should accept the Baker package as a whole.

Baker-Hamilton Does Its Job (WP)

By David Ignatius

The Washington Post, December 7, 2006

DUBAI -- The Iraq Study Group's report achieved the goal of any blue-ribbon commission: It stated the obvious, emphatically.

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"The situation in Iraq is grave and deteriorating." Of various proposals for fixing Iraq, "all have flaws." A "precipitate" withdrawal would be a mistake, but so would a big increase in U.S. troops. America should set "milestones" for the Iraqi government to control all provinces by next September. The U.S. military should shift to a training and advising mission so that most American troops can leave by early 2008. But there is no "magic formula," and even if this approach fails, the United States "should not make an open-ended commitment to keep large numbers of American troops deployed in Iraq."

A cynic might argue that this laundry list is precisely what the Bush administration was moving toward in its own internal review of policy. But I think that's the point about the bipartisan commission headed by former secretary of state James A. Baker III and ex-representative Lee H. Hamilton. They have stamped an interwoven "D" and "R" on recommendations that seem so familiar you wonder why they haven't been official policy all along. (Some of them have been, though you wouldn't have known it from President Bush's bluff and bluster.)

What's new in the Baker-Hamilton approach is the part that's least likely to be successful -- the call for an International Support Group that, in theory, would include the regional bad boys, Iran and Syria, along with foot-draggers such as Russia, China and France. And while they're at it, Baker and Hamilton propose a crash effort to resolve the Palestinian conflict, make peace between Israel and Syria and resolve the mess in Lebanon.

I like this "New Diplomatic Offensive" precisely because it is so ambitious. It would put the United States back in the business of trying to solve the Arab-Israeli problem, which has been driving the Middle East crazy for nearly 40 years. As for Iran and Syria, the great advantage of asking them to join a global effort to stabilize Iraq is that if they say no, it's blood on their hands. As the report notes, "An Iranian refusal to do so would demonstrate to Iraq and the rest of the world Iran's rejectionist attitude and approach, which could lead to its isolation."

And what is America's leverage for bringing Iran and Syria to the table (other than the implicit threat to walk away and let them worry about the Iraqi civil war)? The report includes this delicious Bakeresque ploy: "Saudi Arabia's agreement not to intervene with assistance to Sunni Arab Iraqis could be an essential quid pro quo for similar forbearance on the part of other neighbors, especially Iran."

Aha! So that explains the unusual op-ed by quasi-official Saudi analyst Nawaf Obaid in The Post on Nov. 29 threatening that Saudi troops would be sent into Iraq if America should leave. It was a bargaining chip.

Another laudable aspect of the Baker-Hamilton report (especially in comparison with Bush's rhetoric) is that it doesn't mince words about how bad things are in Iraq. The Iraqi army has made only "fitful progress toward becoming a reliable and disciplined fighting force." The Iraqi police are "substantially worse" than the army. The results of the latest effort to pacify Baghdad have been "disheartening." Prime Minister Nouri al-Maliki means well, but he "has taken little meaningful action" against militias. Sunni Arabs haven't yet "made the strategic decision to abandon violent insurgency." No reconciliation will be possible without an unpalatable amnesty for Iraqis who fought against U.S. forces. At least we are beginning to tell the truth here.

The final reason to embrace the Baker-Hamilton report is that its combination of cut-your-losses pragmatism and earnest do-gooderism will reassure the world that America has turned a page on Iraq. The level of anti-American sentiment in the Middle East these days is genuinely frightening. It has become the organizing principle of political life, even in once-friendly countries such as Lebanon. This is the real national security threat to America -- this sense in the rest of the world that Iraq symbolizes America's fatal new combination of arrogance and incompetence.

This report asks the world to help us find our way back home. Even if its proposals don't succeed, Baker-Hamilton can still accomplish its purpose, to "enable the United States to begin to move its combat forces out of Iraq responsibly."

A Report Overtaken By Reality (WP)

By George F. Will

The Washington Post, December 7, 2006

The Iraq Study Group, like the policy it was created to critique, was overtaken by the unexpectedly rapid crumbling of the U.S. position in Iraq since the ISG was formed in March. The deterioration was manifested in last week's misbegotten summit between President Bush and Iraqi Prime Minister Nouri al-Maliki, which made brutally clear how difficult it will be to apply even the ISG's temperate recommendations to the deteriorating reality.

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Summits usually do, and generally should, resemble American political conventions -- they should not be deliberative events but should ratify decisions made earlier. The ISG's recommendations must be read in light of these facts from the week during which the recommendations were being written:

Calling Iraq's prime minister "the right guy" for Iraq, Bush met him in Jordan, presumably because Iraq is too dangerous a venue for discussing how to, in Bush's words, "complete" the job. The job is to stabilize Iraq, which cannot be done without breaking the Mahdi Army, which cannot be done without bringing down Maliki, who is beholden to Moqtada al-Sadr, the cleric who more or less controls the Mahdi Army, which probably is larger and more capable than Iraq's army.

Also in the week before the ISG's report, the leaked Donald Rumsfeld memo urged policy to "go minimalist." That is generally good advice to government, but much of the rest of the memo, with its 21 "illustrative new courses of action" -- a large number, and evidence that none is especially promising -- echoed the 1960s Great Society confidence in government-engineered behavior modification: jobs programs for unemployed young Iraqis, reallocation of reconstruction funds to "stop rewarding bad behavior" and "start rewarding good behavior," and bribery ("provide money to key political and religious leaders").

It is beyond dispiriting that after 45 months of war an American official can think that this semi-genocidal conflict over the survival of groups divided about the meaning of God's will can now be dampened by clever economics. By what the ISG did not recommend -- e.g., many more troops and much more money -- it recognized that the deterioration is beyond much remediation.

When the ISG made a four-day visit to Iraq in August, its members were taken to the Green Zone, in a city so dangerous that only one ISG member -- former senator Chuck Robb, a Marine veteran of Vietnam combat -- left it, to visit Marines in the turbulent Anbar province. But, then, long before the ISG came to study it, Iraq seemed impervious to America's plans for ameliorating its dysfunctions.

The ISG's central conclusion, important to say with the group's imprimatur even though the conclusion is obvious, is that the problem with Iraq is the Iraqis, a semi-nation of peoples who are very difficult to help. The ISG's report will help accomplish what it recommends -- increase pressure on Iraq's "government" in the hope of turning it into a government by June, when Maliki says Iraq will be able to cope with its security needs.

How likely is that? Look back two years. In June 2004, at the time the Coalition Provisional Authority was to transfer sovereignty to what it thought would be an Iraqi government, Americans were toiling to finish their work of occupation: "A lawyer who had once clerked for Supreme Court Chief Justice William Rehnquist was poring over a draft edict requiring Iraqi political parties to engage in American-style financial disclosure." Such surreal vignettes abound in "Imperial Life in the Emerald City: Inside Iraq's Green Zone," by The Post's Rajiv Chandrasekaran. The book, which should be read along with the ISG report, would be hilarious were it not horrifying that so much valor and suffering have been expended in this context:

Halliburton, writes Chandrasekaran, hired Pakistanis and Indians, but no Iraqis, for kitchen work. "Nobody ever explained why, but everyone knew. They could poison the food." Of the CPA staff, "More than half, according to one estimate, had gotten their first passport in order to travel to Iraq." Two CPA staffers said that before they were hired, they were asked if they supported Roe v. Wade. The traffic code the CPA wrote for Iraq stipulated that "the driver shall hold the steering wheel with both hands" and "rest should be taken for five minutes for every one hour of driving." But Chandrasekaran's driver, who like other Iraqis had obeyed the laws under Saddam's police state, began disregarding all traffic laws. "When I asked him what he was doing, he turned to me, smiled, and said, 'Mr. Rajiv, democracy is wonderful. Now we can do whatever we want.' "

Not exactly.

It's A War, Not A Buffet (LAT)

The Los Angeles Times, December 7, 2006

IN WASHINGTON, sometimes it's preferable to be wrong in a group than to be right alone.

Nothing demonstrates the triumph of this truism better than the release Wednesday of the final Iraq Study Group report. The commission's chairman, James A. Baker III, could not have been more obvious if he had used hand puppets to illustrate what he thought was most important about this supposedly momentous occasion: the fact that all the report's authors actually agree with its contents.

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Their product, Baker gushed, is "the only recommended approach that will enjoy, in our opinion, complete bipartisan support, at least from the 10 people that you see up here." Whoop-de-do. No one in the media was sufficiently motivated to ask the emperors why they had no clothes on, or to raise the simple question, "Who cares?"

Instead, viewers at home (all three broadcast networks broke in to cover the "news" live) watched as one commission member after another grew misty-eyed over their own statesmanship. Former Clinton Chief of Staff Leon Panetta waxed lyrical about how this document represented "one last chance at unifying this country on this war." Heads sagely nodded at the relentless self-adulation of commissioners who put their "partisan differences" behind them in the spirit of unanimity, unity, bipartisanship, comity, handholding and all around mutual respect and love.

(It's no wonder one of their key recommendations is to form an international Iraq "support group." Who can resist the image of Iran's Mahmoud Ahmadinejad whining about how his father never loved him, only to be interrupted by King Abdullah of Saudi Arabia complaining that the Zionists ate all the good doughnuts?)

At the end of the day, the report reflects the man who put the deal together. Baker is a deal maker, a power broker, a difference splitter. And that's the real spirit of the Baker-Hamilton commission.

Some people want more troops in Iraq, so it calls for some more troops at first — so as to better train the Iraqis. And then, because other people want far fewer troops, it calls for a timetable for far fewer troops by 2008. Because no foreign policy commission could ever be complete without blaming the Israeli-Palestinian conflict for something, the group throws a bone to that crowd as well. And because Baker thinks everything is a negotiation, he sees nothing wrong with chatting up everyone — including terrorist militias and our enemies in Iran and Syria.

The commissioners are latter-day Laodiceans, whom the Book of Revelation describes as "neither cold nor hot … [but] lukewarm." As a result, most of the report hits stratospheric heights of banality. For example, the commission put aside partisan differences to reach the startling conclusion that "Syria can establish hotlines to exchange information with the Iraqis." If it requires consensus to deliver such Solomonic wisdom, then I say "feh" on consensus.

The group also recommends that "Iran should stem the flow of arms and training to Iraq, respect Iraq's sovereignty and territorial integrity and use its influence over Iraqi Shia groups to encourage national reconciliation." Phew. Thank goodness Vernon Jordan signed on to that one. If only nine out of 10 had agreed, some people might have concluded that maybe Iran shouldn't do that stuff.

In short, Baker did not seek to find a solution for Iraq at all. His mission was to stuff a grab bag with enough mundane blather that nine graybeards plus Sandra Day O'Connor could assent without really risking anything. Indeed, former Justice O'Connor was a perfect choice given her preternatural gift for reaching decisions with no discernible principle to them other than the need to please everybody a little. Yogi Berra once said, "If you come to a fork in the road, take it." That, it seems, was the commission's approach.

According to the New York Times, the findings are "a compromise between distinct paths that the group has debated since March." And because "everyone felt good about where we ended up," according to one member of the commission quoted in the Times, they must have gotten it right. Right?

Unfortunately, that's not right. Nowhere does the commission ever seriously consider how to win the war in Iraq. Why? Because winning is no longer a possible consensus position. And pulling out isn't a consensus position either. So rather than a real strategy about Iraq, we get Laodicean tripe about how the Iraq Study Group is our last best hope to unite Americans. I'm sorry, but that wasn't its mandate.

Some have labeled the commission's plan of handing off Iraq to the Iraqis a replay of Nixon's Vietnamization. But the similarities go beyond that. In fact, the commission is making the same core mistake that was made in the Vietnam era: treating a war like a political problem to be haggled, spun and bartered. It may not seem like it because Baker & Co. claim so often to be transcending politics in the name of unity. But in fact, their political values trump everything, including the war.

No Way To Win A War (WSJ)

By Eliot Cohen

The Wall Street Journal, December 7, 2006

DOJ_NMG_0103282

The theory of the thing is very peculiar indeed. You are in the middle of a war -- a hard war, a war that is going badly. If the government has bogged down, if the people inside have gone stale, you would say that the sound thing, the Churchillian or Lincolnian or Rooseveltian thing, would be, first, to fire a bunch of officials (generals as well as top civilians), promote or bring in fresh talent, and put together a small group of people to take a new and unillusioned look. Those people would report back in secrecy to the president and his most senior advisers and aides.

They would consist of experienced soldiers and civilians in whom the president (who, after all, has to make the strategic decisions, and is the accountable executive) has trust. There would not be many of them, a half dozen or so, and they would have to be hardy enough to visit the war zone for several weeks, talking not just to politicians and generals but to captains and sergeants. They would go see things for themselves. They would visit a forward operating base near Tikrit; they would spend some time with Iraqi soldiers in Taji; they would take their chances in a convoy to al Asad, or even a patrol in Tal Afar.

They -- not their staff of a few soldiers and secretaries -- would do the probing, digging, thinking, discussing and, above all, the writing. The chairman of the group would insist that they air their disagreements candidly and thoroughly in front of the president, engaging in a debate that might last a day, perhaps longer. The rest of us would not find out about the panel until months, or even years, after it reported back; maybe not until the war was over. * * *

The administration's congressional critics (including those of its own party) came up with a different solution: the Iraq Study Group (ISG), which has now produced a document that consists of 50 pages of recommendations, preceded by a 40-page thumbnail sketch of the current situation in Iraq and 50 pages of maps, lists of people, and full-length biographies of the commissioners. This is a group composed, for the most part, of retired eminent public officials, most with limited or no expertise in the waging or study of war. It consists of individuals carefully selected with an eye to diverse partisan and other irrelevant personal characteristics. These worthies, with not one chairman but two (for balance, of course), turned to several score experts known to disagree vehemently with one another about the best course of action to be pursued in Iraq.

Some of the commission members and their advisers cordially detest the president and his administration and opposed him and his war from the outset; others were equally passionate in their defense of both the man and the conflict. And yet this diverse group had an overwhelming mandate, from the beginning, to produce a consensus document. The commission members spent four days in Iraq, and with the exception of a one-day foray by former Marine Chuck Robb, they stayed in the Green Zone, that bubble of palaces and residences that has little to do with the real Iraq of Basra, Kirkuk, Ramadi, Baquba and Mosul. At the end, they had breakfast with the president and a few hours later posted their conclusions on the Internet for all the world to ponder. There is something of farce in all this, an invocation of wisdom from a cohesive Washington elite that does not exist, a desperate wish to believe in the gravitas and the statecraft of grave men (and women) who can sort out the mess in which the country finds itself.

A fatuous process yields, necessarily, fatuous results. "Iraq's neighbors are not doing enough to help Iraq achieve stability" -- a statement only somewhat ameliorated by the admission that some are even "undercutting stability," which sounds as though Syria and Iran were being downright rude, rather than providing indispensable assistance to those who have filled the burn wards of Walter Reed, the morgue in Baghdad, and the cemetery at Arlington. The selected remedy is, first and foremost, rather like the ISG's credo for its own functioning, consensus. "The United States should immediately launch a new diplomatic offensive to build an international consensus for stability in Iraq and the region," as if our chief failure with Bashar Assad or Mahmoud Ahmadinejad lies with the hitherto unnoticed laziness or rhetorical ineptitude of our diplomats, or as though Europe, Saudi Arabia and Israel have not yet figured out that stability in Iraq is a good thing. "Syria should control its border" and "Iran should respect Iraq's sovereignty."

No kidding -- but who is going to make them? That perennial solution, "resolution of the Arab-Israeli conflict," makes its appearance, including direct negotiations between Israel and Palestinians, but only with "those who accept Israel's right to exist." The report conveniently forgets that the elected leaders of Palestine do not, in fact, accept Israel's right to exist. And it also neglects the grim reality that one of the most terrible things about Gaza, and possibly the West Bank as well, is that no one, not even Hamas, is really in charge.

Part of Iran's price for easing up on us in Iraq is pretty clearly taking the heat off its nuclear program; the ISG recommends that that issue "should continue to be dealt with by the five permanent members of the United Nations Security Council plus

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Germany." Well, what deal should the U.S. be willing to cut on Iranian nuclear weapons? Do we think the Iranians would deliver? And what are the long-term consequences?

War, and warlike statecraft, is a hard business, and though this is supposed to be a report dominated by "realists," there is nothing realistic in failing to spell out the bloody deeds, grim probabilities and dismal consequences associated with even the best course of action. Indeed, some parts of the report read as sheer fantasy -- Recommendation 15, for example, which provides that part of the American deal with Syria should include the latter's full cooperation in investigating the Hariri assassination, verifiable cessation of Syrian aid to Hezbollah, and its support for persuading Hamas to recognize Israel.

The prescriptions for internal processes in Iraq are only somewhat better. The ISG argues that American forces should shift to developing Iraqi security forces and backing them up, which is more or less the course we are on now. It talks of milestones for Iraqi performance, as if Iraqi benchmarking were more a problem than Iraqi will, and Iraqi will more the problem than Iraqi capability. It suggests announcing our own planned redeployments without considering the most obvious consequence, which is that Iraqis of many political hues will decide that the Americans are leaving, and the time has come to cut deals with Jaish al Mahdi, or the Badr organization, or al Qaeda in Iraq, or any of the other cutthroat outfits infesting that bleeding country.

Quite apart from the psychological impact of our actions, there is the sober fact that the Iraqi army is small, 138,000-strong (and that number probably overstated), and that building effective security forces takes time. The 188,000-man police forces are corrupt, riddled with militia influence, and in need of a thorough overhaul. We cannot build the Iraqi security forces without a substantial combat presence. Nor is the problem merely one of training, as Iraqi corporals driving around in pickup trucks without functional radios might have sourly pointed out, had they had the chance to talk to a Study Group member.

At least the ISG has given considerable thought to preparing us for future conflict. Consider Recommendations 47 and 48. Congress, they declare, should allocate money to repair the clapped-out equipment the Army and Marines will bring back from Iraq. This is no doubt better than, say, heaving Bradley infantry fighting vehicles overboard on the way back to American ports in order to provide a home for new coral reefs. "As [American] redeployment proceeds, military leaders should emphasize training and education of forces that have returned to the United States in order to restore the force to full combat capability." Pentagon planners would do well to pursue this plan rather than give the troops six months of leave and then having them paint the sorely neglected rocks outside the sergeant major's office.

The great war leaders, in their private deliberations, shied away from vagueness. Haziness about ends and means, about what to do and how to do it, is a mark of strategic ineptitude; in war it gets people killed. But a Churchill could only call the flattening of German cities "terror bombing" in private.

Thus, unsurprisingly, in a public document of this kind, euphemism and imprecision abound. The U.S. needs to give "disincentives" to Syria and Iran: But the real question has always been whether we are willing to use a variety of overt and covert means -- from bombing insurgent safe houses to sabotaging refineries, from mining harbors to supporting their own insurgents -- to do so. And, in fact, the report mentions no means for squeezing either country.

True, as James Baker irritably noted at the press conference releasing the report, the U.S. talked to the Soviet Union during the Cold War. But as the U.S. did so it also bankrupted the U.S.S.R. in an arms race, undermined its client governments in Eastern Europe by supporting Polish labor unions, and killed its soldiers by providing surface-to-air missiles to Afghan guerrillas. Real pain, and not merely tough talk sweetened by a bucket of goodies, paves the way for successful negotiations with brutal opponents. * * *

What we need in Iraq is not a New Diplomatic Offensive (capitals in the original) so much as energy and competence in fighting the fight. From the outset of the Iraq war much of our difficulty has stemmed not so much from failures to find the right strategy, as from an astounding and depressing inability to implement the strategic and operational choices we have nominally made.

This inability has come from things as personal as picking the wrong people for key positions, in the apparent belief that generals are interchangeable cogs in a counterinsurgency machine. It has come from an unwillingness or inability to grab the bureaucracy by the throat and make it act -- which is why, three years after the insurgency began, we still send soldiers out to risk roadside bomb attacks in overweight Humvees when there are half a dozen commercially available armored vehicles designed

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to minimize the effects of such blasts. It is why -- although the government has declared long before the ISG issued its report that training the Iraqis is Job One -- we still embed fewer than a dozen American advisers in an Iraqi battalion when the right number is three to five times that many.

We have not come up to the brink of failure because we did not know how important it is to employ young Iraqi men or to keep detained insurgents out of circulation or to prevent militia penetration of the security forces by vetting the commanders of those forces. We have known these things -- but we have not done these things.

The creation of the Iraq Study Group reflects the vain hope that well-meaning, senior, former public officials can find ideas that have not already occurred to people inside government; that those new ideas can redeem incompetent execution and insufficient resources; that salvation can come from a Washington establishment whose wisdom was exaggerated in its heyday, and which has in any event succumbed to a kind of political-intellectual entropy since the 1960s; that a public commission can do the work of oversight that Congress has shirked for five years in the misguided belief that it would thus support an administration struggling to do its best in a difficult situation. This is no way to run a war, and most definitely, no way to win it.

Mr. Cohen is Robert E. Osgood professor of strategic studies at Johns Hopkins University's School of Advanced International Studies.

Go Long? Go Big? Go Back To Congress (WP)

By Michael J. Glennon

The Washington Post, December 7, 2006

With President Bush apparently inclined to accept some of the recommendations released by the Iraq Study Group yesterday and reject others, there's an important consideration to keep in mind. Although it's widely assumed that the president alone is empowered to decide what military option the United States should pursue in Iraq, that is not the case. Congress did not, as many believe, write the president a blank check in 2002 with regard to the use of force in Iraq. It still has a lot to say on the subject.

Since its earliest days, the Supreme Court has recognized a president's obligation to respect congressional restrictions when Congress has authorized "imperfect war" -- a war fought for limited purposes. In an imperfect war, Justice Bushrod Washington said in Bas v. Tingy (1800), those "who are authorized to commit hostilities . . . can go no farther than to the extent of their commission." The following year, in Talbot v. Seeman (1801), Chief Justice John Marshall wrote that "[t]he whole powers of war being, by the Constitution of the United States, vested in congress, the acts of that body can alone be resorted to as our guides in this enquiry."

Congress in 2002 authorized imperfect war in approving the use of force in Iraq for specific, limited objectives. As those objectives are achieved, or different ones are pursued, legislative reauthorization will be required. Absent congressional approval, the president cannot use force in Iraq to pursue new objectives, beyond the protection of forces being withdrawn.

Congress specified two objectives in 2002: to "defend the national security of the United States against the continuing threat posed by Iraq," as its resolution put it, and to "enforce all relevant United Nations Security Council resolutions regarding Iraq." The "continuing threat" referred to the danger posed in 2002 and earlier by Saddam Hussein's regime. That threat was seen to flow from the regime's pursuit and possession of weapons of mass destruction. Iraq, the resolution noted, "attempted to thwart the efforts of weapons inspectors to identify and destroy" these weapons.

In 2002, Congress said Iraq continued "to possess and develop a significant chemical and biological weapons capability," actively sought a nuclear capability, and supported and harbored terrorist organizations. Doing so placed Iraq in "material and unacceptable breach" of its international obligations, as set out in various Security Council resolutions. The threat, the resolution found, was that "the current Iraqi regime" would either employ weapons of mass destruction in a surprise attack against the United States or "provide them to international terrorists who would do so."

When President Bush signed the 2002 authorization, he said that "Iraq will either comply with all U.N. resolutions, rid itself of weapons of mass destruction, and end its support for terrorists, or it will be compelled to do so."

Iraq has now done so. Saddam Hussein's regime is history, and the threat posed by it is gone. Hussein himself has been captured, tried and sentenced. A new constitution has been adopted by the Iraqi people. A different government is in place. That

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government is in compliance with all relevant Security Council resolutions. It does not possess or seek weapons of mass destruction. It does not support or harbor terrorists.

There are, of course, terrorists present in Iraq today who pose a threat to American troops there. They may someday pose a threat to the general U.S. population. But Congress in 2002 authorized use of force against the old Iraqi government, not against groups unaffiliated with Saddam Hussein's regime (many of which actually opposed it). Fewer and fewer of those who are fighting American troops are remnants of Hussein's regime. Hostility to the American presence in Iraq is increasingly broad-based, with polls now showing majority support -- even among Shiites -- for attacking American troops.

Whatever the semantic characterization, the war looks increasingly unlike the one that Congress authorized. What options, then, would require renewed congressional approval? Negotiation is an exclusive presidential prerogative; a decision to talk directly with Syria or Iran or to convene a regional peace conference would be for the executive alone. But military options are another matter. The options to "go big" or to "go long" -- to increase the magnitude or duration of the U.S. effort by systematically taking on assorted Shiite militias, opportunistic criminals, foreign jihadists and others who were not part of Saddam's regime -- would not fit within Congress's existing authority. Congress in 2002 authorized the president to use force in a war against the sitting Iraqi government, not for an Iraqi government or against an opposition that did not then exist.

As a matter of sound policy, as well as constitutional principle, Congress should participate in weighing recommendations on future military action. Whatever military option is selected, its success will depend upon broad support from the American people. Congressional involvement will not guarantee that support, but congressional exclusion will almost surely preclude it.

The writer is a professor of international law at the Fletcher School of Law and Diplomacy at Tufts University and former legal counsel to the Senate Foreign Relations Committee.

Blunt Talk For An Audience Of One (LAT)

By Doyle McManus

The Los Angeles Times, December 7, 2006

WASHINGTON — Some bipartisan commissions try to change public opinion on contentious national issues; others try to help Congress find compromise solutions to thorny problems.

The Iraq Study Group led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.) had a different — and unusual — goal: persuading President Bush to change his mind about staying the course in Iraq.

"This is highly unusual," an adviser to the group said today, after the panel released its final report. "It's one thing for people inside the administration to tell the president what to do. But for an outside group to say, 'Here, son, let us give you a road map for your foreign policy?' That's remarkable."

To try to make it easier for the president — a man who prides himself on his consistency, and who is consequently criticized by opponents as stubborn — the 10-member panel delivered its report in two parts, each with a different tone.

The first part of the report was an assessment of the situation in Iraq as "grave and deteriorating" — tough language that Baker and his colleagues deliberately chose to try to break through the shield of defiant confidence that Bush has often deployed on the issue of Iraq.

"At least, after this report, Bush will now be prevented from painting a rosy picture," the adviser said.

But the second part of the report was a carefully calibrated list of recommendations, many of which gave the president considerable leeway to choose specific policies.

For example, while the report recommended that the United States plan to complete most of its military training mission in Iraq by the first quarter of 2008, it noted that it was echoing a date that U.S. military commanders had already projected -- and added that the timetable could be extended if unforeseen circumstances required.

That was part of a concerted effort by the commission to make it as easy as possible for Bush to adopt some version of its ideas, members said.

"We're not here to vex or embarrass," said former Sen. Alan Simpson (R-Wyo.), as the panel presented its findings to Bush at the White House this morning.

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For the same reason, Baker gave Bush a private preview of the report's findings in a one-on-one lunch Tuesday — both to avoid blindsiding the president and to make a sales pitch for the report's recommendations.

Bush was courteous but noncommittal in his comments as he received the report.

"I told the members that this report ... will be taken very seriously by this administration," the president said. "This report gives a very tough assessment of the situation in Iraq. It is a report that brings some really very interesting proposals, and we will take every proposal seriously, and we will act in a timely fashion."

Members of the commission said they were pleased that Bush gave them as much attention as he did, a full hour's worth. "He could have scheduled us for 20 minutes plus 10 minutes for the cameras," said former Atty. Gen. Edwin Meese III.

Later in the day, though, White House spokesman Tony Snow seemed to pour cold water on any expectations that Bush might quickly accept the panel's recommendation that he open talks with Iran and Syria about ways to stabilize Iraq.

"I'm not going to give you an answer to that question today," Snow said.

In recent weeks, Bush preemptively objected to some of the commission's reported recommendations, saying he did not favor unconditional talks with Iran and was not seeking "a graceful exit" from Iraq.

The answer to how far Bush will move, members of the commission say, will depend on how much political pressure he feels from Congress and the public to adopt their findings. Baker and Hamilton plan to give speeches around the country and to testify before the new, Democratic-led Congress next year to keep the pressure up, aides said.

Meanwhile, the administration has at least two policy reviews of its own under way — launched hastily once the Baker-Hamilton commission gained prominence — and plans to review those at the end of the year.

Officials said Bush is likely to adopt findings that are close to his own policies -- such as shifting U.S. troops to advisory roles -- but at a pace the Pentagon proposes, which may be slower than the Baker-Hamilton panel called for.

As for talks with Iran and Syria, the president is likely to say that is up to the government of Iraq, not him. Iraqi Prime Minister Nouri Maliki has already called for an international conference to support security measures in Iraq that would include Iran and Syria.

From Hundreds Of Sources, Panel Forged Consensus (WP)

By Peter Baker, Robin Wright And Dafna Linzer

The Washington Post, December 7, 2006

After all the testimony and fact-finding, after all the white papers and working groups, after the flak-jacket, bombs-in-the-background visit to Baghdad, it came down to the same issue that has animated the broader national debate about Iraq for months: Stay or get out.

The Iraq Study Group was starting final deliberations last month when the issue threatened to disrupt the careful consensus its members had tried to forge. Former defense secretary William J. Perry had drafted a proposal calling for a timetable to withdraw U.S. troops, according to accounts by insiders. Former secretary of state James A. Baker III resisted a firm date, wanting to leave that to the president.

"I'm not going to sign anything that is going to paper over the problem," Perry said.

"Well, if that's the case, that's the case," Baker replied.

In the end, though, Baker and Perry walked off together to settle their differences rather than let them split the commission. With suggestions from other members, they crafted careful language that they both could support, a recommendation to pull out nearly all U.S. combat units by early 2008 -- a goal, not a timetable, but a date nonetheless.

The fissure and its resolution culminated a process marked by that rarest of qualities in a polarized era: bipartisanship. At a time when Washington prefers confrontation to compromise, five Republicans and five Democrats sat down to tackle the country's most urgent crisis and came up with a document they all could sign. It proved to be a nine-month study of how to bridge not only Iraq's deep divide but also America's.

Whether the end result will prove meaningful is another question. A plan emerging from the middle invariably unsettles those at either end who view it as wholly inadequate. Even some of the authors consider the report released yesterday a "messy compromise," as one put it. But the story of how a little-noticed commission created by Congress evolved into a political

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powerhouse and a symbol of national unity harks back to a different time, when for better or worse "Wise Men" advised presidents and shaped policy.

The Iraq Study Group had its origins in a September 2005 trip to Iraq by Rep. Frank R. Wolf (R-Va.), a quiet legislative veteran with a strong moral streak and a driving interest in international human rights. "I saw some things that were dramatically different," recalled Wolf, who had visited twice previously. "You could just feel that things had shifted."

So he conceived the idea of a bipartisan commission that would cut through the domestic rhetoric and offer sober counsel. The Bush administration reacted coolly but ultimately did not block it. In fact, not many took notice. The announcement of the commission in March generated just a single paragraph in the next day's newspaper. Congress did not authorize $1 million in funding until June.

Baker and his co-chairman, former congressman Lee H. Hamilton (D-Ind.), recruited an all-star establishment lineup, including former Cabinet secretaries and senators, a former Supreme Court justice and a backroom powerbroker. Average age: 74. "The only thing we have in common is gray hair," joked former attorney general Edwin Meese III. But they shared a common commitment, he added. "We parked our partisanship at the door."

What would arguably prove to be one of the most anticipated study groups in modern times started tentatively. "At first, they were a little bit uncertain of what they were going to do and even whether it would amount to anything," said Daniel P. Serwer, the group's executive director. "There were a lot of initial questions: What was our role? How can we manage? We're not Iraq experts -- where are we going to get the expertise?"

Under the auspices of the U.S. Institute of Peace and three other think tanks, the commission created four working groups consisting of 44 foreign policy analysts and Iraq specialists to advise it. During its first phase, it set out to define U.S. goals and learn about Iraq. Over nine months, 31 papers were prepared for the panel. Testimony was taken from hundreds of U.S., Iraqi, Arabic and European officials, including President Bush, Vice President Cheney and former president Bill Clinton, as well as scholars, journalists and military officers.

By summer, the expert advisers had developed the first options paper centered on different goals. The experts originally explored four options: "Victory in Iraq," "Defeat Al Qaeda and Stabilize Baghdad," "Make Peace Work" and "Redeploy and Contain," as they were called in a July memo. The first and third were quickly discarded. The last two pitted a more limited military mission against a phased withdrawal over nine to 12 months.

The turning point came in September, when seven of the 10 members traveled to Baghdad aboard a C-130 military transport, decked out in bulletproof vests and helmets as the plane corkscrewed to a landing to avoid enemy rockets. They then flew aboard Black Hawk helicopters to the Green Zone as other choppers fired flares to draw off any heat-seeking missiles.

The four days there made a powerful impression on the panel members, most of whom knew nothing more about Iraq than what they had seen on television and read in the newspapers. "I'll never forget the helicopters coming in at night delivering wounded to the hospital in the Green Zone," recalled member Leon E. Panetta, who was Clinton's White House chief of staff. "We've all seen 'MASH,' and yet it was happening right there."

Explosions outside the Green Zone rattled the guesthouse and trailers where they slept. "You knew somewhere either a car bomb has gone off or something has happened," Panetta said. "And then in the morning, you could sometimes see the smoke."

Only one member, former senator Charles S. Robb (D-Va.), a retired Marine, left the Green Zone, venturing out to look at the impact of the operation intended to secure Baghdad. By the time they returned home, many of the commissioners had concluded that the war was going worse than they had realized. One internal working paper said that 30,000 to 40,000 Iraqis have been dying each year since the 2003 invasion.

The trip "altered their thinking," said Paul Hughes, a commission aide who had served in Iraq and escorted the members on their trip. "Every one of them came out and said there is no immediate exit. There is no way America could turn and walk away from Iraq."

Referring to the insistence of Rep. John P. Murtha (D-Pa.) on a prompt withdrawal, Hughes said that "the Murtha cut-and-run option was a non-starter."

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Robb was especially interested in sending more U.S. forces, according to one participant, and the panel considered proposals to deploy 100,000 to 200,000 additional troops. Ultimately, though, the panel discovered that there might be only 20,000 available, prompting vigorous discussion that led members to conclude that a substantial surge was unworkable.

"By September, you did not hear anyone supporting the idea of victory or more troops very much," said Marina S. Ottaway, a working-group member from the Carnegie Endowment for International Peace. "There had been a lot of pretending for a while, but that ended in the fall."

Yet many were slow to support even a phased withdrawal. In a straw poll in September, only two of the commission's 44 advisers favored the idea. Over the next eight weeks, as casualties mounted, support for withdrawal grew exponentially. In e-mails, Wayne White, a former Middle East intelligence analyst, implored holdouts to accept that the United States had badly damaged whole swaths of Iraq and had lost Anbar province to al-Qaeda.

"It sounds great to pump one's chest and declare that we cannot abandon Anbar and such areas to these elements," he wrote. "But . . . can anyone offer a refreshing, new and promising military strategy for beating them soundly with our already-overstretched forces in Iraq, Iraq's woeful police and disappointing army?"

In the last straw vote, on Nov. 3, half of the 44 advisers supported withdrawal.

By then, with the midterm elections upon them, commissioners had cut out the advisers and were talking only among themselves. Baker's tour on behalf of a book he had written raised the panel's public profile, and leaks about the deliberations heightened expectations about the coming report.

The 10 members gathered in Washington on Nov. 27 to begin final deliberations. Baker thought that a major troop withdrawal should happen by the 2008 elections and that it would take six months to complete, according to insiders. But he opposed the specific timetable Perry advanced. Panetta helped resolve the disagreement by suggesting that they adopt a date put forward by Gen. George W. Casey Jr., the Iraq commander, who had just proposed finishing training and equipping Iraqi forces by the first quarter of 2008.

Every line in the 96-page report was carefully debated, and all members agreed in the end. "When we struck consensus, there was a real sense of relief," said former U.S. diplomat Edward P. Djerejian, who co-wrote the drafts with fellow adviser Christopher A. Kojm. "People started cracking jokes."

Vernon E. Jordan Jr., a Clinton confidant who served on the panel and hosted all the other members at his Washington house Tuesday night for a celebratory dinner of crab cakes, beef and souffle, said the debate was the kind Washington used to have. "Nobody was storming out of the room, nobody was screaming at anybody," he said. "What I have seen over the years is civility taking a back seat and giving way to hostility. . . . The good of this report is that civility has been rediscovered."

Baker Brought High-profile Presence To Panel (LAT)

By Greg Miller

The Los Angeles Times, December 7, 2006

WASHINGTON — His hair was a touch thinner, the skin on his face less taut.

At one point today, James A. Baker III joked that he was presiding over a "bunch of has-beens" as he unveiled the findings of the Iraq Study Group, a bipartisan panel of ex-government officials charged with charting a new course for the United States in Iraq.

But in many ways, Baker was a remarkably familiar presence in a remarkably familiar role -- talking diplomacy in his Texas twang, seeking solutions for a crisis in Iraq, and trying to rescue a president named Bush.

It's been 15 years since Baker, 76, served as secretary of State to the elder President Bush during the Persian Gulf War. And six more since Baker led the GOP legal fight during the Florida election recount that delivered the presidency to his longtime friend's son.

Since then, Baker's influence in the Oval Office has seemed to range from minimal to nonexistent.

But as co-chairman of the Iraq Study Group, Baker has re-emerged. Along with Robert M. Gates, the nominee to be the next secretary of Defense, Baker is part of an old guard of foreign policy realists elbowing their way back into a debate dominated since the Sept. 11, 2001 attacks by hard-line neoconservatives.

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During today's news conference, Baker outlined a series of steps that the White House has previously scorned, including diplomatic engagement with Iran and Syria, and eventual withdrawal of combat troops from Iraq. For a man long seen as the ultimate Bush family insider, he also offered a pointed rebuke to the president.

"We do not recommend a 'stay the course' solution," he said, using a phrase that was a favorite of President Bush earlier this year. "In our opinion, that approach is no longer viable."

Bush praised the work of the panel, saying: "We probably won't agree with every proposal," but stressing that "we take it very seriously, and we'll act on it in a timely fashion."

The study group was launched in relative obscurity nine months ago, conceived by a Republican congressman, Frank Wolf of Virginia, who was dismayed by the deteriorating situation in Iraq. The first member to sign on was Lee Hamilton, a former Democratic congressman from Indiana who had been vice chairman of the panel that investigated the Sept. 11 attacks.

But those involved in the formation of the study group said that the critical recruit was Baker, and that his involvement has been crucial to capturing the attention of policymakers and improving the odds that the panel's findings would not be brushed aside by the White House.

"We talked about a number of possibilities" to lead the panel, said David Abshire, president of the Center for the Study of the Presidency, who helped Wolf form the Iraq Study Group and made the initial call to Baker.

"They were all prominent people," Abshire said of the other candidates. "But none would have had his cache."

Baker agreed to take the job only after securing permission from the president. Once that was in place, Baker stepped into the latest in a series of assignments he has taken for members of the Bush clan since he and the elder Bush became friends and tennis partners in Texas in the late 1950s.

Baker, who had been an attorney and registered Democrat in Houston, took his first political job when the senior Bush asked him to help run his 1970 campaign for the Senate. Bush lost, but Baker proved adept in the world of politics, and the job helped bring him out of a depression that had gripped him when his first wife died of breast cancer earlier that year.

Baker went on to handle a series of subsequent campaign assignments and high-level positions in Washington. He ran Bush's unsuccessful 1980 campaign for president, then served as Treasury secretary and chief of staff for President Reagan. After leading Bush's successful 1988 campaign for the White House, Baker stepped into the role he savored most, secretary of State.

From that post, he witnessed the end of the Cold War and pushed for Arab-Israeli peace. But he is best known for leading the effort to assemble a broad coalition of countries to expel Saddam Hussein's army from Kuwait in the 1991 Gulf War.

As the elder Bush's re-election 1992 campaign foundered, Baker was called upon to leave the State Department and step back into the campaign -- a sacrifice he did not relish.

His perceived lack of enthusiasm for returning to the world of politics is said to have strained his relationship with Barbara Bush as well as with George W. Bush.

In a book, Baker described the younger Bush as "the cut-up in the Bush family." When that cut-up decided to run for president and enlisted advisers, Baker said he was not included.

In fact, Bush's campaign team did come calling the morning after the 2000 election, when the vote in Florida was deadlocked. But after that successful mission, Baker was sidelined again until the Iraq Study Group was formed.

From the beginning, Baker insisted the group shouldn't release its findings until after the midterm elections. Others thought it was a mistake to wait while soldiers were dying and conditions in Iraq continued to deteriorate, Abshire said.

But Baker's judgment proved wise because a report released before the White House had been chastened by a Democratic election sweep probably would have been ignored.

"He's a very shrewd operator," Abshire said of Baker. "He's a strategist."

During today's news conference, Baker said President Bush and other policymakers are free to ignore the group's findings -- but do so at the risk of their own peril.

The group's report "doesn't bind the leadership on the Hill, and it doesn't bind the president," Baker said. "But it is the only recommended approach that will enjoy, in our opinion, complete bipartisan support, at least from the 10 people that you see up here."

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Footnote To History: Rituals Of Delivering The Iraq Report (WP)

By David Montgomery

The Washington Post, December 7, 2006

"The Iraq Study Group Report" landed on Washington with all the pomp, circumstance, choreography, videography, confusion, cynicism and hope that Washington yearns for when the Wise Men (and Woman) hold forth with An Answer.

At the White House, President Bush got a copy signed by the Wise Ones -- and promptly dispatched it to the National Archives for posterity. On Capitol Hill, Rep. Frank Wolf, the Virginia Republican who got the whole thing rolling a year ago, was brought nearly to tears by the result. In cyberspace, 400,000 people downloaded the report within hours from a Web site that had been bulked up to withstand 50 million hits in coming days. Across town, citizens trudged to bookstores for their copies and found them . . . sold out, or not yet delivered, in some sort of distribution infarction. With delivery services maxed out, Random House resorted to having its own employees ferry copies from a Westminster, Md., warehouse to bookstores in D.C.

Not bad for what, in the end, turned out to be a rather slender paperback -- a 96-page, $10.95 volume, whose juicier bits had already been leaked by spoilers.

Parts of it read like a song of the doomed, with phrases like "grave and deteriorating" and "Pessimism is pervasive." It was heavy stuff, coming a day after defense secretary nominee Robert Gates testified that the war in Iraq is not being won. Few dared dismiss it outright as mere rhetoric.

"There's almost a biblical thing about wise elderly people," said Wolf, referring to the 10 study group members led by former secretary of state James Baker and former Democratic representative Lee Hamilton of Indiana. "I mean, Sandra Day O'Connor" -- the woman on the panel -- "is not looking for another job. So they can speak truth."

Whenever there's a major dump of heaped, hyped wisdom on this town -- the last time was the 9/11 Commission report, also supervised by the honorable Mr. Hamilton -- an old-fashioned ritual kicks in. Some proceedings will never be digitized; some deliveries can't be made by Random House.

Yesterday near dawn, the commission members were ushered into the White House to hand-deliver the document to the president. He accepted it, congratulated them and said, "I'm not going to comment on it until I've read it."

Next the motorcade of long black sedans climbed Capitol Hill, police escort sirens heralding their arrival. All over town American flags were snapping northwards. Police officers at the House-side entrance to the Capitol shooed away a workman for caulking the sidewalk upon which the Wise Ones would walk.

At the Capitol, the guards did not bother to run their bomb-detecting mirrors beneath these sedans. Out popped Baker carrying a thick green folder, its title partially obscured by his arm: "The Iraq . . . " Hamilton had a thick blue folder. Baker had a bright red scarf, O'Connor a pink one. And here came the rest of the reunion pantheon of bipartisan establishment Washington, the study group members: O'Connor, Lawrence Eagleburger, Vernon Jordan, Edwin Meese, Leon Panetta, William Perry, Charles Robb, Alan Simpson.

Study group staffers carried copies of the paperback books in cardboard boxes, 24 to a box, which were sealed with orange admonitions: "Do not put on sale until 12/6/2006, 12 p.m. EST."

The Wise Ones met behind closed doors with House leadership, passed out copies of the report, and then it was on to the Senate side. Baker and Hamilton led the way, jaunty of step, with book bearers and police escorts in tow, along the polished basement corridor, past a banquet kitchen and a locker room where waiters were fastening bow ties.

By prearrangement, dozens of photographers were staked out to document (a) the team's arrival to transmit the report to the Senate, (b) the short walk of leaders Bill Frist and Harry Reid down a corridor with Baker and Hamilton, and (c) Senate leaders receiving their copies of the paperback in a conference room.

"They're going to go where the second chandelier is," a media handler reliably informed the camera-toting mob.

Grasping his paperback and appearing to read from prepared remarks, Frist said, "I look forward to hearing their recommendations."

"You're all American patriots," said Reid to the Wise Ones.

Next, Hamilton was presiding over a hushed gathering in the big second-floor conference room of the Hart Senate Office Building. Weren't we all here before? Right! Summer 2004, and he was co-chairing the 9/11 Commission! This time, his partner

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was Baker, instead of Tom Kean. There were two dozen television cameras, at least as many still cameras and more than 200 journalists. O'Connor's bright pink ensemble matched the complexion of Meese's face.

Picking up the theme of doom, Hamilton offered this revelation about Iraq: "The current approach is not working."

But there was hope, Baker followed, if the administration heeds the group's 79 recommendations -- even though "there is no magic formula that will solve the problems of Iraq."

Simpson saw a different kind of hope, and got some laughs, when he riffed on the bipartisan spirit of the commission: "We're just sincere enough to believe . . . that all people with a D behind their name did not become a guard at Lenin's tomb, and all the people with an R behind their name did not crawl out of a cave in the mountains, and that maybe we can do something."

In news studios all over town, the pundits went straight to work.

Bill Kristol, editor of the Weekly Standard, on Fox News: "It's a deeply irresponsible report. . . . The key is to win the war, not to have everyone sitting around Washington feeling good that 'Hey, we've got a bipartisan document!' "

Tim Russert, Washington bureau chief of NBC News, on MSNBC: "This was such a sobering report! Powerful, passionate, bipartisan, unanimous -- I think it's not only a wake-up call for the Bush White House, but I think for the whole country."

On the other side of the Mall from the Capitol, at the U.S. Institute of Peace, a techie pressed a button to make the report downloadable from the institute's Web site: Now members of the public could see it for themselves at www.usip.org.

By 4 p.m. the report had been downloaded 400,000 times -- and there were three other think tanks that also had it.

The peace institute, a federally funded think tank, supported the study group's work, funded with $1 million appropriated by Congress. The study group, in a bit of moonlighting as book agents, invited several publishing houses to compete to put out the paperback -- even though the work is in the public domain and anyone can publish it. According to Random House, it got the job for being able to keep the retail price reasonable and bring it out fast; the manuscript wasn't delivered until Friday.

A source close to the study group said no money changed hands in the deal. Random House merely got a headstart over anyone else who might want to publish the material, said the source, who requested anonymity because he is not authorized to speak to the press.

An unspecified portion of proceeds from book sales will go to the National Military Family Association, a Random House spokesman said. The spokesman would not say how many copies are being printed but said a third press run may be required shortly. The book form of the 9/11 Commission's report sold more than a million copies.

For hours yesterday, many prominent bookstores in Washington had received no books, or had not received as many as they had ordered. Reporters snapped up almost all the initial copies.

"BBC, al-Jazeera, CBS, NBC, New York Times, Washington Post," Kramerbooks general manager Mitch Brown said at midday. He had received 24 books instead of the 72 he'd wanted. "So we don't even have any to sell to citizens."

"We have 38 [advance] special orders, which is huge," said Carla Cohen, co-owner of Politics and Prose. And yet, until late yesterday afternoon, she had no books to fulfill those orders. "It was very embarrassing to us," she said.

At the Borders near Metro Center, general manager Michael Redmond had 48 books instead of the 300 he ordered. He was standing next to the meager display, wearing a communications headset, frantically canvassing sources for more books. He knew his market: "Dry policy documents are what this town lives for," he said.

Tucking his chin toward his headset microphone, he said, "If we need to send someone to UPS to pick them up, we'll do that!"

Russell Perreault, publicity director for Vintage Books, the Random House imprint, said the logistics of getting the book out in one day had overwhelmed the publisher and its delivery services. He said all ordered books had arrived by the end of the day, even though bookstores had been expecting to begin selling as soon as the noon embargo was lifted.

Ann Wilcox, a lawyer with an office near the Borders at 14th and F streets NW, was that mythic entity, an inquisitive citizen with no insider connection to the day's drama, but interested nonetheless. She had opposed the war from the beginning. On this morning, she had been following live coverage of the study group news conference on the radio. Now she was in the bookstore, slipping one of the precious paperbacks off the display rack.

"I wanted to take a closer look at the recommendations," she said. "Hopefully," she added, the recommendations will be reflected "in actual government policy."

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With that, she set her course back to her office against a stiff breeze, with the Truth of the Wise Ones tucked under her arm.

Bush, Blair To Meet To Discuss Iraq (AP)

By Deb Riechmann

AP, December 7, 2006

President Bush faces urgent pressure to find a fresh strategy in Iraq as a new defense secretary heads to the Pentagon and a scathing bipartisan commission report says his war policies have failed and that "time is running out."

The Iraq Study Group's report said the situation in Iraq was "grave and deteriorating" after nearly four years of bloodshed and more than 2,900 American deaths. The report gave weight to the president's talks on Thursday with British Prime Minister Tony Blair, his closest ally in the unpopular war.

Bush, possibly with counsel from Blair, could embrace some or all 79 of the Iraq Study Group's recommendations. The president also could ignore them and chart his own new course based on internal reviews being done at the Pentagon, State Department and the White House.

"It's clear that the present situation is not one that could be sustained or accepted," White House press secretary Tony Snow said Wednesday.

The panel's recommendations ranged from gradually withdrawing U.S. combat forces during the next year to ramping up the training of Iraqi security forces to enlisting diplomatic help from Iraq's neighbors — not only to resolve problems in Iraq but to find an end to the long-running conflict between Israel and the Palestinians.

The White House was cautious not to specifically reject any of the group's ideas outright and vowed that Bush would entertain suggestions from all political circles before charting a new way forward.

But the president already has rejected the idea of direct talks with Iran and Syria. The administration continues to insist that Iran verifiably suspend uranium enrichment before the United States would start direct talks, although Snow left the door open for discussions through an outside group.

"There's some very good ideas in there," Bush said about the report after meeting Wednesday afternoon with lawmakers. "Not all of us around the table agree with every idea, but we do agree that it shows that bipartisan consensus on important issues is possible."

When a reporter asked whether Bush was capable of making dramatic changes in his war plan, Snow said: "Well, you're assuming that the president has to pull U-turns. I'm not sure I agree."

Democrats, meanwhile, clamored for change.

"I'm encouraged," said Rep. Jane Harman, D-Calif., "and I feel the stay-the-course strategy is officially dead."

"The American people have spoken," said incoming Senate Majority Leader Harry Reid. "The Baker-Hamilton Iraq Study Group has spoken. They have all demanded a change of course in Iraq, and the Bush administration must listen."

Sen. Charles Schumer, D-N.Y., said the key question was whether Bush was ready for a change of course.

"All eyes now are on this president," Schumer said.

Bush's national security adviser, Stephen Hadley, has said Bush would make his decision within weeks.

"We believe that the situation in Iraq today is very, very serious," said James A. Baker III, the former Republican secretary of state who led the panel jointly with former Rep. Lee Hamilton, D-Ind. "We do not know if it can be turned around."

While the panel concluded that a stable, democratic Iraq was still possible, its pessimistic assessment of the situation contrasted with Bush's upbeat prediction that the U.S.-led coalition was on the road to victory.

"We're winning, and we will win, unless we leave before the job is done," Bush said at a White House news conference on Oct. 25.

The White House insists that Bush will not outsource his decision-making on Iraq, yet the changing political landscape would seem to make it difficult for him not to embrace or — at least seriously consider — opposing views.

"The politics have shifted so this report now becomes the default position for many in the public and many in political life," said Jon B. Alterman, a former State Department official who specialized in the Middle East.

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"The president now isn't the one defining the terms of the debate. He's responding to a debate that others have framed, and a debate that others have framed on some terms that he has said are unacceptable.

"What I think is striking is that the president has said that defeat is not an option," said Alterman, now director of Mideast programs at the Center for Strategic and International Studies. "And what this report says is that defeat is a real possibility."

Leon Panetta, a Democratic member of the Iraq Study Group, said Bush needs to unify an America divided by the war.

"I think the president understands that he simply is not going to be able to proceed with whatever policy changes he wants to implement if we're divided," Panetta said. "That is the principal goal, in my mind, that he has to accomplish."

Bush And Blair To Meet After US Report Urges For Iraq Policy Overhaul (AFP)

By Olivier Knox

AFP, December 7, 2006

US President George W. Bush is set to host British Prime Minister Tony Blair at the White House for talks likely to focus on a hard-hitting report that urged a strategic change in Iraq.

Bush on Wednesday received the report from the Iraq Study Group, led by former US secretary of state James Baker, warning that even a sharp change of policy on Iraq may not avert a regional conflict.

The president and the prime minister "have a number of issues to discuss, including Iraq, the broader war on terror, the NATO commitment to Afghanistan, Sudan, as well as free and fair trade," said Bush national security spokesman Gordon Johndroe on Thursday.

US and British officials have steadfastly denied that Blair's visit was timed to coincide with the release of the grim Iraq report.

White House officials said a frenetic schedule over the past month -- including the November US congressional elections, and Bush trips to Asia, Europe and the Middle East -- had stymied long-standing plans for a meeting.

But the report -- which bluntly says Bush's Iraq policy is "not working", warns that the situation in Iraq is "grave and deteriorating" and calls for most US combat troops to be withdrawn by early 2008 -- is likely to dominate their roughly hour-long meeting.

British media on Thursday welcomed the report, but were not convinced that Bush would actually adopt most of the committee's recommendations.

The two leaders, shoulder-to-shoulder on the March 2003 invasion to topple Saddam Hussein, have opposed setting a timetable for pulling out US and British forces.

There are currently some 135,000 US soldiers and 7,100 British soldiers serving in Iraq.

But there are disagreements between the two on some world issues, notably over Bush's resistance to set carbon-dioxide emission limits to cut down polluting greenhouse gasses, and over the link between the Israeli-Palestinian peace process and Iraq.

Blair on Wednesday said that strife-torn Iraq can yet be salvaged -- but as part of a wider Middle East strategy centered on the peace process.

"We have to pursue what I call a policy for the whole Middle East, and that means in particular and starting with finding a solution to the Israel-Palestinian conflict, which I think is absolutely essential if we are to put that region on a stable footing."

That chimed with a key Iraq Study Group finding that the United States cannot achieve its goals in the Middle East unless it deals directly with the Arab-Israeli conflict and regional instability.

Does Bush agree that the two conflicts are closely linked? "I don't know," said White House spokesman Tony Snow.

"The commission thinks that there clearly is a link here, and that to the extent that you get resolution on the Palestinian-Israeli issue, that can only be helpful. The president believes that," he told reporters.

The meeting follows November 7 elections in which Bush's Republican Party lost control of Congress to the opposition Democrats, and the departures of Defense Secretary Donald Rumsfeld and UN Ambassador John Bolton -- both Iraq war hawks.

It also comes one week after a peculiar dispute inside the State Department triggered when a senior analyst said he was "ashamed" of the way Bush treated Blair and that US-British relations were "totally one-sided" in Washington's favor.

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The Times of London quoted Kendall Myers, a foreign research analyst in the department's Bureau of Intelligence and Research, as saying that Britain's self-appointed role as a bridge between America and Europe was "disappearing before our eyes".

"We typically ignore them and take no notice. ... It's a sad business," Myers was quoted as saying, adding that he felt a "little ashamed" of Bush's treatment of Blair, according to the paper.

The US State Department repudiated the statement, and Blair on Wednesday rejected charges that he had subjugated Britain's foreign policy to Washington's, saying: "We've got to decide this policy based on the British national interest."

10 U.S. Troops Killed In Iraq (WP)

By Nancy Trejos

The Washington Post, December 7, 2006

BAGHDAD, Dec. 6 -- Ten American troops died in Iraq on Wednesday, the U.S. military reported, matching the highest number of U.S. service members killed on a single day in the past year. It was also a deadly day for Iraqi civilians, with at least 40 killed in car bombings and mortar attacks across the capital.

The U.S. troops died in four incidents, a military spokesman, Lt. Col. Christopher C. Garver, said Wednesday night. He declined to provide details about how or where they were killed because family members were still being notified.

"It's kind of a confluence of events," he said. "They are not all linked together."

The deaths bring the total number of U.S. service members killed in Iraq so far this month to 29, according to Pentagon reports and the Web site iCasualties.org, which tracks Iraq war fatalities. Most of the deaths identified were caused by hostile fire, including roadside bombs and grenades. Six of the deaths resulted from accidents, including the crash of a Marine CH-46 Sea Knight helicopter Sunday in Iraq's western Anbar province.

The U.S. military has said it is focusing its efforts on Baghdad, where sectarian warfare between Sunni Arabs and Shiite Muslims has become a top concern. U.S. troops continue to clash daily with suspected insurgents in Anbar province and have also been assisting the Iraqi army in conducting operations.

"We are out there working, and it puts us at risk," Garver said.

U.S. air and ground forces conducted a raid Wednesday in search of foreign fighters in Khanaqin, near the Iranian border, killing one suspected insurgent, the U.S. military said. A U.S. aircraft received small-arms fire as it left the site. U.S. forces shot back, destroying a vehicle and killing the armed suspect, the military said.

The U.S. military also announced that a soldier was killed Sunday during combat operations. No other details were released.

At Camp Cropper near Baghdad, a detainee died in U.S. military custody on Saturday, the military said in a statement. It said the unidentified detainee had suffered two heart attacks.

A car bomb explosion Wednesday afternoon in Sadr City, a teeming Shiite slum, killed three civilians and wounded eight, according to the U.S. military. Also in Sadr City, a suicide bomber in a taxi detonated explosives in a crowded marketplace, killing 13 people and injuring 25, according to an Interior Ministry source.

The attacks appeared to be the first in Sadr City since multiple car bombings and mortar shells killed more than 200 people there on Nov. 23, sparking a wave of tit-for-tat killings.

In Baghdad, a roadside bomb detonated near the old Defense Ministry building in the Rusafa neighborhood, killing 15 people and wounding 25, the U.S. military said. Police said they found 48 bodies in different parts of the capital, news services reported.

In the city of Baqubah, about 35 miles northeast of Baghdad, three civilians were killed and four were wounded when a car bomb exploded at the gate of Khalis Hospital. The blast, which was followed by a drive-by shooting, caused a power outage, forcing some victims to seek treatment at another hospital.

At a news conference in Baghdad, Iraq's national security adviser, Mowaffak al-Rubaie, announced that security forces had killed a senior aide to Abu Ayyub al-Masri, the leader of the insurgent group al-Qaeda in Iraq, who took over after his predecessor, Abu Musab al-Zarqawi, died in a U.S. airstrike in June.

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Rubaie did not specify when or where the aide, known as Abu Taha, was killed. He said eight leaders of Ansar al-Sunna, an insurgent group allied with al-Qaeda in Iraq, were captured. He estimated that three-fifths of the organization's leaders have now been killed.

"The noose is closing in on him," Rubaie said of al-Qaeda in Iraq's leader.

Suspected insurgents blew up an oil pipeline from the Kirkuk to Baiji refineries, igniting a fire that was eventually contained, said Capt. Mahmoud Sherzad of the Oil Protection Force.

Also Wednesday, former president Saddam Hussein appeared in court despite his threat on Monday to boycott his genocide trial. Hussein and six other defendants are on trial for the so-called Anfal campaign of the late 1980s, which prosecutors say resulted in the deaths of as many as 180,000 ethnic Kurds.

Hussein spent the day listening to three prosecution witnesses, including a doctor who described treating victims of poison gas attacks.

Quiet US Bid To Talk To Iraqi Insurgents (CSM)

By David Enders

The Christian Science Monitor, December 7, 2006

As American and Iraqi politicians weigh the merits of engaging regional powers in the search for solutions in Iraq, it appears that both Baghdad and Washington are also quietly talking with Iraq's insurgent leaders in an effort to end the unrelenting violence.

US officials have not commented on reports of these recent meetings with resistance-group representatives. But Arab journalists, politicians, and officials in Jordan say they've occurred.

The meetings have come amid pressure from two key Shiite politicians on Iraqi Prime Minister Nouri al-Maliki to alter course. The opposition has also stepped up efforts to outflank his increasingly unpopular rule. And in the US, the White House is sifting recommendations from the Iraq Study Group and other reviews as discontent grows over the administration's strategy.

This week, Saleh al-Mutlaq, a secular politician accused by rivals of links to the insurgency, announced a broad alliance he is calling the National Salvation Front. The bloc aims to unite opposition parties against Mr. Maliki and Abdul Aziz al-Hakim, the leader of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), who met with the Bush administration in Washington on Monday.

Iraq's ambassador to Jordan, Saad al-Hayani, says that meetings have taken place in the Iraqi Embassy here between US representatives and members of the resistance in the past few months, as well as between Iraqis who have accepted and rejected the political process under US occupation, some of whom were directly involved with the insurgency.

"Two large meetings happened here in the embassy," Mr. Hayani says. "They included leaders from the last government, the Baathists, and the old Army. They were offered the opportunity to participate in the political situation if their hands were clean. The meetings were successful and necessary and beneficial."

The current Iraqi government has floated trial balloons regarding amnesties for fighters, though the US government has frequently come out against reconciliation with anyone who has attacked US troops.

In Amman, members of the former government appear to move freely. Among those waiting to meet with Hayani earlier this week was the last Iraqi ambassador to Jordan under Saddam Hussein's government. Hayani also says US officials have met with insurgent representatives in Baghdad and Cyprus. He added that he hopes insurgents can be persuaded to take part in the political process, but that their demands of a US withdrawal and the dismissal of the current Iraqi government had provided little common ground for talks.

Moayed Abu Subieh, a Jordanian journalist who has written about such meetings, says that for the majority of those fighting, their foremost demand remains US withdrawal. Previously, insurgent groups had called for a timetable for withdrawal as a condition for laying down arms, but that demand appears to have solidified into a call for immediate withdrawal.

Mr. Abu Subieh, who writes for Al-Ghad, says that he has knowledge that talks have occurred between US officials and members of the Islamic Army of Iraq, which is made up mostly of members of Mr. Hussein's former military and has been claiming responsibility for attacks on US troops since 2003.

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While the group wants to see the US withdraw, he says negotiations with this and other groups are the only way to keep Maliki in power. Further weakening of the government, he says, will only make guerrilla fighters stronger political actors. He also says that many of the groups pay close attention to American politics.

"There were supposed to be negotiations (between Iraqi groups in Amman) on Nov. 9 after the US elections but they were postponed after the failure of the Republicans," he said. "People were waiting for Bush's visit to Amman to clarify his positions on the Iraqi situation and his support for Maliki's government."

The US Embassy in Amman directed all inquiries about the meetings with insurgent groups to the embassy in Baghdad, which had not replied by press time.

President Bush's renewed support for Maliki's government and its current path, Abu Subieh says, was likely only to add steam to those fighting for US withdrawal. He added that the meetings involved just part of what is a multifaceted resistance.

Others, however, say that such meetings are of little significance. "As far as we know, America has not spoken with any of the really active resistance," says Bashar al-Faili, a member of the Association of Muslim Scholars (AMS), a Sunni political group.

The AMS, while it is now participating in the political process and has elected members in the Iraqi parliament, has frequently made demands similar to those of insurgent groups. Many Iraqis accuse its leaders of having direct links to insurgents, especially the Islamic Army of Iraq.

The Iraqi government recently issued an arrest warrant for AMS spokesman Harith al-Dhari, accusing him of "supporting terrorism." Mr. Dhari is presently spending time in Jordan and other countries in the region.

"Maybe they are talking to small entities, and the reason for that is that the active resistance won't negotiate, because they want America to withdraw from Iraq," Mr. Faili argues. "This is a huge mistake - Americans have to be logical. They have to be realistic and to know one thing - that they are not going to stay in Iraq. That they are not going to have bases in Iraq."

The AMS is also part of the National Salvation Front, the initiative announced by Mr. Mutlaq.

The bloc includes Shiite and Sunni parties that are united in their call for regional and international dialogues on solving the Iraq "catastrophe." The only parties not participating are Maliki's Dawa Party, the country's two main Kurdish parties, and Hakim's SCIRI. It also includes the Fadhila Party led by Ayatollah Samir Yacoubi, a strong Shiite party that rivals SCIRI's power in southern Iraq.

"It is like a shadow government," Mustafa al-Hiti, a member of parliament with Mutlaq's party, says of the new front. "There must be change."

In and around Baghdad Wednesday, more than 100 people were killed or found dead. Three American troops died Monday, two as a result of insurgent attacks. Despite a string of ambushes, mortar attacks, and bombings Tuesday, the chief US military spokesman told reporters that all of Iraq would be under Baghdad's control by the fall of 2007, with US soldiers and Marines and other coalition forces playing a supporting role.

Meanwhile, a new poll by WorldPublicOpinion.org found that 75 percent of Americans believe that to stabilize Iraq, the US should enter talks with Iran and Syria, and nearly 80 percent support an international conference on Iraq.

A majority also opposes keeping US forces in Iraq indefinitely and instead supports committing to a timetable for their withdrawal within two years or less, the poll found.

Suicide Bomber Strikes At American Firm In Southern Afghanistan (NYT)

By Carlotta Gall

The New York Times, December 7, 2006

KABUL, Afghanistan, Dec. 6 — A suicide bomber blew himself up on Wednesday outside the offices of an American security firm in the southern city of Kandahar, killing two American security officers and nine Afghan members of the staff, other employees at the scene said.

There was some confusion about the number of deaths.

A United States Embassy spokesman confirmed the deaths of two Americans, but police officials said they could confirm the deaths of only five Afghans, instead of the nine reported by people at the scene. A statement from President Hamid Karzai condemning the attack put the total at six, including the two Americans.

DOJ_NMG_0103297

The explosion was just yards from a NATO military compound, where a Canadian-led Provincial Reconstruction Team handles reconstruction and development work for the province.

The bomb attack, the fifth in Kandahar in 10 days, seems to fulfill Western military and diplomatic warnings that insurgents would turn to bombings in urban areas now that winter conditions have made fighting in the mountains more difficult. Afghanistan has had more than 100 suicide bombings this year, killing close to 250 people, most of them civilians.

The bomber arrived by bicycle at 7 a.m. As he approached the entrance of the security firm, U.S. Protection and Investigations, which is based in Houston, he threw aside his bike and rushed at the staff members, who were gathered at the gate as they received their assignments for the day.

"We tried to stop him, but before we could, he set off the explosion," said Jamil Ahmad, 32, an employee.

Mr. Ahmad said 11 people from the firm were killed and 3 were wounded. The dead were two American senior security coordinators, an Afghan escort manager, six armed guards and two drivers, he said.

A Taliban spokesman claimed responsibility for the attack in a phone call, [a news service] reported.

DOJ:

Threatening Letters Lead To Charges (SPRINGNL)

Springfield (MO) News-Leader, December 7, 2006

An Oregon man was indicted by a federal grand jury for mailing threatening letters to a federal judge and former U.S. attorney, the current U.S. attorney for the Western District of Missouri announced Monday.

Bruce Dewayne Jensen, 29 — serving a sentence in the U.S. Medical Center for Federal Prisoners — was charged in a three-count indictment returned Wednesday.

According to the allegations, Jensen:

- Mailed a threatening letter to former U.S. Attorney Todd P. Graves on March 3, 2005.

- Mailed a threatening letter to U.S. Magistrate Judge James C. England on March 3, 2005.

- Mailed a threatening letter to the clerk of the U.S. District Court in Springfield. It contained a threat to injure U.S. Magistrate Judge James C. England, on Sept. 13, 2006.

The case is being prosecuted by Deputy U.S. Attorney Michael A. Jones. It was investigated by the FBI and the Medical Center for Federal Prisoners.

Paulose Picks Up Dayton's Support To Serve As U.S. Attorney (AP)

AP, December 7, 2006

WASHINGTON - Minnesota's acting U.S. attorney picked up key support Wednesday for permanent confirmation, but it wasn't immediately clear whether Rachel Paulose could expect a vote before Congress adjourns this year.

Paulose met Wednesday with Sen. Mark Dayton, who hadn't taken a position on her nomination because he said she hadn't sought a meeting. Afterward, he said she had his support.

Sen. Norm Coleman, R-Minn., had already backed Paulose, calling her "an extremely competent and capable professional." But the Senate Judiciary Committee generally doesn't vote on a nominee without the support of both of a nominee's home-state senators.

Paulose, 33, has been acting U.S. attorney for nine months, and President Bush nominated her to the permanent post four months ago. If the Senate fails to take up her nomination before adjourning next week, Bush can resubmit her next year.

If confirmed to permanently succeed Tom Heffelfinger, Paulose would be the youngest current U.S. attorney and Minnesota's first woman confirmed to the post.

Bush also could make a recess appointment of Paulose, which would last through the end of 2008.

CORPORATE SCANDALS:

DOJ_NMG_0103298

Fannie Mae Moves Toward Resolution With Restatement (WSJ)

By James R. Hagerty

The Wall Street Journal, December 7, 2006

Fannie Mae took another step toward resolving its accounting fiasco by announcing a restatement of results that reduced retained earnings as of June 30, 2004, by $6.3 billion.

But the long-awaited restatement by the government-sponsored mortgage company increased stockholders' equity by $4.1 billion as of the same date. That is because of big increases in the value of mortgage securities held by Fannie that were reclassified as being available for sale as part of correcting past accounting errors. Those increases more than offset the reduction in retained earnings.

The restatement comes two years after regulators found that Fannie had violated more than a dozen accounting rules, partly in an effort to make earnings growth appear smoother and to trigger maximum bonuses for executives.

The need to correct its accounting practices and upgrade computer systems had prevented Fannie from reporting results since mid-2004. The restatement provides results through 2004, but the company still must catch up on results for 2005 and 2006. Fannie didn't say when it will report those results.

Fannie reported net income of $4.97 billion for 2004, down from a restated $8.08 billion in 2003.

Trying to cheer up shareholders, Fannie increased its quarterly dividend to 40 cents a common share from 26 cents.

The company's losses on derivatives and mortgage-purchase commitments were less severe than earlier expected. Fannie previously estimated that correcting improper accounting would result in the recognition of $10.8 billion of such losses as of the end of 2004. But the company said the losses turned out to be $7.9 billion. The value of such derivatives and commitments fluctuates as interest rates rise and fall.

Fannie's accounting woes were made worse by what the company now admits was inadequate investment in the past in computer systems and personnel to ensure compliance with complex and ever-changing accounting standards.

To rectify those problems, Fannie has spent more than $1.5 billion over the past two years on consultants, computer upgrades and other items related to the restatement and demands made by regulators. The company currently is paying 2,800 outside accountants, lawyers and other consultants to resolve these problems.

Fannie also agreed last May to pay fines of $400 million to settle charges of accounting fraud by the Securities and Exchange Commission and the Office of Federal Housing Enterprise Oversight, or Ofheo. Fannie and some former top executives still are fighting lawsuits filed by shareholders who say they were misled by the company's past earnings statements.

In all, the company's costs for cleaning up the accounting mess are likely to total well over $2 billion.

The company's share price also has taken a big hit. Ahead of the disclosure yesterday, Fannie shares closed at $58.50, up 57 cents, in New York Stock Exchange composite trading, compared with a peak of about $80 in February 2004, before regulators found the accounting problems.

Fannie Mae To Restate Results By $6.3 Billion Because Of Accounting (NYT)

By Eric Dash

The New York Times, December 7, 2006

Fannie Mae, the largest buyer of American mortgages, said yesterday that it would reduce its earnings by $6.3 billion to correct several years of accounting problems in one of the nation's biggest financial scandals.

Federal regulators, meanwhile, said they planned to file a lawsuit before the end of the year in an effort to recover millions of dollars from Fannie Mae's former top two executives, whose bonuses were tied to the manipulated earnings. Franklin D. Raines, the former chairman and chief executive, and J. Timothy Howard, who had been chief financial officer, were ousted from the company in December 2004, and investigators have laid much of the blame on their shoulders.

"We will file charges within the next couple of weeks," James B. Lockhart III, director of the Office of Housing and Enterprise Oversight, said in a brief interview yesterday. "Unfortunately, the legal process is very cumbersome."

A lawyer for Mr. Raines declined to comment, and a lawyer representing Mr. Howard did not return phone calls yesterday. A Fannie Mae spokesman also declined to comment.

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The two moves are significant steps in the effort to clean up Fannie Mae — formally, the Federal National Mortgage Association — a company whose influence once reverberated through the corridors of Washington and Wall Street. Over the last two years, though, the company has been mired in scandal.

Federal investigators have searched through the company's records, leading the Securities and Exchange Commission and the Office of Housing and Enterprise Oversight, or Ofheo, to exact a $400 million civil penalty in May. Members of Congress have jousted over the need for a more powerful regulator and for limits on the size of its mortgage portfolio, although a bill may not be passed until at least early in the new year.

"We continue to move ahead," Daniel H. Mudd, who succeeded Mr. Raines as Fannie Mae's chief executive in 2004, said in a statement.

In a filing with the S.E.C. late yesterday, Fannie said that errors related to the way it accounted for complex derivatives resulted in a $7.9 billion loss after taxes — or about $2.9 billion less than what the company had previously estimated. But Fannie Mae said it misstated earnings by $6.3 billion when it worked through the financial statements from 2001 through the first two quarters of 2004, the last time it filed official results. Fannie Mae is still updating its financial statements from then — a process that Wall Street analysts and its regulator anticipate could take at least a year more.

The restatement is among the biggest for an American company, although it falls short of the $11 billion correction taken by WorldCom when it wiped out its phony profits.

Mr. Lockhart said that Fannie was "making great progress." Still, he noted that there was a long way to go. "They are putting a lot of hard work on getting the numbers out, but they show significant errors and do not even agree with their estimates."

Analysts said, though, that the actual numbers were less important than the message they sent.

"It gives investors some confidence they are getting their act together from a financial perspective," said Robert Napoli, an analyst with Piper Jaffray.

Ofheo may be facing a more difficult task than Fannie Mae as it prepares to try to recoup the many millions of dollars Mr. Raines and Mr. Howard received as a result of the improper accounting. Regulators have said that of the $90 million paid to Mr. Raines from 1998 to 2003 at least $52 million — more than half — was tied to bonus targets that were reached by manipulating accounting.

Ofheo is already trying to recover several million dollars in compensation from the former chief executive of a smaller government-connected lender, Freddie Mac, which was involved in similar accounting improprieties. That case has been in legal gridlock for nearly three years.

"We are making progress, but it is taking very long," Mr. Lockhart said yesterday.

Last month, Fannie Mae said it would pay Mr. Raines $2.6 million in "deferred compensation" and other amounts to partly resolve a dispute that it violated his employment contract when he was ousted.

It is likely that both Mr. Raines and Mr. Howard will vigorously contest attempts to make them repay money, especially since Fannie Mae is footing their legal bills.

As for Fannie Mae, Ofheo has required the company to increase its capital reserves and limit its asset growth until it can certify that its financial statements are current. That strict oversight has hindered its ability to use its capital, such as paying its dividend or buying back shares.

Some lawmakers are seeking greater oversight. Congress has been locked in a debate over new legislation that would give Fannie Mae and Freddie Mac — the Federal Home Loan Mortgage Corporation — a more powerful regulator.

Yesterday, Representative Barney Frank, Democrat of Massachusetts, who is expected to head the House Financial Services Committee, said he thought that lawmakers could pass a bill "fairly early next year," according to Bloomberg News. Others, including some House Republican aides, said they considered that overly optimistic.

The restatement was announced after the market closed yesterday. Earlier, shares of Fannie Mae rose 57 cents, or nearly 1 percent, to $58.50. The stock once traded above $77 before the scandal was disclosed in the fall of 2004.

Fannie Mae Final Tally: $6.3 Billion Overstated (WP)

By David S. Hilzenrath

DOJ_NMG_0103300

The Washington Post, December 7, 2006

It took an army of accountants two years and more than $1.4 billion to quantify the mess, but Fannie Mae yesterday issued the final tally of its accounting errors, saying it overstated past profits by $6.3 billion.

That was less than some of the mortgage funding company's past estimates, which were as high as $10.8 billion.

Fannie Mae's chief executive, Daniel H. Mudd, said in a news release that the restatement was "a critical milestone in Fannie Mae's progress toward building a stronger, better company."

Yesterday's report corrected a wide variety of errors that occurred before June 2004. The company remains unable to provide audited financial results for 2005 or quarterly reports for this year, and a spokesman could not say when Fannie Mae would return to timely financial reporting.

The restatement shows that the company "was grossly mismanaged by previous management," said James B. Lockhart III, director of the Office of Federal Housing Enterprise Oversight, an agency that oversees Fannie Mae.

"They underspent dramatically on systems, internal controls, risk management -- all the basic building blocks of a good corporation," and went "beyond mismanagement to manipulating earnings," Lockhart said.

The alleged fraud at Fannie Mae highlighted how accounting problems persist in corporate America, even after the watershed financial scandals at Enron and WorldCom. Chartered by the government, Fannie Mae is one of the nation's largest financial institutions and plays a major role in the housing finance system. Investors have treated its bonds as almost interchangeable with U.S. Treasury securities.

Regulators accused Fannie Mae of flouting accounting rules to maintain an illusion of smooth earnings growth. The scandal toppled former chairman and chief executive Franklin D. Raines, who headed the Office of Management and Budget in the Clinton administration and was a spokesman on corporate governance policy for the Business Roundtable, a group of top executives.

Lockhart said yesterday that his agency plans to sue Raines and former chief financial officer J. Timothy Howard to recover compensation they received while Fannie Mae's earnings were manipulated.

Raines has denied that he authorized, encouraged or knew about accounting violations. An investigation led by former New Hampshire senator Warren B. Rudman for members of Fannie Mae's board concluded that Raines "contributed to a culture that improperly stressed stable earnings growth." But the report's authors said they did not find that Raines knew the company departed from accounting rules "in significant ways."

An attorney for Raines declined to comment yesterday. Steven M. Salky, an attorney for Howard, said his client "acted properly at all times, and we look forward to disproving OFHEO's ill-founded allegations."

Raines's compensation totaled more than $90 million from 1998 through 2003. More than $52 million was tied to meeting earnings targets, OFHEO said in a May report.

Rep. Barney Frank (D-Mass.), the incoming House Financial Services Committee chairman, said yesterday that he expected Congress to pass a bill next year to strengthen oversight of Fannie Mae and its cousin, Freddie Mac. Lawmakers and Bush administration officials have been trying unsuccessfully to overcome disagreements and enact such change since Freddie Mac disclosed billions of dollars of accounting problems in 2003.

About 4,000 employees and outside contractors labored to produce Fannie Mae's accounting restatement. The $6.3 billion cumulative reduction in past earnings was the net result of corrections from three years. The restatement increased Fannie Mae's profit by $1.2 billion in the first half of 2004 and by $176 million in 2003. The restatement decreased profit by $705 million in 2002 and by $7 billion in earlier periods.

According to the Securities and Exchange Commission, senior management manipulated the company's 1998 earnings to trigger maximum bonuses. In later years, the company disregarded requirements that it adjust quarterly income to reflect changes in the value of financial instruments known as derivatives, regulators said. Most of the restatement related to derivatives.

Fannie Mae's former auditor, KPMG, certified Fannie Mae's annual financial statements despite flagging the company's decision to delay booking almost $200 million of 1998 expenses, according to Rudman's investigation. KPMG has declined to comment.

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In a settlement with regulators in May, Fannie Mae neither admitted nor denied wrongdoing but agreed to pay penalties of $400 million.

Fannie Mae's continuing failure to issue current audited financial statements could have caused it to be delisted from the New York Stock Exchange, but the exchange has allowed the company's shares to continue trading. Fannie Mae issued its restatement after the market closed yesterday.

The filing is fresh ammunition for shareholders suing Fannie Mae. Meanwhile, the Justice Department is investigating whether Raines and Howard committed perjury when they defended Fannie Mae at a House hearing in 2004. Though the SEC settled with the company, it has not closed its investigation as it relates to other parties.

Last year, 1,155 U.S. corporations issued accounting corrections -- nearly one in 10 of the nation's publicly traded companies, according to the research firm Glass Lewis & Co.

Fannie Mae Erases $6.3 Billion In Profit (AP)

By Marcy Gordon, Ap Business Writer

AP, December 7, 2006

Fannie Mae Erases $6.3 Billion in Profit in Restatement Bringing End to Accounting Scandal

WASHINGTON (AP) -- Fannie Mae erased $6.3 billion in profit in a long-awaited restatement Wednesday capping the accounting scandal that stunned financial markets and brought the ouster of top executives and a record fine against the government-sponsored mortgage leader.

The correction of its earnings from 2001 through June 30, 2004, ordered by the Securities and Exchange Commission two years ago, was well below Fannie Mae's earlier estimate of $10.8 billion. The reworking of its accounting is costing the company some $1 billion this year to conduct. It is the first earnings statement filed by Fannie Mae, which finances one of every five home loans in the United States, since late 2004.

The scandal erupted in the fall of that year when federal regulators accused Washington-based Fannie Mae -- with its long-standing prestige, vaunted political clout and reputation for financial excellence -- of serious accounting problems and earnings manipulation to meet Wall Street targets.

Fannie Mae on Wednesday announced an increase in its quarterly dividend to 40 cents from 26 cents.

Its chief executive, Daniel Mudd, received a pay package of $13.1 million, including a $2.6 million bonus, for 2005, the company also disclosed in an SEC filing. Mudd, who was the top operations official at the time of the accounting misdeeds, was elevated to the top position in a management shakeup in December 2004.

Last May, the federal agency that regulates Fannie Mae and Freddie Mac, its smaller sibling in the $8 trillion home-mortgage market, issued a blistering report alleging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc. Regulators said the scheme included manipulations to reach quarterly earnings targets so that company executives could pocket hundreds of millions in bonuses from 1998 to 2004.

Fannie Mae paid a record $400 million civil fine in a settlement with the Office of Federal Housing Enterprise Oversight and the SEC. It also agreed to limit the growth of its multibillion-dollar mortgage holdings, capping them at $727 billion, and to make top-to-bottom changes in its corporate culture, accounting procedures and ways of managing risk.

The completion of the restatement "is a key step forward for the company and represents two years of hard work," OFHEO Director James B. Lockhart said in a statement Wednesday. "Much remains to be done. ... Fannie Mae faces enormous challenges in fixing its operational and risk management systems, in (financial controls) compliance, and in producing audited financial statements for 2005 and 2006."

In detailing its restatement, Fannie Mae cited a $7 billion net decrease from previously reported earnings for periods prior to 2002, a $705 million reduction for 2002, a $176 million increase for 2003 and a $1.2 billion increase for the first six months of 2004.

Freddie Mac, which also is government-sponsored and has its stock publicly traded, had its own accounting scandal that came to light in June 2003. The company misstated earnings by some $5 billion -- mostly underreported -- for 2000-2002 to smooth out volatility in profit and uphold its image on Wall Street as a steady performer.

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Over the last two years, Fannie Mae has disclosed a passel of new accounting problems that had been uncovered in several areas, including its core business of issuing securities backed by the billions of dollars of home mortgages annually that it buys from lenders and bundles together for resale to investors worldwide. Other problems were revealed in loans, houses acquired through foreclosures, interest on delinquent home loans and reverse mortgages.

They all were in addition to the accounting-rule violations that came to light in September 2004 involving derivatives, the financial instruments that Fannie Mae and Freddie Mac use to hedge against swings in interest rates.

Fannie Mae's chief executive Franklin Raines, a prominent Washington figure who was White House budget director in the Clinton administration, was swept out of office in December 2004 along with then-chief financial officer Timothy Howard.

Lockhart has said his agency was considering suing former executives to recover tainted bonus money if Fannie Mae failed to recoup it.

Fannie Mae escaped criminal prosecution over the accounting failure. The Justice Department had pursued a criminal investigation, but federal prosecutors said in August that they had shut down their probe without bringing any action. The SEC still could bring civil actions against individual executives, including people no longer at Fannie Mae, with the burden of proof less stringent than in criminal prosecutions.

Fannie Mae and Freddie Mac were created by Congress to pump money into the home-mortgage market to keep interest rates low and make home ownership affordable for low- and moderate-income people.

Fannie Mae stock closed Wednesday at $58.50, up 57 cents, on the New York Stock Exchange. It has traded in a range of $46.17 to $62.37 over the last 52 weeks.

Fannie Mae: http://www.fanniemae.com

Freddie Mac: http://www.freddiemac.com

Securities and Exchange Commission: http://www.sec.gov

Office of Federal Housing Enterprise Oversight: http://www.ofheo.gov

Home Depot Backdated Options From 1981 To 2000 (WSJ)

By Ann Zimmerman

The Wall Street Journal, December 7, 2006

Home Depot Inc. said an internal investigation found that the company routinely backdated stock options for 20 years, from 1981 to 2000, and as a result it understated compensation expense by $200 million.

With fiscal 2006 sales of $81.5 billion, the home-improvement retailer is one of the largest companies to admit to backdating stock options. The practice stopped in the fall of 2000 at the same time that current Chief Executive Bob Nardelli took the helm at the retailer. During the previous two decades, the company was run by founders Bernie Marcus and Arthur Blank, but neither founder received stock options. The company wouldn't say who did receive the awards and who made the decision to backdate them.

MORE ON OPTIONS

• Options Scorecard: Companies under scrutiny1

• Perfect Payday: Complete coverage2

Home Depot's admission that executives backdated options beginning more than 25 years ago is the earliest finding to date, and means the practice began far earlier than the technology boom when stock options became a popular compensation tool. In Home Depot's case, the practice goes back to its inception as a public company.

"For annual option grants and certain quarterly grants from 1981 through November 2000, the stated grant date was routinely earlier than the actual date on which the grants were approved by a committee of the board of directors," the company said in a statement released late yesterday.

It added that in almost every case, the stock price on the apparent approval date was higher than the price on the stated grant date. The management personnel responsible for these actions have since left the company.

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In one instance, employees in February 2000 were given 1.7 million options at $53 a share -- a monthly low. Home Depot's stock price when the board actually approved the grant, nearly two months later, was $57.25, or 8% higher. Three of the company's six highest-paid officers received options at the favorable $53 price, regulatory filings show.

Home Depot is one of more than 130 companies, including titans such as Apple Computer Inc. and UnitedHealth Group Inc., that are facing scrutiny from federal prosecutors and regulators examining whether executives improperly backdated stock-option grants. Options typically are designed to give recipients an incentive to see their company's share price rise, by allowing them to purchase shares in the future at the market price on the day the option was granted. Grants that are backdated to more favorable, lower-priced days give recipients an instant, built-in profit.

Home Depot said that as a result of the findings it will decrease retained earnings by $200 million and increase paid-in capital by the same amount. The company also said it is reviewing the potential tax implications relating to its stock-options-granting practices.

The company wouldn't say whether it planned to demand that recipients return any of the money, citing pending related litigation against the company, as well as pending inquiries by the SEC and the U.S. attorney for the Southern District of New York. In another statement, the company said it was pleased that the investigation found no wrongdoing by any current board members.

"We are also pleased that the anticipated adjustment to the company's equity accounts will be reflected as the correction of an error and, as expected, is not material to the company's financial position or results of operations," the statement added.

Probe: Home Depot Backdated Options (USAT)

By Greg Farrell

USA Today, December 7, 2006

Home Depot routinely backdated stock options grants for executives and employees at all levels of the company for nearly 20 years, according to an internal investigation whose results the company announced Wednesday.

It said in a statement the investigation by a board subcommittee and the Hogan & Hartson law firm found "there was no intentional wrongdoing by any current member of the company's management team or its board of directors."

Because of the errors, which included regular backdating of grants from 1981 through November 2000, the company had unrecorded expenses of about $200 million, Home Depot said.

For the fiscal year 2006, the giant home improvement retailer reported earnings of $5.8 billion on revenue of $81.5 billion.

Home Depot disclosed in September that the Securities and Exchange Commission has begun an informal inquiry into the company's stock option practices and the U.S. Attorney's Office in New York has asked for information.

For Home Depot's annual option grants and some quarterly grants from 1981 through November 2000, the "stated grant date was routinely earlier than the actual date on which the grants were approved by a committee of the board of directors," the company's statement said. "In almost every instance, the stock price on the apparent approval date was higher than the price on the stated grant date."

The company blamed "management personnel, who have since left the company," for the practice. Selecting a date with a low stock price increased the options' value.

Home Depot's findings could cause public relations problems for two members of its board:

•CEO Robert Nardelli. Named CEO on Dec. 6, 2000, Nardelli had nothing to do with the backdating earlier, according to the report. But he has become a lightning rod for criticism of excessive CEO pay. He has collected some $200 million in salary, bonuses and options since joining the company, but Home Depot's shares have declined in value during that time.

•Kenneth Langone. A co-founder and longtime member of Home Depot's board, he sat on board committees that oversaw option grants for many of the years when options were backdated.

Langone is already embroiled in a separate executive compensation controversy. New York State Attorney General Eliot Spitzer has accused him and former New York Stock Exchange CEO Richard Grasso of hiding the true value of Grasso's pay package from the NYSE board.

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Grasso was ousted at the NYSE in 2003 after disclosing that he was due $189 million. Langone headed the NYSE compensation committee during part of the time that Grasso's compensation soared.

Jim McCarthy, a spokesman for Langone, said there was absolutely no connection between the two matters.

Home Depot Probe Reveals Backdating (FT)

By Andrew Ward In Atlanta

Financial Times, December 7, 2006

An internal investigation of stock option practices at Home Depot, the second largest US retailer, has discovered $200m of unrecorded expenses related to the backdating of option grants during its 26 years as a public company.

Almost all the backdating occurred during the 1980s and 1990s, when Home Depot was one of America's fastest growing retailers, expanding from a three-store start-up in 1979 to a $45bn nationwide chain in 2000.

The investigation, by a sub-committee of Home Depot's board, concluded that no intentional backdating had taken place since Bob Nardelli, the current chief executive, took charge in 2000, and cleared all current management and directors of wrongdoing.

Home Depot launched the inquiry in August after becoming the largest US company to be ensnared in the scandal over backdating of stock options to increase the potential value of compensation packages.

More than 160 companies have acknowledged that they are either facing regulatory inquiries or carrying out internal investigations of the way they handed out stock options. Home Depot said the unrecorded ex-penses would not have a material impact on its financial statements.

The company said its billionaire founders, Bernie Marcus and Arthur Blank, were not among the recipients of backdated stock options. But the investigation has cast fresh light on a period when Home Depot was known for its free-wheeling, entrepreneurial culture. Mr Nardelli, a former executive at General Electric, was hired to replace Mr Blank in 2000 after narrowly losing out in the battle to succeed Jack Welch as chairman of GE.

While he has faced criticism for his hefty compensation package, Mr Nardelli has received credit for taming Home Depot's "cowboy culture" and injecting GE-style discipline into its management. Home Depot's investigation found that before 2000, the stated grant date for stock options was "routinely earlier than the actual date on which the grants were approved".

"In almost every instance, the stock price on the apparent approval date was higher than the price on the stated grant date," the report said.

Backdating is not necessarily illegal but the practice has forced several companies to restate earnings and sparked probes by the Securities and Exchange Commission and the Justice Department.

Pediatrix Says Options Backdated, Board Member Quits (Update3) (BLOOM)

By Shannon Pettypiece

Bloomberg, December 7, 2006

Dec. 6 (Bloomberg) -- Pediatrix Medical Group Inc. said a preliminary review found evidence that stock options were backdated and a board member has resigned.

The company, the largest U.S. provider of care for premature babies, may have to record additional compensation expenses of $28 million for the period from 1995 through 2006, according to a statement distributed today by Business Wire.

Pediatrix is among at least 186 companies that have disclosed internal or federal investigations into how they grant stock options to executives. At least 79 companies have announced they must restate previously reported financial results, and more than 60 executives and directors at companies under investigation have left their jobs.

Lawrence M. Mullen resigned from the Pediatrix board after the preliminary report by the audit committee. Mullen ``had a significant role" in running the company's stock-option program and practices, according to today's statement.

Backdating of stock options involves timing the grants to executives to coincide with days when the stock price was low, to boost the probability of greater gains as the shares rise. A stock-options contract gives the holder the right to buy or sell a specific amount of stock at a set price, by a certain date.

DOJ_NMG_0103305

Pediatrix, which is based in Sunrise, Florida, also reported that U.S. antitrust investigators closed an examination of the company's acquisition in 2001 of Magella Healthcare Corp. and took no action.

Pediatrix said today it hasn't determined whether it will have to restate earnings. Bob Kneeley, a spokesman, said the company delayed earnings in the second and third quarters. He declined to comment on the investigation beyond what is in today's release.

Mullen couldn't be reached for comment because his name was pulled from the company directory and the office was closed following the release of the announcement. His home number wasn't listed.

Stock Option Scandals Take Down A Record Number Of GCs (LAW)

By D.M. Osborne, Corporate Counsel

Corporate Counsel, December 7, 2006

Nothing in memory has ever caused as many GCs to lose their jobs as quickly as stock options backdating. In little more than a year, 12 general counsel have stepped down amid options problems at their companies. These legal chiefs constitute about a quarter of the 40-plus executives who have lost their jobs in the steadily expanding options controversy. Indeed, backdating has forced out as many GCs as CEOs.

By all indications, the casualty list will only grow. "I expect that we will see more general counsel lose their jobs," says Erik Lie, the University of Iowa business professor whose research into backdating kindled the current firestorm.

Some of these GCs won't deserve their fate, Lie adds: "My sense is that a lot of innocent people might be implicated in this, including, possibly, general counsel." Indeed, a review of government documents and official company statements about options-related investigations shows that in some cases, the GC appears to have been little more than a fall guy. In other instances, however, company and government reports have directly faulted in-house lawyers for failing to intervene when grant dates on options were deliberately altered to enrich their recipients.

So far the U.S. Department of Justice and the Securities and Exchange Commission are scrutinizing option grants at more than 130 companies. But Lie thinks that another 70 may have engaged in backdating, based on his statistical analysis of 8,000 businesses that issued options between 1996 and 2005.

Government probes have already resulted in criminal and civil actions against executive at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc. One of those nailed at Comverse was the company's GC, William Sorin, who pleaded guilty in November to a single count of criminal conspiracy. Sorin, who will be sentenced in February, faces up to five years in jail and a $250,000 penalty.

Other general counsel should brace themselves for government scrutiny as well, warns Walter Ricciardi, the SEC's deputy director of enforcement. "[Our] staff is taking a close look at the role of attorneys, especially to the extent that they were involved in the process by which options were awarded," Ricciardi says.

Of course, not all government investigations will result in a civil suit or criminal indictment. "Many of these GCs won't ever be charged with wrongdoing," predicts Russell Ryan, a former assistant director of enforcement at the SEC and now a partner in the Washington, D.C., office of King & Spalding.

Ryan says that some company boards may have given GCs the boot mainly to show regulators and the market that they've cleaned house. "In today's climate, general counsel can leave or lose their jobs for any number of reasons falling far short of the intentional misconduct that typically results in enforcement action against lawyers," he adds.

GCs who have been tarred in the options mess will also have to fight off the plaintiffs bar. At least seven legal chiefs who have left their posts at companies with backdating problems have been named as defendants in shareholder derivative actions. As Martha Faye Africa, managing director of legal placement firm Major Lindsey & Africa, says: "We're in an era where there's a new definition of risk for general counsel."

How A Giant Insurer Decided To Oust Hugely Successful CEO (WSJ)

By James Bandler And Charles Forelle

The Wall Street Journal, December 7, 2006

DOJ_NMG_0103306

Over the past 15 years, the board of UnitedHealth Group Inc. couldn't have been more supportive of its chairman and chief executive, William McGuire. Directors lavished close to $2 billion in compensation on him, counting stock options, as he built UnitedHealth into one of the country's largest health insurers.

Some directors moved with him in social and charity circles. "We're so lucky to have Bill," director Mary Mundinger said earlier this year. "He's brilliant."

Last week, Dr. McGuire left his job, following a vote by the same board to dump him. It acted unanimously in October after concluding that his explanations for a pattern of unusually well-timed stock-option grants didn't add up. Dr. McGuire thus became one of the biggest casualties in the options backdating scandal, which so far has swept away more than 60 corporate officials, including 16 CEOs. (See related article on page A3).

How did one of America's most pliant boards turn on its star chief executive? Dr. McGuire's support slowly leached away over the course of a six-month internal investigation. Documentation that could support his defense was sparse. A board-ordered statistical analysis undercut his arguments. And his closest board ally was sidelined by a conflict of interest that unsettled other directors. In the end, directors felt pressure after their lawyer told them federal regulators appeared likely to charge the UnitedHealth chief.

Now, Dr. McGuire and the board are girding for tense negotiations over how much of his giant cache of stock options, many still unexercised, he'll be able to take with him. He has already agreed to surrender about $200 million of those options' value, and people close to the situation say the company hopes to get back at the very least $250 million more. He is still likely to end up with more than $1 billion, although last week a federal judge hearing a shareholder lawsuit temporarily barred him from exercising any options or receiving any retirement pay.

Dr. McGuire's lawyer, David Brodsky, said, "While neither a lawyer nor accountant, Dr. McGuire believed that the processes by which options were granted were transparent, appropriate and approved. Indeed, experts who reviewed these processes never raised concerns at the time about the stock options program." Dr. McGuire himself declined to be interviewed.

Dr. McGuire's troubles began in March, when The Wall Street Journal published an article raising questions about exceptional patterns of stock-option grants at a number of companies, including UnitedHealth. In three separate instances, the article found, Dr. McGuire had received options at UnitedHealth stock's lowest closing price of the year.

That made them especially valuable, since options typically convey a right to buy the employer's stock in the future at the price on the grant date. The formula means a recipient can profit only if the stock rises. But it turns out many companies cheated by granting options on one date and pretending they had been issued earlier, when the stock was cheaper. Besides Dr. McGuire's grants at yearly lows, a number of his other grants were dated just before price runups.

After the article, Dr. McGuire initiated an internal investigation. In early April, the board formed a special committee. It hired William McLucas, a former Securities and Exchange Commission enforcement director, now at the law firm of Wilmer Cutler Pickering Hale & Dorr.

At the outset, Dr. McGuire could draw on a big reservoir of goodwill from directors. A former pulmonologist, he helped coordinate care when the wife of one director, William Spears, fell ill. Dr. McGuire's family foundation and the company gave generously to charities some directors were involved with. And directors had made millions from their UnitedHealth options as the stock soared more than 50-fold during Dr. McGuire's tenure. That enormous rise accounted for most of the millions Dr. McGuire earned.

Of 10 outside directors, the CEO had strong support from at least four: Mr. Spears, a New York money manager and friend; Ms. Mundinger, dean of Columbia University's nursing school; Thomas H. Kean Sr., a former New Jersey governor and chairman of the 9/11 commission; and Gail Wilensky, a specialist in health-care policy. The first three had served on the compensation committee during much of the period under scrutiny, making their own conduct an issue in the internal probe.

But Dr. McGuire's core allies would have little role in shaping the investigation. That fell to the special committee, led by James Johnson, a former chief of mortgage giant Fannie Mae who recently served as an adviser to Sen. John Kerry's presidential run. Also on the panel was Douglas Leatherdale, a former chief of insurer St. Paul Cos., and Richard Burke, a founder and retired CEO of UnitedHealth, who was friendly with Dr. McGuire. The committee closely supervised the lawyers and accountants doing the actual digging. Other directors were filled in later and less frequently.

Key Question

Complicating matters was that the board had given Dr. McGuire broad latitude to issue options to subordinates as well as to a right to choose when he wanted option grants to himself made. After picking a date, he had to get approval from the compensation committee. The key question the WilmerHale lawyers faced: Did the board committee really approve Dr. McGuire's grants on the dates reflected in company regulatory filings? Or might they have been backdated to low-price days that would make them more lucrative?

Directors asked for records to show the options were approved on recorded grant dates. Management came up largely empty-handed. Some minutes of compensation-committee meetings were missing. Others didn't mention approval of any grants near a period in question.

In interviews with the WilmerHale lawyers and in phone calls with directors, Dr. McGuire said he hadn't backdated anything but, rather, had chosen to receive grants when the stock was low after a decline, according to people briefed on the conversations. He expressed disappointment that there wasn't more corroboration and that underlings hadn't kept proper paperwork.

Dr. McGuire also stated that as a man of high ethical standards, he wouldn't have fabricated anything. He said that after picking a date for his grants, he would seek approval from Mr. Spears, head of the compensation committee, or occasionally another panel member.

The main person who could verify this account was Mr. Spears. He told the board's lawyers that while he recalled conversations with Dr. McGuire, he couldn't be sure when they actually took place. Phone records showed the two talked frequently, often around the times of some grants, but these records proved little because the two were close friends.

Mr. Spears's value as a witness soon suffered a blow. The money manager told the lawyers he had handled more than $55 million of the McGuire family's fortune and had accepted a $500,000 investment in his own business from Dr. McGuire.

MORE ON OPTIONS

• Options Scorecard: Companies under scrutiny1

• Perfect Payday: Complete coverage2

Mr. Spears maintained he had disclosed this conflict of interest to the board before. Two 1999 documents supported that account: an email and an executive's handwritten meeting minutes. But among the directors, only Mr. Kean thought it was possible he could recall having been told of the relationship, say people familiar with the matter; the others said they had no idea.

Many directors were "incredulous" when they learned of the financial tie at a meeting in the spring, according to someone who was there when the board was briefed. While directors felt Mr. Spears was honest, the entanglements tainted any defense he might have made of Dr. McGuire. Aware of fellow directors' feelings, Mr. Spears stayed on the debate's sidelines in later meetings, says someone familiar with the gatherings.

Dr. McGuire expressed frustration that his reputation was being hurt by a scandal he considered hyped. "He indicated that this was way blown out of proportion and unfair," says Irwin Redlener, a friend and co-founder of the Children's Health Fund, a not-for-profit group UnitedHealth supported.

On June 25, Mr. McLucas brought some compelling data to the board's special committee. His presentation showed that grants were regularly dated at or near the stock's lowest prices for the quarter, a suspicious pattern. Later, directors learned that after the mid-2002 passage of new federal rules requiring almost immediate disclosure of option grants, there wasn't a single quarter in which the large grants customarily given to top executives were dated at a quarterly low.

The point: After rules had made backdating impossible, Dr. McGuire's purported ability to pick propitious grant dates vanished. That juxtaposition wounded a key line of defense and "made everyone in the room sit up and focus," says one person close to the situation.

Mr. Johnson was becoming convinced the CEO would have to depart. The former Fannie Mae chief was well aware of how negative perceptions can hurt a company. In a 2004 accounting scandal that brushed close to him, Fannie Mae suffered a stock-price decline, congressional grilling and the loss of its chief executive at the time. One person recalls Mr. Johnson saying in June or July that it was unlikely Dr. McGuire would be able to survive.

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On July 11, directors convened for a regular meeting in Minneapolis. Dr. McGuire made a pre-emptive move. He sent directors a five-page memo suggesting a series of steps to deal with the options problem, say people familiar with its contents. He said the board could reprice any tainted options, name a chief administrative officer to remedy deficient record-keeping and make other changes to processes. Deep in the memo, Dr. McGuire said he would be ready to leave if the board thought that was in the company's best interest.

The board didn't want to act before the full scope of the problem was known. It took no action.

In late August the lawyers running the probe made another unsettling finding. In late 1999, the board had approved new options for Dr. McGuire and others to replace a batch that were temporarily worthless. That is, their exercise price was higher than the current stock price because of a stock decline after they were issued. In granting the replacements, the company had suspended, rather than canceled, the old ones, largely for accounting reasons.

Mr. McLucas learned that in August 2000, the suspended options had been reactivated, meaning that the recipients, including Dr. McGuire, effectively got a huge second helping. For Dr. McGuire, the profit embedded in the extra options -- the difference between their exercise price and UnitedHealth's market price -- is now around $250 million. The maneuver skirted disclosure requirements and potentially violated accounting rules, WilmerHale lawyers concluded.

Mr. McLucas brought the issue to the special committee and eventually to other directors. Lawyers later said two directors recalled some discussion in 2000 of reactivating suspended options for other employees, but no compensation committee member recalled intending such a lucrative award for Dr. McGuire himself. "Alarm bells were going," says a person close to the board.

Skirmish Over Math

Meanwhile, a side skirmish broke out over math. The Wall Street Journal's analysis had found that the odds of Dr. McGuire's highly favorable pattern of awards occurring by chance were one in 200 million or greater. Some directors, including Ms. Mundinger, who has a doctorate in public health, criticized the Journal's methodology. The result was a lengthy statistical discussion among directors that resolved little.

After word reached directors that Dr. McGuire had hired a statistics firm to help him rebut the Journal's findings, the WilmerHale lawyers decided to bring in their own numbers experts. In a board meeting on Oct. 2, the lawyers presented an analysis from a firm called Lexecon Inc. It said there were many ways to crunch the numbers, each yielding different probabilities. But all the odds were very long. In the end, Dr. McGuire never presented statistical data to directors.

By early October, the investigative work was all but finished. A squadron of lawyers and accountants had plumbed millions of pages of documents and conducted interviews with more than 80 witnesses. After discussing Mr. McLucas's findings, special-committee members agreed that the situation was serious and the CEO's departure was a likely outcome.

It fell to Mr. Burke, the former UnitedHealth CEO, to travel to Minnesota to tell his old comrade the bad news. But to the surprise of some committee members, Mr. Burke proposed a solution short of Dr. McGuire's departure. He suggested the CEO temporarily step aside until the options tempest calmed, according to people familiar with the matter. Dr. McGuire rejected the idea out of hand, two people close to the situation say. If the board wanted him to leave, he said, he'd leave.

Outside directors set Friday, Oct. 13, as the day for a critical meeting at WilmerHale's Washington offices. The agenda: a review of the investigative report and a discussion of Dr. McGuire's fate. At that point, some directors hadn't yet made up their minds.

The meeting began around 10 a.m. in a large room filled with directors and their lawyers. Directors not on the special committee received the 14-page report for the first time that morning, a person close to the board says. The strongly-worded report concluded it was likely that backdating had occurred and that Dr. McGuire played a central role. Citing the CEO's claim that he didn't backdate any stock options, the report dryly said, "Certain facts run contrary to this assertion."

The report didn't suggest any complicity by directors on the compensation committee. It said it "might have been better" if they had paid more attention to the granting process and asked more questions.

Seated around the conference-room table, the directors took about a half hour to read through the report. No one spoke.

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Directors asked Mr. McLucas for his assessment. According to several people, he said that he thought it was likely the SEC would bring charges against Dr. McGuire, and that the agency could seek to bar him from serving as an officer or director of a public company.

Mr. McLucas told directors they should make their decisions based on Dr. McGuire's conduct. But he also said they would be in a difficult spot if they voted to keep him and the SEC sought a short time later to remove him. UnitedHealth has since given the results of its probe to federal prosecutors and the SEC, neither of which has taken action.

At about 4 p.m., a subdued Dr. McGuire addressed directors. He spoke somberly, without notes, for about 40 minutes, talking about how much the company meant to him and how proud he was of its success. He said he believed he had acted ethically and appropriately, say people familiar with the meeting. "I apologize to everyone for putting the company through this trauma," one person recalls him saying.

Some directors couldn't meet his gaze. "It was an anguishing event," said another person in the room who had been close to Dr. McGuire.

Dr. McGuire's lawyer, Mr. Brodsky, of Latham & Watkins, made a brief presentation, saying the WilmerHale report had given short shrift to evidence of his client's innocence. Mr. Brodsky, a former federal prosecutor, said the CEO's money-management relationship with Mr. Spears had been properly disclosed, citing a company lawyer's 1999 email saying "the full board" had been apprised of financial conflicts.

Mr. Brodsky also contested the report's treatment of a McGuire memo that counted against him. In it, the CEO wrote to the compensation committee on Oct. 22, 1999, about a grant that "should be awarded." Despite his use of the future tense, this stock-option grant ultimately bore an earlier date: Oct. 13, the day the stock closed at its lowest price that year. Mr. Brodsky called this meaningless. He said the memo was a rewrite of an earlier draft, and Dr. McGuire merely hadn't fixed the verb tenses.

Dr. McGuire and his lawyer left the room, and directors asked Mr. McLucas for his impression of the defense. "I don't think there's anything we've heard that would change our assessment," one person recalls the lawyer saying.

Directors took no action that Friday. On Sunday, the board had scheduled a meeting in Minnesota. Exhausted, they changed plans and convened instead in Washington. Dr. McGuire didn't attend.

Mr. Spears, the compensation-committee member who managed some of Dr. McGuire's money, arrived at the meeting. He then submitted his own resignation from the board and left.

At the meeting, directors took a vote on a 14-step plan to deal with the options issue. It included Dr. McGuire's immediate departure as chairman and his resignation as chief executive by Dec. 1. The vote was unanimous. Mr. Burke traveled to Minnesota to deliver the news.

Later, several directors called Dr. McGuire to express their gratitude for his service and their sadness over the way things had ended. Dr. McGuire was distressed, said a person familiar with one of these conversations. "He continues to believe he did nothing wrong, which makes it all the more painful."

Last Thursday was the last day Dr. McGuire reported to his 10th-floor office. A private man, he left that day without emotional goodbyes. Said one person close to the matter, "He slipped out without anyone noticing."

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Frank Offers Compromise To Business (WP)

By Carrie Johnson

The Washington Post, December 7, 2006

Rep. Barney Frank (D-Mass.) yesterday held out an olive branch to business interests, announcing that he would be open to cooperating on trade, immigration and outsourcing if industry gave ground on union drives, health-care reforms and minimum-wage proposals.

At a briefing to introduce his legislative agenda, Frank, the incoming chairman of the House Financial Services Committee, addressed several hot-button issues, including a mounting push by business interests to slash what they consider burdensome regulations.

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The lawmaker said he had met with leaders of the Securities and Exchange Commission and an accounting industry oversight board to urge them to give businesses some relief from a costly audit rule prescribed by the 2002 Sarbanes-Oxley law. Over the next two weeks, the agencies are set to present proposed changes to the rule, which requires that auditors review corporate financial controls to prevent fraud and mistakes.

"There's a general consensus that you can preserve principles of Sarbanes-Oxley without exempting anybody and make it less burdensome," Frank said.

Frank also vowed to hold hearings on a report issued last week by the Committee on Capital Markets Regulation, a private group that has won support from Treasury Secretary Henry M. Paulson Jr.

He reserved judgment on proposals that would make it more difficult for consumers to sue businesses, auditors and corporate board members, saying that the issue fell under the jurisdiction of another congressional panel.

But Frank said he agreed with several other recommendations, including indicting companies only as a last resort and rolling back controversial Justice Department guidelines that urge companies to waive their attorney-client privilege.

Deputy Attorney General Paul J. McNulty has been considering changes to a memo that says when prosecutors should bring criminal charges against businesses, but he has not released any revisions. In the meantime, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) is set to introduce legislation to supersede those guidelines as early as today.

In contrast to his conciliatory tone on those issues, Frank decried the widening inequality of incomes as the "number one problem facing the U.S. domestically" and pledged to hold hearings early next year on soaring executive compensation.

A bill Frank had introduced promoting greater disclosure of executive pay packages will come up again, he said, because few members of corporate boards protest excessive pay demands by chief executives.

Frank expressed general agreement with proposals that would give shareholders more say in the way businesses operate, calling that approach a worthy alternative to regulation.

The SEC is weighing how much power to allow shareholders to nominate and reject candidates for corporate board membership. Business groups argue that granting such power to shareholders could allow special interests such as union-backed pension funds to hijack corporate agendas. Amid threats from industry representatives who said they would sue over the measure, the SEC yesterday postponed consideration of the issue, removing it from the topics it will consider at its Dec. 13 meeting.

Frank expressed less confidence in arguments that U.S. rules are forcing companies to move abroad and hurting American competitiveness. He said similar doomsday arguments were made by technology firms that bitterly opposed treating stock options as an expense on their books.

He rejected the prospect of legislation to tighten oversight of hedge funds, lightly regulated pools of capital designed for wealthy investors and institutions. But Frank said not enough is known about the more than 9,000 hedge funds and their risks, so hearings with no "predisposition to regulation one way or another" are likely, particularly examining instances in which public employee pension funds have invested with hedge fund managers.

New Chair To Explore Economic Inequality (AP)

By Jeannine Aversa

AP, December 7, 2006

Incoming House Financial Services Committee Chairman Barney Frank said Wednesday he plans to delve deeper into why some Americans are not reaping the benefits of a mostly healthy economy, which he called the "No. 1 problem" facing the country.

The Massachusetts lawmaker, in a wide-ranging discussion with reporters, highlighted some of his priorities once he takes over the committee, when the new Democratic-controlled Congress convenes in early January.

While the economy's growth, as measured by gross domestic product, has been expanding at a decent pace, the inflation-adjusted wages of workers have lagged.

After a long period of sluggish wage gains, workers in recent months have started to see an improvement as lower prices for gasoline and other goods have allowed their paychecks to go further.

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There is an "increasing disconnect between growth in the gross domestic product and the well-being of the average citizen," Frank said.

Frank said he wants to begin to hold hearings in February to explore the matter and "get people to understand the facts." Frank said he would work with his congressional colleagues, business groups and others for possible legislative solutions.

The Bush administration, which has acknowledged the lag in "real," that is inflation-adjusted wages, has expressed confidence that the situation is turning around. Edward Lazear, chairman of the White House's Council of Economic Advisers, last month predicted: "I would anticipate that we will have positive and strongly positive real wage growth though next year."

On other matters, Frank said he wants to advance legislation aimed at dealing with "predatory" lending practices to some borrowers, boosting the supply of affordable housing, reforming mortgage giants Fannie Mae and Freddie Mac and shaping provisions that govern foreign investment in the United States.

House Financial Services Committee: http://financialservices.house.gov/

Rep. Frank: http://www.house.gov/frank/

Sources: HP To Settle Civil Complaint (CNET)

By Ina Fried, Staff Writer, CNET News.com

CNET News, December 7, 2006

California's attorney general expected to announce that company has settled complaints related to spy scandal, CNET News.com has learned.

The California attorney general's office is expected to announce Thursday that it has settled civil complaints with Hewlett-Packard over the company's spying tactics, CNET News.com has learned.

The civil complaints are separate from the criminal charges already brought forward by the attorney general's office. Five people, including former HP Chairman Patricia Dunn, are facing felony charges in connection with HP's campaign to determine the source of unauthorized media leaks. All five have pleaded not guilty.

A lawyer for the attorney general's office confirmed that an announcement is scheduled for Thursday, but would not confirm or deny the civil settlement. CNET News.com reported last week that the state's top prosecutor was considering a civil complaint over HP's tactics.

An HP representative declined to comment.

As part of its effort to uncover the source of news stories, HP investigators employed the practice of "pretexting," or using false pretenses, to obtain the phone records of more than a dozen people, including board members, journalists and HP employees. The company also employed physical surveillance and sent a bogus tip with an electronic tracer to a CNET News.com reporter.

After the company's tactics came to light, Congress held hearings, and the FBI and Justice Department also launched probes. HP also faces a formal SEC inquiry into the matter.

The scandal also prompted the departures of Dunn, general counsel Ann Baskins and two other HP employees.

Judge Seeks Parmalat Settlement (FT)

By Adrian Michaels In Milan

Financial Times, December 7, 2006

A judge in New York has ordered Bank of America and the former auditors to Parmalat to set out in writing their stances on a settlement in the multibillion dollar damages case surrounding the collapse of the Italian dairy company.

Judge Lewis Kaplan has also told Parmalat itself to submit what it would accept to settle the case, telling all groups involved to consider a global settlement and to send letters relating to a deal to Henry Pitman, another judge.

Judge Pitman is to review the letters and start to assess the possibility of a global settlement in the week of December 18, according to a transcript of a hearing presided over by Judge Kaplan at the end of November and obtained by the Financial Times.

Bank of America and auditors Grant Thornton and Deloitte are being targeted for damages as it is alleged they helped prolong fraud at the company, which collapsed at the end of 2003. None has admitted wrongdoing.

Pressure on the parties to settle came to light two weeks ago when Parmalat revealed that Judge Kaplan had suspended proceedings until next year. That written settlement proposals have been demanded underscores the judge's intent.

The judge said at the hearing: "The time may be ripe to precipitate, if it is conceivable to do, a global settlement or as close to a global settlement as can be achieved...I am directing you all to talk to each other and to see where we can go."

Shares in Parmalat, which was reborn under new management on the Milan stock exchange last year, have risen 10 per cent in the past month. Analysts estimate that Parmalat's market capitalisation of €5bn ($6.7bn) includes about €2bn that investors believe could be recovered via litigation.

Any settlement could increase pressure on Citigroup, which is being separately sued by Parmalat, to also reach an agreement.

Parmalat is pursuing another dozen or so banks in Italy for damages and targeting about 50 institutions in "revocatory" actions that seek to unwind financial transactions carried out in the months leading up to the company's collapse. About €400m has already been recovered from Morgan Stanley, Banca Popolare Italiana and Nextra.

Bank of America, Parmalat, Deloitte and Grant Thornton would not comment on Wednesday.

People close to some of the banks and auditors involved acknowledge that an all-embracing settlement would be desirable but point out it would have to include an end to a separate class- action case in the US. Talks several months ago of settlement foundered as the two sides had been far apart in their offers, people close to the negotiations said.

Credit Suisse and Italy's Banca Nazionale del Lavoro recently signed a memorandum of understanding in a proposed settlement of their part of a class-action claim against them, offering to pay $25m each if the agreement could be concluded.

Lone Star Probe Spawns Charges, But None Against The Equity Firm (WSJ)

By Evan Ramstad And Lina Yoon

The Wall Street Journal, December 7, 2006

SEOUL, South Korea -- Prosecutors here said they would charge former government officials and bankers for fraud in the 2003 sale of a controlling stake in Korea Exchange Bank to Lone Star Funds. But they brought no charges against the Dallas-based private-equity firm that has been trying to sell its stake in the bank since March.

The prosecutors said in a news conference Thursday morning in Seoul that KEB managers and government officials worked with Lone Star to make the nation's fifth-largest bank look financially troubled in order to get regulatory approval for the 2003 deal. They called the transaction -- in which Lone Star paid $1.2 billion for 51% of the bank -- "inappropriate" but not illegal and said they continue to investigate.

The prosecutors said they would indict 15 people in the matter, but they identified only two: Byeon Yang Ho, a former official at the Ministry of Finance and Economy, and Lee Kang Won, former chief executive officer of KEB.

Their probe began in late March, just a week after another Korean bank, Kookmin Bank, agreed to buy Lone Star's and other shares in KEB amounting to a 65% stake for $6.6 billion. Lone Star's profit in the deal would have amounted to about $4.5 billion.

The size of that deal and Lone Star's resulting profit shocked politicians and the Korean public. Many were upset when foreign investors over the past two years made big money by selling the control of Korean banks they had purchased in the wake of the country's economic collapse in the late 1990s.

On Nov. 20, prosecutors indicted Lone Star and KEB for alleged stock manipulation related to the merger of the bank with its separately listed credit-card unit shortly after Lone Star took over in 2003. Three days later, Lone Star ended its agreement to sell KEB stake to Kookmin Bank.

But for much of the probe, prosecutors have focused on the original sale of KEB to Lone Star. Korean politicians who pushed for the investigation claim the price Lone Star paid was too low, although it represented a 13% premium to the bank's market value at the time.

Loser Pays (WSJ)

The Wall Street Journal, December 7, 2006

DOJ_NMG_0103313

One reason the tort bar files so many frivolous lawsuits is that there have been very few penalties for its legal abuses. So congratulations are due to a Texas judge who last week ordered class-action kingpin Bill Lerach to pay up for his latest wretched excess.

Federal Judge Melinda Harmon's good deed came at the end of a high-profile suit against Alliance Capital. She dismissed the case in summary fashion and invoked a little-used legal rule that requires the Lerach firm to pay Alliance's legal fees. While the plaintiffs might have had cause for filing the suit, the judge said, by the end of discovery it was clear "the continuance of the claim against Alliance was at that point without merit" and so the Lerach firm must pay for dragging Alliance past that point.

We'd call that justice, with the caveat that Judge Harmon is probably too generous in saying Mr. Lerach had a reason to sue in the first place. The suit was a Lerach Special, a novel attempt to pry money from a company only tangentially involved with the Enron debacle. An Alliance executive, Frank Savage, had served on Enron's board from 1999 to 2001. During his Enron tenure, he'd signed a registration statement for a bond issue that included false financial statements. Mr. Lerach's elastic legal theory was that Alliance had put Mr. Savage on the Enron board, and thus the company was liable for his actions.

Judge Harmon found that Ken Lay, Enron's chairman at the time, had invited Mr. Savage to join the board, and that Alliance had merely acquiesced. She also found that there was no evidence that either Alliance or Mr. Savage had known the registration statement was false. And she said all of this was obvious by the end of discovery, though that didn't stop Mr. Lerach from fighting on, no doubt in the hope that Alliance would settle just to make him go away.

So Judge Harmon reached back to a section of the 1933 Securities Act, which allows a court to shift costs to an opposing party if a case is frivolous or without merit. That rule, Section 11(e), is rarely invoked. But Judge Harmon used it and took the additional and unusual step of assessing the penalty against the law firm, rather than the plaintiff. A stricter version of such a "loser pays" rule is a feature of British tort law and would be a splendid U.S. reform.

She acknowledged that dunning the law firm goes against a ruling of the Second Circuit Court of Appeals, which has found that Section 11(e) "was not intended to authorize an award against the parties' attorney." But she noted that no other Circuit Court had adopted that philosophy and that "licensed" plaintiffs attorneys know better than their clients when a case has become "frivolous." Her court is part of the Fifth Circuit.

To be sure, Mr. Lerach's client was the University of California Board of Regents and no babe in the tort woods. Like many public pension representatives, the California regents have become willing fronts for the tort bar. But Judge Harmon is right that the real culprit here is Mr. Lerach, whose former firm, Milberg Weiss, was indicted this year for paying kickbacks to plaintiffs in its suits. Let's hope more judges take their duty to protect the integrity of the courts more seriously and make the loser of a frivolous lawsuit pay.

CRIMINAL LAW:

More Than 1,000 Officials Snared In FBI Corruption Probes (AP)

By Lara Jakes Jordan, Associated Press

AP, December 7, 2006

WASHINGTON – More than 1,000 government employees, including hundreds of police officers, have been convicted over the last two years in FBI corruption cases against crooked public officials, Director Robert Mueller said Wednesday.

In prepared testimony to the Senate panel that oversees the bureau, Mueller called public corruption cases the FBI's “top criminal investigative priority.”

Public corruption “erodes public confidence and undermines the strength of our democracy,” Mueller said in his testimony. “Unchecked, it threatens our government and our way of life.”

Mueller was to appear Wednesday morning before the Senate Judiciary Committee in one of its last hearings before Democrats take control of the panel next year. His remarks also outlined strides the FBI has taken to protect the nation against terror attacks since 2001.

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Over the last year, the Justice Department has targeted about a dozen high-profile House and Senate lawmakers in corruption cases – including three Republicans in the month before the Nov. 7 election that shifted power in Congress to Democrats.

Overall, 177 federal officials have been convicted in corruption cases over the last two years, Mueller said. During the same time, the FBI investigated cases against 158 state officials, 360 local officials and more than 365 police officers. It was not immediately clear how many police officers represented local, state or federal law enforcement agencies.

Last year alone, the FBI saw a 25 percent rise in its public corruption investigations, resulting in 890 indictments and 759 convictions, Mueller said. There are 2,118 cases still pending, he said.

A chunk of the cases were the result of a Phoenix-based sting, code-named Operation Lively Green, which Mueller said so far has targeted 99 suspects in a bribery investigation of cocaine trafficking across the U.S.-Mexican border. More than 70 military personnel, prison guards and other law enforcement workers so far have been convicted of taking bribes to help move several hundred kilograms of cocaine across the border to Phoenix and Las Vegas, sometimes wearing uniforms and using military vehicles.

FBI Corruption Probes Snare Officials, Officers (USAT)

USA Today, December 7, 2006

More than 1,000 government employees, including hundreds of police officers, have been convicted in FBI corruption cases in the past two years, Director Robert Mueller said. He told the Senate Judiciary Committee that public corruption cases are the agency's "top criminal investigative priority." Those convicted include 177 federal officials, 158 state officials, 360 local officials and more than 365 police officers, Mueller said.

Committee Chairman Arlen Specter, R-Pa., pressed Mueller for information on the National Security Agency's warrantless domestic eavesdropping program against suspected terrorists. "What assurances can you provide that the program is worthwhile?" he asked. "Have arrests been made? Have terror cells been broken?"

Mueller said he has briefed the intelligence committees but wasn't authorized to share the information with the Judiciary panel.

Hurricane Center gets a new director

Veteran National Weather Service forecaster Bill Proenza was named to head the National Hurricane Center. He will succeed the retiring Max Mayfield, who headed the Miami-based agency since 2000 and became familiar to millions of Americans from his frequent TV interviews during the busy 2004 and 2005 storm seasons. Proenza, 62, director of the weather service's southern region, will take over Jan. 3, Commerce Secretary Carlos Gutierrez said.

Black Caucus picks Kilpatrick as leader

The Congressional Black Caucus unanimously chose Rep. Carolyn Kilpatrick, D-Mich., as its chairwoman for the next two years. She replaces Rep. Mel Watt, D-N.C. When the new Democratic-controlled House of Representatives convenes in January, the 43-member caucus will include the third-ranking member in the House, Majority Whip James Clyburn of South Carolina. Four members may be committee chairmen and 20 may head subcommittees.

"That's more power than African-Americans have ever had in the Congress," said Ronald Walters, a political scientist and director of the African American Leadership Institute at the University of Maryland.

Vice president's daughter is pregnant

Mary Cheney, daughter of Vice President Cheney and wife Lynne, is pregnant. Mary Cheney, 37, and her partner of 15 years, Heather Poe, 45, are expecting a baby in late spring, said Lea Anne McBride, a spokeswoman for the vice president. She said the Cheneys "are looking forward with eager anticipation" to the arrival of their sixth grandchild. Cheney was her father's aide during the 2004 campaign.

FBI Focus Yields Spike In Corruption Cases (WP)

By Dan Eggen

The Washington Post, December 7, 2006

Congress isn't the only place where public corruption is on the rise.

DOJ_NMG_0103315

More than 1,000 federal, state and local government employees across the country have been convicted in government corruption cases over the past two years, including hundreds of crooked police officers and others who have dipped into the taxpayers' till, FBI Director Robert S. Mueller III said yesterday.

The numbers underscore the extent to which public corruption has become a primary, if little-noticed, focus of FBI criminal investigators, taking its place alongside preventing terrorism as one the bureau's fundamental missions.

All told, public-corruption investigations have surged by 30 percent in the past four years, to more than 2,000, officials said. The FBI now dedicates more than 600 agents and 15 percent of its criminal investigative resources to government graft.

"Public corruption is the top criminal priority for the FBI," Mueller told the Senate Judiciary Committee, adding later: "If we do not investigate these cases, they perhaps will not be investigated."

The highest-profile cases have been in Congress, including the probe into the web of corruption surrounding former lobbyist Jack Abramoff that led to guilty pleas from former congressman Robert W. Ney (R-Ohio) and some Capitol Hill aides, and a separate investigation that led to a guilty plea from former congressman Randy "Duke" Cunningham (R-Calif.). The FBI also prompted a showdown with House leaders earlier this year after it searched the Capitol Hill office of Rep. William J. Jefferson (D-La.) in connection with a probe of financial deals he was involved in.

But most of the FBI's corruption inquiries focus on state legislatures, city halls and police stations, Mueller said. The list of convictions over the past two years includes 158 state officials, 360 local officials and 365 police officers, Mueller said. One hundred seventy-seven of the convictions involved federal officials.

Among the biggest local cases were Operation Tennessee Waltz, in which 10 state officials and legislators were accused of taking payoffs in a sting operation; Operation Wrinkled Robe, a bribery investigation that led to arrests of two state judges in Louisiana; and an ongoing inquiry in Alaska that is focusing on whether state legislators accepted payments from an oil-field-services company.

Perhaps the biggest case is Operation Lively Green in Arizona, which Mueller said has targeted 99 suspects so far as part of a drug-related probe along the U.S.-Mexican border. Prison guards, service members and law-enforcement officers have been convicted of taking bribes to help move cocaine across the border.

Law-enforcement experts said it is impossible to say whether the increase in corruption cases reflects a rise in criminality among public officials or the greater emphasis at the FBI on such prosecutions.

The number of FBI agents assigned to corruption cases has ballooned from 451 in 2001 to 618 in 2006, officials said, and Mueller has made corruption the top priority for the bureau's criminal investigative division.

James Alan Fox, a criminology professor at Northeastern University in Boston, said that "nobody really knows if the extent of corruption is higher than previous decades. All we know is that the FBI is finding more because it's focusing on these cases."

Franklin E. Zimring, a law professor at the University of California at Berkeley who has studied prosecution of public-corruption cases, said such cases are extremely difficult to pursue because they are time-consuming and well-hidden.

"Unless you have ex-wives or frustrated business partners, nobody's going to phone you and say, 'My gosh, this is happening.' You have to go out and look for it," Zimring said. "It's a lot like narcotics and prostitution in two respects: It's very labor-intensive for law enforcement, and the amount of it you find is very closely related to the amount of it that you look for."

Mueller also disclosed that the bureau is investigating leaks to the media surrounding one corruption probe, an FBI investigation of Rep. Curt Weldon (R-Pa.), who lost his seat Nov. 7. Mueller indicated that the FBI and the Justice Department have opened "a series" of leak investigations into the Weldon case and others.

The FBI's probe of alleged influence peddling was reported Oct. 13 by McClatchy Newspapers, which cited an unidentified law-enforcement source.

The FBI's shift toward public-corruption cases has come at the same time that it has dramatically decreased its role in investigating violent gangs and crime. Sen. Dianne Feinstein (D-Calif.) told Mueller that the FBI needs to focus more resources on violent crime amid evidence that national crime rates are on the rise.

"I think you've got a real need for a mission reevaluation," she said.

Mueller said that, although he hopes to add resources to investigating violent crime, "I think our priorities are appropriately aligned."

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FBI Is Probing Leak Of Curt Weldon Investigation, Mueller Says (BLOOM)

By Robert Schmidt

Bloomberg, December 7, 2006

Dec. 6 (Bloomberg) -- The Federal Bureau of Investigation is conducting a leak investigation into the disclosure several weeks before the congressional elections that the FBI is probing U.S. Representative Curt Weldon, the agency's director said.

FBI chief Robert Mueller told the Senate Judiciary Committee today that the agency is pursuing ``a series" of leak probes of its agents, including one involved in the Weldon matter. The Pennsylvania Republican, who lost his seat on Nov. 7, was involved in a tight race when the news of the investigation broke.

``I was exceptionally disappointed, and that is being charitable in terms of my response," Mueller said about the leak. ``It is unfair in advance of an election, but, as importantly to us, it adversely affected the investigation."

The FBI probe of alleged influence peddling was first reported Oct. 13 by McClatchy Newspapers, which cited an anonymous law enforcement agent. Three days later, agents raided the home of Weldon's daughter and five other targets.

Senator Arlen Specter, a Pennsylvania Republican and chairman of the judiciary committee, questioned Mueller about the Weldon leak during a hearing in Washington, calling it ``highly prejudicial."

Weldon, who called the investigation politically motivated, was defeated by Democrat Joseph Sestak.

Political Influence

The FBI is probing whether Weldon used his political influence to steer business to help his daughter Karen win consulting deals, a person familiar with the matter has said.

Mueller said that at least one of the bureau's leak probes is being handled as a criminal investigation. He told the senators that he believes investigators are having ``some success" in discovering who the leakers are but declined to give any details.

Republican and Democratic Senators sharply questioned Mueller on such issues as the rising violent crime rate, the Bush administration program that wiretaps suspected terrorists without a court order and potential budget problems with a new paperless case file system.

Senator Patrick Leahy, the Vermont Democrat who will take over as committee chairman next year, promised to press the FBI on privacy issues related to personal information the government collects to protect against terrorist attacks.

``There is a growing concern in this country that our government knows too much about us," Leahy said.

Leahy told Mueller that ``oversight of the FBI and the Department of Justice will be one of my highest priorities next year.''

Mueller disputed Leahy's claim that the bureau's new computerized case management system, called Sentinel, was underfunded by $56.7 million. A Justice Department inspector general report earlier this week identified the funding problem and expressed concern that the FBI would take money away from its law enforcement mission to fill the gap.

``There are no cost overruns and there are no budget shortfalls," Mueller said, adding that the $425 million projected price tag for the program hasn't changed.

FBI Probes Media Leaks In Corruption Cases (AP)

By Lara Jakes Jordan, The Associated Press

AP, December 7, 2006

WASHINGTON -- The FBI has begun several internal investigations, including at least one that could result in criminal charges, over leaks to the media about public corruption probes shortly before last month's elections.

At least one of the alleged leaks involves the federal inquiry of Rep. Curt Weldon, R-Pa. He lost his House seat weeks after the FBI raided the homes and offices of his daughter and her business partner.

"There are a series of investigations we've undertaken, some by our inspection side, and some, at least one we're looking at as a criminal investigation," FBI Director Robert Mueller told the Senate Judiciary Committee on Wednesday.

"Although I usually say I can neither confirm nor deny an investigation, I think it's fair to say in this particular case we are pursuing it, and by that I mean (the leak involving) Congressman Weldon," Mueller said.

Mueller described himself as "exceptionally disappointed, and that is being charitable, in terms of my response upon hearing about the leak."

On Oct. 13, McClatchy Newspapers reported that the FBI was looking into whether Weldon illegally steered $1 million in contracts to his daughter's lobbying firm. Agents followed up with the raid three days later, in part out of fear that evidence would be destroyed after the investigation was exposed.

Officials also confirmed federal investigations of several other House lawmakers that month, including former Rep. Mark Foley, R-Fla., and retiring Rep. Jim Kolbe, R-Ariz. All three men have maintained their innocence.

Senators scolded Mueller about the leaks. The committee chairman, Sen. Arlen Specter, R-Pa., said the disclosures were "just disastrous" for suspects who have not been charged, much less proven guilty.

Similarly, Sen. Charles Grassley, R-Iowa, lectured Mueller about refusing to brief lawmakers about the FBI's continuing investigation of the 2001 anthrax attacks _ even though many sensitive details were reported in several newspapers.

"This looks like an example of the FBI's left hand not knowing what the right hand is doing," Grassley said. "You're telling me that you won't answer questions about the anthrax investigation, while someone else is telling the public that you're keeping us fully informed."

Leak investigations at the FBI, particularly those that could bring criminal penalties, are rare, former agents and experts said. They are hard to prove, particularly if some of the information has already been reported in the media or revealed in court documents.

Disclosing information a grand jury is considering is a serious crime, and such leaks often aim "to sway public opinion in favor of the government," said Martin Pinales, president of the National Association of Criminal Defense Lawyers.

"They also have the possibility of swaying the jury pool down the road," Pinales said. "So, in that context, they're a problem."

On the other hand, leaks may sometimes be the price of having an open government in a democracy, said Ronald Collins, a scholar at the First Amendment Center.

"Legally, those who leak do so at their own peril," Collins said. "Does the public's right to know, does knowledge of our government depend on leaks _ including illegal leaks? Unquestionably."

FBI agents can be forced to take lie-detector tests or otherwise cooperate with investigations to avoid losing their security clearances, and in turn, their pay. Information about ongoing criminal cases generally is shared with prosecutors and other law enforcement authorities _ widening the scope of suspects in leak cases.

Fred Bragg of the FBI Agents Association said his group "would invite a strong look at any leak matter _ and we look forward to those results."

Son Of Ex-Liberian President Indicted In Miami On Torture Charges (MH)

By Jay Weaver

The Miami Herald, December 7, 2006

A federal grand jury in Miami today indicted the son of former Liberian President Charles Taylor on torture charges in what is believed to be the first criminal case of its kind in the country.

Charles McArthur Emmanuel, 29, accused of committing atrocities in Liberia as the former head of a paramilitary unit in his father's government, already is in custody in the Federal Detention Center in Miami. He faces sentencing Thursday on a separate passport-fraud conviction.

Emmanuel, a U.S. citizen born in Boston who is known as "Chuckie" Taylor, admitted that he falsified his application for a passport to enter the United States from Trinidad on March 30. He was arrested by U.S. Customs and Border Protection agents upon his arrival at Miami International Airport.

His father, who was arrested the day before in Africa, faces a U.N.-backed war crimes trial for alleged atrocities during Sierre Leone's civil war. The elder Taylor also has been linked to killings, kidnappings, torture and other violence in Liberia, where his son headed the "Demon Forces," the security unit blamed for many of the alleged atrocities.

Liberian nationals and human rights activists lauded Emmanuel's prosecution as a day of justice.

"Chuckie was very feared, more feared than his father," said

Hassan Bility, a Liberian journalist and critic of the former president, who was jailed by the regime in an underground torture cell for six months in 2002.

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"This is a guy who killed young girls who wouldn't have sex with him," said Bility, who was granted U.S. asylum in 2003 and lives in Boston. ``This is a guy who tormented a lot of families."

Emmanuel's lawyer in the passport case, Miguel Caridad, could not be reached for comment.

Since last spring, federal prosecutors in Miami and Washington, D.C., have been building a criminal case against Emmanuel on torture allegations stemming from his role in the Taylor government, which was in power from 1997 to 2003, an era scarred by civil war and ethnic conflict.

The significance of Emmanuel's prosecution was so great that U.S. attorney R. Alexander Acosta flew to Washington to join U.S. Attorney General Alberto Gonzales to announce the indictment at a news conference this afternoon.

Human rights activists, who have focused world attention on the alleged atrocities in Liberia, hailed the prosecution of Emmanuel, the former head of the 800-man Anti-Terrorism Unit in Liberia.

A report by Human Rights Watch described the ATU as a force created by Taylor shortly after he became president in 1997, claiming it was involved in abuse of civilians, extortion, looting, murders, recruitment of child soldiers and torture.

Some torture victims were held in water-filled holes in the ground, "beaten and sexually abused, and forced to drink urine and eat cigarette butts," the Human Rights Watch report found.

Elise Keppler, a lawyer for the New York-based group, called the prosecution of Taylor's son "hugely significant," noting that it is the first case brought under a decade-old federal torture law.

"It's an historic step and has enormous importance for victims in Liberia and the U.S. government in bringing justice for atrocities committed abroad," Keppler said, adding this first prosecution was ``long overdue."

Bility, the journalist who worked for Liberia's The Analyst newspaper, cited Emmanuel's alleged role in various atrocities. The ATU, he said, was essentially a "hit squad" for the Taylor government.

"Chuckie is now going to have to account for his terrible deeds," Bility said.

Before joining his father in Africa, Emmanuel led a troubled life as a youth in Central Florida.

He had a lengthy juvenile arrest record in the early 1990s growing up in the Orlando area, according to court papers filed in the separate passport case. Among the charges: assault and battery, auto theft, robbery, resisting arrest and grand larceny.

One Florida mental health assessment of Emmanuel in 1994, when he went by the name Roy Belfast Jr. after his stepfather, said he had "an extensive history of aggressive criminal charges" and ``problems with anger control."

When he was arrested at the Miami airport last March, authorities found dozens of pages of Emmanuel's writings that appeared to be rap lyrics filled with violent imagery and obscenities, according to records filed in the passport case.

There were several references to the ATU and such lines as 'we ain't takin' no slack/ya'll try to tackle mine/layin bodies in stacks" and ``take this for free/six feet under is where you gonna be."

In that case, Emmanuel pleaded guilty in September to lying on a U.S. passport application about his father's identity and faces up to 10 years in prison. He identified his father as "Steven Daniel Smith" on the application, rather than Taylor or his stepfather, Roy Belfast.

Under federal sentencing guidelines, however, he is expected to serve 1 ½ years in prison.

Anti-Torture Statute Used To Indict Son Of Liberia's Ex-Leader (WP)

By R. Jeffrey Smith

The Washington Post, December 7, 2006

The Justice Department invoked a 12-year-old federal anti-torture statute for the first time yesterday, indicting the son of former Liberian president Charles Taylor in connection with the alleged use of a hot iron, scalding water and an electrical device to shock and burn an ally of his father's political opponents.

The indictment involves a rare use of a U.S. human rights law against a foreign national or a U.S. citizen over an act committed outside U.S. territory. Taylor's son allegedly committed the torture in the Liberian capital of Monrovia in July 2002, while he headed an "antiterrorist unit" charged with protecting Taylor.

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The son -- who is known as Chuckie Taylor but who legally changed his name to Roy Belfast Jr. in 1990 -- has been in a Florida jail for the past nine months on charges of trying to enter the United States on a false passport. In a court pleading in that case, his attorney said that Belfast, 29, has "consistently denied any criminal acts while in Africa."

Human Rights Watch, an advocacy group, had been lobbying the Bush administration to invoke the statute against Taylor since his arrest at the Miami airport after a flight from Trinidad. Amnesty International, which said in 2002 that at least 150 human rights abusers were living in the United States and called the country a "haven for torturers," had separately been pressing the Justice Department to invoke the 1994 criminal statute.

The charges are "important for Liberia, but also important because it opens a precedent," said Elise Keppler, a lawyer in Human Rights Watch's international justice program.

Until now, however, the government had preferred to seek extradition rather than criminal indictments. "These cases are hard cases," Julie L. Myers, head of the Immigration and Customs Enforcement (ICE) agency, said at a news conference yesterday. "In this case alone, we had agents from . . . three different agencies flying all over the world to get evidence."

Myers called the indictment a milestone. She said it will send "a clear message that the United States will not be a safe haven for human rights violators." She noted that her agency created a new unit in 2003 to investigate human rights crimes. Myers described the Taylor case as "only one of numerous criminal investigations . . . in the United States where ICE agents are working closely with the Department of Justice on a variety of charges."

At the time of his arrest, Taylor admitted using a false passport, saying he was trying to evade a travel ban imposed on his family by the United Nations. Federal immigration authorities said that Taylor, who was born in Boston while his father was a student there, was trying to sneak back into the country after fleeing in 1994 to evade Florida charges of attempted robbery, aggravated assault and firearms possession.

Taylor's father escaped from a Massachusetts jail in 1985 to evade extradition on charges of embezzlement in Liberia, then formed a rebel group in his homeland. He took power there in 1997 after a seven-year civil war that killed 250,000 people. He was indicted on war crimes charges by a U.N.-sanctioned court in 2003 and arrested in Nigeria last March.

Yesterday's indictment of Belfast alleges that the torture, involving a co-conspirator who was not named, was committed after the victim was brought to the presidential residence.

Torture Charges A First In U.S. (WT)

By Jerry Seper, THE WASHINGTON TIMES

The Washington Times, December 7, 2006

A federal grand jury in Miami has charged the son of former Liberian President Charles Taylor in the 2002 torture of a man who was burned with a hot iron, forced at gunpoint to hold scalding water, repeatedly shocked and had salt rubbed into his wounds.

Assistant Attorney General Alice S. Fisher said the indictment, handed up in U.S. District Court in Miami, accuses Roy Belfast Jr., 29, who also is known as Charles Taylor Jr., Charles Taylor II and Charles McArthur Emmanuel, with one count of torture, one count of conspiracy to torture, and one count of using a firearm during the commission of a violent crime.

Mrs. Fisher said the indictment charges Belfast, who was born in the United States, with participating in the July 2002 torture in Monrovia, Liberia, while he was serving as chief of a violent paramilitary unit during his father's regime.

"This marks the first time the Justice Department has charged a defendant with the crime of torture," Mrs. Fisher said.

According to the indictment, the victim -- who was not identified -- was abducted from his home and transported to various locations, ultimately arriving at the residence of Mr. Taylor, who was then president of Liberia. It said Belfast observed questioning of the victim at this location before he was transported to the residence of a co-conspirator for continued interrogation.

While at the residence, the indictment said, Belfast and others tortured the victim, including burning his flesh with a hot iron, burning various parts of his body with scalding water, repeatedly electrically shocking the victim's genitalia and other body parts, and rubbing salt into the victim's wounds.

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Belfast is in federal custody in connection with a criminal charge of passport fraud, to which he pleaded guilty on Sept. 15. He admitted lying on his passport application by listing his father as "Steven Daniel Smith" rather than Charles Taylor or his stepfather, Roy Belfast. His sentencing is scheduled for today.

He was born in Boston in 1977 to a former girlfriend of his father.

Human Rights Watch, a nonprofit international rights group, said Belfast led the elite Anti-Terrorist Unit (ATU) from 1997 through 2002 when it is accused of being involved in torture, violent kidnappings, assaults, rape, beatings and burning people to death.

"Today's first-ever charges for torture committed abroad are a crucial step by the U.S. government to ensure justice for this crime," said Elise Keppler, Human Rights Watch counsel.

Belfast, who legally changed his name to Roy Belfast Jr. in 1990, is being prosecuted under a never-used 12-year-old statute that criminalizes torture and provides U.S. courts jurisdiction to hear cases involving acts of torture committed outside the United States if the offender is a U.S. national or is present in the United States, regardless of nationality.

If convicted, he faces life in prison.

Mr. Taylor, the former president, faces trial next year at The Hague on charges of war crimes and crimes against humanity in the murder, rape and mutilation of thousands of people during Sierra Leone's bloody 10-year civil war. He has pleaded not guilty.

Son Of Liberia's Ex-Leader Charged In Miami Under Anti-Torture Law (NYT)

By David Johnston

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — The son of Charles G. Taylor, Liberia's former president, was charged Wednesday with two counts of torture and one count of using a firearm in a violent crime during interrogation of an opposition figure in Monrovia, the Liberian capital, according to a federal indictment brought in Miami.

The case is the first in which federal authorities invoked the anti-torture law, which bans extreme interrogation methods. The law gives American courts jurisdiction over reported abuse overseas by American citizens.

Mr. Taylor's son, Charles McArthur Emmanuel, was born in the United States. Mr. Emmanuel, 29, has pleaded guilty to passport fraud and is in federal custody awaiting sentencing, scheduled for Thursday, on that charge.

Mr. Taylor, the former president, is awaiting trial in The Hague on war crimes charges.

According to the indictment, Mr. Emmanuel, also known as Charles Taylor Jr., engaged in torture in July 2002 while he was an official of his father's government. Human rights groups have said he led an antiterrorist unit that engaged in widespread brutality against civilians.

If convicted of all the charges against him, he faces a maximum term of life in prison, officials said.

The three-count indictment said the victim, who is not named, was a political opponent of the Taylor government. The victim was taken from his home to several locations, including the president's residence, and later to the home of a co-conspirator in the Liberian security service.

There the man was repeatedly burned with a hot iron and scalding water, the indictment said. He was given electric shocks and salt was rubbed into his wounds. The interrogation was carried out at gunpoint, the indictment said.

The United States attorney in Miami, R. Alexander Acosta, said these acts violated federal law. "Such conduct is criminal and constitutes torture, and must be prosecuted," he said.

Julie L. Myers, assistant secretary of homeland security, said the case showed that the United States "will not be a safe haven for human rights violators."

Human rights groups praised the indictment, saying the use of the law set an important precedent in an effort to stop abuses around the world.

But groups in the United States and elsewhere have criticized the Bush administration for its failure to use the anti-torture law in cases in which terrorism suspects held overseas have been abused or killed while in American custody.

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“Enforcement of federal laws on torture committed abroad is long overdue,” Elise Keppler, a lawyer at Human Rights Watch, said in a statement.

Son Of Ex-Liberian President May Face U.S. Torture Charges (AP)

By Curt Anderson

AP, December 7, 2006

MIAMI - The son of former Liberian President Charles Taylor was indicted Wednesday on U.S. charges of committing torture as chief of a violent paramilitary unit during his father's regime, marking the first time a 12-year-old federal anti-torture law has ever been used, U.S. officials said.

Charles McArthur Emmanuel, also known as Charles "Chuckie" Taylor Jr. and Roy M. Belfast Jr., was charged in a three-count federal indictment with committing torture overseas as a U.S. citizen as well as conspiracy. He was born in Boston in 1977 to a former girlfriend of Taylor, who was a college student there at the time.

Because Emmanuel, 29, was born in the United States, prosecutors charged him under a 1994 law making it a crime for a U.S. citizen to commit torture or war crimes abroad. Emmanuel is already in custody in Miami awaiting sentencing for falsifying his father's name to get a passport he used to enter the U.S. from Trinidad in March.

Alice Fisher, assistant U.S. attorney general for the Justice Department's criminal division, said the indictment was the first time charges under the torture laws had been brought. Emmanuel faces a potential life prison sentence.

"Crimes such as these will not go unanswered," Fisher said at a news conference in Washington with Miami U.S. Attorney R. Alexander Acosta and Julie L. Myers, head of U.S. Immigration and Customs Enforcement.

"This is a clear message that the United States will not be a safe haven for human rights violators," Myers said.

Emmanuel headed the Anti-Terrorist Unit in Liberia after his father became president in 1997. The indictment says that on July 24, 2002, the unit and National Police abducted an unnamed man from his home, and Emmanuel was seen interrogating him at Taylor's presidential residence, known as Whiteflower.

Later, according to the indictment, the man was taken to another residence where Emmanuel and others allegedly burned him with a hot iron, forced him at gunpoint to hold scalding water, used electric shocks on his genitalia and other body parts and rubbed salt into this wounds.

Emmanuel's court-appointed lawyer, Miguel Caridad, declined comment on the new charges.

Human Rights Watch, a nonprofit international rights group, and Liberian witnesses have said the unit was involved in many murders, kidnappings, torture, abuse of civilians, recruitment of child soldiers and looting.

"Given Chuckie Taylor's links to serious human rights abuses in Liberia, this indictment is especially significant for victims there," said Elise Keppler, counsel for Human Rights Watch's International Justice Program. "After years of civil war, the Liberian justice system is in no shape to pursue this."

Emmanuel's father, meanwhile, faces trial next spring in The Hague, Netherlands, on charges of war crimes and crimes against humanity for allegedly overseeing the murder, rape and mutilation of thousands of people during Sierra Leone's bloody 10-year civil war, many hacked to death with machetes. Taylor has pleaded not guilty.

Emmanuel pleaded guilty in September to lying on his passport application by listing his father as "Steven Daniel Smith" rather than Taylor or his stepfather, Roy Belfast. Emmanuel legally changed his name to Roy Belfast Jr. in 1990 and had a long criminal record as a child in the Orlando area under that name, according to court documents.

Sentencing was scheduled for Thursday in the passport case, with prosecutors seeking a nearly two-year prison term.

In a written statement to the judge in passport case, Emmanuel said he falsified the name to get around a United Nations travel ban imposed on both him and his father. But Emmanuel said he was the victim of a "smear campaign" regarding the alleged Liberian atrocities, mentioning the 2005 Hollywood film "Lord of War" as an example.

"I am alongside my father depicted as a gold gun toting made man who lusts for girls with cowboy hats along with diamonds and money," Emmanuel wrote. "I wish not for these allegations, perceptions, and hypothefications to exist; clearly they are above the realm of reality."

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Emmanuel joined his father in Liberia in 1997, three years after fleeing prosecution in Orlando on attempted robbery, aggravated assault and other charges, court documents show. Taylor had taken office that year after leading a rebel group against former President Samuel Doe during a seven-year civil war that claimed some 250,000 lives.

Taylor fled Liberia in 2003 after his indictment by the special Sierra Leone court. He was arrested in Africa one day before his son was apprehended March 30 at Miami International Airport.

US Charges Son Of Ex-Liberian President Taylor With Torture (AFP)

AFP, December 7, 2006

US justice authorities charged Charles "Chuckie" Taylor, 29, a US citizen and the son of former Liberian president Charles Taylor, with torture for acts carried out in Liberia.

"This marks the first time the Justice Department has charged a defendant with the crime of torture," Assistant Attorney General Alice Fischer said in announcing the indictment.

Taylor, who is in custody in the United states in connection with a charge of having a false passport, to which he pleaded guilty in September, was head of Liberia's anti-terrorism forces under his father's regime 1997-2003.

He is being prosecuted under a federal law that gives US courts jurisdiction to hear cases involving acts of torture committed outside the United States if the offender is a US national or is present in the United States.

The maximum penalty for torture is life imprisonment.

Taylor on Wednesday was charged with one count of torture, one count of conspiracy to torture and one count of using a firearm during the commission of a violent crime, the Justice Department said in a statement.

Specifically, he is charged with participating in the torture of a person in July 2002 who had been abducted from his home and taken to the residence of a member of the Liberian Special Security Service.

"The allegations in this case include acts of torture, such as burning flesh with a hot iron, burning flesh with scalding water, and applying electric shocks," US Attorney Acosta said in the statement.

"This is a clear message that the United States will not be a safe haven for human rights violators," said Assistant Secretary for Immigration and Customs Enforcement Julie Myers.

Warlord-turned-president Charles Taylor was forced to step down from power in August 2003 in a bid to end 14 years of successive civil wars, and a transitional government was put in place to run the resource-rich but impoverished west African country.

Man Sentenced In Tenn. Corruption Probe (AP)

AP, December 7, 2006

MEMPHIS, Tenn. (AP) — A county official whose family has a long history in the civil rights movement was sentenced Wednesday to slightly more than two years in prison for bribery.

Michael Hooks Sr., the former chairman of the Shelby County Commission, is one of 11 people, including five current or former state lawmakers, charged in an undercover FBI investigation code-named Tennessee Waltz.

Judge J. Daniel Breen noted Hooks' guilty plea and statements of remorse in sentencing him to 26 months, less than the federal guidelines. Breen also ordered two years' supervised release after the prison term, which does not allow for parole.

"We thought there was a chance of getting a little less, but I've done much more to myself than the judge could ever do," Hooks said.

Hooks, 56, pleaded guilty to taking $24,200 from FBI agents posing as representatives of E-Cycle Management, a fake company that sought favors from government officials.

Hooks grew up in the home of his uncle, Benjamin Hooks, 81, the former national director of the National Association for the Advancement of Colored People. The elder Hooks said he had advised his nephew to admit his wrongdoing.

"Having raised Michael, loving him like a son, I hate to see this happen," Benjamin Hooks said outside the courthouse. "He made a mistake. Many of us do, and he has to pay the price of the mistake."

Hooks Sr. Gets 2 Years, 2 Months In Waltz (MCA)

DOJ_NMG_0103323

By Lawrence Buser

Memphis Commercial Appeal, December 7, 2006

December 7, 2006 Vowing to spend the time doing "an exhaustive moral inventory of myself," a contrite Michael Hooks Sr. was sentenced Wednesday to two years and two months in federal prison for accepting more than $24,000 in bribes as a county commissioner.

Hooks, 56, who also is a former city councilman and county assessor, told U.S. Dist. Court Judge J. Daniel Breen he had made "a career-ending, life-altering mistake" and asked the judge for leniency.

Advertisement

"Elected office was very dear to me," said Hooks, whose political career began nearly 30 years ago. "I've ruined the legacy of this family. I've got to find a way to make that right."

Dr. Benjamin Hooks, the famed civil rights leader who raised him, said his nephew must pay the price for his mistake, but that he expects him to grow stronger because of it.

"I talked to Michael when this first happened, and my advice was very simple: If you're guilty, admit it and get rid of it," said Hooks, 81, who also was FCC chairman and national leader of the NAACP. "At some point, no matter whose son or daughter you are, if you make a mistake you pay for it, but it should not tarnish you forever."

Hooks technically faced up to 10 years in prison, but federal guidelines suggested a punishment range of 33 to 41 months for Hooks.

Breen said that, among other factors, he considered Hooks' years of public service and also his violation of public trust.

Breen and federal prosecutors were clearly impressed by Hooks' admission of guilt and his refrain from criticizing the FBI's Tennessee Waltz investigation that recorded his downfall.

"He has accepted responsibility about as sincerely and publicly as he can," Asst. U.S. Atty. Tim DiScenza told the judge.

By comparison, former state senator Roscoe Dixon's defense in his bribery trial included allegations of entrapment and racism.

Dixon, who was convicted of accepting $9,500 in bribes, was sentenced by another judge to five years and three months in prison.

Hooks, who was represented by attorney Steve Farese, pleaded guilty in August to accepting $24,200 in bribes from informants or FBI agents posing as crooked businessmen for helping a fictitious company, E-Cycle Management, secure business deals with Shelby County Government.

Between Sept. 7, 2004, and March 10, 2005, he received five payments -- ranging from $3,500 to $6,000 -- in locations that included E-Cycle offices, Hooks' home and the bathroom of a Downtown restaurant.

The transactions were captured on hidden audio or video devices.

So far, seven elected officials or aides have been convicted or pleaded guilty in the Tennessee Waltz investigation.

Five others are awaiting trial, including the County Commission's former top administrative officer, Calvin Williams, whose bribery trial is scheduled to begin Monday.

Another defendant is Michael Hooks Jr., who is accused of conspiring to defraud the Juvenile Court clerk's office of more than $60,000 in 2001.

His father said his guilty plea should have no bearing on his son's case.

"I would hope that my acceptance would show him that even when you're wrong, you can stand strong," said the elder Hooks. "We know he's innocent, and we hope he can stand strong."

Hooks Sr. will remain free until the U.S. Bureau of Prisons notifies him in several months when and where to report.

Hooks asked Breen to recommend that he be incarcerated at the federal prison camp on the Maxwell Air Force Base in Montgomery, Ala., which he said has medical facilities for the knee replacements he needs and for treatment of his high blood pressure and diabetes.

"I don't want to be close to Memphis because I don't want my family to feel like they'll be obligated to come and see me," Hooks told reporters outside of the federal building.

DOJ_NMG_0103324

"I need time to do an exhaustive moral inventory of myself. I've broken down and I just need to reconstruct myself and start a new life. No more public office. I have only one race to run and that's for salvation and redemption."

Cloud Of Public Corruption Looms Over Shelby County (WMC)

WMC-TV, December 7, 2006

A cloud of public corruption is looming over Shelby County; troubled elected officials bear a common thread which is impossible to ignore.

Rhodes Professor Charles McKinney doesn't hold the answer to the riddle of race in Shelby County.

He says citizens must be able to trust their elected officials as well as the government agencies monitoring them. Specifically, McKinney says, the FBI.

McKinney adds,"What does it mean that the vast majority are Democratic or, perhaps more importantly, are African-American.

"If somebody is targeting Democrats, the vast majority of them, that's going to mean one of two things: one, they're targeting Democrats, and two, they're targeting African-American Democrats. If that is, in fact, the case," says McKinney.

McKinney says that this case is another unfortunate example of the peeling and stripping away of public trust.

He says that nobody wins when that happens.

McKinney adds that critical inquiry of the public process is not only crucial, it's a citizen's civic responsibility.

Former Official Pleads Guilty To Accepting Bribes (AP)

AP, December 7, 2006

CENTRAL ISLIP, N.Y. — A former director of contracting for the Army pleaded guilty in federal court to accepting more than $350,000 in cash, as well as airline tickets and hotel rooms, as bribes in exchange for awarding contracts at an Army recreational facility in Germany, prosecutors said Wednesday.

Steven Potoski, 46, of Shriesheim, Germany, a former civilian Army employee, pleaded guilty to one count of bribery and three counts of filing false tax returns, Assistant Attorney General Alice S. Fisher for the Criminal Division said in a statement released from Washington.

Potoski faces up to 15 years in prison and a $250,000 fine on the bribery count and a maximum of three years in prison and $100,000 fine for each count of filing false tax returns.

Prosecutors said that between August 1998 and July 2005, Potoski served as director of contracting for the Edelweiss Lodge and Resort, Armed Forces Recreation Center (AFRC Europe), in Garmisch, Germany. During that time, Potoski accepted bribes from contractors and subcontractors in exchange for contracts to work at the AFRC Europe.

In all, Potoski accepted over $350,000 in bribes from 15 contractors or subcontractors, two American contractors, 12 German contractors, and one British contractor, Fisher said. Bribes also came in the form of home renovations, automobile maintenance, airline tickets, hotel rooms and furniture, among other things.

No sentencing date was announced.

It was not immediately clear why the case was brought in U.S. District Court in Central Islip.

Fumo Calls Grand-jury Judge Biased (PHI)

By John Shiffman

The Philadelphia Inquirer, December 7, 2006

State Sen. Vincent J. Fumo says the federal judge supervising a grand jury investigation of him should step aside, citing a long history of "political animosity" between the judge and senator.

U.S. District Judge Legrome D. Davis has declined to recuse himself, saying he bears no animosity to Fumo, who strongly opposed the judge's nominations to the Philadelphia Court of Common Pleas and the federal bench.

In a sealed order issued in July, Davis called Fumo's prior opposition nothing more than "political gamesmanship."

A federal appeals court agreed with Davis, and now Fumo has appealed to the U.S. Supreme Court.

DOJ_NMG_0103325

In the new appeal, Fumo's lawyers say the senator has "made repeated personal attacks on Judge Davis' character, honor, independence, integrity, honesty, judicial temperament and suitability for office."

It's not unreasonable to think the judge might subscribe to the adage "Revenge is a dish best served cold," wrote lawyers Richard A. Sprague and Geoffrey R. Johnson.

Davis, a Democrat appointed to the bench by President Bush in 2002, is now the randomly assigned judge presiding over a federal grand jury investigating Fumo. That investigation, now three years old, is nearing its conclusion.

Davis declined to be interviewed yesterday. His ruling was issued in July, under seal. It became public when Fumo's lawyers attached it to their Supreme Court brief.

Davis wrote that he has does not have "any degree of personal animosity or prejudice" toward Fumo.

Assistant U.S. Attorney John Pease said that he could not comment on the matter because Davis has not made his ruling public.

"It's still under seal," Pease said, adding that Fumo's lawyers "had no authority" to release it. Johnson declined to comment.

Fumo's brief also discloses that Fumo had accused prosecutors of illegally leaking grand jury material to the media, an allegation Davis rejected.

The FBI and IRS are trying to determine whether Fumo used a South Philadelphia charity, Citizens' Alliance for Better Neighborhoods, for personal or political advantage.

The probe is focused on multimillion-dollar donations to the nonprofit by Peco Energy Co., along with the charity's real estate deals and its alleged payments for political polls.

Prosecutors, who have charged two former Fumo computer technicians with obstruction of justice for allegedly deleting e-mail, had said they expected to make a decision by Christmas on whether Fumo will be charged.

However, that timetable had been based on an expected January trial date for technicians Leonard Luchko and Mark Eister.

Now that the trial date has been moved to May, prosecutors may delay their decision on Fumo until the end of the grand jury term, in early February.

As the presiding grand jury judge in this case, Davis has issued 16 orders, almost all of them sealed. In one case, Davis ordered a defense lawyer to testify before the grand jury against the wishes of a Fumo ally. An appeals court upheld the ruling.

If Fumo is charged, the odds are that the trial will be assigned to another judge. Luchko and Eister, for example, are to be tried by Judge William H. Yohn.

Fumo's history of conflict with Davis goes back to the 1980s. In 1987, following a scandal over judges taking cash from the Roofers' union, Gov. Robert P. Casey nominated Davis to become a city judge.

As Fumo notes in his filing, he opposed Davis' nomination because Davis did not have the support of the city Democratic organization.

In 1998, when President Bill Clinton nominated Davis to the federal bench, Fumo used his influence to scuttle the confirmation before the U.S. Senate, despite a personal entreaty from Clinton himself. In 2002, President Bush nominated Davis and, after Davis and Fumo met privately, Fumo relented and Davis was confirmed.

In his ruling, Davis said the law did not require him to recuse himself and noted that he would not necessarily recuse himself from a case involving someone who supported him.

The documents filed in the Supreme Court disclose for the first time a 2002 private meeting between Fumo and the judge. After that meeting, Fumo dropped his opposition to Davis becoming a federal judge.

Now, the two men have different recollections about what happened.

Fumo's lawyers said Davis had come "hat in hand" for the senator's support.

But by Davis' account, the meeting was far more cordial. In his opinion, the judge said, he and the senator "reconciled all political differences" and "ended any tension between the two of us."

Tight Christmas (PHILCP)

Philadelphia City Paper, December 7, 2006

DOJ_NMG_0103326

Rumors of looming indictments dampen the mob's holiday spirit. But is it a ruse?

Many mobsters in the Philadelphia Cosa Nostra are dreaming of a jail-free holiday season, but they're worried that all they'll get for Christmas are chunks of coal taking the form of federal racketeering indictments.

Fueling concerns is the fact that undercover feds have been seen closely monitoring alleged mob meeting places in South Philly, Northeast Philly, Cherry Hill and Margate. It seems as if purported boss Joseph "Uncle Joe" Ligambi is the focus of attention.

"The FBI is following Ligambi around the clock," a mob associate tells City Paper. "A lot of people think something big is coming down the pike."

Despite the concerns, one local defense attorney who has represented mobsters says he thinks the feds are merely floating indictment rumors because they've wiretapped the local mob.

"It's called 'tickling the wire,'" the attorney explains. "The police tell the press. The press tells everyone else and when the gangsters hear about it, they start blabbing to each other over the telephone. The FBI hopes that someone will panic and say something incriminating."

The paranoia isn't exactly a new. Mobsters have been worried about Steven Carnivale, a Bucks County drug dealer and mob associate who has been talking to, and testifying for, the feds for the past two years.

Last year, his testimony helped convict mob associate Anthony "Tony Gags" Gagliardi on cocaine-trafficking charges. Carnivale claims he helped the Philly mob shake down Bucks bookies, and says Gagliardi was part of a crew that supposedly reported to reputed capo Gaeton Lucibello.

Then, last month, the feds busted two reputed mob associates: Damion Canalichio on drug-dealing charges, and Vincent Filipelli on gambling and extortion charges.

Canalichio, a onetime driver for imprisoned mob underboss Stevie Mazzone, allegedly set up three cocaine deals in South Philly. Law enforcement sources also claim he ran an illegal gambling operation in Philly and South Jersey. Filipelli, a onetime bodyguard and driver for jailed boss John Stanfa, allegedly ran an illegal sports-betting operation. The former Mr. Universe and Mr. America contestant is charged with racketeering and possession of anabolic steroids and drug paraphernalia.

Despite the charges, Filipelli's underworld status has been the subject of a much-heated debate lately. One mobster who pledges allegiance to Ligambi claims Filipelli has never been a fully initiated member, while law enforcement sources insist otherwise.

"A lot of the made guys around today were with [Joey] Merlino and [Ralph] Natale during the mob war against Stanfa," an organized crime investigator explains. "They don't know everyone that Stanfa initiated into the mob, but we know that Filipelli is a made guy."

As for any looming arrests?

"We're always building a case," says an organized crime investigator, "but it takes a long time. The feds are putting something together, but they have a long way to go."

"Sloppy and Greedy" Local mobsters are also talking about the recent indictment of William "Big Billy" D'Elia, the reputed boss of the Scranton-Wilkes-Barre mafia who has long been a good friend of the Philly mob.

Six weeks ago, D'Elia was indicted by the feds for soliciting murder, money laundering and witness tampering, among other charges. At the time, he was out on bail for a money-laundering charge from May. D'Elia allegedly asked a U.S. Customs Agency informant to murder two witnesses in the original money-laundering case. In return, D'Elia allegedly offered to kidnap and kill a smuggler who had stolen more than $400,000 from the informant, who was posing as a Dominican drug dealer.

D'Elia has pleaded not guilty to all the charges and, in recent years, has been spotted visiting Ligambi here while making frequent trips to the Big Apple to meet with leaders of New York's five families.

"Big Billy got sloppy and greedy," one local mobster says. He explains that a boss normally orders a "family" member to arrange or carry out a hit, but the Wilkes-Barre mob, once the most powerful crime family in the state, has lost a significant number of members. They didn't backfill the positions so they wouldn't have to share with newcomers.

"If convicted, he will spend the rest of his life behind bars," an investigator says. "If he decides to flip, he can bring down mob bosses from New York to Miami."

DOJ_NMG_0103327

That scenario is what has some local mobsters hyperventilating, but one Philadelphia member of the Cosa Nostra who has known D'Elia for two decades says being a government informant is just not in his nature.

"He's a man's man," the mobster says. "He will never talk to the feds. Never."

FBI Says U.S. Criminal Gangs Are Using Military To Spread Their Reach (S&S)

By Seth Robson, Stars and Stripes

Stars and Stripes, December 7, 2006

GRAFENWÖHR, Germany — U.S. criminal gangs have gained a foothold in the U.S. military and are using overseas deployments to spread tentacles around the globe, according to the FBI.

FBI gang investigator Jennifer Simon said in an e-mail to Stars and Stripes this week that gang members have been documented on or near U.S. military bases in Germany, Italy, Japan, South Korea and Iraq.

"It's no secret that gang members are prevalent in the armed forces, including internationally," Simon said, adding that the FBI is preparing to release a report on gangs in the military.

Among the cases:

¶ In Iraq, armored vehicles, concrete barricades and bathroom walls have served as canvasses for spray-painted gang art. At Camp Cedar II, about 185 miles southeast of Baghdad, a guard shack was recently defaced with "GDN" for Gangster Disciple Nation, along with the gang's six-pointed star and the word "Chitown," according to the Chicago Sun-Times.

¶ In Germany, a soldier is being prosecuted this week for the murder of Sgt. Juwan Johnson, beaten to death on July 4, 2005, allegedly during a Gangster Disciple initiation in Kaiserslautern.

¶ In September, Department of Defense Dependents Schools in Europe warned teachers and parents to watch out for signs of gang activity, including the deadly MS-13 gang. At the time, DODDS-Europe public affairs officer David Ruderman said there had been two incidents in the past 18 months that involved students fighting, wearing gang colors or claiming to be members of gangs. In one of the incidents, a student's family member may have been a gang member, he said.

¶ Earlier this year, Kadena Air Base on Okinawa established a joint service task force to investigate gang-related activity involving high school teens linked through the Web site MySpace.com.

Last year, the U.S. Army conducted 11 felony investigations into gang activity, one of those being the death of Johnson, said Christopher Grey, a spokesman for the Army Criminal Investigation Command (CID) in Virginia. Three of the incidents, including the Johnson case, took place in Europe, Grey said.

"We investigate all credible reports of gang activity," Grey said, adding that CID has programs to combat gang activity in the Army.

Soldiers are reluctant to talk openly about gang problems. However, Spc. Bautista Kylock, 21, of the 2nd Cavalry (Stryker) Regiment in Vilseck, Germany, said last week that there are gang members within his unit.

Kylock blamed recent violence around Vilseck on soldiers affiliated with the Crips and Bloods street gangs.

Scott Barfield, a former Defense Department gang detective at 2nd Cav's last duty station, Fort Lewis, Wash., told the Sun-Times earlier this year that he had identified more than 300 soldiers at the base as gang members.

"I think that's the tip of the iceberg," he said.

However, Vilseck Provost Marshal Maj. Robert Ray said there is not a big gang problem in Vilseck and he has no information on gang members within 2nd Cav.

"The military comes from all walks of lives, from rich to poor, and with that comes the 'society,'" Ray said. "Are there members of the military that belong to gangs? No doubt about it. But the military is not rampant with gang members.

"The military chain of commands do not tolerate things like that and do their best to weed out problems," he said.

There are no official statistics on gang membership in the military, but some experts have estimated that 1 percent to 2 percent of the U.S. military are gang members, Simon said. That compares with just 0.02 percent of the U.S. population believed to be gang members, she wrote.

"Gang membership in the U.S. armed forces is disproportional to the U.S. population," she added.

DOJ_NMG_0103328

Jim Kouri, vice president of the National Association of Chiefs of Police, wrote recently that, in addition to the Gangster Disciples, other Chicago gangs such as the Latin Kings and Vice Lords have infiltrated the military along with neo-Nazi groups.

Although there are no numbers to back it up, Simon believes gang member presence in the U.S. military is increasing.

"The U.S. Army has reported an increase in gang-related activity in the military, although their numbers are low," she said.

Gang-related activity in the military is highly underreported, and the Army is the only branch of the military that collects gang-related statistics, she wrote.

"It's often in the military's best interest to keep these incidents quiet, given low recruitment numbers and recent negative publicity. The relaxation of recruiting standards, recruiter misconduct and the military's lack of enforcement (gang membership is not prohibited in the Army) have compounded the problem and allowed gang member presence in the military to proliferate," Simon said.

State Directed To Test Recruiting Doctors For Executions (FINDLAW/AP)

By Brian Witte, Associated Press Writer

AP, December 7, 2006

(AP) - BALTIMORE-A federal judge considering challenges to Maryland's practice of execution by lethal injection wants the state to explore whether general surgeons, anesthesiologists and other more highly trained medical personnel would be willing to take part in executions.

Lawyers for death row inmate and convicted murderer Vernon Evans Jr. argue the people who currently carry out lethal injections are not qualified to know if an inmate is properly anesthetized before being put to death.

They have argued Evans' veins are so damaged from intravenous drug use that current execution protocol would subject him to "an unnecessary risk of unconstitutional pain and suffering."

They have asked U.S. District Judge Benson Legg to require the state to add a general surgeon and either an anesthesiologist or a certified nurse anesthetist to the lethal injection team.

Attorneys representing the state have argued such specialists are not needed because an execution is not a medical procedure.

The state also has argued that finding such specialists would be difficult. The American Medical Association, the American Society of Anesthesiologists and the American Nurses Association strongly discourage members from having anything to do with lethal injections.

But Evans' lawyers have argued there are medical specialists willing to take part. They have cited a study in the Annals of Internal Medicine that found 19 percent of surveyed physicians expressed a willingness to inject the drugs. The 2001 study also found 41 percent of the doctors surveyed would do at least one of the AMA-prohibited actions.

Death row prisoners nationwide have mounted challenges to lethal injection - the preferred method of execution in 37 states.

Doctors have participated in executions in other states, but attorneys representing Maryland have pointed out some of those doctors have faced repercussions from their involvement.

In California, an execution was indefinitely postponed in February after two anesthesiologists backed out because of ethical concerns they might have to advise the executioner if the inmate woke up or appeared to suffer pain.

Legg, writing in an order signed Friday, said he must balance the potential harm to the plaintiff - if the relief is withheld - against the burden to the defendant, if the relief is granted.

"To do this, the court must assess how difficult it would be for the state to recruit the medical specialists Evans advocates," Legg wrote.

During closing arguments in the case, Legg told attorneys it would be in the state's best interest to make sure executions run as smoothly as possible in order to avoid future lawsuits.

A. Stephen Hut Jr., who is representing Evans, did not immediately return a call seeking comment.

Bail Set For 2 In Alleged Prostitution Ring (AP)

AP, December 7, 2006

DOJ_NMG_0103329

No Bail For 3rd Suspect

(AP) DENVER A federal magistrate set bail at $20,000 each for two people accused of running a prostitution ring but ordered a third suspect held without bail.

Wai Chong Kong, 38, and his wife, Kit Chi Ho, 43, were ordered Monday to wear monitoring bracelets on their ankles if released on bail.

Magistrate Judge O. Edward Schlatter denied bail for Kah Poh Cheah, 28, who prosecutors said is in the United States illegally on an expired visa.

The three were arrested last month on suspicion of operating brothels out of four Denver-area apartments. Authorities said some of the prostitutes were working to pay off debts of up to $18,000 for fake visas that got them into the United States illegally from Asia.

Kong, Ho and Cheah each face one count of conspiracy and seven counts of transporting an individual for prostitution. Kong also faces with two counts of money laundering, and Ho and Cheah each face two counts of using interstate facilities to promote prostitution.

The maximum sentence for conspiracy is five years in prison and a $250,000 fine; for transporting for prostitution, 10 years and $250,000; for using an interstate facility, five years and $250,000; for money laundering, 20 years and $500,000.

Kong and Ho live in Highlands Ranch; Cheah lives in Thornton.

Ho wept as she asked to be released so she could rejoin her two children, ages 8 and 10. She said the children are staying with relatives in Minneapolis.

Ho's attorney, Marc Milavitz, said she is a legal U.S. resident who came to the country more than 17 years ago.

No information was immediately available on Kong and Cheah.

Sex-ring Suspect Weeps In Court (RMN)

By Sara Burnett, Rocky Mountain News

Rocky Mountain News, December 5, 2006

Woman pleads to go home to her two young children

One of the women charged with flying prostitutes to Colorado to participate in a sex ring wept as she asked a federal judge Monday to let her go home to her two young children.

"Every day they are asking, 'How come we cannot see our mom?' " Kit Chi Ho, 43, of Highlands Ranch, told U.S. District Court Magistrate Judge O. Edward Schlatter through a court-appointed translator.

Schlatter set bail for Ho and her husband, 38-year-old Wai Chong Kong, at $20,000 each - an amount defense attorneys said the couple could post using equity in their home.

The two also will be required to wear ankle bracelets so they may be monitored electronically, Schlatter said.

Schlatter denied bail for Kah Poh Cheah, 28, of Thornton, who prosecutors said is in the United States illegally after overstaying a visitor visa.

The three were arrested last month on suspicion of operating brothels out of four Denver-area apartments.

On Monday, a federal grand jury returned an 18-count indictment, accusing each defendant of conspiracy and seven counts of transport of an individual for prostitution.

Kong also is charged with two counts of money laundering, and Ho and Cheah each are charged with two counts of using interstate facilities to promote prostitution.

Authorities said an eight-month investigation showed some of the prostitutes were working to pay off debts to brokers who helped them come to the United States illegally from Asia.

The women paid $8,000 to $18,000 for fake visas, and some of the women also worked in brothels in California, investigators allege.

The ring advertised in Westword and generally charged $140 for 30 minutes of sex, according to court documents.

Of that fee, the prostitutes would keep $90.

Ho's attorney, Marc Milavitz, described Ho as "an exemplary person in the community until this crime occurred."

DOJ_NMG_0103330

A native of China, Ho came to the United States more than 17 years ago. She is a legal U.S. resident with no criminal history, Milavitz said.

She and her husband have children ages 10 and 8 who are staying with an aunt in Minneapolis.

Until last year, Ho owned Ocean City restaurant on Federal Boulevard in Denver, Milavitz said. She was working at two other restaurants at the time of her arrest.

All three defendants are scheduled to appear in court for an arraignment Wednesday morning.

Richmond Man Faces Up To 120 Years For Fraud Scheme (DPHR/AP)

By The Associated Press

Daily Press, December 7, 2006

RICHMOND, Va. -- A 22-year-old Richmond man accused of cheating more than 350 investors out of about $8.3 million pleaded guilty Wednesday to mail fraud and money laundering.

James E. Brown Jr. faces a maximum of 120 years in prison and fines of up to $16 million on each count when he is sentenced March 14 by U.S. District Judge Richard Williams, according to federal prosecutors.

Brown was arrested in September after an investigation by the FBI, the U.S. Postal Inspection Service and the Internal Revenue Service. Authorities charged that Brown, owner and president of Brown Investment Services, promised investors he could double their money every 30 business days through trading on the Foreign Currency Exchange Market.

The investment program, which Brown promoted at classes and seminars, was bogus. Little of the money was invested, and Brown paid early investors with cash coming in from subsequent investors to lull them into believing the investments were paying off as promised.

Brown used the money to finance a lavish lifestyle, including a $2.9 million fleet of luxury automobiles for himself and his employees.

According to prosecutors, of the $8.3 million Brown obtained from investors, he only invested $484,000 in the foreign currency market, losing about $61,000. Only about $700,000 remained in the company's bank account when Brown was arrested.

Ex-soldier Pleads Guilty To Child Porn Charges (ELPT)

El Paso Times, December 7, 2006

A 27-year-old former Fort Bliss soldier pleaded guilty Wednesday in U.S District Court to charges of producing and possessing child pornography, the office of U.S. Attorney Johnny Sutton announced.

Gary Alan Hernandez Jr., a former first lieutenant in the 204th Military Intelligence Battalion, pleaded guilty to one count of production and one count of possession of material involving the sexual exploitation of children. He now faces 15 to 30 years in prison and could also be fined up to $250,000 for each count. He is scheduled to be sentenced March 5.

As part of his guilty plea, he admitted that on April 16, 2005, he enticed a minor female to engage in sexually explicit conduct that would be photographed and distributed on the Internet. He was arrested Aug. 3, 2005, by FBI agents.

Many Charges Dropped In Girls Gone Wild Video Series Case (FINDLAW/AP)

AP, December 7, 2006

(AP) - PANAMA CITY, Florida-All but eight of the dozens of felony charges once faced by producers of the Girls Gone Wild video series about young women baring their breasts and acting in other sexual situations have been dropped by prosecutors due to a lack of evidence in the case that is set for trial next year.

Assistant State Attorney Mark Graham said he can support only second-degree felony charges of using children in sexual performances in his case against producer Joseph Francis, Francis' companies and employees.

The remaining charges could be dropped at a Jan. 3 hearing when a judge considers a defense motion to dismiss all charges in the 2003 case.

DOJ_NMG_0103331

Graham filed the motion to reduce the charges on Monday in response to the request from Francis' attorney Aaron Dyer for all charges to be dropped because of police misconduct. A judge in July threw out evidence investigators gathered while searching Francis' condominiums and private jet because of problems with the search warrants.

The second-degree felonies are punishable by up to 15 years in prison. Phone calls placed by The Associated Press Wednesday to Dyer's office were not immediately returned.

Francis was arrested in April 2003 and charged with more than 40 criminal offenses, including racketeering. He is accused of participating in the filming of two 17-year-old girls in sexual situations at a Panama City Beach motel.

In Monday's motion, Graham also addressed a defense argument that the Girls Gone Wild producers did not know the girls were underage. The defense has maintained the girls lied about their ages and signed a release saying they were 18 years old.

"Knowledge of the victim's age is not an element of the offense of use of a child in a sexual performance," he wrote. "Whether the minor girls lied about their ages is irrelevant to the criminal charge."

A federal civil lawsuit against Francis filed by the two women filmed is pending.

Pastor Fatally Shot In Prince George's (WP)

By Joshua Partlow And Hamil R. Harris

The Washington Post, December 7, 2006

A well-known Prince George's County minister who runs a transitional home for poor families died yesterday after being gunned down on the steps of his church in the morning.

The Rev. Milton L. Moore was outside the entrance of the Warriors for Christ Ministries in Suitland about 7 a.m. when he was struck in the upper body and bullets shattered a glass door, police and relatives said. He died at 4:25 p.m.

The shooting happened outside the three-story beige brick ministry building at 2420 Brooks Dr., which shares a parking lot with Drew-Freeman Middle School. Vernell Simon, 66, who lives across Brooks Drive from the ministry building, said he heard five or six shots, followed minutes later by sirens.

People inside the ministry building told police that they heard arguing outside before the shots.

Moore, 50, was shot once in the upper body, police said.

"We don't know at this point what the motive is," said Cpl. Diane Richardson, a police spokeswoman. No arrests had been made last night.

Detectives interviewed residents of the building and people who were running on the school track next to the ministry at the time of the shooting.

The ministry, which includes a private transitional home, opened in the late 1990s. The home has a capacity of up to 20 families. Ministry officials kept the shelter open yesterday while they awaited news about Moore's condition.

Several advocates for the homeless in Prince George's said Moore's ministry plays an important role in the county's social safety net and helps people get off the streets until they can find more permanent shelter.

"We had a very close working relationship. He was friendly with everybody," said the Rev. Imogene Stewart, who operates shelters in Prince George's and the District.

The ministry Web site says Moore was "called by God from the womb to minister to the broken hearted, downhearted, dejected, sick, oppressed people -- in other words, to pull them out of the very pits of hell."

He was raised in Albany, Ga., and met his future wife, Eva D. Jackson, when they attended a Baptist church, relatives said.

After high school, he joined the U.S. Merchant Marine, his mother said. Later, he began to "bring forth the word of God in Bible studies, out of which Warriors For Christ Ministries was formed," the Web site says. "He is now training up a body of bold 'Warriors' to go forth, storming the gates of hell, setting the captives free."

Moore's mother, Doris Moore, expressed despondence in a telephone interview from her home in Georgia.

"It's just the times we living in," she said of the shooting.

Moore, a father of four, lived with his family on Bar Geese Court in Upper Marlboro.

No one answered the door of the house yesterday afternoon.

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His wife's sister, Patricia Jackson, said Moore was "always a pretty quiet person, but when he was around family, he was very lively."

He enjoyed attending church functions, and "he did a lot in the community. . . . He was always giving back," she said.

"This is an atrocity," said Linda Collins, director of transitional housing for Community Ministry of Prince George's. "There is so much violence in that area."

Staff writer Allan Lengel and staff researcher Madonna Lebling contributed to this report.

Link Seen In Deaths Of Aged Women (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, December 7, 2006

Police View 2 Springfield Slayings as 'Crime of Opportunity' Committed by Same Person

Two elderly women slain three months apart in Springfield may have been killed by the same person -- someone with ties to their community who happened to come along, saw them alone and pounced on the opportunity to attack them, Fairfax County police said yesterday.

"I'm not going to say it's a serial killer," Capt. Michael Spradlin, head of Fairfax's criminal investigations bureau, said at a news conference. But he said investigators decided that the cases were linked after looking at the common elements. "It's obvious, to me."

Police urged residents, particularly seniors, to keep their doors locked and be aware of their surroundings. They also revealed that a diamond ring worn by the second victim, Marion J. Newman, 74, was stolen from her, most likely by her killer. Police distributed photos of the ring and asked the public for help in locating it as a possible clue toward finding the killer.

Spradlin said he believed that the slayings were "a crime of opportunity," in which an attacker happens upon a victim without planning or preparation. In the slaying of Marion B. Marshall, 72, Spradlin believes the killer "was just walking the street, he happened to see her, found no one home and he attacked her."

There was no indication that the women knew each other, Spradlin said. Newman's ring is the only item known to have been taken from either home. There was no sign of forced entry into either home or any indication of sexual assault, police said.

"We also feel the offender in this case has ties to the community," Spradlin said, meaning he may work or live or visit someone in either Edsall Park or Crestwood.

Marshall was found in her home in the 6600 block of Bostwick Drive, in the Edsall Park neighborhood just off Braddock Road, on Aug. 14. Police have not disclosed how she was slain.

Newman was found in her residence, in the 7100 block of Reservoir Drive, in the Crestwood neighborhood near Backlick Road, on Nov. 21. The cause of her death has also been withheld so that only the killer will know that information. Both women died of "unspecified trauma to the upper body," police said.

The houses, where the women lived alone for many years, are about two miles apart.

Investigators do not have physical evidence connecting the two cases. "The link is basically we have two female, elderly citizens of Fairfax County," Spradlin said, "that have been brutally murdered. They lived close to each other, their neighborhoods are similar, the women are similar."

A reward of $26,000 has been offered by the families of the two women for information leading to a conviction in the case.

Police have been discussing the cases with analysts from the FBI's Behavioral Sciences Unit, but Spradlin said he did not want to release any possible profile of the killer, for fear of limiting tips on potential suspects.

The ring stolen from Newman was specially made for her, welded together from three rings, and has three bands made of white gold, with diamonds inlaid and one diamond mounted, and a leaf design in the main band. Anyone with information about the ring or the homicides is asked to call 703-691-2131.

Spradlin declined to speculate on a motive. "As soon as I find the killer," he said, "I'll let you know."

Investigators from across the Fairfax department have been drafted to work on the cases, knocking on doors, handing out fliers, tracking down leads. Patrols in the two neighborhoods have been increased, and residents are more cautious, police

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spokeswoman Mary Ann Jennings said. One resident called police when a plainclothes detective tried to talk to her, Jennings said.

Police have urged residents to report suspicious activity, no matter how small, and the tips have increased exponentially, said the Franconia district commander, Capt. Maggie DeBoard. Officers have also conducted safety checks on dozens of residences at homeowners' request, Jennings said.

CIVIL LAW:

Family Sues U.S. Mint Over Rare Coins (FINDLAW/AP)

By Joann Loviglio, Associated Press Writer

AP, December 7, 2006

(AP) - PHILADELPHIA-A family is suing the U.S. Mint, saying it illegally seized 10 gold coins that are among the rarest and most valuable in the world that the family found among a dead relative's possessions.

The lawsuit, filed Tuesday in U.S. District Court in Philadelphia, accuses the Mint of violating the Constitution and breaking federal forfeiture laws by refusing to return the 1933 "double eagle" coins to the family after it handed the coins over to have their authenticity confirmed.

Plaintiffs Joan S. Langbord and her sons, Roy and David, are seeking the immediate return of the coins, said their attorney, Barry H. Berke.

Defendants named in the suit include the Mint, the Treasury Department, and officials in those agencies.

A Mint spokesman declined to comment, saying that the Mint had not yet been officially served.

Double eagles were first struck in 1850. They are so named because they had a face value of $20, twice the amount of gold coins known as eagles.

The coins, which Mint officials have said are so rare that their value could not be calculated, feature a flying eagle on one side and a figure representing liberty on the other. There were 445,500 minted in 1933, but they were melted down before being released into circulation when President Franklin D. Roosevelt took the country off the gold standard.

A handful escaped, however. Two were deliberately set aside and are at the Smithsonian Institution. The Mint has said any others in existence were obtained illegally, but agreed after a lengthy court battle to allow one of the coins to be sold at auction in 2002 for $7.59 million - the highest price ever paid for a coin - after its owner agreed to split the proceeds with the Mint.

Langbord, who discovered the coins in 2003 in a safe deposit box belonging to her deceased father, longtime Philadelphia jeweler Israel Switt, was aware of that case and contacted the Mint to disclose the coins' existence and "attempt to reach an amicable resolution of any issues that might be raised," the lawsuit states.

She handed the coins over to the Mint to be authenticated, but the Mint refused to give them back, saying they must have been stolen from the Philadelphia Mint in the early 1930s because they had never been in circulation, according to the lawsuit.

Switt, who died in 1990, told Secret Service agents in 1944 that he had possessed and sold nine 1933 double eagles, according to the Mint. All were tracked down by the government and destroyed between 1944 and 1952.

"The Mint's lawless position is that by merely claiming the coins were somehow removed from the Mint unlawfully in the 1930s, they can take the Langbords' property without proving it in a court of law," Berke said.

The coins at the center of the lawsuit were briefly displayed this summer for an American Numismatic Association's convention in Denver. They have been secured at the U.S. Bullion Depository in Fort Knox, Ky.

On the Net:

Mint: http://www.usmint.gov/auction/index.cfm?actiontheTimeline

Bankruptcy Law's 1-Year Report Card (AP)

By Dan Caterinicchia, Ap Business Writer

AP, December 7, 2006

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Filings Down, but Too Soon to Call Year-Old Bankruptcy Act a Success

WASHINGTON (AP) -- Bankruptcy filings have dropped dramatically in the year since a law went into effect aimed at curbing abuse of the system. But it's too soon to gauge the act's effectiveness, the legislation's most ardent supporters said Wednesday at a hearing held to study the law's impact.

About 750,000 personal bankruptcy cases were filed in the month before the law went into effect Oct. 17, 2005, compared to fewer than 500,000 cases in the past 12 months.

Many consumers rushed to file ahead of the new law, which requires a "means test" that determines whether filers qualify to have their debt erased under Chapter 7 or must file for a type of bankruptcy that requires repayment of a percentage of their debt over time.

"Means testing is a workable system," says Clifford J. White III, director of the Justice Department's Executive Office for U.S. Trustees, which has responsibility for the bankruptcy system. But White added that the test's long-term effectiveness is unknown since the number of filings has been so low.

White, who testified before the Senate Judiciary Subcommittee on Administrative Oversight and the Courts, also urged the mandating of "smart forms" that would automate most court procedures involved in bankruptcy filings. That could help keep the bankruptcy system efficient if the number of filings increase in the future as trends indicate they will, he said.

Subcommittee Chairman Sen. Jeff Sessions, R-Ala., agreed that it was too early to draw conclusions about the law's success. But he said the drop in overall filings coupled with an increase in the percentage of people seeking Chapter 13 protection, in which a debtor can use future earnings to pay back creditors, appears to show the system works.

From January to September, the personal and business bankruptcies dropped to 443,750 from 1.41 million in the year-ago period, according to data released Tuesday by the Administrative Office of the U.S. Courts. Personal filings fell to 429,522 from 1.38 million, while business bankruptcies declined to 14,228 from 26,275 in the same period.

But the subcommittee's incoming chairman, Sen. Charles Schumer, D-N.Y., said the bill may not go far enough in distinguishing between people who were financially ruined for legitimate reasons like job loss or the death of a spouse, and those who are "reckless high rollers."

The act should be "targeted at the nation's cheats and not its cheated," he added.

Also under the new law, people seeking bankruptcy protection are required to pay for credit counseling courses, although the courts can waive the fees for low-income debtors.

Bankruptcy lawyers have said their caseloads plummeted after the law went into effect, requiring many to raise their fees, and deride the act for adding unnecessary obstacles for people who legitimately need the protection.

"The law is not squeezing out the supposed legions of abusive filers because they were never there in the first place," Henry Sommer, president of the National Association of Consumer Bankruptcy Attorneys, said in a release. "All these ill-considered law changes are doing is erecting pointless additional hurdles and costs in the way of desperate families who legitimately need the fresh start of bankruptcy."

CIVIL RIGHTS:

Inquiry: Shot Man's Rights Not Violated (SPT)

By Chris Tisch, Times Staff Writer

St. Petersburg (FL) Times, December 7, 2006

ST. PETERSBURG - Federal prosecutors have determined that a Pinellas sheriff's deputy did not violate the civil rights of a St. Petersburg man who was shot and killed in April 2005 during a drug raid.

Jarrell S. Walker, 19, was shot to death by Deputy Christopher Taylor after a SWAT team burst into Walker's home as part of a drug investigation April 12, 2005.

Deputies found drugs and guns in the home. Walker, who was unarmed, was shot twice in the back.

The FBI said in May 2005 that it would investigate whether Walker's civil rights were violated.

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"After careful consideration, we concluded that the evidence does not establish a prosecutable violation of the federal criminal civil rights statutes," said Mark J. Kappelhoff, section chief of the criminal section of the U.S. Department of Justice's Civil Rights Division, in a letter to the Sheriff's Office.

The shooting prompted controversy and criticism from some community leaders, especially in St. Petersburg's African-American community. Walker was black; Taylor is white.

The Pinellas-Pasco State Attorney's Office ruled the shooting justifiable homicide because, it said, Walker was reaching for something under a couch and refused repeated orders to show his hands. A loaded handgun was found nearby.

However, Pinellas-Pasco State Attorney Bernie McCabe noted in a report: "I cannot help but note that this is another relatively young black male who has met his death at the hands of law enforcement in Pinellas County." He urged the Sheriff's Office to review its policy on deadly force.

Sheriff Jim Coats did just that, changing policy to make it more clear when deadly force should be used.

The federal civil rights review came at the request of the St. Petersburg NAACP, whose leadership disagreed with McCabe's decision to clear Taylor of wrongdoing.

"There are many in the community who are not satisfied with what has been done so far," Darryl Rouson, then-president of the NAACP, wrote in a letter to the FBI.

The recent decision, which came without an explanation, doesn't bring closure to the situation, current NAACP president Trenia Cox said.

"I don't have sufficient evidence to support the decision one way or another," Cox said. The shooting "remains an issue that demands more attention."

Cox said her organization will request that the Justice Department explain how it arrived at its conclusion.

Federal civil rights reviews of such incidents are common, though prosecutions are rare. In 2003, there were 1,546 reviews but only 62 prosecutions.

Protesters Decry Police Shootings March Blocks Memorial Drive Near DeKalb Jail (AJC)

By David Simpson, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 7, 2006

Vowing to go to jail for their cause, about 50 protestors blocked traffic on Memorial Drive Wednesday in the latest march to draw attention to police shootings in DeKalb County.

Marchers who made the short trek from the county jail complex to nearby I-285, included former DeKalb NAACP president John Evans and state Rep. "Able" Mable Thomas (D-Atlanta).

Some of the marchers said they were willing to be arrested for the cause. No police were on the scene shortly after 11 a.m.

The march is the third of its kind in recent weeks. This year, DeKalb police have been involved in 12 deadly shootings. One officer has been killed.

Some community activists have called for the U.S. Justice Department to investigate. The DeKalb County District Attorneys office has agreed to review all of the shootings.

The marchers walked across the overpass at I-285 and then returned in the westbound lanes of Memorial to the county jail. No arrests were made, and there was no police presence until the marchers continued beyond the jail to the Bobby Burgess Public Safety Building, which until last week housed the police headquarters.

The protest ended shortly after noon.

Waiting For Answers (NYT)

By Bob Herbert

The New York Times, December 7, 2006

I don't know whether the undercover cops who shot and killed Sean Bell and wounded his two friends should be criminally indicted. I wasn't there and not enough information has emerged publicly to make a determination.

What I do know is that the investigation of this shooting in Jamaica, Queens, in which the victims were unarmed and seemed to have no intention of threatening the police, is not being conducted in a timely or effective fashion.

While the local community is seething with anger over the shooting, there are investigators scrambling like mad to find dirt to throw on the victims and locate any evidence that might, however remotely, tend to justify the shooting. But the authorities have not even asked the cops, who fired 50 bullets at the car with the three men inside, what happened. That is insane.

The office of the Queens district attorney, Richard Brown, is leading the investigation into the shooting. For procedural reasons that have to do with concerns about inadvertently conferring some degree of immunity on the officers, the D.A. has asked the Police Department not to interview the officers who shot at the car.

But the D.A.'s office has been moving in super-slow motion on the case, and no one from that office has interviewed the cops, either. Mr. Brown told me yesterday that he has a tremendous amount of additional information to gather before his office attempts to speak to the cops. "I've got no business talking to these cops," he said, "until I know, or am reasonably satisfied, as to what the facts are."

He said he hopes to speak to the officers next week, but he does not know when the matter might be presented to a grand jury. "You never go before a grand jury with a case," said Mr. Brown, "unless you've got all the T's crossed and the I's dotted."

A veteran investigator told me yesterday that there have been several meetings in the D.A.'s office about the Sean Bell case but that Mr. Brown and his top aides are not yet sure how to proceed.

The truth is that neither the Police Department nor the district attorneys in New York are equipped to properly investigate controversial police shootings. The prosecutors and the cops have a special, co-dependent relationship that exists around-the-clock, year-in and year-out. They work together all the time on criminal cases and other matters. They view one another as members of a close-knit criminal justice family. They watch each other's backs.

When cops are involved in shootings that may not seem justified, there is an instinctive institutional response from other cops and prosecutors to close ranks around the accused officers. The instinct is to protect them, not to indict them.

(Tugging against those instincts in this case, as in the Amadou Diallo killing in 1999, is the sensational nature of the shooting and the tremendous public outcry and press coverage it has generated.)

The interests of the larger community can be served only when problematic police shootings are thoroughly and fairly investigated by objective, impartial and independent investigators. The police have shown over many years that they are not up to this important task, and neither are the district attorneys. This is why so few cops have been brought to justice over the years in cases of blatant police misconduct and brutality.

There is an inherent and apparently insurmountable conflict of interest at work when district attorneys investigate cases of alleged police brutality. It's time for New York to face up to this. It's time to establish a truly independent office — perhaps a special state prosecutor, or a permanent, fully staffed independent office at the district attorney's level — to investigate this type of police misconduct.

The victims of unjustifiable police killings are most often (but not always) black, and in most cases they are black men. It's time to recognize that racial stereotyping and race prejudice are still big problems in New York, and that the police often behave differently when confronting people who are black.

A special investigative office, which could look at these incidents and encounters only after the fact, is not enough. There is also a need for Mayor Bloomberg and Police Commissioner Ray Kelly to become proactive, to acknowledge that racism is still an issue in the Police Department and to overhaul police training and address poisonous police attitudes in an effort to prevent these senseless tragedies.

Suit: Anti-Terror Unit Filled With Hate (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, December 7, 2006

(AP) - NEW YORK-A celebrated police anti-terrorism cyber unit became a beehive of anti-Muslim rhetoric after a city consultant unleashed hundreds of hateful e-mails saying Muslims and Arabs were all potential terrorists, a unit member said in a lawsuit filed Tuesday.

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The Department of Correction lieutenant, listed as John Doe Anti-Terrorism Officer on the lawsuit in U.S. District Court in Manhattan, said he was subjected to a hostile work environment, great emotional anguish, public humiliation and illegal retaliation.

The Egyptian-born man asked for unspecified damages, saying he had suffered severe emotional distress, mental anguish, depression, physical injuries, illness, loss of pay and benefits and loss of advancement opportunities as a member of the elite anti-terror unit.

The man, described in the lawsuit as "a proud Arab-American, a practicing Muslim and a patriot," blamed the city for failing to respond to his repeated complaints about the contractor, who was alleged to have sent e-mails saying "Burning the hate-filled Koran should be viewed as a public service at the least" and "Without Islam, there wouldn't be any Islamic terror."

He said the hateful rhetoric, unchecked by supervisors, infected the workplace, where other employees felt comfortable making anti-Muslim comments and jokes and where a high-ranking police official thought it was OK to say, "All Arabs are animals."

A city law office spokeswoman, Connie Pankratz, said city attorneys were aware of the case and were reviewing the papers Tuesday.

The police department said it immediately blocked an e-mail account when it became aware of a complaint about the content of e-mail "sent by an individual not employed by the department."

"We took immediate action to block his e-mails, followed by a cease and desist letter to the individual and his employer, a consulting firm," the police department's chief spokesman, Paul Browne, said in a statement.

The lawsuit said the lieutenant was awarded a certificate of outstanding duty in October 2001 for his "heroic efforts following the World Trade Center disaster" and that he played a primary role in launching the cyber unit of the New York Police Department's intelligence division, where he is assigned a top-level security clearance and works undercover to protect his safety.

According to the lawsuit, the lieutenant believed he was living the American dream as he identified terrorist threats to the city two decades after arriving in the United States and more than a decade after gaining citizenship in 1990.

Federal Judge Will Decide Merits Of Osceola Vote Plan (ORS)

By Mark Pino, Sentinel Staff Writer

The Orlando Sentinel, December 7, 2006

A 17-month-long battle over how Osceola elects county commissioners could come to a close in federal court today.

The remaining issue before U.S. District Judge Gregory A. Presnell is whether the county's proposal to create a system of at-large and single-member seats by increasing the size of the board to seven commissioners will pass legal muster.

Presnell issued an injunction halting commission elections in June and ruled in October that the "racially polarized" county's at-large voting system penalizes Hispanics in violation of the Voting Rights Act.

On Wednesday, commissioners voted 4-0 to accept a redistricting plan drafted by the U.S. Department of Justice, rather than a plan drawn up by county experts, after Presnell this week rejected a key part of the county's proposal. Commissioner Paul Owen was absent.

In drawing proposed new district lines, Osceola had used 2005 U.S. Census population estimates and a county database of certificates of occupancy to distribute the approximately 59,000 people who have moved to the county since 2000. Presnell said he was "unconvinced" by the data and ordered the county to submit a plan using 2000 Census figures by Wednesday.

"I'm going to support the resolution" to adopt the Justice Department's plan, Commissioner Tom Franklin said. "But I think we should express our concern that the court did not allow us enough time to seek public input."

The plan adopted Wednesday has district lines that do not require two commissioners to face each other in an upcoming election. As a result, Assistant County Attorney George Nickerson said, the Justice Department will accept staggered elections. In its initial proposal, the agency has wanted all five commission seats on the ballot at the same time.

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Nickerson said the map addresses some issues raised at a public hearing last month, when residents complained about putting Poinciana in a district with much of rural Osceola, including Yeehaw Junction and Kenansville. Poinciana will now be in a more geographically compact district.

A new Hispanic majority district centered around Buenaventura Lakes would be an open seat and up for election. Ken Smith, whose term has expired, also would be up for re-election in a newly drawn District 4. Commission Chairman Ken Shipley would represent District 2, including Poinciana, but would not be up for election until 2008.

The judge could impose new districts immediately, mull over what he hears in court or order the parties to craft a new proposal. Either side could appeal, further delaying elections that had been scheduled to fill two commission seats Nov. 7.

Nickerson said the timing of Presnell's latest ruling left commissioners little choice but to pick one of the plans submitted by the Justice Department, which sued last year saying that at-large elections dilute Hispanic voting strength.

However, commissioners told the attorney to argue for a hybrid plan of five single-member districts and two that would be elected countywide.

The county says that allowing residents to vote for three commissioners is better than having them vote for only the one representing their district.

"This solution was tailored for the County by its elected representatives, who understand the existing political system and are in the best position to evaluate the results of the proposed changes," said the county's filing.

Mark Pino can be reached at mpino@orlandosentinel.com or 407-931-5935.

ANTITRUST:

Man Indicted In Texas In Federal Phone Fund Fraud Case (AP)

AP, December 7, 2006

A contractor was indicted in Texas on Wednesday and charged with defrauding a federal program that provides computers and Internet access to economically disadvantaged schools and libraries.

A federal grand jury in McAllen, Texas, returned a nine-count indictment alleging that the former president and owner of ATE Tel Solutions Inc. — Rafael G. Adame — committed wire fraud, according to the Justice Department.

The E-Rate program is funded by telephone customers through a special fee included in their bills. The indictment alleges Adame submitted fraudulent charges on behalf of his company to the program's administrator, collecting $141,273 in payments.

The Justice Department said that including Wednesday's filing, 14 individuals and 12 companies have been charged as part of an ongoing investigation into the program. Thus far, defendants have agreed to pay fines and restitution totaling more than $40 million.

The indictment alleges Adame, by making false representations on invoices filed with the E-Rate administrator, received payments in excess of what was authorized and for work that was not performed.

U.S. Criminal Probe Rattles $2 Trillion Municipal Bond Market (BLOOM)

By William Selway And Martin Z. Braun

Bloomberg, December 7, 2006

Dec. 7 (Bloomberg) -- The first-ever antitrust probe of the municipal bond market is roiling an industry that states and cities depend on to finance everything from garbage trucks to schools.

U.S. Justice Department prosecutors subpoenaed more than a dozen banks and insurers three weeks ago, seizing documents from three brokers in a search for evidence of bid rigging. Lawyers say it's the biggest criminal investigation of the almost 200- year-old market, where municipalities have more than $2 trillion of debt outstanding.

``You don't want to have something like this going on," said Robert Doty, a Sacramento, California-based adviser with American Governmental Financial Services Co., who is the vice chairman of the National Association of Independent Public Finance Advisors. ``It's just bad for the reputation of the market."

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JPMorgan Chase & Co., the third-largest bank in the U.S., American International Group Inc., the world's largest insurance company, and Financial Security Assurance Holdings Ltd., a unit of Brussels-based financial services company Dexia SA, are among the companies that received subpoenas. JPMorgan declined to comment. AIG and Financial Security spokespeople said the companies are cooperating with the probe.

The investigation stems from an Internal Revenue Service review that found scores of municipal bond deals robbed federal taxpayers of more than $100 million. Banks and other financial firms arranged to sell guaranteed investment contracts in a way that increased their fees at the expense of the U.S. government, said Charlie Anderson, manager of field operations for the IRS's tax-exempt bond division.

Courtesy Bids

The IRS in 2005 told Atlanta officials that the city may have overpaid for a $453 million guaranteed investment contract from Bank of America Corp. The IRS asked whether banks arranged to submit ``courtesy losing bids'' at an auction held to win the city's investment business, according to a Feb. 5, 2005 letter obtained by Bloomberg News. The contract was for money raised by a 1999 water and sewer bond.

Bank of America spokeswoman Shirley Norton declined to comment.

Amelia Bond, who ended her one-year term in October as chairman of the Municipal Securities Rulemaking Board, a self-regulatory body based in Alexandria, Virginia, said in a speech to the Bond Market Association in May that the IRS probe has left the industry ``vulnerable.''

``Any time the IRS is involved you worry about the integrity of the marketplace,'' Bond said. ``It sounds like they're finding something.'' The Justice Department opened its criminal investigation six months later. The Securities and Exchange Commission also joined the probe.

Unprecedented

C. Willis Ritter, a Washington-based bond attorney for Ungaretti & Harris who has worked in the industry for 35 years, said in a Nov. 16 interview that the probe marked ``the first time I have ever seen the antitrust division of the DOJ get involved in public finance.''

State and local governments in 2005 sold a record $408 billion of long-term debt in more than 13,000 separate offerings, according to Thomson Financial. The bonds raise money for roads, hospitals and sewage plants, attracting investors by providing income exempt from taxes.

Prosecutors are trying to determine whether banks and brokers conspired to fix prices on so-called GICs, which municipalities buy with bond proceeds that aren't spent immediately.

Back to 1992

The Justice Department asked for information from as far back as 1992, including files on guaranteed investment contracts and other financial products, such as derivatives. A derivative is a financial contract whose value is derived from tradable securities or linked to events such as interest-rate changes.

Investigators also subpoenaed three firms that advise local governments on derivatives and evaluate bids for guaranteed investment contracts: Beverly Hills, California-based CDR Financial Products Inc., Pottstown, Pennsylvania-based Investment Management Advisory Group Inc. and Sound Capital Management of Eden Prairie, Minnesota.

All three said in statements that they are cooperating with the investigation and defended their work.

The municipal finance industry was rocked by scandals in the 1990s, including a probe of influence peddling concerning so- called pay to play, in which banks gave public officials campaign contributions to win no-bid contracts. There was also the controversy over yield burning, in which banks and brokers overcharged local governments for Treasury bond investments.

Out of View

Local governments are required to solicit bids for guaranteed investment contracts. They rely on brokers such as CDR, which deal with the banks and provide documents certifying that the bidding is fair. States and cities only use competitive bidding for bond sales 20 percent of the time, down from 74 percent three decades ago.

``The way that these folks have operated, largely by telephone and largely out of public view, are not as transparent as they might be,'' said Patrick Born, chief financial officer of Minneapolis and the head of the debt committee of the Chicago- based

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Government Finance Officers Association. ``And it's certainly possible that when you don't have transparency you can have abuses."

Anderson of the IRS says regulators ``think we have evidence of bid rigging." Local governments are required to pay as taxes any profits they get by borrowing at low tax-exempt rates and investing in higher-yielding securities.

`Sweetheart Deal'

The IRS probe shows that investment contracts were sold at below market rates, Anderson said. That meant lower returns for municipalities and less tax revenue for the IRS, he said.

``People were winning GICs at below fair market values and there were obviously deliberate losing bids by the losing bidders, thereby allowing the winner to win a sweetheart deal," said the IRS's Anderson.

The IRS is concerned that unfair bidding deprived the Treasury of money, much like the so-called yield burning scandals of the 1990s, when Wall Street banks raised the price on Treasury bonds sold to local governments, driving down the yield, to get around restrictions on how much they could earn. Wall Street banks paid more than $170 million to end the Securities and Exchange Commission's investigation of that practice.

More Scrutiny

Carol Lew, the president of the National Association of Bond Lawyers in Chicago, said the investigation of GICs will place the firms that work on those transactions under heightened scrutiny by their government clients, who may choose to avoid the contracts.

``The allegations may cause issuers to examine and question whether a guaranteed investment contract is the best investment for them," Lew said.

Roger Davis, a partner in the San Francisco office of Orrick, Herrington & Sutcliffe's public finance office, said the probe may end wrongdoing. He said his firm represents more than one client in the investigation, declining to provide names.

``I think this could be good for the industry," Davis said. ``It's pretty clear the IRS has found some questionable behavior. Sometimes you have to flush it out, get rid of it and move on."

Muni Probe: It's Deja Vu Again (WSJ)

By MICHAEL HUDSON And KAREN RICHARDSON

Wall Street Journal, December 7, 2006

U.S. Inquiry Suggests Return Of '90s Excesses in the Market; 'A Lot of Bad Deals out There'

Federal regulators tried to clean up corruption in the municipal-bond market in the 1990s.

But with the muni market caught in a new, wide-ranging investigation, it looks like little has changed.

In recent weeks, the Justice Department and the Securities and Exchange Commission have issued subpoenas to Wall Street firms seeking information on an array of muni-market investment products, according to people close to the banks. In November, the Federal Bureau of Investigation raided offices of some firms that act as go-betweens for municipalities and the banks. The Justice Department acknowledged it was investigating "anticompetitive practices" in the industry. And the Internal Revenue Service is examining whether consultants and underwriters have used financial sleight of hand to evade federal taxes.

"There's a lot of bad deals out there -- and the industry is very blasé," said Charles Anderson, field manager of the IRS's municipal-bond unit, in an interview.

In the 1990s, authorities uncovered cases of bribery, kickbacks and bid-rigging. In one memorable 1993 case, a former "first husband" of Kentucky, Bill Collins, went to prison for gifts received from firms that did bond business with the state while his wife was governor. Among the sweeteners: a $35,000 grand piano he presented to his wife.

Arthur Levitt vowed to clean up "backroom deals" after becoming SEC chairman that year. Regulators passed rules discouraging Wall Street firms from using political contributions to win bond underwriting business, a practice known in the industry as "pay to play."

The IRS's Mr. Anderson said that many muni deals are "plain vanilla" and aboveboard. But Mr. Anderson, who is retiring next month, said the use of derivatives and other complex financial products makes it harder for regulators to catch questionable behavior.

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Tax-exempt municipal bonds bankroll everything from sewer projects to school expansions to sports stadiums. Last year, cities, states and other public entities issued $406 billion in muni bonds, according to Thomson Financial.

At this point, it seems unlikely that Wall Street's run of profits will be touched by the probes. Municipal-bond underwriting is not a big contributor to the bottom line of most big financial firms.

In the '90s, the SEC and IRS also cracked down on a tactic known as yield burning, which involved sidestepping federal taxes by hiding returns that municipalities earn when they reinvest bond proceeds. In 2000, 17 Wall Street firms -- including Salomon Smith Barney Inc., PaineWebber Inc. and Goldman, Sachs & Co. -- agreed to pay nearly $140 million to resolve government allegations that they perpetuated the practice.

Some of the same issues are coming up again.

The Justice Department has issued subpoenas to most of the big investment banks on Wall Street, according to several people close to the banks. The top underwriters of municipal bonds over the past 15 years include Bank of America Corp., Bear Stearns Cos., Citigroup Inc., Goldman Sachs Group Inc., J.P. Morgan Chase & Co., Lehman Brothers Holdings Inc., Merrill Lynch & Co., Morgan Stanley and UBS AG. All declined to comment officially, but several people close to the banks said that most or all of the firms had received subpoenas in recent weeks.

"The whole system needs to be revamped," said Mark Schwartz, a former investment banker who is now a critic of the muni business.

Some people familiar with the probes cautioned that hard details about the nature of the latest investigations are hard to come by. One person close to a big Wall Street bank said the probes "could take several years."

"If regulators see a need to investigate, they should do so, and they should do so thoroughly," said Micah Green, co-chief executive of the Securities Industry and Financial Markets Association, which represents bond firms and other Wall Street companies.

Investigators are believed to be looking at whether some consulting firms handled bids on bond-deal contracts improperly. Authorities also are trying to determine whether underwriting and consulting firms used interest-rate swaps and other complex financial structures to veil excess returns.

The latest probes are partly an outgrowth of IRS inquiries. Mr. Anderson estimates that in the past six years, muni-bond issuers have had to refund or redeem $30 billion in bonds -- either buying them back from investors or swapping them for new ones -- amid IRS audits.

The IRS is concerned about the way consultants and underwriters invest bond-issue proceeds. There's often a lag between the time cash comes in from a bond and the time a project is launched. Municipalities may invest the cash during the lag. They aren't allowed to seek big returns from those investments, because they have a financial advantage, thanks to the bonds' tax-exempt status. When they earn more than the interest they're paying to investors on the bonds themselves, they generally have to turn the excess over to the IRS.

In Fargo, N.D., the IRS focused on whether a derivative product used in a water-bond deal helped hide taxable gains. In November, the city settled and agreed to redeem $28 million in bonds outstanding.

The IRS stiffened rules in the '90s to combat muni tax chiseling. The Municipal Securities Rulemaking Board, or MSRB, an industry regulatory body overseen by the SEC, passed rules aimed at attacking other muni-industry concerns. But the MSRB's overhauls were only partial. It doesn't oversee how municipalities reinvest money after it's raised. And it doesn't police the use of derivatives, such as interest-rate swaps, which allow parties to trade exposure between fixed and floating interest rates.

"You have a regulated area side by side with an essentially unregulated area," said Christopher Taylor, the MSRB's longtime executive director. "When you regulate one place and not the other, funny things usually evolve."

Criminal prosecutors in Philadelphia and Illinois have pursued corruption cases recently against public officials and bankers. Last year, two former J.P. Morgan Chase bankers pleaded guilty to trying to boost their firm's bond business by directing payoffs to a fund-raiser for Philadelphia Mayor John Street. A former city treasurer also pleaded guilty in the case. The fund-raiser was charged with fraud and other crimes, but died soon after. Mr. Street hasn't been accused of wrongdoing.

Also in 2005, a federal grand jury in Chicago indicted a former Bear Stearns executive on charges he used fraud and extortion in an effort to secure financing work for Bear Stearns on a hospital expansion.

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Bear Stearns has disclosed in securities filings that the SEC, Justice Department and Illinois authorities have sought information about the company's Chicago muni business. It says it is cooperating and remains confident in the integrity of its business.

--John Connor contributed to this article.

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Delta's Pilots Chief Opposes Merger, Says Deal Would Mean Job Cuts (USAT)

By Marilyn Adams, Usa Today

USA Today, December 7, 2006

On a day of escalating rhetoric from two airlines, the chief of Delta Air Lines' (DALRQ) pilots union warned Wednesday that a merger with US Airways (LCC) would leave "thousands" of Delta employees jobless.

The remarks by Lee Moak, chairman of Delta's Air Line Pilots Association, came as US Airways CEO Douglas Parker pressed for access to Delta's books to move ahead on his company's bid to acquire Delta out of Chapter 11 bankruptcy.

US Airways has made a hostile takeover offer of $8.5 billion in cash and stock for Delta, the USA's third-biggest airline, which is in Chapter 11. US Airways says a merger would make both airlines stronger and more competitive in the USA and abroad. It would be the world's biggest airline.

Executives at Delta have rebuffed the offer, saying that it's too risky and that Delta is better off alone.

Moak's warning of job losses contrasts with US Airways' public promises not to lay off any employees or halt air service to any cities if the two airlines merge. Because both US Airways and Delta operate a shuttle service serving Washington, New York and Boston, Parker has said one of the shuttles would have to be sold to avoid federal antitrust violations.

In an interview, Moak said the union's analysis of US Airways' offer finds "at least 1,000 Delta pilots and several thousand other Delta employees would be terminated" as a result.

Only Delta's pilots are unionized. That union is one of Delta's largest unsecured creditors and is represented on the creditors' committee. Other Delta workers, such as flight attendants, mechanics and reservations agents, are not unionized and have no contract protections.

Although Delta has not filed its own post-bankruptcy business plan that creditors can compare with the merger offer, Moak said he supports Delta's intention to stay independent.

Delta plans to unveil its business plan late this month.

"I know for a fact that our stand-alone plan will not result in furloughs or terminations of employees," he said.

Parker released his own statement Wednesday, pressing Delta to open its books to US Airways. Parker said in the release that Delta's directors and creditors must begin due diligence "to satisfy their respective fiduciary obligations" to fully review US Airways' proposal.

"Only then can they be in a position to truly assess this opportunity," Parker said.

"We are absolutely determined to take necessary steps to move the process forward."

In an interview published Wednesday in The Washington Post, Delta CEO Gerald Grinstein, who adamantly opposes the deal, said the merger would hurt consumers by reducing competition, raising fares and diminishing service to small cities.

US Airways Firm About Delta Offer CEO Clarifies Remarks (AJC)

By Dave Hirschman, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 7, 2006

US Airways called for Delta Air Lines' directors and creditors to "fully and fairly" evaluate its $8.6 billion takeover bid and reiterated Wednesday its commitment to pursue the controversial deal.

Some airline analysts had concluded the acquisition was falling apart when US Airways CEO Doug Parker was quoted in USA Today on Wednesday morning saying his carrier would abandon the hostile takeover if Delta wasn't convinced of its benefits. Parker's comments were made during a Tuesday meeting with the newspaper's editors and reporters.

"We have to get to a point where all are working together on this or it's not going to happen," Parker said in USA Today. "This is all about convincing Delta's management that this plan makes sense."

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On Wednesday afternoon, however, Parker issued a written statement proclaiming US Airways is "fully committed" to purchasing Delta and calling for the Atlanta-based airline's board and creditors to move to a detailed study of a combined operation.

Parker didn't deny telling USA Today that US Airways would only pursue a consensual deal. But a US Airways spokeswoman said Parker's written statement was meant to clear up "misperceptions the article may have caused."

Also Wednesday, Delta pilot union leaders met outside US Airways' vacant former headquarters in Arlington, Va., to emphasize the job losses they say would hit Atlanta if Delta is sold. US Airways abandoned the office building when it was purchased by American West, which adopted the US Airways brand.

"I want them to understand exactly what a hostile takeover means — and they get it," said Capt. Lee Moak, head of the Air Line Pilots Association at Delta. "It's bad for employees, communities and customers. It's only good for corporate raiders — and they're not going to succeed here."

US Airways estimates merging with Delta will save $1.65 billion a year and cut overlapping routes. But Moak disputed that figure and said Justice Department regulators are almost sure to reject any Delta/US Airways merger.

"[US Airways] glossed over the Delta pilot contract which prohibits many of the synergies they think they'll get," Moak said. "Our contract alone will kill this merger. This merger will not succeed."

Moak said pilots met late Wednesday with lawmakers in Washington to drum up opposition to a Delta sale.

Robert Mann, an airline analyst, said Parker's published comments about winning Delta approval were probably meant to ease fears among Delta employees.

"It makes it a lot easier to put employee groups together if a deal is consensual," Mann said. "He feels like he's got the best plan, and in Chapter 11 the best economic plan wins at the end of the day."

Adam Pilarski, airline analyst at Avitas, said he first interpreted Parker's comments as a sign he was abandoning a takeover attempt.

"I couldn't figure it out," Pilarski said. "It sounded like an admission of defeat, that he was giving up. Maybe he was extending the olive branch to labor, but the whole thing was very strange."

Parker's statement Wednesday afternoon was meant to dispel such notions.

"We believe that the next steps, in order for Delta's board of directors and creditors committee to satisfy their respective fiduciary obligations to fully and fairly evaluate the potential benefits of our proposal, is to begin the due diligence process," Parker said. "We are absolutely determined to take the necessary steps to move the process forward."

ONLINE

> Go to ajc.com for breaking news about Delta.

Chronicle, MediaNews Plan Business Deal (AP)

By David Kravets, Associated Press Writer

AP, December 7, 2006

Chronicle, MediaNews Plan Ad Sales, Distribution Sharing Deal

SAN FRANCISCO (AP) -- MediaNews Group Inc. and the San Francisco Chronicle plan to consolidate some of the business operations of their Bay Area newspapers, but will refrain from doing so pending the outcome of a federal antitrust trial challenging the deal, both companies said Wednesday.

Last week, U.S. District Judge Susan Illston tentatively blocked MediaNews and the Chronicle's owner, Hearst Corp., from merging local distribution and national ad sales. Illston said such a deal could pave the way for "price manipulation" and make it harder for new competitors to enter the market.

New York-based Hearst Corp. has invested $300 million in a complex deal that gives MediaNews three more Bay Area newspapers -- on top of the seven it already owns, including the Oakland Tribune. Hearst's investment helped Denver-based MediaNews finance the purchase of Hearst rivals Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year.

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In issuing the temporary restraining order against the alliance, Illston said she had been under the impression that Hearst's investment was solely an equity stake, but an April 26 memo had surfaced suggesting it actually was a bid to merge operations.

Illston's comments bolstered San Francisco businessman Clint Reilly's federal antitrust claims against the publishers.

In court briefs and in interviews Wednesday, the publishers said they planned to move forward with the consolidation by winning the right to do so at trial by proving the plan is not anticompetitive. Executives have said the two companies had not engaged in any discussions to merge operations since the letter was written.

"Riley's allegations are hyperbole and don't have any substance," Hearst attorney Daniel Wall said in an interview. "We do intend to prove, at trial, that nothing we contemplated would be unlawful."

Joseph Alioto Jr., Riley's attorney, said the publishers "have no chance" of pulling that off.

"It's a price-fixing agreement. They're gonna fix the prices of advertising," he said. "This is first-year law school stuff."

The publishers said in the court briefs that advertisers and even readers have other venues besides newspapers.

"A newspaper-only market with a Bay Area-wide scope is not a realistic market here," they said. "No significant group of advertisers faces that market, and in the day of the Internet, it is plain that readers do not either."

MediaNews and Hearst are combining efforts in other ways, which Illston has not blocked. Two weeks ago, they joined forces with more than 150 dailies in 38 states in a bid to generate more online advertising revenue by working with Yahoo Inc., the Internet's most trafficked site.

Sacramento-based McClatchy Co. got the papers targeted in Reilly's suit as part of its $4 billion acquisition of San Jose-based Knight Ridder Inc., a takeover that included $2 billion in debt assumption. McClatchy then struck deals to sell 12 of Knight Ridder's former 32 daily papers, including some to MediaNews.

The case is Reilly v. MediaNews Group, 06-4332.

Mexico's Newest TV Drama Is A Bid To Block A Third Broadcaster (NYT)

By Elisabeth Malkin

The New York Times, December 7, 2006

MEXICO CITY, Dec. 5 — Night after night for almost two weeks, Mexican television news has shown exposés on how poor people suffer from the high cost of medicines.

The images of the ill and dying have been heart-wrenching. Legislators lament the lack of regulation. Corner pharmacies barely fend off failure. The new health minister concedes that high prices are a problem.

It may be merely a coincidence that Mexico's two competing television companies, Televisa and TV Azteca, have each chosen to focus on this particular social problem at the same time.

Their separate reporting comes to exactly the same conclusion. The culprits who drive the prices so high are two pharmaceutical distributors who together control 70 percent of the market. And both news teams single out the same one for particular opprobrium: Grupo Casa Saba, a $2 billion company controlled by the reclusive octogenarian billionaire Isaac Saba Raffoul.

What neither Televisa nor TV Azteca mentions is that Mr. Saba has his eye on another business: television.

Mr. Saba is the Mexican partner of Telemundo, the NBC Universal unit that is the No. 2 Spanish-language television broadcaster in the United States. In September, Telemundo and another company Mr. Saba owns, Grupo Xtra, formally requested a license for a broadcast television network.

Both Televisa and TV Azteca say that their coverage is driven only by news judgment. "The high cost of medicines in a poor country with great health needs is a real issue, and it is not related to Saba and his other businesses," said Manuel Compean, a spokesman for Televisa.

Jorge Sanchez, a spokesman for Casa Saba, denied any accusations of price-gouging and pointed to profit margins of less than 10 percent on the company's balance sheet.

Within weeks, the license request set off a nasty dispute between Telemundo and TV Azteca, leading to lawsuits and countersuits. Last week, Telemundo asked the Federal Communications Commission in the United States to deny the renewal of the broadcasting license to KAZA, the Los Angeles affiliate of Azteca's growing network based in the United States. The dispute

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comes just as Felipe Calderón takes office as president. Mr. Calderón, who campaigned on a promise to increase competition, has said that Mexico should have a third broadcast company.

The decision over whether to authorize a new network, which would be awarded by public auction, could prove to be the new government's first big test when it comes to taking on powerful business interests.

Many parts of Mexico's economy are controlled by just one or a few companies that have succeeded in keeping out competition.

Televisa and TV Azteca control almost the entire broadcast television industry in Mexico, although Televisa is much larger, with about 75 percent of the advertising market. Last April, they won passage of a law that critics say gives them free space on the broadcast spectrum.

That law created a public uproar that has heightened pressure for more competition. "There has to be at least one more open television channel," said Mexico's top antitrust regulator, Eduardo Pérez Motta, in an interview. Last week, he called on the government to auction off more spectrum quickly.

But both Televisa and TV Azteca declare that they are ready and willing to compete. "Televisa has competed historically and competes every day in all of its businesses," Mr. Compean of Televisa said.

For Telemundo, the effort to gain a distribution platform for its programming is simply a question of equality. Televisa, the world's largest Spanish-language media company, distributes its popular telenovelas and reality shows through a licensing agreement with Univision, the top Spanish-language network in the United States.

TV Azteca is creating its own American network through agreements with stations in cities with large Spanish-speaking populations.

"The point is pretty basic," said Donald Browne, Telemundo's president. "We want to do the same thing in Mexico that Televisa and TV Azteca do in the United States. They are able to distribute in the United States, and we would like to have an opportunity to distribute our own product."

He added, "We're looking for just a reasonable playing field — not even even — just to be able to show our product in Mexico."

The bad blood between Telemundo and TV Azteca particularly goes back more than a dozen years, when NBC first tried to enter the Mexican market. A deal with TV Azteca that would have allowed NBC to take a small stake in the company fell through after TV Azteca backed out, arguing that NBC did not hold up its side of the deal to provide programming and technical assistance.

A dozen years later, the dispute is even more bitter. After Telemundo hired a well-known producer, Alan Tacher, for its talent show "Quinceañera," in which 14- and 15-year-old girls live together as they study with voice and dance coaches, TV Azteca argued that it had an exclusive contract with him.

Azteca won an injunction from a Mexican judge to stop production, and Azteca lawyers accompanied the police on a raid on the studio where Telemundo was filming one of the final episodes. The production was eventually moved to Miami.

The raid is one of the main arguments in NBC's filing last week with the F.C.C. It accuses TV Azteca of strong-arm tactics against Telemundo's operations in Mexico to prevent it from "competing lawfully against TV Azteca in its own country."

The filing also raises the long-running fraud case against TV Azteca's controlling shareholder, Ricardo Salinas Pliego, filed by the Securities and Exchange Commission in January 2005. Mr. Salinas Pliego first delisted TV Azteca's shares from the New York Stock Exchange and settled with the S.E.C. last September, paying a fine of $7.5 million.

Rick Cotton, NBC Universal's general counsel, said, "If participation in the Mexican marketplace is foreclosed by the actions of TV Azteca in particular, then participation by TV Azteca in the U.S. marketplace needs to be re-examined by U.S. regulatory authorities."

TV Azteca saw the NBC filing as a direct attack. "We are outraged," Azteca America's chairman, Luis J. Echarte, said in an e-mail message. "The filing has no legal fundamentals and is clearly a media ploy that attempts to damage the reputation of TV Azteca and its subsidiaries in the U.S., and put pressure on the Mexican government into auctioning new television licenses."

The networks, meanwhile, can point to one accomplishment with their series on drug prices. Mexico's antitrust commission plans to begin an investigation into the market for distributing pharmaceuticals.

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Mr. Perez-Motta, the antitrust official, said: "There's nothing strange about responding to media pressure." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Japan Tobacco In Talks With Gallaher (FT)

By Lina Saigol And Jenny Wiggins In London

Financial Times, December 7, 2006

Japan Tobacco, the world's third-biggest tobacco company, has made a takeover approach for Gallaher, the UK group that owns the Benson & Hedges and Silk Cut brands.

The approach is expected to trigger a counterbid for Gallaher, which has a market value of £6.4bn ($12.6bn).

Philip Morris is the most likely suitor. BAT and Imperial Tobacco might also be interested but they would face heavy competition issues.

People familiar with the situation said on Wednesday night the talks were at a preliminary stage. The two companies have had one discussion.

Gallaher has been the subject of persistent takeover speculation in recent weeks. The UK company's shares have risen strongly over the past two months, gaining 13 per cent to close on Wednesday at 979p.

On Thursday, shares of Japan Tobacco surged 5.5 per cent to Y533,000 in midday trading in Tokyo.

Gallaher said on Wednesday night it had received an approach but declined to name the company involved. It said there was no certainty an offer would be made.

Japan Tobacco, which also owns food and pharmaceutical businesses, controls about 70 per cent of the Japanese tobacco market. A former state-owned monopoly, it sells the Camel and Winston brands outside the US. Japan Tobacco's international tobacco business is stronger than its domestic operations.

International sales rose 12.2 per cent in the six months to the end of September, helped by the growth of Camel in Italy and France, and Winston in Russia, Italy and Spain. Domestic sales fell 8.3 per cent, partly due to higher retail prices.

Gallaher, by comparison, has been struggling with a long-term decline in cigarette volumes in western Europe. Its four core markets of the UK, the Republic of Ireland, Sweden and Austria account for about 70 per cent of group profits.

It has also been suffering from price wars, especially in Spain, as well as from higher taxes and from smoking bans in several countries. Gallaher has estimated that a UK smoking ban in pubs would lead to a 4-5 per cent decline in smoking volumes.

Sales have been stronger in the Commonwealth of Independent States, which includes Russia and Ukraine, but these markets are relatively small for Gallaher.

In September, Gallaher reported a 15 per cent increase in pre-tax profits for the six months to June 30 of £259m, helped by a £23m drop in restructuring costs year-on-year.

News Corp. Is Poised To Regain Liberty's Stake (WSJ)

By Julia Angwin

The Wall Street Journal, December 7, 2006

A two-year standoff between News Corp. and its second-biggest shareholder, Liberty Media Corp., is nearing an end in a deal that will return Liberty to a powerful position in the media sector and solidify News Corp. Chairman Rupert Murdoch's control of his company, say people close to the situation.

Under an agreement, which could be finalized in the next few weeks, News Corp. will buy Liberty's $11 billion stake in the media giant in exchange for News Corp's 38.6% stake in satellite-TV firm DirecTV Group Inc., some cash and some smaller News Corp. assets.

While the two sides have been discussing a deal along these lines for several months, significant progress has been made this week, according to people close to the situation.

The biggest bone of contention has been the soaring stock price of DirecTV, which has risen more than 20% to above $23 since news of the talks broke in mid-September. That values News Corp.'s stake in DirecTV at $10.9 billion -- roughly the same

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value as Liberty's stake in News Corp. Shares of DirecTV rose 38 cents, or 1.6%, to $23.53 in 4 p.m. composite trading on the New York Stock Exchange. News Corp. shares fell 23 cents, or 1.1%, to $21.74, also on the NYSE.

But while the two shareholdings are now roughly equal in price, Liberty executives believe the DirecTV stock was inflated by deal speculation, a point Liberty Chief Executive Greg Maffei made to investors at a media conference yesterday. By adding some cash and other assets to the swap, News Corp. will reduce the effective price it is getting for its DirecTV shares.

The main reason to add the assets, however, is to ensure the deal is tax-free for Liberty. Mr. Maffei estimated Liberty would save billions of dollars in taxes on the cash-and-asset swap.

Relations between Mr. Murdoch and Liberty Media Chairman John Malone, once allies, have been tense since Liberty accumulated a 19% voting interest in News Corp. two years ago. The move appeared to threaten Mr. Murdoch's control of the media conglomerate, which he exercised through a roughly 30% voting stake held by his family. At the time, News Corp. adopted a poison-pill takeover-defense plan to stop Liberty buying any additional stock.

Until this incident, Mr. Malone, 65 years old, and Mr. Murdoch, 75, enjoyed a close relationship going back decades, working together on several business ventures. Liberty originally accumulated some of its stake through transactions with News Corp. But those shares were nonvoting. Mr. Malone didn't alert Mr. Murdoch before he did the deals that gave Liberty a big voting stake.Buying Liberty's stake will effectively eliminate the voting power of its shares, raising the voting stake of remaining shareholders. The Murdoch family's voting interest will rise to closer to 40% after the deal, says a person familiar with the matter.

Liberty would get effective control of DirecTV, making Mr. Malone a formidable player in media for the first time since he sold cable-TV giant Tele-Communications Inc. in 1999. Liberty's Mr. Maffei said yesterday that Liberty could use DirecTV to protect its content assets, which include interests in cable channels such as QVC and Discovery.

"Since the sale of TCI, we tried to protect those assets as much as possible. DirecTV could help in that process. Those are reasons we would at least think about DirecTV as a useful exchange," Mr. Maffei said.

Selling the DirecTV stake would be a turnabout for Mr. Murdoch, who spent years pursuing control of the satellite-TV firm. But in the past year or so, DirecTV's subscriber growth has slowed markedly, as competition from cable operators has intensified. Cable companies are benefiting from their ability to offer a bundle of telephone, high-speed Internet and video. Satellite can't easily offer high-speed Internet.

Despite concerns about prospects for the satellite industry, Mr. Maffei said satellite "has unparalleled video assets," including the "unique capability to be a national asset." Satellite firms broadcast nationally whereas cable TV operators and phone companies -- beginning to offer TV service -- operate along regional lines.

Mr. Maffei noted that 39% wouldn't give Liberty "hard control" of the company but it would have a "voice" and "several board seats." And he noted that Liberty has "a lot of respect" for DirecTV's management team, which is led by Chase Carey, a former News Corp. executive.

There's Nothing Wrong With Sharing (WSJ)

By Josh Lerner

The Wall Street Journal, December 7, 2006

Some 53 years ago, Judge Harold Medina dismissed charges brought by the Justice Department against 17 leading investment banks. A case built up over a decade of investigations and almost three years of trial collapsed when the government was unable to show that the industry's collaborative practices constituted an anti-competitive conspiracy. The judge observed that activities that the government depicted as nefarious were "nothing more nor less than a gradual, natural and normal growth or evolution by which an ancient form has been adapted to the needs of those engaged in raising capital."

Now the trust-busters have again launched an inquiry into collusion in financial services, this time focusing on private equity firms such as Kohlberg, Kravis & Roberts. Nor is this just an American phenomenon: Citing many of the same concerns, Britain's Financial Services Authority last month announced that it was increasing its scrutiny of private equity firms. The concern this time involves teaming up to bid in auctions of firms going private rather than jointly underwriting public corporate offerings. But it is hard not to feel that history is repeating itself. For not only is this investigation sure to fatten the profit pools of dozens of securities law firms, but the fundamental errors that Judge Medina flagged half a century ago seem destined to be repeated.

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Far from being a static industry with ossified giants, private equity features brutal competition and enormous dynamism. Groups that were dominant just a few years ago, such as Hicks, Muse, Tate & Furst and Forstmann, Little & Co., have dramatically downsized or announced their intention to cease operations after experiencing investment missteps and succession problems. Meanwhile, new organizations have amassed enormous sums of capital in short periods. For instance, one of the Justice Department's targets, Silver Lake Partners, was only established in 1999. Since then, it has raised $6 billion in equity, and in light of its great success, is now raising a larger fund. Even a quick glance at the annual market shares of private equity groups reveals wild fluctuations. As Judge Medina stated when reviewing the changing rankings of underwriters, "the only pattern is no pattern."

Thus, the reality of the market seems dramatically different from the typical setting where "trust-busters" are mandated to work. Moreover, the behavior in the Justice Department's cross-hairs -- deal sharing -- is an important aspect of this competition that benefits all of us.

To understand the benefits of deal sharing, it is helpful to look at private equity's older sibling, venture capital. Syndication has been the norm here for many decades. The impact of syndication in venture capital has been extensively studied; from these works, several clear conclusions emerge.

First, deal sharing helps investors make better investment decisions. Potential investors in young or restructuring firms face frequently a mass of confusing, even contradictory, information. Syndication allows venture investors to get a valuable "second opinion" about potential additions to their portfolio. Second, it helps managements. Venture and buyout investors work closely with the managers of the companies in which they invest. Syndication frequently results in representatives of two or more venture funds serving on boards. Frequently, these individuals have complementary skills, such as knowledge of the underlying technology and the market. Finally, deal sharing helps limit risk. Private placement memoranda limit the amount of capital that funds can put into any one deal. Syndication allows venture groups to undertake transactions that otherwise they would need to pass on, due to concerns about lack of diversification.

There are undoubtedly costs of syndication. When venture groups team up, it "softens the competition." In many technologies and regions, there are only a handful of leading groups. When two work together, the valuation at which the company will be financed may fall. But on the basis of the extensive evidence, the benefits to society from widespread venture syndication appear to substantially outweigh the costs.

The venture capital experience suggests that "clubbing" will have many benefits to the private equity groups themselves and to society as a whole, and that to proscribe it based on fears of anticompetitive consequences would be a substantial mistake. Of course, if firms have been engaging in rank price fixing or market division, then the Justice Department has every reason to swat the private equity firms just like any businesses that seek to evade true competition. The worry, though, is that the antitrust enforcers will again mistake competition for collusion because they don't understand the complexities and nuances of this business.

Unfortunately, the history of antitrust enforcement is littered with examples of government actions that, however well-intentioned, blocked firms for many years from taking actions that would have benefited both them and society as a whole. For instance, U.S. high-tech companies shied away from pooling the patents needed to promote new standards until late 1990s, out of fear that they would run afoul of the "nine no-nos" a deputy assistant attorney general had promulgated in 1970.

Even if the antitrust threat dissipates, there is a broader lesson here. When one considers private equity's substantial successes in this decade, it is clear that the industry thrives on its extraordinary flexibility and ability to take risks. The recent actions of private equity groups that are likely to have the broadest societal impact were initially fraught with challenges. Many private equity groups had failed in earlier efforts to internationalize, but funds have recently enjoyed great success in Europe and Asia. Similarly, buyouts of high-technology firms were supposed to be too risky, yet recent transactions in the disk drive, storage and semiconductor industries have proved the received wisdom false.

Private equity is a dynamic industry, at whose heart is taking calculated risks based on limited information. Washington must understand that the many benefits private equity provides by facilitating economic growth are unlikely to be sustained if the heavy hand of government intrudes, whether through litigation or regulation.

Mr. Lerner is the Jacob H. Schiff professor of investment banking at Harvard Business School.

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ENVIRONMENT/INDIAN AFFAIRS:

Jeffco Told To Continue Greenways Program (BN)

By Katherine Bouma, News Staff Writer

The Birmingham News (AL), December 7, 2006

Justice rejects plans to transfer responsibility

The U.S. Justice Department has rejected Jefferson County's plans to close its greenways program, leading to an 11th-hour scramble to write a new arrangement that all sides agree is legal.

The county cannot meet its obligations under a federal agreement by assigning the ultimate financial and legal responsibility to the nonprofit Freshwater Land Trust, as the County Commission voted in November.

Jefferson County agreed in 1996, in a federal case, to spend 10 years buying land in the Black Warrior and Cahaba rivers watersheds as penance for polluting the waterways for decades with broken sewers.

All sides agree that the county met its obligation to finish buying land in the $30 million program by the Saturday due date. And lawyers agree the nonprofit Freshwater Land Trust should oversee the land, as the county has planned.

But the 1996 court settlement requires the county to keep financial responsibility for major problems and the legal responsibility of ensuring that the land is preserved.

Bill Weinischke, senior attorney for the Justice Department, said he could not say what would happen if the county missed the deadline by a few days but completed it in time for the county commission to vote on it during its Tuesday meeting.

Fines are allowed under the 1996 consent decree, but the Justice Department has not threatened any.

County officials did not respond to calls Wednesday, but other attorneys involved in the case said they were talking with the county and were optimistic all sides could agree on a new plan.

Bart Slawson, attorney for two of the plaintiffs in the case, said the county still is trying to dodge its responsibilities 10 years after it agreed it was guilty of polluting rivers and streams with sewage.

"There's no excuse for the county attorneys not to understand the consent decree at this point, but that's what they're pretending," Slawson said.

County attorney Charlie Wagner did not respond to a request for comment Wednesday. Efforts to reach County Commission Chairwoman Bettye Fine Collins were unsuccessful.

Bob Tate, who represented the Cahaba River Society in the 1996 sewer settlement, said he has told lawyers from the Justice Department and the land trust that he was concerned not only that the county was trying to rid itself of financial responsibility for the land. He said the Cahaba River Society also wants clear rules guaranteeing the future preservation of the land.

The land trust, which was established by the county to administer the greenways program, has for several years asked the county to grant conservation easements on all its land, ensuring the land's preservation in the future.

Wagner said in a recent interview that the county wanted to wait until the end of the program to complete the conservation easements.

Uneven track record:

The county has a spotty history with the land purchase program.

In 2001, the Justice Department threatened the county with $340,000 in fines for failing to begin buying land on schedule. At the time, Department of Justice attorney Weinischke also criticized the county's choice of US Infrastructure Inc. to handle the program.

Weinischke said the company didn't have the necessary experience to run a greenways program and had taken more in fees than it had spent on land. That company is now on trial for conspiracy and bribery in Jefferson County's sewer program.

After that rebuke, the county allowed the land trust board to hire an executive director who has since purchased about 4,500 acres in the Cahaba and Black Warrior watersheds. The county commission approved her land purchases but delayed responding to her requests for conservation easements on the land.

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Most recently county commissioners have argued about the interest on the $30 million, which under the consent decree must be used to maintain the land. Commissioners voted to keep half of the $4.6 million, a move the Justice Department has rejected.

Weinischke said Wednesday that he, the land trust's attorney and others are working on an agreement that would allow the land trust, like a subcontractor, to work for the county without taking ultimate responsibility.

"They've got some good people working on it," he said. "I think we're moving the ball forward."

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Report Says Oil Royalties Go Unpaid (NYT)

By Edmund L. Andrews

New York Times, December 7, 2006

WASHINGTON, Dec. 6 — An eight-month investigation by the Interior Department's chief watchdog has found pervasive problems in the government's program for ensuring that companies pay the royalties they owe on billions of dollars of oil and gas pumped on federal land and in coastal waters.

In a scathing report to Congress, the Interior Department's inspector general says the agency's data are often inaccurate, that its officials rely too heavily on statements by oil companies rather than actual records and that only about 9 percent of all oil and gas leases are being reviewed.

The report undermines claims by top Interior officials that the department is aggressively pursuing underpayments and outright cheating by companies that drill on property owned by the American public.

And though investigators did not attempt to estimate the amount of money that the government might be losing, they cited a host of weaknesses that make the government vulnerable to being short-changed.

Interior officials defended the program on Wednesday, but announced that they would develop "an action plan" to address the inspector general's recommendations.

The report comes as lawmakers in both parties have been attacking the Interior Department for failing to correct blunders that department officials now concede could cost the government as much as $10 billion over the next five years.

It also reinforces complaints by critics, from auditors within the agency to lawmakers in both parties, who have said that enforcement has become superficial, prone to errors and overly deferential to oil companies.

These are among the inspector general's findings:

¶ Since 2000, the number of audits has declined by 22 percent and the number of auditors has been reduced by 15 percent, even though soaring energy prices have doubled the total amount of money at stake, to about $10 billion a year.

¶ Though the Interior Department says it has "reviewed" about 72 percent of all revenues from federal leases, it actually examined only 9 percent of all properties and 20 percent of all companies.

¶ The department's "compliance review" system, a computerized form of fact-checking that has increasingly replaced audits, essentially relies on the word of the oil companies being monitored. Officials conducting such reviews do not ask companies for their actual records.

¶ Government data are incomplete and often inaccurate, making it almost impossible for enforcement officials to develop strategies for selecting companies for special scrutiny.

The report said the agency's follow-up efforts were often sketchy, because officials who identified underpayments by companies did not have a procedure for verifying that the agency actually billed the companies or collected the money.

It also said the agency's statistics about recovering money were incomplete, inaccurate and sometimes misleading. The investigators said they could not even determine how many audits the government completed each year or whether the government recovered as much it had identified in underpayments.

In response to the report, the Interior Department said it was preparing a "comprehensive plan" to act on many of the recommendations. In a written statement, the department's Minerals Management Service, which oversees the royalty collection program, said it would deliver the plan to the inspector general within 30 days.

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"We appreciate the work of the Inspector General's office," Johnnie M. Burton, director of the department's Minerals Management Service, said in a written statement.

Last month, the Interior Department said that it had created an independent advisory panel to review complaints about the royalty program. But at the time, officials said they did not believe there were serious problems.

"While I think there's a lot of room for improvement, I've not been able to find anything that's drastically wrong," C. Stephen Allred, assistant secretary of the Interior for Land and Minerals Management, said in an interview last month.

The new panel will be led by a man with close ties to the oil industry, David T. Deal, a former assistant general counsel for the American Petroleum Institute.

Democratic lawmakers said the new report amounted to a broad indictment of the Interior Department's unwillingness to scrutinize oil companies and protect the interests of taxpayers.

"This report is a blistering, scalding indictment of the Minerals Management Service," said Representative Edward J. Markey, Democrat of Massachusetts and a longtime critic of the Interior Department's handling of the royalty program. "It says that, rather than being a cop on the beat, they were turning a blind eye to obvious flaws in the auditing system."

Representative Carolyn Maloney, Democrat of New York and a member of the House Government Reform Committee, said the report would lead to broader investigations of the oil and gas leasing program when Democrats take control of the House and Senate in January.

"That gushing sound you hear is our government leaking royalties owed to American taxpayers from the oil and gas companies," Ms. Maloney said Wednesday. "They are going to have some explaining to do next year when there's new leadership in Congress."

Since President Bush took office, the Interior Department has shifted as much enforcement effort as possible from traditional audits of oil companies to the computerized "compliance review" system.

The new report is the result of an investigation that began in March, in response to questions posed by the Senate Energy Committee after The New York Times reported that royalties for natural gas had climbed far more slowly than market prices and that both federal and state auditors were complaining that the new system was inadequate.

Earl E. Devaney, the Interior Department's inspector general, has sharply criticized the department on numerous occasions. In 2004, his office described the royalty auditing program as frequently unprofessional, with auditors who were often unqualified and supervisors who were often ineffective.

In September, Mr. Devaney told the House Government Reform Committee that the Interior Department had tolerated cronyism, ethical breaches and cover-ups of major management blunders.

The new report does not condemn the department's growing use of "compliance review," noting that the Internal Revenue Service has long used computerized systems to spot signs of cheating.

"Compliance reviews are a legitimate tool for evaluating the reasonableness of company-reported royalties," the report said.

But the investigators warned that the reviews "do not provide the same level of assurance as an audit, and should only be used in conjunction with audits."

When asked by the Senate Energy Committee whether the agency was spending enough money to do its job properly, the investigators said they could not answer because the agency "lacked reliable information to allow us to conduct such an analysis."

Oil-Lease Agency Found Inadequate (WP)

By Steven Mufson

Washington Post, December 7, 2006

The agency that collects royalties from oil and gas producers lacks the data, coordination and manpower to keep track of companies operating on federal land and in federal waters, a report by the Interior Department's inspector general said.

The report criticized the Minerals Management Service for relying on "compliance reviews," which depend on information provided by the companies, rather than detailed audits, independent information or site visits.

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The report said record-keeping was so shoddy that a random selection of five supposedly completed audits found that one had never begun and two were unfinished. "MMS could not accurately count the number of audits and compliance reviews that were completed each fiscal year," the report said.

The agency, which collected $12.8 billion in royalties this year, has been criticized by members of Congress for writing leases in 1998 and 1999 that allowed major oil companies drilling in the Gulf of Mexico to avoid billions of dollars of royalty payments. The MMS is negotiating with companies in an effort to correct that and collect some of the money.

The inspector general's report, written for the Senate Committee on Energy and Natural Resources, also said the MMS had audited only 9 percent of federal properties and 20 percent of companies in the past three years. It said that many of the same high-dollar properties are reviewed "year after year" while many other properties were never reviewed.

The report also noted that the agency had reduced the number of auditor positions by 45, or 15.7 percent, since 2000. During that time, the number of audits fell to 461 in 2004-05, from 595 in 2000-01. The report said that wasn't enough to monitor the 2,600 companies that paid royalties on about 27,800 leases in 2005.

"The biggest problem is that there's a culture at MMS that is careless, undocumented and fails to consider its fiduciary duty to the American people," said Rep. Darrell Issa (R-Calif.), chairman of the House Government Reform Committee's subcommittee on energy and resources.

"The Interior inspector general's report underscores how poorly the Bush administration's Minerals Management Service has been overseeing oil and gas drilling activities on public land," said Rep. Edward J. Markey (D-Mass.).

Report: Oil Royalty Program Ineffective (AP)

By Ian Talley Dow Jones Newswires

AP, December 7, 2006

WASHINGTON — The U.S. Minerals Management Service oil and gas royalty payments compliance program is ineffective and needs to be fundamentally reformed, the Interior Department's Inspector General said in a report leaked Wednesday.

With "inaccurate and incomplete" data and compliance reviews that "do not adequately evaluate company-reported volume and allowance data," the Inspector General said there was a high risk "the MMS may not detect underpaid royalties."

As a result, the MMS cannot determine the true cost and benefits of the royalty program, and has no complete picture just how much oil companies owe the government.

Industry watchdogs, lawmakers and ex-MMS auditors have accused the MMS of being too cozy with the oil and gas industry, and not collecting hundreds of millions of dollars worth of royalty payments.

The MMS's handling of royalties has come under repeated fire in the past year.

In September, Interior Inspector General Earl Devaney told a House committee that the agency suffers from a culture that "sustains managerial irresponsibility and lack of accountability," following his probe into how the royalty thresholds were omitted from offshore oil and gas leases in 1998-1999. The omission could cost the government several billion dollars. "Short of a crime, anything goes at the highest levels of the DOI," he said.

Also, ex-MMS auditors have filed lawsuits for unpaid royalties and accuse top level officials _ including its director _ of trying suppress compliance claims.

The Government Accountability Office also recently said it will conduct a probe into the Minerals Management Service's collection of oil and gas royalties.

House Government Reform Committee Chairman Tom Davis, R-Va., and House Energy and Resources Subcommittee Chairman Darrell Issa, R-Calif., said they wanted the GAO to examine the accuracy and effectiveness of the MMS's royalty collection system following "numerous ... alleged deficiencies in MMS management."

MMS Director Johnnie Burton, in a response letter to the Inspector General, said that she agreed that more could be done to raise compliance levels.

In a press release, the MMS said it would act quickly to implement new measures recommended by the Inspector General, including, "strengthened procedures, improved administrative controls and enhanced tracking systems."

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"We appreciate the work of the Inspector General's Office," Burton said in the release, "and are now developing a comprehensive plan to address the recommendations made by the OIG."

Critics have noted how federal royalties have dropped in the past few years despite higher commodity prices.

Beth Daley at the Project on Government Oversight said collections from public lands have fallen to an average of $48 million annually in 2002 to 2005, half the average of $115 million collected annually in the 20 years prior.

In the past five years, the number of audits initiated by the MMS has fallen by more than 20 percent.

Report Finds Flaws In Verification Of Petroleum Royalties (HC)

By David Ivanovich

Houston Chronicle, December 7, 2006

WASHINGTON — Federal regulators responsible for ensuring oil and gas producers pay the government their fair share of royalties often can't verify the information companies are providing, the Interior Department's inspector general says.

Earl Devaney, in a report made available today, took aim at the U.S. Minerals Management Service's frequent reliance on "compliance reviews" rather than full-blown audits to gauge whether producers operating in federal waters or on government land are cheating Uncle Sam.

When conducting a compliance review, agency regulators compare a company's production data against its reported royalties to try to sniff out any possible discrepancies.

But "this procedure does not provide an independent verification of volumes," Devaney's report argued. "Without additional analytical steps, MMS has no assurance that the reported production amounts are reasonable."

And Devaney fears that means the Minerals Management Service is not detecting underpaid royalties.

The inspector general recommended agency officials insist companies turn over actual source documents — such as tank gauge reports — for at least one test month.

"This would allow a more precise expected volume amount to be established," the report said.

When deciding which companies to review, the Minerals Management Service focuses on the high-dollar properties.

Over the last three years, the agency has reviewed only 20 percent of affected companies and 9 percent of producing properties.

"Many of the same companies and high-dollar properties have been reviewed year after year," the report said.

Agency Director Johnnie Burton, in a prepared statement, noted that compliance reviews are only one tool the Minerals Management Service uses to ensure royalties are accurately paid.

If a discrepancy is identified, Burton said, the company is ordered to explain the situation. Otherwise a more-formal audit may be launched.

Burton said agency officials plan to present Devaney a plan to implement his suggestions within 30 days.

Responding to the report today, Rep. Darrell Issa, R-Calf., chairman of a House subcommittee that has been examining the Minerals Management Service, said agency officials"don't seem to have any concept of independent collection or independent analysis."

In his report, Devaney identified a number of other problems regarding record collection, coordination and follow-up bill collecting.

Agency officials, for instance, could not say exactly how many audits and compliance reviews were completed each year, the report said.

And after reviewing 20 compliance reviews, Devaney's office identified one in which $12,400 in underpayments had yet to be collected eight months after the review had been completed.

The Minerals Management Service collected $9.9 billion in royalties in fiscal year 2005 from 2,600 companies, the report said.

Issa complains that although agency officials can say how much they have collected in royalties, they miss a key question: "How much should they have collected? They don't know."

The Minerals Management Service has been under intense scrutiny since revelations the agency signed flawed royalty agreements in 1998 and 1999 with producers operating in the deep waters of the Gulf of Mexico and then covered up the gaffe for at least six years.

Already, the agency's failure to include those price triggers have cost federal coffers more than $1 billion in lost royalty payments.

Rep. Edward Markey, D-Mass., a frequent critic of the White House's energy policies, said the Devaney report "underscores how poorly the Bush Administration's Minerals Management Service has been overseeing oil and gas drilling activities on public land."

Officials at the American Petroleum Institute declined to comment on the Devaney report, noting that they had not yet seen it.

Roadless Areas Get Protection - For Now (CSM)

By Brad Knickerbocker, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, December 7, 2006

A federal judge has blocked the Bush administration from allowing development on 50 million acres of backcountry.

ASHLAND, ORE.

Six years after the Bush administration came to office seeking to reverse Bill Clinton's order for protecting roadless areas on federal lands, the issue continues to smolder.

A federal judge has blocked the administration from lifting protections on nearly 50 million acres of backcountry. Several governors are suing Uncle Sam over the issue. And other governors are pushing ahead with their own plans to balance environmental protection with mining, logging, oil and gas development, and other commercial uses.

At stake are vast areas of federal land, most of it forested tracts across the Ameri-can West where the sound of road-building bulldozers has never been heard. Environmentalists say such areas are valuable for wildlife habitat, preserving water and air quality, and providing a wildernesslike experience. Many hunters and fishermen want them kept pristine as well.

But many areas also are potential sources of timber, minerals, gas, and oil. Developing such natural resources can be done in a way that protects the environment, administration and industry officials assert.

Like many environmental issues, sorting out this one has involved lengthy lawsuits.

In September, US Magistrate Elizabeth Laporte in San Francisco ruled that the Bush administration's repeal of the 2001 Roadless Area Conservation Rule, as the Clinton order is called, violates both the Endangered Species Act and the National Environmental Policy Act.

In another opinion last week, Judge Laporte blocked plans to extract natural resources in roadless areas, including some 300 controversial oil and gas leases in seven western states the US Forest Service issued in recent years.

Administration officials made "a clear error of judgment" in attempting to open up roadless areas without the proper environmental assessments, Laporte ruled.

The administration had sought to require governors to petition Washington if they wanted to protect federal roadless land in their states. Laporte ruled that illegal as well. But not before governors in Virginia, North and South Carolina, New Mexico, and California had petitioned the federal government for full protection of roadless areas in their states.

Meanwhile, governors in other states - Idaho, Colorado, and Utah among them - want to lift or ease some of the restrictions imposed by the Clinton rule.

The lawsuit, which resulted in the recent ruling, was brought by the attorneys general of Oregon, Washington, California, and New Mexico, plus 20 conservation groups.

For its part, the administration argues that the recent court ruling should not be made retroactive. "Neither the [US Forest Service] nor the forest resource users, who have relied on decisions made by the agency for the past six years should be faulted for acting under the law and regulations in place at the time they acted," US Justice Department lawyers said in their court filing.

Administration officials have not said whether they will appeal the ruling.

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Critics say former President Clinton rushed the roadless rule into effect just before he left office in 2001. But supporters of the rule point out that it was adopted only after three years of official study, 600 public hearings, and some 2.5 million public comments in favor of the rule.

"I realize that no rule can perfectly satisfy everyone, but the Clinton roadless rule struck a chord with Americans," says Sen. Jeff Bingaman (D) of New Mexico, incoming chairman of the Energy and Natural Resources Committee. In Oregon, more than 90 percent of the 79,000 people who submitted comments favored leaving areas roadless.

The need now, says Oregon Gov. Ted Kulongoski (D) is to "focus on more critical forest priorities - like addressing declining forest health, catastrophic wildfires, and creating sustainable and predictable harvest levels."

The legal and political debate preceding the recent court ruling did not prevent some development in roadless areas from taking place. In August, loggers began cutting down trees in the Siskiyou National Forest's Kalmiopsis Roadless Area in southern Oregon.

While such commercial development of natural resources can benefit local economies, government and private studies have shown that logging in national forests often costs the federal treasury more than it earns. Subsidized road-building in national forests is one of the main reasons.

The original roadless protection rule covered some 59 million acres around the country, nearly a third of all national forestland, most of it from the Rocky Mountains westward. Laporte's order covers all but about 9 million acres in Alaska's Tongass National Forest.

Revolt Over New Federal Mercury Law (CSM)

By Mark Clayton

Christian Science Monitor, December 7, 2006

Facing a mandate to slash toxic mercury emissions from coal-fired power plants, 23 states are thumbing their noses at a federal cleanup plan and are instead developing their own far tougher plans to deal with mercury.

But doing so has caused many of them to miss a federal Nov. 17 deadline to submit their plans to the Environmental Protection Agency. Now, the EPA is ratcheting up the pressure. This week, the agency is expected to publish names of more than 20 states that could have the federal plan imposed on them if they don't submit tougher plans by next spring.

What it all adds up to is a major state-led rebellion over mercury emissions that dwarfs, for example, an 11-state push to create regional greenhouse-gas reduction programs without federal support. If successful, the revolt could weaken a key element of the federal mercury rules: an emissions-trading system popular with the utility industry and already in place for air pollutants like nitrogen oxides.

"What we're seeing is a critical mass of states restricting trading in such a way that it really imposes a significant impact on EPA's national trading program," says S. William Becker, executive director of the National Association of Clean Air Agencies, a Washington trade group representing state and local air-quality agencies. "States are sending a strong message that mercury emissions trading is not, and should not be, a centerpiece of any federal mercury-control program."

EPA officials say they're not worried.

"Based on everything we know, we are confident there will be a robust and workable cap-and-trade system, given the number of states we believe are going to participate," says William Wehrum, acting assistant administrator of the EPA's Office of Air and Radiation.

The state plans include one or more fixes in three key areas. At least 20 states are proposing far larger cuts in mercury emissions than the EPA's new Clean Air Mercury Rule (CAMR) requires, according to a survey by the National Association of Clean Air Agencies. At the same time, 17 states are planning to require mercury reductions more rapidly than the federal government requires. At least 16 plan to opt out of, or severely restrict, emissions trading.

"We just felt that we could and should do more than EPA was asking on mercury," says Dean Van Orden, chief of the air information division of Pennsylvania's air-quality bureau. "We think it's significant so many other states are doing the same thing, including coal-producing states."

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Pennsylvania's plan would cut mercury emissions 80 percent by 2010 in a first phase and 90 percent by 2015. By contrast, CAMR cuts 21 percent of mercury nationwide by 2010 and 70 percent by 2018. With costs of mercury-control technology falling sharply, tougher regulations were the right thing to do, some state officials say.

Pennsylvania and others are also not participating in emissions trading. While "cap and trade" systems worked for sulfur dioxide and other pollutants, many states argue that mercury is different because it is a toxin rather than a mere pollutant. Already, more than 3,200 health advisories warning of mercury contamination in fish from streams and lakes have been issued in 48 states.

And because mercury particles can begin dropping out of the air just a few miles from where they're emitted, state officials worry the trading system might create new mercury "hot spots" within their borders.

Illinois is another state taking a pass on CAMR, even though it's a major coal-producing state. "We are not doing CAMR or mercury trading - no trading," says Jim Ross, manager of the Illinois EPA's division of air-pollution control. "We have proposed our own mercury rule that requires greater reduction and is much faster than the federal rule."

US EPA officials say that states opting out of CAMR is no surprise.

"We always knew many states would want to do something different and that's fine," says Mr. Wehrum. "We also knew many would choose CAMR as a smart way to regulate that's economically efficient and easy to administrate."

Under the federal Clean Air Act, states can adopt clean-air plans that are stricter than a federal plan. But EPA has resisted state plans that try to limit mercury trading, going so far as threatening legal action in at least one instance, state officials say.

Montana and Michigan are among states still working on their own mercury plans. Both have felt EPA pressure to participate in trading mercury, even though they preferred restrictions on it.

"We did want some participation in CAMR trading, but not unlimited," says Charles Homer, supervisor of technical support for the Air Resources Management Bureau of the Montana Department of Environmental Quality. "But EPA told us any tampering with their trading system was not acceptable. We were either in, or out."

In the end, Montana ended up adopting EPA's trading program because coal development might have been compromised otherwise. But Mr. Homer isn't happy about it. "We were forced to participate," he says. Montana still plans deeper mercury emissions cuts than CAMR requires.

Michigan wants to trade mercury among utilities in the state, but not with utilities in the rest of the country.

"We have been in touch with the EPA and they've indicated verbally that if we prohibit interstate trading or do not submit a rule they find approvable they may take legal action," says Vinson Hellwig, chief of the air-quality division of the state's Department of Environmental Quality. "It was not a very friendly position."

Wehrum doesn't deny EPA has tried to be persuasive. But "I haven't threatened to sue anybody," he says. "That's silly."

At least 24 states - including West Virginia, Alabama, and Wyoming - are likely to embrace part or all of CAMR and its trading system. But Texas and others will do so because their state laws require it.

"The EPA could have made this a much better, tougher rule to begin with, making it less of a patchwork quilt for industry," Mr. Becker says. "They just thought states would blindly follow - and underestimated how many states would take action on their own to fill the gaps."

Last Minute Move Would Delay EPA Rule (AP)

By John Heilprin

AP, December 7, 2006

Farmers would be off the hook for costly air pollution cleanups under an obscure provision slipped into a tax bill that may be the last act of this Congress.

Buried in the fine print of the bill filed Wednesday, the measure by Senate Finance Committee Chairman Charles Grassley, R-Iowa, would forbid the Environmental Protection Agency from applying the Clean Air Act to dust and soot from farms until 2012.

Environmentalists complain the moratorium would grant farmers a five-year holiday from the EPA's health standards for fine particles and soot, which protect people living downwind.

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An EPA rule last year set new standards for regulating soot, dust and other coarse air pollution particles aimed at industrial and urban sources, but it did not exempt farmers.

Enter Grassley's provision, which would apply to any "particulate matter deposited in the ambient air as a result of the conduct of an agricultural activity (as that term is defined by the Secretary of Agriculture)," the budget provision says.

Groups that have lobbied for the provision include the American Soybean Association, the National Pork Producers Council, the National Association of Wheat Growers, the National Turkey Federation and the National Cattlemen's Beef Association.

Taking up their cause, Grassley has said that farmers should not have to face tougher regulations that could impose major burdens and costs — and the possibility of neighbors' lawsuits — on big and small-scale farms and livestock operations.

To press his point, he toured an Iowa farm in October with Stephen Johnson, administrator of the Environmental Protection Agency. Johnson watched the harvesting of a soybean field to see how it stirred up dust, though rain dampened the demonstration.

Johnson insisted during the visit, however, that there is not enough scientific evidence to rule out the possibility of people getting sick from farm dust.

EPA officials maintained that position Wednesday, setting up a confrontation should Grassley's provision become law.

"We simply don't know enough to be able to create a standard that distinguishes between the particles that pose a greater hazard to public health and those that pose little or no danger," said Bill Wehrum, head of the EPA's Office of Air and Radiation.

"It's not just the size of the particle that causes the hazard to public health," he told the AP. "What we now believe is that what the particles are made of has a significant impact."

Two Indian Police Officers Shot In Northern Nevada (AP)

AP, December 7, 2006

SCHURZ, Nev. (AP) - A tribal police chief, another officer and two residents of a home on the Walker River Paiute Reservation were wounded in a shootout Wednesday as the officers tried to serve an arrest warrant at the house, authorities said.

The four men were flown by emergency services helicopters to a hospital in Reno, about 100 miles to the north, FBI spokesman David Staretz said.

A spokeswoman for Renown Health in Reno confirmed that Joe McMinn, the tribal police chief, was at the hospital but she didn't know his condition. Staretz said both officers were wearing body armor and their injuries weren't considered life-threatening.

Staretz also said he was told the other men, a father and son, didn't sustain serious injuries, although a spokesman for the Regional Emergency Medical Services Authority in Reno said one of the men was in critical condition.

Names of the other tribal officer and the father and son weren't immediately available.

The father started shooting as the tribal officers, accompanied by federal Bureau of Indian Affairs and Drug Enforcement Administration agents, tried to serve the warrant, Staretz said. He added that the man barricaded himself in the home but surrendered after he and his son were injured by gunfire. A dog owned by the residents was shot and killed.

The nature of the arrest warrant wasn't immediately known, although Staretz said it may have been drug-related since DEA personnel were at the scene. A neighbor described the house as a known hangout for drug users.

A section of U.S. 95, a busy north-south highway that runs past the reservation and near the two-story house, was shut down for several hours as FBI agents investigated the site and tried to determine whether anyone else was inside.

Gina Williams, the tribal chairwoman, said she had heard about the shooting but didn't have details. "I'm just waiting like everybody else," she added.

NHP Trooper Chuck Allen said officers from his agency, as well as the FBI, the BIA and the Mineral County and Washoe County sheriff's departments responded. He noted the FBI had primary jurisdiction.

GOP Drops Late-hour Effort To Push Indian Casino Bill (HILL)

By Jim Snyder

The Hill, December 7, 2006

DOJ_NMG_0103358

House Republican leaders have apparently dropped a late attempt to pass a bill that limits off-reservation Indian gaming, after several tribes raised objections.

House Speaker Dennis Hastert (R-Ill.), who opposes one tribe's effort to build a casino in his district, supported the last-ditch effort to push the bill, which had previously been introduced by Rep. Richard Pombo (R-Calif.), outgoing House Resources Committee chairman, gaming lobbyists said.

But the measure proved too controversial to fit into a short lame-duck session.

Tribal officials and their lobbyists have urged Congress to wait instead for the Department of the Interior's own effort to update its rules governing Indian gaming.

A public-comment period on the proposed rule closes next Friday, with a final rule expected sometime late next spring.

"We felt like there was a regulation out there and that we ought to let the regulation go forward," one gaming lobbyist said.

But Brian Kennedy, a spokesman for the House Resources Committee, said that the Pombo measure provided stronger protection against the spread of casinos than is contemplated by Interior.

"Regulations, by their nature, dance within the confines of the existing law," Kennedy said.

In September, a majority of House members voted to approve the Pombo bill, but the measure failed because it did not receive the two-thirds support it needed to pass on the suspension calendar.

An Interior staff member startled a gathering of tribal officials and Indian lobbyists yesterday morning when he announced that both Hastert and Majority Leader John Boehner (R-Ohio) planned to try to push the bill through.

The event was sponsored by the National Indian Gaming Association and took place in the Dirksen Senate Office Building.

"The room was packed with D.C. lobbyists there on behalf of their tribal clients," one lobbyist in attendance wrote in an e-mail to The Hill. "Most are in strong opposition to the bill."

Hastert, who will yield the Speaker's gavel next year to Democrat Nancy Pelosi (D-Calif.), opposes an effort by the Kansas-based tribe to build a casino in his Illinois district.

Generally, federal law limits the construction of Indian gaming casinos to land acquired before 1988. But there are exceptions, in part to allow tribes that had wrongly been denied federal recognition in the past to develop casinos.

Controversy lies in how and how often these exceptions are applied.

Pombo's bill seeks greater assurances that local officials have a say in the development of a casino in their area, for example. His measure requires tribes to negotiate with local governments as part of efforts to build a casino off-reservation.

Opponents argued that the provision threatened Indian sovereignty by forcing tribes to negotiate with county and other local governments that are not classified by federal law as sovereign.

"Never before has a federal law equated sovereign tribes with counties," Rep. Dale Kildee (D-Mich.) said during the floor debate.

Critics also object to the blanket provision in the Pombo bill that does not allow a tribe to build a casino "on lands outside the state in which the Indian tribe is primarily residing," according to a congressional summary. Opponents argue that a tribe's historical connections to a land should be considered in some cases.

The two sides also disagreed on how many "off-res" casinos there are. Indian gaming officials say that there are only three off-reservation gaming facilities.

But Pombo and others say the actual number is much higher than that, and that as many as 50 additional efforts are being made to build casinos outside the usual confines of a reservation.

"Virtually any land in the country could be targeted for gaming," Pombo warned on the House floor.

Critics say there are already enough protections in place to avoid overdevelopment of casinos. Tribes must negotiate with both the state and the Interior officials to develop a casino, for example.

Gaming issues are always a hot topic on Capitol Hill, in part because of the enormous amount of money often at stake in the debates.

The National Indian Gaming Association states there are 354 tribally operated casinos that employ 400,000 people. Collectively the Indian gaming industry's annual revenue exceeds $14 billion.

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Seminole Tribe Buys Hard Rock Chain (WSJ)

By Peter Sanders And Dennis K. Berman

The Wall Street Journal, December 7, 2006

British gambling-and-leisure company Rank Group PLC said Thursday it will sell the Hard Rock Cafe restaurant-and-casino chain to the Seminole Tribe of Florida for $965 million.

The Hard Rock business includes 124 Hard Rock Cafes, four Hard Rock Hotels, two Hard Rock Casino Hotels, two Hard Rock Live! concert venues, and stakes in three unbranded hotels. Rank said it would keep the Hard Rock Casino in London but under the Rank Gaming brand.

"We have maximized the value of Hard Rock through this disposal following a thorough strategic review and competitive auction," said Chief Executive Ian Burke said.

The sale, which is subject to shareholder approval, is scheduled to be completed in March.

The deal shows the long-term maturation of U.S. Indian tribes that have made hundreds of millions of dollars in the gambling business. From roots as operators of small bingo-hall outposts on their reservations, some have become potent entrepreneurs on a wider stage.

The deal for Hard Rock -- a 35-year-old chain based around rock-music memorabilia -- is high-visibility proof of that evolution. Hard Rock posted $70 million in operating profit on $500 million in revenue last year.

The Hard Rock name was a sterling draw for tourists visiting major cities during the 1980s and 1990s. The luster has long since worn off the restaurant business, but the cafes still do a high volume of trade. Most attractive to investors, however, is the casino brand and operations, which have carved out a solid business amid a world-wide surge in gambling profits. The businesses weren't vibrant enough for Rank, which earlier this year hired Merrill Lynch & Co. to sell off Hard Rock.

The Seminole Tribe operates Hard Rock-brand hotels and casinos in Tampa and Hollywood, Fla., which have been successful, according to gambling analysts.

The deal wouldn't include the Hard Rock hotel and casino in Las Vegas, which in May was sold to boutique-lodging operator Morgans Hotel Group Co., of New York, for $770 million in cash. That deal has yet to close. Nor would the proposed Seminole deal include any Hard Rock cafes that chain co-founder Peter Morton controls.

The Seminole Tribe has in the past two years become the dominant gambling force in Florida. While the two Florida Hard Rock hotel-casinos are extremely lucrative -- the tribe has in the past estimated annual revenue at both casinos could top $700 million -- the tribe's involvement in the development and operation of the casinos hasn't been without controversy.

The Seminoles have had contentious relations with Florida officials over attempts by the tribe to install full Las Vegas-style casino gambling at their casinos. They have been embroiled in lawsuits with Donald Trump and another casino-development partner, Cordish Co., of Baltimore. The continuing litigation with a Cordish subsidiary, Power Plant Entertainment LLC, centers on a contract dispute over long-term income fees generated by the casinos.

The Seminoles have been a target of the Internal Revenue Service, which in the past few years has stepped up its examination of tax-free bonds used by the Seminoles and tribes in California to build casinos. The tribe issued $415 million of tax-free bonds to build the Tampa and Hollywood casinos, which the IRS deemed illegal. In October 2005, the tribe said it would issue $730 million in bonds to pay off the original tax-free bonds and consolidate debt.

--The Associated Press contributed to this article.

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FBI/DEA/ATF/USMS:

Caribbean Native Pleads Guilty To Drug Conspiracy (RD&C)

By Gary Craig, Staff writer

Rochester (NY) Democrat & Chronicle, December 7, 2006

Popular St. Kitts resident appears in U.S. court here

DOJ_NMG_0103360

A Caribbean native whom Justice Department officials had been trying to extradite to the United States for a decade — before finally succeeding last year — pleaded guilty Wednesday to a drug conspiracy that involved a 1992 shipment of 28 pounds of cocaine seized en route to Rochester.

Noel "Zambo" Heath, who became somewhat of a folk hero to some residents in the twin-island nation of St. Kitts and Nevis during his fight against extradition, admitted in federal court here to a role in the drug trafficking conspiracy.

Heath, who was once identified by the White House as an international drug kingpin, could be sentenced to between 70 and 87 months under the terms of the plea agreement. He is scheduled to be sentenced by U.S. District Judge David Larimer in April.

"We were hopeful to get him back to his family as soon as possible," said his attorney, Jeffrey Lichtman.In 1992 federal authorities heard Heath on a wiretap, apparently from his St. Kitts home, plotting the shipment of cocaine to Rochester. Using information gleaned from the wiretap, police pulled over a tractor-trailer on the New York Thruway near Victor and discovered the 28 pounds of cocaine, which had a street value then of about $1 million.

Federal authorities eventually identified Heath as a key player in the drug trafficking, and a federal grand jury in Rochester indicted him in 1995. Justice Department officials then initiated extradition proceedings for Heath to face criminal charges in Rochester, but he successfully staved off extradition. Sometimes Heath was aided by sympathetic political powers in St. Kitts.

As Heath continued to live his life at home, his popularity grew. He was known for helping out the country's poor families by providing them with produce from his farm.

Last year St. Kitts authorities cooperated with the Justice Department, finally extraditing Heath, 56, in March. He has been jailed here since.

Federal authorities could not be reached Wednesday, but in a statement they said Heath admitted that he arranged in 1992 for the cocaine to be shipped to New York City.

Heath admitted that he knew that Rochester was the destination for the cocaine.

Man Loses Case, Wins Sympathy (SP)

By Jamal Thalji

St. Petersburg Times, December 7, 2006

He's been on 60 Minutes. A New York Times columnist has championed his cause. Even those who prosecuted and convicted Richard Paey sympathize with the wheelchair-bound man serving 25 years for drug trafficking - for obtaining the drugs he needs for his debilitating pain.

Count among those sympathizers the 2nd District Court of Appeal.

The problem, a majority of the court ruled Wednesday, is that they can't help Paey.

They upheld his conviction and sentence by a 2-1 vote, but passed on this advice: Get the governor to commute the sentence.

"Mr. Paey's argument about his sentences does not fall on deaf ears," Judge Douglas Wallace wrote, "but it falls on the wrong ears."

Such advice from an appellate court is rare indeed, said University of Florida law professor Michael Seigel.

"The court looks at a situation that it thinks is unfair," he said. "It's powerless to do anything about it. So the only thing it can do is to make an appeal to the governor, who does have the power to do something about it."

Appeals to the Florida Supreme Court and the U.S. Supreme Court are possible. In the meantime, Paey's attorney, John Flannery II of Virginia, said he took the court's advice right away, filing a petition with the governor's office Wednesday.

It is unlikely Gov. Jeb Bush will be able to act before his term expires at the end of the year, but Flannery wants to start the process for Gov.-elect Charlie Crist.

Flannery did find solace in Associate Judge James Seals' blistering dissent that the mandatory minimum sentence Paey received was "cruel and unusual."

The Hudson man was arrested by the Pasco County Sheriff's Office and the federal Drug Enforcement Administration in 1997 after buying more than 1,200 painkillers with fake prescriptions.

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The 48-year-old has multiple sclerosis and chronic pain since a 1985 car accident and failed surgeries.

But Paey possessed more than an ounce of the drugs. Regardless of whether he tried to sell them, under Florida law he is a drug trafficker. Before his 2004 conviction, he rejected a plea deal - on principle - that would have meant just house arrest.

Paey's wife, Linda, lives in Pasco with their three children. He is in the Tomoka Correctional Institution in Daytona Beach. Both took the news hard, Flannery said.

"He feels especially bad," the lawyer said, "because his wife and children were hoping to see him for Christmas."

Judge Rejects Counties' Challenge To California Marijuana Law (AP)

By Allison Hoffman

AP, December 6, 2006

SAN DIEGO - A state judge on Wednesday upheld California's law permitting the use of medical marijuana for medical purposes, rejecting a lawsuit by three counties challenging the decade-old statute.

The counties, led by San Diego, argued that local governments shouldn't be bound to uphold state laws that are weaker than the federal blanket ban on marijuana.

San Diego County sued California and its health services director in February over a state requirement that counties issue identification cards for medical marijuana users and maintain a registry of people who apply for the cards. San Bernardino and Merced counties joined the suit.

State attorneys responded that California was entitled to pass its own laws suspending state prosecution for medical marijuana use, and to legislate programs enabling qualified users to access the drug.

Marijuana users in California can still be prosecuted under federal drug laws.

Superior Court Judge William R. Nevitt, Jr., wrote in his ruling counties would not be breaking federal law by giving out state identification cards.

"Requiring the counties to issue identification cards for the purpose of identifying those whom California chooses not to arrest and prosecute for certain activities involving marijuana use does not create a 'positive conflict,'" Nevitt wrote.

The ruling affirmed a tentative judgment Nevitt issued in November.

The judge emphasized that he was not weighing in on the question of whether marijuana has medical benefits.

Since 55 percent of California voters approved the law in a 1996 vote, 10 other states have adopted measures protecting qualified patients from prosecution. They are Alaska, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington.

Thomas Bunton, a county attorney who argued the case, said no decision had been made whether to seek an appeal.

Nevitt's ruling stopped short of forcing the counties to begin issuing the cards. Fewer than half of California's 58 counties have so far complied with the state program.

Judge Upholds State's Medical Marijuana Laws (SDUT)

By Jeff Mcdonald, Union-tribune Staff Writer

The San Diego Union-Tribune, December 7, 2006

SAN DIEGO – A Superior Court judge has refused to overturn California's medical marijuana laws, issuing a final ruling Monday that upholds a decision last month rejecting a lawsuit San Diego County filed against the state.

Judge William R. Nevitt Jr. ruled that state law enforcement officials are not obligated to arrest and prosecute people who violate federal laws.

“The state convincingly rebuts County of San Diego's argument that (medical marijuana laws) are pre-empted because they 'authorize' conduct that the federal government prohibits,” the judge wrote.

The county Board of Supervisors voted to sue California rather than implement the state law permiting chronically ill patients to grow and smoke marijuana. The law was adopted in 1996 after 56 percent of California voters approved an initiative.

After San Diego County filed the lawsuit, Merced and San Bernardino counties joined the case. It was unclear whether county officials would appeal the ruling, although lawyers for Merced County told the court they would appeal if they lost.

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Nevitt issued a preliminary ruling in November in favor of the state and a handful of “intervenors” – patients and advocacy groups that claim medical benefits from marijuana, which is illegal under federal laws.

The ruling was welcome news to lawyers and patient advocates.

“The victory here saves state medical marijuana laws from an ill-founded and unsupported attack,” said Adam Wolf, a staff attorney with the ACLU, which co-defended the case. “The law is clear: The fed government cannot force the state of California to arrest and prosecute medical-marijuana patients.”

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Judge Tosses County's Medical Marijuana Challenge (NCT)

By Gig Conaughton, Staff Writer

North County (CA) Times, December 7, 2006

SAN DIEGO -- Medical marijuana advocates declared victory and San Diego County officials mentioned the word "appeal" Wednesday when a Superior Court judge rejected -- for the second time -- the county's controversial challenge to overturn California's "Compassionate Use" act.

Superior Court Judge William R. Nevitt, reaffirming the tentative ruling he issued Nov. 16, rejected the county's argument that California's voter-approved Compassionate Use act should be pre-empted by federal law.

Federal law says marijuana has no medicinal value and its use is illegal in all situations.

San Diego County supervisors, in a move that angered local medical marijuana patients and national advocacy groups, voted to try to overturn the law in December 2005. Supervisors said the Compassionate Use act was "bad law" and would promote drug abuse.

But Judge Nevitt, in his final ruling Wednesday, said the county failed to prove that the state law was in legal conflict with the federal law. He also ruled the state law did not "require" people to break the federal law, as the county's pre-emption argument claimed.

Nevitt said the county's pre-emption argument failed because a corollary to the U.S. Constitution's "Supremacy Clause" -- which says federal law should be "supreme" over state laws -- says state laws could take precedence over federal laws in some cases.

John Sansone, the county's top lawyer, said Wednesday afternoon that supervisors would meet in closed session Tuesday to decide whether they want to appeal Nevitt's ruling.

Bill Horn, the county board's chairman, did not return calls Wednesday.

Sansone, meanwhile, said he would advise the supervisors that he believed an appeal could be successful.

Medical marijuana advocacy groups, however, said Nevitt's ruling was clear. They called on the county to immediately obey California's law by issuing identification cards to valid medical marijuana users.

Meanwhile, one local medical marijuana patient, Vista resident Craig McClain, was clearly ecstatic when he received the news of Nevitt's ruling.

"Wow, man, that's good news," said McClain, a spinal cord injury victim. "I can't believe it. I'm just so pleased to hear that, God. I'm ecstatic. It just goes to show you, you gotta hang tough."

McClain, whose spine was crushed several years ago in a construction-related accident, said he has used marijuana for several years to ease the severe, chronic spasms the injury has left him with.

McClain and other medical marijuana patients have said they have found it increasingly difficult to get marijuana this summer, after the county and local law enforcement worked with federal drug agents to essentially close down medical marijuana dispensaries.

Adam Wolf, a lawyer for the American Civil Liberties Union -- which successfully sued to intervene in the county case to defend the patients -- said he now expected the counties of San Diego, San Bernardino and Merced to begin issuing medical marijuana identification cards to patients. San Bernardino and Merced counties joined San Diego's lawsuit challenge last year.

"We hope that San Diego sees the wisdom of the court's ruling and agrees to abide by the law," he said, "to stop its ill-founded, unconstitutional challenge, and begin issuing ID cards."

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The Compassionate Use act that voters approved in 1996 did not require counties to issue the medical marijuana ID cards, but the state Legislature did by passing Senate Bill 420 in 2003.

San Diego County's challenge to overturn the Compassionate Use act began in November 2005 with a split vote by supervisors to defy SB 420 -- which legislators said would help state police officers tell who legitimate medical marijuana patients are.

The county's lawsuit, filed against California Department of Health Services Director Sandra Shewry and the San Diego chapter of the National Organization for the Reform of Marijuana Laws, sought to overturn both SB 420 and the Compassionate Use act.

Teresa Shilling, a spokeswoman for state Attorney General Bill Lockyer, said Wednesday that it was not the attorney general's position to compel counties to comply with the law. Shilling said that historically, when laws need "to be tested," lawsuits force the courts to compel governments to comply.

Sansone, meanwhile, said he believed that Nevitt did a thorough job analyzing the lawsuit's "complicated" legal arguments. However, Sansone said he believed that Nevitt's ruling left "very strong room" for a successful appeal.

"I think we anticipated all along that this was going to be decided at a higher level," Sansone said. "Where we go? It's up to the board."

William Dolphin, spokesman for Americans for Safe Access, a medical marijuana advocacy group that also sued to intervene in the county lawsuit, said the group was very happy with Nevitt's ruling.

But Dolphin said he was disappointed to hear that San Diego County could decide to appeal.

"I hope not," Dolphin said. "The legal argument cannot be clearer or stronger."

Meanwhile, McClain said he also hoped that county supervisors would drop their challenge and give him -- and other medical marijuana patients -- their ID cards.

"I've been waiting to get that," he said. "To me, that's protection. I've already got a doctor's prescription. I just want something I can hold in my hand. That's what we voted for.

"It may seem silly to some people," McClain said. "But that's like having a driver's license, or your Social Security number. It means I'm doing things the right way."

-- Contact staff writer Gig Conaughton at (760) 739-6696 or gconaughton@nctimes.com.

Drug Addiction On Rise With Afghan Kids (NYT/AP)

The New York Times/AP, December 6, 2006

KABUL, Afghanistan (AP) -- Farida's son inherited her drug addiction in the womb, and drank her opium-laced breast milk. And when he cried and fussed, she calmed him with specks of opium diluted in tea.

This is the hidden face of addiction in Afghanistan -- parents spreading drug use in the confines of their homes. All four of Farida's children got high from her husband's secondhand heroin smoke and from the opium she fed them.

She blames a neighbor at the refugee camp where they lived in Pakistan for introducing her husband to drugs. Her husband later advised her to take opium for her cough and aches.

"My husband was on the wrong path, and I followed him because he is my companion," the 28-year-old woman said, nursing her skinny youngest son, 2-year-old Amir Shah. "I didn't know it was bad."

Afghanistan is the world's leading producer of opium and heroin, exporting drugs to Asia, the Middle East, Europe and the United States. But the scale of domestic drug abuse has only recently become apparent.

The first nationwide survey on drug use, conducted last year by the Ministry of Counter Narcotics and U.N. Office on Drugs and Crime, found nearly 1 million addicts in this nation of about 30 million people, including 60,000 children under age 15.

Drugs of choice range from hashish, opium and heroin to pharmaceutical medicines. An estimated 5,000 children are addicted to opiates, and the remainder take cough syrup and other drugs, the survey found. The actual numbers are probably much higher, especially for children and women, the report said.

"When one person starts using drugs, the whole family is addicted," says Dr. Tariq Suliman, director of the Nejat drug rehabilitation center where Farida received treatment.

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The Ministry of Counter Narcotics has opened clinics and drug centers, but addiction is on the rise in the impoverished war-ravaged country as drug production has spiraled, making narcotics of increasing purity more available.

Opium production rose 49 percent this year to 6,700 tons -- enough to make about 670 tons of heroin. That's more than 90 percent of the world's supply and more than the world's addicts consume in a year.

"When the poppy cultivation increases, the number of addicts also increases," said Gen. Khodaidad, deputy minister for policy and coordination in the Ministry of Counter Narcotics. "The addicts -- the 920,000 people -- this number is increasing day by day."

Along the snowy footpath to Farida's one-room house in Kabul, a social worker pointed out several women -- opium addicts treated since the Nejat center opened in 2002 after the ouster of the Taliban regime.

Because there has been little drug education in Afghanistan, many people appear ignorant of the risks of addicting children and the social problems it brings.

Farida, who like many Afghans has only one name, recounted how she and her husband sold their belongings to pay for drugs. One day, her uncle had to fend off a rich man who came to her house to buy her sons.

"He said, 'I have six daughters, but I have no sons. Why do you need sons? You are a drug addict,'" recalled Farida. She spoke in her tiny home built of mud and straw, where her children huddled around a portable gas stove, warming their dusty feet and hands.

With help from the Nejat center, Farida said she and her children weaned themselves off opium in a month, using an over-the-counter analgesic for pain and vitamins to build strength. She said she and her children have not used drugs for about a year and a half.

Elsewhere in Kabul, Maraban Shah and his 6-year-old son, Said Amidullah, were at the newly opened Zendagi-e-Nawin -- or New Life -- rehabilitation home, recovering from opium addictions picked up in their remote village in Badakhshan province.

The boy was born addicted and was prone to crying, his father said.

"My wife would give him opium behind my back, and he would sleep... If he didn't get it, he would yell and throw a tantrum,'' Maraban Shah said, sitting with his son on their bed in the rehabilitation home. "One of our relatives taught her to do that -- they gave her bad advice."

The mother remains in Badakhshan, addicted to opium. The boy is now chubby and healthy, with rosy cheeks from the winter chill. He sat quietly listening to his father, only interrupting once to say: "Let's bring mommy here for treatment." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Tajikistan Turns Into Heroin Alley (AP)

By Mike Eckel

AP, December 7, 2006

DUSHANBE, Tajikistan -- Central Asia's poorest county is also one of the world's leading transit routes for heroin, opium and other drugs from Afghanistan. Sergei Makhkamov has been caught in the flood.

"I tried it, I liked it and it went from there," said the haggard, fidgety, out-of-work 24-year-old who got hooked on heroin in 2004. "If you have the money, you can find it anywhere, anytime."

In Tajikistan, the scars still remain from a traumatic civil war that ended nine years ago. Now, new wounds are being inflicted on this mountainous nation -- from the dramatic spike in the trafficking of drugs grown in neighboring Afghanistan, smuggled north through Tajikistan en route to Russia and Europe, and increasingly consumed by Tajiks.

Makhkamov is one of 7,600 officially registered addicts in Tajikistan; activists say the number is up to eight times greater. They warn that the scourge and its consequences -- crime, disease, draining limited social resources in an already desperately poor country -- threaten a society still fragile from war.

"We're on the verge of a generalized epidemic," said Murtazokul Khidirov, a health activist involved in the fight against illegal drugs, HIV and AIDS and related diseases.

Tajikistan shares close ties with Afghanistan as well as a porous, 1,340-kilometer border. Russian guards patrolled the border for many years as both Afghanistan and Tajikistan were wracked by war. Now, the Tajiks have taken over -- with United

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Nations help -- but doubts persist on whether they can stem the tide, especially since the United Nations says Afghanistan's opium cultivation has reached record levels.

According to the Tajik Drug Control Agency, 7 to 8 tons of illegal drugs were seized last year; the UN ranked Tajikistan fifth worldwide in heroin and morphine seizures, and fourth for opium.

"There is a problem and we are looking for help from the world community, from the United States," said Lieutenant Colonel Avaz Uldashev, an agency spokesman.

Since the end of the 1992-1997 civil war, the average age of Tajik addicts has crept downward from between 30 and 35 to between 20 and 29 years. The percentage of female addicts, mainly prostitutes, has skyrocketed to around 30 percent of all users, increasing the likelihood that infectious disease cases like AIDS will jump in coming years, Khidirov said.

Health workers and nongovernmental organizations in Dushanbe, meanwhile, are allowed to distribute condoms and clean needles to help prevent the spread of AIDS, Khidirov says. But AIDS cases have climbed in the past five years and a record three dozen fatal overdoses were recorded last year. Efforts to treat addiction, like methadone replacement therapy, are largely ignored.

So are residential treatment centers like the Drop-In Center -- one of only two such centers for addicts nationwide. Nine addicts, including Makhkamov, live together in the small, nondescript house on Dushanbe's western outskirts.

On a recent evening, one woman slept on the floor in front of a blaring television and under a flickering light bulb, while two other addicts, including a 42-year-old former doctor, played pingpong in the main room.

Sergei Kozlov, the center's director, said the operation, which has been open for less than seven months, has received foreign funding of about $13,000 and nothing from the government.

In Dushanbe now, he said, it's almost as easy to buy drugs as it is to buy beer. "You have to fight the addiction. We have to do more, to fight it and to help [addicts]," he said. "If you leave them, they just become parasites on society."

Ford Seeking New Trial (RMN)

By Sara Burnett, Rocky Mountain News

Rocky Mountain News, December 6, 2006

A former Denver firefighter convicted of selling an illegal machine gun to an undercover federal agent is requesting a new trial, saying prosecutors failed to turn over evidence that could have led to his acquittal.

Stan Ford was scheduled to be sentenced Friday. But U.S. District Court Judge Robert E. Blackburn said the sentencing should be postponed until Ford's motion for a new trial is heard.

Ford, who was acquitted on three other weapons charges, says the government did not disclose emails from an informant's computer that he says show he was the target of entrapment. In one message, the informant asks Ford to get him a gun and says he is "desperate" for a weapon, Ford stated in court documents.

The U.S. Attorney's office says it did provide Ford's lawyers with copies of all communications. It also disputes that the messages at issue would have been enough to acquit Ford.

This is the second time Ford has sought a new trial. Blackburn denied his first motion in July.

More Judges Packing Pistols In Courtrooms (LAW)

By Amanda Bronstad, The National Law Journal

National Law Journal, December 7, 2006

Despite increased security at courthouses following shootings in Chicago and Atlanta about one year ago, many judges are bringing their own guns into their courtrooms for protection.

Earlier this month, a Florida judge was ordered to accept mentoring after warning a defense attorney that he was "locked and loaded." In May, a judicial ethics committee of the New York State Unified Court System found that it was ethical for a judge to carry a pistol into his courtroom.

In Nevada, Oklahoma and Texas, incidences of violence in the past year have prompted new laws or solidified rules allowing judges to bring guns into courtrooms.

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"Judges in our courthouse have been carrying guns almost all the time," said Cynthia Stevens Kent, a Texas judge in the 114th District Court, where a man in a family law case killed his ex-wife and son last year on the steps of a Tyler courthouse.

"We feel strongly about providing adequate security, but it comes down to personal responsibility. And you've got to take responsibility for your own safety," Kent said.

Security concerns were raised last year after a rape suspect grabbed a deputy's gun and killed an Atlanta judge and others. One month earlier, a litigant had killed the husband and mother of a Chicago federal judge who ruled against him.

COVERING THE DOORWAY

Some states allow judges to arm themselves.

In June, a man shot the Nevada judge overseeing his divorce case through the window of his courtroom. Chuck Weller, a judge in the Nevada 2nd Judicial District Court in Reno, who survived the incident, said that judges in Nevada are allowed to carry weapons into the courtroom if they obtain permission from the chief judge.

He declined to say whether he keeps a gun in his courtroom, but noted, "I'm not opposed to it at all. The culture in the community I live accepts firearms."

The shooting prompted U.S. Senator Harry Reid, D-Nev., to introduce legislation to enhance security at both state and federal courthouses.

In another recent incident, Oklahoma District Judge P. Thomas Thornbrugh said he grabbed his gun from his chambers after he heard a loud slam against the wall and shouts for help. He said he knew deputies were taking a prisoner to a nearby bathroom.

"I thought the deputies were being overcome by this prisoner, and their service weapons would be taken," said Thornbrugh, recalling the Atlanta incident. "There were no other deputies around, so I got a pistol out of my desk and covered the doorway until the other deputies arrived."

The scuffle prompted the Oklahoma House of Representatives to pass a bill in March that would allow district judges to have guns in the courthouse. Current law is unclear.

The bill died before reaching the state Senate, but state Rep. Dan Sullivan, R-Tulsa, who introduced the bill, said he plans to try again next year.

In Texas, which permits state judges to carry concealed handguns into courtrooms, a new law became effective that expands that right to include federal judges and district attorneys. The law followed the Tyler shooting.

"We believe each judge should be able to make sure he has a system of self-defense," said Kent, who wears a shoulder harness and carries a gun at all times. "One of our biggest areas of target is when we're in the court making decisions."

FIGHTING GUN BANS

In May, New York's Advisory Committee on Judicial Ethics issued an opinion that found it ethical for a judge to carry a pistol while on the bench.

In Florida, where Bay County Judge Michael Hauversburk recently threatened a defense attorney with his handgun, state law permits concealed weapons. But a bill that died last year would have specifically allowed judges to bring concealed firearms into courtrooms. Similar bills were introduced and failed last year in North Carolina and Illinois.

On Jan. 1, Kansas plans to permit judges and whomever they designate to carry concealed firearms in the courtroom. Phillip Journey, the state senator who authored the bill and a practicing attorney, said he spent a decade seeking to overturn a blanket prohibition on firearms in the courthouse.

"If I had a judge's permission, I'd do it every day," he said of bringing a gun into the courtroom. "Guns are like lawyers: Better to have one and not need it than need one and not have it."

IMMIGRATION:

U.S.-Mexico Border Sees Drop In Illegal Immigrant Arrests (AP)

By Alicia A. Caldwell, Associated Press

AP, December 7, 2006

DOJ_NMG_0103367

EL PASO — The number of illegal immigrants being arrested at the U.S.-Mexico border has dropped sharply in the first two months of this fiscal year, with some Border Patrol sectors seeing a drop of up to 63 percent.

Arrests along the border in Texas, New Mexico, Arizona and California have dropped about 27 percent, or by nearly 43,000 illegal immigrants, since Oct. 1, compared to the same time last year, Border Patrol officials in Washington said.

Reports of the decrease come about a month after Border Patrol officials announced a nearly 9 percent drop in arrests from 2004 to 2005. If the downward trend continues it would mark the first sustained decrease in illegal immigrant arrests since shortly after the Sept. 11, 2001, terrorist attacks, said Assistant Chief Patrol Agent Xavier Rios.

It's nearly impossible to know whether the drop in arrests really means that fewer people are coming across the border.

T.J. Bonner, president of the union that represents the majority of agents, said agents on the ground estimate that they only catch 25 percent to 33 percent of illegal immigrants.

"This is not a game of laser tag where you simply point at someone and say, 'Tag, you're it, go home,'" said Bonner, who is also a Border Patrol agent. "It's very time consuming to round them up and arrest them. In the meantime, who's watching the store? No one."

Border Patrol officials acknowledge that they don't know how many people make it across the border every year. But they insist that the drop in arrests, which varied widely — the San Diego Sector marked a 3 percent drop while the Yuma, Ariz., and Del Rio, Texas, sectors each showed a 63 percent dip — is a sign that recently launched border security efforts are working.

"All of these numbers are good," Rios said. "We're better staffed than we have been since the inception of the Border Patrol. We're more effective at what we do."

Despite the significant drop in the Yuma Sector, which covers far southwestern Arizona and parts of Southern California, agents in Arizona remained the Border Patrol's busiest.

Agents nationwide also reported a 58 percent decrease in the arrests of "other than Mexican," or OTM, immigrants.

Border Patrol officials first noticed a drop in arrests last summer, shortly after National Guard troops were ordered to the border as part of President Bush's Operation Jump Start. Those troops staff cameras, help maintain Border Patrol equipment and watch for illegal crossers.

OTM arrests also started to slide last year after U.S. Department of Homeland Security chief Michael Chertoff ordered the end to a "catch and release" program that allowed those immigrants to be set free after they agreed to appear in court at a later date.

Doug Mosier, a Border Patrol spokesman in El Paso, said localized agency operations and state-driven efforts also likely have helped curbed arrests.

In the Del Rio Sector, for example, any adult illegal immigrant arrested is prosecuted and sent to jail before being kicked out of the country. Operation Streamline is a cooperative effort between the Border Patrol, federal prosecutors, the U.S. Marshals Service and other federal agencies.

A prosecutor in Maricopa County, Ariz., is using an anti-smuggling law to prosecute illegal immigrants who have been smuggled. Elsewhere, cities including Dallas suburb Farmers Branch have created laws aimed at keeping illegal immigrants from living and working in the community.

Federal officials also have formed a partnership with their Mexican counterparts to try to prosecute more human smugglers.

The Operation Against Smugglers Initiative for Safety and Security — OASISS — started in earnest in July and allows for smuggling suspects who are not prosecuted in the United States to be turned over to Mexican authorities for prosecution.

"That's the idea, to put more teeth into our prosecutorial ability," Mosier said.

Though Mosier said it is too early to know whether the trend will last, the recent reports are promising.

"I think it's too soon for anyone to declare success, but certainly it's encouraging for those of us on the border," Mosier said.

Altoona, With No Immigrant Problem, Decides To Solve It (NYT)

By Sean D. Hamill

The New York Times, December 7, 2006

DOJ_NMG_0103368

ALTOONA, Pa., Nov. 30 — By now the pattern is familiar. New businesses move to town, creating low-paying, low-skill jobs that are quickly filled by immigrants. Most are Hispanics who speak little English. Some may be in the country illegally. After a few years, local leaders fume that school enrollment has surged, social services are stretched and crime has increased, and they blame the illegal immigrants.

Since June, when Hazleton, Pa., some 130 miles east of here, began debating what to do about illegal immigrants, more than 60 local governments in 21 states have followed its lead and considered new ordinances to drive them away. At least 15 have approved the measures, typically intended to punish landlords who rent to illegal immigrants and business owners who employ them.

Altoona, an old railroad town nestled in an Appalachian Mountain valley about 100 miles east of Pittsburgh, is one of those 15. It approved its ordinance, which threatens to withdraw the business licenses of employers and rental licenses of landlords who hire or rent to illegal immigrants, in October. But it does not fit the same pattern.

"If you were to look for the area for the fewest immigrant settlements in the country, you would look to south central Pennsylvania," said Steven A. Camarota, director of research for the Center for Immigration Studies, a research organization in Washington that favors tougher immigration policies. "There just aren't many immigrants — legal or illegal — around Altoona because there aren't many jobs."

If Hazleton, where the immigrant population grew sharply in just a few years, started the current trend for dealing with a surge in illegal immigrants, Altoona may be the beginning of the next wave: trying to prevent a situation from developing in the first place.

"We don't have a problem here with immigrants," said Joe Rieker, 40, one of five members of the Altoona City Council who voted in favor of the new ordinance. "But we want to stay ahead of the curve." One member voted against.

When places like Altoona pass such laws, it is a sign of a growing frustration with the federal government's lack of immigration enforcement, said Ira Mehlman, spokesman for the Federation for American Immigration Reform. The group's legal arm, the Immigration Reform Law Institute, has aided several towns, including Altoona, in writing similar laws.

"We certainly hope we see more towns like Altoona" approving ordinances restricting illegal immigrants, Mr. Mehlman said. "And as the message gets out that there aren't a lot of communities that are welcoming, it will be a deterrent."

But the legal director for the American Civil Liberties Union in Pennsylvania, Vic Walczak, worries that a different message is being sent.

"When you have towns like Altoona enacting a solution in search of a problem, you worry if there's a nativist impulse there," Mr. Walczak said. "There's a fair bit of politics involved here, and illegal immigrants are an easy and effective scapegoat for a small town's problems."

Founded in 1849 by the Pennsylvania Railroad, Altoona grew as waves of German, Irish and Italian immigrants moved here. But immigrants have long since bypassed Altoona as the city's economic fortunes dwindled along with those of the railroad business. In the 2000 census, the city had just 295 foreign-born residents, about one-half of 1 percent of its 49,523 residents, and no one thinks that figure has changed much over the past six years.

"You see a car here with four Mexicans in it, I do feel bad about it, but they do stand out in an area that's mostly white and of European descent," said Mr. Rieker, whose wife, Vanessa, is a Peruvian immigrant going through the lengthy and complex process of becoming a United States citizen.

But Altoona does have at least one factor in common with Hazleton: both ordinances were passed after local killings that have been attributed to illegal immigrants.

In Hazleton, a local man was shot and killed in May. Two illegal immigrants from the Dominican Republic have been charged in his death.

In Altoona, Miguel Padilla, 27, was convicted in September in the killings of three men outside a nightclub on Aug. 28, 2005. Though he had moved to a nearby town as a boy and graduated from a high school there, Mr. Padilla was an illegal immigrant from Mexico. He had previously been arrested and his illegal status had been reported to the federal government.

Mayor Wayne Hippo and other members of the Council have said the Padilla case had nothing to do with the city's ordinance.

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But for local residents who support the ordinance, the murders were the biggest reason Altoona needed the ordinance.

"We just had three murders here," Sandy Serbello, 64, a lifelong resident said in explaining her support of the measure. "We look at everybody differently now."

Ms. Serbello said she avoided talking to anyone she suspected of being an illegal immigrant, "because we don't want to be one of their victims."

That is the kind of sentiment that worries the Rev. Luke Robertson, executive director of Catholic Charities in Altoona, which along with the local Roman Catholic diocese strongly opposed the ordinance.

"I don't think they thought through the unintended consequences," said Father Robertson, 49, a Franciscan priest. "It promotes bigotry."

Moreover, said Bishop Joseph V. Adamec of the diocese, the ordinance could discourage businesses from opening in or relocating to Altoona when Interstate 99, which runs through town, is completed, connecting Interstates 80 and 76.

"They're not going to build here if we aren't welcoming," said Bishop Adamec, who has overseen the diocese for 19 years.

He is not swayed by those who say that the three murders might have been prevented if the ordinance had been in effect in 2005.

"The one who did it, he came here when he was a boy and went to our schools," Bishop Adamec said. "He didn't come here already formed. He's one of us."

CONGRESS-ADMINISTRATION:

Gates Confirmed As Secretary Of Defense (AP)

By Anne Plummer Flaherty

AP, December 6, 2006

The Senate voted overwhelmingly Wednesday to confirm Robert Gates as defense secretary, with Democrats and Republicans portraying him as the man who will help overhaul President Bush's Iraq policies.

The 95-2 vote was a victory of sorts for Bush, who named Gates to replace Donald H. Rumsfeld at the Pentagon on Nov. 8, a day after voters gave Democrats control of Congress for next year.

Even so, much of Gates' support stemmed from his pledges to consider new options in Iraq. Overshadowing the vote was the release of an independent study lambasting Bush's approach to the war, increasing pressure on the White House to change course.

"I am confident that his leadership and capabilities will help our country meet its current military challenges and prepare for emerging threats of the 21st century," Bush said in a statement after the Senate vote.

He said Gates had shown during his confirmation hearing this week before the Senate Armed Services Committee that he is "an experienced, qualified, and thoughtful man who is well respected by members of both parties and is committed to winning the war on terror."

Overall, 52 Republicans, 42 Democrats and one independent voted for Gates. Three lawmakers — Sens. Joseph Biden, D-Del., Evan Bayh, D-Ind., and Elizabeth Dole, R-N.C. — did not vote.

Two Bush allies, Sens. Rick Santorum, R-Pa., and Jim Bunning, R-Ky., voted against Gates, citing his criticism of the war and his view that the U.S. should engage Iran as part of a solution.

"Mr. Gates has repeatedly criticized our efforts in Iraq and Afghanistan without providing any viable solutions to the problems our troops currently face," Bunning said. "We need a secretary of defense to think forward with solutions and not backward on history we cannot change."

Santorum, who lost his re-election bid last month, mocked the idea of engaging dictators and talked at length of the evils of "radical Islamic fascism." When it comes to reaching out to Iran to discuss the security of Iraq, Santorum said of Gates, "I think he is in error."

The White House said Gates would be sworn in Dec. 18. Explaining the delay, spokeswoman Dana Perino said Gates had commitments he had to fulfill at Texas A&M University, where he is the president. Bush called Gates with congratulations.

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Gates said at the Senate hearing he did not think the U.S. was winning the war and that all options for changing the administration's approach must remain on the table.

"It seems to me that the United States is going to have to have some kind of presence in Iraq for a long time ... but it could be with a dramatically smaller number of U.S. forces than are there today," Gates testified.

The committee voted 24-0 to support Gates to succeed Rumsfeld, who became a symbol of the unpopular war and often sparred with Democrats.

Committee Democrats said they decided to endorse Gates because of his frank assessment of the Iraq war and his openness to change. Many of them said they saw the Iraq Study Group's report and the change in leadership at the Defense Department as the necessary impetus for a different approach to Iraq.

Sen. Edward Kennedy, D-Mass., said he thought Gates "recognized the high price that our troops are paying for the current policy."

GOP Senate leaders also hailed the confirmation.

"The position of secretary of defense is more important than ever, and I believe the President has made an outstanding choice," said Senate Majority Whip Mitch McConnell, R-Ky.

Gates' swift approval contrasted with his experience 15 years ago when he was picked to head the CIA.

In 1991, 31 Democrats voted against confirming Gates, citing charges he had pressured intelligence analysts to develop conclusions that fit President Reagan's policies and turned a blind eye to the Iran-Contra scandal — when arms were sold to the Iranians and the cash used to supply the Nicaraguan Contra rebels.

Twelve of the senators who rejected Gates 15 years ago remain in the Senate today, including Biden, Carl Levin, D-Mich., and Jay Rockefeller, D-W.Va.

Despite Gates' popularity with lawmakers during this confirmation process, he has not said what should be done in Iraq, promising to consult first with military commanders.

Gates won political points with Democrats when he said he did not think the U.S. was winning in Iraq. That response appeared to contradict Bush, who said at an Oct. 25 news conference, "Absolutely, we're winning."

Gates later said he believes the U.S. is neither winning nor losing "at this point."

Levin said Wednesday he was pleased that Gates agreed with Democrats that "only a political settlement by the Iraqis can end the violence in Iraq and that the military force that we have there cannot do that for the Iraqis."

Bunning, Santorum Vote Against Gates (HILL)

By Elana Schor

The Hill, December 7, 2006

The Senate confirmed Robert Gates as Secretary of Defense yesterday, voting 95-2 to replace departing Donald Rumsfeld with the former Iraq Study Group member.

Two GOP senators, Jim Bunning (Ky.) and Rick Santorum (Pa.), voted against Gates. Santorum, who lost his reelection bid to Bob Casey Jr. (D-Pa.), said in a floor speech that he found fault with Gates's support for diplomatic engagement with Iran as part of a regional solution to the crisis in Iraq.

The rationale for Bunning's vote was unclear as of press time, but he has voted against high-profile Bush nominees in recent months, including Federal Reserve Chairman Ben Bernanke.

Senate Confirms Gates As Secretary Of Defense (NYT)

By David S. Cloud

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — The Senate voted overwhelmingly on Wednesday to confirm Robert M. Gates as defense secretary in a 95-to-2 vote.

The decision came after a confirmation hearing and floor debate that unfolded in less than 48 hours, reflecting the bipartisan sentiment that a course change in Iraq is vital as well as a strong desire to quickly replace Defense Secretary Donald H. Rumsfeld, who announced his intention to resign last month.

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Dana Perino, a White House spokeswoman, said Mr. Gates would be sworn in and formally begin work on Dec. 18, more than a week after his confirmation, because he wanted to participate in fall commencement at Texas A&M University before resigning as the school's president.

With the White House expected to be discussing strategy changes in Iraq over the next week, Ms. Perino said that Mr. Gates would be involved in meetings and conference calls until his formal swearing-in, "so he can hit the ground running."

Mr. Gates, a former director of the Central Intelligence Agency, said during his confirmation hearing Tuesday that one of his first acts would be to travel to Iraq to consult with American ground commanders.

A Texas A&M spokesman, Lane Stephenson, said he could not confirm Mr. Gates's plans regarding the university's commencement ceremonies, but he said the event was scheduled for Dec. 15 and 16 and it was customary for the university president to preside.

The nomination was approved hours after the public release of a report by the Iraq Study Group, a bipartisan panel headed by former Secretary of State James A. Baker III and a retired congressman, Lee H. Hamilton, which urged direct negotiations with Syria and Iran as well as a clear declaration that the United States would reduce its support to Iraq unless that government made "substantial progress" on security in coming months.

Mr. Gates has not endorsed any specific strategy shift in Iraq, and several senators warned against overestimating his ability or desire to make sweeping and rapid changes in Iraq.

"We see the possibilities of a new chapter," said Senator Arlen Specter, Republican of Pennsylvania, but he added, "It is up to the commander in chief to structure a change in policy."

The two senators who voted against Mr. Gates were both Republicans, Jim Bunning of Kentucky and Rick Santorum of Pennsylvania, who lost his re-election bid in November.

In a floor statement after the vote, Mr. Santorum said he opposed the nomination because he believed that Mr. Gates was in favor of engagement with Iran, a country the lawmaker blamed for contributing to the conflict in Iraq. "We should confront them," Mr. Santorum said.

Mr. Bunning gave a similar explanation. Mr. Gates, he said, "believes in directly engaging rogue nations such as Iran and Syria that are known sponsors of terrorist groups in Iraq, Lebanon and the West Bank and Gaza. I do not support inviting terrorists to the negotiating table."

President Bush telephoned Mr. Gates to congratulate him during the Senate vote after it became clear he would be approved by an overwhelming margin, Ms. Perino said.

In a statement issued by the White House, President Bush thanked the Senate and called Mr. Gates "an experienced, qualified and thoughtful man who is well respected by members of both parties and is committed to winning the war on terror."

Though the statement did not mention Iraq or the White House strategy review that is under way, Mr. Bush said Mr. Gates "will help our country meet its current military challenges and prepare for emerging threats."

During a perfunctory Senate floor debate on his nomination, the handful of senators who spoke endorsed Mr. Gates and said he represented the possibility of a strategy change in Iraq, which lawmakers from both parties said was necessary.

"I do not believe he is invested in the decisions, many of them bad, made in the Department of Defense over the last five years," said Senator Jack Reed, Democrat of Rhode Island. "He is a good listener, and I think he will draw on a cross section of views in making decisions."

Senate Confirms Gates For Defense (LAT)

By Peter Spiegel

The Los Angeles Times, December 7, 2006

WASHINGTON — The Senate voted overwhelmingly Wednesday to confirm Robert M. Gates as the 22nd U.S. secretary of Defense, giving the former CIA director decisive bipartisan support amid the increasingly divisive debate over the war in Iraq.

The Senate voted 95 to 2 to approve Gates' nomination. White House officials said he would be sworn in Dec. 18.

The quick handover would mean Donald H. Rumsfeld would fall less than two weeks short of becoming the longest-serving secretary of Defense since the position was created after World War II.

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The two votes against Gates came from Republicans — outgoing Sen. Rick Santorum of Pennsylvania and Sen. Jim Bunning of Kentucky, who opposed Gates over his criticism of Iraq policy and his support for opening talks with Iran and Syria.

President Bush thanked the Senate for moving quickly and said he was heartened by the bipartisan support.

"Dr. Gates has transformed the organizations he has led and empowered them to successfully address complex issues," Bush said. "I am confident that his leadership and capabilities will help our country meet its current military challenges and prepare for emerging threats of the 21st century."

Gates won over critics of the administration's handling of the war on both sides of the aisle during an adulatory confirmation hearing Tuesday in which he vowed to consider all options in Iraq and openly criticized some of the White House's decisions during the conflict. Democrats cited his openness as their reason for supporting the nomination.

"I was heartened to see the forthrightness and candidness employed by Dr. Gates at his confirmation hearing yesterday," Sen. Dianne Feinstein (D-Calif.) said during Wednesday's debate on the nomination. "He fully admitted the need for a 'change of approach' in Iraq, stating his view that we are not currently winning the war."

People close to Gates say he is unlikely to make widespread changes among top personnel in the Pentagon, and is expected to ask the department's No. 2 official, Deputy Secretary Gordon R. England, to remain.

Some officials tied closely to Rumsfeld have announced their intention to leave. Pentagon intelligence chief Stephen A. Cambone, a Rumsfeld ally who pushed hard for tough interrogation practices in Iraq and Guantanamo Bay, said last week that he would leave at the end of the month.

Gates has said he plans to travel to Iraq early in his tenure to get views from U.S. commanders on strategy and troop numbers.

Senate Confirms Gates As Defense Secretary (WP)

By Ann Scott Tyson

The Washington Post, December 7, 2006

The Senate overwhelmingly approved Robert M. Gates yesterday as the new defense secretary to replace Donald H. Rumsfeld, sealing a swift confirmation with a vote of 95 to 2 that reflected bipartisan confidence in his willingness to overhaul U.S. strategy in Iraq.

Senate Democrats and Republicans lauded Gates's frankness after a day of testimony Tuesday in which he acknowledged that the United States is not winning in Iraq, and said that historians would have to judge whether the decision to invade Iraq in March 2003 was correct. He also pledged to take a fresh approach to Iraq in which "all options are on the table."

Two Republican senators -- Jim Bunning (Ky.) and Rick Santorum (Pa.) -- voted against Gates, with Bunning saying that Gates's criticism of "our efforts in Iraq" sends the wrong message to U.S. troops and allies.

Gates, 63, a former CIA chief and Russia expert who has served four previous presidents, is to be sworn in Dec. 18 as the nation's 22nd defense secretary.

President Bush called Gates soon after the vote to congratulate him. "I am confident that his leadership and capabilities will help our country meet its current military challenges and prepare for emerging threats of the 21st century," Bush said in a statement. "He is an experienced, qualified, and thoughtful man who is well respected by members of both parties."

Gates said that his first priority in taking the helm at the Pentagon will be to consult with senior U.S. commanders in the field and the Joint Chiefs of Staff to formulate recommendations on Iraq "with considerable urgency."

Gates's blunt public acknowledgement of problems in Iraq was amplified by yesterday's release of the Iraq Study Group report, which concluded that "current U.S. policy is not working" and has led to a "grave and deteriorating" situation there.

Both events have created a sense of momentum as pressure builds on the Bush administration to shift course in Iraq, where violence is at record levels and more than 2,900 U.S. troops -- including 10 killed yesterday -- have lost their lives since the U.S.-led invasion.

Gates, however, as with the Iraq Study Group report, has made clear that he knows of no startlingly novel ideas for stabilizing the country of 26 million people.

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"There are no new ideas on Iraq. The list of tactics, the list of strategies, the list of approaches, is pretty much out there," Gates told the Senate Armed Services Committee during his confirmation hearing Tuesday. "The question is: Is there a way to put pieces of those different proposals together in a way that provides a path forward?"

Senators from both parties said they were encouraged by Gates's willingness to speak his mind.

"He came to the table refreshingly open in a nonpartisan way," said Sen. Bill Nelson (D-Fla.) on the Senate floor before yesterday's vote.

"He has asserted his independence," said Sen. Arlen Specter (R-Pa.).

Sen. John Cornyn (R-Tex.) also endorsed Gates -- an Eagle Scout and Wichita native -- saying his "manner and temperament" not only helped him win him Senate approval but would help him as defense secretary in facing "the most significant challenge of our time."

Indeed, several senators laid out the host of difficulties that Gates will confront at the Pentagon, including not only Iraq but also tough budget trade-offs and severe readiness problems in the Army and Marine Corps that have left the United States less prepared to respond to other potential world crises.

What Will Bush Do? Gates' Hiring May Signal Change In Air (USAT)

By Susan Page, David Jackson

USA Today, December 7, 2006

WASHINGTON — President Bush offered members of the Iraq Study Group cups of coffee and a polite hearing when he met with them at 7 a.m. Wednesday, but they left the White House an hour later with no guarantees that he would actually take their tough advice.

The commission made 79 recommendations that amount to an overhaul of administration strategy on the Iraq war and the Middle East: Setting a goal of withdrawing almost all U.S. combat forces from Iraq by early 2008. Launching a diplomatic initiative that includes Syria and Iran, regimes Bush now shuns. And moving to resolve the Palestinian issue, a problem he has largely sidelined.

What will Bush do now?

As TV cameras rolled in the Cabinet Room, the president used conciliatory words — "We will take every proposal seriously, and we will act in a timely fashion" — but he didn't commit to or even mention any specific steps. In the past two weeks, he's rejected several of the key items, including talking directly to Iran and setting what amounts to a timetable to withdraw U.S. forces.

Even so, a combination of events — the commission report, voters' rebuke in the midterm elections and the reality of spiraling violence — is forcing Bush toward the most far-reaching changes in approach since he ordered the invasion of Iraq nearly four years ago.

Actions may speak louder than words: He continues to insist that U.S. forces will remain in Iraq "until the job is done." But he also replaced Defense Secretary Donald Rumsfeld, an architect of the war, with Robert Gates, who had been a member of the study group until he was nominated to head the Pentagon.

And with the announcement this week that United Nations ambassador John Bolton would step down, Bush now has the opportunity to replace one of the administration's biggest skeptics toward the sort of diplomacy that the commission says needs to be launched.

Former senator Chuck Robb, a member of the commission, said in an interview with USA TODAY that the group's members found Bush "quite open and receptive" to its recommendations. That was a relief, the Virginia Democrat said, since not even co-chairmen James Baker and Lee Hamilton were sure how their report would be received.

"He does accept the basic premise that it's a very difficult situation," Robb said of Bush.

Rep. Gary Ackerman, D-N.Y., a critic of Bush who was invited to an afternoon session with the president, said he emerged from the White House "more optimistic" about the prospect the president might make significant changes in strategy and tactics. "It's apparent the consideration of all options is on the table," Ackerman said.

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There are some precedents that give Ackerman and others hope that Bush will change course. After the Sept. 11 attacks, for instance, the White House opposed creating a Department of Homeland Security. When it became clear that Congress was going to approve it anyway, Bush relented, helped establish the new agency and then took credit for it.

Michael Green, a former senior aide on the National Security Council, cautioned against taking the administration's hang-tough rhetoric at face value. Based on his experience at the Bush White House, Green said, all options will be considered, albeit behind closed doors. "I would not mistake the message discipline of the White House for inflexibility on the part of the president," he said.

Green sees an even more important development in the arrival of Gates, whose nomination was confirmed 95-2 by the Senate late Wednesday. At a Senate Armed Services Committee hearing Tuesday, Gates split with Bush on several issues, saying the United States isn't now winning the war and endorsing diplomatic outreach to Tehran and Damascus.

The commission report represented a classic intervention by Washington graybeards, dispatched to deliver unwelcome advice to presidents in peril. During Watergate, Arizona Sen. Barry Goldwater led a trio of senior Republican senators to the White House to tell President Nixon he had to resign. In 1987, retired Tennessee senator Howard Baker was drafted by party elders to step in as President Reagan's chief of staff when the president was entangled in the Iran-contra scandal.

On this commission, the median age of the five Republicans and five Democrats is 75. Their résumés — former secretaries of State and Defense, White House chief of staff and attorney general, U.S. senator and Supreme Court justice — and their bipartisan unity gave their recommendations a heft that precluded Bush or Democratic congressional leaders from dismissing them out of hand.

"We're going to get it from the right, far right; we're going to get it from the far left. … Everybody'll say it can't work," former Wyoming senator Alan Simpson, a Republican member of the commission, predicted at an afternoon news conference on Capitol Hill. "Well, we're just sincere enough to believe that it will," he said. "Maybe it's corny; maybe it won't work. But it's sure as hell better than sitting there where we are right now."

Simpson's plain-spoken humor elicited laughter from scores of journalists gathered to get a first look at the long-awaited report. Earlier, he had broken the tension at the private White House meeting with similar remarks, according to two commissioners, Robb and former Supreme Court justice Sandra Day O'Connor.

He told Bush that the commission's bipartisan consensus was possible because they agreed that "all people with a 'D' after their name did not become a guard at Lenin's Tomb, and all people with an 'R' behind their name did not crawl out of a cave in the mountains, and that maybe we can do something."

White House Press Secretary Tony Snow emphasized that the commissioners were "entirely constructive," endorsed some of the president's goals and didn't call for an immediate pullout of U.S. forces. He accused reporters of misrepresenting the group's conclusions by focusing on its differences with the administration.

Even so, the 96-page report — 142 pages with appendixes — in large measure repudiates the administration's execution of the war and Bush's approach to dealing with other countries. While avoiding such hot-button words as "civil war," in substance it echoes some of Bush's harshest critics and warns of "a slide toward chaos" unless policies are changed. The title: The Way Forward — A New Approach.

"We do not recommend a stay-the-course solution," former secretary of State Baker, a Bush family consigliere, told reporters. "In our opinion, that is no longer viable."

There's not much time to act, the commission cautioned. It urged Bush to launch a regional diplomatic offensive by the end of the month. Hamilton, the commission co-chairman and a former Indiana congressman, warned that escalating violence in Iraq could overtake the commission's calculations in short order.

Among its recommendations:

•Change the mission of U.S. troops. The number of U.S. troops embedded with Iraqi units to train them should be multiplied, the report said. The 3,000 or 4,000 now embedded should have their ranks increased to 10,000 or even 20,000. These troops could be drawn from combat brigades already deployed in Iraq.

As that happens, U.S. combat forces could begin to move out.

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•Pressure the Iraqi government. The report lays out a detailed series of benchmarks. By the end of this year or early next year, it calls on the Iraqi government to approve laws to share Iraq's oil resources, outlaw militias and limit the purge of former members of Saddam Hussein's Baath Party. By next spring, the Iraqis should have completed "reconciliation efforts" by enacting an amnesty for insurgents willing to lay down arms and holding a referendum on possible constitutional amendments.

If the Iraqi government can't or won't act, the United States should reduce its role there.

•Enlist Iraq's neighbors to help. The report calls for the creation of a new Iraq International Support Group to include Iraq's neighbors, Egypt, the five permanent members of the U.N. Security Council (the United States, Britain, France, Russia and China) and the European Union. Negotiations over Iran's nuclear problem shouldn't preclude cooperation on Iraq.

•Address the Arab-Israeli conflicts. The report urges the administration to launch a major effort to resolve Israel's conflicts with the Palestinians and Syria. Edward Djerejian, a former U.S. ambassador to Israel and Syria who helped draft much of the commission's report, said the United States could not expect Syria to help stabilize Iraq without Israel addressing Syria's desire to regain the Golan Heights, captured by Israel in 1967.

The Bush administration has to move from "conflict management to conflict resolution" throughout the Middle East if its Iraq policies will have a chance to work, he said.

•Bring most U.S. troops home. Bush has said repeatedly U.S. forces would "stand down" as Iraqi forces were able to "stand up." The inability of Iraqi forces to handle security operations has delayed reductions in U.S. forces that the administration once expected to make this year.

If the Iraqi government failed to meet political and security benchmarks, the commission said, U.S. forces would be redeployed as planned and not "made hostage" to Iraqi actions or inaction.

The language on U.S. troop levels was the most difficult issue for the commission to resolve, O'Connor and Robb said. Some members argued for more specific deadlines. They agreed to compromise on March 2008 as a goal for U.S. combat troops to be withdrawn, although some advisers and trainers are likely to remain for years.

That timetable wasn't fast enough for some critics.

Rep. John Murtha, D-Pa., an opponent of the war who will chair the powerful Defense Appropriations subcommittee when Democrats take control of the House in January, called for quicker and more "decisive" action. "Staying in Iraq is not an option politically, militarily or fiscally," he said.

Incoming House Speaker Nancy Pelosi, D-Calif., and incoming Senate Majority Leader Harry Reid, D-Nev., praised the commission's work and urged Bush to accept its recommendations. The public's interest in the report's conclusions was high. Cable TV outlets provided nearly wall-to-wall coverage of the day's news conferences. The United States Institute of Peace posted a PDF file of the report on its website at 11 a.m. By 4 p.m., it had been downloaded 400,000 times.

Just how quickly Bush will respond isn't clear. He's waiting for appraisals of Iraq policy now underway at the State Department and Pentagon.

Even as a lame-duck president weakened by Republicans' loss of the House and Senate in last month's elections, he remains what he might call "the decider" on Iraq.

Congress can increase pressure for acceptance of the Iraq Study Group report by holding hearings and withholding action on other items that Bush wants, deputy Senate Democratic leader Dick Durbin, D-Ill., said. But when it comes to implementing the recommendations, "we cannot do this in Congress," Durbin said. "To change policy and change direction, there's one person who can do it." He said he hopes the president will.

Gates Won't Change 2008 Budget, Industry Believes (HILL)

By Roxana Tiron

The Hill, December 7, 2006

Robert Gates, the incoming Pentagon chief, has spurred high expectations of change in U.S. strategy in Iraq, but the defense industry does not anticipate any major changes in budget and policy decisions that could curtail their business, at least for now.

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The Senate confirmed Gates this week, allowing him to start his new job at the Pentagon this month, about a month and a half before the Department of Defense submits its budget request for 2008.

There will be very little Gates can change regarding a process begun months ago and nearly finished, several defense insiders said. But he will come into his own after a few months and be able to influence the 2009 defense budget, lobbyists said.

During his Senate Armed Services confirmation hearing Tuesday, Gates said that he is prepared to consult the administration and Congress if he thinks changes to the 2008 budget are needed.

"But I would also say, just looking at it as I understand it, as a percentage of GDP, defense spending, even with the cost of the war in Iraq, [is] at a relatively low level compared to most of post-World War II experience," he said during the hearing.

Lobbyists are less concerned with assessing Gates's impact at the Pentagon than with trying to gauge decisions that defense-related committees and subcommittees will make under Democratic leadership.

Congress already is under pressure to reduce, or steady, spiraling defense spending and expensive programs. "It is hard to imagine that the next five years are going to be nearly as generous to the [Defense Department] as the past five years have been," cautioned Steve Kosiak, director of budget studies at the non-partisan Center for Strategic and Budgetary Assessments.

But the Army's and Marine Corps' war-torn equipment desperately needs replacement and repair. Big modernization programs that many companies count on for profits could be cut to pay the bill.

Along with balancing current and future needs, some in defense circles expect Gates to redirect the military's "transformation" toward creation of a force capable of fighting so-called shadow wars.

Gates could focus on honing counterinsurgency skills, special operations and policing, according to Greg Treverton, senior analyst at the RAND Corp., a nonprofit research organization, and former vice chairman of the National Intelligence Council in the first Clinton administration. This could affect the defense industry, he said.

Tricky political matters such as defense transformation and emergency supplementals are where Gates could have a positive impact, said several defense insiders.

"Apart from the fact that Gates is supposed to be a quick study, he does have a reputation of reaching out to both Democrats and Republicans," said Dov Zakheim, a Pentagon comptroller in President Bush's first administration, and now a vice president for global defense at Booz Allen Hamilton.

Gates has said that he recognizes "the importance of balancing immediate and future needs."

The industry is anxiously waiting to see how the Pentagon's emergency supplemental request for 2007, which could reach $160 billion, will play with lawmakers increasingly fed up with using emergency spending to pay for what they consider predictable war expenses.

The emergency supplemental is a "more discreet issue" than the regular budget, and Gates could have a say in that, said Kosiak.

In his answers to the standard SASC questionnaire before his hearing, Gates said he would comply with new legislation that requires the Pentagon to submit a funding request for the wars in Iraq and Afghanistan with his budget request, as well as an estimate of all funds expected to be required for the fiscal year for the operations. He said, however, that it is difficult to forecast "the scope and nature of wartime operations many months ahead of time."

"The issue is less about spending the money than [about] how it is spent. The major issue is … being honest about the request," offered Jon Kutler, founder and CEO of Admiralty Partners, a private investment firm that works with defense companies. "Part of the [solution] is just reaching out to Congress more than Rumsfeld did, and he can smooth over some issues."

House and Senate Democratic leaders intend to conduct relentless oversight of money going into the wars in Iraq and Afghanistan. Approval of the supplemental could come with strings attached.

"It is very late into the process to affect what goes into the '08 budget," said Kosiak. "You can make last-minute alterations in one or two programs, but it is something people in the Pentagon do not like to see."

What the Pentagon buys, and how much, is largely driven by the military services' plans. And the services push for programs and force structure "in a way that is very difficult for any individual to have a major kind of impact [upon]," said Kosiak.

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Gates also is coming in with no Pentagon experience, but that doesn't necessarily make him the exception. Rumsfeld is the only defense secretary to have served twice. But Gates's lack of experience inside the Pentagon is not going to affect the Defense Department's dealings.

"The Pentagon has a great deal of institutional knowledge," said Kutler, who served in the Navy for 10 years. "The Pentagon budget is a long-cycle process and it is rare that a secretary sees many reiterations of the budget. His position is more of a leadership priority type of a job than micromanaging."

In addition, if Deputy Secretary of Defense Gordon England decides to stay, he would be tremendously helpful to Gates as he transitions to the Pentagon, Zakheim said.

With Gates's arrival at the Pentagon, several appointed administration officials are expected to resign. Already, Under Secretary for Intelligence Stephen Cambone, one of Rumsfeld's trusted allies, has departed. All Pentagon political appointees have been asked to submit their resignations "pro forma," as they would be asked to do in any regime change, according to a source.

Gates's answers on the SASC questionnaire were deliberately vague, said a former appointed administration official. "He cannot really take a position until he is confirmed; he cannot talk about any decisions that require him to make a judgment on policy."

Blair Agrees War "Not Being Won" (BBC)

BBC.com, December 6, 2006

Tony Blair has agreed with the incoming US defence secretary's assessment that the war in Iraq is not being won.

Asked by Tory leader David Cameron at prime minister's questions if he agreed with Robert Gates' assessment of the war, Mr Blair said: "Of course."

Mr Blair has arrived in Washington for discussions with President Bush about the Iraq Study Group's report.

Foreign Secretary Margaret Beckett said the report was "substantial and complex" and in line with UK policy.

The report from the study group, which was set up by Congress and led by ex-Secretary of State James Baker, calls for combat troops to leave Iraq in 18 months.

The report has called the situation in Iraq "grave and deteriorating" and said the current US approach was "not working". It said the ability of the US to influence events was diminishing.

It also said 2,900 American lives had been lost and $400bn (£203bn) spent in the conflict.

On Tuesday, Mr Gates said the next two years could see slow improvements or "the very real risk of a regional conflagration".

In response to Mr Cameron during PMQs, Mr Blair said: "What's important however is that we go on to succeed in the mission we set ourselves."

Mr Cameron said it was essential strategy for Iraq was decided "by the British government and in the British national interest".

Liberal Democrat leader Sir Menzies Campbell asked: "Isn't it clear that the British government has no policy of its own in relation to Iraq? And that we are wholly dependent on the decisions taken in Washington?

"What sort of strategy is that? And what sort of legacy is that?"

Mr Blair said the British stood side-by-side with the US and the Iraqi government in working to make the country stable.

The prime minister added: "As progressively, the Iraqis are capable of taking on their own security, as now they are doing in two out of the four provinces and in one half of Basra... then the need for British troops diminishes. That is our strategy."

He said that the whole of the Middle East needed to be put on a more stable footing and that part of that meant finding a solution for the Israel-Palestine conflict.

During PMQs, Mr Cameron asked Mr Blair what he believed the changes to US policy following the US report should be.

Mr Blair, who gave evidence to the US inquiry, said: "Inside Iraq, what is important is that we complete the building up of the capability, particularly of the Iraqi army.

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"We've also got to make sure that the governance and capability of the Iraqi government is improved - not just in relation to the way it functions but also, for example, to the disbursement of money both in Sunni and Shia areas.

"It's also important we make sure the process of reconciliation ... is carried through, with greater effect than so far."

The Iraq Study Group report also suggested a diplomatic offensive setting up a support group, which would include Iran and Syria.

Mr Blair has raised the possibility of discussion with Iraq's neighbours; something Washington has so far ruled out.

Responding to the publication of the report, Sir Menzies Campbell called the Iraq "adventure" Britain's "biggest foreign policy mistake since Suez".

He said: "The damage to Britain's interests has been incalculable."

Congress Takes Up Trade, Taxes, Abortion (AP)

By Jim Abrams

AP, December 7, 2006

In the final hours of Republican rule, the Senate put forward an all-purpose bill covering everything from normalized trade with Vietnam and tax breaks for millions of taxpayers to an expansion of offshore oil drilling. The House, while preparing its own tax and trade agenda, gave conservatives perhaps their last chance for a while to vote on an abortion bill. It was defeated.

As of late Wednesday, House and Senate negotiators were still struggling to come up with a common approach to the tax and trade package.

Senate Finance Committee leaders said they were bringing to the floor as early as Wednesday the session-ending package that would renew expired or expiring tax breaks for businesses and middle income individuals and trade items affecting economic relations with Vietnam, Haiti, Africa and Andean nations.

The tax portion, said Finance Committee Chairman Charles Grassley, R-Iowa, gives "continued tax relief to families paying college, teachers buying classroom supplies and producers of clean energy from sources such as wind."

The package would also open up 8 million acres off the Gulf of Mexico to oil and gas drilling, postpone a planned cut in Medicare reimbursements to physicians and extend an abandoned coal mine reclamation program.

The House put off until Thursday any vote on its Vietnam trade bill as lawmakers pondered whether to combine it with the tax break measure. Completing those bills could be the last major task before this Congress adjourns at the week's end, making way for the new Democratic-controlled Congress to convene on Jan. 4.

It remained uncertain whether the House and Senate could come together on a package that would not be so laden with expensive programs that it becomes unpassable.

The fix on Medicare payments is estimated to cost more than $10 billion over a one-year period. The abandoned mine bill could cost $5 billion over 10 years.

Among the tax breaks, a research and development deduction extension through 2006 and 2007 would cost $16.5 billion. Extending tuition deductions through the end of 2007 would cost $3.3 billion. Another provision allowing taxpayers in states without income taxes to deduct state and local sales taxes would cost $5.5 billion.

House Ways and Means Committee Chairman Bill Thomas, R-Calif., said they were working to keep Medicare payments within budgetary limits. "It will be revenue neutral if you squint."

House GOP leaders, in a parting gesture to their conservative base, brought up a bill that would require abortion providers to inform a woman 20 weeks into her pregnancy that an abortion would cause pain to the fetus. The 250-162 vote was well short of the two-thirds majority needed under a procedure that limited debate.

The bill defined a 20-week-old fetus as a "pain-capable unborn child." That's a controversial threshold among scientists, with debate over whether a fetus at that stage of development feels pain or reflectively draws back from stimuli.

Had it passed, the legislation had almost no chance of advancing in the Senate, while the new Democratic Congress is expected to have little appetite for abortion-related bills.

The Senate on Wednesday approved a measure to renew the $2.1 billion-a-year Ryan White CARE Act for prevention and treatment of AIDS. The bill still needs House consideration.

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It also voted 95-2 to confirm Robert Gates as defense secretary, replacing Donald H. Rumsfeld.

On the to-do list before Congress departs is approval of legislation to continue paying for most federal programs, at last year's budget levels, through Feb. 15. The legislation is necessary because this Congress was unable to pass any of the annual spending bills for the current budget year, which started Oct. 1, except for the Defense and Homeland Security departments.

This funding bill also passes off to the new Democratic majority the tough questions of how to meet spending demands for health and education programs while tackling the budget deficit.

The Vietnam bill would end Cold War-era requirements of annual reviews of trade with the communist nation. The House rejected the bill before the Nov. 7 election when the measure came up through an expedited procedure requiring a two-thirds majority.

The bill needs a simple majority of the 435-member House to pass this time, but textile state lawmakers may oppose it. They already oppose existing programs that let Haiti and some African countries export apparel to the U.S., while getting some materials from China and elsewhere.

The House, trying to finish up on Thursday, rushed through some three dozen mostly noncontroversial bills, including measures to honor two well-known men who recently died — economist Milton Friedman and journalist Ed Bradley — and the late baseball star Satchel Paige.

In other action:

• The House approved $289 million over five years for states to train volunteers and provide services to the estimated 50 million families caring at home for adults and children with special needs. The sponsor, Rep. Mike Ferguson, R-N.J., said his father spent six years caring for his ailing wife, and Ferguson wants to help families in similar situations. The Senate is expected to approve the bill.

• The House passed a Senate bill that requires the Health and Human Services secretary to develop and put in place a plan for autism research.

• The House passed by voice a renewal of a pipeline safety law, with tougher penalties for energy companies that fail to follow construction rules and, in response to shoddy maintenance that led to disruptions in Alaska oil lines last summer, new federal standards for low-pressure oil pipelines.

• The House passed legislation to improve tsunami detection and preparedness in the United States and abroad.

Jockeying In Senate Endangers Tax Breaks (WP)

By Lori Montgomery

The Washington Post, December 7, 2006

A variety of popular tax breaks held up in Congress for more than a year by political jockeying has been saddled once again with a host of contentious measures, including proposals to expand offshore oil drilling, cancel a Medicare payment cut for doctors and provide more money to clean up abandoned coal mines.

The massive last-minute tax bill, unveiled yesterday by leaders of the Senate Finance Committee, also would create or extend a variety of trade measures, including a plan to grant Haitian clothing duty-free entry into the United States that has sparked criticism from the American textile industry.

Several senators yesterday raised objections to the bill, blocking its path to a full vote in the Senate and raising alarm among business lobbyists concerned about the fate of the largest of the tax breaks, a credit for research and development worth $7.5 billion in this fiscal year alone.

Meanwhile, with time running out on the 109th Congress, Senate negotiators were still trying to resolve differences with the House, which must also approve the package.

Business organizations and their members were waging a fierce lobbying campaign on behalf of the research credit, urging lawmakers to prevent it from expiring. California Gov. Arnold Schwarzenegger (R) and Arizona Gov. Janet Napolitano (D) sent letters adding their support, and former Michigan governor John Engler, now president of the National Association of Manufacturers, warned lawmakers that "failure is not an option."

As of late yesterday, business lobbyists remained hopeful that the research credit would be preserved.

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The tax measures would extend until December 2007 breaks that, for the most part, expired last December. If Congress does not act, many businesses and individual taxpayers will be unable to claim them in April. The breaks include a reward for employers who hire former welfare recipients, a personal deduction for state and local sales taxes paid by people who live in states without income taxes, and another personal deduction for elementary and high school teachers who spend at least $250 of their own money on classroom supplies. The bill also includes incentives for businesses that invest in the District.

The tax breaks are popular with members of both parties, but their passage has been complicated by Republican efforts over the past year to use them to attract votes on more disputed measures. In July, for example, the tax extensions were attached to a bill that would have raised the minimum wage and permanently slashed the estate tax. The bill passed the House, but was blocked in the Senate, leaving the tax breaks in limbo.

With lawmakers hurrying to wrap up work by Friday, business leaders learned yesterday that Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) and ranking Democrat Max Baucus (D-Mont.) had tied the tax extensions to a new set of controversial issues, including trade, health care, coal mines and offshore drilling.

The trade measures would grant permanent normal trading relations to Vietnam, a measure that failed last month after a preliminary vote in the House, and extend trade relationships with sub-Saharan and Andean countries, as well as other developing nations.

One of the most disputed provisions would allow some types of clothing made in Haiti to be exported to the United States tax free. The Bush administration has championed the measure as a form of aid to one of the world's poorest countries, but some trade groups have attacked it, focusing on the fact that it would allow a portion of the raw materials used in Haiti to come from other countries. That could give duty-free access to textiles and yarn from China and intensify fears that too much of the global apparel trade is shifting to the world's most populous country.

On health care, the bill would cancel a 5.1 percent cut in payments to physicians scheduled to take effect Jan. 1. The cut is unpopular with doctors, who say it is unfair and will force some physicians to close their doors to Medicare beneficiaries. Congress has blocked similar cuts since 2002; the Senate bill would stave off the latest cut by freezing payments at the current level and allowing doctors to earn bonuses for part of the year if they participate in federal efforts to measure health care quality.

The Senate bill would fund the move, about $12 billion over five years, partly with cash from a special fund created to give private insurers financial incentives to offer Medicare drug plans in rural areas. House negotiators also want to delay the cut in physician payments, but House Ways and Means Committee Chairman Bill Thomas (R-Calif.) has been trying to push some of the costs off into next year, when Democrats will control Congress and the budget process.

The bill also contains a provision to open more than 8.3 million acres on the outer continental shelf to oil and gas leasing. And it would create a mandatory funding stream to reclaim abandoned coal mines and pay health benefits for former mine workers. The mine provision would add $4 billion to the national deficit, according to Senate Budget Committee chairman Judd Gregg (R-New Hampshire), who is demanding that it be stripped out of the legislation.

As House and Senate negotiators met late last night, business lobbyists who were worried about the research credit waited for other battles to be resolved.

"Adding new things always complicates and potentially threatens your core issue," said Ralph Hellmann, senior vice president for government relations at the Information Technology Industry Council. But "they'll sort through it," he said. Otherwise, "they are going to wake up and have angry voters and businesses wondering why" their taxes are going up.

Antiabortion Measure Falls Short In House (LAT)

By Noam N. Levey

The Los Angeles Times, December 7, 2006

WASHINGTON — House Republicans opposed to abortion rights failed Wednesday in their bid to pass a controversial measure that would have required women seeking abortions to be informed that some fetuses feel pain.

Although it was clear the bill would have stalled in the Senate, the abortion opponents hoped the House vote would provide a symbolic victory before control of Capitol Hill passes to Democrats in January. Instead, the vote dealt social conservatives a final setback in a two-year congressional session that has not produced a major piece of antiabortion legislation.

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The bill received majority support, 250 to 162. But that fell short of the two-thirds margin required under rules that limited debate.

Those decrying the outcome included Concerned Women for America, an advocacy group for socially conservative causes.

"Abortion not only kills a baby, it tortures them," said Wendy Wright, the group's president. "Regrettably, congressmen — many who denounced the use of torture against suspected terrorists — have voted to not let women know that abortion will torture their innocent unborn babies."

Abortion rights supporters applauded the bill's failure as they prepared for the arrival of a Democratic Congress, where such measures almost assuredly will not be considered.

"This sham bill is yet another partisan political ploy that misguidedly attempts to insert the government into private medical conversations between women and their doctors," said Rep. Lois Capps (D-Santa Barbara), who helped lead opposition to the legislation.

The opponents also disputed the claim by the bill's backers that fetuses 20 weeks and older experience pain.

The bill has not been a top priority for antiabortion activists. Their movement suffered a tougher loss this fall when a measure to strengthen parental consent laws was derailed in the Senate after passing the House.

The fetal pain bill was sponsored by Rep. Christopher H. Smith (R-N.J.).

"It's about time that women were told the truth about abortion," he said during floor debate.

Smith and others argued that because some evidence has been found that older fetuses feel pain, women seeking to terminate a pregnancy should be informed of that by abortion providers.

The bill would have required that the women be offered the choice of having anesthesia administered to the fetus.

Smith also said: "Is it our hope that this [bill] may dissuade a woman from allowing her child to be killed? Absolutely."

NARAL Pro-Choice America, one of the nation's leading abortion rights groups, was neutral on the bill. But a host of other groups, including the National Abortion Federation, opposed it, arguing that the evidence that fetuses feel pain was inconclusive.

"Requiring misleading mandated communication is an inappropriate and dangerous intrusion of Congress into private healthcare decisions," the heads of seven abortion rights groups and healthcare providers wrote in a letter to lawmakers.

Anti-Abortion Bill Stalls; Session Nears End (NYT)

By Carl Hulse

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — The House on Wednesday rejected an anti-abortion measure offered by Republicans as Congressional leaders struggled to bring the 109th Congress to a close.

On a 250-to-162 vote, backers of the measure fell short of the two-thirds majority necessary to pass the bill, which would require medical personnel to inform women that a fetus could experience pain and to offer anesthesia for the fetus. The supermajority vote was required under special rules used to consider the bill.

Democrats accused Republicans, who will no longer be in the majority next year, of trying to score political points. The measure had no chance of becoming law in the last few days of this session.

“We are wasting time today on a bill that is laden with rhetoric but very little science,” said Representative Lois Capps, Democrat of California.

But Republicans said the measure was intended to allow women to make informed choices when considering an abortion. They disputed scientific research suggesting that a fetus did not experience pain. “This legislation is very, very badly needed,” said Representative Phil Gingrey, Republican of Georgia, an obstetrician.

Proponents of the measure said that they do not expect the new Democratic majority, whose leadership strongly supports abortion rights, to bring up such measures, and that they will press the leadership to allow a second vote under regular rules. But Republican officials said they had no plans to revisit the issue.

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With time running out, House and Senate leaders were trying to negotiate an endgame that could lead to votes on tax, trade and spending measures before Congress adjourns and Democrats take control in January. But there were snags on nearly every front, and Congress had not yet advanced a stopgap spending bill to keep the government operating beyond Friday.

"All the decision makers are moving boxes," said Representative Sherwood Boehlert, Republican of New York, who is retiring this year. Mr. Boehlert was referring to the flurry of packing under way because some lawmakers — including some writing the remaining legislation — are leaving to make way for new members of Congress, and some in the leadership are getting ready for the transfer of power.

Members of the House and Senate were trying to reach agreement on the elements of a broad measure that would restore popular tax breaks like the college tuition tax credit and to provide a way to pass more contentious legislation like a trade deal with Vietnam and a bill opening part of the eastern Gulf of Mexico to oil and gas drilling.

Hoping to break the impasse, the leaders of the Senate Finance Committee — Senator Charles E. Grassley, Republican of Iowa, and Senator Max Baucus, Democrat of Montana — on Wednesday introduced legislation that included those proposals as well as a freeze on cuts in physician payments under Medicare. Their bill also renews for one year trade benefits for the Andean countries of Peru, Colombia, Ecuador and Bolivia and would ease rules on imports of apparel from Haiti.

Mr. Grassley acknowledged that assembling the bill was a delicate balancing act and that some of the add-ons were drawing objections that threatened the measure. "It is a wonder we ever get anything done around here," he said.

Though they were leaving most of the spending bills for Democrats to deal with next year, Republicans were hoping to win approval of one measure that provides money for improvements at military installations and other benefits for members of the armed forces. But some Senate conservatives were reluctant to allow the measure to go forward, fearing it could become a magnet for last-minute pet projects.

The House and Senate were also bickering over a stopgap measure that would keep the government operating while the final spending measures are worked out next year. Aides said Senate leaders wanted to use that measure to provide money for additional veterans care and a pay raise for federal employees while the House opposes such extra provisions. The legislation, known as a continuing resolution, has to pass before the existing bill expires Friday.

The Senate also passed a measure that would provide about $7 billion over three years for AIDS treatment and care, much of it funneled through state and local programs, after a dispute was resolved over the level of spending in New York, New Jersey and California among other states.

Who'll Be Bolton's Replacement At U.N.? (AP)

By Edith M. Lederer

AP, December 7, 2006

Speculation on a new U.S. ambassador to the United Nations to succeed John Bolton is focusing on Washington's current ambassador in Iraq, Zalmay Khalilzad, and a former U.S. deputy ambassador at the U.N., Richard Williamson.

But there also are a number of other Republicans and even some Democrats whose names have been floated among diplomats at U.N. headquarters.

The Republican speculation includes Rep. Jim Leach, a 15-term lawmaker from Iowa and opponent of the war in Iraq who lost his seat in the Democratic takeover of the House of Representatives in November, and two undersecretaries at the State Department, Nicholas Burns and Paula Dobriansky.

On the Democratic side, two former senators have been mentioned — George Mitchell of Maine and Sam Nunn of Georgia.

President Bush accepted Bolton's resignation Monday, angered that a few Republicans joined Democrats in preventing his nomination from reaching the floor of the Senate. Bush appointed Bolton last year when Congress was in recess, but his term is about to expire. With a long fight for confirmation going nowhere, Bolton decided to resign.

Bolton refused to talk about his personal situation when he came to U.N. headquarters Thursday to vote on a resolution authorizing an African force to protect Somalia's transitional government, which the U.S. sponsored.

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"I will continue to serve until my appointment ends because I've not resigned, I've simply indicated I will leave federal service when the recess appointment ends," he said. That will happen when Congress adjourns, either in late December or early January.

Khalilzad, an Afghan-born Sunni Muslim and Republican insider, took up the Iraq post in June 2005 after serving as U.S. ambassador to Afghanistan from 2003 to 2005 following the fall of the Taliban. In November, a senior State Department official said he was likely to leave Iraq as soon as the end of the year but was more likely to remain through the spring.

ABC News reported Tuesday that Khalilzad will soon return to the United States and is under "strong consideration" to be the new ambassador to the U.N., quoting a senior administration official.

The acting spokesman for the U.S. Embassy in Baghdad, Michael McClellan, told The Associated Press "there's no comment because there's no official announcement."

Some diplomats question whether Bush would want to change ambassadors in Baghdad after a report by the bipartisan Iraq Study Group released Wednesday said U.S. policy in Iraq "is not working," and urged an immediate diplomatic attempt to stabilize the country and allow withdrawal of most combat troops by early 2008.

Williamson, now a partner in the Chicago law firm of Mayer Brown Rowe and Maw, was a deputy ambassador at the U.N. in 2002-03 and ambassador to the U.N. Human Rights Commission in Geneva in 2004. He was recently in Washington where he reportedly spoke to several senior State Department officials.

Both Khalilzad and Williamson have strong international and political backgrounds.

Khalilzad served at the National Security Council as special assistant to the president and senior director for Islamic Outreach and Southwest Asia, and as head of the Bush-Cheney transition team for the Defense Department.

Williamson served as assistant secretary of state for international organizations in the State Department from 1988-89. He is a former chairman of the Illinois Republican Party and currently on the board of directors of the International Republican Institute.

Nominee For Pentagon Watchdog Withdraws (AP)

By John Solomon

AP, December 6, 2006

President Bush's nominee to be Pentagon inspector general has withdrawn from consideration, meaning the Defense Department likely will start a second year without its chief watchdog even as the military spends billions a month in Iraq.

David Laufman, a decorated federal prosecutor, sent Bush a letter last week withdrawing from consideration after the Senate Armed Services Committee declined to hold a vote on his nomination before Congress recessed this year.

The committee's top Democrat, Sen. Carl Levin of Michigan, is poised to become its chairman in January and has raised concerns about Laufman's nomination. The White House formally withdrew Laufman's name on Wednesday.

The inspector general's office is charged with investigating waste, fraud and abuse inside the military, and it has been without a presidentially appointed leader for more than a year. The last inspector general, Joseph Schmitz, stepped down in August 2005.

Career officials have been running the office, but the watchdog has been criticized for being slow to get staff on the ground to investigate issues in Iraq and for shying away from examining the National Security Agency's electronic surveillance program.

Laufman, who won accolades for prosecuting a Virginia man convicted of plotting to kill the president, vowed to examine such controversial issues and be an independent and aggressive watchdog. Some current inspectors general took the rare step of endorsing him.

But the nomination came to a halt after Laufman testified to the Senate Armed Services Committee this summer that the inspector general's law requires him to consult with the defense secretary before embarking on sensitive cases.

Levin challenged Laufman's credibility and his independence, saying such consultations would be a major departure from current practices. While the senator was correct that the current inspector general hasn't been consulting that way, Laufman was correct in noting the law suggests that he should.

Sen. Warner Is Leaving The Peak, But Not The Hill (VAPILOT)

By Dale Eisman

DOJ_NMG_0103384

Norfolk Virginian-Pilot, December 7, 2006

WASHINGTON - Sen. John Warner of Virginia capped the proudest chapter of his four decades in public life with a victory Wednesday, then hinted strongly that he hopes to remain in office at least another eight years.

As he prepared to relinquish the chairmanship of the Senate Armed Services Committee, Warner told reporters he's "leaning in favor" of seeking re-election in 2008. A sixth term, ending in January 2015, would make the 79-year-old Republican the longest-serving Virginia senator ever.

Warner had been widely expected to step aside when his current term expires. Term limits set by his GOP colleagues are forcing him to give up a leadership role of the Armed Services panel, a job he called the pinnacle of his Senate career.

But since the defeat last month of fellow Republican Sen. George Allen, Warner has been dropping hints that he's reluctant to see the state represented by two first-term senators, as it would be if he retires. Democrat Jim Webb will have just two years of Senate experience by the end of 2008.

Warner's comments came as he marshaled bipartisan Senate support for President Bush's nomination of Robert Gates to be secretary of defense and pleaded for more bipartisanship in the debate over the future of America's role in Iraq.

The Gates nomination, approved 95-2, and the unanimous recommendations released Wednesday by the bipartisan Iraq Study Group should be a model for both Bush and the Congress, Warner suggested.

"All of us may have to give up a little bit," Warner told colleagues. "We owe that to the men and women of the armed forces."

Warner will relinquish the Armed Services chairmanship after a final hearing today and testimony from members of the study group. He spent much of Tuesday and Wednesday basking in praise from Armed Services Committee members from both parties.

American troops "have never had a greater champion" than Warner, said Michigan Sen. Carl Levin, the Democrat who will succeed him as Armed Services chairman in January. "He is an example that all of us try to follow."

In a reflective mood on Wednesday afternoon, Warner said the continuing loss of American lives in Iraq and Afghanistan "weighs heavily on me," and that he worries that strains the war has placed on the military will make it tough to recruit and keep troops.

The all-volunteer force launched in the 1970s has given the United States the finest military in history, Warner said. "I don't want to ever, ever return to the draft."

Warner also recalled how he struggled as a Marine in the Korean War to cope with the deaths of his comrades and said those memories give him an appreciation for the challenges facing today's service members and their families.

"We lost two guys who over a period of time were sleeping in my tent," he said, closing his eyes and rubbing his temples at the memory. It fell to him to wrap up the men's belongings and ship them to their loved ones.

"You don't forget those things," he said.

He acknowledged that pre war intelligence on the dangers posed by the regime of Saddam Hussein proved faulty and that there should have been more careful planning for the country's occupation. Still, he defended his committee's pre war scrutiny of Saddam's government and the Bush administration's decision to topple it.

"I saw clear justification " for the war, Warner said. "I made the decision I thought was right at the time, based on the information that was given me and I stand by it."

Warner said he watched in "total astonishment" as looters sacked the country's museums and government buildings and sectarian factions inside the country turned on one another.

"I guess it was just a failure... to understand some of the culture that goes back thousands of years in that region," he said.

Case Of The Dwindling Docket Mystifies The Supreme Court (NYT)

By Linda Greenhouse

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — On the Supreme Court's color-coded master calendar, which was distributed months before the term began on the first Monday in October, Dec. 6 is marked in red to signify a day when the justices are scheduled to be on the bench, hearing arguments.

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The courtroom, however, was empty on Wednesday, and for a simple reason: The court was out of cases. The question is, where have all the cases gone?

Last year, during his Senate confirmation hearing, Chief Justice John G. Roberts Jr. said he thought the court had room on its docket and that it "could contribute more to the clarity and uniformity of the law by taking more cases."

But that has not happened. The court has taken about 40 percent fewer cases so far this term than last. It now faces noticeable gaps in its calendar for late winter and early spring. The December shortfall is the result of a pipeline empty of cases granted last term and carried over to this one.

The number of cases the court decided with signed opinions last term, 69, was the lowest since 1953 and fewer than half the number the court was deciding as recently as the mid-1980s. And aside from the school integration and global warming cases the court heard last week, along with the terrorism-related cases it has decided in the last few years, relatively few of the cases it is deciding speak to the core of the country's concerns.

The reasons for the decline all grow out of forces building for decades. The federal government has been losing fewer cases in the lower courts and so has less reason to appeal. As Congress enacts fewer laws, the justices have fewer statutes to interpret. And justices who think they might end up on the losing side of an important case might vote not to take it.

In a divided court, in a divided country, the court's reduced role is perhaps not surprising, nor is it necessarily a bad thing. "In the post-Bush v. Gore era, the court may be concerned about taking the wrong case and making an unpopular decision," said Frederick Schauer, a professor at the John F. Kennedy School of Government at Harvard, in an interview.

Professor Schauer argued in a recent and much-discussed Harvard Law Review article that the court's work "had only minimal direct engagement with the central issues of the nation's public and policy agenda." In an interview, he said, "I think they like being under the radar."

In private conversations, the justices themselves insist that nothing so profound is going on, but rather seem mystified at what they perceive as a paucity of cases that meet the court's standard criteria. The most important of those criteria is whether a case raises a question that has produced conflicting decisions among the lower federal courts.

But there are still plenty of lower-court conflicts that go unresolved, said Thomas C. Goldstein, a Supreme Court practitioner and close student of court statistics who wrote last week on the popular Scotusblog that the justices were "on the cusp of the greatest shortfall in filling the court's docket in recent memory, and likely in its modern history."

"I don't think we're at the end of history and have fixed all the problems," Mr. Goldstein said in an interview.

One theory is that the court is so closely divided that neither the liberals nor the conservatives want to risk granting a case in which, at the end of the day, they might not prevail. To grant a case takes four votes, which can be a heartbreaking distance from the five votes it takes to win. Scholars of the court call this risk-averse behavior "defensive denial."

While such behavior may account for a portion of the shortfall, it can hardly provide a global explanation, because only a relative handful of the 8,000 appeals that reach the court each term are ideologically charged.

Other, more neutral explanations provide likely pieces of the puzzle.

One is the decreasing number of appeals filed on behalf of the federal government by the solicitor general's office. Over the decades, the Supreme Court has granted cases filed by the solicitor general's office at a high rate. In the mid-1980s, the office was filing more than 50 petitions per term. But as the lower federal courts have become more conservative and the government has lost fewer cases, the number has plummeted, opening a substantial hole in the court's docket.

As recently as the court's 2000 term, the solicitor general filed 24 petitions, of which 17 were granted. Last term, it filed 10, of which the court granted 4. This term, the solicitor general has filed 13 petitions; the court has granted 5, denied 3 and is still considering the rest.

Another explanation lies across the street from the Supreme Court, in Congress.

Over the years, about half the court's docket has been made up not of constitutional cases, but of cases requiring the justices to interpret federal statutes. Statutes from the 1970s, including major environmental laws, antidiscrimination laws and Erisa, the employee-benefits law, have been staples of the court's docket for decades. But as Congress's willingness to pass new laws has waned, the flow of statutory cases has begun to dry up.

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Another possible explanation is the method by which the justices screen the thousands of petitions. Eight of the justices, all except Justice John Paul Stevens, pool their law clerks and have only one clerk make the initial recommendation for each case.

The recommendation is not binding, of course. But there is a built-in "institutional conservatism" in which law clerks are afraid to look overly credulous and so are reluctant to recommend a grant, according to Stephen M. Shapiro, a former deputy solicitor general who practices law in Chicago with Mayer, Brown, Rowe and Maw.

"Perhaps the clerks have been trained to be naysayers for so long that they don't know any other way," Mr. Shapiro said in an interview.

The sharpest drop in opinions came after William H. Rehnquist became chief justice in 1986. He had made clear his belief that the court under Chief Justice Warren E. Burger was taking too many cases, and Congress assisted in 1988 by eliminating from the court's jurisdiction a category of "mandatory" appeals to which the justices collectively had long objected.

In the early 1990s, after the number of decisions dropped to 107 from 145 in the space of five terms, Chief Justice Rehnquist responded to reporters' questions by commenting wryly that the Supreme Court would be the first institution of American government to fulfill Karl Marx's prophecy of the withering away of the state.

He was kidding, of course. The late chief justice believed in a muscular role for the court, and went on to show that he could accomplish more with less.

The question now, on a docket dominated by cases that only a law professor could love, is how much less.

"It's not obvious to me that the court should be doing more," said Orin Kerr, a visiting professor at the University of Chicago Law School who wrote on his blog that constitutional law scholars "are kind of bored these days."

In an interview, Professor Kerr said that while it was easy to say that the court should be doing something different, "no two people would agree on how it should change."

Democratic Wave In Congress Further Erodes Moderation In GOP (WP)

By Zachary A. Goldfarb

The Washington Post, December 7, 2006

Iowa Rep. Jim Leach (R) seemed a natural to weather voters' antiwar sentiment this fall. His independent streak and moderate views had engendered the allegiance of his Democratic-leaning district for the past 30 years, and he broke with his party and President Bush in October 2002 by voting against the Iraq war.

Yet on Election Day, voters in Iowa's 2nd Congressional District ousted him in favor of an untested Democrat, a college professor -- a testament to the vulnerable position that Republican moderates found themselves in all year. Voters in Leach's district said that they respected him but that his party affiliation kept them from voting for him this year.

"He's a good guy, and he has integrity, and I think he has done a great job -- but he's still a Republican," said Jeremy Jackson, an Iowa City novelist.

With the defeat of Leach and several other Republican moderates Nov. 7, the Democrats' victory in the midterm election accelerates a three-decade-old pattern of declining moderate influence and rising conservative dominance in the Republican Party. By one measure, the GOP is more ideologically homogenous now than it has been in modern history. The waning moderate wing must find its place when the Democratic majority takes over in January.

"The irony of this election is that the public, in seeking change, has . . . weakened the center," Leach said recently. "In a sense, what has occurred is the strengthening of the edges of the parties."

Eight of the House's 20 most moderate Republicans lost their seats: Rob Simmons and Nancy L. Johnson (Conn.); Jeb Bradley and Charles Bass (N.H.); Michael G. Fitzpatrick and Curt Weldon (Pa.); Sue W. Kelly (N.Y.); and Leach. Also, moderate GOP Rep. Sherwood L. Boehlert (N.Y.), is retiring, and he will be replaced by Democrat Michael A. Arcuri, the Oneida County district attorney.

On the Senate side, the defeat of Lincoln D. Chafee (R-R.I.), a critic of the war who declined to vote for Bush's reelection in 2004, underscored the same trend.

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By one measure, the 110th Congress will have the fewest moderates since the 19th century. This finding is based on an analysis of voting records by Keith T. Poole, a political science professor at the University of California at San Diego, and Howard Rosenthal, a New York University politics professor.

For the purpose of the study, a moderate is defined as someone whose votes consistently fall near the middle of the political spectrum on both fiscal and social issues.

The decline in moderates has had a greater impact on Republicans than Democrats. According to Poole's calculations, almost half of House Republicans were moderates 30 years ago, compared to well under 10 percent today. The professors argue that the decline of moderates in Congress has increased polarization.

To some moderate Republicans, the message of the Nov. 7 election was clear: The only path back to the majority is through the political center. With a small and shrinking membership, however, it is unclear whether the moderate wing will have much influence over the future direction of the GOP.

"There's a faction in the Republican conference that believes we lost the majority because we were never fiscally conservative enough, we were not socially conservative enough," Bass said. Indeed, over the last 12 years, the increasing conservative dominance in the GOP has mirrored growing Republican dominance in Washington -- first in Congress, then the White House.

Rep. Michael N. Castle (R-Del.), a prominent moderate, said he expects that his party will hold a series of internal debates next year about when to work with the Democrats and when to resist. Throughout the 109th Congress, moderates sided with the Democrats on such issues as stem cell research, drilling in Alaska's Arctic National Wildlife Refuge and overhauling immigration policy. Castle says moderates could build consensus on two issues likely to create fireworks between the parties: devising a new strategy in Iraq and reshaping lobbying.

Another moderate, Rep. Charles W. Dent (Pa.), said there is room for agreement within the GOP on tax and budget issues and on efforts to restore fiscal discipline and restrain the growth of government. "I think voters sent us a message" to get back to those types of issues, he said.

An important factor in the Democrats' victory in the midterm election was that independent and moderate voters abandoned the GOP in droves. Since the 2002 midterms, support for the Republican Party has declined seven percentage points among moderates and nine percentage points among independents, according to exit polls.

That trend was at play in Leach's eastern Iowa district, which includes rolling hills and farmland and high-tech plants and offices in Cedar Rapids. In 2004, Sen. John F. Kerry (D-Mass.) won 59 percent of the vote in the district, more than he won in any other Republican-held congressional district. Still, Leach, a Princeton graduate and one-time U.S. Foreign Service officer, defeated his opponent 59 percent to 39 percent.

During the past two years, as the president's approval rating plummeted and Iowa voters grew dissatisfied with Republican rule in Washington, Leach argued that the best way to alter the policies of the GOP and Congress was to elect more moderates to strengthen the political center.

That argument resonated with much of his district, but not in Iowa City, a heavily populated Democratic bastion and home to the University of Iowa. It was there that David Loebsack, a first-time Democratic candidate, carried a huge majority -- enough to unseat Leach, 51 percent to 48 percent.

"My opponent would have suggested the real change in Washington would be to get a check on Republican power," Leach said. "My opponent was clearly perceived as compelling in this election."

Loebsack said: "The party had moved away from him over the course of a number of years. His argument that he could bring them back to the center didn't wash any longer."

While Leach was going down, another prominent Republican moderate, Rep. Christopher Shays (Conn.), managed to hold on. Shays, unlike Leach, had supported Bush's war policies, despite strong antiwar sentiment in Connecticut.

Shays faced the same opponent he did in 2004, town official Diane Farrell, who had campaigned against him hard for two years. Shays knew he was a top target all year long, which gave him -- and Republicans in Washington -- time to raise and spend money to defend the seat. He also slowly altered his stance on the conduct of the war and called for the resignation of Defense Secretary Donald H. Rumsfeld.

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Leach's vulnerability emerged late in the election. But when the Republican House campaign committee sent out two mailings attacking Loebsack, Leach, who had never run a negative campaign, told the party to stop the mailings.

Snowe Wants To Encourage Bipartisan Get-Togethers (RC)

By Emily Pierce

Roll Call, December 7, 2006

Sen. Olympia Snowe (R-Maine) quietly is laying the groundwork to overhaul the Senate Centrist Coalition into a regular bipartisan working group that eschews ideological labels.

Snowe, who co-chairs the coalition with Sen. Joe Lieberman (D-Conn.), said she wants to change the name of the group and hopes to invite a broader cross-section of the Senate to attend breakfasts or lunches, potentially on a weekly basis, that are designed to foster bipartisanship in the new Congress.

"There is no forum" for bipartisanship, Snowe said in an interview last week. "Republicans and Democrats meet. They just never meet together just to have a conversation."

She said she envisioned the relaunched gatherings as a "breakfast or a lunch, or something, in some way, to get together to have a forum just for creating the atmosphere" conducive to working across the aisle on legislation.

Snowe noted that the meetings need not be focused on a particular issue, but should merely offer a place to go for building relationships and friendships. Still, she cautioned that she is continuing to vet her ideas with Lieberman and others, and that nothing has been decided yet.

Lieberman said he and Snowe's staff still are talking about the future of the Centrist Coalition, but he added that the group could have a big impact in the 110th Congress.

"It's an important group, and I think there's a new receptivity here to bipartisanship after the election," said Lieberman, who beat back a tough challenge from the left this year, in part by emphasizing his ability to work with Republicans.

Snowe said the impetus for considering a new configuration for the group comes from the recent election, which swept Republicans out of power in Congress and hurt moderates, especially from the Northeast, particularly hard.

"The message from the American people was that they ... are impatient with the polarization and the hostility that has emanated from Washington. So they sent a very strong and stern message," she said.

Sen. Mark Pryor (D-Ark.), a current Centrist Coalition member, said he was receptive to the idea of broadening the group.

"I think that would help, because Senators need a place where they can come and work with each other without having their head chopped off," he said.

Sen. Gordon Smith (R-Ore.), another coalition member, agreed, saying that bipartisanship "in the past has been frustrated by the party conference agenda."

Snowe said the current Senate Centrist Coalition, which is made up of Democrats and Republicans who consider themselves middle-of-the-road ideologically, creates a dilemma for her because she believes that true bipartisanship must be developed among Members of all ideological perspectives.

"We want the name to not describe any particular philosophy," Snowe said, throwing out an idea to call it "the Thursday Group" or something equivalent that does not indicate ideology.

Plus, she said, many Members who may have moderate-to-centrist views on some subjects don't necessarily want to be labeled "centrist."

"There are a lot of people in the Senate who are not moderates but who do want to see legislation move," Pryor echoed. "So 'centrist' may not be the right title" for the group.

Many well-known Senate dealmakers sit on either the left or right of the ideological spectrum, including Sens. John McCain (R-Ariz.), Lindsey Graham (R-S.C.) and Edward Kennedy (D-Mass.).

During the turbulent days before the bipartisan "Gang of 14" brokered a deal preventing Senate Majority Leader Bill Frist (R-Tenn.) from eliminating the right to filibuster judicial nominations, McCain and Graham attended a Centrist Coalition meeting at which Frist and Senate Minority Leader Harry Reid (D-Nev.) talked about the "nuclear" option.

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While most of the attendees of the May 17, 2005, meeting, including the two leaders, were seated at a conference table, McCain sat on a couch. When asked why he didn't join the group at the table, McCain responded, "I'm not a centrist," according to an aide who was present at the meeting.

That explains why Snowe considers the Gang of 14 a good model of the types of people who might be interested. Besides centrists such as Snowe, left-of-center Democratic Sens. Robert Byrd (W.Va.) and Daniel Inouye (Hawaii) and conservatives such as Graham and McCain also were involved in the group. And conservative Sen. Trent Lott (R-Miss.) was one the first Members to seek a compromise on the nuclear option, before pulling back in deference to Frist.

In addition, Snowe said she hopes that a bipartisan group dedicated to breaking logjams in the Senate would not be necessary all the time.

"You hope that we can return to the process of having the committees work through their differences and come up with those solutions," Snowe said. She added that she wants to give both incoming Majority Leader Reid and incoming Minority Leader Mitch McConnell (R-Ky.) a chance to forge compromises before having the new group jump in.

"We never try to get ahead of the leadership," she said. "If something fails, that's where you can help to step in if necessary."

Of course, Snowe isn't the only Senator looking to create a group of bipartisan consensus-makers. Maine's other Senator, Susan Collins (R), and Louisiana Democratic Sen. Mary Landrieu have said they are working to create a similar group. They have been talking about carrying the spirit of the Gang of 14 into other legislative issues that might bedevil party leaders in the 110th Congress.

Snowe said she doesn't see the need for competing groups and indicated that she believes some bipartisan group will emerge, whether it comes from the foundations of the Centrist Coalition or elsewhere.

"Maybe it's just knowing that there are a number of different Senators, depending on the issue, that might be willing to work across party lines and build personal relationships," she said.

Still, Snowe cautioned that the plan to expand the Centrist Coalition could fail if Senators don't commit themselves to the group. And that could be a problem, given that Members have so many competing interests and obligations.

"As a Senator, you are so busy. And the agenda is so compact that there is very little forgiveness for doing or taking on additional commitments," she said.

Blue Dogs Promise Bipartisanship (HILL)

By Cameron Joseph

The Hill, December 7, 2006

In a luncheon yesterday, members of the fiscally centrist Democratic Blue Dog Coalition promised to build bipartisan consensus to establish "fiscal sanity" and attempt to improve government accountability, transparency and oversight.

"This country is desperate for the middle, desperate for common-sense solutions," said Rep. John Tanner (D-Tenn.).

"We have to tear down that aisle between Republicans and Democrats," said Rep. Allen Boyd (D-Fla.).

Rep. Mike Ross (D-Ark.) said Democrats only have a short time to prove they can work across the aisle to get things done.

"The message that was sent on election night was not that the American people chose Democrats to lead the country out of this mess — they fired the current Republican leadership. We have a narrow window of opportunity to prove we can do better."

President Bush has invited members of the centrist Blue Dog and New Democrat coalitions to the White House on Friday to discuss areas "of mutual cooperation," in the words of one Democratic aid.

Alexander Defectors Were Collins, Warner (HILL)

By Alexander Bolton

The Hill, December 7, 2006

Sen. Trent Lott's (R-Miss.) stunning return to the Senate leadership was made possible by the last-minute defections of Sens. John Warner (R-Va.) and Susan Collins (R-Maine) from Sen. Lamar Alexander's (R-Tenn.) rival campaign for Republican whip.

Ironically, four years earlier, Warner and Collins helped drive Lott from leadership by giving his rivals support at crucial moments during the controversy over his comments at the 100th birthday party of the late Sen. Strom Thurmond (R-S.C.).

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The week before last month's leadership election, Alexander told reporters that he had been promised enough votes to become whip. He said he was working to achieve a consensus of support within the GOP conference.

But when senators cast secret ballots the next day in the Old Senate Chamber, Alexander garnered only 24 votes. Lott collected 25, giving him a one-vote upset victory.

Lott was able to win because of the last-minute support of several wavering centrists, including Judiciary Committee Chairman Arlen Specter (R-Pa.). Those votes came his way in the final hours because of the work of a small band of strong supporters such as Sens. John McCain (R-Ariz.), Ted Stevens (R-Alaska), Judd Gregg (R-N.H.), John Thune (R-S.D.), and John Sununu (R-N.H.).

The day before the election, Alexander believed he had received promises of support from 28 of his colleagues. But he suspected that one of his pledged supporters, Warner, was wavering, and confronted him about his position, said a person familiar with the sequence of events.

Warner told Alexander that he was in fact planning instead to support Lott, a longtime ally. It was at least the second time Warner flipped on the question of Lott's role in the Republican leadership.

Four years earlier, Warner had been one of Lott's strongest defenders during the controversy that erupted after Lott praised Thurmond with an off-the-cuff suggestion that the country would have done well to have supported his 1948 segregationist presidential campaign.

But Warner later surprised his old friend when he told him he would support Sen. Bill Frist's (R-Tenn.) campaign to replace him as majority leader, according to Lott's memoir "Herding Cats: A Life in Politics."

"Warner eventually phoned me, stating cheerily that he was on the Frist team," Lott wrote.

Warner's later defection back to Lott's camp may have surprised Alexander, but he still thought he had the whip race in hand because 27 other Republicans had promised to support him, he said. One Lott ally said McCain was instrumental in persuading Warner to switch his support to Lott. Lott also held a long meeting with Warner.

After the vote, Alexander did not know who else deserted him.

"I wrote 27 thank you letters for 24 votes," said Alexander yesterday.

Collins received a thank-you letter even though, according to Senate sources, she also defected from Alexander despite reiterating her support for him the day before the vote.

Lott's allies pursued Collins vigorously right up until the day she was to cast her ballot.

Thune was seen having dinner with Collins and several other people the night before the vote, according to a witness. Thune's office declined to comment.

Another source said Gregg worked on Collins as well. A third said McCain lobbied Collins, with whom he is close and regularly meets over lunch.

During the secret vote, Collins's nervous body language led Alexander's allies to suspect that she had switched at the final moment.

But Collins declined in an interview yesterday to reveal how she voted.

"I'm not going to discuss my votes in the whip race," she said.

Four years earlier, Collins abandoned Lott at a crucial moment, Lott recounts in his memoir.

During a conference call with colleagues during the Thurmond controversy, Warner, who at the time was defending Lott, urged his fellow lawmakers to declare their support publicly for the embattled Mississippian. But then-Republican Whip Don Nickles (R-Okla.), who was angling to replace Lott, urged the vote on supporting Lott to be delayed.

"Nickles's monkey wrench quickly attracted support from several others. 'He's right. Let's wait to vote,' Collins said," Lott wrote in his book. "Frist also expressed reservations about a vote then and there — a sign of things to come."

Alexander yesterday declined to say whether Collins had promised to support him, declaring that he was ready to move forward and adding, "I've closed the investigation as to who might have changed."

Alexander said he had hoped until the last moment that Specter would vote for him. The senior centrist had remained steadfastly undecided during lobbying for his vote.

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Specter said in an interview that he met Alexander and Lott separately in the days before the vote. He said he telephoned Alexander the morning of the election to tell him that he would support Lott. He then told Lott.

Alexander said Specter handled himself like a "perfect gentleman."

Many observers of the race between Alexander and Lott have speculated that Lott knew he had the votes to win when he publicly declared that he would enter the race a few days before the votes were to be cast.

But a former Republican aide said Lott did not know that he had enough votes, but that he was confident he could win the support he needed.

The former aide said there are two things important for being a whip.

"One is being able to count the votes and the other is being able to get the votes," said the source.

Lott Fills Out Team, With Thune At Top (RC)

By Erin P. Billings

Roll Call, December 7, 2006

Incoming Senate Minority Whip Trent Lott (R-Miss.) has opted to dramatically cut the size of the GOP vote-counting team in the next Congress, assembling a group of eight loyalists, led by South Dakota Sen. John Thune, to aid in the party's floor efforts.

Insiders suggested the size and membership of the whip team could be a sign that Lott is likely to rely heavily on his own experience and floor know-how to keep his party unified in the 110th Congress.

Lott's whip organization largely consists of junior, up-and-coming Senators who supported his bid for the No. 2 GOP leadership slot, in which he bested Sen. Lamar Alexander (Tenn.) by just one vote in a secret ballot tally last month.

In addition to Thune, who will serve as Chief Deputy Minority Whip, Lott has brought on GOP Sens. Richard Burr (N.C.), Larry Craig (Idaho), Norm Coleman (Minn.), James Inhofe (Okla.), Olympia Snowe (Maine), John Sununu (N.H.) and David Vitter (La.) to round out his team. Thune, Burr, Vitter, Coleman and Sununu are in their first terms.

A Western conservative who ousted then-Minority Leader Tom Daschle (D) in 2004, Thune already was viewed as a rising star in the Republican Conference. He initially was expected to take the job of chairman of the National Republican Senatorial Committee for the 2008 cycle but opted against pursuing the post last summer, citing travel and time commitments.

Lott said in a statement that his South Dakota colleague "has demonstrated outstanding leadership skills." Like several of the team of eight, Thune was one of Lott's key vote counters during his quiet campaign against Alexander.

"I want to put his clout to work in developing the whip strategy to get the votes for our priorities," Lott said. "John will be actively engaged in our leadership team."

For his part, Thune said Lott had assembled "a great team."

"We have some heavy lifting ahead of us in terms of the agenda, especially now that we're in the minority," he added. "It is a good opportunity for me to continue to learn from someone who has the experience that Sen. Lott has."

Sources close to Lott said the Mississippian sought to create a diverse whip organization that could reach out to Republicans of all ideological and geographical stripes. His group includes two Northeasterners, three Southerners and three Western-state Senators. It also boasts a moderate in Snowe, a conservative standard-bearer in Craig and Senators from classic swing states in Coleman and Sununu.

Coleman said he signed on because he wanted to see the GOP agenda advance in the next Congress.

"One of our failures [as a majority] is that we didn't get things done, and we paid a price for it," the Minnesota Republican said.

Those close to Lott noted that he wanted his team to include Senators whom he trusts and who would have the energy and commitment to work with him to ensure party unity.

"A very good, smart and calculated team," said one Lott ally.

The organization is about half the size of current Majority Whip Mitch McConnell's (Ky.) team of 14. McConnell, however, was responsible for counting the votes of 55 Republican Senators in the 109th Congress.

McConnell officially moves from Majority Whip to Minority Leader on Jan. 3.

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Lott also is planning on a smaller staff structure for his leadership office. Lott's current senior policy adviser, Manny Rossman, will serve as chief of staff, while Susan Wells, his staff director on the Rules and Administration Committee, also will take a senior position in the whip shop.

The lean nature of the Lott structure is not surprising, as he has twice served as the Republican whip, once in the House and previously in the Senate. He also earned a reputation for his knowledge of Senate procedures after having served as the chairman of the Rules Committee and as Majority Leader for six years.

Lott led his party until 2002 when he was forced to step aside after delivering what were perceived as insensitive remarks at the 100th birthday party of then-Sen. Strom Thurmond (S.C.).

In his speech returning to leadership, Lott sought to put to rest, once and for all, concerns over his fall from grace, apologizing emotionally before his fellow lawmakers. Lott also vowed to work hand in hand with McConnell and sought to dispel any suggestion that he had sights on returning to the top Republican leadership job.

Hensarling Triumphs In RSC Race (HILL)

By Patrick O'connor

The Hill, December 7, 2006

Rep. Jeb Hensarling (R-Texas) triumphed yesterday in his bid to chair the conservative Republican Study Committee during the 110th Congress, beating Rep. Todd Tiahrt (R-Kan.) 57-42.

Hensarling, an outspoken second-term conservative who has faced off with Republican leaders on budget and spending issues, won the chairmanship despite Tiahrt's nomination by the group's three remaining founders.

With Republicans assuming the minority next year, Hensarling hinted that the RSC's role in the conference would shift somewhat, from that of agitator in the majority to educator in the minority.

"Public squabbles are a luxury of the majority," Hensarling said afterward.

Tiahrt, an appropriator, was viewed by many as the leadership-backed candidate whose job it would be to rein in upstarts on the committee, but Hensarling and the Kansas Republican both dismissed that suggestion yesterday.

"The only leadership guy who got involved is [Chief Deputy Whip] Eric Cantor (R-Va.), and he backed my opponent," Tiahrt said before the election. "I think that's an unfair charge."

Hensarling suggested that the role of the RSC and its members in the minority would be to educate all members of the party on conservative principles as leaders present an alternative to the Democratic agenda.

The newly elected chairman pledged to take a stand, though, if he believes the party is moving away from core conservative principles.

Hensarling and a core group of outspoken RSC members, including Rep. Mike Pence (R-Ind.), the outgoing chairman, led public showdowns with the White House, the Republican leadership and lawmakers on the Appropriations panel over a series of budget and spending issues during the 109th Congress.

Before the race, many RSC members believed the race would be tight and that attendance would be a crucial determining factor. Indeed, the turnout for yesterday's election was higher than expected, with nominal members who rarely attend meetings, such as Rep. Tom Reynolds (R-N.Y.), showing up to cast their vote.

Aides to RSC staff members were barred from the Budget Committee hearing room where the election took place; they crowded the Cannon House Office Building hallway until their bosses emerged.

Hensarling's team entered the room yesterday believing it had the support of 56 RSC members, one less than his final tally, an aide said afterward. Tiahrt expressed similar confidence early yesterday morning.

Rep. Paul Ryan (R-Wis.), a fellow budget hawk, nominated Hensarling in the closed-door session, with Pence and Rep. Marilyn Musgrave (R-Colo.) delivering seconding speeches.

Rep. Sam Johnson (R-Texas), one of the group's original founders who has close ties to Minority Leader-elect John Boehner (R-Ohio), nominated Tiahrt, with Reps. Mark Souder (R-Ind.) and Cathy McMorris (R-Wash.) giving his seconding speeches.

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Before the election, Johnson highlighted Tiahrt's service on the Appropriations panel and his knowledge of the leadership as his principle qualifications for the job.

Afterward, Hensarling thanked Tiahrt for running and said he would start sitting down with members of the committee as soon as possible to learn what issues they would like the committee to highlight over the next two years.

Asked about his plans after the race, Hensarling joked that he would drink a Diet Dr. Pepper and call his wife, Melissa.

"It's a humbling experience to be asked to lead the Republican Study Committee," he said.

Kilpatrick Tapped To Lead Black Caucus (AP)

By Ben Evans

AP, December 7, 2006

The Congressional Black Caucus on Wednesday tapped Rep. Carolyn Cheeks Kilpatrick as its chairwoman for the next two years, when black lawmakers will wield more power in Congress than ever.

Kilpatrick, D-Mich., a former school teacher and the mother of Detroit Mayor Kwame Kilpatrick, was chosen unanimously. She succeeds Rep. Mel Watt, D-N.C.

"Watch for us," Kilpatrick told reporters. "We will take this caucus to another level."

Because Democrats will be in control when Congress convenes a new session Jan. 4, the 43-member caucus will take up a historic slate of leadership positions, including the third-ranking member in the House, Majority Whip James Clyburn of South Carolina.

It also will count as members four likely committee heads, up to 20 subcommittee leaders, and the only black senator, Barack Obama of Illinois, a possible presidential candidate.

"That's more power than African-Americans have ever had in the Congress of the United States," said Ronald Walters, a political scientist and director of the African American Leadership Institute at the University of Maryland.

Kilpatrick said she would continue the organization's focus on issues such as health care, housing and education. Watt said the caucus also would seek to address racial inequities in the criminal justice system and the crisis in Sudan's Darfur province.

Walters cautioned against expectations that black leaders would win dramatic legislative victories. Instead, he said, they probably will join Democratic leaders in charting a moderate course.

"They're going to be circumspect in what they do in this period because it's going to affect the politics of 2008," Walters said. "I would expect that they would be very cautious."

Nonetheless, the shift marks a dramatic turnabout from current Republican rule; there are no black Republicans in Congress much less committee chairmen or party leaders.

The black lawmakers will have direct oversight on issues such as tax policy, homeland security and the legal system. With their committee gavels will come the ability to shape the public agenda through hearings and to regulate which bills get a public airing.

"The Congress is going to look like America. At least our side of the aisle will look like America," said Georgia Democrat John Lewis, a civil rights leader who marched alongside the Rev. Martin Luther King Jr. in the 1960s before winning his House seat in 1986. "This is a historic Congress. It's amazing what we're going to be able to do."

"Our problem is going to be more than anything else to find the resources," he added.

Kilpatrick, 61, has represented a Detroit-area district since 1997.

California Rep. Barbara Lee also sought the leadership post but stepped aside as it became clear Kilpatrick had more support.

Postcampaign Lobbying Thrives (WSJ)

By Jeanne Cummings

The Wall Street Journal, December 7, 2006

WASHINGTON -- Democrats may be promising a clampdown on lobbyist freebies once they take control of Congress. But ahead of that push, party leaders are collecting lobbyists' checks, while Democratic staffers angle for jobs inside their well-

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appointed offices.Verizon Communications Inc. earlier this week sponsored a reception for newly elected Missouri Sen. Claire McCaskill. Illinois Democratic Rep. Melissa Bean was the beneficiary of a Tuesday night fund-raiser in the new Capitol Hill offices of the U.S. Chamber of Commerce. In addition to retiring Ms. Bean's debt, Chamber Political Director Bill Miller said the reception was a chance for corporations and lobbyists who didn't back her re-election to "meet her and see what a great representative she is."

Yesterday, Illinois Rep. Rahm Emanuel, mastermind of the Democrats' House takeover, accepted donations at Sonoma, a trendy Capitol Hill restaurant that features California cuisine to match the wine list, for his leadership committee, a type of account employed by ambitious lawmakers to make donations and curry favor with their colleagues.

Separately, Moses Mercado, the Democratic National Committee's deputy executive director, will soon be joining the Federalist Group, a lobbying group with close ties to the White House that went bipartisan about a year ago. Mr. Mercado "can help our clients deal with the new majority on Capitol Hill," says Wayne Berman, the Republican founder of the firm. Senior aides to incoming Senate Majority Leader Harry Reid also have been snatched up by lobbying shops, while Democratic lobbying firms, largely frozen out in Washington for years, are being courted by dozens of new potential clients.

Postelection fund-raising and political repositioning are hardly new in Washington. Candidates routinely use the last months of an election cycle to clear campaign debt. Lobbyists use the time to target freshmen who haven't staked out firm positions on the vast array of issues that come before Congress.

But the cycle turns especially intense when a major power shift is under way -- as is the case this year, for the first time since Republicans took Congress in 1994. For instance, receptions such as those being held this week, coinciding with the return of Congress for its lame-duck session, are prime networking opportunity for lobbying shops looking to hire Democrats, and aides looking to cash in on their new status.

Moreover, this year's packed schedule of fund-raisers and "debt reduction" events comes as incoming Democratic leaders tout a curb on the influence of lobbyists in Congress as a top priority when they take over next month.

Democrats are pushing to change lobbying rules after a string of scandals that tarnished Republican leaders and contributed to the defeat of several incumbents. Among the most notorious was that involving former lobbyist Jack Abramoff, who financed elaborate trips and provided free dinners to lawmakers and key aides to win help for his clients.

Incoming House Speaker Nancy Pelosi says she plans to make changes in House ethics rules the centerpiece agenda item for the new Congress. She successfully pressed House Democrats to cancel a planned caucus ski retreat in Vail, Colo., in January because it was likely to draw dozens of lobbyists and send a message that it was business as usual in Washington.

But the Pelosi rule changes will largely affect how lobbyists and lawmakers interact during the legislative calendar, when Congress is debating and voting on policy matters. They are aimed at curbing lobbyists' ability to lavish lawmakers with free trips, meals and gifts, such as skybox seats at major concerts and sporting events.

The new rules won't change the campaign-finance rules that dictate giving during the political season -- and that is what this week's events are all about.

"We will break the link between lobbyists and legislating," said Pelosi spokesman Brendan Daly. "People still need to raise money to run campaigns."

Fueling the frenzy is the Democrats' big victories in both the House and Senate, which caught some lobbyists by surprise and made them eager to make new friends. Campaign donations are recorded on an annual basis, so a check given now counts toward the 2005-2006 cycle. That gives lobbyists a window in which they can appear to be standing with a candidate at the time of the midterm victories. It also allows them to clear the way for yet another donation when the new Congress officially convenes in January.

It is akin to the business practice of "cleaning up the balance sheet before the quarter ends," says Anthony Corrado, a political-giving expert at Colby College, Waterville, Maine.

Some companies and lobbyists began shifting more donations to Democrats before Election Day. But Political Money Line, an organization that tracks political giving, reported last month that federal political action committees -- the kitties used by corporations and organizations to make donations -- held back $280 million in the final days of the midterm races. That is money now being tapped to welcome the old and new Democratic leaders back to town.

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Burlington Northern Santa Fe Corp.'s RAILPAC this week reported postelection donations of $5,000 to the centrist New Democrat Coalition, $1,000 to newly elected Ohio Democratic Sen. Sherrod Brown and another $1,000 to incoming Colorado Democratic Rep. Ed Perlmutter.

To be sure, Republicans continue to raise cash too. Newly elected Tennessee Sen. Bob Corker is having his own "debt reduction" party this week. But for Democrats, whose minority status left them to struggle with postelection debt for the past 12 years, this is a prime opportunity to pay off debts from 2006, or to raise money for 2008.

Or to bask in their newly empowered status. Last night, incoming House Ways and Means Committee Chairman Charles Rangel hosted a Capitol Hill fund-raiser for his leadership committee. Mr. Rangel has never been seriously challenged. He was elected in 1970 with 87% of the vote and has won re-election by margins of more than 90 points ever since. But the New York congressman did shell out $370,000 to the House re-election committee to help his colleagues in last month's races. He now has a chance to recoup that investment -- and more.

Both the Democratic House re-election committee and Senate re-election committee have held events recently. The Senate reception Tuesday night was at the Acadiana Restaurant near Capitol Hill, featuring Louisiana cuisine. About a dozen senators attended, along with roughly 200 supporters and lobbyists, says an attendee.

Entry into the Senate and House committee fund-raisers ranged from $15,000 for those who want to be "co-hosts" to $2,500 for those content to be simply "guests." Invitations to both events were dispatched by e-mail to lobbying offices throughout the city. One Democratic lobbyist said the biggest change for him since the elections is, "I've got all these debt-reduction receptions to attend."

If Congress Is Serious About Reform, Here's What It Looks Like (HILL)

The Hill, December 7, 2006

Just in case the incoming Democratic majority is serious about real ethics reform, here are a few ideas for its members to consider:

Ban spousal and family employment by campaign committees and PACs.

This is not a new phenomenon. Sen. Harry Truman hired his wife, Bess, to work on his public payroll at a $2,500 salary (this when senators were paid $10,000). Worried about media criticism, he urged her to "only just drop in and do some signing of letters. It helps all concerned." Truman was right to be concerned. It was wrong then and it's wrong now.

Rep. Jesse Jackson Jr. (D-Ill.) opened the floodgates to the latest version of this abuse when he secured a ruling from the FEC allowing him to hire his wife as a fundraiser on his campaign payroll. In his case, his wife was an experienced campaign aide. But now 30 members have employed their wives or other family members on their campaign or PAC payrolls.

Whether these people are competent or not is beside the point. Campaign contributions are not bribes because they are not personal income. But when the campaign money flows to a spouse, the contributions become income for the member. This thinly veiled way to launder campaign contributions so that they add to the family income should be banned. Hiring of other family members should also be prohibited.

Those who have hired spouses and family members include: Reps. Richard Pombo (R-Calif.), wife and two brothers; Zoe Lofgren (D-Calif.), husband's law firm; Bernie Sanders (I-Vt.), wife and step-daughter; John Doolittle (R-Calif.), wife; Ralph Hall (R-Texas), daughter-in-law; Pete Stark (D-Calif.), wife; Buck McKeon (R-Calif.), wife; Ron Lewis (R-Ky.), wife; Bart Stupak (D-Mich.), wife; Jim Costa (D-Calif.), cousin; Dana Rohrabacher (R-Calif.), wife; Dave Reichert (R-Wash.), nephew; Chris Cannon (R-Utah), three daughters; Lincoln Davis (D-Tenn.), sister-in-law and daughter; Louie Gohmert (R-Texas), wife; Tim Bishop (D-N.Y.), daughter; Bob Filner (D-Calif.), wife; J.D. Hayworth (R-Ariz.), wife; Bob Inglis (R-S.C.), wife; Elton Gallegly (R-Calif.), wife; Sherwood Boehlert (R-N.Y.), wife; John Sweeney (R-N.Y.), wife; Jeff Flake (R-Ariz.), wife; Ed Pastor (D-Ariz.), nephew; John Shadegg (R-Ariz.), son; and Howard Berman (D-Calif.), brother Michael's political consulting firm; Sens. Barbara Boxer (D-Calif.), son; and Joe Lieberman (D-Conn.), son and daughter during vice presidential race; and ex-Reps. Bob Ney (R-Ohio), wife; and Tom DeLay (R-Texas), wife and daughter.

Ban immediate family members of senators or congressmen from lobbying Congress.

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An only slightly more removed form of family enrichment is the increasingly frequent hiring of the wives or children of congressmen or senators as lobbyists. House Speaker Dennis Hastert's (R-Ill.) son, for example, closed his music business in Illinois and moved to Washington where he was eventually hired to lobby for Google. Incoming Majority Leader Harry Reid's (D-Nev.) son and son-in-law are lobbyists. The wife of House Republican Whip Roy Blunt (R-Mo.) is a lobbyist who hawks for tobacco companies, one of the congressman's biggest contributors. While legislators piously maintain that family members do not lobby them and some even bar them from communicating with their offices, their status as family members of key legislators is well known to their colleagues, who cannot avoid feeling pressure to give them special advantage.

Restore presidential power to line-item veto earmarks in appropriations bills and reverse the anti-impoundment legislation passed during the Nixon administration.

It is only by letting the administration police appropriations bills that the massive conflicts of interest inherent in the earmarking-for-campaign-contributions scam can be stopped.

Proposals to require public reporting of who has inserted what earmark will not be effective since most members are quite proud of their earmarks and would not only not mind public disclosure, but would actually likely welcome it.

And finally:

• Require lobbyists to disclose the specific bills that they are lobbying for or against on the lobbying registration forms.

• Ban all privately paid travel by members, including use of corporate jets.

• Require electronic filing of all travel disclosures for private and government travel.

• Require both chambers to work a full week, instead of the two- to three-day schedule they've had for the past few years.

• Don't hold your breath waiting for these reforms, but they do represent what Congress should do if it wants to come clean.

Do-Something Congress (WP)

The Washington Post, December 7, 2006

WHEN DEMOCRATS take over the House next year, the regular workweek will stretch to a backbreaking five days -- up from the now-customary Tuesday-through-Thursday arrangement. Members of the House and Senate -- no doubt reeling from the two weeks they've worked since the election -- will have a mere four weeks off after they leave town Friday. Hard to believe, but the new leadership actually expects them to come to work on Jan. 4 rather than enjoy the usual elongated holiday break as they wait around for the president to deliver his State of the Union address in late January. In the Senate, the weeklong March break is being eliminated and the two-week April vacation cut in half.

This kind of punishing schedule is enough to unite lawmakers of both parties, in both chambers, in a chorus of behind-the-scenes

bipartisan grumbling. What, us work?

It would be quite a change. The 109th Congress will have been in session for a grand total of 103 days this year, which, as Lyndsey Layton pointed out in yesterday's Post, is seven days fewer than the "Do-Nothing Congress" of 1948. An ordinary full-time worker with a generous four weeks of vacation would have clocked 240 days of work during that same period.

Yes, lawmakers do work back home, and they need time to campaign and to grub for campaign cash. But it's undeniable that the time lawmakers spend in the capital, actually legislating, has been on a downward path for the past few decades. According to the American Enterprise Institute's Norman Ornstein, the average number of days in session for a two-year Congress has dropped from 323 in the 1960s and '70s to just 250 during the first six years of the Bush presidency.

This saps lawmakers' ability to get much done. It's one explanation, though not the only one, for why they were able to finish work on only two spending bills this year. It takes a toll, too, in less measurable ways, on congressional civility and bipartisanship. How can lawmakers forge friendships -- or even learn to get along -- when they're barely in town long enough to learn each other's names?

It's amazing enough that the incoming leaders are meeting private resistance from lawmakers who've gotten used to this drop-by legislating. It's even more amazing that some of them have the audacity to complain about it publicly. "Keeping us up here eats away at families," Rep. Jack Kingston (R-Ga.) told The Post. Democrats, he said, "could care less about families --

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that's what this says." Eats away at families? Gee, Mr. Kingston, they could move here. And, we wonder: Where, exactly, did you think the Capitol was when you ran for this job?

No Hard Feelings, Ken (RC)

By Mary Ann Akers, Roll Call Staff

Roll Call, December 7, 2006

Outgoing Republican National Committee Chairman Ken Mehlman got some friendly advice about his career prospects Wednesday from a most unlikely source: Rep. Rahm Emanuel (D-Ill.).

Emanuel was walking down the hall when he spotted Mehlman in the tiny Capitol branch of the Congressional Federal Credit Union, where Mehlman, a former House staffer, still does his personal banking. Emanuel, who can and does take an enormous amount of credit for winning back the House for Democrats, clearly has a lot more to cheer about these days than does Mehlman. So it was fitting that Rahmbo gave his deflated pal/political nemesis a mini-bear hug when he saw him, before beginning the inquisition.

What next? What job, Kenny? Mehlman explained he was talking to law firms around town. Emanuel wouldn't hear of it.

"What about the banks, what about the banks?" the type-A departing Democratic Congressional Campaign Committee chairman asked.

Before Mehlman, a lawyer, could fully answer, Emanuel instructed: "Banking, Ken, that's where the money is."

A Roll Call reporter who happened to be doing his own personal banking at the time turned to Mehlman and laughed: "He knows what he's talking about with banking."

"I know, I know," Mehlman said.

And don't we all. After leaving the administration of former President Bill Clinton, Emanuel went back to the Windy City and made a cool $16 million in just two and a half years as an investment banker with zero experience.

Come on, Kenny, if Rahm can do it, you can, too!

RIAA Rocks. It's that time of year again, when lusty holiday partygoers anxiously await that golden invitation from the Recording Industry Association of America. It arrived Wednesday in all its glory, announcing that this year's surprise entertainment will be the Barenaked Ladies.

Go ahead, you hipster music snobs, turn up your noses and miss the best party of the season. HOH shall not — the bash will kick off Hanukkah in style at sundown Dec. 15 at Platinum Night Club on F Street Northwest, where, even if we don't get jiggy wit it, we'll be bebopping our heads to the melodious "If I Had $1000000" tune.

And for those of you in other (yes, older) generations who may wonder whether the Barenaked Ladies are a harbinger of the Democratic-controlled times to come, the RIAA gave careful consideration to folks like you.

A high-level music source involved with the party told HOH: "In a sign that the seismic shift in control hasn't quite yet gotten through to RIAA head and former [Senate Majority Leader Bill] Frist staffer Mitch Bainwol, there was apparently some debate over whether we could do a party with a band called 'Barenaked Ladies.'"

But then they must have figured, if you can have a poker party with 'em, why not a Christmas party?

Stork Strikes, Big Time. Congratulations and good luck to Ashley Turton, chief of staff to Rep. Rosa DeLauro (D-Conn.), who has not one but two babies on her hands.

Both babies, twin boys, are home safe and healthy now after a rough-and-tumble start to life. They were both hospitalized for about a month after the stork arrived too early (as he's prone to do with twins) on Oct. 17.

Baby Shaw weighed 4 pounds, 1 ounce while his brother, Lane, weighed 2 pounds, 12 ounces.

After delivering the twins, while they remained in the hospital, Turton went back to work, helping her party regain control of the House. Now that the babies are at home, she's working a little here, a little there, staffing

DeLauro in her new capacity as co-chairwoman of the Democratic Steering and Policy Committee. And enjoying motherhood.

"After working six cycles in the minority, the Turton family could not be happier to welcome two new Democrats, obviously lucky charms, to the new Democratic Majority," said Turton, whose husband, Dan Turton, is a Democratic lobbyist.

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And she said putting two babies to bed is easier than you might think. “Shaw and Lane have no trouble falling asleep once I start discussing committee assignments with them during their 2 a.m. feeding.”

Iron Lady, Dissed. What a kick in the pants, or the skirt, as the case may be, to former British Prime Minister Margaret Thatcher.

A revised floor schedule for Wednesday was sent out advising, “H.R. 6136 — Margaret Thatcher Congressional Gold Medal Act HAS BEEN PULLED.”

The measure’s sponsor, Rep. Mark Kirk (R-Ill.), noted that among her accomplishments, Thatcher’s “close friendship with the United States led to a potent foreign policy partnership that contributed to the end of Soviet communism.”

A GOP leadership source told HOH that the reason the bill was pulled was because Rep. Barney Frank (D-Mass.) objected to it.

Frank explained to HOH in a telephone chat that he opposed giving Thatcher a gold medal because the bill “hadn’t gone through the regular rules” procedure and, frankly, it “was being used by Republicans for partisan purposes. She was a very conservative person.”

Frank also objected in 2004 to giving a gold medal to former Spanish Prime Minister José María Aznar, whose People’s Party lost the 2004 elections in the aftermath of the March 11 terrorist bomb attacks in Madrid, Spain. Well, since Aznar lost, Frank argued: “Let’s give him a silver medal, since he finished second.”

“There is no silver medal of course,” Frank said Wednesday, recalling how his smart-aleck amendment was shot down. The point is, he said, “I don’t think the Congressional Gold Medal ought to be used to make political points.”

House Denounces French Street Name (AP)

By Kimberly Hefling

AP, December 7, 2006

The House passed a resolution Wednesday denouncing a French city for naming a street in honor of Mumia Abu-Jamal, who was sentenced to death for shooting a Philadelphia police officer 25 years ago this month.

"We must stand together as one and send a strong message to the world that cop-killers deserve to be punished, not to be celebrated," said Rep. Mike Fitzpatrick, a Philadelphia-area congressman who authored the resolution.

The vote came a few days shy of the 25th anniversary of the shooting of Daniel Faulkner, a 25-year-old officer shot after he pulled over Abu-Jamal's brother on Dec. 9, 1981. Abu-Jamal, a one-time radio reporter and former Black Panther, was convicted in 1982 and sentenced to death.

Abu-Jamal's writings and taped speeches on the justice system have made him a cause celebre among Hollywood activists, foreign politicians and some death-penalty opponents who believe he was the victim of a racist justice system.

In December 2001, a federal judge overturned Abu-Jamal's death sentence but upheld his conviction. Both sides have appealed that ruling, and Abu-Jamal remains on death row in western Pennsylvania. Last year, the 3rd U.S. Circuit of Appeals agreed to consider Abu-Jamal's appeal of his conviction.

In April, a street in St. Denis, a suburb in France just north of Paris, was named after Abu-Jamal.

The resolution asks the French government to step in to change the street name if St. Denis opted not to. The measure passed 368-31, with eight members voting present.

The vote was symbolic since the Senate is not expected to take up the measure before Congress adjourns this week.

Once Unloved, Medicare's Prescription-Drug Program Defies Critics, But Issues Remain (WSJ)

By David Wessel

The Wall Street Journal, December 7, 2006

Critics carped about the shortcomings of the twisted, complicated design of the standard benefit, the result of a political compromise aimed at keeping down the cost. Because private insurers aren't required to offer the standard plan, fewer than 20% of enrollees are covered by that standard package.

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Still, to the consternation of Democrats and many seniors, most beneficiaries are stuck with the much-derided "doughnut hole," a gap in coverage that requires seniors who avoid catastrophic illness to pay their entire drug tab themselves once they spend $2,250 out of pocket.

Critics said a lot of seniors simply wouldn't sign up, a vexing problem for any voluntary insurance program. Back in 2002, 45% of Medicare beneficiaries lacked prescription-drug coverage for all (18%) or some (27%) of the year. Now, more than 90% of Medicare beneficiaries have drug coverage. In all, 22.5 million people are enrolled in what is known as Medicare Part D, including 6.1 million people on the Medicaid health-insurance program for the poor who were assigned -- with some highly publicized glitches -- to insurance plans by the government if they didn't choose one. Another 16 million have Veterans Administration or employer-provided coverage, often subsidized by the government.

Still, more than one in 10 of Medicare's 43 millions beneficiaries have failed to sign up for drug coverage, including more than three million seniors whose incomes are so low that they would have to pay little or nothing for it. "Everyone agrees that's a big concern," says Mark McClellan, who recently stepped down as Medicare's administrator.

An enthusiastic defender of Medicare Part D, Dr. McClellan says the past year demonstrates consumers "can be a powerful force in health care as they are in the rest of the economy, but they do need support." The government, he cautions, cannot skimp on telephone operators, easy-to-use software and the like if it wants patients to be more involved in managing their own care, as it says it does.

Critics said the drug plans would offer enticingly low premiums the first year, and jack them up the second year. Premiums for many are going to rise in 2007 -- but not sharply. An analysis by Georgetown University's Health Policy Institute of 10 plans that have enrolled nearly 70% of Part D beneficiaries estimated that average premiums in 2007 will be $3.10 a month higher (12%) for those who stick with the same plan.

Critics said the complexity of matching tens of millions of elderly Americans with private-insurance plans would overwhelm the government's bureaucracy, and it has proved to be challenging. More problems are likely to surface on Jan. 1 for seniors who switch plans. Robert Reischauer, director of the Urban Institute think tank, says, "For a highly complex new program, the government and the prescription-drug plans did a remarkable job of implementation. Did it work perfectly? No. Were there little inequities here and there? Yes. But they did an immense amount to make this program work."

Critics said the program would be expensive, so expensive that the Bush administration hid internal estimates before Congress voted, and that it would be a heavy burden on the federal budget for decades to come. It will be. The latest official price tag is $729.1 billion over 10 years, and Congress and the Bush administration didn't offset that with spending cuts or tax increases.

Partly because fewer seniors enrolled than Medicare actuaries projected, Part D will cost taxpayers about $30 billion this year, below the $43 billion originally estimated. Dr. McClellan predicts the official $48 billion estimate for 2007 will be marked down. That isn't only because enrollment is below projections but because prescription-drug plans are pressuring drug makers to hold the line on prices and prodding consumers to use cheaper generic drugs or brand-name drugs for which plans have negotiated discounts.

Democrats argue the program could be even cheaper if the government, rather than private insurance plans, used its clout to negotiate with drug makers. They have vowed to change the law to allow that soon after they take control of Congress next year. They talk about using the hoped-for saving to sweeten the benefit, perhaps eliminate the infamous doughnut hole.

They may have trouble delivering: The official congressional scorekeepers aren't persuaded that the government would actually save money if Congress repeals a provision that bans the Department of Health and Human Services from interfering in price negotiations between drug plans and drug makers. Unless Democrats can take credit for saving money, it will be hard to make the benefit more generous.

Moon Shot (WSJ)

The Wall Street Journal, December 7, 2006

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NASA announced this week that it plans to establish a permanent moon base by 2024, a mere generation from now. Intriguingly, the plan, which is still short on details, calls for an open-standard, modular design that would allow private enterprises to plug into the permanent station by building their own extensions to the base.

As good as this sounds, we're left to wonder why NASA shouldn't go further. It did not release a budget estimate for the project -- perhaps because the experience with the space station, which was supposed to cost $40 billion but will now likely go above $100 billion, was chastening. But whatever the estimate is, here's a counteroffer.

Say NASA believes it can build a permanent moonbase for $100 billion in today's dollars. Why not take half of that and offer it as a bounty to the first private company to build the station and man it. A prize in the neighborhood of $50 billion is bound to attract plenty of interest -- and that number is probably much less than a realistic guess of what it would cost NASA in the end. The taxpayer would save 50% of NASA's cost to build the base, and the result would be much more likely to be attractive to the private interests that NASA wants to draw to the project.

It's an open question whether a moon base is most valuable for mining, tourism, science or some combination of the three. A private competition along the lines of the Ansari X prize for private space travel would have the added benefit of helping to sort those questions out without prejudging the outcome. So back to the moon. But let private speculators figure out the best way to get it done.

OTHER NEWS:

Gas Prices Likely To Go Higher (USA Today)

By Barbaraj Hagenbaugh

USA Today, December 6, 2006

WASHINGTON - The recent rise in gasoline prices will likely continue until Christmas, making the trip home for the holidays more costly than at Thanksgiving.

The nationwide average retail price of a gallon of regular gasoline has risen 8 cents since the end of October. On Monday, the average price was $2.297 a gallon, the highest in two months and 15 cents higher than a year ago, according to weekly Energy Department data.

A number of analysts, including those at Wachovia and Moody's Economy.com, say prices will likely inch higher through December.

advertisement

"With supplies going down and demand going up, we should still see the price go up," Alaron Trading analyst Phil Flynn says. But that doesn't mean prices will skyrocket. Flynn expects the price at the pump will go up another 5 to 10 cents by Christmas.

"It doesn't mean we are going to see $3 gasoline this week," Wachovia economist Jason Schenker says.

Still, it's rare for gasoline prices to go up this time of year. From 1990 through 2005, retail gas prices have risen only five times from the end of October through the beginning of December, according to government data. What's happening:

- Oil. Oil prices have risen 6 percent since the end of October as a tight supply and demand balance has propped up prices. Oil costs account for more than half the retail gasoline price.

- Supply. Gasoline inventories have declined as refiners produce other, more profitable fuels and close plants for maintenance. Gasoline inventories were down 2.6 percent last week from a year ago, the Energy Department said Wednesday.

"This is the part of the year where you usually see inventory accumulation ... and we're running a little behind," says Bill O'Grady, assistant director of market analysis at A.G. Edwards.

- Demand. A drop in prices from earlier this year appears to be propping up demand for gasoline. In the four weeks ended Dec. 1, average gasoline demand was up 1.6 percent from a year ago. Gas demand is up 1 percent in 2006 from 2005.

That's "pretty incredible demand considering half the roads (in the United States) are icy," Flynn says.

Survey: Fewer Affordable Homes Available (USAT)

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By Haya El Nasser

USA Today, December 7, 2006

The supply of affordable housing continued to dwindle this year despite weakening home prices, according to one-third of local housing officials who responded to a survey by the National League of Cities.

Three-fourths of those surveyed say housing costs are significantly limiting home ownership opportunities for lower-income residents and young families. The survey was sent to officials in 1,167 cities.

"People don't recognize the social costs of that," says James Hunt, president of the National League of Cities and a councilman in Clarksburg, W.Va. "In a lot of areas, people who can't find affordable housing are (commuting) two hours in their cars." He says cities are under pressure to address the shortage as federal aid declines, cutting into such programs as housing vouchers and community development grants.

Housing prices in many areas skyrocketed in recent years as interest rates dropped. Demand fueled teardowns and rehabilitation of older homes. That took cheaper housing off the market. Thousands of apartments were converted to condominiums, squeezing renters. A recent downturn in home prices in some areas hasn't offset those pressures.

Lower-income and middle-income working families — including teachers and firefighters — along with the elderly, the disabled and single parents face the most critical housing needs, according to local officials who responded to the League of Cities survey. The report is being released today at a conference in Reno.

Federal money for housing "has declined every single year that I've been in office," says Indianapolis Mayor Bart Peterson, who took office in 2000. "Tight funds have forced us to do creative things."

Indianapolis' Fall Creek Place district once was so downtrodden it was nicknamed Dodge City. About 75% of its housing was abandoned or torn down. In the late 1990s, the neighborhood got a $4 million federal grant to boost home ownership. The city leveraged the money to attract private investment and pitched in almost $20 million to help homebuyers make down payments. Fifty homes were rehabilitated and more than 400 built. Most were sold below market rates and are owned by low-income, first-time buyers.

"We can now do this without the assistance of the federal government," Peterson says. "We'd love to have it, but we're not getting it, so we have to figure out a way to do it ourselves."

Some cities are devoting tax revenue to housing. Others require that developments include affordable units. "If we're … going to make a difference, we can't look to outside help," Hunt says. "We need to make a substantial investment of city dollars."

Stock Investors Catch Their Breath As Crude-Oil Prices Continue To Slide (WSJ)

By Peter A. Mckay

The Wall Street Journal, December 7, 2006

The stock market's two-day rally ended with a whimper, as crude-oil prices declined for the third straight day.

With no major economic reports to drive the market, investors seemed to pause and catch their collective breath after watching the Dow Jones Industrial Average near another record on Tuesday. Some took an opportunity to sell and book profits, while others traded on company-specific news at a few big names rather than any broad view about the economy or corporate profits.

The Dow fell 22.35 points, or 0.2%, to 12309.25, erasing some of the previous two sessions' 137.47-point gain. The blue-chip average is up 15% on the year. Its weakest component companies yesterday included Exxon Mobil, which suffered because of the pullback in oil prices. General Motors and 3M also were both down sharply.

Crude-oil futures slipped 24 cents, or 0.4%, to $62.19 a barrel, up 1.9% on the year at the New York Mercantile Exchange.

Data from the federal Energy Information Administration showing a weekly drawdown in crude-oil inventories caused prices to jump as high as $63 early in the session. But the federal agency also reported that oil refineries are operating closer to capacity, a sign that supplies of refined fuels like gasoline and heating oil are likely to rise in the weeks ahead, pushing prices lower.

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The tech-stock-led Nasdaq Composite Index fell 0.3%, or 6.52 points, to 2445.86, up 11% on the year. One of its bellwether components, the search engine Yahoo, announced a reshuffling of top management to increase accountability and enable more-nimble decision-making. But company's shares fell more than 2%.

The broad Standard & Poor's 500-stock index slipped 0.1%, or 1.86 points, to 1412.90, up 13% on the year.

Despite the daily pullback, portfolio manager Jim Polk, of Putnam Investment Management, said the market could still rally as the new year approaches. In particular, he said many Wall Street pros may buy stocks that have done well for the year to impress clients in annual financial statements, a phenomenon known as "window dressing."

"This has been a tough year for active managers," Mr. Polk said, referring to investing pros who pick individual stocks rather than using pre-set criteria or indexes to determine their portfolios. "People are having an especially difficult time beating the indexes."

In major U.S. market action:

Stocks fell1. Total trading volume for stocks listed on the New York Stock Exchange was 2.69 billion shares, as 1,506 stocks advanced and 1,832 fell.

Bond prices fell2. The 10-year note fell 9/32 point, or $2.8125 for each $1,000 invested, pushing the yield up to 4.483%. The 30-year bond declined 11/32 to yield 4.596%.

The dollar strengthened3. Against the Japanese currency, the dollar rose to 115.23 yen from 114.82. The euro fell to $1.3287 from $1.3326.

What To Do If Your Class-Action Suit Dies (WSJ)

By Nathan Koppel And Paul Davies

The Wall Street Journal, December 7, 2006

Is there life after your class-action lawsuit dies?

A ruling earlier this week undercut a class action against 55 Wall Street investment banks, and dashed hopes for small investors who bought hot stocks that went public during the dot-com bubble and then plummeted as it burst.

The decision likely means that thousands of investors would have to file individual suits to try to recover billions lawyers claim they lost by investing in initial public offerings, mostly of technology companies, in the late 1990s and 2000.

Class-action suits let individuals band together to pursue big defendants with more power than they could on their own. But the Second U.S. Circuit Court of Appeals in New York ruled that this case in its current form couldn't proceed as a class action, in part because plaintiffs' individual claims were not sufficiently similar to be grouped together.

Attorneys say it will be difficult, if not impossible, for small investors to find lawyers who will pursue such suits for them on an individual basis. Claims, they estimate, would need to be worth anywhere from a hundred thousand to several million dollars to make pursuing them worth a lawyer's time. Christine Hurt, a professor at the University of Illinois College of Law who has written about the IPO case, estimates that the average retail plaintiff suffered losses of less than $20,000.

"Very few plaintiffs could possibly have sufficient economic resources to warrant continuing" the litigation on an individual basis, says Howard Sirota, one of the plaintiffs' lawyers in the IPO litigation. Of course, many plaintiffs might have earned little, even if the suit had been successful. That fact, combined with the millions of dollars plaintiffs' lawyers stood to earn from a successful case, is the reason critics of class actions say many of them shouldn't be allowed to go forward.

Benson W. Campbell III is one of many small investors involved in the IPO case, stemming from his purchase several years ago of about 1,000 shares of Bottomline Technologies Inc., an electronic billing and invoice software provider. He says the loss of class-action status prevents him from pursuing litigation individually. "It's a big hit to small shareholders like myself," says Mr. Campbell, an accountant in Henderson, Ky. "I don't own enough shares to make it worth pursuing a case." He said any proceeds from the case wouldn't be enough to "buy Christmas presents."

Meanwhile, the U.S. Chamber of Commerce says the appeals-court decision was a major victory for any businesses that face dubious class-action claims. "We applaud this decision," says Robin Conrad, senior vice president of the chamber's litigation center, in Washington, which filed an amicus brief with the appeals court opposing the class action. Ms. Conrad says that any individuals who were "truly harmed" can still bring individual lawsuits.

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The decision marks the latest win for institutions and individuals fighting regulatory and legal action in the wake of massive stock-market losses earlier in this decade. Last year, an obstruction-of-justice verdict against former accounting giant Arthur Andersen LLP was voided by the Supreme Court. Earlier this year, Wall Street executive Ken Langone defeated regulatory charges that his firm improperly collected oversize commissions from customers who got sought-after IPO shares. Also earlier this year, a federal appeals court reversed the May 2004 criminal obstruction-of-justice conviction of former star investment banker Frank Quattrone, citing faulty jury instructions and other errors by the trial judge. In August, Mr. Quattrone entered into a deferred-prosecution agreement.

Still, investors have won some victories against Wall Street banks in bubble-era disputes. In 2003, for example, investors scored a settlement of about $440 million against Wall Street firms that allegedly issued overly optimistic stock research during the dot-com boom with the aim of winning lucrative investment-banking business.

The IPO litigation that was the subject of this week's ruling accuses banks that underwrote stock offerings of improperly pumping air into the stock-market bubble in the late 1990s and 2000 by requiring investors who got shares of hot tech IPOs to buy more shares at higher prices once trading began. The practice allegedly inflated the share prices of companies such as PlanetRX.com Inc., Buy.com Inc. and Razorfish Inc. and cost investors billions, according to plaintiffs' attorneys in the lawsuit.

Lawyers on both sides say it may be possible for the plaintiffs to somehow recast the case so that it could pass muster as a class action, but that that would be difficult to achieve. "There is no question the court made it hard for us," says Melvyn Weiss, chairman of the plaintiffs' executive committee in the litigation. Mr. Weiss, a partner at Milberg Weiss Bershad & Schulman LLP, says he plans to appeal the ruling.

It is unclear, lawyers say, whether most plaintiffs will even learn about the Second Circuit ruling, because lawyers typically communicate with class members only when there are settlement proceeds to distribute. But informed plaintiffs, they say, should first try to assess their damages.

The typical retail plaintiff in this case is an investor who bought IPO shares and subsequently suffered a loss, says Ms. Hurt. It wouldn't be enough, Ms. Hurt says, if investors merely assert they could have earned greater profits but for the defendants' alleged fraud. After ascertaining their losses, she says, investors next need to determine whether their brokerage firm requires that some or all of the investors' claims be arbitrated, rather than pursued in court. If arbitration is required, Ms. Hurt advises people to visit www.nasd.com -- the Web site of the National Association of Securities Dealers, a self-regulatory industry group -- which contains information about arbitrating securities claims. One upside: Arbitration can cost less than pursuing a civil lawsuit.

If individuals determine that they can bring cases in court, they should first check with the lawyers who are handling the case to date to see whether the class action can be resuscitated. One place to start is iposecuritieslitigation.com, which includes contact information for the lead plaintiffs' lawyers in the case. Otherwise, Ms. Hurt says, plaintiffs may be faced with the difficult task of finding their own attorney. Either way, investors should move quickly, as laws could limit the time in which claims may be filed.

Fred Isquith, one of the plaintiffs' lawyers in the IPO case, says that some of the plaintiffs could also try to band together in what is called a "mass action." In this sort of litigation, thousands of individually-filed lawsuits are aggregated before a single judge, who then tries certain test cases and applies the results to all of the other suits. Yet mass actions are costlier than class actions because they require investors to file their own lawsuits. And Mr. Isquith says that he has never seen a securities-fraud mass action. The plaintiffs "were better off Monday," before the Second Circuit's ruling, he says.

Lawyers say the ruling also casts doubt on an earlier settlement in the case. In 2003 insurers for the corporate defendants, mostly technology companies that issued more than 300 IPOs, agreed to pay a $1 billion settlement, an amount that was to be offset in part by any settlement payments from the banks. The settlement hasn't been approved by the court. Insurer American International Group Inc., which is responsible for an estimated 44% of the issuers' liability in the litigation, declined to comment. "In a world in which a class can't be certified, no one really knows if that settlement will be binding or not," says a defense lawyer in the case.

In April J.P. Morgan Chase & Co. agreed to pay $425 million in a settlement that is awaiting court approval, but the company never signed the agreement and, especially in light of this week's news, might be able to avoid paying.

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Mr. Sirota estimates that the plaintiffs' lawyers have invested $250 million in time and expenses mounting the case. The lawyers have rented a floor in midtown Manhattan, he says, which has at times been staffed with about 100 lawyers, paralegals and computer technicians who work full time on the litigation. "It's all apparently come to naught," says Mr. Sirota.

Got Lawsuit? Milk Dieter's Is Thrown Out (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, December 7, 2006

Catherine Holmes saw the ads for the so-called "dairy diet" and thought it would be a tasty way to lose a few pounds. After all, she loves buttermilk, yogurt and cheese.

Instead, the Arlington woman says, she gained three pounds on the diet, which dairy companies have spent hundreds of millions of dollars promoting. She sued the industry.

But a federal judge has ruled that under Virginia law, Holmes and other people can't take on the industry in court -- only a government entity such as the Virginia attorney general's office can. The decision last week by U.S. District Judge Leonie M. Brinkema in Alexandria threw out the lawsuit Holmes filed last year.

In her ruling last Thursday, Brinkema said Virginia consumer protection law allows people to seek monetary damages but not a broad injunction regulating an industry. She did not address the science of the debate, writing that such federal agencies as the Food and Drug Administration and the Federal Trade Commission are better equipped to do so.

An attorney for Holmes vowed yesterday to appeal and file a similar lawsuit in a more consumer-friendly state. "We're very disappointed," said Dan Kinburn, general counsel for the Physicians Committee for Responsible Medicine, which filed the Virginia case on Holmes's behalf. "This will encourage and assist the dairy industry in making this country fatter and sicker."

Dairy industry representatives said the ruling validated their view that consuming dairy products helps with weight loss when coupled with calorie restriction and exercise. They vowed to continue the advertising campaign.

"The dairy/weight loss connection is grounded in sound science and has proven to be another compelling reason for the public to consume the recommended three servings of dairy a day," said Gregory D. Miller, executive vice president of science and innovation at the National Dairy Council.

Underlying the debate is growing concern nationally about increasing obesity among children. Researchers have split over the role of dairy products in the trend; some studies have found that children who drink too much milk are prone to becoming overweight, and others have found a weight-loss benefit from drinking milk.

In the lawsuit, filed in Alexandria Circuit Court and moved to federal court, the physicians committee accused the dairy industry of promoting the weight-loss notion through a "massive, deceptive advertising campaign." The committee says overwhelming scientific evidence shows that dairy products cause weight gain or have no effect. The only studies showing otherwise, the committee contends, are industry-funded.

Holmes is the sole plaintiff in the lawsuit, filed against such companies as General Mills Inc. and the Dannon Co. Inc. and three dairy industry trade groups. In addition to damages for Holmes, the suit seeks an order halting the dairy industry campaign.

The physicians committee has filed administrative petitions with the FDA and the FTC making similar allegations. Spokespeople for both agencies did not return telephone calls and e-mails yesterday.

The dairy industry has criticized the physicians committee, which has about 6,000 doctors among its 100,000 members and advocates a plant-based diet, as anti-meat and anti-dairy. In a footnote on the first page of her ruling, Brinkema quotes from a Web site that accuses the committee of being an animal rights organization "interested in perverting medical science."

"That suggests she was influenced by propaganda put out by the dairy industry," Kinburn said.

Dem. Governors Meet To Discuss Policy (AP)

By Robert Tanner

AP, December 7, 2006

WASHINGTON — With election victories behind them, Democratic governors gathered Wednesday to celebrate their first majority in 12 years, talk political strategy and share notes on the issues driving voters back at home.

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Governor after governor at their winter meeting turned to the backbone of modern Democratic politics — education, health care and jobs, with many also promising a concerted effort to tackle energy policy.

"Do things about things that are important in people's lives," Pennsylvania Gov. Ed Rendell urged his fellow governors, suggesting work on heating oil prices, expanded kindergarten programs and high college costs.

Democrats emerged from Election Day with a 28-22 majority, reversing the current GOP majority and taking six seats from GOP control. Republicans had held a majority since the 1994 elections.

Governors don't enact national policy, but their role gives them a chance to experiment individually with ideas in a way that often eludes a gridlocked Congress. They can also help build party strength at the grass roots, encourage future leaders and turn out votes for a White House race.

Democrats have an opportunity to prove themselves and build on the successes of the past few years, said Kansas Gov. Kathleen Sebelius, who officially became the new chairwoman of the Democratic Governors Association at the meeting.

Governors can't just argue indefinitely — they must find a pragmatic middle ground to solve problems, she said.

"There are wonderful lessons to be learned," said Sebelius, who has been steeped for the past four years in bipartisan politics because of a legislature that is controlled by Republicans. "Saying to the American people that this is what Democrats do when they're in charge is the way to stay in charge."

While the new Democratic majorities in Congress are getting a lot of attention, political analysts are closely watching the Democratic majority among governors, particularly in states that in recent years have been more likely to vote Republican, like Arkansas, Kansas, Ohio and more.

"Most Democrats have to figure out the solution to the problem that they cannot become tax and spend Democrats," said Charles Franklin, a political science professor at the University of Wisconsin. "And yet still accomplish broadly progressive policies, whether that's education, welfare, environmental protection — all of those things on the Democratic agenda."

Iowa Gov. Tom Vilsack, who did not run for re-election and has announced plans to seek the presidency, said Democratic governors will make their mark with three elements: responsible budgets, stronger education programs and an effort to promote energy independence.

New Mexico Gov. Bill Richardson, another potential presidential candidate, also said many governors are talking about energy independence, and predicted that several also will launch experiments on health care along the lines of Massachusetts, where GOP Gov. Mitt Romney and a Democratic legislature agreed on a sweeping new program that mandates insurance for all.

Rendell said bipartisan ideas like that are the strongest, but that what Democratic governors bring to the states is an overall approach that government itself can find a solution.

"Other than the philosophy that government can make a difference, I don't think there are particularly Democratic ideas or Republican ideas," he said. "A lot of Republicans believe that government should get out of the way. After Katrina, did anyone want government to get out of the way? Of course not."

DCCC Senses Another Pickup In Texas Runoff (RC)

By David M. Drucker

Roll Call, December 7, 2006

Although they were initially hesitant to lend a hand, national Democrats have since gone all out to aid former Rep. Ciro Rodriguez (D) as he seeks to oust Rep. Henry Bonilla (R) in Texas' 23rd district runoff set for Tuesday.

With the Republican National Committee and the National Republican Congressional Committee mostly absent from Bonilla's better-funded campaign, the Democratic Congressional Campaign Committee has plunked down nearly $300,000 since Nov. 7 in independent expenditure advertising, hoping that Rodriguez can add to the party's House-takeover total.

"Given the new dynamics in that district, given Bonilla's weakness among the Hispanic community and Ciro's solid base of support, the district is extremely competitive," Texas Democratic Party spokeswoman Amber Moon said Wednesday. "We are very confident in Ciro and the campaign he's running."

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That confidence is an outgrowth of the DCCC's heavy strategic involvement in the Rodriguez campaign, from the ground up, as well as the 23rd district's new boundaries that were drawn over the summer courtesy of a Supreme Court decision mandating that the seat be brought into compliance with the Voting Rights Act.

The Bonilla campaign isn't worried.

The Republican, who was forced to trade his safe seat for a new, competitive district that stretches from Democratic portions of San Antonio 700 miles west to just outside El Paso, had $1.3 million in the bank as of Nov. 7 and has raised $300,000 since.

Bonilla campaign spokesman Phil Ricks on Wednesday claimed a strong volunteer effort and touted the help the Congressman is receiving from the state GOP. Ricks sounded particularly pleased with a new television ad released this week that features retired FBI agent Al Ortiz accusing Rodriguez of sympathizing with "Islamic Radicals."

"The credibility of this 22-year former FBI agent we think is resonating well throughout the district," Ricks said. "We're going to win. We're peaking at the right time."

The Rodriguez campaign dismissed the ad as Bonilla's desperate attempt to salvage his job. Hector Nieto, the Democrat's spokesman, said Bonilla's decision to go negative proves that the race is competitive.

Perennially a poor fundraiser, Rodriguez has been working the phones daily in pursuit of campaign cash, and he has seen a decent influx of Member and political action committee donations since the Nov. 7 special general election, though he still trails Bonilla substantially in overall contributions received.

"I believe the money we have, if used strategically, will be able to get our message out across the district," Nieto said.

This week, Rodriguez has reported receipts of $1,000 each from Democratic Reps. Mark Udall (Colo.), Diana DeGette (Colo.), Mike Ross (Ark.), David Wu (Ore.), Peter DeFazio (Ore.), Betty McCollum (Minn.) and John Spratt (S.C.).

Those giving $2,000 included Democratic Reps. Martin Sabo (Minn.), Carolyn Cheeks Kilpatrick (Mich.), Joe Baca (Calif.), George Miller (Calif.), Hilda Solis (Calif.), Barney Frank (Mass.), Marty Meehan (Mass.), Lincoln Davis (Tenn.), Nita Lowey (N.Y.), Mike McNulty (N.Y.), Silvestre Reyes (Texas) and Jay Inslee (Wash.).

A campaign account in the name of the late Rep. Robert Matsui (D-Calif.) also contributed $2,000. Meanwhile, six political action committees funneled $5,000 each to Rodriguez, among them the Congressional Hispanic Caucus and the International Association of Machinists.

The Dec. 12 runoff was scheduled when Bonilla came up 1.4 points short of securing 50 percent of the vote in the Nov. 7 special general election.

The Nov. 7 contest in the new 23rd turned into a "special general" after a U.S. district court redrew the seat's lines pursuant to a Supreme Court ruling that came down as part of the decision from a Democratic challenge to the mid-decade redistricting of Texas House seats engineered by former Rep. Tom DeLay (R-Texas).

The ruling, which upheld mid-decade redistricting in principal and also found no problem with redrawing a map for blatantly partisan purposes, nonetheless found Bonilla's old district to be in violation of the VRA. The Supreme Court found that Hispanic voters — who increasingly have voted against Bonilla in recent years — were spread among multiple districts to diminish their voting power.

Although an analysis of how the new 23rd district would have voted in previous elections found a propensity to elect Republicans, the addition of around 100,000 more Hispanics than existed under the old boundaries should make the seat more friendly for Democrats.

Despite this boost in potential Democratic voters, Rodriguez was disappointed that the state scheduled the election so soon after Nov. 7. Hispanic interest groups went to court in an attempt to push the contest back, claiming it falls on the feast of the Virgin of Guadalupe, a Catholic holiday popular with Hispanics, and would depress voting in that community.

That effort failed, although the Hispanic groups did succeed in authorizing early voting, which began on Saturday and runs through tomorrow.

Ricks, taking issue with the Rodriguez campaign, said holding the election as soon as possible is the only way to ensure the maximum possible turnout, arguing that the closer the contest is to Christmas the lower turnout is likely to be. Ricks also took

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umbrage with the contention that it is Rodriguez's supporters who would be less likely to vote if the contest is held on the Virgin of Guadalupe holiday.

They "implied that only Democrats are Catholic," Ricks said.

Jefferson Finding Religion (RC)

By Lauren W. Whittington

Roll Call, December 7, 2006

The contest to decide who will represent hurricane-ravaged New Orleans and Louisiana's 2nd district will be decided Saturday, as the clock winds down on the increasingly bitter runoff fight between Rep. William Jefferson (D) and state Rep. Karen Carter (D).

Jefferson is the subject of an ongoing federal bribery investigation, although no formal charges have been filed and the eight-term Congressman denies any wrongdoing.

While Carter has sought to keep Jefferson's ethics woes front and center in the campaign, the 59-year-old Congressman has turned to social issues in an effort to paint Carter as out of touch with the values of the largely black electorate.

Although Jefferson has been significantly outraised in the runoff, his campaign maintains that he is in a strong position heading into Saturday's vote.

"The buzz on the ground and the support we've been getting in the street every day is really good, and we feel really good about what's going to happen on Saturday," said Jefferson spokeswoman Melanie Roussell.

In one of his latest TV ads, Jefferson informs voters that Carter has voted in favor of same-sex marriage and late-term abortions and against making human cloning a crime.

"Karen Carter says there's a big difference between her and Congressman Jefferson," an announcer says in the ad. "Especially when it comes to family values."

Jefferson also has assailed Carter's record on education, her ties to the insurance industry and her tenure as chairwoman of the state House Insurance Committee.

But a Carter spokeswoman charged that voters won't be swayed by Jefferson's "claims he's found religion" and attempts to divert attention from the corruption issue.

"We don't think that that [social] issue is one that has resonated well with voters," said spokeswoman Cheron Brylski.

Carter's campaign has done polling for the runoff but has not released any results. Still, Brylski said that despite Jefferson's skills as a campaigner and his incumbent status, the numbers are good for Carter and her support continues to be strong among Catholic women and women in general.

She predicted that, at best, Jefferson might be able to get to 48 percent in the runoff.

Jefferson was forced to directly address the corruption issue after Carter ran ads that raised the specter of his legal woes.

"I have never taken a bribe from anyone," Jefferson declared in one ad that also accused Carter of shameful exploitation of children to attack him. That was in response to a Carter ad that featured schoolchildren in a spelling bee spelling out the words "hypocrite," "unscrupulous" and "corruption" to describe Jefferson.

Another Carter ad pointed out that Jefferson was stripped of his seat on the Ways and Means Committee because of the ongoing FBI probe.

Both Jefferson and Carter have focused on winning support in Jefferson Parish and the hurricane-ravaged city's West Bank since the Nov. 7 all-party primary.

Jefferson has been endorsed by state Sen. Derrick Shepherd (D), who finished third behind Carter in the first round of balloting. Shepherd is from Jefferson Parish, and Roussell said that the Congressman has been campaigning often with Shepherd there since the endorsement.

But Carter also has won endorsements from Jefferson Parish officials and is counting on the support of Republicans and white voters in the runoff.

Although Jefferson began the contest with a larger war chest and higher name recognition, Carter has far outpaced Jefferson in the money chase since the primary.

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In the pre-runoff period covering Oct. 19 to Nov. 19, Carter raised $321,000 compared with $72,000 for Jefferson. Carter has raised an additional $130,000 since that time.

Jefferson's money largely has come from old friends and family members as well as support from the Congressional Black Caucus.

Carter has gotten a financial boost from an EMILY's List endorsement and the help of national liberal Internet-based forces such as ActBlue. She also received contributions from the owners of the New Orleans Hornets, former Health and Human Services Secretary Donna Shalala and filmmaker Spike Lee.

Carter's appearance in the filmmaker's documentary about the government response to Hurricane Katrina has been an issue in the race, as West Bank law enforcement officials have vented their anger at her comments about their decision to not let evacuees cross a bridge to the West Bank to flee rising floodwater.

Chief among them has been Jefferson Parish Sheriff Harry Lee, who is paying for and distributing a flier that urges voters to "Just Say No!" to Carter, though he has not endorsed Jefferson.

Allen Ponders 2008 Senate Race (RC)

By Nicole Duran

Roll Call, December 7, 2006

Rep. Tom Allen (D-Maine) said Wednesday that he is "seriously considering" running for Senate in 2008, and political watchers in the Pine Tree State say he looks and acts like someone preparing for a Senate bid.

Allen raised more than $930,000 in the previous cycle but spent only about half of it dispensing with two challengers on his way to securing a sixth term with 61 percent of the vote.

He also has been spending more time outside of his Portland-based 1st district and is "mending fences" with sportsmen's groups, according to Christian Potholm, a political consultant and government professor at Maine's Bowdoin College.

"Tom Allen is already raising money for a Senate run," Potholm said. "He certainly is off and running from all the things people tell me."

Allen presumably would square off with the state's junior Senator, Susan Collins (R), who has said she intends to seek a third term.

"I'm seriously considering a Senate race in 2008," Allen said.

Democrats, eager to build on the gains they made in the Northeast in the midterm elections, would like to seriously challenge Collins, one of the few Republican moderates left in Congress.

"I think it's clear [that] unless Republicans and the president are going to show a change in the way they are leading, which I don't think we're seeing clear indications of so far ... Republican incumbents are going to have problems in 2008," said Ben Dudley, chairman of the Maine Democratic Party.

"I think [Allen] would be a terrific candidate," Dudley continued. "We would love to see someone of Tom's accomplishments and skill step forward for something like this."

By all accounts, other would-be Democratic challengers to Collins are waiting to see what Allen will do. Dudley said no other possible contenders have discussed a Senate bid with him.

If Allen decides not to run, speculation has centered on state Senate Majority Leader Michael Brennan (D) and state Attorney General Steven Rowe (D).

Allen said he has "had conversations with a number of people" about running, though he would not say if Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) was one of them. However, he said he will "make decisions later."

He did not elaborate on when later would be and has not set a deadline for making a decision.

The DSCC did not respond to a request for comment on this story.

Allen and Dudley both believe that Collins could be hurt by breaking the pledge she made to serve no more than two terms when she was first elected in 1996.

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"I'd like to take Senator Collins at her word that she only intends to serve two terms," Dudley said. "However, if she's going to break her promise to the people of Maine, I have a very strong feeling we can mount a very credible opposition to returning her to her minority position in the U.S. Senate."

Allen said beyond breaking a pledge, Collins will be hurt by her affiliation with the national GOP.

"Susan Collins promised to only serve two terms, we've been in our respective offices for 10 years, and this is really about leadership for me," he said. "We have very different voting records."

As a result of Democrats winning control of Congress on Nov. 7, Collins will lose her chairmanship of the Homeland Security and Governmental Affairs Committee come January.

Dudley said that also hurts her.

"She lost her chairmanship; she's in a minority position," he said. "She won't be able to perform for Maine the way she has been able to."

Steve Abbott, Collins' chief of staff, said none of those factors will affect Collins' re-election bid.

"It's not going to hurt her at all," he said of the term-limit pledge. "I think people are very happy to have her as their Senator."

As for her party affiliation, "you just have to look at her record," he said, noting her reputation as a moderate and consensus-builder in Maine.

Potholm agreed that Maine voters have a positive perception of Collins.

"She's obviously, extremely highly thought of," he said. "She projects the kind of moderate stance voters like."

That said, the midterm elections, during which Democrats picked up 29 seats in the Maine House to take control of the chamber (while losing one seat in the state Senate, which they already controlled), demonstrated how unhappy voters were with Republican control nationally and locally, Maine Democrats say.

A few months ago, Potholm said he thought Collins' re-election would be a "slam-dunk." Now, he says is not so sure.

Allen faces some hurdles, too, should he decide to run.

He is barely known in the sprawling 2nd district, which geographically is the biggest Congressional district east of the Mississippi River. He also did not run any television ads in the previous cycle. That saved him money but also prevented him from introducing himself to 2nd district voters, said one Maine Republican operative who did not want to be named.

To reach some parts of Allen's district by television, he would have had to buy airtime in the Bangor market, which also serves the vast northern 2nd district. He had $440,000 in his campaign account as of Oct. 18; Collins had $392,000 in the bank on Sept. 30.

"Tom Allen is a strong Congressman, but can he translate his strengths from the southern part to the northern part of the state?" Potholm asked.

Nonetheless, Potholm said Allen probably is the strongest candidate Democrats can find.

"Susan could get close to a pass or a very weak [opponent] if Tom Allen doesn't run," he observed.

Candidates Set Record '08 Pace (RC)

By Paul Kane

Roll Call, December 7, 2006

Shattering the pace of any previous presidential campaign, a half-dozen White House candidates already have leapt out of the gates for 2008, either formally signaling their entry into what is shaping up to be a packed field or filing paperwork freeing them to begin fundraising.

The first wave of candidates — three Senators, one House Member, an ex-mayor and an outgoing governor — have eschewed traditions of waiting until at least the end of the preceding midterm year before officially opening their campaign committees.

With fundraising expectations higher than ever and the caucus and primary schedule so compacted in early 2008, the candidates, former candidates, and current and former campaign aides see nothing unusual about so many declarations for a general election that's still almost two years away.

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"A lot of times the early bird gets the worm," said Sen. Sam Brownback (R-Kan.), who announced earlier this week that he was filing his paperwork with the Federal Election Commission to open a campaign committee.

"Most importantly, it's the demand for fundraising," said Steve Elmendorf, a strategist for former Rep. Richard Gephardt's (D-Mo.) 2004 bid and deputy presidential campaign manager to Sen. John Kerry (D-Mass.) after Gephardt withdrew.

Calling their committees "exploratory" vehicles, Sen. John McCain (R-Ariz.) officially filed with the FEC in mid-November and Brownback and Sen. Evan Bayh (D-Ind.) followed earlier this week, although each deferred an "official" announcement and the accompanying hoopla.

As far as the FEC is concerned, however, there is no real distinction between an exploratory committee and a formal presidential committee.

Former New York City Mayor Rudy Giuliani (R) also opened an exploratory committee in mid-November, and Rep. Duncan Hunter (R-Calif.) announced he would run just before the midterm elections, although he avoided the official legal tripwires involved in formally launching his campaign. An aide said a formal filing with the FEC would come in the near future.

Then there's Iowa Gov. Tom Vilsack (D), who officially launched his campaign committee and formally kicked off his campaign just days after the Nov. 7 elections.

In doing so, Vilsack became just the fifth candidate to file FEC paperwork and hold his formal announcement ceremony in the same year as the midterm elections in the modern presidential campaign era since 1968. And the comparison is not an auspicious one: Then-Rep. Phil Crane (R-Ill.) formally announced his 1980 presidential campaign in the summer of 1978, former Delaware Gov. Pierre du Pont (R) announced his 1988 bid roughly a month before the 1986 midterms and then-Rep. Mo Udall (D-Ariz.) filed in late 1974 for the 1976 election. Only former President Jimmy Carter filed in the midterm year, 1974, and went on to win his nomination.

In the 2004 White House campaign, the first candidates to open campaign committees were former Vermont Gov. Howard Dean (D), who did so in May 2002, and Kerry, who opened his fundraising operation just after Thanksgiving 2002. Neither man made their formal announcement until 2003.

In the 2000 campaign, former Sen. Bill Bradley (D-N.J.) was the only candidate to open a campaign committee in 1998 — on Dec. 4, 1998. The eventual winner, then-Texas Gov. George Bush (R), didn't open a campaign committee until March 8, 1999.

At least one former presidential candidate warned those still officially undecided on whether to jump into the '08 race that the game might be getting away from them.

"Now is almost too late. There's too much to do in too short a period of time," said Sen. Lamar Alexander (R-Tenn.), who sought the GOP nomination in both 1996 and 2000.

Alexander predicted that the dramatically accelerated pace of the 2008 season is going to force some candidates to abandon their campaigns as soon as the spring of '07, earlier than any previous White House campaigns.

"There will probably be a weeding out process beginning with the first quarter report," Alexander said, referring to the March 31, 2007, fundraising report that declares contenders must file with the FEC.

Elmendorf predicted that the media will pay "a little attention" to the year-end reports that the six candidates with formal campaign committees must file in mid-January. But he agreed with Alexander, saying that among Democrats, the second-tier candidates will have to demonstrate financial viability or simply get out of the way of big money campaigns such as that of likely contender Sen. Hillary Rodham Clinton (D-N.Y.).

"Are you in this game or not?" Elmendorf said Democratic activists and donors will ask candidates after March 31. "All these other candidates are going to have to show that they can produce."

In the case of Giuliani and Vilsack, opening presidential committees this early allows them to finally jump-start a federal campaign committee, something Senators already have at their disposal and are allowed to transfer funds from into their White House committees.

In Bayh's case, the next few weeks will truly represent an exploratory phase and almost no money will be raised into the presidential committee, according to spokesman Dan Pfeiffer. Any expenditures made to directly impact the presidential election must be paid for by a White House campaign committee, and not a leadership political action committee, which Bayh and most

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other contenders used to make contributions to key campaigns and pay for travels to early primary and caucus states in the midterms.

Only a small amount of money will be raised, or a sliver of the more than $10 million in his Senate campaign account will be shifted into his presidential account, Pfeiffer said, allowing the Bayh team to officially put fundraisers on staff, build a campaign Web site and reserve office space in key states.

Bayh then expects to make his formal decision about a bid over the Christmas holiday.

"When he does decide, we want to be able to flip a switch and be off to the races," Pfeiffer said.

Some potential candidates who haven't opened campaign committees aren't wasting time either, making provisional hires of staff who will be brought on board once they decide to open their committees. Clinton, for example, hired Phil Singer, a top Democratic communications expert, this week to be a press adviser to her all-but-certain campaign, a move similar to Massachusetts Gov. Mitt Romney's (R) decision to bring on Kevin Madden, the press-savvy outgoing spokesman for incoming House Minority Leader John Boehner (R-Ohio).

Clinton, however, faces no legal requirement or rush to open a campaign committee until early next year. Because she won re-election this year, every dollar Clinton raises before Dec. 31 is counted toward the 2006 Senatorial campaign cycle.

All remaining funds can then be transferred directly into a presidential account, and every previous donor to her Senate re-election bid can once again give up to $2,100 into the presidential account with no fear of exceeding the contribution limits because of past donations.

Do '08 Presidential Contenders Need A Great Story? (RC)

By Stuart Rothenberg, Roll Call Contributing Writer

Roll Call, December 7, 2006

Iowa Gov. Tom Vilsack (D) was an orphan before being adopted by a couple in Pittsburgh. His adoptive mother struggled with alcoholism.

Sen. Barack Obama (D-Ill.) was born in Hawaii to a Kenyan-born economist who was educated at Harvard and a white woman from Kansas. He grew up in Indonesia before returning to the United States and eventually graduated from Columbia University and Harvard Law School.

After graduating from the Naval Academy, Sen. John McCain (R-Ariz.) served in the Navy. He was shot down and endured five years of torture as a prisoner of war in the "Hanoi Hilton" in Vietnam.

Everybody loves a good story, don't they? Why do you think people pay money to go to the movies? But it is reporters and editors who get particularly excited about a good story (which probably is one reason why Janet Cooke, Jayson Blair and Stephen Glass got as far as they did with major print organizations).

And media consultants? They get downright misty-eyed when thinking about what they can do with a candidate with a personal story that pulls at the heartstrings. What could be better than being raised in a broken home or coming from a town called Hope, Ark. (as Bill Clinton and likely '08 GOP presidential hopeful Gov. Mike Huckabee did)?

Writing about Vilsack, who recently announced that he's running for the Democratic presidential nomination, Washingtonpost.com's Chris Cillizza wrote that "any argument for Vilsack starts with his life story — perhaps the most compelling of any candidate on either side considering the 2008 race."

Vilsack does have an interesting story, but if he is counting on that to get him a long, hard look from Democratic activists, donors and the national media, I hope he has a backup plan. While a great story may get you elected mayor of Mt. Pleasant, Iowa, or to the Iowa state Senate, count me as skeptical that it's enough to get you the campaign war chest necessary to make a decent run at the White House.

Many presidential hopefuls have something in their life stories that can paint as a personal test or a hurdle that they overcome. The old "born in a log cabin" chestnut is about as old as the country.

Sen. John Kerry (D-Mass.) had his Vietnam service. President George H.W. Bush was shot down over the Pacific in World War II. Even George W. Bush, who didn't exactly grow up in a log cabin, could talk during his White House bid about how he changed from a hard-drinking, fun-loving guy to a mature adult.

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But let's not go overboard about the value of a personal story. Democratic House candidate Tammy Duckworth, who lost both legs as a helicopter pilot in Iraq, had a great one; Democratic political operatives were so smitten with her candidacy that they told me they were absolutely certain that she would win the Congressional race in Illinois' 6th district. Yet she lost to Republican Peter Roskam at the same time that Democrats with far less appealing stories were winning contests in New Hampshire, Wisconsin, Iowa and Pennsylvania.

A candidate's "story" may get voters' attention, but a story is by its very nature backward-looking, while presidential contests are about the future. Ultimately, a candidate must offer more compelling reasons than a résumé to justify why he or she deserves to be nominated and elected. Remember: No matter his personal history, which included great hardships and great courage, McCain's incredible personal story didn't win him the GOP presidential nomination in 2000.

What matters most to voters in selecting a nominee for the White House? Lots of things, of course, but the most important question is whether, after months of campaigning, enough primary voters and caucus attendees in the early states think that a particular hopeful has passed the smell test. Does he or she have the experience, leadership ability and stature to be president and commander in chief? Can you envision so-and-so in the Oval Office, keeping the nation safe and prosperous?

Last time, Iowans decided that the answer was "no" when they were offered then-frontrunner Howard Dean (D).

It's far too early to rule out anyone from either party's presidential mix. Obviously, a handful of candidates begin with considerable assets, from name recognition to undisputed fundraising ability to early institutional support. Some already seem to have the stature of a future president of the United States. Having an interesting story to tell is nice, but starting off with real advantages is a whole lot better.

The GOP's Southern Exposure (WP)

By Harold Meyerson

The Washington Post, December 7, 2006

You've seen the numbers and understand that America is growing steadily less white. You try to push your party, the Grand Old Party, ahead of this curve by taking a tolerant stance on immigration and making common cause with some black churches. Then you go and blow it all in a desperate attempt to turn out your base by demonizing immigrants and running racist ads against Harold Ford. On Election Day, black support for Democrats remains high; Hispanic support for Democrats surges. So what do you do next?

What else? Elect Trent Lott your deputy leader in the Senate. Sure locks in the support of any stray voters who went for Strom in '48.

In case you haven't noticed, a fundamental axiom of modern American politics has been altered in recent weeks. For four decades, it's been the Democrats who've had a Southern problem. Couldn't get any votes for their presidential candidates there; couldn't elect any senators, then any House members, then any dogcatchers. They still can't, but the Southern problem, it turns out, is really the Republicans'. They've become too Southern -- too suffused with the knee-jerk militaristic, anti-scientific, dogmatically religious, and culturally, sexually and racially phobic attitudes of Dixie -- to win friends and influence elections outside the South. Worse yet, they became more Southern still on Election Day last month, when the Democrats decimated the GOP in the North and West. Twenty-seven of the Democrats' 30 House pickups came outside the South.

The Democrats won control of five state legislatures, all outside the South, and took more than 300 state legislative seats away from Republicans, 93 percent of them outside the South. As for the new Senate Republican caucus that chose Mississippi's Lott over Tennessee's Lamar Alexander to be deputy to Kentucky's Mitch McConnell, 17 of its 49 members come from the Confederacy proper, with another three from the old border states of Kentucky and Missouri, and two more from Oklahoma, which is Southern but with more dust. In all, 45 percent of Republican senators come from the Greater South.

More problematic, so does most of the Republican message. Following the gospel according to Rove (fear not swing voters but pander to and mobilize thy base), George W. Bush and the Republican Congress, together or separately, had already blocked stem cell research, disparaged nonmilitary statecraft, exalted executive wartime power over constitutional niceties, campaigned repeatedly against gay rights, thrown public money at conservative churches and investigated the tax status of liberal ones. In the process, they alienated not just moderates but Western-state libertarians.

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The one strategist who fundamentally predicted the new geography of partisan American politics is Tom Schaller, a University of Maryland political scientist whose book "Whistling Past Dixie: How Democrats Can Win Without the South" appeared several months before November's elections. Schaller argued that the Democrats' growth would occur in the Northeast, the industrial Midwest, the Mountain West and the Southwest -- areas where professionals, appalled by Republican Bible Beltery, were trending Democratic and where working-class whites voted their pocketbooks in a way that their Southern counterparts did not. Al Gore carried white voters outside the South, Schaller reminded us; even hapless John Kerry came close.

The challenge for Republicans -- and for such presidential aspirants as John McCain, Rudy Giuliani and Mitt Romney in particular -- is how to bridge the widening gap between their Southern base and the rest of the nation. The persistence of Southern exceptionalism is clear in the networks' exit polls, in which fully half of Southern voters identified themselves as born-again or evangelical Christians, while just one-third of the entire nation's voters did so. It's clear from the fact that in a period of broad economic stagnation, the populism of working-class Southern whites, like a record stuck in a groove, remains targeted more against cultural than economic elites.

Indeed, scratch the surface of some of our current hot-button issues and you find age-old regional conflicts. Wal-Mart's practice, for instance, of offering low wages and no benefits to its employees begins in the rural South, where it's no deviation from the norm. Only when Wal-Mart expands this practice to the metropolises of the North and West, threatening the living standards of unionized retail workers, does it encounter roadblocks, usually statutory, to its entry into new markets.

So: A Southern low-wage labor system is cruising along until it seeks to expand outside its region and meets fierce opposition from higher-paid workers in the North. Does that suggest any earlier episode in American history? The past, as William Faulkner once wrote of the South, isn't even past. And now the persistence of Southern identity has become a bigger problem for Republicans than it is for Democrats.

Democrats' Challenge: Keeping The Egos In Harmony (NYT)

By Patrick Healy

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — In a Democratic Party full of egos, few are as big as the ones from New York. Big enough that no last names are necessary for the tabloid headline writers: Chuck, Hillary, Eliot, Charlie (as in Rangel) and Andrew (as in Cuomo). And big enough that New York's ability to get things done now hangs partly on their approach to the question, can we all get along?

Everyone gets along splendidly in public, and the private rivalries — Chuck vs. Hillary, Chuck vs. Eliot, Eliot vs. Andrew — have evolved and in some cases softened with time. But with all of them ascending to new heights — two as leaders in Albany, the other three as movers and shakers in Congress, including one as a possible presidential candidate — those relationships will be tested.

This constellation of New York power coalesced in one place on Wednesday: Governor-elect Eliot Spitzer came to Washington as the humble outsider seeking aid from Senator Charles E. Schumer, the new Democratic kingmaker. No slouch himself, Representative Charles B. Rangel, the dean of the state Congressional delegation, arranged last-minute face time between Mr. Spitzer and the incoming House speaker, Nancy Pelosi. And members of the New York delegation jockeyed for bragging rights about who had heard personally from Senator Hillary Rodham Clinton about her 2008 plans.

A back-slapping 8 a.m. meeting of Mr. Spitzer, Mr. Schumer and other members of the Democratic delegation reflected, in bits and pieces, this complicated coexistence.

Mr. Schumer and Mr. Spitzer have a younger brother-older brother sort of rivalry. Mr. Spitzer sometimes remarks that he was still in high school when Mr. Schumer was an assemblyman. (Zing!) Mr. Schumer arrived at the meeting and instantly teased Mr. Rangel for not serving a lavish breakfast. Then he needled Mr. Spitzer, saying that power is nothing without a fancy spread of food.

"I should've asked you — where are the bacon and eggs?" Mr. Schumer bellowed at Mr. Spitzer, who cracked up.

Mr. Spitzer, whose ego Mr. Rangel used to deflate by mockingly calling him "the world's smartest man," said that he is well aware of the egos at play, including his own. But he said common goals were overriding factors. "I've said to Chuck, 'I'd like to do

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nothing more than heap glory on you as you bring things back to New York,' " Mr. Spitzer said. "It's O.K. if I don't hold the press conferences."

In spite of the Democratic gains on Election Day, the challenges are just beginning for these politicians.

Mr. Spitzer faces a billion-dollar budget deficit and hopes to "organize the delegation," he said, to get more funds from Washington for Medicaid and transportation projects like the Second Avenue subway, among other priorities. Mr. Schumer and Mr. Rangel want to convert their political capital into major power brokering and build legacies. And Mrs. Clinton is eyeing the biggest prize of all.

"They all have a common denominator — they are all popular and they all have overlapping concerns, and they can't afford to confront each other much," said George Arzt, a New York political communications consultant.

Mr. Arzt, who was a consultant and press secretary for Mayor Edward I. Koch, reveled in the history of powerful political personalities in New York, which has a formidable stable of Republicans, too: Mayor Michael R. Bloomberg, former Mayor Rudolph W. Giuliani and Gov. George E. Pataki. Mr. Arzt remembered a time in the 1980s when Daniel Patrick Moynihan, a Democrat, and Alfonse M. D'Amato, a Republican, were the two United States senators from New York.

"When I went down to Washington with Koch, Senator Moynihan would lecture us about the history of New York State," Mr. Arzt said. "We couldn't wait to get out of his office and go down the hall to Senator D'Amato, who would just say, 'What do you want?' "

Senator Clinton works well with everyone, her advisers say, and is close to one of her earliest political supporters, Mr. Rangel. She is a bit more formal than the others — a reflection, perhaps, of her Midwestern roots, or of the fact that she has always kept her cards close.

Allies of Mr. Spitzer say that he is closer to Mrs. Clinton than to Mr. Schumer, yet he has a better handle on Mr. Schumer's motives and agenda because he is more open.

A spirit of competitiveness has always existed between Mrs. Clinton and Mr. Schumer and their staffs. Mr. Schumer, a man of many words, had New York political circles buzzing this week when he refused to comment at length on Mrs. Clinton's presidential prospects. The two talk regularly, but they are not close, Democrats close to both of them say. Yet these and other Democrats say that, in this era of new party power, there is enough limelight to go around.

"The big thing that could've been a problem is Schumer-Clinton, but he now has a wonderful job on his own track in the Senate, and Hillary has her own thing going on," said Mr. Rangel, who is the incoming chairman of the House Ways and Means Committee.

Mr. Schumer dismissed any notion that rising power augurs renewed rivalries. "We're all a team; we get along great," Mr. Schumer said.

A moment later, though, the senator noted that he had told both Mr. Spitzer and Assembly Speaker Sheldon Silver that the two of them had to work together. Mr. Spitzer ran on a reform platform, and Mr. Silver is a defender of his members' needs and the Democratic status quo.

"I believe and hope that we as Democrats have learned the lessons of the past," Mr. Schumer said, referring to earlier squabbling that bogged down progress.

Mr. Schumer, whose new stature comes from his role as chief strategist for the Democratic takeover of the Senate, was in full bloom during the delegation meeting with Mr. Spitzer, 47. Mr. Schumer asked Mr. Rangel to hurry up with the meeting, and Mr. Rangel, 76, returned the poke by paying homage to "our very, very senior" senator, which prompted an eye roll from Mr. Schumer, 56.

Mr. Rangel also sent regards from Senator Clinton, 59. The two had breakfast recently to discuss her presidential ambitions, and Mr. Rangel cracked up the room by saying that he was available to talk with those present about their career aspirations, too.

Cheney Pregnancy Stirs Debate On Gay Rights (NYT)

By Jim Rutenberg

The New York Times, December 7, 2006

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WASHINGTON, Dec. 6 — Mary Cheney, a daughter of Vice President Dick Cheney, is expecting a baby with her partner of 15 years, Heather Poe, Mr. Cheney's office said Wednesday.

Lea Anne McBride, a spokeswoman for Mr. Cheney, said the vice president and his wife, Lynne Cheney, were "looking forward with eager anticipation" to the baby's birth, which is expected this spring and will bring to six the number of grandchildren the Cheneys have.

Mr. Cheney's office would not provide details about how Mary Cheney became pregnant or by whom, and Ms. Cheney did not respond to messages left at her office and with her book publisher, Simon & Schuster.

The announcement of the pregnancy, which was first reported Wednesday by The Washington Post, and Ms. Cheney's future status as a same-sex parent, prompted new debate over the administration's opposition to gay marriage.

Family Pride, a gay rights group, noted that Ms. Cheney's home state, Virginia, does not recognize same-sex civil unions or marriages.

"The news of Mary Cheney's pregnancy exemplifies, once again, how the best interests of children are denied when lesbian, gay, bisexual and transgender citizens are treated unfairly and accorded different and unequal rights and responsibilities than other parents," said the group's executive director, Jennifer Chrisler.

Focus on the Family, a Christian group that has provided crucial political support to President Bush, released a statement that criticized child rearing by same-sex couples.

"Mary Cheney's pregnancy raises the question of what's best for children," said Carrie Gordon Earll, the group's director of issues analysis. "Just because it's possible to conceive a child outside of the relationship of a married mother and father doesn't mean it's the best for the child."

In 2004, Ms. Cheney worked on the Bush-Cheney re-election campaign, which won in part because of the so-called values voters who were drawn to the polls by ballot measures seeking to ban same-sex marriage.

Mr. Bush voiced strong approval that year for a constitutional amendment banning same-sex marriage, as he did this year, too. While gay rights groups called on Ms. Cheney to speak out against the proposed ban in 2004, she remained silent.

But Ms. Cheney wrote in a book published this year that she had considered resigning from the campaign after learning that Mr. Bush would endorse the proposed amendment. She said that she decided to stay because other important issues were at stake in the 2004 campaign.

As she promoted her book last spring, she said a federal ban on same-sex marriage would "write discrimination into the Constitution." The vice president has hinted at disapproval of the proposed amendment. Asked where he stood on the issue during a campaign stop in Iowa in 2004, Mr. Cheney said, "Freedom means freedom for everyone."

Dana Perino, a spokeswoman for Mr. Bush, said that Mr. Cheney had recently told the president about the pregnancy and that "the president said he was happy for him." The Cheneys have five grandchildren by their other daughter, Elizabeth.

Mary Cheney, 37, is a vice president at AOL; Ms. Poe, a former park ranger, is 45.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, December 7, 2006

So the vice president's daughter is having a baby next spring with partner Heather Poe .

Are they married? No, but they've been a couple for 15 years.

Who's the father? The circumstances of the pregnancy are super-secret.

What's their legal status? Cheney, 37, and Poe, 45, live in Great Falls, and under Virginia law only the biological parent has full legal status. "Virginia is sort of at the bottom of the pile in terms of rights and protections," said Jennifer Chrisler, executive director of Family Pride, a national advocacy organization for gay parents. "Mary will be a full legal parent to her child. And Heather will be a stranger in the eyes of the law."

Can Poe adopt the baby? Not in Virginia -- no same-sex partner has ever been allowed to adopt his or her partner's child -- but yes, if they move to the District, Maryland or any other state that allows second-parent adoptions, said Brad Luna, spokesman for the Human Rights Campaign, which tracks state and federal law in this area.

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What happens if they split up? Unless state law changes, Cheney could prevent Poe from any visitation or custody; conversely, Poe could walk away without providing child support.

Can Poe sign school report cards? Depends on the school. Technically, only Cheney would be authorized to fill out all those school forms.

What about diapers? There are no prohibitions on second-parent diaper duty.HEY, ISN'T THAT . . .

Elvis Presley, enjoying jem/tothe bisque and schmoozing with the downtown lunch-crowd power brokers at the Palm yesterday? No, silly -- he's been dead for nearly 30 years. So that was Paul Casey, the official Elvis impersonator of the Las Vegas Convention and Visitors Authority, in town to perform "Blue Christmas" and other hits at a massive holiday party last night for tourism and meeting-planner types at the Renaissance Washington D.C. Hotel. How'd he get to be two-time Vegas Entertainer of the Year? Maybe because he managed not to get a drop of bisque on that spotless white jumpsuit.LOVE, ETC.

Really, truly split: Actors Jennifer Aniston and Vince Vau ghn have parted ways, their publicists finally acknowledged to People magazine Tuesday, nearly two months after she went on Oprah to vehemently deny reports they had broken up and his lawyers threatened to sue tabloids that claimed they were on the rocks -- both actions marking the first time either had publicly acknowledged that they were, in fact, dating. You'll be happy to know they "continue to be good friends," or so say their reps. Of course.

Trading places: Comedian Eddie Murphy, his career reenergized with a role in "Dreamgirls," stepped out at an NYC premiere party with a new girlfriend, Tracey Edmonds (ex-wife of singer Kenneth "Babyface" Edmonds). Meanwhile, he's telling TV interviewers that he doesn't know if it's his child that ex-girlfriend Spice Girl Melanie Brown is carrying.SURREAL ESTATE

Seller: Patrick Ramsey

Price:$840,000

Details: The former Redskins quarterback, traded to the New York Jets in March, quietly unloaded his Virginia home in late summer for $220,000 more than he paid in 2003 -- back in the Steve Spurrier era when Ramsey was starting QB for the Skins. Seems like a lifetime ago, doesn't it? The four-bedroom, 3 1/2 -bath Cape Cod on three acres near Purcellville was listed as "just stunning -- owner relocating." Are you taking notes, Jason Campbell?

Conservative Jews Allow Gay Rabbis And Unions (NYT)

By Laurie Goodstein

The New York Times, December 7, 2006

The highest legal body in Conservative Judaism, the centrist movement in worldwide Jewry, voted yesterday to allow the ordination of gay rabbis and the celebration of same-sex commitment ceremonies.

The decision, which followed years of debate, was denounced by traditionalists in the movement as an indication that Conservative Judaism had abandoned its commitment to adhere to Jewish law, but celebrated by others as a long-awaited move toward full equality for gay people.

“We see this as a giant step forward,” said Sarah Freidson, a rabbinical student and co-chairwoman of Keshet, a student group at the Jewish Theological Seminary in New York that has been pushing for change.

But in a reflection of the divisions in the movement, the 25 rabbis on the law committee passed three conflicting legal opinions — one in favor of gay rabbis and unions, and two against.

In doing so, the committee left it up to individual synagogues to decide whether to accept or reject gay rabbis and commitment ceremonies, saying that either course is justified according to Jewish law.

“We believe in pluralism,” said Rabbi Kassel Abelson, chairman of the panel, the Committee on Jewish Law and Standards of the Rabbinical Assembly, at a news conference after the meeting at the Park Avenue Synagogue in New York. “We recognized from the very beginnings of the movement that no single position could speak for all members” on the law committee or in the Conservative movement.

In protest, four conservative rabbis resigned from the law committee, saying that the decision to allow gay ordination violated Jewish law, or halacha. Among them were the authors of the two legal opinions the committee adopted that opposed gay rabbis and same-sex unions.

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One rabbi, Joel Roth, said he resigned because the measure allowing gay rabbis and unions was "outside the pale of halachic reasoning."

With many Protestant denominations divided over homosexuality in recent years, the decision by Conservative Judaism's leading committee of legal scholars will be read closely by many outside the movement because Conservative Jews say they uphold Jewish law and tradition, which includes biblical injunctions against homosexuality.

The decision is also significant because Conservative Judaism is considered the centrist movement in Judaism, wedged between the liberal Reform and Reconstructionist movements, which have accepted an openly gay clergy for more than 10 years, and the more traditional Orthodox, which rejects it.

The move could create confusion in congregations that are divided over the issue, said Rabbi Jerome Epstein, executive director of the United Synagogue of Conservative Judaism, which represents the movement's more than 750 synagogues with 1.5 million members in North America.

"Most of our congregations will not be of one mind, the same way that we were not of one mind," said Rabbi Epstein, also a law committee member. "Our mandate is to help congregations deal with this pluralism."

Some synagogues and rabbis could leave the Conservative movement, but many rabbis and experts cautioned that the law committee's decision was unlikely to cause a widespread schism.

Before the vote, some rabbis in Canada, where many Conservative synagogues lean closer to Orthodoxy than in the United States, threatened to break with the movement.

But Jonathan D. Sarna, a professor of American Jewish history at Brandeis University, said: "I find it hard to buy the idea that this change, which has been widely expected, will lead anybody to leave, because synagogues that don't want to make changes will simply point to the rulings that will allow them not to make any changes. This is not like a papal edict."

The question of whether to admit and ordain openly gay rabbinic students will now be taken up by the movement's seminaries. The University of Judaism, in Los Angeles, has already signaled its support, said Rabbi Elliot Dorff, its rector and the vice chairman of the law committee. He co-wrote the legal opinion allowing gay ordination and unions that passed on Wednesday.

The Jewish Theological Seminary in New York, the flagship school in Conservative Judaism, will take up the issue in meetings of the faculty, the students and the trustees in the next few months, Chancellor-elect Arnold Eisen said in an interview. Mr. Eisen said he personally favored ordaining gay rabbis as long as it was permissible according to Jewish law and the faculty approved.

"I've been asking the faculty, and time and again I got the same answer," Mr. Eisen said. "People don't know what they themselves think, and they don't know what their colleagues are thinking. There's never been a discussion like this before about this issue."

The law committee has passed contradictory rulings before, on issues like whether it is permissible to drive to synagogue on the Sabbath. But the opinions it approved on Wednesday reflect the law committee's split on homosexuality.

The one written by Rabbi Roth upholds the prohibition on gay rabbis that the committee passed overwhelmingly in 1992. Another rebuts the idea that homosexuality is biologically ingrained in every case, and suggests that some gay people could undergo "reparative therapy" to change their sexuality.

The ruling accepting gay rabbis is itself a compromise. It favors ordaining gay rabbis and blessing same-sex unions, as long as the men do not practice sodomy.

Committee members said that, in practice, it is a prohibition that will never be policed. The ruling was intended to open the door to gay people while conforming to rabbinic interpretations of the biblical passage in Leviticus which says, "Do not lie with a male as one lies with a woman; it is an abomination."

The committee also rejected two measures that argued for a complete lifting of the prohibition on homosexuality, after deciding that both amounted to a "fix" of existing Jewish law, a higher level of change that requires 13 votes to pass, which they did not receive.

Rabbi Gordon Tucker, the author of one of the rejected opinions, said he was satisfied with the compromise measure. "In effect, there isn't any real practical difference," he said.

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The Conservative movement was once the dominant stream in American Judaism but is now second in numbers to the Reform movement. Conservative Judaism has lost members in the last two decades to branches on the left and the right. Pamela S. Nadell, a professor of history and director of the Jewish Studies program at American University, said, "The conservative movement is wrestling with the whole question of how it defines itself, whether it still defines itself as a halachic movement, and that's why there was so much debate and angst over this."

Conservative Rabbis Allow Ordained Gays, Same-Sex Unions (WP)

By Alan Cooperman

The Washington Post, December 7, 2006

NEW YORK, Dec. 6 -- A panel of rabbis gave permission Wednesday for same-sex commitment ceremonies and ordination of gays within Conservative Judaism, a wrenching change for a movement that occupies the middle ground between orthodoxy and liberalism in Judaism.

The complicated decision by the Conservatives Movement's Committee on Jewish Law and Standards leaves it up to individual seminaries whether to ordain gay rabbis and gives individual rabbis the option of sanctioning same-sex unions. Reform Judaism, the largest branch of the faith in the United States, has ordained openly gay men and lesbians since 1990 and has allowed its rabbis to perform same-sex commitment ceremonies since 2000. Orthodox Judaism does not countenance same-sex relationships or the ordination of gay rabbis.

Like many Protestant denominations, Conservative Jews are divided over homosexuality: torn between the Hebrew scriptures' condemnation of it as an "abomination" and a desire to encourage same-sex couples to form long-lasting, monogamous relationships.

Though stopping short of endorsing same-sex marriage, the rabbis wanted to allow commitment ceremonies "because in Jewish sexual ethics, promiscuity is not acceptable either by heterosexuals or by homosexuals, and we do in fact have both a Jewish and a social and a medical need to try to confirm those unions," said Rabbi Elliot Dorff of Los Angeles, one of the authors of the change.

After years of discussion and two days of intense debate behind closed doors at a synagogue on Park Avenue, the law committee accepted three teshuvot, or answers, to the question of whether Jewish law allows homosexual sex. Two answers uphold the status quo, forbidding homosexuality.

But a third answer allows same-sex ceremonies and ordination of gay men and lesbians, while maintaining a ban on anal sex. It argues that the verse in Leviticus saying "a man shall not lie with a man as with a woman" is unclear, but traditionally was understood to bar only one kind of sex between men. All other prohibitions were "added later on by the rabbis," Dorff told reporters.

Four of the law committee's 25 members resigned in protest of the decision.

It takes the votes of just six panel members to declare an answer to be valid -- meaning that it is a well-founded interpretation of Jewish law, not that it is the only legitimate position. Thirteen members voted in favor of allowing gay ordination and same-sex ceremonies, and 13 voted against -- meaning that at least one rabbi voted for both positions.

Rabbi Joel Meyers, executive vice president of the Rabbinical Assembly, an association of 1,600 Conservative rabbis, predicted that some rabbis will choose not to preside at same-sex ceremonies, and he said no rabbi would be required to perform them.

There are five seminaries that ordain Conservative rabbis. One of them, the University of Judaism in Los Angeles, is expected to begin ordaining gays in the near future. The movement's flagship seminary, the Jewish Theological Seminary in New York City, is likely to take more time. Its new chancellor, Arnold Eisen, has said he favors the change but will allow the faculty to debate the question, starting as soon as Thursday.

The other seminaries -- in Israel, Argentina and the Czech Republic -- are more traditional and may adopt the change slowly, if at all.

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The issue has been particularly difficult for the Conservative movement, which claims about 2 million members worldwide, because it does not lightly depart from traditional Jewish law, or halakha. Conservative Jews generally keep the kosher dietary rules and observe the Sabbath, though perhaps not as strictly as Orthodox Jews do.

Since the mid-1980s, however, the Conservative movement has departed from traditional law in several ways, including ordaining women, permitting Jews to drive to synagogue on the Sabbath, and eliminating special treatment of "illegitimate" children.

Some Conservative Jews argue that the reconsideration of homosexuality is no more significant, in terms of Jewish law, than these other changes. But Rabbi Joel Roth, a professor at the Jewish Theological Seminary who was among those who resigned from the law committee, said he considers the change to be "outside the pale of acceptable halakhic reasoning."

Rabbi Jerry Epstein, chief executive of the association of 700 Conservative synagogues in North America, said he did not know whether any of them would leave the movement in protest. He said he believes that they are about evenly divided for and against allowing same-sex ceremonies.

As the Conservative rabbis met in New York this week, they were conscious that they were not only deciding an important matter for their constituency but were also contributing to a national debate on the status of same-sex couples. Dorff said he hoped that the adoption of two optional, conflicting positions would serve as a model for other religious groups of how to handle deep disagreements, "so movements don't have to split up over these kinds of things."

If Castro Had A Talk Show, It Might Sound A Bit Like This (NYT)

By Andy Newman

The New York Times, December 7, 2006

MIAMI, Dec. 6 — At the far right end of the AM radio dial, a broadcast from a parallel universe emerges from the static:

Come-hither advertisements from Cuba's state travel agency. Reportage from last weekend's Fidel Castro birthday parade in Havana, complete with an admiring assessment of Soviet-era tanks. Excerpts from speeches by whichever Castro brother is running the country.

It is not a signal-jamming effort beamed from the Cuban coast like some kind of reverse Radio Martí. It is not, compadre, a joke of any sort.

It is Francisco Aruca, onetime Cuban political prisoner turned Castro admirer, speaking out from a little radio station on the industrial north side of Miami or, more often these days, from the comfort of his home office in the lush suburb of Pinecrest.

For 15 years, Mr. Aruca, founder of the first American company to run charter flights to Cuba, has doubled as on-air apologist for a man whom the vast majority of Cuban-Americans in Miami consider a despicable and murderous dictator.

In doing so, Mr. Aruca speaks to — and for — a tiny community of committed Cuban-American leftists who have endured years of public scorn, threats and, in the not-too-distant past, violence.

"I listen every day; it's the only way you can keep fairly informed in the Banana Republic of Miami," said Eddie Levy, chairman of the Cuban American Defense League, a civil rights group. "I consider him a hero. We come and go, but Aruca's there every day."

Mr. Aruca's legions of critics dismiss his show, "Ayer en Miami (Yesterday in Miami)," as a glorified infomercial for his business, Marazul Tours, which depends on good relations with the Cuban government and would benefit handsomely from the lifting of travel restrictions to Cuba, one of Mr. Aruca's many causes. Mr. Aruca buys his time slot, an hour every weekday morning, on the station, WOCN-AM (1450).

Whatever its means of support, the very persistence of the show has made it into something of an institution, however widely ridiculed. While it is anyone's guess how many of Miami-Dade County's 700,000 Cubans actually listen to the program, Mr. Aruca remains a perennial target on mainstream Spanish-language radio, the dominant medium of Cuban-American political discourse here. A popular song these days has a character impersonating Mr. Castro and discarding his customary fatigues in favor of "the Adidas outfit that Aruca bought me at Dolphin Mall," where much of Miami shops.

During the call-in segment of Mr. Aruca's show on Monday, all four phone lines were constantly busy. On the other end were at least as many foes as fans, which is how Mr. Aruca, 66, says he likes it.

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"I really believe that what I'm doing is useful for the Cubans in Cuba, for the Cuban-American community in Miami, that it is useful in the U.S., which has wrong relations with Cuba," said Mr. Aruca, a cheerful, box-shaped man with a face like a friendly bulldog. "And given the mediocrity and lack of freedom of expression and diversity that is in Miami, I have found that doing something I've always enjoyed, which is talking, I can be useful."

Mr. Aruca, born 60 miles west of Havana, was a student at a Jesuit school when Mr. Castro took power in 1959, and he became part of the counterrevolution soon after. He said he organized student strikes against the government's crackdown on free speech and was promptly arrested and sentenced to 30 years in jail. He escaped a few weeks later.

Mr. Aruca rethought his politics after he made his way to Georgetown University, where he earned degrees in economics. "I was in Washington during the Vietnam War and the civil rights movement, and came to realize that anti-Communism was not enough reason to go to war," he said. He now identifies himself as a "Christian socialist, not a Marxist," though he said he considered Mr. Castro a "political genius."

Mr. Aruca started Marazul Tours in 1979, soon after the American government began allowing family visits to Cuba. When he opened an office in Miami in 1986, he said, his windows were routinely smashed. His office was later firebombed, and a Human Rights Watch report on right-wing intimidation in South Florida singled out Mr. Aruca as a leading victim.

Joe Garcia, the former executive director of the Cuban American National Foundation, the leading voice of the Cuban exile community, said Mr. Aruca was first and foremost "a man who does business with a loathsome regime." As for his on-air opinions, Mr. Garcia said, "He calls things as he says he sees it and as he benefits from seeing it."

Mr. Aruca's company and a few other tour operators are his show's only sponsors other than the Cuban travel agency. He said most businesses dared not advertise with him for fear of boycotts.

One segment on Monday was a report that Mr. Aruca recorded after birthday parade in Havana, which the ailing honoree did not attend. "Somebody sitting next to me said that the Cuban infantry is not supposed to be able to march," Mr. Aruca says on the tape. "Looks to me like they're marching pretty well."

After playing (and praising) an excerpt from a speech at the parade by Mr. Castro's brother, Raúl, inviting the United States to begin diplomatic discussions, Mr. Aruca opened the phones.

"Did Fidel give you sneakers, the sneakers he used there?" a man asked.

"If you're going to joke around, go to other shows," Mr. Aruca said, hanging up on the caller. "Besides, Fidel doesn't know my shoe size."

Terry Aguayo contributed reporting.

Partisan Fights Likely Over Health Care In '07, But There's Hope For '08 (RC)

By Morton M. Kondracke

Roll Call, December 7, 2006

Partisan wrangling over health care could be as raucous in the new Congress as the sparring over Iraq, but in the longer run, there's reason to hope for consensus.

The Bush administration and the new Democratic Congress almost certainly will be at odds over the Medicare prescription drug program, stem-cell research and funding for the State Children's Health Insurance Program.

The administration will get nowhere — once again — if it proposes medical malpractice award ceilings to a Congress in which the trial lawyer lobby has gained influence. And Democrats detest health savings accounts, the GOP device to make individuals responsible for controlling health care costs.

But it's possible — not likely, but possible — that an agreement could be reached to expand children's health coverage.

It's also possible that Congress could help accelerate impressive Bush administration initiatives on "value-driven" health care — based on computerizing all medical records and providing accurate data on treatment outcomes — and "pay-for-performance" medicine.

And because of leadership by presidential candidate and Massachusetts Gov. Mitt Romney (R), the plight of 47 million uninsured Americans finally may get the attention they deserve in 2008.

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In April, Romney signed into law a bipartisan program that mandates that all Massachusetts residents have health insurance while providing subsidies for the low-income uninsured. The Democratic state Legislature also imposed a fee for employers who do not provide insurance for their workers.

The top item on the Democrats' 2007 health agenda — repeal of the noninterference clause that prevents the federal government from negotiating drug prices for Medicare recipients — will set off a furious partisan battle.

Democrats are ignoring polling evidence that seniors overwhelmingly approve of the Medicare Part D drug program and the fact that private health insurance plans have negotiated savings that make the program far less costly than expected.

Democratic leaders such as incoming Speaker Nancy Pelosi (Calif.), Senate Majority Whip Dick Durbin (Ill.) and the prospective chairmen of health-related committees and subcommittees all favor expanded government authority.

On the administration side, Health and Human Services Secretary Michael Leavitt told The New York Times that "government negotiation of drug prices does not work unless you have a program completely run by the government. Democrats say they want the government to negotiate prices. What they really want is government-run health care."

Democrats often cite the Veterans Administration as a model for providing drastic drug savings. But Republicans counter that the VA provides what amounts to socialized medicine, requiring veterans to see only VA-employed doctors at VA facilities and using VA pharmacies to acquire VA-approved drugs, limiting choices in a way that Medicare beneficiaries would never accept.

Democrats might merely repeal the noninterference clause. But Leavitt has said he will not authorize negotiations. If the House was to pass a bill compelling negotiations, it likely would be filibustered in the Senate. And if it passed, it almost certainly would be vetoed.

One variation is a plan proposed by Durbin and Rep. Rahm Emanuel (D-Ill.) to create a government-run drug plan to compete with private insurance plans. Insurance lobbyists note that Durbin's bill set a premium ceiling at $35 a month — but that the actual average cost of private plans is just $27 a month.

As part of Democratic pressure on pharmaceutical companies, Rep. Henry Waxman (D-Calif.), the incoming chairman of the Government Reform Committee, can be expected to hold hearings on drug pricing, profits and marketing techniques. A move also will be mounted to create a generic market for biologic drugs to parallel the one that now exists for chemical pharmaceuticals.

Another priority for next year is reauthorization of SCHIP meant to benefit 12 million low-income children whose parents lack health insurance and are not enrolled in Medicaid. At current funding levels, however, only 6 million have SCHIP coverage and 600,000 children may lose coverage this year because Congress has not increased the budget. Covering all 6 million would cost from $30 billion to $40 billion over five years.

The Bush administration is not expected to recommend increases, but Democrats may. "I don't see it in their 'first 100 hours' agenda, though," said Bruce Lesley, president of First Focus, a children's advocacy group. "And," he added, "they have promised 'pay as you go' budgeting and have a lot of demands for money. So, we have a lot of work to do."

Some help is being offered by the health insurance lobby America's Health Insurance Plans, which is calling for full SCHIP funding and a tax credit designed to cover all 8.3 million uninsured children — a down payment on covering the nation's 47 million uninsured.

The Bush administration has been using Medicare and executive authority to advance the cause of pay-for-performance medicine, but Congress could advance it by pushing for a single standard — or interoperability — of health information technology systems.

A recent Gallup Poll showed that 71 percent of Americans think that U.S. health care either has "major problems" or is in "a state of crisis." And 69 percent think it's up to the federal government to fix it. That's a mandate.

U.S., N. Korea Talks Regard Obligations (AP)

By George Gedda

AP, December 7, 2006

DOJ_NMG_0103422

In discussions with North Korean officials, U.S. diplomats offered specific details on the kind of economic and energy assistance Pyongyang would receive in exchange for dismantling its nuclear weapons facilities, a State Department official said Wednesday.

Ambassador Christopher Hill discussed what the United States and other parties to the six-nation negotiation would do in response to a credible North Korean disarmament commitment, the official said.

The basic outlines of the next steps were spelled out in a statement of principles signed by the six nations in September 2005. There has been little headway since then but Hill's talks in Beijing raised hopes about the possibility of forward movement.

The official asked not to be identified because he was not authorized to speak on the record.

The purpose of Hill's discussions in Beijing was to prepare for the next meeting of the six nations — the United States, North and South Korea, China, Japan and Russia.

The New York Times reported in its Wednesday editions that Hill told the North Koreans that progress would hinge on their agreeing to dismantle some equipment they are using to expand its nuclear arsenal, even before returning to negotiations.

Hill said last week the talks could be held in mid-December but the department official who spoke Wednesday, while not ruling out that time frame, raised the possibility of an early January meeting.

In Beijing, Hill met with North Korean Vice Foreign Minister Kim Kye Gwan, who returned to Pyongyang to present the proposals to his government.

On Tuesday, State Department spokesman Sean McCormack said the Beijing discussions took place in a positive atmosphere.

"In these meetings, the North Koreans have been very engaged," he said.

The administration wants the next round of talks to be as well prepared as they can possibly be to increase chances of success," McCormack added.

In addition to economic and energy benefits, the statement of principles signed in September 2005 also contains security guarantees for North Korea.

China, Japan, South Korea, Russia and the United States all expressed a willingness in the statement to provide energy assistance.

The six also agreed to promote economic cooperation in the fields of energy, trade and investment.

Japan's Former PM Weighing Nuke Talks In NKorea (AFP)

AFP, December 7, 2006

Japan's former prime minister Junichiro Koizumi is weighing a third visit to North Korea to persuade the communist regime to give up its nuclear ambitions, public NHK broadcaster reported.

"It's plausible to think about my visiting Pyongyang for the third time," Koizumi was quoted as telling fellow lawmakers late Wednesday.

"I want to realize the denuclearization of the Korean Peninsula, which is an absolute must, although I don't interfere with Prime Minister (Shinzo) Abe's policy management."

Koizumi, whom Abe succeeded as prime minister in September, visited North Korea in 2002 and again in 2004 for talks with its leader Kim Jong-Il.

Abe, who accompanied Koizumi on his first visit, rose to prominence as a hardliner on North Korea.

Abe's government slapped a sweeping ban on North Korean imports after Pyongyang tested a nuclear bomb on October 9.

Koizumi had resisted imposing sanctions on North Korea, warning against further isolating the impoverished regime.

In his remarks on a potential visit to Pyongyang, Koizumi said he stood by his two-front strategy of dialogue and pressure.

"We can't abandon dialogue," Koizumi said according to NHK, whose source was lawmaker Taku Yamasaki, a longtime confidante of the former premier.

The first Koizumi-Kim summit in 2002 produced the Pyongyang Declaration in which they agreed to "comply with all related international agreements aimed at an overall resolution of the nuclear issues on the Korean Peninsula."

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"It's necessary to ensure that the Declaration is valid, and it's plausible to think about my visiting North Korea for the third time," Koizumi said, as quoted by NHK.

"I want to revitalize the declaration, and I don't mind visiting Pyongyang for this end," he added.

But Koizumi, Japan's longest-serving premier in three decades, failed at his avowed goal to normalize relations with North Korea before leaving office, in part due to an emotionally charged row over kidnappings.

At the 2002 summit, Kim admitted that North Korea had abducted Japanese civilians in the past to train the regime's spies. He later allowed five kidnap victims and their families to return home.

Abe has led calls for tough action unless North Korea comes clean on other victims allegedly being kept under wraps.

North Korea has repeatedly demanded Japan's exclusion from six-nation talks which are slated to resume on ending Pyongyang's nuclear program.

"It is quite obvious that Japan will do nothing but bad at the talks even if it is allowed to attend them," the North's official Korean Central News Agency said Wednesday.

U.S.-Indian Nuclear Bill Bogged Down (AP)

By Foster Klug

AP, December 7, 2006

A bill to allow U.S. shipment of civilian nuclear fuel to India has bogged down as lawmakers try to reconcile differences in the waning days of the congressional session.

The second-ranking House Republican stalled a preliminary settlement on the text after an agreement was reached Wednesday morning, according to congressional aides.

The aides, who declined to be identified because of the sensitivity of negotiations over the bill, said Rep. John Boehner, R-Ohio, appeared to be interested in attaching unrelated legislation, though they did not know what that might be.

The majority leader's office denied that he was holding up the bill and said talks were under way.

Negotiations were expected to resume Thursday.

The Indian plan is a foreign policy priority for President Bush, whose Republican majority in Congress ends in January when Democrats take control.

Both the House and Senate have endorsed the proposal, which would overturn three decades of U.S. anti-proliferation policy.

The Senate version would require that Bush determine that India is "fully and actively" cooperating with U.S.-led efforts to confront Iran's nuclear ambitions before he could allow nuclear cooperation with India. The House on Tuesday approved a nonbinding motion to instruct its negotiators to retain the Senate's language on Iran.

The Bush administration and the Indian government have urged lawmakers to remove the condition.

Critics of the agreement say U.S.-Indian cooperation could boost India's nuclear arsenal and spark a nuclear arms race with rival Pakistan. Proponents say the plan strengthens a key relationship with a friendly Asian power that has long maintained what the United States considers a responsible nuclear program.

U.N. Seeks $450M In Aid For Palestinians (AP)

By Ravi Nessman

AP, December 7, 2006

U.N. aid groups are asking for a record $450 million to staunch a deepening Palestinian humanitarian crisis, saying Wednesday that international sanctions and Israeli limits on Gaza exports have devastated the Palestinian economy.

Despite that gloomy assessment, a top minister in the Hamas-led government offered a rare upbeat economic picture, saying increased aid from Arab countries had allowed the government to stay afloat. But independent economists and analysts said the government was still deep in crisis.

The U.N.'s huge aid appeal came as poverty was worsening throughout Gaza and the West Bank. The U.N. will officially launch its appeal Thursday, but The Associated Press obtained an advance copy of the report.

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According to the U.N., 65 percent of Palestinians were living in poverty and 29 percent were unemployed. The Palestinian health care system was running out of medicine and on the verge of collapse, and nearly 50 percent of Palestinians did not have reliable access to food.

"Under the current circumstances, poverty levels keep continuing to rise," said David Shearer, Gaza and West Bank head of the U.N.'s Office for the Coordination of Humanitarian Affairs.

About three-quarters of the $453 million being requested is earmarked for job creation, cash assistance and food aid, Shearer said. The U.N. is also asking for money to support the faltering health and education systems.

Much of the economic damage stems from the international boycott that Israel and Western nations imposed on the Palestinian Authority after the militant Islamic Hamas group won parliamentary elections and took office in March.

The boycott has left the Palestinian government unable to pay full salaries to its 165,000 workers, who make up the backbone of the Palestinian economy.

Israeli limits on exports from the impoverished Gaza Strip and increased restrictions on movement across the West Bank have also damaged the economy, Shearer said.

"Coming on top of the problems with access of movement, (the economic boycott) has had a massive impact on poverty levels within the West Bank and Gaza," he said, explaining that the 165,000 workers support around 1 million people.

Many had expected the international sanctions to force the government to moderate its views toward Israel. But nine months after taking power, Hamas refuses to accept international demands that it recognize Israel and renounce violence, and negotiations over the formation of a national unity government that could sidestep the sanctions have stalled.

"While humanitarian aid can slow the deterioration, what is really needed is a political settlement to the issue," Shearer said.

Acting Palestinian Finance Minister Samir Abu Aisha said Wednesday that his government had managed to remain afloat because Arab and European countries increased their donations to the Palestinians — though not necessarily to the Hamas government — to make up for the aid cut.

European countries have stepped up humanitarian aid, channeled through an international fund that bypasses Hamas. Arab countries, meanwhile, have sent hundreds of millions of dollars in aid, in most cases through the office of moderate President Mahmoud Abbas of the Fatah Party.

Abu Aisha said Arab governments had increased their direct payments to the government from $20 million a month before Hamas came to power to $45 million. He said that $60.5 million in cash had been carried into Gaza by Hamas officials returning from Egypt, and the government would continue using this tactic to circumvent the boycott.

Hamas was also optimistic after Prime Minister Ismail Haniyeh received new pledges of aid during his current trip abroad, including a promise from Qatar for $30 million a month to cover the salaries of teachers and some health workers.

Secretary of State Condoleezza Rice questioned Qatar's Foreign Minister Sheik Hamad bin Jassim bin Jabir al-Thani about the aid package on Wednesday, but the Qatari diplomat said "the salaries will go in the proper channel" and skirt Hamas.

There was no immediate account of the meeting by the State Department. On Tuesday, spokesman Sean McCormack said if the money was used to pay the salaries of Hamas members or was funneled through Hamas, "that would cross a line of the existing international understanding."

Abu Aisha said the government has managed to give civil servants 59 percent of their back pay. He blamed the financial hardship still afflicting Palestinians not on the international boycott, but on Israel's seizure of hundreds of millions of dollars in tax revenues.

That sum now equals $550 million, he said at a news conference in the West Bank city of Ramallah, "and could immediately solve the financial crisis if we receive it."

Miri Eisin, an Israeli spokeswoman, said Israel would be willing to rethink its seizure of the tax funds once the Palestinian government accepts the international demands and releases Cpl. Gilad Shalit, an Israeli soldier captured by Hamas-linked militants in June.

The increased aid has blunted the pressure on Hamas and given the Islamic group some breathing room, said Naser Abdel Karim, an economics professor at Bir Zeit University outside Ramallah.

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"(But) we shouldn't fool ourselves, as Palestinians, that the situation will get better, and then not go ahead with our plan to form a government that will lift the boycott and the siege," he said.

"Otherwise, we will continue to live like a sick person in an intensive care unit."

Report Says 2 Israelis Held By Hezbollah Were Wounded (NYT)

By Dina Kraft

The New York Times, December 7, 2006

TEL AVIV, Dec. 6 — The two Israeli Army reservists whose capture in a cross-border raid set off Israel's war with Hezbollah last summer were seriously wounded in the attack, an Israeli military report that emerged on Wednesday was quoted as saying.

According to accounts in the Israeli news media about the previously secret Israeli Army report, portions of which were leaked to the Israeli media, one of the soldiers was critically wounded in the attack, on July 12, and the other was seriously wounded.

Hezbollah has refused to offer proof that the pair, Ehud Goldwasser, 31, and Eldad Regev, 26, are alive. Instead they have demanded that Israel hand over several Arab prisoners in exchange for them.

The information about the two reservists, along with recent comments by Prime Minister Ehud Olmert that he wanted proof that the two soldiers were alive before making any decision on an exchange, raised speculation here that the two could be dead. The newly revealed information was the first official word since the capture on what may have happened to the two reservists.

It was not clear who had leaked the details of the report or why. But after the news reports on Wednesday, the military censor agreed to lift a ban on revealing the existence of the report, a medical and forensics study produced by the army.

The Israeli Army spokesman's office issued a statement confirming that such a report existed and that the army was continuing to work on the assumption that the two were alive. It also said the report "includes the results of different tests and experiments intended to produce an accurate assessment of the abducted soldiers' current status."

Mr. Olmert, whose credibility was badly damaged by the war, has been under intense pressure, especially from the families of the captives, to make a deal for their release. Speculation that they might not have survived long in Hezbollah captivity may decrease that pressure and alter the way Israel negotiates with Hezbollah.

The accounts said the loss of blood and evidence on the scene suggested that the two soldiers would, at the very least, have required urgent medical attention.

But details about what happened to the two men remained unclear. It was not known which of the two suffered critical injuries or what kind of injuries they were believed to have suffered.

Benny Regev, 35, a brother of Eldad Regev, said he had seen the report but said the extent of the possible injuries had been worded "more softly" than the descriptions reported in the Israeli press. He said the report, which the families of the captives first saw in mid-August, strengthened their belief that their loved ones were alive because they were apparently taken wounded — but not dead — from the scene of the attack, the Western border road between Israel and Lebanon.

"We think that Israel needs to make every effort to release them and bring them back to Israel," Mr. Regev said in a telephone interview. "This cannot be allowed to pass quietly."

He said he considered it a war crime for Hezbollah to refuse to let the Red Cross visit the captured soldiers or to provide any solid information about their well-being.

Israeli Official Discusses Iran And His Controversial Agenda (NYT)

By Greg Myre

The New York Times, December 7, 2006

JERUSALEM, Dec. 6 — The newest member of Israel's center-left government seems out of place. Avigdor Lieberman is a West Bank settler who has advocated killing the leaders of the Palestinian group Hamas and reducing the number of Arabs who are Israeli citizens.

Yet his portfolio is among the country's most sensitive — developing Israel's strategy on Iran.

Mr. Lieberman, who became Israel's minister for strategic affairs a month ago, is making his first visit to the United States in that capacity on Thursday and will meet with American officials, including Secretary of State Condoleezza Rice.

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In an interview on the eve of his trip, he said, "Our first task is to convince Western countries to adopt a tough approach to the Iranian problem," which he called "the biggest threat facing the Jewish people since the Second World War."

He added, "We must also be prepared to deal alone with this problem."

For now, Israel's policy is to remain relatively low-key and to work with the United States and Europe in search of a way to halt or contain Iran's nuclear program. Mr. Lieberman says he supports this position, while making clear he has no faith in the diplomatic efforts.

"The dialogue with Iran will be a 100-percent failure, just like it was with North Korea," said Mr. Lieberman, who came here from the Soviet Union in 1978, was first elected to Parliament in 1999 and served in the cabinet of the former prime minister, Ariel Sharon.

At the beginning of this year, Mr. Lieberman's Israel Beiteinu Party had only three parliamentary seats, and its appeal seemed limited to immigrants from the former Soviet Union. But the party won 11 seats in March, boosting Mr. Lieberman's stature considerably.

When Prime Minister Ehud Olmert wanted to broaden his coalition government, he invited Mr. Lieberman to join, making him a deputy prime minister and creating the new Ministry of Strategic Affairs. The move rankled the more liberal members of the coalition and drew sharp criticism from Arab lawmakers in Israel's Parliament.

"I've always been controversial because I offer new ideas," the bearded Mr. Lieberman, 48, said in his parliamentary office on Wednesday. "For me to be controversial, I think this is positive."

Mr. Lieberman's most provocative plan calls for dividing Jews and Arabs into two homogeneous states, a proposal his Arab critics often describe as racist.

Mr. Lieberman calls for a land and population exchange that would seek to reduce significantly the number of Arabs who are Israeli citizens. They currently account for more than a million of Israel's 7 million people.

Under the plan, several Arab towns in northern Israel would become part of the Palestinian areas in the West Bank. The major Jewish settlement blocs in the West Bank would become part of Israel.

In addition, Mr. Lieberman wants to revamp Israel's citizenship laws. All Israelis, Jews and Arabs would have to pledge loyalty to the state and recognize Israel as a Jewish state. Those who refuse could be permanent residents, but would no longer be citizens, he said.

"The best solution is separation between the nations and the creation of homogeneous states," he said.

The plan has no support within the current government, aside from Mr. Lieberman. When Mr. Lieberman mentioned it recently, Mr. Olmert immediately distanced himself, saying Israeli Arabs were an integral part of Israeli society.

"I think he expresses racist thinking," Mohammad Barakeh, an Arab member of Israel's Parliament, said of Mr. Lieberman. "He's dangerous for us, and dangerous for democracy in Israel. We were here before he arrived in this land, and we will be here after he has disappeared politically."

As a group, Israeli Arabs staunchly oppose moves to take away their Israeli citizenship, though most strongly support Palestinian aspirations of statehood. The Palestinians, meanwhile, say Jewish settlements in the West Bank are illegal and should be dismantled.

None of this keeps Mr. Lieberman from advocating his plan.

"I think the biggest problem of the 21st century is how to deal with minorities," Mr. Lieberman said. "Every country where you have two languages, two religions and two races, you have conflict."

He argues that his plan has been misunderstood, and while its tenets have not changed since its introduction two years ago, he now tends to use language that sounds less harsh.

"We won't be moving people, we will be moving the borders," Mr. Lieberman said. "It's not a transfer."

He is much better known for urging tough measures against Palestinian militants. Last month, before a cease-fire took effect in the Gaza Strip, he called for Israel to focus on the top members of Hamas, the radical Islamic group that leads the Palestinian government.

"We need to concentrate on those who have something to lose, the entire upper echelon of Hamas and Islamic Jihad," he said. "The leadership of Hamas needs to go to heaven."

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Former Aide Parts With Carter Over Book (NYT)

By Brenda Goodman And Julie Bosman

The New York Times, December 7, 2006

ATLANTA, Ga., Dec. 6 — An adviser to former President Jimmy Carter and onetime executive director of the Carter Center has publicly parted ways with his former boss, citing concerns with the accuracy and integrity of Mr. Carter's latest book, "Palestine Peace Not Apartheid."

The adviser, Kenneth W. Stein, a professor of Middle Eastern history and political science at Emory University, resigned his position as a fellow with the Carter Center on Tuesday, ending a 23-year association with the institution.

In a two-page letter explaining his action, Mr. Stein called the book "replete with factual errors, copied materials not cited, superficialities, glaring omissions and simply invented segments." Mr. Stein said he had used similar language in a private letter he sent to Mr. Carter, but received no reply.

"In the letter to him, I told him, 'It's your prerogative to write anything you want when you want,' " Mr. Stein said in a telephone interview Wednesday. "That's not why I'm resigning."

Mr. Stein said that he admired the former president's accomplishments but that felt he had to distance himself from the Carter Center and the book, which was published by Simon & Schuster.

"It's an issue of how history should be written," Mr. Stein said. "I had to distance myself from something that was coming close to me professionally."

Deanna Congelio, spokeswoman for Mr. Carter, released a statement with his response: "Although Professor Kenneth Stein has not been actively involved with the Carter Center for more than 12 years, I regret his resignation from the titular position as a fellow." It did not address Mr. Stein's criticism of the book.

That criticism is the latest in a growing chorus of academics who have taken issue with the book, including Alan M. Dershowitz, professor of law at Harvard, who called the book "ahistorical," and David Makovsky, director of the Project on the Middle East Process at the Washington Institute for Near East Policy.

"I was just very saddened by it," Mr. Makovsky said. "I just found so many errors."

Mr. Carter's use of "apartheid" in the title has attracted much of the controversy. The Simon Wiesenthal Center in Los Angeles released a statement on Monday saying the former president harbors bias against Israel. "There is no Israeli apartheid policy, and President Carter knows it," the statement read.

But Mr. Stein's criticism of the book has been perhaps the sharpest cut.

Mr. Stein was executive director of the Carter Center from 1983 to 1986 and had continued to serve as a Middle East fellow until Tuesday. In 1985, he wrote a book with Mr. Carter, "The Blood of Abraham: Insights in the Middle East," which was published by Houghton-Mifflin.

Mr. Stein said the former president had come to speak to his class as recently as last month. Mr. Stein declined to detail all the inaccuracies he found, saying he was still documenting them for a planned review of the book; but he did offer a few examples.

Mr. Carter, he said, remembers White House staff members in 1990 being preoccupied by the Iraqi invasion of Kuwait when the former president tried to describe to them talks he had had with Middle Eastern leaders. But the White House briefings occurred in the spring, Mr. Stein said, and the invasion of Kuwait was not until August.

"You can't write history simply off the top of your head and expect it to be credible," he said.

Mr. Stein also said he had been struck by parts of Mr. Carter's book that seemed strikingly similar to a work by a different author, but he would not disclose the details.

"There are elements in the book that were lifted from another source," Mr. Stein said. "That other source is now acting on his or her own advice about what to do because of this."

David Rosenthal, the publisher of Simon & Schuster, dismissed Mr. Stein's claims. "We're confident in his work," Mr. Rosenthal said of Mr. Carter. "Do we check every line in every book? No, but that's not the issue here. I have no reason to doubt President Carter's research."

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Still other observers familiar with the sometimes contentious relationship between Mr. Carter and Mr. Stein said Mr. Stein might have been motivated by more than preserving academic integrity.

"He feels snubbed he wasn't given any kind of acknowledgment for the work he's done with Carter," said Douglas Brinkley, professor of history at Tulane University in New Orleans. "It's a bit of bruised ego and philosophical difference being displayed in public here."

Carter Book On Israel 'Apartheid' Sparks Bitter Debate (WP)

By Karen Deyoung

The Washington Post, December 7, 2006

A veteran Middle East scholar affiliated with the Carter Center in Atlanta resigned his position there Monday in an escalating controversy over former president Jimmy Carter's bestselling book on the Israeli-Palestinian conflict.

The book, "Palestine: Peace Not Apartheid," traces the ups and downs of the Israeli-Palestinian peace process beginning with Carter's 1977-1980 presidency and the historic peace accord he negotiated between Israel and Egypt and continuing to the present. Although it apportions blame to Israel, the Palestinians and outside parties -- including the United States -- for the failure of decades of peace efforts, it is sharply critical of Israeli policy and concludes that "Israel's continued control and colonization of Palestinian land have been the primary obstacles to a comprehensive peace agreement in the Holy Land."

Kenneth W. Stein, a professor at Emory University, accused Carter of factual errors, omissions and plagiarism in the book. "Being a former President does not give one a unique privilege to invent information," Stein wrote in a harshly worded e-mail to friends and colleagues explaining his resignation as the center's Middle East fellow.

Stein offered no specifics in his e-mail to back up the charges, writing only that "in due course, I shall detail these points and reflect on their origins."

A statement issued by the center yesterday in Carter's name said he regretted Stein's resignation "from the titular position as a Fellow" and noted that he had not been "actively involved" there for the past 12 years. Carter thanked Stein for his advice and assistance "during the early years of our Center" and wished him well.

While acknowledging that the word "apartheid" refers to the system of legal racial separation once used in South Africa, Carter says in his book that it is an appropriate term for Israeli policies devoted to "the acquisition of land" in Palestinian territories through Jewish settlements and Israel's incorporation of Palestinian land on its side of a separating wall it is erecting.

He criticizes suicide bombers and those who "consider the killing of Israelis as victories" but also notes that "some Israelis believe they have the right to confiscate and colonize Palestinian land and try to justify the sustained subjugation and persecution of increasingly hopeless and aggravated Palestinians."

Accusing the Bush administration of abandoning the effort to promote a lasting peace, he calls for renewed negotiations on the basis of security guarantees for Israel and Israel's recognition of U.N.-established borders.

Formally published three weeks ago, the book quickly became a bestseller. Carter has been prominently interviewed in the media and has been mobbed at book appearances around the country.

Speaking Sunday on NBC's "Meet the Press," he said he was glad the book had raised controversy. "If it provokes debate and assessment and disputes and arguments and maybe some action in the Middle East to get the peace process, which is now completely absent or dormant, rejuvenated, and brings peace ultimately to Israel, that's what I want," he said.

Criticism of the book, primarily from Jewish groups and leaders, began even before it was published, and it became an issue in the midterm elections last month. The New York-based Jewish Daily Forward noted in October that Democrats were trying to distance themselves from its reported contents as Republicans were seeking to widely disseminate Carter's views in an effort to win Jewish votes.

Speaking to the Forward about Carter, Republican Jewish Coalition executive director Matthew Brooks said the coalition had "not shied away from shining a light on some of his misguided and outrageous comments about Israel in the past. . . . So far, there's been nothing but silence on the part of the Democratic establishment in terms of holding Carter accountable."

Rep. Steve Israel, a Democrat from New York, told the Forward that the "book clearly does not reflect the direction of the party."

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Since then, the controversy has only grown. In a widely published commentary last weekend, Harvard law professor Alan Dershowitz wrote that Carter's "use of the loaded word 'apartheid,' suggesting an analogy to the hated policies of South Africa, is especially outrageous."

In a statement issued Monday, the Simon Wiesenthal Center in Los Angeles contended that Carter "abandons all objectivity and unabashedly acts as a virtual spokesman for the Palestinian cause."

In a telephone interview yesterday, Stein said that Carter had "taken [material] directly" from a published work written by a third party but that legal action was being contemplated and he was not yet at liberty to make the details public. He said accounts in the book about meetings he had attended with Carter between 1980 and 1990 had left out key facts in order to "make the Israelis look like they're the only ones responsible" for the failure of peace efforts.

Paulson Tempers Expectations For China Visit (WSJ)

By Deborah Solomon

The Wall Street Journal, December 7, 2006

As Treasury Secretary Henry Paulson prepares to lead a delegation to China, he is seeking to temper the expectations of lawmakers and business interests eager for action by Beijing.

Mr. Paulson is cautioning that he won't have any big announcement after the high-level visit next week, saying he views the meeting with Chinese leaders as the beginning of a "long term" discussion, and that simply sitting down to discuss economic issues with top Chinese officials should be seen as progress.

"This is the first session of a strategic dialogue where we're dealing with long-term issues," Mr. Paulson said in an interview in London last week. "Meaningful progress to me is being able to have a really substantive interchange where each side is not reading from a prearranged script and where there's listening and learning going on."

But Mr. Paulson is likely to come under increasing pressure from members of Congress and U.S. manufacturers, who want less talk and more action. They expect the secretary to press Beijing to move quickly with a number of economic overhauls, including adopting a more flexible currency.

While Mr. Paulson is just beginning to engage the Chinese in his role as Treasury secretary, the U.S. and China have long participated in bilateral relations, including two-way or multilateral commissions, dialogues, partnerships and forums addressing everything from trade policy to energy to health care.

"We've been having these conversations for quite some time and we'd better get going here," said John Engler, president of the National Association of Manufacturers.

The risk for Mr. Paulson is that if he doesn't deliver tangible results, protectionist urges in Congress could hamper his ability to negotiate with Beijing and complicate the efforts of U.S. business to compete globally.

In particular, manufacturing executives worry that unless China loosens its grip on the yuan and complies with international trade agreements, U.S. lawmakers will try to impose punitive measures that could limit access and trade. In the past few months, the Chinese have been allowing the yuan to rise against the dollar and the currency is now 5.7% stronger than it was in July 2005, when authorities initially allowed it to move. But that pace isn't fast enough to satisfy some critics.

Meanwhile, China's trade surplus in November reached $23.37 billion, just short of October's record, but high enough to continue inflaming concerns that China is keeping its currency artificially weak to gain an unfair advantage in global markets. China released the trade-surplus figure earlier than usual, ahead of Mr. Paulson's visit.

"The clock is ticking," said Sen. Charles Schumer (D., N.Y.), who has threatened to push Congress for a 27.5% tariff on Chinese goods if Beijing doesn't revalue its currency. "Paulson has a tremendous amount of goodwill, but no amount of talking is going to substitute for the Chinese doing something."

The pressure poses a challenge for the secretary, who is seeking to establish an economic dialogue between two countries, which historically have viewed one another with suspicion. While Mr. Paulson has said publicly that he wants China to move ahead "quickly" with its overhauls, many of the biggest tension points between the two countries will take more than a few conversations to resolve, such as opening China's markets to competition and moving it away from exports to promote more domestic consumption.

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Expectations of Mr. Paulson's trip have been raised even higher by the makeup of the delegation accompanying him. When he heads to Beijing next week, he will be joined by Federal Reserve Chairman Ben Bernanke, a host of cabinet members, including U.S. Trade Representative Susan Schwab, Commerce Secretary Carlos Guitterez, dozens of aides, staffers and a phalanx of security. The U.S. delegation will meet with Chinese President Hu Jintao and Premier Wen Jiabao, in addition to Vice Premier Wu Yi, who was chosen by Mr. Hu to lead China's side of the talks.

Daniel Tarullo, a former adviser to President Clinton on international economic policy, said that while the U.S. has long been in discussions with Beijing about economic issues, the senior-level participation of the Paulson talks and their timing definitely raise the bar. "Secretary Paulson has framed expectations that this dialogue will produce positive results. He's been careful not to promise there will be a change in the exchange rate, but he cannot help but have expectations out there now," said Mr. Tarullo, a law professor at Georgetown University.

But even reaching accord on what will be discussed in next week's meetings took delicate negotiation. Treasury officials have been working with their Chinese counterparts to reach consensus on the topics and format of the talks, which will focus on such issues as China's economic overhauls, energy policies, health and access to China's markets.

And while Mr. Paulson has had extensive dealings with China as head of Goldman Sachs and in his environmental work there, policy experts say what happens in China is largely out of his control, particularly with regard to the country's currency.

"At the margin, he can contribute to the debate and the discussion in China, but it's primarily a domestic argument," said Nicholas Lardy of the Institute for International Economics, a Washington think tank. "The Chinese are deadlocked. They can't agree on a strategy so they're doing nothing."

That could further complicate Mr. Paulson's efforts, given that many in Congress say something needs to happen soon. Many new members elected in last month's midterm elections that brought Democratic control of the next Congress campaigned against free trade. And they seized on China in particular, floating such ideas as restricting imports or imposing restrictions or punishments for intellectual-property violations.

Write to Deborah Solomon at deborah.solomon@wsj.com1

British Elevate Spy Death Case To Murder Investigation (LAT)

By David Holley And Kim Murphy

The Los Angeles Times, December 7, 2006

LONDON — British authorities Wednesday formally classified the recent poisoning death of a dissident former Russian spy as a murder case, changing it from the category of a suspicious death.

Alexander Litvinenko is believed to have been poisoned with radioactive polonium-210, probably on Nov. 1, a day when he met with several people in London.

British and Russian investigators questioned one of those people, Russian businessman Dmitry Kovtun, at a Moscow hospital Wednesday, where he was apparently undergoing checks for radiation. Questioning of a second businessman, Andrei Lugovoy, who attended the same meeting and is also now hospitalized, was put off at least to Thursday.

Both men have been viewed as key witnesses and potential suspects.

Police are pursuing "many lines of inquiry" in both Britain and Russia and have interviewed a number of witnesses, a statement from the Metropolitan Police said.

"Detectives investigating the death of Alexander Litvinenko have reached the stage where it is felt appropriate to treat it as an allegation of murder," said the statement.

"Detectives in this case are keeping an open mind, and methodically following the evidence," it added. "It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death."

Among Litvinenko's close friends in London was Akhmed Zakayev, foreign minister in Chechnya's self-declared separatist government, whom the Kremlin calls a terrorist. Zakayev said Wednesday that Litvinenko converted to Islam as he lay dying, and that a Muslim funeral service would be held for him Thursday in a London mosque.

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Litvinenko's body will not be brought to the funeral, due to safety concerns because of the polonium-210, but instead will be taken directly to a cemetery for burial after the service, Zakayev said.

Doctors have found that Mario Scaramella, an Italian security consultant who met Litvinenko at a London sushi restaurant on Nov. 1, also has significant quantities of polonium-210 in his body. Scaramella was released from a London hospital Wednesday in apparent general good health.

The British Foreign Office announced Wednesday that small traces of radiation have been found at the British embassy in Moscow.

Businessman Lugovoy visited the British embassy early in the investigation to offer cooperation and deny any involvement in Litvinenko's poisoning. That visit triggered the examination.

British officials said an expert team had conducted precautionary checks on the embassy, detecting small traces of radiation, but below levels at which there would be a risk to health.

While investigators were speaking with Kovtun, Lugovoy spoke with the Russian news agency Interfax and expressed willingness to be questioned.

"Currently they are talking to my business partner Dmitry Kovtun, who is undergoing a medical examination at the same hospital as myself," Lugovoy said. "I cannot exclude the possibility that, after talking to my partner, the investigators will decide to talk to me as well. I want to repeat again that I have never refused to meet with British investigators.

Lugovoy also expressed anger at becoming a target of speculation in media reports.

"As for the hullabaloo about me that has been stirred by Western media, in my view good theatrical directing is traceable here," he said. "I've stopped watching television and reading papers. I'm fed up with all this."

Lugovoy's lawyer, Andrei Romashov, told Interfax that British investigators had said they wished to question his client as a witness, not a suspect, in the case.

In Britain, health officials have also found traces of radiation at about 14 locations in London, including Emirates Stadium in North London, where Lugovoy and a large number of other Russians attended a soccer match between Moscow's CSKA team and London's Arsenal on Nov. 1.

Health Protection Agency spokeswoman Alex Baker said tests on a certain area of the stadium were conducted at the request of Scotland Yard and confirmed "barely detectable" levels of a radioactive substance. "We determined there was no risk to public health, and we made that clear," she said.

Holley reported from Moscow and Murphy from London. Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Ex-spy's Death To Be Treated As Murder (AP)

By Jill Lawless

AP, December 7, 2006

Scotland Yard said Wednesday it is treating the death of former Russian spy Alexander Litvinenko as murder.

The announcement came nearly two weeks after Litvinenko died in a London hospital; the rare radioactive substance polonium-210 was found in his body. Scotland Yard detectives are in Moscow as part of the widening investigation into his death.

"Detectives ... have reached the stage where it is felt appropriate to treat it as an allegation of murder," the Metropolitan Police said. "It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death."

Earlier Wednesday, Mario Scaramella, the Italian security expert who met with Litvinenko on Nov. 1, the day the former agent fell ill, was released from a London hospital after showing no signs of radiation poisoning.

Scaramella was in good health, University College Hospital spokesman Ian Lloyd said. He was hospitalized after testing positive for polonium-210.

A British official also said faint levels of the same element had been found at two locations at London's Emirates Stadium, where a key figure in the investigation, former Russian agent Andrei Lugovoi, attended a soccer match Nov. 1.

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The radiation was "barely detectable" and posed no public health risk, said Katherine Lewis, spokeswoman for the Health Protection Agency.

Traces also were found at the British Embassy in Moscow, the Foreign Office said. Officials said the level was low and posed no risk to health.

The health agency has been tracking a number of sites found to be contaminated with polonium-210, including a sushi bar and a hotel Litvinenko visited Nov. 1. He died in a London hospital on Nov. 23.

The restaurant, Itsu Sushi, said Wednesday that it would reopen in the new year. It said all its staff had been given a clean bill of health.

Lugovoi, who is hospitalized in Moscow for tests for possible radiation contamination, attended a match at Emirates Stadium between CSKA Moscow and Arsenal on Nov. 1, the same day he met Litvinenko.

A former KGB officer, Lugovoi told Ekho Moskvy radio in Moscow that he had known Litvinenko for a decade, dating back to Lugovoi's tenure as head of security for ORT television, which was controlled at the time by tycoon Boris Berezovsky, who now lives in London.

He said Litvinenko had contacted him from London about a year ago with some business-related proposals, and that they had met intermittently in London since then.

One of Lugovoi's business associates, Vyacheslav Sokolenko, said British investigators were due to meet with Lugovoi on Wednesday. But ITAR-Tass quoted a lawyer for Lugovoi, Andrei Romashov, as saying the meeting with Scotland Yard detectives would take place Thursday or Friday.

"Representatives of law enforcement agencies have not notified us of a date or time," Romashov was quoted as saying.

ABC News reported that British detectives had identified Lugovoi as a prime suspect in Litvinenko's poisoning. The report cited an unidentified senior British official.

British police have publicly named Lugovoi only as a witness. A British government official, who requested anonymity because he is not authorized to speak to the press, said Lugovoi was "one of many people investigators are looking to question, but I wouldn't call him a suspect at this point."

"We're also looking at the possibility there were criminal gangs involved," he said. "I think the investigation will take a very long time but I doubt any one person will be named or implicated in the end."

Lugovoi told the ITAR-Tass news agency that he was undergoing tests for possible radiation contamination, and that the results would be ready in a few days. He said he was prepared to answer all the British investigators' questions.

"I intend to fully satisfy their interest and am waiting for an invitation from the law enforcement organs," he was quoted as saying.

"Once I give all the necessary testimony to the law enforcement organs, I intend to publicly put an end to (speculation) about my supposed involvement in this story that has caused such a stir," he said.

Lugovoi traveled to London three times in the month before Litvinenko's death and met with Litvinenko four times, according to Russian media.

Litvinenko's funeral is expected to take place this week.

His father, Walter, told Radio Liberty that his son had converted and wished to receive a Muslim burial. "He told me about his decision two days before he died. He said, 'Papa, I have to talk to you about something serious. I've become a Muslim.'"

An ally of Litvinenko said the ex-spy converted to Islam on his deathbed.

"He told me that he wanted to convert to Islam literally in his first days in the hospital," said Chechen rebel envoy Akhmed Zakayev.

"I did not pay a lot of attention to this," Zakayev told Radio Liberty, "but he returned to the theme again and again."

Zakayev said that on Nov. 22, Litvinenko was visited in hospital by an imam, who read a Quranic verse traditionally said over the dying.

Litvinenko's friend Alex Goldfarb confirmed an imam visited the hospital, "when he was heavily sedated and on the verge of death."

He said he did not know whether his friend had converted.

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"He was basically a nonreligious person as long as I knew him," Goldfarb said.

Witness Questioned In Spy Death Case (AP)

By Judith Ingram

AP, December 7, 2006

Scotland Yard called the radiation poisoning of former Russian intelligence agent Alexander Litvinenko a murder Wednesday, as Russian and British investigators questioned a witness in the case in Moscow.

Two weeks after Litvinenko's death, the trail of trace amounts of the radioactive substance polonium-210 continued to expand Wednesday, as authorities said they discovered tiny amounts at a London soccer stadium and the British Embassy in Moscow.

Litvinenko's family, meanwhile, prepared for his funeral, as friends described his deathbed conversion to Islam.

The 43-year-old Litvinenko, a critic of Russian President Vladimir Putin, died Nov. 23 in London, where he lived in self-imposed exile.

After his death, a friend read a statement in which Litvinenko called Putin "the person responsible" for his death. The Kremlin denied the allegation.

The investigation began even before the radioactive poison killed Litvinenko, but until Wednesday police had not formally declared the case a homicide.

"Detectives ... have reached the stage where it is felt appropriate to treat it as an allegation of murder," London's Metropolitan Police said in a statement. "It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death."

Interfax news agency reported that British and Russian investigators on Tuesday and Wednesday interrogated Dmitry Kovtun, one of at least two Russian businessmen who met Litvinenko in London's Millennium Hotel on Nov. 1, hours before he fell ill.

Kovtun and an associate, Andrei Lugovoi, have told the Russian media they went to London as part of a group of Moscow soccer fans, and met briefly with their exiled countryman to discuss business matters. Later, they attended a match between CSKA Moscow and Arsenal at the Emirates Stadium in north London.

Both men have told reporters in Moscow that someone is trying to frame them in Litvinenko's death.

Boris Berezovsky, a flamboyant Russian tycoon and political foe of Putin, routinely entertains friends and associates in a private box at the stadium. Litvinenko joined Berezovsky's emigre circle after fleeing Russia in 2000.

Lugovoi is thought to have asked Berezovsky for tickets, but the tycoon's box was full and Lugovoi's party of eight received tickets to seats elsewhere in the stadium.

Authorities on Wednesday added the stadium to a list of more than a dozen sites in London where traces of polonium-210 have been found.

Katherine Lewis, spokeswoman for Britain's Health Protection Agency, said substance was found in two sites in the stadium, but did not specify where. She said radiation levels were "barely detectable" and posed no public health risk.

British officials also said Wednesday that a room in the British Embassy in Moscow showed traces of a radioactive substance, although there was no threat to public health.

Kovtun and Lugovoi visited the embassy last month to discuss the Litvinenko case with embassy officials. Lugovoi recently told the ITAR-Tass news agency that he is undergoing tests for radiation contamination, and that the results would be available in a few days.

ITAR-Tass said Lugovoi expected to be interviewed by investigators Thursday. He said he is ready to answer all questions.

In London, traces of polonium-210 were also found at a private security firm, a sushi bar and in Berezovsky's offices.

Minute amounts of the radioactive substance were also discovered on British Airways planes that flew from Moscow to London on Oct. 31 and from London to Moscow on Nov. 3, the day Lugovoi says he returned to Russia.

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Interfax reported Tuesday that Lugovoi had not yet been questioned, quoting his lawyer, Andrei Romashov. The Russian Prosecutor-General's Office confirmed in a brief statement that it had started questioning potential witnesses in the Litvinenko case.

ABC News quoted an unidentified British official as saying Lugovoi, a security expert whose business interests include a share of a beverage and wine plant in Russia, was the "prime suspect" in the investigation.

However, a British official told The Associated Press on Wednesday that "Lugovoi is one of many people investigators are looking to question, but I wouldn't call him a suspect at this point."

The official, who requested anonymity because he is not authorized to speak to the media, added: "We're also looking at the possibility there were criminal gangs involved."

A former KGB officer, Lugovoi told Ekho Moskvy radio that he had known Litvinenko for a decade. Their acquaintance dated to Lugovoi's tenure as chief of the security detail at ORT, the Russian television network that Berezovsky controlled before the tycoon fell out with Putin.

Berezovsky fled to London to avoid what he claims are politically motivated money-laundering charges. He was granted political asylum in 2003.

Lugovoi, meanwhile, served a brief jail term in 2002 for allegedly helping an executive of Aeroflot airlines — then partly controlled by Berezovsky — escape from pretrial detention.

Lugovoi has told the Russian media that Litvinenko contacted him about a year ago with business-related proposals. He said they had met intermittently in London since then.

Litvinenko was a counterintelligence officer with the Federal Security Service, or FSB, the main successor agency to the KGB, when he broke with the agency in 1998. At a press conference, he accused his bosses of ordering him to kill Berezovsky.

In 2004, Litvinenko wrote a book accusing the FSB of orchestrating the bombing of Russian apartment buildings in 1999, allegedly to stir up support for Russia's second war against Chechen separatists.

After journalist Anna Politkovskaya, a critic of Putin and Russia's war in Chechnya, was shot to death in Moscow in October, Litvinenko began an independent investigation.

Meanwhile, Lugovoi traveled to London three times in the month before Litvinenko's death, and met with him four times, according to the Russian media.

Romashov, Lugovoi's lawyer, denied Wednesday that his client was a suspect.

In London, Alexander Goldfarb, a friend of Litvinenko's who helped him escape Russia, said he doubted Lugovoi was the killer.

"I frankly doubt that he was the hit man because hit men are usually people hiding in the dark," Goldfarb told the AP. "I think it's one of his associates, I think he was used unawares. ... Now his life is in danger because he knows a lot."

Kovtun, the man reportedly questioned Tuesday and Wednesday, told Ekho Moskvy radio last month that Lugovoi had introduced him to Litvinenko in October in London, where Kovtun had business interests.

Kovtun and Lugovoi have known each other since their days together at a military academy. Kovtun said he was helping Western companies enter the Russian market, and that Litvinenko had introduced him to officials with two British companies.

Kovtun said he, Lugovoi and Litvinenko had dinner in London's Chinatown on Oct. 16 or 17. The only other time he saw Litvinenko, Kovtun said, was Nov. 1, before the soccer match.

Litvinenko's father, Walter, told Radio Liberty his son had converted to Islam and wanted a Muslim burial. "He told me about his decision two days before he died. He said, 'Papa, I have to talk to you about something serious. I've become a Muslim.'"

An ally of Litvinenko said the ex-spy converted on his deathbed.

"He told me that he wanted to convert to Islam literally in his first days in the hospital," said Chechen rebel envoy Akhmed Zakayev. "I did not pay a lot of attention to this," Zakayev told Radio Liberty, "but he returned to the theme again and again."

Litvinenko Death Now Treated As Murder (FT)

By Neil Buckley

Financial Times, December 7, 2006

DOJ_NMG_0103435

British detectives on Wednesday night said they were treating the death of Alexander Litvinenko, the former KGB officer, as murder, at the same time as small traces of radiation were found at the British Embassy in Moscow.

Scotland Yard had previously been treating Litvinenko's death from apparent poisoning with radioactive polonium-210 as a suspicious death, but said the investigation had reached the stage "where it is felt appropriate to treat it as an allegation of murder".

Police added, however, that they had "reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr Litvinenko's death".

The upgrading of the inquiry came as British detectives in Moscow began interviewing contacts of Litvinenko – who claimed in a statement shortly before he died on November 23 that Russian secret services had been ordered to kill him by the Kremlin.

The Kremlin has described the claims of its involvement as "nonsense". But the tangled case is threatening to create a significant rift in Russia's relations with the UK and other western partners.

British embassy officials in Moscow said on Wednesday night that experts had found tiny amounts of radiation, though they said they were too small to pose a danger to public health, and declined to confirm that the radiation was polonium-210.

The discovery is likely to intensify the focus on Andrei Lugovoi, a businessman and fellow former KGB officer who met Litvinenko on November 1, the day he fell ill. Mr Lugovoi visited the embassy on November 24 to affirm his readiness to answer questions connected with the case.

Mr Lugovoi has denied responsibility for Litvin-enko's death, and suggested that he may be being framed.

He is now in a Moscow hospital, apparently under observation or treatment for radiation poisoning himself. British detectives and Russian investigators had hoped to question Mr Lugovoi on Wednesday, but are now expected to meet him on Thursday, provided doctors give their consent.

British investigators on Wednesday did interview another man who met Litvinenko on November 1 – Dmitry Kovtun, another Russian businessman.

Mr Kovtun, Mr Lugovoi and a third man met Litvinenko before leaving for a football match at London's Emirates Stadium, where Britain's Health Protection Agency said barely detectable traces of polonium-210 had also been found on Wednesday.

The agency said there was no risk to health.

Businessman Questioned In Ex-Spy's Poisoning (NYT)

By Steven Lee Myers And Alan Cowell

The New York Times, December 7, 2006

MOSCOW, Dec. 6 — Russian and British investigators jointly questioned at least one of two Russian businessmen who met Alexander V. Litvinenko on the day he became ill, officials said Wednesday, while in London the police said they were treating the death as a case of murder.

British officials also said traces of radioactivity were found Wednesday at the British Embassy in Moscow, though they would not say whether the radiation had come from the isotope that poisoned Mr. Litvinenko.

The Prosecutor General's Office in Moscow announced that investigators from both countries interviewed a Russian citizen, whom it did not identify, on Tuesday night. A lawyer later said the man was Dmitri V. Kovtun, a security consultant who met with Mr. Litvinenko at the Millennium Mayflower Hotel in London on Nov. 1, along with another former K.G.B. agent, Andrei K. Lugovoi.

In remarks reported by the Interfax news agency here, Mr. Lugovoi's lawyer said his client had agreed to be interviewed and was being treated as a witness. He suggested that Mr. Lugovoi could be questioned on Thursday or Friday.

The Nov. 1 meeting has become a primary focus of the investigation into the death of Mr. Litvinenko, a former K.G.B. agent who turned into a vehement Kremlin critic in exile. He became violently sick that night and died 22 days later from the effects of a high dose of radiation. In a deathbed statement, he blamed President Vladimir V. Putin.

The isotope, polonium 210, has left a tantalizing though inconclusive trail that investigators have traced throughout London and, through two British Airways planes, into Moscow.

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Until Wednesday the British police adopted a circumspect approach to Mr. Litvinenko's death, calling it "unusual" or "suspicious" even as evidence mounted that he had died of radiation poisoning as a result of ingesting polonium 210.

But in a statement on Wednesday night, Scotland Yard said: "Detectives investigating the death of Alexander Litvinenko have reached the stage where it is felt appropriate to treat it as an allegation of murder.

"It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death. The inquiry is still in its early stages, and we are not prepared to comment on speculative reports in the media."

The timing of the announcement suggested that the British police were seeking to reinforce demands for cooperation from the Kremlin by stressing the gravity and reach of the case.

Britain's Health Protection Agency confirmed that minute traces of radiation had been found at Emirates Stadium in London, the newly built home of the Arsenal soccer team, where Mr. Kovtun and Mr. Lugovoi say they attended a soccer match on the night of Nov. 1.

Mr. Lugovoi, at his own initiative, met with Britain's deputy ambassador, Sian MacLeod, on the day Mr. Litvinenko died. An embassy spokesman, speaking on condition of anonymity, according to British policy, said there were minute traces of a radioactive element, which he declined to identify as polonium. He said there was no public health threat.

The new discoveries — especially in the Moscow embassy — appeared to suggest the possibility that Mr. Lugovoi had been exposed to polonium, though how and exactly when remain inconclusive. He is now hospitalized in Moscow, as is Mr. Kovtun.

Whether tests have found traces of polonium on Mr. Lugovoi and Mr. Kovtun remains unclear; Mr. Lugovoi has said in published remarks that checks so far have found nothing.

The joint British-Russian questioning of the Russian businessman appeared to signal Russia's willingness to cooperate, outwardly at least, with an investigation that has sorely strained relations between the countries.

A day before, the prosecutor general, Yuri Y. Chaika, pointedly outlined the limits of any British investigatory authority here. He said that Russian investigators would take the lead and that Russia would refuse to extradite anyone charged with involvement in Mr. Litvinenko's death, trying them instead in a Russian court.

Mr. Kovtun was questioned on Tuesday evening and again on Wednesday in a Moscow hospital, where doctors were examining him and Mr. Lugovoi for exposure to polonium 210, according to Mr. Lugovoi's lawyer.

By Wednesday evening, investigators had not yet questioned Mr. Lugovoi, who checked into the hospital as the British arrived in Moscow this week, said the lawyer, Andrei M. Romashov, according to a report on Interfax.

A third businessman who traveled with the two men to London, Vyacheslav G. Sokolenko, said in a telephone interview that Mr. Lugovoi and Mr. Kovtun had willingly agreed to meet with the British detectives, adding that all three had nothing to hide. "We never concealed the truth," he said, speaking of their visit to London.

Mr. Sokolenko said he did not attend the meeting with Mr. Litvinenko on Nov. 1. He said he had traveled with Mr. Lugovoi and his family, along with Mr. Kovtun, to attend the Nov. 1 soccer match, between CSKA Moscow and Arsenal.

Mr. Lugovoi, who has declined repeated requests for an interview, said in a radio interview shortly after Mr. Litvinenko's death that he and Mr. Kovtun had met him to discuss establishing contacts for British companies seeking to invest or locate in Russia.

Mario Scaramella, who met Mr. Litvinenko at a sushi restaurant that day, left a hospital in London on Wednesday after checking in last Friday for tests after the discovery of traces of polonium in his body. Doctors found no signs of radiation illness.

In an interview with CNN on Wednesday, Mr. Scaramella said he had met Mr. Litvinenko to discuss threats he had received. "Once here, I received more details about this risk, this danger," he said from his hospital room. "So we met up as scheduled just to update each other about security issues, our personal security."

Mr. Scaramella, an academic who worked on an Italian commission investigating Soviet and Russian espionage and secret service activity in Italy, said he had received e-mail from an unidentified source suggesting that he and Mr. Litvinenko were in danger from "people linked with some clandestine organizations not directly under control of Russian establishment but from Russia."

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At the same time, he discounted the threats, saying the messages had been so full of detail that they "didn't seem genuine," a view he said Mr. Litvinenko shared.

In London, Alex Goldfarb, an associate of the billionaire Russian émigré Boris A. Berezovsky and a spokesman for the Litvinenko family, said he believed that Mr. Lugovoi was central to the investigation, because he had flown into London on the British Airways flights that later showed traces of radiation, including at least one flight that occurred before Nov. 1.

Mr. Goldfarb said that sequence of events suggested that Mr. Lugovoi "was showing radiation before Alexander was contaminated." At the same time, he suggested that Mr. Lugovoi might have been an unwilling participant in the poisoning.

"He is the one who Alex trusted, so he may have been involved himself," Mr. Goldfarb said, "or he was used to bring somebody else close to him."

Poisoning Case Will Be Treated As Murder (WP)

By Mary Jordan And Peter Finn

The Washington Post, December 7, 2006

LONDON, Dec. 6 -- British authorities announced Wednesday that they are officially treating the fatal poisoning of former Russian spy Alexander Litvinenko as murder and have found traces of a radioactive substance at the British Embassy in Moscow.

Scotland Yard had been calling Litvinenko's poisoning "a suspicious death." Failure to immediately call his Nov. 23 death a homicide had fueled speculation that he might have committed suicide; family and friends, upset over that suggestion, said no one would choose such a frightening, agonizing death.

"It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death," British police said in a statement.

In Moscow, British detectives found small traces of a radioactive substance at the British Embassy, but said it posed no risk to public health. They offered no explanation for the radiation, but the embassy was where officials had recently questioned Andrei Lugovoy, a former KGB agent who met with Litvinenko in London on Nov. 1, the day he fell ill.

Lugovoy is in a Moscow hospital undergoing tests and is expected to talk to British investigators Thursday, according to Russian news reports. His attorney, Andrei Romashov, told reporters that his client would be questioned as a witness, not a suspect.

The Interfax news agency quoted Lugovoy as saying: "As for the hullabaloo about me that has been stirred by Western media, in my view good theatrical directing is traceable here. I've stopped watching television and reading papers. I'm fed up with all this."

Dmitry Kovtun, a Russian businessman who also met Litvinenko on Nov. 1, was questioned Wednesday by investigators from the Russian prosecutor general's office with detectives from Scotland Yard present. There has been tension between London and Moscow over strict controls Russia has imposed on the visitors' rights of inquiry.

So far, only two other people have been found to have polonium-210, the radioactive substance that killed Litvinenko, in their systems: Litvinenko's widow Marina and Mario Scaramella, an Italian who also met with Litvinenko on Nov. 1 in London.

Doctors said Marina Litvinenko has such a tiny amount that her risk is low, but more significant quantities were found in Scaramella. But health officials, while concerned for Scaramella's long-term health, said he was not showing any symptoms and discharged him Wednesday from a London hospital.

Finn reported from Moscow.

Commentary: I Was Poisoned And Russia's Political Enemies Were Surely Behind It (FT)

By Yegor Gaidar

Financial Times, December 7, 2006

On November 24, I found myself involved in a succession of events that resembled a political thriller. A lot has been written about what happened. International television provided detailed coverage of these events. I had not thought that global fame would find me in such an unusual way. I deliberately refused to give interviews. Nevertheless, I am compelled to tell what happened.

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Public opinion reserves a degree of humour for those who have survived attempted murder. The nature of this phenomenon is not clear to me. Having been in this situation myself, I found nothing funny about it. But the logic of public consciousness is a fact of life. One has to reckon with it. I will try to keep my sense of humour while telling what happened.

On November 21, I felt exhausted. Over the previous three weeks, several difficult business trips added to my usual workload. I considered cancelling my trip to Ireland and resting. However, Ireland is a wonderful country, which I love. And the trip was easy: a university research conference and presentation of my book Death of the Empire: Lessons for Modern Russia was one of its subjects. I decided I would not cancel the trip.

Next morning, after my arrival in Dublin, I was walking with a conference organiser, foreign literature library director Yekaterina Geniyeva, when I decided that I had made the right decision. Spending two days with smart and nice people in a lovely old Irish university is both a rest and a pleasure.

Before the conference opening, I had breakfast in the university canteen. I had a fruit salad and asked for a cup of tea. Then I went to the conference hall. About 10 minutes after the session started I realised that I was unable to hear anything. My only thought was how to get back to my hotel room and lie down. I apologised to my colleagues who were presenting the next session, said I felt unwell and had to go back upstairs. Ms Geniyeva looked at me perplexed; 40 minutes earlier we had been having a cheerful chat while walking along university lawns. She probably decided that I was not interested in the subject.

After I got back to my room, I had to close my eyes immediately. The sensation was similar to being under general anaesthesia. You can see and understand things, but it is hard to open your eyes. Reaching for a ringing telephone takes too much effort. I assumed this dusky state was a result of fatigue. I decided that I needed to deliver my lectures and return to Moscow immediately.

I forced myself to deliver my presentation on Russian migration policy at 2.30pm. As soon as I finished my speech, my eyes began to close, fatigue took over and I returned to my room as quickly as I could.

The phone call that apparently saved my life came at 5.10pm. A representative of the organisers reminded me that my book presentation was in five minutes. Would I be taking part? I considered saying no. Had I done so, and had I been alone in my room 15 minutes later, my chances of survival would have been zero. But I had come to Ireland to make a presentation on my book; I would not let some minor ailment get in the way. I stood up, went downstairs and began to speak.

Ten minutes into my speech, I realised I could not continue talking. I apologised to the audience and walked towards the exit. After I crossed the threshold of the conference hall, I collapsed in the university hallway.

I can remember very little about the events of the following several hours. Those who tended to me as I lay on the floor found me bleeding from the nose, with blood and vomit flowing from my mouth. I was pale, unconscious. It appeared as though I was dying.

Within 30 minutes, I started to come around. I tried unsuccessfully to raise my head. An ambulance arrived and I was loaded in to it. All I could do was open and close my eyes and I watched with intense interest the recording of my own cardiogram. The cardiogram is a chart and charts are what I work with. Apparently, professional interest prevails even when the nervous system is damaged.

Once in the hospital, as soon as I regained the ability to think, my own hypothesis was simple: fatigue, combined with maladies often found with men in their 50s: increased sugar level, blood pressure. But my test results bemused the doctors. My heart was working like a clock; blood pressure was high, but only slightly higher than the norm; the same for sugar levels. Meanwhile, the patient was clearly in an extremely grave condition. A stroke was a possibility. I could still not move my hands or feet. But the ability to control my body came back quickly in the following hours. By 7 o'clock the next morning, not only could I stand up from my bed, but I could take a shower and shave. I am not a doctor, but I knew that stroke states are different. It must have been something else.

At 8am, a few hours after I stopped feeling like an inanimate object, I could move, think, make decisions and implement them just as I could 24 hours before. Despite the protests of the Irish doctors, I said that I wanted to leave the hospital immediately. They told me that they had no right to forbid me. But they explained that my case puzzled them. A comparison of test results and my state of health during the late hours of November 24 and early the next day did not tally in any way. They told me that I needed a thorough examination and in-depth analysis. I thanked them for their help and explained that it was easier to take

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this analysis in Russia, where the doctors had been supervising me for many years and knew my medical history. I arranged a transfer to the Russian embassy, then took a flight to Moscow.

I am not a doctor and realise the limits of unprofessional judgments. Nevertheless, when your life is at stake, it is hard to avoid attempting to understand what happened. My heart, brain, blood pressure, sugar level were either good or without abnormalities. Despite this, I suffered several hours of unconsciousness or semiconsciousness, an inability to control my body, and heavy bleeding from my nose and throat. One of the possible explanations that an unprofessional mind inevitably comes up with in such a situation is poisoning. I remember my state before breakfast very well. It was excellent. Half an hour later it was awful. However, this is an unprofessional view. I suppose that there are pathologies known to medicine that can cause such developments.

Straight from Moscow's Sheremetyevo airport, I headed for the clinic where they have known me for many years. Despite the fact that I landed late at night on a Sunday, the chief doctor convened specialists. I told them what happened and asked them to consider all scenarios that could explain these phenomena. By Monday morning, he had the results of the tests on his desk. One month before the Irish incident I had had a thorough medical check-up. Now we could compare the old and the current pictures. The doctor was unable to explain such large-scale and systemic changes in the body in terms of anything related to intoxication, within the possible range of illnesses known to medicine, nor any of their most exotic combinations. For reasons of professional ethics he could not use the word "poisoning". A particular poisonous substance should be determined in order to do that. This is impossible 60 hours after the accident, especially if we are talking about secret toxic substances, the information on which is unavailable to open medical science. But we understand each other well. One may blame anybody, even the aliens. If we stay within the framework of common sense, it is poisoning we think of.

When the thought that this could be a result of somebody's wilful actions crossed my mind for the first time on the afternoon of November 25, I started thinking about who could have orchestrated it. Who would gain from it? I do not have any property to speak of. Neither do I have a profitable metal or oil company, so there is nothing to take away. So, if this was attempted murder, politics was behind it. I have participated in Russian politics for many years now and I know quite a bit about it. I know its main figures well. By then I realised that my survival was a miracle. The fast rate of recuperation showed that the attempt did not aim at mutilation or injury, but murder. Who of the Russian political circle needed my death on the 24th of November 2006, in Dublin? I rejected the idea of complicity of the Russian leadership almost immediately. After the death of Alexander Litvinenko on November 23 in London, another violent death of a famous Russian on the following day is the last thing that the Russian authorities would want. In case of an explosion or skirmish in Moscow, one would think about radical nationalistic thugs first of all. But Dublin? Poisoning? This is obviously not their style.

Most likely that means that some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical deterioration of relations between Russia and the west. Within several hours, comparing the dates of events that took place during the past six weeks, I formulated a rather logical and consistent hypothesis on the reasons behind this. The world view regains its intrinsic logic and ceases resembling a Kafkaesque nightmare. Still, it does not look any more enjoyable. Well, as they say in Russia, as long as we are alive, we might even be happy some day, but that is a different story.

The writer, former prime minister of the Russian Federation, is director of the Institute for the Economy in Transition. Translation by Veronica Malytska

Peacekeepers For Somalia (NYT)

By The New York Times

The New York Times, December 7, 2006

UNITED NATIONS, Dec. 6 — The Security Council unanimously passed a resolution on Wednesday backing the formation of a peacekeeping force to monitor the Somali government's struggle with Islamist foes, partly lifting an arms embargo and calling for peace talks.

"It may not be a complete solution to the problem, and that's one reason why we've encouraged the mediation of various parties and to have all the Somalia factions talk with one another," said John R. Bolton, the United States ambassador.

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Peacekeeping Force For Somalia Approved (WP)

By Colum Lynch

The Washington Post, December 7, 2006

UNITED NATIONS, Dec. 6 -- The U.N. Security Council unanimously approved a resolution authorizing an East African peacekeeping force to prevent an alliance of Islamic militias from overthrowing Somalia's fragile interim government.

The decision marked the first time the 15-nation council has backed a foreign intervention in Somalia since U.S. and U.N. troops withdrew from the country in the 1990s. It reflected fears that Islamic militias, known as the Islamic Courts Union, may be poised to topple the country's internationally recognized government.

The Islamic movement seized control of Mogadishu, Somalia's capital, over the summer and it has been extending its control throughout the country. It threatens the government's stronghold in Baidoa.

The Islamic militias have imposed a strict version of Islamic law in communities they control. A local Islamic religious leader, Sheik Hussein Barre Rage, told the Associated Press on Wednesday that residents in Bulo Burto will be beheaded if they refuse to pray five times a day.

Those who do not follow the law "will definitely be beheaded according to Islamic law," the news agency reported. "As Muslims, we should practice Islam fully, not in part, and that is what our religion enjoins us to do."

Ethiopia has sent thousands of troops to help prop up the government while its rival, Eritrea, has deployed thousands of troops to fight alongside the militias, a recent U.N. report said. Their presence has fueled concern that the conflict could spread into a bigger regional war.

Somali Prime Minister Ali Mohamed Gedi warned in a recent AP interview that war in Somalia could begin as soon as the rainy season ends later this month.

The resolution was passed after the United States accommodated a European request to exclude participation by Somalia's neighbors, Ethiopia, Kenya and Djibouti, in the new force. It empowers a new force, which is expected to be led by Uganda, to protect the country's transitional leaders and to train a local security force.

Resolution 1725 partly lifts a 14-year arms embargo so the East African force, which will be formed by the Intergovernmental Authority on Development, can equip and arm its peacekeepers. And it calls on the Islamic militias to halt any "further military expansion" and negotiate a power-sharing agreement with the Transitional Federal Government.

Critics said the decision to authorize foreign intervention without the approval of the Islamic militias may provoke even greater violence in Somalia. "The United States is leading the authorization of another intervention force in another Muslim country against the will of a large percentage of the people," said John Prendergast, an Africa specialist for the Brussels-based International Crisis Group. "The use of force as a substitute for diplomacy will have disastrous results in Somalia.

"You've got to get a negotiated power-sharing deal" before sending in a peacekeeping force, he added. "Doing the reverse simply alienates the courts and potentially will drive them to preemptive military action."

The United States and the resolution's other sponsors insisted that it was not intended to challenge the Islamic militias militarily and that they support a political settlement between the two sides. "The primary purpose of this deployment is to help stabilize Somalia by providing security in Baidoa, and protection and training" for the interim government, John R. Bolton, the U.S. ambassador to the United Nations, told the council. It is "not to engage in offensive actions against the Union of Islamic Courts."

U.N. Approves Troops For Somalia (LAT)

By Maggie Farley

The Los Angeles Times, December 7, 2006

NEW YORK — The United Nations Security Council on Wednesday authorized a regional force to protect Somalia's faltering interim government against Islamic militants, despite warnings that such intervention could spark a regional conflict.

The measure, passed unanimously, also partially lifts a 1992 weapons embargo to allow the regional force to arm itself. It urges Islamic militants to join talks with the transitional government, and threatens unspecified penalties for those who block peace efforts or try to overthrow the government.

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Since June, the Islamic Courts Union, as the militants are known, have taken control of the capital, Mogadishu, and most of southern Somalia and have begun to impose rigid Islamic law on areas under its rule. An Islamic courts official announced Wednesday that residents of a southern Somalian town, Bulo Burti, who did not pray five times a day would be beheaded.

Last week, the International Crisis Group think tank warned that a regional force probably would backfire and trigger a regional war by escalating a proxy conflict between Ethiopia, which supports the interim government, and Eritrea, which supports the Islamists.

"The Islamists … would likely perceive the resolution as tantamount to a declaration of war," the group said.

The United States and Ethiopia assert that the militants have links to the Al Qaeda terrorist network. U.S. Ambassador to the U.N. John R. Bolton said the Security Council agreed that intervening was the only way to prevent further conflict.

"The whole point of the deployment of the … peacekeeping force is as a preventive measure so that the situation doesn't deteriorate any further," he said before the vote. "If we don't take any steps at all, that is the far more likely outcome."

Idd Beddel Mohamed, Somalia's deputy U.N. ambassador, told the council that his government would talk with the Islamists if they halted their military advances and helped ensure that Somalia "shall not become a haven for international terrorism."

Neighboring Ethiopia, which is largely Christian, fears the spread of Islamic extremism and has sent as many as 8,000 troops to Somalia to protect the tottering government, according to a recent internal U.N. report.

Eritrea, in turn, has sent about 2,000 fighters to back the Islamists. Djibouti, Egypt, Iran, Libya, Saudi Arabia, Syria, Uganda and Yemen have been providing military support either to the government or the Islamists, the report said.

The resolution authorizes a seven-nation regional group, the Intergovernmental Authority on Development, and the African Union to establish a protection force in Somalia for six months. It allows troops from neighboring countries to join the peacekeeping force, but excludes nations thought to have a stake in the outcome: Ethiopia, Djibouti and Kenya.

It is up to participating nations and the African Union to fund the mission and find troops; diplomats said they aimed for eight battalions of about 700 troops, but would deploy only two during the first phase.

On Tuesday, Somalia's prime minister, Ali Mohammed Gedi, said he thought that all-out war in his country was inevitable, but that his government's troops were ready.

"Those who believe that the situation in Somalia will be solved through dialogue and talks are wrong," he told the Associated Press.

DOJ_NMG_0103442

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 7, 2006 7:45 AM EST

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TERRORISM NEWS:

Senators Rap FBI Over Domestic Spying (NSDY/AP)

By Lara Jakes Jordan

Long Island Newsday, December 7, 2006

WASHINGTON -- Senators frustrated by scant details on the Bush administration's domestic eavesdropping program on Wednesday rapped FBI Director Robert Mueller for refusing to show how it has curbed terrorist activity in the United States.

Mueller said he was unable to talk about the warrantless spying program because it is classified.

"What assurances can you provide that the program is worthwhile?" asked Senate Judiciary Chairman Arlen Specter, R-Pa. "Have arrests been made? Have terror cells been broken?"

The FBI has briefed congressional intelligence committees on the controversial program, but Mueller said he did not have permission to share that information with other lawmakers -- including the judiciary panels that oversee the bureau.

"I am prepared to brief whichever committee, to the extent that I am allowed to," he said.

In his opening remarks, Mueller ticked off a list of FBI cases targeting terror suspects since the 2001 attacks. They included the so-called "Lackawanna Six" who allegedly attended al-Qaida training camps; an Ohio truck driver who plotted to attack the Brooklyn Bridge; and four men charged with planning to hit synagogues and U.S. and Israeli facilities in the Los Angeles area.

But Mueller did not say if any of the cases resulted from the secret spying program, which was revealed last year. His answer annoyed senators, who said their constitutionally protected oversight was being hampered by the administration's stonewalling.

"When done poorly or without proper safeguards and oversight, data banks do not make us safer, they just further erode Americans' privacy and civil liberties," said Sen. Patrick Leahy, D-Vt., the panel's incoming chairman. He said the administration "has gone to unprecedented lengths to hide its own activities from the public, while at the same time collecting and compiling unprecedented amounts of information about every citizen."

Later, Mueller also said the FBI could better fight terrorists if authorities had stronger subpoena power to determine if threats are valid, and if search and surveillance tools granted by the Foreign Intelligence Surveillance Act court could be expanded.

His appearance marked a long-delayed hearing for senators eager to hear about the FBI's progress on terror investigations, including a 5-year probe into the deadly anthrax attacks. Mueller declined comment on specifics of the case. He was also scolded by Sen. Dianne Feinstein, D-Calif., for ranking violent crime prevention as less of a priority than public corruption and organized crime cases.

"Gangs are killing more people in this country than organized crime ever did," Feinstein said. "And that's just a fact."

Responding, Mueller said that if the FBI didn't go after crooked public officials and organized crime cases, "it will not be investigated." He called public corruption cases the FBI's "top criminal investigative priority," noting that more than 1,000 government employees have been convicted over the last two years with the FBI's help.

Mueller's Reticence Angers Senate Panel (WT)

By Jerry Seper, THE WASHINGTON TIMES

The Washington Times, December 7, 2006

FBI Director Robert S. Mueller III was subjected to bipartisan criticism yesterday by a Senate committee after refusing to discuss the Bush administration's domestic terrorist-surveillance program because it is "classified."

Mr. Mueller declined to give Senate Judiciary Committee Chairman Arlen Specter, Pennsylvania Republican, assurances the program was worthwhile or to say whether it had resulted in any arrests or dismantled terrorist cells.

But the director stepped further into the breach when he told Mr. Specter the FBI had given a "full briefing"on the program to the Senate Intelligence Committee behind closed doors.

"Well, we're very interested in that, Director Mueller, but not as interested as a full briefing to this committee," said Mr. Specter, adding that "this committee has oversight jurisdiction over the FBI. We're going to pursue that, Director Mueller. That is not what I view as a satisfactory response by the administration."

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The committee's ranking Democrat, Sen. Patrick J. Leahy of Vermont, who will take over as chairman next month, accused the Bush administration of going to "unprecedented lengths to hide its own activities from the public, while at the same time collecting and compiling unprecedented amounts of information about every citizen."

Mr. Leahy said data banks, when compiled poorly or without proper safeguards and oversight, "do not make us safer, they just further erode Americans' privacy and civil liberties."

His questions gave insight into the issues he will pursue as chairman.

"The recent revelation that the Bush administration, since 9/11, has been compiling secret dossiers on millions of unwitting, law-abiding Americans who travel across our borders, highlights the importance of diligent congressional oversight," Mr. Leahy said.

The Justice Department has called the domestic terrorist-surveillance program "essential" in its war on terrorism, adding that it "ensures we have in place an early-warning system to detect and prevent a terrorist attack."

Attorney General Alberto R. Gonzales said it focused only on communications with al Qaeda and had been "very effective" in protecting the United States against terrorist attacks.

Democrats and Republicans in the House and Senate have questioned Mr. Bush's constitutional authority to conduct wiretapping, saying among other things the program improperly bypassed the Foreign Intelligence Surveillance Act court established by Congress to approve secret surveillance or searches of those suspected of terrorism.

During the hearing, Mr. Mueller, who took over the FBI a week before the September 11 attacks, suggested that members of Congress look at "all aspects of the program and understand the context in which technology has developed exponentially."

"Congress needs to grapple with the issues of this expanding technology and give us the tools we need to expeditiously do that which you said at the outset, which is to wiretap putative terrorists' conversations so we have the information we need to do our jobs."

Democrats Set To Press Bush On Privacy And Terrorism (NYT)

By Eric Lichtblau

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — Leading Senate Democrats put the Bush administration on notice Wednesday that they intended to press for a fuller accounting on a wide range of counterterrorism programs, including wiretapping, data-mining operations and the interrogation and treatment of detainees.

Democrats have appeared divided at times over how aggressively to challenge the administration on its terrorism policies, in part because of concerns that they risked playing into Republican accusations that they were soft on terrorism.

But Senator Patrick J. Leahy, Democrat of Vermont, who will take over next month as chairman of the Judiciary Committee, made clear at a committee hearing Wednesday that he wanted to investigate actively the effectiveness and legality of many programs.

“The administration’s gone to unprecedented lengths to hide its own activities from the public while at the same time collecting an unprecedented amount of data on private citizens,” Mr. Leahy told Robert S. Mueller III, the director of the Federal Bureau of Investigation.

As the sole witness at the hearing, Mr. Mueller bore the brunt of the Democrats’ criticism. But their sharp questions often went well beyond the F.B.I.’s purview, delving into areas like the National Security Agency’s eavesdropping program, the Central Intelligence Agency’s interrogations of Qaeda suspects and the Department of Homeland Security’s use of profiling scores to assess the risks posed by travelers.

As a first step toward what Mr. Leahy described as an effort to roll back the administration’s curtailment of rights, he and Senator Arlen Specter, Republican of Pennsylvania, proposed legislation that would seek to restore the rights of all terrorism suspects to challenge their detentions in court.

The military detention legislation that President Bush signed into law in October stripped the federal courts of jurisdiction to hear petitions from noncitizens for rights of habeas corpus.

Brian Roehrkasse, a spokesman for the Justice Department, said that while the administration would review the Leahy-Specter proposal, the process approved by Congress allows enemy combatants to challenge their detention and “goes well beyond what is required for lawful prisoners of war under both international and domestic law.”

Several Republican senators on the Judiciary Committee, including Mr. Specter and Charles E. Grassley of Iowa, told Mr. Mueller that they shared the concerns about some terrorism operations, particularly the F.B.I.’s struggle to remake its computer system.

An audit of the computer overhaul released this week by the Justice Department inspector general found that the project risked falling $57 million short this year. Mr. Mueller disputed that, saying that the program was on schedule and within budget.

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In addition, several senators criticized the pace of the F.B.I. investigation into the anthrax attacks of October 2001, which are unsolved, and the bureau's unwillingness to brief members of Congress fully about where the investigation stands.

Amid the sharp criticism, one notable dissent came from Senator Jeff Sessions, Republican of Alabama, who thanked Mr. Mueller for his hard work and suggested that Democrats and civil rights advocates were too quick to criticize the administration over policies that might affect privacy rights.

Opponents of the administration's policies, Mr. Sessions said, will "criticize you for not maintaining information and not sharing it with the person at the airport so they can identify somebody who might be a terrorist if they happen to get by the system, and then they'll complain that you're maintaining information that somehow might oppress somebody's rights."

Mr. Sessions added, "If you don't maintain those records and somebody slips by and kills a lot of Americans, you'll be hauled in here to be criticized for it, there's no doubt about that."

Mr. Leahy said he was troubled by recent reports about the Department of Homeland Security's use of a scoring system to rate the risk that people coming across American borders might be terrorists or criminals. He said the program and broader government data-mining efforts could make it more difficult for innocent Americans to travel or to get a job — without giving them a chance to know why they were labeled a risk.

"It's worrisome," Mr. Leahy said, "because if it's done poorly or without proper safeguards and oversight, databanks don't make us safer. They just further erode Americans' privacy."

FBI Is Probing Leak Of Curt Weldon Investigation, Mueller Says (AP)

By Robert Schmidt

Ap, December 7, 2006

FBI chief Robert Mueller told the Senate Judiciary Committee today that the agency is pursuing ``a series" of leak probes of its agents, including one involved in the Weldon matter. The Pennsylvania Republican, who lost his seat on Nov. 7, was involved in a tight race when the news of the investigation broke.

``I was exceptionally disappointed, and that is being charitable in terms of my response," Mueller said about the leak. ``It is unfair in advance of an election, but, as importantly to us, it adversely affected the investigation."

The FBI probe of alleged influence peddling was first reported Oct. 13 by McClatchy Newspapers, which cited an anonymous law enforcement agent. Three days later, agents raided the home of Weldon's daughter and five other targets.

Senator Arlen Specter, a Pennsylvania Republican and chairman of the judiciary committee, questioned Mueller about the Weldon leak during a hearing in Washington, calling it ``highly prejudicial."

Weldon, who called the investigation politically motivated, was defeated by Democrat Joseph Sestak.

Political Influence

The FBI is probing whether Weldon used his political influence to steer business to help his daughter Karen win consulting deals, a person familiar with the matter has said.

Mueller said that at least one of the bureau's leak probes is being handled as a criminal investigation. He told the senators that he believes investigators are having ``some success" in discovering who the leakers are but declined to give any details.

Republican and Democratic Senators sharply questioned Mueller on such issues as the rising violent crime rate, the Bush administration program that wiretaps suspected terrorists without a court order and potential budget problems with a new paperless case file system.

Senator Patrick Leahy, the Vermont Democrat who will take over as committee chairman next year, promised to press the FBI on privacy issues related to personal information the government collects to protect against terrorist attacks.

``There is a growing concern in this country that our government knows too much about us," Leahy said.

Leahy told Mueller that ``oversight of the FBI and the SEARCH

News | News Photos | Images | Web" /> Department of Justice will be one of my highest priorities next year."

Mueller disputed Leahy's claim that the bureau's new computerized case management system, called Sentinel, was underfunded by $56.7 million. A Justice Department inspector general report earlier this week identified the funding problem and expressed concern that the FBI would take money away from its law enforcement mission to fill the gap.

``There are no cost overruns and there are no budget shortfalls," Mueller said, adding that the $425 million projected price tag for the program hasn't changed.

To contact the reporter on this story: Robert Schmidt in Washington at rschmidt5@bloomberg.net .

FBI Seeks Extra Funding To Avoid Delays On Tech Upgrade (GOVEXEC)

By Daniel Pulliam

Government Executive, December 7, 2006

The FBI's $425 million effort to upgrade its case management system is at risk of delays if Congress does not provide additional funds in the next stopgap spending measure, the bureau's chief told lawmakers Wednesday.

Testifying before the Senate Judiciary Committee, FBI Director Robert Mueller said the bureau needs $157 million to begin the second phase of building the system, known as Sentinel, in February as planned.

President Bush included $100 million for the project in his fiscal 2007 budget request. According to Mueller, the Office of Management and Budget has helped the FBI find the additional $57 million, using funds left over from the first phase of the effort and unspent balances in other accounts.

The House version of the fiscal 2007 Science, State, Justice, Commerce and related agencies spending bill, which includes FBI funding, meets the administration's $100 million request. But the Senate version provides an appropriation of only $40 million. The bill has yet to be completed.

The Senate did not grant the full request because the FBI failed to fully respond to a March 24, 2006, letter from the Judiciary Committee relating to the bureau's modernization efforts. Language in the report accompanying the appropriations bill stated that the funding levels would be reconsidered if FBI officials answer the committee's outstanding questions.

The current continuing resolution to keep money flowing to agencies in the absence of final fiscal 2007 appropriations is set to expire Dec. 8. Agency officials have asked that when lawmakers extend it, they provide $80 million for Sentinel.

Spending levels in continuing resolutions usually are set at the lower of the Senate or House-passed or fiscal 2006-enacted levels. But the FBI requested an exception to that rule, according to a bureau spokeswoman.

Sentinel, a six-year effort to replace the failed Virtual Case File project, is intended to upgrade the FBI's old-fashioned paper-based system for managing investigations and information. Lockheed Martin Corp. won a $57 million task order in March to work on the first stage of the program, with options to earn $248 million for three additional phases.

"We would be prevented legally from going into the contract [for the second phase] if we don't have the $157 million," Mueller said. "It would help if Congress included the $100 million in the continuing resolution."

Mueller said Sentinel has not had cost overruns or budget shortfalls and the total estimate for the project has not changed. He said the FBI has learned from the mistakes made with the failed Virtual Case File project, Sentinel's predecessor.

A Justice Department inspector general report released Monday found that the FBI is exercising more control over the development of Sentinel, but maintained that the funding and cost estimates remained uncertain.

"I believe everybody believes that this project is a good one. We do need the money to go forward," Mueller said.

Senate Judiciary Committee Chairman Arlen Specter, R-Pa., said it is highly likely that the $100 million figure would have been the final amount in a conference report. Lawmakers' failure to finish the appropriations bills, he said, "is a highly deplorable situation."

UK 'under Threat From Resurgent Al-Qaeda' (FT)

By Stephen Fidler

Financial Times, December 7, 2006

Britain's security services have concluded that al-Qaeda is rebuilding its headquarters' operation in Pakistan and that the UK is the western country mainly at risk from the development, according to UK government officials.

The conclusion, drawn from examinations of past plots and other evidence, runs counter to conventional wisdom that al-Qaeda has been in retreat as an operational force and has become essentially a "brand" that inspires radical Muslims to commit acts of terror.

The theme was addressed in public last month in a speech by Dame Eliza Manningham-Buller, director-general of the UK's domestic security service. She said the service knew of some 30 plots and had identified 1,600 people actively engaged in plotting, or facilitating, terrorist acts here and abroad.

"These plots often have links back to al-Qaeda in Pakistan and through those links al-Qaeda gives guidance and training to its largely British foot soldiers here on an extensive and growing scale," she said.

UK government officials, speak-ing on condition they not be named, say they have evidence that some groups receive direction from Pakistan, in particular from the lawless tribal areas near the Afghan borders.

"It's an emerging pattern. Training is taking place in Pakistan and contacts are continuing after the training," one official said. According to another: "We are seeing an increase slowly in the level of sophistication of al-Qaeda directed or inspired attacks."

Among a significant number of examples, officials say Dhiren Barot, a British convert from Hinduism convicted last month for plotting to blow up the New York Stock Exchange and other US targets, was di-rected by al-Qaeda. Mohammad Sidique Khan and Shehzad Tanweer, two of the four July 7 suicide bombers, are thought now to have visited terrorist training camps in Pakistan, the officials say.

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The link to Pakistan gives the UK a special vulnerability to al-Qaeda. UK residents make 400,000 visits a year to Pakistan, among whom a small number of aspirant terrorists would be hard to find. A disproportionate number of suspects under surveillance are of Pakistani origin, officials say.

The US still remains al-Qaeda's number one target, they say. But the UK, the closest ally of the US and where polls estimate there are at least 100,000 supporters of terror attacks, is an easier mark. "We are talking about risk: risk is made up of a combination of threat and vulnerability," an official says. " If the threat is big, but you are not vulnerable, there is a low risk. But if the threat is high and vulnerability is high, then you are in trouble."

According to specialists, al-Qaeda's comeback has been made possible by developments in Pakistan. Shaun Gregory, head of Bradford University's peace studies de-partment, says Pakistan's military has been scaling back its activities in the tribal areas of north and south Waziristan since mid-2005. "The deals that have been done with tribal militants in that region mean that the heat is off al-Qaeda," he says.

Two other developments are troubling, he says. The west's presence in and around Pakistan and the strength of US influence with the government of President Pervez Musharraf is radicalising some Pakistanis and driving some into the arms of al- Qaeda. And there appears to be a closing of links between Kashmiri terrorist groups and al-Qaeda and the Taliban.

Not all evidence points to a coherent regrouping of al-Qaeda. Nawaf Obaid, a Saudi security specialist and government adviser, says al-Qaeda fighters arrested on their return to Saudi Arabia from Pakistan and Afghanistan appeared disorganised. "They had no attack plan and no clear command structure," he says.

Jonathan Stevenson, however, professor of strategic studies at the US Naval War College, says the UK's close alignment with US foreign policy may have made the UK more of a target. But the radicalisation of UK Muslims means that from the US perspective "Britain is regarded as among the most problematic of countries, probably the most problematic".

HOMELAND RESPONSE:

AG, Salazar To Tour Supermax (RMN)

By Sara Burnett, Rocky Mountain News

Rocky Mountain News, December 7, 2006

U.S. Attorney General Alberto Gonzales plans to tour Supermax prison with Sen. Ken Salazar in February, Salazar's spokesman said today.

Salazar said he hopes the Feb. 21 tour will bring much-needed attention to the nation's highest-security federal prison, which has seen a decrease in staff and increased concerns about security since it opened in Florence in 1994.

The prison is home to inmates such as 9/11 conspirator Zacarias Moussaoui, 1993 World Trade Center bomber Ramzi Yousef and Oklahoma City bombing conspirator Terry Nichols.

In September, a Justice Department inspector general's report criticized the prison for not properly screening terrorists' mail and other communications. A federal indictment also revealed that a drug kingpin had used coded messages to conduct business in Los Angeles from inside Supermax.

Last month, a federal arbitrator agreed with prison guards that staff cuts had made the facility more dangerous, and local police and fire officials said they had no way to communicate with prison staff in case of an attack, escape or other emergency.

Gonzales told the Rocky Mountain News during an interview last month that he believes the prison is safe, and that all mail and phone calls are now being monitored. He also said 18 additional staff would be added, bringing the total to 208. That's still short of the 240 employees Supermax had when it opened.

Salazar, Gonzales To Tour Supermax In February (AP)

AP, December 7, 2006

DENVER - Sen. Ken Salazar and U.S. Attorney General Alberto Gonzales are scheduled to tour the Supermax prison in Florence together in February following reports of security concerns.

Salazar, D-Colo., said the two would visit the maximum-security prison Feb. 21.

Salazar and Sen. Wayne Allard, R-Colo., both have visited Florence on their own to hear community and staff concerns.

This year an arbitrator found staffing levels had made the facility more dangerous, with some shifts going unfilled. In September, a Justice Department report criticized the prison for not properly screening mail and other communications.

Gonzales had committed to a tour when he met with Salazar last month, when he restated the Bureau of Prison's commitment to add 18 staff members to the prison by the end of the year.

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Supermax houses inmates considered to be among the nation's most dangerous, including Unabomber Ted Kaczynski and al-Qaida conspirator Zacarias Moussaoui.

U.S. -bound Cargo To Be Tested For Radiation (USAT)

By Mimi Hall, Usa Today

USA Today, December 7, 2006

WASHINGTON — Cargo containers bound for the USA from four overseas ports will be checked for radiation before they're loaded on ships under a new government program aimed at preventing terrorists from smuggling a nuclear weapon into the country.

The Homeland Security and Energy departments will announce today that containers at ports in Korea, Oman, Honduras and the United Kingdom will be scanned beginning early next year in the first phase of a program that could expand to ports worldwide.

"There is ample history of people using container traffic for smuggling a whole range of things," Homeland Security Deputy Secretary Michael Jackson said.

Some containers being shipped from Hong Kong's port have been run through radiation detectors since 2004 as part of a test program by shippers and port officials to see whether cargo containers could be effectively scanned without creating bottlenecks and slowing the pace of shipments.

The new program, which will cost $60 million in fiscal 2007, is a first for the government.

In Korea, one of the world's largest ports, some of the cargo containers will be run through detectors. In the other smaller ports, officials expect most or all will be.

Either way, the program should deter anyone aiming to sneak weapons onto a cargo ship, Jackson said.

Officers who work for the port governments will run the containers through the radiation and X-ray machines. If an alarm sounds, Jackson said, the container will not be loaded onto a ship until a U.S. Customs official signs off.

He said most shippers and foreign governments support the program. "Nobody wants the global supply chain to ground to a halt over a terrorist event," he said.

Homeland security consultant Randall Larsen is skeptical of the program. "It would do nothing to make us more secure against an attack on an American city with a nuclear weapon," he said.

If terrorists were able to secure a nuclear weapon, they would never load it into a cargo container and send it across the ocean, he said. "You would never take your hands off it. You'd charter an airplane or (your own) ship" to bring it in.

9/11 Cleanup To Resume, E.P.A. Says (NYT)

By Anthony Depalma

The New York Times, December 7, 2006

More than five years after contaminated dust from the World Trade Center seeped into apartments and offices throughout Lower Manhattan, the federal Environmental Protection Agency announced plans yesterday to start a final indoor cleanup program next month, despite widespread criticism that the program is seriously flawed.

Agency officials said residents and owners of commercial buildings below Canal Street would have 60 days to sign up for the voluntary program, which will test for asbestos, lead, vitreous fibers and harmful soot that may have come from the collapse of the trade center.

If any one of the contaminants is found, the space will be professionally cleaned at no cost to the resident or owner.

The new program is almost identical to one that was rejected in November 2005 as inadequate by the agency's advisory panel of experts as well as by community groups, labor unions and the city's Congressional delegation. The City Council passed a resolution condemning that program, calling it "technically and scientifically flawed."

Senator Hillary Rodham Clinton, who in 2004 forced the environmental agency to test indoor spaces for contamination, called the program announced yesterday "totally inadequate."

In a statement, she said she would use her chairmanship of the Senate Subcommittee on Superfund and Environmental Health in the new Congress to press for a more comprehensive testing and cleaning program.

In early 2005, the agency considered creating a far broader program that would have used statistically based mapping to learn the extent of the contamination, following it outside Manhattan if needed. Under that program, if any dust could be conclusively linked to the trade center collapse, entire buildings, not individual apartments or offices, were to be vacuumed and wiped down to prevent recontamination from spaces that had not been cleaned.

The agency abandoned that program late last year when it could not devise a reliable way to identify trade center dust. It substituted a pared down program that would only test individual apartments in Lower Manhattan and clean only those where

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contamination was found. However, when community residents objected to the program as insufficient, the agency agreed to continue looking for a method of identifying dust from the twin towers.

Yesterday, Alan J. Steinberg, regional administrator for the agency, said that effort had taken most of the last year but had failed to come up with a viable method.

Last year's program has been modified to include commercial spaces and to allow previously cleaned apartments to be retested, but it still excludes Brooklyn and is restricted to Lower Manhattan below Canal Street.

Catherine McVay Hughes, a downtown resident who was community liaison on the agency's advisory panel, said she was disturbed that the agency had not notified residents of this latest version before announcing it. She said it was still so limited that it was unlikely to accomplish Mr. Steinberg's goal of providing "peace of mind to people who live and work in Lower Manhattan."

"Because the plan continues to be inadequate, I can't imagine that there will be much of a response," she said.

Paul J. Lioy, an environmental scientist at Rutgers who was also a member of the advisory panel, said the program, though flawed, could do some good.

"At least something is finally being done," he said. "If there is residual dust, we'll be able to find it."

It is not clear how many apartments and commercial spaces can be cleaned under the new program. Mr. Steinberg said only $7 million was left from a Federal Emergency Management Agency grant to pay for the new cleanup. A previous effort in 2002 and 2003 that cleaned or tested 4,200 of more than 23,000 apartments in Lower Manhattan cost $30 million.

Mr. Steinberg said testing for the four contaminants would cost about $3 a square foot, or $3,000 for an average apartment, while cleaning that same space will add an additional $1 per square foot.

But officials said they expected the testing to show that most apartments do not need to be cleaned.

"The danger really is low," said George M. Gray, assistant administrator for the agency's Office of Research and Development. "The vast majority of occupied residential and commercial spaces have been repeatedly cleaned since 2001."

Dr. Gray said the normal process of household cleaning — dusting and vacuuming and the like — has probably eliminated most of the dust that infiltrated indoor spaces.

Environmental advocates disagreed. "That's not an environmental cleanup," said Suzanne Mattei, director of the Sierra Club's New York office. "Most experts say that if a carpet really is contaminated with asbestos, you probably need to get it out of the house altogether."

The 60-day sign-up period for the voluntary cleanup program will begin in January, and testing is expected to start in the spring. More information is available online at epa.gov/wtc/testandclean.

Cherry-Picking Campaign Promises (NYT)

The New York Times, December 7, 2006

Weeks before they take majority control of the Capitol, the Democrats are reported to be wriggling out of one of their most important campaign vows: to repair Congressional oversight of the nation's intelligence agencies. Congress was found to be nothing less than "dysfunctional" on this duty by the Sept. 11 commission, which wisely recommended a full-scale revamping of the committee structure.

This necessarily means a wrenching change in the budget powers over intelligence exercised by the bulls of the defense appropriations process — a monopoly that reduces the intelligence committees to secondary lap dogs. When the Republican-controlled Congress showed no appetite for a turf fight, Democrats eagerly made a campaign vow to promptly enact all of the panel's recommendations.

Now that they can taste power again, however, the victors seem to be having second thoughts. Instead of attempting wholesale committee reform in the first weeks of Congress, Democratic leaders may punt the idea toward oblivion in some sort of a study panel, according to The Washington Post. Nothing could be more disappointing to voters.

The Sept. 11 commission report was not sacred writ. And Democrats still vow to enact major commission recommendations to bolster port security and screen airport cargo. But the lawmakers cannot ignore the fact that they were found to be an organic part of the problem. Surely, the leaders of the new Congress know they will be risking the nation's security, far more than their credibility, if they retreat from the vow to do a stronger job of oversight.

Nagin: Feds Have Abandoned New Orleans Recovery (USAT)

By Peter Eisler And Brad Heath

USA Today, December 7, 2006

New Orleans Mayor Ray Nagin accused the federal government Wednesday of abandoning its legal obligation to help his city recover from the devastation of Hurricane Katrina.

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In an interview with USA TODAY's editorial board, Nagin insisted that even the city's most flood-prone areas should be rebuilt — albeit "smarter and safer." He said that can't happen unless promised federal aid begins to flow.

"I'm planning and building for a city that's as large, if not larger, than pre-Katrina levels," he said. "There is (federal) money out in cyberspace, there is money in the mail … but very little of that money has made it to our local governments and our citizens."

Under federal law, he added, the government is obliged to help restore vital infrastructure devastated by the storm, which struck the Gulf Coast on Aug. 29, 2005. Nagin said the federal government has approved more than $900 million to rebuild New Orleans' infrastructure, but local officials have not been able to access most of it.

"We're here to say to the federal government: 'Honor the law,' " said Nagin, in Washington to see lawmakers and federal officials.

James Stark, the head of the Federal Emergency Management Agency's recovery office in Louisiana, said most of the federal money already has been turned over to Louisiana. But he said FEMA has been working to speed up the funding process. "Given the breadth of this disaster I think it's understandable that some of this has moved slower than we'd all hoped," he said.

Andy Kopplin, executive director of the Louisiana Recovery Authority, said FEMA was at first slow to approve infrastructure projects and has consistently underestimated the cost. Nevertheless, he said, $640 million worth of permanent infrastructure money has been approved for New Orleans projects. "Payments will be made as the projects are constructed," Kopplin said.

Nagin said local officials are caught in a bureaucratic Catch-22: They can't get the money until projects are underway, but they're unable to issue contracts until they have money in hand to pay for them. So the city hasn't been able to begin critical repairs to roads, public buildings, power systems or other damaged infrastructure.

'We're Going To Do It' (USAT)

USA Today, December 7, 2006

'We're going to do it'

The New Orleans mayor and city leaders talk about the progress, setbacks and frustrations of rebuilding an American city. On one point, they are unanimous: The Big Easy will rise again.

More than 15 months after Hurricane Katrina swamped New Orleans and surrounding areas of the Gulf Coast, tangible signs of recovery are evident. Even so, frustrations have been mounting as thousands of residents have yet to return, red tape has slowed rebuilding and many neighborhoods are virtually untouched. New Orleans Mayor Ray Nagin, along with City Council members Oliver Thomas Jr., Cynthia Hedge-Morrell and Arnie Fielkow, discussed the city's rebuilding efforts and other issues with USA TODAY's editorial board. Their comments were edited for length and clarity.

Question: For all of the achievements in New Orleans, many problems remain. This enormously complicated task is made more difficult by dealing with city, state and federal bureaucracies. What's the most important thing that needs to be done to make everything else work?

Nagin: The main thing we need right now is the $900 million that is pending through the Federal Emergency Management Agency for infrastructure repairs. The second thing is the dollars our citizens need to rebuild their homes and their lives. The Road Home program (which uses grants to cover home repairs not covered by insurance or FEMA grants) was designed to award grants of $150,000. But only 44 citizens statewide have received a check. Our citizens are getting very frustrated.

Q: The main federal responsibility would seem to be making the levees safe, which would encourage people to return. Where does this stand?

Nagin: In my dealings with the Army Corps of Engineers, the areas they've fixed seem to be some of the best levee systems we've had in our history. That's the good news. The not-so-good news is that the entire system has not been upgraded to that standard. By the time we get to the next hurricane season, we should have our other really vulnerable areas upgraded. Longer term, the Corps still has not armored the levee stations, it still has not built the gates we need. We still have not adequately started addressing our coastal restoration issues. So it is going to take us probably until 2010 before the city is totally protected.

Q: Can a citizen confidently make a decision about where he or she should rebuild or live?

Nagin: Our citizens have enough information to understand their risk. I don't think we can eliminate all of the risk because we're a city that's a bowl. When we look at a map of the building permits we've issued, most citizens seem to be shying away from areas most susceptible to flooding if another Katrina happens.

Q: You've said that every citizen should be allowed to return and rebuild. Now Ed Blakely, your new manager for rebuilding, said that doesn't necessarily mean everyone should be allowed to rebuild in exactly the same place. Do you agree or do you still feel the city's footprint cannot shrink?

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Nagin: What Blakely was trying to clarify is that we want to make sure that everyone who rebuilds does so safely. For example, everyone seems to be infatuated with the Lower 9th Ward, which is where Councilman Thomas grew up. We have not said that people can't go back and build in the Lower 9th. What we are saying is that they need to build smarter and safer. So if you're going to build in an area that is susceptible to severe flooding, a multistoried living facility — in which the first floor is parking and storage — is probably the smarter way to build.

Q: So are you saying you won't allow rebuilding in certain places?

Nagin: Why are you guys so obsessed with this footprint issue? I'm planning on building a city that's as large, if not larger, than pre-Katrina levels. My immediate objective is to try to get the population back to 75% pre-Katrina levels as quickly as possible, and then we will be attracting non-New Orleanians to a booming economy and grow to a much larger level.

Q: Your "Bring New Orleans Back Commission" said the city should abandon some low-lying areas and a moratorium should be placed on building in the most vulnerable areas? Do you disagree with that recommendation?

Hedge-Morrell: When the commission came back with that announcement, it was just unthinkable. One of the areas they targeted was my district, an area on the rebound. People are rebuilding. We have businesses coming back. So it is misleading and almost an insult to this city's citizens that everyone gets hung up on this footprint issue. I don't hear of any other city that experiences a forest fire or earthquake being told that they can't rebuild.

Thomas: But we can't be irresponsible. We are not going to allow people to bring their families in areas where we can't support them. In New Orleans, you have some families — two, three and four families — that are living together. They don't want to take a chance on not having a school or not having police protection. But the less resources we get, the less infrastructure we'll have to support the quality of life.

Nagin: One thing that is happening is that there is no clarity about buyout dollars for homeowners to move to a better place. How does someone rebuild his life? How does he move away from the home that's been in his family for 100 years with a buyout offer on the table of $10,000 (with the rest of the Road Home money going to the mortgage company)? And anytime we bring up the issue of footprint, our citizens say, well how do I get to a better place? How do I rebuild my life?

Q: And what's the answer?

Nagin: The answer is the Road Home program needs to be rethought. It's not meeting the needs of our citizens. It needs to move more quickly with more dollars. We have to get to a point where I can say to a citizen, you can't live here or you shouldn't live here because of the risk, but here's how we move you to a better place to rebuild your life. But that clarity is not out there.

Fielkow: It is very frustrating. But one of the greatest stories that exists in this country, maybe the world, is what has transpired with average folks for the last year, every night of the week, every weekend of the year, meeting first in small neighborhood groups and then branching out into larger groups and talking about their future, where they're going to rebuild, are their neighbors coming back? What infrastructure needs to come into play? So when we talk about rebuilding, it is not being done in a vacuum, it is being done with the input of every citizen. People are really planning their own future right now.

Q: How does the situation in New Orleans differ from that in California, when houses are devoured in fires, or in Kansas, when homes are flattened by tornadoes?

Hedge-Morrell: It differs because Katrina didn't do it. The fault lies with a poorly constructed federal levee system. Nobody talks about the fact that over the last 20 years, money was appropriated to fortify the system, but it was never completed. Everybody talks about Katrina, Katrina, Katrina.

Thomas: We survived Katrina. We didn't survive the levees breaking.

Hedge-Morrell: We did not survive poorly constructed levees.

Q: How far does the federal responsibility over the levee failure reach? Because of the levee failure, is there a federal obligation to make everyone whole, regardless of insurance?

Nagin: I think the biggest difference we as New Orleanians are feeling is if there's a wildfire out in California, there's really no question about whether we should rebuild those areas. If there's an earthquake, a snowstorm, nobody questions that. And that's what we are struggling with as a community and it's creating a lot of anger. It really is. Now they're wondering, why is this taking so long, why aren't these resources available and why isn't America basically saying collectively that this city deserves to be rebuilt? If we have to do it by ourselves, we're going to do it. It's just going to happen. I know this city and we're not going to allow anybody to tell us that we can't be back in our city. All we want is fairness, and we hope we can get a little bit of that going forward.

Q: But because there is federal money involved, and people elsewhere in the country are providing that money, who should bear the risk for rebuilding in flood-prone areas of New Orleans?

Nagin: It depends upon how much the area is contributing. I mean, if we are contributing, let's say $2 billion into the flood insurance policies every year, then to me, that's worth the risk. If we are contributing oil and gas to this country at an

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unprecedented level and the city is a primary producer, if we're delivering most of the seafood to the nation and I could go on and on, then to me it is worth the investment.

Q: Do you believe any of the aid money has been lost through corruption or incompetence?

Nagin: I don't know if there is any corruption going on. I think when you spend a significant amount of money, you're probably going to have some fraud or waste. What I can tell you is that the Stafford Act (which allows the president to declare an emergency and provide federal relief) isn't modern enough to deal with disasters of this nature. The fact that you have to wait for two bureaucracies — the federal and state bureaucracy — while they're both going back and forth to clarify it all, is not an efficient process.

Q: Where are the bottlenecks in getting the money where it needs to go?

Nagin: We've done about everything asked of us. We've gone through probably the most comprehensive planning process of any city in Louisiana that was impacted. Local elected leaders should be involved in designing how to expedite these processes. There are too many instances where the federal government and the state government are going on doing things and not involving us in a meaningful way.

Q: What do you want America to know?

Nagin: As Oliver said earlier, it's not the Katrina event that is really hurting us. It's the recovery, the aftermath of Katrina, all of what we're going through. Our citizens are under tremendous stress, the pain of what's going on in our community, particularly with our seniors, is unbearable almost. People are suffering, and somehow we've got to get away from this debate about whether we should or should not help people or move to improve their lives.

FEMA Wasting Millions In Katrina Aid, Audit Finds (AP)

By Hope Yen

AP, December 6, 2006

The government is squandering tens of millions of dollars in Hurricane Katrina disaster help, in some cases doling out housing payments to people living rent-free, investigators said yesterday.

The Federal Emergency Management Agency has recouped less than 1 percent of the $1 billion that investigators contend it wasted on fraudulent assistance, according to the Government Accountability Office. The report illustrates the disaster relief agency's struggles, more than one year after the deadly storm, to rush aid to those in need while also preventing abuse.

Last week, a federal judge in Washington ordered the Bush administration to resume housing payments for thousands of people displaced by Katrina. The ruling, which FEMA is appealing, cited a convoluted process for applying for help.

"Our work shows for individual assistance payments, at least tens of thousands of individuals took the opportunity to commit fraud," said Gregory Kutz, who works for Congress's investigative arm. He said that his previous $1 billion estimate of wasted aid was now "likely understated."

"I hope FEMA has learned the costly lesson and will make reforms for future disasters," Kutz said at a Senate hearing.

In its latest report, the GAO found that numerous applicants received duplicate rental aid. In one case, FEMA provided free apartments to 10 people in Plano, Tex., while sending them $46,000 for out-of-pocket housing expenses.

FEMA arranged for a free trailer to a family in Lacombe, La., in January, yet continued to provide monthly rental payments in late January, February and April totaling $5,500 -- a mistake resulting from poor communication within the agency, according to the report.

In addition, $20 million was wasted on thousands of people who claimed the same property damage from two hurricanes, Katrina and Rita. FEMA paid at least $3 million to more than 500 ineligible foreign students in the stricken Gulf Coast region, the report said.

FEMA spokesman Pat Philbin did not challenge the findings. He did say the agency has sought to upgrade the registration process and strengthen its procedures for verifying names and addresses.

"FEMA continues to focus our rebuilding efforts to greatly improve our reliability, accuracy and response in providing aid to disaster victims," Philbin said. "The agency will consider and evaluate any new findings."

Katrina Aid Is Still Being Abused, U.S. Investigators Say (USAT)

By Mimi Hall

USA Today, December 7, 2006

The government continues to waste tens of millions of dollars in its Hurricane Katrina relief efforts, including giving rent checks to evacuees already living in free housing and student aid to ineligible foreigners, U.S. investigators said Wednesday.

The Government Accountability Office (GAO) also found that the Federal Emergency Management Agency (FEMA) has been able to recoup only $7 million of the more than $1 billion in improper payments identified by investigators months ago.

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"The taxpayers are the new victims here," the GAO's Greg Kutz told the Senate's Homeland Security and Governmental Affairs Committee during the fourth and final hearing into government waste, fraud and abuse related to Katrina.

Among the latest examples of waste were duplicate payments to people claiming the same damage to their homes from two hurricanes.

Chairwoman Susan Collins, R-Maine, called the new revelations about FEMA "truly alarming."

The GAO reported that FEMA spent:

·Nearly $17 million in improper or fraudulent rental payments to evacuees already living for free in trailers provided by the agency.

·Nearly $20 million in double payments to people who claimed damage to the same property from Hurricanes Katrina and Rita.

·$3 million to more than 500 foreign students who are ineligible for aid.

·$156,000 to 25 foreign workers in the USA on temporary work visas.

Katrina & Recovery Much Katrina Aid Wasted, GAO Report Says (NPR)

By Carol Anne Clark Kelly

NPR, December 6, 2006

More than a year after Hurricane Katrina devastated New Orleans and portions of the Gulf Coast, the government is still wasting millions of dollars in disaster aid, according to a report released Wednesday by the Government Accountability Office.

The GAO report finds evidence of double payments, aid given to foreign exchange students and a major failure to recover money paid out for illegitimate claims.

FEMA spokesman Pat Philbin said the agency has tried over the past year to eliminate waste by improving its registration process and upgrading its ability to check names and addresses.

"The agency will consider and evaluate any new findings that can assist in improving our processes and procedures," Philbin said.

At the same time that public interest groups are in court this week, trying to restart FEMA payments to thousands of Katrina evacuees, congressional investigators detailed instances of fraudulent payments to some Gulf Coast residents.

The GAO report says nearly $20 million was paid out to some 7,000 people who claimed their property was damaged by first Hurricane Katrina and then again by Hurricane Rita, which followed on the heels of the more powerful storm.

Some may in fact have been damaged by both storms, but the GAO says FEMA didn't have proper checks in place to flag duplicate claims.

FEMA also paid out nearly $3 million to more than 500 foreign exchange students. In several cases, the students actually informed FEMA of their international student status, and still received payments.

The GAO says rental aid was given to more than 8,000 storm victims who were already living rent-free in FEMA-provided trailers. In another case, FEMA provided free apartments to 10 individuals in Plano, Texas, while still sending them $46,000 to cover their own housing expenses.

At a Senate hearing to discuss the report's findings, Sen. Susan Collins (R-ME), chairwoman of the Homeland Security Committee, said a weaker-than-expected 2006 hurricane season has given the government the "luxury of time" to get disaster aid right.

"FEMA has yet to strike a proper balance between expedited assistance and good stewardship of taxpayers' funds. Current practices invite and enable fraud, harming the very people the program is designed to help," Collins said.

The ranking Democrat on the committee, Sen. Joseph Lieberman of Connecticut, said in some cases, people didn't intend to defraud the government.

"Some ineligible people who had no intent of gaming the government, but thought they might be eligible for assistance were granted payments, even though FEMA should have known they were not eligible and should have explained to them they were not eligible," Lieberman said.

Last week, a federal judge ordered FEMA to resume making housing assistance payments to thousands of Katrina evacuees after determining the government had botched the way it notified victims they weren't eligible to receive long-term housing aid. On Tuesday, the government appealed that ruling.

"Apparently FEMA doled out millions of dollars to people who did not deserve it and then denied assistance to many people with potentially legitimate needs without properly documenting why, making it difficult for applicants to appeal FEMA's decisions," Lieberman said.

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GAO investigator Gregory Kutz told senators at the hearing that FEMA has recovered less than 1 percent of at least $1 billion wasted on fraudulent or unjustified claims. He described FEMA's approach as "shooting money out the door" and then trying to recoup it later and said only pennies on the dollars are typically recovered that way.

"I hope FEMA has learned the costly lesson," Kutz said.

Louisiana Disputes A Bill From FEMA For Hurricane Aid (NYT)

By Leslie Eaton

The New York Times, December 7, 2006

Who should pay for the federal government's mistakes in handing out disaster aid to the wrong people? Not Louisiana, say state officials, who have gone to court to try to prevent the Federal Emergency Management Agency from collecting about $60 million from the state.

The federal government has asked a judge to dismiss the lawsuit, contending that Louisiana cannot refuse to pay charges it disagrees with — even when the charges are the result of fraudulent claims — and that the state has no right to audit FEMA's spending. A hearing on the lawsuit is scheduled for Monday in Federal District Court in Baton Rouge.

Not long after Hurricanes Katrina and Rita hit last year, government and private watchdogs complained about the slowness of FEMA's response and the agency's poor control over its spending. On Wednesday, the federal Government Accountability Office reported that FEMA had made about $1 billion in improper or fraudulent payments but had recouped a tiny fraction of the money.

While the federal government covers the costs of some disaster-relief programs, like housing assistance, it requires states to contribute to others, including the one at the center of Louisiana's dispute. That program, called "other needs assistance," pays for a variety of victims' expenses, like transportation, dental bills and funeral costs.

States that ask the federal agency to administer the program, as Louisiana did, are required to reimburse the federal government for 25 percent of the other needs payments, which in the year after Hurricanes Katrina and Rita topped $1.5 billion, according to court filings. FEMA says it credits states for any improper payments that it recovers.

Louisiana was billed about $384 million and has paid about $320 million. It has deposited the disputed $60 million into a court account.

The disputed figure includes $45 million withheld because the state estimates that about 12 percent of FEMA's other needs spending went to people who were probably not eligible for it. The estimate is based on a sample of payments examined by the office of Steve J. Theriot, Louisiana's legislative auditor. The auditor's office found problem payments among 425 cases it reviewed, according to its Oct. 17 report to the Legislature.

Nine payments went to people who claimed to live in houses that, neighbors or owners said, were unoccupied at the time of the storms, the report said. One payment was sent to someone who did not apply for it and had previously been a victim of identity theft; another was made to someone who claimed to live in a subdivision that had not been built. In many cases, the auditors could not verify that people lived at the addresses they claimed.

Mr. Theriot said some of his counterparts in other states were watching the Louisiana case closely because of their own concerns about FEMA payments.

In January, William O. Monroe, Florida's auditor general, issued a report noting that the federal agency had paid too much to people who said their cars were destroyed by hurricanes in 2004. Mr. Monroe recommended that Florida take stronger steps to ensure that its reimbursements to FEMA were for valid obligations.

Aaron T. Walker, a FEMA spokesman, said in an e-mail message that the agency does not comment on litigation. In the past, Louisiana has paid its share of the other needs assistance, Mr. Walker added.

In court papers, lawyers for the federal government said that requiring the agency to use "labor intensive, detective-style techniques such as interviewing the neighbors and landlords of applicants" would cripple the aid program.

The rest of the contested money, about $15 million, is the state's share of money that FEMA paid to reimburse people who bought generators. The federal agency says the state approved such payments; the state says it did not.

Louisiana had a budget surplus of more than $800 million in its last fiscal year, and is running an even larger surplus this year.

But to state officials, "this is about transparency, accountability and, I guess, in a sense, reciprocity," Mr. Theriot said, explaining that when the federal government gives grants to the state, federal auditors can examine the state's spending and, if they find a problem, demand the money back.

Louisiana wants the same rights when FEMA is spending the state's money, Mr. Theriot said.

"Why should we pay 25 cents on the dollar," he asked, "for errors from making payments to noneligible recipients?"

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WAR NEWS:

Panel: Bush's Iraq Policies Have Failed (AP)

By Anne Plummer Flaherty, David Espo

AP, December 6, 2006

President Bush's war policies have failed in almost every regard, the bipartisan Iraq Study Group concluded Wednesday, and it warned of dwindling chances to change course before crisis turns to chaos with dire implications for terrorism, war in the Middle East and higher oil prices around the world.

Nearly four years, $400 billion and more than 2,900 U.S. deaths into a deeply unpopular war, violence is bad and getting worse, there is no guarantee of success and the consequences of failure are great, the high-level panel of five Republicans and five Democrats said in a bleak accounting of U.S. and Iraqi shortcomings.

It said the United States should find ways to pull back most of its combat forces by early 2008 and focus U.S. troops on training and supporting Iraqi units. The U.S. should also begin a "diplomatic offensive" by the end of the month and engage adversaries Iran and Syria in an effort to quell sectarian violence and shore up the fragile Iraqi government, the report said.

It followed by a day the sobering appraisal of Robert Gates, who was confirmed Wednesday as Bush's new Pentagon chief, that the United States is not winning in Iraq.

"Despite a massive effort, stability in Iraq remains elusive and the situation is deteriorating," the independent report said. "The ability of the United States to shape outcomes is diminishing. Time is running out."

The group's recommendations do not endorse either the current White House strategy of staying put in Iraq or calls from Bush's political opponents for a quick pullout or a firm timetable for withdrawal.

"The report is an acknowledgment that there will be no military solution in Iraq. It will require a political solution arrived at through sustained Iraqi and region-wide diplomacy and engagement," said Sen. Chuck Hagel, R-Neb.

Incoming House Speaker Nancy Pelosi, D-Calif., and other Democrats said the ball is in Bush's court.

"If the president is serious about the need for change in Iraq, he will find Democrats ready to work with him in a bipartisan fashion to find a way to end the war as quickly as possible," Pelosi said.

The Iraq panel's leaders said they tried to avoid politically charged language such as "victory," on the one hand or "civil war" on the other, but the words they chose were still powerful. The report says the current strategy is not working and lays out example after example where it has come up short.

As if to underscore that the conflict is hurtling out of control, the military reported that 10 American troops were killed Wednesday, adding to the toll of U.S. forces who have died since the invasion that toppled Saddam Hussein in early 2003. The United States has about 140,000 troops in the country.

"We do not recommend a stay-the-course solution," said James A. Baker III, the former secretary of state and Bush family adviser who co-chaired the commission. "In our opinion, that approach is no longer viable."

Former Rep. Lee Hamilton, D-Ind., the other co-chairman, said the commission agreed with Bush's goal of an Iraq able to govern, protect and sustain itself but that the administration needed new approaches.

"No course of action in Iraq is guaranteed to stop a slide toward chaos," Hamilton said. "Yet, in our view, not all options have been exhausted."

The report has been widely seen as an opportunity for Bush to pivot from policies blamed in large part for Republican losses in midterm elections last month. Bush praised the group's work, but gave no hint of his next move. He said he would give the findings a hard look and urged Congress to do the same.

"This report gives a very tough assessment of the situation in Iraq," Bush said after an early morning briefing from the group of five Republican and five Democratic former government officials and advisers. "It is a report that brings some really very interesting proposals, and we will take every proposal seriously and we will act in a timely fashion."

Bush met later with members of Congress from both political parties and said he wanted to cooperate to "send a message to the American people that the struggle for freedom, the struggle for our security is not the purview of one party over the other."

The commission also briefed members of the Iraqi government by teleconference, and one official there agreed that Iraqis must take responsibility for their own security. "Absolute dependence on foreign troops is not possible," said Deputy Prime Minister Barham Saleh.

Among its 79 recommendations, the group said the United States should reduce political, military or economic support for Iraq if the government in Baghdad cannot make substantial progress. The report said Iraqi leaders have failed to deliver better

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security or political compromises that would reduce violence, and it implied that a four-month joint U.S.-Iraqi military campaign to reduce violence in Baghdad is hopeless.

"Because none of the operations conducted by U.S. and Iraqi military forces are fundamentally changing the conditions encouraging the sectarian violence, U.S. forces seem to be caught in a mission that has no foreseeable end," the report said.

That was a withering evaluation of a central tenet of the Bush military strategy in Iraq. In Baghdad and elsewhere, U.S. forces are supposed to help Iraqi units "clear, hold and build," shorthand for routing insurgents or other fighters from problem areas, securing those areas from further violence and setting a positive future course.

On the highly emotional issue of troop withdrawals, the commission warned against either a precipitous pullback or an open-ended commitment to a large deployment.

"Military priorities must change," the report said, toward a goal of training, equipping and advising Iraqi forces.

The report said Bush should put aside misgivings and engage Syria, Iran and the leaders of insurgent forces in negotiations on Iraq's future, to begin by year's end. It urged him to revive efforts at a broader Middle East peace.

The report laid out consequences from bad to worse, including the threat of wider war in the Middle East and reduced oil production that would hurt the global economy.

In a slap at the Pentagon, the commission said there is significant underreporting of the actual level of violence in Iraq. It also faulted the U.S. intelligence effort, saying the government "still does not understand very well either the insurgency in Iraq or the role of the militias."

The commission recommended the number of U.S. troops embedded to train Iraqis should increase dramatically, from 3,000 to 4,000 currently to 10,000 to 20,000. Commission member William Perry, defense secretary in the Clinton administration, said those could be drawn from combat brigades already in Iraq.

The report noted that Iraq costs run about $8 billion a month and that the bills will keep coming. "Caring for veterans and replacing lost equipment will run into the hundreds of billions of dollars," the commission said. "Estimates run as high as $2 trillion for the final cost of the U.S. involvement in Iraq."

Iraq Panel Proposes Major Strategy Shift (WP)

By Michael Abramowitz, Robin Wright

The Washington Post, December 7, 2006

A panel of prominent elder leaders yesterday offered a stinging assessment of virtually every aspect of the U.S. venture in Iraq and called for a reshaping of the American military presence and a new Middle East diplomatic initiative to prevent the country from sliding into anarchy.

The long-awaited report from the bipartisan Iraq Study Group, co-chaired by former secretary of state James A. Baker III and former Indiana congressman Lee H. Hamilton, said that the focus of U.S. troops in Iraq should shift from combat to training Iraqi soldiers and police, and that all combat brigades not necessary for force protection could be withdrawn by early 2008.

At the same time, the panel said, the United States should launch a new round of Middle East diplomacy, including a revived effort to solve the Israeli-Palestinian dispute, aimed at building an international consensus for stabilizing Iraq. As part of this initiative, the group urged the Bush administration to break with its policy of not having high-level dialogues with Iran and Syria, though members of the commission held out little hope that the two countries, longtime rivals of the United States, would be interested in joining the effort.

As they presented their findings, members of the commission made clear their belief that the Bush administration's Iraq policy is failing. They said they hope that the report would prove to be a catalyst of a new bipartisanship on Iraq after years of acrimony in U.S. politics, and that it would help bring consensus to the American people.

Whether both can be achieved is uncertain. Democrats on Capitol Hill welcomed the report but said that the onus is on President Bush to implement the recommendations. For his part, Bush thanked the Iraq Study Group and described its report as "an opportunity to find common ground." But he offered no immediate endorsement or rejection of any of its recommendations.

As Baker and Hamilton unveiled the report at a Capitol Hill news conference with the other eight panel members, the co-chairmen warned that success in Iraq would not be guaranteed even if all their 79 recommendations were adopted by Congress and the administration.

"There is no magic formula that will solve the problems of Iraq," said Baker, a Republican. "But to give the Iraqi government a chance to succeed, United States policy must be focused more broadly than on military strategy alone or on Iraq alone. It must seek the active and constructive engagement of all governments that have an interest in avoiding chaos in Iraq."

Hamilton, a Democrat, said the situation in Iraq is very grave. "We do not know if it can be turned around, but we think we have an obligation to try; and if the recommendations that we have made are effectively implemented, there is at least a chance

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that you can see established a stable government in Iraq," he said. "The task ahead of us is daunting . . . but it is not, by any means, lost."

Except for the recommendations on Iran and Syria, the panel appeared to steer away from language that might inflame the Bush administration, which has said that it will consider the Iraq Study Group report as part of its own review of strategy and tactics in Iraq. The panel did not, for instance, set a formal timetable for troop withdrawal, instead setting 2008 as a goal for the withdrawal of U.S. combat brigades based on an estimate by U.S. commanders for when Iraqi forces will be ready to take charge of the country's security needs.

But in language and tone, the 96-page report offered an assessment of the U.S. mission in Iraq that was strikingly different from what has been heard until recently from the White House. There was no mention of the goal of establishing democracy, and no discussion of "victory" or the centrality of Iraq in "the war on terror" -- staples of Bush rhetoric.

Although the group stressed that it did not look backward at the mistakes in Iraq -- "how the house got on fire," in the words of panel member Vernon E. Jordan Jr., a Democratic power broker -- it offered scathing assessments of the competence of the Iraqi government, the accuracy of U.S. intelligence on the insurgency, the lack of coordination of economic assistance and many other issues. The panel took a veiled shot at outgoing Defense Secretary Donald H. Rumsfeld, saying that Robert M. Gates, the incoming Pentagon chief, who was confirmed by the Senate yesterday, should create "an environment in which the senior military feel free to offer independent advice" to the president and other civilian leaders.

Coming from a group made up in part by five stalwarts of the Republican establishment -- including former attorney general Edwin Meese III, retired Supreme Court justice Sandra Day O'Connor and Baker himself, a longtime associate of former president George H.W. Bush -- the sober report seemed likely to accelerate the reevaluation of Iraq policy now being reviewed by Congress and the administration, according to lawmakers and others involved in policymaking. But experts inside and outside the government voiced some skepticism that the recommendations themselves amounted to a coherent strategy that could accomplish the goal of stabilizing Iraq and reducing the U.S. military presence there.

Congressional Democrats embraced the report's call for a change in tactics in Iraq, and Republicans -- with at least one notable exception in presidential hopeful Sen. John McCain (Ariz.) -- generally praised the report, as well. But in a sign of the potential roadblocks ahead, Democratic aides said privately that Democrats want to make it clear that Bush still "owns" the Iraq war, and that if the panel's recommendations fail, they want the blame to fall on Bush, not on them.

"The president has the ball in his court now," said incoming Senate Majority Leader Harry M. Reid (D-Nev.). McCain offered a toughly worded statement, questioning the usefulness of reaching out to Syria and Iran, and saying that the link between an Arab-Israeli peace initiative and violence in Iraq "seems tenuous at best."

The most dramatic departure from U.S. policy -- and almost certainly the most controversial part of the report for the Bush administration -- is the panel's call for a "diplomatic offensive" with a region-wide approach to stabilizing Iraq.

The report concluded that the major Middle East flashpoints -- Iraq, the Arab-Israeli conflict, Iran, Lebanon, the need for political reform, Islamic extremism and terrorism -- are all "intricately linked." It recommended actions on problems that have been intractable for more than six decades.

Recommendation 16, for example, called for Israel to return the Golan Heights to Syria, with U.S. security guarantees. In exchange, Syria should agree to peace with Israel, end meddling in Lebanon and Iraq, end aid for Hezbollah, help persuade Hamas to recognize Israel's right to exist and intervene to win the release of captured Israeli soldiers.

The report called for the new strategy to be launched by the end of December. The first step is to immediately organize an International Support Group bringing together all of Iraq's neighbors, most notably Iran and Syria, as well as all the Persian Gulf states, Egypt, the five permanent members of the U.N. Security Council and the European Union.

"In diplomacy, a nation can and should engage its adversaries and enemies to try to resolve conflicts and differences consistent with its own interests," the report said. At the news conference, Baker acknowledged that the limited contacts with Iran already indicate that Tehran is not "chomping at the bit" to hold talks on Iraq.

A senior Iranian official, who was not authorized to comment publicly, said he was disappointed with the report. "The only carrot they offer is no regime change," he said. "That's a helluva way to ask for help. That's not a carrot to offer Iran."

Another major point of the panel's report is the need to set more specific goals for the Iraqi government on national reconciliation, security and governance. The members said the United States should make clear that continued economic, military and political support will be conditioned on Iraq's performance in relation to the milestones.

The panel also recommended shifting the focus of the 140,000 U.S. troops in Iraq from combat to training -- a process the administration says has already begun. The Iraqi army should take more responsibility for security, but while the process is underway, the United States should embed substantially more U.S. military personnel in Iraqi units for advice and staff assistance, the panel said.

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Such a mission could involve 10,000 to 20,000 U.S. troops, compared with the 3,000 to 4,000 now involved in training and advisory roles. The panel said that, for a variety of reasons, the United States should not make an "open-ended" commitment to keep large numbers of U.S. troops in Iraq, including the need to give Iraqis an incentive to make the political changes necessary to quell sectarian violence.

Rejecting the idea of sustained increases in troop levels, the panel said U.S. forces are stretched so thin in the world that it doubted the troops would be available -- while also questioning the very premise. "While it is clear the presence of U.S. troops in Iraq is moderating the violence," the panel members said, "there is little evidence that the long-term deployment of U.S. troops by itself has led or will lead to fundamental improvements in the security situation."

Panel Finds Bush Policies Are Not Working In Iraq (LAT)

By Paul Richter

The Los Angeles Times, December 7, 2006

Washington — Bush administration policies have set off a "slide toward chaos" in Iraq, a bipartisan national commission declared Wednesday in a major reappraisal that challenges President Bush's view of the war and builds new pressure for disengagement.

In uncompromising and dismal terms, the panel said the continuing deterioration in Iraq could inflame the entire region in a deadly war that would further curtail U.S. influence throughout the world. It issued 79 recommendations that counter many hardened administration stances, such as holding talks with Syria and Iran and reassigning U.S. forces as advisers -- a proposal that could enable the withdrawal of combat troops by early 2008.

"The current approach is not working, and the ability of the United States to influence events is diminishing," said former Rep. Lee H. Hamilton, D-Ind., who co-chairs the 10-member Iraq Study Group along with former Secretary of State James A. Baker III. "Many Americans are understandably dissatisfied. Our ship of state has hit rough waters. It must now chart a new way forward."

The report of the Iraq Study Group, coming after midterm elections widely seen as a repudiation of Bush's war policy, is certain to further transform the growing national debate on the war, with Democrats and many Republicans agreeing Wednesday that its conclusions pointed to the urgent need for new policies.

But even as pressure grows on the White House to change course, Bush stopped short of any immediate endorsement of the recommendations. The president has signaled that he is considering strategy proposals from a number of sources, but told members of the study group in a morning meeting that he viewed their report as "unique" because of the panel's bipartisan composition.

The commission's findings were issued on a day when the military reported 10 U.S. soldiers were killed, the highest daily toll in weeks and a reminder of the results of a war policy now widely seen as failing.

The report also came a day after Robert M. Gates, Bush's nominee to head the Pentagon, told Congress that America was not winning the war, and just days after disclosure of a memo by outgoing Defense Secretary Donald H. Rumsfeld in which he said that U.S. strategy required a "major adjustment."

In its 96-page report, the panel urged the Bush administration to initiate a "diplomatic offensive" to stabilize Iraq, and include talks with Syria and Iran. They recommended that U.S. forces step up their shift from combat to an advisory role, thus allowing the Pentagon to withdraw nearly all of its 15 combat brigades by early 2008.

And they urged the administration to actively prod leaders of Iraq's government toward political progress, withholding military, economic and diplomatic help if necessary. The report said the administration should set benchmarks for progress by Iraqis, and should make clear that the mission is "not open-ended."

The five Republicans and five Democrats urged the recommendations be instituted as a set. "Our three most important recommendations are equally important and reinforce one another," Hamilton said.

For Bush to accept the recommendations, he would have to change course on a number of key issues. He has largely ruled out talks with Syria and Iran, and resisted proposals for setting timetables for Iraqi government progress.

And he has shown no interest in pressing for an Israeli-Palestinian settlement, as the report urged, until the Palestinians establish a government that wins American approval and take other steps.

The report, approved by such conservatives as former Reagan administration Attorney General Edwin Meese III and former Sen. Alan K. Simpson, R-Wyo., was striking in its harsh critique of conditions in Iraq nearly four years after the U.S. invasion.

While the White House continues to point to signs of progress, the report emphasized the "great suffering" of ordinary Iraqis, persistent disorder, government inefficiency and corruption, economic setbacks, and the weaknesses of the Iraqi military

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and police. The report criticized the U.S. reconstruction effort -- saying that among U.S. government agencies, "there are no clear lines establishing who is in charge" -- and faulted Iraq's neighbors and international donor countries for doing little to help it.

It noted that the war has result in nearly 2,900 American deaths, 21,000 wounded, and costs projected to rise to $2 trillion.

"The United States is spending $2 billion a week," commission members wrote. "Our ability to respond to other international crises is constrained. A majority of the American people are soured on this war. This level of expense is not sustainable over an extended period, especially when progress is not being made."

The report also found that the U.S. military was much worse for the experience, countering years of more favorable assessments by Defense officials.

"U.S. military forces, especially our ground forces, have been stretched nearly to the breaking point by the repeated deployments in Iraq, with attendant casualties. . . greater difficulty in recruiting and accelerated wear on equipment," the report said.

The report found that the traditional partnership between uniformed services and civilian leaders "has frayed, and civil-military relations need to be repaired."

The report faulted U.S. practices for "under-reporting" violence in Iraq, saying American officials leave out many deaths that may be the result of war or insurgent action.

"The standard for recording attacks acts as a filter to keep events out of reports and databases," the report said. "A murder of an Iraqi is not necessarily counted as an attack."

The effect is such that on one day in July, U.S. officials recorded 93 attacks or significant acts of violence. But the commission members said a review of reports uncovered 1,100 acts of violence.

For all that, the future could be far worse, the report said.

"We do not recommend a 'stay the course' solution," Baker said at a morning press conference. "In our opinion, that approach is no longer viable."

Asked if the group accepted Bush's earlier goal of making Iraq a model for democracy in the Middle East, panel members said they preferred to focus on the more recently stated goals: making the country stable, self governing, and secure.

The report rejected the idea of an immediate troop withdrawal, saying that would likely intensify violence and create a dangerous power vacuum. It said that a large increase in U.S. troops would not solve the essential problem: the need for a political deal between Iraqi factions.

The panel ruled out proposals calling for sharply decentralizing the country into three sections, arguing that the mix of ethnic and religious populations would make separating them difficult and dangerous.

At the heart of the Iraq Study Group's proposal is its recommendation for a "new diplomatic offensive" that it said U.S. officials should launch by the end of the year. Panel members recommended formation of a standing group of countries and organizations -- much as world powers formed a "contact group" to deal with Afghanistan after U.S. troops toppled the Taliban in 2002.

The new group would consist of Iraq's neighbors, key regional allies such as Egypt, the Persian Gulf states, the five permanent members of the U.N. Security Council, and the European Union.

The panel argued that a regional solution was needed because all of the Mideast's problem are so closely linked.

As an example, it said that resistance to the U.S. presence as well as support for militant Shiite cleric Muqtada al-Sadr both had "spiked" in the aftermath of the Israeli bombing campaign in Lebanon during the summer.

The group said that the diplomatic offensive should include, as soon as possible, unconditional meetings between Israel, Lebanon and Syria on one hand, and between Israel and Palestinians on the other -- provided the Palestinians represented acknowledged Israel's right to exist.

Baker staunchly defended the need for U.S. officials to deal with Syria and Iran, even though administration officials believe that would be rewarding bad behavior by ignoring Iran's ambitions to develop a nuclear program.

"For 40 years we talked to the Soviet Union during a time when they were committed to wiping us off the face of the Earth," Baker said. "We're talking not about talking to be talking; we're talking about tough diplomacy."

The group also urged that the United States, in the interests of reducing Iraqi opposition, declare publicly that it has no interest in permanent military bases or designs on Iraqi oil. However, the group said that the U.S. government should consider requests from the Iraqis to maintain temporary bases.

The idea of withdrawing all combat brigades by 2008 was not among the 79 recommendations. But the report's narrative said that, "subject to unexpected developments," almost all combat units could be pulled out by then.

The report said that an open ended commitment provided no incentive for the Iraqi government to move toward reconciliation.

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"While it is clear that the presence of U.S. troops in Iraq is moderating the violence, there is little evidence that the long term deployment of U.S. troops by itself has or will lead to fundamental improvements in the security situation," it said.

In Baghdad, Iraqis watching news reports on Arabic language television greeted the findings with a mix of skepticism and guarded hope.

"This study came late," said university professor Ammar Salman, 51. "We have lost three years because of the conflicts inside the Bush administration."

Times staff writers Solomon Moore in Baghdad, Kim Murphy in London and Greg Miller in Washington contributed to this report.

President Promises "Timely" Response (USAT)

By Bill Nichols, Barbara Slavin

USA Today, December 7, 2006

WASHINGTON — A much-awaited report on Iraq called for U.S. troop withdrawals by 2008 to prevent its slide toward "chaos," bringing a pledge by President Bush to weigh its findings and prompting calls from Congress for a swift change of course.

Conditions in Iraq are "grave and deteriorating," according to the report from the congressionally mandated, bipartisan Iraq Study Group. It said Bush's policy in Iraq "is not working."

One panel member, former Supreme Court justice Sandra Day O'Connor, told USA TODAY, "You can see for yourself the situation is bad on the ground."

"There's some very good ideas in there," Bush said after meeting with members of Congress on Wednesday. "Not all of us around the table agree with every idea, but we do agree that it shows that bipartisan consensus on important issues is possible."

Leading Democrats said the report underscores the need for fundamental change. House Speaker-designate Nancy Pelosi, D-Calif., said the commission "has concluded the president's Iraq policy has failed and must be changed. As the November elections clearly demonstrated, that is an assessment shared by the American people."

The 10-member group, co-chaired by former secretary of State James Baker and former representative Lee Hamilton, D-Ind., recommended:

·Pulling U.S. troops back from combat roles by early 2008.

·Reducing support for the Iraqi government if it fails to meet benchmarks.

·A new Middle East peace initiative and talks with Iran and Syria.

The report also accused the Pentagon of underreporting the level of violence in Iraq and faulted U.S. intelligence for its lack of understanding of Iraq.

The study's release came on the same day that 10 U.S. soldiers were killed in Iraq, according to the U.S. military.

Iraq Report Adds Pressure On Bush To Plan Pullback (WSJ)

By Yochi J. Dreazen, Neil King

The Wall Street Journal, December 7, 2006

The bipartisan Iraq Study Group's searing critique of Bush administration policy is already reshaping the debate over the war -- with its prescription for withdrawing most U.S. troops by a specific date and dismissal of calls to partition Iraq or send additional American forces there.

The report, issued yesterday by a panel headed by former Secretary of State James Baker III and former Democratic Rep. Lee Hamilton, fleshes out some of the broad suggestions that had been widely advertised before its public release. These include a refusal to embrace an immediate troop withdrawal and a recommendation to convene an international conference to enlist nations such as Iran and Syria to help quell the violence in Iraq.

But the report also offers several surprises. Its portrait of the situation in Iraq is far gloomier than many had expected. And while it doesn't lay out a detailed timetable for a full withdrawal, its call to have most combat troops out by March 2008 is more explicit than had been anticipated.

Policy makers and the public are likely to view events in Iraq through the lens of the report -- already widely available in paperback form -- well into the coming year. A circuit of congressional hearings, talk shows and lectures featuring the panel members ensures their advice will remain in headlines for the foreseeable future.

Those favoring withdrawal almost certainly will coalesce around the March 2008 target, and the report's dire description of the situation in Iraq is likely to be seized upon by Democrats and other war critics as evidence that the administration must make broader changes to its strategy.

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The report offers a deeply pessimistic assessment of events in Iraq and catalogues a long list of American failures there. It concludes that current U.S. policy is failing despite the nearly 3,000 American military personnel who have been killed and estimates that the financial cost could ultimately exceed $2 trillion.

"The situation in Iraq is very, very serious," Mr. Hamilton told reporters. "We do not know if it can be turned around."

The panel offers 79 specific recommendations for far-reaching changes in U.S. policy across the Middle East as part of a last-ditch effort to stabilize Iraq. It suggests leaving behind troops after March 2008 who would focus almost exclusively on training Iraqi forces, who the panel describes at present as ineffectual and largely driven by sectarian motivations rather than loyalty to the central government.

Neither the chief panelists nor their report are going to fade away soon -- meaning the spotlight will remain on the Bush administration's Iraq policy. Messrs. Baker and Hamilton are already booked to testify before at least a dozen congressional panels over the next month. They, along with a number of others from the study group, are expected to be all over the television talk shows at least through the weekend.

The paperback of the government-funded report, "The Iraq Study Group: The Way Forward -- A New Approach," is published by Bertelsmann AG Vintage Books and is selling briskly in many parts of the country. It jumped to No. 22 on the Amazon.com sales-ranking list yesterday. The publisher said sales are so strong that it expected to go back to the press for the third time by the end of business yesterday.

Washington bureau chief Jerry Seib14 comments on the report, saying it creates an opening for the White House to adjust its Iraq policy without acknowledging the policy was flawed.

President Bush praised the report for offering "interesting proposals" and said his administration will "take every proposal seriously." One study-group panelist, former Defense Secretary William Perry, said he went into a morning meeting with Mr. Bush convinced that the president "was building up antibodies toward the whole report" but came away "pleasantly surprised." Mr. Bush, he said, seemed "clearly interested in making even more of a course correction in the weeks and months ahead."

Still, a senior administration official said the White House doesn't feel bound by the report and is unlikely to implement many of its recommendations, especially regarding calls for diplomatic outreach to U.S. foes Syria and Iran. Mr. Bush, speaking to reporters at the White House, said "we probably won't agree with every proposal." 15

In its report, the commission calls for a new diplomatic offensive to enlist Iran and Syria in the effort to stabilize Iraq, with which both share a border. It says Washington could offer them entry into the World Trade Organization, and help in pressing the Israelis to return the disputed Golan Heights to Syria as part of a new round of land-for-peace negotiations between Israel and its Arab neighbors.

At the same time, the panel acknowledges that conditions in Iraq have deteriorated so significantly that even if its recommendations were fully implemented, it might be too late to prevent sectarian warfare from igniting a regional conflagration that engulfs neighboring states.

"Despite a massive effort, stability in Iraq remains elusive and the situation is deteriorating," the report said. "The ability of the United States to shape outcomes is diminishing. Time is running out."

Launched by Congress nine months ago to provide a fresh take in light of growing dismay with U.S. strategy in Iraq, the 10-member panel took on inordinate significance in recent weeks amid soaring alarm at Iraq's growing chaos. Panelists had indicated privately in recent days that they were concerned by growing public expectations that they would offer a magic cure for Iraq's problems. Indeed, the report is as notable for its rejection of some of the most prominent proposals on Iraq as for its own recommendations.

In the aftermath of midterm elections in which voter anger about the war helped Democrats retake the House and Senate, lawmakers from both parties have scrambled to unveil new ideas for how to salvage the Iraq situation. Republican Sen. John McCain of Arizona has called for sending tens of thousands of additional U.S. forces, while Sen. Joseph Biden, a Delaware Democrat, has proposed dividing Iraq into three regions along ethnic and religious lines. The White House has rejected mounting calls for a course correction in Iraq, insisting it would maintain the current numbers of U.S. military personnel in Iraq indefinitely.

The report effectively rejects both the administration's strategy and several leading congressional proposals. It says the current U.S. approach isn't working and that "making no changes in policy would simply delay the day of reckoning at a high cost."

"We do not recommend a stay-the-course solution," Mr. Baker told reporters yesterday. "In our opinion, that approach is no longer viable."

At the same time, the panel rejects sending in more troops. It says the U.S. military has been stretched thin by repeated deployments to Iraq, and the violence there requires a political, not military, solution. It warns that partitioning the country would risk triggering ethnic cleansing and military intervention by neighboring states. And it cautions that a premature U.S. withdrawal

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could spark even greater sectarian warfare and destabilize the country so completely that "the long-range consequences could eventually require the United States to return."

The panel doesn't address a proposal by Democratic Rep. John Murtha of Pennsylvania to drastically cut the number of U.S. military personnel in Iraq by shifting them to bases in neighboring countries such as Kuwait.

The 142-page report outlines three central recommendations: drastically shrinking the size and mission of American military forces in Iraq; reaching out to Iran and Syria; and linking future American aid to signs that the Iraqi government is making "substantial progress toward the achievement of milestones on national reconciliation, security, and governance."

The commission recommends a major shift in the U.S. military's role, turning what has essentially been a sideshow -- training the Iraqi Army -- into the main event. It proposes multiplying the size of the advisory team to between 15,000 and 20,000 troops, from about 4,000 currently. The report suggests only the "most highly qualified U.S. officials and military personnel should be assigned to the imbedded teams," which live with Iraqi units and give them constant training and mentoring.

Senior military officials have said for several weeks that the U.S. military is weighing ways to increase the size and scope of the advisory effort, which commanders see as a necessary precondition for any future withdrawal.

The panel's diplomatic recommendations are proving more controversial. The Bush administration reacted coolly to a proposal that it reach out to Iran, especially to the panel's assertion that Tehran's Shiite Muslim regime might be coaxed into cooperation with offers of entry into the WTO or U.S. promises to push harder on the Israeli-Arab peace process.

Iran has been emboldened by U.S. failures in Iraq and the ascendancy of Shiite influence across the Middle East. Tehran has shown little willingness to engage in talks with the U.S. on Iraq unless the Bush administration backs off attempts to curb the Iranian nuclear program.

U.S. officials say Sunni Muslim Arab rulers in Saudi Arabia and other American allies in the region have expressed deep concern about the prospect of greater U.S. engagement with Iran. Arab leaders have warned that such talks would embolden Iran and fuel secessionist feelings among their own restive Shiite populations.

Messrs. Baker and Hamilton met with various Iranian and Syrian officials in recent weeks, and the panel's report acknowledges that the prospects of engaging Tehran aren't promising. Iran's leaders "are likely to say they will not participate in diplomatic efforts" on Iraq, it says, but adds that Syrian officials are far more interested in engagement.

The panel's call for Washington to push Israel to quickly seal peace deals with both the Palestinians and the Syrians struck many critics as overly optimistic. The report envisions a sweeping arrangement in which Israel would return the Golan Heights to Syria, give back the Shebaa Farms parcel to Lebanon and craft a comprehensive settlement with the Palestinians in the occupied West Bank and Gaza Strip.

Resolving the Israeli-Arab dispute has proven elusive for at least five U.S. administrations dating back to the 1970s, and there are few signs today that Israeli or Arab rulers are ready to make the compromises necessary to broker the agreements. The politically weakened Bush administration has spent the past six years avoiding such deep involvement in the Mideast peace process.

Iraq Study Group Report Warns Of Deteriorating Situation (MCT)

By Ron Hutcheson

McClatchy, December 7, 2006

WASHINGTON- Warning that "the situation in Iraq is grave and deteriorating," a blue-ribbon bipartisan commission said Wednesday that the United States should start withdrawing combat troops next year and force Iraqis to take more responsibility for their own fate.

The eagerly anticipated report by the Iraq Study Group called for a get-tough approach that would set clear milestones for the Iraqis in conjunction with a gradual withdrawal of U.S. troops. The report, delivered to President Bush this morning, did not offer a firm timetable for withdrawal, but suggested that most U.S. troops should leave over the coming year.

"The most important questions about Iraq's future are now the responsibility of Iraqis…The United States must not make an open-ended commitment to keep large numbers of American troops deployed in Iraq," the report's executive summary says.

The report suggests that nearly all U.S. combat troops should be out of Iraq by early 2008, "subject to unexpected developments in the security situation." The commission also said that troop levels should "significantly increase" in the short term to help Iraqis take over.

The recommendation would reverse Bush's longstanding commitment to stay in Iraq as long as it takes to transform the former dictatorship into a viable democracy. After meeting with the 10-member group this morning, Bush said he welcomed the commission's advice, but signaled that neither he nor members of Congress would be bound by it.

"While they won't agree with every proposal - and we probably won't agree with every proposal - it, nevertheless, is an opportunity to come together and to work together on this important issue."

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The bipartisan panel, headed by former Secretary of State James Baker and former Rep. Lee Hamilton, D-Ind., was appointed by Congress to assess the situation in Iraq and recommend policy changes. In a letter accompanying the report, Baker and Hamilton acknowledged that their suggestions may make little difference.

"There is no magic bullet to solve the problems of Iraq," they wrote. "No one can guarantee that any course of action in Iraq at this point will stop sectarian warfare, growing violence, or a slide toward chaos. If current trends continue, the potential consequences are severe."

The commission also called for a new regional diplomatic initiative, including talks with Iran and Syria; a renewed effort to solve the Israeli-Palestinian conflict; and an accelerated program to train Iraqi security forces.

Iraq Panel Calls For Radical Change Of Course (FT)

By Demetri Sevastopulo, Caroline Daniel, Edward Luce

Financial Times, December 7, 2006

The Iraq Study Group called for a radical change of course in US policy on Wednesday, saying conditions in Iraq were "grave and deteriorating".

Its report set out how the US was spending $2bn a week on an unpopular conflict in which nearly 100 Americans were dying monthly. The ISG said that, more than three years after the US-led invasion, its forces were stretched "nearly to the breaking point". On Wednesday alone, 10 US soldiers were killed in Iraq.

Challenging many of the tenets of George W. Bush's foreign policy, the bipartisan 10-member commission that prepared the report said a dramatic change of course was needed to avoid "severe consequences".

The ISG warned: "A slide toward chaos could trigger the collapse of Iraq's government and a humanitarian crisis."

The report is particularly damaging to Tony Blair, who travelled to Washington on Wednesday night to meet Mr Bush, both because it highlights the limits of British influence on US policymaking and because the UK premier is inextricably linked with the Bush administration's battle plan.

The report urged Mr Bush to boost efforts to train Iraqi forces, which it said could let most US troops leave by 2008. The report urged the White House to increase pressure on the Iraqi government and launch a Middle East initiative, including direct talks with Syria and Iran.

Mr Bush welcomed what he called a "very tough assessment" and vowed to take its conclusions "seriously". He said the report would provide "common ground" for Democrats and Republicans to work together. But the report was attacked by analysts on right and left. One said it put forward a "tired and discredited consensus". Others said the report was an anticlimax. "An elephant gives birth to a mouse," was the headline of an article by Tony Cordesman, an analyst at the Centre for International Strategic Studies.

The commission led by James Baker, former secretary of state, and Lee Hamilton, a former Democratic congressman, said there was "no magic formula". It said: "no one can guarantee that any course of action in Iraq...will stop sectarian warfare".

The ISG chided Iraq's government for "not adequately advancing national reconciliation" or providing basic security or services. It said the US "must not make an open-ended commitment to keep large numbers of American troops in Iraq".

The group added: "If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security, and governance, the US should reduce its political, military or economic support."

The commission recommended that the US move soldiers from combat missions to training Iraqi forces, saying the change could be accomplished without raising the number of American troops.

The report urged the US to hold talks with Iran and Syria – something Mr Bush has adamantly refused to do. Carl Levin, incoming Democrat chairman of the Senate armed services committee, called the report a "major blow" to the administration's "stay the course" policy.

Panel Urges Basic Shift In U.S. Policy In Iraq (NYT)

By David E. Sanger

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — A bipartisan commission warned Wednesday that "the situation in Iraq is grave and deteriorating," and it handed President Bush both a rebuke for his current strategy and a detailed blueprint for a fundamentally different approach, including the pullback of all American combat brigades over the next 15 months.

In unusually sweeping and blunt language, the panel of five Republicans and five Democrats issued 79 specific recommendations.

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These included a call for direct engagement with Syria and Iran as part of a "new diplomatic offensive," jump-starting the Israeli-Palestinian peace effort, and a clear declaration that the United States would reduce its support to Iraq unless Baghdad made "substantial progress" on reconciliation and security.

Mr. Bush has refused to deal with Syria and Iran, and as recently as last week, he assured Prime Minister Nuri Kamal al-Maliki that the American commitment to Iraq would be undiminished until victory was achieved.

But the commission, led by James A. Baker III and Lee H. Hamilton, argued that while Americans might be in Iraq for years, the Iraqis must understand that the American military commitment was not "open ended." It is time, the panel said, for the United States to "begin to move its combat forces out of Iraq responsibly."

The detailed prescription called for much more aggressive diplomatic efforts in the Middle East than the Bush administration has been willing to embrace. Its calls for reconciliation and reform in Iraq and an overhaul of the American military role would also mark major departures in the American strategy.

Members of the commission said they believed that their recommendations would improve prospects for success in Iraq, but they said there was no guarantee against failure.

"The current approach is not working, and the ability of the United States to influence events is diminishing," Mr. Hamilton said at a news conference on Capitol Hill. "Our ship of state has hit rough waters. It must now chart a new way forward."

Administration officials said they expected President Bush to announce his own "way forward" this month. They were careful not to take issue with the report's findings in public, and said Mr. Bush had yet to make firm decisions. But some suggested that the diplomatic strategy in the report better fit the Middle East of 15 years ago, when Mr. Baker served as secretary of state.

What played out on Wednesday morning, from the White House to Capitol Hill, was a remarkable condemnation of American policy drift in the biggest and most divisive military conflict to involve American forces since Vietnam. It was all the more unusual because Mr. Baker was secretary of state to Mr. Bush's father, and because the bipartisan group managed to come up with unanimous recommendations.

The report was delivered in an atmosphere of mounting anxiety about the war, a month after midterm elections that brought the Democrats to power in Congress and prompted Mr. Bush to oust Donald H. Rumsfeld as defense secretary.

On Wednesday the Senate voted overwhelmingly to confirm Robert M. Gates as the next defense secretary, after hearings in which he acknowledged that the United States was not winning the war and that the region could be on the brink of much broader conflict.

Mr. Baker, Mr. Hamilton and their eight colleagues presented their recommendations to Mr. Bush and to leaders of Congress beginning early on Wednesday, and then spoke to Mr. Maliki via conference call. Mr. Bush called the assessment "tough" and said each recommendation would be taken "seriously."

Mr. Bush, one commission member said, "was very gracious and did not push back."

Commission members said they believed that their report, which was downloaded more than 400,000 times from the computer servers of the United States Institute of Peace in the first five hours after its release, had fundamentally changed the debate. Now, said one member, the former Justice Sandra Day O'Connor, "it really is out of our hands."

Leon E. Panetta, a commission member who served as chief of staff to President Clinton, said, "The country cannot be at war and as divided as we are today."

The panel was careful to avoid phrases and rigid timelines that might alienate the White House. But the group also clearly tried to box the president in, presenting its recommendations as a comprehensive strategy that would work only if implemented in full.

That appeared to be a warning to Mr. Bush, who in recent days has said he would consider the independent panel's findings alongside studies by the Joint Chiefs of Staff and the National Security Council, and has suggested that he would pick the best elements of each.

The commission did not embrace the goal of "victory in Iraq," which President Bush laid out as his own strategy a year ago, nor did its report echo the White House's early aspiration that Iraq might be transformed into a democracy in the near future. "We want to stay current," Mr. Hamilton said briskly.

As the stated goal in Iraq, the panel chose instead the formulation that Mr. Bush has adopted most recently: to establish a country that can sustain itself, govern itself and defend itself. "That was the latest elaboration of the goal," Mr. Baker said, "and that's the one we're working with."

The findings left Washington awash in speculation over whether Mr. Bush would embark on a huge policy reversal. To do so would mark an admission that three and a half years of strategy had failed, and that his repeated assurances that "absolutely, we're winning" were based more on optimism than realism.

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The committee rejected a stricter timeline for withdrawal advocated by one member, William J. Perry, a defense secretary under President Clinton, though Mr. Perry persuaded the commission to set clear goals for the withdrawal of troops.

Jack D. Crouch II, the president's deputy national security adviser, was said by administration officials to be putting together options for Mr. Bush, and they said the president was determined to come up with an approach that, one senior aide said, "borrowed from the panel's findings, but is distinctly his own."

Democrats largely embraced the findings. Senator Harry Reid of Nevada, the Democratic leader, said the group had done "a tremendous and historic service" by declaring "there must be a change in Iraq, and there is no time to lose."

But other Democrats were clearly disappointed that the commission did not embrace calls for a rapid withdrawal, as Representative John P. Murtha recommended a year ago, or a partition of the country, as Senator Joseph R. Biden Jr., the Delaware Democrat soon to lead the Senate Foreign Relations Committee, has said is necessary.

Mr. Bush can easily accept some of the findings, including a call for a fivefold increase in American trainers working alongside Iraqi forces.

The commission's report included blistering critiques of current policy. It said, for example, that intelligence agencies had far too few people with an understanding of the roots of the insurgency in Iraq.

"We were told there are fewer than 10 analysts on the job at the Defense Intelligence Agency who have more than two years' experience in analyzing the insurgency," the report said.

The speed and phasing of the military pullback was the most contentious issue with the commission, and the result is unlikely to satisfy critics on either side. The panel, for example, adopted the core of a proposal made by Mr. Perry to vastly increase training of Iraqi forces while simultaneously pulling back combat brigades, a "train and retreat" scenario that some in the military say is already under way.

Another Democratic member, former Senator Charles S. Robb of Virginia, argued for a surge of additional troops to stabilize Baghdad, an idea the commission was not willing to embrace fully. Instead, it left open the possibility of supporting a "short-term redeployment or surge of American combat forces to stabilize Baghdad, or to speed up the training and equipping mission, if the U.S. commander in Iraq determines that such steps would be effective."

But the key proposal, No. 21, is that the United States should tell the Iraqis that failure to meet their own milestones will only accelerate American withdrawal, or result in a reduction of American support.

"If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security and governance, the United States should reduce its political, military or economic support for the Iraqi government," the report says.

Advocates of that approach said it was a long-overdue effort to shift responsibility onto the Iraqis. "If Iraq continues to fail, or failed worse, it means you have put the lion's share of the blame on the Iraqis," said Richard N. Haass, president of the Council on Foreign Relations, a critic of the decision to invade Iraq when he served in the State Department.

Critics of the panel's conclusion called the approach naïve. "The study group is threatening to weaken a weak government," said Anthony H. Cordesman of the Center for Strategic and International Studies, one of the groups that helped sponsor the study group, which was established by Congress. And, he added: "There is no 'Plan B.' The report does not address what happens if events spiral out of control."

The most controversial element of the diplomatic strategy is the panel's case for engaging Iran, though Mr. Baker and Mr. Hamilton, the chairmen, acknowledged in an interview that they thought it unlikely the Iranians would cooperate. Mr. Baker insisted that even if that effort failed, "the world would see their rejectionist attitude."

Time Running Out In Iraq, Panel Says (BSUN)

By Julie Hirschfeld Davis

The Baltimore Sun, December 7, 2006

WASHINGTON -- President Bush's Iraq policy "is not working" and he is running out of time to salvage it, a bipartisan panel said Wednesday, in a grim and strongly worded report that called for major reversals of his most firmly held stances but rejected a quick troop withdrawal.

The Iraq Study Group called for a major diplomatic push -- including one-on-one talks with Iran and Syria, which the president has rejected -- to help stabilize Iraq. It also advocated a change in the mission of U.S. forces that could allow some combat troops to pull out by early 2008 and for Bush to pressure the Iraqi government to quickly secure its own country or risk losing U.S. support.

Overall, the report -- delivered to Bush at an early-morning White House meeting and unveiled later in a Capitol Hill news conference -- was a strong rebuke to the president's approach in Iraq, presented as a kind of last-ditch effort to avoid an unfolding catastrophe that has become the driving reality of his presidency.

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"The ability of the United States to shape outcomes is diminishing," the group wrote. "Time is running out."

"We do not recommend a stay-the-course solution. In our view, that approach is no longer viable," said James A. Baker III, the Republican former secretary of state and a close Bush family friend who co-chaired the panel. "As a matter of humanitarian concern, as a matter of national interest and as a matter of practical necessity, it is time to find a new way forward, a new approach."

The 10-member panel, co-chaired by former Rep. Lee H. Hamilton, a Democrat, offered a bleak assessment of the situation in Iraq, in stark contrast to Bush's own declarations about the war. The situation, they wrote, is "grave and deteriorating," and there is no "magic formula" nor "guarantee of success" in Iraq.

Calling conditions there "very, very serious," Hamilton said, "We do not know if it can be turned around. But we think we have an obligation to try."

The president neither endorsed nor rejected the report's recommendations, and his aides said it would take time -- perhaps several weeks -- to digest and respond to its conclusions.

"This report gives a very tough assessment of the situation in Iraq," Bush said, grasping a copy as he concluded a meeting with the group in the White House Cabinet Room. "We will take every proposal seriously."

Bush praised the bipartisan nature of the panel, established by Congress last year, saying that Americans are "tired of pure political bickering that happens in Washington, and they understand that on this important issue of war and peace, it is best for our country to work together."

Later, after a meeting with congressional Republicans and Democrats, Bush said there were "some very good ideas" in the report. "Not all of us around the table agree with every idea, but we do agree that it shows that bipartisan consensus on important issues is possible," he said.

Democrats swiftly announced they would hold an "aggressive" series of oversight hearings when they assume control of Congress next month, looking at military strategy and force readiness, the options that remain for stabilizing Iraq, and how the war is affecting national security.

Some Democrats complained that the report's proposals for extricating U.S. troops were neither quick nor specific enough. But in an early hint that bipartisanship on Iraq will be virtually impossible, most Democrats sounded pleased with the panel's harsh assessment of Bush's approach.

"I salute the Iraq Study Group for agreeing that the present Bush policy in Iraq has been a failure," said Speaker-designate Nancy Pelosi of California.

Pennsylvania Rep. John P. Murtha, a leading Democratic voice for a swift troop withdrawal, dismissed the report as "no different than the current policy."

The White House scrambled to put its own spin on the document, elements of which had leaked out in news reports before the official release. Many of the recommendations were things the president supports or has already called for, his aides said, and they strongly rejected the notion that it was in any way a rebuke of Bush's policies.

"It's an acknowledgement of reality," Tony Snow, the White House spokesman, said of the report. Its call for a "new way forward," Snow said, is "what the president's been talking about."

Commission members said their goal wasn't to criticize Bush, Snow said. During the Cabinet Room session, Alan K. Simpson, a former Republican senator from Wyoming, said, "We're not here to vex and embarrass the administration," said Bush's spokesman, who sat in on the closed-door meeting. But on Capitol Hill, Simpson said that Americans view both Congress and the administration as "dysfunctional" and that the group had tried to keep partisanship out of its work.

The much-anticipated document puts Bush in a tricky position as he looks for options for fixing the situation in Iraq and prepares to review forthcoming proposals from his national security and military advisers about how to proceed there.

If he were to accept the recommendations, the president would essentially be acknowledging that his strategy has been a failure and agreeing to several steps he has previously ruled out. If Bush did not embrace the proposals, he would be rejecting the counsel of a widely respected group of elder statesmen whose frank language and unanimous recommendations -- 79 in all -- reflected the combined wisdom of dozens of officials and analysts who have studied and strategized on Iraq.

The report came amid harsh reminders of the violence raging in Iraq, on a day when the military announced the deaths of 10 U.S. forces in four attacks. It painted an unvarnished picture, referring to violence that is "increasing in scope, complexity and lethality" and saying that in some parts of Iraq, "sectarian cleansing is taking place." Its release came as Robert M. Gates, a former panel member, was confirmed to replace Donald H. Rumsfeld as secretary of defense, one day after acknowledging that the United States is not winning the war.

Bush already has roundly rejected one step the group recommended -- that U.S. officials begin talks with Iran and Syria as part of a broader diplomatic effort to stabilize Iraq and the region. The report called for the high-level diplomatic push -- to be led by the president or the secretary of state -- to begin before the end of this month.

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Bush must also recommit to resolving the Arab-Israeli conflict, the report said, pursuing a two- state solution for Israel and the Palestinians and a Syrian peace agreement. In exchange, the panel proposed that Israel return the Golan Heights to Syria.

The group's leaders acknowledged that direct engagement with Iran, which has defied international demands that it cease nuclear activities, and Syria, considered a state sponsor of terrorism, would be controversial. Yet they said it was essential.

"You cannot look at this area of the world and pick and choose among the countries that you're going to deal with," Baker said. "You talk to your enemies, not just your friends."

The panel came closer to siding with Bush on the issue of troop withdrawals, which the president has said he would consider only once the mission is complete and his military commanders counsel it. The group rejected the idea of an immediate withdrawal "because we believe so much is at stake," the report said.

U.S. troops should shift from a combat role to more of a support- and-training and counterterrorism one, the panel said, with the goal of pulling out some combat brigades in 2008. But even that timetable was murky; such a withdrawal would apply only to certain combat units and be subject to events on the ground.

"I wish the report went further by making this a hard deadline for redeploying our combat troops," said Democratic Sen. John F. Kerry of Massachusetts.

The group also pointed up a central dilemma facing Bush in Iraq: his reliance on what appears to be a dysfunctional Iraqi government for any resolution to the current crisis. Bush should essentially threaten Iraqi leaders with dire consequences -- the reduction of help from the United States -- to force them to do better, the report said.

The study group also had harsh criticism for Bush's management of the war. Some estimates put the war's ultimate price tag as high as $2 trillion, it noted, and criticized Bush for "circumvention of the budget process" that obscured the true costs. They also faulted the administration for "significant underreporting of the violence in Iraq," suggesting that U.S. measures were expressly designed to play down the number of attacks.

The report was also remarkable for what it omitted. It said virtually nothing about establishing Iraq as a beacon of democracy in the Middle East, an idea that Bush has described as his broader rationale for the war and the theme of his second inaugural address.

Instead, the report suggests that Bush's so-called democracy agenda could compound the difficulty of getting cooperation from Iraq's neighbors.

"Most of the region's countries are wary of U.S. efforts to promote democracy in Iraq and the Middle East," it said.

Asked why the panel did not address Bush's democracy goals, Baker said flatly, "We want to stay current."

Bush's more recent assertions that he wants a more basic result -- an Iraq that can sustain, govern and defend itself -- "was the latest elaboration of the goal," Baker said. "And that's the one we're working with."

Report: Iraq Policy Not Working (CHIT)

By Mark Silva

Chicago Tribune, December 7, 2006

WASHINGTON -- President Bush was presented Wednesday with both a pointed critique of his handling of the war and a road map for changing course in Iraq that would require the president to transform the military mission and recalibrate in fundamental ways his approach to Middle East diplomacy.

The Iraq Study Group, composed of a high-powered, bipartisan collection of establishment Washington figures, outlined a plan for drawing down U.S. forces by early 2008 and for directly engaging two regional adversaries, Iran and Syria. The report has added weight, and thus potentially puts added pressure on the president, because its lead architect was former Secretary of State James Baker, a long-time Bush family ally.

The report, published in book form, contains 79 distinct recommendations for what it called a "dire ... grave and deteriorating" situation in Iraq, where the conflict has now gone on as long as U.S. involvement in World War II.

"We do not recommend a `stay the course' solution," said Baker. "In our opinion, that approach is no longer viable."

At the same time, the report did not call for any rapid reduction in troops, warning that the U.S. and powerful nations in the region have an interest in averting a "slide toward chaos" that "could trigger the collapse of Iraq's government and a humanitarian catastrophe."

Acknowledging that a new approach is needed, the White House reserved the right to accept or reject any of this group's advice while its own internal military and diplomatic reviews continue. Yet, as Democrats--many of whom embraced the reports' recommendations--prepare to take control of Congress in January, the president is offering to seek a bipartisan "way forward" in Iraq.

"Not all of us around the table agree with every idea, but we do agree that it shows that bipartisan consensus on important issues is possible," Bush said after a meeting with key House and Senate leaders. "It's important to me that we continue to hear

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from the Congress as we fashion a way--a new way forward in Iraq, a new look, to achieve our objective of a country which can sustain itself, govern itself, defend itself."

While not endorsing any recommendations, the White House did accept the group's grim assessment of the situation in Iraq.

"In recent months it has been deteriorating, and that's a grave concern," spokesman Tony Snow acknowledged. "You better believe it's a real concern, and it needs to be addressed."

By the first quarter of 2008, the Iraq Study Group suggests, all U.S. combat brigades "not necessary for force protection" could be out of Iraq--with the remaining U.S. troops focused on training of Iraqi forces and embedded in Iraqi military units, or deployed in rapid-reaction and special-forces teams.

"The United States must not make an open-ended commitment to keep large numbers of American troops deployed in Iraq," the group recommends.

The president, however, has resisted any timetables. Beyond that, the report strongly urged the administration to change its approach to the Middle East in ways that would require a near about-face.

Asserting that no American military action "by itself can bring about success in Iraq," the report insists that a new military strategy must be coupled with a broader U.S. diplomatic effort to include direct talks with Iran and Syria, nations that have been accused of fomenting violence within both Iraq and Lebanon.

"You talk to your enemies, not just your friends," Baker said.

The U.S. must also impress upon the Iraqi government a need to reconcile warring sectarian factions that hold Iraq in the "grip of a deadly cycle," the group says, recommending timetables for the Iraqis to reconcile factions and a withdrawal of U.S. economic and other support if the government fails to meet those timeframes.

With Bush voicing a willingness to reassess a war strategy in Iraq that he concedes is not working "well enough, fast enough," and congressional leaders calling for a change of course, the report will serve as a focal point for a growing debate over the war.

"Stay-the-course is not the policy," Snow said. "Stay-the-course is not an option."

Yet some say the study group's advice falls short of what's needed in Iraq.

"We must have more troops over there," Sen. John McCain (R-Ariz.) said after meeting with the president. "Maybe 20,000 more Marines, and 80,000 Army. ... We have to have a big enough surge that we can get Baghdad under control."

With the imprimatur of seasoned Washington hands, and the ribbon of a bipartisan consensus, the study group's report could offer Bush an opportunity to recast his war strategy.

"If they want to deal with the real situation on the ground, both with what's happened with our military ... and with our reputation ... it's a real opportunity," said Rep. Rahm Emanuel (D-Ill.), who will be a new member of the Democratic House leadership in January. "If they want to stand and call this another piece [of advice], it becomes an opportunity lost."

The report also delivered an urgent plea to reunite Americans polarized by the war.

"This war has badly divided this country," said Leon Panetta, a group member who was President Clinton's chief of staff.

"It's divided Republicans from Democrats, and to some extent the president from the people," Panetta said. "This country cannot be at war and be as divided as we are today.... I suggested to the president that what we did in this group can perhaps serve as an example to try to pull together the leadership of the Congress and try to focus on the recommendations that we've made."

The book-length tome titled "The Iraq Study Group Report"--which indeed will be published as a book by Random House and promoted by a public-relations agency as the group's chairs press for public debate of their recommendations--paints a grim picture of Iraq.

The situation in Baghdad and several provinces already is "dire," it concludes, with "the level of violence ... high and growing." Al Qaeda is deemed responsible for only "a small portion of the violence in Iraq."

The greater threat to security comes from sectarian violence holding the nation in "the grip of a deadly cycle," the commission reports. And the perception of unchecked violence has "emboldened" militias and undermined the government.

While the administration has attempted to portray most of Iraq as "relatively peaceful," the report notes that 40 percent of the population lives in the four--out of 18 provinces--that are "highly insecure": Baghdad, Anbar, Diyala and Salah ad Din.

With 141,000 U.S. troops deployed in Iraq, "many military units are under significant strain," the group found. Nearly every Army and Marine combat unit has served in Iraq at least once, with many on their second or even third rotations.

The Iraqi army, with about 140,000 troops in 10 divisions, lacks leadership, equipment, personnel and support, the commission found. And "the state of the Iraqi police is substantially worse than that of the Iraqi army," the report notes, pointing to unchecked criminality as one of Iraq's problems.

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"The current approach is not working, and the ability of the United States to influence events is diminishing," said Democrat Lee Hamilton, group co-chairman and a former congressman from Indiana. "Many Americans are understandably dissatisfied. Our ship of state has hit rough waters. It must now chart a new way forward."

Iraq Panel Paints Dire Portrait Of Situation (HC)

By Michael Hedges, Bennett Roth

Houston Chronicle, December 7, 2006

WASHINGTON — The Iraq Study Group report released today painted a dire portrait of the situation in Iraq while calling for all American combat brigades to be withdrawn by the first quarter of 2008, barring unexpected developments.

The report by the 10-person commission, co-chaired by James A. Baker III and Lee H. Hamilton, began with a sober line: "The situation in Iraq is grave and deteriorating. There is no path that can guarantee success, but the prospects can be improved."

The study, the product of numerous meetings and study sessions since March of this year, noted that "if the situation continues to deteriorate, the consequences could be severe. A slide toward chaos could trigger the collapse of Iraq's government in a humanitarian catastrophe."

The Baker-Hamilton group issued a series of ideas, most of which already have emerged in public debate, aimed at preventing that outcome. The report calls for the launch of an immediate diplomatic offensive to build "an international consensus for stability in Iraq and the region."

The report also calls for the United States to attempt to directly engage Iran and Syria in diplomatic talks.

The Bush administration has resisted talks with Iran until that country agrees to suspend its nuclear programs. But the Iraqi study group says the issue of Iranian nuclear proliferation should be handled separately by the United Nations Security Council and Germany.

The report also calls for the United States to deal directly with the Arab-Israeli conflict and to insist on direct talks between Israel and other countries in the region, including Syria.

As for the near-term U.S. military commitment in Iraq, the report says "the United States should significantly increase the number of U.S. military personnel, including combat troops embedded in and supporting Iraqi army units."

That idea is among the options already being embraced by the Pentagon. The Iraq Study Group goes further to say that as that happens, "U.S combat forces should begin to move out of Iraq."

As for a timetable, the study says that "by the first quarter of 2008, subject to unexpected developments in the security situation on the ground, all combat brigades not necessary for force protection should be out of Iraq."

The report acknowledges the United States will need to assist Iraq's government "for some time to come." But it said the "United States must not make an open ended commitment to keep large numbers of American troops deployed in Iraq."

The report calls for the Iraqi government to establish "milestones on national reconciliation." It noted "miracles cannot be expected, but the people of Iraq have the right to expect action and progress."

Those milestones should be aimed at convincing the Iraqi people that the government of Iraq will meet standards of economic progress, security and justice.

The report warns the Iraq government that if it does not make substantial progress toward a series of milestones, the United States should reduce its political, military and economic support for the Iraqi government.

The report concluded by saying that all of its recommendations need to be carried out in a "comprehensive and coordinated fashion." While noting there are no guarantees of success in Iraq, it said that by following the report's guidelines, "Iraq, the region, and the United States of America can emerge stronger."

The report rejects the idea floated by some lawmakers to partition Iraq into three regions based on ethnic or sectarian identities, arguing that too many region have mixed populations. Instead, it said the United States should urge the Iraqis to concentrate authority with the central government in Baghdad.

The report listed 79 recommendations, a number of which focus on a reinvigorated diplomatic effort to assist Iraq, including the creation of the Iraq International Support Group, which would include Iraq's neighbors, the five permanent members of the U.N. Security Council, and members of the European Union.

To train Iraqis, the report recommends embedding as many as 20,000 U.S. military personnel in the Iraqi Army – in battalions, brigades and even companies. Currently there are from 3,000 to 4,000 U.S. personnel involved in training roles.

The report rejected the idea of substantially increasing the U.S. presence in Iraq, arguing that additional troops are not available and increasing the number of Americans would heighten tensions with Iraqis. However, the report said a temporary surge or redeployment of troops around Baghdad could be helpful.

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The report addresses the issues of Iraq's substantial oil reserves, saying the president should restate that the United States does not seek to control the country's oil supply.

It also states that oil revenues should distributed by central government to the various part of the country and not controlled by regional interests. It states that the United States should press Iraq to reduce subsidies to the energy sector, arguing that the marketplace should set oil prices.

Iraq Study Group: Shift Mission, Go Regional (CSM)

By Howard Lafranchi

The Christian Science Monitor, December 7, 2006

Amid signs of deepening difficulty and waning American influence in Iraq, the congressionally mandated Iraq Study Group unveiled a set of recommendations Wednesday ranging from a broader regional diplomatic effort to more emphasis on training Iraqi security forces.

The report - available online and as a 160-page book in bookstores - avoids some controversial proposals. This reflects the panel's bipartisan makeup as well as a desire not to be dismissed by the White House out of hand. But it does call for increased pressure on the Iraqi government to make progress in key areas of reconciliation and governability - and to withdraw US support if progress is not made.

Saying "there is no magic formula that will solve the problems of Iraq," group co-chair James Baker III said the group believes its recommendations offer the best hope for "success" in terms of stabilizing Iraq and avoiding regional conflict. He cited 79 recommendations as included in the report. Mr. Baker, a seasoned foreign-policy realist, said the group avoided speaking of "victory" in Iraq.

The group also recommends creation of an "international Iraq support group" to help stabilize the country, specifically including Iran and Syria - two countries the White House has resisted including in its Iraq effort.

"Our most important recommendations call for new and enhanced diplomatic and political efforts in Iraq and the region, and a change in the primary mission of US forces in Iraq that will enable the United States to begin to move its combat forces out of Iraq responsibly," the report says.

One downbeat note greeting the report is that, no matter how good some of its recommendations may be, it may simply have been overtaken by the deterioration of conditions on the ground in Iraq. The 10-member commission has been at work for nine months, dating back to just after a pivotal attack on a Shiite shrine in Samarra in February - as sectarian violence intensified and doubts about the abilities of the government of Iraqi Prime Minister Nouri al-Maliki deepened.

"There may be some fine ideas [in the report], but my concern is that events on the ground have overtaken the ability of the actors [whom] those ideas address to influence things," says Chris Toensing, executive director of the Middle East Research and Information Project in Washington.

Most troubling, Mr. Toensing says, is a "disconnect" between the "very blunt and bleak tone" of the report's opening appraisal, and recommendations that assume a situation much more amenable to correction.

For example, he singles out one recommendation in the key area of national reconciliation, calling for reorganization of the tainted national police under the Defense Ministry. It raises the question of why the very powerful factions currently in control of the police would agree to such a measure - and who has the power to make them acquiesce?, says Toensing.

The reality is that "the US doesn't rule Iraq any more," he says, "and the Iraqi government doesn't have that kind of say outside the Green Zone."

The report does call specifically for the US to "try to engage constructively" Iran and Syria in diplomatic efforts to stabilize Iraq, given their influence in the country. The White House has previously poured cold water on that proposal, saying those two countries should first demonstrate their goodwill toward helping and not further destabilizing Iraq.

The report also calls for the US to recommit itself to resolution of the Israeli-Palestinian conflict as a key element in any successful redirection of US-Iraq policy.

Co-chaired by Baker and former Democratic congressman Lee Hamilton, the Iraq Study Group is one of several studies of options for Iraq that President Bush will be consulting, including one from the Pentagon and a White House in-house analysis from the National Security Council. Bush aides have said the president will decide on any redirection of the Iraq effort over the coming weeks.

While Bush has publicly ruled out any changes that smack of a "graceful exit" from Iraq, some analysts and experts who worked with group during its nine-month investigation say that is essentially what the report boils down to.

Of the two co-chairs, Mr. Hamilton was the more categoric at a news conference Wednesday morning in saying the current approach is not working. "The ability of the US to influence events is diminishing," Hamilton said, adding that the American

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people cannot be expected to accept the same course for a conflict that has cost the lives of nearly 3,000 US soldiers and cost US taxpayers $400 billion. He warned that the total price tag could rise to more than $1 trillion.

While the report does not set a concrete timetable for a US withdrawal from Iraq, it does say that US combat forces "could be out of Iraq" by the first quarter of 2008 - if steps are taken soon to allow Iraqi forces to assume combat functions in the war.

But some analysts say even that finding may rest on the assumption of a functioning Iraqi government that may not exist. "Behind all of these reasonable expectations we are wrestling with is the possibility that Iraq may not be a real nation-state anymore," says Andrew Bacevich, a retired Army colonel now teaching international relations at Boston University. "We may be asking the government to do this or that, when the real decisionmakers and power brokers now are more the factions, sectarian groups, tribes, and clans."

Some experts lauded the report for nevertheless setting down as a necessary step a reduced American military presence. "It is new in saying you can't solve this militarily, and that you have to begin cutting down the American footprint," says Lawrence Korb, a national security analyst at the Center for American Progress in Washington.

Taking note of the report's emphasis on a reassignment of US forces from patrol to training of Iraqi security forces, Mr. Korb adds, "The problem with the Iraqis is not training, it is really motivation." He notes that only one Iraqi Army division is multiethnic in a land of mounting sectarian strife, and he says this points up how crucial will be political decisions about intercommunity equity that the US simply can't force the Iraqi government to make.

White House officials had cautioned against looking for any "magic bullet" in the much-anticipated report, and indeed the group itself said there isn't one. "There is no path that can guarantee success," the report concludes.

"What the report [reflects] is that there are a lot of options out there for a new Iraq policy, but none of them are very good," says one of a number of national-security specialists that the 10-member panel consulted to draw up its recommendations. "This [is] tacit recognition that what was allowed to go quite bad will not be fixed quickly or easily," says the expert, who asked not to be named because of involvement with the panel.

The report was released a day after Defense Secretary-designate Robert Gates answered a flat "no" to a question at his Senate confirmation hearing about whether the US is winning in Iraq.

But the report also seeks to lay out a "new way forward" for US involvement in Iraq at a time of decreasing US influence there. This week, Mr. Maliki announced a plan to hold a regional conference on stabilizing his country, even as the US continues to debate the usefulness of such an initiative.

Mr. Bacevich of Boston University says the commission's emphasis on regional diplomacy "has the potential to be its most helpful recommendation." But he adds that it also may be "the proposal that President Bush is the least likely to accept."

Some analysts have railed against the idea of enlisting Iran's help in Iraq, claiming that Tehran is part of the problem and is angling for a US withdrawal from the region in order to enhance its own power. Baker, a believer in the rule of national interests, responds that Iran was helpful to the US in Afghanistan and could be helpful in Iraq if it understood its interests could be served.

But Toensing of the Middle East Project says the Iran issue is another example of events "overtaking" otherwise sound proposals. "This is another case of a generally sound idea outpaced by events," he says. "Tehran's calculus was such that it was helpful [on Afghanistan], but the strategic interests are so different now," he says, not to mention the further radicalization of the Tehran regime.

The report was unveiled in a Senate chamber with all 10 study group members present, including former Defense Secretary William Perry, former Supreme Court Justice Sandra Day O'Connor, and former Secretary of State Lawrence Eagleburger.

Such is the emotion unleashed by the topic of Iraq that the report was being attacked even before its release as "stay the course lite" by some and as "Vietnam redux" by others. Conservative security analysts critical of any foreseeable drawdown of US troops and of the idea of a regional dialogue that would include Iran and Syria have taken to calling the Baker-Hamilton commission the "Iraq Surrender Group."

The group does not recommend any increase in US troops, currently numbering 140,000 in Iraq, of anything "over 100,000 more troops," Baker said. That recommendation appears to leave the door open to one Pentagon proposal that US troops be increased by perhaps 40,000 - principally in Baghdad to secure the capital.

Gen. Anthony Zinni, a former Bush Middle East envoy who opposed waging war on Iraq, now holds the view that a US departure would create a dangerous vacuum that would probably be filled by Iran. So not only should the US not pull out of a war that was a mistake in the first place, General Zinni says, but it will have to increase troops to accomplish anything resembling stability.

For all their emphasis on the dire straits the US is encountering in Iraq, the study group members emphasized as a group the need to do something different from the policy the US is following today. Said commission member Alan Simpson, a former

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Republican senator from Wyoming: "Maybe [our work] is corny, maybe it won't work. But it sure ... [is] better than sitting there where we are right now." Excerpts from the report of the Iraq Study Group

On diplomacy vis-à-vis Iraq

"The United States should immediately launch a new diplomatic offensive to build an international consensus for stability in Iraq and the region. This ... effort should include every country that has an interest in avoiding a chaotic Iraq, including all of Iraq's neighbors. Iraq's neighbors and key states in and outside the region should form a support group to reinforce security and national reconciliation within Iraq...."

On US troop levels

"The primary mission of US forces in Iraq should evolve to one of supporting the Iraqi army, which would take over primary responsibility for combat operations. By the first quarter of 2008, subject to unexpected [security] developments ..., all combat brigades not necessary for force protection could be out of Iraq. At that time, US combat forces in Iraq could be deployed only in units embedded with Iraqi forces, in rapid-reaction and special operations teams [to focus on strikes against Al Qaeda in Iraq], and in training, equipping, advising, force protection, and search and rescue."

"The United States must not make an open-ended commitment to keep large numbers of American troops deployed in Iraq."

On the US role in the Middle East

"There must be a renewed and sustained commitment ... to a comprehensive Arab-Israeli peace on all fronts: Lebanon, Syria, and President Bush's June 2002 commitment to a two-state solution for Israel and Palestine. This commitment must include direct talks with, by, and between Israel, Lebanon, Palestinians - those who accept Israel's right to exist - and Syria."

On Iraq's responsibilities

"If the Iraq government demonstrates political will and makes substantial progress toward the achievement of milestones on national reconciliation, security, and governance, the United States should make clear its willingness to continue training, assistance, and support for Iraq's security forces and to continue political, military, and economic support. If the Iraqi government does not make substantial progress toward the achievement of [those] milestones ..., the United States should reduce its ... support for the Iraqi government."

On the panel's intent

"Success [in Iraq] depends on the unity of the American people in a time of political polarization. Americans can and must enjoy the right of robust debate within a democracy. Yet US foreign policy is doomed to failure - as is any course of action in Iraq - if it is not supported by a broad, sustained consensus. The aim of our report is to move our country toward such a consensus."

A Blueprint For Iraq: Will It Work In The White House? (NYT)

By Sheryl Gay Stolberg

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — In 142 stark pages, the Iraq Study Group report makes an impassioned plea for bipartisan consensus on the most divisive foreign policy issue of this generation. Without President Bush, that cannot happen.

The commissioners gave a nod to Mr. Bush, adopting his language in accepting the goal of an Iraq that can “govern itself, sustain itself and defend itself.” But the administration’s talk of Iraq as a beacon of democracy in the Middle East is absent, as is any talk of victory.

Instead, the report confronts the president with a powerful argument that his policy in Iraq is not working and that he must move toward disengagement. For Mr. Bush to embrace the study group’s blueprint would mean accepting its implicit criticism of his democracy agenda, reversing course in Iraq and throughout the Middle East and meeting Democrats more than halfway.

Assuming he is not ready to go that far, despite some recent signals of flexibility, he faces the more general question of whether he is ready to embrace the spirit of the report — not to mention the drubbing his party took in the midterm elections a month ago — and produce a new approach of his own that amounts to more than a repackaging of his current worldview.

“In a sense,” said Dennis Ross, who worked for both President Clinton and the first President Bush as a Middle East envoy, “what you have here offers the Democrats a ready handle to show, ‘We’re prepared to be bipartisan on the issue of Iraq, because we’ll embrace the bipartisan Iraq Study Group — are you prepared to be bipartisan as well?’ ”

The study group, for instance, calls for direct engagement with Iran and Syria; so far, Mr. Bush has refused. While Mr. Bush has steadfastly resisted a timetable for withdrawal, the report says all combat brigades “not necessary for force protection could be out of Iraq” — note the careful use of the conditional — by the first quarter of 2008.

The report in effect calls on Democrats, at least those who have been pushing for a rapid withdrawal of troops, to show patience, warning that a fast pullout would lead to “a significant power vacuum, greater human suffering, regional destabilization and a threat to the global economy” — in effect, pushing Iraq into total anarchy.

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But the real target of the Iraq Study Group was Mr. Bush. The president has already sought to play down the role the report would have in shaping his thinking. The administration has several reviews of its own under way, and Tony Snow, the White House press secretary, began saying as early as October that the White House was "not going to outsource the business of handling the war in Iraq."

So while Mr. Bush called the report "an opportunity to come together and work together" after receiving it Wednesday, it was no surprise on Capitol Hill that many Democrats were quicker to embrace it than Republicans were. Members of the president's party seemed to be adopting a kind of wait-and-see posture, praising the report for its seriousness and depth as they searched for clues about what Mr. Bush would do.

"I was impressed by the seriousness with which this group reached its conclusions and its plea that the level of partisanship we've seen in Iraq be toned down," said Senator Mitch McConnell of Kentucky, who will soon be the Republican leader. But Mr. McConnell cut short any conversation of what Mr. Bush should do. "I'm not going to give the president advice," he said.

The president spent weeks trying to shape the political climate in which he would receive the report. He ordered up a Pentagon study and commissioned his own White House review. Last week, he went to Amman, Jordan, to meet with the prime minister of Iraq, Nuri Kamal al-Maliki; on Monday, he received a powerful Iraqi Shiite leader, Abdul Aziz al-Hakim, at the White House.

Those moves have been aimed at giving Mr. Bush the flexibility he needs to do pretty much whatever he wants. But, meeting with him in the Oval Office on Wednesday morning, the commissioners made a pointed appeal for him to give their study greater weight than his own, if only because it has the backing of both parties.

"This is the only bipartisan advice you're going to get," the Democratic co-chairman of the panel, Lee H. Hamilton, told Mr. Bush, according to an account by Mr. Snow. Commissioners said afterward that the president seemed to absorb that plea.

"I don't want to put too much in his mouth now," said Lawrence S. Eagleburger, who was secretary of state under Mr. Bush's father, "but there was not one bit of argument. He didn't come back at us on anything."

Mr. Bush has already been adjusting policy in modest ways — carrying out, for example, some of the recommendations made to him in late October by his national security adviser, Stephen J. Hadley, engaging other Iraqi leaders, like Mr. Hakim, and sending Vice President Dick Cheney for talks with the leaders of Saudi Arabia.

That is not the only sign the president will give serious consideration to the report. Mr. Bush's new choice for defense secretary, Robert M. Gates, caught Washington by surprise on Tuesday when he testified in his confirmation hearings that the United States was not winning in Iraq. It may be no coincidence that Mr. Gates is a former member of the Iraq Study Group.

The report offered a little something for everyone, and took away a little something from everyone as well. The reaction was harshest at the ends of the political spectrum.

William Kristol, a neoconservative thinker and the editor of The Weekly Standard who pushed for the invasion, lambasted the recommendations as "a disguised surrender." Representative John P. Murtha, the Pennsylvania Democrat whose call for withdrawal touched off a firestorm last year, complained that the panel offered a prescription "no different from the current policy."

The real question now is whether the report can generate what the panel's Republican co-chairman, James A. Baker III, called the "tremendous amount of political will" necessary to prod Democrats and Republicans into genuine cooperation — and Mr. Bush into embracing policy prescriptions he thus far has shunned.

As he stood before the press corps Wednesday to unveil the long-awaited report, Mr. Baker, a longtime confidante of the Bush family, was asked if Mr. Bush had the capacity to "pull a 180," as the report would seem to require. He ducked the question then, but later answered it in an interview with Brian Williams of NBC News.

"I don't know what the president will do," Mr. Baker said. "But I do know this. I know the president is conflicted by the situation there. I know the president would like to approach this in a bipartisan way and in a manner that would have the support of the American people. Here's a vehicle to do that."

The Realists' Repudiation Of Policies For A War, Region (WP)

By Glenn Kessler, Thomas E. Ricks

The Washington Post, December 7, 2006

The Iraq Study Group report released yesterday might well be titled "The Realist Manifesto."

From the very first page, in which co-chairmen James A. Baker III and Lee H. Hamilton scold that "our leaders must be candid and forthright with the American people," the bipartisan report is nothing less than a repudiation of the Bush administration's diplomatic and military approach to Iraq and to the whole region.

Throughout its pages, the report reflects the foreign policy establishment's disdain for the "neoconservative" policies long espoused by President Bush and his aides. But while many of its recommendations stem from the "realist" school of foreign

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policy, it is unclear at this point whether a radically different approach would make much difference nearly four years after the invasion of Iraq.

The administration's effort to spread democracy to Arab lands is not mentioned in the report, except to note briefly that most countries in the region are wary of it. The report urges direct talks with Iran and Syria, both of which the administration has largely shunned. It also calls for placing new emphasis on resolving the Israel-Arab conflict, including pressing Israel to reach a peace deal with Syria, on the grounds that the issue shapes regional attitudes about U.S. involvement in Iraq. Overall, it strongly suggests that Bush, Vice President Cheney and Secretary of State Condoleezza Rice have bungled diplomacy in the region with unrealistic objectives and narrow strategies.

"We took a very pragmatic approach because all of these people up here are pragmatic public officials," Hamilton told reporters, referring to the five Democrats and five Republicans who unanimously endorsed the report's conclusions and recommendations. The bipartisan nature of the report -- and the fact that Baker was secretary of state for Bush's father -- will make it difficult for the White House to ignore. By endorsing the critics' view of the war, the report will also help incoming Democratic congressional leaders frame the debate over Iraq as a disaster largely of the administration's making.

In a lengthy preamble to the recommendations titled "Assessment," the report gives a dispassionate account of the "grave and deteriorating" situation in Iraq, echoing books and news reports that the administration had previously criticized as one-sided or overly negative. The report's description of the violence in Iraq, which amounts to an attack on the administration's understanding of the facts on the ground, will likely set the new baseline for how the Iraq conflict is portrayed.

"The ability of the United States to influence events within Iraq is diminishing," the report warns.

The report is replete with damning details about the administration's inept handling of Iraq. It notes, for instance, that only six people in the 1,000-person embassy in Baghdad can speak Arabic fluently. It recounts how the military counted 93 acts of violence in one day in July, when the group's own reexamination of the data found 1,100 acts of violence. "Good policy is difficult to make when information is systematically collected in a way that minimizes discrepancy with policy goals," the report says.

The report calls for seeing Iraq differently, for scaling back the administration's goals and for ending the president's open-ended commitments to the war-torn country. It also argues that the administration should support a "far-reaching" amnesty of insurgent fighters, pointedly warning that neither the executive nor legislative branches should try to undermine an amnesty program.

Administration officials yesterday gamely insisted that the report is not a criticism of the administration's approach. White House spokesman Tony Snow said many issues raised in the report are being discussed and addressed by the administration. "You're asking if that is a repudiation of policy," he told reporters. "No, it's an acknowledgment of reality."

On both the diplomatic and military fronts, the report differs sharply from the administration's current approach. Perhaps befitting a panel with two former secretaries of state -- Lawrence S. Eagleburger is also a member -- a large section of the report outlines what it labels "the New Diplomatic Offensive."

The section appears to be an implicit rebuke of the policies pursued by Rice, arguing that her current efforts to build a regional "compact for Iraq" are too narrow, that her efforts to engage moderate Arab states lack ambition, and that her pursuit of Israeli-Palestinian peace needs to be reinvigorated. Bush has shunned a hands-on role in the issue, but the report says that "the United States does its ally Israel no favors in avoiding direct involvement to solve the Arab-Israel conflict."

"Everybody said that if you're going to settle Iraq, it is important that you do what you can to settle Israel-Palestine," Eagleburger said, asserting a linkage that until now the administration had rejected. The report makes no mention of the moribund U.S.-backed peace plan known as the road map.

The report also urges high-level talks with Iran and Syria without preconditions, although it sets goals for those talks that struck some analysts as unrealistic. Iran and Syria might have been more amenable to serious negotiations several years ago -- the panel noted, for instance, that Iran was helpful in Afghanistan after the fall of the Taliban -- but that moment has probably passed, now that Iran and Syria believe the United States is on the ropes. Baker, who said "you talk to your enemies, not just your friends," suggested that one goal of such talks would be to demonstrate to others in the region that Iran and Syria want Iraq to fail.

Outgoing Defense Secretary Donald H. Rumsfeld also comes in for some pointed commentary, with the group's 46th recommendation being that his successor repair relations with the top military brass.

The report's core military recommendation -- that almost all U.S. combat troops be withdrawn by the beginning of 2008, but that a large force be left to train and advise Iraqi forces -- struck some military experts as appropriate, but others called it overly ambitious.

Anthony H. Cordesman, a defense expert at the Center for Strategic and International Studies, criticized the recommendation to quadruple the current number of U.S. advisers and trainers to about 20,000 soldiers, saying: "The U.S. is to rush in more qualified trainer and embeds that it doesn't have and assign more existing combat forces unqualified for the

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mission." Indeed, among the lessons brought home by U.S. trainers over the past three years are that many were unprepared for the task and that the mission is extremely difficult. It requires knowledge not only of U.S. combat operations but also of foreign weaponry and, most of all, of Iraqi culture.

Quang X. Pham, author of a memoir about his service in the U.S. Marine Corps and his father's time as a pilot for the South Vietnamese military, said he considers the troop plan a thinly disguised form of quitting. "In one year, during the 2008 election year, the United States will abandon and betray Iraq as it did South Vietnam," predicted Pham, who was a pilot during the Persian Gulf War.

Meanwhile, Rep. Maxine Waters (D-Calif.), head of the "Out of Iraq" congressional caucus, said it appears to her that the group is calling only for improvements to the Bush administration's plan to stand down U.S. forces as Iraqi forces stand up.

In Theater Of War, It's Iraq Study Group's Turn To Take The Stage (WP)

By Dana Milbank

The Washington Post, December 7, 2006

Minutes after the Iraq Study Group placed an improvised explosive device beneath the Bush administration's Iraq policy yesterday, panel member Lawrence Eagleburger was asked how President Bush reacted to the recommendations.

"His reaction was, 'Where's my drink?' " the former secretary of state cracked after the commission's White House visit and Capitol Hill news conference. Reaching for his own cola, Eagleburger continued: "He was a little loaded. It was early in the morning, too, you know."

The retired diplomat certainly did not mean that the president had fallen off the wagon. But if any event would call for a stiff one, this was it: A bipartisan group of elder statesmen -- some of them friends of Bush's father, no less -- had just concluded that the Iraq war, the centerpiece of Bush's presidency, was a disaster with no easy way out.

The words tossed out at the news conference were bleak. "Grave and deteriorating," co-chairman Lee Hamilton told the cameras. Reciting a list of woes -- more than 2,900 Americans dead, $400 billion gone and "great hardship" for Iraqis -- the former congressman became dramatic: "Our ship of state has hit rough waters."

The other co-chairman, James Baker, got Bush through the Florida recount of 2000 but was of no help yesterday. "Struggling in a world of fear, the Iraqis themselves dare not dream," George H.W. Bush's secretary of state said, using the words "no longer viable" to describe the current Iraq policy and "brutal violence" to describe Iraq.

Thanks to prolific leaking, there were few surprises in the report. But the panelists had some surprisingly harsh assessments of the president. When Doyle McManus of the Los Angeles Times asked the commissioners what they would do to get Bush to embrace their recommendations, Republican former senator Alan Simpson condemned the "100-percenters in America" who refuse to compromise. "A 100-percenter is a person you don't want to be around. They have gas, ulcers, heartburn and B.O."

Bush reacted with the dyspepsia of a man who was just told to drop his objections to withdrawing combat troops, to talking with Iran and Syria, and to forcing an Israeli-Palestinian peace deal. "This report gives a very tough assessment of the situation in Iraq," he acknowledged from the Cabinet Room.

The unpalatable menu of options for Bush went a long way toward redeeming a Baker-Hamilton commission that had flirted with frivolity. In September, the group called a news conference to announce that it had nothing to announce. Then Hamilton and Baker agreed to pose for Men's Vogue (commissioner Sandra Day O'Connor judiciously killed a plan to involve all 10 panelists in the shoot).

There were moments yesterday when the study group again struggled for gravitas. No sooner had the commissioners taken the stage in the Hart Office Building than Simpson passed around his copy of the report for his colleagues to autograph, "just like a high school annual," as he put it. Though the relevance to the Iraq crisis was not clear, Simpson told the 250 reporters and camera crews about O'Connor's distaste for split infinitives.

All the panelists took a turn at the microphone except for Vernon Jordan, who sat with his hands folded on the table, and Eagleburger, who doodled: first something resembling a sailboat, then a grocery cart, then finally a tyrannosaurus on wheels. The elder statesmen also risked the elderly statesmen label when The Washington Post's Robin Wright asked a question from the second row without a microphone. A chorus of "Can't hear you!" rained from the dais.

But thanks to the work of the Edelman PR firm, the panelists managed an impressive rollout. They arrived at the Capitol in a motorcade of armed Suburbans and black sedans, then were whisked through their itinerary by handlers telling them, "We're falling behind schedule." When Jordan heard the call of nature, he got a two-man escort to the restroom.

Hamilton clearly enjoyed the hero's welcome. Taking a cellphone call in the Capitol basement, he let slip to Fox News's Molly Hooper that it was former president Bill Clinton on the line. At the news conference, he boasted that "I think we have 15 or 20 invitations to testify."

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Baker bristled when reporters questioned the study group's credibility. When ABC News's Jonathan Karl, pointing out that only one of the 10 panelists ever left the Green Zone in Iraq, asked why their views should carry weight, Baker looked down the row of commissioners with a smile and a wink. He took out some lip balm and applied it, then smiled some more. "This report by this bunch of has-beens up here is the only bipartisan report that's out there," he finally shot back.

Whatever else the "has-beens" accomplished, they made sure that any credibility questions will be directed not at them but at Bush. Hamilton lectured: "You cannot look at this area of the world and pick and choose among the countries that you're going to deal with." Leon Panetta counseled Bush to "look at the realities of what's taking place." Eagleburger said after the event that when the group met with Bush, "I don't recall, seriously, that he asked any questions." Even the loyal Baker had to advise his friend's son that "it is time to find a new way forward."

At least he didn't say Bush has B.O.

Analysis: Iraq Report Ups Ante For Bush (AP)

By Tom Raum

AP, December 6, 2006

President Bush now has the outlines of a bipartisan exit strategy for Iraq and a new secretary of defense to help carry it out. And while he's under no obligation to heed the Iraq Study Group's recommendations, the pressure on him to change course is now politically enormous.

Whether he'll go along, when, and to what extent, will shape the nation's political landscape in the months to come.

The group led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton recommended on Wednesday that U.S. forces largely withdraw from combat over the next year and focus on training Iraqis.

It also called for stepped-up diplomatic efforts — including talks with Iran and Syria — to stabilize Iraq and revive the Israeli-Palestinian peace process. Bush has spurned Iraq talks with Iran and Syria.

The commission's document offers a bipartisan blueprint for Bush — if he goes along with the recommendations — to begin extricating himself from the unpopular war. It stops short of proposing a specific troop-withdrawal timetable that Bush could not be expected to embrace.

His remarks on Wednesday were conciliatory but general. In the past, Bush has sometimes sounded ready to embrace changes only to go back to the kind of stubborn line he used as recently as last week in Jordan — that U.S. troops won't leave until the mission is complete.

"This report changes the paradigm. Its most important impact is political. And the impact is going to be felt more strongly in Washington than in Baghdad," said Jon B. Alterman, a former State Department official who specialized in the Middle East.

"Bush is looking for his legacy, but his party is looking toward the 2008 elections — and a lot of them are terrified. This could really provoke an earthquake and leave the president completely isolated unless he changes course," said Alterman, now director of Mideast programs at the Center for Strategic and International Studies.

Stephen Cimbala, a Penn State political scientist who studies war's effects on domestic politics, said pulling most U.S. combat troops out of Iraq by early 2008 has clear ramifications for the upcoming presidential election.

"I don't think anybody wants to run, especially on the Republican ticket, if Iraq in 2008 looks like it does today," Cimbala said.

Since Democrats seized control of Congress in the Nov. 7 midterms, more and more Republicans have broken ranks with Bush on Iraq. The Baker-Hamilton report offers political cover for such defections.

Even within his administration, contrary voices are being heard. National Security Adviser Stephen Hadley recently questioned whether Iraqi Prime Minister Nouri al-Maliki was up to the job.

Robert Gates, a former study group member who was confirmed by the Senate 95-2 on Wednesday to take over as defense secretary, told senators the U.S. isn't winning the war and "all options are on the table."

The man he'll replace, Donald H. Rumsfeld, called for a "major adjustment" in U.S. tactics just before resigning under pressure. Rumsfeld was the architect of the war.

Wednesday's was the first in a series of major reports on war options heading for the White House, including ones by the Pentagon and the National Security Council.

Bush could cherry pick, selecting the most palatable recommendations from among the 79 in the Baker-Hamilton pages, and taking others from other reports.

But the Iraq Study Group's report came with a warning label. It said the recommendations amount to "a new way forward. They are comprehensive and need to be implemented in a coordinated fashion. They should not be separated or carried out in isolation."

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The president called the report "a very tough assessment of the situation in Iraq" and said he would take the recommendations very seriously and act "in a timely fashion." He also said, pointedly, that Congress wouldn't agree with every proposal, and neither would he.

White House spokesman Tony Snow said Bush continues to insist that Iran verifiably suspend uranium enrichment before U.S. engages in direct talks. But he left the door open for discussions through an outside group.

Snow called the report positive, even though it describes the current situation as "grave and deteriorating" and getting worse under current policies.

Many of its key recommendations, including a need to work more aggressively to hand over responsibilities to the Iraqis, are already "precisely what's going on," Snow said.

In fact, Bush's trip to Jordan last week to press al-Maliki directly seemed written to the study group's script. "There is no substitute for sustained dialogue at the highest levels of government," the report said, noting Bush's mission.

Al-Maliki asserts that his government will be able to control security by next June. And while military analysts openly question this, Bush could use the statement as a justification for starting to withdraw combat troops.

The report calls for withdrawing the bulk of the 140,000 U.S. combat troops now in Iraq while embedding some American forces within Iraqi units.

Lawrence J. Korb, assistant defense secretary under President Reagan and now a senior fellow at the liberal Center for American Progress, said the report was right to recommend increasing pressure on the Iraqi government to take over military operations.

"Until the Iraqi leadership makes these painful political compromises, nothing is really going to change," said Korb, who favors a faster withdrawal of troops.

The big open question remains: Is Bush ready to accept the bulk of the panel's recommendations, even though in some areas they constitute close to a 180-degree turn in policy?

Baker, who has been particularly close to the Bush family, wouldn't touch that question.

"You know, I've worked for four presidents," he said. "And I never put presidents I worked for on the couch."

White House Doing Its Own Study (USAT)

USA Today, December 7, 2006

The Iraq Study Group report isn't the only review of U.S. policy in Iraq: The Bush administration has launched its own appraisal. Last month, President Bush asked the National Security Council to coordinate studies that in some cases had been underway for months.

Stephen Hadley, the national security adviser, hasn't set a deadline for a final report but says it will be completed in "weeks, not months."

Among those involved:

·Pentagon. Peter Pace, chairman of the Joint Chiefs of Staff, is drawing up military options that range from adding counterinsurgency troops to redeploying or reducing the U.S. presence in Iraq.

·State Department. David Satterfield, a top adviser on Iraq, and Philip Zelikow, the outgoing counselor for Secretary of State Condoleezza Rice, are analyzing political, economic and diplomatic issues, including the potential impact of new policies in Iraq across the Middle East. One question: Should the United States talk directly with Iran and Syria?

·National Security Council. Hadley, deputy J.D. Crouch and Meghan O'Sullivan, the Iraq director on the NSC, are reviewing information from intelligence agencies and coordinating the departmental reviews. Hadley is providing regular updates to Bush.

Dems Seize On Iraq Report (HILL)

By Elana Schor

The Hill, December 7, 2006

The Iraq Study Group yesterday released its long-awaited counsel for major shifts in U.S. war strategy, gratifying Democrats who built electoral victories on a call for change in Iraq and leaving the new majority ready to put pressure on the president, rather than congressional Republicans.

The bipartisan study group, created by Congress last year, briefed leaders of both parties on its report before the public unveiling. Taking a stark view of the chaotic violence in Iraq, the study group advised a pullback of U.S. combat troops by early 2008 and a regional conference with Iraq's neighbors aimed at stabilizing that nation's elected government.

Incoming Senate Majority Leader Harry Reid (D-Nev.) said afterward that he felt vindicated by the report and that it would lead to the beginning of military withdrawal.

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"The president has the ball in his court now," Reid said, announcing plans for a series of oversight hearings in the Foreign Relations, Armed Services and Intelligence committees beginning early next year.

Though President Bush and his advisers have subtly downplayed the impact of the report in recent days, party politics did not stop many lawmakers from urging that Bush seriously consider the group's findings.

"The decision has to be made by the president," said Senate Intelligence Committee Chairman Pat Roberts (R-Kan.), who hailed the consensus reached by the evenly split 10-member study group. "Democrats and Republicans actually got together. … It serves as a good example for Congress to go forward."

The study group, co-chaired by former Secretary of State and Bush family confidante James Baker III and former Rep. Lee Hamilton (D-Ind.) tempered its recommendations with a warning that their implementation would be difficult and would not guarantee success.

Sen. Mitch McConnell (R-Ky.), who will be minority leader next year, acknowledged the difficult road ahead for lawmakers who now must await the administration's response as well as the outcome of a separate internal Pentagon review of war policy.

"Those who hoped this report would provide a get-done-quick solution will be disappointed," McConnell said. "And though we won't reach agreement overnight, this is an opportunity for us to work in a bipartisan way with Democrats and the White House …"

Neither party shrank from partisan combat over the war during the Republican majority, leading to an acrimonious House debate in June and a surprise closed session of the Senate last November. But Senate Democrats, who will soon be taking over Congress with the slimmest of majorities, stressed the potential for consensus with GOP lawmakers. "You'll see a push from both sides to craft a meaningful strategy in Iraq," said Sen. Barack Obama (D-Ill.) in an interview. "The question is whether the administration will be amenable."

The potential 2008 presidential contender described the study group's report as a welcome bridge between the Bush administration's view of the war, often resolutely optimistic, and the Democrats' perspective.

"It is a realistic portrayal of what's taking place," Obama said. "If we can agree on the facts, we can continue to move forward."

Several other Democrats who have begun vying for their party's presidential nomination placed similar weight on the White House's next move.

"The president is changing his secretary of defense, but this report now raises the most important question: is the president willing to change his mind?" Sen. Evan Bayh (D-Ind.) said in a statement.

"The president's reaction will send a loud and clear message on whether he's listening to the American people's call for a change in policy for Iraq," said Iowa Gov. Tom Vilsack (D), one of the earliest official entrants in the 2008 contest and an early critic of the war.

Sen. Sam Brownback (R-Kan.), who this week began a presidential campaign built on a traditional conservative platform, endorsed the study group's strong medicine for Iraq.

"If this is what it takes to pull us all together, they are things we really ought to look at and see if we can do," Brownback said.

Sen. Chuck Hagel (R-Neb.), another potential White House aspirant, found common ground with the study group in his own calls for a troop drawdown and a focus on diplomatic and political remedies to the crisis in Iraq. "This report is an acknowledgment that there will be no military solution in Iraq," he said.

Sen. Joseph Biden Jr. (D-Del.), who will take the Foreign Relations Committee gavel next year, praised the report overall but cast doubt on its reliance on a strong federal government for Iraq. Biden's plan for regional divisions and an oil revenue-sharing pact in Iraq is playing a central role in his own presidential bid.

One of the study group's ideas likely to arouse bipartisan angst is its call for a regional dialogue that includes Iran and Syria, nations deemed state sponsors of terrorism by the U.S.

Sen. Norm Coleman (R-Minn.) said the notion of engaging Iran and Syria gave him pause, but Sen. Judd Gregg (R-N.H.) said he "subscribes to Baker's view that even if someone is your enemy, you should talk to them."

Sen. John Sununu (R-N.H.) noted that the study group prescribed multiple internal and external readjustments before troops could be workably moved out of combat in Iraq.

"If we just look at some date that troops may or may not be withdrawn, we will overlook steps we have to take now that are crucial to the success of this effort," Sununu said.

As Democrats continued expressing hope that the study group's report would compel the White House to begin a landmark turnaround in iraq, Sen. Lamar Alexander (R-Tenn.) sounded a note of caution to all members.

"What we all need to do is take breaths, read the report carefully and not use parts of it to justify what we already believe," said Alexander, a close ally of McConnell's who narrowly lost a bid to become GOP whip next year.

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Threats Wrapped In Misunderstandings (WP)

By Sudarsan Raghavan

The Washington Post, December 7, 2006

BAGHDAD, Dec. 6 -- The Iraq Study Group's prescriptions hinge on a fragile Iraqi government's ability to achieve national reconciliation and security at a time when the country is fractured along sectarian lines, its security forces are ineffective and competing visions threaten to collapse the state, Iraqi politicians and analysts said Wednesday.

They said the report is a recipe, backed by threats and disincentives, that neither addresses nor understands the complex forces that fuel Iraq's woes. They described it as a strategy largely to help U.S. troops return home and resurrect America's frayed influence in the Middle East.

Iraqis also expressed fear that the report's recommendations, if implemented, could weaken an already besieged government in a country teetering on the edge of civil war.

"It is a report to solve American problems, and not to solve Iraq's problems," said Ayad al-Sammarai, an influential Sunni Muslim politician.

The report arrives at a time of turmoil within the Iraqi government. Senior politicians from Iraq's two major sects, Sunnis and Shiites, have been assassinated or kidnapped in recent weeks. Entire ministries are under the control of sect-based political parties with their own militias.

Three weeks ago, as many as 150 employees were abducted from the Higher Education Ministry, run by a Sunni, by men in police uniforms who said they were from the Interior Ministry, which is controlled by Shiites. And last week, powerful politicians loyal to radical Shiite cleric Moqtada al-Sadr walked out of the government, and have yet to return.

U.S. diplomats have been urging Iraq's government to engage in a process of national reconciliation aimed at giving Sunnis a greater role, but the Shiite-led administration has been largely unwilling to do so. It is unclear whether increased pressure, as called for by the group led by former secretary of state James A. Baker III and former representative Lee H. Hamilton, will result in Shiite leaders moving forward with a new power-sharing agreement.

The mistrust and divisions within the weak unity government are so deep that it is not certain whether the study group's recommendations -- such as using outside powers to exert diplomatic pressure and building a well-trained Iraqi army -- can be effective, or might instead deepen the political and sectarian rifts.

"The main obstacle and challenge is the current government," said Wamidh Nadhmi, a political analyst in Baghdad. "The Baker-Hamilton report is insisting on national reconciliation. This has not been done, only in government propaganda."

For months, the Bush administration has pressured the government of Prime Minister Nouri al-Maliki to take steps toward bringing the warring groups together and tackle Iraq's violent militias and corruption. But the Iraq Study Group recommends withdrawing U.S. support if the Iraqis fail to show advances.

"If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security, and governance, the United States should reduce its political, military, or economic support for the Iraqi government," the report's executive summary says.

For some Iraqis, the statement suggested that the report's authors did not grasp, or refused to acknowledge, the diverse ambitions, rivalries and weaknesses that plague the government. The Kurds have dreams of creating an independent state. The Sunnis appear leaderless, yet seek a political voice. The Shiites are riven by feuds. There are disagreements over partitioning Iraq, over whether to restore members of Saddam Hussein's Baath Party to their old jobs, over whether amnesty should be given to opponents of the government and the U.S. occupation.

Maliki, who controls no militia of his own, also depends on Sadr for political support, making it politically suicidal for him to attempt to dismantle Sadr's Mahdi Army, the largest and most violent militia in Iraq.

"It comes far too close to having the U.S. threaten to take its ball and go home if the Iraqi children do not play the game our way," Anthony Cordesmann, a military analyst at the Center for Strategic and International Studies, said in an e-mailed analysis, referring to possible withdrawal of support.

Some Iraqis expressed astonishment at a recommendation in the report calling for Iraq's National Police and its police commandos, overseen by the Interior Ministry, to be shifted to the control of Defense Ministry, where the commandos would join the army. There is growing evidence that the majority-Shiite police are infiltrated by Shiite militias and death squads.

Iraqis said that although it might appear to make sense to place the commandos under the majority-Shiite army, which has largely escaped militia infiltration, the recommendation could bring unintended consequences. The Interior Ministry is Shiite-controlled, while the Defense Ministry is headed by a Sunni.

"This is an intervention in the Iraqi structure of the state," said Mahmoud Othman, a Kurdish legislator. "This will also be seen as a point for the Sunnis, at the expense of the Shias."

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Joost Hiltermann, an Iraq analyst for the International Crisis Group, said such a shift could force the Defense Ministry into an internal policing role that it is not equipped to address. "The more they get dragged into internal policing, they may become sectarianized," Hiltermann said.

"This demand -- no one will execute it," said Hasan Suneid, a legislator and close aide to Maliki. "It's not realistic."

Other challenges face any attempt to implement the report's recommendations. Iraqis have little trust in the army, which is poorly equipped and trained, to provide security. U.S. troops agree with this assessment.

On Friday, a military transition team from the 1st Cavalry Division working with the Iraqi army's 9th Division oversaw a raid in the Fadhil district of central Baghdad. The U.S. military billed it as an Iraqi-led operation all the way. But U.S. soldiers interviewed Saturday said that was not the case.

"Truthfully, they still need training," said Maj. John Best, 34, of Tampa. "Everything that occurred out there had to be led by Americans. They don't have the level of training, the resources, the education, the motivation. They've been fighting so long, they've become complacent."

The U.S. military already has spent the past two years trying to accelerate the training of Iraqi security forces. A central challenge today, according to analysts, is not a lack of American trainers but the question of whether non-sectarian security forces are viable in Iraq: Will a critical mass of Iraqi soldiers remain loyal to the national government as opposed to their respective religious groups?

The issue of having U.S. advisers embedded with Iraqi units could also be difficult. "I wonder whether it will raise Iraqi sensitivities. They may see it as the Americans are ordering them, that they are still the bosses," said Othman. "This is a matter of national pride."

Sadr, who controls 30 seats in Iraq's 275-member parliament and four ministries, is also opposed to the idea. He has demanded a timetable for U.S. withdrawal.

"We don't want to bring any advisers," said Nasar al-Rubaie, the leader of Sadr's legislative bloc. "We are capable to arm our security and military forces. If the Americans withdraw today from Iraq, the next day there will be security in all of Iraq."

The report's recommendation for outside diplomatic pressure is also divisive. One of Maliki's chief rivals, Abdul Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq, who has close ties to Iran, has rejected the proposal for Sunni Arab countries to become more involved in Iraq.

Kurdish leaders are also worried about interference from Turkey, which has vowed to invade Iraq's Kurdish regions if Kurds move toward independence or assert control over the oil field at Kirkuk.

Maliki supports having a regional conference, as long as it is held inside Iraq.

Maliki has rekindled ties with Iran and Syria, but there is still suspicion among Sunni parties, as well as some Shiite groups, of Iran's growing influence in Iraq. And it is unclear whether either Iran or Syria, which the Bush administration views as sponsors of terrorism, would enter into a dialogue with Washington.

"If we can make them part of the solution rather than part of the problem, it will be good for Iraq," said Othman. "But it matters how much they gain from the United States."

Sammarai, the Sunni lawmaker, said the Bush administration has a responsibility to fulfill its pledge to bring democracy to Iraq, in which minorities will have a voice. "Because of their mistakes, it is so complicated now," Sammarai said. "Now, they say, 'We're going to leave the Iraqis to solve their problems.' "

Said Cordesmann: "The U.S. effectively sent a bull in to liberate a china shop, and the Study Group now called upon the U.S. to threaten to remove the bull if the shop doesn't fix the china."

Politicians In Iraq Debate Impact Report Might Have (USAT)

By César G. Soriano

USA Today, December 7, 2006

BAGHDAD — Iraqi politicians on Wednesday debated the significance and potential impact of a high-level U.S. commission's report that recommends diplomatic and military changes that could permit U.S. troops to withdraw from combat roles by early 2008.

Baghdad residents, meanwhile, worried that even if the recommendations are adopted, it might be too late to stop the country from sliding further into chaos.

Iraqi Prime Minister Nouri al-Maliki held a video conference on the report with former U.S. secretary of State James Baker and former congressman Lee Hamilton, co-chairmen of the bipartisan Iraq Study Group, al-Maliki's office said in a statement. The statement said al-Maliki reiterated his support for a unified national government, a regional diplomatic conference and shifting U.S. troops from a combat to a training role.

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Deputy Prime Minister Barham Saleh, speaking on the pan-Arab satellite TV channel Al-Arabiya, said the government agreed with the broad recommendations of the panel, but he acknowledged that "there may be some details on which we differ." He did not elaborate.

Other Iraqi politicians welcomed the report but questioned whether President Bush would act on the recommendations. "There are good changes recommended," said Mahmoud Othman, a Kurdish coalition member of the parliament. "But I don't know how much will be accepted by the U.S. administration."

Adnan al-Dulaimi, a leader of the Iraqi Accord Front, the biggest Sunni bloc in the parliament, said he was optimistic the suggestions would help correct the situation, if adopted. "We hope the U.S. and Iraqi governments would implement these recommendations for the sake of Iraq's interest and for calming the security situation."

Abbas al-Bayati, a Shiite legislator with the United Iraqi Alliance, worried that a single report would not reverse the growing conflict among Iraqi groups. "The situation in Iraq will not be solved by one committee," he said, "but by the need to open more dialogue and accepting the opinions of Iraqis."

Al-Bayati also criticized the report's recommendation that the United States reduce "political, military or economic support" if the Iraqi government does not make significant changes to improve security. Iraq "should not be pressed into action by threats of stopping American support," he said.

Othman said the prospect of losing U.S. support could pressure the Iraqi government to work harder to end the violence. "This may be useful because at the moment there is no pressure on the Iraqi government to deliver, especially on the issue of militias," he said, referring to Shiite and Sunni fighters blamed for much of the recent unrest. But he added, "The Iraqi government may view this as an unfair threat to cut aid if they don't push hard."

Othman and al-Bayati predicted Bush will ignore the recommendation to open dialogue with Syria, Iran, religious clerics and militia leaders. "These people are important whether we like them or not," Othman said. "Reaching out to Syria and Iran could be helpful and could be positive."

"There is not much time left to correct things. It has become more complex," said Uday Azzam, 37, a Shiite pharmacist in Baghdad. "There are criminals in Iraq pushing their foreign agendas. … If Bush is serious about correcting his mistakes, he should start now."

In Iraq, Reaction To Report Runs From Relief To Anger (NYT)

By Edward Wong And Abdul Razzaq Al-Saiedi

The New York Times, December 7, 2006

BAGHDAD, Dec. 6 — They gathered Wednesday evening inside an office in the fortified Green Zone, the Iraqi prime minister and a handful of senior officials, awaiting word of the report that could shape American policy toward their embattled country.

The video screen sprang to life. There was the silver-haired James A. Baker III, a former secretary of state and one of the report's main authors. He stared Prime Minister Nuri Kamal al-Maliki in the eyes.

Mr. Baker wanted to lay out the basics of the report for Mr. Maliki before his news conference in Washington. So with his slight Texas drawl, Mr. Baker listed three conclusions that the Iraq Study Group had arrived at: the United States should continue to support the Iraqi government, the Iraqis should engage in high-level diplomacy with neighboring countries, and the 140,000 American troops here should switch from a combat mission to a support role while drawing down significantly.

A look of relief seemed to pass over Mr. Maliki's face, said Sami al-Askari, a conservative Shiite legislator who was in the room.

"If the report is written in that way, it's good," Mr. Maliki said a little later, according to Mr. Askari. "But let's wait to read all the details of the report."

The prime minister had been pleased, Mr. Askari said, because the report seemed to affirm an argument that Mr. Maliki and other Shiite leaders had been making to President Bush — give the Iraqi government more control over the security forces, and the war could be won. Mr. Maliki was also glad, Mr. Askari said, that Mr. Baker had insisted on a regional dialogue and not a full-blown international conference, which Mr. Maliki fears could lead to undue interference here by foreign powers.

"The report was positive," Mr. Askari said. "I think the Baker-Hamilton commission listened carefully and responded to what the Iraqi government wants."

Not all Iraqi politicians were as optimistic. Reaction to the bipartisan commission's recommendations on how to salvage the American enterprise varied among Iraqi politicians, who expressed appreciation, anger and ambivalence at sections of the report. Much depended on whether the study's 79 points seemed to support their ethnic or sectarian group's interests.

Kurdish leaders were outraged by proposals that could weaken Kurdish autonomy by delaying an opportunity for the Kurds to govern the contested oil city of Kirkuk, and by giving the central government control over all oil revenues. Sunni Arab

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legislators said they had wanted the report's main points to push for a cleansing of Shiite chauvinist elements from the government and security forces.

That is all the more important, the Sunni politicians said, because if American combat units withdraw over the next year, as the report urges, then Shiite-led security forces could commit more atrocities against Sunni Arabs.

"These recommendations might be a solution for the American crisis in Iraq, but not a solution for the Iraqi crisis," said Dhafir al-Ani, a conservative Sunni Arab member of Parliament. "The withdrawal of the American forces at a time when the Iraqi forces are still poorly trained is bad. There should first be a broad purging of the security elements because they were established on a sectarian basis, with militias. There is no assurance that they will enforce justice."

"The Americans can leave and their problems will be finished," he added, "but they will pay a price because all regional stability will disappear, as long as the situation in Iraq stays as it is."

Some of the report's proposals are clearly intended to assuage the fears of Sunni Arabs, like a recommendation that the Americans try to shift control of the elite police units, suspected of being rife with Shiite militiamen, to the Sunni-led Defense Ministry from the Shiite-led Interior Ministry. But Shiite leaders would almost certainly balk at any such move.

Another Sunni Arab legislator, Salim Abdullah, said the report placed too much emphasis on training Iraqi forces and not enough on monitoring those forces for sectarian loyalties.

"We think that improving the Iraqi troops will not be achieved through training only," Mr. Abdullah said. "Corrupt individuals should be removed. The militias should be dealt with, and the security forces should be shielded from political influence."

But Mr. Abdullah praised the report's proposal that the American and Iraqi governments engage in direct talks with regional countries, especially Iran and Syria, to persuade them to stop interfering in Iraq. Iran and Syria are both suspected by the Americans of aiding various militant factions in Iraq. Fear of growing Iranian influence is especially rampant among Sunnis like Mr. Abdullah and Mr. Ani.

"The American administration should be decisive in tightening its grip on the regional countries that interfere in Iraq's affairs, especially Iran and Syria," Mr. Ani said.

A Kurdish legislator, Mahmoud Othman, praised the report when asked his opinion in the early evening. But as he and other Kurdish leaders scrutinized the details, they became more and more angry, he said in a later telephone interview. The report's authors had recommended blocking the most important aims of the Kurds: having oil-rich Kirkuk vote next year on whether to join Iraqi Kurdistan, and taking control of oil revenues that come from future exploration in Kurdistan.

Mr. Othman said those goals were enshrined in the Iraqi Constitution. In fact, one of the recommendations that most angered Mr. Othman and his fellow Kurds was a call for a parliamentary committee to immediately start a review — and possible revision — of the Constitution. The Shiites and Kurds were the main authors of the Constitution and are opposed to any review.

"It's sort of interference in Iraqi affairs, actually," Mr. Othman said. "These points are really worrying for the Kurds."

As Iraqi politicians debated the merits of the report, violence around the country underscored the Baker-Hamilton commission's conclusion that "the situation in Iraq is grave and deteriorating." Ten American soldiers were killed in four separate incidents on Wednesday, the American military said, without giving details. The military also said a soldier was killed Monday in Baghdad.

Officials said at least 34 Iraqis were killed on Wednesday and scores were wounded in mortar attacks, bombings and assassinations.

Will It Work On The Battlefield? (NYT)

By Michael R. Gordon

The New York Times, December 7, 2006

The military recommendations issued yesterday by the Iraq Study Group are based more on hope than history and run counter to assessments made by some of its own military advisers.

Ever since the invasion of Iraq in 2003, the United States has struggled in vain to tamp down the violence in Iraq and to build up the capacity of Iraq's security forces. Now the study group is positing that the United States can accomplish in little more than one year what it has failed to carry out in three.

In essence, the study group is projecting that a rapid infusion of American military trainers will so improve the Iraqi security forces that virtually all of the American combat brigades may be withdrawn by the early part of 2008.

"By the first quarter of 2008, subject to unexpected developments in the security situation on the ground, all combat brigades not necessary for force protection could be out of Iraq," the study group says.

Jack Keane, the retired Army chief of staff who served on the group's panel of military advisers, described that goal as entirely impractical. "Based on where we are now we can't get there," General Keane said in an interview, adding that the report's conclusions say more about "the absence of political will in Washington than the harsh realities in Iraq."

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The experience of American commanders shows the difficulties in rapidly handing over security responsibilities to Iraq. In June, Gen. George W. Casey Jr., the senior American commander in Iraq, developed a plan that called for gradually drawing down the number of American brigade combat teams by December 2007, to just 5 or 6 from the 14 combat brigades that were deployed at the time. In keeping with this approach, American troops in Baghdad began to cut back on their patrols in the capital, calculating that Iraqi security forces would pick up the slack.

But no sooner did General Casey present his plan in Washington than it had to be deferred. With sectarian violence soaring in Baghdad, the United States reinforced its troops there. More American soldiers are now involved in security operations in Baghdad than Iraqi troops.

Now, the Iraq Study Group is essentially taking General Casey's plan off the shelf and carrying it further. The group's final military recommendations were not discussed with the retired officers who serve on the group's Military Senior Adviser Panel before publication, several of those officers said.

Military experts say there are several difficulties with the panel's recommendation. First, it underestimates the challenge of building a capable Iraqi security force. After several years of desultory efforts, the United States has taken steps to upgrade and better prepare the teams of American advisers who are assigned to Iraqi units. But training the Iraqi Army is more than a matter of teaching combat skills. It requires transforming the character of the force.

"The new Iraqi Army will need years to become equal to the challenge posed by a persistent insurgency and terrorist threat," Lt. Col. Carl D. Grunow, a former military adviser, wrote in a recent issue of Military Review, a journal published by the United States Army.

One big problem, Colonel Grunow notes, is that the Iraqi military is not proficient in counterinsurgency operations or sufficiently sensitive to the risk of civilian casualties.

"They are still fighting their last war, the high-intensity Iran-Iraq war of the 1980s, a war with clear battle lines fought with mass military formations, and one in which civilians on the battlefield were a nuisance, and not a center of gravity," he wrote. The Iraqi military, he added, "must learn to fight using strategies and tactics far different than those used in the past."

Even if the number of American advisers is increased, it is highly unlikely that the Iraqi forces would be capable of assuming the entire responsibility for security throughout the country in little more than a year. It took four years, from 1969 to 1973, for the Nixon administration to make South Vietnamese forces strong enough to hold their own and withdraw American combat forces from Vietnam. Even so, when Congress withheld authority for American airstrikes in support of those forces in 1975, the North Vietnamese quickly defeated the South and reunified the country under Communist rule.

The rapid withdrawal of American combat forces would also deprive the Iraqi military of the opportunity to work as partners with the Americans in combined operations. "There is no meaningful plan for creating a mix of effective Iraqi military forces, police forces, governance and criminal justice system at any point in the near future, much less by 2008," noted Anthony H. Cordesman of the Center for Strategic and International Studies, referring to the group's study.

Barry R. McCaffrey, a retired four-star general, said in an interview that the overall concept of withdrawing American forces as the Iraqis built up their military capability was sound. But he argued that the specific recommendations by the panel raised a second problem: if American combat brigades were withdrawn from Iraq, the thousands of American advisers who remained might find themselves dangerously exposed, particularly if the fighting in Iraq grew into a full-scale civil war. The advisers could be killed or taken hostage.

"They came up with a political thought but then got to tinkering with tactical ideas that in my view don't make any sense," General McCaffrey said. "This is a recipe for national humiliation."

A last issue is that given the deterioration of security in Iraq, it may take the combined efforts of American combat units and Iraqi security forces to try to arrest the spiraling violence. In the end, that task may not be achievable. But since it is American forces that have often worked to curb the sectarian killings — and since many of the Iraqi forces have been infiltrated by sectarian militias — there is reason to believe that the civil strife will grow if the Americans combat forces soon begin to leave.

A preface to the report by James A. Baker III and Lee H. Hamilton, the group's chairmen, said that one aim of the report was "to move our country toward consensus." The study contains all the ingredients of a Washington compromise. What is less apparent is a detailed and convincing military strategy that is likely to work in Iraq.

Recommendations Could Stretch Special Ops (USAT)

By Tom Vanden Brook, Matt Kelley

USA Today, December 7, 2006

WASHINGTON — The Iraq Study Group's recommendations would put short-term strains on military people and equipment, while helping with the military's long-term challenges.

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Military experts, government analyses and the Iraq Study Group itself all cite potential problems and higher costs facing the proposals outlined in the group's report released Wednesday.

Those recommendations could aggravate the pressure on the military's already overburdened special operations forces and increase the costs of maintaining and replacing war-damaged equipment and weapons.

The group calls for refocusing U.S. efforts on training and equipping the Iraqi military. U.S. troops could then shift their emphasis from combat power to training, support and special operations, the report says. The panel also calls for the United States to give the Iraqi military better equipment, possibly including some gear American forces would leave behind.

Fighting in Iraq has left the U.S. military with little in reserve to respond to other crises, the report says. The war also costs $2 billion a week, the study says, and hurts ground troops through repeated combat tours and wears out weapons and other equipment.

By refocusing its efforts on training and supporting Iraq's military, the U.S. military could remove most of its combat forces from Iraq by spring 2008, the report says. That would help the Army and Marine Corps, which the report calls "stretched nearly to the breaking point by repeated deployments in Iraq."

However, the group's call for a continued reliance on special operations could worsen pressure on those troops, who government reports say are also stretched thin.

For example, the report says Iraqi security forces should receive more U.S. training, which is the role of special operations troops. A July report from the Government Accountability Office (GAO) says those elite troops are so frequently deployed to war zones that they often do not receive their own recommended amount of training.

Gen. John Abizaid, the U.S. commander in the region, said last month that regular American troops embedded in Iraqi units could help the Iraqis improve.

Doing that "will give us a much better feel for how things are evolving and what's happening on the ground," said Chuck Robb, an Iraq Study Group member who is a former U.S. senator and Marine.

Robb, the only panel member to venture outside the fortified Green Zone in Baghdad, told USA TODAY that "with the kind of leadership that we've recommended and the kind of training that we've recommended, they (Iraqi forces) are capable of performing much better."

Special operations teams also would need to remain in Iraq for counterinsurgency efforts and fighting terrorists aligned with al-Qaeda, the report says.

Most special operations units, however, are short of troops, according to the July GAO report. That report also said 85% of all deployed special operations forces are already in the region controlled by U.S. Central Command, which includes Iraq and Afghanistan.

Not enough candidates are passing the rigorous training to join units such as Army Rangers and Navy SEALs, the GAO report said, and competition from high-paying private contractors prompted the military to offer experienced troops re-enlistment bonuses of up to $150,000.

Some Army Special Forces units are short of medics, for example, limiting how they can be used on the battlefield, the GAO report said.

The study group "should be concerned about our ability to sustain the quality of these forces, as well as to increase their size," says Andrew Krepinevich, a retired Army colonel and executive director of the Center for Strategic and Budgetary Assessments.

The Iraq Study Group also recommends spending the billions of dollars necessary to repair and replace the $2 billion per month of military gear used up in Iraq.

It also suggests leaving some U.S. equipment behind for Iraqi forces and increasing the amount of new U.S. equipment available for Iraqi forces to buy through the Pentagon's Foreign Military Sales program.

That program has proposed selling more than $1 billion worth of weapons and equipment to Iraq.

U.S. forces don't have the maintenance facilities in Iraq to do complete overhauls of vehicles such as Humvees and tanks, however, meaning the Iraqi military doesn't, either.

Army Chief of Staff Gen. Peter Schoomaker complained this summer that intermittent funding has created backlogs of thousands of vehicles waiting for maintenance at depots in the United States.

Schoomaker and the Marine Corps' commandant, Gen. James Conway, have said supplemental funding approved by Congress hasn't kept pace with the $2 billion per month needed to repair and replace equipment damaged or destroyed in Iraq.

Iraq Study Group Report: Necessary, But Not Sufficient (USAT)

By Joseph Biden

USA Today, December 7, 2006

DOJ_NMG_0103487

The Baker-Hamilton report is a first step toward a bipartisan way forward in Iraq. The fundamental changes it proposes are necessary, but not sufficient to achieve the objective most Americans share: to leave Iraq without leaving chaos behind.

The report's most valuable contribution is to make clear that staying the course in Iraq is not an option. Thanks to its efforts, the central question is no longer whether to stay in Iraq, but when and how to responsibly leave.

The military redeployment it proposes is not, by itself, a plan. But the knowledge that our troops will not stay in Iraq in these large numbers can help concentrate the Iraqis on the hard political decisions ahead.

We should start to bring our combat troops out in the first half of next year, but with no artificial end date. A residual force should remain, whose mission would be counterterrorism, training, logistics and force protection.

Even if it made strategic sense to keep 145,000 troops in Iraq beyond next year, we could not do so without damaging the military, including: sending soldiers back on third and fourth tours, extending deployment times from 12 to 18 months, ending the practice of a year at home between deployments, fully mobilizing the Guard and Reserves, and returning demobilized soldiers to Iraq through a backdoor draft.

The impact on retention and recruitment would be devastating.

The report is also right that as we start to bring our troops out, we have to bring Iraq's neighbors in to support a peaceful outcome. That includes not just Saudi Arabia, Jordan, Egypt and Turkey, but Iran and Syria, too. Some of Iraq's neighbors have no desire to do us any favors. But like us, they have powerful interests in preventing a full-blown civil war that could become a regional war.

We should also convene an international conference to help hammer out an agreement among Iraqis and secure the support of Iraq's neighbors — or, if chaos ensues anyway, to help contain its fallout.

While the report gets the big military and diplomatic pieces right, it falls short on the most important piece of all: a strategy for a sustainable political settlement.

It is not enough to stand up Iraqi forces. We have to help Iraqis stand together. That is the only way to break the cycle of violence and prevent Iraq from falling apart.

Instead, the report perpetuates one of the Bush's administration's most fundamental mistakes: the belief that a political settlement can be based solely on building up a strong central government.

That policy has been tried and has failed. There is no trust within the government, no trust of the government by the people, and no capacity on the part of the government to deliver basic services to Iraqis.

Six months ago, with Les Gelb of the Council on Foreign Relations, I offered a detailed plan that would give each of Iraq's main groups incentives to pursue their interests peacefully. The details can be found at www.planforiraq.com.

We proposed a federalized Iraq, with three or more largely autonomous regional governments to suit the separate interests of Shiites, Sunnis and Kurds. Baghdad would remain a federal city, and a central government would administer truly common concerns, such as defending Iraq's borders and managing its foreign policy.

Our idea imposes nothing on the Iraqis, whose constitution already provides for this approach.

For federalism to work, the constitution must be amended to guarantee Sunnis — who are sand-rich but oil-poor — a proportionate share of oil revenue, to be administered by the central government with international oversight.

Absent a political settlement, refocusing the mission of our remaining troops on training and engaging Iraq's neighbors will not stabilize Iraq.

Despite its shortcomings, the Baker-Hamilton report has helped spark a fundamental reassessment of our Iraq policy. Right after the New Year, I will focus the Senate Foreign Relations Committee on that same challenge, in collaboration with my Republican counterpart, Sen. Richard Lugar of Indiana.

We will hold intensive and extensive hearings, over many weeks. We won't be wedded to any one plan or proposal. Our mission will be to shine a light on what options remain for America in Iraq and to help complete the work that this report has so valiantly begun.

Sen. Joseph Biden, D-Del., is the senior Democrat and incoming chairman of the Senate Foreign Relations Committee.

Study Group Supports Ordering Agency Workers To Iraq (WP)

By Stephen Barr

The Washington Post, December 7, 2006

Federal agencies supporting the Iraq war and reconstruction should order their civilian employees to fill key jobs in the combat zone if not enough volunteers step forward, a high-level commission said in a report presented to the president and Congress yesterday.

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The recommendation by the Iraq Study Group, chaired by James A. Baker III, a former secretary of state, and Lee H. Hamilton, a former House member, grew out of a sense that civilian agencies are not contributing enough personnel to Iraq, adding to the burdens on the U.S. military.

The group offered little detail on the staffing recommendation. In general, the State and Defense departments have been able to recruit volunteers to work in Iraq and Afghanistan, though violence has curtailed their movement. But the report clearly envisions a closer relationship between civilian and military personnel, with one recommendation calling on civilian agencies to train for and conduct joint operations with the military.

Although federal agencies can reassign employees based on where they are needed, it is rarely done. Unions discourage forced reassignments and, at many agencies, only senior federal executives are at any real risk of such transfers because they are seen as a mobile part of the government's workforce.

"This would be somewhat unprecedented," said John Palguta, a longtime federal personnel expert and a vice president at the nonprofit Partnership for Public Service. "I am not aware of any civilian agency that has used directed reassignments to send employees to support an area of conflict."

The Iraq Study Group's report acknowledges that non-defense agencies "have little experience with complex overseas interventions to restore and maintain order," especially in a dangerous setting like Iraq.

But, the report says, "the United States has had great difficulty filling civilian assignments in Iraq with sufficient numbers of properly trained personnel at the appropriate rank."

If the government in the short term is unable "to fill key positions in Iraq, civilian agencies must fill those positions with directed assignments," the report recommends.

Such orders, also called "directed reassignments," are typically used when an agency transfers a job to a different location, usually in the United States, and tells the civil service employee to move along with the job. Employees who balk risk losing their jobs.

The commission report says agencies should take steps "to mitigate familial or financial hardships posed by directed assignments," including tax exemptions on salaries similar to those provided to the military.

The American Federation of Government Employees, which has long expressed concern about how some agencies handle employees' temporary reassignments to duty stations far from their homes, declined to comment on the recommendation yesterday.

J. Anthony Holmes, president of the American Foreign Service Association, said a key issue in deploying civilians involves "the circumstances into which you are putting these people." For instance, he said, civilians probably cannot do their jobs in areas where security is dangerous but could carry out their duties in a post-conflict environment.

From a management perspective, "you want people to volunteer," he said. "They are far more productive and will be more successful in accomplishing their tasks."

Palguta said the commission's recommendation could be "a tough lift." He said, "Not many employees are going to be happy about being redirected to a war zone."Postal Agreement

The largest post office union, the American Postal Workers Union, has reached a tentative four-year contract agreement with the U.S. Postal Service, officials announced yesterday.

The agreement covers 272,000 career employees, mostly clerks, who process mail and work at retail windows; building maintenance workers, who perform custodial, mechanical and electronic duties; and truck drivers and mechanics.

"We believe this tentative agreement is in the best interests of our customers, our employees and all postal stakeholders," said Doug Tulino, Postal Service vice president for labor relations.

The agency declined to provide information on changes in wages, benefits and working conditions for APWU members. "The tentative contract is in the hands of APWU leadership, and we will leave it to them to discuss details of the tentative agreement," said Dave Partenheimer, a Postal Service spokesman.

William Burrus, the APWU president, said terms of the agreement will be announced after the tentative contract is presented to representatives of rank-and-file employees. Burrus called the proposed contract "an outstanding agreement."

Contract talks with the Postal Service's other large union, the National Association of Letter Carriers, have broken down, and the two sides appear headed for binding arbitration.

Welcome Political Cover (NYT)

The New York Times, December 7, 2006

When President Bush insisted that the Iraq Study Group would not provide cover for the White House to chart a “graceful exit” of American troops, he was missing the whole point. The much-anticipated report from the bipartisan panel is precisely about political cover. That is a good thing, if only Mr. Bush has the sense to embrace it.

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Iraq is so far gone that nobody expected the panel to come up with a breakthrough solution. As the co-chairmen — former Secretary of State James Baker and former Representative Lee Hamilton — began their letter accompanying yesterday's report, "there is no magic formula to solve the problems of Iraq." And the study was never going to change the basic facts: there is no victory to be had in Iraq, and however American troops withdraw, they will leave behind a deadly mess.

Its real mission was to avert the worst scenario, in which a stubborn George W. Bush spends the next two years blindly insisting he will accept nothing short of victory, while Iraq keeps spiraling out of control and the Iraqis get no closer to being able to contain the chaos after the Americans leave.

That is a recipe for years more of savagery, a spillover of terrorism and instability across the Middle East, more sacrifice of American soldiers and more cynicism and division among the American people. Avoiding it is not the same as winning the war, but it is a way to cut one's losses.

If Mr. Bush has the capacity to seriously reassess his Iraq strategy, he will need exactly the kind of political cover that the Baker-Hamilton group was meant to provide. The central point of the group's 79 unanimous recommendations is that Washington should focus far more aggressively on training Iraqi forces and prepare for a withdrawal of American troops. The report says all combat brigades could be out by early 2008, but that would still leave tens of thousands of soldiers behind to hold the Iraqi Army together.

That is to be combined with a lot more pressure on the Iraqis to make political compromises and take responsibility for their own security (the report lays out clear milestones and says the United States should reduce its military and economic support if the Iraqis resist) and more aggressive regional diplomacy, including talks with Iran and Syria that Mr. Bush has ruled out.

Make no mistake, the report is a stunning indictment of Mr. Bush's failure — in Iraq and no less in Washington. But its recommendations are still couched in language vague enough to allow the president to pretend it is the "new way forward" his aides are now talking up, rather than a timetable for withdrawal, which is on Mr. Bush's no-go list. Predictably, the first reaction of Tony Snow, the White House spokesman, was to insist that "there is nothing in here about pulling back militarily."

The world has watched as Mr. Bush painted himself into a corner and then insisted it was a strategic decision. Even the Iraqis are trying to provide cover to for him to come tiptoeing back to the real world. Prime Minister Nuri Kamal al-Maliki's call for a regional conference on Iraq would allow the administration to get past its refusal to talk to Tehran and Damascus, by saying that ban was never meant to include Iraqi initiatives.

The Iraq report is a deeply diplomatic document, stuffed with "coulds" and "mights." It is, all in all, exactly the kind of shades-of-gray thinking that Mr. Bush despises, and exactly what he needs to get the country out of the hole he has dug.

The Study Group Reports (WP)

The Washington Post, December 7, 2006

THE REPORT OF THE Iraq Study Group outlines a military strategy for Iraq that has already been embraced in large measure by the Iraqi government and U.S. military commanders, if not explicitly by President Bush. It foresees a year-long shift of U.S. forces from fighting insurgents and preventing sectarian war to advising and supporting an Iraqi army that would take responsibility for those missions. If all went well, most U.S. combat units would withdraw by early 2008, but a "robust" American force would stay on to guard against the collapse of the Iraqi government, to fight al-Qaeda and to deter intervention by Iraq's neighbors.

As the study group concedes, this last-ditch strategy to stabilize Iraq might not work. But it is an option worth trying, and one Americans and Iraqis can agree on. The biggest contribution of the group may have been to unite five prominent Republicans and five prominent Democrats behind this plan. As chairmen James A. Baker III and Lee H. Hamilton repeatedly noted, the country desperately needs to build a bipartisan consensus on the war.

The study group's diplomatic proposals are more ambitious and will be more controversial. The report outlines a broad attempt to solve the problems of the Middle East, including the Israeli-Palestinian conflict and the related disputes among Israel, Syria and Lebanon -- worthy goals that have eluded this and every U.S. administration over the past four decades. More practically, it calls for the establishment of an Iraq International Support Group, made up of all of Iraq's neighbors, the permanent members of the U.N. Security Council and possibly other parties that would promote the country's stabilization. This is a good idea that should have been tried long ago. It implies a modification of the Bush administration's refusal to negotiate with Iran or Syria, so it is encouraging that the White House did not rule it out yesterday.

There are other useful recommendations in the report, including an increase in reconstruction aid to Iraq, which is close to running out, and improvements in intelligence-gathering. There is also a proposal to push the Iraqi government toward meeting "milestones" on the way to political reconciliation by threatening to withhold aid or withdraw troops if it does not. The pressure for action is certainly needed. But the danger is that Congress will interpret the policy as a license to place crippling conditions on U.S. support for a government that could not survive without it.

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What's missing from the study group report, unfortunately, is any evaluation of what should be done if the new strategy doesn't work -- if, despite the stepped-up training, diplomacy and pressure for Iraqi political reconciliation, the incipient civil war intensifies or the army and government remain too weak to survive on their own. In that all-too-likely scenario, Democrats would probably press for troop withdrawals to proceed regardless, while Mr. Bush has said he will not "pull our troops off the battlefield before the mission is complete."

While the study group has papered over this old debate between "stay the course" and "cut and run," it has not made it go away. With luck the next year will bring both measurable progress toward stability in Iraq and a reduction in U.S. forces and casualties. But it would be well to have a study group or two, inside the administration or out, preparing for the possibility that the United States will face another difficult choice a year from now between a continued commitment of U.S. combat forces and the "slide toward chaos" of which Mr. Baker and Mr. Hamilton grimly warned.

The Iraq Muddle Group (WSJ)

The Wall Street Journal, December 7, 2006

President Bush met yesterday with the Iraq Study Group to discuss its long-awaited report, but by far his most important Iraq meeting of the week was Monday's with Shiite leader Abdul Aziz al-Hakim. That's because the way to success in Iraq lies in stronger U.S. support for Baghdad's Shiite-led governing coalition, not in some bipartisan strategic muddle ginned up for domestic political purposes.

This is not to say that yesterday's Study Group report, led by James Baker and Lee Hamilton, serves no useful purpose. In calling for a withdrawal of most U.S. troops by 2008 -- if security conditions allow -- the report rejects any rapid withdrawal or deadline. Likewise, it reinforces the case Mr. Bush has been making about the ugly consequences of failure in Iraq for American interests. This includes the chance of a bloodbath that would make Rwanda look tame. If the report helps to politically isolate John Murtha and the get-out-now left, its authors will have done some good.

As for specific proposals, the Study Group proves Robert Gates's point from his nomination hearing on Tuesday that "there are no new ideas on Iraq." Its best proposal -- embedding more American troops to train and fight with Iraqi military units -- is well under way at the Pentagon. It has been clear for some time that the Iraq Army needs at least to double its current size, and the presence of U.S. troops with Iraqi units has produced better results.

On the other hand, the ISG's proposal to negotiate with Iran and Syria is a very old idea that isn't likely to go anywhere. The report argues that because both Iran and Syria have an "interest in avoiding chaos in Iraq," they will want to cooperate in some larger regional settlement.

Come again? Iran's leadership proclaims its satisfaction with the U.S. troubles in Iraq on an almost daily basis. They seem to believe their interest lies in bleeding the U.S. so much that no President will ever contemplate regime change anywhere else for a very long time. In any case, while Iran and Syria can harm us in Iraq at the margins, Iraq's sectarian violence is primarily indigenous -- fomented by Sunni Baathists and their al Qaeda allies, and countered by Shiite militias.

And this is where the ISG went most awry, with its analysis that comes close to a pox on all Iraqi factions. Of course "national reconciliation" is essential and Iraq's minority Sunnis need to be given a stake in the new Iraq. But the reality is that the main cause of the violence in Iraq -- the main enemy -- are the Sunni terrorists. They can't be appeased with political offers because their goal is to drive out America and then topple the government.

On that point, the best "new" idea on Iraq that we've heard runs exactly counter to the ISG suggestion of "conditional" U.S. support based on forced "reconciliation." According to a report in the Washington Post, State Department Counselor Phillip Zelikow recently drafted a memo on something called the "80% solution," referring to the roughly 80% of Iraqis who are Shiites and Kurds. Mr. Zelikow argues that U.S. attempts to draw violent Sunni factions into the political process have not only failed but also alienated our natural allies among the majority of Iraqis who welcomed the overthrow of Saddam.

This does not mean the U.S. would be taking sides with Shiite death squads against the Sunni terrorists. Far from it, the point would be to reassure Iraq's elected government that the United States is firmly on its side. This is particularly important for Mr. Hakim and other Shiites, many of whom still remember being abandoned by the U.S. after they were urged to rebel against Saddam way back in 1991.

The U.S. has resurrected that mistrust far too often since 2003 -- in the use of Algerian Sunni Lakhdar Brahimi to select Iraq's first interim government, and in the U.S. role earlier this year in forcing out former Prime Minister Ibrahim al-Jaafari. Many Shiites now feel Nouri al-Maliki's government is being undercut too.

So it's no surprise that Maliki aides reacted angrily yesterday to the ISG suggestion of "conditional" support. Shiite mistrust also played a role in the cancellation last week of the planned three-way meeting among Mr. Maliki, Mr. Bush, and Jordan's King Abdullah. Our information is the snub had nothing to do with the leak of a memo about Mr. Maliki by National Security Adviser

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Stephen Hadley (the Bush-Maliki meeting went ahead as planned) but was instead a signal that the Iraqi government wants no part of a "regional solution" that involves concessions to Sunni terrorists.

A fair deal for ordinary Sunnis on oil revenues and other issues is more likely if the Shiite-led government feels secure, not threatened. The Maliki government will also have more clout to disarm Shiite militias if U.S. support seems firm. This strategy is also the best way to counter Iranian influence in Iraq. Most Iraqi Shiites have no desire to take orders from Tehran, but they will surely turn eastward if they feel abandoned by the U.S.

Mr. Bush was diplomatic in welcoming the ISG report yesterday, as he had to be. But one idea he'd do well to reject out of hand is the proposal that backing for Mr. Maliki be conditioned on U.S. benchmarks. The more the U.S. looks like it is forcing a political solution on Baghdad's moderate Shiites, the less likely a genuine "reconciliation" will become.

What They Said ... (LAT)

The Los Angeles Times, December 7, 2006

IT COULD NOT PUT an end to sectarian violence in Iraq, but at least for a day the Iraq Study Group put an end to sectarian bickering in Washington. The panel's five Republicans and five Democrats unanimously agreed that the present strategy in Iraq is not working and signed off on 79 recommendations to the Bush administration.

Their report distills the emerging conventional wisdom in Washington, laced with a measure of wishful thinking. Yes, persuading Iran and Syria to help stabilize Iraq, contrary to the administration's stance, is a worthy pursuit, though it isn't clear why Syria and Iran would want to do so, at least in the immediate term. And yes, settling the Israeli-Palestinian conflict would indeed reduce tensions throughout the Arab world, though linking that issue to the commission's brief was a stretch that plays into the hands of anti-American extremists in the region.

The report also engages in some suspiciously tidy thinking when it says that most U.S. combat troops can exit Iraq by the first quarter of 2008. The commission seems to be offering President Bush the "graceful exit" he has said is not possible. But the formulation is unsatisfying and carefully hedged.

The report says the situation in Iraq is "grave and deteriorating" and concedes that the U.S. cannot pull out abruptly. Yet its recipe for turning the corner — ramp up the training of the Iraqi army while reducing U.S. combat units — is disingenuously optimistic. No one can argue with a recommendation to train Iraqi units at an accelerated pace and to include more U.S. troops serving alongside them. But more direct U.S. involvement in the daily battle to secure Baghdad may also be necessary, especially in the short term.

More useful is the report's discussion of Iraqi governance. To counter the impression that the United States has given the Iraqi government a blank check to do as it pleases, the commission calls for consequences if Baghdad fails to meet specific milestones on governance and national unity. For instance, future U.S. assistance should be conditioned on the government's willingness to take on Shiite militias. This is the most timely part of the report, in light of the Bush administration's own doubts about the government of Prime Minister Nouri Maliki and the moral imperative of preventing U.S. troops from becoming partisans in an Iraqi civil war.

One of the most refreshing of the report's recommendations doesn't appear until No. 72. It won't get U.S. troops out any faster, or bring democracy to Iraq. It would, however, end a gross subversion of democratic checks and balances here at home.

The commission calls out the Bush administration for its excessive reliance on supplemental appropriations bills to pay for the war. This is a way of bypassing House and Senate committees that spend nearly a year examining the president's annual budget request. The emergency bills make it impossible to tell what's going to Iraq and what's going to Afghanistan or somewhere else.

In this, as in so many other areas of the war, the administration's strategy seems designed to avoid congressional review — and in this case, it also runs up the federal tab and conceals the true costs of the war from the American people.

... And Who Will Listen? (LAT)

The Los Angeles Times, December 7, 2006

IT'S EASY TO MAKE fun of the Iraq Study Group, which in many ways epitomizes Washington's tendency to disguise the obvious as profound. But independent commissions have a long and (mostly) honorable history in the United States, and it would be a mistake to dismiss the 79 recommendations of the Iraq Study Group simply because they are familiar. Such commissions often have an influence that lasts beyond their final report.

They come in three basic varieties: First, there are what might be called forensic commissions such as the Warren Commission, chaired by former Chief Justice Earl Warren. It investigated the assassination of President Kennedy and endorsed a "single-bullet theory" that sustained conspiracy theorists long before anyone had heard of Oliver Stone.

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Then there are the philosophical commissions, which, though convened because of a specific event, come to broad conclusions about U.S. society. The so-called Kerner Commission, appointed by President Johnson after race riots in 1967, commanded attention by blaming the disorders on white racism and famously warning that the nation was "moving toward two societies, one black, one white — separate and unequal."

Finally, there are programmatic commissions, such as the National Commission on Social Security Reform (a.k.a. the Greenspan Commission) that in 1983 proposed a strategy to keep the retirement system solvent.

What makes a commission influential? It helps if it is bipartisan, though it's hardly a guarantee of relevance. The 9/11 commission, with Republican Chairman Tom Kean and Democratic Vice Chairman Lee Hamilton (the co-chairman of the Iraq Study Group), was more successful at winning publicity than at changing policy. A commission also is likelier to gain traction for its recommendations if the president accepts them, or at least doesn't reject them; President Bush has called the Iraq Study Group's report "interesting," which qualifies as non-rejection.

Politicians and scholars still cite the sobering conclusions of the Kerner Commission. The Warren Commission report is still demonized by some assassination buffs as the quintessential coverup. And, at least among nervous politicians in Washington, the Greenspan Commission is fondly remembered (and likely to be emulated) for the political cover it gave Congress.

Will the Baker-Hamilton panel secure a similar niche in the memory of the nation, or at least of its political class? Or will it become a trivia question, like the Shafer Commission, better known (well, somewhat better known) as the National Commission on Marijuana and Drug Abuse? The answer lies less in what the group proposed than in whether its recommendations come to be seen as a turning point in U.S. involvement in Iraq.

Baker Report's Whiff Of Realism On Iraq (FT)

Financial Times, December 7, 2006

There can be few more surreal moments in international politics than a president of the US welcoming the findings of a group of American elder statesmen which concludes that his defining policy – the invasion and occupation of Iraq – has caused local meltdown and could cause mayhem across the Middle East.

Naturally, it adds to the air of unreality when President George W. Bush keeps insisting he is not seeking a "graceful exit" from Iraq. As if.

The report of the Iraq Study Group, headed by James Baker, secretary of state to George Bush Sr, and Lee Hamilton, the former Democratic congressman, pulls few punches, except perhaps in its almost histrionic overuse of the conditional could to describe events already under way ("neighbouring countries could intervene" in Iraq; "the global standing of the US could be diminished" and so on).

The ISG's recommendations are that US troops withdraw from combat to a supporting role with Iraqi forces and start pulling out "responsibly" over the next year or so. To that end, the Iraqi government should be held to measur-able goals on security and "national reconciliation" between Sunni and Shia, locked in a sectarian war that is claiming around 5,000 lives a month.

The group also calls for a "diplomatic offensive" to get Iraq's neighbours – including Iran and Syria – to help rebuild its security, and a new push to settle the Israeli-Palestinian conflict at the heart of the region's instability.

These are all sane suggestions. The question is: will a Bush administration trapped in denial act on them and, even if it does, will it be too late?

Mr Bush may move because, despite his protestations, the Baker exercise is intended to help him as he flounders towards the Iraqi exit. But there is no indication he is willing to engage with Iran or capable of pressing Israel to give up enough occupied land to enable the Palestinians to build a viable state.

If, as the ISG says, the US wishes at least to improve the chances of success in Iraq and the region, these are not optional choices but, as this newspaper has long argued, absolute necessities.

The US will never command Arab support unless it makes an honest attempt to secure justice for the Palestinians. Nor will it ever again be able to hold the ring in the Middle East without reaching some modus vivendi with Iran. The Iranians are the clear winners from the fiasco in Iraq. The Bush administration casually overturned a millennium-old Sunni Arab order, oversaw the installation of Tehran's friends in Baghdad and then, as the consequences of its actions unfolded, scurried back to its old Sunni autocrat allies in Egypt and Saudi Arabia in search of solutions.

Wednesday's advice to Mr Bush is clear: for there to be any chance of an orderly withdrawal that leaves behind some sort of stability in Iraq he should accept the Baker package as a whole.

Baker-Hamilton Does Its Job (WP)

By David Ignatius

DOJ_NMG_0103493

The Washington Post, December 7, 2006

DUBAI -- The Iraq Study Group's report achieved the goal of any blue-ribbon commission: It stated the obvious, emphatically.

"The situation in Iraq is grave and deteriorating." Of various proposals for fixing Iraq, "all have flaws." A "precipitate" withdrawal would be a mistake, but so would a big increase in U.S. troops. America should set "milestones" for the Iraqi government to control all provinces by next September. The U.S. military should shift to a training and advising mission so that most American troops can leave by early 2008. But there is no "magic formula," and even if this approach fails, the United States "should not make an open-ended commitment to keep large numbers of American troops deployed in Iraq."

A cynic might argue that this laundry list is precisely what the Bush administration was moving toward in its own internal review of policy. But I think that's the point about the bipartisan commission headed by former secretary of state James A. Baker III and ex-representative Lee H. Hamilton. They have stamped an interwoven "D" and "R" on recommendations that seem so familiar you wonder why they haven't been official policy all along. (Some of them have been, though you wouldn't have known it from President Bush's bluff and bluster.)

What's new in the Baker-Hamilton approach is the part that's least likely to be successful -- the call for an International Support Group that, in theory, would include the regional bad boys, Iran and Syria, along with foot-draggers such as Russia, China and France. And while they're at it, Baker and Hamilton propose a crash effort to resolve the Palestinian conflict, make peace between Israel and Syria and resolve the mess in Lebanon.

I like this "New Diplomatic Offensive" precisely because it is so ambitious. It would put the United States back in the business of trying to solve the Arab-Israeli problem, which has been driving the Middle East crazy for nearly 40 years. As for Iran and Syria, the great advantage of asking them to join a global effort to stabilize Iraq is that if they say no, it's blood on their hands. As the report notes, "An Iranian refusal to do so would demonstrate to Iraq and the rest of the world Iran's rejectionist attitude and approach, which could lead to its isolation."

And what is America's leverage for bringing Iran and Syria to the table (other than the implicit threat to walk away and let them worry about the Iraqi civil war)? The report includes this delicious Bakeresque ploy: "Saudi Arabia's agreement not to intervene with assistance to Sunni Arab Iraqis could be an essential quid pro quo for similar forbearance on the part of other neighbors, especially Iran."

Aha! So that explains the unusual op-ed by quasi-official Saudi analyst Nawaf Obaid in The Post on Nov. 29 threatening that Saudi troops would be sent into Iraq if America should leave. It was a bargaining chip.

Another laudable aspect of the Baker-Hamilton report (especially in comparison with Bush's rhetoric) is that it doesn't mince words about how bad things are in Iraq. The Iraqi army has made only "fitful progress toward becoming a reliable and disciplined fighting force." The Iraqi police are "substantially worse" than the army. The results of the latest effort to pacify Baghdad have been "disheartening." Prime Minister Nouri al-Maliki means well, but he "has taken little meaningful action" against militias. Sunni Arabs haven't yet "made the strategic decision to abandon violent insurgency." No reconciliation will be possible without an unpalatable amnesty for Iraqis who fought against U.S. forces. At least we are beginning to tell the truth here.

The final reason to embrace the Baker-Hamilton report is that its combination of cut-your-losses pragmatism and earnest do-gooderism will reassure the world that America has turned a page on Iraq. The level of anti-American sentiment in the Middle East these days is genuinely frightening. It has become the organizing principle of political life, even in once-friendly countries such as Lebanon. This is the real national security threat to America -- this sense in the rest of the world that Iraq symbolizes America's fatal new combination of arrogance and incompetence.

This report asks the world to help us find our way back home. Even if its proposals don't succeed, Baker-Hamilton can still accomplish its purpose, to "enable the United States to begin to move its combat forces out of Iraq responsibly."

A Report Overtaken By Reality (WP)

By George F. Will

The Washington Post, December 7, 2006

The Iraq Study Group, like the policy it was created to critique, was overtaken by the unexpectedly rapid crumbling of the U.S. position in Iraq since the ISG was formed in March. The deterioration was manifested in last week's misbegotten summit between President Bush and Iraqi Prime Minister Nouri al-Maliki, which made brutally clear how difficult it will be to apply even the ISG's temperate recommendations to the deteriorating reality.

Summits usually do, and generally should, resemble American political conventions -- they should not be deliberative events but should ratify decisions made earlier. The ISG's recommendations must be read in light of these facts from the week during which the recommendations were being written:

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Calling Iraq's prime minister "the right guy" for Iraq, Bush met him in Jordan, presumably because Iraq is too dangerous a venue for discussing how to, in Bush's words, "complete" the job. The job is to stabilize Iraq, which cannot be done without breaking the Mahdi Army, which cannot be done without bringing down Maliki, who is beholden to Moqtada al-Sadr, the cleric who more or less controls the Mahdi Army, which probably is larger and more capable than Iraq's army.

Also in the week before the ISG's report, the leaked Donald Rumsfeld memo urged policy to "go minimalist." That is generally good advice to government, but much of the rest of the memo, with its 21 "illustrative new courses of action" -- a large number, and evidence that none is especially promising -- echoed the 1960s Great Society confidence in government-engineered behavior modification: jobs programs for unemployed young Iraqis, reallocation of reconstruction funds to "stop rewarding bad behavior" and "start rewarding good behavior," and bribery ("provide money to key political and religious leaders").

It is beyond dispiriting that after 45 months of war an American official can think that this semi-genocidal conflict over the survival of groups divided about the meaning of God's will can now be dampened by clever economics. By what the ISG did not recommend -- e.g., many more troops and much more money -- it recognized that the deterioration is beyond much remediation.

When the ISG made a four-day visit to Iraq in August, its members were taken to the Green Zone, in a city so dangerous that only one ISG member -- former senator Chuck Robb, a Marine veteran of Vietnam combat -- left it, to visit Marines in the turbulent Anbar province. But, then, long before the ISG came to study it, Iraq seemed impervious to America's plans for ameliorating its dysfunctions.

The ISG's central conclusion, important to say with the group's imprimatur even though the conclusion is obvious, is that the problem with Iraq is the Iraqis, a semi-nation of peoples who are very difficult to help. The ISG's report will help accomplish what it recommends -- increase pressure on Iraq's "government" in the hope of turning it into a government by June, when Maliki says Iraq will be able to cope with its security needs.

How likely is that? Look back two years. In June 2004, at the time the Coalition Provisional Authority was to transfer sovereignty to what it thought would be an Iraqi government, Americans were toiling to finish their work of occupation: "A lawyer who had once clerked for Supreme Court Chief Justice William Rehnquist was poring over a draft edict requiring Iraqi political parties to engage in American-style financial disclosure." Such surreal vignettes abound in "Imperial Life in the Emerald City: Inside Iraq's Green Zone," by The Post's Rajiv Chandrasekaran. The book, which should be read along with the ISG report, would be hilarious were it not horrifying that so much valor and suffering have been expended in this context:

Halliburton, writes Chandrasekaran, hired Pakistanis and Indians, but no Iraqis, for kitchen work. "Nobody ever explained why, but everyone knew. They could poison the food." Of the CPA staff, "More than half, according to one estimate, had gotten their first passport in order to travel to Iraq." Two CPA staffers said that before they were hired, they were asked if they supported Roe v. Wade. The traffic code the CPA wrote for Iraq stipulated that "the driver shall hold the steering wheel with both hands" and "rest should be taken for five minutes for every one hour of driving." But Chandrasekaran's driver, who like other Iraqis had obeyed the laws under Saddam's police state, began disregarding all traffic laws. "When I asked him what he was doing, he turned to me, smiled, and said, 'Mr. Rajiv, democracy is wonderful. Now we can do whatever we want.' "

Not exactly.

It's A War, Not A Buffet (LAT)

The Los Angeles Times, December 7, 2006

IN WASHINGTON, sometimes it's preferable to be wrong in a group than to be right alone.

Nothing demonstrates the triumph of this truism better than the release Wednesday of the final Iraq Study Group report. The commission's chairman, James A. Baker III, could not have been more obvious if he had used hand puppets to illustrate what he thought was most important about this supposedly momentous occasion: the fact that all the report's authors actually agree with its contents.

Their product, Baker gushed, is "the only recommended approach that will enjoy, in our opinion, complete bipartisan support, at least from the 10 people that you see up here." Whoop-de-do. No one in the media was sufficiently motivated to ask the emperors why they had no clothes on, or to raise the simple question, "Who cares?"

Instead, viewers at home (all three broadcast networks broke in to cover the "news" live) watched as one commission member after another grew misty-eyed over their own statesmanship. Former Clinton Chief of Staff Leon Panetta waxed lyrical about how this document represented "one last chance at unifying this country on this war." Heads sagely nodded at the relentless self-adulation of commissioners who put their "partisan differences" behind them in the spirit of unanimity, unity, bipartisanship, comity, handholding and all around mutual respect and love.

(It's no wonder one of their key recommendations is to form an international Iraq "support group." Who can resist the image of Iran's Mahmoud Ahmadinejad whining about how his father never loved him, only to be interrupted by King Abdullah of Saudi Arabia complaining that the Zionists ate all the good doughnuts?)

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At the end of the day, the report reflects the man who put the deal together. Baker is a deal maker, a power broker, a difference splitter. And that's the real spirit of the Baker-Hamilton commission.

Some people want more troops in Iraq, so it calls for some more troops at first — so as to better train the Iraqis. And then, because other people want far fewer troops, it calls for a timetable for far fewer troops by 2008. Because no foreign policy commission could ever be complete without blaming the Israeli-Palestinian conflict for something, the group throws a bone to that crowd as well. And because Baker thinks everything is a negotiation, he sees nothing wrong with chatting up everyone — including terrorist militias and our enemies in Iran and Syria.

The commissioners are latter-day Laodiceans, whom the Book of Revelation describes as "neither cold nor hot … [but] lukewarm." As a result, most of the report hits stratospheric heights of banality. For example, the commission put aside partisan differences to reach the startling conclusion that "Syria can establish hotlines to exchange information with the Iraqis." If it requires consensus to deliver such Solomonic wisdom, then I say "feh" on consensus.

The group also recommends that "Iran should stem the flow of arms and training to Iraq, respect Iraq's sovereignty and territorial integrity and use its influence over Iraqi Shia groups to encourage national reconciliation." Phew. Thank goodness Vernon Jordan signed on to that one. If only nine out of 10 had agreed, some people might have concluded that maybe Iran shouldn't do that stuff.

In short, Baker did not seek to find a solution for Iraq at all. His mission was to stuff a grab bag with enough mundane blather that nine graybeards plus Sandra Day O'Connor could assent without really risking anything. Indeed, former Justice O'Connor was a perfect choice given her preternatural gift for reaching decisions with no discernible principle to them other than the need to please everybody a little. Yogi Berra once said, "If you come to a fork in the road, take it." That, it seems, was the commission's approach.

According to the New York Times, the findings are "a compromise between distinct paths that the group has debated since March." And because "everyone felt good about where we ended up," according to one member of the commission quoted in the Times, they must have gotten it right. Right?

Unfortunately, that's not right. Nowhere does the commission ever seriously consider how to win the war in Iraq. Why? Because winning is no longer a possible consensus position. And pulling out isn't a consensus position either. So rather than a real strategy about Iraq, we get Laodicean tripe about how the Iraq Study Group is our last best hope to unite Americans. I'm sorry, but that wasn't its mandate.

Some have labeled the commission's plan of handing off Iraq to the Iraqis a replay of Nixon's Vietnamization. But the similarities go beyond that. In fact, the commission is making the same core mistake that was made in the Vietnam era: treating a war like a political problem to be haggled, spun and bartered. It may not seem like it because Baker & Co. claim so often to be transcending politics in the name of unity. But in fact, their political values trump everything, including the war.

No Way To Win A War (WSJ)

By Eliot Cohen

The Wall Street Journal, December 7, 2006

The theory of the thing is very peculiar indeed. You are in the middle of a war -- a hard war, a war that is going badly. If the government has bogged down, if the people inside have gone stale, you would say that the sound thing, the Churchillian or Lincolnian or Rooseveltian thing, would be, first, to fire a bunch of officials (generals as well as top civilians), promote or bring in fresh talent, and put together a small group of people to take a new and unillusioned look. Those people would report back in secrecy to the president and his most senior advisers and aides.

They would consist of experienced soldiers and civilians in whom the president (who, after all, has to make the strategic decisions, and is the accountable executive) has trust. There would not be many of them, a half dozen or so, and they would have to be hardy enough to visit the war zone for several weeks, talking not just to politicians and generals but to captains and sergeants. They would go see things for themselves. They would visit a forward operating base near Tikrit; they would spend some time with Iraqi soldiers in Taji; they would take their chances in a convoy to al Asad, or even a patrol in Tal Afar.

They -- not their staff of a few soldiers and secretaries -- would do the probing, digging, thinking, discussing and, above all, the writing. The chairman of the group would insist that they air their disagreements candidly and thoroughly in front of the president, engaging in a debate that might last a day, perhaps longer. The rest of us would not find out about the panel until months, or even years, after it reported back; maybe not until the war was over. * * *

The administration's congressional critics (including those of its own party) came up with a different solution: the Iraq Study Group (ISG), which has now produced a document that consists of 50 pages of recommendations, preceded by a 40-page thumbnail sketch of the current situation in Iraq and 50 pages of maps, lists of people, and full-length biographies of the commissioners. This is a group composed, for the most part, of retired eminent public officials, most with limited or no expertise

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in the waging or study of war. It consists of individuals carefully selected with an eye to diverse partisan and other irrelevant personal characteristics. These worthies, with not one chairman but two (for balance, of course), turned to several score experts known to disagree vehemently with one another about the best course of action to be pursued in Iraq.

Some of the commission members and their advisers cordially detest the president and his administration and opposed him and his war from the outset; others were equally passionate in their defense of both the man and the conflict. And yet this diverse group had an overwhelming mandate, from the beginning, to produce a consensus document. The commission members spent four days in Iraq, and with the exception of a one-day foray by former Marine Chuck Robb, they stayed in the Green Zone, that bubble of palaces and residences that has little to do with the real Iraq of Basra, Kirkuk, Ramadi, Baquba and Mosul. At the end, they had breakfast with the president and a few hours later posted their conclusions on the Internet for all the world to ponder. There is something of farce in all this, an invocation of wisdom from a cohesive Washington elite that does not exist, a desperate wish to believe in the gravitas and the statecraft of grave men (and women) who can sort out the mess in which the country finds itself.

A fatuous process yields, necessarily, fatuous results. "Iraq's neighbors are not doing enough to help Iraq achieve stability" -- a statement only somewhat ameliorated by the admission that some are even "undercutting stability," which sounds as though Syria and Iran were being downright rude, rather than providing indispensable assistance to those who have filled the burn wards of Walter Reed, the morgue in Baghdad, and the cemetery at Arlington. The selected remedy is, first and foremost, rather like the ISG's credo for its own functioning, consensus. "The United States should immediately launch a new diplomatic offensive to build an international consensus for stability in Iraq and the region," as if our chief failure with Bashar Assad or Mahmoud Ahmadinejad lies with the hitherto unnoticed laziness or rhetorical ineptitude of our diplomats, or as though Europe, Saudi Arabia and Israel have not yet figured out that stability in Iraq is a good thing. "Syria should control its border" and "Iran should respect Iraq's sovereignty."

No kidding -- but who is going to make them? That perennial solution, "resolution of the Arab-Israeli conflict," makes its appearance, including direct negotiations between Israel and Palestinians, but only with "those who accept Israel's right to exist." The report conveniently forgets that the elected leaders of Palestine do not, in fact, accept Israel's right to exist. And it also neglects the grim reality that one of the most terrible things about Gaza, and possibly the West Bank as well, is that no one, not even Hamas, is really in charge.

Part of Iran's price for easing up on us in Iraq is pretty clearly taking the heat off its nuclear program; the ISG recommends that that issue "should continue to be dealt with by the five permanent members of the United Nations Security Council plus Germany." Well, what deal should the U.S. be willing to cut on Iranian nuclear weapons? Do we think the Iranians would deliver? And what are the long-term consequences?

War, and warlike statecraft, is a hard business, and though this is supposed to be a report dominated by "realists," there is nothing realistic in failing to spell out the bloody deeds, grim probabilities and dismal consequences associated with even the best course of action. Indeed, some parts of the report read as sheer fantasy -- Recommendation 15, for example, which provides that part of the American deal with Syria should include the latter's full cooperation in investigating the Hariri assassination, verifiable cessation of Syrian aid to Hezbollah, and its support for persuading Hamas to recognize Israel.

The prescriptions for internal processes in Iraq are only somewhat better. The ISG argues that American forces should shift to developing Iraqi security forces and backing them up, which is more or less the course we are on now. It talks of milestones for Iraqi performance, as if Iraqi benchmarking were more a problem than Iraqi will, and Iraqi will more the problem than Iraqi capability. It suggests announcing our own planned redeployments without considering the most obvious consequence, which is that Iraqis of many political hues will decide that the Americans are leaving, and the time has come to cut deals with Jaish al Mahdi, or the Badr organization, or al Qaeda in Iraq, or any of the other cutthroat outfits infesting that bleeding country.

Quite apart from the psychological impact of our actions, there is the sober fact that the Iraqi army is small, 138,000-strong (and that number probably overstated), and that building effective security forces takes time. The 188,000-man police forces are corrupt, riddled with militia influence, and in need of a thorough overhaul. We cannot build the Iraqi security forces without a substantial combat presence. Nor is the problem merely one of training, as Iraqi corporals driving around in pickup trucks without functional radios might have sourly pointed out, had they had the chance to talk to a Study Group member.

At least the ISG has given considerable thought to preparing us for future conflict. Consider Recommendations 47 and 48. Congress, they declare, should allocate money to repair the clapped-out equipment the Army and Marines will bring back from Iraq. This is no doubt better than, say, heaving Bradley infantry fighting vehicles overboard on the way back to American ports in order to provide a home for new coral reefs. "As [American] redeployment proceeds, military leaders should emphasize training and education of forces that have returned to the United States in order to restore the force to full combat capability." Pentagon planners would do well to pursue this plan rather than give the troops six months of leave and then having them paint the sorely neglected rocks outside the sergeant major's office.

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The great war leaders, in their private deliberations, shied away from vagueness. Haziness about ends and means, about what to do and how to do it, is a mark of strategic ineptitude; in war it gets people killed. But a Churchill could only call the flattening of German cities "terror bombing" in private.

Thus, unsurprisingly, in a public document of this kind, euphemism and imprecision abound. The U.S. needs to give "disincentives" to Syria and Iran: But the real question has always been whether we are willing to use a variety of overt and covert means -- from bombing insurgent safe houses to sabotaging refineries, from mining harbors to supporting their own insurgents -- to do so. And, in fact, the report mentions no means for squeezing either country.

True, as James Baker irritably noted at the press conference releasing the report, the U.S. talked to the Soviet Union during the Cold War. But as the U.S. did so it also bankrupted the U.S.S.R. in an arms race, undermined its client governments in Eastern Europe by supporting Polish labor unions, and killed its soldiers by providing surface-to-air missiles to Afghan guerrillas. Real pain, and not merely tough talk sweetened by a bucket of goodies, paves the way for successful negotiations with brutal opponents. * * *

What we need in Iraq is not a New Diplomatic Offensive (capitals in the original) so much as energy and competence in fighting the fight. From the outset of the Iraq war much of our difficulty has stemmed not so much from failures to find the right strategy, as from an astounding and depressing inability to implement the strategic and operational choices we have nominally made.

This inability has come from things as personal as picking the wrong people for key positions, in the apparent belief that generals are interchangeable cogs in a counterinsurgency machine. It has come from an unwillingness or inability to grab the bureaucracy by the throat and make it act -- which is why, three years after the insurgency began, we still send soldiers out to risk roadside bomb attacks in overweight Humvees when there are half a dozen commercially available armored vehicles designed to minimize the effects of such blasts. It is why -- although the government has declared long before the ISG issued its report that training the Iraqis is Job One -- we still embed fewer than a dozen American advisers in an Iraqi battalion when the right number is three to five times that many.

We have not come up to the brink of failure because we did not know how important it is to employ young Iraqi men or to keep detained insurgents out of circulation or to prevent militia penetration of the security forces by vetting the commanders of those forces. We have known these things -- but we have not done these things.

The creation of the Iraq Study Group reflects the vain hope that well-meaning, senior, former public officials can find ideas that have not already occurred to people inside government; that those new ideas can redeem incompetent execution and insufficient resources; that salvation can come from a Washington establishment whose wisdom was exaggerated in its heyday, and which has in any event succumbed to a kind of political-intellectual entropy since the 1960s; that a public commission can do the work of oversight that Congress has shirked for five years in the misguided belief that it would thus support an administration struggling to do its best in a difficult situation. This is no way to run a war, and most definitely, no way to win it.

Mr. Cohen is Robert E. Osgood professor of strategic studies at Johns Hopkins University's School of Advanced International Studies.

Go Long? Go Big? Go Back To Congress (WP)

By Michael J. Glennon

The Washington Post, December 7, 2006

With President Bush apparently inclined to accept some of the recommendations released by the Iraq Study Group yesterday and reject others, there's an important consideration to keep in mind. Although it's widely assumed that the president alone is empowered to decide what military option the United States should pursue in Iraq, that is not the case. Congress did not, as many believe, write the president a blank check in 2002 with regard to the use of force in Iraq. It still has a lot to say on the subject.

Since its earliest days, the Supreme Court has recognized a president's obligation to respect congressional restrictions when Congress has authorized "imperfect war" -- a war fought for limited purposes. In an imperfect war, Justice Bushrod Washington said in Bas v. Tingy (1800), those "who are authorized to commit hostilities . . . can go no farther than to the extent of their commission." The following year, in Talbot v. Seeman (1801), Chief Justice John Marshall wrote that "[t]he whole powers of war being, by the Constitution of the United States, vested in congress, the acts of that body can alone be resorted to as our guides in this enquiry."

Congress in 2002 authorized imperfect war in approving the use of force in Iraq for specific, limited objectives. As those objectives are achieved, or different ones are pursued, legislative reauthorization will be required. Absent congressional approval, the president cannot use force in Iraq to pursue new objectives, beyond the protection of forces being withdrawn.

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Congress specified two objectives in 2002: to "defend the national security of the United States against the continuing threat posed by Iraq," as its resolution put it, and to "enforce all relevant United Nations Security Council resolutions regarding Iraq." The "continuing threat" referred to the danger posed in 2002 and earlier by Saddam Hussein's regime. That threat was seen to flow from the regime's pursuit and possession of weapons of mass destruction. Iraq, the resolution noted, "attempted to thwart the efforts of weapons inspectors to identify and destroy" these weapons.

In 2002, Congress said Iraq continued "to possess and develop a significant chemical and biological weapons capability," actively sought a nuclear capability, and supported and harbored terrorist organizations. Doing so placed Iraq in "material and unacceptable breach" of its international obligations, as set out in various Security Council resolutions. The threat, the resolution found, was that "the current Iraqi regime" would either employ weapons of mass destruction in a surprise attack against the United States or "provide them to international terrorists who would do so."

When President Bush signed the 2002 authorization, he said that "Iraq will either comply with all U.N. resolutions, rid itself of weapons of mass destruction, and end its support for terrorists, or it will be compelled to do so."

Iraq has now done so. Saddam Hussein's regime is history, and the threat posed by it is gone. Hussein himself has been captured, tried and sentenced. A new constitution has been adopted by the Iraqi people. A different government is in place. That government is in compliance with all relevant Security Council resolutions. It does not possess or seek weapons of mass destruction. It does not support or harbor terrorists.

There are, of course, terrorists present in Iraq today who pose a threat to American troops there. They may someday pose a threat to the general U.S. population. But Congress in 2002 authorized use of force against the old Iraqi government, not against groups unaffiliated with Saddam Hussein's regime (many of which actually opposed it). Fewer and fewer of those who are fighting American troops are remnants of Hussein's regime. Hostility to the American presence in Iraq is increasingly broad-based, with polls now showing majority support -- even among Shiites -- for attacking American troops.

Whatever the semantic characterization, the war looks increasingly unlike the one that Congress authorized. What options, then, would require renewed congressional approval? Negotiation is an exclusive presidential prerogative; a decision to talk directly with Syria or Iran or to convene a regional peace conference would be for the executive alone. But military options are another matter. The options to "go big" or to "go long" -- to increase the magnitude or duration of the U.S. effort by systematically taking on assorted Shiite militias, opportunistic criminals, foreign jihadists and others who were not part of Saddam's regime -- would not fit within Congress's existing authority. Congress in 2002 authorized the president to use force in a war against the sitting Iraqi government, not for an Iraqi government or against an opposition that did not then exist.

As a matter of sound policy, as well as constitutional principle, Congress should participate in weighing recommendations on future military action. Whatever military option is selected, its success will depend upon broad support from the American people. Congressional involvement will not guarantee that support, but congressional exclusion will almost surely preclude it.

The writer is a professor of international law at the Fletcher School of Law and Diplomacy at Tufts University and former legal counsel to the Senate Foreign Relations Committee.

Blunt Talk For An Audience Of One (LAT)

By Doyle McManus

The Los Angeles Times, December 7, 2006

WASHINGTON — Some bipartisan commissions try to change public opinion on contentious national issues; others try to help Congress find compromise solutions to thorny problems.

The Iraq Study Group led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.) had a different — and unusual — goal: persuading President Bush to change his mind about staying the course in Iraq.

"This is highly unusual," an adviser to the group said today, after the panel released its final report. "It's one thing for people inside the administration to tell the president what to do. But for an outside group to say, 'Here, son, let us give you a road map for your foreign policy?' That's remarkable."

To try to make it easier for the president — a man who prides himself on his consistency, and who is consequently criticized by opponents as stubborn — the 10-member panel delivered its report in two parts, each with a different tone.

The first part of the report was an assessment of the situation in Iraq as "grave and deteriorating" — tough language that Baker and his colleagues deliberately chose to try to break through the shield of defiant confidence that Bush has often deployed on the issue of Iraq.

"At least, after this report, Bush will now be prevented from painting a rosy picture," the adviser said.

But the second part of the report was a carefully calibrated list of recommendations, many of which gave the president considerable leeway to choose specific policies.

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For example, while the report recommended that the United States plan to complete most of its military training mission in Iraq by the first quarter of 2008, it noted that it was echoing a date that U.S. military commanders had already projected -- and added that the timetable could be extended if unforeseen circumstances required.

That was part of a concerted effort by the commission to make it as easy as possible for Bush to adopt some version of its ideas, members said.

"We're not here to vex or embarrass," said former Sen. Alan Simpson (R-Wyo.), as the panel presented its findings to Bush at the White House this morning.

For the same reason, Baker gave Bush a private preview of the report's findings in a one-on-one lunch Tuesday — both to avoid blindsiding the president and to make a sales pitch for the report's recommendations.

Bush was courteous but noncommittal in his comments as he received the report.

"I told the members that this report ... will be taken very seriously by this administration," the president said. "This report gives a very tough assessment of the situation in Iraq. It is a report that brings some really very interesting proposals, and we will take every proposal seriously, and we will act in a timely fashion."

Members of the commission said they were pleased that Bush gave them as much attention as he did, a full hour's worth. "He could have scheduled us for 20 minutes plus 10 minutes for the cameras," said former Atty. Gen. Edwin Meese III.

Later in the day, though, White House spokesman Tony Snow seemed to pour cold water on any expectations that Bush might quickly accept the panel's recommendation that he open talks with Iran and Syria about ways to stabilize Iraq.

"I'm not going to give you an answer to that question today," Snow said.

In recent weeks, Bush preemptively objected to some of the commission's reported recommendations, saying he did not favor unconditional talks with Iran and was not seeking "a graceful exit" from Iraq.

The answer to how far Bush will move, members of the commission say, will depend on how much political pressure he feels from Congress and the public to adopt their findings. Baker and Hamilton plan to give speeches around the country and to testify before the new, Democratic-led Congress next year to keep the pressure up, aides said.

Meanwhile, the administration has at least two policy reviews of its own under way — launched hastily once the Baker-Hamilton commission gained prominence — and plans to review those at the end of the year.

Officials said Bush is likely to adopt findings that are close to his own policies -- such as shifting U.S. troops to advisory roles -- but at a pace the Pentagon proposes, which may be slower than the Baker-Hamilton panel called for.

As for talks with Iran and Syria, the president is likely to say that is up to the government of Iraq, not him. Iraqi Prime Minister Nouri Maliki has already called for an international conference to support security measures in Iraq that would include Iran and Syria.

From Hundreds Of Sources, Panel Forged Consensus (WP)

By Peter Baker, Robin Wright And Dafna Linzer

The Washington Post, December 7, 2006

After all the testimony and fact-finding, after all the white papers and working groups, after the flak-jacket, bombs-in-the-background visit to Baghdad, it came down to the same issue that has animated the broader national debate about Iraq for months: Stay or get out.

The Iraq Study Group was starting final deliberations last month when the issue threatened to disrupt the careful consensus its members had tried to forge. Former defense secretary William J. Perry had drafted a proposal calling for a timetable to withdraw U.S. troops, according to accounts by insiders. Former secretary of state James A. Baker III resisted a firm date, wanting to leave that to the president.

"I'm not going to sign anything that is going to paper over the problem," Perry said.

"Well, if that's the case, that's the case," Baker replied.

In the end, though, Baker and Perry walked off together to settle their differences rather than let them split the commission. With suggestions from other members, they crafted careful language that they both could support, a recommendation to pull out nearly all U.S. combat units by early 2008 -- a goal, not a timetable, but a date nonetheless.

The fissure and its resolution culminated a process marked by that rarest of qualities in a polarized era: bipartisanship. At a time when Washington prefers confrontation to compromise, five Republicans and five Democrats sat down to tackle the country's most urgent crisis and came up with a document they all could sign. It proved to be a nine-month study of how to bridge not only Iraq's deep divide but also America's.

Whether the end result will prove meaningful is another question. A plan emerging from the middle invariably unsettles those at either end who view it as wholly inadequate. Even some of the authors consider the report released yesterday a "messy compromise," as one put it. But the story of how a little-noticed commission created by Congress evolved into a political

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powerhouse and a symbol of national unity harks back to a different time, when for better or worse "Wise Men" advised presidents and shaped policy.

The Iraq Study Group had its origins in a September 2005 trip to Iraq by Rep. Frank R. Wolf (R-Va.), a quiet legislative veteran with a strong moral streak and a driving interest in international human rights. "I saw some things that were dramatically different," recalled Wolf, who had visited twice previously. "You could just feel that things had shifted."

So he conceived the idea of a bipartisan commission that would cut through the domestic rhetoric and offer sober counsel. The Bush administration reacted coolly but ultimately did not block it. In fact, not many took notice. The announcement of the commission in March generated just a single paragraph in the next day's newspaper. Congress did not authorize $1 million in funding until June.

Baker and his co-chairman, former congressman Lee H. Hamilton (D-Ind.), recruited an all-star establishment lineup, including former Cabinet secretaries and senators, a former Supreme Court justice and a backroom powerbroker. Average age: 74. "The only thing we have in common is gray hair," joked former attorney general Edwin Meese III. But they shared a common commitment, he added. "We parked our partisanship at the door."

What would arguably prove to be one of the most anticipated study groups in modern times started tentatively. "At first, they were a little bit uncertain of what they were going to do and even whether it would amount to anything," said Daniel P. Serwer, the group's executive director. "There were a lot of initial questions: What was our role? How can we manage? We're not Iraq experts -- where are we going to get the expertise?"

Under the auspices of the U.S. Institute of Peace and three other think tanks, the commission created four working groups consisting of 44 foreign policy analysts and Iraq specialists to advise it. During its first phase, it set out to define U.S. goals and learn about Iraq. Over nine months, 31 papers were prepared for the panel. Testimony was taken from hundreds of U.S., Iraqi, Arabic and European officials, including President Bush, Vice President Cheney and former president Bill Clinton, as well as scholars, journalists and military officers.

By summer, the expert advisers had developed the first options paper centered on different goals. The experts originally explored four options: "Victory in Iraq," "Defeat Al Qaeda and Stabilize Baghdad," "Make Peace Work" and "Redeploy and Contain," as they were called in a July memo. The first and third were quickly discarded. The last two pitted a more limited military mission against a phased withdrawal over nine to 12 months.

The turning point came in September, when seven of the 10 members traveled to Baghdad aboard a C-130 military transport, decked out in bulletproof vests and helmets as the plane corkscrewed to a landing to avoid enemy rockets. They then flew aboard Black Hawk helicopters to the Green Zone as other choppers fired flares to draw off any heat-seeking missiles.

The four days there made a powerful impression on the panel members, most of whom knew nothing more about Iraq than what they had seen on television and read in the newspapers. "I'll never forget the helicopters coming in at night delivering wounded to the hospital in the Green Zone," recalled member Leon E. Panetta, who was Clinton's White House chief of staff. "We've all seen 'MASH,' and yet it was happening right there."

Explosions outside the Green Zone rattled the guesthouse and trailers where they slept. "You knew somewhere either a car bomb has gone off or something has happened," Panetta said. "And then in the morning, you could sometimes see the smoke."

Only one member, former senator Charles S. Robb (D-Va.), a retired Marine, left the Green Zone, venturing out to look at the impact of the operation intended to secure Baghdad. By the time they returned home, many of the commissioners had concluded that the war was going worse than they had realized. One internal working paper said that 30,000 to 40,000 Iraqis have been dying each year since the 2003 invasion.

The trip "altered their thinking," said Paul Hughes, a commission aide who had served in Iraq and escorted the members on their trip. "Every one of them came out and said there is no immediate exit. There is no way America could turn and walk away from Iraq."

Referring to the insistence of Rep. John P. Murtha (D-Pa.) on a prompt withdrawal, Hughes said that "the Murtha cut-and-run option was a non-starter."

Robb was especially interested in sending more U.S. forces, according to one participant, and the panel considered proposals to deploy 100,000 to 200,000 additional troops. Ultimately, though, the panel discovered that there might be only 20,000 available, prompting vigorous discussion that led members to conclude that a substantial surge was unworkable.

"By September, you did not hear anyone supporting the idea of victory or more troops very much," said Marina S. Ottaway, a working-group member from the Carnegie Endowment for International Peace. "There had been a lot of pretending for a while, but that ended in the fall."

Yet many were slow to support even a phased withdrawal. In a straw poll in September, only two of the commission's 44 advisers favored the idea. Over the next eight weeks, as casualties mounted, support for withdrawal grew exponentially. In e-

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mails, Wayne White, a former Middle East intelligence analyst, implored holdouts to accept that the United States had badly damaged whole swaths of Iraq and had lost Anbar province to al-Qaeda.

"It sounds great to pump one's chest and declare that we cannot abandon Anbar and such areas to these elements," he wrote. "But . . . can anyone offer a refreshing, new and promising military strategy for beating them soundly with our already-overstretched forces in Iraq, Iraq's woeful police and disappointing army?"

In the last straw vote, on Nov. 3, half of the 44 advisers supported withdrawal.

By then, with the midterm elections upon them, commissioners had cut out the advisers and were talking only among themselves. Baker's tour on behalf of a book he had written raised the panel's public profile, and leaks about the deliberations heightened expectations about the coming report.

The 10 members gathered in Washington on Nov. 27 to begin final deliberations. Baker thought that a major troop withdrawal should happen by the 2008 elections and that it would take six months to complete, according to insiders. But he opposed the specific timetable Perry advanced. Panetta helped resolve the disagreement by suggesting that they adopt a date put forward by Gen. George W. Casey Jr., the Iraq commander, who had just proposed finishing training and equipping Iraqi forces by the first quarter of 2008.

Every line in the 96-page report was carefully debated, and all members agreed in the end. "When we struck consensus, there was a real sense of relief," said former U.S. diplomat Edward P. Djerejian, who co-wrote the drafts with fellow adviser Christopher A. Kojm. "People started cracking jokes."

Vernon E. Jordan Jr., a Clinton confidant who served on the panel and hosted all the other members at his Washington house Tuesday night for a celebratory dinner of crab cakes, beef and souffle, said the debate was the kind Washington used to have. "Nobody was storming out of the room, nobody was screaming at anybody," he said. "What I have seen over the years is civility taking a back seat and giving way to hostility. . . . The good of this report is that civility has been rediscovered."

Baker Brought High-profile Presence To Panel (LAT)

By Greg Miller

The Los Angeles Times, December 7, 2006

WASHINGTON — His hair was a touch thinner, the skin on his face less taut.

At one point today, James A. Baker III joked that he was presiding over a "bunch of has-beens" as he unveiled the findings of the Iraq Study Group, a bipartisan panel of ex-government officials charged with charting a new course for the United States in Iraq.

But in many ways, Baker was a remarkably familiar presence in a remarkably familiar role -- talking diplomacy in his Texas twang, seeking solutions for a crisis in Iraq, and trying to rescue a president named Bush.

It's been 15 years since Baker, 76, served as secretary of State to the elder President Bush during the Persian Gulf War. And six more since Baker led the GOP legal fight during the Florida election recount that delivered the presidency to his longtime friend's son.

Since then, Baker's influence in the Oval Office has seemed to range from minimal to nonexistent.

But as co-chairman of the Iraq Study Group, Baker has re-emerged. Along with Robert M. Gates, the nominee to be the next secretary of Defense, Baker is part of an old guard of foreign policy realists elbowing their way back into a debate dominated since the Sept. 11, 2001 attacks by hard-line neoconservatives.

During today's news conference, Baker outlined a series of steps that the White House has previously scorned, including diplomatic engagement with Iran and Syria, and eventual withdrawal of combat troops from Iraq. For a man long seen as the ultimate Bush family insider, he also offered a pointed rebuke to the president.

"We do not recommend a 'stay the course' solution," he said, using a phrase that was a favorite of President Bush earlier this year. "In our opinion, that approach is no longer viable."

Bush praised the work of the panel, saying: "We probably won't agree with every proposal," but stressing that "we take it very seriously, and we'll act on it in a timely fashion."

The study group was launched in relative obscurity nine months ago, conceived by a Republican congressman, Frank Wolf of Virginia, who was dismayed by the deteriorating situation in Iraq. The first member to sign on was Lee Hamilton, a former Democratic congressman from Indiana who had been vice chairman of the panel that investigated the Sept. 11 attacks.

But those involved in the formation of the study group said that the critical recruit was Baker, and that his involvement has been crucial to capturing the attention of policymakers and improving the odds that the panel's findings would not be brushed aside by the White House.

"We talked about a number of possibilities" to lead the panel, said David Abshire, president of the Center for the Study of the Presidency, who helped Wolf form the Iraq Study Group and made the initial call to Baker.

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"They were all prominent people," Abshire said of the other candidates. "But none would have had his cache."

Baker agreed to take the job only after securing permission from the president. Once that was in place, Baker stepped into the latest in a series of assignments he has taken for members of the Bush clan since he and the elder Bush became friends and tennis partners in Texas in the late 1950s.

Baker, who had been an attorney and registered Democrat in Houston, took his first political job when the senior Bush asked him to help run his 1970 campaign for the Senate. Bush lost, but Baker proved adept in the world of politics, and the job helped bring him out of a depression that had gripped him when his first wife died of breast cancer earlier that year.

Baker went on to handle a series of subsequent campaign assignments and high-level positions in Washington. He ran Bush's unsuccessful 1980 campaign for president, then served as Treasury secretary and chief of staff for President Reagan. After leading Bush's successful 1988 campaign for the White House, Baker stepped into the role he savored most, secretary of State.

From that post, he witnessed the end of the Cold War and pushed for Arab-Israeli peace. But he is best known for leading the effort to assemble a broad coalition of countries to expel Saddam Hussein's army from Kuwait in the 1991 Gulf War.

As the elder Bush's re-election 1992 campaign foundered, Baker was called upon to leave the State Department and step back into the campaign -- a sacrifice he did not relish.

His perceived lack of enthusiasm for returning to the world of politics is said to have strained his relationship with Barbara Bush as well as with George W. Bush.

In a book, Baker described the younger Bush as "the cut-up in the Bush family." When that cut-up decided to run for president and enlisted advisers, Baker said he was not included.

In fact, Bush's campaign team did come calling the morning after the 2000 election, when the vote in Florida was deadlocked. But after that successful mission, Baker was sidelined again until the Iraq Study Group was formed.

From the beginning, Baker insisted the group shouldn't release its findings until after the midterm elections. Others thought it was a mistake to wait while soldiers were dying and conditions in Iraq continued to deteriorate, Abshire said.

But Baker's judgment proved wise because a report released before the White House had been chastened by a Democratic election sweep probably would have been ignored.

"He's a very shrewd operator," Abshire said of Baker. "He's a strategist."

During today's news conference, Baker said President Bush and other policymakers are free to ignore the group's findings -- but do so at the risk of their own peril.

The group's report "doesn't bind the leadership on the Hill, and it doesn't bind the president," Baker said. "But it is the only recommended approach that will enjoy, in our opinion, complete bipartisan support, at least from the 10 people that you see up here."

Footnote To History: Rituals Of Delivering The Iraq Report (WP)

By David Montgomery

The Washington Post, December 7, 2006

"The Iraq Study Group Report" landed on Washington with all the pomp, circumstance, choreography, videography, confusion, cynicism and hope that Washington yearns for when the Wise Men (and Woman) hold forth with An Answer.

At the White House, President Bush got a copy signed by the Wise Ones -- and promptly dispatched it to the National Archives for posterity. On Capitol Hill, Rep. Frank Wolf, the Virginia Republican who got the whole thing rolling a year ago, was brought nearly to tears by the result. In cyberspace, 400,000 people downloaded the report within hours from a Web site that had been bulked up to withstand 50 million hits in coming days. Across town, citizens trudged to bookstores for their copies and found them . . . sold out, or not yet delivered, in some sort of distribution infarction. With delivery services maxed out, Random House resorted to having its own employees ferry copies from a Westminster, Md., warehouse to bookstores in D.C.

Not bad for what, in the end, turned out to be a rather slender paperback -- a 96-page, $10.95 volume, whose juicier bits had already been leaked by spoilers.

Parts of it read like a song of the doomed, with phrases like "grave and deteriorating" and "Pessimism is pervasive." It was heavy stuff, coming a day after defense secretary nominee Robert Gates testified that the war in Iraq is not being won. Few dared dismiss it outright as mere rhetoric.

"There's almost a biblical thing about wise elderly people," said Wolf, referring to the 10 study group members led by former secretary of state James Baker and former Democratic representative Lee Hamilton of Indiana. "I mean, Sandra Day O'Connor" -- the woman on the panel -- "is not looking for another job. So they can speak truth."

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Whenever there's a major dump of heaped, hyped wisdom on this town -- the last time was the 9/11 Commission report, also supervised by the honorable Mr. Hamilton -- an old-fashioned ritual kicks in. Some proceedings will never be digitized; some deliveries can't be made by Random House.

Yesterday near dawn, the commission members were ushered into the White House to hand-deliver the document to the president. He accepted it, congratulated them and said, "I'm not going to comment on it until I've read it."

Next the motorcade of long black sedans climbed Capitol Hill, police escort sirens heralding their arrival. All over town American flags were snapping northwards. Police officers at the House-side entrance to the Capitol shooed away a workman for caulking the sidewalk upon which the Wise Ones would walk.

At the Capitol, the guards did not bother to run their bomb-detecting mirrors beneath these sedans. Out popped Baker carrying a thick green folder, its title partially obscured by his arm: "The Iraq . . . " Hamilton had a thick blue folder. Baker had a bright red scarf, O'Connor a pink one. And here came the rest of the reunion pantheon of bipartisan establishment Washington, the study group members: O'Connor, Lawrence Eagleburger, Vernon Jordan, Edwin Meese, Leon Panetta, William Perry, Charles Robb, Alan Simpson.

Study group staffers carried copies of the paperback books in cardboard boxes, 24 to a box, which were sealed with orange admonitions: "Do not put on sale until 12/6/2006, 12 p.m. EST."

The Wise Ones met behind closed doors with House leadership, passed out copies of the report, and then it was on to the Senate side. Baker and Hamilton led the way, jaunty of step, with book bearers and police escorts in tow, along the polished basement corridor, past a banquet kitchen and a locker room where waiters were fastening bow ties.

By prearrangement, dozens of photographers were staked out to document (a) the team's arrival to transmit the report to the Senate, (b) the short walk of leaders Bill Frist and Harry Reid down a corridor with Baker and Hamilton, and (c) Senate leaders receiving their copies of the paperback in a conference room.

"They're going to go where the second chandelier is," a media handler reliably informed the camera-toting mob.

Grasping his paperback and appearing to read from prepared remarks, Frist said, "I look forward to hearing their recommendations."

"You're all American patriots," said Reid to the Wise Ones.

Next, Hamilton was presiding over a hushed gathering in the big second-floor conference room of the Hart Senate Office Building. Weren't we all here before? Right! Summer 2004, and he was co-chairing the 9/11 Commission! This time, his partner was Baker, instead of Tom Kean. There were two dozen television cameras, at least as many still cameras and more than 200 journalists. O'Connor's bright pink ensemble matched the complexion of Meese's face.

Picking up the theme of doom, Hamilton offered this revelation about Iraq: "The current approach is not working."

But there was hope, Baker followed, if the administration heeds the group's 79 recommendations -- even though "there is no magic formula that will solve the problems of Iraq."

Simpson saw a different kind of hope, and got some laughs, when he riffed on the bipartisan spirit of the commission: "We're just sincere enough to believe . . . that all people with a D behind their name did not become a guard at Lenin's tomb, and all the people with an R behind their name did not crawl out of a cave in the mountains, and that maybe we can do something."

In news studios all over town, the pundits went straight to work.

Bill Kristol, editor of the Weekly Standard, on Fox News: "It's a deeply irresponsible report. . . . The key is to win the war, not to have everyone sitting around Washington feeling good that 'Hey, we've got a bipartisan document!' "

Tim Russert, Washington bureau chief of NBC News, on MSNBC: "This was such a sobering report! Powerful, passionate, bipartisan, unanimous -- I think it's not only a wake-up call for the Bush White House, but I think for the whole country."

On the other side of the Mall from the Capitol, at the U.S. Institute of Peace, a techie pressed a button to make the report downloadable from the institute's Web site: Now members of the public could see it for themselves at www.usip.org.

By 4 p.m. the report had been downloaded 400,000 times -- and there were three other think tanks that also had it.

The peace institute, a federally funded think tank, supported the study group's work, funded with $1 million appropriated by Congress. The study group, in a bit of moonlighting as book agents, invited several publishing houses to compete to put out the paperback -- even though the work is in the public domain and anyone can publish it. According to Random House, it got the job for being able to keep the retail price reasonable and bring it out fast; the manuscript wasn't delivered until Friday.

A source close to the study group said no money changed hands in the deal. Random House merely got a headstart over anyone else who might want to publish the material, said the source, who requested anonymity because he is not authorized to speak to the press.

An unspecified portion of proceeds from book sales will go to the National Military Family Association, a Random House spokesman said. The spokesman would not say how many copies are being printed but said a third press run may be required shortly. The book form of the 9/11 Commission's report sold more than a million copies.

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For hours yesterday, many prominent bookstores in Washington had received no books, or had not received as many as they had ordered. Reporters snapped up almost all the initial copies.

"BBC, al-Jazeera, CBS, NBC, New York Times, Washington Post," Kramerbooks general manager Mitch Brown said at midday. He had received 24 books instead of the 72 he'd wanted. "So we don't even have any to sell to citizens."

"We have 38 [advance] special orders, which is huge," said Carla Cohen, co-owner of Politics and Prose. And yet, until late yesterday afternoon, she had no books to fulfill those orders. "It was very embarrassing to us," she said.

At the Borders near Metro Center, general manager Michael Redmond had 48 books instead of the 300 he ordered. He was standing next to the meager display, wearing a communications headset, frantically canvassing sources for more books. He knew his market: "Dry policy documents are what this town lives for," he said.

Tucking his chin toward his headset microphone, he said, "If we need to send someone to UPS to pick them up, we'll do that!"

Russell Perreault, publicity director for Vintage Books, the Random House imprint, said the logistics of getting the book out in one day had overwhelmed the publisher and its delivery services. He said all ordered books had arrived by the end of the day, even though bookstores had been expecting to begin selling as soon as the noon embargo was lifted.

Ann Wilcox, a lawyer with an office near the Borders at 14th and F streets NW, was that mythic entity, an inquisitive citizen with no insider connection to the day's drama, but interested nonetheless. She had opposed the war from the beginning. On this morning, she had been following live coverage of the study group news conference on the radio. Now she was in the bookstore, slipping one of the precious paperbacks off the display rack.

"I wanted to take a closer look at the recommendations," she said. "Hopefully," she added, the recommendations will be reflected "in actual government policy."

With that, she set her course back to her office against a stiff breeze, with the Truth of the Wise Ones tucked under her arm.

Bush, Blair To Meet To Discuss Iraq (AP)

By Deb Riechmann

AP, December 7, 2006

President Bush faces urgent pressure to find a fresh strategy in Iraq as a new defense secretary heads to the Pentagon and a scathing bipartisan commission report says his war policies have failed and that "time is running out."

The Iraq Study Group's report said the situation in Iraq was "grave and deteriorating" after nearly four years of bloodshed and more than 2,900 American deaths. The report gave weight to the president's talks on Thursday with British Prime Minister Tony Blair, his closest ally in the unpopular war.

Bush, possibly with counsel from Blair, could embrace some or all 79 of the Iraq Study Group's recommendations. The president also could ignore them and chart his own new course based on internal reviews being done at the Pentagon, State Department and the White House.

"It's clear that the present situation is not one that could be sustained or accepted," White House press secretary Tony Snow said Wednesday.

The panel's recommendations ranged from gradually withdrawing U.S. combat forces during the next year to ramping up the training of Iraqi security forces to enlisting diplomatic help from Iraq's neighbors — not only to resolve problems in Iraq but to find an end to the long-running conflict between Israel and the Palestinians.

The White House was cautious not to specifically reject any of the group's ideas outright and vowed that Bush would entertain suggestions from all political circles before charting a new way forward.

But the president already has rejected the idea of direct talks with Iran and Syria. The administration continues to insist that Iran verifiably suspend uranium enrichment before the United States would start direct talks, although Snow left the door open for discussions through an outside group.

"There's some very good ideas in there," Bush said about the report after meeting Wednesday afternoon with lawmakers. "Not all of us around the table agree with every idea, but we do agree that it shows that bipartisan consensus on important issues is possible."

When a reporter asked whether Bush was capable of making dramatic changes in his war plan, Snow said: "Well, you're assuming that the president has to pull U-turns. I'm not sure I agree."

Democrats, meanwhile, clamored for change.

"I'm encouraged," said Rep. Jane Harman, D-Calif., "and I feel the stay-the-course strategy is officially dead."

"The American people have spoken," said incoming Senate Majority Leader Harry Reid. "The Baker-Hamilton Iraq Study Group has spoken. They have all demanded a change of course in Iraq, and the Bush administration must listen."

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Sen. Charles Schumer, D-N.Y., said the key question was whether Bush was ready for a change of course.

"All eyes now are on this president," Schumer said.

Bush's national security adviser, Stephen Hadley, has said Bush would make his decision within weeks.

"We believe that the situation in Iraq today is very, very serious," said James A. Baker III, the former Republican secretary of state who led the panel jointly with former Rep. Lee Hamilton, D-Ind. "We do not know if it can be turned around."

While the panel concluded that a stable, democratic Iraq was still possible, its pessimistic assessment of the situation contrasted with Bush's upbeat prediction that the U.S.-led coalition was on the road to victory.

"We're winning, and we will win, unless we leave before the job is done," Bush said at a White House news conference on Oct. 25.

The White House insists that Bush will not outsource his decision-making on Iraq, yet the changing political landscape would seem to make it difficult for him not to embrace or — at least seriously consider — opposing views.

"The politics have shifted so this report now becomes the default position for many in the public and many in political life," said Jon B. Alterman, a former State Department official who specialized in the Middle East.

"The president now isn't the one defining the terms of the debate. He's responding to a debate that others have framed, and a debate that others have framed on some terms that he has said are unacceptable.

"What I think is striking is that the president has said that defeat is not an option," said Alterman, now director of Mideast programs at the Center for Strategic and International Studies. "And what this report says is that defeat is a real possibility."

Leon Panetta, a Democratic member of the Iraq Study Group, said Bush needs to unify an America divided by the war.

"I think the president understands that he simply is not going to be able to proceed with whatever policy changes he wants to implement if we're divided," Panetta said. "That is the principal goal, in my mind, that he has to accomplish."

Bush And Blair To Meet After US Report Urges For Iraq Policy Overhaul (AFP)

By Olivier Knox

AFP, December 7, 2006

US President George W. Bush is set to host British Prime Minister Tony Blair at the White House for talks likely to focus on a hard-hitting report that urged a strategic change in Iraq.

Bush on Wednesday received the report from the Iraq Study Group, led by former US secretary of state James Baker, warning that even a sharp change of policy on Iraq may not avert a regional conflict.

The president and the prime minister "have a number of issues to discuss, including Iraq, the broader war on terror, the NATO commitment to Afghanistan, Sudan, as well as free and fair trade," said Bush national security spokesman Gordon Johndroe on Thursday.

US and British officials have steadfastly denied that Blair's visit was timed to coincide with the release of the grim Iraq report.

White House officials said a frenetic schedule over the past month -- including the November US congressional elections, and Bush trips to Asia, Europe and the Middle East -- had stymied long-standing plans for a meeting.

But the report -- which bluntly says Bush's Iraq policy is "not working", warns that the situation in Iraq is "grave and deteriorating" and calls for most US combat troops to be withdrawn by early 2008 -- is likely to dominate their roughly hour-long meeting.

British media on Thursday welcomed the report, but were not convinced that Bush would actually adopt most of the committee's recommendations.

The two leaders, shoulder-to-shoulder on the March 2003 invasion to topple Saddam Hussein, have opposed setting a timetable for pulling out US and British forces.

There are currently some 135,000 US soldiers and 7,100 British soldiers serving in Iraq.

But there are disagreements between the two on some world issues, notably over Bush's resistance to set carbon-dioxide emission limits to cut down polluting greenhouse gasses, and over the link between the Israeli-Palestinian peace process and Iraq.

Blair on Wednesday said that strife-torn Iraq can yet be salvaged -- but as part of a wider Middle East strategy centered on the peace process.

"We have to pursue what I call a policy for the whole Middle East, and that means in particular and starting with finding a solution to the Israel-Palestinian conflict, which I think is absolutely essential if we are to put that region on a stable footing."

That chimed with a key Iraq Study Group finding that the United States cannot achieve its goals in the Middle East unless it deals directly with the Arab-Israeli conflict and regional instability.

Does Bush agree that the two conflicts are closely linked? "I don't know," said White House spokesman Tony Snow.

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"The commission thinks that there clearly is a link here, and that to the extent that you get resolution on the Palestinian-Israeli issue, that can only be helpful. The president believes that," he told reporters.

The meeting follows November 7 elections in which Bush's Republican Party lost control of Congress to the opposition Democrats, and the departures of Defense Secretary Donald Rumsfeld and UN Ambassador John Bolton -- both Iraq war hawks.

It also comes one week after a peculiar dispute inside the State Department triggered when a senior analyst said he was "ashamed" of the way Bush treated Blair and that US-British relations were "totally one-sided" in Washington's favor.

The Times of London quoted Kendall Myers, a foreign research analyst in the department's Bureau of Intelligence and Research, as saying that Britain's self-appointed role as a bridge between America and Europe was "disappearing before our eyes".

"We typically ignore them and take no notice. ... It's a sad business," Myers was quoted as saying, adding that he felt a "little ashamed" of Bush's treatment of Blair, according to the paper.

The US State Department repudiated the statement, and Blair on Wednesday rejected charges that he had subjugated Britain's foreign policy to Washington's, saying: "We've got to decide this policy based on the British national interest."

10 U.S. Troops Killed In Iraq (WP)

By Nancy Trejos

The Washington Post, December 7, 2006

BAGHDAD, Dec. 6 -- Ten American troops died in Iraq on Wednesday, the U.S. military reported, matching the highest number of U.S. service members killed on a single day in the past year. It was also a deadly day for Iraqi civilians, with at least 40 killed in car bombings and mortar attacks across the capital.

The U.S. troops died in four incidents, a military spokesman, Lt. Col. Christopher C. Garver, said Wednesday night. He declined to provide details about how or where they were killed because family members were still being notified.

"It's kind of a confluence of events," he said. "They are not all linked together."

The deaths bring the total number of U.S. service members killed in Iraq so far this month to 29, according to Pentagon reports and the Web site iCasualties.org, which tracks Iraq war fatalities. Most of the deaths identified were caused by hostile fire, including roadside bombs and grenades. Six of the deaths resulted from accidents, including the crash of a Marine CH-46 Sea Knight helicopter Sunday in Iraq's western Anbar province.

The U.S. military has said it is focusing its efforts on Baghdad, where sectarian warfare between Sunni Arabs and Shiite Muslims has become a top concern. U.S. troops continue to clash daily with suspected insurgents in Anbar province and have also been assisting the Iraqi army in conducting operations.

"We are out there working, and it puts us at risk," Garver said.

U.S. air and ground forces conducted a raid Wednesday in search of foreign fighters in Khanaqin, near the Iranian border, killing one suspected insurgent, the U.S. military said. A U.S. aircraft received small-arms fire as it left the site. U.S. forces shot back, destroying a vehicle and killing the armed suspect, the military said.

The U.S. military also announced that a soldier was killed Sunday during combat operations. No other details were released.

At Camp Cropper near Baghdad, a detainee died in U.S. military custody on Saturday, the military said in a statement. It said the unidentified detainee had suffered two heart attacks.

A car bomb explosion Wednesday afternoon in Sadr City, a teeming Shiite slum, killed three civilians and wounded eight, according to the U.S. military. Also in Sadr City, a suicide bomber in a taxi detonated explosives in a crowded marketplace, killing 13 people and injuring 25, according to an Interior Ministry source.

The attacks appeared to be the first in Sadr City since multiple car bombings and mortar shells killed more than 200 people there on Nov. 23, sparking a wave of tit-for-tat killings.

In Baghdad, a roadside bomb detonated near the old Defense Ministry building in the Rusafa neighborhood, killing 15 people and wounding 25, the U.S. military said. Police said they found 48 bodies in different parts of the capital, news services reported.

In the city of Baqubah, about 35 miles northeast of Baghdad, three civilians were killed and four were wounded when a car bomb exploded at the gate of Khalis Hospital. The blast, which was followed by a drive-by shooting, caused a power outage, forcing some victims to seek treatment at another hospital.

At a news conference in Baghdad, Iraq's national security adviser, Mowaffak al-Rubaie, announced that security forces had killed a senior aide to Abu Ayyub al-Masri, the leader of the insurgent group al-Qaeda in Iraq, who took over after his predecessor, Abu Musab al-Zarqawi, died in a U.S. airstrike in June.

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Rubaie did not specify when or where the aide, known as Abu Taha, was killed. He said eight leaders of Ansar al-Sunna, an insurgent group allied with al-Qaeda in Iraq, were captured. He estimated that three-fifths of the organization's leaders have now been killed.

"The noose is closing in on him," Rubaie said of al-Qaeda in Iraq's leader.

Suspected insurgents blew up an oil pipeline from the Kirkuk to Baiji refineries, igniting a fire that was eventually contained, said Capt. Mahmoud Sherzad of the Oil Protection Force.

Also Wednesday, former president Saddam Hussein appeared in court despite his threat on Monday to boycott his genocide trial. Hussein and six other defendants are on trial for the so-called Anfal campaign of the late 1980s, which prosecutors say resulted in the deaths of as many as 180,000 ethnic Kurds.

Hussein spent the day listening to three prosecution witnesses, including a doctor who described treating victims of poison gas attacks.

Quiet US Bid To Talk To Iraqi Insurgents (CSM)

By David Enders

The Christian Science Monitor, December 7, 2006

As American and Iraqi politicians weigh the merits of engaging regional powers in the search for solutions in Iraq, it appears that both Baghdad and Washington are also quietly talking with Iraq's insurgent leaders in an effort to end the unrelenting violence.

US officials have not commented on reports of these recent meetings with resistance-group representatives. But Arab journalists, politicians, and officials in Jordan say they've occurred.

The meetings have come amid pressure from two key Shiite politicians on Iraqi Prime Minister Nouri al-Maliki to alter course. The opposition has also stepped up efforts to outflank his increasingly unpopular rule. And in the US, the White House is sifting recommendations from the Iraq Study Group and other reviews as discontent grows over the administration's strategy.

This week, Saleh al-Mutlaq, a secular politician accused by rivals of links to the insurgency, announced a broad alliance he is calling the National Salvation Front. The bloc aims to unite opposition parties against Mr. Maliki and Abdul Aziz al-Hakim, the leader of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), who met with the Bush administration in Washington on Monday.

Iraq's ambassador to Jordan, Saad al-Hayani, says that meetings have taken place in the Iraqi Embassy here between US representatives and members of the resistance in the past few months, as well as between Iraqis who have accepted and rejected the political process under US occupation, some of whom were directly involved with the insurgency.

"Two large meetings happened here in the embassy," Mr. Hayani says. "They included leaders from the last government, the Baathists, and the old Army. They were offered the opportunity to participate in the political situation if their hands were clean. The meetings were successful and necessary and beneficial."

The current Iraqi government has floated trial balloons regarding amnesties for fighters, though the US government has frequently come out against reconciliation with anyone who has attacked US troops.

In Amman, members of the former government appear to move freely. Among those waiting to meet with Hayani earlier this week was the last Iraqi ambassador to Jordan under Saddam Hussein's government. Hayani also says US officials have met with insurgent representatives in Baghdad and Cyprus. He added that he hopes insurgents can be persuaded to take part in the political process, but that their demands of a US withdrawal and the dismissal of the current Iraqi government had provided little common ground for talks.

Moayed Abu Subieh, a Jordanian journalist who has written about such meetings, says that for the majority of those fighting, their foremost demand remains US withdrawal. Previously, insurgent groups had called for a timetable for withdrawal as a condition for laying down arms, but that demand appears to have solidified into a call for immediate withdrawal.

Mr. Abu Subieh, who writes for Al-Ghad, says that he has knowledge that talks have occurred between US officials and members of the Islamic Army of Iraq, which is made up mostly of members of Mr. Hussein's former military and has been claiming responsibility for attacks on US troops since 2003.

While the group wants to see the US withdraw, he says negotiations with this and other groups are the only way to keep Maliki in power. Further weakening of the government, he says, will only make guerrilla fighters stronger political actors. He also says that many of the groups pay close attention to American politics.

"There were supposed to be negotiations (between Iraqi groups in Amman) on Nov. 9 after the US elections but they were postponed after the failure of the Republicans," he said. "People were waiting for Bush's visit to Amman to clarify his positions on the Iraqi situation and his support for Maliki's government."

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The US Embassy in Amman directed all inquiries about the meetings with insurgent groups to the embassy in Baghdad, which had not replied by press time.

President Bush's renewed support for Maliki's government and its current path, Abu Subieh says, was likely only to add steam to those fighting for US withdrawal. He added that the meetings involved just part of what is a multifaceted resistance.

Others, however, say that such meetings are of little significance. "As far as we know, America has not spoken with any of the really active resistance," says Bashar al-Faili, a member of the Association of Muslim Scholars (AMS), a Sunni political group.

The AMS, while it is now participating in the political process and has elected members in the Iraqi parliament, has frequently made demands similar to those of insurgent groups. Many Iraqis accuse its leaders of having direct links to insurgents, especially the Islamic Army of Iraq.

The Iraqi government recently issued an arrest warrant for AMS spokesman Harith al-Dhari, accusing him of "supporting terrorism." Mr. Dhari is presently spending time in Jordan and other countries in the region.

"Maybe they are talking to small entities, and the reason for that is that the active resistance won't negotiate, because they want America to withdraw from Iraq," Mr. Faili argues. "This is a huge mistake - Americans have to be logical. They have to be realistic and to know one thing - that they are not going to stay in Iraq. That they are not going to have bases in Iraq."

The AMS is also part of the National Salvation Front, the initiative announced by Mr. Mutlaq.

The bloc includes Shiite and Sunni parties that are united in their call for regional and international dialogues on solving the Iraq "catastrophe." The only parties not participating are Maliki's Dawa Party, the country's two main Kurdish parties, and Hakim's SCIRI. It also includes the Fadhila Party led by Ayatollah Samir Yacoubi, a strong Shiite party that rivals SCIRI's power in southern Iraq.

"It is like a shadow government," Mustafa al-Hiti, a member of parliament with Mutlaq's party, says of the new front. "There must be change."

In and around Baghdad Wednesday, more than 100 people were killed or found dead. Three American troops died Monday, two as a result of insurgent attacks. Despite a string of ambushes, mortar attacks, and bombings Tuesday, the chief US military spokesman told reporters that all of Iraq would be under Baghdad's control by the fall of 2007, with US soldiers and Marines and other coalition forces playing a supporting role.

Meanwhile, a new poll by WorldPublicOpinion.org found that 75 percent of Americans believe that to stabilize Iraq, the US should enter talks with Iran and Syria, and nearly 80 percent support an international conference on Iraq.

A majority also opposes keeping US forces in Iraq indefinitely and instead supports committing to a timetable for their withdrawal within two years or less, the poll found.

Suicide Bomber Strikes At American Firm In Southern Afghanistan (NYT)

By Carlotta Gall

The New York Times, December 7, 2006

KABUL, Afghanistan, Dec. 6 — A suicide bomber blew himself up on Wednesday outside the offices of an American security firm in the southern city of Kandahar, killing two American security officers and nine Afghan members of the staff, other employees at the scene said.

There was some confusion about the number of deaths.

A United States Embassy spokesman confirmed the deaths of two Americans, but police officials said they could confirm the deaths of only five Afghans, instead of the nine reported by people at the scene. A statement from President Hamid Karzai condemning the attack put the total at six, including the two Americans.

The explosion was just yards from a NATO military compound, where a Canadian-led Provincial Reconstruction Team handles reconstruction and development work for the province.

The bomb attack, the fifth in Kandahar in 10 days, seems to fulfill Western military and diplomatic warnings that insurgents would turn to bombings in urban areas now that winter conditions have made fighting in the mountains more difficult. Afghanistan has had more than 100 suicide bombings this year, killing close to 250 people, most of them civilians.

The bomber arrived by bicycle at 7 a.m. As he approached the entrance of the security firm, U.S. Protection and Investigations, which is based in Houston, he threw aside his bike and rushed at the staff members, who were gathered at the gate as they received their assignments for the day.

“We tried to stop him, but before we could, he set off the explosion,” said Jamil Ahmad, 32, an employee.

Mr. Ahmad said 11 people from the firm were killed and 3 were wounded. The dead were two American senior security coordinators, an Afghan escort manager, six armed guards and two drivers, he said.

A Taliban spokesman claimed responsibility for the attack in a phone call, [a news service] reported.

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Threatening Letters Lead To Charges (SPRINGNL)

Springfield (MO) News-Leader, December 7, 2006

An Oregon man was indicted by a federal grand jury for mailing threatening letters to a federal judge and former U.S. attorney, the current U.S. attorney for the Western District of Missouri announced Monday.

Bruce Dewayne Jensen, 29 — serving a sentence in the U.S. Medical Center for Federal Prisoners — was charged in a three-count indictment returned Wednesday.

According to the allegations, Jensen:

- Mailed a threatening letter to former U.S. Attorney Todd P. Graves on March 3, 2005.

- Mailed a threatening letter to U.S. Magistrate Judge James C. England on March 3, 2005.

- Mailed a threatening letter to the clerk of the U.S. District Court in Springfield. It contained a threat to injure U.S. Magistrate Judge James C. England, on Sept. 13, 2006.

The case is being prosecuted by Deputy U.S. Attorney Michael A. Jones. It was investigated by the FBI and the Medical Center for Federal Prisoners.

Paulose Picks Up Dayton's Support To Serve As U.S. Attorney (AP)

AP, December 7, 2006

WASHINGTON - Minnesota's acting U.S. attorney picked up key support Wednesday for permanent confirmation, but it wasn't immediately clear whether Rachel Paulose could expect a vote before Congress adjourns this year.

Paulose met Wednesday with Sen. Mark Dayton, who hadn't taken a position on her nomination because he said she hadn't sought a meeting. Afterward, he said she had his support.

Sen. Norm Coleman, R-Minn., had already backed Paulose, calling her "an extremely competent and capable professional." But the Senate Judiciary Committee generally doesn't vote on a nominee without the support of both of a nominee's home-state senators.

Paulose, 33, has been acting U.S. attorney for nine months, and President Bush nominated her to the permanent post four months ago. If the Senate fails to take up her nomination before adjourning next week, Bush can resubmit her next year.

If confirmed to permanently succeed Tom Heffelfinger, Paulose would be the youngest current U.S. attorney and Minnesota's first woman confirmed to the post.

Bush also could make a recess appointment of Paulose, which would last through the end of 2008.

CORPORATE SCANDALS:

Fannie Mae Moves Toward Resolution With Restatement (WSJ)

By James R. Hagerty

The Wall Street Journal, December 7, 2006

Fannie Mae took another step toward resolving its accounting fiasco by announcing a restatement of results that reduced retained earnings as of June 30, 2004, by $6.3 billion.

But the long-awaited restatement by the government-sponsored mortgage company increased stockholders' equity by $4.1 billion as of the same date. That is because of big increases in the value of mortgage securities held by Fannie that were reclassified as being available for sale as part of correcting past accounting errors. Those increases more than offset the reduction in retained earnings.

The restatement comes two years after regulators found that Fannie had violated more than a dozen accounting rules, partly in an effort to make earnings growth appear smoother and to trigger maximum bonuses for executives.

The need to correct its accounting practices and upgrade computer systems had prevented Fannie from reporting results since mid-2004. The restatement provides results through 2004, but the company still must catch up on results for 2005 and 2006. Fannie didn't say when it will report those results.

Fannie reported net income of $4.97 billion for 2004, down from a restated $8.08 billion in 2003.

Trying to cheer up shareholders, Fannie increased its quarterly dividend to 40 cents a common share from 26 cents.

The company's losses on derivatives and mortgage-purchase commitments were less severe than earlier expected. Fannie previously estimated that correcting improper accounting would result in the recognition of $10.8 billion of such losses as

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of the end of 2004. But the company said the losses turned out to be $7.9 billion. The value of such derivatives and commitments fluctuates as interest rates rise and fall.

Fannie's accounting woes were made worse by what the company now admits was inadequate investment in the past in computer systems and personnel to ensure compliance with complex and ever-changing accounting standards.

To rectify those problems, Fannie has spent more than $1.5 billion over the past two years on consultants, computer upgrades and other items related to the restatement and demands made by regulators. The company currently is paying 2,800 outside accountants, lawyers and other consultants to resolve these problems.

Fannie also agreed last May to pay fines of $400 million to settle charges of accounting fraud by the Securities and Exchange Commission and the Office of Federal Housing Enterprise Oversight, or Ofheo. Fannie and some former top executives still are fighting lawsuits filed by shareholders who say they were misled by the company's past earnings statements.

In all, the company's costs for cleaning up the accounting mess are likely to total well over $2 billion.

The company's share price also has taken a big hit. Ahead of the disclosure yesterday, Fannie shares closed at $58.50, up 57 cents, in New York Stock Exchange composite trading, compared with a peak of about $80 in February 2004, before regulators found the accounting problems.

Fannie Mae To Restate Results By $6.3 Billion Because Of Accounting (NYT)

By Eric Dash

The New York Times, December 7, 2006

Fannie Mae, the largest buyer of American mortgages, said yesterday that it would reduce its earnings by $6.3 billion to correct several years of accounting problems in one of the nation's biggest financial scandals.

Federal regulators, meanwhile, said they planned to file a lawsuit before the end of the year in an effort to recover millions of dollars from Fannie Mae's former top two executives, whose bonuses were tied to the manipulated earnings. Franklin D. Raines, the former chairman and chief executive, and J. Timothy Howard, who had been chief financial officer, were ousted from the company in December 2004, and investigators have laid much of the blame on their shoulders.

"We will file charges within the next couple of weeks," James B. Lockhart III, director of the Office of Housing and Enterprise Oversight, said in a brief interview yesterday. "Unfortunately, the legal process is very cumbersome."

A lawyer for Mr. Raines declined to comment, and a lawyer representing Mr. Howard did not return phone calls yesterday. A Fannie Mae spokesman also declined to comment.

The two moves are significant steps in the effort to clean up Fannie Mae — formally, the Federal National Mortgage Association — a company whose influence once reverberated through the corridors of Washington and Wall Street. Over the last two years, though, the company has been mired in scandal.

Federal investigators have searched through the company's records, leading the Securities and Exchange Commission and the Office of Housing and Enterprise Oversight, or Ofheo, to exact a $400 million civil penalty in May. Members of Congress have jousted over the need for a more powerful regulator and for limits on the size of its mortgage portfolio, although a bill may not be passed until at least early in the new year.

"We continue to move ahead," Daniel H. Mudd, who succeeded Mr. Raines as Fannie Mae's chief executive in 2004, said in a statement.

In a filing with the S.E.C. late yesterday, Fannie said that errors related to the way it accounted for complex derivatives resulted in a $7.9 billion loss after taxes — or about $2.9 billion less than what the company had previously estimated. But Fannie Mae said it misstated earnings by $6.3 billion when it worked through the financial statements from 2001 through the first two quarters of 2004, the last time it filed official results. Fannie Mae is still updating its financial statements from then — a process that Wall Street analysts and its regulator anticipate could take at least a year more.

The restatement is among the biggest for an American company, although it falls short of the $11 billion correction taken by WorldCom when it wiped out its phony profits.

Mr. Lockhart said that Fannie was "making great progress." Still, he noted that there was a long way to go. "They are putting a lot of hard work on getting the numbers out, but they show significant errors and do not even agree with their estimates."

Analysts said, though, that the actual numbers were less important than the message they sent.

"It gives investors some confidence they are getting their act together from a financial perspective," said Robert Napoli, an analyst with Piper Jaffray.

Ofheo may be facing a more difficult task than Fannie Mae as it prepares to try to recoup the many millions of dollars Mr. Raines and Mr. Howard received as a result of the improper accounting. Regulators have said that of the $90 million paid to Mr.

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Raines from 1998 to 2003 at least $52 million — more than half — was tied to bonus targets that were reached by manipulating accounting.

Ofheo is already trying to recover several million dollars in compensation from the former chief executive of a smaller government-connected lender, Freddie Mac, which was involved in similar accounting improprieties. That case has been in legal gridlock for nearly three years.

"We are making progress, but it is taking very long," Mr. Lockhart said yesterday.

Last month, Fannie Mae said it would pay Mr. Raines $2.6 million in "deferred compensation" and other amounts to partly resolve a dispute that it violated his employment contract when he was ousted.

It is likely that both Mr. Raines and Mr. Howard will vigorously contest attempts to make them repay money, especially since Fannie Mae is footing their legal bills.

As for Fannie Mae, Ofheo has required the company to increase its capital reserves and limit its asset growth until it can certify that its financial statements are current. That strict oversight has hindered its ability to use its capital, such as paying its dividend or buying back shares.

Some lawmakers are seeking greater oversight. Congress has been locked in a debate over new legislation that would give Fannie Mae and Freddie Mac — the Federal Home Loan Mortgage Corporation — a more powerful regulator.

Yesterday, Representative Barney Frank, Democrat of Massachusetts, who is expected to head the House Financial Services Committee, said he thought that lawmakers could pass a bill "fairly early next year," according to Bloomberg News. Others, including some House Republican aides, said they considered that overly optimistic.

The restatement was announced after the market closed yesterday. Earlier, shares of Fannie Mae rose 57 cents, or nearly 1 percent, to $58.50. The stock once traded above $77 before the scandal was disclosed in the fall of 2004.

Fannie Mae Final Tally: $6.3 Billion Overstated (WP)

By David S. Hilzenrath

The Washington Post, December 7, 2006

It took an army of accountants two years and more than $1.4 billion to quantify the mess, but Fannie Mae yesterday issued the final tally of its accounting errors, saying it overstated past profits by $6.3 billion.

That was less than some of the mortgage funding company's past estimates, which were as high as $10.8 billion.

Fannie Mae's chief executive, Daniel H. Mudd, said in a news release that the restatement was "a critical milestone in Fannie Mae's progress toward building a stronger, better company."

Yesterday's report corrected a wide variety of errors that occurred before June 2004. The company remains unable to provide audited financial results for 2005 or quarterly reports for this year, and a spokesman could not say when Fannie Mae would return to timely financial reporting.

The restatement shows that the company "was grossly mismanaged by previous management," said James B. Lockhart III, director of the Office of Federal Housing Enterprise Oversight, an agency that oversees Fannie Mae.

"They underspent dramatically on systems, internal controls, risk management -- all the basic building blocks of a good corporation," and went "beyond mismanagement to manipulating earnings," Lockhart said.

The alleged fraud at Fannie Mae highlighted how accounting problems persist in corporate America, even after the watershed financial scandals at Enron and WorldCom. Chartered by the government, Fannie Mae is one of the nation's largest financial institutions and plays a major role in the housing finance system. Investors have treated its bonds as almost interchangeable with U.S. Treasury securities.

Regulators accused Fannie Mae of flouting accounting rules to maintain an illusion of smooth earnings growth. The scandal toppled former chairman and chief executive Franklin D. Raines, who headed the Office of Management and Budget in the Clinton administration and was a spokesman on corporate governance policy for the Business Roundtable, a group of top executives.

Lockhart said yesterday that his agency plans to sue Raines and former chief financial officer J. Timothy Howard to recover compensation they received while Fannie Mae's earnings were manipulated.

Raines has denied that he authorized, encouraged or knew about accounting violations. An investigation led by former New Hampshire senator Warren B. Rudman for members of Fannie Mae's board concluded that Raines "contributed to a culture that improperly stressed stable earnings growth." But the report's authors said they did not find that Raines knew the company departed from accounting rules "in significant ways."

An attorney for Raines declined to comment yesterday. Steven M. Salky, an attorney for Howard, said his client "acted properly at all times, and we look forward to disproving OFHEO's ill-founded allegations."

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Raines's compensation totaled more than $90 million from 1998 through 2003. More than $52 million was tied to meeting earnings targets, OFHEO said in a May report.

Rep. Barney Frank (D-Mass.), the incoming House Financial Services Committee chairman, said yesterday that he expected Congress to pass a bill next year to strengthen oversight of Fannie Mae and its cousin, Freddie Mac. Lawmakers and Bush administration officials have been trying unsuccessfully to overcome disagreements and enact such change since Freddie Mac disclosed billions of dollars of accounting problems in 2003.

About 4,000 employees and outside contractors labored to produce Fannie Mae's accounting restatement. The $6.3 billion cumulative reduction in past earnings was the net result of corrections from three years. The restatement increased Fannie Mae's profit by $1.2 billion in the first half of 2004 and by $176 million in 2003. The restatement decreased profit by $705 million in 2002 and by $7 billion in earlier periods.

According to the Securities and Exchange Commission, senior management manipulated the company's 1998 earnings to trigger maximum bonuses. In later years, the company disregarded requirements that it adjust quarterly income to reflect changes in the value of financial instruments known as derivatives, regulators said. Most of the restatement related to derivatives.

Fannie Mae's former auditor, KPMG, certified Fannie Mae's annual financial statements despite flagging the company's decision to delay booking almost $200 million of 1998 expenses, according to Rudman's investigation. KPMG has declined to comment.

In a settlement with regulators in May, Fannie Mae neither admitted nor denied wrongdoing but agreed to pay penalties of $400 million.

Fannie Mae's continuing failure to issue current audited financial statements could have caused it to be delisted from the New York Stock Exchange, but the exchange has allowed the company's shares to continue trading. Fannie Mae issued its restatement after the market closed yesterday.

The filing is fresh ammunition for shareholders suing Fannie Mae. Meanwhile, the Justice Department is investigating whether Raines and Howard committed perjury when they defended Fannie Mae at a House hearing in 2004. Though the SEC settled with the company, it has not closed its investigation as it relates to other parties.

Last year, 1,155 U.S. corporations issued accounting corrections -- nearly one in 10 of the nation's publicly traded companies, according to the research firm Glass Lewis & Co.

Fannie Mae Erases $6.3 Billion In Profit (AP)

By Marcy Gordon, Ap Business Writer

AP, December 7, 2006

Fannie Mae Erases $6.3 Billion in Profit in Restatement Bringing End to Accounting Scandal

WASHINGTON (AP) -- Fannie Mae erased $6.3 billion in profit in a long-awaited restatement Wednesday capping the accounting scandal that stunned financial markets and brought the ouster of top executives and a record fine against the government-sponsored mortgage leader.

The correction of its earnings from 2001 through June 30, 2004, ordered by the Securities and Exchange Commission two years ago, was well below Fannie Mae's earlier estimate of $10.8 billion. The reworking of its accounting is costing the company some $1 billion this year to conduct. It is the first earnings statement filed by Fannie Mae, which finances one of every five home loans in the United States, since late 2004.

The scandal erupted in the fall of that year when federal regulators accused Washington-based Fannie Mae -- with its long-standing prestige, vaunted political clout and reputation for financial excellence -- of serious accounting problems and earnings manipulation to meet Wall Street targets.

Fannie Mae on Wednesday announced an increase in its quarterly dividend to 40 cents from 26 cents.

Its chief executive, Daniel Mudd, received a pay package of $13.1 million, including a $2.6 million bonus, for 2005, the company also disclosed in an SEC filing. Mudd, who was the top operations official at the time of the accounting misdeeds, was elevated to the top position in a management shakeup in December 2004.

Last May, the federal agency that regulates Fannie Mae and Freddie Mac, its smaller sibling in the $8 trillion home-mortgage market, issued a blistering report alleging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc. Regulators said the scheme included manipulations to reach quarterly earnings targets so that company executives could pocket hundreds of millions in bonuses from 1998 to 2004.

Fannie Mae paid a record $400 million civil fine in a settlement with the Office of Federal Housing Enterprise Oversight and the SEC. It also agreed to limit the growth of its multibillion-dollar mortgage holdings, capping them at $727 billion, and to make top-to-bottom changes in its corporate culture, accounting procedures and ways of managing risk.

The completion of the restatement "is a key step forward for the company and represents two years of hard work," OFHEO Director James B. Lockhart said in a statement Wednesday. "Much remains to be done. ... Fannie Mae faces enormous challenges in fixing its operational and risk management systems, in (financial controls) compliance, and in producing audited financial statements for 2005 and 2006."

In detailing its restatement, Fannie Mae cited a $7 billion net decrease from previously reported earnings for periods prior to 2002, a $705 million reduction for 2002, a $176 million increase for 2003 and a $1.2 billion increase for the first six months of 2004.

Freddie Mac, which also is government-sponsored and has its stock publicly traded, had its own accounting scandal that came to light in June 2003. The company misstated earnings by some $5 billion -- mostly underreported -- for 2000-2002 to smooth out volatility in profit and uphold its image on Wall Street as a steady performer.

Over the last two years, Fannie Mae has disclosed a passel of new accounting problems that had been uncovered in several areas, including its core business of issuing securities backed by the billions of dollars of home mortgages annually that it buys from lenders and bundles together for resale to investors worldwide. Other problems were revealed in loans, houses acquired through foreclosures, interest on delinquent home loans and reverse mortgages.

They all were in addition to the accounting-rule violations that came to light in September 2004 involving derivatives, the financial instruments that Fannie Mae and Freddie Mac use to hedge against swings in interest rates.

Fannie Mae's chief executive Franklin Raines, a prominent Washington figure who was White House budget director in the Clinton administration, was swept out of office in December 2004 along with then-chief financial officer Timothy Howard.

Lockhart has said his agency was considering suing former executives to recover tainted bonus money if Fannie Mae failed to recoup it.

Fannie Mae escaped criminal prosecution over the accounting failure. The Justice Department had pursued a criminal investigation, but federal prosecutors said in August that they had shut down their probe without bringing any action. The SEC still could bring civil actions against individual executives, including people no longer at Fannie Mae, with the burden of proof less stringent than in criminal prosecutions.

Fannie Mae and Freddie Mac were created by Congress to pump money into the home-mortgage market to keep interest rates low and make home ownership affordable for low- and moderate-income people.

Fannie Mae stock closed Wednesday at $58.50, up 57 cents, on the New York Stock Exchange. It has traded in a range of $46.17 to $62.37 over the last 52 weeks.

Fannie Mae: http://www.fanniemae.com

Freddie Mac: http://www.freddiemac.com

Securities and Exchange Commission: http://www.sec.gov

Office of Federal Housing Enterprise Oversight: http://www.ofheo.gov

Home Depot Backdated Options From 1981 To 2000 (WSJ)

By Ann Zimmerman

The Wall Street Journal, December 7, 2006

Home Depot Inc. said an internal investigation found that the company routinely backdated stock options for 20 years, from 1981 to 2000, and as a result it understated compensation expense by $200 million.

With fiscal 2006 sales of $81.5 billion, the home-improvement retailer is one of the largest companies to admit to backdating stock options. The practice stopped in the fall of 2000 at the same time that current Chief Executive Bob Nardelli took the helm at the retailer. During the previous two decades, the company was run by founders Bernie Marcus and Arthur Blank, but neither founder received stock options. The company wouldn't say who did receive the awards and who made the decision to backdate them.

MORE ON OPTIONS

· Options Scorecard: Companies under scrutiny1

· Perfect Payday: Complete coverage2

Home Depot's admission that executives backdated options beginning more than 25 years ago is the earliest finding to date, and means the practice began far earlier than the technology boom when stock options became a popular compensation tool. In Home Depot's case, the practice goes back to its inception as a public company.

"For annual option grants and certain quarterly grants from 1981 through November 2000, the stated grant date was routinely earlier than the actual date on which the grants were approved by a committee of the board of directors," the company said in a statement released late yesterday.

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It added that in almost every case, the stock price on the apparent approval date was higher than the price on the stated grant date. The management personnel responsible for these actions have since left the company.

In one instance, employees in February 2000 were given 1.7 million options at $53 a share -- a monthly low. Home Depot's stock price when the board actually approved the grant, nearly two months later, was $57.25, or 8% higher. Three of the company's six highest-paid officers received options at the favorable $53 price, regulatory filings show.

Home Depot is one of more than 130 companies, including titans such as Apple Computer Inc. and UnitedHealth Group Inc., that are facing scrutiny from federal prosecutors and regulators examining whether executives improperly backdated stock-option grants. Options typically are designed to give recipients an incentive to see their company's share price rise, by allowing them to purchase shares in the future at the market price on the day the option was granted. Grants that are backdated to more favorable, lower-priced days give recipients an instant, built-in profit.

Home Depot said that as a result of the findings it will decrease retained earnings by $200 million and increase paid-in capital by the same amount. The company also said it is reviewing the potential tax implications relating to its stock-options-granting practices.

The company wouldn't say whether it planned to demand that recipients return any of the money, citing pending related litigation against the company, as well as pending inquiries by the SEC and the U.S. attorney for the Southern District of New York. In another statement, the company said it was pleased that the investigation found no wrongdoing by any current board members.

"We are also pleased that the anticipated adjustment to the company's equity accounts will be reflected as the correction of an error and, as expected, is not material to the company's financial position or results of operations," the statement added.

Probe: Home Depot Backdated Options (USAT)

By Greg Farrell

USA Today, December 7, 2006

Home Depot routinely backdated stock options grants for executives and employees at all levels of the company for nearly 20 years, according to an internal investigation whose results the company announced Wednesday.

It said in a statement the investigation by a board subcommittee and the Hogan & Hartson law firm found "there was no intentional wrongdoing by any current member of the company's management team or its board of directors."

Because of the errors, which included regular backdating of grants from 1981 through November 2000, the company had unrecorded expenses of about $200 million, Home Depot said.

For the fiscal year 2006, the giant home improvement retailer reported earnings of $5.8 billion on revenue of $81.5 billion.

Home Depot disclosed in September that the Securities and Exchange Commission has begun an informal inquiry into the company's stock option practices and the U.S. Attorney's Office in New York has asked for information.

For Home Depot's annual option grants and some quarterly grants from 1981 through November 2000, the "stated grant date was routinely earlier than the actual date on which the grants were approved by a committee of the board of directors," the company's statement said. "In almost every instance, the stock price on the apparent approval date was higher than the price on the stated grant date."

The company blamed "management personnel, who have since left the company," for the practice. Selecting a date with a low stock price increased the options' value.

Home Depot's findings could cause public relations problems for two members of its board:

·CEO Robert Nardelli. Named CEO on Dec. 6, 2000, Nardelli had nothing to do with the backdating earlier, according to the report. But he has become a lightning rod for criticism of excessive CEO pay. He has collected some $200 million in salary, bonuses and options since joining the company, but Home Depot's shares have declined in value during that time.

·Kenneth Langone. A co-founder and longtime member of Home Depot's board, he sat on board committees that oversaw option grants for many of the years when options were backdated.

Langone is already embroiled in a separate executive compensation controversy. New York State Attorney General Eliot Spitzer has accused him and former New York Stock Exchange CEO Richard Grasso of hiding the true value of Grasso's pay package from the NYSE board.

Grasso was ousted at the NYSE in 2003 after disclosing that he was due $189 million. Langone headed the NYSE compensation committee during part of the time that Grasso's compensation soared.

Jim McCarthy, a spokesman for Langone, said there was absolutely no connection between the two matters.

Home Depot Probe Reveals Backdating (FT)

By Andrew Ward In Atlanta

Financial Times, December 7, 2006

An internal investigation of stock option practices at Home Depot, the second largest US retailer, has discovered $200m of unrecorded expenses related to the backdating of option grants during its 26 years as a public company.

Almost all the backdating occurred during the 1980s and 1990s, when Home Depot was one of America's fastest growing retailers, expanding from a three-store start-up in 1979 to a $45bn nationwide chain in 2000.

The investigation, by a sub-committee of Home Depot's board, concluded that no intentional backdating had taken place since Bob Nardelli, the current chief executive, took charge in 2000, and cleared all current management and directors of wrongdoing.

Home Depot launched the inquiry in August after becoming the largest US company to be ensnared in the scandal over backdating of stock options to increase the potential value of compensation packages.

More than 160 companies have acknowledged that they are either facing regulatory inquiries or carrying out internal investigations of the way they handed out stock options. Home Depot said the unrecorded ex-penses would not have a material impact on its financial statements.

The company said its billionaire founders, Bernie Marcus and Arthur Blank, were not among the recipients of backdated stock options. But the investigation has cast fresh light on a period when Home Depot was known for its free-wheeling, entrepreneurial culture. Mr Nardelli, a former executive at General Electric, was hired to replace Mr Blank in 2000 after narrowly losing out in the battle to succeed Jack Welch as chairman of GE.

While he has faced criticism for his hefty compensation package, Mr Nardelli has received credit for taming Home Depot's "cowboy culture" and injecting GE-style discipline into its management. Home Depot's investigation found that before 2000, the stated grant date for stock options was "routinely earlier than the actual date on which the grants were approved".

"In almost every instance, the stock price on the apparent approval date was higher than the price on the stated grant date," the report said.

Backdating is not necessarily illegal but the practice has forced several companies to restate earnings and sparked probes by the Securities and Exchange Commission and the Justice Department.

Pediatrix Says Options Backdated, Board Member Quits (Update3) (BLOOM)

By Shannon Pettypiece

Bloomberg, December 7, 2006

Dec. 6 (Bloomberg) -- Pediatrix Medical Group Inc. said a preliminary review found evidence that stock options were backdated and a board member has resigned.

The company, the largest U.S. provider of care for premature babies, may have to record additional compensation expenses of $28 million for the period from 1995 through 2006, according to a statement distributed today by Business Wire.

Pediatrix is among at least 186 companies that have disclosed internal or federal investigations into how they grant stock options to executives. At least 79 companies have announced they must restate previously reported financial results, and more than 60 executives and directors at companies under investigation have left their jobs.

Lawrence M. Mullen resigned from the Pediatrix board after the preliminary report by the audit committee. Mullen ``had a significant role'' in running the company's stock-option program and practices, according to today's statement.

Backdating of stock options involves timing the grants to executives to coincide with days when the stock price was low, to boost the probability of greater gains as the shares rise. A stock-options contract gives the holder the right to buy or sell a specific amount of stock at a set price, by a certain date.

Pediatrix, which is based in Sunrise, Florida, also reported that U.S. antitrust investigators closed an examination of the company's acquisition in 2001 of Magella Healthcare Corp. and took no action.

Pediatrix said today it hasn't determined whether it will have to restate earnings. Bob Kneeley, a spokesman, said the company delayed earnings in the second and third quarters. He declined to comment on the investigation beyond what is in today's release.

Mullen couldn't be reached for comment because his name was pulled from the company directory and the office was closed following the release of the announcement. His home number wasn't listed.

Stock Option Scandals Take Down A Record Number Of GCs (LAW)

By D.M. Osborne, Corporate Counsel

Corporate Counsel, December 7, 2006

Nothing in memory has ever caused as many GCs to lose their jobs as quickly as stock options backdating. In little more than a year, 12 general counsel have stepped down amid options problems at their companies. These legal chiefs constitute

about a quarter of the 40-plus executives who have lost their jobs in the steadily expanding options controversy. Indeed, backdating has forced out as many GCs as CEOs.

By all indications, the casualty list will only grow. "I expect that we will see more general counsel lose their jobs," says Erik Lie, the University of Iowa business professor whose research into backdating kindled the current firestorm.

Some of these GCs won't deserve their fate, Lie adds: "My sense is that a lot of innocent people might be implicated in this, including, possibly, general counsel." Indeed, a review of government documents and official company statements about options-related investigations shows that in some cases, the GC appears to have been little more than a fall guy. In other instances, however, company and government reports have directly faulted in-house lawyers for failing to intervene when grant dates on options were deliberately altered to enrich their recipients.

So far the U.S. Department of Justice and the Securities and Exchange Commission are scrutinizing option grants at more than 130 companies. But Lie thinks that another 70 may have engaged in backdating, based on his statistical analysis of 8,000 businesses that issued options between 1996 and 2005.

Government probes have already resulted in criminal and civil actions against executive at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc. One of those nailed at Comverse was the company's GC, William Sorin, who pleaded guilty in November to a single count of criminal conspiracy. Sorin, who will be sentenced in February, faces up to five years in jail and a $250,000 penalty.

Other general counsel should brace themselves for government scrutiny as well, warns Walter Ricciardi, the SEC's deputy director of enforcement. "[Our] staff is taking a close look at the role of attorneys, especially to the extent that they were involved in the process by which options were awarded," Ricciardi says.

Of course, not all government investigations will result in a civil suit or criminal indictment. "Many of these GCs won't ever be charged with wrongdoing," predicts Russell Ryan, a former assistant director of enforcement at the SEC and now a partner in the Washington, D.C., office of King & Spalding.

Ryan says that some company boards may have given GCs the boot mainly to show regulators and the market that they've cleaned house. "In today's climate, general counsel can leave or lose their jobs for any number of reasons falling far short of the intentional misconduct that typically results in enforcement action against lawyers," he adds.

GCs who have been tarred in the options mess will also have to fight off the plaintiffs bar. At least seven legal chiefs who have left their posts at companies with backdating problems have been named as defendants in shareholder derivative actions. As Martha Faye Africa, managing director of legal placement firm Major Lindsey & Africa, says: "We're in an era where there's a new definition of risk for general counsel."

How A Giant Insurer Decided To Oust Hugely Successful CEO (WSJ)

By James Bandler And Charles Forelle

The Wall Street Journal, December 7, 2006

Over the past 15 years, the board of UnitedHealth Group Inc. couldn't have been more supportive of its chairman and chief executive, William McGuire. Directors lavished close to $2 billion in compensation on him, counting stock options, as he built UnitedHealth into one of the country's largest health insurers.

Some directors moved with him in social and charity circles. "We're so lucky to have Bill," director Mary Mundinger said earlier this year. "He's brilliant."

Last week, Dr. McGuire left his job, following a vote by the same board to dump him. It acted unanimously in October after concluding that his explanations for a pattern of unusually well-timed stock-option grants didn't add up. Dr. McGuire thus became one of the biggest casualties in the options backdating scandal, which so far has swept away more than 60 corporate officials, including 16 CEOs. (See related article on page A3).

How did one of America's most pliant boards turn on its star chief executive? Dr. McGuire's support slowly leached away over the course of a six-month internal investigation. Documentation that could support his defense was sparse. A board-ordered statistical analysis undercut his arguments. And his closest board ally was sidelined by a conflict of interest that unsettled other directors. In the end, directors felt pressure after their lawyer told them federal regulators appeared likely to charge the UnitedHealth chief.

Now, Dr. McGuire and the board are girding for tense negotiations over how much of his giant cache of stock options, many still unexercised, he'll be able to take with him. He has already agreed to surrender about $200 million of those options' value, and people close to the situation say the company hopes to get back at the very least $250 million more. He is still likely to end up with more than $1 billion, although last week a federal judge hearing a shareholder lawsuit temporarily barred him from exercising any options or receiving any retirement pay.

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Dr. McGuire's lawyer, David Brodsky, said, "While neither a lawyer nor accountant, Dr. McGuire believed that the processes by which options were granted were transparent, appropriate and approved. Indeed, experts who reviewed these processes never raised concerns at the time about the stock options program." Dr. McGuire himself declined to be interviewed.

Dr. McGuire's troubles began in March, when The Wall Street Journal published an article raising questions about exceptional patterns of stock-option grants at a number of companies, including UnitedHealth. In three separate instances, the article found, Dr. McGuire had received options at UnitedHealth stock's lowest closing price of the year.

That made them especially valuable, since options typically convey a right to buy the employer's stock in the future at the price on the grant date. The formula means a recipient can profit only if the stock rises. But it turns out many companies cheated by granting options on one date and pretending they had been issued earlier, when the stock was cheaper. Besides Dr. McGuire's grants at yearly lows, a number of his other grants were dated just before price runups.

After the article, Dr. McGuire initiated an internal investigation. In early April, the board formed a special committee. It hired William McLucas, a former Securities and Exchange Commission enforcement director, now at the law firm of Wilmer Cutler Pickering Hale & Dorr.

At the outset, Dr. McGuire could draw on a big reservoir of goodwill from directors. A former pulmonologist, he helped coordinate care when the wife of one director, William Spears, fell ill. Dr. McGuire's family foundation and the company gave generously to charities some directors were involved with. And directors had made millions from their UnitedHealth options as the stock soared more than 50-fold during Dr. McGuire's tenure. That enormous rise accounted for most of the millions Dr. McGuire earned.

Of 10 outside directors, the CEO had strong support from at least four: Mr. Spears, a New York money manager and friend; Ms. Mundinger, dean of Columbia University's nursing school; Thomas H. Kean Sr., a former New Jersey governor and chairman of the 9/11 commission; and Gail Wilensky, a specialist in health-care policy. The first three had served on the compensation committee during much of the period under scrutiny, making their own conduct an issue in the internal probe.

But Dr. McGuire's core allies would have little role in shaping the investigation. That fell to the special committee, led by James Johnson, a former chief of mortgage giant Fannie Mae who recently served as an adviser to Sen. John Kerry's presidential run. Also on the panel was Douglas Leatherdale, a former chief of insurer St. Paul Cos., and Richard Burke, a founder and retired CEO of UnitedHealth, who was friendly with Dr. McGuire. The committee closely supervised the lawyers and accountants doing the actual digging. Other directors were filled in later and less frequently.

Key Question

Complicating matters was that the board had given Dr. McGuire broad latitude to issue options to subordinates as well as to a right to choose when he wanted option grants to himself made. After picking a date, he had to get approval from the compensation committee. The key question the WilmerHale lawyers faced: Did the board committee really approve Dr. McGuire's grants on the dates reflected in company regulatory filings? Or might they have been backdated to low-price days that would make them more lucrative?

Directors asked for records to show the options were approved on recorded grant dates. Management came up largely empty-handed. Some minutes of compensation-committee meetings were missing. Others didn't mention approval of any grants near a period in question.

In interviews with the WilmerHale lawyers and in phone calls with directors, Dr. McGuire said he hadn't backdated anything but, rather, had chosen to receive grants when the stock was low after a decline, according to people briefed on the conversations. He expressed disappointment that there wasn't more corroboration and that underlings hadn't kept proper paperwork.

Dr. McGuire also stated that as a man of high ethical standards, he wouldn't have fabricated anything. He said that after picking a date for his grants, he would seek approval from Mr. Spears, head of the compensation committee, or occasionally another panel member.

The main person who could verify this account was Mr. Spears. He told the board's lawyers that while he recalled conversations with Dr. McGuire, he couldn't be sure when they actually took place. Phone records showed the two talked frequently, often around the times of some grants, but these records proved little because the two were close friends.

Mr. Spears's value as a witness soon suffered a blow. The money manager told the lawyers he had handled more than $55 million of the McGuire family's fortune and had accepted a $500,000 investment in his own business from Dr. McGuire.

MORE ON OPTIONS

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Mr. Spears maintained he had disclosed this conflict of interest to the board before. Two 1999 documents supported that account: an email and an executive's handwritten meeting minutes. But among the directors, only Mr. Kean thought it was possible he could recall having been told of the relationship, say people familiar with the matter; the others said they had no idea.

Many directors were "incredulous" when they learned of the financial tie at a meeting in the spring, according to someone who was there when the board was briefed. While directors felt Mr. Spears was honest, the entanglements tainted any defense he might have made of Dr. McGuire. Aware of fellow directors' feelings, Mr. Spears stayed on the debate's sidelines in later meetings, says someone familiar with the gatherings.

Dr. McGuire expressed frustration that his reputation was being hurt by a scandal he considered hyped. "He indicated that this was way blown out of proportion and unfair," says Irwin Redlener, a friend and co-founder of the Children's Health Fund, a not-for-profit group UnitedHealth supported.

On June 25, Mr. McLucas brought some compelling data to the board's special committee. His presentation showed that grants were regularly dated at or near the stock's lowest prices for the quarter, a suspicious pattern. Later, directors learned that after the mid-2002 passage of new federal rules requiring almost immediate disclosure of option grants, there wasn't a single quarter in which the large grants customarily given to top executives were dated at a quarterly low.

The point: After rules had made backdating impossible, Dr. McGuire's purported ability to pick propitious grant dates vanished. That juxtaposition wounded a key line of defense and "made everyone in the room sit up and focus," says one person close to the situation.

Mr. Johnson was becoming convinced the CEO would have to depart. The former Fannie Mae chief was well aware of how negative perceptions can hurt a company. In a 2004 accounting scandal that brushed close to him, Fannie Mae suffered a stock-price decline, congressional grilling and the loss of its chief executive at the time. One person recalls Mr. Johnson saying in June or July that it was unlikely Dr. McGuire would be able to survive.

On July 11, directors convened for a regular meeting in Minneapolis. Dr. McGuire made a pre-emptive move. He sent directors a five-page memo suggesting a series of steps to deal with the options problem, say people familiar with its contents. He said the board could reprice any tainted options, name a chief administrative officer to remedy deficient record-keeping and make other changes to processes. Deep in the memo, Dr. McGuire said he would be ready to leave if the board thought that was in the company's best interest.

The board didn't want to act before the full scope of the problem was known. It took no action.

In late August the lawyers running the probe made another unsettling finding. In late 1999, the board had approved new options for Dr. McGuire and others to replace a batch that were temporarily worthless. That is, their exercise price was higher than the current stock price because of a stock decline after they were issued. In granting the replacements, the company had suspended, rather than canceled, the old ones, largely for accounting reasons.

Mr. McLucas learned that in August 2000, the suspended options had been reactivated, meaning that the recipients, including Dr. McGuire, effectively got a huge second helping. For Dr. McGuire, the profit embedded in the extra options -- the difference between their exercise price and UnitedHealth's market price -- is now around $250 million. The maneuver skirted disclosure requirements and potentially violated accounting rules, WilmerHale lawyers concluded.

Mr. McLucas brought the issue to the special committee and eventually to other directors. Lawyers later said two directors recalled some discussion in 2000 of reactivating suspended options for other employees, but no compensation committee member recalled intending such a lucrative award for Dr. McGuire himself. "Alarm bells were going," says a person close to the board.

Skirmish Over Math

Meanwhile, a side skirmish broke out over math. The Wall Street Journal's analysis had found that the odds of Dr. McGuire's highly favorable pattern of awards occurring by chance were one in 200 million or greater. Some directors, including Ms. Mundinger, who has a doctorate in public health, criticized the Journal's methodology. The result was a lengthy statistical discussion among directors that resolved little.

After word reached directors that Dr. McGuire had hired a statistics firm to help him rebut the Journal's findings, the WilmerHale lawyers decided to bring in their own numbers experts. In a board meeting on Oct. 2, the lawyers presented an analysis from a firm called Lexecon Inc. It said there were many ways to crunch the numbers, each yielding different probabilities. But all the odds were very long. In the end, Dr. McGuire never presented statistical data to directors.

By early October, the investigative work was all but finished. A squadron of lawyers and accountants had plumbed millions of pages of documents and conducted interviews with more than 80 witnesses. After discussing Mr. McLucas's findings, special-committee members agreed that the situation was serious and the CEO's departure was a likely outcome.

It fell to Mr. Burke, the former UnitedHealth CEO, to travel to Minnesota to tell his old comrade the bad news. But to the surprise of some committee members, Mr. Burke proposed a solution short of Dr. McGuire's departure. He suggested the CEO

temporarily step aside until the options tempest calmed, according to people familiar with the matter. Dr. McGuire rejected the idea out of hand, two people close to the situation say. If the board wanted him to leave, he said, he'd leave.

Outside directors set Friday, Oct. 13, as the day for a critical meeting at WilmerHale's Washington offices. The agenda: a review of the investigative report and a discussion of Dr. McGuire's fate. At that point, some directors hadn't yet made up their minds.

The meeting began around 10 a.m. in a large room filled with directors and their lawyers. Directors not on the special committee received the 14-page report for the first time that morning, a person close to the board says. The strongly-worded report concluded it was likely that backdating had occurred and that Dr. McGuire played a central role. Citing the CEO's claim that he didn't backdate any stock options, the report dryly said, "Certain facts run contrary to this assertion."

The report didn't suggest any complicity by directors on the compensation committee. It said it "might have been better" if they had paid more attention to the granting process and asked more questions.

Seated around the conference-room table, the directors took about a half hour to read through the report. No one spoke.

Directors asked Mr. McLucas for his assessment. According to several people, he said that he thought it was likely the SEC would bring charges against Dr. McGuire, and that the agency could seek to bar him from serving as an officer or director of a public company.

Mr. McLucas told directors they should make their decisions based on Dr. McGuire's conduct. But he also said they would be in a difficult spot if they voted to keep him and the SEC sought a short time later to remove him. UnitedHealth has since given the results of its probe to federal prosecutors and the SEC, neither of which has taken action.

At about 4 p.m., a subdued Dr. McGuire addressed directors. He spoke somberly, without notes, for about 40 minutes, talking about how much the company meant to him and how proud he was of its success. He said he believed he had acted ethically and appropriately, say people familiar with the meeting. "I apologize to everyone for putting the company through this trauma," one person recalls him saying.

Some directors couldn't meet his gaze. "It was an anguishing event," said another person in the room who had been close to Dr. McGuire.

Dr. McGuire's lawyer, Mr. Brodsky, of Latham & Watkins, made a brief presentation, saying the WilmerHale report had given short shrift to evidence of his client's innocence. Mr. Brodsky, a former federal prosecutor, said the CEO's money-management relationship with Mr. Spears had been properly disclosed, citing a company lawyer's 1999 email saying "the full board" had been apprised of financial conflicts.

Mr. Brodsky also contested the report's treatment of a McGuire memo that counted against him. In it, the CEO wrote to the compensation committee on Oct. 22, 1999, about a grant that "should be awarded." Despite his use of the future tense, this stock-option grant ultimately bore an earlier date: Oct. 13, the day the stock closed at its lowest price that year. Mr. Brodsky called this meaningless. He said the memo was a rewrite of an earlier draft, and Dr. McGuire merely hadn't fixed the verb tenses.

Dr. McGuire and his lawyer left the room, and directors asked Mr. McLucas for his impression of the defense. "I don't think there's anything we've heard that would change our assessment," one person recalls the lawyer saying.

Directors took no action that Friday. On Sunday, the board had scheduled a meeting in Minnesota. Exhausted, they changed plans and convened instead in Washington. Dr. McGuire didn't attend.

Mr. Spears, the compensation-committee member who managed some of Dr. McGuire's money, arrived at the meeting. He then submitted his own resignation from the board and left.

At the meeting, directors took a vote on a 14-step plan to deal with the options issue. It included Dr. McGuire's immediate departure as chairman and his resignation as chief executive by Dec. 1. The vote was unanimous. Mr. Burke traveled to Minnesota to deliver the news.

Later, several directors called Dr. McGuire to express their gratitude for his service and their sadness over the way things had ended. Dr. McGuire was distressed, said a person familiar with one of these conversations. "He continues to believe he did nothing wrong, which makes it all the more painful."

Last Thursday was the last day Dr. McGuire reported to his 10th-floor office. A private man, he left that day without emotional goodbyes. Said one person close to the matter, "He slipped out without anyone noticing."

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Frank Offers Compromise To Business (WP)

By Carrie Johnson

The Washington Post, December 7, 2006

DOJ_NMG_0103520

Rep. Barney Frank (D-Mass.) yesterday held out an olive branch to business interests, announcing that he would be open to cooperating on trade, immigration and outsourcing if industry gave ground on union drives, health-care reforms and minimum-wage proposals.

At a briefing to introduce his legislative agenda, Frank, the incoming chairman of the House Financial Services Committee, addressed several hot-button issues, including a mounting push by business interests to slash what they consider burdensome regulations.

The lawmaker said he had met with leaders of the Securities and Exchange Commission and an accounting industry oversight board to urge them to give businesses some relief from a costly audit rule prescribed by the 2002 Sarbanes-Oxley law. Over the next two weeks, the agencies are set to present proposed changes to the rule, which requires that auditors review corporate financial controls to prevent fraud and mistakes.

"There's a general consensus that you can preserve principles of Sarbanes-Oxley without exempting anybody and make it less burdensome," Frank said.

Frank also vowed to hold hearings on a report issued last week by the Committee on Capital Markets Regulation, a private group that has won support from Treasury Secretary Henry M. Paulson Jr.

He reserved judgment on proposals that would make it more difficult for consumers to sue businesses, auditors and corporate board members, saying that the issue fell under the jurisdiction of another congressional panel.

But Frank said he agreed with several other recommendations, including indicting companies only as a last resort and rolling back controversial Justice Department guidelines that urge companies to waive their attorney-client privilege.

Deputy Attorney General Paul J. McNulty has been considering changes to a memo that says when prosecutors should bring criminal charges against businesses, but he has not released any revisions. In the meantime, Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) is set to introduce legislation to supersede those guidelines as early as today.

In contrast to his conciliatory tone on those issues, Frank decried the widening inequality of incomes as the "number one problem facing the U.S. domestically" and pledged to hold hearings early next year on soaring executive compensation.

A bill Frank had introduced promoting greater disclosure of executive pay packages will come up again, he said, because few members of corporate boards protest excessive pay demands by chief executives.

Frank expressed general agreement with proposals that would give shareholders more say in the way businesses operate, calling that approach a worthy alternative to regulation.

The SEC is weighing how much power to allow shareholders to nominate and reject candidates for corporate board membership. Business groups argue that granting such power to shareholders could allow special interests such as union-backed pension funds to hijack corporate agendas. Amid threats from industry representatives who said they would sue over the measure, the SEC yesterday postponed consideration of the issue, removing it from the topics it will consider at its Dec. 13 meeting.

Frank expressed less confidence in arguments that U.S. rules are forcing companies to move abroad and hurting American competitiveness. He said similar doomsday arguments were made by technology firms that bitterly opposed treating stock options as an expense on their books.

He rejected the prospect of legislation to tighten oversight of hedge funds, lightly regulated pools of capital designed for wealthy investors and institutions. But Frank said not enough is known about the more than 9,000 hedge funds and their risks, so hearings with no "predisposition to regulation one way or another" are likely, particularly examining instances in which public employee pension funds have invested with hedge fund managers.

New Chair To Explore Economic Inequality (AP)

By Jeannine Aversa

AP, December 7, 2006

Incoming House Financial Services Committee Chairman Barney Frank said Wednesday he plans to delve deeper into why some Americans are not reaping the benefits of a mostly healthy economy, which he called the "No. 1 problem" facing the country.

The Massachusetts lawmaker, in a wide-ranging discussion with reporters, highlighted some of his priorities once he takes over the committee, when the new Democratic-controlled Congress convenes in early January.

While the economy's growth, as measured by gross domestic product, has been expanding at a decent pace, the inflation-adjusted wages of workers have lagged.

After a long period of sluggish wage gains, workers in recent months have started to see an improvement as lower prices for gasoline and other goods have allowed their paychecks to go further.

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There is an "increasing disconnect between growth in the gross domestic product and the well-being of the average citizen," Frank said.

Frank said he wants to begin to hold hearings in February to explore the matter and "get people to understand the facts." Frank said he would work with his congressional colleagues, business groups and others for possible legislative solutions.

The Bush administration, which has acknowledged the lag in "real," that is inflation-adjusted wages, has expressed confidence that the situation is turning around. Edward Lazear, chairman of the White House's Council of Economic Advisers, last month predicted: "I would anticipate that we will have positive and strongly positive real wage growth though next year."

On other matters, Frank said he wants to advance legislation aimed at dealing with "predatory" lending practices to some borrowers, boosting the supply of affordable housing, reforming mortgage giants Fannie Mae and Freddie Mac and shaping provisions that govern foreign investment in the United States.

House Financial Services Committee: http://financialservices.house.gov/

Rep. Frank: http://www.house.gov/frank/

Sources: HP To Settle Civil Complaint (CNET)

By Ina Fried, Staff Writer, CNET News.com

CNET News, December 7, 2006

California's attorney general expected to announce that company has settled complaints related to spy scandal, CNET News.com has learned.

The California attorney general's office is expected to announce Thursday that it has settled civil complaints with Hewlett-Packard over the company's spying tactics, CNET News.com has learned.

The civil complaints are separate from the criminal charges already brought forward by the attorney general's office. Five people, including former HP Chairman Patricia Dunn, are facing felony charges in connection with HP's campaign to determine the source of unauthorized media leaks. All five have pleaded not guilty.

A lawyer for the attorney general's office confirmed that an announcement is scheduled for Thursday, but would not confirm or deny the civil settlement. CNET News.com reported last week that the state's top prosecutor was considering a civil complaint over HP's tactics.

An HP representative declined to comment.

As part of its effort to uncover the source of news stories, HP investigators employed the practice of "pretexting," or using false pretenses, to obtain the phone records of more than a dozen people, including board members, journalists and HP employees. The company also employed physical surveillance and sent a bogus tip with an electronic tracer to a CNET News.com reporter.

After the company's tactics came to light, Congress held hearings, and the FBI and Justice Department also launched probes. HP also faces a formal SEC inquiry into the matter.

The scandal also prompted the departures of Dunn, general counsel Ann Baskins and two other HP employees.

Judge Seeks Parmalat Settlement (FT)

By Adrian Michaels In Milan

Financial Times, December 7, 2006

A judge in New York has ordered Bank of America and the former auditors to Parmalat to set out in writing their stances on a settlement in the multibillion dollar damages case surrounding the collapse of the Italian dairy company.

Judge Lewis Kaplan has also told Parmalat itself to submit what it would accept to settle the case, telling all groups involved to consider a global settlement and to send letters relating to a deal to Henry Pitman, another judge.

Judge Pitman is to review the letters and start to assess the possibility of a global settlement in the week of December 18, according to a transcript of a hearing presided over by Judge Kaplan at the end of November and obtained by the Financial Times.

Bank of America and auditors Grant Thornton and Deloitte are being targeted for damages as it is alleged they helped prolong fraud at the company, which collapsed at the end of 2003. None has admitted wrongdoing.

Pressure on the parties to settle came to light two weeks ago when Parmalat revealed that Judge Kaplan had suspended proceedings until next year. That written settlement proposals have been demanded underscores the judge's intent.

The judge said at the hearing: "The time may be ripe to precipitate, if it is conceivable to do, a global settlement or as close to a global settlement as can be achieved...I am directing you all to talk to each other and to see where we can go."

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Shares in Parmalat, which was reborn under new management on the Milan stock exchange last year, have risen 10 per cent in the past month. Analysts estimate that Parmalat's market capitalisation of €5bn ($6.7bn) includes about €2bn that investors believe could be recovered via litigation.

Any settlement could increase pressure on Citigroup, which is being separately sued by Parmalat, to also reach an agreement.

Parmalat is pursuing another dozen or so banks in Italy for damages and targeting about 50 institutions in "revocatory" actions that seek to unwind financial transactions carried out in the months leading up to the company's collapse. About €400m has already been recovered from Morgan Stanley, Banca Popolare Italiana and Nextra.

Bank of America, Parmalat, Deloitte and Grant Thornton would not comment on Wednesday.

People close to some of the banks and auditors involved acknowledge that an all-embracing settlement would be desirable but point out it would have to include an end to a separate class- action case in the US. Talks several months ago of settlement foundered as the two sides had been far apart in their offers, people close to the negotiations said.

Credit Suisse and Italy's Banca Nazionale del Lavoro recently signed a memorandum of understanding in a proposed settlement of their part of a class-action claim against them, offering to pay $25m each if the agreement could be concluded.

Lone Star Probe Spawns Charges, But None Against The Equity Firm (WSJ)

By Evan Ramstad And Lina Yoon

The Wall Street Journal, December 7, 2006

SEOUL, South Korea -- Prosecutors here said they would charge former government officials and bankers for fraud in the 2003 sale of a controlling stake in Korea Exchange Bank to Lone Star Funds. But they brought no charges against the Dallas-based private-equity firm that has been trying to sell its stake in the bank since March.

The prosecutors said in a news conference Thursday morning in Seoul that KEB managers and government officials worked with Lone Star to make the nation's fifth-largest bank look financially troubled in order to get regulatory approval for the 2003 deal. They called the transaction -- in which Lone Star paid $1.2 billion for 51% of the bank -- "inappropriate" but not illegal and said they continue to investigate.

The prosecutors said they would indict 15 people in the matter, but they identified only two: Byeon Yang Ho, a former official at the Ministry of Finance and Economy, and Lee Kang Won, former chief executive officer of KEB.

Their probe began in late March, just a week after another Korean bank, Kookmin Bank, agreed to buy Lone Star's and other shares in KEB amounting to a 65% stake for $6.6 billion. Lone Star's profit in the deal would have amounted to about $4.5 billion.

The size of that deal and Lone Star's resulting profit shocked politicians and the Korean public. Many were upset when foreign investors over the past two years made big money by selling the control of Korean banks they had purchased in the wake of the country's economic collapse in the late 1990s.

On Nov. 20, prosecutors indicted Lone Star and KEB for alleged stock manipulation related to the merger of the bank with its separately listed credit-card unit shortly after Lone Star took over in 2003. Three days later, Lone Star ended its agreement to sell KEB stake to Kookmin Bank.

But for much of the probe, prosecutors have focused on the original sale of KEB to Lone Star. Korean politicians who pushed for the investigation claim the price Lone Star paid was too low, although it represented a 13% premium to the bank's market value at the time.

Loser Pays (WSJ)

The Wall Street Journal, December 7, 2006

One reason the tort bar files so many frivolous lawsuits is that there have been very few penalties for its legal abuses. So congratulations are due to a Texas judge who last week ordered class-action kingpin Bill Lerach to pay up for his latest wretched excess.

Federal Judge Melinda Harmon's good deed came at the end of a high-profile suit against Alliance Capital. She dismissed the case in summary fashion and invoked a little-used legal rule that requires the Lerach firm to pay Alliance's legal fees. While the plaintiffs might have had cause for filing the suit, the judge said, by the end of discovery it was clear "the continuance of the claim against Alliance was at that point without merit" and so the Lerach firm must pay for dragging Alliance past that point.

We'd call that justice, with the caveat that Judge Harmon is probably too generous in saying Mr. Lerach had a reason to sue in the first place. The suit was a Lerach Special, a novel attempt to pry money from a company only tangentially involved with the Enron debacle. An Alliance executive, Frank Savage, had served on Enron's board from 1999 to 2001. During his Enron

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tenure, he'd signed a registration statement for a bond issue that included false financial statements. Mr. Lerach's elastic legal theory was that Alliance had put Mr. Savage on the Enron board, and thus the company was liable for his actions.

Judge Harmon found that Ken Lay, Enron's chairman at the time, had invited Mr. Savage to join the board, and that Alliance had merely acquiesced. She also found that there was no evidence that either Alliance or Mr. Savage had known the registration statement was false. And she said all of this was obvious by the end of discovery, though that didn't stop Mr. Lerach from fighting on, no doubt in the hope that Alliance would settle just to make him go away.

So Judge Harmon reached back to a section of the 1933 Securities Act, which allows a court to shift costs to an opposing party if a case is frivolous or without merit. That rule, Section 11(e), is rarely invoked. But Judge Harmon used it and took the additional and unusual step of assessing the penalty against the law firm, rather than the plaintiff. A stricter version of such a "loser pays" rule is a feature of British tort law and would be a splendid U.S. reform.

She acknowledged that dunning the law firm goes against a ruling of the Second Circuit Court of Appeals, which has found that Section 11(e) "was not intended to authorize an award against the parties' attorney." But she noted that no other Circuit Court had adopted that philosophy and that "licensed" plaintiffs attorneys know better than their clients when a case has become "frivolous." Her court is part of the Fifth Circuit.

To be sure, Mr. Lerach's client was the University of California Board of Regents and no babe in the tort woods. Like many public pension representatives, the California regents have become willing fronts for the tort bar. But Judge Harmon is right that the real culprit here is Mr. Lerach, whose former firm, Milberg Weiss, was indicted this year for paying kickbacks to plaintiffs in its suits. Let's hope more judges take their duty to protect the integrity of the courts more seriously and make the loser of a frivolous lawsuit pay.

CRIMINAL LAW:

More Than 1,000 Officials Snared In FBI Corruption Probes (AP)

By Lara Jakes Jordan, Associated Press

AP, December 7, 2006

WASHINGTON – More than 1,000 government employees, including hundreds of police officers, have been convicted over the last two years in FBI corruption cases against crooked public officials, Director Robert Mueller said Wednesday.

In prepared testimony to the Senate panel that oversees the bureau, Mueller called public corruption cases the FBI's “top criminal investigative priority.”

Public corruption “erodes public confidence and undermines the strength of our democracy,” Mueller said in his testimony. “Unchecked, it threatens our government and our way of life.”

Mueller was to appear Wednesday morning before the Senate Judiciary Committee in one of its last hearings before Democrats take control of the panel next year. His remarks also outlined strides the FBI has taken to protect the nation against terror attacks since 2001.

Over the last year, the Justice Department has targeted about a dozen high-profile House and Senate lawmakers in corruption cases – including three Republicans in the month before the Nov. 7 election that shifted power in Congress to Democrats.

Overall, 177 federal officials have been convicted in corruption cases over the last two years, Mueller said. During the same time, the FBI investigated cases against 158 state officials, 360 local officials and more than 365 police officers. It was not immediately clear how many police officers represented local, state or federal law enforcement agencies.

Last year alone, the FBI saw a 25 percent rise in its public corruption investigations, resulting in 890 indictments and 759 convictions, Mueller said. There are 2,118 cases still pending, he said.

A chunk of the cases were the result of a Phoenix-based sting, code-named Operation Lively Green, which Mueller said so far has targeted 99 suspects in a bribery investigation of cocaine trafficking across the U.S.-Mexican border. More than 70 military personnel, prison guards and other law enforcement workers so far have been convicted of taking bribes to help move several hundred kilograms of cocaine across the border to Phoenix and Las Vegas, sometimes wearing uniforms and using military vehicles.

FBI Corruption Probes Snare Officials, Officers (USAT)

USA Today, December 7, 2006

More than 1,000 government employees, including hundreds of police officers, have been convicted in FBI corruption cases in the past two years, Director Robert Mueller said. He told the Senate Judiciary Committee that public corruption cases

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are the agency's "top criminal investigative priority." Those convicted include 177 federal officials, 158 state officials, 360 local officials and more than 365 police officers, Mueller said.

Committee Chairman Arlen Specter, R-Pa., pressed Mueller for information on the National Security Agency's warrantless domestic eavesdropping program against suspected terrorists. "What assurances can you provide that the program is worthwhile?" he asked. "Have arrests been made? Have terror cells been broken?"

Mueller said he has briefed the intelligence committees but wasn't authorized to share the information with the Judiciary panel.

Hurricane Center gets a new director

Veteran National Weather Service forecaster Bill Proenza was named to head the National Hurricane Center. He will succeed the retiring Max Mayfield, who headed the Miami-based agency since 2000 and became familiar to millions of Americans from his frequent TV interviews during the busy 2004 and 2005 storm seasons. Proenza, 62, director of the weather service's southern region, will take over Jan. 3, Commerce Secretary Carlos Gutierrez said.

Black Caucus picks Kilpatrick as leader

The Congressional Black Caucus unanimously chose Rep. Carolyn Kilpatrick, D-Mich., as its chairwoman for the next two years. She replaces Rep. Mel Watt, D-N.C. When the new Democratic-controlled House of Representatives convenes in January, the 43-member caucus will include the third-ranking member in the House, Majority Whip James Clyburn of South Carolina. Four members may be committee chairmen and 20 may head subcommittees.

"That's more power than African-Americans have ever had in the Congress," said Ronald Walters, a political scientist and director of the African American Leadership Institute at the University of Maryland.

Vice president's daughter is pregnant

Mary Cheney, daughter of Vice President Cheney and wife Lynne, is pregnant. Mary Cheney, 37, and her partner of 15 years, Heather Poe, 45, are expecting a baby in late spring, said Lea Anne McBride, a spokeswoman for the vice president. She said the Cheneys "are looking forward with eager anticipation" to the arrival of their sixth grandchild. Cheney was her father's aide during the 2004 campaign.

FBI Focus Yields Spike In Corruption Cases (WP)

By Dan Eggen

The Washington Post, December 7, 2006

Congress isn't the only place where public corruption is on the rise.

More than 1,000 federal, state and local government employees across the country have been convicted in government corruption cases over the past two years, including hundreds of crooked police officers and others who have dipped into the taxpayers' till, FBI Director Robert S. Mueller III said yesterday.

The numbers underscore the extent to which public corruption has become a primary, if little-noticed, focus of FBI criminal investigators, taking its place alongside preventing terrorism as one the bureau's fundamental missions.

All told, public-corruption investigations have surged by 30 percent in the past four years, to more than 2,000, officials said. The FBI now dedicates more than 600 agents and 15 percent of its criminal investigative resources to government graft.

"Public corruption is the top criminal priority for the FBI," Mueller told the Senate Judiciary Committee, adding later: "If we do not investigate these cases, they perhaps will not be investigated."

The highest-profile cases have been in Congress, including the probe into the web of corruption surrounding former lobbyist Jack Abramoff that led to guilty pleas from former congressman Robert W. Ney (R-Ohio) and some Capitol Hill aides, and a separate investigation that led to a guilty plea from former congressman Randy "Duke" Cunningham (R-Calif.). The FBI also prompted a showdown with House leaders earlier this year after it searched the Capitol Hill office of Rep. William J. Jefferson (D-La.) in connection with a probe of financial deals he was involved in.

But most of the FBI's corruption inquiries focus on state legislatures, city halls and police stations, Mueller said. The list of convictions over the past two years includes 158 state officials, 360 local officials and 365 police officers, Mueller said. One hundred seventy-seven of the convictions involved federal officials.

Among the biggest local cases were Operation Tennessee Waltz, in which 10 state officials and legislators were accused of taking payoffs in a sting operation; Operation Wrinkled Robe, a bribery investigation that led to arrests of two state judges in Louisiana; and an ongoing inquiry in Alaska that is focusing on whether state legislators accepted payments from an oil-field-services company.

Perhaps the biggest case is Operation Lively Green in Arizona, which Mueller said has targeted 99 suspects so far as part of a drug-related probe along the U.S.-Mexican border. Prison guards, service members and law-enforcement officers have been convicted of taking bribes to help move cocaine across the border.

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Law-enforcement experts said it is impossible to say whether the increase in corruption cases reflects a rise in criminality among public officials or the greater emphasis at the FBI on such prosecutions.

The number of FBI agents assigned to corruption cases has ballooned from 451 in 2001 to 618 in 2006, officials said, and Mueller has made corruption the top priority for the bureau's criminal investigative division.

James Alan Fox, a criminology professor at Northeastern University in Boston, said that "nobody really knows if the extent of corruption is higher than previous decades. All we know is that the FBI is finding more because it's focusing on these cases."

Franklin E. Zimring, a law professor at the University of California at Berkeley who has studied prosecution of public-corruption cases, said such cases are extremely difficult to pursue because they are time-consuming and well-hidden.

"Unless you have ex-wives or frustrated business partners, nobody's going to phone you and say, 'My gosh, this is happening.' You have to go out and look for it," Zimring said. "It's a lot like narcotics and prostitution in two respects: It's very labor-intensive for law enforcement, and the amount of it you find is very closely related to the amount of it that you look for."

Mueller also disclosed that the bureau is investigating leaks to the media surrounding one corruption probe, an FBI investigation of Rep. Curt Weldon (R-Pa.), who lost his seat Nov. 7. Mueller indicated that the FBI and the Justice Department have opened "a series" of leak investigations into the Weldon case and others.

The FBI's probe of alleged influence peddling was reported Oct. 13 by McClatchy Newspapers, which cited an unidentified law-enforcement source.

The FBI's shift toward public-corruption cases has come at the same time that it has dramatically decreased its role in investigating violent gangs and crime. Sen. Dianne Feinstein (D-Calif.) told Mueller that the FBI needs to focus more resources on violent crime amid evidence that national crime rates are on the rise.

"I think you've got a real need for a mission reevaluation," she said.

Mueller said that, although he hopes to add resources to investigating violent crime, "I think our priorities are appropriately aligned."

FBI Is Probing Leak Of Curt Weldon Investigation, Mueller Says (BLOOM)

By Robert Schmidt

Bloomberg, December 7, 2006

Dec. 6 (Bloomberg) -- The Federal Bureau of Investigation is conducting a leak investigation into the disclosure several weeks before the congressional elections that the FBI is probing U.S. Representative Curt Weldon, the agency's director said.

FBI chief Robert Mueller told the Senate Judiciary Committee today that the agency is pursuing ``a series'' of leak probes of its agents, including one involved in the Weldon matter. The Pennsylvania Republican, who lost his seat on Nov. 7, was involved in a tight race when the news of the investigation broke.

``I was exceptionally disappointed, and that is being charitable in terms of my response,'' Mueller said about the leak. ``It is unfair in advance of an election, but, as importantly to us, it adversely affected the investigation.''

The FBI probe of alleged influence peddling was first reported Oct. 13 by McClatchy Newspapers, which cited an anonymous law enforcement agent. Three days later, agents raided the home of Weldon's daughter and five other targets.

Senator Arlen Specter, a Pennsylvania Republican and chairman of the judiciary committee, questioned Mueller about the Weldon leak during a hearing in Washington, calling it ``highly prejudicial.''

Weldon, who called the investigation politically motivated, was defeated by Democrat Joseph Sestak.

Political Influence

The FBI is probing whether Weldon used his political influence to steer business to help his daughter Karen win consulting deals, a person familiar with the matter has said.

Mueller said that at least one of the bureau's leak probes is being handled as a criminal investigation. He told the senators that he believes investigators are having ``some success'' in discovering who the leakers are but declined to give any details.

Republican and Democratic Senators sharply questioned Mueller on such issues as the rising violent crime rate, the Bush administration program that wiretaps suspected terrorists without a court order and potential budget problems with a new paperless case file system.

Senator Patrick Leahy, the Vermont Democrat who will take over as committee chairman next year, promised to press the FBI on privacy issues related to personal information the government collects to protect against terrorist attacks.

``There is a growing concern in this country that our government knows too much about us,'' Leahy said.

Leahy told Mueller that ``oversight of the FBI and the Department of Justice will be one of my highest priorities next year.''

Mueller disputed Leahy's claim that the bureau's new computerized case management system, called Sentinel, was underfunded by $56.7 million. A Justice Department inspector general report earlier this week identified the funding problem and expressed concern that the FBI would take money away from its law enforcement mission to fill the gap.

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``There are no cost overruns and there are no budget shortfalls," Mueller said, adding that the $425 million projected price tag for the program hasn't changed.

FBI Probes Media Leaks In Corruption Cases (AP)

By Lara Jakes Jordan, The Associated Press

AP, December 7, 2006

WASHINGTON -- The FBI has begun several internal investigations, including at least one that could result in criminal charges, over leaks to the media about public corruption probes shortly before last month's elections.

At least one of the alleged leaks involves the federal inquiry of Rep. Curt Weldon, R-Pa. He lost his House seat weeks after the FBI raided the homes and offices of his daughter and her business partner.

"There are a series of investigations we've undertaken, some by our inspection side, and some, at least one we're looking at as a criminal investigation," FBI Director Robert Mueller told the Senate Judiciary Committee on Wednesday.

"Although I usually say I can neither confirm nor deny an investigation, I think it's fair to say in this particular case we are pursuing it, and by that I mean (the leak involving) Congressman Weldon," Mueller said.

Mueller described himself as "exceptionally disappointed, and that is being charitable, in terms of my response upon hearing about the leak."

On Oct. 13, McClatchy Newspapers reported that the FBI was looking into whether Weldon illegally steered $1 million in contracts to his daughter's lobbying firm. Agents followed up with the raid three days later, in part out of fear that evidence would be destroyed after the investigation was exposed.

Officials also confirmed federal investigations of several other House lawmakers that month, including former Rep. Mark Foley, R-Fla., and retiring Rep. Jim Kolbe, R-Ariz. All three men have maintained their innocence.

Senators scolded Mueller about the leaks. The committee chairman, Sen. Arlen Specter, R-Pa., said the disclosures were "just disastrous" for suspects who have not been charged, much less proven guilty.

Similarly, Sen. Charles Grassley, R-Iowa, lectured Mueller about refusing to brief lawmakers about the FBI's continuing investigation of the 2001 anthrax attacks _ even though many sensitive details were reported in several newspapers.

"This looks like an example of the FBI's left hand not knowing what the right hand is doing," Grassley said. "You're telling me that you won't answer questions about the anthrax investigation, while someone else is telling the public that you're keeping us fully informed."

Leak investigations at the FBI, particularly those that could bring criminal penalties, are rare, former agents and experts said. They are hard to prove, particularly if some of the information has already been reported in the media or revealed in court documents.

Disclosing information a grand jury is considering is a serious crime, and such leaks often aim "to sway public opinion in favor of the government," said Martin Pinales, president of the National Association of Criminal Defense Lawyers.

"They also have the possibility of swaying the jury pool down the road," Pinales said. "So, in that context, they're a problem."

On the other hand, leaks may sometimes be the price of having an open government in a democracy, said Ronald Collins, a scholar at the First Amendment Center.

"Legally, those who leak do so at their own peril," Collins said. "Does the public's right to know, does knowledge of our government depend on leaks _ including illegal leaks? Unquestionably."

FBI agents can be forced to take lie-detector tests or otherwise cooperate with investigations to avoid losing their security clearances, and in turn, their pay. Information about ongoing criminal cases generally is shared with prosecutors and other law enforcement authorities _ widening the scope of suspects in leak cases.

Fred Bragg of the FBI Agents Association said his group "would invite a strong look at any leak matter _ and we look forward to those results."

Son Of Ex-Liberian President Indicted In Miami On Torture Charges (MH)

By Jay Weaver

The Miami Herald, December 7, 2006

A federal grand jury in Miami today indicted the son of former Liberian President Charles Taylor on torture charges in what is believed to be the first criminal case of its kind in the country.

Charles McArthur Emmanuel, 29, accused of committing atrocities in Liberia as the former head of a paramilitary unit in his father's government, already is in custody in the Federal Detention Center in Miami. He faces sentencing Thursday on a separate passport-fraud conviction.

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Emmanuel, a U.S. citizen born in Boston who is known as "Chuckie" Taylor, admitted that he falsified his application for a passport to enter the United States from Trinidad on March 30. He was arrested by U.S. Customs and Border Protection agents upon his arrival at Miami International Airport.

His father, who was arrested the day before in Africa, faces a U.N.-backed war crimes trial for alleged atrocities during Sierre Leone's civil war. The elder Taylor also has been linked to killings, kidnappings, torture and other violence in Liberia, where his son headed the "Demon Forces," the security unit blamed for many of the alleged atrocities.

Liberian nationals and human rights activists lauded Emmanuel's prosecution as a day of justice.

"Chuckie was very feared, more feared than his father," said

Hassan Bility, a Liberian journalist and critic of the former president, who was jailed by the regime in an underground torture cell for six months in 2002.

"This is a guy who killed young girls who wouldn't have sex with him," said Bility, who was granted U.S. asylum in 2003 and lives in Boston. ``This is a guy who tormented a lot of families."

Emmanuel's lawyer in the passport case, Miguel Caridad, could not be reached for comment.

Since last spring, federal prosecutors in Miami and Washington, D.C., have been building a criminal case against Emmanuel on torture allegations stemming from his role in the Taylor government, which was in power from 1997 to 2003, an era scarred by civil war and ethnic conflict.

The significance of Emmanuel's prosecution was so great that U.S. attorney R. Alexander Acosta flew to Washington to join U.S. Attorney General Alberto Gonzales to announce the indictment at a news conference this afternoon.

Human rights activists, who have focused world attention on the alleged atrocities in Liberia, hailed the prosecution of Emmanuel, the former head of the 800-man Anti-Terrorism Unit in Liberia.

A report by Human Rights Watch described the ATU as a force created by Taylor shortly after he became president in 1997, claiming it was involved in abuse of civilians, extortion, looting, murders, recruitment of child soldiers and torture.

Some torture victims were held in water-filled holes in the ground, "beaten and sexually abused, and forced to drink urine and eat cigarette butts," the Human Rights Watch report found.

Elise Keppler, a lawyer for the New York-based group, called the prosecution of Taylor's son "hugely significant," noting that it is the first case brought under a decade-old federal torture law.

"It's an historic step and has enormous importance for victims in Liberia and the U.S. government in bringing justice for atrocities committed abroad," Keppler said, adding this first prosecution was ``long overdue."

Bility, the journalist who worked for Liberia's The Analyst newspaper, cited Emmanuel's alleged role in various atrocities. The ATU, he said, was essentially a "hit squad" for the Taylor government.

"Chuckie is now going to have to account for his terrible deeds," Bility said.

Before joining his father in Africa, Emmanuel led a troubled life as a youth in Central Florida.

He had a lengthy juvenile arrest record in the early 1990s growing up in the Orlando area, according to court papers filed in the separate passport case. Among the charges: assault and battery, auto theft, robbery, resisting arrest and grand larceny.

One Florida mental health assessment of Emmanuel in 1994, when he went by the name Roy Belfast Jr. after his stepfather, said he had "an extensive history of aggressive criminal charges" and ``problems with anger control."

When he was arrested at the Miami airport last March, authorities found dozens of pages of Emmanuel's writings that appeared to be rap lyrics filled with violent imagery and obscenities, according to records filed in the passport case.

There were several references to the ATU and such lines as 'we ain't takin' no slack/ya'll try to tackle mine/layin bodies in stacks" and ``take this for free/six feet under is where you gonna be."

In that case, Emmanuel pleaded guilty in September to lying on a U.S. passport application about his father's identity and faces up to 10 years in prison. He identified his father as "Steven Daniel Smith" on the application, rather than Taylor or his stepfather, Roy Belfast.

Under federal sentencing guidelines, however, he is expected to serve 1 ½ years in prison.

Anti-Torture Statute Used To Indict Son Of Liberia's Ex-Leader (WP)

By R. Jeffrey Smith

The Washington Post, December 7, 2006

The Justice Department invoked a 12-year-old federal anti-torture statute for the first time yesterday, indicting the son of former Liberian president Charles Taylor in connection with the alleged use of a hot iron, scalding water and an electrical device to shock and burn an ally of his father's political opponents.

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The indictment involves a rare use of a U.S. human rights law against a foreign national or a U.S. citizen over an act committed outside U.S. territory. Taylor's son allegedly committed the torture in the Liberian capital of Monrovia in July 2002, while he headed an "antiterrorist unit" charged with protecting Taylor.

The son -- who is known as Chuckie Taylor but who legally changed his name to Roy Belfast Jr. in 1990 -- has been in a Florida jail for the past nine months on charges of trying to enter the United States on a false passport. In a court pleading in that case, his attorney said that Belfast, 29, has "consistently denied any criminal acts while in Africa."

Human Rights Watch, an advocacy group, had been lobbying the Bush administration to invoke the statute against Taylor since his arrest at the Miami airport after a flight from Trinidad. Amnesty International, which said in 2002 that at least 150 human rights abusers were living in the United States and called the country a "haven for torturers," had separately been pressing the Justice Department to invoke the 1994 criminal statute.

The charges are "important for Liberia, but also important because it opens a precedent," said Elise Keppler, a lawyer in Human Rights Watch's international justice program.

Until now, however, the government had preferred to seek extradition rather than criminal indictments. "These cases are hard cases," Julie L. Myers, head of the Immigration and Customs Enforcement (ICE) agency, said at a news conference yesterday. "In this case alone, we had agents from . . . three different agencies flying all over the world to get evidence."

Myers called the indictment a milestone. She said it will send "a clear message that the United States will not be a safe haven for human rights violators." She noted that her agency created a new unit in 2003 to investigate human rights crimes. Myers described the Taylor case as "only one of numerous criminal investigations . . . in the United States where ICE agents are working closely with the Department of Justice on a variety of charges."

At the time of his arrest, Taylor admitted using a false passport, saying he was trying to evade a travel ban imposed on his family by the United Nations. Federal immigration authorities said that Taylor, who was born in Boston while his father was a student there, was trying to sneak back into the country after fleeing in 1994 to evade Florida charges of attempted robbery, aggravated assault and firearms possession.

Taylor's father escaped from a Massachusetts jail in 1985 to evade extradition on charges of embezzlement in Liberia, then formed a rebel group in his homeland. He took power there in 1997 after a seven-year civil war that killed 250,000 people. He was indicted on war crimes charges by a U.N.-sanctioned court in 2003 and arrested in Nigeria last March.

Yesterday's indictment of Belfast alleges that the torture, involving a co-conspirator who was not named, was committed after the victim was brought to the presidential residence.

Torture Charges A First In U.S. (WT)

By Jerry Seper, THE WASHINGTON TIMES

The Washington Times, December 7, 2006

A federal grand jury in Miami has charged the son of former Liberian President Charles Taylor in the 2002 torture of a man who was burned with a hot iron, forced at gunpoint to hold scalding water, repeatedly shocked and had salt rubbed into his wounds.

Assistant Attorney General Alice S. Fisher said the indictment, handed up in U.S. District Court in Miami, accuses Roy Belfast Jr., 29, who also is known as Charles Taylor Jr., Charles Taylor II and Charles McArthur Emmanuel, with one count of torture, one count of conspiracy to torture, and one count of using a firearm during the commission of a violent crime.

Mrs. Fisher said the indictment charges Belfast, who was born in the United States, with participating in the July 2002 torture in Monrovia, Liberia, while he was serving as chief of a violent paramilitary unit during his father's regime.

"This marks the first time the Justice Department has charged a defendant with the crime of torture," Mrs. Fisher said.

According to the indictment, the victim -- who was not identified -- was abducted from his home and transported to various locations, ultimately arriving at the residence of Mr. Taylor, who was then president of Liberia. It said Belfast observed questioning of the victim at this location before he was transported to the residence of a co-conspirator for continued interrogation.

While at the residence, the indictment said, Belfast and others tortured the victim, including burning his flesh with a hot iron, burning various parts of his body with scalding water, repeatedly electrically shocking the victim's genitalia and other body parts, and rubbing salt into the victim's wounds.

Belfast is in federal custody in connection with a criminal charge of passport fraud, to which he pleaded guilty on Sept. 15. He admitted lying on his passport application by listing his father as "Steven Daniel Smith" rather than Charles Taylor or his stepfather, Roy Belfast. His sentencing is scheduled for today.

He was born in Boston in 1977 to a former girlfriend of his father.

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Human Rights Watch, a nonprofit international rights group, said Belfast led the elite Anti-Terrorist Unit (ATU) from 1997 through 2002 when it is accused of being involved in torture, violent kidnappings, assaults, rape, beatings and burning people to death.

"Today's first-ever charges for torture committed abroad are a crucial step by the U.S. government to ensure justice for this crime," said Elise Keppler, Human Rights Watch counsel.

Belfast, who legally changed his name to Roy Belfast Jr. in 1990, is being prosecuted under a never-used 12-year-old statute that criminalizes torture and provides U.S. courts jurisdiction to hear cases involving acts of torture committed outside the United States if the offender is a U.S. national or is present in the United States, regardless of nationality.

If convicted, he faces life in prison.

Mr. Taylor, the former president, faces trial next year at The Hague on charges of war crimes and crimes against humanity in the murder, rape and mutilation of thousands of people during Sierra Leone's bloody 10-year civil war. He has pleaded not guilty.

Son Of Liberia's Ex-Leader Charged In Miami Under Anti-Torture Law (NYT)

By David Johnston

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — The son of Charles G. Taylor, Liberia's former president, was charged Wednesday with two counts of torture and one count of using a firearm in a violent crime during interrogation of an opposition figure in Monrovia, the Liberian capital, according to a federal indictment brought in Miami.

The case is the first in which federal authorities invoked the anti-torture law, which bans extreme interrogation methods. The law gives American courts jurisdiction over reported abuse overseas by American citizens.

Mr. Taylor's son, Charles McArthur Emmanuel, was born in the United States. Mr. Emmanuel, 29, has pleaded guilty to passport fraud and is in federal custody awaiting sentencing, scheduled for Thursday, on that charge.

Mr. Taylor, the former president, is awaiting trial in The Hague on war crimes charges.

According to the indictment, Mr. Emmanuel, also known as Charles Taylor Jr., engaged in torture in July 2002 while he was an official of his father's government. Human rights groups have said he led an antiterrorist unit that engaged in widespread brutality against civilians.

If convicted of all the charges against him, he faces a maximum term of life in prison, officials said.

The three-count indictment said the victim, who is not named, was a political opponent of the Taylor government. The victim was taken from his home to several locations, including the president's residence, and later to the home of a co-conspirator in the Liberian security service.

There the man was repeatedly burned with a hot iron and scalding water, the indictment said. He was given electric shocks and salt was rubbed into his wounds. The interrogation was carried out at gunpoint, the indictment said.

The United States attorney in Miami, R. Alexander Acosta, said these acts violated federal law. "Such conduct is criminal and constitutes torture, and must be prosecuted," he said.

Julie L. Myers, assistant secretary of homeland security, said the case showed that the United States "will not be a safe haven for human rights violators."

Human rights groups praised the indictment, saying the use of the law set an important precedent in an effort to stop abuses around the world.

But groups in the United States and elsewhere have criticized the Bush administration for its failure to use the anti-torture law in cases in which terrorism suspects held overseas have been abused or killed while in American custody.

"Enforcement of federal laws on torture committed abroad is long overdue," Elise Keppler, a lawyer at Human Rights Watch, said in a statement.

Son Of Ex-Liberian President May Face U.S. Torture Charges (AP)

By Curt Anderson

AP, December 7, 2006

MIAMI - The son of former Liberian President Charles Taylor was indicted Wednesday on U.S. charges of committing torture as chief of a violent paramilitary unit during his father's regime, marking the first time a 12-year-old federal anti-torture law has ever been used, U.S. officials said.

Charles McArthur Emmanuel, also known as Charles "Chuckie" Taylor Jr. and Roy M. Belfast Jr., was charged in a three-count federal indictment with committing torture overseas as a U.S. citizen as well as conspiracy. He was born in Boston in 1977 to a former girlfriend of Taylor, who was a college student there at the time.

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Because Emmanuel, 29, was born in the United States, prosecutors charged him under a 1994 law making it a crime for a U.S. citizen to commit torture or war crimes abroad. Emmanuel is already in custody in Miami awaiting sentencing for falsifying his father's name to get a passport he used to enter the U.S. from Trinidad in March.

Alice Fisher, assistant U.S. attorney general for the Justice Department's criminal division, said the indictment was the first time charges under the torture laws had been brought. Emmanuel faces a potential life prison sentence.

"Crimes such as these will not go unanswered," Fisher said at a news conference in Washington with Miami U.S. Attorney R. Alexander Acosta and Julie L. Myers, head of U.S. Immigration and Customs Enforcement.

"This is a clear message that the United States will not be a safe haven for human rights violators," Myers said.

Emmanuel headed the Anti-Terrorist Unit in Liberia after his father became president in 1997. The indictment says that on July 24, 2002, the unit and National Police abducted an unnamed man from his home, and Emmanuel was seen interrogating him at Taylor's presidential residence, known as Whiteflower.

Later, according to the indictment, the man was taken to another residence where Emmanuel and others allegedly burned him with a hot iron, forced him at gunpoint to hold scalding water, used electric shocks on his genitalia and other body parts and rubbed salt into this wounds.

Emmanuel's court-appointed lawyer, Miguel Caridad, declined comment on the new charges.

Human Rights Watch, a nonprofit international rights group, and Liberian witnesses have said the unit was involved in many murders, kidnappings, torture, abuse of civilians, recruitment of child soldiers and looting.

"Given Chuckie Taylor's links to serious human rights abuses in Liberia, this indictment is especially significant for victims there," said Elise Keppler, counsel for Human Rights Watch's International Justice Program. "After years of civil war, the Liberian justice system is in no shape to pursue this."

Emmanuel's father, meanwhile, faces trial next spring in The Hague, Netherlands, on charges of war crimes and crimes against humanity for allegedly overseeing the murder, rape and mutilation of thousands of people during Sierra Leone's bloody 10-year civil war, many hacked to death with machetes. Taylor has pleaded not guilty.

Emmanuel pleaded guilty in September to lying on his passport application by listing his father as "Steven Daniel Smith" rather than Taylor or his stepfather, Roy Belfast. Emmanuel legally changed his name to Roy Belfast Jr. in 1990 and had a long criminal record as a child in the Orlando area under that name, according to court documents.

Sentencing was scheduled for Thursday in the passport case, with prosecutors seeking a nearly two-year prison term.

In a written statement to the judge in passport case, Emmanuel said he falsified the name to get around a United Nations travel ban imposed on both him and his father. But Emmanuel said he was the victim of a "smear campaign" regarding the alleged Liberian atrocities, mentioning the 2005 Hollywood film "Lord of War" as an example.

"I am alongside my father depicted as a gold gun toting made man who lusts for girls with cowboy hats along with diamonds and money," Emmanuel wrote. "I wish not for these allegations, perceptions, and hypothefications to exist; clearly they are above the realm of reality."

Emmanuel joined his father in Liberia in 1997, three years after fleeing prosecution in Orlando on attempted robbery, aggravated assault and other charges, court documents show. Taylor had taken office that year after leading a rebel group against former President Samuel Doe during a seven-year civil war that claimed some 250,000 lives.

Taylor fled Liberia in 2003 after his indictment by the special Sierra Leone court. He was arrested in Africa one day before his son was apprehended March 30 at Miami International Airport.

US Charges Son Of Ex-Liberian President Taylor With Torture (AFP)

AFP, December 7, 2006

US justice authorities charged Charles "Chuckie" Taylor, 29, a US citizen and the son of former Liberian president Charles Taylor, with torture for acts carried out in Liberia.

"This marks the first time the Justice Department has charged a defendant with the crime of torture," Assistant Attorney General Alice Fischer said in announcing the indictment.

Taylor, who is in custody in the United states in connection with a charge of having a false passport, to which he pleaded guilty in September, was head of Liberia's anti-terrorism forces under his father's regime 1997-2003.

He is being prosecuted under a federal law that gives US courts jurisdiction to hear cases involving acts of torture committed outside the United States if the offender is a US national or is present in the United States.

The maximum penalty for torture is life imprisonment.

Taylor on Wednesday was charged with one count of torture, one count of conspiracy to torture and one count of using a firearm during the commission of a violent crime, the Justice Department said in a statement.

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Specifically, he is charged with participating in the torture of a person in July 2002 who had been abducted from his home and taken to the residence of a member of the Liberian Special Security Service.

"The allegations in this case include acts of torture, such as burning flesh with a hot iron, burning flesh with scalding water, and applying electric shocks," US Attorney Acosta said in the statement.

"This is a clear message that the United States will not be a safe haven for human rights violators," said Assistant Secretary for Immigration and Customs Enforcement Julie Myers.

Warlord-turned-president Charles Taylor was forced to step down from power in August 2003 in a bid to end 14 years of successive civil wars, and a transitional government was put in place to run the resource-rich but impoverished west African country.

Man Sentenced In Tenn. Corruption Probe (AP)

AP, December 7, 2006

MEMPHIS, Tenn. (AP) — A county official whose family has a long history in the civil rights movement was sentenced Wednesday to slightly more than two years in prison for bribery.

Michael Hooks Sr., the former chairman of the Shelby County Commission, is one of 11 people, including five current or former state lawmakers, charged in an undercover FBI investigation code-named Tennessee Waltz.

Judge J. Daniel Breen noted Hooks' guilty plea and statements of remorse in sentencing him to 26 months, less than the federal guidelines. Breen also ordered two years' supervised release after the prison term, which does not allow for parole.

"We thought there was a chance of getting a little less, but I've done much more to myself than the judge could ever do," Hooks said.

Hooks, 56, pleaded guilty to taking $24,200 from FBI agents posing as representatives of E-Cycle Management, a fake company that sought favors from government officials.

Hooks grew up in the home of his uncle, Benjamin Hooks, 81, the former national director of the National Association for the Advancement of Colored People. The elder Hooks said he had advised his nephew to admit his wrongdoing.

"Having raised Michael, loving him like a son, I hate to see this happen," Benjamin Hooks said outside the courthouse. "He made a mistake. Many of us do, and he has to pay the price of the mistake."

Hooks Sr. Gets 2 Years, 2 Months In Waltz (MCA)

By Lawrence Buser

Memphis Commercial Appeal, December 7, 2006

December 7, 2006 Vowing to spend the time doing "an exhaustive moral inventory of myself," a contrite Michael Hooks Sr. was sentenced Wednesday to two years and two months in federal prison for accepting more than $24,000 in bribes as a county commissioner.

Hooks, 56, who also is a former city councilman and county assessor, told U.S. Dist. Court Judge J. Daniel Breen he had made "a career-ending, life-altering mistake" and asked the judge for leniency.

Advertisement

"Elected office was very dear to me," said Hooks, whose political career began nearly 30 years ago. "I've ruined the legacy of this family. I've got to find a way to make that right."

Dr. Benjamin Hooks, the famed civil rights leader who raised him, said his nephew must pay the price for his mistake, but that he expects him to grow stronger because of it.

"I talked to Michael when this first happened, and my advice was very simple: If you're guilty, admit it and get rid of it," said Hooks, 81, who also was FCC chairman and national leader of the NAACP. "At some point, no matter whose son or daughter you are, if you make a mistake you pay for it, but it should not tarnish you forever."

Hooks technically faced up to 10 years in prison, but federal guidelines suggested a punishment range of 33 to 41 months for Hooks.

Breen said that, among other factors, he considered Hooks' years of public service and also his violation of public trust.

Breen and federal prosecutors were clearly impressed by Hooks' admission of guilt and his refrain from criticizing the FBI's Tennessee Waltz investigation that recorded his downfall.

"He has accepted responsibility about as sincerely and publicly as he can," Asst. U.S. Atty. Tim DiScenza told the judge.

By comparison, former state senator Roscoe Dixon's defense in his bribery trial included allegations of entrapment and racism.

Dixon, who was convicted of accepting $9,500 in bribes, was sentenced by another judge to five years and three months in prison.

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Hooks, who was represented by attorney Steve Farese, pleaded guilty in August to accepting $24,200 in bribes from informants or FBI agents posing as crooked businessmen for helping a fictitious company, E-Cycle Management, secure business deals with Shelby County Government.

Between Sept. 7, 2004, and March 10, 2005, he received five payments -- ranging from $3,500 to $6,000 -- in locations that included E-Cycle offices, Hooks' home and the bathroom of a Downtown restaurant.

The transactions were captured on hidden audio or video devices.

So far, seven elected officials or aides have been convicted or pleaded guilty in the Tennessee Waltz investigation.

Five others are awaiting trial, including the County Commission's former top administrative officer, Calvin Williams, whose bribery trial is scheduled to begin Monday.

Another defendant is Michael Hooks Jr., who is accused of conspiring to defraud the Juvenile Court clerk's office of more than $60,000 in 2001.

His father said his guilty plea should have no bearing on his son's case.

"I would hope that my acceptance would show him that even when you're wrong, you can stand strong," said the elder Hooks. "We know he's innocent, and we hope he can stand strong."

Hooks Sr. will remain free until the U.S. Bureau of Prisons notifies him in several months when and where to report.

Hooks asked Breen to recommend that he be incarcerated at the federal prison camp on the Maxwell Air Force Base in Montgomery, Ala., which he said has medical facilities for the knee replacements he needs and for treatment of his high blood pressure and diabetes.

"I don't want to be close to Memphis because I don't want my family to feel like they'll be obligated to come and see me," Hooks told reporters outside of the federal building.

"I need time to do an exhaustive moral inventory of myself. I've broken down and I just need to reconstruct myself and start a new life. No more public office. I have only one race to run and that's for salvation and redemption."

Cloud Of Public Corruption Looms Over Shelby County (WMC)

WMC-TV, December 7, 2006

A cloud of public corruption is looming over Shelby County; troubled elected officials bear a common thread which is impossible to ignore.

Rhodes Professor Charles McKinney doesn't hold the answer to the riddle of race in Shelby County.

He says citizens must be able to trust their elected officials as well as the government agencies monitoring them. Specifically, McKinney says, the FBI.

McKinney adds,"What does it mean that the vast majority are Democratic or, perhaps more importantly, are African-American.

"If somebody is targeting Democrats, the vast majority of them, that's going to mean one of two things: one, they're targeting Democrats, and two, they're targeting African-American Democrats. If that is, in fact, the case," says McKinney.

McKinney says that this case is another unfortunate example of the peeling and stripping away of public trust.

He says that nobody wins when that happens.

McKinney adds that critical inquiry of the public process is not only crucial, it's a citizen's civic responsibility.

Former Official Pleads Guilty To Accepting Bribes (AP)

AP, December 7, 2006

CENTRAL ISLIP, N.Y. — A former director of contracting for the Army pleaded guilty in federal court to accepting more than $350,000 in cash, as well as airline tickets and hotel rooms, as bribes in exchange for awarding contracts at an Army recreational facility in Germany, prosecutors said Wednesday.

Steven Potoski, 46, of Shriesheim, Germany, a former civilian Army employee, pleaded guilty to one count of bribery and three counts of filing false tax returns, Assistant Attorney General Alice S. Fisher for the Criminal Division said in a statement released from Washington.

Potoski faces up to 15 years in prison and a $250,000 fine on the bribery count and a maximum of three years in prison and $100,000 fine for each count of filing false tax returns.

Prosecutors said that between August 1998 and July 2005, Potoski served as director of contracting for the Edelweiss Lodge and Resort, Armed Forces Recreation Center (AFRC Europe), in Garmisch, Germany. During that time, Potoski accepted bribes from contractors and subcontractors in exchange for contracts to work at the AFRC Europe.

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In all, Potoski accepted over $350,000 in bribes from 15 contractors or subcontractors, two American contractors, 12 German contractors, and one British contractor, Fisher said. Bribes also came in the form of home renovations, automobile maintenance, airline tickets, hotel rooms and furniture, among other things.

No sentencing date was announced.

It was not immediately clear why the case was brought in U.S. District Court in Central Islip.

Fumo Calls Grand-jury Judge Biased (PHI)

By John Shiffman

The Philadelphia Inquirer, December 7, 2006

State Sen. Vincent J. Fumo says the federal judge supervising a grand jury investigation of him should step aside, citing a long history of "political animosity" between the judge and senator.

U.S. District Judge Legrome D. Davis has declined to recuse himself, saying he bears no animosity to Fumo, who strongly opposed the judge's nominations to the Philadelphia Court of Common Pleas and the federal bench.

In a sealed order issued in July, Davis called Fumo's prior opposition nothing more than "political gamesmanship."

A federal appeals court agreed with Davis, and now Fumo has appealed to the U.S. Supreme Court.

In the new appeal, Fumo's lawyers say the senator has "made repeated personal attacks on Judge Davis' character, honor, independence, integrity, honesty, judicial temperament and suitability for office."

It's not unreasonable to think the judge might subscribe to the adage "Revenge is a dish best served cold," wrote lawyers Richard A. Sprague and Geoffrey R. Johnson.

Davis, a Democrat appointed to the bench by President Bush in 2002, is now the randomly assigned judge presiding over a federal grand jury investigating Fumo. That investigation, now three years old, is nearing its conclusion.

Davis declined to be interviewed yesterday. His ruling was issued in July, under seal. It became public when Fumo's lawyers attached it to their Supreme Court brief.

Davis wrote that he has does not have "any degree of personal animosity or prejudice" toward Fumo.

Assistant U.S. Attorney John Pease said that he could not comment on the matter because Davis has not made his ruling public.

"It's still under seal," Pease said, adding that Fumo's lawyers "had no authority" to release it. Johnson declined to comment.

Fumo's brief also discloses that Fumo had accused prosecutors of illegally leaking grand jury material to the media, an allegation Davis rejected.

The FBI and IRS are trying to determine whether Fumo used a South Philadelphia charity, Citizens' Alliance for Better Neighborhoods, for personal or political advantage.

The probe is focused on multimillion-dollar donations to the nonprofit by Peco Energy Co., along with the charity's real estate deals and its alleged payments for political polls.

Prosecutors, who have charged two former Fumo computer technicians with obstruction of justice for allegedly deleting e-mail, had said they expected to make a decision by Christmas on whether Fumo will be charged.

However, that timetable had been based on an expected January trial date for technicians Leonard Luchko and Mark Eister.

Now that the trial date has been moved to May, prosecutors may delay their decision on Fumo until the end of the grand jury term, in early February.

As the presiding grand jury judge in this case, Davis has issued 16 orders, almost all of them sealed. In one case, Davis ordered a defense lawyer to testify before the grand jury against the wishes of a Fumo ally. An appeals court upheld the ruling.

If Fumo is charged, the odds are that the trial will be assigned to another judge. Luchko and Eister, for example, are to be tried by Judge William H. Yohn.

Fumo's history of conflict with Davis goes back to the 1980s. In 1987, following a scandal over judges taking cash from the Roofers' union, Gov. Robert P. Casey nominated Davis to become a city judge.

As Fumo notes in his filing, he opposed Davis' nomination because Davis did not have the support of the city Democratic organization.

In 1998, when President Bill Clinton nominated Davis to the federal bench, Fumo used his influence to scuttle the confirmation before the U.S. Senate, despite a personal entreaty from Clinton himself. In 2002, President Bush nominated Davis and, after Davis and Fumo met privately, Fumo relented and Davis was confirmed.

In his ruling, Davis said the law did not require him to recuse himself and noted that he would not necessarily recuse himself from a case involving someone who supported him.

The documents filed in the Supreme Court disclose for the first time a 2002 private meeting between Fumo and the judge. After that meeting, Fumo dropped his opposition to Davis becoming a federal judge.

Now, the two men have different recollections about what happened.

Fumo's lawyers said Davis had come "hat in hand" for the senator's support.

But by Davis' account, the meeting was far more cordial. In his opinion, the judge said, he and the senator "reconciled all political differences" and "ended any tension between the two of us."

Tight Christmas (PHILCP)

Philadelphia City Paper, December 7, 2006

Rumors of looming indictments dampen the mob's holiday spirit. But is it a ruse?

Many mobsters in the Philadelphia Cosa Nostra are dreaming of a jail-free holiday season, but they're worried that all they'll get for Christmas are chunks of coal taking the form of federal racketeering indictments.

Fueling concerns is the fact that undercover feds have been seen closely monitoring alleged mob meeting places in South Philly, Northeast Philly, Cherry Hill and Margate. It seems as if purported boss Joseph "Uncle Joe" Ligambi is the focus of attention.

"The FBI is following Ligambi around the clock," a mob associate tells City Paper. "A lot of people think something big is coming down the pike."

Despite the concerns, one local defense attorney who has represented mobsters says he thinks the feds are merely floating indictment rumors because they've wiretapped the local mob.

"It's called 'tickling the wire,'" the attorney explains. "The police tell the press. The press tells everyone else and when the gangsters hear about it, they start blabbing to each other over the telephone. The FBI hopes that someone will panic and say something incriminating."

The paranoia isn't exactly a new. Mobsters have been worried about Steven Carnivale, a Bucks County drug dealer and mob associate who has been talking to, and testifying for, the feds for the past two years.

Last year, his testimony helped convict mob associate Anthony "Tony Gags" Gagliardi on cocaine-trafficking charges. Carnivale claims he helped the Philly mob shake down Bucks bookies, and says Gagliardi was part of a crew that supposedly reported to reputed capo Gaeton Lucibello.

Then, last month, the feds busted two reputed mob associates: Damion Canalichio on drug-dealing charges, and Vincent Filipelli on gambling and extortion charges.

Canalichio, a onetime driver for imprisoned mob underboss Stevie Mazzone, allegedly set up three cocaine deals in South Philly. Law enforcement sources also claim he ran an illegal gambling operation in Philly and South Jersey. Filipelli, a onetime bodyguard and driver for jailed boss John Stanfa, allegedly ran an illegal sports-betting operation. The former Mr. Universe and Mr. America contestant is charged with racketeering and possession of anabolic steroids and drug paraphernalia.

Despite the charges, Filipelli's underworld status has been the subject of a much-heated debate lately. One mobster who pledges allegiance to Ligambi claims Filipelli has never been a fully initiated member, while law enforcement sources insist otherwise.

"A lot of the made guys around today were with [Joey] Merlino and [Ralph] Natale during the mob war against Stanfa," an organized crime investigator explains. "They don't know everyone that Stanfa initiated into the mob, but we know that Filipelli is a made guy."

As for any looming arrests?

"We're always building a case," says an organized crime investigator, "but it takes a long time. The feds are putting something together, but they have a long way to go."

"Sloppy and Greedy" Local mobsters are also talking about the recent indictment of William "Big Billy" D'Elia, the reputed boss of the Scranton-Wilkes-Barre mafia who has long been a good friend of the Philly mob.

Six weeks ago, D'Elia was indicted by the feds for soliciting murder, money laundering and witness tampering, among other charges. At the time, he was out on bail for a money-laundering charge from May. D'Elia allegedly asked a U.S. Customs Agency informant to murder two witnesses in the original money-laundering case. In return, D'Elia allegedly offered to kidnap and kill a smuggler who had stolen more than $400,000 from the informant, who was posing as a Dominican drug dealer.

D'Elia has pleaded not guilty to all the charges and, in recent years, has been spotted visiting Ligambi here while making frequent trips to the Big Apple to meet with leaders of New York's five families.

"Big Billy got sloppy and greedy," one local mobster says. He explains that a boss normally orders a "family" member to arrange or carry out a hit, but the Wilkes-Barre mob, once the most powerful crime family in the state, has lost a significant number of members. They didn't backfill the positions so they wouldn't have to share with newcomers.

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"If convicted, he will spend the rest of his life behind bars," an investigator says. "If he decides to flip, he can bring down mob bosses from New York to Miami."

That scenario is what has some local mobsters hyperventilating, but one Philadelphia member of the Cosa Nostra who has known D'Elia for two decades says being a government informant is just not in his nature.

"He's a man's man," the mobster says. "He will never talk to the feds. Never."

FBI Says U.S. Criminal Gangs Are Using Military To Spread Their Reach (S&S)

By Seth Robson, Stars and Stripes

Stars and Stripes, December 7, 2006

GRAFENWÖHR, Germany — U.S. criminal gangs have gained a foothold in the U.S. military and are using overseas deployments to spread tentacles around the globe, according to the FBI.

FBI gang investigator Jennifer Simon said in an e-mail to Stars and Stripes this week that gang members have been documented on or near U.S. military bases in Germany, Italy, Japan, South Korea and Iraq.

"It's no secret that gang members are prevalent in the armed forces, including internationally," Simon said, adding that the FBI is preparing to release a report on gangs in the military.

Among the cases:

¶ In Iraq, armored vehicles, concrete barricades and bathroom walls have served as canvasses for spray-painted gang art. At Camp Cedar II, about 185 miles southeast of Baghdad, a guard shack was recently defaced with "GDN" for Gangster Disciple Nation, along with the gang's six-pointed star and the word "Chitown," according to the Chicago Sun-Times.

¶ In Germany, a soldier is being prosecuted this week for the murder of Sgt. Juwan Johnson, beaten to death on July 4, 2005, allegedly during a Gangster Disciple initiation in Kaiserslautern.

¶ In September, Department of Defense Dependents Schools in Europe warned teachers and parents to watch out for signs of gang activity, including the deadly MS-13 gang. At the time, DODDS-Europe public affairs officer David Ruderman said there had been two incidents in the past 18 months that involved students fighting, wearing gang colors or claiming to be members of gangs. In one of the incidents, a student's family member may have been a gang member, he said.

¶ Earlier this year, Kadena Air Base on Okinawa established a joint service task force to investigate gang-related activity involving high school teens linked through the Web site MySpace.com.

Last year, the U.S. Army conducted 11 felony investigations into gang activity, one of those being the death of Johnson, said Christopher Grey, a spokesman for the Army Criminal Investigation Command (CID) in Virginia. Three of the incidents, including the Johnson case, took place in Europe, Grey said.

"We investigate all credible reports of gang activity," Grey said, adding that CID has programs to combat gang activity in the Army.

Soldiers are reluctant to talk openly about gang problems. However, Spc. Bautista Kylock, 21, of the 2nd Cavalry (Stryker) Regiment in Vilseck, Germany, said last week that there are gang members within his unit.

Kylock blamed recent violence around Vilseck on soldiers affiliated with the Crips and Bloods street gangs.

Scott Barfield, a former Defense Department gang detective at 2nd Cav's last duty station, Fort Lewis, Wash., told the Sun-Times earlier this year that he had identified more than 300 soldiers at the base as gang members.

"I think that's the tip of the iceberg," he said.

However, Vilseck Provost Marshal Maj. Robert Ray said there is not a big gang problem in Vilseck and he has no information on gang members within 2nd Cav.

"The military comes from all walks of lives, from rich to poor, and with that comes the 'society,'" Ray said. "Are there members of the military that belong to gangs? No doubt about it. But the military is not rampant with gang members.

"The military chain of commands do not tolerate things like that and do their best to weed out problems," he said.

There are no official statistics on gang membership in the military, but some experts have estimated that 1 percent to 2 percent of the U.S. military are gang members, Simon said. That compares with just 0.02 percent of the U.S. population believed to be gang members, she wrote.

"Gang membership in the U.S. armed forces is disproportional to the U.S. population," she added.

Jim Kouri, vice president of the National Association of Chiefs of Police, wrote recently that, in addition to the Gangster Disciples, other Chicago gangs such as the Latin Kings and Vice Lords have infiltrated the military along with neo-Nazi groups.

Although there are no numbers to back it up, Simon believes gang member presence in the U.S. military is increasing.

"The U.S. Army has reported an increase in gang-related activity in the military, although their numbers are low," she said.

Gang-related activity in the military is highly underreported, and the Army is the only branch of the military that collects gang-related statistics, she wrote.

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"It's often in the military's best interest to keep these incidents quiet, given low recruitment numbers and recent negative publicity. The relaxation of recruiting standards, recruiter misconduct and the military's lack of enforcement (gang membership is not prohibited in the Army) have compounded the problem and allowed gang member presence in the military to proliferate," Simon said.

State Directed To Test Recruiting Doctors For Executions (FINDLAW/AP)

By Brian Witte, Associated Press Writer

AP, December 7, 2006

(AP) - BALTIMORE-A federal judge considering challenges to Maryland's practice of execution by lethal injection wants the state to explore whether general surgeons, anesthesiologists and other more highly trained medical personnel would be willing to take part in executions.

Lawyers for death row inmate and convicted murderer Vernon Evans Jr. argue the people who currently carry out lethal injections are not qualified to know if an inmate is properly anesthetized before being put to death.

They have argued Evans' veins are so damaged from intravenous drug use that current execution protocol would subject him to "an unnecessary risk of unconstitutional pain and suffering."

They have asked U.S. District Judge Benson Legg to require the state to add a general surgeon and either an anesthesiologist or a certified nurse anesthetist to the lethal injection team.

Attorneys representing the state have argued such specialists are not needed because an execution is not a medical procedure.

The state also has argued that finding such specialists would be difficult. The American Medical Association, the American Society of Anesthesiologists and the American Nurses Association strongly discourage members from having anything to do with lethal injections.

But Evans' lawyers have argued there are medical specialists willing to take part. They have cited a study in the Annals of Internal Medicine that found 19 percent of surveyed physicians expressed a willingness to inject the drugs. The 2001 study also found 41 percent of the doctors surveyed would do at least one of the AMA-prohibited actions.

Death row prisoners nationwide have mounted challenges to lethal injection - the preferred method of execution in 37 states.

Doctors have participated in executions in other states, but attorneys representing Maryland have pointed out some of those doctors have faced repercussions from their involvement.

In California, an execution was indefinitely postponed in February after two anesthesiologists backed out because of ethical concerns they might have to advise the executioner if the inmate woke up or appeared to suffer pain.

Legg, writing in an order signed Friday, said he must balance the potential harm to the plaintiff - if the relief is withheld - against the burden to the defendant, if the relief is granted.

"To do this, the court must assess how difficult it would be for the state to recruit the medical specialists Evans advocates," Legg wrote.

During closing arguments in the case, Legg told attorneys it would be in the state's best interest to make sure executions run as smoothly as possible in order to avoid future lawsuits.

A. Stephen Hut Jr., who is representing Evans, did not immediately return a call seeking comment.

Bail Set For 2 In Alleged Prostitution Ring (AP)

AP, December 7, 2006

No Bail For 3rd Suspect

(AP) DENVER A federal magistrate set bail at $20,000 each for two people accused of running a prostitution ring but ordered a third suspect held without bail.

Wai Chong Kong, 38, and his wife, Kit Chi Ho, 43, were ordered Monday to wear monitoring bracelets on their ankles if released on bail.

Magistrate Judge O. Edward Schlatter denied bail for Kah Poh Cheah, 28, who prosecutors said is in the United States illegally on an expired visa.

The three were arrested last month on suspicion of operating brothels out of four Denver-area apartments. Authorities said some of the prostitutes were working to pay off debts of up to $18,000 for fake visas that got them into the United States illegally from Asia.

Kong, Ho and Cheah each face one count of conspiracy and seven counts of transporting an individual for prostitution. Kong also faces with two counts of money laundering, and Ho and Cheah each face two counts of using interstate facilities to promote prostitution.

The maximum sentence for conspiracy is five years in prison and a $250,000 fine; for transporting for prostitution, 10 years and $250,000; for using an interstate facility, five years and $250,000; for money laundering, 20 years and $500,000.

Kong and Ho live in Highlands Ranch; Cheah lives in Thornton.

Ho wept as she asked to be released so she could rejoin her two children, ages 8 and 10. She said the children are staying with relatives in Minneapolis.

Ho's attorney, Marc Milavitz, said she is a legal U.S. resident who came to the country more than 17 years ago.

No information was immediately available on Kong and Cheah.

Sex-ring Suspect Weeps In Court (RMN)

By Sara Burnett, Rocky Mountain News

Rocky Mountain News, December 5, 2006

Woman pleads to go home to her two young children

One of the women charged with flying prostitutes to Colorado to participate in a sex ring wept as she asked a federal judge Monday to let her go home to her two young children.

"Every day they are asking, 'How come we cannot see our mom?' " Kit Chi Ho, 43, of Highlands Ranch, told U.S. District Court Magistrate Judge O. Edward Schlatter through a court-appointed translator.

Schlatter set bail for Ho and her husband, 38-year-old Wai Chong Kong, at $20,000 each - an amount defense attorneys said the couple could post using equity in their home.

The two also will be required to wear ankle bracelets so they may be monitored electronically, Schlatter said.

Schlatter denied bail for Kah Poh Cheah, 28, of Thornton, who prosecutors said is in the United States illegally after overstaying a visitor visa.

The three were arrested last month on suspicion of operating brothels out of four Denver-area apartments.

On Monday, a federal grand jury returned an 18-count indictment, accusing each defendant of conspiracy and seven counts of transport of an individual for prostitution.

Kong also is charged with two counts of money laundering, and Ho and Cheah each are charged with two counts of using interstate facilities to promote prostitution.

Authorities said an eight-month investigation showed some of the prostitutes were working to pay off debts to brokers who helped them come to the United States illegally from Asia.

The women paid $8,000 to $18,000 for fake visas, and some of the women also worked in brothels in California, investigators allege.

The ring advertised in Westword and generally charged $140 for 30 minutes of sex, according to court documents.

Of that fee, the prostitutes would keep $90.

Ho's attorney, Marc Milavitz, described Ho as "an exemplary person in the community until this crime occurred."

A native of China, Ho came to the United States more than 17 years ago. She is a legal U.S. resident with no criminal history, Milavitz said.

She and her husband have children ages 10 and 8 who are staying with an aunt in Minneapolis.

Until last year, Ho owned Ocean City restaurant on Federal Boulevard in Denver, Milavitz said. She was working at two other restaurants at the time of her arrest.

All three defendants are scheduled to appear in court for an arraignment Wednesday morning.

Richmond Man Faces Up To 120 Years For Fraud Scheme (DPHR/AP)

By The Associated Press

Daily Press, December 7, 2006

RICHMOND, Va. -- A 22-year-old Richmond man accused of cheating more than 350 investors out of about $8.3 million pleaded guilty Wednesday to mail fraud and money laundering.

James E. Brown Jr. faces a maximum of 120 years in prison and fines of up to $16 million on each count when he is sentenced March 14 by U.S. District Judge Richard Williams, according to federal prosecutors.

Brown was arrested in September after an investigation by the FBI, the U.S. Postal Inspection Service and the Internal Revenue Service. Authorities charged that Brown, owner and president of Brown Investment Services, promised investors he could double their money every 30 business days through trading on the Foreign Currency Exchange Market.

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The investment program, which Brown promoted at classes and seminars, was bogus. Little of the money was invested, and Brown paid early investors with cash coming in from subsequent investors to lull them into believing the investments were paying off as promised.

Brown used the money to finance a lavish lifestyle, including a $2.9 million fleet of luxury automobiles for himself and his employees.

According to prosecutors, of the $8.3 million Brown obtained from investors, he only invested $484,000 in the foreign currency market, losing about $61,000. Only about $700,000 remained in the company's bank account when Brown was arrested.

Ex-soldier Pleads Guilty To Child Porn Charges (ELPT)

El Paso Times, December 7, 2006

A 27-year-old former Fort Bliss soldier pleaded guilty Wednesday in U.S District Court to charges of producing and possessing child pornography, the office of U.S. Attorney Johnny Sutton announced.

Gary Alan Hernandez Jr., a former first lieutenant in the 204th Military Intelligence Battalion, pleaded guilty to one count of production and one count of possession of material involving the sexual exploitation of children. He now faces 15 to 30 years in prison and could also be fined up to $250,000 for each count. He is scheduled to be sentenced March 5.

As part of his guilty plea, he admitted that on April 16, 2005, he enticed a minor female to engage in sexually explicit conduct that would be photographed and distributed on the Internet. He was arrested Aug. 3, 2005, by FBI agents.

Many Charges Dropped In Girls Gone Wild Video Series Case (FINDLAW/AP)

AP, December 7, 2006

(AP) - PANAMA CITY, Florida-All but eight of the dozens of felony charges once faced by producers of the Girls Gone Wild video series about young women baring their breasts and acting in other sexual situations have been dropped by prosecutors due to a lack of evidence in the case that is set for trial next year.

Assistant State Attorney Mark Graham said he can support only second-degree felony charges of using children in sexual performances in his case against producer Joseph Francis, Francis' companies and employees.

The remaining charges could be dropped at a Jan. 3 hearing when a judge considers a defense motion to dismiss all charges in the 2003 case.

Graham filed the motion to reduce the charges on Monday in response to the request from Francis' attorney Aaron Dyer for all charges to be dropped because of police misconduct. A judge in July threw out evidence investigators gathered while searching Francis' condominiums and private jet because of problems with the search warrants.

The second-degree felonies are punishable by up to 15 years in prison. Phone calls placed by The Associated Press Wednesday to Dyer's office were not immediately returned.

Francis was arrested in April 2003 and charged with more than 40 criminal offenses, including racketeering. He is accused of participating in the filming of two 17-year-old girls in sexual situations at a Panama City Beach motel.

In Monday's motion, Graham also addressed a defense argument that the Girls Gone Wild producers did not know the girls were underage. The defense has maintained the girls lied about their ages and signed a release saying they were 18 years old.

"Knowledge of the victim's age is not an element of the offense of use of a child in a sexual performance," he wrote. "Whether the minor girls lied about their ages is irrelevant to the criminal charge."

A federal civil lawsuit against Francis filed by the two women filmed is pending.

Pastor Fatally Shot In Prince George's (WP)

By Joshua Partlow And Hamil R. Harris

The Washington Post, December 7, 2006

A well-known Prince George's County minister who runs a transitional home for poor families died yesterday after being gunned down on the steps of his church in the morning.

The Rev. Milton L. Moore was outside the entrance of the Warriors for Christ Ministries in Suitland about 7 a.m. when he was struck in the upper body and bullets shattered a glass door, police and relatives said. He died at 4:25 p.m.

The shooting happened outside the three-story beige brick ministry building at 2420 Brooks Dr., which shares a parking lot with Drew-Freeman Middle School. Vernell Simon, 66, who lives across Brooks Drive from the ministry building, said he heard five or six shots, followed minutes later by sirens.

People inside the ministry building told police that they heard arguing outside before the shots.

Moore, 50, was shot once in the upper body, police said.

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"We don't know at this point what the motive is," said Cpl. Diane Richardson, a police spokeswoman. No arrests had been made last night.

Detectives interviewed residents of the building and people who were running on the school track next to the ministry at the time of the shooting.

The ministry, which includes a private transitional home, opened in the late 1990s. The home has a capacity of up to 20 families. Ministry officials kept the shelter open yesterday while they awaited news about Moore's condition.

Several advocates for the homeless in Prince George's said Moore's ministry plays an important role in the county's social safety net and helps people get off the streets until they can find more permanent shelter.

"We had a very close working relationship. He was friendly with everybody," said the Rev. Imogene Stewart, who operates shelters in Prince George's and the District.

The ministry Web site says Moore was "called by God from the womb to minister to the broken hearted, downhearted, dejected, sick, oppressed people -- in other words, to pull them out of the very pits of hell."

He was raised in Albany, Ga., and met his future wife, Eva D. Jackson, when they attended a Baptist church, relatives said.

After high school, he joined the U.S. Merchant Marine, his mother said. Later, he began to "bring forth the word of God in Bible studies, out of which Warriors For Christ Ministries was formed," the Web site says. "He is now training up a body of bold 'Warriors' to go forth, storming the gates of hell, setting the captives free."

Moore's mother, Doris Moore, expressed despondence in a telephone interview from her home in Georgia.

"It's just the times we living in," she said of the shooting.

Moore, a father of four, lived with his family on Bar Geese Court in Upper Marlboro.

No one answered the door of the house yesterday afternoon.

His wife's sister, Patricia Jackson, said Moore was "always a pretty quiet person, but when he was around family, he was very lively."

He enjoyed attending church functions, and "he did a lot in the community. . . . He was always giving back," she said.

"This is an atrocity," said Linda Collins, director of transitional housing for Community Ministry of Prince George's. "There is so much violence in that area."

Staff writer Allan Lengel and staff researcher Madonna Lebling contributed to this report.

Link Seen In Deaths Of Aged Women (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, December 7, 2006

Police View 2 Springfield Slayings as 'Crime of Opportunity' Committed by Same Person

Two elderly women slain three months apart in Springfield may have been killed by the same person -- someone with ties to their community who happened to come along, saw them alone and pounced on the opportunity to attack them, Fairfax County police said yesterday.

"I'm not going to say it's a serial killer," Capt. Michael Spradlin, head of Fairfax's criminal investigations bureau, said at a news conference. But he said investigators decided that the cases were linked after looking at the common elements. "It's obvious, to me."

Police urged residents, particularly seniors, to keep their doors locked and be aware of their surroundings. They also revealed that a diamond ring worn by the second victim, Marion J. Newman, 74, was stolen from her, most likely by her killer. Police distributed photos of the ring and asked the public for help in locating it as a possible clue toward finding the killer.

Spradlin said he believed that the slayings were "a crime of opportunity," in which an attacker happens upon a victim without planning or preparation. In the slaying of Marion B. Marshall, 72, Spradlin believes the killer "was just walking the street, he happened to see her, found no one home and he attacked her."

There was no indication that the women knew each other, Spradlin said. Newman's ring is the only item known to have been taken from either home. There was no sign of forced entry into either home or any indication of sexual assault, police said.

"We also feel the offender in this case has ties to the community," Spradlin said, meaning he may work or live or visit someone in either Edsall Park or Crestwood.

Marshall was found in her home in the 6600 block of Bostwick Drive, in the Edsall Park neighborhood just off Braddock Road, on Aug. 14. Police have not disclosed how she was slain.

Newman was found in her residence, in the 7100 block of Reservoir Drive, in the Crestwood neighborhood near Backlick Road, on Nov. 21. The cause of her death has also been withheld so that only the killer will know that information. Both women died of "unspecified trauma to the upper body," police said.

The houses, where the women lived alone for many years, are about two miles apart.

Investigators do not have physical evidence connecting the two cases. "The link is basically we have two female, elderly citizens of Fairfax County," Spradlin said, "that have been brutally murdered. They lived close to each other, their neighborhoods are similar, the women are similar."

A reward of $26,000 has been offered by the families of the two women for information leading to a conviction in the case.

Police have been discussing the cases with analysts from the FBI's Behavioral Sciences Unit, but Spradlin said he did not want to release any possible profile of the killer, for fear of limiting tips on potential suspects.

The ring stolen from Newman was specially made for her, welded together from three rings, and has three bands made of white gold, with diamonds inlaid and one diamond mounted, and a leaf design in the main band. Anyone with information about the ring or the homicides is asked to call 703-691-2131.

Spradlin declined to speculate on a motive. "As soon as I find the killer," he said, "I'll let you know."

Investigators from across the Fairfax department have been drafted to work on the cases, knocking on doors, handing out fliers, tracking down leads. Patrols in the two neighborhoods have been increased, and residents are more cautious, police spokeswoman Mary Ann Jennings said. One resident called police when a plainclothes detective tried to talk to her, Jennings said.

Police have urged residents to report suspicious activity, no matter how small, and the tips have increased exponentially, said the Franconia district commander, Capt. Maggie DeBoard. Officers have also conducted safety checks on dozens of residences at homeowners' request, Jennings said.

CIVIL LAW:

Family Sues U.S. Mint Over Rare Coins (FINDLAW/AP)

By Joann Loviglio, Associated Press Writer

AP, December 7, 2006

(AP) - PHILADELPHIA-A family is suing the U.S. Mint, saying it illegally seized 10 gold coins that are among the rarest and most valuable in the world that the family found among a dead relative's possessions.

The lawsuit, filed Tuesday in U.S. District Court in Philadelphia, accuses the Mint of violating the Constitution and breaking federal forfeiture laws by refusing to return the 1933 "double eagle" coins to the family after it handed the coins over to have their authenticity confirmed.

Plaintiffs Joan S. Langbord and her sons, Roy and David, are seeking the immediate return of the coins, said their attorney, Barry H. Berke.

Defendants named in the suit include the Mint, the Treasury Department, and officials in those agencies.

A Mint spokesman declined to comment, saying that the Mint had not yet been officially served.

Double eagles were first struck in 1850. They are so named because they had a face value of $20, twice the amount of gold coins known as eagles.

The coins, which Mint officials have said are so rare that their value could not be calculated, feature a flying eagle on one side and a figure representing liberty on the other. There were 445,500 minted in 1933, but they were melted down before being released into circulation when President Franklin D. Roosevelt took the country off the gold standard.

A handful escaped, however. Two were deliberately set aside and are at the Smithsonian Institution. The Mint has said any others in existence were obtained illegally, but agreed after a lengthy court battle to allow one of the coins to be sold at auction in 2002 for $7.59 million - the highest price ever paid for a coin - after its owner agreed to split the proceeds with the Mint.

Langbord, who discovered the coins in 2003 in a safe deposit box belonging to her deceased father, longtime Philadelphia jeweler Israel Switt, was aware of that case and contacted the Mint to disclose the coins' existence and "attempt to reach an amicable resolution of any issues that might be raised," the lawsuit states.

She handed the coins over to the Mint to be authenticated, but the Mint refused to give them back, saying they must have been stolen from the Philadelphia Mint in the early 1930s because they had never been in circulation, according to the lawsuit.

Switt, who died in 1990, told Secret Service agents in 1944 that he had possessed and sold nine 1933 double eagles, according to the Mint. All were tracked down by the government and destroyed between 1944 and 1952.

"The Mint's lawless position is that by merely claiming the coins were somehow removed from the Mint unlawfully in the 1930s, they can take the Langbords' property without proving it in a court of law," Berke said.

The coins at the center of the lawsuit were briefly displayed this summer for an American Numismatic Association's convention in Denver. They have been secured at the U.S. Bullion Depository in Fort Knox, Ky.

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On the Net:
Mint: http://www.usmint.gov/auction/index.cfm?actiontheTimeline

Bankruptcy Law's 1-Year Report Card (AP)

By Dan Caterinicchia, Ap Business Writer
AP, December 7, 2006
Filings Down, but Too Soon to Call Year-Old Bankruptcy Act a Success

WASHINGTON (AP) -- Bankruptcy filings have dropped dramatically in the year since a law went into effect aimed at curbing abuse of the system. But it's too soon to gauge the act's effectiveness, the legislation's most ardent supporters said Wednesday at a hearing held to study the law's impact.

About 750,000 personal bankruptcy cases were filed in the month before the law went into effect Oct. 17, 2005, compared to fewer than 500,000 cases in the past 12 months.

Many consumers rushed to file ahead of the new law, which requires a "means test" that determines whether filers qualify to have their debt erased under Chapter 7 or must file for a type of bankruptcy that requires repayment of a percentage of their debt over time.

"Means testing is a workable system," says Clifford J. White III, director of the Justice Department's Executive Office for U.S. Trustees, which has responsibility for the bankruptcy system. But White added that the test's long-term effectiveness is unknown since the number of filings has been so low.

White, who testified before the Senate Judiciary Subcommittee on Administrative Oversight and the Courts, also urged the mandating of "smart forms" that would automate most court procedures involved in bankruptcy filings. That could help keep the bankruptcy system efficient if the number of filings increase in the future as trends indicate they will, he said.

Subcommittee Chairman Sen. Jeff Sessions, R-Ala., agreed that it was too early to draw conclusions about the law's success. But he said the drop in overall filings coupled with an increase in the percentage of people seeking Chapter 13 protection, in which a debtor can use future earnings to pay back creditors, appears to show the system works.

From January to September, the personal and business bankruptcies dropped to 443,750 from 1.41 million in the year-ago period, according to data released Tuesday by the Administrative Office of the U.S. Courts. Personal filings fell to 429,522 from 1.38 million, while business bankruptcies declined to 14,228 from 26,275 in the same period.

But the subcommittee's incoming chairman, Sen. Charles Schumer, D-N.Y., said the bill may not go far enough in distinguishing between people who were financially ruined for legitimate reasons like job loss or the death of a spouse, and those who are "reckless high rollers."

The act should be "targeted at the nation's cheats and not its cheated," he added.

Also under the new law, people seeking bankruptcy protection are required to pay for credit counseling courses, although the courts can waive the fees for low-income debtors.

Bankruptcy lawyers have said their caseloads plummeted after the law went into effect, requiring many to raise their fees, and deride the act for adding unnecessary obstacles for people who legitimately need the protection.

"The law is not squeezing out the supposed legions of abusive filers because they were never there in the first place," Henry Sommer, president of the National Association of Consumer Bankruptcy Attorneys, said in a release. "All these ill-considered law changes are doing is erecting pointless additional hurdles and costs in the way of desperate families who legitimately need the fresh start of bankruptcy."

CIVIL RIGHTS:

Inquiry: Shot Man's Rights Not Violated (SPT)

By Chris Tisch, Times Staff Writer
St. Petersburg (FL) Times, December 7, 2006

ST. PETERSBURG - Federal prosecutors have determined that a Pinellas sheriff's deputy did not violate the civil rights of a St. Petersburg man who was shot and killed in April 2005 during a drug raid.

Jarrell S. Walker, 19, was shot to death by Deputy Christopher Taylor after a SWAT team burst into Walker's home as part of a drug investigation April 12, 2005.

Deputies found drugs and guns in the home. Walker, who was unarmed, was shot twice in the back.

The FBI said in May 2005 that it would investigate whether Walker's civil rights were violated.

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"After careful consideration, we concluded that the evidence does not establish a prosecutable violation of the federal criminal civil rights statutes," said Mark J. Kappelhoff, section chief of the criminal section of the U.S. Department of Justice's Civil Rights Division, in a letter to the Sheriff's Office.

The shooting prompted controversy and criticism from some community leaders, especially in St. Petersburg's African-American community. Walker was black; Taylor is white.

The Pinellas-Pasco State Attorney's Office ruled the shooting justifiable homicide because, it said, Walker was reaching for something under a couch and refused repeated orders to show his hands. A loaded handgun was found nearby.

However, Pinellas-Pasco State Attorney Bernie McCabe noted in a report: "I cannot help but note that this is another relatively young black male who has met his death at the hands of law enforcement in Pinellas County." He urged the Sheriff's Office to review its policy on deadly force.

Sheriff Jim Coats did just that, changing policy to make it more clear when deadly force should be used.

The federal civil rights review came at the request of the St. Petersburg NAACP, whose leadership disagreed with McCabe's decision to clear Taylor of wrongdoing.

"There are many in the community who are not satisfied with what has been done so far," Darryl Rouson, then-president of the NAACP, wrote in a letter to the FBI.

The recent decision, which came without an explanation, doesn't bring closure to the situation, current NAACP president Trenia Cox said.

"I don't have sufficient evidence to support the decision one way or another," Cox said. The shooting "remains an issue that demands more attention."

Cox said her organization will request that the Justice Department explain how it arrived at its conclusion.

Federal civil rights reviews of such incidents are common, though prosecutions are rare. In 2003, there were 1,546 reviews but only 62 prosecutions.

Protesters Decry Police Shootings March Blocks Memorial Drive Near DeKalb Jail (AJC)

By David Simpson, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 7, 2006

Vowing to go to jail for their cause, about 50 protestors blocked traffic on Memorial Drive Wednesday in the latest march to draw attention to police shootings in DeKalb County.

Marchers who made the short trek from the county jail complex to nearby I-285, included former DeKalb NAACP president John Evans and state Rep. "Able" Mable Thomas (D-Atlanta).

Some of the marchers said they were willing to be arrested for the cause. No police were on the scene shortly after 11 a.m.

The march is the third of its kind in recent weeks. This year, DeKalb police have been involved in 12 deadly shootings. One officer has been killed.

Some community activists have called for the U.S. Justice Department to investigate. The DeKalb County District Attorneys office has agreed to review all of the shootings.

The marchers walked across the overpass at I-285 and then returned in the westbound lanes of Memorial to the county jail. No arrests were made, and there was no police presence until the marchers continued beyond the jail to the Bobby Burgess Public Safety Building, which until last week housed the police headquarters.

The protest ended shortly after noon.

Waiting For Answers (NYT)

By Bob Herbert

The New York Times, December 7, 2006

I don’t know whether the undercover cops who shot and killed Sean Bell and wounded his two friends should be criminally indicted. I wasn’t there and not enough information has emerged publicly to make a determination.

What I do know is that the investigation of this shooting in Jamaica, Queens, in which the victims were unarmed and seemed to have no intention of threatening the police, is not being conducted in a timely or effective fashion.

While the local community is seething with anger over the shooting, there are investigators scrambling like mad to find dirt to throw on the victims and locate any evidence that might, however remotely, tend to justify the shooting. But the authorities have not even asked the cops, who fired 50 bullets at the car with the three men inside, what happened. That is insane.

The office of the Queens district attorney, Richard Brown, is leading the investigation into the shooting. For procedural reasons that have to do with concerns about inadvertently conferring some degree of immunity on the officers, the D.A. has asked the Police Department not to interview the officers who shot at the car.

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But the D.A.'s office has been moving in super-slow motion on the case, and no one from that office has interviewed the cops, either. Mr. Brown told me yesterday that he has a tremendous amount of additional information to gather before his office attempts to speak to the cops. "I've got no business talking to these cops," he said, "until I know, or am reasonably satisfied, as to what the facts are."

He said he hopes to speak to the officers next week, but he does not know when the matter might be presented to a grand jury. "You never go before a grand jury with a case," said Mr. Brown, "unless you've got all the T's crossed and the I's dotted."

A veteran investigator told me yesterday that there have been several meetings in the D.A.'s office about the Sean Bell case but that Mr. Brown and his top aides are not yet sure how to proceed.

The truth is that neither the Police Department nor the district attorneys in New York are equipped to properly investigate controversial police shootings. The prosecutors and the cops have a special, co-dependent relationship that exists around-the-clock, year-in and year-out. They work together all the time on criminal cases and other matters. They view one another as members of a close-knit criminal justice family. They watch each other's backs.

When cops are involved in shootings that may not seem justified, there is an instinctive institutional response from other cops and prosecutors to close ranks around the accused officers. The instinct is to protect them, not to indict them.

(Tugging against those instincts in this case, as in the Amadou Diallo killing in 1999, is the sensational nature of the shooting and the tremendous public outcry and press coverage it has generated.)

The interests of the larger community can be served only when problematic police shootings are thoroughly and fairly investigated by objective, impartial and independent investigators. The police have shown over many years that they are not up to this important task, and neither are the district attorneys. This is why so few cops have been brought to justice over the years in cases of blatant police misconduct and brutality.

There is an inherent and apparently insurmountable conflict of interest at work when district attorneys investigate cases of alleged police brutality. It's time for New York to face up to this. It's time to establish a truly independent office — perhaps a special state prosecutor, or a permanent, fully staffed independent office at the district attorney's level — to investigate this type of police misconduct.

The victims of unjustifiable police killings are most often (but not always) black, and in most cases they are black men. It's time to recognize that racial stereotyping and race prejudice are still big problems in New York, and that the police often behave differently when confronting people who are black.

A special investigative office, which could look at these incidents and encounters only after the fact, is not enough. There is also a need for Mayor Bloomberg and Police Commissioner Ray Kelly to become proactive, to acknowledge that racism is still an issue in the Police Department and to overhaul police training and address poisonous police attitudes in an effort to prevent these senseless tragedies.

Suit: Anti-Terror Unit Filled With Hate (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, December 7, 2006

(AP) - NEW YORK-A celebrated police anti-terrorism cyber unit became a beehive of anti-Muslim rhetoric after a city consultant unleashed hundreds of hateful e-mails saying Muslims and Arabs were all potential terrorists, a unit member said in a lawsuit filed Tuesday.

The Department of Correction lieutenant, listed as John Doe Anti-Terrorism Officer on the lawsuit in U.S. District Court in Manhattan, said he was subjected to a hostile work environment, great emotional anguish, public humiliation and illegal retaliation.

The Egyptian-born man asked for unspecified damages, saying he had suffered severe emotional distress, mental anguish, depression, physical injuries, illness, loss of pay and benefits and loss of advancement opportunities as a member of the elite anti-terror unit.

The man, described in the lawsuit as "a proud Arab-American, a practicing Muslim and a patriot," blamed the city for failing to respond to his repeated complaints about the contractor, who was alleged to have sent e-mails saying "Burning the hate-filled Koran should be viewed as a public service at the least" and "Without Islam, there wouldn't be any Islamic terror."

He said the hateful rhetoric, unchecked by supervisors, infected the workplace, where other employees felt comfortable making anti-Muslim comments and jokes and where a high-ranking police official thought it was OK to say, "All Arabs are animals."

A city law office spokeswoman, Connie Pankratz, said city attorneys were aware of the case and were reviewing the papers Tuesday.

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The police department said it immediately blocked an e-mail account when it became aware of a complaint about the content of e-mail "sent by an individual not employed by the department."

"We took immediate action to block his e-mails, followed by a cease and desist letter to the individual and his employer, a consulting firm," the police department's chief spokesman, Paul Browne, said in a statement.

The lawsuit said the lieutenant was awarded a certificate of outstanding duty in October 2001 for his "heroic efforts following the World Trade Center disaster" and that he played a primary role in launching the cyber unit of the New York Police Department's intelligence division, where he is assigned a top-level security clearance and works undercover to protect his safety.

According to the lawsuit, the lieutenant believed he was living the American dream as he identified terrorist threats to the city two decades after arriving in the United States and more than a decade after gaining citizenship in 1990.

Federal Judge Will Decide Merits Of Osceola Vote Plan (ORS)

By Mark Pino, Sentinel Staff Writer

The Orlando Sentinel, December 7, 2006

A 17-month-long battle over how Osceola elects county commissioners could come to a close in federal court today.

The remaining issue before U.S. District Judge Gregory A. Presnell is whether the county's proposal to create a system of at-large and single-member seats by increasing the size of the board to seven commissioners will pass legal muster.

Presnell issued an injunction halting commission elections in June and ruled in October that the "racially polarized" county's at-large voting system penalizes Hispanics in violation of the Voting Rights Act.

On Wednesday, commissioners voted 4-0 to accept a redistricting plan drafted by the U.S. Department of Justice, rather than a plan drawn up by county experts, after Presnell this week rejected a key part of the county's proposal. Commissioner Paul Owen was absent.

In drawing proposed new district lines, Osceola had used 2005 U.S. Census population estimates and a county database of certificates of occupancy to distribute the approximately 59,000 people who have moved to the county since 2000. Presnell said he was "unconvinced" by the data and ordered the county to submit a plan using 2000 Census figures by Wednesday.

"I'm going to support the resolution" to adopt the Justice Department's plan, Commissioner Tom Franklin said. "But I think we should express our concern that the court did not allow us enough time to seek public input."

The plan adopted Wednesday has district lines that do not require two commissioners to face each other in an upcoming election. As a result, Assistant County Attorney George Nickerson said, the Justice Department will accept staggered elections. In its initial proposal, the agency has wanted all five commission seats on the ballot at the same time.

Nickerson said the map addresses some issues raised at a public hearing last month, when residents complained about putting Poinciana in a district with much of rural Osceola, including Yeehaw Junction and Kenansville. Poinciana will now be in a more geographically compact district.

A new Hispanic majority district centered around Buenaventura Lakes would be an open seat and up for election. Ken Smith, whose term has expired, also would be up for re-election in a newly drawn District 4. Commission Chairman Ken Shipley would represent District 2, including Poinciana, but would not be up for election until 2008.

The judge could impose new districts immediately, mull over what he hears in court or order the parties to craft a new proposal. Either side could appeal, further delaying elections that had been scheduled to fill two commission seats Nov. 7.

Nickerson said the timing of Presnell's latest ruling left commissioners little choice but to pick one of the plans submitted by the Justice Department, which sued last year saying that at-large elections dilute Hispanic voting strength.

However, commissioners told the attorney to argue for a hybrid plan of five single-member districts and two that would be elected countywide.

The county says that allowing residents to vote for three commissioners is better than having them vote for only the one representing their district.

"This solution was tailored for the County by its elected representatives, who understand the existing political system and are in the best position to evaluate the results of the proposed changes," said the county's filing.

Mark Pino can be reached at mpino@orlandosentinel.com or 407-931-5935.

ANTITRUST:

Man Indicted In Texas In Federal Phone Fund Fraud Case (AP)

AP, December 7, 2006

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A contractor was indicted in Texas on Wednesday and charged with defrauding a federal program that provides computers and Internet access to economically disadvantaged schools and libraries.

A federal grand jury in McAllen, Texas, returned a nine-count indictment alleging that the former president and owner of ATE Tel Solutions Inc. — Rafael G. Adame — committed wire fraud, according to the Justice Department.

The E-Rate program is funded by telephone customers through a special fee included in their bills. The indictment alleges Adame submitted fraudulent charges on behalf of his company to the program's administrator, collecting $141,273 in payments.

The Justice Department said that including Wednesday's filing, 14 individuals and 12 companies have been charged as part of an ongoing investigation into the program. Thus far, defendants have agreed to pay fines and restitution totaling more than $40 million.

The indictment alleges Adame, by making false representations on invoices filed with the E-Rate administrator, received payments in excess of what was authorized and for work that was not performed.

U.S. Criminal Probe Rattles $2 Trillion Municipal Bond Market (BLOOM)

By William Selway And Martin Z. Braun

Bloomberg, December 7, 2006

Dec. 7 (Bloomberg) -- The first-ever antitrust probe of the municipal bond market is roiling an industry that states and cities depend on to finance everything from garbage trucks to schools.

U.S. Justice Department prosecutors subpoenaed more than a dozen banks and insurers three weeks ago, seizing documents from three brokers in a search for evidence of bid rigging. Lawyers say it's the biggest criminal investigation of the almost 200- year-old market, where municipalities have more than $2 trillion of debt outstanding.

``You don't want to have something like this going on," said Robert Doty, a Sacramento, California-based adviser with American Governmental Financial Services Co., who is the vice chairman of the National Association of Independent Public Finance Advisors. ``It's just bad for the reputation of the market."

JPMorgan Chase & Co., the third-largest bank in the U.S., American International Group Inc., the world's largest insurance company, and Financial Security Assurance Holdings Ltd., a unit of Brussels-based financial services company Dexia SA, are among the companies that received subpoenas. JPMorgan declined to comment. AIG and Financial Security spokespeople said the companies are cooperating with the probe.

The investigation stems from an Internal Revenue Service review that found scores of municipal bond deals robbed federal taxpayers of more than $100 million. Banks and other financial firms arranged to sell guaranteed investment contracts in a way that increased their fees at the expense of the U.S. government, said Charlie Anderson, manager of field operations for the IRS's tax-exempt bond division.

Courtesy Bids

The IRS in 2005 told Atlanta officials that the city may have overpaid for a $453 million guaranteed investment contract from Bank of America Corp. The IRS asked whether banks arranged to submit ``courtesy losing bids" at an auction held to win the city's investment business, according to a Feb. 5, 2005 letter obtained by Bloomberg News. The contract was for money raised by a 1999 water and sewer bond.

Bank of America spokeswoman Shirley Norton declined to comment.

Amelia Bond, who ended her one-year term in October as chairman of the Municipal Securities Rulemaking Board, a self-regulatory body based in Alexandria, Virginia, said in a speech to the Bond Market Association in May that the IRS probe has left the industry ``vulnerable."

``Any time the IRS is involved you worry about the integrity of the marketplace," Bond said. ``It sounds like they're finding something." The Justice Department opened its criminal investigation six months later. The Securities and Exchange Commission also joined the probe.

Unprecedented

C. Willis Ritter, a Washington-based bond attorney for Ungaretti & Harris who has worked in the industry for 35 years, said in a Nov. 16 interview that the probe marked ``the first time I have ever seen the antitrust division of the DOJ get involved in public finance."

State and local governments in 2005 sold a record $408 billion of long-term debt in more than 13,000 separate offerings, according to Thomson Financial. The bonds raise money for roads, hospitals and sewage plants, attracting investors by providing income exempt from taxes.

Prosecutors are trying to determine whether banks and brokers conspired to fix prices on so-called GICs, which municipalities buy with bond proceeds that aren't spent immediately.

Back to 1992

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The Justice Department asked for information from as far back as 1992, including files on guaranteed investment contracts and other financial products, such as derivatives. A derivative is a financial contract whose value is derived from tradable securities or linked to events such as interest-rate changes.

Investigators also subpoenaed three firms that advise local governments on derivatives and evaluate bids for guaranteed investment contracts: Beverly Hills, California-based CDR Financial Products Inc., Pottstown, Pennsylvania-based Investment Management Advisory Group Inc. and Sound Capital Management of Eden Prairie, Minnesota.

All three said in statements that they are cooperating with the investigation and defended their work.

The municipal finance industry was rocked by scandals in the 1990s, including a probe of influence peddling concerning so- called pay to play, in which banks gave public officials campaign contributions to win no-bid contracts. There was also the controversy over yield burning, in which banks and brokers overcharged local governments for Treasury bond investments.

Out of View

Local governments are required to solicit bids for guaranteed investment contracts. They rely on brokers such as CDR, which deal with the banks and provide documents certifying that the bidding is fair. States and cities only use competitive bidding for bond sales 20 percent of the time, down from 74 percent three decades ago.

``The way that these folks have operated, largely by telephone and largely out of public view, are not as transparent as they might be," said Patrick Born, chief financial officer of Minneapolis and the head of the debt committee of the Chicago- based Government Finance Officers Association. ``And it's certainly possible that when you don't have transparency you can have abuses."

Anderson of the IRS says regulators ``think we have evidence of bid rigging." Local governments are required to pay as taxes any profits they get by borrowing at low tax-exempt rates and investing in higher-yielding securities.

`Sweetheart Deal'

The IRS probe shows that investment contracts were sold at below market rates, Anderson said. That meant lower returns for municipalities and less tax revenue for the IRS, he said.

``People were winning GICs at below fair market values and there were obviously deliberate losing bids by the losing bidders, thereby allowing the winner to win a sweetheart deal," said the IRS's Anderson.

The IRS is concerned that unfair bidding deprived the Treasury of money, much like the so-called yield burning scandals of the 1990s, when Wall Street banks raised the price on Treasury bonds sold to local governments, driving down the yield, to get around restrictions on how much they could earn. Wall Street banks paid more than $170 million to end the Securities and Exchange Commission's investigation of that practice.

More Scrutiny

Carol Lew, the president of the National Association of Bond Lawyers in Chicago, said the investigation of GICs will place the firms that work on those transactions under heightened scrutiny by their government clients, who may choose to avoid the contracts.

``The allegations may cause issuers to examine and question whether a guaranteed investment contract is the best investment for them," Lew said.

Roger Davis, a partner in the San Francisco office of Orrick, Herrington & Sutcliffe's public finance office, said the probe may end wrongdoing. He said his firm represents more than one client in the investigation, declining to provide names.

``I think this could be good for the industry," Davis said. ``It's pretty clear the IRS has found some questionable behavior. Sometimes you have to flush it out, get rid of it and move on."

Muni Probe: It's Deja Vu Again (WSJ)

By MICHAEL HUDSON And KAREN RICHARDSON

Wall Street Journal, December 7, 2006

U.S. Inquiry Suggests Return Of '90s Excesses in the Market; 'A Lot of Bad Deals out There'

Federal regulators tried to clean up corruption in the municipal-bond market in the 1990s.

But with the muni market caught in a new, wide-ranging investigation, it looks like little has changed.

In recent weeks, the Justice Department and the Securities and Exchange Commission have issued subpoenas to Wall Street firms seeking information on an array of muni-market investment products, according to people close to the banks. In November, the Federal Bureau of Investigation raided offices of some firms that act as go-betweens for municipalities and the banks. The Justice Department acknowledged it was investigating "anticompetitive practices" in the industry. And the Internal Revenue Service is examining whether consultants and underwriters have used financial sleight of hand to evade federal taxes.

"There's a lot of bad deals out there -- and the industry is very blasé," said Charles Anderson, field manager of the IRS's municipal-bond unit, in an interview.

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In the 1990s, authorities uncovered cases of bribery, kickbacks and bid-rigging. In one memorable 1993 case, a former "first husband" of Kentucky, Bill Collins, went to prison for gifts received from firms that did bond business with the state while his wife was governor. Among the sweeteners: a $35,000 grand piano he presented to his wife.

Arthur Levitt vowed to clean up "backroom deals" after becoming SEC chairman that year. Regulators passed rules discouraging Wall Street firms from using political contributions to win bond underwriting business, a practice known in the industry as "pay to play."

The IRS's Mr. Anderson said that many muni deals are "plain vanilla" and aboveboard. But Mr. Anderson, who is retiring next month, said the use of derivatives and other complex financial products makes it harder for regulators to catch questionable behavior.

Tax-exempt municipal bonds bankroll everything from sewer projects to school expansions to sports stadiums. Last year, cities, states and other public entities issued $406 billion in muni bonds, according to Thomson Financial.

At this point, it seems unlikely that Wall Street's run of profits will be touched by the probes. Municipal-bond underwriting is not a big contributor to the bottom line of most big financial firms.

In the '90s, the SEC and IRS also cracked down on a tactic known as yield burning, which involved sidestepping federal taxes by hiding returns that municipalities earn when they reinvest bond proceeds. In 2000, 17 Wall Street firms -- including Salomon Smith Barney Inc., PaineWebber Inc. and Goldman, Sachs & Co. -- agreed to pay nearly $140 million to resolve government allegations that they perpetuated the practice.

Some of the same issues are coming up again.

The Justice Department has issued subpoenas to most of the big investment banks on Wall Street, according to several people close to the banks. The top underwriters of municipal bonds over the past 15 years include Bank of America Corp., Bear Stearns Cos., Citigroup Inc., Goldman Sachs Group Inc., J.P. Morgan Chase & Co., Lehman Brothers Holdings Inc., Merrill Lynch & Co., Morgan Stanley and UBS AG. All declined to comment officially, but several people close to the banks said that most or all of the firms had received subpoenas in recent weeks.

"The whole system needs to be revamped," said Mark Schwartz, a former investment banker who is now a critic of the muni business.

Some people familiar with the probes cautioned that hard details about the nature of the latest investigations are hard to come by. One person close to a big Wall Street bank said the probes "could take several years."

"If regulators see a need to investigate, they should do so, and they should do so thoroughly," said Micah Green, co-chief executive of the Securities Industry and Financial Markets Association, which represents bond firms and other Wall Street companies.

Investigators are believed to be looking at whether some consulting firms handled bids on bond-deal contracts improperly. Authorities also are trying to determine whether underwriting and consulting firms used interest-rate swaps and other complex financial structures to veil excess returns.

The latest probes are partly an outgrowth of IRS inquiries. Mr. Anderson estimates that in the past six years, muni-bond issuers have had to refund or redeem $30 billion in bonds -- either buying them back from investors or swapping them for new ones -- amid IRS audits.

The IRS is concerned about the way consultants and underwriters invest bond-issue proceeds. There's often a lag between the time cash comes in from a bond and the time a project is launched. Municipalities may invest the cash during the lag. They aren't allowed to seek big returns from those investments, because they have a financial advantage, thanks to the bonds' tax-exempt status. When they earn more than the interest they're paying to investors on the bonds themselves, they generally have to turn the excess over to the IRS.

In Fargo, N.D., the IRS focused on whether a derivative product used in a water-bond deal helped hide taxable gains. In November, the city settled and agreed to redeem $28 million in bonds outstanding.

The IRS stiffened rules in the '90s to combat muni tax chiseling. The Municipal Securities Rulemaking Board, or MSRB, an industry regulatory body overseen by the SEC, passed rules aimed at attacking other muni-industry concerns. But the MSRB's overhauls were only partial. It doesn't oversee how municipalities reinvest money after it's raised. And it doesn't police the use of derivatives, such as interest-rate swaps, which allow parties to trade exposure between fixed and floating interest rates.

"You have a regulated area side by side with an essentially unregulated area," said Christopher Taylor, the MSRB's longtime executive director. "When you regulate one place and not the other, funny things usually evolve."

Criminal prosecutors in Philadelphia and Illinois have pursued corruption cases recently against public officials and bankers. Last year, two former J.P. Morgan Chase bankers pleaded guilty to trying to boost their firm's bond business by directing payoffs to a fund-raiser for Philadelphia Mayor John Street. A former city treasurer also pleaded guilty in the case. The fund-raiser was charged with fraud and other crimes, but died soon after. Mr. Street hasn't been accused of wrongdoing.

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Also in 2005, a federal grand jury in Chicago indicted a former Bear Stearns executive on charges he used fraud and extortion in an effort to secure financing work for Bear Stearns on a hospital expansion.

Bear Stearns has disclosed in securities filings that the SEC, Justice Department and Illinois authorities have sought information about the company's Chicago muni business. It says it is cooperating and remains confident in the integrity of its business.

--John Connor contributed to this article.

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Delta's Pilots Chief Opposes Merger, Says Deal Would Mean Job Cuts (USAT)

By Marilyn Adams, Usa Today

USA Today, December 7, 2006

On a day of escalating rhetoric from two airlines, the chief of Delta Air Lines' (DALRQ) pilots union warned Wednesday that a merger with US Airways (LCC) would leave "thousands" of Delta employees jobless.

The remarks by Lee Moak, chairman of Delta's Air Line Pilots Association, came as US Airways CEO Douglas Parker pressed for access to Delta's books to move ahead on his company's bid to acquire Delta out of Chapter 11 bankruptcy.

US Airways has made a hostile takeover offer of $8.5 billion in cash and stock for Delta, the USA's third-biggest airline, which is in Chapter 11. US Airways says a merger would make both airlines stronger and more competitive in the USA and abroad. It would be the world's biggest airline.

Executives at Delta have rebuffed the offer, saying that it's too risky and that Delta is better off alone.

Moak's warning of job losses contrasts with US Airways' public promises not to lay off any employees or halt air service to any cities if the two airlines merge. Because both US Airways and Delta operate a shuttle service serving Washington, New York and Boston, Parker has said one of the shuttles would have to be sold to avoid federal antitrust violations.

In an interview, Moak said the union's analysis of US Airways' offer finds "at least 1,000 Delta pilots and several thousand other Delta employees would be terminated" as a result.

Only Delta's pilots are unionized. That union is one of Delta's largest unsecured creditors and is represented on the creditors' committee. Other Delta workers, such as flight attendants, mechanics and reservations agents, are not unionized and have no contract protections.

Although Delta has not filed its own post-bankruptcy business plan that creditors can compare with the merger offer, Moak said he supports Delta's intention to stay independent.

Delta plans to unveil its business plan late this month.

"I know for a fact that our stand-alone plan will not result in furloughs or terminations of employees," he said.

Parker released his own statement Wednesday, pressing Delta to open its books to US Airways. Parker said in the release that Delta's directors and creditors must begin due diligence "to satisfy their respective fiduciary obligations" to fully review US Airways' proposal.

"Only then can they be in a position to truly assess this opportunity," Parker said.

"We are absolutely determined to take necessary steps to move the process forward."

In an interview published Wednesday in The Washington Post, Delta CEO Gerald Grinstein, who adamantly opposes the deal, said the merger would hurt consumers by reducing competition, raising fares and diminishing service to small cities.

US Airways Firm About Delta Offer CEO Clarifies Remarks (AJC)

By Dave Hirschman, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 7, 2006

US Airways called for Delta Air Lines' directors and creditors to "fully and fairly" evaluate its $8.6 billion takeover bid and reiterated Wednesday its commitment to pursue the controversial deal.

Some airline analysts had concluded the acquisition was falling apart when US Airways CEO Doug Parker was quoted in USA Today on Wednesday morning saying his carrier would abandon the hostile takeover if Delta wasn't convinced of its benefits. Parker's comments were made during a Tuesday meeting with the newspaper's editors and reporters.

"We have to get to a point where all are working together on this or it's not going to happen," Parker said in USA Today. "This is all about convincing Delta's management that this plan makes sense."

On Wednesday afternoon, however, Parker issued a written statement proclaiming US Airways is "fully committed" to purchasing Delta and calling for the Atlanta-based airline's board and creditors to move to a detailed study of a combined operation.

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Parker didn't deny telling USA Today that US Airways would only pursue a consensual deal. But a US Airways spokeswoman said Parker's written statement was meant to clear up "misperceptions the article may have caused."

Also Wednesday, Delta pilot union leaders met outside US Airways' vacant former headquarters in Arlington, Va., to emphasize the job losses they say would hit Atlanta if Delta is sold. US Airways abandoned the office building when it was purchased by American West, which adopted the US Airways brand.

"I want them to understand exactly what a hostile takeover means —- and they get it," said Capt. Lee Moak, head of the Air Line Pilots Association at Delta. "It's bad for employees, communities and customers. It's only good for corporate raiders —- and they're not going to succeed here."

US Airways estimates merging with Delta will save $1.65 billion a year and cut overlapping routes. But Moak disputed that figure and said Justice Department regulators are almost sure to reject any Delta/US Airways merger.

"[US Airways] glossed over the Delta pilot contract which prohibits many of the synergies they think they'll get," Moak said. "Our contract alone will kill this merger. This merger will not succeed."

Moak said pilots met late Wednesday with lawmakers in Washington to drum up opposition to a Delta sale.

Robert Mann, an airline analyst, said Parker's published comments about winning Delta approval were probably meant to ease fears among Delta employees.

"It makes it a lot easier to put employee groups together if a deal is consensual," Mann said. "He feels like he's got the best plan, and in Chapter 11 the best economic plan wins at the end of the day."

Adam Pilarski, airline analyst at Avitas, said he first interpreted Parker's comments as a sign he was abandoning a takeover attempt.

"I couldn't figure it out," Pilarski said. "It sounded like an admission of defeat, that he was giving up. Maybe he was extending the olive branch to labor, but the whole thing was very strange."

Parker's statement Wednesday afternoon was meant to dispel such notions.

"We believe that the next steps, in order for Delta's board of directors and creditors committee to satisfy their respective fiduciary obligations to fully and fairly evaluate the potential benefits of our proposal, is to begin the due diligence process," Parker said. "We are absolutely determined to take the necessary steps to move the process forward."

ONLINE

> Go to ajc.com for breaking news about Delta.

Chronicle, MediaNews Plan Business Deal (AP)

By David Kravets, Associated Press Writer

AP, December 7, 2006

Chronicle, MediaNews Plan Ad Sales, Distribution Sharing Deal

SAN FRANCISCO (AP) -- MediaNews Group Inc. and the San Francisco Chronicle plan to consolidate some of the business operations of their Bay Area newspapers, but will refrain from doing so pending the outcome of a federal antitrust trial challenging the deal, both companies said Wednesday.

Last week, U.S. District Judge Susan Illston tentatively blocked MediaNews and the Chronicle's owner, Hearst Corp., from merging local distribution and national ad sales. Illston said such a deal could pave the way for "price manipulation" and make it harder for new competitors to enter the market.

New York-based Hearst Corp. has invested $300 million in a complex deal that gives MediaNews three more Bay Area newspapers -- on top of the seven it already owns, including the Oakland Tribune. Hearst's investment helped Denver-based MediaNews finance the purchase of Hearst rivals Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year.

In issuing the temporary restraining order against the alliance, Illston said she had been under the impression that Hearst's investment was solely an equity stake, but an April 26 memo had surfaced suggesting it actually was a bid to merge operations.

Illston's comments bolstered San Francisco businessman Clint Reilly's federal antitrust claims against the publishers.

In court briefs and in interviews Wednesday, the publishers said they planned to move forward with the consolidation by winning the right to do so at trial by proving the plan is not anticompetitive. Executives have said the two companies had not engaged in any discussions to merge operations since the letter was written.

"Riley's allegations are hyperbole and don't have any substance," Hearst attorney Daniel Wall said in an interview. "We do intend to prove, at trial, that nothing we contemplated would be unlawful."

Joseph Alioto Jr., Riley's attorney, said the publishers "have no chance" of pulling that off.

"It's a price-fixing agreement. They're gonna fix the prices of advertising," he said. "This is first-year law school stuff."

The publishers said in the court briefs that advertisers and even readers have other venues besides newspapers.

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"A newspaper-only market with a Bay Area-wide scope is not a realistic market here," they said. "No significant group of advertisers faces that market, and in the day of the Internet, it is plain that readers do not either."

MediaNews and Hearst are combining efforts in other ways, which Illston has not blocked. Two weeks ago, they joined forces with more than 150 dailies in 38 states in a bid to generate more online advertising revenue by working with Yahoo Inc., the Internet's most trafficked site.

Sacramento-based McClatchy Co. got the papers targeted in Reilly's suit as part of its $4 billion acquisition of San Jose-based Knight Ridder Inc., a takeover that included $2 billion in debt assumption. McClatchy then struck deals to sell 12 of Knight Ridder's former 32 daily papers, including some to MediaNews.

The case is Reilly v. MediaNews Group, 06-4332.

Mexico's Newest TV Drama Is A Bid To Block A Third Broadcaster (NYT)

By Elisabeth Malkin

The New York Times, December 7, 2006

MEXICO CITY, Dec. 5 — Night after night for almost two weeks, Mexican television news has shown exposés on how poor people suffer from the high cost of medicines.

The images of the ill and dying have been heart-wrenching. Legislators lament the lack of regulation. Corner pharmacies barely fend off failure. The new health minister concedes that high prices are a problem.

It may be merely a coincidence that Mexico's two competing television companies, Televisa and TV Azteca, have each chosen to focus on this particular social problem at the same time.

Their separate reporting comes to exactly the same conclusion. The culprits who drive the prices so high are two pharmaceutical distributors who together control 70 percent of the market. And both news teams single out the same one for particular opprobrium: Grupo Casa Saba, a $2 billion company controlled by the reclusive octogenarian billionaire Isaac Saba Raffoul.

What neither Televisa nor TV Azteca mentions is that Mr. Saba has his eye on another business: television.

Mr. Saba is the Mexican partner of Telemundo, the NBC Universal unit that is the No. 2 Spanish-language television broadcaster in the United States. In September, Telemundo and another company Mr. Saba owns, Grupo Xtra, formally requested a license for a broadcast television network.

Both Televisa and TV Azteca say that their coverage is driven only by news judgment. "The high cost of medicines in a poor country with great health needs is a real issue, and it is not related to Saba and his other businesses," said Manuel Compean, a spokesman for Televisa.

Jorge Sanchez, a spokesman for Casa Saba, denied any accusations of price-gouging and pointed to profit margins of less than 10 percent on the company's balance sheet.

Within weeks, the license request set off a nasty dispute between Telemundo and TV Azteca, leading to lawsuits and countersuits. Last week, Telemundo asked the Federal Communications Commission in the United States to deny the renewal of the broadcasting license to KAZA, the Los Angeles affiliate of Azteca's growing network based in the United States. The dispute comes just as Felipe Calderón takes office as president. Mr. Calderón, who campaigned on a promise to increase competition, has said that Mexico should have a third broadcast company.

The decision over whether to authorize a new network, which would be awarded by public auction, could prove to be the new government's first big test when it comes to taking on powerful business interests.

Many parts of Mexico's economy are controlled by just one or a few companies that have succeeded in keeping out competition.

Televisa and TV Azteca control almost the entire broadcast television industry in Mexico, although Televisa is much larger, with about 75 percent of the advertising market. Last April, they won passage of a law that critics say gives them free space on the broadcast spectrum.

That law created a public uproar that has heightened pressure for more competition. "There has to be at least one more open television channel," said Mexico's top antitrust regulator, Eduardo Pérez Motta, in an interview. Last week, he called on the government to auction off more spectrum quickly.

But both Televisa and TV Azteca declare that they are ready and willing to compete. "Televisa has competed historically and competes every day in all of its businesses," Mr. Compean of Televisa said.

For Telemundo, the effort to gain a distribution platform for its programming is simply a question of equality. Televisa, the world's largest Spanish-language media company, distributes its popular telenovelas and reality shows through a licensing agreement with Univision, the top Spanish-language network in the United States.

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TV Azteca is creating its own American network through agreements with stations in cities with large Spanish-speaking populations.

"The point is pretty basic," said Donald Browne, Telemundo's president. "We want to do the same thing in Mexico that Televisa and TV Azteca do in the United States. They are able to distribute in the United States, and we would like to have an opportunity to distribute our own product."

He added, "We're looking for just a reasonable playing field — not even even — just to be able to show our product in Mexico."

The bad blood between Telemundo and TV Azteca particularly goes back more than a dozen years, when NBC first tried to enter the Mexican market. A deal with TV Azteca that would have allowed NBC to take a small stake in the company fell through after TV Azteca backed out, arguing that NBC did not hold up its side of the deal to provide programming and technical assistance.

A dozen years later, the dispute is even more bitter. After Telemundo hired a well-known producer, Alan Tacher, for its talent show "Quinceañera," in which 14- and 15-year-old girls live together as they study with voice and dance coaches, TV Azteca argued that it had an exclusive contract with him.

Azteca won an injunction from a Mexican judge to stop production, and Azteca lawyers accompanied the police on a raid on the studio where Telemundo was filming one of the final episodes. The production was eventually moved to Miami.

The raid is one of the main arguments in NBC's filing last week with the F.C.C. It accuses TV Azteca of strong-arm tactics against Telemundo's operations in Mexico to prevent it from "competing lawfully against TV Azteca in its own country."

The filing also raises the long-running fraud case against TV Azteca's controlling shareholder, Ricardo Salinas Pliego, filed by the Securities and Exchange Commission in January 2005. Mr. Salinas Pliego first delisted TV Azteca's shares from the New York Stock Exchange and settled with the S.E.C. last September, paying a fine of $7.5 million.

Rick Cotton, NBC Universal's general counsel, said, "If participation in the Mexican marketplace is foreclosed by the actions of TV Azteca in particular, then participation by TV Azteca in the U.S. marketplace needs to be re-examined by U.S. regulatory authorities."

TV Azteca saw the NBC filing as a direct attack. "We are outraged," Azteca America's chairman, Luis J. Echarte, said in an e-mail message. "The filing has no legal fundamentals and is clearly a media ploy that attempts to damage the reputation of TV Azteca and its subsidiaries in the U.S., and put pressure on the Mexican government into auctioning new television licenses."

The networks, meanwhile, can point to one accomplishment with their series on drug prices. Mexico's antitrust commission plans to begin an investigation into the market for distributing pharmaceuticals.

Mr. Perez-Motta, the antitrust official, said: "There's nothing strange about responding to media pressure." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Japan Tobacco In Talks With Gallaher (FT)

By Lina Saigol And Jenny Wiggins In London

Financial Times, December 7, 2006

Japan Tobacco, the world's third-biggest tobacco company, has made a takeover approach for Gallaher, the UK group that owns the Benson & Hedges and Silk Cut brands.

The approach is expected to trigger a counterbid for Gallaher, which has a market value of £6.4bn ($12.6bn).

Philip Morris is the most likely suitor. BAT and Imperial Tobacco might also be interested but they would face heavy competition issues.

People familiar with the situation said on Wednesday night the talks were at a preliminary stage. The two companies have had one discussion.

Gallaher has been the subject of persistent takeover speculation in recent weeks. The UK company's shares have risen strongly over the past two months, gaining 13 per cent to close on Wednesday at 979p.

On Thursday, shares of Japan Tobacco surged 5.5 per cent to Y533,000 in midday trading in Tokyo.

Gallaher said on Wednesday night it had received an approach but declined to name the company involved. It said there was no certainty an offer would be made.

Japan Tobacco, which also owns food and pharmaceutical businesses, controls about 70 per cent of the Japanese tobacco market. A former state-owned monopoly, it sells the Camel and Winston brands outside the US. Japan Tobacco's international tobacco business is stronger than its domestic operations.

International sales rose 12.2 per cent in the six months to the end of September, helped by the growth of Camel in Italy and France, and Winston in Russia, Italy and Spain. Domestic sales fell 8.3 per cent, partly due to higher retail prices.

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Gallaher, by comparison, has been struggling with a long-term decline in cigarette volumes in western Europe. Its four core markets of the UK, the Republic of Ireland, Sweden and Austria account for about 70 per cent of group profits.

It has also been suffering from price wars, especially in Spain, as well as from higher taxes and from smoking bans in several countries. Gallaher has estimated that a UK smoking ban in pubs would lead to a 4-5 per cent decline in smoking volumes.

Sales have been stronger in the Commonwealth of Independent States, which includes Russia and Ukraine, but these markets are relatively small for Gallaher.

In September, Gallaher reported a 15 per cent increase in pre-tax profits for the six months to June 30 of £259m, helped by a £23m drop in restructuring costs year-on-year.

News Corp. Is Poised To Regain Liberty's Stake (WSJ)

By Julia Angwin

The Wall Street Journal, December 7, 2006

A two-year standoff between News Corp. and its second-biggest shareholder, Liberty Media Corp., is nearing an end in a deal that will return Liberty to a powerful position in the media sector and solidify News Corp. Chairman Rupert Murdoch's control of his company, say people close to the situation.

Under an agreement, which could be finalized in the next few weeks, News Corp. will buy Liberty's $11 billion stake in the media giant in exchange for News Corp's 38.6% stake in satellite-TV firm DirecTV Group Inc., some cash and some smaller News Corp. assets.

While the two sides have been discussing a deal along these lines for several months, significant progress has been made this week, according to people close to the situation.

The biggest bone of contention has been the soaring stock price of DirecTV, which has risen more than 20% to above $23 since news of the talks broke in mid-September. That values News Corp.'s stake in DirecTV at $10.9 billion -- roughly the same value as Liberty's stake in News Corp. Shares of DirecTV rose 38 cents, or 1.6%, to $23.53 in 4 p.m. composite trading on the New York Stock Exchange. News Corp. shares fell 23 cents, or 1.1%, to $21.74, also on the NYSE.

But while the two shareholdings are now roughly equal in price, Liberty executives believe the DirecTV stock was inflated by deal speculation, a point Liberty Chief Executive Greg Maffei made to investors at a media conference yesterday. By adding some cash and other assets to the swap, News Corp. will reduce the effective price it is getting for its DirecTV shares.

The main reason to add the assets, however, is to ensure the deal is tax-free for Liberty. Mr. Maffei estimated Liberty would save billions of dollars in taxes on the cash-and-asset swap.

Relations between Mr. Murdoch and Liberty Media Chairman John Malone, once allies, have been tense since Liberty accumulated a 19% voting interest in News Corp. two years ago. The move appeared to threaten Mr. Murdoch's control of the media conglomerate, which he exercised through a roughly 30% voting stake held by his family. At the time, News Corp. adopted a poison-pill takeover-defense plan to stop Liberty buying any additional stock.

Until this incident, Mr. Malone, 65 years old, and Mr. Murdoch, 75, enjoyed a close relationship going back decades, working together on several business ventures. Liberty originally accumulated some of its stake through transactions with News Corp. But those shares were nonvoting. Mr. Malone didn't alert Mr. Murdoch before he did the deals that gave Liberty a big voting stake.Buying Liberty's stake will effectively eliminate the voting power of its shares, raising the voting stake of remaining shareholders. The Murdoch family's voting interest will rise to closer to 40% after the deal, says a person familiar with the matter.

Liberty would get effective control of DirecTV, making Mr. Malone a formidable player in media for the first time since he sold cable-TV giant Tele-Communications Inc. in 1999. Liberty's Mr. Maffei said yesterday that Liberty could use DirecTV to protect its content assets, which include interests in cable channels such as QVC and Discovery.

"Since the sale of TCI, we tried to protect those assets as much as possible. DirecTV could help in that process. Those are reasons we would at least think about DirecTV as a useful exchange," Mr. Maffei said.

Selling the DirecTV stake would be a turnabout for Mr. Murdoch, who spent years pursuing control of the satellite-TV firm. But in the past year or so, DirecTV's subscriber growth has slowed markedly, as competition from cable operators has intensified. Cable companies are benefiting from their ability to offer a bundle of telephone, high-speed Internet and video. Satellite can't easily offer high-speed Internet.

Despite concerns about prospects for the satellite industry, Mr. Maffei said satellite "has unparalleled video assets," including the "unique capability to be a national asset." Satellite firms broadcast nationally whereas cable TV operators and phone companies -- beginning to offer TV service -- operate along regional lines.

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Mr. Maffei noted that 39% wouldn't give Liberty "hard control" of the company but it would have a "voice" and "several board seats." And he noted that Liberty has "a lot of respect" for DirecTV's management team, which is led by Chase Carey, a former News Corp. executive.

There's Nothing Wrong With Sharing (WSJ)

By Josh Lerner

The Wall Street Journal, December 7, 2006

Some 53 years ago, Judge Harold Medina dismissed charges brought by the Justice Department against 17 leading investment banks. A case built up over a decade of investigations and almost three years of trial collapsed when the government was unable to show that the industry's collaborative practices constituted an anti-competitive conspiracy. The judge observed that activities that the government depicted as nefarious were "nothing more nor less than a gradual, natural and normal growth or evolution by which an ancient form has been adapted to the needs of those engaged in raising capital."

Now the trust-busters have again launched an inquiry into collusion in financial services, this time focusing on private equity firms such as Kohlberg, Kravis & Roberts. Nor is this just an American phenomenon: Citing many of the same concerns, Britain's Financial Services Authority last month announced that it was increasing its scrutiny of private equity firms. The concern this time involves teaming up to bid in auctions of firms going private rather than jointly underwriting public corporate offerings. But it is hard not to feel that history is repeating itself. For not only is this investigation sure to fatten the profit pools of dozens of securities law firms, but the fundamental errors that Judge Medina flagged half a century ago seem destined to be repeated.

Far from being a static industry with ossified giants, private equity features brutal competition and enormous dynamism. Groups that were dominant just a few years ago, such as Hicks, Muse, Tate & Furst and Forstmann, Little & Co., have dramatically downsized or announced their intention to cease operations after experiencing investment missteps and succession problems. Meanwhile, new organizations have amassed enormous sums of capital in short periods. For instance, one of the Justice Department's targets, Silver Lake Partners, was only established in 1999. Since then, it has raised $6 billion in equity, and in light of its great success, is now raising a larger fund. Even a quick glance at the annual market shares of private equity groups reveals wild fluctuations. As Judge Medina stated when reviewing the changing rankings of underwriters, "the only pattern is no pattern."

Thus, the reality of the market seems dramatically different from the typical setting where "trust-busters" are mandated to work. Moreover, the behavior in the Justice Department's cross-hairs -- deal sharing -- is an important aspect of this competition that benefits all of us.

To understand the benefits of deal sharing, it is helpful to look at private equity's older sibling, venture capital. Syndication has been the norm here for many decades. The impact of syndication in venture capital has been extensively studied; from these works, several clear conclusions emerge.

First, deal sharing helps investors make better investment decisions. Potential investors in young or restructuring firms face frequently a mass of confusing, even contradictory, information. Syndication allows venture investors to get a valuable "second opinion" about potential additions to their portfolio. Second, it helps managements. Venture and buyout investors work closely with the managers of the companies in which they invest. Syndication frequently results in representatives of two or more venture funds serving on boards. Frequently, these individuals have complementary skills, such as knowledge of the underlying technology and the market. Finally, deal sharing helps limit risk. Private placement memoranda limit the amount of capital that funds can put into any one deal. Syndication allows venture groups to undertake transactions that otherwise they would need to pass on, due to concerns about lack of diversification.

There are undoubtedly costs of syndication. When venture groups team up, it "softens the competition." In many technologies and regions, there are only a handful of leading groups. When two work together, the valuation at which the company will be financed may fall. But on the basis of the extensive evidence, the benefits to society from widespread venture syndication appear to substantially outweigh the costs.

The venture capital experience suggests that "clubbing" will have many benefits to the private equity groups themselves and to society as a whole, and that to proscribe it based on fears of anticompetitive consequences would be a substantial mistake. Of course, if firms have been engaging in rank price fixing or market division, then the Justice Department has every reason to swat the private equity firms just like any businesses that seek to evade true competition. The worry, though, is that the antitrust enforcers will again mistake competition for collusion because they don't understand the complexities and nuances of this business.

Unfortunately, the history of antitrust enforcement is littered with examples of government actions that, however well-intentioned, blocked firms for many years from taking actions that would have benefited both them and society as a whole. For

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instance, U.S. high-tech companies shied away from pooling the patents needed to promote new standards until late 1990s, out of fear that they would run afoul of the "nine no-nos" a deputy assistant attorney general had promulgated in 1970.

Even if the antitrust threat dissipates, there is a broader lesson here. When one considers private equity's substantial successes in this decade, it is clear that the industry thrives on its extraordinary flexibility and ability to take risks. The recent actions of private equity groups that are likely to have the broadest societal impact were initially fraught with challenges. Many private equity groups had failed in earlier efforts to internationalize, but funds have recently enjoyed great success in Europe and Asia. Similarly, buyouts of high-technology firms were supposed to be too risky, yet recent transactions in the disk drive, storage and semiconductor industries have proved the received wisdom false.

Private equity is a dynamic industry, at whose heart is taking calculated risks based on limited information. Washington must understand that the many benefits private equity provides by facilitating economic growth are unlikely to be sustained if the heavy hand of government intrudes, whether through litigation or regulation.

Mr. Lerner is the Jacob H. Schiff professor of investment banking at Harvard Business School.

ENVIRONMENT/INDIAN AFFAIRS:

Jeffco Told To Continue Greenways Program (BN)

By Katherine Bouma, News Staff Writer

The Birmingham News (AL), December 7, 2006

Justice rejects plans to transfer responsibility

The U.S. Justice Department has rejected Jefferson County's plans to close its greenways program, leading to an 11th-hour scramble to write a new arrangement that all sides agree is legal.

The county cannot meet its obligations under a federal agreement by assigning the ultimate financial and legal responsibility to the nonprofit Freshwater Land Trust, as the County Commission voted in November.

Jefferson County agreed in 1996, in a federal case, to spend 10 years buying land in the Black Warrior and Cahaba rivers watersheds as penance for polluting the waterways for decades with broken sewers.

All sides agree that the county met its obligation to finish buying land in the $30 million program by the Saturday due date. And lawyers agree the nonprofit Freshwater Land Trust should oversee the land, as the county has planned.

But the 1996 court settlement requires the county to keep financial responsibility for major problems and the legal responsibility of ensuring that the land is preserved.

Bill Weinischke, senior attorney for the Justice Department, said he could not say what would happen if the county missed the deadline by a few days but completed it in time for the county commission to vote on it during its Tuesday meeting.

Fines are allowed under the 1996 consent decree, but the Justice Department has not threatened any.

County officials did not respond to calls Wednesday, but other attorneys involved in the case said they were talking with the county and were optimistic all sides could agree on a new plan.

Bart Slawson, attorney for two of the plaintiffs in the case, said the county still is trying to dodge its responsibilities 10 years after it agreed it was guilty of polluting rivers and streams with sewage.

"There's no excuse for the county attorneys not to understand the consent decree at this point, but that's what they're pretending," Slawson said.

County attorney Charlie Wagner did not respond to a request for comment Wednesday. Efforts to reach County Commission Chairwoman Bettye Fine Collins were unsuccessful.

Bob Tate, who represented the Cahaba River Society in the 1996 sewer settlement, said he has told lawyers from the Justice Department and the land trust that he was concerned not only that the county was trying to rid itself of financial responsibility for the land. He said the Cahaba River Society also wants clear rules guaranteeing the future preservation of the land.

The land trust, which was established by the county to administer the greenways program, has for several years asked the county to grant conservation easements on all its land, ensuring the land's preservation in the future.

Wagner said in a recent interview that the county wanted to wait until the end of the program to complete the conservation easements.

Uneven track record:

The county has a spotty history with the land purchase program.

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In 2001, the Justice Department threatened the county with $340,000 in fines for failing to begin buying land on schedule. At the time, Department of Justice attorney Weinischke also criticized the county's choice of US Infrastructure Inc. to handle the program.

Weinischke said the company didn't have the necessary experience to run a greenways program and had taken more in fees than it had spent on land. That company is now on trial for conspiracy and bribery in Jefferson County's sewer program.

After that rebuke, the county allowed the land trust board to hire an executive director who has since purchased about 4,500 acres in the Cahaba and Black Warrior watersheds. The county commission approved her land purchases but delayed responding to her requests for conservation easements on the land.

Most recently county commissioners have argued about the interest on the $30 million, which under the consent decree must be used to maintain the land. Commissioners voted to keep half of the $4.6 million, a move the Justice Department has rejected.

Weinischke said Wednesday that he, the land trust's attorney and others are working on an agreement that would allow the land trust, like a subcontractor, to work for the county without taking ultimate responsibility.

"They've got some good people working on it," he said. "I think we're moving the ball forward."

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Report Says Oil Royalties Go Unpaid (NYT)

By Edmund L. Andrews

New York Times, December 7, 2006

WASHINGTON, Dec. 6 — An eight-month investigation by the Interior Department's chief watchdog has found pervasive problems in the government's program for ensuring that companies pay the royalties they owe on billions of dollars of oil and gas pumped on federal land and in coastal waters.

In a scathing report to Congress, the Interior Department's inspector general says the agency's data are often inaccurate, that its officials rely too heavily on statements by oil companies rather than actual records and that only about 9 percent of all oil and gas leases are being reviewed.

The report undermines claims by top Interior officials that the department is aggressively pursuing underpayments and outright cheating by companies that drill on property owned by the American public.

And though investigators did not attempt to estimate the amount of money that the government might be losing, they cited a host of weaknesses that make the government vulnerable to being short-changed.

Interior officials defended the program on Wednesday, but announced that they would develop "an action plan" to address the inspector general's recommendations.

The report comes as lawmakers in both parties have been attacking the Interior Department for failing to correct blunders that department officials now concede could cost the government as much as $10 billion over the next five years.

It also reinforces complaints by critics, from auditors within the agency to lawmakers in both parties, who have said that enforcement has become superficial, prone to errors and overly deferential to oil companies.

These are among the inspector general's findings:

¶ Since 2000, the number of audits has declined by 22 percent and the number of auditors has been reduced by 15 percent, even though soaring energy prices have doubled the total amount of money at stake, to about $10 billion a year.

¶ Though the Interior Department says it has "reviewed" about 72 percent of all revenues from federal leases, it actually examined only 9 percent of all properties and 20 percent of all companies.

¶ The department's "compliance review" system, a computerized form of fact-checking that has increasingly replaced audits, essentially relies on the word of the oil companies being monitored. Officials conducting such reviews do not ask companies for their actual records.

¶ Government data are incomplete and often inaccurate, making it almost impossible for enforcement officials to develop strategies for selecting companies for special scrutiny.

The report said the agency's follow-up efforts were often sketchy, because officials who identified underpayments by companies did not have a procedure for verifying that the agency actually billed the companies or collected the money.

It also said the agency's statistics about recovering money were incomplete, inaccurate and sometimes misleading. The investigators said they could not even determine how many audits the government completed each year or whether the government recovered as much it had identified in underpayments.

In response to the report, the Interior Department said it was preparing a "comprehensive plan" to act on many of the recommendations. In a written statement, the department's Minerals Management Service, which oversees the royalty collection program, said it would deliver the plan to the inspector general within 30 days.

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"We appreciate the work of the Inspector General's office," Johnnie M. Burton, director of the department's Minerals Management Service, said in a written statement.

Last month, the Interior Department said that it had created an independent advisory panel to review complaints about the royalty program. But at the time, officials said they did not believe there were serious problems.

"While I think there's a lot of room for improvement, I've not been able to find anything that's drastically wrong," C. Stephen Allred, assistant secretary of the Interior for Land and Minerals Management, said in an interview last month.

The new panel will be led by a man with close ties to the oil industry, David T. Deal, a former assistant general counsel for the American Petroleum Institute.

Democratic lawmakers said the new report amounted to a broad indictment of the Interior Department's unwillingness to scrutinize oil companies and protect the interests of taxpayers.

"This report is a blistering, scalding indictment of the Minerals Management Service," said Representative Edward J. Markey, Democrat of Massachusetts and a longtime critic of the Interior Department's handling of the royalty program. "It says that, rather than being a cop on the beat, they were turning a blind eye to obvious flaws in the auditing system."

Representative Carolyn Maloney, Democrat of New York and a member of the House Government Reform Committee, said the report would lead to broader investigations of the oil and gas leasing program when Democrats take control of the House and Senate in January.

"That gushing sound you hear is our government leaking royalties owed to American taxpayers from the oil and gas companies," Ms. Maloney said Wednesday. "They are going to have some explaining to do next year when there's new leadership in Congress."

Since President Bush took office, the Interior Department has shifted as much enforcement effort as possible from traditional audits of oil companies to the computerized "compliance review" system.

The new report is the result of an investigation that began in March, in response to questions posed by the Senate Energy Committee after The New York Times reported that royalties for natural gas had climbed far more slowly than market prices and that both federal and state auditors were complaining that the new system was inadequate.

Earl E. Devaney, the Interior Department's inspector general, has sharply criticized the department on numerous occasions. In 2004, his office described the royalty auditing program as frequently unprofessional, with auditors who were often unqualified and supervisors who were often ineffective.

In September, Mr. Devaney told the House Government Reform Committee that the Interior Department had tolerated cronyism, ethical breaches and cover-ups of major management blunders.

The new report does not condemn the department's growing use of "compliance review," noting that the Internal Revenue Service has long used computerized systems to spot signs of cheating.

"Compliance reviews are a legitimate tool for evaluating the reasonableness of company-reported royalties," the report said.

But the investigators warned that the reviews "do not provide the same level of assurance as an audit, and should only be used in conjunction with audits."

When asked by the Senate Energy Committee whether the agency was spending enough money to do its job properly, the investigators said they could not answer because the agency "lacked reliable information to allow us to conduct such an analysis."

Oil-Lease Agency Found Inadequate (WP)

By Steven Mufson

Washington Post, December 7, 2006

The agency that collects royalties from oil and gas producers lacks the data, coordination and manpower to keep track of companies operating on federal land and in federal waters, a report by the Interior Department's inspector general said.

The report criticized the Minerals Management Service for relying on "compliance reviews," which depend on information provided by the companies, rather than detailed audits, independent information or site visits.

The report said record-keeping was so shoddy that a random selection of five supposedly completed audits found that one had never begun and two were unfinished. "MMS could not accurately count the number of audits and compliance reviews that were completed each fiscal year," the report said.

The agency, which collected $12.8 billion in royalties this year, has been criticized by members of Congress for writing leases in 1998 and 1999 that allowed major oil companies drilling in the Gulf of Mexico to avoid billions of dollars of royalty payments. The MMS is negotiating with companies in an effort to correct that and collect some of the money.

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The inspector general's report, written for the Senate Committee on Energy and Natural Resources, also said the MMS had audited only 9 percent of federal properties and 20 percent of companies in the past three years. It said that many of the same high-dollar properties are reviewed "year after year" while many other properties were never reviewed.

The report also noted that the agency had reduced the number of auditor positions by 45, or 15.7 percent, since 2000. During that time, the number of audits fell to 461 in 2004-05, from 595 in 2000-01. The report said that wasn't enough to monitor the 2,600 companies that paid royalties on about 27,800 leases in 2005.

"The biggest problem is that there's a culture at MMS that is careless, undocumented and fails to consider its fiduciary duty to the American people," said Rep. Darrell Issa (R-Calif.), chairman of the House Government Reform Committee's subcommittee on energy and resources.

"The Interior inspector general's report underscores how poorly the Bush administration's Minerals Management Service has been overseeing oil and gas drilling activities on public land," said Rep. Edward J. Markey (D-Mass.).

Report: Oil Royalty Program Ineffective (AP)

By Ian Talley Dow Jones Newswires

AP, December 7, 2006

WASHINGTON — The U.S. Minerals Management Service oil and gas royalty payments compliance program is ineffective and needs to be fundamentally reformed, the Interior Department's Inspector General said in a report leaked Wednesday.

With "inaccurate and incomplete" data and compliance reviews that "do not adequately evaluate company-reported volume and allowance data," the Inspector General said there was a high risk "the MMS may not detect underpaid royalties."

As a result, the MMS cannot determine the true cost and benefits of the royalty program, and has no complete picture just how much oil companies owe the government.

Industry watchdogs, lawmakers and ex-MMS auditors have accused the MMS of being too cozy with the oil and gas industry, and not collecting hundreds of millions of dollars worth of royalty payments.

The MMS's handling of royalties has come under repeated fire in the past year.

In September, Interior Inspector General Earl Devaney told a House committee that the agency suffers from a culture that "sustains managerial irresponsibility and lack of accountability," following his probe into how the royalty thresholds were omitted from offshore oil and gas leases in 1998-1999. The omission could cost the government several billion dollars. "Short of a crime, anything goes at the highest levels of the DOI," he said.

Also, ex-MMS auditors have filed lawsuits for unpaid royalties and accuse top level officials _ including its director _ of trying suppress compliance claims.

The Government Accountability Office also recently said it will conduct a probe into the Minerals Management Service's collection of oil and gas royalties.

House Government Reform Committee Chairman Tom Davis, R-Va., and House Energy and Resources Subcommittee Chairman Darrell Issa, R-Calif., said they wanted the GAO to examine the accuracy and effectiveness of the MMS's royalty collection system following "numerous ... alleged deficiencies in MMS management."

MMS Director Johnnie Burton, in a response letter to the Inspector General, said that she agreed that more could be done to raise compliance levels.

In a press release, the MMS said it would act quickly to implement new measures recommended by the Inspector General, including, "strengthened procedures, improved administrative controls and enhanced tracking systems."

"We appreciate the work of the Inspector General's Office," Burton said in the release, "and are now developing a comprehensive plan to address the recommendations made by the OIG."

Critics have noted how federal royalties have dropped in the past few years despite higher commodity prices.

Beth Daley at the Project on Government Oversight said collections from public lands have fallen to an average of $48 million annually in 2002 to 2005, half the average of $115 million collected annually in the 20 years prior.

In the past five years, the number of audits initiated by the MMS has fallen by more than 20 percent.

Report Finds Flaws In Verification Of Petroleum Royalties (HC)

By David Ivanovich

Houston Chronicle, December 7, 2006

WASHINGTON — Federal regulators responsible for ensuring oil and gas producers pay the government their fair share of royalties often can't verify the information companies are providing, the Interior Department's inspector general says.

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Earl Devaney, in a report made available today, took aim at the U.S. Minerals Management Service's frequent reliance on "compliance reviews" rather than full-blown audits to gauge whether producers operating in federal waters or on government land are cheating Uncle Sam.

When conducting a compliance review, agency regulators compare a company's production data against its reported royalties to try to sniff out any possible discrepancies.

But "this procedure does not provide an independent verification of volumes," Devaney's report argued. "Without additional analytical steps, MMS has no assurance that the reported production amounts are reasonable."

And Devaney fears that means the Minerals Management Service is not detecting underpaid royalties.

The inspector general recommended agency officials insist companies turn over actual source documents — such as tank gauge reports — for at least one test month.

"This would allow a more precise expected volume amount to be established," the report said.

When deciding which companies to review, the Minerals Management Service focuses on the high-dollar properties.

Over the last three years, the agency has reviewed only 20 percent of affected companies and 9 percent of producing properties.

"Many of the same companies and high-dollar properties have been reviewed year after year," the report said.

Agency Director Johnnie Burton, in a prepared statement, noted that compliance reviews are only one tool the Minerals Management Service uses to ensure royalties are accurately paid.

If a discrepancy is identified, Burton said, the company is ordered to explain the situation. Otherwise a more-formal audit may be launched.

Burton said agency officials plan to present Devaney a plan to implement his suggestions within 30 days.

Responding to the report today, Rep. Darrell Issa, R-Calf., chairman of a House subcommittee that has been examining the Minerals Management Service, said agency officials"don't seem to have any concept of independent collection or independent analysis."

In his report, Devaney identified a number of other problems regarding record collection, coordination and follow-up bill collecting.

Agency officials, for instance, could not say exactly how many audits and compliance reviews were completed each year, the report said.

And after reviewing 20 compliance reviews, Devaney's office identified one in which $12,400 in underpayments had yet to be collected eight months after the review had been completed.

The Minerals Management Service collected $9.9 billion in royalties in fiscal year 2005 from 2,600 companies, the report said.

Issa complains that although agency officials can say how much they have collected in royalties, they miss a key question: "How much should they have collected? They don't know."

The Minerals Management Service has been under intense scrutiny since revelations the agency signed flawed royalty agreements in 1998 and 1999 with producers operating in the deep waters of the Gulf of Mexico and then covered up the gaffe for at least six years.

Already, the agency's failure to include those price triggers have cost federal coffers more than $1 billion in lost royalty payments.

Rep. Edward Markey, D-Mass., a frequent critic of the White House's energy policies, said the Devaney report "underscores how poorly the Bush Administration's Minerals Management Service has been overseeing oil and gas drilling activities on public land."

Officials at the American Petroleum Institute declined to comment on the Devaney report, noting that they had not yet seen it.

Roadless Areas Get Protection - For Now (CSM)

By Brad Knickerbocker, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, December 7, 2006

A federal judge has blocked the Bush administration from allowing development on 50 million acres of backcountry.

ASHLAND, ORE.

Six years after the Bush administration came to office seeking to reverse Bill Clinton's order for protecting roadless areas on federal lands, the issue continues to smolder.

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A federal judge has blocked the administration from lifting protections on nearly 50 million acres of backcountry. Several governors are suing Uncle Sam over the issue. And other governors are pushing ahead with their own plans to balance environmental protection with mining, logging, oil and gas development, and other commercial uses.

At stake are vast areas of federal land, most of it forested tracts across the Ameri-can West where the sound of road-building bulldozers has never been heard. Environmentalists say such areas are valuable for wildlife habitat, preserving water and air quality, and providing a wildernesslike experience. Many hunters and fishermen want them kept pristine as well.

But many areas also are potential sources of timber, minerals, gas, and oil. Developing such natural resources can be done in a way that protects the environment, administration and industry officials assert.

Like many environmental issues, sorting out this one has involved lengthy lawsuits.

In September, US Magistrate Elizabeth Laporte in San Francisco ruled that the Bush administration's repeal of the 2001 Roadless Area Conservation Rule, as the Clinton order is called, violates both the Endangered Species Act and the National Environmental Policy Act.

In another opinion last week, Judge Laporte blocked plans to extract natural resources in roadless areas, including some 300 controversial oil and gas leases in seven western states the US Forest Service issued in recent years.

Administration officials made "a clear error of judgment" in attempting to open up roadless areas without the proper environmental assessments, Laporte ruled.

The administration had sought to require governors to petition Washington if they wanted to protect federal roadless land in their states. Laporte ruled that illegal as well. But not before governors in Virginia, North and South Carolina, New Mexico, and California had petitioned the federal government for full protection of roadless areas in their states.

Meanwhile, governors in other states - Idaho, Colorado, and Utah among them - want to lift or ease some of the restrictions imposed by the Clinton rule.

The lawsuit, which resulted in the recent ruling, was brought by the attorneys general of Oregon, Washington, California, and New Mexico, plus 20 conservation groups.

For its part, the administration argues that the recent court ruling should not be made retroactive. "Neither the [US Forest Service] nor the forest resource users, who have relied on decisions made by the agency for the past six years should be faulted for acting under the law and regulations in place at the time they acted," US Justice Department lawyers said in their court filing.

Administration officials have not said whether they will appeal the ruling.

Critics say former President Clinton rushed the roadless rule into effect just before he left office in 2001. But supporters of the rule point out that it was adopted only after three years of official study, 600 public hearings, and some 2.5 million public comments in favor of the rule.

"I realize that no rule can perfectly satisfy everyone, but the Clinton roadless rule struck a chord with Americans," says Sen. Jeff Bingaman (D) of New Mexico, incoming chairman of the Energy and Natural Resources Committee. In Oregon, more than 90 percent of the 79,000 people who submitted comments favored leaving areas roadless.

The need now, says Oregon Gov. Ted Kulongoski (D) is to "focus on more critical forest priorities - like addressing declining forest health, catastrophic wildfires, and creating sustainable and predictable harvest levels."

The legal and political debate preceding the recent court ruling did not prevent some development in roadless areas from taking place. In August, loggers began cutting down trees in the Siskiyou National Forest's Kalmiopsis Roadless Area in southern Oregon.

While such commercial development of natural resources can benefit local economies, government and private studies have shown that logging in national forests often costs the federal treasury more than it earns. Subsidized road-building in national forests is one of the main reasons.

The original roadless protection rule covered some 59 million acres around the country, nearly a third of all national forestland, most of it from the Rocky Mountains westward. Laporte's order covers all but about 9 million acres in Alaska's Tongass National Forest.

Revolt Over New Federal Mercury Law (CSM)

By Mark Clayton

Christian Science Monitor, December 7, 2006

Facing a mandate to slash toxic mercury emissions from coal-fired power plants, 23 states are thumbing their noses at a federal cleanup plan and are instead developing their own far tougher plans to deal with mercury.

But doing so has caused many of them to miss a federal Nov. 17 deadline to submit their plans to the Environmental Protection Agency. Now, the EPA is ratcheting up the pressure. This week, the agency is expected to publish names of more than 20 states that could have the federal plan imposed on them if they don't submit tougher plans by next spring.

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What it all adds up to is a major state-led rebellion over mercury emissions that dwarfs, for example, an 11-state push to create regional greenhouse-gas reduction programs without federal support. If successful, the revolt could weaken a key element of the federal mercury rules: an emissions-trading system popular with the utility industry and already in place for air pollutants like nitrogen oxides.

"What we're seeing is a critical mass of states restricting trading in such a way that it really imposes a significant impact on EPA's national trading program," says S. William Becker, executive director of the National Association of Clean Air Agencies, a Washington trade group representing state and local air-quality agencies. "States are sending a strong message that mercury emissions trading is not, and should not be, a centerpiece of any federal mercury- control program."

EPA officials say they're not worried.

"Based on everything we know, we are confident there will be a robust and workable cap-and-trade system, given the number of states we believe are going to participate," says William Wehrum, acting assistant administrator of the EPA's Office of Air and Radiation.

The state plans include one or more fixes in three key areas. At least 20 states are proposing far larger cuts in mercury emissions than the EPA's new Clean Air Mercury Rule (CAMR) requires, according to a survey by the National Association of Clean Air Agencies. At the same time, 17 states are planning to require mercury reductions more rapidly than the federal government requires. At least 16 plan to opt out of, or severely restrict, emissions trading.

"We just felt that we could and should do more than EPA was asking on mercury," says Dean Van Orden, chief of the air information division of Pennsylvania's air-quality bureau. "We think it's significant so many other states are doing the same thing, including coal-producing states."

Pennsylvania's plan would cut mercury emissions 80 percent by 2010 in a first phase and 90 percent by 2015. By contrast, CAMR cuts 21 percent of mercury nationwide by 2010 and 70 percent by 2018. With costs of mercury-control technology falling sharply, tougher regulations were the right thing to do, some state officials say.

Pennsylvania and others are also not participating in emissions trading. While "cap and trade" systems worked for sulfur dioxide and other pollutants, many states argue that mercury is different because it is a toxin rather than a mere pollutant. Already, more than 3,200 health advisories warning of mercury contamination in fish from streams and lakes have been issued in 48 states.

And because mercury particles can begin dropping out of the air just a few miles from where they're emitted, state officials worry the trading system might create new mercury "hot spots" within their borders.

Illinois is another state taking a pass on CAMR, even though it's a major coal- producing state. "We are not doing CAMR or mercury trading - no trading," says Jim Ross, manager of the Illinois EPA's division of air-pollution control. "We have proposed our own mercury rule that requires greater reduction and is much faster than the federal rule."

US EPA officials say that states opting out of CAMR is no surprise.

"We always knew many states would want to do something different and that's fine," says Mr. Wehrum. "We also knew many would choose CAMR as a smart way to regulate that's economically efficient and easy to administrate."

Under the federal Clean Air Act, states can adopt clean-air plans that are stricter than a federal plan. But EPA has resisted state plans that try to limit mercury trading, going so far as threatening legal action in at least one instance, state officials say.

Montana and Michigan are among states still working on their own mercury plans. Both have felt EPA pressure to participate in trading mercury, even though they preferred restrictions on it.

"We did want some participation in CAMR trading, but not unlimited," says Charles Homer, supervisor of technical support for the Air Resources Management Bureau of the Montana Department of Environmental Quality. "But EPA told us any tampering with their trading system was not acceptable. We were either in, or out."

In the end, Montana ended up adopting EPA's trading program because coal development might have been compromised otherwise. But Mr. Homer isn't happy about it. "We were forced to participate," he says. Montana still plans deeper mercury emissions cuts than CAMR requires.

Michigan wants to trade mercury among utilities in the state, but not with utilities in the rest of the country.

"We have been in touch with the EPA and they've indicated verbally that if we prohibit interstate trading or do not submit a rule they find approvable they may take legal action," says Vinson Hellwig, chief of the air-quality division of the state's Department of Environmental Quality. "It was not a very friendly position."

Wehrum doesn't deny EPA has tried to be persuasive. But "I haven't threatened to sue anybody," he says. "That's silly."

At least 24 states - including West Virginia, Alabama, and Wyoming - are likely to embrace part or all of CAMR and its trading system. But Texas and others will do so because their state laws require it.

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"The EPA could have made this a much better, tougher rule to begin with, making it less of a patchwork quilt for industry," Mr. Becker says. "They just thought states would blindly follow - and underestimated how many states would take action on their own to fill the gaps."

Last Minute Move Would Delay EPA Rule (AP)

By John Heilprin

AP, December 7, 2006

Farmers would be off the hook for costly air pollution cleanups under an obscure provision slipped into a tax bill that may be the last act of this Congress.

Buried in the fine print of the bill filed Wednesday, the measure by Senate Finance Committee Chairman Charles Grassley, R-Iowa, would forbid the Environmental Protection Agency from applying the Clean Air Act to dust and soot from farms until 2012.

Environmentalists complain the moratorium would grant farmers a five-year holiday from the EPA's health standards for fine particles and soot, which protect people living downwind.

An EPA rule last year set new standards for regulating soot, dust and other coarse air pollution particles aimed at industrial and urban sources, but it did not exempt farmers.

Enter Grassley's provision, which would apply to any "particulate matter deposited in the ambient air as a result of the conduct of an agricultural activity (as that term is defined by the Secretary of Agriculture)," the budget provision says.

Groups that have lobbied for the provision include the American Soybean Association, the National Pork Producers Council, the National Association of Wheat Growers, the National Turkey Federation and the National Cattlemen's Beef Association.

Taking up their cause, Grassley has said that farmers should not have to face tougher regulations that could impose major burdens and costs — and the possibility of neighbors' lawsuits — on big and small-scale farms and livestock operations.

To press his point, he toured an Iowa farm in October with Stephen Johnson, administrator of the Environmental Protection Agency. Johnson watched the harvesting of a soybean field to see how it stirred up dust, though rain dampened the demonstration.

Johnson insisted during the visit, however, that there is not enough scientific evidence to rule out the possibility of people getting sick from farm dust.

EPA officials maintained that position Wednesday, setting up a confrontation should Grassley's provision become law.

"We simply don't know enough to be able to create a standard that distinguishes between the particles that pose a greater hazard to public health and those that pose little or no danger," said Bill Wehrum, head of the EPA's Office of Air and Radiation.

"It's not just the size of the particle that causes the hazard to public health," he told the AP. "What we now believe is that what the particles are made of has a significant impact."

Two Indian Police Officers Shot In Northern Nevada (AP)

AP, December 7, 2006

SCHURZ, Nev. (AP) - A tribal police chief, another officer and two residents of a home on the Walker River Paiute Reservation were wounded in a shootout Wednesday as the officers tried to serve an arrest warrant at the house, authorities said.

The four men were flown by emergency services helicopters to a hospital in Reno, about 100 miles to the north, FBI spokesman David Staretz said.

A spokeswoman for Renown Health in Reno confirmed that Joe McMinn, the tribal police chief, was at the hospital but she didn't know his condition. Staretz said both officers were wearing body armor and their injuries weren't considered life-threatening.

Staretz also said he was told the other men, a father and son, didn't sustain serious injuries, although a spokesman for the Regional Emergency Medical Services Authority in Reno said one of the men was in critical condition.

Names of the other tribal officer and the father and son weren't immediately available.

The father started shooting as the tribal officers, accompanied by federal Bureau of Indian Affairs and Drug Enforcement Administration agents, tried to serve the warrant, Staretz said. He added that the man barricaded himself in the home but surrendered after he and his son were injured by gunfire. A dog owned by the residents was shot and killed.

The nature of the arrest warrant wasn't immediately known, although Staretz said it may have been drug-related since DEA personnel were at the scene. A neighbor described the house as a known hangout for drug users.

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A section of U.S. 95, a busy north-south highway that runs past the reservation and near the two-story house, was shut down for several hours as FBI agents investigated the site and tried to determine whether anyone else was inside.

Gina Williams, the tribal chairwoman, said she had heard about the shooting but didn't have details. "I'm just waiting like everybody else," she added.

NHP Trooper Chuck Allen said officers from his agency, as well as the FBI, the BIA and the Mineral County and Washoe County sheriff's departments responded. He noted the FBI had primary jurisdiction.

GOP Drops Late-hour Effort To Push Indian Casino Bill (HILL)

By Jim Snyder

The Hill, December 7, 2006

House Republican leaders have apparently dropped a late attempt to pass a bill that limits off-reservation Indian gaming, after several tribes raised objections.

House Speaker Dennis Hastert (R-Ill.), who opposes one tribe's effort to build a casino in his district, supported the last-ditch effort to push the bill, which had previously been introduced by Rep. Richard Pombo (R-Calif.), outgoing House Resources Committee chairman, gaming lobbyists said.

But the measure proved too controversial to fit into a short lame-duck session.

Tribal officials and their lobbyists have urged Congress to wait instead for the Department of the Interior's own effort to update its rules governing Indian gaming.

A public-comment period on the proposed rule closes next Friday, with a final rule expected sometime late next spring.

"We felt like there was a regulation out there and that we ought to let the regulation go forward," one gaming lobbyist said.

But Brian Kennedy, a spokesman for the House Resources Committee, said that the Pombo measure provided stronger protection against the spread of casinos than is contemplated by Interior.

"Regulations, by their nature, dance within the confines of the existing law," Kennedy said.

In September, a majority of House members voted to approve the Pombo bill, but the measure failed because it did not receive the two-thirds support it needed to pass on the suspension calendar.

An Interior staff member startled a gathering of tribal officials and Indian lobbyists yesterday morning when he announced that both Hastert and Majority Leader John Boehner (R-Ohio) planned to try to push the bill through.

The event was sponsored by the National Indian Gaming Association and took place in the Dirksen Senate Office Building.

"The room was packed with D.C. lobbyists there on behalf of their tribal clients," one lobbyist in attendance wrote in an e-mail to The Hill. "Most are in strong opposition to the bill."

Hastert, who will yield the Speaker's gavel next year to Democrat Nancy Pelosi (D-Calif.), opposes an effort by the Kansas-based tribe to build a casino in his Illinois district.

Generally, federal law limits the construction of Indian gaming casinos to land acquired before 1988. But there are exceptions, in part to allow tribes that had wrongly been denied federal recognition in the past to develop casinos.

Controversy lies in how and how often these exceptions are applied.

Pombo's bill seeks greater assurances that local officials have a say in the development of a casino in their area, for example. His measure requires tribes to negotiate with local governments as part of efforts to build a casino off-reservation.

Opponents argued that the provision threatened Indian sovereignty by forcing tribes to negotiate with county and other local governments that are not classified by federal law as sovereign.

"Never before has a federal law equated sovereign tribes with counties," Rep. Dale Kildee (D-Mich.) said during the floor debate.

Critics also object to the blanket provision in the Pombo bill that does not allow a tribe to build a casino "on lands outside the state in which the Indian tribe is primarily residing," according to a congressional summary. Opponents argue that a tribe's historical connections to a land should be considered in some cases.

The two sides also disagreed on how many "off-res" casinos there are. Indian gaming officials say that there are only three off-reservation gaming facilities.

But Pombo and others say the actual number is much higher than that, and that as many as 50 additional efforts are being made to build casinos outside the usual confines of a reservation.

"Virtually any land in the country could be targeted for gaming," Pombo warned on the House floor.

Critics say there are already enough protections in place to avoid overdevelopment of casinos. Tribes must negotiate with both the state and the Interior officials to develop a casino, for example.

Gaming issues are always a hot topic on Capitol Hill, in part because of the enormous amount of money often at stake in the debates.

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The National Indian Gaming Association states there are 354 tribally operated casinos that employ 400,000 people. Collectively the Indian gaming industry's annual revenue exceeds $14 billion.

Seminole Tribe Buys Hard Rock Chain (WSJ)

By Peter Sanders And Dennis K. Berman

The Wall Street Journal, December 7, 2006

British gambling-and-leisure company Rank Group PLC said Thursday it will sell the Hard Rock Cafe restaurant-and-casino chain to the Seminole Tribe of Florida for $965 million.

The Hard Rock business includes 124 Hard Rock Cafes, four Hard Rock Hotels, two Hard Rock Casino Hotels, two Hard Rock Live! concert venues, and stakes in three unbranded hotels. Rank said it would keep the Hard Rock Casino in London but under the Rank Gaming brand.

"We have maximized the value of Hard Rock through this disposal following a thorough strategic review and competitive auction," said Chief Executive Ian Burke said.

The sale, which is subject to shareholder approval, is scheduled to be completed in March.

The deal shows the long-term maturation of U.S. Indian tribes that have made hundreds of millions of dollars in the gambling business. From roots as operators of small bingo-hall outposts on their reservations, some have become potent entrepreneurs on a wider stage.

The deal for Hard Rock -- a 35-year-old chain based around rock-music memorabilia -- is high-visibility proof of that evolution. Hard Rock posted $70 million in operating profit on $500 million in revenue last year.

The Hard Rock name was a sterling draw for tourists visiting major cities during the 1980s and 1990s. The luster has long since worn off the restaurant business, but the cafes still do a high volume of trade. Most attractive to investors, however, is the casino brand and operations, which have carved out a solid business amid a world-wide surge in gambling profits. The businesses weren't vibrant enough for Rank, which earlier this year hired Merrill Lynch & Co. to sell off Hard Rock.

The Seminole Tribe operates Hard Rock-brand hotels and casinos in Tampa and Hollywood, Fla., which have been successful, according to gambling analysts.

The deal wouldn't include the Hard Rock hotel and casino in Las Vegas, which in May was sold to boutique-lodging operator Morgans Hotel Group Co., of New York, for $770 million in cash. That deal has yet to close. Nor would the proposed Seminole deal include any Hard Rock cafes that chain co-founder Peter Morton controls.

The Seminole Tribe has in the past two years become the dominant gambling force in Florida. While the two Florida Hard Rock hotel-casinos are extremely lucrative -- the tribe has in the past estimated annual revenue at both casinos could top $700 million -- the tribe's involvement in the development and operation of the casinos hasn't been without controversy.

The Seminoles have had contentious relations with Florida officials over attempts by the tribe to install full Las Vegas-style casino gambling at their casinos. They have been embroiled in lawsuits with Donald Trump and another casino-development partner, Cordish Co., of Baltimore. The continuing litigation with a Cordish subsidiary, Power Plant Entertainment LLC, centers on a contract dispute over long-term income fees generated by the casinos.

The Seminoles have been a target of the Internal Revenue Service, which in the past few years has stepped up its examination of tax-free bonds used by the Seminoles and tribes in California to build casinos. The tribe issued $415 million of tax-free bonds to build the Tampa and Hollywood casinos, which the IRS deemed illegal. In October 2005, the tribe said it would issue $730 million in bonds to pay off the original tax-free bonds and consolidate debt.

--The Associated Press contributed to this article.

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FBI/DEA/ATF/USMS:

Caribbean Native Pleads Guilty To Drug Conspiracy (RD&C)

By Gary Craig, Staff writer

Rochester (NY) Democrat & Chronicle, December 7, 2006

Popular St. Kitts resident appears in U.S. court here

A Caribbean native whom Justice Department officials had been trying to extradite to the United States for a decade — before finally succeeding last year — pleaded guilty Wednesday to a drug conspiracy that involved a 1992 shipment of 28 pounds of cocaine seized en route to Rochester.

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Noel "Zambo" Heath, who became somewhat of a folk hero to some residents in the twin-island nation of St. Kitts and Nevis during his fight against extradition, admitted in federal court here to a role in the drug trafficking conspiracy.

Heath, who was once identified by the White House as an international drug kingpin, could be sentenced to between 70 and 87 months under the terms of the plea agreement. He is scheduled to be sentenced by U.S. District Judge David Larimer in April.

"We were hopeful to get him back to his family as soon as possible," said his attorney, Jeffrey Lichtman.In 1992 federal authorities heard Heath on a wiretap, apparently from his St. Kitts home, plotting the shipment of cocaine to Rochester. Using information gleaned from the wiretap, police pulled over a tractor-trailer on the New York Thruway near Victor and discovered the 28 pounds of cocaine, which had a street value then of about $1 million.

Federal authorities eventually identified Heath as a key player in the drug trafficking, and a federal grand jury in Rochester indicted him in 1995. Justice Department officials then initiated extradition proceedings for Heath to face criminal charges in Rochester, but he successfully staved off extradition. Sometimes Heath was aided by sympathetic political powers in St. Kitts.

As Heath continued to live his life at home, his popularity grew. He was known for helping out the country's poor families by providing them with produce from his farm.

Last year St. Kitts authorities cooperated with the Justice Department, finally extraditing Heath, 56, in March. He has been jailed here since.

Federal authorities could not be reached Wednesday, but in a statement they said Heath admitted that he arranged in 1992 for the cocaine to be shipped to New York City.

Heath admitted that he knew that Rochester was the destination for the cocaine.

Man Loses Case, Wins Sympathy (SP)

By Jamal Thalji

St. Petersburg Times, December 7, 2006

He's been on 60 Minutes. A New York Times columnist has championed his cause. Even those who prosecuted and convicted Richard Paey sympathize with the wheelchair-bound man serving 25 years for drug trafficking - for obtaining the drugs he needs for his debilitating pain.

Count among those sympathizers the 2nd District Court of Appeal.

The problem, a majority of the court ruled Wednesday, is that they can't help Paey.

They upheld his conviction and sentence by a 2-1 vote, but passed on this advice: Get the governor to commute the sentence.

"Mr. Paey's argument about his sentences does not fall on deaf ears," Judge Douglas Wallace wrote, "but it falls on the wrong ears."

Such advice from an appellate court is rare indeed, said University of Florida law professor Michael Seigel.

"The court looks at a situation that it thinks is unfair," he said. "It's powerless to do anything about it. So the only thing it can do is to make an appeal to the governor, who does have the power to do something about it."

Appeals to the Florida Supreme Court and the U.S. Supreme Court are possible. In the meantime, Paey's attorney, John Flannery II of Virginia, said he took the court's advice right away, filing a petition with the governor's office Wednesday.

It is unlikely Gov. Jeb Bush will be able to act before his term expires at the end of the year, but Flannery wants to start the process for Gov.-elect Charlie Crist.

Flannery did find solace in Associate Judge James Seals' blistering dissent that the mandatory minimum sentence Paey received was "cruel and unusual."

The Hudson man was arrested by the Pasco County Sheriff's Office and the federal Drug Enforcement Administration in 1997 after buying more than 1,200 painkillers with fake prescriptions.

The 48-year-old has multiple sclerosis and chronic pain since a 1985 car accident and failed surgeries.

But Paey possessed more than an ounce of the drugs. Regardless of whether he tried to sell them, under Florida law he is a drug trafficker. Before his 2004 conviction, he rejected a plea deal - on principle - that would have meant just house arrest.

Paey's wife, Linda, lives in Pasco with their three children. He is in the Tomoka Correctional Institution in Daytona Beach. Both took the news hard, Flannery said.

"He feels especially bad," the lawyer said, "because his wife and children were hoping to see him for Christmas."

Judge Rejects Counties' Challenge To California Marijuana Law (AP)

By Allison Hoffman

AP, December 6, 2006

DOJ_NMG_0103565

SAN DIEGO - A state judge on Wednesday upheld California's law permitting the use of medical marijuana for medical purposes, rejecting a lawsuit by three counties challenging the decade-old statute.

The counties, led by San Diego, argued that local governments shouldn't be bound to uphold state laws that are weaker than the federal blanket ban on marijuana.

San Diego County sued California and its health services director in February over a state requirement that counties issue identification cards for medical marijuana users and maintain a registry of people who apply for the cards. San Bernardino and Merced counties joined the suit.

State attorneys responded that California was entitled to pass its own laws suspending state prosecution for medical marijuana use, and to legislate programs enabling qualified users to access the drug.

Marijuana users in California can still be prosecuted under federal drug laws.

Superior Court Judge William R. Nevitt, Jr., wrote in his ruling counties would not be breaking federal law by giving out state identification cards.

"Requiring the counties to issue identification cards for the purpose of identifying those whom California chooses not to arrest and prosecute for certain activities involving marijuana use does not create a 'positive conflict,'" Nevitt wrote.

The ruling affirmed a tentative judgment Nevitt issued in November.

The judge emphasized that he was not weighing in on the question of whether marijuana has medical benefits.

Since 55 percent of California voters approved the law in a 1996 vote, 10 other states have adopted measures protecting qualified patients from prosecution. They are Alaska, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington.

Thomas Bunton, a county attorney who argued the case, said no decision had been made whether to seek an appeal.

Nevitt's ruling stopped short of forcing the counties to begin issuing the cards. Fewer than half of California's 58 counties have so far complied with the state program.

Judge Upholds State's Medical Marijuana Laws (SDUT)

By Jeff Mcdonald, Union-tribune Staff Writer

The San Diego Union-Tribune, December 7, 2006

SAN DIEGO – A Superior Court judge has refused to overturn California's medical marijuana laws, issuing a final ruling Monday that upholds a decision last month rejecting a lawsuit San Diego County filed against the state.

Judge William R. Nevitt Jr. ruled that state law enforcement officials are not obligated to arrest and prosecute people who violate federal laws.

“The state convincingly rebuts County of San Diego's argument that (medical marijuana laws) are pre-empted because they 'authorize' conduct that the federal government prohibits,” the judge wrote.

The county Board of Supervisors voted to sue California rather than implement the state law permiting chronically ill patients to grow and smoke marijuana. The law was adopted in 1996 after 56 percent of California voters approved an initiative.

After San Diego County filed the lawsuit, Merced and San Bernardino counties joined the case. It was unclear whether county officials would appeal the ruling, although lawyers for Merced County told the court they would appeal if they lost.

Nevitt issued a preliminary ruling in November in favor of the state and a handful of “intervenors” – patients and advocacy groups that claim medical benefits from marijuana, which is illegal under federal laws.

The ruling was welcome news to lawyers and patient advocates.

“The victory here saves state medical marijuana laws from an ill-founded and unsupported attack,” said Adam Wolf, a staff attorney with the ACLU, which co-defended the case. “The law is clear: The fed government cannot force the state of California to arrest and prosecute medical-marijuana patients.”

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Judge Tosses County's Medical Marijuana Challenge (NCT)

By Gig Conaughton, Staff Writer

North County (CA) Times, December 7, 2006

SAN DIEGO -- Medical marijuana advocates declared victory and San Diego County officials mentioned the word "appeal" Wednesday when a Superior Court judge rejected -- for the second time -- the county's controversial challenge to overturn California's "Compassionate Use" act.

Superior Court Judge William R. Nevitt, reaffirming the tentative ruling he issued Nov. 16, rejected the county's argument that California's voter-approved Compassionate Use act should be pre-empted by federal law.

Federal law says marijuana has no medicinal value and its use is illegal in all situations.

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San Diego County supervisors, in a move that angered local medical marijuana patients and national advocacy groups, voted to try to overturn the law in December 2005. Supervisors said the Compassionate Use act was "bad law" and would promote drug abuse.

But Judge Nevitt, in his final ruling Wednesday, said the county failed to prove that the state law was in legal conflict with the federal law. He also ruled the state law did not "require" people to break the federal law, as the county's pre-emption argument claimed.

Nevitt said the county's pre-emption argument failed because a corollary to the U.S. Constitution's "Supremacy Clause" -- which says federal law should be "supreme" over state laws -- says state laws could take precedence over federal laws in some cases.

John Sansone, the county's top lawyer, said Wednesday afternoon that supervisors would meet in closed session Tuesday to decide whether they want to appeal Nevitt's ruling.

Bill Horn, the county board's chairman, did not return calls Wednesday.

Sansone, meanwhile, said he would advise the supervisors that he believed an appeal could be successful.

Medical marijuana advocacy groups, however, said Nevitt's ruling was clear. They called on the county to immediately obey California's law by issuing identification cards to valid medical marijuana users.

Meanwhile, one local medical marijuana patient, Vista resident Craig McClain, was clearly ecstatic when he received the news of Nevitt's ruling.

"Wow, man, that's good news," said McClain, a spinal cord injury victim. "I can't believe it. I'm just so pleased to hear that, God. I'm ecstatic. It just goes to show you, you gotta hang tough."

McClain, whose spine was crushed several years ago in a construction-related accident, said he has used marijuana for several years to ease the severe, chronic spasms the injury has left him with.

McClain and other medical marijuana patients have said they have found it increasingly difficult to get marijuana this summer, after the county and local law enforcement worked with federal drug agents to essentially close down medical marijuana dispensaries.

Adam Wolf, a lawyer for the American Civil Liberties Union -- which successfully sued to intervene in the county case to defend the patients -- said he now expected the counties of San Diego, San Bernardino and Merced to begin issuing medical marijuana identification cards to patients. San Bernardino and Merced counties joined San Diego's lawsuit challenge last year.

"We hope that San Diego sees the wisdom of the court's ruling and agrees to abide by the law," he said, "to stop its ill-founded, unconstitutional challenge, and begin issuing ID cards."

The Compassionate Use act that voters approved in 1996 did not require counties to issue the medical marijuana ID cards, but the state Legislature did by passing Senate Bill 420 in 2003.

San Diego County's challenge to overturn the Compassionate Use act began in November 2005 with a split vote by supervisors to defy SB 420 -- which legislators said would help state police officers tell who legitimate medical marijuana patients are.

The county's lawsuit, filed against California Department of Health Services Director Sandra Shewry and the San Diego chapter of the National Organization for the Reform of Marijuana Laws, sought to overturn both SB 420 and the Compassionate Use act.

Teresa Shilling, a spokeswoman for state Attorney General Bill Lockyer, said Wednesday that it was not the attorney general's position to compel counties to comply with the law. Shilling said that historically, when laws need "to be tested," lawsuits force the courts to compel governments to comply.

Sansone, meanwhile, said he believed that Nevitt did a thorough job analyzing the lawsuit's "complicated" legal arguments. However, Sansone said he believed that Nevitt's ruling left "very strong room" for a successful appeal.

"I think we anticipated all along that this was going to be decided at a higher level," Sansone said. "Where we go? It's up to the board."

William Dolphin, spokesman for Americans for Safe Access, a medical marijuana advocacy group that also sued to intervene in the county lawsuit, said the group was very happy with Nevitt's ruling.

But Dolphin said he was disappointed to hear that San Diego County could decide to appeal.

"I hope not," Dolphin said. "The legal argument cannot be clearer or stronger."

Meanwhile, McClain said he also hoped that county supervisors would drop their challenge and give him -- and other medical marijuana patients -- their ID cards.

"I've been waiting to get that," he said. "To me, that's protection. I've already got a doctor's prescription. I just want something I can hold in my hand. That's what we voted for.

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"It may seem silly to some people," McClain said. "But that's like having a driver's license, or your Social Security number. It means I'm doing things the right way."

-- Contact staff writer Gig Conaughton at (760) 739-6696 or gconaughton@nctimes.com.

Drug Addiction On Rise With Afghan Kids (NYT/AP)

The New York Times/AP, December 6, 2006

KABUL, Afghanistan (AP) -- Farida's son inherited her drug addiction in the womb, and drank her opium-laced breast milk. And when he cried and fussed, she calmed him with specks of opium diluted in tea.

This is the hidden face of addiction in Afghanistan -- parents spreading drug use in the confines of their homes. All four of Farida's children got high from her husband's secondhand heroin smoke and from the opium she fed them.

She blames a neighbor at the refugee camp where they lived in Pakistan for introducing her husband to drugs. Her husband later advised her to take opium for her cough and aches.

"My husband was on the wrong path, and I followed him because he is my companion," the 28-year-old woman said, nursing her skinny youngest son, 2-year-old Amir Shah. "I didn't know it was bad."

Afghanistan is the world's leading producer of opium and heroin, exporting drugs to Asia, the Middle East, Europe and the United States. But the scale of domestic drug abuse has only recently become apparent.

The first nationwide survey on drug use, conducted last year by the Ministry of Counter Narcotics and U.N. Office on Drugs and Crime, found nearly 1 million addicts in this nation of about 30 million people, including 60,000 children under age 15.

Drugs of choice range from hashish, opium and heroin to pharmaceutical medicines. An estimated 5,000 children are addicted to opiates, and the remainder take cough syrup and other drugs, the survey found. The actual numbers are probably much higher, especially for children and women, the report said.

"When one person starts using drugs, the whole family is addicted," says Dr. Tariq Suliman, director of the Nejat drug rehabilitation center where Farida received treatment.

The Ministry of Counter Narcotics has opened clinics and drug centers, but addiction is on the rise in the impoverished war-ravaged country as drug production has spiraled, making narcotics of increasing purity more available.

Opium production rose 49 percent this year to 6,700 tons -- enough to make about 670 tons of heroin. That's more than 90 percent of the world's supply and more than the world's addicts consume in a year.

"When the poppy cultivation increases, the number of addicts also increases," said Gen. Khodaidad, deputy minister for policy and coordination in the Ministry of Counter Narcotics. "The addicts -- the 920,000 people -- this number is increasing day by day."

Along the snowy footpath to Farida's one-room house in Kabul, a social worker pointed out several women -- opium addicts treated since the Nejat center opened in 2002 after the ouster of the Taliban regime.

Because there has been little drug education in Afghanistan, many people appear ignorant of the risks of addicting children and the social problems it brings.

Farida, who like many Afghans has only one name, recounted how she and her husband sold their belongings to pay for drugs. One day, her uncle had to fend off a rich man who came to her house to buy her sons.

"He said, 'I have six daughters, but I have no sons. Why do you need sons? You are a drug addict,'" recalled Farida. She spoke in her tiny home built of mud and straw, where her children huddled around a portable gas stove, warming their dusty feet and hands.

With help from the Nejat center, Farida said she and her children weaned themselves off opium in a month, using an over-the-counter analgesic for pain and vitamins to build strength. She said she and her children have not used drugs for about a year and a half.

Elsewhere in Kabul, Maraban Shah and his 6-year-old son, Said Amidullah, were at the newly opened Zendagi-e-Nawin -- or New Life -- rehabilitation home, recovering from opium addictions picked up in their remote village in Badakhshan province.

The boy was born addicted and was prone to crying, his father said.

"My wife would give him opium behind my back, and he would sleep... If he didn't get it, he would yell and throw a tantrum," Maraban Shah said, sitting with his son on their bed in the rehabilitation home. "One of our relatives taught her to do that -- they gave her bad advice."

The mother remains in Badakhshan, addicted to opium. The boy is now chubby and healthy, with rosy cheeks from the winter chill. He sat quietly listening to his father, only interrupting once to say: "Let's bring mommy here for treatment." <NYT_UPDATE_BOTTOM> </NYT_UPDATE_BOTTOM>

Tajikistan Turns Into Heroin Alley (AP)

DOJ_NMG_0103568

By Mike Eckel
AP, December 7, 2006

DUSHANBE, Tajikistan -- Central Asia's poorest county is also one of the world's leading transit routes for heroin, opium and other drugs from Afghanistan. Sergei Makhkamov has been caught in the flood.

"I tried it, I liked it and it went from there," said the haggard, fidgety, out-of-work 24-year-old who got hooked on heroin in 2004. "If you have the money, you can find it anywhere, anytime."

In Tajikistan, the scars still remain from a traumatic civil war that ended nine years ago. Now, new wounds are being inflicted on this mountainous nation -- from the dramatic spike in the trafficking of drugs grown in neighboring Afghanistan, smuggled north through Tajikistan en route to Russia and Europe, and increasingly consumed by Tajiks.

Makhkamov is one of 7,600 officially registered addicts in Tajikistan; activists say the number is up to eight times greater. They warn that the scourge and its consequences -- crime, disease, draining limited social resources in an already desperately poor country -- threaten a society still fragile from war.

"We're on the verge of a generalized epidemic," said Murtazokul Khidirov, a health activist involved in the fight against illegal drugs, HIV and AIDS and related diseases.

Tajikistan shares close ties with Afghanistan as well as a porous, 1,340-kilometer border. Russian guards patrolled the border for many years as both Afghanistan and Tajikistan were wracked by war. Now, the Tajiks have taken over -- with United Nations help -- but doubts persist on whether they can stem the tide, especially since the United Nations says Afghanistan's opium cultivation has reached record levels.

According to the Tajik Drug Control Agency, 7 to 8 tons of illegal drugs were seized last year; the UN ranked Tajikistan fifth worldwide in heroin and morphine seizures, and fourth for opium.

"There is a problem and we are looking for help from the world community, from the United States," said Lieutenant Colonel Avaz Uldashev, an agency spokesman.

Since the end of the 1992-1997 civil war, the average age of Tajik addicts has crept downward from between 30 and 35 to between 20 and 29 years. The percentage of female addicts, mainly prostitutes, has skyrocketed to around 30 percent of all users, increasing the likelihood that infectious disease cases like AIDS will jump in coming years, Khidirov said.

Health workers and nongovernmental organizations in Dushanbe, meanwhile, are allowed to distribute condoms and clean needles to help prevent the spread of AIDS, Khidirov says. But AIDS cases have climbed in the past five years and a record three dozen fatal overdoses were recorded last year. Efforts to treat addiction, like methadone replacement therapy, are largely ignored.

So are residential treatment centers like the Drop-In Center -- one of only two such centers for addicts nationwide. Nine addicts, including Makhkamov, live together in the small, nondescript house on Dushanbe's western outskirts.

On a recent evening, one woman slept on the floor in front of a blaring television and under a flickering light bulb, while two other addicts, including a 42-year-old former doctor, played pingpong in the main room.

Sergei Kozlov, the center's director, said the operation, which has been open for less than seven months, has received foreign funding of about $13,000 and nothing from the government.

In Dushanbe now, he said, it's almost as easy to buy drugs as it is to buy beer. "You have to fight the addiction. We have to do more, to fight it and to help [addicts]," he said. "If you leave them, they just become parasites on society."

Ford Seeking New Trial (RMN)

By Sara Burnett, Rocky Mountain News
Rocky Mountain News, December 6, 2006

A former Denver firefighter convicted of selling an illegal machine gun to an undercover federal agent is requesting a new trial, saying prosecutors failed to turn over evidence that could have led to his acquittal.

Stan Ford was scheduled to be sentenced Friday. But U.S. District Court Judge Robert E. Blackburn said the sentencing should be postponed until Ford's motion for a new trial is heard.

Ford, who was acquitted on three other weapons charges, says the government did not disclose emails from an informant's computer that he says show he was the target of entrapment. In one message, the informant asks Ford to get him a gun and says he is "desperate" for a weapon, Ford stated in court documents.

The U.S. Attorney's office says it did provide Ford's lawyers with copies of all communications. It also disputes that the messages at issue would have been enough to acquit Ford.

This is the second time Ford has sought a new trial. Blackburn denied his first motion in July.

More Judges Packing Pistols In Courtrooms (LAW)

DOJ_NMG_0103569

By Amanda Bronstad, The National Law Journal

National Law Journal, December 7, 2006

Despite increased security at courthouses following shootings in Chicago and Atlanta about one year ago, many judges are bringing their own guns into their courtrooms for protection.

Earlier this month, a Florida judge was ordered to accept mentoring after warning a defense attorney that he was "locked and loaded." In May, a judicial ethics committee of the New York State Unified Court System found that it was ethical for a judge to carry a pistol into his courtroom.

In Nevada, Oklahoma and Texas, incidences of violence in the past year have prompted new laws or solidified rules allowing judges to bring guns into courtrooms.

"Judges in our courthouse have been carrying guns almost all the time," said Cynthia Stevens Kent, a Texas judge in the 114th District Court, where a man in a family law case killed his ex-wife and son last year on the steps of a Tyler courthouse.

"We feel strongly about providing adequate security, but it comes down to personal responsibility. And you've got to take responsibility for your own safety," Kent said.

Security concerns were raised last year after a rape suspect grabbed a deputy's gun and killed an Atlanta judge and others. One month earlier, a litigant had killed the husband and mother of a Chicago federal judge who ruled against him.

COVERING THE DOORWAY

Some states allow judges to arm themselves.

In June, a man shot the Nevada judge overseeing his divorce case through the window of his courtroom. Chuck Weller, a judge in the Nevada 2nd Judicial District Court in Reno, who survived the incident, said that judges in Nevada are allowed to carry weapons into the courtroom if they obtain permission from the chief judge.

He declined to say whether he keeps a gun in his courtroom, but noted, "I'm not opposed to it at all. The culture in the community I live accepts firearms."

The shooting prompted U.S. Senator Harry Reid, D-Nev., to introduce legislation to enhance security at both state and federal courthouses.

In another recent incident, Oklahoma District Judge P. Thomas Thornbrugh said he grabbed his gun from his chambers after he heard a loud slam against the wall and shouts for help. He said he knew deputies were taking a prisoner to a nearby bathroom.

"I thought the deputies were being overcome by this prisoner, and their service weapons would be taken," said Thornbrugh, recalling the Atlanta incident. "There were no other deputies around, so I got a pistol out of my desk and covered the doorway until the other deputies arrived."

The scuffle prompted the Oklahoma House of Representatives to pass a bill in March that would allow district judges to have guns in the courthouse. Current law is unclear.

The bill died before reaching the state Senate, but state Rep. Dan Sullivan, R-Tulsa, who introduced the bill, said he plans to try again next year.

In Texas, which permits state judges to carry concealed handguns into courtrooms, a new law became effective that expands that right to include federal judges and district attorneys. The law followed the Tyler shooting.

"We believe each judge should be able to make sure he has a system of self-defense," said Kent, who wears a shoulder harness and carries a gun at all times. "One of our biggest areas of target is when we're in the court making decisions."

FIGHTING GUN BANS

In May, New York's Advisory Committee on Judicial Ethics issued an opinion that found it ethical for a judge to carry a pistol while on the bench.

In Florida, where Bay County Judge Michael Hauversburk recently threatened a defense attorney with his handgun, state law permits concealed weapons. But a bill that died last year would have specifically allowed judges to bring concealed firearms into courtrooms. Similar bills were introduced and failed last year in North Carolina and Illinois.

On Jan. 1, Kansas plans to permit judges and whomever they designate to carry concealed firearms in the courtroom. Phillip Journey, the state senator who authored the bill and a practicing attorney, said he spent a decade seeking to overturn a blanket prohibition on firearms in the courthouse.

"If I had a judge's permission, I'd do it every day," he said of bringing a gun into the courtroom. "Guns are like lawyers: Better to have one and not need it than need one and not have it."

DOJ_NMG_0103570

IMMIGRATION:

U.S.-Mexico Border Sees Drop In Illegal Immigrant Arrests (AP)

By Alicia A. Caldwell, Associated Press

AP, December 7, 2006

EL PASO — The number of illegal immigrants being arrested at the U.S.-Mexico border has dropped sharply in the first two months of this fiscal year, with some Border Patrol sectors seeing a drop of up to 63 percent.

Arrests along the border in Texas, New Mexico, Arizona and California have dropped about 27 percent, or by nearly 43,000 illegal immigrants, since Oct. 1, compared to the same time last year, Border Patrol officials in Washington said.

Reports of the decrease come about a month after Border Patrol officials announced a nearly 9 percent drop in arrests from 2004 to 2005. If the downward trend continues it would mark the first sustained decrease in illegal immigrant arrests since shortly after the Sept. 11, 2001, terrorist attacks, said Assistant Chief Patrol Agent Xavier Rios.

It's nearly impossible to know whether the drop in arrests really means that fewer people are coming across the border.

T.J. Bonner, president of the union that represents the majority of agents, said agents on the ground estimate that they only catch 25 percent to 33 percent of illegal immigrants.

"This is not a game of laser tag where you simply point at someone and say, 'Tag, you're it, go home,'" said Bonner, who is also a Border Patrol agent. "It's very time consuming to round them up and arrest them. In the meantime, who's watching the store? No one."

Border Patrol officials acknowledge that they don't know how many people make it across the border every year. But they insist that the drop in arrests, which varied widely — the San Diego Sector marked a 3 percent drop while the Yuma, Ariz., and Del Rio, Texas, sectors each showed a 63 percent dip — is a sign that recently launched border security efforts are working.

"All of these numbers are good," Rios said. "We're better staffed than we have been since the inception of the Border Patrol. We're more effective at what we do."

Despite the significant drop in the Yuma Sector, which covers far southwestern Arizona and parts of Southern California, agents in Arizona remained the Border Patrol's busiest.

Agents nationwide also reported a 58 percent decrease in the arrests of "other than Mexican," or OTM, immigrants.

Border Patrol officials first noticed a drop in arrests last summer, shortly after National Guard troops were ordered to the border as part of President Bush's Operation Jump Start. Those troops staff cameras, help maintain Border Patrol equipment and watch for illegal crossers.

OTM arrests also started to slide last year after U.S. Department of Homeland Security chief Michael Chertoff ordered the end to a "catch and release" program that allowed those immigrants to be set free after they agreed to appear in court at a later date.

Doug Mosier, a Border Patrol spokesman in El Paso, said localized agency operations and state-driven efforts also likely have helped curbed arrests.

In the Del Rio Sector, for example, any adult illegal immigrant arrested is prosecuted and sent to jail before being kicked out of the country. Operation Streamline is a cooperative effort between the Border Patrol, federal prosecutors, the U.S. Marshals Service and other federal agencies.

A prosecutor in Maricopa County, Ariz., is using an anti-smuggling law to prosecute illegal immigrants who have been smuggled. Elsewhere, cities including Dallas suburb Farmers Branch have created laws aimed at keeping illegal immigrants from living and working in the community.

Federal officials also have formed a partnership with their Mexican counterparts to try to prosecute more human smugglers.

The Operation Against Smugglers Initiative for Safety and Security — OASISS — started in earnest in July and allows for smuggling suspects who are not prosecuted in the United States to be turned over to Mexican authorities for prosecution.

"That's the idea, to put more teeth into our prosecutorial ability," Mosier said.

Though Mosier said it is too early to know whether the trend will last, the recent reports are promising.

"I think it's too soon for anyone to declare success, but certainly it's encouraging for those of us on the border," Mosier said.

Altoona, With No Immigrant Problem, Decides To Solve It (NYT)

By Sean D. Hamill

The New York Times, December 7, 2006

DOJ_NMG_0103571

ALTOONA, Pa., Nov. 30 — By now the pattern is familiar. New businesses move to town, creating low-paying, low-skill jobs that are quickly filled by immigrants. Most are Hispanics who speak little English. Some may be in the country illegally. After a few years, local leaders fume that school enrollment has surged, social services are stretched and crime has increased, and they blame the illegal immigrants.

Since June, when Hazleton, Pa., some 130 miles east of here, began debating what to do about illegal immigrants, more than 60 local governments in 21 states have followed its lead and considered new ordinances to drive them away. At least 15 have approved the measures, typically intended to punish landlords who rent to illegal immigrants and business owners who employ them.

Altoona, an old railroad town nestled in an Appalachian Mountain valley about 100 miles east of Pittsburgh, is one of those 15. It approved its ordinance, which threatens to withdraw the business licenses of employers and rental licenses of landlords who hire or rent to illegal immigrants, in October. But it does not fit the same pattern.

"If you were to look for the area for the fewest immigrant settlements in the country, you would look to south central Pennsylvania," said Steven A. Camarota, director of research for the Center for Immigration Studies, a research organization in Washington that favors tougher immigration policies. "There just aren't many immigrants — legal or illegal — around Altoona because there aren't many jobs."

If Hazleton, where the immigrant population grew sharply in just a few years, started the current trend for dealing with a surge in illegal immigrants, Altoona may be the beginning of the next wave: trying to prevent a situation from developing in the first place.

"We don't have a problem here with immigrants," said Joe Rieker, 40, one of five members of the Altoona City Council who voted in favor of the new ordinance. "But we want to stay ahead of the curve." One member voted against.

When places like Altoona pass such laws, it is a sign of a growing frustration with the federal government's lack of immigration enforcement, said Ira Mehlman, spokesman for the Federation for American Immigration Reform. The group's legal arm, the Immigration Reform Law Institute, has aided several towns, including Altoona, in writing similar laws.

"We certainly hope we see more towns like Altoona" approving ordinances restricting illegal immigrants, Mr. Mehlman said. "And as the message gets out that there aren't a lot of communities that are welcoming, it will be a deterrent."

But the legal director for the American Civil Liberties Union in Pennsylvania, Vic Walczak, worries that a different message is being sent.

"When you have towns like Altoona enacting a solution in search of a problem, you worry if there's a nativist impulse there," Mr. Walczak said. "There's a fair bit of politics involved here, and illegal immigrants are an easy and effective scapegoat for a small town's problems."

Founded in 1849 by the Pennsylvania Railroad, Altoona grew as waves of German, Irish and Italian immigrants moved here. But immigrants have long since bypassed Altoona as the city's economic fortunes dwindled along with those of the railroad business. In the 2000 census, the city had just 295 foreign-born residents, about one-half of 1 percent of its 49,523 residents, and no one thinks that figure has changed much over the past six years.

"You see a car here with four Mexicans in it, I do feel bad about it, but they do stand out in an area that's mostly white and of European descent," said Mr. Rieker, whose wife, Vanessa, is a Peruvian immigrant going through the lengthy and complex process of becoming a United States citizen.

But Altoona does have at least one factor in common with Hazleton: both ordinances were passed after local killings that have been attributed to illegal immigrants.

In Hazleton, a local man was shot and killed in May. Two illegal immigrants from the Dominican Republic have been charged in his death.

In Altoona, Miguel Padilla, 27, was convicted in September in the killings of three men outside a nightclub on Aug. 28, 2005. Though he had moved to a nearby town as a boy and graduated from a high school there, Mr. Padilla was an illegal immigrant from Mexico. He had previously been arrested and his illegal status had been reported to the federal government.

Mayor Wayne Hippo and other members of the Council have said the Padilla case had nothing to do with the city's ordinance.

But for local residents who support the ordinance, the murders were the biggest reason Altoona needed the ordinance.

"We just had three murders here," Sandy Serbello, 64, a lifelong resident said in explaining her support of the measure. "We look at everybody differently now."

Ms. Serbello said she avoided talking to anyone she suspected of being an illegal immigrant, "because we don't want to be one of their victims."

That is the kind of sentiment that worries the Rev. Luke Robertson, executive director of Catholic Charities in Altoona, which along with the local Roman Catholic diocese strongly opposed the ordinance.

"I don't think they thought through the unintended consequences," said Father Robertson, 49, a Franciscan priest. "It promotes bigotry."

Moreover, said Bishop Joseph V. Adamec of the diocese, the ordinance could discourage businesses from opening in or relocating to Altoona when Interstate 99, which runs through town, is completed, connecting Interstates 80 and 76.

"They're not going to build here if we aren't welcoming," said Bishop Adamec, who has overseen the diocese for 19 years.

He is not swayed by those who say that the three murders might have been prevented if the ordinance had been in effect in 2005.

"The one who did it, he came here when he was a boy and went to our schools," Bishop Adamec said. "He didn't come here already formed. He's one of us."

CONGRESS-ADMINISTRATION:

Gates Confirmed As Secretary Of Defense (AP)

By Anne Plummer Flaherty

AP, December 6, 2006

The Senate voted overwhelmingly Wednesday to confirm Robert Gates as defense secretary, with Democrats and Republicans portraying him as the man who will help overhaul President Bush's Iraq policies.

The 95-2 vote was a victory of sorts for Bush, who named Gates to replace Donald H. Rumsfeld at the Pentagon on Nov. 8, a day after voters gave Democrats control of Congress for next year.

Even so, much of Gates' support stemmed from his pledges to consider new options in Iraq. Overshadowing the vote was the release of an independent study lambasting Bush's approach to the war, increasing pressure on the White House to change course.

"I am confident that his leadership and capabilities will help our country meet its current military challenges and prepare for emerging threats of the 21st century," Bush said in a statement after the Senate vote.

He said Gates had shown during his confirmation hearing this week before the Senate Armed Services Committee that he is "an experienced, qualified, and thoughtful man who is well respected by members of both parties and is committed to winning the war on terror."

Overall, 52 Republicans, 42 Democrats and one independent voted for Gates. Three lawmakers — Sens. Joseph Biden, D-Del., Evan Bayh, D-Ind., and Elizabeth Dole, R-N.C. — did not vote.

Two Bush allies, Sens. Rick Santorum, R-Pa., and Jim Bunning, R-Ky., voted against Gates, citing his criticism of the war and his view that the U.S. should engage Iran as part of a solution.

"Mr. Gates has repeatedly criticized our efforts in Iraq and Afghanistan without providing any viable solutions to the problems our troops currently face," Bunning said. "We need a secretary of defense to think forward with solutions and not backward on history we cannot change."

Santorum, who lost his re-election bid last month, mocked the idea of engaging dictators and talked at length of the evils of "radical Islamic fascism." When it comes to reaching out to Iran to discuss the security of Iraq, Santorum said of Gates, "I think he is in error."

The White House said Gates would be sworn in Dec. 18. Explaining the delay, spokeswoman Dana Perino said Gates had commitments he had to fulfill at Texas A&M University, where he is the president. Bush called Gates with congratulations.

Gates said at the Senate hearing he did not think the U.S. was winning the war and that all options for changing the administration's approach must remain on the table.

"It seems to me that the United States is going to have to have some kind of presence in Iraq for a long time ... but it could be with a dramatically smaller number of U.S. forces than are there today," Gates testified.

The committee voted 24-0 to support Gates to succeed Rumsfeld, who became a symbol of the unpopular war and often sparred with Democrats.

Committee Democrats said they decided to endorse Gates because of his frank assessment of the Iraq war and his openness to change. Many of them said they saw the Iraq Study Group's report and the change in leadership at the Defense Department as the necessary impetus for a different approach to Iraq.

Sen. Edward Kennedy, D-Mass., said he thought Gates "recognized the high price that our troops are paying for the current policy."

GOP Senate leaders also hailed the confirmation.

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"The position of secretary of defense is more important than ever, and I believe the President has made an outstanding choice," said Senate Majority Whip Mitch McConnell, R-Ky.

Gates' swift approval contrasted with his experience 15 years ago when he was picked to head the CIA.

In 1991, 31 Democrats voted against confirming Gates, citing charges he had pressured intelligence analysts to develop conclusions that fit President Reagan's policies and turned a blind eye to the Iran-Contra scandal — when arms were sold to the Iranians and the cash used to supply the Nicaraguan Contra rebels.

Twelve of the senators who rejected Gates 15 years ago remain in the Senate today, including Biden, Carl Levin, D-Mich., and Jay Rockefeller, D-W.Va.

Despite Gates' popularity with lawmakers during this confirmation process, he has not said what should be done in Iraq, promising to consult first with military commanders.

Gates won political points with Democrats when he said he did not think the U.S. was winning in Iraq. That response appeared to contradict Bush, who said at an Oct. 25 news conference, "Absolutely, we're winning."

Gates later said he believes the U.S. is neither winning nor losing "at this point."

Levin said Wednesday he was pleased that Gates agreed with Democrats that "only a political settlement by the Iraqis can end the violence in Iraq and that the military force that we have there cannot do that for the Iraqis."

Bunning, Santorum Vote Against Gates (HILL)

By Elana Schor

The Hill, December 7, 2006

The Senate confirmed Robert Gates as Secretary of Defense yesterday, voting 95-2 to replace departing Donald Rumsfeld with the former Iraq Study Group member.

Two GOP senators, Jim Bunning (Ky.) and Rick Santorum (Pa.), voted against Gates. Santorum, who lost his reelection bid to Bob Casey Jr. (D-Pa.), said in a floor speech that he found fault with Gates's support for diplomatic engagement with Iran as part of a regional solution to the crisis in Iraq.

The rationale for Bunning's vote was unclear as of press time, but he has voted against high-profile Bush nominees in recent months, including Federal Reserve Chairman Ben Bernanke.

Senate Confirms Gates As Secretary Of Defense (NYT)

By David S. Cloud

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — The Senate voted overwhelmingly on Wednesday to confirm Robert M. Gates as defense secretary in a 95-to-2 vote.

The decision came after a confirmation hearing and floor debate that unfolded in less than 48 hours, reflecting the bipartisan sentiment that a course change in Iraq is vital as well as a strong desire to quickly replace Defense Secretary Donald H. Rumsfeld, who announced his intention to resign last month.

Dana Perino, a White House spokeswoman, said Mr. Gates would be sworn in and formally begin work on Dec. 18, more than a week after his confirmation, because he wanted to participate in fall commencement at Texas A&M University before resigning as the school's president.

With the White House expected to be discussing strategy changes in Iraq over the next week, Ms. Perino said that Mr. Gates would be involved in meetings and conference calls until his formal swearing-in, "so he can hit the ground running."

Mr. Gates, a former director of the Central Intelligence Agency, said during his confirmation hearing Tuesday that one of his first acts would be to travel to Iraq to consult with American ground commanders.

A Texas A&M spokesman, Lane Stephenson, said he could not confirm Mr. Gates's plans regarding the university's commencement ceremonies, but he said the event was scheduled for Dec. 15 and 16 and it was customary for the university president to preside.

The nomination was approved hours after the public release of a report by the Iraq Study Group, a bipartisan panel headed by former Secretary of State James A. Baker III and a retired congressman, Lee H. Hamilton, which urged direct negotiations with Syria and Iran as well as a clear declaration that the United States would reduce its support to Iraq unless that government made "substantial progress" on security in coming months.

Mr. Gates has not endorsed any specific strategy shift in Iraq, and several senators warned against overestimating his ability or desire to make sweeping and rapid changes in Iraq.

"We see the possibilities of a new chapter," said Senator Arlen Specter, Republican of Pennsylvania, but he added, "It is up to the commander in chief to structure a change in policy."

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The two senators who voted against Mr. Gates were both Republicans, Jim Bunning of Kentucky and Rick Santorum of Pennsylvania, who lost his re-election bid in November.

In a floor statement after the vote, Mr. Santorum said he opposed the nomination because he believed that Mr. Gates was in favor of engagement with Iran, a country the lawmaker blamed for contributing to the conflict in Iraq. “We should confront them,” Mr. Santorum said.

Mr. Bunning gave a similar explanation. Mr. Gates, he said, “believes in directly engaging rogue nations such as Iran and Syria that are known sponsors of terrorist groups in Iraq, Lebanon and the West Bank and Gaza. I do not support inviting terrorists to the negotiating table.”

President Bush telephoned Mr. Gates to congratulate him during the Senate vote after it became clear he would be approved by an overwhelming margin, Ms. Perino said.

In a statement issued by the White House, President Bush thanked the Senate and called Mr. Gates “an experienced, qualified and thoughtful man who is well respected by members of both parties and is committed to winning the war on terror.”

Though the statement did not mention Iraq or the White House strategy review that is under way, Mr. Bush said Mr. Gates “will help our country meet its current military challenges and prepare for emerging threats.”

During a perfunctory Senate floor debate on his nomination, the handful of senators who spoke endorsed Mr. Gates and said he represented the possibility of a strategy change in Iraq, which lawmakers from both parties said was necessary.

“I do not believe he is invested in the decisions, many of them bad, made in the Department of Defense over the last five years,” said Senator Jack Reed, Democrat of Rhode Island. “He is a good listener, and I think he will draw on a cross section of views in making decisions.”

Senate Confirms Gates For Defense (LAT)

By Peter Spiegel

The Los Angeles Times, December 7, 2006

WASHINGTON — The Senate voted overwhelmingly Wednesday to confirm Robert M. Gates as the 22nd U.S. secretary of Defense, giving the former CIA director decisive bipartisan support amid the increasingly divisive debate over the war in Iraq.

The Senate voted 95 to 2 to approve Gates' nomination. White House officials said he would be sworn in Dec. 18.

The quick handover would mean Donald H. Rumsfeld would fall less than two weeks short of becoming the longest-serving secretary of Defense since the position was created after World War II.

The two votes against Gates came from Republicans — outgoing Sen. Rick Santorum of Pennsylvania and Sen. Jim Bunning of Kentucky, who opposed Gates over his criticism of Iraq policy and his support for opening talks with Iran and Syria.

President Bush thanked the Senate for moving quickly and said he was heartened by the bipartisan support.

"Dr. Gates has transformed the organizations he has led and empowered them to successfully address complex issues," Bush said. "I am confident that his leadership and capabilities will help our country meet its current military challenges and prepare for emerging threats of the 21st century."

Gates won over critics of the administration's handling of the war on both sides of the aisle during an adulatory confirmation hearing Tuesday in which he vowed to consider all options in Iraq and openly criticized some of the White House's decisions during the conflict. Democrats cited his openness as their reason for supporting the nomination.

"I was heartened to see the forthrightness and candidness employed by Dr. Gates at his confirmation hearing yesterday," Sen. Dianne Feinstein (D-Calif.) said during Wednesday's debate on the nomination. "He fully admitted the need for a 'change of approach' in Iraq, stating his view that we are not currently winning the war."

People close to Gates say he is unlikely to make widespread changes among top personnel in the Pentagon, and is expected to ask the department's No. 2 official, Deputy Secretary Gordon R. England, to remain.

Some officials tied closely to Rumsfeld have announced their intention to leave. Pentagon intelligence chief Stephen A. Cambone, a Rumsfeld ally who pushed hard for tough interrogation practices in Iraq and Guantanamo Bay, said last week that he would leave at the end of the month.

Gates has said he plans to travel to Iraq early in his tenure to get views from U.S. commanders on strategy and troop numbers.

Senate Confirms Gates As Defense Secretary (WP)

By Ann Scott Tyson

The Washington Post, December 7, 2006

DOJ_NMG_0103575

The Senate overwhelmingly approved Robert M. Gates yesterday as the new defense secretary to replace Donald H. Rumsfeld, sealing a swift confirmation with a vote of 95 to 2 that reflected bipartisan confidence in his willingness to overhaul U.S. strategy in Iraq.

Senate Democrats and Republicans lauded Gates's frankness after a day of testimony Tuesday in which he acknowledged that the United States is not winning in Iraq, and said that historians would have to judge whether the decision to invade Iraq in March 2003 was correct. He also pledged to take a fresh approach to Iraq in which "all options are on the table."

Two Republican senators -- Jim Bunning (Ky.) and Rick Santorum (Pa.) -- voted against Gates, with Bunning saying that Gates's criticism of "our efforts in Iraq" sends the wrong message to U.S. troops and allies.

Gates, 63, a former CIA chief and Russia expert who has served four previous presidents, is to be sworn in Dec. 18 as the nation's 22nd defense secretary.

President Bush called Gates soon after the vote to congratulate him. "I am confident that his leadership and capabilities will help our country meet its current military challenges and prepare for emerging threats of the 21st century," Bush said in a statement. "He is an experienced, qualified, and thoughtful man who is well respected by members of both parties."

Gates said that his first priority in taking the helm at the Pentagon will be to consult with senior U.S. commanders in the field and the Joint Chiefs of Staff to formulate recommendations on Iraq "with considerable urgency."

Gates's blunt public acknowledgement of problems in Iraq was amplified by yesterday's release of the Iraq Study Group report, which concluded that "current U.S. policy is not working" and has led to a "grave and deteriorating" situation there.

Both events have created a sense of momentum as pressure builds on the Bush administration to shift course in Iraq, where violence is at record levels and more than 2,900 U.S. troops -- including 10 killed yesterday -- have lost their lives since the U.S.-led invasion.

Gates, however, as with the Iraq Study Group report, has made clear that he knows of no startlingly novel ideas for stabilizing the country of 26 million people.

"There are no new ideas on Iraq. The list of tactics, the list of strategies, the list of approaches, is pretty much out there," Gates told the Senate Armed Services Committee during his confirmation hearing Tuesday. "The question is: Is there a way to put pieces of those different proposals together in a way that provides a path forward?"

Senators from both parties said they were encouraged by Gates's willingness to speak his mind.

"He came to the table refreshingly open in a nonpartisan way," said Sen. Bill Nelson (D-Fla.) on the Senate floor before yesterday's vote.

"He has asserted his independence," said Sen. Arlen Specter (R-Pa.).

Sen. John Cornyn (R-Tex.) also endorsed Gates -- an Eagle Scout and Wichita native -- saying his "manner and temperament" not only helped him win him Senate approval but would help him as defense secretary in facing "the most significant challenge of our time."

Indeed, several senators laid out the host of difficulties that Gates will confront at the Pentagon, including not only Iraq but also tough budget trade-offs and severe readiness problems in the Army and Marine Corps that have left the United States less prepared to respond to other potential world crises.

What Will Bush Do? Gates' Hiring May Signal Change In Air (USAT)

By Susan Page, David Jackson

USA Today, December 7, 2006

WASHINGTON — President Bush offered members of the Iraq Study Group cups of coffee and a polite hearing when he met with them at 7 a.m. Wednesday, but they left the White House an hour later with no guarantees that he would actually take their tough advice.

The commission made 79 recommendations that amount to an overhaul of administration strategy on the Iraq war and the Middle East: Setting a goal of withdrawing almost all U.S. combat forces from Iraq by early 2008. Launching a diplomatic initiative that includes Syria and Iran, regimes Bush now shuns. And moving to resolve the Palestinian issue, a problem he has largely sidelined.

What will Bush do now?

As TV cameras rolled in the Cabinet Room, the president used conciliatory words — "We will take every proposal seriously, and we will act in a timely fashion" — but he didn't commit to or even mention any specific steps. In the past two weeks, he's rejected several of the key items, including talking directly to Iran and setting what amounts to a timetable to withdraw U.S. forces.

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Even so, a combination of events — the commission report, voters' rebuke in the midterm elections and the reality of spiraling violence — is forcing Bush toward the most far-reaching changes in approach since he ordered the invasion of Iraq nearly four years ago.

Actions may speak louder than words: He continues to insist that U.S. forces will remain in Iraq "until the job is done." But he also replaced Defense Secretary Donald Rumsfeld, an architect of the war, with Robert Gates, who had been a member of the study group until he was nominated to head the Pentagon.

And with the announcement this week that United Nations ambassador John Bolton would step down, Bush now has the opportunity to replace one of the administration's biggest skeptics toward the sort of diplomacy that the commission says needs to be launched.

Former senator Chuck Robb, a member of the commission, said in an interview with USA TODAY that the group's members found Bush "quite open and receptive" to its recommendations. That was a relief, the Virginia Democrat said, since not even co-chairmen James Baker and Lee Hamilton were sure how their report would be received.

"He does accept the basic premise that it's a very difficult situation," Robb said of Bush.

Rep. Gary Ackerman, D-N.Y., a critic of Bush who was invited to an afternoon session with the president, said he emerged from the White House "more optimistic" about the prospect the president might make significant changes in strategy and tactics. "It's apparent the consideration of all options is on the table," Ackerman said.

There are some precedents that give Ackerman and others hope that Bush will change course. After the Sept. 11 attacks, for instance, the White House opposed creating a Department of Homeland Security. When it became clear that Congress was going to approve it anyway, Bush relented, helped establish the new agency and then took credit for it.

Michael Green, a former senior aide on the National Security Council, cautioned against taking the administration's hang-tough rhetoric at face value. Based on his experience at the Bush White House, Green said, all options will be considered, albeit behind closed doors. "I would not mistake the message discipline of the White House for inflexibility on the part of the president," he said.

Green sees an even more important development in the arrival of Gates, whose nomination was confirmed 95-2 by the Senate late Wednesday. At a Senate Armed Services Committee hearing Tuesday, Gates split with Bush on several issues, saying the United States isn't now winning the war and endorsing diplomatic outreach to Tehran and Damascus.

The commission report represented a classic intervention by Washington graybeards, dispatched to deliver unwelcome advice to presidents in peril. During Watergate, Arizona Sen. Barry Goldwater led a trio of senior Republican senators to the White House to tell President Nixon he had to resign. In 1987, retired Tennessee senator Howard Baker was drafted by party elders to step in as President Reagan's chief of staff when the president was entangled in the Iran-contra scandal.

On this commission, the median age of the five Republicans and five Democrats is 75. Their résumés — former secretaries of State and Defense, White House chief of staff and attorney general, U.S. senator and Supreme Court justice — and their bipartisan unity gave their recommendations a heft that precluded Bush or Democratic congressional leaders from dismissing them out of hand.

"We're going to get it from the right, far right; we're going to get it from the far left. … Everybody'll say it can't work," former Wyoming senator Alan Simpson, a Republican member of the commission, predicted at an afternoon news conference on Capitol Hill. "Well, we're just sincere enough to believe that it will," he said. "Maybe it's corny; maybe it won't work. But it's sure as hell better than sitting there where we are right now."

Simpson's plain-spoken humor elicited laughter from scores of journalists gathered to get a first look at the long-awaited report. Earlier, he had broken the tension at the private White House meeting with similar remarks, according to two commissioners, Robb and former Supreme Court justice Sandra Day O'Connor.

He told Bush that the commission's bipartisan consensus was possible because they agreed that "all people with a 'D' after their name did not become a guard at Lenin's Tomb, and all people with an 'R' behind their name did not crawl out of a cave in the mountains, and that maybe we can do something."

White House Press Secretary Tony Snow emphasized that the commissioners were "entirely constructive," endorsed some of the president's goals and didn't call for an immediate pullout of U.S. forces. He accused reporters of misrepresenting the group's conclusions by focusing on its differences with the administration.

Even so, the 96-page report — 142 pages with appendixes — in large measure repudiates the administration's execution of the war and Bush's approach to dealing with other countries. While avoiding such hot-button words as "civil war," in substance it echoes some of Bush's harshest critics and warns of "a slide toward chaos" unless policies are changed. The title: The Way Forward — A New Approach.

"We do not recommend a stay-the-course solution," former secretary of State Baker, a Bush family consigliere, told reporters. "In our opinion, that is no longer viable."

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There's not much time to act, the commission cautioned. It urged Bush to launch a regional diplomatic offensive by the end of the month. Hamilton, the commission co-chairman and a former Indiana congressman, warned that escalating violence in Iraq could overtake the commission's calculations in short order.

Among its recommendations:

·Change the mission of U.S. troops. The number of U.S. troops embedded with Iraqi units to train them should be multiplied, the report said. The 3,000 or 4,000 now embedded should have their ranks increased to 10,000 or even 20,000. These troops could be drawn from combat brigades already deployed in Iraq.

As that happens, U.S. combat forces could begin to move out.

·Pressure the Iraqi government. The report lays out a detailed series of benchmarks. By the end of this year or early next year, it calls on the Iraqi government to approve laws to share Iraq's oil resources, outlaw militias and limit the purge of former members of Saddam Hussein's Baath Party. By next spring, the Iraqis should have completed "reconciliation efforts" by enacting an amnesty for insurgents willing to lay down arms and holding a referendum on possible constitutional amendments.

If the Iraqi government can't or won't act, the United States should reduce its role there.

·Enlist Iraq's neighbors to help. The report calls for the creation of a new Iraq International Support Group to include Iraq's neighbors, Egypt, the five permanent members of the U.N. Security Council (the United States, Britain, France, Russia and China) and the European Union. Negotiations over Iran's nuclear problem shouldn't preclude cooperation on Iraq.

·Address the Arab-Israeli conflicts. The report urges the administration to launch a major effort to resolve Israel's conflicts with the Palestinians and Syria. Edward Djerejian, a former U.S. ambassador to Israel and Syria who helped draft much of the commission's report, said the United States could not expect Syria to help stabilize Iraq without Israel addressing Syria's desire to regain the Golan Heights, captured by Israel in 1967.

The Bush administration has to move from "conflict management to conflict resolution" throughout the Middle East if its Iraq policies will have a chance to work, he said.

·Bring most U.S. troops home. Bush has said repeatedly U.S. forces would "stand down" as Iraqi forces were able to "stand up." The inability of Iraqi forces to handle security operations has delayed reductions in U.S. forces that the administration once expected to make this year.

If the Iraqi government failed to meet political and security benchmarks, the commission said, U.S. forces would be redeployed as planned and not "made hostage" to Iraqi actions or inaction.

The language on U.S. troop levels was the most difficult issue for the commission to resolve, O'Connor and Robb said. Some members argued for more specific deadlines. They agreed to compromise on March 2008 as a goal for U.S. combat troops to be withdrawn, although some advisers and trainers are likely to remain for years.

That timetable wasn't fast enough for some critics.

Rep. John Murtha, D-Pa., an opponent of the war who will chair the powerful Defense Appropriations subcommittee when Democrats take control of the House in January, called for quicker and more "decisive" action. "Staying in Iraq is not an option politically, militarily or fiscally," he said.

Incoming House Speaker Nancy Pelosi, D-Calif., and incoming Senate Majority Leader Harry Reid, D-Nev., praised the commission's work and urged Bush to accept its recommendations. The public's interest in the report's conclusions was high. Cable TV outlets provided nearly wall-to-wall coverage of the day's news conferences. The United States Institute of Peace posted a PDF file of the report on its website at 11 a.m. By 4 p.m., it had been downloaded 400,000 times.

Just how quickly Bush will respond isn't clear. He's waiting for appraisals of Iraq policy now underway at the State Department and Pentagon.

Even as a lame-duck president weakened by Republicans' loss of the House and Senate in last month's elections, he remains what he might call "the decider" on Iraq.

Congress can increase pressure for acceptance of the Iraq Study Group report by holding hearings and withholding action on other items that Bush wants, deputy Senate Democratic leader Dick Durbin, D-Ill., said. But when it comes to implementing the recommendations, "we cannot do this in Congress," Durbin said. "To change policy and change direction, there's one person who can do it." He said he hopes the president will.

Gates Won't Change 2008 Budget, Industry Believes (HILL)

By Roxana Tiron

The Hill, December 7, 2006

Robert Gates, the incoming Pentagon chief, has spurred high expectations of change in U.S. strategy in Iraq, but the defense industry does not anticipate any major changes in budget and policy decisions that could curtail their business, at least for now.

DOJ_NMG_0103578

The Senate confirmed Gates this week, allowing him to start his new job at the Pentagon this month, about a month and a half before the Department of Defense submits its budget request for 2008.

There will be very little Gates can change regarding a process begun months ago and nearly finished, several defense insiders said. But he will come into his own after a few months and be able to influence the 2009 defense budget, lobbyists said.

During his Senate Armed Services confirmation hearing Tuesday, Gates said that he is prepared to consult the administration and Congress if he thinks changes to the 2008 budget are needed.

"But I would also say, just looking at it as I understand it, as a percentage of GDP, defense spending, even with the cost of the war in Iraq, [is] at a relatively low level compared to most of post-World War II experience," he said during the hearing.

Lobbyists are less concerned with assessing Gates's impact at the Pentagon than with trying to gauge decisions that defense-related committees and subcommittees will make under Democratic leadership.

Congress already is under pressure to reduce, or steady, spiraling defense spending and expensive programs. "It is hard to imagine that the next five years are going to be nearly as generous to the [Defense Department] as the past five years have been," cautioned Steve Kosiak, director of budget studies at the non-partisan Center for Strategic and Budgetary Assessments.

But the Army's and Marine Corps' war-torn equipment desperately needs replacement and repair. Big modernization programs that many companies count on for profits could be cut to pay the bill.

Along with balancing current and future needs, some in defense circles expect Gates to redirect the military's "transformation" toward creation of a force capable of fighting so-called shadow wars.

Gates could focus on honing counterinsurgency skills, special operations and policing, according to Greg Treverton, senior analyst at the RAND Corp., a nonprofit research organization, and former vice chairman of the National Intelligence Council in the first Clinton administration. This could affect the defense industry, he said.

Tricky political matters such as defense transformation and emergency supplementals are where Gates could have a positive impact, said several defense insiders.

"Apart from the fact that Gates is supposed to be a quick study, he does have a reputation of reaching out to both Democrats and Republicans," said Dov Zakheim, a Pentagon comptroller in President Bush's first administration, and now a vice president for global defense at Booz Allen Hamilton.

Gates has said that he recognizes "the importance of balancing immediate and future needs."

The industry is anxiously waiting to see how the Pentagon's emergency supplemental request for 2007, which could reach $160 billion, will play with lawmakers increasingly fed up with using emergency spending to pay for what they consider predictable war expenses.

The emergency supplemental is a "more discreet issue" than the regular budget, and Gates could have a say in that, said Kosiak.

In his answers to the standard SASC questionnaire before his hearing, Gates said he would comply with new legislation that requires the Pentagon to submit a funding request for the wars in Iraq and Afghanistan with his budget request, as well as an estimate of all funds expected to be required for the fiscal year for the operations. He said, however, that it is difficult to forecast "the scope and nature of wartime operations many months ahead of time."

"The issue is less about spending the money than [about] how it is spent. The major issue is … being honest about the request," offered Jon Kutler, founder and CEO of Admiralty Partners, a private investment firm that works with defense companies. "Part of the [solution] is just reaching out to Congress more than Rumsfeld did, and he can smooth over some issues."

House and Senate Democratic leaders intend to conduct relentless oversight of money going into the wars in Iraq and Afghanistan. Approval of the supplemental could come with strings attached.

"It is very late into the process to affect what goes into the '08 budget," said Kosiak. "You can make last-minute alterations in one or two programs, but it is something people in the Pentagon do not like to see."

What the Pentagon buys, and how much, is largely driven by the military services' plans. And the services push for programs and force structure "in a way that is very difficult for any individual to have a major kind of impact [upon]," said Kosiak.

Gates also is coming in with no Pentagon experience, but that doesn't necessarily make him the exception. Rumsfeld is the only defense secretary to have served twice. But Gates's lack of experience inside the Pentagon is not going to affect the Defense Department's dealings.

"The Pentagon has a great deal of institutional knowledge," said Kutler, who served in the Navy for 10 years. "The Pentagon budget is a long-cycle process and it is rare that a secretary sees many reiterations of the budget. His position is more of a leadership priority type of a job than micromanaging."

In addition, if Deputy Secretary of Defense Gordon England decides to stay, he would be tremendously helpful to Gates as he transitions to the Pentagon, Zakheim said.

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With Gates's arrival at the Pentagon, several appointed administration officials are expected to resign. Already, Under Secretary for Intelligence Stephen Cambone, one of Rumsfeld's trusted allies, has departed. All Pentagon political appointees have been asked to submit their resignations "pro forma," as they would be asked to do in any regime change, according to a source.

Gates's answers on the SASC questionnaire were deliberately vague, said a former appointed administration official. "He cannot really take a position until he is confirmed; he cannot talk about any decisions that require him to make a judgment on policy."

Blair Agrees War "Not Being Won" (BBC)

BBC.com, December 6, 2006

Tony Blair has agreed with the incoming US defence secretary's assessment that the war in Iraq is not being won.

Asked by Tory leader David Cameron at prime minister's questions if he agreed with Robert Gates' assessment of the war, Mr Blair said: "Of course."

Mr Blair has arrived in Washington for discussions with President Bush about the Iraq Study Group's report.

Foreign Secretary Margaret Beckett said the report was "substantial and complex" and in line with UK policy.

The report from the study group, which was set up by Congress and led by ex-Secretary of State James Baker, calls for combat troops to leave Iraq in 18 months.

The report has called the situation in Iraq "grave and deteriorating" and said the current US approach was "not working". It said the ability of the US to influence events was diminishing.

It also said 2,900 American lives had been lost and $400bn (£203bn) spent in the conflict.

On Tuesday, Mr Gates said the next two years could see slow improvements or "the very real risk of a regional conflagration".

In response to Mr Cameron during PMQs, Mr Blair said: "What's important however is that we go on to succeed in the mission we set ourselves."

Mr Cameron said it was essential strategy for Iraq was decided "by the British government and in the British national interest".

Liberal Democrat leader Sir Menzies Campbell asked: "Isn't it clear that the British government has no policy of its own in relation to Iraq? And that we are wholly dependent on the decisions taken in Washington?

"What sort of strategy is that? And what sort of legacy is that?"

Mr Blair said the British stood side-by-side with the US and the Iraqi government in working to make the country stable.

The prime minister added: "As progressively, the Iraqis are capable of taking on their own security, as now they are doing in two out of the four provinces and in one half of Basra... then the need for British troops diminishes. That is our strategy."

He said that the whole of the Middle East needed to be put on a more stable footing and that part of that meant finding a solution for the Israel-Palestine conflict.

During PMQs, Mr Cameron asked Mr Blair what he believed the changes to US policy following the US report should be.

Mr Blair, who gave evidence to the US inquiry, said: "Inside Iraq, what is important is that we complete the building up of the capability, particularly of the Iraqi army.

"We've also got to make sure that the governance and capability of the Iraqi government is improved - not just in relation to the way it functions but also, for example, to the disbursement of money both in Sunni and Shia areas.

"It's also important we make sure the process of reconciliation ... is carried through, with greater effect than so far."

The Iraq Study Group report also suggested a diplomatic offensive setting up a support group, which would include Iran and Syria.

Mr Blair has raised the possibility of discussion with Iraq's neighbours; something Washington has so far ruled out.

Responding to the publication of the report, Sir Menzies Campbell called the Iraq "adventure" Britain's "biggest foreign policy mistake since Suez".

He said: "The damage to Britain's interests has been incalculable."

Congress Takes Up Trade, Taxes, Abortion (AP)

By Jim Abrams

AP, December 7, 2006

In the final hours of Republican rule, the Senate put forward an all-purpose bill covering everything from normalized trade with Vietnam and tax breaks for millions of taxpayers to an expansion of offshore oil drilling. The House, while preparing its own tax and trade agenda, gave conservatives perhaps their last chance for a while to vote on an abortion bill. It was defeated.

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As of late Wednesday, House and Senate negotiators were still struggling to come up with a common approach to the tax and trade package.

Senate Finance Committee leaders said they were bringing to the floor as early as Wednesday the session-ending package that would renew expired or expiring tax breaks for businesses and middle income individuals and trade items affecting economic relations with Vietnam, Haiti, Africa and Andean nations.

The tax portion, said Finance Committee Chairman Charles Grassley, R-Iowa, gives "continued tax relief to families paying college, teachers buying classroom supplies and producers of clean energy from sources such as wind."

The package would also open up 8 million acres off the Gulf of Mexico to oil and gas drilling, postpone a planned cut in Medicare reimbursements to physicians and extend an abandoned coal mine reclamation program.

The House put off until Thursday any vote on its Vietnam trade bill as lawmakers pondered whether to combine it with the tax break measure. Completing those bills could be the last major task before this Congress adjourns at the week's end, making way for the new Democratic-controlled Congress to convene on Jan. 4.

It remained uncertain whether the House and Senate could come together on a package that would not be so laden with expensive programs that it becomes unpassable.

The fix on Medicare payments is estimated to cost more than $10 billion over a one-year period. The abandoned mine bill could cost $5 billion over 10 years.

Among the tax breaks, a research and development deduction extension through 2006 and 2007 would cost $16.5 billion. Extending tuition deductions through the end of 2007 would cost $3.3 billion. Another provision allowing taxpayers in states without income taxes to deduct state and local sales taxes would cost $5.5 billion.

House Ways and Means Committee Chairman Bill Thomas, R-Calif., said they were working to keep Medicare payments within budgetary limits. "It will be revenue neutral if you squint."

House GOP leaders, in a parting gesture to their conservative base, brought up a bill that would require abortion providers to inform a woman 20 weeks into her pregnancy that an abortion would cause pain to the fetus. The 250-162 vote was well short of the two-thirds majority needed under a procedure that limited debate.

The bill defined a 20-week-old fetus as a "pain-capable unborn child." That's a controversial threshold among scientists, with debate over whether a fetus at that stage of development feels pain or reflectively draws back from stimuli.

Had it passed, the legislation had almost no chance of advancing in the Senate, while the new Democratic Congress is expected to have little appetite for abortion-related bills.

The Senate on Wednesday approved a measure to renew the $2.1 billion-a-year Ryan White CARE Act for prevention and treatment of AIDS. The bill still needs House consideration.

It also voted 95-2 to confirm Robert Gates as defense secretary, replacing Donald H. Rumsfeld.

On the to-do list before Congress departs is approval of legislation to continue paying for most federal programs, at last year's budget levels, through Feb. 15. The legislation is necessary because this Congress was unable to pass any of the annual spending bills for the current budget year, which started Oct. 1, except for the Defense and Homeland Security departments.

This funding bill also passes off to the new Democratic majority the tough questions of how to meet spending demands for health and education programs while tackling the budget deficit.

The Vietnam bill would end Cold War-era requirements of annual reviews of trade with the communist nation. The House rejected the bill before the Nov. 7 election when the measure came up through an expedited procedure requiring a two-thirds majority.

The bill needs a simple majority of the 435-member House to pass this time, but textile state lawmakers may oppose it. They already oppose existing programs that let Haiti and some African countries export apparel to the U.S., while getting some materials from China and elsewhere.

The House, trying to finish up on Thursday, rushed through some three dozen mostly noncontroversial bills, including measures to honor two well-known men who recently died — economist Milton Friedman and journalist Ed Bradley — and the late baseball star Satchel Paige.

In other action:

· The House approved $289 million over five years for states to train volunteers and provide services to the estimated 50 million families caring at home for adults and children with special needs. The sponsor, Rep. Mike Ferguson, R-N.J., said his father spent six years caring for his ailing wife, and Ferguson wants to help families in similar situations. The Senate is expected to approve the bill.

· The House passed a Senate bill that requires the Health and Human Services secretary to develop and put in place a plan for autism research.

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· The House passed by voice a renewal of a pipeline safety law, with tougher penalties for energy companies that fail to follow construction rules and, in response to shoddy maintenance that led to disruptions in Alaska oil lines last summer, new federal standards for low-pressure oil pipelines.

· The House passed legislation to improve tsunami detection and preparedness in the United States and abroad.

Jockeying In Senate Endangers Tax Breaks (WP)

By Lori Montgomery

The Washington Post, December 7, 2006

A variety of popular tax breaks held up in Congress for more than a year by political jockeying has been saddled once again with a host of contentious measures, including proposals to expand offshore oil drilling, cancel a Medicare payment cut for doctors and provide more money to clean up abandoned coal mines.

The massive last-minute tax bill, unveiled yesterday by leaders of the Senate Finance Committee, also would create or extend a variety of trade measures, including a plan to grant Haitian clothing duty-free entry into the United States that has sparked criticism from the American textile industry.

Several senators yesterday raised objections to the bill, blocking its path to a full vote in the Senate and raising alarm among business lobbyists concerned about the fate of the largest of the tax breaks, a credit for research and development worth $7.5 billion in this fiscal year alone.

Meanwhile, with time running out on the 109th Congress, Senate negotiators were still trying to resolve differences with the House, which must also approve the package.

Business organizations and their members were waging a fierce lobbying campaign on behalf of the research credit, urging lawmakers to prevent it from expiring. California Gov. Arnold Schwarzenegger (R) and Arizona Gov. Janet Napolitano (D) sent letters adding their support, and former Michigan governor John Engler, now president of the National Association of Manufacturers, warned lawmakers that "failure is not an option."

As of late yesterday, business lobbyists remained hopeful that the research credit would be preserved.

The tax measures would extend until December 2007 breaks that, for the most part, expired last December. If Congress does not act, many businesses and individual taxpayers will be unable to claim them in April. The breaks include a reward for employers who hire former welfare recipients, a personal deduction for state and local sales taxes paid by people who live in states without income taxes, and another personal deduction for elementary and high school teachers who spend at least $250 of their own money on classroom supplies. The bill also includes incentives for businesses that invest in the District.

The tax breaks are popular with members of both parties, but their passage has been complicated by Republican efforts over the past year to use them to attract votes on more disputed measures. In July, for example, the tax extensions were attached to a bill that would have raised the minimum wage and permanently slashed the estate tax. The bill passed the House, but was blocked in the Senate, leaving the tax breaks in limbo.

With lawmakers hurrying to wrap up work by Friday, business leaders learned yesterday that Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) and ranking Democrat Max Baucus (D-Mont.) had tied the tax extensions to a new set of controversial issues, including trade, health care, coal mines and offshore drilling.

The trade measures would grant permanent normal trading relations to Vietnam, a measure that failed last month after a preliminary vote in the House, and extend trade relationships with sub-Saharan and Andean countries, as well as other developing nations.

One of the most disputed provisions would allow some types of clothing made in Haiti to be exported to the United States tax free. The Bush administration has championed the measure as a form of aid to one of the world's poorest countries, but some trade groups have attacked it, focusing on the fact that it would allow a portion of the raw materials used in Haiti to come from other countries. That could give duty-free access to textiles and yarn from China and intensify fears that too much of the global apparel trade is shifting to the world's most populous country.

On health care, the bill would cancel a 5.1 percent cut in payments to physicians scheduled to take effect Jan. 1. The cut is unpopular with doctors, who say it is unfair and will force some physicians to close their doors to Medicare beneficiaries. Congress has blocked similar cuts since 2002; the Senate bill would stave off the latest cut by freezing payments at the current level and allowing doctors to earn bonuses for part of the year if they participate in federal efforts to measure health care quality.

The Senate bill would fund the move, about $12 billion over five years, partly with cash from a special fund created to give private insurers financial incentives to offer Medicare drug plans in rural areas. House negotiators also want to delay the cut in physician payments, but House Ways and Means Committee Chairman Bill Thomas (R-Calif.) has been trying to push some of the costs off into next year, when Democrats will control Congress and the budget process.

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The bill also contains a provision to open more than 8.3 million acres on the outer continental shelf to oil and gas leasing. And it would create a mandatory funding stream to reclaim abandoned coal mines and pay health benefits for former mine workers. The mine provision would add $4 billion to the national deficit, according to Senate Budget Committee chairman Judd Gregg (R-New Hampshire), who is demanding that it be stripped out of the legislation.

As House and Senate negotiators met late last night, business lobbyists who were worried about the research credit waited for other battles to be resolved.

"Adding new things always complicates and potentially threatens your core issue," said Ralph Hellmann, senior vice president for government relations at the Information Technology Industry Council. But "they'll sort through it," he said. Otherwise, "they are going to wake up and have angry voters and businesses wondering why" their taxes are going up.

Antiabortion Measure Falls Short In House (LAT)

By Noam N. Levey

The Los Angeles Times, December 7, 2006

WASHINGTON — House Republicans opposed to abortion rights failed Wednesday in their bid to pass a controversial measure that would have required women seeking abortions to be informed that some fetuses feel pain.

Although it was clear the bill would have stalled in the Senate, the abortion opponents hoped the House vote would provide a symbolic victory before control of Capitol Hill passes to Democrats in January. Instead, the vote dealt social conservatives a final setback in a two-year congressional session that has not produced a major piece of antiabortion legislation.

The bill received majority support, 250 to 162. But that fell short of the two-thirds margin required under rules that limited debate.

Those decrying the outcome included Concerned Women for America, an advocacy group for socially conservative causes.

"Abortion not only kills a baby, it tortures them," said Wendy Wright, the group's president. "Regrettably, congressmen — many who denounced the use of torture against suspected terrorists — have voted to not let women know that abortion will torture their innocent unborn babies."

Abortion rights supporters applauded the bill's failure as they prepared for the arrival of a Democratic Congress, where such measures almost assuredly will not be considered.

"This sham bill is yet another partisan political ploy that misguidedly attempts to insert the government into private medical conversations between women and their doctors," said Rep. Lois Capps (D-Santa Barbara), who helped lead opposition to the legislation.

The opponents also disputed the claim by the bill's backers that fetuses 20 weeks and older experience pain.

The bill has not been a top priority for antiabortion activists. Their movement suffered a tougher loss this fall when a measure to strengthen parental consent laws was derailed in the Senate after passing the House.

The fetal pain bill was sponsored by Rep. Christopher H. Smith (R-N.J.).

"It's about time that women were told the truth about abortion," he said during floor debate.

Smith and others argued that because some evidence has been found that older fetuses feel pain, women seeking to terminate a pregnancy should be informed of that by abortion providers.

The bill would have required that the women be offered the choice of having anesthesia administered to the fetus.

Smith also said: "Is it our hope that this [bill] may dissuade a woman from allowing her child to be killed? Absolutely."

NARAL Pro-Choice America, one of the nation's leading abortion rights groups, was neutral on the bill. But a host of other groups, including the National Abortion Federation, opposed it, arguing that the evidence that fetuses feel pain was inconclusive.

"Requiring misleading mandated communication is an inappropriate and dangerous intrusion of Congress into private healthcare decisions," the heads of seven abortion rights groups and healthcare providers wrote in a letter to lawmakers.

Anti-Abortion Bill Stalls; Session Nears End (NYT)

By Carl Hulse

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — The House on Wednesday rejected an anti-abortion measure offered by Republicans as Congressional leaders struggled to bring the 109th Congress to a close.

On a 250-to-162 vote, backers of the measure fell short of the two-thirds majority necessary to pass the bill, which would require medical personnel to inform women that a fetus could experience pain and to offer anesthesia for the fetus. The supermajority vote was required under special rules used to consider the bill.

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Democrats accused Republicans, who will no longer be in the majority next year, of trying to score political points. The measure had no chance of becoming law in the last few days of this session.

"We are wasting time today on a bill that is laden with rhetoric but very little science," said Representative Lois Capps, Democrat of California.

But Republicans said the measure was intended to allow women to make informed choices when considering an abortion. They disputed scientific research suggesting that a fetus did not experience pain. "This legislation is very, very badly needed," said Representative Phil Gingrey, Republican of Georgia, an obstetrician.

Proponents of the measure said that they do not expect the new Democratic majority, whose leadership strongly supports abortion rights, to bring up such measures, and that they will press the leadership to allow a second vote under regular rules. But Republican officials said they had no plans to revisit the issue.

With time running out, House and Senate leaders were trying to negotiate an endgame that could lead to votes on tax, trade and spending measures before Congress adjourns and Democrats take control in January. But there were snags on nearly every front, and Congress had not yet advanced a stopgap spending bill to keep the government operating beyond Friday.

"All the decision makers are moving boxes," said Representative Sherwood Boehlert, Republican of New York, who is retiring this year. Mr. Boehlert was referring to the flurry of packing under way because some lawmakers — including some writing the remaining legislation — are leaving to make way for new members of Congress, and some in the leadership are getting ready for the transfer of power.

Members of the House and Senate were trying to reach agreement on the elements of a broad measure that would restore popular tax breaks like the college tuition tax credit and to provide a way to pass more contentious legislation like a trade deal with Vietnam and a bill opening part of the eastern Gulf of Mexico to oil and gas drilling.

Hoping to break the impasse, the leaders of the Senate Finance Committee — Senator Charles E. Grassley, Republican of Iowa, and Senator Max Baucus, Democrat of Montana — on Wednesday introduced legislation that included those proposals as well as a freeze on cuts in physician payments under Medicare. Their bill also renews for one year trade benefits for the Andean countries of Peru, Colombia, Ecuador and Bolivia and would ease rules on imports of apparel from Haiti.

Mr. Grassley acknowledged that assembling the bill was a delicate balancing act and that some of the add-ons were drawing objections that threatened the measure. "It is a wonder we ever get anything done around here," he said.

Though they were leaving most of the spending bills for Democrats to deal with next year, Republicans were hoping to win approval of one measure that provides money for improvements at military installations and other benefits for members of the armed forces. But some Senate conservatives were reluctant to allow the measure to go forward, fearing it could become a magnet for last-minute pet projects.

The House and Senate were also bickering over a stopgap measure that would keep the government operating while the final spending measures are worked out next year. Aides said Senate leaders wanted to use that measure to provide money for additional veterans care and a pay raise for federal employees while the House opposes such extra provisions. The legislation, known as a continuing resolution, has to pass before the existing bill expires Friday.

The Senate also passed a measure that would provide about $7 billion over three years for AIDS treatment and care, much of it funneled through state and local programs, after a dispute was resolved over the level of spending in New York, New Jersey and California among other states.

Who'll Be Bolton's Replacement At U.N.? (AP)

By Edith M. Lederer

AP, December 7, 2006

Speculation on a new U.S. ambassador to the United Nations to succeed John Bolton is focusing on Washington's current ambassador in Iraq, Zalmay Khalilzad, and a former U.S. deputy ambassador at the U.N., Richard Williamson.

But there also are a number of other Republicans and even some Democrats whose names have been floated among diplomats at U.N. headquarters.

The Republican speculation includes Rep. Jim Leach, a 15-term lawmaker from Iowa and opponent of the war in Iraq who lost his seat in the Democratic takeover of the House of Representatives in November, and two undersecretaries at the State Department, Nicholas Burns and Paula Dobriansky.

On the Democratic side, two former senators have been mentioned — George Mitchell of Maine and Sam Nunn of Georgia.

President Bush accepted Bolton's resignation Monday, angered that a few Republicans joined Democrats in preventing his nomination from reaching the floor of the Senate. Bush appointed Bolton last year when Congress was in recess, but his term is about to expire. With a long fight for confirmation going nowhere, Bolton decided to resign.

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Bolton refused to talk about his personal situation when he came to U.N. headquarters Thursday to vote on a resolution authorizing an African force to protect Somalia's transitional government, which the U.S. sponsored.

"I will continue to serve until my appointment ends because I've not resigned, I've simply indicated I will leave federal service when the recess appointment ends," he said. That will happen when Congress adjourns, either in late December or early January.

Khalilzad, an Afghan-born Sunni Muslim and Republican insider, took up the Iraq post in June 2005 after serving as U.S. ambassador to Afghanistan from 2003 to 2005 following the fall of the Taliban. In November, a senior State Department official said he was likely to leave Iraq as soon as the end of the year but was more likely to remain through the spring.

ABC News reported Tuesday that Khalilzad will soon return to the United States and is under "strong consideration" to be the new ambassador to the U.N., quoting a senior administration official.

The acting spokesman for the U.S. Embassy in Baghdad, Michael McClellan, told The Associated Press "there's no comment because there's no official announcement."

Some diplomats question whether Bush would want to change ambassadors in Baghdad after a report by the bipartisan Iraq Study Group released Wednesday said U.S. policy in Iraq "is not working," and urged an immediate diplomatic attempt to stabilize the country and allow withdrawal of most combat troops by early 2008.

Williamson, now a partner in the Chicago law firm of Mayer Brown Rowe and Maw, was a deputy ambassador at the U.N. in 2002-03 and ambassador to the U.N. Human Rights Commission in Geneva in 2004. He was recently in Washington where he reportedly spoke to several senior State Department officials.

Both Khalilzad and Williamson have strong international and political backgrounds.

Khalilzad served at the National Security Council as special assistant to the president and senior director for Islamic Outreach and Southwest Asia, and as head of the Bush-Cheney transition team for the Defense Department.

Williamson served as assistant secretary of state for international organizations in the State Department from 1988-89. He is a former chairman of the Illinois Republican Party and currently on the board of directors of the International Republican Institute.

Nominee For Pentagon Watchdog Withdraws (AP)

By John Solomon

AP, December 6, 2006

President Bush's nominee to be Pentagon inspector general has withdrawn from consideration, meaning the Defense Department likely will start a second year without its chief watchdog even as the military spends billions a month in Iraq.

David Laufman, a decorated federal prosecutor, sent Bush a letter last week withdrawing from consideration after the Senate Armed Services Committee declined to hold a vote on his nomination before Congress recessed this year.

The committee's top Democrat, Sen. Carl Levin of Michigan, is poised to become its chairman in January and has raised concerns about Laufman's nomination. The White House formally withdrew Laufman's name on Wednesday.

The inspector general's office is charged with investigating waste, fraud and abuse inside the military, and it has been without a presidentially appointed leader for more than a year. The last inspector general, Joseph Schmitz, stepped down in August 2005.

Career officials have been running the office, but the watchdog has been criticized for being slow to get staff on the ground to investigate issues in Iraq and for shying away from examining the National Security Agency's electronic surveillance program.

Laufman, who won accolades for prosecuting a Virginia man convicted of plotting to kill the president, vowed to examine such controversial issues and be an independent and aggressive watchdog. Some current inspectors general took the rare step of endorsing him.

But the nomination came to a halt after Laufman testified to the Senate Armed Services Committee this summer that the inspector general's law requires him to consult with the defense secretary before embarking on sensitive cases.

Levin challenged Laufman's credibility and his independence, saying such consultations would be a major departure from current practices. While the senator was correct that the current inspector general hasn't been consulting that way, Laufman was correct in noting the law suggests that he should.

Sen. Warner Is Leaving The Peak, But Not The Hill (VAPILOT)

By Dale Eisman

Norfolk Virginian-Pilot, December 7, 2006

WASHINGTON - Sen. John Warner of Virginia capped the proudest chapter of his four decades in public life with a victory Wednesday, then hinted strongly that he hopes to remain in office at least another eight years.

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As he prepared to relinquish the chairmanship of the Senate Armed Services Committee, Warner told reporters he's "leaning in favor" of seeking re-election in 2008. A sixth term, ending in January 2015, would make the 79-year-old Republican the longest-serving Virginia senator ever.

Warner had been widely expected to step aside when his current term expires. Term limits set by his GOP colleagues are forcing him to give up a leadership role of the Armed Services panel, a job he called the pinnacle of his Senate career.

But since the defeat last month of fellow Republican Sen. George Allen, Warner has been dropping hints that he's reluctant to see the state represented by two first-term senators, as it would be if he retires. Democrat Jim Webb will have just two years of Senate experience by the end of 2008.

Warner's comments came as he marshaled bipartisan Senate support for President Bush's nomination of Robert Gates to be secretary of defense and pleaded for more bipartisanship in the debate over the future of America's role in Iraq.

The Gates nomination, approved 95-2, and the unanimous recommendations released Wednesday by the bipartisan Iraq Study Group should be a model for both Bush and the Congress, Warner suggested.

"All of us may have to give up a little bit," Warner told colleagues. "We owe that to the men and women of the armed forces."

Warner will relinquish the Armed Services chairmanship after a final hearing today and testimony from members of the study group. He spent much of Tuesday and Wednesday basking in praise from Armed Services C ommittee members from both parties.

American troops "have never had a greater champion" than Warner, said Michigan Sen. Carl Levin, the Democrat who will succeed him as Armed Services chairman in January. "He is an example that all of us try to follow."

In a reflective mood on Wednesday afternoon, Warner said the continuing loss of American lives in Iraq and Afghanistan "weighs heavily on me," and that he worries that strains the war has placed on the military will make it tough to recruit and keep troops.

The all-volunteer force launched in the 1970s has given the United States the finest military in history, Warner said. "I don't want to ever, ever return to the draft."

Warner also recalled how he struggled as a Marine in the Korean War to cope with the deaths of his comrades and said those memories give him an appreciation for the challenges facing today's service members and their families.

"We lost two guys who over a period of time were sleeping in my tent," he said, closing his eyes and rubbing his temples at the memory. It fell to him to wrap up the men's belongings and ship them to their loved ones.

"You don't forget those things," he said.

He acknowledged that pre war intelligence on the dangers posed by the regime of Saddam Hussein proved faulty and that there should have been more careful planning for the country's occupation. Still, he defended his committee's pre war scrutiny of Saddam's government and the Bush administration's decision to topple it.

"I saw clear justification " for the war, Warner said. "I made the decision I thought was right at the time, based on the information that was given me and I stand by it."

Warner said he watched in "total astonishment" as looters sacked the country's museums and government buildings and sectarian factions inside the country turned on one another.

"I guess it was just a failure... to understand some of the culture that goes back thousands of years in that region," he said.

Case Of The Dwindling Docket Mystifies The Supreme Court (NYT)

By Linda Greenhouse

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — On the Supreme Court's color-coded master calendar, which was distributed months before the term began on the first Monday in October, Dec. 6 is marked in red to signify a day when the justices are scheduled to be on the bench, hearing arguments.

The courtroom, however, was empty on Wednesday, and for a simple reason: The court was out of cases. The question is, where have all the cases gone?

Last year, during his Senate confirmation hearing, Chief Justice John G. Roberts Jr. said he thought the court had room on its docket and that it "could contribute more to the clarity and uniformity of the law by taking more cases."

But that has not happened. The court has taken about 40 percent fewer cases so far this term than last. It now faces noticeable gaps in its calendar for late winter and early spring. The December shortfall is the result of a pipeline empty of cases granted last term and carried over to this one.

The number of cases the court decided with signed opinions last term, 69, was the lowest since 1953 and fewer than half the number the court was deciding as recently as the mid-1980s. And aside from the school integration and global warming

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cases the court heard last week, along with the terrorism-related cases it has decided in the last few years, relatively few of the cases it is deciding speak to the core of the country's concerns.

The reasons for the decline all grow out of forces building for decades. The federal government has been losing fewer cases in the lower courts and so has less reason to appeal. As Congress enacts fewer laws, the justices have fewer statutes to interpret. And justices who think they might end up on the losing side of an important case might vote not to take it.

In a divided court, in a divided country, the court's reduced role is perhaps not surprising, nor is it necessarily a bad thing. "In the post-Bush v. Gore era, the court may be concerned about taking the wrong case and making an unpopular decision," said Frederick Schauer, a professor at the John F. Kennedy School of Government at Harvard, in an interview.

Professor Schauer argued in a recent and much-discussed Harvard Law Review article that the court's work "had only minimal direct engagement with the central issues of the nation's public and policy agenda." In an interview, he said, "I think they like being under the radar."

In private conversations, the justices themselves insist that nothing so profound is going on, but rather seem mystified at what they perceive as a paucity of cases that meet the court's standard criteria. The most important of those criteria is whether a case raises a question that has produced conflicting decisions among the lower federal courts.

But there are still plenty of lower-court conflicts that go unresolved, said Thomas C. Goldstein, a Supreme Court practitioner and close student of court statistics who wrote last week on the popular Scotusblog that the justices were "on the cusp of the greatest shortfall in filling the court's docket in recent memory, and likely in its modern history."

"I don't think we're at the end of history and have fixed all the problems," Mr. Goldstein said in an interview.

One theory is that the court is so closely divided that neither the liberals nor the conservatives want to risk granting a case in which, at the end of the day, they might not prevail. To grant a case takes four votes, which can be a heartbreaking distance from the five votes it takes to win. Scholars of the court call this risk-averse behavior "defensive denial."

While such behavior may account for a portion of the shortfall, it can hardly provide a global explanation, because only a relative handful of the 8,000 appeals that reach the court each term are ideologically charged.

Other, more neutral explanations provide likely pieces of the puzzle.

One is the decreasing number of appeals filed on behalf of the federal government by the solicitor general's office. Over the decades, the Supreme Court has granted cases filed by the solicitor general's office at a high rate. In the mid-1980s, the office was filing more than 50 petitions per term. But as the lower federal courts have become more conservative and the government has lost fewer cases, the number has plummeted, opening a substantial hole in the court's docket.

As recently as the court's 2000 term, the solicitor general filed 24 petitions, of which 17 were granted. Last term, it filed 10, of which the court granted 4. This term, the solicitor general has filed 13 petitions; the court has granted 5, denied 3 and is still considering the rest.

Another explanation lies across the street from the Supreme Court, in Congress.

Over the years, about half the court's docket has been made up not of constitutional cases, but of cases requiring the justices to interpret federal statutes. Statutes from the 1970s, including major environmental laws, antidiscrimination laws and Erisa, the employee-benefits law, have been staples of the court's docket for decades. But as Congress's willingness to pass new laws has waned, the flow of statutory cases has begun to dry up.

Another possible explanation is the method by which the justices screen the thousands of petitions. Eight of the justices, all except Justice John Paul Stevens, pool their law clerks and have only one clerk make the initial recommendation for each case.

The recommendation is not binding, of course. But there is a built-in "institutional conservatism" in which law clerks are afraid to look overly credulous and so are reluctant to recommend a grant, according to Stephen M. Shapiro, a former deputy solicitor general who practices law in Chicago with Mayer, Brown, Rowe and Maw.

"Perhaps the clerks have been trained to be naysayers for so long that they don't know any other way," Mr. Shapiro said in an interview.

The sharpest drop in opinions came after William H. Rehnquist became chief justice in 1986. He had made clear his belief that the court under Chief Justice Warren E. Burger was taking too many cases, and Congress assisted in 1988 by eliminating from the court's jurisdiction a category of "mandatory" appeals to which the justices collectively had long objected.

In the early 1990s, after the number of decisions dropped to 107 from 145 in the space of five terms, Chief Justice Rehnquist responded to reporters' questions by commenting wryly that the Supreme Court would be the first institution of American government to fulfill Karl Marx's prophecy of the withering away of the state.

He was kidding, of course. The late chief justice believed in a muscular role for the court, and went on to show that he could accomplish more with less.

The question now, on a docket dominated by cases that only a law professor could love, is how much less.

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"It's not obvious to me that the court should be doing more," said Orin Kerr, a visiting professor at the University of Chicago Law School who wrote on his blog that constitutional law scholars "are kind of bored these days."

In an interview, Professor Kerr said that while it was easy to say that the court should be doing something different, "no two people would agree on how it should change."

Democratic Wave In Congress Further Erodes Moderation In GOP (WP)

By Zachary A. Goldfarb

The Washington Post, December 7, 2006

Iowa Rep. Jim Leach (R) seemed a natural to weather voters' antiwar sentiment this fall. His independent streak and moderate views had engendered the allegiance of his Democratic-leaning district for the past 30 years, and he broke with his party and President Bush in October 2002 by voting against the Iraq war.

Yet on Election Day, voters in Iowa's 2nd Congressional District ousted him in favor of an untested Democrat, a college professor -- a testament to the vulnerable position that Republican moderates found themselves in all year. Voters in Leach's district said that they respected him but that his party affiliation kept them from voting for him this year.

"He's a good guy, and he has integrity, and I think he has done a great job -- but he's still a Republican," said Jeremy Jackson, an Iowa City novelist.

With the defeat of Leach and several other Republican moderates Nov. 7, the Democrats' victory in the midterm election accelerates a three-decade-old pattern of declining moderate influence and rising conservative dominance in the Republican Party. By one measure, the GOP is more ideologically homogenous now than it has been in modern history. The waning moderate wing must find its place when the Democratic majority takes over in January.

"The irony of this election is that the public, in seeking change, has . . . weakened the center," Leach said recently. "In a sense, what has occurred is the strengthening of the edges of the parties."

Eight of the House's 20 most moderate Republicans lost their seats: Rob Simmons and Nancy L. Johnson (Conn.); Jeb Bradley and Charles Bass (N.H.); Michael G. Fitzpatrick and Curt Weldon (Pa.); Sue W. Kelly (N.Y.); and Leach. Also, moderate GOP Rep. Sherwood L. Boehlert (N.Y.), is retiring, and he will be replaced by Democrat Michael A. Arcuri, the Oneida County district attorney.

On the Senate side, the defeat of Lincoln D. Chafee (R-R.I.), a critic of the war who declined to vote for Bush's reelection in 2004, underscored the same trend.

By one measure, the 110th Congress will have the fewest moderates since the 19th century. This finding is based on an analysis of voting records by Keith T. Poole, a political science professor at the University of California at San Diego, and Howard Rosenthal, a New York University politics professor.

For the purpose of the study, a moderate is defined as someone whose votes consistently fall near the middle of the political spectrum on both fiscal and social issues.

The decline in moderates has had a greater impact on Republicans than Democrats. According to Poole's calculations, almost half of House Republicans were moderates 30 years ago, compared to well under 10 percent today. The professors argue that the decline of moderates in Congress has increased polarization.

To some moderate Republicans, the message of the Nov. 7 election was clear: The only path back to the majority is through the political center. With a small and shrinking membership, however, it is unclear whether the moderate wing will have much influence over the future direction of the GOP.

"There's a faction in the Republican conference that believes we lost the majority because we were never fiscally conservative enough, we were not socially conservative enough," Bass said. Indeed, over the last 12 years, the increasing conservative dominance in the GOP has mirrored growing Republican dominance in Washington -- first in Congress, then the White House.

Rep. Michael N. Castle (R-Del.), a prominent moderate, said he expects that his party will hold a series of internal debates next year about when to work with the Democrats and when to resist. Throughout the 109th Congress, moderates sided with the Democrats on such issues as stem cell research, drilling in Alaska's Arctic National Wildlife Refuge and overhauling immigration policy. Castle says moderates could build consensus on two issues likely to create fireworks between the parties: devising a new strategy in Iraq and reshaping lobbying.

Another moderate, Rep. Charles W. Dent (Pa.), said there is room for agreement within the GOP on tax and budget issues and on efforts to restore fiscal discipline and restrain the growth of government. "I think voters sent us a message" to get back to those types of issues, he said.

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An important factor in the Democrats' victory in the midterm election was that independent and moderate voters abandoned the GOP in droves. Since the 2002 midterms, support for the Republican Party has declined seven percentage points among moderates and nine percentage points among independents, according to exit polls.

That trend was at play in Leach's eastern Iowa district, which includes rolling hills and farmland and high-tech plants and offices in Cedar Rapids. In 2004, Sen. John F. Kerry (D-Mass.) won 59 percent of the vote in the district, more than he won in any other Republican-held congressional district. Still, Leach, a Princeton graduate and one-time U.S. Foreign Service officer, defeated his opponent 59 percent to 39 percent.

During the past two years, as the president's approval rating plummeted and Iowa voters grew dissatisfied with Republican rule in Washington, Leach argued that the best way to alter the policies of the GOP and Congress was to elect more moderates to strengthen the political center.

That argument resonated with much of his district, but not in Iowa City, a heavily populated Democratic bastion and home to the University of Iowa. It was there that David Loebsack, a first-time Democratic candidate, carried a huge majority -- enough to unseat Leach, 51 percent to 48 percent.

"My opponent would have suggested the real change in Washington would be to get a check on Republican power," Leach said. "My opponent was clearly perceived as compelling in this election."

Loebsack said: "The party had moved away from him over the course of a number of years. His argument that he could bring them back to the center didn't wash any longer."

While Leach was going down, another prominent Republican moderate, Rep. Christopher Shays (Conn.), managed to hold on. Shays, unlike Leach, had supported Bush's war policies, despite strong antiwar sentiment in Connecticut.

Shays faced the same opponent he did in 2004, town official Diane Farrell, who had campaigned against him hard for two years. Shays knew he was a top target all year long, which gave him -- and Republicans in Washington -- time to raise and spend money to defend the seat. He also slowly altered his stance on the conduct of the war and called for the resignation of Defense Secretary Donald H. Rumsfeld.

Leach's vulnerability emerged late in the election. But when the Republican House campaign committee sent out two mailings attacking Loebsack, Leach, who had never run a negative campaign, told the party to stop the mailings.

Snowe Wants To Encourage Bipartisan Get-Togethers (RC)

By Emily Pierce

Roll Call, December 7, 2006

Sen. Olympia Snowe (R-Maine) quietly is laying the groundwork to overhaul the Senate Centrist Coalition into a regular bipartisan working group that eschews ideological labels.

Snowe, who co-chairs the coalition with Sen. Joe Lieberman (D-Conn.), said she wants to change the name of the group and hopes to invite a broader cross-section of the Senate to attend breakfasts or lunches, potentially on a weekly basis, that are designed to foster bipartisanship in the new Congress.

“There is no forum” for bipartisanship, Snowe said in an interview last week. “Republicans and Democrats meet. They just never meet together just to have a conversation.”

She said she envisioned the relaunched gatherings as a “breakfast or a lunch, or something, in some way, to get together to have a forum just for creating the atmosphere” conducive to working across the aisle on legislation.

Snowe noted that the meetings need not be focused on a particular issue, but should merely offer a place to go for building relationships and friendships. Still, she cautioned that she is continuing to vet her ideas with Lieberman and others, and that nothing has been decided yet.

Lieberman said he and Snowe’s staff still are talking about the future of the Centrist Coalition, but he added that the group could have a big impact in the 110th Congress.

“It’s an important group, and I think there’s a new receptivity here to bipartisanship after the election,” said Lieberman, who beat back a tough challenge from the left this year, in part by emphasizing his ability to work with Republicans.

Snowe said the impetus for considering a new configuration for the group comes from the recent election, which swept Republicans out of power in Congress and hurt moderates, especially from the Northeast, particularly hard.

“The message from the American people was that they ... are impatient with the polarization and the hostility that has emanated from Washington. So they sent a very strong and stern message,” she said.

Sen. Mark Pryor (D-Ark.), a current Centrist Coalition member, said he was receptive to the idea of broadening the group.

“I think that would help, because Senators need a place where they can come and work with each other without having their head chopped off,” he said.

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Sen. Gordon Smith (R-Ore.), another coalition member, agreed, saying that bipartisanship "in the past has been frustrated by the party conference agenda."

Snowe said the current Senate Centrist Coalition, which is made up of Democrats and Republicans who consider themselves middle-of-the-road ideologically, creates a dilemma for her because she believes that true bipartisanship must be developed among Members of all ideological perspectives.

"We want the name to not describe any particular philosophy," Snowe said, throwing out an idea to call it "the Thursday Group" or something equivalent that does not indicate ideology.

Plus, she said, many Members who may have moderate-to-centrist views on some subjects don't necessarily want to be labeled "centrist."

"There are a lot of people in the Senate who are not moderates but who do want to see legislation move," Pryor echoed. "So 'centrist' may not be the right title" for the group.

Many well-known Senate dealmakers sit on either the left or right of the ideological spectrum, including Sens. John McCain (R-Ariz.), Lindsey Graham (R-S.C.) and Edward Kennedy (D-Mass.).

During the turbulent days before the bipartisan "Gang of 14" brokered a deal preventing Senate Majority Leader Bill Frist (R-Tenn.) from eliminating the right to filibuster judicial nominations, McCain and Graham attended a Centrist Coalition meeting at which Frist and Senate Minority Leader Harry Reid (D-Nev.) talked about the "nuclear" option.

While most of the attendees of the May 17, 2005, meeting, including the two leaders, were seated at a conference table, McCain sat on a couch. When asked why he didn't join the group at the table, McCain responded, "I'm not a centrist," according to an aide who was present at the meeting.

That explains why Snowe considers the Gang of 14 a good model of the types of people who might be interested. Besides centrists such as Snowe, left-of-center Democratic Sens. Robert Byrd (W.Va.) and Daniel Inouye (Hawaii) and conservatives such as Graham and McCain also were involved in the group. And conservative Sen. Trent Lott (R-Miss.) was one the first Members to seek a compromise on the nuclear option, before pulling back in deference to Frist.

In addition, Snowe said she hopes that a bipartisan group dedicated to breaking logjams in the Senate would not be necessary all the time.

"You hope that we can return to the process of having the committees work through their differences and come up with those solutions," Snowe said. She added that she wants to give both incoming Majority Leader Reid and incoming Minority Leader Mitch McConnell (R-Ky.) a chance to forge compromises before having the new group jump in.

"We never try to get ahead of the leadership," she said. "If something fails, that's where you can help to step in if necessary."

Of course, Snowe isn't the only Senator looking to create a group of bipartisan consensus-makers. Maine's other Senator, Susan Collins (R), and Louisiana Democratic Sen. Mary Landrieu have said they are working to create a similar group. They have been talking about carrying the spirit of the Gang of 14 into other legislative issues that might bedevil party leaders in the 110th Congress.

Snowe said she doesn't see the need for competing groups and indicated that she believes some bipartisan group will emerge, whether it comes from the foundations of the Centrist Coalition or elsewhere.

"Maybe it's just knowing that there are a number of different Senators, depending on the issue, that might be willing to work across party lines and build personal relationships," she said.

Still, Snowe cautioned that the plan to expand the Centrist Coalition could fail if Senators don't commit themselves to the group. And that could be a problem, given that Members have so many competing interests and obligations.

"As a Senator, you are so busy. And the agenda is so compact that there is very little forgiveness for doing or taking on additional commitments," she said.

Blue Dogs Promise Bipartisanship (HILL)

By Cameron Joseph

The Hill, December 7, 2006

In a luncheon yesterday, members of the fiscally centrist Democratic Blue Dog Coalition promised to build bipartisan consensus to establish "fiscal sanity" and attempt to improve government accountability, transparency and oversight.

"This country is desperate for the middle, desperate for common-sense solutions," said Rep. John Tanner (D-Tenn.).

"We have to tear down that aisle between Republicans and Democrats," said Rep. Allen Boyd (D-Fla.).

Rep. Mike Ross (D-Ark.) said Democrats only have a short time to prove they can work across the aisle to get things done.

"The message that was sent on election night was not that the American people chose Democrats to lead the country out of this mess — they fired the current Republican leadership. We have a narrow window of opportunity to prove we can do better."

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President Bush has invited members of the centrist Blue Dog and New Democrat coalitions to the White House on Friday to discuss areas "of mutual cooperation," in the words of one Democratic aid.

Alexander Defectors Were Collins, Warner (HILL)

By Alexander Bolton

The Hill, December 7, 2006

Sen. Trent Lott's (R-Miss.) stunning return to the Senate leadership was made possible by the last-minute defections of Sens. John Warner (R-Va.) and Susan Collins (R-Maine) from Sen. Lamar Alexander's (R-Tenn.) rival campaign for Republican whip.

Ironically, four years earlier, Warner and Collins helped drive Lott from leadership by giving his rivals support at crucial moments during the controversy over his comments at the 100th birthday party of the late Sen. Strom Thurmond (R-S.C.).

The week before last month's leadership election, Alexander told reporters that he had been promised enough votes to become whip. He said he was working to achieve a consensus of support within the GOP conference.

But when senators cast secret ballots the next day in the Old Senate Chamber, Alexander garnered only 24 votes. Lott collected 25, giving him a one-vote upset victory.

Lott was able to win because of the last-minute support of several wavering centrists, including Judiciary Committee Chairman Arlen Specter (R-Pa.). Those votes came his way in the final hours because of the work of a small band of strong supporters such as Sens. John McCain (R-Ariz.), Ted Stevens (R-Alaska), Judd Gregg (R-N.H.), John Thune (R-S.D.), and John Sununu (R-N.H.).

The day before the election, Alexander believed he had received promises of support from 28 of his colleagues. But he suspected that one of his pledged supporters, Warner, was wavering, and confronted him about his position, said a person familiar with the sequence of events.

Warner told Alexander that he was in fact planning instead to support Lott, a longtime ally. It was at least the second time Warner flipped on the question of Lott's role in the Republican leadership.

Four years earlier, Warner had been one of Lott's strongest defenders during the controversy that erupted after Lott praised Thurmond with an off-the-cuff suggestion that the country would have done well to have supported his 1948 segregationist presidential campaign.

But Warner later surprised his old friend when he told him he would support Sen. Bill Frist's (R-Tenn.) campaign to replace him as majority leader, according to Lott's memoir "Herding Cats: A Life in Politics."

"Warner eventually phoned me, stating cheerily that he was on the Frist team," Lott wrote.

Warner's later defection back to Lott's camp may have surprised Alexander, but he still thought he had the whip race in hand because 27 other Republicans had promised to support him, he said. One Lott ally said McCain was instrumental in persuading Warner to switch his support to Lott. Lott also held a long meeting with Warner.

After the vote, Alexander did not know who else deserted him.

"I wrote 27 thank you letters for 24 votes," said Alexander yesterday.

Collins received a thank-you letter even though, according to Senate sources, she also defected from Alexander despite reiterating her support for him the day before the vote.

Lott's allies pursued Collins vigorously right up until the day she was to cast her ballot.

Thune was seen having dinner with Collins and several other people the night before the vote, according to a witness. Thune's office declined to comment.

Another source said Gregg worked on Collins as well. A third said McCain lobbied Collins, with whom he is close and regularly meets over lunch.

During the secret vote, Collins's nervous body language led Alexander's allies to suspect that she had switched at the final moment.

But Collins declined in an interview yesterday to reveal how she voted.

"I'm not going to discuss my votes in the whip race," she said.

Four years earlier, Collins abandoned Lott at a crucial moment, Lott recounts in his memoir.

During a conference call with colleagues during the Thurmond controversy, Warner, who at the time was defending Lott, urged his fellow lawmakers to declare their support publicly for the embattled Mississippian. But then-Republican Whip Don Nickles (R-Okla.), who was angling to replace Lott, urged the vote on supporting Lott to be delayed.

"Nickles's monkey wrench quickly attracted support from several others. 'He's right. Let's wait to vote,' Collins said," Lott wrote in his book. "Frist also expressed reservations about a vote then and there — a sign of things to come."

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Alexander yesterday declined to say whether Collins had promised to support him, declaring that he was ready to move forward and adding, "I've closed the investigation as to who might have changed."

Alexander said he had hoped until the last moment that Specter would vote for him. The senior centrist had remained steadfastly undecided during lobbying for his vote.

Specter said in an interview that he met Alexander and Lott separately in the days before the vote. He said he telephoned Alexander the morning of the election to tell him that he would support Lott. He then told Lott.

Alexander said Specter handled himself like a "perfect gentleman."

Many observers of the race between Alexander and Lott have speculated that Lott knew he had the votes to win when he publicly declared that he would enter the race a few days before the votes were to be cast.

But a former Republican aide said Lott did not know that he had enough votes, but that he was confident he could win the support he needed.

The former aide said there are two things important for being a whip.

"One is being able to count the votes and the other is being able to get the votes," said the source.

Lott Fills Out Team, With Thune At Top (RC)

By Erin P. Billings

Roll Call, December 7, 2006

Incoming Senate Minority Whip Trent Lott (R-Miss.) has opted to dramatically cut the size of the GOP vote-counting team in the next Congress, assembling a group of eight loyalists, led by South Dakota Sen. John Thune, to aid in the party's floor efforts.

Insiders suggested the size and membership of the whip team could be a sign that Lott is likely to rely heavily on his own experience and floor know-how to keep his party unified in the 110th Congress.

Lott's whip organization largely consists of junior, up-and-coming Senators who supported his bid for the No. 2 GOP leadership slot, in which he bested Sen. Lamar Alexander (Tenn.) by just one vote in a secret ballot tally last month.

In addition to Thune, who will serve as Chief Deputy Minority Whip, Lott has brought on GOP Sens. Richard Burr (N.C.), Larry Craig (Idaho), Norm Coleman (Minn.), James Inhofe (Okla.), Olympia Snowe (Maine), John Sununu (N.H.) and David Vitter (La.) to round out his team. Thune, Burr, Vitter, Coleman and Sununu are in their first terms.

A Western conservative who ousted then-Minority Leader Tom Daschle (D) in 2004, Thune already was viewed as a rising star in the Republican Conference. He initially was expected to take the job of chairman of the National Republican Senatorial Committee for the 2008 cycle but opted against pursuing the post last summer, citing travel and time commitments.

Lott said in a statement that his South Dakota colleague "has demonstrated outstanding leadership skills." Like several of the team of eight, Thune was one of Lott's key vote counters during his quiet campaign against Alexander.

"I want to put his clout to work in developing the whip strategy to get the votes for our priorities," Lott said. "John will be actively engaged in our leadership team."

For his part, Thune said Lott had assembled "a great team."

"We have some heavy lifting ahead of us in terms of the agenda, especially now that we're in the minority," he added. "It is a good opportunity for me to continue to learn from someone who has the experience that Sen. Lott has."

Sources close to Lott said the Mississippian sought to create a diverse whip organization that could reach out to Republicans of all ideological and geographical stripes. His group includes two Northeasterners, three Southerners and three Western-state Senators. It also boasts a moderate in Snowe, a conservative standard-bearer in Craig and Senators from classic swing states in Coleman and Sununu.

Coleman said he signed on because he wanted to see the GOP agenda advance in the next Congress.

"One of our failures [as a majority] is that we didn't get things done, and we paid a price for it," the Minnesota Republican said.

Those close to Lott noted that he wanted his team to include Senators whom he trusts and who would have the energy and commitment to work with him to ensure party unity.

"A very good, smart and calculated team," said one Lott ally.

The organization is about half the size of current Majority Whip Mitch McConnell's (Ky.) team of 14. McConnell, however, was responsible for counting the votes of 55 Republican Senators in the 109th Congress.

McConnell officially moves from Majority Whip to Minority Leader on Jan. 3.

Lott also is planning on a smaller staff structure for his leadership office. Lott's current senior policy adviser, Manny Rossman, will serve as chief of staff, while Susan Wells, his staff director on the Rules and Administration Committee, also will take a senior position in the whip shop.

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The lean nature of the Lott structure is not surprising, as he has twice served as the Republican whip, once in the House and previously in the Senate. He also earned a reputation for his knowledge of Senate procedures after having served as the chairman of the Rules Committee and as Majority Leader for six years.

Lott led his party until 2002 when he was forced to step aside after delivering what were perceived as insensitive remarks at the 100th birthday party of then-Sen. Strom Thurmond (S.C.).

In his speech returning to leadership, Lott sought to put to rest, once and for all, concerns over his fall from grace, apologizing emotionally before his fellow lawmakers. Lott also vowed to work hand in hand with McConnell and sought to dispel any suggestion that he had sights on returning to the top Republican leadership job.

Hensarling Triumphs In RSC Race (HILL)

By Patrick O'connor

The Hill, December 7, 2006

Rep. Jeb Hensarling (R-Texas) triumphed yesterday in his bid to chair the conservative Republican Study Committee during the 110th Congress, beating Rep. Todd Tiahrt (R-Kan.) 57-42.

Hensarling, an outspoken second-term conservative who has faced off with Republican leaders on budget and spending issues, won the chairmanship despite Tiahrt's nomination by the group's three remaining founders.

With Republicans assuming the minority next year, Hensarling hinted that the RSC's role in the conference would shift somewhat, from that of agitator in the majority to educator in the minority.

"Public squabbles are a luxury of the majority," Hensarling said afterward.

Tiahrt, an appropriator, was viewed by many as the leadership-backed candidate whose job it would be to rein in upstarts on the committee, but Hensarling and the Kansas Republican both dismissed that suggestion yesterday.

"The only leadership guy who got involved is [Chief Deputy Whip] Eric Cantor (R-Va.), and he backed my opponent," Tiahrt said before the election. "I think that's an unfair charge."

Hensarling suggested that the role of the RSC and its members in the minority would be to educate all members of the party on conservative principles as leaders present an alternative to the Democratic agenda.

The newly elected chairman pledged to take a stand, though, if he believes the party is moving away from core conservative principles.

Hensarling and a core group of outspoken RSC members, including Rep. Mike Pence (R-Ind.), the outgoing chairman, led public showdowns with the White House, the Republican leadership and lawmakers on the Appropriations panel over a series of budget and spending issues during the 109th Congress.

Before the race, many RSC members believed the race would be tight and that attendance would be a crucial determining factor. Indeed, the turnout for yesterday's election was higher than expected, with nominal members who rarely attend meetings, such as Rep. Tom Reynolds (R-N.Y.), showing up to cast their vote.

Aides to RSC staff members were barred from the Budget Committee hearing room where the election took place; they crowded the Cannon House Office Building hallway until their bosses emerged.

Hensarling's team entered the room yesterday believing it had the support of 56 RSC members, one less than his final tally, an aide said afterward. Tiahrt expressed similar confidence early yesterday morning.

Rep. Paul Ryan (R-Wis.), a fellow budget hawk, nominated Hensarling in the closed-door session, with Pence and Rep. Marilyn Musgrave (R-Colo.) delivering seconding speeches.

Rep. Sam Johnson (R-Texas), one of the group's original founders who has close ties to Minority Leader-elect John Boehner (R-Ohio), nominated Tiahrt, with Reps. Mark Souder (R-Ind.) and Cathy McMorris (R-Wash.) giving his seconding speeches.

Before the election, Johnson highlighted Tiahrt's service on the Appropriations panel and his knowledge of the leadership as his principle qualifications for the job.

Afterward, Hensarling thanked Tiahrt for running and said he would start sitting down with members of the committee as soon as possible to learn what issues they would like the committee to highlight over the next two years.

Asked about his plans after the race, Hensarling joked that he would drink a Diet Dr. Pepper and call his wife, Melissa.

"It's a humbling experience to be asked to lead the Republican Study Committee," he said.

Kilpatrick Tapped To Lead Black Caucus (AP)

By Ben Evans

AP, December 7, 2006

DOJ_NMG_0103593

The Congressional Black Caucus on Wednesday tapped Rep. Carolyn Cheeks Kilpatrick as its chairwoman for the next two years, when black lawmakers will wield more power in Congress than ever.

Kilpatrick, D-Mich., a former school teacher and the mother of Detroit Mayor Kwame Kilpatrick, was chosen unanimously. She succeeds Rep. Mel Watt, D-N.C.

"Watch for us," Kilpatrick told reporters. "We will take this caucus to another level."

Because Democrats will be in control when Congress convenes a new session Jan. 4, the 43-member caucus will take up a historic slate of leadership positions, including the third-ranking member in the House, Majority Whip James Clyburn of South Carolina.

It also will count as members four likely committee heads, up to 20 subcommittee leaders, and the only black senator, Barack Obama of Illinois, a possible presidential candidate.

"That's more power than African-Americans have ever had in the Congress of the United States," said Ronald Walters, a political scientist and director of the African American Leadership Institute at the University of Maryland.

Kilpatrick said she would continue the organization's focus on issues such as health care, housing and education. Watt said the caucus also would seek to address racial inequities in the criminal justice system and the crisis in Sudan's Darfur province.

Walters cautioned against expectations that black leaders would win dramatic legislative victories. Instead, he said, they probably will join Democratic leaders in charting a moderate course.

"They're going to be circumspect in what they do in this period because it's going to affect the politics of 2008," Walters said. "I would expect that they would be very cautious."

Nonetheless, the shift marks a dramatic turnabout from current Republican rule; there are no black Republicans in Congress much less committee chairmen or party leaders.

The black lawmakers will have direct oversight on issues such as tax policy, homeland security and the legal system. With their committee gavels will come the ability to shape the public agenda through hearings and to regulate which bills get a public airing.

"The Congress is going to look like America. At least our side of the aisle will look like America," said Georgia Democrat John Lewis, a civil rights leader who marched alongside the Rev. Martin Luther King Jr. in the 1960s before winning his House seat in 1986. "This is a historic Congress. It's amazing what we're going to be able to do."

"Our problem is going to be more than anything else to find the resources," he added.

Kilpatrick, 61, has represented a Detroit-area district since 1997.

California Rep. Barbara Lee also sought the leadership post but stepped aside as it became clear Kilpatrick had more support.

Postcampaign Lobbying Thrives (WSJ)

By Jeanne Cummings

The Wall Street Journal, December 7, 2006

WASHINGTON -- Democrats may be promising a clampdown on lobbyist freebies once they take control of Congress. But ahead of that push, party leaders are collecting lobbyists' checks, while Democratic staffers angle for jobs inside their well-appointed offices.Verizon Communications Inc. earlier this week sponsored a reception for newly elected Missouri Sen. Claire McCaskill. Illinois Democratic Rep. Melissa Bean was the beneficiary of a Tuesday night fund-raiser in the new Capitol Hill offices of the U.S. Chamber of Commerce. In addition to retiring Ms. Bean's debt, Chamber Political Director Bill Miller said the reception was a chance for corporations and lobbyists who didn't back her re-election to "meet her and see what a great representative she is."

Yesterday, Illinois Rep. Rahm Emanuel, mastermind of the Democrats' House takeover, accepted donations at Sonoma, a trendy Capitol Hill restaurant that features California cuisine to match the wine list, for his leadership committee, a type of account employed by ambitious lawmakers to make donations and curry favor with their colleagues.

Separately, Moses Mercado, the Democratic National Committee's deputy executive director, will soon be joining the Federalist Group, a lobbying group with close ties to the White House that went bipartisan about a year ago. Mr. Mercado "can help our clients deal with the new majority on Capitol Hill," says Wayne Berman, the Republican founder of the firm. Senior aides to incoming Senate Majority Leader Harry Reid also have been snatched up by lobbying shops, while Democratic lobbying firms, largely frozen out in Washington for years, are being courted by dozens of new potential clients.

Postelection fund-raising and political repositioning are hardly new in Washington. Candidates routinely use the last months of an election cycle to clear campaign debt. Lobbyists use the time to target freshmen who haven't staked out firm positions on the vast array of issues that come before Congress.

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But the cycle turns especially intense when a major power shift is under way -- as is the case this year, for the first time since Republicans took Congress in 1994. For instance, receptions such as those being held this week, coinciding with the return of Congress for its lame-duck session, are prime networking opportunity for lobbying shops looking to hire Democrats, and aides looking to cash in on their new status.

Moreover, this year's packed schedule of fund-raisers and "debt reduction" events comes as incoming Democratic leaders tout a curb on the influence of lobbyists in Congress as a top priority when they take over next month.

Democrats are pushing to change lobbying rules after a string of scandals that tarnished Republican leaders and contributed to the defeat of several incumbents. Among the most notorious was that involving former lobbyist Jack Abramoff, who financed elaborate trips and provided free dinners to lawmakers and key aides to win help for his clients.

Incoming House Speaker Nancy Pelosi says she plans to make changes in House ethics rules the centerpiece agenda item for the new Congress. She successfully pressed House Democrats to cancel a planned caucus ski retreat in Vail, Colo., in January because it was likely to draw dozens of lobbyists and send a message that it was business as usual in Washington.

But the Pelosi rule changes will largely affect how lobbyists and lawmakers interact during the legislative calendar, when Congress is debating and voting on policy matters. They are aimed at curbing lobbyists' ability to lavish lawmakers with free trips, meals and gifts, such as skybox seats at major concerts and sporting events.

The new rules won't change the campaign-finance rules that dictate giving during the political season -- and that is what this week's events are all about.

"We will break the link between lobbyists and legislating," said Pelosi spokesman Brendan Daly. "People still need to raise money to run campaigns."

Fueling the frenzy is the Democrats' big victories in both the House and Senate, which caught some lobbyists by surprise and made them eager to make new friends. Campaign donations are recorded on an annual basis, so a check given now counts toward the 2005-2006 cycle. That gives lobbyists a window in which they can appear to be standing with a candidate at the time of the midterm victories. It also allows them to clear the way for yet another donation when the new Congress officially convenes in January.

It is akin to the business practice of "cleaning up the balance sheet before the quarter ends," says Anthony Corrado, a political-giving expert at Colby College, Waterville, Maine.

Some companies and lobbyists began shifting more donations to Democrats before Election Day. But Political Money Line, an organization that tracks political giving, reported last month that federal political action committees -- the kitties used by corporations and organizations to make donations -- held back $280 million in the final days of the midterm races. That is money now being tapped to welcome the old and new Democratic leaders back to town.

Burlington Northern Santa Fe Corp.'s RAILPAC this week reported postelection donations of $5,000 to the centrist New Democrat Coalition, $1,000 to newly elected Ohio Democratic Sen. Sherrod Brown and another $1,000 to incoming Colorado Democratic Rep. Ed Perlmutter.

To be sure, Republicans continue to raise cash too. Newly elected Tennessee Sen. Bob Corker is having his own "debt reduction" party this week. But for Democrats, whose minority status left them to struggle with postelection debt for the past 12 years, this is a prime opportunity to pay off debts from 2006, or to raise money for 2008.

Or to bask in their newly empowered status. Last night, incoming House Ways and Means Committee Chairman Charles Rangel hosted a Capitol Hill fund-raiser for his leadership committee. Mr. Rangel has never been seriously challenged. He was elected in 1970 with 87% of the vote and has won re-election by margins of more than 90 points ever since. But the New York congressman did shell out $370,000 to the House re-election committee to help his colleagues in last month's races. He now has a chance to recoup that investment -- and more.

Both the Democratic House re-election committee and Senate re-election committee have held events recently. The Senate reception Tuesday night was at the Acadiana Restaurant near Capitol Hill, featuring Louisiana cuisine. About a dozen senators attended, along with roughly 200 supporters and lobbyists, says an attendee.

Entry into the Senate and House committee fund-raisers ranged from $15,000 for those who want to be "co-hosts" to $2,500 for those content to be simply "guests." Invitations to both events were dispatched by e-mail to lobbying offices throughout the city. One Democratic lobbyist said the biggest change for him since the elections is, "I've got all these debt-reduction receptions to attend."

If Congress Is Serious About Reform, Here's What It Looks Like (HILL)

The Hill, December 7, 2006

Just in case the incoming Democratic majority is serious about real ethics reform, here are a few ideas for its members to consider:

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Ban spousal and family employment by campaign committees and PACs.

This is not a new phenomenon. Sen. Harry Truman hired his wife, Bess, to work on his public payroll at a $2,500 salary (this when senators were paid $10,000). Worried about media criticism, he urged her to "only just drop in and do some signing of letters. It helps all concerned." Truman was right to be concerned. It was wrong then and it's wrong now.

Rep. Jesse Jackson Jr. (D-Ill.) opened the floodgates to the latest version of this abuse when he secured a ruling from the FEC allowing him to hire his wife as a fundraiser on his campaign payroll. In his case, his wife was an experienced campaign aide. But now 30 members have employed their wives or other family members on their campaign or PAC payrolls.

Whether these people are competent or not is beside the point. Campaign contributions are not bribes because they are not personal income. But when the campaign money flows to a spouse, the contributions become income for the member. This thinly veiled way to launder campaign contributions so that they add to the family income should be banned. Hiring of other family members should also be prohibited.

Those who have hired spouses and family members include: Reps. Richard Pombo (R-Calif.), wife and two brothers; Zoe Lofgren (D-Calif.), husband's law firm; Bernie Sanders (I-Vt.), wife and step-daughter; John Doolittle (R-Calif.), wife; Ralph Hall (R-Texas), daughter-in-law; Pete Stark (D-Calif.), wife; Buck McKeon (R-Calif.), wife; Ron Lewis (R-Ky.), wife; Bart Stupak (D-Mich.), wife; Jim Costa (D-Calif.), cousin; Dana Rohrabacher (R-Calif.), wife; Dave Reichert (R-Wash.), nephew; Chris Cannon (R-Utah), three daughters; Lincoln Davis (D-Tenn.), sister-in-law and daughter; Louie Gohmert (R-Texas), wife; Tim Bishop (D-N.Y.), daughter; Bob Filner (D-Calif.), wife; J.D. Hayworth (R-Ariz.), wife; Bob Inglis (R-S.C.), wife; Elton Gallegly (R-Calif.), wife; Sherwood Boehlert (R-N.Y.), wife; John Sweeney (R-N.Y.), wife; Jeff Flake (R-Ariz.), wife; Ed Pastor (D-Ariz.), nephew; John Shadegg (R-Ariz.), son; and Howard Berman (D-Calif.), brother Michael's political consulting firm; Sens. Barbara Boxer (D-Calif.), son; and Joe Lieberman (D-Conn.), son and daughter during vice presidential race; and ex-Reps. Bob Ney (R-Ohio), wife; and Tom DeLay (R-Texas), wife and daughter.

Ban immediate family members of senators or congressmen from lobbying Congress.

An only slightly more removed form of family enrichment is the increasingly frequent hiring of the wives or children of congressmen or senators as lobbyists. House Speaker Dennis Hastert's (R-Ill.) son, for example, closed his music business in Illinois and moved to Washington where he was eventually hired to lobby for Google. Incoming Majority Leader Harry Reid's (D-Nev.) son and son-in-law are lobbyists. The wife of House Republican Whip Roy Blunt (R-Mo.) is a lobbyist who hawks for tobacco companies, one of the congressman's biggest contributors. While legislators piously maintain that family members do not lobby them and some even bar them from communicating with their offices, their status as family members of key legislators is well known to their colleagues, who cannot avoid feeling pressure to give them special advantage.

Restore presidential power to line-item veto earmarks in appropriations bills and reverse the anti-impoundment legislation passed during the Nixon administration.

It is only by letting the administration police appropriations bills that the massive conflicts of interest inherent in the earmarking-for-campaign-contributions scam can be stopped.

Proposals to require public reporting of who has inserted what earmark will not be effective since most members are quite proud of their earmarks and would not only not mind public disclosure, but would actually likely welcome it.

And finally :

· Require lobbyists to disclose the specific bills that they are lobbying for or against on the lobbying registration forms.

· Ban all privately paid travel by members, including use of corporate jets.

· Require electronic filing of all travel disclosures for private and government travel.

· Require both chambers to work a full week, instead of the two- to three-day schedule they've had for the past few years.

· Don't hold your breath waiting for these reforms, but they do represent what Congress should do if it wants to come clean.

Do-Something Congress (WP)

The Washington Post, December 7, 2006

WHEN DEMOCRATS take over the House next year, the regular workweek will stretch to a backbreaking five days -- up from the now-customary Tuesday-through-Thursday arrangement. Members of the House and Senate -- no doubt reeling from the two weeks they've worked since the election -- will have a mere four weeks off after they leave town Friday. Hard to believe, but the new leadership actually expects them to come to work on Jan. 4 rather than enjoy the usual elongated holiday break as they wait around for the president to deliver his State of the Union address in late January. In the Senate, the weeklong March break is being eliminated and the two-week April vacation cut in half.

This kind of punishing schedule is enough to unite lawmakers of both parties, in both chambers, in a chorus of behind-the-scenes

bipartisan grumbling. What, us work?

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It would be quite a change. The 109th Congress will have been in session for a grand total of 103 days this year, which, as Lyndsey Layton pointed out in yesterday's Post, is seven days fewer than the "Do-Nothing Congress" of 1948. An ordinary full-time worker with a generous four weeks of vacation would have clocked 240 days of work during that same period.

Yes, lawmakers do work back home, and they need time to campaign and to grub for campaign cash. But it's undeniable that the time lawmakers spend in the capital, actually legislating, has been on a downward path for the past few decades. According to the American Enterprise Institute's Norman Ornstein, the average number of days in session for a two-year Congress has dropped from 323 in the 1960s and '70s to just 250 during the first six years of the Bush presidency.

This saps lawmakers' ability to get much done. It's one explanation, though not the only one, for why they were able to finish work on only two spending bills this year. It takes a toll, too, in less measurable ways, on congressional civility and bipartisanship. How can lawmakers forge friendships -- or even learn to get along -- when they're barely in town long enough to learn each other's names?

It's amazing enough that the incoming leaders are meeting private resistance from lawmakers who've gotten used to this drop-by legislating. It's even more amazing that some of them have the audacity to complain about it publicly. "Keeping us up here eats away at families," Rep. Jack Kingston (R-Ga.) told The Post. Democrats, he said, "could care less about families -- that's what this says." Eats away at families? Gee, Mr. Kingston, they could move here. And, we wonder: Where, exactly, did you think the Capitol was when you ran for this job?

No Hard Feelings, Ken (RC)

By Mary Ann Akers, Roll Call Staff

Roll Call, December 7, 2006

Outgoing Republican National Committee Chairman Ken Mehlman got some friendly advice about his career prospects Wednesday from a most unlikely source: Rep. Rahm Emanuel (D-Ill.).

Emanuel was walking down the hall when he spotted Mehlman in the tiny Capitol branch of the Congressional Federal Credit Union, where Mehlman, a former House staffer, still does his personal banking. Emanuel, who can and does take an enormous amount of credit for winning back the House for Democrats, clearly has a lot more to cheer about these days than does Mehlman. So it was fitting that Rahmbo gave his deflated pal/political nemesis a mini-bear hug when he saw him, before beginning the inquisition.

What next? What job, Kenny? Mehlman explained he was talking to law firms around town. Emanuel wouldn't hear of it.

"What about the banks, what about the banks?" the type-A departing Democratic Congressional Campaign Committee chairman asked.

Before Mehlman, a lawyer, could fully answer, Emanuel instructed: "Banking, Ken, that's where the money is."

A Roll Call reporter who happened to be doing his own personal banking at the time turned to Mehlman and laughed: "He knows what he's talking about with banking."

"I know, I know," Mehlman said.

And don't we all. After leaving the administration of former President Bill Clinton, Emanuel went back to the Windy City and made a cool $16 million in just two and a half years as an investment banker with zero experience.

Come on, Kenny, if Rahm can do it, you can, too!

RIAA Rocks. It's that time of year again, when lusty holiday partygoers anxiously await that golden invitation from the Recording Industry Association of America. It arrived Wednesday in all its glory, announcing that this year's surprise entertainment will be the Barenaked Ladies.

Go ahead, you hipster music snobs, turn up your noses and miss the best party of the season. HOH shall not — the bash will kick off Hanukkah in style at sundown Dec. 15 at Platinum Night Club on F Street Northwest, where, even if we don't get jiggy wit it, we'll be bebopping our heads to the melodious "If I Had $1000000" tune.

And for those of you in other (yes, older) generations who may wonder whether the Barenaked Ladies are a harbinger of the Democratic-controlled times to come, the RIAA gave careful consideration to folks like you.

A high-level music source involved with the party told HOH: "In a sign that the seismic shift in control hasn't quite yet gotten through to RIAA head and former [Senate Majority Leader Bill] Frist staffer Mitch Bainwol, there was apparently some debate over whether we could do a party with a band called 'Barenaked Ladies.'"

But then they must have figured, if you can have a poker party with 'em, why not a Christmas party?

Stork Strikes, Big Time. Congratulations and good luck to Ashley Turton, chief of staff to Rep. Rosa DeLauro (D-Conn.), who has not one but two babies on her hands.

Both babies, twin boys, are home safe and healthy now after a rough-and-tumble start to life. They were both hospitalized for about a month after the stork arrived too early (as he's prone to do with twins) on Oct. 17.

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Baby Shaw weighed 4 pounds, 1 ounce while his brother, Lane, weighed 2 pounds, 12 ounces.

After delivering the twins, while they remained in the hospital, Turton went back to work, helping her party regain control of the House. Now that the babies are at home, she's working a little here, a little there, staffing

DeLauro in her new capacity as co-chairwoman of the Democratic Steering and Policy Committee. And enjoying motherhood.

"After working six cycles in the minority, the Turton family could not be happier to welcome two new Democrats, obviously lucky charms, to the new Democratic Majority," said Turton, whose husband, Dan Turton, is a Democratic lobbyist.

And she said putting two babies to bed is easier than you might think. "Shaw and Lane have no trouble falling asleep once I start discussing committee assignments with them during their 2 a.m. feeding."

Iron Lady, Dissed. What a kick in the pants, or the skirt, as the case may be, to former British Prime Minister Margaret Thatcher.

A revised floor schedule for Wednesday was sent out advising, "H.R. 6136 — Margaret Thatcher Congressional Gold Medal Act HAS BEEN PULLED."

The measure's sponsor, Rep. Mark Kirk (R-Ill.), noted that among her accomplishments, Thatcher's "close friendship with the United States led to a potent foreign policy partnership that contributed to the end of Soviet communism."

A GOP leadership source told HOH that the reason the bill was pulled was because Rep. Barney Frank (D-Mass.) objected to it.

Frank explained to HOH in a telephone chat that he opposed giving Thatcher a gold medal because the bill "hadn't gone through the regular rules" procedure and, frankly, it "was being used by Republicans for partisan purposes. She was a very conservative person."

Frank also objected in 2004 to giving a gold medal to former Spanish Prime Minister José María Aznar, whose People's Party lost the 2004 elections in the aftermath of the March 11 terrorist bomb attacks in Madrid, Spain. Well, since Aznar lost, Frank argued: "Let's give him a silver medal, since he finished second."

"There is no silver medal of course," Frank said Wednesday, recalling how his smart-aleck amendment was shot down. The point is, he said, "I don't think the Congressional Gold Medal ought to be used to make political points."

House Denounces French Street Name (AP)

By Kimberly Hefling

AP, December 7, 2006

The House passed a resolution Wednesday denouncing a French city for naming a street in honor of Mumia Abu-Jamal, who was sentenced to death for shooting a Philadelphia police officer 25 years ago this month.

"We must stand together as one and send a strong message to the world that cop-killers deserve to be punished, not to be celebrated," said Rep. Mike Fitzpatrick, a Philadelphia-area congressman who authored the resolution.

The vote came a few days shy of the 25th anniversary of the shooting of Daniel Faulkner, a 25-year-old officer shot after he pulled over Abu-Jamal's brother on Dec. 9, 1981. Abu-Jamal, a one-time radio reporter and former Black Panther, was convicted in 1982 and sentenced to death.

Abu-Jamal's writings and taped speeches on the justice system have made him a cause celebre among Hollywood activists, foreign politicians and some death-penalty opponents who believe he was the victim of a racist justice system.

In December 2001, a federal judge overturned Abu-Jamal's death sentence but upheld his conviction. Both sides have appealed that ruling, and Abu-Jamal remains on death row in western Pennsylvania. Last year, the 3rd U.S. Circuit of Appeals agreed to consider Abu-Jamal's appeal of his conviction.

In April, a street in St. Denis, a suburb in France just north of Paris, was named after Abu-Jamal.

The resolution asks the French government to step in to change the street name if St. Denis opted not to. The measure passed 368-31, with eight members voting present.

The vote was symbolic since the Senate is not expected to take up the measure before Congress adjourns this week.

Once Unloved, Medicare's Prescription-Drug Program Defies Critics, But Issues Remain (WSJ)

By David Wessel

The Wall Street Journal, December 7, 2006

Critics carped about the shortcomings of the twisted, complicated design of the standard benefit, the result of a political compromise aimed at keeping down the cost. Because private insurers aren't required to offer the standard plan, fewer than 20% of enrollees are covered by that standard package.

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Still, to the consternation of Democrats and many seniors, most beneficiaries are stuck with the much-derided "doughnut hole," a gap in coverage that requires seniors who avoid catastrophic illness to pay their entire drug tab themselves once they spend $2,250 out of pocket.

Critics said a lot of seniors simply wouldn't sign up, a vexing problem for any voluntary insurance program. Back in 2002, 45% of Medicare beneficiaries lacked prescription-drug coverage for all (18%) or some (27%) of the year. Now, more than 90% of Medicare beneficiaries have drug coverage. In all, 22.5 million people are enrolled in what is known as Medicare Part D, including 6.1 million people on the Medicaid health-insurance program for the poor who were assigned -- with some highly publicized glitches -- to insurance plans by the government if they didn't choose one. Another 16 million have Veterans Administration or employer-provided coverage, often subsidized by the government.

Still, more than one in 10 of Medicare's 43 millions beneficiaries have failed to sign up for drug coverage, including more than three million seniors whose incomes are so low that they would have to pay little or nothing for it. "Everyone agrees that's a big concern," says Mark McClellan, who recently stepped down as Medicare's administrator.

An enthusiastic defender of Medicare Part D, Dr. McClellan says the past year demonstrates consumers "can be a powerful force in health care as they are in the rest of the economy, but they do need support." The government, he cautions, cannot skimp on telephone operators, easy-to-use software and the like if it wants patients to be more involved in managing their own care, as it says it does.

Critics said the drug plans would offer enticingly low premiums the first year, and jack them up the second year. Premiums for many are going to rise in 2007 -- but not sharply. An analysis by Georgetown University's Health Policy Institute of 10 plans that have enrolled nearly 70% of Part D beneficiaries estimated that average premiums in 2007 will be $3.10 a month higher (12%) for those who stick with the same plan.

Critics said the complexity of matching tens of millions of elderly Americans with private-insurance plans would overwhelm the government's bureaucracy, and it has proved to be challenging. More problems are likely to surface on Jan. 1 for seniors who switch plans. Robert Reischauer, director of the Urban Institute think tank, says, "For a highly complex new program, the government and the prescription-drug plans did a remarkable job of implementation. Did it work perfectly? No. Were there little inequities here and there? Yes. But they did an immense amount to make this program work."

Critics said the program would be expensive, so expensive that the Bush administration hid internal estimates before Congress voted, and that it would be a heavy burden on the federal budget for decades to come. It will be. The latest official price tag is $729.1 billion over 10 years, and Congress and the Bush administration didn't offset that with spending cuts or tax increases.

Partly because fewer seniors enrolled than Medicare actuaries projected, Part D will cost taxpayers about $30 billion this year, below the $43 billion originally estimated. Dr. McClellan predicts the official $48 billion estimate for 2007 will be marked down. That isn't only because enrollment is below projections but because prescription-drug plans are pressuring drug makers to hold the line on prices and prodding consumers to use cheaper generic drugs or brand-name drugs for which plans have negotiated discounts.

Democrats argue the program could be even cheaper if the government, rather than private insurance plans, used its clout to negotiate with drug makers. They have vowed to change the law to allow that soon after they take control of Congress next year. They talk about using the hoped-for saving to sweeten the benefit, perhaps eliminate the infamous doughnut hole.

They may have trouble delivering: The official congressional scorekeepers aren't persuaded that the government would actually save money if Congress repeals a provision that bans the Department of Health and Human Services from interfering in price negotiations between drug plans and drug makers. Unless Democrats can take credit for saving money, it will be hard to make the benefit more generous.

Moon Shot (WSJ)

The Wall Street Journal, December 7, 2006

NASA announced this week that it plans to establish a permanent moon base by 2024, a mere generation from now. Intriguingly, the plan, which is still short on details, calls for an open-standard, modular design that would allow private enterprises to plug into the permanent station by building their own extensions to the base.

As good as this sounds, we're left to wonder why NASA shouldn't go further. It did not release a budget estimate for the project -- perhaps because the experience with the space station, which was supposed to cost $40 billion but will now likely go above $100 billion, was chastening. But whatever the estimate is, here's a counteroffer.

Say NASA believes it can build a permanent moonbase for $100 billion in today's dollars. Why not take half of that and offer it as a bounty to the first private company to build the station and man it. A prize in the neighborhood of $50 billion is bound to attract plenty of interest -- and that number is probably much less than a realistic guess of what it would cost NASA in the end.

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The taxpayer would save 50% of NASA's cost to build the base, and the result would be much more likely to be attractive to the private interests that NASA wants to draw to the project.

It's an open question whether a moon base is most valuable for mining, tourism, science or some combination of the three. A private competition along the lines of the Ansari X prize for private space travel would have the added benefit of helping to sort those questions out without prejudging the outcome. So back to the moon. But let private speculators figure out the best way to get it done.

OTHER NEWS:

Gas Prices Likely To Go Higher (USA Today)

By Barbaraj Hagenbaugh

USA Today, December 6, 2006

WASHINGTON - The recent rise in gasoline prices will likely continue until Christmas, making the trip home for the holidays more costly than at Thanksgiving.

The nationwide average retail price of a gallon of regular gasoline has risen 8 cents since the end of October. On Monday, the average price was $2.297 a gallon, the highest in two months and 15 cents higher than a year ago, according to weekly Energy Department data.

A number of analysts, including those at Wachovia and Moody's Economy.com, say prices will likely inch higher through December.

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"With supplies going down and demand going up, we should still see the price go up," Alaron Trading analyst Phil Flynn says. But that doesn't mean prices will skyrocket. Flynn expects the price at the pump will go up another 5 to 10 cents by Christmas.

"It doesn't mean we are going to see $3 gasoline this week," Wachovia economist Jason Schenker says.

Still, it's rare for gasoline prices to go up this time of year. From 1990 through 2005, retail gas prices have risen only five times from the end of October through the beginning of December, according to government data. What's happening:

- Oil. Oil prices have risen 6 percent since the end of October as a tight supply and demand balance has propped up prices. Oil costs account for more than half the retail gasoline price.

- Supply. Gasoline inventories have declined as refiners produce other, more profitable fuels and close plants for maintenance. Gasoline inventories were down 2.6 percent last week from a year ago, the Energy Department said Wednesday.

"This is the part of the year where you usually see inventory accumulation ... and we're running a little behind," says Bill O'Grady, assistant director of market analysis at A.G. Edwards.

- Demand. A drop in prices from earlier this year appears to be propping up demand for gasoline. In the four weeks ended Dec. 1, average gasoline demand was up 1.6 percent from a year ago. Gas demand is up 1 percent in 2006 from 2005.

That's "pretty incredible demand considering half the roads (in the United States) are icy," Flynn says.

Survey: Fewer Affordable Homes Available (USAT)

By Haya El Nasser

USA Today, December 7, 2006

The supply of affordable housing continued to dwindle this year despite weakening home prices, according to one-third of local housing officials who responded to a survey by the National League of Cities.

Three-fourths of those surveyed say housing costs are significantly limiting home ownership opportunities for lower-income residents and young families. The survey was sent to officials in 1,167 cities.

"People don't recognize the social costs of that," says James Hunt, president of the National League of Cities and a councilman in Clarksburg, W.Va. "In a lot of areas, people who can't find affordable housing are (commuting) two hours in their cars." He says cities are under pressure to address the shortage as federal aid declines, cutting into such programs as housing vouchers and community development grants.

Housing prices in many areas skyrocketed in recent years as interest rates dropped. Demand fueled teardowns and rehabilitation of older homes. That took cheaper housing off the market. Thousands of apartments were converted to condominiums, squeezing renters. A recent downturn in home prices in some areas hasn't offset those pressures.

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Lower-income and middle-income working families — including teachers and firefighters — along with the elderly, the disabled and single parents face the most critical housing needs, according to local officials who responded to the League of Cities survey. The report is being released today at a conference in Reno.

Federal money for housing "has declined every single year that I've been in office," says Indianapolis Mayor Bart Peterson, who took office in 2000. "Tight funds have forced us to do creative things."

Indianapolis' Fall Creek Place district once was so downtrodden it was nicknamed Dodge City. About 75% of its housing was abandoned or torn down. In the late 1990s, the neighborhood got a $4 million federal grant to boost home ownership. The city leveraged the money to attract private investment and pitched in almost $20 million to help homebuyers make down payments. Fifty homes were rehabilitated and more than 400 built. Most were sold below market rates and are owned by low-income, first-time buyers.

"We can now do this without the assistance of the federal government," Peterson says. "We'd love to have it, but we're not getting it, so we have to figure out a way to do it ourselves."

Some cities are devoting tax revenue to housing. Others require that developments include affordable units. "If we're … going to make a difference, we can't look to outside help," Hunt says. "We need to make a substantial investment of city dollars."

Stock Investors Catch Their Breath As Crude-Oil Prices Continue To Slide (WSJ)

By Peter A. Mckay

The Wall Street Journal, December 7, 2006

The stock market's two-day rally ended with a whimper, as crude-oil prices declined for the third straight day.

With no major economic reports to drive the market, investors seemed to pause and catch their collective breath after watching the Dow Jones Industrial Average near another record on Tuesday. Some took an opportunity to sell and book profits, while others traded on company-specific news at a few big names rather than any broad view about the economy or corporate profits.

The Dow fell 22.35 points, or 0.2%, to 12309.25, erasing some of the previous two sessions' 137.47-point gain. The blue-chip average is up 15% on the year. Its weakest component companies yesterday included Exxon Mobil, which suffered because of the pullback in oil prices. General Motors and 3M also were both down sharply.

Crude-oil futures slipped 24 cents, or 0.4%, to $62.19 a barrel, up 1.9% on the year at the New York Mercantile Exchange.

Data from the federal Energy Information Administration showing a weekly drawdown in crude-oil inventories caused prices to jump as high as $63 early in the session. But the federal agency also reported that oil refineries are operating closer to capacity, a sign that supplies of refined fuels like gasoline and heating oil are likely to rise in the weeks ahead, pushing prices lower.

The tech-stock-led Nasdaq Composite Index fell 0.3%, or 6.52 points, to 2445.86, up 11% on the year. One of its bellwether components, the search engine Yahoo, announced a reshuffling of top management to increase accountability and enable more-nimble decision-making. But company's shares fell more than 2%.

The broad Standard & Poor's 500-stock index slipped 0.1%, or 1.86 points, to 1412.90, up 13% on the year.

Despite the daily pullback, portfolio manager Jim Polk, of Putnam Investment Management, said the market could still rally as the new year approaches. In particular, he said many Wall Street pros may buy stocks that have done well for the year to impress clients in annual financial statements, a phenomenon known as "window dressing."

"This has been a tough year for active managers," Mr. Polk said, referring to investing pros who pick individual stocks rather than using pre-set criteria or indexes to determine their portfolios. "People are having an especially difficult time beating the indexes."

In major U.S. market action:

Stocks fell1. Total trading volume for stocks listed on the New York Stock Exchange was 2.69 billion shares, as 1,506 stocks advanced and 1,832 fell.

Bond prices fell2. The 10-year note fell 9/32 point, or $2.8125 for each $1,000 invested, pushing the yield up to 4.483%. The 30-year bond declined 11/32 to yield 4.596%.

The dollar strengthened3. Against the Japanese currency, the dollar rose to 115.23 yen from 114.82. The euro fell to $1.3287 from $1.3326.

What To Do If Your Class-Action Suit Dies (WSJ)

By Nathan Koppel And Paul Davies

The Wall Street Journal, December 7, 2006

Is there life after your class-action lawsuit dies?

DOJ_NMG_0103601

A ruling earlier this week undercut a class action against 55 Wall Street investment banks, and dashed hopes for small investors who bought hot stocks that went public during the dot-com bubble and then plummeted as it burst.

The decision likely means that thousands of investors would have to file individual suits to try to recover billions lawyers claim they lost by investing in initial public offerings, mostly of technology companies, in the late 1990s and 2000.

Class-action suits let individuals band together to pursue big defendants with more power than they could on their own. But the Second U.S. Circuit Court of Appeals in New York ruled that this case in its current form couldn't proceed as a class action, in part because plaintiffs' individual claims were not sufficiently similar to be grouped together.

Attorneys say it will be difficult, if not impossible, for small investors to find lawyers who will pursue such suits for them on an individual basis. Claims, they estimate, would need to be worth anywhere from a hundred thousand to several million dollars to make pursuing them worth a lawyer's time. Christine Hurt, a professor at the University of Illinois College of Law who has written about the IPO case, estimates that the average retail plaintiff suffered losses of less than $20,000.

"Very few plaintiffs could possibly have sufficient economic resources to warrant continuing" the litigation on an individual basis, says Howard Sirota, one of the plaintiffs' lawyers in the IPO litigation. Of course, many plaintiffs might have earned little, even if the suit had been successful. That fact, combined with the millions of dollars plaintiffs' lawyers stood to earn from a successful case, is the reason critics of class actions say many of them shouldn't be allowed to go forward.

Benson W. Campbell III is one of many small investors involved in the IPO case, stemming from his purchase several years ago of about 1,000 shares of Bottomline Technologies Inc., an electronic billing and invoice software provider. He says the loss of class-action status prevents him from pursuing litigation individually. "It's a big hit to small shareholders like myself," says Mr. Campbell, an accountant in Henderson, Ky. "I don't own enough shares to make it worth pursuing a case." He said any proceeds from the case wouldn't be enough to "buy Christmas presents."

Meanwhile, the U.S. Chamber of Commerce says the appeals-court decision was a major victory for any businesses that face dubious class-action claims. "We applaud this decision," says Robin Conrad, senior vice president of the chamber's litigation center, in Washington, which filed an amicus brief with the appeals court opposing the class action. Ms. Conrad says that any individuals who were "truly harmed" can still bring individual lawsuits.

The decision marks the latest win for institutions and individuals fighting regulatory and legal action in the wake of massive stock-market losses earlier in this decade. Last year, an obstruction-of-justice verdict against former accounting giant Arthur Andersen LLP was voided by the Supreme Court. Earlier this year, Wall Street executive Ken Langone defeated regulatory charges that his firm improperly collected oversize commissions from customers who got sought-after IPO shares. Also earlier this year, a federal appeals court reversed the May 2004 criminal obstruction-of-justice conviction of former star investment banker Frank Quattrone, citing faulty jury instructions and other errors by the trial judge. In August, Mr. Quattrone entered into a deferred-prosecution agreement.

Still, investors have won some victories against Wall Street banks in bubble-era disputes. In 2003, for example, investors scored a settlement of about $440 million against Wall Street firms that allegedly issued overly optimistic stock research during the dot-com boom with the aim of winning lucrative investment-banking business.

The IPO litigation that was the subject of this week's ruling accuses banks that underwrote stock offerings of improperly pumping air into the stock-market bubble in the late 1990s and 2000 by requiring investors who got shares of hot tech IPOs to buy more shares at higher prices once trading began. The practice allegedly inflated the share prices of companies such as PlanetRX.com Inc., Buy.com Inc. and Razorfish Inc. and cost investors billions, according to plaintiffs' attorneys in the lawsuit.

Lawyers on both sides say it may be possible for the plaintiffs to somehow recast the case so that it could pass muster as a class action, but that that would be difficult to achieve. "There is no question the court made it hard for us," says Melvyn Weiss, chairman of the plaintiffs' executive committee in the litigation. Mr. Weiss, a partner at Milberg Weiss Bershad & Schulman LLP, says he plans to appeal the ruling.

It is unclear, lawyers say, whether most plaintiffs will even learn about the Second Circuit ruling, because lawyers typically communicate with class members only when there are settlement proceeds to distribute. But informed plaintiffs, they say, should first try to assess their damages.

The typical retail plaintiff in this case is an investor who bought IPO shares and subsequently suffered a loss, says Ms. Hurt. It wouldn't be enough, Ms. Hurt says, if investors merely assert they could have earned greater profits but for the defendants' alleged fraud. After ascertaining their losses, she says, investors next need to determine whether their brokerage firm requires that some or all of the investors' claims be arbitrated, rather than pursued in court. If arbitration is required, Ms. Hurt advises people to visit www.nasd.com -- the Web site of the National Association of Securities Dealers, a self-regulatory industry group -- which contains information about arbitrating securities claims. One upside: Arbitration can cost less than pursuing a civil lawsuit.

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If individuals determine that they can bring cases in court, they should first check with the lawyers who are handling the case to date to see whether the class action can be resuscitated. One place to start is iposecuritieslitigation.com, which includes contact information for the lead plaintiffs' lawyers in the case. Otherwise, Ms. Hurt says, plaintiffs may be faced with the difficult task of finding their own attorney. Either way, investors should move quickly, as laws could limit the time in which claims may be filed.

Fred Isquith, one of the plaintiffs' lawyers in the IPO case, says that some of the plaintiffs could also try to band together in what is called a "mass action." In this sort of litigation, thousands of individually-filed lawsuits are aggregated before a single judge, who then tries certain test cases and applies the results to all of the other suits. Yet mass actions are costlier than class actions because they require investors to file their own lawsuits. And Mr. Isquith says that he has never seen a securities-fraud mass action. The plaintiffs "were better off Monday," before the Second Circuit's ruling, he says.

Lawyers say the ruling also casts doubt on an earlier settlement in the case. In 2003 insurers for the corporate defendants, mostly technology companies that issued more than 300 IPOs, agreed to pay a $1 billion settlement, an amount that was to be offset in part by any settlement payments from the banks. The settlement hasn't been approved by the court. Insurer American International Group Inc., which is responsible for an estimated 44% of the issuers' liability in the litigation, declined to comment. "In a world in which a class can't be certified, no one really knows if that settlement will be binding or not," says a defense lawyer in the case.

In April J.P. Morgan Chase & Co. agreed to pay $425 million in a settlement that is awaiting court approval, but the company never signed the agreement and, especially in light of this week's news, might be able to avoid paying.

Mr. Sirota estimates that the plaintiffs' lawyers have invested $250 million in time and expenses mounting the case. The lawyers have rented a floor in midtown Manhattan, he says, which has at times been staffed with about 100 lawyers, paralegals and computer technicians who work full time on the litigation. "It's all apparently come to naught," says Mr. Sirota.

Got Lawsuit? Milk Dieter's Is Thrown Out (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, December 7, 2006

Catherine Holmes saw the ads for the so-called "dairy diet" and thought it would be a tasty way to lose a few pounds. After all, she loves buttermilk, yogurt and cheese.

Instead, the Arlington woman says, she gained three pounds on the diet, which dairy companies have spent hundreds of millions of dollars promoting. She sued the industry.

But a federal judge has ruled that under Virginia law, Holmes and other people can't take on the industry in court -- only a government entity such as the Virginia attorney general's office can. The decision last week by U.S. District Judge Leonie M. Brinkema in Alexandria threw out the lawsuit Holmes filed last year.

In her ruling last Thursday, Brinkema said Virginia consumer protection law allows people to seek monetary damages but not a broad injunction regulating an industry. She did not address the science of the debate, writing that such federal agencies as the Food and Drug Administration and the Federal Trade Commission are better equipped to do so.

An attorney for Holmes vowed yesterday to appeal and file a similar lawsuit in a more consumer-friendly state. "We're very disappointed," said Dan Kinburn, general counsel for the Physicians Committee for Responsible Medicine, which filed the Virginia case on Holmes's behalf. "This will encourage and assist the dairy industry in making this country fatter and sicker."

Dairy industry representatives said the ruling validated their view that consuming dairy products helps with weight loss when coupled with calorie restriction and exercise. They vowed to continue the advertising campaign.

"The dairy/weight loss connection is grounded in sound science and has proven to be another compelling reason for the public to consume the recommended three servings of dairy a day," said Gregory D. Miller, executive vice president of science and innovation at the National Dairy Council.

Underlying the debate is growing concern nationally about increasing obesity among children. Researchers have split over the role of dairy products in the trend; some studies have found that children who drink too much milk are prone to becoming overweight, and others have found a weight-loss benefit from drinking milk.

In the lawsuit, filed in Alexandria Circuit Court and moved to federal court, the physicians committee accused the dairy industry of promoting the weight-loss notion through a "massive, deceptive advertising campaign." The committee says overwhelming scientific evidence shows that dairy products cause weight gain or have no effect. The only studies showing otherwise, the committee contends, are industry-funded.

Holmes is the sole plaintiff in the lawsuit, filed against such companies as General Mills Inc. and the Dannon Co. Inc. and three dairy industry trade groups. In addition to damages for Holmes, the suit seeks an order halting the dairy industry campaign.

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The physicians committee has filed administrative petitions with the FDA and the FTC making similar allegations. Spokespeople for both agencies did not return telephone calls and e-mails yesterday.

The dairy industry has criticized the physicians committee, which has about 6,000 doctors among its 100,000 members and advocates a plant-based diet, as anti-meat and anti-dairy. In a footnote on the first page of her ruling, Brinkema quotes from a Web site that accuses the committee of being an animal rights organization "interested in perverting medical science."

"That suggests she was influenced by propaganda put out by the dairy industry," Kinburn said.

Dem. Governors Meet To Discuss Policy (AP)

By Robert Tanner

AP, December 7, 2006

WASHINGTON — With election victories behind them, Democratic governors gathered Wednesday to celebrate their first majority in 12 years, talk political strategy and share notes on the issues driving voters back at home.

Governor after governor at their winter meeting turned to the backbone of modern Democratic politics — education, health care and jobs, with many also promising a concerted effort to tackle energy policy.

"Do things about things that are important in people's lives," Pennsylvania Gov. Ed Rendell urged his fellow governors, suggesting work on heating oil prices, expanded kindergarten programs and high college costs.

Democrats emerged from Election Day with a 28-22 majority, reversing the current GOP majority and taking six seats from GOP control. Republicans had held a majority since the 1994 elections.

Governors don't enact national policy, but their role gives them a chance to experiment individually with ideas in a way that often eludes a gridlocked Congress. They can also help build party strength at the grass roots, encourage future leaders and turn out votes for a White House race.

Democrats have an opportunity to prove themselves and build on the successes of the past few years, said Kansas Gov. Kathleen Sebelius, who officially became the new chairwoman of the Democratic Governors Association at the meeting.

Governors can't just argue indefinitely — they must find a pragmatic middle ground to solve problems, she said.

"There are wonderful lessons to be learned," said Sebelius, who has been steeped for the past four years in bipartisan politics because of a legislature that is controlled by Republicans. "Saying to the American people that this is what Democrats do when they're in charge is the way to stay in charge."

While the new Democratic majorities in Congress are getting a lot of attention, political analysts are closely watching the Democratic majority among governors, particularly in states that in recent years have been more likely to vote Republican, like Arkansas, Kansas, Ohio and more.

"Most Democrats have to figure out the solution to the problem that they cannot become tax and spend Democrats," said Charles Franklin, a political science professor at the University of Wisconsin. "And yet still accomplish broadly progressive policies, whether that's education, welfare, environmental protection — all of those things on the Democratic agenda."

Iowa Gov. Tom Vilsack, who did not run for re-election and has announced plans to seek the presidency, said Democratic governors will make their mark with three elements: responsible budgets, stronger education programs and an effort to promote energy independence.

New Mexico Gov. Bill Richardson, another potential presidential candidate, also said many governors are talking about energy independence, and predicted that several also will launch experiments on health care along the lines of Massachusetts, where GOP Gov. Mitt Romney and a Democratic legislature agreed on a sweeping new program that mandates insurance for all.

Rendell said bipartisan ideas like that are the strongest, but that what Democratic governors bring to the states is an overall approach that government itself can find a solution.

"Other than the philosophy that government can make a difference, I don't think there are particularly Democratic ideas or Republican ideas," he said. "A lot of Republicans believe that government should get out of the way. After Katrina, did anyone want government to get out of the way? Of course not."

DCCC Senses Another Pickup In Texas Runoff (RC)

By David M. Drucker

Roll Call, December 7, 2006

Although they were initially hesitant to lend a hand, national Democrats have since gone all out to aid former Rep. Ciro Rodriguez (D) as he seeks to oust Rep. Henry Bonilla (R) in Texas' 23rd district runoff set for Tuesday.

With the Republican National Committee and the National Republican Congressional Committee mostly absent from Bonilla's better-funded campaign, the Democratic Congressional Campaign Committee has plunked down nearly $300,000 since Nov. 7 in independent expenditure advertising, hoping that Rodriguez can add to the party's House-takeover total.

"Given the new dynamics in that district, given Bonilla's weakness among the Hispanic community and Ciro's solid base of support, the district is extremely competitive," Texas Democratic Party spokeswoman Amber Moon said Wednesday. "We are very confident in Ciro and the campaign he's running."

That confidence is an outgrowth of the DCCC's heavy strategic involvement in the Rodriguez campaign, from the ground up, as well as the 23rd district's new boundaries that were drawn over the summer courtesy of a Supreme Court decision mandating that the seat be brought into compliance with the Voting Rights Act.

The Bonilla campaign isn't worried.

The Republican, who was forced to trade his safe seat for a new, competitive district that stretches from Democratic portions of San Antonio 700 miles west to just outside El Paso, had $1.3 million in the bank as of Nov. 7 and has raised $300,000 since.

Bonilla campaign spokesman Phil Ricks on Wednesday claimed a strong volunteer effort and touted the help the Congressman is receiving from the state GOP. Ricks sounded particularly pleased with a new television ad released this week that features retired FBI agent Al Ortiz accusing Rodriguez of sympathizing with "Islamic Radicals."

"The credibility of this 22-year former FBI agent we think is resonating well throughout the district," Ricks said. "We're going to win. We're peaking at the right time."

The Rodriguez campaign dismissed the ad as Bonilla's desperate attempt to salvage his job. Hector Nieto, the Democrat's spokesman, said Bonilla's decision to go negative proves that the race is competitive.

Perennially a poor fundraiser, Rodriguez has been working the phones daily in pursuit of campaign cash, and he has seen a decent influx of Member and political action committee donations since the Nov. 7 special general election, though he still trails Bonilla substantially in overall contributions received.

"I believe the money we have, if used strategically, will be able to get our message out across the district," Nieto said.

This week, Rodriguez has reported receipts of $1,000 each from Democratic Reps. Mark Udall (Colo.), Diana DeGette (Colo.), Mike Ross (Ark.), David Wu (Ore.), Peter DeFazio (Ore.), Betty McCollum (Minn.) and John Spratt (S.C.).

Those giving $2,000 included Democratic Reps. Martin Sabo (Minn.), Carolyn Cheeks Kilpatrick (Mich.), Joe Baca (Calif.), George Miller (Calif.), Hilda Solis (Calif.), Barney Frank (Mass.), Marty Meehan (Mass.), Lincoln Davis (Tenn.), Nita Lowey (N.Y.), Mike McNulty (N.Y.), Silvestre Reyes (Texas) and Jay Inslee (Wash.).

A campaign account in the name of the late Rep. Robert Matsui (D-Calif.) also contributed $2,000. Meanwhile, six political action committees funneled $5,000 each to Rodriguez, among them the Congressional Hispanic Caucus and the International Association of Machinists.

The Dec. 12 runoff was scheduled when Bonilla came up 1.4 points short of securing 50 percent of the vote in the Nov. 7 special general election.

The Nov. 7 contest in the new 23rd turned into a "special general" after a U.S. district court redrew the seat's lines pursuant to a Supreme Court ruling that came down as part of the decision from a Democratic challenge to the mid-decade redistricting of Texas House seats engineered by former Rep. Tom DeLay (R-Texas).

The ruling, which upheld mid-decade redistricting in principal and also found no problem with redrawing a map for blatantly partisan purposes, nonetheless found Bonilla's old district to be in violation of the VRA. The Supreme Court found that Hispanic voters — who increasingly have voted against Bonilla in recent years — were spread among multiple districts to diminish their voting power.

Although an analysis of how the new 23rd district would have voted in previous elections found a propensity to elect Republicans, the addition of around 100,000 more Hispanics than existed under the old boundaries should make the seat more friendly for Democrats.

Despite this boost in potential Democratic voters, Rodriguez was disappointed that the state scheduled the election so soon after Nov. 7. Hispanic interest groups went to court in an attempt to push the contest back, claiming it falls on the feast of the Virgin of Guadalupe, a Catholic holiday popular with Hispanics, and would depress voting in that community.

That effort failed, although the Hispanic groups did succeed in authorizing early voting, which began on Saturday and runs through tomorrow.

Ricks, taking issue with the Rodriguez campaign, said holding the election as soon as possible is the only way to ensure the maximum possible turnout, arguing that the closer the contest is to Christmas the lower turnout is likely to be. Ricks also took umbrage with the contention that it is Rodriguez's supporters who would be less likely to vote if the contest is held on the Virgin of Guadalupe holiday.

They "implied that only Democrats are Catholic," Ricks said.

Jefferson Finding Religion (RC)

DOJ_NMG_0103605

By Lauren W. Whittington

Roll Call, December 7, 2006

The contest to decide who will represent hurricane-ravaged New Orleans and Louisiana's 2nd district will be decided Saturday, as the clock winds down on the increasingly bitter runoff fight between Rep. William Jefferson (D) and state Rep. Karen Carter (D).

Jefferson is the subject of an ongoing federal bribery investigation, although no formal charges have been filed and the eight-term Congressman denies any wrongdoing.

While Carter has sought to keep Jefferson's ethics woes front and center in the campaign, the 59-year-old Congressman has turned to social issues in an effort to paint Carter as out of touch with the values of the largely black electorate.

Although Jefferson has been significantly outraised in the runoff, his campaign maintains that he is in a strong position heading into Saturday's vote.

"The buzz on the ground and the support we've been getting in the street every day is really good, and we feel really good about what's going to happen on Saturday," said Jefferson spokeswoman Melanie Roussell.

In one of his latest TV ads, Jefferson informs voters that Carter has voted in favor of same-sex marriage and late-term abortions and against making human cloning a crime.

"Karen Carter says there's a big difference between her and Congressman Jefferson," an announcer says in the ad. "Especially when it comes to family values."

Jefferson also has assailed Carter's record on education, her ties to the insurance industry and her tenure as chairwoman of the state House Insurance Committee.

But a Carter spokeswoman charged that voters won't be swayed by Jefferson's "claims he's found religion" and attempts to divert attention from the corruption issue.

"We don't think that that [social] issue is one that has resonated well with voters," said spokeswoman Cheron Brylski.

Carter's campaign has done polling for the runoff but has not released any results. Still, Brylski said that despite Jefferson's skills as a campaigner and his incumbent status, the numbers are good for Carter and her support continues to be strong among Catholic women and women in general.

She predicted that, at best, Jefferson might be able to get to 48 percent in the runoff.

Jefferson was forced to directly address the corruption issue after Carter ran ads that raised the specter of his legal woes.

"I have never taken a bribe from anyone," Jefferson declared in one ad that also accused Carter of shameful exploitation of children to attack him. That was in response to a Carter ad that featured schoolchildren in a spelling bee spelling out the words "hypocrite," "unscrupulous" and "corruption" to describe Jefferson.

Another Carter ad pointed out that Jefferson was stripped of his seat on the Ways and Means Committee because of the ongoing FBI probe.

Both Jefferson and Carter have focused on winning support in Jefferson Parish and the hurricane-ravaged city's West Bank since the Nov. 7 all-party primary.

Jefferson has been endorsed by state Sen. Derrick Shepherd (D), who finished third behind Carter in the first round of balloting. Shepherd is from Jefferson Parish, and Roussell said that the Congressman has been campaigning often with Shepherd there since the endorsement.

But Carter also has won endorsements from Jefferson Parish officials and is counting on the support of Republicans and white voters in the runoff.

Although Jefferson began the contest with a larger war chest and higher name recognition, Carter has far outpaced Jefferson in the money chase since the primary.

In the pre-runoff period covering Oct. 19 to Nov. 19, Carter raised $321,000 compared with $72,000 for Jefferson. Carter has raised an additional $130,000 since that time.

Jefferson's money largely has come from old friends and family members as well as support from the Congressional Black Caucus.

Carter has gotten a financial boost from an EMILY's List endorsement and the help of national liberal Internet-based forces such as ActBlue. She also received contributions from the owners of the New Orleans Hornets, former Health and Human Services Secretary Donna Shalala and filmmaker Spike Lee.

Carter's appearance in the filmmaker's documentary about the government response to Hurricane Katrina has been an issue in the race, as West Bank law enforcement officials have vented their anger at her comments about their decision to not let evacuees cross a bridge to the West Bank to flee rising floodwater.

Chief among them has been Jefferson Parish Sheriff Harry Lee, who is paying for and distributing a flier that urges voters to "Just Say No!" to Carter, though he has not endorsed Jefferson.

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Allen Ponders 2008 Senate Race (RC)

By Nicole Duran

Roll Call, December 7, 2006

Rep. Tom Allen (D-Maine) said Wednesday that he is "seriously considering" running for Senate in 2008, and political watchers in the Pine Tree State say he looks and acts like someone preparing for a Senate bid.

Allen raised more than $930,000 in the previous cycle but spent only about half of it dispensing with two challengers on his way to securing a sixth term with 61 percent of the vote.

He also has been spending more time outside of his Portland-based 1st district and is "mending fences" with sportsmen's groups, according to Christian Potholm, a political consultant and government professor at Maine's Bowdoin College.

"Tom Allen is already raising money for a Senate run," Potholm said. "He certainly is off and running from all the things people tell me."

Allen presumably would square off with the state's junior Senator, Susan Collins (R), who has said she intends to seek a third term.

"I'm seriously considering a Senate race in 2008," Allen said.

Democrats, eager to build on the gains they made in the Northeast in the midterm elections, would like to seriously challenge Collins, one of the few Republican moderates left in Congress.

"I think it's clear [that] unless Republicans and the president are going to show a change in the way they are leading, which I don't think we're seeing clear indications of so far ... Republican incumbents are going to have problems in 2008," said Ben Dudley, chairman of the Maine Democratic Party.

"I think [Allen] would be a terrific candidate," Dudley continued. "We would love to see someone of Tom's accomplishments and skill step forward for something like this."

By all accounts, other would-be Democratic challengers to Collins are waiting to see what Allen will do. Dudley said no other possible contenders have discussed a Senate bid with him.

If Allen decides not to run, speculation has centered on state Senate Majority Leader Michael Brennan (D) and state Attorney General Steven Rowe (D).

Allen said he has "had conversations with a number of people" about running, though he would not say if Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) was one of them. However, he said he will "make decisions later."

He did not elaborate on when later would be and has not set a deadline for making a decision.

The DSCC did not respond to a request for comment on this story.

Allen and Dudley both believe that Collins could be hurt by breaking the pledge she made to serve no more than two terms when she was first elected in 1996.

"I'd like to take Senator Collins at her word that she only intends to serve two terms," Dudley said. "However, if she's going to break her promise to the people of Maine, I have a very strong feeling we can mount a very credible opposition to returning her to her minority position in the U.S. Senate."

Allen said beyond breaking a pledge, Collins will be hurt by her affiliation with the national GOP.

"Susan Collins promised to only serve two terms, we've been in our respective offices for 10 years, and this is really about leadership for me," he said. "We have very different voting records."

As a result of Democrats winning control of Congress on Nov. 7, Collins will lose her chairmanship of the Homeland Security and Governmental Affairs Committee come January.

Dudley said that also hurts her.

"She lost her chairmanship; she's in a minority position," he said. "She won't be able to perform for Maine the way she has been able to."

Steve Abbott, Collins' chief of staff, said none of those factors will affect Collins' re-election bid.

"It's not going to hurt her at all," he said of the term-limit pledge. "I think people are very happy to have her as their Senator."

As for her party affiliation, "you just have to look at her record," he said, noting her reputation as a moderate and consensus-builder in Maine.

Potholm agreed that Maine voters have a positive perception of Collins.

"She's obviously, extremely highly thought of," he said. "She projects the kind of moderate stance voters like."

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That said, the midterm elections, during which Democrats picked up 29 seats in the Maine House to take control of the chamber (while losing one seat in the state Senate, which they already controlled), demonstrated how unhappy voters were with Republican control nationally and locally, Maine Democrats say.

A few months ago, Potholm said he thought Collins' re-election would be a "slam-dunk." Now, he says is not so sure.

Allen faces some hurdles, too, should he decide to run.

He is barely known in the sprawling 2nd district, which geographically is the biggest Congressional district east of the Mississippi River. He also did not run any television ads in the previous cycle. That saved him money but also prevented him from introducing himself to 2nd district voters, said one Maine Republican operative who did not want to be named.

To reach some parts of Allen's district by television, he would have had to buy airtime in the Bangor market, which also serves the vast northern 2nd district. He had $440,000 in his campaign account as of Oct. 18; Collins had $392,000 in the bank on Sept. 30.

"Tom Allen is a strong Congressman, but can he translate his strengths from the southern part to the northern part of the state?" Potholm asked.

Nonetheless, Potholm said Allen probably is the strongest candidate Democrats can find.

"Susan could get close to a pass or a very weak [opponent] if Tom Allen doesn't run," he observed.

Candidates Set Record '08 Pace (RC)

By Paul Kane

Roll Call, December 7, 2006

Shattering the pace of any previous presidential campaign, a half-dozen White House candidates already have leapt out of the gates for 2008, either formally signaling their entry into what is shaping up to be a packed field or filing paperwork freeing them to begin fundraising.

The first wave of candidates — three Senators, one House Member, an ex-mayor and an outgoing governor — have eschewed traditions of waiting until at least the end of the preceding midterm year before officially opening their campaign committees.

With fundraising expectations higher than ever and the caucus and primary schedule so compacted in early 2008, the candidates, former candidates, and current and former campaign aides see nothing unusual about so many declarations for a general election that's still almost two years away.

"A lot of times the early bird gets the worm," said Sen. Sam Brownback (R-Kan.), who announced earlier this week that he was filing his paperwork with the Federal Election Commission to open a campaign committee.

"Most importantly, it's the demand for fundraising," said Steve Elmendorf, a strategist for former Rep. Richard Gephardt's (D-Mo.) 2004 bid and deputy presidential campaign manager to Sen. John Kerry (D-Mass.) after Gephardt withdrew.

Calling their committees "exploratory" vehicles, Sen. John McCain (R-Ariz.) officially filed with the FEC in mid-November and Brownback and Sen. Evan Bayh (D-Ind.) followed earlier this week, although each deferred an "official" announcement and the accompanying hoopla.

As far as the FEC is concerned, however, there is no real distinction between an exploratory committee and a formal presidential committee.

Former New York City Mayor Rudy Giuliani (R) also opened an exploratory committee in mid-November, and Rep. Duncan Hunter (R-Calif.) announced he would run just before the midterm elections, although he avoided the official legal tripwires involved in formally launching his campaign. An aide said a formal filing with the FEC would come in the near future.

Then there's Iowa Gov. Tom Vilsack (D), who officially launched his campaign committee and formally kicked off his campaign just days after the Nov. 7 elections.

In doing so, Vilsack became just the fifth candidate to file FEC paperwork and hold his formal announcement ceremony in the same year as the midterm elections in the modern presidential campaign era since 1968. And the comparison is not an auspicious one: Then-Rep. Phil Crane (R-Ill.) formally announced his 1980 presidential campaign in the summer of 1978, former Delaware Gov. Pierre du Pont (R) announced his 1988 bid roughly a month before the 1986 midterms and then-Rep. Mo Udall (D-Ariz.) filed in late 1974 for the 1976 election. Only former President Jimmy Carter filed in the midterm year, 1974, and went on to win his nomination.

In the 2004 White House campaign, the first candidates to open campaign committees were former Vermont Gov. Howard Dean (D), who did so in May 2002, and Kerry, who opened his fundraising operation just after Thanksgiving 2002. Neither man made their formal announcement until 2003.

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In the 2000 campaign, former Sen. Bill Bradley (D-N.J.) was the only candidate to open a campaign committee in 1998 — on Dec. 4, 1998. The eventual winner, then-Texas Gov. George Bush (R), didn't open a campaign committee until March 8, 1999.

At least one former presidential candidate warned those still officially undecided on whether to jump into the '08 race that the game might be getting away from them.

"Now is almost too late. There's too much to do in too short a period of time," said Sen. Lamar Alexander (R-Tenn.), who sought the GOP nomination in both 1996 and 2000.

Alexander predicted that the dramatically accelerated pace of the 2008 season is going to force some candidates to abandon their campaigns as soon as the spring of '07, earlier than any previous White House campaigns.

"There will probably be a weeding out process beginning with the first quarter report," Alexander said, referring to the March 31, 2007, fundraising report that declares contenders must file with the FEC.

Elmendorf predicted that the media will pay "a little attention" to the year-end reports that the six candidates with formal campaign committees must file in mid-January. But he agreed with Alexander, saying that among Democrats, the second-tier candidates will have to demonstrate financial viability or simply get out of the way of big money campaigns such as that of likely contender Sen. Hillary Rodham Clinton (D-N.Y.).

"Are you in this game or not?" Elmendorf said Democratic activists and donors will ask candidates after March 31. "All these other candidates are going to have to show that they can produce."

In the case of Giuliani and Vilsack, opening presidential committees this early allows them to finally jump-start a federal campaign committee, something Senators already have at their disposal and are allowed to transfer funds from into their White House committees.

In Bayh's case, the next few weeks will truly represent an exploratory phase and almost no money will be raised into the presidential committee, according to spokesman Dan Pfeiffer. Any expenditures made to directly impact the presidential election must be paid for by a White House campaign committee, and not a leadership political action committee, which Bayh and most other contenders used to make contributions to key campaigns and pay for travels to early primary and caucus states in the midterms.

Only a small amount of money will be raised, or a sliver of the more than $10 million in his Senate campaign account will be shifted into his presidential account, Pfeiffer said, allowing the Bayh team to officially put fundraisers on staff, build a campaign Web site and reserve office space in key states.

Bayh then expects to make his formal decision about a bid over the Christmas holiday.

"When he does decide, we want to be able to flip a switch and be off to the races," Pfeiffer said.

Some potential candidates who haven't opened campaign committees aren't wasting time either, making provisional hires of staff who will be brought on board once they decide to open their committees. Clinton, for example, hired Phil Singer, a top Democratic communications expert, this week to be a press adviser to her all-but-certain campaign, a move similar to Massachusetts Gov. Mitt Romney's (R) decision to bring on Kevin Madden, the press-savvy outgoing spokesman for incoming House Minority Leader John Boehner (R-Ohio).

Clinton, however, faces no legal requirement or rush to open a campaign committee until early next year. Because she won re-election this year, every dollar Clinton raises before Dec. 31 is counted toward the 2006 Senatorial campaign cycle.

All remaining funds can then be transferred directly into a presidential account, and every previous donor to her Senate re-election bid can once again give up to $2,100 into the presidential account with no fear of exceeding the contribution limits because of past donations.

Do '08 Presidential Contenders Need A Great Story? (RC)

By Stuart Rothenberg, Roll Call Contributing Writer

Roll Call, December 7, 2006

Iowa Gov. Tom Vilsack (D) was an orphan before being adopted by a couple in Pittsburgh. His adoptive mother struggled with alcoholism.

Sen. Barack Obama (D-Ill.) was born in Hawaii to a Kenyan-born economist who was educated at Harvard and a white woman from Kansas. He grew up in Indonesia before returning to the United States and eventually graduated from Columbia University and Harvard Law School.

After graduating from the Naval Academy, Sen. John McCain (R-Ariz.) served in the Navy. He was shot down and endured five years of torture as a prisoner of war in the "Hanoi Hilton" in Vietnam.

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Everybody loves a good story, don't they? Why do you think people pay money to go to the movies? But it is reporters and editors who get particularly excited about a good story (which probably is one reason why Janet Cooke, Jayson Blair and Stephen Glass got as far as they did with major print organizations).

And media consultants? They get downright misty-eyed when thinking about what they can do with a candidate with a personal story that pulls at the heartstrings. What could be better than being raised in a broken home or coming from a town called Hope, Ark. (as Bill Clinton and likely '08 GOP presidential hopeful Gov. Mike Huckabee did)?

Writing about Vilsack, who recently announced that he's running for the Democratic presidential nomination, Washingtonpost.com's Chris Cillizza wrote that "any argument for Vilsack starts with his life story — perhaps the most compelling of any candidate on either side considering the 2008 race."

Vilsack does have an interesting story, but if he is counting on that to get him a long, hard look from Democratic activists, donors and the national media, I hope he has a backup plan. While a great story may get you elected mayor of Mt. Pleasant, Iowa, or to the Iowa state Senate, count me as skeptical that it's enough to get you the campaign war chest necessary to make a decent run at the White House.

Many presidential hopefuls have something in their life stories that can paint as a personal test or a hurdle that they overcome. The old "born in a log cabin" chestnut is about as old as the country.

Sen. John Kerry (D-Mass.) had his Vietnam service. President George H.W. Bush was shot down over the Pacific in World War II. Even George W. Bush, who didn't exactly grow up in a log cabin, could talk during his White House bid about how he changed from a hard-drinking, fun-loving guy to a mature adult.

But let's not go overboard about the value of a personal story. Democratic House candidate Tammy Duckworth, who lost both legs as a helicopter pilot in Iraq, had a great one; Democratic political operatives were so smitten with her candidacy that they told me they were absolutely certain that she would win the Congressional race in Illinois' 6th district. Yet she lost to Republican Peter Roskam at the same time that Democrats with far less appealing stories were winning contests in New Hampshire, Wisconsin, Iowa and Pennsylvania.

A candidate's "story" may get voters' attention, but a story is by its very nature backward-looking, while presidential contests are about the future. Ultimately, a candidate must offer more compelling reasons than a résumé to justify why he or she deserves to be nominated and elected. Remember: No matter his personal history, which included great hardships and great courage, McCain's incredible personal story didn't win him the GOP presidential nomination in 2000.

What matters most to voters in selecting a nominee for the White House? Lots of things, of course, but the most important question is whether, after months of campaigning, enough primary voters and caucus attendees in the early states think that a particular hopeful has passed the smell test. Does he or she have the experience, leadership ability and stature to be president and commander in chief? Can you envision so-and-so in the Oval Office, keeping the nation safe and prosperous?

Last time, Iowans decided that the answer was "no" when they were offered then-frontrunner Howard Dean (D).

It's far too early to rule out anyone from either party's presidential mix. Obviously, a handful of candidates begin with considerable assets, from name recognition to undisputed fundraising ability to early institutional support. Some already seem to have the stature of a future president of the United States. Having an interesting story to tell is nice, but starting off with real advantages is a whole lot better.

The GOP's Southern Exposure (WP)

By Harold Meyerson

The Washington Post, December 7, 2006

You've seen the numbers and understand that America is growing steadily less white. You try to push your party, the Grand Old Party, ahead of this curve by taking a tolerant stance on immigration and making common cause with some black churches. Then you go and blow it all in a desperate attempt to turn out your base by demonizing immigrants and running racist ads against Harold Ford. On Election Day, black support for Democrats remains high; Hispanic support for Democrats surges. So what do you do next?

What else? Elect Trent Lott your deputy leader in the Senate. Sure locks in the support of any stray voters who went for Strom in '48.

In case you haven't noticed, a fundamental axiom of modern American politics has been altered in recent weeks. For four decades, it's been the Democrats who've had a Southern problem. Couldn't get any votes for their presidential candidates there; couldn't elect any senators, then any House members, then any dogcatchers. They still can't, but the Southern problem, it turns out, is really the Republicans'. They've become too Southern -- too suffused with the knee-jerk militaristic, anti-scientific, dogmatically religious, and culturally, sexually and racially phobic attitudes of Dixie -- to win friends and influence elections

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outside the South. Worse yet, they became more Southern still on Election Day last month, when the Democrats decimated the GOP in the North and West. Twenty-seven of the Democrats' 30 House pickups came outside the South.

The Democrats won control of five state legislatures, all outside the South, and took more than 300 state legislative seats away from Republicans, 93 percent of them outside the South. As for the new Senate Republican caucus that chose Mississippi's Lott over Tennessee's Lamar Alexander to be deputy to Kentucky's Mitch McConnell, 17 of its 49 members come from the Confederacy proper, with another three from the old border states of Kentucky and Missouri, and two more from Oklahoma, which is Southern but with more dust. In all, 45 percent of Republican senators come from the Greater South.

More problematic, so does most of the Republican message. Following the gospel according to Rove (fear not swing voters but pander to and mobilize thy base), George W. Bush and the Republican Congress, together or separately, had already blocked stem cell research, disparaged nonmilitary statecraft, exalted executive wartime power over constitutional niceties, campaigned repeatedly against gay rights, thrown public money at conservative churches and investigated the tax status of liberal ones. In the process, they alienated not just moderates but Western-state libertarians.

The one strategist who fundamentally predicted the new geography of partisan American politics is Tom Schaller, a University of Maryland political scientist whose book "Whistling Past Dixie: How Democrats Can Win Without the South" appeared several months before November's elections. Schaller argued that the Democrats' growth would occur in the Northeast, the industrial Midwest, the Mountain West and the Southwest -- areas where professionals, appalled by Republican Bible Beltery, were trending Democratic and where working-class whites voted their pocketbooks in a way that their Southern counterparts did not. Al Gore carried white voters outside the South, Schaller reminded us; even hapless John Kerry came close.

The challenge for Republicans -- and for such presidential aspirants as John McCain, Rudy Giuliani and Mitt Romney in particular -- is how to bridge the widening gap between their Southern base and the rest of the nation. The persistence of Southern exceptionalism is clear in the networks' exit polls, in which fully half of Southern voters identified themselves as born-again or evangelical Christians, while just one-third of the entire nation's voters did so. It's clear from the fact that in a period of broad economic stagnation, the populism of working-class Southern whites, like a record stuck in a groove, remains targeted more against cultural than economic elites.

Indeed, scratch the surface of some of our current hot-button issues and you find age-old regional conflicts. Wal-Mart's practice, for instance, of offering low wages and no benefits to its employees begins in the rural South, where it's no deviation from the norm. Only when Wal-Mart expands this practice to the metropolises of the North and West, threatening the living standards of unionized retail workers, does it encounter roadblocks, usually statutory, to its entry into new markets.

So: A Southern low-wage labor system is cruising along until it seeks to expand outside its region and meets fierce opposition from higher-paid workers in the North. Does that suggest any earlier episode in American history? The past, as William Faulkner once wrote of the South, isn't even past. And now the persistence of Southern identity has become a bigger problem for Republicans than it is for Democrats.

Democrats' Challenge: Keeping The Egos In Harmony (NYT)

By Patrick Healy

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — In a Democratic Party full of egos, few are as big as the ones from New York. Big enough that no last names are necessary for the tabloid headline writers: Chuck, Hillary, Eliot, Charlie (as in Rangel) and Andrew (as in Cuomo). And big enough that New York's ability to get things done now hangs partly on their approach to the question, can we all get along?

Everyone gets along splendidly in public, and the private rivalries — Chuck vs. Hillary, Chuck vs. Eliot, Eliot vs. Andrew — have evolved and in some cases softened with time. But with all of them ascending to new heights — two as leaders in Albany, the other three as movers and shakers in Congress, including one as a possible presidential candidate — those relationships will be tested.

This constellation of New York power coalesced in one place on Wednesday: Governor-elect Eliot Spitzer came to Washington as the humble outsider seeking aid from Senator Charles E. Schumer, the new Democratic kingmaker. No slouch himself, Representative Charles B. Rangel, the dean of the state Congressional delegation, arranged last-minute face time between Mr. Spitzer and the incoming House speaker, Nancy Pelosi. And members of the New York delegation jockeyed for bragging rights about who had heard personally from Senator Hillary Rodham Clinton about her 2008 plans.

A back-slapping 8 a.m. meeting of Mr. Spitzer, Mr. Schumer and other members of the Democratic delegation reflected, in bits and pieces, this complicated coexistence.

Mr. Schumer and Mr. Spitzer have a younger brother-older brother sort of rivalry. Mr. Spitzer sometimes remarks that he was still in high school when Mr. Schumer was an assemblyman. (Zing!) Mr. Schumer arrived at the meeting and instantly teased

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Mr. Rangel for not serving a lavish breakfast. Then he needled Mr. Spitzer, saying that power is nothing without a fancy spread of food.

"I should've asked you — where are the bacon and eggs?" Mr. Schumer bellowed at Mr. Spitzer, who cracked up.

Mr. Spitzer, whose ego Mr. Rangel used to deflate by mockingly calling him "the world's smartest man," said that he is well aware of the egos at play, including his own. But he said common goals were overriding factors. "I've said to Chuck, 'I'd like to do nothing more than heap glory on you as you bring things back to New York,' " Mr. Spitzer said. "It's O.K. if I don't hold the press conferences."

In spite of the Democratic gains on Election Day, the challenges are just beginning for these politicians.

Mr. Spitzer faces a billion-dollar budget deficit and hopes to "organize the delegation," he said, to get more funds from Washington for Medicaid and transportation projects like the Second Avenue subway, among other priorities. Mr. Schumer and Mr. Rangel want to convert their political capital into major power brokering and build legacies. And Mrs. Clinton is eyeing the biggest prize of all.

"They all have a common denominator — they are all popular and they all have overlapping concerns, and they can't afford to confront each other much," said George Arzt, a New York political communications consultant.

Mr. Arzt, who was a consultant and press secretary for Mayor Edward I. Koch, reveled in the history of powerful political personalities in New York, which has a formidable stable of Republicans, too: Mayor Michael R. Bloomberg, former Mayor Rudolph W. Giuliani and Gov. George E. Pataki. Mr. Arzt remembered a time in the 1980s when Daniel Patrick Moynihan, a Democrat, and Alfonse M. D'Amato, a Republican, were the two United States senators from New York.

"When I went down to Washington with Koch, Senator Moynihan would lecture us about the history of New York State," Mr. Arzt said. "We couldn't wait to get out of his office and go down the hall to Senator D'Amato, who would just say, 'What do you want?' "

Senator Clinton works well with everyone, her advisers say, and is close to one of her earliest political supporters, Mr. Rangel. She is a bit more formal than the others — a reflection, perhaps, of her Midwestern roots, or of the fact that she has always kept her cards close.

Allies of Mr. Spitzer say that he is closer to Mrs. Clinton than to Mr. Schumer, yet he has a better handle on Mr. Schumer's motives and agenda because he is more open.

A spirit of competitiveness has always existed between Mrs. Clinton and Mr. Schumer and their staffs. Mr. Schumer, a man of many words, had New York political circles buzzing this week when he refused to comment at length on Mrs. Clinton's presidential prospects. The two talk regularly, but they are not close, Democrats close to both of them say. Yet these and other Democrats say that, in this era of new party power, there is enough limelight to go around.

"The big thing that could've been a problem is Schumer-Clinton, but he now has a wonderful job on his own track in the Senate, and Hillary has her own thing going on," said Mr. Rangel, who is the incoming chairman of the House Ways and Means Committee.

Mr. Schumer dismissed any notion that rising power augurs renewed rivalries. "We're all a team; we get along great," Mr. Schumer said.

A moment later, though, the senator noted that he had told both Mr. Spitzer and Assembly Speaker Sheldon Silver that the two of them had to work together. Mr. Spitzer ran on a reform platform, and Mr. Silver is a defender of his members' needs and the Democratic status quo.

"I believe and hope that we as Democrats have learned the lessons of the past," Mr. Schumer said, referring to earlier squabbling that bogged down progress.

Mr. Schumer, whose new stature comes from his role as chief strategist for the Democratic takeover of the Senate, was in full bloom during the delegation meeting with Mr. Spitzer, 47. Mr. Schumer asked Mr. Rangel to hurry up with the meeting, and Mr. Rangel, 76, returned the poke by paying homage to "our very, very senior" senator, which prompted an eye roll from Mr. Schumer, 56.

Mr. Rangel also sent regards from Senator Clinton, 59. The two had breakfast recently to discuss her presidential ambitions, and Mr. Rangel cracked up the room by saying that he was available to talk with those present about their career aspirations, too.

Cheney Pregnancy Stirs Debate On Gay Rights (NYT)

By Jim Rutenberg

The New York Times, December 7, 2006

WASHINGTON, Dec. 6 — Mary Cheney, a daughter of Vice President Dick Cheney, is expecting a baby with her partner of 15 years, Heather Poe, Mr. Cheney's office said Wednesday.

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Lea Anne McBride, a spokeswoman for Mr. Cheney, said the vice president and his wife, Lynne Cheney, were "looking forward with eager anticipation" to the baby's birth, which is expected this spring and will bring to six the number of grandchildren the Cheneys have.

Mr. Cheney's office would not provide details about how Mary Cheney became pregnant or by whom, and Ms. Cheney did not respond to messages left at her office and with her book publisher, Simon & Schuster.

The announcement of the pregnancy, which was first reported Wednesday by The Washington Post, and Ms. Cheney's future status as a same-sex parent, prompted new debate over the administration's opposition to gay marriage.

Family Pride, a gay rights group, noted that Ms. Cheney's home state, Virginia, does not recognize same-sex civil unions or marriages.

"The news of Mary Cheney's pregnancy exemplifies, once again, how the best interests of children are denied when lesbian, gay, bisexual and transgender citizens are treated unfairly and accorded different and unequal rights and responsibilities than other parents," said the group's executive director, Jennifer Chrisler.

Focus on the Family, a Christian group that has provided crucial political support to President Bush, released a statement that criticized child rearing by same-sex couples.

"Mary Cheney's pregnancy raises the question of what's best for children," said Carrie Gordon Earll, the group's director of issues analysis. "Just because it's possible to conceive a child outside of the relationship of a married mother and father doesn't mean it's the best for the child."

In 2004, Ms. Cheney worked on the Bush-Cheney re-election campaign, which won in part because of the so-called values voters who were drawn to the polls by ballot measures seeking to ban same-sex marriage.

Mr. Bush voiced strong approval that year for a constitutional amendment banning same-sex marriage, as he did this year, too. While gay rights groups called on Ms. Cheney to speak out against the proposed ban in 2004, she remained silent.

But Ms. Cheney wrote in a book published this year that she had considered resigning from the campaign after learning that Mr. Bush would endorse the proposed amendment. She said that she decided to stay because other important issues were at stake in the 2004 campaign.

As she promoted her book last spring, she said a federal ban on same-sex marriage would "write discrimination into the Constitution." The vice president has hinted at disapproval of the proposed amendment. Asked where he stood on the issue during a campaign stop in Iowa in 2004, Mr. Cheney said, "Freedom means freedom for everyone."

Dana Perino, a spokeswoman for Mr. Bush, said that Mr. Cheney had recently told the president about the pregnancy and that "the president said he was happy for him." The Cheneys have five grandchildren by their other daughter, Elizabeth.

Mary Cheney, 37, is a vice president at AOL; Ms. Poe, a former park ranger, is 45.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, December 7, 2006

So the vice president's daughter is having a baby next spring with partner Heather Poe .

Are they married? No, but they've been a couple for 15 years.

Who's the father? The circumstances of the pregnancy are super-secret.

What's their legal status? Cheney, 37, and Poe, 45, live in Great Falls, and under Virginia law only the biological parent has full legal status. "Virginia is sort of at the bottom of the pile in terms of rights and protections," said Jennifer Chrisler, executive director of Family Pride, a national advocacy organization for gay parents. "Mary will be a full legal parent to her child. And Heather will be a stranger in the eyes of the law."

Can Poe adopt the baby? Not in Virginia -- no same-sex partner has ever been allowed to adopt his or her partner's child -- but yes, if they move to the District, Maryland or any other state that allows second-parent adoptions, said Brad Luna, spokesman for the Human Rights Campaign, which tracks state and federal law in this area.

What happens if they split up? Unless state law changes, Cheney could prevent Poe from any visitation or custody; conversely, Poe could walk away without providing child support.

Can Poe sign school report cards? Depends on the school. Technically, only Cheney would be authorized to fill out all those school forms.

What about diapers? There are no prohibitions on second-parent diaper duty.HEY, ISN'T THAT . . .

Elvis Presley, enjoying jem/tothe bisque and schmoozing with the downtown lunch-crowd power brokers at the Palm yesterday? No, silly -- he's been dead for nearly 30 years. So that was Paul Casey, the official Elvis impersonator of the Las Vegas Convention and Visitors Authority, in town to perform "Blue Christmas" and other hits at a massive holiday party last night

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for tourism and meeting-planner types at the Renaissance Washington D.C. Hotel. How'd he get to be two-time Vegas Entertainer of the Year? Maybe because he managed not to get a drop of bisque on that spotless white jumpsuit.LOVE, ETC.

Really, truly split: Actors Jennifer Aniston and Vince Vau ghn have parted ways, their publicists finally acknowledged to People magazine Tuesday, nearly two months after she went on Oprah to vehemently deny reports they had broken up and his lawyers threatened to sue tabloids that claimed they were on the rocks -- both actions marking the first time either had publicly acknowledged that they were, in fact, dating. You'll be happy to know they "continue to be good friends," or so say their reps. Of course.

Trading places: Comedian Eddie Murphy, his career reenergized with a role in "Dreamgirls," stepped out at an NYC premiere party with a new girlfriend, Tracey Edmonds (ex-wife of singer Kenneth "Babyface" Edmonds). Meanwhile, he's telling TV interviewers that he doesn't know if it's his child that ex-girlfriend Spice Girl Melanie Brown is carrying.SURREAL ESTATE

Seller: Patrick Ramsey

Price:$840,000

Details: The former Redskins quarterback, traded to the New York Jets in March, quietly unloaded his Virginia home in late summer for $220,000 more than he paid in 2003 -- back in the Steve Spurrier era when Ramsey was starting QB for the Skins. Seems like a lifetime ago, doesn't it? The four-bedroom, 3 1/2 -bath Cape Cod on three acres near Purcellville was listed as "just stunning -- owner relocating." Are you taking notes, Jason Campbell?

Conservative Jews Allow Gay Rabbis And Unions (NYT)

By Laurie Goodstein

The New York Times, December 7, 2006

The highest legal body in Conservative Judaism, the centrist movement in worldwide Jewry, voted yesterday to allow the ordination of gay rabbis and the celebration of same-sex commitment ceremonies.

The decision, which followed years of debate, was denounced by traditionalists in the movement as an indication that Conservative Judaism had abandoned its commitment to adhere to Jewish law, but celebrated by others as a long-awaited move toward full equality for gay people.

“We see this as a giant step forward,” said Sarah Freidson, a rabbinical student and co-chairwoman of Keshet, a student group at the Jewish Theological Seminary in New York that has been pushing for change.

But in a reflection of the divisions in the movement, the 25 rabbis on the law committee passed three conflicting legal opinions — one in favor of gay rabbis and unions, and two against.

In doing so, the committee left it up to individual synagogues to decide whether to accept or reject gay rabbis and commitment ceremonies, saying that either course is justified according to Jewish law.

“We believe in pluralism,” said Rabbi Kassel Abelson, chairman of the panel, the Committee on Jewish Law and Standards of the Rabbinical Assembly, at a news conference after the meeting at the Park Avenue Synagogue in New York. “We recognized from the very beginnings of the movement that no single position could speak for all members” on the law committee or in the Conservative movement.

In protest, four conservative rabbis resigned from the law committee, saying that the decision to allow gay ordination violated Jewish law, or halacha. Among them were the authors of the two legal opinions the committee adopted that opposed gay rabbis and same-sex unions.

One rabbi, Joel Roth, said he resigned because the measure allowing gay rabbis and unions was “outside the pale of halachic reasoning.”

With many Protestant denominations divided over homosexuality in recent years, the decision by Conservative Judaism’s leading committee of legal scholars will be read closely by many outside the movement because Conservative Jews say they uphold Jewish law and tradition, which includes biblical injunctions against homosexuality.

The decision is also significant because Conservative Judaism is considered the centrist movement in Judaism, wedged between the liberal Reform and Reconstructionist movements, which have accepted an openly gay clergy for more than 10 years, and the more traditional Orthodox, which rejects it.

The move could create confusion in congregations that are divided over the issue, said Rabbi Jerome Epstein, executive director of the United Synagogue of Conservative Judaism, which represents the movement’s more than 750 synagogues with 1.5 million members in North America.

“Most of our congregations will not be of one mind, the same way that we were not of one mind,” said Rabbi Epstein, also a law committee member. “Our mandate is to help congregations deal with this pluralism.”

Some synagogues and rabbis could leave the Conservative movement, but many rabbis and experts cautioned that the law committee’s decision was unlikely to cause a widespread schism.

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Before the vote, some rabbis in Canada, where many Conservative synagogues lean closer to Orthodoxy than in the United States, threatened to break with the movement.

But Jonathan D. Sarna, a professor of American Jewish history at Brandeis University, said: "I find it hard to buy the idea that this change, which has been widely expected, will lead anybody to leave, because synagogues that don't want to make changes will simply point to the rulings that will allow them not to make any changes. This is not like a papal edict."

The question of whether to admit and ordain openly gay rabbinic students will now be taken up by the movement's seminaries. The University of Judaism, in Los Angeles, has already signaled its support, said Rabbi Elliot Dorff, its rector and the vice chairman of the law committee. He co-wrote the legal opinion allowing gay ordination and unions that passed on Wednesday.

The Jewish Theological Seminary in New York, the flagship school in Conservative Judaism, will take up the issue in meetings of the faculty, the students and the trustees in the next few months, Chancellor-elect Arnold Eisen said in an interview. Mr. Eisen said he personally favored ordaining gay rabbis as long as it was permissible according to Jewish law and the faculty approved.

"I've been asking the faculty, and time and again I got the same answer," Mr. Eisen said. "People don't know what they themselves think, and they don't know what their colleagues are thinking. There's never been a discussion like this before about this issue."

The law committee has passed contradictory rulings before, on issues like whether it is permissible to drive to synagogue on the Sabbath. But the opinions it approved on Wednesday reflect the law committee's split on homosexuality.

The one written by Rabbi Roth upholds the prohibition on gay rabbis that the committee passed overwhelmingly in 1992. Another rebuts the idea that homosexuality is biologically ingrained in every case, and suggests that some gay people could undergo "reparative therapy" to change their sexuality.

The ruling accepting gay rabbis is itself a compromise. It favors ordaining gay rabbis and blessing same-sex unions, as long as the men do not practice sodomy.

Committee members said that, in practice, it is a prohibition that will never be policed. The ruling was intended to open the door to gay people while conforming to rabbinic interpretations of the biblical passage in Leviticus which says, "Do not lie with a male as one lies with a woman; it is an abomination."

The committee also rejected two measures that argued for a complete lifting of the prohibition on homosexuality, after deciding that both amounted to a "fix" of existing Jewish law, a higher level of change that requires 13 votes to pass, which they did not receive.

Rabbi Gordon Tucker, the author of one of the rejected opinions, said he was satisfied with the compromise measure. "In effect, there isn't any real practical difference," he said.

The Conservative movement was once the dominant stream in American Judaism but is now second in numbers to the Reform movement. Conservative Judaism has lost members in the last two decades to branches on the left and the right. Pamela S. Nadell, a professor of history and director of the Jewish Studies program at American University, said, "The conservative movement is wrestling with the whole question of how it defines itself, whether it still defines itself as a halachic movement, and that's why there was so much debate and angst over this."

Conservative Rabbis Allow Ordained Gays, Same-Sex Unions (WP)

By Alan Cooperman

The Washington Post, December 7, 2006

NEW YORK, Dec. 6 -- A panel of rabbis gave permission Wednesday for same-sex commitment ceremonies and ordination of gays within Conservative Judaism, a wrenching change for a movement that occupies the middle ground between orthodoxy and liberalism in Judaism.

The complicated decision by the Conservatives Movement's Committee on Jewish Law and Standards leaves it up to individual seminaries whether to ordain gay rabbis and gives individual rabbis the option of sanctioning same-sex unions. Reform Judaism, the largest branch of the faith in the United States, has ordained openly gay men and lesbians since 1990 and has allowed its rabbis to perform same-sex commitment ceremonies since 2000. Orthodox Judaism does not countenance same-sex relationships or the ordination of gay rabbis.

Like many Protestant denominations, Conservative Jews are divided over homosexuality: torn between the Hebrew scriptures' condemnation of it as an "abomination" and a desire to encourage same-sex couples to form long-lasting, monogamous relationships.

Though stopping short of endorsing same-sex marriage, the rabbis wanted to allow commitment ceremonies "because in Jewish sexual ethics, promiscuity is not acceptable either by heterosexuals or by homosexuals, and we do in fact have both a

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Jewish and a social and a medical need to try to confirm those unions," said Rabbi Elliot Dorff of Los Angeles, one of the authors of the change.

After years of discussion and two days of intense debate behind closed doors at a synagogue on Park Avenue, the law committee accepted three teshuvot, or answers, to the question of whether Jewish law allows homosexual sex. Two answers uphold the status quo, forbidding homosexuality.

But a third answer allows same-sex ceremonies and ordination of gay men and lesbians, while maintaining a ban on anal sex. It argues that the verse in Leviticus saying "a man shall not lie with a man as with a woman" is unclear, but traditionally was understood to bar only one kind of sex between men. All other prohibitions were "added later on by the rabbis," Dorff told reporters.

Four of the law committee's 25 members resigned in protest of the decision.

It takes the votes of just six panel members to declare an answer to be valid -- meaning that it is a well-founded interpretation of Jewish law, not that it is the only legitimate position. Thirteen members voted in favor of allowing gay ordination and same-sex ceremonies, and 13 voted against -- meaning that at least one rabbi voted for both positions.

Rabbi Joel Meyers, executive vice president of the Rabbinical Assembly, an association of 1,600 Conservative rabbis, predicted that some rabbis will choose not to preside at same-sex ceremonies, and he said no rabbi would be required to perform them.

There are five seminaries that ordain Conservative rabbis. One of them, the University of Judaism in Los Angeles, is expected to begin ordaining gays in the near future. The movement's flagship seminary, the Jewish Theological Seminary in New York City, is likely to take more time. Its new chancellor, Arnold Eisen, has said he favors the change but will allow the faculty to debate the question, starting as soon as Thursday.

The other seminaries -- in Israel, Argentina and the Czech Republic -- are more traditional and may adopt the change slowly, if at all.

The issue has been particularly difficult for the Conservative movement, which claims about 2 million members worldwide, because it does not lightly depart from traditional Jewish law, or halakha. Conservative Jews generally keep the kosher dietary rules and observe the Sabbath, though perhaps not as strictly as Orthodox Jews do.

Since the mid-1980s, however, the Conservative movement has departed from traditional law in several ways, including ordaining women, permitting Jews to drive to synagogue on the Sabbath, and eliminating special treatment of "illegitimate" children.

Some Conservative Jews argue that the reconsideration of homosexuality is no more significant, in terms of Jewish law, than these other changes. But Rabbi Joel Roth, a professor at the Jewish Theological Seminary who was among those who resigned from the law committee, said he considers the change to be "outside the pale of acceptable halakhic reasoning."

Rabbi Jerry Epstein, chief executive of the association of 700 Conservative synagogues in North America, said he did not know whether any of them would leave the movement in protest. He said he believes that they are about evenly divided for and against allowing same-sex ceremonies.

As the Conservative rabbis met in New York this week, they were conscious that they were not only deciding an important matter for their constituency but were also contributing to a national debate on the status of same-sex couples. Dorff said he hoped that the adoption of two optional, conflicting positions would serve as a model for other religious groups of how to handle deep disagreements, "so movements don't have to split up over these kinds of things."

If Castro Had A Talk Show, It Might Sound A Bit Like This (NYT)

By Andy Newman

The New York Times, December 7, 2006

MIAMI, Dec. 6 — At the far right end of the AM radio dial, a broadcast from a parallel universe emerges from the static:

Come-hither advertisements from Cuba's state travel agency. Reportage from last weekend's Fidel Castro birthday parade in Havana, complete with an admiring assessment of Soviet-era tanks. Excerpts from speeches by whichever Castro brother is running the country.

It is not a signal-jamming effort beamed from the Cuban coast like some kind of reverse Radio Martí. It is not, compadre, a joke of any sort.

It is Francisco Aruca, onetime Cuban political prisoner turned Castro admirer, speaking out from a little radio station on the industrial north side of Miami or, more often these days, from the comfort of his home office in the lush suburb of Pinecrest.

For 15 years, Mr. Aruca, founder of the first American company to run charter flights to Cuba, has doubled as on-air apologist for a man whom the vast majority of Cuban-Americans in Miami consider a despicable and murderous dictator.

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In doing so, Mr. Aruca speaks to — and for — a tiny community of committed Cuban-American leftists who have endured years of public scorn, threats and, in the not-too-distant past, violence.

"I listen every day; it's the only way you can keep fairly informed in the Banana Republic of Miami," said Eddie Levy, chairman of the Cuban American Defense League, a civil rights group. "I consider him a hero. We come and go, but Aruca's there every day."

Mr. Aruca's legions of critics dismiss his show, "Ayer en Miami (Yesterday in Miami)," as a glorified infomercial for his business, Marazul Tours, which depends on good relations with the Cuban government and would benefit handsomely from the lifting of travel restrictions to Cuba, one of Mr. Aruca's many causes. Mr. Aruca buys his time slot, an hour every weekday morning, on the station, WOCN-AM (1450).

Whatever its means of support, the very persistence of the show has made it into something of an institution, however widely ridiculed. While it is anyone's guess how many of Miami-Dade County's 700,000 Cubans actually listen to the program, Mr. Aruca remains a perennial target on mainstream Spanish-language radio, the dominant medium of Cuban-American political discourse here. A popular song these days has a character impersonating Mr. Castro and discarding his customary fatigues in favor of "the Adidas outfit that Aruca bought me at Dolphin Mall," where much of Miami shops.

During the call-in segment of Mr. Aruca's show on Monday, all four phone lines were constantly busy. On the other end were at least as many foes as fans, which is how Mr. Aruca, 66, says he likes it.

"I really believe that what I'm doing is useful for the Cubans in Cuba, for the Cuban-American community in Miami, that it is useful in the U.S., which has wrong relations with Cuba," said Mr. Aruca, a cheerful, box-shaped man with a face like a friendly bulldog. "And given the mediocrity and lack of freedom of expression and diversity that is in Miami, I have found that doing something I've always enjoyed, which is talking, I can be useful."

Mr. Aruca, born 60 miles west of Havana, was a student at a Jesuit school when Mr. Castro took power in 1959, and he became part of the counterrevolution soon after. He said he organized student strikes against the government's crackdown on free speech and was promptly arrested and sentenced to 30 years in jail. He escaped a few weeks later.

Mr. Aruca rethought his politics after he made his way to Georgetown University, where he earned degrees in economics. "I was in Washington during the Vietnam War and the civil rights movement, and came to realize that anti-Communism was not enough reason to go to war," he said. He now identifies himself as a "Christian socialist, not a Marxist," though he said he considered Mr. Castro a "political genius."

Mr. Aruca started Marazul Tours in 1979, soon after the American government began allowing family visits to Cuba. When he opened an office in Miami in 1986, he said, his windows were routinely smashed. His office was later firebombed, and a Human Rights Watch report on right-wing intimidation in South Florida singled out Mr. Aruca as a leading victim.

Joe Garcia, the former executive director of the Cuban American National Foundation, the leading voice of the Cuban exile community, said Mr. Aruca was first and foremost "a man who does business with a loathsome regime." As for his on-air opinions, Mr. Garcia said, "He calls things as he says he sees it and as he benefits from seeing it."

Mr. Aruca's company and a few other tour operators are his show's only sponsors other than the Cuban travel agency. He said most businesses dared not advertise with him for fear of boycotts.

One segment on Monday was a report that Mr. Aruca recorded after birthday parade in Havana, which the ailing honoree did not attend. "Somebody sitting next to me said that the Cuban infantry is not supposed to be able to march," Mr. Aruca says on the tape. "Looks to me like they're marching pretty well."

After playing (and praising) an excerpt from a speech at the parade by Mr. Castro's brother, Raúl, inviting the United States to begin diplomatic discussions, Mr. Aruca opened the phones.

"Did Fidel give you sneakers, the sneakers he used there?" a man asked.

"If you're going to joke around, go to other shows," Mr. Aruca said, hanging up on the caller. "Besides, Fidel doesn't know my shoe size."

Terry Aguayo contributed reporting.

Partisan Fights Likely Over Health Care In '07, But There's Hope For '08 (RC)

By Morton M. Kondracke

Roll Call, December 7, 2006

Partisan wrangling over health care could be as raucous in the new Congress as the sparring over Iraq, but in the longer run, there's reason to hope for consensus.

The Bush administration and the new Democratic Congress almost certainly will be at odds over the Medicare prescription drug program, stem-cell research and funding for the State Children's Health Insurance Program.

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The administration will get nowhere — once again — if it proposes medical malpractice award ceilings to a Congress in which the trial lawyer lobby has gained influence. And Democrats detest health savings accounts, the GOP device to make individuals responsible for controlling health care costs.

But it's possible — not likely, but possible — that an agreement could be reached to expand children's health coverage.

It's also possible that Congress could help accelerate impressive Bush administration initiatives on "value-driven" health care — based on computerizing all medical records and providing accurate data on treatment outcomes — and "pay-for-performance" medicine.

And because of leadership by presidential candidate and Massachusetts Gov. Mitt Romney (R), the plight of 47 million uninsured Americans finally may get the attention they deserve in 2008.

In April, Romney signed into law a bipartisan program that mandates that all Massachusetts residents have health insurance while providing subsidies for the low-income uninsured. The Democratic state Legislature also imposed a fee for employers who do not provide insurance for their workers.

The top item on the Democrats' 2007 health agenda — repeal of the noninterference clause that prevents the federal government from negotiating drug prices for Medicare recipients — will set off a furious partisan battle.

Democrats are ignoring polling evidence that seniors overwhelmingly approve of the Medicare Part D drug program and the fact that private health insurance plans have negotiated savings that make the program far less costly than expected.

Democratic leaders such as incoming Speaker Nancy Pelosi (Calif.), Senate Majority Whip Dick Durbin (Ill.) and the prospective chairmen of health-related committees and subcommittees all favor expanded government authority.

On the administration side, Health and Human Services Secretary Michael Leavitt told The New York Times that "government negotiation of drug prices does not work unless you have a program completely run by the government. Democrats say they want the government to negotiate prices. What they really want is government-run health care."

Democrats often cite the Veterans Administration as a model for providing drastic drug savings. But Republicans counter that the VA provides what amounts to socialized medicine, requiring veterans to see only VA-employed doctors at VA facilities and using VA pharmacies to acquire VA-approved drugs, limiting choices in a way that Medicare beneficiaries would never accept.

Democrats might merely repeal the noninterference clause. But Leavitt has said he will not authorize negotiations. If the House was to pass a bill compelling negotiations, it likely would be filibustered in the Senate. And if it passed, it almost certainly would be vetoed.

One variation is a plan proposed by Durbin and Rep. Rahm Emanuel (D-Ill.) to create a government-run drug plan to compete with private insurance plans. Insurance lobbyists note that Durbin's bill set a premium ceiling at $35 a month — but that the actual average cost of private plans is just $27 a month.

As part of Democratic pressure on pharmaceutical companies, Rep. Henry Waxman (D-Calif.), the incoming chairman of the Government Reform Committee, can be expected to hold hearings on drug pricing, profits and marketing techniques. A move also will be mounted to create a generic market for biologic drugs to parallel the one that now exists for chemical pharmaceuticals.

Another priority for next year is reauthorization of SCHIP meant to benefit 12 million low-income children whose parents lack health insurance and are not enrolled in Medicaid. At current funding levels, however, only 6 million have SCHIP coverage and 600,000 children may lose coverage this year because Congress has not increased the budget. Covering all 6 million would cost from $30 billion to $40 billion over five years.

The Bush administration is not expected to recommend increases, but Democrats may. "I don't see it in their 'first 100 hours' agenda, though," said Bruce Lesley, president of First Focus, a children's advocacy group. "And," he added, "they have promised 'pay as you go' budgeting and have a lot of demands for money. So, we have a lot of work to do."

Some help is being offered by the health insurance lobby America's Health Insurance Plans, which is calling for full SCHIP funding and a tax credit designed to cover all 8.3 million uninsured children — a down payment on covering the nation's 47 million uninsured.

The Bush administration has been using Medicare and executive authority to advance the cause of pay-for-performance medicine, but Congress could advance it by pushing for a single standard — or interoperability — of health information technology systems.

A recent Gallup Poll showed that 71 percent of Americans think that U.S. health care either has "major problems" or is in "a state of crisis." And 69 percent think it's up to the federal government to fix it. That's a mandate.

U.S., N. Korea Talks Regard Obligations (AP)

By George Gedda

DOJ_NMG_0103618

AP, December 7, 2006

In discussions with North Korean officials, U.S. diplomats offered specific details on the kind of economic and energy assistance Pyongyang would receive in exchange for dismantling its nuclear weapons facilities, a State Department official said Wednesday.

Ambassador Christopher Hill discussed what the United States and other parties to the six-nation negotiation would do in response to a credible North Korean disarmament commitment, the official said.

The basic outlines of the next steps were spelled out in a statement of principles signed by the six nations in September 2005. There has been little headway since then but Hill's talks in Beijing raised hopes about the possibility of forward movement.

The official asked not to be identified because he was not authorized to speak on the record.

The purpose of Hill's discussions in Beijing was to prepare for the next meeting of the six nations — the United States, North and South Korea, China, Japan and Russia.

The New York Times reported in its Wednesday editions that Hill told the North Koreans that progress would hinge on their agreeing to dismantle some equipment they are using to expand its nuclear arsenal, even before returning to negotiations.

Hill said last week the talks could be held in mid-December but the department official who spoke Wednesday, while not ruling out that time frame, raised the possibility of an early January meeting.

In Beijing, Hill met with North Korean Vice Foreign Minister Kim Kye Gwan, who returned to Pyongyang to present the proposals to his government.

On Tuesday, State Department spokesman Sean McCormack said the Beijing discussions took place in a positive atmosphere.

"In these meetings, the North Koreans have been very engaged," he said.

The administration wants the next round of talks to be as well prepared as they can possibly be to increase chances of success," McCormack added.

In addition to economic and energy benefits, the statement of principles signed in September 2005 also contains security guarantees for North Korea.

China, Japan, South Korea, Russia and the United States all expressed a willingness in the statement to provide energy assistance.

The six also agreed to promote economic cooperation in the fields of energy, trade and investment.

Japan's Former PM Weighing Nuke Talks In NKorea (AFP)

AFP, December 7, 2006

Japan's former prime minister Junichiro Koizumi is weighing a third visit to North Korea to persuade the communist regime to give up its nuclear ambitions, public NHK broadcaster reported.

"It's plausible to think about my visiting Pyongyang for the third time," Koizumi was quoted as telling fellow lawmakers late Wednesday.

"I want to realize the denuclearization of the Korean Peninsula, which is an absolute must, although I don't interfere with Prime Minister (Shinzo) Abe's policy management."

Koizumi, whom Abe succeeded as prime minister in September, visited North Korea in 2002 and again in 2004 for talks with its leader Kim Jong-Il.

Abe, who accompanied Koizumi on his first visit, rose to prominence as a hardliner on North Korea.

Abe's government slapped a sweeping ban on North Korean imports after Pyongyang tested a nuclear bomb on October 9.

Koizumi had resisted imposing sanctions on North Korea, warning against further isolating the impoverished regime.

In his remarks on a potential visit to Pyongyang, Koizumi said he stood by his two-front strategy of dialogue and pressure.

"We can't abandon dialogue," Koizumi said according to NHK, whose source was lawmaker Taku Yamasaki, a longtime confidante of the former premier.

The first Koizumi-Kim summit in 2002 produced the Pyongyang Declaration in which they agreed to "comply with all related international agreements aimed at an overall resolution of the nuclear issues on the Korean Peninsula."

"It's necessary to ensure that the Declaration is valid, and it's plausible to think about my visiting North Korea for the third time," Koizumi said, as quoted by NHK.

"I want to revitalize the declaration, and I don't mind visiting Pyongyang for this end," he added.

But Koizumi, Japan's longest-serving premier in three decades, failed at his avowed goal to normalize relations with North Korea before leaving office, in part due to an emotionally charged row over kidnappings.

At the 2002 summit, Kim admitted that North Korea had abducted Japanese civilians in the past to train the regime's spies. He later allowed five kidnap victims and their families to return home.

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Abe has led calls for tough action unless North Korea comes clean on other victims allegedly being kept under wraps.

North Korea has repeatedly demanded Japan's exclusion from six-nation talks which are slated to resume on ending Pyongyang's nuclear program.

"It is quite obvious that Japan will do nothing but bad at the talks even if it is allowed to attend them," the North's official Korean Central News Agency said Wednesday.

U.S.-Indian Nuclear Bill Bogged Down (AP)

By Foster Klug

AP, December 7, 2006

A bill to allow U.S. shipment of civilian nuclear fuel to India has bogged down as lawmakers try to reconcile differences in the waning days of the congressional session.

The second-ranking House Republican stalled a preliminary settlement on the text after an agreement was reached Wednesday morning, according to congressional aides.

The aides, who declined to be identified because of the sensitivity of negotiations over the bill, said Rep. John Boehner, R-Ohio, appeared to be interested in attaching unrelated legislation, though they did not know what that might be.

The majority leader's office denied that he was holding up the bill and said talks were under way.

Negotiations were expected to resume Thursday.

The Indian plan is a foreign policy priority for President Bush, whose Republican majority in Congress ends in January when Democrats take control.

Both the House and Senate have endorsed the proposal, which would overturn three decades of U.S. anti-proliferation policy.

The Senate version would require that Bush determine that India is "fully and actively" cooperating with U.S.-led efforts to confront Iran's nuclear ambitions before he could allow nuclear cooperation with India. The House on Tuesday approved a nonbinding motion to instruct its negotiators to retain the Senate's language on Iran.

The Bush administration and the Indian government have urged lawmakers to remove the condition.

Critics of the agreement say U.S.-Indian cooperation could boost India's nuclear arsenal and spark a nuclear arms race with rival Pakistan. Proponents say the plan strengthens a key relationship with a friendly Asian power that has long maintained what the United States considers a responsible nuclear program.

U.N. Seeks $450M In Aid For Palestinians (AP)

By Ravi Nessman

AP, December 7, 2006

U.N. aid groups are asking for a record $450 million to staunch a deepening Palestinian humanitarian crisis, saying Wednesday that international sanctions and Israeli limits on Gaza exports have devastated the Palestinian economy.

Despite that gloomy assessment, a top minister in the Hamas-led government offered a rare upbeat economic picture, saying increased aid from Arab countries had allowed the government to stay afloat. But independent economists and analysts said the government was still deep in crisis.

The U.N.'s huge aid appeal came as poverty was worsening throughout Gaza and the West Bank. The U.N. will officially launch its appeal Thursday, but The Associated Press obtained an advance copy of the report.

According to the U.N., 65 percent of Palestinians were living in poverty and 29 percent were unemployed. The Palestinian health care system was running out of medicine and on the verge of collapse, and nearly 50 percent of Palestinians did not have reliable access to food.

"Under the current circumstances, poverty levels keep continuing to rise," said David Shearer, Gaza and West Bank head of the U.N.'s Office for the Coordination of Humanitarian Affairs.

About three-quarters of the $453 million being requested is earmarked for job creation, cash assistance and food aid, Shearer said. The U.N. is also asking for money to support the faltering health and education systems.

Much of the economic damage stems from the international boycott that Israel and Western nations imposed on the Palestinian Authority after the militant Islamic Hamas group won parliamentary elections and took office in March.

The boycott has left the Palestinian government unable to pay full salaries to its 165,000 workers, who make up the backbone of the Palestinian economy.

Israeli limits on exports from the impoverished Gaza Strip and increased restrictions on movement across the West Bank have also damaged the economy, Shearer said.

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"Coming on top of the problems with access of movement, (the economic boycott) has had a massive impact on poverty levels within the West Bank and Gaza," he said, explaining that the 165,000 workers support around 1 million people.

Many had expected the international sanctions to force the government to moderate its views toward Israel. But nine months after taking power, Hamas refuses to accept international demands that it recognize Israel and renounce violence, and negotiations over the formation of a national unity government that could sidestep the sanctions have stalled.

"While humanitarian aid can slow the deterioration, what is really needed is a political settlement to the issue," Shearer said.

Acting Palestinian Finance Minister Samir Abu Aisha said Wednesday that his government had managed to remain afloat because Arab and European countries increased their donations to the Palestinians — though not necessarily to the Hamas government — to make up for the aid cut.

European countries have stepped up humanitarian aid, channeled through an international fund that bypasses Hamas. Arab countries, meanwhile, have sent hundreds of millions of dollars in aid, in most cases through the office of moderate President Mahmoud Abbas of the Fatah Party.

Abu Aisha said Arab governments had increased their direct payments to the government from $20 million a month before Hamas came to power to $45 million. He said that $60.5 million in cash had been carried into Gaza by Hamas officials returning from Egypt, and the government would continue using this tactic to circumvent the boycott.

Hamas was also optimistic after Prime Minister Ismail Haniyeh received new pledges of aid during his current trip abroad, including a promise from Qatar for $30 million a month to cover the salaries of teachers and some health workers.

Secretary of State Condoleezza Rice questioned Qatar's Foreign Minister Sheik Hamad bin Jassim bin Jabir al-Thani about the aid package on Wednesday, but the Qatari diplomat said "the salaries will go in the proper channel" and skirt Hamas.

There was no immediate account of the meeting by the State Department. On Tuesday, spokesman Sean McCormack said if the money was used to pay the salaries of Hamas members or was funneled through Hamas, "that would cross a line of the existing international understanding."

Abu Aisha said the government has managed to give civil servants 59 percent of their back pay. He blamed the financial hardship still afflicting Palestinians not on the international boycott, but on Israel's seizure of hundreds of millions of dollars in tax revenues.

That sum now equals $550 million, he said at a news conference in the West Bank city of Ramallah, "and could immediately solve the financial crisis if we receive it."

Miri Eisin, an Israeli spokeswoman, said Israel would be willing to rethink its seizure of the tax funds once the Palestinian government accepts the international demands and releases Cpl. Gilad Shalit, an Israeli soldier captured by Hamas-linked militants in June.

The increased aid has blunted the pressure on Hamas and given the Islamic group some breathing room, said Naser Abdel Karim, an economics professor at Bir Zeit University outside Ramallah.

"(But) we shouldn't fool ourselves, as Palestinians, that the situation will get better, and then not go ahead with our plan to form a government that will lift the boycott and the siege," he said.

"Otherwise, we will continue to live like a sick person in an intensive care unit."

Report Says 2 Israelis Held By Hezbollah Were Wounded (NYT)

By Dina Kraft

The New York Times, December 7, 2006

TEL AVIV, Dec. 6 — The two Israeli Army reservists whose capture in a cross-border raid set off Israel's war with Hezbollah last summer were seriously wounded in the attack, an Israeli military report that emerged on Wednesday was quoted as saying.

According to accounts in the Israeli news media about the previously secret Israeli Army report, portions of which were leaked to the Israeli media, one of the soldiers was critically wounded in the attack, on July 12, and the other was seriously wounded.

Hezbollah has refused to offer proof that the pair, Ehud Goldwasser, 31, and Eldad Regev, 26, are alive. Instead they have demanded that Israel hand over several Arab prisoners in exchange for them.

The information about the two reservists, along with recent comments by Prime Minister Ehud Olmert that he wanted proof that the two soldiers were alive before making any decision on an exchange, raised speculation here that the two could be dead. The newly revealed information was the first official word since the capture on what may have happened to the two reservists.

It was not clear who had leaked the details of the report or why. But after the news reports on Wednesday, the military censor agreed to lift a ban on revealing the existence of the report, a medical and forensics study produced by the army.

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The Israeli Army spokesman's office issued a statement confirming that such a report existed and that the army was continuing to work on the assumption that the two were alive. It also said the report "includes the results of different tests and experiments intended to produce an accurate assessment of the abducted soldiers' current status."

Mr. Olmert, whose credibility was badly damaged by the war, has been under intense pressure, especially from the families of the captives, to make a deal for their release. Speculation that they might not have survived long in Hezbollah captivity may decrease that pressure and alter the way Israel negotiates with Hezbollah.

The accounts said the loss of blood and evidence on the scene suggested that the two soldiers would, at the very least, have required urgent medical attention.

But details about what happened to the two men remained unclear. It was not known which of the two suffered critical injuries or what kind of injuries they were believed to have suffered.

Benny Regev, 35, a brother of Eldad Regev, said he had seen the report but said the extent of the possible injuries had been worded "more softly" than the descriptions reported in the Israeli press. He said the report, which the families of the captives first saw in mid-August, strengthened their belief that their loved ones were alive because they were apparently taken wounded — but not dead — from the scene of the attack, the Western border road between Israel and Lebanon.

"We think that Israel needs to make every effort to release them and bring them back to Israel," Mr. Regev said in a telephone interview. "This cannot be allowed to pass quietly."

He said he considered it a war crime for Hezbollah to refuse to let the Red Cross visit the captured soldiers or to provide any solid information about their well-being.

Israeli Official Discusses Iran And His Controversial Agenda (NYT)

By Greg Myre

The New York Times, December 7, 2006

JERUSALEM, Dec. 6 — The newest member of Israel's center-left government seems out of place. Avigdor Lieberman is a West Bank settler who has advocated killing the leaders of the Palestinian group Hamas and reducing the number of Arabs who are Israeli citizens.

Yet his portfolio is among the country's most sensitive — developing Israel's strategy on Iran.

Mr. Lieberman, who became Israel's minister for strategic affairs a month ago, is making his first visit to the United States in that capacity on Thursday and will meet with American officials, including Secretary of State Condoleezza Rice.

In an interview on the eve of his trip, he said, "Our first task is to convince Western countries to adopt a tough approach to the Iranian problem," which he called "the biggest threat facing the Jewish people since the Second World War."

He added, "We must also be prepared to deal alone with this problem."

For now, Israel's policy is to remain relatively low-key and to work with the United States and Europe in search of a way to halt or contain Iran's nuclear program. Mr. Lieberman says he supports this position, while making clear he has no faith in the diplomatic efforts.

"The dialogue with Iran will be a 100-percent failure, just like it was with North Korea," said Mr. Lieberman, who came here from the Soviet Union in 1978, was first elected to Parliament in 1999 and served in the cabinet of the former prime minister, Ariel Sharon.

At the beginning of this year, Mr. Lieberman's Israel Beiteinu Party had only three parliamentary seats, and its appeal seemed limited to immigrants from the former Soviet Union. But the party won 11 seats in March, boosting Mr. Lieberman's stature considerably.

When Prime Minister Ehud Olmert wanted to broaden his coalition government, he invited Mr. Lieberman to join, making him a deputy prime minister and creating the new Ministry of Strategic Affairs. The move rankled the more liberal members of the coalition and drew sharp criticism from Arab lawmakers in Israel's Parliament.

"I've always been controversial because I offer new ideas," the bearded Mr. Lieberman, 48, said in his parliamentary office on Wednesday. "For me to be controversial, I think this is positive."

Mr. Lieberman's most provocative plan calls for dividing Jews and Arabs into two homogeneous states, a proposal his Arab critics often describe as racist.

Mr. Lieberman calls for a land and population exchange that would seek to reduce significantly the number of Arabs who are Israeli citizens. They currently account for more than a million of Israel's 7 million people.

Under the plan, several Arab towns in northern Israel would become part of the Palestinian areas in the West Bank. The major Jewish settlement blocs in the West Bank would become part of Israel.

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In addition, Mr. Lieberman wants to revamp Israel's citizenship laws. All Israelis, Jews and Arabs would have to pledge loyalty to the state and recognize Israel as a Jewish state. Those who refuse could be permanent residents, but would no longer be citizens, he said.

"The best solution is separation between the nations and the creation of homogeneous states," he said.

The plan has no support within the current government, aside from Mr. Lieberman. When Mr. Lieberman mentioned it recently, Mr. Olmert immediately distanced himself, saying Israeli Arabs were an integral part of Israeli society.

"I think he expresses racist thinking," Mohammad Barakeh, an Arab member of Israel's Parliament, said of Mr. Lieberman. "He's dangerous for us, and dangerous for democracy in Israel. We were here before he arrived in this land, and we will be here after he has disappeared politically."

As a group, Israeli Arabs staunchly oppose moves to take away their Israeli citizenship, though most strongly support Palestinian aspirations of statehood. The Palestinians, meanwhile, say Jewish settlements in the West Bank are illegal and should be dismantled.

None of this keeps Mr. Lieberman from advocating his plan.

"I think the biggest problem of the 21st century is how to deal with minorities," Mr. Lieberman said. "Every country where you have two languages, two religions and two races, you have conflict."

He argues that his plan has been misunderstood, and while its tenets have not changed since its introduction two years ago, he now tends to use language that sounds less harsh.

"We won't be moving people, we will be moving the borders," Mr. Lieberman said. "It's not a transfer."

He is much better known for urging tough measures against Palestinian militants. Last month, before a cease-fire took effect in the Gaza Strip, he called for Israel to focus on the top members of Hamas, the radical Islamic group that leads the Palestinian government.

"We need to concentrate on those who have something to lose, the entire upper echelon of Hamas and Islamic Jihad," he said. "The leadership of Hamas needs to go to heaven."

Former Aide Parts With Carter Over Book (NYT)

By Brenda Goodman And Julie Bosman

The New York Times, December 7, 2006

ATLANTA, Ga., Dec. 6 — An adviser to former President Jimmy Carter and onetime executive director of the Carter Center has publicly parted ways with his former boss, citing concerns with the accuracy and integrity of Mr. Carter's latest book, "Palestine Peace Not Apartheid."

The adviser, Kenneth W. Stein, a professor of Middle Eastern history and political science at Emory University, resigned his position as a fellow with the Carter Center on Tuesday, ending a 23-year association with the institution.

In a two-page letter explaining his action, Mr. Stein called the book "replete with factual errors, copied materials not cited, superficialities, glaring omissions and simply invented segments." Mr. Stein said he had used similar language in a private letter he sent to Mr. Carter, but received no reply.

"In the letter to him, I told him, 'It's your prerogative to write anything you want when you want,' " Mr. Stein said in a telephone interview Wednesday. "That's not why I'm resigning."

Mr. Stein said that he admired the former president's accomplishments but that felt he had to distance himself from the Carter Center and the book, which was published by Simon & Schuster.

"It's an issue of how history should be written," Mr. Stein said. "I had to distance myself from something that was coming close to me professionally."

Deanna Congelio, spokeswoman for Mr. Carter, released a statement with his response: "Although Professor Kenneth Stein has not been actively involved with the Carter Center for more than 12 years, I regret his resignation from the titular position as a fellow." It did not address Mr. Stein's criticism of the book.

That criticism is the latest in a growing chorus of academics who have taken issue with the book, including Alan M. Dershowitz, professor of law at Harvard, who called the book "ahistorical," and David Makovsky, director of the Project on the Middle East Process at the Washington Institute for Near East Policy.

"I was just very saddened by it," Mr. Makovsky said. "I just found so many errors."

Mr. Carter's use of "apartheid" in the title has attracted much of the controversy. The Simon Wiesenthal Center in Los Angeles released a statement on Monday saying the former president harbors bias against Israel. "There is no Israeli apartheid policy, and President Carter knows it," the statement read.

But Mr. Stein's criticism of the book has been perhaps the sharpest cut.

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Mr. Stein was executive director of the Carter Center from 1983 to 1986 and had continued to serve as a Middle East fellow until Tuesday. In 1985, he wrote a book with Mr. Carter, “The Blood of Abraham: Insights in the Middle East,” which was published by Houghton-Mifflin.

Mr. Stein said the former president had come to speak to his class as recently as last month. Mr. Stein declined to detail all the inaccuracies he found, saying he was still documenting them for a planned review of the book; but he did offer a few examples.

Mr. Carter, he said, remembers White House staff members in 1990 being preoccupied by the Iraqi invasion of Kuwait when the former president tried to describe to them talks he had had with Middle Eastern leaders. But the White House briefings occurred in the spring, Mr. Stein said, and the invasion of Kuwait was not until August.

“You can’t write history simply off the top of your head and expect it to be credible,” he said.

Mr. Stein also said he had been struck by parts of Mr. Carter’s book that seemed strikingly similar to a work by a different author, but he would not disclose the details.

“There are elements in the book that were lifted from another source,” Mr. Stein said. “That other source is now acting on his or her own advice about what to do because of this.”

David Rosenthal, the publisher of Simon & Schuster, dismissed Mr. Stein’s claims. “We’re confident in his work,” Mr. Rosenthal said of Mr. Carter. “Do we check every line in every book? No, but that’s not the issue here. I have no reason to doubt President Carter’s research.”

Still other observers familiar with the sometimes contentious relationship between Mr. Carter and Mr. Stein said Mr. Stein might have been motivated by more than preserving academic integrity.

“He feels snubbed he wasn’t given any kind of acknowledgment for the work he’s done with Carter,” said Douglas Brinkley, professor of history at Tulane University in New Orleans. “It’s a bit of bruised ego and philosophical difference being displayed in public here.”

Carter Book On Israel 'Apartheid' Sparks Bitter Debate (WP)

By Karen Deyoung

The Washington Post, December 7, 2006

A veteran Middle East scholar affiliated with the Carter Center in Atlanta resigned his position there Monday in an escalating controversy over former president Jimmy Carter's bestselling book on the Israeli-Palestinian conflict.

The book, "Palestine: Peace Not Apartheid," traces the ups and downs of the Israeli-Palestinian peace process beginning with Carter's 1977-1980 presidency and the historic peace accord he negotiated between Israel and Egypt and continuing to the present. Although it apportions blame to Israel, the Palestinians and outside parties -- including the United States -- for the failure of decades of peace efforts, it is sharply critical of Israeli policy and concludes that "Israel's continued control and colonization of Palestinian land have been the primary obstacles to a comprehensive peace agreement in the Holy Land."

Kenneth W. Stein, a professor at Emory University, accused Carter of factual errors, omissions and plagiarism in the book. "Being a former President does not give one a unique privilege to invent information," Stein wrote in a harshly worded e-mail to friends and colleagues explaining his resignation as the center's Middle East fellow.

Stein offered no specifics in his e-mail to back up the charges, writing only that "in due course, I shall detail these points and reflect on their origins."

A statement issued by the center yesterday in Carter's name said he regretted Stein's resignation "from the titular position as a Fellow" and noted that he had not been "actively involved" there for the past 12 years. Carter thanked Stein for his advice and assistance "during the early years of our Center" and wished him well.

While acknowledging that the word "apartheid" refers to the system of legal racial separation once used in South Africa, Carter says in his book that it is an appropriate term for Israeli policies devoted to "the acquisition of land" in Palestinian territories through Jewish settlements and Israel's incorporation of Palestinian land on its side of a separating wall it is erecting.

He criticizes suicide bombers and those who "consider the killing of Israelis as victories" but also notes that "some Israelis believe they have the right to confiscate and colonize Palestinian land and try to justify the sustained subjugation and persecution of increasingly hopeless and aggravated Palestinians."

Accusing the Bush administration of abandoning the effort to promote a lasting peace, he calls for renewed negotiations on the basis of security guarantees for Israel and Israel's recognition of U.N.-established borders.

Formally published three weeks ago, the book quickly became a bestseller. Carter has been prominently interviewed in the media and has been mobbed at book appearances around the country.

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Speaking Sunday on NBC's "Meet the Press," he said he was glad the book had raised controversy. "If it provokes debate and assessment and disputes and arguments and maybe some action in the Middle East to get the peace process, which is now completely absent or dormant, rejuvenated, and brings peace ultimately to Israel, that's what I want," he said.

Criticism of the book, primarily from Jewish groups and leaders, began even before it was published, and it became an issue in the midterm elections last month. The New York-based Jewish Daily Forward noted in October that Democrats were trying to distance themselves from its reported contents as Republicans were seeking to widely disseminate Carter's views in an effort to win Jewish votes.

Speaking to the Forward about Carter, Republican Jewish Coalition executive director Matthew Brooks said the coalition had "not shied away from shining a light on some of his misguided and outrageous comments about Israel in the past. . . . So far, there's been nothing but silence on the part of the Democratic establishment in terms of holding Carter accountable."

Rep. Steve Israel, a Democrat from New York, told the Forward that the "book clearly does not reflect the direction of the party."

Since then, the controversy has only grown. In a widely published commentary last weekend, Harvard law professor Alan Dershowitz wrote that Carter's "use of the loaded word 'apartheid,' suggesting an analogy to the hated policies of South Africa, is especially outrageous."

In a statement issued Monday, the Simon Wiesenthal Center in Los Angeles contended that Carter "abandons all objectivity and unabashedly acts as a virtual spokesman for the Palestinian cause."

In a telephone interview yesterday, Stein said that Carter had "taken [material] directly" from a published work written by a third party but that legal action was being contemplated and he was not yet at liberty to make the details public. He said accounts in the book about meetings he had attended with Carter between 1980 and 1990 had left out key facts in order to "make the Israelis look like they're the only ones responsible" for the failure of peace efforts.

Paulson Tempers Expectations For China Visit (WSJ)

By Deborah Solomon

The Wall Street Journal, December 7, 2006

As Treasury Secretary Henry Paulson prepares to lead a delegation to China, he is seeking to temper the expectations of lawmakers and business interests eager for action by Beijing.

Mr. Paulson is cautioning that he won't have any big announcement after the high-level visit next week, saying he views the meeting with Chinese leaders as the beginning of a "long term" discussion, and that simply sitting down to discuss economic issues with top Chinese officials should be seen as progress.

"This is the first session of a strategic dialogue where we're dealing with long-term issues," Mr. Paulson said in an interview in London last week. "Meaningful progress to me is being able to have a really substantive interchange where each side is not reading from a prearranged script and where there's listening and learning going on."

But Mr. Paulson is likely to come under increasing pressure from members of Congress and U.S. manufacturers, who want less talk and more action. They expect the secretary to press Beijing to move quickly with a number of economic overhauls, including adopting a more flexible currency.

While Mr. Paulson is just beginning to engage the Chinese in his role as Treasury secretary, the U.S. and China have long participated in bilateral relations, including two-way or multilateral commissions, dialogues, partnerships and forums addressing everything from trade policy to energy to health care.

"We've been having these conversations for quite some time and we'd better get going here," said John Engler, president of the National Association of Manufacturers.

The risk for Mr. Paulson is that if he doesn't deliver tangible results, protectionist urges in Congress could hamper his ability to negotiate with Beijing and complicate the efforts of U.S. business to compete globally.

In particular, manufacturing executives worry that unless China loosens its grip on the yuan and complies with international trade agreements, U.S. lawmakers will try to impose punitive measures that could limit access and trade. In the past few months, the Chinese have been allowing the yuan to rise against the dollar and the currency is now 5.7% stronger than it was in July 2005, when authorities initially allowed it to move. But that pace isn't fast enough to satisfy some critics.

Meanwhile, China's trade surplus in November reached $23.37 billion, just short of October's record, but high enough to continue inflaming concerns that China is keeping its currency artificially weak to gain an unfair advantage in global markets. China released the trade-surplus figure earlier than usual, ahead of Mr. Paulson's visit.

"The clock is ticking," said Sen. Charles Schumer (D., N.Y.), who has threatened to push Congress for a 27.5% tariff on Chinese goods if Beijing doesn't revalue its currency. "Paulson has a tremendous amount of goodwill, but no amount of talking is going to substitute for the Chinese doing something."

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The pressure poses a challenge for the secretary, who is seeking to establish an economic dialogue between two countries, which historically have viewed one another with suspicion. While Mr. Paulson has said publicly that he wants China to move ahead "quickly" with its overhauls, many of the biggest tension points between the two countries will take more than a few conversations to resolve, such as opening China's markets to competition and moving it away from exports to promote more domestic consumption.

Expectations of Mr. Paulson's trip have been raised even higher by the makeup of the delegation accompanying him. When he heads to Beijing next week, he will be joined by Federal Reserve Chairman Ben Bernanke, a host of cabinet members, including U.S. Trade Representative Susan Schwab, Commerce Secretary Carlos Guitterez, dozens of aides, staffers and a phalanx of security. The U.S. delegation will meet with Chinese President Hu Jintao and Premier Wen Jiabao, in addition to Vice Premier Wu Yi, who was chosen by Mr. Hu to lead China's side of the talks.

Daniel Tarullo, a former adviser to President Clinton on international economic policy, said that while the U.S. has long been in discussions with Beijing about economic issues, the senior-level participation of the Paulson talks and their timing definitely raise the bar. "Secretary Paulson has framed expectations that this dialogue will produce positive results. He's been careful not to promise there will be a change in the exchange rate, but he cannot help but have expectations out there now," said Mr. Tarullo, a law professor at Georgetown University.

But even reaching accord on what will be discussed in next week's meetings took delicate negotiation. Treasury officials have been working with their Chinese counterparts to reach consensus on the topics and format of the talks, which will focus on such issues as China's economic overhauls, energy policies, health and access to China's markets.

And while Mr. Paulson has had extensive dealings with China as head of Goldman Sachs and in his environmental work there, policy experts say what happens in China is largely out of his control, particularly with regard to the country's currency.

"At the margin, he can contribute to the debate and the discussion in China, but it's primarily a domestic argument," said Nicholas Lardy of the Institute for International Economics, a Washington think tank. "The Chinese are deadlocked. They can't agree on a strategy so they're doing nothing."

That could further complicate Mr. Paulson's efforts, given that many in Congress say something needs to happen soon. Many new members elected in last month's midterm elections that brought Democratic control of the next Congress campaigned against free trade. And they seized on China in particular, floating such ideas as restricting imports or imposing restrictions or punishments for intellectual-property violations.

Write to Deborah Solomon at deborah.solomon@wsj.com1

British Elevate Spy Death Case To Murder Investigation (LAT)

By David Holley And Kim Murphy

The Los Angeles Times, December 7, 2006

LONDON — British authorities Wednesday formally classified the recent poisoning death of a dissident former Russian spy as a murder case, changing it from the category of a suspicious death.

Alexander Litvinenko is believed to have been poisoned with radioactive polonium-210, probably on Nov. 1, a day when he met with several people in London.

British and Russian investigators questioned one of those people, Russian businessman Dmitry Kovtun, at a Moscow hospital Wednesday, where he was apparently undergoing checks for radiation. Questioning of a second businessman, Andrei Lugovoy, who attended the same meeting and is also now hospitalized, was put off at least to Thursday.

Both men have been viewed as key witnesses and potential suspects.

Police are pursuing "many lines of inquiry" in both Britain and Russia and have interviewed a number of witnesses, a statement from the Metropolitan Police said.

"Detectives investigating the death of Alexander Litvinenko have reached the stage where it is felt appropriate to treat it as an allegation of murder," said the statement.

"Detectives in this case are keeping an open mind, and methodically following the evidence," it added. "It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death."

Among Litvinenko's close friends in London was Akhmed Zakayev, foreign minister in Chechnya's self-declared separatist government, whom the Kremlin calls a terrorist. Zakayev said Wednesday that Litvinenko converted to Islam as he lay dying, and that a Muslim funeral service would be held for him Thursday in a London mosque.

Litvinenko's body will not be brought to the funeral, due to safety concerns because of the polonium-210, but instead will be taken directly to a cemetery for burial after the service, Zakayev said.

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Doctors have found that Mario Scaramella, an Italian security consultant who met Litvinenko at a London sushi restaurant on Nov. 1, also has significant quantities of polonium-210 in his body. Scaramella was released from a London hospital Wednesday in apparent general good health.

The British Foreign Office announced Wednesday that small traces of radiation have been found at the British embassy in Moscow.

Businessman Lugovoy visited the British embassy early in the investigation to offer cooperation and deny any involvement in Litvinenko's poisoning. That visit triggered the examination.

British officials said an expert team had conducted precautionary checks on the embassy, detecting small traces of radiation, but below levels at which there would be a risk to health.

While investigators were speaking with Kovtun, Lugovoy spoke with the Russian news agency Interfax and expressed willingness to be questioned.

"Currently they are talking to my business partner Dmitry Kovtun, who is undergoing a medical examination at the same hospital as myself," Lugovoy said. "I cannot exclude the possibility that, after talking to my partner, the investigators will decide to talk to me as well. I want to repeat again that I have never refused to meet with British investigators.

Lugovoy also expressed anger at becoming a target of speculation in media reports.

"As for the hullabaloo about me that has been stirred by Western media, in my view good theatrical directing is traceable here," he said. "I've stopped watching television and reading papers. I'm fed up with all this."

Lugovoy's lawyer, Andrei Romashov, told Interfax that British investigators had said they wished to question his client as a witness, not a suspect, in the case.

In Britain, health officials have also found traces of radiation at about 14 locations in London, including Emirates Stadium in North London, where Lugovoy and a large number of other Russians attended a soccer match between Moscow's CSKA team and London's Arsenal on Nov. 1.

Health Protection Agency spokeswoman Alex Baker said tests on a certain area of the stadium were conducted at the request of Scotland Yard and confirmed "barely detectable" levels of a radioactive substance. "We determined there was no risk to public health, and we made that clear," she said.

Holley reported from Moscow and Murphy from London. Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Ex-spy's Death To Be Treated As Murder (AP)

By Jill Lawless

AP, December 7, 2006

Scotland Yard said Wednesday it is treating the death of former Russian spy Alexander Litvinenko as murder.

The announcement came nearly two weeks after Litvinenko died in a London hospital; the rare radioactive substance polonium-210 was found in his body. Scotland Yard detectives are in Moscow as part of the widening investigation into his death.

"Detectives ... have reached the stage where it is felt appropriate to treat it as an allegation of murder," the Metropolitan Police said. "It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death."

Earlier Wednesday, Mario Scaramella, the Italian security expert who met with Litvinenko on Nov. 1, the day the former agent fell ill, was released from a London hospital after showing no signs of radiation poisoning.

Scaramella was in good health, University College Hospital spokesman Ian Lloyd said. He was hospitalized after testing positive for polonium-210.

A British official also said faint levels of the same element had been found at two locations at London's Emirates Stadium, where a key figure in the investigation, former Russian agent Andrei Lugovoi, attended a soccer match Nov. 1.

The radiation was "barely detectable" and posed no public health risk, said Katherine Lewis, spokeswoman for the Health Protection Agency.

Traces also were found at the British Embassy in Moscow, the Foreign Office said. Officials said the level was low and posed no risk to health.

The health agency has been tracking a number of sites found to be contaminated with polonium-210, including a sushi bar and a hotel Litvinenko visited Nov. 1. He died in a London hospital on Nov. 23.

The restaurant, Itsu Sushi, said Wednesday that it would reopen in the new year. It said all its staff had been given a clean bill of health.

Lugovoi, who is hospitalized in Moscow for tests for possible radiation contamination, attended a match at Emirates Stadium between CSKA Moscow and Arsenal on Nov. 1, the same day he met Litvinenko.

A former KGB officer, Lugovoi told Ekho Moskvy radio in Moscow that he had known Litvinenko for a decade, dating back to Lugovoi's tenure as head of security for ORT television, which was controlled at the time by tycoon Boris Berezovsky, who now lives in London.

He said Litvinenko had contacted him from London about a year ago with some business-related proposals, and that they had met intermittently in London since then.

One of Lugovoi's business associates, Vyacheslav Sokolenko, said British investigators were due to meet with Lugovoi on Wednesday. But ITAR-Tass quoted a lawyer for Lugovoi, Andrei Romashov, as saying the meeting with Scotland Yard detectives would take place Thursday or Friday.

"Representatives of law enforcement agencies have not notified us of a date or time," Romashov was quoted as saying.

ABC News reported that British detectives had identified Lugovoi as a prime suspect in Litvinenko's poisoning. The report cited an unidentified senior British official.

British police have publicly named Lugovoi only as a witness. A British government official, who requested anonymity because he is not authorized to speak to the press, said Lugovoi was "one of many people investigators are looking to question, but I wouldn't call him a suspect at this point."

"We're also looking at the possibility there were criminal gangs involved," he said. "I think the investigation will take a very long time but I doubt any one person will be named or implicated in the end."

Lugovoi told the ITAR-Tass news agency that he was undergoing tests for possible radiation contamination, and that the results would be ready in a few days. He said he was prepared to answer all the British investigators' questions.

"I intend to fully satisfy their interest and am waiting for an invitation from the law enforcement organs," he was quoted as saying.

"Once I give all the necessary testimony to the law enforcement organs, I intend to publicly put an end to (speculation) about my supposed involvement in this story that has caused such a stir," he said.

Lugovoi traveled to London three times in the month before Litvinenko's death and met with Litvinenko four times, according to Russian media.

Litvinenko's funeral is expected to take place this week.

His father, Walter, told Radio Liberty that his son had converted and wished to receive a Muslim burial. "He told me about his decision two days before he died. He said, 'Papa, I have to talk to you about something serious. I've become a Muslim.'"

An ally of Litvinenko said the ex-spy converted to Islam on his deathbed.

"He told me that he wanted to convert to Islam literally in his first days in the hospital," said Chechen rebel envoy Akhmed Zakayev.

"I did not pay a lot of attention to this," Zakayev told Radio Liberty, "but he returned to the theme again and again."

Zakayev said that on Nov. 22, Litvinenko was visited in hospital by an imam, who read a Quranic verse traditionally said over the dying.

Litvinenko's friend Alex Goldfarb confirmed an imam visited the hospital, "when he was heavily sedated and on the verge of death."

He said he did not know whether his friend had converted.

"He was basically a nonreligious person as long as I knew him," Goldfarb said.

Witness Questioned In Spy Death Case (AP)

By Judith Ingram

AP, December 7, 2006

Scotland Yard called the radiation poisoning of former Russian intelligence agent Alexander Litvinenko a murder Wednesday, as Russian and British investigators questioned a witness in the case in Moscow.

Two weeks after Litvinenko's death, the trail of trace amounts of the radioactive substance polonium-210 continued to expand Wednesday, as authorities said they discovered tiny amounts at a London soccer stadium and the British Embassy in Moscow.

Litvinenko's family, meanwhile, prepared for his funeral, as friends described his deathbed conversion to Islam.

The 43-year-old Litvinenko, a critic of Russian President Vladimir Putin, died Nov. 23 in London, where he lived in self-imposed exile.

After his death, a friend read a statement in which Litvinenko called Putin "the person responsible" for his death. The Kremlin denied the allegation.

The investigation began even before the radioactive poison killed Litvinenko, but until Wednesday police had not formally declared the case a homicide.

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"Detectives ... have reached the stage where it is felt appropriate to treat it as an allegation of murder," London's Metropolitan Police said in a statement. "It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death."

Interfax news agency reported that British and Russian investigators on Tuesday and Wednesday interrogated Dmitry Kovtun, one of at least two Russian businessmen who met Litvinenko in London's Millennium Hotel on Nov. 1, hours before he fell ill.

Kovtun and an associate, Andrei Lugovoi, have told the Russian media they went to London as part of a group of Moscow soccer fans, and met briefly with their exiled countryman to discuss business matters. Later, they attended a match between CSKA Moscow and Arsenal at the Emirates Stadium in north London.

Both men have told reporters in Moscow that someone is trying to frame them in Litvinenko's death.

Boris Berezovsky, a flamboyant Russian tycoon and political foe of Putin, routinely entertains friends and associates in a private box at the stadium. Litvinenko joined Berezovsky's emigre circle after fleeing Russia in 2000.

Lugovoi is thought to have asked Berezovsky for tickets, but the tycoon's box was full and Lugovoi's party of eight received tickets to seats elsewhere in the stadium.

Authorities on Wednesday added the stadium to a list of more than a dozen sites in London where traces of polonium-210 have been found.

Katherine Lewis, spokeswoman for Britain's Health Protection Agency, said substance was found in two sites in the stadium, but did not specify where. She said radiation levels were "barely detectable" and posed no public health risk.

British officials also said Wednesday that a room in the British Embassy in Moscow showed traces of a radioactive substance, although there was no threat to public health.

Kovtun and Lugovoi visited the embassy last month to discuss the Litvinenko case with embassy officials. Lugovoi recently told the ITAR-Tass news agency that he is undergoing tests for radiation contamination, and that the results would be available in a few days.

ITAR-Tass said Lugovoi expected to be interviewed by investigators Thursday. He said he is ready to answer all questions.

In London, traces of polonium-210 were also found at a private security firm, a sushi bar and in Berezovsky's offices.

Minute amounts of the radioactive substance were also discovered on British Airways planes that flew from Moscow to London on Oct. 31 and from London to Moscow on Nov. 3, the day Lugovoi says he returned to Russia.

Interfax reported Tuesday that Lugovoi had not yet been questioned, quoting his lawyer, Andrei Romashov. The Russian Prosecutor-General's Office confirmed in a brief statement that it had started questioning potential witnesses in the Litvinenko case.

ABC News quoted an unidentified British official as saying Lugovoi, a security expert whose business interests include a share of a beverage and wine plant in Russia, was the "prime suspect" in the investigation.

However, a British official told The Associated Press on Wednesday that "Lugovoi is one of many people investigators are looking to question, but I wouldn't call him a suspect at this point."

The official, who requested anonymity because he is not authorized to speak to the media, added: "We're also looking at the possibility there were criminal gangs involved."

A former KGB officer, Lugovoi told Ekho Moskvy radio that he had known Litvinenko for a decade. Their acquaintance dated to Lugovoi's tenure as chief of the security detail at ORT, the Russian television network that Berezovsky controlled before the tycoon fell out with Putin.

Berezovsky fled to London to avoid what he claims are politically motivated money-laundering charges. He was granted political asylum in 2003.

Lugovoi, meanwhile, served a brief jail term in 2002 for allegedly helping an executive of Aeroflot airlines — then partly controlled by Berezovsky — escape from pretrial detention.

Lugovoi has told the Russian media that Litvinenko contacted him about a year ago with business-related proposals. He said they had met intermittently in London since then.

Litvinenko was a counterintelligence officer with the Federal Security Service, or FSB, the main successor agency to the KGB, when he broke with the agency in 1998. At a press conference, he accused his bosses of ordering him to kill Berezovsky.

In 2004, Litvinenko wrote a book accusing the FSB of orchestrating the bombing of Russian apartment buildings in 1999, allegedly to stir up support for Russia's second war against Chechen separatists.

After journalist Anna Politkovskaya, a critic of Putin and Russia's war in Chechnya, was shot to death in Moscow in October, Litvinenko began an independent investigation.

Meanwhile, Lugovoi traveled to London three times in the month before Litvinenko's death, and met with him four times, according to the Russian media.

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Romashov, Lugovoi's lawyer, denied Wednesday that his client was a suspect.

In London, Alexander Goldfarb, a friend of Litvinenko's who helped him escape Russia, said he doubted Lugovoi was the killer.

"I frankly doubt that he was the hit man because hit men are usually people hiding in the dark," Goldfarb told the AP. "I think it's one of his associates, I think he was used unawares. ... Now his life is in danger because he knows a lot."

Kovtun, the man reportedly questioned Tuesday and Wednesday, told Ekho Moskvy radio last month that Lugovoi had introduced him to Litvinenko in October in London, where Kovtun had business interests.

Kovtun and Lugovoi have known each other since their days together at a military academy. Kovtun said he was helping Western companies enter the Russian market, and that Litvinenko had introduced him to officials with two British companies.

Kovtun said he, Lugovoi and Litvinenko had dinner in London's Chinatown on Oct. 16 or 17. The only other time he saw Litvinenko, Kovtun said, was Nov. 1, before the soccer match.

Litvinenko's father, Walter, told Radio Liberty his son had converted to Islam and wanted a Muslim burial. "He told me about his decision two days before he died. He said, 'Papa, I have to talk to you about something serious. I've become a Muslim.'"

An ally of Litvinenko said the ex-spy converted on his deathbed.

"He told me that he wanted to convert to Islam literally in his first days in the hospital," said Chechen rebel envoy Akhmed Zakayev. "I did not pay a lot of attention to this," Zakayev told Radio Liberty, "but he returned to the theme again and again."

Litvinenko Death Now Treated As Murder (FT)

By Neil Buckley

Financial Times, December 7, 2006

British detectives on Wednesday night said they were treating the death of Alexander Litvinenko, the former KGB officer, as murder, at the same time as small traces of radiation were found at the British Embassy in Moscow.

Scotland Yard had previously been treating Litvinenko's death from apparent poisoning with radioactive polonium-210 as a suspicious death, but said the investigation had reached the stage "where it is felt appropriate to treat it as an allegation of murder".

Police added, however, that they had "reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr Litvinenko's death".

The upgrading of the inquiry came as British detectives in Moscow began interviewing contacts of Litvinenko – who claimed in a statement shortly before he died on November 23 that Russian secret services had been ordered to kill him by the Kremlin.

The Kremlin has described the claims of its involvement as "nonsense". But the tangled case is threatening to create a significant rift in Russia's relations with the UK and other western partners.

British embassy officials in Moscow said on Wednesday night that experts had found tiny amounts of radiation, though they said they were too small to pose a danger to public health, and declined to confirm that the radiation was polonium-210.

The discovery is likely to intensify the focus on Andrei Lugovoi, a businessman and fellow former KGB officer who met Litvinenko on November 1, the day he fell ill. Mr Lugovoi visited the embassy on November 24 to affirm his readiness to answer questions connected with the case.

Mr Lugovoi has denied responsibility for Litvin-enko's death, and suggested that he may be being framed.

He is now in a Moscow hospital, apparently under observation or treatment for radiation poisoning himself. British detectives and Russian investigators had hoped to question Mr Lugovoi on Wednesday, but are now expected to meet him on Thursday, provided doctors give their consent.

British investigators on Wednesday did interview another man who met Litvinenko on November 1 – Dmitry Kovtun, another Russian businessman.

Mr Kovtun, Mr Lugovoi and a third man met Litvinenko before leaving for a football match at London's Emirates Stadium, where Britain's Health Protection Agency said barely detectable traces of polonium-210 had also been found on Wednesday.

The agency said there was no risk to health.

Businessman Questioned In Ex-Spy's Poisoning (NYT)

By Steven Lee Myers And Alan Cowell

The New York Times, December 7, 2006

DOJ_NMG_0103630

MOSCOW, Dec. 6 — Russian and British investigators jointly questioned at least one of two Russian businessmen who met Alexander V. Litvinenko on the day he became ill, officials said Wednesday, while in London the police said they were treating the death as a case of murder.

British officials also said traces of radioactivity were found Wednesday at the British Embassy in Moscow, though they would not say whether the radiation had come from the isotope that poisoned Mr. Litvinenko.

The Prosecutor General's Office in Moscow announced that investigators from both countries interviewed a Russian citizen, whom it did not identify, on Tuesday night. A lawyer later said the man was Dmitri V. Kovtun, a security consultant who met with Mr. Litvinenko at the Millennium Mayflower Hotel in London on Nov. 1, along with another former K.G.B. agent, Andrei K. Lugovoi.

In remarks reported by the Interfax news agency here, Mr. Lugovoi's lawyer said his client had agreed to be interviewed and was being treated as a witness. He suggested that Mr. Lugovoi could be questioned on Thursday or Friday.

The Nov. 1 meeting has become a primary focus of the investigation into the death of Mr. Litvinenko, a former K.G.B. agent who turned into a vehement Kremlin critic in exile. He became violently sick that night and died 22 days later from the effects of a high dose of radiation. In a deathbed statement, he blamed President Vladimir V. Putin.

The isotope, polonium 210, has left a tantalizing though inconclusive trail that investigators have traced throughout London and, through two British Airways planes, into Moscow.

Until Wednesday the British police adopted a circumspect approach to Mr. Litvinenko's death, calling it "unusual" or "suspicious" even as evidence mounted that he had died of radiation poisoning as a result of ingesting polonium 210.

But in a statement on Wednesday night, Scotland Yard said: "Detectives investigating the death of Alexander Litvinenko have reached the stage where it is felt appropriate to treat it as an allegation of murder.

"It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death. The inquiry is still in its early stages, and we are not prepared to comment on speculative reports in the media."

The timing of the announcement suggested that the British police were seeking to reinforce demands for cooperation from the Kremlin by stressing the gravity and reach of the case.

Britain's Health Protection Agency confirmed that minute traces of radiation had been found at Emirates Stadium in London, the newly built home of the Arsenal soccer team, where Mr. Kovtun and Mr. Lugovoi say they attended a soccer match on the night of Nov. 1.

Mr. Lugovoi, at his own initiative, met with Britain's deputy ambassador, Sian MacLeod, on the day Mr. Litvinenko died. An embassy spokesman, speaking on condition of anonymity, according to British policy, said there were minute traces of a radioactive element, which he declined to identify as polonium. He said there was no public health threat.

The new discoveries — especially in the Moscow embassy — appeared to suggest the possibility that Mr. Lugovoi had been exposed to polonium, though how and exactly when remain inconclusive. He is now hospitalized in Moscow, as is Mr. Kovtun.

Whether tests have found traces of polonium on Mr. Lugovoi and Mr. Kovtun remains unclear; Mr. Lugovoi has said in published remarks that checks so far have found nothing.

The joint British-Russian questioning of the Russian businessman appeared to signal Russia's willingness to cooperate, outwardly at least, with an investigation that has sorely strained relations between the countries.

A day before, the prosecutor general, Yuri Y. Chaika, pointedly outlined the limits of any British investigatory authority here. He said that Russian investigators would take the lead and that Russia would refuse to extradite anyone charged with involvement in Mr. Litvinenko's death, trying them instead in a Russian court.

Mr. Kovtun was questioned on Tuesday evening and again on Wednesday in a Moscow hospital, where doctors were examining him and Mr. Lugovoi for exposure to polonium 210, according to Mr. Lugovoi's lawyer.

By Wednesday evening, investigators had not yet questioned Mr. Lugovoi, who checked into the hospital as the British arrived in Moscow this week, said the lawyer, Andrei M. Romashov, according to a report on Interfax.

A third businessman who traveled with the two men to London, Vyacheslav G. Sokolenko, said in a telephone interview that Mr. Lugovoi and Mr. Kovtun had willingly agreed to meet with the British detectives, adding that all three had nothing to hide. "We never concealed the truth," he said, speaking of their visit to London.

Mr. Sokolenko said he did not attend the meeting with Mr. Litvinenko on Nov. 1. He said he had traveled with Mr. Lugovoi and his family, along with Mr. Kovtun, to attend the Nov. 1 soccer match, between CSKA Moscow and Arsenal.

Mr. Lugovoi, who has declined repeated requests for an interview, said in a radio interview shortly after Mr. Litvinenko's death that he and Mr. Kovtun had met him to discuss establishing contacts for British companies seeking to invest or locate in Russia.

Mario Scaramella, who met Mr. Litvinenko at a sushi restaurant that day, left a hospital in London on Wednesday after checking in last Friday for tests after the discovery of traces of polonium in his body. Doctors found no signs of radiation illness.

In an interview with CNN on Wednesday, Mr. Scaramella said he had met Mr. Litvinenko to discuss threats he had received. “Once here, I received more details about this risk, this danger,” he said from his hospital room. “So we met up as scheduled just to update each other about security issues, our personal security.”

Mr. Scaramella, an academic who worked on an Italian commission investigating Soviet and Russian espionage and secret service activity in Italy, said he had received e-mail from an unidentified source suggesting that he and Mr. Litvinenko were in danger from “people linked with some clandestine organizations not directly under control of Russian establishment but from Russia.”

At the same time, he discounted the threats, saying the messages had been so full of detail that they “didn’t seem genuine,” a view he said Mr. Litvinenko shared.

In London, Alex Goldfarb, an associate of the billionaire Russian émigré Boris A. Berezovsky and a spokesman for the Litvinenko family, said he believed that Mr. Lugovoi was central to the investigation, because he had flown into London on the British Airways flights that later showed traces of radiation, including at least one flight that occurred before Nov. 1.

Mr. Goldfarb said that sequence of events suggested that Mr. Lugovoi “was showing radiation before Alexander was contaminated.” At the same time, he suggested that Mr. Lugovoi might have been an unwilling participant in the poisoning.

“He is the one who Alex trusted, so he may have been involved himself,” Mr. Goldfarb said, “or he was used to bring somebody else close to him.”

Poisoning Case Will Be Treated As Murder (WP)

By Mary Jordan And Peter Finn

The Washington Post, December 7, 2006

LONDON, Dec. 6 -- British authorities announced Wednesday that they are officially treating the fatal poisoning of former Russian spy Alexander Litvinenko as murder and have found traces of a radioactive substance at the British Embassy in Moscow.

Scotland Yard had been calling Litvinenko's poisoning "a suspicious death." Failure to immediately call his Nov. 23 death a homicide had fueled speculation that he might have committed suicide; family and friends, upset over that suggestion, said no one would choose such a frightening, agonizing death.

"It is important to stress that we have reached no conclusions as to the means employed, the motive or the identity of those who might be responsible for Mr. Litvinenko's death," British police said in a statement.

In Moscow, British detectives found small traces of a radioactive substance at the British Embassy, but said it posed no risk to public health. They offered no explanation for the radiation, but the embassy was where officials had recently questioned Andrei Lugovoy, a former KGB agent who met with Litvinenko in London on Nov. 1, the day he fell ill.

Lugovoy is in a Moscow hospital undergoing tests and is expected to talk to British investigators Thursday, according to Russian news reports. His attorney, Andrei Romashov, told reporters that his client would be questioned as a witness, not a suspect.

The Interfax news agency quoted Lugovoy as saying: "As for the hullabaloo about me that has been stirred by Western media, in my view good theatrical directing is traceable here. I've stopped watching television and reading papers. I'm fed up with all this."

Dmitry Kovtun, a Russian businessman who also met Litvinenko on Nov. 1, was questioned Wednesday by investigators from the Russian prosecutor general's office with detectives from Scotland Yard present. There has been tension between London and Moscow over strict controls Russia has imposed on the visitors' rights of inquiry.

So far, only two other people have been found to have polonium-210, the radioactive substance that killed Litvinenko, in their systems: Litvinenko's widow Marina and Mario Scaramella, an Italian who also met with Litvinenko on Nov. 1 in London.

Doctors said Marina Litvinenko has such a tiny amount that her risk is low, but more significant quantities were found in Scaramella. But health officials, while concerned for Scaramella's long-term health, said he was not showing any symptoms and discharged him Wednesday from a London hospital.

Finn reported from Moscow.

Commentary: I Was Poisoned And Russia’s Political Enemies Were Surely Behind It (FT)

By Yegor Gaidar

Financial Times, December 7, 2006

DOJ_NMG_0103632

On November 24, I found myself involved in a succession of events that resembled a political thriller. A lot has been written about what happened. International television provided detailed coverage of these events. I had not thought that global fame would find me in such an unusual way. I deliberately refused to give interviews. Nevertheless, I am compelled to tell what happened.

Public opinion reserves a degree of humour for those who have survived attempted murder. The nature of this phenomenon is not clear to me. Having been in this situation myself, I found nothing funny about it. But the logic of public consciousness is a fact of life. One has to reckon with it. I will try to keep my sense of humour while telling what happened.

On November 21, I felt exhausted. Over the previous three weeks, several difficult business trips added to my usual workload. I considered cancelling my trip to Ireland and resting. However, Ireland is a wonderful country, which I love. And the trip was easy: a university research conference and presentation of my book Death of the Empire: Lessons for Modern Russia was one of its subjects. I decided I would not cancel the trip.

Next morning, after my arrival in Dublin, I was walking with a conference organiser, foreign literature library director Yekaterina Geniyeva, when I decided that I had made the right decision. Spending two days with smart and nice people in a lovely old Irish university is both a rest and a pleasure.

Before the conference opening, I had breakfast in the university canteen. I had a fruit salad and asked for a cup of tea. Then I went to the conference hall. About 10 minutes after the session started I realised that I was unable to hear anything. My only thought was how to get back to my hotel room and lie down. I apologised to my colleagues who were presenting the next session, said I felt unwell and had to go back upstairs. Ms Geniyeva looked at me perplexed; 40 minutes earlier we had been having a cheerful chat while walking along university lawns. She probably decided that I was not interested in the subject.

After I got back to my room, I had to close my eyes immediately. The sensation was similar to being under general anaesthesia. You can see and understand things, but it is hard to open your eyes. Reaching for a ringing telephone takes too much effort. I assumed this dusky state was a result of fatigue. I decided that I needed to deliver my lectures and return to Moscow immediately.

I forced myself to deliver my presentation on Russian migration policy at 2.30pm. As soon as I finished my speech, my eyes began to close, fatigue took over and I returned to my room as quickly as I could.

The phone call that apparently saved my life came at 5.10pm. A representative of the organisers reminded me that my book presentation was in five minutes. Would I be taking part? I considered saying no. Had I done so, and had I been alone in my room 15 minutes later, my chances of survival would have been zero. But I had come to Ireland to make a presentation on my book; I would not let some minor ailment get in the way. I stood up, went downstairs and began to speak.

Ten minutes into my speech, I realised I could not continue talking. I apologised to the audience and walked towards the exit. After I crossed the threshold of the conference hall, I collapsed in the university hallway.

I can remember very little about the events of the following several hours. Those who tended to me as I lay on the floor found me bleeding from the nose, with blood and vomit flowing from my mouth. I was pale, unconscious. It appeared as though I was dying.

Within 30 minutes, I started to come around. I tried unsuccessfully to raise my head. An ambulance arrived and I was loaded in to it. All I could do was open and close my eyes and I watched with intense interest the recording of my own cardiogram. The cardiogram is a chart and charts are what I work with. Apparently, professional interest prevails even when the nervous system is damaged.

Once in the hospital, as soon as I regained the ability to think, my own hypothesis was simple: fatigue, combined with maladies often found with men in their 50s: increased sugar level, blood pressure. But my test results bemused the doctors. My heart was working like a clock; blood pressure was high, but only slightly higher than the norm; the same for sugar levels. Meanwhile, the patient was clearly in an extremely grave condition. A stroke was a possibility. I could still not move my hands or feet. But the ability to control my body came back quickly in the following hours. By 7 o'clock the next morning, not only could I stand up from my bed, but I could take a shower and shave. I am not a doctor, but I knew that stroke states are different. It must have been something else.

At 8am, a few hours after I stopped feeling like an inanimate object, I could move, think, make decisions and implement them just as I could 24 hours before. Despite the protests of the Irish doctors, I said that I wanted to leave the hospital immediately. They told me that they had no right to forbid me. But they explained that my case puzzled them. A comparison of test results and my state of health during the late hours of November 24 and early the next day did not tally in any way. They told me that I needed a thorough examination and in-depth analysis. I thanked them for their help and explained that it was easier to take this analysis in Russia, where the doctors had been supervising me for many years and knew my medical history. I arranged a transfer to the Russian embassy, then took a flight to Moscow.

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I am not a doctor and realise the limits of unprofessional judgments. Nevertheless, when your life is at stake, it is hard to avoid attempting to understand what happened. My heart, brain, blood pressure, sugar level were either good or without abnormalities. Despite this, I suffered several hours of unconsciousness or semiconsciousness, an inability to control my body, and heavy bleeding from my nose and throat. One of the possible explanations that an unprofessional mind inevitably comes up with in such a situation is poisoning. I remember my state before breakfast very well. It was excellent. Half an hour later it was awful. However, this is an unprofessional view. I suppose that there are pathologies known to medicine that can cause such developments.

Straight from Moscow's Sheremetyevo airport, I headed for the clinic where they have known me for many years. Despite the fact that I landed late at night on a Sunday, the chief doctor convened specialists. I told them what happened and asked them to consider all scenarios that could explain these phenomena. By Monday morning, he had the results of the tests on his desk. One month before the Irish incident I had had a thorough medical check-up. Now we could compare the old and the current pictures. The doctor was unable to explain such large-scale and systemic changes in the body in terms of anything related to intoxication, within the possible range of illnesses known to medicine, nor any of their most exotic combinations. For reasons of professional ethics he could not use the word "poisoning". A particular poisonous substance should be determined in order to do that. This is impossible 60 hours after the accident, especially if we are talking about secret toxic substances, the information on which is unavailable to open medical science. But we understand each other well. One may blame anybody, even the aliens. If we stay within the framework of common sense, it is poisoning we think of.

When the thought that this could be a result of somebody's wilful actions crossed my mind for the first time on the afternoon of November 25, I started thinking about who could have orchestrated it. Who would gain from it? I do not have any property to speak of. Neither do I have a profitable metal or oil company, so there is nothing to take away. So, if this was attempted murder, politics was behind it. I have participated in Russian politics for many years now and I know quite a bit about it. I know its main figures well. By then I realised that my survival was a miracle. The fast rate of recuperation showed that the attempt did not aim at mutilation or injury, but murder. Who of the Russian political circle needed my death on the 24th of November 2006, in Dublin? I rejected the idea of complicity of the Russian leadership almost immediately. After the death of Alexander Litvinenko on November 23 in London, another violent death of a famous Russian on the following day is the last thing that the Russian authorities would want. In case of an explosion or skirmish in Moscow, one would think about radical nationalistic thugs first of all. But Dublin? Poisoning? This is obviously not their style.

Most likely that means that some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical deterioration of relations between Russia and the west. Within several hours, comparing the dates of events that took place during the past six weeks, I formulated a rather logical and consistent hypothesis on the reasons behind this. The world view regains its intrinsic logic and ceases resembling a Kafkaesque nightmare. Still, it does not look any more enjoyable. Well, as they say in Russia, as long as we are alive, we might even be happy some day, but that is a different story.

The writer, former prime minister of the Russian Federation, is director of the Institute for the Economy in Transition. Translation by Veronica Malytska

Peacekeepers For Somalia (NYT)

By The New York Times

The New York Times, December 7, 2006

UNITED NATIONS, Dec. 6 — The Security Council unanimously passed a resolution on Wednesday backing the formation of a peacekeeping force to monitor the Somali government's struggle with Islamist foes, partly lifting an arms embargo and calling for peace talks.

"It may not be a complete solution to the problem, and that's one reason why we've encouraged the mediation of various parties and to have all the Somalia factions talk with one another," said John R. Bolton, the United States ambassador.

Peacekeeping Force For Somalia Approved (WP)

By Colum Lynch

The Washington Post, December 7, 2006

UNITED NATIONS, Dec. 6 -- The U.N. Security Council unanimously approved a resolution authorizing an East African peacekeeping force to prevent an alliance of Islamic militias from overthrowing Somalia's fragile interim government.

The decision marked the first time the 15-nation council has backed a foreign intervention in Somalia since U.S. and U.N. troops withdrew from the country in the 1990s. It reflected fears that Islamic militias, known as the Islamic Courts Union, may be poised to topple the country's internationally recognized government.

DOJ_NMG_0103634

The Islamic movement seized control of Mogadishu, Somalia's capital, over the summer and it has been extending its control throughout the country. It threatens the government's stronghold in Baidoa.

The Islamic militias have imposed a strict version of Islamic law in communities they control. A local Islamic religious leader, Sheik Hussein Barre Rage, told the Associated Press on Wednesday that residents in Bulo Burto will be beheaded if they refuse to pray five times a day.

Those who do not follow the law "will definitely be beheaded according to Islamic law," the news agency reported. "As Muslims, we should practice Islam fully, not in part, and that is what our religion enjoins us to do."

Ethiopia has sent thousands of troops to help prop up the government while its rival, Eritrea, has deployed thousands of troops to fight alongside the militias, a recent U.N. report said. Their presence has fueled concern that the conflict could spread into a bigger regional war.

Somali Prime Minister Ali Mohamed Gedi warned in a recent AP interview that war in Somalia could begin as soon as the rainy season ends later this month.

The resolution was passed after the United States accommodated a European request to exclude participation by Somalia's neighbors, Ethiopia, Kenya and Djibouti, in the new force. It empowers a new force, which is expected to be led by Uganda, to protect the country's transitional leaders and to train a local security force.

Resolution 1725 partly lifts a 14-year arms embargo so the East African force, which will be formed by the Intergovernmental Authority on Development, can equip and arm its peacekeepers. And it calls on the Islamic militias to halt any "further military expansion" and negotiate a power-sharing agreement with the Transitional Federal Government.

Critics said the decision to authorize foreign intervention without the approval of the Islamic militias may provoke even greater violence in Somalia. "The United States is leading the authorization of another intervention force in another Muslim country against the will of a large percentage of the people," said John Prendergast, an Africa specialist for the Brussels-based International Crisis Group. "The use of force as a substitute for diplomacy will have disastrous results in Somalia.

"You've got to get a negotiated power-sharing deal" before sending in a peacekeeping force, he added. "Doing the reverse simply alienates the courts and potentially will drive them to preemptive military action."

The United States and the resolution's other sponsors insisted that it was not intended to challenge the Islamic militias militarily and that they support a political settlement between the two sides. "The primary purpose of this deployment is to help stabilize Somalia by providing security in Baidoa, and protection and training" for the interim government, John R. Bolton, the U.S. ambassador to the United Nations, told the council. It is "not to engage in offensive actions against the Union of Islamic Courts."

U.N. Approves Troops For Somalia (LAT)

By Maggie Farley

The Los Angeles Times, December 7, 2006

NEW YORK — The United Nations Security Council on Wednesday authorized a regional force to protect Somalia's faltering interim government against Islamic militants, despite warnings that such intervention could spark a regional conflict.

The measure, passed unanimously, also partially lifts a 1992 weapons embargo to allow the regional force to arm itself. It urges Islamic militants to join talks with the transitional government, and threatens unspecified penalties for those who block peace efforts or try to overthrow the government.

Since June, the Islamic Courts Union, as the militants are known, have taken control of the capital, Mogadishu, and most of southern Somalia and have begun to impose rigid Islamic law on areas under its rule. An Islamic courts official announced Wednesday that residents of a southern Somalian town, Bulo Burti, who did not pray five times a day would be beheaded.

Last week, the International Crisis Group think tank warned that a regional force probably would backfire and trigger a regional war by escalating a proxy conflict between Ethiopia, which supports the interim government, and Eritrea, which supports the Islamists.

"The Islamists … would likely perceive the resolution as tantamount to a declaration of war," the group said.

The United States and Ethiopia assert that the militants have links to the Al Qaeda terrorist network. U.S. Ambassador to the U.N. John R. Bolton said the Security Council agreed that intervening was the only way to prevent further conflict.

"The whole point of the deployment of the … peacekeeping force is as a preventive measure so that the situation doesn't deteriorate any further," he said before the vote. "If we don't take any steps at all, that is the far more likely outcome."

Idd Beddel Mohamed, Somalia's deputy U.N. ambassador, told the council that his government would talk with the Islamists if they halted their military advances and helped ensure that Somalia "shall not become a haven for international terrorism."

DOJ_NMG_0103635

Neighboring Ethiopia, which is largely Christian, fears the spread of Islamic extremism and has sent as many as 8,000 troops to Somalia to protect the tottering government, according to a recent internal U.N. report.

Eritrea, in turn, has sent about 2,000 fighters to back the Islamists. Djibouti, Egypt, Iran, Libya, Saudi Arabia, Syria, Uganda and Yemen have been providing military support either to the government or the Islamists, the report said.

The resolution authorizes a seven-nation regional group, the Intergovernmental Authority on Development, and the African Union to establish a protection force in Somalia for six months. It allows troops from neighboring countries to join the peacekeeping force, but excludes nations thought to have a stake in the outcome: Ethiopia, Djibouti and Kenya.

It is up to participating nations and the African Union to fund the mission and find troops; diplomats said they aimed for eight battalions of about 700 troops, but would deploy only two during the first phase.

On Tuesday, Somalia's prime minister, Ali Mohammed Gedi, said he thought that all-out war in his country was inevitable, but that his government's troops were ready.

"Those who believe that the situation in Somalia will be solved through dialogue and talks are wrong," he told the Associated Press.

DOJ_NMG_0103636

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From:	USDOJ- Office of Public Affairs
Sent:	Friday, December 08, 2006 7:59 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, December 08, 2006
Attachments:	agnb061208.pdf; agnb061208.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 8, 2006 7:45 AM EST

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DOJ_NMG_0103639

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TERRORISM NEWS:

Prosecutors Ask Judge To Keep Padilla Defense From Questioning DOD Officials. The Washington Post/AP (12/8, A4) reports, "Federal prosecutors asked a judge Thursday to prevent Jose Padilla's defense attorneys from questioning Defense Department officials or obtaining documents about his treatment during 3 1/2 years in military custody as an 'enemy combatant.'" Defense attorneys "have issued subpoenas for at least four military officials, including a security officer and technical official at the Navy brig in Charleston, S.C., where Padilla was jailed. They have also subpoenaed Maj. Gen. D.D. Thiessen, commander of U.S. Marine forces in Japan, about treatment of other enemy combatants, according to court documents." Prosecutors "said in a motion filed Thursday that the subpoenas are an improper 'fishing expedition' because Padilla's allegations of mistreatment during his time in military custody have no bearing on the terrorism support case against him in Miami."

Judge Refuses To Move NYC Terror Suspects From Solitary Confinement. In a widely-distributed story, the AP (12/8, Neumeister) reports, "A judge on Thursday refused to order a terrorism suspect – a jazz musician who also is a martial arts expert – moved out of solitary confinement after prosecutors claimed he was so dangerous he suggested using prayer beads as a strangulation tool." Rejecting the defense motion, US District Judge Loretta A. Preska "said the government had offered tape recordings to support that" Tarik Shah "was an accomplished martial arts practitioner who had tried to recruit others to join al-Qaida and that he had offered to train them." The AP notes, "Shah, of New York, Dr. Rafiq Abdus Sabir, of Boca Raton, Fla., Abdulrahman Farhane, a Brooklyn bookstore owner, and Mahmud Faruq Brent, of Gwynn Oak, Md., are awaiting trial on charges that they conspired to help a terrorist organization."

Detainees Transfer To New Guantanamo Prison. The AP (12/8, Melia) reports, "The US military transferred the first group of detainees on Thursday to a new maximum-security prison at Guantanamo Bay designed to restrict contact among the prisoners and prevent attacks on guards. More than 40 detainees were brought to the $37 million prison perched on a plateau overlooking the Caribbean Sea from another maximum-security facility at the U.S. naval base in eastern Cuba, said Navy Cmdr. Robert Durand." The AP adds, "The 178-cell prison, constructed beside another maximum-security prison built in 2004, will allow the base to phase out an older facility, Durand said."

ACLU Suit Claims Rumsfeld Ordered Torture Of Iraqis, Afghans. The Christian Science Monitor (12/8, Richey) reports, "As Donald Rumsfeld prepares to leave his job as secretary of Defense, the American Civil Liberties Union (ACLU) is seeking to hold him responsible for what it says was widespread torture carried out at his direction." The Monitor continues, "Lawyers representing Mr. Rumsfeld and three US Army commanders are set to appear in federal court here Friday in response to a lawsuit charging that the Defense secretary authorized torture and other illegal abuse of military detainees in Afghanistan and Iraq - including at the infamous Abu Ghraib prison." The Monitor adds, "The case is important because it represents an attempt to hold US officials accountable for alleged illegal abuse of Iraqi and Afghan civilians who were never detained as enemy combatants or charged with any crime. But some legal analysts say the suit may be aimed more at shaping public opinion than winning in court because such cases are difficult to pursue." The Monitor notes, "The Justice Department lawyers representing Rumsfeld have not responded directly to the torture charges. Instead, they are asking Chief US District Court Judge Thomas Hogan to throw the suit out because Rumsfeld is entitled to immunity from lawsuits challenging his official actions as Defense secretary. Chief Judge Hogan has scheduled two hours of argument on the dismissal request."

Australia Seeks Answers On Guantanamo Detainee. The AP (12/8) reports that Australian Prime Minister John Howard "said Friday he was unhappy that an Australian terror suspect remained in U.S. custody at Guantanamo Bay in Cuba without charges. … But Howard said he was hopeful that David Hicks, an alleged Taliban fighter who was taken prisoner by the Northern Alliance in Afghanistan five years ago, will be charged by the Pentagon

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early next year." The AP continues, "Hicks, 31, had pleaded not guilty to charges of attempted murder, conspiracy to commit war crimes and aiding the enemy and had faced a preliminary hearing before a U.S. military commission. … But those charges were withdrawn when the U.S. Supreme Court ruled the military commissions were illegal in June. Congress has since passed laws to overhaul the military commission system." The AP adds, "On the eve of Hicks' fifth anniversary in custody, Howard said Friday his defense and foreign ministers would raise the delay with their U.S. counterparts when they attend annual bilateral ministerial talks in Washington next week. … Howard said he pressed the issue with U.S. President George W. Bush when they attended an Asia-Pacific leaders forum in Vietnam last month and Attorney General Philip Ruddock raised Hicks again with U.S. Attorney General Alberto Gonzales this week."

Nations Warns Of Possible Terror Attacks In Philippines. The AP (12/8, Gomez) reports the US, Britain and Australia "warned Thursday that terrorists may be plotting attacks in the central Philippines," the site of next week's ASEAN summit. Australian and British officials used "identical language" in separate advisories, saying they believed "terrorists are in the final stages of planning attacks." All three countries warned their citizens to avoid travel to Cebu province. Meanwhile, Philippine security officials said they have not discovered any specific terror threats against the summit, but that they could not discount them."

Several Terror Suspects Expelled From Egypt; American Remains In Detention. The AP (12/8, El-Magd) reports Egyptian authorities "expelled two Belgians and eight French terrorist suspects Thursday, but an American and another French citizen" remained in custody, officials said. Egyptians authorities have not provided details about the American and the remaining French citizen, and the US Embassy said it "had not had consulate access to the American." Earlier this week, the State Department "criticized Egypt for refusing to grant US officials timely access to the arrested American." Egyptian authorities told US officials that no access will be granted until the investigation is completed, a State Department spokesman said.

Jordanian Court Convicts 4 Of Attacks On US Warships. The AP (12/8, Mattar) reports a Jordanian military court Thursday convicted three Syrians and one Iraqi and sentenced them to death for firing rockets at two US warships in August 2005. However only one of the suspects, Syrian Mohammed Hassan Abdullah al-Sihly, is in police custody, while the other two Syrians, Abdul-Rahman al-Sihly and Abdullah al-Sihly, and the Iraqi, Amar al-Samera'i, "remain at large and were tried in absentia."

HOMELAND RESPONSE:

Texas Student Denied Bail In Taliban Support Case. The Houston Chronicle (12/8, George, 530K) reports US District Judge Frances Stacy yesterday denied bail for Pakistani Shiraz Syed Qazi, a college student in Houston charged with "possession of a firearm by an alien. His cousin, Adnan Mirza, and Kobie Williams are charged with conspiracy in what prosecutors say was a plan to aid the Taliban by training to engage coalition forces overseas. Williams has pleaded guilty." The Chronicle adds, "A July 2005 camping trip…was part of the conspiracy, FBI Special Agent Jamaal King testified. Agents used Qazi's acknowledgment that 'he overheard statements over that weekend' to help connect him to the terrorist plot, King said. Qazi's older brother, Izzat Qazi, said FBI agents misled the family the night Qazi was arrested at his condo," saying that "the agent assured them that Qazi would not be interrogated, 'just asked booking questions.'"

Houston Suburb Roiled By Plan To Build Mosque. The AP (12/8, Madkour) reports from Katy, Texas, "A plan to build a mosque in this Houston suburb has triggered a neighborhood dispute, with community members warning the place will become a terrorist hotbed and one man threatening to hold pig races on Fridays just to offend the Muslims. Many residents claim they have nothing against Muslims and are more concerned about property values and traffic. But one resident has set up an anti-Islamic website with a counter that keeps track of terrorist attacks since Sept. 11." The AP notes that the site "also provides home addresses of some association members and advises people who see anything suspicious to contact the FBI. Many people have sent anti-Islamic e-mails to the site."

US-Bound Cargo To Be Screened At Foreign Ports. The Washington Post (12/8, A8, Hsu, 690K) reports the Homeland Security and Energy departments announced yesterday that "US-bound cargo will be scanned for nuclear and radiological material at six foreign ports starting in

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February under a pact with host governments announced…, including a port operated by an Arab-owned company that ignited a political storm in Congress." Scanning of all US-bound containers at Puerto Cortes, Honduras; Qasim, Pakistan; and Southampton, England, in addition to limited scanning at Salalah, Oman; Singapore; and Busan, Korea, "will cover more than 7 percent of 11 million containers annually shipped to the United States." The Post adds, "The Southampton facility is operated by Dubai Ports World, the United Arab Emirates company whose purchase of US port operations was approved by the Bush administration, but which the company was pressured earlier this year to spin off by Congress because of security concerns over foreign ownership."

The New York Times (12/8, Lipton, 1.16M) reports the $60 million cost of the Secure Freight Initiative "will be split by the Departments of Homeland Security and Energy, they said." In announcing the plan, Chertoff said "no weapon of mass destruction…is more formidable than a nuclear or a dirty bomb." Meanwhile, some antiterrorism experts "openly" questioned the program, some saying "that the screening would take place only on container ships, not on ships that carry millions of tons of other cargo, including cars, fuel or goods placed on pallets. … Mr. Chertoff and other department officials acknowledged that they did not know how well the system would work, or whether it would cause unacceptable bottlenecks."

The AP (12/7, Barrett) reported Sen. Charles Schumer, "whose amendment to ports legislation created the program, said he wants the program to grow to further ports. 'It makes sense to focus this program on the ports that present the greatest risks, and we'll continue to fight to expand this program to ports around the world,' Schumer said. As for the agreement with Dubai Ports World, Schumer said 'they have undergone significant scrutiny to join this program, unlike what we experienced in the first episode.'"

Chertoff Says US Officials Will Have Final Say Over Screening. On CNN's Lou Dobbs Tonight (12/7, 6:22 pm) Secretary Chertoff was shown saying, "There's one point I want to make 100 percent crystal clear. We will not outsource our security." CNN (Meserve) called it "a preemptive strike by the secretary of homeland security, an effort to squelch Congressional criticism before it erupted over the fact that Dubai-owned DP World operates three ports involved in the new cargo security program." Later, host Lou Dobbs asked Meserve whether she thought Chertoff "understands that this government could work government to government, rather than government to government-owned company?" Meserve: "Well, in fact it is working government to government."

Government Executive/National Journal's Technology Daily (12/7, Strohm) reported, "The new detection equipment will become operational at the ports in Honduras and Pakistan in February, followed by Southhampton in June or July. Equipment will be deployed to the remaining three ports late in 2007. Chertoff said the data on each container will be sent electronically to US Customs and Border Protection officials, who will decide whether it needs to be inspected further. 'We will not outsource our security,' he said. 'In the end, the go-no decision rests with our guys sitting in a CBP office.'"

Fox News' Studio B (12/7, 3:38 pm, Herridge), broadcasted, "Chertoff is really big on this idea of layered security. No one element stands alone. So at these ports we now have Coast Guard, Customs, and this new radiation screening. The hope is that one if one layer of security fails, another one will kick in."

Minneapolis-St. Paul Area Divided Over Imams' Removal From Flight. The Washington Post (12/8, A2, Lydersen, 690K) reports, "For years, the Minneapolis-St. Paul area has been known for its liberalism and tolerance, especially when it comes to religion. … So, last month's removal of six imams from a Phoenix-bound US Airways flight at the Minneapolis-St. Paul International Airport has prompted hand-wringing, finger-pointing, calls for greater sensitivity to religious diversity and more communication between non-Muslims and Muslims." However, "Local Muslims of various ethnicities are united in their anger" over the removal of the imams, who "say the behavior in question was merely quiet prayers before boarding the flight." Meanwhile, "Many non-Muslim residents agree that Muslims should be able to practice their religion. But many also think that the imams should have been more discreet and sensitive to fears about terrorism."

TSA Testing Relaxation Of Rule Barring Non-Fliers From Gates. USA Today (12/8, 1A, Frank, 2.27M) reports on its front page that a program at Dallas/Fort Worth and Detroit airports is being used to test whether the Transportation Security Administration "can ease a post-9/11 policy that bars people from meeting relatives and friends at

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airports as they come off flights." Though aviation security consultant Billie Vincent said such a move "adds to the congestion and the difficulty of screening," the TSA says boarding-pass requirements won't be waived "if it would lengthen lines or weaken security, and notes that the test is small." Meanwhile, a spokesman for Pittsburgh International Airport, which had its 2003 bid to let non-passengers beyond checkpoints blocked, says that if the pilot program "is a success," the TSA might be persuaded to let them "try it with the public."

WPost Says Chertoff Comments Should Mean More Funding For DC, New York. Under the headline "Securing Common Sense," the Washington Post (12/8, A38, 690K) editorializes, "If the first step to recovery is admitting you have a problem, then Homeland Security Secretary Michael Chertoff's comments to a conference of state and local preparedness officials last week should be welcomed." After department officials "spent the summer defending a grants scheme that cut anti-terrorism funding for the District and New York City in favor of places such as Sacramento, Tampa and Omaha," Chertoff said the conclusion had been reached "'that perhaps there was a little too much bean counting and a little less standing back and applying common sense to look at the total picture.' In fact, the Department of Homeland Security's clumsy efforts to set priorities this year bordered on the farcical." The Post states, "It's obvious these results lack 'common sense,' and it shouldn't have taken Mr. Chertoff six months to admit as much. Now that he has, though, we expect that less 'bean counting' will mean that next year a greater share of Homeland Security money will come back to the places most attractive to terrorists aiming to disrupt Americans' lives and create a spectacle -- Washington and New York."

WAR NEWS:

Bush Distances Himself From ISG Report Recommendations. On the day after the public release of the Iraq Study Commission report, President Bush met with British Prime Minister Tony Blair. The report continued to dominate media coverage, with stories on it leading all three network newscasts and occupying the front page of major US newspapers. The big story of the day: Bush had a chance to comment on the Baker group's recommendations, and signaled his opposition to some of them. Under the front-page headline "Bush Appears Cool To Key Points Of Report On Iraq," the Washington Post (12/8, Baker, Wright, 690K) says the President vowed to "come up with 'a new strategy' in Iraq but expressed little enthusiasm for the central ideas" of the ISG. While Bush "called the Iraq Study Group's ideas 'worthy of serious study,' he seemed to dismiss the most significant ones point by point. He noted that Blair is heading to the Middle East to promote Arab-Israeli peace, but he gave no indication that he plans an aggressive new push of his own as proposed by the commission." AFP (12/7, Knox) also uses the phrase "cool reception" to describe Bush's response.

Likewise, the New York Times (12/8, Stolberg, Zernike, 1.16M) says in its front-page report that Bush "moved quickly to distance himself" from the "central recommendations" of the report. The President "seemed to push back against two of its most fundamental recommendations: pulling back American combat brigades from Iraq over the next 15 months, and engaging in direct talks with Iran and Syria. He said he needed to be 'flexible and realistic' in making decisions about troop movements, and he set conditions for talks with Iran and Syria that neither country was likely to accept." The Los Angeles Times (12/8, Neuman, 850K) reports than when "asked specifically whether US combat troops will be withdrawn from Iraq by 2008, Bush said that 'we'd like our troops out as fast as possible,' but that 'our commanders will be making recommendations based upon whether we can achieve our objectives.'" Newsday (12/8, Gordon) says Bush "squared off" with the "blue-ribbon Iraq panel," adding that Bush "said he stood by his determination to prevail but also recognized the difficulties ahead."

The CBS Evening News (12/7, lead story, 2:45, Axelrod, 7.66M) also said Bush "offered his first response" to the commission's "sharp criticism. He promised a new approach in Iraq without spelling out what it would be. … Even if the Iraq Study Group report never once used the word 'victory,' the President clearly hasn't given up on the idea." NBC Nightly News (12/7, lead story, 2:50, Williams, 9.87M) said that as Bush "hosted his partner in the war in Iraq," the President "made it clear right away that he is not about to embrace all the fixes" the ISG suggested. But over on Capitol Hill, ISG co-chairs James Baker and Lee Hamilton "told Congress there isn't much time to change course in Iraq."

Tim Russert said on MSNBC's Hardball (12/7, Barnicle), "Standing there with Tony Blair, his principal ally in this war…here are these two men -- Blair's career short-

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circuited by the war, the President hovering with very low favorable rating because of Iraq -- both betting their presidencies and their prime ministerships on the war in Iraq, now, publicly confessing that things have to change, status quo is not acceptable, we need to chart a new course. The question is, what will it be?"

The AP (12/7, Riechmann) notes that when Bush "received his own copy of the Iraq Study Group report, President Bush praised the subtitle, 'The way forward -- a new approach.' On Thursday, it was clear he had added the phrase to his lexicon." Bush and Blair "used 'forward' or 'way forward' about two dozen times during their news conference."

USA Today (12/8, 6A. Jackson, 2.27M) says Blair "has been pushing Middle East settlement talks in connection with Iraq since the war's inception." The Financial Times (12/8, Daniel, Sevastopulo) says Blair "tried to use the damning Iraq Study Group report to drive" Bush "into a new peace initiative for the region."

The Chicago Tribune (12/8, Silva, 617K) says that as Baker and Hamilton "pressed their campaign to sell the report's recommendations to Congress, the public and ultimately the Bush administration, it became clear they had yet to convince the president." Baker and Hamilton "urged Congress to end its 'extremely timid' oversight of the war and embrace the report to help pressure Bush into quickly adopting their recommendations as a comprehensive shift in strategy." Baker said, "I hope we don't treat this like a fruit salad, saying, 'I like this, but I don't like that.'"

Iraq Study Group member Edwin Meese said on MSNBC (12/7, O'Donnell), "I don't think the President needs any prodding. I think he accepted our report yesterday, said he would look at it very carefully. … We have 79 recommendations. I don't think any of us expected that all would be accepted. But I think the principal recommendation in terms of the strategy of having the trainers embedded with the Iraqi army, with providing the logistic and intelligence support, increasing the training of the police, I think those are things that seem consistent with what he and the, I believe, what the Pentagon will be proposing as well."

"Testy" Exchange With BBC Reporter Gets Wide Exposure. The President's meeting with Blair was reported by all three networks, but an exchange between Bush and a BBC reporter overshadowed coverage of the meeting itself. ABC World News (12/7, lead story, 2:50, Gibson, 8.78M) opened by saying that one day after the "blunt and critical report" came out, Bush and Blair met at the White House, "saying they appreciated the Baker-Hamilton commission's findings, but disagreed with some of its central recommendations, like the approach to troop withdrawals and the need to talk with countries like Iran and Syria." ABC (Raddatz) added that Bush "did seem to dispute the analysis, taking pains to temper his comments," but the President's description of the increase in violence in the Baghdad area as "unsettling" led to what Raddatz called "a somewhat testy exchange" with the BBC's Nick Robinson. Robinson: "You said that the increase in attacks is 'unsettling.' That will convince many people that you're still in denial about how bad things are in Iraq and question your sincerity about changing course." Bush: "It's bad in Iraq. That help?" CBS and NBC also included the Bush-Robinson exchange in their lead reports, and the AP (12/7, Hunt) puts Bush's "it's bad in Iraq" line in the lead sentence of a story appearing in over 100 newspapers or on their web sites. The New York Daily News (12/8, 729K) even headlines a report "Bush: 'It's Bad In Iraq.'"

Blair Says "We Cannot Afford Not To Win" In Iraq. Blair spoke with CBS Evening News (12/7, story 2, 2:55, 7.66M) anchor Katie Couric, and said that in Iraq, "we're facing a very, very difficult situation, very challenging situation, but as they say, it's a situation that we cannot afford not to win." Couric: "Do you support the 79 recommendations?" Blair: "I basically think the report gives us the right foundation to move forward." Couric: "The President seemed determined as ever to stay on track. Do you think he, or for that matter you, are capable of acknowledging failures in this policy and changing gears when and if necessary?" Blair: "Yeah, I mean we've got to evolve strategy because the situation has changed, and so if you don't change when the situation changes, then you're not doing the right thing." Blair made similar comments in an interview with George Stephanopoulos for ABC World News (12/7, story 3, 2:55, 8.78M). Blair said, "We are in a situation where we need to act urgently, in my view. … I think we've got a plan to succeed. And I think that if we start saying to the people that we're fighting in Iraq, that we're ready to get out, irrespective of the success of the mission, I think that would be very serious."

Conservatives Blast ISG Report As Call For Surrender. The Los Angeles Times (12/8, Miller, 850K) reports on reaction to the report on the right, saying Rush Limbaugh "called it 'The Iraq Surrender Group'" and the "conservative New York Post tabloid doctored a front-page

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photo to depict the co-chairmen of the Iraq Study Group in primate fur, under the headline 'Surrender Monkeys,' inspired by a frequently quoted line from 'The Simpsons.' … Howls of protest echoed across the right side of the political spectrum as conservatives voiced dismay with the findings of the bipartisan Iraq panel."

During an "In Depth" report on reaction to the ISG report, NBC Nightly News (12/7, story 6, 2:25, Williams, 9.87M) also highlighted the "harsh headline today in the 'New York Post,' depicting the group's two chairmen as 'surrender monkeys' urging the US to give up the fight in Iraq." But on Fox News' Your World (12/7, Cavuto), ISG member Charles Robb said, "If I had thought that our efforts would be interpreted as a surrender, I certainly would not have signed the document, as all 10 of us did. None of us view it as a surrender."

On the CBS Evening News (12/7, story 9, 2:50, Couric, 7.66M), Iraq Study Group member Sandra Day O'Connor said, "I thought hard about whether I could or should be part of the commission. These are things with which Supreme Court justices don't really deal, and so I was not sure that I would be up to the task." Couric: "There has already been criticism of this report." O'Connor: "Oh, I'm sure." Couric: "It didn't take long." O'Connor: "No. That's the American way, isn't it?"

Iraqi President's Son Says Report "Causing A Lot Of Concern." Kurdistan Regional Government Representative to the US Qubad Talabani, son of Iraqi President Jalal Talabani, said on CNN's The Situation Room (12/7, Blitzer), "I think there are many aspects of the Study Group that is causing a lot of concern within Iraq and within Iraq's various different communities. We feel strongly that Iraq's problems should be resolved by Iraqis themselves. We do seek a dialogue with our neighbors. We are engaging in a dialogue with our neighbors. But I think to have a conference on an international scale without actually clarifying what the roles and responsibilities of such an event could be makes the situation very difficult."

Israel, Arab States At Odds Over Report. The Washington Post (12/8, A29, Wilson, Raghavan, 690K) reports that the ISG's "call for a broad Middle East peace conference put Israeli Prime Minister Ehud Olmert's government on the defensive Thursday, while Palestinian officials praised the recommendations as a possible 'turning point' for U.S. policy in the region."

The Christian Science Monitor (12/8, Murphy, Mitnick, 59K) says a "number of Arab states" are "welcoming the report as a sign that their advice is starting to be heeded. In Israel, however, it's being viewed with apprehension because of its calls for direct US engagement with Syria and Iran." The Financial Times (12/8, Wallis, England, Smyth) says "Arab officials seized on" the ISG recommendations, but "there was also concern in some Arab states that any early scale-back of the American troop presence in Iraq could lead to an escalation in sectarian conflict that might spill over into neighbouring states."

Gates Was Not Sent Copy Of ISG Report. The Washington Post (12/8, A37, Kamen, 690K) "In The Loop" column reports that an aide to the Iraq Study Group was asked "if incoming Defense Secretary Robert Gates, a study group member until he was nominated in early November, had been sent a copy of the report. 'No,' the aide said. 'We didn't know how to reach him anymore.'"

Howard Says US Exit Would "Create A Real Bloodbath" In Iraq. Bloomberg (12/8, Maguire) reports Australian Prime Minister John Howard said the "rapid exit of coalition forces from Iraq would increase instability in the region." In a radio interview, Howard said, "A precipitous American withdrawal would create a real bloodbath and total chaos. I would like to be out of Iraq as soon as possible but I'm not going to make myself in any way a hostage to a particular date."

More Commentary On ISG Report. The Los Angeles Times (12/8, 850K) editorializes, "Bush is right: The US needs to confront terrorists, and democracy is a worthy goal. But declaring a goal is separate from achieving it. No one will argue that these goals aren't important (that word again). Yet they will remain unattainable until a host of other issues, many of them outlined by the Iraq Study Group, are addressed. Maybe Bush realizes this but can't bring himself to say so publicly. Or maybe he just doesn't believe it. After Thursday's news conference, it's still hard to tell."

In his Washington Post (12/8, A39, 690K) column, Eugene Robinson writes, "There's only one reader who really counts…and I doubt he'll be impressed. The Decider isn't in the habit of letting mere facts get in the way of blind conviction. … Would someone please tell the president that even his new secretary of defense doesn't think we're winning this war?"

In his Washington Post (12/8, A39, 690K) column, E.J. Dionne Jr. writes that if the ISG report "is nothing else, it is a

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devastating declaration that the administration's approach is an abject failure and that the United States needs to scale back its goals. Grand dreams of Iraqi democracy and a transformed Middle East are out. The best we can hope for now is an Iraq that can 'govern itself, sustain itself, and defend itself.'"

In his New York Times (12/8, A35, 1.16M) column, Thomas Friedman writes, "The brutally honest Baker-Hamilton assessment of the Iraq morass implies that we need to leave Iraq if the factions there don't get their act together, but it also urges a last-ditch effort to enlist the help of Syria and Iran to salvage something decent. Both are good suggestions, but they will only have a chance of being effective if we go one notch further and set a fixed date -- now -- for America to leave Iraq."

In his New York Times (12/8, A35, 1.16M) column, Paul Krugman writes, "Now, only a few neocon dead-enders still believe that this war was anything but a vast exercise in folly. And those who braved political pressure and ridicule to oppose what Al Gore has rightly called 'the worst strategic mistake in the history of the United States' deserve some credit."

In his Financial Times (12/8) column, Philip Stephens writes, "About one thing George W. Bush is right; though, unsurprisingly, for the wrong reasons. There can be no 'graceful exit' from Iraq. America faces a resounding defeat. The eventual cost, in lost prestige and influence in the Middle East and beyond as well as in blood and treasure in Iraq, will be immense." The ISG's task "became to put existing ideas together in such a way as to oblige Mr Bush to change course. We cannot be sure the president will listen."

In a New York Times (12/8, A35, 1.16M) op-ed, the Brookings Institution's Kenneth Pollack writes, "We should have engaged Iran in Iraq years ago. Before and during the war in Afghanistan, the Iranians were quite helpful to the United States. … We should be careful, however, not to exaggerate Iran's influence. The problems in Iraq were not caused by the Iranians, nor can Iran solve them all."

In a Wall Street Journal (12/8, A16, 2.04M) op-ed, the Hoover Institution's Shelby Steele writes, "For every reason, from the humanitarian to the geopolitical to the military, Iraq is a war that America must win in the hegemonic, even colonial, sense. It is a test of our civilization's commitment to the good against the alluring notion of menace-as-power that has gripped so much of the Muslim world."

In a Christian Science Monitor (12/8, 59K) op-ed, the Hoover Institution's Robert Zelnick writes, "The bridge between Israelis and Palestinians is fragile enough to barely support the weight of its own parties. Adding to it the weight of a conflict between Sunnis and Shiites in Iraq is simply not smart."

USA Today (12/8, 23A, 2.27M) editorializes, "If there was an important message lost in the rollout of the Iraq Study Group's report on Wednesday, it was this: New diplomatic initiatives, even at this 11th hour, are essential not just for ending the Iraq war but also to put the United States in the optimum position after it is over. If the military effort begins to succeed, they add a point of leverage. But more important is their value in the event that the situation continues to deteriorate. … At the center of the bipartisan panel's ideas is a proposal for an all-out push to revive the Israeli-Palestinian peace process, bringing Syria and Lebanon into that effort."

In a responding USA Today (12/8, 23A, 2.27M) op-ed, Anti-Defamation League National Director Abraham Foxman writes, "When it comes to the Arab-Israeli conflict, the Iraq Study Group falls into the traps of inappropriately linking stability in Iraq to a solution of the Arab-Israeli conflict and of blaming extremism on the absence of peace, rather than recognizing that peace itself is prevented by extremism." USA Today (12/8, 25A, 2.27M) also runs excerpts of editorials on the ISG report from Investor's Business Daily, the Philadelphia Inquirer, the Wichita Eagle, and the St. Louis Post-Dispatch.

Rice And Baker's "Dueling Views" Seen As Key Factor In ISG Critique Of Bush Policies.

The New York Times (12/8, Sanger, 1.16M) writes on its front page that "many of the blistering critiques of the Bush administration contained in the Iraq Study Group's report boil down to this: the worldviews of Baker versus Rice." Baker, meeting with reporters, "insisted that the study group had 'rejected looking backward.' But he then proceeded to make a passionate argument for a course of action he believed Condoleezza Rice, the current secretary of state, should be pursuing -- while carefully never mentioning Ms. Rice by name." Meanwhile, Rice "remained publicly silent," and "has yet to say anything about the public tutorial being conducted by the man who first knew her when she was a mid-level Soviet expert on the National Security Council."

USA Today (12/8, 8A, Slavin, 2.27M) says Rice plans to "devote more energy to reviving Israeli talks with the Palestinians." The ISG recommends "that the Bush

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administration do more to resolve the Arab-Israeli conflict, which was hurting the chances to stabilize Iraq."

State Department Employees Told Not To Discuss ISG Report. The Washington Post's (12/8, A37) Al Kamen writes in his "In the Loop" column that as the Iraq Study Group's report "rocketed through town" Wednesday, "some agencies tried to make sure none of their people was caught talking out of school about the report, which, as White House spokesman Tony Snow gamely spun, was not in any way a 'rebuke' of President Bush's policies." Secretary of State Condoleezza Rice "laid down the rules" early Wednesday in an e-mail "Watch Alert" from the department's operations center, announcing that the report "has been released and is now available" at various Web sites. Then "within minutes, all the folks in Assistant Secretary John C. Rood's Bureau of International Security and Nonproliferation got this e-mail: All -- Strict guidance this a.m. from the Secretary that she does not want any public 'musing' by State officers on the Iraq Study Group report. All public comments will be handled by PA [Public Affairs]."

Baker, Hamilton Face Tough Questions From Senate Armed Services Panel. In their reports on the Capitol Hill testimony, all three networks highlighted Sen. John McCain's questioning of ISG co-chairs James Baker and Lee Hamilton. ABC World News (12/7, story 2, 2:50, Gibson, 8.78M) said the reception of the ISG report was "even tougher on Capitol Hill, where members of the Senate Armed Services Committee today questioned the feasibility of the recommendations." ABC (Karl) added that Baker and Hamilton "were grilled by senators with doubts about their plan." McCain: "There's only one thing worse than an overstressed Army and Marine Corps. And that's a defeated Army and Marine Corps. And I believe that this is a recipe that will lead to, sooner or later, our defeat in Iraq." ABC said former Army Vice Chief of Staff retired Gen. Jack Keane, an adviser to the ISG, said there are "real questions" about whether Iraqi troops can be trained to take over "as quickly as the group says. … McCain asked the co-chairmen to respond directly to General Keane." Baker: "Whether he's right, or whether the others are right, we think it's worth a try, particularly if we're going to enhance the number and the capability of our trainers, as is also called for in this document."

The CBS Evening News (12/7, story 3, 2:25, Martin, 7.66M) said Hamilton told the senators that "the grave and deteriorating situation in Iraq could soon become hopeless." But McCain, "who wants a major build-up of combat forces, thinks the group's call to embed more trainers in Iraqi units is bound to fail. … Even Hamilton seems to have little confidence the group's recommendations will lead to victory." Hamilton: "The options in front of you aren't very good. You want to get out in a way that is responsible."

NBC Nightly News (12/7, story 2, 2:30, Miklaszewski, 9.87M) said, "In the sharpest criticism yet, McCain "told Jim Baker and Lee Hamilton their report for Iraq reminds him of the last war the US lost -- Vietnam. … One of McCain's biggest concerns: the recommendation that most US combat forces be withdrawn from Iraq while the number of American military advisors embedded with Iraqi forces be increased. That could put those US advisors at great risk."

The Washington Post (12/8, Schneider, 690K) says the "hearing came as lawmakers, observers and the president himself began digesting the conclusions and recommendations" of the ISG. But USA Today (12/8, 6A, Nichols, 2.27M) reports senators including McCain, Susan Collins, and Joseph Lieberman "sharply questioned the recommendations," even as most Armed Services members "endorsed the overall tone of the bipartisan report." Collins and Lieberman "expressed doubt that the United States could coax Iran into helping stabilize Iraq as part of a larger diplomatic initiative in the Middle East." The Washington Post (12/8, A32, Ricks, 690K) also says members of Congress "questioned the practicability" of some of the recommendations, even as they "praised the panel's stark assessment of conditions there." The AP (12/7, Burns) also reports on the ambivalent response, reporting that McCain "took strong issue" with the call for a phased withdrawal.

The Los Angeles Times (12/8, Havemann, 850K) has a different perspective, saying senators gave a "warm welcome" to Baker and Hamilton that could signal "a looming battle with President Bush over his Iraq policy." The Financial Times (12/8, Sevastopulo) straddles the perspectives, headlining its report "Iraq Report's Proposals Split Congress."

On its web site, Time (12/7, Waller, 4.03M) says that while "the Democrats might be expected to be cheering" the harsh assessment of Bush Administration policy, "key Democrats in Congress are keeping their distance from the report. Critics of the war opponents obviously liked the report's stark portrayal of the deteriorating situation in Iraq and its blunt assessment of failed Bush administration policies there. But while seeking to 'pivot off that to put it squarely back in the lap

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of the President to propose a way forward in Iraq,' in the words of one senior Democratic aide, 'there's definitely a sense of wariness up here on Capitol Hill.'"

Tim Russert said on MSNBC's Hardball (12/7, Barnicle), "The atmosphere leading up to these midterm elections was poisonous. People went after each other hammer and tong because they were Democrat or Republican. The rhetoric was very, very harsh. If the President does embrace these changes recommended by the Iraq Study Group, incorporates the studies from the Pentagon and the State Department, and truly brings people into the Oval Office and says, 'We are on the precipice of losing Iraq, and I need your help, and I'm willing to acknowledge some big mistakes, and I'm willing to stop attacking,' and saying "cutting and running," if you will step across the divide and do likewise,' they may be able to imitate the example of the Iraq Study Group. But it is going to be extremely difficult, because, frankly, they just don't trust each other."

Iraq Study Group member Vernon Jordan said on MSNBC (12/7, O'Donnell), "I think it would be helpful if the Congress, both the House and the Senate, did the same thing that we did in the Iraq Study Group. And that is, when we entered that room to meet, we checked our partisanship at the door. And I think if both the House and the Senate adopted that process, and just put themselves in the room as American citizens trying to deal with a very serious problem, I think we will come out just fine."

Hyde Says US Needs "A Way To Get Out Of Iraq." USA Today (12/8, 14A, Kiely, 2.27M) reports retiring House International Relations Chairman Henry Hyde "delivered a blunt description of the challenge facing U.S. policymakers on Iraq" during an interview. Hyde said, "We need to find a way to get out of Iraq that doesn't cover us with dishonor."

More Congressional Reaction. Members of Congress took to the cable airwaves again Thursday to discuss the ISG report. Sen. Dianne Feinstein said on MSNBC's Hardball (12/7, Barnicle), "My instinct tells me that my hopes may not be realized. … What this report does is offer a bipartisan formula, so to speak, of many different components, 79 of them, for the President to look at and refashion his strategy with respect to Iraq. I'm afraid that, unless we make some changes, that we will effectively lose our edge in Iraq, that we will end up in a major confrontation, that we will possibly end up in a regional war."

Sen. Kay Bailey Hutchinson said on MSNBC's Hardball (12/7, Barnicle) that she thinks President Bush "is going to have a fresh approach. I particularly think that bringing the Arab nations into the mix is very important. The neighboring countries can have a huge influence, much stronger than any outside group or country. And I think that is the nugget that is important in this report."

Sen. John Cornyn said on CNN (12/7, Collins), "I think the ISG report has been very beneficial so the American people can understand that our road forward is a difficult one. This report does not suggest that there's some magic wand that we can wave and this problem will go away. … I am glad that they have presented a -- really, a cafeteria plan, so to speak, of alternatives available to the President."

Sen. Robert Menendez said on Fox News (12/7, Skinner) that in order to engage Iran and Syria, "they would probably want something in return. And that's where I think it fails, because our interests, not only in Iraq but also in Iran's nuclear program, are very significant in making sure that they cannot pursue a nuclear program. … So the reality is I'm not overly optimistic that those conversations would yield the type of results that the Iraq Study Group thought they may."

Rep. Jim Moran said on MSNBC's Tucker (12/7, Carlson), "I notice that the more partisan you are, the more likely you are to reject this report. I tend to be partisan, and so I was troubled by the fact that it all hinges on conditions on the ground. I think that we should have a plan and carry it forward, and let the Iraqis react to that plan. But maybe they hit the right note. If the people on the far left or the far right are the ones that won't be willing to embrace it, maybe those in the moderate category will be able to use this report to move us forward."

Henninger Praises McCain For Distancing Himself From Report. In his Wall Street Journal (12/8, A16, 2.04M) column, Daniel Henninger writes, "In short order, the Iraq story will enter 2008's presidential politics. To his credit, John McCain distanced himself from the report, which has turned into an unedifying pig-wallow for one swath of our political culture. The Washington Post yesterday reported that Democratic congressional aides say they'll make sure Mr. Bush still 'owns' the Iraq war so he gets tagged if Baker-Hamilton fails."

Gates Faces Tough Tasks, But Could Get Bipartisan Support. In a somewhat pessimistic analysis piece, the Christian Science Monitor (12/8, Grier,

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59K) says that after Defense Secretary-designate Robert Gates "assumes his new post later this month, he may find it hard to alter US military weapons programs or the structure of US forces. In essence, the Pentagon is a huge ship that changes direction slowly -- and the Bush administration has only two years left to run. Nor will US options in Iraq change magically when he is sworn in 10 days from now." Gates "brings with him no secret ideas that the Iraq Study Group or other strategic reviews may have missed." Still, "the moment Gates steps into his expansive new office in the Pentagon's outer 'E' ring, he could have a profound effect on Washington. The reason: He's not Donald Rumsfeld. As a low-key figure whose nomination met with approval among both Democrats and Republicans, Gates might find it easier than his predecessor would have to shape a more bipartisan approach to Iraq and the overall war on terrorism."

Sen. Ben Nelson said on CNN (12/7, Collins), "I hope he's going to be able to do quite a bit. He said he didn't come here leaving the best job that he's had, the one he's enjoyed the most, to be a bump on the log, that he wants to be an independent-minded person. I would hope that the president who nominated him would accept his recommendations. Certainly, I don't think the President brought him here to be a bump on the log either. So I hope that there's a great working relationship not only between the Secretary and the President, but between the Secretary and Congress."

Gates Resigns From Brinker International Board. The AP (12/7) reports Gates resigned from the board of Brinker International after being confirmed. Gates had served on its board since 2003.

US Advisory Role Could Increase Under US Commanders' Plan. The Wall Street Journal (12/8, Jaffe, King, 2.04M) reports on its front page that senior US commanders in Baghdad "are advancing a plan that could more than double the number of American troops involved in training Iraqi soldiers." The tentative plan, "which calls for breaking up some big U.S. combat units into military-training teams, reflects a major shift in U.S. tactics, and meshes with one of the key recommendations" of the ISG report. The new approach "would increase the number involved in advisory roles to as many as 10,000, from the current 4,000."

Insurgents May Be Targeting Small US Training Teams. NBC Nightly News (12/7, story 3, 2:00, Williams, 9.87M) reported from the "extremely violent streets of Baghdad, where several thousand Americans are already working to train Iraqi soldiers and police. Many more would tackle that job under this group's plan for Iraq." NBC (Arraf) reported, "This team of US Army trainers has been in Iraq only two weeks, fresh from their own training in Kansas; their mission this morning: visiting Iraqi army checkpoints in one of the most volatile parts of Baghdad. … Officers worry the insurgents may have decided that these small groups of American trainers working to improve Iraqi forces are now among the most vulnerable and valuable targets."

ISG Says US Intelligence Community Failing In Fight Against Insurgency. The Washington Post (12/8, A31, Pincus, 690K) reports the Iraq Study Group said the US intelligence community "has failed to provide policymakers with a clear understanding of the Iraq insurgency, the role of militias or the level of violence in that country." The panel "singled out the lack of analysts experienced in insurgency with needed language skills, such as Arabic, as well as familiarity with Iraqi culture."

32 US Troops Have Been Killed In Iraq This Month. USA Today (12/8, Soriano, Kelley, 2.27M) reports, "A flare-up of fighting in Iraq, particularly in the western Anbar province where the Sunni insurgency is strong, has made the first week in December one of the deadliest in the war. At least 32 U.S. troops have died in Iraq this month, according to the Defense Department. Eleven died Wednesday. … Another soldier wounded Wednesday died Thursday, the military said. Most of the deaths -- at least 18 -- were in Anbar province, a large stretch of desert west of Baghdad where U.S. and Iraqi forces have been unable to crush insurgents."

The Washington Post (12/8, A26, Trejos, 690K) reports, "On Thursday, the military released more details about the deaths. 'It was a variety of events and a variety of operations,' said Lt. Christopher C. Garver, a U.S. military spokesman. … Three soldiers from the 1st Armored Division, one Marine from the 1st Marine Expeditionary Force Headquarters Group and one Marine from the 15th Marine Expeditionary Force died of wounds suffered in enemy action. Another Marine from the 1st Marine Expeditionary Force died of nonhostile causes. Five soldiers from the 25th Infantry Division were killed by a roadside bomb during combat operations in Kirkuk province, north of Baghdad, the military reported. The soldier who died Thursday had been wounded in a battle Wednesday with suspected insurgents in Ramadi, the provincial capital of Anbar."

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Private Saudi Citizens Said To Be Funding Sunni Insurgents In Iraq. The AP (12/8, Nasrawi) reports, "Private Saudi citizens are giving millions of dollars to Sunni insurgents in Iraq and much of the money is used to buy weapons, including shoulder fired anti-aircraft missiles, according to key Iraqi officials and others familiar with the flow of cash. Saudi government officials deny that any money from their country is being sent to Iraqis fighting the government and the U.S.-led coalition. But the U.S. Iraq Study Group report said Saudis are a source of funding for Sunni Arab insurgents. Several truck drivers interviewed by" the AP "described carrying boxes of cash from Saudi Arabia into Iraq, money they said was headed for insurgents. Two high-ranking Iraqi officials, speaking on condition of anonymity because of the issue's sensitivity, told the AP most of the Saudi money comes from private donations, called zaqat, collected for Islamic causes and charities. Some Saudis appear to know the money is headed to Iraq's insurgents, but others merely give it to clerics who channel it to anti-coalition forces, the officials said. … Overall, the Iraqi officials said, money has been pouring into Iraq from oil-rich Saudi Arabia, a Sunni bastion, since the U.S.-led invasion of Iraq toppled the Sunni-controlled regime of Saddam Hussein in 2003."

Nearly Two Million Iraqis Estimated To Have Fled Country Since US Invasion. The New York Times (12/8, Fattah, 1.16M) reports that "nearly two million Iraqis…have fled the vicious chaos of their country since the American invasion nearly four years ago, flooding neighboring states, especially Jordan and Syria, but also Lebanon and Egypt. As they leave Iraq at a rate of nearly 3,000 a day, the refugees are threatening the social and economic fabric of both Jordan and Syria." The Times notes, "The United Nations High Commissioner for Refugees estimated in a report released last month that more than 1.6 million Iraqis have left since March 2003, nearly 7 percent of the population." Meanwhile, "a report released this week" by "Refugees International, a Washington-based advocacy group, put the total at close to two million and called their flight 'the fastest-growing humanitarian crisis in the world.' Its president, Kenneth Bacon, said, 'The United States and its allies sparked the current chaos in Iraq, but they are doing little to ease the humanitarian crisis caused by the current exodus.'"

State Department Seeks To Have More Iraqis Approved For Visas. The Washington Post's (12/8, A37) Al Kamen writes in his "In the Loop" column that the State Department has "approached the U.N. High Commissioner for Refugees office to see about having more Iraqi refugees screened for admission to this country." However, Kamen says the department is focusing "on helping Chaldean Christians, who are getting pounded by everyone over there." However, "One major problem is that the United Nations is grossly underfunded and understaffed, the refugee folks say, so they don't have enough people to process the huge numbers of Iraqis."

Optimism Declining Among Afghanis. ABC World News (12/7, story 4, 2:45, Gibson, 8.78M) ran an "A Closer Look" report on "the other war, the war in Afghanistan. The violence ravaging Iraq has overshadowed the effort to stabilize Afghanistan. So, ABC News and the BBC sent poll takers across Afghanistan to get a reality check five years after the ouster of the Taliban: 55% said Afghanistan is headed in the right direction. But that is down considerably from 77% a year ago." ABC (Sciutto) added, "From democratic elections to improved education, Afghanistan has seen dramatic changes in the last five years. But optimism is dropping, driven largely by a resurgent Taliban. … Afghans much prefer their elected government to the Taliban, but they have dwindling confidence in the ability of either their local leaders or the Americans to improve their lives."

Sharp Spike Seen In Civilian Job Complaints By Reservists. USA Today (12/8, Slavin, 2.27M) reports, "The number of reservists and National Guard members who say they have been reassigned, lost benefits or been fired from civilian jobs after returning from duty has increased by more than 70% over the past six years. The sharp spike in complaints brought to the U.S. Labor Department reflects the extensive use of part-time soldiers in Iraq and Afghanistan, the largest call up of reserves since the 1950-53 Korean War. About 500,000 of the 850,000 reservists and National Guard members eligible for duty have been mobilized since late 2001, said Maj. Rob Palmer, spokesman for a Pentagon office that tries to resolve job disputes. … The Pentagon received more than 8,000 complaints this year, nearly double the previous year, but most were resolved without further government action, Palmer said. Complaints range from being fired, losing chances for promotion or being reassigned to jobs with less pay or responsibility."

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Reserve Call-Ups Depleting Local Law Enforcement Agencies. USA Today (12/8, 18A, Johnson, 2.27M) reports, "The deployment of thousands of police officers to Iraq, Afghanistan and other military reserve posts is costing local law enforcement agencies up to $1.2 billion per year, according to a new analysis of Justice Department data. The review, prepared for a law enforcement trade journal by Justice Department statistician Matthew Hickman, found that the number of military call-ups is outstripping the pace of new hires at a time when agencies are struggling to find new recruits, and as crime is ticking upward after several years of historically low crime rates." According to the analysis, "about 2.2% of the estimated 683,600 full-time police officers, sheriff's deputies and state troopers across the nation are in the military reserves. For his analysis, Hickman reviewed personnel in 3,000 of the nearly 16,000 police agencies across the nation for a 12-month period that ended June 30, 2003. The findings then were projected across all of the agencies as estimates of continuing annual costs to local law enforcement." According to the analysis, which was "just published in Police Chief magazine," Hickman "estimated that 11,380 law enforcement officers were called for military reserve service from all agencies during the time period studied, compared with gains of about 2,600 new hires. At least 23% of all police agencies had officers called for reserve duty during that time, according to Hickman."

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Senate Passes Bill Giving Comp Time For DOJ Attorneys' Travel. Government Executive (12/8, Rutzick) reports, "The Senate passed a bill Wednesday providing compensatory time off for Justice Department lawyers on business travel, following House approval of the measure in March." GE continues, "Sponsored by Sen. Daniel Akaka, D-Hawaii, and passed unanimously, the bill provides Justice lawyers the same benefit as the rest of their white-collar counterparts in the federal government. The bill now goes to President Bush. … Congress initially granted civil servants comp time for travel as part of the 2004 Federal Workforce Flexibility Act. The Justice Department, however, determined that it lacked authority to grant lawyers the benefit because of limitations on their premium pay." GE adds, "Richard Delonis, president of the National Association of Assistant United States Attorneys, which has lobbied Congress for two years to force Justice to change its rule, said the department's attorneys are being asked to spend more nights and weekends traveling. … 'The comp time legislation passed by Congress sends an important message to these dedicated public servants, assuring that they do not bear an extra burden that Congress did not intend to impose,' Delonis said." GE notes, "On the House side, Reps. Jon Porter, R-Nev.; Tom Davis, R-Va.; Henry Waxman, D-Calif.; Danny Davis, D-Ill.; and Chris Van Hollen, D-Md., introduced the comp time bill (H.R. 4057) to correct the variation in benefits. … Agencies can award travel comp time when they are otherwise unable to compensate employees for time spent in transit outside of normal work hours. They are not allowed to give cash payments, but there is no limit on the amount of time off they can award."

Northrop Grumman Snags DOJ IT Contract. The AP (12/8) reports, "Defense and technology company Northrop Grumman Corp. said Thursday it received a contract worth up to $20 million to help improve information technology management and operations for the Department of Justice." The AP continues, Northrop will provide IT and security analysis, training, Web content, task and asset management, and applications, operations and help desk support for the agency's Criminal Division Office." The AP adds, 'The one-year contract has four one-year options and is worth about $19.9 million if they're all exercised."

CORPORATE SCANDALS:

Specter Bill Would Change DOJ Tactics In Corporate Fraud Probes. The New York Times (12/8, Browning) reports, "The departing chairman of the Senate Judiciary Committee proposed legislation yesterday calling for a rollback of the tactics adopted by federal prosecutors to combat corporate wrongdoing after the Enron collapse." The Times continues, "The bill from Senator Arlen Specter, a Pennsylvania Republican, is the latest challenge to the tactics, which have come under scrutiny from trade groups, former United States attorneys general and a prominent federal judge. Mr. Specter said he would reintroduce the bill next month when Congress convenes." The Times adds, "The Justice Department is now weighing how much to revise the guidelines, which are used as a playbook by prosecutors when conducting investigations of companies and employees. But the white-collar-crime group of an advisory council to Attorney General Alberto R.

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Gonzales, the body that is redrafting the guidelines, is mired in internal debate over how much to scale them back, according to a person close to the matter."

The Legal Times (12/8, Mclure) reports that Specter "said on the Senate floor that the DOJ had not moved quickly enough to change policies that he said encroached on corporate defendants' constitutional right to counsel. … 'I see no need for the Justice Department to publicly express a policy that encourages waiver of attorney-client privilege,' Specter said. 'Especially where the policy is backed by the heavy hammer of possible criminal charges.'" The Times adds, "Specter was joined by former Attorney General Richard Thornburgh and lobbyists from a number of business and legal groups, who said that forcing a change in the DOJ's policy could lead the Securities and Exchange Commission, the Internal Revenue Service and other government agencies to review their policies on privilege waivers. … 'I have no doubt, if DOJ changed policies, it would lead to backtracking by agencies that have followed suit,' Thornburgh says." The Times notes, "Specter's move comes as Deputy Attorney General Paul McNulty is leading an internal review of the government's corporate-fraud prosecution policies in the wake of a concerted lobbying effort by business groups and a court decision in New York that found one of the policies to be unconstitutional."

The Washington Post (12/8, D2, Johnson) reports, "Specter said he went forward with the legislation, which he will take up again next year, because Justice Department officials have failed to produce their own plan after repeated urging from Congress and a coalition that includes the U.S. Chamber of Commerce, the National Association of Manufacturers, the American Civil Liberties Union and the National Association of Criminal Defense Lawyers."

The AP (12/8, Jordan) reports, "Asked if the legislation would make it harder to prosecute companies and protect shareholders, Specter said, 'I don't think so. I think it'll require (prosecutors) to do a little more work.' … 'That's a small price to pay for preserving constitutional rights,' he said." The AP notes, "Even with the end of the congressional session and Democrats taking power, Specter said he will push to change the law next year and will refile his bill in January. He wants to: … Prohibit the department from pressuring corporations to waive their rights to preserve conversations and other information shared between lawyers and their clients as confidential. … Allow corporations to continue paying lawyers' fees for their employees without fear of seeming uncooperative with investigators. … Bar the department from considering how cooperative a corporation has been with the investigation when determining possible charges. … Specter said it is not likely that the department will meet all of his demands. … . 'It may be that the first draft they give us will be satisfactory,' said Specter … 'Or it may be that it will require a fair amount of negotiation. That's the more likely consequence.'"

Hewlett-Packard Settles California Civil Charges In Pretexting Probe For $14.5 Million. The Los Angeles Times (12/8, Granelli) reports, "Hewlett-Packard Co. today agreed to a $14.5-million settlement with California Atty. Gen. Bill Lockyer to resolve claims that the computer products maker illegally spied on people in an effort to halt media leaks from the boardroom." The Times continues, "The pioneering Silicon Valley firm will pay $13.5 million into a privacy and piracy fund that will be used by the attorney general and local prosecutors to investigate and prosecute violations of privacy and intellectual property rights. … In addition, HP will pay $650,000 in civil penalties, $350,000 to cover the attorney general's investigation and agreed to strengthen its corporate governance standards to make sure the company complies with ethical and legal standards."

The Wall Street Journal (12/8, A3, Lawton) reports, "H-P didn't admit any wrongdoing under the settlement with California Attorney General Bill Lockyer, who has brought criminal charges against former executives and others involved in the company's investigation into the media leaks. The settlement won't affect those cases, legal experts said, but it suggests that H-P itself isn't likely to face criminal charges. All the defendants in the criminal cases have pleaded not guilty." The Journal continues, "H-P used practices that included pretexting -- obtaining private phone records under false pretences -- of company directors, employees and journalists as part of a probe that turned into a high-profile scandal this fall. … Along with documents outlining the settlement, Mr. Lockyer's office also filed a civil complaint in Santa Clara County Superior Curt alleging that H-P used "false and fraudulent pretenses" to obtain confidential phone records. Significantly, however, H-P didn't admit wrongdoing in connection with the allegations in the complaint, which could have affected the criminal cases or other civil litigation associated with the scandal."

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The New York Times (12/8, Darlin) reports, "The attorney general, Bill Lockyer, filed criminal charges in early October against five people, including Patricia C. Dunn, the former H.P. chairwoman, and a former company lawyer, accusing them of violating state privacy laws. All of the individuals have pleaded not guilty. … In those cases, the attorney general alleges that company officials passed on information to private investigators — who in turn passed it to other private investigators — that allowed the personal phone records of several board members and journalists to be viewed. … The settlement of the civil suit puts an end to the company's problems with state investigators. But on the federal level, the Justice Department, the Securities and Exchange Commission and the Federal Communications Commission are all investigating the company's conduct during the company's internal investigations of leaks from its board during 2005 and 2006."

The Washington Post (12/8, D1, Nakashima) reports, "The scandal broke in September when HP acknowledged in a Securities and Exchange Commission filing that investigators probing internal HP leaks to the media had gained access to board members' personal phone records by impersonating the board members, a practice known as pretexting. HP's investigators also conducted physical and electronic surveillance of board members and reporters, according to HP documents." The Post adds, "The civil settlement does not affect the criminal charges brought against Dunn and four others, including former HP chief ethics director and senior legal counsel Kevin Hunsaker, who resigned as the scandal unfolded; Boston security consultant Ronald R. DeLia; and private investigators Bryan Wagner of Littleton, Colo., and Matthew Depante of Melbourne, Fla."

USA Today (12/8, Hopkins, Kessler) reports, "Lockyer acknowledged that $14.5 million is small relative to HP's size. But he noted, 'The fine or penalty isn't a function of how big the company is.' … Other corporations have paid far more to settle law enforcement claims. Securities giant Prudential Equity Group agreed in August to pay $600 million to resolve civil and criminal complaints brought by the SEC and others."

Bloomberg (12/8, Gullo, Guglielmo) reports, "It would take Hewlett-Packard an hour and 23 minutes to generate $14.5 million in sales, based on fiscal 2006 revenue of $91.7 billion. … 'It's kind of a slap on the wrist,' said Rob Enderle, an analyst with San Jose, California-based Enderle Group. 'This was a series of mistakes that was more about incompetence than criminal intent. Paying $14.5 million for an "oops" is probably good enough and for every company that may need to be reminded that spying on reporters is not a good idea, this may do it.'"

Convicted Former Cendant Official Placed Under House Arrest. Bloomberg (12/8, Mills, Voreacos) reports, "E. Kirk Shelton, the former Cendant Corp. vice chairman convicted of a $3 billion accounting fraud, was placed under house arrest Thursday by a federal judge until he begins serving a 10-year prison term." Bloomberg continues, "U.S. District Judge Alvin Thompson ordered Shelton confined to his house in Darien, Conn., after an appeals court upheld his conviction Nov. 22. Thompson said he cannot order Shelton to prison until the appeals court lifts a stay on his term. … 'I would order a surrender that would be forthwith,' Thompson said in federal court in Hartford, Conn." Bloomberg adds, "Shelton, 51, was convicted in 2005 of overstating income by $286 million at CUC International, which merged with Parsippany-based HFS in 1997 to create Cendant, a travel and real-estate services company. … Cendant paid $3.2 billion to settle investor lawsuits. … Both Cendant and the Justice Department have sued Shelton, saying he is hiding tens of millions of dollars in assets through fraudulent transfers."

Four Former California Brokers Convicted In Stock Inflation Case. KCAL-TV, CBS 9, Los Angeles (12/8) reports, "Four men who worked for a San Diego brokerage were convicted of federal charges Thursday for selling their clients stocks that their superiors wanted to run up in value." KCAL-TV continues, "The brokerage, Hampton Porter Investment Bankers, shut its doors abruptly in 2001, U.S. Justice Department attorney Kathleen McGovern told jurors during a month-long trial in Los Angeles." KCAL-TV adds, "Hampton Porter paid the four brokers convicted -- Bryan Laurienti, 50, David Montesano, 39, Curtiss Parker, 45, and Donald Samaria, 37, -- special commissions in return for the transactions, which typically involved thinly traded low-value stocks their firm had received at deep discounts, McGovern told jurors. .. .The four were convicted of conspiracy and securities fraud in connection with the transactions, according to another prosecutor on the case, Assistant U.S. Attorney David Willingham. … A fifth man, Michael Losse, 42, was acquitted on all charges, Willingham said." KCAL-TV notes, "The owners of the brokerage, John Laurienti and Gregory Walker, previously pleaded guilty to one

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count each of conspiracy, as did its retail manager, James Green. They are awaiting sentencing. … More than 100 of Hampton Porter's clients were bilked out of an estimated $5 million as the result of trades made between 1998 and 2000, authorities have said."

Dodd Asserts Banking Panel's Jurisdiction Over Hedge Funds. The Washington Post (12/8, D2, Johnson, 690K) reports, "Sen. Christopher J. Dodd asserted yesterday that he was not 'allergic to business,' but the Connecticut Democrat vowed that preserving investor confidence would guide his actions and agenda as chairman of the Senate Banking Committee next year." Dodd, "whose state is home to many of the nation's 9,000-odd hedge funds, rejected the idea of legislation that would impose new rules on the $1 trillion industry. In a briefing with reporters yesterday, Dodd forcefully reasserted his jurisdiction over hedge funds -- trumping a bid by the outgoing chairman of the Senate Judiciary Committee to introduce legislation that would force the funds to register with securities regulators under certain circumstances." Instead, Dodd said, "he would question officials from the Treasury Department and the Federal Reserve Board about their efforts to better understand hedge funds, which are loosely regulated pools of capital designed for wealthy and sophisticated investors. Increasingly, public employee pension funds and other retail investors have been pouring money into hedge funds, an issue of concern for Dodd."

Hedge Funds Seeking "Political Intelligence." The Wall Street Journal (12/8, A1, Mullins, Scannell, 2.04M) reports, "As federal authorities try to crack down on illegal trading using secrets leaked from companies, some hedge-fund managers are tapping another source of information: the corridors of the Capitol." Hedge funds "are finding that Washington can be a gold mine of market-moving information, easily gathered by the politically connected. The funds are hiring lobbyists -- not to influence government, but to tell them what it's going to do. Several lobbying firms are ramping up their 'political-intelligence' units and charging hedge funds between $5,000 and $20,000 a month for tips and predictions." The Securities and Exchange Commission "is looking into whether laws are being broken somewhere in the transfer of information between Congress and Wall Street." One question "the SEC is trying to resolve is whether the passing of market-sensitive information by lobbyists to investors could violate insider-trading law."

WSJ Knocks Grassley For Pursuing Pequot "Scandal." The Wall Street Journal (12/8, A16) editorializes, "In Washington, the 'whistleblower' is a stock political figure. Some are truth-tellers, others grind a political ax. One duty of Congressional oversight is knowing the difference, and that looks to be among the failings of Senator Chuck Grassley in the strange and much-hyped case of Pequot Capital Management." The Journal continues, "Pequot is the hedge fund that Mr. Grassley is doggedly suggesting is at the center of an insider-trading scheme, one that has supposedly been winked at by the Securities and Exchange Commission. Or so claims disgruntled former SEC lawyer Gary Aguirre, whom Mr. Grassley has adopted as a truth-teller while courting publicity by suggesting an SEC coverup. The only thing missing is evidence." The Journal adds, "This melodrama began in May, when Mr. Aguirre sent a letter to Congress claiming he'd been fired because he'd come across insider trading at Pequot. Mr. Aguirre suspected Morgan Stanley CEO John Mack of tipping off Pequot CEO Art Samberg to a corporate merger in 2001, allowing Pequot to bank $18 million. When he asked to depose Mr. Mack, senior SEC officials denied his request and Mr. Aguirre lost his job not long thereafter. … Mr. Aguirre was soon feted at a Congressional hearing, and by August Mr. Grassley was interrogating SEC staff amid media leaks portraying the Senator as a tireless pursuer of the rich and powerful. The Iowan dismissed a report from the SEC's inspector general that found the agency had not acted improperly, and he has unleashed the Government Accountability Office to dig for whatever it can find." The Journal notes, "So what's really going on here? Mr. Aguirre's financial bugbears aside, one hint is the allusion in his whistleblowing letter to the Senate that Mr. Mack has 'powerful political connections,' meaning that Mr. Mack had raised money for President Bush. This has kept the media titillated, and it also gives Mr. Grassley a chance to court the New York Times and burnish his reputation as a populist. … Senators and their staff ought to be under some obligation to produce evidence before they cry scandal and drag reputations through the mud. As it stands, Messrs. Mack and Samberg appear to have been singled out for no other reason than because they have money and political friends. And if anything, Pequot is the wronged party, having cooperated with the SEC probe only to find that Mr. Aguirre had leaked confidential corporate information to Senate staff, who then leaked it to the press. That sounds like the real scandal."

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WSJournal Calls Spitzer Defeat On H&R Block "Humiliating." The Wall Street Journal (12/8, 2.04M) editorializes New York Supreme Court Justice Karla Moskowitz issued a "humiliating" defeat for Attorney General Eliot Spitzer, dismissing his lawsuit against H&R Block that allegedly sold fraudulent retirement savings plans. Moskowitz said Spitzer lacked jurisdiction because the parent company is not physically present in the state. The judge also found that Spitzer showed "no offending conduct" at the H&R Block Financial Advisers unit that works with a bank in New York. The WSJournal says this ruling is "good" both for the rule of law and low-income earners who use H&R Block's Express IRA retirement product. The Journal says Spitzer "cherry-picked his data to suggest that most H&R Block customers had lost money, and it is probably true that some beginning savers saw a dip in their accounts as they started to build balances. While this is an unavoidable risk for new savers relying on money-market accounts, it is not fraud."

CRIMINAL LAW:

FBI Arrests Alaska State Lawmaker On Corruption Charges. The Alaska Daily News (12/8) reports, "Federal authorities arrested state Rep. Tom Anderson on Thursday afternoon on "public corruption" charges, the FBI said. Anderson was still in custody at the Anchorage Jail on Thursday night. FBI spokesman Eric Gonzalez said further details would be available from the Department of Justice Friday with the release of the federal charging documents. Gonzalez only would say that there was a federal warrant for Anderson's arrest 'in connection with a public corruption probe.'" The Daily News notes, "Anderson, who…did not seek re-election in November, kept up his original consulting business as an adviser for clients who do business with state and local government" The AP (12/8) adds, "No other arrests were made, but Gonzalez said it was an ongoing investigation. … The offices of at least six Alaska legislators were raided in late August and early September by federal agents searching for possible ties between the lawmakers and VECO Corp., a large oil field services company, officials and aides said. Anderson's name had not appeared in the list of offices searched." KTUU-TV Anchorage (12/7, Burke) also reported the arrest, on its Web site and in a story broadcast yesterday.

Attorneys For Peltier Seek FBI Files. The AP (12/8, Milton) reports, "Attorneys for an American Indian activist convicted of killing two FBI agents in a shoot-out on a South Dakota reservation in 1975 took their fight to free the imprisoned man to a New York courtroom on Thursday." The AP continues, "The attorneys for Leonard Peltier argued for the release of all FBI files stemming from the three-decade old case. Appearing before a three-judge panel of the U.S. Appeals Court in Manhattan, they contended that the documents should have been turned over to them at the time of trial in 1977." The AP adds, "They are now seeking the release of the documents under the Freedom of Information Act, hoping the withheld information will lead to Peltier's exoneration. … 'The FBI cannot use exemptions under FOIA to shield unauthorized, illegal tactics in this case,' Peltier's attorney, Michael Kuzma, told the panel. Kuzma claimed investigators coerced witnesses and withheld evidence in building a case against Peltier." The AP notes, "Justice Department attorney H. Thomas Byron III told the court that unfettered release of the documents would compromise the confidentiality of the witnesses. He said the witnesses were guaranteed confidentiality, either expressed or implied. … 'The circumstances of this case make it clear that anyone who provided information would have reason to have concern for their well-being,' Byron argued. … The FBI in Buffalo released 797 pages of material in 2004. But it withheld some 15 pages and redacted large portions of the released pages, citing exemptions allowed under FOIA for national security concerns and to protect the identity of agents, witnesses, and informants."

Judge Warns Convicted Racketeer About Contacting Jurors. The Tampa Tribune (12/8, Silvestrini) reports, "Ronald 'Ronnie One Arm' Trucchio said his family didn't mean to scare anyone when they sent two private detectives down from New York to talk to jurors who convicted him of racketeering conspiracy." The Tribune continues, "One of the investigators said he was hired to question jurors about allegations made by juror Diana Young-Stewart, who wrote a letter to the judge claiming other jurors coerced her into voting to convict Trucchio. … Defense attorney Joseph Corozzo Jr. said he did not know anything about the private investigators. … 'It's distressing to me that this happened,' said U.S. District Judge Susan Bucklew, who called a hearing Thursday to tell Trucchio that he can't have anyone try to contact jurors. 'Serving on a jury is difficult

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enough.'" The Tribune adds, "After several jurors called her office and U.S. marshals, Bucklew had a telephone conference with the attorneys in the case on Wednesday, she said. After Corozzo said he did not know about the contacts, the judge wanted to talk directly to Trucchio, who faces a possible life sentence after his conviction last month. Prosecutors say Trucchio is a capo in the Gambino crime family who was in charge of a crew that committed crimes in three states. … '[I didn't try to contact anybody' he said initially. … Bucklew warned Trucchio that if he does contact jurors, 'you will be held in contempt of my order ordering you not to do that.' And, she said, 'any contact of jurors could be seen as obstruction of justice and have an effect on your sentencing.' … Corozzo said he filed a motion to have the jurors questioned under oath in response to a letter to the judge from juror Diana Young-Stewart saying she was coerced into voting to convict."

Judge Denies Defense Motions In Abortion Doctor Murder Trial. In a widely-distributed story, the AP (12/8, Thompson) reports, "A judge on Thursday rejected all defense motions to dismiss a federal case against a man who admits fatally shooting a doctor who performed abortions, and barred the defendant from discussing his anti-abortion views at trial. James Kopp already is serving a 25-year-to-life state sentence after being convicted of second-degree murder in the 1998 shooting of Dr. Barnett Slepian. He faces a life term if found guilty of violating the federal Freedom of Access to Clinic Entrances Act in the shooting." The AP notes that Kopp "was a fugitive for 2 1/2 years and was among the FBI's most wanted criminals when he was captured in France in March 2001. Kopp had hoped to argue at his federal trial that the shooting was justified because he shot Slepian to save the lives of unborn babies the doctor was about to abort."

Texas Doctor Sentenced To Six Years In Prison For Wheelchair Fraud Scheme. KHOU-TV Houston (12/6) reported on its Web site, "A local psychiatrist was sentenced to prison and ordered to pay millions to the Medicare and Medicaid programs for his involvement in a motorized wheelchair fraud scheme, U.S. Attorney Don DeGabrielle said Wednesday. Lewis Gottlieb was given six years and six months in federal prison without parole and will pay more than $20.6 million in restitution for the scheme." KHOU noted, "The case was the result of a joint investigation conducted by FBI, the Department of Health and Human Services, and the Texas Attorney General's Medicaid Fraud Control Unit of the Office." The Houston Chronicle (12/7, Rice, 530K) added that Rice "was among the first to be targeted in a federal crackdown on a widespread scheme that, at the time, was centered in Houston. Since his arrest, two doctors who worked with Gottlieb and three medical equipment suppliers involved in the scheme have been convicted by a jury and are awaiting sentencing."

Trial Revolving Around War Protesters' Arrests Expected To Go To Jury Today. The New York Times (12/8, Hartocollis, 1.16M) reports, "It started as a tiny act of protest. Cindy Sheehan, the mother of a soldier killed in Iraq who had held a vigil near President Bush's ranch, and a group of women wanted to submit a petition to the United States Mission to the United Nations in Manhattan, demanding an end to the war. But Ms. Sheehan and three other women were handcuffed, arrested and jailed overnight. Now their misdemeanor trial in Manhattan Criminal Court has turned into a look at the use -- and they say abuse -- of police power, in the face of an antiwar protest." Police and security officers testified "that the four women had sat down and blocked the entrance to the building, and had resisted arrest by refusing to follow the instructions of arresting officers." The defendants, however, "say the police and the security staff at the building, a private office building run by the Macklowe organization, locked the doors, refused to accept their petition and hemmed them in from all sides. … The police have testified that the arrests were routine. But the women say their treatment harks back to a pattern of excessive force by the police during the Republican National Convention in New York in 2004 and in other demonstrations around the city, a 'policy of stifling dissent by arresting noted people,'" said Robert Gottlieb, Sheehan's lawyer. The Times notes the case "is expected to go to the jury today."

States Turning Away From Jails, Toward Rehabilitation For Teens. The Christian Science Monitor (12/8, Paulson) reports from Chicago, "Cook County, home of the nation's first juvenile court, created in 1899, hasn't always had the best track record for dealing with young offenders." The Monitor continues, "A 1995 Chicago Tribune editorial deplored the local juvenile detention center's filthy conditions, unqualified staff, and children who 'languish there

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like warehoused animals.' … But these days, spurred by a state recidivism rate around 50 percent and research showing clear differences between the ways adolescents and adults cope with jail time, Illinois is rethinking its approach to juvenile justice." The Monitor adds, "In doing so, it's leading a wave of new policy approaches nationwide that emphasize rehabilitation and intervention programs over simple punishment and incarceration for youths, or the 'scaring them straight' strategies favored by many during the 1990s crime waves. … The state's pilot programs and brand new Juvenile Justice Department were centerpieces of a MacArthur Foundation conference on juvenile justice reform this week - just a few days after the Department of Justice released new statistics showing that a record 7 million Americans, or 1 in 32 adults, is now in prison or on parole. … Other states, like Louisiana, Pennsylvania, Missouri, and Washington have been experimenting with similar programs."

Police Believe They Have Phoenix "Baseline Killer" In Custody. USA Today (12/8, 2A) reports from Phoenix, AZ, "Three months after Mark Goudeau was arrested and accused of a sexual assault linked to the 'Baseline Killer' cases, Phoenix police say they are confident he is responsible for a string of murders, rapes and robberies that terrorized the city for 13 months." USA continues, "Police are asking Maricopa County prosecutors to charge Goudeau with an additional 71 crimes, including nine murders, five sexual assaults and 12 armed robberies. … Maricopa County Attorney Andrew Thomas said Thursday that he will review the 15,000 pages of documents in the case and recommend charges. 'I still believe this man should never again be able to walk the streets of this Valley,' Thomas said. … Phoenix police Lt. Benny Piña said, 'We've locked in on the one suspect. There isn't anybody else out there.'" USA adds, "Police say ballistics, DNA and circumstantial evidence combined to point to Goudeau as the man who plucked random victims from public places after dark, often while wearing a disguise. … 'The person who committed those crimes is in custody,' Assistant Chief Kevin Robinson said." USA notes, "The name Baseline Killer comes from the Phoenix street where some of the earliest crimes in the series occurred. … Police remain tight-lipped about the exact evidence they say links Goudeau to the attacks. Commander Joe Klima said authorities don't want to say too much before Goudeau is formally charged."

Prince George's County Police Seek Motive In Pastor's Shooting. The Washington Post (12/8, B2, Partlow, Harris) reports, "Prince George's County police are looking into the possibility that a slain Suitland minister was not the victim of a random shooting but was targeted for personal reasons." The Post continues, "The Rev. Milton L. Moore, pastor of Warriors for Christ Ministries, was shot outside his ministry Wednesday morning. Police are following leads that the killing may have been premeditated, said a law enforcement source who spoke on condition of anonymity because the investigation is ongoing. .. .Police declined to discuss possible motives for the shooting." The Post adds, "No arrests have been made, said Cpl. Clinton Copeland, a police spokesman. Detectives are following leads from people who said they heard arguing outside the ministry building before the shooting took place. The ministry is in the 2400 block of Brooks Drive and shares a parking lot with Drew-Freeman Middle School. .. .Moore, 50, grew up in Albany, Ga., was married with four children, and had run the ministry since the late 1990s. In addition to being a religious center, the three-story building served as a transitional home for as many as 20 families, according to a ministry official. … Although police were focusing on personal motives, they have not ruled out the possibility of random street crime."

CIVIL LAW:

Army JAG Retiree Sues Over Alleged Denial Of Leave. The Baltimore Sun (12/8, Harris) reports, "A Northern Virginia man has sued the Department of Defense in federal court over the way it calculated his leave after he transferred from active duty to a civilian position at the agency." The Sun continues, "By Mark Romaneski's count, he's out 240 hours, or 30 days, of leave after the Army decided to treat the retired colonel in the Judge Advocate General's Corps as if he were new to the agency rather than someone who was hired while finishing his military service." The Sun adds, "Romaneski, now chief attorney at the Defense Department's installation management command, is representing himself in the case and said he estimates that 'a couple hundred' people are in a similar position. … Romaneski and other affected employees at Aberdeen Proving Ground and Fort Meade have filed complaints about their leave calculations with the Army, said Doug Dribben, a civilian attorney at Fort Meade who estimates that the Army

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owes him 330 hours of leave, almost $16,000 if paid in a lump sum." The Sun notes, "Dribben and Romaneski are asking the Department of Defense to take into account their decades of military service when calculating their leave as civilian employees."

CIVIL RIGHTS:

Two Ohio Deputies Indicted For Civil Rights Violations. The Toledo Blade (OH) (12/8) reports, "A federal grand jury in Toledo has indicted two Lucas County sheriff's deputies on charges they violated the civil rights of a 15-year boy who suffered a broken jaw and other injuries at the county Juvenile Justice Center last year." The Blade continues, "Troy Jackson, 45, and Marc Odoms, 38, both of Toledo, were also charged with conspiring to obstruct, and obstructing a federal investigation into the incident. The two men work at the county Juvenile Justice Center." The Blade adds, "If convicted, both men face a maximum sentence of 10 years in prison and fines of $250,000 on each criminal civil rights and obstruction charge. Deputy Odoms faces an additional five years in prison if convicted on a false statements charge." The Blade notes, "In January, 2005, the boy was handcuffed and was being moved from a courtroom to a detention area when he head-butted a security employee. Deputy Jackson wrestled the youth to the ground. … In February, 2005, Sheriff James Telb cleared Deputy Jackson of any wrongdoing. He said he had not known about the broken jaw at the time. The FBI and the Lucas County Children's Service were continuing their investigation. … According to the U.S. Justice Department, prosecutors allege that Deputy Jackson physically assaulted the boy by striking him in the eye and the side of the face. Deputy Odoms allegedly watched the assault and failed to invervene."

Wisconsin Police Officer Pleads Guilty To Obstructing Civil Rights Probe. The Milwaukee Journal-Sentinel (12/8, Barton) reports, "Former Milwaukee police Officer Joseph Stromei told a federal judge Thursday that he lied about the beating of Frank Jude Jr., both to investigators and during a state trial of three former officers in April." Stromei pleaded guilty to one charge of obstruction of justice. "Jude was beaten outside an off-duty officer's party in Bay View in October 2004. Jude, Lovell Harris and two women were invited to the party by another woman but quickly left. They were followed out, and Jude was accused of stealing a wallet and badge, which he denied. No badge has ever been found, and Jude was never charged with theft. … Jude, who is biracial, and Harris, who is black, both said their attackers, who are all white, used racial slurs during the beating." The Journal-Sentinel notes that "two months ago, Stromei confessed to the FBI that he saw one off-duty officer punch Jude and saw another brandish a knife at him. … Evidence indicates that Stromei held Jude down, according to his plea agreement."

LAPD Officer Arrested For Assaulting Teen In Holding Room. The Los Angeles Times (12/8, Winton, McGreevy) reports, "A veteran Los Angeles Police Department officer was arrested this morning for assaulting a handcuffed 16-year-old in a police holding room Tuesday." The Times continues, "Chief William J. Bratton said he decided to arrest Sean Joseph Meade, 41, after viewing a videotape from inside the station that captured part of the assault. Bratton said the attack was without any physical provocation. … 'The video in essence depicts what the preliminary investigation and I believe to have been an assault on the juvenile that was totally unnecessary and was not in any color of law justified,' Bratton said. 'Based on what I and my command staff witnessed on the video, we felt the behavior was nothing that we as a department can tolerate or condone.'" The Times adds, "This is the third video to surface in the last month showing LAPD officers involved in alleged misconduct. But Bratton said unlike the other two, which are still under investigation, this one was so egregious that he ordered the officer arrested immediately. .. .Mayor Antonio Villaraigosa strongly condemned the officer's conduct after receiving a briefing by LAPD officials on the incident. … Villaraigosa said the swift investigation and Bratton's order of an arrest were appropriate and a sign the system is working."

Drug Suspect's Tip Led Police To Scene Of Atlanta Shooting. The Atlanta Journal-Constitution (12/8, Torpy) reports, "It was Fabian Sheats' third felony drug arrest in four months. But on the afternoon of Nov. 21, according to a police report, he was looking to curry favor, so he told officers they could find a kilogram of cocaine in a house at 933 Neal Street N.W. … That encounter led police to the home of Kathryn Johnston, an elderly woman who lived alone behind burglar bars and kept a rusty revolver. When officers burst into the house just three hours after talking to Sheats, a shootout ensued that left the woman dead and

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three officers wounded. No cocaine was found." The AJC continues, "Sheats' arrest report, made public Thursday, sheds new light on why officers targeted Johnston's home. … Police say they used Sheats' tip to direct a confidential informant to the Neal Street house, where he made a drug buy, leading them to conduct the raid. A man named Alexis White later came forward to say he is a longtime informant and police asked him to lie after the shootings and say he bought drugs at the address. Police will not say who the informant was." The AJC adds, "A tape of a 911 call released Thursday added a strange twist to the ever-changing tragedy. … On the tape, an insistent and anxious-sounding man identifying himself as White told an operator, 'I have two cops chasing me. They're on the dirty side, two undercover officers.' … Atlanta police declined Thursday to discuss the case, referring questions to federal authorities, who are not commenting."

ANTITRUST:

High Court To Hear Two Important Antitrust Cases. The New York Times (12/8, Greenhouse) reports, "The Supreme Court added two important antitrust cases on Thursday to its calendar for the current term. Both cases, granted at the request of defendants in private antitrust suits, are likely to lead to clarification of areas of antitrust law that have increasingly become unsettled." The Times continues, "One case has been closely watched on Wall Street. It is a class-action lawsuit against more than a dozen leading investment banks and institutional investors that took part in syndicates to underwrite the initial public offerings of hundreds of technology companies in the 1990s. … The issue for the Supreme Court in this case, Credit Suisse First Boston v. Billing, No. 05-1157, is how to treat the inherently collaborative activity of an underwriting syndicate, activity that — while it would appear to violate the Sherman Antitrust Act — is permitted by the regulatory agency that oversees it." The Times notes, "While the eventual outcome of the case is uncertain, there is little uncertainty about the second antitrust case the court accepted. The question in that case, Leegin Creative Leather Products v. PSKS, No. 06-480, is how antitrust law should treat the minimum prices that manufacturers require retailers to charge for their products."

Bloomberg (12/8, Stohr) reports, "The decision to hear the IPO fight comes two days after the 2nd Circuit dealt a blow to a separate set of cases that accuse CSFB, Goldman Sachs and dozens of other banks of violating federal securities fraud laws by rigging IPOs. The appeals court said those suits can't go forward as class actions." Bloomberg adds, "In the antitrust dispute, the 2nd Circuit said the suits make allegations of 'an epic Wall Street conspiracy' to profit at the expense of the investing public by artificially inflating the prices of 800 Internet stocks that had just been offered. The companies allegedly demanded kickbacks from clients and engaged in ``laddering" -- requiring clients to buy more stock, at higher prices, after the securities were sold to the public. … The dispute, if it goes forward, has the potential to be a multibillion-dollar case, said Christopher Lovell, the lead lawyer for one group of investors. Under federal antitrust law, damages are automatically tripled."

The Financial Times (12/8, Waldmeir) reports, "Paul Atkins, an SEC commissioner, urged the court to take the case Billing v Credit Suisse First Boston, saying that such lawsuits 'could devastate America's process of capital formation, wreak unprecedented havoc on the underwriting business, and accelerate the marginalisation of our capital markets'. … The courts should not allow plaintiffs to 'trump the securities law with the antitrust laws', he said. A federal appeals court said the suits make allegations of "an epic Wall Street conspiracy" to profit at the expense of the investing public by artificially inflating the prices of internet stocks."

Potential Sirius-XM Merger Would Draw DOJ Antitrust Scrutiny. The Washington Post (12/8, D1, Kirkham) reports, "Executives of Sirius Satellite Radio are again hinting at a potential merger with XM Satellite Radio that they say would bring strong gains for investors. … Their statements boosted the stock prices of Sirius and XM this week, though both settled by the end of trading yesterday." The Post continues, "In two speeches in New York on Wednesday, Sirius executives mentioned 'significant benefits' and 'value creation' from a combination of the two radio companies. … 'Consolidation creates value . . . particularly when you are in the same industry as another company to be able to combine,' Sirius chief executive Mel Karmazin said. He and David J. Frear, Sirius's chief financial officer, spoke to analysts at a conference." The Post adds, "It is not the first time Sirius has dropped such a hint. Karmazin began his tenure at Sirius in early 2005 with media speculation about merger talks, which both companies denied took place. Since then, he has referred to the logic of a merger in calls with analysts. … XM and Sirius are both wrestling with

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slowing subscription growth and huge debt. Neither company has yet earned a profit, though XM projects it will break even next year. … If the companies proposed to merge, the Federal Communications Commission and the Justice Department would review the case for antitrust concerns. The biggest question would be how the market is defined. … Experts say a strict interpretation of the satellite radio market by regulators would make a merger more difficult because an XM-Sirius combination would have monopoly power. If the market is interpreted more broadly to include on-demand MP3s or podcasts or traditional radio, a merger might go through more easily."

Antitrust Hurdles Could Scuttle Potential DirecTV-EchoStar Merger. Market Watch (12/8, Wilkerson) reports, "Among all of the speculation on what might be in store for DirecTV if a controlling stake is transferred to Liberty Media Corp., one of the most tantalizing has been the prospect of a merger with satellite rival EchoStar Communications. … However, analysts on Thursday said that that's unlikely due to regulatory concerns." Market Watch continues, "Shares of News Corp. advanced Thursday on published reports that it is close to securing an agreement with Liberty Media to buy back Liberty's $11 billion stake in the entertainment giant, avoiding a giant tax hit in the process. … In 2002, the Justice Department blocked EchoStar's bid to acquire GM Hughes Electronics, the parent of DirecTV, saying that the number of competitors in rural markets would drop to two from one. 'Absolutely nothing has changed on that score since 2002,' wrote Craig Moffett, an analyst at Sanford Bernstein & Co., in a note to clients Thursday." Market Watch adds, "Such a merger is impossible, according to Steve Mather, satellite analyst at Sanders Morris Harris in Los Angeles, until the regional Bell telephone companies have at least 5 million to 10 million video subscribers. After years of competing with cable for high-speed Internet and voice customers, some phone companies have recently rolled out video services. … Once the phone companies have penetrated the video market in a meaningful way, regulators would be less likely to see a merger of the two dominant satellite providers as an anticompetitive threat, Mather said in an interview."

Specter To Challenge NFL's Antitrust Status. The AP (12/8, E5) reports, "The NFL's ability to negotiate exclusive sports packages is under fire from the outgoing chairman of the Senate Judiciary Committee." The AP continues, "Sen. Arlen Specter (R-Pa.) twice said he would introduce legislation in the next session aimed at eliminating the league's freedom from antitrust laws. … Specter said the NFL should not use the exemption to negotiate exclusive programming packages such as DirecTV's Sunday Ticket, which allows viewers to watch teams outside their regional market. … 'As I look at what the NFL is doing today with the NFL channel with the DirecTV . . . a lot of people, including myself, would like to be able to have that ticket,' Specter said. .. But the 1961 law that gives the NFL this freedom should not apply to DirecTV because it is not 'sponsored programming,' said Stephen Ross, a law professor at Penn State and chair of the school's sports law institute. He said Specter might be using the threat of legislation to pressure the NFL to make changes voluntarily."

Bloomberg (12/8, Stern) reports, "Specter, who will hand his chairman's gavel to a Democrat early next year, said he wants to curtail exclusive NFL TV deals, such as DirecTV Group Inc.'s Sunday Ticket package. Specter said Sunday Ticket hurts consumers because it excludes cable and broadcast TV audiences. … 'I'm going to introduce legislation in the next session to take the exemption from the NFL,' said Specter, a Republican from Pennsylvania, where the biggest U.S. cable company, Comcast Corp., is based. The NFL has benefited from the exemption, passed by Congress in 1962, as it lets sports leagues negotiate contracts on behalf of their teams." Bloomberg adds, "DirecTV's $249 Sunday Ticket provides subscribers with as many as 14 NFL games each Sunday during the football season. The package is not available to cable-television or other pay-TV providers, such as EchoStar Communications Corp.'s Dish network. … A league spokesman denied consumers are harmed by programming offered through DirecTV and cable-TV operators."

The Philadelphia Inquirer (12/8, Hill) reports, "Sen. Arlen Specter's hearing yesterday was supposed to focus on whether cable companies such as Comcast Corp. can wield sports programming like a club to inhibit competition. … But at the end of the Senate Judiciary Committee hearing, Specter turned the tables in a way that took a lot of heat off Comcast. The Pennsylvania Republican, who is chairman of the committee, said he would sponsor legislation to eliminate the antitrust exemption that allows the National Football League to negotiate broadcast rights for all of its 32 teams." The Inquirer continues, "Specter cited a list of grievances

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against the NFL, including its decision to move Monday Night Football from ABC to ESPN, a cable channel, and moves by teams such as the Colts from Baltimore to Indianapolis. … That history represented a philosophy of 'fans be damned," he said. The programming changes suggest an attitude of 'consumers be damned.' … 'Wouldn't consumers be better off if teams could negotiate?' Specter asked. 'This is the NFL exerting its power right down to the last nickel.' … In a written statement, the NFL said it was sensitive to Specter's concerns, but added that there was no basis for repealing its antitrust exemption. The league also defended its television practices as 'consistent with the public interest and as delivering fans extraordinary amounts of programming at little or no cost.'"

Permira Closes In On Deal For EMI. The Wall Street Journal (12/8, A8, Smith, Berman) reports, "EMI Group PLC, the world's third-largest music company by market share, was close to a deal last night to be acquired by a private-equity group, according to people familiar with the matter." The Journal continues, "European private-equity firm Permira Advisers Ltd. was considered the likely buyer, according to people familiar with the situation. But the transaction, which would be the latest instance of a publicly traded company being brought under private control, wasn't finalized last night and could still fall apart, these people cautioned." The Journal adds, "The situation remained fluid last night and it was unclear whether other private-equity groups would join Permira in the bid. EMI shares closed yesterday at 286.5 pence ($5.63), up fractionally, but down slightly from the 289.5 they hit after news broke last week of the possible deal. … Last week EMI confirmed it had been approached with an offer, but the company didn't identify the bidder. The value of the transaction was unclear, although some people close to the matter have placed it at about £2 billion ($3.9 billion)." The Journal notes, "EMI comprises two major U.S. labels, Capitol Records and Virgin Records, as well as extensive international operations. Perhaps its most valuable asset is EMI Music Publishing, a song catalog that controls the copyrights to more than a million songs. The company's U.S. labels distribute music by artists such as the Beatles, Norah Jones and the Beastie Boys, but in recent years have struggled to break major new artists. … The bid to take EMI private comes after a string of failed attempts to make a deal with Warner Music Group Corp. EMI and Warner have been attempting to acquire each other for several years, as conventional wisdom said that both companies need to bulk up to remain competitive in the consolidated music industry dominated by Vivendi SA's Universal Music Group and Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG."

Japan Tobacco's Bid For Gallaher May Spark Other Industry Mergers. The Wall Street Journal (12/8, A8, Singer, Morse, Chozick) reports, "Japan Tobacco Inc.'s takeover approach to U.K. rival Gallaher Group PLC is likely to spark a bidding war for the maker of Benson & Hedges and Silk Cut brand cigarettes and to prompt other big combinations of tobacco companies across Europe." The Journal continues, "Industry executives have been preparing for a round of mergers in Europe's tobacco industry for two years, since Japan Tobacco began to seriously consider a bid for Gallaher, of Weybridge, England, in late 2004. Driving the consolidation is the need to become more efficient and reduce costs in a mature, and in some places, shrinking market." The Journal adds, 'Nothing materialized over that time period because the industry was roiled by new smoking bans and tax increases, and some companies shifted their priorities to pursuing fast-growing Eastern European markets. Now that Gallaher is in play, it could jump-start that consolidation. … Gallaher late Wednesday said it had received an approach that people familiar with the situation said came from Japan Tobacco; the size of a potential bid is likely to be nearly £8 billion, or $15.7 billion. A Gallaher spokesman declined to comment. A Japan Tobacco spokesman said the company doesn't comment on speculation. .. Meanwhile, people familiar with the matter say, Altadis SA of Spain, might try to link with Altria Group Inc. of the U.S., maker of Philip Morris and Marlboro brands, to bid jointly for Gallaher. … Altria is already the market leader in many European countries and wouldn't be allowed to add Gallaher's brands in those places. But it has room to grow in the U.K., one of Gallaher's bigger markets. Altadis could buy the rest of the businesses, these people say."

Reckson Shareholders Approve SL Green's Bid. The Wall Street Journal (12/8, C3, Forsyth) reports, "After four months of contentious debate, shareholders of Reckson Associates Realty Corp. voted yesterday to approve its acquisition by SL Green Realty Corp., after Reckson's chief executive personally sacrificed $25 million to make sure the

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deal went through." The Journal continues, "The deal is a significant victory for New York-based SL Green, as Reckson holds five coveted office buildings in Manhattan at a time when it would be almost impossible to acquire that much New York real estate piecemeal. With rental rates climbing and few additional buildings being constructed, New York office buildings are being sold for record prices. The acquisition gives SL Green bragging rights as the largest office landlord in the city." The Journal adds, "Also a winner was Reckson Chief Executive Scott Rechler, who along with a group of his investors will end up with about one-third of the Reckson portfolio. Yet his success came at a price. … Yesterday morning, as the shareholder meeting resumed after a 24-hour delay, Mr. Rechler announced that Reckson, a Uniondale, N.Y., real-estate investment trust, would issue a special dividend of $25 million -- equal to about 29 cents per Reckson share -- if the merger closed. … That $25 million was the amount Mr. Rechler was due as a severance package in the merger agreement with SL Green. He volunteered to forgo that payment to ensure that the deal got done."

Court Ruling Allows Mastercard To Keep Key Sponsorship. The Wall Street Journal (12/8, B3, Sidel) reports, "MasterCard Inc. has scored a big point in Latin America -- at a time when the region's appetite for plastic is growing." The Journal continues, "By retaining sponsorship of the World Cup tournament and other big soccer events for the next eight years, MasterCard, the U.S.'s second-largest payments network, after Visa International Ltd., can win coveted and exclusive exposure for its brand and products in a soccer-crazed region that is ripe for card growth. The eight-year pact, which starts in January, comes at a time when MasterCard is trying to compete more aggressively against Visa, which is far more dominant in the region." The Journal adds, "Late Wednesday, a federal district court judge in New York ruled that the World Cup's organizing body can't award the sponsorship to Visa even though the two struck a deal earlier this year. Instead, the Fédération Internationale de Football Association, known as FIFA, must give the deal to MasterCard, which had sponsored the lucrative sports event for the past 16 years. .. .FIFA, which is based in Switzerland, said it would appeal." The Journal notes, "In handing down the 125-page decision, U.S. District Court Judge Loretta Preska granted a permanent injunction filed by MasterCard, which had sought to block the Visa deal that was awarded last spring. Visa had agreed to pay $180 million for the sponsorship, which runs through the end of 2014, according to legal papers. … The ruling was the latest development in a fight that erupted after FIFA unexpectedly selected Visa to sponsor the soccer events. MasterCard sued FIFA to block the new deal shortly after the soccer organization awarded the sponsorship to Visa. The soccer organization and MasterCard argued the case in court last week."

ENVIRONMENT:

Environmentalists Displeased With EPA's New Standard. The New York Times (12/8, Barringer, 1.16M) reports, "The Environmental Protection Agency has changed the way it sets standards to control dangerous air pollutants like lead, ozone and tiny particles of soot, enhancing the role of the agency's political appointees in scientific assessments and postponing the required review by independent scientific experts." The change, "which largely tracks the suggestions of the American Petroleum Institute but also adopts some recommendations of the agency's independent scientific advisers, was announced yesterday afternoon by the agency's deputy administrator, Marcus Peacock. Mr. Peacock said it would streamline a cumbersome process and bring it 'into the 21st century.'" The decision "drew a scathing response from environmental groups like the Sierra Club and Clean Air Watch, as well as the American Lung Association. … For one thing, agency scientists will no longer produce their own independent review of the latest science to start the process of deciding whether a pollution standard -- for lead, say, or ozone -- is tough enough to protect public health. Instead, initial reviews will now involve both agency scientists and their political bosses and will produce a synopsis of 'policy-relevant' science, agency officials said." The Los Angeles Times (12/8, Wilson, 850K) also reports the story.

Closure Of EPA Libraries Criticized. Leslie Burger, president of the American Library Association and director of the Princeton Public Library, writes in the New York Times (12/8, 1.16M), "If you needed to find out how much pollution an industrial plant in your neighborhood was spewing, or what toxic chemicals were in a local river, where would you go? Until recently, you could discover the answer at one of the Environmental Protection Agency's 29 libraries. But now the E.P.A. has obstructed the American public -- as well as its

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own scientists and staff -- by starting to dismantle its crown jewel, the national system of regional EPA libraries. … Fortunately, there's still time to reverse this dangerous threat to a healthy future. The administration could immediately reopen the closed libraries. Congress could conduct oversight hearings to reverse these decisions and prevent any more EPA libraries -- all of them containing invaluable information about our environment, all of them paid for by our tax dollars -- from closing. The American public deserves no less."

FBI/DEA/ATF/USMS:

FBI Mum On Agent Training Death As Investigation Continues. The Richmond Times-Dispatch (12/8, Krishnamurthy) reports, "FBI officials had little more to say yesterday about the shooting of an agent during a live-fire training exercise at Fort A.P. Hill on Wednesday. … FBI Special Agent Ann Todd would not disclose the number of agents involved or what the training…involved. Todd also would not say how many times FBI Supervisory Special Agent Gregory J. Rahoi, 38, had been shot. She clarified that Rahoi was raised in Wisconsin but was assigned to the unit at Quantico and lived in the area. She said she did not believe anyone else was injured. The FBI's investigation is continuing." The Times-Dispatch notes, "Todd said Rahoi was the second Hostage Rescue Team member killed in the line of duty." Additionally, the New York Times (12/8, Johnston, 1.16M) briefly reports on Rahoi's death.

Authorities Say Gang Ran Cocaine Ring In Pennsylvania, 9 Arrested. NBC10.com (12/8) reports federal prosecutors "said they've taken down a major drug gang operating in several suburban counties. Federal, state and local law enforcement officers announced the busts in Allentown. Police said they arrested nine members of the Mafia El Don gang. The suspects allegedly ran a cocaine ring, selling drugs in Northampton, Lehigh, Berks and Lancaster counties, according to police."

The Easton (PA) Express Times (12/8, Milavsky) reports officials "toppled the drug gang running what authorities call the largest cocaine ring in the Lehigh Valley and took nine people in to federal custody. Mafia El-Don distributed at least 50 kilograms of cocaine in the Valley since the summer, according to U.S. Attorney Pat Meehan. … The arrests were the result of an 18-month investigation that culminated Tuesday when officials executed 18 search warrants and seized $900,000, drugs, materials used for drug packaging and sales and firearms, at least one of which was reported stolen, according to court documents."

Allentown's Morning Call (12/8) reports officials "said it was the first case prosecuted under the federally funded Route 222 Corridor Anti-Gang Initiative started this year. … Seven of the nine were arrested for direct roles in the conspiracy, according to a press release, while two others were arrested for buying cocaine from the organization with the intent to resell."

Tennessee Congressman Expected To Continue Anti-Meth Efforts As Science Committee Chairman. The Murfreesboro (TN) Post (12/8) reports Rep. Bart Gordon "has been named Chairman of the U.S. House of Representatives Committee on Science, becoming Tennessee's first full House committee chairman in thirty years. … The congressman's efforts to fight Tennessee's meth abuse problem also are likely to resurface as the Science Committee has jurisdiction over the issue. According to the Drug Enforcement Administration, more than 850 meth labs were seized in Tennessee last year, accounting for 75 percent of all lab seizures in the Southeast. Nationally, only three states had more meth lab seizures than Tennessee in 2005."

Track & Field Governing Body Expands Anti-Doping Policy To Include Coaches. The AP (12/8, Baum) reports the governing body for U.S. track and field "is expanding its zero-tolerance anti-doping policy to coaches. New regulations made public Thursday will require coaches to register with USA Track & Field, and coaches who have had athletes serve at least a two-year ban for doping or have been sanctioned themselves must be approved by a review panel. The rules, to take effect sometime next year, are the federation's first concrete attempt to deal with coaches linked to doping cases."

Report: Officials Dispute NFL Player's Explanation For Positive Drug Test. The New York Times (12/7, Schmidt) reported, "Contrary to the explanation by New Orleans Saints defensive lineman Hollis Thomas that his positive drug test resulted from asthma medications, two football officials with knowledge of the case said a performance-enhancing drug was to blame. The

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N.F.L. suspended Thomas for four games Tuesday for violating the league's banned-substance policy. A drug test on Aug. 7 found clenbuterol, a banned drug that helps burn fat and promotes muscle growth, in Thomas's body."

Mexico's New Attorney General Pledges To Combat Corruption. The AP (12/8) reports Mexico's new attorney general "took office Thursday promising to wage a 'firm' fight against corruption and take on organized crime groups he compared to the Mafia. Eduardo Medina Mora, who previously served as public safety secretary, acknowledged that 'today, all indicators show that the public feels unsafe,' an apparent reference to the wave of executions and kidnappings in several Mexican states. He also promised to keep Mexican law enforcement clean." The AP adds, "On Wednesday, speaking before Senate members, Medina Mora said Mexico's drug cartels are seeking to expand into other illicit activities, as income from the cocaine trade declines in the face of competition from methamphetamines."

Poll: Acceptance Of Opium Poppy Cultivation Expanding In Afghanistan. The AP (12/7) reported optimism "is starting to fade among the people of Afghanistan five years after the fall of the Taliban and amid rising violence in the country, a poll found. The number of people who think the country is on the right track has dropped 22 points -- to 55 percent -- in the last year, according to a poll done in Afghanistan by ABC News and BBC World Service. … Acceptance of growing opium poppies has grown in the last year…with 40 percent saying it is acceptable if a grower has no other way to earn a living. That is up from 26 percent who felt that way a year ago."

On its Web site, ABC News (12/7) reports, "Views on the drug front also are not promising. Signaling frustration with the slow pace of development, there's been a jump in the acceptance of growing opium poppies, the country's illicit cash crop. Nationally, 40 percent now call it acceptable if there's no other way to earn a living, up sharply from 26 percent last year. And in the top-producing opium provinces, more — a 59 percent majority — endorse poppy cultivation."

UPI (12/7) reported, "Nearly 80 percent of people polled said they are worried about government corruption. While the majority still oppose allowing the cultivation of opium poppies, 40 percent said it was acceptable, compared with 26 percent a year ago.

US Offers Deal To Connecticut Gun Dealer. The Connecticut Post (12/8, Mayko) reports, "An offer is on the table. … But if Frank D'Andrea, a Milford gun dealer, does not take it in the next few weeks, he faces indictment on additional charges, according to a federal prosecutor. … And if his case goes to trial, the prosecution intends to call Frankie Estrada, the incarcerated drug kingpin, as their key witness against him. … 'We're very actively trying to resolve this case,' Assistant U.S. Attorney Stephen Reynolds told U.S. District Judge Janet C. Hall Wednesday. 'If that fails, we'll likely supersede the indictment.'" The Post continues, "D'Andrea, 61, of Soundview Drive, Shelton, already faces 12 charges of violating licensing laws by failing to report gun sales and not conducting proper background checks. … The charges stem from an audit and resulting investigation conducted by agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices at D'Andrea's Gun Case while it was located on Barnum Avenue in Stratford. The business moved to Woodmont Road in Milford earlier this year." The Post adds, "In a document filed in federal court, Reynolds said he intends to call Estrada as a witness. … Estrada will testify that between 1986 and 1990, he 'purchased well over 100 firearms' from D'Andrea using buyers who were not convicted felons and had valid gun permits, the document claims. Such buyers are called straw purchasers."

ATF Questions Pennsylvania College Student About Bomb Parts. The Pittsburgh Post-Gazette (12/7, Ove) reports, "Federal agents were trying yesterday to figure out why a college student stashed more than a dozen devices that appeared to be pipe bombs or components of bombs at his parents' house in Upper St. Clair and in his dorm room at California University of Pennsylvania." The Post-Gazette continues, "Whatever Michael Blattner was up to, if anything, authorities said that employees at the Home Depot in Bridgeville, where he bought some of the materials Saturday night, did the right thing in calling the cops. … 'It was very, very commendable,' said James Tanda, supervisory agent with the Pittsburgh office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. 'For a retailer to take the time to call us is always appreciated.'" The Post-Gazette adds, "ATF, Upper St. Clair police and the county bomb squad went to the Blattner home on Harrogate Road Tuesday night and removed several devices that could have been assembled to form pipe bombs from Mr. Blattner's bedroom. … Earlier in the day, campus police had found an array of

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similar devices spread out on the floor of his dorm room in Residence Hall A. The devices, which he apparently kept in a foot locker without his roommate's knowledge, were in various phases of assembly." The Post-Gazette notes, "Mr. Blattner has been cooperative from the start, telling police and agents that he was experimenting with the materials as a hobby and that none of them would really work. … Police have found no evidence that he had intentions to blow anything up, but authorities are withholding judgment until an analysis by the county bomb squad and ATF is complete."

In Wake Of Settlements, New York City Sues More Gun Stores. The New York Times (12/8, Cave) reports, "Mayor Michael R. Bloomberg said yesterday that the city had reached agreements with six out-of-state gun dealers, who agreed to let court officials monitor their operations to prevent illegal gun sales. He said that New York had sued 12 additional gun stores to demand similar oversight." The Times continues, "The expansion of New York's legal attack from 15 to 27 gun dealers, in Ohio, Pennsylvania, South Carolina, Georgia and Virginia, reflects the city's growing confidence that its novel approach to battling illegal gun traffic is gaining momentum." The Times adds, "The agreements with the gun dealers — reached over the last four months, with the latest one signed on Wednesday — give officials broad monitoring powers over the individual stores. .. They let a court-appointed special master scour their financial records, put up video cameras, and require that employees take part in training sessions on when gun sales are prohibited. The city may also send undercover investigators into the six stores at any time, to make sure that all relevant gun laws are being followed." The Times notes, "The suits resulted from a two-month effort in April and May in which private investigators posed as buyers at 40 stores that had sold guns linked with more than 800 crimes in New York City between 1994 and 2001. … The teams, usually a man and woman, conducted what law enforcement officials describe as a straw purchase: one customer would deal with the seller until the last moment of the sale, when the second customer would step in to pay and fill out the forms for a background check. … Federal law prohibits a seller from handing over the weapon in such cases, because it lets people obtain guns without federal scrutiny of their criminal record Mr. Bloomberg said that straw purchases were one of the most common schemes used by gun traffickers, giving the city the right — with a bold interpretation of public nuisance laws — to go after out-of-state dealers for their weapons' deadly consequences."

IMMIGRATION:

Texas Border Agent Sentenced For Helping Drug, Immigrant Smugglers. The AP (12/8) reports from Houston, "A former U.S. Border Patrol agent was sentenced Thursday to 14 years in federal prison for helping cocaine and immigrant smugglers and selling immigration documents." The AP continues, "David Duque Jr., 36, pleaded guilty in September to bribery and three counts of unlawfully transferring identification documents. … Prosecutors showed that Duque accepted $5,000 to allow a vehicle hauling nearly 5 kilograms of cocaine through the Falfurrias checkpoint on June 14. An FBI agent testified that Duque also assisted in immigrant smuggling and sold identification documents he acquired while working." The AP adds, "U.S. District Judge Gray H. Miller sentenced Duque to 14 years for the bribery conviction, to be followed by three years of supervised release and a $2,500 fine. Miller imposed five years on each of the three counts of unlawfully transferring identification documents with the sentences to run concurrently. … An FBI agent said Thursday that Duque had been allowing cocaine and illegal immigrants through the Falfurrias checkpoint for several years and sold almost 70 identification documents including passports, birth certificates, green cards and Social Security cards."

Lawmakers Ask Bush To Commute Border Agents' Sentences. The Orange County (CA) Register (12/7, Bunis) reports, "Rep. Dana Rohrabacher joined 48 other Republican lawmakers today in sending a letter to President Bush, urging him to commute the sentences of two Border Patrol agents convicted of shooting an illegal immigrant at the border." The Register continues, "Border Patrol agents Ignacio Ramos and Jose Compean are scheduled to begin serving 11- and 12-year prison terms, respectively, next month. The two Border Patrol agents were convicted of shooting an admitted drug smuggler in the buttocks as he ran away from them near the Rio Grande in February 2005. … 'These Border Patrol agents are heroes,' Rohrabacher, R-Huntington Beach, said at a news conference this morning. 'Because of their actions, over a million dollars in illegal drugs were stopped from being sold to our children. Bringing felony charges against them is a travesty of justice beyond description. The president needs to

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send the right message by showing they are on the side of law enforcement, not drug traffickers.'" The Register adds, "In the letter being sent to Bush today, Rohrabacher and his colleagues 'implore' the president 'to become personally involved in this case, and bring a holiday miracle to these agents and their families.' Area Reps. Ken Calvert, R-Corona; Gary Miller, R-Diamond Bar; and Ed Royce, R-Fullerton, also signed the letter. … A group of lawmakers has been trying for months to persuade GOP leaders to hold congressional hearings on the circumstances surrounding this case. But neither House Judiciary Chairman James Sensenbrenner nor Senate Judiciary Committee Chairman Arlen Specter was willing to hold such hearings. … Rohrabacher has spoken with family members of the agents and said he's hoping in this holiday season to persuade Bush to commute the sentences. Rohrabacher said he has spoken with Justice Department and White House officials without any satisfactory responses."

Candidates In Texas Runoff Avoiding Immigration Issue. USA Today (12/8, Gomez, 2.27M) reports, "One would expect that a special election being held Tuesday for a congressional seat between Republican Rep. Henry Bonilla and Democratic challenger Ciro Rodriguez would be rife with debate on the issue of illegal immigration." The GOP "has tended to favor strong enforcement of current laws to catch illegal immigrants, and a fence to keep them out. Democrats, who could strengthen their hold on the House with a Rodriguez win, have mostly opposed the fence and favored a measure that would allow the millions of illegals here to remain and become citizens." Yet "the two candidates campaigning to represent Texas' 23rd District have made it a point to avoid any discussion of immigration. Neither of their campaign websites mentions the issue or the nearly 700 miles of fencing approved by Congress. At rallies in San Antonio and along the border recently, the candidates spoke of health care, education and taxes, but not of immigration." Bonilla and Rodriguez "each cite the importance of other issues and the diversity of the district -- the largest in Texas at more than 400 miles wide and 300 miles north to south -- when asked why they have avoided the debate."

LATimes Praises Richardson's Statements On Immigration. The Los Angeles Times (12/8, 850K) editorializes, "New Mexico Gov. Bill Richardson, the California-born son of a Mexican mother, traveled to Washington on Thursday to declare his interest in two of the most elusive goals in American politics: comprehensive immigration reform and the presidency. The second may be more realistic than the first." Richardson's "thoughtful speech was both a rebuke to Republican immigrant bashers and a challenge to Capitol Hill Democrats. But few will likely read beyond this line: 'Securing the border must come first -- but we must understand that building a fence will not in any way accomplish that objective.' That language may be on the absolutist side, but the New Mexico governor is absolutely right to point out that a multibillion-dollar border wall, on its own, is no 'reform' at all. It would merely shift the strain on the system elsewhere and fail to address the 45% of illegal immigrants who enter legally but overstay their visas."

CONGRESS-ADMINISTRATION:

Congress Moves Toward Massive Tax, Trade, Medicare Bill. USA Today/AP (12/8, Taylor) reports, "Lawmakers on Thursday pieced together legislation extending popular tax breaks and saving doctors from a cut in Medicare payments as Republicans prepared to cede control of Congress to the Democrats." The legislation also "contained several trade-related measures, including extending normal trade status to Vietnam." The House "prepared to vote on the legislation Thursday night. In the Senate, leaders hoped it could pass relatively quickly despite lingering unhappiness with the bill from several senators." However, "the massive measure -- containing much to please lawmakers and their constituents -- also generated opposition. Sen. Judd Gregg, R-N.H., for example, was unhappy about its cost and a multibillion dollar move to expand health care for retired coal miners. Under Senate rules, a single senator can force days of delay once a bill comes over from the House." Democratic leader Harry Reid said of the bill's prospects, "It's no better than 50-50 right now."

The Wall Street Journal (12/8, Rogers, Lueck, Hitt, 2.04M) reports the House "is preparing to consider the massive package today in two pieces, one focused on the trade provisions and the second dealing with taxes, offshore oil drilling and an adjustment in payment rates for physicians under Medicare, the federal health-care program for the elderly and disabled. Driving the train is the tax portion, which renews scores of expired tax breaks, most notably a

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deduction for college tuition, a deduction for state and local sales taxes in states without income taxes, and the corporate tax credit for research." The Journal adds, "Procedural arguments delayed House action last evening, but if approved today, the two bills would be merged again before going to the Senate, where the leadership is poised to quickly file a motion to limit debate." The White House "is optimistic, but as a precaution, a separate must-pass spending bill is being held back in case the tax-and-trade package collapses and a new legislative vehicle is needed."

The AP (12/8, Hebert), meanwhile, notes "an agreement on a tax package Thursday moved Congress closer to opening a vast area in the Gulf of Mexico, 125 miles south of Florida's panhandle, to oil and gas drilling." Both the House and Senate "attached the drilling legislation to a package of popular tax measures expected to win approval by week's end as Republicans wrap up the 109th Congress and turn control over to Democrats next year."

Agreement Reached On Postal Service Changes. Under the headline, "Lawmakers Unexpectedly Take Up Postal Service Overhaul," the Washington Post's (12/8, D3, Barr) "Federal Diary" column reports, "In a round of unexpected dealmaking, the House and Senate began moving yesterday toward passage of legislation that would overhaul the business operations of the US Postal Service for the first time since 1970. The measure stalled in September over objections lodged by a union, and one of the chief sponsors, Sen. Susan Collins (R-Maine), held out little hope that a compromise could be reached before the lame-duck session ended." But the Post adds, "key Senate and House leaders," reached "an agreement, and congressional aides said the measure could be approved no later than today under expedited procedures." The "measure would replace the lengthy and litigious process used to raise the price of stamps for first-class mail and to set rates for magazines and other products, and would free up billions of dollars to finance the health-care costs of postal retirees."

Democrats Will Seek To Block Congressional Pay Raise. The AP (12/8, Espo) reports, "Members of Congress are in line for a $3,300 pay raise effective Jan. 1 unless they block it, and Democrats said Thursday they intend to try." Officials said Rep. Nancy Pelosi and Sen. Reid "had notified Republicans they will try to add the anti-pay-raise provision to a bill that provides funds for most government agencies through Feb. 15."

Congress Likely To Back India Nuclear Bill. The Financial Times (12/8, Johnson) reports top officials in New Delhi and Washington Thursday were "confident" that US legislators would approve "a historic but controversial bill that will end India's isolation as a nuclear power." The Times said it would "also secure President George W. Bush a much-needed foreign policy success in the last hours of the 'lame duck' session on Capitol Hill." According to the Times, the "only main uncertainty left was a clause reportedly in the reconciled version of the bill, which had yet to be made public, making nuclear co-operation conditional on India's continuing to toe the US line on Iran." The Washington Post/AP (12/8, A17) also says the bill's passage would be "a rare victory for Bush, whose popularity has tumbled."

Senate Confirms New FDA Head. The AP (12/8) reports, "The Senate on Thursday confirmed cancer surgeon Andrew von Eschenbach to head the Food and Drug Administration, but only after breaking a filibuster in which he was accused of impeding congressional investigations. The vote was 80-11."

The New York Times (12/8, Saul, 1.16M) notes "von Eschenbach was formally nominated to the position of commissioner in March, but his confirmation was delayed by a series of objections in the form of "holds" by senators from both parties who said they were protesting everything from the agency's delay of Plan B emergency contraceptives to the administration's stance on drug reimportation, or the purchase of prescription drugs in countries where they are cheaper."

The Wall Street Journal (12/8, Mathews, 2.04M) reports, "In a statement, Dr. von Eschenbach said that he was 'humbled by the responsibility with which I have been entrusted' and 'committed to leading this agency in a manner that continues to earn' Americans' trust and respect."

Congress Passes Autism Bill. ABC World News (12/7, story 6, 3:00, Gibson, 8.78M) reported, "On Capitol Hill tonight, there is a breakthrough on major legislation dealing with autism, legislation that had been held up for more than a year and a half. As it prepares to adjourn, Congress finally passed a $945 million measure for research on the disorder." NBC Nightly News (12/7, story 5, 2:25, Williams, 9.87M) also reported on the legislation, calling it "a major victory for Americans with autism and their families."

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FEC Chairman To Retire. The AP (12/8) reports, "Michael Toner, the Republican chairman of the Federal Election Commission, announced Thursday that he will resign from the regulatory agency this winter to pursue unspecified professional opportunities." Toner "was general counsel to the 2000 Bush-Cheney presidential campaign and chief counsel to the Republican National Committee before President Bush placed him on the FEC in March 2002 in a recess appointment. The Senate confirmed him in 2003."

Labor Asks Democrats For Measure To Make Organizing Easier. The New York Times (12/8, Greenhouse, 1.16M) reports, "Claiming a major role in the Democrats' victory last month, labor leaders are pressing Congressional Democrats to enact a measure to make it easier for workers to unionize." Labor leaders "see the measure as pivotal to stop a slide in union membership that has lasted decades. But many businesses and Republicans oppose the bill, which would allow employees at a workplace to unionize as soon as a majority sign cards expressing support to join a union." The Times adds, "The AFL-CIO plans to flex its muscles for the bill by holding a rally today on Capitol Hill that it expects to include the incoming Democratic chairmen of the Senate and House labor committees, Senator Edward M. Kennedy of Massachusetts and Representative George Miller of California." The Times also reports that "even before the Democrats won control of Congress, the bill, the Employee Free Choice Act, had 216 co-sponsors in the House, including 14 Republicans, just 2 short of a majority."

Frist Bids Farewell To Senate In "Positively Warm" Event. The Washington Post (12/8, A11, Romano, 690K) reports, "As man-hugs go, this one was definitely uncomfortable to watch. Apparently taking the Democrats' pledge of civility seriously, Sen. Harry M. Reid of Nevada bearhugged a startled Sen. Bill Frist yesterday, as Frist, the outgoing majority leader, bid farewell to his colleagues on the Senate floor. As the two men firmly shook hands, the Democrat unexpectedly reeled Frist in closer. After an awkward two-step, Frist even hugged back a little." The Post adds, "The fuzzy moment starkly contrasted with Democratic Senate leader Thomas A. Daschle's farewell two years ago -- when few Republicans even showed up. Frist's goodbye was positively warm and was attended by about 25 Democrats. Even liberal Sen. Edward M. Kennedy (D-Mass.) showered praise on the GOP leader. And all gave him a long standing ovation." The Post says "a string of missteps and defeats, not the least of which was the GOP loss of the Senate, left Frist with a mixed legacy as he contemplated the White House. That he was perceived to have carried water for an increasingly unpopular president did not help." He "was ridiculed" for his statements during the Schiavo controversy. Later he "alienated the conservatives he would need to launch a presidential bid when he said he would support expanding federal funding of embryonic stem cell research, contrary to the Bush administration's position." Yesterday, Frist "was escorted into the chamber by Vice President Cheney, Senate Minority Leader-elect Mitch McConnell (R-Ky.) and outgoing House Speaker J. Dennis Hastert (R-Ill.). Frist's wife and their three sons watched from the gallery."

Under the headline "Aspirations Dashed, Frist Says Farewell," the New York Times (12/8, Hulse, 1.16M) reports "colleagues in both parties admired Mr. Frist's drive in switching from the demands of high-pressure medicine to the equally daunting field of national politics." But "they also say he lacked the Senate experience and personal relationships that can help a majority leader organize the disorganized Senate." The Times also reports, "Though he has ruled out a 2008 presidential race, Mr. Frist said he doubted he was through with politics. And he said he hoped his decision to stick to his two-term commitment inspired successful people in other fields to consider politics."

The AP (12/8, Kellman) reports that Frist's "farewell speech Thursday offered a glimpse of the questions Frist asked himself at weary moments during his tenure. He urged his colleagues to do the same. 'What is it really all about,' this Senate service, Frist said. 'Is about keeping the majority? Is it about red states versus blue? Is it about lobbing attacks in some way across the aisle? ... Is it about war rooms whose purpose is not to contrast ideas but to destroy? Or is it more?"

House Panel Close To Completing Foley Report. The AP (12/8, Margasak) reports, "The House ethics committee could be close to finishing its report on ex-Rep. Mark Foley's improper conduct with former pages. Committee members would not comment on when they would issue their findings." The findings "would have far greater impact if Republicans had retained control of Congress because questions were raised over the lack of strong action by Speaker Dennis Hastert, R-Ill., and his top

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aides." The committee "has heard from dozens of witnesses, and was presented with several conflicts over when Hastert and his staff learned of Foley's conduct."

GAO Study Faults VA For Under-Budget Mental Health Spending. Three days after a widely-circulated AP article detailed GAO study findings that the VA "did not spend all of the extra $300 million it budgeted to increase mental health services and failed to keep track of how some of the money was used," the wire story appears in today's Washington Post/AP (12/8, A37, Gamboa). The AP quotes VA spokesman Matt Burns criticizing the scope of the GAO audit, and saying the agency "has taken steps to make sure mental health money is used for its intended purpose."

Mistakes In Modernization Program Said To Be Hobbling Coast Guard. The Washington Post (12/8, A1, Merle, Hsu, 690K) reports on its front page that the Coast Guard has sidelined eight of 10 Miami-based cutters, worsening "a patrol-boat crisis while the Coast Guard is preparing for an exodus of Cubans that could happen when dictator Fidel Castro is no longer in power, Coast Guard leaders acknowledge. More broadly, congressional critics warn that early mistakes" in the Coast Guard's 25-year modernization program, called Deepwater, "are hobbling the service's transformation into a front-line homeland security force." Deepwater's "failures are spelled out in a series of Government Accountability Office and Department of Homeland Security inspector general's reports and in congressional testimony, which point to the leeway given to the program's contractors, Lockheed Martin Corp. and Northrop Grumman Corp."

Lobbyists Spend Busy Wednesday Night Wooing Lawmakers. The New York Times (12/8, Pear, 1.16M) reports, "Lights glowed late in the Capitol dome on Wednesday night, indicating that the House and the Senate were in session. But the real action was taking place elsewhere on Capitol Hill, in wine bars, restaurants and town houses where lobbyists paid for the opportunity to meet and greet lawmakers. Some politicians had just won election, or re-election, and needed to pay off campaign debts. Others were raising money for 2008. … The Sonoma wine bar was particularly popular. No sooner had lobbyists left a reception there for" IL5 Rep. Rahm Emanuel (D), "newly elected chairman of the House Democratic Caucus, than another platoon of them arrived at the same place to pay tribute to" VA7 Rep. Eric Cantor (R), "chief deputy whip for House Republicans." Though House Speaker-to-be Nancy Pelosi "has promised new lobbying and ethics rules to end 'the culture of corruption' that she says has infected" the GOP-led Congress, "lobbyists attending fund-raisers this week said they did not expect radical changes. 'There will be some changes on the margins that will be relatively short-lived,' said Erick R. Gustafson, a vice president of the Mortgage Bankers Association. Of the effort to purge politics of special-interest money and influence, Mr. Gustafson said: 'It's like trying to keep water out of your basement. It's a structural problem. You may find a temporary solution, but the water will find a way in. Influence is like water. Money is just a means of influence.'"

Bush Announces Medal Of Freedom Recipients. The New York Times/AP (12/8) reports, "President Bush on Thursday announced this year's recipients of the Presidential Medal of Freedom, the nation's highest civilian award. These people will be honored at a White House ceremony on Dec. 15: Ruth Johnson Colvin, a literacy advocate who has traveled the world to help people learn reading and language skills. Norman C. Francis, the president of Xavier University of Louisiana for nearly 40 years. He has also played a lead role in helping the people of the Gulf Coast recover from Hurricane Katrina. Paul Johnson, a historian and journalist who is being honored for writings that have 'captivated and educated people around the world.'" B. B. King, Joshua Lederberg, "a Nobel Prize winner for his work in bacterial genetics," historian David McCullough, Norman Y. Mineta, the former transportation secretary. Buck O'Neil, "a former professional baseball player in the Negro Leagues," William Safire and Natan Sharansky.

Bush Lights National Christmas Tree. The AP (12/8, Ben Feller) reports, "In traditional fashion, President Bush presided over the lighting of the national Christmas tree Thursday by asking the country to remember and honor its troops. 'Many of those who have answered the call of duty will spend this Christmas season far from home and separated from family,' Bush said to a crowd gathered just south of the White House on a frigid night."

Pentagon Parties Postponed Over Rumsfeld Exit. The Washington Post (12/8, A37, Kamen, 690K) "In The Loop" column reports that "everyone in the Joint Chiefs'

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directorates…at the Pentagon was planning on holding Christmas parties on Friday, Dec. 15." But "buzz is that someone, apparently in the office of the chairman, Gen. Peter Pace, had fretted that it might look as if all the hootin' and hollerin' that would be spilling out into the hallways was in celebration of Defense Secretary Donald Rumsfeld's departure that same day. … So word came down last week to change the dates of the Christmas parties."

Pelosi May Ban Smoking In Speaker's Lobby. The Washington Post (12/8, A1, Layton, 690K) reports, "When the District goes smoke-free Jan. 2, at least one nicotine haven will remain: the US Capitol. Lawmakers, several of whom enjoy a good cigar, have exempted themselves from the city's smoking ban, not to mention rules that forbid lighting up in federal buildings across the country." But "winds of change may be blowing on the Hill." Incoming Speaker Nancy Pelosi "is thinking of banishing tobacco from the most popular smoking spot in the building: the Speaker's Lobby outside the House chamber." The Post notes "smoking is permitted in lawmakers' offices, in two cafeterias in the House and Senate buildings and in an unmarked, cramped room in the basement of the US Capitol." But "the Speaker's Lobby, the ornate space dotted with fireplaces and chandeliers, is the real smoke-filled room, the biggest and most visible space where smokers gather. … Aides say Pelosi detests smoking but doesn't want to burn the Blue Dog Democrats, or conservative members of her party -- several of whom are cigar smokers but none of whom wanted to publicly stand up for smoking."

WPost Blasts GOP For Not Backing DC House Representation Bill. The Washington Post (12/8, A38, 690K) editorializes, "Don't believe for a second the excuse that a lack of time doomed the chances for legislation giving voting rights in the House of Representatives to the District of Columbia. Or that the decision was put off because of worries that a DC voting seat would not pass constitutional muster. At this point, the only plausible explanation for the demise of the bill is that Republican leaders in Congress and the White House oppose democracy for anyone who happens to live in the nation's capital. … DC citizens pay federal taxes. The District's young men and women go off to the Middle East to fight for a democracy they are denied at home. Republican leaders blew a perfect opportunity to remedy this disenfranchisement."

NYTimes Urges Reform To Presidential Campaign Funding System. The New York Times (12/8, 1.16M) editorializes, "The table stakes for the next presidential campaign are now estimated by the reigning consultant-croupiers of politics at $100 million for openers. That sad fact suggests that the 2008 contest will likely go down in history for seeing to the effective demise of one of the most encouraging post-Watergate reforms, the creative use of public financing as an alternative to big-money donors. … The breakdown of the public system need not have happened if Congress had acted to update the formula to keep pace with campaign inflation. Larger spending limits and subsidies are needed, along with a more generous checkoff donation than the current $3 per taxpayer." It is "too late: to repair the system "for the '08 campaign, but the new Democratic majority in Congress has a good opportunity to rescue the formula for 2012. Otherwise the nation will slip back toward the Watergate era's politics for sale."

NYTimes Urges Congress To Focus On Teacher Quality In Reauthorizing NCLB. The New York Times (12/8, 1.16M) writes in an editorial on the No Child Left Behind Act, that despite critics arguments, "it's impossible to brand No Child Left Behind as a failure" because its requirement of "highly qualified teachers in all core courses … didn't happen." The Times blames the U.S. Department of Education for failing to give "the states clear direction and the technical assistance they needed" and concludes "the battle for teacher quality…deserves to be at the very top of the list when Congress revisits the law."

OTHER NEWS:

Slump In Housing Market Eroding Equity. The Wall Street Journal (12/8, Conkey, 2.04M) reports, "The housing slump is slightly eroding a key driver of consumer spending, but stock-market gains are boosting the average household's net worth, new Federal Reserve data show." Homeowners "had $10.9 trillion in equity stored up in their properties at the end of the third quarter, an amount that was essentially flat compared with the previous quarter and down from a nearly 3% rate of growth during the same period last year, the Fed said. Home equity…fell to 53.6% of the value of household real estate, down from 54% in the second quarter and 54.6% a year ago." The WSJ adds, "So far, the impact on consumer spending has been modest. But many economists

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worry that further weakness in the housing market, particularly if it leads to an outright drop in house prices, could shrink home equity and lead consumers to pull back in the months ahead."

Stocks Down Yesterday. The Wall Street Journal (12/8, McKay, 2.04M) reports "stocks slipped for a second straight day as investors continued to fret -- and disagree -- over where the US economy is headed. Many held off on placing big bets ahead of the release of jobs data due out today." The Dow Jones Industrial Average dropped "30.84 points, or 0.3%, at 12278.41 points, up 15% on the year and 64.15 points away from the record set last month." The broad Standard & Poor's 500-stock "index fell 0.4%, or 5.61 points, to 1407.29, up 12.7% on the year. The technology-stock-heavy Nasdaq Composite Index fell 0.7%, or 18.17 points, to 2427.69, up 10.1% on the year." NBC Nightly News (12/7, story 9, 0:10, Williams, 9.87M) also noted the stock numbers, as did USA Today (12/28, 2.27M), among other newspapers.

FL13 Controversy Continues. The Christian Science Monitor (12/8, Green, Ben Arnoldy, 59K) reports, "The Sunshine State is once again the scene of a messy election controversy, and residents of Sarasota, an affluent beachside community, aren't the least bit amused. More than a month after polls closed, the certified loser for the congressional seat is refusing to concede, given an extraordinary wave of ballots with no vote cast in that race and a margin of victory as skimpy as a bikini." But "determining just what went wrong, if anything, has proved difficult given the voting machines involved: touch-screen computers with no printout for voters to confirm." The Monitor notes "there's no evidence that the machines malfunctioned. Sarasota County has already done a machine and a manual recount. Neither significantly budged Republican Vern Buchanan's 369-vote lead over Democrat Christine Jennings. The Sarasota Herald-Tribune has also reviewed every ballot cast." But "suspicions remain because 18,000 ballots, or 13 percent of the votes cast, recorded no votes in the congressional race."

Jefferson Fighting For Political Life. The New York Times (12/8, Nossiter, 1.16M) reports, "One of the last undecided House races has played out here as the fierce bid for survival of a veteran politician whose career is threatened by a federal corruption investigation. On Saturday, for the second time in two months under Louisiana's idiosyncratic runoff system, Representative William J. Jefferson has to present himself to the voters." The Times notes "the outcome will not affect the balance of power in Washington, as Mr. Jefferson's opponent, Karen R. Carter, a lawyer in the Louisiana House, is also a Democrat." But "if Mr. Jefferson wins, his victory will have the potential to embarrass the Democrats and Louisianans eager to prove to federal aid officials that they have left behind the corrupt past. Having been rejected by his own state party and become a pariah to the financial establishment here, Mr. Jefferson is counting on his inner-city base to look past the FBI accusations and rally around him as it has since he was first elected in 1990."

1994 Republicans Blame Leaders For This Year's Defeat. USA Today (12/8, Wolf, 2.27M) reports, "Republicans who helped capture control of Congress 12 years ago blame the party's leaders for this year's debacle at the polls. Architects of the 1994 'Republican revolution,' as well as current and former lawmakers elected that year, say the GOP repelled voters by putting self-preservation before the nation's agenda." USA Today notes "two-thirds of the 73-member Republican class of 1994 are gone from the House of Representatives. Twenty-four kept their House seats despite this year's rout, in which Democrats gained simultaneous House and Senate majorities for the first time since 1994. Five lost their bids for a seventh term. Two others resigned in disgrace." Members "interviewed from the class of 1994, as well as former House GOP leaders, cite three reasons beyond their leaders' control: the war in Iraq, corruption scandals and President Bush's low popularity. Beyond that, they say leaders such as House Speaker Dennis Hastert of Illinois and former House majority leader Tom DeLay of Texas put staying in power above principles such as limited government and low spending." Among those quoted in the story are former Reps. Joe Scarborough, John Kasich, Dick Armey and J .C. Watts.

Poll Finds Danger Signs For Clinton, Giuliani White House Bids. The AP (12/8, Humbert) reports, "Democratic Sen. Hillary Rodham Clinton is popular within her party but could have trouble winning the presidency, according to a poll that also identified potential hurdles within the GOP for former New York Mayor Rudy Giuliani. The former first lady held a double-digit lead over possible rivals in the survey released Thursday by Marist College's Institute for Public Opinion. Clinton, who has taken steps suggesting a 2008 bid, had the support of 33 percent of Democrats to 14 percent for former Sen. John Edwards." However, "Clinton

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remains a polarizing figure, Forty-seven percent of registered voters said they would definitely not consider voting for the New York senator. Twenty-five percent said they definitely would consider voting for her while 28 percent said they would possibly consider it." Giuliani and Sen. John McCain "led the GOP field, with 24 percent favoring Giuliani and 23 percent backing McCain." Giuliani and McCain "each led Clinton, 49 percent to 43 percent." But "when Republicans were informed that Giuliani is 'a pro-choice, pro-gun control, pro-gay rights Republican,' 47 percent said those traditionally liberal positions would be a major factor in determining how they voted while just 22 percent said they would not be a factor."

CQ (12/8, Benenson), meanwhile, reports on a Fox News poll that also shows Clinton "supported by 33 percent of respondents." In the Fox survey, "her closest competition comes from three people who, like her, have not officially declared their intentions: 2000 presidential nominee Al Gore, freshman Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards." Obama "was backed by 12 percent of respondents in both surveys. Gore was just ahead of him in the Marist poll, but trailed Obama by 1 percentage point in the Fox News poll, conducted by Opinion Dynamics." Edwards "trailed Gore and Obama in the Fox News poll, where he registered 8 percent."

Democrats Concerned Clinton-Obama Rivalry Could Overshadow Senate Agenda. The Washington Post (12/8, A1, Babington, Murray, 690K) reports, "Neither Clinton nor Obama has formally declared" a White House candidacy, "but their rivalry is already the talk of the chamber, an amusing sideshow for Democrats and Republicans -- at least the handful who aren't weighing their own White House bids." The Senate "has never run short of presidential wannabes, but this time, Democrats worry that the clash of titans will overshadow their legislative agenda, leaving mere mortals grasping for notice and potentially compromising the party's efforts to expand its Senate majority. … Colleagues say Clinton and Obama appear to genuinely admire each other. So far, they claim to see zero evidence of public rancor. … Behind the scenes, of course, it's a slightly different story. 'Don't tell Mama, I'm for Obama' has become the Obama campaign's unofficial motto. It's a reference to Clinton's nickname as first lady and an example of the conflicted loyalties of many Democratic political aides." The Post also reports, "Senators say Obama's explosive rise has startled Clinton and her advisers, who are mulling how to react. With Obama planning a trip to the early-primary state of New Hampshire on Sunday, they may need to decide soon."

Cheney Pregnancy Called "Ellen DeGeneres Moment Of National Politics." Ruth Marcus writes in the Washington Post (12/8, A39, 690K), "My only regret about Mary Cheney's pregnancy is that it didn't happen earlier -- say, during the 2004 presidential race, when Cheney was working for her father's campaign and his running mate was busy trying to write discrimination against people like her into the Constitution. Imagine a hugely pregnant Mary Cheney sitting in the vice president's box at the convention. Imagine Cheney and her partner, Heather Poe, cuddling their newborn onstage at the victory celebration. … Better late than never. Cheney's no crusader; she has little interest in becoming the poster mom for gay parenthood. But whether she intends it or not, her pregnancy will, I think, turn out to be a watershed in public understanding and acceptance of the phenomenon. This is the Ellen DeGeneres moment of national politics." Marcus adds, "Perhaps Cheney's high-profile pregnancy will help the Republican Party come to grips with those facts of life. If not, though, she's going to have to explain to her child what mommy was doing trying to help a party that doesn't believe in fairness for families like theirs."

NYTimes Urges Hevesi's Resignation. In its headline, the New York Times (12/8, 1.16M) suggests Comptroller Alan Hevesi lives in a "glass house" after his chauffeur misappropriation because his credibility has been damaged. The paper uses past Hevesi audits that fault agencies for delayed action or failure to keep records, actions Hevesi himself may be guilty of, so the impact of his audits are "muted." The paper recalls, "When a former Oswego mayor was questioned about $3,500 in spending on dining and travel, Hevesi said, 'We take a zero-tolerance approach to local officials who abuse their position and use public money for their own benefit.' That is exactly why Hevesi should resign."

US Still Hopes For Six-Party Talks This Month. AFP (12/8) reports the State Department said it had not "thrown in the towel" on efforts to resume six-party talks with Pyonyang this month, "but admitted it could still take weeks to organize the talks." State Department spokesman Sean McCormack said, "We would still hope that we could get some discussions, get a new round of talks going this month." At the same time, he cautioned that Washington was

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"also not going to try to push to get something done in December if that means those talks aren't as well prepared as they possibly can be."

Analysts Say US Policy Causing Lebanese Protests. McClatchy (12/8, Lasseter) reports that as "American political leaders watched with alarm during the past week as the Hezbollah militia laid siege to the US-backed Lebanese government," few would "acknowledge publicly what most analysts and politicians [in Lebanon] say is obvious: American policy may bear much of the blame." Lebanese analysts "say that US failure to stop Israel's onslaught against Hezbollah last summer crippled the Lebanese government" and "created an environment in which the Shiite Muslim militia could call for overthrowing Sunni Muslim Prime Minister Fuad Saniora and his Cabinet." In addition, the protests have "underscored a belief among some regional leaders that the United States has lost its footing in the Middle East."

Hezbollah Vows To Continue Protests. The AP (12/8, Ghattas) reports Hezbollah leader Sheik Hassan Nasrallah "promised thousands of supporters Thursday that they would eventually bring down Lebanon's Western-backed government," while Prime Minister Saniora "vowed to stand firm against protesters." In what was seen as his "sharpest attack" on the prime minister, Nasrallah accused Saniora of "conniving with Israel" during its month-long war with Hezbollah last summer," and claimed Saniora ordered the Lebanese army to confiscate Hezbollah's supplies of weapons.

The New York Times (12/8, A20, Bakri, Slackman, 1.16M) reports Nasrallah "also appeared to accuse government officials of trying to have him killed during the war with Israel." In an address that "seemed calculated to bolster thousands of Hezbollah's supporters," Nasrallah said "a government agency tried to find out where he was staying" during the war, and he "threatened to name names."

USA Today (12/8, 20A, Stinson, 2.27M) says the week-long protests are "driving a deep and potentially violent wedge between Shiite and Sunni Muslims like this nation hasn't seen before." Much of Hezbollah's "newfound support comes from" last summer's war with Israel. When Israel "failed to uproot the militant group," Hezbollah "saw its prestige grow among Shiites and other Lebanese as a result of its staying power."

Abbas Ponders Options To Solve Hamas Impasse. The AP (12/8, Laub) reports, "A panel has advised Palestinian President Mahmoud Abbas to leave the militant Hamas group in power for now, but call new elections after the economic crisis in the Palestinian territories worsens further, a member of the group said Thursday." Abbas "declined to discuss the options when speaking to reporters Thursday in Ramallah. Although talks with Hamas have hit an impasse, he said new negotiations were still possible."

Carter Responds To Critics Of Latest Book On Mideast. Writing in the Los Angeles Times (12/8, 850K), former President Jimmy Carter responds to criticisms of his new book, "Palestine: Peace or Apartheid." Carter says "the many controversial issues concerning Palestine and the path to peace for Israel are intensely debated among Israelis and throughout other nations -- but not in the United States." For the last 30 years, Carter says he as "witnessed and experienced the severe restraints on any free and balanced discussion of the facts." This "reluctance to criticize any policies of the Israeli government," he says, "is because of the extraordinary lobbying efforts of the American-Israel Political Action Committee and the absence of any significant contrary voices." Therefore, he says the "ultimate purpose" of latest book is "to present facts about the Middle East that are largely unknown in America, to precipitate discussion and to help restart peace talks (now absent for six years) that can lead to permanent peace for Israel and its neighbors."

Annan Warns About Situation In Darfur. AFP (12/8) reports, "UN chief Kofi Annan, alarmed by reports of mass rapes and other 'gross violations of human rights,' expressed deep concern about the worsening security situation in Sudan's Darfur region and its impact on neighboring countries." UN spokesman Stephane Dujarric "said the outgoing UN secretary general was 'deeply concerned about the worsening security situation in Darfur and its consequences for the wider region, including Chad and the Central African Republic.'"

Dodd Urges Paulson To Push Chinese To Devalue Currency. The Financial Times (12/8, Grant) reports, "Hank Paulson, the US Treasury secretary, came under pressure from the Democratic party yesterday to persuade China's government to revalue its currency." Sen. Christopher Dodd, "incoming chairman of the influential senate banking committee, said he wanted Mr Paulson to

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return from a visit to Beijing with firm progress on the revaluation issue." Dodd's call "is a sign the Democrats, fresh from their capture of both houses of congress, appear ready to exert pressure on the Bush administration over the negotiating tactics used to persuade China to budge on the issue."

Poisoned Russian Spy Buried As Friend Falls Ill. The CBS Evening News (12/7, story 5, 0:45, Roth, 7.66M) reported, "The body of ex-Russian spy Alexander Litvinenko was buried in a sealed oak coffin" in London. Also Thursday, "Some workers at a hotel Litvinenko visited" were also found to "have low levels of the radioactive substance that killed him and one of his last contacts is now ill in Moscow with radiation poisoning, in a case that's still a mystery and soon to be a made-for-TV movie."

NBC Nightly News (12/7, story 8, 1:35, Kosinski, 9.87M) reported that "now another possible victim: Dmitri Kovtun, one of the former KGB agents whom Litvinenko met with at a hotel bar on the day he thought he was poisoned. A Russian news agency reports Kovtun is in critical condition, in a coma, with radiation poisoning. … Russian prosecutors are also now considering this case an attempted murder of Kovtun. They say their investigation may bring the Russians to London while Scotland Yard works this case in Moscow." The Los Angeles Times (12/8, Holley, Murphy, 850K) says Kovtun's possible coma "raised the question of whether the possible killer would soon be dead, taking with him any secrets he might have about Litvinenko's murder."

The Financial Times (12/8) reports the development came "before Russian and British investigators had had the opportunity to question Andrei Lugovoy, a business partner of Kovtun who also met Litvinenko and has found himself at the centre of the murder probe." Lugovoi's lawyer said questioning had "been expected to take place on Thursday but had been postponed."

In a front page article, the Washington Post (12/8, A1, Finn, Jordan, 690K) reports the Russian prosecutor's office has accused Britain of "dragging its feet in the inquiry," and said Thursday it has opened its own criminal investigations. Meanwhile, the Post reports that Lugovoy's attorney, Andrei Romashov, said in a brief phone interview that his client "did not ask for the postponement; Russian news agency RIA Novosti said it was requested by Russian investigators for 'technical reasons.'" USA Today (12/8, 21A, Tumposky, 2.27M), the New York Times (12/8, A6, Cowell, Myers, 1.16M) and Chicago Tribune (12/8, Rodriguez, 617K) also report on the developments.

Krauthammer Says Putin Behind Poisoning. Washington Post (12/8, A39, 690K) columnist Charles Krauthammer writes that although the poisoning is "everywhere being called a mystery," one should "believe the testimony delivered on the only reliable lie detector ever invented -- the deathbed -- by the victim himself. Litvinenko directly accused Putin of killing him." Krauthammer notes Russia's "long and distinguished history of state-sponsored assassination" and dismisses claims that the Litvinenko murder was "so obvious, so bold, so messy…that it could not possibly have been the KGB." Instead, he argues that the "reason for making it obvious and brazen is to send a message" to "all the future Litvinenkos of what awaits them if they continue to go after the Russian government."

Russian Free Press Suffers Under Putin Regime. In a 2,150-word front page feature, the Wall Street Journal (12/8, A1, Chazan, 2.04M) profiles the "grim future" of Russia's Novaya Gazeta newspaper, which "specializes in shining a light into the murky corners of Vladimir Putin's Russia. For years it has exposed government sleaze, corporate crime and abuses of human rights. In the freewheeling 1990s, that was staple fare for the Russian press. But with the Kremlin and its allies now in control of much of the media, such themes have become taboo -- and writing about them a risky business." However, Novaya's status as "one of the last outposts of free speech left in Russia" has earned it "influential friends in the West," including Secretary of State Condoleezza Rice who "pointedly invited the paper's editors to her hotel" during a trip to Russia.

BBC Radio Transmissions In Moscow Halted. In an article on Litvinenko's death, the Financial Times (12/8) reports in a separate development Thursday, the BBC said that FM radio transmissions of its Russian service had "ceased to be transmitted in Moscow since November 23." The reason given, a spokesman said, was unexplained "transmission problems," but noted that "other broadcasts on medium wave continue unaffected."

Study Finds World Bank Programs Have Failed To Lift Incomes. The Washington Post (12/8, D1, Goodman, 690K) reports, "Despite an intensified campaign against poverty, World Bank programs have failed to lift incomes in many poor countries over the past decade, leaving tens of millions of people suffering stagnating or

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declining living standards, according to a report released Thursday by the bank's autonomous assessment arm." The Post adds, "Among 25 poor countries probed in detail by the bank's Independent Evaluation Group, only 11 experienced reductions in poverty from the mid-1990s to the early 2000s, while 14 had the same or worsening rates over that term. The group said the sample was representative of the global picture." In a statement distributed with the report, World Bank "management rejected its assessment as 'overly bleak,' arguing that the overall trend is improving in every region except Africa. Bank administrators noted that reducing poverty requires economic growth, something they said the world has been enjoying: Over the past two years, developing countries collectively grew by about 5 to 6 percent a year, excluding swiftly developing China and India. Even sub-Saharan Africa has grown by more than 4 percent annually over the past five years." But "the study found that growth has rarely been sustained, exposing the most vulnerable people -- the rural poor -- to volatile shifts in their economic fortunes."

UN To Renovate General Secretary's New York Residence. The Washington Post (12/8, A24, Lynch, 690K) reports, "After stalling efforts to renovate the United Nations' Manhattan headquarters, the Bush administration joined other UN members this week in approving $4.9 million to work on incoming Secretary General Ban Ki Moon's East Side residence, including a new $2.1 million central heating and air-conditioning system and a $200,000 kitchen upgrade." The decision "by the UN General Assembly's chief budget committee comes as the United States and other member nations are pressing Ban to assign high-level jobs to their nominees." The renovation "is necessary because the 85-year-old neo-Georgian townhouse is plagued by power outages, leaky plumbing, an unsafe elevator and an obsolete kitchen exhaust system that poses a 'potential fire hazard,' according to a UN report."

Chavez's Election Win Attributed To Unfair Tactics. The Washington Post (12/8, A38, 690K) editorializes that Hugo Chavez's election victory "was unsurprising, given the campaign that led up to it. The would-be 'Bolivarian' revolutionary flooded the country with petrodollars in the months before the vote, decreeing a pay bonus for all government workers. He dominated the media, receiving by one count 22 times as much airtime as his opponent. He also freely employed intimidation, endorsing a declaration by the director of the powerful state oil company that its 40,000 workers would be mobilized for the president and that anyone who opposed this would be guilty of 'a crime.'" The Post goes on to say Chavez's "rule contains the seeds of its own destruction. … If oil prices continue to drop, Mr. Chavez's revolution eventually will be revealed for what it is: a populist fraud."

Meanwhile, Mary Anastasia O'Grady writes in the Wall Street Journal (12/8, A17, 2.04M), "I never believed that Fidel Castro's Venezuelan 'mini-me' would be defeated on Sunday even though there is scant evidence that a majority of Venezuelans back his socialist revolution. Instead, I expected that a Chávez victory could be had 'legally' through a combination of coercion, manipulation and the liberal use of state funds. This seems to be what happened."

Scottish Independence From UK Seen As A Possibility. Quentin Letts of the London's Daily Mail writes in today's Wall Street Journal (12/8, A16, 2.04M), "Back in 1707 the neighboring kingdoms of England and Scotland swallowed their historical differences and agreed to create the United Kingdom. Three-hundred years on a majority of Britons seem to want to undo it all." But "Scottish independence is suddenly on the political radar. At present it is only a faint blip but if it becomes more serious the U.S. could find one of its more reliable allies suddenly looking distinctly bifurcated. If Scotland and England go their separate ways the British would probably disappear as international diplomatic players." Letts notes that "when Tony Blair became prime minister in 1997 his Labour Party agreed to give Scotland its own parliament. The place has limited powers, has cost a fortune and is full of monumental windbags, but it has become a symbol, an assertion, of renewed Scottish nationalism. This was also boosted in 1995 by 'Braveheart,' Hollywood's ludicrously romanticized film about 14th-century Scots fighting the wicked English."

NYTimes Urges Blair To Call On Nuclear Powers To Reduce Arsenals. The New York Times (12/8, 1.16M) editorializes, "When Tony Blair asked Parliament this week to approve a new generation of nuclear-armed submarines, he was asking the lawmakers to reaffirm Britain as a nuclear power far into the 21st century. … Frankly, we would like to see more from Mr. Blair, who has shown a flair for defining new-think issues, as he did with his government's global-warming report and its call to reduce

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poverty." Blair "could burnish that legacy if he challenged all the world's nuclear powers to reduce their arsenals." The Times concludes, "The major powers would have a far stronger case for their calls to restrain the nuclear ambitions of countries like Iran and North Korea if they showed they were willing to reduce their own arsenals. That is the stuff that legacies are made of."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Not Swayed By Findings In Iraq Study."
"Don't Give Him Rewrite."
"Intrigue Grows In Case Of Ex-Spy's Poisoning."
"In Major Awards, Rap Gets No Love."
"Officer Is Held In Attack On Teen."
"Return Fire From The Right."

USA Today:
"Guests In 2 Cities Can Try."
"TSA May Let Non-Fliers Go To Gates."
"Boise State Strikes Its Blow For The Little Guys."
"Reserve Troops' Job Woes Increase."

New York Times:
"Bush Backs Away From 2 Key Ideas Of Panel On Iraq."
"Dueling Views On Diplomacy Pit Baker Against Rice."
"Off to College On Their Own, Shadowed by Mental Illness."
"Uneasy Havens Await Those Who Flee Iraq."
"With Victories, City Challenges More Gun Sales."
"Changes Are Expected In Voting By 2008 Election."
"Long A Laggard, Wages Start To Outpace Prices."

Washington Post:
"Costly Fleet Update Falters."
"Bush Appears Cool To Key Points Of Report On Iraq."
"For Now, An Unofficial Rivalry."
"Russian Tied To Ex-Spy Also Ill From Radiation."
"After The Elections, A Campaign To Celebrate."
"The Last Gasp Of A Smoke-Filled Room?"

Detroit Free Press:
"Iraq Report Aside, U.S. Must Stay, Bush Says."
"Nativity By The Dashboard Light."
"A Way To Safely Restrain Students."
"House OKs $4,000 Grants."
"No Time To talk Taxes Till '07."
"Metro Airport To Ease Security For Hotel Guest."

Atlanta Journal-Constitution:
"Report Says Pot Bust Led To Raid."
"One City's Dilemma: Can You Root For A Rival?"
"Tax Agency Goes After Delinquent Lawmakers."
"Coke's New No.2 Polished, Worldly."
"Rudolph's Nose Glows Again After Dark Years."

Houston Chronicle:
"It's A No Go Clouds Close Door On Launch."
"More Getting Key To A&M."
"Woodlands Strike Deal To end Annexation Threat."
"Bush Takes Exceptions To parts Of Report."
"Strayhorn Tallies Impact Of Illegal Immigration."

Story Lineup From Last Night's Network News:
ABC: Bush, Blair-ISG; Baker, Hamilton-Senate; Blair Interview; Afghanistan Poll; OR-Missing Man Dead; Autism Bill Passes; FedEx Truck Crash; Pearl Harbor-USS Arizona.
CBS: Bush, Blair-ISG; Blair Interview; Baker, Hamilton-Senate; Tornado-London; Litvinenko Investigation; E. Coli-Taco Bell; FDA-Heart Stents; Medical Shopping Online; ISG-Justice O'Connor Interview; Remembering Pearl Harbor.
NBC: Bush, Blair-ISG; ISG-Military Reaction; Iraq-US Military Advisors; FDA-Heart Stents; Autism Bill Passed; ISG-World Reaction; Tornado-London; Litvinenko Investigation; Stock Markets; Pearl Harbor-Famous Survivor.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Bush-ISG; Congress-End Of Session; Space Shuttle Launch Scrubbed; Litvinenko Investigation; League of Cities-Housing Survey; Spokane, WA-Theater Named After Bing Crosby; NYC Suing Out-Of-State Gun Shops.
NPR: Space Shuttle Launch Scrubbed; E.Coli-Taco Bell; Litvinenko Investigation; Six Foreign Ports To Screen US-Bound Cargo For Weapons; Bush, Blair-ISG; Frist-Last Day In Senate; Tokyo Stock Market.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Highlights: 8:35 a.m. Meets with Bicameral and Bipartisan Congressional Leadership. Cabinet Room, The White House.

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1:15 p.m. Meets with the President of South Africa. Notes: Gaggle at 9:15 a.m. Briefing at noon.

VICE PRESIDENT CHENEY — Unavailable.

LAURA BUSH — Highlights: 11:45 a.m. Visits Children's National Medical Center, 111 Michigan Ave. NW.

US Senate: No Scheduled Events.

US House: 9 a.m. FLOOR SCHEDULE _ Meets for legislative business.

Other: ALL DAY

Dec. 6 - 8. RURAL HOUSING _ The Housing Assistance Council holds its National Rural House Conference 2006, "Building Communities, Celebrating Partnerships." Highlights: 8:30 a.m. Closing breakfast plenary. 11:30 a.m. - 12 p.m. Conference wrapup. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: 202-842-8600.

Dec. 8 - 10. SUMMIT ON THE STATES _ The Center for Policy Alternatives holds a three-day Summit on the States Conference with progressive state legislators nationwide. Highlights: 5:30 p.m. Pollster Celinda Lake announces a poll about values and messages that worked for progressive candidates in the November election. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Bernie Horn, 202-956-5135.

9 a.m. - 2 p.m. U.S.-CANADA-CHINA _ The Global Business Dialogue and the US.-Canada Law Institute hold a colloquium on U.S. and Canadian responses to the economic challenges of China. Speakers include former Canadian trade minister Sergio Marchi (luncheon). Location: Steptoe and Johnson law offices, 1330 Connecticut Ave. NW. Contacts: R.K. Morris, 202-463-5074.

9 a.m. - 4 p.m. U.S.-FRANCE-AFRICA _ The School of Advanced International Studies holds a conference on "The U.S., France and Africa: Competition or Complementarity?"' Location: Kenney Auditorium, 1740 Massachusetts Ave. NW. Contacts: Felissa Klubes, 202-663-5626.

9 a.m. PENATON-IRAQ SECURITY _ Army Lt. Gen. Peter W. Chiarelli, commander of the Multinational Corps-Iraq, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579. Notes: Journalists without a Pentagon building pass will be picked up at the North Parking Entrance only. Plan to arrive no later than 45 minutes prior to the event; have proof of affiliation and two forms of photo identification. Please call 703-697-5131 for escort into the building.

9:30 a.m. - 1 p.m. CONGRESSIONAL BUDGET OFFICE _ The Fifth Annual Congressional Budget Office Director's Conference will be held, with a focus on "Budgeting and Accounting for Long-Term Obligations." The conference, hosted by CBO Acting Director Donald Marron, will feature a diverse panel of experts to discuss issues related to whether budget process measures and accounting methods are adequate to address long-term budgetary pressures, particularly as the demands on Social Security and Medicare grow over the coming decade. Panelists will include Stephen Goss, chief actuary, Social Security Administration, David Mosso, chairman, Federal Accounting Standards Advisory Board, former House Budget Committee Ranking Member Bill Frenzel, R-Minn., former CBO and Office of Management and Budget Director Alice Rivlin, former Deputy Assistant Treasury Secretary for Tax Analysis Eugene Steuerle, former Assistant Deputy Social Security Commissioner for Policy Paul Van de Water, Professor Alan Auerbach, University of California, Berkeley, Kevin Hassett, American Enterprise Institute, Peter Orszag, the Brookings Institution, Jagadeesh Gohkale the Cato institute, and Professor Howell Jackson, Harvard Law School. Location: Room 608, Dirksen Senate Office Building. Contacts: Melissa Merson, 202-226-2602. Notes: Space in the hearing room is limited. If you wish to attend, please contact the communications director for information.

10 a.m. AGRICULTURE _ Members of the National Farmers Union Rural Coalition hold a briefing on agriculture policy. Location: National Press Club. Contacts: Karrye Braxton, 202-291-9558.

10 a.m. ENERGY-JOBS _ New Mexico Gov. Bill Richardson, Apollo Alliance president Jerome Ringo and United Steel Workers president Leo Gerard hold a news conference to announce a plan to develop clean energy to create good jobs. Location: National Press Club. Contacts: Toby Chaudhuri, 978-884-8626. Notes: Space is limited. RSVP requested.

10 a.m. IRAQ-HUMAN RIGHTS _ Scheduled hearing before Chief U.S. District Court Judge Thomas Hogan in the case brought by the American Civil Liberties Union against then-Defense Secretary Rumsfeld regarding torture and abuse of detainees in U.S. military custody. Location: Courtroom 25A, U.S. District Court, 3rd St. and Constitution Ave. NW. Contacts: Paul Silva, 212-549-2689. Notes: ACLU attorneys will hold media availability in front of the courthouse following the hearing.

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10 a.m. U.S. POLITICS _ The Brookings Institution holds a program on the political divide in the U.S., with David Brady of the Hoover Institution, William Galston of Brookings, Thomas Mann of Brookings, Morris Fiorina of Hoover Institution, Diana Mutz of the University of Pennsylvania, with keynote address by Rep. Tom Davis, R-Va. Location: Falk Auditorium, 1775 Massachusetts Ave. NW. Contacts: n/a, 202-797-6105.

11 a.m. MIDEAST _ Assistant Secretary of State David Welch holds an on-the-record briefing for foreign media only on the Mideast situation. Location: Foreign Press Center, National Press Building. Contacts: Mike Kiel, 202-504-6410.

11 a.m. RUMSFELD-TOWN HALL _ Secretary of Defense Donald H. Rumsfeld will hold a Town Hall meeting for Pentagon employees. Location: Pentagon Auditorium, Room BH650.

11:30 a.m. TEXTILE INDUSTRY _ U.S. textile industry trade associations will hold a telephone press conference to oppose the proposed trade package in this week's session of Congress. Organizers say this package includes legislation to reduce incentives to use U.S.-made yarns and fabrics in apparel assembled in Haiti and the African Growth and Opportunity Act (AGOA) countries. If passed, they says thousands of U.S. textile and apparel manufacturing workers are expected to lose their jobs. Contacts: Lloyd Wood, 202-452-0866. Notes: Phone Number: 800-377-8846. Passcode: 80968752.

11:30 a.m. TRADE BILL _ U.S. textile industry trade associations hold a telephone briefing to oppose the proposed trade package in Congress. Contacts: Lloyd Wood, 202-452-0866. Notes: Callin number: 800-377-8846; passcode: 80968752.

2 p.m. CLINTON-PRESIDENCY _ Judicial Watch holds a panel discussion on "Hillary and the Presidency: Ethics, Policy and 'Bill'"" with Tom Fitton of Judicial Watch, Howard Phillips of the Conservative Caucus, others. Location: National Press Club. Contacts: n/a, 202-646-5188. Notes: Setup at 1 p.m. Mult box available.

3 p.m. - 4:30 p.m. BREYER-FRIED _ Georgetown University hosts a conversation, "On Liberty," with Stephen Breyer, Associate Justice, United States Supreme Court; and Charles Fried, Professor, Harvard Law School, and former Solicitor General of the United States. Location: Georgetown University Law Center, Hart Auditorium, McDonough Hall, 600 New Jersey Ave. NW. Contacts: Kara Tershel, 202-662-9500. Notes: Media should contact Kara Tershel at kat5law.georgetown.edu.

7 p.m. CABRAL _ U.S. Treasurer Anna Escobedo Cabral speaks on the economy, educational development and leadership to the National Society of Hispanic MBAs. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: n/a, 202-622-2920.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 8, 2006 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

Prosecutors Ask Judge To Keep Padilla Defense From Questioning DOD Officials. The Washington Post/AP (12/8, A4) reports, "Federal prosecutors asked a judge Thursday to prevent Jose Padilla's defense attorneys from questioning Defense Department officials or obtaining documents about his treatment during 3 1/2 years in military custody as an 'enemy combatant.'" Defense attorneys "have issued subpoenas for at least four military officials, including a security officer and technical official at the Navy brig in Charleston, S.C., where Padilla was jailed. They have also subpoenaed Maj. Gen. D.D. Thiessen, commander of U.S. Marine forces in Japan, about treatment of other enemy combatants, according to court documents." Prosecutors "said in a motion filed Thursday that the subpoenas are an improper 'fishing expedition' because Padilla's allegations of mistreatment during his time in military custody have no bearing on the terrorism support case against him in Miami."

Judge Refuses To Move NYC Terror Suspects From Solitary Confinement. In a widely-distributed story, the AP (12/8, Neumeister) reports, "A judge on Thursday refused to order a terrorism suspect – a jazz musician who also is a martial arts expert – moved out of solitary confinement after prosecutors claimed he was so dangerous he suggested using prayer beads as a strangulation tool." Rejecting the defense motion, US District Judge Loretta A. Preska "said the government had offered tape recordings to support that" Tarik Shah "was an accomplished martial arts practitioner who had tried to recruit others to join al-Qaida and that he had offered to train them." The AP notes, "Shah, of New York, Dr. Rafiq Abdus Sabir, of Boca Raton, Fla., Abdulrahman Farhane, a Brooklyn bookstore owner, and Mahmud Faruq Brent, of Gwynn Oak, Md., are awaiting trial on charges that they conspired to help a terrorist organization."

Detainees Transfer To New Guantanamo Prison. The AP (12/8, Melia) reports, "The US military transferred the first group of detainees on Thursday to a new maximum-security prison at Guantanamo Bay designed to restrict contact among the prisoners and prevent attacks on guards. More than 40 detainees were brought to the $37 million prison perched on a plateau overlooking the Caribbean Sea from another maximum-security facility at the U.S. naval base in eastern Cuba, said Navy Cmdr. Robert Durand." The AP adds, "The 178-cell prison, constructed beside another maximum-security prison built in 2004, will allow the base to phase out an older facility, Durand said."

ACLU Suit Claims Rumsfeld Ordered Torture Of Iraqis, Afghans. The Christian Science Monitor (12/8, Richey) reports, "As Donald Rumsfeld prepares to leave his job as secretary of Defense, the American Civil Liberties Union (ACLU) is seeking to hold him responsible for what it says was widespread torture carried out at his direction." The Monitor continues, "Lawyers representing Mr. Rumsfeld and three US Army commanders are set to appear in federal court here Friday in response to a lawsuit charging that the Defense secretary authorized torture and other illegal abuse of military detainees in Afghanistan and Iraq - including at the infamous Abu Ghraib prison." The Monitor adds, "The case is important because it represents an attempt to hold US officials accountable for alleged illegal abuse of Iraqi and Afghan civilians who were never detained as enemy combatants or charged with any crime. But some legal analysts say the suit may be aimed more at shaping public opinion than winning in court because such cases are difficult to pursue." The Monitor notes, "The Justice Department lawyers representing Rumsfeld have not responded directly to the torture charges. Instead, they are asking Chief US District Court Judge Thomas Hogan to throw the suit out because Rumsfeld is entitled to immunity from lawsuits challenging his official actions as Defense secretary. Chief Judge Hogan has scheduled two hours of argument on the dismissal request."

Australia Seeks Answers On Guantanamo Detainee. The AP (12/8) reports that Australian Prime Minister John Howard "said Friday he was unhappy that an Australian terror suspect remained in U.S. custody at Guantanamo Bay in Cuba without charges. … But Howard said he was hopeful that David Hicks, an alleged Taliban fighter who was taken prisoner by the Northern Alliance in Afghanistan five years ago, will be charged by the Pentagon early next year." The AP continues, "Hicks, 31, had pleaded not guilty to charges of attempted murder, conspiracy to commit war crimes and aiding the enemy and had faced a preliminary hearing before a U.S. military commission. … But those charges were withdrawn when the U.S. Supreme Court ruled the military commissions were illegal in June. Congress has since passed laws to overhaul the military commission system." The AP adds, "On the eve of Hicks' fifth anniversary in custody, Howard said Friday his defense and foreign ministers would raise the delay with their U.S. counterparts when they attend annual bilateral ministerial talks in Washington next week. … Howard said he pressed the issue with U.S. President George W. Bush when they attended an

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Asia-Pacific leaders forum in Vietnam last month and Attorney General Philip Ruddock raised Hicks again with U.S. Attorney General Alberto Gonzales this week."

Nations Warns Of Possible Terror Attacks In Philippines. The AP (12/8, Gomez) reports the US, Britain and Australia "warned Thursday that terrorists may be plotting attacks in the central Philippines," the site of next week's ASEAN summit. Australian and British officials used "identical language" in separate advisories, saying they believed "terrorists are in the final stages of planning attacks." All three countries warned their citizens to avoid travel to Cebu province. Meanwhile, Philippine security officials said they have not discovered any specific terror threats against the summit, but that they could not discount them."

Several Terror Suspects Expelled From Egypt; American Remains In Detention. The AP (12/8, El-Magd) reports Egyptian authorities "expelled two Belgians and eight French terrorist suspects Thursday, but an American and another French citizen" remained in custody, officials said. Egyptians authorities have not provided details about the American and the remaining French citizen, and the US Embassy said it "had not had consulate access to the American." Earlier this week, the State Department "criticized Egypt for refusing to grant US officials timely access to the arrested American." Egyptian authorities told US officials that no access will be granted until the investigation is completed, a State Department spokesman said.

Jordanian Court Convicts 4 Of Attacks On US Warships. The AP (12/8, Mattar) reports a Jordanian military court Thursday convicted three Syrians and one Iraqi and sentenced them to death for firing rockets at two US warships in August 2005. However only one of the suspects, Syrian Mohammed Hassan Abdullah al-Sihly, is in police custody, while the other two Syrians, Abdul-Rahman al-Sihly and Abdullah al-Sihly, and the Iraqi, Amar al-Samera'i, "remain at large and were tried in absentia."

HOMELAND RESPONSE:

Texas Student Denied Bail In Taliban Support Case. The Houston Chronicle (12/8, George, 530K) reports US District Judge Frances Stacy yesterday denied bail for Pakistani Shiraz Syed Qazi, a college student in Houston charged with "possession of a firearm by an alien. His cousin, Adnan Mirza, and Kobie Williams are charged with conspiracy in what prosecutors say was a plan to aid the Taliban by training to engage coalition forces overseas. Williams has pleaded guilty." The Chronicle adds, "A July 2005 camping trip…was part of the conspiracy, FBI Special Agent Jamaal King testified. Agents used Qazi's acknowledgment that 'he overheard statements over that weekend' to help connect him to the terrorist plot, King said. Qazi's older brother, Izzat Qazi, said FBI agents misled the family the night Qazi was arrested at his condo," saying that "the agent assured them that Qazi would not be interrogated, 'just asked booking questions.'"

Houston Suburb Roiled By Plan To Build Mosque. The AP (12/8, Madkour) reports from Katy, Texas, "A plan to build a mosque in this Houston suburb has triggered a neighborhood dispute, with community members warning the place will become a terrorist hotbed and one man threatening to hold pig races on Fridays just to offend the Muslims. Many residents claim they have nothing against Muslims and are more concerned about property values and traffic. But one resident has set up an anti-Islamic website with a counter that keeps track of terrorist attacks since Sept. 11." The AP notes that the site "also provides home addresses of some association members and advises people who see anything suspicious to contact the FBI. Many people have sent anti-Islamic e-mails to the site."

US-Bound Cargo To Be Screened At Foreign Ports. The Washington Post (12/8, A8, Hsu, 690K) reports the Homeland Security and Energy departments announced yesterday that "US-bound cargo will be scanned for nuclear and radiological material at six foreign ports starting in February under a pact with host governments announced…, including a port operated by an Arab-owned company that ignited a political storm in Congress." Scanning of all US-bound containers at Puerto Cortes, Honduras; Qasim, Pakistan; and Southampton, England, in addition to limited scanning at Salalah, Oman; Singapore; and Busan, Korea, "will cover more than 7 percent of 11 million containers annually shipped to the United States." The Post adds, "The Southampton facility is operated by Dubai Ports World, the United Arab Emirates company whose purchase of US port operations was approved by the Bush administration, but which the company was pressured earlier this year to spin off by Congress because of security concerns over foreign ownership."

The New York Times (12/8, Lipton, 1.16M) reports the $60 million cost of the Secure Freight Initiative "will be split by the Departments of Homeland Security and Energy, they said." In announcing the plan, Chertoff said "no weapon of mass destruction…is more formidable than a nuclear or a dirty bomb." Meanwhile, some antiterrorism experts "openly" questioned the program, some saying "that the screening would take place only on container ships, not on ships that carry millions of tons of other cargo, including cars, fuel or goods placed on pallets. … Mr. Chertoff and other

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department officials acknowledged that they did not know how well the system would work, or whether it would cause unacceptable bottlenecks."

The AP (12/7, Barrett) reported Sen. Charles Schumer, "whose amendment to ports legislation created the program, said he wants the program to grow to further ports. 'It makes sense to focus this program on the ports that present the greatest risks, and we'll continue to fight to expand this program to ports around the world,' Schumer said. As for the agreement with Dubai Ports World, Schumer said 'they have undergone significant scrutiny to join this program, unlike what we experienced in the first episode.'"

Chertoff Says US Officials Will Have Final Say Over Screening. On CNN's Lou Dobbs Tonight (12/7, 6:22 pm) Secretary Chertoff was shown saying, "There's one point I want to make 100 percent crystal clear. We will not outsource our security." CNN (Meserve) called it "a preemptive strike by the secretary of homeland security, an effort to squelch Congressional criticism before it erupted over the fact that Dubai-owned DP World operates three ports involved in the new cargo security program." Later, host Lou Dobbs asked Meserve whether she thought Chertoff "understands that this government could work government to government, rather than government to government-owned company?" Meserve: "Well, in fact it is working government to government."

Government Executive/National Journal's Technology Daily (12/7, Strohm) reported, "The new detection equipment will become operational at the ports in Honduras and Pakistan in February, followed by Southhampton in June or July. Equipment will be deployed to the remaining three ports late in 2007. Chertoff said the data on each container will be sent electronically to US Customs and Border Protection officials, who will decide whether it needs to be inspected further. 'We will not outsource our security,' he said. 'In the end, the go-no decision rests with our guys sitting in a CBP office.'"

Fox News' Studio B (12/7, 3:38 pm, Herridge), broadcasted, "Chertoff is really big on this idea of layered security. No one element stands alone. So at these ports we now have Coast Guard, Customs, and this new radiation screening. The hope is that one if one layer of security fails, another one will kick in."

Minneapolis-St. Paul Area Divided Over Imams' Removal From Flight. The Washington Post (12/8, A2, Lydersen, 690K) reports, "For years, the Minneapolis-St. Paul area has been known for its liberalism and tolerance, especially when it comes to religion. … So, last month's removal of six imams from a Phoenix-bound US Airways flight at the Minneapolis-St. Paul International Airport has prompted hand-wringing, finger-pointing, calls for greater sensitivity to religious diversity and more communication between non-Muslims and Muslims." However, "Local Muslims of various ethnicities are united in their anger" over the removal of the imams, who "say the behavior in question was merely quiet prayers before boarding the flight." Meanwhile, "Many non-Muslim residents agree that Muslims should be able to practice their religion. But many also think that the imams should have been more discreet and sensitive to fears about terrorism."

TSA Testing Relaxation Of Rule Barring Non-Fliers From Gates. USA Today (12/8, 1A, Frank, 2.27M) reports on its front page that a program at Dallas/Fort Worth and Detroit airports is being used to test whether the Transportation Security Administration "can ease a post-9/11 policy that bars people from meeting relatives and friends at airports as they come off flights." Though aviation security consultant Billie Vincent said such a move "adds to the congestion and the difficulty of screening," the TSA says boarding-pass requirements won't be waived "if it would lengthen lines or weaken security, and notes that the test is small." Meanwhile, a spokesman for Pittsburgh International Airport, which had its 2003 bid to let non-passengers beyond checkpoints blocked, says that if the pilot program "is a success," the TSA might be persuaded to let them "try it with the public."

WPost Says Chertoff Comments Should Mean More Funding For DC, New York. Under the headline "Securing Common Sense," the Washington Post (12/8, A38, 690K) editorializes, "If the first step to recovery is admitting you have a problem, then Homeland Security Secretary Michael Chertoff's comments to a conference of state and local preparedness officials last week should be welcomed." After department officials "spent the summer defending a grants scheme that cut anti-terrorism funding for the District and New York City in favor of places such as Sacramento, Tampa and Omaha," Chertoff said the conclusion had been reached "'that perhaps there was a little too much bean counting and a little less standing back and applying common sense to look at the total picture.' In fact, the Department of Homeland Security's clumsy efforts to set priorities this year bordered on the farcical." The Post states, "It's obvious these results lack 'common sense,' and it shouldn't have taken Mr. Chertoff six months to admit as much. Now that he has, though, we expect that less 'bean counting' will mean that next year a greater share of Homeland Security money will come back to the places most attractive to terrorists aiming to disrupt Americans' lives and create a spectacle -- Washington and New York."

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WAR NEWS:

Bush Distances Himself From ISG Report Recommendations. On the day after the public release of the Iraq Study Commission report, President Bush met with British Prime Minister Tony Blair. The report continued to dominate media coverage, with stories on it leading all three network newscasts and occupying the front page of major US newspapers. The big story of the day: Bush had a chance to comment on the Baker group's recommendations, and signaled his opposition to some of them. Under the front-page headline "Bush Appears Cool To Key Points Of Report On Iraq," the Washington Post (12/8, Baker, Wright, 690K) says the President vowed to "come up with 'a new strategy' in Iraq but expressed little enthusiasm for the central ideas" of the ISG. While Bush "called the Iraq Study Group's ideas 'worthy of serious study,' he seemed to dismiss the most significant ones point by point. He noted that Blair is heading to the Middle East to promote Arab-Israeli peace, but he gave no indication that he plans an aggressive new push of his own as proposed by the commission." AFP (12/7, Knox) also uses the phrase "cool reception" to describe Bush's response.

Likewise, the New York Times (12/8, Stolberg, Zernike, 1.16M) says in its front-page report that Bush "moved quickly to distance himself" from the "central recommendations" of the report. The President "seemed to push back against two of its most fundamental recommendations: pulling back American combat brigades from Iraq over the next 15 months, and engaging in direct talks with Iran and Syria. He said he needed to be 'flexible and realistic' in making decisions about troop movements, and he set conditions for talks with Iran and Syria that neither country was likely to accept." The Los Angeles Times (12/8, Neuman, 850K) reports than when "asked specifically whether US combat troops will be withdrawn from Iraq by 2008, Bush said that 'we'd like our troops out as fast as possible,' but that 'our commanders will be making recommendations based upon whether we can achieve our objectives.'" Newsday (12/8, Gordon) says Bush "squared off" with the "blue-ribbon Iraq panel," adding that Bush "said he stood by his determination to prevail but also recognized the difficulties ahead."

The CBS Evening News (12/7, lead story, 2:45, Axelrod, 7.66M) also said Bush "offered his first response" to the commission's "sharp criticism. He promised a new approach in Iraq without spelling out what it would be. … Even if the Iraq Study Group report never once used the word 'victory,' the President clearly hasn't given up on the idea." NBC Nightly News (12/7, lead story, 2:50, Williams, 9.87M) said that as Bush "hosted his partner in the war in Iraq," the President "made it clear right away that he is not about to embrace all the fixes" the ISG suggested. But over on Capitol Hill, ISG co-chairs James Baker and Lee Hamilton "told Congress there isn't much time to change course in Iraq."

Tim Russert said on MSNBC's Hardball (12/7, Barnicle), "Standing there with Tony Blair, his principal ally in this war…here are these two men -- Blair's career short-circuited by the war, the President hovering with very low favorable rating because of Iraq -- both betting their presidencies and their prime ministerships on the war in Iraq, now, publicly confessing that things have to change, status quo is not acceptable, we need to chart a new course. The question is, what will it be?"

The AP (12/7, Riechmann) notes that when Bush "received his own copy of the Iraq Study Group report, President Bush praised the subtitle, 'The way forward -- a new approach.' On Thursday, it was clear he had added the phrase to his lexicon." Bush and Blair "used 'forward' or 'way forward' about two dozen times during their news conference."

USA Today (12/8, 6A. Jackson, 2.27M) says Blair "has been pushing Middle East settlement talks in connection with Iraq since the war's inception." The Financial Times (12/8, Daniel, Sevastopulo) says Blair "tried to use the damning Iraq Study Group report to drive" Bush "into a new peace initiative for the region."

The Chicago Tribune (12/8, Silva, 617K) says that as Baker and Hamilton "pressed their campaign to sell the report's recommendations to Congress, the public and ultimately the Bush administration, it became clear they had yet to convince the president." Baker and Hamilton "urged Congress to end its 'extremely timid' oversight of the war and embrace the report to help pressure Bush into quickly adopting their recommendations as a comprehensive shift in strategy." Baker said, "I hope we don't treat this like a fruit salad, saying, 'I like this, but I don't like that.'"

Iraq Study Group member Edwin Meese said on MSNBC (12/7, O'Donnell), "I don't think the President needs any prodding. I think he accepted our report yesterday, said he would look at it very carefully. … We have 79 recommendations. I don't think any of us expected that all would be accepted. But I think the principal recommendation in terms of the strategy of having the trainers embedded with the Iraqi army, with providing the logistic and intelligence support, increasing the training of the police, I think those are things that seem consistent with what he and the, I believe, what the Pentagon will be proposing as well."

"Testy" Exchange With BBC Reporter Gets Wide Exposure. The President's meeting with Blair was reported by all three networks, but an exchange between Bush and a BBC reporter overshadowed coverage of the meeting itself. ABC World News (12/7, lead story, 2:50, Gibson, 8.78M) opened by saying that one day after the "blunt and critical

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report" came out, Bush and Blair met at the White House, "saying they appreciated the Baker-Hamilton commission's findings, but disagreed with some of its central recommendations, like the approach to troop withdrawals and the need to talk with countries like Iran and Syria." ABC (Raddatz) added that Bush "did seem to dispute the analysis, taking pains to temper his comments," but the President's description of the increase in violence in the Baghdad area as "unsettling" led to what Raddatz called "a somewhat testy exchange" with the BBC's Nick Robinson. Robinson: "You said that the increase in attacks is 'unsettling.' That will convince many people that you're still in denial about how bad things are in Iraq and question your sincerity about changing course." Bush: "It's bad in Iraq. That help?" CBS and NBC also included the Bush-Robinson exchange in their lead reports, and the AP (12/7, Hunt) puts Bush's "it's bad in Iraq" line in the lead sentence of a story appearing in over 100 newspapers or on their web sites. The New York Daily News (12/8, 729K) even headlines a report "Bush: 'It's Bad In Iraq.'"

Blair Says "We Cannot Afford Not To Win" In Iraq. Blair spoke with CBS Evening News (12/7, story 2, 2:55, 7.66M) anchor Katie Couric, and said that in Iraq, "we're facing a very, very difficult situation, very challenging situation, but as they say, it's a situation that we cannot afford not to win." Couric: "Do you support the 79 recommendations?" Blair: "I basically think the report gives us the right foundation to move forward." Couric: "The President seemed determined as ever to stay on track. Do you think he, or for that matter you, are capable of acknowledging failures in this policy and changing gears when and if necessary?" Blair: "Yeah, I mean we've got to evolve strategy because the situation has changed, and so if you don't change when the situation changes, then you're not doing the right thing." Blair made similar comments in an interview with George Stephanopoulos for ABC World News (12/7, story 3, 2:55, 8.78M). Blair said, "We are in a situation where we need to act urgently, in my view. … I think we've got a plan to succeed. And I think that if we start saying to the people that we're fighting in Iraq, that we're ready to get out, irrespective of the success of the mission, I think that would be very serious."

Conservatives Blast ISG Report As Call For Surrender. The Los Angeles Times (12/8, Miller, 850K) reports on reaction to the report on the right, saying Rush Limbaugh "called it 'The Iraq Surrender Group'" and the "conservative New York Post tabloid doctored a front-page photo to depict the co-chairmen of the Iraq Study Group in primate fur, under the headline 'Surrender Monkeys,' inspired by a frequently quoted line from 'The Simpsons.' … Howls of protest echoed across the right side of the political spectrum as conservatives voiced dismay with the findings of the bipartisan Iraq panel."

During an "In Depth" report on reaction to the ISG report, NBC Nightly News (12/7, story 6, 2:25, Williams, 9.87M) also highlighted the "harsh headline today in the 'New York Post,' depicting the group's two chairmen as 'surrender monkeys' urging the US to give up the fight in Iraq." But on Fox News' Your World (12/7, Cavuto), ISG member Charles Robb said, "If I had thought that our efforts would be interpreted as a surrender, I certainly would not have signed the document, as all 10 of us did. None of us view it as a surrender."

On the CBS Evening News (12/7, story 9, 2:50, Couric, 7.66M), Iraq Study Group member Sandra Day O'Connor said, "I thought hard about whether I could or should be part of the commission. These are things with which Supreme Court justices don't really deal, and so I was not sure that I would be up to the task." Couric: "There has already been criticism of this report." O'Connor: "Oh, I'm sure." Couric: "It didn't take long." O'Connor: "No. That's the American way, isn't it?"

Iraqi President's Son Says Report "Causing A Lot Of Concern." Kurdistan Regional Government Representative to the US Qubad Talabani, son of Iraqi President Jalal Talabani, said on CNN's The Situation Room (12/7, Blitzer), "I think there are many aspects of the Study Group that is causing a lot of concern within Iraq and within Iraq's various different communities. We feel strongly that Iraq's problems should be resolved by Iraqis themselves. We do seek a dialogue with our neighbors. We are engaging in a dialogue with our neighbors. But I think to have a conference on an international scale without actually clarifying what the roles and responsibilities of such an event could be makes the situation very difficult."

Israel, Arab States At Odds Over Report. The Washington Post (12/8, A29, Wilson, Raghavan, 690K) reports that the ISG's "call for a broad Middle East peace conference put Israeli Prime Minister Ehud Olmert's government on the defensive Thursday, while Palestinian officials praised the recommendations as a possible 'turning point' for U.S. policy in the region."

The Christian Science Monitor (12/8, Murphy, Mitnick, 59K) says a "number of Arab states" are "welcoming the report as a sign that their advice is starting to be heeded. In Israel, however, it's being viewed with apprehension because of its calls for direct US engagement with Syria and Iran." The Financial Times (12/8, Wallis, England, Smyth) says "Arab officials seized on" the ISG recommendations, but "there was also concern in some Arab states that any early scale-back of the American troop presence in Iraq could lead to an escalation in sectarian conflict that might spill over into neighbouring states."

Gates Was Not Sent Copy Of ISG Report. The Washington Post (12/8, A37, Kamen, 690K) "In The Loop" column reports that an aide to the Iraq Study Group was

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asked "if incoming Defense Secretary Robert Gates, a study group member until he was nominated in early November, had been sent a copy of the report. 'No,' the aide said. 'We didn't know how to reach him anymore.'"

Howard Says US Exit Would "Create A Real Bloodbath" In Iraq. Bloomberg (12/8, Maguire) reports Australian Prime Minister John Howard said the "rapid exit of coalition forces from Iraq would increase instability in the region." In a radio interview, Howard said, "A precipitous American withdrawal would create a real bloodbath and total chaos. I would like to be out of Iraq as soon as possible but I'm not going to make myself in any way a hostage to a particular date."

More Commentary On ISG Report. The Los Angeles Times (12/8, 850K) editorializes, "Bush is right: The US needs to confront terrorists, and democracy is a worthy goal. But declaring a goal is separate from achieving it. No one will argue that these goals aren't important (that word again). Yet they will remain unattainable until a host of other issues, many of them outlined by the Iraq Study Group, are addressed. Maybe Bush realizes this but can't bring himself to say so publicly. Or maybe he just doesn't believe it. After Thursday's news conference, it's still hard to tell."

In his Washington Post (12/8, A39, 690K) column, Eugene Robinson writes, "There's only one reader who really counts…and I doubt he'll be impressed. The Decider isn't in the habit of letting mere facts get in the way of blind conviction. … Would someone please tell the president that even his new secretary of defense doesn't think we're winning this war?"

In his Washington Post (12/8, A39, 690K) column, E.J. Dionne Jr. writes that if the ISG report "is nothing else, it is a devastating declaration that the administration's approach is an abject failure and that the United States needs to scale back its goals. Grand dreams of Iraqi democracy and a transformed Middle East are out. The best we can hope for now is an Iraq that can 'govern itself, sustain itself, and defend itself.'"

In his New York Times (12/8, A35, 1.16M) column, Thomas Friedman writes, "The brutally honest Baker-Hamilton assessment of the Iraq morass implies that we need to leave Iraq if the factions there don't get their act together, but it also urges a last-ditch effort to enlist the help of Syria and Iran to salvage something decent. Both are good suggestions, but they will only have a chance of being effective if we go one notch further and set a fixed date -- now -- for America to leave Iraq."

In his New York Times (12/8, A35, 1.16M) column, Paul Krugman writes, "Now, only a few neocon dead-enders still believe that this war was anything but a vast exercise in folly. And those who braved political pressure and ridicule to oppose what Al Gore has rightly called 'the worst strategic mistake in the history of the United States' deserve some credit."

In his Financial Times (12/8) column, Philip Stephens writes, "About one thing George W. Bush is right; though, unsurprisingly, for the wrong reasons. There can be no 'graceful exit' from Iraq. America faces a resounding defeat. The eventual cost, in lost prestige and influence in the Middle East and beyond as well as in blood and treasure in Iraq, will be immense." The ISG's task "became to put existing ideas together in such a way as to oblige Mr Bush to change course. We cannot be sure the president will listen."

In a New York Times (12/8, A35, 1.16M) op-ed, the Brookings Institution's Kenneth Pollack writes, "We should have engaged Iran in Iraq years ago. Before and during the war in Afghanistan, the Iranians were quite helpful to the United States. … We should be careful, however, not to exaggerate Iran's influence. The problems in Iraq were not caused by the Iranians, nor can Iran solve them all."

In a Wall Street Journal (12/8, A16, 2.04M) op-ed, the Hoover Institution's Shelby Steele writes, "For every reason, from the humanitarian to the geopolitical to the military, Iraq is a war that America must win in the hegemonic, even colonial, sense. It is a test of our civilization's commitment to the good against the alluring notion of menace-as-power that has gripped so much of the Muslim world."

In a Christian Science Monitor (12/8, 59K) op-ed, the Hoover Institution's Robert Zelnick writes, "The bridge between Israelis and Palestinians is fragile enough to barely support the weight of its own parties. Adding to it the weight of a conflict between Sunnis and Shiites in Iraq is simply not smart."

USA Today (12/8, 23A, 2.27M) editorializes, "If there was an important message lost in the rollout of the Iraq Study Group's report on Wednesday, it was this: New diplomatic initiatives, even at this 11th hour, are essential not just for ending the Iraq war but also to put the United States in the optimum position after it is over. If the military effort begins to succeed, they add a point of leverage. But more important is their value in the event that the situation continues to deteriorate. … At the center of the bipartisan panel's ideas is a proposal for an all-out push to revive the Israeli-Palestinian peace process, bringing Syria and Lebanon into that effort."

In a responding USA Today (12/8, 23A, 2.27M) op-ed, Anti-Defamation League National Director Abraham Foxman writes, "When it comes to the Arab-Israeli conflict, the Iraq Study Group falls into the traps of inappropriately linking stability in Iraq to a solution of the Arab-Israeli conflict and of blaming extremism on the absence of peace, rather than recognizing that peace itself is prevented by extremism." USA Today (12/8, 25A, 2.27M) also runs excerpts of editorials on the ISG report from Investor's Business Daily, the Philadelphia Inquirer, the Wichita Eagle, and the St. Louis Post-Dispatch.

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Rice And Baker's "Dueling Views" Seen As Key Factor In ISG Critique Of Bush Policies. The New York Times (12/8, Sanger, 1.16M) writes on its front page that "many of the blistering critiques of the Bush administration contained in the Iraq Study Group's report boil down to this: the worldviews of Baker versus Rice." Baker, meeting with reporters, "insisted that the study group had 'rejected looking backward.' But he then proceeded to make a passionate argument for a course of action he believed Condoleezza Rice, the current secretary of state, should be pursuing -- while carefully never mentioning Ms. Rice by name." Meanwhile, Rice "remained publicly silent," and "has yet to say anything about the public tutorial being conducted by the man who first knew her when she was a mid-level Soviet expert on the National Security Council."

USA Today (12/8, 8A, Slavin, 2.27M) says Rice plans to "devote more energy to reviving Israeli talks with the Palestinians." The ISG recommends "that the Bush administration do more to resolve the Arab-Israeli conflict, which was hurting the chances to stabilize Iraq."

State Department Employees Told Not To Discuss ISG Report. The Washington Post's (12/8, A37) Al Kamen writes in his "In the Loop" column that as the Iraq Study Group's report "rocketed through town" Wednesday, "some agencies tried to make sure none of their people was caught talking out of school about the report, which, as White House spokesman Tony Snow gamely spun, was not in any way a 'rebuke' of President Bush's policies." Secretary of State Condoleezza Rice "laid down the rules" early Wednesday in an e-mail "Watch Alert" from the department's operations center, announcing that the report "has been released and is now available" at various Web sites. Then "within minutes, all the folks in Assistant Secretary John C. Rood's Bureau of International Security and Nonproliferation got this e-mail: All -- Strict guidance this a.m. from the Secretary that she does not want any public 'musing' by State officers on the Iraq Study Group report. All public comments will be handled by PA [Public Affairs]."

Baker, Hamilton Face Tough Questions From Senate Armed Services Panel. In their reports on the Capitol Hill testimony, all three networks highlighted Sen. John McCain's questioning of ISG co-chairs James Baker and Lee Hamilton. ABC World News (12/7, story 2, 2:50, Gibson, 8.78M) said the reception of the ISG report was "even tougher on Capitol Hill, where members of the Senate Armed Services Committee today questioned the feasibility of the recommendations." ABC (Karl) added that Baker and Hamilton "were grilled by senators with doubts about their plan." McCain: "There's only one thing worse than an overstressed Army and Marine Corps. And that's a defeated Army and Marine Corps. And I believe that this is a recipe that will lead to, sooner or later, our defeat in Iraq." ABC said former Army Vice Chief of Staff retired Gen. Jack Keane, an adviser to the ISG, said there are "real questions" about whether Iraqi troops can be trained to take over "as quickly as the group says. … McCain asked the co-chairmen to respond directly to General Keane." Baker: "Whether he's right, or whether the others are right, we think it's worth a try, particularly if we're going to enhance the number and the capability of our trainers, as is also called for in this document."

The CBS Evening News (12/7, story 3, 2:25, Martin, 7.66M) said Hamilton told the senators that "the grave and deteriorating situation in Iraq could soon become hopeless." But McCain, "who wants a major build-up of combat forces, thinks the group's call to embed more trainers in Iraqi units is bound to fail. … Even Hamilton seems to have little confidence the group's recommendations will lead to victory." Hamilton: "The options in front of you aren't very good. You want to get out in a way that is responsible."

NBC Nightly News (12/7, story 2, 2:30, Miklaszewski, 9.87M) said, "In the sharpest criticism yet, McCain "told Jim Baker and Lee Hamilton their report for Iraq reminds him of the last war the US lost -- Vietnam. … One of McCain's biggest concerns: the recommendation that most US combat forces be withdrawn from Iraq while the number of American military advisors embedded with Iraqi forces be increased. That could put those US advisors at great risk."

The Washington Post (12/8, Schneider, 690K) says the "hearing came as lawmakers, observers and the president himself began digesting the conclusions and recommendations" of the ISG. But USA Today (12/8, 6A, Nichols, 2.27M) reports senators including McCain, Susan Collins, and Joseph Lieberman "sharply questioned the recommendations," even as most Armed Services members "endorsed the overall tone of the bipartisan report." Collins and Lieberman "expressed doubt that the United States could coax Iran into helping stabilize Iraq as part of a larger diplomatic initiative in the Middle East." The Washington Post (12/8, A32, Ricks, 690K) also says members of Congress "questioned the practicability" of some of the recommendations, even as they "praised the panel's stark assessment of conditions there." The AP (12/7, Burns) also reports on the ambivalent response, reporting that McCain "took strong issue" with the call for a phased withdrawal.

The Los Angeles Times (12/8, Havemann, 850K) has a different perspective, saying senators gave a "warm welcome" to Baker and Hamilton that could signal "a looming battle with President Bush over his Iraq policy." The Financial Times (12/8, Sevastopulo) straddles the perspectives, headlining its report "Iraq Report's Proposals Split Congress."

On its web site, Time (12/7, Waller, 4.03M) says that while "the Democrats might be expected to be cheering" the harsh assessment of Bush Administration policy, "key

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Democrats in Congress are keeping their distance from the report. Critics of the war opponents obviously liked the report's stark portrayal of the deteriorating situation in Iraq and its blunt assessment of failed Bush administration policies there. But while seeking to 'pivot off that to put it squarely back in the lap of the President to propose a way forward in Iraq,' in the words of one senior Democratic aide, 'there's definitely a sense of wariness up here on Capitol Hill.'"

Tim Russert said on MSNBC's Hardball (12/7, Barnicle), "The atmosphere leading up to these midterm elections was poisonous. People went after each other hammer and tong because they were Democrat or Republican. The rhetoric was very, very harsh. If the President does embrace these changes recommended by the Iraq Study Group, incorporates the studies from the Pentagon and the State Department, and truly brings people into the Oval Office and says, 'We are on the precipice of losing Iraq, and I need your help, and I'm willing to acknowledge some big mistakes, and I'm willing to stop attacking,' and saying "cutting and running," if you will step across the divide and do likewise,' they may be able to imitate the example of the Iraq Study Group. But it is going to be extremely difficult, because, frankly, they just don't trust each other."

Iraq Study Group member Vernon Jordan said on MSNBC (12/7, O'Donnell), "I think it would be helpful if the Congress, both the House and the Senate, did the same thing that we did in the Iraq Study Group. And that is, when we entered that room to meet, we checked our partisanship at the door. And I think if both the House and the Senate adopted that process, and just put themselves in the room as American citizens trying to deal with a very serious problem, I think we will come out just fine."

Hyde Says US Needs "A Way To Get Out Of Iraq." USA Today (12/8, 14A, Kiely, 2.27M) reports retiring House International Relations Chairman Henry Hyde "delivered a blunt description of the challenge facing U.S. policymakers on Iraq" during an interview. Hyde said, "We need to find a way to get out of Iraq that doesn't cover us with dishonor."

More Congressional Reaction. Members of Congress took to the cable airwaves again Thursday to discuss the ISG report. Sen. Dianne Feinstein said on MSNBC's Hardball (12/7, Barnicle), "My instinct tells me that my hopes may not be realized. … What this report does is offer a bipartisan formula, so to speak, of many different components, 79 of them, for the President to look at and refashion his strategy with respect to Iraq. I'm afraid that, unless we make some changes, that we will effectively lose our edge in Iraq, that we will end up in a major confrontation, that we will possibly end up in a regional war."

Sen. Kay Bailey Hutchinson said on MSNBC's Hardball (12/7, Barnicle) that she thinks President Bush "is going to have a fresh approach. I particularly think that bringing the Arab nations into the mix is very important. The neighboring countries can have a huge influence, much stronger than any outside group or country. And I think that is the nugget that is important in this report."

Sen. John Cornyn said on CNN (12/7, Collins), "I think the ISG report has been very beneficial so the American people can understand that our road forward is a difficult one. This report does not suggest that there's some magic wand that we can wave and this problem will go away. … I am glad that they have presented a -- really, a cafeteria plan, so to speak, of alternatives available to the President."

Sen. Robert Menendez said on Fox News (12/7, Skinner) that in order to engage Iran and Syria, "they would probably want something in return. And that's where I think it fails, because our interests, not only in Iraq but also in Iran's nuclear program, are very significant in making sure that they cannot pursue a nuclear program. … So the reality is I'm not overly optimistic that those conversations would yield the type of results that the Iraq Study Group thought they may."

Rep. Jim Moran said on MSNBC's Tucker (12/7, Carlson), "I notice that the more partisan you are, the more likely you are to reject this report. I tend to be partisan, and so I was troubled by the fact that it all hinges on conditions on the ground. I think that we should have a plan and carry it forward, and let the Iraqis react to that plan. But maybe they hit the right note. If the people on the far left or the far right are the ones that won't be willing to embrace it, maybe those in the moderate category will be able to use this report to move us forward."

Henninger Praises McCain For Distancing Himself From Report. In his Wall Street Journal (12/8, A16, 2.04M) column, Daniel Henninger writes, "In short order, the Iraq story will enter 2008's presidential politics. To his credit, John McCain distanced himself from the report, which has turned into an unedifying pig-wallow for one swath of our political culture. The Washington Post yesterday reported that Democratic congressional aides say they'll make sure Mr. Bush still 'owns' the Iraq war so he gets tagged if Baker-Hamilton fails."

Gates Faces Tough Tasks, But Could Get Bipartisan Support. In a somewhat pessimistic analysis piece, the Christian Science Monitor (12/8, Grier, 59K) says that after Defense Secretary-designate Robert Gates "assumes his new post later this month, he may find it hard to alter US military weapons programs or the structure of US forces. In essence, the Pentagon is a huge ship that changes direction slowly -- and the Bush administration has only two years left to run. Nor will US options in Iraq change magically when he is sworn in 10 days from now." Gates "brings with him no secret ideas that the Iraq Study Group or

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other strategic reviews may have missed." Still, "the moment Gates steps into his expansive new office in the Pentagon's outer 'E' ring, he could have a profound effect on Washington. The reason: He's not Donald Rumsfeld. As a low-key figure whose nomination met with approval among both Democrats and Republicans, Gates might find it easier than his predecessor would have to shape a more bipartisan approach to Iraq and the overall war on terrorism."

Sen. Ben Nelson said on CNN (12/7, Collins), "I hope he's going to be able to do quite a bit. He said he didn't come here leaving the best job that he's had, the one he's enjoyed the most, to be a bump on the log, that he wants to be an independent-minded person. I would hope that the president who nominated him would accept his recommendations. Certainly, I don't think the President brought him here to be a bump on the log either. So I hope that there's a great working relationship not only between the Secretary and the President, but between the Secretary and Congress."

Gates Resigns From Brinker International Board. The AP (12/7) reports Gates resigned from the board of Brinker International after being confirmed. Gates had served on its board since 2003.

US Advisory Role Could Increase Under US Commanders' Plan. The Wall Street Journal (12/8, Jaffe, King, 2.04M) reports on its front page that senior US commanders in Baghdad "are advancing a plan that could more than double the number of American troops involved in training Iraqi soldiers." The tentative plan, "which calls for breaking up some big U.S. combat units into military-training teams, reflects a major shift in U.S. tactics, and meshes with one of the key recommendations" of the ISG report. The new approach "would increase the number involved in advisory roles to as many as 10,000, from the current 4,000."

Insurgents May Be Targeting Small US Training Teams. NBC Nightly News (12/7, story 3, 2:00, Williams, 9.87M) reported from the "extremely violent streets of Baghdad, where several thousand Americans are already working to train Iraqi soldiers and police. Many more would tackle that job under this group's plan for Iraq." NBC (Arraf) reported, "This team of US Army trainers has been in Iraq only two weeks, fresh from their own training in Kansas; their mission this morning: visiting Iraqi army checkpoints in one of the most volatile parts of Baghdad. … Officers worry the insurgents may have decided that these small groups of American trainers working to improve Iraqi forces are now among the most vulnerable and valuable targets."

ISG Says US Intelligence Community Failing In Fight Against Insurgency. The Washington Post (12/8, A31, Pincus, 690K) reports the Iraq Study Group said the US intelligence community "has failed to provide policymakers with a clear understanding of the Iraq insurgency, the role of militias or the level of violence in that country." The panel "singled out the lack of analysts experienced in insurgency with needed language skills, such as Arabic, as well as familiarity with Iraqi culture."

32 US Troops Have Been Killed In Iraq This Month. USA Today (12/8, Soriano, Kelley, 2.27M) reports, "A flare-up of fighting in Iraq, particularly in the western Anbar province where the Sunni insurgency is strong, has made the first week in December one of the deadliest in the war. At least 32 U.S. troops have died in Iraq this month, according to the Defense Department. Eleven died Wednesday. … Another soldier wounded Wednesday died Thursday, the military said. Most of the deaths -- at least 18 -- were in Anbar province, a large stretch of desert west of Baghdad where U.S. and Iraqi forces have been unable to crush insurgents."

The Washington Post (12/8, A26, Trejos, 690K) reports, "On Thursday, the military released more details about the deaths. 'It was a variety of events and a variety of operations,' said Lt. Christopher C. Garver, a U.S. military spokesman. … Three soldiers from the 1st Armored Division, one Marine from the 1st Marine Expeditionary Force Headquarters Group and one Marine from the 15th Marine Expeditionary Force died of wounds suffered in enemy action. Another Marine from the 1st Marine Expeditionary Force died of nonhostile causes. Five soldiers from the 25th Infantry Division were killed by a roadside bomb during combat operations in Kirkuk province, north of Baghdad, the military reported. The soldier who died Thursday had been wounded in a battle Wednesday with suspected insurgents in Ramadi, the provincial capital of Anbar."

Private Saudi Citizens Said To Be Funding Sunni Insurgents In Iraq. The AP (12/8, Nasrawi) reports, "Private Saudi citizens are giving millions of dollars to Sunni insurgents in Iraq and much of the money is used to buy weapons, including shoulder fired anti-aircraft missiles, according to key Iraqi officials and others familiar with the flow of cash. Saudi government officials deny that any money from their country is being sent to Iraqis fighting the government and the U.S.-led coalition. But the U.S. Iraq Study Group report said Saudis are a source of funding for Sunni Arab insurgents. Several truck drivers interviewed by" the AP "described carrying boxes of cash from Saudi Arabia into Iraq, money they said was headed for insurgents. Two high-ranking Iraqi officials, speaking on condition of anonymity because of the issue's sensitivity, told the AP most of the Saudi money comes from private donations, called zaqat, collected for Islamic causes and charities. Some Saudis appear to know the money is headed to Iraq's insurgents, but others merely give it to clerics who channel it to anti-coalition forces, the officials said. … Overall, the Iraqi

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officials said, money has been pouring into Iraq from oil-rich Saudi Arabia, a Sunni bastion, since the U.S.-led invasion of Iraq toppled the Sunni-controlled regime of Saddam Hussein in 2003."

Nearly Two Million Iraqis Estimated To Have Fled Country Since US Invasion. The New York Times (12/8, Fattah, 1.16M) reports that "nearly two million Iraqis…have fled the vicious chaos of their country since the American invasion nearly four years ago, flooding neighboring states, especially Jordan and Syria, but also Lebanon and Egypt. As they leave Iraq at a rate of nearly 3,000 a day, the refugees are threatening the social and economic fabric of both Jordan and Syria." The Times notes, "The United Nations High Commissioner for Refugees estimated in a report released last month that more than 1.6 million Iraqis have left since March 2003, nearly 7 percent of the population." Meanwhile, "a report released this week" by "Refugees International, a Washington-based advocacy group, put the total at close to two million and called their flight 'the fastest-growing humanitarian crisis in the world.' Its president, Kenneth Bacon, said, 'The United States and its allies sparked the current chaos in Iraq, but they are doing little to ease the humanitarian crisis caused by the current exodus.'"

State Department Seeks To Have More Iraqis Approved For Visas. The Washington Post's (12/8, A37) Al Kamen writes in his "In the Loop" column that the State Department has "approached the U.N. High Commissioner for Refugees office to see about having more Iraqi refugees screened for admission to this country." However, Kamen says the department is focusing "on helping Chaldean Christians, who are getting pounded by everyone over there." However, "One major problem is that the United Nations is grossly underfunded and understaffed, the refugee folks say, so they don't have enough people to process the huge numbers of Iraqis."

Optimism Declining Among Afghanis. ABC World News (12/7, story 4, 2:45, Gibson, 8.78M) ran an "A Closer Look" report on "the other war, the war in Afghanistan. The violence ravaging Iraq has overshadowed the effort to stabilize Afghanistan. So, ABC News and the BBC sent poll takers across Afghanistan to get a reality check five years after the ouster of the Taliban: 55% said Afghanistan is headed in the right direction. But that is down considerably from 77% a year ago." ABC (Sciutto) added, "From democratic elections to improved education, Afghanistan has seen dramatic changes in the last five years. But optimism is dropping, driven largely by a resurgent Taliban. … Afghans much prefer their elected government to the Taliban, but they have dwindling confidence in the ability of either their local leaders or the Americans to improve their lives."

Sharp Spike Seen In Civilian Job Complaints By Reservists. USA Today (12/8, Slavin, 2.27M) reports, "The number of reservists and National Guard members who say they have been reassigned, lost benefits or been fired from civilian jobs after returning from duty has increased by more than 70% over the past six years. The sharp spike in complaints brought to the U.S. Labor Department reflects the extensive use of part-time soldiers in Iraq and Afghanistan, the largest call up of reserves since the 1950-53 Korean War. About 500,000 of the 850,000 reservists and National Guard members eligible for duty have been mobilized since late 2001, said Maj. Rob Palmer, spokesman for a Pentagon office that tries to resolve job disputes. … The Pentagon received more than 8,000 complaints this year, nearly double the previous year, but most were resolved without further government action, Palmer said. Complaints range from being fired, losing chances for promotion or being reassigned to jobs with less pay or responsibility."

Reserve Call-Ups Depleting Local Law Enforcement Agencies. USA Today (12/8, 18A, Johnson, 2.27M) reports, "The deployment of thousands of police officers to Iraq, Afghanistan and other military reserve posts is costing local law enforcement agencies up to $1.2 billion per year, according to a new analysis of Justice Department data. The review, prepared for a law enforcement trade journal by Justice Department statistician Matthew Hickman, found that the number of military call-ups is outstripping the pace of new hires at a time when agencies are struggling to find new recruits, and as crime is ticking upward after several years of historically low crime rates." According to the analysis, "about 2.2% of the estimated 683,600 full-time police officers, sheriff's deputies and state troopers across the nation are in the military reserves. For his analysis, Hickman reviewed personnel in 3,000 of the nearly 16,000 police agencies across the nation for a 12-month period that ended June 30, 2003. The findings then were projected across all of the agencies as estimates of continuing annual costs to local law enforcement." According to the analysis, which was "just published in Police Chief magazine," Hickman "estimated that 11,380 law enforcement officers were called for military reserve service from all agencies during the time period studied, compared with gains of about 2,600 new hires. At least 23% of all police agencies had officers called for reserve duty during that time, according to Hickman."

DOJ:

Senate Passes Bill Giving Comp Time For DOJ Attorneys' Travel. Government Executive (12/8, Rutzick) reports, "The Senate passed a bill Wednesday providing compensatory time off for Justice Department

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lawyers on business travel, following House approval of the measure in March." GE continues, "Sponsored by Sen. Daniel Akaka, D-Hawaii, and passed unanimously, the bill provides Justice lawyers the same benefit as the rest of their white-collar counterparts in the federal government. The bill now goes to President Bush. … Congress initially granted civil servants comp time for travel as part of the 2004 Federal Workforce Flexibility Act. The Justice Department, however, determined that it lacked authority to grant lawyers the benefit because of limitations on their premium pay." GE adds, "Richard Delonis, president of the National Association of Assistant United States Attorneys, which has lobbied Congress for two years to force Justice to change its rule, said the department's attorneys are being asked to spend more nights and weekends traveling. … 'The comp time legislation passed by Congress sends an important message to these dedicated public servants, assuring that they do not bear an extra burden that Congress did not intend to impose,' Delonis said." GE notes, "On the House side, Reps. Jon Porter, R-Nev.; Tom Davis, R-Va.; Henry Waxman, D-Calif.; Danny Davis, D-Ill.; and Chris Van Hollen, D-Md., introduced the comp time bill (H.R. 4057) to correct the variation in benefits. … Agencies can award travel comp time when they are otherwise unable to compensate employees for time spent in transit outside of normal work hours. They are not allowed to give cash payments, but there is no limit on the amount of time off they can award."

Northrop Grumman Snags DOJ IT Contract. The AP (12/8) reports, "Defense and technology company Northrop Grumman Corp. said Thursday it received a contract worth up to $20 million to help improve information technology management and operations for the Department of Justice." The AP continues, Northrop will provide IT and security analysis, training, Web content, task and asset management, and applications, operations and help desk support for the agency's Criminal Division Office." The AP adds, 'The one-year contract has four one-year options and is worth about $19.9 million if they're all exercised."

CORPORATE SCANDALS:

Specter Bill Would Change DOJ Tactics In Corporate Fraud Probes. The New York Times (12/8, Browning) reports, "The departing chairman of the Senate Judiciary Committee proposed legislation yesterday calling for a rollback of the tactics adopted by federal prosecutors to combat corporate wrongdoing after the Enron collapse." The Times continues, "The bill from Senator Arlen Specter, a Pennsylvania Republican, is the latest challenge to the tactics, which have come under scrutiny from trade groups, former United States attorneys general and a prominent federal judge. Mr. Specter said he would reintroduce the bill next month when Congress convenes." The Times adds, "The Justice Department is now weighing how much to revise the guidelines, which are used as a playbook by prosecutors when conducting investigations of companies and employees. But the white-collar-crime group of an advisory council to Attorney General Alberto R. Gonzales, the body that is redrafting the guidelines, is mired in internal debate over how much to scale them back, according to a person close to the matter."

The Legal Times (12/8, Mclure) reports that Specter "said on the Senate floor that the DOJ had not moved quickly enough to change policies that he said encroached on corporate defendants' constitutional right to counsel. … 'I see no need for the Justice Department to publicly express a policy that encourages waiver of attorney-client privilege,' Specter said. 'Especially where the policy is backed by the heavy hammer of possible criminal charges.'" The Times adds, "Specter was joined by former Attorney General Richard Thornburgh and lobbyists from a number of business and legal groups, who said that forcing a change in the DOJ's policy could lead the Securities and Exchange Commission, the Internal Revenue Service and other government agencies to review their policies on privilege waivers. … 'I have no doubt, if DOJ changed policies, it would lead to backtracking by agencies that have followed suit,' Thornburgh says." The Times notes, "Specter's move comes as Deputy Attorney General Paul McNulty is leading an internal review of the government's corporate-fraud prosecution policies in the wake of a concerted lobbying effort by business groups and a court decision in New York that found one of the policies to be unconstitutional."

The Washington Post (12/8, D2, Johnson) reports, "Specter said he went forward with the legislation, which he will take up again next year, because Justice Department officials have failed to produce their own plan after repeated urging from Congress and a coalition that includes the U.S. Chamber of Commerce, the National Association of Manufacturers, the American Civil Liberties Union and the National Association of Criminal Defense Lawyers."

The AP (12/8, Jordan) reports, "Asked if the legislation would make it harder to prosecute companies and protect shareholders, Specter said, 'I don't think so. I think it'll require (prosecutors) to do a little more work.' … 'That's a small price to pay for preserving constitutional rights,' he said." The AP notes, "Even with the end of the congressional session and Democrats taking power, Specter said he will push to change the law next year and will refile his bill in January. He wants to: … Prohibit the department from pressuring corporations to waive their rights to preserve conversations and other information shared between lawyers and their clients as confidential. … Allow corporations to continue paying lawyers' fees for their employees without fear of seeming

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uncooperative with investigators. … Bar the department from considering how cooperative a corporation has been with the investigation when determining possible charges. … Specter said it is not likely that the department will meet all of his demands. … . 'It may be that the first draft they give us will be satisfactory,' said Specter … 'Or it may be that it will require a fair amount of negotiation. That's the more likely consequence.'"

Hewlett-Packard Settles California Civil Charges In Pretexting Probe For $14.5 Million. The Los Angeles Times (12/8, Granelli) reports, "Hewlett-Packard Co. today agreed to a $14.5-million settlement with California Atty. Gen. Bill Lockyer to resolve claims that the computer products maker illegally spied on people in an effort to halt media leaks from the boardroom." The Times continues, "The pioneering Silicon Valley firm will pay $13.5 million into a privacy and piracy fund that will be used by the attorney general and local prosecutors to investigate and prosecute violations of privacy and intellectual property rights. … In addition, HP will pay $650,000 in civil penalties, $350,000 to cover the attorney general's investigation and agreed to strengthen its corporate governance standards to make sure the company complies with ethical and legal standards."

The Wall Street Journal (12/8, A3, Lawton) reports, "H-P didn't admit any wrongdoing under the settlement with California Attorney General Bill Lockyer, who has brought criminal charges against former executives and others involved in the company's investigation into the media leaks. The settlement won't affect those cases, legal experts said, but it suggests that H-P itself isn't likely to face criminal charges. All the defendants in the criminal cases have pleaded not guilty." The Journal continues, "H-P used practices that included pretexting -- obtaining private phone records under false pretences -- of company directors, employees and journalists as part of a probe that turned into a high-profile scandal this fall. … Along with documents outlining the settlement, Mr. Lockyer's office also filed a civil complaint in Santa Clara County Superior Curt alleging that H-P used "false and fraudulent pretenses" to obtain confidential phone records. Significantly, however, H-P didn't admit wrongdoing in connection with the allegations in the complaint, which could have affected the criminal cases or other civil litigation associated with the scandal."

The New York Times (12/8, Darlin) reports, "The attorney general, Bill Lockyer, filed criminal charges in early October against five people, including Patricia C. Dunn, the former H.P. chairwoman, and a former company lawyer, accusing them of violating state privacy laws. All of the individuals have pleaded not guilty. … In those cases, the attorney general alleges that company officials passed on information to private investigators — who in turn passed it to other private investigators — that allowed the personal phone records of several board members and journalists to be viewed. … The settlement of the civil suit puts an end to the company's problems with state investigators. But on the federal level, the Justice Department, the Securities and Exchange Commission and the Federal Communications Commission are all investigating the company's conduct during the company's internal investigations of leaks from its board during 2005 and 2006."

The Washington Post (12/8, D1, Nakashima) reports, "The scandal broke in September when HP acknowledged in a Securities and Exchange Commission filing that investigators probing internal HP leaks to the media had gained access to board members' personal phone records by impersonating the board members, a practice known as pretexting. HP's investigators also conducted physical and electronic surveillance of board members and reporters, according to HP documents." The Post adds, "The civil settlement does not affect the criminal charges brought against Dunn and four others, including former HP chief ethics director and senior legal counsel Kevin Hunsaker, who resigned as the scandal unfolded; Boston security consultant Ronald R. DeLia; and private investigators Bryan Wagner of Littleton, Colo., and Matthew Depante of Melbourne, Fla."

USA Today (12/8, Hopkins, Kessler) reports, "Lockyer acknowledged that $14.5 million is small relative to HP's size. But he noted, 'The fine or penalty isn't a function of how big the company is.' … Other corporations have paid far more to settle law enforcement claims. Securities giant Prudential Equity Group agreed in August to pay $600 million to resolve civil and criminal complaints brought by the SEC and others."

Bloomberg (12/8, Gullo, Guglielmo) reports, "It would take Hewlett-Packard an hour and 23 minutes to generate $14.5 million in sales, based on fiscal 2006 revenue of $91.7 billion. … 'It's kind of a slap on the wrist,' said Rob Enderle, an analyst with San Jose, California-based Enderle Group. 'This was a series of mistakes that was more about incompetence than criminal intent. Paying $14.5 million for an "oops" is probably good enough and for every company that may need to be reminded that spying on reporters is not a good idea, this may do it.'"

Convicted Former Cendant Official Placed Under House Arrest. Bloomberg (12/8, Mills, Voreacos) reports, "E. Kirk Shelton, the former Cendant Corp. vice chairman convicted of a $3 billion accounting fraud, was placed under house arrest Thursday by a federal judge until he begins serving a 10-year prison term." Bloomberg continues, "U.S. District Judge Alvin Thompson ordered Shelton confined to his house in Darien, Conn., after an appeals court upheld his conviction Nov. 22. Thompson said

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he cannot order Shelton to prison until the appeals court lifts a stay on his term. … 'I would order a surrender that would be forthwith,' Thompson said in federal court in Hartford, Conn." Bloomberg adds, "Shelton, 51, was convicted in 2005 of overstating income by $286 million at CUC International, which merged with Parsippany-based HFS in 1997 to create Cendant, a travel and real-estate services company. … Cendant paid $3.2 billion to settle investor lawsuits. … Both Cendant and the Justice Department have sued Shelton, saying he is hiding tens of millions of dollars in assets through fraudulent transfers."

Four Former California Brokers Convicted In Stock Inflation Case. KCAL-TV, CBS 9, Los Angeles (12/8) reports, "Four men who worked for a San Diego brokerage were convicted of federal charges Thursday for selling their clients stocks that their superiors wanted to run up in value." KCAL-TV continues, "The brokerage, Hampton Porter Investment Bankers, shut its doors abruptly in 2001, U.S. Justice Department attorney Kathleen McGovern told jurors during a month-long trial in Los Angeles." KCAL-TV adds, "Hampton Porter paid the four brokers convicted -- Bryan Laurienti, 50, David Montesano, 39, Curtiss Parker, 45, and Donald Samaria, 37, -- special commissions in return for the transactions, which typically involved thinly traded low-value stocks their firm had received at deep discounts, McGovern told jurors. .. .The four were convicted of conspiracy and securities fraud in connection with the transactions, according to another prosecutor on the case, Assistant U.S. Attorney David Willingham. … A fifth man, Michael Losse, 42, was acquitted on all charges, Willingham said." KCAL-TV notes, "The owners of the brokerage, John Laurienti and Gregory Walker, previously pleaded guilty to one count each of conspiracy, as did its retail manager, James Green. They are awaiting sentencing. … More than 100 of Hampton Porter's clients were bilked out of an estimated $5 million as the result of trades made between 1998 and 2000, authorities have said."

Dodd Asserts Banking Panel's Jurisdiction Over Hedge Funds. The Washington Post (12/8, D2, Johnson, 690K) reports, "Sen. Christopher J. Dodd asserted yesterday that he was not 'allergic to business,' but the Connecticut Democrat vowed that preserving investor confidence would guide his actions and agenda as chairman of the Senate Banking Committee next year." Dodd, "whose state is home to many of the nation's 9,000-odd hedge funds, rejected the idea of legislation that would impose new rules on the $1 trillion industry. In a briefing with reporters yesterday, Dodd forcefully reasserted his jurisdiction over hedge funds -- trumping a bid by the outgoing chairman of the Senate Judiciary Committee to introduce legislation that would force the funds to register with securities regulators under certain circumstances." Instead, Dodd said, "he would question officials from the Treasury Department and the Federal Reserve Board about their efforts to better understand hedge funds, which are loosely regulated pools of capital designed for wealthy and sophisticated investors. Increasingly, public employee pension funds and other retail investors have been pouring money into hedge funds, an issue of concern for Dodd."

Hedge Funds Seeking "Political Intelligence." The Wall Street Journal (12/8, A1, Mullins, Scannell, 2.04M) reports, "As federal authorities try to crack down on illegal trading using secrets leaked from companies, some hedge-fund managers are tapping another source of information: the corridors of the Capitol." Hedge funds "are finding that Washington can be a gold mine of market-moving information, easily gathered by the politically connected. The funds are hiring lobbyists -- not to influence government, but to tell them what it's going to do. Several lobbying firms are ramping up their 'political-intelligence' units and charging hedge funds between $5,000 and $20,000 a month for tips and predictions." The Securities and Exchange Commission "is looking into whether laws are being broken somewhere in the transfer of information between Congress and Wall Street." One question "the SEC is trying to resolve is whether the passing of market-sensitive information by lobbyists to investors could violate insider-trading law."

WSJ Knocks Grassley For Pursuing Pequot "Scandal." The Wall Street Journal (12/8, A16) editorializes, "In Washington, the 'whistleblower' is a stock political figure. Some are truth-tellers, others grind a political ax. One duty of Congressional oversight is knowing the difference, and that looks to be among the failings of Senator Chuck Grassley in the strange and much-hyped case of Pequot Capital Management." The Journal continues, "Pequot is the hedge fund that Mr. Grassley is doggedly suggesting is at the center of an insider-trading scheme, one that has supposedly been winked at by the Securities and Exchange Commission. Or so claims disgruntled former SEC lawyer Gary Aguirre, whom Mr. Grassley has adopted as a truth-teller while courting publicity by suggesting an SEC coverup. The only thing missing is evidence." The Journal adds, "This melodrama began in May, when Mr. Aguirre sent a letter to Congress claiming he'd been fired because he'd come across insider trading at Pequot. Mr. Aguirre suspected Morgan Stanley CEO John Mack of tipping off Pequot CEO Art Samberg to a corporate merger in 2001, allowing Pequot to bank $18 million. When he asked to depose Mr. Mack, senior SEC officials denied his request and Mr. Aguirre lost his job not long thereafter. … Mr. Aguirre was soon feted at a Congressional hearing, and by August Mr. Grassley was

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interrogating SEC staff amid media leaks portraying the Senator as a tireless pursuer of the rich and powerful. The Iowan dismissed a report from the SEC's inspector general that found the agency had not acted improperly, and he has unleashed the Government Accountability Office to dig for whatever it can find." The Journal notes, "So what's really going on here? Mr. Aguirre's financial bugbears aside, one hint is the allusion in his whistleblowing letter to the Senate that Mr. Mack has 'powerful political connections,' meaning that Mr. Mack had raised money for President Bush. This has kept the media titillated, and it also gives Mr. Grassley a chance to court the New York Times and burnish his reputation as a populist. … Senators and their staff ought to be under some obligation to produce evidence before they cry scandal and drag reputations through the mud. As it stands, Messrs. Mack and Samberg appear to have been singled out for no other reason than because they have money and political friends. And if anything, Pequot is the wronged party, having cooperated with the SEC probe only to find that Mr. Aguirre had leaked confidential corporate information to Senate staff, who then leaked it to the press. That sounds like the real scandal."

WSJournal Calls Spitzer Defeat On H&R Block "Humiliating." The Wall Street Journal (12/8, 2.04M) editorializes New York Supreme Court Justice Karla Moskowitz issued a "humiliating" defeat for Attorney General Eliot Spitzer, dismissing his lawsuit against H&R Block that allegedly sold fraudulent retirement savings plans. Moskowitz said Spitzer lacked jurisdiction because the parent company is not physically present in the state. The judge also found that Spitzer showed "no offending conduct" at the H&R Block Financial Advisers unit that works with a bank in New York. The WSJournal says this ruling is "good" both for the rule of law and low-income earners who use H&R Block's Express IRA retirement product. The Journal says Spitzer "cherry-picked his data to suggest that most H&R Block customers had lost money, and it is probably true that some beginning savers saw a dip in their accounts as they started to build balances. While this is an unavoidable risk for new savers relying on money-market accounts, it is not fraud."

CRIMINAL LAW:

FBI Arrests Alaska State Lawmaker On Corruption Charges. The Alaska Daily News (12/8) reports, "Federal authorities arrested state Rep. Tom Anderson on Thursday afternoon on "public corruption" charges, the FBI said. Anderson was still in custody at the Anchorage Jail on Thursday night. FBI spokesman Eric Gonzalez said further details would be available from the Department of Justice Friday with the release of the federal charging documents. Gonzalez only would say that there was a federal warrant for Anderson's arrest 'in connection with a public corruption probe.'" The Daily News notes, "Anderson, who…did not seek re-election in November, kept up his original consulting business as an adviser for clients who do business with state and local government" The AP (12/8) adds, "No other arrests were made, but Gonzalez said it was an ongoing investigation. … The offices of at least six Alaska legislators were raided in late August and early September by federal agents searching for possible ties between the lawmakers and VECO Corp., a large oil field services company, officials and aides said. Anderson's name had not appeared in the list of offices searched." KTUU-TV Anchorage (12/7, Burke) also reported the arrest, on its Web site and in a story broadcast yesterday.

Attorneys For Peltier Seek FBI Files. The AP (12/8, Milton) reports, "Attorneys for an American Indian activist convicted of killing two FBI agents in a shoot-out on a South Dakota reservation in 1975 took their fight to free the imprisoned man to a New York courtroom on Thursday." The AP continues, "The attorneys for Leonard Peltier argued for the release of all FBI files stemming from the three-decade old case. Appearing before a three-judge panel of the U.S. Appeals Court in Manhattan, they contended that the documents should have been turned over to them at the time of trial in 1977." The AP adds, "They are now seeking the release of the documents under the Freedom of Information Act, hoping the withheld information will lead to Peltier's exoneration. … 'The FBI cannot use exemptions under FOIA to shield unauthorized, illegal tactics in this case,' Peltier's attorney, Michael Kuzma, told the panel. Kuzma claimed investigators coerced witnesses and withheld evidence in building a case against Peltier." The AP notes, "Justice Department attorney H. Thomas Byron III told the court that unfettered release of the documents would compromise the confidentiality of the witnesses. He said the witnesses were guaranteed confidentiality, either expressed or implied. … 'The circumstances of this case make it clear that anyone who provided information would have reason to have concern for their well-being,' Byron argued. … The FBI in Buffalo released 797 pages of material in 2004. But it withheld some 15 pages and redacted large portions of the released pages, citing exemptions allowed under FOIA for national security concerns and to protect the identity of agents, witnesses, and informants."

Judge Warns Convicted Racketeer About Contacting Jurors. The Tampa Tribune (12/8, Silvestrini) reports, "Ronald 'Ronnie One Arm' Trucchio said his family didn't mean to scare anyone when they sent two private detectives down from New York to talk to jurors who convicted him of racketeering conspiracy." The Tribune

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continues, "One of the investigators said he was hired to question jurors about allegations made by juror Diana Young-Stewart, who wrote a letter to the judge claiming other jurors coerced her into voting to convict Trucchio. … Defense attorney Joseph Corozzo Jr. said he did not know anything about the private investigators. … 'It's distressing to me that this happened,' said U.S. District Judge Susan Bucklew, who called a hearing Thursday to tell Trucchio that he can't have anyone try to contact jurors. 'Serving on a jury is difficult enough.'" The Tribune adds, "After several jurors called her office and U.S. marshals, Bucklew had a telephone conference with the attorneys in the case on Wednesday, she said. After Corozzo said he did not know about the contacts, the judge wanted to talk directly to Trucchio, who faces a possible life sentence after his conviction last month. Prosecutors say Trucchio is a capo in the Gambino crime family who was in charge of a crew that committed crimes in three states. … '[I didn't try to contact anybody' he said initially. … Bucklew warned Trucchio that if he does contact jurors, 'you will be held in contempt of my order ordering you not to do that.' And, she said, 'any contact of jurors could be seen as obstruction of justice and have an effect on your sentencing.' … Corozzo said he filed a motion to have the jurors questioned under oath in response to a letter to the judge from juror Diana Young-Stewart saying she was coerced into voting to convict."

Judge Denies Defense Motions In Abortion Doctor Murder Trial. In a widely-distributed story, the AP (12/8, Thompson) reports, "A judge on Thursday rejected all defense motions to dismiss a federal case against a man who admits fatally shooting a doctor who performed abortions, and barred the defendant from discussing his anti-abortion views at trial. James Kopp already is serving a 25-year-to-life state sentence after being convicted of second-degree murder in the 1998 shooting of Dr. Barnett Slepian. He faces a life term if found guilty of violating the federal Freedom of Access to Clinic Entrances Act in the shooting." The AP notes that Kopp "was a fugitive for 2 1/2 years and was among the FBI's most wanted criminals when he was captured in France in March 2001. Kopp had hoped to argue at his federal trial that the shooting was justified because he shot Slepian to save the lives of unborn babies the doctor was about to abort."

Texas Doctor Sentenced To Six Years In Prison For Wheelchair Fraud Scheme. KHOU-TV Houston (12/6) reported on its Web site, "A local psychiatrist was sentenced to prison and ordered to pay millions to the Medicare and Medicaid programs for his involvement in a motorized wheelchair fraud scheme, U.S. Attorney Don DeGabrielle said Wednesday. Lewis Gottlieb was given six years and six months in federal prison without parole and will pay more than $20.6 million in restitution for the scheme." KHOU noted, "The case was the result of a joint investigation conducted by FBI, the Department of Health and Human Services, and the Texas Attorney General's Medicaid Fraud Control Unit of the Office." The Houston Chronicle (12/7, Rice, 530K) added that Rice "was among the first to be targeted in a federal crackdown on a widespread scheme that, at the time, was centered in Houston. Since his arrest, two doctors who worked with Gottlieb and three medical equipment suppliers involved in the scheme have been convicted by a jury and are awaiting sentencing."

Trial Revolving Around War Protesters' Arrests Expected To Go To Jury Today. The New York Times (12/8, Hartocollis, 1.16M) reports, "It started as a tiny act of protest. Cindy Sheehan, the mother of a soldier killed in Iraq who had held a vigil near President Bush's ranch, and a group of women wanted to submit a petition to the United States Mission to the United Nations in Manhattan, demanding an end to the war. But Ms. Sheehan and three other women were handcuffed, arrested and jailed overnight. Now their misdemeanor trial in Manhattan Criminal Court has turned into a look at the use -- and they say abuse -- of police power, in the face of an antiwar protest." Police and security officers testified "that the four women had sat down and blocked the entrance to the building, and had resisted arrest by refusing to follow the instructions of arresting officers." The defendants, however, "say the police and the security staff at the building, a private office building run by the Macklowe organization, locked the doors, refused to accept their petition and hemmed them in from all sides. … The police have testified that the arrests were routine. But the women say their treatment harks back to a pattern of excessive force by the police during the Republican National Convention in New York in 2004 and in other demonstrations around the city, a 'policy of stifling dissent by arresting noted people,'" said Robert Gottlieb, Sheehan's lawyer. The Times notes the case "is expected to go to the jury today."

States Turning Away From Jails, Toward Rehabilitation For Teens. The Christian Science Monitor (12/8, Paulson) reports from Chicago, "Cook County, home of the nation's first juvenile court, created in 1899, hasn't always had the best track record for dealing with young offenders." The Monitor continues, "A 1995 Chicago Tribune editorial deplored the local juvenile detention center's filthy conditions, unqualified staff, and children who 'languish there like warehoused animals.' … But these days, spurred by a state recidivism rate around 50 percent and research showing clear differences between the ways adolescents and adults cope with jail time, Illinois is rethinking its approach to

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juvenile justice." The Monitor adds, "In doing so, it's leading a wave of new policy approaches nationwide that emphasize rehabilitation and intervention programs over simple punishment and incarceration for youths, or the 'scaring them straight' strategies favored by many during the 1990s crime waves. … The state's pilot programs and brand new Juvenile Justice Department were centerpieces of a MacArthur Foundation conference on juvenile justice reform this week - just a few days after the Department of Justice released new statistics showing that a record 7 million Americans, or 1 in 32 adults, is now in prison or on parole. … Other states, like Louisiana, Pennsylvania, Missouri, and Washington have been experimenting with similar programs."

Police Believe They Have Phoenix "Baseline Killer" In Custody. USA Today (12/8, 2A) reports from Phoenix, AZ, "Three months after Mark Goudeau was arrested and accused of a sexual assault linked to the 'Baseline Killer' cases, Phoenix police say they are confident he is responsible for a string of murders, rapes and robberies that terrorized the city for 13 months." USA continues, "Police are asking Maricopa County prosecutors to charge Goudeau with an additional 71 crimes, including nine murders, five sexual assaults and 12 armed robberies. … Maricopa County Attorney Andrew Thomas said Thursday that he will review the 15,000 pages of documents in the case and recommend charges. 'I still believe this man should never again be able to walk the streets of this Valley,' Thomas said. … Phoenix police Lt. Benny Piña said, 'We've locked in on the one suspect. There isn't anybody else out there.'" USA adds, "Police say ballistics, DNA and circumstantial evidence combined to point to Goudeau as the man who plucked random victims from public places after dark, often while wearing a disguise. … 'The person who committed those crimes is in custody,' Assistant Chief Kevin Robinson said." USA notes, "The name Baseline Killer comes from the Phoenix street where some of the earliest crimes in the series occurred. … Police remain tight-lipped about the exact evidence they say links Goudeau to the attacks. Commander Joe Klima said authorities don't want to say too much before Goudeau is formally charged."

Prince George's County Police Seek Motive In Pastor's Shooting. The Washington Post (12/8, B2, Partlow, Harris) reports, "Prince George's County police are looking into the possibility that a slain Suitland minister was not the victim of a random shooting but was targeted for personal reasons." The Post continues, "The Rev. Milton L. Moore, pastor of Warriors for Christ Ministries, was shot outside his ministry Wednesday morning. Police are following leads that the killing may have been premeditated, said a law enforcement source who spoke on condition of anonymity because the investigation is ongoing. .. .Police declined to discuss possible motives for the shooting." The Post adds, "No arrests have been made, said Cpl. Clinton Copeland, a police spokesman. Detectives are following leads from people who said they heard arguing outside the ministry building before the shooting took place. The ministry is in the 2400 block of Brooks Drive and shares a parking lot with Drew-Freeman Middle School. .. .Moore, 50, grew up in Albany, Ga., was married with four children, and had run the ministry since the late 1990s. In addition to being a religious center, the three-story building served as a transitional home for as many as 20 families, according to a ministry official. … Although police were focusing on personal motives, they have not ruled out the possibility of random street crime."

CIVIL LAW:

Army JAG Retiree Sues Over Alleged Denial Of Leave. The Baltimore Sun (12/8, Harris) reports, "A Northern Virginia man has sued the Department of Defense in federal court over the way it calculated his leave after he transferred from active duty to a civilian position at the agency." The Sun continues, "By Mark Romaneski's count, he's out 240 hours, or 30 days, of leave after the Army decided to treat the retired colonel in the Judge Advocate General's Corps as if he were new to the agency rather than someone who was hired while finishing his military service." The Sun adds, "Romaneski, now chief attorney at the Defense Department's installation management command, is representing himself in the case and said he estimates that 'a couple hundred' people are in a similar position. … Romaneski and other affected employees at Aberdeen Proving Ground and Fort Meade have filed complaints about their leave calculations with the Army, said Doug Dribben, a civilian attorney at Fort Meade who estimates that the Army owes him 330 hours of leave, almost $16,000 if paid in a lump sum." The Sun notes, "Dribben and Romaneski are asking the Department of Defense to take into account their decades of military service when calculating their leave as civilian employees."

CIVIL RIGHTS:

Two Ohio Deputies Indicted For Civil Rights Violations. The Toledo Blade (OH) (12/8) reports, "A federal grand jury in Toledo has indicted two Lucas County sheriff's deputies on charges they violated the civil rights of a 15-year boy who suffered a broken jaw and other injuries at the county Juvenile Justice Center last year." The Blade continues, "Troy Jackson, 45, and Marc Odoms, 38, both of Toledo, were also charged with conspiring to obstruct, and

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obstructing a federal investigation into the incident. The two men work at the county Juvenile Justice Center." The Blade adds, "If convicted, both men face a maximum sentence of 10 years in prison and fines of $250,000 on each criminal civil rights and obstruction charge. Deputy Odoms faces an additional five years in prison if convicted on a false statements charge." The Blade notes, "In January, 2005, the boy was handcuffed and was being moved from a courtroom to a detention area when he head-butted a security employee. Deputy Jackson wrestled the youth to the ground. … In February, 2005, Sheriff James Telb cleared Deputy Jackson of any wrongdoing. He said he had not known about the broken jaw at the time. The FBI and the Lucas County Children's Service were continuing their investigation. … According to the U.S. Justice Department, prosecutors allege that Deputy Jackson physically assaulted the boy by striking him in the eye and the side of the face. Deputy Odoms allegedly watched the assault and failed to invervene."

Wisconsin Police Officer Pleads Guilty To Obstructing Civil Rights Probe. The Milwaukee Journal-Sentinel (12/8, Barton) reports, "Former Milwaukee police Officer Joseph Stromei told a federal judge Thursday that he lied about the beating of Frank Jude Jr., both to investigators and during a state trial of three former officers in April." Stromei pleaded guilty to one charge of obstruction of justice. "Jude was beaten outside an off-duty officer's party in Bay View in October 2004. Jude, Lovell Harris and two women were invited to the party by another woman but quickly left. They were followed out, and Jude was accused of stealing a wallet and badge, which he denied. No badge has ever been found, and Jude was never charged with theft. … Jude, who is biracial, and Harris, who is black, both said their attackers, who are all white, used racial slurs during the beating." The Journal-Sentinel notes that "two months ago, Stromei confessed to the FBI that he saw one off-duty officer punch Jude and saw another brandish a knife at him. … Evidence indicates that Stromei held Jude down, according to his plea agreement."

LAPD Officer Arrested For Assaulting Teen In Holding Room. The Los Angeles Times (12/8, Winton, McGreevy) reports, "A veteran Los Angeles Police Department officer was arrested this morning for assaulting a handcuffed 16-year-old in a police holding room Tuesday." The Times continues, "Chief William J. Bratton said he decided to arrest Sean Joseph Meade, 41, after viewing a videotape from inside the station that captured part of the assault. Bratton said the attack was without any physical provocation. … 'The video in essence depicts what the preliminary investigation and I believe to have been an assault on the juvenile that was totally unnecessary and was not in any color of law justified,' Bratton said. 'Based on what I and my command staff witnessed on the video, we felt the behavior was nothing that we as a department can tolerate or condone.'" The Times adds, "This is the third video to surface in the last month showing LAPD officers involved in alleged misconduct. But Bratton said unlike the other two, which are still under investigation, this one was so egregious that he ordered the officer arrested immediately. .. .Mayor Antonio Villaraigosa strongly condemned the officer's conduct after receiving a briefing by LAPD officials on the incident. … Villaraigosa said the swift investigation and Bratton's order of an arrest were appropriate and a sign the system is working."

Drug Suspect's Tip Led Police To Scene Of Atlanta Shooting. The Atlanta Journal-Constitution (12/8, Torpy) reports, "It was Fabian Sheats' third felony drug arrest in four months. But on the afternoon of Nov. 21, according to a police report, he was looking to curry favor, so he told officers they could find a kilogram of cocaine in a house at 933 Neal Street N.W. … That encounter led police to the home of Kathryn Johnston, an elderly woman who lived alone behind burglar bars and kept a rusty revolver. When officers burst into the house just three hours after talking to Sheats, a shootout ensued that left the woman dead and three officers wounded. No cocaine was found." The AJC continues, "Sheats' arrest report, made public Thursday, sheds new light on why officers targeted Johnston's home. … Police say they used Sheats' tip to direct a confidential informant to the Neal Street house, where he made a drug buy, leading them to conduct the raid. A man named Alexis White later came forward to say he is a longtime informant and police asked him to lie after the shootings and say he bought drugs at the address. Police will not say who the informant was." The AJC adds, "A tape of a 911 call released Thursday added a strange twist to the ever-changing tragedy. … On the tape, an insistent and anxious-sounding man identifying himself as White told an operator, 'I have two cops chasing me. They're on the dirty side, two undercover officers.' … Atlanta police declined Thursday to discuss the case, referring questions to federal authorities, who are not commenting."

ANTITRUST:

High Court To Hear Two Important Antitrust Cases. The New York Times (12/8, Greenhouse) reports, "The Supreme Court added two important antitrust cases on Thursday to its calendar for the current term. Both cases, granted at the request of defendants in private antitrust suits, are likely to lead to clarification of areas of antitrust law that have increasingly become unsettled." The Times continues, "One case has been closely watched on Wall Street. It is a

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class-action lawsuit against more than a dozen leading investment banks and institutional investors that took part in syndicates to underwrite the initial public offerings of hundreds of technology companies in the 1990s. … The issue for the Supreme Court in this case, Credit Suisse First Boston v. Billing, No. 05-1157, is how to treat the inherently collaborative activity of an underwriting syndicate, activity that — while it would appear to violate the Sherman Antitrust Act — is permitted by the regulatory agency that oversees it." The Times notes, "While the eventual outcome of the case is uncertain, there is little uncertainty about the second antitrust case the court accepted. The question in that case, Leegin Creative Leather Products v. PSKS, No. 06-480, is how antitrust law should treat the minimum prices that manufacturers require retailers to charge for their products."

Bloomberg (12/8, Stohr) reports, "The decision to hear the IPO fight comes two days after the 2nd Circuit dealt a blow to a separate set of cases that accuse CSFB, Goldman Sachs and dozens of other banks of violating federal securities fraud laws by rigging IPOs. The appeals court said those suits can't go forward as class actions." Bloomberg adds, "In the antitrust dispute, the 2nd Circuit said the suits make allegations of 'an epic Wall Street conspiracy' to profit at the expense of the investing public by artificially inflating the prices of 800 Internet stocks that had just been offered. The companies allegedly demanded kickbacks from clients and engaged in ``laddering" -- requiring clients to buy more stock, at higher prices, after the securities were sold to the public. … The dispute, if it goes forward, has the potential to be a multibillion-dollar case, said Christopher Lovell, the lead lawyer for one group of investors. Under federal antitrust law, damages are automatically tripled."

The Financial Times (12/8, Waldmeir) reports, "Paul Atkins, an SEC commissioner, urged the court to take the case Billing v Credit Suisse First Boston, saying that such lawsuits 'could devastate America's process of capital formation, wreak unprecedented havoc on the underwriting business, and accelerate the marginalisation of our capital markets'. … The courts should not allow plaintiffs to 'trump the securities law with the antitrust laws', he said. A federal appeals court said the suits make allegations of "an epic Wall Street conspiracy" to profit at the expense of the investing public by artificially inflating the prices of internet stocks."

Potential Sirius-XM Merger Would Draw DOJ Antitrust Scrutiny. The Washington Post (12/8, D1, Kirkham) reports, "Executives of Sirius Satellite Radio are again hinting at a potential merger with XM Satellite Radio that they say would bring strong gains for investors. … Their statements boosted the stock prices of Sirius and XM this week, though both settled by the end of trading yesterday." The Post continues, "In two speeches in New York on Wednesday, Sirius executives mentioned 'significant benefits' and 'value creation' from a combination of the two radio companies. … 'Consolidation creates value . . . particularly when you are in the same industry as another company to be able to combine,' Sirius chief executive Mel Karmazin said. He and David J. Frear, Sirius's chief financial officer, spoke to analysts at a conference." The Post adds, "It is not the first time Sirius has dropped such a hint. Karmazin began his tenure at Sirius in early 2005 with media speculation about merger talks, which both companies denied took place. Since then, he has referred to the logic of a merger in calls with analysts. … XM and Sirius are both wrestling with slowing subscription growth and huge debt. Neither company has yet earned a profit, though XM projects it will break even next year. … If the companies proposed to merge, the Federal Communications Commission and the Justice Department would review the case for antitrust concerns. The biggest question would be how the market is defined. … Experts say a strict interpretation of the satellite radio market by regulators would make a merger more difficult because an XM-Sirius combination would have monopoly power. If the market is interpreted more broadly to include on-demand MP3s or podcasts or traditional radio, a merger might go through more easily."

Antitrust Hurdles Could Scuttle Potential DirecTV-EchoStar Merger. Market Watch (12/8, Wilkerson) reports, "Among all of the speculation on what might be in store for DirecTV if a controlling stake is transferred to Liberty Media Corp., one of the most tantalizing has been the prospect of a merger with satellite rival EchoStar Communications. … However, analysts on Thursday said that that's unlikely due to regulatory concerns." Market Watch continues, "Shares of News Corp. advanced Thursday on published reports that it is close to securing an agreement with Liberty Media to buy back Liberty's $11 billion stake in the entertainment giant, avoiding a giant tax hit in the process. … In 2002, the Justice Department blocked EchoStar's bid to acquire GM Hughes Electronics, the parent of DirecTV, saying that the number of competitors in rural markets would drop to two from one. 'Absolutely nothing has changed on that score since 2002,' wrote Craig Moffett, an analyst at Sanford Bernstein & Co., in a note to clients Thursday." Market Watch adds, "Such a merger is impossible, according to Steve Mather, satellite analyst at Sanders Morris Harris in Los Angeles, until the regional Bell telephone companies have at least 5 million to 10 million video subscribers. After years of competing with cable for high-speed Internet and voice customers, some phone companies have recently rolled out video services. … Once the phone companies have penetrated the video market in a meaningful way, regulators would be less likely to see a

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merger of the two dominant satellite providers as an anticompetitive threat, Mather said in an interview."

Specter To Challenge NFL's Antitrust Status. The AP (12/8, E5) reports, "The NFL's ability to negotiate exclusive sports packages is under fire from the outgoing chairman of the Senate Judiciary Committee." The AP continues, "Sen. Arlen Specter (R-Pa.) twice said he would introduce legislation in the next session aimed at eliminating the league's freedom from antitrust laws. … Specter said the NFL should not use the exemption to negotiate exclusive programming packages such as DirecTV's Sunday Ticket, which allows viewers to watch teams outside their regional market. … 'As I look at what the NFL is doing today with the NFL channel with the DirecTV . . . a lot of people, including myself, would like to be able to have that ticket,' Specter said. .. But the 1961 law that gives the NFL this freedom should not apply to DirecTV because it is not 'sponsored programming,' said Stephen Ross, a law professor at Penn State and chair of the school's sports law institute. He said Specter might be using the threat of legislation to pressure the NFL to make changes voluntarily."

Bloomberg (12/8, Stern) reports, "Specter, who will hand his chairman's gavel to a Democrat early next year, said he wants to curtail exclusive NFL TV deals, such as DirecTV Group Inc.'s Sunday Ticket package. Specter said Sunday Ticket hurts consumers because it excludes cable and broadcast TV audiences. … 'I'm going to introduce legislation in the next session to take the exemption from the NFL,' said Specter, a Republican from Pennsylvania, where the biggest U.S. cable company, Comcast Corp., is based. The NFL has benefited from the exemption, passed by Congress in 1962, as it lets sports leagues negotiate contracts on behalf of their teams." Bloomberg adds, "DirecTV's $249 Sunday Ticket provides subscribers with as many as 14 NFL games each Sunday during the football season. The package is not available to cable-television or other pay-TV providers, such as EchoStar Communications Corp.'s Dish network. … A league spokesman denied consumers are harmed by programming offered through DirecTV and cable-TV operators."

The Philadelphia Inquirer (12/8, Hill) reports, "Sen. Arlen Specter's hearing yesterday was supposed to focus on whether cable companies such as Comcast Corp. can wield sports programming like a club to inhibit competition. … But at the end of the Senate Judiciary Committee hearing, Specter turned the tables in a way that took a lot of heat off Comcast. The Pennsylvania Republican, who is chairman of the committee, said he would sponsor legislation to eliminate the antitrust exemption that allows the National Football League to negotiate broadcast rights for all of its 32 teams." The Inquirer continues, "Specter cited a list of grievances against the NFL, including its decision to move Monday Night Football from ABC to ESPN, a cable channel, and moves by teams such as the Colts from Baltimore to Indianapolis. … That history represented a philosophy of 'fans be damned," he said. The programming changes suggest an attitude of 'consumers be damned.' … 'Wouldn't consumers be better off if teams could negotiate?' Specter asked. 'This is the NFL exerting its power right down to the last nickel.' … In a written statement, the NFL said it was sensitive to Specter's concerns, but added that there was no basis for repealing its antitrust exemption. The league also defended its television practices as 'consistent with the public interest and as delivering fans extraordinary amounts of programming at little or no cost.'"

Permira Closes In On Deal For EMI. The Wall Street Journal (12/8, A8, Smith, Berman) reports, "EMI Group PLC, the world's third-largest music company by market share, was close to a deal last night to be acquired by a private-equity group, according to people familiar with the matter." The Journal continues, "European private-equity firm Permira Advisers Ltd. was considered the likely buyer, according to people familiar with the situation. But the transaction, which would be the latest instance of a publicly traded company being brought under private control, wasn't finalized last night and could still fall apart, these people cautioned." The Journal adds, "The situation remained fluid last night and it was unclear whether other private-equity groups would join Permira in the bid. EMI shares closed yesterday at 286.5 pence ($5.63), up fractionally, but down slightly from the 289.5 they hit after news broke last week of the possible deal. … Last week EMI confirmed it had been approached with an offer, but the company didn't identify the bidder. The value of the transaction was unclear, although some people close to the matter have placed it at about £2 billion ($3.9 billion)." The Journal notes, "EMI comprises two major U.S. labels, Capitol Records and Virgin Records, as well as extensive international operations. Perhaps its most valuable asset is EMI Music Publishing, a song catalog that controls the copyrights to more than a million songs. The company's U.S. labels distribute music by artists such as the Beatles, Norah Jones and the Beastie Boys, but in recent years have struggled to break major new artists. … The bid to take EMI private comes after a string of failed attempts to make a deal with Warner Music Group Corp. EMI and Warner have been attempting to acquire each other for several years, as conventional wisdom said that both companies need to bulk up to remain competitive in the consolidated music industry dominated by Vivendi SA's Universal Music Group and Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG."

Japan Tobacco's Bid For Gallaher May Spark Other Industry Mergers. The Wall Street Journal

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(12/8, A8, Singer, Morse, Chozick) reports, "Japan Tobacco Inc.'s takeover approach to U.K. rival Gallaher Group PLC is likely to spark a bidding war for the maker of Benson & Hedges and Silk Cut brand cigarettes and to prompt other big combinations of tobacco companies across Europe." The Journal continues, "Industry executives have been preparing for a round of mergers in Europe's tobacco industry for two years, since Japan Tobacco began to seriously consider a bid for Gallaher, of Weybridge, England, in late 2004. Driving the consolidation is the need to become more efficient and reduce costs in a mature, and in some places, shrinking market." The Journal adds, 'Nothing materialized over that time period because the industry was roiled by new smoking bans and tax increases, and some companies shifted their priorities to pursuing fast-growing Eastern European markets. Now that Gallaher is in play, it could jump-start that consolidation. … Gallaher late Wednesday said it had received an approach that people familiar with the situation said came from Japan Tobacco; the size of a potential bid is likely to be nearly £8 billion, or $15.7 billion. A Gallaher spokesman declined to comment. A Japan Tobacco spokesman said the company doesn't comment on speculation. .. Meanwhile, people familiar with the matter say, Altadis SA of Spain, might try to link with Altria Group Inc. of the U.S., maker of Philip Morris and Marlboro brands, to bid jointly for Gallaher. … Altria is already the market leader in many European countries and wouldn't be allowed to add Gallaher's brands in those places. But it has room to grow in the U.K., one of Gallaher's bigger markets. Altadis could buy the rest of the businesses, these people say."

Reckson Shareholders Approve SL Green's Bid. The Wall Street Journal (12/8, C3, Forsyth) reports, "After four months of contentious debate, shareholders of Reckson Associates Realty Corp. voted yesterday to approve its acquisition by SL Green Realty Corp., after Reckson's chief executive personally sacrificed $25 million to make sure the deal went through." The Journal continues, "The deal is a significant victory for New York-based SL Green, as Reckson holds five coveted office buildings in Manhattan at a time when it would be almost impossible to acquire that much New York real estate piecemeal. With rental rates climbing and few additional buildings being constructed, New York office buildings are being sold for record prices. The acquisition gives SL Green bragging rights as the largest office landlord in the city." The Journal adds, "Also a winner was Reckson Chief Executive Scott Rechler, who along with a group of his investors will end up with about one-third of the Reckson portfolio. Yet his success came at a price. … Yesterday morning, as the shareholder meeting resumed after a 24-hour delay, Mr. Rechler announced that Reckson, a Uniondale, N.Y., real-estate investment trust, would issue a special dividend of $25 million -- equal to about 29 cents per Reckson share -- if the merger closed. … That $25 million was the amount Mr. Rechler was due as a severance package in the merger agreement with SL Green. He volunteered to forgo that payment to ensure that the deal got done."

Court Ruling Allows Mastercard To Keep Key Sponsorship. The Wall Street Journal (12/8, B3, Sidel) reports, "MasterCard Inc. has scored a big point in Latin America -- at a time when the region's appetite for plastic is growing." The Journal continues, "By retaining sponsorship of the World Cup tournament and other big soccer events for the next eight years, MasterCard, the U.S.'s second-largest payments network, after Visa International Ltd., can win coveted and exclusive exposure for its brand and products in a soccer-crazed region that is ripe for card growth. The eight-year pact, which starts in January, comes at a time when MasterCard is trying to compete more aggressively against Visa, which is far more dominant in the region." The Journal adds, "Late Wednesday, a federal district court judge in New York ruled that the World Cup's organizing body can't award the sponsorship to Visa even though the two struck a deal earlier this year. Instead, the Fédération Internationale de Football Association, known as FIFA, must give the deal to MasterCard, which had sponsored the lucrative sports event for the past 16 years. .. .FIFA, which is based in Switzerland, said it would appeal." The Journal notes, "In handing down the 125-page decision, U.S. District Court Judge Loretta Preska granted a permanent injunction filed by MasterCard, which had sought to block the Visa deal that was awarded last spring. Visa had agreed to pay $180 million for the sponsorship, which runs through the end of 2014, according to legal papers. … The ruling was the latest development in a fight that erupted after FIFA unexpectedly selected Visa to sponsor the soccer events. MasterCard sued FIFA to block the new deal shortly after the soccer organization awarded the sponsorship to Visa. The soccer organization and MasterCard argued the case in court last week."

ENVIRONMENT:

Environmentalists Displeased With EPA's New Standard. The New York Times (12/8, Barringer, 1.16M) reports, "The Environmental Protection Agency has changed the way it sets standards to control dangerous air pollutants like lead, ozone and tiny particles of soot, enhancing the role of the agency's political appointees in scientific assessments and postponing the required review by independent scientific experts." The change, "which largely tracks the suggestions of the American Petroleum Institute but also adopts some recommendations of the agency's independent scientific

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advisers, was announced yesterday afternoon by the agency's deputy administrator, Marcus Peacock. Mr. Peacock said it would streamline a cumbersome process and bring it 'into the 21st century.'" The decision "drew a scathing response from environmental groups like the Sierra Club and Clean Air Watch, as well as the American Lung Association. … For one thing, agency scientists will no longer produce their own independent review of the latest science to start the process of deciding whether a pollution standard -- for lead, say, or ozone -- is tough enough to protect public health. Instead, initial reviews will now involve both agency scientists and their political bosses and will produce a synopsis of 'policy-relevant' science, agency officials said." The Los Angeles Times (12/8, Wilson, 850K) also reports the story.

Closure Of EPA Libraries Criticized. Leslie Burger, president of the American Library Association and director of the Princeton Public Library, writes in the New York Times (12/8, 1.16M), "If you needed to find out how much pollution an industrial plant in your neighborhood was spewing, or what toxic chemicals were in a local river, where would you go? Until recently, you could discover the answer at one of the Environmental Protection Agency's 29 libraries. But now the E.P.A. has obstructed the American public -- as well as its own scientists and staff -- by starting to dismantle its crown jewel, the national system of regional EPA libraries. … Fortunately, there's still time to reverse this dangerous threat to a healthy future. The administration could immediately reopen the closed libraries. Congress could conduct oversight hearings to reverse these decisions and prevent any more EPA libraries -- all of them containing invaluable information about our environment, all of them paid for by our tax dollars -- from closing. The American public deserves no less."

FBI/DEA/ATF/USMS:

FBI Mum On Agent Training Death As Investigation Continues. The Richmond Times-Dispatch (12/8, Krishnamurthy) reports, "FBI officials had little more to say yesterday about the shooting of an agent during a live-fire training exercise at Fort A.P. Hill on Wednesday. … FBI Special Agent Ann Todd would not disclose the number of agents involved or what the training…involved. Todd also would not say how many times FBI Supervisory Special Agent Gregory J. Rahoi, 38, had been shot. She clarified that Rahoi was raised in Wisconsin but was assigned to the unit at Quantico and lived in the area. She said she did not believe anyone else was injured. The FBI's investigation is continuing." The Times-Dispatch notes, "Todd said Rahoi was the second Hostage Rescue Team member killed in the line of duty." Additionally, the New York Times (12/8, Johnston, 1.16M) briefly reports on Rahoi's death.

Authorities Say Gang Ran Cocaine Ring In Pennsylvania, 9 Arrested. NBC10.com (12/8) reports federal prosecutors "said they've taken down a major drug gang operating in several suburban counties. Federal, state and local law enforcement officers announced the busts in Allentown. Police said they arrested nine members of the Mafia El Don gang. The suspects allegedly ran a cocaine ring, selling drugs in Northampton, Lehigh, Berks and Lancaster counties, according to police."

The Easton (PA) Express Times (12/8, Milavsky) reports officials "toppled the drug gang running what authorities call the largest cocaine ring in the Lehigh Valley and took nine people in to federal custody. Mafia El-Don distributed at least 50 kilograms of cocaine in the Valley since the summer, according to U.S. Attorney Pat Meehan. … The arrests were the result of an 18-month investigation that culminated Tuesday when officials executed 18 search warrants and seized $900,000, drugs, materials used for drug packaging and sales and firearms, at least one of which was reported stolen, according to court documents."

Allentown's Morning Call (12/8) reports officials "said it was the first case prosecuted under the federally funded Route 222 Corridor Anti-Gang Initiative started this year. … Seven of the nine were arrested for direct roles in the conspiracy, according to a press release, while two others were arrested for buying cocaine from the organization with the intent to resell."

Tennessee Congressman Expected To Continue Anti-Meth Efforts As Science Committee Chairman. The Murfreesboro (TN) Post (12/8) reports Rep. Bart Gordon "has been named Chairman of the U.S. House of Representatives Committee on Science, becoming Tennessee's first full House committee chairman in thirty years. … The congressman's efforts to fight Tennessee's meth abuse problem also are likely to resurface as the Science Committee has jurisdiction over the issue. According to the Drug Enforcement Administration, more than 850 meth labs were seized in Tennessee last year, accounting for 75 percent of all lab seizures in the Southeast. Nationally, only three states had more meth lab seizures than Tennessee in 2005."

Track & Field Governing Body Expands Anti-Doping Policy To Include Coaches. The AP (12/8, Baum) reports the governing body for U.S. track and field "is expanding its zero-tolerance anti-doping policy to coaches. New regulations made public Thursday will require coaches to register with USA Track & Field, and coaches who have had athletes serve at least a two-year ban for doping or have been sanctioned themselves must be approved by a review panel. The rules, to take effect sometime next year, are the

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federation's first concrete attempt to deal with coaches linked to doping cases."

Report: Officials Dispute NFL Player's Explanation For Positive Drug Test. The New York Times (12/7, Schmidt) reported, "Contrary to the explanation by New Orleans Saints defensive lineman Hollis Thomas that his positive drug test resulted from asthma medications, two football officials with knowledge of the case said a performance-enhancing drug was to blame. The N.F.L. suspended Thomas for four games Tuesday for violating the league's banned-substance policy. A drug test on Aug. 7 found clenbuterol, a banned drug that helps burn fat and promotes muscle growth, in Thomas's body."

Mexico's New Attorney General Pledges To Combat Corruption. The AP (12/8) reports Mexico's new attorney general "took office Thursday promising to wage a 'firm' fight against corruption and take on organized crime groups he compared to the Mafia. Eduardo Medina Mora, who previously served as public safety secretary, acknowledged that 'today, all indicators show that the public feels unsafe,' an apparent reference to the wave of executions and kidnappings in several Mexican states. He also promised to keep Mexican law enforcement clean." The AP adds, "On Wednesday, speaking before Senate members, Medina Mora said Mexico's drug cartels are seeking to expand into other illicit activities, as income from the cocaine trade declines in the face of competition from methamphetamines."

Poll: Acceptance Of Opium Poppy Cultivation Expanding In Afghanistan. The AP (12/7) reported optimism "is starting to fade among the people of Afghanistan five years after the fall of the Taliban and amid rising violence in the country, a poll found. The number of people who think the country is on the right track has dropped 22 points -- to 55 percent -- in the last year, according to a poll done in Afghanistan by ABC News and BBC World Service. … Acceptance of growing opium poppies has grown in the last year…with 40 percent saying it is acceptable if a grower has no other way to earn a living. That is up from 26 percent who felt that way a year ago."

On its Web site, ABC News (12/7) reports, "Views on the drug front also are not promising. Signaling frustration with the slow pace of development, there's been a jump in the acceptance of growing opium poppies, the country's illicit cash crop. Nationally, 40 percent now call it acceptable if there's no other way to earn a living, up sharply from 26 percent last year. And in the top-producing opium provinces, more — a 59 percent majority — endorse poppy cultivation."

UPI (12/7) reported, "Nearly 80 percent of people polled said they are worried about government corruption. While the majority still oppose allowing the cultivation of opium poppies, 40 percent said it was acceptable, compared with 26 percent a year ago.

US Offers Deal To Connecticut Gun Dealer. The Connecticut Post (12/8, Mayko) reports, "An offer is on the table. … But if Frank D'Andrea, a Milford gun dealer, does not take it in the next few weeks, he faces indictment on additional charges, according to a federal prosecutor. … And if his case goes to trial, the prosecution intends to call Frankie Estrada, the incarcerated drug kingpin, as their key witness against him. … 'We're very actively trying to resolve this case,' Assistant U.S. Attorney Stephen Reynolds told U.S. District Judge Janet C. Hall Wednesday. 'If that fails, we'll likely supersede the indictment.'" The Post continues, "D'Andrea, 61, of Soundview Drive, Shelton, already faces 12 charges of violating licensing laws by failing to report gun sales and not conducting proper background checks. … The charges stem from an audit and resulting investigation conducted by agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices at D'Andrea's Gun Case while it was located on Barnum Avenue in Stratford. The business moved to Woodmont Road in Milford earlier this year." The Post adds, "In a document filed in federal court, Reynolds said he intends to call Estrada as a witness. … Estrada will testify that between 1986 and 1990, he 'purchased well over 100 firearms' from D'Andrea using buyers who were not convicted felons and had valid gun permits, the document claims. Such buyers are called straw purchasers."

ATF Questions Pennsylvania College Student About Bomb Parts. The Pittsburgh Post-Gazette (12/7, Ove) reports, "Federal agents were trying yesterday to figure out why a college student stashed more than a dozen devices that appeared to be pipe bombs or components of bombs at his parents' house in Upper St. Clair and in his dorm room at California University of Pennsylvania." The Post-Gazette continues, "Whatever Michael Blattner was up to, if anything, authorities said that employees at the Home Depot in Bridgeville, where he bought some of the materials Saturday night, did the right thing in calling the cops. … 'It was very, very commendable,' said James Tanda, supervisory agent with the Pittsburgh office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. 'For a retailer to take the time to call us is always appreciated.'" The Post-Gazette adds, "ATF, Upper St. Clair police and the county bomb squad went to the Blattner home on Harrogate Road Tuesday night and removed several devices that could have been assembled to form pipe bombs from Mr. Blattner's bedroom. … Earlier in the day, campus police had found an

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array of similar devices spread out on the floor of his dorm room in Residence Hall A. The devices, which he apparently kept in a foot locker without his roommate's knowledge, were in various phases of assembly." The Post-Gazette notes, "Mr. Blattner has been cooperative from the start, telling police and agents that he was experimenting with the materials as a hobby and that none of them would really work. … Police have found no evidence that he had intentions to blow anything up, but authorities are withholding judgment until an analysis by the county bomb squad and ATF is complete."

In Wake Of Settlements, New York City Sues More Gun Stores. The New York Times (12/8, Cave) reports, "Mayor Michael R. Bloomberg said yesterday that the city had reached agreements with six out-of-state gun dealers, who agreed to let court officials monitor their operations to prevent illegal gun sales. He said that New York had sued 12 additional gun stores to demand similar oversight." The Times continues, "The expansion of New York's legal attack from 15 to 27 gun dealers, in Ohio, Pennsylvania, South Carolina, Georgia and Virginia, reflects the city's growing confidence that its novel approach to battling illegal gun traffic is gaining momentum." The Times adds, "The agreements with the gun dealers — reached over the last four months, with the latest one signed on Wednesday — give officials broad monitoring powers over the individual stores. .. They let a court-appointed special master scour their financial records, put up video cameras, and require that employees take part in training sessions on when gun sales are prohibited. The city may also send undercover investigators into the six stores at any time, to make sure that all relevant gun laws are being followed." The Times notes, "The suits resulted from a two-month effort in April and May in which private investigators posed as buyers at 40 stores that had sold guns linked with more than 800 crimes in New York City between 1994 and 2001. … The teams, usually a man and woman, conducted what law enforcement officials describe as a straw purchase: one customer would deal with the seller until the last moment of the sale, when the second customer would step in to pay and fill out the forms for a background check. … Federal law prohibits a seller from handing over the weapon in such cases, because it lets people obtain guns without federal scrutiny of their criminal record Mr. Bloomberg said that straw purchases were one of the most common schemes used by gun traffickers, giving the city the right — with a bold interpretation of public nuisance laws — to go after out-of-state dealers for their weapons' deadly consequences."

IMMIGRATION:

Texas Border Agent Sentenced For Helping Drug, Immigrant Smugglers. The AP (12/8) reports from Houston, "A former U.S. Border Patrol agent was sentenced Thursday to 14 years in federal prison for helping cocaine and immigrant smugglers and selling immigration documents." The AP continues, "David Duque Jr., 36, pleaded guilty in September to bribery and three counts of unlawfully transferring identification documents. … Prosecutors showed that Duque accepted $5,000 to allow a vehicle hauling nearly 5 kilograms of cocaine through the Falfurrias checkpoint on June 14. An FBI agent testified that Duque also assisted in immigrant smuggling and sold identification documents he acquired while working." The AP adds, "U.S. District Judge Gray H. Miller sentenced Duque to 14 years for the bribery conviction, to be followed by three years of supervised release and a $2,500 fine. Miller imposed five years on each of the three counts of unlawfully transferring identification documents with the sentences to run concurrently. … An FBI agent said Thursday that Duque had been allowing cocaine and illegal immigrants through the Falfurrias checkpoint for several years and sold almost 70 identification documents including passports, birth certificates, green cards and Social Security cards."

Lawmakers Ask Bush To Commute Border Agents' Sentences. The Orange County (CA) Register (12/7, Bunis) reports, "Rep. Dana Rohrabacher joined 48 other Republican lawmakers today in sending a letter to President Bush, urging him to commute the sentences of two Border Patrol agents convicted of shooting an illegal immigrant at the border." The Register continues, "Border Patrol agents Ignacio Ramos and Jose Compean are scheduled to begin serving 11- and 12-year prison terms, respectively, next month. The two Border Patrol agents were convicted of shooting an admitted drug smuggler in the buttocks as he ran away from them near the Rio Grande in February 2005. … 'These Border Patrol agents are heroes,' Rohrabacher, R-Huntington Beach, said at a news conference this morning. 'Because of their actions, over a million dollars in illegal drugs were stopped from being sold to our children. Bringing felony charges against them is a travesty of justice beyond description. The president needs to send the right message by showing they are on the side of law enforcement, not drug traffickers.'" The Register adds, "In the letter being sent to Bush today, Rohrabacher and his colleagues 'implore' the president 'to become personally involved in this case, and bring a holiday miracle to these agents and their families.' Area Reps. Ken Calvert, R-Corona; Gary Miller, R-Diamond Bar; and Ed Royce, R-Fullerton, also signed the letter. … A group of lawmakers has been trying for months to persuade GOP leaders to hold congressional

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hearings on the circumstances surrounding this case. But neither House Judiciary Chairman James Sensenbrenner nor Senate Judiciary Committee Chairman Arlen Specter was willing to hold such hearings. … Rohrabacher has spoken with family members of the agents and said he's hoping in this holiday season to persuade Bush to commute the sentences. Rohrabacher said he has spoken with Justice Department and White House officials without any satisfactory responses."

Candidates In Texas Runoff Avoiding Immigration Issue. USA Today (12/8, Gomez, 2.27M) reports, "One would expect that a special election being held Tuesday for a congressional seat between Republican Rep. Henry Bonilla and Democratic challenger Ciro Rodriguez would be rife with debate on the issue of illegal immigration." The GOP "has tended to favor strong enforcement of current laws to catch illegal immigrants, and a fence to keep them out. Democrats, who could strengthen their hold on the House with a Rodriguez win, have mostly opposed the fence and favored a measure that would allow the millions of illegals here to remain and become citizens." Yet "the two candidates campaigning to represent Texas' 23rd District have made it a point to avoid any discussion of immigration. Neither of their campaign websites mentions the issue or the nearly 700 miles of fencing approved by Congress. At rallies in San Antonio and along the border recently, the candidates spoke of health care, education and taxes, but not of immigration." Bonilla and Rodriguez "each cite the importance of other issues and the diversity of the district -- the largest in Texas at more than 400 miles wide and 300 miles north to south -- when asked why they have avoided the debate."

LATimes Praises Richardson's Statements On Immigration. The Los Angeles Times (12/8, 850K) editorializes, "New Mexico Gov. Bill Richardson, the California-born son of a Mexican mother, traveled to Washington on Thursday to declare his interest in two of the most elusive goals in American politics: comprehensive immigration reform and the presidency. The second may be more realistic than the first." Richardson's "thoughtful speech was both a rebuke to Republican immigrant bashers and a challenge to Capitol Hill Democrats. But few will likely read beyond this line: 'Securing the border must come first -- but we must understand that building a fence will not in any way accomplish that objective.' That language may be on the absolutist side, but the New Mexico governor is absolutely right to point out that a multibillion-dollar border wall, on its own, is no 'reform' at all. It would merely shift the strain on the system elsewhere and fail to address the 45% of illegal immigrants who enter legally but overstay their visas."

CONGRESS-ADMINISTRATION:

Congress Moves Toward Massive Tax, Trade, Medicare Bill. USA Today/AP (12/8, Taylor) reports, "Lawmakers on Thursday pieced together legislation extending popular tax breaks and saving doctors from a cut in Medicare payments as Republicans prepared to cede control of Congress to the Democrats." The legislation also "contained several trade-related measures, including extending normal trade status to Vietnam." The House "prepared to vote on the legislation Thursday night. In the Senate, leaders hoped it could pass relatively quickly despite lingering unhappiness with the bill from several senators." However, "the massive measure -- containing much to please lawmakers and their constituents -- also generated opposition. Sen. Judd Gregg, R-N.H., for example, was unhappy about its cost and a multibillion dollar move to expand health care for retired coal miners. Under Senate rules, a single senator can force days of delay once a bill comes over from the House." Democratic leader Harry Reid said of the bill's prospects, "It's no better than 50-50 right now."

The Wall Street Journal (12/8, Rogers, Lueck, Hitt, 2.04M) reports the House "is preparing to consider the massive package today in two pieces, one focused on the trade provisions and the second dealing with taxes, offshore oil drilling and an adjustment in payment rates for physicians under Medicare, the federal health-care program for the elderly and disabled. Driving the train is the tax portion, which renews scores of expired tax breaks, most notably a deduction for college tuition, a deduction for state and local sales taxes in states without income taxes, and the corporate tax credit for research." The Journal adds, "Procedural arguments delayed House action last evening, but if approved today, the two bills would be merged again before going to the Senate, where the leadership is poised to quickly file a motion to limit debate." The White House "is optimistic, but as a precaution, a separate must-pass spending bill is being held back in case the tax-and-trade package collapses and a new legislative vehicle is needed."

The AP (12/8, Hebert), meanwhile, notes "an agreement on a tax package Thursday moved Congress closer to opening a vast area in the Gulf of Mexico, 125 miles south of Florida's panhandle, to oil and gas drilling." Both the House and Senate "attached the drilling legislation to a package of popular tax measures expected to win approval by week's end as Republicans wrap up the 109th Congress and turn control over to Democrats next year."

Agreement Reached On Postal Service Changes. Under the headline, "Lawmakers Unexpectedly Take Up Postal Service Overhaul," the Washington Post's (12/8, D3,

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Barr) "Federal Diary" column reports, "In a round of unexpected dealmaking, the House and Senate began moving yesterday toward passage of legislation that would overhaul the business operations of the US Postal Service for the first time since 1970. The measure stalled in September over objections lodged by a union, and one of the chief sponsors, Sen. Susan Collins (R-Maine), held out little hope that a compromise could be reached before the lame-duck session ended." But the Post adds, "key Senate and House leaders," reached "an agreement, and congressional aides said the measure could be approved no later than today under expedited procedures." The "measure would replace the lengthy and litigious process used to raise the price of stamps for first-class mail and to set rates for magazines and other products, and would free up billions of dollars to finance the health-care costs of postal retirees."

Democrats Will Seek To Block Congressional Pay Raise. The AP (12/8, Espo) reports, "Members of Congress are in line for a $3,300 pay raise effective Jan. 1 unless they block it, and Democrats said Thursday they intend to try." Officials said Rep. Nancy Pelosi and Sen. Reid "had notified Republicans they will try to add the anti-pay-raise provision to a bill that provides funds for most government agencies through Feb. 15."

Congress Likely To Back India Nuclear Bill. The Financial Times (12/8, Johnson) reports top officials in New Delhi and Washington Thursday were "confident" that US legislators would approve "a historic but controversial bill that will end India's isolation as a nuclear power." The Times said it would "also secure President George W. Bush a much-needed foreign policy success in the last hours of the 'lame duck' session on Capitol Hill." According to the Times, the "only main uncertainty left was a clause reportedly in the reconciled version of the bill, which had yet to be made public, making nuclear co-operation conditional on India's continuing to toe the US line on Iran." The Washington Post/AP (12/8, A17) also says the bill's passage would be "a rare victory for Bush, whose popularity has tumbled."

Senate Confirms New FDA Head. The AP (12/8) reports, "The Senate on Thursday confirmed cancer surgeon Andrew von Eschenbach to head the Food and Drug Administration, but only after breaking a filibuster in which he was accused of impeding congressional investigations. The vote was 80-11."

The New York Times (12/8, Saul, 1.16M) notes "von Eschenbach was formally nominated to the position of commissioner in March, but his confirmation was delayed by a series of objections in the form of "holds" by senators from both parties who said they were protesting everything from the agency's delay of Plan B emergency contraceptives to the administration's stance on drug reimportation, or the purchase of prescription drugs in countries where they are cheaper."

The Wall Street Journal (12/8, Mathews, 2.04M) reports, "In a statement, Dr. von Eschenbach said that he was 'humbled by the responsibility with which I have been entrusted' and 'committed to leading this agency in a manner that continues to earn' Americans' trust and respect."

Congress Passes Autism Bill. ABC World News (12/7, story 6, 3:00, Gibson, 8.78M) reported, "On Capitol Hill tonight, there is a breakthrough on major legislation dealing with autism, legislation that had been held up for more than a year and a half. As it prepares to adjourn, Congress finally passed a $945 million measure for research on the disorder." NBC Nightly News (12/7, story 5, 2:25, Williams, 9.87M) also reported on the legislation, calling it "a major victory for Americans with autism and their families."

FEC Chairman To Retire. The AP (12/8) reports, "Michael Toner, the Republican chairman of the Federal Election Commission, announced Thursday that he will resign from the regulatory agency this winter to pursue unspecified professional opportunities." Toner "was general counsel to the 2000 Bush-Cheney presidential campaign and chief counsel to the Republican National Committee before President Bush placed him on the FEC in March 2002 in a recess appointment. The Senate confirmed him in 2003."

Labor Asks Democrats For Measure To Make Organizing Easier. The New York Times (12/8, Greenhouse, 1.16M) reports, "Claiming a major role in the Democrats' victory last month, labor leaders are pressing Congressional Democrats to enact a measure to make it easier for workers to unionize." Labor leaders "see the measure as pivotal to stop a slide in union membership that has lasted decades. But many businesses and Republicans oppose the bill, which would allow employees at a workplace to unionize as soon as a majority sign cards expressing support to join a union." The Times adds, "The AFL-CIO plans to flex its muscles for the bill by holding a rally today on Capitol Hill that it expects to include the incoming Democratic chairmen of the Senate and House labor committees, Senator Edward M. Kennedy of Massachusetts and Representative George Miller of California." The Times also reports that "even before the Democrats won control of Congress, the bill, the Employee Free Choice Act, had 216 co-sponsors in the House, including 14 Republicans, just 2 short of a majority."

Frist Bids Farewell To Senate In "Positively Warm" Event. The Washington Post (12/8, A11, Romano, 690K) reports, "As man-hugs go, this one was definitely uncomfortable to watch. Apparently taking the

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Democrats' pledge of civility seriously, Sen. Harry M. Reid of Nevada bearhugged a startled Sen. Bill Frist yesterday, as Frist, the outgoing majority leader, bid farewell to his colleagues on the Senate floor. As the two men firmly shook hands, the Democrat unexpectedly reeled Frist in closer. After an awkward two-step, Frist even hugged back a little." The Post adds, "The fuzzy moment starkly contrasted with Democratic Senate leader Thomas A. Daschle's farewell two years ago -- when few Republicans even showed up. Frist's goodbye was positively warm and was attended by about 25 Democrats. Even liberal Sen. Edward M. Kennedy (D-Mass.) showered praise on the GOP leader. And all gave him a long standing ovation." The Post says "a string of missteps and defeats, not the least of which was the GOP loss of the Senate, left Frist with a mixed legacy as he contemplated the White House. That he was perceived to have carried water for an increasingly unpopular president did not help." He "was ridiculed" for his statements during the Schiavo controversy. Later he "alienated the conservatives he would need to launch a presidential bid when he said he would support expanding federal funding of embryonic stem cell research, contrary to the Bush administration's position." Yesterday, Frist "was escorted into the chamber by Vice President Cheney, Senate Minority Leader-elect Mitch McConnell (R-Ky.) and outgoing House Speaker J. Dennis Hastert (R-Ill.). Frist's wife and their three sons watched from the gallery."

Under the headline "Aspirations Dashed, Frist Says Farewell," the New York Times (12/8, Hulse, 1.16M) reports "colleagues in both parties admired Mr. Frist's drive in switching from the demands of high-pressure medicine to the equally daunting field of national politics." But "they also say he lacked the Senate experience and personal relationships that can help a majority leader organize the disorganized Senate." The Times also reports, "Though he has ruled out a 2008 presidential race, Mr. Frist said he doubted he was through with politics. And he said he hoped his decision to stick to his two-term commitment inspired successful people in other fields to consider politics."

The AP (12/8, Kellman) reports that Frist's "farewell speech Thursday offered a glimpse of the questions Frist asked himself at weary moments during his tenure. He urged his colleagues to do the same. 'What is it really all about,' this Senate service, Frist said. 'Is about keeping the majority? Is it about red states versus blue? Is it about lobbing attacks in some way across the aisle? ... Is it about war rooms whose purpose is not to contrast ideas but to destroy? Or is it more?"

House Panel Close To Completing Foley Report. The AP (12/8, Margasak) reports, "The House ethics committee could be close to finishing its report on ex-Rep. Mark Foley's improper conduct with former pages. Committee members would not comment on when they would issue their findings." The findings "would have far greater impact if Republicans had retained control of Congress because questions were raised over the lack of strong action by Speaker Dennis Hastert, R-Ill., and his top aides." The committee "has heard from dozens of witnesses, and was presented with several conflicts over when Hastert and his staff learned of Foley's conduct."

GAO Study Faults VA For Under-Budget Mental Health Spending. Three days after a widely-circulated AP article detailed GAO study findings that the VA "did not spend all of the extra $300 million it budgeted to increase mental health services and failed to keep track of how some of the money was used," the wire story appears in today's Washington Post/AP (12/8, A37, Gamboa). The AP quotes VA spokesman Matt Burns criticizing the scope of the GAO audit, and saying the agency "has taken steps to make sure mental health money is used for its intended purpose."

Mistakes In Modernization Program Said To Be Hobbling Coast Guard. The Washington Post (12/8, A1, Merle, Hsu, 690K) reports on its front page that the Coast Guard has sidelined eight of 10 Miami-based cutters, worsening "a patrol-boat crisis while the Coast Guard is preparing for an exodus of Cubans that could happen when dictator Fidel Castro is no longer in power, Coast Guard leaders acknowledge. More broadly, congressional critics warn that early mistakes" in the Coast Guard's 25-year modernization program, called Deepwater, "are hobbling the service's transformation into a front-line homeland security force." Deepwater's "failures are spelled out in a series of Government Accountability Office and Department of Homeland Security inspector general's reports and in congressional testimony, which point to the leeway given to the program's contractors, Lockheed Martin Corp. and Northrop Grumman Corp."

Lobbyists Spend Busy Wednesday Night Wooing Lawmakers. The New York Times (12/8, Pear, 1.16M) reports, "Lights glowed late in the Capitol dome on Wednesday night, indicating that the House and the Senate were in session. But the real action was taking place elsewhere on Capitol Hill, in wine bars, restaurants and town houses where lobbyists paid for the opportunity to meet and greet lawmakers. Some politicians had just won election, or re-election, and needed to pay off campaign debts. Others were raising money for 2008. … The Sonoma wine bar was particularly popular. No sooner had lobbyists left a reception there for" IL5 Rep. Rahm Emanuel (D), "newly elected chairman of the House Democratic Caucus, than another

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platoon of them arrived at the same place to pay tribute to" VA7 Rep. Eric Cantor (R), "chief deputy whip for House Republicans." Though House Speaker-to-be Nancy Pelosi "has promised new lobbying and ethics rules to end 'the culture of corruption' that she says has infected" the GOP-led Congress, "lobbyists attending fund-raisers this week said they did not expect radical changes. 'There will be some changes on the margins that will be relatively short-lived,' said Erick R. Gustafson, a vice president of the Mortgage Bankers Association. Of the effort to purge politics of special-interest money and influence, Mr. Gustafson said: 'It's like trying to keep water out of your basement. It's a structural problem. You may find a temporary solution, but the water will find a way in. Influence is like water. Money is just a means of influence.'"

Bush Announces Medal Of Freedom Recipients. The New York Times/AP (12/8) reports, "President Bush on Thursday announced this year's recipients of the Presidential Medal of Freedom, the nation's highest civilian award. These people will be honored at a White House ceremony on Dec. 15: Ruth Johnson Colvin, a literacy advocate who has traveled the world to help people learn reading and language skills. Norman C. Francis, the president of Xavier University of Louisiana for nearly 40 years. He has also played a lead role in helping the people of the Gulf Coast recover from Hurricane Katrina. Paul Johnson, a historian and journalist who is being honored for writings that have 'captivated and educated people around the world.'" B. B. King, Joshua Lederberg, "a Nobel Prize winner for his work in bacterial genetics," historian David McCullough, Norman Y. Mineta, the former transportation secretary. Buck O'Neil, "a former professional baseball player in the Negro Leagues," William Safire and Natan Sharansky.

Bush Lights National Christmas Tree. The AP (12/8, Ben Feller) reports, "In traditional fashion, President Bush presided over the lighting of the national Christmas tree Thursday by asking the country to remember and honor its troops. 'Many of those who have answered the call of duty will spend this Christmas season far from home and separated from family,' Bush said to a crowd gathered just south of the White House on a frigid night."

Pentagon Parties Postponed Over Rumsfeld Exit. The Washington Post (12/8, A37, Kamen, 690K) "In The Loop" column reports that "everyone in the Joint Chiefs' directorates…at the Pentagon was planning on holding Christmas parties on Friday, Dec. 15." But "buzz is that someone, apparently in the office of the chairman, Gen. Peter Pace, had fretted that it might look as if all the hootin' and hollerin' that would be spilling out into the hallways was in celebration of Defense Secretary Donald Rumsfeld's departure that same day. … So word came down last week to change the dates of the Christmas parties."

Pelosi May Ban Smoking In Speaker's Lobby. The Washington Post (12/8, A1, Layton, 690K) reports, "When the District goes smoke-free Jan. 2, at least one nicotine haven will remain: the US Capitol. Lawmakers, several of whom enjoy a good cigar, have exempted themselves from the city's smoking ban, not to mention rules that forbid lighting up in federal buildings across the country." But "winds of change may be blowing on the Hill." Incoming Speaker Nancy Pelosi "is thinking of banishing tobacco from the most popular smoking spot in the building: the Speaker's Lobby outside the House chamber." The Post notes "smoking is permitted in lawmakers' offices, in two cafeterias in the House and Senate buildings and in an unmarked, cramped room in the basement of the US Capitol." But "the Speaker's Lobby, the ornate space dotted with fireplaces and chandeliers, is the real smoke-filled room, the biggest and most visible space where smokers gather. … Aides say Pelosi detests smoking but doesn't want to burn the Blue Dog Democrats, or conservative members of her party -- several of whom are cigar smokers but none of whom wanted to publicly stand up for smoking."

WPost Blasts GOP For Not Backing DC House Representation Bill. The Washington Post (12/8, A38, 690K) editorializes, "Don't believe for a second the excuse that a lack of time doomed the chances for legislation giving voting rights in the House of Representatives to the District of Columbia. Or that the decision was put off because of worries that a DC voting seat would not pass constitutional muster. At this point, the only plausible explanation for the demise of the bill is that Republican leaders in Congress and the White House oppose democracy for anyone who happens to live in the nation's capital. … DC citizens pay federal taxes. The District's young men and women go off to the Middle East to fight for a democracy they are denied at home. Republican leaders blew a perfect opportunity to remedy this disenfranchisement."

NYTimes Urges Reform To Presidential Campaign Funding System. The New York Times (12/8, 1.16M) editorializes, "The table stakes for the next presidential campaign are now estimated by the reigning consultant-croupiers of politics at $100 million for openers. That sad fact suggests that the 2008 contest will likely go down in history for seeing to the effective demise of one of the most encouraging post-Watergate reforms, the creative use of public financing as an alternative to big-money donors. … The breakdown of the public system need not have happened if Congress had acted to update the formula to keep pace with campaign inflation. Larger spending limits and

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subsidies are needed, along with a more generous checkoff donation than the current $3 per taxpayer." It is "too late: to repair the system "for the '08 campaign, but the new Democratic majority in Congress has a good opportunity to rescue the formula for 2012. Otherwise the nation will slip back toward the Watergate era's politics for sale."

NYTimes Urges Congress To Focus On Teacher Quality In Reauthorizing NCLB. The New York Times (12/8, 1.16M) writes in an editorial on the No Child Left Behind Act, that despite critics arguments, "it's impossible to brand No Child Left Behind as a failure" because its requirement of "highly qualified teachers in all core courses … didn't happen." The Times blames the U.S. Department of Education for failing to give "the states clear direction and the technical assistance they needed" and concludes "the battle for teacher quality…deserves to be at the very top of the list when Congress revisits the law."

OTHER NEWS:

Slump In Housing Market Eroding Equity. The Wall Street Journal (12/8, Conkey, 2.04M) reports, "The housing slump is slightly eroding a key driver of consumer spending, but stock-market gains are boosting the average household's net worth, new Federal Reserve data show." Homeowners "had $10.9 trillion in equity stored up in their properties at the end of the third quarter, an amount that was essentially flat compared with the previous quarter and down from a nearly 3% rate of growth during the same period last year, the Fed said. Home equity…fell to 53.6% of the value of household real estate, down from 54% in the second quarter and 54.6% a year ago." The WSJ adds, "So far, the impact on consumer spending has been modest. But many economists worry that further weakness in the housing market, particularly if it leads to an outright drop in house prices, could shrink home equity and lead consumers to pull back in the months ahead."

Stocks Down Yesterday. The Wall Street Journal (12/8, McKay, 2.04M) reports "stocks slipped for a second straight day as investors continued to fret -- and disagree -- over where the US economy is headed. Many held off on placing big bets ahead of the release of jobs data due out today." The Dow Jones Industrial Average dropped "30.84 points, or 0.3%, at 12278.41 points, up 15% on the year and 64.15 points away from the record set last month." The broad Standard & Poor's 500-stock "index fell 0.4%, or 5.61 points, to 1407.29, up 12.7% on the year. The technology-stock-heavy Nasdaq Composite Index fell 0.7%, or 18.17 points, to 2427.69, up 10.1% on the year." NBC Nightly News (12/7, story 9, 0:10, Williams, 9.87M) also noted the stock numbers, as did USA Today (12/28, 2.27M), among other newspapers.

FL13 Controversy Continues. The Christian Science Monitor (12/8, Green, Ben Arnoldy, 59K) reports, "The Sunshine State is once again the scene of a messy election controversy, and residents of Sarasota, an affluent beachside community, aren't the least bit amused. More than a month after polls closed, the certified loser for the congressional seat is refusing to concede, given an extraordinary wave of ballots with no vote cast in that race and a margin of victory as skimpy as a bikini." But "determining just what went wrong, if anything, has proved difficult given the voting machines involved: touch-screen computers with no printout for voters to confirm." The Monitor notes "there's no evidence that the machines malfunctioned. Sarasota County has already done a machine and a manual recount. Neither significantly budged Republican Vern Buchanan's 369-vote lead over Democrat Christine Jennings. The Sarasota Herald-Tribune has also reviewed every ballot cast." But "suspicions remain because 18,000 ballots, or 13 percent of the votes cast, recorded no votes in the congressional race."

Jefferson Fighting For Political Life. The New York Times (12/8, Nossiter, 1.16M) reports, "One of the last undecided House races has played out here as the fierce bid for survival of a veteran politician whose career is threatened by a federal corruption investigation. On Saturday, for the second time in two months under Louisiana's idiosyncratic runoff system, Representative William J. Jefferson has to present himself to the voters." The Times notes "the outcome will not affect the balance of power in Washington, as Mr. Jefferson's opponent, Karen R. Carter, a lawyer in the Louisiana House, is also a Democrat." But "if Mr. Jefferson wins, his victory will have the potential to embarrass the Democrats and Louisianans eager to prove to federal aid officials that they have left behind the corrupt past. Having been rejected by his own state party and become a pariah to the financial establishment here, Mr. Jefferson is counting on his inner-city base to look past the FBI accusations and rally around him as it has since he was first elected in 1990."

1994 Republicans Blame Leaders For This Year's Defeat. USA Today (12/8, Wolf, 2.27M) reports, "Republicans who helped capture control of Congress 12 years ago blame the party's leaders for this year's debacle at the polls. Architects of the 1994 'Republican revolution,' as well as current and former lawmakers elected that year, say the GOP repelled voters by putting self-preservation before the nation's agenda." USA Today notes "two-thirds of the 73-member Republican class of 1994 are gone from the House of Representatives. Twenty-four kept their House seats despite this year's rout, in which Democrats gained simultaneous House and Senate majorities for the first time since 1994. Five lost their bids for a seventh term. Two

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others resigned in disgrace." Members "interviewed from the class of 1994, as well as former House GOP leaders, cite three reasons beyond their leaders' control: the war in Iraq, corruption scandals and President Bush's low popularity. Beyond that, they say leaders such as House Speaker Dennis Hastert of Illinois and former House majority leader Tom DeLay of Texas put staying in power above principles such as limited government and low spending." Among those quoted in the story are former Reps. Joe Scarborough, John Kasich, Dick Armey and J .C. Watts.

Poll Finds Danger Signs For Clinton, Giuliani White House Bids. The AP (12/8, Humbert) reports, "Democratic Sen. Hillary Rodham Clinton is popular within her party but could have trouble winning the presidency, according to a poll that also identified potential hurdles within the GOP for former New York Mayor Rudy Giuliani. The former first lady held a double-digit lead over possible rivals in the survey released Thursday by Marist College's Institute for Public Opinion. Clinton, who has taken steps suggesting a 2008 bid, had the support of 33 percent of Democrats to 14 percent for former Sen. John Edwards." However, "Clinton remains a polarizing figure, Forty-seven percent of registered voters said they would definitely not consider voting for the New York senator. Twenty-five percent said they definitely would consider voting for her while 28 percent said they would possibly consider it." Giuliani and Sen. John McCain "led the GOP field, with 24 percent favoring Giuliani and 23 percent backing McCain." Giuliani and McCain "each led Clinton, 49 percent to 43 percent." But "when Republicans were informed that Giuliani is 'a pro-choice, pro-gun control, pro-gay rights Republican,' 47 percent said those traditionally liberal positions would be a major factor in determining how they voted while just 22 percent said they would not be a factor."

CQ (12/8, Benenson), meanwhile, reports on a Fox News poll that also shows Clinton "supported by 33 percent of respondents." In the Fox survey, "her closest competition comes from three people who, like her, have not officially declared their intentions: 2000 presidential nominee Al Gore, freshman Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards." Obama "was backed by 12 percent of respondents in both surveys. Gore was just ahead of him in the Marist poll, but trailed Obama by 1 percentage point in the Fox News poll, conducted by Opinion Dynamics." Edwards "trailed Gore and Obama in the Fox News poll, where he registered 8 percent."

Democrats Concerned Clinton-Obama Rivalry Could Overshadow Senate Agenda. The Washington Post (12/8, A1, Babington, Murray, 690K) reports, "Neither Clinton nor Obama has formally declared" a White House candidacy, "but their rivalry is already the talk of the chamber, an amusing sideshow for Democrats and Republicans -- at least the handful who aren't weighing their own White House bids." The Senate "has never run short of presidential wannabes, but this time, Democrats worry that the clash of titans will overshadow their legislative agenda, leaving mere mortals grasping for notice and potentially compromising the party's efforts to expand its Senate majority. … Colleagues say Clinton and Obama appear to genuinely admire each other. So far, they claim to see zero evidence of public rancor. … Behind the scenes, of course, it's a slightly different story. 'Don't tell Mama, I'm for Obama' has become the Obama campaign's unofficial motto. It's a reference to Clinton's nickname as first lady and an example of the conflicted loyalties of many Democratic political aides." The Post also reports, "Senators say Obama's explosive rise has startled Clinton and her advisers, who are mulling how to react. With Obama planning a trip to the early-primary state of New Hampshire on Sunday, they may need to decide soon."

Cheney Pregnancy Called "Ellen DeGeneres Moment Of National Politics." Ruth Marcus writes in the Washington Post (12/8, A39, 690K), "My only regret about Mary Cheney's pregnancy is that it didn't happen earlier -- say, during the 2004 presidential race, when Cheney was working for her father's campaign and his running mate was busy trying to write discrimination against people like her into the Constitution. Imagine a hugely pregnant Mary Cheney sitting in the vice president's box at the convention. Imagine Cheney and her partner, Heather Poe, cuddling their newborn onstage at the victory celebration. … Better late than never. Cheney's no crusader; she has little interest in becoming the poster mom for gay parenthood. But whether she intends it or not, her pregnancy will, I think, turn out to be a watershed in public understanding and acceptance of the phenomenon. This is the Ellen DeGeneres moment of national politics." Marcus adds, "Perhaps Cheney's high-profile pregnancy will help the Republican Party come to grips with those facts of life. If not, though, she's going to have to explain to her child what mommy was doing trying to help a party that doesn't believe in fairness for families like theirs."

NYTimes Urges Hevesi's Resignation. In its headline, the New York Times (12/8, 1.16M) suggests Comptroller Alan Hevesi lives in a "glass house" after his chauffeur misappropriation because his credibility has been damaged. The paper uses past Hevesi audits that fault agencies for delayed action or failure to keep records, actions Hevesi himself may be guilty of, so the impact of his audits are "muted." The paper recalls, "When a former Oswego mayor was questioned about $3,500 in spending on dining and travel, Hevesi said, 'We take a zero-tolerance approach to local officials who abuse their position and use public

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money for their own benefit.' That is exactly why Hevesi should resign."

US Still Hopes For Six-Party Talks This Month. AFP (12/8) reports the State Department said it had not "thrown in the towel" on efforts to resume six-party talks with Pyonyang this month, "but admitted it could still take weeks to organize the talks." State Department spokesman Sean McCormack said, "We would still hope that we could get some discussions, get a new round of talks going this month." At the same time, he cautioned that Washington was "also not going to try to push to get something done in December if that means those talks aren't as well prepared as they possibly can be."

Analysts Say US Policy Causing Lebanese Protests. McClatchy (12/8, Lasseter) reports that as "American political leaders watched with alarm during the past week as the Hezbollah militia laid siege to the US-backed Lebanese government," few would "acknowledge publicly what most analysts and politicians [in Lebanon] say is obvious: American policy may bear much of the blame." Lebanese analysts "say that US failure to stop Israel's onslaught against Hezbollah last summer crippled the Lebanese government" and "created an environment in which the Shiite Muslim militia could call for overthrowing Sunni Muslim Prime Minister Fuad Saniora and his Cabinet." In addition, the protests have "underscored a belief among some regional leaders that the United States has lost its footing in the Middle East."

Hezbollah Vows To Continue Protests. The AP (12/8, Ghattas) reports Hezbollah leader Sheik Hassan Nasrallah "promised thousands of supporters Thursday that they would eventually bring down Lebanon's Western-backed government," while Prime Minister Saniora "vowed to stand firm against protesters." In what was seen as his "sharpest attack" on the prime minister, Nasrallah accused Saniora of "conniving with Israel" during its month-long war with Hezbollah last summer," and claimed Saniora ordered the Lebanese army to confiscate Hezbollah's supplies of weapons.

The New York Times (12/8, A20, Bakri, Slackman, 1.16M) reports Nasrallah "also appeared to accuse government officials of trying to have him killed during the war with Israel." In an address that "seemed calculated to bolster thousands of Hezbollah's supporters," Nasrallah said "a government agency tried to find out where he was staying" during the war, and he "threatened to name names."

USA Today (12/8, 20A, Stinson, 2.27M) says the week-long protests are "driving a deep and potentially violent wedge between Shiite and Sunni Muslims like this nation hasn't seen before." Much of Hezbollah's "newfound support comes from" last summer's war with Israel. When Israel "failed to uproot the militant group," Hezbollah "saw its prestige grow among Shiites and other Lebanese as a result of its staying power."

Abbas Ponders Options To Solve Hamas Impasse. The AP (12/8, Laub) reports, "A panel has advised Palestinian President Mahmoud Abbas to leave the militant Hamas group in power for now, but call new elections after the economic crisis in the Palestinian territories worsens further, a member of the group said Thursday." Abbas "declined to discuss the options when speaking to reporters Thursday in Ramallah. Although talks with Hamas have hit an impasse, he said new negotiations were still possible."

Carter Responds To Critics Of Latest Book On Mideast. Writing in the Los Angeles Times (12/8, 850K), former President Jimmy Carter responds to criticisms of his new book, "Palestine: Peace or Apartheid." Carter says "the many controversial issues concerning Palestine and the path to peace for Israel are intensely debated among Israelis and throughout other nations -- but not in the United States." For the last 30 years, Carter says he as "witnessed and experienced the severe restraints on any free and balanced discussion of the facts." This "reluctance to criticize any policies of the Israeli government," he says, "is because of the extraordinary lobbying efforts of the American-Israel Political Action Committee and the absence of any significant contrary voices." Therefore, he says the "ultimate purpose" of latest book is "to present facts about the Middle East that are largely unknown in America, to precipitate discussion and to help restart peace talks (now absent for six years) that can lead to permanent peace for Israel and its neighbors."

Annan Warns About Situation In Darfur. AFP (12/8) reports, "UN chief Kofi Annan, alarmed by reports of mass rapes and other 'gross violations of human rights,' expressed deep concern about the worsening security situation in Sudan's Darfur region and its impact on neighboring countries." UN spokesman Stephane Dujarric "said the outgoing UN secretary general was 'deeply concerned about the worsening security situation in Darfur and its consequences for the wider region, including Chad and the Central African Republic.'"

Dodd Urges Paulson To Push Chinese To Devalue Currency. The Financial Times (12/8, Grant) reports, "Hank Paulson, the US Treasury secretary, came under pressure from the Democratic party yesterday to persuade China's government to revalue its currency." Sen. Christopher Dodd, "incoming chairman of the influential senate banking committee, said he wanted Mr Paulson to return from a visit to Beijing with firm progress on the revaluation issue." Dodd's call "is a sign the Democrats, fresh from their capture of both houses of congress, appear

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ready to exert pressure on the Bush administration over the negotiating tactics used to persuade China to budge on the issue."

Poisoned Russian Spy Buried As Friend Falls Ill. The CBS Evening News (12/7, story 5, 0:45, Roth, 7.66M) reported, "The body of ex-Russian spy Alexander Litvinenko was buried in a sealed oak coffin" in London. Also Thursday, "Some workers at a hotel Litvinenko visited" were also found to "have low levels of the radioactive substance that killed him and one of his last contacts is now ill in Moscow with radiation poisoning, in a case that's still a mystery and soon to be a made-for-TV movie."

NBC Nightly News (12/7, story 8, 1:35, Kosinski, 9.87M) reported that "now another possible victim: Dmitri Kovtun, one of the former KGB agents whom Litvinenko met with at a hotel bar on the day he thought he was poisoned. A Russian news agency reports Kovtun is in critical condition, in a coma, with radiation poisoning. … Russian prosecutors are also now considering this case an attempted murder of Kovtun. They say their investigation may bring the Russians to London while Scotland Yard works this case in Moscow." The Los Angeles Times (12/8, Holley, Murphy, 850K) says Kovtun's possible coma "raised the question of whether the possible killer would soon be dead, taking with him any secrets he might have about Litvinenko's murder."

The Financial Times (12/8) reports the development came "before Russian and British investigators had had the opportunity to question Andrei Lugovoy, a business partner of Kovtun who also met Litvinenko and has found himself at the centre of the murder probe." Lugovoi's lawyer said questioning had "been expected to take place on Thursday but had been postponed."

In a front page article, the Washington Post (12/8, A1, Finn, Jordan, 690K) reports the Russian prosecutor's office has accused Britain of "dragging its feet in the inquiry," and said Thursday it has opened its own criminal investigations. Meanwhile, the Post reports that Lugovoy's attorney, Andrei Romashov, said in a brief phone interview that his client "did not ask for the postponement; Russian news agency RIA Novosti said it was requested by Russian investigators for 'technical reasons.'" USA Today (12/8, 21A, Tumposky, 2.27M), the New York Times (12/8, A6, Cowell, Myers, 1.16M) and Chicago Tribune (12/8, Rodriguez, 617K) also report on the developments.

Krauthammer Says Putin Behind Poisoning. Washington Post (12/8, A39, 690K) columnist Charles Krauthammer writes that although the poisoning is "everywhere being called a mystery," one should "believe the testimony delivered on the only reliable lie detector ever invented -- the deathbed -- by the victim himself. Litvinenko directly accused Putin of killing him." Krauthammer notes Russia's "long and distinguished history of state-sponsored assassination" and dismisses claims that the Litvinenko murder was "so obvious, so bold, so messy…that it could not possibly have been the KGB." Instead, he argues that the "reason for making it obvious and brazen is to send a message" to "all the future Litvinenkos of what awaits them if they continue to go after the Russian government."

Russian Free Press Suffers Under Putin Regime. In a 2,150-word front page feature, the Wall Street Journal (12/8, A1, Chazan, 2.04M) profiles the "grim future" of Russia's Novaya Gazeta newspaper, which "specializes in shining a light into the murky corners of Vladimir Putin's Russia. For years it has exposed government sleaze, corporate crime and abuses of human rights. In the freewheeling 1990s, that was staple fare for the Russian press. But with the Kremlin and its allies now in control of much of the media, such themes have become taboo -- and writing about them a risky business." However, Novaya's status as "one of the last outposts of free speech left in Russia" has earned it "influential friends in the West," including Secretary of State Condoleezza Rice who "pointedly invited the paper's editors to her hotel" during a trip to Russia.

BBC Radio Transmissions In Moscow Halted. In an article on Litvinenko's death, the Financial Times (12/8) reports in a separate development Thursday, the BBC said that FM radio transmissions of its Russian service had "ceased to be transmitted in Moscow since November 23." The reason given, a spokesman said, was unexplained "transmission problems," but noted that "other broadcasts on medium wave continue unaffected."

Study Finds World Bank Programs Have Failed To Lift Incomes. The Washington Post (12/8, D1, Goodman, 690K) reports, "Despite an intensified campaign against poverty, World Bank programs have failed to lift incomes in many poor countries over the past decade, leaving tens of millions of people suffering stagnating or declining living standards, according to a report released Thursday by the bank's autonomous assessment arm." The Post adds, "Among 25 poor countries probed in detail by the bank's Independent Evaluation Group, only 11 experienced reductions in poverty from the mid-1990s to the early 2000s, while 14 had the same or worsening rates over that term. The group said the sample was representative of the global picture." In a statement distributed with the report, World Bank "management rejected its assessment as 'overly bleak,' arguing that the overall trend is improving in every region except Africa. Bank administrators noted that reducing poverty requires economic growth, something they said the world has been enjoying: Over the past two years, developing countries collectively grew by about 5 to 6 percent

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a year, excluding swiftly developing China and India. Even sub-Saharan Africa has grown by more than 4 percent annually over the past five years." But "the study found that growth has rarely been sustained, exposing the most vulnerable people -- the rural poor -- to volatile shifts in their economic fortunes."

UN To Renovate General Secretary's New York Residence. The Washington Post (12/8, A24, Lynch, 690K) reports, "After stalling efforts to renovate the United Nations' Manhattan headquarters, the Bush administration joined other UN members this week in approving $4.9 million to work on incoming Secretary General Ban Ki Moon's East Side residence, including a new $2.1 million central heating and air-conditioning system and a $200,000 kitchen upgrade." The decision "by the UN General Assembly's chief budget committee comes as the United States and other member nations are pressing Ban to assign high-level jobs to their nominees." The renovation "is necessary because the 85-year-old neo-Georgian townhouse is plagued by power outages, leaky plumbing, an unsafe elevator and an obsolete kitchen exhaust system that poses a 'potential fire hazard,' according to a UN report."

Chavez's Election Win Attributed To Unfair Tactics. The Washington Post (12/8, A38, 690K) editorializes that Hugo Chavez's election victory "was unsurprising, given the campaign that led up to it. The would-be 'Bolivarian' revolutionary flooded the country with petrodollars in the months before the vote, decreeing a pay bonus for all government workers. He dominated the media, receiving by one count 22 times as much airtime as his opponent. He also freely employed intimidation, endorsing a declaration by the director of the powerful state oil company that its 40,000 workers would be mobilized for the president and that anyone who opposed this would be guilty of 'a crime.'" The Post goes on to say Chavez's "rule contains the seeds of its own destruction. … If oil prices continue to drop, Mr. Chavez's revolution eventually will be revealed for what it is: a populist fraud."

Meanwhile, Mary Anastasia O'Grady writes in the Wall Street Journal (12/8, A17, 2.04M), "I never believed that Fidel Castro's Venezuelan 'mini-me' would be defeated on Sunday even though there is scant evidence that a majority of Venezuelans back his socialist revolution. Instead, I expected that a Chávez victory could be had 'legally' through a combination of coercion, manipulation and the liberal use of state funds. This seems to be what happened."

Scottish Independence From UK Seen As A Possibility. Quentin Letts of the London's Daily Mail writes in today's Wall Street Journal (12/8, A16, 2.04M), "Back in 1707 the neighboring kingdoms of England and Scotland swallowed their historical differences and agreed to create the United Kingdom. Three-hundred years on a majority of Britons seem to want to undo it all." But "Scottish independence is suddenly on the political radar. At present it is only a faint blip but if it becomes more serious the U.S. could find one of its more reliable allies suddenly looking distinctly bifurcated. If Scotland and England go their separate ways the British would probably disappear as international diplomatic players." Letts notes that "when Tony Blair became prime minister in 1997 his Labour Party agreed to give Scotland its own parliament. The place has limited powers, has cost a fortune and is full of monumental windbags, but it has become a symbol, an assertion, of renewed Scottish nationalism. This was also boosted in 1995 by 'Braveheart,' Hollywood's ludicrously romanticized film about 14th-century Scots fighting the wicked English."

NYTimes Urges Blair To Call On Nuclear Powers To Reduce Arsenals. The New York Times (12/8, 1.16M) editorializes, "When Tony Blair asked Parliament this week to approve a new generation of nuclear-armed submarines, he was asking the lawmakers to reaffirm Britain as a nuclear power far into the 21st century. … Frankly, we would like to see more from Mr. Blair, who has shown a flair for defining new-think issues, as he did with his government's global-warming report and its call to reduce poverty." Blair "could burnish that legacy if he challenged all the world's nuclear powers to reduce their arsenals." The Times concludes, "The major powers would have a far stronger case for their calls to restrain the nuclear ambitions of countries like Iran and North Korea if they showed they were willing to reduce their own arsenals. That is the stuff that legacies are made of."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Not Swayed By Findings In Iraq Study."
"Don't Give Him Rewrite."
"Intrigue Grows In Case Of Ex-Spy's Poisoning."
"In Major Awards, Rap Gets No Love."
"Officer Is Held In Attack On Teen."
"Return Fire From The Right."

USA Today:
"Guests In 2 Cities Can Try."
"TSA May Let Non-Fliers Go To Gates."
"Boise State Strikes Its Blow For The Little Guys."
"Reserve Troops' Job Woes Increase."

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New York Times:
"Bush Backs Away From 2 Key Ideas Of Panel On Iraq."
"Dueling Views On Diplomacy Pit Baker Against Rice."
"Off to College On Their Own, Shadowed by Mental Illness."
"Uneasy Havens Await Those Who Flee Iraq."
"With Victories, City Challenges More Gun Sales."
"Changes Are Expected In Voting By 2008 Election."
"Long A Laggard, Wages Start To Outpace Prices."

Washington Post:
"Costly Fleet Update Falters."
"Bush Appears Cool To Key Points Of Report On Iraq."
"For Now, An Unofficial Rivalry."
"Russian Tied To Ex-Spy Also Ill From Radiation."
"After The Elections, A Campaign To Celebrate."
"The Last Gasp Of A Smoke-Filled Room?"

Detroit Free Press:
"Iraq Report Aside, U.S. Must Stay, Bush Says."
"Nativity By The Dashboard Light."
"A Way To Safely Restrain Students."
"House OKs $4,000 Grants."
"No Time To talk Taxes Till '07."
"Metro Airport To Ease Security For Hotel Guest."

Atlanta Journal-Constitution:
"Report Says Pot Bust Led To Raid."
"One City's Dilemma: Can You Root For A Rival?"
"Tax Agency Goes After Delinquent Lawmakers."
"Coke's New No.2 Polished, Worldly."
"Rudolph's Nose Glows Again After Dark Years."

Houston Chronicle:
"It's A No Go Clouds Close Door On Launch."
"More Getting Key To A&M."
"Woodlands Strike Deal To end Annexation Threat."
"Bush Takes Exceptions To parts Of Report."
"Strayhorn Tallies Impact Of Illegal Immigration."

Story Lineup From Last Night's Network News:
ABC: Bush, Blair-ISG; Baker, Hamilton-Senate; Blair Interview; Afghanistan Poll; OR-Missing Man Dead; Autism Bill Passes; FedEx Truck Crash; Pearl Harbor-USS Arizona.
CBS: Bush, Blair-ISG; Blair Interview; Baker, Hamilton-Senate; Tornado-London; Litvinenko Investigation; E. Coli-Taco Bell; FDA-Heart Stents; Medical Shopping Online; ISG-Justice O'Connor Interview; Remembering Pearl Harbor.
NBC: Bush, Blair-ISG; ISG-Military Reaction; Iraq-US Military Advisors; FDA-Heart Stents; Autism Bill Passed; ISG-World Reaction; Tornado-London; Litvinenko Investigation; Stock Markets; Pearl Harbor-Famous Survivor.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Bush-ISG; Congress-End Of Session; Space Shuttle Launch Scrubbed; Litvinenko Investigation; League of Cities-Housing Survey; Spokane, WA-Theater Named After Bing Crosby; NYC Suing Out-Of-State Gun Shops.
NPR: Space Shuttle Launch Scrubbed; E.Coli-Taco Bell; Litvinenko Investigation; Six Foreign Ports To Screen US-Bound Cargo For Weapons; Bush, Blair-ISG; Frist-Last Day In Senate; Tokyo Stock Market.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Highlights: 8:35 a.m. Meets with Bicameral and Bipartisan Congressional Leadership. Cabinet Room, The White House.

1:15 p.m. Meets with the President of South Africa. Notes: Gaggle at 9:15 a.m. Briefing at noon.

VICE PRESIDENT CHENEY — Unavailable.

LAURA BUSH — Highlights: 11:45 a.m. Visits Children's National Medical Center, 111 Michigan Ave. NW.

US Senate: No Scheduled Events.

US House: 9 a.m. FLOOR SCHEDULE _ Meets for legislative business.

Other: ALL DAY

Dec. 6 - 8. RURAL HOUSING _ The Housing Assistance Council holds its National Rural House Conference 2006, "Building Communities, Celebrating Partnerships." Highlights: 8:30 a.m. Closing breakfast plenary. 11:30 a.m. - 12 p.m. Conference wrapup. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: 202-842-8600.

Dec. 8 - 10. SUMMIT ON THE STATES _ The Center for Policy Alternatives holds a three-day Summit on the States Conference with progressive state legislators nationwide. Highlights: 5:30 p.m. Pollster Celinda Lake announces a poll about values and messages that worked for progressive candidates in the November election. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Bernie Horn, 202-956-5135.

9 a.m. - 2 p.m. U.S.-CANADA-CHINA _ The Global Business Dialogue and the US.-Canada Law Institute hold a colloquium on U.S. and Canadian responses to the economic challenges of China. Speakers include former Canadian trade minister Sergio Marchi (luncheon). Location: Steptoe and Johnson law offices, 1330 Connecticut Ave. NW. Contacts: R.K. Morris, 202-463-5074.

9 a.m. - 4 p.m. U.S.-FRANCE-AFRICA _ The School of Advanced International Studies holds a conference on "The U.S., France and Africa: Competition or Complementarity?"' Location: Kenney Auditorium, 1740 Massachusetts Ave. NW. Contacts: Felissa Klubes, 202-663-5626.

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9 a.m. PENATON-IRAQ SECURITY _ Army Lt. Gen. Peter W. Chiarelli, commander of the Multinational Corps-Iraq, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579. Notes: Journalists without a Pentagon building pass will be picked up at the North Parking Entrance only. Plan to arrive no later than 45 minutes prior to the event; have proof of affiliation and two forms of photo identification. Please call 703-697-5131 for escort into the building.

9:30 a.m. - 1 p.m. CONGRESSIONAL BUDGET OFFICE _ The Fifth Annual Congressional Budget Office Director's Conference will be held, with a focus on "Budgeting and Accounting for Long-Term Obligations." The conference, hosted by CBO Acting Director Donald Marron, will feature a diverse panel of experts to discuss issues related to whether budget process measures and accounting methods are adequate to address long-term budgetary pressures, particularly as the demands on Social Security and Medicare grow over the coming decade. Panelists will include Stephen Goss, chief actuary, Social Security Administration, David Mosso, chairman, Federal Accounting Standards Advisory Board, former House Budget Committee Ranking Member Bill Frenzel, R-Minn., former CBO and Office of Management and Budget Director Alice Rivlin, former Deputy Assistant Treasury Secretary for Tax Analysis Eugene Steuerle, former Assistant Deputy Social Security Commissioner for Policy Paul Van de Water, Professor Alan Auerbach, University of California, Berkeley, Kevin Hassett, American Enterprise Institute, Peter Orszag, the Brookings Institution, Jagadeesh Gohkale the Cato institute, and Professor Howell Jackson, Harvard Law School. Location: Room 608, Dirksen Senate Office Building. Contacts: Melissa Merson, 202-226-2602. Notes: Space in the hearing room is limited. If you wish to attend, please contact the communications director for information.

10 a.m. AGRICULTURE _ Members of the National Farmers Union Rural Coalition hold a briefing on agriculture policy. Location: National Press Club. Contacts: Karrye Braxton, 202-291-9558.

10 a.m. ENERGY-JOBS _ New Mexico Gov. Bill Richardson, Apollo Alliance president Jerome Ringo and United Steel Workers president Leo Gerard hold a news conference to announce a plan to develop clean energy to create good jobs. Location: National Press Club. Contacts: Toby Chaudhuri, 978-884-8626. Notes: Space is limited. RSVP requested.

10 a.m. IRAQ-HUMAN RIGHTS _ Scheduled hearing before Chief U.S. District Court Judge Thomas Hogan in the case brought by the American Civil Liberties Union against then-Defense Secretary Rumsfeld regarding torture and abuse of detainees in U.S. military custody. Location: Courtroom 25A, U.S. District Court, 3rd St. and Constitution Ave. NW. Contacts: Paul Silva, 212-549-2689. Notes: ACLU attorneys will hold media availability in front of the courthouse following the hearing.

10 a.m. U.S. POLITICS _ The Brookings Institution holds a program on the political divide in the U.S., with David Brady of the Hoover Institution, William Galston of Brookings, Thomas Mann of Brookings, Morris Fiorina of Hoover Institution, Diana Mutz of the University of Pennsylvania, with keynote address by Rep. Tom Davis, R-Va. Location: Falk Auditorium, 1775 Massachusetts Ave. NW. Contacts: n/a, 202-797-6105.

11 a.m. MIDEAST _ Assistant Secretary of State David Welch holds an on-the-record briefing for foreign media only on the Mideast situation. Location: Foreign Press Center, National Press Building. Contacts: Mike Kiel, 202-504-6410.

11 a.m. RUMSFELD-TOWN HALL _ Secretary of Defense Donald H. Rumsfeld will hold a Town Hall meeting for Pentagon employees. Location: Pentagon Auditorium, Room BH650.

11:30 a.m. TEXTILE INDUSTRY _ U.S. textile industry trade associations will hold a telephone press conference to oppose the proposed trade package in this week's session of Congress. Organizers say this package includes legislation to reduce incentives to use U.S.-made yarns and fabrics in apparel assembled in Haiti and the African Growth and Opportunity Act (AGOA) countries. If passed, they says thousands of U.S. textile and apparel manufacturing workers are expected to lose their jobs. Contacts: Lloyd Wood, 202-452-0866. Notes: Phone Number: 800-377-8846. Passcode: 80968752.

11:30 a.m. TRADE BILL _ U.S. textile industry trade associations hold a telephone briefing to oppose the proposed trade package in Congress. Contacts: Lloyd Wood, 202-452-0866. Notes: Callin number: 800-377-8846; passcode: 80968752.

2 p.m. CLINTON-PRESIDENCY _ Judicial Watch holds a panel discussion on "Hillary and the Presidency: Ethics, Policy and 'Bill'" with Tom Fitton of Judicial Watch, Howard Phillips of the Conservative Caucus, others. Location: National Press Club. Contacts: n/a, 202-646-5188. Notes: Setup at 1 p.m. Mult box available.

3 p.m. - 4:30 p.m. BREYER-FRIED _ Georgetown University hosts a conversation, "On Liberty," with Stephen Breyer, Associate Justice, United States Supreme Court; and Charles Fried, Professor, Harvard Law School, and former Solicitor General of the United States. Location: Georgetown University Law Center, Hart Auditorium, McDonough Hall, 600 New Jersey Ave. NW. Contacts: Kara Tershel, 202-662-9500. Notes: Media should contact Kara Tershel at kat5law.georgetown.edu.

7 p.m. CABRAL _ U.S. Treasurer Anna Escobedo Cabral speaks on the economy, educational development and leadership to the National Society of Hispanic MBAs.

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Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: n/a, 202-622-2920.

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DEPARTMENT OF JUSTICE NEWS CLIPS

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 8, 2006 7:45 AM EST

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TERRORISM NEWS:

U.S. Prosecutors Move To Block Padilla's Questioning Of Pentagon (WP/AP)

The Washington Post, December 8, 2006

MIAMI, Dec. 7 -- Federal prosecutors asked a judge Thursday to prevent Jose Padilla's defense attorneys from questioning Defense Department officials or obtaining documents about his treatment during 3 1/2 years in military custody as an "enemy combatant."

Defense attorneys have issued subpoenas for at least four military officials, including a security officer and technical official at the Navy brig in Charleston, S.C., where Padilla was jailed. They have also subpoenaed Maj. Gen. D.D. Thiessen, commander of U.S. Marine forces in Japan, about treatment of other enemy combatants, according to court documents.

The subpoenas also seek records of "special procedures and communications" related to Padilla, as well as medical records and visitation logs.

Prosecutors said in a motion filed Thursday that the subpoenas are an improper "fishing expedition" because Padilla's allegations of mistreatment during his time in military custody have no bearing on the terrorism support case against him in Miami.

"These subpoenas seek information that has nothing to do with the offenses charged in the indictment, which predate Padilla's confinement and arise out of the defendants' support for groups committed to violent jihad," Assistant U.S. Attorney Russell Killinger and other prosecutors said in their motion.

Padilla's attorneys did not immediately respond to e-mail messages seeking comment.

Padilla, a 36-year-old U.S. citizen, is scheduled to stand trial Jan. 22 along with two others in the terrorism support case. He was added to that case late last year amid an intense legal battle over the extent of President Bush's wartime powers to detain U.S. citizens.

When Padilla was originally arrested in 2002, administration officials alleged that he was on an al-Qaeda mission to detonate a radioactive "dirty bomb" in a major U.S. city, but the Miami indictment does not mention those allegations.

Padilla's attorneys have asked U.S. District Judge Marcia Cooke to dismiss the case against Padilla because of what they allege is "outrageous government conduct," including torture, during his years at the Navy brig. They allege Padilla was abused so severely it has hurt his ability to aid in his own defense, but Pentagon officials and prosecutors assert that Padilla was treated humanely.

Last week, Padilla's lawyers sought to buttress their case by filing with the court still video images showing Padilla being led out of his cell in blacked-out goggles, noise-muffling headphones and chains. Padilla also alleges he was hooded and forced to stand in stress positions, subjected to bright lights and total darkness, given mind-altering drugs, and made to endure sleep deprivation.

Prosecutors have urged Cooke not to consider those allegations or schedule a hearing on them.

New York Judge: Terror Defendants' Pre-trial Prison Solitary OK (AP)

By Larry Neumeister, Associated Press Writer

AP, December 8, 2006

NEW YORK -- A judge on Thursday refused to order a terrorism suspect _ a jazz musician who also is a martial arts expert _ moved out of solitary confinement after prosecutors claimed he was so dangerous he suggested using prayer beads as a strangulation tool.

U.S. District Judge Loretta A. Preska denied the request by lawyers for Tarik Shah and his co-defendants that they be moved from special housing in the Metropolitan Correctional Center in lower Manhattan that leaves them isolated while they await trial.

DOJ_NMG_0103722

She said the government had offered tape recordings to support that Shah was an accomplished martial arts practitioner who had tried to recruit others to join al-Qaida and that he had offered to train them.

She said some evidence indicated that "his prayer beads have been or in the past were fashioned as a strangulation device" and noted that the Bureau of Prisons had a duty to protect other inmates.

The judge ruled from the bench after listening to oral arguments on a subject that had been debated in court papers for months.

Shah, of New York, Dr. Rafiq Abdus Sabir, of Boca Raton, Fla., Abdulrahman Farhane, a Brooklyn bookstore owner, and Mahmud Faruq Brent, of Gwynn Oak, Md., are awaiting trial on charges that they conspired to help a terrorist organization.

They each could face up to 30 years in prison if convicted. They have pleaded not guilty.

A lawyer for Shah, Renita K. Thukral, asked the judge to order the Bureau of Prisons to permit her client to be released from solitary confinement or to give sufficient reasons why the confinement was necessary.

In court papers, the government said trial evidence will prove Shah is a martial arts expert and trainer who has studied extensively in jujitsu, which he has described in a government-recorded conversation as the Japanese art of hand-to-hand combat and knife and stick fighting.

Assistant U.S. Attorney Jennifer Rodgers wrote that Shah had offered to help train al-Qaida operatives for hand-to-hand combat and in the use of weapons, including swords and machetes, and had shown an undercover agent how he had fixed his prayer beads to be used as a weapon.

She said he had looked at a warehouse facility where he could conduct martial arts training locally, had expressed willingness to go overseas to train fighters and had discussed his desire to obtain training in explosives, firearms and hand grenades.

She said evidence against him included proof that he and Sabir were kicked out of a mosque for attempting to teach urban warfare to interested Muslims and proof that Shah had pledged his allegiance to al-Qaida and Osama bin Laden with a person he believed was an al-Qaida recruiter.

In a declaration to the court signed Tuesday, Shah said he had been held in solitary confinement since the day after his May 28, 2005, arrest. He said strict rules requiring his handlers to videotape his conversations have prevented him from exercising his attorney-client privilege.

He said his isolation has blocked him from practicing his faith or receiving proper medical care and had left him in "inhumane conditions," unable to access the library, educational programs, religious services, family visits, outdoor recreation or news publications.

In another document in the court record, Shah writes: "I am an American with well over 10 generations of family who were also American, so why is it that I cannot get a meaningful and impartial review of my status?"

In a document he wrote nearly a year ago, Shah asked for contact visits with family members, saying non-contact visits "are torture!"

"The only time that I am touched is for a movement from my cell to some designated area, being cuffed and sometimes fully shackled with leg irons," he said. "This isolation is inhumane and has caused me a great deal of stress and mental anguish."

He accused the prison staff of having "condemned and convicted me."

Guantanamo Detainees Going To New Prison (AP)

By Michael Melia

AP, December 8, 2006

The U.S. military transferred the first group of detainees on Thursday to a new maximum-security prison at Guantanamo Bay designed to restrict contact among the prisoners and prevent attacks on guards.

More than 40 detainees were brought to the $37 million prison perched on a plateau overlooking the Caribbean Sea from another maximum-security facility at the U.S. naval base in eastern Cuba, said Navy Cmdr. Robert Durand.

The 178-cell prison, constructed beside another maximum-security prison built in 2004, will allow the base to phase out an older facility, Durand said.

DOJ_NMG_0103723

U.N. human rights investigators and foreign governments have called on the United States to close the entire detention center because of widespread allegations of abuse of detainees by guards. The United States labels Guantanamo detainees "enemy combatants," which accords them fewer rights than other prisoners.

About 430 men are currently held at Guantanamo on suspicion of links to al-Qaida or the Taliban, including about 100 who have been cleared for release and are awaiting transfer to another country. Fewer than a dozen inmates have been charged with crimes.

The new prison was originally designed as a medium-security facility. But the military made several modifications, citing concerns raised by three suicides in June and a clash in May between guards and detainees armed with makeshift weapons.

It is now one of two facilities reserved for prisoners who are least compliant — an assessment the military says it bases on detainees' adherence to base rules rather than their cooperation with interrogators.

Detainees will be confined in individual cells with long, narrow windows overlooking areas with metal tables and stools that were meant to be shared spaces but will now be off-limits.

An open-air recreation area has been divided into smaller spaces, which will hold only one detainee at a time. Shower doors were redesigned to allow guards to shackle prisoners' hands and feet before they leave the stalls, and fencing was installed on second-tier catwalks to prevent detainees from jumping over the sides.

The new prison also has air conditioning, an onsite medical center and two rooms that will allow detainees to meet privately with their lawyers, Durand said.

Air conditioning has not been available at all the camps despite sweltering tropical heat. But the military is now installing it some prisons after detainees used broken fan blades as weapons in the melee in May.

U.S. Navy Cmdr. Kris Winter said the modifications will help make guards safer. In the last year and a half, the military has recorded more than 430 incidents in which detainees have thrown "cocktails" of bodily excretions at guards, as well as 225 physical assaults.

"As a commander, I don't like my folks being in danger every day," Winter said this week while leading journalists on a tour of the prison.

Guantanamo officials said the inability of the detainees to communicate with one another will also improve safety. Officials have said the May 18 ambush inside another facility on the base resulted from a plot hatched by detainees as word spread that guards were searching cells for contraband medication following two suicide attempts.

A defense attorney said the melee was sparked when guards tried to search prisoners' Qurans.

Navy Rear Adm. Harry Harris, commander of the jail, has also described June 10 suicides at a minimum-security facility at the base as a coordinated protest. Lawyers and human rights activists called the suicides an act of desperation.

Suit By Iraqis And Afghans Claims Rumsfeld Ordered Torture (CSM)

By Warren Richey

The Christian Science Monitor, December 8, 2006

WASHINGTON

As Donald Rumsfeld prepares to leave his job as secretary of Defense, the American Civil Liberties Union (ACLU) is seeking to hold him responsible for what it says was widespread torture carried out at his direction. [Editor's Note: The original version was changed because the American Civil Liberties Union says its civil suit is not intended to prove a war crime.]

Lawyers representing Mr. Rumsfeld and three US Army commanders are set to appear in federal court here Friday in response to a lawsuit charging that the Defense secretary authorized torture and other illegal abuse of military detainees in Afghanistan and Iraq - including at the infamous Abu Ghraib prison.

The case is important because it represents an attempt to hold US officials accountable for alleged illegal abuse of Iraqi and Afghan civilians who were never detained as enemy combatants or charged with any crime. But some legal analysts say the suit may be aimed more at shaping public opinion than winning in court because such cases are difficult to pursue.

The Justice Department lawyers representing Rumsfeld have not responded directly to the torture charges. Instead, they are asking Chief US District Court Judge Thomas Hogan to throw the suit out because Rumsfeld is entitled to immunity from

lawsuits challenging his official actions as Defense secretary. Chief Judge Hogan has scheduled two hours of argument on the dismissal request.

The five Iraqi citizens and four Afghan citizens identified in the suit claim that they were subject to beatings, cutting with knives, sexual humiliation, confinement in a wooden box, sleep deprivation, mock executions, and stress positions, the suit says.

"The secretary of Defense personally issued orders and authorized illegal interrogation techniques and caused torture," says ACLU lawyer Lucas Guttentag. "[Rumsfeld] was directly and personally involved."

Mr. Guttentag says that Rumsfeld also "failed to take the required actions to stop abuse in the face of overwhelming uncontroverted evidence that he received and was aware of."

The Defense secretary had been notified of the abuses via Red Cross reports, human rights organization reports, military internal reports, and FBI reports, according to documents obtained by the ACLU under the Freedom of Information Act, Guttentag says.

In addition to Rumsfeld, the suit names Lt. Gen. Ricardo Sanchez, commander of coalition forces in Iraq in 2003 and 2004, Col. Janis Karpinski, commander of the military unit that ran detention facilities in Iraq, and Col. Thomas Pappas, commander of the military unit that gathered intelligence in Iraq.

The civil suit was filed by lawyers with the ACLU and Human Rights First. It says Rumsfeld and the officers violated constitutional protections, international law, and the Geneva Conventions. The suit seeks compensatory damages and a judicial declaration that the legal rights of the detainees were violated under the Constitution, the Geneva accords, and other international law.

Government lawyers counter that Iraqi and Afghan citizens do not enjoy rights under the US Constitution or the Geneva Conventions to sue senior US officials for official actions taken overseas.

"I think it is a very uphill battle for the litigants here. I don't think this case is going to go very far," says Scott Silliman, a Duke University law professor and director of the Center on Law, Ethics and National Security.

"When you are dealing with the secretary of Defense what you have got to do is show that he was so far outside the scope of his duties as to be culpable," Professor Silliman says. "That is a hard standard to meet."

What makes it a particularly hard standard, Silliman and other legal analysts say, is that Rumsfeld was authorizing new interrogation techniques at the same time Justice Department lawyers were issuing legal memos justifying harsh, coercive interrogation tactics.

To prevail, ACLU lawyers must show that Rumsfeld knew what the law required and intentionally ignored those clearly established requirements. Short of that, Rumsfeld is entitled to immunity, says Richard Samp, a national security and constitutional law expert at the Washington Legal Foundation. "I've seen no document that says 'I hereby command you to inflict the following torture on individuals.' "

Others say immunity is not warranted in Rumsfeld's case. "Accountability, not immunity, for the conduct of military personnel within defendants' command is fundamental to military law, discipline and the law of war," writes Sidney Rosdeitcher in a friend-of-the-court brief filed on behalf of a group of military law experts.

Although allegations in the suit are the equivalent of war crimes, it is a civil case, not a criminal one. Only the US government is empowered to prosecute war crimes in criminal court or before a military court. Various commissions identified command-level problems as contributing to interrogation abuses, but government prosecution has focused on punishing "rogue individuals."

Australia PM Presses US On Guantanamo Bay Detainee (AP)

AP, December 8, 2006

CANBERRA (AP)--Prime Minister John Howard said Friday he was unhappy that an Australian terror suspect remained in U.S. custody at Guantanamo Bay in Cuba without charges.

But Howard said he was hopeful that David Hicks, an alleged Taliban fighter who was taken prisoner by the Northern Alliance in Afghanistan five years ago, will be charged by the Pentagon early next year.

DOJ_NMG_0103725

Hicks, 31, had pleaded not guilty to charges of attempted murder, conspiracy to commit war crimes and aiding the enemy and had faced a preliminary hearing before a U.S. military commission.

But those charges were withdrawn when the U.S. Supreme Court ruled the military commissions were illegal in June. Congress has since passed laws to overhaul the military commission system.

On the eve of Hicks' fifth anniversary in custody, Howard said Friday his defense and foreign ministers would raise the delay with their U.S. counterparts when they attend annual bilateral ministerial talks in Washington next week.

"I'm not happy about it having taken so long and we are on a very regular basis pressing the Americans for a commitment that he be formally charged under the new military commission," Howard told Southern Cross Radio in Melbourne.

Howard said he pressed the issue with U.S. President George W. Bush when they attended an Asia-Pacific leaders forum in Vietnam last month and Attorney General Philip Ruddock raised Hicks again with U.S. Attorney General Alberto Gonzales this week.

More than 200 judges, lawyers and their supporters gathered in Melbourne's court precinct Friday to demonstrate against Hicks' detention.

"I don't think there's been a period since the 1950s and the McCarthyist era when we've seen such a sustained attack and disdain on fundamental notions of justice," lawyer and former state attorney general Jim Kennan told the protesters, referring to Communist-hunting former U.S. Senator Joseph McCarthy.

Terror Attacks Feared In Philippines (AP)

By Jim Gomez

AP, December 8, 2006

The U.S., Britain and Australia warned Thursday that terrorists may be plotting attacks in the central Philippines, the site of next week's summit of Asian leaders.

Australian and British officials used identical language in separate advisories, saying they believed "terrorists are in the final stages of planning attacks."

All three countries warned their citizens to avoid travel to Cebu province, a tourism and industrial hub 350 miles southeast of the capital, Manila. Australia upgraded its warning for Cebu to the highest level.

"We continue to receive reports that terrorist groups are planning further attacks and believe that they have the capacity and the intent to carry out attacks at any time and anywhere in the country," the British advisory said.

Leaders of the 10-member Association of Southeast Asian Nations will hold their annual summit Dec. 11-13 in Cebu along with heads of state from six other nations, including Chinese Premier Wen Jiabao and Japanese Prime Minister Shinzo Abe.

Philippine security officials said they have not discovered any specific terror threats against the summit, but that they could not discount them.

"We have received information, but these are not validated threats," military spokesman Lt. Col. Bartolome Bacarro said.

"We are not discounting the possibility that some ... threat groups would take advantage of the ASEAN summit," he said, adding that security forces were prepared and "all contingencies have been taken into consideration."

A confidential government threat assessment report, seen by The Associated Press, cited several groups that could pose a threat to the summit, including Jemaah Islamiyah, the Indonesian-based group accused of carrying out the 2002 nightclub bombings that killed 202 people in Bali.

It also cited two Philippine groups — the Muslim separatist Moro Islamic Liberation Front and al-Qaida linked Abu Sayyaf, blamed for a 2004 ferry bombing that killed 116 people near Manila.

The report said intelligence agencies have not monitored any specific plots against the ASEAN events by al-Qaida-linked groups, but added such possibilities were not far-fetched. Philippine officials said more than 10,000 troops and police were securing Cebu venues.

The U.S., British and Australian embassies said civilians in public places, including those frequented by foreigners, were potential targets. The U.S. Embassy warned Americans in Cebu "to re-assess their personal security and to keep a low profile."

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The government's confidential report said a small group of Christian converts to Islam, the Rajah Solaiman Movement, may be planning to attack two financial districts in Manila, but the report did not say if that was linked to an effort to disrupt the summit.

Reacting to the British advisory, Chief Superintendant Silverio Alarcio, the regional police chief, said he did not know the basis for it but said security forces were prepared to deal with any plot.

In addition to Islamic militants, communist guerrillas could launch attacks against poorly guarded police stations and telecommunication towers to try to project an image of mayhem, he said.

Police have stepped up security in Cebu with random road checkpoints and car searches. Authorities have banned civilians from carrying guns in summit venues and restricted flights over the sites.

Philippine navy SEALs aboard speedboats have been checking coastal areas and a river, where anti-government protesters were planning a boat parade.

Terror Suspects Expelled From Egypt (AP)

By Nadia Abou El-magd

AP, December 8, 2006

Authorities expelled two Belgians and eight French terrorist suspects Thursday, but an American and another French citizen remained in Egyptian custody, officials said.

The 12, along with an unknown number of Egyptians and Arabs from other countries, were arrested late last month for allegedly belonging to an Islamist terror cell plotting attacks.

The two Belgians and eight French suspects left Cairo International Airport amid tight security on a charter flight for Brussels, an airport official said. The official spoke on condition of anonymity because he was not authorized to speak to the media.

The chartered plane flew first to Luxor, southern Egypt, where it picked up a group of tourists and then headed to Belgium, the official said. It was not immediately clear why the authorities chose to put the 10 suspects on a plane carrying tourists.

French Foreign Ministry spokesman Jean-Baptiste Mattei said his embassy in Cairo had told him of the expulsions and that the eight French suspects would be sent to France. Earlier this week that French officials had been allowed to visit the suspects while in Egypt's custody, he said.

There was no immediate word from Belgian officials on the expulsions, which come after Egyptian President Hosni Mubarak left Wednesday for a five-day trip to Europe.

Authorities have not provided details about the American, the remaining French citizen, the Egyptians and other Arabs still in custody in Egypt, and they have not released their identities.

The U.S. Embassy said it had not had consulate access to the American.

Earlier this week, the State Department criticized Egypt for refusing to grant U.S. officials timely access to the arrested American. Egyptian authorities told U.S. officials that no access will be granted until the investigation is completed, a state department spokesman said.

The Interior Minister said the suspects were allegedly living in Egypt under the guise of studying Arabic and had formed a militant cell that was plotting attacks.

Security officials said the suspects had a relationship with Omar Abdullah Hamra, the leader of the Islamic militant group Tawhid and Jihad, who killed himself by detonating an explosives belt while trying to cross into Lebanon from Syria. The officials spoke on condition of anonymity because of the sensitivity of the issue.

Egypt has seen a series of suicide attacks in recent years at Sinai Peninsula tourist resorts.

The country operates under emergency laws that give the government wide powers to detain suspects without charging them. The laws have been in place since the assassination of President Anwar Sadat in 1981, despite a growing chorus of opposition from both inside and outside the country.

Jordanian Court Convicts 4 Of Terrorism (AP)

By Shafika Mattar

DOJ_NMG_0103727

AP, December 8, 2006

A Jordanian military court convicted three Syrians and one Iraqi Thursday and sentenced them to death for firing rockets at two U.S. warships in August 2005.

One of the Syrians, Mohammed Hassan Abdullah al-Sihly, is in police custody, but the other two Syrians, Abdul-Rahman al-Sihly and Abdullah al-Sihly, and the Iraqi, Amar al-Samera'i, remain at large and were tried in absentia.

The court acquitted Mohammed al-Sihly's three sons, who also were in police custody, and sentenced five others to various jail terms ranging from two to 10 years.

The rockets missed, but the Aqaba Bay incident was the most serious attack on the U.S. Navy since the 2000 bombing in Yemen of the destroyer USS Cole, which killed 17 sailors.

Fired from a warehouse on the outskirts of the Red Sea resort of Aqaba, one rocket landed outside a Jordanian military hospital on the far side of the bay and killed a Jordanian soldier. Another fell across the border in Israel. It did not explode, but slightly wounded an Israeli taxi driver.

HOMELAND RESPONSE:

Pakistani Student At HCC Charged In Taliban Plot (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, December 8, 2006

FBI agent links 4-man conspiracy to a 2005 camping trip to Willis

A Pakistani student living in southwest Houston was taken into custody last week because of what he did and overheard on a weekend camping trip in Willis last year, an FBI agent said Thursday.

But Shiraz Syed Qazi's relatives, who also have another family member charged on suspicion of supporting the Taliban, said they were misled about the circumstances under which investigators obtained information from Qazi.

Qazi, 25, has pleaded not guilty to a charge of possession of a firearm by an alien. His cousin, Adnan Mirza, and Kobie Williams are charged with conspiracy in what prosecutors say was a plan to aid the Taliban by training to engage coalition forces overseas. Williams has pleaded guilty.

Syed Maaz Shah, 19, a student at the University of Texas at Dallas, also was charged with possession of a firearm by an alien. All four men are Muslims.

U.S. Magistrate Judge Frances Stacy denied bail Thursday, pending Qazi's scheduled Feb. 5 trial. Assistant U.S. Attorney Shelley Hicks argued against bail, saying Qazi was "with someone who has admitted to being a jihadist."

Federal public defender Brent Newton said the three dozen relatives and supporters who attended Thursday's hearing, some willing to post bail, proved that Qazi should be released while awaiting trial.

A July 2005 camping trip in Willis, north of Conroe, was part of the conspiracy, FBI Special Agent Jamaal King testified. Agents used Qazi's acknowledgment that "he overheard statements over that weekend" to help connect him to the terrorist plot, King said.

Qazi's older brother, Izzat Qazi, said FBI agents misled the family the night Qazi was arrested at his condo in the 9700 block of Richmond. He said the agent assured them that Qazi would not be interrogated, "just asked booking questions."

The brother said he believes that interview was conducted illegally, without an attorney present. He added that Qazi, a student at Houston Community College, would not have taken part in illegal acts.

Prosecutors have produced photos showing the four men on the weekend outing, which authorities say involved paramilitary training.

On Thursday, Hicks showed King four photographs. Two show Qazi holding an AR-15 rifle, one shows Qazi and Williams together and the fourth photo shows two targets with bullet holes, King testified.

Qazi's wife, who is three months pregnant, attended the hearing.

Newton told the judge Qazi has had difficulty contacting him while in solitary confinement. Hicks replied that solitary confinement is the policy for suspects awaiting trial on terrorism charges.

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If convicted, Qazi faces up to 10 years in prison, a $250,000 fine and deportation.

Mirza, 29, a Houston Community College student, faces three weapons counts in addition to the conspiracy charge.

Williams, 33, also known as Abdul Kabeer and Abdul Kabir, is scheduled for sentencing in February.

Plan For Mosque Roils Houston Suburb (AP)

By Rasha Madkour

AP, December 8, 2006

KATY, TEXAS - A plan to build a mosque in this Houston suburb has triggered a neighborhood dispute, with community members warning the place will become a terrorist hotbed and one man threatening to hold pig races on Fridays just to offend the Muslims.

Many residents claim they have nothing against Muslims and are more concerned about property values and traffic.

But one resident has set up an anti-Islamic website with a counter that keeps track of terrorist attacks since Sept. 11. A committee has formed to buy another property and offer to trade it for the Muslims' land.

"The neighbors have created havoc for us, and we didn't expect that," said engineer Kamel Fotouh, president of the 500-member Katy Islamic Association.

He vowed to press ahead with plans for a mosque on the 11-acre site, as well as a community center that would offer after-school activities, housing for senior citizens, a fitness center and an Islamic school.

Katy, population 13,000, is a mix of middle-class bedroom-community neighborhoods and small farms on Houston's western edge and boasts of being the hometown of Oscar-winning actress Renee Zellweger. It is 70 percent white and 24 percent Hispanic.

The Houston metropolitan area has about 170,000 Muslims, said the Islamic Society of Greater Houston, and among their many mosques is one built in Houston by former NBA star Hakeem Olajuwon.

The Islamic association bought the land in Katy in September for $1.1 million. The dispute began when the group asked next-door neighbor Craig Baker to remove his cattle from their land. Baker agreed but mistakenly thought the Muslims also wanted him off the land that his family has lived on for more than 100 years. The rumor spread.

Baker said he got so mad he put up a sign about the pig races on the Muslim holy day. (But the offense missed its mark, Fotouh said. He said Muslims do not hate pigs, they just don't eat them.)

As for the website, the address is virtually identical to that of the Katy Islamic Association. The site claims the neighbors will have to hear the Muslim call to prayer from the minaret five times a day -- the Islamic group denies that. It also provides home addresses of some association members and advises people who see anything suspicious to contact the FBI. Many people have sent anti-Islamic e-mails to the site.

The reaction has not been all negative. Fotouh said one man came to the mosque and apologized for his neighbors. "He moved me, really," Fotouh said. "The sense of fairness, the sense of standing by the underdog."

U.S.-Bound Cargo To Be Screened At Six Ports (WP)

By Spencer S. Hsu

Washington Post, December 8, 2006

U.S.-bound cargo will be scanned for nuclear and radiological material at six foreign ports starting in February under a pact with host governments announced by U.S. officials yesterday, including a port operated by an Arab-owned company that ignited a political storm in Congress.

The Homeland Security and Energy departments next year will begin scanning all U.S.-bound containers at Puerto Cortes, Honduras; Qasim, Pakistan; and Southampton, England, officials said.

Limited scanning will also be done at Salalah, Oman; Singapore; and Busan, Korea, on a trial basis. The program will cover more than 7 percent of 11 million containers annually shipped to the United States.

The Southampton facility is operated by Dubai Ports World, the United Arab Emirates company whose purchase of U.S. port operations was approved by the Bush administration, but which the company was pressured earlier this year to spin off by Congress because of security concerns over foreign ownership.

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The company also has operations elsewhere at the Qasim and Busan port complexes, U.S. officials said.

In this case, Congress ordered the container-scanning program, Homeland Security Secretary Michael Chertoff said.

"If you want to do security overseas," Chertoff said, "you got to work with foreign governments and foreign companies, because they own the ports."

Congress passed legislation in September ordering pilot scanning at three overseas ports. U.S. officials will decide what containers to load or inspect. The host nation -- in Southampton's case, Britain -- exercises authority to inspect.

Democrats have called for screening of 100 percent of cargo at its point of departure.

"I don't think it's possible, for example, to reasonably say 100 percent," Chertoff said, in announcing $60 million to phase in the Secure Freight Initiative. "But if we could do 30 percent at some point, and then 70 percent here in the United States, that would still be a significant step forward."

U.S. To Expand Cargo Scans To Detect Nuclear Material (NYT)

By Eric Lipton

New York Times, December 8, 2006

WASHINGTON, Dec. 7 — All cargo sent by container ships to the United States from three ports — in Pakistan, Honduras and Southampton, England — will be scanned for hidden nuclear weapons or components starting next year under a federal antiterrorist program that some in Congress want to see mandated worldwide.

The program, called the Secure Freight Initiative, will require United States-bound containers before departure to pass through both a radiation detection machine and an X-ray device, a combination intended to find bomb-making materials that have intentionally been shielded.

It will cost a total of $60 million to set up the system in Pakistan, Honduras and Southampton, as well to begin scanning at least some United States-bound traffic from Korea, Singapore and Oman, officials said. The cost will be split by the Departments of Homeland Security and Energy, they said.

“There’s no weapon of mass destruction that is more formidable than a nuclear or a dirty bomb,” Homeland Security Secretary Michael Chertoff said Thursday in announcing the plan.

Yet even as officials introduced the new effort, some antiterrorism experts were openly asking if it made sense. Some noted that the screening would take place only on container ships, not on ships that carry millions of tons of other cargo, including cars, fuel or goods placed on pallets.

The equipment to be used — while better than no screening at all — is prone to triggering false alarms and is unable to see through many items that might be inside a container, including frozen food.

And if the equipment is installed in only a small number of ports, terrorists could simply choose to send a bomb by container from somewhere else, they said.

“The good news is we will only waste $60 million,” said James Jay Carafano, a senior fellow at the Heritage Foundation in Washington.

Mr. Chertoff and other department officials acknowledged that they did not know how well the system would work, or whether it would cause unacceptable bottlenecks.

The radiation scan and X-ray image of each container will be transmitted electronically to the United States or to customs officials elsewhere, who will then be able to ask foreign officials at the ports to do more comprehensive searches.

“When in doubt, we pull it out and then we open it up and look at it,” Mr. Chertoff said.

But officials said that not all of the X-ray images would be checked — meaning that a shielded bomb could still get through.

Already at about 50 ports worldwide, at the request of the United States, governments are doing limited checks of suspicious containers before they are loaded onto ships bound for the United States. Also, as containers arrive in the United States, about 80 percent of them are screened for radioactive substances once they are off-loaded. But this will be the first time, at the request of the United States government, that all cargo headed to the United State is sent through both an X-ray machine and a radiation detection monitor.

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Democrats in Congress want to mandate that all cargo be screened for radioactive material overseas before departing. Ultimately, Congress ordered that the program be tested at a small number of ports.

Homeland Security Department officials said they wanted to expand the program beyond the six ports, eventually covering about 30 percent of United States-bound cargo, compared with the approximately 7 percent that will now be screened. But Mr. Chertoff said he did not think it was realistic to mandate it globally. "If somebody says you have to make it 100 percent, and the foreign county does not agree, that is not a mandate that can be carried out," he said.

Senator Charles E. Schumer, Democrat of New York, one of the leaders of the effort to impose the multipart screening, said that Democrats would probably give the Homeland Security Department some time to see how this test worked.

"The jury is out if this is a real turnaround," he said.

U.S. To Check For Radiation In 6 Ports Overseas (AP)

By Devlin Barrett

AP, December 8, 2006

WASHINGTON – U.S.-bound cargo at six overseas ports will be screened for nuclear and radiological material in an expanded effort to prevent terrorist bombs from entering American waters, federal officials said Thursday.

The Homeland Security Department said it would scan all containers bound for the United States in the ports of Qasim, Pakistan; Puerto Cortes, Honduras; and Southampton, England.

Radiological scanning will also be done at Port Salaleh in Oman, the Port of Singapore, and the Gamman Terminal at Port Busan in Korea, though not every container will be screened, officials said. Officials said the examinations would begin early next year at all six ports.

When fully operational, the program will screen about 8 percent of the 11 million cargo containers that reach U.S. shores each year.

The Southampton facility is operated by Dubai Ports World, the same company whose planned purchase of U.S. port operations caused an uproar earlier this year. One of the chief opponents of that deal said the company had undergone closer scrutiny this time.

Homeland Security Secretary Michael Chertoff called the effort part of a strategy to "secure the global supply chain and cut off any possibility of exploitation by terrorists."

The program was created by Congress in September, but the agency said it was going beyond the legislation's requirement of screening in three foreign ports.

The Homeland Security and Energy departments will split the nearly $60 million cost of the detection equipment, ranging from large portals to handheld scanners.

The screening will be done by local port officials, but data from the sensors will be given instantly to U.S. Customs and Border Protection officers working in the overseas ports.

Sen. Charles Schumer, D-N.Y., whose amendment to ports legislation created the program, said he wants the program to grow to further ports.

"It makes sense to focus this program on the ports that present the greatest risks, and we'll continue to fight to expand this program to ports around the world," Schumer said.

As for the agreement with Dubai Ports World, Schumer said "they have undergone significant scrutiny to join this program, unlike what we experienced in the first episode."

Six Foreign Ports To Scan Cargo For Nuclear Devices (GovExec/TD)

By Chris Strohm

Government Executive/Technology Daily, December 7, 2006

The Energy and Homeland Security departments on Thursday announced that new cargo-detection equipment will be installed at six foreign seaports to scan U.S.-bound containers for weapons of mass destruction. The goal is to meet, and even exceed, congressional requirements.

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Under the Secure Freight Initiative, detection equipment will be installed at Puerto Cortes in Honduras, Port Qasim in Pakistan, and Southampton in the United Kingdom. All U.S.-bound cargo originating from those ports will be scanned by a radiation-detection system and X-ray machine, and have their identification numbers read by an optical character reader.

Homeland Security Secretary Michael Chertoff said doing so will meet a mandate from Congress in a port security bill cleared two months ago. It requires that all U.S.-bound cargo at three foreign ports be scanned.

"Our highest priority and greatest sense of urgency has to be aimed at preventing a nuclear weapon or dirty-bomb attack against the homeland," Chertoff said. "This initiative advances a comprehensive strategy to secure the global supply chain and cut off any possibility of exploitation by terrorists." A dirty bomb is a small, nontraditional nuclear device.

Chertoff said the department would go beyond the congressional mandate by also installing radiation detection and X-ray scanners at three other ports: the Gamman Terminal at Port Busan in South Korea, Port Salalah in Oman, and the Port of Singapore. Only a portion of containers at those three ports will be run through some screening lanes equipped with the technology.

The new detection equipment will become operational at the ports in Honduras and Pakistan in February, followed by Southhampton in June or July. Equipment will be deployed to the remaining three ports late in 2007.

Chertoff said the data on each container will be sent electronically to U.S. Customs and Border Protection officials, who will decide whether it needs to be inspected further. "We will not outsource our security," he said. "In the end, the go-no decision rests with our guys sitting in a CBP office."

Local law enforcement at each port would be responsible for doing further inspections. The two departments plan to spend $60 million for deploying the equipment to the six ports.

Once the scanning equipment is deployed at all six ports, a total of 7 percent of all U.S.-bound cargo will be scanned for weapons of mass destruction, Chertoff said.

Some Democrats in Congress have supported a mandate that would require Homeland Security to ensure that all U.S.-bound cargo is scanned for weapons of mass destruction within five years. Chertoff said meeting any such mandate would require reaching agreements with foreign governments.

"It's going to take foreign governments to agree to this," he said. "I certainly don't want to have the United States appear to be bullies."

It was not immediately clear how the Energy and Homeland Security departments would select which companies provide technology under the initiative.

Diversity Of Opinion On Imams' Dispute With Airline (WP)

By Kari Lydersen

The Washington Post, December 8, 2006

MINNEAPOLIS, Dec. 7 -- For years, the Minneapolis-St. Paul area has been known for its liberalism and tolerance, especially when it comes to religion. Many Muslims, including the largest population of Somalis outside of Mogadishu, make their home in the Twin Cities. The area just elected the nation's first Muslim congressman, Keith Ellison (D).

"We are well known for acceptance at a period in time when much of America feels like an unwelcome place" for Muslims, said Minneapolis Mayor R.T. Rybak. "This is a place where Muslims are succeeding and thriving in leadership positions."

So, last month's removal of six imams from a Phoenix-bound US Airways flight at the Minneapolis-St. Paul International Airport has prompted hand-wringing, finger-pointing, calls for greater sensitivity to religious diversity and more communication between non-Muslims and Muslims.

Police and airline officials say the imams, who attended a national conference of Muslim clerics, were removed after exhibiting suspicious behavior, including uttering anti-American statements, changing their seat assignments so that they would be scattered around the airplane and asking for seat-belt extenders, which could be used as weapons. Valerie Wunder, a spokeswoman for US Airways, said yesterday that the airline has completed its investigation of the incident and has concluded that the flight crew was justified in its actions.

But the imams say the behavior in question was merely quiet prayers before boarding the flight.

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Local Muslims of various ethnicities are united in their anger over the imams' treatment. The Metropolitan Airports Commission met last week with local imams who are calling for a prayer room to be created at the airport, where many Somali Muslims are employed.

"They say there is freedom of speech and freedom of religion here," said Mahammed Osman, 35, a vendor at the Karmel Square Somali Mall in Minneapolis. "I'm a Muslim, but I respect other religions. Christian people pray everywhere, like in the Mall of America, and no one says anything."

Many non-Muslim residents agree that Muslims should be able to practice their religion. But many also think that the imams should have been more discreet and sensitive to fears about terrorism.

"It seemed like they were trying to make a point rather than exercise their religious freedom," said Erika Smith, 40, a Minneapolis scientist with General Mills Inc. "They did it in a way that was insensitive to people in the airport."

"I think they staged it," Jerry Church, 43, a computer programmer from Gainesville, Fla., said at the airport on Saturday. "It seems like they wanted to create a ruckus to make a point."

Smith said the airport should provide a place where Muslims can pray.

Ellison, who has created a controversy of his own by pledging to use the Koran for his swearing-in ceremony, has called for a meeting with representatives of US Airways and the airport commission; it is being set up, according to his campaign manager, Dave Colling.

Metropolitan Airports Commission spokesman Patrick Hogan said that, while the commission has no say in a pilot's decision to take someone off a plane, the commission is supportive of Muslims' right to pray in the airport. Officials said they are considering a "meditation room" where people of various faiths can pray, and they will visit a mosque at the request of local imams.

"Muslims fly through this airport all the time, and we don't have incidents of this kind," Hogan said. "I have Muslims asking me where they can pray in the airport, and I direct them to a quiet place and tell them which way is east."

But Sumbal Mahmud, a Minneapolis lawyer and spokeswoman for the Islamic Center of Minnesota, thinks local residents still have a lot to learn about Muslims. She is concerned that passengers felt threatened by the imams' alleged repetition of the word "Allah," he said.

"There are words like 'Inshallah' -- God willing -- or 'Mashallah' that come out of my mouth all the time," she said. "How uneducated are people that they can't differentiate prayer from nefarious activity? This really could have been my brother or dad -- anyone with a beard who looks brown or Arab."

Omar Shahin, one of the imams removed from the plane, said they were not praying loudly. He thinks US Airways and the media have been misrepresenting the incident. "The rumor that we were chanting Allah, making anti-American comments -- this never happened," Shahin said. "We teach at universities, we are Americans, we live in this country and love this country. Everybody who knows me knows I am the first one to do fundraising for the victims of 9/11, Katrina, the tsunami. This broke my heart."

Nihad Awad, executive director of the Council on American-Islamic Relations, is angry that false rumors were circulated, including that the imams had one-way tickets and paid in cash. The group has called for an investigation and is considering a lawsuit, Awad said.

"We believe these allegations have been aired to justify the actions of US Airways," he said. "We believe it's shameful to smear them after subjecting them to this treatment," he added, referring to the imams.

TSA May Let Non-fliers Go To Gates (USAT)

By Thomas Frank

USA Today, December 8, 2006

The Transportation Security Administration is testing whether it can ease a post-9/11 policy that bars people from meeting relatives and friends at airports as they come off flights.

A test program at Dallas/Fort Worth and Detroit airports could pave the way for other airports to allow non-travelers through checkpoints to meet passengers or shop at stores and restaurants.

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"There are a lot of airports that would like people without boarding passes to have access to concessions," said Michael Conway, a spokesman for Detroit Metro Airport, which starts its test next week. Dallas' test started last week.

The TSA began requiring boarding passes at checkpoints after it took over airport security in 2002 — largely to reduce the number of people getting screened and ease lines, said Steve Martin of the Airports Council International.

Letting non-travelers back in security lines "adds to the congestion and the difficulty of screening," said aviation security consultant Billie Vincent.

The TSA says it won't waive boarding-pass requirements if it would lengthen lines or weaken security, and notes that the test is small. Only guests at hotels inside the Dallas and Detroit airport terminals can go through security without boarding passes, and they must be checked against terrorist watch lists.

"We are interested to evaluate how limited expansion. .. would work," TSA spokeswoman Amy Kudwa said.

Pittsburgh International Airport is watching. The TSA blocked the airport's 2003 bid to let non-passengers beyond checkpoints. If TSA's pilot program "is a success," airport spokeswoman JoAnn Jenny said, "we might be able to persuade them to let us try it with the public."

Steven Brill, whose company Verified Identity Pass speeds up security for travelers who pass background checks, said his non-flying customers also should be allowed through checkpoints. The TSA pilot "establishes the concept that people who aren't boarding planes can go through and use the shops," Brill said.

Airlines currently can give airline club members and parents of young children "gate passes" that allow them through checkpoints.

The Dallas and Detroit airports say their waiver will let people at the airports' terminal hotels patronize dozens of shops and restaurants beyond security checkpoints. That helps attract tourists and conferences, said Jim Crites of the Dallas airport.

"For airports, it provides additional non-aeronautical revenue and passenger service," said aviation consultant Stephen Van Beek.

Martin of the Airports Council doesn't expect a major expansion of the test program because airports fear that non-travelers would back up security lines.

"I don't think we're going back to where it was" before 9/11, Martin said.

Securing Common Sense (WP)

The Washington Post, December 8, 2006

IF THE FIRST step to recovery is admitting you have a problem, then Homeland Security Secretary Michael Chertoff's comments to a conference of state and local preparedness officials last week should be welcomed. His lieutenants spent the summer defending a grants scheme that cut anti-terrorism funding for the District and New York City in favor of places such as Sacramento, Tampa and Omaha, insisting, counterintuitively, that the formulation was based on a rational assessment of risk. But on Tuesday Mr. Chertoff said, "We've come to the conclusion that perhaps there was a little too much bean counting and a little less standing back and applying common sense to look at the total picture."

In fact, the Department of Homeland Security's clumsy efforts to set priorities this year bordered on the farcical. Washington and New York lost 40 percent of their money while Louisville was granted a 70 percent increase. A DHS risk assessment claimed that New York had no national monuments or icons while Indiana led the country in potential targets of terrorism, according to a list the department compiled. Homeland Security put Washington in a low-risk category of terrorist attack or catastrophe while 75 percent of states scored higher.

It's obvious these results lack "common sense," and it shouldn't have taken Mr. Chertoff six months to admit as much. Now that he has, though, we expect that less "bean counting" will mean that next year a greater share of Homeland Security money will come back to the places most attractive to terrorists aiming to disrupt Americans' lives and create a spectacle -- Washington and New York.

The department might also get a nudge from congressional Democrats, who had promised to enact all of the Sept. 11 commission's recommendations in their first 100 hours of controlling Congress in January. These include making Homeland Security funding formulas more risk-based instead of distributing large amounts of money to every state, a proposal that has

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stalled in the Senate. Democratic leaders have already tabled consideration of one of the commission's better recommendations -- restructuring congressional supervision of the nation's intelligence operations. We hope they keep risk-based funding prominent on their agenda.

WAR NEWS:

Bush Appears Cool To Key Points Of Report On Iraq (WP)

By Peter Baker, Robin Wright

The Washington Post, December 8, 2006

President Bush vowed yesterday to come up with "a new strategy" in Iraq but expressed little enthusiasm for the central ideas of a bipartisan commission that advised him to ratchet back the U.S. military commitment in Iraq and launch an aggressive new diplomatic effort in the region.

On the day after the congressionally chartered Iraq Study Group released its widely anticipated report, much of Washington maneuvered to pick out the parts they like and pick apart those they do not. The report's authors were greeted with skepticism on Capitol Hill, and Democratic leaders used the occasion to press Bush to change course without embracing the commission's particular recipe themselves.

The group's 96-page report roiled some in the Middle East, particularly Israel, which rejected proposals for concessions to Syria. And it drew fire from current and former U.S. officials who called its diplomacy ideas unrealistic, unattainable and even misguided. The U.S. ground commander in Iraq, while welcoming the report's broad principles, warned that meeting its goal of withdrawing combat units by early 2008 could prove to "be very problematic."

The emerging debate over the report sets a baseline for the administration's own internal review of Iraq policy, which officials hope to complete in time for Bush to give a speech to the nation before Christmas announcing his new plan for Iraq. At a news conference with visiting British Prime Minister Tony Blair, Bush called himself "disappointed by the pace of success" and said that "we'll change it if we want to succeed."

"The American people expect us to come up with a new strategy to achieve the objective which I've been talking about," Bush said.

Yet, while the president called the Iraq Study Group's ideas "worthy of serious study," he seemed to dismiss the most significant ones point by point. He noted that Blair is heading to the Middle East to promote Arab-Israeli peace, but he gave no indication that he plans an aggressive new push of his own as proposed by the commission. Bush said he, too, wants to bring U.S. troops home but noted that the group qualified its 2008 goal by linking it to security on the ground.

And he repeated his refusal to talk with Iran and Syria unless Tehran suspends its uranium-enrichment program, Damascus stops interfering in Lebanon and both drop their support for terrorist groups. "The truth of the matter is that these countries have now got the choice to make," Bush said. "If they want to sit down at the table with the United States, it's easy: Just make some decisions that will lead to peace, not to conflict."

With the commission -- led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.) -- having advanced 79 recommendations, Bush made clear that he intends to cherry-pick some and ignore others. "I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation," Bush said. "I think they expect us to consider every recommendation."

Actually, Baker and Hamilton said on Wednesday that they do want the president to accept the commission's plan as a whole, not simply pieces of it. But they lowered their expectations yesterday and welcomed Bush's comments. "Every single statement the president has made that I have seen . . . has been positive," Hamilton told reporters. "Now, he didn't jump and embrace the report and say 'I'm going to enact all 79 recommendations.' We didn't have that expectation."

Baker and Hamilton did offer a forceful defense of their call for a more robust Middle East diplomacy as critical to helping stabilize Iraq -- perhaps the most controversial part of their report. "In order for Iraq to succeed, the neighbors are going to have to come together to reinforce and take steps to reinforce the positive steps which we hope will take place in Iraq," Hamilton said. "These problems in the Middle East are interconnected with one another."

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The report, for example, lays out an elaborate plan to solve the Arab-Israeli conflict by getting Israel to return the Golan Heights in exchange for Syria recognizing Israel, dropping ties to extremists and leaving Lebanon alone. U.S. officials think that this approach is outdated, that Syria is less interested today in the Golan Heights than on winning back influence over Lebanon and terminating U.N. efforts to hold Syria to account for the assassination of Lebanese reformers.

Baker rejected the idea, advanced by some in the administration, that the Middle East has changed so dramatically in the 15 years since he was in office that engaging Syria will not work. "So don't try because it's going to be tough? Come on!" Baker said. "Don't say 'Because it isn't going to happen' that you ought not to try."

"How do you solve problems without talking to people?" Hamilton asked. The panel, he added, "flat out" rejects the idea that talks should depend on good behavior.

Still, Baker said, "the last thing in the world" he is interested in is "backing the president into any corner" on Iraq. "That's not the purpose of this," he said. Unlike the commission that investigated the Sept. 11, 2001, terrorist attacks, Baker said his panel does not intend to stay around to monitor the implementation of its recommendations. After appearing on Sunday talk shows, he said, "I'm finished."

Former senior officials also questioned the focus on Iran and Syria. "They can be spoilers in Iraq, but they're not the fixers," said Dennis Ross, former chief Middle East negotiator for two administrations. "Even if Iran and Syria did exactly what we want, we'd still have an insurgency in Anbar province and we'd still have sectarian warfare driven in no small part by the Shiite militias. Ultimately, the problems we face today come from within Iraq, not outside it."

The plan would not work without a committed effort, which the Bush administration has never demonstrated, others said. "Cherry-picking ideas and sending them into the bowels of the stovepiped bureaucracy to execute will result in more of the same uncoordinated, differing priorities, mess," said retired Marine Gen. Anthony C. Zinni, a former Middle East mediator for the Bush administration.

Other military officers expressed caution about the Iraq Study Group's proposal to pull out combat units by the first quarter of 2008 while leaving behind tens of thousands of troops to train, advise and embed with Iraqi forces.

Army Lt. Gen. Peter W. Chiarelli, the top U.S. field commander in Iraq, said in a telephone interview that he has read the report's executive summary and found many recommendations "very, very valuable." He added: "I dare say I believe if we had applied some of these principles a little bit earlier on in our time over here, many of the issues we're facing here today might not in fact be, and we might not have the level of violence here."

Chiarelli said that he agrees it makes sense to shift the mission to a supporting role as Iraqi forces take responsibility for security, but that it could be difficult to remove combat forces by early 2008. "I think that date may be a date we could meet . . . if we would harness all the power we have as a nation," he said, referring to diplomatic and economic efforts as well as military. "If all you do is rely on what is the easy part for us" -- meaning the military effort -- and "if we don't get buy-in in the other areas the study group has pointed to, I think that's going to be very problematic."

At his news conference, Bush brushed past the 2008 goal and said troop withdrawals would depend on conditions on the ground. "I've always said we'd like our troops out as fast as possible," he said. "I think that's an important goal."

In his opening remarks, Bush focused on the broader aspirations of the Iraq war: the "spread of freedom" and the attempt to build "societies based on liberty" in the Middle East -- concepts implicitly rejected by the Baker-Hamilton commission as unrealistic and naive. "The only way to secure a lasting peace for our children and grandchildren is to defeat the extremist ideologies and help the ideology of hope, democracy, prevail," he said.

But just days after his new defense secretary, Robert M. Gates, and his close friend Blair both said that they believe the United States and Britain are not winning the war, Bush bristled when asked if he was "still in denial about how bad things are in Iraq."

"It's bad in Iraq," Bush replied sharply, glaring at the reporter. "Does that help?"

The president added: "In all due respect, I've been saying it a lot. I understand how tough it is, and I've been telling the American people how tough it is . . . I also believe we're going to succeed. I believe we'll prevail."

Bush Rejects Iraq Report's Key Recommendations (AFP)

DOJ_NMG_0103736

By Olivier Knox

AFP, December 7, 2006

US President George W. Bush rebuffed key recommendations from the Iraq Study Group but announced a new Middle East peace push after talks with British Prime Minister Tony Blair.

On day after receiving the heavyweight Iraq commission's report, Bush said that Blair would soon travel to the region for talks with Israel and the Palestinians, and promised "concerted efforts to advance the cause of peace."

The prime minister's visit was to set the stage for US Secretary of State Condoleezza Rice, in early 2007, to make her eighth trip in two years to Israel and the Palestinian territories, her spokesman said.

Bush, giving a cool reception to two key commission proposals, kept tight conditions on any talks with Iran and Syria and refused to endorse the panel's call for withdrawing most US combat troops by early 2008.

"I've always said we'd like our troops out as fast as possible," he said, while insisting on the need to be "flexible and realistic" and tying any change in troop level to advice from US military commanders, as he has in the past.

Bush initially described soaring violence in Iraq, which the report warned may spiral into a regional war even with a US strategic overhaul, as merely "unsettling" -- but revised his diagnosis when a reporter challenged him.

"It's bad in Iraq. That help?" he countered. "You want frankness? I thought we would succeed quicker than we did. And I am disappointed by the pace of success."

Bush lavished praise on the Iraq Study Group, calling it "worthy of serious study," declaring that "the American people expect us to come up with a new strategy to achieve the objective," and stressing: "We need a new approach."

But he cautioned that the review, led by former secretary of state James Baker and former representative Lee Hamilton, was one of many, citing pending reviews by the Pentagon, US State Department, and national security council.

Bush said he would make a speech outlining his strategy "after I get the reports," a move the White House says will come in weeks.

"I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation," he said. "I know they expect us to consider every recommendation; that we ought to pay close attention to what they advise."

The report, which warns that the situation in Iraq is "grave and deteriorating," called for most US combat troops to be withdrawn by early 2008, for more talks with Iran and Syria, and for a new Middle East peace effort.

Bush said Damascus and Tehran might be welcome if they renounce support for extremists and pledge support for Baghdad's fledgling government, otherwise "they shouldn't bother to show up."

Bush also reiterated his longstanding condition that Iran freeze sensitive nuclear work before any direct talks.

"Should they agree to verifiably suspend their (uranium) enrichment, the United States will be at the table with our partners," he said, telling Tehran: "There's no need to continue this obstinance."

Bush and Blair had also been expected to discuss efforts to boost NATO troop levels in Afghanistan, plans to shore up an international peacekeeping force in Sudan's Darfur province and trans-Atlantic relations, US officials said.

The meeting followed the November 7 US legislative elections, in which Bush's Republican Party lost control of Congress to the opposition Democrats, and the departures of Defense Secretary Donald Rumsfeld and UN Ambassador John Bolton -- both Iraq war hawks.

It also came one week after a dispute inside the State Department, triggered when a senior analyst said he was "ashamed" of the way Bush treated Blair and that US-British relations were "totally one-sided" in Washington's favor.

"Britain and America are old allies, and the prime minister and I are strong friends," said Bush. "We're standing together because our two nations face an unprecedented threat to civilization."

Bush Backs Away From 2 Key Ideas Of Panel On Iraq (NYT)

By Sheryl Gay Stolberg, Kate Zernike

The New York Times, December 8, 2006

DOJ_NMG_0103737

WASHINGTON, Dec. 7 — President Bush moved quickly to distance himself on Thursday from the central recommendations of the bipartisan Iraq Study Group, even as the panel's co-chairmen opened an intensive lobbying effort on Capitol Hill to press Mr. Bush to adopt their report wholesale.

One day after the study group rattled Washington with its bleak assessment of conditions in Iraq, its Republican co-chairman, James A. Baker III, said the White House must not treat the report "like a fruit salad," while the Democratic co-chairman, Lee H. Hamilton, called on Congress to abandon its "extremely timid" approach to overseeing the war.

But Mr. Bush, making his first extended comments on the study, seemed to push back against two of its most fundamental recommendations: pulling back American combat brigades from Iraq over the next 15 months, and engaging in direct talks with Iran and Syria. He said he needed to be "flexible and realistic" in making decisions about troop movements, and he set conditions for talks with Iran and Syria that neither country was likely to accept.

The president addressed reporters after meeting in the White House with his closest ally in the war, Prime Minister Tony Blair of Britain. In light of the report's stark warning that the situation in Iraq was "grave and deteriorating," Mr. Bush came close to acknowledging mistakes. "You wanted frankness — I thought we would succeed quicker than we did," the president said to a British reporter who asked for candor. "And I am disappointed by the pace of success."

But Mr. Bush, and to a lesser extent, Mr. Blair, continued to talk about the war in the kind of sweeping, ideological terms the Iraq Study Group avoided in its report. While the commission settled on stability as a realistic American goal for Iraq, Mr. Bush cast the conflict as part of a broader struggle between good and evil, totalitarianism and democracy.

If extremists emerge triumphant in the Middle East, Mr. Bush warned, "History will look back on our time with unforgiving clarity and demand to know, what happened? How come free nations did not act to preserve the peace?"

While the president said he would give the report serious consideration, he said he did not intend to accept all 79 recommendations. "Congress isn't going to accept every recommendation in the report," Mr. Bush said, "and neither will the administration."

Three other reviews — one by the Pentagon, one by the State Department and one by the National Security Council — are under way, and Mr. Bush reiterated Thursday that while he believed that the nation needed "a new approach" in Iraq, he would make no decision until he received those reports. The current White House plan is for Mr. Bush to receive them over the next week to 10 days, then make a decision about what both he and the Baker-Hamilton commission are calling "the way forward" in Iraq. He intends to announce his plans in a speech before the end of the year, probably before Christmas, according to administration officials.

Pentagon officials are scheduled to brief Mr. Bush soon on the department's recommendations for a strategy shift in Iraq. The department's recommendations are likely to differ in some respects from the ideas presented by the Iraq Study Group, particularly over the role to be played by American combat troops over the next 12 to 18 months.

Mr. Bush and Mr. Blair have long stood side by side on the war in Iraq. The White House insisted that Mr. Blair's appearance on Thursday was not timed to coincide with the release of the report, but it did help them underscore — as Tony Snow, the White House press secretary, put it — that "the president isn't standing alone."

The Pentagon recommendations, which are still being completed, are the product of discussions in recent weeks among ground commanders, the Joint Chiefs of Staff and civilian officials in the department. While department officials are likely to present Mr. Bush with one set of recommendations, differences remain.

Some officials still back the idea of a temporary surge in American troops, though the top commander in the Middle East, Gen. John P. Abizaid, has been urging recently that any troop shortfall to restore security in Baghdad should be filled by more Iraqi forces or by repositioning American forces now in Iraq.

Military officials are also concerned about the Iraq Study Group's call for pulling back all American combat brigades over the next 15 months, a goal that some uniformed officials see as desirable but possibly unrealistic. Pentagon officials remain skeptical about the timetable, and they are leaning toward an approach that pulls back some combat brigades but keeps others in Baghdad and other violence-ridden areas of Iraq until Iraqi units can better handle the fight on their own.

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Though the Iraq Study Group also called for keeping enough American troops in place to provide protection to expanded teams of American advisers attached to Iraqi Army units, Pentagon officials fear that the panel's recommendations, if adopted, could lead to withdrawals of substantial American troops before the Iraqi units can stand on their own.

The study group said combat brigades could withdraw from Iraq by the first quarter of 2008 if conditions on the ground permitted. Some analysts say that phrasing gives Mr. Bush wiggle room to ignore the call for withdrawal, and on Thursday Mr. Bush seized on that "qualifier," as he called it. "I thought that made a lot of sense. I've always said we'd like our troops out as fast as possible."

Mr. Bush was sensitive about commenting on the military recommendations put forth by the Iraq Study Group until he heard from his own commanders, according to a senior administration official, who was authorized to discuss the president's point of view. "When you have your military leadership who are tasked with fighting this war, who are in the process of giving him military advice, you also have to be deferential to that," this official said.

On Iran and Syria, Mr. Bush stuck to the conditions he set long ago for talks: Iran must abandon its nuclear program, and Syria must give up its support for the Lebanese militant group Hezbollah. "If they want to sit down at the table with the United States, it's easy — just make some decisions that will lead to peace, not to conflict," he said.

The Baker-Hamilton panel — five Republicans and five Democrats — made an intense plea for a bipartisan consensus, and Mr. Bush's aides say the president has taken at least that part of their effort to heart. He met Wednesday with leaders of committees that oversee foreign affairs, defense and intelligence, and plans to meet with Republican and Democratic leaders on Friday.

The Wednesday meeting opened with Mr. Bush making an overture to Democrats, the senior official said, and telling them that although they may believe he has made the wrong decisions, they needed to work together. "The president started by saying that, you know, there's a lot of water under the bridge, but that while we may not share all the views of this report, we ought to use it as an opportunity to work together," the official said, adding, "I've been through a lot of those meetings, and sometimes you feel like people are going through the motions. And I felt yesterday that there was really a sincere effort, both Republican and Democrat, to say this could provide us an opportunity to find common ground."

On Capitol Hill on Thursday, Republican and Democratic senators pressed Mr. Baker and Mr. Hamilton for ways that Congress could be involved in shaping the president's response to the report — noting that the original impetus for the study group had come from Capitol Hill. "We've now heard from the Iraq Study Group, but we need the White House to become the Iraq Results Group," said Senator Hillary Rodham Clinton, Democrat of New York.

Mr. Baker replied by asking Congress to accept the report, saying that would put pressure on the administration to do the same. "If the Congress could come together behind supporting, let's say, utopianly, all of the recommendations of this report, that would do a lot toward moving things downtown, in my opinion," he said. Both he and Mr. Hamilton argued that cherry-picking the suggestions would not work.

"I hope we don't treat this like a fruit salad and say, 'I like this but I don't like that. I like this, but I don't like that,' " Mr. Baker said. "This is a comprehensive strategy designed to deal with this problem we're facing in Iraq, but also designed to deal with other problems that we face in the region, and to restore America's standing and credibility in that part of the world."

Bush, Blair Vow To Weigh Panel's Iraq Findings (LAT)

By Johanna Neuman

The Los Angeles Times, December 8, 2006

WASHINGTON — President Bush, calling the increased violence in Baghdad "unsettling," said today that he was "disappointed by the pace of success" in Iraq but expected to prevail.

One day after the Iraq Study Group issued a stinging critique of U.S. strategy in Iraq, Bush said during a press conference with British Prime Minister Tony Blair that he and Blair had both read the report and discussed its recommendations.

"I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation," Bush said of the study group's co-chairmen. "We will spend a lot of time on it."

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The president did not discuss any of the report's specific recommendations, saying that he had asked the Pentagon to also study "a way forward" to achieve U.S. goals — a stable and democratic Iraq that can be an ally in the war on terror.

The president said he would take the recommendations seriously. But he noted, "Congress is not going to accept every recommendation in the report and neither is the administration."

Asked specifically whether U.S. combat troops will be withdrawn from Iraq by 2008, Bush said that "we'd like our troops out as fast as possible," but that "our commanders will be making recommendations based upon whether we can achieve our objectives."

Asked bluntly if he was still in denial about the situation in Iraq, Bush grew emotional. "I talk to the families who die," he said. "I also understand how brave our men and women who wear the uniform are. I understand how hard it is on wives and families, especially as we come into the holiday season." Still, Bush said, he believes U.S. and British forces will prevail.

"Our job is to help the forces of moderation," he said. Calling Sept. 11 "a wake-up call for the American people," he said that "a threat overseas can come home to hurt us here.… I wouldn't have our troops in harm's way if didn't believe that."

Blair, who leaves office next year after a tumble in public opinion over the Iraq war, agreed. "The vision is the right vision," he said.

Blair said he welcomed the Baker-Hamilton report and that he was open to the idea of increasing diplomacy with Iraq's neighbors to achieve peace. But he warned that such an effort will require Iran to stop financing terrorists and help the fledgling democracy in Iraq.

Bush agreed, saying, that "if Syria and Iran are not committed to that concept, they shouldn't show up."

Blair, who leaves soon for a diplomatic mission to the Middle East to kick-start the stalled peace process, said a solution to the Israeli-Palestinian conflict could have enormous positive impact on the region.

Blair said he was frustrated by the fact that all parties had agreed to a two-state solution for Israel and Palestine but were having trouble implementing it.

"There's no way you ever succeed in these things unless you keep on trying," he said, calling his mission an attempt to "get the door unlocked."

On the 65th anniversary of the Japanese attack on Pearl Harbor that launched U.S. involvement in World War II, Bush talked about the dangers of isolationism.

"Sixty-five years ago this day, America was jolted out of our isolationism and plunged into a global war that Britain had been fighting for two years," he said.

Of the Iraq war, the president added: "This is a good cause.…We will prevail."

A Skirmish Over Report On War (NSDY)

By Craig Gordon

Newsday, December 8, 2006

President George W. Bush squared off Thursday with a blue-ribbon Iraq panel over some of its key goals, rebuffing a call for unconditional U.S. talks with Iran and Syria and refusing to back a troop withdrawal by early 2008.

A day after the bipartisan group slammed his policy and warned of a slide toward anarchy, Bush said he stood by his determination to prevail but also recognized the difficulties ahead.

"It's bad in Iraq. That help?" he said sharply when pressed on whether he was in denial about the situation there.

"I thought we would succeed quicker than we did," Bush said. "And I am disappointed by the pace of success."

Bush said he would lay out a new strategy for the nearly four-year-old war in a coming speech, probably before the end of the year, but offered no hints of what that strategy might be.

And with British Prime Minister Tony Blair at his side, Bush called the group's report "very constructive" but also made clear that he still viewed Iraq as central to his goal of a worldwide fight against terrorism and was defiant in his desire to see it through, despite the difficulties. "I believe we'll prevail," he said.

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Bush's comments came as the the Iraq Study Group saw one of its key recommendations -- U.S. talks with key rivals in the Middle East "without preconditions" -- come under fire from Bush, members of both parties in Congress and even the Israeli government.

Bush gave general support to the group's idea of linking improvements in the overall Arab-Israeli crisis to improvements in Iraq, and Blair announced he would travel to the region soon. Bush also called the panel's idea for an international conference with Iraq's neighbors an "interesting idea."

But when it came to talking to Iran and Syria without conditions, Bush appeared to dig in, saying both nations had to change their ways.

"If people come to the table to discuss Iraq, they need to come understanding their responsibilities to not fund terrorists, to help this young democracy survive, to help with the economics of the country," Bush said.

If Iran and Syria won't do that, "then they shouldn't bother to show up," Bush said.

The panel's co-chairman, however, said the recommendation on Iran and Syria was meant to "flat-out reject" Bush's long-standing refusal not to speak to enemies like those for fear of rewarding bad behavior.

"Talking is not a reward," said former Rep. Lee Hamilton. "Look, we've got problems to solve, and you've got to talk to people to solve problems."

Panel co-chairman James Baker said that Iran already has been helpful to the United States on Afghanistan, and that Bush authorized Baker to speak to Iran in preparing the report.

"We're not naive enough to think that in this case they may want to help. They probably don't," said Baker, who was secretary of state when Bush's father was president. "Fine. What do we lose by saying we're getting all of Iraq's neighbors together, we want you to come?"

Hamilton and Baker also drew fire in Congress for the recommendation to shift the U.S. military mission in Iraq to one of training and advising Iraqi forces while pulling out combat forces by early 2008.

Senators charged that would leave the 15,000 to 20,000 advisers left behind in grave danger, which Hamilton didn't dispute.

Sen. John McCain (R-Ariz.), a presidential hopeful, was the most blunt in his assessment, calling that and other parts of the report "a recipe that will lead to, sooner or later, our defeat in Iraq."

Sen. Hillary Rodham Clinton (D-N.Y.), another presidential contender, said the panel now has put the onus on Bush: "We've now heard from the Iraq Study Group, but we need the White House to become the Iraq Results Group."

As the White House continued to digest the report, Bush and the panel's co-chairs engaged in something of dance Thursday.

Bush made clear there were parts of the report he didn't like, but Baker warned that Bush shouldn't treat the report like a "fruit salad" and only pick the parts he likes. Hamilton was more direct, saying Bush has just "weeks and maybe days" to act.

"Forward" - Bush's New Favorite Word? (AP)

By Deb Riechmann

AP, December 7, 2006

When he received his own copy of the Iraq Study Group report, President Bush praised the subtitle, "The way forward — a new approach." On Thursday, it was clear he had added the phrase to his lexicon. Bush and British Prime Minister Tony Blair used "forward" or "way forward" about two dozen times during their news conference about the war and problems in the Middle East.

Some of the main points about the report and what Bush said about them:

Iran and Syria:

Report: The United States should speak directly to Iran and Syria under the sponsorship of a new group made up of Iraq's neighbors and other nations wanting to help strengthen the Iraqi government.

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Bush: The U.S. has made it clear to the Iranians that if they want to engage America, they must verifiably suspend their uranium enrichment program. Syria must stop destabilizing the Western-backed government in Lebanon, allowing arms and money cross its border into Iraq and providing safe haven to terrorist groups.

"If people come to the table to discuss Iraq, they need to come understanding their responsibilities to not fund terrorists, to help this young democracy survive, to help with the economics of the country," Bush said. "And if people are not committed, if Syria and Iran is not committed to that concept, then they shouldn't bother to show up."

U.S. policy and diplomacy:

Report: The U.S. immediately should seek the creation of a group of countries that would work to strengthen Iraq's sovereignty. The group would include Iraq; Iran, Syria and other neighbors; regional states such as Egypt and the Gulf States; the five permanent members of the U.N. Security Council; and the European Union.

Bush: "The idea of having an international group is an interesting idea."

U.S. troops:

Report: Increase the number of U.S. trainers bolstering Iraqi security forces to as many as 20.000 — up from 3,000 to 4,000 — with the goal of withdrawing the bulk of U.S. combat troops. By the first quarter of 2008 — "subject to unexpected developments in the security situation on the ground" — all combat brigades not necessary for force protection should be out of Iraq. At that time, U.S. combat forces in Iraq could be deployed only in units embedded with Iraqi forces or in missions, such as special operations or search and rescue.

Bush: "We want the Iraqis taking the fight, but it's very important ... as we design programs, to be flexible and realistic and — as the report said — ... depending upon conditions," Bush said. "I thought that made a lot of sense. I've always said we'd like our troops out as fast as possible."

"Our commanders will be making recommendations based upon whether or not we're achieving our stated objective," Bush said. "And the objective, I repeat, is a government which can sustain, govern, and defend itself."

Israelis and Palestinians:

Report: There must be a renewed and sustained commitment by the U.S. to a comprehensive Arab-Israeli peace on all fronts, including Bush's commitment to a two-state solution for Israel and Palestine.

Bush: "One of the reasons why there hasn't been instant success is because radicals and extremists are trying to stop the advance of a Palestinian state. Why? Because democracy is a defeat for them. That's what I strongly believe.

"And so, no question progress has been spotty. But it's important for people to understand one of the reasons why is, is because radicals are trying to prevent it, and they're willing to kill innocent people to prevent progress. Now, our goal is to help the (Palestinian Authority President Mahmoud) Abbas government strengthen its security forces, and we're doing that."

Blair Echoes Call For U.S. To Aid Mideast Peace Talks (USAT)

By David Jackson

USA Today, December 8, 2006

WASHINGTON — Standing alongside President Bush Thursday, British Prime Minister Tony Blair embraced the Iraq Study Group's call for more U.S. involvement in Israeli-Palestinian peace talks — a position he has long endorsed.

"It is important that we do everything we can in the wider Middle East," Blair said after meeting with the president at the White House.

Bush, whose staff is reviewing the Iraq Study Group's 79 recommendations, said he wants to see a democratic Palestinian state, but the parties "must accept responsibility and must sign off on an agreement."

The two leaders met a day after release of the report, which echoed some of Blair's long-held positions. The group was led by former secretary of State James Baker and former congressman Lee Hamilton.

The prime minister has been pushing Middle East settlement talks in connection with Iraq since the war's inception — he pressed the issue at a Camp David meeting with Bush shortly after the invasion in March 2003. And in an interview last month with British broadcaster David Frost, Blair also expressed willingness to work with Iran and Syria, provided they "are prepared to be part of the solution."

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"The irony is almost overwhelming," said Julianne Smith, a Europe specialist with the Center for Strategic and International Studies. "Here's a guy who's been making some of the same recommendations as the (Iraq Study Group) … after having witnessed many of his suggestions fall on deaf ears on this side of Atlantic."

While expressing optimism about the fate of Iraq's fledgling democracy, Bush said, "it's a tough time, and it's a difficult moment for America and Great Britain."

The president rejected a British reporter's suggestion he is "in denial about how bad things are in Iraq."

"It's bad in Iraq," Bush said. "Does that help?"

He later added, "I thought we would succeed quicker than we did, and I am disappointed by the pace of success."

Some of the commission's recommendations are things the administration would like to see, Bush said. He noted that while the commission called for withdrawal of combat troops by early 2008, it did so only "if conditions so allow."

Bush expressed skepticism about another proposal, direct engagement with Iraqi neighbors Iran and Syria. Bush said Iran must suspend uranium enrichment, while Syria must stop interfering with new young democracies in Iraq and Lebanon.

Blair, who is traveling to the region soon, said there are "tricky issues" involved in the Israeli-Palestinian matter, but Iran, Syria, and other nations could be useful "if they wanted to help with it."

The two leaders also sat down less than a month after a State Department official, Kendall Myers, disputed the long-standing notion of a "special relationship" between the United States and Great Britain.

In a speech in Washington, Myers said the relationship is now "totally one-sided" and that the Bush administration routinely ignored Blair's advice. The State Department disavowed the comments, which got big play in Britain but did not surface during the 53-minute Bush-Blair news conference.

First elected in 1997, Blair plans to step down as prime minister next year after losing public and Labor Party support over the Iraq war. According to a recent Guardian/ICM poll in Great Britain, 63% said they believe Blair has tied their country "too closely to the U.S."

No bad feelings surfaced Thursday, as the leaders paid tribute to each other. Bush called the two nations "strong friends" who are confronting "an unprecedented threat to civilization" in the form of terrorists and extremists.

Blair told Bush "we will work closely with you" in the future.

Blair Plans Mideast Visit After Iraq Report (FT)

By Caroline Daniel, Demetri Sevastopulo

Financial Times, December 8, 2006

Tony Blair announced a personal mission to the Middle East on Thursday as he tried to use the damning Iraq Study Group report to drive President George W. Bush into a new peace initiative for the region.

At the end of a visit to Washington to meet Mr Bush, the British prime minister said he would be travelling to the Middle East to meet both Israelis and Palestinians. The trip represents a final attempt by Mr Blair to move forward a peace process during his premiership.

Although Mr Bush gave the visit his support, his comments at the leaders' joint press conference on Thursday fell short of the ISG's call for a "sustained commitment by the US" to a comprehensive settlement.

Although Mr Blair has used the report to support his peace efforts, neither leader showed many public signs of accepting the repudiation of their Iraq policies by the group led by James Baker, former US secretary of state. Mr Bush indicated that he was more interested in other internal reviews – including a Pentagon study – that have yet to be completed.

Although the group had called the situation in Iraq "grave and deteriorating", Mr Bush used less pessimistic language, conceding that the death toll in Baghdad was "unsettling". Asked if his response that events were "unsettling" meant he was still in denial, Mr Bush responded: "It's bad in Iraq. That help?"

Both leaders sought to frame the debate about Iraq as a long-term ideological struggle between Islamic extremists and moderates, and emphasised the need to defend fledgling democracies in Lebanon, Iraq and Afghanistan. Mr Bush said: "We agree that victory in Iraq is important...it is important for the civilised world."

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The ISG, however, was dismissive of administration efforts to promote democracy in the region. Nor did it use the rhetoric of victory, instead warning there was no guarantee that any course of action would stop sectarian violence.

The group's conclusions on the need to resolve the Israeli-Palestinian situation echoed those of Mr Blair, who has stressed that the road to peace in Iraq passes through Jerusalem. On Thursday he said addressing the issue was vital to showing "that we are even-handed and just in the application of our values".

Mr Blair offered warmer support for the report, saying: "It offers a strong way forward." Mr Bush called it "constructive", but said the chairmen of the study group had not expected him to "accept every conclusion".

Mr Baker disagreed. "I hope we don't treat this like a fruit salad and say 'I like this, but I don't like that'," he told the Senate armed services committee. "This is a comprehensive strategy designed to deal with this problem we're facing in Iraq."

Lawmakers offered a divided response to the report. Some of the strongest criticism came from Senator John McCain, the Republican frontrunner for the 2008 presidential election who wants an increase in troops, not a drawdown. "There's only one thing worse than an overstressed Army and Marine Corps, and that's a defeated Army and Marine Corps. We saw that in 1973. And I believe that this is a recipe that will lead to, sooner or later, our defeat in Iraq."

Bush: New Approach Needed In Iraq (CHIT)

By Mark Silva

Chicago Tribune, December 8, 2006

WASHINGTON -- In the course of a day, the Iraq Study Group's assessment of a "grave and deteriorating" situation in Iraq elicited a most blunt characterization of the war from President Bush.

"It's bad in Iraq. ... Does that help?" Bush responded to a British reporter's question about how the president might convince people that he is not "in denial about how bad things are in Iraq" and is sincere about "changing course."

Moments later, huddled with reporters a few blocks from the White House, Lee Hamilton, co-chairman of the study group, was asked if Bush now shares the group's grim assessment.

"Well," Hamilton deadpanned, "he's getting closer."

On a day when Hamilton and his co-chairman, former Secretary of State James Baker, pressed their campaign to sell the report's recommendations to Congress, the public and ultimately the Bush administration, it became clear they had yet to convince the president.

Their challenge was evident when Bush, appearing with British Prime Minister Tony Blair, his principal ally in the invasion of Iraq in 2003, expressed resistance to several key ideas in the report and said he would not act until he also receives reports from the Pentagon and State Department.

In a hearing before the Senate, Baker and Hamilton urged Congress to end its "extremely timid" oversight of the war and embrace the report to help pressure Bush into quickly adopting their recommendations as a comprehensive shift in strategy.

"I hope we don't treat this like a fruit salad, saying, `I like this, but I don't like that,' " Baker said.

Hamilton and Baker are pushing their ideas as both inside players and mass media marketers. They are backed by a 40-person media team operating out of a downtown Washington public relations firm and a paperback edition of their report that in just a day soared to near the top of Amazon.com's best-seller list.

Their dawn-to-dark parade of interviews, always appearing as a pair to underscore the bipartisan appeal of their advice, will culminate with a run of the Sunday morning television news shows.

"We've been spinning like a top," Baker said Thursday, ushered into a paneled conference room with 14 news reporters at Edelman, a Chicago-based public relations firm that has detailed 40 members of its 200-person Washington office to manage the media blitz for the commission.

Yet, while Hamilton holds a number of invitations to testify before congressional committees when the new Democratic-controlled Congress convenes in January, Baker and the PR firm say the TV engagements will end Sunday. For all the fervor with which they are pitching the report, Baker and Hamilton know that pressing too hard runs the risk of pushing the president into an embarrassing corner at a time when Bush is promising a new course in Iraq.

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"The last thing in the world I want to do ... is to have any part in backing the president into any corner," said Baker, describing himself as "a private citizen living in Houston, Texas." He added: "Sunday, after we've done the Sunday shows, as far as I'm concerned, I'm finished."

Yet, in short order, Baker and Hamilton may be having a profound impact on the national debate over the war. Bush, appearing alongside Blair at a press conference following a private meeting in the White House, said he has read the report in full and is weighing its recommendations carefully.

"I believe we need a new approach," said Bush, who has refrained from endorsing or rejecting the group's principal ideas: A possible draw-down of U.S. combat forces by early 2008 coupled with a dramatic ramp-up of U.S. diplomacy throughout the Middle East.

As "bad" as things are in Iraq—"and I have made it abundantly clear how tough it is," Bush said—the president vowed that he will succeed in making Iraq capable of sustaining, governing and defending itself.

"I want you to know, sir, that I believe we'll prevail," Bush defiantly told the reporter who questioned his sincerity in charting a new course. "We have to adjust to prevail, but I wouldn't have our troops in harm's way if I didn't believe that, one, it was important, and, two, we'll succeed."

Blair also made it clear that he is impressed with the study group's work, noting that its "analysis of the situation is not really in dispute. The question is, how do we find the right way forward. ... And I think the Baker-Hamilton report allows us to, as the situation has evolved in Iraq, to evolve our strategy."

The bipartisan composition of the 10-member study group carries an added advantage for Bush because embracing any of its findings should enhance his chances of finding approval in the Democratic-run Congress that he faces for the remaining two years of his presidency.

And Edelman, a PR firm with $300 million in annual billings, has capitalized on both the media skills and bipartisan appeal of the Baker-Hamilton team.

"They have been doing a wide variety of interviews in pairs—in bipartisan pairs," said Rob Rehg, president of Edelman's Washington office. "In addition to the ideas themselves, one of the strongest things about their work is that it is bipartisan.... They felt, and we agreed, that they should be seen talking together, side by side, every time they appear."

That started with a Washington news conference Wednesday, arranged by Edelman. That was followed by "round-robin" interviews with the anchors of five major broadcast and cable TV networks, interviews with National Public Radio and personal or telephone meetings with the editorial boards of the Washington Post, Wall Street Journal and New York Times, an interview with Associated Press TV reaching 120 nations, a meeting with foreign ambassadors and finally a joint appearance on CNN's Larry King Live in which Hamilton acknowledged of his report: "It's a tough sell."

Baker, arriving at Edelman on Thursday afternoon for another media interview, explained: "When you have a first-rate media organization working for you, you get really good coverage." Then, with a wide grin, he held up the front page of the New York Post, featuring a doctored photograph of monkeys bearing the faces of Baker and Hamilton, and the headline: "Surrender Monkeys."

The public-relations effort is being paid for from funds appropriated by Congress for the study group.

If the personal media campaign of Baker and Hamilton is reaching a crescendo, their work will carry on in the coat pocket-sized red, white and blue Vintage Books paperback edition of "The Iraq Study Group Report," a Random House offering listing at $10.95 but going for $6.75 on Amazon.

On Thursday, its second day on sale, the report had reached No. 2 on Amazon.com's top-seller list, edging out Illinois Sen. Barack Obama's "The Audacity of Hope" and creeping up on "You on a Diet, The Owner's Manual for Waist Management."

With a portion of the study group report's proceeds going to the National Military Family Association, Vintage Books had started with two printings and on Thursday ordered a third--with 250,000 copies now in print and book stores around the country demanding them.

Bush Says New Approach Needed In Iraq (AP)

By Terence Hunt

DOJ_NMG_0103745

AP, December 7, 2006

President Bush, admitting that "it's bad in Iraq," acknowledged Thursday that the United States needs a new approach in the unpopular war and promised to unveil details in an upcoming speech.

Bush said he was disappointed in the progress in Iraq, but continued to oppose direct U.S. talks with Iran or Syria and remained steadfastly committed to spreading democracy across the Middle East.

"I do know that we have not succeeded as fast as we wanted to succeed," Bush said, standing alongside British Prime Minister Tony Blair, his chief ally in the war. "I do understand that process is not as rapid as I had hoped."

Bush's meeting with Blair came a day after the Iraq Study Group headed by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton issued a stinging report saying the Bush policies in Iraq had failed and a major course correction was needed, including beginning to withdraw combat troops.

Bush said the study group's report would be an important part of his considerations. He said he was awaiting results of internal reviews being done at the Pentagon, State Department and the White House and would deliver a speech to the nation on Iraq in coming weeks after he decides on a new course.

The study group concluded that a stable, democratic Iraq was still possible, but Baker said: "We do not know if it can be turned around."

Bush was more upbeat, but gave no hints about whether he was contemplating a major policy shift. At the same time, Bush said that he didn't think Baker and Hamilton "expect us to accept every recommendation."

"It makes sense to analyze the situation and to devise a set of tactics and strategies to achieve the objective that I have stated," Bush said. "And so, if the present situation needs to be changed, it follows that we'll change it if we want to succeed."

The report, which warns that the situation in Iraq is "grave and deteriorating," contains 79 separate recommendations. They call for a gradual withdrawal of U.S. combat forces during the next year to ramp up the training of Iraqi security forces. There are currently some 135,000 US soldiers and 7,100 British soldiers serving in Iraq.

Both Bush and Blair said that supporting the government of Iraqi Prime Minister Nouri al-Maliki was central to efforts to help Iraq defend, govern and sustain itself. They both urged al-Maliki to do more to assert control and quell violence.

Bush was asked whether he thought the study group suggested that he did not appreciate the extent of the violence in Iraq.

"It's bad in Iraq. That help?" retorted Bush.

"You know, in all due respect, I've been saying it a lot," Bush continued. "I understand how tough it is and have been telling the American people how tough it is. And they know how tough it is."

Another recommendation from the study group calls for enlisting diplomatic help from Iraq's neighbors, including Iran and Syria — not only to resolve problems in Iraq but to find an end to the long-running conflict between Israel and the Palestinians.

One of the study group's central recommendations was for the administration to reach out to Syria and Iran for help in stabilizing Iraq, a course Bush has rejected in the past and confronted skeptically on Thursday.

"Countries that participate in talks must not fund terrorism, must help the young democracy survive, must help with the economics of the country," Bush said. "If people are not committed, if Syria and Iran is not committed to that concept, then they shouldn't bother to show up."

For his part, Blair suggested that Iran's support for Shiite militants in southern Iraq presented a problem. "Iran has been ... basically arming, supporting, financing terrorism," the visiting British leader said.

Blair said he welcomed the Baker-Hamilton report despite its depiction of a failed policy that both he and Bush had previously embraced.

"It offers a strong way forward. I think it is important now we concentrate on the elements that are necessary to make sure that we succeed — because the consequences of failure are severe," Blair said.

Bush appeared to endorse the bipartisan panel's conclusion that any resolution of the Iraq conflict is tied to reducing tensions between Israel and the Palestinians and across the broader Middle East — a position Blair has long held.

"It's a tough time and its a difficult moment for America and Great Britain and the task before us is daunting," Bush said as members of the bipartisan commission testified about their report on Capitol Hill.

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Blair said the terrorists' threat in Iraq is part of an old pattern that is region-wide. Terrorism "has basically come out of the Middle East" and must be addressed in a way that includes a solution to the Palestinian-Israeli conflict, he said.

Bush: "It's Bad In Iraq" (NYDN)

New York Daily News, December 8, 2006

WASHINGTON — President Bush said Thursday that a bipartisan panel's call for a major course change in Iraq was an important document, but just one of several reports he will consider as he charts a new strategy.

Standing alongside chief Iraq war ally Tony Blair of Britain, the president acknowledged that, "It's bad in Iraq."

Both Bush and Blair agreed that success in Iraq may depend on victory over extremists across the broader Middle East. The two leaders met a day after the Iraq Study Group headed by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton issued a report saying their war policies had failed and a major course correction was needed, including beginning to withdraw combat troops.

Asked at a joint news conference when the president would start to carry out recommendations for a change, Bush noted that other studies were still under way by the Pentagon, the State Department and the White House National Security Council. He said he would make major policy decisions "after I get the reports"

He called the Baker-Hamilton report "certainly an important part of our deliberations and an important part of our discussions this morning."

At the same time, Bush said, "I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation." Baker did say, earlier Thursday, he believes the study "is probably the only bipartisan report he's going to get and it's extremely important that we approach this issue in a bipartisan way."

The report, which contains 79 separate recommendations, says that Bush's Iraq policy is not working, warns the situation in Iraq is "grave and deteriorating" and calls for most US combat troops to be withdrawn by early 2008. Bush said he is planning to deliver a major speech to outline his decision for a new way forward.

"I think you're probably going to have to pay attention to my speech coming up here when I get all the recommendations," Bush said in a joint news conference with the British prime minister. "I do know that we have not succeeded as fast as we wanted to succeed. I do understand that progress is not as rapid as I had hoped. And therefore it makes sense to analyze the situation and to devise a set of tactics and strategies to achieve the objective that I have stated," the president said.

"It's a tough time and its a difficult moment for America and Great Britain and the task before us is daunting," Bush said, even as members of the bipartisan commission were testifying on their report on Capitol Hill. Bush asserted that success in Iraq depends on victory over extremists across the "broader Middle East," apparently subscribing to one of the conclusions of the Baker-Hamilton report.

Blair, who has stood shoulder to shoulder with Bush since the March 2003 invasion of Iraq, said he welcomed the conclusions of the Iraq Study Group despite its criticism of past policies that both he and Bush advanced. It "offers a strong way forward," Blair said. "The consequences of failure are severe," he added.

Bush appeared to endorse the panel's conclusion that any resolution of the Iraq conflict is tied to reducing tensions between Israel and the Palestinians and across the broader Middle East — a position Blair has long held.

But in Tel Aviv, Israeli Prime Minister Ehud Olmert said he disagreed with the advisory group's linkage. He told a news conference that conditions were not ripe to reopen long-dormant talks with Syria. "I appreciate your clear view that we are confronted with a struggle between moderation and extremism and this is particularly evident in the broader Middle East," Bush told Blair. Both Bush and Blair said that supporting the government of Iraqi Prime Minister Nouri al-Maliki was central to efforts to help Iraq defend, govern and sustain itself.

"The American people expect us to come up with a new strategy," Bush said. "I believe we need a new approach and that's why I've tasked the Pentagon to analyze the way forward," he said.

In addition to the Iraq Study Group, studies are under way at the Pentagon, State Department and National Security Council on next steps. The response made it clear that Bush did not intend to be influenced only by the bipartisan panel's report, which contained 79 specific recommendations, but by the other studies as well.

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One of the study group's central recommendations was for the administration to reach out to Syria and Iran for help in stabilizing Iraq, a course Bush has rejected in the past. "Countries that participate in talks must not fund terrorism, must help the young democracy survive, must help with the economics of the country," Bush said.

"If people are not committed, if Syria and Iran is not committed to that concept, then they shouldn't bother to show up." For his part, Blair suggested that Iran's support for Shiite militants in southern Iraq presented a problem. "Iran has been...basically arming, supporting, financing terrorism," the visiting British leader said.

Blair said the terrorists' threat in Iraq is part of an old pattern that is region-wide. Terrorism "has basically come out of the Middle East" and must be addressed in a way that includes a solution to the Palestinian-Israeli conflict, he said.

Report Enrages The Right (LAT)

By Greg Miller

The Los Angeles Times, December 8, 2006

WASHINGTON — Right-wing radio host Rush Limbaugh called it "The Iraq Surrender Group."

The conservative New York Post tabloid doctored a front-page photo to depict the co-chairmen of the Iraq Study Group in primate fur, under the headline "Surrender Monkeys," inspired by a frequently quoted line from "The Simpsons."

And conservative commentator William J. Bennett vented in volcanic fashion. "In all my time in Washington I've never seen such smugness, arrogance, or such insufferable moral superiority," Bennett wrote on the National Review website. "Self-congratulatory. Full of itself. Horrible."

Howls of protest echoed across the right side of the political spectrum as conservatives voiced dismay with the findings of the bipartisan Iraq panel, released Wednesday.

The commission's report depicts Iraq as a country sliding into chaos, saying conditions are "grave and deteriorating."

Many conservatives agree with that assessment. But the report's other findings and recommendations, which declare the approach they have backed for nearly four years all but bankrupt, clearly struck a nerve with the most ardent supporters of the war.

That diagnosis has compounded the pain for conservatives who saw voters turn control of both chambers of Congress over to Democrats last month, largely because of mounting frustration with the war in Iraq.

Conservatives were particularly incensed at the study group's recommendation that the United States engage Iraq's neighbors, including Iran and Syria, as part of a broad new diplomatic push to enlist other countries, even those that see themselves as enemies of the United States, to try to solve the Iraq problem.

That advice is particularly difficult to swallow for neoconservatives and others who believe U.S. diplomacy should be grounded in a moralistic view of the world, as opposed to the more pragmatic and compromising "realist" approach championed by the Iraq Study Group's most prominent members. The group's chairmen are Republican former Secretary of State James A. Baker III and former Democratic Rep. Lee H. Hamilton of Indiana.

Conservative bloggers pounded away at this point.

"We are fighting the spread of radical Islamist terrorism, and the two major production centers for that very problem are Tehran and Damascus," read a posting on the conservative site captainsquartersblog.com. "Holding a regional conference with them to determine anything but their surrender in that war only encourages the spread of the terrorism that we seek to end."

Others, including influential conservative editorialist William Kristol, accused the Study Group of focusing its nine months of study on how to extricate the United States from Iraq, rather than how to win.

"They do not engage that debate, and I think that's deeply irresponsible," Kristol said. "If they think the war cannot now be won, they need to explain that."

There was heated rhetoric from the left as well. Democrats generally praised the group's findings but took advantage of the report's release to renew their criticism of the Bush administration.

In discussing the report, former Vice President Al Gore called the invasion of Iraq the "worst strategic mistake in the entire history of the United States." He made his comment during an appearance on NBC's "Today Show."

But conservatives were especially riled by the report's seemingly deliberate omission of any reference to Bush administration ideals, such as spreading democracy across the Islamic world.

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"It was about as interesting as a small-town phone book," said Danielle Pletka, a vice president of the American Enterprise Institute, a conservative Washington think tank, on Fox News. "I was amazed by the report. There were very few concrete suggestions. There were very few deep ideas. And there were very, very few plans for victory."

They also chafed at public praise that the commission's 10 members — five Democrats and five Republicans — overcame political pressure to reach agreement.

"Does history really give a hoot about bipartisanship? Who cares whether they are getting along?" asked Limbaugh on his radio show Thursday. "Show me the book in the library, 'Great Bipartisanship in American History.' "

Arab World Welcomes Iraq Study Group Report (CSM)

By Dan Murphy, Josh Mitnick

The Christian Science Monitor, December 8, 2006

The Iraq Study Group (ISG) recommendations are making far more waves outside Iraq than inside that troubled country.

To average Iraqis, the report seems to be an abstract exercise unlikely to end the war there anytime soon. But it is being eagerly read elsewhere in the region, with a number of Arab states welcoming the report as a sign that their advice is starting to be heeded. In Israel, however, it's being viewed with apprehension because of its calls for direct US engagement with Syria and Iran.

The Jordan Times - a paper with ties to the state, a US ally - hailed the recent ouster of Defense Secretary Donald Rumsfeld and the ISG's report as a "return to common sense" in its lead editorial. "All of a sudden Washington appears to be heading towards a less bellicose and more cooperative stand on Middle East issues," it wrote, praising the report's recommendations to engage Iran and Syria and start a "gradual pullout of its troops to end the occupation."

Nabil Amr, a top adviser to Palestinian President Mahmoud Abbas, described the report as "excellent," saying he read it as an acknowledgement of Bush administration failures in Iraq and the region.

"The administration must wake up and see the reality on the ground in the Middle East requires a different policy," he says.

In Israel, though, reaction to the report ranged from muted to outright anger.

The ISG report states bluntly that the "US does its ally Israel no favors in avoiding direct involvement to solve the Arab-Israeli conflict." It says that there is "no military solution" and that "political engagement and dialogue are essential ... because it is an axiom that when the political process breaks down there will be violence on the ground."

Zbulun Orlev of Israel's right-wing National Religious Party labeled the report "unfriendly" to Israel, particularly in its advocacy for engaging Iran and calling for a "land for peace" approach to the problems in the Palestinian territories, which it says are inflaming regional problems.

"We thought after six years of Bush, the policies which Baker represents had died," Mr. Orlev says, referring to ISG co-chair James Baker, who was the secretary of State under President George H. W. Bush, during which time he pushed for a peace deal with the Palestinians.

Israeli Prime Minister Ehud Olmert made a point at a press conference Thursday to say that the report does not necessarily reflect Bush administration policy.

"Israelis know Baker's determination quite well," says Gershon Baskin, co-chair of the Israel-Palestine center for research and information. "If Bush accepts the recommendations, Israelis are going to face pressure they're not used to."

Elsewhere, the report's recommendations on Iran and Syria were seen as puzzling, as many analysts say the conflict in Iraq is the result of internal sectarian competition for power.

Iran's power to help could be limited. "Iran has an interest in stabilizing Iraq, but its influence has been exaggerated," says foreign policy analyst Davoud Hermidas Barvand. "It cannot even direct the political situation there among the Shiites."

The price of Iranian assistance is not yet clear. Analysts say it might seek a softer line over its nuclear program, an end to sanctions, and a guarantee against military strikes. It has proved a hard negotiator on the nuclear issue and the Baker recommendations have increased confidence in Iranian government circles.

One demand has already been articulated. Supreme Leader Ayatollah Ali Khamenei, who makes the final decisions in foreign policy, said US troops must pull out of Iraq before Iran would help reduce the violence: "The occupation of Iraq is not a

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morsel that the US can swallow," Mr. Khamenei said during a visit by Iraq's president in late November. "The first step to resolve the instability in Iraq is the withdrawal of occupiers from this country and the transfer of security responsibilities to the popular Iraqi government."

The ISG calls for a negotiated settlement with Syria to stop shipping weapons to Hizbullah, the Shiite militant group, and stop allowing Iran to transport weapons across the country to Hizbullah in Lebanon. It calls for Syria's full cooperation in investigating all political assassinations in Lebanon, and to encourage Hamas to recognize Israel's right to exist.

In exchange, the ISG recommends that Israel return the Golan Heights to Syria, with an international force on the border that could include US troops, if both countries agree.

"Sure, Iran and Syria may be allowing people to come across their border and providing some arms or money, but the conflict is overwhelmingly about sectarian enmity inside Iraq," says Andrew Garfield, a former British military intelligence officer who spent most of last year as an adviser in Iraq and is now a senior fellow at the Foreign Policy Research Institute in Washington.

Mr. Garfield says peacemaking will have to done inside Iraq, by Iraqis, and that he doubts any outside power has much influence there anymore.

He's also skeptical about the ISG's calls for more trainers embedded with Iraqi units. He argues the US military simply doesn't have enough trainers with the cultural sophistication to get the job done. At any rate, he says, the Iraqi Army would have to be dramatically expanded just to take up the role of the US and other coalition forces on the ground now.

"You'd have to replace the roughly 160,000 coalition forces with new Iraqi forces, and in reality that probably isn't enough either," he says. "Realistically, Iraq probably needs 300,000 to 400,000 more troops, and they'd have to be as good or better than the American troops they replace."

Arab States Seize On Call For Peace Drive (FT)

By William Wallis, Andrew England, Gareth Smyth

Financial Times, December 8, 2006

Arab officials seized on the Iraq Study Group recommendations on Thursday to highlight the need for greater US commitment to a revived peace process between Israel and the Palestinians.

But there was also concern in some Arab states that any early scale-back of the American troop presence in Iraq could lead to an escalation in sectarian conflict that might spill over into neighbouring states.

The report said: “The US cannot achieve its goals in the Middle East unless it deals directly with the Arab-Israeli conflict and regional instability. There must be a renewed and sustained commitment by the US to a comprehensive Arab-Israeli peace on all fronts.”

It also recommended that the US engage constructively with Syria and Iran to influence their behaviour in Iraq. Syria welcomed the recommendation, saying it was pleased that the report tied the situation in the Iraq with the rest of the region.

Manouchehr Mottaki, Iran’s foreign minister, said Iran would be “in the position of [providing] help” if Washington found “a good end for the Iraq crisis”. But he reiterated Tehran’s position that US troops should leave. While some in Tehran fear the dangers for Iran of growing violence in Iraq, others say it has no pressing reason to ease the US plight. Ali Larijani, the top security official, said on Wednesday that the US was at a “strategic dead-end” in Iraq and the wider Middle East.

One official recently told the FT that Iran could “live with” any likely scenario in Iraq, “including riots, federalism, popular government or disintegration”.

“A mess in Iraq means Iran would not be next [to be invaded by the US], while security and democracy in Iraq would mean Iran’s friends were in power, whether in a unified Iraq or a federal one,” he added. “Iran is now strong in the region, and has won the game in Iraq.”

Any signs of Iranian triumphalism are likely to add to fears within Arab states, of spreading Iranian and radical influence in the region. Some commentators sniffed a sense of US defeatism in the Baker-Hamilton report, which said the conditions in Iraq were “grave and deteriorating” and recommended that by the first quarter of 2008 all US combat brigades should be out of the country, if training of Iraqi forces were stepped up.

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Abdel Monem Said, the director of Al Ahram centre for political and strategic studies, said this idea could be seized on by militant Islamists in the region and likened the situation to that prior to the US withdrawal from Vietnam in the early 1970s. He also questioned what incentives the US would be able to use to draw the Iranians and Syrians into constructive dialogue.

"We are coming back to 1974 once more, when the US was internationally demoralised and got out of south-east Asia and for the next seven to eight years we got a communist sweep into Vietnam, into Laos, into Cambodia," he said. Lebanese officials welcomed calls for greater US efforts to pursue peace between Israel and the Arabs. But one senior Beirut official said that Lebanon should not become a pawn in negotiations with neighbouring Syria and should not "be made the reward for Syria's good behaviour".

There was little immediate prospect in any case of an advance on the wider Arab-Israeli conflict. Ehud Olmert, the Israeli prime minister, rejected links between the Israeli-Palestinian conflict and Iraq and ruled out talks with Syria. Some Iraqis themselves doubted that changes in US policy could make much difference.

"The situation is a hurricane: no one has the power to calm it, not Americans and not Iraqis," said Hussein, a Shia teacher in Baghdad.

At State, The News Needs No Muse (WP)

By Al Kamen

The Washington Post, December 8, 2006

The Iraq Study Group report rocketed through town Wednesday, setting thousands of reporters off in search of foreign policy experts to opine about what it all meant.

Some agencies tried to make sure none of their people was caught talking out of school about the report, which, as White House spokesman Tony Snow gamely spun, was not in any way a "rebuke" of President Bush's policies.

Secretary of State Condoleezza Rice laid down the rules early Wednesday. An e-mail "Watch Alert" from the department's operations center went out at 11:07 a.m., announcing that the report "has been released and is now available" at various Web sites.

Within minutes, all the folks in Assistant Secretary John C. Rood's Bureau of International Security and Nonproliferation got this e-mail:

All -- Strict guidance this a.m. from the Secretary that she does not want any public "musing" by State officers on the Iraq Study Group report. All public comments will be handled by PA[Public Affairs].

So be sure to keep your "musing" private -- or at least on background.There's No Mess, but Clean It Up Anyway

Meanwhile, over at "PA," they were focusing like laser beams on the most important parts of the Iraq report, summarized by this topic headline in yesterday's press briefing: "Iraq Study Group Report is Not a Criticism of Rice's Efforts."

Study Group member Vernon Jordan couldn't agree more: "We don't look at how the house got put on fire," he told The Washington Post when asked about the report. "This is about how do we go forward from there" -- and put it out.Gates: Gone Missing

How quickly they forget. A reporter asked a study group aide if incoming Defense Secretary Robert Gates, a study group member until he was nominated in early November, had been sent a copy of the report.

"No," the aide said. "We didn't know how to reach him anymore."Billionaires for Blue Dogs?

All the political oddsmakers are looking to see which political candidates will generate that all-important "bandwagon effect," so the money, staff and endorsements will flood in and assure the candidate's nomination.

The same effect might apply to organizations. So we find that on Nov. 8, the day after the midterm elections, multibillionaire Bill Gates dropped $1,000 on the Blue Dog Political Action Committee. Sure, Microsoft's PAC has been a regular donor, but the chairman himself does not appear to have given before from his own wallet to that group of moderate and conservative House Democrats.

Time to jump on?Holiday Cheer and Rumsfeld Don't Mix

So everyone in the Joint Chiefs' directorates (J-1 to J-8) at the Pentagon was planning on holding Christmas parties on Friday, Dec. 15 -- the most obvious day since, after that, folks might start drifting out of town. But buzz is that someone, apparently

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in the office of the chairman, Gen. Peter Pace, had fretted that it might look as if all the hootin' and hollerin' that would be spilling out into the hallways was in celebration of Defense Secretary Donald Rumsfeld's departure that same day. (Leaving on that day, by the way, Rumsfeld will apparently fail to realize his dream of surpassing Robert McNamara's length-of-service record as secretary.)

So word came down last week to change the dates of the Christmas parties. Done.Opening the Door Wider for Iraqis

Meanwhile, the State Department has approached the U.N. High Commissioner for Refugees office to see about having more Iraqi refugees screened for admission to this country. Back in the '90s, when Saddam was in charge and oppressing and killing people, Washington admitted as many 4,980 Iraqi refugees a year.

Since the U.S. invasion, however, the numbers have plummeted to 298 in 2003, 66 in 2004, and about 200 in each of the past two years.

But with as many as 2 million Iraqis having fled the chaos and sectarian violence since the invasion -- and an estimated 100,000 a month coming out these days -- the United States is talking to the United Nations about boosting its intake. The focus, we're told, appears to be on helping Chaldean Christians, who are getting pounded by everyone over there. There's a U.S. ceiling of 5,500 refugees for this fiscal year for all the Middle East, plus a few thousand more "unallocated" slots that might be used.

One major problem is that the United Nations is grossly underfunded and understaffed, the refugee folks say, so they don't have enough people to process the huge numbers of Iraqis.

Still, it shouldn't be hard to boost the numbers just a little. Eight were resettled in October and nine in November. Well, that's an upward trend.

Howard Says Rapid Coalition Exit From Iraq Would Leave Chaos (BLOOM)

By Fergus Maguire

Bloomberg, December 8, 2006

Dec. 8 (Bloomberg) -- The rapid exit of coalition forces from Iraq would increase instability in the region, Australian Prime Minister John Howard said, after a U.S. report recommended the withdrawal of most combat troops by early 2008.

``A precipitous American withdrawal would create a real bloodbath and total chaos," Howard said in an interview on Melbourne radio station 3AW. ``I would like to be out of Iraq as soon as possible but I'm not going to make myself in any way a hostage to a particular date."

The U.S. bipartisan Iraq Study Group released a report Dec. 6 that concluded the U.S. should aim to withdraw most of its troops from Iraq by early 2008 and begin diplomatic talks with Iran and Syria.

Australia's Defense Department has drawn up plans for a phased withdrawal of troops in case there is a change of coalition policy, the Australian Financial Review said today, citing unnamed government officials.

The government rejected a U.S. request for Australian soldiers to serve in Iraqi units, the Australian newspaper said today.

At Least He Read It (LAT)

The Los Angeles Times, December 8, 2006

Bush acknowledges that the Iraq Study Group's report is 'important.' But will he take its advice?

IF THE IRAQ STUDY GROUP is worried that its recommendations will not be taken seriously, then Thursday's news conference with President Bush and British Prime Minister Tony Blair is cause for concern. "A lot of reports in Washington are never read by anybody," Bush said. "To show you how important this one is, I read it." A moment later he added, as if for emphasis, "This is important."

Oh well. At least the Iraq Study Group had one 24-hour news cycle before it was dismissed as "important." In Washington, importance is the last stop before irrelevance; it's a graceful way to offer praise without support. On that score, there is reason for more than just the members of the group to be worried. The president and the prime minister used the word 46 times in 53 minutes, including to describe the goal of eventual withdrawal of U.S. troops and the need to be engaged on the Israeli-Palestinian issue.

Semantics aside, Bush's performance Thursday was depressing. He turned truculent when pressed to describe the situation on the ground ("It's bad in Iraq. Does that help?") and was irritatingly simplistic explaining his rationale for staying there

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("I wouldn't have our troops in harm's way if I didn't believe that, one, it was important, and, two, we'll succeed"). His opening remarks included the usual airy rhetoric about creating a beacon of democracy in the Middle East and ominous yet vague references to "the forces of terror and extremism." For minutes at a time, the conference sounded like it could have been taking place in 2003.

The president did say that "I believe we need a new approach," and it's clear that the coming season of studies and debate is meant to precede some modest new package of initiatives. What that approach will be is another matter.

The chief value of the Iraq Study Group report is not necessarily what it says — much of which has been suggested elsewhere or has been obvious for some time — but who's saying it. Like management consultants, this group of former insiders can give Bush the cover he needs to make changes that everyone realizes are necessary but no one in power seems willing or able to propose.

Management consultants are rarely popular, and as George and Tony were meeting reporters, Jim and Lee (the group's co-chairmen, James A. Baker III and Lee H. Hamilton) were lobbying Congress. Their report was a "comprehensive strategy," they said, best accepted or rejected in full. It's an oddly naive hope for a realist such as Baker. Certainly it's bizarre to argue that the group's recommendations — all 79 of them — are somehow sacrosanct. If the president deserves any sympathy, it's for his reluctance to give his father's consigliere special deference.

Bush is right: The U.S. needs to confront terrorists, and democracy is a worthy goal. But declaring a goal is separate from achieving it. No one will argue that these goals aren't important (that word again). Yet they will remain unattainable until a host of other issues, many of them outlined by the Iraq Study Group, are addressed. Maybe Bush realizes this but can't bring himself to say so publicly. Or maybe he just doesn't believe it. After Thursday's news conference, it's still hard to tell.

Bush Listened, But Did He Hear? (WP)

By Eugene Robinson

The Washington Post, December 8, 2006

I've been in this business long enough to recognize journalism when I see it. The first tip-off was the way the canny old pros in the Iraq Study Group (not one of whom I'd play poker with for money) studded their report's brief executive summary with explosive phrases -- a "grave and deteriorating" situation, a looming "humanitarian catastrophe," withdrawal of combat troops by "the first quarter of 2008." As an old editor once told me, hit the readers hard at the top of the story before they yawn and turn the page.

It turns out that James Baker, Lee Hamilton and the other members of the group didn't have to worry about holding readers' attention. The 96-page main report -- an attempt to find a way for George W. Bush to get us out of his Iraq debacle without provoking World War III -- is full of solid reporting and analysis, with surprises along the way that make your jaw drop.

There's only one reader who really counts, though, and I doubt he'll be impressed. The Decider isn't in the habit of letting mere facts get in the way of blind conviction.

At least the five senior Republicans and five senior Democrats who made up the panel have put down a marker. Facts do count, they remind us, and the possibility that the Iraq misadventure will spark a wider regional war is enough to powerfully concentrate the mind.

"I've been on a lot of presidential commissions in my life, going back to 1965. This was the toughest, but also the one where there was more cooperation and common purpose," Vernon Jordan told me by phone Wednesday as he sat down to dinner, the first meal he'd had time for on a day that began at 7 a.m. with a White House meeting with the president.

"This was the only commission I've seen where there was no argument, no falling out, nobody storming out of the room," Jordan said.

Roughly the first half of the report is pure journalism, an example of what old foreign correspondents used to call a "situationer" -- a snapshot overview of whatever country one's editors thought needed assessing. I learned things I hadn't known.

For example, I knew that the Iraqi army was a mess and that the Iraqi police force is full of sectarian thugs. But I didn't know that Iraq had another armed force, bigger than the police -- the 145,000-strong Facilities Protection Service, which is supposed

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to guard military infrastructure. One "senior U.S. official" described this shadowy force as "incompetent, dysfunctional, or subversive." How comforting.

I also wasn't aware that the Baghdad city government is a "Shia dictatorship" that allocates services along sectarian lines, consigning one Sunni neighborhood to "less than two hours of electricity each day" and waist-high piles of trash.

The second half of the report is less a news story than a long op-ed piece. The panel ruled out my preferred exit strategy, which it dismisses as "precipitate withdrawal." (I prefer to call it "wake up and smell the coffee.") The report explains how splitting Iraq into three autonomous parts would be an unacceptably bloody process, as well as intolerable to the neighbors; and how the option of sending a lot more troops to Iraq, as Sen. John McCain advocates, is moot given that we don't have a lot more troops to send.

The report is harshest on the president's "stay the course" option, pointing out that the longer we remain, the worse the situation in Iraq seems to get -- and the more American troops are maimed or killed.

The document concludes with 79 recommendations, most of which are eminently reasonable and none of which will get us out of Iraq overnight. The president will probably reject some out of hand -- talking directly with Syria and Iran, for example. And while it would be good if the president finally realized that solving the Israeli-Palestinian conflict would lower the temperature throughout the Middle East, I'm pretty sure it will take more than a phone call to persuade the Israeli government to give up the Golan Heights.

Jordan said that when the members of the panel met with Bush on Wednesday, the president's attitude was encouraging. "My mama used to say that a lot of people listen, but they don't hear," Jordan said. "Bush both listened and heard us."

That's a good sign. But the administration has set in motion its own multiple reviews of Iraq policy, and the official White House position is that the Iraq Study Group's viewpoint will be just one of many the president takes into account -- which is a bad sign. Would someone please tell the president that even his new secretary of defense doesn't think we're winning this war?

An Ideal In Need Of Rescue (WP)

By E. J. Dionne

The Washington Post, December 8, 2006

One of the many disastrous consequences of President Bush's botched policy in Iraq is that it has given the promotion of democracy a bad name.

If the report of the Iraq Study Group is nothing else, it is a devastating declaration that the administration's approach is an abject failure and that the United States needs to scale back its goals. Grand dreams of Iraqi democracy and a transformed Middle East are out. The best we can hope for now is an Iraq that can "govern itself, sustain itself, and defend itself."

Cleverly, the report cited those words because they were spoken by Bush himself in one of his least expansive descriptions of the mission. The president is now stuck with a minimalist definition of what can be accomplished in Iraq, because everything he has done since 2003 has made broader achievement impossible.

In truth, this Middle East adventure was never a serious effort to build democracy in Saddam Hussein's Iraq. Yes, there were elections and there was a lot of talk about democracy. But don't listen to what the administration said. Look at what it did.

The deployment of a relatively small force to Iraq in the first place and the administration's stubborn refusal to send more troops when violence and chaos followed Hussein's fall were the first signals that the administration didn't understand what it took to create democracy, didn't mean what it said about democracy or was divided over what its objectives really were.

That the administration rushed to war without serious planning, did not take the time to cultivate a broader group of allies that could have helped in nation-building and did not talk honestly to the American people about what a large undertaking it was foisting upon them were all signs of its reckless arrogance -- or, to be more charitable, simple foolishness. The administration fought this war in a way guaranteed to make the road to democracy even more difficult.

Some of the most compelling parts of the report are the sections that will receive the least attention because they deal with the most basic tasks -- policing, the justice system, economic reconstruction, job creation and protection of the oil industry.

Of the report's 79 recommendations, Nos. 50 through 67 are common-sense proposals about rebuilding post-Hussein Iraq that should have been worked out in detail long before we even started this war. James Baker and Lee Hamilton have done in

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2006 what should have been done in 2002. Most of the ideas are still good ones, but they will be almost impossible to achieve given the chaos in Iraq that the report describes so accurately.

The report is seen as the triumph of "realism" in the foreign policy debate, and it is that. After years of unrealistic administration claims that all was going well in Iraq, it is truly refreshing to read a report by a group of establishmentarians stating plainly and realistically what is actually going on.

Democrats have mostly welcomed the report, and for good reason: It makes clear that whatever happens in Iraq, the mess was created by Bush administration policies. It will be hard to blame the new Democratic Congress after the fact.

By placing what is in effect a two-year limit on the American combat commitment in Iraq -- there are plenty of fudge words, but the message is clear -- the report ratifies the judgment of America's voters last month that time had run out on Bush's adventure.

And with some of the nation's leading Republican foreign policy specialists pronouncing Bush's policies a failure, other Republicans will have a hard time accusing Democrats of stabbing our military in the back with their own calls for withdrawal. The commission states clearly that what has happened up to this point has left our nation with only bad choices.

This war has done enormous damage to the United States, and some of the damage is to our ideals. The United States still has a powerful interest in encouraging the spread of democracy around the globe. Promoting democracy must remain a core goal of American foreign policy.

But there are smart ways to promote democracy and there are stupid, even dangerous, ways. Creating democracy where it has never existed is a long and painstaking process. You can't whip it up by buying a cake mix or holding a single election and declaring victory.

An administration that fought a misguided, poorly planned and ill-considered war in the name of democracy should not be allowed to discredit the democratic idea itself.

Set A Date And Buy Some Leverage (NYT)

By Thomas L. Friedman

The New York Times, December 8, 2006

The brutally honest Baker-Hamilton assessment of the Iraq morass implies that we need to leave Iraq if the factions there don't get their act together, but it also urges a last-ditch effort to enlist the help of Syria and Iran to salvage something decent. Both are good suggestions, but they will only have a chance of being effective if we go one notch further and set a fixed date — now — for America to leave Iraq.

The only hope of moving the factions inside Iraq, not to mention Syria and Iran, toward reconciliation is if we have leverage over them, which we now lack. The currency of Middle East politics is pain. And right now, all the pain is being inflicted on us and on Iraqi civilians. Only if we tell all the players that we are leaving might we create a different balance of pain and therefore some hope for a diplomatic deal. Trying to do diplomacy without the threat of pain is like trying to play baseball without a bat.

Yes, yes, I know, the conventional wisdom is that if the U.S. sets a date to leave Iraq the whole Middle East will explode in a Shiite-Sunni war. Maybe, but maybe not.

Let's play this out. What happens if we set a date to leave? The war in Iraq will get worse, but for how long? Right now our troops are providing a floor under the civil war that allows some parties to behave outrageously or make impossible demands — because they know that we won't let things spin totally out of control. Would they behave more cautiously if they knew they had to pay retail for their madness? I'd like to find out.

Moreover, while our presence in Iraq helps control the situation, it also aggravates it. For many Sunnis, and a growing number of Shiites, we've become "occupiers" to be resisted. Our leaving will both unleash violence and eliminate violence.

As for the neighbors, well, right now Iran, Syria and some other Arab states look at Iraq and clearly believe that the controlled chaos there is their friend. For Arab autocrats, chaos is their friend because a burning Iraq on Al Jazeera sends a message to their own people: "This is what happens to those who try democracy." And for Iran and Syria, anything that frustrates the U.S. in Iraq and keeps America bleeding weakens its ability to confront Tehran.

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The minute we leave, chaos in Iraq is not their friend anymore. First of all, if there is a full-fledged civil war, Syria, a largely Sunni country, will have to support the Iraqi Sunnis. Shiite Iran will have to support the Iraqi Shiites. That would mean Iran and Syria, now allies, will be on opposite sides of the Iraqi civil war. That will leave them with the choice of either indirectly fighting each other or working to settle the war.

Moreover, right now we are "Mr. Big" in Iraq, soaking up all the popular anger. But the minute we're gone, Iran becomes "Mr. Big" and the age-old tensions between Iraqi Arab Shiites and Iranian Persian Shiites will surface. Iran and Moktada al-Sadr will be at each other's throats.

Also, as long as our troops are in Iraq, we are pinned down and an easy target for Iran to hit, should we ever want to strike its nuclear facilities. Once we are out, we will have much more room to maneuver. I'm not saying we should attack Iran, but I am saying Iran will be much more worried that we will.

As for the Arab states, they've done little to promote peace in Iraq. They've basically said to America: "You can't leave and we won't help." O.K., we're leaving. You still don't want to help? The only thing the Arab regimes fear more than democracy is fragmentation.

As I've written before, our real choices in Iraq are 10 months or 10 years. Either we commit the resources to entirely rebuild the place over a decade, for which there is little support, or we tell everyone that we will be out within 10 months, or sooner, and we'll deal with the consequences from afar. We need to start the timer — today, now.

As long as we're in Iraq, Iraq implodes, and we absorb a lot of the pain. The minute we leave, Iraq explodes — or at least no one can be sure it won't — and that is a real threat to the Iraqi factions and neighbors. Even facing that reality might not knock enough sense into them to compromise, but at least then they'll have their medieval religious war without us.

Only that threat will give us leverage. Yes, it would be a sad end to our involvement there. But everything Iraq's leaders have done so far suggests that a united, democratic and pluralistic Iraq is their second choice. Tribal politics is still their first choice. We can't go on having our first-choice kids dying for their second choice.

They Told You So (NYT)

By Paul Krugman

The New York Times, December 8, 2006

Shortly after U.S. forces marched into Baghdad in 2003, The Weekly Standard published a jeering article titled, "The Cassandra Chronicles: The stupidity of the antiwar doomsayers." Among those the article mocked was a "war novelist" named James Webb, who is now the senator-elect from Virginia.

The article's title was more revealing than its authors knew. People forget the nature of Cassandra's curse: although nobody would believe her, all her prophecies came true.

And so it was with those who warned against invading Iraq. At best, they were ignored. A recent article in The Washington Post ruefully conceded that the paper's account of the debate in the House of Representatives over the resolution authorizing the Iraq war — a resolution opposed by a majority of the Democrats — gave no coverage at all to those antiwar arguments that now seem prescient.

At worst, those who were skeptical about the case for war had their patriotism and/or their sanity questioned. The New Republic now says that it "deeply regrets its early support for this war." Does it also deeply regret accusing those who opposed rushing into war of "abject pacifism?"

Now, only a few neocon dead-enders still believe that this war was anything but a vast exercise in folly. And those who braved political pressure and ridicule to oppose what Al Gore has rightly called "the worst strategic mistake in the history of the United States" deserve some credit.

Unlike The Weekly Standard, which singled out those it thought had been proved wrong, I'd like to offer some praise to those who got it right. Here's a partial honor roll:

Former President George H. W. Bush and Brent Scowcroft, explaining in 1998 why they didn't go on to Baghdad in 1991: "Had we gone the invasion route, the United States could conceivably still be an occupying power in a bitterly hostile land."

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Representative Ike Skelton, September 2002: "I have no doubt that our military would decisively defeat Iraq's forces and remove Saddam. But like the proverbial dog chasing the car down the road, we must consider what we would do after we caught it."

Al Gore, September 2002: "I am deeply concerned that the course of action that we are presently embarking upon with respect to Iraq has the potential to seriously damage our ability to win the war against terrorism and to weaken our ability to lead the world in this new century."

Barack Obama, now a United States senator, September 2002: "I don't oppose all wars. What I am opposed to is a dumb war. What I am opposed to is a rash war. What I am opposed to is the cynical attempt by Richard Perle and Paul Wolfowitz and other armchair, weekend warriors in this administration to shove their own ideological agendas down our throats, irrespective of the costs in lives lost and in hardships borne."

Representative John Spratt, October 2002: "The outcome after the conflict is actually going to be the hardest part, and it is far less certain."

Representative Nancy Pelosi, now the House speaker-elect, October 2002: "When we go in, the occupation, which is now being called the liberation, could be interminable and the amount of money it costs could be unlimited."

Senator Russ Feingold, October 2002: "I am increasingly troubled by the seemingly shifting justifications for an invasion at this time. ... When the administration moves back and forth from one argument to another, I think it undercuts the credibility of the case and the belief in its urgency. I believe that this practice of shifting justifications has much to do with the troubling phenomenon of many Americans questioning the administration's motives."

Howard Dean, then a candidate for president and now the chairman of the Democratic National Committee, February 2003: "I firmly believe that the president is focusing our diplomats, our military, our intelligence agencies, and even our people on the wrong war, at the wrong time. ... Iraq is a divided country, with Sunni, Shia and Kurdish factions that share both bitter rivalries and access to large quantities of arms."

We should honor these people for their wisdom and courage. We should also ask why anyone who didn't raise questions about the war — or, at any rate, anyone who acted as a cheerleader for this march of folly — should be taken seriously when he or she talks about matters of national security.

At Last, Bush Faced With Obvious Truth On Iraq (FT)

By Philip Stephens

Financial Times, December 8, 2006

About one thing George W. Bush is right; though, unsurprisingly, for the wrong reasons. There can be no "graceful exit" from Iraq. America faces a resounding defeat. The eventual cost, in lost prestige and influence in the Middle East and beyond as well as in blood and treasure in Iraq, will be immense. It may seem trivial to Iraqis.

A year ago, the bipartisan Iraq Study Group might have hoped to supply the architecture for a half-elegant US departure. That was always an over-ambitious aim. In any event, it was overtaken some time ago by the rapid escalation in Iraq of sectarian violence.

Robert Gates, the US defence secretary-designate, got it right when he told the Senate defence committee this week: "It's my impression that, frankly, there are no new ideas on Iraq." The study group's task thus became to put existing ideas together in such a way as to oblige Mr Bush to change course.

We cannot be sure the president will listen. The risk is that Mr Bush will seek to cherry pick. But the White House's options are narrowing fast. In this respect the group has fulfilled its mandate. The report is candid and concise in description, pragmatic in analysis. The tone is set by the opening sentence: "The situation in Iraq is grave and deteriorating."

The report's great service has been to state the obvious. America has lost control in Iraq and its influence is diminishing further by the day. If the US administration is to have even a slight chance of salvaging something from the wreckage, it must admit the connections it has so far denied. That means between security, politics and reconstruction within Iraq and, outside, with the array of other conflicts and tensions across the region. Above all, the report says, the Arab-Israeli conflict can no longer be ignored; nor can the influence and interests of Syria and Iran.

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Nothing new there, you might say. Britain's Tony Blair and nearly everyone in Washington outside the administration, have been saying something similar. But the timing and provenance of this report matter. The end game is more about US politics than about the grim realities in Iraq.

Last month's mid-term elections saw the American people bluntly reject the administration's approach in favour of disengagement. As co-chairman of the study group, James Baker, a former Republican secretary of state and long-time Bush family consigliere, carries more clout than the president has ever been comfortable with. Lee Hamilton, the former Democratic congressman, gives the report its all-important bipartisan stamp.

The administration's inner torture, meanwhile, has been regularly bleeding into the pages of the New York Times. Every time Mr Bush reaches for another mantra about accomplishing the mission, the publication of another classified memorandum tells the story of an administration bereft of any strategy.

The most chilling example is a leaked Pentagon missive written by Donald Rumsfeld. There could be no better illustration than Mr Rumsfeld's private musings of the hubristic incompetence that has led America into this mess.

The sacked defence secretary recently remarked that the defence department was getting along fine with its "piece" of Iraq, a curious choice of words given his insistence from the outset that he retain full charge of the conduct of the war. His memorandum, which history will surely rate as one of the most shallow documents ever written by a politician carrying such grave responsibilities, tells a different story.

The soon-to-depart Mr Rumsfeld admits that the US is failing: "In my view, it is time for a major adjustment." He then produces a laundry list of alternative approaches. Almost casually, he admits that these putative changes – from US troop withdrawals and redeployments to cash bribes for friendly political and religious leaders in Iraq – may well not work.

No matter. Whatever decisions the US takes, he suggests, should be on a trial basis: "This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose'." Not lose? Where has Mr Rumsfeld been?

One suggestion for dealing with the upsurge in violence conveys the sheer vacuousness of it all. The US, he scolds in the manner of a parent set to punish a naughty child, must not reward "bad behaviour". It should cut off aid to any towns and villages where there is any violence. In other words, entire Iraqi communities should be punished for the actions of insurgents. Just the way to win hearts and minds.

Yet Mr Rumsfeld has not been alone. Fear of rewarding bad behaviour remains the stated rationale for the administration's refusal to engage Syria and Iran in an effort to stabilise Iraq. That might have had some superficial logic during that brief spell some years ago when American power seemed poised to sweep away all its enemies. Now it simply marries failed ideology with chronic weakness.

The study group has its own laundry list. Its recommendations run to nearly 80. They are strongest in their understanding of the intricate power struggles – between Shia, Sunni and Kurd, the secular and Islamist as well as Arab and Israeli – that now describe the Middle East. Above all, it recognises: "There must be a renewed and sustained commitment by the United States to a comprehensive Arab-Israel peace on all fronts."

Other recommendations are less convincing. Many are a reminder that the group's first priority is to map a path for US disengagement rather than necessarily to fix Iraq. Some carry the impression that the Iraqis are being blamed for the shortcomings of the US. The binding thread is a proposed withdrawal from Iraq of all US combat brigades by early 2008. If the carnage in Iraq has shaped the politics of Washington, those politics will now determine America's future in Iraq. In spite of its flaws, though, the report offers an intellectual coherence that has thus far been so sadly lacking.

What all this demands of Mr Bush is nothing less than the complete up-ending of his foreign policy. The goal of spreading democracy remains a noble one. But a crude vision of a world in thrall to America's military might must be replaced by one that recognises both the complexities of foreign policy and the limitations of US power. That may well be too much for this president to grasp. And it may, anyway, be too late for Iraq. But the delusions of the past few years are at last being swept away.

Don't Count On Iran To Pick Up The Pieces (NYT)

By Kenneth M. Pollack

The New York Times, December 8, 2006

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AS anticipated, the Iraq Study Group has recommended that the United States begin talks with Iran to solicit its assistance in stabilizing Iraq. This recommendation seems so sensible that the Bush administration's past reluctance to follow it is hard to fathom. Still, administration officials are right to counter that talking to Iran is not a policy, let alone a solution to our problems in Iraq.

The real questions are these: What do we say to the Iranians if we can get them to the table? What can they do in Iraq? What would they be willing to do in Iraq? And what will they want in return?

We should have engaged Iran in Iraq years ago. Before and during the war in Afghanistan, the Iranians were quite helpful to the United States. They shared our hatred of Al Qaeda and the Taliban, and they provided us with extensive assistance on intelligence, logistics, diplomacy and Afghan internal politics. After we turned our sights on Saddam Hussein, the Iranians suggested that they would be willing to cooperate on that too. Unfortunately, the Bush administration declined the offer, preferring to lump Tehran with Baghdad and Pyongyang in the "axis of evil."

None of this should suggest that Iran was helping us for reasons other than blatant self-interest, or that it had suddenly given up its antipathy toward us. But it was demonstrating real pragmatism and being very helpful on issues of mutual concern, which should have been good enough.

Today, large numbers of Iranian intelligence agents have infiltrated Iraq, where they seem to be providing money, weapons and other supplies to virtually all of Iraq's Shiite militias. There are reports that Hezbollah is training Iraqi Shiite militiamen in Lebanon at Iran's behest. And the Shiite warlords all know that in an all-out civil war, Iran would be their only backer.

All of that gives the Iranians influence over the Shiite militias — influence that could be helpful to the United States as it tries to forge a new strategy toward Iraq.

We should be careful, however, not to exaggerate Iran's influence. The problems in Iraq were not caused by the Iranians, nor can Iran solve them all.

Most Iraqis dislike the Iranians. In fact, "dislike" is too mild a term. In 2004 and early 2005, when it still seemed as if the United States-led reconstruction of Iraq might succeed, Shiite politicians were bending over backward to demonstrate that they were independent of Iran for fear their constituents would not support them otherwise.

Furthermore, while Iranian support is no doubt gratefully received, the evidence suggests that it is now more a supplement than a necessity for the major militias. At this point, the main Shiite groups — the Supreme Council for the Islamic Revolution in Iraq, the Mahdi Army, and the Fadhila Party among others — have considerable support among the population and are accused of making enormous amounts of money off oil smuggling and organized crime. Plus, there is no shortage of weapons in Iraq, with additional supplies readily available on the regional black market.

So Tehran can influence the behavior of the Shiite groups, but it probably would have a hard time forcing them to do things they do not want to do — like disbanding their militias, accepting a national reconciliation agreement, participating in an equitable oil-sharing scheme or accepting any of the other major changes that the Bush administration is seeking. If Iran were to threaten to end its support for these groups, they would most likely tell Tehran to get lost. What's more, the Iranians seem to understand this, having so far proven reluctant to try to force any of the Shiite groups to radically change course.

The limits on Iranian influence are a double-edged sword. They mean that we cannot count on Iran to solve Iraq's problems, but they also mean that we need not offer the Iranians the world in return for their assistance. Right now, Tehran and its bombastic president are riding high in the Middle East, and they will doubtless want something in return for helping us deal with Iraq. For instance, they may demand that the United States drop its objections to their nuclear program or cave in to Hezbollah's demands for a greater say in Lebanon.

Especially given the likely limits on what Iran can deliver in Iraq, these would not be prices worth paying. Instead, the United States should emphasize a shared interest in preventing Iraq's further implosion, as chaos there could easily spread to Iran — a danger most of Tehran's leaders seem to appreciate.

In exchange for Iran's assistance, Washington should recognize Iran's legitimate interests in Iraq, keep it (generally) apprised of military operations, and possibly even develop a liaison relationship with the Iranian military and intelligence services by which the two sides could exchange limited information, thereby dampening Iranian fears of malign American intentions.

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Much of this could be accomplished by forming a standing contact group made up of Iraq's neighbors — similar to the international support group proposed by Baker-Hamilton. The Iraqi government and the coalition forces would regularly brief this group and seek its advice, which should be ignored only with good reason. In return, the members of the contact group would commit to providing specific kinds of economic, political, diplomatic and even military support.

There are at least three good reasons to try this approach. First, no neighboring state is likely to significantly alter strategy unless they all do. Second, our efforts to work with Iran in Iraq cannot come at the expense of our traditional allies among the Sunni states of the region: Jordan, Kuwait, Saudi Arabia and Turkey. Finally, the problems in Iraq have become so daunting and so intertwined that we need every ounce of help we can get from every source available.

We can't simply expect Iran to save Iraq for us. Even all of Iraq's neighbors working in concert would play just a supporting role. Only the United States, working with those forces in Iraq still fighting the good fight, can possibly alter Iraq's catastrophic course.

We need a new, feasible plan of our own. Only then will we know how best Iran can help, and what we are willing to pay for that help. Talking to Iran without such a plan would be fruitless, if not folly.

Our Unceasing Ambivalence (WSJ)

By Shelby Steele

The Wall Street Journal, December 8, 2006

Possibly the most confounding feature of the Iraq war, from the very opening of hostilities to the present day, has been the American government's utter failure to define what victory would be in this war. "Victory" has been a conjure word for the Bush administration, a Churchillian allusion meant to evoke the heroic perseverance shown in the great wars of the past. But no one in the administration has ever said what victory would actually look like. And, lacking this description, even those of us who have supported the war have seen trouble coming for some time. Without a description of victory a war has no goal.

Historically victory in foreign war has always meant hegemony: You win, you take over. We not only occupied Germany and Japan militarily after World War II, we also -- and without a whit of self doubt -- imposed our democratic way of life on them. We took our victory as a moral mandate as well as a military achievement, and felt commanded to morally transform these defeated societies by the terms of our democracy. In this effort we brooked no resistance whatsoever and we achieved great success.

But today, as Nancy Pelosi recently put it, "You can define victory any way you want." And war, she said, was only "a situation to be resolved." If this sort of glibness makes the current war seem a directionless postmodern adventure, it is only because those who call us to war have themselves left the definition of victory wide open. And now, as if to confirm that this is a "relativistic" war meaning everything and nothing, there are at least three national commissions -- the White House, the Pentagon and the Baker committee -- tasked to create the meaning that will give us a dignified exit. Of course America is now quite beyond any possibility of dignity in this situation save the one option all these commissions have or will likely dismiss: complete military victory.

Why don't we know the meaning of this war and our reasons for fighting it? I think the answer begins in the awkward fact that America is now the world's uncontested superpower. If this fate has its advantages, it also brings an unasked-for degree of dominion in the world. This is essentially a passive dominion that has settled on a rather isolationist nation, yet it makes America into something of a sheriff. Whether the problem is Somalia, Bosnia, Iraq, Iran, North Korea or Darfur, America gets the call. Thus our youth are often asked to go to war more out of international responsibility than national necessity. This is a hard fate for a free and prosperous citizenry to accept -- the loss of sons and daughters to a kind of magnanimity. Today our antiwar movement is essentially an argument with this fate, a rejection of superpower responsibility.

And this fear of responsibility is what makes us ambivalent toward the idea of victory. Because victory is hegemonic, it mimics colonialism. A complete American victory in Iraq would put that nation -- at least for a time -- entirely under American power and sovereignty. We would in fact "own" the society as a colony. In today's international moral climate this would both undermine the legitimacy of our war effort and make an ongoing demand on our blood and treasure. If we are already a good ways down this road, complete victory would only take us further.

Is it any wonder, then, that we have failed to completely win this war? Since WWII, American leaders -- left and right -- have worked out of an impossible double bind: They cannot afford to win the wars they fight. Thus the postmodern American war in

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which the world's greatest power deconstructs its own motives for fighting until losing becomes a better option than winning. And yet the end of the Cold War has made these wars between the West and the Third World inevitable. When the world was clearly divided between the free West and the communist East, Third World countries could play the ingénue by offering their alignment to the most generous suitor. At the center of a market in alignment, they could extract financial support and enjoy a sense of importance.

But after the Cold War, these countries suddenly became crones without appeal or leverage in the West. And it was out of this sense of invisibility, this feeling of having fallen out of history, that certain Middle Eastern countries found a way to play the ingénue once again. They would not compete with or seduce the West; they would menace it.

Islamic extremism is an ideology of menace. It empowers those who, but for menace, would languish in the world's disregard. The dark achievement of bin Laden, Nasrallah and Ahmadinejad, names we know only because of their association to menace, is that they have used menace to make their people visible in the world, to bring them back into the scheme of history. And they are greatly loved for this. If their achievements follow from evil rather than from good, this is a small thing. Worse than evil is invisibility.

So, in the Middle East, America has gone to war not against Islam but against menace as a formula for power -- menace as the force that brings the First World in toe to the Third, and that makes bargaining between the two inevitable. Whether the issue is an obsession with nuclear weapons or terrorism in London or assaults against Israel, menace is the power that draws the West backwards into engagement with otherwise forgotten parts of the world. Iran cannot produce a digital camera or a Ferrari but, through menace, it can affect the balance of power in the world. We in the West, and especially America, then, are at war with menace -- the indulgence of evil for strategic advantage -- because today it is the power that most compromises us.

And yet Americans are also at war in the Middle East with our own fate as the world's singular superpower. Our sacrifice is more in proportion to our responsibility as a superpower than to our survival as a nation. We fight menace in Iraq and yet we know that complete victory there will only make us into colonialists, and thus expand our level of responsibility even further. So we fight a little against victory even as we fight for it. At the beginning of this war we delivered the "shock" but not the "awe," and then as the insurgency developed, we made a kind of space for it, almost as if we believed it had a right to fight us. Victory threatens us with the obligations and moral stigma of empire.

Only reluctant superpowers go to war with a commitment to fight until they can escape. So today the talk is of "draw-downs," "redeployments," etc. But all these options are undermined by the fact that we simply have not won the war. We have not achieved hegemony in Iraq, so there is no umbrella of American power under which a new nation might find its own democratic personality, or learn to defend itself. We have failed to give "peace in the streets" to the people we are asking to embrace the moderations of democracy. Without American hegemony, these "draw-downs" and "redeployments" are acts of outrageous moral irresponsibility, because they cede hegemony to the forces of menace -- the Sunni insurgency, the Shiite militia, the Islamic extremists, the wolfish ambitions of Iran. It was America's weak application of power that made space for these forces to begin with. To now shrink the American footprint further would likely offer the country up as a killing field and embolden Islamic radicals everywhere.

For every reason, from the humanitarian to the geopolitical to the military, Iraq is a war that America must win in the hegemonic, even colonial, sense. It is a test of our civilization's commitment to the good against the alluring notion of menace-as-power that has gripped so much of the Muslim world. Today America is a danger to the world in its own right, not because we are a powerful bully but because we don't fully accept who we are. We rush to war as a superpower protecting the world from menace, then leave the battle before winning as a show of what, humility? We confuse our enemies, discouraging them one minute and encouraging them the next.

Could it be that our enemies are really paper tigers made formidable by our unceasing ambivalence? And could it be that the greater good is in both the idea and the reality of American victory?

Mr. Steele, a research fellow at the Hoover Institution at Stanford, is the author of "White Guilt" (HarperCollins, 2006).

A Reality Check On The Iraq Study Group Report (CSM)

By Robert Zelnick

DOJ_NMG_0103761

The Christian Science Monitor, December 8, 2006

During the Iran hostage crisis a generation ago, I asked a senior State Department official what he would recommend to extricate the country from its predicament. "There is no good answer," he replied. "The trick is not getting into these situations."

Former Secretary of State James Baker, his Co-chair, Lee Hamilton, and their distinguished Iraq Study Group (ISG), must have echoed that sentiment often. But they persevered and came up with 79 recommendations Wednesday designed to end the US combat role in the country while averting humiliating defeat, giving Iraq the prospect of escaping unimaginable calamity, and providing the region with an opportunity to preempt what could become a spreading war.

For that they deserve credit, and for starkly debunking suggestions by Bush administration apologists that the war was somehow going better than accounts in the media might suggest. No, this is a war of unyielding Sunni insurgents, murderous Shiite militias, a dangerous sprinkling of international jihadists, mounting US and Iraqi casualties, and a staggering price tag of $400 billion to date, en route to a possible final tab of $3 trillion.

Four months ago, during a visit to Iraq, I encountered among senior coalition figures the seeds of disenchantment with Prime Minister Nouri al-Maliki. Some suspected his hatred of the old Saddam Hussein regime remained so intense that he wouldn't promote the reconciliation necessary for the Sunnis to end their insurgency. Others saw him as too politically weak and dependent on radical Shiite factions to offer a package that must include amnesty, a fair division of oil revenues, and a standing down of sectarian militias, particularly the 60,000-man Mahdi Army running wild through the vast Baghdad slum called Sadr City.

Still, the tendency in August was to give Mr. Maliki time to "get his legs." The Baker-Hamilton report, however, pulls no punches: "Maliki has ... ordered the removal of blockades around Sadr City, sought more control over Iraqi security forces and resisted US requests to move forward on reconciliation or on disbanding Shiite militias."

For all its insight regarding where the Iraq effort stands and how things can get even worse, the report's worth will ultimately be judged by two groups of proposals designed to make possible a US withdrawal unburdened by mission failure. The first is a diplomatic offensive calculated to enlist key states in the area to support and assist an independent Iraq, encourage an end to the insurrection on generous terms and, of course, to cease all mischief of their own. Contrary to established administration policy, Iran and Syria would both be invited to the table.

The second would transform the US military role from combat to training and support for Iraqi forces, including a substantial US component embedded with host country troops. By early 2008, the plan envisions a complete end to the US combat role with a drawdown of US forces to about half their current number of roughly 145,000. Two proposals - two probable failures

My problem with both plans is that neither seems likely to work. Both advertise US weakness when even during its period of military and political dominance the US-led coalition could not prevent Iran from training and equipping Shiite militias, Syria from providing a haven for Hussein loyalists and looking the other way as Al Qaeda operatives slipped across the border into Iraq, or Iraq's Sunnis from attacking the "occupier."

As a position of power and influence in Iraq has already fallen into his lap, Iranian President Mahmoud Ahmadinejad isn't likely to abandon his Holocaust denial activities long enough to attend Mr. Baker's event. In several interviews Wednesday, Baker admitted as much. His fallback position: Try to "flip" Syria from its current Iranian benefactor by offering Damascus the opportunity to negotiate with Israel for return of the Golan Heights, captured by the Israelis in 1967. In addition to behaving in Iraq, the Syrians would also stay out of Lebanon, assist the UN in investigating two political murders in Lebanon, block Iranian weapons shipments to Hizbullah that now transit Syria, and persuade Hamas to recognize Israel.

When does diplomacy become fantasy? Viewed in the cold light of day, the panel's "New Diplomatic Offensive" would qualify.

As to the cluster of proposals involving a changed US military role, I fear this would mean foreclosing an important opportunity to make the numbers work to the advantage of the coalition. Just months ago, Marine Corps intelligence estimated that with an additional division in Anbar Province, the marines could defeat the Sunni insurrection. The fleshing out of Iraq's 10 divisions this year, and their accelerated training in 2007, could have complemented the US fighting force, probably enabling it to field that extra Anbar division, with a corresponding increase in bargaining power. Instead, the US would suffer a sharp diminution in combat and bargaining power as the drawdown begins.

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A particularly frightening consequence of the combat drawdown could occur in Baghdad itself, where the removal of US troops would leave residents totally at the mercy of Shiite militias overseen only by troops from the Shiite-controlled Army.

Two additional items bear mention. First, the ISG gives short shrift to the Kurdish autonomy issue and the inclusion of the oil-rich territory of Kirkuk in Kurdish lands. Blithely, the group proposes postponement by one year of a referendum on Kirkuk, constitutionally mandated to occur in 2007. When I visited the area in August, two senior American officers warned that the Kurds would go to war rather than surrender Kirkuk. They argued, too, that the pro-American Kurds were a much better strategic bet than a Shiite-led Iraq strongly influenced by Iran. Even as a nominal part of an Iraqi state, their freedom is worth US protection.
The Israeli-Palestinian question

Finally, the panel urges the administration to re-energize the Israeli peace talks with Palestinians who accept Israel's existence. Peace talks are not a synonym for peace and unless carefully prepared, they can lead instead to war. Witness the failure at Camp David in 2000 and the resulting human carnage of the second intifada.

Does any Palestinian today have both the will and the political power to negotiate a deal with Israel that waives the so-called right of return for refugees from the 1948 war and their descendants? Will the region be more content with a failed Camp David-type spectacular, or an effort that begins with such modest confidence-building measures as a cease-fire accord, an easing of travel restrictions, and selective prisoner releases? In any event, the bridge between Israelis and Palestinians is fragile enough to barely support the weight of its own parties. Adding to it the weight of a conflict between Sunnis and Shiites in Iraq is simply not smart.

With Military Options Limited, It's Time For Plan B: Diplomacy (USAT)

USA Today, December 8, 2006

If there was an important message lost in the rollout of the Iraq Study Group's report on Wednesday, it was this: New diplomatic initiatives, even at this 11th hour, are essential not just for ending the Iraq war but also to put the United States in the optimum position after it is over.

If the military effort begins to succeed, they add a point of leverage. But more important is their value in the event that the situation continues to deteriorate.

Should Iraq's shaky government fail, the United States' ability to control the country's violent disintegration militarily will be minimal. The Bush administration — stubbornly fixated on an improbable victory — is poorly positioned to cope with this, much less to restore a U.S. leadership role so badly undercut by differences over Iraq. Diplomacy is the only alternative.

The group's co-chair, former secretary of State James Baker, advocated a broad regional approach as a way to mitigate the dangers. "Everything in the Middle East," he rightly noted, "is connected to everything else."

At the center of the bipartisan panel's ideas is a proposal for an all-out push to revive the Israeli-Palestinian peace process, bringing Syria and Lebanon into that effort.

The group pointed out a truth rarely heard by Americans (even as it is front and center in the Arab world and Europe): U.S. disengagement from Israeli-Palestinian peace efforts is a huge source of tension and anti-Americanism, like a raging toothache inflaming everything else. U.S. allies in the region, including the powerful Sunni leadership in Saudi Arabia, say that it underlies other Mideast problems and that rancor from the impasse makes them harder to solve.

On Thursday, President Bush had the opportunity to act on that recommendation. He met with British Prime Minister Tony Blair, who has long argued for making the Israeli-Palestinian conflict a top priority, in terms not so different from the Iraq Study Group. Blair is about to visit the Middle East, and Bush could have anointed him his de facto envoy, approaching the conflict with the same gusto once applied to the Iraq invasion. But he chose not to, and the truth is that Blair can't get far alone because U.S. leadership has always been the essential ingredient in the peace process.

U.S. presidents forged the Camp David accords that brought peace between Israel and Egypt in 1978, and led Israeli and Palestinian leaders to the brink of peace a decade ago. A new presidential initiative could revive U.S. influence. Instead, Bush seemed more focused on admonishing Palestinian extremists.

That misses the point. The Iraq Study Group explicitly excluded from negotiation those who reject Israel's right to exist. It wants instead to restore the traditional approach of negotiating with Arab neighbors, who have a strong interest in stability.

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Critics might dismiss the group's proposals as little more than a nostalgic revival of the unworkable methods of a bygone era. But dialogue and negotiation move opponents toward agreements — in everything from labor disputes to deciding in a family who will prepare dinner. They are the foundation of centuries of diplomacy.

Bush's rigidity is particularly dangerous right now as the United States searches for an exit strategy from Iraq that won't make Americans more vulnerable.

Keep Focus On Iraq (USAT)

By Abraham Foxman

USA Today, December 8, 2006

When it comes to the Arab-Israeli conflict, the Iraq Study Group falls into the traps of inappropriately linking stability in Iraq to a solution of the Arab-Israeli conflict and of blaming extremism on the absence of peace, rather than recognizing that peace itself is prevented by extremism.

These are critically incorrect assumptions that lead the Iraq Study Group off in counterproductive directions:

•The assumptions lead the group to underplay the importance of Hamas' rejection of Israel and to discount terrorism as an obstacle to progress.

•They lead it to be vague about the greatest threat to the region — to the Arabs as well as Israel — the effort by extremist Iran to develop a nuclear weapon. Instead of focusing on alternative and serious options regarding this threat, all one hears is a recommendation to leave the issue with the United Nations Security Council and consider engaging Iran in dialogue.

•The assumptions also lead to a general misimpression about the sources and goals of extremism in the area.

It has been inevitable historically that when analysts see all problems in the Middle East as coming back to the Arab-Israeli conflict that it leads, as it does in this case, to a minimizing of the extent of hostility that exists toward Israel. For if so much else is dependent on solving that conflict, then one has to delude oneself that parties such as Hamas, Hezbollah, Syria and Iran are not so hostile, in order to believe a solution is possible.

Invariably, this approach neither solves the Arab-Israeli conflict nor helps lessen other serious problems in the region, such as Iraq.

It is good that the Iraq Study Group has reiterated that no U.S. administration will abandon Israel, that peace must be based on Security Council resolutions 242 and 338, and that the only lasting peace will be a negotiated peace such as Israel has achieved with Egypt and Jordan.

Even so, it is of great concern that the underlying concepts of the Iraq Study Group — the focus on the Arab-Israeli conflict and the underestimating of the depths of extremism — would lead U.S. policy in directions that would create even greater obstacles to the peace in the region that we all desire.

Abraham Foxman, national director of the Anti-Defamation League, is author of Never Again? The Threat of the New Anti-Semitism.

Iraq Report Just Cover For Surrender? (USAT)

USA Today, December 8, 2006

Investor's Business Daily,

in an editorial: "The Iraq Study Group's call for 'a change in the primary mission of U.S. forces in Iraq that will enable the United States to begin to move its combat forces out of Iraq responsibly' is simply retreat by another name. … America is engaged in a global war on terror against religious fanatics who cannot be talked into changing their minds, and so retreat in Iraq would be viewed as a victory for the Islamofascists. … Nowhere do we hear from the (group) any inkling of how exactly it could be possible to sit down and change the behavior of someone such as Iran's Mahmoud Ahmadinejad — (who) hopes for an Islamic apocalypse that he might make come sooner with nuclear weapons. …The Baker group serves up a Texas-sized helping of wishful thinking."

The Philadelphia Inquirer,

in an editorial: "The Iraq Study Group report … offers the best of the remaining choices for the United States to proceed in the Persian Gulf. The main recommendation of gradually changing the U.S. military's role from combat to training and

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supporting Iraqi forces is worth a try. So is convening a conference of Iraq's neighbors and restarting diplomacy to create a Palestinian state that stands alongside a secure Israel. These suggestions, based on a clear-eyed assessment of what's happening in Iraq, are already worth more to the American public than the misinformation that has been coming out of Washington."

The Wichita Eagle,

in an editorial: "President Bush faces a new national mood of tough realism and bipartisanship on Iraq, as exemplified by the study group and its findings. … The call for a pullout gives momentum to those arguing for a sooner rather than later departure from Iraq, although the study group also made clear that America's interests would not be served by leaving chaos behind. In truth, as expected, there's nothing really new in the study: No startling new ideas, no breakthroughs in policy or approach — and no good options. … America must now choose among the least harmful of several bad options for getting out of Iraq. That's the new reality facing President Bush and the nation."

George Will,

syndicated columnist, in The Washington Post: " The Iraq Study Group, like the policy it was created to critique, was overtaken by the unexpectedly rapid crumbling of the U.S. position in Iraq since ISG was formed in March. The deterioration was manifested in last week's misbegotten summit between President Bush and Iraqi Prime Minister Nouri al-Maliki … The ISG's recommendations must be read in light of these facts from the week during which the recommendations were being written. … The ISG's central conclusion … is that the problem with Iraq is the Iraqis, a semi-nation of peoples who are very difficult to help. The ISG's report will help accomplish what it recommends — increase pressure on Iraq's 'government' in the hope of turning it into a government by June, when Maliki says Iraq will be able to cope with its security needs. How likely is that?"

St. Louis Post-Dispatch,

in an editorial: "Recommendation No. 21: 'If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security and governance, the United States should reduce its political, military or economic support for the Iraqi government.' … The Baker-Hamilton commission has served the ball directly into the court of Iraqi Prime Minister al-Maliki's government. If the Iraqis don't return serve, the United States should start pulling out. The report … outline(s) how unlikely it is that the Iraqis even will get a racquet on the ball: Review of the constitution to pacify Sunni complaints. Returning former Baath Party members to government posts. Sharing oil revenue from Kurdish and Shiite provinces with the Sunnis. … Protection for the rights of women and minorities. … It almost defies belief. … Still, the report is the closest thing to a viable face-saving, peace-making, troops-home set of options we're likely to see."

Dueling Views On Diplomacy Pit Baker Against Rice (NYT)

By David E. Sanger

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — Many of the blistering critiques of the Bush administration contained in the Iraq Study Group's report boil down to this: the worldviews of Baker versus Rice.

Former Secretary of State James A. Baker III was the architect of the "new diplomatic offensive" in the Middle East that the commission recommended Wednesday as one of its main prescriptions for extracting the country from the mess in Iraq. Ever since, he has been talking on television, to Congress and to Iraqis and foreign diplomats about how he would conduct American foreign policy differently. Very differently.

At a midday meeting with reporters on Thursday, Mr. Baker insisted that the study group had "rejected looking backward." But he then proceeded to make a passionate argument for a course of action he believed Condoleezza Rice, the current secretary of state, should be pursuing — while carefully never mentioning Ms. Rice by name.

The United States should engage Iran, Mr. Baker contended, if only to reveal its "rejectionist attitude"; it should try to "flip the Syrians"; and it should begin a renewed quest for peace between Israel and the Palestinians that, he maintained, would help convince Arab moderates that America was not all about invasions and regime change.

Meanwhile, Ms. Rice remained publicly silent, sitting across town in the office that Mr. Baker gave up 14 years ago. She has yet to say anything about the public tutorial being conducted by the man who first knew her when she was a mid-level Soviet

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expert on the National Security Council. She has not responded to Mr. Baker's argument, delivered in a tone that drips with isn't-this-obvious, that America has to be willing to talk to its adversaries (a premise Ms. Rice has questioned if the conditions are not right), or his dismissal of the administration's early argument that the way to peace in the Middle East was through quick, decisive victory in Baghdad.

Aides to the 52-year-old Ms. Rice say she is acutely aware that there is little percentage in getting into a public argument with Mr. Baker, the 76-year-old architect of the first Bush administration's Middle East policy. But Thursday, as President Bush gently pushed back against some of Mr. Baker's recommendations, Ms. Rice's aides and allies were offering a private defense, saying that she already has a coherent, effective strategy for the region.

She has advocated "deepening the isolation of Syria," because she believes much of the rest of the Arab world condemns its efforts to topple Lebanon's government, they said; and in seeking to isolate Iran, they said, she hopes to capitalize on the fears of nations like Saudi Arabia, Egypt and Jordan that Iran seeks to dominate the region, with the option of wielding a nuclear weapon.

Ms. Rice makes no apology for the premium she has placed on promoting democracy in the Middle East, even though that is an idea that Mr. Baker and his commission conspicuously ignored in spelling out their recommendations. "I don't think that the road to democracy in Iraq is at all utopian," she said in April.

It is plenty utopian to Mr. Baker, who has made clear his view that the quest is entirely ill-suited to the realities of striking a political deal that may keep Sunnis and Shiites from killing each other, and that may extract American forces from Iraq.

Mr. Baker said nothing on Thursday about looking for Jeffersonian democrats in Iraq; he would be happy with few good "Iraqi nationalists" who can keep the country from splintering apart.

"They start from completely different places," said Dennis Ross, the Middle East negotiator who worked for Mr. Baker years ago and left the State Department early in the Bush administration. "Baker approaches everything with a negotiator's mindset. That doesn't mean every negotiation leads to a deal, but you engage your adversaries and use your leverage to change their behavior. This administration has never had a negotiator's mind-set. It divides the world into friends and foes, and the foes are incorrigible and not redeemable. There has been more of an instinct toward regime change than to changing regime behavior."

To some degree, the Bush administration has softened that approach in its second term, and Ms. Rice's aides contend that much of what is recommended in the Baker report, including a regional group to support the country, is already under way.

Mr. Bush himself seems uncertain how to handle his always-uncomfortable relationship with his father's close friend. It was Mr. Baker who in 2000 ran the strategy for winning the Florida recount, but he has also made little secret in private that he regards the current administration as a bunch of diplomatic go-cart racers, more interested in speed than strategy and prone to ruinous crashes. At his news conference on Thursday with Prime Minister Tony Blair, Mr. Bush bathed the report in faint praise, though he slipped at one point and referred to Mr. Baker as the sitting secretary of state.

The administration has sent out word that it regards Mr. Baker's recommendations as more than a little anachronistic, better suited to the Middle East of 1991 than to the one they are confronting — and to some degree have created — in 2006 three years after the Iraq invasion. It is a criticism that angers Mr. Baker, members of the study group say.

Iran and Syria illustrate the differing approaches of Mr. Baker and Ms. Rice. "If you can flip the Syrians you will cure Israel's Hezbollah problem," Mr. Baker said Thursday, noting that Syria is the transit point for arms shipments to Hezbollah. He said Syrian officials told him "that they do have the ability to convince Hamas to acknowledge Israel's right to exist," and added, "If we accomplish that, that would give the Ehud Olmert a negotiating partner."

Ms. Rice's allies argue that if it were all that simple, the Syrian problem would have been solved long ago. Stephen J. Hadley, national security adviser and Ms. Rice's former deputy, said recently that the problem "isn't one of communication, it's one of cooperation." Another administration official, who worked on the Middle East under Mr. Baker, said he admired Mr. Baker but added that "our Arab friends are enormously alarmed by this report, because they think it will be used by the Iranians" to gain advantage.

Now that Mr. Baker has taken his differences public, the mystery is this: is he speaking for Mr. Bush's father? "We never figured that out," said one fellow member of the panel. "There was always this implication that there was a tremendous amount of frustration from the old man about what was happening. But Jim was always very careful."

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The elder Mr. Bush was careful, too. Asked if he wanted to offer his insights to the panel, he declined.

Rice To Press Harder For Revival Of Mideast Talks (USAT)

By Barbara Slavin

USA Today, December 8, 2006

WASHINGTON — A day after a bipartisan panel urged the Bush administration to try harder to broker Middle East peace, the State Department said Secretary of State Condoleezza Rice would devote more energy to reviving Israeli talks with the Palestinians.

State Department spokesman Sean McCormack said Rice would travel to the Middle East early next year. "You are going to see her devote a tremendous amount of energy and … focus to create conditions" that allow peace talks to resume, McCormack said.

James Baker and Lee Hamilton, co-leaders of the Iraq Study Group, recommended that the Bush administration do more to resolve the Arab-Israeli conflict, which was hurting the chances to stabilize Iraq.

"We need to improve things for the United States in the Middle East generally," Baker, a former secretary of State, said.

"The road to peace in Iraq lies in Baghdad," added Hamilton, former chairman of the House International Relations Committee. But he said it was "critical" to re-energize efforts to forge Arab-Israeli peace to shore up U.S. "standing and credibility" throughout the region and to encourage Syria and Iran not to sabotage Iraq.

The Bush administration has been leery of direct negotiations with Syria or Iran. President Bush, at a joint news conference with British Prime Minister Tony Blair, said Thursday that he is not eager to let Syria and Iran join multination talks about Iraq, proposed by the Iraq panel, unless they "understand their responsibilities" not to foster violence in Iraq.

Hamilton and Baker, whose report is critical of Bush's Middle East policy, disagreed. The report calls for creation of an Iraq Support Group to include Syria and Iran and said the United States "should also consider incentives" to get them to participate.

"You shouldn't try is not a policy," Hamilton said. "In order to solve problems, you have to talk to people."

The study group recommendation is similar to diplomacy in 1991.

Then, the United States organized the first conference of Israel and its Arab foes. The United States had just won a war against Iraq with the help of a large coalition that included Syria. The Palestine Liberation Organization, which had backed Iraq when it invaded Kuwait, was desperate for a lifeline.

The situation now is different. "We won that war, and were able to build on that victory with our allies," said Robert Satloff, executive director of the Washington Institute for Near East Policy, a pro-Israel think tank. "This is a very different scenario in which regional peacemaking is not in the cards."

The environment is not as favorable to the United States and its allies as it was in 1991. Since the U.S.-led invasion of Iraq in 2003, U.S. enemies have gained strength.

Iran, which supports militant groups opposed to Israel, is growing in regional importance. The Iraq Study Group said Iran is the most influential of Iraq's neighbors because of its ties with Iraqi Shiite politicians and militias.

Iran is also developing nuclear power, and Iran-backed Islamic fundamentalists are stronger in Lebanon than they were 15 years ago.

Israel is weaker after a 34-day war this summer with Hezbollah, a militant Shiite faction in Lebanon backed by Iran and Syria, said Vali Nasr, a Middle East expert at the Naval Postgraduate School in Monterey, Calif.

Hamas, another Iran-backed militant group, won in U.S.-backed Palestinian elections this year, complicating efforts to restart peace talks.

The United States and Israel say they want new negotiations but insist that the Palestinians form a Cabinet that excludes Hamas, which doesn't recognize Israel's right to exist.

On Thursday, Israeli Prime Minister Ehud Olmert rejected peace talks with Syria, which wants to regain the Golan Heights, which Israel captured in 1967.

Edward Djerejian, a former U.S. ambassador to Israel and Syria who wrote much of the study group report, said Syria's desire to regain the Golan Heights has to be taken into account to get Syria to help stabilize Iraq.

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"If you want to get Syria to act more constructively, you have to put it in a broader context in which they will have a stake in the game," he said.

Chairmen Urge Bush To Follow Recommendations (WP)

By Howard Schneider

The Washington Post, December 8, 2006

The chairmen of the bipartisan Iraq Study Group today urged President Bush to follow their full slate of recommendations, as one key senator criticized the panel's report as a recipe for defeat.

In a hearing before the Senate Armed Services Committee, former secretary of state James A. Baker III and former Democratic congressman Lee H. Hamilton also criticized the current government of Iraq and said a main thrust of their work is to hold Iraqi officials more accountable for events in the country.

"The Iraqi government has not performed well. It is a weak government. . . . Our approach to this point has been to give assistance without conditionality," said Hamilton. "We are pouring huge resources in there, and why wouldn't they be satisfied with that?" he asked. "This government has not taken the tough steps it needs to take."

Today's hearing came as lawmakers, observers and the president himself began digesting the conclusions and recommendations of the Iraq Study Group. The panel, assessing the state of the nearly four-year-old conflict, has called for a major change in direction that puts more onus on the Iraqis to police their own country and calls for the exit of most American combat troops by early 2008.

While Baker and Hamilton reiterated their feeling that Iraq policy needed a dose of pragmatism, Sen. John McCain (R-Ariz.) said he thought the call to begin withdrawing troops is a "recipe that will lead to our defeat in Iraq."

McCain has called for a large increase in troops to overcome the sectarian militias and insurgent groups that have pushed the country toward anarchy.

"There's only one thing worse than an overstressed Army and Marine Corps, and that's a defeated Army and Marine Corps," McCain said.

Baker said the Iraq panel felt it was adequate to keep a force of perhaps 20,000 in the country to "embed" with and train Iraqi forces, along with a "robust deployment" of additional troops to protect the trainers. There are currently about 140,000 troops in Iraq.

Both Baker and Hamilton also questioned one of the Bush administration's original premises for the 2003 invasion -- that going into Iraq was necessary to defeat al-Qaeda and other terrorist groups following the Sept. 11, 2001, attacks in New York and Washington.

Asked directly by Sen. Lindsey O. Graham (R-S.C.) whether Iraq was central to the war on terror, Baker said "it may not have been when we first went in," even though he felt "it certainly is now."

Since the invasion, Iraq has attracted foreign fighters who have launched attacks on Americans and helped stir sectarian violence between Iraq's Shiite Muslim majority and its Sunni Muslim Arab minority.

Hamilton said Iraq is one central front in the war on terror, "but to put it the central front overstates it."

The study group concluded that the al-Qaeda presence in Iraq is relatively small, particularly compared to the tens of thousands of Iraqis involved in sectarian militias.

The Iraq Study Group's report is one of several policy reviews that the Bush administration says it will consider in coming weeks as it decides what changes to make in its Iraq strategy.

In a press conference today, Bush seemed to reject the panel's call to scale back U.S. ambitions, repeating his feeling that the war in Iraq is part of a broader ideological struggle -- akin to the Cold War or World War II -- against extremist groups trying to influence the Muslim world.

While acknowledging that Bush will consult a number of sources for advice, Baker told the committee that the group's report was not a "fruit salad" whose recommendations could easily be sorted.

"This is a comprehensive strategy to face this problem in Iraq," Baker said, and its recommendations would help "restore American standing and credibility in the world."

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Some Senators Skeptical Of Iraq Study Group's Proposals (USAT)

By Bill Nichols

USA Today, December 8, 2006

WASHINGTON — Senators sharply questioned the recommendations of the Iraq Study Group on Thursday, while the commission's co-chairmen urged Congress to unite behind a revised U.S. policy.

Most members of the Senate Armed Services Committee endorsed the overall tone of the bipartisan report, which offers 79 recommendations for how to change U.S. policy in Iraq. Former Indiana congressman Lee Hamilton and former secretary of State James Baker, the study's co-chairmen, appeared before the committee.

"I think perhaps the most significant thing you've done is to set an example for us, that five Democrats and five Republicans sat and reasoned together about what we should do in Iraq to succeed," said Sen. Joe Lieberman, I-Conn.

Two of the commission's recommendations drew scrutiny, however — a call for the Bush administration to make diplomatic overtures to Iran and Syria and for the U.S. military to accelerate its efforts to train Iraqi forces.

Lieberman and Sen. Susan Collins, R-Maine, expressed doubt that the United States could coax Iran into helping stabilize Iraq as part of a larger diplomatic initiative in the Middle East.

"I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," Lieberman said.

Baker acknowledged that Iran is unlikely to help. He said the White House had given him permission recently to approach the Iranian government. "And they, in effect, said, 'We would not be inclined to help you this time around,' " he said.

Baker said, however, that the commission saw no harm in approaching Iran anyway. If Iran declines to help, "then we will hold them up to public scrutiny as the rejectionist state they have proven to be."

Sen. John McCain, R-Ariz., took issue with the panel's call for largely phasing out the U.S. combat role in Iraq by 2008 and focusing instead on training and advising the Iraqi army. McCain dismissed the study's contention that the U.S. Army and Marines cannot spare more combat forces for Iraq.

"There's only one thing worse than an overstressed Army and Marine Corps and that's a defeated Army and Marine Corps," he said. "I believe this is a recipe that will lead to our defeat sooner or later in Iraq."

Baker and Hamilton underscored the need for rapid change in Iraq. "Bipartisanship is critical," Baker said. "This is an extraordinarily difficult problem. And unless the country comes together behind a unified approach, we're going to have a tough time dealing with it."

Neither Baker nor Hamilton offered predictions on what new direction President Bush ultimately will choose for the United States' course in Iraq.

Senators Challenge Feasibility Of Iraq Plans (WP)

By Thomas E. Ricks

The Washington Post, December 8, 2006

Members of Congress yesterday questioned the practicability of recommendations from the Iraq Study Group about how to reverse the chaos in Iraq, but they praised the panel's stark assessment of conditions there.

Sen. Carl M. Levin (D-Mich.) said he plans to hold a series of hearings on Iraq soon after becoming chairman of the Senate Armed Services Committee next month when Democrats take control of Congress, and he said he is prepared to use subpoenas to get relevant documents from the Pentagon.

Democrats were guarded in their treatment of the report, especially its call for engaging Syria and Iran in diplomacy. In comments after a hearing yesterday with the co-chairmen of the Iraq Study Group, Levin suggested that "there could be some kind of effort to generally support the recommendations."

But Republicans and Democrats alike on the Senate Armed Services panel quizzed former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.) about specifics. Sen. John McCain (R-Ariz.) was the most dubious, singling out the group's decision not to call for sending more troops to Iraq. "I believe that this is a recipe that will lead to, sooner or later, our defeat in Iraq," he said.

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Another leading presidential aspirant, Sen. Hillary Rodham Clinton (D-N.Y.), was more receptive but expressed doubt that President Bush would act on the report. "We've now heard from the Iraq Study Group, but we need the White House to become the Iraq Results Group," she said. "That is very frustrating for some of us. We don't understand the misjudgments and missteps that have been taken in the last years."

Sen. Joseph I. Lieberman (D-Conn.), along with several colleagues, took aim at one of the bipartisan commission's most controversial proposals: that the United States use diplomacy to find ways to get Syria and Iran to help stabilize Iraq. "I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," he said.

Baker and Hamilton proved to be unusual witnesses. They conceded that their 79 recommendations carry a good deal of risk, but they essentially said no one else had a better idea. "We think it is worth a try," said Baker, conveying the sense that the United States is down to its last chance in Iraq, and that the group had prescribed the least bad of several options.

"You don't have much to lose here," Hamilton added in defending the diplomatic recommendations. "Things are not going in a very good direction right now, and why not take some chance here in involving these countries?"

He also warned that a point is fast approaching beyond which Iraq could become a lost cause. "We're perilously close to that point," he said.

Baker was feisty in defending the proposals to engage Iran and Syria. "We're not naive enough to think that in this case they may want to help," he said. But if Iran refused to participate in an international conference, he said, it would show itself to be rejectionist.

He also said it is possible to use carrots and sticks to get Syria to be more helpful, citing as proof that he was able to bring Damascus into the international coalition for the Persian Gulf War. "I got it, back in '91 after 15 trips there, at a time when they were a state that sponsored terrorism," he noted.

Baker displayed little of the deference witnesses customarily show senators. At one point, he impatiently interrupted Lieberman's questioning about whether Iran would engage in talks. "We say it in the report, Senator -- it's in the report," he said, noting that the United States conferred with Tehran about events in Afghanistan.

Hamilton also told the senators that they are part of the problem. "I, frankly, am not that impressed with what the Congress has been able to do," said the 34-year House veteran. "I think the Congress has been extraordinarily timid in its exercise of its constitutional responsibilities on the question of warmaking and conducting war."

Separately, in another indication of the difficulties the commission's recommendations may encounter in Congress, Rep. Neil Abercrombie (D-Hawaii), a senior member of the House Armed Services Committee, characterized the Iraq Study Group report as "theater" and "devoid of any basis in reality" because it offers what he considers overly ambitious plans that almost certainly cannot be carried out.

"The practical realities of these empty recommendations will be clear when we try to implement any of this stuff," Abercrombie said in an interview.

Senators Question Iraq Panel's Blueprint (AP)

By Robert Burns

AP, December 7, 2006

Senators sharply questioned an Iraq commission's call for a new U.S. war strategy Thursday, saying the Bush administration and Congress must work urgently together to find a more effective approach.

Sen. John McCain, R-Ariz., a 2008 presidential hopeful, took strong issue with the commission's call for phasing out the U.S. combat role in Iraq by 2008 and focusing instead more on training and advising the Iraqi army. He rejected the idea that the Army and Marines cannot spare more combat forces for Iraq duty.

"There's only one thing worse than an over-stressed Army and Marine Corps, and that's a defeated Army and Marine Corps," said McCain, a Vietnam veteran who will become the ranking Republican on the Senate Armed Services Committee when the Democrats take control of both houses of Congress in January.

"I believe this is a recipe that will lead to our defeat sooner or later in Iraq," McCain added.

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One of the commission's co-chairmen, former Rep. Lee Hamilton, D-Ind., underscored the urgency of changing course in Iraq, where conditions were described as grave and deteriorating. He was asked at what point the situation there, if not corrected, would be hopeless.

"Well, there certainly is that point, and we're perilously close to that point," he replied.

Hamilton and his co-chairman, former Secretary of State James A. Baker III, testified before the Senate committee one day after delivering their report. Hamilton said that a new, more realistic and practical approach is needed.

"That's a very tough policy problem, and in order for this to happen, it can't be pie in the sky, it can't be idealistic, it has to be pragmatic," he said. Later, he added, "We reject the idea that the situation is hopeless."

Most senators broadly endorsed the commission's report, which made 79 recommendations for policy changes. Their skepticism focused mainly on two of the recommendations: a diplomatic approach to Iran and Syria, and an acceleration of the U.S. military's work to train and advise Iraqi forces.

Hamilton said it was essential for the White House and Congress to work together on this, and he criticized lawmakers for not having taken a stronger role in overseeing the Bush administration's war policies.

Many in Congress have praised the group's report, which was eight months in the making.

Sen. Hillary Rodham Clinton, D-N.Y., said the key question now is whether Bush will effectively implement a new policy.

"We need the White House to become the `Iraq Results Group,' " she said.

Baker said Congress could play a key role in that regard.

"If the Congress would come together behind supporting -- let's say utopianly -- all of the recommendations of this report, that would do a lot toward moving things downtown," Baker told the committee.

As the pair appeared on Capitol Hill, Bush met at the White House with British Prime Minister Tony Blair, a key Bush ally in Iraq. Speaking to reporters, Bush referred to this as a "difficult moment for America and Great Britain."

Bush has called Iraq the central front in the war on terrorism. Asked by Sen. Lindsey Graham, R-S.C., whether he agreed, Baker replied, "It may not have been when we first went in but it certainly is now."

Hamilton added, "I would strike the word 'the' and use the word 'a'. To make it 'the' central front overstates it."

Sen. Joseph Lieberman, D-Conn., and Sen. Susan Collins, R-Maine, both said they are skeptical about another of the commission's key recommendations: that the administration approach Iran in search of help in stabilizing Iraq, as part of a regional diplomatic initiative.

"I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," Lieberman said.

Baker acknowledged that the Iranians were unlikely to help, even if asked. He said that during the course of the commission's discussions an Iranian official told him that Iran was not inclined to help.

But Baker said he saw no harm in approaching Iran anyway, and if it declines to help, "then we will hold them up to public scrutiny as the rejectionist state they have proven to be."

Hamilton said that while Iran has been unhelpful to U.S. interests in Iraq thus far, "We do not think it's in the Iranian interest for the American policy to fail completely, and to lead to chaos in that country." He said the Iranian's main worry is that a chaotic Iraq would lead to a refugee crisis on its border.

McCain also questioned the wisdom of the group's recommendation that many more U.S. troops be placed inside Iraqi combat units to advise and train them on the battlefield. He said this was too dangerous.

Hamilton acknowledged that it was risky but said there would be combat forces available to protect the trainers and adviser. He added that it was the group's consensus view that this approach was necessary in order to phase out the U.S. combat role and accelerate the building of competent Iraqi security forces.

"But there is no blinking the fact that that's a risky mission and a difficult mission and we should not slide over it as you have not in your comments," Hamilton said.

The study panel's 96-page report said flatly that the administration's approach was not working and recommended that the U.S. military accelerate a change in its main mission so that most combat troops can be withdrawn by spring 2008.

Senators Question Baker, Hamilton On Panel Findings (LAT)

DOJ_NMG_0103771

By Joel Havemann

The Los Angeles Times, December 8, 2006

WASHINGTON — Members of the Senate Armed Services Committee signaled a looming battle with President Bush over his Iraq policy today by giving a warm welcome to the co-chairmen of the Iraq Study Group, whose report a day earlier warned that the administration's policies have set off a "slide toward chaos" in Iraq.

Backing from a key congressional committee figured to raise pressure on the president to treat the study group's recommendations seriously. Further suggesting conflict between the administration and Congress, Bush denied shortly after today's Senate hearing that his Iraq policy is failing.

Sen. Carl Levin (D-Mich.), who is in line to become chairman of the Armed Services Committee next month, said the bipartisan report signaled "the end of the administration's stay-the-course policy and the beginning of the development of a new, realistic, bipartisan and hopefully successful approach."

The 10-member commission — half Republicans, half Democrats — unanimously endorsed 79 recommendations that would require the administration to reverse its fundamental approach to Iraq. U.S. combat forces would give way to trainers and advisors embedded in Iraqi units by early 2008, and the United States would promote regional peace talks that would include Iran and Syria, two countries that are anathema to Bush.

The panel said the continuing deterioration in Iraq could embroil the entire Middle East in a war that would further curtail U.S. influence throughout the world.

"The current approach is not working, and the ability of the United States to influence events is diminishing," said former Rep. Lee H. Hamilton (D-Ind.), who led the Iraq Study Group with former Secretary of State James A. Baker III. "Many Americans are understandably dissatisfied. Our ship of state has hit rough waters. It must now chart a new way forward," Hamilton said.

While Bush disputed the report's premise that his policy in Iraq is failing — he conceded only that "I am disappointed in the pace of success" — most Armed Services Committee members accepted it as a necessary condition of changing that policy.

Hamilton was more critical of Congress than the committee was of him and his study group. Although he acknowledged that "the report that we put before you must largely by implemented by the executive branch," he said Congress had not done its job of overseeing the administration's conduct of the war.

"I think the Congress has been extraordinarily timid in its exercise of its constitutional responsibilities on the question of war-making and conducting war," he said.

"The options before you are not very good," Hamilton conceded. He said the commission's report — while no guarantee — offered the best chance of restoring peace to Iraq.

Sen. John McCain (R-Ariz.) sounded one discordant note when he challenged the commission's conclusion that the United States could not impose peace on Iraq because it did not have the 100,000 additional troops that might be necessary.

He called this conclusion "dispiriting," adding, "It should alarm us that we don't have enough troops to surge in Iraq."

Both McCain and Sen. Susan Collins (R-Me.) wondered whether U.S. combat troops could provide the necessary protection to the trainers and advisors who would be embedded in Iraqi forces.

Hamilton said a residual U.S. combat force would remain strictly to protect the trainers and advisers. But he acknowledged that "when you put these men into Iraqi units, they're very exposed."

Collins joined Sen. Joe Lieberman (D-Conn.) in questioning the advisability of including Iran and Syria in regional peace talks because both countries are supporting terrorists in Iraq and are dedicated to eliminating Israel.

"I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," Lieberman said.

Baker replied that the United States gained Iran's help in overthrowing the Taliban regime in Afghanistan. Iraq, he said, is a different case. "If we can't do it, we can't do it, but we don't lose a darn thing by trying."

As for Syria, Baker said that as secretary of State to President George H. W. Bush he made 15 trips there in the early 1990s, "and we made them change 25 years of policy."

Iraq Report's Proposals Split Congress (FT)

By Demetri Sevastopulo

DOJ_NMG_0103772

Financial Times, December 8, 2006

Key lawmakers were divided over Iraq policy yesterday following the publication of the Iraq Study Group report, with Senator John McCain calling its recommendations a recipe for failure.

While senators on the influential armed services committee welcomed the efforts of James Baker, the former secretary of state, and Lee Hamilton, the former Democratic congressman, they showed that consensus over Iraq may be difficult to achieve.

Mr McCain, the Republican frontrunner for the 2008 presidential election, who has called on Mr Bush to increase troop levels in Iraq, expressed strong reser- vations about the ISG's proposal to start reducing combat troops.

The study group report recommended that the Pentagon shift its mission to training Iraqi security forces in a manner that would allow the US to withdraw most combat forces from Iraq by early 2008. Mr Baker and Mr Hamilton told the Senate armed services committee that the 10 commissioners on the ISG, which was created by Congress, had been advised by most experts that the US did not have the military resources to sustain a large increase in troops in Iraq.

"I want to tell you something that I know that you know. There's only one thing worse than an overstressed army and marine corps, and that's a defeated army and marine corps," said Mr McCain, who becomes the top Republican on the committee next month. "We saw that in 1973. And I believe that this is a recipe that will lead to, sooner or later, our defeat in Iraq."

Carl Levin, the Michigan Democrat who will become committee chairman next month, said the report underscored the message he has been sending to Mr Bush to tell the Iraqi government the US would start to withdraw troops within six months. Mr Hamilton told the committee the ISG thought increasing troops, other than a short-term surge to improve security in Baghdad, would be counterproductive.

"One of the things we kept asking ourselves repeatedly through our discussions was what kind of leverage you could assert on the Iraqi government," said Mr Hamilton. "Well, we believe that the troop level question is one point of leverage. And we have to say to those folks that we're just not going to be there indefinitely. There are limits to the American patience. There are limits to American resources."

Mr Hamilton and Mr Baker appeared to dismiss a key tenet of Mr Bush's initial justification for the war in Iraq, that the country was the central front in the "war on terror". Mr Baker said: "It may not have been when we first went in but it certainly is now."

Mr Hamilton was even stronger, saying: "I would strike the word 'the' and use 'a' - it is a central front. Look, al-Qaeda today is an important part of the violence, but not as important as sectarian violence. It is a central front in the war on terror. But to make it the central front overstates it."

Robert Gates, the incoming sec-retary of defence, told the same committee this week that he believed Iraq was only one of the central fronts in the "war on terror". In contrast to Mr Levin, who welcomed the report as an indictment of Bush administration policy, Joe Lieberman, the hawkish Democrat senator from Connecticut, said the ISG proposals broadly mirrored current administration proposals.

While some senators agreed with the ISG recommendation to create a new diplomatic initiative in the Middle East, others, including Mr McCain and Susan Collins, the Maine Republican, questioned whether talking to Iran and Syria could work.

Hillary Clinton, the New York senator who is the perceived Demo-crat frontrunner for the 2008 presidential race, said: "We've now heard from the Iraq Study Group but we need the White House to become the Iraq results group."

Democrats React Warily To The Baker Report (TIME)

By Douglas Waller

Time, December 7, 2006

With the Bush administration on the defensive in the wake of the strong critique of its Iraq policies by the Iraq Study Group, the Democrats might be expected to be cheering. But key Democrats in Congress are keeping their distance from the report. Critics of the war opponents obviously liked the report's stark portrayal of the deteriorating situation in Iraq and its blunt assessment of failed Bush administration policies there. But while seeking to "pivot off that to put it squarely back in the lap of the President to propose a way forward in Iraq," in the words of one senior Democratic aide, "there's definitely a sense of wariness up here on Capitol Hill."

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Take Nancy Pelosi, the future House Speaker. While one of the fiercest congressional critics of Bush and the war, she promised only that her party would give the report's recommendations "full consideration" — not its stamp of approval. Pelosi has been leery of the commission from the start, because she had no hand in picking its Democratic members. Normally legislation setting up such blue- ribbon panels has a clause specifying that congressional Democratic and Republican leaders will have a hand in picking members. But the measure creating this panel, sponsored by GOP Congressman Frank Wolf, left those choices up to the co-chairs, former Secretary of State James Baker and former Indiana Rep. Lee Hamilton. Pelosi "didn't think the commission was constituted properly," says a friend. "That annoyed her."

Other key Democrats are disappointed that the commission's recommendations didn't go as far as they might have. Sen. Carl Levin, who will take over the Senate Armed Services Committee, praised the report for proposing a "comprehensive plan for a change in course, including calling for an end to the open-ended commitment of American troops as a way of pressing the Iraqis to take responsibility for their own future." But he was disappointed the commission didn't specify a timetable for U.S. troop withdrawals — which he wants to begin in four to six months.

Another key chairman-to-be, Joseph Biden, who will take over the Foreign Relations Committee in January, was miffed that the commission dismissed his proposal to federalize Iraq, setting up Shiite, Sunni and Kurdish regions run by largely autonomous governments. Shortly after the 96-page report's public release, Biden issued a lengthy critique of its recommendations. The changes the commission proposed, Biden complained, "are necessary, but not sufficient to achieve the objective most Americans share: to leave Iraq without leaving chaos behind." The commission's proposal to beef up U.S. military trainers embedded in Iraqi units while withdrawing U.S. combat troops "is not, by itself, a plan." There has to be "a sustainable political settlement" as well, said Biden.

Baker and Hamilton also faced a grilling at a Senate Armed Services Committee hearing Thursday, where Connecticut Democratic Sen. Joseph Lieberman and Maine Republican Sen. Susan Collins questioned one of their key recommendations: to open a diplomatic dialogue with Iran. "I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," Lieberman said.

Congressional Democrats are cautioning that the report will be just one of many recommendations that will influence them when they control Congress next year. "The ISG report is relevant today, but I don't know whether it will be in a month and a half when we take over," says another senior Democratic leadership aide. "Things in Iraq could change. The trend lines could be worse."

If the Democrats are trying to distance themselves from the report, Republicans are taking an even more careful wait-and-see attitude. Save for Sen. John McCain — who sharply criticized the report because it didn't endorse his call for more U.S. troops in Iraq — most Hill Republicans issued bland statements praising the report, then ducked for cover. Texas GOP Sen. John Cornyn said he hoped the report would enable Republicans and Democrats to "set any partisan rancor aside and reach a bipartisan solution to this critical issue." "The feeling on our side is that report seems pretty reasonable," a senior House GOP aide told TIME. "It requires some heavy lifting, but it doesn't ask the Bush administration to bend over backwards."

The Republicans' reluctance to criticize the report is understandable. Many Republicans in both the Senate and House believe they're now in the minority because of the failed war — and Bush's refusal to fire Defense Secretary Donald Rumsfeld until after the November elections, instead of before, when the move might have saved some of their seats. "Iraq is the anchor around the administration's ankle," says a senior GOP aide. "A lot of our guys are going to let the Administration take the heat."

Hyde Leaving Congress With Mixed Feelings (USAT)

By Kathy Kiely

USA Today, December 8, 2006

WASHINGTON — The retiring Republican chairman of the House International Relations Committee on Thursday delivered a blunt description of the challenge facing U.S. policymakers on Iraq.

"We need to find a way to get out of Iraq that doesn't cover us with dishonor," Rep. Henry Hyde, R-Ill., said in an interview with USA TODAY.

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Hyde, 82, is the longest-serving of the 50 House members who will leave Congress at the end of this week; he is one of 11 who did not seek re-election; 23 were defeated and 16 sought higher office.

A conservative icon with a razor tongue and an impish sense of humor, Hyde was involved in several controversies during his 32 years in the House of Representatives, including President Clinton's impeachment.

Yet Rep. Rahm Emanuel, an Illinois Democrat who was a top aide to Clinton, said of Hyde, "I will miss his humor."

So will Rep. Jesse Jackson Jr., another Chicago Democrat. Jackson said he was "the left wing and Chairman Hyde was the right wing" in their joint effort to win funding for a third Chicago airport.

"It will be impossible to replace Henry Hyde's great sense of humor, towering intellect and dedication to public service," Jackson said.

Hyde wraps up his career with a mixture of affection and exasperation. On the one hand, Hyde said, Congress "is a great institution. I really mean that."

On the other, he's appalled by the complacency and corruption he said cost his party their House majority. "We Republicans handed the election to Democrats," he said. "I don't blame Americans for being angry."

Hyde's career was marked by his efforts to end legalized abortion. The "Hyde amendment," first passed in 1976, bans the use of federal funds for abortions, a policy that prevents poor women from using Medicaid funds to terminate their pregnancies. Hyde makes no apologies: "I hope I've saved a few lives."

Hyde's role as an anti-abortion crusader was "accidental," he said.

He "never thought about the issue," he said, until a colleague in the Illinois Legislature asked him to co-sponsor a bill that would liberalize the state's abortion laws. Before agreeing, Hyde decided to research the topic. "I became convinced abortion was an evil," he said.

Hyde's other brush with national fame and embarrassment came during Clinton's impeachment in 1998. As chairman of the Judiciary Committee, Hyde had a central role in prosecuting the trial, during which it was revealed that Hyde had an extramarital affair 30 years before. He called it "a youthful indiscretion."

"Clinton and his handlers did a wonderful job in shifting the focus to sex," Hyde said of the case. "It wasn't about sex. It was about perjury and the rule of law."

Hyde, who said he might write a book about the impeachment trial, said the Senate did not give the House prosecution team a chance to present its best case. He said he should have insisted on cross-examining Clinton and Monica Lewinsky, the White House intern with whom the president had an affair, before the Senate. "I wasn't obstreperous enough," he said.

Some of Hyde's votes might appear inconsistent with his reputation as a strict conservative.

In 2003, he helped negotiate a deal committing the United States to spending $15 million for AIDS eradication and treatment. He was also chief sponsor of the Family and Medical Leave Act. Hyde said he became convinced of the need for it while shuttling between work and the bedside of his wife, who died in 1992 of ovarian cancer. "It was personal," he said.

Hyde worries the "maelstrom of hate and venom heaped upon public servants" in today's politics will discourage Americans from entering the fray. Even so, he'd do it all over again. "In a heartbeat," the congressman said. "It will be hard to walk away from here."

Beltway Bloodshed (WSJ)

By Daniel Henninger

The Wall Street Journal, December 8, 2006

Notwithstanding its 79 recommendations for "the way forward," the Iraq Study Group's primary purpose wasn't saving Iraq from catastrophe but saving the political system of the United States from catastrophe.

The commission's two chairs, Jim Baker and Lee Hamilton, make this explicit in the report's first pages. "U.S. foreign policy is doomed to failure . . . if it is not supported by a broad, sustained consensus." Leon Panetta, a Democrat in the House from 1977 to 1993, said at their news conference, "This country cannot be at war and be as divided as it is today."

These are essentially restatements of GOP Sen. Arthur Vandenberg's 1952 dictum amid the Truman presidency that "politics stops at the water's edge." More than a sentiment, Vandenberg's point was, as he put it, "to unite our official voice at the

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water's edge so that America speaks with maximum authority against those who would divide and conquer us." For the past three years, we have had the opposite -- a domestic political war waged relentlessly at the water's edge.

Now comes the ISG report, and based on the Beltway reaction to it, one has to wonder whether the call yesterday for unity and bipartisanship by Messrs. Baker, Hamilton, Panetta and former Sen. Alan Simpson was disingenuous or naïve. Washington took their study and went completely over the edge. The morning-after press reporting on the Baker-Hamilton report can only be described as neurotic glee. Over endless columns, reporters ransacked their thesauruses for words to unload pent-up antipathy toward the Bush White House: failed, repudiated, dire, abject failure, deeply pessimistic, disdain, replete with damning details, a rebuke, a remarkable condemnation.

For the Bush opposition and its beliefs, this White House has become the most odious and illegitimate presidency (the disputed 2000 Florida result) of the last century. Opposing it became a moral imperative. We can pinpoint the moment the Vandenberg ethos died. It was when one Democratic senator, Joe Lieberman, tried to bridge the partisan divide. He was culled from the party herd, shunned and left for dead by his oldest friends in the Senate.

Note that the ISG report at no point includes the words Guantanamo, warrantless wiretaps, Swift surveillance, secret prisons or the Patriot Act. These are the Bush policies in the war on terror, presumably the war "we all support." And they are the names of the most famous Washington battlefields of recent years. All this, like Iraq, has been repudiated, denounced and condemned as a moral violation.

This bloodbath at the water's edge has produced a divided, bitter nation. The American people are dispirited and depressed, even after the election. An AP/Ipsos poll taken the week after the November vote showed Congress's ratings fell, to 26%, 10 points below the president's in the same poll. It looks like the voters have replaced the traditional post-election honeymoon with a political prenuptial agreement. * * *

Before this Sunday's talk shows use the Baker-Hamilton bulldozer to bury alive the Bush Doctrine and the "neoconservatives," let us suggest there is an alternative version of the Iraq narrative -- one that is less a collapse of doctrine than simply the result of bad, possibly fatal, decisions the administration made in 2003.

The years 2003-2005 don't exist in the ISG study, which is almost wholly about the horrors of the past year. But in the war's immediate aftermath, from May 2003 onward, Baghdad was rebuilding, notwithstanding continued violence. Retail commerce came to life. A strong real-estate market emerged. New cars filled the streets, and Iraq's universities reopened. But it was also in May that someone in the Bush administration made the worst decision of the war, as described on this page in June by Iraqi Foreign Minister Hoshyar Zebari in an interview with our Robert Pollock.

"The biggest mistake, honestly, if you go back," said Mr. Zebari, "was not entrusting the Iraqis as partners, to empower them, to see them do their part, to fill the vacuum, to have a national unity government."

The opportunity existed at that moment to form an Iraqi unity government, likely consisting of the religious Shiites Ibrahim al-Jaafari and Abdul Aziz al-Hakim, the Sunni Adnan Pachachi, Kurdish leaders Massoud Barzani and Jalal Talabani, and secular Shiites Ahmed Chalabi and Ayad Allawi.

Instead, someone in Washington (it has never been clear exactly who) decided to push them aside in favor of the U.S.-led Coalition Provisional Authority. This was fatal because for two years, until last December's election, Iraqis had nothing -- other than tribes, sects and militias -- to commit themselves to politically.

Recall how over that period the insurgents repeatedly targeted police stations and police recruits. They knew that a functioning police posed the greatest danger to their plans to reduce Baghdad to a brutal anarchy that would drain the spirit of both Iraqis and Americans. It worked. For two years there was no "Iraqi" entity for their police to fight and die for.

Certainly opinions can differ on whether these Iraqi leaders in 2003 could have achieved the vaunted "national reconciliation" at the heart of the ISG report. But it is a more plausible, discrete explanation of what went wrong than the preposterously exaggerated celebration (there is no other word) of total American "failure" emanating from the Baker-Hamilton report now.

In short order, the Iraq story will enter 2008's presidential politics. To his credit, John McCain distanced himself from the report, which has turned into an unedifying pig-wallow for one swath of our political culture. The Washington Post yesterday

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reported that Democratic congressional aides say they'll make sure Mr. Bush still "owns" the Iraq war so he gets tagged if Baker-Hamilton fails.

Leon Panetta is already getting an answer to his belief that a divided nation cannot be at war. Oh yes it can -- if defeating the enemy at home is more important than defeating the enemy abroad.

A New Chief At The Pentagon (CSM)

By Peter Grier

The Christian Science Monitor, December 8, 2006

After Secretary of Defense-designate Robert Gates assumes his new post later this month, he may find it hard to alter US military weapons programs or the structure of US forces. In essence, the Pentagon is a huge ship that changes direction slowly - and the Bush administration has only two years left to run.

Nor will US options in Iraq change magically when he is sworn in 10 days from now. Dr. Gates brings with him no secret ideas that the Iraq Study Group or other strategic reviews may have missed.

Yet the moment Gates steps into his expansive new office in the Pentagon's outer "E" ring, he could have a profound effect on Washington. The reason: He's not Donald Rumsfeld. As a low-key figure whose nomination met with approval among both Democrats and Republicans, Gates might find it easier than his predecessor would have to shape a more bipartisan approach to Iraq and the overall war on terrorism.

"Is there anybody who doesn't think he's a good choice?" says James Jay Carafano, a senior fellow in national security at the Heritage Foundation. "It's an enormous opportunity to get the politics out of this."

What may change immediately after Gates takes up his post is the atmosphere in the Pentagon's top echelons.

Rumsfeld famously challenged the military bureaucracy, issuing memos, requests for information, and other internal documents with a blizzardlike intensity. By way of contrast, cannonades of paperwork don't appear to be part of Gates's bureaucratic style.

Throughout his Senate confirmation hearing on Tuesday, Gates emphasized that he would have a lot of listening to do in the early stages of his new job. He'd have to consult with military commanders, he said, before deciding what should be done in Iraq.

But with his clipped answer of "no" to a question as to whether the US is winning in Iraq, Gates made it clear that he agreed with the Iraq Study Group that the current approach is not working.

"I do think he feels that Iraq is a catastrophe, and he is there to try and do something about that," says Gary Sick, executive director of the Gulf 2000 project at Columbia University, who worked with Gates in the Ford and Carter administrations. "I think he's getting ready to really do battle."

Gates is a pragmatist, not an ideologue, says his former colleague. That was clear when the incoming secretary of Defense indicated during his hearing that any US military action against Syria or Iran would be highly unlikely, says Mr. Sick. "To me, that's a different brand of political action" than that espoused by the neoconservatives who urged the invasion of Iraq, he says.

In calling for a unified approach to Iraq policy, Gates struck the right note, says Dr. Carafano.

Also important were Gates's insistence on the need for continued big defense budgets, and his support for missile defense, Carafano adds.

But when it comes to actually allocating money to priorities, Gates won't have much time to make changes. There are only two budget cycles left to prepare before the next administration takes office. Furthermore, next year's budget has largely been drawn up. The last budget in an administration is often a slapdash exercise, due to political concerns.

"Practically, is there much that Gates can really do differently?", says Carafano. "No, not really."

But if nothing else, Gates has managed the rare feat of becoming less controversial over time, at least in terms of Senate confirmation struggles.

• In 1987, Gates was nominated to head the Central Intelligence Agency by President Ronald Reagan, but withdrew from consideration after it became clear that the Senate would reject him due to controversy over his role in aspects of the Iran-contra

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affair, a clandestine arrangement in the 1980s that gave money to Nicaraguan contra rebels from profits gained through selling weapons to Iran.

• In 1991, Gates was again tapped to head the CIA, this time by President George H.W. Bush. He won Senate approval after months of hearings. Thirty-one Democrats voted against him.

• In 2006, Gates's nomination to head the Pentagon was subjected to one day of hearings before the Senate Armed Services Committee. The panel Tuesday approved the posting unanimously. On Wednesday, the full Senate slid Gates through, confirming him by the lopsided vote of 95 to 2.

Some Democrats who voted against Gates in 1991 voted for him this time - notably, Sen. Carl Levin of Michigan, the incoming chairman of the Senate Armed Services Committee, and Sen. Edward Kennedy of Massachusetts. The senators who voted against him were Republicans normally supportive of the administration - Sen. Rick Santorum of Pennsylvania, who lost his reelection bid last month, and Sen. Jim Bunning of Kentucky.

"Mr. Gates has repeatedly criticized our efforts in Iraq and Afghanistan without providing any viable solutions to the problems our troops currently face," said Senator Bunning, explaining his "no" vote.

According to the White House, Gates will not be sworn in until Dec. 18 due to commitments in his current job as president of Texas A&M University.

Robert Gates Resigns From Brinker Board (AP)

AP, December 7, 2006

DALLAS (AP) -- Brinker International Inc., which operates the Chili's, Macaroni Grill, Maggiano's and On the Border restaurant chains, said Robert Gates resigned from its board after he was confirmed today by the Senate as the nation's new Defense Secretary.

Brinker said Gates had served on its board since 2003, and was a member of its audit, governance and nominating committees.

The company said it will start looking for a replacement immediately.

Shares of Brinker fell 8 cents to close at $30.18 on the New York Stock Exchange.

U.S. Commanders Advance Plan To Beef Up Training Of Iraqi Army (WSJ)

By Greg Jaffe, Neil King

The Wall Street Journal, December 8, 2006

WASHINGTON -- Senior U.S. military commanders in Baghdad, eager to shift the fight in Iraq to that country's army, are advancing a plan that could more than double the number of American troops involved in training Iraqi soldiers.

The tentative plan, which calls for breaking up some big U.S. combat units into military-training teams, reflects a major shift in U.S. tactics, and meshes with one of the key recommendations of a high-profile report released Wednesday by the bipartisan Iraq Study Group.

The new approach isn't expected to require a marked change in the overall number of American troops in Iraq. But it would increase the number involved in advisory roles to as many as 10,000, from the current 4,000, senior military officials said.

The plan, drawn up over the past two months, reflects the growing belief among U.S. officials that the Iraqi army is the only truly national institution that exists in an increasingly fractured country, and thus is the best hope not only to provide security, but also to hold Iraq together.

Though it hasn't received formal approval by top U.S. military officials in Iraq, the plan could be presented to incoming Defense Secretary Robert Gates when he visits Baghdad in the coming weeks, a senior military official said. Whether to implement the plan could be one of the first big decisions Mr. Gates makes in his new job. Though he has been confirmed by the Senate, Mr. Gates won't officially start work until Dec. 18.

Senior military officials are betting that larger U.S. military training teams that would live and work with Iraqi units could speed the development of an Iraqi army force that has shown some promise, but is still bedeviled by corruption, absenteeism and logistical problems. How quickly the Iraqi army improves could ultimately determine how quickly U.S. troops could withdraw from the country.

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However, even the staunchest advocates of building up the Iraqi army warn that the strategy carries significant risks that could derail it. In the near term, commanders say, shifting more U.S. troops into training and advisory jobs could lead to an increase in sectarian violence in Baghdad, because there would be fewer U.S. troops patrolling the streets. Iraqi army units and their U.S. trainers would have to pick up the slack.

The idea of shifting more U.S. troops into training roles has been kicking around in Baghdad and the Pentagon at least since spring. Multiple internal studies by the U.S. Army have concluded that its current training teams in Iraq, typically 10 to 12 U.S. soldiers per an Iraqi battalion, are too small to be effective.

But this summer, with sectarian violence rising in Baghdad, U.S. military commanders chose instead to concentrate U.S. troops in the capital. The hope was that they could stem the rising chaos and help the weak Iraqi government, led by Prime Minister Nouri al-Maliki, to build support among the Iraqi people.

By late October, however, it was clear the crackdown wasn't working. With American patience running thin, commanders began considering an expedited effort to build up the Iraqi military, which is made up of nearly 135,000 troops. In recent months, senior Iraqi officials have also started to press U.S. officials to speed up the development of Iraqi army forces.

Under the plan, some big U.S. units would be broken into teams of 20 to 25 men to train and advise Iraqi army forces and some border guards and police units. The remaining U.S. troops in Iraq would focus on more traditional missions, such as backing up Iraqi army units, conducting patrols, and working on local reconstruction projects. The U.S. military currently has about 15 combat brigades in Iraq, each with about 3,000 to 5,000 troops.

With the U.S. midterm elections over and a new defense secretary taking over in Washington, the plan isn't the only one in the works aimed at turning the tide of violence in Iraq. It comes as Gen. Peter Pace, chairman of the Joint Chiefs of Staff, is preparing his own recommendations to President Bush on how to move forward militarily. His report is likely to be wrapped up by late December.

Mr. Bush has said he would be particularly receptive to whatever advice his military commanders in the Pentagon and in Iraq offer in coming weeks.

After meeting yesterday with British Prime Minister Tony Blair, Mr. Bush called the Iraq Study Group's report, which offered up a strong rebuke of his Iraq policy, "worthy of serious study," but didn't endorse any of its recommendations.

The study group, led by former Secretary of State James Baker III and former Democratic Rep. Lee Hamilton, called for the withdrawal of the majority of U.S. combat troops by March 2008, as well as for far-reaching changes in U.S. policy across the Middle East.

The group, which recommended tripling or quadrupling the size of the U.S. training teams at the expense of larger U.S. combat forces, raised deep concerns about the Iraqi army's ability to hold Baghdad together. "Can I assure anyone that we won't end up training an Iraqi army that ends up fighting others or turns against itself?" asked Former Defense Secretary William Perry, the top military expert in the group. "No, I can't."

But Mr. Perry said in an interview that the U.S. had no choice but to turn to the rudiments of an army in Iraq as the best hope for a long-term solution. "The only truly national institution in Iraq is the Iraqi army," he said. Mr. Perry described the panel's robust recommendation for "embedding" significant numbers of U.S. troops into all Iraqi units as a form of "supervised on-the-job training."

A big concern with the plan is how to protect U.S. soldiers serving on advisory and training teams. These troops would be prime targets for insurgents and sectarian militias seeking to stymie the progress of Iraqi units. They would also be vulnerable if their Iraqi units were overrun by the enemy.

Senior U.S. military commanders also warn that without progress on rebuilding Iraq's economy and without a political accommodation between Iraq's Shiites and Sunnis, no military force will be able to impose order in the country. "The military cannot win this alone -- it's flat impossible," said one senior U.S. official.

U.S. training teams now live and focus on advising Iraqi battalion commanders, who each oversees about 500 troops, plus staff. Under the new plan, the expanded teams would spend more time with the lower-ranking commanders and their troops who do most of the day-to-day fighting and patrolling in Baghdad.

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U.S. commanders say the larger teams would be better able to prevent abuses by the Iraqi units and ensure that they do their jobs properly. "Beefing up the training teams will give us a 24/7 presence in the Iraqi units that we haven't had so far," said a military official.

Some officers who have recently served on U.S. military training teams in Iraq praised the effort to focus more troops on the training mission. But they cautioned that this wouldn't fix many of the Iraqi army's biggest problems.

Many Iraqi units continue to be hamstrung by ineffective or corrupt commanders who have the support of key officials in Iraq's Ministry of Defense. "Right now we cannot even fire Iraqi army leaders [whom] we know cooperate with insurgents or are incompetent," said Lt. Col. David Coffey, who returned last month from Iraq, where he had served on a 10-man training team.

The supply system often fails to deliver Iraqi troops the fuel, food and bullets they need to carry out their missions. Several advisers said there is also pressure to inflate the capabilities of the Iraqi units in readiness reports. "There is tremendous pressure on the training teams to show steady progress in the abilities of the Iraqi battalions," Col. Coffey said. "This ignores the fact that many units actually get worse as key leaders are killed or go AWOL, as unit equipment degrades, as the enemy situation gets worse, or as combat operations prevent ongoing training."

The U.S. soldiers who make up the military training teams cannot order Iraqi commanders to carry out missions. Instead, their job is to advise, cajole and set a good example for their Iraqi counterparts. The teams help the Iraqi forces plan raids, set training schedules and get necessary supplies. They also act as a conduit to U.S. forces in the area.

The intense focus on the Iraqi army comes at a time when senior U.S. officials are growing increasingly disillusioned with the Iraqi police and the Iraqi Interior Ministry, which oversees them. Earlier this year, military commanders in Baghdad declared 2006 "the year of the police." In recent months, though, U.S. officials have come to see the Iraqi police as infiltrated by sectarian militias and increasingly part of the problem in Iraq. Police units in Baghdad and other cities have been implicated in sectarian killings and kidnappings.

Iraqi leaders seem to support the new focus on the Iraqi army. Iraqi Prime Minister Maliki has told senior U.S. commanders that he would like to increase the size of the Iraqi army by as many as 40,000 troops to about 170,000 soldiers. It isn't clear, however, that the Iraqi government has the resources to recruit, train and outfit a larger force right now, say senior U.S. military officials.

"Absolute dependence on foreign troops is not possible," Deputy Prime Minister Barham Saleh said on the Arab satellite television channel Al-Arabiya earlier this week. "The focus must be on boosting Iraqi security forces."

Intelligence Agencies "Must Do Better" (WP)

By Walter Pincus

The Washington Post, December 8, 2006

The U.S. intelligence community has failed to provide policymakers with a clear understanding of the Iraq insurgency, the role of militias or the level of violence in that country, according to the Iraq Study Group.

"Clearly U.S. intelligence agencies can and must do better," the group's report said, though it praises the gathering of day-to-day intelligence about enemy targets and notes that the gathering of information from human sources has improved.

"The quality of the intelligence has to be disappointing with regard to the insurgency," former representative Lee H. Hamilton (D-Ind.), co-chairman of the group, told reporters yesterday. "We are having a huge time, still, identifying the enemy."

The group singled out the lack of analysts experienced in insurgency with needed language skills, such as Arabic, as well as familiarity with Iraqi culture.

As an example, the report says the panel was told that fewer than 10 Defense Intelligence Agency analysts have more than two years' experience analyzing insurgencies, and that the rotation system of the military prevents development of experts. A DIA spokesman said yesterday that about 100 experienced analysts in Iraq and Washington work these issues. He questioned how the study group arrived at its conclusions.

The report also says the intelligence community's knowledge of militias, their leadership, financing and relationship to the government "falls far short of what policymakers need to know." U.S. military sources in Baghdad have identified at least 21 separate militias in that city alone.

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The panel's report points out that the Mahdi Army, the militia of Moqtada al-Sadr, may get its support indirectly from the Iraqi government because some members are paid as guards in the Facilities Protection Service, which is on duty at the three Iraq ministries controlled by Sadr's political party.

Another issue raised in the report is why, after $2 billion has been appropriated this year to protect forces in Iraq, more is not being done to try "to understand the people who fabricate, plant and explode" roadside bombs, which are major killers of U.S. troops.

The group recommends that the director of national intelligence and the defense secretary put greater resources and analysts into understanding the sources of sectarian violence.

It also complains that databases underreport violence in Iraq, particularly when no U.S. personnel are involved. "A roadside bomb or a rocket or mortar attack that doesn't hurt U.S. doesn't count," the report says. It cites a day in July 2006 when 93 attacks were reported, yet a careful review showed that 1,100 acts of violence took place. Hamilton told reporters: "We certainly believe it has been grossly underreported. Why that is we don't really know."

The report recommends that the intelligence director and DIA change the collection of data "to provide a more accurate picture of events on the ground."

The CIA should also increase its personnel for training Iraqis and establish a counterterrorism intelligence center in Iraq that would coordinate all information and "facilitate intelligence-led police and military actions" against terrorist networks, the panel says.

Rep. Silvestre Reyes (D-Tex.), incoming chairman of the House Permanent Select Committee on Intelligence, said the report's findings are "troubling." He added that his first hearings will be "examining the state of intelligence support to our troops deployed in Iraq."

U.S. Troops Suffer Heavy Losses This Month In Iraq (USAT)

By Cesar G. Soriano And Matt Kelley

USA Today, December 8, 2006

BAGHDAD — A flare-up of fighting in Iraq, particularly in the western Anbar province where the Sunni insurgency is strong, has made the first week in December one of the deadliest in the war.

At least 32 U.S. troops have died in Iraq this month, according to the Defense Department. Eleven died Wednesday, the same day the Iraq Study Group in Washington released its 79 recommendations for policy changes in Iraq and the Middle East. Another soldier wounded Wednesday died Thursday, the military said.

Most of the deaths — at least 18 — were in Anbar province, a large stretch of desert west of Baghdad where U.S. and Iraqi forces have been unable to crush insurgents. Most of Anbar's residents are members of the Sunni Muslim minority that ruled Iraq for centuries before the 2003 U.S. invasion.

Military leaders, including the top U.S. commander in the region, Gen. John Abizaid, have said Anbar province is not under control. Robert Gates, in Senate hearings Wednesday before his confirmation as Defense secretary, said one of his top priorities would be addressing the violence there.

Ramadi, one of the largest cities in Anbar province, has been the site of some of the fiercest fighting. At least 10 U.S. troops have died in or around the city this month.

Fighting in Ramadi on Wednesday claimed the lives of six U.S. troops, including two Army soldiers and two Marines killed by a roadside bomb, a soldier shot to death while manning a machine gun nest and another soldier fatally wounded in a firefight with insurgents.

That shootout began when insurgents fired on U.S. and Iraqi troops from several directions, a military news release said. The forces responded with rifle and machine gun fire, tank rounds and unspecified precision-guided weapons. Several buildings used by the insurgents were destroyed.

Some insurgents had fired on the coalition troops from a mosque, but Iraqi troops who searched the mosque found nothing, the release said. The U.S. and Iraqi forces didn't fire heavy weapons at the mosque, the military said.

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A soldier from the 1st Brigade of the Army's 1st Armored Division died Thursday from wounds suffered in that battle Wednesday.

Also Wednesday, five soldiers from the Army's 3rd Brigade Combat Team of the 25th Infantry Division died when a bomb hit their vehicle in or near the northern city of Kirkuk, the military said. That oil-rich city — a mix of Kurds, Sunni Arabs, Turkmen and other minorities — is a potential source of sectarian violence if Kurds push forward with plans to make it part of the semi-autonomous Kurdish region, the Iraq Study Group report said.

At least 2,919 American servicemembers have died since the war began in March 2003. In another grim milestone, the Pentagon announced that more than 22,000 U.S. troops have been wounded. A total 22,057 troops had been wounded as of Thursday, but the majority — 12,167 — returned to duty within 72 hours of being wounded, the military said.

The youngest troops killed this week were 19 years old: Lance Cpl. Jesse Tillery of Vesper, Wis., and Pfc. Ross McGinniss of Knox, Pa. The oldest was Maj. Joseph McCloud, 39, of Grosse Pointe Park, Mich.

At least 23 Iraqis died Thursday in a series of bombings and shootings, police said. Among the dead were a 7-year-old girl and two college professors. Baghdad police also found 35 bullet-riddled bodies.

Soriano reported from Baghdad and Kelley from Washington.

Wednesday's Toll For U.S. Troops In Iraq Rises To 11 (WP)

By Nancy Trejos

The Washington Post, December 8, 2006

BAGHDAD, Dec. 7 -- The U.S. military raised the number of service members killed Wednesday to 11, making it one of the deadliest days for U.S. troops this year.

Also, a soldier died Thursday from wounds suffered the day before in a battle in the volatile western province of Anbar.

The deaths bring to at least 31 the number of U.S. troops killed in the first week of December.

Civilian casualties also continued to mount Thursday, as 52 bodies were found across Baghdad in a 24-hour period, an Interior Ministry source said. All had gunshot wounds, nine had been beheaded and many bore signs of torture. Five of the victims were women, the source said.

Officials have attributed the surge in U.S. military deaths to stepped-up efforts to quell sectarian violence in Baghdad and a continuing campaign against insurgents in Anbar province.

On Thursday, the military released more details about the deaths. "It was a variety of events and a variety of operations," said Lt. Christopher C. Garver, a U.S. military spokesman.

Most of the casualties were in Anbar. Three soldiers from the 1st Armored Division, one Marine from the 1st Marine Expeditionary Force Headquarters Group and one Marine from the 15th Marine Expeditionary Force died of wounds suffered in enemy action. Another Marine from the 1st Marine Expeditionary Force died of nonhostile causes.

Five soldiers from the 25th Infantry Division were killed by a roadside bomb during combat operations in Kirkuk province, north of Baghdad, the military reported.

The soldier who died Thursday had been wounded in a battle Wednesday with suspected insurgents in Ramadi, the provincial capital of Anbar. Three service members were injured when the insurgents attacked them with small-arms fire from numerous buildings, including al-Haqq mosque. The U.S. troops, working with Iraqi soldiers, killed 14 insurgents and destroyed the buildings they had used as hiding places but did not fire on the mosque, the military said.

"While we are mindful to limit damage, we must respond with necessary and proportional force to protect our forces and Iraq from the insurgents," Marine Lt. Col. Bryan Salas said in a statement.

Roadside bombs killed several civilians and police officers in the capital, the Interior Ministry source said. One targeting a police patrol in northern Baghdad killed two officers and wounded three officers and three civilians.

Another bomb in southwestern Baghdad killed one civilian and wounded five. A third bomb targeting a U.S. patrol exploded in southern Baghdad, killing two civilians and injuring two passersby, the source said.

In Iskandariyah, about 30 miles south of Baghdad, police found the bodies of two people who had been tortured, handcuffed and shot in the head, said Capt. Muthana Ahmad, a spokesman for police forces in Babil province.

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Iraqi and U.S. forces continued to conduct raids across the country.

Iraqi forces, with the help of American advisers, captured a senior leader of the insurgent group al-Qaeda in Iraq in Fallujah, the military reported.

In Baqubah, northeast of Baghdad, Iraqi troops captured eight suspected insurgents on Wednesday at an explosives factory containing more than a ton of TNT, said Iraqi army Maj. Gen. Shakir al-Kabi. Car bombs used in attacks in Kirkuk and Baghdad were made at the factory, Kabi said. Residents were temporarily evacuated while Iraqi forces destroyed the factory.

Also Thursday, former president Saddam Hussein's genocide trial continued with two prosecution witnesses, both medical doctors, describing chemical weapons attacks on Kurdish villages in 1987. Hussein and six other defendants are on trial for the so-called Anfal campaign, which prosecutors say resulted in the deaths of as many as 180,000 ethnic Kurds. The court adjourned until Dec. 18.

Special correspondent Naseer Nouri and other Washington Post staff in Iraq contributed to this report.

Saudis Reportedly Funding Iraqi Sunnis (AP)

By Salah Nasrawi

AP, December 8, 2006

Private Saudi citizens are giving millions of dollars to Sunni insurgents in Iraq and much of the money is used to buy weapons, including shoulder fired anti-aircraft missiles, according to key Iraqi officials and others familiar with the flow of cash.

Saudi government officials deny that any money from their country is being sent to Iraqis fighting the government and the U.S.-led coalition.

But the U.S. Iraq Study Group report said Saudis are a source of funding for Sunni Arab insurgents. Several truck drivers interviewed by The Associated Press described carrying boxes of cash from Saudi Arabia into Iraq, money they said was headed for insurgents.

Two high-ranking Iraqi officials, speaking on condition of anonymity because of the issue's sensitivity, told the AP most of the Saudi money comes from private donations, called zaqat, collected for Islamic causes and charities.

Some Saudis appear to know the money is headed to Iraq's insurgents, but others merely give it to clerics who channel it to anti-coalition forces, the officials said.

In one recent case, an Iraqi official said $25 million in Saudi money went to a top Iraqi Sunni cleric and was used to buy weapons, including Strela, a Russian shoulder-fired anti-aircraft missile. The missiles were purchased from someone in Romania, apparently through the black market, he said.

Overall, the Iraqi officials said, money has been pouring into Iraq from oil-rich Saudi Arabia, a Sunni bastion, since the U.S.-led invasion of Iraq toppled the Sunni-controlled regime of Saddam Hussein in 2003.

Saudi officials vehemently deny their country is a major source of financial support for the insurgents.

"There isn't any organized terror finance, and we will not permit any such unorganized acts," said Brig. Gen. Mansour al-Turki, a spokesman for the Saudi Interior Ministry. About a year ago the Saudi government set up a unit to track any "suspicious financial operations," he said.

But the Iraq Study Group said "funding for the Sunni insurgency comes from private individuals within Saudi Arabia and other Gulf states."

Saudi officials say they cracked down on zakat abuses, under pressure from the United States, after the Sept. 11, 2001, attacks on New York and Washington.

The Iraqi officials, however, said some funding goes to Iraq's Sunni Arab political leadership, who then disburse it. Other money, they said, is funneled directly to insurgents. The distribution network includes Iraqi truck and bus drivers.

Several drivers interviewed by the AP in Middle East capitals said Saudis have been using religious events, like the hajj pilgrimage to Mecca and a smaller pilgrimage, as cover for illicit money transfers. Some money, they said, is carried into Iraq on buses with returning pilgrims.

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"They sent boxes full of dollars and asked me to deliver them to certain addresses in Iraq," said one driver, who gave his name only as Hussein, out of fear of reprisal. "I know it is being sent to the resistance, and if I don't take it with me, they will kill me."

He was told what was in the boxes, he said, to ensure he hid the money from authorities at the border.

The two Iraqi officials would not name specific Iraqi Sunnis who have received money from Saudi Arabia. But Iraq issued an arrest warrant for Harith al-Dhari, a Sunni opponent of the Iraqi government, shortly after he visited Saudi Arabia in October. He was accused of sectarian incitement.

Saudi Arabia is a key U.S. ally in the Middle East. The Iraq Study Group report noted that its government has assisted the U.S. military with intelligence on Iraq.

But Saudi citizens have close tribal ties with Sunni Arabs in Iraq, and sympathize with their brethren in what they see as a fight for political control — and survival — with Iraq's Shiites.

The Saudi government is determined to curb the growing influence of its chief rival in the region, Iran. Tehran is closely linked to Shiite parties that dominate the Iraqi government.

Saudi officials say the kingdom has worked with all sides to reconcile Iraq's warring factions. They have, they point out, held talks in Saudi Arabia with Shiite cleric Muqtada al-Sadr, whose militia is accused of killing Sunnis.

These officials say zakat donations are now channeled through supervised bank accounts. Cash donation boxes, once prevalent in supermarkets and shopping malls, have been eliminated.

Still, Iraq's foreign minister expressed concern about the influence of neighboring Sunni states at a recent Arab foreign ministers meeting in Cairo.

"We hope that Saudi Arabia will keep the same distance from each and all Iraqi parties," Foreign Minister Hoshyar Zebari later told the AP.

Last month, the New York Times reported that a classified U.S. government report said Iraq's Sunni Arab insurgency had become self-sufficient financially, raising millions from oil smuggling, kidnapping and Islamic charities. The report did not say whether any money came from Saudi Arabia.

Allegations the insurgents have purchased shoulder-fired Strela missiles raise concerns that they are obtaining increasingly sophisticated weapons.

On Nov. 27, a U.S. Air Force F-16 jet crashed while flying in support of American soldiers fighting Anbar province, a Sunni insurgent hotbed. The U.S. military said it had no information about the cause of the crash. Gen. William Caldwell, a U.S. military spokesman, said he would be surprised if the jet was shot down because F-16's have not encountered weapons capable of taking them down in Iraq.

But last week, a spokesman for Saddam's ousted Baath party claimed that fighters armed with a Strela missile had shot down the jet.

"We have stockpiles of Strelas and we are going to surprise them (the Americans)," Khudair al-Murshidi, the spokesman told the AP in Damascus, Syria. He would not say how the Strelas were obtained.

Saddam's army had Strelas; it is not known how many survived the 2003 war. The Strela is a shoulder-fired, low-altitude system with a passive infrared guidance system.

The issue of Saudi funding for the insurgency could gain new prominence as the Bush administration reviews its Iraq policy, especially if it seeks to engage Iran and Syria in peace efforts.

Bush's national security adviser, Stephen Hadley, wrote in a recent leaked memo that Washington should "step up efforts to get Saudi Arabia to take a leadership role in supporting Iraq, by using its influence to move Sunni populations out of violence into politics."

Last week, a Saudi who headed a security consulting group close to the Saudi government, Nawaf Obaid, wrote in the Washington Post that Saudi Arabia would use money, oil and support for Sunnis to thwart Iranian efforts to dominate Iraq if American troops pulled out. The Saudi government denied the report and fired Obaid.

Uneasy Havens Await Those Who Flee Iraq (NYT)

DOJ_NMG_0103784

By Hassan M. Fattah

The New York Times, December 8, 2006

AMMAN, Jordan, Dec. 6 — Every day at dusk as the streets of this brooding city empty, people like Halima Reyahi scramble to become invisible again.

She sticks to side streets, her eyes scanning for the increasingly frequent police dragnets and checkpoints set up in search of illegal Iraqi immigrants like her. The loneliness of her exile is magnified by the fact that all four of her sons have been turned away repeatedly at the Jordanian border.

Ms. Reyahi is one of nearly two million Iraqis who have fled the vicious chaos of their country since the American invasion nearly four years ago, flooding neighboring states, especially Jordan and Syria, but also Lebanon and Egypt.

As they leave Iraq at a rate of nearly 3,000 a day, the refugees are threatening the social and economic fabric of both Jordan and Syria. In Jordan, hundreds of thousands of Iraqis are trying to blend into a country of only 6 million inhabitants, including about 1.5 million registered Palestinian refugees. The governments classify most of the Iraqis as visitors, not refugees.

The United Nations High Commissioner for Refugees estimated in a report released last month that more than 1.6 million Iraqis have left since March 2003, nearly 7 percent of the population. Jordanian security officials say more than 750,000 are in and around Amman, a city of 2.5 million. Syrian officials estimate that up to one million have gone to the suburbs of Damascus, a city of three million. An additional 150,000 have landed in Cairo. Every month, 100,000 more join them in Syria and Jordan, the report said.

In a report released this week, Refugees International, a Washington-based advocacy group, put the total at close to two million and called their flight "the fastest-growing humanitarian crisis in the world." Its president, Kenneth Bacon, said, "The United States and its allies sparked the current chaos in Iraq, but they are doing little to ease the humanitarian crisis caused by the current exodus."

Every night, hulking orange and white GMC Suburbans and sedans pull into the taxi garage in downtown Amman stuffed with Iraqis and their belongings, adding to the growing social problems they pose while fueling growing fears that Iraq's sectarian tensions will spill over here.

As Iraq seems to disintegrate into warring factions of Sunnis, Shiites and Kurds, the risk that their dispute will be transferred here and increase local social problems is frightening the authorities. As a result, restrictions on Iraqis have been tightened in Egypt, Syria and Jordan, which has been increasing patrols seeking to evict those who have overstayed their visas.

Most of the émigrés bring tales of horror and sadness. Ali Ghani, a onetime champion Iraqi body builder, said that his father had been grabbed from their house in Iraq, apparently because he was a Shiite; his body was later found in the street. Several other friends have met a similar fate, he said.

Partly as a result of such strife, refugees here claim, there is a growing sectarian dimension to the official crackdown. They say the authorities of this officially Sunni country have paid more attention to deporting Iraqi Shiites, fearing that their militias are trying to organize here.

"There is only disrespect for us now," said Qais Attiyeh, 36, a Shiite sculptor who says he has been granted refugee status in Amman. "And now I increasingly find Jordanians who ask me, 'Are you a Shiite or a Muslim?' " he said, referring to extremist Sunnis' rejection of Shiism as a branch of Islam.

"I read their facial expressions and tell them what they like to hear," he said.

Faris Braizat, a researcher at the Center for Strategic Studies at Jordan University, said, "It's becoming clear that with these kinds of numbers we are creating a massive problem further down the road." Jordanians, once proud of their Iraqi neighbors, have become unwilling to continue sacrificing for them, he said.

The first wave of Iraqis, mostly doctors, intellectuals and teachers, came here after the Persian Gulf war in 1991, escaping Saddam Hussein's Iraq. After the American invasion of 2003, a similarly wealthy wave of former government figures, businessmen and investors came here with billions of dollars that they soon began investing in real estate and businesses. Their arrival drove up prices but was also credited with helping the economy. As their numbers grew and much poorer people started to arrive, however, the problems began.

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In particular, when Iraqi suicide bombers attacked three Amman hotels in 2005, this country's attitude toward Iraqis changed abruptly. The attack was organized by Al Qaeda in Mesopotamia, which was led by Abu Musab al-Zarqawi, a Jordanian. Jordanian officials stepped up immigration enforcement, turning away many Iraqis at the border and making it harder for Iraqis to renew their visas.

It remains the case that those able to deposit $150,000 in Amman banks are granted residency almost instantly here. A few have also been sponsored by employers or have married Jordanian women. But the vast majority, poor and with few options, enter on visitor visas and soon become illegal, opening them up to exploitation and abuse.

Human Rights Watch called on the Jordanian government last week to grant Iraqis temporary protection and legalize their status. The group also called on the Jordanians to halt the deportation of Iraqis who registered for temporary protection and to admit asylum seekers, in addition to exempting Iraqis who registered their status from having to pay stiff fines.

Iraqis are increasingly blamed for Jordan's ills. Those with cash are blamed for doubling, and even tripling, property prices, as well as for buoying prices on everything from tomatoes to cigarettes. (Less attention has been paid to the broader market forces that led to the rise.)

The average price of a three-bedroom apartment in upscale West Amman has risen to up to $150,000 from about $50,000. Apartments that once rented for $400 now rent for $1,200, pricing out the average Jordanian, who earns between $500 and $750 per month.

Khaled Saeed, who owns a DVD shop in downtown Amman, was saving for years to buy an apartment near Amman's Sports City complex. He had his eye on one building where, just a few years ago, apartments sold for the equivalent of $35,000.

Then the Iraqis came, he said.

"When I finally came to buy it after some time, I found that the price had risen to 45,000 dinars," he said, amounting to almost $65,000. "So I've changed my mind about the Iraqis. Now I just wish they would leave so that life would go back to normal."

Late this summer the government loosened restrictions on private education for Iraqis without residency here, flooding Jordanian schools with new students. Principals have found themselves in the awkward position of telling families they have to go elsewhere.

Inflation, too, has doubled to 6 percent from about 3.5 percent in 2005, fueled in part by reduced subsidies on oil and gasoline, and by growing demand from Iraqis, economists say.

Many refugees say the crackdown has focused attention on Shiites, even as the government has hunted down Al Qaeda. Even before this, Shiite prayer halls, known as Husseiniyas, were strictly banned here. Security officials have been wary of Shiites seeking to organize and preach Shiite teachings. A prominent sheik representing Grand Ayatollah Ali al-Sistani of Iraq was deported late this summer.

In the Jordanian town of Muta, the site of a historic battle between Muslim and Byzantine armies, the shrine of the Shiite saint Jaffar al-Tayyar, a pilgrimage site, has come under particularly close scrutiny lately. Last week, security men crawled around the site, keeping an eye on the comings and goings of visitors.

Shiite pilgrims have been banned from sleeping overnight at the site and are now allowed to stay only briefly, a shop owner at the shrine said. Where thousands once came, the number of visitors has dropped markedly, he said, for fear of the security men, and his sales have plummeted.

Security men at the site said they were concerned about attacks against Shiites there, rather than trouble from the Shiites themselves.

Still many Shiites say they are increasingly bearing the brunt of the growing frustration with the Iraqis here.

"When you say 'deported,' people typically think 'Shia' now," one former Jordanian official said. "They are afraid that they will connect with the groups in Iraq."

Security officials say they have sought to weed out both Sunnis and Shiites who intend to cause trouble in Iraq, and do not differentiate between the sects. "We don't have a problem with someone trying to advance his Shiite faith," the security official said. "But we do have a problem with someone proselytizing and being political."

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The Iraqi exodus has sent ripples through Syria, too, where the government has maintained an open-door policy for Iraqis, attracting mainly poor Iraqis who have flocked to neighborhoods like Sayeda Zeynab, the site of a Shiite shrine, creating little ghettos.

There, too, rents have risen, more than doubling in poorer areas like Jaramana, a suburb of Damascus. Some officials have begun warning of impending electricity and water shortages in Syria because of the influx of Iraqis. The price of heating oil and gasoline is expected to rise along with the increased demand.

Reserve Troops Facing Job Woes (USAT)

By Barbara Slavin

USA Today, December 8, 2006

WASHINGTON — The number of reservists and National Guard members who say they have been reassigned, lost benefits or been fired from civilian jobs after returning from duty has increased by more than 70% over the past six years.

The sharp spike in complaints brought to the U.S. Labor Department reflects the extensive use of part-time soldiers in Iraq and Afghanistan, the largest call up of reserves since the 1950-53 Korean War.

DEPLOYMENT COSTS: Impact of police felt on street

About 500,000 of the 850,000 reservists and National Guard members eligible for duty have been mobilized since late 2001, said Maj. Rob Palmer, spokesman for a Pentagon office that tries to resolve job disputes.

Not all have been treated well by their employers when they return home.

After the 1991 Gulf War, "I was welcomed home with ticker tape," said Marc Garcia, a lieutenant colonel in the Army Reserves. "This time, I get the door slammed in my face."

Garcia, a member of the State Department's Bureau of Diplomatic Security, has been called up twice since Sept. 11, 2001, once for Afghanistan and the last time for stateside duty.

Garcia, 44, had been a supervisor in the Miami office of the security bureau. When he returned to work early last month, he was given a desk job in Washington with no clear responsibilities, he said.

Last month, a judge in Atlanta ruled that the State Department violated Garcia's rights under a 1994 law, which requires employers to give returning reservists their old jobs or equivalent positions. The law was passed to address employment problems faced by veterans returning from the 1991 Gulf War.

The Labor Department said it handled 1,548 complaints from returning service members in the fiscal year ending Sept. 30, up from 895 in the year that ended Sept. 30, 2001. About a third of the cases are resolved in favor of employees, the department said.

Those numbers don't reflect all the servicemen and women with problems. Many of the cases are settled before they get to the Labor Department.

The Pentagon received more than 8,000 complaints this year, nearly double the previous year, but most were resolved without further government action, Palmer said. Complaints range from being fired, losing chances for promotion or being reassigned to jobs with less pay or responsibility.

Retired Marine lieutenant general Dennis McCarthy, executive director of the Reserve Officers Association, a private advocacy group, acknowledged the deployments can be difficult for employers, particularly small companies. "That burden is an acceptable cost when it's compared to the value of reserve service to our country," he said.

Impact Of Police Being Sent To Iraq Felt On Street (USAT)

By Kevin Johnson

USA Today, December 8, 2006

WASHINGTON — The deployment of thousands of police officers to Iraq, Afghanistan and other military reserve posts is costing local law enforcement agencies up to $1.2 billion per year, according to a new analysis of Justice Department data.

The review, prepared for a law enforcement trade journal by Justice Department statistician Matthew Hickman, found that the number of military call-ups is outstripping the pace of new hires at a time when agencies are struggling to find new recruits, and as crime is ticking upward after several years of historically low crime rates.

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The problem is particularly acute in small police agencies, which often have struggled to fill gaps in patrol coverage left by cops who have been called to military duty, according to Hickman's analysis, just published in Police Chief magazine.

"This is a serious problem since (police executives) cannot place quotas on the number of reservists in their agencies," according to the analysis, which said that about 2.2% of the estimated 683,600 full-time police officers, sheriff's deputies and state troopers across the nation are in the military reserves.

For his analysis, Hickman reviewed personnel in 3,000 of the nearly 16,000 police agencies across the nation for a 12-month period that ended June 30, 2003. The findings then were projected across all of the agencies as estimates of continuing annual costs to local law enforcement.

Hickman estimated that 11,380 law enforcement officers were called for military reserve service from all agencies during the time period studied, compared with gains of about 2,600 new hires.

At least 23% of all police agencies had officers called for reserve duty during that time, according to Hickman. There is no official count of how many reservists are police officers, but Hickman says the trends in military call-ups and police hiring appear to have been consistent since the period he examined. Police chiefs say overtime paid to other officers to fill patrol shift gaps accounted for the bulk of the deployment costs.

Hickman's analysis does not directly link the reservist call-ups to recent increases in violent crime in many cities. However, police chiefs such as Houston's Harold Hurtt say the impact of call-ups is being felt on the street — even in large departments such as his that are able to absorb losses in officers more easily than smaller police agencies.

"Everybody understands the necessity to do their part for the country," says Hurtt, president of the Major Cities Chiefs Association, a group of about 60 police agencies in the USA and Canada. "But this responsibility is having a noticeable impact on our ability to provide basic services. A lot of these (reservists) were people who answer calls for service."

Hurtt says many of the 25-30 Houston cops called to military duty have been notified that their service likely will be extended beyond a year. The numbers represent a tiny portion of the city's 4,800-officer force, but the call-ups have come as the department is trying to fill hundreds of vacancies caused by the retirements of 700 officers in the past two years, Hurtt says.

Police staffing is a particularly urgent issue in Houston, which took in about 200,000 evacuees from Hurricane Katrina last year. Hurtt says the surge in population contributed to a jump in violent crime, including a 20% increase in homicides this year. This year, the U.S. government gave Houston about $20 million to help pay police overtime and other costs related to the influx of Katrina evacuees.

Reservist call-ups have had more impact on smaller police agencies. In Pottsville, Pa., Police Chief Joseph Murton says the department lost three of its 28 officers to prolonged reserve duty during the past three years.

The deployments, which will require two of the officers to serve two years each, triggered a department-wide restructuring of patrol shifts and undisclosed overtime costs to cover the manpower shortfall. "We understand the value of freedom; we support the service they are providing our country," Murton says. "But it has been difficult. This has affected everybody in the department."

Murton says his community of about 16,500 residents, 100 miles north of Philadelphia, was making do with a decreasing police force before military call-ups. A tightening local budget has forced Pottsville's police department to cut its number of patrol officers from 35 to 28 during the past several years, Murton says.

"If I'm a manufacturing company, I can go to a temp service to fill slots I'm losing to call-ups," he says. "You can't do that in law enforcement. Our employees are required to undergo 22 weeks of training. The average employer doesn't have to face that."

DOJ:

Congress Signs Off On Comp Time For Justice Lawyers' Travel (GOVEXEC)

By Karen Rutzick

Government Executive, December 8, 2006

The Senate passed a bill Wednesday providing compensatory time off for Justice Department lawyers on business travel, following House approval of the measure in March.

Sponsored by Sen. Daniel Akaka, D-Hawaii, and passed unanimously, the bill provides Justice lawyers the same benefit as the rest of their white-collar counterparts in the federal government. The bill now goes to President Bush.

Congress initially granted civil servants comp time for travel as part of the 2004 Federal Workforce Flexibility Act. The Justice Department, however, determined that it lacked authority to grant lawyers the benefit because of limitations on their premium pay.

Richard Delonis, president of the National Association of Assistant United States Attorneys, which has lobbied Congress for two years to force Justice to change its rule, said the department's attorneys are being asked to spend more nights and weekends traveling.

"The comp time legislation passed by Congress sends an important message to these dedicated public servants, assuring that they do not bear an extra burden that Congress did not intend to impose," Delonis said.

On the House side, Reps. Jon Porter, R-Nev.; Tom Davis, R-Va.; Henry Waxman, D-Calif.; Danny Davis, D-Ill.; and Chris Van Hollen, D-Md., introduced the comp time bill (H.R. 4057) to correct the variation in benefits.

Agencies can award travel comp time when they are otherwise unable to compensate employees for time spent in transit outside of normal work hours. They are not allowed to give cash payments, but there is no limit on the amount of time off they can award.

The rules on travel comp time are complex. For example, time spent eating meals is not eligible. That includes meals eaten at an airport while waiting for a flight. The Office of Personnel Management considers this to be time that employees would have spent eating elsewhere.

In addition, regular commuting time is deducted from travel comp time. If employees travel to the airport from home in the morning, they must deduct the amount of time they normally spend commuting. But if employees travel from work to the airport, then that time is considered compensable.

By law, members of the Senior Executive Service, immigration judges and Federal Wage System employees in the Justice Department will remain ineligible for travel comp time.

Northrop Grumman Gets Justice Contract (AP)

AP, December 8, 2006

Northrop Grumman to Provide Information Technology Services to Justice Department in $20M Deal

MCLEAN, Va. (AP) -- Defense and technology company Northrop Grumman Corp. said Thursday it received a contract worth up to $20 million to help improve information technology management and operations for the Department of Justice.

Northrop will provide IT and security analysis, training, Web content, task and asset management, and applications, operations and help desk support for the agency's Criminal Division Office.

The one-year contract has four one-year options and is worth about $19.9 million if they're all exercised.

Northrop Grumman's teammate on the task order is CACI International Inc. of Arlington, Va.

CORPORATE SCANDALS:

Senator Calls For An Easing Of Corporate-Wrongdoing Rules (NYT)

By Lynnley Browning

The New York Times, December 8, 2006

The departing chairman of the Senate Judiciary Committee proposed legislation yesterday calling for a rollback of the tactics adopted by federal prosecutors to combat corporate wrongdoing after the Enron collapse.

The bill from Senator Arlen Specter, a Pennsylvania Republican, is the latest challenge to the tactics, which have come under scrutiny from trade groups, former United States attorneys general and a prominent federal judge. Mr. Specter said he would reintroduce the bill next month when Congress convenes.

The Justice Department is now weighing how much to revise the guidelines, which are used as a playbook by prosecutors when conducting investigations of companies and employees. But the white-collar-crime group of an advisory council to Attorney

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General Alberto R. Gonzales, the body that is redrafting the guidelines, is mired in internal debate over how much to scale them back, according to a person close to the matter.

The current guidelines lay out nine factors that prosecutors must consider when weighing whether to indict a company or an individual. The guidelines are intended to encourage companies and people under scrutiny to demonstrate cooperation with investigators by, among other things, disclosing legal secrets, or else face a heightened risk of indictment — a death knell, as it was for the accounting firm Arthur Anderson in 2002.

Despite calling some of the tactics "legitimate tools," Mr. Specter's bill calls for "clear and practical limits" to protect the confidentiality of legal communications surrounding companies and employees under investigation.

The current guidelines also encourage companies under investigation to demonstrate cooperation by cutting off legal fees to employees caught up in the inquiries, all in order to avert indictment — something the Specter bill seeks to halt. Mr. Specter, who is a former federal prosecutor, and other critics have said that prosecutors use the tactics as a bludgeon to coerce companies and individuals into giving up their rights.

Specter Bill Seeks To Alter DOJ Corporate Fraud Investigations (LAW)

By Jason Mclure, Legal Times

Legal Times, December 8, 2006

In an attempt to pressure the Justice Department to alter the way it investigates corporate fraud, a key member of the Senate Judiciary Committee on Thursday formally introduced legislation aimed at preventing prosecutors from forcing companies to waive the attorney-client privilege in order to avoid indictment. Sen. Arlen Specter, R-Pa., the outgoing chairman of the committee, said on the Senate floor that the DOJ had not moved quickly enough to change policies that he said encroached on corporate defendants' constitutional right to counsel.

"I see no need for the Justice Department to publicly express a policy that encourages waiver of attorney-client privilege," Specter said. "Especially where the policy is backed by the heavy hammer of possible criminal charges."

Specter was joined by former Attorney General Richard Thornburgh and lobbyists from a number of business and legal groups, who said that forcing a change in the DOJ's policy could lead the Securities and Exchange Commission, the Internal Revenue Service and other government agencies to review their policies on privilege waivers.

"I have no doubt, if DOJ changed policies, it would lead to backtracking by agencies that have followed suit," Thornburgh says.

Specter's move comes as Deputy Attorney General Paul McNulty is leading an internal review of the government's corporate-fraud prosecution policies in the wake of a concerted lobbying effort by business groups and a court decision in New York that found one of the policies to be unconstitutional.

Given that companies would still be granted credit for "voluntarily" waiving their privilege, however, it's unclear whether Specter's bill would have any real effect, says Andrew Hruska, a former DOJ lawyer who helped draft the current controversial policies. And with the Senate set to adjourn on Dec. 8, the bill appears to be aimed squarely at pressuring McNulty. "How far they'll go, I don't know," Specter said of the DOJ's review. In a statement, a spokesman for the Justice Department said it would examine Specter's bill. "We have met with a number of individuals and organizations who have raised concerns or suggestions about our current guidance," said the statement, issued by DOJ spokesman Brian Roehrkasse. "Currently, we have not made any final decisions."

At issue is the way federal prosecutors have interpreted provisions of the so-called Thompson memo, issued in 2003 by then-Deputy Attorney General Larry Thompson. In the memo, Thompson lists a number of factors prosecutors should consider when deciding whether to indict a company for corporate fraud. Among them: whether the company has waived the attorney-client or work-product privilege and granted prosecutors access to internal investigations prepared by the company's lawyers. (Thompson is now general counsel of PepsiCo.) Given that companies under criminal indictment are often driven to bankruptcy -- most notably exemplified in the case of accounting firm Arthur Andersen -- the DOJ's critics say corporate defendants are left with little choice but to waive their privilege and turn over documents relating to internal investigations. Those documents often become public through court proceedings and provide fodder for shareholder class actions.

Critics of the Thompson memo, including Thornburgh, say it has led to a "culture of waiver" in which prosecutors frequently demand companies waive their attorney-client privilege and cut off legal fees to culpable executives at the beginning of an investigation.

But Justice Department officials involved in promulgating the original Thompson memo say its principles are sound and have helped prosecutors win more than 1,100 corporate-fraud convictions since 2002. Although individual prosecutors may have overreached in certain circumstances, they argue, the document's guidelines are an accurate way to assess whether a company is truly cooperating with a criminal fraud investigation. "I do think a lot of prosecutors are doing the right thing," says William Mateja, a former Justice Department official involved in drawing up the memo. "First and foremost, they're trying to get to the truth, and if they can get to it without asking companies to waive, they do."

Both Specter's bill and the Justice Department's internal review represent a success for the business and legal groups that have criticized the DOJ's corporate-fraud tactics. Calling themselves the Coalition to Preserve the Attorney-Client Privilege, a range of groups -- including the National Association of Manufacturers, the U.S. Chamber of Commerce, the American Civil Liberties Union and the Association of Corporate Counsel -- have pushed Congress to roll back the DOJ's most aggressive anti-fraud tactics.

Dodd Vows To Protect Investors (WP)

By Carrie Johnson

The Washington Post, December 8, 2006

Sen. Christopher J. Dodd asserted yesterday that he was not "allergic to business," but the Connecticut Democrat vowed that preserving investor confidence would guide his actions and agenda as chairman of the Senate Banking Committee next year.

Dodd, whose state is home to many of the nation's 9,000-odd hedge funds, rejected the idea of legislation that would impose new rules on the $1 trillion industry. In a briefing with reporters yesterday, Dodd forcefully reasserted his jurisdiction over hedge funds -- trumping a bid by the outgoing chairman of the Senate Judiciary Committee to introduce legislation that would force the funds to register with securities regulators under certain circumstances.

Instead, Dodd said, he would question officials from the Treasury Department and the Federal Reserve Board about their efforts to better understand hedge funds, which are loosely regulated pools of capital designed for wealthy and sophisticated investors. Increasingly, public employee pension funds and other retail investors have been pouring money into hedge funds, an issue of concern for Dodd.

"We bear a responsibility to that kind of investor to make sure there's transparency and the like," he said.

Dodd's remarks are being closely watched by industry and investor advocates because they come at a time when trade groups are arguing that burdensome regulation and too many lawsuits are hurting the competitiveness of U.S. markets and sending businesses abroad.

While Dodd agreed with changing a contentious audit rule blasted by companies as overly expensive, he rejected a wholesale rollback of measures designed to protect investors after the collapses of Enron and WorldCom. In some instances, Dodd argued, regulators went far beyond the intentions of the 2002 Sarbanes-Oxley law. The Securities and Exchange Commission and the Public Company Accounting Oversight Board are to unveil changes to the audit rule within two weeks.

"I'm not going to tolerate during my stewardship here to have a systemic failure because we raced to the bottom in regulations," Dodd added.

The lawmaker said he would seriously consider proposals by the private Committee on Capital Markets Regulation, which last week called for less costly corporate rules and limits on the ability of people to sue businesses, board members and auditors.

Dodd also said he had not yet determined whether to pursue the presidency in 2008, a decision he said he would make early next year. Until then, Dodd said, he will not impose a blanket ban on accepting political donations from industries his banking committee oversees.

Separately, Sen. Arlen Specter (R-Pa.) introduced as expected a measure that would bar prosecutors from forcing companies to waive the attorney-client privilege and from refusing to pay attorney fees for employees ensnared in investigations.

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Specter said he went forward with the legislation, which he will take up again next year, because Justice Department officials have failed to produce their own plan after repeated urging from Congress and a coalition that includes the U.S. Chamber of Commerce, the National Association of Manufacturers, the American Civil Liberties Union and the National Association of Criminal Defense Lawyers.

Senator Fights Illegal Tactics Against Corporations (AP)

By Lara Jakes Jordan, Associated Press

AP, December 8, 2006

WASHINGTON — The outgoing Senate Judiciary Committee chairman tried to increase pressure on the Justice Department on today to drop what he described as coercive and unconstitutional tactics used against companies in criminal investigations.

Hours before Congress was to leave for the year, Sen. Arlen Specter, R-Pa., filed legislation that would prohibit prosecutors from unduly pressuring companies to cooperate in such cases.

The tactics were written in the wake of white-collar crime cases at major corporations that cost investors and employees billions of dollars. Companies that do not cooperate face possible indictment.

Asked if the legislation would make it harder to prosecute companies and protect shareholders, Specter said, "I don't think so. I think it'll require (prosecutors) to do a little more work."

"That's a small price to pay for preserving constitutional rights," he said.

Even with the end of the congressional session and Democrats taking power, Specter said he will push to change the law next year and will refile his bill in January. He wants to:

— Prohibit the department from pressuring corporations to waive their rights to preserve conversations and other information shared between lawyers and their clients as confidential.

— Allow corporations to continue paying lawyers' fees for their employees without fear of seeming uncooperative with investigators.

— Bar the department from considering how cooperative a corporation has been with the investigation when determining possible charges.

Deputy Attorney General Paul McNulty is reviewing the memo — written in 2003 by Larry Thompson, who was then deputy attorney general. McNulty is expected to announce changes as early as next week.

Specter said it is not likely that the department will meet all of his demands.

"It may be that the first draft they give us will be satisfactory," said Specter, flanked at a news conference by former Attorney General Richard Thornburgh and officials from the U.S. Chamber of Commerce and the American Civil Liberties Union. "Or it may be that it will require a fair amount of negotiation. That's the more likely consequence."

The committee's incoming chairman, Sen. Patrick Leahy, D-Vt., "has serious concerns about the current, coercive policy," a spokeswoman said, but is waiting to see what the department proposes before considering legislation.

In June, a federal judge in New York said the policy violated employees' rights to fair trials after accounting firm KPMG cut off their legal aid in trying to cooperate with prosecutors.

Hewlett-Packard Agrees To $14.5-million Settlement Over Spying Claims (LAT)

By James S. Granelli

The Los Angeles Times, December 8, 2006

Hewlett-Packard Co. today agreed to a $14.5-million settlement with California Atty. Gen. Bill Lockyer to resolve claims that the computer products maker illegally spied on people in an effort to halt media leaks from the boardroom.

The pioneering Silicon Valley firm will pay $13.5 million into a privacy and piracy fund that will be used by the attorney general and local prosecutors to investigate and prosecute violations of privacy and intellectual property rights.

In addition, HP will pay $650,000 in civil penalties, $350,000 to cover the attorney general's investigation and agreed to strengthen its corporate governance standards to make sure the company complies with ethical and legal standards.

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"With its governance reforms, this settlement should help guide companies across the country as they seek to protect confidential business information without violating corporate ethics or privacy rights," Lockyer said in a statement. "And the new fund will help ensure that when businesses cross the legal line, they will be held accountable."

The Santa Clara County Superior Court approved the settlement, which Lockyer filed today as part of a civil lawsuit.

A relieved HP Chairman Mark Hurd said the company, which did not admit any wrongdoing, was "committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility."

The civil lawsuit was separate from the criminal charges pending against former HP Chairwoman Patricia Dunn, one former executive and three outside investigators for their alleged roles in surreptitiously tapping into private phone records of directors, reporters and their families.

The Palo Alto-based company revealed in September that its outside investigators had used so-called pretexting, where people posed as directors and reporters to gain access to their phone records, as part of an elaborate corporate spying campaign over the past two years.

The revelations led to Dunn's ouster, the firing of three other executives, a congressional hearing and the criminal charges.

The scandal riveted Silicon Valley throughout September as Lockyer, the FBI, a congressional panel and the Securities and Exchange Commission launched investigations into the Palo Alto company once considered so strait-laced that the "HP Way" was synonymous with honesty and fair dealing.

So far, only Lockyer has filed criminal charges. Dunn and four others are accused of using false pretenses to obtain confidential information from a public utility, gaining unauthorized access to computer data, identity theft and conspiracy to commit each of those crimes. All have pleaded not guilty.

H-P Settles Civil Charges In 'Pretexting' Scandal (WSJ)

By Christopher Lawton

The Wall Street Journal, December 8, 2006

Hewlett-Packard Co. agreed to pay $14.5 million to settle civil charges stemming from a board-leak probe, the latest in a series of moves the technology giant has made to put the scandal behind it.

H-P didn't admit any wrongdoing under the settlement with California Attorney General Bill Lockyer, who has brought criminal charges against former executives and others involved in the company's investigation into the media leaks. The settlement won't affect those cases, legal experts said, but it suggests that H-P itself isn't likely to face criminal charges. All the defendants in the criminal cases have pleaded not guilty.

NEW DOCUMENTS

• California AG: H-P "is not Enron"1

• Civil complaint2 | Settlement judgment3

MORE ON THE CONTROVERSY

See a graphical timeline4 and other key documents in the H-P scandal. Plus, read profiles5 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. (Complete coverage.6)

The civil settlement requires the company to pay $13.5 million toward a new law-enforcement fund for authorities to investigate violations of privacy and intellectual-property rights. Both the attorney general's office and local prosecutors will be allocated as much as $500,000 each year from the fund to investigate and prosecute any violations of those rights. (Read the judgment7 detailing the settlement.)

H-P agreed to pay an additional $650,000 in civil penalties and $350,000 to cover the costs of the attorney general's investigation. The company also agreed to a series of internal governance overhauls that are aimed at heading off any possible abuse of privacy rights in the future.

H-P used practices that included pretexting -- obtaining private phone records under false pretences -- of company directors, employees and journalists as part of a probe that turned into a high-profile scandal this fall.

Along with documents outlining the settlement, Mr. Lockyer's office also filed a civil complaint in Santa Clara County Superior Curt alleging that H-P used "false and fraudulent pretenses" to obtain confidential phone records. Significantly, however,

H-P didn't admit wrongdoing in connection with the allegations in the complaint, which could have affected the criminal cases or other civil litigation associated with the scandal.

Mr. Lockyer's office said the settlement will have no impact on the criminal case brought against former H-P Chairman Patricia Dunn and others in the company's leak investigation, but could still set an important precedent.

"The Hewlett-Packard incident has helped shine a national spotlight on a major privacy protection problem," Mr. Lockyer said8 in a statement. "The new fund will help ensure that when businesses cross the legal line they will be held accountable."

Mark Hurd, H-P's chairman and chief executive, added that the company was pleased to settle the matter and is "committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility."

The H-P scandal erupted in September, largely as a result of complaints by director Thomas Perkins about H-P's actions in investigating the possibility that board members had leaked confidential information. Mr. Perkins resigned from the board last spring.

Besides Mr. Lockyer's office, investigations were launched by the Justice Department, the Securities and Exchange Commission and a congressional subcommittee, which held high-profile hearings in September. The fallout led to the departures of several H-P executives and board members, including Ms. Dunn and director George Keyworth.

The settlement, which has been approved by the state court, includes provisions associated with H-P's governance processes that will extend for five years. Among other things, the company will designate an independent director who will be responsible for reviewing and reporting to the board H-P's legal and ethical requirements as it relates to future investigations.

H-P's chief ethics and compliance officer, whose position was created in October, will play a key role in the tighter governance procedures. That executive, who previously reported to H-P's general counsel, will now also report to the audit committee of H-P's board.

H-P also will establish a compliance council chaired by the ethics officer to develop, maintain and revise H-P's ethics and compliance programs. The company has retained an expert in investigative practices to conduct a comprehensive review its investigative practices and to assist the chief ethics and compliance officer in making improvements where appropriate. H-P also agreed to beef up the ethics and conflict-of-interest portions of its employee-training program.

Joel Reidenberg, professor of law and director of the Center on Law and Information Policy at Fordham University School of Law, in New York, said the settlement was an important victory for Mr. Lockyer, who is leaving office in January to become California state treasurer. He argued that the agreement bolsters a perception that H-P's tactics did violate a legal privacy right, even if it has no impact on any other cases.

"All of this points quite clearly to the illegality of what H-P did, but it is a settlement," Mr. Reidenberg said. "It is not a court decision that what H-P did is illegal."

William Keane, a partner and criminal defense attorney at the San Francisco law firm Farella Braun & Martel, called the settlement a smart move by H-P. "The statement reflects a recognition by H-P, at a minimum, that it would been a challenging case to defend," said Mr. Keane, who isn't involved in the case.

Hewlett To Pay $14.5 Million In Deal On Spying Case (NYT)

By Damon Darlin

The New York Times, December 8, 2006

SAN FRANCISCO, Dec. 7 — Hewlett-Packard said today that it would pay $14.5 million in a settlement with the California attorney general over the company's use of private detectives to obtain phone records of board members and journalists.

The company is paying $650,000 in fines for "statutory damages," but the bulk of the money, $13.5 million, is going to create a state-administered fund to finance the investigation of privacy violations. The rest of the settlement goes to cover the attorney general's expenses in its investigation of the corporate spying case.

Hewlett-Packard reported revenue for its fiscal year of $91.7 billion. The fine is equivalent to what the company brings in every 83 minutes.

The attorney general's civil lawsuit was filed today in state court along with the settlement of that case. The civil suit did not name any individuals.

The attorney general, Bill Lockyer, filed criminal charges in early October against five people, including Patricia C. Dunn, the former H.P. chairwoman, and a former company lawyer, accusing them of violating state privacy laws. All of the individuals have pleaded not guilty.

In those cases, the attorney general alleges that company officials passed on information to private investigators — who in turn passed it to other private investigators — that allowed the personal phone records of several board members and journalists to be viewed. The investigators used a form of subterfuge, called pretexting, to obtain the private phone records by pretending to be someone else.

The settlement of the civil suit puts an end to the company's problems with state investigators. But on the federal level, the Justice Department, the Securities and Exchange Commission and the Federal Communications Commission are all investigating the company's conduct during the company's internal investigations of leaks from its board during 2005 and 2006.

HP, Calif. Settle Spying Lawsuit (WP)

By Ellen Nakashima

The Washington Post, December 8, 2006

California's attorney general announced a $14.5 million civil settlement with Hewlett-Packard over its corporate spying scandal yesterday and said in an interview that he was exploring a possible settlement of criminal charges against the firm's former chairman.

Patricia C. Dunn was ousted as chairman in September after the HP ethics and spying scandal became public. California Attorney General Bill Lockyer filed fraud and conspiracy charges against her in October, a day after Dunn learned that she had suffered a relapse of ovarian cancer.

Lockyer said he has been talking to Dunn's attorney, James Brosnahan, about a potential settlement. "I'm sympathetic to her health problems," Lockyer said in an interview, adding that there was "nothing yet that would indicate that settlements are likely."

Brosnahan did not return a reporter's call yesterday.

The civil settlement involved a lawsuit the state filed against the computer giant in Santa Clara County Superior Court. Under the agreement, HP will pay $13.5 million to create a "privacy and piracy" fund to help state and local law enforcement fight privacy and intellectual property violations. The rest of the money will go to damages and to pay for the investigation.

HP also agreed to strengthen in-house monitoring to ensure that future investigations launched by HP or its contractors will comply with legal and ethical standards and protect privacy rights. HP further agreed to hire an independent director, expand the duties of its chief ethics officer and chief privacy officer, beef up staff ethics training and create a compliance council to set policies for ethics programs.

"This settlement creates a template for other companies seeking to protect confidential business information without violating corporate ethics or privacy rights," Lockyer said.

The scandal broke in September when HP acknowledged in a Securities and Exchange Commission filing that investigators probing internal HP leaks to the media had gained access to board members' personal phone records by impersonating the board members, a practice known as pretexting. HP's investigators also conducted physical and electronic surveillance of board members and reporters, according to HP documents.

Pretexting violates a California criminal law banning the use of "false and fraudulent pretenses" to obtain confidential information from a phone company, Lockyer's office said. California civil law also considers criminal acts unlawful business practices, which was the basis of the state's civil action.

The civil settlement does not affect the criminal charges brought against Dunn and four others, including former HP chief ethics director and senior legal counsel Kevin Hunsaker, who resigned as the scandal unfolded; Boston security consultant Ronald R. DeLia; and private investigators Bryan Wagner of Littleton, Colo., and Matthew Depante of Melbourne, Fla.

Lockyer commended HP yesterday for "cooperating, instead of stonewalling" the investigation.

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Mark V. Hurd, HP's chairman and chief executive, hailed the deal. "We are pleased to settle this matter with the attorney general and are committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility," he said.

HP To Pay $14.5M To Settle Spying Lawsuit (USAT)

By Jim Hopkins And Michelle Kessler

USA Today, December 8, 2006

SAN FRANCISCO — Hewlett-Packard (HPQ) said Thursday that it would pay $14.5 million and bolster its corporate governance to settle a civil case brought by California's attorney general over a boardroom spying scandal that engulfed HP this year.

The computer giant will pay $13.5 million to create a state fund to enforce privacy and intellectual property laws. HP also will pay $650,000 in civil penalties and $350,000 to cover Attorney General Bill Lockyer's investigation.

SCANDAL NO THREAT TO BUSINESS: HP looks sharp to many tech analysts

The settlement is expected to absolve HP of all civil and criminal claims in the matter, Lockyer says. It does not affect criminal charges he filed against former HP chairman Patricia Dunn and four others. They have pleaded not guilty.

The settlement's governance reforms are to ensure that HP complies with legal and ethical standards and protection of privacy rights, Lockyer said.

The reforms include expanding the role of HP's chief privacy officer.

READ MORE: HP statement | Legal documents

Charles Elson, director of the University of Delaware's corporate governance center, said the reforms were a good step. But he said HP had ethics rules in place when it launched the boardroom probe.

"The problem was, people who implemented those policies acted in improper manners," he said.

HP said it was not found liable in the settlement. Chairman and CEO Mark Hurd said the company is "committed to ensuring that HP regains its standing as a global leader in corporate ethics."

Lockyer acknowledged that $14.5 million is small relative to HP's size. But he noted, "The fine or penalty isn't a function of how big the company is."

Other corporations have paid far more to settle law enforcement claims. Securities giant Prudential Equity Group agreed in August to pay $600 million to resolve civil and criminal complaints brought by the SEC and others.

HP shares closed at $39.86 on the news, down 28 cents.

The settlement stems from HP's efforts to uncover the source of boardroom news leaks to journalists. HP's private investigators used subterfuge to get phone records of directors, journalists, employees and their family members.

A bill making it a crime for anyone but law enforcement agencies to get phone records under false pretenses is expected to be approved by the Senate as soon as this week after clearing the House. President Bush is expected to sign the legislation.

Hewlett-Packard To Pay $14.5 Million In Spying Probe (Update2) (BLOOM)

By Karen Gullo And Connie Guglielmo

Bloomberg, December 8, 2006

Dec. 7 (Bloomberg) -- Hewlett-Packard Co., the world's largest maker of personal computers and printers, agreed to pay $14.5 million to settle an investigation by California's attorney general over the spying tactics used to uncover boardroom leaks.

The money will be used to finance a fund to fight privacy and intellectual property violations, California Attorney General Bill Lockyer said today in a statement. The state won't pursue new civil claims against the company or current and former directors and employees, Hewlett-Packard said in a statement.

The agreement ends California's probe of Palo Alto, California-based Hewlett-Packard, which hired investigators who used fake identities to obtain private phone records. It would take Hewlett-Packard an hour and 23 minutes to generate $14.5 million in sales, based on fiscal 2006 revenue of $91.7 billion.

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``It's kind of a slap on the wrist," said Rob Enderle, an analyst with San Jose, California-based Enderle Group. ``This was a series of mistakes that was more about incompetence than criminal intent. Paying $14.5 million for an `oops' is probably good enough and for every company that may need to be reminded that spying on reporters is not a good idea, this may do it."

Hewlett-Packard still faces investigations by the U.S. Securities and Exchange Commission, Justice Department and shareholder lawsuits. Lockyer separately has charged the company's former Chairman Patricia Dunn and four others with conspiracy and fraud over their involvement in an investigation into boardroom leaks. Dunn pleaded not guilty.

Hewlett-Packard shares fell 28 cents to $39.86 at 4:20 p.m. New York time in Nasdaq Stock Market composite trading. The stock has gained 39 percent this year.

`Put It to Rest'

The settlement requires Hewlett-Packard to pay $13.5 million to create a new ``Privacy and Piracy Fund" for law enforcement in California, Lockyer said in the statement. The company is also paying $650,000 in civil penalties and $350,000 in fees to cover California's investigation costs.

``It's positive that the company can put it to rest," said Tony Ursillo, who helps invest $75 billion at Loomis, Sayles & Co. in Boston. The firm had almost 4 million Hewlett-Packard shares as of September. ``These civil charges are the sort of things that can get more attention than they deserve."

The Santa Clara County Superior Court has approved the settlement, Lockyer said. Hewlett-Packard didn't admit wrongdoing as part of the settlement.

Hewlett-Packard in September said investigators may have used illegal tactics to uncover the source of boardroom leaks to the media, including pretexting, or the use of fake identities, to gain access to telephone records.

Escalation

The scandal escalated as California, the SEC and Congress started their own probes into the methods used by investigators. Chief Executive Officer Mark Hurd, Dunn and other executives spent a day testifying before a Congressional committee seeking information on the pretexting.

Hewlett-Packard said investigators hired by the company trawled through garbage and followed reporters in their efforts to uncover which director was leaking information.

The settlement resolves a civil lawsuit filed today by Lockyer that says Hewlett-Packard violated California's unfair business practices rules by engaging ``in an unlawful scheme to spy on its own employees and directors."

The company violated the privacy rights of those it spied on and broke California laws against deceiving phone companies to gain call records and committing identify theft. The allegations are similar to those made in Lockyer's criminal cases against Dunn and others.

``The company was fully cooperative and didn't try to stonewall or duck responsibility at all," Lockyer said in an interview today. ``They stepped up, they made changes, they want to get this behind them."

New Policies

Hurd said he didn't know of the practices being used because the investigation was authorized by Dunn, who now faces charges that each carry a maximum sentence of three years in prison and tens of thousands of dollars in fines.

The California agreement comes a week before Hurd, 49, and other executives face Wall Street analysts in New York at the company's analyst day.

``We are pleased to settle this matter with the attorney general and are committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility," Hurd said in the statement today.

Independent Director

Hewlett-Packard agreed to adopt new policies for five years. They include designating one of its board members, Wachovia Corp. CEO G. Kennedy Thompson, as an independent director to review the company's compliance with legal and ethical standards.

Joel Reidenberg, a professor at Fordham Law School in New York, said the agreement is one of the largest settlements of a case involving privacy violations of a small group of people. Hewlett-Packard admitted obtaining private phone records of at least seven directors, two employees and nine reporters.

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``For a privacy case, it's very significant," said Reidenberg in an interview.

Hurd last month presided over a fourfold jump in fiscal fourth-quarter profit. In the same period, Hewlett-Packard reclaimed the lead in the personal-computer market after lagging behind Round Rock, Texas-based Dell Inc. for three years.

The results demonstrated Hurd's success in overcoming the leak scandal, investors said.

``It's good because we need investors to refocus on the numbers, especially with analyst day coming up," Ursillo said.

Convicted Ex-Cendant Exec Under House Arrest (BLOOM)

By Jane Mills And David Voreacos, BLOOMBERG NEWS

Bloomberg, December 8, 2006

E. Kirk Shelton, the former Cendant Corp. vice chairman convicted of a $3 billion accounting fraud, was placed under house arrest Thursday by a federal judge until he begins serving a 10-year prison term.

U.S. District Judge Alvin Thompson ordered Shelton confined to his house in Darien, Conn., after an appeals court upheld his conviction Nov. 22. Thompson said he cannot order Shelton to prison until the appeals court lifts a stay on his term.

"I would order a surrender that would be forthwith," Thompson said in federal court in Hartford, Conn.

Shelton, 51, was convicted in 2005 of overstating income by $286 million at CUC International, which merged withParsippany-based HFS in 1997 to create Cendant, a travel and real-estate services company.

Cendant paid $3.2 billion to settle investor lawsuits.

Cendant split into four public companies this year.

Thompson allowed Shelton to leave his house to visit his lawyers and psychiatrist. He has been free on a bond secured by his houses in Darien and Vail, Colo.

In sentencing Shelton last year, Thompson ordered him to repay $3.2 billion to Cendant.

Both Cendant and the Justice Department have sued Shelton, saying he is hiding tens of millions of dollars in assets through fraudulent transfers.

During a hearing Thursday, Thompson said he agreed that Shelton's asset transfers were suspicious.

"At the end of the day, there is going to be a conclusion that there was a fraudulent transfer here," Thompson said.

Thompson urged Cendant and Shelton to reach a settlement, appointing an attorney to oversee negotiations.

"We are running up a lot of legal fees here and it's a waste," he said. "Mr. Shelton is going to prison. His wife could have some peace of mind. His children could have some peace of mind. The money that would go to victims will go to lawyers."

Cendant attorney Robert Kaelin said the company is opposed to any settlement negotiations with Shelton.

Last year, Thompson ordered Shelton to make a $15 million initial payment toward his restitution. After his release from prison, the judge said, Shelton must pay $2,000 a month for 35 months before making a final payment of the $3.27 billion order.

Shelton attorney Thomas Puccio said he asked the full 2nd U.S. Circuit Court of Appeals on Thursday to reconsider the order by a three-judge panel that upheld the conviction.

Shelton was convicted of conspiracy, securities fraud, and making false statements to the Securities and Exchange Commission.

At his trial, jurors deadlocked on charges against former Cendant chairman Walter Forbes, 64, prompting a mistrial.

After a second mistrial, Forbes was convicted at a third trial in federal court in Bridgeport, Conn.

The case is U.S. v. Forbes, 02CR264, U.S. District Court, District of Connecticut (Hartford).

4 Ex-Employees Convicted In Stock Inflation Case (KCAL)

KCAL-TV, CBS 9, Los Angeles, December 8, 2006

(CBS) LOS ANGELES Four men who worked for a San Diego brokerage were convicted of federal charges Thursday for selling their clients stocks that their superiors wanted to run up in value.

The brokerage, Hampton Porter Investment Bankers, shut its doors abruptly in 2001, U.S. Justice Department attorney Kathleen McGovern told jurors during a month-long trial in Los Angeles.

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Hampton Porter paid the four brokers convicted -- Bryan Laurienti, 50, David Montesano, 39, Curtiss Parker, 45, and Donald Samaria, 37, -- special commissions in return for the transactions, which typically involved thinly traded low-value stocks their firm had received at deep discounts, McGovern told jurors.

The four were convicted of conspiracy and securities fraud in connection with the transactions, according to another prosecutor on the case, Assistant U.S. Attorney David Willingham.

A fifth man, Michael Losse, 42, was acquitted on all charges, Willingham said.

The owners of the brokerage, John Laurienti and Gregory Walker, previously pleaded guilty to one count each of conspiracy, as did its retail manager, James Green. They are awaiting sentencing.

More than 100 of Hampton Porter's clients were bilked out of an estimated $5 million as the result of trades made between 1998 and 2000, authorities have said.

Once the clients bought the stocks, the prices would go up, and co-conspirators in the alleged scam would sell their shares for huge profits, according to the government.

Bryan Laurienti's attorney, Evan Jenness, said her client plans to appeal the conviction.

Attorney Michael Mayock, who represented Montesano, said he will also seek to reverse his client's conviction.

Mayock contended that it was the higher-ups at Hampton Porter who were really responsible for the stock inflation scam.

"These brokers had no idea what was going on at Hampton Porter," Mayock said.

According to the government, Hampton Porter's clients did not know that the defendants were paid the special commissions of about 10 percent for selling the stocks at issue, which were known as "house stocks."

U.S. District Judge Terry Hatter set sentencing for March 12.

The Pequot 'Scandal' (WSJ)

The Wall Street Journal, December 8, 2006

In Washington, the "whistleblower" is a stock political figure. Some are truth-tellers, others grind a political ax. One duty of Congressional oversight is knowing the difference, and that looks to be among the failings of Senator Chuck Grassley in the strange and much-hyped case of Pequot Capital Management.

Pequot is the hedge fund that Mr. Grassley is doggedly suggesting is at the center of an insider-trading scheme, one that has supposedly been winked at by the Securities and Exchange Commission. Or so claims disgruntled former SEC lawyer Gary Aguirre, whom Mr. Grassley has adopted as a truth-teller while courting publicity by suggesting an SEC coverup. The only thing missing is evidence.

This melodrama began in May, when Mr. Aguirre sent a letter to Congress claiming he'd been fired because he'd come across insider trading at Pequot. Mr. Aguirre suspected Morgan Stanley CEO John Mack of tipping off Pequot CEO Art Samberg to a corporate merger in 2001, allowing Pequot to bank $18 million. When he asked to depose Mr. Mack, senior SEC officials denied his request and Mr. Aguirre lost his job not long thereafter.

Mr. Aguirre was soon feted at a Congressional hearing, and by August Mr. Grassley was interrogating SEC staff amid media leaks portraying the Senator as a tireless pursuer of the rich and powerful. The Iowan dismissed a report from the SEC's inspector general that found the agency had not acted improperly, and he has unleashed the Government Accountability Office to dig for whatever it can find.

Which brings us to the rest of the story, to the extent there is one. One problem is that the whistleblower in the case, Mr. Aguirre, seems to have long held sweeping grievances against hedge funds and the SEC. He spent many years as a tort lawyer in San Diego, until he retired in 1995 to attend film school. In 2003, at the ripe young age of 61, he decided he wanted a new career in government enforcement. According to SEC officials who testified at a raucous Senate Judiciary hearing Tuesday, he was turned down for an SEC job no less than 22 times.

Mr. Aguirre filed a complaint with the Equal Employment Opportunity Commission claiming age discrimination. Nearly all the SEC officials interviewed by the EEOC about their hiring decisions said Mr. Aguirre lacked the qualifications, or the temperament, to work at the agency. Nonetheless, on his 23rd try in September 2004, Mr. Aguirre was hired in the SEC enforcement division. Why Mr. Aguirre was so determined to join the SEC is unclear, but in a letter in 2000 he described certain

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SEC practices as "unconscionable," complaining he'd lost $10,000 in a stock deal because "institutional investors" had possessed more information than he had.

Once at the agency he became part of an ongoing investigation into some fortuitous 2001 Pequot trades. Hedge funds are in the business of closely watching markets and making bets, so winning trades hardly prove illegality. But Mr. Aguirre became convinced that Mr. Mack had tipped off Mr. Samberg in 2001 that GE Capital was buying Heller Financial. His evidence? Well, none, as he himself has admitted.

Mr. Aguirre pointed instead to the fact that Mr. Mack had interviewed for a job at CSFB, which was involved with the GE-Heller deal. Oh, and Mr. Mack and Mr. Samberg were friends. Never mind that the GE-Heller deal had been speculated about often and in many places prior to its announcement, and Mr. Samberg can presumably read.

Cooler heads at the SEC continued the Pequot investigation for a year after Mr. Aguirre left, interviewing a dozen individuals (including Mr. Mack) and ultimately found nothing. As for the latest media allegation that former SEC associate director of enforcement Paul Berger squelched the Mack deposition in order to land a private-sector job, again the only thing missing is evidence. Mr. Berger spent 14 unblemished years at the SEC's enforcement division, spearheading investigations against Fannie Mae, Xerox, KPMG and Morgan Stanley.

So what's really going on here? Mr. Aguirre's financial bugbears aside, one hint is the allusion in his whistleblowing letter to the Senate that Mr. Mack has "powerful political connections," meaning that Mr. Mack had raised money for President Bush. This has kept the media titillated, and it also gives Mr. Grassley a chance to court the New York Times and burnish his reputation as a populist. The hedge fund industry is also a sexy media target these days, and any new "scandal" will assist the cause of Senators who want more regulation, not to mention more campaign contributions, from the fund industry.

We have no affection for the SEC, and we don't know Mr. Mack. But Senators and their staff ought to be under some obligation to produce evidence before they cry scandal and drag reputations through the mud. As it stands, Messrs. Mack and Samberg appear to have been singled out for no other reason than because they have money and political friends. And if anything, Pequot is the wronged party, having cooperated with the SEC probe only to find that Mr. Aguirre had leaked confidential corporate information to Senate staff, who then leaked it to the press. That sounds like the real scandal.

Spitzer Gets Blocked (WSJ)

The Wall Street Journal, December 8, 2006

Eliot Spitzer will soon be New York's Governor, and maybe just in time for the good of his prosecutorial reputation. Another of his well-publicized lawsuits went down in flames late last week when New York Supreme Court Justice Karla Moskowitz dismissed the Attorney General's complaint against H&R Block.

Readers may recall that the AG proclaimed in March -- to the applause of his media Boswells -- that the giant tax adviser had fraudulently sold retirement savings plans. When H&R Block refused to roll over and settle, Mr. Spitzer reacted with his customary cool, promising "vast fines" and hinting at a possible corporate indictment.

Judge Moskowitz's dismissal is about as humiliating as these things get. The judge noted that Mr. Spitzer's office lacks jurisdiction over H&R Block because the parent company has no physical presence in New York state. And while its H&R Block Financial Advisers unit does work with a bank in New York, the judge found that Mr. Spitzer had shown no offending conduct at that unit.

This is good news, both for the rule of law and especially for the low-income individuals who use H&R Block's Express IRA retirement product. Mr. Spitzer had alleged that because these products have low minimum balances, and are invested in low-risk (and thus low-interest bearing) money market accounts, many users have sometimes paid more in fees than they earned in interest.

Mr. Spitzer cherrypicked his data to suggest that most H&R Block customers had lost money, and it is probably true that some beginning savers saw a dip in their accounts as they started to build balances. While this is an unavoidable risk for new savers relying on money-market accounts, it is not fraud. Interest rates were unusually low in the early years of the decade and have since risen, and so these money-market accounts are now seeing larger returns. Meantime, H&R Block has since received permission to charter its own bank and so is able to offer new savings products with higher interest rates and no fees.

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Studies have shown that such accounts are one way to induce the working poor to get into the valuable habit of saving. Many Americans with low incomes work for companies without retirement plans, and many are reluctant to divert a portion of their already stretched paychecks to future saving. Yet numerous low-income Americans do receive sizable tax refunds from the government in some years, and the H&R Block accounts allow them to directly deposit this mini-windfall. Thrift is supposed to be a virtue.

Mr. Spitzer's office understood all this, especially because many of his fellow Democrats have been among the leading proponents of such accounts. Then again, March was tax season, and H&R Block may have been too tantalizing a political target for an Attorney General's office that wasn't being featured as often in front-page headlines.

The H&R Block defeat joins the queue of Mr. Spitzer's other courtroom losses: the failed prosecution of Bank of America broker Ted Sihpol, the foiled campaign to pry confidential mortgage data out of national banks, and his dropped civil, and evanescent criminal, charges against former AIG CEO Hank Greenberg.

Mr. Spitzer has had his successes, most of which included settlements by companies that couldn't risk going to court. But as the AG's ambitions grew he began to stretch the law, and his record when he actually goes to court is poor. While the press runs his charges on page one, the dismissals appear next to the classifieds, if they run at all. We couldn't find anyone who'd even reported the H&R Block ruling.

Judge Moskowitz said Mr. Spitzer may refile the H&R Block suit if his office can remedy its failings. However, she added that, at least regarding the jurisdictional issue, the deficiencies came despite "extensive discovery" in which "Block, Inc. produced thousands of documents and permitted [the AG's office] to take seven depositions." Sounds as if the judge is suggesting that Mr. Spitzer quit while he's behind.

CRIMINAL LAW:

State Rep. Anderson In Jail On "public Corruption" Charges (ADN)

Alaska Daily News, December 8, 2006

Federal authorities arrested state Rep. Tom Anderson on Thursday afternoon on “public corruption” charges, the FBI said. Anderson was still in custody at the Anchorage Jail on Thursday night.

FBI spokesman Eric Gonzalez said further details would be available from the Department of Justice Friday with the release of the federal charging documents.

Gonzalez only would say that there was a federal warrant for Anderson’s arrest “in connection with a public corruption probe.” Anderson was arrested around 4:30 p.m. at his residence, Gonzalez said.

Anderson, who was elected to the state House four years ago to represent Muldoon but did not seek re-election in November, kept up his original consulting business as an adviser for clients who do business with state and local government. He is married to state Rep. Lesil McGuire, R-Anchorage, who was elected to the state Senate in November.

Federal agents swarmed six legislative offices around the state at the end of August, seeking information on legislator’s links to oil services and construction company Veco. The FBI made no arrests.

Anderson is excepted to be arraigned in federal court Friday.

FBI: State Lawmaker Arrested In FBI Probe (AP)

AP, December 8, 2006

ANCHORAGE, Alaska (AP) - An Alaska state lawmaker was arrested Thursday on a federal bribery warrant.

Rep. Tom Anderson was arrested at his Anchorage home and was being held Thursday night at the city jail, FBI Special Agent Eric Gonzalez told The Associated Press.

The arrest stems from the recent raid of several lawmaker's offices. No other arrests were made, but Gonzalez said it was an ongoing investigation.

More information about Anderson's arrest, first reported by Anchorage television station KTUU, was expected to be released by Department of Justice officials in Washington, D.C., Gonzalez said.

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A message left late Thursday night with DOJ officials by the AP was not immediately returned.

Anderson, who did not seek re-election and leaves office this month, is married to Lesil McGuire, who gave up her state representative seat and was elected to the state Senate, taking office next month. There was no home listing for Anderson and McGuire, but Anderson's father, Tom Anderson, former director of the Alaska State Troopers, said, "No comment."

The offices of at least six Alaska legislators were raided in late August and early September by federal agents searching for possible ties between the lawmakers and VECO Corp., a large oil field services company, officials and aides said. Anderson's name had not appeared in the list of offices searched.

About 20 warrants were served at the time in Anchorage, Juneau, Wasilla, Eagle River and Girdwood, but federal officials would not say who received warrants and remained tightlipped about the investigation. All inquiries were referred to DOJ officials, who declined to comment for months.

Rep. Tom Anderson Arrested (KTUU)

KTUU-TV, December 8, 2006

Anchorage, Alaska - Rep. Tom Anderson, R-Anchorage, is under arrest and in the Anchorage jail tonight. Anderson was indicted in connection with a federal influence-peddling probe and was taken into custody at his Anchorage home this evening by the FBI.

It appears to be the first arrest in a federal probe that made headlines after the raid of several lawmakers' offices in late August.

The FBI confirms that Anderson was arrested at around 4 p.m. today based on a warrant in connection with a federal indictment. Federal investigators would not elaborate any further, but did say it stemmed from the public corruption probe and the investigation is ongoing.

In August, FBI agents and several other agencies descended on multiple offices of six lawmakers as well as VECO Corp. and the office of U.S. Sen. Ted Stevens in Girdwood.

The offices of Anchorage Senators Ben Stevens and John Cowdery and Nome Sen. Donny Olson were all searched, as were offices of Reps. Pete Kott, R-Eagle River, Vic Koehring, R-Wasilla and Bruce Weyrauch, R-Juneau.

Months earlier, as lawmakers were in a flurry to pass the oil production tax, there was heated debate about whether the oil industry was meddling too much.

"This is our floor. Our floor. No telephone calls are supposed to change what we're doing. No lobbyist is supposed to peer over the railing and tell us to change our mind. Never should happen," said House Minority Leader Ethan Berkowitz, D-Anchorage.

In the specter of the federal raids, many wondered if that debate and the actions that spurned it spiraled into a criminal probe.

Anderson and Stevens have been criticized in the past for taking consulting contracts from oil-related firms, including VECO Corp., without disclosing exactly what they do.

The FBI would not release what charges Anderson is being held on, saying only that it can confirm the arrest.

Any further information will need to come from the Department of Justice.

Phone calls to Anderson's wife, Sen.-elect Lesil McGuire, were not returned.

NYC Court Reserves Decision Documents In Decades-old Murders (AP)

By Pat Milton

AP, December 8, 2006

NEW YORK - Attorneys for an American Indian activist convicted of killing two FBI agents in a shoot-out on a South Dakota reservation in 1975 took their fight to free the imprisoned man to a New York courtroom on Thursday.

The attorneys for Leonard Peltier argued for the release of all FBI files stemming from the three-decade old case. Appearing before a three-judge panel of the U.S. Appeals Court in Manhattan, they contended that the documents should have been turned over to them at the time of trial in 1977.

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They are now seeking the release of the documents under the Freedom of Information Act, hoping the withheld information will lead to Peltier's exoneration.

"The FBI cannot use exemptions under FOIA to shield unauthorized, illegal tactics in this case," Peltier's attorney, Michael Kuzma, told the panel. Kuzma claimed investigators coerced witnesses and withheld evidence in building a case against Peltier.

Justice Department attorney H. Thomas Byron III told the court that unfettered release of the documents would compromise the confidentiality of the witnesses. He said the witnesses were guaranteed confidentiality, either expressed or implied.

"The circumstances of this case make it clear that anyone who provided information would have reason to have concern for their well-being," Byron argued.

The FBI in Buffalo released 797 pages of material in 2004. But it withheld some 15 pages and redacted large portions of the released pages, citing exemptions allowed under FOIA for national security concerns and to protect the identity of agents, witnesses, and informants.

The judges reserved decision on whether to overturn a Buffalo federal court's ruling last February and order the release of the 15 withheld documents and grant unfettered access to the others with redactions. The federal court in Buffalo found that the FBI could keep secret the handful of documents.

Peltier, 60, is serving two life sentences at the federal penitentiary in Lewisburg, Pa.

He was a leader of the American Indian Movement in the 1970s. He was convicted in 1977 in North Dakota of the killings of the two agents during a shootout on the Pine Ridge Indian Reservation in South Dakota. His supporters have been trying to get his conviction overturned for years, saying he was wrongfully targeted because of his activism.

Kuzma said outside court that any ruling against Peltier would be appealed to the U.S. Supreme Court.

Kuzma said the defense team is seeking more than 140,000 pages of FBI documents from field offices nationwide.

More than two dozen supporters of Peltier filled the rear benches in the courtroom during the 30-minute hearing. "They needed someone to blame for the crime and they got him," said supporter Jerry Sevitz of Manhattan.

Trucchio Gets Judicial Warning (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, December 8, 2006

TAMPA - Ronald "Ronnie One Arm" Trucchio said his family didn't mean to scare anyone when they sent two private detectives down from New York to talk to jurors who convicted him of racketeering conspiracy.

One of the investigators said he was hired to question jurors about allegations made by juror Diana Young-Stewart, who wrote a letter to the judge claiming other jurors coerced her into voting to convict Trucchio.

Defense attorney Joseph Corozzo Jr. said he did not know anything about the private investigators.

"It's distressing to me that this happened," said U.S. District Judge Susan Bucklew, who called a hearing Thursday to tell Trucchio that he can't have anyone try to contact jurors. "Serving on a jury is difficult enough."

After several jurors called her office and U.S. marshals, Bucklew had a telephone conference with the attorneys in the case on Wednesday, she said. After Corozzo said he did not know about the contacts, the judge wanted to talk directly to Trucchio, who faces a possible life sentence after his conviction last month. Prosecutors say Trucchio is a capo in the Gambino crime family who was in charge of a crew that committed crimes in three states.

"I didn't try to contact anybody," he said initially.

Bucklew warned Trucchio that if he does contact jurors, "you will be held in contempt of my order ordering you not to do that." And, she said, "any contact of jurors could be seen as obstruction of justice and have an effect on your sentencing."

Corozzo said he filed a motion to have the jurors questioned under oath in response to a letter to the judge from juror Diana Young-Stewart saying she was coerced into voting to convict.

Bucklew said she will consider the motion after prosecutors respond. But, she said, "you can't attack a jury's verdict based on their internal deliberations." She emphasized the ban on jury contact. "What happens is the jurors get frightened," she told Trucchio.

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"Understandably, your honor. No harm intended."

Bucklew addressed one of the investigators identified by jurors as making the contacts. Thomas Allen of ACI Investigators on Long Island said he would follow the judge's order to stop trying to talk to jurors.

He said he and another investigator, Vincent Parco, an author who makes frequent television appearances, were hired by Trucchio's brother-in-law, Jerry Dirazzo.

"Do you understand that you can't do that?" Bucklew asked Trucchio.

"I do now, your honor," he said, adding later, "If they knew there was gonna be any problem like this, I'm sure my brother-in-law and my sister wouldn't have done it. This was just a big misunderstanding. I apologize."

Reporter Elaine Silvestrini can be reached at (813) 259-7837.

No Dismissal For Killer Of Abortion Doc (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, December 8, 2006

BUFFALO, N.Y. -- A judge on Thursday rejected all defense motions to dismiss a federal case against a man who admits fatally shooting a doctor who performed abortions, and barred the defendant from discussing his anti-abortion views at trial.

James Kopp already is serving a 25-year-to-life state sentence after being convicted of second-degree murder in the 1998 shooting of Dr. Barnett Slepian. He faces a life term if found guilty of violating the federal Freedom of Access to Clinic Entrances Act in the shooting.

Kopp, preparing his own defense from a Niagara County jail cell, argued for dismissal of the federal case in recent court filings.

In one filing, he argued that the charges should be dismissed because the shooting did not take place at a clinic entrance. In another brief, he contended that a government prosecutor had implied during a meeting with him that he believed Kopp's claims that he was only trying to wound Slepian to prevent him from performing abortions. The prosecutor denied making any such statement.

U.S. District Judge Richard Arcara rejected all of Kopp's arguments.

Kopp, 52, has admitted shooting Slepian with a high-powered rifle through a window of the doctor's suburban Amherst home. He was a fugitive for 2 1/2 years and was among the FBI's most wanted criminals when he was captured in France in March 2001.

Kopp had hoped to argue at his federal trial that the shooting was justified because he shot Slepian to save the lives of unborn babies the doctor was about to abort.

But Arcara agreed with the government that such a defense cannot be used when someone is trying to prevent legal behavior. Kopp will not even be allowed to talk about his religious or moral reasons for opposing abortion, the judge ruled, because they are irrelevant. For the same reason, Kopp may not offer abortion-related photographs or testimony from women who have had abortions, Arcara said.

Abortion-related buttons, signs or clothing also will not be allowed in the courtroom for the trial. Jury selection is scheduled to begin Jan. 3.

Local Doctor Gets Prison For Wheelchair Fraud Scheme (KHOU)

KHOU-TV, December 8, 2006

A local psychiatrist was sentenced to prison and ordered to pay millions to the Medicare and Medicaid programs for his involvement in a motorized wheelchair fraud scheme, U.S. Attorney Don DeGabrielle said Wednesday.

Lewis Gottlieb was given six years and six months in federal prison without parole and will pay more than $20.6 million in restitution for the scheme.

Dr. Gottlieb was one of a group of people indicted in September 2003 after an extensive investigation revealed his involvement in the scheme with owners of durable medical equipment companies and recruiters to defraud the Medicare and Medicaid programs.

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Over the two-year period of the scam's operation, the companies and Dr. Gottlieb were paid more than $20 million by Medicare and Medicaid.

The case was the result of a joint investigation conducted by FBI, the Department of Health and Human Services, and the Texas Attorney General's Medicaid Fraud Control Unit of the Office.

Psychiatrist Gets Prison, Fine In Wheelchair Scam (HC)

By Harvey Rice, Houston Chronicle

Houston Chronicle, December 8, 2006

A Houston psychiatrist was sentenced to more than six years in prison and ordered to pay $20.6 million in restitution for defrauding the federal government in a scheme to sell unneeded motorized wheelchairs.

U.S. District Court Judge Lee Rosenthal also ordered Tuesday that Dr. Lewis Gottlieb forfeit $19 million in proceeds or property derived from a scheme to defraud Medicare and Medicaid.

Gottlieb was indicted in September 2003 with six others accused of involvement in a separate group operating the same fraud scheme.

He was among the first to be targeted in a federal crackdown on a widespread scheme that, at the time, was centered in Houston.

Since his arrest, two doctors who worked with Gottlieb and three medical equipment suppliers involved in the scheme have been convicted by a jury and are awaiting sentencing.

Gottlieb admitted accepting $200 kickbacks for each prescription he wrote for a motorized wheelchair, most of which were unneeded. The kickbacks were paid by recruiters working for medical supply companies, prosecutors said.

He also admitted that he refused to sign prescriptions unless patients also agreed to sign a form showing they needed his psychiatric services, for which Gottlieb billed the government.

Medical supply companies used the prescriptions to bill Medicare and Medicaid for motorized wheelchairs costing more than $4,000, then substituted motorized scooters costing about $1,600 and pocketed the difference, prosecutors said.

Trial Centers On Dispute Over War Protesters' Arrests (NYT)

By Anemona Hartocollis

The New York Times, December 8, 2006

It started as a tiny act of protest. Cindy Sheehan, the mother of a soldier killed in Iraq who had held a vigil near President Bush's ranch, and a group of women wanted to submit a petition to the United States Mission to the United Nations in Manhattan, demanding an end to the war.

But Ms. Sheehan and three other women were handcuffed, arrested and jailed overnight. Now their misdemeanor trial in Manhattan Criminal Court has turned into a look at the use — and they say abuse — of police power, in the face of an antiwar protest.

At the trial, the police and security officers told the jury that the four women had sat down and blocked the entrance to the building, and had resisted arrest by refusing to follow the instructions of arresting officers.

And yesterday, Peggy Kerry, the sister of Senator John Kerry of Massachusetts and a liaison at the mission, testified that she was planning to meet with the protesters, but told one of them that she would not meet with the press because that was not her job. After learning that they had a celebrity, Ms. Sheehan, with them, Ms. Kerry turned off her phone and had no further contact with them.

"I was angry that they had not told me Cindy Sheehan would be there," Ms. Kerry, a prosecution witness, said, under questioning by Ms. Sheehan's lawyer, Robert Gottlieb.

The women, who showed a television news videotape in court yesterday to buttress their case, say the police and the security staff at the building, a private office building run by the Macklowe organization, locked the doors, refused to accept their petition and hemmed them in from all sides.

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The video shows police officers, some wearing helmets, moving in on the protesters, who are sitting in a public plaza. As the police handcuff the women leading the protest, the video shows Ms. Sheehan lying on the ground, hands behind her back, with her shirt pulled up and bra exposed.

An arresting officer testified that Ms. Sheehan asked him to pull her shirt down and that he did.

The police have testified that the arrests were routine. But the women say their treatment harks back to a pattern of excessive force by the police during the Republican National Convention in New York in 2004 and in other demonstrations around the city, a "policy of stifling dissent by arresting noted people," Mr. Gottlieb said yesterday.

He said that locking them up instead of giving them desk appearance tickets for misdemeanor offenses was "piling on."

Paul J. Browne, the deputy police commissioner for public information, said yesterday that the police "routinely accommodate dissent." However, he said, "individuals who choose to engage in civil disobedience and, I would maintain, expect to be arrested, often are."

On March 6, the day they were arrested, the four defendants — Ms. Sheehan, 49, who lives in Northern California; the Rev. Patricia Ackerman, 48, an Episcopal priest; Susan Benjamin, 54, known as Medea; and Melissa Beattie, 57, known as Missy, were participating in a series of events to celebrate International Women's Day. Mr. Gottlieb said they had no intention of being arrested and were scheduled to take a van to Washington that afternoon, a trip that they would miss.

The case is expected to go to the jury today. So far, none of the women have testified, and their lawyers did not say whether they would. The oldest of Ms. Sheehan's four children, Casey, a soldier, was killed in Iraq in April 2004 at the age of 24, and she has spoken out against the war ever since, most notably by camping out near President Bush's ranch in Texas in the summer of 2005.

A prosecution witness, Detective Frank Bogucki, said that as soon as the women appeared at the building on East 45th Street, senior police officers tried to steer them into a "designated area set aside for them opposite the U.S. Mission" while building security locked the doors.

Ms. Kerry said that she had originally agreed to meet with Ms. Ackerman and a delegation of Iraqi women to accept the petition. But Ms. Kerry said that when she saw Ms. Ackerman with a large group of protesters and members of the news media, she turned off her cellphone.

Richard Grenell, the mission's head of external relations and Ms. Kerry's boss, characterized the demonstration during testimony yesterday as a "media event." He said he had seen women dressed in pink, to signify their membership in Code Pink, an antiwar group, being followed by reporters, and had agreed to meet with two women in his offices, but not "in front of cameras."

Then building security officials intervened, he said, and decided to close the building to maintain public safety.

"These women in pink looked dangerous?" Mr. Gottlieb asked.

"It sounds like women in pink are innocent," Mr. Grenell replied. "But I was nervous that day. First of all, they were marching towards the mission. The police were coming. They clearly were happy, and they were not paying attention to anything else."

New Tack On Teen Justice: A Push Away From Prisons (CSM)

By Amanda Paulson

The Christian Science Monitor, December 8, 2006

CHICAGO

Cook County, home of the nation's first juvenile court, created in 1899, hasn't always had the best track record for dealing with young offenders.

A 1995 Chicago Tribune editorial deplored the local juvenile detention center's filthy conditions, unqualified staff, and children who "languish there like warehoused animals."

But these days, spurred by a state recidivism rate around 50 percent and research showing clear differences between the ways adolescents and adults cope with jail time, Illinois is rethinking its approach to juvenile justice.

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In doing so, it's leading a wave of new policy approaches nationwide that emphasize rehabilitation and intervention programs over simple punishment and incarceration for youths, or the "scaring them straight" strategies favored by many during the 1990s crime waves.

The state's pilot programs and brand new Juvenile Justice Department were centerpieces of a MacArthur Foundation conference on juvenile justice reform this week - just a few days after the Department of Justice released new statistics showing that a record 7 million Americans, or 1 in 32 adults, is now in prison or on parole.

Other states, like Louisiana, Pennsylvania, Missouri, and Washington have been experimenting with similar programs.

"People have a sense that incarceration in itself, at the levels that we are incarcerating kids, doesn't necessarily work," says Jason Ziedenberg, executive director of the Justice Policy Institute, which favors juvenile justice reform. "Because of the falling crime rates, because of the state budget crisis, which makes states look at how much they spend on the justice system, because of Roper v. Simmons [the 2005 Supreme Court case that made capital punishment illegal for offenders under the age of 18], and because of the research, we have seen a sea change."

The tougher approaches - including automatically trying kids as adults for certain crimes or imprisoning them for even minor offenses - were mostly spurred by the crime waves of the 1980s and early 90s, when fear of the young "super predator" was widespread.

A report by the National Council on Crime and Delinquency shows a 208 percent increase in the number of offenders under 18 serving time in adult jails between 1990 and 2004. Since it peaked in 1999 at close to 9,500 youths, that number has started to drop off, but reform advocates say it's still too high.

Of equal concern to many juvenile advocates is the willingness of some judges to ship kids to detention centers, even if their crimes are relatively minor.

Recent research has shown that adolescents perceive punishment fundamentally differently from adults, says Laurie Garduque, research director for the John D. and Catherine T. MacArthur Foundation, which has funded many studies in the area. They're less inhibited, more impulsive, have a shakier understanding of consequences, are more susceptible to peer pressure - and are also far more receptive to rehabilitation efforts than adults.

"We know that having committed a serious crime [as a youth] doesn't mean you're on a pathway to becoming a career criminal," says Ms. Garduque. "We thought we could find a third way in this polarized debate, with the adult [jail time] that were being adopted by states and advocates saying that the juvenile justice system had lost its way."

As a result, MacArthur has invested close to $100 million in state juvenile justice reform, particularly in programs that focus on alternatives to secure detention centers, which critics say can turn a minor delinquent into a more hardened criminal.

In Illinois, advocates are hoping that the new Department of Juvenile Justice - separate from the Department of Corrections - will help change a culture that gave little thought to rehabilitation and has a recidivism rate close to 50 percent.

"The whole juvenile justice system in Cook County is now trying to divert kids from going deeper into the system," says Paula Wolff, a senior executive at Chicago Metropolis 2020, a nonpartisan think tank.

At Chicago's brand-new Juvenile Intervention Center police can bring youths in for assessment, and workers spend time trying to match kids up with social or mental-health services.

"Rules without relationship breeds rebellion," says Azim Ramelize, assistant commissioner for the Chicago Department of Children and Youth Services. Mr. Ramelize, a former gang leader who eventually attended law school, says he knows first-hand the ways in which the system often fails troubled kids. He and the center connect the teens with mental-health services, alternative schools, and community or church programs that meet those needs.

Focusing on rehabilitation, makes financial sense as well, advocates say. The cost of incarceration in the state is now more than $70,000 a year per juvenile - seven times the state's budget for K through 12 education, and significantly higher than the proposed rehabilitation and prevention programs.

"The kids whose mental health needs are diagnosed and treated, they have extraordinarily low recidivism rates,"says George Timberlake, who retired as chief judge of the state's Second Circuit Court last week. "We're trying to show communities and states attorneys that you can be smart on crime without being tough on crime - that you can use intelligent responses instead of punitive responses, and achieve a better result."

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Phoenix Crime Wave May Be Over (USAT)

By Judi Villa

USA Today, December 8, 2006

PHOENIX — Three months after Mark Goudeau was arrested and accused of a sexual assault linked to the "Baseline Killer" cases, Phoenix police say they are confident he is responsible for a string of murders, rapes and robberies that terrorized the city for 13 months.

Police are asking Maricopa County prosecutors to charge Goudeau with an additional 71 crimes, including nine murders, five sexual assaults and 12 armed robberies.

Maricopa County Attorney Andrew Thomas said Thursday that he will review the 15,000 pages of documents in the case and recommend charges. "I still believe this man should never again be able to walk the streets of this Valley," Thomas said.

Phoenix police Lt. Benny Piña said, "We've locked in on the one suspect. There isn't anybody else out there."

Police say ballistics, DNA and circumstantial evidence combined to point to Goudeau as the man who plucked random victims from public places after dark, often while wearing a disguise.

"The person who committed those crimes is in custody," Assistant Chief Kevin Robinson said.

The name Baseline Killer comes from the Phoenix street where some of the earliest crimes in the series occurred.

Police remain tight-lipped about the exact evidence they say links Goudeau to the attacks. Commander Joe Klima said authorities don't want to say too much before Goudeau is formally charged.

"We're confident with the evidence we have," Klima said.

Assistant Chief Tracy Montgomery said even though formal charges have not been filed against Goudeau, police decided to go public to put the community at ease that the right man is in custody.

"There's tons of women that are making decisions about the way they live their lives because they're not sure," Montgomery said. "This is the guy. "

Trying to link Goudeau to the attacks has been a painstaking process that has unfolded slowly in the months since he was arrested for the September 2005 sexual assaults of two sisters at a south Phoenix park. Goudeau has been indicted on 20 counts relating to that attack. He has pleaded not guilty.

The nine homicides all have been linked by ballistics, Piña said. Police have not found the murder weapon but they say they have DNA evidence from some of those homicides. Sgt. Andy Hill said two searches of Goudeau's home were "productive."

"When you put the pieces of the puzzle together, it all points to him," Piña said. "We've done a lot to make sure we were right."

The Baseline Killer case is one of two serial predator cases in the Phoenix area. In the other case, dubbed the "Serial Shooter," police arrested roommates Dale Hausner, 33, and Samuel John Dieteman, 31, in August.

The two men are accused of driving around the city and its suburbs at night, firing at people randomly from a car. Seven people were killed.

Prosecutors have charged Hausner and Dieteman with numerous counts, ranging from murder to arson. Both men have pleaded not guilty.

Pastor's Shooting Was Possibly Premeditated (WP)

By Joshua Partlow And Hamil R. Harris

The Washington Post, December 8, 2006

Prince George's County police are looking into the possibility that a slain Suitland minister was not the victim of a random shooting but was targeted for personal reasons.

The Rev. Milton L. Moore, pastor of Warriors for Christ Ministries, was shot outside his ministry Wednesday morning. Police are following leads that the killing may have been premeditated, said a law enforcement source who spoke on condition of anonymity because the investigation is ongoing.

Police declined to discuss possible motives for the shooting.

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No arrests have been made, said Cpl. Clinton Copeland, a police spokesman. Detectives are following leads from people who said they heard arguing outside the ministry building before the shooting took place. The ministry is in the 2400 block of Brooks Drive and shares a parking lot with Drew-Freeman Middle School.

Moore, 50, grew up in Albany, Ga., was married with four children, and had run the ministry since the late 1990s. In addition to being a religious center, the three-story building served as a transitional home for as many as 20 families, according to a ministry official.

The slaying outraged local religious leaders and focused attention on church security. The Rev. Jonathan Weaver, a pastor of the Greater Mount Nebo African Methodist Episcopal Church in Bowie, said that he has referred people to Moore's ministry and that his death is a "major tragedy."

"I am deeply saddened by what happened," he said. "It is not a question of size of the church, because the size of the problem has gotten so big in terms of the level of danger that it can affect any church."

Although police were focusing on personal motives, they have not ruled out the possibility of random street crime.

Weaver's church was robbed on Christmas Day last year, and he said police officers in his congregation help watch over other members.

"We used to not equate crime with a bedroom community or the faith community, but I am afraid that now we find serious crimes being perpetuated in these areas," he said.

In 2000, Monsignor Thomas Wells was fatally stabbed during a robbery and burglary at the Mother Seton Parish rectory in Germantown. A 26-year-old man who claimed that the priest had sexually assaulted him was convicted of second-degree murder in 2001.

The Rev. Jeffrey M. Defayette, pastor of St. Matthias the Apostle Catholic Church in Lanham, was based at Mother Seton before Wells's death, and the killing reinforced his awareness that security needs to be a top priority, he said. At St. Matthias, he added an alarm system and motion detectors, revamped outdoor lighting, trimmed overhanging limbs that obscured views from inside the church and installed a security camera so that the secretary can see who is at the door.

"We live, unfortunately, in an era where there are people . . . bent on doing some form of evil for their own means, whether that be for money or for property or for prestige," Defayette said. "We try to be accommodating to our parishioners but also conscious of the fact that we need to be security savvy."

St. Matthias has experienced some thefts -- two snowblowers, some garden equipment -- and vandalism during Defayette's six year tenure. "If that's the worst that happens to us, we consider ourselves blessed," he said.

In Moore's killing, police said approximately four shots were fired about 7 a.m., and the minister was struck once in the upper body. He was taken to a hospital in critical condition and died later that day.

Moore's wife and children, along with staff members at the ministry, have not talked publicly about his slaying. A family representative said yesterday that the family would speak to reporters today and discuss funeral arrangements.

Warriors for Christ is a grass-roots ecumenical ministry that focuses on providing assistance to poor and homeless families. Its Web site says the ministry is "training up a body of bold 'Warriors' to go forth . . . setting the captives free."

CIVIL LAW:

Army Retiree Files Suit, Claims Leave Was Denied (BSUN)

By Melissa Harris

The Baltimore Sun, December 8, 2006

A Northern Virginia man has sued the Department of Defense in federal court over the way it calculated his leave after he transferred from active duty to a civilian position at the agency.

By Mark Romaneski's count, he's out 240 hours, or 30 days, of leave after the Army decided to treat the retired colonel in the Judge Advocate General's Corps as if he were new to the agency rather than someone who was hired while finishing his military service.

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Romaneski, now chief attorney at the Defense Department's installation management command, is representing himself in the case and said he estimates that "a couple hundred" people are in a similar position.

Romaneski and other affected employees at Aberdeen Proving Ground and Fort Meade have filed complaints about their leave calculations with the Army, said Doug Dribben, a civilian attorney at Fort Meade who estimates that the Army owes him 330 hours of leave, almost $16,000 if paid in a lump sum.

Dribben and Romaneski are asking the Department of Defense to take into account their decades of military service when calculating their leave as civilian employees.

"We want the Defense Department to treat us the same way any other federal agency would have if we had gone to work for them," said Dribben. The Pentagon is the only federal employer resisting this action, he said.

Before Sept. 11, 2001, it wasn't possible for someone in Dribben's situation to have his years of military service count toward his leave.

Military retirees were required to wait 180 days - a "cooling off" period - before being hired as civilian employees, making them new workers.

But after the terrorist attacks, the government needed to launch a considerable recruiting effort, and President Bush issued an executive order eliminating the 180-day wait and enabling the more generous leave calculation.

Dribben and Romaneski were hired while on terminal leave from the military, the final weeks of leave before being discharged. Such leave is designed to give soldiers time to look for jobs and shift their families to civilian life.

There is precedent for Romaneski's lawsuit. In January, the Office of Personnel Management ruled that a civilian Air Force attorney in a similar situation was entitled to the additional leave.

According to Department of Defense e-mails provided to The Sun, the Army disagreed with OPM's ruling in that case and has asked the Department of Justice to review it. A Nov. 21 e-mail from the Army's civilian personnel department states that Dribben's leave will be calculated based on the Department of Justice's decision.

A spokesman for OPM referred questions to the Justice Department, and the Department of Defense did not respond to a request from The Sun.

Although the post-Sept. 11 rules were in effect when Dribben and Romaneski became civilians, Congress changed the leave calculation rules this year to match the Defense Department's stricter guidelines.

That means that although Dribben and Romaneski might win hundreds more hours of leave through litigation or a favorable decision from the Department of Justice, people hired as civilians after Oct. 27, 2006, will not.

The change was outlined in one sentence in the behemoth, $532.8 billion defense spending bill that President Bush signed in October.

No hearing date for Romaneski's case in U.S. District Court has been set.

CIVIL RIGHTS:

2 Lucas County Sheriff's Deputies Indicted By Federal Grand Jury For Civil Rights Violations (TOLB)

Toledo Blade (OH), December 8, 2006

A federal grand jury in Toledo has indicted two Lucas County sheriff's deputies on charges they violated the civil rights of a 15-year boy who suffered a broken jaw and other injuries at the county Juvenile Justice Center last year.

Troy Jackson, 45, and Marc Odoms, 38, both of Toledo, were also charged with conspiring to obstruct, and obstructing a federal investigation into the incident. The two men work at the county Juvenile Justice Center.

If convicted, both men face a maximum sentence of 10 years in prison and fines of $250,000 on each criminal civil rights and obstruction charge. Deputy Odoms faces an additional five years in prison if convicted on a false statements charge.

In January, 2005, the boy was handcuffed and was being moved from a courtroom to a detention area when he head-butted a security employee. Deputy Jackson wrestled the youth to the ground.

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In February, 2005, Sheriff James Telb cleared Deputy Jackson of any wrongdoing. He said he had not known about the broken jaw at the time. The FBI and the Lucas County Children's Service were continuing their investigation.

The incident was first reported by the boy's mother, who contacted Toledo police.

According to the U.S. Justice Department, prosecutors allege that Deputy Jackson physically assaulted the boy by striking him in the eye and the side of the face. Deputy Odoms allegedly watched the assault and failed to invervene.

Both men, the indictment alleges, agreed to, and did, obstruct the investigation by creating false written reports and making false statements. A preliminary court hearing date has not been set.

Former Officer Admits Jude Lie (MJS)

By Gina Barton

Milwaukee Journal Sentinel, December 8, 2006

He could face 10 years in prison for obstructing justice

Former Milwaukee police Officer Joseph Stromei told a federal judge Thursday that he lied about the beating of Frank Jude Jr., both to investigators and during a state trial of three former officers in April.

"I didn't cooperate with investigators and I failed to be forthcoming (about) . . . what happened on that night," Stromei told U.S. District Judge Charles N. Clevert Jr. in federal court in Milwaukee.

The statements came during a hearing at which Stromei, 33, pleaded guilty to a charge of obstruction of justice. He faces a maximum penalty of 10 years in prison and a fine of $250,000 when he is sentenced April 12.

Jude was beaten outside an off-duty officer's party in Bay View in October 2004. Jude, Lovell Harris and two women were invited to the party by another woman but quickly left. They were followed out, and Jude was accused of stealing a wallet and badge, which he denied. No badge has ever been found, and Jude was never charged with theft.

Jude and witnesses said up to a dozen off-duty officers beat and kicked him in the body and head, cut off his clothes, jammed something in both ears and threatened him with a knife. Jude, who is biracial, and Harris, who is black, both said their attackers, who are all white, used racial slurs during the beating.

Stromei admitted to Clevert that he lied during the Milwaukee County Circuit Court trial of three of those now-former officers - Jon Bartlett, Andrew Spengler and Daniel Masarik. They were acquitted. The jury deadlocked on a single count against Bartlett.

U.S. Attorney Steven M. Biskupic launched the federal probe soon after. Bartlett, Masarik and Spengler are among eight officers who have been federally charged. They and two others, Ryan Packard and Ryan Lemke, have pleaded not guilty.

In addition to Stromei, former officers Jon Clausing and Joseph Schabel have pleaded guilty to felonies and agreed to cooperate with prosecutors. Clausing and Schabel are scheduled to be sentenced in May, but U.S. District Judge J.P. Stadtmueller agreed to delay their sentencings if the other officers' trial is not over by then. Trial testimony is one way to gauge the value of defendants' cooperation and could influence the prosecutor's sentencing recommendations.

Clevert denied a similar request in the case of Stromei, even though both the prosecution and the defense agreed to it.

"I will set this case as I usually do," he told the lawyers.

Throughout the state investigation and trial, Stromei consistently said he did not see anyone punch Jude or threaten him with a knife.

But two months ago, Stromei confessed to the FBI that he saw one off-duty officer punch Jude and saw another brandish a knife at him. Stromei contends that he was intoxicated during the beating and cannot remember whether he touched Jude. Evidence indicates that Stromei held Jude down, according to his plea agreement.

"I witnessed the entire event," Stromei told Clevert on Thursday. "I was upstairs and when I came out, it looked like an arrest that started out all right and then was going awry."

In exchange for pleading guilty and cooperating with prosecutors, Stromei will not be charged with perjury in state court, according to records. However, his plea agreement states that if authorities gain credible evidence that Stromei beat Jude, he can be charged for that.

LAPD Officer Arrested For Holding Room Assault (LAT)

By Richard Winton And Patrick Mcgreevy

The Los Angeles Times, December 8, 2006

A veteran Los Angeles Police Department officer was arrested this morning for assaulting a handcuffed 16-year-old in a police holding room Tuesday.

Chief William J. Bratton said he decided to arrest Sean Joseph Meade, 41, after viewing a videotape from inside the station that captured part of the assault. Bratton said the attack was without any physical provocation.

"The video in essence depicts what the preliminary investigation and I believe to have been an assault on the juvenile that was totally unnecessary and was not in any color of law justified," Bratton said. "Based on what I and my command staff witnessed on the video, we felt the behavior was nothing that we as a department can tolerate or condone."

This is the third video to surface in the last month showing LAPD officers involved in alleged misconduct. But Bratton said unlike the other two, which are still under investigation, this one was so egregious that he ordered the officer arrested immediately.

Mayor Antonio Villaraigosa strongly condemned the officer's conduct after receiving a briefing by LAPD officials on the incident.

"I am deeply disturbed by the allegations," Villaraigosa said in a statement released by his office.

"I believe that abuse of authority in the use of force, especially when directed at a minor, is a grave violation of the trust we place in law enforcement and an insult to the values of the brave men and women of the LAPD who put their lives on the line to keep us safe," the mayor said.

Villaraigosa said the swift investigation and Bratton's order of an arrest were appropriate and a sign the system is working.

"I am confident that a full and thorough investigation is under way," Villaraigosa said. "If a crime was committed, I expect the case to be prosecuted to the fullest extent of the law."

Meade allegedly assaulted the 16-year-old Latino male after booking him into the LAPD Central Station. The youth had been detained about 1:30 a.m. Tuesday in Chinatown on a curfew violation and placed in a juvenile holding cell. After hearing a disturbance between Meade and the youth in the holding room, another officer alerted the watch commander, who immediately began an investigation into the incident, Bratton said.

The video was captured by a camera that had been set up in a detective's office to catch vandalism made to chairs in the detective's office. That office is near the juvenile holding room, which has no door. Other officers in the station were unaware of the camera.

A portion of the assault was caught on the camera, Bratton said. He declined to describe what exactly was on the tape other than to say it was an assault. Sources said the tape shows Meade appearing to choke the youth, whose hands were handcuffed behind his back. The 16-year-old told investigators that he had been slammed into a wall.

The youth was examined at a hospital and has no apparent injuries, Bratton said. The youth was returned to Juvenile Hall and remains there because no parents or guardians have been located for him.

Bratton ordered that Meade be suspended immediately. The department has also been in contact with the FBI. Because of state laws and internal restrictions, the videotape will not be released, Bratton said.

Meade was arrested early today at his home in southeast Los Angeles County by LAPD Internal Affairs officers.

Meade is a 13-year veteran of the department who had recently transferred from the Newton Division, which covers south Los Angeles, to the Central Station, which patrols downtown.

Meade was booked on suspicion of assault under the color of authority, which means assault on someone who was under the control of an officer. The district attorney has not yet filed charges against Meade, who is being held at the sheriff's station in Pico Rivera.

The latest allegation of police brutality stung city officials, including Police Commission President John Mack, who are frustrated that it comes on the heels of a series of controversial incidents of police force.

"It is just mind-boggling that we have a situation where a 16-year-old Latino kid is arrested and handcuffed and sitting in a room posing no threat to anyone and this officer just comes in and beats the hell out of him," Mack said. "It's unacceptable."

The commission president, a onetime civil rights leader, said the panel will discuss the incident at its meeting Tuesday and has asked its inspector general, Andre Birotte, to monitor the department's investigation.

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"I applaud the chief for taking quick decisive action," Mack said. "People like that officer don't need to be police officers. His behavior crossed the line. It was criminal."

Tip From Drug Suspect Led Police To Johnston's House (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 8, 2006

It was Fabian Sheats' third felony drug arrest in four months. But on the afternoon of Nov. 21, according to a police report, he was looking to curry favor, so he told officers they could find a kilogram of cocaine in a house at 933 Neal Street N.W.

That encounter led police to the home of Kathryn Johnston, an elderly woman who lived alone behind burglar bars and kept a rusty revolver. When officers burst into the house just three hours after talking to Sheats, a shootout ensued that left the woman dead and three officers wounded. No cocaine was found.

Sheats' arrest report, made public Thursday, sheds new light on why officers targeted Johnston's home.

Police say they used Sheats' tip to direct a confidential informant to the Neal Street house, where he made a drug buy, leading them to conduct the raid. A man named Alexis White later came forward to say he is a longtime informant and police asked him to lie after the shootings and say he bought drugs at the address. Police will not say who the informant was.

A tape of a 911 call released Thursday added a strange twist to the ever-changing tragedy.

On the tape, an insistent and anxious-sounding man identifying himself as White told an operator, "I have two cops chasing me. They're on the dirty side, two undercover officers."

Atlanta police declined Thursday to discuss the case, referring questions to federal authorities, who are not commenting.

Eight narcotics officers have been put on administrative leave while federal, state and Fulton County authorities investigate the shooting.

Markel Hutchins, an activist who has become spokesman for Johnston's family, said the family "vehemently denies" knowing Sheats.

"Never heard of him at all. This is yet another story that comes out of the Atlanta Police Department," Hutchins said. "The reality: There was no cocaine found there. This whole notion that there were drugs in her house is wrong."

Sheats, 23, was arrested at about 4 p.m. that Tuesday afternoon about five blocks from Johnston's home, after police allegedly observed him selling marijuana in the 1100 block of Simpson Street. It was the third time since July that Sheats had been arrested near that block and charged with possession of drugs with intent to distribute.

According to the report, written by police investigator Arthur Tesler, Sheats "wanted to take us to a house that had a kilo of cocaine. Sheats directed us to 933 Neal Street N.W. where a buy of crack cocaine was later made and a search warrant drawn up for that location."

"Sheats did state he was in that house (933 Neal St.) at about 3 p.m. on November 21st and saw the kilo broken up in a shoe box," the report continued.

Sheats was familiar to Tesler. The officer had arrested him less than two months earlier.

Tesler is one of two officers who obtained a "no-knock" search warrant for the Johnston house. The officers obtained the warrant, which allows officers to kick the door in unannounced, about 6 p.m. the same day — two hours after Sheats' arrest.

An hour later, just before 7 p.m., a police team raided the home of Johnston, whose age has been given as both 88 and 92.

It took at least a minute to pry open the burglar bars at the home. When officers came through the door, police said, Johnston opened fire.

Sheats' grandfather, Tommy Brooks, who lives nearby, said he had heard a couple days after the shooting his grandson had "tipped them off, something like that. I don't think he'd do that, but I don't really know."

Another family member who lived nearby was more emphatic. "He's not a rat," said the man who did not want to be identified. "He's hard as a brick and very stubborn."

Sheats is being held at the Fulton County Jail on drug charges. A hold on Sheats by the U.S. marshal's office is listed in the jail records.

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Sheats' arrest report, written by Tesler at 10 p.m. on the night of the shooting, does not say who made the alleged drug buy at the house. White, an acknowledged informant, told WAGA-TV and police that, after the shootings, narcotics officers told him to make up a story about buying drugs at the Neal Street house.

To obtain the search warrant, police told the judge that the informant told them that a man named "Sam" greeted him at the front door, went back into the house and came back with two bags of crack cocaine.

On the 911 tape police released Thursday, White said he was waiting for agents from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives to pick him up on Nov. 22 when he was approached by Atlanta police. He got into the car with them, he told the operator, but jumped out when he talked to federal agents by cellphone and they told him not to get into the squad car.

"They came and picked me up they asked me about that killing yesterday," White told the operator. "But, ah, they tryin' to play it off. So ATF told me 'Don't get in the car with them.' By that time then, I was already in the car with 'em."

The operator sounded incredulous. "OK, so you're calling the police to say the police are chasing you?" she asked.

"Listen to me," the frustrated White responded. "I don't know who's on whose side; they're playing dirty," he said. "There's a lot of stuff going on."

A listing of the items found at Johnston's home included a small amount of marijuana. But Johnston's family is "denying on every level that any marijuana or any drugs of any kind were in that house," Hutchins said.

Obtaining a search warrant so quickly after Sheats' arrest is not unusual, said DeKalb County Magistrate David Wood, a vice chairman of the statewide Magistrate Court Training Council.

Police officers often begin the process of obtaining a warrant while a suspect is being detained at the alleged crime scene, Wood said. An officer at the scene will call another officer with information needed to get a warrant. The second officer types up the request for a warrant, then files it with a judge.

"We've had that happen where Officers 'A' through 'D' hold a situation. Officer 'E' types it up, and Officer 'F' brings it over," Cook said.

State law allows a search to be conducted the minute a warrant is signed by a judge, even before the warrant has arrived at the location to be searched, Wood said.

"Case law says that if a judge issues a warrant at, say, 7:01 p.m., the police can radio that a judge has signed the warrant and [police] can go in while the actual warrant is coming out to them," Wood said. "They don't have to wait for it to physically get there."

Staff writers David Pendered and Ernie Suggs contributed to this article.

ANTITRUST:

Antitrust Policy Ambiguity To Be On Justices' Docket (NYT)

By Linda Greenhouse

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — The Supreme Court added two important antitrust cases on Thursday to its calendar for the current term. Both cases, granted at the request of defendants in private antitrust suits, are likely to lead to clarification of areas of antitrust law that have increasingly become unsettled.

One case has been closely watched on Wall Street. It is a class-action lawsuit against more than a dozen leading investment banks and institutional investors that took part in syndicates to underwrite the initial public offerings of hundreds of technology companies in the 1990s.

The suit, brought by purchasers of the stocks, charges that the sharing of information among the underwriters and the way in which they allocated shares to their customers amounted to an antitrust conspiracy.

The Federal District Court in Manhattan dismissed the lawsuit in 2003, finding that the defendants were entitled to antitrust immunity because much of the conduct they were said to have engaged in was explicitly permitted by the Securities and Exchange Commission.

The United States Court of Appeals for the Second Circuit, however, reinstated the suit last year, ruling that Congress had granted no such immunity.

The issue for the Supreme Court in this case, Credit Suisse First Boston v. Billing, No. 05-1157, is how to treat the inherently collaborative activity of an underwriting syndicate, activity that — while it would appear to violate the Sherman Antitrust Act — is permitted by the regulatory agency that oversees it.

While the eventual outcome of the case is uncertain, there is little uncertainty about the second antitrust case the court accepted. The question in that case, Leegin Creative Leather Products v. PSKS, No. 06-480, is how antitrust law should treat the minimum prices that manufacturers require retailers to charge for their products.

In a 1911 case known as the Dr. Miles precedent, this practice of "resale price maintenance" was deemed always illegal under the Sherman Act. The case asks the justices to re-evaluate the precedent in light of modern economic theory, and instead to make these arrangements subject to case-by-case analysis under what is known as the rule of reason.

In other areas of antitrust law, the court has steadily backed away from a categorical view of antitrust liability and is highly likely to use this case as a vehicle for doing the same for resale price maintenance.

Leegin, a privately owned company, manufactures the Brighton line of women's leather goods and does business only with retailers, mostly small specialty stores, who agree to abide by the suggested retail prices for the products. In 2002, after learning that Kay's Kloset, a store in Lewisville, Tex., was discounting Brighton products, Leegin suspended shipments.

The store brought an antitrust suit and won more than $1 million in damages, which are tripled under antitrust law. The United States Court of Appeals for the Fifth Circuit, in New Orleans, upheld the judgment. In August, the justices granted a stay to enable Leegin to file a Supreme Court appeal. Such a stay is a fairly unusual action that sends a strong signal that the justices believe that a case is worthy of their attention and that the lower court's decision was probably wrong.

Leegin's appeal argues that "the per se rule against resale price maintenance squarely conflicts with this court's modern antitrust jurisprudence" and has "no foundation in economic theory." It argues that minimum prices can enhance competition and help consumers by providing incentives to retailers to compete in such nonprice areas as customer service.

If the court accepts Leegin's argument, a decision about whether any particular minimum price arrangement actually confers a consumer benefit would be subject to case-by-case appraisal under the rule-of-reason analysis that the court already applies to the setting of price ceilings and nonprice retail conditions. Formerly, the court applied a rule of categorical invalidity to those practices as well.

In the securities underwriting case, the court will be scrutinizing a variety of practices that amount to standard conduct on Wall Street: forming a syndicate, ascertaining potential customer interest to determine the size and price of the offering, and then sharing information and markets among competitors. The plaintiffs contend that the underwriters inflated prices by improperly dividing the market and imposing unlawful conditions on their customers.

When the appeal reached the Supreme Court last spring, the justices asked the solicitor general's office to advise them of the federal government's view. That request presented a problem because there was no unified government view. Conduct that the Justice Department's antitrust division regarded as barred under the Sherman Act was seen by the S.E.C. as legal.

A carefully worded brief by the solicitor general, filed last month, urged the court to take the case and find a way to reconcile "two federal statutes critical to the efficient functioning of our economy."

The brief said the court of appeals failed "to make sufficient accommodation for the securities laws' policy of encouraging certain types of collaborative activity."

It added, however, that the district court was also wrong to consider all conduct connected with initial public offerings to be immune from antitrust liability. The brief said the complaint in this lawsuit needed to be examined carefully to make sure that it was based on something more than "conclusory or ambiguous allegations."

Briefs urging the justices to hear to hear the case were also filed by the New York Stock Exchange, NASD and other industry groups.

Investment Banks Get High Court Hearing On IPO Suit (Update1) (BLOOM)

By Greg Stohr

DOJ_NMG_0103815

Bloomberg, December 8, 2006

Dec. 7 (Bloomberg) -- The U.S. Supreme Court will consider shielding securities firms from antitrust suits, agreeing to review an appeal from investment banks fighting accusations that they rigged initial public offerings.

The justices today said they will hear arguments from 16 investment banks and institutional investors, including Credit Suisse Group, Goldman Sachs Group Inc. and Merrill Lynch & Co. The group wants to overturn a decision by the New York-based 2nd U.S. Circuit Court of Appeals, which said the suits could go forward.

That ruling ``threatens the public offering process" by limiting the ability of underwriters to work together on initial public offerings, the firms contended in their appeal.

The appeal, which has the partial backing of the Bush administration, seeks immunity for investment banks from antitrust suits over underwriting and other activities heavily regulated by the Securities and Exchange Commission.

A victory for the securities firms might also help other regulated businesses, including the trucking, airline, natural gas and electricity industries, according to University of Iowa antitrust professor Herbert Hovenkamp, who is advising the securities industry in the case.

The case is one of two antitrust disputes the court added to its agenda today, giving it four such cases for its 2006-07 term. The court also agreed to reconsider a 95-year-old antitrust precedent that bars manufacturers and distributors from setting minimum prices for their products at the retail level.

`Epic' Conspiracy Alleged

The decision to hear the IPO fight comes two days after the 2nd Circuit dealt a blow to a separate set of cases that accuse CSFB, Goldman Sachs and dozens of other banks of violating federal securities fraud laws by rigging IPOs. The appeals court said those suits can't go forward as class actions.

In the antitrust dispute, the 2nd Circuit said the suits make allegations of ``an epic Wall Street conspiracy" to profit at the expense of the investing public by artificially inflating the prices of 800 Internet stocks that had just been offered. The companies allegedly demanded kickbacks from clients and engaged in ``laddering" -- requiring clients to buy more stock, at higher prices, after the securities were sold to the public.

The defendants also include Citigroup Inc., Morgan Stanley, Lehman Brothers Holdings Inc., Bank of America Corp., Fidelity Investments, Janus Capital Group Inc. and Comerica Inc.

Hundreds of Internet start-ups were rushed to market during the IPO frenzy of the late 1990s and 2000. First-day gains from IPOs averaged 87 percent in 1999 and 71 percent in 2000, according to IPO researcher CommScan LLC, and underwriters pocketed billions of dollars in fees and commissions.

Shield Sought

The dispute, if it goes forward, has the potential to be a multibillion-dollar case, said Christopher Lovell, the lead lawyer for one group of investors. Under federal antitrust law, damages are automatically tripled.

JPMorgan Chase & Co. in April agreed to pay $425 million to settle IPO-rigging claims.

The question for the Supreme Court is the extent to which SEC oversight immunizes the securities industry from antitrust claims. The industry is seeking a shield broad enough to bar the IPO suits, arguing that the SEC specifically authorized companies to work together in syndicates to share the risk of offerings.

The court should ``prevent the securities regulatory scheme from being undermined by antitrust litigation," the securities firms argued.

Lawyers for the investors say Congress didn't intend to immunize the type of conduct at issue in the case. They say their suit wouldn't conflict with SEC oversight because the alleged wrongdoing violates the securities laws as well as the antitrust laws.

Administration Stance

``Congress and the SEC have been trying to stop tie-ins and laddering agreements for seven decades," Lovell argued in court papers.

The Bush administration's top courtroom lawyer, U.S. Solicitor General Paul Clement, is taking a position that would bar antitrust suits from relying on conduct that is permitted under SEC rules. In the case before the court, that approach would mean

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the investors couldn't base their suit on the type of underwriter collaboration the SEC specifically permits in its underwriting syndication rules.

Clement says the investors ought to be given the opportunity to redraft their complaints. Still, lawyers for the securities industry say the U.S. position ultimately would require dismissal of the case.

The government ``says you have to disentangle the permitted conduct from the possible nonpermitted conduct and the complaint doesn't do that," said Roy Englert, who filed a brief at the high court on behalf of the Securities Industry Association and other business groups.

Compromise Brief

Clement joined the securities firms in urging the court to take up the dispute. His brief, which came at the request of the court, marked a compromise between the SEC, which backed the industry at the lower court level in the case, and the Justice Department's antitrust division, which supported the investors.

Lovell, the investors' lawyer, said he wasn't surprised the justices agreed to hear the case in light of Clement's brief.

``I was somewhat surprised at the solicitor general's position, but after that I'm not surprised," he said.

Chief Justice John Roberts didn't take part in the decision to hear the case. Although Roberts didn't give a reason, he owns stock in Citigroup and at least one company, XM Satellite Radio Holdings Inc., that held an IPO during the 1990s.

The justices likely will hear arguments in February or March and will rule by July. The case is Credit Suisse v. Billing, 05-1157.

Supreme Court To Hear Wall St Appeal (FT)

By Patti Waldmeir In Washington

Financial Times, December 8, 2006

The US investment banking industry on Thursday won the intervention of the Supreme Court in fighting off allegations that Credit Suisse and others broke antitrust laws by rigging initial public offerings in the 1990s.

Early next year, the court will hear an appeal by investment banks and institutional investors, including Credit Suisse, Goldman Sachs and Merrill Lynch, who say they deserve immunity from antitrust suits over underwriting activities that are heavily regulated by the Securities and Exchange Commission. A federal ap-peals court said such suits could proceed.

Paul Atkins, an SEC commissioner, urged the court to take the case Billing v Credit Suisse First Boston, saying that such lawsuits “could devastate America’s process of capital formation, wreak unprecedented havoc on the underwriting business, and accelerate the marginalisation of our capital markets”.

The courts should not allow plaintiffs to “trump the securities law with the antitrust laws”, he said. A federal appeals court said the suits make allegations of “an epic Wall Street conspiracy” to profit at the expense of the investing public by artificially inflating the prices of internet stocks.

The industry is seeking to bar the IPO suits, arguing that the SEC specifically authorised companies to work together in syndicates to share the risk of offerings. Lawyers for the investors say Congress did not intend to immunise the type of conduct at issue in the case.

The Credit Suisse case was one of two antitrust disputes the court added to its agenda on Thursday, giving it four antitrust cases for its 2006-07 term. The court also agreed yesterday to reconsider a 95-year-old antitrust precedent that bars manufacturers and distributors from setting minimum prices for their products at the retail level.

The decision to hear the IPO fight comes two days after the 2nd Circuit dealt a blow to a separate set of cases that accuse Credit Suisse, Goldman Sachs and dozens of other banks of violating federal securities laws by rigging IPOs. The appeals court said those suits cannot go forward as class actions.

The US chamber of commerce on Thursday welcomed that decision, saying “certifying a massive class of institutional investors with little or no showing that the class met federal requirements is a classic invitation for blackmail settlements”.

“Courts have a duty to ensure that litigants, and the courts themselves, are not subjected to frivolous, expensive class actions,” said Robin Conrad of the Nat-ional Chamber Litigation Center.

Sirius Sees Benefits In Potential Merger With XM (WP)

By Chris Kirkham

The Washington Post, December 8, 2006

Executives of Sirius Satellite Radio are again hinting at a potential merger with XM Satellite Radio that they say would bring strong gains for investors.

Their statements boosted the stock prices of Sirius and XM this week, though both settled by the end of trading yesterday.

In two speeches in New York on Wednesday, Sirius executives mentioned "significant benefits" and "value creation" from a combination of the two radio companies.

"Consolidation creates value . . . particularly when you are in the same industry as another company to be able to combine," Sirius chief executive Mel Karmazin said. He and David J. Frear, Sirius's chief financial officer, spoke to analysts at a conference.

It is not the first time Sirius has dropped such a hint. Karmazin began his tenure at Sirius in early 2005 with media speculation about merger talks, which both companies denied took place. Since then, he has referred to the logic of a merger in calls with analysts.

A spokesman for XM declined to comment on what he called "speculation," and officials from Sirius did not return calls yesterday.

XM and Sirius are both wrestling with slowing subscription growth and huge debt. Neither company has yet earned a profit, though XM projects it will break even next year.

XM has more subscribers. Analysts estimate that the company has about 8 million, compared with about 6 million for Sirius. But it has about $1.3 billion in long-term debt, $3 million more than Sirius.

The two companies have scaled back subscriber projections in recent months.

"Both companies are realizing that the period of hyper-growth may be coming to a completion, and the stage of growth combined with cash creation will require more efficiencies," said Frederick W. Moran, a media stock analyst with the Stanford Group based in Boca Raton, Fla.

"Both Sirius and XM could prosper much more easily if they took up the fight against terrestrial radio operators, rather than against each other," Moran said. Sirius has a deal with radio host Howard Stern and rights to National Football League games. XM has rights to Major League Baseball games.

If the companies proposed to merge, the Federal Communications Commission and the Justice Department would review the case for antitrust concerns. The biggest question would be how the market is defined.

Experts say a strict interpretation of the satellite radio market by regulators would make a merger more difficult because an XM-Sirius combination would have monopoly power. If the market is interpreted more broadly to include on-demand MP3s or podcasts or traditional radio, a merger might go through more easily.

"If you define the market narrowly to be satellite radio, it's a two-to-one merger, which would raise red flags all over the place," said Luke M. Froeb, a professor at Vanderbilt University's Owen Graduate School of Business who used to analyze mergers at the Federal Trade Commission.

The idea of a satellite radio merger recalls a similar proposal in 2002 by satellite TV providers EchoStar Communications and DirecTV. That deal was rejected by the FCC and the Justice Department, which defined the satellite television market as separate from cable television.

The Justice Department would consider whether an XM-Sirius merger would lead to price increases of more than 5 percent. But for two companies still operating at a loss, it's difficult to say how much power they would have over the industry, said Mark Cooper, director of research at the Consumer Federation of America. "Because the industry is so new, we don't really know what the price equilibrium should be," he said.

Sirius stock closed yesterday at $3.88 a share, up 5 cents. XM closed at $14.81 a share, up 11 cents.

Specter Wants To Revisit NFL's Antitrust Status (AP)

Associated Press

AP, December 8, 2006

DOJ_NMG_0103818

The NFL's ability to negotiate exclusive sports packages is under fire from the outgoing chairman of the Senate Judiciary Committee.

Sen. Arlen Specter (R-Pa.) twice said he would introduce legislation in the next session aimed at eliminating the league's freedom from antitrust laws.

Specter said the NFL should not use the exemption to negotiate exclusive programming packages such as DirecTV's Sunday Ticket, which allows viewers to watch teams outside their regional market.

"As I look at what the NFL is doing today with the NFL channel with the DirecTV . . . a lot of people, including myself, would like to be able to have that ticket," Specter said.

But the 1961 law that gives the NFL this freedom should not apply to DirecTV because it is not "sponsored programming," said Stephen Ross, a law professor at Penn State and chair of the school's sports law institute. He said Specter might be using the threat of legislation to pressure the NFL to make changes voluntarily.

Access to out-of-market football games was one of many consumer fairness issues addressed during the hearing. Another hot topic was whether cable providers should be forced to share sports broadcasting rights with every service provider in an area.

David Cohen, executive vice president of Comcast Corp., said his company has not made a local Philadelphia sports network it owns available to DirecTV because it is one way his company can stay competitive with the Sunday Ticket package.

"What is sauce for the goose is sauce for the gander," he said.

Â· HONORS: San Francisco 49ers cornerback Walt Harris was named NFC defensive player of the month for November. Harris, who played for the Redskins in 2004 and 2005, had nine tackles, three interceptions and five forced fumbles as San Francisco went 3-1. Dallas Cowboys quarterback Tony Romo was the offensive player of the month, and Seattle's Nate Burleson was the conference's special teams player of the month.

The AFC's players of the month were San Diego's LaDainian Tomlinson (offense), Miami's Jason Taylor (defense) and Buffalo's Brian Moorman (special teams).

Â· BEARS: Defensive tackle Tommie Harris, who made the Pro Bowl a year ago in his second year, could miss the remainder of this season with a severe hamstring injury.

Harris left Sunday's game against Minnesota in the third quarter with what was originally announced as a sprained left knee. On Monday, Chicago Coach Lovie Smith said the injury was not season-ending.

But yesterday, Smith said the hamstring injury was more severe than the knee sprain and that Harris was slated to go to Dallas to see a specialist.

Â· PANTHERS: Quarterback Jake Delhomme missed practice again yesterday with ligament damage in the thumb on his throwing hand, increasing the likelihood that backup Chris Weinke will start Sunday against the New York Giants.

Carolina Coach John Fox said the ligament is stretched and not torn from the bone, which is why Delhomme doesn't need surgery. Fox didn't rule out the possibility that Delhomme, who is listed as questionable, could play Sunday.

Running back DeShaun Foster, who has missed the past two games with a hyperextended elbow, practiced and remains probable.

Â· BILLS: Safety Donte Whitner is questionable after he hurt his hamstring in practice, leaving Buffalo potentially minus another defensive starter when it plays the New York Jets this weekend.

Cornerback Terrence McGee and running back Willis McGahee missed practice for the second straight day with ankle injuries. Both are listed as questionable.

Specter Seeks To End NFL Antitrust TV Deal Exemption (Update1) (BLOOM)

By Christopher Stern

Bloomberg, December 8, 2006

Dec. 7 (Bloomberg) -- U.S. Senate Judiciary Committee Chairman Arlen Specter is taking aim at the antitrust exemption that lets the National Football League negotiate television deals on behalf of its 32 teams.

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Specter, who will hand his chairman's gavel to a Democrat early next year, said he wants to curtail exclusive NFL TV deals, such as DirecTV Group Inc.'s Sunday Ticket package. Specter said Sunday Ticket hurts consumers because it excludes cable and broadcast TV audiences.

``I'm going to introduce legislation in the next session to take the exemption from the NFL,'' said Specter, a Republican from Pennsylvania, where the biggest U.S. cable company, Comcast Corp., is based. The NFL has benefited from the exemption, passed by Congress in 1962, as it lets sports leagues negotiate contracts on behalf of their teams.

DirecTV's $249 Sunday Ticket provides subscribers with as many as 14 NFL games each Sunday during the football season. The package is not available to cable-television or other pay-TV providers, such as EchoStar Communications Corp.'s Dish network.

A league spokesman denied consumers are harmed by programming offered through DirecTV and cable-TV operators.

`No Basis'

``NFL Sunday Ticket and NFL Network support consumer choice, as well as broader competition in the overall television market,'' said Brian McCarthy, the league's spokesman in New York, in an e-mailed statement. ``There is no basis now to repeal statutory provisions that have supported the development of these pro-consumer and pro-fan policies.''

Robert Mercer, a DirecTV spokesman, said the company's agreement with the NFL for exclusive rights to Sunday Ticket games will run through 2010. He said the five-year contract is valued at about $3.5 billion.

NFL games are the most-watched U.S. sport and the league is set to earn $3.73 billion this year from TV agreements with CBS Corp.'s CBS, News Corp.'s Fox network, Walt Disney Co.'s ABC and ESPN, General Electric Co.'s NBC and DirecTV Group Inc.

The NFL sued Comcast, saying the Philadelphia-based company's plan to move the NFL Network to a sports tier violated the terms of its contract with the league. The sports tiers costs $5 a month and have a much smaller subscriber base than the expanded basic tier where the NFL is now carried.

Specter made his comments today at a Judiciary Committee hearing on television sports programming and whether cable companies are excluding competition. The committee held a hearing last month on whether the NFL Network raises antitrust issues and how it may affect cable and satellite rates.

DirecTV shares rose 7 cents to $23.60 at 4 p.m. in New York Stock Exchange composite trading. Comcast fell 15 cents to $41.74 in Nasdaq Stock Market composite trading. EchoStar slipped 7 cents to $37.13.

Specter Says NFL Abuses Cable Viewers (PHI)

By Miriam Hill

The Philadelphia Inquirer, December 8, 2006

WASHINGTON - Sen. Arlen Specter's hearing yesterday was supposed to focus on whether cable companies such as Comcast Corp. can wield sports programming like a club to inhibit competition.

But at the end of the Senate Judiciary Committee hearing, Specter turned the tables in a way that took a lot of heat off Comcast. The Pennsylvania Republican, who is chairman of the committee, said he would sponsor legislation to eliminate the antitrust exemption that allows the National Football League to negotiate broadcast rights for all of its 32 teams.

Specter cited a list of grievances against the NFL, including its decision to move Monday Night Football from ABC to ESPN, a cable channel, and moves by teams such as the Colts from Baltimore to Indianapolis.

That history represented a philosophy of "fans be damned," he said. The programming changes suggest an attitude of "consumers be damned."

"Wouldn't consumers be better off if teams could negotiate?" Specter asked. "This is the NFL exerting its power right down to the last nickel."

In a written statement, the NFL said it was sensitive to Specter's concerns, but added that there was no basis for repealing its antitrust exemption. The league also defended its television practices as "consistent with the public interest and as delivering fans extraordinary amounts of programming at little or no cost."

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The NFL Network is suing Comcast over the Philadelphia cable company's refusal to carry eight late-season football games in a programming tier widely available to customers. Comcast wants to put those games in its sports tier, which costs $5 more monthly, to compensate for higher fees the NFL wants to charge.

Comcast also has complained that it cannot buy rights to NFL Sunday Ticket, a popular package of games available only to DirecTV subscribers.

Comcast executive vice president David L. Cohen, who also testified yesterday, said he was not ready to agree that the NFL should lose its antitrust exemption.

It is not clear whether Specter's proposed legislation will go anywhere. When Democrats take control of the Senate in January, Sen. Patrick Leahy (D., Vt.) will replace Specter as committee chairman.

Specter said he would consider proposing that Comcast and other cable companies no longer be allowed to refuse to share sports programming with satellite competitors.

He said he was pleased to see that Comcast had agreed to sell its SportsNet content, which includes Phillies, Flyers and Sixers games, to Verizon Communications Inc. Verizon has started selling TV service in the Philadelphia region.

Cohen said his company agreed to share that content in part because it did not think Verizon would compete with Comcast in the city of Philadelphia. He also cited DirecTV's exclusive rights to NFL Sunday ticket.

EMI Nears Deal To Be Purchased By Private-Equity Group Permira (WSJ)

By Ethan Smith And Dennis K. Berman

The Wall Street Journal, December 8, 2006

EMI Group PLC, the world's third-largest music company by market share, was close to a deal last night to be acquired by a private-equity group, according to people familiar with the matter.

European private-equity firm Permira Advisers Ltd. was considered the likely buyer, according to people familiar with the situation. But the transaction, which would be the latest instance of a publicly traded company being brought under private control, wasn't finalized last night and could still fall apart, these people cautioned.

The situation remained fluid last night and it was unclear whether other private-equity groups would join Permira in the bid. EMI shares closed yesterday at 286.5 pence ($5.63), up fractionally, but down slightly from the 289.5 they hit after news broke last week of the possible deal.

Last week EMI confirmed it had been approached with an offer, but the company didn't identify the bidder. The value of the transaction was unclear, although some people close to the matter have placed it at about £2 billion ($3.9 billion).

EMI comprises two major U.S. labels, Capitol Records and Virgin Records, as well as extensive international operations. Perhaps its most valuable asset is EMI Music Publishing, a song catalog that controls the copyrights to more than a million songs. The company's U.S. labels distribute music by artists such as the Beatles, Norah Jones and the Beastie Boys, but in recent years have struggled to break major new artists.

The bid to take EMI private comes after a string of failed attempts to make a deal with Warner Music Group Corp. EMI and Warner have been attempting to acquire each other for several years, as conventional wisdom said that both companies need to bulk up to remain competitive in the consolidated music industry dominated by Vivendi SA's Universal Music Group and Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG.

EMI and Warner Music rebuffed offers by the other in the spring and summer of this year. In the last round of those discussions, EMI rejected an offer from Warner of £2.52 billion, saying it wasn't big enough to be taken seriously. In July, both companies abandoned their efforts to buy each other, after the regulatory climate turned hostile toward such a deal. That happened when European Union regulators were forced by a court to re-examine the basis on which they approved the merger of Sony's and Bertelsmann's recorded-music companies in 2004.

EMI's heavy debt load and low credit rating have led many to consider it an unlikely private-equity target. But media-industry analysts have said that a buyer could offset those problems by breaking EMI up into its component recorded-music and music-publishing companies. EMI Music Publishing is currently the largest in the world.

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Music publishers have seen their values soar in recent years. Universal Music Group recently agreed to pay more than $2.1 billion for Bertelsmann AG's BMG Music Publishing -- a far smaller player than EMI's unit.

A spokeswoman for EMI said: "We don't comment on speculation."

Yesterday, EMI artists -- including rock group Coldplay, singer-songwriter Corinne Bailey Rae and country singer Keith Urban -- received 43 Grammy nominations.

Write to Ethan Smith at ethan.smith@wsj.com1 and Dennis K. Berman at dennis.berman@wsj.com2

Tobacco Deals Might Be Imminent (WSJ)

By Jason Singer In London, And Andrew Morse And Amy Chozick In Tokyo

The Wall Street Journal, December 8, 2006

Japan Tobacco Inc.'s takeover approach to U.K. rival Gallaher Group PLC is likely to spark a bidding war for the maker of Benson & Hedges and Silk Cut brand cigarettes and to prompt other big combinations of tobacco companies across Europe.

Industry executives have been preparing for a round of mergers in Europe's tobacco industry for two years, since Japan Tobacco began to seriously consider a bid for Gallaher, of Weybridge, England, in late 2004. Driving the consolidation is the need to become more efficient and reduce costs in a mature, and in some places, shrinking market.

Nothing materialized over that time period because the industry was roiled by new smoking bans and tax increases, and some companies shifted their priorities to pursuing fast-growing Eastern European markets. Now that Gallaher is in play, it could jump-start that consolidation.

Gallaher late Wednesday said it had received an approach that people familiar with the situation said came from Japan Tobacco; the size of a potential bid is likely to be nearly £8 billion, or $15.7 billion. A Gallaher spokesman declined to comment. A Japan Tobacco spokesman said the company doesn't comment on speculation.

Meanwhile, people familiar with the matter say, Altadis SA of Spain, might try to link with Altria Group Inc. of the U.S., maker of Philip Morris and Marlboro brands, to bid jointly for Gallaher. A spokesman from Philip Morris International, Altria's international cigarette division, declined to comment.

Altria is already the market leader in many European countries and wouldn't be allowed to add Gallaher's brands in those places. But it has room to grow in the U.K., one of Gallaher's bigger markets. Altadis could buy the rest of the businesses, these people say.

Another option would be for Altria to join with British American Tobacco PLC and carve up Gallaher's business.

Meanwhile Altadis itself has long been considered a target for Imperial Tobacco Group PLC or British American Tobacco, both of the U.K.

Altadis has spent most of the past year reviewing its position in the industry. Its board recently concluded that the company, a product of a merger between French and Spanish tobacco concerns, is too small in its current state, people close to the board's thinking say. The company prefers to be an acquirer rather than sell itself to a larger rival, these people add. Altadis declined to comment.

Already one of the world's biggest cigar makers, Altadis could try to buy Swedish Match AB, which also has a strong cigar business. Pricey cigars command stronger margins and less regulatory risk than the embattled cigarette industry. Swedish Match also sells smokeless-tobacco products and has a market value of about 34 billion Swedish kronor, or $5 billion.

Altadis, which mainly sells local and European cigarette brands such as Gauloises Blondes and Gitanes, also controls some pre-eminent cigar labels. In the U.S. it sells Montecristo, Romeo y Julieta and Te-Amo. It also owns half of the Cuban maker of Cohiba cigars, Habanos SA.

Cigar sales at Altadis grew 8.3% last year, faster than cigarette growth of 5.5%. Many investors expect a big boost to Altadis if Cuban President Fidel Castro dies and a regime more favorable to U.S. interests succeeds him, leading to a lifting of the ban on Cuban products, particularly cigars.

For the U.S. market, Swedish Match sells Dominican Republic-made Cohiba and other cigars. Altadis has the rights to sell internationally many of the Dominican-made cigar brands that Swedish Match sells in the U.S.

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A Swedish Match spokesman said the company is interested in making cigar acquisitions in Europe and the U.S. He declined to comment about Altadis.

Japan Tobacco's potential pairing with Gallaher underscores the growing pressure on cigarette makers in developed economies to keep profits rising even as sales sag in their home markets amid the waning popularity of smoking. Increasingly, they are looking to places like Eastern Europe and the Middle East, where smoking remains in style and a rising middle class has the spending power to buy cigarettes.

The two companies have a history of working together; Gallaher markets Japan Tobacco's Camel brands in the U.K. and Austria.

Japan Tobacco would find Gallaher's geographic reach compelling. Gallaher has a division that produces and markets cigarettes in Russia, Kazakhstan and Ukraine. Its largest factory is in Moscow, where it produces 65 billion cigarettes a year. Gallaher also has plants in Poland, Romania and South Africa.

Japan Tobacco's shares rose 4.8% in Tokyo, while Gallaher shares jumped 22% in London. Altadis gained 7% in Madrid and Swedish Match rose 1.9% in Stockholm.

SL Green Wins Approval Of Reckson Shareholders (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, December 8, 2006

After four months of contentious debate, shareholders of Reckson Associates Realty Corp. voted yesterday to approve its acquisition by SL Green Realty Corp., after Reckson's chief executive personally sacrificed $25 million to make sure the deal went through.

The deal is a significant victory for New York-based SL Green, as Reckson holds five coveted office buildings in Manhattan at a time when it would be almost impossible to acquire that much New York real estate piecemeal. With rental rates climbing and few additional buildings being constructed, New York office buildings are being sold for record prices. The acquisition gives SL Green bragging rights as the largest office landlord in the city.

Also a winner was Reckson Chief Executive Scott Rechler, who along with a group of his investors will end up with about one-third of the Reckson portfolio. Yet his success came at a price.

Yesterday morning, as the shareholder meeting resumed after a 24-hour delay, Mr. Rechler announced that Reckson, a Uniondale, N.Y., real-estate investment trust, would issue a special dividend of $25 million -- equal to about 29 cents per Reckson share -- if the merger closed.

That $25 million was the amount Mr. Rechler was due as a severance package in the merger agreement with SL Green. He volunteered to forgo that payment to ensure that the deal got done. (The holders of two-thirds of Reckson shares had to approve the merger agreement.)

Mr. Rechler said in an interview that he was willing to give up the severance because SL Green made it clear to Reckson it wouldn't increase its bid. When asked what he would do now, Mr. Rechler said: "I'm going to Vermont, to sit under a tree and contemplate life -- $25 million poorer."

That Mr. Rechler was forced to make such a gesture reflects his role as a lightning rod since the Reckson-SL Green deal was announced Aug. 3. SL Green announced it would buy Reckson for cash and stock then valued at $4.1 billion, not including debt assumption, but would sell back about one-third of the assets, all in the New York city suburbs, to Mr. Rechler and his investors for $2.1 billion -- a price some investors and shareholders believed was too low. At SL Green's 4 p.m. composite price yesterday of $134.24, the deal is valued at about $45.62 a share.

Even as the postponed shareholder meeting was about to begin, other suitors were still expressing interest in Reckson's assets.

According to people familiar with the situation, one last-minute bid was from financier Carl Icahn, whose second proposal for all of Reckson earlier in the week was rebuffed. This time Mr. Icahn bid only for the suburban property that was to be bought by Mr. Rechler's group. But once the meeting began, Mr. Rechler announced, without naming Mr. Icahn, that an 11th-hour bid had been rejected by Reckson's board. Reckson didn't disclose the amount of the bid.

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Meanwhile, lawyers representing New York developer Harry Macklowe's Macklowe Properties worked through the night before the shareholder meeting, readying an offer of between $2.3 billion and $2.4 billion for another part of Reckson, according to a person familiar with that planned offer. The target: Reckson's Manhattan properties plus a building in Long Island City, Queens. But Macklowe dropped that plan after Reckson announced as the meeting began that Cohen & Steers, one of Reckson's biggest shareholders, had agreed to support the merger after Mr. Rechler gave up his severance payment. The special dividend increased shareholder value and also eliminated Cohen & Steers's concerns about the severance agreement, Cohen & Steers co-CEO Robert Steers said in an interview.

It would also have been a second run at Reckson for Mr. Macklowe. On Nov. 16, Mr. Macklowe teamed up with Mr. Icahn in a $49-a-share, all-cash offer for all of Reckson. That proposal had buoyed the hopes of some Reckson shareholders that a bidding war would force SL Green to pay substantially more to seal the deal. But over the weekend both Mr. Macklowe and another partner that had joined later withdrew, fearing the price was too high. That forced Mr. Icahn to shuffle the terms of his offer to a cash-and-stock deal, which was rejected by the Reckson board Monday night.

After the vote was finally tallied yesterday, SL Green issued a statement saying, "While the events of the past three weeks have not been easy, the decision validated the credibility of our bid in the strongest possible way."

MasterCard's Key Sponsorship Save (WSJ)

By Robin Sidel

The Wall Street Journal, December 8, 2006

MasterCard Inc. has scored a big point in Latin America -- at a time when the region's appetite for plastic is growing.

By retaining sponsorship of the World Cup tournament and other big soccer events for the next eight years, MasterCard, the U.S.'s second-largest payments network, after Visa International Ltd., can win coveted and exclusive exposure for its brand and products in a soccer-crazed region that is ripe for card growth. The eight-year pact, which starts in January, comes at a time when MasterCard is trying to compete more aggressively against Visa, which is far more dominant in the region.

Late Wednesday, a federal district court judge in New York ruled that the World Cup's organizing body can't award the sponsorship to Visa even though the two struck a deal earlier this year. Instead, the Fédération Internationale de Football Association, known as FIFA, must give the deal to MasterCard, which had sponsored the lucrative sports event for the past 16 years.

FIFA, which is based in Switzerland, said it would appeal.

In handing down the 125-page decision, U.S. District Court Judge Loretta Preska granted a permanent injunction filed by MasterCard, which had sought to block the Visa deal that was awarded last spring. Visa had agreed to pay $180 million for the sponsorship, which runs through the end of 2014, according to legal papers.

The ruling was the latest development in a fight that erupted after FIFA unexpectedly selected Visa to sponsor the soccer events. MasterCard sued FIFA to block the new deal shortly after the soccer organization awarded the sponsorship to Visa. The soccer organization and MasterCard argued the case in court last week.

In describing the impact of the sponsorship, the judge borrowed from MasterCard's well-known advertising campaign. "MasterCard's loss of the next FIFA World Cup sponsorship would be, in [its] now-famous words, 'Priceless,' " she wrote.

It isn't exactly clear when MasterCard will ramp up its efforts in Latin America. Previous sponsorships gave MasterCard the right to work with local banks to promote credit-card use through special offerings tied to the soccer tournament. MasterCard's sponsorship of last summer's World Cup in Germany, for example, gave it the right to be the only card accepted for advance-ticket sales.

"Right now, we're celebrating the court's recognition of our practices and our legal position," said Noah Hanft, general counsel at Purchase, N.Y.-based MasterCard. Shares of MasterCard rose 55 cents to $99.68 in 4 p.m. composite trading on the New York Stock Exchange.

MasterCard has plenty of catching up to do in Latin America. Of the 287.2 million Visa and MasterCard payment cards in the region last year, some 74.2% were branded with the Visa logo, according to the Nilson Report, a Carpinteria, Calif.-based newsletter that tracks the card industry. Customers rang up $301 billion on Visa cards last year in Latin America, compared with

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$98 billion of MasterCard transactions. Still, MasterCard notched a 32.5% gain in the dollar value of transactions from year-earlier levels, outpacing Visa's 21.1% increase, according to the data.

"Winning this case is a big positive for MasterCard because brand is of extreme importance when it comes to credit cards and payment processing," says Anurag Rana, an analyst with KeyBanc Capital Markets, a unit of Cleveland-based KeyCorp. Mr. Rana has a "buy" rating on the stock.

Visa expressed disappointment with the court ruling, saying it was "assured by FIFA that the agreement was valid and binding and did not conflict with any of MasterCard's rights."

In its motion for an injunction, MasterCard contended its previous sponsorship agreement with FIFA, which covered the period of 2002 through 2006, gave it right of first refusal for a new contract. MasterCard said FIFA violated those terms by signing a deal with Visa after it had already drafted a new agreement with MasterCard. FIFA disputed that argument, saying it had given MasterCard numerous opportunities to seal a new sponsorship deal. Negotiations for a new agreement fell apart, FIFA contended, due to an unrelated dispute over their logos.

"Because MasterCard and FIFA agreed on all terms of the 2007-2014 MasterCard agreement and the 'final version' of that agreement was sent by FIFA to MasterCard for execution, and the duly executed agreement returned to FIFA, it is fair and equitable that FIFA be required to specifically perform the 2007-2014 MasterCard Agreement," the judge wrote.

MasterCard was aggressive in challenging the sponsorship partly because the loss of the World Cup would mean that the card network wouldn't have sponsorship rights to any major global sports event. Visa owns sponsorship rights for the Olympics through 2012.

ENVIRONMENT:

Greater Role For Nonscientists In E.P.A. Pollution Decisions (NYT)

By Felicity Barringer

The New York Times, December 8, 2006

The Environmental Protection Agency has changed the way it sets standards to control dangerous air pollutants like lead, ozone and tiny particles of soot, enhancing the role of the agency's political appointees in scientific assessments and postponing the required review by independent scientific experts.

The change, which largely tracks the suggestions of the American Petroleum Institute but also adopts some recommendations of the agency's independent scientific advisers, was announced yesterday afternoon by the agency's deputy administrator, Marcus Peacock. Mr. Peacock said it would streamline a cumbersome process and bring it "into the 21st century."

He also said the E.P.A. "is committed to a timely and transparent process that uses the most up-to-date science available." Under the new system, he said, it will "continue to adhere to the highest scientific standards and ensure we meet the agency's mission" of protecting public health.

The Clean Air Act requires that every five years, the agency review existing standards for the six air pollutants considered most dangerous to health. Two standards, for lead and ground-level ozone, are currently under review. A third, for lethal particles of soot, was left partly intact two months ago, a decision that ignored the consensus recommendation of the agency's scientific advisers that it be tightened.

The decision announced yesterday, the culmination of months of review and comment, drew a scathing response from environmental groups like the Sierra Club and Clean Air Watch, as well as the American Lung Association. Vickie Patton, a senior lawyer with Environmental Defense, said "the establishment of health-based standards are one of the single most important scientific decisions" the E.P.A. made.

The changes, Ms. Patton said, will compromise two aspects of the process "integral to scientific integrity and independence."

For one thing, agency scientists will no longer produce their own independent review of the latest science to start the process of deciding whether a pollution standard — for lead, say, or ozone — is tough enough to protect public health. Instead,

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initial reviews will now involve both agency scientists and their political bosses and will produce a synopsis of "policy-relevant" science, agency officials said.

"They are using this idea of streamlined and expedited decision-making as a Trojan horse to infect the most important decisions the administrator makes with politics," Ms. Patton said.

In addition, she said, the role of the independent panel of scientific advisers — who act as auditors, reviewing the document produced by agency scientists and advising top management — has been diminished. The panel, the Clean Air Scientific Advisory Committee, will now comment on the agency's proposed actions after the public has been notified of them, giving the scientists essentially the same kind of participation as industry lobbyists and environmental groups.

Rogene Henderson, the advisory committee chairwoman, said she believed that agency scientists could continue to provide recommendations they thought most appropriate, "but they will assuredly be asked to include some recommendation that is acceptable to upper-level management."

Ms. Henderson said the agency had accepted her group's recommendation that the review process include an early public workshop to review the current science and that the documents that result from the review be more concise.

Still, she said, "They will come out with their policy before we have a chance to comment on it." But she added quickly, "They weren't taking our advice" even under the old system, at least in the recent soot decision.

EPA Shortens Science Reviews, Angering Some (LAT)

By Janet Wilson

The Los Angeles Times, December 8, 2006

The U.S. Environmental Protection Agency on Thursday streamlined the way it updates regulations for the nation's worst air pollutants, a move that drew immediate charges that officials are trying to quash scientific review to benefit industry at the expense of public health.

The changes, some of which closely mirror requests by the American Petroleum Institute and Battery Council International industry groups, include shortening what is now an exhaustive scientific review, and replacing recommendations prepared by career scientists and reviewed by independent advisors with a "policy paper" crafted by senior White House appointees at the agency.

EPA officials said the changes were made in part at the request of its science advisors, who have complained that the process for reviewing new health standards is overwhelming.

The agency regularly misses deadlines for updating health standards, which has led to numerous lawsuits by environmental groups.

"EPA is bringing air rule-making into the 21st century … with a timely and transparent process that uses the most up-to-date science," said Deputy Administrator Marcus Peacock, who approved the new procedures. "Everyone has found the current process is inefficient, and current delays are unacceptable."

The pollutants covered by the changes include ozone and diesel soot, both of which continue to plague Greater Los Angeles, making it the nation's worst spot for deadly air pollution. Other affected pollutants include sulfur dioxide, carbon monoxide, nitrous oxides and lead.

Thursday's announcement came two days after the agency announced it would study whether lead should be taken off the list of the most serious pollutants.

It also follows controversial decisions this fall by EPA Administrator Stephen Johnson in which critics said he had ignored scientific counsel on tightening standards for deadly soot.

For 30 years under the Clean Air Act, agency scientists have reviewed and recommended health standards for six major air pollutants: ozone, particulate matter, sulfur dioxide, carbon monoxide, nitrous oxides and lead.

The standards, which limit amounts of the pollutants that can be released into the air, are designed to protect children, the elderly and other "sensitive" populations, and curtail damage to animals, crops, vegetation, views and buildings.

Congress members, environmentalists and past EPA staff from Republican and Democratic administrations swiftly condemned this week's actions, saying they could undermine public health protections.

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"EPA is downgrading the role of its own career experts and making sure that political appointees are running the show from the beginning," said Frank O'Donnell of Clean Air Watch in Washington. "It is little wonder that the oil industry pushed for exactly this sort of 'reform' to the process."

O'Donnell called the lead assessment "a political gift to the lead-smelting lobby.... It could threaten thousands of children who breathe toxic lead fumes."

Rep. Henry A. Waxman (D-Los Angeles), incoming chairman of the Government Reform Committee, said in a statement Thursday, "EPA's efforts to roll back ... the most fundamental provisions in the Clean Air Act make no sense, and fly in the face of last month's elections."

On Wednesday, Waxman wrote to Johnson regarding the study of lead, urging him to "renounce this dangerous proposal immediately. This deregulatory effort cannot be defended."

The Chicago-based Battery Council International asked the EPA in July to delete lead from the list of "criteria" pollutants, which are subject to tough health standards. The council said other existing regulations would preserve protection.

Emissions of lead have declined by 96% since its use in gasoline was banned. Agency staff this year found only two sites in the country where lead emissions still exceeded limits, both near smelting facilities used as part of battery manufacturing.

Recent studies have suggested that lead is more harmful than previously thought. But EPA staffers said in a draft paper this week that they would assess whether tough health standards could be revoked.

The ban on leaded gasoline will continue no matter what, agency staff said, as will other rules.

"We need to evaluate whether there's a better way, a more effective regulation or way to better protect the public from lead exposure," EPA Press Secretary Jennifer Wood said.

Dr. Bernard Goldstein, a former EPA assistant administrator appointed by President Reagan and a former member of the agency's science advisory panel, said he was concerned about the changes announced Thursday, especially when coupled with Johnson's decision not to follow his own scientists' advice on deadly fine particulate matter, or soot.

During his time, administrators had "always taken the advice of their scientists," in fact choosing their most stringent recommendations, said Goldstein.

He said that though the regulatory process could be streamlined, it shouldn't be done by eliminating the core scientific recommendations.

John Walke, a former EPA attorney who is now clean-air director for the Natural Resources Defense Council, said, "Obviously the intended impact is to introduce industry desires ... into the process."

The American Petroleum Institute this year wrote the EPA saying the long-established staff paper on each key pollutant should not be a science-based document but "is a policy document, and as such should have input from senior EPA management."

On Thursday, the agency eliminated the staff papers and replaced them with a separate science assessment that will no longer include policy recommendations, and a "policy assessment" to be prepared by senior EPA managers.

Neither the battery council nor the petroleum institute returned phone calls and e-mails requesting comment.

Acting Assistant Administrator Bill Wehrum, who helped formulate this week's changes, said the charges of industry influence were "silly" and "false."

He and Peacock defended the changes, saying that the new process, with its separate science and policy assessments, would make clearer what scientific research showed, and what politically appointed policy makers were seeking.

Keep The E.P.A. Libraries Open (opinion) (NYT)

By Leslie Burger

The New York Times, December 8, 2006

Princeton

IF you needed to find out how much pollution an industrial plant in your neighborhood was spewing, or what toxic chemicals were in a local river, where would you go? Until recently, you could discover the answer at one of the Environmental

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Protection Agency's 29 libraries. But now the E.P.A. has obstructed the American public — as well as its own scientists and staff — by starting to dismantle its crown jewel, the national system of regional E.P.A. libraries.

Until now, any citizen could consult these resources, which include information on things like siting incinerators, storing toxic waste and uncovering links between asthma and car exhaust. E.P.A. staff members and other scientists have counted on the libraries to support their work. First responders and other state and local government officials have used E.P.A. information to protect communities. In the age of terrorism, when the safety of our food and water supply, the uninterrupted flow of energy and, indeed, so much about our environment has become a matter of national security, it seems particularly dangerous to take steps that would hinder our emergency preparedness.

Although lawmakers haven't yet agreed to President Bush's proposed 2007 budget, which includes $2 million in cuts to the agency's library system, the head of the E.P.A. has already instituted cuts. The agency's main library in Washington has been closed to the public, and regional E.P.A. libraries in Chicago, Dallas and Kansas City, Mo., have been closed altogether. At the Boston, New York, San Francisco and Seattle branches, hours and public access have been reduced.

Anyone who needs to understand the environmental impact of, say, living downwind or downstream from a new nuclear power plant, or the long-term public health impact of Hurricane Katrina, cannot afford to find the doors barred to potentially lifesaving information. But neither can the rest of us, whose daily lives and choices will be affected by global warming. We all have a right to be able to get access to information about our air, water and soil.

"Libraries and their professionals are integral to the work of E.P.A. toxicologists," says an agency toxicologist, Suzanne Wuerthele. "Without access to their expertise and extensive collections, it will be difficult to explain to the public, to state agencies, industry and to the courts how and why E.P.A. is protecting the environment over time."

Some members of Congress have begun to bring these cuts to light. The Senate minority whip, Richard Durbin, urged the president to reopen the libraries and rethink his budget request. Eighteen senators sent a letter to the Senate Appropriations Committee asking it to make the E.P.A. keep the libraries open. Representatives John Dingell, Bart Gordon and Henry Waxman recently had the Government Accountability Office start an inquiry into the closings and requested that the E.P.A. administrator, Stephen Johnson, cease the destruction of library materials immediately.

The E.P.A. cannot hide behind the fig leaf of fiscal responsibility. While the agency says the closings are all part of a commitment to modernize and digitize, we are not assured that its public plan is adequate or its skills sufficient. Users within the E.P.A. and the American public need information specialists, like librarians, to manage paper collections and to help them get access to digital material and organize online information.

Fortunately, there's still time to reverse this dangerous threat to a healthy future. The administration could immediately reopen the closed libraries. Congress could conduct oversight hearings to reverse these decisions and prevent any more E.P.A. libraries — all of them containing invaluable information about our environment, all of them paid for by our tax dollars — from closing. The American public deserves no less.

FBI/DEA/ATF/USMS:

FBI Releases Few Details On Death Of FBI Agent (RTD)

By Kiran Krishnamurthy, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, December 8, 2006

FREDERICKSBURG -- FBI officials had little more to say yesterday about the shooting of an agent during a live-fire training exercise at Fort A.P. Hill on Wednesday. He later died.

The standard training exercise involved the bureau's Quantico-based Hostage Rescue Team. FBI Special Agent Ann Todd would not disclose the number of agents involved or what the training at the Army base in Caroline County involved.

Todd also would not say how many times FBI Supervisory Special Agent Gregory J. Rahoi, 38, had been shot. She clarified that Rahoi was raised in Wisconsin but was assigned to the unit at Quantico and lived in the area.

She said she did not believe anyone else was injured. The FBI's investigation is continuing.

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Rahoi joined the FBI in 1997 and had served with the Hostage Rescue Team for the past six years. He was flown by helicopter after the Wednesday afternoon accident to Mary Washington Hospital in Fredericksburg, where he was later pronounced dead.

Fort A.P. Hill hosts about 60,000 soldiers, sailors, airmen and Marines annually at the 76,000-acre post's live-fire ranges and other training facilities. Federal law-enforcement agencies also use the facilities on a regular basis.

The last time someone died during live-fire training at Fort A.P. Hill was in December 2000, when a Marine was killed, said Ken Perrotte, a spokesman for the base.

Todd said Rahoi was the second Hostage Rescue Team member killed in the line of duty. In 1986, Special Agent James K. McAllister died after falling from a helicopter during training at Quantico.

Contact staff writer Kiran Krishnamurthy at kkrishnamurthy@timesdispatch.com or (540) 371-4792.

F.B.I. Agent Is Killed During Training (NYT)

By David Johnston

The New York Times, December 8, 2006

An F.B.I. agent was accidentally shot and killed Wednesday during a training exercise at Fort A. P. Hill in Virginia. The agent, Gregory J. Rahoi, 39, was a member of the Hostage Rescue Team, an elite tactical unit that routinely trains using live ammunition. Mr. Rahoi was a nine-year veteran of the bureau. The hostage team uses the Fort A. P. Hill Army base for larger maneuvers. Officials of the Federal Bureau of Investigation said that the circumstances surrounding the death were being investigated.

Authorities Bust Gang Selling Drugs In Allentown, Easton (NBC10)

NBC10.com, December 7, 2006

Federal prosecutors said they've taken down a major drug gang operating in several suburban counties.

Federal, state and local law enforcement officers announced the busts in Allentown.

Police said they arrested nine members of the Mafia El Don gang.

The suspects allegedly ran a cocaine ring, selling drugs in Northampton, Lehigh, Berks and Lancaster counties, according to police.

Officers seized drugs, guns and $900,000 in cash.

According to investigators, the gang has sold 50 kilos of cocaine since summer.

"This investigation included a five-month wiretapping in which hundreds of calls were intercepted involving the buying and selling of cocaine, in amounts from 14 grams to kilos," U.S. Attorney Patrick Meehan said.

Prosecutors said most of the cocaine was sold from a store in Allentown and a restaurant in Easton.

This is the first case prosecuted under the "222 Corridor" initiative, which targets gang crime.

Massive Drug Ring Ends With 9 Arrests (ETPA)

By Bevin Milavsky, The Express-times

Easton Express-Times (NJ/PA), December 8, 2006

Operation spanned Lehigh Valley

ALLENTOWN | Officials toppled the drug gang running what authorities call the largest cocaine ring in the Lehigh Valley and took nine people in to federal custody.

Mafia El-Don distributed at least 50 kilograms of cocaine in the Valley since the summer, according to U.S. Attorney Pat Meehan.

"These are major suppliers to the area," he said Thursday.

The nine alleged gang members arrested this week include the leader, a main supplier and numerous drug runners. In addition to distributing cocaine and crack in the Valley, authorities said, the men had firearms they used to further drug trafficking.

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The arrests were the result of an 18-month investigation that culminated Tuesday when officials executed 18 search warrants and seized $900,000, drugs, materials used for drug packaging and sales and firearms, at least one of which was reported stolen, according to court documents.

The case is the first prosecuted as part of the Route 222 Corridor anti-gang initiative. If convicted, the men face mandatory minimum sentences of 15 years up to life in prison.

"This is a kind of potential retirement plan for drug traffickers," Meehan said.

Five-month investigation

The investigation into the drug gang included a five-month wiretap that allowed officials to intercept hundreds of calls about buying and selling cocaine, Meehan said.

He said the wiretap also helped agents thwart a planned home invasion, money exchanges in public places and talk of buying and selling firearms.

The suspects are: Juan Francisco Minier, 42; Eduardo "Mafia" Jiminez, 35; Hilario "El-Don" or "Humberto" Tamarez-Canario, 34; Vladimir "Menor" Morales, 31,; Freddy Isaac "Kelvin" Gell, 39; Alejandro Martinez-Bassora, 40; Aldo Guzman, 44; Jose "Joselo" Cedeno, 35; and Jeffrey Riggins, 42.

Meehan described Mafia El-Don as a sophisticated organization that moved seamlessly from Allentown to Easton, most likely resulting in drugs reaching the streets in an even wider arc.

Northampton County District Attorney John Morganelli reiterated what officials have said over the past year: Drug and gang activity is not contained to one area but is a regional problem.

Meehan said Cedeno, the group's leader, has ties to New York, but dealers no longer wait for people to come to large cities to buy drugs.

"The drug dealers have created these businesses, and they're marketing their product," he said.

Officials said drugs were sold from multiple homes and businesses in Easton, Allentown and areas in between.

Alleged crime scenes

Easton locations tied to the drug ring include: Jiminez's restaurant, Cesar's Mexican Cocinar, in the 1100 block of Butler Street; a store in the 900 block of Ferry Street owned by Tamarez-Canario; his home in the 900 block of Spruce Street; Riggins' apartment in the 700 block of Walnut Street; and an unidentified drug storage facility in the 1000 block of Jackson Street.

Other places include: Cedeno's home in the 2000 block of Columbia Street, Whitehall Township; Jiminez's home in the 2600 block of Broad Street, Palmer Township; and the following Allentown locations -- Gell's home in the 600 block of Whitehall Street; Minier's home in the 1700 block of 31st Street SW; another home Minier owns in the 1800 block of Highland Street; and his garage, JM Collision, in the 400 block of Sumner Avenue.

Neighbor unsurprised

A man who lives across the street from Jiminez's restaurant said he has long suspected people who frequented the business were selling drugs.

"There was a lot of traffic, a lot of hanging out, but not many people come out with food," he said Thursday evening. "It was obvious."

The man, who declined to identify himself, said he's lived on Butler Street for about 14 years and began noticing suspicious activity at the restaurant a year ago.

"We're glad they're out of there," the man said. "It's about time."

Authorities identified the 1104 Butler St. site as Cesar's Mexican Cocinar, but signs outside the business read, "Caribbean Restaurant Spanish Food."

The entrance door was locked, and there were no signs indicating the restaurant's regular hours.

Officials credited collaboration among various federal, state and local agencies for removing the violent drug gang from the streets.

Reporter Bevin Milavsky can be reached at 610-258-7171 or by e-mail at bmilavsky@express-times.com.Ë ¶ ÛÜñèßØÓ

Authorities: Valley’s Largest Cocaine Ring Busted (MORNCALL)

The Morning Call, December 8, 2006

Nine people have been arrested and about $1 million in cash has been confiscated, "shutting down" what authorities believe to be the Lehigh Valley's largest cocaine trafficking organization, U.S. Attorney Patrick Meehan announced today.

Meehan was joined by other federal, state and local law enforcement officials in announcing the arrests, which stemmed from 18 raids conducted throughout the Lehigh Valley earlier this week. Officials said it was the first case prosecuted under the federally funded Route 222 Corridor Anti-Gang Initiative started this year.

The Mafia El-Don organization, as it is known, distributed at least 50 kilograms of cocaine in the Lehigh Valley region since the summer. Seven of the nine were arrested for direct roles in the conspiracy, according to a press release, while two others were arrested for buying cocaine from the organization with the intent to resell.

Authorities said the arrests included some major players in local cocaine trafficking, including the group's leader, Jose Cedeno, 35, 2021 Columbia St., Whitehall Township, and the major supplier, Juan Francisco Minier, 42, president of JM Collision, an auto garage in Allentown.

Officials said they found about $1 million in cash at Cedeno's home that took two days to count. Minier used his business as a base of operations, officials said.

Others arrested were Eduardo Jiminez, 35, owner of Cesar's Mexican Cocinar, 1104 Butler St., Easton; Hilario Tamarez-Canario, 34; Vladimar Morales, 31, 913 Spruce St., Easton; Freddy Isaac Gell, 39; Alejandro Martinez-Bassora, 40; Aldo Guzman, 44, 204 Oak St., Walnutport; and Jeffrey Riggins, 42, 700 Walnut St., Easton.

Gordon Named Chairman Of House Science Committee (MURFPOST)

Murfreesboro Post, December 8, 2006

WASHINGTON, D.C. – U.S. Rep. Bart Gordon has been named Chairman of the U.S. House of Representatives Committee on Science, becoming Tennessee's first full House committee chairman in thirty years.

"I am honored by this assignment," said Gordon, who currently serves as Ranking Member of the Science Committee. "Under my leadership, the Science Committee will be the committee of good ideas and consensus. We will reach out to individuals and groups to participate at every opportunity, share ideas and work to keep America competitive in today's world."

Throughout his service in Congress, Gordon has been widely recognized for his commitment to responsible, bipartisan efforts to advance science, technology and education.

"We have an opportunity to put aside partisanship and positively affect issues from education and research to energy and security. This is an opportunity we must not neglect," said Gordon.

Gordon says one of the first orders of business for the Science Committee in the 110th Congress will be to continue efforts to ensure U.S. competitiveness in today's global marketplace. He cited measures to increase the nation's energy independence and legislation that will make sure American workers, teachers and students are equipped with the tools they need to compete with the rest of the world.

The congressman's efforts to fight Tennessee's meth abuse problem also are likely to resurface as the Science Committee has jurisdiction over the issue.

According to the Drug Enforcement Administration, more than 850 meth labs were seized in Tennessee last year, accounting for 75 percent of all lab seizures in the Southeast. Nationally, only three states had more meth lab seizures than Tennessee in 2005.

"We know that meth labs produce about six pounds of toxic waste for every one pound of meth that is cooked," said Gordon. "That chemical residue can coat the walls and floors of a meth lab, creating a potentially hazardous environment for the home's next occupants. To protect their health, we need guidelines for what constitutes a clean site."

Gordon, the dean of Tennessee's congressional delegation, will assume the Chairmanship at the start of his 12th term in Congress in January 2007.

The Science Committee maintains jurisdiction over all federal nonmilitary scientific and technology research and development programs, including those at the Department of Energy, NASA and the National Science Foundation. The

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committee also is charged with ensuring that federal investments in science and technology are focused in the right areas and are succeeding in boosting our nation's economy.

"I want to ensure our nation and our state remain at the forefront of scientific research, which delivers the technologies and innovations that drive our economy and aid in our well-being," said Gordon.

"In Tennessee, we have the opportunity to expand on research already taking place at federal facilities and university laboratories across the state. As Chairman of the Science Committee, I hope to capitalize on those opportunities by building on efforts already underway to establish a technology corridor linking facilities from Oak Ridge to Tullahoma."

Drug-tainted Coaches Targeted In Anti-doping Rules (USAT/AP)

By Bob Baum, The Associated Press

USA Today, December 8, 2006

The governing body for U.S. track and field is expanding its zero-tolerance anti-doping policy to coaches.

New regulations made public Thursday will require coaches to register with USA Track & Field, and coaches who have had athletes serve at least a two-year ban for doping or have been sanctioned themselves must be approved by a review panel.

The rules, to take effect sometime next year, are the federation's first concrete attempt to deal with coaches linked to doping cases, such as elite coach Trevor Graham.

This summer, the federation learned Graham's top athlete, Olympic and world sprint champion Justin Gatlin, tested positive in April for steroids and other performance enhancers.

Graham, whose former clients include five-time Olympic medalist Marion Jones and former world record holder Tim Montgomery, has had several athletes test positive for banned substances.

He also has been indicted on charges of lying to federal investigators in the BALCO drug probe and is the subject of an U.S. Anti-Doping Agency investigation. He has pleaded not guilty to the criminal charges and has denied supplying banned drugs to his athletes.

"While USADA remains responsible for issuing doping bans, the board of directors recognizes how critical it is that we do everything we can to deny USATF benefits to those who may be influencing athletes to use drugs," USATF chief executive officer Craig Masback said in a news release.

Agents and medical staff also will be subject to the new rules.

Coaches who choose not to register will not receive credentials for national championships, get stipends for training athletes or serve on national team coaching staffs.

Under current rules, coaches routinely receive credentials for national competitions and a coach for any athlete that ranks in the top 10 in the world in an event receives $2,000 from the federation.

"We think this is a step in the right direction," said U.S. Olympic Committee spokesman Darryl Seibel, "and it is an acknowledgment of the fact that responsibility and accountability must include not only an athlete but also his or her coach and agent."

The new rules also mean athletes of unregistered coaches will not be promoted by USATF to the media and sponsors.

Hershey was embarrassed this year when it made a deal with Gatlin to appear at its youth championships. Just before the meet was held, news broke of the sprinter's positive test.

Medical personnel on national teams will have to pledge they never have promoted nor will aid athletes to use banned performance enhancers. Agents will be required to sign a form stating they have not "nor will in the future counsel, encourage, aid or abet an athlete to use performing-enhancing substances."

It has not been determined what penalties medical staff or agents would face if they lie, Geer said.

Football Officials Dispute Thomas's Drug Defense (NYT)

By Michael S. Schmidt

The New York Times, December 8, 2006

Contrary to the explanation by New Orleans Saints defensive lineman Hollis Thomas that his positive drug test resulted from asthma medications, two football officials with knowledge of the case said a performance-enhancing drug was to blame.

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The N.F.L. suspended Thomas for four games Tuesday for violating the league's banned-substance policy. A drug test on Aug. 7 found clenbuterol, a banned drug that helps burn fat and promotes muscle growth, in Thomas's body.

Thomas, a 6-foot tackle who is listed at 306 pounds and goes by the nickname Tank, has struggled with his weight and asthma for his entire career. He was traded to New Orleans in April after nine season with the Philadelphia Eagles and has flourished for the resurgent Saints, registering 3½ sacks and 43 tackles through 12 games.

The loss of Thomas, 32, comes at a crucial point for the Saints (8-4). New Orleans plays at Dallas on Sunday in a game that could help determine home-field advantage in the National Football Conference playoffs. He will miss the last four games of the regular season but will be eligible to return for the playoffs.

His agents, Michael Bauer and Ron Slavin, cited a letter used in their appeal in which the Saints' doctor, John R. Amoss, said it was "highly plausible" that asthma medications were responsible for the presence of clenbuterol in the urine sample. In the letter, Dr. Amoss wrote that Thomas's severe asthma required the treatment of high doses of inhaled steroids and other drugs. Dr. Amoss wrote that the combination of drugs probably produced a "false positive" result.

One football official, who was granted anonymity because he was not authorized to speak publicly about the case, said the drug found in Hollis's system could not have resulted from a combination of the medications. If the drugs that Thomas was prescribed by the team doctor were the only medications found in his system, he would have won his appeal, the official said.

N.F.L. players can seek medical exemptions after testing positive for a banned substance. If a drug has been prescribed by a doctor for a legitimate health reason, the violation can be settled and no suspension is issued.

Advair and albuterol, drugs that Thomas was taking for his asthma, are included on the N.F.L.'s list of prohibited substances. But they were not cited as violations because they were prescribed by the team doctor, the official said.

"As long as what is found in the system is what the doctor prescribed you, you are fine," he said. "But in this case, there was something else besides what the doctor prescribed."

The second football official, who was not authorized to speak publicly, independently confirmed what the other official said.

Drug-testing experts also questioned the team doctor's written argument. Clenbuterol is not a steroid, but it cannot be obtained legally for human use in the United States. Only veterinarians treating horses with severe breathing problems similar to asthma can prescribe the drug.

"I have never heard the proposition put forth that this combination of drugs would produce a positive test for clenbuterol," said Dr. Gary I. Wadler, an associate professor of medicine at New York University and an adviser for the World Anti-Doping Agency.

Clenbuterol is not more effective at treating asthma than the other medications Thomas was taking for his breathing problems, Wadler said. The drug is available for human consumption in some South American countries and has been used to increase muscle growth in show animals and athletes.

Wadler said that athletes had used clenbuterol before, most notably during the 1992 Barcelona Olympics, when two American shot-putters tested positive for the drug and were disqualified. The former pitcher Jason Grimsley told federal prosecutors that he used clenbuterol, human growth hormone, amphetamines and steroids during his Major League Baseball career.

In a telephone interview Wednesday, Slavin, one of Thomas's agents, said the extreme heat and humidity at the Saints' summer training camp at Millsaps College in Jackson, Miss., made Thomas's asthma worse and prompted doctors to recommend new drugs. Thomas was overweight when he arrived at minicamp in June and was still overweight when training camp began at the end of July.

In the appeal to the league, dated Nov. 17, his agents also argued that a suspension would violate the Americans with Disabilities Act because Thomas was treating "his chronic, life threatening asthma, in a contract year."

Dr. Amoss, the team doctor and an assistant professor at Louisiana State University, declined an interview request for this article. A team spokesman also would not comment.

More than 60 active players, and about 60 players who retired or were cut before their results were determined, have tested positive since the N.F.L.'s testing for performance-enhancing drugs began in 1989. So far this year, at least five players have tested positive for performance-enhancing drugs.

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At the Eagles training facility Wednesday, Thomas's former teammates said they were surprised and dismayed by the positive test.

"I think everyone should hold their judgment until they actually know for sure that he did something wrong," defensive tackle Darwin Walker said. "I think he's a good character person. I just hate to see something like that happen. To be honest with you, I should educate myself more about the steroid policy, because I don't know much about it. I don't know much about asthma medications either."

Defensive tackle Sam Rayburn said he talked with Thomas and believed that he had not intentionally used a banned substance.

"Almost everything is against the rules in certain quantities," Rayburn said. "Even caffeine is considered a performance-enhancer if it's in a great enough quantity. You got to be careful. You can't even drink too much Mountain Dew. The easy way to stay out of trouble is not just to take anything." <NYT_TAGLINE>

Clifton Brown contributed reporting from Philadelphia. </NYT_TAGLINE>

Mexico's New Atty Genl Pledges Fight Against Corruption (DOW)

By Dow Jones Newswires

Wall Street Journal/Dow Jones, December 8, 2006

MEXICO CITY (AP)--Mexico's new attorney general took office Thursday promising to wage a "firm" fight against corruption and take on organized crime groups he compared to the Mafia.

Eduardo Medina Mora, who previously served as public safety secretary, acknowledged that "today, all indicators show that the public feels unsafe," an apparent reference to the wave of executions and kidnappings in several Mexican states.

He also promised to keep Mexican law enforcement clean.

"On this issue, we will be firm and categorical; there will be no room here for corruption," Medina said at his swearing-in ceremony, which came after the approval of his nomination by the Senate.

Medina Mora was nominated for the post by President Felipe Calderon, who took office on Dec. 1, and has promised to make law enforcement a top priority.

While the administration of former president Vicente Fox made some headway in arresting top leaders of the Gulf drug cartel and the Tijuana-based Arellano Felix gang, the man many consider the country's leading trafficker - Joaquin "El Chapo" Guzman - escaped from prison in 2001 and is still at large.

In the meantime, several drug cartels have formed alliances and are fighting bloody turf wars, assassinating policemen and even taking out newspaper ads to boost their image.

In the face of lawlessness, Medina Mora said the task of law enforcement would be "to affirm the Mexican government as the only power, above those who have to sought to challenge it."

On Wednesday, speaking before Senate members, Medina Mora said Mexico's drug cartels are seeking to expand into other illicit activities, as income from the cocaine trade declines in the face of competition from methamphetamines.

"They are seeking other forms of survival, which implies not only drug trafficking, but also Mafia activities, very similar to what the Cosa Nostra did in Palermo (Sicily), very similar to what happened at one point in Colombia, in Cali and Medellin."

Public Optimism Fades In Afghanistan (NYT/AP)

By The Associated Press

The New York Times, December 8, 2006

Filed at 9:14 a.m. ET

WASHINGTON (AP) -- Optimism is starting to fade among the people of Afghanistan five years after the fall of the Taliban and amid rising violence in the country, a poll found.

The number of people who think the country is on the right track has dropped 22 points -- to 55 percent -- in the last year, according to a poll done in Afghanistan by ABC News and BBC World Service. The reasons cited most often for the pessimism were a bad economy and the resurgent power of the Taliban militia, whose severe Islamic rule was ended by a U.S.-led invasion in 2001.

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The highly unpopular Taliban is increasingly seen as posing the greatest danger to Afghanistan, with 57 percent naming the militia, up from 41 percent a year ago.

Acceptance of growing opium poppies has grown in the last year, however, with 40 percent saying it is acceptable if a grower has no other way to earn a living. That is up from 26 percent who felt that way a year ago.

More than four in 10 report violence in their local areas, a number that is higher in some regions of the country.

Optimism had declined on a variety of fronts compared with a year earlier: a 17-point drop in the belief that security has improved since the Taliban was in charge of the country to 58 percent; a 13-point drop in the belief that life in Afghanistan will get better in the next year, to 54 percent; and a 15-point drop in the job approval rating of Afghan President Hamid Karzai, to 68 percent.

That approval level would be welcomed by most politicians in the United States.

Most in Afghanistan still think the U.S.-led invasion five years ago had positive effects on their country. Almost nine in 10 call the invasion a good thing for their country. Three-fourths have a favorable opinion of the United States and almost nine in 10 prefer the current government to the Taliban.

The poll of 1,036 adults was conducted in 31 of Afghanistan's 34 provinces, excluding some of the most violent regions in the country, and has a margin of sampling error of plus or minus 3.5 percentage points.

Afghanistan Poll: The Full Report (ABC)

ABC News, December 8, 2006

Dec. 7, 2006 — Five years after the fall of the Taliban, public optimism has declined sharply across Afghanistan, pushed by a host of fresh difficulties: Worsening security, rising concerns about a resurgent Taliban, troubled development efforts, widespread perceptions of corruption and reduced faith in the government's effectiveness in facing these challenges.

The U.S.-led invasion remains highly popular, the Taliban intensely unpopular, and the current Afghan government retains broad support. Yet this extensive ABC News/BBC World Service survey makes clear the country's profound problems, including renewed Taliban activities five years after the fall of their last redoubt, Kandahar, on Dec. 7, 2001:

More than four in 10 Afghans report Taliban violence in their own local area, including killings, bombings, torchings of schools or government buildings and armed conflict with government or foreign troops. That number soars in specific regions, notably in southern Helmand and Kandahar provinces, where eight in 10 report poor security.

One in six Afghans say people in their area provide Taliban fighters with food or money — and that number jumps to more than a third in the northwest, nearly half in the country's southwest provinces overall, and two-thirds specifically in Helmand and Kandahar.

Most Afghans — 57 percent — now call the Taliban the single greatest danger to their country, up 16 points from the first ABC News poll in Afghanistan a year ago. Only in the eastern provinces does the Taliban have a rival threat, drug traffickers.

Drugs

Views on the drug front also are not promising. Signaling frustration with the slow pace of development, there's been a jump in the acceptance of growing opium poppies, the country's illicit cash crop. Nationally, 40 percent now call it acceptable if there's no other way to earn a living, up sharply from 26 percent last year. And in the top-producing opium provinces, more — a 59 percent majority — endorse poppy cultivation.

Despite eradication efforts, Afghanistan is the world's top opium poppy producer — and nearly three-quarters of Afghans suspect the Taliban is protecting the trade.

Deterioration

Compared to a year ago, this poll finds deterioration in a range of public perceptions about the country's condition: a 22-point drop in views that it's headed in the right direction, a 17-point drop in the belief security has improved since the Taliban was in control and a 13-point drop in personal optimism for the year ahead. Trust in parliament is down 18 points while approval of Afghan President Hamid Karzai is down 15 points.

Some of these ratings, to be fair, have fallen from probably unsustainable levels. Sixty-eight percent approve of Karzai's work — down from 83 percent last year, but still a level most national leaders would envy. Fifty-nine percent think the parliament

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is working for the benefit of the Afghan people, down from 77 percent but still far better than American approval ratings of the U.S. Congress.

Others are lower: Positive ratings of the performance of the United States in Afghanistan are down by 11 points, to 57 percent. Provincial governments are rated positively by 52 percent.

Perhaps most troubling in terms of governance: 78 percent of Afghans call official corruption a problem in the area where they live — and 55 percent call it a big problem. One in four report that they or someone they know has had to pay a bribe to receive proper service from the government — and that jumps to four in 10 in the country's northwest, where corruption is particularly severe.

There are, however, positives. Most Afghans say the government and local police alike have a strong presence in their area. Few say so of the Taliban — and trust the current authorities, at least somewhat, to provide security. Again, likely reflecting the Taliban's broad unpopularity, big majorities continue to call the U.S.-led invasion a good thing for their country (88 percent), to express a favorable opinion of the United States (74 percent) and to prefer the current Afghan government to Taliban rule (88 percent).

Indeed eight in 10 Afghans support the presence of U.S., British and other international forces on their soil; that compares with 5 percent support for Taliban fighters and 11 percent for jihadi fighters from other countries. In the south, however, just three in 10 say international forces have a strong presence. And while just a quarter overall say U.S. forces should leave within a year, that is up from 14 percent a year ago.

Fifty-five percent of Afghans still say the country's going in the right direction, but that number is down sharply from 77 percent last year. Fifty-four percent remain optimistic rather than pessimistic about their future, but that's down from 67 percent. Hopes for a better future can provide an important element of social stability; a decline is cause for concern.

In one sense, optimism at all is remarkable in Afghanistan, given the security problems and deep poverty. (Barely two in 10 Afghans, for example, live in homes that receive electricity from power lines.) But, again, views of today's conditions are balanced by recollections of the repressive Taliban regime. Whatever the current problems, 74 percent say their living conditions today are better now than they were under the Taliban.

That rating, however, is 11 points lower now than it was a year ago.While 58 percent say security, in particular, is better than it was under the Taliban, that's down from 75 percent a year ago. And fewer than half — 43 percent, about the same as last year — say the availability of jobs and economic opportunity has improved.

Confidence Down In Poll Of Afghans (UPI)

UPI, December 8, 2006

KABUL, Afghanistan, Dec. 7 (UPI) -- Optimism and confidence have fallen greatly in the past year among Afghans living in a war between Taliban insurgents and a multi-national NATO force.

The poll of 1,036 randomly selected Afghan citizens was conducted face-to-face for the BBC and ABC News, and found those who are optimistic about their own future fell 13 percent since last year to 54 percent.

Asked if their country is going in the right direction, that number also fell to 55 percent from 77 percent a year ago.

Just 58 percent of Afghans said security is better now than under the Taliban, compared with 77 percent in December 2005.

On the domestic side, nearly 80 percent of people polled said they are worried about government corruption. While the majority still oppose allowing the cultivation of opium poppies, 40 percent said it was acceptable, compared with 26 percent a year ago.

Feds Aim Legal Volley At Gun Dealer (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, December 8, 2006

BRIDGEPORT — An offer is on the table.

But if Frank D'Andrea, a Milford gun dealer, does not take it in the next few weeks, he faces indictment on additional charges, according to a federal prosecutor.

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And if his case goes to trial, the prosecution intends to call Frankie Estrada, the incarcerated drug kingpin, as their key witness against him.

"We're very actively trying to resolve this case," Assistant U.S. Attorney Stephen Reynolds told U.S. District Judge Janet C. Hall Wednesday. "If that fails, we'll likely supersede the indictment."

D'Andrea, 61, of Soundview Drive, Shelton, already faces 12 charges of violating licensing laws by failing to report gun sales and not conducting proper background checks.

The charges stem from an audit and resulting investigation conducted by agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices at D'Andrea's Gun Case while it was located on Barnum Avenue in Stratford. The business moved to Woodmont Road in Milford earlier this year.

It is anticipated that D'Andrea, who has operated gun stores in the greater Bridgeport area for 35 years, will sell the store.

In a document filed in federal court, Reynolds said he intends to call Estrada as a witness.

Estrada will testify that between 1986 and 1990, he "purchased well over 100 firearms" from D'Andrea using buyers who were not convicted felons and had valid gun permits, the document claims. Such buyers are called straw purchasers.

Estrada

Advertisement

would tell the jury he picked out the guns, paid for them and then had the straw purchaser fill out the ATF forms.

Estrada confessed that two of the guns were used in a murder, according to Reynolds and the witness. Estrada, who is serving a 29-year sentence on federal drug, assault and murder charges, claims he purchased AK-47s, AR-15s, shotguns, handguns and two streetsweepers for his organization. The guns were used to arm his captains, lieutenants and soldiers for protection of his drug-trafficking business in the P.T. Barnum Housing project, according to the document.

Once the guns were used in a shooting, Estrada said they were traded for cash or drugs in New York, according to the document.

Additionally, Reynolds has a second witness he intends to call who will say he rented himself out as a straw purchaser for $250 a gun.

This individual, who is not identified in the court documents, claims he purchased at least 18 guns from D'Andrea's store for others.

Store's Call Led To Bomb Sweep (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 7, 2006

Parts found in man's Upper St. Clair home, dorm room at Cal U.

Federal agents were trying yesterday to figure out why a college student stashed more than a dozen devices that appeared to be pipe bombs or components of bombs at his parents' house in Upper St. Clair and in his dorm room at California University of Pennsylvania.

Whatever Michael Blattner was up to, if anything, authorities said that employees at the Home Depot in Bridgeville, where he bought some of the materials Saturday night, did the right thing in calling the cops.

"It was very, very commendable," said James Tanda, supervisory agent with the Pittsburgh office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. "For a retailer to take the time to call us is always appreciated."

ATF, Upper St. Clair police and the county bomb squad went to the Blattner home on Harrogate Road Tuesday night and removed several devices that could have been assembled to form pipe bombs from Mr. Blattner's bedroom.

Earlier in the day, campus police had found an array of similar devices spread out on the floor of his dorm room in Residence Hall A. The devices, which he apparently kept in a foot locker without his roommate's knowledge, were in various phases of assembly.

Mr. Blattner has been cooperative from the start, telling police and agents that he was experimenting with the materials as a hobby and that none of them would really work.

On campus, where he was a freshman honor student, he had a reputation as something of a loner who liked to play around with firecrackers.

Police have found no evidence that he had intentions to blow anything up, but authorities are withholding judgment until an analysis by the county bomb squad and ATF is complete.

If the devices turn out to be operable, Mr. Blattner could end up charged in either state or federal court.

Regardless of how the case turns out, it was a suspicious clerk who got the ball rolling. Local Home Depot employees said they aren't allowed to talk, and the corporate public relations office in Atlanta issued a statement saying only that "we commend our associates for their actions in this matter."

But Collier police said they would recommend commendations for the store manager, the clerk and the investigating officer, Robert Ferrence.

ATF and police have protocols for monitoring purchases from gun dealers and companies that sell specific items that could be used by bomb makers, particularly ammonium nitrate fertilizer. But law enforcement relies on retailers to pay attention to more routine purchases that could be suspicious.

Home Depot wouldn't say what it was about Mr. Blattner that raised eyebrows, but police said the clerk thought something wasn't right because Mr. Blattner appeared to be a juvenile. He's 18 but looks younger. So why was a kid buying black pipe and end caps?

On Monday, the store manager called Collier police, who then contacted Mr. Blattner's parents. They did not return a message yesterday, but they explained to police that their son was a "handy kid."

After learning he was a student, Collier police contacted campus police, who went to the dorm Tuesday morning and found the bomb pieces on the floor.

Upper St. Clair police said they don't believe anyone in the community was in danger. Campus authorities said the same.

Mr. Blattner has been suspended from school but will have a hearing within 10 days. Until then, he's not allowed on campus.

With Victories, City Challenges More Gun Sales (NYT)

By Damien Cave

The New York Times, December 8, 2006

Mayor Michael R. Bloomberg said yesterday that the city had reached agreements with six out-of-state gun dealers, who agreed to let court officials monitor their operations to prevent illegal gun sales. He said that New York had sued 12 additional gun stores to demand similar oversight.

The expansion of New York's legal attack from 15 to 27 gun dealers, in Ohio, Pennsylvania, South Carolina, Georgia and Virginia, reflects the city's growing confidence that its novel approach to battling illegal gun traffic is gaining momentum.

The agreements with the gun dealers — reached over the last four months, with the latest one signed on Wednesday — give officials broad monitoring powers over the individual stores.

They let a court-appointed special master scour their financial records, put up video cameras, and require that employees take part in training sessions on when gun sales are prohibited. The city may also send undercover investigators into the six stores at any time, to make sure that all relevant gun laws are being followed.

The suits resulted from a two-month effort in April and May in which private investigators posed as buyers at 40 stores that had sold guns linked with more than 800 crimes in New York City between 1994 and 2001.

The teams, usually a man and woman, conducted what law enforcement officials describe as a straw purchase: one customer would deal with the seller until the last moment of the sale, when the second customer would step in to pay and fill out the forms for a background check.

Federal law prohibits a seller from handing over the weapon in such cases, because it lets people obtain guns without federal scrutiny of their criminal record Mr. Bloomberg said that straw purchases were one of the most common schemes used by gun traffickers, giving the city the right — with a bold interpretation of public nuisance laws — to go after out-of-state dealers for their weapons' deadly consequences.

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"This is about law enforcement, plain and simple," Mr. Bloomberg said. "And it's about keeping guns out of the hands of criminals."

The court cases have emerged as the most successful tactic in Mayor Bloomberg's drive to undermine the illegal gun trade, an effort that has included lobbying Washington to tighten gun laws, convening mayors from around the country at Gracie Mansion to plot political strategy, and persuading Albany to pass a law creating a mandatory minimum sentence of three and a half years for illegal gun possession.

In October, the judge overseeing the lawsuits, Jack B. Weinstein of the Eastern District of New York, named as the special master Andrew Weissmann. Mr. Weissmann, a former assistant United States attorney for the Eastern District of New York, also directed a task force created to investigate the Enron scandal.

The dealers who settled have admitted no wrongdoing. The agreements expire after three years without a reported violation. And some of the store owners say they welcome the chance to clear their names.

"Although it is an intrusion into the privacy of my customers, the thing of it is, I don't feel that I or they have anything to hide," said James T. Farmer, owner of Jim's Guns and Whatever in Dayton, Ohio.

But over all, Mr. Bloomberg's antigun efforts have had only limited success. No other city has yet filed cases like New York's, although Philadelphia is considering it. The effort to change the gun laws in Congress has hit Republican opposition.

Some law enforcement officials have also chafed at Mr. Bloomberg's zeal in taking the fight against gun trafficking outside city limits.

The first wave of 15 lawsuits, filed in May, caught the Bureau of Alcohol, Tobacco, Firearms and Explosives by surprise. City officials had to smooth ruffled feathers just to get the agency — which is responsible for shutting dealers down — to look at the evidence investigators collected. This time, city officials tipped off the agency before filing the additional dozen cases.

Some gun owners, meanwhile, have fought back, denying Mr. Bloomberg's description of them as "bad guys."

In telephone interviews, several owners of shops named in the new set of lawsuits said that they were innocent. Adam Tullis, manager of Toccoa Pawn and Variety in Toccoa, Ga., said had he sold two guns to undercover investigators because he believed they were a married couple.

"They were both together," he said, recalling the sale a few months ago. "As far as I know, they were husband and wife."

A handful of gun dealers have countersued the city as well. Bob Barr, a former Georgia congressman, for example, filed a case on behalf of Adventure Outdoors of Smyrna, Ga., arguing that Mr. Bloomberg had conspired to harm the business.

Larry Mickalis, owner of Mickalis Pawn Shop in Summerville, S.C., said that he was also suing the city because he did not trust New York's ability to trace weapons to his store.

He said that the guns found in New York, used or carried illegally and linked to his shop, might have been bought and sold several times, or stolen, before they ended up on New York streets.

"Their interpretation and their facts on trace data are wrong," he said.

He blamed New York's gun problem on violent movies and the lucrative nature of New York's gun market.

"The prices of guns on the street in New York are enticing," he said.

But John A. Feinblatt, the mayor's criminal justice coordinator, said that the gun shops that were sued clearly violated the straw purchase law and had repeatedly sold weapons linked to crimes in New York City. A typical gun dealer has only one gun involved in a crime traced back to his store over a two-year period, Mr. Feinblatt said. Mr. Mickalis's rate is 49 guns in seven years linked to crimes.

Mr. Bloomberg — after showing reporters a video of a sale at Toccoa Pawn, which showed the female investigator filling out a background check while her male counterpart paid for the weapons — also emphasized that the city planned to address the problem both at the source and on the street.

In addition to the lawsuits, he said, a new ad campaign will appear this winter in subways, saying that illegal possession of a gun would lead to a mandatory prison sentence of three and a half years.

And Mr. Mickalis conceded that Mr. Bloomberg's efforts had forced dealers hundreds of miles from New York to take a closer look at their buyers.

"No one in their right mind," he said, "is going to sell someone from New York a gun."

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IMMIGRATION:

Border Patrol Agent Sentenced For Helping Smugglers Of Drugs, People (AP)

AP, December 8, 2006

Agent convicted of accepting $5,000 bribe to allow truck carrying cocaine through Falfurrias.

HOUSTON — A former U.S. Border Patrol agent was sentenced Thursday to 14 years in federal prison for helping cocaine and immigrant smugglers and selling immigration documents.

David Duque Jr., 36, pleaded guilty in September to bribery and three counts of unlawfully transferring identification documents.

Prosecutors showed that Duque accepted $5,000 to allow a vehicle hauling nearly 5 kilograms of cocaine through the Falfurrias checkpoint on June 14. An FBI agent testified that Duque also assisted in immigrant smuggling and sold identification documents he acquired while working.

U.S. District Judge Gray H. Miller sentenced Duque to 14 years for the bribery conviction, to be followed by three years of supervised release and a $2,500 fine. Miller imposed five years on each of the three counts of unlawfully transferring identification documents with the sentences to run concurrently.

During the hearing, Duque was taken into the custody of the U.S. Marshals Service.

An FBI agent said Thursday that Duque had been allowing cocaine and illegal immigrants through the Falfurrias checkpoint for several years and sold almost 70 identification documents including passports, birth certificates, green cards and Social Security cards.

Lawmakers Implore Bush To Commute Agents' Sentences (OCR)

By Dena Bunis, The Orange County Register

Orange County (CA) Register, December 7, 2006

Border Patrol members face 11- and 12-year prison terms for shooting admitted smuggler.

WASHINGTON – Rep. Dana Rohrabacher joined 48 other Republican lawmakers today in sending a letter to President Bush, urging him to commute the sentences of two Border Patrol agents convicted of shooting an illegal immigrant at the border.

Border Patrol agents Ignacio Ramos and Jose Compean are scheduled to begin serving 11- and 12-year prison terms, respectively, next month. The two Border Patrol agents were convicted of shooting an admitted drug smuggler in the buttocks as he ran away from them near the Rio Grande in February 2005.

"These Border Patrol agents are heroes," Rohrabacher, R-Huntington Beach, said at a news conference this morning. "Because of their actions, over a million dollars in illegal drugs were stopped from being sold to our children. Bringing felony charges against them is a travesty of justice beyond description. The president needs to send the right message by showing they are on the side of law enforcement, not drug traffickers."

In the letter being sent to Bush today, Rohrabacher and his colleagues "implore" the president "to become personally involved in this case, and bring a holiday miracle to these agents and their families." Area Reps. Ken Calvert, R-Corona; Gary Miller, R-Diamond Bar; and Ed Royce, R-Fullerton, also signed the letter.

A group of lawmakers has been trying for months to persuade GOP leaders to hold congressional hearings on the circumstances surrounding this case. But neither House Judiciary Chairman James Sensenbrenner nor Senate Judiciary Committee Chairman Arlen Specter was willing to hold such hearings.

In August, Sen. Dianne Feinstein, D-Calif., sent a letter to Specter asking for a hearing. In it she said that after reviewing that case, she believes "there may have been a serious miscarriage of justice." She said "it appears the facts do not add up or justify the length of the sentence for these agents."

Rohrabacher has spoken with family members of the agents and said he's hoping in this holiday season to persuade Bush to commute the sentences. Rohrabacher said he has spoken with Justice Department and White House officials without any satisfactory responses.

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Department of Justice and Judiciary Committee officials have not returned Orange County Register calls this morning to comment on the case.

In October, Homeland Security officials told congressional leaders that they were convinced of the agents' guilt. The Texas U.S. attorney who prosecuted the case said in October that the two officers shot at unarmed suspects.

"Being a United States Border Patrol agent is not a license to shoot people," Texas U.S. Attorney Johnny Sutton told reporters at the time. "It is especially not a license to shoot unarmed ... suspects who are running away from you."

"The U.S. Attorney wrongly focused on the minor mistakes of the officers instead of on the illegal drug trafficker," Rohrabacher said today. "When American citizens see an illegal alien narcotics trafficker being given immunity and free health care while the officers who risked their lives to stop him are going to prison, they must believe we in Washington either do not care about the uncontrolled flow of criminals or illegals or they just think we have lost our minds."

Runoff Candidates Avoid Immigration (USAT)

By Alan Gomez, Usa Today

USA Today, December 8, 2006

EAGLE PASS, TEXAS — The border between Texas and Mexico is as fluid as the river that separates them.

Signs hanging outside American storefronts read "Pesos welcome." Parking lots in U.S. schools are filled with Mexican license plates. Pregnant mothers from Mexico go to U.S. hospitals to give birth while American residents cross the border for cheaper prescription drugs and doctor visits.

"I'd say 90% of our customers are Mexican," said Armando Jose Zertuche in a men's fashion store on the U.S. side of the border.

One would expect that a special election being held Tuesday for a congressional seat between Republican Rep. Henry Bonilla and Democratic challenger Ciro Rodriguez would be rife with debate on the issue of illegal immigration.

The GOP has tended to favor strong enforcement of current laws to catch illegal immigrants, and a fence to keep them out. Democrats, who could strengthen their hold on the House with a Rodriguez win, have mostly opposed the fence and favored a measure that would allow the millions of illegals here to remain and become citizens.

Yet the two candidates campaigning to represent Texas' 23rd District have made it a point to avoid any discussion of immigration.

Neither of their campaign websites mentions the issue or the nearly 700 miles of fencing approved by Congress. At rallies in San Antonio and along the border recently, the candidates spoke of health care, education and taxes, but not of immigration.

Bonilla and Rodriguez each cite the importance of other issues and the diversity of the district — the largest in Texas at more than 400 miles wide and 300 miles north to south — when asked why they have avoided the debate.

The U.S. Border Patrol estimates that roughly a quarter of the Mexicans they apprehend entering the country illegally are in Texas.

"How can you resolve a problem if there's no dialogue," said Juan Maldonado of the Southwest Voter Registration Education Project. "They treat it like racism. You just can't talk about it."

So why is the topic being ignored?

"They're scared of it," said Rosie Carrillo, a Del Rio resident.

Or, as University of Texas government professor Sean Theriault put it, "It cuts too hard both ways.

"For as many people in the district that would be pleased with a hard line for immigration, you're going to rally as many people to vote against you, (and vice versa)," he said. "It strikes at the heart of so many people that it would be hard to garner political traction on either side of the issue."

The topic becomes touchier as the race tightens.

Bonilla has represented the district for 14 years, but his hold has been weakened by the national tide against Republicans and a state Supreme Court decision to redraw the district.

The high court ruled that the Republican-controlled state Legislature unfairly repressed the Latino vote when it redrew the 23rd District, so it added heavily Hispanic areas.

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Bonilla got more than 70% of the vote in 2004 and outraised his six opponents by a 2-to-1 margin this year. But because of the changing landscape, he only got 48% of the vote in November.

That prompted the Dec. 12 runoff with Rodriguez, who is now getting help from the Democratic Congressional Campaign Committee. The DCCC sent down campaign staffers and purchased a TV ad that started airing this week.

Both candidates are of Mexican descent but Bonilla is the only Mexican-American Republican in Congress. He calls himself a business-friendly, fiscally conservative Republican and shudders at what he calls "pseudo-intellectuals" who try to stereotype him.

"They always think that the color of your skin should dictate what your political philosophy is," Bonilla said. "Nothing can be more insulting."

Rodriguez is a former four-term congressman who paints Bonilla in the "stay the course" brush strokes that worked for other Democrats nationwide.

Of their many differences, immigration is one of the most clear.

Bonilla voted for the border fence and for the House bill that would have made it a felony to be an illegal alien. Rodriguez is strongly against both measures.

Some here say that despite the many illegal immigrants coming, the issue is not a big deal here as it is in the north.

"When (illegals) come across, there are eyes on them all over the place. They're trying to get as far away from the border as they can," said Jerry McNeese, 74, who is retired from an El Paso oil field. "They can get lost in places like Chicago … places up north."

But "up north" could be as close as San Antonio, where a majority of the district's population lives. Many in that area believe a wall may be the only way to stop the wave of illegal immigration.

"It's making a mockery out of our nation," said Bonilla supporter Thomas Marburger, a retired tax attorney. "It's putting tremendous pressure on our social services, hospitals are shutting down, and our taxes are going up because we can't handle that influx."

People along the border agree that the system must be fixed, but they laugh at the idea of a fence.

"If you build a 10-foot wall, they're just going to build an 11-foot ladder," said Democratic state Sen. Carlos Uresti, whose district overlaps most of the congressional district.

Uresti questions his fellow Democrats' decision to avoid the debate.

"It should be an issue," he said.

Off The Fence (LAT)

The Los Angeles Times, December 8, 2006

NEW MEXICO Gov. Bill Richardson, the California-born son of a Mexican mother, traveled to Washington on Thursday to declare his interest in two of the most elusive goals in American politics: comprehensive immigration reform and the presidency. The second may be more realistic than the first.

"I come here as a border state governor and a Hispanic American who knows that our nation can no longer afford to ignore the issue of illegal immigration," Richardson told a Georgetown University audience. "We need to stop exploiting the immigration problem and start solving it. We need to pass realistic laws and then enforce them rigorously."

Richardson's thoughtful speech was both a rebuke to Republican immigrant bashers and a challenge to Capitol Hill Democrats. But few will likely read beyond this line: "Securing the border must come first — but we must understand that building a fence will not in any way accomplish that objective."

That language may be on the absolutist side, but the New Mexico governor is absolutely right to point out that a multibillion-dollar border wall, on its own, is no "reform" at all. It would merely shift the strain on the system elsewhere and fail to address the 45% of illegal immigrants who enter legally but overstay their visas.

For this, Richardson was given the usual treatment — surrealistic bashing from CNN's millionaire working-class hero, Lou Dobbs. Dobbs' website asked readers: "Do you believe, as New Mexico Gov. Bill Richardson suggests, that efforts to secure our borders and ports are nothing more than demagoguery?"

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In fact, Richardson has unusual credibility on the issue.

It wasn't long ago that restrictionists were singing his praises for declaring a state of emergency along the border and calling in his state's National Guard to patrol it. He would double the number of Border Patrol agents, mandate a tamper-proof employment card and make any "path to citizenship" expensive in time, money and effort. Yet Richardson would also more than double the number of annual work and family visas, and he has introduced driver's licenses for illegals in New Mexico.

Certainly the governor isn't right about every one of his proposals, and how his speech will affect his presidential aspirations remains to be seen. But he couldn't be more timely in reminding his party that comprehensive immigration reform is no less urgent now that Democrats control Congress.

CONGRESS-ADMINISTRATION:

Lawmakers Try To Renew Tax Breaks (USAT/AP)

By Andrew Taylor

USA Today, December 8, 2006

WASHINGTON — Lawmakers on Thursday pieced together legislation extending popular tax breaks and saving doctors from a cut in Medicare payments as Republicans prepared to cede control of Congress to the Democrats.

The legislation also contained several trade-related measures, including extending normal trade status to Vietnam.

House GOP leaders delayed a vote Thursday after it became clear it couldn't occur until well after midnight. The House vote was rescheduled for today. In the Senate, GOP leaders were experiencing lingering unhappiness with the bill from several GOP senators, especially over extending trade benefits for textile exports from Haiti.

Action on the tax and trade legislation and a subsequent vote on a bill to keep the government running through Feb. 15 were the chief obstacles to concluding the turbulent 109th congressional session.

The massive measure — containing much to please lawmakers and their constituents — also generated opposition. Sen. Judd Gregg, R-N.H., for example, was unhappy about its cost and a multibillion-dollar move to expand health care for retired coal miners.

Under Senate rules, a single senator can force days of delay once a bill comes over from the House.

"It's no better than 50-50 right now," said Senate Minority Leader Harry Reid, D-Nev.

Lawmakers from states such as Georgia, Illinois and Massachusetts were unhappy that House Republicans cut out a plan to ease looming budget shortfalls in a federal-state program providing health insurance to low-income children.

Democrats mostly went along with extending expired tax breaks. They include a research and development tax credit, worth $16.5 billion, and a sales tax deduction for people in states without income taxes, at a cost of $5.5 billion.

Democrats criticized Republicans for leaving behind more than $460 billion in unfinished agency budgets, requiring passage of a third stopgap spending bill to keep the government running.

The House and Senate planned votes for today to avoid a government shutdown. Government agencies, except for the Defense and Homeland Security departments, have been on autopilot at or below 2006 budget levels since the new spending year began Oct. 1.

The clampdown is affecting agencies such as Veterans Affairs, which would receive a $3.1 billion influx for medical care under its moribund budget bill. Lawmakers promised the VA would get more flexibility to work around the problem, but veterans' groups are upset.

Democrats are unhappy that the budget impasse is being dropped in their laps next year, when it promises to clutter their early agenda.

"They are going to leave a mess as they go out," said incoming Speaker Nancy Pelosi, D-Calif. "It's been a do-nothing Congress and as they go out the door they are going to validate" voters' decision that change was needed.

Besides the sales and research tax breaks, the tax and trade legislation would extend deductions or credits for college tuition, hiring welfare recipients and buying solar energy equipment.

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Both parties support the breaks, but their extensions have been blocked by attempts to link to other, more contentious bills. They include trade legislation affecting Haitian textile imports and an abandoned coal mine reclamation program, estimated to cost up to $5 billion over 10 years.

Also driving the massive bill forward was an effort to hold off a 5% cut in Medicare payments to physicians and a plan to allow oil and gas drilling along the Gulf of Mexico.

The Vietnam bill would end the Cold War mandate that trade with the communist state be reviewed every year. While supported by the Bush administration, the proposal has run into opposition from critics of Vietnam's human rights record and those worried about the impact on American jobs.

Republicans Push For Quick Action (WSJ)

By David Rogers, Sarah Lueck And Greg Hitt

The Wall Street Journal, December 8, 2006

WASHINGTON -- Eager to adjourn, Republicans are pressing for quick congressional approval of a $45.1 billion tax-and-trade package after late-night bargaining affecting timber, energy and health-care industries.

The House is preparing to consider the massive package today in two pieces, one focused on the trade provisions and the second dealing with taxes, offshore oil drilling and an adjustment in payment rates for physicians under Medicare, the federal health-care program for the elderly and disabled.

Driving the train is the tax portion, which renews scores of expired tax breaks, most notably a deduction for college tuition, a deduction for state and local sales taxes in states without income taxes, and the corporate tax credit for research.

Procedural arguments delayed House action last evening, but if approved today, the two bills would be merged again before going to the Senate, where the leadership is poised to quickly file a motion to limit debate. The White House is optimistic, but as a precaution, a separate must-pass spending bill is being held back in case the tax-and-trade package collapses and a new legislative vehicle is needed.

"I think we're there. It feels good right now," said Senate Majority Leader Bill Frist (R., Tenn.) who with Speaker Dennis Hastert (R., Ill.) helped shepherd the talks on what is one of the last major actions of the 109th Congress. But Mr. Frist conceded that the trade chapters are contentious and even last evening language was being added to appease individual senators, including a Western lands amendment for Democratic Leader Harry Reid of Nevada.

In the final bargaining, the coal industry won a $4.9 billion provision to boost federal spending for retiree health benefits and abandoned mine reclamation. To appease conservatives angered by the costs, new tax language was added to promote use of health savings accounts, a priority for House Republican leaders.

New York was a big loser when tax credits to help finance a proposed rail connection between lower Manhattan and John F. Kennedy International Airport were killed. House Ways and Means Committee Chairman Bill Thomas (R., Cal.) had linked the Senate initiative, worth an estimated $682 million over 10 years, to a $477 million tax break for the timber industry, initiated by the House last summer and important to companies such as Weyerhaeuser Co.

When senators objected to the timber measure's cost, New York's proposal, part of the city's effort to redevelop the World Trade Center area, was also dropped. Critics called it a tit-for-tat by Mr. Thomas. "It's just so stupid and high school," said Rep. Charles Rangel (D., N.Y.), who succeeds Mr. Thomas as committee chairman in the new Congress. "It's full of spite, but I view this as the end of a long nightmare."

The lingering tensions over the timber and New York decision appeared to contribute to delays last night. But looking ahead, the bigger flashpoints in the Senate are the trade provisions, especially those related to Vietnam and Haiti.

The U.S. Chamber of Commerce has strongly supported the Vietnam agreement, which is needed for U.S. companies to take advantage of trade concessions Hanoi made as part of its pending entry into the Geneva-based World Trade Organization. But labor has protested Vietnam's weak record on workers' rights, and the AFL-CIO fears the U.S. will lose leverage to effect changes in Vietnam's labor standards.

The Catholic Church has emerged as a strong champion for the Haiti provision, which to help spur industry there allows fabric from other countries to be used in the manufacture of duty-free goods destined to the U.S. Domestic textile producers say it

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creates an effective loophole for low-cost apparel makers in China, but the Catholic bishops argue that Haiti, the poorest country in the Western Hemisphere, deserves special attention.

Elsewhere in South America, the bill extends Andean trade preferences, but under terms that put pressure on Ecuador and Bolivia to move closer to the U.S. on trade promotion.

The coal provisions, by helping United Mine Workers, were calculated to diffuse some of the labor opposition to the trade portions of the package. But the deal was expensive, and its price tag only grows with the addition of the health savings tax provisions to appease the House.

Altogether, the HSA-related tax breaks add up to more than $1 billion over 10 years, for example. Among the largest is a substantial increase in the amount of money individuals are allowed to set aside tax free each year for their health-savings accounts, thereby making them a more attractive savings vehicle.

The change, which in 2007 would allow contributions of up to $2,850 annually for an individual and $5,650 for a family, would cost Treasury $712 million over 10 years, according to preliminary estimates.

Apart from coal, oil has a stake in the tax package and in language that would open up millions of acres for exploration in the Gulf of Mexico. The health-care industry also has a lot riding on provisions affecting both Medicare and the federal-state Medicaid insurance program for the poor.

Physicians would escape a scheduled 5% cut in Medicare reimbursements next year, and the bill promised a bonus payment of 1.5% for the last six months of 2007 for those doctors who participate in new reporting requirements to help Medicare collect quality-of-treatment data.

In the case of Medicaid, the nursing home and hospital lobby won language intended to block the administration from using new regulations to close a loophole used by states to claim a greater federal contribution for services for the poor. But to help Medicare pay physicians, negotiators raided a once sacrosanct "stabilization fund" the administration could have used beginning in 2007 to shore up certain health insurers.

The cuts from the fund will have little immediate impact on the health plans, but some in the health insurance industry worry that it would leave the Medicare plans more exposed to future payment cuts in the new Democratic-controlled Congress that takes power in January.

Tax Break Bill May Open Gulf Drilling (AP)

By H. Josef Hebert

AP, December 8, 2006

An agreement on a tax package Thursday moved Congress closer to opening a vast area in the Gulf of Mexico, 125 miles south of Florida's panhandle, to oil and gas drilling.

Both the House and Senate attached the drilling legislation to a package of popular tax measures expected to win approval by week's end as Republicans wrap up the 109th Congress and turn control over to Democrats next year.

The drilling legislation also revamps revenue sharing from Gulf oil and gas production, sending hundreds of millions of dollars to four Gulf states for restoring coastal wetlands and repairing hurricane damage.

Environmentalists opposed the measure, calling it a gift to large oil companies. Drilling supporters — including a cross-section of the business community — argued it would provide access to badly needed energy resources, especially natural gas, and perhaps drive down prices.

The 8.3 million acres that would be opened to drilling are believed to contain 1.3 billion barrels of oil and 6 trillion cubic feet of natural gas, enough gas to heat 6 million homes for 15 years. The country uses about 21 million barrels of oil a day.

The drilling area was carefully crafted to gain support of Florida's lawmakers, with its eastern edge more than 200 miles from state beaches.

"This protects Florida," said Sen. Mel Martinez, R-Fla.

Sen. Mary Landrieu, D-La., called the drilling legislation critical to Louisiana and other Gulf Coast states recovering from hurricane Katrina and trying to restore storm-damaged wetlands. The measure would steer 37.5 percent of federal royalties to the four Gulf oil-producing states, with about half going to Louisiana.

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While Louisiana's share would be about $100 million a year initially, the amount would dramatically grow after 2017 to more than $650 million annually because of increased production from not only the 8.3 million acres but elsewhere in the Gulf.

Some lawmakers and the Bush administration have raised concerns about shifting eventually billions of dollars in royalties from federal oil and gas to the four states — Louisiana, Mississippi, Alabama and Texas.

Nonetheless, the administration has supported the measure.

The Senate approved the bill last summer but House Republicans held out for broader access to oil and gas beneath the country's Outer Continental Shelf. A House bill passed earlier in the year would have lifted the long-standing moratorium that has barred offshore drilling in 85 percent of the country's coastal waters.

After suffering losses in last month's election, House GOP leaders accepted the Senate-passed bill that was limited to the Gulf region.

"I don't believe it represents the answer to our country's worsening supply situation," said Rep. John Peterson, R-Pa., who had been a co-sponsor of the broader drilling plan. But he said he now supported the Senate version as a first step to broader offshore drilling.

House GOP leaders had planned to bring up the legislation separately earlier in the week but shifted tactics because they could not get the two-thirds vote needed for passage under an expedited process.

Lawmakers Unexpectedly Take Up Postal Service Overhaul (WP)

By Stephen Barr

The Washington Post, December 8, 2006

In a round of unexpected dealmaking, the House and Senate began moving yesterday toward passage of legislation that would overhaul the business operations of the U.S. Postal Service for the first time since 1970.

The measure stalled in September over objections lodged by a union, and one of the chief sponsors, Sen. Susan Collins (R-Maine), held out little hope that a compromise could be reached before the lame-duck session ended.

But key Senate and House leaders, including Rep. Henry A. Waxman (D-Calif.), came up with an agreement, and congressional aides said the measure could be approved no later than today under expedited procedures. Some aides, however, said they were worried that last-minute snags could develop that might sink the bill.

The measure would replace the lengthy and litigious process used to raise the price of stamps for first-class mail and to set rates for magazines and other products, and would free up billions of dollars to finance the health-care costs of postal retirees.

"This legislation will help us avoid disastrous future postal rate hikes and put the Postal Service on firm financial footing for the 21st century," Sen. Thomas R. Carper (D-Del.) said last night.

He predicted the bill would help the post office "survive at a time when more and more people communicate and do business through faxes, e-mail and electronic bill-pay rather than hard-copy mail."

The compromise, congressional aides said, would:

? Create a cap for raising postal rates by linking adjustments to increases in the consumer price index, giving mailers some predictability about postage increases. The price cap would be reviewed after 10 years by a newly created Postal Regulatory Commission, which could modify the cap or adopt an alternative rate system if necessary.

? Repeal a law that requires the Postal Service to make payments, originally intended for postal pensions but no longer needed, into an escrow fund. That essentially would release $78 billion over 60 years, money that would be used to cover retiree health-care liabilities, pay off postal debts to the Treasury and perhaps lower rate increases.

? Put in place a three-day waiting period before an employee is eligible to receive workers' compensation for job-related injuries. The waiting period is a feature of most state workers' comp programs, and at one point had been dubbed a deal-breaker by the National Association of Letter Carriers union. The NALC had no comment. Other federal employees are not subject to a waiting period.

To reach the compromise, House negotiators agreed to keep the waiting period, as sought by the Senate, and Senate negotiators agreed to give way to the House on whether the rate cap could come up for review and possible modification.

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In addition to Collins, Waxman and Carper, negotiators on the bill included Reps. Thomas M. Davis III (R-Va.), John M. McHugh (R-N.Y.) and Danny K. Davis (D-Ill.), and officials from the White House and Treasury Department, aides said.

Some aides pointed to Carper as a central player in pulling together the compromise by reaching out to Waxman, Collins and White House officials this week.Dental-Vision Web Site Falters

An Internet site for enrollment in a federal dental and vision program has balked at loading Web pages and "timed out" users, apparently because it could not handle the large number of employees and retirees trying to sign up for the new benefits.

The Office of Personnel Management said, "A late surge of interest in the final week of the open season has slowed access" to Benefeds.com and jammed telephone lines that also can be used to enroll. Employees and retirees have until Monday to sign up for the benefits, being offered for the first time this year.

Robert F. Danbeck, an associate director at the OPM, said, "We are doing everything possible to improve the site functionality and phone access times."

People unable to enroll "due to a cause beyond their control" will be allowed to register after the Monday deadline, he said.

About 325,000 people have signed up for the new dental and vision coverage, officials said.Talk Shows

Paul Michael Brown, a Justice Department senior trial lawyer, will be the guest on "FedTalk" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

Robert Shea, associate director for management at the Office of Management and Budget, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Democrats Will Try To Block Pay Raise (AP)

By David Espo

AP, December 8, 2006

Members of Congress are in line for a $3,300 pay raise effective Jan. 1 unless they block it, and Democrats said Thursday they intend to try.

Officials said Rep. Nancy Pelosi of California and Sen. Harry Reid of Nevada, the party's leaders, had notified Republicans they will try to add the anti-pay-raise provision to a bill that provides funds for most government agencies through Feb. 15.

Congress must pass the funding bill before it adjourns for the year, and the target for that is Friday.

Democrats won control of Congress in last month's elections after a campaign in which they frequently criticized majority Republicans for taking pay raises while blocking numerous attempts to raise the minimum wage.

"It is unconscionable that members of congress would get yet another pay raise while the minimum wage has been stuck at $5.15 an hour for the last 10 years. Senator Reid intends to do all he can to ensure that Congress won't get a raise until working families do," said his spokesman, Jim Manley.

Democrats have made legislation to increase the minimum wage one of their priorities for the new Congress that convenes in January.

Under federal law, lawmakers, like many federal employees, receive a cost of living increase on each Jan. 1. The increase for 2007 is pegged at 2 percent, and would put the salary for rank-and-file lawmakers at $168,500.

The maneuvering is often intense around the politically sensitive issue of pay raises, and this year has been no different.

Rep. Jim Matheson, D-Utah, sought this summer to block the increase from taking effect as part of debate on legislation to provide funds for the Transportation Department.

"I do not think that it is appropriate to let this bill go through without an up or down vote on whether or not Congress should have an increase in its own pay," he said at the time.

But by a 249-167 procedural vote, the House decided not to allow the vote Matheson wanted.

The pay raise would also apply to the vice president — who is president of the Senate — congressional leaders and Supreme Court justices.

President Bush's salary of $400,000 is unaffected.

US Congress Likely To Back India Nuclear Bill (FT)

By Jo Johnson

DOJ_NMG_0103847

Financial Times, December 8, 2006

Top officials in New Delhi and Washington were on Thursday confident that US legislators would approve a historic but controversial bill that will end India's isolation as a nuclear power. It would also secure President George W. Bush a much-needed foreign policy success in the last hours of the "lame duck" session on Capitol Hill.

The only main uncertainty left was a clause reportedly in the reconciled version of the bill, which had yet to be made public, making nuclear co-operation conditional on India's continuing to toe the US line on Iran.

The Bush administration and the Indian government have urged lawmakers to remove the condition. At a press conference in New Delhi, Nicholas Burns, under-secretary for political affairs, said he expected the final text to be "well within the parameters" of the two main headline agreements reached by Mr Bush and Manmohan Singh, the Indian prime minister, in July 2005 and March 2006.

Thanking the US Congress for its bipartisan support of the bill, Mr Burns said: "It was right to welcome India into the international non-proliferation mainstream, to allow the barriers to come down and to see co-operation that we haven't had since the 1970s . . . It's time India was given its rights. We saw this as an issue of strategic liberation."

The reconciled text would reportedly require the US president to determine that India is "fully and actively" co-operating with US efforts to confront Iran's nuclear ambitions before he could allow nuclear co-operation with India. It is understood the arrangement would be subject to an annual review.

India twice this year voted with the US in recommending that Iran's nuclear programme be referred to the United Nations Security Council. Indian officials have argued that the clause would only bind the US, a line of argument that has failed to reassure some in New Delhi.

Mr Burns said that India's stance on Iran, which he noted had been aligned with that of China and Russia, had been "in the mainstream" of international opinion. "No one wants to infringe on India's right to make sovereign decisions. It's important Iran is sent one message on its nuclear programme," he said.

Several more critical approvals - by the International Atomic Energy Agency and the 45-nation Nuclear Suppliers Group - are needed before the agreement can take effect and several countries, including China and Japan, have yet to give unambiguous support. But approval in the US Congress would mean India is getting closer than it has been in three decades to being able to purchase US nuclear fuel, reactors and related technology.

Even though it has nuclear arms, India never signed the nuclear Non-Proliferation Treaty. As existing US law prohibits Washington from selling nuclear technology and fuel to non-NPT signatories, the proposed changes would reverse a 30-year-old approach to US attempts to stop the spread of nuclear weapons.

Hill Accord Reached On Nuclear Fuel For India (AP)

AP, December 8, 2006

Lawmakers reached agreement yesterday on allowing U.S. shipments of civilian nuclear fuel to India, clearing the way for overturning decades of American anti-proliferation policy.

After several days of talks, congressional negotiators signed off on the measure, which reconciles separate versions previously endorsed overwhelmingly by the House and the Senate, said a spokesman for House Majority Leader John A. Boehner (R-Ohio).

Both chambers of Congress must vote again on the bill before sending it to President Bush to sign into law. Boehner's office said the House was expected to consider the bill today. Details of the final bill were not immediately available.

The bill's passage would be a rare victory for Bush, whose popularity has tumbled. He will also have to deal with a Democratic-controlled Congress in January after his Republican Party was defeated in the Nov. 7 midterm elections.

The White House promotes the India plan as a major shift in U.S. policy toward a country that is strategically an important Asian power, one that has long maintained what the United States considers a responsible nuclear program. Critics say the extra nuclear fuel that the deal would provide could free India's domestic uranium for use in its weapons program. India developed its nuclear weapons outside the Non-Proliferation Treaty, which it has refused to sign.

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Congressional aides said the bill became bogged down this week when Boehner halted action, apparently in an attempt to attach unrelated legislation. The majority leader's office said he was not holding up the bill.

Undersecretary of State R. Nicholas Burns and his Indian counterpart, Foreign Secretary Shiv Shankar Menon, yesterday expressed confidence that each side would be satisfied with the outcome of Congress's work.

Senate Approves FDA Chief Nomination (AP)

AP, December 8, 2006

The Senate on Thursday confirmed cancer surgeon Andrew von Eschenbach to head the Food and Drug Administration, but only after breaking a filibuster in which he was accused of impeding congressional investigations.

The vote was 80-11.

Von Eschenbach, a former head of the National Cancer Institute, has been acting head of the FDA for more than year. He was approved in September by the Senate Health, Education, Labor and Education Committee, but members of both parties had stalled a final vote on his nomination.

The secretary of health and human services, Mike Leavitt, said he was pleased the "critical agency" would now have permanent leadership.

"Andy has the energy, vision and expertise that will help the agency to improve product safety, spurring innovation and helping lifesaving therapies reach patients faster," Leavitt said.

Democrats blocked it until the FDA decided to allow nonprescription sales of the morning-after pill now on the market.

But von Eschenbach still faced formidable opposition from Senate Finance Committee Chairman Charles Grassley, R-Iowa, who mounted a filibuster broken in a 89-6 vote earlier Thursday.

Grassley has been investigating the FDA's handling of the antibiotic Ketek, which has been linked to severe liver problems and several deaths.

Von Eschenbach has resisted release of full information about Ketek, saying it could have a chilling effect on the FDA's ability to evaluate drug safety and other issues independently and objectively.

Before Thursday's vote, Grassley attacked what he called "the cozy relationship between some drug companies and the Food and Drug Administration."

"This nominee is not likely to serve well because he just doesn't seem to get it," Grassley said. "First and foremost, he is supposed to do the right thing on behalf of Americans. Dr. von Eschenbach has other interests to serve and they are not always the interests of John Q. Public."

Others voting against advancing the nomination included Sens. Jim DeMint, R-S.C., and David Vitter, R-La. DeMint wants the FDA to suspend sales of the abortion pill RU-486 and investigate whether it increases the likelihood of infection by a rare but deadly bacterium. Vitter wants the agency to allow importation of some prescription drugs from Canada.

The FDA has been without a permanent head for all but 18 months of the Bush administration.

Former FDA Commissioner Lester Crawford abruptly resigned from the job last year, which led von Eschenbach to be tapped.

Crawford pleaded guilty in October to conflict of interest and false reporting of information about stocks he owned in food, beverage and medical device companies he was in charge of regulating. Crawford admitted to falsely reporting that he had sold or did not own stock when he continued holding shares in the firms governed by FDA rules.

New Leader Of The F.D.A. Is Confirmed By The Senate (NYT)

By Stephanie Saul

The New York Times, December 8, 2006

The Senate confirmed Dr. Andrew C. von Eschenbach as commissioner of the Food and Drug Administration yesterday, with some lawmakers expressing hope that his leadership would bring stability to an agency hobbled by turnover and accused of poor oversight of the nation's drug supply.

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Dr. von Eschenbach, 65, a surgeon, became acting commissioner in September 2005 after the abrupt resignation of Dr. Lester Crawford. Previously, he had served as chief academic officer at the M. D. Anderson Cancer Center in Houston and had led the National Cancer Institute.

In the past 10 years, no commissioner has served more than two years. A report released in September by the Institute of Medicine, part of the National Academies, deplored a "lack of stable leadership" at the agency. The report said that turnover at the helm would compromise efforts to improve the effectiveness of the agency, which the report criticized as rife with internal squabbles, poor management and outdated rules.

Dr. von Eschenbach was formally nominated to the position of commissioner in March, but his confirmation was delayed by a series of objections in the form of "holds" by senators from both parties who said they were protesting everything from the agency's delay of Plan B emergency contraceptives to the administration's stance on drug reimportation, or the purchase of prescription drugs in countries where they are cheaper.

By Senate tradition, any member may delay a nominee through a hold, but the majority leader has the discretion to override it.

Before delivering a farewell speech on Thursday on the Senate floor, Senator Bill Frist, the retiring majority leader, called for a procedural vote to bring Dr. von Eschenbach's name before the full Senate for confirmation, ignoring remaining "holds" from two fellow Republicans.

Senator Frist of Tennessee, who was a cardiac surgeon before he joined the Senate, said Dr. von Eschenbach had done a "superb" job as acting commissioner.

Dr. von Eschenbach's confirmation, by a vote of 80 to 11, came despite the strong objections of Senator Charles E. Grassley, an Iowa Republican who has been an outspoken critic of the agency.

Senator Grassley had placed a hold on Dr. von Eschenbach's nomination, accusing him of refusing to turn over evidence needed for a Senate Finance Committee investigation of an antibiotic, Ketek.

Ketek, which is manufactured by the French company Sanofi-Aventis, was approved in 2004 despite the misgivings of employees at the drug agency. It has since been linked to liver problems and deaths. The F.D.A. has scheduled advisory panel hearings for next week on whether to keep it on the market.

Former employees of the agency have told Senator Grassley, who leads the finance committee, that Dr. von Eschenbach held a meeting and, using sports metaphors, hinted that they would be retaliated against, or be "off the team," if they discussed their complaints about Ketek outside the agency. Dr. von Eschenbach has said he did not intend the comments as a threat.

"The American people don't want the government making decisions about what's good for them behind closed doors," Senator Grassley said.

Senator Michael B. Enzi, a Wyoming Republican who heads the Health, Education, Labor and Pensions Committee, urged Dr. von Eschenbach's confirmation, citing the need for a permanent leader.

"The F.D.A. has been without a confirmed commissioner for all but 18 months of the last five and a half years," Mr. Enzi said. "Ever see a business that could run for five and a half years without a boss except for 18 months?"

Dr. von Eschenbach, a urologic surgeon who has been treated for melanoma and prostate cancer, has said he believes that new drugs should be made available as quickly as possible, particularly those intended to treat life-threatening illnesses.

As acting commissioner, Dr. von Eschenbach moved this year to make Plan B, the emergency contraceptive, available to adults without a prescription. This silenced some administration critics who had complained that conservative political interference at the agency had previously blocked the drug's broader availability.

Senator David Vitter, a Louisiana Republican who had also put a hold on the confirmation, said he was protesting the administration's policy that prohibits Americans from buying their drugs in Canada, where they are up to 50 percent cheaper.

Dr. von Eschenbach succeeds Dr. Crawford, who resigned from the post after questions about discrepancies in his financial disclosure forms. Dr. Crawford pleaded guilty in October to federal misdemeanor charges of lying on those forms about stock holdings in companies regulated by the agency.

Senate Confirms New FDA Chief As Agency Braces For Scrutiny (WSJ)

DOJ_NMG_0103850

By Anna Wilde Mathews

The Wall Street Journal, December 8, 2006

WASHINGTON -- Andrew von Eschenbach was confirmed as head of the U.S. Food and Drug Administration, giving the agency greater stability at its top as it heads into a difficult year of scrutiny and likely legislative changes on Capitol Hill.

Dr. von Eschenbach, a 65-year-old oncologist and surgeon as well as the former director of the National Cancer Institute, has been the acting head of the FDA since September 2005. Dr. von Eschenbach's nomination faced a series of holdups from senators raising concerns about hot-button issues including emergency contraception, drug importation and a continuing investigation of the antibiotic Ketek. Last night, however, the Senate appeared to put those issues behind it and approved his nomination on an 80-11 vote.

In his public speeches, Dr. von Eschenbach, a cancer survivor, has emphasized the importance of emerging new technologies in health care, and in the past he has spoken about wanting to examine whether the drug-review process needs changes to "streamline and accelerate" the approval of promising new therapies. At the National Cancer Institute, part of the National Institutes of Health, he was identified with a high-profile goal of eliminating suffering and death caused by cancer by 2015.

In a statement, Dr. von Eschenbach said that he was "humbled by the responsibility with which I have been entrusted" and "committed to leading this agency in a manner that continues to earn" Americans' trust and respect.

Dr. von Eschenbach will face tough challenges over the next year, as the new Democratic-controlled Congress is expected to perform aggressive oversight of many aspects of the FDA, with focuses on drug safety and issues surrounding generic medicines. The legislation that authorizes the industry user fees that fund much of the work of the agency's drug and device centers must be renewed in 2007. Those bills could become vehicles for a variety of broad-based changes to the agency.

At the same time, the new commissioner will probably press for increased federal funding that agency staffers and industry officials have said is vital -- particularly if the FDA is asked to take on significant new regulatory responsibilities. That will be a tough sell amid budget pressures sparked by the Iraq war and other costly government commitments.

FEC Chairman To Resign From Agency (AP)

AP, December 8, 2006

Michael Toner, the Republican chairman of the Federal Election Commission, announced Thursday that he will resign from the regulatory agency this winter to pursue unspecified professional opportunities.

Toner's term as chairman ends Jan. 1 and his term as commissioner expires in April.

A longtime Republican political legal adviser, Toner was general counsel to the 2000 Bush-Cheney presidential campaign and chief counsel to the Republican National Committee before President Bush placed him on the FEC in March 2002 in a recess appointment. The Senate confirmed him in 2003.

Labor Presses For Measure To Ease Unionizing (NYT)

By Steven Greenhouse

The New York Times, December 8, 2006

Claiming a major role in the Democrats' victory last month, labor leaders are pressing Congressional Democrats to enact a measure to make it easier for workers to unionize.

Labor leaders see the measure as pivotal to stop a slide in union membership that has lasted decades. But many businesses and Republicans oppose the bill, which would allow employees at a workplace to unionize as soon as a majority sign cards expressing support to join a union.

The A.F.L.-C.I.O. plans to flex its muscles for the bill by holding a rally today on Capitol Hill that it expects to include the incoming Democratic chairmen of the Senate and House labor committees, Senator Edward M. Kennedy of Massachusetts and Representative George Miller of California.

Even before the Democrats won control of Congress, the bill, the Employee Free Choice Act, had 216 co-sponsors in the House, including 14 Republicans, just 2 short of a majority.

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With the Democrats capturing both houses, labor and its allies voice confidence that the bill will pass in the House, but they fear a formidable battle in the Senate, where some foresee a Republican filibuster.

"We want to remind Congress that this is the A.F.L.-C.I.O.'s No. 1 priority, and we're going to push as hard as we can," said Stewart Acuff, organizing director of the labor federation. "Congress has an obligation to restore the right to organize."

With the percentage of workers in unions sinking to 12.5 percent, the lowest in more than 70 years, labor leaders say the right to organize has been severely compromised, especially by aggressive antiunion campaigns that companies mount for organizing drives.

Viewing the climate as right for reversing the decline, the A.F.L.-C.I.O. is sponsoring an organizing summit meeting today, bringing together 700 leaders and organizers to discuss how to recruit more members.

"The freedom to join a union is the key to holding onto the middle class in this country," said John J. Sweeney, the A.F.L.-C.I.O.'s president. "We think the best antipoverty tool is a union card. Research shows that nearly 60 percent of workers would form a union tomorrow if given the choice."

Labor officials say relying on signed cards rather than the traditional secret-ballot elections will make it easier for workers to unionize. Such elections frequently turn into months of battles between management and labor, with union supporters often being fired.

Charlie Norwood, a Georgia Republican who is chairman of the House Subcommittee on Workforce Protections, denounced the bill for card checks.

"It is very telling that first up on the Democrats' agenda after taking power is rolling back voting rights," Mr. Norwood said. "Democrats and their big labor bosses are seeking to steal workers' rights to cast ballots in a private voting booth."

In calling card checks unfair, Mr. Norwood said union thugs had used physical force to have workers sign pro-union cards. Opponents of card checks also say they are conducted so quickly that companies do not have a chance to explain to workers why they should not join unions.

Representative Nancy Pelosi, the incoming speaker, said yesterday that the bill would probably go to the House floor in the early spring.

"We certainly will be passing the card check, the Employee Free Choice Act," Mrs. Pelosi, Democrat of California, told reporters.

Defending the Employee Free Choice Act, Mr. Acuff said, "This legislation only says that when workers want a fairer, quicker, cleaner, more just process, that they can have their wishes honored more quickly and cleanly."

Under the bill, workers would choose to unionize through card checks or a secret-ballot election. Companies would have to honor the decision.

Pointing to the benefits of card checks, Larry Cohen, president of the Communications Workers of America, said his union had organized 22,000 workers at Cingular Wireless using them over the past two years. Mr. Cohen said a big problem with secret-ballot elections was that in the weeks leading up to them companies often terrorized pro-union workers by spying on them and firing or demoting them.

"We're not trying to eliminate secret-ballot elections," said Mr. Cohen, who is chairman of the A.F.L.-C.I.O. organizing committee. "Essentially, we're trying to create two parallel tracks for union recognition."

Upon Retiring, Frist Urges Senators To Work Together (WP)

By Lois Romano

The Washington Post, December 8, 2006

As man-hugs go, this one was definitely uncomfortable to watch.

Apparently taking the Democrats' pledge of civility seriously, Sen. Harry M. Reid of Nevada bearhugged a startled Sen. Bill Frist yesterday, as Frist, the outgoing majority leader, bid farewell to his colleagues on the Senate floor. As the two men firmly shook hands, the Democrat unexpectedly reeled Frist in closer. After an awkward two-step, Frist even hugged back a little.

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The fuzzy moment starkly contrasted with Democratic Senate leader Thomas A. Daschle's farewell two years ago -- when few Republicans even showed up. Frist's goodbye was positively warm and was attended by about 25 Democrats. Even liberal Sen. Edward M. Kennedy (D-Mass.) showered praise on the GOP leader. And all gave him a long standing ovation.

Frist, retiring from the Senate after limiting himself to two terms, delivered a final address to a hushed gallery, urging his colleagues of 12 years to work together and warning against "destructive partisanship."

"We are moving toward a body with a two-year vision," the Tennessee Republican said, "governing for the next election -- rather than a body with a 20-year vision. . . . I urge that we also consider what our work in this chamber is really all about. Is it about keeping the majority? Is it about red states versus blue states? Is it about lobbing attacks across the aisle? Is it about war rooms whose purpose is not to contrast ideas but to destroy? Or is it more?"

Frist, a physician, has ended his political career for now, announcing last week that he will not run for president as he had planned and instead would return to his home state. He had a meteoric rise as a "citizen legislator," as he called himself, who jumped into the business of politics after a career in medicine. He was elected majority leader after Sen. Trent Lott (R-Miss.) was forced out over racially insensitive remarks.

But a string of missteps and defeats, not the least of which was the GOP loss of the Senate, left Frist with a mixed legacy as he contemplated the White House. That he was perceived to have carried water for an increasingly unpopular president did not help.

He was ridiculed for declaring that Terri Schiavo, a Florida woman whose medical case began a national spectacle, had not suffered irreversible brain damages, though he had not examined her -- and he is a heart surgeon. As a national debate raged, Frist said he was basing his diagnosis on a videotape he had viewed of the brain-damaged woman.

Later, Frist alienated the conservatives he would need to launch a presidential bid when he said he would support expanding federal funding of embryonic stem cell research, contrary to the Bush administration's position.

Yesterday, Frist was escorted into the chamber by Vice President Cheney, Senate Minority Leader-elect Mitch McConnell (R-Ky.) and outgoing House Speaker J. Dennis Hastert (R-Ill.). Frist's wife and their three sons watched from the gallery.

Reid said that he and Frist are friends, despite partisan differences.

"Over the years, we have had our ups and downs," he said. ". . . We've had problems over budgets or committee structure, disagreements about schedules." But Reid said he never doubted that Frist did what did "because he believed in his heart it was the right thing."

Aspirations Dashed, Frist Says Farewell (NYT)

By Carl Hulse

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — In the end, Senator Bill Frist found it easier to master the science of medicine rather than that of politics.

Mr. Frist, a Tennessee Republican who bid the Senate farewell on Thursday after four years as majority leader, is departing with his party's majority in last month's elections and his presidential hopes dashed against some questionable political calculations, legislative missteps and uncertainty about his own drive for another campaign.

There was significant pomp as Mr. Frist made his goodbye, and potent symbolism as well. He was preceded into the chamber by Vice President Dick Cheney, representing the White House that helped install him in the leadership job in 2002 and was seen as holding strong influence over him. Then came Speaker J. Dennis Hastert, the leader of the House, where corruption and gridlock helped spell the end of Republican control.

It was not the triumphant finale Mr. Frist, a former heart-and-lung surgeon, envisioned, having counted on his pedigree of medical and public policy expertise to provide the foundation for a presidential bid in 2008. Like others before him, Mr. Frist discovered that leading the Senate — and the accommodations requisite in the job — proved to be a political impediment. In Mr. Frist's case, his methodical physician's demeanor was not always suited to the black art of Senate wheeling and dealing.

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"In the doctor-patient relationship, you don't take someone's heart out and put another one back in without 100 percent trust," Mr. Frist said in an interview before his Senate speech, which ended with an awkward hug from his Democratic counterpart, Senator Harry Reid of Nevada. "But trust around here is very rare. That is an adjustment for me."

Mr. Frist scored some legislative successes, helping create the Medicare prescription drug program and winning confirmation for two conservative Supreme Court justices at a time of bitter partisanship over judicial nominees. But even he acknowledged he might be best remembered for invoking his medical credentials to urge Congressional intervention in the case of Terry Schiavo, the Florida woman who became a cause célèbre but was later found to be beyond medical help.

To Mr. Frist, that was "five minutes on the floor, total." But it helped define his public image. And there were other failures, including the collapse this year of a gasoline rebate program and his insistence on pushing initiatives and nominees with no chance of success.

Colleagues in both parties admired Mr. Frist's drive in switching from the demands of high-pressure medicine to the equally daunting field of national politics. But they also say he lacked the Senate experience and personal relationships that can help a majority leader organize the disorganized Senate.

"I think he would be the first to tell you he is not a longtime politician or anyone with a long history in the Senate or Capitol Hill," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate. "As a result, I think it was a tough job, a hard assignment for him. Many times he struggled with the ebb and flow of business in the Senate. He had to learn on the job."

Mr. Frist was virtually a political novice when he won his Senate seat in 1994, and he noted in his Thursday speech, attended by most of the Senate, that when he arrived he could not even find the Senate's Russell Office Building. But he quickly gained a high profile as an up-and-comer, and in 2002 demonstrated his fund-raising ability as chairman of the Republican Senatorial Campaign Committee. In that role, he helped the party regain the Senate majority.

That new prominence led to Mr. Frist being selected as the majority leader in December 2002 when Senator Trent Lott of Mississippi was forced to step aside after making what many considered a racially insensitive remark at the 100th birthday party of Strom Thurmond. Mr. Frist had the support of the White House, strengthened by his work with Karl Rove in the 2002 elections. As time went by, though, the perception that he was too tightly aligned with the White House dogged him.

"I think it is very important that the majority leader work cooperatively with the White House, very important," said Senator Jeff Sessions, an Alabama Republican and Frist ally. "But perhaps we were tied too closely."

Mr. Frist said his first obligation was always to the Senate and that he was willing to clash with the administration both privately and publicly, as when he made a high-profile break from President Bush and supported expanded embryonic stem cell research.

"I have been very open and expressed my opinions many times at meetings," he said Thursday. "Sometimes my advice is heeded, such as on H.I.V.-AIDS funding, while on stem cells it was not."

After Republicans picked up more seats in 2004 — with Mr. Frist actively campaigning to defeat Senator Tom Daschle of South Dakota, who was then the Democratic leader — Mr. Frist set out to stop Democrats from filibustering Mr. Bush's conservative judicial nominees. Anticipating Supreme Court openings, Mr. Frist promised to execute what came to be known as the "nuclear option" by changing Senate rules to prohibit such tactics.

Democrats were incensed, saying Mr. Frist was destroying Senate traditions. Hoping to avoid a showdown, a bipartisan group of senators cut a side deal that allowed certain judges to move forward. The Senate later confirmed two Supreme Court justices nominated by Mr. Bush. Mr. Frist and fellow Republicans said the results proved his maneuver had been successful. "Because we acted, the sword of the filibuster was sheathed," he said this week.

But Democrats portrayed the threat of the nuclear option as evidence that Republicans were abusing their power, an argument that Democrats say helped them win back the Senate in November. "The American people knew that was beyond the pale," Mr. Reid said.

Though he has ruled out a 2008 presidential race, Mr. Frist said he doubted he was through with politics. And he said he hoped his decision to stick to his two-term commitment inspired successful people in other fields to consider politics. He said that some colleagues had urged him to rethink his self-imposed limits, but that he thought the Senate would be better served if more people had less focus on the next election.

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"We're moving toward a body that has too much of a two-year vision of governing for the next election rather than a body with a 20-year vision governing for the future," he told his colleagues. "I urge that we ask ourselves what it is that our forefathers envisioned. Is today's reality what they foresaw?"

Retiring Frist Bids Farewell To Senate (AP)

By Laurie Kellman

AP, December 8, 2006

Their farewell hug was awkward at best. When Democratic leader Harry Reid held open his arms to the man he battled and will replace, retiring Majority Leader Bill Frist, the Tennessee doctor hesitated before returning the embrace. Loosely. Frist, serving the last days of a self-imposed two-term limit, held the Senate itself at a bit of a distance during four years as majority leader. The Tennessee Republican made no secret of the fact that his first occupational love was heart transplant surgery and practicing medicine in general — fields in which he had already made a name before defeating Democratic Sen. Jim Sasser in 1994.

The partisan warfare and scheduling minutiae of the Senate's top job often exasperated Frist. He recently reported suffering what sounded like a case of burnout, and abandoned a nascent bid for president.

His farewell speech Thursday offered a glimpse of the questions Frist asked himself at weary moments during his tenure. He urged his colleagues to do the same.

"What is it really all about," this Senate service, Frist said. "Is about keeping the majority? Is it about red states versus blue? Is it about lobbing attacks in some way across the aisle? ... Is it about war rooms whose purpose is not to contrast ideas but to destroy?

"Or is it more?" Frist intoned to more than 40 Republicans and 20 Democrats in attendance.

Frist's Senate career bookended a Republican revolution. Never having run for office, the Harvard-trained doctor ousted Sasser as part of the storied class of 1994 and helped turn Democrats out of the congressional majority for the first time in 40 years.

In between, Frist rose from 100th in seniority to its top job when Sen. Trent Lott, R-Miss., was forced to step down as majority leader over remarks interpreted as supporting segregationist policies. Frist was elected to that post with the White House's blessing — and Lott's resentment.

But on Thursday, with Lott returning to GOP leadership as Republican whip and past bitter battles with Reid over judicial nominations, Frist and his colleagues bid pleasant and respectful farewells.

Sen. Edward Kennedy, D-Mass., admitted not trusting Frist at first, but came around to hold him in great regard. Reid saluted Frist's commitment to his family — wife, Karen, and sons Harrison and Bryan — who watched from the gallery.

Sen. Pete Domenici, R-N.M., an old Senate bull who admitted to calling Frist "Sen. First" in his early days, revealed that during private meetings Frist secretly also gave the older senator medical care.

So back to practicing medicine Frist will return when the 109th Congress concludes this week.

"You're not going to be some little country doctor, you're not even going to be a regular doctor. It'll be something bigger than that," Domenici predicted.

Panel May Be Near To Issue Foley Report (AP)

By Larry Margasak

AP, December 8, 2006

The House ethics committee could be close to finishing its report on ex-Rep. Mark Foley's improper conduct with former pages. Committee members would not comment on when they would issue their findings. Committee leaders said in early October the investigation would be finished in weeks, not months, and members have said privately they did not want to carry the matter over until next year.

The findings would have far greater impact if Republicans had retained control of Congress because questions were raised over the lack of strong action by Speaker Dennis Hastert, R-Ill., and his top aides.

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Foley, R-Fla., became overly friendly with male pages when they served as errand-runners for lawmakers and — after they left Congress — sent some of them inappropriate e-mails and lurid instant messages.

The committee has heard from dozens of witnesses, and was presented with several conflicts over when Hastert and his staff learned of Foley's conduct.

Hastert's aides could have learned of Foley's inappropriate e-mails as early as 2002 and as late as 2005, depending on who is recounting the events.

Hastert said his aides first learned in 2005 of questionable e-mails between Foley and a former page from Louisiana. Foley's former top aide said he told Hastert's chief of staff about the Florida lawmaker in 2002 or 2003.

Also, Majority Leader John Boehner, R-Ohio, and the House Republican campaign chief Tom Reynolds, R-N.Y., said they told Hastert about Foley's inappropriate behavior last spring. Hastert said he could not recall those conversations, and did not learn of Foley's conduct until late September when the whole matter became public.

Foley resigned from Congress on Sept. 29.

VA Mental Health Spending Is Faulted (WP/AP)

By Suzanne Gamboa

The Washington Post, December 8, 2006

The Department of Veterans Affairs did not spend all of the extra $300 million it budgeted to increase mental health services and failed to keep track of how some of the money was used, a government report says.

VA launched a plan in 2004 to improve its mental health services for veterans with post-traumatic stress disorder and substance-abuse problems. To fill gaps in services, the department added $100 million for mental health initiatives in 2005 and $200 million in 2006. That money was to be distributed to its regional networks of hospitals, medical centers and clinics for new services.

But VA fell short of the spending, by $12 million in 2005 and about $42 million in fiscal 2006, said the Government Accountability Office, the investigative arm of Congress.

It distributed $35 million in 2005 to its 21 health-care networks but did not inform the networks that the money was supposed to be used for mental health initiatives. In fiscal 2006, VA medical centers returned $46 million to headquarters because they couldn't spend it.

In addition, VA cannot determine to what extent about $112 million was spent on mental health services improvements or new services in 2006.

VA reported in September that more than a third of Iraq and Afghanistan veterans who sought medical treatment from the agency in the previous 18 months reported symptoms of stress or other mental disorders.

Longer and multiple deployments, unpredictable daily attacks and roadside bombings, and efforts to reduce the stigma of post-traumatic stress disorder have been cited as reasons for the increased reports.

VA said at the time that it had increased funding for mental health services and hired 100 more counselors and thus was not overwhelmed by the rising demand.

Agency spokesman Matt Burns said in a statement that the GAO looked at the agency's Mental Health Strategic Plan as an accounting exercise. "In contrast, VA's emphasis has been on building mental health care capacity and high quality programs to support and treat veterans. VA expends resources for programs that meet these criteria," Burns said.

He said VA has taken steps to make sure mental health money is used for its intended purpose.

The money is only a portion of what VA spends on mental health; it planned to spend about $2 billion on mental health services in fiscal 2006. But the additional spending from existing funds was trumpeted by the agency as a way to eliminate gaps in mental health services now and those that would be needed in the future.

"While we are at war, we do have to make sure we spend the resources that are allocated for our veterans," said Rep. Michael Michaud of Maine, the ranking Democrat on the House Veterans Affairs health subcommittee.

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He said he thinks VA is overwhelmed. Along with the increased reports of mental stress from Iraq and Afghanistan veterans, Vietnam veterans are experiencing flashbacks and recurrences of combat stress problems because of the ongoing wars, he said.

Democrats have said that when they take over Congress next year, they want to increase funding for veterans' health care, in particular mental health counseling for returning Iraq and Afghanistan vets. They also have said they want to increase the department's oversight and get detailed budget accounting from VA.

Costly Fleet Update Falters (WP)

By Renae Merle And Spencer S. Hsu

The Washington Post, December 8, 2006

A multibillion-dollar effort to modernize the Coast Guard's fleet has suffered delays, cost increases, design flaws and, most recently, the idling of eight 123-foot patrol boats that were found to be not seaworthy after an $88 million refurbishment.

The sidelining of eight of 10 Miami-based cutters worsens a patrol-boat crisis while the Coast Guard is preparing for an exodus of Cubans that could happen when dictator Fidel Castro is no longer in power, Coast Guard leaders acknowledge.

More broadly, congressional critics warn that early mistakes in the 25-year modernization program, called Deepwater -- the Coast Guard's largest contract ever -- are hobbling the service's transformation into a front-line homeland security force.

With the failure of the retrofitting program, eight of 49 boats in the service's workhorse fleet of Island-class patrol boats are out of action. Coast Guard leaders reported last year that only 25 percent of the aging cutters were fully "mission capable," because of maintenance problems and deployment of some boats to Iraq. In reports submitted to Congress, the Coast Guard projected that the fleet would be able to log about 80 percent of its targeted 98,200 operational hours a year.

Meanwhile, a Coast Guard plan to fill the gap by accelerating development of its next-generation cutter by 10 years has stalled because of technical problems.

House members tried to cut $121 million of the $1.1 billion appropriated this year for the $24 billion Deepwater modernization program, but the attempt was defeated by the program's defenders in the Senate. Citing plans for some of the replacement cutters to be built in Mississippi, critics said some decision making was influenced by Coast Guard attempts to curry favor with Mississippi GOP senators Thad Cochran, chairman of the Appropriations Committee, and Trent Lott, the incoming minority leader.

The program's failures are spelled out in a series of Government Accountability Office and Department of Homeland Security inspector general's reports and in congressional testimony, which point to the leeway given to the program's contractors, Lockheed Martin Corp. and Northrop Grumman Corp. Through their joint venture, Integrated Coast Guard Systems, the companies declined to comment, referring all questions to the Coast Guard.

But congressional critics are also raising fresh complaints of rising costs and failed ships in one of the largest national security contracts awarded after the Sept. 11, 2001, terrorist attacks.

"Deepwater is a mess. Over the last five years the Coast Guard procurement has been riddled with problems," said Rep. David W. Obey (D-Wis.), incoming chairman of the House Appropriations Committee. "Coast Guard needs to put in place a plan to fix this problem immediately."

"The big problem here is the boat doesn't work," said Sen. Judd Gregg (R-N.H.), outgoing chairman of the Senate Appropriations subcommittee on homeland security. "The people who manufactured these boats are going to have responsibility for their failure. . . . Someone's got to figure out who's responsible."

The Coast Guard has taken criticism of the program seriously and made significant improvements in the past few years, said Rear Adm. Gary Blore, head of the modernization program, which also includes Coast Guard aircraft. For example, the project that led to the sidelined patrol boats was approved without an independent review, which he said would not happen today.

"There is never a good time to not have enough patrol boats," Blore said. "I just regret that we haven't delivered an asset from when those management reforms were put in place."

Deepwater, awarded in 2002 and modified in 2005, lays out an ambitious plan to modernize and greatly expand the Coast Guard's aging fleet of ships, planes and helicopters, equipping the fleet with more modern technology in the process. The aim is

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to carry out expanded homeland security missions, including offshore patrols, port protection, and vessel boarding and escorting duties, which the Coast Guard said will consume 68,500 operational hours a year for its Island cutters. In that time, Deepwater's cost grew from $17 billion to $24 billion.

The first problems appeared in 2004, when the patrol boat Matagorda was fleeing Hurricane Ivan off the coast of Florida. The Island-class ship had just undergone an $11 million upgrade that included extending its hull from 110 feet to 123 feet. Adm. Thomas H. Collins, then commandant of the Coast Guard, called it the "leading symbol of our service's transformation."

Soon after the hurricane, the Coast Guard found a six-inch crack in the ship's deck and buckling in its hull.

The Coast Guard abandoned plans to overhaul all 49 of its 110-foot boats. In 2005, the eight ships already converted were put on restrictive duty that prohibited them from operating in seas higher than eight feet.

Last month, the Coast Guard found new structural problems beneath the main engines of some ships -- a safety risk. All eight boats were pulled out of commission. Officials said they are now figuring out how to fix them, acknowledging that it will probably require more money.

To make matters worse, the proposed replacement ships for those cutters have also run into technical problems.

The 140-foot Fast Response Cutter is meant to be speedier and tougher than its predecessor, capable of operating in higher seas and for longer periods, and resupplying less often. Responding to a Coast Guard demand to fast-track up to 58 new cutters, contractors proposed a hull design using composite materials instead of steel, which they said would weigh less and be cheaper in the long run. The Coast Guard approved the approach despite having never used such material, a Coast Guard spokesman said.

But, according to a GAO report, concern soon emerged within the service about the form and design of the hull, which was to be built at a Gulfport, Miss., shipyard owned by Northrop Grumman's Ship Systems of Pascagoula, Miss. By February 2006, those concerns had been confirmed by an independent review, and the Coast Guard suspended work on the $3 billion program after spending $25 million.

The Coast Guard is now looking for another stopgap measure, perhaps even ordering an existing ship that would be deployed by 2010, agency officials said.

House Democrats have discussed exerting more control over Deepwater projects. But Gregg said the answer is more money to accelerate Deepwater, not less. "My view is, we're going to spend what it takes to get the nation up to speed," he said.

The program's problems have been compounded by the Coast Guard's hands-off management. The primary contractors, Bethesda-based Lockheed and Northrop Grumman of Los Angeles, have been given unusual authority to run the program through Integrated Coast Guard Systems, according to several government reports. The companies make many of the important decisions, including which ships and aircraft are needed and which subcontractors will design and build them, according to GAO and inspector general reports.

In August, the Homeland Security inspector general reported that the companies had not consistently followed information-technology testing procedures and that the Coast Guard had "limited influence" over some contractor decisions.

One contracting official told the inspector general that the Coast Guard, because of personnel shortages, struggles to review documents within the 30 days the contractors allow. By the time it reviews the documents, the companies may have moved ahead with their plans, leaving the agency to accept the work or try to change it at additional cost, the report said.

The Coast Guard said it is on a "learning curve."

"We continue to make the contract more rigorous," said Mary Elder, the Coast Guard's spokeswoman for the program. "The contractor is learning lessons, as are we, about how best to interact with each other."

Time To Party In The Capital. Just Bring The Checkbook. (NYT)

By Robert Pear

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — Lights glowed late in the Capitol dome on Wednesday night, indicating that the House and the Senate were in session. But the real action was taking place elsewhere on Capitol Hill, in wine bars, restaurants and town houses where lobbyists paid for the opportunity to meet and greet lawmakers.

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Some politicians had just won election, or re-election, and needed to pay off campaign debts. Others were raising money for 2008, hoping that a fat campaign war chest would discourage serious challengers.

The Sonoma wine bar was particularly popular. No sooner had lobbyists left a reception there for Representative Rahm Emanuel of Illinois, newly elected chairman of the House Democratic Caucus, than another platoon of them arrived at the same place to pay tribute to Representative Eric Cantor of Virginia, chief deputy whip for House Republicans.

Within a period of 12 hours, Mr. Cantor held two fund-raisers in one block of Pennsylvania Avenue SE. For contributions of $2,500, lobbyists had coffee with him in a private room at Starbucks from 8:30 to 9:30 a.m. For donations of $250 to $1,000, they attended his "holidazzle" party at the wine bar from 6 to 8 p.m.

Representative Nancy Pelosi of California, who is to become speaker of the House, has promised new lobbying and ethics rules to end "the culture of corruption" that she says has infected Congress under Republican control. But lobbyists attending fund-raisers this week said they did not expect radical changes.

"There will be some changes on the margins that will be relatively short-lived," said Erick R. Gustafson, a vice president of the Mortgage Bankers Association.

Of the effort to purge politics of special-interest money and influence, Mr. Gustafson said: "It's like trying to keep water out of your basement. It's a structural problem. You may find a temporary solution, but the water will find a way in. Influence is like water. Money is just a means of influence."

Many lobbyists stopped by three or four events on Wednesday evening. At a fund-raiser for Democrats newly elected to the House, Portia Reddick White, a lobbyist for the Transport Workers Union, said: "There's a mood of euphoria, of excitement here. We sense that change is coming, that Congress might actually do something on a bipartisan basis for the working people of America."

Dan Glickman, formerly a Democratic congressman from Kansas and now chairman of the Motion Picture Association of America, hobnobbed with Representative-elect Paul W. Hodes, Democrat of New Hampshire, who is an entertainment lawyer, songwriter and champion of the arts. Mr. Hodes said the event would help him retire his campaign debt, which he estimated at $100,000.

Friends of Representative Charles B. Rangel — blacks and whites, Democrats and Republicans, bankers, insurers and health care advocates — gathered in a nearby town house to hear what he plans to do next year as chairman of the House Ways and Means Committee.

"We really don't believe that voters suddenly fell in love with the Democrats," Mr. Rangel said in his gravelly voice. Rather, he said, the voters want change and bipartisan cooperation, and he hopes to meet that demand by working with Republican members of Congress and the Bush administration on taxes, trade and health legislation.

The contributors to Mr. Rangel included Norman F. Lent, a Republican lobbyist whose official-looking business card notes that he was a member of Congress from 1971 to 1993. Mr. Lent, who used to represent residents of Nassau County, N.Y., now represents Pfizer, Chevron and Texaco, among other companies.

Mr. Lent said the payoff scandal surrounding the lobbyist Jack Abramoff had made life more difficult for honest lobbyists like himself.

"We have all been tainted by this Abramoff," he said, noting with some irritation that former members of Congress were no longer allowed to use the House gymnasium if they were registered lobbyists.

Such concerns did not dampen the festive atmosphere at the Charlie Palmer steakhouse, where lobbyists held "a special birthday reception in honor of Senator Max Baucus," Democrat of Montana.

Mr. Baucus turns 65 next week, becomes chairman of the Senate Finance Committee next month and is up for re-election in 2008.

He knew what he wanted for his birthday. The invitation requested contributions of $1,000 from individuals, $2,500 from political action committees and $5,000 from big donors willing to sponsor the reception.

John D. Raffaelli, a veteran tax lobbyist, said: "Any member of Congress up for re-election in 2008 wants to be able to file a good financial report for the end of this year. Max's goal is to bring his revenue numbers up, to discourage challengers in 2008."

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Campaign contributors who missed the birthday party will have opportunities to show their support next year. The senator has invited them to spend weekends with him in Big Sky, Mont. — skiing in February, fly fishing and golfing in June, horseback riding and hiking in August.

Bob Corker, a Tennessee Republican newly elected to the Senate, has clearly learned the ways of Washington already. On Wednesday, he held two fund-raisers — a "debt retirement lunch" and, in the evening, a "debt retirement reception" — to pay campaign debts totaling nearly $1.9 million. He was requesting contributions of $1,000 to $5,000.

The feverish fund-raising pace continued on Thursday, with events for two Democrats up for re-election in 2008, Senators Mary L. Landrieu of Louisiana and Tim Johnson of South Dakota.

Surveying the week's activities, Frederick H. Graefe, a veteran health care lobbyist with friends on both sides of the aisle, said, "There is no free event with the Democrats or the Republicans."

Bush Names 10 Recipients Of Top Honor For Civilians (NYT/AP)

By The Associated Press

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 (AP) — President Bush on Thursday announced this year's recipients of the Presidential Medal of Freedom, the nation's highest civilian award.

These people will be honored at a White House ceremony on Dec. 15:

¶Ruth Johnson Colvin, a literacy advocate who has traveled the world to help people learn reading and language skills.

¶Norman C. Francis, the president of Xavier University of Louisiana for nearly 40 years. He has also played a lead role in helping the people of the Gulf Coast recover from Hurricane Katrina.

¶Paul Johnson, a historian and journalist who is being honored for writings that have "captivated and educated people around the world."

¶B. B. King, the singer and guitarist who is considered the King of Blues and an American legend.

¶Joshua Lederberg, a Nobel Prize winner for his work in bacterial genetics. He has also helped develop advanced computer technology, worked with the National Aeronautics and Space Administration in the search for life on Mars, and been a scientific adviser to national policy makers.

¶David McCullough, the author and historian who is considered a foremost expert on the American presidency.

¶Norman Y. Mineta, the former transportation secretary; appointed to that job by President Bush. He also served as a mayor, as a congressman and as President Bill Clinton's commerce secretary.

¶Buck O'Neil, a former professional baseball player in the Negro Leagues. Mr. O'Neil, who died this year, was the first black coach in Major League Baseball and a co-founder of the Negro Leagues Baseball Museum.

¶William Safire, the writer and commentator, whose "On Language" column appears in The New York Times Magazine, is being honored for polishing the nation's language and elevating the debates of the day.

¶Natan Sharansky, a former prisoner of the Soviet regime, punished for advancing religious liberty and human rights. He had previously been invited to the White House by Mr. Bush to discuss his book, "The Case for Democracy: The Power of Freedom to Overcome Tyranny and Terror."

The Medal of Freedom was established by President Harry S. Truman in 1945 to recognize civilians for their efforts during World War II. The award was reinstated by President John F. Kennedy in 1963 to honor distinguished service.

Bush Lights National Christmas Tree (AP)

By Ben Feller

AP, December 8, 2006

In traditional fashion, President Bush presided over the lighting of the national Christmas tree Thursday by asking the country to remember and honor its troops.

"Many of those who have answered the call of duty will spend this Christmas season far from home and separated from family," Bush said to a crowd gathered just south of the White House on a frigid night.

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"We honor their sacrifice," the president said. "We are proud of their service and that of their families. We will keep them close to our hearts and in our prayers."

With that, Bush led a short countdown as thousands of people rose to their feet on the Ellipse. The crowd roared when the 42-foot blue spruce came alive in color — reds, blues, greens, and a golden star on top.

The president and first lady Laura Bush then joined Santa Claus, a children's choir and other entertainers for a rendition of "Jingle Bells" as the hourlong program came to end. The scene drew members of the Cabinet and Congress, along with invited guests of the White House and plenty of school-age children with parents.

Every president has presided over the tree lighting since Calvin Coolidge in 1923.

The ceremony starts the "Christmas Pageant of Peace." Each night through Jan. 1, the national Christmas tree will be lit from dusk until 11:00 p.m, with musical entertainment Dec. 9-23.

There is no shortage of Christmas pageantry inside the White House, either.

In the Blue Room, the White House Christmas tree is an 18-foot Douglas fir, adorned with glass ornaments, red satin bows and cotton snow.

Ten-foot-tall Nutcrackers stand at the entrance to the East Wing. Ribbons, garland and wreaths are everywhere. At the end of the ground floor corridor, there are even ivy topiaries shaped like the pets of the president and the first lady — Scottish terriers Barney and Miss Beazley, and the first cat, Willie.

Roughly 45,000 people will tour the White House during the holidays.

For those invited to a series of private parties hosted by the Bushes, the catering demands add up. The White House expects to go through 2,100 pounds of sweet potatoes, 4,000 pounds of shrimp, 4,000 pounds of crab claws, plus 100 cases of asparagus, 15,000 chocolate truffles and 20,000 cookies.

The Last Gasp Of A Smoke-Filled Room? (WP)

By Lyndsey Layton

The Washington Post, December 8, 2006

When the District goes smoke-free Jan. 2, at least one nicotine haven will remain: the U.S. Capitol. Lawmakers, several of whom enjoy a good cigar, have exempted themselves from the city's smoking ban, not to mention rules that forbid lighting up in federal buildings across the country.

But winds of change may be blowing on the Hill.

Rep. Nancy Pelosi, the Democrat from smoke-free California and the next speaker of the House, is thinking of banishing tobacco from the most popular smoking spot in the building: the Speaker's Lobby outside the House chamber. "I'm not an advocate of smoking," Pelosi said yesterday, adding that she hadn't yet decided on a ban. "I think it's dangerous to your health."

Smoking is permitted in lawmakers' offices, in two cafeterias in the House and Senate buildings and in an unmarked, cramped room in the basement of the U.S. Capitol.

But the Speaker's Lobby, the ornate space dotted with fireplaces and chandeliers, is the real smoke-filled room, the biggest and most visible space where smokers gather. The lobby, where lawmakers relax between votes and debates, is blue with smoke most days. You can smell it from the approaching hallways. Cigarette smokers claim the leather wing chairs during the day, filling the ashtrays with butts. At night, the cigar smokers take over. A smoky film clings to an oversize mirror.

"I can't breathe when I step in there," said Rep. Henry A. Waxman (D-Calif.), who has been a lonely scold against smoking for years, trying to get the Republican leaders to stamp out tobacco.

But his efforts went up in smoke.

As many as 25 percent of House members smoke, and one of the heaviest smokers is Majority Leader John A. Boehner (R-Ohio), who frequently emerges from the House floor and heads straight to the Speaker's Lobby to consume his favorite brand, Barclay. Yesterday, when he stepped out of the chamber, he gestured to an approaching reporter that he needed a moment before talking. He made a beeline for the southwest corner of the room, pulled a cigarette from his breast pocket, lit it and inhaled deeply.

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"When Boehner ascended, we figured it was hopeless," said Angela Bradbery, co-founder of Smokefree DC, which successfully lobbied for the city's smoking ban and had considered trying to direct the same effort toward Congress.

"It just seemed like too big a hill to climb," she said. "It's always amazing to me that Congress makes up the laws and rules for itself. It kind of smacks of arrogance that they don't have to abide by laws in the city in which they're working. When you walk by the cafeteria and you see people smoking, it's like a throwback to the 1950s."

Waxman says Pelosi's rise to power means the match has been lit. "When the Democrats take over, I expect this to change," he said. "She understands the consequences of secondhand smoke and she's coming from California."

Still, the situation is hazy.

Aides say Pelosi detests smoking but doesn't want to burn the Blue Dog Democrats, or conservative members of her party -- several of whom are cigar smokers but none of whom wanted to publicly stand up for smoking. "I don't really smoke," said Rep. Ben Chandler, a Democrat from the tobacco state of Kentucky, as he blew smoke rings from a cigar in the Speaker's Lobby earlier this week.

Some Republicans are privately fuming, although none wanted to admit so publicly and most asserted they can live with the change.

"Most people are resigned to the reality that there are fewer and fewer places to do this," said Rep. Thaddeus McCotter (R-Mich.), who smokes one to two packs of cigarettes a day. "Behind every smoker is one who wishes they never started. The problem in this town is if you drop one vice, you'll get a worse one."

'Shameful, Sad And Worse' (WP)

The Washington Post, December 8, 2006

DON'T BELIEVE for a second the excuse that a lack of time doomed the chances for legislation giving voting rights in the House of Representatives to the District of Columbia. Or that the decision was put off because of worries that a D.C. voting seat would not pass constitutional muster. At this point, the only plausible explanation for the demise of the bill is that Republican leaders in Congress and the White House oppose democracy for anyone who happens to live in the nation's capital.

President Bush sat on his hands as House GOP leaders spurned a valiant effort by Rep. Thomas M. Davis III (R-Va.) to get a floor vote on the issue. Never mind four years of careful negotiation; never mind broad bipartisan support. Never mind, for that matter, that it is only fair to give all citizens, no matter their addresses, a say in their government. "Shameful, sad and worse" is the way former Republican congressman Jack Kemp, a longtime advocate of D.C. voting rights, characterized the bill's death at the hands of his party.

Republican leaders in Utah, believing they had an understanding with their national counterparts, had rushed to hold a special session to adopt a congressional map carving out a new seat for Utah that was key to the bill. The beauty of the compromise crafted by Mr. Davis and Eleanor Holmes Norton, the city's Democratic nonvoting delegate to the House, was that party politics was taken out of the equation, as two new seats would have been added to Congress -- one for the mostly Democratic District and one for predominantly Republican Utah.

The people of the District will get another chance in January when Congress convenes under Democratic control. Mr. Davis has promised that the bill will be reintroduced. Incoming House speaker Nancy Pelosi (Calif.) and majority whip Steny H. Hoyer (Md.) should commit to an early vote; there's no need for more hearings. They should make clear that they won't countenance any talk of stripping Utah of its seat, which would kill the deal.

D.C. citizens pay federal taxes. The District's young men and women go off to the Middle East to fight for a democracy they are denied at home. Republican leaders blew a perfect opportunity to remedy this disenfranchisement. Many Americans, and not just those in the District, will be watching to see whether the next Congress can do better.

Watergate Reform, R.I.P. (NYT)

The New York Times, December 8, 2006

The table stakes for the next presidential campaign are now estimated by the reigning consultant-croupiers of politics at $100 million for openers. That sad fact suggests that the 2008 contest will likely go down in history for seeing to the effective

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demise of one of the most encouraging post-Watergate reforms, the creative use of public financing as an alternative to big-money donors.

Public financing had worked well for decades, inviting fresh arrays of candidates. But it was left half-dead in 2004 when President Bush and Senator John Kerry declined the $44 million subsidy for the presidential primaries. This freed them to raise more than $200 million each in private, unlimited money. They did opt for public subsidies in the general election, accepting $74 million each as the spending limit. But that formula is expected to be extinct in 2008 as the finalists wage a far more expensive campaign — one that could hit $1 billion.

The breakdown of the public system need not have happened if Congress had acted to update the formula to keep pace with campaign inflation. Larger spending limits and subsidies are needed, along with a more generous checkoff donation than the current $3 per taxpayer.

A strong repair bill is in the works, along with proposals to re-educate taxpayers about the sleaze-free bargain of public financing. The bill is too late for the '08 campaign, but the new Democratic majority in Congress has a good opportunity to rescue the formula for 2012. Otherwise the nation will slip back toward the Watergate era's politics for sale.

Why The Achievement Gap Persists (NYT)

The New York Times, December 8, 2006

The No Child Left Behind education act, which requires the states to close the achievement gap between rich and poor students in exchange for federal aid, has been under heavy fire since it was passed five years ago. Critics, some of whom never wanted accountability in the first place, have ratcheted up their attacks in anticipation of Congressional hearings and a reauthorization process that could get under way soon after the new Congress convenes in January.

Those critics were empowered by a spate of recent studies showing that the nation has made slight overall progress in closing the achievement gap since the law went into effect. (A handful, including New York and New Jersey, are said to have made moderate progress.) The data has been seized upon as evidence that Congress set the bar too high.

Generally, the opponents do not argue that impoverished children can never be educated up to the same standards as the wealthy. They simply say it will take much longer than the law permits. In the world of education reform, where ambitious programs generally last only as long as it takes for the schools to fail to meet the first target, endless deferral of deadlines would be a death knell for No Child Left Behind.

And the country can't afford that. Unless we improve schools — especially for minority children who will make up the work force of the future — we will fall behind our competitors abroad who are doing a better job of educating the next generation.

It's impossible to brand No Child Left Behind as a failure, because its agenda has never been carried out. The law was supposed to remake schools that serve poor and minority students by breaking with the age-old practice of staffing those schools with poorly trained and poorly educated teachers. States were supposed to provide students with highly qualified teachers in all core courses by the beginning of the current academic year. That didn't happen.

The country would be much further down the road toward complying with No Child Left Behind if the Department of Education had given the states clear direction and the technical assistance they needed. Instead, the department simply ignored the provision until recently and allowed states to behave as though the teacher quality problem did not exist. Thanks to this approach, the country must now start from scratch on what is far and away the most crucial provision of the law.

Getting up to speed will not be easy. Most states lack even the most basic systems for overseeing teacher training and the teacher assignment process. Worse still, the practice of dumping poorly qualified teachers into the schools that serve the poorest, neediest children has become second nature in many places.

The battle for teacher quality is just getting under way. The country can either win that battle or watch its fortunes fade as the national work force becomes less and less competitive. Given what's at stake, the teacher quality provision of No Child Left Behind deserves to be at the very top of the list when Congress revisits the law.

OTHER NEWS:

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Housing Slump Whittles Equity; Stocks Lift Assets (WSJ)

By Christopher Conkey

The Wall Street Journal, December 8, 2006

WASHINGTON -- The housing slump is slightly eroding a key driver of consumer spending, but stock-market gains are boosting the average household's net worth, new Federal Reserve data show.

Homeowners had $10.9 trillion in equity stored up in their properties at the end of the third quarter, an amount that was essentially flat compared with the previous quarter and down from a nearly 3% rate of growth during the same period last year, the Fed said. Home equity -- the difference between a home's value and the amount owed on its mortgage -- fell to 53.6% of the value of household real estate, down from 54% in the second quarter and 54.6% a year ago.

Steady home-price appreciation in recent years swelled the amount of equity built up in houses, and consumers tapped it to finance home improvements, college educations and other purchases. But the data from the Fed's "flow of funds" report suggest the housing market's slump has whittled away the growth of home equity.

So far, the impact on consumer spending has been modest. But many economists worry that further weakness in the housing market, particularly if it leads to an outright drop in house prices, could shrink home equity and lead consumers to pull back in the months ahead.

There are bright spots, though. The competitive labor market is boosting wages, and the stock market has produced big gains for many investors so far this year. After declining slightly in the second quarter, the value of household financial assets rose nearly 2% in the third quarter to $40.5 trillion, the Fed said. That combination helped lift household net worth, which was flat in the second quarter, by 1.5% in the third quarter to $54.06 trillion.

It looks like households are still in pretty good shape," said Robert Mellman, senior economist at J.P. Morgan Chase & Co. "The fundamentals for consumer spending are really quite good."

That may be true, but they also appear to be turning cautious. In a separate report yesterday, the Fed said consumer borrowing decreased by 0.6% in October, the largest monthly drop in 14 years. "In the grand scheme of things, households are stepping back a bit and being more conservative," said Daniel Jester, an economist at Moody's Economy.com.

Meanwhile, the Labor Department said the number of people filing initial claims for unemployment insurance fell by 34,000 last week to 324,000. Economists said the big weekly drop was because of seasonal factors surrounding the Thanksgiving holiday, which may have artificially boosted jobless claims last week. Over the past four weeks, claims have averaged 328,750, a level suggesting moderate growth in the job market. The Labor Department will release figures for November job growth today.

Dow Eases 30.84 As Investors Await New Economic Signals From Jobs Data (WSJ)

By Peter A. Mckay

The Wall Street Journal, December 8, 2006

Stocks slipped for a second straight day as investors continued to fret -- and disagree -- over where the U.S. economy is headed.

Many held off on placing big bets ahead of the release of jobs data due out today. The result was another lackluster finish for key stock-market measures, punctuated by moves reflecting news that affected a few big-name companies.

The Dow Jones Industrial Average rose more than 50 points in the first half hour of trading, briefly crossing its Nov. 17 record close. But by the end of the day, the blue-chip average was down 30.84 points, or 0.3%, at 12278.41 points, up 15% on the year and 64.15 points away from the record set last month.

Shares in Home Depot, a Dow component, tumbled 2.5% after it disclosed late Wednesday that it had backdated executives' stock options, making the home-improvement giant one of the largest firms to have admitted engaging in the controversial practice.

Throughout the day, the Dow fluctuated in the opposite direction of crude oil, which opened lower but finished up to snap a three-day losing streak. The stock market often moves inversely to oil prices because higher energy costs can sap consumers' purchasing power, threatening corporate profits.

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Concerns about supply from the Organization of Petroleum Exporting Countries pushed crude futures for January delivery up 30 cents, or 0.5% on the day, to $62.49 a barrel, at the New York Mercantile Exchange.

The oil rise stopped a three-day losing streak for the commodity. Despite its 2.4% gain for the year, crude is now off 19% from its Nymex record close on July 14.

Dow component Boeing slipped nearly 1% on concerns about oil prices.

The broad Standard & Poor's 500-stock index fell 0.4%, or 5.61 points, to 1407.29, up 12.7% on the year. The technology-stock-heavy Nasdaq Composite Index fell 0.7%, or 18.17 points, to 2427.69, up 10.1% on the year.

The market's focus today will be on monthly data from the Labor Department due out at 8:30 a.m. Eastern time. Wall Street is expecting to see that nonfarm payrolls grew by 110,000 jobs in November, with the unemployment rate rising to 4.5% from 4.4% in October.

Between the lines, individual investors and the professionals examining such data lately have been trying to figure out what the Federal Reserve might do next regarding interest rates, and when.

Many believe the situation became murkier last week, after Fed Chairman Ben Bernanke signaled a rate increase to keep inflation in check was still possible in the months ahead. But fresh manufacturing data then signaled the economy is slowing so much, the Fed might be prompted to cut rates.

"The year we're coming into is as uncertain as we've had in a while," said strategist Douglas Peta, of the investment-management firm J. & W. Seligman & Co. "It does look like we're coming into an inflection point for the economy."

Outside the U.S., stocks rose in dollar terms, including new records in India, Mexico and Canada. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.27%, or 0.64 point, to 239.67.

In major U.S. market action:

Stocks dropped1 and bonds declined2. The 10-year note fell 2/32 point, or 62.5 cents for each $1,000 invested, pushing the yield up to 4.491%. The 30-year bond fell 6/32 to yield 4.607%.

The dollar rose3, to 115.25 yen, compared with 115.23, as the euro fell to $1.3286, from $1.3287.

Markets Sink As Economic Report Looms (USAT)

USA Today, December 8, 2006

NEW YORK — Stocks sagged Thursday as traders anxiously waited to see what today's November jobs report might reveal about the health of the overall economy.

The Dow Jones industrial average fell 30.84 points, or 0.3%, to 12,278.41. The Standard & Poor's 500 index was down 5.61 points, or 0.4%, at 1407.29. The Nasdaq composite index fell 18.17 points, or 0.7%, to 2427.69.

Thursday's action was all about the economic news today and beyond. The skittishness came despite upbeat news from the Labor Department, which said, as expected, that the number of newly laid-off workers seeking unemployment benefits fell last week by the largest amount in six months.

"The economy is at a very tenuous place, and we're getting very important news in the next 10 days, starting with the jobs report," says Richard Williams, director of equity research at interdealer broker ICAP in New York.

Today, the Labor Department will report on November employment, which could give some clues about the economy's strength. Economists believe that the report will show a moderate gain of 105,000 workers, slightly better than the 92,000 jobs added in October, and that the unemployment rate, which fell to a five-year low of 4.4% in October, will edge up slightly to 4.5%.

Highlights:

Sirius Satellite Radio gained 5 cents to $3.88, and XM Satellite Radio Holdings gained 11 cents to $14.81. Sirius' chief financial officer on Wednesday said a merger with larger rival XM would "be in the interests of shareholders." Sirius and XM are the two worst-performing stocks in the Nasdaq 100 index this year.

•Vanda Pharmaceuticals surged $10.65, or 69%, to $26.15 and was the biggest gainer on the Nasdaq. Vanda said its schizophrenia treatment was effective in a late-stage clinical trial.

•Sabine Royalty Trust slid $5.03, or 10%, to $45.97. Citigroup downgraded the trust, which has rights to the profits on oil produced by Sabine, to "sell" from "hold."

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•Keystone Automotive skidded $8.21, or 21%, to $30.55 after an administrative law judge issued a preliminary ruling that Keystone, which distributes parts to collision repair shops, had infringed on seven patents related to the Ford F-150 truck.

•Cree lost $2.72, or 13%, to $18.39. The maker of light-emitting diodes lowered its second-quarter guidance due to lower sales of LED chip products.

Election Controversy Hits Florida, Again (CSM)

By Amy Green And Ben Arnoldy

The Christian Science Monitor, December 8, 2006

SARASOTA, FLA.; AND BOSTON

The Sunshine State is once again the scene of a messy election controversy, and residents of Sarasota, an affluent beachside community, aren't the least bit amused.

More than a month after polls closed, the certified loser for the congressional seat is refusing to concede, given an extraordinary wave of ballots with no vote cast in that race and a margin of victory as skimpy as a bikini.

But determining just what went wrong, if anything, has proved difficult given the voting machines involved: touch-screen computers with no printout for voters to confirm. The problems roiling Florida's 13th Congressional District may be one reason that a federal advisory board on Tuesday recommended that the next generation of electronic voting machines be "software independent." In essence, that means creating an independent auditing trail.

Thus, six years after a messy presidential election forced Florida and many states to spend millions of dollars to bring in electronic voting systems, an influential elections panel is urging better-designed systems that may bring back an element of paper. The recommendations will inform new guidelines drawn up in 2007 by the Elections Assistance Commission, of which the panel is a part. Nearly 40 states require that their voting systems meet those guidelines.

"What needs to be figured out [now] is what can we cobble together for a medium-term solution that is not too expensive," says Steven Hertzberg of the Election Science Institute, an election research group based in San Francisco. Then, "we need to innovate in this industry."

So far in Florida's 13th District, there's no evidence that the machines malfunctioned. Sarasota County has already done a machine and a manual recount. Neither significantly budged Republican Vern Buchanan's 369-vote lead over Democrat Christine Jennings. The Sarasota Herald-Tribune has also reviewed every ballot cast.

But suspicions remain because 18,000 ballots, or 13 percent of the votes cast, recorded no votes in the congressional race.

"It's a huge embarrassment," says Ron Basescu, a local resident who had trouble voting. After filling out his ballot on the county's touch-screen machines, which were installed in 2002, a review screen showed that he had either skipped the congressional race or his vote was not recorded. He went back and filled it in. The same thing happened to his wife. Now, he's not sure if their votes really counted.

"If 18,000 people don't cast a [complete] ballot, there must be something wrong," he says. "There should be a revote."

In the manual recount, officials printed out the records of each vote cast, says county elections supervisor Kathy Dent. Undervotes were found in all county precincts, she adds.

But the paper trail is suspect because it's not independent of the software. So if the computer system malfunctioned, this paper trail might have an error, and the voter is no longer there to catch it.

The state has tested for any problems 10 computers, five of which were used in the election. Officials are also testing the software to make sure it is identical to the program certified by the state. Once these tests are finished, the state should be able to say with certainty if the computers malfunctioned, Ms. Dent says.

But some election experts disagree. A comprehensive testing regime would be too complicated to be done quickly, says Mr. Hertzberg, and even then, testers may never know.

"The entire result is 100 percent reliant on the software itself, and there's no way to validate the vote total," he says. The bottom line: "You can't trust the result."

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Last week, the National Institute of Standards and Technology came to the same conclusion about all electronic voting machines that do not have an independent voter-verified audit trail. Officials ultimately must trust that the software has remained error-free. "Verifying that this is the case is so complex as to be infeasible; current testing methods could not guarantee this," the report said.

Ken Fields, a spokesman for Election Systems & Software, the company that makes the machines used in Sarasota, says computer malfunctions can be ruled out through testing. The machines "have been proven time and time again to accurately record votes," he says.

The equipment has safeguards, including two different digital records of the votes that can be compared. Voters are also given a chance on-screen to verify their selections.

However, Mr. Fields says, "the security and accuracy of an election depend not only on the equipment, but on the processes used" by the jurisdictions.

In its review, the Sarasota Herald-Tribune reported Tuesday that it found only one significant pattern in the undervotes: A disproportionate number came from straight-ticket voters in both parties. The report surmises that such voters were probably moving quickly through the ballot and, because of poor ballot design, missed the House race. The newspaper notes that the undervote distributions suggest no computer problems, but "machine error can't be completely ruled out."

Some voters will probably use the same touch-screen machines in 2008 and beyond. Election officials are wary of current paper-trail systems on the market because printers have been known to jam, printed records can be difficult to interpret, and few voters actually look at the printouts, says Doug Lewis, executive director of the National Association of State Election Directors.

Voters in Sarasota, however, decided last month to replace their touch screens with optical scanners, an electronic system that counts paper ballots.

But there's still this year's House race to sort out. The losing candidate, Ms. Jennings, is contesting the election in the hopes of getting a judge to order another. The case is scheduled for Dec. 15. Jennings could also appeal to the House for a new election.

Some residents feel that Jennings's efforts are just prolonging a bitter race. "It was a very nasty campaign," says Ruth Bellaire, a retiree. "I think a lot of people didn't want to vote, to tell the truth."

Longtime Lawmaker, Under Cloud, Fights To Stay On (NYT)

By Adam Nossiter

The New York Times, December 8, 2006

NEW ORLEANS, Dec. 7 — One of the last undecided House races has played out here as the fierce bid for survival of a veteran politician whose career is threatened by a federal corruption investigation.

On Saturday, for the second time in two months under Louisiana's idiosyncratic runoff system, Representative William J. Jefferson has to present himself to the voters.

The outcome will not affect the balance of power in Washington, as Mr. Jefferson's opponent, Karen R. Carter, a lawyer in the Louisiana House, is also a Democrat.

But if Mr. Jefferson wins, his victory will have the potential to embarrass the Democrats and Louisiananns eager to prove to federal aid officials that they have left behind the corrupt past.

Having been rejected by his own state party and become a pariah to the financial establishment here, Mr. Jefferson is counting on his inner-city base to look past the F.B.I. accusations and rally around him as it has since he was first elected in 1990.

Court documents depict Mr. Jefferson as trying to use his position to extract cash from a businessman whom he was helping win contracts.

Mr. Jefferson, who has not been charged with any crimes, has denied wrongdoing.

For months, he has been promising an "honorable explanation."

There is every evidence that Mr. Jefferson's base would accept it whenever it comes. Loyal supporters put Mr. Jefferson on top in a crowded primary when he won 30 percent of the vote.

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Blue and red "Re-elect Congressman Jefferson" signs dot the ramshackle blocks of the Central City, and Mr. Jefferson received a hero's welcome when he showed up last week at a stormy meeting of displaced tenants of public housing.

"Being poor is not a crime!" Mr. Jefferson told the crowd, which remains angry at being kept out of the mostly shuttered projects. "Not making money is not a crime!"

He was warmly cheered.

"I voted for you, Sir, because I have faith in your abilities," said Jocelyn Marshall, a tenant, and he embraced her.

Whether that support can pull him through in the runoff has been questioned by political analysts here.

There is no question that Mr. Jefferson is the favorite of African-Americans. Last month, he picked up four times as many votes in black precincts as Ms. Carter, who is also black, according to Greg Rigamer, a demographer working for Ms. Carter.

Ms. Carter, a lawyer known for detailed approaches to legislative issues, was the overwhelming choice of white voters. They gave her more than seven times as many votes as they did for Mr. Jefferson.

In Baton Rouge, Ms. Carter was known for spearheading a risky fight in 2004 to overhaul the foundering public schools in New Orleans. In siding with the reform-minded superintendent at the time, she bucked leading figures here.

In this race, she has raised nearly five times as much money as Mr. Jefferson. The Congressional Black Caucus is among his last remaining sources of financial support.

His connections to the poorest neighborhoods through allies, charities, community agencies and relatives run deep. Federal prosecutors are looking at the financing of inner-city charities with ties to the Jefferson family, state officials said several weeks ago.

It is just this reliance on one slice of the black electorate that constitutes Mr. Jefferson's principal difficulty, particularly since Hurricane Katrina turned this once heavily majority-black city into one where the two races are more nearly equal in population.

Some 45 percent of black voters did not choose him in the primary, Mr. Rigamer said.

Whites in Orleans Parish turned out at nearly twice the rate of blacks in the primary, a trend that if it continues portends serious trouble for Mr. Jefferson.

"If black turnout is low, then Carter should win," said Edward F. Renwick, director of the Loyola University Institute of Politics here.

With the prospect that he may face the federal investigation as a private citizen, Mr. Jefferson has taken off the gloves, calling Ms. Carter "an ambitious young woman" and tacking sharply to the right for the first time in his career.

Many African-American ministers here have endorsed Mr. Jefferson.

He is now criticizing Ms. Carter for what he calls her "support of same-sex marriage, late-term abortion and human cloning," all "at odds with our values," he says in a television advertisement.

Oddly, Mr. Jefferson has generally received high ratings from gay and abortion-rights groups, as Ms. Carter's campaign points out.

She is swinging back hard, hammering at the corruption accusations at every opportunity, forcing Mr. Jefferson to declare in one advertisement: "I have never taken a bribe from anyone."

In one advertisement, children at a spelling bee are heard spelling out the word "hypocrite," and the word "corruption" is intoned at the end.

"The people of this district can ill-afford to have him in that office," Ms. Carter said Wednesday after a campaign stop at a restaurant on St. Charles Avenue. "There is too much at risk," she said. "Our national image."

That focus on image, acute because of the city's dependence on the good will of outsiders, was echoed by a white supporter in the biracial crowd, Mary Len Costa. Ms. Carter's election, Ms. Costa said, was "superimportant for our local perception, for our national perception."

If Mr. Jefferson is elected, "we would lose face," Ms. Costa said, adding: "Something's got to give us hope. Locally, we don't have hope with our politicians."

Republicans Of '94 Revolution Reflect On '06 (USAT)

By Richard Wolf

DOJ_NMG_0103868

USA Today, December 8, 2006

WASHINGTON — Republicans who helped capture control of Congress 12 years ago blame the party's leaders for this year's debacle at the polls.

Architects of the 1994 "Republican revolution," as well as current and former lawmakers elected that year, say the GOP repelled voters by putting self-preservation before the nation's agenda. "For the first six years of the 12 years, we were focused on policy and principles, and politics was secondary," says Rep. Zach Wamp of Tennessee, a member of the 1994 class who won his seventh term this month. "The second six years, politics became primary: raising money, going negative, consolidating power."

"We did more good work the first 12 hours we were in Congress than the Republicans have done in the past five years," says Joe Scarborough, a class of '94 member who resigned in 2001 and is a talk-show host. "Republican leaders who took us to the point we are right now should be ashamed."

Two-thirds of the 73-member Republican class of 1994 are gone from the House of Representatives. Twenty-four kept their House seats despite this year's rout, in which Democrats gained simultaneous House and Senate majorities for the first time since 1994. Five lost their bids for a seventh term. Two others resigned in disgrace.

Most members interviewed from the class of 1994, as well as former House GOP leaders, cite three reasons beyond their leaders' control: the war in Iraq, corruption scandals and President Bush's low popularity. Beyond that, they say leaders such as House Speaker Dennis Hastert of Illinois and former House majority leader Tom DeLay of Texas put staying in power above principles such as limited government and low spending.

"The Republicans have stopped being reformers," says former congressman John Kasich of Ohio, a close ally of former speaker Newt Gingrich. "They're tired, they're worn out, and they're practicing politics as usual."

Rep. Dan Lungren of California, who returned to Congress last year after a 16-year absence, warned of the demise in a closed meeting of House Republicans last year. He noted the Capitol halls were lined with lobbyists who expected to get what they asked for. "We had succumbed to the temptation of things that we had criticized the Democrats for," he says.

Former House majority leader Dick Armey of Texas says regaining a majority won't be easy. "The job of the Republicans after this election is going to be once again to convince the American people that we are the conservative party that the Democrats pretended to be," he says.

Needs of urban areas weren't being met

J .C. Watts imagines average workers at a water cooler, average families at a kitchen table. Republicans, he says, have stopped addressing their needs.

The former four-term Oklahoma congressman says he saw it coming before he walked away from his political career in 2003 to launch J.C. Watts Companies, a consulting firm.

The party wasn't meeting the needs of the poor and urban areas, he says. Instead, it was fixated on "push-button issues," such as abortion and flag burning.

In 1994, when he was elected, the Contract with America offered "something tangible," Watts says. In 2006, the message had become: "The Democrats will be worse."

"Being against (incoming House Speaker) Nancy Pelosi's plan is not a plan," he says.

"We lost our way, pure and simple," says Watts, 49. "When ego and power mesh, it's a very dangerous thing." His solution is simple: Address issues that matter to people

Comeback will take a bit of relating like Reagan

A national wave swept Rep. Gil Gutknecht into Congress in 1994. Another swept him out this year.

Gutknecht, 55, a student of history, says part of it was just zeitgeist — the spirit of the times. "People had just worn a little bit weary of Republican rule," he says.

The six-term Minnesota congressman, one of five members of his class to lose this year, also is a salesman. In recent years, he says, the GOP "began to sort of ignore the customers" on issues ranging from Medicare prescription drug coverage to pork-barrel spending.

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Former British prime minister Margaret Thatcher "said many years ago, 'First you win the debate, then you win the vote,' " he says. "The leadership decided a long time ago they weren't going to win the debate. They were just going to break knuckles to win the vote."

To come back, he says, Republicans must frame issues "the way Ronald Reagan did — you take conservative principles and wrap them in an optimistic, friendly language

Limited government? To some it seemed like no government

Zach Wamp's Republican Party believes in limited government. Recently, however, it gave people something closer to no government, he says.

Republicans' response to Hurricane Katrina hurt, Wamp says.

So, too, did his party's reluctance to exercise oversight on issues such as the war in Iraq.

"We began to be focused much more on money and the consolidation of power than we were the policy and the principle that brought us into the majority," says Wamp, 49, who won a seventh term from Tennessee this month. "We had become more interested in winning politically than doing the right thing."

To win back the majority, Wamp says, the party needs to focus on issues and principles, not politics. That could mean fighting with their own president.

"You can't just go along with the executive branch," he says, "even if they're from your party."

Values preached weren't practiced; public not offered clear message

One thing about Bob Barr: You always knew where he stood.

Not so today's Republican Party, says the former four-term Georgia congressman, perhaps Congress' biggest defender of personal liberty during his tenure. After leaving in 2003, he became president and CEO of Liberty Strategies, a public policy consulting firm.

Barr says Republicans lost because they had no clear message: They preached fiscal austerity but practiced pork-barrel spending. They preached privacy rights but tried, against her husband's wishes, to keep alive a Florida woman (Terri Schiavo) in a persistent vegetative state.

"They articulated no vision or agenda," Barr says. "The public was receiving mixed signals: talk of conservative government, and action that was big government by any measure."

To turn things around, Barr, 58, says the GOP should develop creative solutions to problems such as health care and immigration — and "get some real leaders."

A fatal flaw: Not dealing with pocketbook issues

Rep. Mark Souder proudly calls himself a "hard-core" conservative. He doesn't think Republicans lost the House majority they won in 1994 by forgetting their roots.

Rather, Souder says, the party got swept out of the Northeast and other regions by not addressing pocketbook concerns: health care, energy, college tuition, pensions.

It's fine to cut budgets, Souder says, but "the way we held power was also being sensitive to our districts." The Republican class of '94, for which he served as vice president, carefully placed its members on key panels that would help them win federal aid. Seven remain on the Appropriations Committee.

"To survive through 12 years and then a tsunami, most of those members have made some adaptations," he says. His prescription for the future: update conservatism.

"How would Ronald Reagan behave in this environment?" says Souder, 56, who won a seventh term from Indiana. The party, he says, needs "a different appeal."

Poll: Trouble For Clinton, Guiliani Bids (AP)

By Marc Humbert

AP, December 8, 2006

Democratic Sen. Hillary Rodham Clinton is popular within her party but could have trouble winning the presidency, according to a poll that also identified potential hurdles within the GOP for former New York Mayor Rudy Giuliani.

DOJ_NMG_0103870

The former first lady held a double-digit lead over possible rivals in the survey released Thursday by Marist College's Institute for Public Opinion. Clinton, who has taken steps suggesting a 2008 bid, had the support of 33 percent of Democrats to 14 percent for former Sen. John Edwards.

Former Vice President Al Gore was at 13 percent and Illinois Sen. Barack Obama 12 percent. Other Democrats were in single digits.

Still, Clinton remains a polarizing figure, Forty-seven percent of registered voters said they would definitely not consider voting for the New York senator. Twenty-five percent said they definitely would consider voting for her while 28 percent said they would possibly consider it.

Giuliani and Sen. John McCain of Arizona led the GOP field, with 24 percent favoring Giuliani and 23 percent backing McCain. Giuliani and McCain each led Clinton, 49 percent to 43 percent.

But when Republicans were informed that Giuliani is "a pro-choice, pro-gun control, pro-gay rights Republican," 47 percent said those traditionally liberal positions would be a major factor in determining how they voted while just 22 percent said they would not be a factor.

Conservative voters hold considerable sway in the Republican presidential primaries.

"For Hillary, it is: She is acceptable to Democrats, but is she electable?" said Marist's Lee Miringoff. "For Rudy, he's electable; but is he acceptable" to Republicans deciding the nomination?"

The poll of 967 registered voters was conducted Nov. 27-Dec. 3 and has a sampling error margin of plus or minus 3.5 percentage points.

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WASHINGTON (AP) — New Mexico Gov. Bill Richardson says a fence at the Mexican border authorized by Congress this fall "gets in the way" of U.S.-Mexico relations, and he wants the new Democratic Congress to reverse the legislation.

"The fence is very unpopular on the border in Texas and New Mexico, in Chihuahua," Richardson, a Democrat, said after meeting Wednesday with leaders from the Mexican state of Chihuahua. "So one of the most significant and constructive acts the U.S. Congress should take is to get rid of it."

Richardson said he will call on Congress not to build the fence during an address Thursday. He also will press lawmakers to approve a bill that secures the border and provides a path to citizenship for illegal immigrants. While Congress and President Bush approved the 700-mile border fence, a widely debated bill overhauling immigration policy died in Congress this year.

Both statements ratchet up Richardson's national profile as he weighs whether he will run for president.

Technically, Richardson is in Washington this week for a Democratic governors' meeting. But his schedule also is packed with events that highlight his background as a former congressman, ambassador to the United Nations and energy secretary.

Wednesday, he met with Chihuahua officials at an event billed as a model for how the U.S. and Mexico should work together. Thursday, he will give the immigration speech at Georgetown University, and Friday, he will talk about energy independence.

Richardson is coy about his potential presidential plans, saying he will make a decision before the New Mexico legislature convenes Jan. 17.

Republican Rep. Duncan Hunter, who has announced his candidacy, said the San Diego border fence has been effective and endorsed extending it 700 miles across Arizona and New Mexico.

"Contrary to Governor Richardson's opinion, the no-man's-land of violence and smuggling that constitutes the border is not a symbol of freedom," Hunter said.

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WASHINGTON (AP) — The nation's top election oversight board approved guidelines for electronic voting machines, putting in place the first federal standards but stopping short of requiring states to follow them.

The Election Assistance Commission said the 68-page manual offers standards for equipment and software, offering states the option of having the congressionally created commission oversee the process instead of relying on statehouse-mandated inspections.

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"Ultimately, it brings accountability to the system," said Gavin Gilmour, the commission's deputy counsel. "This is a voluntary program, but I would hope as many states as possible participate."

Currently, about 40 states require machine certification, according to the commission.

The group also accepted a new definition of "election crimes" and commissioned the first government-sponsored national study on the subject.

Election crimes have been defined as actions that allow ineligible persons to vote, eligible voters to be excluded, or other similar interference. The new definition says such crimes generally involve deceptions, coercion, damage or inaction.

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WASHINGTON (AP) — Even the Republican National Committee, long a model of in-the-black budgeting, came out of this year's elections in debt.

Republican officials say the RNC has a $3 million deficit. It's not alone. The Democratic National Committee reported a $4 million bank debt. And party committees such as the Democratic Congressional Campaign Committee, the National Republican Senatorial Campaign and the National Republican Congressional Campaign are all reporting deficits after the most expensive midterm election.

The RNC's post-election report to the Federal Election Commission shows $6.2 million cash in hand, but officials said that money has already been spent or committed to be spent. The DNC reported $4.7 million cash on hand as of Nov. 27.

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Associated Press Writers Jennifer Talhelm, Philip Elliott and Jim Kuhnhenn contributed to this report.

Support For White House Bid Eludes All But A Few, Polls Show (CQ)

By Marie Horrigan

Congressional Quarterly, December 8, 2006

With no incumbent president or vice president considering a run, the 2008 presidential race is described as one of the most wide-open in years. But two new polls indicate that at this early point in the race, only a few candidates in either party enjoy significant support.

The surveys, released separately Thursday by Fox News and the Marist College Institute for Public Opinion, both showed New York Sen. Hillary Rodham Clinton of New York with a more than 2-to-1 lead over the rest of the Democratic field.

Clinton was supported by 33 percent of respondents in both surveys. Her closest competition comes from three people who, like her, have not officially declared their intentions: 2000 presidential nominee Al Gore, freshman Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards.

Obama was backed by 12 percent of respondents in both surveys. Gore was just ahead of him in the Marist poll, but trailed Obama by 1 percentage point in the Fox News poll, conducted by Opinion Dynamics.

Edwards, the Democrats' 2004 vice presidential nominee, trailed Gore and Obama in the Fox News poll, where he registered 8 percent. However, he was tied with Gore in the Marist poll.

The remaining Democrats were mired in single digits in both polls. That group included 2004 presidential nominee, Massachusetts Sen. John Kerry, and the two declared candidates in the race, Iowa Gov. Tom Vilsack and Indiana Sen. Evan Bayh.

Larry Shiman, a vice president at Opinion Dynamics, told CQPolitics.com he was surprised by the strength of Clinton's lead. "It's no lock, but she's certainly in a very stronger position and a little bit stronger than what I expected," he said of her results.

Among Republicans, the surveys showed former New York City Mayor Rudy Giuliani and Arizona Sen. John McCain leading the pack.

Giuliani led in both surveys, though he was statistically tied with McCain in the Marist poll, which showed Giuliani at 24 percent compared to 23 percent for McCain. The Fox News poll gave Giuliani a larger lead over McCain, 30 percent to 23 percent.

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The Marist poll also showed solid support for Secretary of State Condoleezza Rice, who was backed by 15 percent of respondents. Rice, who has consistently denied holding presidential aspirations, was not included in the Fox News poll.

Other Republicans, including Kansas Sen. Sam Brownback, who announced his campaign Monday, trailed with single-digit percentages.

With 23 months until the election and more than a year until the first nominating contest in Iowa, pollsters caution against viewing the leads as prohibitive — most of the candidates are largely unknown to many Americans, and surveys taken this far out from previous elections have proven poor predictors of the actual outcomes.

Usually, such skepticism also is rooted in the belief that the public is not engaged in politics so far out from the election, but the Fox News poll indicates interest is already running high: Nearly seven out of 10 respondents described themselves as "very" or "extremely" interested in the presidential election.

The recent midterm elections, ongoing fighting in Iraq and long-awaited release of the Iraq Study Group's report on that conflict have kept politics in the front of voters minds, Shiman said.

Both pollsters underscored the electability of the top candidates. While Clinton amassed an enormous campaign chest for the 2006 election and had $13.9 million in cash as of Oct. 18, despite spending more $29.5 million on her Senate election, she scored poorly outside her own party.

The problem for Giuliani, however, is flipped — many voters remain unaware of his liberal stances on social issues including gun control, abortion rights and gay marriage, which could make it difficult for him to win over the conservatives that make up a large part of the Republican primary voting base.

"The problem for [Giuliani] is to continue to be acceptable to Republican primary voters. Right now most of them find his ideology to be fine — but then again, they don't know that much about him," said Lee M. Miringoff, director of polling for Marist College.

Clinton and Rice, the Marist poll suggested, will have to counter public ambivalence about their possible candidacies: Half of the respondents asked each woman not to run for president.

What was unclear from their poll, Miringoff told CQPolitics.com, was whether voters' impression of Clinton was implacable.

"There's just a huge number of people who would not consider voting for Hillary Clinton; it's close to half the electorate," he said. "And that means she's either got to drive that number down or there's not a lot of room for error in the campaign."

The WNBC/Marist Poll was conducted over the telephone from Nov. 27 to Dec. 3 with 1,229 adults, 967 of whom were registered voters, and had an error margin of plus or minus 3 percentage points. The Fox News Poll was conducted over the telephone from Dec. 5-6 with 900 registered voters, and also had an error margin of plus or minus 3 percentage points.

For Now, An Unofficial Rivalry (WP)

By Charles Babington And Shailagh Murray

The Washington Post, December 8, 2006

On Wednesday night, Sen. Edward M. Kennedy hosted the nine Democratic members of his health and education committee at an intimate dinner in his home in Washington's Kalorama neighborhood. The surroundings were stylish, the food home-cooked and tasty.

And then there was the entertainment.

The gathering included a former presidential candidate, Sen. Tom Harkin of Iowa, and a close friend of Kennedy's, Sen. Christopher J. Dodd of Connecticut. But the star attractions were Hillary Rodham Clinton of New York and Barack Obama of Illinois, two junior committee members who may be duking it out for the 2008 Democratic presidential nomination in a matter of months.

The air was thick with ambition. "I don't know why we're here, Bernie," Rep. Sherrod Brown (Ohio) quipped to a fellow senator-elect, Rep. Bernard Sanders (I-Vt.), as the guests walked into the dining room.

Neither Clinton nor Obama has formally declared a candidacy, but their rivalry is already the talk of the chamber, an amusing sideshow for Democrats and Republicans -- at least the handful who aren't weighing their own White House bids.

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Kennedy (Mass.) tried not to play favorites on Wednesday, seating the two superstars on his right and left at dinner. But the dais of his committee will be another matter next year, after Obama joins the panel in January: According to seniority rules, the two are likely to be seated next to each other, toward the end. There they will vie for prominence on major issues such as stem cell research, the minimum wage and college tuition subsidies.

In the fishbowl of the Senate, interactions between Clinton and Obama are frequent and closely scrutinized. During a routine vote yesterday morning, Obama and Clinton brushed past each other on the Senate floor. Obama winked and touched Clinton on her elbow. Without pausing, she kept walking.

The 100-member Senate has never run short of presidential wannabes, but this time, Democrats worry that the clash of titans will overshadow their legislative agenda, leaving mere mortals grasping for notice and potentially compromising the party's efforts to expand its Senate majority.

"Everybody's going to be fighting for oxygen at a very high altitude," said Sen. Ron Wyden (D-Ore.).

Colleagues say Clinton and Obama appear to genuinely admire each other. So far, they claim to see zero evidence of public rancor. "Everybody gets along just fine," Harkin said. Kennedy described the pair as "extra-dimensional individuals" and asserted in an interview: "There's no sort of pettiness or jealousy that I see. They understand the momentous nature of what the search for the presidency is all about."

Behind the scenes, of course, it's a slightly different story. "Don't tell Mama, I'm for Obama" has become the Obama campaign's unofficial motto. It's a reference to Clinton's nickname as first lady and an example of the conflicted loyalties of many Democratic political aides. Some are talking to both camps about possible jobs in the presidential campaigns. Meanwhile, Democratic senators who are not considering presidential bids of their own are remaining neutral.

Some Obama allies suspect that Clinton supporters generated recent rumors that former vice president Al Gore is weighing a 2008 bid, hoping to discourage donors from signing up with Obama just yet. On Monday, Obama tiptoed onto Clinton's turf, traveling to Manhattan to talk with big-time Democratic donors such as George Soros.

Speaking later to reporters, he made a point of praising Clinton. "I think she is tough, I think she is disciplined, I think she is smart, and I'm not one of those people who believe she can't win," Obama said. "I recognize it's fun to set these things up as a contest between the two of us."

Clinton has been less effusive. She rarely comments publicly on Obama, and when she does, it's often in snippets. She declined a request to be interviewed for this article. In October, she said "it's great" that he is thinking of running for president. And Democrats credit her for letting Obama and a first-term senator, Ken Salazar (D-Colo.), headline a Capitol Hill media event last year while other senior Democrats grumbled about their nonspeaking roles.

Some of Clinton's chief supporters, however, have been less charitable. John Catsimatidis, a supermarket magnate and Clinton donor, said yesterday of Obama: "He might be ready for prime time, but I think it's too early."

Clinton and Obama were unusual senators from the start. They hired established, high-level staffers such as Pete Rouse, who was chief of staff for former Senate majority leader Thomas A. Daschle (S.D.) and took the same job in Obama's office, and Tamera Luzzatto, the former top aide to Sen. John D. Rockefeller IV (W.Va.), who now runs Clinton's staff.

Both senators maintained low profiles, at least at first, restricting most public activities to home-state events. Despite their megawatt qualities, both were deferential to older colleagues, and both made friends and co-sponsored legislation with Republicans.

Because Clinton spent eight years in the White House, she is a particular anomaly, escorted through the corridors by a security detail and rarely engaging in hallway banter with reporters before and after votes. On Tuesday, Obama lingered by the elevators near the Senate floor, feeding quotes on Medicare and tax cuts to a gaggle of scribes. Clinton rushed by a few minutes later, flanked by staff members, and headed straight onto a waiting elevator.

"She likes to stand alone," said one senior Senate staffer.

Clinton's colleagues were surprised when she teamed up with former GOP House speaker Newt Gingrich (Ga.) and Senate Majority Leader Bill Frist (Tenn.) on health-care initiatives, and when she staked out a moderate stance on abortion in a prominent speech in January 2005. But her reluctance to hog the spotlight has earned her considerable goodwill -- to the extent

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that some of her colleagues have speculated that she might become the top Democratic leader someday, should her presidential bid falter.

Obama, only two years removed from the Illinois legislature, initially stirred jealousy among some colleagues for the rave reviews of his keynote speech at the 2004 Democratic convention. But he earned loads of gratitude and goodwill by campaigning doggedly for fellow Democrats this fall, often drawing the largest crowd of each campaign.

Senators say Obama's explosive rise has startled Clinton and her advisers, who are mulling how to react. With Obama planning a trip to the early-primary state of New Hampshire on Sunday, they may need to decide soon.

"Hang on tight," advised Sen. Richard J. Durbin (D-Ill.), an Obama fan. "They ain't seen nothing yet."

It's A Cheney! (WP)

By Ruth Marcus

The Washington Post, December 8, 2006

My only regret about Mary Cheney's pregnancy is that it didn't happen earlier -- say, during the 2004 presidential race, when Cheney was working for her father's campaign and his running mate was busy trying to write discrimination against people like her into the Constitution.

Imagine a hugely pregnant Mary Cheney sitting in the vice president's box at the convention. Imagine Cheney and her partner, Heather Poe, cuddling their newborn onstage at the victory celebration.

How perfectly that would have illustrated the clanging disconnect between the Republican Party's outmoded intolerance and the benign reality of gay families today.

Better late than never. Cheney's no crusader; she has little interest in becoming the poster mom for gay parenthood. But whether she intends it or not, her pregnancy will, I think, turn out to be a watershed in public understanding and acceptance of the phenomenon. This is the Ellen DeGeneres moment of national politics.

Acceptance won't come immediately, of course, and certainly not from all quarters. The folks who have fits about "Heather Has Two Mommies" are beside themselves over "Heather Is One of Two Mommies." Especially because the other mommy is -- as Mary Cheney is inevitably described -- The Vice President's Openly Gay Daughter.

"Unconscionable," said Janice Crouse of Concerned Women for America. "Her action repudiates traditional values and sets an appalling example for young people at a time when father absence is the most pressing social problem facing the nation," Crouse wrote on the TownHall.com blog. "Her child will have all the material advantages it will need, but it will still encounter the emotional devastation common to children without fathers."

"I think it's tragic that a child has been conceived with the express purpose of denying it a father," pronounced Robert Knight of the Media Research Center. The couple, he said is seeking to "create a culture that is based on sexual anarchy instead of marriage and family values."

I can understand that people -- especially those who have no personal experience with gay families -- are uncomfortable with the notion of children without a parent of each gender. What I can't understand is using words such as "unconscionable" or "tragic" to describe the choice of two people who love each other and want to create a family together.

To be a badly wanted child (one thing that's indisputable about the children of same-sex couples: the parents had to work to make it happen) in a home with two loving parents is no tragedy. If they're worried about "emotional devastation," the Crouses and Knights of the world would do better to reserve their lamentations for children in poverty, those who are abused or neglected, or for children in families splintered by divorce.

As to sexual anarchy, Mary Cheney and Heather Poe represent its antithesis. This is a couple who've been together for 15 years. In her mind, as Cheney told "Primetime Live" this year, "Heather and I already are married. We have built a home and a life together. I hope I get to spend the rest of my life with her. The way I look at it is, we're just waiting for state and federal law to catch up with us."

That could take some time, especially if Mary Cheney's political party has anything to do with it. As a resident of Virginia, which does not permit a gay parent to adopt, Poe will have no legal connection to the child that she and Cheney clearly intend to have and raise together. If the couple were to split up, Poe would have no legal right to see the child.

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Virginia's newly adopted and expansively drafted constitutional amendment prohibiting gay marriage casts doubt on the ability of Cheney and Poe to write binding medical directives and wills. Without any legal protection, state or federal, against job discrimination -- the Bush administration opposes extending anti-discrimination laws to cover sexual orientation -- Mary Cheney could be fired simply because she is gay.

In fact, perhaps because it's less susceptible to being hijacked by the extremes, the business world is outpacing the political sphere in recognizing and responding to the new, out-of-the-closet reality of gay Americans. More than half of the Fortune 500 companies offered health benefits for domestic partners this year, up from just 28 a decade earlier, according to the Human Rights Campaign.

The latest issue of Fortune describes how companies seeking to attract and retain gay workers are offering bereavement leave if a same-sex partner dies, adoption assistance or paid leave for gay employees who have children, and relocation help for gay partners when employees are transferred. "Put another way, gay marriage -- an idea that has been banned by all but one of 27 states that have voted on it -- has become a fact of life inside many big companies," the magazine said.

Perhaps Cheney's high-profile pregnancy will help the Republican Party come to grips with those facts of life. If not, though, she's going to have to explain to her child what mommy was doing trying to help a party that doesn't believe in fairness for families like theirs.

The Comptroller's Glass House (NYT)

The New York Times, December 8, 2006

If there is any job that requires extraordinary integrity, it is that of the inspector or watchdog. The official who investigates others has to keep his own house cleaner than clean. Otherwise, any criticisms can too easily disappear in a hail of counter-criticisms and claims of hypocrisy. This is the problem that Alan Hevesi, New York State's comptroller, faces as his office audits everything from school boards to the state's racing board. When he bars a Medicaid provider because of overpayments or asks a school district to tighten its controls or details the weaknesses in oversight of gambling, the easy political response is, "Who are you to point a finger?"

For over three years Mr. Hevesi was unlawfully allowing the state to pay in full for a car and driver for his ailing wife. He has apologized, repeatedly, and is now in the process of paying back the state for the misuse of taxpayer money. Despite all this, he was re-elected, and his supporters say he should thus be allowed to serve another term.

But an election cannot overcome the possibility that Mr. Hevesi violated state law, as charged by the State Ethics Commission. Moreover, as each new release of the details about Mrs. Hevesi's chauffeur and car has become available, it has become clear that Mr. Hevesi's behavior was at odds with the way a comptroller, or any other state official, should do business.

Take a recent comptroller's report criticizing the state Health Department for not reviewing files in a "timely manner" in order to discontinue Medicaid benefits for those who were disqualified, including 34 who were dead. The impact of the report was muted by Mr. Hevesi's own failure to pay back the state for the use of a driver in a timely manner.

Then there is the problem of records. If you read through the audits from any comptroller's office, many of the strongest criticisms concern the way records are kept. Record-keeping, in fact, is the meat and potatoes of public accountability. Yet, Mr. Hevesi "failed to take a single step to ensure that proper records were maintained so that the proper reimbursement amounts could eventually be calculated," wrote David Kelley, the special counsel appointed by Gov. George Pataki for this case. At this point, there are three continuing investigations of Mr. Hevesi. The others are by Attorney General Eliot Spitzer's office and by Albany County's district attorney, David Soares.

Those investigations will take time and drain resources, while it is already clear that Mr. Hevesi's record in this matter is not up to the standards of his job. His own words should remind him of what is at stake. When a former Oswego mayor was questioned about $3,500 in spending on dining and travel, Mr. Hevesi said, "We take a zero-tolerance approach to local officials who abuse their position and use public money for their own benefit."

That is exactly why Mr. Hevesi should resign instead of expecting to be sworn in for a new term. The Legislature and Mr. Spitzer, the incoming governor, should pick a replacement — not a political crony but a person who can criticize others from a position of strength and rectitude.

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US Still Hopes For NKorea Nuclear Talks This Month (AFP)

AFP, December 8, 2006

The United States said it had not "thrown in the towel" on efforts to resume nuclear disarmament negotiations with North Korea this month, but admitted it could still take weeks to organize the talks.

"We would still hope that we could get some discussions, get a new round of talks going this month," State Department spokesman Sean McCormack said.

"We're not ready to throw in the towel at this point," he added after preliminary meetings between US, North Korean and Chinese diplomats in Beijing last week failed to overcome obstacles to a resumption of broader negotiations also involving South Korea, Japan and Russia.

But the State Department official said Washington was "also not going to try to push to get something done in December if that means those talks aren't as well prepared as they possibly can be".

"If it's a matter of slipping things a few weeks, then so be it, we will," he said.

"The key is to get back to the table in a timely manner and in a way in which the conditions have been created so you can make some progress," he said.

McCormack was responding to reported comments by an unnamed North Korean diplomat who told the Russian news agency Interfax that formal negotiations could not resume this month as hoped.

"The renewal of the talks process in December 2006 is not possible nor is it -- without changes in the American position -- in the foreseeable future," Interfax quoted the diplomat as saying after the latest round of talks in Beijing.

North Korea agreed in principle in October to return to the six-party negotiations after being hit with UN sanctions for having carried out its first test of a nuclear bomb earlier in the month.

The six-party talks began in late 2003 but Pyongyang walked away from the process a year ago after Washington imposed financial sanctions on the country that were not directly related to the nuclear issue.

A possible easing of those sanctions is one of the carrots being offered by Washington if Pyongyang will return to negotiations on the basis of a September 2005 agreement under which it pledged to give up its nuclear weapons program.

According to Interfax, the North Korean diplomat said he government was demanding as a condition for renewed negotiations "the removal of American nuclear weapons from South Korea and other countries of the region".

McCormack reaffirmed the US position, reaffirmed in the September 2005 pact with North Korea, that the United States "has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade the DPRK (North Korea) with nuclear or conventional weapons."

Analysts: U.S. At Root Of Effort To Topple Lebanese Government (MCT)

By Tom Lasseter

McClatchy Newspapers, December 8, 2006

BEIRUT, Lebanon - American political leaders watched with alarm during the past week as the Hezbollah militia laid siege to the U.S.-backed Lebanese government, but few would acknowledge publicly what most analysts and politicians here say is obvious: American policy may bear much of the blame.

Many in Beirut say that U.S. failure to stop Israel's onslaught against Hezbollah last summer crippled the Lebanese government - a U.S. ally - while strengthening Hezbollah - a U.S. enemy. That created an environment in which the Shiite Muslim militia could call for overthrowing Sunni Muslim Prime Minister Fuad Saniora and his Cabinet.

"Hezbollah has more support in the population now because they are the `victorious resistance,'" Cabinet member Ahmed Fatfat said. "And it weakened the government because we did not get any concessions ... the last war was a disaster for Lebanon and the image of the United States."

Fatfat, like several other Cabinet members, has been in hiding at the government building in downtown Beirut for days as tens of thousands of protesters outside demand a new administration led by Hezbollah, a group that's on the U.S. State Department's list of terrorist organizations.

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The standoff between Shiite Hezbollah and its allies and the Christian and Sunni government has sparked street fighting in Beirut's neighborhoods and raised the specter of civil war.

It's also underscored a belief among some regional leaders that the United States has lost its footing in the Middle East. On Tuesday, the bipartisan Iraq Study Group recommended in Washington that the Bush administration reach out to Syria and Iran - U.S. foes - in a search for ways to resolve Iraq's violence. The group called for Syria to cease aid to Hezbollah and to stop trying to topple Saniora's government as part of a deal that might include Israel returning the Golan Heights to Syria.

But those suggestions seem behind the times as Hezbollah presses its campaign to force Saniora out.

Fatfat and other Lebanese officials said that while there was a complex set of reasons for the crisis - Syria is trying to derail a tribunal from investigating Syrian participation in political assassinations, Shiites long have felt underrepresented by their government, Iran is pushing against U.S. interests across the region - the conditions largely were set by U.S. actions during the conflict last summer.

The fighting began in July when Hezbollah kidnapped two Israeli soldiers, an act that began weeks of thunderous Israeli bombing and artillery barrages - often using munitions bought from U.S. suppliers - that killed at least 1,000 Lebanese, mostly civilians. Hezbollah answered by launching hundreds of rockets into Israel.

Saniora pleaded with American officials to intervene, but for weeks Secretary of State Condoleezza Rice and others said there first must be a "durable solution," meaning primarily that Hezbollah had to be contained and then disarmed.

As the fighting stretched on for more than a month and the Bush administration didn't intervene, Saniora looked ineffectual, a nearly unforgivable sin in a region in which military force and political strength are often synonymous.

"This summer was a catastrophe on many levels. This summer was bad news," said a Western diplomat in Beirut, who spoke only on condition of anonymity because of the sensitivity of the situation. "In general, Lebanon is in a much, much weaker position now than it was in June. There's no question at all levels - politically, economically, in terms of unity - everything is much worse now than it was in June."

How did the U.S. response contribute to that?

"It was painful to be here this summer, you know. I'll just leave it at that," the diplomat said.

Hezbollah officials have harped on the Lebanese government's reliance on U.S. help at a time when American policy makers weren't putting pressure on Israel to stop its aerial bombardment.

"It's no coincidence that all those who supported Israel in the war are today supporting what remains of this falling government," Hezbollah leader Hassan Nasrallah said Thursday night via video feed to a cheering crowd of thousands.

"Does any Lebanese accept ... supporting a government that George Bush and (Israeli Prime Minister) Ehud Olmert support?" he asked.

The sea of men, women and children booed and screamed for the government's downfall.

Asked for comment, a representative at the U.S. Embassy in Beirut referred a McClatchy reporter to remarks by Rice last summer in which she said any peace deal had to ensure that Lebanon didn't return to its "status quo," again meaning that Hezbollah must be brought under control.

But Hezbollah now appears more in control than ever.

The United Nations Security Council resolution - with American approval - that ended hostilities in August mandated that Lebanese and United Nations troops patrol southern Lebanon, Hezbollah's heartland. The introduction of soldiers in the south, where the militant group was used to complete freedom of movement, probably ordained that Hezbollah would move against the government.

Hezbollah "knew all along that Saniora's government is pro-American and wants to disarm them as a military organization," said Hilal Khashan, a political studies professor at the American University of Beirut who's written extensively about the group.

The push against Saniora was an easy sell to Hezbollah's rank and file.

"Saniora's government did not help us during the war," said Hussein Ali, who was sitting with a group of friends across from his shoe store in a southern suburb of Beirut.

Ahmed Musalmani, who sells ceramic tiles, added: "And Fuad Saniora was kissing Condoleezza Rice."

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Rubble from Israeli bombing runs stood in piles throughout the neighborhood. Where buildings once stood, craters were carved in the ground. Collapsed roofs leaned against fragments of walls.

The two men were with a group that was heading to join the demonstration downtown outside the building where Fatfat and his fellow ministers were living behind armed guards.

"You cannot play with Hezbollah," Ali said. "We are going to bring down the government."

Hezbollah Vows End To Lebanon Government (AP)

By Sam F. Ghattas

AP, December 8, 2006

Hezbollah leader Sheik Hassan Nasrallah promised thousands of supporters Thursday that they would eventually bring down Lebanon's Western-backed government, but the prime minister vowed to stand firm against protesters.

It was the seventh day of street demonstrations by Hezbollah and other pro-Syrian parties aimed at pressuring Prime Minister Fuad Saniora to quit in a deepening political crisis threatening to tear the country apart.

In a rousing speech delivered on huge screens in two central Beirut squares, Nasrallah accused Saniora of conniving with Israel during its monthlong war with Hezbollah last summer. He claimed Saniora ordered the Lebanese army to confiscate Hezbollah's supplies of weapons — his sharpest attack on the prime minister since the August cease-fire that ended the fighting.

"Didn't the prime minister of Lebanon work to cut off the supply lines?" Nasrallah said. He added that government officials had asked American envoys to persuade Israel to destroy Hezbollah.

"Those are the ones responsible for the war, not the resistance," Nasrallah said.

Hezbollah has gained increasing political clout after the war, which began after Hezbollah guerrillas snatched two Israeli soldiers patrolling the south Lebanon border. It wants to topple Saniora's government because it has rejected demands for forming a national unity government that would give the pro-Hezbollah factions veto power in the Cabinet.

Ahmed Fatfat, who was acting interior minister during the war, dismissed Nasrallah's accusations as "false stories about the war." He told AP Television News the charges would strengthen the government's resolve.

Saniora's allies have accused Hezbollah of being influenced by Iran and Syria, which they claim want to destabilize Lebanon by supporting the militant group's plans to oust the government.

Nasrallah said protests would continue until Hezbollah's demands are met. But he also said he was prepared to negotiate and that the Shiite guerrillas would use arms only against Israelis.

"We are a people that will not be defeated in the battle of wills," he said to roars from the crowd. "We will not leave the streets before achieving the goal that saves Lebanon."

It was only the second time Nasrallah addressed a mass rally since the August cease-fire. For security reasons, he did not appear but spoke via video link.

He addressed warnings from politicians and the army commander that the mass protests could drag Lebanon back to the sectarian civil war of 1975-1990.

"We will not lift our weapons in the face of anyone," Nasrallah said. "We will defeat you with our voices.

The army, overstretched with keeping Beirut's streets clear of blockades and clashing protesters, called for calm for the second time in four days.

"Offering sacrifices for the sake of the nation is not a duty of soldiers only, but it is a duty of all the nation's sons, specifically their political and spiritual leaders," the army said in a circular to soldiers that also addressed the politicians.

Saniora, emboldened by international support for his U.S.-backed government, insisted he would not give in to protesters. He spoke to hundreds of supporters outside his offices, where he has been hold up, ringed by troops, riot police and barbed wire.

"We are standing fast, believing in the justness of our position," Saniora said.

Nasrallah's speech appeared to be an attempt to rouse supporters for a massive demonstration planned in Beirut on Sunday.

A Sudanese envoy, who arrived in Beirut on Thursday for talks with the rival factions, said the street protests should end, but supported the opposition's call for a broader-based government.

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"The basis of a solution must be founded on the formation of a national unity government and withdrawal of dialogue from the street to parliament," said Mustafa Osman Ismail, the envoy of Sudanese President Omar al-Bashir.

Thousands of Hezbollah supporters have staged nightly protests in Beirut, and tents have sprung up in two city squares, shutting down shops and paralyzing the heart of the capital.

Syrian Vice President Farouk al-Sharaa, meanwhile, denied his country was interfering in Lebanon's internal affairs. Instead, he accused unnamed foreign powers of using Lebanon against Damascus.

He added that Syria will not send back its army to Lebanon "no matter what happens."

Syria withdrew its troops from Lebanon last year under heavy international pressure, after the assassination of former Prime Minister Rafik Hariri. Syria's Lebanese opponents blamed Damascus for the killing, a charge it denies.

Hezbollah's Leader Vows To Continue Protests (NYT)

By Nada Bakri And Michael Slackman

The New York Times, December 8, 2006

BEIRUT, Lebanon, Dec. 7 — Ratcheting up pressure on the besieged American-backed government of Lebanon, the Hezbollah leader Sheik Hassan Nasrallah insisted Thursday night that his followers would not leave the streets until their demands for more power were met. He also appeared to accuse government officials of trying to have him killed during the war with Israel.

With fears of a civil war running high in Beirut, Sheik Nasrallah's speech seemed calculated to bolster thousands of Hezbollah's supporters who have been camped in tents downtown, while also warning those followers against engaging in sectarian violence that could spread and possibly hurt Hezbollah's chances of appealing to more than its Shiite base. The speech also asked Arab governments in the region not to take sides in the conflict.

In an impassioned speech broadcast live on two large screens in downtown Beirut and throughout the region on satellite channels, Sheik Nasrallah told the government and its supporters that they were dreaming if they thought his alliance would end its protest, now in its seventh day, before it won a larger share of government power. And he called on all his supporters to hold another mass demonstration downtown on Sunday, raising the prospect of hundreds of thousands of demonstrators once again pouring into central Beirut, as they did last week.

"Tell them today, from the square of the strike, tell them tomorrow during the Friday Prayer, tell them every night, tell them on Sunday during the great gathering, tell them after Sunday, that you who bet on our surrender are deluded, deluded, deluded," he said, to chants of "We will follow you, Nasrallah."

Although Hezbollah has said before that the government had effectively colluded with Israel in the hope that its bombing campaign would destroy Hezbollah's militia, on Thursday, Sheik Nasrallah went a step further, saying that a government agency tried to find out where he was staying during the war and that the government worked to block the resupply of Hezbollah during the battle.

And he threatened to name names.

"Those who sat with the Americans and requested from them that Israel launch a war against us, they know themselves, and I know them, and I hope that the day will not come when I would say their names," he said.

He also said Hezbollah rejected civil war between Lebanon's ethnic or political groups. "We reject any armed clash in the street, and we also reject any kind of confrontation in the street," he said. "Tell the Lebanese and all nations in the region, whoever pushes matters in the direction of civil war, in civil war, everyone is a loser."

But while Sheik Nasrallah said Hezbollah and its allies were open to dialogue to resolve the crisis, those aligned with the government said his remarks were so filled with personal attacks that it appeared that what he was after was to "crush" the so-called March 14 coalition, which is struggling to maintain its control of the government.

"It was a very dangerous speech and very dangerous accusations which will have negative consequences," said Wael Bou Faour, a member of the March 14 coalition and a member of Parliament.

Lebanon has been caught in a tense standoff over the makeup of its government and the direction of the country ever since the end of Hezbollah's 34-day war with Israel in the summer. Hezbollah emerged emboldened after having survived the war —

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and having bloodied Israel. But it also emerged angry with the American-backed government. Hezbollah says its goal is to form a national unity government and to bring all parties into the cabinet, including the Free Patriotic Movement, led by Michel Aoun, a Christian and a former general. But Hezbollah has also insisted that its alliance have veto power over all government decisions — and a large enough bloc in the cabinet to allow it to bring down the government if Hezbollah's allies were all to resign at once. The governing coalition has offered a compromise formula, which Hezbollah and its allies have so far rejected.

Now Hezbollah is saying that if it does not get its unity government, which would allow the prime minister, Fouad Siniora, to stay in office, it will press for a complete collapse of the government and early elections.

The protests have raised tensions and fears of sectarian violence all over Beirut. On Sunday, a Shiite demonstrator was killed during clashes in a Sunni neighborhood and since then, the army has cautioned that if a political solution is not found, it could lose control of the streets.

Several demonstrators said the main message they took away from Sheik Nasrallah's speech was to avoid clashes.

"If he didn't speak today, maybe things would have deteriorated and we would have started fighting against each other," said Hussein Harfoush, 23. "I think everyone would have got involved in fights because people are very tense."

The outcome of this political battle not only will not only influence Lebanon's domestic politics, but also will affect the balance of power throughout the Middle East. Hezbollah is allied with Iran and Syria, while the governing coalition is aligned with the United States and France. The United States has looked to Lebanon as a bulkhead to thwart growing Iranian influence in the Middle East.

The government has accused Hezbollah of taking this political battle to the streets simply to help Syria try to block the formation of an international tribunal to hear evidence in the assassination of Rafik Hariri, a former Lebanese prime minister. A United Nations Security Council investigation has implicated Syrian officials in the killing.

Lebanon Feels Heat Of Sunni-Shiite Friction (USAT)

By Jeffrey Stinson

USA Today, December 8, 2006

BEIRUT — Lebanon's week-long political crisis is driving a deep and potentially violent wedge between Shiite and Sunni Muslims like this nation hasn't seen before.

"This is the worst ever," Abdo Saad, director of the Beirut Center for Research and Information, says of the rift. "It's very dangerous."

The political crisis reflects the growing influence of Shiites, and as in all matters political in Lebanon, there are religious overtones to the conflict.

"Sectarian tensions are high," says Mohammed Kalhani, a Sunni member of the majority coalition in parliament. "Shiites and Sunnis are opposing each other. That's something we never found in the past."

After decades of fighting in Lebanon that pitted its many groups against each other, clear Sunni-Shiite fault lines have emerged over the past few months as Hezbollah, a militant group, has launched a forceful effort to gain more power for itself and other Shiites and, opponents say, for its key supporters: Syria and Iran.

The crisis is most evident in downtown Beirut. Protesters led by Hezbollah have camped there for a week and vow to stay until the government resigns and gives them greater say over policy. The government, led by Prime Minister Fuad Saniora, a Sunni, refuses to give in.

The divisions can be seen and heard across the capital — in places such as the Shiite neighborhood of Haret Hreyk and the predominantly Sunni district of Tarik el Jdideh.

In Haret Hreyk, Housain Baroud, 35, a Shiite who runs a restaurant that sells sandwiches, says the split with Sunnis is palpable since the political struggle mushroomed.

A cold politeness characterizes even simple transactions among Muslims. "The tension, you see it now," he says after making change for a Sunni who walked in but didn't buy anything.

Baroud supports Hezbollah and its effort to gain greater political power in the government. The reasons, he says, are clear, pointing at the new floor, ceiling, tables and marble counter in his restaurant.

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Half of it was paid for by a $3,000 grant from Hezbollah, which offered to help Baroud after the restaurant was badly damaged during the militant group's 34-day fight with Israel in the summer. The government has given him nothing, Baroud says.

Much of Hezbollah's newfound support comes from the conflict that erupted after the group, which is armed and gets financial support from Syria and Iran, staged a cross-border raid and captured two Israeli soldiers July 12. The two soldiers' whereabouts remain unknown. Israel sent forces into Lebanon and launched a bombing campaign aimed at neutralizing Hezbollah.

Israeli airstrikes flattened or damaged dozens of buildings in mainly Shiite southern Beirut, including Haret Hreyk. Buildings, many of them pockmarked from shrapnel, are separated by empty lots where businesses and apartment blocks once stood.

Israel failed to uproot the militant group, which saw its prestige grow among Shiites and other Lebanese as a result of its staying power. A cease-fire declared Aug. 14 halted the fighting. "I'm with Hezbollah 100%," Baroud says. "Hezbollah means to us dignity. They held off Israel."

That support may translate power on the battlefield into political gains for Shiites, who represent at least 32% of Lebanon's population, according to Saad of the Beirut Center.

Baroud is among Lebanon's Shiites who say they have been ignored by Sunni-led governments and the time has come — thanks to Hezbollah — for better representation. "How can you live in harmony and some people feel that others don't exist?" he asks.

The mood is darker in the Tarik el Jdideh area of West Beirut, a mostly Sunni area. It's been tense here since Sunday, when a Shiite youth was killed by gunfire while he passed through the district on his way home from the downtown demonstrations.

Tanks, armored vehicles and troops have set up checkpoints and barricades around Tarik el Jdideh. "Day after day, it is becoming more tense," says Mohamad Housami, 28, who works in a fruit-drink bar.

Housami says the cause of the widening divide between Sunni and Shiite Muslims is clear. "The Shiites have become more radical," he says. "If things keep the way they are going, it could be civil war: Muslims against Muslims."

Support for Saniora's government runs deep here. His governing coalition of Sunnis, Christians and Druse, was elected on an anti-Syrian platform after Damascus ended its nearly 30-year occupation of Lebanon. The withdrawal of Syrian troops was prompted by protests after the assassination of former prime minister Rafik Hariri, a Sunni critic of Syria's presence.

Resentment toward Hezbollah is high here — and not just because some Sunnis fear Syria could regain control of Lebanese affairs if Hezbollah gets the power it seeks.

There's also deep-seated resentment against Hezbollah for inciting the summer war with Israel. The conflict caused $2.8 billion in direct damage to roads, bridges, businesses and housing. "It was an unforgivable mistake," Mustafa Abbass, 63, a candy shop owner, says of the war. "Now, (Hezbollah) is trying to put pressure on the government for more power. This government is legitimate. It has popular support."

Government supporters such as Abbass suspect Hezbollah is staging its protest to derail an international tribunal that would try suspects in Hariri's murder. Hezbollah may also be trying to prevent the implementation of a U.N. resolution demanding that the group disarm.

President Emile Lahoud and parliament Speaker Nabih Berri, both of whom are pro-Syrian, say the Cabinet has lost its legitimacy since five Hezbollah members of the government resigned in October. They say the Cabinet no longer represents Lebanon's religious diversity, as required by the constitution.

The crisis has many worried about the future of Sunni and Shiite relations. Among them is Nouhad Srouji, 42, a Sunni who owns a clothing shop here. A mother of three, she is married to a Shiite. She and her husband no longer talk politics to keep the peace, she says.

"I'm very worried about the situation," she says. "And I'm very worried for my children. I'm telling them that if they grow up to be Shiite, marry a Shiite."

Mahmoud Abbas Weighs Options On Hamas (AP)

By Karin Laub

DOJ_NMG_0103882

AP, December 8, 2006

A panel has advised Palestinian President Mahmoud Abbas to leave the militant Hamas group in power for now, but call new elections after the economic crisis in the Palestinian territories worsens further, a member of the group said Thursday.

In Gaza, meanwhile, some 2,000 supporters of Abbas' Fatah movement marched against the Hamas government Thursday, demanding it move to end the economic boycott imposed by the West for the Islamic group's refusal to renounce violence, recognize Israel and accept existing peace deals.

A leader of the march, identified only as Abu Moussa, said there would be a "revolution of the hungry against this government" if Hamas failed to act.

Abbas had sought to end the economic boycott by pushing Hamas to join Fatah in a coalition government. But talks broke down last week and Abbas has since been weighing three options: leave Hamas in power, dismiss the government or call a referendum on holding new elections.

Abbas declined to discuss the options when speaking to reporters Thursday in Ramallah. Although talks with Hamas have hit an impasse, he said new negotiations were still possible.

"Unfortunately, our dialogue hit a dead end, although we should keep up hope to have a national unity government," he said.

Abbas, who discussed the three options late Wednesday with a panel of PLO members, is expected to announce a decision on how to move forward next week. All three choices have serious drawbacks.

Leaving Hamas in power would mean the international aid boycott would remain in place. If Abbas dismissed the government, the Hamas-dominated parliament could block any attempt to install a new Cabinet. And Fatah would not be guaranteed to win new elections should they be held.

Saleh Raafat, a member of the panel that met with Abbas, said a combination of two options is being considered.

"We have two recommendations," said Raafat, who represents the PLO's small FIDA Party. "The first is leaving Hamas in power while Fatah constitutes the opposition and gives Hamas a chance to solve the crisis. If it can't do so, then we have to resort to the second choice, a referendum on early elections."

"We are going to give Hamas a chance to solve the crisis, but I am sure it will not pass the test. It will not succeed unless it changes (its positions)," he said.

Hamas, however, appears increasingly confident it can keep its government afloat without Western aid, mainly with financial help from the Arab world. Hamas has denounced the idea of early elections and said it would not relinquish power.

"If we won't have a national unity government, we will not abandon our duty," said Deputy Finance Minister Samir Abu Aisha. "We will keep running the government, even with minimal aid."

Labor Minister Mohammed Barghouti of Hamas said donations from Arab countries could keep the government afloat, citing a pledge by Qatar for $40 million a month to cover the salaries of teachers and some health workers.

"Adding to that the local revenues and the decrease in running costs, I think we can manage to keep running the Palestinian Authority," Barghouti said.

Independent economists say the government remains in deep trouble. U.N. groups are asking for a record $450 million in aid to prevent a further economic deterioration in the territories.

According to the U.N., 65 percent of Palestinians are living in poverty and 29 percent are unemployed. The Palestinian health care system is running out of medicine and on the verge of collapse, and nearly half of all Palestinians don't have reliable access to food.

Speaking Frankly About Israel And Palestine (LAT)

By Jimmy Carter

The Los Angeles Times, December 8, 2006

I SIGNED A CONTRACT with Simon & Schuster two years ago to write a book about the Middle East, based on my personal observations as the Carter Center monitored three elections in Palestine and on my consultations with Israeli political leaders and peace activists.

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We covered every Palestinian community in 1996, 2005 and 2006, when Yasser Arafat and later Mahmoud Abbas were elected president and members of parliament were chosen. The elections were almost flawless, and turnout was very high — except in East Jerusalem, where, under severe Israeli restraints, only about 2% of registered voters managed to cast ballots.

The many controversial issues concerning Palestine and the path to peace for Israel are intensely debated among Israelis and throughout other nations — but not in the United States. For the last 30 years, I have witnessed and experienced the severe restraints on any free and balanced discussion of the facts. This reluctance to criticize any policies of the Israeli government is because of the extraordinary lobbying efforts of the American-Israel Political Action Committee and the absence of any significant contrary voices.

It would be almost politically suicidal for members of Congress to espouse a balanced position between Israel and Palestine, to suggest that Israel comply with international law or to speak in defense of justice or human rights for Palestinians. Very few would ever deign to visit the Palestinian cities of Ramallah, Nablus, Hebron, Gaza City or even Bethlehem and talk to the beleaguered residents. What is even more difficult to comprehend is why the editorial pages of the major newspapers and magazines in the United States exercise similar self-restraint, quite contrary to private assessments expressed quite forcefully by their correspondents in the Holy Land.

With some degree of reluctance and some uncertainty about the reception my book would receive, I used maps, text and documents to describe the situation accurately and to analyze the only possible path to peace: Israelis and Palestinians living side by side within their own internationally recognized boundaries. These options are consistent with key U.N. resolutions supported by the U.S. and Israel, official American policy since 1967, agreements consummated by Israeli leaders and their governments in 1978 and 1993 (for which they earned Nobel Peace Prizes), the Arab League's offer to recognize Israel in 2002 and the International Quartet's "Roadmap for Peace," which has been accepted by the PLO and largely rejected by Israel.

The book is devoted to circumstances and events in Palestine and not in Israel, where democracy prevails and citizens live together and are legally guaranteed equal status.

Although I have spent only a week or so on a book tour so far, it is already possible to judge public and media reaction. Sales are brisk, and I have had interesting interviews on TV, including "Larry King Live," "Hardball," "Meet the Press," "The NewsHour With Jim Lehrer," the "Charlie Rose" show, C-SPAN and others. But I have seen few news stories in major newspapers about what I have written.

Book reviews in the mainstream media have been written mostly by representatives of Jewish organizations who would be unlikely to visit the occupied territories, and their primary criticism is that the book is anti-Israel. Two members of Congress have been publicly critical. Incoming House Speaker Nancy Pelosi for instance, issued a statement (before the book was published) saying that "he does not speak for the Democratic Party on Israel." Some reviews posted on Amazon.com call me "anti-Semitic," and others accuse the book of "lies" and "distortions." A former Carter Center fellow has taken issue with it, and Alan Dershowitz called the book's title "indecent."

Out in the real world, however, the response has been overwhelmingly positive. I've signed books in five stores, with more than 1,000 buyers at each site. I've had one negative remark — that I should be tried for treason — and one caller on C-SPAN said that I was an anti-Semite. My most troubling experience has been the rejection of my offers to speak, for free, about the book on university campuses with high Jewish enrollment and to answer questions from students and professors. I have been most encouraged by prominent Jewish citizens and members of Congress who have thanked me privately for presenting the facts and some new ideas.

The book describes the abominable oppression and persecution in the occupied Palestinian territories, with a rigid system of required passes and strict segregation between Palestine's citizens and Jewish settlers in the West Bank. An enormous imprisonment wall is now under construction, snaking through what is left of Palestine to encompass more and more land for Israeli settlers. In many ways, this is more oppressive than what blacks lived under in South Africa during apartheid. I have made it clear that the motivation is not racism but the desire of a minority of Israelis to confiscate and colonize choice sites in Palestine, and then to forcefully suppress any objections from the displaced citizens. Obviously, I condemn any acts of terrorism or violence against innocent civilians, and I present information about the terrible casualties on both sides.

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The ultimate purpose of my book is to present facts about the Middle East that are largely unknown in America, to precipitate discussion and to help restart peace talks (now absent for six years) that can lead to permanent peace for Israel and its neighbors. Another hope is that Jews and other Americans who share this same goal might be motivated to express their views, even publicly, and perhaps in concert. I would be glad to help with that effort.

Annan Alarmed By Worsening Security In Darfur, Impact On Sudan's Neighbors (AFP)

AFP, December 8, 2006

UN chief Kofi Annan, alarmed by reports of mass rapes and other "gross violations of human rights," expressed deep concern about the worsening security situation in Sudan's Darfur region and its impact on neighboring countries.

UN spokesman Stephane Dujarric said the outgoing UN secretary general was "deeply concerned about the worsening security situation in Darfur and its consequences for the wider region, including Chad and the Central African Republic.

"He is alarmed by the devastating impact the violence is having on the civilian population in the region, and strongly condemns the recent attacks and destruction of dozens of villages in North Darfur," Dujarric said in a statement.

More than 80,000 people have been forced to flee their homes in the past six weeks alone, 50,000 of them in Darfur and 30,000 in Chad, according to the statement.

"Several hundred civilians, including women, children and elderly, have been killed, and there are very disturbing reports of mass rapes and other gross violations of human rights," it added.

Annan, who is to be succeeded as UN chief by South Korea's former foreign minister Ban Ki-Moon, also bemoaned the fact that the escalating violence was cutting off almost one million people across Darfur from desperately needed humanitarian relief.

"In both Darfur and Chad, relief workers are being attacked on a daily basis, and dozens of their vehicles have been hijacked in the last few weeks, threatening the humanitarian lifeline for a total of 4.3 million people in the region," the UN statement said.

"Those violating international humanitarian law by attacking civilians and relief workers must be held accountable, it said, adding that Annan had urged Khartoum to restore law and order in areas under its control and called on "all parties to ensure unimpeded humanitarian access to all those in need."

Monday, a former rebel leader allied with Khartoum said that pro-government Sudanese militias were attacking the key Darfur town of El-Fasher, and he threatened to quit the government if the assault was not halted.

"Even as I am talking to you, we are facing a Janjaweed attack on El-Fasher's cattle market," Sudan Liberation Movement chief Minni Minnawi said in Khartoum.

Minnawi signed a peace agreement in May with President Omar al-Beshir's ruling National Congress Party and was subsequently appointed as his adviser.

Two other rebel factions rejected the deal, however, while pro-government forces and their allied Janjaweed militia continued their attacks in Darfur, a vast western region devastated by almost four years of conflict and famine.

According to the UN, the conflict has claimed 200,000 lives and left some two million people displaced.

Paulson Pressed For Progress On China Devaluation (FT)

By Jeremy Grant

Financial Times, December 8, 2006

Hank Paulson, the US Treasury secretary, came under pressure from the Democratic party yesterday to persuade China's government to revalue its currency.

Christopher Dodd, incoming chairman of the influential senate banking committee, said he wanted Mr Paulson to return from a visit to Beijing with firm progress on the revaluation issue.

"I've listened to previous secretaries [of the Treasury] talk about jawboning on this issue and being patient, 'things are moving in the right direction'," Mr Dodd said. "But it's pretty difficult to explain to the American people day after day that a major competitor of ours, now a member of the WTO, is still fixing its own rates at a great disadvantage to us."

His call is a sign the Democrats, fresh from their capture of both houses of congress, appear ready to exert pressure on the Bush administration over the negotiating tactics used to persuade China to budge on the issue.

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This week, Mr Paulson has faced questions from manufacturers who blame China for fuelling a record bilateral trade deficit of more than $200bn (£101bn) by maintaining a cheap currency.

Mr Dodd said he would write to Mr Paulson ahead of his visit next week, "to remind [the delegation] that there are a bunch of us here who care about this and who would like to know what sort of commitments they are getting". The delegation includes top-ranking cabinet officials and Ben Bernanke, Federal Reserve chairman.

"This is a big issue. This better be a topic very near the top of what progress they can report when they come back," Mr Dodd said while outlining his agenda.

Mr Paulson is expected to press for greater currency flexibility from Beijing. He also wants to cultivate an "intimate discourse" about long-term economic goals with the Chinese leadership.

Congressional anger appeared to ebb in September when Senators Charles Schumer and Lindsey Graham withdrew legislation threatening to impose tariffs on Chinese goods if China did not take steps to revalue.

It was abandoned as an early show of confidence in Mr Paulson, who sees himself as a bipartisan figure and believes he has credibility on both sides of politics.

John Frisbie, president of the US-China business council, said Mr Paulson had to be given the time he needs to make his approach work.

Treasury officials, meanwhile, are trying to strike a balance between maintaining moderate expectations of what can be achieved on the trip while hinting that there will be some "deliverables".

Mr Dodd said he might ask some of his Democratic colleagues to join him in the letter to Mr Paulson, "even those who didn't support the Schumer legislation".

Former Spy Buried As Russians Open Separate Investigation (LAT)

By David Holley And Kim Murphy

The Los Angeles Times, December 8, 2006

MOSCOW — A key figure in the poisoning of former KGB agent Alexander Litvinenko has also been contaminated by radiation, authorities said today as they announced they have opened their own investigation into the murder of the dissident.

Litvinenko was buried today in London, where officials believe he was probably infected with polonium-210 last month when he met with several people.

One of those people, Russian businessman Dmitry Kovtun, was questioned at a Moscow hospital Wednesday, where he apparently was undergoing testing for radiation.

The condition of Kovtun, a potential suspect in Litvinenko's murder, was unclear. The Russian news agency Interfax insisted that Kovtun fell into a coma "almost immediately" after talking to investigators. But the state-run news agency RIA Novosti quoted Andrei Romashov, a lawyer involved in the case, as saying that Kovtun's condition was satisfactory and that reports of him falling into a coma "can only be called a provocation."

Kovtun's possible coma raised the question of whether the possible killer would soon be dead, taking with him any secrets he might have about Litvinenko's murder.

In a statement prepared shortly before his death, Litvinenko accused Russian President Vladimir V. Putin of ordering his murder, a charge the Kremlin has dismissed as "nonsense."

The opening of their own investigation appeared to increase Russian authorities' leverage in trying to find out as much as possible about the British probe of the murder.

The case has taken on the air of an international mystery with several proposed solutions.

The most prominent explanations include that Litvinenko's death was the work of Russia's secret services; or that rogue elements within the Russian power structure were responsible; or that exiled opponents of Putin killed one of their own to make Russia and its government look bad.

The first two scenarios have generally been taken more seriously in the West, while the Kremlin and nearly all Russian media have placed emphasis on the third, even accusing self-exiled Russian billionaire Boris Berezovsky. He now lives in London and was a close friend of Litvinenko and a fierce critic of Putin.

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As the investigation has progressed, the mystery has deepened, with British police remaining silent on almost all points. However, British authorities have spoken fairly openly about the discovery of traces of polonium-210, or radioactivity presumed to come from polonium-210, at many of the places visited by key players in the drama.

That includes a London restaurant where Litvinenko dined on sushi while meeting one of his contacts, the Italian security consultant Mario Scaramella, who has tested positive for "significant quantities" of polonium but appears in good health. It also includes the Piner Bar in the Millennium Hotel in London, where Litvinenko met Kovtun and another businessman, Andrei Lugovoy, for tea, not long after his lunch with Scaramella.

British officials said they had not yet received any request from Russia for cooperation in a Russian-led investigation.

Litvinenko, who died Nov. 23, was laid to rest after a Muslim prayer service at London's Central Mosque and a private nondenominational gathering at London's Highgate Cemetery, where Karl Marx was buried. Litvinenko reportedly converted to Islam as he was dying, although he apparently did not go through the formal procedures of adopting the faith.

Litvinenko's body was so contaminated that authorities refused to allow it to be displayed at the mosque, where a few dozen mourners gathered for the Muslim funeral prayer.

Later, a much larger group gathered in a private ceremony in a chapel at Highgate to recite eulogies and listen as a choir sang Pitts' "There is a Green Hill Far Away" and a hymn from Rachmaninoff. Berezovsky talked about the "martyrdom" Litvinenko had achieved with the intense suffering that preceded his death.

"I can say that we are not vindictive, but we will not forget," Berezovsky said, according to some present at the ceremony.

Litvinenko's father and a close friend, exiled Chechen separatist Akhmad Zakayev, said Litvinenko had converted to Islam during his final days, but others denied that.

Friends and relatives, determined to have a nondenominational service, were nonplused when a group of Muslims, invited by Zakayev, arrived at the open grave and began conducting Islamic prayers once again.

"They appeared uninvited and were a surprise to everybody," said Alex Goldfarb, a friend of Litvinenko. "So Marina Litvinenko [his widow], who essentially was in deep mourning at that moment, faced a dilemma of whether to make it into a scene or just do nothing. She wisely decided to do nothing."

The confusion over ceremonies reflected the extent to which Litvinenko's death has been seized on by many who, for reasons of their own, have sought to use it as a rallying point in their battles with the Russian government.

Litvinenko lived for years in the North Caucasus near Chechnya, sympathized with the Chechens who were subjected to Russian atrocities, and spent six years researching the Russian government's actions in Chechnya, friends said.

"He wanted to be buried in Chechnya when the war was over," said Vladimir Bukovsky, a well-known Soviet-era dissident who was exiled to Britain three decades ago. "But he wasn't a religious man. It's ridiculous to talk about conversion. His last message from his deathbed was he asked God to forgive his enemies. That's not a Muslim sentiment. That's a Christian sentiment."

Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Suspected Poisoning As Ex-spy Buried (FT)

By Jimmy Burns And Stephen Fidler

Financial Times, December 8, 2006

The former Russian spy Alexander Litvinenko was buried on Thursday in London's Highgate cemetery as Russian prosecutors said they had opened their own investigation into his murder and the attempted killing of another Russian now suffering from radiation poisoning.

The funeral was attended by some 50 close friends and relatives including the film-maker Andrei Nekrasov, and Boris Berezovsky, the exiled Russian billionaire. It followed a gathering in his memory at London's Regent's Park mosque, attended by the Chechen separatist Akhmed Zakayev, that was used as a platform for critics of Russian President Vladimir Putin.

In a separate development, the BBC said that FM radio transmissions of its Russian service had ceased to be transmitted in Moscow since November 23. The reason given, a spokesman said, was unexplained "transmission problems". Other broadcasts on medium wave continue unaffected.

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The Russian prosecutor-general's office said that after looking into Litvinenko's death as they were assisting British investigators in Moscow, prosecutors had established that the former security officer had died from radiation poisoning.

It added that Dmitry Kovtun – one of three Russians to meet Litvinenko on November 1 – was suffering from an illness "connected to poisoning by a radioactive nuclide". Litvinenko apparently died from poisoning with polonium-210.

The development came before Russian and British investigators had had the opportunity to question Andrei Lugovoi, a business partner of Mr Kovtun who also met Litvinenko and has found himself at the centre of the murder probe. Mr Lugovoi's lawyer said questioning had been expected to take place on Thursday but had been postponed.

The Russian investigation opens a new front in the complex Litvinenko case. The prosecutor's office said it would allow "more constructive co-operation" between Russian and British investigators.

But it will also strengthen Moscow's insistence that any Russian suspects in the case cannot be extradited to the UK and must be tried in Russia. Yuri Chaika, prosecutor-general, said this week that the Russian constitution did not allow extradition of its citizens.

Prosecutors said the opening of the Russian case might lead to Russian investigators visiting London.

The two articles of the Russian criminal code under which prosecutors opened their case provide for a prison sentence of eight to 20 years for anyone found guilty.

Mr Lugovoi and Mr Kovtun met Litvinenko on November 1 at London's Millennium hotel, before attending a football match between Arsenal and CSKA Moscow at Arsenal's Emirates stadium.

A huge pack of international media was kept outside the gates as the coffin was taken in for Thursday's funeral.

The body is thought to have been laid to rest in a non-denominational service at the cemetery where some of London's most famous exiled dead lie, among them Karl Marx.

Earlier Litvinenko's family and friends, although not Mr Berezovsky, joined about 150 Muslims at the central London Mosque, in Regent's Park.

Mr Zakayev claims to have been instrumental in Litvinenko's alleged conversion to the Muslim faith while he lay dying in a London hospital. "Akhmed [Zakayev] brought an Imam to the hospital to see Alexander [Litvinenko] after he had expressed his wish to die in spiritual brotherhood with the Chechen people and to be buried on Chechen soil once it is fully independent," a Zakayev aide at the mosque told the FT.

Russian Tied To Ex-Spy Also Ill From Radiation (WP)

By Peter Finn And Mary Jordan

The Washington Post, December 8, 2006

MOSCOW, Dec. 7 -- A Russian businessman who met with a former Russian domestic intelligence officer in London the day the man fell ill from radioactive poison has himself become suddenly and seriously sick, Russian news organizations reported Thursday night.

Dmitry Kovtun, a business consultant who met with Alexander Litvinenko on Nov. 1 at a bar in the Millennium Hotel in London, suffered a severe health breakdown from radiation exposure, according to the reports. He had earlier been interviewed by Russian investigators, with detectives from Scotland Yard present as well.

The investigation of Litvinenko's mysterious death has widened with each day, as technicians follow a radioactive trail left by the poison polonium-210 across London and Moscow and in the cabins of jetliners that flew between the two cities.

Critics of Russian President Vladimir Putin have accused his government of orchestrating a covert execution of Litvinenko to silence a detractor; the Kremlin rejects those claims as absurd and says Russia only suffers from the burgeoning international publicity over the death. No one has been formally identified as a suspect in the case, which has strained relations between Russia and Britain.

Kovtun is the second person reported seriously sickened by the radiation, though others have tested positive for low-level exposure to the substance. On Thursday, British health officials added seven people to the exposure list -- employees in the Pine Bar of the Millennium Hotel on Nov. 1.

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The Russian prosecutor's office, accused in Britain of dragging its feet in the inquiry, said Thursday it has opened its own criminal investigations. "The examination revealed that Litvinenko died after being poisoned with a radioactive nuclide and Kovtun . . . was also found to have been poisoned with a radioactive nuclide," the prosecutor's statement said. Opening criminal cases could be the first step in pursuing a prosecution here.

Andrei Lugovoy, another Russian who was present at the London meeting Nov. 1, is undergoing tests at a Moscow clinic. He was to speak with British and Russian investigators Thursday, but the meeting was postponed.

"We are on hold," Lugovoy's attorney, Andrei Romashov, said in a brief phone interview. He said his client, a former KGB officer, did not ask for the postponement; Russian news agency RIA Novosti said it was requested by Russian investigators for "technical reasons."

Romashov said Kovtun's attorney told him that his client was sick but not in a coma. Russian media, citing medical sources at Kovtun's hospital, continued to report Thursday night that the businessman had slipped into a coma and was experiencing failure of major organs.

Kovtun has said he first met Litvinenko in October to discuss possible business deals with British companies interested in investing in Russia. He described himself in a recent interview as a longtime resident of Germany who had returned to Moscow to set up a business.

He is the latest person to have tested positive for polonium-210 radiation. Litvinenko's wife, Marina, has been told that small amounts were found in her urine but that risk to her health was low. Mario Scaramella, an Italian who also met with Litvinenko on Nov. 1, in a London sushi restaurant, had more significant amounts of polonium in his system, doctors said, but he is not showing symptoms and was discharged from a London hospital Wednesday.

British officials played down any threat to the seven hotel workers. "There is no health risk in the short term and in the long term the risk is judged to be very small on the basis of initial tests," Britain's Health Protection Agency said in a statement.

In another suspected poisoning case, former Russian prime minister Yegor Gaidar wrote in the Financial Times on Thursday that he believes someone tried to kill him at a conference in Dublin last month. Gaidar became violently ill there, and his daughter immediately raised the specter of poisoning, though Irish police have found no evidence to support that.

"Most likely . . . some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical deterioration of relations between Russia and the west," wrote Gaidar, who now heads a research organization in Moscow.

In London, Litvinenko was buried Thursday at historic Highgate Cemetery, which also includes the grave of Karl Marx, whose writings gave rise to the communist movement. Among those at the grave site was exiled Russian billionaire Boris Berezovsky.

The interment followed a memorial service at a central London mosque that was attended by Akhmed Zakayev, a Chechen separatist wanted in Russia.

Litvinenko is reported to have converted to Islam on his deathbed. Alex Goldfarb, a friend of the Litvinenko family, said any conversion "is kind of in the eye of the beholder."

He said Zakayev visited Litvinenko in the hospital just before he died, when he was heavily sedated, and believed that the sick man wanted to convert.

Jordan reported from London.

Ex-Russian Spy Buried As Probe Continues (USAT)

By Ellen Tumposky Special For

USA Today, December 8, 2006

LONDON — Alexander Litvinenko, the former Russian spy poisoned by radiation, was buried Thursday with Muslim imams at his graveside after prayers were said for him at a London mosque.

Soon after the funeral, Britain's Health Protection Agency (HPA) announced that seven workers at the Pine Bar of the Millennium Hotel, where Litvinenko met former Russian agents Andrei Lugovoi and Dmitry Kovtun on Nov. 1, showed "low levels"

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of contamination by polonium-210. It was the first time members of the public without a direct connection to the former Russian spy have tested positive for the substance doctors and investigators say was used to poison Litvinenko, 43. He died Nov. 23.

In Moscow, meanwhile, former agent Kovtun fell into a coma Thursday after being questioned by Russian and British investigators, the Interfax news agency reported.

The prosecutor's office said Kovtun had developed an illness connected with a radioactive substance, possibly polonium-210. Interfax, citing unidentified sources, said Kovtun's condition was critical. The report could not be independently confirmed.

Andrei Romashov, a lawyer for Lugovoi, said media reports that he is in critical condition were wrong.

Italian security expert Mario Scaramella, who met with Litvinenko on Nov. 1, the day he fell ill, and the former spy's widow, Marina, also previously tested positive for exposure to polonium-210, although neither was in danger.

In its statement Thursday, Britain's health agency said the hotel workers faced no immediate health risk and a "very small" long-term risk. They asked staff and members of the public who had been at the bar on Oct. 31 and Nov. 2, to contact authorities for testing.

Scotland Yard said Wednesday that it was investigating Litvinenko's death as a homicide, and that traces of radiation had been found at more than a dozen sites in Britain and on jets that flew between London and Moscow. Russia's prosecutor general's office said Thursday that it had opened a criminal investigation into the attempted killing of Kovtun.

Litvinenko was buried in a sealed oak coffin at London's famous Highgate Cemetery, where communist philosopher Karl Marx is buried. About 50 mourners, including Litvinenko's wife, Marina, his son, Anatoly, 12, his parents, Walter Litvinenko and Nina Belyavskaya, and his first wife, Natalia, arrived in a line of Mercedes and BMWs. Also attending were his friends Alex Goldfarb, exiled Russian tycoon Boris Berezovsky and Akhmed Zakayev, a Chechen dissident.

Earlier, Walter Litvinenko and Zakayev mourned at the Central London mosque in Regents Park. Zakayev joined prayers, where Litvinenko's name was mentioned.

Litvinenko had criticized President Vladimir Putin's policies in the mostly Muslim separatist region of Chechnya. At the time of his death, he was investigating the murder of Russian journalist Anna Politkovskaya, who also was a vocal critic of the situation in Chechnya.

Goldfarb said the former agent was a non-religious man, though he wore a cross until it was removed in the hospital. When three imams arrived unexpectedly to say prayers at the funeral, Litvinenko's widow permitted them to participate, Goldfarb said.

"He said he was a Muslim in the same sense that John Kennedy said, 'I am a Berliner'— in solidarity with the Chechen people," he suggested, to explain Litvinenko's connection with Islam.

7 Test Radioactive At Bar Where Ex-Spy Met Russians (NYT)

By Alan Cowell, Steven Lee Myers

New York Times, December 8, 2006

LONDON, Dec. 7 — Seven bartenders at an upscale hotel in central London have tested positive for radioactive contamination, the British authorities said Thursday, raising new questions about the radiation poisoning death of Alexander V. Litvinenko, a former Russian agent.

In Moscow, Russia said it had opened its own criminal investigation into the death of Mr. Litvinenko, who was buried Thursday, two weeks after he died, in a private ceremony in London. Russian authorities also said a Russian businessman, Dmitri V. Kovtun, who was interviewed by British investigators in Moscow, was found to have signs of radioactive poisoning.

In London, attention swung back to the Pine Bar of the Mayfair Millennium Hotel, in Grosvenor Square, close to the American Embassy, where Mr. Litvinenko was reported to have met both Mr. Kovtun and another Russian contact, Andrei K. Lugovoi, on Nov. 1.

That was the day Mr. Litvinenko complained of feeling ill. He also ate at a sushi bar on the same day, although it is not clear which establishment he visited first. The exposure to the bartenders revived questions about exactly where Mr. Litvinenko had been poisoned, how he was poisoned and who else might have been contaminated.

The British health authorities said they would contact 250 people who called in after Mr. Litvinenko's death to say they had been at the Pine Bar on Nov. 1 and would ask them to take a urine test for radioactive contamination.

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Prof. Pat Troop, the chief executive of Britain's Health Protection Agency, said all seven members of the bar staff tested had shown "a low level of contamination" that carried no short-term health risks but a "very small" long-range cancer risk.

She declined to comment on how the members of the bar staff might have been contaminated by polonium 210, a radioactive isotope that is dangerous only when swallowed, breathed in or absorbed through an open wound.

She said it was technically possibly for polonium to be carried in tobacco smoke, where minute traces are routinely found in nature. But, she said, she did not believe that the levels of contamination in the bar workers signified that the toxins had been inhaled in cigarette smoke. The Pine Bar permits smoking. Mr. Litvinenko was not a smoker, according to Alex Goldfarb, a family friend and spokesman.

Dr. Michael Clark, the spokesman for the Health Protection Agency's radiation protection division, said the levels of radiation found in the seven bar workers were less than — but close to — levels in an adult member of Mr. Litvinenko's family.

In Moscow, Mr. Kovtun became the latest among several people showing signs of exposure to the material that ultimately killed Mr. Litvinenko, on Nov. 23. The Prosecutor General's Office did not disclose his condition except to say in a statement that he had "an illness also connected to poisoning by a radioactive nuclide."

By Thursday night, however, Interfax reported that Mr. Kovtun fell into a coma "practically immediately upon completion of the interrogation" by investigators, who questioned him for a third day in connection with Mr. Litvinenko's death. Interfax cited unnamed sources. Later on, Mr. Lugovoi's lawyer, Andrei Romashov, told [a wire news service] that he had spoken to Mr. Kovtun's representatives, and that his health was unchanged and satisfactory.

In a short statement, the prosecutor's office in Moscow suggested that Mr. Kovtun might have been a victim of whoever had killed Mr. Litvinenko, rather than a suspect. The statement said Mr. Kovtun's poisoning was being investigated as an attempted murder.

Mr. Kovtun's apparent contamination could also mean that the Russians had been exposed while meeting Mr. Litvinenko, as was an Italian academic, Mario Scaramella, who met him separately at the Itsu sushi restaurant on the same day. Mr. Scaramella and Mr. Litvinenko's wife tested positive for traces of radioactivity but have developed no signs of illness.

Mr. Lugovoi, who is reported to be in the same hospital as Mr. Kovtun, has also been tested, but no results have been announced officially. He was supposed to be questioned on Thursday by investigators from Russia and Britain, but his lawyer said their meeting had again been postponed.

In the weeks since Mr. Litvinenko's illness first developed, Russian officials have reacted dismissively to accusations that President Vladimir V. Putin or any other official in Russia could be involved, saying the charges amounted to hysteria or deliberate misinformation.

Russia's announcement that it had opened its own criminal investigation came as diplomatic pressure grew for it to take the case seriously. The prosecutor general, Yuri Y. Chaika, said Russia would remain in charge of any detective work in the country — and would try any suspects in Russian courts — but since then investigators have cooperated with British investigators, who arrived Monday.

"Within the framework of provision of assistance to British investigators, the General Prosecutor's Office has carried out a check of a number of circumstances of the death of Alexander Litvinenko, a former employee of the F.S.B. of the Russian Federation," Thursday's statement said, using the Russian initials for the K.G.B.'s domestic successor, the Federal Security Service.

"As the result of the check it was established that Mr. Litvinenko died as the result of poisoning by a radioactive nuclide and Mr. Kovtun, who met with Mr. Litvinenko in London, has an illness also connected to poisoning by a radioactive nuclide."

Mr. Litvinenko, who became an outspoken critic of President Putin, was buried on Thursday in London in a ceremony attended by relatives, friends and others.

Among them were some of the most prominent Russians living in self-exile from Mr. Putin's Russia: Boris A. Berezovsky, an erstwhile ally of Mr. Putin's who fled what he has called politically motivated criminal charges, and Akhmed Zakayev, a leader of Chechnya's foundering separatist movement.

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Mr. Goldfarb, Litvinenko family spokesman and an associate of Mr. Berezovsky, said later that the funeral at Highgate Cemetery — the burial place of, among others, Karl Marx — had taken an unexpected turn when, against the wishes of Marina Litvinenko, the widow, a Muslim cleric performed Islamic rites.

"Marina was upset but said it was O.K. for them to do it," he said in a telephone interview.

A question that hung over the funeral was whether Mr. Litvinenko had made a deathbed conversion to Islam. "This will be one of the big mysteries. His Islamic friends said he did convert," Mr. Goldfarb said. "He was heavily sedated at the time, but if there are people who believe he converted, let them believe it."

Radiation Poisoning Case Widens (CHIT)

By Alex Rodriguez

Chicago Tribune, December 8, 2006

MOSCOW -- The mystery of the poisoning death of former Russian spy Alexander Litvinenko deepened Thursday, as authorities in Moscow announced that one of the Russians Litvinenko met the day he became ill also has fallen prey to radiation poisoning.

The Russian prosecutor general's office said it has opened an investigation into the attempted murder of Dmitry Kovtun, a Russian businessman who together with a colleague, Andrei Lugovoi, met Litvinenko in London the day he fell ill, Nov. 1, and earlier in London, on Oct. 16.

In a prepared statement, Russian prosecutors said they had determined that Litvinenko "died as a result of radioactive nuclide poisoning, and Kovtun, who met Litvinenko in October 2006, developed the same kind of disease also associated with radioactive nuclide poisoning."

The statement by Russian prosecutors did not mention the Nov. 1 meeting, though Kovtun and Lugovoi gave a radio interview in Moscow on Nov. 24 in which they confirmed they met Litvinenko on Nov. 1 at the Millennium Hotel in London.

Russian prosecutors also announced they have opened an investigation into the death of Litvinenko, who died Nov. 23 after ingesting polonium-210, a radioactive isotope that can kill in minute amounts.

Investigations moving

That investigation will proceed alongside a probe by a team of British investigators, who arrived in Moscow on Monday. On Wednesday, British authorities announced they now regard his death as a murder.

British investigators interviewed Kovtun on Tuesday and Wednesday at a Moscow clinic where he has been undergoing radiation checks. The exact nature of his symptoms had yet to be disclosed as of late Thursday. Russian authorities' announcement of Kovtun's illness makes him the fourth person to test positive for the presence of a radioactive substance in his body.

Litvinenko's wife, Marina, tested positive for radiation, but doctors said the level was a trace amount that posed no harm.

Doctors also announced that Mario Scaramella, an Italian security expert who met Litvinenko on Nov. 1 at a London sushi bar, tested positive for traces of radioactivity in his body, though he has shown no signs of illness. He was released from a hospital Wednesday in London.

Litvinenko had been investigating the Oct. 7 slaying of Kremlin critic and investigative journalist Anna Politkovskaya, and at that Nov. 1 meeting at the sushi bar, Scaramella showed him documents related to the journalist's death.

Litvinenko, who like Lugovoi once worked for the KGB and its successor agency, the FSB, had also been a harsh critic of the Kremlin and Russian President Vladimir Putin. Before he died, Litvinenko issued a statement blaming Putin for his poisoning, a charge Putin denied.

The 43-year-old former Russian agent was buried Thursday at Highgate cemetery in northern London. The non-denominational funeral was preceded by a memorial at a London mosque; before he died, Litvinenko told his father he had thought about converting to Islam and wanted to be buried according to Muslim tradition, the Russian newspaper Kommersant reported.

The disclosure by Russian authorities that Kovtun had radiation poisoning and his rapid decline in health marked a bizarre, new twist in a case that has captivated both London and Moscow.

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Trail of radiation

British media had reported that Scotland Yard investigators wanted to question Lugovoi, Kovtun and another colleague, Vyacheslav Sokolenko, during their trip to Moscow. Both Lugovoi and Kovtun met Litvinenko in London on Oct. 16 and again Nov. 1. Lugovoi met Litvinenko alone on Oct. 26.

Sokolenko said during the Nov. 24 radio interview on Ekho Moskvy that he briefly exchanged greetings with Litvinenko in the hotel lobby Nov. 1 but did not sit in on the conversation.

Traces of radioactivity were found at the hotel where Litvinenko met the Russians on Nov. 1, as well as at the British Embassy in Moscow, where Lugovoi appeared upon his return to Moscow to deny his involvement in the poisoning.

The New York Times reported that radioactivity was also detected at the London soccer stadium that Lugovoi, Kovtun and Sokolenko attended after the Millennium Hotel meeting. And Lugovoi flew on British Airways flights traveling the London-Moscow route that tested positive for radioactivity.

Lugovoi is in a Moscow hospital undergoing radiation checks. British investigators were supposed to question him Thursday, but that meeting was postponed, the Russian news agency RIA Novosti reported.

Lugovoi told Ekho Moskvy he had known Litvinenko for 10 years. Lugovoi worked at Russia's intelligence agency from 1987 to 1996. He now owns a company that produces wine and soft drinks.

Litvinenko became a KGB agent in 1988. He rose through the ranks at the intelligence agency until the fall of 1998, when he appeared at a news conference and accused the agency of asking him to help assassinate Boris Berezovsky, an exiled Russian oligarch who has become one of Putin's staunchest critics and is wanted by Russia on fraud charges.

Litvinenko and Berezovsky became close allies. Litvinenko later was arrested on charges of abuse of office and spent nine months in a Russian jail before he won an acquittal in 2000. Later he fled to Britain and was granted political asylum in 2001. He became a British citizen earlier this fall.

Kovtun told the radio station he is a longtime friend of Lugovoi and said he operates a consulting firm that advises Western businesses wishing to enter the Russian market. Sokolenko heads up the bodyguard unit of a Moscow security company called the 9th Degree.

Lugovoi has told Russian media that he believes he and his colleagues are being framed for Litvinenko's murder.

"As for the hullabaloo about me that has been stirred up by Western media, in my view good theatrical directing is traceable here," Lugovoi told the Russian news agency Interfax. "I've stopped watching television and reading papers. I'm fed up with all this."

That Murder In London (WP)

By Charles Krauthammer

The Washington Post, December 8, 2006

The poisoning of Alexander Litvinenko, renegade Russian spy and fierce critic of Vladimir Putin's government, is everywhere being called a mystery. There is dark speculation about unnamed "rogue elements" either in the Russian secret services or among ultranationalists acting independently of the government. There are whispers about the indeterminacy of things in the shadowy netherworld of Russian exile politics, crime and espionage.

Well, you can believe in indeterminacy. Or you can believe the testimony delivered on the only reliable lie detector ever invented -- the deathbed -- by the victim himself. Litvinenko directly accused Putin of killing him.

Litvinenko knew more about his circumstances than anyone else. And on their deathbeds, people don't lie. As Machiavelli said (some attribute this to Voltaire), after thrice refusing the entreaties of a priest to repent his sins and renounce Satan, "At a time like this, Father, one tries not to make new enemies."

In science, there is a principle called Occam's razor. When presented with competing theories for explaining a natural phenomenon, one adopts the least elaborate. Nature prefers simplicity. Scientists do not indulge in grassy-knoll theories. You don't need a convoluted device to explain Litvinenko's demise.

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Do you think Anna Politkovskaya, the journalist who was investigating the war in Chechnya, was shot dead in her elevator by rogue elements? What about Viktor Yushchenko, the presidential candidate in Ukraine and eventual winner, poisoned with dioxin during the campaign, leaving him alive but disfigured? Ultranationalist Russians?

Opponents of Putin have been falling like flies. Some jailed, some exiled, some killed. True, Litvinenko's murder will never be traced directly to Putin, no matter how dogged the British police investigation. State-sponsored assassinations are almost never traceable to the source. Too many cutouts. Too many layers of protection between the don and the hit man.

Moreover, Russia has a long and distinguished history of state-sponsored assassination, of which the ice-pick murder of Leon Trotsky was but the most notorious. Does anyone believe that Pope John Paul II, then shaking the foundations of the Soviet empire, was shot by a crazed Turk acting on behalf of only Bulgaria?

If we were not mourning a brave man who has just died a horrible death, one would almost have to admire the Russians, not just for audacity but for technique in Litvinenko's polonium-210 murder. Assassination by poisoning evokes the great classical era of raison d'etat rub-outs by the Borgias and the Medicis. But the futurist twist of (to paraphrase Peter D. Zimmerman in the Wall Street Journal) the first reported radiological assassination in history adds an element of the baroque of which a world-class thug outfit such as the KGB (now given new initials) should be proud.

Some say that the Litvinenko murder was so obvious, so bold, so messy -- five airplanes contaminated, 30,000 people alerted, dozens of places in London radioactive -- that it could not possibly have been the KGB.

But that's the beauty of it. Do it obvious, do it brazen, and count on those too-clever-by-half Westerners to find that exonerating. As the president of the Central Anarchist Council (in G.K. Chesterton's "The Man Who Was Thursday") advised: "You want a safe disguise, do you? . . . A dress in which no one would ever look for a bomb? Why, then, dress up as an anarchist, you fool!"

The other reason for making it obvious and brazen is to send a message. This is a warning to all the future Litvinenkos of what awaits them if they continue to go after the Russian government. They'll get you even in London, where there is the rule of law. And they'll get you even if it makes negative headlines for a month.

Some people say that the KGB would not have gone to such great lengths to get so small a fry as Litvinenko. Well, he might have been a small fry, but his investigations were not. He was looking into the Kremlin roots of Politkovskaya's shooting. And Litvinenko claimed that the Russian government itself blew up apartment buildings in Moscow and elsewhere in 1999, killing hundreds of innocent civilians, in order to blame it on the Chechens and provoke the second Chechen war. Pretty damning stuff.

But even Litvinenko's personal smallness serves the KGB's purposes precisely. If they go to such lengths and such messiness and such risk to kill someone as small as Litvinenko, then no critic of the Putin dictatorship is safe. It is the ultimate in deterrence.

The prosecution rests. We await definitive confirmation in Putin's memoirs. Working title: "If I Did It."

Written Off As Journalists Die, A Russian Paper Faces Grim Future (WSJ)

By Guy Chazan

The Wall Street Journal, December 8, 2006

MOSCOW -- In mid-October, a few days after his star reporter was murdered, Dmitry Muratov summoned his senior staff for an urgent meeting.

"I told them I wanted to close the paper," recalls Mr. Muratov, editor in chief of the Russian newspaper Novaya Gazeta. "I felt no profession was worth dying for."

Russia is one of the most dangerous places in the world to be a journalist. And the most dangerous place to be a journalist in Russia is Novaya Gazeta. It has lost three reporters in the past six years. One was bludgeoned to death with a hammer. Another died of an allergic reaction relatives suspect was caused by poisoning. A third, Anna Politkovskaya, was shot dead two months ago in the elevator of her apartment block.

A muckraking tabloid, Novaya Gazeta specializes in shining a light into the murky corners of Vladimir Putin's Russia. For years it has exposed government sleaze, corporate crime and abuses of human rights. In the freewheeling 1990s, that was staple

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fare for the Russian press. But with the Kremlin and its allies now in control of much of the media, such themes have become taboo -- and writing about them a risky business.

Other Putin critics have also met mysterious ends. Last month, Alexander Litvinenko, a former KGB agent and strident Kremlin critic who was investigating Ms. Politkovskaya's death, died in London of suspected poisoning by the rare radioactive element polonium-210. In a deathbed statement, he accused Mr. Putin of killing him. The Russian ruler swiftly rejected the charge. There is no evidence that the Kremlin was involved in the Litvinenko case or in the deaths of the three Novaya Gazeta reporters.

As opposition voices are slain, exiled or intimidated into silence, Novaya is one of the last outposts of free speech left in Russia -- a status that has earned it influential friends in the West. On a trip to Moscow in October, U.S. Secretary of State Condoleezza Rice pointedly invited the paper's editors to her hotel. "I want to stress that you are not alone in your struggle," she told them.

Novaya Gazeta's past isn't free of taint. Like the vast majority of Russian newspapers, it has printed articles paid for by influential politicians and businessmen, former Novaya journalists say. Today, one of its biggest fears, in an overwhelmingly pro-Putin nation, is irrelevance. The paper's strident antigovernment line puts it out of touch with the masses and the wealthy a like, leaving it to drift increasingly to the margins of Russian life.

Stressed-out and chain-smoking, the 45-year-old Mr. Muratov is the public face of Novaya Gazeta and its idealistic but battle-hardened staff of 100 journalists. He says colleagues rejected his idea of closing the paper in the wake of Ms. Politkovskaya's death. But he remains fearful for the lives of his staff. "I keep thinking: Who's next?" he says. Just 11 days ago, Novaya announced two of its senior reporters had received death threats, one of them sent as a text message to his mobile phone.

Novaya Gazeta, or New Newspaper, was formed in 1993 by a group of about 30 journalists who broke away from Komsomolskaya Pravda, then and now Russia's highest-circulation newspaper.

Some of Novaya's early success came because of former Soviet leader Mikhail Gorbachev's patronage. He donated part of his Nobel Peace Prize winnings to buy Novaya's first newsroom computers and gave another $200,000 to pay for staff salaries. In 1994 his wife, Raisa, bought Mr. Muratov his first cellphone, a clunky Motorola. However, advertisers were put off by Novaya's low circulation and its readers, mainly down-at-the-heels intellectuals. In 1995 the paper briefly closed down due to lack of funds.

From the start, Novaya had a uniquely independent stance. It condemned President Boris Yeltsin's shelling of the hard-line Russian parliament in 1993, when all other liberal media backed him. In 1996, an election year, the rest of the Russian press sided with Mr. Yeltsin, but Novaya remained neutral. That earned it respect in journalistic circles, and it was able to poach some of Russia's top reporters. Circulation rose from 10,000 to 70,000 by the end of 1996 as the paper ran scoop after scoop about graft in the Yeltsin administration.

A series of campaigns also raised its profile and boosted its moral authority. Between 1997 and 1999, its defense correspondent, a Russian army major and decorated Afghan war veteran named Vyacheslav Izmailov, helped free 171 Russian prisoners of war and hostages held by warlords in the rebel region of Chechnya.

However, journalists say that to keep afloat, Novaya Gazeta resorted to a practice endemic in the Russian media -- publishing paid-for articles masquerading as news. Mr. Muratov declines to discuss what his paper did but says the entire Russian press engaged in the practice. He insists he "never printed anything that went against the paper's editorial policy."

The hodgepodge of styles was often jarring. An issue in November 1998 featured a hard-hitting account of the murder of Galina Starovoitova, a liberal lawmaker; a feature about the ties between local politics and organized crime in the port of Novorossiisk; and alongside them, an upbeat story about a Moscow bank that funded a memorial in London to Soviet war dead. The head of the bank, billionaire businessman Alexander Lebedev, was one of Novaya's informal sponsors. Mr. Lebedev denies paying for that particular article but says, "It's true that I did support them financially, and that their coverage was generally favorable to us."

Alexei Pankin, a former op-ed editor of the newspaper Izvestia and a friend of Mr. Muratov, says paid articles may have made it possible for Novaya Gazeta journalists to cover the stories that mattered most to them -- such as the war in Chechnya --

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but the practice "no doubt harmed the paper's reputation." Novaya Gazeta and other papers were also left vulnerable to allegations of corruption when Mr. Putin began his crackdown on the independent media.

And Novaya's political coverage was getting it into hot water with the authorities. In the fall of 1999, a series of explosions ripped through apartment blocks in Moscow and two other Russian cities, killing 300 people. The authorities blamed Chechen militants and Mr. Putin sent troops to restore Russian rule in Chechnya. Novaya ran a series of stories describing what it said was evidence the blasts were orchestrated by Russia's security services. The late Mr. Litvinenko made the same claim -- vigorously denied by the Kremlin -- after he won political asylum in Britain in 2000.

Novaya also dug into Mr. Putin's stint as deputy mayor of St. Petersburg in the early 1990s, alleging fraud in his handling of a humanitarian-aid program. The president also rejected that claim. "From that point, our relations with the Putin administration were ruined," says Mr. Muratov. Businessmen who had donated funds to the paper stopped doing so.

Mr. Muratov scrounged money from business contacts and received $100,000 from financier George Soros's Open Society Institute, which promotes democracy in the region. But the climate for independent media kept worsening. OAO Gazprom, the state natural-gas monopoly, took over NTV, a TV channel owned by tycoon and Putin critic Vladimir Gusinsky. Mr. Gusinsky fled into exile. Novaya managed to survive only because it was owned by its own journalists.

In 2002 the paper was almost forced to close after losing a string of libel suits that critics said were evidence of sloppy reporting. Mr. Muratov calls it a government-sanctioned campaign of "judicial strangulation."

More alarming, the paper's journalists were coming under physical attack. In May 2000, Igor Domnikov, whose articles alleged corruption in the southern region of Lipetsk, was beaten with a hammer in the entrance of his apartment block. Two months later he died of his injuries. His accused killers are currently on trial in central Russia, but authorities haven't said who ordered the killing.

Later that year, Ms. Politkovskaya, whose reports from Chechnya exposing atrocities committed by Russian troops led to a slew of criminal investigations, had to be placed under armed guard after receiving death threats. She was then sent into hiding abroad.

In 2003, Yuri Shchekochikhin, Novaya's deputy editor, fell ill with a mysterious ailment. A liberal lawmaker, Mr. Shchekochikhin had been investigating tax-evasion allegations against two Moscow furniture stores with links to senior figures in Russia's security services. In June, he was admitted to the hospital with an "extreme allergic syndrome." Ten days later he was dead. To this day, authorities have refused to divulge details of the autopsy, designating them a "medical secret." Family and friends insist Mr. Shchekochikhin was poisoned.

Strange incidents continued to dog Novaya's staff, especially Ms. Politkovskaya. No longer just a reporter, she was emerging as a human-rights advocate, often volunteering to help ordinary Chechens whose relatives had gone missing. That earned her enemies in Russia's security apparatus, according to colleagues. In the fall of 2004, she became violently ill and had to be hospitalized after drinking tea on a plane to southern Russia, where she was traveling to cover the Beslan hostage crisis. She claimed she had been poisoned.

Then in October this year, Ms. Politkovskaya was shot dead in the elevator of her apartment building. Before her death, she had been investigating cases of torture allegedly committed by the pro-Kremlin authorities in Chechnya.

The death reverberated around the world. Ms. Politkovskaya, 48, was the 13th reporter to be slain in a contract-style killing since Mr. Putin came to power in 2000, according to the New York-based Committee to Protect Journalists.

At this time, the last remnants of Russia's free press were being scooped up by Kremlin-friendly business groups. Gazprom bought Izvestia and later Komsomolskaya Pravda. A steel magnate loyal to Mr. Putin acquired Kommersant, one of Russia's last big independent newspapers.

Novaya, too, realized it couldn't go on as before. By June of this year, reporters hadn't been paid for two months, and free-lancers for a year. The paper owed $430,000 to its printer. In June, Mr. Muratov persuaded the staff to sell a 49% stake in the paper to its old friends Mikhail Gorbachev and Mr. Lebedev, the banker.

Mr. Lebedev says that in an exchange for a pledge from Novaya not to publish paid articles, he agreed to invest $3.6 million in the paper by the end of next year and to pay $1.5 million in bonuses to its staff of 170. The money will help Novaya raise wages, upgrade facilities, publish five times a week instead of twice and create a new Web site.

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A suave, elegantly dressed tycoon, Mr. Lebedev says he bought Novaya because he liked its oppositional tone. "They're the only ones who stick to the principle that a newspaper's job is not just to report the news but to criticize the bureaucracy," he says.

His arrival at the paper was controversial. Some journalists there wonder why Mr. Lebedev -- a member of the pro-Kremlin United Russia party and, like Mr. Putin, a former KGB spy -- wants a paper that's so disparaging of the president. When Mr. Lebedev dropped in at the newsroom this summer, one reporter said the journalists felt intimidated by the businessman's habit of publishing letters in the paper criticizing articles he disliked.

Mr. Lebedev reassured reporters he shared their core democratic values and would not interfere in editorial policy. But in October, when a fiercely anti-Western opinion piece he submitted was substantially cut, he complained in his blog that the editing was "insolent."

With the protection of Mr. Gorbachev, a figure still much admired in the West and respected by Mr. Putin, observers say there's little likelihood Novaya Gazeta will be shut down. But for some of the staff, the newspaper faces an even worse fate: irrelevance.

Novaya's stories could once cause a stir, prompting parliamentary hearings and even high-level resignations. They hardly ever do now. Reporters continue to turn out hard-hitting exposés, but they have little reach. With three of its most prominent journalists dead, national circulation stagnant at only 172,000 -- compared to more than two million for its old rival, Komsomolskaya Pravda -- and the rest of the independent press moribund or dead, Novaya risks a slow decline into oblivion.

Tired of politics, Russians increasingly want lighthearted stories and more reporting on celebrities -- the kind of news Novaya's journalists disdain, although the paper does have plenty of sports coverage and a television guide. Mr. Pankin, the former Izvestia op-ed editor, says that in a country where Mr. Putin regularly scores approval ratings of over 70%, there simply aren't that many people who want to read every day about their leader's flaws.

It was a point Mr. Putin made in commenting on Anna Politkovskaya's slaying. "Her influence on Russia's political life was minimal," he said.

Says Roman Shleinov, the paper's chief investigative reporter: "Even if we were to publish pictures of Putin receiving suitcases of money at the Kremlin door, no one would care."

Write to Guy Chazan at guy.chazan@wsj.com1

The Persistently Poor (WP)

By Peter S. Goodman

The Washington Post, December 8, 2006

NEW YORK, Dec. 7 -- Despite an intensified campaign against poverty, World Bank programs have failed to lift incomes in many poor countries over the past decade, leaving tens of millions of people suffering stagnating or declining living standards, according to a report released Thursday by the bank's autonomous assessment arm.

Among 25 poor countries probed in detail by the bank's Independent Evaluation Group, only 11 experienced reductions in poverty from the mid-1990s to the early 2000s, while 14 had the same or worsening rates over that term. The group said the sample was representative of the global picture.

"Achievement of sustained increases in per capita income, essential for poverty reduction, continues to elude a considerable number of countries," the report declared, singling out programs aimed at the rural poor as particularly ineffective. Roughly half of such efforts from 2001 to 2005 "did not lead to satisfactory results." During that period, new World Bank loans and credits aimed directly at rural development totaled $9.6 billion, or about one-tenth of total bank lending, according to the group.

In a statement distributed with the report, World Bank management rejected its assessment as "overly bleak," arguing that the overall trend is improving in every region except Africa. Bank administrators noted that reducing poverty requires economic growth, something they said the world has been enjoying: Over the past two years, developing countries collectively grew by about 5 to 6 percent a year, excluding swiftly developing China and India. Even sub-Saharan Africa has grown by more than 4 percent annually over the past five years.

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But the study found that growth has rarely been sustained, exposing the most vulnerable people -- the rural poor -- to volatile shifts in their economic fortunes. Per capita income rose continuously from 2000 to 2005 in only two in five of the countries that borrowed from the World Bank, the study reported, and it increased for the full decade, from 1995 to 2005, in only one in five.

The study emphasized that economic growth is, by itself, no fix: How the gains are distributed is just as important. In China, Romania, Sri Lanka and many Latin American countries, swiftly expanding economies have improved incomes for many, but the benefits have been limited by a simultaneous increase in economic inequality, putting most of the spoils into the hands of the rich and not enough into poor households, the study concluded.

In Georgia, the bank has helped foster growth by lending in support of the oil industry, but this has created few jobs and had a negligible impact on poverty, the study found. In Brazil, on the other hand, there has been little growth but significant advances against poverty because wealth has been distributed more evenly.

"For a sustained reduction in poverty over a period of time, it really pays to worry about both growth and distribution," said Vinod Thomas, director-general of the Independent Evaluation Group. "It has been a mistaken notion that you can grow first and worry about the distribution later."

Overall, from 1990 to 2002, the percentage of the world's people who subsist on less than $1 per day declined from 28 to 19, according to World Bank research. But officials with the evaluation group noted that much of the advance was registered in China, which has rejected many of the tenets of the development model advocated by the West and barely relied on the largesse of the World Bank.

"If you take out China, the numbers would be unfavorable," Thomas said. "The sheer numbers of people living under the $1-a-day definition of poverty has been stubbornly high." By the bank's reckoning, 1.1 billion people subsisted at that level in 2001.

Some of the report reads like an amalgam of the criticisms that have been leveled against the World Bank for years by outside activists. The report chides the bank for failing to help cushion poor people against price and currency liberalizations, for focusing on the fiscal sustainability of pension systems to the detriment of the poor and for promoting the privatization of power industries without thinking enough about wiring up the indigent.

It criticizes the bank for failing to tailor projects to local conditions and for sometimes attempting to accomplish more than national governments can handle. In Uganda, the bank assisted the government with an ambitious effort to increase school enrollments but failed to plan for sufficient teacher hiring or classroom construction. By last year, Uganda's schools had an average of 94 students per classroom, and each book was being shared by three pupils.

Critics of the bank used the report to claim vindication and call for change in the institution's policies -- in particular, loan conditions that sometimes force poor countries to slash spending on social services and reduce price controls on food. "At a certain point, you have to say, 'This is policy failure,' " said Mark Weisbrot, an economist and co-director of the Center for Economic and Policy Research, who has long argued that the bank's emphasis on austerity and privatization has increased poverty.

World Bank administrators said it would be simplistic to view rising poverty rates as a sign that their projects do not work, noting that the worst-off borrowing countries are grappling with war, famine and natural catastrophes.

"There's a lot that has to go right for country-wide incomes to improve other than just good projects financed by the World Bank," said Vikram Nehru, director of the bank's economic policy and debt department. "These countries are in very difficult circumstances."

Still, Nehru said the bank could benefit from greater consideration of what is actually possible in any given country.

"We need to be much more sober in our assessments," he said.

U.N. To Renovate Secretary General's Residence (WP)

By Colum Lynch

The Washington Post, December 8, 2006

UNITED NATIONS, Dec. 7 -- After stalling efforts to renovate the United Nations' Manhattan headquarters, the Bush administration joined other U.N. members this week in approving $4.9 million to work on incoming Secretary General Ban Ki

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Moon's East Side residence, including a new $2.1 million central heating and air-conditioning system and a $200,000 kitchen upgrade.

The decision by the U.N. General Assembly's chief budget committee comes as the United States and other member nations are pressing Ban to assign high-level jobs to their nominees. The renovation is necessary because the 85-year-old neo-Georgian townhouse is plagued by power outages, leaky plumbing, an unsafe elevator and an obsolete kitchen exhaust system that poses a "potential fire hazard," according to a U.N. report.

"It does need refurbishing," said Kofi Annan, who will leave the Sutton Place house after his 10-year term ends at the end of the month. Although the house, built in 1921, has not had a major renovation since 1950, he said, "I'm happy that they did not do that to me and I didn't have to spend a year or so in a hotel."

The 14,000-square-foot residence on the East River was built for Anne Morgan, the daughter of the New York financier J.P. Morgan. The United States rejected the site as a possible residence for its ambassador to the world body, instead setting up a residence for the top U.S. diplomat in a penthouse apartment at the Waldorf-Astoria Towers.

The Sutton Place residence was donated to the United Nations in 1972 and has housed every U.N. secretary general since Kurt Waldheim. It has served as a meeting place for scores of kings, presidents, prime ministers and foreign ministers.

Ban will be housed in a hotel for at least nine months as workers rip out antiquated air-conditioning, plumbing and electrical systems that require $60,000 and 1,100 hours to repair each year. They will spend $650,000 on a new security system and another $100,000 to renovate two small bathrooms in the entryway.

While U.N. delegates acknowledge the renovation is costly, they say it is essential for the world's top diplomat to entertain other leaders in style -- though some noted that the home's main reception areas show few signs of the wear and tear described in the U.N. report. "It's a very nice place," said Pakistan's U.N. ambassador, Munir Akram.

"I do not call it dilapidated," said Japan's ambassador, Kenzo Oshima, whose government recently poured tens of millions of dollars into renovating a new residence for its top envoy. But he said he agrees it is time for an overhaul. "My own residence looks fine from the outside, but inside there are lots of things -- water, piping, air conditioning, a lot of problems."

The Iraqi government, meanwhile, has appealed to Annan to transfer $40 million in U.N.-controlled Iraqi funds to upgrade its Upper East Side residence and mission and to build a new mission near U.N. headquarters. The new U.S. mission being built across from the United Nations will cost $50 million to $60 million, according to U.S. government estimates.

Iraqi Foreign Minster Hoshyar Zebari appealed to Annan last month to shift the funds from a $113 million account controlled by the U.N. weapons inspection team, which has not been allowed into Iraq since the U.S.-led invasion in 2003. "Iraq plans to purchase a new building close to United Nations headquarters to serve as the permanent mission to the United Nations," he wrote. "It also plans to perform major renovations on the mission's current building and the residence of the permanent representative, which has been neglected for over ten years."

The Security Council's sole Arab member government, Qatar, proposed that the council authorize the transfer of funds. Britain, however, asked that the council be given more time to consider the request. But Britain's ambassador, Emyr Jones Parry, said he did not question Iraq's need for a new mission.

"How much do you need for new building? I just don't know," he said. "Have you been in their present building? I've been there lots of times. They do need a new one."

Mr. ChÃ¡vez's Victory (WP)

The Washington Post, December 8, 2006

HUGO CHÃVEZ'S victory in Venezuela's presidential election Sunday was unsurprising, given the campaign that led up to it. The would-be "Bolivarian" revolutionary flooded the country with petrodollars in the months before the vote, decreeing a pay bonus for all government workers. He dominated the media, receiving by one count 22 times as much airtime as his opponent. He also freely employed intimidation, endorsing a declaration by the director of the powerful state oil company that its 40,000 workers would be mobilized for the president and that anyone who opposed this would be guilty of "a crime." Such tactics, along with the fact that many people who signed petitions in a campaign to recall Mr. ChÃ¡vez two years ago have been subject to

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government sanctions, clearly had an effect: A poll conducted for the Associated Press showed that 57 percent of Venezuelans believed that voters who did not support the president might suffer from retaliation.

The real news of the election was the reappearance of a credible Venezuelan opposition. Manuel Rosales, a state governor, managed to unite the anti-ChÃ¡vez forces and energetically barnstormed the country, drawing hundreds of thousands to rallies in Caracas. In the end he received 38 percent in the official count, preventing Mr. ChÃ¡vez from getting anywhere close to the 10 million votes he set as his goal. On Sunday night Mr. Rosales formally conceded -- an important signal for an opposition that too often has resorted to self-destructive boycotts or other anti-democratic tactics. Though Mr. ChÃ¡vez controls the judiciary and every seat in the national legislature, Mr. Rosales is now positioned to represent the millions of Venezuelans who oppose the president's drive to monopolize power.

A strong opposition will be needed. Mr. ChÃ¡vez has announced plans to follow his reelection by removing the constitutional barrier that would limit his tenure to six more years. He has also threatened to shut down private television stations sympathetic to the opposition, and his congressional followers say they plan to give him far-reaching decree power, so that he can personally order the seizure of private property. For those who trust that political pluralism will remain intact, Mr. ChÃ¡vez had a message. "There is no room in Venezuela for any project other than the Bolivarian revolution," he declared last week.

In fact, Mr. ChÃ¡vez's rule contains the seeds of its own destruction. His wild use of oil revenue -- government spending has grown eightfold during his eight years in office -- has gone mainly for consumption or foolish foreign adventures. Investment in the economy, and even in the oil industry itself, is paltry, and most experts believe Venezuela's petroleum production has declined. Crime and corruption are soaring: Murders are up 67 percent during the ChÃ¡vez era. If oil prices continue to drop, Mr. ChÃ¡vez's revolution eventually will be revealed for what it is: a populist fraud.

The Best Election Money Could Buy (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, December 8, 2006

CARACAS -- As midday Mass at the Cathedral on Plaza Bolivar drew to a close on Sunday, the celebrant issued a plea for peace: The winner of the presidential election must be respected, he told the congregation, but so too the loser, who is also a Venezuelan in this land blessed by God.

I gazed at the crucifix behind the altar and pondered the admonition. It was only 1 p.m., far too early to call a winner in the race between President Hugo Chávez and the challenger, Zulia Governor Manuel Rosales. But the Church was already signaling concern -- as it has been for the past eight years under the Chávez government -- about the end of tolerance in a nation that is supposed to be a democracy. There was good reason.

The words from the pulpit echoed in my mind that evening, when some 20 loudly rumbling motorcycles passed in front of the car in which I was riding near Plaza Altimira, where anti-Chávez Venezuelans have been known to gather. Each bike carried two helmeted men in military garb, armed with riot shields and long rifles.

It was nearly 6:30 p.m. and darkness had fallen. I remembered that Chávez supporters had more than once shot and killed unarmed civilians with impunity and I thought about heading back to my hotel. But I wanted to see whether the opposition would rally on its own turf. So I continued around the square. What I saw next was truly frightening.

The flowers growing in the plaza were drooping under a tropical shower as members of Mr. Chávez's feared National Guard poured out of a military vehicle on one side of the street and armies of informal government enforcers known as chavistas gathered on the other. A red truck was blaring revolutionary music. A bus carrying about 10 chavistas, their heads wrapped in the signature red of the Chávez campaign, drove menacingly up and down the street. It honked its horn and pulled wild U-turns as its passengers, at least one of whom was naked from the waist up, leaned out the door and windows pumping their fists and shouting angrily into the evening air.

Mr. Chávez's metropolitan police and the military ignored their lawlessness. A 23-year-old woman driving past the plaza later that night says she was set upon by chavistas wielding baseball bats and that her car windows were smashed. I wondered why, if the president had won re-election, he needed to turn his goons on the civilian population.

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I never believed that Fidel Castro's Venezuelan "mini-me" would be defeated on Sunday even though there is scant evidence that a majority of Venezuelans back his socialist revolution. Instead, I expected that a Chávez victory could be had "legally" through a combination of coercion, manipulation and the liberal use of state funds.

This seems to be what happened. The National Electoral Council (CNE) says that Mr. Chávez got about 61% of the vote versus 37% for Mr. Rosales; no one in the opposition is challenging his victory. Nevertheless, it is difficult to judge the race fair.

Among the irrefutable complaints from the independent electoral watchdog group known as Súmate (literally "Join Up") is the charge that the government would not allow an independent and reliable audit of the electoral registry; in the two years and three months since the recall referendum, voter rolls grew more than 30%. This left a lot of Venezuelans wondering who these new voters were but the government refused to release the full registry (including addresses) or post local lists at polling stations, as required by law.

Economic intimidation also played a role. It may be true that the poorest voted heavily Chávez. I don't know. But one economic step up from the most destitute, I have found palpable distrust of this president. In the struggling municipality called Caricuao, 30 tiny medical clinics and a number of larger ones have opened in the past year. I visited three clinics there on Monday, all of which are staffed by Cubans and decorated with anti-American propaganda. Yet this huge state effort to ideologically capture a barrio seems to have delivered only mediocre results.

A local woman I interviewed told me that her neighborhood was politically divided. Many dislike Mr. Chávez greatly, she said, but believed that the electronic voting machines and the fingerprint tracking machines at the polls would allow the government to know how they voted and that they would lose their government jobs if they went against him. Such fears are not irrational. It is well documented that the government has created enemies lists and fires dissidents.

Perhaps the working poor dismiss Mr. Chávez because they see so many apparatchiks getting fat off corruption while they get only crumbs. A new report by former Venezuelan oil company director Gustavo Coronel, published by the Cato Institute's Center for Global Liberty and Prosperity, finds that during the past eight years government oil revenues and revenue from issuing new debt total at least $175 billion and that this windfall has been accompanied by a sharp drop in transparency. "For example," Mr. Coronel writes, "the state-owned oil company ceased publishing its consolidated annual financial statements in 2003, and Chávez has created new state-run financial institutions, whose operations are also opaque, that spend funds at the discretion of the executive."

Unaccounted for state funds could have been used to finance Mr. Chávez's re-election in more than one way. According to Goldman Sachs emerging-market analyst Alberto Ramos, "if you include imports, car sales are expected to almost double this year to about 300,000, many of them luxury models." If you have the right politics, you too might join the fun.

Yet trouble is looming as expectations rise and delivering on promises becomes more difficult. Mr. Ramos notes that "serious macro imbalances are emerging in the economy," including "accelerating inflation, sharply depreciated black market exchange rate. . . and the gradual atrophy of the non-oil sector." It is worth worrying about what Mr. Chávez will do to maintain power when the money runs out. The Church may have some reasonable fears.

Scot Free (WSJ)

By Quentin Letts

The Wall Street Journal, December 8, 2006

LONDON -- Back in 1707 the neighboring kingdoms of England and Scotland swallowed their historical differences and agreed to create the United Kingdom. Three-hundred years on a majority of Britons seem to want to undo it all.

Scottish independence is suddenly on the political radar. At present it is only a faint blip but if it becomes more serious the U.S. could find one of its more reliable allies suddenly looking distinctly bifurcated. If Scotland and England go their separate ways the British would probably disappear as international diplomatic players.

In medieval times the English and the Scots had little time for each other. Occasionally we English would send an army north of the border to beat up a few of the hairy-kneed, kilt-wearing "Jocks." The chief hazard in these engagements, apart from being gored by a skean-dhu dagger, was the terrible, blood-curdling skirl of Scottish bagpipes, as fiendish a noise as man has ever contrived to fashion. In retaliation the Scots, most of whom had remained loyal to the pope when Henry VIII spurned Roman

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Catholicism, would from time to time engage in a little light sedition against the Protestant Crown of England. Scotland's long-fingered lochs and heather-clad Highlands were good places to conceal papist pretenders to the English throne.

The Act of Union was meant to put a stop to all that -- and for about 275 years, it did. The United Kingdom was a success. Scottish probity, discipline and scientific know-how combined with English brute force to create the British Empire. Scots Highland Regiments became a valued part of the British Army. English money flowed northwards to make Edinburgh and Glasgow two of the greatest cities of 19th-century Europe. The Scots sent representatives down to Parliament in London, but they felt no sense of grievance or loss of self-esteem. Indeed, they played the political game well and bagged more than their share of Britain's public money. A few bad habits formed. The Scots, once notorious for their financial parsimony, became slightly hooked on welfare.

Football always showed that the "auld enemies" had never quite become one country. When England's soccer team loses no one celebrates quite as hard as the Scottish. Even so, things might have bumbled along in an amiable manner had it not been for Margaret Thatcher's election as British Prime Minister in 1979. Mrs. T had many qualities but diplomatic "sensitivity" was not among them. Scottish voters, wary of her anti-welfare instincts, detected a threat.

When Tony Blair became prime minister in 1997 his Labour Party agreed to give Scotland its own parliament. The place has limited powers, has cost a fortune and is full of monumental windbags, but it has become a symbol, an assertion, of renewed Scottish nationalism. This was also boosted in 1995 by "Braveheart," Hollywood's ludicrously romanticized film about 14th-century Scots fighting the wicked English.

Next May Scottish voters face elections in which Mr. Blair's Labour may be run close by, or even lose to, the left-wing, anti-American, pro-independence Scottish Nationalist Party. Alongside this prospect comes an opinion poll published by the Sunday Telegraph that found 52% of Scots now want independence. More surprisingly, 59% of the English would be happy to see the Scots go; and some 69% also seem to want a separate parliament of their own. In other words, significant numbers of British voters no longer care about "the union."

On one level this can be dismissed as neighborly peevishness run out of control, of Caledonian chest-beaters trying to build a separate state on little more than national machismo. However, when Mr. Blair steps down next summer, he is almost certain to be replaced by Gordon Brown, at present his finance minister. Mr. Brown is a Scot. Many of his friends and allies are, too. In this climate it is not too hard to see the greater danger -- English nationalism -- rising up and breaking the historical union which was created three action-packed centuries ago.

Mr. Letts writes for London's Daily Mail.

Blood, Toil, Tears And Nukes (NYT)

The New York Times, December 8, 2006

When Tony Blair asked Parliament this week to approve a new generation of nuclear-armed submarines, he was asking the lawmakers to reaffirm Britain as a nuclear power far into the 21st century.

The prime minister argued that Britain needs its nuclear weapons to deter new threats from terrorists and rogue states. But we suspect that what is really driving Mr. Blair and his military planners is concern about old threats: the thousands of nuclear weapons still in Russia's arsenal and the hundreds in China's. The fact that France is holding on to its nukes — and its seat at the table of "world powers" — is likely encouraging him as well.

Frankly, we would like to see more from Mr. Blair, who has shown a flair for defining new-think issues, as he did with his government's global-warming report and its call to reduce poverty.

Mr. Blair could burnish that legacy if he challenged all the world's nuclear powers to reduce their arsenals. To soothe critics in his party, Mr. Blair also said this week that Britain would reduce its small arsenal from fewer than 200 operational warheads to fewer than 160. He should challenge others to follow.

Deep cuts — leading to zero — is what all the original nuclear powers pledged when they signed the Nuclear Nonproliferation Treaty. But that effort has stalled. Russia and the United States — with the world's two largest arsenals — agreed in 2002 to cut down to some 2,000 deployed warheads. But there have been no negotiations since.

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The major powers would have a far stronger case for their calls to restrain the nuclear ambitions of countries like Iran and North Korea if they showed they were willing to reduce their own arsenals. That is the stuff that legacies are made of.

DOJ_NMG_0103903

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 8, 2006 7:45 AM EST

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TERRORISM NEWS:

U.S. Prosecutors Move To Block Padilla's Questioning Of Pentagon (WP/AP)

The Washington Post, December 8, 2006

MIAMI, Dec. 7 -- Federal prosecutors asked a judge Thursday to prevent Jose Padilla's defense attorneys from questioning Defense Department officials or obtaining documents about his treatment during 3 1/2 years in military custody as an "enemy combatant."

Defense attorneys have issued subpoenas for at least four military officials, including a security officer and technical official at the Navy brig in Charleston, S.C., where Padilla was jailed. They have also subpoenaed Maj. Gen. D.D. Thiessen, commander of U.S. Marine forces in Japan, about treatment of other enemy combatants, according to court documents.

The subpoenas also seek records of "special procedures and communications" related to Padilla, as well as medical records and visitation logs.

Prosecutors said in a motion filed Thursday that the subpoenas are an improper "fishing expedition" because Padilla's allegations of mistreatment during his time in military custody have no bearing on the terrorism support case against him in Miami.

"These subpoenas seek information that has nothing to do with the offenses charged in the indictment, which predate Padilla's confinement and arise out of the defendants' support for groups committed to violent jihad," Assistant U.S. Attorney Russell Killinger and other prosecutors said in their motion.

Padilla's attorneys did not immediately respond to e-mail messages seeking comment.

Padilla, a 36-year-old U.S. citizen, is scheduled to stand trial Jan. 22 along with two others in the terrorism support case. He was added to that case late last year amid an intense legal battle over the extent of President Bush's wartime powers to detain U.S. citizens.

When Padilla was originally arrested in 2002, administration officials alleged that he was on an al-Qaeda mission to detonate a radioactive "dirty bomb" in a major U.S. city, but the Miami indictment does not mention those allegations.

Padilla's attorneys have asked U.S. District Judge Marcia Cooke to dismiss the case against Padilla because of what they allege is "outrageous government conduct," including torture, during his years at the Navy brig. They allege Padilla was abused so severely it has hurt his ability to aid in his own defense, but Pentagon officials and prosecutors assert that Padilla was treated humanely.

Last week, Padilla's lawyers sought to buttress their case by filing with the court still video images showing Padilla being led out of his cell in blacked-out goggles, noise-muffling headphones and chains. Padilla also alleges he was hooded and forced to stand in stress positions, subjected to bright lights and total darkness, given mind-altering drugs, and made to endure sleep deprivation.

Prosecutors have urged Cooke not to consider those allegations or schedule a hearing on them.

New York Judge: Terror Defendants' Pre-trial Prison Solitary OK (AP)

By Larry Neumeister, Associated Press Writer

AP, December 8, 2006

NEW YORK -- A judge on Thursday refused to order a terrorism suspect _ a jazz musician who also is a martial arts expert _ moved out of solitary confinement after prosecutors claimed he was so dangerous he suggested using prayer beads as a strangulation tool.

U.S. District Judge Loretta A. Preska denied the request by lawyers for Tarik Shah and his co-defendants that they be moved from special housing in the Metropolitan Correctional Center in lower Manhattan that leaves them isolated while they await trial.

She said the government had offered tape recordings to support that Shah was an accomplished martial arts practitioner who had tried to recruit others to join al-Qaida and that he had offered to train them.

She said some evidence indicated that "his prayer beads have been or in the past were fashioned as a strangulation device" and noted that the Bureau of Prisons had a duty to protect other inmates.

The judge ruled from the bench after listening to oral arguments on a subject that had been debated in court papers for months.

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Shah, of New York, Dr. Rafiq Abdus Sabir, of Boca Raton, Fla., Abdulrahman Farhane, a Brooklyn bookstore owner, and Mahmud Faruq Brent, of Gwynn Oak, Md., are awaiting trial on charges that they conspired to help a terrorist organization.

They each could face up to 30 years in prison if convicted. They have pleaded not guilty.

A lawyer for Shah, Renita K. Thukral, asked the judge to order the Bureau of Prisons to permit her client to be released from solitary confinement or to give sufficient reasons why the confinement was necessary.

In court papers, the government said trial evidence will prove Shah is a martial arts expert and trainer who has studied extensively in jujitsu, which he has described in a government-recorded conversation as the Japanese art of hand-to-hand combat and knife and stick fighting.

Assistant U.S. Attorney Jennifer Rodgers wrote that Shah had offered to help train al-Qaida operatives for hand-to-hand combat and in the use of weapons, including swords and machetes, and had shown an undercover agent how he had fixed his prayer beads to be used as a weapon.

She said he had looked at a warehouse facility where he could conduct martial arts training locally, had expressed willingness to go overseas to train fighters and had discussed his desire to obtain training in explosives, firearms and hand grenades.

She said evidence against him included proof that he and Sabir were kicked out of a mosque for attempting to teach urban warfare to interested Muslims and proof that Shah had pledged his allegiance to al-Qaida and Osama bin Laden with a person he believed was an al-Qaida recruiter.

In a declaration to the court signed Tuesday, Shah said he had been held in solitary confinement since the day after his May 28, 2005, arrest. He said strict rules requiring his handlers to videotape his conversations have prevented him from exercising his attorney-client privilege.

He said his isolation has blocked him from practicing his faith or receiving proper medical care and had left him in "inhumane conditions," unable to access the library, educational programs, religious services, family visits, outdoor recreation or news publications.

In another document in the court record, Shah writes: "I am an American with well over 10 generations of family who were also American, so why is it that I cannot get a meaningful and impartial review of my status?"

In a document he wrote nearly a year ago, Shah asked for contact visits with family members, saying non-contact visits "are torture!"

"The only time that I am touched is for a movement from my cell to some designated area, being cuffed and sometimes fully shackled with leg irons," he said. "This isolation is inhumane and has caused me a great deal of stress and mental anguish."

He accused the prison staff of having "condemned and convicted me."

Guantanamo Detainees Going To New Prison (AP)

By Michael Melia

AP, December 8, 2006

The U.S. military transferred the first group of detainees on Thursday to a new maximum-security prison at Guantanamo Bay designed to restrict contact among the prisoners and prevent attacks on guards.

More than 40 detainees were brought to the $37 million prison perched on a plateau overlooking the Caribbean Sea from another maximum-security facility at the U.S. naval base in eastern Cuba, said Navy Cmdr. Robert Durand.

The 178-cell prison, constructed beside another maximum-security prison built in 2004, will allow the base to phase out an older facility, Durand said.

U.N. human rights investigators and foreign governments have called on the United States to close the entire detention center because of widespread allegations of abuse of detainees by guards. The United States labels Guantanamo detainees "enemy combatants," which accords them fewer rights than other prisoners.

About 430 men are currently held at Guantanamo on suspicion of links to al-Qaida or the Taliban, including about 100 who have been cleared for release and are awaiting transfer to another country. Fewer than a dozen inmates have been charged with crimes.

The new prison was originally designed as a medium-security facility. But the military made several modifications, citing concerns raised by three suicides in June and a clash in May between guards and detainees armed with makeshift weapons.

It is now one of two facilities reserved for prisoners who are least compliant — an assessment the military says it bases on detainees' adherence to base rules rather than their cooperation with interrogators.

Detainees will be confined in individual cells with long, narrow windows overlooking areas with metal tables and stools that were meant to be shared spaces but will now be off-limits.

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An open-air recreation area has been divided into smaller spaces, which will hold only one detainee at a time. Shower doors were redesigned to allow guards to shackle prisoners' hands and feet before they leave the stalls, and fencing was installed on second-tier catwalks to prevent detainees from jumping over the sides.

The new prison also has air conditioning, an onsite medical center and two rooms that will allow detainees to meet privately with their lawyers, Durand said.

Air conditioning has not been available at all the camps despite sweltering tropical heat. But the military is now installing it some prisons after detainees used broken fan blades as weapons in the melee in May.

U.S. Navy Cmdr. Kris Winter said the modifications will help make guards safer. In the last year and a half, the military has recorded more than 430 incidents in which detainees have thrown "cocktails" of bodily excretions at guards, as well as 225 physical assaults.

"As a commander, I don't like my folks being in danger every day," Winter said this week while leading journalists on a tour of the prison.

Guantanamo officials said the inability of the detainees to communicate with one another will also improve safety. Officials have said the May 18 ambush inside another facility on the base resulted from a plot hatched by detainees as word spread that guards were searching cells for contraband medication following two suicide attempts.

A defense attorney said the melee was sparked when guards tried to search prisoners' Qurans.

Navy Rear Adm. Harry Harris, commander of the jail, has also described June 10 suicides at a minimum-security facility at the base as a coordinated protest. Lawyers and human rights activists called the suicides an act of desperation.

Suit By Iraqis And Afghans Claims Rumsfeld Ordered Torture (CSM)

By Warren Richey

The Christian Science Monitor, December 8, 2006

WASHINGTON

As Donald Rumsfeld prepares to leave his job as secretary of Defense, the American Civil Liberties Union (ACLU) is seeking to hold him responsible for what it says was widespread torture carried out at his direction. [Editor's Note: The original version was changed because the American Civil Liberties Union says its civil suit is not intended to prove a war crime.]

Lawyers representing Mr. Rumsfeld and three US Army commanders are set to appear in federal court here Friday in response to a lawsuit charging that the Defense secretary authorized torture and other illegal abuse of military detainees in Afghanistan and Iraq - including at the infamous Abu Ghraib prison.

The case is important because it represents an attempt to hold US officials accountable for alleged illegal abuse of Iraqi and Afghan civilians who were never detained as enemy combatants or charged with any crime. But some legal analysts say the suit may be aimed more at shaping public opinion than winning in court because such cases are difficult to pursue.

The Justice Department lawyers representing Rumsfeld have not responded directly to the torture charges. Instead, they are asking Chief US District Court Judge Thomas Hogan to throw the suit out because Rumsfeld is entitled to immunity from lawsuits challenging his official actions as Defense secretary. Chief Judge Hogan has scheduled two hours of argument on the dismissal request.

The five Iraqi citizens and four Afghan citizens identified in the suit claim that they were subject to beatings, cutting with knives, sexual humiliation, confinement in a wooden box, sleep deprivation, mock executions, and stress positions, the suit says.

"The secretary of Defense personally issued orders and authorized illegal interrogation techniques and caused torture," says ACLU lawyer Lucas Guttentag. "[Rumsfeld] was directly and personally involved."

Mr. Guttentag says that Rumsfeld also "failed to take the required actions to stop abuse in the face of overwhelming uncontroverted evidence that he received and was aware of."

The Defense secretary had been notified of the abuses via Red Cross reports, human rights organization reports, military internal reports, and FBI reports, according to documents obtained by the ACLU under the Freedom of Information Act, Guttentag says.

In addition to Rumsfeld, the suit names Lt. Gen. Ricardo Sanchez, commander of coalition forces in Iraq in 2003 and 2004, Col. Janis Karpinski, commander of the military unit that ran detention facilities in Iraq, and Col. Thomas Pappas, commander of the military unit that gathered intelligence in Iraq.

The civil suit was filed by lawyers with the ACLU and Human Rights First. It says Rumsfeld and the officers violated constitutional protections, international law, and the Geneva Conventions. The suit seeks compensatory damages and a judicial declaration that the legal rights of the detainees were violated under the Constitution, the Geneva accords, and other international law.

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Government lawyers counter that Iraqi and Afghan citizens do not enjoy rights under the US Constitution or the Geneva Conventions to sue senior US officials for official actions taken overseas.

"I think it is a very uphill battle for the litigants here. I don't think this case is going to go very far," says Scott Silliman, a Duke University law professor and director of the Center on Law, Ethics and National Security.

"When you are dealing with the secretary of Defense what you have got to do is show that he was so far outside the scope of his duties as to be culpable," Professor Silliman says. "That is a hard standard to meet."

What makes it a particularly hard standard, Silliman and other legal analysts say, is that Rumsfeld was authorizing new interrogation techniques at the same time Justice Department lawyers were issuing legal memos justifying harsh, coercive interrogation tactics.

To prevail, ACLU lawyers must show that Rumsfeld knew what the law required and intentionally ignored those clearly established requirements. Short of that, Rumsfeld is entitled to immunity, says Richard Samp, a national security and constitutional law expert at the Washington Legal Foundation. "I've seen no document that says 'I hereby command you to inflict the following torture on individuals.' "

Others say immunity is not warranted in Rumsfeld's case. "Accountability, not immunity, for the conduct of military personnel within defendants' command is fundamental to military law, discipline and the law of war," writes Sidney Rosdeitcher in a friend-of-the-court brief filed on behalf of a group of military law experts.

Although allegations in the suit are the equivalent of war crimes, it is a civil case, not a criminal one. Only the US government is empowered to prosecute war crimes in criminal court or before a military court. Various commissions identified command-level problems as contributing to interrogation abuses, but government prosecution has focused on punishing "rogue individuals."

Australia PM Presses US On Guantanamo Bay Detainee (AP)

AP, December 8, 2006

CANBERRA (AP)--Prime Minister John Howard said Friday he was unhappy that an Australian terror suspect remained in U.S. custody at Guantanamo Bay in Cuba without charges.

But Howard said he was hopeful that David Hicks, an alleged Taliban fighter who was taken prisoner by the Northern Alliance in Afghanistan five years ago, will be charged by the Pentagon early next year.

Hicks, 31, had pleaded not guilty to charges of attempted murder, conspiracy to commit war crimes and aiding the enemy and had faced a preliminary hearing before a U.S. military commission.

But those charges were withdrawn when the U.S. Supreme Court ruled the military commissions were illegal in June. Congress has since passed laws to overhaul the military commission system.

On the eve of Hicks' fifth anniversary in custody, Howard said Friday his defense and foreign ministers would raise the delay with their U.S. counterparts when they attend annual bilateral ministerial talks in Washington next week.

"I'm not happy about it having taken so long and we are on a very regular basis pressing the Americans for a commitment that he be formally charged under the new military commission," Howard told Southern Cross Radio in Melbourne.

Howard said he pressed the issue with U.S. President George W. Bush when they attended an Asia-Pacific leaders forum in Vietnam last month and Attorney General Philip Ruddock raised Hicks again with U.S. Attorney General Alberto Gonzales this week.

More than 200 judges, lawyers and their supporters gathered in Melbourne's court precinct Friday to demonstrate against Hicks' detention.

"I don't think there's been a period since the 1950s and the McCarthyist era when we've seen such a sustained attack and disdain on fundamental notions of justice," lawyer and former state attorney general Jim Kennan told the protesters, referring to Communist-hunting former U.S. Senator Joseph McCarthy.

Terror Attacks Feared In Philippines (AP)

By Jim Gomez

AP, December 8, 2006

The U.S., Britain and Australia warned Thursday that terrorists may be plotting attacks in the central Philippines, the site of next week's summit of Asian leaders.

Australian and British officials used identical language in separate advisories, saying they believed "terrorists are in the final stages of planning attacks."

All three countries warned their citizens to avoid travel to Cebu province, a tourism and industrial hub 350 miles southeast of the capital, Manila. Australia upgraded its warning for Cebu to the highest level.

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"We continue to receive reports that terrorist groups are planning further attacks and believe that they have the capacity and the intent to carry out attacks at any time and anywhere in the country," the British advisory said.

Leaders of the 10-member Association of Southeast Asian Nations will hold their annual summit Dec. 11-13 in Cebu along with heads of state from six other nations, including Chinese Premier Wen Jiabao and Japanese Prime Minister Shinzo Abe.

Philippine security officials said they have not discovered any specific terror threats against the summit, but that they could not discount them.

"We have received information, but these are not validated threats," military spokesman Lt. Col. Bartolome Bacarro said.

"We are not discounting the possibility that some ... threat groups would take advantage of the ASEAN summit," he said, adding that security forces were prepared and "all contingencies have been taken into consideration."

A confidential government threat assessment report, seen by The Associated Press, cited several groups that could pose a threat to the summit, including Jemaah Islamiyah, the Indonesian-based group accused of carrying out the 2002 nightclub bombings that killed 202 people in Bali.

It also cited two Philippine groups — the Muslim separatist Moro Islamic Liberation Front and al-Qaida linked Abu Sayyaf, blamed for a 2004 ferry bombing that killed 116 people near Manila.

The report said intelligence agencies have not monitored any specific plots against the ASEAN events by al-Qaida-linked groups, but added such possibilities were not far-fetched. Philippine officials said more than 10,000 troops and police were securing Cebu venues.

The U.S., British and Australian embassies said civilians in public places, including those frequented by foreigners, were potential targets. The U.S. Embassy warned Americans in Cebu "to re-assess their personal security and to keep a low profile."

The government's confidential report said a small group of Christian converts to Islam, the Rajah Solaiman Movement, may be planning to attack two financial districts in Manila, but the report did not say if that was linked to an effort to disrupt the summit.

Reacting to the British advisory, Chief Superintendant Silverio Alarcio, the regional police chief, said he did not know the basis for it but said security forces were prepared to deal with any plot.

In addition to Islamic militants, communist guerrillas could launch attacks against poorly guarded police stations and telecommunication towers to try to project an image of mayhem, he said.

Police have stepped up security in Cebu with random road checkpoints and car searches. Authorities have banned civilians from carrying guns in summit venues and restricted flights over the sites.

Philippine navy SEALs aboard speedboats have been checking coastal areas and a river, where anti-government protesters were planning a boat parade.

Terror Suspects Expelled From Egypt (AP)

By Nadia Abou El-magd

AP, December 8, 2006

Authorities expelled two Belgians and eight French terrorist suspects Thursday, but an American and another French citizen remained in Egyptian custody, officials said.

The 12, along with an unknown number of Egyptians and Arabs from other countries, were arrested late last month for allegedly belonging to an Islamist terror cell plotting attacks.

The two Belgians and eight French suspects left Cairo International Airport amid tight security on a charter flight for Brussels, an airport official said. The official spoke on condition of anonymity because he was not authorized to speak to the media.

The chartered plane flew first to Luxor, southern Egypt, where it picked up a group of tourists and then headed to Belgium, the official said. It was not immediately clear why the authorities chose to put the 10 suspects on a plane carrying tourists.

French Foreign Ministry spokesman Jean-Baptiste Mattei said his embassy in Cairo had told him of the expulsions and that the eight French suspects would be sent to France. Earlier this week that French officials had been allowed to visit the suspects while in Egypt's custody, he said.

There was no immediate word from Belgian officials on the expulsions, which come after Egyptian President Hosni Mubarak left Wednesday for a five-day trip to Europe.

Authorities have not provided details about the American, the remaining French citizen, the Egyptians and other Arabs still in custody in Egypt, and they have not released their identities.

The U.S. Embassy said it had not had consulate access to the American.

Earlier this week, the State Department criticized Egypt for refusing to grant U.S. officials timely access to the arrested American. Egyptian authorities told U.S. officials that no access will be granted until the investigation is completed, a state department spokesman said.

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The Interior Minister said the suspects were allegedly living in Egypt under the guise of studying Arabic and had formed a militant cell that was plotting attacks.

Security officials said the suspects had a relationship with Omar Abdullah Hamra, the leader of the Islamic militant group Tawhid and Jihad, who killed himself by detonating an explosives belt while trying to cross into Lebanon from Syria. The officials spoke on condition of anonymity because of the sensitivity of the issue.

Egypt has seen a series of suicide attacks in recent years at Sinai Peninsula tourist resorts.

The country operates under emergency laws that give the government wide powers to detain suspects without charging them. The laws have been in place since the assassination of President Anwar Sadat in 1981, despite a growing chorus of opposition from both inside and outside the country.

Jordanian Court Convicts 4 Of Terrorism (AP)

By Shafika Mattar

AP, December 8, 2006

A Jordanian military court convicted three Syrians and one Iraqi Thursday and sentenced them to death for firing rockets at two U.S. warships in August 2005.

One of the Syrians, Mohammed Hassan Abdullah al-Sihly, is in police custody, but the other two Syrians, Abdul-Rahman al-Sihly and Abdullah al-Sihly, and the Iraqi, Amar al-Samera'i, remain at large and were tried in absentia.

The court acquitted Mohammed al-Sihly's three sons, who also were in police custody, and sentenced five others to various jail terms ranging from two to 10 years.

The rockets missed, but the Aqaba Bay incident was the most serious attack on the U.S. Navy since the 2000 bombing in Yemen of the destroyer USS Cole, which killed 17 sailors.

Fired from a warehouse on the outskirts of the Red Sea resort of Aqaba, one rocket landed outside a Jordanian military hospital on the far side of the bay and killed a Jordanian soldier. Another fell across the border in Israel. It did not explode, but slightly wounded an Israeli taxi driver.

HOMELAND RESPONSE:

Pakistani Student At HCC Charged In Taliban Plot (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, December 8, 2006

FBI agent links 4-man conspiracy to a 2005 camping trip to Willis

A Pakistani student living in southwest Houston was taken into custody last week because of what he did and overheard on a weekend camping trip in Willis last year, an FBI agent said Thursday.

But Shiraz Syed Qazi's relatives, who also have another family member charged on suspicion of supporting the Taliban, said they were misled about the circumstances under which investigators obtained information from Qazi.

Qazi, 25, has pleaded not guilty to a charge of possession of a firearm by an alien. His cousin, Adnan Mirza, and Kobie Williams are charged with conspiracy in what prosecutors say was a plan to aid the Taliban by training to engage coalition forces overseas. Williams has pleaded guilty.

Syed Maaz Shah, 19, a student at the University of Texas at Dallas, also was charged with possession of a firearm by an alien. All four men are Muslims.

U.S. Magistrate Judge Frances Stacy denied bail Thursday, pending Qazi's scheduled Feb. 5 trial. Assistant U.S. Attorney Shelley Hicks argued against bail, saying Qazi was "with someone who has admitted to being a jihadist."

Federal public defender Brent Newton said the three dozen relatives and supporters who attended Thursday's hearing, some willing to post bail, proved that Qazi should be released while awaiting trial.

A July 2005 camping trip in Willis, north of Conroe, was part of the conspiracy, FBI Special Agent Jamaal King testified. Agents used Qazi's acknowledgment that "he overheard statements over that weekend" to help connect him to the terrorist plot, King said.

Qazi's older brother, Izzat Qazi, said FBI agents misled the family the night Qazi was arrested at his condo in the 9700 block of Richmond. He said the agent assured them that Qazi would not be interrogated, "just asked booking questions."

The brother said he believes that interview was conducted illegally, without an attorney present. He added that Qazi, a student at Houston Community College, would not have taken part in illegal acts.

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Prosecutors have produced photos showing the four men on the weekend outing, which authorities say involved paramilitary training.

On Thursday, Hicks showed King four photographs. Two show Qazi holding an AR-15 rifle, one shows Qazi and Williams together and the fourth photo shows two targets with bullet holes, King testified.

Qazi's wife, who is three months pregnant, attended the hearing.

Newton told the judge Qazi has had difficulty contacting him while in solitary confinement. Hicks replied that solitary confinement is the policy for suspects awaiting trial on terrorism charges.

If convicted, Qazi faces up to 10 years in prison, a $250,000 fine and deportation.

Mirza, 29, a Houston Community College student, faces three weapons counts in addition to the conspiracy charge.

Williams, 33, also known as Abdul Kabeer and Abdul Kabir, is scheduled for sentencing in February.

Plan For Mosque Roils Houston Suburb (AP)

By Rasha Madkour

AP, December 8, 2006

KATY, TEXAS - A plan to build a mosque in this Houston suburb has triggered a neighborhood dispute, with community members warning the place will become a terrorist hotbed and one man threatening to hold pig races on Fridays just to offend the Muslims.

Many residents claim they have nothing against Muslims and are more concerned about property values and traffic.

But one resident has set up an anti-Islamic website with a counter that keeps track of terrorist attacks since Sept. 11. A committee has formed to buy another property and offer to trade it for the Muslims' land.

"The neighbors have created havoc for us, and we didn't expect that," said engineer Kamel Fotouh, president of the 500-member Katy Islamic Association.

He vowed to press ahead with plans for a mosque on the 11-acre site, as well as a community center that would offer after-school activities, housing for senior citizens, a fitness center and an Islamic school.

Katy, population 13,000, is a mix of middle-class bedroom-community neighborhoods and small farms on Houston's western edge and boasts of being the hometown of Oscar-winning actress Renee Zellweger. It is 70 percent white and 24 percent Hispanic.

The Houston metropolitan area has about 170,000 Muslims, said the Islamic Society of Greater Houston, and among their many mosques is one built in Houston by former NBA star Hakeem Olajuwon.

The Islamic association bought the land in Katy in September for $1.1 million. The dispute began when the group asked next-door neighbor Craig Baker to remove his cattle from their land. Baker agreed but mistakenly thought the Muslims also wanted him off the land that his family has lived on for more than 100 years. The rumor spread.

Baker said he got so mad he put up a sign about the pig races on the Muslim holy day. (But the offense missed its mark, Fotouh said. He said Muslims do not hate pigs, they just don't eat them.)

As for the website, the address is virtually identical to that of the Katy Islamic Association. The site claims the neighbors will have to hear the Muslim call to prayer from the minaret five times a day -- the Islamic group denies that. It also provides home addresses of some association members and advises people who see anything suspicious to contact the FBI. Many people have sent anti-Islamic e-mails to the site.

The reaction has not been all negative. Fotouh said one man came to the mosque and apologized for his neighbors. "He moved me, really," Fotouh said. "The sense of fairness, the sense of standing by the underdog."

U.S.-Bound Cargo To Be Screened At Six Ports (WP)

By Spencer S. Hsu

Washington Post, December 8, 2006

U.S.-bound cargo will be scanned for nuclear and radiological material at six foreign ports starting in February under a pact with host governments announced by U.S. officials yesterday, including a port operated by an Arab-owned company that ignited a political storm in Congress.

The Homeland Security and Energy departments next year will begin scanning all U.S.-bound containers at Puerto Cortes, Honduras; Qasim, Pakistan; and Southampton, England, officials said.

Limited scanning will also be done at Salalah, Oman; Singapore; and Busan, Korea, on a trial basis. The program will cover more than 7 percent of 11 million containers annually shipped to the United States.

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The Southampton facility is operated by Dubai Ports World, the United Arab Emirates company whose purchase of U.S. port operations was approved by the Bush administration, but which the company was pressured earlier this year to spin off by Congress because of security concerns over foreign ownership.

The company also has operations elsewhere at the Qasim and Busan port complexes, U.S. officials said.

In this case, Congress ordered the container-scanning program, Homeland Security Secretary Michael Chertoff said.

"If you want to do security overseas," Chertoff said, "you got to work with foreign governments and foreign companies, because they own the ports."

Congress passed legislation in September ordering pilot scanning at three overseas ports. U.S. officials will decide what containers to load or inspect. The host nation -- in Southampton's case, Britain -- exercises authority to inspect.

Democrats have called for screening of 100 percent of cargo at its point of departure.

"I don't think it's possible, for example, to reasonably say 100 percent," Chertoff said, in announcing $60 million to phase in the Secure Freight Initiative. "But if we could do 30 percent at some point, and then 70 percent here in the United States, that would still be a significant step forward."

U.S. To Expand Cargo Scans To Detect Nuclear Material (NYT)

By Eric Lipton

New York Times, December 8, 2006

WASHINGTON, Dec. 7 — All cargo sent by container ships to the United States from three ports — in Pakistan, Honduras and Southampton, England — will be scanned for hidden nuclear weapons or components starting next year under a federal antiterrorist program that some in Congress want to see mandated worldwide.

The program, called the Secure Freight Initiative, will require United States-bound containers before departure to pass through both a radiation detection machine and an X-ray device, a combination intended to find bomb-making materials that have intentionally been shielded.

It will cost a total of $60 million to set up the system in Pakistan, Honduras and Southampton, as well to begin scanning at least some United States-bound traffic from Korea, Singapore and Oman, officials said. The cost will be split by the Departments of Homeland Security and Energy, they said.

“There’s no weapon of mass destruction that is more formidable than a nuclear or a dirty bomb,” Homeland Security Secretary Michael Chertoff said Thursday in announcing the plan.

Yet even as officials introduced the new effort, some antiterrorism experts were openly asking if it made sense. Some noted that the screening would take place only on container ships, not on ships that carry millions of tons of other cargo, including cars, fuel or goods placed on pallets.

The equipment to be used — while better than no screening at all — is prone to triggering false alarms and is unable to see through many items that might be inside a container, including frozen food.

And if the equipment is installed in only a small number of ports, terrorists could simply choose to send a bomb by container from somewhere else, they said.

“The good news is we will only waste $60 million,” said James Jay Carafano, a senior fellow at the Heritage Foundation in Washington.

Mr. Chertoff and other department officials acknowledged that they did not know how well the system would work, or whether it would cause unacceptable bottlenecks.

The radiation scan and X-ray image of each container will be transmitted electronically to the United States or to customs officials elsewhere, who will then be able to ask foreign officials at the ports to do more comprehensive searches.

“When in doubt, we pull it out and then we open it up and look at it,” Mr. Chertoff said.

But officials said that not all of the X-ray images would be checked — meaning that a shielded bomb could still get through.

Already at about 50 ports worldwide, at the request of the United States, governments are doing limited checks of suspicious containers before they are loaded onto ships bound for the United States. Also, as containers arrive in the United States, about 80 percent of them are screened for radioactive substances once they are off-loaded. But this will be the first time, at the request of the United States government, that all cargo headed to the United State is sent through both an X-ray machine and a radiation detection monitor.

Democrats in Congress want to mandate that all cargo be screened for radioactive material overseas before departing. Ultimately, Congress ordered that the program be tested at a small number of ports.

Homeland Security Department officials said they wanted to expand the program beyond the six ports, eventually covering about 30 percent of United States-bound cargo, compared with the approximately 7 percent that will now be screened. But Mr.

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Chertoff said he did not think it was realistic to mandate it globally. “If somebody says you have to make it 100 percent, and the foreign county does not agree, that is not a mandate that can be carried out,” he said.

Senator Charles E. Schumer, Democrat of New York, one of the leaders of the effort to impose the multipart screening, said that Democrats would probably give the Homeland Security Department some time to see how this test worked.

“The jury is out if this is a real turnaround,” he said.

U.S. To Check For Radiation In 6 Ports Overseas (AP)

By Devlin Barrett

AP, December 8, 2006

WASHINGTON – U.S.-bound cargo at six overseas ports will be screened for nuclear and radiological material in an expanded effort to prevent terrorist bombs from entering American waters, federal officials said Thursday.

The Homeland Security Department said it would scan all containers bound for the United States in the ports of Qasim, Pakistan; Puerto Cortes, Honduras; and Southampton, England.

Radiological scanning will also be done at Port Salaleh in Oman, the Port of Singapore, and the Gamman Terminal at Port Busan in Korea, though not every container will be screened, officials said. Officials said the examinations would begin early next year at all six ports.

When fully operational, the program will screen about 8 percent of the 11 million cargo containers that reach U.S. shores each year.

The Southampton facility is operated by Dubai Ports World, the same company whose planned purchase of U.S. port operations caused an uproar earlier this year. One of the chief opponents of that deal said the company had undergone closer scrutiny this time.

Homeland Security Secretary Michael Chertoff called the effort part of a strategy to “secure the global supply chain and cut off any possibility of exploitation by terrorists.”

The program was created by Congress in September, but the agency said it was going beyond the legislation's requirement of screening in three foreign ports.

The Homeland Security and Energy departments will split the nearly $60 million cost of the detection equipment, ranging from large portals to handheld scanners.

The screening will be done by local port officials, but data from the sensors will be given instantly to U.S. Customs and Border Protection officers working in the overseas ports.

Sen. Charles Schumer, D-N.Y., whose amendment to ports legislation created the program, said he wants the program to grow to further ports.

“It makes sense to focus this program on the ports that present the greatest risks, and we'll continue to fight to expand this program to ports around the world,” Schumer said.

As for the agreement with Dubai Ports World, Schumer said “they have undergone significant scrutiny to join this program, unlike what we experienced in the first episode.”

Six Foreign Ports To Scan Cargo For Nuclear Devices (GovExec/TD)

By Chris Strohm

Government Executive/Technology Daily, December 7, 2006

The Energy and Homeland Security departments on Thursday announced that new cargo-detection equipment will be installed at six foreign seaports to scan U.S.-bound containers for weapons of mass destruction. The goal is to meet, and even exceed, congressional requirements.

Under the Secure Freight Initiative, detection equipment will be installed at Puerto Cortes in Honduras, Port Qasim in Pakistan, and Southampton in the United Kingdom. All U.S.-bound cargo originating from those ports will be scanned by a radiation-detection system and X-ray machine, and have their identification numbers read by an optical character reader.

Homeland Security Secretary Michael Chertoff said doing so will meet a mandate from Congress in a port security bill cleared two months ago. It requires that all U.S.-bound cargo at three foreign ports be scanned.

"Our highest priority and greatest sense of urgency has to be aimed at preventing a nuclear weapon or dirty-bomb attack against the homeland," Chertoff said. "This initiative advances a comprehensive strategy to secure the global supply chain and cut off any possibility of exploitation by terrorists." A dirty bomb is a small, nontraditional nuclear device.

Chertoff said the department would go beyond the congressional mandate by also installing radiation detection and X-ray scanners at three other ports: the Gamman Terminal at Port Busan in South Korea, Port Salalah in Oman, and the Port of

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Singapore. Only a portion of containers at those three ports will be run through some screening lanes equipped with the technology.

The new detection equipment will become operational at the ports in Honduras and Pakistan in February, followed by Southhampton in June or July. Equipment will be deployed to the remaining three ports late in 2007.

Chertoff said the data on each container will be sent electronically to U.S. Customs and Border Protection officials, who will decide whether it needs to be inspected further. "We will not outsource our security," he said. "In the end, the go-no decision rests with our guys sitting in a CBP office."

Local law enforcement at each port would be responsible for doing further inspections. The two departments plan to spend $60 million for deploying the equipment to the six ports.

Once the scanning equipment is deployed at all six ports, a total of 7 percent of all U.S.-bound cargo will be scanned for weapons of mass destruction, Chertoff said.

Some Democrats in Congress have supported a mandate that would require Homeland Security to ensure that all U.S.-bound cargo is scanned for weapons of mass destruction within five years. Chertoff said meeting any such mandate would require reaching agreements with foreign governments.

"It's going to take foreign governments to agree to this," he said. "I certainly don't want to have the United States appear to be bullies."

It was not immediately clear how the Energy and Homeland Security departments would select which companies provide technology under the initiative.

Diversity Of Opinion On Imams' Dispute With Airline (WP)

By Kari Lydersen

The Washington Post, December 8, 2006

MINNEAPOLIS, Dec. 7 -- For years, the Minneapolis-St. Paul area has been known for its liberalism and tolerance, especially when it comes to religion. Many Muslims, including the largest population of Somalis outside of Mogadishu, make their home in the Twin Cities. The area just elected the nation's first Muslim congressman, Keith Ellison (D).

"We are well known for acceptance at a period in time when much of America feels like an unwelcome place" for Muslims, said Minneapolis Mayor R.T. Rybak. "This is a place where Muslims are succeeding and thriving in leadership positions."

So, last month's removal of six imams from a Phoenix-bound US Airways flight at the Minneapolis-St. Paul International Airport has prompted hand-wringing, finger-pointing, calls for greater sensitivity to religious diversity and more communication between non-Muslims and Muslims.

Police and airline officials say the imams, who attended a national conference of Muslim clerics, were removed after exhibiting suspicious behavior, including uttering anti-American statements, changing their seat assignments so that they would be scattered around the airplane and asking for seat-belt extenders, which could be used as weapons. Valerie Wunder, a spokeswoman for US Airways, said yesterday that the airline has completed its investigation of the incident and has concluded that the flight crew was justified in its actions.

But the imams say the behavior in question was merely quiet prayers before boarding the flight.

Local Muslims of various ethnicities are united in their anger over the imams' treatment. The Metropolitan Airports Commission met last week with local imams who are calling for a prayer room to be created at the airport, where many Somali Muslims are employed.

"They say there is freedom of speech and freedom of religion here," said Mahammed Osman, 35, a vendor at the Karmel Square Somali Mall in Minneapolis. "I'm a Muslim, but I respect other religions. Christian people pray everywhere, like in the Mall of America, and no one says anything."

Many non-Muslim residents agree that Muslims should be able to practice their religion. But many also think that the imams should have been more discreet and sensitive to fears about terrorism.

"It seemed like they were trying to make a point rather than exercise their religious freedom," said Erika Smith, 40, a Minneapolis scientist with General Mills Inc. "They did it in a way that was insensitive to people in the airport."

"I think they staged it," Jerry Church, 43, a computer programmer from Gainesville, Fla., said at the airport on Saturday. "It seems like they wanted to create a ruckus to make a point."

Smith said the airport should provide a place where Muslims can pray.

Ellison, who has created a controversy of his own by pledging to use the Koran for his swearing-in ceremony, has called for a meeting with representatives of US Airways and the airport commission; it is being set up, according to his campaign manager, Dave Colling.

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Metropolitan Airports Commission spokesman Patrick Hogan said that, while the commission has no say in a pilot's decision to take someone off a plane, the commission is supportive of Muslims' right to pray in the airport. Officials said they are considering a "meditation room" where people of various faiths can pray, and they will visit a mosque at the request of local imams.

"Muslims fly through this airport all the time, and we don't have incidents of this kind," Hogan said. "I have Muslims asking me where they can pray in the airport, and I direct them to a quiet place and tell them which way is east."

But Sumbal Mahmud, a Minneapolis lawyer and spokeswoman for the Islamic Center of Minnesota, thinks local residents still have a lot to learn about Muslims. She is concerned that passengers felt threatened by the imams' alleged repetition of the word "Allah," he said.

"There are words like 'Inshallah' -- God willing -- or 'Mashallah' that come out of my mouth all the time," she said. "How uneducated are people that they can't differentiate prayer from nefarious activity? This really could have been my brother or dad -- anyone with a beard who looks brown or Arab."

Omar Shahin, one of the imams removed from the plane, said they were not praying loudly. He thinks US Airways and the media have been misrepresenting the incident. "The rumor that we were chanting Allah, making anti-American comments -- this never happened," Shahin said. "We teach at universities, we are Americans, we live in this country and love this country. Everybody who knows me knows I am the first one to do fundraising for the victims of 9/11, Katrina, the tsunami. This broke my heart."

Nihad Awad, executive director of the Council on American-Islamic Relations, is angry that false rumors were circulated, including that the imams had one-way tickets and paid in cash. The group has called for an investigation and is considering a lawsuit, Awad said.

"We believe these allegations have been aired to justify the actions of US Airways," he said. "We believe it's shameful to smear them after subjecting them to this treatment," he added, referring to the imams.

TSA May Let Non-fliers Go To Gates (USAT)

By Thomas Frank

USA Today, December 8, 2006

The Transportation Security Administration is testing whether it can ease a post-9/11 policy that bars people from meeting relatives and friends at airports as they come off flights.

A test program at Dallas/Fort Worth and Detroit airports could pave the way for other airports to allow non-travelers through checkpoints to meet passengers or shop at stores and restaurants.

"There are a lot of airports that would like people without boarding passes to have access to concessions," said Michael Conway, a spokesman for Detroit Metro Airport, which starts its test next week. Dallas' test started last week.

The TSA began requiring boarding passes at checkpoints after it took over airport security in 2002 — largely to reduce the number of people getting screened and ease lines, said Steve Martin of the Airports Council International.

Letting non-travelers back in security lines "adds to the congestion and the difficulty of screening," said aviation security consultant Billie Vincent.

The TSA says it won't waive boarding-pass requirements if it would lengthen lines or weaken security, and notes that the test is small. Only guests at hotels inside the Dallas and Detroit airport terminals can go through security without boarding passes, and they must be checked against terrorist watch lists.

"We are interested to evaluate how limited expansion. .. would work," TSA spokeswoman Amy Kudwa said.

Pittsburgh International Airport is watching. The TSA blocked the airport's 2003 bid to let non-passengers beyond checkpoints. If TSA's pilot program "is a success," airport spokeswoman JoAnn Jenny said, "we might be able to persuade them to let us try it with the public."

Steven Brill, whose company Verified Identity Pass speeds up security for travelers who pass background checks, said his non-flying customers also should be allowed through checkpoints. The TSA pilot "establishes the concept that people who aren't boarding planes can go through and use the shops," Brill said.

Airlines currently can give airline club members and parents of young children "gate passes" that allow them through checkpoints.

The Dallas and Detroit airports say their waiver will let people at the airports' terminal hotels patronize dozens of shops and restaurants beyond security checkpoints. That helps attract tourists and conferences, said Jim Crites of the Dallas airport.

"For airports, it provides additional non-aeronautical revenue and passenger service," said aviation consultant Stephen Van Beek.

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Martin of the Airports Council doesn't expect a major expansion of the test program because airports fear that non-travelers would back up security lines.

"I don't think we're going back to where it was" before 9/11, Martin said.

Securing Common Sense (WP)

The Washington Post, December 8, 2006

IF THE FIRST step to recovery is admitting you have a problem, then Homeland Security Secretary Michael Chertoff's comments to a conference of state and local preparedness officials last week should be welcomed. His lieutenants spent the summer defending a grants scheme that cut anti-terrorism funding for the District and New York City in favor of places such as Sacramento, Tampa and Omaha, insisting, counterintuitively, that the formulation was based on a rational assessment of risk. But on Tuesday Mr. Chertoff said, "We've come to the conclusion that perhaps there was a little too much bean counting and a little less standing back and applying common sense to look at the total picture."

In fact, the Department of Homeland Security's clumsy efforts to set priorities this year bordered on the farcical. Washington and New York lost 40 percent of their money while Louisville was granted a 70 percent increase. A DHS risk assessment claimed that New York had no national monuments or icons while Indiana led the country in potential targets of terrorism, according to a list the department compiled. Homeland Security put Washington in a low-risk category of terrorist attack or catastrophe while 75 percent of states scored higher.

It's obvious these results lack "common sense," and it shouldn't have taken Mr. Chertoff six months to admit as much. Now that he has, though, we expect that less "bean counting" will mean that next year a greater share of Homeland Security money will come back to the places most attractive to terrorists aiming to disrupt Americans' lives and create a spectacle -- Washington and New York.

The department might also get a nudge from congressional Democrats, who had promised to enact all of the Sept. 11 commission's recommendations in their first 100 hours of controlling Congress in January. These include making Homeland Security funding formulas more risk-based instead of distributing large amounts of money to every state, a proposal that has stalled in the Senate. Democratic leaders have already tabled consideration of one of the commission's better recommendations -- restructuring congressional supervision of the nation's intelligence operations. We hope they keep risk-based funding prominent on their agenda.

WAR NEWS:

Bush Appears Cool To Key Points Of Report On Iraq (WP)

By Peter Baker, Robin Wright

The Washington Post, December 8, 2006

President Bush vowed yesterday to come up with "a new strategy" in Iraq but expressed little enthusiasm for the central ideas of a bipartisan commission that advised him to ratchet back the U.S. military commitment in Iraq and launch an aggressive new diplomatic effort in the region.

On the day after the congressionally chartered Iraq Study Group released its widely anticipated report, much of Washington maneuvered to pick out the parts they like and pick apart those they do not. The report's authors were greeted with skepticism on Capitol Hill, and Democratic leaders used the occasion to press Bush to change course without embracing the commission's particular recipe themselves.

The group's 96-page report roiled some in the Middle East, particularly Israel, which rejected proposals for concessions to Syria. And it drew fire from current and former U.S. officials who called its diplomacy ideas unrealistic, unattainable and even misguided. The U.S. ground commander in Iraq, while welcoming the report's broad principles, warned that meeting its goal of withdrawing combat units by early 2008 could prove to "be very problematic."

The emerging debate over the report sets a baseline for the administration's own internal review of Iraq policy, which officials hope to complete in time for Bush to give a speech to the nation before Christmas announcing his new plan for Iraq. At a news conference with visiting British Prime Minister Tony Blair, Bush called himself "disappointed by the pace of success" and said that "we'll change it if we want to succeed."

"The American people expect us to come up with a new strategy to achieve the objective which I've been talking about," Bush said.

Yet, while the president called the Iraq Study Group's ideas "worthy of serious study," he seemed to dismiss the most significant ones point by point. He noted that Blair is heading to the Middle East to promote Arab-Israeli peace, but he gave no

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indication that he plans an aggressive new push of his own as proposed by the commission. Bush said he, too, wants to bring U.S. troops home but noted that the group qualified its 2008 goal by linking it to security on the ground.

And he repeated his refusal to talk with Iran and Syria unless Tehran suspends its uranium-enrichment program, Damascus stops interfering in Lebanon and both drop their support for terrorist groups. "The truth of the matter is that these countries have now got the choice to make," Bush said. "If they want to sit down at the table with the United States, it's easy: Just make some decisions that will lead to peace, not to conflict."

With the commission -- led by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.) -- having advanced 79 recommendations, Bush made clear that he intends to cherry-pick some and ignore others. "I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation," Bush said. "I think they expect us to consider every recommendation."

Actually, Baker and Hamilton said on Wednesday that they do want the president to accept the commission's plan as a whole, not simply pieces of it. But they lowered their expectations yesterday and welcomed Bush's comments. "Every single statement the president has made that I have seen . . . has been positive," Hamilton told reporters. "Now, he didn't jump and embrace the report and say 'I'm going to enact all 79 recommendations.' We didn't have that expectation."

Baker and Hamilton did offer a forceful defense of their call for a more robust Middle East diplomacy as critical to helping stabilize Iraq -- perhaps the most controversial part of their report. "In order for Iraq to succeed, the neighbors are going to have to come together to reinforce and take steps to reinforce the positive steps which we hope will take place in Iraq," Hamilton said. "These problems in the Middle East are interconnected with one another."

The report, for example, lays out an elaborate plan to solve the Arab-Israeli conflict by getting Israel to return the Golan Heights in exchange for Syria recognizing Israel, dropping ties to extremists and leaving Lebanon alone. U.S. officials think that this approach is outdated, that Syria is less interested today in the Golan Heights than on winning back influence over Lebanon and terminating U.N. efforts to hold Syria to account for the assassination of Lebanese reformers.

Baker rejected the idea, advanced by some in the administration, that the Middle East has changed so dramatically in the 15 years since he was in office that engaging Syria will not work. "So don't try because it's going to be tough? Come on!" Baker said. "Don't say 'Because it isn't going to happen' that you ought not to try."

"How do you solve problems without talking to people?" Hamilton asked. The panel, he added, "flat out" rejects the idea that talks should depend on good behavior.

Still, Baker said, "the last thing in the world" he is interested in is "backing the president into any corner" on Iraq. "That's not the purpose of this," he said. Unlike the commission that investigated the Sept. 11, 2001, terrorist attacks, Baker said his panel does not intend to stay around to monitor the implementation of its recommendations. After appearing on Sunday talk shows, he said, "I'm finished."

Former senior officials also questioned the focus on Iran and Syria. "They can be spoilers in Iraq, but they're not the fixers," said Dennis Ross, former chief Middle East negotiator for two administrations. "Even if Iran and Syria did exactly what we want, we'd still have an insurgency in Anbar province and we'd still have sectarian warfare driven in no small part by the Shiite militias. Ultimately, the problems we face today come from within Iraq, not outside it."

The plan would not work without a committed effort, which the Bush administration has never demonstrated, others said. "Cherry-picking ideas and sending them into the bowels of the stovepiped bureaucracy to execute will result in more of the same uncoordinated, differing priorities, mess," said retired Marine Gen. Anthony C. Zinni, a former Middle East mediator for the Bush administration.

Other military officers expressed caution about the Iraq Study Group's proposal to pull out combat units by the first quarter of 2008 while leaving behind tens of thousands of troops to train, advise and embed with Iraqi forces.

Army Lt. Gen. Peter W. Chiarelli, the top U.S. field commander in Iraq, said in a telephone interview that he has read the report's executive summary and found many recommendations "very, very valuable." He added: "I dare say I believe if we had applied some of these principles a little bit earlier on in our time over here, many of the issues we're facing here today might not in fact be, and we might not have the level of violence here."

Chiarelli said that he agrees it makes sense to shift the mission to a supporting role as Iraqi forces take responsibility for security, but that it could be difficult to remove combat forces by early 2008. "I think that date may be a date we could meet . . . if we would harness all the power we have as a nation," he said, referring to diplomatic and economic efforts as well as military. "If all you do is rely on what is the easy part for us" -- meaning the military effort -- and "if we don't get buy-in in the other areas the study group has pointed to, I think that's going to be very problematic."

At his news conference, Bush brushed past the 2008 goal and said troop withdrawals would depend on conditions on the ground. "I've always said we'd like our troops out as fast as possible," he said. "I think that's an important goal."

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In his opening remarks, Bush focused on the broader aspirations of the Iraq war: the "spread of freedom" and the attempt to build "societies based on liberty" in the Middle East -- concepts implicitly rejected by the Baker-Hamilton commission as unrealistic and naive. "The only way to secure a lasting peace for our children and grandchildren is to defeat the extremist ideologies and help the ideology of hope, democracy, prevail," he said.

But just days after his new defense secretary, Robert M. Gates, and his close friend Blair both said that they believe the United States and Britain are not winning the war, Bush bristled when asked if he was "still in denial about how bad things are in Iraq."

"It's bad in Iraq," Bush replied sharply, glaring at the reporter. "Does that help?"

The president added: "In all due respect, I've been saying it a lot. I understand how tough it is, and I've been telling the American people how tough it is . . . I also believe we're going to succeed. I believe we'll prevail."

Bush Rejects Iraq Report's Key Recommendations (AFP)

By Olivier Knox

AFP, December 7, 2006

US President George W. Bush rebuffed key recommendations from the Iraq Study Group but announced a new Middle East peace push after talks with British Prime Minister Tony Blair.

On day after receiving the heavyweight Iraq commission's report, Bush said that Blair would soon travel to the region for talks with Israel and the Palestinians, and promised "concerted efforts to advance the cause of peace."

The prime minister's visit was to set the stage for US Secretary of State Condoleezza Rice, in early 2007, to make her eighth trip in two years to Israel and the Palestinian territories, her spokesman said.

Bush, giving a cool reception to two key commission proposals, kept tight conditions on any talks with Iran and Syria and refused to endorse the panel's call for withdrawing most US combat troops by early 2008.

"I've always said we'd like our troops out as fast as possible," he said, while insisting on the need to be "flexible and realistic" and tying any change in troop level to advice from US military commanders, as he has in the past.

Bush initially described soaring violence in Iraq, which the report warned may spiral into a regional war even with a US strategic overhaul, as merely "unsettling" -- but revised his diagnosis when a reporter challenged him.

"It's bad in Iraq. That help?" he countered. "You want frankness? I thought we would succeed quicker than we did. And I am disappointed by the pace of success."

Bush lavished praise on the Iraq Study Group, calling it "worthy of serious study," declaring that "the American people expect us to come up with a new strategy to achieve the objective," and stressing: "We need a new approach."

But he cautioned that the review, led by former secretary of state James Baker and former representative Lee Hamilton, was one of many, citing pending reviews by the Pentagon, US State Department, and national security council.

Bush said he would make a speech outlining his strategy "after I get the reports," a move the White House says will come in weeks.

"I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation," he said. "I know they expect us to consider every recommendation; that we ought to pay close attention to what they advise."

The report, which warns that the situation in Iraq is "grave and deteriorating," called for most US combat troops to be withdrawn by early 2008, for more talks with Iran and Syria, and for a new Middle East peace effort.

Bush said Damascus and Tehran might be welcome if they renounce support for extremists and pledge support for Baghdad's fledgling government, otherwise "they shouldn't bother to show up."

Bush also reiterated his longstanding condition that Iran freeze sensitive nuclear work before any direct talks.

"Should they agree to verifiably suspend their (uranium) enrichment, the United States will be at the table with our partners," he said, telling Tehran: "There's no need to continue this obstinance."

Bush and Blair had also been expected to discuss efforts to boost NATO troop levels in Afghanistan, plans to shore up an international peacekeeping force in Sudan's Darfur province and trans-Atlantic relations, US officials said.

The meeting followed the November 7 US legislative elections, in which Bush's Republican Party lost control of Congress to the opposition Democrats, and the departures of Defense Secretary Donald Rumsfeld and UN Ambassador John Bolton -- both Iraq war hawks.

It also came one week after a dispute inside the State Department, triggered when a senior analyst said he was "ashamed" of the way Bush treated Blair and that US-British relations were "totally one-sided" in Washington's favor.

"Britain and America are old allies, and the prime minister and I are strong friends," said Bush. "We're standing together because our two nations face an unprecedented threat to civilization."

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Bush Backs Away From 2 Key Ideas Of Panel On Iraq (NYT)

By Sheryl Gay Stolberg, Kate Zernike

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — President Bush moved quickly to distance himself on Thursday from the central recommendations of the bipartisan Iraq Study Group, even as the panel's co-chairmen opened an intensive lobbying effort on Capitol Hill to press Mr. Bush to adopt their report wholesale.

One day after the study group rattled Washington with its bleak assessment of conditions in Iraq, its Republican co-chairman, James A. Baker III, said the White House must not treat the report "like a fruit salad," while the Democratic co-chairman, Lee H. Hamilton, called on Congress to abandon its "extremely timid" approach to overseeing the war.

But Mr. Bush, making his first extended comments on the study, seemed to push back against two of its most fundamental recommendations: pulling back American combat brigades from Iraq over the next 15 months, and engaging in direct talks with Iran and Syria. He said he needed to be "flexible and realistic" in making decisions about troop movements, and he set conditions for talks with Iran and Syria that neither country was likely to accept.

The president addressed reporters after meeting in the White House with his closest ally in the war, Prime Minister Tony Blair of Britain. In light of the report's stark warning that the situation in Iraq was "grave and deteriorating," Mr. Bush came close to acknowledging mistakes. "You wanted frankness — I thought we would succeed quicker than we did," the president said to a British reporter who asked for candor. "And I am disappointed by the pace of success."

But Mr. Bush, and to a lesser extent, Mr. Blair, continued to talk about the war in the kind of sweeping, ideological terms the Iraq Study Group avoided in its report. While the commission settled on stability as a realistic American goal for Iraq, Mr. Bush cast the conflict as part of a broader struggle between good and evil, totalitarianism and democracy.

If extremists emerge triumphant in the Middle East, Mr. Bush warned, "History will look back on our time with unforgiving clarity and demand to know, what happened? How come free nations did not act to preserve the peace?"

While the president said he would give the report serious consideration, he said he did not intend to accept all 79 recommendations. "Congress isn't going to accept every recommendation in the report," Mr. Bush said, "and neither will the administration."

Three other reviews — one by the Pentagon, one by the State Department and one by the National Security Council — are under way, and Mr. Bush reiterated Thursday that while he believed that the nation needed "a new approach" in Iraq, he would make no decision until he received those reports. The current White House plan is for Mr. Bush to receive them over the next week to 10 days, then make a decision about what both he and the Baker-Hamilton commission are calling "the way forward" in Iraq. He intends to announce his plans in a speech before the end of the year, probably before Christmas, according to administration officials.

Pentagon officials are scheduled to brief Mr. Bush soon on the department's recommendations for a strategy shift in Iraq. The department's recommendations are likely to differ in some respects from the ideas presented by the Iraq Study Group, particularly over the role to be played by American combat troops over the next 12 to 18 months.

Mr. Bush and Mr. Blair have long stood side by side on the war in Iraq. The White House insisted that Mr. Blair's appearance on Thursday was not timed to coincide with the release of the report, but it did help them underscore — as Tony Snow, the White House press secretary, put it — that "the president isn't standing alone."

The Pentagon recommendations, which are still being completed, are the product of discussions in recent weeks among ground commanders, the Joint Chiefs of Staff and civilian officials in the department. While department officials are likely to present Mr. Bush with one set of recommendations, differences remain.

Some officials still back the idea of a temporary surge in American troops, though the top commander in the Middle East, Gen. John P. Abizaid, has been urging recently that any troop shortfall to restore security in Baghdad should be filled by more Iraqi forces or by repositioning American forces now in Iraq.

Military officials are also concerned about the Iraq Study Group's call for pulling back all American combat brigades over the next 15 months, a goal that some uniformed officials see as desirable but possibly unrealistic. Pentagon officials remain skeptical about the timetable, and they are leaning toward an approach that pulls back some combat brigades but keeps others in Baghdad and other violence-ridden areas of Iraq until Iraqi units can better handle the fight on their own.

Though the Iraq Study Group also called for keeping enough American troops in place to provide protection to expanded teams of American advisers attached to Iraqi Army units, Pentagon officials fear that the panel's recommendations, if adopted, could lead to withdrawals of substantial American troops before the Iraqi units can stand on their own.

The study group said combat brigades could withdraw from Iraq by the first quarter of 2008 if conditions on the ground permitted. Some analysts say that phrasing gives Mr. Bush wiggle room to ignore the call for withdrawal, and on Thursday Mr.

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Bush seized on that "qualifier," as he called it. "I thought that made a lot of sense. I've always said we'd like our troops out as fast as possible."

Mr. Bush was sensitive about commenting on the military recommendations put forth by the Iraq Study Group until he heard from his own commanders, according to a senior administration official, who was authorized to discuss the president's point of view. "When you have your military leadership who are tasked with fighting this war, who are in the process of giving him military advice, you also have to be deferential to that," this official said.

On Iran and Syria, Mr. Bush stuck to the conditions he set long ago for talks: Iran must abandon its nuclear program, and Syria must give up its support for the Lebanese militant group Hezbollah. "If they want to sit down at the table with the United States, it's easy — just make some decisions that will lead to peace, not to conflict," he said.

The Baker-Hamilton panel — five Republicans and five Democrats — made an intense plea for a bipartisan consensus, and Mr. Bush's aides say the president has taken at least that part of their effort to heart. He met Wednesday with leaders of committees that oversee foreign affairs, defense and intelligence, and plans to meet with Republican and Democratic leaders on Friday.

The Wednesday meeting opened with Mr. Bush making an overture to Democrats, the senior official said, and telling them that although they may believe he has made the wrong decisions, they needed to work together. "The president started by saying that, you know, there's a lot of water under the bridge, but that while we may not share all the views of this report, we ought to use it as an opportunity to work together," the official said, adding, "I've been through a lot of those meetings, and sometimes you feel like people are going through the motions. And I felt yesterday that there was really a sincere effort, both Republican and Democrat, to say this could provide us an opportunity to find common ground."

On Capitol Hill on Thursday, Republican and Democratic senators pressed Mr. Baker and Mr. Hamilton for ways that Congress could be involved in shaping the president's response to the report — noting that the original impetus for the study group had come from Capitol Hill. "We've now heard from the Iraq Study Group, but we need the White House to become the Iraq Results Group," said Senator Hillary Rodham Clinton, Democrat of New York.

Mr. Baker replied by asking Congress to accept the report, saying that would put pressure on the administration to do the same. "If the Congress could come together behind supporting, let's say, utopianly, all of the recommendations of this report, that would do a lot toward moving things downtown, in my opinion," he said. Both he and Mr. Hamilton argued that cherry-picking the suggestions would not work.

"I hope we don't treat this like a fruit salad and say, 'I like this but I don't like that. I like this, but I don't like that,' " Mr. Baker said. "This is a comprehensive strategy designed to deal with this problem we're facing in Iraq, but also designed to deal with other problems that we face in the region, and to restore America's standing and credibility in that part of the world."

Bush, Blair Vow To Weigh Panel's Iraq Findings (LAT)

By Johanna Neuman

The Los Angeles Times, December 8, 2006

WASHINGTON — President Bush, calling the increased violence in Baghdad "unsettling," said today that he was "disappointed by the pace of success" in Iraq but expected to prevail.

One day after the Iraq Study Group issued a stinging critique of U.S. strategy in Iraq, Bush said during a press conference with British Prime Minister Tony Blair that he and Blair had both read the report and discussed its recommendations.

"I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation," Bush said of the study group's co-chairmen. "We will spend a lot of time on it."

The president did not discuss any of the report's specific recommendations, saying that he had asked the Pentagon to also study "a way forward" to achieve U.S. goals — a stable and democratic Iraq that can be an ally in the war on terror.

The president said he would take the recommendations seriously. But he noted, "Congress is not going to accept every recommendation in the report and neither is the administration."

Asked specifically whether U.S. combat troops will be withdrawn from Iraq by 2008, Bush said that "we'd like our troops out as fast as possible," but that "our commanders will be making recommendations based upon whether we can achieve our objectives."

Asked bluntly if he was still in denial about the situation in Iraq, Bush grew emotional. "I talk to the families who die," he said. "I also understand how brave our men and women who wear the uniform are. I understand how hard it is on wives and families, especially as we come into the holiday season." Still, Bush said, he believes U.S. and British forces will prevail.

"Our job is to help the forces of moderation," he said. Calling Sept. 11 "a wake-up call for the American people," he said that "a threat overseas can come home to hurt us here.… I wouldn't have our troops in harm's way if didn't believe that."

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Blair, who leaves office next year after a tumble in public opinion over the Iraq war, agreed. "The vision is the right vision," he said.

Blair said he welcomed the Baker-Hamilton report and that he was open to the idea of increasing diplomacy with Iraq's neighbors to achieve peace. But he warned that such an effort will require Iran to stop financing terrorists and help the fledgling democracy in Iraq.

Bush agreed, saying, that "if Syria and Iran are not committed to that concept, they shouldn't show up."

Blair, who leaves soon for a diplomatic mission to the Middle East to kick-start the stalled peace process, said a solution to the Israeli-Palestinian conflict could have enormous positive impact on the region.

Blair said he was frustrated by the fact that all parties had agreed to a two-state solution for Israel and Palestine but were having trouble implementing it.

"There's no way you ever succeed in these things unless you keep on trying," he said, calling his mission an attempt to "get the door unlocked."

On the 65th anniversary of the Japanese attack on Pearl Harbor that launched U.S. involvement in World War II, Bush talked about the dangers of isolationism.

"Sixty-five years ago this day, America was jolted out of our isolationism and plunged into a global war that Britain had been fighting for two years," he said.

Of the Iraq war, the president added: "This is a good cause.…We will prevail."

A Skirmish Over Report On War (NSDY)

By Craig Gordon

Newsday, December 8, 2006

President George W. Bush squared off Thursday with a blue-ribbon Iraq panel over some of its key goals, rebuffing a call for unconditional U.S. talks with Iran and Syria and refusing to back a troop withdrawal by early 2008.

A day after the bipartisan group slammed his policy and warned of a slide toward anarchy, Bush said he stood by his determination to prevail but also recognized the difficulties ahead.

"It's bad in Iraq. That help?" he said sharply when pressed on whether he was in denial about the situation there.

"I thought we would succeed quicker than we did," Bush said. "And I am disappointed by the pace of success."

Bush said he would lay out a new strategy for the nearly four-year-old war in a coming speech, probably before the end of the year, but offered no hints of what that strategy might be.

And with British Prime Minister Tony Blair at his side, Bush called the group's report "very constructive" but also made clear that he still viewed Iraq as central to his goal of a worldwide fight against terrorism and was defiant in his desire to see it through, despite the difficulties. "I believe we'll prevail," he said.

Bush's comments came as the the Iraq Study Group saw one of its key recommendations -- U.S. talks with key rivals in the Middle East "without preconditions" -- come under fire from Bush, members of both parties in Congress and even the Israeli government.

Bush gave general support to the group's idea of linking improvements in the overall Arab-Israeli crisis to improvements in Iraq, and Blair announced he would travel to the region soon. Bush also called the panel's idea for an international conference with Iraq's neighbors an "interesting idea."

But when it came to talking to Iran and Syria without conditions, Bush appeared to dig in, saying both nations had to change their ways.

"If people come to the table to discuss Iraq, they need to come understanding their responsibilities to not fund terrorists, to help this young democracy survive, to help with the economics of the country," Bush said.

If Iran and Syria won't do that, "then they shouldn't bother to show up," Bush said.

The panel's co-chairman, however, said the recommendation on Iran and Syria was meant to "flat-out reject" Bush's long-standing refusal not to speak to enemies like those for fear of rewarding bad behavior.

"Talking is not a reward," said former Rep. Lee Hamilton. "Look, we've got problems to solve, and you've got to talk to people to solve problems."

Panel co-chairman James Baker said that Iran already has been helpful to the United States on Afghanistan, and that Bush authorized Baker to speak to Iran in preparing the report.

"We're not naive enough to think that in this case they may want to help. They probably don't," said Baker, who was secretary of state when Bush's father was president. "Fine. What do we lose by saying we're getting all of Iraq's neighbors together, we want you to come?"

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Hamilton and Baker also drew fire in Congress for the recommendation to shift the U.S. military mission in Iraq to one of training and advising Iraqi forces while pulling out combat forces by early 2008.

Senators charged that would leave the 15,000 to 20,000 advisers left behind in grave danger, which Hamilton didn't dispute.

Sen. John McCain (R-Ariz.), a presidential hopeful, was the most blunt in his assessment, calling that and other parts of the report "a recipe that will lead to, sooner or later, our defeat in Iraq."

Sen. Hillary Rodham Clinton (D-N.Y.), another presidential contender, said the panel now has put the onus on Bush: "We've now heard from the Iraq Study Group, but we need the White House to become the Iraq Results Group."

As the White House continued to digest the report, Bush and the panel's co-chairs engaged in something of dance Thursday.

Bush made clear there were parts of the report he didn't like, but Baker warned that Bush shouldn't treat the report like a "fruit salad" and only pick the parts he likes. Hamilton was more direct, saying Bush has just "weeks and maybe days" to act.

"Forward" - Bush's New Favorite Word? (AP)

By Deb Riechmann

AP, December 7, 2006

When he received his own copy of the Iraq Study Group report, President Bush praised the subtitle, "The way forward — a new approach." On Thursday, it was clear he had added the phrase to his lexicon. Bush and British Prime Minister Tony Blair used "forward" or "way forward" about two dozen times during their news conference about the war and problems in the Middle East.

Some of the main points about the report and what Bush said about them:

Iran and Syria:

Report: The United States should speak directly to Iran and Syria under the sponsorship of a new group made up of Iraq's neighbors and other nations wanting to help strengthen the Iraqi government.

Bush: The U.S. has made it clear to the Iranians that if they want to engage America, they must verifiably suspend their uranium enrichment program. Syria must stop destabilizing the Western-backed government in Lebanon, allowing arms and money cross its border into Iraq and providing safe haven to terrorist groups.

"If people come to the table to discuss Iraq, they need to come understanding their responsibilities to not fund terrorists, to help this young democracy survive, to help with the economics of the country," Bush said. "And if people are not committed, if Syria and Iran is not committed to that concept, then they shouldn't bother to show up."

U.S. policy and diplomacy:

Report: The U.S. immediately should seek the creation of a group of countries that would work to strengthen Iraq's sovereignty. The group would include Iraq; Iran, Syria and other neighbors; regional states such as Egypt and the Gulf States; the five permanent members of the U.N. Security Council; and the European Union.

Bush: "The idea of having an international group is an interesting idea."

U.S. troops:

Report: Increase the number of U.S. trainers bolstering Iraqi security forces to as many as 20.000 — up from 3,000 to 4,000 — with the goal of withdrawing the bulk of U.S. combat troops. By the first quarter of 2008 — "subject to unexpected developments in the security situation on the ground" — all combat brigades not necessary for force protection should be out of Iraq. At that time, U.S. combat forces in Iraq could be deployed only in units embedded with Iraqi forces or in missions, such as special operations or search and rescue.

Bush: "We want the Iraqis taking the fight, but it's very important ... as we design programs, to be flexible and realistic and — as the report said — ... depending upon conditions," Bush said. "I thought that made a lot of sense. I've always said we'd like our troops out as fast as possible."

"Our commanders will be making recommendations based upon whether or not we're achieving our stated objective," Bush said. "And the objective, I repeat, is a government which can sustain, govern, and defend itself."

Israelis and Palestinians:

Report: There must be a renewed and sustained commitment by the U.S. to a comprehensive Arab-Israeli peace on all fronts, including Bush's commitment to a two-state solution for Israel and Palestine.

Bush: "One of the reasons why there hasn't been instant success is because radicals and extremists are trying to stop the advance of a Palestinian state. Why? Because democracy is a defeat for them. That's what I strongly believe.

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"And so, no question progress has been spotty. But it's important for people to understand one of the reasons why is, is because radicals are trying to prevent it, and they're willing to kill innocent people to prevent progress. Now, our goal is to help the (Palestinian Authority President Mahmoud) Abbas government strengthen its security forces, and we're doing that."

Blair Echoes Call For U.S. To Aid Mideast Peace Talks (USAT)

By David Jackson

USA Today, December 8, 2006

WASHINGTON — Standing alongside President Bush Thursday, British Prime Minister Tony Blair embraced the Iraq Study Group's call for more U.S. involvement in Israeli-Palestinian peace talks — a position he has long endorsed.

"It is important that we do everything we can in the wider Middle East," Blair said after meeting with the president at the White House.

Bush, whose staff is reviewing the Iraq Study Group's 79 recommendations, said he wants to see a democratic Palestinian state, but the parties "must accept responsibility and must sign off on an agreement."

The two leaders met a day after release of the report, which echoed some of Blair's long-held positions. The group was led by former secretary of State James Baker and former congressman Lee Hamilton.

The prime minister has been pushing Middle East settlement talks in connection with Iraq since the war's inception — he pressed the issue at a Camp David meeting with Bush shortly after the invasion in March 2003. And in an interview last month with British broadcaster David Frost, Blair also expressed willingness to work with Iran and Syria, provided they "are prepared to be part of the solution."

"The irony is almost overwhelming," said Julianne Smith, a Europe specialist with the Center for Strategic and International Studies. "Here's a guy who's been making some of the same recommendations as the (Iraq Study Group) … after having witnessed many of his suggestions fall on deaf ears on this side of Atlantic."

While expressing optimism about the fate of Iraq's fledgling democracy, Bush said, "it's a tough time, and it's a difficult moment for America and Great Britain."

The president rejected a British reporter's suggestion he is "in denial about how bad things are in Iraq."

"It's bad in Iraq," Bush said. "Does that help?"

He later added, "I thought we would succeed quicker than we did, and I am disappointed by the pace of success."

Some of the commission's recommendations are things the administration would like to see, Bush said. He noted that while the commission called for withdrawal of combat troops by early 2008, it did so only "if conditions so allow."

Bush expressed skepticism about another proposal, direct engagement with Iraqi neighbors Iran and Syria. Bush said Iran must suspend uranium enrichment, while Syria must stop interfering with new young democracies in Iraq and Lebanon.

Blair, who is traveling to the region soon, said there are "tricky issues" involved in the Israeli-Palestinian matter, but Iran, Syria, and other nations could be useful "if they wanted to help with it."

The two leaders also sat down less than a month after a State Department official, Kendall Myers, disputed the long-standing notion of a "special relationship" between the United States and Great Britain.

In a speech in Washington, Myers said the relationship is now "totally one-sided" and that the Bush administration routinely ignored Blair's advice. The State Department disavowed the comments, which got big play in Britain but did not surface during the 53-minute Bush-Blair news conference.

First elected in 1997, Blair plans to step down as prime minister next year after losing public and Labor Party support over the Iraq war. According to a recent Guardian/ICM poll in Great Britain, 63% said they believe Blair has tied their country "too closely to the U.S."

No bad feelings surfaced Thursday, as the leaders paid tribute to each other. Bush called the two nations "strong friends" who are confronting "an unprecedented threat to civilization" in the form of terrorists and extremists.

Blair told Bush "we will work closely with you" in the future.

Blair Plans Mideast Visit After Iraq Report (FT)

By Caroline Daniel, Demetri Sevastopulo

Financial Times, December 8, 2006

Tony Blair announced a personal mission to the Middle East on Thursday as he tried to use the damning Iraq Study Group report to drive President George W. Bush into a new peace initiative for the region.

At the end of a visit to Washington to meet Mr Bush, the British prime minister said he would be travelling to the Middle East to meet both Israelis and Palestinians. The trip represents a final attempt by Mr Blair to move forward a peace process during his premiership.

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Although Mr Bush gave the visit his support, his comments at the leaders' joint press conference on Thursday fell short of the ISG's call for a "sustained commitment by the US" to a comprehensive settlement.

Although Mr Blair has used the report to support his peace efforts, neither leader showed many public signs of accepting the repudiation of their Iraq policies by the group led by James Baker, former US secretary of state. Mr Bush indicated that he was more interested in other internal reviews – including a Pentagon study – that have yet to be completed.

Although the group had called the situation in Iraq "grave and deteriorating", Mr Bush used less pessimistic language, conceding that the death toll in Baghdad was "unsettling". Asked if his response that events were "unsettling" meant he was still in denial, Mr Bush responded: "It's bad in Iraq. That help?"

Both leaders sought to frame the debate about Iraq as a long-term ideological struggle between Islamic extremists and moderates, and emphasised the need to defend fledgling democracies in Lebanon, Iraq and Afghanistan. Mr Bush said: "We agree that victory in Iraq is important...it is important for the civilised world."

The ISG, however, was dismissive of administration efforts to promote democracy in the region. Nor did it use the rhetoric of victory, instead warning there was no guarantee that any course of action would stop sectarian violence.

The group's conclusions on the need to resolve the Israeli-Palestinian situation echoed those of Mr Blair, who has stressed that the road to peace in Iraq passes through Jerusalem. On Thursday he said addressing the issue was vital to showing "that we are even-handed and just in the application of our values".

Mr Blair offered warmer support for the report, saying: "It offers a strong way forward." Mr Bush called it "constructive", but said the chairmen of the study group had not expected him to "accept every conclusion".

Mr Baker disagreed. "I hope we don't treat this like a fruit salad and say 'I like this, but I don't like that'," he told the Senate armed services committee. "This is a comprehensive strategy designed to deal with this problem we're facing in Iraq."

Lawmakers offered a divided response to the report. Some of the strongest criticism came from Senator John McCain, the Republican frontrunner for the 2008 presidential election who wants an increase in troops, not a drawdown. "There's only one thing worse than an overstressed Army and Marine Corps, and that's a defeated Army and Marine Corps. We saw that in 1973. And I believe that this is a recipe that will lead to, sooner or later, our defeat in Iraq."

Bush: New Approach Needed In Iraq (CHIT)

By Mark Silva

Chicago Tribune, December 8, 2006

WASHINGTON -- In the course of a day, the Iraq Study Group's assessment of a "grave and deteriorating" situation in Iraq elicited a most blunt characterization of the war from President Bush.

"It's bad in Iraq. ... Does that help?" Bush responded to a British reporter's question about how the president might convince people that he is not "in denial about how bad things are in Iraq" and is sincere about "changing course."

Moments later, huddled with reporters a few blocks from the White House, Lee Hamilton, co-chairman of the study group, was asked if Bush now shares the group's grim assessment.

"Well," Hamilton deadpanned, "he's getting closer."

On a day when Hamilton and his co-chairman, former Secretary of State James Baker, pressed their campaign to sell the report's recommendations to Congress, the public and ultimately the Bush administration, it became clear they had yet to convince the president.

Their challenge was evident when Bush, appearing with British Prime Minister Tony Blair, his principal ally in the invasion of Iraq in 2003, expressed resistance to several key ideas in the report and said he would not act until he also receives reports from the Pentagon and State Department.

In a hearing before the Senate, Baker and Hamilton urged Congress to end its "extremely timid" oversight of the war and embrace the report to help pressure Bush into quickly adopting their recommendations as a comprehensive shift in strategy.

"I hope we don't treat this like a fruit salad, saying, `I like this, but I don't like that,' " Baker said.

Hamilton and Baker are pushing their ideas as both inside players and mass media marketers. They are backed by a 40-person media team operating out of a downtown Washington public relations firm and a paperback edition of their report that in just a day soared to near the top of Amazon.com's best-seller list.

Their dawn-to-dark parade of interviews, always appearing as a pair to underscore the bipartisan appeal of their advice, will culminate with a run of the Sunday morning television news shows.

"We've been spinning like a top," Baker said Thursday, ushered into a paneled conference room with 14 news reporters at Edelman, a Chicago-based public relations firm that has detailed 40 members of its 200-person Washington office to manage the media blitz for the commission.

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Yet, while Hamilton holds a number of invitations to testify before congressional committees when the new Democratic-controlled Congress convenes in January, Baker and the PR firm say the TV engagements will end Sunday. For all the fervor with which they are pitching the report, Baker and Hamilton know that pressing too hard runs the risk of pushing the president into an embarrassing corner at a time when Bush is promising a new course in Iraq.

"The last thing in the world I want to do ... is to have any part in backing the president into any corner," said Baker, describing himself as "a private citizen living in Houston, Texas." He added: "Sunday, after we've done the Sunday shows, as far as I'm concerned, I'm finished."

Yet, in short order, Baker and Hamilton may be having a profound impact on the national debate over the war. Bush, appearing alongside Blair at a press conference following a private meeting in the White House, said he has read the report in full and is weighing its recommendations carefully.

"I believe we need a new approach," said Bush, who has refrained from endorsing or rejecting the group's principal ideas: A possible draw-down of U.S. combat forces by early 2008 coupled with a dramatic ramp-up of U.S. diplomacy throughout the Middle East.

As "bad" as things are in Iraq—"and I have made it abundantly clear how tough it is," Bush said—the president vowed that he will succeed in making Iraq capable of sustaining, governing and defending itself.

"I want you to know, sir, that I believe we'll prevail," Bush defiantly told the reporter who questioned his sincerity in charting a new course. "We have to adjust to prevail, but I wouldn't have our troops in harm's way if I didn't believe that, one, it was important, and, two, we'll succeed."

Blair also made it clear that he is impressed with the study group's work, noting that its "analysis of the situation is not really in dispute. The question is, how do we find the right way forward. ... And I think the Baker-Hamilton report allows us to, as the situation has evolved in Iraq, to evolve our strategy."

The bipartisan composition of the 10-member study group carries an added advantage for Bush because embracing any of its findings should enhance his chances of finding approval in the Democratic-run Congress that he faces for the remaining two years of his presidency.

And Edelman, a PR firm with $300 million in annual billings, has capitalized on both the media skills and bipartisan appeal of the Baker-Hamilton team.

"They have been doing a wide variety of interviews in pairs—in bipartisan pairs," said Rob Rehg, president of Edelman's Washington office. "In addition to the ideas themselves, one of the strongest things about their work is that it is bipartisan.... They felt, and we agreed, that they should be seen talking together, side by side, every time they appear."

That started with a Washington news conference Wednesday, arranged by Edelman. That was followed by "round-robin" interviews with the anchors of five major broadcast and cable TV networks, interviews with National Public Radio and personal or telephone meetings with the editorial boards of the Washington Post, Wall Street Journal and New York Times, an interview with Associated Press TV reaching 120 nations, a meeting with foreign ambassadors and finally a joint appearance on CNN's Larry King Live in which Hamilton acknowledged of his report: "It's a tough sell."

Baker, arriving at Edelman on Thursday afternoon for another media interview, explained: "When you have a first-rate media organization working for you, you get really good coverage." Then, with a wide grin, he held up the front page of the New York Post, featuring a doctored photograph of monkeys bearing the faces of Baker and Hamilton, and the headline: "Surrender Monkeys."

The public-relations effort is being paid for from funds appropriated by Congress for the study group.

If the personal media campaign of Baker and Hamilton is reaching a crescendo, their work will carry on in the coat pocket-sized red, white and blue Vintage Books paperback edition of "The Iraq Study Group Report," a Random House offering listing at $10.95 but going for $6.75 on Amazon.

On Thursday, its second day on sale, the report had reached No. 2 on Amazon.com's top-seller list, edging out Illinois Sen. Barack Obama's "The Audacity of Hope" and creeping up on "You on a Diet, The Owner's Manual for Waist Management."

With a portion of the study group report's proceeds going to the National Military Family Association, Vintage Books had started with two printings and on Thursday ordered a third--with 250,000 copies now in print and book stores around the country demanding them.

Bush Says New Approach Needed In Iraq (AP)

By Terence Hunt

AP, December 7, 2006

President Bush, admitting that "it's bad in Iraq," acknowledged Thursday that the United States needs a new approach in the unpopular war and promised to unveil details in an upcoming speech.

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Bush said he was disappointed in the progress in Iraq, but continued to oppose direct U.S. talks with Iran or Syria and remained steadfastly committed to spreading democracy across the Middle East.

"I do know that we have not succeeded as fast as we wanted to succeed," Bush said, standing alongside British Prime Minister Tony Blair, his chief ally in the war. "I do understand that process is not as rapid as I had hoped."

Bush's meeting with Blair came a day after the Iraq Study Group headed by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton issued a stinging report saying the Bush policies in Iraq had failed and a major course correction was needed, including beginning to withdraw combat troops.

Bush said the study group's report would be an important part of his considerations. He said he was awaiting results of internal reviews being done at the Pentagon, State Department and the White House and would deliver a speech to the nation on Iraq in coming weeks after he decides on a new course.

The study group concluded that a stable, democratic Iraq was still possible, but Baker said: "We do not know if it can be turned around."

Bush was more upbeat, but gave no hints about whether he was contemplating a major policy shift. At the same time, Bush said that he didn't think Baker and Hamilton "expect us to accept every recommendation."

"It makes sense to analyze the situation and to devise a set of tactics and strategies to achieve the objective that I have stated," Bush said. "And so, if the present situation needs to be changed, it follows that we'll change it if we want to succeed."

The report, which warns that the situation in Iraq is "grave and deteriorating," contains 79 separate recommendations. They call for a gradual withdrawal of U.S. combat forces during the next year to ramp up the training of Iraqi security forces. There are currently some 135,000 US soldiers and 7,100 British soldiers serving in Iraq.

Both Bush and Blair said that supporting the government of Iraqi Prime Minister Nouri al-Maliki was central to efforts to help Iraq defend, govern and sustain itself. They both urged al-Maliki to do more to assert control and quell violence.

Bush was asked whether he thought the study group suggested that he did not appreciate the extent of the violence in Iraq.

"It's bad in Iraq. That help?" retorted Bush.

"You know, in all due respect, I've been saying it a lot," Bush continued. "I understand how tough it is and have been telling the American people how tough it is. And they know how tough it is."

Another recommendation from the study group calls for enlisting diplomatic help from Iraq's neighbors, including Iran and Syria — not only to resolve problems in Iraq but to find an end to the long-running conflict between Israel and the Palestinians.

One of the study group's central recommendations was for the administration to reach out to Syria and Iran for help in stabilizing Iraq, a course Bush has rejected in the past and confronted skeptically on Thursday.

"Countries that participate in talks must not fund terrorism, must help the young democracy survive, must help with the economics of the country," Bush said. "If people are not committed, if Syria and Iran is not committed to that concept, then they shouldn't bother to show up."

For his part, Blair suggested that Iran's support for Shiite militants in southern Iraq presented a problem. "Iran has been ... basically arming, supporting, financing terrorism," the visiting British leader said.

Blair said he welcomed the Baker-Hamilton report despite its depiction of a failed policy that both he and Bush had previously embraced.

"It offers a strong way forward. I think it is important now we concentrate on the elements that are necessary to make sure that we succeed — because the consequences of failure are severe," Blair said.

Bush appeared to endorse the bipartisan panel's conclusion that any resolution of the Iraq conflict is tied to reducing tensions between Israel and the Palestinians and across the broader Middle East — a position Blair has long held.

"It's a tough time and its a difficult moment for America and Great Britain and the task before us is daunting," Bush said as members of the bipartisan commission testified about their report on Capitol Hill.

Blair said the terrorists' threat in Iraq is part of an old pattern that is region-wide. Terrorism "has basically come out of the Middle East" and must be addressed in a way that includes a solution to the Palestinian-Israeli conflict, he said.

Bush: "It's Bad In Iraq" (NYDN)

New York Daily News, December 8, 2006

WASHINGTON — President Bush said Thursday that a bipartisan panel's call for a major course change in Iraq was an important document, but just one of several reports he will consider as he charts a new strategy.

Standing alongside chief Iraq war ally Tony Blair of Britain, the president acknowledged that, "It's bad in Iraq."

Both Bush and Blair agreed that success in Iraq may depend on victory over extremists across the broader Middle East. The two leaders met a day after the Iraq Study Group headed by former Secretary of State James A. Baker III and former

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Democratic Rep. Lee Hamilton issued a report saying their war policies had failed and a major course correction was needed, including beginning to withdraw combat troops.

Asked at a joint news conference when the president would start to carry out recommendations for a change, Bush noted that other studies were still under way by the Pentagon, the State Department and the White House National Security Council. He said he would make major policy decisions "after I get the reports"

He called the Baker-Hamilton report "certainly an important part of our deliberations and an important part of our discussions this morning."

At the same time, Bush said, "I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation." Baker did say, earlier Thursday, he believes the study "is probably the only bipartisan report he's going to get and it's extremely important that we approach this issue in a bipartisan way."

The report, which contains 79 separate recommendations, says that Bush's Iraq policy is not working, warns the situation in Iraq is "grave and deteriorating" and calls for most US combat troops to be withdrawn by early 2008. Bush said he is planning to deliver a major speech to outline his decision for a new way forward.

"I think you're probably going to have to pay attention to my speech coming up here when I get all the recommendations," Bush said in a joint news conference with the British prime minister. "I do know that we have not succeeded as fast as we wanted to succeed. I do understand that progress is not as rapid as I had hoped. And therefore it makes sense to analyze the situation and to devise a set of tactics and strategies to achieve the objective that I have stated," the president said.

"It's a tough time and its a difficult moment for America and Great Britain and the task before us is daunting," Bush said, even as members of the bipartisan commission were testifying on their report on Capitol Hill. Bush asserted that success in Iraq depends on victory over extremists across the "broader Middle East," apparently subscribing to one of the conclusions of the Baker-Hamilton report.

Blair, who has stood shoulder to shoulder with Bush since the March 2003 invasion of Iraq, said he welcomed the conclusions of the Iraq Study Group despite its criticism of past policies that both he and Bush advanced. It "offers a strong way forward," Blair said. "The consequences of failure are severe," he added.

Bush appeared to endorse the panel's conclusion that any resolution of the Iraq conflict is tied to reducing tensions between Israel and the Palestinians and across the broader Middle East — a position Blair has long held.

But in Tel Aviv, Israeli Prime Minister Ehud Olmert said he disagreed with the advisory group's linkage. He told a news conference that conditions were not ripe to reopen long-dormant talks with Syria. "I appreciate your clear view that we are confronted with a struggle between moderation and extremism and this is particularly evident in the broader Middle East," Bush told Blair. Both Bush and Blair said that supporting the government of Iraqi Prime Minister Nouri al-Maliki was central to efforts to help Iraq defend, govern and sustain itself.

"The American people expect us to come up with a new strategy," Bush said. "I believe we need a new approach and that's why I've tasked the Pentagon to analyze the way forward," he said.

In addition to the Iraq Study Group, studies are under way at the Pentagon, State Department and National Security Council on next steps. The response made it clear that Bush did not intend to be influenced only by the bipartisan panel's report, which contained 79 specific recommendations, but by the other studies as well.

One of the study group's central recommendations was for the administration to reach out to Syria and Iran for help in stabilizing Iraq, a course Bush has rejected in the past. "Countries that participate in talks must not fund terrorism, must help the young democracy survive, must help with the economics of the country," Bush said.

"If people are not committed, if Syria and Iran is not committed to that concept, then they shouldn't bother to show up." For his part, Blair suggested that Iran's support for Shiite militants in southern Iraq presented a problem. "Iran has been...basically arming, supporting, financing terrorism," the visiting British leader said.

Blair said the terrorists' threat in Iraq is part of an old pattern that is region-wide. Terrorism "has basically come out of the Middle East" and must be addressed in a way that includes a solution to the Palestinian-Israeli conflict, he said.

Report Enrages The Right (LAT)

By Greg Miller

The Los Angeles Times, December 8, 2006

WASHINGTON — Right-wing radio host Rush Limbaugh called it "The Iraq Surrender Group."

The conservative New York Post tabloid doctored a front-page photo to depict the co-chairmen of the Iraq Study Group in primate fur, under the headline "Surrender Monkeys," inspired by a frequently quoted line from "The Simpsons."

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And conservative commentator William J. Bennett vented in volcanic fashion. "In all my time in Washington I've never seen such smugness, arrogance, or such insufferable moral superiority," Bennett wrote on the National Review website. "Self-congratulatory. Full of itself. Horrible."

Howls of protest echoed across the right side of the political spectrum as conservatives voiced dismay with the findings of the bipartisan Iraq panel, released Wednesday.

The commission's report depicts Iraq as a country sliding into chaos, saying conditions are "grave and deteriorating."

Many conservatives agree with that assessment. But the report's other findings and recommendations, which declare the approach they have backed for nearly four years all but bankrupt, clearly struck a nerve with the most ardent supporters of the war.

That diagnosis has compounded the pain for conservatives who saw voters turn control of both chambers of Congress over to Democrats last month, largely because of mounting frustration with the war in Iraq.

Conservatives were particularly incensed at the study group's recommendation that the United States engage Iraq's neighbors, including Iran and Syria, as part of a broad new diplomatic push to enlist other countries, even those that see themselves as enemies of the United States, to try to solve the Iraq problem.

That advice is particularly difficult to swallow for neoconservatives and others who believe U.S. diplomacy should be grounded in a moralistic view of the world, as opposed to the more pragmatic and compromising "realist" approach championed by the Iraq Study Group's most prominent members. The group's chairmen are Republican former Secretary of State James A. Baker III and former Democratic Rep. Lee H. Hamilton of Indiana.

Conservative bloggers pounded away at this point.

"We are fighting the spread of radical Islamist terrorism, and the two major production centers for that very problem are Tehran and Damascus," read a posting on the conservative site captainsquartersblog.com. "Holding a regional conference with them to determine anything but their surrender in that war only encourages the spread of the terrorism that we seek to end."

Others, including influential conservative editorialist William Kristol, accused the Study Group of focusing its nine months of study on how to extricate the United States from Iraq, rather than how to win.

"They do not engage that debate, and I think that's deeply irresponsible," Kristol said. "If they think the war cannot now be won, they need to explain that."

There was heated rhetoric from the left as well. Democrats generally praised the group's findings but took advantage of the report's release to renew their criticism of the Bush administration.

In discussing the report, former Vice President Al Gore called the invasion of Iraq the "worst strategic mistake in the entire history of the United States." He made his comment during an appearance on NBC's "Today Show."

But conservatives were especially riled by the report's seemingly deliberate omission of any reference to Bush administration ideals, such as spreading democracy across the Islamic world.

"It was about as interesting as a small-town phone book," said Danielle Pletka, a vice president of the American Enterprise Institute, a conservative Washington think tank, on Fox News. "I was amazed by the report. There were very few concrete suggestions. There were very few deep ideas. And there were very, very few plans for victory."

They also chafed at public praise that the commission's 10 members — five Democrats and five Republicans — overcame political pressure to reach agreement.

"Does history really give a hoot about bipartisanship? Who cares whether they are getting along?" asked Limbaugh on his radio show Thursday. "Show me the book in the library, 'Great Bipartisanship in American History.' "

Arab World Welcomes Iraq Study Group Report (CSM)

By Dan Murphy, Josh Mitnick

The Christian Science Monitor, December 8, 2006

The Iraq Study Group (ISG) recommendations are making far more waves outside Iraq than inside that troubled country.

To average Iraqis, the report seems to be an abstract exercise unlikely to end the war there anytime soon. But it is being eagerly read elsewhere in the region, with a number of Arab states welcoming the report as a sign that their advice is starting to be heeded. In Israel, however, it's being viewed with apprehension because of its calls for direct US engagement with Syria and Iran.

The Jordan Times - a paper with ties to the state, a US ally - hailed the recent ouster of Defense Secretary Donald Rumsfeld and the ISG's report as a "return to common sense" in its lead editorial. "All of a sudden Washington appears to be heading towards a less bellicose and more cooperative stand on Middle East issues," it wrote, praising the report's recommendations to engage Iran and Syria and start a "gradual pullout of its troops to end the occupation."

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Nabil Amr, a top adviser to Palestinian President Mahmoud Abbas, described the report as "excellent," saying he read it as an acknowledgement of Bush administration failures in Iraq and the region.

"The administration must wake up and see the reality on the ground in the Middle East requires a different policy," he says.

In Israel, though, reaction to the report ranged from muted to outright anger.

The ISG report states bluntly that the "US does its ally Israel no favors in avoiding direct involvement to solve the Arab-Israeli conflict." It says that there is "no military solution" and that "political engagement and dialogue are essential ... because it is an axiom that when the political process breaks down there will be violence on the ground."

Zbulun Orlev of Israel's right-wing National Religious Party labeled the report "unfriendly" to Israel, particularly in its advocacy for engaging Iran and calling for a "land for peace" approach to the problems in the Palestinian territories, which it says are inflaming regional problems.

"We thought after six years of Bush, the policies which Baker represents had died," Mr. Orlev says, referring to ISG co-chair James Baker, who was the secretary of State under President George H. W. Bush, during which time he pushed for a peace deal with the Palestinians.

Israeli Prime Minister Ehud Olmert made a point at a press conference Thursday to say that the report does not necessarily reflect Bush administration policy.

"Israelis know Baker's determination quite well," says Gershon Baskin, co-chair of the Israel-Palestine center for research and information. "If Bush accepts the recommendations, Israelis are going to face pressure they're not used to."

Elsewhere, the report's recommendations on Iran and Syria were seen as puzzling, as many analysts say the conflict in Iraq is the result of internal sectarian competition for power.

Iran's power to help could be limited. "Iran has an interest in stabilizing Iraq, but its influence has been exaggerated," says foreign policy analyst Davoud Hermidas Barvand. "It cannot even direct the political situation there among the Shiites."

The price of Iranian assistance is not yet clear. Analysts say it might seek a softer line over its nuclear program, an end to sanctions, and a guarantee against military strikes. It has proved a hard negotiator on the nuclear issue and the Baker recommendations have increased confidence in Iranian government circles.

One demand has already been articulated. Supreme Leader Ayatollah Ali Khamenei, who makes the final decisions in foreign policy, said US troops must pull out of Iraq before Iran would help reduce the violence: "The occupation of Iraq is not a morsel that the US can swallow," Mr. Khamenei said during a visit by Iraq's president in late November. "The first step to resolve the instability in Iraq is the withdrawal of occupiers from this country and the transfer of security responsibilities to the popular Iraqi government."

The ISG calls for a negotiated settlement with Syria to stop shipping weapons to Hizbullah, the Shiite militant group, and stop allowing Iran to transport weapons across the country to Hizbullah in Lebanon. It calls for Syria's full cooperation in investigating all political assassinations in Lebanon, and to encourage Hamas to recognize Israel's right to exist.

In exchange, the ISG recommends that Israel return the Golan Heights to Syria, with an international force on the border that could include US troops, if both countries agree.

"Sure, Iran and Syria may be allowing people to come across their border and providing some arms or money, but the conflict is overwhelmingly about sectarian enmity inside Iraq," says Andrew Garfield, a former British military intelligence officer who spent most of last year as an adviser in Iraq and is now a senior fellow at the Foreign Policy Research Institute in Washington.

Mr. Garfield says peacemaking will have to done inside Iraq, by Iraqis, and that he doubts any outside power has much influence there anymore.

He's also skeptical about the ISG's calls for more trainers embedded with Iraqi units. He argues the US military simply doesn't have enough trainers with the cultural sophistication to get the job done. At any rate, he says, the Iraqi Army would have to be dramatically expanded just to take up the role of the US and other coalition forces on the ground now.

"You'd have to replace the roughly 160,000 coalition forces with new Iraqi forces, and in reality that probably isn't enough either," he says. "Realistically, Iraq probably needs 300,000 to 400,000 more troops, and they'd have to be as good or better than the American troops they replace."

Arab States Seize On Call For Peace Drive (FT)

By William Wallis, Andrew England, Gareth Smyth

Financial Times, December 8, 2006

Arab officials seized on the Iraq Study Group recommendations on Thursday to highlight the need for greater US commitment to a revived peace process between Israel and the Palestinians.

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But there was also concern in some Arab states that any early scale-back of the American troop presence in Iraq could lead to an escalation in sectarian conflict that might spill over into neighbouring states.

The report said: “The US cannot achieve its goals in the Middle East unless it deals directly with the Arab-Israeli conflict and regional instability. There must be a renewed and sustained commitment by the US to a comprehensive Arab-Israeli peace on all fronts.”

It also recommended that the US engage constructively with Syria and Iran to influence their behaviour in Iraq. Syria welcomed the recommendation, saying it was pleased that the report tied the situation in the Iraq with the rest of the region.

Manouchehr Mottaki, Iran’s foreign minister, said Iran would be “in the position of [providing] help” if Washington found “a good end for the Iraq crisis”. But he reiterated Tehran’s position that US troops should leave. While some in Tehran fear the dangers for Iran of growing violence in Iraq, others say it has no pressing reason to ease the US plight. Ali Larijani, the top security official, said on Wednesday that the US was at a “strategic dead-end” in Iraq and the wider Middle East.

One official recently told the FT that Iran could “live with” any likely scenario in Iraq, “including riots, federalism, popular government or disintegration”.

“A mess in Iraq means Iran would not be next [to be invaded by the US], while security and democracy in Iraq would mean Iran’s friends were in power, whether in a unified Iraq or a federal one,” he added. “Iran is now strong in the region, and has won the game in Iraq.”

Any signs of Iranian triumphalism are likely to add to fears within Arab states, of spreading Iranian and radical influence in the region. Some commentators sniffed a sense of US defeatism in the Baker-Hamilton report, which said the conditions in Iraq were “grave and deteriorating” and recommended that by the first quarter of 2008 all US combat brigades should be out of the country, if training of Iraqi forces were stepped up.

Abdel Monem Said, the director of Al Ahram centre for political and strategic studies, said this idea could be seized on by militant Islamists in the region and likened the situation to that prior to the US withdrawal from Vietnam in the early 1970s. He also questioned what incentives the US would be able to use to draw the Iranians and Syrians into constructive dialogue.

“We are coming back to 1974 once more, when the US was internationally demoralised and got out of south- east Asia and for the next seven to eight years we got a communist sweep into Vietnam, into Laos, into Cambodia,” he said. Lebanese officials welcomed calls for greater US efforts to pursue peace between Israel and the Arabs. But one senior Beirut official said that Lebanon should not become a pawn in negotiations with neighbouring Syria and should not “be made the reward for Syria’s good behaviour”.

There was little immediate prospect in any case of an advance on the wider Arab- Israeli conflict. Ehud Olmert, the Israeli prime minister, rejected links between the Israeli-Palestinian conflict and Iraq and ruled out talks with Syria. Some Iraqis themselves doubted that changes in US policy could make much difference.

“The situation is a hurricane: no one has the power to calm it, not Americans and not Iraqis,” said Hussein, a Shia teacher in Baghdad.

At State, The News Needs No Muse (WP)

By Al Kamen

The Washington Post, December 8, 2006

The Iraq Study Group report rocketed through town Wednesday, setting thousands of reporters off in search of foreign policy experts to opine about what it all meant.

Some agencies tried to make sure none of their people was caught talking out of school about the report, which, as White House spokesman Tony Snow gamely spun, was not in any way a "rebuke" of President Bush's policies.

Secretary of State Condoleezza Rice laid down the rules early Wednesday. An e-mail "Watch Alert" from the department's operations center went out at 11:07 a.m., announcing that the report "has been released and is now available" at various Web sites.

Within minutes, all the folks in Assistant Secretary John C. Rood's Bureau of International Security and Nonproliferation got this e-mail:

All -- Strict guidance this a.m. from the Secretary that she does not want any public "musing" by State officers on the Iraq Study Group report. All public comments will be handled by PA[Public Affairs].

So be sure to keep your "musing" private -- or at least on background.There's No Mess, but Clean It Up Anyway

Meanwhile, over at "PA," they were focusing like laser beams on the most important parts of the Iraq report, summarized by this topic headline in yesterday's press briefing: "Iraq Study Group Report is Not a Criticism of Rice's Efforts."

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Study Group member Vernon Jordan couldn't agree more: "We don't look at how the house got put on fire," he told The Washington Post when asked about the report. "This is about how do we go forward from there" -- and put it out.Gates: Gone Missing

How quickly they forget. A reporter asked a study group aide if incoming Defense Secretary Robert Gates, a study group member until he was nominated in early November, had been sent a copy of the report.

"No," the aide said. "We didn't know how to reach him anymore."Billionaires for Blue Dogs?

All the political oddsmakers are looking to see which political candidates will generate that all- important "bandwagon effect," so the money, staff and endorsements will flood in and assure the candidate's nomination.

The same effect might apply to organizations. So we find that on Nov. 8, the day after the midterm elections, multibillionaire Bill Gates dropped $1,000 on the Blue Dog Political Action Committee. Sure, Microsoft's PAC has been a regular donor, but the chairman himself does not appear to have given before from his own wallet to that group of moderate and conservative House Democrats.

Time to jump on?Holiday Cheer and Rumsfeld Don't Mix

So everyone in the Joint Chiefs' directorates (J-1 to J-8) at the Pentagon was planning on holding Christmas parties on Friday, Dec. 15 -- the most obvious day since, after that, folks might start drifting out of town. But buzz is that someone, apparently in the office of the chairman, Gen. Peter Pace, had fretted that it might look as if all the hootin' and hollerin' that would be spilling out into the hallways was in celebration of Defense Secretary Donald Rumsfeld's departure that same day. (Leaving on that day, by the way, Rumsfeld will apparently fail to realize his dream of surpassing Robert McNamara's length-of-service record as secretary.)

So word came down last week to change the dates of the Christmas parties. Done.Opening the Door Wider for Iraqis

Meanwhile, the State Department has approached the U.N. High Commissioner for Refugees office to see about having more Iraqi refugees screened for admission to this country. Back in the '90s, when Saddam was in charge and oppressing and killing people, Washington admitted as many 4,980 Iraqi refugees a year.

Since the U.S. invasion, however, the numbers have plummeted to 298 in 2003, 66 in 2004, and about 200 in each of the past two years.

But with as many as 2 million Iraqis having fled the chaos and sectarian violence since the invasion -- and an estimated 100,000 a month coming out these days -- the United States is talking to the United Nations about boosting its intake. The focus, we're told, appears to be on helping Chaldean Christians, who are getting pounded by everyone over there. There's a U.S. ceiling of 5,500 refugees for this fiscal year for all the Middle East, plus a few thousand more "unallocated" slots that might be used.

One major problem is that the United Nations is grossly underfunded and understaffed, the refugee folks say, so they don't have enough people to process the huge numbers of Iraqis.

Still, it shouldn't be hard to boost the numbers just a little. Eight were resettled in October and nine in November. Well, that's an upward trend.

Howard Says Rapid Coalition Exit From Iraq Would Leave Chaos (BLOOM)

By Fergus Maguire

Bloomberg, December 8, 2006

Dec. 8 (Bloomberg) -- The rapid exit of coalition forces from Iraq would increase instability in the region, Australian Prime Minister John Howard said, after a U.S. report recommended the withdrawal of most combat troops by early 2008.

``A precipitous American withdrawal would create a real bloodbath and total chaos," Howard said in an interview on Melbourne radio station 3AW. ``I would like to be out of Iraq as soon as possible but I'm not going to make myself in any way a hostage to a particular date."

The U.S. bipartisan Iraq Study Group released a report Dec. 6 that concluded the U.S. should aim to withdraw most of its troops from Iraq by early 2008 and begin diplomatic talks with Iran and Syria.

Australia's Defense Department has drawn up plans for a phased withdrawal of troops in case there is a change of coalition policy, the Australian Financial Review said today, citing unnamed government officials.

The government rejected a U.S. request for Australian soldiers to serve in Iraqi units, the Australian newspaper said today.

At Least He Read It (LAT)

The Los Angeles Times, December 8, 2006

Bush acknowledges that the Iraq Study Group's report is 'important.' But will he take its advice?

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IF THE IRAQ STUDY GROUP is worried that its recommendations will not be taken seriously, then Thursday's news conference with President Bush and British Prime Minister Tony Blair is cause for concern. "A lot of reports in Washington are never read by anybody," Bush said. "To show you how important this one is, I read it." A moment later he added, as if for emphasis, "This is important."

Oh well. At least the Iraq Study Group had one 24-hour news cycle before it was dismissed as "important." In Washington, importance is the last stop before irrelevance; it's a graceful way to offer praise without support. On that score, there is reason for more than just the members of the group to be worried. The president and the prime minister used the word 46 times in 53 minutes, including to describe the goal of eventual withdrawal of U.S. troops and the need to be engaged on the Israeli-Palestinian issue.

Semantics aside, Bush's performance Thursday was depressing. He turned truculent when pressed to describe the situation on the ground ("It's bad in Iraq. Does that help?") and was irritatingly simplistic explaining his rationale for staying there ("I wouldn't have our troops in harm's way if I didn't believe that, one, it was important, and, two, we'll succeed"). His opening remarks included the usual airy rhetoric about creating a beacon of democracy in the Middle East and ominous yet vague references to "the forces of terror and extremism." For minutes at a time, the conference sounded like it could have been taking place in 2003.

The president did say that "I believe we need a new approach," and it's clear that the coming season of studies and debate is meant to precede some modest new package of initiatives. What that approach will be is another matter.

The chief value of the Iraq Study Group report is not necessarily what it says — much of which has been suggested elsewhere or has been obvious for some time — but who's saying it. Like management consultants, this group of former insiders can give Bush the cover he needs to make changes that everyone realizes are necessary but no one in power seems willing or able to propose.

Management consultants are rarely popular, and as George and Tony were meeting reporters, Jim and Lee (the group's co-chairmen, James A. Baker III and Lee H. Hamilton) were lobbying Congress. Their report was a "comprehensive strategy," they said, best accepted or rejected in full. It's an oddly naive hope for a realist such as Baker. Certainly it's bizarre to argue that the group's recommendations — all 79 of them — are somehow sacrosanct. If the president deserves any sympathy, it's for his reluctance to give his father's consigliere special deference.

Bush is right: The U.S. needs to confront terrorists, and democracy is a worthy goal. But declaring a goal is separate from achieving it. No one will argue that these goals aren't important (that word again). Yet they will remain unattainable until a host of other issues, many of them outlined by the Iraq Study Group, are addressed. Maybe Bush realizes this but can't bring himself to say so publicly. Or maybe he just doesn't believe it. After Thursday's news conference, it's still hard to tell.

Bush Listened, But Did He Hear? (WP)

By Eugene Robinson

The Washington Post, December 8, 2006

I've been in this business long enough to recognize journalism when I see it. The first tip-off was the way the canny old pros in the Iraq Study Group (not one of whom I'd play poker with for money) studded their report's brief executive summary with explosive phrases -- a "grave and deteriorating" situation, a looming "humanitarian catastrophe," withdrawal of combat troops by "the first quarter of 2008." As an old editor once told me, hit the readers hard at the top of the story before they yawn and turn the page.

It turns out that James Baker, Lee Hamilton and the other members of the group didn't have to worry about holding readers' attention. The 96-page main report -- an attempt to find a way for George W. Bush to get us out of his Iraq debacle without provoking World War III -- is full of solid reporting and analysis, with surprises along the way that make your jaw drop.

There's only one reader who really counts, though, and I doubt he'll be impressed. The Decider isn't in the habit of letting mere facts get in the way of blind conviction.

At least the five senior Republicans and five senior Democrats who made up the panel have put down a marker. Facts do count, they remind us, and the possibility that the Iraq misadventure will spark a wider regional war is enough to powerfully concentrate the mind.

"I've been on a lot of presidential commissions in my life, going back to 1965. This was the toughest, but also the one where there was more cooperation and common purpose," Vernon Jordan told me by phone Wednesday as he sat down to dinner, the first meal he'd had time for on a day that began at 7 a.m. with a White House meeting with the president.

"This was the only commission I've seen where there was no argument, no falling out, nobody storming out of the room," Jordan said.

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Roughly the first half of the report is pure journalism, an example of what old foreign correspondents used to call a "situationer" -- a snapshot overview of whatever country one's editors thought needed assessing. I learned things I hadn't known.

For example, I knew that the Iraqi army was a mess and that the Iraqi police force is full of sectarian thugs. But I didn't know that Iraq had another armed force, bigger than the police -- the 145,000-strong Facilities Protection Service, which is supposed to guard military infrastructure. One "senior U.S. official" described this shadowy force as "incompetent, dysfunctional, or subversive." How comforting.

I also wasn't aware that the Baghdad city government is a "Shia dictatorship" that allocates services along sectarian lines, consigning one Sunni neighborhood to "less than two hours of electricity each day" and waist-high piles of trash.

The second half of the report is less a news story than a long op-ed piece. The panel ruled out my preferred exit strategy, which it dismisses as "precipitate withdrawal." (I prefer to call it "wake up and smell the coffee.") The report explains how splitting Iraq into three autonomous parts would be an unacceptably bloody process, as well as intolerable to the neighbors; and how the option of sending a lot more troops to Iraq, as Sen. John McCain advocates, is moot given that we don't have a lot more troops to send.

The report is harshest on the president's "stay the course" option, pointing out that the longer we remain, the worse the situation in Iraq seems to get -- and the more American troops are maimed or killed.

The document concludes with 79 recommendations, most of which are eminently reasonable and none of which will get us out of Iraq overnight. The president will probably reject some out of hand -- talking directly with Syria and Iran, for example. And while it would be good if the president finally realized that solving the Israeli-Palestinian conflict would lower the temperature throughout the Middle East, I'm pretty sure it will take more than a phone call to persuade the Israeli government to give up the Golan Heights.

Jordan said that when the members of the panel met with Bush on Wednesday, the president's attitude was encouraging. "My mama used to say that a lot of people listen, but they don't hear," Jordan said. "Bush both listened and heard us."

That's a good sign. But the administration has set in motion its own multiple reviews of Iraq policy, and the official White House position is that the Iraq Study Group's viewpoint will be just one of many the president takes into account -- which is a bad sign. Would someone please tell the president that even his new secretary of defense doesn't think we're winning this war?

An Ideal In Need Of Rescue (WP)

By E. J. Dionne

The Washington Post, December 8, 2006

One of the many disastrous consequences of President Bush's botched policy in Iraq is that it has given the promotion of democracy a bad name.

If the report of the Iraq Study Group is nothing else, it is a devastating declaration that the administration's approach is an abject failure and that the United States needs to scale back its goals. Grand dreams of Iraqi democracy and a transformed Middle East are out. The best we can hope for now is an Iraq that can "govern itself, sustain itself, and defend itself."

Cleverly, the report cited those words because they were spoken by Bush himself in one of his least expansive descriptions of the mission. The president is now stuck with a minimalist definition of what can be accomplished in Iraq, because everything he has done since 2003 has made broader achievement impossible.

In truth, this Middle East adventure was never a serious effort to build democracy in Saddam Hussein's Iraq. Yes, there were elections and there was a lot of talk about democracy. But don't listen to what the administration said. Look at what it did.

The deployment of a relatively small force to Iraq in the first place and the administration's stubborn refusal to send more troops when violence and chaos followed Hussein's fall were the first signals that the administration didn't understand what it took to create democracy, didn't mean what it said about democracy or was divided over what its objectives really were.

That the administration rushed to war without serious planning, did not take the time to cultivate a broader group of allies that could have helped in nation-building and did not talk honestly to the American people about what a large undertaking it was foisting upon them were all signs of its reckless arrogance -- or, to be more charitable, simple foolishness. The administration fought this war in a way guaranteed to make the road to democracy even more difficult.

Some of the most compelling parts of the report are the sections that will receive the least attention because they deal with the most basic tasks -- policing, the justice system, economic reconstruction, job creation and protection of the oil industry.

Of the report's 79 recommendations, Nos. 50 through 67 are common-sense proposals about rebuilding post-Hussein Iraq that should have been worked out in detail long before we even started this war. James Baker and Lee Hamilton have done in 2006 what should have been done in 2002. Most of the ideas are still good ones, but they will be almost impossible to achieve given the chaos in Iraq that the report describes so accurately.

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The report is seen as the triumph of "realism" in the foreign policy debate, and it is that. After years of unrealistic administration claims that all was going well in Iraq, it is truly refreshing to read a report by a group of establishmentarians stating plainly and realistically what is actually going on.

Democrats have mostly welcomed the report, and for good reason: It makes clear that whatever happens in Iraq, the mess was created by Bush administration policies. It will be hard to blame the new Democratic Congress after the fact.

By placing what is in effect a two-year limit on the American combat commitment in Iraq -- there are plenty of fudge words, but the message is clear -- the report ratifies the judgment of America's voters last month that time had run out on Bush's adventure.

And with some of the nation's leading Republican foreign policy specialists pronouncing Bush's policies a failure, other Republicans will have a hard time accusing Democrats of stabbing our military in the back with their own calls for withdrawal. The commission states clearly that what has happened up to this point has left our nation with only bad choices.

This war has done enormous damage to the United States, and some of the damage is to our ideals. The United States still has a powerful interest in encouraging the spread of democracy around the globe. Promoting democracy must remain a core goal of American foreign policy.

But there are smart ways to promote democracy and there are stupid, even dangerous, ways. Creating democracy where it has never existed is a long and painstaking process. You can't whip it up by buying a cake mix or holding a single election and declaring victory.

An administration that fought a misguided, poorly planned and ill-considered war in the name of democracy should not be allowed to discredit the democratic idea itself.

Set A Date And Buy Some Leverage (NYT)

By Thomas L. Friedman

The New York Times, December 8, 2006

The brutally honest Baker-Hamilton assessment of the Iraq morass implies that we need to leave Iraq if the factions there don't get their act together, but it also urges a last-ditch effort to enlist the help of Syria and Iran to salvage something decent. Both are good suggestions, but they will only have a chance of being effective if we go one notch further and set a fixed date — now — for America to leave Iraq.

The only hope of moving the factions inside Iraq, not to mention Syria and Iran, toward reconciliation is if we have leverage over them, which we now lack. The currency of Middle East politics is pain. And right now, all the pain is being inflicted on us and on Iraqi civilians. Only if we tell all the players that we are leaving might we create a different balance of pain and therefore some hope for a diplomatic deal. Trying to do diplomacy without the threat of pain is like trying to play baseball without a bat.

Yes, yes, I know, the conventional wisdom is that if the U.S. sets a date to leave Iraq the whole Middle East will explode in a Shiite-Sunni war. Maybe, but maybe not.

Let's play this out. What happens if we set a date to leave? The war in Iraq will get worse, but for how long? Right now our troops are providing a floor under the civil war that allows some parties to behave outrageously or make impossible demands — because they know that we won't let things spin totally out of control. Would they behave more cautiously if they knew they had to pay retail for their madness? I'd like to find out.

Moreover, while our presence in Iraq helps control the situation, it also aggravates it. For many Sunnis, and a growing number of Shiites, we've become "occupiers" to be resisted. Our leaving will both unleash violence and eliminate violence.

As for the neighbors, well, right now Iran, Syria and some other Arab states look at Iraq and clearly believe that the controlled chaos there is their friend. For Arab autocrats, chaos is their friend because a burning Iraq on Al Jazeera sends a message to their own people: "This is what happens to those who try democracy." And for Iran and Syria, anything that frustrates the U.S. in Iraq and keeps America bleeding weakens its ability to confront Tehran.

The minute we leave, chaos in Iraq is not their friend anymore. First of all, if there is a full-fledged civil war, Syria, a largely Sunni country, will have to support the Iraqi Sunnis. Shiite Iran will have to support the Iraqi Shiites. That would mean Iran and Syria, now allies, will be on opposite sides of the Iraqi civil war. That will leave them with the choice of either indirectly fighting each other or working to settle the war.

Moreover, right now we are "Mr. Big" in Iraq, soaking up all the popular anger. But the minute we're gone, Iran becomes "Mr. Big" and the age-old tensions between Iraqi Arab Shiites and Iranian Persian Shiites will surface. Iran and Moktada al-Sadr will be at each other's throats.

Also, as long as our troops are in Iraq, we are pinned down and an easy target for Iran to hit, should we ever want to strike its nuclear facilities. Once we are out, we will have much more room to maneuver. I'm not saying we should attack Iran, but I am saying Iran will be much more worried that we will.

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As for the Arab states, they've done little to promote peace in Iraq. They've basically said to America: "You can't leave and we won't help." O.K., we're leaving. You still don't want to help? The only thing the Arab regimes fear more than democracy is fragmentation.

As I've written before, our real choices in Iraq are 10 months or 10 years. Either we commit the resources to entirely rebuild the place over a decade, for which there is little support, or we tell everyone that we will be out within 10 months, or sooner, and we'll deal with the consequences from afar. We need to start the timer — today, now.

As long as we're in Iraq, Iraq implodes, and we absorb a lot of the pain. The minute we leave, Iraq explodes — or at least no one can be sure it won't — and that is a real threat to the Iraqi factions and neighbors. Even facing that reality might not knock enough sense into them to compromise, but at least then they'll have their medieval religious war without us.

Only that threat will give us leverage. Yes, it would be a sad end to our involvement there. But everything Iraq's leaders have done so far suggests that a united, democratic and pluralistic Iraq is their second choice. Tribal politics is still their first choice. We can't go on having our first-choice kids dying for their second choice.

They Told You So (NYT)

By Paul Krugman

The New York Times, December 8, 2006

Shortly after U.S. forces marched into Baghdad in 2003, The Weekly Standard published a jeering article titled, "The Cassandra Chronicles: The stupidity of the antiwar doomsayers." Among those the article mocked was a "war novelist" named James Webb, who is now the senator-elect from Virginia.

The article's title was more revealing than its authors knew. People forget the nature of Cassandra's curse: although nobody would believe her, all her prophecies came true.

And so it was with those who warned against invading Iraq. At best, they were ignored. A recent article in The Washington Post ruefully conceded that the paper's account of the debate in the House of Representatives over the resolution authorizing the Iraq war — a resolution opposed by a majority of the Democrats — gave no coverage at all to those antiwar arguments that now seem prescient.

At worst, those who were skeptical about the case for war had their patriotism and/or their sanity questioned. The New Republic now says that it "deeply regrets its early support for this war." Does it also deeply regret accusing those who opposed rushing into war of "abject pacifism?"

Now, only a few neocon dead-enders still believe that this war was anything but a vast exercise in folly. And those who braved political pressure and ridicule to oppose what Al Gore has rightly called "the worst strategic mistake in the history of the United States" deserve some credit.

Unlike The Weekly Standard, which singled out those it thought had been proved wrong, I'd like to offer some praise to those who got it right. Here's a partial honor roll:

Former President George H. W. Bush and Brent Scowcroft, explaining in 1998 why they didn't go on to Baghdad in 1991: "Had we gone the invasion route, the United States could conceivably still be an occupying power in a bitterly hostile land."

Representative Ike Skelton, September 2002: "I have no doubt that our military would decisively defeat Iraq's forces and remove Saddam. But like the proverbial dog chasing the car down the road, we must consider what we would do after we caught it."

Al Gore, September 2002: "I am deeply concerned that the course of action that we are presently embarking upon with respect to Iraq has the potential to seriously damage our ability to win the war against terrorism and to weaken our ability to lead the world in this new century."

Barack Obama, now a United States senator, September 2002: "I don't oppose all wars. What I am opposed to is a dumb war. What I am opposed to is a rash war. What I am opposed to is the cynical attempt by Richard Perle and Paul Wolfowitz and other armchair, weekend warriors in this administration to shove their own ideological agendas down our throats, irrespective of the costs in lives lost and in hardships borne."

Representative John Spratt, October 2002: "The outcome after the conflict is actually going to be the hardest part, and it is far less certain."

Representative Nancy Pelosi, now the House speaker-elect, October 2002: "When we go in, the occupation, which is now being called the liberation, could be interminable and the amount of money it costs could be unlimited."

Senator Russ Feingold, October 2002: "I am increasingly troubled by the seemingly shifting justifications for an invasion at this time. ... When the administration moves back and forth from one argument to another, I think it undercuts the credibility of the case and the belief in its urgency. I believe that this practice of shifting justifications has much to do with the troubling phenomenon of many Americans questioning the administration's motives."

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Howard Dean, then a candidate for president and now the chairman of the Democratic National Committee, February 2003: "I firmly believe that the president is focusing our diplomats, our military, our intelligence agencies, and even our people on the wrong war, at the wrong time. ... Iraq is a divided country, with Sunni, Shia and Kurdish factions that share both bitter rivalries and access to large quantities of arms."

We should honor these people for their wisdom and courage. We should also ask why anyone who didn't raise questions about the war — or, at any rate, anyone who acted as a cheerleader for this march of folly — should be taken seriously when he or she talks about matters of national security.

At Last, Bush Faced With Obvious Truth On Iraq (FT)

By Philip Stephens

Financial Times, December 8, 2006

About one thing George W. Bush is right; though, unsurprisingly, for the wrong reasons. There can be no "graceful exit" from Iraq. America faces a resounding defeat. The eventual cost, in lost prestige and influence in the Middle East and beyond as well as in blood and treasure in Iraq, will be immense. It may seem trivial to Iraqis.

A year ago, the bipartisan Iraq Study Group might have hoped to supply the architecture for a half-elegant US departure. That was always an over-ambitious aim. In any event, it was overtaken some time ago by the rapid escalation in Iraq of sectarian violence.

Robert Gates, the US defence secretary-designate, got it right when he told the Senate defence committee this week: "It's my impression that, frankly, there are no new ideas on Iraq." The study group's task thus became to put existing ideas together in such a way as to oblige Mr Bush to change course.

We cannot be sure the president will listen. The risk is that Mr Bush will seek to cherry pick. But the White House's options are narrowing fast. In this respect the group has fulfilled its mandate. The report is candid and concise in description, pragmatic in analysis. The tone is set by the opening sentence: "The situation in Iraq is grave and deteriorating."

The report's great service has been to state the obvious. America has lost control in Iraq and its influence is diminishing further by the day. If the US administration is to have even a slight chance of salvaging something from the wreckage, it must admit the connections it has so far denied. That means between security, politics and reconstruction within Iraq and, outside, with the array of other conflicts and tensions across the region. Above all, the report says, the Arab-Israeli conflict can no longer be ignored; nor can the influence and interests of Syria and Iran.

Nothing new there, you might say. Britain's Tony Blair and nearly everyone in Washington outside the administration, have been saying something similar. But the timing and provenance of this report matter. The end game is more about US politics than about the grim realities in Iraq.

Last month's mid-term elections saw the American people bluntly reject the administration's approach in favour of disengagement. As co-chairman of the study group, James Baker, a former Republican secretary of state and long-time Bush family consigliere, carries more clout than the president has ever been comfortable with. Lee Hamilton, the former Democratic congressman, gives the report its all-important bipartisan stamp.

The administration's inner torture, meanwhile, has been regularly bleeding into the pages of the New York Times. Every time Mr Bush reaches for another mantra about accomplishing the mission, the publication of another classified memorandum tells the story of an administration bereft of any strategy.

The most chilling example is a leaked Pentagon missive written by Donald Rumsfeld. There could be no better illustration than Mr Rumsfeld's private musings of the hubristic incompetence that has led America into this mess.

The sacked defence secretary recently remarked that the defence department was getting along fine with its "piece" of Iraq, a curious choice of words given his insistence from the outset that he retain full charge of the conduct of the war. His memorandum, which history will surely rate as one of the most shallow documents ever written by a politician carrying such grave responsibilities, tells a different story.

The soon-to-depart Mr Rumsfeld admits that the US is failing: "In my view, it is time for a major adjustment." He then produces a laundry list of alternative approaches. Almost casually, he admits that these putative changes – from US troop withdrawals and redeployments to cash bribes for friendly political and religious leaders in Iraq – may well not work.

No matter. Whatever decisions the US takes, he suggests, should be on a trial basis: "This will give us the ability to readjust and move to another course, if necessary, and therefore not 'lose'." Not lose? Where has Mr Rumsfeld been?

One suggestion for dealing with the upsurge in violence conveys the sheer vacuousness of it all. The US, he scolds in the manner of a parent set to punish a naughty child, must not reward "bad behaviour". It should cut off aid to any towns and villages where there is any violence. In other words, entire Iraqi communities should be punished for the actions of insurgents. Just the way to win hearts and minds.

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Yet Mr Rumsfeld has not been alone. Fear of rewarding bad behaviour remains the stated rationale for the administration's refusal to engage Syria and Iran in an effort to stabilise Iraq. That might have had some superficial logic during that brief spell some years ago when American power seemed poised to sweep away all its enemies. Now it simply marries failed ideology with chronic weakness.

The study group has its own laundry list. Its recommendations run to nearly 80. They are strongest in their understanding of the intricate power struggles – between Shia, Sunni and Kurd, the secular and Islamist as well as Arab and Israeli – that now describe the Middle East. Above all, it recognises: "There must be a renewed and sustained commitment by the United States to a comprehensive Arab-Israel peace on all fronts."

Other recommendations are less convincing. Many are a reminder that the group's first priority is to map a path for US disengagement rather than necessarily to fix Iraq. Some carry the impression that the Iraqis are being blamed for the shortcomings of the US. The binding thread is a proposed withdrawal from Iraq of all US combat brigades by early 2008. If the carnage in Iraq has shaped the politics of Washington, those politics will now determine America's future in Iraq. In spite of its flaws, though, the report offers an intellectual coherence that has thus far been so sadly lacking.

What all this demands of Mr Bush is nothing less than the complete up-ending of his foreign policy. The goal of spreading democracy remains a noble one. But a crude vision of a world in thrall to America's military might must be replaced by one that recognises both the complexities of foreign policy and the limitations of US power. That may well be too much for this president to grasp. And it may, anyway, be too late for Iraq. But the delusions of the past few years are at last being swept away.

Don't Count On Iran To Pick Up The Pieces (NYT)

By Kenneth M. Pollack

The New York Times, December 8, 2006

AS anticipated, the Iraq Study Group has recommended that the United States begin talks with Iran to solicit its assistance in stabilizing Iraq. This recommendation seems so sensible that the Bush administration's past reluctance to follow it is hard to fathom. Still, administration officials are right to counter that talking to Iran is not a policy, let alone a solution to our problems in Iraq.

The real questions are these: What do we say to the Iranians if we can get them to the table? What can they do in Iraq? What would they be willing to do in Iraq? And what will they want in return?

We should have engaged Iran in Iraq years ago. Before and during the war in Afghanistan, the Iranians were quite helpful to the United States. They shared our hatred of Al Qaeda and the Taliban, and they provided us with extensive assistance on intelligence, logistics, diplomacy and Afghan internal politics. After we turned our sights on Saddam Hussein, the Iranians suggested that they would be willing to cooperate on that too. Unfortunately, the Bush administration declined the offer, preferring to lump Tehran with Baghdad and Pyongyang in the "axis of evil."

None of this should suggest that Iran was helping us for reasons other than blatant self-interest, or that it had suddenly given up its antipathy toward us. But it was demonstrating real pragmatism and being very helpful on issues of mutual concern, which should have been good enough.

Today, large numbers of Iranian intelligence agents have infiltrated Iraq, where they seem to be providing money, weapons and other supplies to virtually all of Iraq's Shiite militias. There are reports that Hezbollah is training Iraqi Shiite militiamen in Lebanon at Iran's behest. And the Shiite warlords all know that in an all-out civil war, Iran would be their only backer.

All of that gives the Iranians influence over the Shiite militias — influence that could be helpful to the United States as it tries to forge a new strategy toward Iraq.

We should be careful, however, not to exaggerate Iran's influence. The problems in Iraq were not caused by the Iranians, nor can Iran solve them all.

Most Iraqis dislike the Iranians. In fact, "dislike" is too mild a term. In 2004 and early 2005, when it still seemed as if the United States-led reconstruction of Iraq might succeed, Shiite politicians were bending over backward to demonstrate that they were independent of Iran for fear their constituents would not support them otherwise.

Furthermore, while Iranian support is no doubt gratefully received, the evidence suggests that it is now more a supplement than a necessity for the major militias. At this point, the main Shiite groups — the Supreme Council for the Islamic Revolution in Iraq, the Mahdi Army, and the Fadhila Party among others — have considerable support among the population and are accused of making enormous amounts of money off oil smuggling and organized crime. Plus, there is no shortage of weapons in Iraq, with additional supplies readily available on the regional black market.

So Tehran can influence the behavior of the Shiite groups, but it probably would have a hard time forcing them to do things they do not want to do — like disbanding their militias, accepting a national reconciliation agreement, participating in an equitable oil-sharing scheme or accepting any of the other major changes that the Bush administration is seeking. If Iran were to threaten

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to end its support for these groups, they would most likely tell Tehran to get lost. What's more, the Iranians seem to understand this, having so far proven reluctant to try to force any of the Shiite groups to radically change course.

The limits on Iranian influence are a double-edged sword. They mean that we cannot count on Iran to solve Iraq's problems, but they also mean that we need not offer the Iranians the world in return for their assistance. Right now, Tehran and its bombastic president are riding high in the Middle East, and they will doubtless want something in return for helping us deal with Iraq. For instance, they may demand that the United States drop its objections to their nuclear program or cave in to Hezbollah's demands for a greater say in Lebanon.

Especially given the likely limits on what Iran can deliver in Iraq, these would not be prices worth paying. Instead, the United States should emphasize a shared interest in preventing Iraq's further implosion, as chaos there could easily spread to Iran — a danger most of Tehran's leaders seem to appreciate.

In exchange for Iran's assistance, Washington should recognize Iran's legitimate interests in Iraq, keep it (generally) apprised of military operations, and possibly even develop a liaison relationship with the Iranian military and intelligence services by which the two sides could exchange limited information, thereby dampening Iranian fears of malign American intentions.

Much of this could be accomplished by forming a standing contact group made up of Iraq's neighbors — similar to the international support group proposed by Baker-Hamilton. The Iraqi government and the coalition forces would regularly brief this group and seek its advice, which should be ignored only with good reason. In return, the members of the contact group would commit to providing specific kinds of economic, political, diplomatic and even military support.

There are at least three good reasons to try this approach. First, no neighboring state is likely to significantly alter strategy unless they all do. Second, our efforts to work with Iran in Iraq cannot come at the expense of our traditional allies among the Sunni states of the region: Jordan, Kuwait, Saudi Arabia and Turkey. Finally, the problems in Iraq have become so daunting and so intertwined that we need every ounce of help we can get from every source available.

We can't simply expect Iran to save Iraq for us. Even all of Iraq's neighbors working in concert would play just a supporting role. Only the United States, working with those forces in Iraq still fighting the good fight, can possibly alter Iraq's catastrophic course.

We need a new, feasible plan of our own. Only then will we know how best Iran can help, and what we are willing to pay for that help. Talking to Iran without such a plan would be fruitless, if not folly.

Our Unceasing Ambivalence (WSJ)

By Shelby Steele

The Wall Street Journal, December 8, 2006

Possibly the most confounding feature of the Iraq war, from the very opening of hostilities to the present day, has been the American government's utter failure to define what victory would be in this war. "Victory" has been a conjure word for the Bush administration, a Churchillian allusion meant to evoke the heroic perseverance shown in the great wars of the past. But no one in the administration has ever said what victory would actually look like. And, lacking this description, even those of us who have supported the war have seen trouble coming for some time. Without a description of victory a war has no goal.

Historically victory in foreign war has always meant hegemony: You win, you take over. We not only occupied Germany and Japan militarily after World War II, we also -- and without a whit of self doubt -- imposed our democratic way of life on them. We took our victory as a moral mandate as well as a military achievement, and felt commanded to morally transform these defeated societies by the terms of our democracy. In this effort we brooked no resistance whatsoever and we achieved great success.

But today, as Nancy Pelosi recently put it, "You can define victory any way you want." And war, she said, was only "a situation to be resolved." If this sort of glibness makes the current war seem a directionless postmodern adventure, it is only because those who call us to war have themselves left the definition of victory wide open. And now, as if to confirm that this is a "relativistic" war meaning everything and nothing, there are at least three national commissions -- the White House, the Pentagon and the Baker committee -- tasked to create the meaning that will give us a dignified exit. Of course America is now quite beyond any possibility of dignity in this situation save the one option all these commissions have or will likely dismiss: complete military victory.

Why don't we know the meaning of this war and our reasons for fighting it? I think the answer begins in the awkward fact that America is now the world's uncontested superpower. If this fate has its advantages, it also brings an unasked-for degree of dominion in the world. This is essentially a passive dominion that has settled on a rather isolationist nation, yet it makes America into something of a sheriff. Whether the problem is Somalia, Bosnia, Iraq, Iran, North Korea or Darfur, America gets the call. Thus our youth are often asked to go to war more out of international responsibility than national necessity. This is a hard fate for

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a free and prosperous citizenry to accept -- the loss of sons and daughters to a kind of magnanimity. Today our antiwar movement is essentially an argument with this fate, a rejection of superpower responsibility.

And this fear of responsibility is what makes us ambivalent toward the idea of victory. Because victory is hegemonic, it mimics colonialism. A complete American victory in Iraq would put that nation -- at least for a time -- entirely under American power and sovereignty. We would in fact "own" the society as a colony. In today's international moral climate this would both undermine the legitimacy of our war effort and make an ongoing demand on our blood and treasure. If we are already a good ways down this road, complete victory would only take us further.

Is it any wonder, then, that we have failed to completely win this war? Since WWII, American leaders -- left and right -- have worked out of an impossible double bind: They cannot afford to win the wars they fight. Thus the postmodern American war in which the world's greatest power deconstructs its own motives for fighting until losing becomes a better option than winning. And yet the end of the Cold War has made these wars between the West and the Third World inevitable. When the world was clearly divided between the free West and the communist East, Third World countries could play the ingénue by offering their alignment to the most generous suitor. At the center of a market in alignment, they could extract financial support and enjoy a sense of importance.

But after the Cold War, these countries suddenly became crones without appeal or leverage in the West. And it was out of this sense of invisibility, this feeling of having fallen out of history, that certain Middle Eastern countries found a way to play the ingénue once again. They would not compete with or seduce the West; they would menace it.

Islamic extremism is an ideology of menace. It empowers those who, but for menace, would languish in the world's disregard. The dark achievement of bin Laden, Nasrallah and Ahmadinejad, names we know only because of their association to menace, is that they have used menace to make their people visible in the world, to bring them back into the scheme of history. And they are greatly loved for this. If their achievements follow from evil rather than from good, this is a small thing. Worse than evil is invisibility.

So, in the Middle East, America has gone to war not against Islam but against menace as a formula for power -- menace as the force that brings the First World in toe to the Third, and that makes bargaining between the two inevitable. Whether the issue is an obsession with nuclear weapons or terrorism in London or assaults against Israel, menace is the power that draws the West backwards into engagement with otherwise forgotten parts of the world. Iran cannot produce a digital camera or a Ferrari but, through menace, it can affect the balance of power in the world. We in the West, and especially America, then, are at war with menace -- the indulgence of evil for strategic advantage -- because today it is the power that most compromises us.

And yet Americans are also at war in the Middle East with our own fate as the world's singular superpower. Our sacrifice is more in proportion to our responsibility as a superpower than to our survival as a nation. We fight menace in Iraq and yet we know that complete victory there will only make us into colonialists, and thus expand our level of responsibility even further. So we fight a little against victory even as we fight for it. At the beginning of this war we delivered the "shock" but not the "awe," and then as the insurgency developed, we made a kind of space for it, almost as if we believed it had a right to fight us. Victory threatens us with the obligations and moral stigma of empire.

Only reluctant superpowers go to war with a commitment to fight until they can escape. So today the talk is of "draw-downs," "redeployments," etc. But all these options are undermined by the fact that we simply have not won the war. We have not achieved hegemony in Iraq, so there is no umbrella of American power under which a new nation might find its own democratic personality, or learn to defend itself. We have failed to give "peace in the streets" to the people we are asking to embrace the moderations of democracy. Without American hegemony, these "draw-downs" and "redeployments" are acts of outrageous moral irresponsibility, because they cede hegemony to the forces of menace -- the Sunni insurgency, the Shiite militia, the Islamic extremists, the wolfish ambitions of Iran. It was America's weak application of power that made space for these forces to begin with. To now shrink the American footprint further would likely offer the country up as a killing field and embolden Islamic radicals everywhere.

For every reason, from the humanitarian to the geopolitical to the military, Iraq is a war that America must win in the hegemonic, even colonial, sense. It is a test of our civilization's commitment to the good against the alluring notion of menace-as-power that has gripped so much of the Muslim world. Today America is a danger to the world in its own right, not because we are a powerful bully but because we don't fully accept who we are. We rush to war as a superpower protecting the world from menace, then leave the battle before winning as a show of what, humility? We confuse our enemies, discouraging them one minute and encouraging them the next.

Could it be that our enemies are really paper tigers made formidable by our unceasing ambivalence? And could it be that the greater good is in both the idea and the reality of American victory?

Mr. Steele, a research fellow at the Hoover Institution at Stanford, is the author of "White Guilt" (HarperCollins, 2006).

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A Reality Check On The Iraq Study Group Report (CSM)

By Robert Zelnick

The Christian Science Monitor, December 8, 2006

During the Iran hostage crisis a generation ago, I asked a senior State Department official what he would recommend to extricate the country from its predicament. "There is no good answer," he replied. "The trick is not getting into these situations."

Former Secretary of State James Baker, his Co-chair, Lee Hamilton, and their distinguished Iraq Study Group (ISG), must have echoed that sentiment often. But they persevered and came up with 79 recommendations Wednesday designed to end the US combat role in the country while averting humiliating defeat, giving Iraq the prospect of escaping unimaginable calamity, and providing the region with an opportunity to preempt what could become a spreading war.

For that they deserve credit, and for starkly debunking suggestions by Bush administration apologists that the war was somehow going better than accounts in the media might suggest. No, this is a war of unyielding Sunni insurgents, murderous Shiite militias, a dangerous sprinkling of international jihadists, mounting US and Iraqi casualties, and a staggering price tag of $400 billion to date, en route to a possible final tab of $3 trillion.

Four months ago, during a visit to Iraq, I encountered among senior coalition figures the seeds of disenchantment with Prime Minister Nouri al-Maliki. Some suspected his hatred of the old Saddam Hussein regime remained so intense that he wouldn't promote the reconciliation necessary for the Sunnis to end their insurgency. Others saw him as too politically weak and dependent on radical Shiite factions to offer a package that must include amnesty, a fair division of oil revenues, and a standing down of sectarian militias, particularly the 60,000-man Mahdi Army running wild through the vast Baghdad slum called Sadr City.

Still, the tendency in August was to give Mr. Maliki time to "get his legs." The Baker-Hamilton report, however, pulls no punches: "Maliki has ... ordered the removal of blockades around Sadr City, sought more control over Iraqi security forces and resisted US requests to move forward on reconciliation or on disbanding Shiite militias."

For all its insight regarding where the Iraq effort stands and how things can get even worse, the report's worth will ultimately be judged by two groups of proposals designed to make possible a US withdrawal unburdened by mission failure. The first is a diplomatic offensive calculated to enlist key states in the area to support and assist an independent Iraq, encourage an end to the insurrection on generous terms and, of course, to cease all mischief of their own. Contrary to established administration policy, Iran and Syria would both be invited to the table.

The second would transform the US military role from combat to training and support for Iraqi forces, including a substantial US component embedded with host country troops. By early 2008, the plan envisions a complete end to the US combat role with a drawdown of US forces to about half their current number of roughly 145,000. Two proposals - two probable failures

My problem with both plans is that neither seems likely to work. Both advertise US weakness when even during its period of military and political dominance the US-led coalition could not prevent Iran from training and equipping Shiite militias, Syria from providing a haven for Hussein loyalists and looking the other way as Al Qaeda operatives slipped across the border into Iraq, or Iraq's Sunnis from attacking the "occupier."

As a position of power and influence in Iraq has already fallen into his lap, Iranian President Mahmoud Ahmadinejad isn't likely to abandon his Holocaust denial activities long enough to attend Mr. Baker's event. In several interviews Wednesday, Baker admitted as much. His fallback position: Try to "flip" Syria from its current Iranian benefactor by offering Damascus the opportunity to negotiate with Israel for return of the Golan Heights, captured by the Israelis in 1967. In addition to behaving in Iraq, the Syrians would also stay out of Lebanon, assist the UN in investigating two political murders in Lebanon, block Iranian weapons shipments to Hizbullah that now transit Syria, and persuade Hamas to recognize Israel.

When does diplomacy become fantasy? Viewed in the cold light of day, the panel's "New Diplomatic Offensive" would qualify.

As to the cluster of proposals involving a changed US military role, I fear this would mean foreclosing an important opportunity to make the numbers work to the advantage of the coalition. Just months ago, Marine Corps intelligence estimated that with an additional division in Anbar Province, the marines could defeat the Sunni insurrection. The fleshing out of Iraq's 10 divisions this year, and their accelerated training in 2007, could have complemented the US fighting force, probably enabling it to field that extra Anbar division, with a corresponding increase in bargaining power. Instead, the US would suffer a sharp diminution in combat and bargaining power as the drawdown begins.

A particularly frightening consequence of the combat drawdown could occur in Baghdad itself, where the removal of US troops would leave residents totally at the mercy of Shiite militias overseen only by troops from the Shiite-controlled Army.

Two additional items bear mention. First, the ISG gives short shrift to the Kurdish autonomy issue and the inclusion of the oil-rich territory of Kirkuk in Kurdish lands. Blithely, the group proposes postponement by one year of a referendum on Kirkuk, constitutionally mandated to occur in 2007. When I visited the area in August, two senior American officers warned that the

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Kurds would go to war rather than surrender Kirkuk. They argued, too, that the pro-American Kurds were a much better strategic bet than a Shiite-led Iraq strongly influenced by Iran. Even as a nominal part of an Iraqi state, their freedom is worth US protection. The Israeli-Palestinian question

Finally, the panel urges the administration to re-energize the Israeli peace talks with Palestinians who accept Israel's existence. Peace talks are not a synonym for peace and unless carefully prepared, they can lead instead to war. Witness the failure at Camp David in 2000 and the resulting human carnage of the second intifada.

Does any Palestinian today have both the will and the political power to negotiate a deal with Israel that waives the so-called right of return for refugees from the 1948 war and their descendants? Will the region be more content with a failed Camp David-type spectacular, or an effort that begins with such modest confidence-building measures as a cease-fire accord, an easing of travel restrictions, and selective prisoner releases? In any event, the bridge between Israelis and Palestinians is fragile enough to barely support the weight of its own parties. Adding to it the weight of a conflict between Sunnis and Shiites in Iraq is simply not smart.

With Military Options Limited, It's Time For Plan B: Diplomacy (USAT)

USA Today, December 8, 2006

If there was an important message lost in the rollout of the Iraq Study Group's report on Wednesday, it was this: New diplomatic initiatives, even at this 11th hour, are essential not just for ending the Iraq war but also to put the United States in the optimum position after it is over.

If the military effort begins to succeed, they add a point of leverage. But more important is their value in the event that the situation continues to deteriorate.

Should Iraq's shaky government fail, the United States' ability to control the country's violent disintegration militarily will be minimal. The Bush administration — stubbornly fixated on an improbable victory — is poorly positioned to cope with this, much less to restore a U.S. leadership role so badly undercut by differences over Iraq. Diplomacy is the only alternative.

The group's co-chair, former secretary of State James Baker, advocated a broad regional approach as a way to mitigate the dangers. "Everything in the Middle East," he rightly noted, "is connected to everything else."

At the center of the bipartisan panel's ideas is a proposal for an all-out push to revive the Israeli-Palestinian peace process, bringing Syria and Lebanon into that effort.

The group pointed out a truth rarely heard by Americans (even as it is front and center in the Arab world and Europe): U.S. disengagement from Israeli-Palestinian peace efforts is a huge source of tension and anti-Americanism, like a raging toothache inflaming everything else. U.S. allies in the region, including the powerful Sunni leadership in Saudi Arabia, say that it underlies other Mideast problems and that rancor from the impasse makes them harder to solve.

On Thursday, President Bush had the opportunity to act on that recommendation. He met with British Prime Minister Tony Blair, who has long argued for making the Israeli-Palestinian conflict a top priority, in terms not so different from the Iraq Study Group. Blair is about to visit the Middle East, and Bush could have anointed him his de facto envoy, approaching the conflict with the same gusto once applied to the Iraq invasion. But he chose not to, and the truth is that Blair can't get far alone because U.S. leadership has always been the essential ingredient in the peace process.

U.S. presidents forged the Camp David accords that brought peace between Israel and Egypt in 1978, and led Israeli and Palestinian leaders to the brink of peace a decade ago. A new presidential initiative could revive U.S. influence. Instead, Bush seemed more focused on admonishing Palestinian extremists.

That misses the point. The Iraq Study Group explicitly excluded from negotiation those who reject Israel's right to exist. It wants instead to restore the traditional approach of negotiating with Arab neighbors, who have a strong interest in stability.

Critics might dismiss the group's proposals as little more than a nostalgic revival of the unworkable methods of a bygone era. But dialogue and negotiation move opponents toward agreements — in everything from labor disputes to deciding in a family who will prepare dinner. They are the foundation of centuries of diplomacy.

Bush's rigidity is particularly dangerous right now as the United States searches for an exit strategy from Iraq that won't make Americans more vulnerable.

Keep Focus On Iraq (USAT)

By Abraham Foxman

USA Today, December 8, 2006

When it comes to the Arab-Israeli conflict, the Iraq Study Group falls into the traps of inappropriately linking stability in Iraq to a solution of the Arab-Israeli conflict and of blaming extremism on the absence of peace, rather than recognizing that peace itself is prevented by extremism.

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These are critically incorrect assumptions that lead the Iraq Study Group off in counterproductive directions:

·The assumptions lead the group to underplay the importance of Hamas' rejection of Israel and to discount terrorism as an obstacle to progress.

·They lead it to be vague about the greatest threat to the region — to the Arabs as well as Israel — the effort by extremist Iran to develop a nuclear weapon. Instead of focusing on alternative and serious options regarding this threat, all one hears is a recommendation to leave the issue with the United Nations Security Council and consider engaging Iran in dialogue.

·The assumptions also lead to a general misimpression about the sources and goals of extremism in the area.

It has been inevitable historically that when analysts see all problems in the Middle East as coming back to the Arab-Israeli conflict that it leads, as it does in this case, to a minimizing of the extent of hostility that exists toward Israel. For if so much else is dependent on solving that conflict, then one has to delude oneself that parties such as Hamas, Hezbollah, Syria and Iran are not so hostile, in order to believe a solution is possible.

Invariably, this approach neither solves the Arab-Israeli conflict nor helps lessen other serious problems in the region, such as Iraq.

It is good that the Iraq Study Group has reiterated that no U.S. administration will abandon Israel, that peace must be based on Security Council resolutions 242 and 338, and that the only lasting peace will be a negotiated peace such as Israel has achieved with Egypt and Jordan.

Even so, it is of great concern that the underlying concepts of the Iraq Study Group — the focus on the Arab-Israeli conflict and the underestimating of the depths of extremism — would lead U.S. policy in directions that would create even greater obstacles to the peace in the region that we all desire.

Abraham Foxman, national director of the Anti-Defamation League, is author of Never Again? The Threat of the New Anti-Semitism.

Iraq Report Just Cover For Surrender? (USAT)

USA Today, December 8, 2006

Investor's Business Daily,

in an editorial: "The Iraq Study Group's call for 'a change in the primary mission of U.S. forces in Iraq that will enable the United States to begin to move its combat forces out of Iraq responsibly' is simply retreat by another name. … America is engaged in a global war on terror against religious fanatics who cannot be talked into changing their minds, and so retreat in Iraq would be viewed as a victory for the Islamofascists. … Nowhere do we hear from the (group) any inkling of how exactly it could be possible to sit down and change the behavior of someone such as Iran's Mahmoud Ahmadinejad — (who) hopes for an Islamic apocalypse that he might make come sooner with nuclear weapons. …The Baker group serves up a Texas-sized helping of wishful thinking."

The Philadelphia Inquirer,

in an editorial: "The Iraq Study Group report … offers the best of the remaining choices for the United States to proceed in the Persian Gulf. The main recommendation of gradually changing the U.S. military's role from combat to training and supporting Iraqi forces is worth a try. So is convening a conference of Iraq's neighbors and restarting diplomacy to create a Palestinian state that stands alongside a secure Israel. These suggestions, based on a clear-eyed assessment of what's happening in Iraq, are already worth more to the American public than the misinformation that has been coming out of Washington."

The Wichita Eagle,

in an editorial: "President Bush faces a new national mood of tough realism and bipartisanship on Iraq, as exemplified by the study group and its findings. … The call for a pullout gives momentum to those arguing for a sooner rather than later departure from Iraq, although the study group also made clear that America's interests would not be served by leaving chaos behind. In truth, as expected, there's nothing really new in the study: No startling new ideas, no breakthroughs in policy or approach — and no good options. … America must now choose among the least harmful of several bad options for getting out of Iraq. That's the new reality facing President Bush and the nation."

George Will,

syndicated columnist, in The Washington Post: " The Iraq Study Group, like the policy it was created to critique, was overtaken by the unexpectedly rapid crumbling of the U.S. position in Iraq since ISG was formed in March. The deterioration was manifested in last week's misbegotten summit between President Bush and Iraqi Prime Minister Nouri al-Maliki … The ISG's recommendations must be read in light of these facts from the week during which the recommendations were being written. … The ISG's central conclusion … is that the problem with Iraq is the Iraqis, a semi-nation of peoples who are very difficult to help. The ISG's report will help accomplish what it recommends — increase pressure on Iraq's 'government' in the hope of turning it into a government by June, when Maliki says Iraq will be able to cope with its security needs. How likely is that?"

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St. Louis Post-Dispatch,

in an editorial: "Recommendation No. 21: 'If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security and governance, the United States should reduce its political, military or economic support for the Iraqi government.' … The Baker-Hamilton commission has served the ball directly into the court of Iraqi Prime Minister al-Maliki's government. If the Iraqis don't return serve, the United States should start pulling out. The report … outline(s) how unlikely it is that the Iraqis even will get a racquet on the ball: Review of the constitution to pacify Sunni complaints. Returning former Baath Party members to government posts. Sharing oil revenue from Kurdish and Shiite provinces with the Sunnis. … Protection for the rights of women and minorities. … It almost defies belief. … Still, the report is the closest thing to a viable face-saving, peace-making, troops-home set of options we're likely to see."

Dueling Views On Diplomacy Pit Baker Against Rice (NYT)

By David E. Sanger

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — Many of the blistering critiques of the Bush administration contained in the Iraq Study Group's report boil down to this: the worldviews of Baker versus Rice.

Former Secretary of State James A. Baker III was the architect of the "new diplomatic offensive" in the Middle East that the commission recommended Wednesday as one of its main prescriptions for extracting the country from the mess in Iraq. Ever since, he has been talking on television, to Congress and to Iraqis and foreign diplomats about how he would conduct American foreign policy differently. Very differently.

At a midday meeting with reporters on Thursday, Mr. Baker insisted that the study group had "rejected looking backward." But he then proceeded to make a passionate argument for a course of action he believed Condoleezza Rice, the current secretary of state, should be pursuing — while carefully never mentioning Ms. Rice by name.

The United States should engage Iran, Mr. Baker contended, if only to reveal its "rejectionist attitude"; it should try to "flip the Syrians"; and it should begin a renewed quest for peace between Israel and the Palestinians that, he maintained, would help convince Arab moderates that America was not all about invasions and regime change.

Meanwhile, Ms. Rice remained publicly silent, sitting across town in the office that Mr. Baker gave up 14 years ago. She has yet to say anything about the public tutorial being conducted by the man who first knew her when she was a mid-level Soviet expert on the National Security Council. She has not responded to Mr. Baker's argument, delivered in a tone that drips with isn't-this-obvious, that America has to be willing to talk to its adversaries (a premise Ms. Rice has questioned if the conditions are not right), or his dismissal of the administration's early argument that the way to peace in the Middle East was through quick, decisive victory in Baghdad.

Aides to the 52-year-old Ms. Rice say she is acutely aware that there is little percentage in getting into a public argument with Mr. Baker, the 76-year-old architect of the first Bush administration's Middle East policy. But Thursday, as President Bush gently pushed back against some of Mr. Baker's recommendations, Ms. Rice's aides and allies were offering a private defense, saying that she already has a coherent, effective strategy for the region.

She has advocated "deepening the isolation of Syria," because she believes much of the rest of the Arab world condemns its efforts to topple Lebanon's government, they said; and in seeking to isolate Iran, they said, she hopes to capitalize on the fears of nations like Saudi Arabia, Egypt and Jordan that Iran seeks to dominate the region, with the option of wielding a nuclear weapon.

Ms. Rice makes no apology for the premium she has placed on promoting democracy in the Middle East, even though that is an idea that Mr. Baker and his commission conspicuously ignored in spelling out their recommendations. "I don't think that the road to democracy in Iraq is at all utopian," she said in April.

It is plenty utopian to Mr. Baker, who has made clear his view that the quest is entirely ill-suited to the realities of striking a political deal that may keep Sunnis and Shiites from killing each other, and that may extract American forces from Iraq.

Mr. Baker said nothing on Thursday about looking for Jeffersonian democrats in Iraq; he would be happy with few good "Iraqi nationalists" who can keep the country from splintering apart.

"They start from completely different places," said Dennis Ross, the Middle East negotiator who worked for Mr. Baker years ago and left the State Department early in the Bush administration. "Baker approaches everything with a negotiator's mindset. That doesn't mean every negotiation leads to a deal, but you engage your adversaries and use your leverage to change their behavior. This administration has never had a negotiator's mind-set. It divides the world into friends and foes, and the foes are incorrigible and not redeemable. There has been more of an instinct toward regime change than to changing regime behavior."

To some degree, the Bush administration has softened that approach in its second term, and Ms. Rice's aides contend that much of what is recommended in the Baker report, including a regional group to support the country, is already under way.

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Mr. Bush himself seems uncertain how to handle his always-uncomfortable relationship with his father's close friend. It was Mr. Baker who in 2000 ran the strategy for winning the Florida recount, but he has also made little secret in private that he regards the current administration as a bunch of diplomatic go-cart racers, more interested in speed than strategy and prone to ruinous crashes. At his news conference on Thursday with Prime Minister Tony Blair, Mr. Bush bathed the report in faint praise, though he slipped at one point and referred to Mr. Baker as the sitting secretary of state.

The administration has sent out word that it regards Mr. Baker's recommendations as more than a little anachronistic, better suited to the Middle East of 1991 than to the one they are confronting — and to some degree have created — in 2006 three years after the Iraq invasion. It is a criticism that angers Mr. Baker, members of the study group say.

Iran and Syria illustrate the differing approaches of Mr. Baker and Ms. Rice. "If you can flip the Syrians you will cure Israel's Hezbollah problem," Mr. Baker said Thursday, noting that Syria is the transit point for arms shipments to Hezbollah. He said Syrian officials told him "that they do have the ability to convince Hamas to acknowledge Israel's right to exist," and added, "If we accomplish that, that would give the Ehud Olmert a negotiating partner."

Ms. Rice's allies argue that if it were all that simple, the Syrian problem would have been solved long ago. Stephen J. Hadley, national security adviser and Ms. Rice's former deputy, said recently that the problem "isn't one of communication, it's one of cooperation." Another administration official, who worked on the Middle East under Mr. Baker, said he admired Mr. Baker but added that "our Arab friends are enormously alarmed by this report, because they think it will be used by the Iranians" to gain advantage.

Now that Mr. Baker has taken his differences public, the mystery is this: is he speaking for Mr. Bush's father? "We never figured that out," said one fellow member of the panel. "There was always this implication that there was a tremendous amount of frustration from the old man about what was happening. But Jim was always very careful."

The elder Mr. Bush was careful, too. Asked if he wanted to offer his insights to the panel, he declined.

Rice To Press Harder For Revival Of Mideast Talks (USAT)

By Barbara Slavin

USA Today, December 8, 2006

WASHINGTON — A day after a bipartisan panel urged the Bush administration to try harder to broker Middle East peace, the State Department said Secretary of State Condoleezza Rice would devote more energy to reviving Israeli talks with the Palestinians.

State Department spokesman Sean McCormack said Rice would travel to the Middle East early next year. "You are going to see her devote a tremendous amount of energy and … focus to create conditions" that allow peace talks to resume, McCormack said.

James Baker and Lee Hamilton, co-leaders of the Iraq Study Group, recommended that the Bush administration do more to resolve the Arab-Israeli conflict, which was hurting the chances to stabilize Iraq.

"We need to improve things for the United States in the Middle East generally," Baker, a former secretary of State, said.

"The road to peace in Iraq lies in Baghdad," added Hamilton, former chairman of the House International Relations Committee. But he said it was "critical" to re-energize efforts to forge Arab-Israeli peace to shore up U.S. "standing and credibility" throughout the region and to encourage Syria and Iran not to sabotage Iraq.

The Bush administration has been leery of direct negotiations with Syria or Iran. President Bush, at a joint news conference with British Prime Minister Tony Blair, said Thursday that he is not eager to let Syria and Iran join multination talks about Iraq, proposed by the Iraq panel, unless they "understand their responsibilities" not to foster violence in Iraq.

Hamilton and Baker, whose report is critical of Bush's Middle East policy, disagreed. The report calls for creation of an Iraq Support Group to include Syria and Iran and said the United States "should also consider incentives" to get them to participate.

"You shouldn't try is not a policy," Hamilton said. "In order to solve problems, you have to talk to people."

The study group recommendation is similar to diplomacy in 1991.

Then, the United States organized the first conference of Israel and its Arab foes. The United States had just won a war against Iraq with the help of a large coalition that included Syria. The Palestine Liberation Organization, which had backed Iraq when it invaded Kuwait, was desperate for a lifeline.

The situation now is different. "We won that war, and were able to build on that victory with our allies," said Robert Satloff, executive director of the Washington Institute for Near East Policy, a pro-Israel think tank. "This is a very different scenario in which regional peacemaking is not in the cards."

The environment is not as favorable to the United States and its allies as it was in 1991. Since the U.S.-led invasion of Iraq in 2003, U.S. enemies have gained strength.

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Iran, which supports militant groups opposed to Israel, is growing in regional importance. The Iraq Study Group said Iran is the most influential of Iraq's neighbors because of its ties with Iraqi Shiite politicians and militias.

Iran is also developing nuclear power, and Iran-backed Islamic fundamentalists are stronger in Lebanon than they were 15 years ago.

Israel is weaker after a 34-day war this summer with Hezbollah, a militant Shiite faction in Lebanon backed by Iran and Syria, said Vali Nasr, a Middle East expert at the Naval Postgraduate School in Monterey, Calif.

Hamas, another Iran-backed militant group, won in U.S.-backed Palestinian elections this year, complicating efforts to restart peace talks.

The United States and Israel say they want new negotiations but insist that the Palestinians form a Cabinet that excludes Hamas, which doesn't recognize Israel's right to exist.

On Thursday, Israeli Prime Minister Ehud Olmert rejected peace talks with Syria, which wants to regain the Golan Heights, which Israel captured in 1967.

Edward Djerejian, a former U.S. ambassador to Israel and Syria who wrote much of the study group report, said Syria's desire to regain the Golan Heights has to be taken into account to get Syria to help stabilize Iraq.

"If you want to get Syria to act more constructively, you have to put it in a broader context in which they will have a stake in the game," he said.

Chairmen Urge Bush To Follow Recommendations (WP)

By Howard Schneider

The Washington Post, December 8, 2006

The chairmen of the bipartisan Iraq Study Group today urged President Bush to follow their full slate of recommendations, as one key senator criticized the panel's report as a recipe for defeat.

In a hearing before the Senate Armed Services Committee, former secretary of state James A. Baker III and former Democratic congressman Lee H. Hamilton also criticized the current government of Iraq and said a main thrust of their work is to hold Iraqi officials more accountable for events in the country.

"The Iraqi government has not performed well. It is a weak government. . . . Our approach to this point has been to give assistance without conditionality," said Hamilton. "We are pouring huge resources in there, and why wouldn't they be satisfied with that?" he asked. "This government has not taken the tough steps it needs to take."

Today's hearing came as lawmakers, observers and the president himself began digesting the conclusions and recommendations of the Iraq Study Group. The panel, assessing the state of the nearly four-year-old conflict, has called for a major change in direction that puts more onus on the Iraqis to police their own country and calls for the exit of most American combat troops by early 2008.

While Baker and Hamilton reiterated their feeling that Iraq policy needed a dose of pragmatism, Sen. John McCain (R-Ariz.) said he thought the call to begin withdrawing troops is a "recipe that will lead to our defeat in Iraq."

McCain has called for a large increase in troops to overcome the sectarian militias and insurgent groups that have pushed the country toward anarchy.

"There's only one thing worse than an overstressed Army and Marine Corps, and that's a defeated Army and Marine Corps," McCain said.

Baker said the Iraq panel felt it was adequate to keep a force of perhaps 20,000 in the country to "embed" with and train Iraqi forces, along with a "robust deployment" of additional troops to protect the trainers. There are currently about 140,000 troops in Iraq.

Both Baker and Hamilton also questioned one of the Bush administration's original premises for the 2003 invasion -- that going into Iraq was necessary to defeat al-Qaeda and other terrorist groups following the Sept. 11, 2001, attacks in New York and Washington.

Asked directly by Sen. Lindsey O. Graham (R-S.C.) whether Iraq was central to the war on terror, Baker said "it may not have been when we first went in," even though he felt "it certainly is now."

Since the invasion, Iraq has attracted foreign fighters who have launched attacks on Americans and helped stir sectarian violence between Iraq's Shiite Muslim majority and its Sunni Muslim Arab minority.

Hamilton said Iraq is one central front in the war on terror, "but to put it the central front overstates it."

The study group concluded that the al-Qaeda presence in Iraq is relatively small, particularly compared to the tens of thousands of Iraqis involved in sectarian militias.

The Iraq Study Group's report is one of several policy reviews that the Bush administration says it will consider in coming weeks as it decides what changes to make in its Iraq strategy.

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In a press conference today, Bush seemed to reject the panel's call to scale back U.S. ambitions, repeating his feeling that the war in Iraq is part of a broader ideological struggle -- akin to the Cold War or World War II -- against extremist groups trying to influence the Muslim world.

While acknowledging that Bush will consult a number of sources for advice, Baker told the committee that the group's report was not a "fruit salad" whose recommendations could easily be sorted.

"This is a comprehensive strategy to face this problem in Iraq," Baker said, and its recommendations would help "restore American standing and credibility in the world."

Some Senators Skeptical Of Iraq Study Group's Proposals (USAT)

By Bill Nichols

USA Today, December 8, 2006

WASHINGTON — Senators sharply questioned the recommendations of the Iraq Study Group on Thursday, while the commission's co-chairmen urged Congress to unite behind a revised U.S. policy.

Most members of the Senate Armed Services Committee endorsed the overall tone of the bipartisan report, which offers 79 recommendations for how to change U.S. policy in Iraq. Former Indiana congressman Lee Hamilton and former secretary of State James Baker, the study's co-chairmen, appeared before the committee.

"I think perhaps the most significant thing you've done is to set an example for us, that five Democrats and five Republicans sat and reasoned together about what we should do in Iraq to succeed," said Sen. Joe Lieberman, I-Conn.

Two of the commission's recommendations drew scrutiny, however — a call for the Bush administration to make diplomatic overtures to Iran and Syria and for the U.S. military to accelerate its efforts to train Iraqi forces.

Lieberman and Sen. Susan Collins, R-Maine, expressed doubt that the United States could coax Iran into helping stabilize Iraq as part of a larger diplomatic initiative in the Middle East.

"I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," Lieberman said.

Baker acknowledged that Iran is unlikely to help. He said the White House had given him permission recently to approach the Iranian government. "And they, in effect, said, 'We would not be inclined to help you this time around,' " he said.

Baker said, however, that the commission saw no harm in approaching Iran anyway. If Iran declines to help, "then we will hold them up to public scrutiny as the rejectionist state they have proven to be."

Sen. John McCain, R-Ariz., took issue with the panel's call for largely phasing out the U.S. combat role in Iraq by 2008 and focusing instead on training and advising the Iraqi army. McCain dismissed the study's contention that the U.S. Army and Marines cannot spare more combat forces for Iraq.

"There's only one thing worse than an overstressed Army and Marine Corps and that's a defeated Army and Marine Corps," he said. "I believe this is a recipe that will lead to our defeat sooner or later in Iraq."

Baker and Hamilton underscored the need for rapid change in Iraq. "Bipartisanship is critical," Baker said. "This is an extraordinarily difficult problem. And unless the country comes together behind a unified approach, we're going to have a tough time dealing with it."

Neither Baker nor Hamilton offered predictions on what new direction President Bush ultimately will choose for the United States' course in Iraq.

Senators Challenge Feasibility Of Iraq Plans (WP)

By Thomas E. Ricks

The Washington Post, December 8, 2006

Members of Congress yesterday questioned the practicability of recommendations from the Iraq Study Group about how to reverse the chaos in Iraq, but they praised the panel's stark assessment of conditions there.

Sen. Carl M. Levin (D-Mich.) said he plans to hold a series of hearings on Iraq soon after becoming chairman of the Senate Armed Services Committee next month when Democrats take control of Congress, and he said he is prepared to use subpoenas to get relevant documents from the Pentagon.

Democrats were guarded in their treatment of the report, especially its call for engaging Syria and Iran in diplomacy. In comments after a hearing yesterday with the co-chairmen of the Iraq Study Group, Levin suggested that "there could be some kind of effort to generally support the recommendations."

But Republicans and Democrats alike on the Senate Armed Services panel quizzed former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.) about specifics. Sen. John McCain (R-Ariz.) was the most dubious, singling out the group's decision not to call for sending more troops to Iraq. "I believe that this is a recipe that will lead to, sooner or later, our defeat in Iraq," he said.

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Another leading presidential aspirant, Sen. Hillary Rodham Clinton (D-N.Y.), was more receptive but expressed doubt that President Bush would act on the report. "We've now heard from the Iraq Study Group, but we need the White House to become the Iraq Results Group," she said. "That is very frustrating for some of us. We don't understand the misjudgments and missteps that have been taken in the last years."

Sen. Joseph I. Lieberman (D-Conn.), along with several colleagues, took aim at one of the bipartisan commission's most controversial proposals: that the United States use diplomacy to find ways to get Syria and Iran to help stabilize Iraq. "I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," he said.

Baker and Hamilton proved to be unusual witnesses. They conceded that their 79 recommendations carry a good deal of risk, but they essentially said no one else had a better idea. "We think it is worth a try," said Baker, conveying the sense that the United States is down to its last chance in Iraq, and that the group had prescribed the least bad of several options.

"You don't have much to lose here," Hamilton added in defending the diplomatic recommendations. "Things are not going in a very good direction right now, and why not take some chance here in involving these countries?"

He also warned that a point is fast approaching beyond which Iraq could become a lost cause. "We're perilously close to that point," he said.

Baker was feisty in defending the proposals to engage Iran and Syria. "We're not naive enough to think that in this case they may want to help," he said. But if Iran refused to participate in an international conference, he said, it would show itself to be rejectionist.

He also said it is possible to use carrots and sticks to get Syria to be more helpful, citing as proof that he was able to bring Damascus into the international coalition for the Persian Gulf War. "I got it, back in '91 after 15 trips there, at a time when they were a state that sponsored terrorism," he noted.

Baker displayed little of the deference witnesses customarily show senators. At one point, he impatiently interrupted Lieberman's questioning about whether Iran would engage in talks. "We say it in the report, Senator -- it's in the report," he said, noting that the United States conferred with Tehran about events in Afghanistan.

Hamilton also told the senators that they are part of the problem. "I, frankly, am not that impressed with what the Congress has been able to do," said the 34-year House veteran. "I think the Congress has been extraordinarily timid in its exercise of its constitutional responsibilities on the question of warmaking and conducting war."

Separately, in another indication of the difficulties the commission's recommendations may encounter in Congress, Rep. Neil Abercrombie (D-Hawaii), a senior member of the House Armed Services Committee, characterized the Iraq Study Group report as "theater" and "devoid of any basis in reality" because it offers what he considers overly ambitious plans that almost certainly cannot be carried out.

"The practical realities of these empty recommendations will be clear when we try to implement any of this stuff," Abercrombie said in an interview.

Senators Question Iraq Panel's Blueprint (AP)

By Robert Burns

AP, December 7, 2006

Senators sharply questioned an Iraq commission's call for a new U.S. war strategy Thursday, saying the Bush administration and Congress must work urgently together to find a more effective approach.

Sen. John McCain, R-Ariz., a 2008 presidential hopeful, took strong issue with the commission's call for phasing out the U.S. combat role in Iraq by 2008 and focusing instead more on training and advising the Iraqi army. He rejected the idea that the Army and Marines cannot spare more combat forces for Iraq duty.

"There's only one thing worse than an over-stressed Army and Marine Corps, and that's a defeated Army and Marine Corps," said McCain, a Vietnam veteran who will become the ranking Republican on the Senate Armed Services Committee when the Democrats take control of both houses of Congress in January.

"I believe this is a recipe that will lead to our defeat sooner or later in Iraq," McCain added.

One of the commission's co-chairmen, former Rep. Lee Hamilton, D-Ind., underscored the urgency of changing course in Iraq, where conditions were described as grave and deteriorating. He was asked at what point the situation there, if not corrected, would be hopeless.

"Well, there certainly is that point, and we're perilously close to that point," he replied.

Hamilton and his co-chairman, former Secretary of State James A. Baker III, testified before the Senate committee one day after delivering their report. Hamilton said that a new, more realistic and practical approach is needed.

"That's a very tough policy problem, and in order for this to happen, it can't be pie in the sky, it can't be idealistic, it has to be pragmatic," he said. Later, he added, "We reject the idea that the situation is hopeless."

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Most senators broadly endorsed the commission's report, which made 79 recommendations for policy changes. Their skepticism focused mainly on two of the recommendations: a diplomatic approach to Iran and Syria, and an acceleration of the U.S. military's work to train and advise Iraqi forces.

Hamilton said it was essential for the White House and Congress to work together on this, and he criticized lawmakers for not having taken a stronger role in overseeing the Bush administration's war policies.

Many in Congress have praised the group's report, which was eight months in the making.

Sen. Hillary Rodham Clinton, D-N.Y., said the key question now is whether Bush will effectively implement a new policy.

"We need the White House to become the `Iraq Results Group,' " she said.

Baker said Congress could play a key role in that regard.

"If the Congress would come together behind supporting -- let's say utopianly -- all of the recommendations of this report, that would do a lot toward moving things downtown," Baker told the committee.

As the pair appeared on Capitol Hill, Bush met at the White House with British Prime Minister Tony Blair, a key Bush ally in Iraq. Speaking to reporters, Bush referred to this as a "difficult moment for America and Great Britain."

Bush has called Iraq the central front in the war on terrorism. Asked by Sen. Lindsey Graham, R-S.C., whether he agreed, Baker replied, "It may not have been when we first went in but it certainly is now."

Hamilton added, "I would strike the word 'the' and use the word 'a'. To make it 'the' central front overstates it."

Sen. Joseph Lieberman, D-Conn., and Sen. Susan Collins, R-Maine, both said they are skeptical about another of the commission's key recommendations: that the administration approach Iran in search of help in stabilizing Iraq, as part of a regional diplomatic initiative.

"I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," Lieberman said.

Baker acknowledged that the Iranians were unlikely to help, even if asked. He said that during the course of the commission's discussions an Iranian official told him that Iran was not inclined to help.

But Baker said he saw no harm in approaching Iran anyway, and if it declines to help, "then we will hold them up to public scrutiny as the rejectionist state they have proven to be."

Hamilton said that while Iran has been unhelpful to U.S. interests in Iraq thus far, "We do not think it's in the Iranian interest for the American policy to fail completely, and to lead to chaos in that country." He said the Iranian's main worry is that a chaotic Iraq would lead to a refugee crisis on its border.

McCain also questioned the wisdom of the group's recommendation that many more U.S. troops be placed inside Iraqi combat units to advise and train them on the battlefield. He said this was too dangerous.

Hamilton acknowledged that it was risky but said there would be combat forces available to protect the trainers and adviser. He added that it was the group's consensus view that this approach was necessary in order to phase out the U.S. combat role and accelerate the building of competent Iraqi security forces.

"But there is no blinking the fact that that's a risky mission and a difficult mission and we should not slide over it as you have not in your comments," Hamilton said.

The study panel's 96-page report said flatly that the administration's approach was not working and recommended that the U.S. military accelerate a change in its main mission so that most combat troops can be withdrawn by spring 2008.

Senators Question Baker, Hamilton On Panel Findings (LAT)

By Joel Havemann

The Los Angeles Times, December 8, 2006

WASHINGTON — Members of the Senate Armed Services Committee signaled a looming battle with President Bush over his Iraq policy today by giving a warm welcome to the co-chairmen of the Iraq Study Group, whose report a day earlier warned that the administration's policies have set off a "slide toward chaos" in Iraq.

Backing from a key congressional committee figured to raise pressure on the president to treat the study group's recommendations seriously. Further suggesting conflict between the administration and Congress, Bush denied shortly after today's Senate hearing that his Iraq policy is failing.

Sen. Carl Levin (D-Mich.), who is in line to become chairman of the Armed Services Committee next month, said the bipartisan report signaled "the end of the administration's stay-the-course policy and the beginning of the development of a new, realistic, bipartisan and hopefully successful approach."

The 10-member commission — half Republicans, half Democrats — unanimously endorsed 79 recommendations that would require the administration to reverse its fundamental approach to Iraq. U.S. combat forces would give way to trainers and advisors embedded in Iraqi units by early 2008, and the United States would promote regional peace talks that would include Iran and Syria, two countries that are anathema to Bush.

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The panel said the continuing deterioration in Iraq could embroil the entire Middle East in a war that would further curtail U.S. influence throughout the world.

"The current approach is not working, and the ability of the United States to influence events is diminishing," said former Rep. Lee H. Hamilton (D-Ind.), who led the Iraq Study Group with former Secretary of State James A. Baker III. "Many Americans are understandably dissatisfied. Our ship of state has hit rough waters. It must now chart a new way forward," Hamilton said.

While Bush disputed the report's premise that his policy in Iraq is failing — he conceded only that "I am disappointed in the pace of success" — most Armed Services Committee members accepted it as a necessary condition of changing that policy.

Hamilton was more critical of Congress than the committee was of him and his study group. Although he acknowledged that "the report that we put before you must largely by implemented by the executive branch," he said Congress had not done its job of overseeing the administration's conduct of the war.

"I think the Congress has been extraordinarily timid in its exercise of its constitutional responsibilities on the question of war-making and conducting war," he said.

"The options before you are not very good," Hamilton conceded. He said the commission's report — while no guarantee — offered the best chance of restoring peace to Iraq.

Sen. John McCain (R-Ariz.) sounded one discordant note when he challenged the commission's conclusion that the United States could not impose peace on Iraq because it did not have the 100,000 additional troops that might be necessary.

He called this conclusion "dispiriting," adding, "It should alarm us that we don't have enough troops to surge in Iraq."

Both McCain and Sen. Susan Collins (R-Me.) wondered whether U.S. combat troops could provide the necessary protection to the trainers and advisors who would be embedded in Iraqi forces.

Hamilton said a residual U.S. combat force would remain strictly to protect the trainers and advisers. But he acknowledged that "when you put these men into Iraqi units, they're very exposed."

Collins joined Sen. Joe Lieberman (D-Conn.) in questioning the advisability of including Iran and Syria in regional peace talks because both countries are supporting terrorists in Iraq and are dedicated to eliminating Israel.

"I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," Lieberman said.

Baker replied that the United States gained Iran's help in overthrowing the Taliban regime in Afghanistan. Iraq, he said, is a different case. "If we can't do it, we can't do it, but we don't lose a darn thing by trying."

As for Syria, Baker said that as secretary of State to President George H. W. Bush he made 15 trips there in the early 1990s, "and we made them change 25 years of policy."

Iraq Report's Proposals Split Congress (FT)

By Demetri Sevastopulo

Financial Times, December 8, 2006

Key lawmakers were divided over Iraq policy yesterday following the publication of the Iraq Study Group report, with Senator John McCain calling its recommendations a recipe for failure.

While senators on the influential armed services committee welcomed the efforts of James Baker, the former secretary of state, and Lee Hamilton, the former Democratic congressman, they showed that consensus over Iraq may be difficult to achieve.

Mr McCain, the Republican frontrunner for the 2008 presidential election, who has called on Mr Bush to increase troop levels in Iraq, expressed strong reser- vations about the ISG's proposal to start reducing combat troops.

The study group report recommended that the Pentagon shift its mission to training Iraqi security forces in a manner that would allow the US to withdraw most combat forces from Iraq by early 2008. Mr Baker and Mr Hamilton told the Senate armed services committee that the 10 commissioners on the ISG, which was created by Congress, had been advised by most experts that the US did not have the military resources to sustain a large increase in troops in Iraq.

"I want to tell you something that I know that you know. There's only one thing worse than an overstressed army and marine corps, and that's a defeated army and marine corps," said Mr McCain, who becomes the top Republican on the committee next month. "We saw that in 1973. And I believe that this is a recipe that will lead to, sooner or later, our defeat in Iraq."

Carl Levin, the Michigan Democrat who will become committee chairman next month, said the report underscored the message he has been sending to Mr Bush to tell the Iraqi government the US would start to withdraw troops within six months. Mr Hamilton told the committee the ISG thought increasing troops, other than a short-term surge to improve security in Baghdad, would be counterproductive.

"One of the things we kept asking ourselves repeatedly through our discussions was what kind of leverage you could assert on the Iraqi government," said Mr Hamilton. "Well, we believe that the troop level question is one point of leverage. And

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we have to say to those folks that we're just not going to be there indefinitely. There are limits to the American patience. There are limits to American resources."

Mr Hamilton and Mr Baker appeared to dismiss a key tenet of Mr Bush's initial justification for the war in Iraq, that the country was the central front in the "war on terror". Mr Baker said: "It may not have been when we first went in but it certainly is now."

Mr Hamilton was even stronger, saying: "I would strike the word 'the' and use 'a' - it is a central front. Look, al-Qaeda today is an important part of the violence, but not as important as sectarian violence. It is a central front in the war on terror. But to make it the central front overstates it."

Robert Gates, the incoming sec-retary of defence, told the same committee this week that he believed Iraq was only one of the central fronts in the "war on terror". In contrast to Mr Levin, who welcomed the report as an indictment of Bush administration policy, Joe Lieberman, the hawkish Democrat senator from Connecticut, said the ISG proposals broadly mirrored current administration proposals.

While some senators agreed with the ISG recommendation to create a new diplomatic initiative in the Middle East, others, including Mr McCain and Susan Collins, the Maine Republican, questioned whether talking to Iran and Syria could work.

Hillary Clinton, the New York senator who is the perceived Demo-crat frontrunner for the 2008 presidential race, said: "We've now heard from the Iraq Study Group but we need the White House to become the Iraq results group."

Democrats React Warily To The Baker Report (TIME)

By Douglas Waller

Time, December 7, 2006

With the Bush administration on the defensive in the wake of the strong critique of its Iraq policies by the Iraq Study Group, the Democrats might be expected to be cheering. But key Democrats in Congress are keeping their distance from the report. Critics of the war opponents obviously liked the report's stark portrayal of the deteriorating situation in Iraq and its blunt assessment of failed Bush administration policies there. But while seeking to "pivot off that to put it squarely back in the lap of the President to propose a way forward in Iraq," in the words of one senior Democratic aide, "there's definitely a sense of wariness up here on Capitol Hill."

Take Nancy Pelosi, the future House Speaker. While one of the fiercest congressional critics of Bush and the war, she promised only that her party would give the report's recommendations "full consideration" — not its stamp of approval. Pelosi has been leery of the commission from the start, because she had no hand in picking its Democratic members. Normally legislation setting up such blue- ribbon panels has a clause specifying that congressional Democratic and Republican leaders will have a hand in picking members. But the measure creating this panel, sponsored by GOP Congressman Frank Wolf, left those choices up to the co-chairs, former Secretary of State James Baker and former Indiana Rep. Lee Hamilton. Pelosi "didn't think the commission was constituted properly," says a friend. "That annoyed her."

Other key Democrats are disappointed that the commission's recommendations didn't go as far as they might have. Sen. Carl Levin, who will take over the Senate Armed Services Committee, praised the report for proposing a "comprehensive plan for a change in course, including calling for an end to the open-ended commitment of American troops as a way of pressing the Iraqis to take responsibility for their own future." But he was disappointed the commission didn't specify a timetable for U.S. troop withdrawals — which he wants to begin in four to six months.

Another key chairman-to-be, Joseph Biden, who will take over the Foreign Relations Committee in January, was miffed that the commission dismissed his proposal to federalize Iraq, setting up Shiite, Sunni and Kurdish regions run by largely autonomous governments. Shortly after the 96-page report's public release, Biden issued a lengthy critique of its recommendations. The changes the commission proposed, Biden complained, "are necessary, but not sufficient to achieve the objective most Americans share: to leave Iraq without leaving chaos behind." The commission's proposal to beef up U.S. military trainers embedded in Iraqi units while withdrawing U.S. combat troops "is not, by itself, a plan." There has to be "a sustainable political settlement" as well, said Biden.

Baker and Hamilton also faced a grilling at a Senate Armed Services Committee hearing Thursday, where Connecticut Democratic Sen. Joseph Lieberman and Maine Republican Sen. Susan Collins questioned one of their key recommendations: to open a diplomatic dialogue with Iran. "I'm skeptical that it's realistic to think that Iran wants to help the United States succeed in Iraq," Lieberman said.

Congressional Democrats are cautioning that the report will be just one of many recommendations that will influence them when they control Congress next year. "The ISG report is relevant today, but I don't know whether it will be in a month and a half when we take over," says another senior Democratic leadership aide. "Things in Iraq could change. The trend lines could be worse."

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If the Democrats are trying to distance themselves from the report, Republicans are taking an even more careful wait-and-see attitude. Save for Sen. John McCain — who sharply criticized the report because it didn't endorse his call for more U.S. troops in Iraq — most Hill Republicans issued bland statements praising the report, then ducked for cover. Texas GOP Sen. John Cornyn said he hoped the report would enable Republicans and Democrats to "set any partisan rancor aside and reach a bipartisan solution to this critical issue." "The feeling on our side is that report seems pretty reasonable," a senior House GOP aide told TIME. "It requires some heavy lifting, but it doesn't ask the Bush administration to bend over backwards."

The Republicans' reluctance to criticize the report is understandable. Many Republicans in both the Senate and House believe they're now in the minority because of the failed war — and Bush's refusal to fire Defense Secretary Donald Rumsfeld until after the November elections, instead of before, when the move might have saved some of their seats. "Iraq is the anchor around the administration's ankle," says a senior GOP aide. "A lot of our guys are going to let the Administration take the heat."

Hyde Leaving Congress With Mixed Feelings (USAT)

By Kathy Kiely

USA Today, December 8, 2006

WASHINGTON — The retiring Republican chairman of the House International Relations Committee on Thursday delivered a blunt description of the challenge facing U.S. policymakers on Iraq.

"We need to find a way to get out of Iraq that doesn't cover us with dishonor," Rep. Henry Hyde, R-Ill., said in an interview with USA TODAY.

Hyde, 82, is the longest-serving of the 50 House members who will leave Congress at the end of this week; he is one of 11 who did not seek re-election; 23 were defeated and 16 sought higher office.

A conservative icon with a razor tongue and an impish sense of humor, Hyde was involved in several controversies during his 32 years in the House of Representatives, including President Clinton's impeachment.

Yet Rep. Rahm Emanuel, an Illinois Democrat who was a top aide to Clinton, said of Hyde, "I will miss his humor."

So will Rep. Jesse Jackson Jr., another Chicago Democrat. Jackson said he was "the left wing and Chairman Hyde was the right wing" in their joint effort to win funding for a third Chicago airport.

"It will be impossible to replace Henry Hyde's great sense of humor, towering intellect and dedication to public service," Jackson said.

Hyde wraps up his career with a mixture of affection and exasperation. On the one hand, Hyde said, Congress "is a great institution. I really mean that."

On the other, he's appalled by the complacency and corruption he said cost his party their House majority. "We Republicans handed the election to Democrats," he said. "I don't blame Americans for being angry."

Hyde's career was marked by his efforts to end legalized abortion. The "Hyde amendment," first passed in 1976, bans the use of federal funds for abortions, a policy that prevents poor women from using Medicaid funds to terminate their pregnancies. Hyde makes no apologies: "I hope I've saved a few lives."

Hyde's role as an anti-abortion crusader was "accidental," he said.

He "never thought about the issue," he said, until a colleague in the Illinois Legislature asked him to co-sponsor a bill that would liberalize the state's abortion laws. Before agreeing, Hyde decided to research the topic. "I became convinced abortion was an evil," he said.

Hyde's other brush with national fame and embarrassment came during Clinton's impeachment in 1998. As chairman of the Judiciary Committee, Hyde had a central role in prosecuting the trial, during which it was revealed that Hyde had an extramarital affair 30 years before. He called it "a youthful indiscretion."

"Clinton and his handlers did a wonderful job in shifting the focus to sex," Hyde said of the case. "It wasn't about sex. It was about perjury and the rule of law."

Hyde, who said he might write a book about the impeachment trial, said the Senate did not give the House prosecution team a chance to present its best case. He said he should have insisted on cross-examining Clinton and Monica Lewinsky, the White House intern with whom the president had an affair, before the Senate. "I wasn't obstreperous enough," he said.

Some of Hyde's votes might appear inconsistent with his reputation as a strict conservative.

In 2003, he helped negotiate a deal committing the United States to spending $15 million for AIDS eradication and treatment. He was also chief sponsor of the Family and Medical Leave Act. Hyde said he became convinced of the need for it while shuttling between work and the bedside of his wife, who died in 1992 of ovarian cancer. "It was personal," he said.

Hyde worries the "maelstrom of hate and venom heaped upon public servants" in today's politics will discourage Americans from entering the fray. Even so, he'd do it all over again. "In a heartbeat," the congressman said. "It will be hard to walk away from here."

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Beltway Bloodshed (WSJ)

By Daniel Henninger

The Wall Street Journal, December 8, 2006

Notwithstanding its 79 recommendations for "the way forward," the Iraq Study Group's primary purpose wasn't saving Iraq from catastrophe but saving the political system of the United States from catastrophe.

The commission's two chairs, Jim Baker and Lee Hamilton, make this explicit in the report's first pages. "U.S. foreign policy is doomed to failure . . . if it is not supported by a broad, sustained consensus." Leon Panetta, a Democrat in the House from 1977 to 1993, said at their news conference, "This country cannot be at war and be as divided as it is today."

These are essentially restatements of GOP Sen. Arthur Vandenberg's 1952 dictum amid the Truman presidency that "politics stops at the water's edge." More than a sentiment, Vandenberg's point was, as he put it, "to unite our official voice at the water's edge so that America speaks with maximum authority against those who would divide and conquer us." For the past three years, we have had the opposite -- a domestic political war waged relentlessly at the water's edge.

Now comes the ISG report, and based on the Beltway reaction to it, one has to wonder whether the call yesterday for unity and bipartisanship by Messrs. Baker, Hamilton, Panetta and former Sen. Alan Simpson was disingenuous or naïve. Washington took their study and went completely over the edge. The morning-after press reporting on the Baker-Hamilton report can only be described as neurotic glee. Over endless columns, reporters ransacked their thesauruses for words to unload pent-up antipathy toward the Bush White House: failed, repudiated, dire, abject failure, deeply pessimistic, disdain, replete with damning details, a rebuke, a remarkable condemnation.

For the Bush opposition and its beliefs, this White House has become the most odious and illegitimate presidency (the disputed 2000 Florida result) of the last century. Opposing it became a moral imperative. We can pinpoint the moment the Vandenberg ethos died. It was when one Democratic senator, Joe Lieberman, tried to bridge the partisan divide. He was culled from the party herd, shunned and left for dead by his oldest friends in the Senate.

Note that the ISG report at no point includes the words Guantanamo, warrantless wiretaps, Swift surveillance, secret prisons or the Patriot Act. These are the Bush policies in the war on terror, presumably the war "we all support." And they are the names of the most famous Washington battlefields of recent years. All this, like Iraq, has been repudiated, denounced and condemned as a moral violation.

This bloodbath at the water's edge has produced a divided, bitter nation. The American people are dispirited and depressed, even after the election. An AP/Ipsos poll taken the week after the November vote showed Congress's ratings fell, to 26%, 10 points below the president's in the same poll. It looks like the voters have replaced the traditional post-election honeymoon with a political prenuptial agreement. * * *

Before this Sunday's talk shows use the Baker-Hamilton bulldozer to bury alive the Bush Doctrine and the "neoconservatives," let us suggest there is an alternative version of the Iraq narrative -- one that is less a collapse of doctrine than simply the result of bad, possibly fatal, decisions the administration made in 2003.

The years 2003-2005 don't exist in the ISG study, which is almost wholly about the horrors of the past year. But in the war's immediate aftermath, from May 2003 onward, Baghdad was rebuilding, notwithstanding continued violence. Retail commerce came to life. A strong real-estate market emerged. New cars filled the streets, and Iraq's universities reopened. But it was also in May that someone in the Bush administration made the worst decision of the war, as described on this page in June by Iraqi Foreign Minister Hoshyar Zebari in an interview with our Robert Pollock.

"The biggest mistake, honestly, if you go back," said Mr. Zebari, "was not entrusting the Iraqis as partners, to empower them, to see them do their part, to fill the vacuum, to have a national unity government."

The opportunity existed at that moment to form an Iraqi unity government, likely consisting of the religious Shiites Ibrahim al-Jaafari and Abdul Aziz al-Hakim, the Sunni Adnan Pachachi, Kurdish leaders Massoud Barzani and Jalal Talabani, and secular Shiites Ahmed Chalabi and Ayad Allawi.

Instead, someone in Washington (it has never been clear exactly who) decided to push them aside in favor of the U.S.-led Coalition Provisional Authority. This was fatal because for two years, until last December's election, Iraqis had nothing -- other than tribes, sects and militias -- to commit themselves to politically.

Recall how over that period the insurgents repeatedly targeted police stations and police recruits. They knew that a functioning police posed the greatest danger to their plans to reduce Baghdad to a brutal anarchy that would drain the spirit of both Iraqis and Americans. It worked. For two years there was no "Iraqi" entity for their police to fight and die for.

Certainly opinions can differ on whether these Iraqi leaders in 2003 could have achieved the vaunted "national reconciliation" at the heart of the ISG report. But it is a more plausible, discrete explanation of what went wrong than the

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preposterously exaggerated celebration (there is no other word) of total American "failure" emanating from the Baker-Hamilton report now.

In short order, the Iraq story will enter 2008's presidential politics. To his credit, John McCain distanced himself from the report, which has turned into an unedifying pig-wallow for one swath of our political culture. The Washington Post yesterday reported that Democratic congressional aides say they'll make sure Mr. Bush still "owns" the Iraq war so he gets tagged if Baker-Hamilton fails.

Leon Panetta is already getting an answer to his belief that a divided nation cannot be at war. Oh yes it can -- if defeating the enemy at home is more important than defeating the enemy abroad.

A New Chief At The Pentagon (CSM)

By Peter Grier

The Christian Science Monitor, December 8, 2006

After Secretary of Defense-designate Robert Gates assumes his new post later this month, he may find it hard to alter US military weapons programs or the structure of US forces. In essence, the Pentagon is a huge ship that changes direction slowly - and the Bush administration has only two years left to run.

Nor will US options in Iraq change magically when he is sworn in 10 days from now. Dr. Gates brings with him no secret ideas that the Iraq Study Group or other strategic reviews may have missed.

Yet the moment Gates steps into his expansive new office in the Pentagon's outer "E" ring, he could have a profound effect on Washington. The reason: He's not Donald Rumsfeld. As a low-key figure whose nomination met with approval among both Democrats and Republicans, Gates might find it easier than his predecessor would have to shape a more bipartisan approach to Iraq and the overall war on terrorism.

"Is there anybody who doesn't think he's a good choice?" says James Jay Carafano, a senior fellow in national security at the Heritage Foundation. "It's an enormous opportunity to get the politics out of this."

What may change immediately after Gates takes up his post is the atmosphere in the Pentagon's top echelons.

Rumsfeld famously challenged the military bureaucracy, issuing memos, requests for information, and other internal documents with a blizzardlike intensity. By way of contrast, cannonades of paperwork don't appear to be part of Gates's bureaucratic style.

Throughout his Senate confirmation hearing on Tuesday, Gates emphasized that he would have a lot of listening to do in the early stages of his new job. He'd have to consult with military commanders, he said, before deciding what should be done in Iraq.

But with his clipped answer of "no" to a question as to whether the US is winning in Iraq, Gates made it clear that he agreed with the Iraq Study Group that the current approach is not working.

"I do think he feels that Iraq is a catastrophe, and he is there to try and do something about that," says Gary Sick, executive director of the Gulf 2000 project at Columbia University, who worked with Gates in the Ford and Carter administrations. "I think he's getting ready to really do battle."

Gates is a pragmatist, not an ideologue, says his former colleague. That was clear when the incoming secretary of Defense indicated during his hearing that any US military action against Syria or Iran would be highly unlikely, says Mr. Sick. "To me, that's a different brand of political action" than that espoused by the neoconservatives who urged the invasion of Iraq, he says.

In calling for a unified approach to Iraq policy, Gates struck the right note, says Dr. Carafano.

Also important were Gates's insistence on the need for continued big defense budgets, and his support for missile defense, Carafano adds.

But when it comes to actually allocating money to priorities, Gates won't have much time to make changes. There are only two budget cycles left to prepare before the next administration takes office. Furthermore, next year's budget has largely been drawn up. The last budget in an administration is often a slapdash exercise, due to political concerns.

"Practically, is there much that Gates can really do differently?", says Carafano. "No, not really."

But if nothing else, Gates has managed the rare feat of becoming less controversial over time, at least in terms of Senate confirmation struggles.

· In 1987, Gates was nominated to head the Central Intelligence Agency by President Ronald Reagan, but withdrew from consideration after it became clear that the Senate would reject him due to controversy over his role in aspects of the Iran-contra affair, a clandestine arrangement in the 1980s that gave money to Nicaraguan contra rebels from profits gained through selling weapons to Iran.

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· In 1991, Gates was again tapped to head the CIA, this time by President George H.W. Bush. He won Senate approval after months of hearings. Thirty-one Democrats voted against him.

· In 2006, Gates's nomination to head the Pentagon was subjected to one day of hearings before the Senate Armed Services Committee. The panel Tuesday approved the posting unanimously. On Wednesday, the full Senate slid Gates through, confirming him by the lopsided vote of 95 to 2.

Some Democrats who voted against Gates in 1991 voted for him this time - notably, Sen. Carl Levin of Michigan, the incoming chairman of the Senate Armed Services Committee, and Sen. Edward Kennedy of Massachusetts. The senators who voted against him were Republicans normally supportive of the administration - Sen. Rick Santorum of Pennsylvania, who lost his reelection bid last month, and Sen. Jim Bunning of Kentucky.

"Mr. Gates has repeatedly criticized our efforts in Iraq and Afghanistan without providing any viable solutions to the problems our troops currently face," said Senator Bunning, explaining his "no" vote.

According to the White House, Gates will not be sworn in until Dec. 18 due to commitments in his current job as president of Texas A&M University.

Robert Gates Resigns From Brinker Board (AP)

AP, December 7, 2006

DALLAS (AP) -- Brinker International Inc., which operates the Chili's, Macaroni Grill, Maggiano's and On the Border restaurant chains, said Robert Gates resigned from its board after he was confirmed today by the Senate as the nation's new Defense Secretary.

Brinker said Gates had served on its board since 2003, and was a member of its audit, governance and nominating committees.

The company said it will start looking for a replacement immediately.

Shares of Brinker fell 8 cents to close at $30.18 on the New York Stock Exchange.

U.S. Commanders Advance Plan To Beef Up Training Of Iraqi Army (WSJ)

By Greg Jaffe, Neil King

The Wall Street Journal, December 8, 2006

WASHINGTON -- Senior U.S. military commanders in Baghdad, eager to shift the fight in Iraq to that country's army, are advancing a plan that could more than double the number of American troops involved in training Iraqi soldiers.

The tentative plan, which calls for breaking up some big U.S. combat units into military-training teams, reflects a major shift in U.S. tactics, and meshes with one of the key recommendations of a high-profile report released Wednesday by the bipartisan Iraq Study Group.

The new approach isn't expected to require a marked change in the overall number of American troops in Iraq. But it would increase the number involved in advisory roles to as many as 10,000, from the current 4,000, senior military officials said.

The plan, drawn up over the past two months, reflects the growing belief among U.S. officials that the Iraqi army is the only truly national institution that exists in an increasingly fractured country, and thus is the best hope not only to provide security, but also to hold Iraq together.

Though it hasn't received formal approval by top U.S. military officials in Iraq, the plan could be presented to incoming Defense Secretary Robert Gates when he visits Baghdad in the coming weeks, a senior military official said. Whether to implement the plan could be one of the first big decisions Mr. Gates makes in his new job. Though he has been confirmed by the Senate, Mr. Gates won't officially start work until Dec. 18.

Senior military officials are betting that larger U.S. military training teams that would live and work with Iraqi units could speed the development of an Iraqi army force that has shown some promise, but is still bedeviled by corruption, absenteeism and logistical problems. How quickly the Iraqi army improves could ultimately determine how quickly U.S. troops could withdraw from the country.

However, even the staunchest advocates of building up the Iraqi army warn that the strategy carries significant risks that could derail it. In the near term, commanders say, shifting more U.S. troops into training and advisory jobs could lead to an increase in sectarian violence in Baghdad, because there would be fewer U.S. troops patrolling the streets. Iraqi army units and their U.S. trainers would have to pick up the slack.

The idea of shifting more U.S. troops into training roles has been kicking around in Baghdad and the Pentagon at least since spring. Multiple internal studies by the U.S. Army have concluded that its current training teams in Iraq, typically 10 to 12 U.S. soldiers per an Iraqi battalion, are too small to be effective.

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But this summer, with sectarian violence rising in Baghdad, U.S. military commanders chose instead to concentrate U.S. troops in the capital. The hope was that they could stem the rising chaos and help the weak Iraqi government, led by Prime Minister Nouri al-Maliki, to build support among the Iraqi people.

By late October, however, it was clear the crackdown wasn't working. With American patience running thin, commanders began considering an expedited effort to build up the Iraqi military, which is made up of nearly 135,000 troops. In recent months, senior Iraqi officials have also started to press U.S. officials to speed up the development of Iraqi army forces.

Under the plan, some big U.S. units would be broken into teams of 20 to 25 men to train and advise Iraqi army forces and some border guards and police units. The remaining U.S. troops in Iraq would focus on more traditional missions, such as backing up Iraqi army units, conducting patrols, and working on local reconstruction projects. The U.S. military currently has about 15 combat brigades in Iraq, each with about 3,000 to 5,000 troops.

With the U.S. midterm elections over and a new defense secretary taking over in Washington, the plan isn't the only one in the works aimed at turning the tide of violence in Iraq. It comes as Gen. Peter Pace, chairman of the Joint Chiefs of Staff, is preparing his own recommendations to President Bush on how to move forward militarily. His report is likely to be wrapped up by late December.

Mr. Bush has said he would be particularly receptive to whatever advice his military commanders in the Pentagon and in Iraq offer in coming weeks.

After meeting yesterday with British Prime Minister Tony Blair, Mr. Bush called the Iraq Study Group's report, which offered up a strong rebuke of his Iraq policy, "worthy of serious study," but didn't endorse any of its recommendations.

The study group, led by former Secretary of State James Baker III and former Democratic Rep. Lee Hamilton, called for the withdrawal of the majority of U.S. combat troops by March 2008, as well as for far-reaching changes in U.S. policy across the Middle East.

The group, which recommended tripling or quadrupling the size of the U.S. training teams at the expense of larger U.S. combat forces, raised deep concerns about the Iraqi army's ability to hold Baghdad together. "Can I assure anyone that we won't end up training an Iraqi army that ends up fighting others or turns against itself?" asked Former Defense Secretary William Perry, the top military expert in the group. "No, I can't."

But Mr. Perry said in an interview that the U.S. had no choice but to turn to the rudiments of an army in Iraq as the best hope for a long-term solution. "The only truly national institution in Iraq is the Iraqi army," he said. Mr. Perry described the panel's robust recommendation for "embedding" significant numbers of U.S. troops into all Iraqi units as a form of "supervised on-the-job training."

A big concern with the plan is how to protect U.S. soldiers serving on advisory and training teams. These troops would be prime targets for insurgents and sectarian militias seeking to stymie the progress of Iraqi units. They would also be vulnerable if their Iraqi units were overrun by the enemy.

Senior U.S. military commanders also warn that without progress on rebuilding Iraq's economy and without a political accommodation between Iraq's Shiites and Sunnis, no military force will be able to impose order in the country. "The military cannot win this alone -- it's flat impossible," said one senior U.S. official.

U.S. training teams now live and focus on advising Iraqi battalion commanders, who each oversees about 500 troops, plus staff. Under the new plan, the expanded teams would spend more time with the lower-ranking commanders and their troops who do most of the day-to-day fighting and patrolling in Baghdad.

U.S. commanders say the larger teams would be better able to prevent abuses by the Iraqi units and ensure that they do their jobs properly. "Beefing up the training teams will give us a 24/7 presence in the Iraqi units that we haven't had so far," said a military official.

Some officers who have recently served on U.S. military training teams in Iraq praised the effort to focus more troops on the training mission. But they cautioned that this wouldn't fix many of the Iraqi army's biggest problems.

Many Iraqi units continue to be hamstrung by ineffective or corrupt commanders who have the support of key officials in Iraq's Ministry of Defense. "Right now we cannot even fire Iraqi army leaders [whom] we know cooperate with insurgents or are incompetent," said Lt. Col. David Coffey, who returned last month from Iraq, where he had served on a 10-man training team.

The supply system often fails to deliver Iraqi troops the fuel, food and bullets they need to carry out their missions. Several advisers said there is also pressure to inflate the capabilities of the Iraqi units in readiness reports. "There is tremendous pressure on the training teams to show steady progress in the abilities of the Iraqi battalions," Col. Coffey said. "This ignores the fact that many units actually get worse as key leaders are killed or go AWOL, as unit equipment degrades, as the enemy situation gets worse, or as combat operations prevent ongoing training."

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The U.S. soldiers who make up the military training teams cannot order Iraqi commanders to carry out missions. Instead, their job is to advise, cajole and set a good example for their Iraqi counterparts. The teams help the Iraqi forces plan raids, set training schedules and get necessary supplies. They also act as a conduit to U.S. forces in the area.

The intense focus on the Iraqi army comes at a time when senior U.S. officials are growing increasingly disillusioned with the Iraqi police and the Iraqi Interior Ministry, which oversees them. Earlier this year, military commanders in Baghdad declared 2006 "the year of the police." In recent months, though, U.S. officials have come to see the Iraqi police as infiltrated by sectarian militias and increasingly part of the problem in Iraq. Police units in Baghdad and other cities have been implicated in sectarian killings and kidnappings.

Iraqi leaders seem to support the new focus on the Iraqi army. Iraqi Prime Minister Maliki has told senior U.S. commanders that he would like to increase the size of the Iraqi army by as many as 40,000 troops to about 170,000 soldiers. It isn't clear, however, that the Iraqi government has the resources to recruit, train and outfit a larger force right now, say senior U.S. military officials.

"Absolute dependence on foreign troops is not possible," Deputy Prime Minister Barham Saleh said on the Arab satellite television channel Al-Arabiya earlier this week. "The focus must be on boosting Iraqi security forces."

Intelligence Agencies "Must Do Better" (WP)

By Walter Pincus

The Washington Post, December 8, 2006

The U.S. intelligence community has failed to provide policymakers with a clear understanding of the Iraq insurgency, the role of militias or the level of violence in that country, according to the Iraq Study Group.

"Clearly U.S. intelligence agencies can and must do better," the group's report said, though it praises the gathering of day-to-day intelligence about enemy targets and notes that the gathering of information from human sources has improved.

"The quality of the intelligence has to be disappointing with regard to the insurgency," former representative Lee H. Hamilton (D-Ind.), co-chairman of the group, told reporters yesterday. "We are having a huge time, still, identifying the enemy."

The group singled out the lack of analysts experienced in insurgency with needed language skills, such as Arabic, as well as familiarity with Iraqi culture.

As an example, the report says the panel was told that fewer than 10 Defense Intelligence Agency analysts have more than two years' experience analyzing insurgencies, and that the rotation system of the military prevents development of experts. A DIA spokesman said yesterday that about 100 experienced analysts in Iraq and Washington work these issues. He questioned how the study group arrived at its conclusions.

The report also says the intelligence community's knowledge of militias, their leadership, financing and relationship to the government "falls far short of what policymakers need to know." U.S. military sources in Baghdad have identified at least 21 separate militias in that city alone.

The panel's report points out that the Mahdi Army, the militia of Moqtada al-Sadr, may get its support indirectly from the Iraqi government because some members are paid as guards in the Facilities Protection Service, which is on duty at the three Iraq ministries controlled by Sadr's political party.

Another issue raised in the report is why, after $2 billion has been appropriated this year to protect forces in Iraq, more is not being done to try "to understand the people who fabricate, plant and explode" roadside bombs, which are major killers of U.S. troops.

The group recommends that the director of national intelligence and the defense secretary put greater resources and analysts into understanding the sources of sectarian violence.

It also complains that databases underreport violence in Iraq, particularly when no U.S. personnel are involved. "A roadside bomb or a rocket or mortar attack that doesn't hurt U.S. doesn't count," the report says. It cites a day in July 2006 when 93 attacks were reported, yet a careful review showed that 1,100 acts of violence took place. Hamilton told reporters: "We certainly believe it has been grossly underreported. Why that is we don't really know."

The report recommends that the intelligence director and DIA change the collection of data "to provide a more accurate picture of events on the ground."

The CIA should also increase its personnel for training Iraqis and establish a counterterrorism intelligence center in Iraq that would coordinate all information and "facilitate intelligence-led police and military actions" against terrorist networks, the panel says.

Rep. Silvestre Reyes (D-Tex.), incoming chairman of the House Permanent Select Committee on Intelligence, said the report's findings are "troubling." He added that his first hearings will be "examining the state of intelligence support to our troops deployed in Iraq."

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U.S. Troops Suffer Heavy Losses This Month In Iraq (USAT)

By Cesar G. Soriano And Matt Kelley

USA Today, December 8, 2006

BAGHDAD — A flare-up of fighting in Iraq, particularly in the western Anbar province where the Sunni insurgency is strong, has made the first week in December one of the deadliest in the war.

At least 32 U.S. troops have died in Iraq this month, according to the Defense Department. Eleven died Wednesday, the same day the Iraq Study Group in Washington released its 79 recommendations for policy changes in Iraq and the Middle East. Another soldier wounded Wednesday died Thursday, the military said.

Most of the deaths — at least 18 — were in Anbar province, a large stretch of desert west of Baghdad where U.S. and Iraqi forces have been unable to crush insurgents. Most of Anbar's residents are members of the Sunni Muslim minority that ruled Iraq for centuries before the 2003 U.S. invasion.

Military leaders, including the top U.S. commander in the region, Gen. John Abizaid, have said Anbar province is not under control. Robert Gates, in Senate hearings Wednesday before his confirmation as Defense secretary, said one of his top priorities would be addressing the violence there.

Ramadi, one of the largest cities in Anbar province, has been the site of some of the fiercest fighting. At least 10 U.S. troops have died in or around the city this month.

Fighting in Ramadi on Wednesday claimed the lives of six U.S. troops, including two Army soldiers and two Marines killed by a roadside bomb, a soldier shot to death while manning a machine gun nest and another soldier fatally wounded in a firefight with insurgents.

That shootout began when insurgents fired on U.S. and Iraqi troops from several directions, a military news release said. The forces responded with rifle and machine gun fire, tank rounds and unspecified precision-guided weapons. Several buildings used by the insurgents were destroyed.

Some insurgents had fired on the coalition troops from a mosque, but Iraqi troops who searched the mosque found nothing, the release said. The U.S. and Iraqi forces didn't fire heavy weapons at the mosque, the military said.

A soldier from the 1st Brigade of the Army's 1st Armored Division died Thursday from wounds suffered in that battle Wednesday.

Also Wednesday, five soldiers from the Army's 3rd Brigade Combat Team of the 25th Infantry Division died when a bomb hit their vehicle in or near the northern city of Kirkuk, the military said. That oil-rich city — a mix of Kurds, Sunni Arabs, Turkmen and other minorities — is a potential source of sectarian violence if Kurds push forward with plans to make it part of the semi-autonomous Kurdish region, the Iraq Study Group report said.

At least 2,919 American servicemembers have died since the war began in March 2003. In another grim milestone, the Pentagon announced that more than 22,000 U.S. troops have been wounded. A total 22,057 troops had been wounded as of Thursday, but the majority — 12,167 — returned to duty within 72 hours of being wounded, the military said.

The youngest troops killed this week were 19 years old: Lance Cpl. Jesse Tillery of Vesper, Wis., and Pfc. Ross McGinniss of Knox, Pa. The oldest was Maj. Joseph McCloud, 39, of Grosse Pointe Park, Mich.

At least 23 Iraqis died Thursday in a series of bombings and shootings, police said. Among the dead were a 7-year-old girl and two college professors. Baghdad police also found 35 bullet-riddled bodies.

Soriano reported from Baghdad and Kelley from Washington.

Wednesday's Toll For U.S. Troops In Iraq Rises To 11 (WP)

By Nancy Trejos

The Washington Post, December 8, 2006

BAGHDAD, Dec. 7 -- The U.S. military raised the number of service members killed Wednesday to 11, making it one of the deadliest days for U.S. troops this year.

Also, a soldier died Thursday from wounds suffered the day before in a battle in the volatile western province of Anbar.

The deaths bring to at least 31 the number of U.S. troops killed in the first week of December.

Civilian casualties also continued to mount Thursday, as 52 bodies were found across Baghdad in a 24-hour period, an Interior Ministry source said. All had gunshot wounds, nine had been beheaded and many bore signs of torture. Five of the victims were women, the source said.

Officials have attributed the surge in U.S. military deaths to stepped-up efforts to quell sectarian violence in Baghdad and a continuing campaign against insurgents in Anbar province.

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On Thursday, the military released more details about the deaths. "It was a variety of events and a variety of operations," said Lt. Christopher C. Garver, a U.S. military spokesman.

Most of the casualties were in Anbar. Three soldiers from the 1st Armored Division, one Marine from the 1st Marine Expeditionary Force Headquarters Group and one Marine from the 15th Marine Expeditionary Force died of wounds suffered in enemy action. Another Marine from the 1st Marine Expeditionary Force died of nonhostile causes.

Five soldiers from the 25th Infantry Division were killed by a roadside bomb during combat operations in Kirkuk province, north of Baghdad, the military reported.

The soldier who died Thursday had been wounded in a battle Wednesday with suspected insurgents in Ramadi, the provincial capital of Anbar. Three service members were injured when the insurgents attacked them with small-arms fire from numerous buildings, including al-Haqq mosque. The U.S. troops, working with Iraqi soldiers, killed 14 insurgents and destroyed the buildings they had used as hiding places but did not fire on the mosque, the military said.

"While we are mindful to limit damage, we must respond with necessary and proportional force to protect our forces and Iraq from the insurgents," Marine Lt. Col. Bryan Salas said in a statement.

Roadside bombs killed several civilians and police officers in the capital, the Interior Ministry source said. One targeting a police patrol in northern Baghdad killed two officers and wounded three officers and three civilians.

Another bomb in southwestern Baghdad killed one civilian and wounded five. A third bomb targeting a U.S. patrol exploded in southern Baghdad, killing two civilians and injuring two passersby, the source said.

In Iskandariyah, about 30 miles south of Baghdad, police found the bodies of two people who had been tortured, handcuffed and shot in the head, said Capt. Muthana Ahmad, a spokesman for police forces in Babil province.

Iraqi and U.S. forces continued to conduct raids across the country.

Iraqi forces, with the help of American advisers, captured a senior leader of the insurgent group al-Qaeda in Iraq in Fallujah, the military reported.

In Baqubah, northeast of Baghdad, Iraqi troops captured eight suspected insurgents on Wednesday at an explosives factory containing more than a ton of TNT, said Iraqi army Maj. Gen. Shakir al-Kabi. Car bombs used in attacks in Kirkuk and Baghdad were made at the factory, Kabi said. Residents were temporarily evacuated while Iraqi forces destroyed the factory.

Also Thursday, former president Saddam Hussein's genocide trial continued with two prosecution witnesses, both medical doctors, describing chemical weapons attacks on Kurdish villages in 1987. Hussein and six other defendants are on trial for the so-called Anfal campaign, which prosecutors say resulted in the deaths of as many as 180,000 ethnic Kurds. The court adjourned until Dec. 18.

Special correspondent Naseer Nouri and other Washington Post staff in Iraq contributed to this report.

Saudis Reportedly Funding Iraqi Sunnis (AP)

By Salah Nasrawi

AP, December 8, 2006

Private Saudi citizens are giving millions of dollars to Sunni insurgents in Iraq and much of the money is used to buy weapons, including shoulder fired anti-aircraft missiles, according to key Iraqi officials and others familiar with the flow of cash.

Saudi government officials deny that any money from their country is being sent to Iraqis fighting the government and the U.S.-led coalition.

But the U.S. Iraq Study Group report said Saudis are a source of funding for Sunni Arab insurgents. Several truck drivers interviewed by The Associated Press described carrying boxes of cash from Saudi Arabia into Iraq, money they said was headed for insurgents.

Two high-ranking Iraqi officials, speaking on condition of anonymity because of the issue's sensitivity, told the AP most of the Saudi money comes from private donations, called zaqat, collected for Islamic causes and charities.

Some Saudis appear to know the money is headed to Iraq's insurgents, but others merely give it to clerics who channel it to anti-coalition forces, the officials said.

In one recent case, an Iraqi official said $25 million in Saudi money went to a top Iraqi Sunni cleric and was used to buy weapons, including Strela, a Russian shoulder-fired anti-aircraft missile. The missiles were purchased from someone in Romania, apparently through the black market, he said.

Overall, the Iraqi officials said, money has been pouring into Iraq from oil-rich Saudi Arabia, a Sunni bastion, since the U.S.-led invasion of Iraq toppled the Sunni-controlled regime of Saddam Hussein in 2003.

Saudi officials vehemently deny their country is a major source of financial support for the insurgents.

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"There isn't any organized terror finance, and we will not permit any such unorganized acts," said Brig. Gen. Mansour al-Turki, a spokesman for the Saudi Interior Ministry. About a year ago the Saudi government set up a unit to track any "suspicious financial operations," he said.

But the Iraq Study Group said "funding for the Sunni insurgency comes from private individuals within Saudi Arabia and other Gulf states."

Saudi officials say they cracked down on zakat abuses, under pressure from the United States, after the Sept. 11, 2001, attacks on New York and Washington.

The Iraqi officials, however, said some funding goes to Iraq's Sunni Arab political leadership, who then disburse it. Other money, they said, is funneled directly to insurgents. The distribution network includes Iraqi truck and bus drivers.

Several drivers interviewed by the AP in Middle East capitals said Saudis have been using religious events, like the hajj pilgrimage to Mecca and a smaller pilgrimage, as cover for illicit money transfers. Some money, they said, is carried into Iraq on buses with returning pilgrims.

"They sent boxes full of dollars and asked me to deliver them to certain addresses in Iraq," said one driver, who gave his name only as Hussein, out of fear of reprisal. "I know it is being sent to the resistance, and if I don't take it with me, they will kill me."

He was told what was in the boxes, he said, to ensure he hid the money from authorities at the border.

The two Iraqi officials would not name specific Iraqi Sunnis who have received money from Saudi Arabia. But Iraq issued an arrest warrant for Harith al-Dhari, a Sunni opponent of the Iraqi government, shortly after he visited Saudi Arabia in October. He was accused of sectarian incitement.

Saudi Arabia is a key U.S. ally in the Middle East. The Iraq Study Group report noted that its government has assisted the U.S. military with intelligence on Iraq.

But Saudi citizens have close tribal ties with Sunni Arabs in Iraq, and sympathize with their brethren in what they see as a fight for political control — and survival — with Iraq's Shiites.

The Saudi government is determined to curb the growing influence of its chief rival in the region, Iran. Tehran is closely linked to Shiite parties that dominate the Iraqi government.

Saudi officials say the kingdom has worked with all sides to reconcile Iraq's warring factions. They have, they point out, held talks in Saudi Arabia with Shiite cleric Muqtada al-Sadr, whose militia is accused of killing Sunnis.

These officials say zakat donations are now channeled through supervised bank accounts. Cash donation boxes, once prevalent in supermarkets and shopping malls, have been eliminated.

Still, Iraq's foreign minister expressed concern about the influence of neighboring Sunni states at a recent Arab foreign ministers meeting in Cairo.

"We hope that Saudi Arabia will keep the same distance from each and all Iraqi parties," Foreign Minister Hoshyar Zebari later told the AP.

Last month, the New York Times reported that a classified U.S. government report said Iraq's Sunni Arab insurgency had become self-sufficient financially, raising millions from oil smuggling, kidnapping and Islamic charities. The report did not say whether any money came from Saudi Arabia.

Allegations the insurgents have purchased shoulder-fired Strela missiles raise concerns that they are obtaining increasingly sophisticated weapons.

On Nov. 27, a U.S. Air Force F-16 jet crashed while flying in support of American soldiers fighting Anbar province, a Sunni insurgent hotbed. The U.S. military said it had no information about the cause of the crash. Gen. William Caldwell, a U.S. military spokesman, said he would be surprised if the jet was shot down because F-16's have not encountered weapons capable of taking them down in Iraq.

But last week, a spokesman for Saddam's ousted Baath party claimed that fighters armed with a Strela missile had shot down the jet.

"We have stockpiles of Strelas and we are going to surprise them (the Americans)," Khudair al-Murshidi, the spokesman told the AP in Damascus, Syria. He would not say how the Strelas were obtained.

Saddam's army had Strelas; it is not known how many survived the 2003 war. The Strela is a shoulder-fired, low-altitude system with a passive infrared guidance system.

The issue of Saudi funding for the insurgency could gain new prominence as the Bush administration reviews its Iraq policy, especially if it seeks to engage Iran and Syria in peace efforts.

Bush's national security adviser, Stephen Hadley, wrote in a recent leaked memo that Washington should "step up efforts to get Saudi Arabia to take a leadership role in supporting Iraq, by using its influence to move Sunni populations out of violence into politics."

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Last week, a Saudi who headed a security consulting group close to the Saudi government, Nawaf Obaid, wrote in the Washington Post that Saudi Arabia would use money, oil and support for Sunnis to thwart Iranian efforts to dominate Iraq if American troops pulled out. The Saudi government denied the report and fired Obaid.

Uneasy Havens Await Those Who Flee Iraq (NYT)

By Hassan M. Fattah

The New York Times, December 8, 2006

AMMAN, Jordan, Dec. 6 — Every day at dusk as the streets of this brooding city empty, people like Halima Reyahi scramble to become invisible again.

She sticks to side streets, her eyes scanning for the increasingly frequent police dragnets and checkpoints set up in search of illegal Iraqi immigrants like her. The loneliness of her exile is magnified by the fact that all four of her sons have been turned away repeatedly at the Jordanian border.

Ms. Reyahi is one of nearly two million Iraqis who have fled the vicious chaos of their country since the American invasion nearly four years ago, flooding neighboring states, especially Jordan and Syria, but also Lebanon and Egypt.

As they leave Iraq at a rate of nearly 3,000 a day, the refugees are threatening the social and economic fabric of both Jordan and Syria. In Jordan, hundreds of thousands of Iraqis are trying to blend into a country of only 6 million inhabitants, including about 1.5 million registered Palestinian refugees. The governments classify most of the Iraqis as visitors, not refugees.

The United Nations High Commissioner for Refugees estimated in a report released last month that more than 1.6 million Iraqis have left since March 2003, nearly 7 percent of the population. Jordanian security officials say more than 750,000 are in and around Amman, a city of 2.5 million. Syrian officials estimate that up to one million have gone to the suburbs of Damascus, a city of three million. An additional 150,000 have landed in Cairo. Every month, 100,000 more join them in Syria and Jordan, the report said.

In a report released this week, Refugees International, a Washington-based advocacy group, put the total at close to two million and called their flight "the fastest-growing humanitarian crisis in the world." Its president, Kenneth Bacon, said, "The United States and its allies sparked the current chaos in Iraq, but they are doing little to ease the humanitarian crisis caused by the current exodus."

Every night, hulking orange and white GMC Suburbans and sedans pull into the taxi garage in downtown Amman stuffed with Iraqis and their belongings, adding to the growing social problems they pose while fueling growing fears that Iraq's sectarian tensions will spill over here.

As Iraq seems to disintegrate into warring factions of Sunnis, Shiites and Kurds, the risk that their dispute will be transferred here and increase local social problems is frightening the authorities. As a result, restrictions on Iraqis have been tightened in Egypt, Syria and Jordan, which has been increasing patrols seeking to evict those who have overstayed their visas.

Most of the émigrés bring tales of horror and sadness. Ali Ghani, a onetime champion Iraqi body builder, said that his father had been grabbed from their house in Iraq, apparently because he was a Shiite; his body was later found in the street. Several other friends have met a similar fate, he said.

Partly as a result of such strife, refugees here claim, there is a growing sectarian dimension to the official crackdown. They say the authorities of this officially Sunni country have paid more attention to deporting Iraqi Shiites, fearing that their militias are trying to organize here.

"There is only disrespect for us now," said Qais Attiyeh, 36, a Shiite sculptor who says he has been granted refugee status in Amman. "And now I increasingly find Jordanians who ask me, 'Are you a Shiite or a Muslim?' " he said, referring to extremist Sunnis' rejection of Shiism as a branch of Islam.

"I read their facial expressions and tell them what they like to hear," he said.

Faris Braizat, a researcher at the Center for Strategic Studies at Jordan University, said, "It's becoming clear that with these kinds of numbers we are creating a massive problem further down the road." Jordanians, once proud of their Iraqi neighbors, have become unwilling to continue sacrificing for them, he said.

The first wave of Iraqis, mostly doctors, intellectuals and teachers, came here after the Persian Gulf war in 1991, escaping Saddam Hussein's Iraq. After the American invasion of 2003, a similarly wealthy wave of former government figures, businessmen and investors came here with billions of dollars that they soon began investing in real estate and businesses. Their arrival drove up prices but was also credited with helping the economy. As their numbers grew and much poorer people started to arrive, however, the problems began.

In particular, when Iraqi suicide bombers attacked three Amman hotels in 2005, this country's attitude toward Iraqis changed abruptly. The attack was organized by Al Qaeda in Mesopotamia, which was led by Abu Musab al-Zarqawi, a

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Jordanian. Jordanian officials stepped up immigration enforcement, turning away many Iraqis at the border and making it harder for Iraqis to renew their visas.

It remains the case that those able to deposit $150,000 in Amman banks are granted residency almost instantly here. A few have also been sponsored by employers or have married Jordanian women. But the vast majority, poor and with few options, enter on visitor visas and soon become illegal, opening them up to exploitation and abuse.

Human Rights Watch called on the Jordanian government last week to grant Iraqis temporary protection and legalize their status. The group also called on the Jordanians to halt the deportation of Iraqis who registered for temporary protection and to admit asylum seekers, in addition to exempting Iraqis who registered their status from having to pay stiff fines.

Iraqis are increasingly blamed for Jordan's ills. Those with cash are blamed for doubling, and even tripling, property prices, as well as for buoying prices on everything from tomatoes to cigarettes. (Less attention has been paid to the broader market forces that led to the rise.)

The average price of a three-bedroom apartment in upscale West Amman has risen to up to $150,000 from about $50,000. Apartments that once rented for $400 now rent for $1,200, pricing out the average Jordanian, who earns between $500 and $750 per month.

Khaled Saeed, who owns a DVD shop in downtown Amman, was saving for years to buy an apartment near Amman's Sports City complex. He had his eye on one building where, just a few years ago, apartments sold for the equivalent of $35,000.

Then the Iraqis came, he said.

"When I finally came to buy it after some time, I found that the price had risen to 45,000 dinars," he said, amounting to almost $65,000. "So I've changed my mind about the Iraqis. Now I just wish they would leave so that life would go back to normal."

Late this summer the government loosened restrictions on private education for Iraqis without residency here, flooding Jordanian schools with new students. Principals have found themselves in the awkward position of telling families they have to go elsewhere.

Inflation, too, has doubled to 6 percent from about 3.5 percent in 2005, fueled in part by reduced subsidies on oil and gasoline, and by growing demand from Iraqis, economists say.

Many refugees say the crackdown has focused attention on Shiites, even as the government has hunted down Al Qaeda. Even before this, Shiite prayer halls, known as Husseiniyas, were strictly banned here. Security officials have been wary of Shiites seeking to organize and preach Shiite teachings. A prominent sheik representing Grand Ayatollah Ali al-Sistani of Iraq was deported late this summer.

In the Jordanian town of Muta, the site of a historic battle between Muslim and Byzantine armies, the shrine of the Shiite saint Jaffar al-Tayyar, a pilgrimage site, has come under particularly close scrutiny lately. Last week, security men crawled around the site, keeping an eye on the comings and goings of visitors.

Shiite pilgrims have been banned from sleeping overnight at the site and are now allowed to stay only briefly, a shop owner at the shrine said. Where thousands once came, the number of visitors has dropped markedly, he said, for fear of the security men, and his sales have plummeted.

Security men at the site said they were concerned about attacks against Shiites there, rather than trouble from the Shiites themselves.

Still many Shiites say they are increasingly bearing the brunt of the growing frustration with the Iraqis here.

"When you say 'deported,' people typically think 'Shia' now," one former Jordanian official said. "They are afraid that they will connect with the groups in Iraq."

Security officials say they have sought to weed out both Sunnis and Shiites who intend to cause trouble in Iraq, and do not differentiate between the sects. "We don't have a problem with someone trying to advance his Shiite faith," the security official said. "But we do have a problem with someone proselytizing and being political."

The Iraqi exodus has sent ripples through Syria, too, where the government has maintained an open-door policy for Iraqis, attracting mainly poor Iraqis who have flocked to neighborhoods like Sayeda Zeynab, the site of a Shiite shrine, creating little ghettos.

There, too, rents have risen, more than doubling in poorer areas like Jaramana, a suburb of Damascus. Some officials have begun warning of impending electricity and water shortages in Syria because of the influx of Iraqis. The price of heating oil and gasoline is expected to rise along with the increased demand.

Reserve Troops Facing Job Woes (USAT)

By Barbara Slavin

USA Today, December 8, 2006

DOJ_NMG_0103963

WASHINGTON — The number of reservists and National Guard members who say they have been reassigned, lost benefits or been fired from civilian jobs after returning from duty has increased by more than 70% over the past six years.

The sharp spike in complaints brought to the U.S. Labor Department reflects the extensive use of part-time soldiers in Iraq and Afghanistan, the largest call up of reserves since the 1950-53 Korean War.

DEPLOYMENT COSTS: Impact of police felt on street

About 500,000 of the 850,000 reservists and National Guard members eligible for duty have been mobilized since late 2001, said Maj. Rob Palmer, spokesman for a Pentagon office that tries to resolve job disputes.

Not all have been treated well by their employers when they return home.

After the 1991 Gulf War, "I was welcomed home with ticker tape," said Marc Garcia, a lieutenant colonel in the Army Reserves. "This time, I get the door slammed in my face."

Garcia, a member of the State Department's Bureau of Diplomatic Security, has been called up twice since Sept. 11, 2001, once for Afghanistan and the last time for stateside duty.

Garcia, 44, had been a supervisor in the Miami office of the security bureau. When he returned to work early last month, he was given a desk job in Washington with no clear responsibilities, he said.

Last month, a judge in Atlanta ruled that the State Department violated Garcia's rights under a 1994 law, which requires employers to give returning reservists their old jobs or equivalent positions. The law was passed to address employment problems faced by veterans returning from the 1991 Gulf War.

The Labor Department said it handled 1,548 complaints from returning service members in the fiscal year ending Sept. 30, up from 895 in the year that ended Sept. 30, 2001. About a third of the cases are resolved in favor of employees, the department said.

Those numbers don't reflect all the servicemen and women with problems. Many of the cases are settled before they get to the Labor Department.

The Pentagon received more than 8,000 complaints this year, nearly double the previous year, but most were resolved without further government action, Palmer said. Complaints range from being fired, losing chances for promotion or being reassigned to jobs with less pay or responsibility.

Retired Marine lieutenant general Dennis McCarthy, executive director of the Reserve Officers Association, a private advocacy group, acknowledged the deployments can be difficult for employers, particularly small companies. "That burden is an acceptable cost when it's compared to the value of reserve service to our country," he said.

Impact Of Police Being Sent To Iraq Felt On Street (USAT)

By Kevin Johnson

USA Today, December 8, 2006

WASHINGTON — The deployment of thousands of police officers to Iraq, Afghanistan and other military reserve posts is costing local law enforcement agencies up to $1.2 billion per year, according to a new analysis of Justice Department data.

The review, prepared for a law enforcement trade journal by Justice Department statistician Matthew Hickman, found that the number of military call-ups is outstripping the pace of new hires at a time when agencies are struggling to find new recruits, and as crime is ticking upward after several years of historically low crime rates.

The problem is particularly acute in small police agencies, which often have struggled to fill gaps in patrol coverage left by cops who have been called to military duty, according to Hickman's analysis, just published in Police Chief magazine.

"This is a serious problem since (police executives) cannot place quotas on the number of reservists in their agencies," according to the analysis, which said that about 2.2% of the estimated 683,600 full-time police officers, sheriff's deputies and state troopers across the nation are in the military reserves.

For his analysis, Hickman reviewed personnel in 3,000 of the nearly 16,000 police agencies across the nation for a 12-month period that ended June 30, 2003. The findings then were projected across all of the agencies as estimates of continuing annual costs to local law enforcement.

Hickman estimated that 11,380 law enforcement officers were called for military reserve service from all agencies during the time period studied, compared with gains of about 2,600 new hires.

At least 23% of all police agencies had officers called for reserve duty during that time, according to Hickman. There is no official count of how many reservists are police officers, but Hickman says the trends in military call-ups and police hiring appear to have been consistent since the period he examined. Police chiefs say overtime paid to other officers to fill patrol shift gaps accounted for the bulk of the deployment costs.

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Hickman's analysis does not directly link the reservist call-ups to recent increases in violent crime in many cities. However, police chiefs such as Houston's Harold Hurtt say the impact of call-ups is being felt on the street — even in large departments such as his that are able to absorb losses in officers more easily than smaller police agencies.

"Everybody understands the necessity to do their part for the country," says Hurtt, president of the Major Cities Chiefs Association, a group of about 60 police agencies in the USA and Canada. "But this responsibility is having a noticeable impact on our ability to provide basic services. A lot of these (reservists) were people who answer calls for service."

Hurtt says many of the 25-30 Houston cops called to military duty have been notified that their service likely will be extended beyond a year. The numbers represent a tiny portion of the city's 4,800-officer force, but the call-ups have come as the department is trying to fill hundreds of vacancies caused by the retirements of 700 officers in the past two years, Hurtt says.

Police staffing is a particularly urgent issue in Houston, which took in about 200,000 evacuees from Hurricane Katrina last year. Hurtt says the surge in population contributed to a jump in violent crime, including a 20% increase in homicides this year. This year, the U.S. government gave Houston about $20 million to help pay police overtime and other costs related to the influx of Katrina evacuees.

Reservist call-ups have had more impact on smaller police agencies. In Pottsville, Pa., Police Chief Joseph Murton says the department lost three of its 28 officers to prolonged reserve duty during the past three years.

The deployments, which will require two of the officers to serve two years each, triggered a department-wide restructuring of patrol shifts and undisclosed overtime costs to cover the manpower shortfall. "We understand the value of freedom; we support the service they are providing our country," Murton says. "But it has been difficult. This has affected everybody in the department."

Murton says his community of about 16,500 residents, 100 miles north of Philadelphia, was making do with a decreasing police force before military call-ups. A tightening local budget has forced Pottsville's police department to cut its number of patrol officers from 35 to 28 during the past several years, Murton says.

"If I'm a manufacturing company, I can go to a temp service to fill slots I'm losing to call-ups," he says. "You can't do that in law enforcement. Our employees are required to undergo 22 weeks of training. The average employer doesn't have to face that."

DOJ:

Congress Signs Off On Comp Time For Justice Lawyers' Travel (GOVEXEC)

By Karen Rutzick

Government Executive, December 8, 2006

The Senate passed a bill Wednesday providing compensatory time off for Justice Department lawyers on business travel, following House approval of the measure in March.

Sponsored by Sen. Daniel Akaka, D-Hawaii, and passed unanimously, the bill provides Justice lawyers the same benefit as the rest of their white-collar counterparts in the federal government. The bill now goes to President Bush.

Congress initially granted civil servants comp time for travel as part of the 2004 Federal Workforce Flexibility Act. The Justice Department, however, determined that it lacked authority to grant lawyers the benefit because of limitations on their premium pay.

Richard Delonis, president of the National Association of Assistant United States Attorneys, which has lobbied Congress for two years to force Justice to change its rule, said the department's attorneys are being asked to spend more nights and weekends traveling.

"The comp time legislation passed by Congress sends an important message to these dedicated public servants, assuring that they do not bear an extra burden that Congress did not intend to impose," Delonis said.

On the House side, Reps. Jon Porter, R-Nev.; Tom Davis, R-Va.; Henry Waxman, D-Calif.; Danny Davis, D-Ill.; and Chris Van Hollen, D-Md., introduced the comp time bill (H.R. 4057) to correct the variation in benefits.

Agencies can award travel comp time when they are otherwise unable to compensate employees for time spent in transit outside of normal work hours. They are not allowed to give cash payments, but there is no limit on the amount of time off they can award.

The rules on travel comp time are complex. For example, time spent eating meals is not eligible. That includes meals eaten at an airport while waiting for a flight. The Office of Personnel Management considers this to be time that employees would have spent eating elsewhere.

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In addition, regular commuting time is deducted from travel comp time. If employees travel to the airport from home in the morning, they must deduct the amount of time they normally spend commuting. But if employees travel from work to the airport, then that time is considered compensable.

By law, members of the Senior Executive Service, immigration judges and Federal Wage System employees in the Justice Department will remain ineligible for travel comp time.

Northrop Grumman Gets Justice Contract (AP)

AP, December 8, 2006

Northrop Grumman to Provide Information Technology Services to Justice Department in $20M Deal

MCLEAN, Va. (AP) -- Defense and technology company Northrop Grumman Corp. said Thursday it received a contract worth up to $20 million to help improve information technology management and operations for the Department of Justice.

Northrop will provide IT and security analysis, training, Web content, task and asset management, and applications, operations and help desk support for the agency's Criminal Division Office.

The one-year contract has four one-year options and is worth about $19.9 million if they're all exercised.

Northrop Grumman's teammate on the task order is CACI International Inc. of Arlington, Va.

CORPORATE SCANDALS:

Senator Calls For An Easing Of Corporate-Wrongdoing Rules (NYT)

By Lynnley Browning

The New York Times, December 8, 2006

The departing chairman of the Senate Judiciary Committee proposed legislation yesterday calling for a rollback of the tactics adopted by federal prosecutors to combat corporate wrongdoing after the Enron collapse.

The bill from Senator Arlen Specter, a Pennsylvania Republican, is the latest challenge to the tactics, which have come under scrutiny from trade groups, former United States attorneys general and a prominent federal judge. Mr. Specter said he would reintroduce the bill next month when Congress convenes.

The Justice Department is now weighing how much to revise the guidelines, which are used as a playbook by prosecutors when conducting investigations of companies and employees. But the white-collar-crime group of an advisory council to Attorney General Alberto R. Gonzales, the body that is redrafting the guidelines, is mired in internal debate over how much to scale them back, according to a person close to the matter.

The current guidelines lay out nine factors that prosecutors must consider when weighing whether to indict a company or an individual. The guidelines are intended to encourage companies and people under scrutiny to demonstrate cooperation with investigators by, among other things, disclosing legal secrets, or else face a heightened risk of indictment — a death knell, as it was for the accounting firm Arthur Anderson in 2002.

Despite calling some of the tactics “legitimate tools,” Mr. Specter’s bill calls for “clear and practical limits” to protect the confidentiality of legal communications surrounding companies and employees under investigation.

The current guidelines also encourage companies under investigation to demonstrate cooperation by cutting off legal fees to employees caught up in the inquiries, all in order to avert indictment — something the Specter bill seeks to halt. Mr. Specter, who is a former federal prosecutor, and other critics have said that prosecutors use the tactics as a bludgeon to coerce companies and individuals into giving up their rights.

Specter Bill Seeks To Alter DOJ Corporate Fraud Investigations (LAW)

By Jason Mclure, Legal Times

Legal Times, December 8, 2006

In an attempt to pressure the Justice Department to alter the way it investigates corporate fraud, a key member of the Senate Judiciary Committee on Thursday formally introduced legislation aimed at preventing prosecutors from forcing companies to waive the attorney-client privilege in order to avoid indictment. Sen. Arlen Specter, R-Pa., the outgoing chairman of the committee, said on the Senate floor that the DOJ had not moved quickly enough to change policies that he said encroached on corporate defendants' constitutional right to counsel.

"I see no need for the Justice Department to publicly express a policy that encourages waiver of attorney-client privilege," Specter said. "Especially where the policy is backed by the heavy hammer of possible criminal charges."

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Specter was joined by former Attorney General Richard Thornburgh and lobbyists from a number of business and legal groups, who said that forcing a change in the DOJ's policy could lead the Securities and Exchange Commission, the Internal Revenue Service and other government agencies to review their policies on privilege waivers.

"I have no doubt, if DOJ changed policies, it would lead to backtracking by agencies that have followed suit," Thornburgh says.

Specter's move comes as Deputy Attorney General Paul McNulty is leading an internal review of the government's corporate-fraud prosecution policies in the wake of a concerted lobbying effort by business groups and a court decision in New York that found one of the policies to be unconstitutional.

Given that companies would still be granted credit for "voluntarily" waiving their privilege, however, it's unclear whether Specter's bill would have any real effect, says Andrew Hruska, a former DOJ lawyer who helped draft the current controversial policies. And with the Senate set to adjourn on Dec. 8, the bill appears to be aimed squarely at pressuring McNulty. "How far they'll go, I don't know," Specter said of the DOJ's review. In a statement, a spokesman for the Justice Department said it would examine Specter's bill. "We have met with a number of individuals and organizations who have raised concerns or suggestions about our current guidance," said the statement, issued by DOJ spokesman Brian Roehrkasse. "Currently, we have not made any final decisions."

At issue is the way federal prosecutors have interpreted provisions of the so-called Thompson memo, issued in 2003 by then-Deputy Attorney General Larry Thompson. In the memo, Thompson lists a number of factors prosecutors should consider when deciding whether to indict a company for corporate fraud. Among them: whether the company has waived the attorney-client or work-product privilege and granted prosecutors access to internal investigations prepared by the company's lawyers. (Thompson is now general counsel of PepsiCo.) Given that companies under criminal indictment are often driven to bankruptcy -- most notably exemplified in the case of accounting firm Arthur Andersen -- the DOJ's critics say corporate defendants are left with little choice but to waive their privilege and turn over documents relating to internal investigations. Those documents often become public through court proceedings and provide fodder for shareholder class actions.

Critics of the Thompson memo, including Thornburgh, say it has led to a "culture of waiver" in which prosecutors frequently demand companies waive their attorney-client privilege and cut off legal fees to culpable executives at the beginning of an investigation.

But Justice Department officials involved in promulgating the original Thompson memo say its principles are sound and have helped prosecutors win more than 1,100 corporate-fraud convictions since 2002. Although individual prosecutors may have overreached in certain circumstances, they argue, the document's guidelines are an accurate way to assess whether a company is truly cooperating with a criminal fraud investigation. "I do think a lot of prosecutors are doing the right thing," says William Mateja, a former Justice Department official involved in drawing up the memo. "First and foremost, they're trying to get to the truth, and if they can get to it without asking companies to waive, they do."

Both Specter's bill and the Justice Department's internal review represent a success for the business and legal groups that have criticized the DOJ's corporate-fraud tactics. Calling themselves the Coalition to Preserve the Attorney-Client Privilege, a range of groups -- including the National Association of Manufacturers, the U.S. Chamber of Commerce, the American Civil Liberties Union and the Association of Corporate Counsel -- have pushed Congress to roll back the DOJ's most aggressive anti-fraud tactics.

Dodd Vows To Protect Investors (WP)

By Carrie Johnson

The Washington Post, December 8, 2006

Sen. Christopher J. Dodd asserted yesterday that he was not "allergic to business," but the Connecticut Democrat vowed that preserving investor confidence would guide his actions and agenda as chairman of the Senate Banking Committee next year.

Dodd, whose state is home to many of the nation's 9,000-odd hedge funds, rejected the idea of legislation that would impose new rules on the $1 trillion industry. In a briefing with reporters yesterday, Dodd forcefully reasserted his jurisdiction over hedge funds -- trumping a bid by the outgoing chairman of the Senate Judiciary Committee to introduce legislation that would force the funds to register with securities regulators under certain circumstances.

Instead, Dodd said, he would question officials from the Treasury Department and the Federal Reserve Board about their efforts to better understand hedge funds, which are loosely regulated pools of capital designed for wealthy and sophisticated investors. Increasingly, public employee pension funds and other retail investors have been pouring money into hedge funds, an issue of concern for Dodd.

"We bear a responsibility to that kind of investor to make sure there's transparency and the like," he said.

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Dodd's remarks are being closely watched by industry and investor advocates because they come at a time when trade groups are arguing that burdensome regulation and too many lawsuits are hurting the competitiveness of U.S. markets and sending businesses abroad.

While Dodd agreed with changing a contentious audit rule blasted by companies as overly expensive, he rejected a wholesale rollback of measures designed to protect investors after the collapses of Enron and WorldCom. In some instances, Dodd argued, regulators went far beyond the intentions of the 2002 Sarbanes-Oxley law. The Securities and Exchange Commission and the Public Company Accounting Oversight Board are to unveil changes to the audit rule within two weeks.

"I'm not going to tolerate during my stewardship here to have a systemic failure because we raced to the bottom in regulations," Dodd added.

The lawmaker said he would seriously consider proposals by the private Committee on Capital Markets Regulation, which last week called for less costly corporate rules and limits on the ability of people to sue businesses, board members and auditors.

Dodd also said he had not yet determined whether to pursue the presidency in 2008, a decision he said he would make early next year. Until then, Dodd said, he will not impose a blanket ban on accepting political donations from industries his banking committee oversees.

Separately, Sen. Arlen Specter (R-Pa.) introduced as expected a measure that would bar prosecutors from forcing companies to waive the attorney-client privilege and from refusing to pay attorney fees for employees ensnared in investigations.

Specter said he went forward with the legislation, which he will take up again next year, because Justice Department officials have failed to produce their own plan after repeated urging from Congress and a coalition that includes the U.S. Chamber of Commerce, the National Association of Manufacturers, the American Civil Liberties Union and the National Association of Criminal Defense Lawyers.

Senator Fights Illegal Tactics Against Corporations (AP)

By Lara Jakes Jordan, Associated Press

AP, December 8, 2006

WASHINGTON — The outgoing Senate Judiciary Committee chairman tried to increase pressure on the Justice Department on today to drop what he described as coercive and unconstitutional tactics used against companies in criminal investigations.

Hours before Congress was to leave for the year, Sen. Arlen Specter, R-Pa., filed legislation that would prohibit prosecutors from unduly pressuring companies to cooperate in such cases.

The tactics were written in the wake of white-collar crime cases at major corporations that cost investors and employees billions of dollars. Companies that do not cooperate face possible indictment.

Asked if the legislation would make it harder to prosecute companies and protect shareholders, Specter said, "I don't think so. I think it'll require (prosecutors) to do a little more work."

"That's a small price to pay for preserving constitutional rights," he said.

Even with the end of the congressional session and Democrats taking power, Specter said he will push to change the law next year and will refile his bill in January. He wants to:

— Prohibit the department from pressuring corporations to waive their rights to preserve conversations and other information shared between lawyers and their clients as confidential.

— Allow corporations to continue paying lawyers' fees for their employees without fear of seeming uncooperative with investigators.

— Bar the department from considering how cooperative a corporation has been with the investigation when determining possible charges.

Deputy Attorney General Paul McNulty is reviewing the memo — written in 2003 by Larry Thompson, who was then deputy attorney general. McNulty is expected to announce changes as early as next week.

Specter said it is not likely that the department will meet all of his demands.

"It may be that the first draft they give us will be satisfactory," said Specter, flanked at a news conference by former Attorney General Richard Thornburgh and officials from the U.S. Chamber of Commerce and the American Civil Liberties Union. "Or it may be that it will require a fair amount of negotiation. That's the more likely consequence."

The committee's incoming chairman, Sen. Patrick Leahy, D-Vt., "has serious concerns about the current, coercive policy," a spokeswoman said, but is waiting to see what the department proposes before considering legislation.

In June, a federal judge in New York said the policy violated employees' rights to fair trials after accounting firm KPMG cut off their legal aid in trying to cooperate with prosecutors.

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Hewlett-Packard Agrees To $14.5-million Settlement Over Spying Claims (LAT)

By James S. Granelli

The Los Angeles Times, December 8, 2006

Hewlett-Packard Co. today agreed to a $14.5-million settlement with California Atty. Gen. Bill Lockyer to resolve claims that the computer products maker illegally spied on people in an effort to halt media leaks from the boardroom.

The pioneering Silicon Valley firm will pay $13.5 million into a privacy and piracy fund that will be used by the attorney general and local prosecutors to investigate and prosecute violations of privacy and intellectual property rights.

In addition, HP will pay $650,000 in civil penalties, $350,000 to cover the attorney general's investigation and agreed to strengthen its corporate governance standards to make sure the company complies with ethical and legal standards.

"With its governance reforms, this settlement should help guide companies across the country as they seek to protect confidential business information without violating corporate ethics or privacy rights," Lockyer said in a statement. "And the new fund will help ensure that when businesses cross the legal line, they will be held accountable."

The Santa Clara County Superior Court approved the settlement, which Lockyer filed today as part of a civil lawsuit.

A relieved HP Chairman Mark Hurd said the company, which did not admit any wrongdoing, was "committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility."

The civil lawsuit was separate from the criminal charges pending against former HP Chairwoman Patricia Dunn, one former executive and three outside investigators for their alleged roles in surreptitiously tapping into private phone records of directors, reporters and their families.

The Palo Alto-based company revealed in September that its outside investigators had used so-called pretexting, where people posed as directors and reporters to gain access to their phone records, as part of an elaborate corporate spying campaign over the past two years.

The revelations led to Dunn's ouster, the firing of three other executives, a congressional hearing and the criminal charges.

The scandal riveted Silicon Valley throughout September as Lockyer, the FBI, a congressional panel and the Securities and Exchange Commission launched investigations into the Palo Alto company once considered so strait-laced that the "HP Way" was synonymous with honesty and fair dealing.

So far, only Lockyer has filed criminal charges. Dunn and four others are accused of using false pretenses to obtain confidential information from a public utility, gaining unauthorized access to computer data, identity theft and conspiracy to commit each of those crimes. All have pleaded not guilty.

H-P Settles Civil Charges In 'Pretexting' Scandal (WSJ)

By Christopher Lawton

The Wall Street Journal, December 8, 2006

Hewlett-Packard Co. agreed to pay $14.5 million to settle civil charges stemming from a board-leak probe, the latest in a series of moves the technology giant has made to put the scandal behind it.

H-P didn't admit any wrongdoing under the settlement with California Attorney General Bill Lockyer, who has brought criminal charges against former executives and others involved in the company's investigation into the media leaks. The settlement won't affect those cases, legal experts said, but it suggests that H-P itself isn't likely to face criminal charges. All the defendants in the criminal cases have pleaded not guilty.

NEW DOCUMENTS

· California AG: H-P "is not Enron"1

· Civil complaint2 | Settlement judgment3

MORE ON THE CONTROVERSY

See a graphical timeline4 and other key documents in the H-P scandal. Plus, read profiles5 of former H-P Chairman Patricia Dunn, CEO Mark Hurd and other key players in the leak-probe controversy. (Complete coverage.6)

The civil settlement requires the company to pay $13.5 million toward a new law-enforcement fund for authorities to investigate violations of privacy and intellectual-property rights. Both the attorney general's office and local prosecutors will be allocated as much as $500,000 each year from the fund to investigate and prosecute any violations of those rights. (Read the judgment7 detailing the settlement.)

H-P agreed to pay an additional $650,000 in civil penalties and $350,000 to cover the costs of the attorney general's investigation. The company also agreed to a series of internal governance overhauls that are aimed at heading off any possible abuse of privacy rights in the future.

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H-P used practices that included pretexting -- obtaining private phone records under false pretences -- of company directors, employees and journalists as part of a probe that turned into a high-profile scandal this fall.

Along with documents outlining the settlement, Mr. Lockyer's office also filed a civil complaint in Santa Clara County Superior Curt alleging that H-P used "false and fraudulent pretenses" to obtain confidential phone records. Significantly, however, H-P didn't admit wrongdoing in connection with the allegations in the complaint, which could have affected the criminal cases or other civil litigation associated with the scandal.

Mr. Lockyer's office said the settlement will have no impact on the criminal case brought against former H-P Chairman Patricia Dunn and others in the company's leak investigation, but could still set an important precedent.

"The Hewlett-Packard incident has helped shine a national spotlight on a major privacy protection problem," Mr. Lockyer said8 in a statement. "The new fund will help ensure that when businesses cross the legal line they will be held accountable."

Mark Hurd, H-P's chairman and chief executive, added that the company was pleased to settle the matter and is "committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility."

The H-P scandal erupted in September, largely as a result of complaints by director Thomas Perkins about H-P's actions in investigating the possibility that board members had leaked confidential information. Mr. Perkins resigned from the board last spring.

Besides Mr. Lockyer's office, investigations were launched by the Justice Department, the Securities and Exchange Commission and a congressional subcommittee, which held high-profile hearings in September. The fallout led to the departures of several H-P executives and board members, including Ms. Dunn and director George Keyworth.

The settlement, which has been approved by the state court, includes provisions associated with H-P's governance processes that will extend for five years. Among other things, the company will designate an independent director who will be responsible for reviewing and reporting to the board H-P's legal and ethical requirements as it relates to future investigations.

H-P's chief ethics and compliance officer, whose position was created in October, will play a key role in the tighter governance procedures. That executive, who previously reported to H-P's general counsel, will now also report to the audit committee of H-P's board.

H-P also will establish a compliance council chaired by the ethics officer to develop, maintain and revise H-P's ethics and compliance programs. The company has retained an expert in investigative practices to conduct a comprehensive review its investigative practices and to assist the chief ethics and compliance officer in making improvements where appropriate. H-P also agreed to beef up the ethics and conflict-of-interest portions of its employee-training program.

Joel Reidenberg, professor of law and director of the Center on Law and Information Policy at Fordham University School of Law, in New York, said the settlement was an important victory for Mr. Lockyer, who is leaving office in January to become California state treasurer. He argued that the agreement bolsters a perception that H-P's tactics did violate a legal privacy right, even if it has no impact on any other cases.

"All of this points quite clearly to the illegality of what H-P did, but it is a settlement," Mr. Reidenberg said. "It is not a court decision that what H-P did is illegal."

William Keane, a partner and criminal defense attorney at the San Francisco law firm Farella Braun & Martel, called the settlement a smart move by H-P. "The statement reflects a recognition by H-P, at a minimum, that it would been a challenging case to defend," said Mr. Keane, who isn't involved in the case.

Hewlett To Pay $14.5 Million In Deal On Spying Case (NYT)

By Damon Darlin

The New York Times, December 8, 2006

SAN FRANCISCO, Dec. 7 — Hewlett-Packard said today that it would pay $14.5 million in a settlement with the California attorney general over the company's use of private detectives to obtain phone records of board members and journalists.

The company is paying $650,000 in fines for "statutory damages," but the bulk of the money, $13.5 million, is going to create a state-administered fund to finance the investigation of privacy violations. The rest of the settlement goes to cover the attorney general's expenses in its investigation of the corporate spying case.

Hewlett-Packard reported revenue for its fiscal year of $91.7 billion. The fine is equivalent to what the company brings in every 83 minutes.

The attorney general's civil lawsuit was filed today in state court along with the settlement of that case. The civil suit did not name any individuals.

The attorney general, Bill Lockyer, filed criminal charges in early October against five people, including Patricia C. Dunn, the former H.P. chairwoman, and a former company lawyer, accusing them of violating state privacy laws. All of the individuals have pleaded not guilty.

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In those cases, the attorney general alleges that company officials passed on information to private investigators — who in turn passed it to other private investigators — that allowed the personal phone records of several board members and journalists to be viewed. The investigators used a form of subterfuge, called pretexting, to obtain the private phone records by pretending to be someone else.

The settlement of the civil suit puts an end to the company's problems with state investigators. But on the federal level, the Justice Department, the Securities and Exchange Commission and the Federal Communications Commission are all investigating the company's conduct during the company's internal investigations of leaks from its board during 2005 and 2006.

HP, Calif. Settle Spying Lawsuit (WP)

By Ellen Nakashima

The Washington Post, December 8, 2006

California's attorney general announced a $14.5 million civil settlement with Hewlett-Packard over its corporate spying scandal yesterday and said in an interview that he was exploring a possible settlement of criminal charges against the firm's former chairman.

Patricia C. Dunn was ousted as chairman in September after the HP ethics and spying scandal became public. California Attorney General Bill Lockyer filed fraud and conspiracy charges against her in October, a day after Dunn learned that she had suffered a relapse of ovarian cancer.

Lockyer said he has been talking to Dunn's attorney, James Brosnahan, about a potential settlement. "I'm sympathetic to her health problems," Lockyer said in an interview, adding that there was "nothing yet that would indicate that settlements are likely."

Brosnahan did not return a reporter's call yesterday.

The civil settlement involved a lawsuit the state filed against the computer giant in Santa Clara County Superior Court. Under the agreement, HP will pay $13.5 million to create a "privacy and piracy" fund to help state and local law enforcement fight privacy and intellectual property violations. The rest of the money will go to damages and to pay for the investigation.

HP also agreed to strengthen in-house monitoring to ensure that future investigations launched by HP or its contractors will comply with legal and ethical standards and protect privacy rights. HP further agreed to hire an independent director, expand the duties of its chief ethics officer and chief privacy officer, beef up staff ethics training and create a compliance council to set policies for ethics programs.

"This settlement creates a template for other companies seeking to protect confidential business information without violating corporate ethics or privacy rights," Lockyer said.

The scandal broke in September when HP acknowledged in a Securities and Exchange Commission filing that investigators probing internal HP leaks to the media had gained access to board members' personal phone records by impersonating the board members, a practice known as pretexting. HP's investigators also conducted physical and electronic surveillance of board members and reporters, according to HP documents.

Pretexting violates a California criminal law banning the use of "false and fraudulent pretenses" to obtain confidential information from a phone company, Lockyer's office said. California civil law also considers criminal acts unlawful business practices, which was the basis of the state's civil action.

The civil settlement does not affect the criminal charges brought against Dunn and four others, including former HP chief ethics director and senior legal counsel Kevin Hunsaker, who resigned as the scandal unfolded; Boston security consultant Ronald R. DeLia; and private investigators Bryan Wagner of Littleton, Colo., and Matthew Depante of Melbourne, Fla.

Lockyer commended HP yesterday for "cooperating, instead of stonewalling" the investigation.

Mark V. Hurd, HP's chairman and chief executive, hailed the deal. "We are pleased to settle this matter with the attorney general and are committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility," he said.

HP To Pay $14.5M To Settle Spying Lawsuit (USAT)

By Jim Hopkins And Michelle Kessler

USA Today, December 8, 2006

SAN FRANCISCO — Hewlett-Packard (HPQ) said Thursday that it would pay $14.5 million and bolster its corporate governance to settle a civil case brought by California's attorney general over a boardroom spying scandal that engulfed HP this year.

The computer giant will pay $13.5 million to create a state fund to enforce privacy and intellectual property laws. HP also will pay $650,000 in civil penalties and $350,000 to cover Attorney General Bill Lockyer's investigation.

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SCANDAL NO THREAT TO BUSINESS: HP looks sharp to many tech analysts

The settlement is expected to absolve HP of all civil and criminal claims in the matter, Lockyer says. It does not affect criminal charges he filed against former HP chairman Patricia Dunn and four others. They have pleaded not guilty.

The settlement's governance reforms are to ensure that HP complies with legal and ethical standards and protection of privacy rights, Lockyer said.

The reforms include expanding the role of HP's chief privacy officer.

READ MORE: HP statement | Legal documents

Charles Elson, director of the University of Delaware's corporate governance center, said the reforms were a good step. But he said HP had ethics rules in place when it launched the boardroom probe.

"The problem was, people who implemented those policies acted in improper manners," he said.

HP said it was not found liable in the settlement. Chairman and CEO Mark Hurd said the company is "committed to ensuring that HP regains its standing as a global leader in corporate ethics."

Lockyer acknowledged that $14.5 million is small relative to HP's size. But he noted, "The fine or penalty isn't a function of how big the company is."

Other corporations have paid far more to settle law enforcement claims. Securities giant Prudential Equity Group agreed in August to pay $600 million to resolve civil and criminal complaints brought by the SEC and others.

HP shares closed at $39.86 on the news, down 28 cents.

The settlement stems from HP's efforts to uncover the source of boardroom news leaks to journalists. HP's private investigators used subterfuge to get phone records of directors, journalists, employees and their family members.

A bill making it a crime for anyone but law enforcement agencies to get phone records under false pretenses is expected to be approved by the Senate as soon as this week after clearing the House. President Bush is expected to sign the legislation.

Hewlett-Packard To Pay $14.5 Million In Spying Probe (Update2) (BLOOM)

By Karen Gullo And Connie Guglielmo

Bloomberg, December 8, 2006

Dec. 7 (Bloomberg) -- Hewlett-Packard Co., the world's largest maker of personal computers and printers, agreed to pay $14.5 million to settle an investigation by California's attorney general over the spying tactics used to uncover boardroom leaks.

The money will be used to finance a fund to fight privacy and intellectual property violations, California Attorney General Bill Lockyer said today in a statement. The state won't pursue new civil claims against the company or current and former directors and employees, Hewlett-Packard said in a statement.

The agreement ends California's probe of Palo Alto, California-based Hewlett-Packard, which hired investigators who used fake identities to obtain private phone records. It would take Hewlett-Packard an hour and 23 minutes to generate $14.5 million in sales, based on fiscal 2006 revenue of $91.7 billion.

``It's kind of a slap on the wrist," said Rob Enderle, an analyst with San Jose, California-based Enderle Group. ``This was a series of mistakes that was more about incompetence than criminal intent. Paying $14.5 million for an `oops' is probably good enough and for every company that may need to be reminded that spying on reporters is not a good idea, this may do it."

Hewlett-Packard still faces investigations by the U.S. Securities and Exchange Commission, Justice Department and shareholder lawsuits. Lockyer separately has charged the company's former Chairman Patricia Dunn and four others with conspiracy and fraud over their involvement in an investigation into boardroom leaks. Dunn pleaded not guilty.

Hewlett-Packard shares fell 28 cents to $39.86 at 4:20 p.m. New York time in Nasdaq Stock Market composite trading. The stock has gained 39 percent this year.

`Put It to Rest'

The settlement requires Hewlett-Packard to pay $13.5 million to create a new ``Privacy and Piracy Fund" for law enforcement in California, Lockyer said in the statement. The company is also paying $650,000 in civil penalties and $350,000 in fees to cover California's investigation costs.

``It's positive that the company can put it to rest," said Tony Ursillo, who helps invest $75 billion at Loomis, Sayles & Co. in Boston. The firm had almost 4 million Hewlett-Packard shares as of September. ``These civil charges are the sort of things that can get more attention than they deserve."

The Santa Clara County Superior Court has approved the settlement, Lockyer said. Hewlett-Packard didn't admit wrongdoing as part of the settlement.

Hewlett-Packard in September said investigators may have used illegal tactics to uncover the source of boardroom leaks to the media, including pretexting, or the use of fake identities, to gain access to telephone records.

Escalation

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The scandal escalated as California, the SEC and Congress started their own probes into the methods used by investigators. Chief Executive Officer Mark Hurd, Dunn and other executives spent a day testifying before a Congressional committee seeking information on the pretexting.

Hewlett-Packard said investigators hired by the company trawled through garbage and followed reporters in their efforts to uncover which director was leaking information.

The settlement resolves a civil lawsuit filed today by Lockyer that says Hewlett-Packard violated California's unfair business practices rules by engaging ``in an unlawful scheme to spy on its own employees and directors.''

The company violated the privacy rights of those it spied on and broke California laws against deceiving phone companies to gain call records and committing identify theft. The allegations are similar to those made in Lockyer's criminal cases against Dunn and others.

``The company was fully cooperative and didn't try to stonewall or duck responsibility at all,'' Lockyer said in an interview today. ``They stepped up, they made changes, they want to get this behind them.''

New Policies

Hurd said he didn't know of the practices being used because the investigation was authorized by Dunn, who now faces charges that each carry a maximum sentence of three years in prison and tens of thousands of dollars in fines.

The California agreement comes a week before Hurd, 49, and other executives face Wall Street analysts in New York at the company's analyst day.

``We are pleased to settle this matter with the attorney general and are committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility,'' Hurd said in the statement today.

Independent Director

Hewlett-Packard agreed to adopt new policies for five years. They include designating one of its board members, Wachovia Corp. CEO G. Kennedy Thompson, as an independent director to review the company's compliance with legal and ethical standards.

Joel Reidenberg, a professor at Fordham Law School in New York, said the agreement is one of the largest settlements of a case involving privacy violations of a small group of people. Hewlett-Packard admitted obtaining private phone records of at least seven directors, two employees and nine reporters.

``For a privacy case, it's very significant,'' said Reidenberg in an interview.

Hurd last month presided over a fourfold jump in fiscal fourth-quarter profit. In the same period, Hewlett-Packard reclaimed the lead in the personal-computer market after lagging behind Round Rock, Texas-based Dell Inc. for three years.

The results demonstrated Hurd's success in overcoming the leak scandal, investors said.

``It's good because we need investors to refocus on the numbers, especially with analyst day coming up,'' Ursillo said.

Convicted Ex-Cendant Exec Under House Arrest (BLOOM)

By Jane Mills And David Voreacos, BLOOMBERG NEWS

Bloomberg, December 8, 2006

E. Kirk Shelton, the former Cendant Corp. vice chairman convicted of a $3 billion accounting fraud, was placed under house arrest Thursday by a federal judge until he begins serving a 10-year prison term.

U.S. District Judge Alvin Thompson ordered Shelton confined to his house in Darien, Conn., after an appeals court upheld his conviction Nov. 22. Thompson said he cannot order Shelton to prison until the appeals court lifts a stay on his term.

"I would order a surrender that would be forthwith," Thompson said in federal court in Hartford, Conn.

Shelton, 51, was convicted in 2005 of overstating income by $286 million at CUC International, which merged withParsippany-based HFS in 1997 to create Cendant, a travel and real-estate services company.

Cendant paid $3.2 billion to settle investor lawsuits.

Cendant split into four public companies this year.

Thompson allowed Shelton to leave his house to visit his lawyers and psychiatrist. He has been free on a bond secured by his houses in Darien and Vail, Colo.

In sentencing Shelton last year, Thompson ordered him to repay $3.2 billion to Cendant.

Both Cendant and the Justice Department have sued Shelton, saying he is hiding tens of millions of dollars in assets through fraudulent transfers.

During a hearing Thursday, Thompson said he agreed that Shelton's asset transfers were suspicious.

"At the end of the day, there is going to be a conclusion that there was a fraudulent transfer here," Thompson said.

Thompson urged Cendant and Shelton to reach a settlement, appointing an attorney to oversee negotiations.

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"We are running up a lot of legal fees here and it's a waste," he said. "Mr. Shelton is going to prison. His wife could have some peace of mind. His children could have some peace of mind. The money that would go to victims will go to lawyers."

Cendant attorney Robert Kaelin said the company is opposed to any settlement negotiations with Shelton.

Last year, Thompson ordered Shelton to make a $15 million initial payment toward his restitution. After his release from prison, the judge said, Shelton must pay $2,000 a month for 35 months before making a final payment of the $3.27 billion order.

Shelton attorney Thomas Puccio said he asked the full 2nd U.S. Circuit Court of Appeals on Thursday to reconsider the order by a three-judge panel that upheld the conviction.

Shelton was convicted of conspiracy, securities fraud, and making false statements to the Securities and Exchange Commission.

At his trial, jurors deadlocked on charges against former Cendant chairman Walter Forbes, 64, prompting a mistrial.

After a second mistrial, Forbes was convicted at a third trial in federal court in Bridgeport, Conn.

The case is U.S. v. Forbes, 02CR264, U.S. District Court, District of Connecticut (Hartford).

4 Ex-Employees Convicted In Stock Inflation Case (KCAL)

KCAL-TV, CBS 9, Los Angeles, December 8, 2006

(CBS) LOS ANGELES Four men who worked for a San Diego brokerage were convicted of federal charges Thursday for selling their clients stocks that their superiors wanted to run up in value.

The brokerage, Hampton Porter Investment Bankers, shut its doors abruptly in 2001, U.S. Justice Department attorney Kathleen McGovern told jurors during a month-long trial in Los Angeles.

Hampton Porter paid the four brokers convicted -- Bryan Laurienti, 50, David Montesano, 39, Curtiss Parker, 45, and Donald Samaria, 37, -- special commissions in return for the transactions, which typically involved thinly traded low-value stocks their firm had received at deep discounts, McGovern told jurors.

The four were convicted of conspiracy and securities fraud in connection with the transactions, according to another prosecutor on the case, Assistant U.S. Attorney David Willingham.

A fifth man, Michael Losse, 42, was acquitted on all charges, Willingham said.

The owners of the brokerage, John Laurienti and Gregory Walker, previously pleaded guilty to one count each of conspiracy, as did its retail manager, James Green. They are awaiting sentencing.

More than 100 of Hampton Porter's clients were bilked out of an estimated $5 million as the result of trades made between 1998 and 2000, authorities have said.

Once the clients bought the stocks, the prices would go up, and co-conspirators in the alleged scam would sell their shares for huge profits, according to the government.

Bryan Laurienti's attorney, Evan Jenness, said her client plans to appeal the conviction.

Attorney Michael Mayock, who represented Montesano, said he will also seek to reverse his client's conviction.

Mayock contended that it was the higher-ups at Hampton Porter who were really responsible for the stock inflation scam.

"These brokers had no idea what was going on at Hampton Porter," Mayock said.

According to the government, Hampton Porter's clients did not know that the defendants were paid the special commissions of about 10 percent for selling the stocks at issue, which were known as "house stocks."

U.S. District Judge Terry Hatter set sentencing for March 12.

The Pequot 'Scandal' (WSJ)

The Wall Street Journal, December 8, 2006

In Washington, the "whistleblower" is a stock political figure. Some are truth-tellers, others grind a political ax. One duty of Congressional oversight is knowing the difference, and that looks to be among the failings of Senator Chuck Grassley in the strange and much-hyped case of Pequot Capital Management.

Pequot is the hedge fund that Mr. Grassley is doggedly suggesting is at the center of an insider-trading scheme, one that has supposedly been winked at by the Securities and Exchange Commission. Or so claims disgruntled former SEC lawyer Gary Aguirre, whom Mr. Grassley has adopted as a truth-teller while courting publicity by suggesting an SEC coverup. The only thing missing is evidence.

This melodrama began in May, when Mr. Aguirre sent a letter to Congress claiming he'd been fired because he'd come across insider trading at Pequot. Mr. Aguirre suspected Morgan Stanley CEO John Mack of tipping off Pequot CEO Art Samberg to a corporate merger in 2001, allowing Pequot to bank $18 million. When he asked to depose Mr. Mack, senior SEC officials denied his request and Mr. Aguirre lost his job not long thereafter.

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Mr. Aguirre was soon feted at a Congressional hearing, and by August Mr. Grassley was interrogating SEC staff amid media leaks portraying the Senator as a tireless pursuer of the rich and powerful. The Iowan dismissed a report from the SEC's inspector general that found the agency had not acted improperly, and he has unleashed the Government Accountability Office to dig for whatever it can find.

Which brings us to the rest of the story, to the extent there is one. One problem is that the whistleblower in the case, Mr. Aguirre, seems to have long held sweeping grievances against hedge funds and the SEC. He spent many years as a tort lawyer in San Diego, until he retired in 1995 to attend film school. In 2003, at the ripe young age of 61, he decided he wanted a new career in government enforcement. According to SEC officials who testified at a raucous Senate Judiciary hearing Tuesday, he was turned down for an SEC job no less than 22 times.

Mr. Aguirre filed a complaint with the Equal Employment Opportunity Commission claiming age discrimination. Nearly all the SEC officials interviewed by the EEOC about their hiring decisions said Mr. Aguirre lacked the qualifications, or the temperament, to work at the agency. Nonetheless, on his 23rd try in September 2004, Mr. Aguirre was hired in the SEC enforcement division. Why Mr. Aguirre was so determined to join the SEC is unclear, but in a letter in 2000 he described certain SEC practices as "unconscionable," complaining he'd lost $10,000 in a stock deal because "institutional investors" had possessed more information than he had.

Once at the agency he became part of an ongoing investigation into some fortuitous 2001 Pequot trades. Hedge funds are in the business of closely watching markets and making bets, so winning trades hardly prove illegality. But Mr. Aguirre became convinced that Mr. Mack had tipped off Mr. Samberg in 2001 that GE Capital was buying Heller Financial. His evidence? Well, none, as he himself has admitted.

Mr. Aguirre pointed instead to the fact that Mr. Mack had interviewed for a job at CSFB, which was involved with the GE-Heller deal. Oh, and Mr. Mack and Mr. Samberg were friends. Never mind that the GE-Heller deal had been speculated about often and in many places prior to its announcement, and Mr. Samberg can presumably read.

Cooler heads at the SEC continued the Pequot investigation for a year after Mr. Aguirre left, interviewing a dozen individuals (including Mr. Mack) and ultimately found nothing. As for the latest media allegation that former SEC associate director of enforcement Paul Berger squelched the Mack deposition in order to land a private-sector job, again the only thing missing is evidence. Mr. Berger spent 14 unblemished years at the SEC's enforcement division, spearheading investigations against Fannie Mae, Xerox, KPMG and Morgan Stanley.

So what's really going on here? Mr. Aguirre's financial bugbears aside, one hint is the allusion in his whistleblowing letter to the Senate that Mr. Mack has "powerful political connections," meaning that Mr. Mack had raised money for President Bush. This has kept the media titillated, and it also gives Mr. Grassley a chance to court the New York Times and burnish his reputation as a populist. The hedge fund industry is also a sexy media target these days, and any new "scandal" will assist the cause of Senators who want more regulation, not to mention more campaign contributions, from the fund industry.

We have no affection for the SEC, and we don't know Mr. Mack. But Senators and their staff ought to be under some obligation to produce evidence before they cry scandal and drag reputations through the mud. As it stands, Messrs. Mack and Samberg appear to have been singled out for no other reason than because they have money and political friends. And if anything, Pequot is the wronged party, having cooperated with the SEC probe only to find that Mr. Aguirre had leaked confidential corporate information to Senate staff, who then leaked it to the press. That sounds like the real scandal.

Spitzer Gets Blocked (WSJ)

The Wall Street Journal, December 8, 2006

Eliot Spitzer will soon be New York's Governor, and maybe just in time for the good of his prosecutorial reputation. Another of his well-publicized lawsuits went down in flames late last week when New York Supreme Court Justice Karla Moskowitz dismissed the Attorney General's complaint against H&R Block.

Readers may recall that the AG proclaimed in March -- to the applause of his media Boswells -- that the giant tax adviser had fraudulently sold retirement savings plans. When H&R Block refused to roll over and settle, Mr. Spitzer reacted with his customary cool, promising "vast fines" and hinting at a possible corporate indictment.

Judge Moskowitz's dismissal is about as humiliating as these things get. The judge noted that Mr. Spitzer's office lacks jurisdiction over H&R Block because the parent company has no physical presence in New York state. And while its H&R Block Financial Advisers unit does work with a bank in New York, the judge found that Mr. Spitzer had shown no offending conduct at that unit.

This is good news, both for the rule of law and especially for the low-income individuals who use H&R Block's Express IRA retirement product. Mr. Spitzer had alleged that because these products have low minimum balances, and are invested in low-

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risk (and thus low-interest bearing) money market accounts, many users have sometimes paid more in fees than they earned in interest.

Mr. Spitzer cherrypicked his data to suggest that most H&R Block customers had lost money, and it is probably true that some beginning savers saw a dip in their accounts as they started to build balances. While this is an unavoidable risk for new savers relying on money-market accounts, it is not fraud. Interest rates were unusually low in the early years of the decade and have since risen, and so these money-market accounts are now seeing larger returns. Meantime, H&R Block has since received permission to charter its own bank and so is able to offer new savings products with higher interest rates and no fees.

Studies have shown that such accounts are one way to induce the working poor to get into the valuable habit of saving. Many Americans with low incomes work for companies without retirement plans, and many are reluctant to divert a portion of their already stretched paychecks to future saving. Yet numerous low-income Americans do receive sizable tax refunds from the government in some years, and the H&R Block accounts allow them to directly deposit this mini-windfall. Thrift is supposed to be a virtue.

Mr. Spitzer's office understood all this, especially because many of his fellow Democrats have been among the leading proponents of such accounts. Then again, March was tax season, and H&R Block may have been too tantalizing a political target for an Attorney General's office that wasn't being featured as often in front-page headlines.

The H&R Block defeat joins the queue of Mr. Spitzer's other courtroom losses: the failed prosecution of Bank of America broker Ted Sihpol, the foiled campaign to pry confidential mortgage data out of national banks, and his dropped civil, and evanescent criminal, charges against former AIG CEO Hank Greenberg.

Mr. Spitzer has had his successes, most of which included settlements by companies that couldn't risk going to court. But as the AG's ambitions grew he began to stretch the law, and his record when he actually goes to court is poor. While the press runs his charges on page one, the dismissals appear next to the classifieds, if they run at all. We couldn't find anyone who'd even reported the H&R Block ruling.

Judge Moskowitz said Mr. Spitzer may refile the H&R Block suit if his office can remedy its failings. However, she added that, at least regarding the jurisdictional issue, the deficiencies came despite "extensive discovery" in which "Block, Inc. produced thousands of documents and permitted [the AG's office] to take seven depositions." Sounds as if the judge is suggesting that Mr. Spitzer quit while he's behind.

CRIMINAL LAW:

State Rep. Anderson In Jail On "public Corruption" Charges (ADN)

Alaska Daily News, December 8, 2006

Federal authorities arrested state Rep. Tom Anderson on Thursday afternoon on “public corruption” charges, the FBI said. Anderson was still in custody at the Anchorage Jail on Thursday night.

FBI spokesman Eric Gonzalez said further details would be available from the Department of Justice Friday with the release of the federal charging documents.

Gonzalez only would say that there was a federal warrant for Anderson’s arrest “in connection with a public corruption probe.” Anderson was arrested around 4:30 p.m. at his residence, Gonzalez said.

Anderson, who was elected to the state House four years ago to represent Muldoon but did not seek re-election in November, kept up his original consulting business as an adviser for clients who do business with state and local government. He is married to state Rep. Lesil McGuire, R-Anchorage, who was elected to the state Senate in November.

Federal agents swarmed six legislative offices around the state at the end of August, seeking information on legislator’s links to oil services and construction company Veco. The FBI made no arrests.

Anderson is excepted to be arraigned in federal court Friday.

FBI: State Lawmaker Arrested In FBI Probe (AP)

AP, December 8, 2006

ANCHORAGE, Alaska (AP) - An Alaska state lawmaker was arrested Thursday on a federal bribery warrant.

Rep. Tom Anderson was arrested at his Anchorage home and was being held Thursday night at the city jail, FBI Special Agent Eric Gonzalez told The Associated Press.

The arrest stems from the recent raid of several lawmaker's offices. No other arrests were made, but Gonzalez said it was an ongoing investigation.

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More information about Anderson's arrest, first reported by Anchorage television station KTUU, was expected to be released by Department of Justice officials in Washington, D.C., Gonzalez said.

A message left late Thursday night with DOJ officials by the AP was not immediately returned.

Anderson, who did not seek re-election and leaves office this month, is married to Lesil McGuire, who gave up her state representative seat and was elected to the state Senate, taking office next month. There was no home listing for Anderson and McGuire, but Anderson's father, Tom Anderson, former director of the Alaska State Troopers, said, "No comment."

The offices of at least six Alaska legislators were raided in late August and early September by federal agents searching for possible ties between the lawmakers and VECO Corp., a large oil field services company, officials and aides said. Anderson's name had not appeared in the list of offices searched.

About 20 warrants were served at the time in Anchorage, Juneau, Wasilla, Eagle River and Girdwood, but federal officials would not say who received warrants and remained tightlipped about the investigation. All inquiries were referred to DOJ officials, who declined to comment for months.

Rep. Tom Anderson Arrested (KTUU)

KTUU-TV, December 8, 2006

Anchorage, Alaska - Rep. Tom Anderson, R-Anchorage, is under arrest and in the Anchorage jail tonight. Anderson was indicted in connection with a federal influence-peddling probe and was taken into custody at his Anchorage home this evening by the FBI.

It appears to be the first arrest in a federal probe that made headlines after the raid of several lawmakers' offices in late August.

The FBI confirms that Anderson was arrested at around 4 p.m. today based on a warrant in connection with a federal indictment. Federal investigators would not elaborate any further, but did say it stemmed from the public corruption probe and the investigation is ongoing.

In August, FBI agents and several other agencies descended on multiple offices of six lawmakers as well as VECO Corp. and the office of U.S. Sen. Ted Stevens in Girdwood.

The offices of Anchorage Senators Ben Stevens and John Cowdery and Nome Sen. Donny Olson were all searched, as were offices of Reps. Pete Kott, R-Eagle River, Vic Koehring, R-Wasilla and Bruce Weyrauch, R-Juneau.

Months earlier, as lawmakers were in a flurry to pass the oil production tax, there was heated debate about whether the oil industry was meddling too much.

"This is our floor. Our floor. No telephone calls are supposed to change what we're doing. No lobbyist is supposed to peer over the railing and tell us to change our mind. Never should happen," said House Minority Leader Ethan Berkowitz, D-Anchorage.

In the specter of the federal raids, many wondered if that debate and the actions that spurned it spiraled into a criminal probe.

Anderson and Stevens have been criticized in the past for taking consulting contracts from oil-related firms, including VECO Corp., without disclosing exactly what they do.

The FBI would not release what charges Anderson is being held on, saying only that it can confirm the arrest.

Any further information will need to come from the Department of Justice.

Phone calls to Anderson's wife, Sen.-elect Lesil McGuire, were not returned.

NYC Court Reserves Decision Documents In Decades-old Murders (AP)

By Pat Milton

AP, December 8, 2006

NEW YORK - Attorneys for an American Indian activist convicted of killing two FBI agents in a shoot-out on a South Dakota reservation in 1975 took their fight to free the imprisoned man to a New York courtroom on Thursday.

The attorneys for Leonard Peltier argued for the release of all FBI files stemming from the three-decade old case. Appearing before a three-judge panel of the U.S. Appeals Court in Manhattan, they contended that the documents should have been turned over to them at the time of trial in 1977.

They are now seeking the release of the documents under the Freedom of Information Act, hoping the withheld information will lead to Peltier's exoneration.

"The FBI cannot use exemptions under FOIA to shield unauthorized, illegal tactics in this case," Peltier's attorney, Michael Kuzma, told the panel. Kuzma claimed investigators coerced witnesses and withheld evidence in building a case against Peltier.

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Justice Department attorney H. Thomas Byron III told the court that unfettered release of the documents would compromise the confidentiality of the witnesses. He said the witnesses were guaranteed confidentiality, either expressed or implied.

"The circumstances of this case make it clear that anyone who provided information would have reason to have concern for their well-being," Byron argued.

The FBI in Buffalo released 797 pages of material in 2004. But it withheld some 15 pages and redacted large portions of the released pages, citing exemptions allowed under FOIA for national security concerns and to protect the identity of agents, witnesses, and informants.

The judges reserved decision on whether to overturn a Buffalo federal court's ruling last February and order the release of the 15 withheld documents and grant unfettered access to the others with redactions. The federal court in Buffalo found that the FBI could keep secret the handful of documents.

Peltier, 60, is serving two life sentences at the federal penitentiary in Lewisburg, Pa.

He was a leader of the American Indian Movement in the 1970s. He was convicted in 1977 in North Dakota of the killings of the two agents during a shootout on the Pine Ridge Indian Reservation in South Dakota. His supporters have been trying to get his conviction overturned for years, saying he was wrongfully targeted because of his activism.

Kuzma said outside court that any ruling against Peltier would be appealed to the U.S. Supreme Court.

Kuzma said the defense team is seeking more than 140,000 pages of FBI documents from field offices nationwide.

More than two dozen supporters of Peltier filled the rear benches in the courtroom during the 30-minute hearing. "They needed someone to blame for the crime and they got him," said supporter Jerry Sevitz of Manhattan.

Trucchio Gets Judicial Warning (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, December 8, 2006

TAMPA - Ronald "Ronnie One Arm" Trucchio said his family didn't mean to scare anyone when they sent two private detectives down from New York to talk to jurors who convicted him of racketeering conspiracy.

One of the investigators said he was hired to question jurors about allegations made by juror Diana Young-Stewart, who wrote a letter to the judge claiming other jurors coerced her into voting to convict Trucchio.

Defense attorney Joseph Corozzo Jr. said he did not know anything about the private investigators.

"It's distressing to me that this happened," said U.S. District Judge Susan Bucklew, who called a hearing Thursday to tell Trucchio that he can't have anyone try to contact jurors. "Serving on a jury is difficult enough."

After several jurors called her office and U.S. marshals, Bucklew had a telephone conference with the attorneys in the case on Wednesday, she said. After Corozzo said he did not know about the contacts, the judge wanted to talk directly to Trucchio, who faces a possible life sentence after his conviction last month. Prosecutors say Trucchio is a capo in the Gambino crime family who was in charge of a crew that committed crimes in three states.

"I didn't try to contact anybody," he said initially.

Bucklew warned Trucchio that if he does contact jurors, "you will be held in contempt of my order ordering you not to do that." And, she said, "any contact of jurors could be seen as obstruction of justice and have an effect on your sentencing."

Corozzo said he filed a motion to have the jurors questioned under oath in response to a letter to the judge from juror Diana Young-Stewart saying she was coerced into voting to convict.

Bucklew said she will consider the motion after prosecutors respond. But, she said, "you can't attack a jury's verdict based on their internal deliberations." She emphasized the ban on jury contact. "What happens is the jurors get frightened," she told Trucchio.

"Understandably, your honor. No harm intended."

Bucklew addressed one of the investigators identified by jurors as making the contacts. Thomas Allen of ACI Investigators on Long Island said he would follow the judge's order to stop trying to talk to jurors.

He said he and another investigator, Vincent Parco, an author who makes frequent television appearances, were hired by Trucchio's brother-in-law, Jerry Dirazzo.

"Do you understand that you can't do that?" Bucklew asked Trucchio.

"I do now, your honor," he said, adding later, "If they knew there was gonna be any problem like this, I'm sure my brother-in-law and my sister wouldn't have done it. This was just a big misunderstanding. I apologize."

Reporter Elaine Silvestrini can be reached at (813) 259-7837.

No Dismissal For Killer Of Abortion Doc (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, December 8, 2006

BUFFALO, N.Y. -- A judge on Thursday rejected all defense motions to dismiss a federal case against a man who admits fatally shooting a doctor who performed abortions, and barred the defendant from discussing his anti-abortion views at trial.

James Kopp already is serving a 25-year-to-life state sentence after being convicted of second-degree murder in the 1998 shooting of Dr. Barnett Slepian. He faces a life term if found guilty of violating the federal Freedom of Access to Clinic Entrances Act in the shooting.

Kopp, preparing his own defense from a Niagara County jail cell, argued for dismissal of the federal case in recent court filings.

In one filing, he argued that the charges should be dismissed because the shooting did not take place at a clinic entrance. In another brief, he contended that a government prosecutor had implied during a meeting with him that he believed Kopp's claims that he was only trying to wound Slepian to prevent him from performing abortions. The prosecutor denied making any such statement.

U.S. District Judge Richard Arcara rejected all of Kopp's arguments.

Kopp, 52, has admitted shooting Slepian with a high-powered rifle through a window of the doctor's suburban Amherst home. He was a fugitive for 2 1/2 years and was among the FBI's most wanted criminals when he was captured in France in March 2001.

Kopp had hoped to argue at his federal trial that the shooting was justified because he shot Slepian to save the lives of unborn babies the doctor was about to abort.

But Arcara agreed with the government that such a defense cannot be used when someone is trying to prevent legal behavior. Kopp will not even be allowed to talk about his religious or moral reasons for opposing abortion, the judge ruled, because they are irrelevant. For the same reason, Kopp may not offer abortion-related photographs or testimony from women who have had abortions, Arcara said.

Abortion-related buttons, signs or clothing also will not be allowed in the courtroom for the trial. Jury selection is scheduled to begin Jan. 3.

Local Doctor Gets Prison For Wheelchair Fraud Scheme (KHOU)

KHOU-TV, December 8, 2006

A local psychiatrist was sentenced to prison and ordered to pay millions to the Medicare and Medicaid programs for his involvement in a motorized wheelchair fraud scheme, U.S. Attorney Don DeGabrielle said Wednesday.

Lewis Gottlieb was given six years and six months in federal prison without parole and will pay more than $20.6 million in restitution for the scheme.

Dr. Gottlieb was one of a group of people indicted in September 2003 after an extensive investigation revealed his involvement in the scheme with owners of durable medical equipment companies and recruiters to defraud the Medicare and Medicaid programs.

Over the two-year period of the scam's operation, the companies and Dr. Gottlieb were paid more than $20 million by Medicare and Medicaid.

The case was the result of a joint investigation conducted by FBI, the Department of Health and Human Services, and the Texas Attorney General's Medicaid Fraud Control Unit of the Office.

Psychiatrist Gets Prison, Fine In Wheelchair Scam (HC)

By Harvey Rice, Houston Chronicle

Houston Chronicle, December 8, 2006

A Houston psychiatrist was sentenced to more than six years in prison and ordered to pay $20.6 million in restitution for defrauding the federal government in a scheme to sell unneeded motorized wheelchairs.

U.S. District Court Judge Lee Rosenthal also ordered Tuesday that Dr. Lewis Gottlieb forfeit $19 million in proceeds or property derived from a scheme to defraud Medicare and Medicaid.

Gottlieb was indicted in September 2003 with six others accused of involvement in a separate group operating the same fraud scheme.

He was among the first to be targeted in a federal crackdown on a widespread scheme that, at the time, was centered in Houston.

Since his arrest, two doctors who worked with Gottlieb and three medical equipment suppliers involved in the scheme have been convicted by a jury and are awaiting sentencing.

Gottlieb admitted accepting $200 kickbacks for each prescription he wrote for a motorized wheelchair, most of which were unneeded. The kickbacks were paid by recruiters working for medical supply companies, prosecutors said.

He also admitted that he refused to sign prescriptions unless patients also agreed to sign a form showing they needed his psychiatric services, for which Gottlieb billed the government.

Medical supply companies used the prescriptions to bill Medicare and Medicaid for motorized wheelchairs costing more than $4,000, then substituted motorized scooters costing about $1,600 and pocketed the difference, prosecutors said.

Trial Centers On Dispute Over War Protesters' Arrests (NYT)

By Anemona Hartocollis

The New York Times, December 8, 2006

It started as a tiny act of protest. Cindy Sheehan, the mother of a soldier killed in Iraq who had held a vigil near President Bush's ranch, and a group of women wanted to submit a petition to the United States Mission to the United Nations in Manhattan, demanding an end to the war.

But Ms. Sheehan and three other women were handcuffed, arrested and jailed overnight. Now their misdemeanor trial in Manhattan Criminal Court has turned into a look at the use — and they say abuse — of police power, in the face of an antiwar protest.

At the trial, the police and security officers told the jury that the four women had sat down and blocked the entrance to the building, and had resisted arrest by refusing to follow the instructions of arresting officers.

And yesterday, Peggy Kerry, the sister of Senator John Kerry of Massachusetts and a liaison at the mission, testified that she was planning to meet with the protesters, but told one of them that she would not meet with the press because that was not her job. After learning that they had a celebrity, Ms. Sheehan, with them, Ms. Kerry turned off her phone and had no further contact with them.

"I was angry that they had not told me Cindy Sheehan would be there," Ms. Kerry, a prosecution witness, said, under questioning by Ms. Sheehan's lawyer, Robert Gottlieb.

The women, who showed a television news videotape in court yesterday to buttress their case, say the police and the security staff at the building, a private office building run by the Macklowe organization, locked the doors, refused to accept their petition and hemmed them in from all sides.

The video shows police officers, some wearing helmets, moving in on the protesters, who are sitting in a public plaza. As the police handcuff the women leading the protest, the video shows Ms. Sheehan lying on the ground, hands behind her back, with her shirt pulled up and bra exposed.

An arresting officer testified that Ms. Sheehan asked him to pull her shirt down and that he did.

The police have testified that the arrests were routine. But the women say their treatment harks back to a pattern of excessive force by the police during the Republican National Convention in New York in 2004 and in other demonstrations around the city, a "policy of stifling dissent by arresting noted people," Mr. Gottlieb said yesterday.

He said that locking them up instead of giving them desk appearance tickets for misdemeanor offenses was "piling on."

Paul J. Browne, the deputy police commissioner for public information, said yesterday that the police "routinely accommodate dissent." However, he said, "individuals who choose to engage in civil disobedience and, I would maintain, expect to be arrested, often are."

On March 6, the day they were arrested, the four defendants — Ms. Sheehan, 49, who lives in Northern California; the Rev. Patricia Ackerman, 48, an Episcopal priest; Susan Benjamin, 54, known as Medea; and Melissa Beattie, 57, known as Missy, were participating in a series of events to celebrate International Women's Day. Mr. Gottlieb said they had no intention of being arrested and were scheduled to take a van to Washington that afternoon, a trip that they would miss.

The case is expected to go to the jury today. So far, none of the women have testified, and their lawyers did not say whether they would. The oldest of Ms. Sheehan's four children, Casey, a soldier, was killed in Iraq in April 2004 at the age of 24, and she has spoken out against the war ever since, most notably by camping out near President Bush's ranch in Texas in the summer of 2005.

A prosecution witness, Detective Frank Bogucki, said that as soon as the women appeared at the building on East 45th Street, senior police officers tried to steer them into a "designated area set aside for them opposite the U.S. Mission" while building security locked the doors.

Ms. Kerry said that she had originally agreed to meet with Ms. Ackerman and a delegation of Iraqi women to accept the petition. But Ms. Kerry said that when she saw Ms. Ackerman with a large group of protesters and members of the news media, she turned off her cellphone.

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Richard Grenell, the mission's head of external relations and Ms. Kerry's boss, characterized the demonstration during testimony yesterday as a "media event." He said he had seen women dressed in pink, to signify their membership in Code Pink, an antiwar group, being followed by reporters, and had agreed to meet with two women in his offices, but not "in front of cameras."

Then building security officials intervened, he said, and decided to close the building to maintain public safety.

"These women in pink looked dangerous?" Mr. Gottlieb asked.

"It sounds like women in pink are innocent," Mr. Grenell replied. "But I was nervous that day. First of all, they were marching towards the mission. The police were coming. They clearly were happy, and they were not paying attention to anything else."

New Tack On Teen Justice: A Push Away From Prisons (CSM)

By Amanda Paulson

The Christian Science Monitor, December 8, 2006

CHICAGO

Cook County, home of the nation's first juvenile court, created in 1899, hasn't always had the best track record for dealing with young offenders.

A 1995 Chicago Tribune editorial deplored the local juvenile detention center's filthy conditions, unqualified staff, and children who "languish there like warehoused animals."

But these days, spurred by a state recidivism rate around 50 percent and research showing clear differences between the ways adolescents and adults cope with jail time, Illinois is rethinking its approach to juvenile justice.

In doing so, it's leading a wave of new policy approaches nationwide that emphasize rehabilitation and intervention programs over simple punishment and incarceration for youths, or the "scaring them straight" strategies favored by many during the 1990s crime waves.

The state's pilot programs and brand new Juvenile Justice Department were centerpieces of a MacArthur Foundation conference on juvenile justice reform this week - just a few days after the Department of Justice released new statistics showing that a record 7 million Americans, or 1 in 32 adults, is now in prison or on parole.

Other states, like Louisiana, Pennsylvania, Missouri, and Washington have been experimenting with similar programs.

"People have a sense that incarceration in itself, at the levels that we are incarcerating kids, doesn't necessarily work," says Jason Ziedenberg, executive director of the Justice Policy Institute, which favors juvenile justice reform. "Because of the falling crime rates, because of the state budget crisis, which makes states look at how much they spend on the justice system, because of Roper v. Simmons [the 2005 Supreme Court case that made capital punishment illegal for offenders under the age of 18], and because of the research, we have seen a sea change."

The tougher approaches - including automatically trying kids as adults for certain crimes or imprisoning them for even minor offenses - were mostly spurred by the crime waves of the 1980s and early 90s, when fear of the young "super predator" was widespread.

A report by the National Council on Crime and Delinquency shows a 208 percent increase in the number of offenders under 18 serving time in adult jails between 1990 and 2004. Since it peaked in 1999 at close to 9,500 youths, that number has started to drop off, but reform advocates say it's still too high.

Of equal concern to many juvenile advocates is the willingness of some judges to ship kids to detention centers, even if their crimes are relatively minor.

Recent research has shown that adolescents perceive punishment fundamentally differently from adults, says Laurie Garduque, research director for the John D. and Catherine T. MacArthur Foundation, which has funded many studies in the area. They're less inhibited, more impulsive, have a shakier understanding of consequences, are more susceptible to peer pressure - and are also far more receptive to rehabilitation efforts than adults.

"We know that having committed a serious crime [as a youth] doesn't mean you're on a pathway to becoming a career criminal," says Ms. Garduque. "We thought we could find a third way in this polarized debate, with the adult [jail time] that were being adopted by states and advocates saying that the juvenile justice system had lost its way."

As a result, MacArthur has invested close to $100 million in state juvenile justice reform, particularly in programs that focus on alternatives to secure detention centers, which critics say can turn a minor delinquent into a more hardened criminal.

In Illinois, advocates are hoping that the new Department of Juvenile Justice - separate from the Department of Corrections - will help change a culture that gave little thought to rehabilitation and has a recidivism rate close to 50 percent.

"The whole juvenile justice system in Cook County is now trying to divert kids from going deeper into the system," says Paula Wolff, a senior executive at Chicago Metropolis 2020, a nonpartisan think tank.

At Chicago's brand-new Juvenile Intervention Center police can bring youths in for assessment, and workers spend time trying to match kids up with social or mental-health services.

"Rules without relationship breeds rebellion," says Azim Ramelize, assistant commissioner for the Chicago Department of Children and Youth Services. Mr. Ramelize, a former gang leader who eventually attended law school, says he knows first-hand the ways in which the system often fails troubled kids. He and the center connect the teens with mental-health services, alternative schools, and community or church programs that meet those needs.

Focusing on rehabilitation, makes financial sense as well, advocates say. The cost of incarceration in the state is now more than $70,000 a year per juvenile - seven times the state's budget for K through 12 education, and significantly higher than the proposed rehabilitation and prevention programs.

"The kids whose mental health needs are diagnosed and treated, they have extraordinarily low recidivism rates,"says George Timberlake, who retired as chief judge of the state's Second Circuit Court last week. "We're trying to show communities and states attorneys that you can be smart on crime without being tough on crime - that you can use intelligent responses instead of punitive responses, and achieve a better result."

Phoenix Crime Wave May Be Over (USAT)

By Judi Villa

USA Today, December 8, 2006

PHOENIX — Three months after Mark Goudeau was arrested and accused of a sexual assault linked to the "Baseline Killer" cases, Phoenix police say they are confident he is responsible for a string of murders, rapes and robberies that terrorized the city for 13 months.

Police are asking Maricopa County prosecutors to charge Goudeau with an additional 71 crimes, including nine murders, five sexual assaults and 12 armed robberies.

Maricopa County Attorney Andrew Thomas said Thursday that he will review the 15,000 pages of documents in the case and recommend charges. "I still believe this man should never again be able to walk the streets of this Valley," Thomas said.

Phoenix police Lt. Benny Piña said, "We've locked in on the one suspect. There isn't anybody else out there."

Police say ballistics, DNA and circumstantial evidence combined to point to Goudeau as the man who plucked random victims from public places after dark, often while wearing a disguise.

"The person who committed those crimes is in custody," Assistant Chief Kevin Robinson said.

The name Baseline Killer comes from the Phoenix street where some of the earliest crimes in the series occurred.

Police remain tight-lipped about the exact evidence they say links Goudeau to the attacks. Commander Joe Klima said authorities don't want to say too much before Goudeau is formally charged.

"We're confident with the evidence we have," Klima said.

Assistant Chief Tracy Montgomery said even though formal charges have not been filed against Goudeau, police decided to go public to put the community at ease that the right man is in custody.

"There's tons of women that are making decisions about the way they live their lives because they're not sure," Montgomery said. "This is the guy. "

Trying to link Goudeau to the attacks has been a painstaking process that has unfolded slowly in the months since he was arrested for the September 2005 sexual assaults of two sisters at a south Phoenix park. Goudeau has been indicted on 20 counts relating to that attack. He has pleaded not guilty.

The nine homicides all have been linked by ballistics, Piña said. Police have not found the murder weapon but they say they have DNA evidence from some of those homicides. Sgt. Andy Hill said two searches of Goudeau's home were "productive."

"When you put the pieces of the puzzle together, it all points to him," Piña said. "We've done a lot to make sure we were right."

The Baseline Killer case is one of two serial predator cases in the Phoenix area. In the other case, dubbed the "Serial Shooter," police arrested roommates Dale Hausner, 33, and Samuel John Dieteman, 31, in August.

The two men are accused of driving around the city and its suburbs at night, firing at people randomly from a car. Seven people were killed.

Prosecutors have charged Hausner and Dieteman with numerous counts, ranging from murder to arson. Both men have pleaded not guilty.

Pastor's Shooting Was Possibly Premeditated (WP)

By Joshua Partlow And Hamil R. Harris

The Washington Post, December 8, 2006

DOJ_NMG_0103982

Prince George's County police are looking into the possibility that a slain Suitland minister was not the victim of a random shooting but was targeted for personal reasons.

The Rev. Milton L. Moore, pastor of Warriors for Christ Ministries, was shot outside his ministry Wednesday morning. Police are following leads that the killing may have been premeditated, said a law enforcement source who spoke on condition of anonymity because the investigation is ongoing.

Police declined to discuss possible motives for the shooting.

No arrests have been made, said Cpl. Clinton Copeland, a police spokesman. Detectives are following leads from people who said they heard arguing outside the ministry building before the shooting took place. The ministry is in the 2400 block of Brooks Drive and shares a parking lot with Drew-Freeman Middle School.

Moore, 50, grew up in Albany, Ga., was married with four children, and had run the ministry since the late 1990s. In addition to being a religious center, the three-story building served as a transitional home for as many as 20 families, according to a ministry official.

The slaying outraged local religious leaders and focused attention on church security. The Rev. Jonathan Weaver, a pastor of the Greater Mount Nebo African Methodist Episcopal Church in Bowie, said that he has referred people to Moore's ministry and that his death is a "major tragedy."

"I am deeply saddened by what happened," he said. "It is not a question of size of the church, because the size of the problem has gotten so big in terms of the level of danger that it can affect any church."

Although police were focusing on personal motives, they have not ruled out the possibility of random street crime.

Weaver's church was robbed on Christmas Day last year, and he said police officers in his congregation help watch over other members.

"We used to not equate crime with a bedroom community or the faith community, but I am afraid that now we find serious crimes being perpetuated in these areas," he said.

In 2000, Monsignor Thomas Wells was fatally stabbed during a robbery and burglary at the Mother Seton Parish rectory in Germantown. A 26-year-old man who claimed that the priest had sexually assaulted him was convicted of second-degree murder in 2001.

The Rev. Jeffrey M. Defayette, pastor of St. Matthias the Apostle Catholic Church in Lanham, was based at Mother Seton before Wells's death, and the killing reinforced his awareness that security needs to be a top priority, he said. At St. Matthias, he added an alarm system and motion detectors, revamped outdoor lighting, trimmed overhanging limbs that obscured views from inside the church and installed a security camera so that the secretary can see who is at the door.

"We live, unfortunately, in an era where there are people . . . bent on doing some form of evil for their own means, whether that be for money or for property or for prestige," Defayette said. "We try to be accommodating to our parishioners but also conscious of the fact that we need to be security savvy."

St. Matthias has experienced some thefts -- two snowblowers, some garden equipment -- and vandalism during Defayette's six year tenure. "If that's the worst that happens to us, we consider ourselves blessed," he said.

In Moore's killing, police said approximately four shots were fired about 7 a.m., and the minister was struck once in the upper body. He was taken to a hospital in critical condition and died later that day.

Moore's wife and children, along with staff members at the ministry, have not talked publicly about his slaying. A family representative said yesterday that the family would speak to reporters today and discuss funeral arrangements.

Warriors for Christ is a grass-roots ecumenical ministry that focuses on providing assistance to poor and homeless families. Its Web site says the ministry is "training up a body of bold 'Warriors' to go forth . . . setting the captives free."

CIVIL LAW:

Army Retiree Files Suit, Claims Leave Was Denied (BSUN)

By Melissa Harris

The Baltimore Sun, December 8, 2006

A Northern Virginia man has sued the Department of Defense in federal court over the way it calculated his leave after he transferred from active duty to a civilian position at the agency.

By Mark Romaneski's count, he's out 240 hours, or 30 days, of leave after the Army decided to treat the retired colonel in the Judge Advocate General's Corps as if he were new to the agency rather than someone who was hired while finishing his military service.

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Romaneski, now chief attorney at the Defense Department's installation management command, is representing himself in the case and said he estimates that "a couple hundred" people are in a similar position.

Romaneski and other affected employees at Aberdeen Proving Ground and Fort Meade have filed complaints about their leave calculations with the Army, said Doug Dribben, a civilian attorney at Fort Meade who estimates that the Army owes him 330 hours of leave, almost $16,000 if paid in a lump sum.

Dribben and Romaneski are asking the Department of Defense to take into account their decades of military service when calculating their leave as civilian employees.

"We want the Defense Department to treat us the same way any other federal agency would have if we had gone to work for them," said Dribben. The Pentagon is the only federal employer resisting this action, he said.

Before Sept. 11, 2001, it wasn't possible for someone in Dribben's situation to have his years of military service count toward his leave.

Military retirees were required to wait 180 days - a "cooling off" period - before being hired as civilian employees, making them new workers.

But after the terrorist attacks, the government needed to launch a considerable recruiting effort, and President Bush issued an executive order eliminating the 180-day wait and enabling the more generous leave calculation.

Dribben and Romaneski were hired while on terminal leave from the military, the final weeks of leave before being discharged. Such leave is designed to give soldiers time to look for jobs and shift their families to civilian life.

There is precedent for Romaneski's lawsuit. In January, the Office of Personnel Management ruled that a civilian Air Force attorney in a similar situation was entitled to the additional leave.

According to Department of Defense e-mails provided to The Sun, the Army disagreed with OPM's ruling in that case and has asked the Department of Justice to review it. A Nov. 21 e-mail from the Army's civilian personnel department states that Dribben's leave will be calculated based on the Department of Justice's decision.

A spokesman for OPM referred questions to the Justice Department, and the Department of Defense did not respond to a request from The Sun.

Although the post-Sept. 11 rules were in effect when Dribben and Romaneski became civilians, Congress changed the leave calculation rules this year to match the Defense Department's stricter guidelines.

That means that although Dribben and Romaneski might win hundreds more hours of leave through litigation or a favorable decision from the Department of Justice, people hired as civilians after Oct. 27, 2006, will not.

The change was outlined in one sentence in the behemoth, $532.8 billion defense spending bill that President Bush signed in October.

No hearing date for Romaneski's case in U.S. District Court has been set.

CIVIL RIGHTS:

2 Lucas County Sheriff's Deputies Indicted By Federal Grand Jury For Civil Rights Violations (TOLB)

Toledo Blade (OH), December 8, 2006

A federal grand jury in Toledo has indicted two Lucas County sheriff's deputies on charges they violated the civil rights of a 15-year boy who suffered a broken jaw and other injuries at the county Juvenile Justice Center last year.

Troy Jackson, 45, and Marc Odoms, 38, both of Toledo, were also charged with conspiring to obstruct, and obstructing a federal investigation into the incident. The two men work at the county Juvenile Justice Center.

If convicted, both men face a maximum sentence of 10 years in prison and fines of $250,000 on each criminal civil rights and obstruction charge. Deputy Odoms faces an additional five years in prison if convicted on a false statements charge.

In January, 2005, the boy was handcuffed and was being moved from a courtroom to a detention area when he head-butted a security employee. Deputy Jackson wrestled the youth to the ground.

In February, 2005, Sheriff James Telb cleared Deputy Jackson of any wrongdoing. He said he had not known about the broken jaw at the time. The FBI and the Lucas County Children's Service were continuing their investigation.

The incident was first reported by the boy's mother, who contacted Toledo police.

According to the U.S. Justice Department, prosecutors allege that Deputy Jackson physically assaulted the boy by striking him in the eye and the side of the face. Deputy Odoms allegedly watched the assault and failed to invervene.

Both men, the indictment alleges, agreed to, and did, obstruct the investigation by creating false written reports and making false statements. A preliminary court hearing date has not been set.

Former Officer Admits Jude Lie (MJS)

By Gina Barton

Milwaukee Journal Sentinel, December 8, 2006

He could face 10 years in prison for obstructing justice

Former Milwaukee police Officer Joseph Stromei told a federal judge Thursday that he lied about the beating of Frank Jude Jr., both to investigators and during a state trial of three former officers in April.

"I didn't cooperate with investigators and I failed to be forthcoming (about) . . . what happened on that night," Stromei told U.S. District Judge Charles N. Clevert Jr. in federal court in Milwaukee.

The statements came during a hearing at which Stromei, 33, pleaded guilty to a charge of obstruction of justice. He faces a maximum penalty of 10 years in prison and a fine of $250,000 when he is sentenced April 12.

Jude was beaten outside an off-duty officer's party in Bay View in October 2004. Jude, Lovell Harris and two women were invited to the party by another woman but quickly left. They were followed out, and Jude was accused of stealing a wallet and badge, which he denied. No badge has ever been found, and Jude was never charged with theft.

Jude and witnesses said up to a dozen off-duty officers beat and kicked him in the body and head, cut off his clothes, jammed something in both ears and threatened him with a knife. Jude, who is biracial, and Harris, who is black, both said their attackers, who are all white, used racial slurs during the beating.

Stromei admitted to Clevert that he lied during the Milwaukee County Circuit Court trial of three of those now-former officers - Jon Bartlett, Andrew Spengler and Daniel Masarik. They were acquitted. The jury deadlocked on a single count against Bartlett.

U.S. Attorney Steven M. Biskupic launched the federal probe soon after. Bartlett, Masarik and Spengler are among eight officers who have been federally charged. They and two others, Ryan Packard and Ryan Lemke, have pleaded not guilty.

In addition to Stromei, former officers Jon Clausing and Joseph Schabel have pleaded guilty to felonies and agreed to cooperate with prosecutors. Clausing and Schabel are scheduled to be sentenced in May, but U.S. District Judge J.P. Stadtmueller agreed to delay their sentencings if the other officers' trial is not over by then. Trial testimony is one way to gauge the value of defendants' cooperation and could influence the prosecutor's sentencing recommendations.

Clevert denied a similar request in the case of Stromei, even though both the prosecution and the defense agreed to it.

"I will set this case as I usually do," he told the lawyers.

Throughout the state investigation and trial, Stromei consistently said he did not see anyone punch Jude or threaten him with a knife.

But two months ago, Stromei confessed to the FBI that he saw one off-duty officer punch Jude and saw another brandish a knife at him. Stromei contends that he was intoxicated during the beating and cannot remember whether he touched Jude. Evidence indicates that Stromei held Jude down, according to his plea agreement.

"I witnessed the entire event," Stromei told Clevert on Thursday. "I was upstairs and when I came out, it looked like an arrest that started out all right and then was going awry."

In exchange for pleading guilty and cooperating with prosecutors, Stromei will not be charged with perjury in state court, according to records. However, his plea agreement states that if authorities gain credible evidence that Stromei beat Jude, he can be charged for that.

LAPD Officer Arrested For Holding Room Assault (LAT)

By Richard Winton And Patrick Mcgreevy

The Los Angeles Times, December 8, 2006

A veteran Los Angeles Police Department officer was arrested this morning for assaulting a handcuffed 16-year-old in a police holding room Tuesday.

Chief William J. Bratton said he decided to arrest Sean Joseph Meade, 41, after viewing a videotape from inside the station that captured part of the assault. Bratton said the attack was without any physical provocation.

"The video in essence depicts what the preliminary investigation and I believe to have been an assault on the juvenile that was totally unnecessary and was not in any color of law justified," Bratton said. "Based on what I and my command staff witnessed on the video, we felt the behavior was nothing that we as a department can tolerate or condone."

This is the third video to surface in the last month showing LAPD officers involved in alleged misconduct. But Bratton said unlike the other two, which are still under investigation, this one was so egregious that he ordered the officer arrested immediately.

Mayor Antonio Villaraigosa strongly condemned the officer's conduct after receiving a briefing by LAPD officials on the incident.

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"I am deeply disturbed by the allegations," Villaraigosa said in a statement released by his office.

"I believe that abuse of authority in the use of force, especially when directed at a minor, is a grave violation of the trust we place in law enforcement and an insult to the values of the brave men and women of the LAPD who put their lives on the line to keep us safe," the mayor said.

Villaraigosa said the swift investigation and Bratton's order of an arrest were appropriate and a sign the system is working.

"I am confident that a full and thorough investigation is under way," Villaraigosa said. "If a crime was committed, I expect the case to be prosecuted to the fullest extent of the law."

Meade allegedly assaulted the 16-year-old Latino male after booking him into the LAPD Central Station. The youth had been detained about 1:30 a.m. Tuesday in Chinatown on a curfew violation and placed in a juvenile holding cell. After hearing a disturbance between Meade and the youth in the holding room, another officer alerted the watch commander, who immediately began an investigation into the incident, Bratton said.

The video was captured by a camera that had been set up in a detective's office to catch vandalism made to chairs in the detective's office. That office is near the juvenile holding room, which has no door. Other officers in the station were unaware of the camera.

A portion of the assault was caught on the camera, Bratton said. He declined to describe what exactly was on the tape other than to say it was an assault. Sources said the tape shows Meade appearing to choke the youth, whose hands were handcuffed behind his back. The 16-year-old told investigators that he had been slammed into a wall.

The youth was examined at a hospital and has no apparent injuries, Bratton said. The youth was returned to Juvenile Hall and remains there because no parents or guardians have been located for him.

Bratton ordered that Meade be suspended immediately. The department has also been in contact with the FBI. Because of state laws and internal restrictions, the videotape will not be released, Bratton said.

Meade was arrested early today at his home in southeast Los Angeles County by LAPD Internal Affairs officers.

Meade is a 13-year veteran of the department who had recently transferred from the Newton Division, which covers south Los Angeles, to the Central Station, which patrols downtown.

Meade was booked on suspicion of assault under the color of authority, which means assault on someone who was under the control of an officer. The district attorney has not yet filed charges against Meade, who is being held at the sheriff's station in Pico Rivera.

The latest allegation of police brutality stung city officials, including Police Commission President John Mack, who are frustrated that it comes on the heels of a series of controversial incidents of police force.

"It is just mind-boggling that we have a situation where a 16-year-old Latino kid is arrested and handcuffed and sitting in a room posing no threat to anyone and this officer just comes in and beats the hell out of him," Mack said. "It's unacceptable."

The commission president, a onetime civil rights leader, said the panel will discuss the incident at its meeting Tuesday and has asked its inspector general, Andre Birotte, to monitor the department's investigation.

"I applaud the chief for taking quick decisive action," Mack said. "People like that officer don't need to be police officers. His behavior crossed the line. It was criminal."

Tip From Drug Suspect Led Police To Johnston's House (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 8, 2006

It was Fabian Sheats' third felony drug arrest in four months. But on the afternoon of Nov. 21, according to a police report, he was looking to curry favor, so he told officers they could find a kilogram of cocaine in a house at 933 Neal Street N.W.

That encounter led police to the home of Kathryn Johnston, an elderly woman who lived alone behind burglar bars and kept a rusty revolver. When officers burst into the house just three hours after talking to Sheats, a shootout ensued that left the woman dead and three officers wounded. No cocaine was found.

Sheats' arrest report, made public Thursday, sheds new light on why officers targeted Johnston's home.

Police say they used Sheats' tip to direct a confidential informant to the Neal Street house, where he made a drug buy, leading them to conduct the raid. A man named Alexis White later came forward to say he is a longtime informant and police asked him to lie after the shootings and say he bought drugs at the address. Police will not say who the informant was.

A tape of a 911 call released Thursday added a strange twist to the ever-changing tragedy.

On the tape, an insistent and anxious-sounding man identifying himself as White told an operator, "I have two cops chasing me. They're on the dirty side, two undercover officers."

Atlanta police declined Thursday to discuss the case, referring questions to federal authorities, who are not commenting.

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Eight narcotics officers have been put on administrative leave while federal, state and Fulton County authorities investigate the shooting.

Markel Hutchins, an activist who has become spokesman for Johnston's family, said the family "vehemently denies" knowing Sheats.

"Never heard of him at all. This is yet another story that comes out of the Atlanta Police Department," Hutchins said. "The reality: There was no cocaine found there. This whole notion that there were drugs in her house is wrong."

Sheats, 23, was arrested at about 4 p.m. that Tuesday afternoon about five blocks from Johnston's home, after police allegedly observed him selling marijuana in the 1100 block of Simpson Street. It was the third time since July that Sheats had been arrested near that block and charged with possession of drugs with intent to distribute.

According to the report, written by police investigator Arthur Tesler, Sheats "wanted to take us to a house that had a kilo of cocaine. Sheats directed us to 933 Neal Street N.W. where a buy of crack cocaine was later made and a search warrant drawn up for that location."

"Sheats did state he was in that house (933 Neal St.) at about 3 p.m. on November 21st and saw the kilo broken up in a shoe box," the report continued.

Sheats was familiar to Tesler. The officer had arrested him less than two months earlier.

Tesler is one of two officers who obtained a "no-knock" search warrant for the Johnston house. The officers obtained the warrant, which allows officers to kick the door in unannounced, about 6 p.m. the same day — two hours after Sheats' arrest.

An hour later, just before 7 p.m., a police team raided the home of Johnston, whose age has been given as both 88 and 92.

It took at least a minute to pry open the burglar bars at the home. When officers came through the door, police said, Johnston opened fire.

Sheats' grandfather, Tommy Brooks, who lives nearby, said he had heard a couple days after the shooting his grandson had "tipped them off, something like that. I don't think he'd do that, but I don't really know."

Another family member who lived nearby was more emphatic. "He's not a rat," said the man who did not want to be identified. "He's hard as a brick and very stubborn."

Sheats is being held at the Fulton County Jail on drug charges. A hold on Sheats by the U.S. marshal's office is listed in the jail records.

Sheats' arrest report, written by Tesler at 10 p.m. on the night of the shooting, does not say who made the alleged drug buy at the house. White, an acknowledged informant, told WAGA-TV and police that, after the shootings, narcotics officers told him to make up a story about buying drugs at the Neal Street house.

To obtain the search warrant, police told the judge that the informant told them that a man named "Sam" greeted him at the front door, went back into the house and came back with two bags of crack cocaine.

On the 911 tape police released Thursday, White said he was waiting for agents from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives to pick him up on Nov. 22 when he was approached by Atlanta police. He got into the car with them, he told the operator, but jumped out when he talked to federal agents by cellphone and they told him not to get into the squad car.

"They came and picked me up they asked me about that killing yesterday," White told the operator. "But, ah, they tryin' to play it off. So ATF told me 'Don't get in the car with them.' By that time then, I was already in the car with 'em."

The operator sounded incredulous. "OK, so you're calling the police to say the police are chasing you?" she asked.

"Listen to me," the frustrated White responded. "I don't know who's on whose side; they're playing dirty," he said. "There's a lot of stuff going on."

A listing of the items found at Johnston's home included a small amount of marijuana. But Johnston's family is "denying on every level that any marijuana or any drugs of any kind were in that house," Hutchins said.

Obtaining a search warrant so quickly after Sheats' arrest is not unusual, said DeKalb County Magistrate David Wood, a vice chairman of the statewide Magistrate Court Training Council.

Police officers often begin the process of obtaining a warrant while a suspect is being detained at the alleged crime scene, Wood said. An officer at the scene will call another officer with information needed to get a warrant. The second officer types up the request for a warrant, then files it with a judge.

"We've had that happen where Officers 'A' through 'D' hold a situation. Officer 'E' types it up, and Officer 'F' brings it over," Cook said.

State law allows a search to be conducted the minute a warrant is signed by a judge, even before the warrant has arrived at the location to be searched, Wood said.

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"Case law says that if a judge issues a warrant at, say, 7:01 p.m., the police can radio that a judge has signed the warrant and [police] can go in while the actual warrant is coming out to them," Wood said. "They don't have to wait for it to physically get there."

Staff writers David Pendered and Ernie Suggs contributed to this article.

ANTITRUST:

Antitrust Policy Ambiguity To Be On Justices' Docket (NYT)

By Linda Greenhouse

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — The Supreme Court added two important antitrust cases on Thursday to its calendar for the current term. Both cases, granted at the request of defendants in private antitrust suits, are likely to lead to clarification of areas of antitrust law that have increasingly become unsettled.

One case has been closely watched on Wall Street. It is a class-action lawsuit against more than a dozen leading investment banks and institutional investors that took part in syndicates to underwrite the initial public offerings of hundreds of technology companies in the 1990s.

The suit, brought by purchasers of the stocks, charges that the sharing of information among the underwriters and the way in which they allocated shares to their customers amounted to an antitrust conspiracy.

The Federal District Court in Manhattan dismissed the lawsuit in 2003, finding that the defendants were entitled to antitrust immunity because much of the conduct they were said to have engaged in was explicitly permitted by the Securities and Exchange Commission.

The United States Court of Appeals for the Second Circuit, however, reinstated the suit last year, ruling that Congress had granted no such immunity.

The issue for the Supreme Court in this case, Credit Suisse First Boston v. Billing, No. 05-1157, is how to treat the inherently collaborative activity of an underwriting syndicate, activity that — while it would appear to violate the Sherman Antitrust Act — is permitted by the regulatory agency that oversees it.

While the eventual outcome of the case is uncertain, there is little uncertainty about the second antitrust case the court accepted. The question in that case, Leegin Creative Leather Products v. PSKS, No. 06-480, is how antitrust law should treat the minimum prices that manufacturers require retailers to charge for their products.

In a 1911 case known as the Dr. Miles precedent, this practice of "resale price maintenance" was deemed always illegal under the Sherman Act. The case asks the justices to re-evaluate the precedent in light of modern economic theory, and instead to make these arrangements subject to case-by-case analysis under what is known as the rule of reason.

In other areas of antitrust law, the court has steadily backed away from a categorical view of antitrust liability and is highly likely to use this case as a vehicle for doing the same for resale price maintenance.

Leegin, a privately owned company, manufactures the Brighton line of women's leather goods and does business only with retailers, mostly small specialty stores, who agree to abide by the suggested retail prices for the products. In 2002, after learning that Kay's Kloset, a store in Lewisville, Tex., was discounting Brighton products, Leegin suspended shipments.

The store brought an antitrust suit and won more than $1 million in damages, which are tripled under antitrust law. The United States Court of Appeals for the Fifth Circuit, in New Orleans, upheld the judgment. In August, the justices granted a stay to enable Leegin to file a Supreme Court appeal. Such a stay is a fairly unusual action that sends a strong signal that the justices believe that a case is worthy of their attention and that the lower court's decision was probably wrong.

Leegin's appeal argues that "the per se rule against resale price maintenance squarely conflicts with this court's modern antitrust jurisprudence" and has "no foundation in economic theory." It argues that minimum prices can enhance competition and help consumers by providing incentives to retailers to compete in such nonprice areas as customer service.

If the court accepts Leegin's argument, a decision about whether any particular minimum price arrangement actually confers a consumer benefit would be subject to case-by-case appraisal under the rule-of-reason analysis that the court already applies to the setting of price ceilings and nonprice retail conditions. Formerly, the court applied a rule of categorical invalidity to those practices as well.

In the securities underwriting case, the court will be scrutinizing a variety of practices that amount to standard conduct on Wall Street: forming a syndicate, ascertaining potential customer interest to determine the size and price of the offering, and then sharing information and markets among competitors. The plaintiffs contend that the underwriters inflated prices by improperly dividing the market and imposing unlawful conditions on their customers.

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When the appeal reached the Supreme Court last spring, the justices asked the solicitor general's office to advise them of the federal government's view. That request presented a problem because there was no unified government view. Conduct that the Justice Department's antitrust division regarded as barred under the Sherman Act was seen by the S.E.C. as legal.

A carefully worded brief by the solicitor general, filed last month, urged the court to take the case and find a way to reconcile "two federal statutes critical to the efficient functioning of our economy."

The brief said the court of appeals failed "to make sufficient accommodation for the securities laws' policy of encouraging certain types of collaborative activity."

It added, however, that the district court was also wrong to consider all conduct connected with initial public offerings to be immune from antitrust liability. The brief said the complaint in this lawsuit needed to be examined carefully to make sure that it was based on something more than "conclusory or ambiguous allegations."

Briefs urging the justices to hear to hear the case were also filed by the New York Stock Exchange, NASD and other industry groups.

Investment Banks Get High Court Hearing On IPO Suit (Update1) (BLOOM)

By Greg Stohr

Bloomberg, December 8, 2006

Dec. 7 (Bloomberg) -- The U.S. Supreme Court will consider shielding securities firms from antitrust suits, agreeing to review an appeal from investment banks fighting accusations that they rigged initial public offerings.

The justices today said they will hear arguments from 16 investment banks and institutional investors, including Credit Suisse Group, Goldman Sachs Group Inc. and Merrill Lynch & Co. The group wants to overturn a decision by the New York-based 2nd U.S. Circuit Court of Appeals, which said the suits could go forward.

That ruling ``threatens the public offering process" by limiting the ability of underwriters to work together on initial public offerings, the firms contended in their appeal.

The appeal, which has the partial backing of the Bush administration, seeks immunity for investment banks from antitrust suits over underwriting and other activities heavily regulated by the Securities and Exchange Commission.

A victory for the securities firms might also help other regulated businesses, including the trucking, airline, natural gas and electricity industries, according to University of Iowa antitrust professor Herbert Hovenkamp, who is advising the securities industry in the case.

The case is one of two antitrust disputes the court added to its agenda today, giving it four such cases for its 2006-07 term. The court also agreed to reconsider a 95-year-old antitrust precedent that bars manufacturers and distributors from setting minimum prices for their products at the retail level.

`Epic' Conspiracy Alleged

The decision to hear the IPO fight comes two days after the 2nd Circuit dealt a blow to a separate set of cases that accuse CSFB, Goldman Sachs and dozens of other banks of violating federal securities fraud laws by rigging IPOs. The appeals court said those suits can't go forward as class actions.

In the antitrust dispute, the 2nd Circuit said the suits make allegations of ``an epic Wall Street conspiracy" to profit at the expense of the investing public by artificially inflating the prices of 800 Internet stocks that had just been offered. The companies allegedly demanded kickbacks from clients and engaged in ``laddering" -- requiring clients to buy more stock, at higher prices, after the securities were sold to the public.

The defendants also include Citigroup Inc., Morgan Stanley, Lehman Brothers Holdings Inc., Bank of America Corp., Fidelity Investments, Janus Capital Group Inc. and Comerica Inc.

Hundreds of Internet start-ups were rushed to market during the IPO frenzy of the late 1990s and 2000. First-day gains from IPOs averaged 87 percent in 1999 and 71 percent in 2000, according to IPO researcher CommScan LLC, and underwriters pocketed billions of dollars in fees and commissions.

Shield Sought

The dispute, if it goes forward, has the potential to be a multibillion-dollar case, said Christopher Lovell, the lead lawyer for one group of investors. Under federal antitrust law, damages are automatically tripled.

JPMorgan Chase & Co. in April agreed to pay $425 million to settle IPO-rigging claims.

The question for the Supreme Court is the extent to which SEC oversight immunizes the securities industry from antitrust claims. The industry is seeking a shield broad enough to bar the IPO suits, arguing that the SEC specifically authorized companies to work together in syndicates to share the risk of offerings.

The court should ``prevent the securities regulatory scheme from being undermined by antitrust litigation," the securities firms argued.

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Lawyers for the investors say Congress didn't intend to immunize the type of conduct at issue in the case. They say their suit wouldn't conflict with SEC oversight because the alleged wrongdoing violates the securities laws as well as the antitrust laws.

Administration Stance

``Congress and the SEC have been trying to stop tie-ins and laddering agreements for seven decades," Lovell argued in court papers.

The Bush administration's top courtroom lawyer, U.S. Solicitor General Paul Clement, is taking a position that would bar antitrust suits from relying on conduct that is permitted under SEC rules. In the case before the court, that approach would mean the investors couldn't base their suit on the type of underwriter collaboration the SEC specifically permits in its underwriting syndication rules.

Clement says the investors ought to be given the opportunity to redraft their complaints. Still, lawyers for the securities industry say the U.S. position ultimately would require dismissal of the case.

The government ``says you have to disentangle the permitted conduct from the possible nonpermitted conduct and the complaint doesn't do that," said Roy Englert, who filed a brief at the high court on behalf of the Securities Industry Association and other business groups.

Compromise Brief

Clement joined the securities firms in urging the court to take up the dispute. His brief, which came at the request of the court, marked a compromise between the SEC, which backed the industry at the lower court level in the case, and the Justice Department's antitrust division, which supported the investors.

Lovell, the investors' lawyer, said he wasn't surprised the justices agreed to hear the case in light of Clement's brief.

``I was somewhat surprised at the solicitor general's position, but after that I'm not surprised," he said.

Chief Justice John Roberts didn't take part in the decision to hear the case. Although Roberts didn't give a reason, he owns stock in Citigroup and at least one company, XM Satellite Radio Holdings Inc., that held an IPO during the 1990s.

The justices likely will hear arguments in February or March and will rule by July. The case is Credit Suisse v. Billing, 05-1157.

Supreme Court To Hear Wall St Appeal (FT)

By Patti Waldmeir In Washington

Financial Times, December 8, 2006

The US investment banking industry on Thursday won the intervention of the Supreme Court in fighting off allegations that Credit Suisse and others broke antitrust laws by rigging initial public offerings in the 1990s.

Early next year, the court will hear an appeal by investment banks and institutional investors, including Credit Suisse, Goldman Sachs and Merrill Lynch, who say they deserve immunity from antitrust suits over underwriting activities that are heavily regulated by the Securities and Exchange Commission. A federal ap-peals court said such suits could proceed.

Paul Atkins, an SEC commissioner, urged the court to take the case Billing v Credit Suisse First Boston, saying that such lawsuits “could devastate America’s process of capital formation, wreak unprecedented havoc on the underwriting business, and accelerate the marginalisation of our capital markets”.

The courts should not allow plaintiffs to “trump the securities law with the antitrust laws”, he said. A federal appeals court said the suits make allegations of “an epic Wall Street conspiracy” to profit at the expense of the investing public by artificially inflating the prices of internet stocks.

The industry is seeking to bar the IPO suits, arguing that the SEC specifically authorised companies to work together in syndicates to share the risk of offerings. Lawyers for the investors say Congress did not intend to immunise the type of conduct at issue in the case.

The Credit Suisse case was one of two antitrust disputes the court added to its agenda on Thursday, giving it four antitrust cases for its 2006-07 term. The court also agreed yesterday to reconsider a 95-year-old antitrust precedent that bars manufacturers and distributors from setting minimum prices for their products at the retail level.

The decision to hear the IPO fight comes two days after the 2nd Circuit dealt a blow to a separate set of cases that accuse Credit Suisse, Goldman Sachs and dozens of other banks of violating federal securities laws by rigging IPOs. The appeals court said those suits cannot go forward as class actions.

The US chamber of commerce on Thursday welcomed that decision, saying “certifying a massive class of institutional investors with little or no showing that the class met federal requirements is a classic invitation for blackmail settlements”.

“Courts have a duty to ensure that litigants, and the courts themselves, are not subjected to frivolous, expensive class actions,” said Robin Conrad of the Nat-ional Chamber Litigation Center.

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Sirius Sees Benefits In Potential Merger With XM (WP)

By Chris Kirkham

The Washington Post, December 8, 2006

Executives of Sirius Satellite Radio are again hinting at a potential merger with XM Satellite Radio that they say would bring strong gains for investors.

Their statements boosted the stock prices of Sirius and XM this week, though both settled by the end of trading yesterday.

In two speeches in New York on Wednesday, Sirius executives mentioned "significant benefits" and "value creation" from a combination of the two radio companies.

"Consolidation creates value . . . particularly when you are in the same industry as another company to be able to combine," Sirius chief executive Mel Karmazin said. He and David J. Frear, Sirius's chief financial officer, spoke to analysts at a conference.

It is not the first time Sirius has dropped such a hint. Karmazin began his tenure at Sirius in early 2005 with media speculation about merger talks, which both companies denied took place. Since then, he has referred to the logic of a merger in calls with analysts.

A spokesman for XM declined to comment on what he called "speculation," and officials from Sirius did not return calls yesterday.

XM and Sirius are both wrestling with slowing subscription growth and huge debt. Neither company has yet earned a profit, though XM projects it will break even next year.

XM has more subscribers. Analysts estimate that the company has about 8 million, compared with about 6 million for Sirius. But it has about $1.3 billion in long-term debt, $3 million more than Sirius.

The two companies have scaled back subscriber projections in recent months.

"Both companies are realizing that the period of hyper-growth may be coming to a completion, and the stage of growth combined with cash creation will require more efficiencies," said Frederick W. Moran, a media stock analyst with the Stanford Group based in Boca Raton, Fla.

"Both Sirius and XM could prosper much more easily if they took up the fight against terrestrial radio operators, rather than against each other," Moran said. Sirius has a deal with radio host Howard Stern and rights to National Football League games. XM has rights to Major League Baseball games.

If the companies proposed to merge, the Federal Communications Commission and the Justice Department would review the case for antitrust concerns. The biggest question would be how the market is defined.

Experts say a strict interpretation of the satellite radio market by regulators would make a merger more difficult because an XM-Sirius combination would have monopoly power. If the market is interpreted more broadly to include on-demand MP3s or podcasts or traditional radio, a merger might go through more easily.

"If you define the market narrowly to be satellite radio, it's a two-to-one merger, which would raise red flags all over the place," said Luke M. Froeb, a professor at Vanderbilt University's Owen Graduate School of Business who used to analyze mergers at the Federal Trade Commission.

The idea of a satellite radio merger recalls a similar proposal in 2002 by satellite TV providers EchoStar Communications and DirecTV. That deal was rejected by the FCC and the Justice Department, which defined the satellite television market as separate from cable television.

The Justice Department would consider whether an XM-Sirius merger would lead to price increases of more than 5 percent. But for two companies still operating at a loss, it's difficult to say how much power they would have over the industry, said Mark Cooper, director of research at the Consumer Federation of America. "Because the industry is so new, we don't really know what the price equilibrium should be," he said.

Sirius stock closed yesterday at $3.88 a share, up 5 cents. XM closed at $14.81 a share, up 11 cents.

Specter Wants To Revisit NFL's Antitrust Status (AP)

Associated Press

AP, December 8, 2006

The NFL's ability to negotiate exclusive sports packages is under fire from the outgoing chairman of the Senate Judiciary Committee.

Sen. Arlen Specter (R-Pa.) twice said he would introduce legislation in the next session aimed at eliminating the league's freedom from antitrust laws.

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Specter said the NFL should not use the exemption to negotiate exclusive programming packages such as DirecTV's Sunday Ticket, which allows viewers to watch teams outside their regional market.

"As I look at what the NFL is doing today with the NFL channel with the DirecTV . . . a lot of people, including myself, would like to be able to have that ticket," Specter said.

But the 1961 law that gives the NFL this freedom should not apply to DirecTV because it is not "sponsored programming," said Stephen Ross, a law professor at Penn State and chair of the school's sports law institute. He said Specter might be using the threat of legislation to pressure the NFL to make changes voluntarily.

Access to out-of-market football games was one of many consumer fairness issues addressed during the hearing. Another hot topic was whether cable providers should be forced to share sports broadcasting rights with every service provider in an area.

David Cohen, executive vice president of Comcast Corp., said his company has not made a local Philadelphia sports network it owns available to DirecTV because it is one way his company can stay competitive with the Sunday Ticket package.

"What is sauce for the goose is sauce for the gander," he said.

Â· HONORS: San Francisco 49ers cornerback Walt Harris was named NFC defensive player of the month for November. Harris, who played for the Redskins in 2004 and 2005, had nine tackles, three interceptions and five forced fumbles as San Francisco went 3-1. Dallas Cowboys quarterback Tony Romo was the offensive player of the month, and Seattle's Nate Burleson was the conference's special teams player of the month.

The AFC's players of the month were San Diego's LaDainian Tomlinson (offense), Miami's Jason Taylor (defense) and Buffalo's Brian Moorman (special teams).

Â· BEARS: Defensive tackle Tommie Harris, who made the Pro Bowl a year ago in his second year, could miss the remainder of this season with a severe hamstring injury.

Harris left Sunday's game against Minnesota in the third quarter with what was originally announced as a sprained left knee. On Monday, Chicago Coach Lovie Smith said the injury was not season-ending.

But yesterday, Smith said the hamstring injury was more severe than the knee sprain and that Harris was slated to go to Dallas to see a specialist.

Â· PANTHERS: Quarterback Jake Delhomme missed practice again yesterday with ligament damage in the thumb on his throwing hand, increasing the likelihood that backup Chris Weinke will start Sunday against the New York Giants.

Carolina Coach John Fox said the ligament is stretched and not torn from the bone, which is why Delhomme doesn't need surgery. Fox didn't rule out the possibility that Delhomme, who is listed as questionable, could play Sunday.

Running back DeShaun Foster, who has missed the past two games with a hyperextended elbow, practiced and remains probable.

Â· BILLS: Safety Donte Whitner is questionable after he hurt his hamstring in practice, leaving Buffalo potentially minus another defensive starter when it plays the New York Jets this weekend.

Cornerback Terrence McGee and running back Willis McGahee missed practice for the second straight day with ankle injuries. Both are listed as questionable.

Specter Seeks To End NFL Antitrust TV Deal Exemption (Update1) (BLOOM)

By Christopher Stern

Bloomberg, December 8, 2006

Dec. 7 (Bloomberg) -- U.S. Senate Judiciary Committee Chairman Arlen Specter is taking aim at the antitrust exemption that lets the National Football League negotiate television deals on behalf of its 32 teams.

Specter, who will hand his chairman's gavel to a Democrat early next year, said he wants to curtail exclusive NFL TV deals, such as DirecTV Group Inc.'s Sunday Ticket package. Specter said Sunday Ticket hurts consumers because it excludes cable and broadcast TV audiences.

``I'm going to introduce legislation in the next session to take the exemption from the NFL," said Specter, a Republican from Pennsylvania, where the biggest U.S. cable company, Comcast Corp., is based. The NFL has benefited from the exemption, passed by Congress in 1962, as it lets sports leagues negotiate contracts on behalf of their teams.

DirecTV's $249 Sunday Ticket provides subscribers with as many as 14 NFL games each Sunday during the football season. The package is not available to cable-television or other pay-TV providers, such as EchoStar Communications Corp.'s Dish network.

A league spokesman denied consumers are harmed by programming offered through DirecTV and cable-TV operators.

`No Basis'

``NFL Sunday Ticket and NFL Network support consumer choice, as well as broader competition in the overall television market," said Brian McCarthy, the league's spokesman in New York, in an e-mailed statement. ``There is no basis now to repeal statutory provisions that have supported the development of these pro-consumer and pro-fan policies."

Robert Mercer, a DirecTV spokesman, said the company's agreement with the NFL for exclusive rights to Sunday Ticket games will run through 2010. He said the five-year contract is valued at about $3.5 billion.

NFL games are the most-watched U.S. sport and the league is set to earn $3.73 billion this year from TV agreements with CBS Corp.'s CBS, News Corp.'s Fox network, Walt Disney Co.'s ABC and ESPN, General Electric Co.'s NBC and DirecTV Group Inc.

The NFL sued Comcast, saying the Philadelphia-based company's plan to move the NFL Network to a sports tier violated the terms of its contract with the league. The sports tiers costs $5 a month and have a much smaller subscriber base than the expanded basic tier where the NFL is now carried.

Specter made his comments today at a Judiciary Committee hearing on television sports programming and whether cable companies are excluding competition. The committee held a hearing last month on whether the NFL Network raises antitrust issues and how it may affect cable and satellite rates.

DirecTV shares rose 7 cents to $23.60 at 4 p.m. in New York Stock Exchange composite trading. Comcast fell 15 cents to $41.74 in Nasdaq Stock Market composite trading. EchoStar slipped 7 cents to $37.13.

Specter Says NFL Abuses Cable Viewers (PHI)

By Miriam Hill

The Philadelphia Inquirer, December 8, 2006

WASHINGTON - Sen. Arlen Specter's hearing yesterday was supposed to focus on whether cable companies such as Comcast Corp. can wield sports programming like a club to inhibit competition.

But at the end of the Senate Judiciary Committee hearing, Specter turned the tables in a way that took a lot of heat off Comcast. The Pennsylvania Republican, who is chairman of the committee, said he would sponsor legislation to eliminate the antitrust exemption that allows the National Football League to negotiate broadcast rights for all of its 32 teams.

Specter cited a list of grievances against the NFL, including its decision to move Monday Night Football from ABC to ESPN, a cable channel, and moves by teams such as the Colts from Baltimore to Indianapolis.

That history represented a philosophy of "fans be damned," he said. The programming changes suggest an attitude of "consumers be damned."

"Wouldn't consumers be better off if teams could negotiate?" Specter asked. "This is the NFL exerting its power right down to the last nickel."

In a written statement, the NFL said it was sensitive to Specter's concerns, but added that there was no basis for repealing its antitrust exemption. The league also defended its television practices as "consistent with the public interest and as delivering fans extraordinary amounts of programming at little or no cost."

The NFL Network is suing Comcast over the Philadelphia cable company's refusal to carry eight late-season football games in a programming tier widely available to customers. Comcast wants to put those games in its sports tier, which costs $5 more monthly, to compensate for higher fees the NFL wants to charge.

Comcast also has complained that it cannot buy rights to NFL Sunday Ticket, a popular package of games available only to DirecTV subscribers.

Comcast executive vice president David L. Cohen, who also testified yesterday, said he was not ready to agree that the NFL should lose its antitrust exemption.

It is not clear whether Specter's proposed legislation will go anywhere. When Democrats take control of the Senate in January, Sen. Patrick Leahy (D., Vt.) will replace Specter as committee chairman.

Specter said he would consider proposing that Comcast and other cable companies no longer be allowed to refuse to share sports programming with satellite competitors.

He said he was pleased to see that Comcast had agreed to sell its SportsNet content, which includes Phillies, Flyers and Sixers games, to Verizon Communications Inc. Verizon has started selling TV service in the Philadelphia region.

Cohen said his company agreed to share that content in part because it did not think Verizon would compete with Comcast in the city of Philadelphia. He also cited DirecTV's exclusive rights to NFL Sunday ticket.

EMI Nears Deal To Be Purchased By Private-Equity Group Permira (WSJ)

By Ethan Smith And Dennis K. Berman

The Wall Street Journal, December 8, 2006

DOJ_NMG_0103993

EMI Group PLC, the world's third-largest music company by market share, was close to a deal last night to be acquired by a private-equity group, according to people familiar with the matter.

European private-equity firm Permira Advisers Ltd. was considered the likely buyer, according to people familiar with the situation. But the transaction, which would be the latest instance of a publicly traded company being brought under private control, wasn't finalized last night and could still fall apart, these people cautioned.

The situation remained fluid last night and it was unclear whether other private-equity groups would join Permira in the bid. EMI shares closed yesterday at 286.5 pence ($5.63), up fractionally, but down slightly from the 289.5 they hit after news broke last week of the possible deal.

Last week EMI confirmed it had been approached with an offer, but the company didn't identify the bidder. The value of the transaction was unclear, although some people close to the matter have placed it at about £2 billion ($3.9 billion).

EMI comprises two major U.S. labels, Capitol Records and Virgin Records, as well as extensive international operations. Perhaps its most valuable asset is EMI Music Publishing, a song catalog that controls the copyrights to more than a million songs. The company's U.S. labels distribute music by artists such as the Beatles, Norah Jones and the Beastie Boys, but in recent years have struggled to break major new artists.

The bid to take EMI private comes after a string of failed attempts to make a deal with Warner Music Group Corp. EMI and Warner have been attempting to acquire each other for several years, as conventional wisdom said that both companies need to bulk up to remain competitive in the consolidated music industry dominated by Vivendi SA's Universal Music Group and Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG.

EMI and Warner Music rebuffed offers by the other in the spring and summer of this year. In the last round of those discussions, EMI rejected an offer from Warner of £2.52 billion, saying it wasn't big enough to be taken seriously. In July, both companies abandoned their efforts to buy each other, after the regulatory climate turned hostile toward such a deal. That happened when European Union regulators were forced by a court to re-examine the basis on which they approved the merger of Sony's and Bertelsmann's recorded-music companies in 2004.

EMI's heavy debt load and low credit rating have led many to consider it an unlikely private-equity target. But media-industry analysts have said that a buyer could offset those problems by breaking EMI up into its component recorded-music and music-publishing companies. EMI Music Publishing is currently the largest in the world.

Music publishers have seen their values soar in recent years. Universal Music Group recently agreed to pay more than $2.1 billion for Bertelsmann AG's BMG Music Publishing -- a far smaller player than EMI's unit.

A spokeswoman for EMI said: "We don't comment on speculation."

Yesterday, EMI artists -- including rock group Coldplay, singer-songwriter Corinne Bailey Rae and country singer Keith Urban -- received 43 Grammy nominations.

Write to Ethan Smith at ethan.smith@wsj.com1 and Dennis K. Berman at dennis.berman@wsj.com2

Tobacco Deals Might Be Imminent (WSJ)

By Jason Singer In London, And Andrew Morse And Amy Chozick In Tokyo

The Wall Street Journal, December 8, 2006

Japan Tobacco Inc.'s takeover approach to U.K. rival Gallaher Group PLC is likely to spark a bidding war for the maker of Benson & Hedges and Silk Cut brand cigarettes and to prompt other big combinations of tobacco companies across Europe.

Industry executives have been preparing for a round of mergers in Europe's tobacco industry for two years, since Japan Tobacco began to seriously consider a bid for Gallaher, of Weybridge, England, in late 2004. Driving the consolidation is the need to become more efficient and reduce costs in a mature, and in some places, shrinking market.

Nothing materialized over that time period because the industry was roiled by new smoking bans and tax increases, and some companies shifted their priorities to pursuing fast-growing Eastern European markets. Now that Gallaher is in play, it could jump-start that consolidation.

Gallaher late Wednesday said it had received an approach that people familiar with the situation said came from Japan Tobacco; the size of a potential bid is likely to be nearly £8 billion, or $15.7 billion. A Gallaher spokesman declined to comment. A Japan Tobacco spokesman said the company doesn't comment on speculation.

Meanwhile, people familiar with the matter say, Altadis SA of Spain, might try to link with Altria Group Inc. of the U.S., maker of Philip Morris and Marlboro brands, to bid jointly for Gallaher. A spokesman from Philip Morris International, Altria's international cigarette division, declined to comment.

Altria is already the market leader in many European countries and wouldn't be allowed to add Gallaher's brands in those places. But it has room to grow in the U.K., one of Gallaher's bigger markets. Altadis could buy the rest of the businesses, these people say.

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Another option would be for Altria to join with British American Tobacco PLC and carve up Gallaher's business.

Meanwhile Altadis itself has long been considered a target for Imperial Tobacco Group PLC or British American Tobacco, both of the U.K.

Altadis has spent most of the past year reviewing its position in the industry. Its board recently concluded that the company, a product of a merger between French and Spanish tobacco concerns, is too small in its current state, people close to the board's thinking say. The company prefers to be an acquirer rather than sell itself to a larger rival, these people add. Altadis declined to comment.

Already one of the world's biggest cigar makers, Altadis could try to buy Swedish Match AB, which also has a strong cigar business. Pricey cigars command stronger margins and less regulatory risk than the embattled cigarette industry. Swedish Match also sells smokeless-tobacco products and has a market value of about 34 billion Swedish kronor, or $5 billion.

Altadis, which mainly sells local and European cigarette brands such as Gauloises Blondes and Gitanes, also controls some pre-eminent cigar labels. In the U.S. it sells Montecristo, Romeo y Julieta and Te-Amo. It also owns half of the Cuban maker of Cohiba cigars, Habanos SA.

Cigar sales at Altadis grew 8.3% last year, faster than cigarette growth of 5.5%. Many investors expect a big boost to Altadis if Cuban President Fidel Castro dies and a regime more favorable to U.S. interests succeeds him, leading to a lifting of the ban on Cuban products, particularly cigars.

For the U.S. market, Swedish Match sells Dominican Republic-made Cohiba and other cigars. Altadis has the rights to sell internationally many of the Dominican-made cigar brands that Swedish Match sells in the U.S.

A Swedish Match spokesman said the company is interested in making cigar acquisitions in Europe and the U.S. He declined to comment about Altadis.

Japan Tobacco's potential pairing with Gallaher underscores the growing pressure on cigarette makers in developed economies to keep profits rising even as sales sag in their home markets amid the waning popularity of smoking. Increasingly, they are looking to places like Eastern Europe and the Middle East, where smoking remains in style and a rising middle class has the spending power to buy cigarettes.

The two companies have a history of working together; Gallaher markets Japan Tobacco's Camel brands in the U.K. and Austria.

Japan Tobacco would find Gallaher's geographic reach compelling. Gallaher has a division that produces and markets cigarettes in Russia, Kazakhstan and Ukraine. Its largest factory is in Moscow, where it produces 65 billion cigarettes a year. Gallaher also has plants in Poland, Romania and South Africa.

Japan Tobacco's shares rose 4.8% in Tokyo, while Gallaher shares jumped 22% in London. Altadis gained 7% in Madrid and Swedish Match rose 1.9% in Stockholm.

SL Green Wins Approval Of Reckson Shareholders (WSJ)

By Jennifer S. Forsyth

The Wall Street Journal, December 8, 2006

After four months of contentious debate, shareholders of Reckson Associates Realty Corp. voted yesterday to approve its acquisition by SL Green Realty Corp., after Reckson's chief executive personally sacrificed $25 million to make sure the deal went through.

The deal is a significant victory for New York-based SL Green, as Reckson holds five coveted office buildings in Manhattan at a time when it would be almost impossible to acquire that much New York real estate piecemeal. With rental rates climbing and few additional buildings being constructed, New York office buildings are being sold for record prices. The acquisition gives SL Green bragging rights as the largest office landlord in the city.

Also a winner was Reckson Chief Executive Scott Rechler, who along with a group of his investors will end up with about one-third of the Reckson portfolio. Yet his success came at a price.

Yesterday morning, as the shareholder meeting resumed after a 24-hour delay, Mr. Rechler announced that Reckson, a Uniondale, N.Y., real-estate investment trust, would issue a special dividend of $25 million -- equal to about 29 cents per Reckson share -- if the merger closed.

That $25 million was the amount Mr. Rechler was due as a severance package in the merger agreement with SL Green. He volunteered to forgo that payment to ensure that the deal got done. (The holders of two-thirds of Reckson shares had to approve the merger agreement.)

Mr. Rechler said in an interview that he was willing to give up the severance because SL Green made it clear to Reckson it wouldn't increase its bid. When asked what he would do now, Mr. Rechler said: "I'm going to Vermont, to sit under a tree and contemplate life -- $25 million poorer."

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That Mr. Rechler was forced to make such a gesture reflects his role as a lightning rod since the Reckson-SL Green deal was announced Aug. 3. SL Green announced it would buy Reckson for cash and stock then valued at $4.1 billion, not including debt assumption, but would sell back about one-third of the assets, all in the New York city suburbs, to Mr. Rechler and his investors for $2.1 billion -- a price some investors and shareholders believed was too low. At SL Green's 4 p.m. composite price yesterday of $134.24, the deal is valued at about $45.62 a share.

Even as the postponed shareholder meeting was about to begin, other suitors were still expressing interest in Reckson's assets.

According to people familiar with the situation, one last-minute bid was from financier Carl Icahn, whose second proposal for all of Reckson earlier in the week was rebuffed. This time Mr. Icahn bid only for the suburban property that was to be bought by Mr. Rechler's group. But once the meeting began, Mr. Rechler announced, without naming Mr. Icahn, that an 11th-hour bid had been rejected by Reckson's board. Reckson didn't disclose the amount of the bid.

Meanwhile, lawyers representing New York developer Harry Macklowe's Macklowe Properties worked through the night before the shareholder meeting, readying an offer of between $2.3 billion and $2.4 billion for another part of Reckson, according to a person familiar with that planned offer. The target: Reckson's Manhattan properties plus a building in Long Island City, Queens. But Macklowe dropped that plan after Reckson announced as the meeting began that Cohen & Steers, one of Reckson's biggest shareholders, had agreed to support the merger after Mr. Rechler gave up his severance payment. The special dividend increased shareholder value and also eliminated Cohen & Steers's concerns about the severance agreement, Cohen & Steers co-CEO Robert Steers said in an interview.

It would also have been a second run at Reckson for Mr. Macklowe. On Nov. 16, Mr. Macklowe teamed up with Mr. Icahn in a $49-a-share, all-cash offer for all of Reckson. That proposal had buoyed the hopes of some Reckson shareholders that a bidding war would force SL Green to pay substantially more to seal the deal. But over the weekend both Mr. Macklowe and another partner that had joined later withdrew, fearing the price was too high. That forced Mr. Icahn to shuffle the terms of his offer to a cash-and-stock deal, which was rejected by the Reckson board Monday night.

After the vote was finally tallied yesterday, SL Green issued a statement saying, "While the events of the past three weeks have not been easy, the decision validated the credibility of our bid in the strongest possible way."

MasterCard's Key Sponsorship Save (WSJ)

By Robin Sidel

The Wall Street Journal, December 8, 2006

MasterCard Inc. has scored a big point in Latin America -- at a time when the region's appetite for plastic is growing.

By retaining sponsorship of the World Cup tournament and other big soccer events for the next eight years, MasterCard, the U.S.'s second-largest payments network, after Visa International Ltd., can win coveted and exclusive exposure for its brand and products in a soccer-crazed region that is ripe for card growth. The eight-year pact, which starts in January, comes at a time when MasterCard is trying to compete more aggressively against Visa, which is far more dominant in the region.

Late Wednesday, a federal district court judge in New York ruled that the World Cup's organizing body can't award the sponsorship to Visa even though the two struck a deal earlier this year. Instead, the Fédération Internationale de Football Association, known as FIFA, must give the deal to MasterCard, which had sponsored the lucrative sports event for the past 16 years.

FIFA, which is based in Switzerland, said it would appeal.

In handing down the 125-page decision, U.S. District Court Judge Loretta Preska granted a permanent injunction filed by MasterCard, which had sought to block the Visa deal that was awarded last spring. Visa had agreed to pay $180 million for the sponsorship, which runs through the end of 2014, according to legal papers.

The ruling was the latest development in a fight that erupted after FIFA unexpectedly selected Visa to sponsor the soccer events. MasterCard sued FIFA to block the new deal shortly after the soccer organization awarded the sponsorship to Visa. The soccer organization and MasterCard argued the case in court last week.

In describing the impact of the sponsorship, the judge borrowed from MasterCard's well-known advertising campaign. "MasterCard's loss of the next FIFA World Cup sponsorship would be, in [its] now-famous words, 'Priceless,' " she wrote.

It isn't exactly clear when MasterCard will ramp up its efforts in Latin America. Previous sponsorships gave MasterCard the right to work with local banks to promote credit-card use through special offerings tied to the soccer tournament. MasterCard's sponsorship of last summer's World Cup in Germany, for example, gave it the right to be the only card accepted for advance-ticket sales.

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"Right now, we're celebrating the court's recognition of our practices and our legal position," said Noah Hanft, general counsel at Purchase, N.Y.-based MasterCard. Shares of MasterCard rose 55 cents to $99.68 in 4 p.m. composite trading on the New York Stock Exchange.

MasterCard has plenty of catching up to do in Latin America. Of the 287.2 million Visa and MasterCard payment cards in the region last year, some 74.2% were branded with the Visa logo, according to the Nilson Report, a Carpinteria, Calif.-based newsletter that tracks the card industry. Customers rang up $301 billion on Visa cards last year in Latin America, compared with $98 billion of MasterCard transactions. Still, MasterCard notched a 32.5% gain in the dollar value of transactions from year-earlier levels, outpacing Visa's 21.1% increase, according to the data.

"Winning this case is a big positive for MasterCard because brand is of extreme importance when it comes to credit cards and payment processing," says Anurag Rana, an analyst with KeyBanc Capital Markets, a unit of Cleveland-based KeyCorp. Mr. Rana has a "buy" rating on the stock.

Visa expressed disappointment with the court ruling, saying it was "assured by FIFA that the agreement was valid and binding and did not conflict with any of MasterCard's rights."

In its motion for an injunction, MasterCard contended its previous sponsorship agreement with FIFA, which covered the period of 2002 through 2006, gave it right of first refusal for a new contract. MasterCard said FIFA violated those terms by signing a deal with Visa after it had already drafted a new agreement with MasterCard. FIFA disputed that argument, saying it had given MasterCard numerous opportunities to seal a new sponsorship deal. Negotiations for a new agreement fell apart, FIFA contended, due to an unrelated dispute over their logos.

"Because MasterCard and FIFA agreed on all terms of the 2007-2014 MasterCard agreement and the 'final version' of that agreement was sent by FIFA to MasterCard for execution, and the duly executed agreement returned to FIFA, it is fair and equitable that FIFA be required to specifically perform the 2007-2014 MasterCard Agreement," the judge wrote.

MasterCard was aggressive in challenging the sponsorship partly because the loss of the World Cup would mean that the card network wouldn't have sponsorship rights to any major global sports event. Visa owns sponsorship rights for the Olympics through 2012.

ENVIRONMENT:

Greater Role For Nonscientists In E.P.A. Pollution Decisions (NYT)

By Felicity Barringer

The New York Times, December 8, 2006

The Environmental Protection Agency has changed the way it sets standards to control dangerous air pollutants like lead, ozone and tiny particles of soot, enhancing the role of the agency's political appointees in scientific assessments and postponing the required review by independent scientific experts.

The change, which largely tracks the suggestions of the American Petroleum Institute but also adopts some recommendations of the agency's independent scientific advisers, was announced yesterday afternoon by the agency's deputy administrator, Marcus Peacock. Mr. Peacock said it would streamline a cumbersome process and bring it "into the 21st century."

He also said the E.P.A. "is committed to a timely and transparent process that uses the most up-to-date science available." Under the new system, he said, it will "continue to adhere to the highest scientific standards and ensure we meet the agency's mission" of protecting public health.

The Clean Air Act requires that every five years, the agency review existing standards for the six air pollutants considered most dangerous to health. Two standards, for lead and ground-level ozone, are currently under review. A third, for lethal particles of soot, was left partly intact two months ago, a decision that ignored the consensus recommendation of the agency's scientific advisers that it be tightened.

The decision announced yesterday, the culmination of months of review and comment, drew a scathing response from environmental groups like the Sierra Club and Clean Air Watch, as well as the American Lung Association. Vickie Patton, a senior lawyer with Environmental Defense, said "the establishment of health-based standards are one of the single most important scientific decisions" the E.P.A. made.

The changes, Ms. Patton said, will compromise two aspects of the process "integral to scientific integrity and independence."

For one thing, agency scientists will no longer produce their own independent review of the latest science to start the process of deciding whether a pollution standard — for lead, say, or ozone — is tough enough to protect public health. Instead,

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initial reviews will now involve both agency scientists and their political bosses and will produce a synopsis of “policy-relevant” science, agency officials said.

“They are using this idea of streamlined and expedited decision-making as a Trojan horse to infect the most important decisions the administrator makes with politics,” Ms. Patton said.

In addition, she said, the role of the independent panel of scientific advisers — who act as auditors, reviewing the document produced by agency scientists and advising top management — has been diminished. The panel, the Clean Air Scientific Advisory Committee, will now comment on the agency’s proposed actions after the public has been notified of them, giving the scientists essentially the same kind of participation as industry lobbyists and environmental groups.

Rogene Henderson, the advisory committee chairwoman, said she believed that agency scientists could continue to provide recommendations they thought most appropriate, “but they will assuredly be asked to include some recommendation that is acceptable to upper-level management.”

Ms. Henderson said the agency had accepted her group’s recommendation that the review process include an early public workshop to review the current science and that the documents that result from the review be more concise.

Still, she said, “They will come out with their policy before we have a chance to comment on it.” But she added quickly, “They weren’t taking our advice” even under the old system, at least in the recent soot decision.

EPA Shortens Science Reviews, Angering Some (LAT)

By Janet Wilson

The Los Angeles Times, December 8, 2006

The U.S. Environmental Protection Agency on Thursday streamlined the way it updates regulations for the nation's worst air pollutants, a move that drew immediate charges that officials are trying to quash scientific review to benefit industry at the expense of public health.

The changes, some of which closely mirror requests by the American Petroleum Institute and Battery Council International industry groups, include shortening what is now an exhaustive scientific review, and replacing recommendations prepared by career scientists and reviewed by independent advisors with a "policy paper" crafted by senior White House appointees at the agency.

EPA officials said the changes were made in part at the request of its science advisors, who have complained that the process for reviewing new health standards is overwhelming.

The agency regularly misses deadlines for updating health standards, which has led to numerous lawsuits by environmental groups.

"EPA is bringing air rule-making into the 21st century … with a timely and transparent process that uses the most up-to-date science," said Deputy Administrator Marcus Peacock, who approved the new procedures. "Everyone has found the current process is inefficient, and current delays are unacceptable."

The pollutants covered by the changes include ozone and diesel soot, both of which continue to plague Greater Los Angeles, making it the nation's worst spot for deadly air pollution. Other affected pollutants include sulfur dioxide, carbon monoxide, nitrous oxides and lead.

Thursday's announcement came two days after the agency announced it would study whether lead should be taken off the list of the most serious pollutants.

It also follows controversial decisions this fall by EPA Administrator Stephen Johnson in which critics said he had ignored scientific counsel on tightening standards for deadly soot.

For 30 years under the Clean Air Act, agency scientists have reviewed and recommended health standards for six major air pollutants: ozone, particulate matter, sulfur dioxide, carbon monoxide, nitrous oxides and lead.

The standards, which limit amounts of the pollutants that can be released into the air, are designed to protect children, the elderly and other "sensitive" populations, and curtail damage to animals, crops, vegetation, views and buildings.

Congress members, environmentalists and past EPA staff from Republican and Democratic administrations swiftly condemned this week's actions, saying they could undermine public health protections.

"EPA is downgrading the role of its own career experts and making sure that political appointees are running the show from the beginning," said Frank O'Donnell of Clean Air Watch in Washington. "It is little wonder that the oil industry pushed for exactly this sort of 'reform' to the process."

O'Donnell called the lead assessment "a political gift to the lead-smelting lobby…. It could threaten thousands of children who breathe toxic lead fumes."

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Rep. Henry A. Waxman (D-Los Angeles), incoming chairman of the Government Reform Committee, said in a statement Thursday, "EPA's efforts to roll back … the most fundamental provisions in the Clean Air Act make no sense, and fly in the face of last month's elections."

On Wednesday, Waxman wrote to Johnson regarding the study of lead, urging him to "renounce this dangerous proposal immediately. This deregulatory effort cannot be defended."

The Chicago-based Battery Council International asked the EPA in July to delete lead from the list of "criteria" pollutants, which are subject to tough health standards. The council said other existing regulations would preserve protection.

Emissions of lead have declined by 96% since its use in gasoline was banned. Agency staff this year found only two sites in the country where lead emissions still exceeded limits, both near smelting facilities used as part of battery manufacturing.

Recent studies have suggested that lead is more harmful than previously thought. But EPA staffers said in a draft paper this week that they would assess whether tough health standards could be revoked.

The ban on leaded gasoline will continue no matter what, agency staff said, as will other rules.

"We need to evaluate whether there's a better way, a more effective regulation or way to better protect the public from lead exposure," EPA Press Secretary Jennifer Wood said.

Dr. Bernard Goldstein, a former EPA assistant administrator appointed by President Reagan and a former member of the agency's science advisory panel, said he was concerned about the changes announced Thursday, especially when coupled with Johnson's decision not to follow his own scientists' advice on deadly fine particulate matter, or soot.

During his time, administrators had "always taken the advice of their scientists," in fact choosing their most stringent recommendations, said Goldstein.

He said that though the regulatory process could be streamlined, it shouldn't be done by eliminating the core scientific recommendations.

John Walke, a former EPA attorney who is now clean-air director for the Natural Resources Defense Council, said, "Obviously the intended impact is to introduce industry desires … into the process."

The American Petroleum Institute this year wrote the EPA saying the long-established staff paper on each key pollutant should not be a science-based document but "is a policy document, and as such should have input from senior EPA management."

On Thursday, the agency eliminated the staff papers and replaced them with a separate science assessment that will no longer include policy recommendations, and a "policy assessment" to be prepared by senior EPA managers.

Neither the battery council nor the petroleum institute returned phone calls and e-mails requesting comment.

Acting Assistant Administrator Bill Wehrum, who helped formulate this week's changes, said the charges of industry influence were "silly" and "false."

He and Peacock defended the changes, saying that the new process, with its separate science and policy assessments, would make clearer what scientific research showed, and what politically appointed policy makers were seeking.

Keep The E.P.A. Libraries Open (opinion) (NYT)

By Leslie Burger

The New York Times, December 8, 2006

Princeton

IF you needed to find out how much pollution an industrial plant in your neighborhood was spewing, or what toxic chemicals were in a local river, where would you go? Until recently, you could discover the answer at one of the Environmental Protection Agency's 29 libraries. But now the E.P.A. has obstructed the American public — as well as its own scientists and staff — by starting to dismantle its crown jewel, the national system of regional E.P.A. libraries.

Until now, any citizen could consult these resources, which include information on things like siting incinerators, storing toxic waste and uncovering links between asthma and car exhaust. E.P.A. staff members and other scientists have counted on the libraries to support their work. First responders and other state and local government officials have used E.P.A. information to protect communities. In the age of terrorism, when the safety of our food and water supply, the uninterrupted flow of energy and, indeed, so much about our environment has become a matter of national security, it seems particularly dangerous to take steps that would hinder our emergency preparedness.

Although lawmakers haven't yet agreed to President Bush's proposed 2007 budget, which includes $2 million in cuts to the agency's library system, the head of the E.P.A. has already instituted cuts. The agency's main library in Washington has been closed to the public, and regional E.P.A. libraries in Chicago, Dallas and Kansas City, Mo., have been closed altogether. At the Boston, New York, San Francisco and Seattle branches, hours and public access have been reduced.

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Anyone who needs to understand the environmental impact of, say, living downwind or downstream from a new nuclear power plant, or the long-term public health impact of Hurricane Katrina, cannot afford to find the doors barred to potentially lifesaving information. But neither can the rest of us, whose daily lives and choices will be affected by global warming. We all have a right to be able to get access to information about our air, water and soil.

"Libraries and their professionals are integral to the work of E.P.A. toxicologists," says an agency toxicologist, Suzanne Wuerthele. "Without access to their expertise and extensive collections, it will be difficult to explain to the public, to state agencies, industry and to the courts how and why E.P.A. is protecting the environment over time."

Some members of Congress have begun to bring these cuts to light. The Senate minority whip, Richard Durbin, urged the president to reopen the libraries and rethink his budget request. Eighteen senators sent a letter to the Senate Appropriations Committee asking it to make the E.P.A. keep the libraries open. Representatives John Dingell, Bart Gordon and Henry Waxman recently had the Government Accountability Office start an inquiry into the closings and requested that the E.P.A. administrator, Stephen Johnson, cease the destruction of library materials immediately.

The E.P.A. cannot hide behind the fig leaf of fiscal responsibility. While the agency says the closings are all part of a commitment to modernize and digitize, we are not assured that its public plan is adequate or its skills sufficient. Users within the E.P.A. and the American public need information specialists, like librarians, to manage paper collections and to help them get access to digital material and organize online information.

Fortunately, there's still time to reverse this dangerous threat to a healthy future. The administration could immediately reopen the closed libraries. Congress could conduct oversight hearings to reverse these decisions and prevent any more E.P.A. libraries — all of them containing invaluable information about our environment, all of them paid for by our tax dollars — from closing. The American public deserves no less.

FBI/DEA/ATF/USMS:

FBI Releases Few Details On Death Of FBI Agent (RTD)

By Kiran Krishnamurthy, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, December 8, 2006

FREDERICKSBURG -- FBI officials had little more to say yesterday about the shooting of an agent during a live-fire training exercise at Fort A.P. Hill on Wednesday. He later died.

The standard training exercise involved the bureau's Quantico-based Hostage Rescue Team. FBI Special Agent Ann Todd would not disclose the number of agents involved or what the training at the Army base in Caroline County involved.

Todd also would not say how many times FBI Supervisory Special Agent Gregory J. Rahoi, 38, had been shot. She clarified that Rahoi was raised in Wisconsin but was assigned to the unit at Quantico and lived in the area.

She said she did not believe anyone else was injured. The FBI's investigation is continuing.

Rahoi joined the FBI in 1997 and had served with the Hostage Rescue Team for the past six years. He was flown by helicopter after the Wednesday afternoon accident to Mary Washington Hospital in Fredericksburg, where he was later pronounced dead.

Fort A.P. Hill hosts about 60,000 soldiers, sailors, airmen and Marines annually at the 76,000-acre post's live-fire ranges and other training facilities. Federal law-enforcement agencies also use the facilities on a regular basis.

The last time someone died during live-fire training at Fort A.P. Hill was in December 2000, when a Marine was killed, said Ken Perrotte, a spokesman for the base.

Todd said Rahoi was the second Hostage Rescue Team member killed in the line of duty. In 1986, Special Agent James K. McAllister died after falling from a helicopter during training at Quantico.

Contact staff writer Kiran Krishnamurthy at kkrishnamurthy@timesdispatch.com or (540) 371-4792.

F.B.I. Agent Is Killed During Training (NYT)

By David Johnston

The New York Times, December 8, 2006

An F.B.I. agent was accidentally shot and killed Wednesday during a training exercise at Fort A. P. Hill in Virginia. The agent, Gregory J. Rahoi, 39, was a member of the Hostage Rescue Team, an elite tactical unit that routinely trains using live ammunition. Mr. Rahoi was a nine-year veteran of the bureau. The hostage team uses the Fort A. P. Hill Army base for larger maneuvers. Officials of the Federal Bureau of Investigation said that the circumstances surrounding the death were being investigated.

Authorities Bust Gang Selling Drugs In Allentown, Easton (NBC10)

NBC10.com, December 7, 2006

Federal prosecutors said they've taken down a major drug gang operating in several suburban counties.

Federal, state and local law enforcement officers announced the busts in Allentown.

Police said they arrested nine members of the Mafia El Don gang.

The suspects allegedly ran a cocaine ring, selling drugs in Northampton, Lehigh, Berks and Lancaster counties, according to police.

Officers seized drugs, guns and $900,000 in cash.

According to investigators, the gang has sold 50 kilos of cocaine since summer.

"This investigation included a five-month wiretapping in which hundreds of calls were intercepted involving the buying and selling of cocaine, in amounts from 14 grams to kilos," U.S. Attorney Patrick Meehan said.

Prosecutors said most of the cocaine was sold from a store in Allentown and a restaurant in Easton.

This is the first case prosecuted under the "222 Corridor" initiative, which targets gang crime.

Massive Drug Ring Ends With 9 Arrests (ETPA)

By Bevin Milavsky, The Express-times

Easton Express-Times (NJ/PA), December 8, 2006

Operation spanned Lehigh Valley

ALLENTOWN | Officials toppled the drug gang running what authorities call the largest cocaine ring in the Lehigh Valley and took nine people in to federal custody.

Mafia El-Don distributed at least 50 kilograms of cocaine in the Valley since the summer, according to U.S. Attorney Pat Meehan.

"These are major suppliers to the area," he said Thursday.

The nine alleged gang members arrested this week include the leader, a main supplier and numerous drug runners. In addition to distributing cocaine and crack in the Valley, authorities said, the men had firearms they used to further drug trafficking.

The arrests were the result of an 18-month investigation that culminated Tuesday when officials executed 18 search warrants and seized $900,000, drugs, materials used for drug packaging and sales and firearms, at least one of which was reported stolen, according to court documents.

The case is the first prosecuted as part of the Route 222 Corridor anti-gang initiative. If convicted, the men face mandatory minimum sentences of 15 years up to life in prison.

"This is a kind of potential retirement plan for drug traffickers," Meehan said.

Five-month investigation

The investigation into the drug gang included a five-month wiretap that allowed officials to intercept hundreds of calls about buying and selling cocaine, Meehan said.

He said the wiretap also helped agents thwart a planned home invasion, money exchanges in public places and talk of buying and selling firearms.

The suspects are: Juan Francisco Minier, 42; Eduardo "Mafia" Jiminez, 35; Hilario "El-Don" or "Humberto" Tamarez-Canario, 34; Vladimir "Menor" Morales, 31,; Freddy Isaac "Kelvin" Gell, 39; Alejandro Martinez-Bassora, 40; Aldo Guzman, 44; Jose "Joselo" Cedeno, 35; and Jeffrey Riggins, 42.

Meehan described Mafia El-Don as a sophisticated organization that moved seamlessly from Allentown to Easton, most likely resulting in drugs reaching the streets in an even wider arc.

Northampton County District Attorney John Morganelli reiterated what officials have said over the past year: Drug and gang activity is not contained to one area but is a regional problem.

Meehan said Cedeno, the group's leader, has ties to New York, but dealers no longer wait for people to come to large cities to buy drugs.

"The drug dealers have created these businesses, and they're marketing their product," he said.

Officials said drugs were sold from multiple homes and businesses in Easton, Allentown and areas in between.

Alleged crime scenes

Easton locations tied to the drug ring include: Jiminez's restaurant, Cesar's Mexican Cocinar, in the 1100 block of Butler Street; a store in the 900 block of Ferry Street owned by Tamarez-Canario; his home in the 900 block of Spruce Street; Riggins' apartment in the 700 block of Walnut Street; and an unidentified drug storage facility in the 1000 block of Jackson Street.

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Other places include: Cedeno's home in the 2000 block of Columbia Street, Whitehall Township; Jiminez's home in the 2600 block of Broad Street, Palmer Township; and the following Allentown locations -- Gell's home in the 600 block of Whitehall Street; Minier's home in the 1700 block of 31st Street SW; another home Minier owns in the 1800 block of Highland Street; and his garage, JM Collision, in the 400 block of Sumner Avenue.

Neighbor unsurprised

A man who lives across the street from Jiminez's restaurant said he has long suspected people who frequented the business were selling drugs.

"There was a lot of traffic, a lot of hanging out, but not many people come out with food," he said Thursday evening. "It was obvious."

The man, who declined to identify himself, said he's lived on Butler Street for about 14 years and began noticing suspicious activity at the restaurant a year ago.

"We're glad they're out of there," the man said. "It's about time."

Authorities identified the 1104 Butler St. site as Cesar's Mexican Cocinar, but signs outside the business read, "Caribbean Restaurant Spanish Food."

The entrance door was locked, and there were no signs indicating the restaurant's regular hours.

Officials credited collaboration among various federal, state and local agencies for removing the violent drug gang from the streets.

Reporter Bevin Milavsky can be reached at 610-258-7171 or by e-mail at bmilavsky@express-times.com.Ë ¶ ÛÜñèßØÓ

Authorities: Valley's Largest Cocaine Ring Busted (MORNCALL)

The Morning Call, December 8, 2006

Nine people have been arrested and about $1 million in cash has been confiscated, "shutting down" what authorities believe to be the Lehigh Valley's largest cocaine trafficking organization, U.S. Attorney Patrick Meehan announced today.

Meehan was joined by other federal, state and local law enforcement officials in announcing the arrests, which stemmed from 18 raids conducted throughout the Lehigh Valley earlier this week. Officials said it was the first case prosecuted under the federally funded Route 222 Corridor Anti-Gang Initiative started this year.

The Mafia El-Don organization, as it is known, distributed at least 50 kilograms of cocaine in the Lehigh Valley region since the summer. Seven of the nine were arrested for direct roles in the conspiracy, according to a press release, while two others were arrested for buying cocaine from the organization with the intent to resell.

Authorities said the arrests included some major players in local cocaine trafficking, including the group's leader, Jose Cedeno, 35, 2021 Columbia St., Whitehall Township, and the major supplier, Juan Francisco Minier, 42, president of JM Collision, an auto garage in Allentown.

Officials said they found about $1 million in cash at Cedeno's home that took two days to count. Minier used his business as a base of operations, officials said.

Others arrested were Eduardo Jiminez, 35, owner of Cesar's Mexican Cocinar, 1104 Butler St., Easton; Hilario Tamarez-Canario, 34; Vladimar Morales, 31, 913 Spruce St., Easton; Freddy Isaac Gell, 39; Alejandro Martinez-Bassora, 40; Aldo Guzman, 44, 204 Oak St., Walnutport; and Jeffrey Riggins, 42, 700 Walnut St., Easton.

Gordon Named Chairman Of House Science Committee (MURFPOST)

Murfreesboro Post, December 8, 2006

WASHINGTON, D.C. – U.S. Rep. Bart Gordon has been named Chairman of the U.S. House of Representatives Committee on Science, becoming Tennessee's first full House committee chairman in thirty years.

"I am honored by this assignment," said Gordon, who currently serves as Ranking Member of the Science Committee. "Under my leadership, the Science Committee will be the committee of good ideas and consensus. We will reach out to individuals and groups to participate at every opportunity, share ideas and work to keep America competitive in today's world."

Throughout his service in Congress, Gordon has been widely recognized for his commitment to responsible, bipartisan efforts to advance science, technology and education.

"We have an opportunity to put aside partisanship and positively affect issues from education and research to energy and security. This is an opportunity we must not neglect," said Gordon.

Gordon says one of the first orders of business for the Science Committee in the 110th Congress will be to continue efforts to ensure U.S. competitiveness in today's global marketplace. He cited measures to increase the nation's energy independence and legislation that will make sure American workers, teachers and students are equipped with the tools they need to compete with the rest of the world.

The congressman's efforts to fight Tennessee's meth abuse problem also are likely to resurface as the Science Committee has jurisdiction over the issue.

According to the Drug Enforcement Administration, more than 850 meth labs were seized in Tennessee last year, accounting for 75 percent of all lab seizures in the Southeast. Nationally, only three states had more meth lab seizures than Tennessee in 2005.

"We know that meth labs produce about six pounds of toxic waste for every one pound of meth that is cooked," said Gordon. "That chemical residue can coat the walls and floors of a meth lab, creating a potentially hazardous environment for the home's next occupants. To protect their health, we need guidelines for what constitutes a clean site."

Gordon, the dean of Tennessee's congressional delegation, will assume the Chairmanship at the start of his 12th term in Congress in January 2007.

The Science Committee maintains jurisdiction over all federal nonmilitary scientific and technology research and development programs, including those at the Department of Energy, NASA and the National Science Foundation. The committee also is charged with ensuring that federal investments in science and technology are focused in the right areas and are succeeding in boosting our nation's economy.

"I want to ensure our nation and our state remain at the forefront of scientific research, which delivers the technologies and innovations that drive our economy and aid in our well-being," said Gordon.

"In Tennessee, we have the opportunity to expand on research already taking place at federal facilities and university laboratories across the state. As Chairman of the Science Committee, I hope to capitalize on those opportunities by building on efforts already underway to establish a technology corridor linking facilities from Oak Ridge to Tullahoma."

Drug-tainted Coaches Targeted In Anti-doping Rules (USAT/AP)

By Bob Baum, The Associated Press

USA Today, December 8, 2006

The governing body for U.S. track and field is expanding its zero-tolerance anti-doping policy to coaches.

New regulations made public Thursday will require coaches to register with USA Track & Field, and coaches who have had athletes serve at least a two-year ban for doping or have been sanctioned themselves must be approved by a review panel.

The rules, to take effect sometime next year, are the federation's first concrete attempt to deal with coaches linked to doping cases, such as elite coach Trevor Graham.

This summer, the federation learned Graham's top athlete, Olympic and world sprint champion Justin Gatlin, tested positive in April for steroids and other performance enhancers.

Graham, whose former clients include five-time Olympic medalist Marion Jones and former world record holder Tim Montgomery, has had several athletes test positive for banned substances.

He also has been indicted on charges of lying to federal investigators in the BALCO drug probe and is the subject of an U.S. Anti-Doping Agency investigation. He has pleaded not guilty to the criminal charges and has denied supplying banned drugs to his athletes.

"While USADA remains responsible for issuing doping bans, the board of directors recognizes how critical it is that we do everything we can to deny USATF benefits to those who may be influencing athletes to use drugs," USATF chief executive officer Craig Masback said in a news release.

Agents and medical staff also will be subject to the new rules.

Coaches who choose not to register will not receive credentials for national championships, get stipends for training athletes or serve on national team coaching staffs.

Under current rules, coaches routinely receive credentials for national competitions and a coach for any athlete that ranks in the top 10 in the world in an event receives $2,000 from the federation.

"We think this is a step in the right direction," said U.S. Olympic Committee spokesman Darryl Seibel, "and it is an acknowledgment of the fact that responsibility and accountability must include not only an athlete but also his or her coach and agent."

The new rules also mean athletes of unregistered coaches will not be promoted by USATF to the media and sponsors.

Hershey was embarrassed this year when it made a deal with Gatlin to appear at its youth championships. Just before the meet was held, news broke of the sprinter's positive test.

Medical personnel on national teams will have to pledge they never have promoted nor will aid athletes to use banned performance enhancers. Agents will be required to sign a form stating they have not "nor will in the future counsel, encourage, aid or abet an athlete to use performing-enhancing substances."

It has not been determined what penalties medical staff or agents would face if they lie, Geer said.

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Football Officials Dispute Thomas's Drug Defense (NYT)

By Michael S. Schmidt

The New York Times, December 8, 2006

Contrary to the explanation by New Orleans Saints defensive lineman Hollis Thomas that his positive drug test resulted from asthma medications, two football officials with knowledge of the case said a performance-enhancing drug was to blame.

The N.F.L. suspended Thomas for four games Tuesday for violating the league's banned-substance policy. A drug test on Aug. 7 found clenbuterol, a banned drug that helps burn fat and promotes muscle growth, in Thomas's body.

Thomas, a 6-foot tackle who is listed at 306 pounds and goes by the nickname Tank, has struggled with his weight and asthma for his entire career. He was traded to New Orleans in April after nine season with the Philadelphia Eagles and has flourished for the resurgent Saints, registering 3½ sacks and 43 tackles through 12 games.

The loss of Thomas, 32, comes at a crucial point for the Saints (8-4). New Orleans plays at Dallas on Sunday in a game that could help determine home-field advantage in the National Football Conference playoffs. He will miss the last four games of the regular season but will be eligible to return for the playoffs.

His agents, Michael Bauer and Ron Slavin, cited a letter used in their appeal in which the Saints' doctor, John R. Amoss, said it was "highly plausible" that asthma medications were responsible for the presence of clenbuterol in the urine sample. In the letter, Dr. Amoss wrote that Thomas's severe asthma required the treatment of high doses of inhaled steroids and other drugs. Dr. Amoss wrote that the combination of drugs probably produced a "false positive" result.

One football official, who was granted anonymity because he was not authorized to speak publicly about the case, said the drug found in Hollis's system could not have resulted from a combination of the medications. If the drugs that Thomas was prescribed by the team doctor were the only medications found in his system, he would have won his appeal, the official said.

N.F.L. players can seek medical exemptions after testing positive for a banned substance. If a drug has been prescribed by a doctor for a legitimate health reason, the violation can be settled and no suspension is issued.

Advair and albuterol, drugs that Thomas was taking for his asthma, are included on the N.F.L.'s list of prohibited substances. But they were not cited as violations because they were prescribed by the team doctor, the official said.

"As long as what is found in the system is what the doctor prescribed you, you are fine," he said. "But in this case, there was something else besides what the doctor prescribed."

The second football official, who was not authorized to speak publicly, independently confirmed what the other official said.

Drug-testing experts also questioned the team doctor's written argument. Clenbuterol is not a steroid, but it cannot be obtained legally for human use in the United States. Only veterinarians treating horses with severe breathing problems similar to asthma can prescribe the drug.

"I have never heard the proposition put forth that this combination of drugs would produce a positive test for clenbuterol," said Dr. Gary I. Wadler, an associate professor of medicine at New York University and an adviser for the World Anti-Doping Agency.

Clenbuterol is not more effective at treating asthma than the other medications Thomas was taking for his breathing problems, Wadler said. The drug is available for human consumption in some South American countries and has been used to increase muscle growth in show animals and athletes.

Wadler said that athletes had used clenbuterol before, most notably during the 1992 Barcelona Olympics, when two American shot-putters tested positive for the drug and were disqualified. The former pitcher Jason Grimsley told federal prosecutors that he used clenbuterol, human growth hormone, amphetamines and steroids during his Major League Baseball career.

In a telephone interview Wednesday, Slavin, one of Thomas's agents, said the extreme heat and humidity at the Saints' summer training camp at Millsaps College in Jackson, Miss., made Thomas's asthma worse and prompted doctors to recommend new drugs. Thomas was overweight when he arrived at minicamp in June and was still overweight when training camp began at the end of July.

In the appeal to the league, dated Nov. 17, his agents also argued that a suspension would violate the Americans with Disabilities Act because Thomas was treating "his chronic, life threatening asthma, in a contract year."

Dr. Amoss, the team doctor and an assistant professor at Louisiana State University, declined an interview request for this article. A team spokesman also would not comment.

More than 60 active players, and about 60 players who retired or were cut before their results were determined, have tested positive since the N.F.L.'s testing for performance-enhancing drugs began in 1989. So far this year, at least five players have tested positive for performance-enhancing drugs.

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At the Eagles training facility Wednesday, Thomas's former teammates said they were surprised and dismayed by the positive test.

"I think everyone should hold their judgment until they actually know for sure that he did something wrong," defensive tackle Darwin Walker said. "I think he's a good character person. I just hate to see something like that happen. To be honest with you, I should educate myself more about the steroid policy, because I don't know much about it. I don't know much about asthma medications either."

Defensive tackle Sam Rayburn said he talked with Thomas and believed that he had not intentionally used a banned substance.

"Almost everything is against the rules in certain quantities," Rayburn said. "Even caffeine is considered a performance-enhancer if it's in a great enough quantity. You got to be careful. You can't even drink too much Mountain Dew. The easy way to stay out of trouble is not just to take anything." <NYT_TAGLINE>

Clifton Brown contributed reporting from Philadelphia. </NYT_TAGLINE>

Mexico's New Atty Genl Pledges Fight Against Corruption (DOW)

By Dow Jones Newswires

Wall Street Journal/Dow Jones, December 8, 2006

MEXICO CITY (AP)--Mexico's new attorney general took office Thursday promising to wage a "firm" fight against corruption and take on organized crime groups he compared to the Mafia.

Eduardo Medina Mora, who previously served as public safety secretary, acknowledged that "today, all indicators show that the public feels unsafe," an apparent reference to the wave of executions and kidnappings in several Mexican states.

He also promised to keep Mexican law enforcement clean.

"On this issue, we will be firm and categorical; there will be no room here for corruption," Medina said at his swearing-in ceremony, which came after the approval of his nomination by the Senate.

Medina Mora was nominated for the post by President Felipe Calderon, who took office on Dec. 1, and has promised to make law enforcement a top priority.

While the administration of former president Vicente Fox made some headway in arresting top leaders of the Gulf drug cartel and the Tijuana-based Arellano Felix gang, the man many consider the country's leading trafficker - Joaquin "El Chapo" Guzman - escaped from prison in 2001 and is still at large.

In the meantime, several drug cartels have formed alliances and are fighting bloody turf wars, assassinating policemen and even taking out newspaper ads to boost their image.

In the face of lawlessness, Medina Mora said the task of law enforcement would be "to affirm the Mexican government as the only power, above those who have to sought to challenge it."

On Wednesday, speaking before Senate members, Medina Mora said Mexico's drug cartels are seeking to expand into other illicit activities, as income from the cocaine trade declines in the face of competition from methamphetamines.

"They are seeking other forms of survival, which implies not only drug trafficking, but also Mafia activities, very similar to what the Cosa Nostra did in Palermo (Sicily), very similar to what happened at one point in Colombia, in Cali and Medellin."

Public Optimism Fades In Afghanistan (NYT/AP)

By The Associated Press

The New York Times, December 8, 2006

Filed at 9:14 a.m. ET

WASHINGTON (AP) -- Optimism is starting to fade among the people of Afghanistan five years after the fall of the Taliban and amid rising violence in the country, a poll found.

The number of people who think the country is on the right track has dropped 22 points -- to 55 percent -- in the last year, according to a poll done in Afghanistan by ABC News and BBC World Service. The reasons cited most often for the pessimism were a bad economy and the resurgent power of the Taliban militia, whose severe Islamic rule was ended by a U.S.-led invasion in 2001.

The highly unpopular Taliban is increasingly seen as posing the greatest danger to Afghanistan, with 57 percent naming the militia, up from 41 percent a year ago.

Acceptance of growing opium poppies has grown in the last year, however, with 40 percent saying it is acceptable if a grower has no other way to earn a living. That is up from 26 percent who felt that way a year ago.

More than four in 10 report violence in their local areas, a number that is higher in some regions of the country.

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Optimism had declined on a variety of fronts compared with a year earlier: a 17-point drop in the belief that security has improved since the Taliban was in charge of the country to 58 percent; a 13-point drop in the belief that life in Afghanistan will get better in the next year, to 54 percent; and a 15-point drop in the job approval rating of Afghan President Hamid Karzai, to 68 percent.

That approval level would be welcomed by most politicians in the United States.

Most in Afghanistan still think the U.S.-led invasion five years ago had positive effects on their country. Almost nine in 10 call the invasion a good thing for their country. Three-fourths have a favorable opinion of the United States and almost nine in 10 prefer the current government to the Taliban.

The poll of 1,036 adults was conducted in 31 of Afghanistan's 34 provinces, excluding some of the most violent regions in the country, and has a margin of sampling error of plus or minus 3.5 percentage points.

Afghanistan Poll: The Full Report (ABC)

ABC News, December 8, 2006

Dec. 7, 2006 — Five years after the fall of the Taliban, public optimism has declined sharply across Afghanistan, pushed by a host of fresh difficulties: Worsening security, rising concerns about a resurgent Taliban, troubled development efforts, widespread perceptions of corruption and reduced faith in the government's effectiveness in facing these challenges.

The U.S.-led invasion remains highly popular, the Taliban intensely unpopular, and the current Afghan government retains broad support. Yet this extensive ABC News/BBC World Service survey makes clear the country's profound problems, including renewed Taliban activities five years after the fall of their last redoubt, Kandahar, on Dec. 7, 2001:

More than four in 10 Afghans report Taliban violence in their own local area, including killings, bombings, torchings of schools or government buildings and armed conflict with government or foreign troops. That number soars in specific regions, notably in southern Helmand and Kandahar provinces, where eight in 10 report poor security.

One in six Afghans say people in their area provide Taliban fighters with food or money — and that number jumps to more than a third in the northwest, nearly half in the country's southwest provinces overall, and two-thirds specifically in Helmand and Kandahar.

Most Afghans — 57 percent — now call the Taliban the single greatest danger to their country, up 16 points from the first ABC News poll in Afghanistan a year ago. Only in the eastern provinces does the Taliban have a rival threat, drug traffickers.

Drugs

Views on the drug front also are not promising. Signaling frustration with the slow pace of development, there's been a jump in the acceptance of growing opium poppies, the country's illicit cash crop. Nationally, 40 percent now call it acceptable if there's no other way to earn a living, up sharply from 26 percent last year. And in the top-producing opium provinces, more — a 59 percent majority — endorse poppy cultivation.

Despite eradication efforts, Afghanistan is the world's top opium poppy producer — and nearly three-quarters of Afghans suspect the Taliban is protecting the trade.

Deterioration

Compared to a year ago, this poll finds deterioration in a range of public perceptions about the country's condition: a 22-point drop in views that it's headed in the right direction, a 17-point drop in the belief security has improved since the Taliban was in control and a 13-point drop in personal optimism for the year ahead. Trust in parliament is down 18 points while approval of Afghan President Hamid Karzai is down 15 points.

Some of these ratings, to be fair, have fallen from probably unsustainable levels. Sixty-eight percent approve of Karzai's work — down from 83 percent last year, but still a level most national leaders would envy. Fifty-nine percent think the parliament is working for the benefit of the Afghan people, down from 77 percent but still far better than American approval ratings of the U.S. Congress.

Others are lower: Positive ratings of the performance of the United States in Afghanistan are down by 11 points, to 57 percent. Provincial governments are rated positively by 52 percent.

Perhaps most troubling in terms of governance: 78 percent of Afghans call official corruption a problem in the area where they live — and 55 percent call it a big problem. One in four report that they or someone they know has had to pay a bribe to receive proper service from the government — and that jumps to four in 10 in the country's northwest, where corruption is particularly severe.

There are, however, positives. Most Afghans say the government and local police alike have a strong presence in their area. Few say so of the Taliban — and trust the current authorities, at least somewhat, to provide security. Again, likely reflecting the Taliban's broad unpopularity, big majorities continue to call the U.S.-led invasion a good thing for their country (88 percent),

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to express a favorable opinion of the United States (74 percent) and to prefer the current Afghan government to Taliban rule (88 percent).

Indeed eight in 10 Afghans support the presence of U.S., British and other international forces on their soil; that compares with 5 percent support for Taliban fighters and 11 percent for jihadi fighters from other countries. In the south, however, just three in 10 say international forces have a strong presence. And while just a quarter overall say U.S. forces should leave within a year, that is up from 14 percent a year ago.

Fifty-five percent of Afghans still say the country's going in the right direction, but that number is down sharply from 77 percent last year. Fifty-four percent remain optimistic rather than pessimistic about their future, but that's down from 67 percent. Hopes for a better future can provide an important element of social stability; a decline is cause for concern.

In one sense, optimism at all is remarkable in Afghanistan, given the security problems and deep poverty. (Barely two in 10 Afghans, for example, live in homes that receive electricity from power lines.) But, again, views of today's conditions are balanced by recollections of the repressive Taliban regime. Whatever the current problems, 74 percent say their living conditions today are better now than they were under the Taliban.

That rating, however, is 11 points lower now than it was a year ago.While 58 percent say security, in particular, is better than it was under the Taliban, that's down from 75 percent a year ago. And fewer than half — 43 percent, about the same as last year — say the availability of jobs and economic opportunity has improved.

Confidence Down In Poll Of Afghans (UPI)

UPI, December 8, 2006

KABUL, Afghanistan, Dec. 7 (UPI) -- Optimism and confidence have fallen greatly in the past year among Afghans living in a war between Taliban insurgents and a multi-national NATO force.

The poll of 1,036 randomly selected Afghan citizens was conducted face-to-face for the BBC and ABC News, and found those who are optimistic about their own future fell 13 percent since last year to 54 percent.

Asked if their country is going in the right direction, that number also fell to 55 percent from 77 percent a year ago.

Just 58 percent of Afghans said security is better now than under the Taliban, compared with 77 percent in December 2005.

On the domestic side, nearly 80 percent of people polled said they are worried about government corruption. While the majority still oppose allowing the cultivation of opium poppies, 40 percent said it was acceptable, compared with 26 percent a year ago.

Feds Aim Legal Volley At Gun Dealer (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, December 8, 2006

BRIDGEPORT — An offer is on the table.

But if Frank D'Andrea, a Milford gun dealer, does not take it in the next few weeks, he faces indictment on additional charges, according to a federal prosecutor.

And if his case goes to trial, the prosecution intends to call Frankie Estrada, the incarcerated drug kingpin, as their key witness against him.

"We're very actively trying to resolve this case," Assistant U.S. Attorney Stephen Reynolds told U.S. District Judge Janet C. Hall Wednesday. "If that fails, we'll likely supersede the indictment."

D'Andrea, 61, of Soundview Drive, Shelton, already faces 12 charges of violating licensing laws by failing to report gun sales and not conducting proper background checks.

The charges stem from an audit and resulting investigation conducted by agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices at D'Andrea's Gun Case while it was located on Barnum Avenue in Stratford. The business moved to Woodmont Road in Milford earlier this year.

It is anticipated that D'Andrea, who has operated gun stores in the greater Bridgeport area for 35 years, will sell the store.

In a document filed in federal court, Reynolds said he intends to call Estrada as a witness.

Estrada will testify that between 1986 and 1990, he "purchased well over 100 firearms" from D'Andrea using buyers who were not convicted felons and had valid gun permits, the document claims. Such buyers are called straw purchasers.

Estrada

Advertisement

would tell the jury he picked out the guns, paid for them and then had the straw purchaser fill out the ATF forms.

Estrada confessed that two of the guns were used in a murder, according to Reynolds and the witness. Estrada, who is serving a 29-year sentence on federal drug, assault and murder charges, claims he purchased AK-47s, AR-15s, shotguns, handguns and two streetsweepers for his organization. The guns were used to arm his captains, lieutenants and soldiers for protection of his drug-trafficking business in the P.T. Barnum Housing project, according to the document.

Once the guns were used in a shooting, Estrada said they were traded for cash or drugs in New York, according to the document.

Additionally, Reynolds has a second witness he intends to call who will say he rented himself out as a straw purchaser for $250 a gun.

This individual, who is not identified in the court documents, claims he purchased at least 18 guns from D'Andrea's store for others.

Store's Call Led To Bomb Sweep (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 7, 2006

Parts found in man's Upper St. Clair home, dorm room at Cal U.

Federal agents were trying yesterday to figure out why a college student stashed more than a dozen devices that appeared to be pipe bombs or components of bombs at his parents' house in Upper St. Clair and in his dorm room at California University of Pennsylvania.

Whatever Michael Blattner was up to, if anything, authorities said that employees at the Home Depot in Bridgeville, where he bought some of the materials Saturday night, did the right thing in calling the cops.

"It was very, very commendable," said James Tanda, supervisory agent with the Pittsburgh office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. "For a retailer to take the time to call us is always appreciated."

ATF, Upper St. Clair police and the county bomb squad went to the Blattner home on Harrogate Road Tuesday night and removed several devices that could have been assembled to form pipe bombs from Mr. Blattner's bedroom.

Earlier in the day, campus police had found an array of similar devices spread out on the floor of his dorm room in Residence Hall A. The devices, which he apparently kept in a foot locker without his roommate's knowledge, were in various phases of assembly.

Mr. Blattner has been cooperative from the start, telling police and agents that he was experimenting with the materials as a hobby and that none of them would really work.

On campus, where he was a freshman honor student, he had a reputation as something of a loner who liked to play around with firecrackers.

Police have found no evidence that he had intentions to blow anything up, but authorities are withholding judgment until an analysis by the county bomb squad and ATF is complete.

If the devices turn out to be operable, Mr. Blattner could end up charged in either state or federal court.

Regardless of how the case turns out, it was a suspicious clerk who got the ball rolling. Local Home Depot employees said they aren't allowed to talk, and the corporate public relations office in Atlanta issued a statement saying only that "we commend our associates for their actions in this matter."

But Collier police said they would recommend commendations for the store manager, the clerk and the investigating officer, Robert Ferrence.

ATF and police have protocols for monitoring purchases from gun dealers and companies that sell specific items that could be used by bomb makers, particularly ammonium nitrate fertilizer. But law enforcement relies on retailers to pay attention to more routine purchases that could be suspicious.

Home Depot wouldn't say what it was about Mr. Blattner that raised eyebrows, but police said the clerk thought something wasn't right because Mr. Blattner appeared to be a juvenile. He's 18 but looks younger. So why was a kid buying black pipe and end caps?

On Monday, the store manager called Collier police, who then contacted Mr. Blattner's parents. They did not return a message yesterday, but they explained to police that their son was a "handy kid."

After learning he was a student, Collier police contacted campus police, who went to the dorm Tuesday morning and found the bomb pieces on the floor.

Upper St. Clair police said they don't believe anyone in the community was in danger. Campus authorities said the same.

Mr. Blattner has been suspended from school but will have a hearing within 10 days. Until then, he's not allowed on campus.

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With Victories, City Challenges More Gun Sales (NYT)

By Damien Cave

The New York Times, December 8, 2006

Mayor Michael R. Bloomberg said yesterday that the city had reached agreements with six out-of-state gun dealers, who agreed to let court officials monitor their operations to prevent illegal gun sales. He said that New York had sued 12 additional gun stores to demand similar oversight.

The expansion of New York's legal attack from 15 to 27 gun dealers, in Ohio, Pennsylvania, South Carolina, Georgia and Virginia, reflects the city's growing confidence that its novel approach to battling illegal gun traffic is gaining momentum.

The agreements with the gun dealers — reached over the last four months, with the latest one signed on Wednesday — give officials broad monitoring powers over the individual stores.

They let a court-appointed special master scour their financial records, put up video cameras, and require that employees take part in training sessions on when gun sales are prohibited. The city may also send undercover investigators into the six stores at any time, to make sure that all relevant gun laws are being followed.

The suits resulted from a two-month effort in April and May in which private investigators posed as buyers at 40 stores that had sold guns linked with more than 800 crimes in New York City between 1994 and 2001.

The teams, usually a man and woman, conducted what law enforcement officials describe as a straw purchase: one customer would deal with the seller until the last moment of the sale, when the second customer would step in to pay and fill out the forms for a background check.

Federal law prohibits a seller from handing over the weapon in such cases, because it lets people obtain guns without federal scrutiny of their criminal record Mr. Bloomberg said that straw purchases were one of the most common schemes used by gun traffickers, giving the city the right — with a bold interpretation of public nuisance laws — to go after out-of-state dealers for their weapons' deadly consequences.

"This is about law enforcement, plain and simple," Mr. Bloomberg said. "And it's about keeping guns out of the hands of criminals."

The court cases have emerged as the most successful tactic in Mayor Bloomberg's drive to undermine the illegal gun trade, an effort that has included lobbying Washington to tighten gun laws, convening mayors from around the country at Gracie Mansion to plot political strategy, and persuading Albany to pass a law creating a mandatory minimum sentence of three and a half years for illegal gun possession.

In October, the judge overseeing the lawsuits, Jack B. Weinstein of the Eastern District of New York, named as the special master Andrew Weissmann. Mr. Weissmann, a former assistant United States attorney for the Eastern District of New York, also directed a task force created to investigate the Enron scandal.

The dealers who settled have admitted no wrongdoing. The agreements expire after three years without a reported violation. And some of the store owners say they welcome the chance to clear their names.

"Although it is an intrusion into the privacy of my customers, the thing of it is, I don't feel that I or they have anything to hide," said James T. Farmer, owner of Jim's Guns and Whatever in Dayton, Ohio.

But over all, Mr. Bloomberg's antigun efforts have had only limited success. No other city has yet filed cases like New York's, although Philadelphia is considering it. The effort to change the gun laws in Congress has hit Republican opposition.

Some law enforcement officials have also chafed at Mr. Bloomberg's zeal in taking the fight against gun trafficking outside city limits.

The first wave of 15 lawsuits, filed in May, caught the Bureau of Alcohol, Tobacco, Firearms and Explosives by surprise. City officials had to smooth ruffled feathers just to get the agency — which is responsible for shutting dealers down — to look at the evidence investigators collected. This time, city officials tipped off the agency before filing the additional dozen cases.

Some gun owners, meanwhile, have fought back, denying Mr. Bloomberg's description of them as "bad guys."

In telephone interviews, several owners of shops named in the new set of lawsuits said that they were innocent. Adam Tullis, manager of Toccoa Pawn and Variety in Toccoa, Ga., said had he sold two guns to undercover investigators because he believed they were a married couple.

"They were both together," he said, recalling the sale a few months ago. "As far as I know, they were husband and wife."

A handful of gun dealers have countersued the city as well. Bob Barr, a former Georgia congressman, for example, filed a case on behalf of Adventure Outdoors of Smyrna, Ga., arguing that Mr. Bloomberg had conspired to harm the business.

Larry Mickalis, owner of Mickalis Pawn Shop in Summerville, S.C., said that he was also suing the city because he did not trust New York's ability to trace weapons to his store.

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He said that the guns found in New York, used or carried illegally and linked to his shop, might have been bought and sold several times, or stolen, before they ended up on New York streets.

"Their interpretation and their facts on trace data are wrong," he said.

He blamed New York's gun problem on violent movies and the lucrative nature of New York's gun market.

"The prices of guns on the street in New York are enticing," he said.

But John A. Feinblatt, the mayor's criminal justice coordinator, said that the gun shops that were sued clearly violated the straw purchase law and had repeatedly sold weapons linked to crimes in New York City. A typical gun dealer has only one gun involved in a crime traced back to his store over a two-year period, Mr. Feinblatt said. Mr. Mickalis's rate is 49 guns in seven years linked to crimes.

Mr. Bloomberg — after showing reporters a video of a sale at Toccoa Pawn, which showed the female investigator filling out a background check while her male counterpart paid for the weapons — also emphasized that the city planned to address the problem both at the source and on the street.

In addition to the lawsuits, he said, a new ad campaign will appear this winter in subways, saying that illegal possession of a gun would lead to a mandatory prison sentence of three and a half years.

And Mr. Mickalis conceded that Mr. Bloomberg's efforts had forced dealers hundreds of miles from New York to take a closer look at their buyers.

"No one in their right mind," he said, "is going to sell someone from New York a gun."

IMMIGRATION:

Border Patrol Agent Sentenced For Helping Smugglers Of Drugs, People (AP)

AP, December 8, 2006

Agent convicted of accepting $5,000 bribe to allow truck carrying cocaine through Falfurrias.

HOUSTON — A former U.S. Border Patrol agent was sentenced Thursday to 14 years in federal prison for helping cocaine and immigrant smugglers and selling immigration documents.

David Duque Jr., 36, pleaded guilty in September to bribery and three counts of unlawfully transferring identification documents.

Prosecutors showed that Duque accepted $5,000 to allow a vehicle hauling nearly 5 kilograms of cocaine through the Falfurrias checkpoint on June 14. An FBI agent testified that Duque also assisted in immigrant smuggling and sold identification documents he acquired while working.

U.S. District Judge Gray H. Miller sentenced Duque to 14 years for the bribery conviction, to be followed by three years of supervised release and a $2,500 fine. Miller imposed five years on each of the three counts of unlawfully transferring identification documents with the sentences to run concurrently.

During the hearing, Duque was taken into the custody of the U.S. Marshals Service.

An FBI agent said Thursday that Duque had been allowing cocaine and illegal immigrants through the Falfurrias checkpoint for several years and sold almost 70 identification documents including passports, birth certificates, green cards and Social Security cards.

Lawmakers Implore Bush To Commute Agents' Sentences (OCR)

By Dena Bunis, The Orange County Register

Orange County (CA) Register, December 7, 2006

Border Patrol members face 11- and 12-year prison terms for shooting admitted smuggler.

WASHINGTON – Rep. Dana Rohrabacher joined 48 other Republican lawmakers today in sending a letter to President Bush, urging him to commute the sentences of two Border Patrol agents convicted of shooting an illegal immigrant at the border.

Border Patrol agents Ignacio Ramos and Jose Compean are scheduled to begin serving 11- and 12-year prison terms, respectively, next month. The two Border Patrol agents were convicted of shooting an admitted drug smuggler in the buttocks as he ran away from them near the Rio Grande in February 2005.

"These Border Patrol agents are heroes," Rohrabacher, R-Huntington Beach, said at a news conference this morning. "Because of their actions, over a million dollars in illegal drugs were stopped from being sold to our children. Bringing felony charges against them is a travesty of justice beyond description. The president needs to send the right message by showing they are on the side of law enforcement, not drug traffickers."

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In the letter being sent to Bush today, Rohrabacher and his colleagues "implore" the president "to become personally involved in this case, and bring a holiday miracle to these agents and their families." Area Reps. Ken Calvert, R-Corona; Gary Miller, R-Diamond Bar; and Ed Royce, R-Fullerton, also signed the letter.

A group of lawmakers has been trying for months to persuade GOP leaders to hold congressional hearings on the circumstances surrounding this case. But neither House Judiciary Chairman James Sensenbrenner nor Senate Judiciary Committee Chairman Arlen Specter was willing to hold such hearings.

In August, Sen. Dianne Feinstein, D-Calif., sent a letter to Specter asking for a hearing. In it she said that after reviewing that case, she believes "there may have been a serious miscarriage of justice." She said "it appears the facts do not add up or justify the length of the sentence for these agents."

Rohrabacher has spoken with family members of the agents and said he's hoping in this holiday season to persuade Bush to commute the sentences. Rohrabacher said he has spoken with Justice Department and White House officials without any satisfactory responses.

Department of Justice and Judiciary Committee officials have not returned Orange County Register calls this morning to comment on the case.

In October, Homeland Security officials told congressional leaders that they were convinced of the agents' guilt. The Texas U.S. attorney who prosecuted the case said in October that the two officers shot at unarmed suspects.

"Being a United States Border Patrol agent is not a license to shoot people," Texas U.S. Attorney Johnny Sutton told reporters at the time. "It is especially not a license to shoot unarmed ... suspects who are running away from you."

"The U.S. Attorney wrongly focused on the minor mistakes of the officers instead of on the illegal drug trafficker," Rohrabacher said today. "When American citizens see an illegal alien narcotics trafficker being given immunity and free health care while the officers who risked their lives to stop him are going to prison, they must believe we in Washington either do not care about the uncontrolled flow of criminals or illegals or they just think we have lost our minds."

Runoff Candidates Avoid Immigration (USAT)

By Alan Gomez, Usa Today

USA Today, December 8, 2006

EAGLE PASS, TEXAS — The border between Texas and Mexico is as fluid as the river that separates them.

Signs hanging outside American storefronts read "Pesos welcome." Parking lots in U.S. schools are filled with Mexican license plates. Pregnant mothers from Mexico go to U.S. hospitals to give birth while American residents cross the border for cheaper prescription drugs and doctor visits.

"I'd say 90% of our customers are Mexican," said Armando Jose Zertuche in a men's fashion store on the U.S. side of the border.

One would expect that a special election being held Tuesday for a congressional seat between Republican Rep. Henry Bonilla and Democratic challenger Ciro Rodriguez would be rife with debate on the issue of illegal immigration.

The GOP has tended to favor strong enforcement of current laws to catch illegal immigrants, and a fence to keep them out. Democrats, who could strengthen their hold on the House with a Rodriguez win, have mostly opposed the fence and favored a measure that would allow the millions of illegals here to remain and become citizens.

Yet the two candidates campaigning to represent Texas' 23rd District have made it a point to avoid any discussion of immigration.

Neither of their campaign websites mentions the issue or the nearly 700 miles of fencing approved by Congress. At rallies in San Antonio and along the border recently, the candidates spoke of health care, education and taxes, but not of immigration.

Bonilla and Rodriguez each cite the importance of other issues and the diversity of the district — the largest in Texas at more than 400 miles wide and 300 miles north to south — when asked why they have avoided the debate.

The U.S. Border Patrol estimates that roughly a quarter of the Mexicans they apprehend entering the country illegally are in Texas.

"How can you resolve a problem if there's no dialogue," said Juan Maldonado of the Southwest Voter Registration Education Project. "They treat it like racism. You just can't talk about it."

So why is the topic being ignored?

"They're scared of it," said Rosie Carrillo, a Del Rio resident.

Or, as University of Texas government professor Sean Theriault put it, "It cuts too hard both ways.

"For as many people in the district that would be pleased with a hard line for immigration, you're going to rally as many people to vote against you, (and vice versa)," he said. "It strikes at the heart of so many people that it would be hard to garner political traction on either side of the issue."

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The topic becomes touchier as the race tightens.

Bonilla has represented the district for 14 years, but his hold has been weakened by the national tide against Republicans and a state Supreme Court decision to redraw the district.

The high court ruled that the Republican-controlled state Legislature unfairly repressed the Latino vote when it redrew the 23rd District, so it added heavily Hispanic areas.

Bonilla got more than 70% of the vote in 2004 and outraised his six opponents by a 2-to-1 margin this year. But because of the changing landscape, he only got 48% of the vote in November.

That prompted the Dec. 12 runoff with Rodriguez, who is now getting help from the Democratic Congressional Campaign Committee. The DCCC sent down campaign staffers and purchased a TV ad that started airing this week.

Both candidates are of Mexican descent but Bonilla is the only Mexican-American Republican in Congress. He calls himself a business-friendly, fiscally conservative Republican and shudders at what he calls "pseudo-intellectuals" who try to stereotype him.

"They always think that the color of your skin should dictate what your political philosophy is," Bonilla said. "Nothing can be more insulting."

Rodriguez is a former four-term congressman who paints Bonilla in the "stay the course" brush strokes that worked for other Democrats nationwide.

Of their many differences, immigration is one of the most clear.

Bonilla voted for the border fence and for the House bill that would have made it a felony to be an illegal alien. Rodriguez is strongly against both measures.

Some here say that despite the many illegal immigrants coming, the issue is not a big deal here as it is in the north.

"When (illegals) come across, there are eyes on them all over the place. They're trying to get as far away from the border as they can," said Jerry McNeese, 74, who is retired from an El Paso oil field. "They can get lost in places like Chicago … places up north."

But "up north" could be as close as San Antonio, where a majority of the district's population lives. Many in that area believe a wall may be the only way to stop the wave of illegal immigration.

"It's making a mockery out of our nation," said Bonilla supporter Thomas Marburger, a retired tax attorney. "It's putting tremendous pressure on our social services, hospitals are shutting down, and our taxes are going up because we can't handle that influx."

People along the border agree that the system must be fixed, but they laugh at the idea of a fence.

"If you build a 10-foot wall, they're just going to build an 11-foot ladder," said Democratic state Sen. Carlos Uresti, whose district overlaps most of the congressional district.

Uresti questions his fellow Democrats' decision to avoid the debate.

"It should be an issue," he said.

Off The Fence (LAT)

The Los Angeles Times, December 8, 2006

NEW MEXICO Gov. Bill Richardson, the California-born son of a Mexican mother, traveled to Washington on Thursday to declare his interest in two of the most elusive goals in American politics: comprehensive immigration reform and the presidency. The second may be more realistic than the first.

"I come here as a border state governor and a Hispanic American who knows that our nation can no longer afford to ignore the issue of illegal immigration," Richardson told a Georgetown University audience. "We need to stop exploiting the immigration problem and start solving it. We need to pass realistic laws and then enforce them rigorously."

Richardson's thoughtful speech was both a rebuke to Republican immigrant bashers and a challenge to Capitol Hill Democrats. But few will likely read beyond this line: "Securing the border must come first — but we must understand that building a fence will not in any way accomplish that objective."

That language may be on the absolutist side, but the New Mexico governor is absolutely right to point out that a multibillion-dollar border wall, on its own, is no "reform" at all. It would merely shift the strain on the system elsewhere and fail to address the 45% of illegal immigrants who enter legally but overstay their visas.

For this, Richardson was given the usual treatment — surrealistic bashing from CNN's millionaire working-class hero, Lou Dobbs. Dobbs' website asked readers: "Do you believe, as New Mexico Gov. Bill Richardson suggests, that efforts to secure our borders and ports are nothing more than demagoguery?"

In fact, Richardson has unusual credibility on the issue.

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It wasn't long ago that restrictionists were singing his praises for declaring a state of emergency along the border and calling in his state's National Guard to patrol it. He would double the number of Border Patrol agents, mandate a tamper-proof employment card and make any "path to citizenship" expensive in time, money and effort. Yet Richardson would also more than double the number of annual work and family visas, and he has introduced driver's licenses for illegals in New Mexico.

Certainly the governor isn't right about every one of his proposals, and how his speech will affect his presidential aspirations remains to be seen. But he couldn't be more timely in reminding his party that comprehensive immigration reform is no less urgent now that Democrats control Congress.

CONGRESS-ADMINISTRATION:

Lawmakers Try To Renew Tax Breaks (USAT/AP)

By Andrew Taylor

USA Today, December 8, 2006

WASHINGTON — Lawmakers on Thursday pieced together legislation extending popular tax breaks and saving doctors from a cut in Medicare payments as Republicans prepared to cede control of Congress to the Democrats.

The legislation also contained several trade-related measures, including extending normal trade status to Vietnam.

House GOP leaders delayed a vote Thursday after it became clear it couldn't occur until well after midnight. The House vote was rescheduled for today. In the Senate, GOP leaders were experiencing lingering unhappiness with the bill from several GOP senators, especially over extending trade benefits for textile exports from Haiti.

Action on the tax and trade legislation and a subsequent vote on a bill to keep the government running through Feb. 15 were the chief obstacles to concluding the turbulent 109th congressional session.

The massive measure — containing much to please lawmakers and their constituents — also generated opposition. Sen. Judd Gregg, R-N.H., for example, was unhappy about its cost and a multibillion-dollar move to expand health care for retired coal miners.

Under Senate rules, a single senator can force days of delay once a bill comes over from the House.

"It's no better than 50-50 right now," said Senate Minority Leader Harry Reid, D-Nev.

Lawmakers from states such as Georgia, Illinois and Massachusetts were unhappy that House Republicans cut out a plan to ease looming budget shortfalls in a federal-state program providing health insurance to low-income children.

Democrats mostly went along with extending expired tax breaks. They include a research and development tax credit, worth $16.5 billion, and a sales tax deduction for people in states without income taxes, at a cost of $5.5 billion.

Democrats criticized Republicans for leaving behind more than $460 billion in unfinished agency budgets, requiring passage of a third stopgap spending bill to keep the government running.

The House and Senate planned votes for today to avoid a government shutdown. Government agencies, except for the Defense and Homeland Security departments, have been on autopilot at or below 2006 budget levels since the new spending year began Oct. 1.

The clampdown is affecting agencies such as Veterans Affairs, which would receive a $3.1 billion influx for medical care under its moribund budget bill. Lawmakers promised the VA would get more flexibility to work around the problem, but veterans' groups are upset.

Democrats are unhappy that the budget impasse is being dropped in their laps next year, when it promises to clutter their early agenda.

"They are going to leave a mess as they go out," said incoming Speaker Nancy Pelosi, D-Calif. "It's been a do-nothing Congress and as they go out the door they are going to validate" voters' decision that change was needed.

Besides the sales and research tax breaks, the tax and trade legislation would extend deductions or credits for college tuition, hiring welfare recipients and buying solar energy equipment.

Both parties support the breaks, but their extensions have been blocked by attempts to link to other, more contentious bills. They include trade legislation affecting Haitian textile imports and an abandoned coal mine reclamation program, estimated to cost up to $5 billion over 10 years.

Also driving the massive bill forward was an effort to hold off a 5% cut in Medicare payments to physicians and a plan to allow oil and gas drilling along the Gulf of Mexico.

The Vietnam bill would end the Cold War mandate that trade with the communist state be reviewed every year. While supported by the Bush administration, the proposal has run into opposition from critics of Vietnam's human rights record and those worried about the impact on American jobs.

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Republicans Push For Quick Action (WSJ)

By David Rogers, Sarah Lueck And Greg Hitt

The Wall Street Journal, December 8, 2006

WASHINGTON -- Eager to adjourn, Republicans are pressing for quick congressional approval of a $45.1 billion tax-and-trade package after late-night bargaining affecting timber, energy and health-care industries.

The House is preparing to consider the massive package today in two pieces, one focused on the trade provisions and the second dealing with taxes, offshore oil drilling and an adjustment in payment rates for physicians under Medicare, the federal health-care program for the elderly and disabled.

Driving the train is the tax portion, which renews scores of expired tax breaks, most notably a deduction for college tuition, a deduction for state and local sales taxes in states without income taxes, and the corporate tax credit for research.

Procedural arguments delayed House action last evening, but if approved today, the two bills would be merged again before going to the Senate, where the leadership is poised to quickly file a motion to limit debate. The White House is optimistic, but as a precaution, a separate must-pass spending bill is being held back in case the tax-and-trade package collapses and a new legislative vehicle is needed.

"I think we're there. It feels good right now," said Senate Majority Leader Bill Frist (R., Tenn.) who with Speaker Dennis Hastert (R., Ill.) helped shepherd the talks on what is one of the last major actions of the 109th Congress. But Mr. Frist conceded that the trade chapters are contentious and even last evening language was being added to appease individual senators, including a Western lands amendment for Democratic Leader Harry Reid of Nevada.

In the final bargaining, the coal industry won a $4.9 billion provision to boost federal spending for retiree health benefits and abandoned mine reclamation. To appease conservatives angered by the costs, new tax language was added to promote use of health savings accounts, a priority for House Republican leaders.

New York was a big loser when tax credits to help finance a proposed rail connection between lower Manhattan and John F. Kennedy International Airport were killed. House Ways and Means Committee Chairman Bill Thomas (R., Cal.) had linked the Senate initiative, worth an estimated $682 million over 10 years, to a $477 million tax break for the timber industry, initiated by the House last summer and important to companies such as Weyerhaeuser Co.

When senators objected to the timber measure's cost, New York's proposal, part of the city's effort to redevelop the World Trade Center area, was also dropped. Critics called it a tit-for-tat by Mr. Thomas. "It's just so stupid and high school," said Rep. Charles Rangel (D., N.Y.), who succeeds Mr. Thomas as committee chairman in the new Congress. "It's full of spite, but I view this as the end of a long nightmare."

The lingering tensions over the timber and New York decision appeared to contribute to delays last night. But looking ahead, the bigger flashpoints in the Senate are the trade provisions, especially those related to Vietnam and Haiti.

The U.S. Chamber of Commerce has strongly supported the Vietnam agreement, which is needed for U.S. companies to take advantage of trade concessions Hanoi made as part of its pending entry into the Geneva-based World Trade Organization. But labor has protested Vietnam's weak record on workers' rights, and the AFL-CIO fears the U.S. will lose leverage to effect changes in Vietnam's labor standards.

The Catholic Church has emerged as a strong champion for the Haiti provision, which to help spur industry there allows fabric from other countries to be used in the manufacture of duty-free goods destined to the U.S. Domestic textile producers say it creates an effective loophole for low-cost apparel makers in China, but the Catholic bishops argue that Haiti, the poorest country in the Western Hemisphere, deserves special attention.

Elsewhere in South America, the bill extends Andean trade preferences, but under terms that put pressure on Ecuador and Bolivia to move closer to the U.S. on trade promotion.

The coal provisions, by helping United Mine Workers, were calculated to diffuse some of the labor opposition to the trade portions of the package. But the deal was expensive, and its price tag only grows with the addition of the health savings tax provisions to appease the House.

Altogether, the HSA-related tax breaks add up to more than $1 billion over 10 years, for example. Among the largest is a substantial increase in the amount of money individuals are allowed to set aside tax free each year for their health-savings accounts, thereby making them a more attractive savings vehicle.

The change, which in 2007 would allow contributions of up to $2,850 annually for an individual and $5,650 for a family, would cost Treasury $712 million over 10 years, according to preliminary estimates.

Apart from coal, oil has a stake in the tax package and in language that would open up millions of acres for exploration in the Gulf of Mexico. The health-care industry also has a lot riding on provisions affecting both Medicare and the federal-state Medicaid insurance program for the poor.

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Physicians would escape a scheduled 5% cut in Medicare reimbursements next year, and the bill promised a bonus payment of 1.5% for the last six months of 2007 for those doctors who participate in new reporting requirements to help Medicare collect quality-of-treatment data.

In the case of Medicaid, the nursing home and hospital lobby won language intended to block the administration from using new regulations to close a loophole used by states to claim a greater federal contribution for services for the poor. But to help Medicare pay physicians, negotiators raided a once sacrosanct "stabilization fund" the administration could have used beginning in 2007 to shore up certain health insurers.

The cuts from the fund will have little immediate impact on the health plans, but some in the health insurance industry worry that it would leave the Medicare plans more exposed to future payment cuts in the new Democratic-controlled Congress that takes power in January.

Tax Break Bill May Open Gulf Drilling (AP)

By H. Josef Hebert

AP, December 8, 2006

An agreement on a tax package Thursday moved Congress closer to opening a vast area in the Gulf of Mexico, 125 miles south of Florida's panhandle, to oil and gas drilling.

Both the House and Senate attached the drilling legislation to a package of popular tax measures expected to win approval by week's end as Republicans wrap up the 109th Congress and turn control over to Democrats next year.

The drilling legislation also revamps revenue sharing from Gulf oil and gas production, sending hundreds of millions of dollars to four Gulf states for restoring coastal wetlands and repairing hurricane damage.

Environmentalists opposed the measure, calling it a gift to large oil companies. Drilling supporters — including a cross-section of the business community — argued it would provide access to badly needed energy resources, especially natural gas, and perhaps drive down prices.

The 8.3 million acres that would be opened to drilling are believed to contain 1.3 billion barrels of oil and 6 trillion cubic feet of natural gas, enough gas to heat 6 million homes for 15 years. The country uses about 21 million barrels of oil a day.

The drilling area was carefully crafted to gain support of Florida's lawmakers, with its eastern edge more than 200 miles from state beaches.

"This protects Florida," said Sen. Mel Martinez, R-Fla.

Sen. Mary Landrieu, D-La., called the drilling legislation critical to Louisiana and other Gulf Coast states recovering from hurricane Katrina and trying to restore storm-damaged wetlands. The measure would steer 37.5 percent of federal royalties to the four Gulf oil-producing states, with about half going to Louisiana.

While Louisiana's share would be about $100 million a year initially, the amount would dramatically grow after 2017 to more than $650 million annually because of increased production from not only the 8.3 million acres but elsewhere in the Gulf.

Some lawmakers and the Bush administration have raised concerns about shifting eventually billions of dollars in royalties from federal oil and gas to the four states — Louisiana, Mississippi, Alabama and Texas.

Nonetheless, the administration has supported the measure.

The Senate approved the bill last summer but House Republicans held out for broader access to oil and gas beneath the country's Outer Continental Shelf. A House bill passed earlier in the year would have lifted the long-standing moratorium that has barred offshore drilling in 85 percent of the country's coastal waters.

After suffering losses in last month's election, House GOP leaders accepted the Senate-passed bill that was limited to the Gulf region.

"I don't believe it represents the answer to our country's worsening supply situation," said Rep. John Peterson, R-Pa., who had been a co-sponsor of the broader drilling plan. But he said he now supported the Senate version as a first step to broader offshore drilling.

House GOP leaders had planned to bring up the legislation separately earlier in the week but shifted tactics because they could not get the two-thirds vote needed for passage under an expedited process.

Lawmakers Unexpectedly Take Up Postal Service Overhaul (WP)

By Stephen Barr

The Washington Post, December 8, 2006

In a round of unexpected dealmaking, the House and Senate began moving yesterday toward passage of legislation that would overhaul the business operations of the U.S. Postal Service for the first time since 1970.

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The measure stalled in September over objections lodged by a union, and one of the chief sponsors, Sen. Susan Collins (R-Maine), held out little hope that a compromise could be reached before the lame-duck session ended.

But key Senate and House leaders, including Rep. Henry A. Waxman (D-Calif.), came up with an agreement, and congressional aides said the measure could be approved no later than today under expedited procedures. Some aides, however, said they were worried that last-minute snags could develop that might sink the bill.

The measure would replace the lengthy and litigious process used to raise the price of stamps for first-class mail and to set rates for magazines and other products, and would free up billions of dollars to finance the health-care costs of postal retirees.

"This legislation will help us avoid disastrous future postal rate hikes and put the Postal Service on firm financial footing for the 21st century," Sen. Thomas R. Carper (D-Del.) said last night.

He predicted the bill would help the post office "survive at a time when more and more people communicate and do business through faxes, e-mail and electronic bill-pay rather than hard-copy mail."

The compromise, congressional aides said, would:

? Create a cap for raising postal rates by linking adjustments to increases in the consumer price index, giving mailers some predictability about postage increases. The price cap would be reviewed after 10 years by a newly created Postal Regulatory Commission, which could modify the cap or adopt an alternative rate system if necessary.

? Repeal a law that requires the Postal Service to make payments, originally intended for postal pensions but no longer needed, into an escrow fund. That essentially would release $78 billion over 60 years, money that would be used to cover retiree health-care liabilities, pay off postal debts to the Treasury and perhaps lower rate increases.

? Put in place a three-day waiting period before an employee is eligible to receive workers' compensation for job-related injuries. The waiting period is a feature of most state workers' comp programs, and at one point had been dubbed a deal-breaker by the National Association of Letter Carriers union. The NALC had no comment. Other federal employees are not subject to a waiting period.

To reach the compromise, House negotiators agreed to keep the waiting period, as sought by the Senate, and Senate negotiators agreed to give way to the House on whether the rate cap could come up for review and possible modification.

In addition to Collins, Waxman and Carper, negotiators on the bill included Reps. Thomas M. Davis III (R-Va.), John M. McHugh (R-N.Y.) and Danny K. Davis (D-Ill.), and officials from the White House and Treasury Department, aides said.

Some aides pointed to Carper as a central player in pulling together the compromise by reaching out to Waxman, Collins and White House officials this week.Dental-Vision Web Site Falters

An Internet site for enrollment in a federal dental and vision program has balked at loading Web pages and "timed out" users, apparently because it could not handle the large number of employees and retirees trying to sign up for the new benefits.

The Office of Personnel Management said, "A late surge of interest in the final week of the open season has slowed access" to Benefeds.com and jammed telephone lines that also can be used to enroll. Employees and retirees have until Monday to sign up for the benefits, being offered for the first time this year.

Robert F. Danbeck, an associate director at the OPM, said, "We are doing everything possible to improve the site functionality and phone access times."

People unable to enroll "due to a cause beyond their control" will be allowed to register after the Monday deadline, he said.

About 325,000 people have signed up for the new dental and vision coverage, officials said.Talk Shows

Paul Michael Brown, a Justice Department senior trial lawyer, will be the guest on "FedTalk" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

Robert Shea, associate director for management at the Office of Management and Budget, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Democrats Will Try To Block Pay Raise (AP)

By David Espo

AP, December 8, 2006

Members of Congress are in line for a $3,300 pay raise effective Jan. 1 unless they block it, and Democrats said Thursday they intend to try.

Officials said Rep. Nancy Pelosi of California and Sen. Harry Reid of Nevada, the party's leaders, had notified Republicans they will try to add the anti-pay-raise provision to a bill that provides funds for most government agencies through Feb. 15.

Congress must pass the funding bill before it adjourns for the year, and the target for that is Friday.

Democrats won control of Congress in last month's elections after a campaign in which they frequently criticized majority Republicans for taking pay raises while blocking numerous attempts to raise the minimum wage.

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"It is unconscionable that members of congress would get yet another pay raise while the minimum wage has been stuck at $5.15 an hour for the last 10 years. Senator Reid intends to do all he can to ensure that Congress won't get a raise until working families do," said his spokesman, Jim Manley.

Democrats have made legislation to increase the minimum wage one of their priorities for the new Congress that convenes in January.

Under federal law, lawmakers, like many federal employees, receive a cost of living increase on each Jan. 1. The increase for 2007 is pegged at 2 percent, and would put the salary for rank-and-file lawmakers at $168,500.

The maneuvering is often intense around the politically sensitive issue of pay raises, and this year has been no different.

Rep. Jim Matheson, D-Utah, sought this summer to block the increase from taking effect as part of debate on legislation to provide funds for the Transportation Department.

"I do not think that it is appropriate to let this bill go through without an up or down vote on whether or not Congress should have an increase in its own pay," he said at the time.

But by a 249-167 procedural vote, the House decided not to allow the vote Matheson wanted.

The pay raise would also apply to the vice president — who is president of the Senate — congressional leaders and Supreme Court justices.

President Bush's salary of $400,000 is unaffected.

US Congress Likely To Back India Nuclear Bill (FT)

By Jo Johnson

Financial Times, December 8, 2006

Top officials in New Delhi and Washington were on Thursday confident that US legislators would approve a historic but controversial bill that will end India's isolation as a nuclear power. It would also secure President George W. Bush a much-needed foreign policy success in the last hours of the "lame duck" session on Capitol Hill.

The only main uncertainty left was a clause reportedly in the reconciled version of the bill, which had yet to be made public, making nuclear co-operation conditional on India's continuing to toe the US line on Iran.

The Bush administration and the Indian government have urged lawmakers to remove the condition. At a press conference in New Delhi, Nicholas Burns, under-secretary for political affairs, said he expected the final text to be "well within the parameters" of the two main headline agreements reached by Mr Bush and Manmohan Singh, the Indian prime minister, in July 2005 and March 2006.

Thanking the US Congress for its bipartisan support of the bill, Mr Burns said: "It was right to welcome India into the international non-proliferation mainstream, to allow the barriers to come down and to see co-operation that we haven't had since the 1970s . . . It's time India was given its rights. We saw this as an issue of strategic liberation."

The reconciled text would reportedly require the US president to determine that India is "fully and actively" co-operating with US efforts to confront Iran's nuclear ambitions before he could allow nuclear co-operation with India. It is understood the arrangement would be subject to an annual review.

India twice this year voted with the US in recommending that Iran's nuclear programme be referred to the United Nations Security Council. Indian officials have argued that the clause would only bind the US, a line of argument that has failed to reassure some in New Delhi.

Mr Burns said that India's stance on Iran, which he noted had been aligned with that of China and Russia, had been "in the mainstream" of international opinion. "No one wants to infringe on India's right to make sovereign decisions. It's important Iran is sent one message on its nuclear programme," he said.

Several more critical approvals - by the International Atomic Energy Agency and the 45-nation Nuclear Suppliers Group - are needed before the agreement can take effect and several countries, including China and Japan, have yet to give unambiguous support. But approval in the US Congress would mean India is getting closer than it has been in three decades to being able to purchase US nuclear fuel, reactors and related technology.

Even though it has nuclear arms, India never signed the nuclear Non-Proliferation Treaty. As existing US law prohibits Washington from selling nuclear technology and fuel to non-NPT signatories, the proposed changes would reverse a 30-year-old approach to US attempts to stop the spread of nuclear weapons.

Hill Accord Reached On Nuclear Fuel For India (AP)

AP, December 8, 2006

Lawmakers reached agreement yesterday on allowing U.S. shipments of civilian nuclear fuel to India, clearing the way for overturning decades of American anti-proliferation policy.

DOJ_NMG_0104017

After several days of talks, congressional negotiators signed off on the measure, which reconciles separate versions previously endorsed overwhelmingly by the House and the Senate, said a spokesman for House Majority Leader John A. Boehner (R-Ohio).

Both chambers of Congress must vote again on the bill before sending it to President Bush to sign into law. Boehner's office said the House was expected to consider the bill today. Details of the final bill were not immediately available.

The bill's passage would be a rare victory for Bush, whose popularity has tumbled. He will also have to deal with a Democratic-controlled Congress in January after his Republican Party was defeated in the Nov. 7 midterm elections.

The White House promotes the India plan as a major shift in U.S. policy toward a country that is strategically an important Asian power, one that has long maintained what the United States considers a responsible nuclear program. Critics say the extra nuclear fuel that the deal would provide could free India's domestic uranium for use in its weapons program. India developed its nuclear weapons outside the Non-Proliferation Treaty, which it has refused to sign.

Congressional aides said the bill became bogged down this week when Boehner halted action, apparently in an attempt to attach unrelated legislation. The majority leader's office said he was not holding up the bill.

Undersecretary of State R. Nicholas Burns and his Indian counterpart, Foreign Secretary Shiv Shankar Menon, yesterday expressed confidence that each side would be satisfied with the outcome of Congress's work.

Senate Approves FDA Chief Nomination (AP)

AP, December 8, 2006

The Senate on Thursday confirmed cancer surgeon Andrew von Eschenbach to head the Food and Drug Administration, but only after breaking a filibuster in which he was accused of impeding congressional investigations.

The vote was 80-11.

Von Eschenbach, a former head of the National Cancer Institute, has been acting head of the FDA for more than year. He was approved in September by the Senate Health, Education, Labor and Education Committee, but members of both parties had stalled a final vote on his nomination.

The secretary of health and human services, Mike Leavitt, said he was pleased the "critical agency" would now have permanent leadership.

"Andy has the energy, vision and expertise that will help the agency to improve product safety, spurring innovation and helping lifesaving therapies reach patients faster," Leavitt said.

Democrats blocked it until the FDA decided to allow nonprescription sales of the morning-after pill now on the market.

But von Eschenbach still faced formidable opposition from Senate Finance Committee Chairman Charles Grassley, R-Iowa, who mounted a filibuster broken in a 89-6 vote earlier Thursday.

Grassley has been investigating the FDA's handling of the antibiotic Ketek, which has been linked to severe liver problems and several deaths.

Von Eschenbach has resisted release of full information about Ketek, saying it could have a chilling effect on the FDA's ability to evaluate drug safety and other issues independently and objectively.

Before Thursday's vote, Grassley attacked what he called "the cozy relationship between some drug companies and the Food and Drug Administration."

"This nominee is not likely to serve well because he just doesn't seem to get it," Grassley said. "First and foremost, he is supposed to do the right thing on behalf of Americans. Dr. von Eschenbach has other interests to serve and they are not always the interests of John Q. Public."

Others voting against advancing the nomination included Sens. Jim DeMint, R-S.C., and David Vitter, R-La. DeMint wants the FDA to suspend sales of the abortion pill RU-486 and investigate whether it increases the likelihood of infection by a rare but deadly bacterium. Vitter wants the agency to allow importation of some prescription drugs from Canada.

The FDA has been without a permanent head for all but 18 months of the Bush administration.

Former FDA Commissioner Lester Crawford abruptly resigned from the job last year, which led von Eschenbach to be tapped.

Crawford pleaded guilty in October to conflict of interest and false reporting of information about stocks he owned in food, beverage and medical device companies he was in charge of regulating. Crawford admitted to falsely reporting that he had sold or did not own stock when he continued holding shares in the firms governed by FDA rules.

New Leader Of The F.D.A. Is Confirmed By The Senate (NYT)

By Stephanie Saul

The New York Times, December 8, 2006

DOJ_NMG_0104018

The Senate confirmed Dr. Andrew C. von Eschenbach as commissioner of the Food and Drug Administration yesterday, with some lawmakers expressing hope that his leadership would bring stability to an agency hobbled by turnover and accused of poor oversight of the nation's drug supply.

Dr. von Eschenbach, 65, a surgeon, became acting commissioner in September 2005 after the abrupt resignation of Dr. Lester Crawford. Previously, he had served as chief academic officer at the M. D. Anderson Cancer Center in Houston and had led the National Cancer Institute.

In the past 10 years, no commissioner has served more than two years. A report released in September by the Institute of Medicine, part of the National Academies, deplored a "lack of stable leadership" at the agency. The report said that turnover at the helm would compromise efforts to improve the effectiveness of the agency, which the report criticized as rife with internal squabbles, poor management and outdated rules.

Dr. von Eschenbach was formally nominated to the position of commissioner in March, but his confirmation was delayed by a series of objections in the form of "holds" by senators from both parties who said they were protesting everything from the agency's delay of Plan B emergency contraceptives to the administration's stance on drug reimportation, or the purchase of prescription drugs in countries where they are cheaper.

By Senate tradition, any member may delay a nominee through a hold, but the majority leader has the discretion to override it.

Before delivering a farewell speech on Thursday on the Senate floor, Senator Bill Frist, the retiring majority leader, called for a procedural vote to bring Dr. von Eschenbach's name before the full Senate for confirmation, ignoring remaining "holds" from two fellow Republicans.

Senator Frist of Tennessee, who was a cardiac surgeon before he joined the Senate, said Dr. von Eschenbach had done a "superb" job as acting commissioner.

Dr. von Eschenbach's confirmation, by a vote of 80 to 11, came despite the strong objections of Senator Charles E. Grassley, an Iowa Republican who has been an outspoken critic of the agency.

Senator Grassley had placed a hold on Dr. von Eschenbach's nomination, accusing him of refusing to turn over evidence needed for a Senate Finance Committee investigation of an antibiotic, Ketek.

Ketek, which is manufactured by the French company Sanofi-Aventis, was approved in 2004 despite the misgivings of employees at the drug agency. It has since been linked to liver problems and deaths. The F.D.A. has scheduled advisory panel hearings for next week on whether to keep it on the market.

Former employees of the agency have told Senator Grassley, who leads the finance committee, that Dr. von Eschenbach held a meeting and, using sports metaphors, hinted that they would be retaliated against, or be "off the team," if they discussed their complaints about Ketek outside the agency. Dr. von Eschenbach has said he did not intend the comments as a threat.

"The American people don't want the government making decisions about what's good for them behind closed doors," Senator Grassley said.

Senator Michael B. Enzi, a Wyoming Republican who heads the Health, Education, Labor and Pensions Committee, urged Dr. von Eschenbach's confirmation, citing the need for a permanent leader.

"The F.D.A. has been without a confirmed commissioner for all but 18 months of the last five and a half years," Mr. Enzi said. "Ever see a business that could run for five and a half years without a boss except for 18 months?"

Dr. von Eschenbach, a urologic surgeon who has been treated for melanoma and prostate cancer, has said he believes that new drugs should be made available as quickly as possible, particularly those intended to treat life-threatening illnesses.

As acting commissioner, Dr. von Eschenbach moved this year to make Plan B, the emergency contraceptive, available to adults without a prescription. This silenced some administration critics who had complained that conservative political interference at the agency had previously blocked the drug's broader availability.

Senator David Vitter, a Louisiana Republican who had also put a hold on the confirmation, said he was protesting the administration's policy that prohibits Americans from buying their drugs in Canada, where they are up to 50 percent cheaper.

Dr. von Eschenbach succeeds Dr. Crawford, who resigned from the post after questions about discrepancies in his financial disclosure forms. Dr. Crawford pleaded guilty in October to federal misdemeanor charges of lying on those forms about stock holdings in companies regulated by the agency.

Senate Confirms New FDA Chief As Agency Braces For Scrutiny (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, December 8, 2006

WASHINGTON -- Andrew von Eschenbach was confirmed as head of the U.S. Food and Drug Administration, giving the agency greater stability at its top as it heads into a difficult year of scrutiny and likely legislative changes on Capitol Hill.

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Dr. von Eschenbach, a 65-year-old oncologist and surgeon as well as the former director of the National Cancer Institute, has been the acting head of the FDA since September 2005. Dr. von Eschenbach's nomination faced a series of holdups from senators raising concerns about hot-button issues including emergency contraception, drug importation and a continuing investigation of the antibiotic Ketek. Last night, however, the Senate appeared to put those issues behind it and approved his nomination on an 80-11 vote.

In his public speeches, Dr. von Eschenbach, a cancer survivor, has emphasized the importance of emerging new technologies in health care, and in the past he has spoken about wanting to examine whether the drug-review process needs changes to "streamline and accelerate" the approval of promising new therapies. At the National Cancer Institute, part of the National Institutes of Health, he was identified with a high-profile goal of eliminating suffering and death caused by cancer by 2015.

In a statement, Dr. von Eschenbach said that he was "humbled by the responsibility with which I have been entrusted" and "committed to leading this agency in a manner that continues to earn" Americans' trust and respect.

Dr. von Eschenbach will face tough challenges over the next year, as the new Democratic-controlled Congress is expected to perform aggressive oversight of many aspects of the FDA, with focuses on drug safety and issues surrounding generic medicines. The legislation that authorizes the industry user fees that fund much of the work of the agency's drug and device centers must be renewed in 2007. Those bills could become vehicles for a variety of broad-based changes to the agency.

At the same time, the new commissioner will probably press for increased federal funding that agency staffers and industry officials have said is vital -- particularly if the FDA is asked to take on significant new regulatory responsibilities. That will be a tough sell amid budget pressures sparked by the Iraq war and other costly government commitments.

FEC Chairman To Resign From Agency (AP)

AP, December 8, 2006

Michael Toner, the Republican chairman of the Federal Election Commission, announced Thursday that he will resign from the regulatory agency this winter to pursue unspecified professional opportunities.

Toner's term as chairman ends Jan. 1 and his term as commissioner expires in April.

A longtime Republican political legal adviser, Toner was general counsel to the 2000 Bush-Cheney presidential campaign and chief counsel to the Republican National Committee before President Bush placed him on the FEC in March 2002 in a recess appointment. The Senate confirmed him in 2003.

Labor Presses For Measure To Ease Unionizing (NYT)

By Steven Greenhouse

The New York Times, December 8, 2006

Claiming a major role in the Democrats' victory last month, labor leaders are pressing Congressional Democrats to enact a measure to make it easier for workers to unionize.

Labor leaders see the measure as pivotal to stop a slide in union membership that has lasted decades. But many businesses and Republicans oppose the bill, which would allow employees at a workplace to unionize as soon as a majority sign cards expressing support to join a union.

The A.F.L.-C.I.O. plans to flex its muscles for the bill by holding a rally today on Capitol Hill that it expects to include the incoming Democratic chairmen of the Senate and House labor committees, Senator Edward M. Kennedy of Massachusetts and Representative George Miller of California.

Even before the Democrats won control of Congress, the bill, the Employee Free Choice Act, had 216 co-sponsors in the House, including 14 Republicans, just 2 short of a majority.

With the Democrats capturing both houses, labor and its allies voice confidence that the bill will pass in the House, but they fear a formidable battle in the Senate, where some foresee a Republican filibuster.

"We want to remind Congress that this is the A.F.L.-C.I.O.'s No. 1 priority, and we're going to push as hard as we can," said Stewart Acuff, organizing director of the labor federation. "Congress has an obligation to restore the right to organize."

With the percentage of workers in unions sinking to 12.5 percent, the lowest in more than 70 years, labor leaders say the right to organize has been severely compromised, especially by aggressive antiunion campaigns that companies mount for organizing drives.

Viewing the climate as right for reversing the decline, the A.F.L.-C.I.O. is sponsoring an organizing summit meeting today, bringing together 700 leaders and organizers to discuss how to recruit more members.

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"The freedom to join a union is the key to holding onto the middle class in this country," said John J. Sweeney, the A.F.L.-C.I.O.'s president. "We think the best antipoverty tool is a union card. Research shows that nearly 60 percent of workers would form a union tomorrow if given the choice."

Labor officials say relying on signed cards rather than the traditional secret-ballot elections will make it easier for workers to unionize. Such elections frequently turn into months of battles between management and labor, with union supporters often being fired.

Charlie Norwood, a Georgia Republican who is chairman of the House Subcommittee on Workforce Protections, denounced the bill for card checks.

"It is very telling that first up on the Democrats' agenda after taking power is rolling back voting rights," Mr. Norwood said. "Democrats and their big labor bosses are seeking to steal workers' rights to cast ballots in a private voting booth."

In calling card checks unfair, Mr. Norwood said union thugs had used physical force to have workers sign pro-union cards. Opponents of card checks also say they are conducted so quickly that companies do not have a chance to explain to workers why they should not join unions.

Representative Nancy Pelosi, the incoming speaker, said yesterday that the bill would probably go to the House floor in the early spring.

"We certainly will be passing the card check, the Employee Free Choice Act," Mrs. Pelosi, Democrat of California, told reporters.

Defending the Employee Free Choice Act, Mr. Acuff said, "This legislation only says that when workers want a fairer, quicker, cleaner, more just process, that they can have their wishes honored more quickly and cleanly."

Under the bill, workers would choose to unionize through card checks or a secret-ballot election. Companies would have to honor the decision.

Pointing to the benefits of card checks, Larry Cohen, president of the Communications Workers of America, said his union had organized 22,000 workers at Cingular Wireless using them over the past two years. Mr. Cohen said a big problem with secret-ballot elections was that in the weeks leading up to them companies often terrorized pro-union workers by spying on them and firing or demoting them.

"We're not trying to eliminate secret-ballot elections," said Mr. Cohen, who is chairman of the A.F.L.-C.I.O. organizing committee. "Essentially, we're trying to create two parallel tracks for union recognition."

Upon Retiring, Frist Urges Senators To Work Together (WP)

By Lois Romano

The Washington Post, December 8, 2006

As man-hugs go, this one was definitely uncomfortable to watch.

Apparently taking the Democrats' pledge of civility seriously, Sen. Harry M. Reid of Nevada bearhugged a startled Sen. Bill Frist yesterday, as Frist, the outgoing majority leader, bid farewell to his colleagues on the Senate floor. As the two men firmly shook hands, the Democrat unexpectedly reeled Frist in closer. After an awkward two-step, Frist even hugged back a little.

The fuzzy moment starkly contrasted with Democratic Senate leader Thomas A. Daschle's farewell two years ago -- when few Republicans even showed up. Frist's goodbye was positively warm and was attended by about 25 Democrats. Even liberal Sen. Edward M. Kennedy (D-Mass.) showered praise on the GOP leader. And all gave him a long standing ovation.

Frist, retiring from the Senate after limiting himself to two terms, delivered a final address to a hushed gallery, urging his colleagues of 12 years to work together and warning against "destructive partisanship."

"We are moving toward a body with a two-year vision," the Tennessee Republican said, "governing for the next election -- rather than a body with a 20-year vision. . . . I urge that we also consider what our work in this chamber is really all about. Is it about keeping the majority? Is it about red states versus blue states? Is it about lobbing attacks across the aisle? Is it about war rooms whose purpose is not to contrast ideas but to destroy? Or is it more?"

Frist, a physician, has ended his political career for now, announcing last week that he will not run for president as he had planned and instead would return to his home state. He had a meteoric rise as a "citizen legislator," as he called himself, who jumped into the business of politics after a career in medicine. He was elected majority leader after Sen. Trent Lott (R-Miss.) was forced out over racially insensitive remarks.

But a string of missteps and defeats, not the least of which was the GOP loss of the Senate, left Frist with a mixed legacy as he contemplated the White House. That he was perceived to have carried water for an increasingly unpopular president did not help.

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He was ridiculed for declaring that Terri Schiavo, a Florida woman whose medical case began a national spectacle, had not suffered irreversible brain damages, though he had not examined her -- and he is a heart surgeon. As a national debate raged, Frist said he was basing his diagnosis on a videotape he had viewed of the brain-damaged woman.

Later, Frist alienated the conservatives he would need to launch a presidential bid when he said he would support expanding federal funding of embryonic stem cell research, contrary to the Bush administration's position.

Yesterday, Frist was escorted into the chamber by Vice President Cheney, Senate Minority Leader-elect Mitch McConnell (R-Ky.) and outgoing House Speaker J. Dennis Hastert (R-Ill.). Frist's wife and their three sons watched from the gallery.

Reid said that he and Frist are friends, despite partisan differences.

"Over the years, we have had our ups and downs," he said. ". . . We've had problems over budgets or committee structure, disagreements about schedules." But Reid said he never doubted that Frist did what did "because he believed in his heart it was the right thing."

Aspirations Dashed, Frist Says Farewell (NYT)

By Carl Hulse

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — In the end, Senator Bill Frist found it easier to master the science of medicine rather than that of politics.

Mr. Frist, a Tennessee Republican who bid the Senate farewell on Thursday after four years as majority leader, is departing with his party's majority in last month's elections and his presidential hopes dashed against some questionable political calculations, legislative missteps and uncertainty about his own drive for another campaign.

There was significant pomp as Mr. Frist made his goodbye, and potent symbolism as well. He was preceded into the chamber by Vice President Dick Cheney, representing the White House that helped install him in the leadership job in 2002 and was seen as holding strong influence over him. Then came Speaker J. Dennis Hastert, the leader of the House, where corruption and gridlock helped spell the end of Republican control.

It was not the triumphant finale Mr. Frist, a former heart-and-lung surgeon, envisioned, having counted on his pedigree of medical and public policy expertise to provide the foundation for a presidential bid in 2008. Like others before him, Mr. Frist discovered that leading the Senate — and the accommodations requisite in the job — proved to be a political impediment. In Mr. Frist's case, his methodical physician's demeanor was not always suited to the black art of Senate wheeling and dealing.

"In the doctor-patient relationship, you don't take someone's heart out and put another one back in without 100 percent trust," Mr. Frist said in an interview before his Senate speech, which ended with an awkward hug from his Democratic counterpart, Senator Harry Reid of Nevada. "But trust around here is very rare. That is an adjustment for me."

Mr. Frist scored some legislative successes, helping create the Medicare prescription drug program and winning confirmation for two conservative Supreme Court justices at a time of bitter partisanship over judicial nominees. But even he acknowledged he might be best remembered for invoking his medical credentials to urge Congressional intervention in the case of Terry Schiavo, the Florida woman who became a cause célèbre but was later found to be beyond medical help.

To Mr. Frist, that was "five minutes on the floor, total." But it helped define his public image. And there were other failures, including the collapse this year of a gasoline rebate program and his insistence on pushing initiatives and nominees with no chance of success.

Colleagues in both parties admired Mr. Frist's drive in switching from the demands of high-pressure medicine to the equally daunting field of national politics. But they also say he lacked the Senate experience and personal relationships that can help a majority leader organize the disorganized Senate.

"I think he would be the first to tell you he is not a longtime politician or anyone with a long history in the Senate or Capitol Hill," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate. "As a result, I think it was a tough job, a hard assignment for him. Many times he struggled with the ebb and flow of business in the Senate. He had to learn on the job."

Mr. Frist was virtually a political novice when he won his Senate seat in 1994, and he noted in his Thursday speech, attended by most of the Senate, that when he arrived he could not even find the Senate's Russell Office Building. But he quickly gained a high profile as an up-and-comer, and in 2002 demonstrated his fund-raising ability as chairman of the Republican Senatorial Campaign Committee. In that role, he helped the party regain the Senate majority.

That new prominence led to Mr. Frist being selected as the majority leader in December 2002 when Senator Trent Lott of Mississippi was forced to step aside after making what many considered a racially insensitive remark at the 100th birthday party of Strom Thurmond. Mr. Frist had the support of the White House, strengthened by his work with Karl Rove in the 2002 elections. As time went by, though, the perception that he was too tightly aligned with the White House dogged him.

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"I think it is very important that the majority leader work cooperatively with the White House, very important," said Senator Jeff Sessions, an Alabama Republican and Frist ally. "But perhaps we were tied too closely."

Mr. Frist said his first obligation was always to the Senate and that he was willing to clash with the administration both privately and publicly, as when he made a high-profile break from President Bush and supported expanded embryonic stem cell research.

"I have been very open and expressed my opinions many times at meetings," he said Thursday. "Sometimes my advice is heeded, such as on H.I.V.-AIDS funding, while on stem cells it was not."

After Republicans picked up more seats in 2004 — with Mr. Frist actively campaigning to defeat Senator Tom Daschle of South Dakota, who was then the Democratic leader — Mr. Frist set out to stop Democrats from filibustering Mr. Bush's conservative judicial nominees. Anticipating Supreme Court openings, Mr. Frist promised to execute what came to be known as the "nuclear option" by changing Senate rules to prohibit such tactics.

Democrats were incensed, saying Mr. Frist was destroying Senate traditions. Hoping to avoid a showdown, a bipartisan group of senators cut a side deal that allowed certain judges to move forward. The Senate later confirmed two Supreme Court justices nominated by Mr. Bush. Mr. Frist and fellow Republicans said the results proved his maneuver had been successful. "Because we acted, the sword of the filibuster was sheathed," he said this week.

But Democrats portrayed the threat of the nuclear option as evidence that Republicans were abusing their power, an argument that Democrats say helped them win back the Senate in November. "The American people knew that was beyond the pale," Mr. Reid said.

Though he has ruled out a 2008 presidential race, Mr. Frist said he doubted he was through with politics. And he said he hoped his decision to stick to his two-term commitment inspired successful people in other fields to consider politics. He said that some colleagues had urged him to rethink his self-imposed limits, but that he thought the Senate would be better served if more people had less focus on the next election.

"We're moving toward a body that has too much of a two-year vision of governing for the next election rather than a body with a 20-year vision governing for the future," he told his colleagues. "I urge that we ask ourselves what it is that our forefathers envisioned. Is today's reality what they foresaw?"

Retiring Frist Bids Farewell To Senate (AP)

By Laurie Kellman

AP, December 8, 2006

Their farewell hug was awkward at best. When Democratic leader Harry Reid held open his arms to the man he battled and will replace, retiring Majority Leader Bill Frist, the Tennessee doctor hesitated before returning the embrace. Loosely. Frist, serving the last days of a self-imposed two-term limit, held the Senate itself at a bit of a distance during four years as majority leader. The Tennessee Republican made no secret of the fact that his first occupational love was heart transplant surgery and practicing medicine in general — fields in which he had already made a name before defeating Democratic Sen. Jim Sasser in 1994.

The partisan warfare and scheduling minutiae of the Senate's top job often exasperated Frist. He recently reported suffering what sounded like a case of burnout, and abandoned a nascent bid for president.

His farewell speech Thursday offered a glimpse of the questions Frist asked himself at weary moments during his tenure. He urged his colleagues to do the same.

"What is it really all about," this Senate service, Frist said. "Is about keeping the majority? Is it about red states versus blue? Is it about lobbing attacks in some way across the aisle? ... Is it about war rooms whose purpose is not to contrast ideas but to destroy?

"Or is it more?" Frist intoned to more than 40 Republicans and 20 Democrats in attendance.

Frist's Senate career bookended a Republican revolution. Never having run for office, the Harvard-trained doctor ousted Sasser as part of the storied class of 1994 and helped turn Democrats out of the congressional majority for the first time in 40 years.

In between, Frist rose from 100th in seniority to its top job when Sen. Trent Lott, R-Miss., was forced to step down as majority leader over remarks interpreted as supporting segregationist policies. Frist was elected to that post with the White House's blessing — and Lott's resentment.

But on Thursday, with Lott returning to GOP leadership as Republican whip and past bitter battles with Reid over judicial nominations, Frist and his colleagues bid pleasant and respectful farewells.

Sen. Edward Kennedy, D-Mass., admitted not trusting Frist at first, but came around to hold him in great regard. Reid saluted Frist's commitment to his family — wife, Karen, and sons Harrison and Bryan — who watched from the gallery.

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Sen. Pete Domenici, R-N.M., an old Senate bull who admitted to calling Frist "Sen. First" in his early days, revealed that during private meetings Frist secretly also gave the older senator medical care.

So back to practicing medicine Frist will return when the 109th Congress concludes this week.

"You're not going to be some little country doctor, you're not even going to be a regular doctor. It'll be something bigger than that," Domenici predicted.

Panel May Be Near To Issue Foley Report (AP)

By Larry Margasak

AP, December 8, 2006

The House ethics committee could be close to finishing its report on ex-Rep. Mark Foley's improper conduct with former pages. Committee members would not comment on when they would issue their findings. Committee leaders said in early October the investigation would be finished in weeks, not months, and members have said privately they did not want to carry the matter over until next year.

The findings would have far greater impact if Republicans had retained control of Congress because questions were raised over the lack of strong action by Speaker Dennis Hastert, R-Ill., and his top aides.

Foley, R-Fla., became overly friendly with male pages when they served as errand-runners for lawmakers and — after they left Congress — sent some of them inappropriate e-mails and lurid instant messages.

The committee has heard from dozens of witnesses, and was presented with several conflicts over when Hastert and his staff learned of Foley's conduct.

Hastert's aides could have learned of Foley's inappropriate e-mails as early as 2002 and as late as 2005, depending on who is recounting the events.

Hastert said his aides first learned in 2005 of questionable e-mails between Foley and a former page from Louisiana. Foley's former top aide said he told Hastert's chief of staff about the Florida lawmaker in 2002 or 2003.

Also, Majority Leader John Boehner, R-Ohio, and the House Republican campaign chief Tom Reynolds, R-N.Y., said they told Hastert about Foley's inappropriate behavior last spring. Hastert said he could not recall those conversations, and did not learn of Foley's conduct until late September when the whole matter became public.

Foley resigned from Congress on Sept. 29.

VA Mental Health Spending Is Faulted (WP/AP)

By Suzanne Gamboa

The Washington Post, December 8, 2006

The Department of Veterans Affairs did not spend all of the extra $300 million it budgeted to increase mental health services and failed to keep track of how some of the money was used, a government report says.

VA launched a plan in 2004 to improve its mental health services for veterans with post-traumatic stress disorder and substance-abuse problems. To fill gaps in services, the department added $100 million for mental health initiatives in 2005 and $200 million in 2006. That money was to be distributed to its regional networks of hospitals, medical centers and clinics for new services.

But VA fell short of the spending, by $12 million in 2005 and about $42 million in fiscal 2006, said the Government Accountability Office, the investigative arm of Congress.

It distributed $35 million in 2005 to its 21 health-care networks but did not inform the networks that the money was supposed to be used for mental health initiatives. In fiscal 2006, VA medical centers returned $46 million to headquarters because they couldn't spend it.

In addition, VA cannot determine to what extent about $112 million was spent on mental health services improvements or new services in 2006.

VA reported in September that more than a third of Iraq and Afghanistan veterans who sought medical treatment from the agency in the previous 18 months reported symptoms of stress or other mental disorders.

Longer and multiple deployments, unpredictable daily attacks and roadside bombings, and efforts to reduce the stigma of post-traumatic stress disorder have been cited as reasons for the increased reports.

VA said at the time that it had increased funding for mental health services and hired 100 more counselors and thus was not overwhelmed by the rising demand.

Agency spokesman Matt Burns said in a statement that the GAO looked at the agency's Mental Health Strategic Plan as an accounting exercise. "In contrast, VA's emphasis has been on building mental health care capacity and high quality programs to support and treat veterans. VA expends resources for programs that meet these criteria," Burns said.

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He said VA has taken steps to make sure mental health money is used for its intended purpose.

The money is only a portion of what VA spends on mental health; it planned to spend about $2 billion on mental health services in fiscal 2006. But the additional spending from existing funds was trumpeted by the agency as a way to eliminate gaps in mental health services now and those that would be needed in the future.

"While we are at war, we do have to make sure we spend the resources that are allocated for our veterans," said Rep. Michael Michaud of Maine, the ranking Democrat on the House Veterans Affairs health subcommittee.

He said he thinks VA is overwhelmed. Along with the increased reports of mental stress from Iraq and Afghanistan veterans, Vietnam veterans are experiencing flashbacks and recurrences of combat stress problems because of the ongoing wars, he said.

Democrats have said that when they take over Congress next year, they want to increase funding for veterans' health care, in particular mental health counseling for returning Iraq and Afghanistan vets. They also have said they want to increase the department's oversight and get detailed budget accounting from VA.

Costly Fleet Update Falters (WP)

By Renae Merle And Spencer S. Hsu

The Washington Post, December 8, 2006

A multibillion-dollar effort to modernize the Coast Guard's fleet has suffered delays, cost increases, design flaws and, most recently, the idling of eight 123-foot patrol boats that were found to be not seaworthy after an $88 million refurbishment.

The sidelining of eight of 10 Miami-based cutters worsens a patrol-boat crisis while the Coast Guard is preparing for an exodus of Cubans that could happen when dictator Fidel Castro is no longer in power, Coast Guard leaders acknowledge.

More broadly, congressional critics warn that early mistakes in the 25-year modernization program, called Deepwater -- the Coast Guard's largest contract ever -- are hobbling the service's transformation into a front-line homeland security force.

With the failure of the retrofitting program, eight of 49 boats in the service's workhorse fleet of Island-class patrol boats are out of action. Coast Guard leaders reported last year that only 25 percent of the aging cutters were fully "mission capable," because of maintenance problems and deployment of some boats to Iraq. In reports submitted to Congress, the Coast Guard projected that the fleet would be able to log about 80 percent of its targeted 98,200 operational hours a year.

Meanwhile, a Coast Guard plan to fill the gap by accelerating development of its next-generation cutter by 10 years has stalled because of technical problems.

House members tried to cut $121 million of the $1.1 billion appropriated this year for the $24 billion Deepwater modernization program, but the attempt was defeated by the program's defenders in the Senate. Citing plans for some of the replacement cutters to be built in Mississippi, critics said some decision making was influenced by Coast Guard attempts to curry favor with Mississippi GOP senators Thad Cochran, chairman of the Appropriations Committee, and Trent Lott, the incoming minority leader.

The program's failures are spelled out in a series of Government Accountability Office and Department of Homeland Security inspector general's reports and in congressional testimony, which point to the leeway given to the program's contractors, Lockheed Martin Corp. and Northrop Grumman Corp. Through their joint venture, Integrated Coast Guard Systems, the companies declined to comment, referring all questions to the Coast Guard.

But congressional critics are also raising fresh complaints of rising costs and failed ships in one of the largest national security contracts awarded after the Sept. 11, 2001, terrorist attacks.

"Deepwater is a mess. Over the last five years the Coast Guard procurement has been riddled with problems," said Rep. David W. Obey (D-Wis.), incoming chairman of the House Appropriations Committee. "Coast Guard needs to put in place a plan to fix this problem immediately."

"The big problem here is the boat doesn't work," said Sen. Judd Gregg (R-N.H.), outgoing chairman of the Senate Appropriations subcommittee on homeland security. "The people who manufactured these boats are going to have responsibility for their failure. . . . Someone's got to figure out who's responsible."

The Coast Guard has taken criticism of the program seriously and made significant improvements in the past few years, said Rear Adm. Gary Blore, head of the modernization program, which also includes Coast Guard aircraft. For example, the project that led to the sidelined patrol boats was approved without an independent review, which he said would not happen today.

"There is never a good time to not have enough patrol boats," Blore said. "I just regret that we haven't delivered an asset from when those management reforms were put in place."

Deepwater, awarded in 2002 and modified in 2005, lays out an ambitious plan to modernize and greatly expand the Coast Guard's aging fleet of ships, planes and helicopters, equipping the fleet with more modern technology in the process. The aim is

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to carry out expanded homeland security missions, including offshore patrols, port protection, and vessel boarding and escorting duties, which the Coast Guard said will consume 68,500 operational hours a year for its Island cutters. In that time, Deepwater's cost grew from $17 billion to $24 billion.

The first problems appeared in 2004, when the patrol boat Matagorda was fleeing Hurricane Ivan off the coast of Florida. The Island-class ship had just undergone an $11 million upgrade that included extending its hull from 110 feet to 123 feet. Adm. Thomas H. Collins, then commandant of the Coast Guard, called it the "leading symbol of our service's transformation."

Soon after the hurricane, the Coast Guard found a six-inch crack in the ship's deck and buckling in its hull.

The Coast Guard abandoned plans to overhaul all 49 of its 110-foot boats. In 2005, the eight ships already converted were put on restrictive duty that prohibited them from operating in seas higher than eight feet.

Last month, the Coast Guard found new structural problems beneath the main engines of some ships -- a safety risk. All eight boats were pulled out of commission. Officials said they are now figuring out how to fix them, acknowledging that it will probably require more money.

To make matters worse, the proposed replacement ships for those cutters have also run into technical problems.

The 140-foot Fast Response Cutter is meant to be speedier and tougher than its predecessor, capable of operating in higher seas and for longer periods, and resupplying less often. Responding to a Coast Guard demand to fast-track up to 58 new cutters, contractors proposed a hull design using composite materials instead of steel, which they said would weigh less and be cheaper in the long run. The Coast Guard approved the approach despite having never used such material, a Coast Guard spokesman said.

But, according to a GAO report, concern soon emerged within the service about the form and design of the hull, which was to be built at a Gulfport, Miss., shipyard owned by Northrop Grumman's Ship Systems of Pascagoula, Miss. By February 2006, those concerns had been confirmed by an independent review, and the Coast Guard suspended work on the $3 billion program after spending $25 million.

The Coast Guard is now looking for another stopgap measure, perhaps even ordering an existing ship that would be deployed by 2010, agency officials said.

House Democrats have discussed exerting more control over Deepwater projects. But Gregg said the answer is more money to accelerate Deepwater, not less. "My view is, we're going to spend what it takes to get the nation up to speed," he said.

The program's problems have been compounded by the Coast Guard's hands-off management. The primary contractors, Bethesda-based Lockheed and Northrop Grumman of Los Angeles, have been given unusual authority to run the program through Integrated Coast Guard Systems, according to several government reports. The companies make many of the important decisions, including which ships and aircraft are needed and which subcontractors will design and build them, according to GAO and inspector general reports.

In August, the Homeland Security inspector general reported that the companies had not consistently followed information-technology testing procedures and that the Coast Guard had "limited influence" over some contractor decisions.

One contracting official told the inspector general that the Coast Guard, because of personnel shortages, struggles to review documents within the 30 days the contractors allow. By the time it reviews the documents, the companies may have moved ahead with their plans, leaving the agency to accept the work or try to change it at additional cost, the report said.

The Coast Guard said it is on a "learning curve."

"We continue to make the contract more rigorous," said Mary Elder, the Coast Guard's spokeswoman for the program. "The contractor is learning lessons, as are we, about how best to interact with each other."

Time To Party In The Capital. Just Bring The Checkbook. (NYT)

By Robert Pear

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 — Lights glowed late in the Capitol dome on Wednesday night, indicating that the House and the Senate were in session. But the real action was taking place elsewhere on Capitol Hill, in wine bars, restaurants and town houses where lobbyists paid for the opportunity to meet and greet lawmakers.

Some politicians had just won election, or re-election, and needed to pay off campaign debts. Others were raising money for 2008, hoping that a fat campaign war chest would discourage serious challengers.

The Sonoma wine bar was particularly popular. No sooner had lobbyists left a reception there for Representative Rahm Emanuel of Illinois, newly elected chairman of the House Democratic Caucus, than another platoon of them arrived at the same place to pay tribute to Representative Eric Cantor of Virginia, chief deputy whip for House Republicans.

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Within a period of 12 hours, Mr. Cantor held two fund-raisers in one block of Pennsylvania Avenue SE. For contributions of $2,500, lobbyists had coffee with him in a private room at Starbucks from 8:30 to 9:30 a.m. For donations of $250 to $1,000, they attended his "holidazzle" party at the wine bar from 6 to 8 p.m.

Representative Nancy Pelosi of California, who is to become speaker of the House, has promised new lobbying and ethics rules to end "the culture of corruption" that she says has infected Congress under Republican control. But lobbyists attending fund-raisers this week said they did not expect radical changes.

"There will be some changes on the margins that will be relatively short-lived," said Erick R. Gustafson, a vice president of the Mortgage Bankers Association.

Of the effort to purge politics of special-interest money and influence, Mr. Gustafson said: "It's like trying to keep water out of your basement. It's a structural problem. You may find a temporary solution, but the water will find a way in. Influence is like water. Money is just a means of influence."

Many lobbyists stopped by three or four events on Wednesday evening. At a fund-raiser for Democrats newly elected to the House, Portia Reddick White, a lobbyist for the Transport Workers Union, said: "There's a mood of euphoria, of excitement here. We sense that change is coming, that Congress might actually do something on a bipartisan basis for the working people of America."

Dan Glickman, formerly a Democratic congressman from Kansas and now chairman of the Motion Picture Association of America, hobnobbed with Representative-elect Paul W. Hodes, Democrat of New Hampshire, who is an entertainment lawyer, songwriter and champion of the arts. Mr. Hodes said the event would help him retire his campaign debt, which he estimated at $100,000.

Friends of Representative Charles B. Rangel — blacks and whites, Democrats and Republicans, bankers, insurers and health care advocates — gathered in a nearby town house to hear what he plans to do next year as chairman of the House Ways and Means Committee.

"We really don't believe that voters suddenly fell in love with the Democrats," Mr. Rangel said in his gravelly voice. Rather, he said, the voters want change and bipartisan cooperation, and he hopes to meet that demand by working with Republican members of Congress and the Bush administration on taxes, trade and health legislation.

The contributors to Mr. Rangel included Norman F. Lent, a Republican lobbyist whose official-looking business card notes that he was a member of Congress from 1971 to 1993. Mr. Lent, who used to represent residents of Nassau County, N.Y., now represents Pfizer, Chevron and Texaco, among other companies.

Mr. Lent said the payoff scandal surrounding the lobbyist Jack Abramoff had made life more difficult for honest lobbyists like himself.

"We have all been tainted by this Abramoff," he said, noting with some irritation that former members of Congress were no longer allowed to use the House gymnasium if they were registered lobbyists.

Such concerns did not dampen the festive atmosphere at the Charlie Palmer steakhouse, where lobbyists held "a special birthday reception in honor of Senator Max Baucus," Democrat of Montana.

Mr. Baucus turns 65 next week, becomes chairman of the Senate Finance Committee next month and is up for re-election in 2008.

He knew what he wanted for his birthday. The invitation requested contributions of $1,000 from individuals, $2,500 from political action committees and $5,000 from big donors willing to sponsor the reception.

John D. Raffaelli, a veteran tax lobbyist, said: "Any member of Congress up for re-election in 2008 wants to be able to file a good financial report for the end of this year. Max's goal is to bring his revenue numbers up, to discourage challengers in 2008."

Campaign contributors who missed the birthday party will have opportunities to show their support next year. The senator has invited them to spend weekends with him in Big Sky, Mont. — skiing in February, fly fishing and golfing in June, horseback riding and hiking in August.

Bob Corker, a Tennessee Republican newly elected to the Senate, has clearly learned the ways of Washington already. On Wednesday, he held two fund-raisers — a "debt retirement lunch" and, in the evening, a "debt retirement reception" — to pay campaign debts totaling nearly $1.9 million. He was requesting contributions of $1,000 to $5,000.

The feverish fund-raising pace continued on Thursday, with events for two Democrats up for re-election in 2008, Senators Mary L. Landrieu of Louisiana and Tim Johnson of South Dakota.

Surveying the week's activities, Frederick H. Graefe, a veteran health care lobbyist with friends on both sides of the aisle, said, "There is no free event with the Democrats or the Republicans."

Bush Names 10 Recipients Of Top Honor For Civilians (NYT/AP)

By The Associated Press

DOJ_NMG_0104027

The New York Times, December 8, 2006

WASHINGTON, Dec. 7 (AP) — President Bush on Thursday announced this year's recipients of the Presidential Medal of Freedom, the nation's highest civilian award.

These people will be honored at a White House ceremony on Dec. 15:

¶Ruth Johnson Colvin, a literacy advocate who has traveled the world to help people learn reading and language skills.

¶Norman C. Francis, the president of Xavier University of Louisiana for nearly 40 years. He has also played a lead role in helping the people of the Gulf Coast recover from Hurricane Katrina.

¶Paul Johnson, a historian and journalist who is being honored for writings that have "captivated and educated people around the world."

¶B. B. King, the singer and guitarist who is considered the King of Blues and an American legend.

¶Joshua Lederberg, a Nobel Prize winner for his work in bacterial genetics. He has also helped develop advanced computer technology, worked with the National Aeronautics and Space Administration in the search for life on Mars, and been a scientific adviser to national policy makers.

¶David McCullough, the author and historian who is considered a foremost expert on the American presidency.

¶Norman Y. Mineta, the former transportation secretary; appointed to that job by President Bush. He also served as a mayor, as a congressman and as President Bill Clinton's commerce secretary.

¶Buck O'Neil, a former professional baseball player in the Negro Leagues. Mr. O'Neil, who died this year, was the first black coach in Major League Baseball and a co-founder of the Negro Leagues Baseball Museum.

¶William Safire, the writer and commentator, whose "On Language" column appears in The New York Times Magazine, is being honored for polishing the nation's language and elevating the debates of the day.

¶Natan Sharansky, a former prisoner of the Soviet regime, punished for advancing religious liberty and human rights. He had previously been invited to the White House by Mr. Bush to discuss his book, "The Case for Democracy: The Power of Freedom to Overcome Tyranny and Terror."

The Medal of Freedom was established by President Harry S. Truman in 1945 to recognize civilians for their efforts during World War II. The award was reinstated by President John F. Kennedy in 1963 to honor distinguished service.

Bush Lights National Christmas Tree (AP)

By Ben Feller

AP, December 8, 2006

In traditional fashion, President Bush presided over the lighting of the national Christmas tree Thursday by asking the country to remember and honor its troops.

"Many of those who have answered the call of duty will spend this Christmas season far from home and separated from family," Bush said to a crowd gathered just south of the White House on a frigid night.

"We honor their sacrifice," the president said. "We are proud of their service and that of their families. We will keep them close to our hearts and in our prayers."

With that, Bush led a short countdown as thousands of people rose to their feet on the Ellipse. The crowd roared when the 42-foot blue spruce came alive in color — reds, blues, greens, and a golden star on top.

The president and first lady Laura Bush then joined Santa Claus, a children's choir and other entertainers for a rendition of "Jingle Bells" as the hourlong program came to end. The scene drew members of the Cabinet and Congress, along with invited guests of the White House and plenty of school-age children with parents.

Every president has presided over the tree lighting since Calvin Coolidge in 1923.

The ceremony starts the "Christmas Pageant of Peace." Each night through Jan. 1, the national Christmas tree will be lit from dusk until 11:00 p.m, with musical entertainment Dec. 9-23.

There is no shortage of Christmas pageantry inside the White House, either.

In the Blue Room, the White House Christmas tree is an 18-foot Douglas fir, adorned with glass ornaments, red satin bows and cotton snow.

Ten-foot-tall Nutcrackers stand at the entrance to the East Wing. Ribbons, garland and wreaths are everywhere. At the end of the ground floor corridor, there are even ivy topiaries shaped like the pets of the president and the first lady — Scottish terriers Barney and Miss Beazley, and the first cat, Willie.

Roughly 45,000 people will tour the White House during the holidays.

For those invited to a series of private parties hosted by the Bushes, the catering demands add up. The White House expects to go through 2,100 pounds of sweet potatoes, 4,000 pounds of shrimp, 4,000 pounds of crab claws, plus 100 cases of asparagus, 15,000 chocolate truffles and 20,000 cookies.

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The Last Gasp Of A Smoke-Filled Room? (WP)

By Lyndsey Layton

The Washington Post, December 8, 2006

When the District goes smoke-free Jan. 2, at least one nicotine haven will remain: the U.S. Capitol. Lawmakers, several of whom enjoy a good cigar, have exempted themselves from the city's smoking ban, not to mention rules that forbid lighting up in federal buildings across the country.

But winds of change may be blowing on the Hill.

Rep. Nancy Pelosi, the Democrat from smoke-free California and the next speaker of the House, is thinking of banishing tobacco from the most popular smoking spot in the building: the Speaker's Lobby outside the House chamber. "I'm not an advocate of smoking," Pelosi said yesterday, adding that she hadn't yet decided on a ban. "I think it's dangerous to your health."

Smoking is permitted in lawmakers' offices, in two cafeterias in the House and Senate buildings and in an unmarked, cramped room in the basement of the U.S. Capitol.

But the Speaker's Lobby, the ornate space dotted with fireplaces and chandeliers, is the real smoke-filled room, the biggest and most visible space where smokers gather. The lobby, where lawmakers relax between votes and debates, is blue with smoke most days. You can smell it from the approaching hallways. Cigarette smokers claim the leather wing chairs during the day, filling the ashtrays with butts. At night, the cigar smokers take over. A smoky film clings to an oversize mirror.

"I can't breathe when I step in there," said Rep. Henry A. Waxman (D-Calif.), who has been a lonely scold against smoking for years, trying to get the Republican leaders to stamp out tobacco.

But his efforts went up in smoke.

As many as 25 percent of House members smoke, and one of the heaviest smokers is Majority Leader John A. Boehner (R-Ohio), who frequently emerges from the House floor and heads straight to the Speaker's Lobby to consume his favorite brand, Barclay. Yesterday, when he stepped out of the chamber, he gestured to an approaching reporter that he needed a moment before talking. He made a beeline for the southwest corner of the room, pulled a cigarette from his breast pocket, lit it and inhaled deeply.

"When Boehner ascended, we figured it was hopeless," said Angela Bradbery, co-founder of Smokefree DC, which successfully lobbied for the city's smoking ban and had considered trying to direct the same effort toward Congress.

"It just seemed like too big a hill to climb," she said. "It's always amazing to me that Congress makes up the laws and rules for itself. It kind of smacks of arrogance that they don't have to abide by laws in the city in which they're working. When you walk by the cafeteria and you see people smoking, it's like a throwback to the 1950s."

Waxman says Pelosi's rise to power means the match has been lit. "When the Democrats take over, I expect this to change," he said. "She understands the consequences of secondhand smoke and she's coming from California."

Still, the situation is hazy.

Aides say Pelosi detests smoking but doesn't want to burn the Blue Dog Democrats, or conservative members of her party -- several of whom are cigar smokers but none of whom wanted to publicly stand up for smoking. "I don't really smoke," said Rep. Ben Chandler, a Democrat from the tobacco state of Kentucky, as he blew smoke rings from a cigar in the Speaker's Lobby earlier this week.

Some Republicans are privately fuming, although none wanted to admit so publicly and most asserted they can live with the change.

"Most people are resigned to the reality that there are fewer and fewer places to do this," said Rep. Thaddeus McCotter (R-Mich.), who smokes one to two packs of cigarettes a day. "Behind every smoker is one who wishes they never started. The problem in this town is if you drop one vice, you'll get a worse one."

'Shameful, Sad And Worse' (WP)

The Washington Post, December 8, 2006

DON'T BELIEVE for a second the excuse that a lack of time doomed the chances for legislation giving voting rights in the House of Representatives to the District of Columbia. Or that the decision was put off because of worries that a D.C. voting seat would not pass constitutional muster. At this point, the only plausible explanation for the demise of the bill is that Republican leaders in Congress and the White House oppose democracy for anyone who happens to live in the nation's capital.

President Bush sat on his hands as House GOP leaders spurned a valiant effort by Rep. Thomas M. Davis III (R-Va.) to get a floor vote on the issue. Never mind four years of careful negotiation; never mind broad bipartisan support. Never mind, for that matter, that it is only fair to give all citizens, no matter their addresses, a say in their government. "Shameful, sad and worse"

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is the way former Republican congressman Jack Kemp, a longtime advocate of D.C. voting rights, characterized the bill's death at the hands of his party.

Republican leaders in Utah, believing they had an understanding with their national counterparts, had rushed to hold a special session to adopt a congressional map carving out a new seat for Utah that was key to the bill. The beauty of the compromise crafted by Mr. Davis and Eleanor Holmes Norton, the city's Democratic nonvoting delegate to the House, was that party politics was taken out of the equation, as two new seats would have been added to Congress -- one for the mostly Democratic District and one for predominantly Republican Utah.

The people of the District will get another chance in January when Congress convenes under Democratic control. Mr. Davis has promised that the bill will be reintroduced. Incoming House speaker Nancy Pelosi (Calif.) and majority whip Steny H. Hoyer (Md.) should commit to an early vote; there's no need for more hearings. They should make clear that they won't countenance any talk of stripping Utah of its seat, which would kill the deal.

D.C. citizens pay federal taxes. The District's young men and women go off to the Middle East to fight for a democracy they are denied at home. Republican leaders blew a perfect opportunity to remedy this disenfranchisement. Many Americans, and not just those in the District, will be watching to see whether the next Congress can do better.

Watergate Reform, R.I.P. (NYT)

The New York Times, December 8, 2006

The table stakes for the next presidential campaign are now estimated by the reigning consultant-croupiers of politics at $100 million for openers. That sad fact suggests that the 2008 contest will likely go down in history for seeing to the effective demise of one of the most encouraging post-Watergate reforms, the creative use of public financing as an alternative to big-money donors.

Public financing had worked well for decades, inviting fresh arrays of candidates. But it was left half-dead in 2004 when President Bush and Senator John Kerry declined the $44 million subsidy for the presidential primaries. This freed them to raise more than $200 million each in private, unlimited money. They did opt for public subsidies in the general election, accepting $74 million each as the spending limit. But that formula is expected to be extinct in 2008 as the finalists wage a far more expensive campaign — one that could hit $1 billion.

The breakdown of the public system need not have happened if Congress had acted to update the formula to keep pace with campaign inflation. Larger spending limits and subsidies are needed, along with a more generous checkoff donation than the current $3 per taxpayer.

A strong repair bill is in the works, along with proposals to re-educate taxpayers about the sleaze-free bargain of public financing. The bill is too late for the '08 campaign, but the new Democratic majority in Congress has a good opportunity to rescue the formula for 2012. Otherwise the nation will slip back toward the Watergate era's politics for sale.

Why The Achievement Gap Persists (NYT)

The New York Times, December 8, 2006

The No Child Left Behind education act, which requires the states to close the achievement gap between rich and poor students in exchange for federal aid, has been under heavy fire since it was passed five years ago. Critics, some of whom never wanted accountability in the first place, have ratcheted up their attacks in anticipation of Congressional hearings and a reauthorization process that could get under way soon after the new Congress convenes in January.

Those critics were empowered by a spate of recent studies showing that the nation has made slight overall progress in closing the achievement gap since the law went into effect. (A handful, including New York and New Jersey, are said to have made moderate progress.) The data has been seized upon as evidence that Congress set the bar too high.

Generally, the opponents do not argue that impoverished children can never be educated up to the same standards as the wealthy. They simply say it will take much longer than the law permits. In the world of education reform, where ambitious programs generally last only as long as it takes for the schools to fail to meet the first target, endless deferral of deadlines would be a death knell for No Child Left Behind.

And the country can't afford that. Unless we improve schools — especially for minority children who will make up the work force of the future — we will fall behind our competitors abroad who are doing a better job of educating the next generation.

It's impossible to brand No Child Left Behind as a failure, because its agenda has never been carried out. The law was supposed to remake schools that serve poor and minority students by breaking with the age-old practice of staffing those schools with poorly trained and poorly educated teachers. States were supposed to provide students with highly qualified teachers in all core courses by the beginning of the current academic year. That didn't happen.

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The country would be much further down the road toward complying with No Child Left Behind if the Department of Education had given the states clear direction and the technical assistance they needed. Instead, the department simply ignored the provision until recently and allowed states to behave as though the teacher quality problem did not exist. Thanks to this approach, the country must now start from scratch on what is far and away the most crucial provision of the law.

Getting up to speed will not be easy. Most states lack even the most basic systems for overseeing teacher training and the teacher assignment process. Worse still, the practice of dumping poorly qualified teachers into the schools that serve the poorest, neediest children has become second nature in many places.

The battle for teacher quality is just getting under way. The country can either win that battle or watch its fortunes fade as the national work force becomes less and less competitive. Given what's at stake, the teacher quality provision of No Child Left Behind deserves to be at the very top of the list when Congress revisits the law.

OTHER NEWS:

Housing Slump Whittles Equity; Stocks Lift Assets (WSJ)

By Christopher Conkey

The Wall Street Journal, December 8, 2006

WASHINGTON -- The housing slump is slightly eroding a key driver of consumer spending, but stock-market gains are boosting the average household's net worth, new Federal Reserve data show.

Homeowners had $10.9 trillion in equity stored up in their properties at the end of the third quarter, an amount that was essentially flat compared with the previous quarter and down from a nearly 3% rate of growth during the same period last year, the Fed said. Home equity -- the difference between a home's value and the amount owed on its mortgage -- fell to 53.6% of the value of household real estate, down from 54% in the second quarter and 54.6% a year ago.

Steady home-price appreciation in recent years swelled the amount of equity built up in houses, and consumers tapped it to finance home improvements, college educations and other purchases. But the data from the Fed's "flow of funds" report suggest the housing market's slump has whittled away the growth of home equity.

So far, the impact on consumer spending has been modest. But many economists worry that further weakness in the housing market, particularly if it leads to an outright drop in house prices, could shrink home equity and lead consumers to pull back in the months ahead.

There are bright spots, though. The competitive labor market is boosting wages, and the stock market has produced big gains for many investors so far this year. After declining slightly in the second quarter, the value of household financial assets rose nearly 2% in the third quarter to $40.5 trillion, the Fed said. That combination helped lift household net worth, which was flat in the second quarter, by 1.5% in the third quarter to $54.06 trillion.

It looks like households are still in pretty good shape," said Robert Mellman, senior economist at J.P. Morgan Chase & Co. "The fundamentals for consumer spending are really quite good."

That may be true, but they also appear to be turning cautious. In a separate report yesterday, the Fed said consumer borrowing decreased by 0.6% in October, the largest monthly drop in 14 years. "In the grand scheme of things, households are stepping back a bit and being more conservative," said Daniel Jester, an economist at Moody's Economy.com.

Meanwhile, the Labor Department said the number of people filing initial claims for unemployment insurance fell by 34,000 last week to 324,000. Economists said the big weekly drop was because of seasonal factors surrounding the Thanksgiving holiday, which may have artificially boosted jobless claims last week. Over the past four weeks, claims have averaged 328,750, a level suggesting moderate growth in the job market. The Labor Department will release figures for November job growth today.

Dow Eases 30.84 As Investors Await New Economic Signals From Jobs Data (WSJ)

By Peter A. Mckay

The Wall Street Journal, December 8, 2006

Stocks slipped for a second straight day as investors continued to fret -- and disagree -- over where the U.S. economy is headed.

Many held off on placing big bets ahead of the release of jobs data due out today. The result was another lackluster finish for key stock-market measures, punctuated by moves reflecting news that affected a few big-name companies.

The Dow Jones Industrial Average rose more than 50 points in the first half hour of trading, briefly crossing its Nov. 17 record close. But by the end of the day, the blue-chip average was down 30.84 points, or 0.3%, at 12278.41 points, up 15% on the year and 64.15 points away from the record set last month.

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Shares in Home Depot, a Dow component, tumbled 2.5% after it disclosed late Wednesday that it had backdated executives' stock options, making the home-improvement giant one of the largest firms to have admitted engaging in the controversial practice.

Throughout the day, the Dow fluctuated in the opposite direction of crude oil, which opened lower but finished up to snap a three-day losing streak. The stock market often moves inversely to oil prices because higher energy costs can sap consumers' purchasing power, threatening corporate profits.

Concerns about supply from the Organization of Petroleum Exporting Countries pushed crude futures for January delivery up 30 cents, or 0.5% on the day, to $62.49 a barrel, at the New York Mercantile Exchange.

The oil rise stopped a three-day losing streak for the commodity. Despite its 2.4% gain for the year, crude is now off 19% from its Nymex record close on July 14.

Dow component Boeing slipped nearly 1% on concerns about oil prices.

The broad Standard & Poor's 500-stock index fell 0.4%, or 5.61 points, to 1407.29, up 12.7% on the year. The technology-stock-heavy Nasdaq Composite Index fell 0.7%, or 18.17 points, to 2427.69, up 10.1% on the year.

The market's focus today will be on monthly data from the Labor Department due out at 8:30 a.m. Eastern time. Wall Street is expecting to see that nonfarm payrolls grew by 110,000 jobs in November, with the unemployment rate rising to 4.5% from 4.4% in October.

Between the lines, individual investors and the professionals examining such data lately have been trying to figure out what the Federal Reserve might do next regarding interest rates, and when.

Many believe the situation became murkier last week, after Fed Chairman Ben Bernanke signaled a rate increase to keep inflation in check was still possible in the months ahead. But fresh manufacturing data then signaled the economy is slowing so much, the Fed might be prompted to cut rates.

"The year we're coming into is as uncertain as we've had in a while," said strategist Douglas Peta, of the investment-management firm J. & W. Seligman & Co. "It does look like we're coming into an inflection point for the economy."

Outside the U.S., stocks rose in dollar terms, including new records in India, Mexico and Canada. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.27%, or 0.64 point, to 239.67.

In major U.S. market action:

Stocks dropped1 and bonds declined2. The 10-year note fell 2/32 point, or 62.5 cents for each $1,000 invested, pushing the yield up to 4.491%. The 30-year bond fell 6/32 to yield 4.607%.

The dollar rose3, to 115.25 yen, compared with 115.23, as the euro fell to $1.3286, from $1.3287.

Markets Sink As Economic Report Looms (USAT)

USA Today, December 8, 2006

NEW YORK — Stocks sagged Thursday as traders anxiously waited to see what today's November jobs report might reveal about the health of the overall economy.

The Dow Jones industrial average fell 30.84 points, or 0.3%, to 12,278.41. The Standard & Poor's 500 index was down 5.61 points, or 0.4%, at 1407.29. The Nasdaq composite index fell 18.17 points, or 0.7%, to 2427.69.

Thursday's action was all about the economic news today and beyond. The skittishness came despite upbeat news from the Labor Department, which said, as expected, that the number of newly laid-off workers seeking unemployment benefits fell last week by the largest amount in six months.

"The economy is at a very tenuous place, and we're getting very important news in the next 10 days, starting with the jobs report," says Richard Williams, director of equity research at interdealer broker ICAP in New York.

Today, the Labor Department will report on November employment, which could give some clues about the economy's strength. Economists believe that the report will show a moderate gain of 105,000 workers, slightly better than the 92,000 jobs added in October, and that the unemployment rate, which fell to a five-year low of 4.4% in October, will edge up slightly to 4.5%.

Highlights:

Sirius Satellite Radio gained 5 cents to $3.88, and XM Satellite Radio Holdings gained 11 cents to $14.81. Sirius' chief financial officer on Wednesday said a merger with larger rival XM would "be in the interests of shareholders." Sirius and XM are the two worst-performing stocks in the Nasdaq 100 index this year.

·Vanda Pharmaceuticals surged $10.65, or 69%, to $26.15 and was the biggest gainer on the Nasdaq. Vanda said its schizophrenia treatment was effective in a late-stage clinical trial.

·Sabine Royalty Trust slid $5.03, or 10%, to $45.97. Citigroup downgraded the trust, which has rights to the profits on oil produced by Sabine, to "sell" from "hold."

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·Keystone Automotive skidded $8.21, or 21%, to $30.55 after an administrative law judge issued a preliminary ruling that Keystone, which distributes parts to collision repair shops, had infringed on seven patents related to the Ford F-150 truck.

·Cree lost $2.72, or 13%, to $18.39. The maker of light-emitting diodes lowered its second-quarter guidance due to lower sales of LED chip products.

Election Controversy Hits Florida, Again (CSM)

By Amy Green And Ben Arnoldy

The Christian Science Monitor, December 8, 2006

SARASOTA, FLA.; AND BOSTON

The Sunshine State is once again the scene of a messy election controversy, and residents of Sarasota, an affluent beachside community, aren't the least bit amused.

More than a month after polls closed, the certified loser for the congressional seat is refusing to concede, given an extraordinary wave of ballots with no vote cast in that race and a margin of victory as skimpy as a bikini.

But determining just what went wrong, if anything, has proved difficult given the voting machines involved: touch-screen computers with no printout for voters to confirm. The problems roiling Florida's 13th Congressional District may be one reason that a federal advisory board on Tuesday recommended that the next generation of electronic voting machines be "software independent." In essence, that means creating an independent auditing trail.

Thus, six years after a messy presidential election forced Florida and many states to spend millions of dollars to bring in electronic voting systems, an influential elections panel is urging better-designed systems that may bring back an element of paper. The recommendations will inform new guidelines drawn up in 2007 by the Elections Assistance Commission, of which the panel is a part. Nearly 40 states require that their voting systems meet those guidelines.

"What needs to be figured out [now] is what can we cobble together for a medium-term solution that is not too expensive," says Steven Hertzberg of the Election Science Institute, an election research group based in San Francisco. Then, "we need to innovate in this industry."

So far in Florida's 13th District, there's no evidence that the machines malfunctioned. Sarasota County has already done a machine and a manual recount. Neither significantly budged Republican Vern Buchanan's 369-vote lead over Democrat Christine Jennings. The Sarasota Herald-Tribune has also reviewed every ballot cast.

But suspicions remain because 18,000 ballots, or 13 percent of the votes cast, recorded no votes in the congressional race.

"It's a huge embarrassment," says Ron Basescu, a local resident who had trouble voting. After filling out his ballot on the county's touch-screen machines, which were installed in 2002, a review screen showed that he had either skipped the congressional race or his vote was not recorded. He went back and filled it in. The same thing happened to his wife. Now, he's not sure if their votes really counted.

"If 18,000 people don't cast a [complete] ballot, there must be something wrong," he says. "There should be a revote."

In the manual recount, officials printed out the records of each vote cast, says county elections supervisor Kathy Dent. Undervotes were found in all county precincts, she adds.

But the paper trail is suspect because it's not independent of the software. So if the computer system malfunctioned, this paper trail might have an error, and the voter is no longer there to catch it.

The state has tested for any problems 10 computers, five of which were used in the election. Officials are also testing the software to make sure it is identical to the program certified by the state. Once these tests are finished, the state should be able to say with certainty if the computers malfunctioned, Ms. Dent says.

But some election experts disagree. A comprehensive testing regime would be too complicated to be done quickly, says Mr. Hertzberg, and even then, testers may never know.

"The entire result is 100 percent reliant on the software itself, and there's no way to validate the vote total," he says. The bottom line: "You can't trust the result."

Last week, the National Institute of Standards and Technology came to the same conclusion about all electronic voting machines that do not have an independent voter-verified audit trail. Officials ultimately must trust that the software has remained error-free. "Verifying that this is the case is so complex as to be infeasible; current testing methods could not guarantee this," the report said.

Ken Fields, a spokesman for Election Systems & Software, the company that makes the machines used in Sarasota, says computer malfunctions can be ruled out through testing. The machines "have been proven time and time again to accurately record votes," he says.

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The equipment has safeguards, including two different digital records of the votes that can be compared. Voters are also given a chance on-screen to verify their selections.

However, Mr. Fields says, "the security and accuracy of an election depend not only on the equipment, but on the processes used" by the jurisdictions.

In its review, the Sarasota Herald-Tribune reported Tuesday that it found only one significant pattern in the undervotes: A disproportionate number came from straight-ticket voters in both parties. The report surmises that such voters were probably moving quickly through the ballot and, because of poor ballot design, missed the House race. The newspaper notes that the undervote distributions suggest no computer problems, but "machine error can't be completely ruled out."

Some voters will probably use the same touch-screen machines in 2008 and beyond. Election officials are wary of current paper-trail systems on the market because printers have been known to jam, printed records can be difficult to interpret, and few voters actually look at the printouts, says Doug Lewis, executive director of the National Association of State Election Directors.

Voters in Sarasota, however, decided last month to replace their touch screens with optical scanners, an electronic system that counts paper ballots.

But there's still this year's House race to sort out. The losing candidate, Ms. Jennings, is contesting the election in the hopes of getting a judge to order another. The case is scheduled for Dec. 15. Jennings could also appeal to the House for a new election.

Some residents feel that Jennings's efforts are just prolonging a bitter race. "It was a very nasty campaign," says Ruth Bellaire, a retiree. "I think a lot of people didn't want to vote, to tell the truth."

Longtime Lawmaker, Under Cloud, Fights To Stay On (NYT)

By Adam Nossiter

The New York Times, December 8, 2006

NEW ORLEANS, Dec. 7 — One of the last undecided House races has played out here as the fierce bid for survival of a veteran politician whose career is threatened by a federal corruption investigation.

On Saturday, for the second time in two months under Louisiana's idiosyncratic runoff system, Representative William J. Jefferson has to present himself to the voters.

The outcome will not affect the balance of power in Washington, as Mr. Jefferson's opponent, Karen R. Carter, a lawyer in the Louisiana House, is also a Democrat.

But if Mr. Jefferson wins, his victory will have the potential to embarrass the Democrats and Louisianans eager to prove to federal aid officials that they have left behind the corrupt past.

Having been rejected by his own state party and become a pariah to the financial establishment here, Mr. Jefferson is counting on his inner-city base to look past the F.B.I. accusations and rally around him as it has since he was first elected in 1990.

Court documents depict Mr. Jefferson as trying to use his position to extract cash from a businessman whom he was helping win contracts.

Mr. Jefferson, who has not been charged with any crimes, has denied wrongdoing.

For months, he has been promising an "honorable explanation."

There is every evidence that Mr. Jefferson's base would accept it whenever it comes. Loyal supporters put Mr. Jefferson on top in a crowded primary when he won 30 percent of the vote.

Blue and red "Re-elect Congressman Jefferson" signs dot the ramshackle blocks of the Central City, and Mr. Jefferson received a hero's welcome when he showed up last week at a stormy meeting of displaced tenants of public housing.

"Being poor is not a crime!" Mr. Jefferson told the crowd, which remains angry at being kept out of the mostly shuttered projects. "Not making money is not a crime!"

He was warmly cheered.

"I voted for you, Sir, because I have faith in your abilities," said Jocelyn Marshall, a tenant, and he embraced her.

Whether that support can pull him through in the runoff has been questioned by political analysts here.

There is no question that Mr. Jefferson is the favorite of African-Americans. Last month, he picked up four times as many votes in black precincts as Ms. Carter, who is also black, according to Greg Rigamer, a demographer working for Ms. Carter.

Ms. Carter, a lawyer known for detailed approaches to legislative issues, was the overwhelming choice of white voters. They gave her more than seven times as many votes as they did for Mr. Jefferson.

In Baton Rouge, Ms. Carter was known for spearheading a risky fight in 2004 to overhaul the foundering public schools in New Orleans. In siding with the reform-minded superintendent at the time, she bucked leading figures here.

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In this race, she has raised nearly five times as much money as Mr. Jefferson. The Congressional Black Caucus is among his last remaining sources of financial support.

His connections to the poorest neighborhoods through allies, charities, community agencies and relatives run deep. Federal prosecutors are looking at the financing of inner-city charities with ties to the Jefferson family, state officials said several weeks ago.

It is just this reliance on one slice of the black electorate that constitutes Mr. Jefferson's principal difficulty, particularly since Hurricane Katrina turned this once heavily majority-black city into one where the two races are more nearly equal in population.

Some 45 percent of black voters did not choose him in the primary, Mr. Rigamer said.

Whites in Orleans Parish turned out at nearly twice the rate of blacks in the primary, a trend that if it continues portends serious trouble for Mr. Jefferson.

"If black turnout is low, then Carter should win," said Edward F. Renwick, director of the Loyola University Institute of Politics here.

With the prospect that he may face the federal investigation as a private citizen, Mr. Jefferson has taken off the gloves, calling Ms. Carter "an ambitious young woman" and tacking sharply to the right for the first time in his career.

Many African-American ministers here have endorsed Mr. Jefferson.

He is now criticizing Ms. Carter for what he calls her "support of same-sex marriage, late-term abortion and human cloning," all "at odds with our values," he says in a television advertisement.

Oddly, Mr. Jefferson has generally received high ratings from gay and abortion-rights groups, as Ms. Carter's campaign points out.

She is swinging back hard, hammering at the corruption accusations at every opportunity, forcing Mr. Jefferson to declare in one advertisement: "I have never taken a bribe from anyone."

In one advertisement, children at a spelling bee are heard spelling out the word "hypocrite," and the word "corruption" is intoned at the end.

"The people of this district can ill-afford to have him in that office," Ms. Carter said Wednesday after a campaign stop at a restaurant on St. Charles Avenue. "There is too much at risk," she said. "Our national image."

That focus on image, acute because of the city's dependence on the good will of outsiders, was echoed by a white supporter in the biracial crowd, Mary Len Costa. Ms. Carter's election, Ms. Costa said, was "superimportant for our local perception, for our national perception."

If Mr. Jefferson is elected, "we would lose face," Ms. Costa said, adding: "Something's got to give us hope. Locally, we don't have hope with our politicians."

Republicans Of '94 Revolution Reflect On '06 (USAT)

By Richard Wolf

USA Today, December 8, 2006

WASHINGTON — Republicans who helped capture control of Congress 12 years ago blame the party's leaders for this year's debacle at the polls.

Architects of the 1994 "Republican revolution," as well as current and former lawmakers elected that year, say the GOP repelled voters by putting self-preservation before the nation's agenda. "For the first six years of the 12 years, we were focused on policy and principles, and politics was secondary," says Rep. Zach Wamp of Tennessee, a member of the 1994 class who won his seventh term this month. "The second six years, politics became primary: raising money, going negative, consolidating power."

"We did more good work the first 12 hours we were in Congress than the Republicans have done in the past five years," says Joe Scarborough, a class of '94 member who resigned in 2001 and is a talk-show host. "Republican leaders who took us to the point we are right now should be ashamed."

Two-thirds of the 73-member Republican class of 1994 are gone from the House of Representatives. Twenty-four kept their House seats despite this year's rout, in which Democrats gained simultaneous House and Senate majorities for the first time since 1994. Five lost their bids for a seventh term. Two others resigned in disgrace.

Most members interviewed from the class of 1994, as well as former House GOP leaders, cite three reasons beyond their leaders' control: the war in Iraq, corruption scandals and President Bush's low popularity. Beyond that, they say leaders such as House Speaker Dennis Hastert of Illinois and former House majority leader Tom DeLay of Texas put staying in power above principles such as limited government and low spending.

"The Republicans have stopped being reformers," says former congressman John Kasich of Ohio, a close ally of former speaker Newt Gingrich. "They're tired, they're worn out, and they're practicing politics as usual."

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Rep. Dan Lungren of California, who returned to Congress last year after a 16-year absence, warned of the demise in a closed meeting of House Republicans last year. He noted the Capitol halls were lined with lobbyists who expected to get what they asked for. "We had succumbed to the temptation of things that we had criticized the Democrats for," he says.

Former House majority leader Dick Armey of Texas says regaining a majority won't be easy. "The job of the Republicans after this election is going to be once again to convince the American people that we are the conservative party that the Democrats pretended to be," he says.

Needs of urban areas weren't being met

J .C. Watts imagines average workers at a water cooler, average families at a kitchen table. Republicans, he says, have stopped addressing their needs.

The former four-term Oklahoma congressman says he saw it coming before he walked away from his political career in 2003 to launch J.C. Watts Companies, a consulting firm.

The party wasn't meeting the needs of the poor and urban areas, he says. Instead, it was fixated on "push-button issues," such as abortion and flag burning.

In 1994, when he was elected, the Contract with America offered "something tangible," Watts says. In 2006, the message had become: "The Democrats will be worse."

"Being against (incoming House Speaker) Nancy Pelosi's plan is not a plan," he says.

"We lost our way, pure and simple," says Watts, 49. "When ego and power mesh, it's a very dangerous thing." His solution is simple: Address issues that matter to people

Comeback will take a bit of relating like Reagan

A national wave swept Rep. Gil Gutknecht into Congress in 1994. Another swept him out this year.

Gutknecht, 55, a student of history, says part of it was just zeitgeist — the spirit of the times. "People had just worn a little bit weary of Republican rule," he says.

The six-term Minnesota congressman, one of five members of his class to lose this year, also is a salesman. In recent years, he says, the GOP "began to sort of ignore the customers" on issues ranging from Medicare prescription drug coverage to pork-barrel spending.

Former British prime minister Margaret Thatcher "said many years ago, 'First you win the debate, then you win the vote,' " he says. "The leadership decided a long time ago they weren't going to win the debate. They were just going to break knuckles to win the vote."

To come back, he says, Republicans must frame issues "the way Ronald Reagan did — you take conservative principles and wrap them in an optimistic, friendly language

Limited government? To some it seemed like no government

Zach Wamp's Republican Party believes in limited government. Recently, however, it gave people something closer to no government, he says.

Republicans' response to Hurricane Katrina hurt, Wamp says.

So, too, did his party's reluctance to exercise oversight on issues such as the war in Iraq.

"We began to be focused much more on money and the consolidation of power than we were the policy and the principle that brought us into the majority," says Wamp, 49, who won a seventh term from Tennessee this month. "We had become more interested in winning politically than doing the right thing."

To win back the majority, Wamp says, the party needs to focus on issues and principles, not politics. That could mean fighting with their own president.

"You can't just go along with the executive branch," he says, "even if they're from your party."

Values preached weren't practiced; public not offered clear message

One thing about Bob Barr: You always knew where he stood.

Not so today's Republican Party, says the former four-term Georgia congressman, perhaps Congress' biggest defender of personal liberty during his tenure. After leaving in 2003, he became president and CEO of Liberty Strategies, a public policy consulting firm.

Barr says Republicans lost because they had no clear message: They preached fiscal austerity but practiced pork-barrel spending. They preached privacy rights but tried, against her husband's wishes, to keep alive a Florida woman (Terri Schiavo) in a persistent vegetative state.

"They articulated no vision or agenda," Barr says. "The public was receiving mixed signals: talk of conservative government, and action that was big government by any measure."

To turn things around, Barr, 58, says the GOP should develop creative solutions to problems such as health care and immigration — and "get some real leaders."

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A fatal flaw: Not dealing with pocketbook issues

Rep. Mark Souder proudly calls himself a "hard-core" conservative. He doesn't think Republicans lost the House majority they won in 1994 by forgetting their roots.

Rather, Souder says, the party got swept out of the Northeast and other regions by not addressing pocketbook concerns: health care, energy, college tuition, pensions.

It's fine to cut budgets, Souder says, but "the way we held power was also being sensitive to our districts." The Republican class of '94, for which he served as vice president, carefully placed its members on key panels that would help them win federal aid. Seven remain on the Appropriations Committee.

"To survive through 12 years and then a tsunami, most of those members have made some adaptations," he says. His prescription for the future: update conservatism.

"How would Ronald Reagan behave in this environment?" says Souder, 56, who won a seventh term from Indiana. The party, he says, needs "a different appeal."

Poll: Trouble For Clinton, Guiliani Bids (AP)

By Marc Humbert

AP, December 8, 2006

Democratic Sen. Hillary Rodham Clinton is popular within her party but could have trouble winning the presidency, according to a poll that also identified potential hurdles within the GOP for former New York Mayor Rudy Giuliani.

The former first lady held a double-digit lead over possible rivals in the survey released Thursday by Marist College's Institute for Public Opinion. Clinton, who has taken steps suggesting a 2008 bid, had the support of 33 percent of Democrats to 14 percent for former Sen. John Edwards.

Former Vice President Al Gore was at 13 percent and Illinois Sen. Barack Obama 12 percent. Other Democrats were in single digits.

Still, Clinton remains a polarizing figure, Forty-seven percent of registered voters said they would definitely not consider voting for the New York senator. Twenty-five percent said they definitely would consider voting for her while 28 percent said they would possibly consider it.

Giuliani and Sen. John McCain of Arizona led the GOP field, with 24 percent favoring Giuliani and 23 percent backing McCain. Giuliani and McCain each led Clinton, 49 percent to 43 percent.

But when Republicans were informed that Giuliani is "a pro-choice, pro-gun control, pro-gay rights Republican," 47 percent said those traditionally liberal positions would be a major factor in determining how they voted while just 22 percent said they would not be a factor.

Conservative voters hold considerable sway in the Republican presidential primaries.

"For Hillary, it is: She is acceptable to Democrats, but is she electable?" said Marist's Lee Miringoff. "For Rudy, he's electable; but is he acceptable" to Republicans deciding the nomination?"

The poll of 967 registered voters was conducted Nov. 27-Dec. 3 and has a sampling error margin of plus or minus 3.5 percentage points.

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WASHINGTON (AP) — New Mexico Gov. Bill Richardson says a fence at the Mexican border authorized by Congress this fall "gets in the way" of U.S.-Mexico relations, and he wants the new Democratic Congress to reverse the legislation.

"The fence is very unpopular on the border in Texas and New Mexico, in Chihuahua," Richardson, a Democrat, said after meeting Wednesday with leaders from the Mexican state of Chihuahua. "So one of the most significant and constructive acts the U.S. Congress should take is to get rid of it."

Richardson said he will call on Congress not to build the fence during an address Thursday. He also will press lawmakers to approve a bill that secures the border and provides a path to citizenship for illegal immigrants. While Congress and President Bush approved the 700-mile border fence, a widely debated bill overhauling immigration policy died in Congress this year.

Both statements ratchet up Richardson's national profile as he weighs whether he will run for president.

Technically, Richardson is in Washington this week for a Democratic governors' meeting. But his schedule also is packed with events that highlight his background as a former congressman, ambassador to the United Nations and energy secretary.

Wednesday, he met with Chihuahua officials at an event billed as a model for how the U.S. and Mexico should work together. Thursday, he will give the immigration speech at Georgetown University, and Friday, he will talk about energy independence.

Richardson is coy about his potential presidential plans, saying he will make a decision before the New Mexico legislature convenes Jan. 17.

Republican Rep. Duncan Hunter, who has announced his candidacy, said the San Diego border fence has been effective and endorsed extending it 700 miles across Arizona and New Mexico.

"Contrary to Governor Richardson's opinion, the no-man's-land of violence and smuggling that constitutes the border is not a symbol of freedom," Hunter said.

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WASHINGTON (AP) — The nation's top election oversight board approved guidelines for electronic voting machines, putting in place the first federal standards but stopping short of requiring states to follow them.

The Election Assistance Commission said the 68-page manual offers standards for equipment and software, offering states the option of having the congressionally created commission oversee the process instead of relying on statehouse-mandated inspections.

"Ultimately, it brings accountability to the system," said Gavin Gilmour, the commission's deputy counsel. "This is a voluntary program, but I would hope as many states as possible participate."

Currently, about 40 states require machine certification, according to the commission.

The group also accepted a new definition of "election crimes" and commissioned the first government-sponsored national study on the subject.

Election crimes have been defined as actions that allow ineligible persons to vote, eligible voters to be excluded, or other similar interference. The new definition says such crimes generally involve deceptions, coercion, damage or inaction.

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WASHINGTON (AP) — Even the Republican National Committee, long a model of in-the-black budgeting, came out of this year's elections in debt.

Republican officials say the RNC has a $3 million deficit. It's not alone. The Democratic National Committee reported a $4 million bank debt. And party committees such as the Democratic Congressional Campaign Committee, the National Republican Senatorial Campaign and the National Republican Congressional Campaign are all reporting deficits after the most expensive midterm election.

The RNC's post-election report to the Federal Election Commission shows $6.2 million cash in hand, but officials said that money has already been spent or committed to be spent. The DNC reported $4.7 million cash on hand as of Nov. 27.

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Associated Press Writers Jennifer Talhelm, Philip Elliott and Jim Kuhnhenn contributed to this report.

Support For White House Bid Eludes All But A Few, Polls Show (CQ)

By Marie Horrigan

Congressional Quarterly, December 8, 2006

With no incumbent president or vice president considering a run, the 2008 presidential race is described as one of the most wide-open in years. But two new polls indicate that at this early point in the race, only a few candidates in either party enjoy significant support.

The surveys, released separately Thursday by Fox News and the Marist College Institute for Public Opinion, both showed New York Sen. Hillary Rodham Clinton of New York with a more than 2-to-1 lead over the rest of the Democratic field.

Clinton was supported by 33 percent of respondents in both surveys. Her closest competition comes from three people who, like her, have not officially declared their intentions: 2000 presidential nominee Al Gore, freshman Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards.

Obama was backed by 12 percent of respondents in both surveys. Gore was just ahead of him in the Marist poll, but trailed Obama by 1 percentage point in the Fox News poll, conducted by Opinion Dynamics.

Edwards, the Democrats' 2004 vice presidential nominee, trailed Gore and Obama in the Fox News poll, where he registered 8 percent. However, he was tied with Gore in the Marist poll.

The remaining Democrats were mired in single digits in both polls. That group included 2004 presidential nominee, Massachusetts Sen. John Kerry, and the two declared candidates in the race, Iowa Gov. Tom Vilsack and Indiana Sen. Evan Bayh.

Larry Shiman, a vice president at Opinion Dynamics, told CQPolitics.com he was surprised by the strength of Clinton's lead. "It's no lock, but she's certainly in a very stronger position and a little bit stronger than what I expected," he said of her results.

Among Republicans, the surveys showed former New York City Mayor Rudy Giuliani and Arizona Sen. John McCain leading the pack.

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Giuliani led in both surveys, though he was statistically tied with McCain in the Marist poll, which showed Giuliani at 24 percent compared to 23 percent for McCain. The Fox News poll gave Giuliani a larger lead over McCain, 30 percent to 23 percent.

The Marist poll also showed solid support for Secretary of State Condoleezza Rice, who was backed by 15 percent of respondents. Rice, who has consistently denied holding presidential aspirations, was not included in the Fox News poll.

Other Republicans, including Kansas Sen. Sam Brownback, who announced his campaign Monday, trailed with single-digit percentages.

With 23 months until the election and more than a year until the first nominating contest in Iowa, pollsters caution against viewing the leads as prohibitive — most of the candidates are largely unknown to many Americans, and surveys taken this far out from previous elections have proven poor predictors of the actual outcomes.

Usually, such skepticism also is rooted in the belief that the public is not engaged in politics so far out from the election, but the Fox News poll indicates interest is already running high: Nearly seven out of 10 respondents described themselves as "very" or "extremely" interested in the presidential election.

The recent midterm elections, ongoing fighting in Iraq and long-awaited release of the Iraq Study Group's report on that conflict have kept politics in the front of voters minds, Shiman said.

Both pollsters underscored the electability of the top candidates. While Clinton amassed an enormous campaign chest for the 2006 election and had $13.9 million in cash as of Oct. 18, despite spending more $29.5 million on her Senate election, she scored poorly outside her own party.

The problem for Giuliani, however, is flipped — many voters remain unaware of his liberal stances on social issues including gun control, abortion rights and gay marriage, which could make it difficult for him to win over the conservatives that make up a large part of the Republican primary voting base.

"The problem for [Giuliani] is to continue to be acceptable to Republican primary voters. Right now most of them find his ideology to be fine — but then again, they don't know that much about him," said Lee M. Miringoff, director of polling for Marist College.

Clinton and Rice, the Marist poll suggested, will have to counter public ambivalence about their possible candidacies: Half of the respondents asked each woman not to run for president.

What was unclear from their poll, Miringoff told CQPolitics.com, was whether voters' impression of Clinton was implacable.

"There's just a huge number of people who would not consider voting for Hillary Clinton; it's close to half the electorate," he said. "And that means she's either got to drive that number down or there's not a lot of room for error in the campaign."

The WNBC/Marist Poll was conducted over the telephone from Nov. 27 to Dec. 3 with 1,229 adults, 967 of whom were registered voters, and had an error margin of plus or minus 3 percentage points. The Fox News Poll was conducted over the telephone from Dec. 5-6 with 900 registered voters, and also had an error margin of plus or minus 3 percentage points.

For Now, An Unofficial Rivalry (WP)

By Charles Babington And Shailagh Murray

The Washington Post, December 8, 2006

On Wednesday night, Sen. Edward M. Kennedy hosted the nine Democratic members of his health and education committee at an intimate dinner in his home in Washington's Kalorama neighborhood. The surroundings were stylish, the food home-cooked and tasty.

And then there was the entertainment.

The gathering included a former presidential candidate, Sen. Tom Harkin of Iowa, and a close friend of Kennedy's, Sen. Christopher J. Dodd of Connecticut. But the star attractions were Hillary Rodham Clinton of New York and Barack Obama of Illinois, two junior committee members who may be duking it out for the 2008 Democratic presidential nomination in a matter of months.

The air was thick with ambition. "I don't know why we're here, Bernie," Rep. Sherrod Brown (Ohio) quipped to a fellow senator-elect, Rep. Bernard Sanders (I-Vt.), as the guests walked into the dining room.

Neither Clinton nor Obama has formally declared a candidacy, but their rivalry is already the talk of the chamber, an amusing sideshow for Democrats and Republicans -- at least the handful who aren't weighing their own White House bids.

Kennedy (Mass.) tried not to play favorites on Wednesday, seating the two superstars on his right and left at dinner. But the dais of his committee will be another matter next year, after Obama joins the panel in January: According to seniority rules, the two are likely to be seated next to each other, toward the end. There they will vie for prominence on major issues such as stem cell research, the minimum wage and college tuition subsidies.

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In the fishbowl of the Senate, interactions between Clinton and Obama are frequent and closely scrutinized. During a routine vote yesterday morning, Obama and Clinton brushed past each other on the Senate floor. Obama winked and touched Clinton on her elbow. Without pausing, she kept walking.

The 100-member Senate has never run short of presidential wannabes, but this time, Democrats worry that the clash of titans will overshadow their legislative agenda, leaving mere mortals grasping for notice and potentially compromising the party's efforts to expand its Senate majority.

"Everybody's going to be fighting for oxygen at a very high altitude," said Sen. Ron Wyden (D-Ore.).

Colleagues say Clinton and Obama appear to genuinely admire each other. So far, they claim to see zero evidence of public rancor. "Everybody gets along just fine," Harkin said. Kennedy described the pair as "extra-dimensional individuals" and asserted in an interview: "There's no sort of pettiness or jealousy that I see. They understand the momentous nature of what the search for the presidency is all about."

Behind the scenes, of course, it's a slightly different story. "Don't tell Mama, I'm for Obama" has become the Obama campaign's unofficial motto. It's a reference to Clinton's nickname as first lady and an example of the conflicted loyalties of many Democratic political aides. Some are talking to both camps about possible jobs in the presidential campaigns. Meanwhile, Democratic senators who are not considering presidential bids of their own are remaining neutral.

Some Obama allies suspect that Clinton supporters generated recent rumors that former vice president Al Gore is weighing a 2008 bid, hoping to discourage donors from signing up with Obama just yet. On Monday, Obama tiptoed onto Clinton's turf, traveling to Manhattan to talk with big-time Democratic donors such as George Soros.

Speaking later to reporters, he made a point of praising Clinton. "I think she is tough, I think she is disciplined, I think she is smart, and I'm not one of those people who believe she can't win," Obama said. "I recognize it's fun to set these things up as a contest between the two of us."

Clinton has been less effusive. She rarely comments publicly on Obama, and when she does, it's often in snippets. She declined a request to be interviewed for this article. In October, she said "it's great" that he is thinking of running for president. And Democrats credit her for letting Obama and a first-term senator, Ken Salazar (D-Colo.), headline a Capitol Hill media event last year while other senior Democrats grumbled about their nonspeaking roles.

Some of Clinton's chief supporters, however, have been less charitable. John Catsimatidis, a supermarket magnate and Clinton donor, said yesterday of Obama: "He might be ready for prime time, but I think it's too early."

Clinton and Obama were unusual senators from the start. They hired established, high-level staffers such as Pete Rouse, who was chief of staff for former Senate majority leader Thomas A. Daschle (S.D.) and took the same job in Obama's office, and Tamera Luzzatto, the former top aide to Sen. John D. Rockefeller IV (W.Va.), who now runs Clinton's staff.

Both senators maintained low profiles, at least at first, restricting most public activities to home-state events. Despite their megawatt qualities, both were deferential to older colleagues, and both made friends and co-sponsored legislation with Republicans.

Because Clinton spent eight years in the White House, she is a particular anomaly, escorted through the corridors by a security detail and rarely engaging in hallway banter with reporters before and after votes. On Tuesday, Obama lingered by the elevators near the Senate floor, feeding quotes on Medicare and tax cuts to a gaggle of scribes. Clinton rushed by a few minutes later, flanked by staff members, and headed straight onto a waiting elevator.

"She likes to stand alone," said one senior Senate staffer.

Clinton's colleagues were surprised when she teamed up with former GOP House speaker Newt Gingrich (Ga.) and Senate Majority Leader Bill Frist (Tenn.) on health-care initiatives, and when she staked out a moderate stance on abortion in a prominent speech in January 2005. But her reluctance to hog the spotlight has earned her considerable goodwill -- to the extent that some of her colleagues have speculated that she might become the top Democratic leader someday, should her presidential bid falter.

Obama, only two years removed from the Illinois legislature, initially stirred jealousy among some colleagues for the rave reviews of his keynote speech at the 2004 Democratic convention. But he earned loads of gratitude and goodwill by campaigning doggedly for fellow Democrats this fall, often drawing the largest crowd of each campaign.

Senators say Obama's explosive rise has startled Clinton and her advisers, who are mulling how to react. With Obama planning a trip to the early-primary state of New Hampshire on Sunday, they may need to decide soon.

"Hang on tight," advised Sen. Richard J. Durbin (D-Ill.), an Obama fan. "They ain't seen nothing yet."

It's A Cheney! (WP)

By Ruth Marcus

The Washington Post, December 8, 2006

DOJ_NMG_0104040

My only regret about Mary Cheney's pregnancy is that it didn't happen earlier -- say, during the 2004 presidential race, when Cheney was working for her father's campaign and his running mate was busy trying to write discrimination against people like her into the Constitution.

Imagine a hugely pregnant Mary Cheney sitting in the vice president's box at the convention. Imagine Cheney and her partner, Heather Poe, cuddling their newborn onstage at the victory celebration.

How perfectly that would have illustrated the clanging disconnect between the Republican Party's outmoded intolerance and the benign reality of gay families today.

Better late than never. Cheney's no crusader; she has little interest in becoming the poster mom for gay parenthood. But whether she intends it or not, her pregnancy will, I think, turn out to be a watershed in public understanding and acceptance of the phenomenon. This is the Ellen DeGeneres moment of national politics.

Acceptance won't come immediately, of course, and certainly not from all quarters. The folks who have fits about "Heather Has Two Mommies" are beside themselves over "Heather Is One of Two Mommies." Especially because the other mommy is -- as Mary Cheney is inevitably described -- The Vice President's Openly Gay Daughter.

"Unconscionable," said Janice Crouse of Concerned Women for America. "Her action repudiates traditional values and sets an appalling example for young people at a time when father absence is the most pressing social problem facing the nation," Crouse wrote on the TownHall.com blog. "Her child will have all the material advantages it will need, but it will still encounter the emotional devastation common to children without fathers."

"I think it's tragic that a child has been conceived with the express purpose of denying it a father," pronounced Robert Knight of the Media Research Center. The couple, he said is seeking to "create a culture that is based on sexual anarchy instead of marriage and family values."

I can understand that people -- especially those who have no personal experience with gay families -- are uncomfortable with the notion of children without a parent of each gender. What I can't understand is using words such as "unconscionable" or "tragic" to describe the choice of two people who love each other and want to create a family together.

To be a badly wanted child (one thing that's indisputable about the children of same-sex couples: the parents had to work to make it happen) in a home with two loving parents is no tragedy. If they're worried about "emotional devastation," the Crouses and Knights of the world would do better to reserve their lamentations for children in poverty, those who are abused or neglected, or for children in families splintered by divorce.

As to sexual anarchy, Mary Cheney and Heather Poe represent its antithesis. This is a couple who've been together for 15 years. In her mind, as Cheney told "Primetime Live" this year, "Heather and I already are married. We have built a home and a life together. I hope I get to spend the rest of my life with her. The way I look at it is, we're just waiting for state and federal law to catch up with us."

That could take some time, especially if Mary Cheney's political party has anything to do with it. As a resident of Virginia, which does not permit a gay parent to adopt, Poe will have no legal connection to the child that she and Cheney clearly intend to have and raise together. If the couple were to split up, Poe would have no legal right to see the child.

Virginia's newly adopted and expansively drafted constitutional amendment prohibiting gay marriage casts doubt on the ability of Cheney and Poe to write binding medical directives and wills. Without any legal protection, state or federal, against job discrimination -- the Bush administration opposes extending anti-discrimination laws to cover sexual orientation -- Mary Cheney could be fired simply because she is gay.

In fact, perhaps because it's less susceptible to being hijacked by the extremes, the business world is outpacing the political sphere in recognizing and responding to the new, out-of-the-closet reality of gay Americans. More than half of the Fortune 500 companies offered health benefits for domestic partners this year, up from just 28 a decade earlier, according to the Human Rights Campaign.

The latest issue of Fortune describes how companies seeking to attract and retain gay workers are offering bereavement leave if a same-sex partner dies, adoption assistance or paid leave for gay employees who have children, and relocation help for gay partners when employees are transferred. "Put another way, gay marriage -- an idea that has been banned by all but one of 27 states that have voted on it -- has become a fact of life inside many big companies," the magazine said.

Perhaps Cheney's high-profile pregnancy will help the Republican Party come to grips with those facts of life. If not, though, she's going to have to explain to her child what mommy was doing trying to help a party that doesn't believe in fairness for families like theirs.

The Comptroller's Glass House (NYT)

The New York Times, December 8, 2006

DOJ_NMG_0104041

If there is any job that requires extraordinary integrity, it is that of the inspector or watchdog. The official who investigates others has to keep his own house cleaner than clean. Otherwise, any criticisms can too easily disappear in a hail of counter-criticisms and claims of hypocrisy. This is the problem that Alan Hevesi, New York State's comptroller, faces as his office audits everything from school boards to the state's racing board. When he bars a Medicaid provider because of overpayments or asks a school district to tighten its controls or details the weaknesses in oversight of gambling, the easy political response is, "Who are you to point a finger?"

For over three years Mr. Hevesi was unlawfully allowing the state to pay in full for a car and driver for his ailing wife. He has apologized, repeatedly, and is now in the process of paying back the state for the misuse of taxpayer money. Despite all this, he was re-elected, and his supporters say he should thus be allowed to serve another term.

But an election cannot overcome the possibility that Mr. Hevesi violated state law, as charged by the State Ethics Commission. Moreover, as each new release of the details about Mrs. Hevesi's chauffeur and car has become available, it has become clear that Mr. Hevesi's behavior was at odds with the way a comptroller, or any other state official, should do business.

Take a recent comptroller's report criticizing the state Health Department for not reviewing files in a "timely manner" in order to discontinue Medicaid benefits for those who were disqualified, including 34 who were dead. The impact of the report was muted by Mr. Hevesi's own failure to pay back the state for the use of a driver in a timely manner.

Then there is the problem of records. If you read through the audits from any comptroller's office, many of the strongest criticisms concern the way records are kept. Record-keeping, in fact, is the meat and potatoes of public accountability. Yet, Mr. Hevesi "failed to take a single step to ensure that proper records were maintained so that the proper reimbursement amounts could eventually be calculated," wrote David Kelley, the special counsel appointed by Gov. George Pataki for this case. At this point, there are three continuing investigations of Mr. Hevesi. The others are by Attorney General Eliot Spitzer's office and by Albany County's district attorney, David Soares.

Those investigations will take time and drain resources, while it is already clear that Mr. Hevesi's record in this matter is not up to the standards of his job. His own words should remind him of what is at stake. When a former Oswego mayor was questioned about $3,500 in spending on dining and travel, Mr. Hevesi said, "We take a zero-tolerance approach to local officials who abuse their position and use public money for their own benefit."

That is exactly why Mr. Hevesi should resign instead of expecting to be sworn in for a new term. The Legislature and Mr. Spitzer, the incoming governor, should pick a replacement — not a political crony but a person who can criticize others from a position of strength and rectitude.

US Still Hopes For NKorea Nuclear Talks This Month (AFP)

AFP, December 8, 2006

The United States said it had not "thrown in the towel" on efforts to resume nuclear disarmament negotiations with North Korea this month, but admitted it could still take weeks to organize the talks.

"We would still hope that we could get some discussions, get a new round of talks going this month," State Department spokesman Sean McCormack said.

"We're not ready to throw in the towel at this point," he added after preliminary meetings between US, North Korean and Chinese diplomats in Beijing last week failed to overcome obstacles to a resumption of broader negotiations also involving South Korea, Japan and Russia.

But the State Department official said Washington was "also not going to try to push to get something done in December if that means those talks aren't as well prepared as they possibly can be".

"If it's a matter of slipping things a few weeks, then so be it, we will," he said.

"The key is to get back to the table in a timely manner and in a way in which the conditions have been created so you can make some progress," he said.

McCormack was responding to reported comments by an unnamed North Korean diplomat who told the Russian news agency Interfax that formal negotiations could not resume this month as hoped.

"The renewal of the talks process in December 2006 is not possible nor is it -- without changes in the American position -- in the foreseeable future," Interfax quoted the diplomat as saying after the latest round of talks in Beijing.

North Korea agreed in principle in October to return to the six-party negotiations after being hit with UN sanctions for having carried out its first test of a nuclear bomb earlier in the month.

The six-party talks began in late 2003 but Pyongyang walked away from the process a year ago after Washington imposed financial sanctions on the country that were not directly related to the nuclear issue.

A possible easing of those sanctions is one of the carrots being offered by Washington if Pyongyang will return to negotiations on the basis of a September 2005 agreement under which it pledged to give up its nuclear weapons program.

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According to Interfax, the North Korean diplomat said he government was demanding as a condition for renewed negotiations "the removal of American nuclear weapons from South Korea and other countries of the region".

McCormack reaffirmed the US position, reaffirmed in the September 2005 pact with North Korea, that the United States "has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade the DPRK (North Korea) with nuclear or conventional weapons."

Analysts: U.S. At Root Of Effort To Topple Lebanese Government (MCT)

By Tom Lasseter

McClatchy Newspapers, December 8, 2006

BEIRUT, Lebanon - American political leaders watched with alarm during the past week as the Hezbollah militia laid siege to the U.S.-backed Lebanese government, but few would acknowledge publicly what most analysts and politicians here say is obvious: American policy may bear much of the blame.

Many in Beirut say that U.S. failure to stop Israel's onslaught against Hezbollah last summer crippled the Lebanese government - a U.S. ally - while strengthening Hezbollah - a U.S. enemy. That created an environment in which the Shiite Muslim militia could call for overthrowing Sunni Muslim Prime Minister Fuad Saniora and his Cabinet.

"Hezbollah has more support in the population now because they are the `victorious resistance,'" Cabinet member Ahmed Fatfat said. "And it weakened the government because we did not get any concessions ... the last war was a disaster for Lebanon and the image of the United States."

Fatfat, like several other Cabinet members, has been in hiding at the government building in downtown Beirut for days as tens of thousands of protesters outside demand a new administration led by Hezbollah, a group that's on the U.S. State Department's list of terrorist organizations.

The standoff between Shiite Hezbollah and its allies and the Christian and Sunni government has sparked street fighting in Beirut's neighborhoods and raised the specter of civil war.

It's also underscored a belief among some regional leaders that the United States has lost its footing in the Middle East. On Tuesday, the bipartisan Iraq Study Group recommended in Washington that the Bush administration reach out to Syria and Iran - U.S. foes - in a search for ways to resolve Iraq's violence. The group called for Syria to cease aid to Hezbollah and to stop trying to topple Saniora's government as part of a deal that might include Israel returning the Golan Heights to Syria.

But those suggestions seem behind the times as Hezbollah presses its campaign to force Saniora out.

Fatfat and other Lebanese officials said that while there was a complex set of reasons for the crisis - Syria is trying to derail a tribunal from investigating Syrian participation in political assassinations, Shiites long have felt underrepresented by their government, Iran is pushing against U.S. interests across the region - the conditions largely were set by U.S. actions during the conflict last summer.

The fighting began in July when Hezbollah kidnapped two Israeli soldiers, an act that began weeks of thunderous Israeli bombing and artillery barrages - often using munitions bought from U.S. suppliers - that killed at least 1,000 Lebanese, mostly civilians. Hezbollah answered by launching hundreds of rockets into Israel.

Saniora pleaded with American officials to intervene, but for weeks Secretary of State Condoleezza Rice and others said there first must be a "durable solution," meaning primarily that Hezbollah had to be contained and then disarmed.

As the fighting stretched on for more than a month and the Bush administration didn't intervene, Saniora looked ineffectual, a nearly unforgivable sin in a region in which military force and political strength are often synonymous.

"This summer was a catastrophe on many levels. This summer was bad news," said a Western diplomat in Beirut, who spoke only on condition of anonymity because of the sensitivity of the situation. "In general, Lebanon is in a much, much weaker position now than it was in June. There's no question at all levels - politically, economically, in terms of unity - everything is much worse now than it was in June."

How did the U.S. response contribute to that?

"It was painful to be here this summer, you know. I'll just leave it at that," the diplomat said.

Hezbollah officials have harped on the Lebanese government's reliance on U.S. help at a time when American policy makers weren't putting pressure on Israel to stop its aerial bombardment.

"It's no coincidence that all those who supported Israel in the war are today supporting what remains of this falling government," Hezbollah leader Hassan Nasrallah said Thursday night via video feed to a cheering crowd of thousands.

"Does any Lebanese accept ... supporting a government that George Bush and (Israeli Prime Minister) Ehud Olmert support?" he asked.

The sea of men, women and children booed and screamed for the government's downfall.

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Asked for comment, a representative at the U.S. Embassy in Beirut referred a McClatchy reporter to remarks by Rice last summer in which she said any peace deal had to ensure that Lebanon didn't return to its "status quo," again meaning that Hezbollah must be brought under control.

But Hezbollah now appears more in control than ever.

The United Nations Security Council resolution - with American approval - that ended hostilities in August mandated that Lebanese and United Nations troops patrol southern Lebanon, Hezbollah's heartland. The introduction of soldiers in the south, where the militant group was used to complete freedom of movement, probably ordained that Hezbollah would move against the government.

Hezbollah "knew all along that Saniora's government is pro-American and wants to disarm them as a military organization," said Hilal Khashan, a political studies professor at the American University of Beirut who's written extensively about the group.

The push against Saniora was an easy sell to Hezbollah's rank and file.

"Saniora's government did not help us during the war," said Hussein Ali, who was sitting with a group of friends across from his shoe store in a southern suburb of Beirut.

Ahmed Musalmani, who sells ceramic tiles, added: "And Fuad Saniora was kissing Condoleezza Rice."

Rubble from Israeli bombing runs stood in piles throughout the neighborhood. Where buildings once stood, craters were carved in the ground. Collapsed roofs leaned against fragments of walls.

The two men were with a group that was heading to join the demonstration downtown outside the building where Fatfat and his fellow ministers were living behind armed guards.

"You cannot play with Hezbollah," Ali said. "We are going to bring down the government."

Hezbollah Vows End To Lebanon Government (AP)

By Sam F. Ghattas

AP, December 8, 2006

Hezbollah leader Sheik Hassan Nasrallah promised thousands of supporters Thursday that they would eventually bring down Lebanon's Western-backed government, but the prime minister vowed to stand firm against protesters.

It was the seventh day of street demonstrations by Hezbollah and other pro-Syrian parties aimed at pressuring Prime Minister Fuad Saniora to quit in a deepening political crisis threatening to tear the country apart.

In a rousing speech delivered on huge screens in two central Beirut squares, Nasrallah accused Saniora of conniving with Israel during its monthlong war with Hezbollah last summer. He claimed Saniora ordered the Lebanese army to confiscate Hezbollah's supplies of weapons — his sharpest attack on the prime minister since the August cease-fire that ended the fighting.

"Didn't the prime minister of Lebanon work to cut off the supply lines?" Nasrallah said. He added that government officials had asked American envoys to persuade Israel to destroy Hezbollah.

"Those are the ones responsible for the war, not the resistance," Nasrallah said.

Hezbollah has gained increasing political clout after the war, which began after Hezbollah guerrillas snatched two Israeli soldiers patrolling the south Lebanon border. It wants to topple Saniora's government because it has rejected demands for forming a national unity government that would give the pro-Hezbollah factions veto power in the Cabinet.

Ahmed Fatfat, who was acting interior minister during the war, dismissed Nasrallah's accusations as "false stories about the war." He told AP Television News the charges would strengthen the government's resolve.

Saniora's allies have accused Hezbollah of being influenced by Iran and Syria, which they claim want to destabilize Lebanon by supporting the militant group's plans to oust the government.

Nasrallah said protests would continue until Hezbollah's demands are met. But he also said he was prepared to negotiate and that the Shiite guerrillas would use arms only against Israelis.

"We are a people that will not be defeated in the battle of wills," he said to roars from the crowd. "We will not leave the streets before achieving the goal that saves Lebanon."

It was only the second time Nasrallah addressed a mass rally since the August cease-fire. For security reasons, he did not appear but spoke via video link.

He addressed warnings from politicians and the army commander that the mass protests could drag Lebanon back to the sectarian civil war of 1975-1990.

"We will not lift our weapons in the face of anyone," Nasrallah said. "We will defeat you with our voices.

The army, overstretched with keeping Beirut's streets clear of blockades and clashing protesters, called for calm for the second time in four days.

"Offering sacrifices for the sake of the nation is not a duty of soldiers only, but it is a duty of all the nation's sons, specifically their political and spiritual leaders," the army said in a circular to soldiers that also addressed the politicians.

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Saniora, emboldened by international support for his U.S.-backed government, insisted he would not give in to protesters. He spoke to hundreds of supporters outside his offices, where he has been hold up, ringed by troops, riot police and barbed wire.

"We are standing fast, believing in the justness of our position," Saniora said.

Nasrallah's speech appeared to be an attempt to rouse supporters for a massive demonstration planned in Beirut on Sunday.

A Sudanese envoy, who arrived in Beirut on Thursday for talks with the rival factions, said the street protests should end, but supported the opposition's call for a broader-based government.

"The basis of a solution must be founded on the formation of a national unity government and withdrawal of dialogue from the street to parliament," said Mustafa Osman Ismail, the envoy of Sudanese President Omar al-Bashir.

Thousands of Hezbollah supporters have staged nightly protests in Beirut, and tents have sprung up in two city squares, shutting down shops and paralyzing the heart of the capital.

Syrian Vice President Farouk al-Sharaa, meanwhile, denied his country was interfering in Lebanon's internal affairs. Instead, he accused unnamed foreign powers of using Lebanon against Damascus.

He added that Syria will not send back its army to Lebanon "no matter what happens."

Syria withdrew its troops from Lebanon last year under heavy international pressure, after the assassination of former Prime Minister Rafik Hariri. Syria's Lebanese opponents blamed Damascus for the killing, a charge it denies.

Hezbollah's Leader Vows To Continue Protests (NYT)

By Nada Bakri And Michael Slackman

The New York Times, December 8, 2006

BEIRUT, Lebanon, Dec. 7 — Ratcheting up pressure on the besieged American-backed government of Lebanon, the Hezbollah leader Sheik Hassan Nasrallah insisted Thursday night that his followers would not leave the streets until their demands for more power were met. He also appeared to accuse government officials of trying to have him killed during the war with Israel.

With fears of a civil war running high in Beirut, Sheik Nasrallah's speech seemed calculated to bolster thousands of Hezbollah's supporters who have been camped in tents downtown, while also warning those followers against engaging in sectarian violence that could spread and possibly hurt Hezbollah's chances of appealing to more than its Shiite base. The speech also asked Arab governments in the region not to take sides in the conflict.

In an impassioned speech broadcast live on two large screens in downtown Beirut and throughout the region on satellite channels, Sheik Nasrallah told the government and its supporters that they were dreaming if they thought his alliance would end its protest, now in its seventh day, before it won a larger share of government power. And he called on all his supporters to hold another mass demonstration downtown on Sunday, raising the prospect of hundreds of thousands of demonstrators once again pouring into central Beirut, as they did last week.

"Tell them today, from the square of the strike, tell them tomorrow during the Friday Prayer, tell them every night, tell them on Sunday during the great gathering, tell them after Sunday, that you who bet on our surrender are deluded, deluded, deluded," he said, to chants of "We will follow you, Nasrallah."

Although Hezbollah has said before that the government had effectively colluded with Israel in the hope that its bombing campaign would destroy Hezbollah's militia, on Thursday, Sheik Nasrallah went a step further, saying that a government agency tried to find out where he was staying during the war and that the government worked to block the resupply of Hezbollah during the battle.

And he threatened to name names.

"Those who sat with the Americans and requested from them that Israel launch a war against us, they know themselves, and I know them, and I hope that the day will not come when I would say their names," he said.

He also said Hezbollah rejected civil war between Lebanon's ethnic or political groups. "We reject any armed clash in the street, and we also reject any kind of confrontation in the street," he said. "Tell the Lebanese and all nations in the region, whoever pushes matters in the direction of civil war, in civil war, everyone is a loser."

But while Sheik Nasrallah said Hezbollah and its allies were open to dialogue to resolve the crisis, those aligned with the government said his remarks were so filled with personal attacks that it appeared that what he was after was to "crush" the so-called March 14 coalition, which is struggling to maintain its control of the government.

"It was a very dangerous speech and very dangerous accusations which will have negative consequences," said Wael Bou Faour, a member of the March 14 coalition and a member of Parliament.

Lebanon has been caught in a tense standoff over the makeup of its government and the direction of the country ever since the end of Hezbollah's 34-day war with Israel in the summer. Hezbollah emerged emboldened after having survived the

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war — and having bloodied Israel. But it also emerged angry with the American-backed government. Hezbollah says its goal is to form a national unity government and to bring all parties into the cabinet, including the Free Patriotic Movement, led by Michel Aoun, a Christian and a former general. But Hezbollah has also insisted that its alliance have veto power over all government decisions — and a large enough bloc in the cabinet to allow it to bring down the government if Hezbollah's allies were all to resign at once. The governing coalition has offered a compromise formula, which Hezbollah and its allies have so far rejected.

Now Hezbollah is saying that if it does not get its unity government, which would allow the prime minister, Fouad Siniora, to stay in office, it will press for a complete collapse of the government and early elections.

The protests have raised tensions and fears of sectarian violence all over Beirut. On Sunday, a Shiite demonstrator was killed during clashes in a Sunni neighborhood and since then, the army has cautioned that if a political solution is not found, it could lose control of the streets.

Several demonstrators said the main message they took away from Sheik Nasrallah's speech was to avoid clashes.

"If he didn't speak today, maybe things would have deteriorated and we would have started fighting against each other," said Hussein Harfoush, 23. "I think everyone would have got involved in fights because people are very tense."

The outcome of this political battle not only will not only influence Lebanon's domestic politics, but also will affect the balance of power throughout the Middle East. Hezbollah is allied with Iran and Syria, while the governing coalition is aligned with the United States and France. The United States has looked to Lebanon as a bulkhead to thwart growing Iranian influence in the Middle East.

The government has accused Hezbollah of taking this political battle to the streets simply to help Syria try to block the formation of an international tribunal to hear evidence in the assassination of Rafik Hariri, a former Lebanese prime minister. A United Nations Security Council investigation has implicated Syrian officials in the killing.

Lebanon Feels Heat Of Sunni-Shiite Friction (USAT)

By Jeffrey Stinson

USA Today, December 8, 2006

BEIRUT — Lebanon's week-long political crisis is driving a deep and potentially violent wedge between Shiite and Sunni Muslims like this nation hasn't seen before.

"This is the worst ever," Abdo Saad, director of the Beirut Center for Research and Information, says of the rift. "It's very dangerous."

The political crisis reflects the growing influence of Shiites, and as in all matters political in Lebanon, there are religious overtones to the conflict.

"Sectarian tensions are high," says Mohammed Kalhani, a Sunni member of the majority coalition in parliament. "Shiites and Sunnis are opposing each other. That's something we never found in the past."

After decades of fighting in Lebanon that pitted its many groups against each other, clear Sunni-Shiite fault lines have emerged over the past few months as Hezbollah, a militant group, has launched a forceful effort to gain more power for itself and other Shiites and, opponents say, for its key supporters: Syria and Iran.

The crisis is most evident in downtown Beirut. Protesters led by Hezbollah have camped there for a week and vow to stay until the government resigns and gives them greater say over policy. The government, led by Prime Minister Fuad Saniora, a Sunni, refuses to give in.

The divisions can be seen and heard across the capital — in places such as the Shiite neighborhood of Haret Hreyk and the predominantly Sunni district of Tarik el Jdideh.

In Haret Hreyk, Housain Baroud, 35, a Shiite who runs a restaurant that sells sandwiches, says the split with Sunnis is palpable since the political struggle mushroomed.

A cold politeness characterizes even simple transactions among Muslims. "The tension, you see it now," he says after making change for a Sunni who walked in but didn't buy anything.

Baroud supports Hezbollah and its effort to gain greater political power in the government. The reasons, he says, are clear, pointing at the new floor, ceiling, tables and marble counter in his restaurant.

Half of it was paid for by a $3,000 grant from Hezbollah, which offered to help Baroud after the restaurant was badly damaged during the militant group's 34-day fight with Israel in the summer. The government has given him nothing, Baroud says.

Much of Hezbollah's newfound support comes from the conflict that erupted after the group, which is armed and gets financial support from Syria and Iran, staged a cross-border raid and captured two Israeli soldiers July 12. The two soldiers' whereabouts remain unknown. Israel sent forces into Lebanon and launched a bombing campaign aimed at neutralizing Hezbollah.

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Israeli airstrikes flattened or damaged dozens of buildings in mainly Shiite southern Beirut, including Haret Hreyk. Buildings, many of them pockmarked from shrapnel, are separated by empty lots where businesses and apartment blocks once stood.

Israel failed to uproot the militant group, which saw its prestige grow among Shiites and other Lebanese as a result of its staying power. A cease-fire declared Aug. 14 halted the fighting. "I'm with Hezbollah 100%," Baroud says. "Hezbollah means to us dignity. They held off Israel."

That support may translate power on the battlefield into political gains for Shiites, who represent at least 32% of Lebanon's population, according to Saad of the Beirut Center.

Baroud is among Lebanon's Shiites who say they have been ignored by Sunni-led governments and the time has come — thanks to Hezbollah — for better representation. "How can you live in harmony and some people feel that others don't exist?" he asks.

The mood is darker in the Tarik el Jdideh area of West Beirut, a mostly Sunni area. It's been tense here since Sunday, when a Shiite youth was killed by gunfire while he passed through the district on his way home from the downtown demonstrations.

Tanks, armored vehicles and troops have set up checkpoints and barricades around Tarik el Jdideh. "Day after day, it is becoming more tense," says Mohamad Housami, 28, who works in a fruit-drink bar.

Housami says the cause of the widening divide between Sunni and Shiite Muslims is clear. "The Shiites have become more radical," he says. "If things keep the way they are going, it could be civil war: Muslims against Muslims."

Support for Saniora's government runs deep here. His governing coalition of Sunnis, Christians and Druse, was elected on an anti-Syrian platform after Damascus ended its nearly 30-year occupation of Lebanon. The withdrawal of Syrian troops was prompted by protests after the assassination of former prime minister Rafik Hariri, a Sunni critic of Syria's presence.

Resentment toward Hezbollah is high here — and not just because some Sunnis fear Syria could regain control of Lebanese affairs if Hezbollah gets the power it seeks.

There's also deep-seated resentment against Hezbollah for inciting the summer war with Israel. The conflict caused $2.8 billion in direct damage to roads, bridges, businesses and housing. "It was an unforgivable mistake," Mustafa Abbass, 63, a candy shop owner, says of the war. "Now, (Hezbollah) is trying to put pressure on the government for more power. This government is legitimate. It has popular support."

Government supporters such as Abbass suspect Hezbollah is staging its protest to derail an international tribunal that would try suspects in Hariri's murder. Hezbollah may also be trying to prevent the implementation of a U.N. resolution demanding that the group disarm.

President Emile Lahoud and parliament Speaker Nabih Berri, both of whom are pro-Syrian, say the Cabinet has lost its legitimacy since five Hezbollah members of the government resigned in October. They say the Cabinet no longer represents Lebanon's religious diversity, as required by the constitution.

The crisis has many worried about the future of Sunni and Shiite relations. Among them is Nouhad Srouji, 42, a Sunni who owns a clothing shop here. A mother of three, she is married to a Shiite. She and her husband no longer talk politics to keep the peace, she says.

"I'm very worried about the situation," she says. "And I'm very worried for my children. I'm telling them that if they grow up to be Shiite, marry a Shiite."

Mahmoud Abbas Weighs Options On Hamas (AP)

By Karin Laub

AP, December 8, 2006

A panel has advised Palestinian President Mahmoud Abbas to leave the militant Hamas group in power for now, but call new elections after the economic crisis in the Palestinian territories worsens further, a member of the group said Thursday.

In Gaza, meanwhile, some 2,000 supporters of Abbas' Fatah movement marched against the Hamas government Thursday, demanding it move to end the economic boycott imposed by the West for the Islamic group's refusal to renounce violence, recognize Israel and accept existing peace deals.

A leader of the march, identified only as Abu Moussa, said there would be a "revolution of the hungry against this government" if Hamas failed to act.

Abbas had sought to end the economic boycott by pushing Hamas to join Fatah in a coalition government. But talks broke down last week and Abbas has since been weighing three options: leave Hamas in power, dismiss the government or call a referendum on holding new elections.

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Abbas declined to discuss the options when speaking to reporters Thursday in Ramallah. Although talks with Hamas have hit an impasse, he said new negotiations were still possible.

"Unfortunately, our dialogue hit a dead end, although we should keep up hope to have a national unity government," he said.

Abbas, who discussed the three options late Wednesday with a panel of PLO members, is expected to announce a decision on how to move forward next week. All three choices have serious drawbacks.

Leaving Hamas in power would mean the international aid boycott would remain in place. If Abbas dismissed the government, the Hamas-dominated parliament could block any attempt to install a new Cabinet. And Fatah would not be guaranteed to win new elections should they be held.

Saleh Raafat, a member of the panel that met with Abbas, said a combination of two options is being considered.

"We have two recommendations," said Raafat, who represents the PLO's small FIDA Party. "The first is leaving Hamas in power while Fatah constitutes the opposition and gives Hamas a chance to solve the crisis. If it can't do so, then we have to resort to the second choice, a referendum on early elections."

"We are going to give Hamas a chance to solve the crisis, but I am sure it will not pass the test. It will not succeed unless it changes (its positions)," he said.

Hamas, however, appears increasingly confident it can keep its government afloat without Western aid, mainly with financial help from the Arab world. Hamas has denounced the idea of early elections and said it would not relinquish power.

"If we won't have a national unity government, we will not abandon our duty," said Deputy Finance Minister Samir Abu Aisha. "We will keep running the government, even with minimal aid."

Labor Minister Mohammed Barghouti of Hamas said donations from Arab countries could keep the government afloat, citing a pledge by Qatar for $40 million a month to cover the salaries of teachers and some health workers.

"Adding to that the local revenues and the decrease in running costs, I think we can manage to keep running the Palestinian Authority," Barghouti said.

Independent economists say the government remains in deep trouble. U.N. groups are asking for a record $450 million in aid to prevent a further economic deterioration in the territories.

According to the U.N., 65 percent of Palestinians are living in poverty and 29 percent are unemployed. The Palestinian health care system is running out of medicine and on the verge of collapse, and nearly half of all Palestinians don't have reliable access to food.

Speaking Frankly About Israel And Palestine (LAT)

By Jimmy Carter

The Los Angeles Times, December 8, 2006

I SIGNED A CONTRACT with Simon & Schuster two years ago to write a book about the Middle East, based on my personal observations as the Carter Center monitored three elections in Palestine and on my consultations with Israeli political leaders and peace activists.

We covered every Palestinian community in 1996, 2005 and 2006, when Yasser Arafat and later Mahmoud Abbas were elected president and members of parliament were chosen. The elections were almost flawless, and turnout was very high — except in East Jerusalem, where, under severe Israeli restraints, only about 2% of registered voters managed to cast ballots.

The many controversial issues concerning Palestine and the path to peace for Israel are intensely debated among Israelis and throughout other nations — but not in the United States. For the last 30 years, I have witnessed and experienced the severe restraints on any free and balanced discussion of the facts. This reluctance to criticize any policies of the Israeli government is because of the extraordinary lobbying efforts of the American-Israel Political Action Committee and the absence of any significant contrary voices.

It would be almost politically suicidal for members of Congress to espouse a balanced position between Israel and Palestine, to suggest that Israel comply with international law or to speak in defense of justice or human rights for Palestinians. Very few would ever deign to visit the Palestinian cities of Ramallah, Nablus, Hebron, Gaza City or even Bethlehem and talk to the beleaguered residents. What is even more difficult to comprehend is why the editorial pages of the major newspapers and magazines in the United States exercise similar self-restraint, quite contrary to private assessments expressed quite forcefully by their correspondents in the Holy Land.

With some degree of reluctance and some uncertainty about the reception my book would receive, I used maps, text and documents to describe the situation accurately and to analyze the only possible path to peace: Israelis and Palestinians living side by side within their own internationally recognized boundaries. These options are consistent with key U.N. resolutions supported by the U.S. and Israel, official American policy since 1967, agreements consummated by Israeli leaders and their

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governments in 1978 and 1993 (for which they earned Nobel Peace Prizes), the Arab League's offer to recognize Israel in 2002 and the International Quartet's "Roadmap for Peace," which has been accepted by the PLO and largely rejected by Israel.

The book is devoted to circumstances and events in Palestine and not in Israel, where democracy prevails and citizens live together and are legally guaranteed equal status.

Although I have spent only a week or so on a book tour so far, it is already possible to judge public and media reaction. Sales are brisk, and I have had interesting interviews on TV, including "Larry King Live," "Hardball," "Meet the Press," "The NewsHour With Jim Lehrer," the "Charlie Rose" show, C-SPAN and others. But I have seen few news stories in major newspapers about what I have written.

Book reviews in the mainstream media have been written mostly by representatives of Jewish organizations who would be unlikely to visit the occupied territories, and their primary criticism is that the book is anti-Israel. Two members of Congress have been publicly critical. Incoming House Speaker Nancy Pelosi for instance, issued a statement (before the book was published) saying that "he does not speak for the Democratic Party on Israel." Some reviews posted on Amazon.com call me "anti-Semitic," and others accuse the book of "lies" and "distortions." A former Carter Center fellow has taken issue with it, and Alan Dershowitz called the book's title "indecent."

Out in the real world, however, the response has been overwhelmingly positive. I've signed books in five stores, with more than 1,000 buyers at each site. I've had one negative remark — that I should be tried for treason — and one caller on C-SPAN said that I was an anti-Semite. My most troubling experience has been the rejection of my offers to speak, for free, about the book on university campuses with high Jewish enrollment and to answer questions from students and professors. I have been most encouraged by prominent Jewish citizens and members of Congress who have thanked me privately for presenting the facts and some new ideas.

The book describes the abominable oppression and persecution in the occupied Palestinian territories, with a rigid system of required passes and strict segregation between Palestine's citizens and Jewish settlers in the West Bank. An enormous imprisonment wall is now under construction, snaking through what is left of Palestine to encompass more and more land for Israeli settlers. In many ways, this is more oppressive than what blacks lived under in South Africa during apartheid. I have made it clear that the motivation is not racism but the desire of a minority of Israelis to confiscate and colonize choice sites in Palestine, and then to forcefully suppress any objections from the displaced citizens. Obviously, I condemn any acts of terrorism or violence against innocent civilians, and I present information about the terrible casualties on both sides.

The ultimate purpose of my book is to present facts about the Middle East that are largely unknown in America, to precipitate discussion and to help restart peace talks (now absent for six years) that can lead to permanent peace for Israel and its neighbors. Another hope is that Jews and other Americans who share this same goal might be motivated to express their views, even publicly, and perhaps in concert. I would be glad to help with that effort.

Annan Alarmed By Worsening Security In Darfur, Impact On Sudan's Neighbors (AFP)

AFP, December 8, 2006

UN chief Kofi Annan, alarmed by reports of mass rapes and other "gross violations of human rights," expressed deep concern about the worsening security situation in Sudan's Darfur region and its impact on neighboring countries.

UN spokesman Stephane Dujarric said the outgoing UN secretary general was "deeply concerned about the worsening security situation in Darfur and its consequences for the wider region, including Chad and the Central African Republic.

"He is alarmed by the devastating impact the violence is having on the civilian population in the region, and strongly condemns the recent attacks and destruction of dozens of villages in North Darfur," Dujarric said in a statement.

More than 80,000 people have been forced to flee their homes in the past six weeks alone, 50,000 of them in Darfur and 30,000 in Chad, according to the statement.

"Several hundred civilians, including women, children and elderly, have been killed, and there are very disturbing reports of mass rapes and other gross violations of human rights," it added.

Annan, who is to be succeeded as UN chief by South Korea's former foreign minister Ban Ki-Moon, also bemoaned the fact that the escalating violence was cutting off almost one million people across Darfur from desperately needed humanitarian relief.

"In both Darfur and Chad, relief workers are being attacked on a daily basis, and dozens of their vehicles have been hijacked in the last few weeks, threatening the humanitarian lifeline for a total of 4.3 million people in the region," the UN statement said.

"Those violating international humanitarian law by attacking civilians and relief workers must be held accountable, it said, adding that Annan had urged Khartoum to restore law and order in areas under its control and called on "all parties to ensure unimpeded humanitarian access to all those in need."

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Monday, a former rebel leader allied with Khartoum said that pro-government Sudanese militias were attacking the key Darfur town of El-Fasher, and he threatened to quit the government if the assault was not halted.

"Even as I am talking to you, we are facing a Janjaweed attack on El-Fasher's cattle market," Sudan Liberation Movement chief Minni Minnawi said in Khartoum.

Minnawi signed a peace agreement in May with President Omar al-Beshir's ruling National Congress Party and was subsequently appointed as his adviser.

Two other rebel factions rejected the deal, however, while pro-government forces and their allied Janjaweed militia continued their attacks in Darfur, a vast western region devastated by almost four years of conflict and famine.

According to the UN, the conflict has claimed 200,000 lives and left some two million people displaced.

Paulson Pressed For Progress On China Devaluation (FT)

By Jeremy Grant

Financial Times, December 8, 2006

Hank Paulson, the US Treasury secretary, came under pressure from the Democratic party yesterday to persuade China's government to revalue its currency.

Christopher Dodd, incoming chairman of the influential senate banking committee, said he wanted Mr Paulson to return from a visit to Beijing with firm progress on the revaluation issue.

"I've listened to previous secretaries [of the Treasury] talk about jawboning on this issue and being patient, 'things are moving in the right direction'," Mr Dodd said. "But it's pretty difficult to explain to the American people day after day that a major competitor of ours, now a member of the WTO, is still fixing its own rates at a great disadvantage to us."

His call is a sign the Democrats, fresh from their capture of both houses of congress, appear ready to exert pressure on the Bush administration over the negotiating tactics used to persuade China to budge on the issue.

This week, Mr Paulson has faced questions from manufacturers who blame China for fuelling a record bilateral trade deficit of more than $200bn (£101bn) by maintaining a cheap currency.

Mr Dodd said he would write to Mr Paulson ahead of his visit next week, "to remind [the delegation] that there are a bunch of us here who care about this and who would like to know what sort of commitments they are getting". The delegation includes top-ranking cabinet officials and Ben Bernanke, Federal Reserve chairman.

"This is a big issue. This better be a topic very near the top of what progress they can report when they come back," Mr Dodd said while outlining his agenda.

Mr Paulson is expected to press for greater currency flexibility from Beijing. He also wants to cultivate an "intimate discourse" about long-term economic goals with the Chinese leadership.

Congressional anger appeared to ebb in September when Senators Charles Schumer and Lindsey Graham withdrew legislation threatening to impose tariffs on Chinese goods if China did not take steps to revalue.

It was abandoned as an early show of confidence in Mr Paulson, who sees himself as a bipartisan figure and believes he has credibility on both sides of politics.

John Frisbie, president of the US-China business council, said Mr Paulson had to be given the time he needs to make his approach work.

Treasury officials, meanwhile, are trying to strike a balance between maintaining moderate expectations of what can be achieved on the trip while hinting that there will be some "deliverables".

Mr Dodd said he might ask some of his Democratic colleagues to join him in the letter to Mr Paulson, "even those who didn't support the Schumer legislation".

Former Spy Buried As Russians Open Separate Investigation (LAT)

By David Holley And Kim Murphy

The Los Angeles Times, December 8, 2006

MOSCOW — A key figure in the poisoning of former KGB agent Alexander Litvinenko has also been contaminated by radiation, authorities said today as they announced they have opened their own investigation into the murder of the dissident.

Litvinenko was buried today in London, where officials believe he was probably infected with polonium-210 last month when he met with several people.

One of those people, Russian businessman Dmitry Kovtun, was questioned at a Moscow hospital Wednesday, where he apparently was undergoing testing for radiation.

The condition of Kovtun, a potential suspect in Litvinenko's murder, was unclear. The Russian news agency Interfax insisted that Kovtun fell into a coma "almost immediately" after talking to investigators. But the state-run news agency RIA

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Novosti quoted Andrei Romashov, a lawyer involved in the case, as saying that Kovtun's condition was satisfactory and that reports of him falling into a coma "can only be called a provocation."

Kovtun's possible coma raised the question of whether the possible killer would soon be dead, taking with him any secrets he might have about Litvinenko's murder.

In a statement prepared shortly before his death, Litvinenko accused Russian President Vladimir V. Putin of ordering his murder, a charge the Kremlin has dismissed as "nonsense."

The opening of their own investigation appeared to increase Russian authorities' leverage in trying to find out as much as possible about the British probe of the murder.

The case has taken on the air of an international mystery with several proposed solutions.

The most prominent explanations include that Litvinenko's death was the work of Russia's secret services; or that rogue elements within the Russian power structure were responsible; or that exiled opponents of Putin killed one of their own to make Russia and its government look bad.

The first two scenarios have generally been taken more seriously in the West, while the Kremlin and nearly all Russian media have placed emphasis on the third, even accusing self-exiled Russian billionaire Boris Berezovsky. He now lives in London and was a close friend of Litvinenko and a fierce critic of Putin.

As the investigation has progressed, the mystery has deepened, with British police remaining silent on almost all points. However, British authorities have spoken fairly openly about the discovery of traces of polonium-210, or radioactivity presumed to come from polonium-210, at many of the places visited by key players in the drama.

That includes a London restaurant where Litvinenko dined on sushi while meeting one of his contacts, the Italian security consultant Mario Scaramella, who has tested positive for "significant quantities" of polonium but appears in good health. It also includes the Piner Bar in the Millennium Hotel in London, where Litvinenko met Kovtun and another businessman, Andrei Lugovoy, for tea, not long after his lunch with Scaramella.

British officials said they had not yet received any request from Russia for cooperation in a Russian-led investigation.

Litvinenko, who died Nov. 23, was laid to rest after a Muslim prayer service at London's Central Mosque and a private nondenominational gathering at London's Highgate Cemetery, where Karl Marx was buried. Litvinenko reportedly converted to Islam as he was dying, although he apparently did not go through the formal procedures of adopting the faith.

Litvinenko's body was so contaminated that authorities refused to allow it to be displayed at the mosque, where a few dozen mourners gathered for the Muslim funeral prayer.

Later, a much larger group gathered in a private ceremony in a chapel at Highgate to recite eulogies and listen as a choir sang Pitts' "There is a Green Hill Far Away" and a hymn from Rachmaninoff. Berezovsky talked about the "martyrdom" Litvinenko had achieved with the intense suffering that preceded his death.

"I can say that we are not vindictive, but we will not forget," Berezovsky said, according to some present at the ceremony.

Litvinenko's father and a close friend, exiled Chechen separatist Akhmad Zakayev, said Litvinenko had converted to Islam during his final days, but others denied that.

Friends and relatives, determined to have a nondenominational service, were nonplused when a group of Muslims, invited by Zakayev, arrived at the open grave and began conducting Islamic prayers once again.

"They appeared uninvited and were a surprise to everybody," said Alex Goldfarb, a friend of Litvinenko. "So Marina Litvinenko [his widow], who essentially was in deep mourning at that moment, faced a dilemma of whether to make it into a scene or just do nothing. She wisely decided to do nothing."

The confusion over ceremonies reflected the extent to which Litvinenko's death has been seized on by many who, for reasons of their own, have sought to use it as a rallying point in their battles with the Russian government.

Litvinenko lived for years in the North Caucasus near Chechnya, sympathized with the Chechens who were subjected to Russian atrocities, and spent six years researching the Russian government's actions in Chechnya, friends said.

"He wanted to be buried in Chechnya when the war was over," said Vladimir Bukovsky, a well-known Soviet-era dissident who was exiled to Britain three decades ago. "But he wasn't a religious man. It's ridiculous to talk about conversion. His last message from his deathbed was he asked God to forgive his enemies. That's not a Muslim sentiment. That's a Christian sentiment."

Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Suspected Poisoning As Ex-spy Buried (FT)

By Jimmy Burns And Stephen Fidler

Financial Times, December 8, 2006

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The former Russian spy Alexander Litvinenko was buried on Thursday in London's Highgate cemetery as Russian prosecutors said they had opened their own investigation into his murder and the attempted killing of another Russian now suffering from radiation poisoning.

The funeral was attended by some 50 close friends and relatives including the film-maker Andrei Nekrasov, and Boris Berezovsky, the exiled Russian billionaire. It followed a gathering in his memory at London's Regent's Park mosque, attended by the Chechen separatist Akhmed Zakayev, that was used as a platform for critics of Russian President Vladimir Putin.

In a separate development, the BBC said that FM radio transmissions of its Russian service had ceased to be transmitted in Moscow since November 23. The reason given, a spokesman said, was unexplained "transmission problems". Other broadcasts on medium wave continue unaffected.

The Russian prosecutor-general's office said that after looking into Litvinenko's death as they were assisting British investigators in Moscow, prosecutors had established that the former security officer had died from radiation poisoning.

It added that Dmitry Kovtun – one of three Russians to meet Litvinenko on November 1 – was suffering from an illness "connected to poisoning by a radioactive nuclide". Litvinenko apparently died from poisoning with polonium-210.

The development came before Russian and British investigators had had the opportunity to question Andrei Lugovoi, a business partner of Mr Kovtun who also met Litvinenko and has found himself at the centre of the murder probe. Mr Lugovoi's lawyer said questioning had been expected to take place on Thursday but had been postponed.

The Russian investigation opens a new front in the complex Litvinenko case. The prosecutor's office said it would allow "more constructive co-operation" between Russian and British investigators.

But it will also strengthen Moscow's insistence that any Russian suspects in the case cannot be extradited to the UK and must be tried in Russia. Yuri Chaika, prosecutor-general, said this week that the Russian constitution did not allow extradition of its citizens.

Prosecutors said the opening of the Russian case might lead to Russian investigators visiting London.

The two articles of the Russian criminal code under which prosecutors opened their case provide for a prison sentence of eight to 20 years for anyone found guilty.

Mr Lugovoi and Mr Kovtun met Litvinenko on November 1 at London's Millennium hotel, before attending a football match between Arsenal and CSKA Moscow at Arsenal's Emirates stadium.

A huge pack of international media was kept outside the gates as the coffin was taken in for Thursday's funeral.

The body is thought to have been laid to rest in a non-denominational service at the cemetery where some of London's most famous exiled dead lie, among them Karl Marx.

Earlier Litvinenko's family and friends, although not Mr Berezovsky, joined about 150 Muslims at the central London Mosque, in Regent's Park.

Mr Zakayev claims to have been instrumental in Litvinenko's alleged conversion to the Muslim faith while he lay dying in a London hospital. "Akhmed [Zakayev] brought an Imam to the hospital to see Alexander [Litvinenko] after he had expressed his wish to die in spiritual brotherhood with the Chechen people and to be buried on Chechen soil once it is fully independent," a Zakayev aide at the mosque told the FT.

Russian Tied To Ex-Spy Also Ill From Radiation (WP)

By Peter Finn And Mary Jordan

The Washington Post, December 8, 2006

MOSCOW, Dec. 7 -- A Russian businessman who met with a former Russian domestic intelligence officer in London the day the man fell ill from radioactive poison has himself become suddenly and seriously sick, Russian news organizations reported Thursday night.

Dmitry Kovtun, a business consultant who met with Alexander Litvinenko on Nov. 1 at a bar in the Millennium Hotel in London, suffered a severe health breakdown from radiation exposure, according to the reports. He had earlier been interviewed by Russian investigators, with detectives from Scotland Yard present as well.

The investigation of Litvinenko's mysterious death has widened with each day, as technicians follow a radioactive trail left by the poison polonium-210 across London and Moscow and in the cabins of jetliners that flew between the two cities.

Critics of Russian President Vladimir Putin have accused his government of orchestrating a covert execution of Litvinenko to silence a detractor; the Kremlin rejects those claims as absurd and says Russia only suffers from the burgeoning international publicity over the death. No one has been formally identified as a suspect in the case, which has strained relations between Russia and Britain.

Kovtun is the second person reported seriously sickened by the radiation, though others have tested positive for low-level exposure to the substance. On Thursday, British health officials added seven people to the exposure list -- employees in the Pine Bar of the Millennium Hotel on Nov. 1.

The Russian prosecutor's office, accused in Britain of dragging its feet in the inquiry, said Thursday it has opened its own criminal investigations. "The examination revealed that Litvinenko died after being poisoned with a radioactive nuclide and Kovtun . . . was also found to have been poisoned with a radioactive nuclide," the prosecutor's statement said. Opening criminal cases could be the first step in pursuing a prosecution here.

Andrei Lugovoy, another Russian who was present at the London meeting Nov. 1, is undergoing tests at a Moscow clinic. He was to speak with British and Russian investigators Thursday, but the meeting was postponed.

"We are on hold," Lugovoy's attorney, Andrei Romashov, said in a brief phone interview. He said his client, a former KGB officer, did not ask for the postponement; Russian news agency RIA Novosti said it was requested by Russian investigators for "technical reasons."

Romashov said Kovtun's attorney told him that his client was sick but not in a coma. Russian media, citing medical sources at Kovtun's hospital, continued to report Thursday night that the businessman had slipped into a coma and was experiencing failure of major organs.

Kovtun has said he first met Litvinenko in October to discuss possible business deals with British companies interested in investing in Russia. He described himself in a recent interview as a longtime resident of Germany who had returned to Moscow to set up a business.

He is the latest person to have tested positive for polonium-210 radiation. Litvinenko's wife, Marina, has been told that small amounts were found in her urine but that risk to her health was low. Mario Scaramella, an Italian who also met with Litvinenko on Nov. 1, in a London sushi restaurant, had more significant amounts of polonium in his system, doctors said, but he is not showing symptoms and was discharged from a London hospital Wednesday.

British officials played down any threat to the seven hotel workers. "There is no health risk in the short term and in the long term the risk is judged to be very small on the basis of initial tests," Britain's Health Protection Agency said in a statement.

In another suspected poisoning case, former Russian prime minister Yegor Gaidar wrote in the Financial Times on Thursday that he believes someone tried to kill him at a conference in Dublin last month. Gaidar became violently ill there, and his daughter immediately raised the specter of poisoning, though Irish police have found no evidence to support that.

"Most likely . . . some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical deterioration of relations between Russia and the west," wrote Gaidar, who now heads a research organization in Moscow.

In London, Litvinenko was buried Thursday at historic Highgate Cemetery, which also includes the grave of Karl Marx, whose writings gave rise to the communist movement. Among those at the grave site was exiled Russian billionaire Boris Berezovsky.

The interment followed a memorial service at a central London mosque that was attended by Akhmed Zakayev, a Chechen separatist wanted in Russia.

Litvinenko is reported to have converted to Islam on his deathbed. Alex Goldfarb, a friend of the Litvinenko family, said any conversion "is kind of in the eye of the beholder."

He said Zakayev visited Litvinenko in the hospital just before he died, when he was heavily sedated, and believed that the sick man wanted to convert.

Jordan reported from London.

Ex-Russian Spy Buried As Probe Continues (USAT)

By Ellen Tumposky Special For

USA Today, December 8, 2006

LONDON — Alexander Litvinenko, the former Russian spy poisoned by radiation, was buried Thursday with Muslim imams at his graveside after prayers were said for him at a London mosque.

Soon after the funeral, Britain's Health Protection Agency (HPA) announced that seven workers at the Pine Bar of the Millennium Hotel, where Litvinenko met former Russian agents Andrei Lugovoi and Dmitry Kovtun on Nov. 1, showed "low levels" of contamination by polonium-210. It was the first time members of the public without a direct connection to the former Russian spy have tested positive for the substance doctors and investigators say was used to poison Litvinenko, 43. He died Nov. 23.

In Moscow, meanwhile, former agent Kovtun fell into a coma Thursday after being questioned by Russian and British investigators, the Interfax news agency reported.

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The prosecutor's office said Kovtun had developed an illness connected with a radioactive substance, possibly polonium-210. Interfax, citing unidentified sources, said Kovtun's condition was critical. The report could not be independently confirmed.

Andrei Romashov, a lawyer for Lugovoi, said media reports that he is in critical condition were wrong.

Italian security expert Mario Scaramella, who met with Litvinenko on Nov. 1, the day he fell ill, and the former spy's widow, Marina, also previously tested positive for exposure to polonium-210, although neither was in danger.

In its statement Thursday, Britain's health agency said the hotel workers faced no immediate health risk and a "very small" long-term risk. They asked staff and members of the public who had been at the bar on Oct. 31 and Nov. 2, to contact authorities for testing.

Scotland Yard said Wednesday that it was investigating Litvinenko's death as a homicide, and that traces of radiation had been found at more than a dozen sites in Britain and on jets that flew between London and Moscow. Russia's prosecutor general's office said Thursday that it had opened a criminal investigation into the attempted killing of Kovtun.

Litvinenko was buried in a sealed oak coffin at London's famous Highgate Cemetery, where communist philosopher Karl Marx is buried. About 50 mourners, including Litvinenko's wife, Marina, his son, Anatoly, 12, his parents, Walter Litvinenko and Nina Belyavskaya, and his first wife, Natalia, arrived in a line of Mercedes and BMWs. Also attending were his friends Alex Goldfarb, exiled Russian tycoon Boris Berezovsky and Akhmed Zakayev, a Chechen dissident.

Earlier, Walter Litvinenko and Zakayev mourned at the Central London mosque in Regents Park. Zakayev joined prayers, where Litvinenko's name was mentioned.

Litvinenko had criticized President Vladimir Putin's policies in the mostly Muslim separatist region of Chechnya. At the time of his death, he was investigating the murder of Russian journalist Anna Politkovskaya, who also was a vocal critic of the situation in Chechnya.

Goldfarb said the former agent was a non-religious man, though he wore a cross until it was removed in the hospital. When three imams arrived unexpectedly to say prayers at the funeral, Litvinenko's widow permitted them to participate, Goldfarb said.

"He said he was a Muslim in the same sense that John Kennedy said, 'I am a Berliner'— in solidarity with the Chechen people," he suggested, to explain Litvinenko's connection with Islam.

7 Test Radioactive At Bar Where Ex-Spy Met Russians (NYT)

By Alan Cowell, Steven Lee Myers

New York Times, December 8, 2006

LONDON, Dec. 7 — Seven bartenders at an upscale hotel in central London have tested positive for radioactive contamination, the British authorities said Thursday, raising new questions about the radiation poisoning death of Alexander V. Litvinenko, a former Russian agent.

In Moscow, Russia said it had opened its own criminal investigation into the death of Mr. Litvinenko, who was buried Thursday, two weeks after he died, in a private ceremony in London. Russian authorities also said a Russian businessman, Dmitri V. Kovtun, who was interviewed by British investigators in Moscow, was found to have signs of radioactive poisoning.

In London, attention swung back to the Pine Bar of the Mayfair Millennium Hotel, in Grosvenor Square, close to the American Embassy, where Mr. Litvinenko was reported to have met both Mr. Kovtun and another Russian contact, Andrei K. Lugovoi, on Nov. 1.

That was the day Mr. Litvinenko complained of feeling ill. He also ate at a sushi bar on the same day, although it is not clear which establishment he visited first. The exposure to the bartenders revived questions about exactly where Mr. Litvinenko had been poisoned, how he was poisoned and who else might have been contaminated.

The British health authorities said they would contact 250 people who called in after Mr. Litvinenko's death to say they had been at the Pine Bar on Nov. 1 and would ask them to take a urine test for radioactive contamination.

Prof. Pat Troop, the chief executive of Britain's Health Protection Agency, said all seven members of the bar staff tested had shown "a low level of contamination" that carried no short-term health risks but a "very small" long-range cancer risk.

She declined to comment on how the members of the bar staff might have been contaminated by polonium 210, a radioactive isotope that is dangerous only when swallowed, breathed in or absorbed through an open wound.

She said it was technically possibly for polonium to be carried in tobacco smoke, where minute traces are routinely found in nature. But, she said, she did not believe that the levels of contamination in the bar workers signified that the toxins had been inhaled in cigarette smoke. The Pine Bar permits smoking. Mr. Litvinenko was not a smoker, according to Alex Goldfarb, a family friend and spokesman.

Dr. Michael Clark, the spokesman for the Health Protection Agency's radiation protection division, said the levels of radiation found in the seven bar workers were less than — but close to — levels in an adult member of Mr. Litvinenko's family.

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In Moscow, Mr. Kovtun became the latest among several people showing signs of exposure to the material that ultimately killed Mr. Litvinenko, on Nov. 23. The Prosecutor General's Office did not disclose his condition except to say in a statement that he had "an illness also connected to poisoning by a radioactive nuclide."

By Thursday night, however, Interfax reported that Mr. Kovtun fell into a coma "practically immediately upon completion of the interrogation" by investigators, who questioned him for a third day in connection with Mr. Litvinenko's death. Interfax cited unnamed sources. Later on, Mr. Lugovoi's lawyer, Andrei Romashov, told [a wire news service] that he had spoken to Mr. Kovtun's representatives, and that his health was unchanged and satisfactory.

In a short statement, the prosecutor's office in Moscow suggested that Mr. Kovtun might have been a victim of whoever had killed Mr. Litvinenko, rather than a suspect. The statement said Mr. Kovtun's poisoning was being investigated as an attempted murder.

Mr. Kovtun's apparent contamination could also mean that the Russians had been exposed while meeting Mr. Litvinenko, as was an Italian academic, Mario Scaramella, who met him separately at the Itsu sushi restaurant on the same day. Mr. Scaramella and Mr. Litvinenko's wife tested positive for traces of radioactivity but have developed no signs of illness.

Mr. Lugovoi, who is reported to be in the same hospital as Mr. Kovtun, has also been tested, but no results have been announced officially. He was supposed to be questioned on Thursday by investigators from Russia and Britain, but his lawyer said their meeting had again been postponed.

In the weeks since Mr. Litvinenko's illness first developed, Russian officials have reacted dismissively to accusations that President Vladimir V. Putin or any other official in Russia could be involved, saying the charges amounted to hysteria or deliberate misinformation.

Russia's announcement that it had opened its own criminal investigation came as diplomatic pressure grew for it to take the case seriously. The prosecutor general, Yuri Y. Chaika, said Russia would remain in charge of any detective work in the country — and would try any suspects in Russian courts — but since then investigators have cooperated with British investigators, who arrived Monday.

"Within the framework of provision of assistance to British investigators, the General Prosecutor's Office has carried out a check of a number of circumstances of the death of Alexander Litvinenko, a former employee of the F.S.B. of the Russian Federation," Thursday's statement said, using the Russian initials for the K.G.B.'s domestic successor, the Federal Security Service.

"As the result of the check it was established that Mr. Litvinenko died as the result of poisoning by a radioactive nuclide and Mr. Kovtun, who met with Mr. Litvinenko in London, has an illness also connected to poisoning by a radioactive nuclide."

Mr. Litvinenko, who became an outspoken critic of President Putin, was buried on Thursday in London in a ceremony attended by relatives, friends and others.

Among them were some of the most prominent Russians living in self-exile from Mr. Putin's Russia: Boris A. Berezovsky, an erstwhile ally of Mr. Putin's who fled what he has called politically motivated criminal charges, and Akhmed Zakayev, a leader of Chechnya's foundering separatist movement.

Mr. Goldfarb, Litvinenko family spokesman and an associate of Mr. Berezovsky, said later that the funeral at Highgate Cemetery — the burial place of, among others, Karl Marx — had taken an unexpected turn when, against the wishes of Marina Litvinenko, the widow, a Muslim cleric performed Islamic rites.

"Marina was upset but said it was O.K. for them to do it," he said in a telephone interview.

A question that hung over the funeral was whether Mr. Litvinenko had made a deathbed conversion to Islam. "This will be one of the big mysteries. His Islamic friends said he did convert," Mr. Goldfarb said. "He was heavily sedated at the time, but if there are people who believe he converted, let them believe it."

Radiation Poisoning Case Widens (CHIT)

By Alex Rodriguez

Chicago Tribune, December 8, 2006

MOSCOW -- The mystery of the poisoning death of former Russian spy Alexander Litvinenko deepened Thursday, as authorities in Moscow announced that one of the Russians Litvinenko met the day he became ill also has fallen prey to radiation poisoning.

The Russian prosecutor general's office said it has opened an investigation into the attempted murder of Dmitry Kovtun, a Russian businessman who together with a colleague, Andrei Lugovoi, met Litvinenko in London the day he fell ill, Nov. 1, and earlier in London, on Oct. 16.

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In a prepared statement, Russian prosecutors said they had determined that Litvinenko "died as a result of radioactive nuclide poisoning, and Kovtun, who met Litvinenko in October 2006, developed the same kind of disease also associated with radioactive nuclide poisoning."

The statement by Russian prosecutors did not mention the Nov. 1 meeting, though Kovtun and Lugovoi gave a radio interview in Moscow on Nov. 24 in which they confirmed they met Litvinenko on Nov. 1 at the Millennium Hotel in London.

Russian prosecutors also announced they have opened an investigation into the death of Litvinenko, who died Nov. 23 after ingesting polonium-210, a radioactive isotope that can kill in minute amounts.

Investigations moving

That investigation will proceed alongside a probe by a team of British investigators, who arrived in Moscow on Monday. On Wednesday, British authorities announced they now regard his death as a murder.

British investigators interviewed Kovtun on Tuesday and Wednesday at a Moscow clinic where he has been undergoing radiation checks. The exact nature of his symptoms had yet to be disclosed as of late Thursday. Russian authorities' announcement of Kovtun's illness makes him the fourth person to test positive for the presence of a radioactive substance in his body.

Litvinenko's wife, Marina, tested positive for radiation, but doctors said the level was a trace amount that posed no harm.

Doctors also announced that Mario Scaramella, an Italian security expert who met Litvinenko on Nov. 1 at a London sushi bar, tested positive for traces of radioactivity in his body, though he has shown no signs of illness. He was released from a hospital Wednesday in London.

Litvinenko had been investigating the Oct. 7 slaying of Kremlin critic and investigative journalist Anna Politkovskaya, and at that Nov. 1 meeting at the sushi bar, Scaramella showed him documents related to the journalist's death.

Litvinenko, who like Lugovoi once worked for the KGB and its successor agency, the FSB, had also been a harsh critic of the Kremlin and Russian President Vladimir Putin. Before he died, Litvinenko issued a statement blaming Putin for his poisoning, a charge Putin denied.

The 43-year-old former Russian agent was buried Thursday at Highgate cemetery in northern London. The non-denominational funeral was preceded by a memorial at a London mosque; before he died, Litvinenko told his father he had thought about converting to Islam and wanted to be buried according to Muslim tradition, the Russian newspaper Kommersant reported.

The disclosure by Russian authorities that Kovtun had radiation poisoning and his rapid decline in health marked a bizarre, new twist in a case that has captivated both London and Moscow.

Trail of radiation

British media had reported that Scotland Yard investigators wanted to question Lugovoi, Kovtun and another colleague, Vyacheslav Sokolenko, during their trip to Moscow. Both Lugovoi and Kovtun met Litvinenko in London on Oct. 16 and again Nov. 1. Lugovoi met Litvinenko alone on Oct. 26.

Sokolenko said during the Nov. 24 radio interview on Ekho Moskvy that he briefly exchanged greetings with Litvinenko in the hotel lobby Nov. 1 but did not sit in on the conversation.

Traces of radioactivity were found at the hotel where Litvinenko met the Russians on Nov. 1, as well as at the British Embassy in Moscow, where Lugovoi appeared upon his return to Moscow to deny his involvement in the poisoning.

The New York Times reported that radioactivity was also detected at the London soccer stadium that Lugovoi, Kovtun and Sokolenko attended after the Millennium Hotel meeting. And Lugovoi flew on British Airways flights traveling the London-Moscow route that tested positive for radioactivity.

Lugovoi is in a Moscow hospital undergoing radiation checks. British investigators were supposed to question him Thursday, but that meeting was postponed, the Russian news agency RIA Novosti reported.

Lugovoi told Ekho Moskvy he had known Litvinenko for 10 years. Lugovoi worked at Russia's intelligence agency from 1987 to 1996. He now owns a company that produces wine and soft drinks.

Litvinenko became a KGB agent in 1988. He rose through the ranks at the intelligence agency until the fall of 1998, when he appeared at a news conference and accused the agency of asking him to help assassinate Boris Berezovsky, an exiled Russian oligarch who has become one of Putin's staunchest critics and is wanted by Russia on fraud charges.

Litvinenko and Berezovsky became close allies. Litvinenko later was arrested on charges of abuse of office and spent nine months in a Russian jail before he won an acquittal in 2000. Later he fled to Britain and was granted political asylum in 2001. He became a British citizen earlier this fall.

Kovtun told the radio station he is a longtime friend of Lugovoi and said he operates a consulting firm that advises Western businesses wishing to enter the Russian market. Sokolenko heads up the bodyguard unit of a Moscow security company called the 9th Degree.

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Lugovoi has told Russian media that he believes he and his colleagues are being framed for Litvinenko's murder.

"As for the hullabaloo about me that has been stirred up by Western media, in my view good theatrical directing is traceable here," Lugovoi told the Russian news agency Interfax. "I've stopped watching television and reading papers. I'm fed up with all this."

That Murder In London (WP)

By Charles Krauthammer

The Washington Post, December 8, 2006

The poisoning of Alexander Litvinenko, renegade Russian spy and fierce critic of Vladimir Putin's government, is everywhere being called a mystery. There is dark speculation about unnamed "rogue elements" either in the Russian secret services or among ultranationalists acting independently of the government. There are whispers about the indeterminacy of things in the shadowy netherworld of Russian exile politics, crime and espionage.

Well, you can believe in indeterminacy. Or you can believe the testimony delivered on the only reliable lie detector ever invented -- the deathbed -- by the victim himself. Litvinenko directly accused Putin of killing him.

Litvinenko knew more about his circumstances than anyone else. And on their deathbeds, people don't lie. As Machiavelli said (some attribute this to Voltaire), after thrice refusing the entreaties of a priest to repent his sins and renounce Satan, "At a time like this, Father, one tries not to make new enemies."

In science, there is a principle called Occam's razor. When presented with competing theories for explaining a natural phenomenon, one adopts the least elaborate. Nature prefers simplicity. Scientists do not indulge in grassy-knoll theories. You don't need a convoluted device to explain Litvinenko's demise.

Do you think Anna Politkovskaya, the journalist who was investigating the war in Chechnya, was shot dead in her elevator by rogue elements? What about Viktor Yushchenko, the presidential candidate in Ukraine and eventual winner, poisoned with dioxin during the campaign, leaving him alive but disfigured? Ultranationalist Russians?

Opponents of Putin have been falling like flies. Some jailed, some exiled, some killed. True, Litvinenko's murder will never be traced directly to Putin, no matter how dogged the British police investigation. State-sponsored assassinations are almost never traceable to the source. Too many cutouts. Too many layers of protection between the don and the hit man.

Moreover, Russia has a long and distinguished history of state-sponsored assassination, of which the ice-pick murder of Leon Trotsky was but the most notorious. Does anyone believe that Pope John Paul II, then shaking the foundations of the Soviet empire, was shot by a crazed Turk acting on behalf of only Bulgaria?

If we were not mourning a brave man who has just died a horrible death, one would almost have to admire the Russians, not just for audacity but for technique in Litvinenko's polonium-210 murder. Assassination by poisoning evokes the great classical era of raison d'etat rub-outs by the Borgias and the Medicis. But the futurist twist of (to paraphrase Peter D. Zimmerman in the Wall Street Journal) the first reported radiological assassination in history adds an element of the baroque of which a world-class thug outfit such as the KGB (now given new initials) should be proud.

Some say that the Litvinenko murder was so obvious, so bold, so messy -- five airplanes contaminated, 30,000 people alerted, dozens of places in London radioactive -- that it could not possibly have been the KGB.

But that's the beauty of it. Do it obvious, do it brazen, and count on those too-clever-by-half Westerners to find that exonerating. As the president of the Central Anarchist Council (in G.K. Chesterton's "The Man Who Was Thursday") advised: "You want a safe disguise, do you? . . . A dress in which no one would ever look for a bomb? Why, then, dress up as an anarchist, you fool!"

The other reason for making it obvious and brazen is to send a message. This is a warning to all the future Litvinenkos of what awaits them if they continue to go after the Russian government. They'll get you even in London, where there is the rule of law. And they'll get you even if it makes negative headlines for a month.

Some people say that the KGB would not have gone to such great lengths to get so small a fry as Litvinenko. Well, he might have been a small fry, but his investigations were not. He was looking into the Kremlin roots of Politkovskaya's shooting. And Litvinenko claimed that the Russian government itself blew up apartment buildings in Moscow and elsewhere in 1999, killing hundreds of innocent civilians, in order to blame it on the Chechens and provoke the second Chechen war. Pretty damning stuff.

But even Litvinenko's personal smallness serves the KGB's purposes precisely. If they go to such lengths and such messiness and such risk to kill someone as small as Litvinenko, then no critic of the Putin dictatorship is safe. It is the ultimate in deterrence.

The prosecution rests. We await definitive confirmation in Putin's memoirs. Working title: "If I Did It."

Written Off As Journalists Die, A Russian Paper Faces Grim Future (WSJ)

DOJ_NMG_0104057

By Guy Chazan

The Wall Street Journal, December 8, 2006

MOSCOW -- In mid-October, a few days after his star reporter was murdered, Dmitry Muratov summoned his senior staff for an urgent meeting.

"I told them I wanted to close the paper," recalls Mr. Muratov, editor in chief of the Russian newspaper Novaya Gazeta. "I felt no profession was worth dying for."

Russia is one of the most dangerous places in the world to be a journalist. And the most dangerous place to be a journalist in Russia is Novaya Gazeta. It has lost three reporters in the past six years. One was bludgeoned to death with a hammer. Another died of an allergic reaction relatives suspect was caused by poisoning. A third, Anna Politkovskaya, was shot dead two months ago in the elevator of her apartment block.

A muckraking tabloid, Novaya Gazeta specializes in shining a light into the murky corners of Vladimir Putin's Russia. For years it has exposed government sleaze, corporate crime and abuses of human rights. In the freewheeling 1990s, that was staple fare for the Russian press. But with the Kremlin and its allies now in control of much of the media, such themes have become taboo -- and writing about them a risky business.

Other Putin critics have also met mysterious ends. Last month, Alexander Litvinenko, a former KGB agent and strident Kremlin critic who was investigating Ms. Politkovskaya's death, died in London of suspected poisoning by the rare radioactive element polonium-210. In a deathbed statement, he accused Mr. Putin of killing him. The Russian ruler swiftly rejected the charge. There is no evidence that the Kremlin was involved in the Litvinenko case or in the deaths of the three Novaya Gazeta reporters.

As opposition voices are slain, exiled or intimidated into silence, Novaya is one of the last outposts of free speech left in Russia -- a status that has earned it influential friends in the West. On a trip to Moscow in October, U.S. Secretary of State Condoleezza Rice pointedly invited the paper's editors to her hotel. "I want to stress that you are not alone in your struggle," she told them.

Novaya Gazeta's past isn't free of taint. Like the vast majority of Russian newspapers, it has printed articles paid for by influential politicians and businessmen, former Novaya journalists say. Today, one of its biggest fears, in an overwhelmingly pro-Putin nation, is irrelevance. The paper's strident antigovernment line puts it out of touch with the masses and the wealthy alike, leaving it to drift increasingly to the margins of Russian life.

Stressed-out and chain-smoking, the 45-year-old Mr. Muratov is the public face of Novaya Gazeta and its idealistic but battle-hardened staff of 100 journalists. He says colleagues rejected his idea of closing the paper in the wake of Ms. Politkovskaya's death. But he remains fearful for the lives of his staff. "I keep thinking: Who's next?" he says. Just 11 days ago, Novaya announced two of its senior reporters had received death threats, one of them sent as a text message to his mobile phone.

Novaya Gazeta, or New Newspaper, was formed in 1993 by a group of about 30 journalists who broke away from Komsomolskaya Pravda, then and now Russia's highest-circulation newspaper.

Some of Novaya's early success came because of former Soviet leader Mikhail Gorbachev's patronage. He donated part of his Nobel Peace Prize winnings to buy Novaya's first newsroom computers and gave another $200,000 to pay for staff salaries. In 1994 his wife, Raisa, bought Mr. Muratov his first cellphone, a clunky Motorola. However, advertisers were put off by Novaya's low circulation and its readers, mainly down-at-the-heels intellectuals. In 1995 the paper briefly closed down due to lack of funds.

From the start, Novaya had a uniquely independent stance. It condemned President Boris Yeltsin's shelling of the hard-line Russian parliament in 1993, when all other liberal media backed him. In 1996, an election year, the rest of the Russian press sided with Mr. Yeltsin, but Novaya remained neutral. That earned it respect in journalistic circles, and it was able to poach some of Russia's top reporters. Circulation rose from 10,000 to 70,000 by the end of 1996 as the paper ran scoop after scoop about graft in the Yeltsin administration.

A series of campaigns also raised its profile and boosted its moral authority. Between 1997 and 1999, its defense correspondent, a Russian army major and decorated Afghan war veteran named Vyacheslav Izmailov, helped free 171 Russian prisoners of war and hostages held by warlords in the rebel region of Chechnya.

However, journalists say that to keep afloat, Novaya Gazeta resorted to a practice endemic in the Russian media -- publishing paid-for articles masquerading as news. Mr. Muratov declines to discuss what his paper did but says the entire Russian press engaged in the practice. He insists he "never printed anything that went against the paper's editorial policy."

The hodgepodge of styles was often jarring. An issue in November 1998 featured a hard-hitting account of the murder of Galina Starovoitova, a liberal lawmaker; a feature about the ties between local politics and organized crime in the port of Novorossiisk; and alongside them, an upbeat story about a Moscow bank that funded a memorial in London to Soviet war dead.

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The head of the bank, billionaire businessman Alexander Lebedev, was one of Novaya's informal sponsors. Mr. Lebedev denies paying for that particular article but says, "It's true that I did support them financially, and that their coverage was generally favorable to us."

Alexei Pankin, a former op-ed editor of the newspaper Izvestia and a friend of Mr. Muratov, says paid articles may have made it possible for Novaya Gazeta journalists to cover the stories that mattered most to them -- such as the war in Chechnya -- but the practice "no doubt harmed the paper's reputation." Novaya Gazeta and other papers were also left vulnerable to allegations of corruption when Mr. Putin began his crackdown on the independent media.

And Novaya's political coverage was getting it into hot water with the authorities. In the fall of 1999, a series of explosions ripped through apartment blocks in Moscow and two other Russian cities, killing 300 people. The authorities blamed Chechen militants and Mr. Putin sent troops to restore Russian rule in Chechnya. Novaya ran a series of stories describing what it said was evidence the blasts were orchestrated by Russia's security services. The late Mr. Litvinenko made the same claim -- vigorously denied by the Kremlin -- after he won political asylum in Britain in 2000.

Novaya also dug into Mr. Putin's stint as deputy mayor of St. Petersburg in the early 1990s, alleging fraud in his handling of a humanitarian-aid program. The president also rejected that claim. "From that point, our relations with the Putin administration were ruined," says Mr. Muratov. Businessmen who had donated funds to the paper stopped doing so.

Mr. Muratov scrounged money from business contacts and received $100,000 from financier George Soros's Open Society Institute, which promotes democracy in the region. But the climate for independent media kept worsening. OAO Gazprom, the state natural-gas monopoly, took over NTV, a TV channel owned by tycoon and Putin critic Vladimir Gusinsky. Mr. Gusinsky fled into exile. Novaya managed to survive only because it was owned by its own journalists.

In 2002 the paper was almost forced to close after losing a string of libel suits that critics said were evidence of sloppy reporting. Mr. Muratov calls it a government-sanctioned campaign of "judicial strangulation."

More alarming, the paper's journalists were coming under physical attack. In May 2000, Igor Domnikov, whose articles alleged corruption in the southern region of Lipetsk, was beaten with a hammer in the entrance of his apartment block. Two months later he died of his injuries. His accused killers are currently on trial in central Russia, but authorities haven't said who ordered the killing.

Later that year, Ms. Politkovskaya, whose reports from Chechnya exposing atrocities committed by Russian troops led to a slew of criminal investigations, had to be placed under armed guard after receiving death threats. She was then sent into hiding abroad.

In 2003, Yuri Shchekochikhin, Novaya's deputy editor, fell ill with a mysterious ailment. A liberal lawmaker, Mr. Shchekochikhin had been investigating tax-evasion allegations against two Moscow furniture stores with links to senior figures in Russia's security services. In June, he was admitted to the hospital with an "extreme allergic syndrome." Ten days later he was dead. To this day, authorities have refused to divulge details of the autopsy, designating them a "medical secret." Family and friends insist Mr. Shchekochikhin was poisoned.

Strange incidents continued to dog Novaya's staff, especially Ms. Politkovskaya. No longer just a reporter, she was emerging as a human-rights advocate, often volunteering to help ordinary Chechens whose relatives had gone missing. That earned her enemies in Russia's security apparatus, according to colleagues. In the fall of 2004, she became violently ill and had to be hospitalized after drinking tea on a plane to southern Russia, where she was traveling to cover the Beslan hostage crisis. She claimed she had been poisoned.

Then in October this year, Ms. Politkovskaya was shot dead in the elevator of her apartment building. Before her death, she had been investigating cases of torture allegedly committed by the pro-Kremlin authorities in Chechnya.

The death reverberated around the world. Ms. Politkovskaya, 48, was the 13th reporter to be slain in a contract-style killing since Mr. Putin came to power in 2000, according to the New York-based Committee to Protect Journalists.

At this time, the last remnants of Russia's free press were being scooped up by Kremlin-friendly business groups. Gazprom bought Izvestia and later Komsomolskaya Pravda. A steel magnate loyal to Mr. Putin acquired Kommersant, one of Russia's last big independent newspapers.

Novaya, too, realized it couldn't go on as before. By June of this year, reporters hadn't been paid for two months, and free-lancers for a year. The paper owed $430,000 to its printer. In June, Mr. Muratov persuaded the staff to sell a 49% stake in the paper to its old friends Mikhail Gorbachev and Mr. Lebedev, the banker.

Mr. Lebedev says that in an exchange for a pledge from Novaya not to publish paid articles, he agreed to invest $3.6 million in the paper by the end of next year and to pay $1.5 million in bonuses to its staff of 170. The money will help Novaya raise wages, upgrade facilities, publish five times a week instead of twice and create a new Web site.

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A suave, elegantly dressed tycoon, Mr. Lebedev says he bought Novaya because he liked its oppositional tone. "They're the only ones who stick to the principle that a newspaper's job is not just to report the news but to criticize the bureaucracy," he says.

His arrival at the paper was controversial. Some journalists there wonder why Mr. Lebedev -- a member of the pro-Kremlin United Russia party and, like Mr. Putin, a former KGB spy -- wants a paper that's so disparaging of the president. When Mr. Lebedev dropped in at the newsroom this summer, one reporter said the journalists felt intimidated by the businessman's habit of publishing letters in the paper criticizing articles he disliked.

Mr. Lebedev reassured reporters he shared their core democratic values and would not interfere in editorial policy. But in October, when a fiercely anti-Western opinion piece he submitted was substantially cut, he complained in his blog that the editing was "insolent."

With the protection of Mr. Gorbachev, a figure still much admired in the West and respected by Mr. Putin, observers say there's little likelihood Novaya Gazeta will be shut down. But for some of the staff, the newspaper faces an even worse fate: irrelevance.

Novaya's stories could once cause a stir, prompting parliamentary hearings and even high-level resignations. They hardly ever do now. Reporters continue to turn out hard-hitting exposés, but they have little reach. With three of its most prominent journalists dead, national circulation stagnant at only 172,000 -- compared to more than two million for its old rival, Komsomolskaya Pravda -- and the rest of the independent press moribund or dead, Novaya risks a slow decline into oblivion.

Tired of politics, Russians increasingly want lighthearted stories and more reporting on celebrities -- the kind of news Novaya's journalists disdain, although the paper does have plenty of sports coverage and a television guide. Mr. Pankin, the former Izvestia op-ed editor, says that in a country where Mr. Putin regularly scores approval ratings of over 70%, there simply aren't that many people who want to read every day about their leader's flaws.

It was a point Mr. Putin made in commenting on Anna Politkovskaya's slaying. "Her influence on Russia's political life was minimal," he said.

Says Roman Shleinov, the paper's chief investigative reporter: "Even if we were to publish pictures of Putin receiving suitcases of money at the Kremlin door, no one would care."

Write to Guy Chazan at guy.chazan@wsj.com1

The Persistently Poor (WP)

By Peter S. Goodman

The Washington Post, December 8, 2006

NEW YORK, Dec. 7 -- Despite an intensified campaign against poverty, World Bank programs have failed to lift incomes in many poor countries over the past decade, leaving tens of millions of people suffering stagnating or declining living standards, according to a report released Thursday by the bank's autonomous assessment arm.

Among 25 poor countries probed in detail by the bank's Independent Evaluation Group, only 11 experienced reductions in poverty from the mid-1990s to the early 2000s, while 14 had the same or worsening rates over that term. The group said the sample was representative of the global picture.

"Achievement of sustained increases in per capita income, essential for poverty reduction, continues to elude a considerable number of countries," the report declared, singling out programs aimed at the rural poor as particularly ineffective. Roughly half of such efforts from 2001 to 2005 "did not lead to satisfactory results." During that period, new World Bank loans and credits aimed directly at rural development totaled $9.6 billion, or about one-tenth of total bank lending, according to the group.

In a statement distributed with the report, World Bank management rejected its assessment as "overly bleak," arguing that the overall trend is improving in every region except Africa. Bank administrators noted that reducing poverty requires economic growth, something they said the world has been enjoying: Over the past two years, developing countries collectively grew by about 5 to 6 percent a year, excluding swiftly developing China and India. Even sub-Saharan Africa has grown by more than 4 percent annually over the past five years.

But the study found that growth has rarely been sustained, exposing the most vulnerable people -- the rural poor -- to volatile shifts in their economic fortunes. Per capita income rose continuously from 2000 to 2005 in only two in five of the countries that borrowed from the World Bank, the study reported, and it increased for the full decade, from 1995 to 2005, in only one in five.

The study emphasized that economic growth is, by itself, no fix: How the gains are distributed is just as important. In China, Romania, Sri Lanka and many Latin American countries, swiftly expanding economies have improved incomes for many, but the

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benefits have been limited by a simultaneous increase in economic inequality, putting most of the spoils into the hands of the rich and not enough into poor households, the study concluded.

In Georgia, the bank has helped foster growth by lending in support of the oil industry, but this has created few jobs and had a negligible impact on poverty, the study found. In Brazil, on the other hand, there has been little growth but significant advances against poverty because wealth has been distributed more evenly.

"For a sustained reduction in poverty over a period of time, it really pays to worry about both growth and distribution," said Vinod Thomas, director-general of the Independent Evaluation Group. "It has been a mistaken notion that you can grow first and worry about the distribution later."

Overall, from 1990 to 2002, the percentage of the world's people who subsist on less than $1 per day declined from 28 to 19, according to World Bank research. But officials with the evaluation group noted that much of the advance was registered in China, which has rejected many of the tenets of the development model advocated by the West and barely relied on the largesse of the World Bank.

"If you take out China, the numbers would be unfavorable," Thomas said. "The sheer numbers of people living under the $1-a-day definition of poverty has been stubbornly high." By the bank's reckoning, 1.1 billion people subsisted at that level in 2001.

Some of the report reads like an amalgam of the criticisms that have been leveled against the World Bank for years by outside activists. The report chides the bank for failing to help cushion poor people against price and currency liberalizations, for focusing on the fiscal sustainability of pension systems to the detriment of the poor and for promoting the privatization of power industries without thinking enough about wiring up the indigent.

It criticizes the bank for failing to tailor projects to local conditions and for sometimes attempting to accomplish more than national governments can handle. In Uganda, the bank assisted the government with an ambitious effort to increase school enrollments but failed to plan for sufficient teacher hiring or classroom construction. By last year, Uganda's schools had an average of 94 students per classroom, and each book was being shared by three pupils.

Critics of the bank used the report to claim vindication and call for change in the institution's policies -- in particular, loan conditions that sometimes force poor countries to slash spending on social services and reduce price controls on food. "At a certain point, you have to say, 'This is policy failure,' " said Mark Weisbrot, an economist and co-director of the Center for Economic and Policy Research, who has long argued that the bank's emphasis on austerity and privatization has increased poverty.

World Bank administrators said it would be simplistic to view rising poverty rates as a sign that their projects do not work, noting that the worst-off borrowing countries are grappling with war, famine and natural catastrophes.

"There's a lot that has to go right for country-wide incomes to improve other than just good projects financed by the World Bank," said Vikram Nehru, director of the bank's economic policy and debt department. "These countries are in very difficult circumstances."

Still, Nehru said the bank could benefit from greater consideration of what is actually possible in any given country.

"We need to be much more sober in our assessments," he said.

U.N. To Renovate Secretary General's Residence (WP)

By Colum Lynch

The Washington Post, December 8, 2006

UNITED NATIONS, Dec. 7 -- After stalling efforts to renovate the United Nations' Manhattan headquarters, the Bush administration joined other U.N. members this week in approving $4.9 million to work on incoming Secretary General Ban Ki Moon's East Side residence, including a new $2.1 million central heating and air-conditioning system and a $200,000 kitchen upgrade.

The decision by the U.N. General Assembly's chief budget committee comes as the United States and other member nations are pressing Ban to assign high-level jobs to their nominees. The renovation is necessary because the 85-year-old neo-Georgian townhouse is plagued by power outages, leaky plumbing, an unsafe elevator and an obsolete kitchen exhaust system that poses a "potential fire hazard," according to a U.N. report.

"It does need refurbishing," said Kofi Annan, who will leave the Sutton Place house after his 10-year term ends at the end of the month. Although the house, built in 1921, has not had a major renovation since 1950, he said, "I'm happy that they did not do that to me and I didn't have to spend a year or so in a hotel."

The 14,000-square-foot residence on the East River was built for Anne Morgan, the daughter of the New York financier J.P. Morgan. The United States rejected the site as a possible residence for its ambassador to the world body, instead setting up a residence for the top U.S. diplomat in a penthouse apartment at the Waldorf-Astoria Towers.

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The Sutton Place residence was donated to the United Nations in 1972 and has housed every U.N. secretary general since Kurt Waldheim. It has served as a meeting place for scores of kings, presidents, prime ministers and foreign ministers.

Ban will be housed in a hotel for at least nine months as workers rip out antiquated air-conditioning, plumbing and electrical systems that require $60,000 and 1,100 hours to repair each year. They will spend $650,000 on a new security system and another $100,000 to renovate two small bathrooms in the entryway.

While U.N. delegates acknowledge the renovation is costly, they say it is essential for the world's top diplomat to entertain other leaders in style -- though some noted that the home's main reception areas show few signs of the wear and tear described in the U.N. report. "It's a very nice place," said Pakistan's U.N. ambassador, Munir Akram.

"I do not call it dilapidated," said Japan's ambassador, Kenzo Oshima, whose government recently poured tens of millions of dollars into renovating a new residence for its top envoy. But he said he agrees it is time for an overhaul. "My own residence looks fine from the outside, but inside there are lots of things -- water, piping, air conditioning, a lot of problems."

The Iraqi government, meanwhile, has appealed to Annan to transfer $40 million in U.N.-controlled Iraqi funds to upgrade its Upper East Side residence and mission and to build a new mission near U.N. headquarters. The new U.S. mission being built across from the United Nations will cost $50 million to $60 million, according to U.S. government estimates.

Iraqi Foreign Minster Hoshyar Zebari appealed to Annan last month to shift the funds from a $113 million account controlled by the U.N. weapons inspection team, which has not been allowed into Iraq since the U.S.-led invasion in 2003. "Iraq plans to purchase a new building close to United Nations headquarters to serve as the permanent mission to the United Nations," he wrote. "It also plans to perform major renovations on the mission's current building and the residence of the permanent representative, which has been neglected for over ten years."

The Security Council's sole Arab member government, Qatar, proposed that the council authorize the transfer of funds. Britain, however, asked that the council be given more time to consider the request. But Britain's ambassador, Emyr Jones Parry, said he did not question Iraq's need for a new mission.

"How much do you need for new building? I just don't know," he said. "Have you been in their present building? I've been there lots of times. They do need a new one."

Mr. ChÃ¡vez's Victory (WP)

The Washington Post, December 8, 2006

HUGO CHÃVEZ'S victory in Venezuela's presidential election Sunday was unsurprising, given the campaign that led up to it. The would-be "Bolivarian" revolutionary flooded the country with petrodollars in the months before the vote, decreeing a pay bonus for all government workers. He dominated the media, receiving by one count 22 times as much airtime as his opponent. He also freely employed intimidation, endorsing a declaration by the director of the powerful state oil company that its 40,000 workers would be mobilized for the president and that anyone who opposed this would be guilty of "a crime." Such tactics, along with the fact that many people who signed petitions in a campaign to recall Mr. ChÃ¡vez two years ago have been subject to government sanctions, clearly had an effect: A poll conducted for the Associated Press showed that 57 percent of Venezuelans believed that voters who did not support the president might suffer from retaliation.

The real news of the election was the reappearance of a credible Venezuelan opposition. Manuel Rosales, a state governor, managed to unite the anti-ChÃ¡vez forces and energetically barnstormed the country, drawing hundreds of thousands to rallies in Caracas. In the end he received 38 percent in the official count, preventing Mr. ChÃ¡vez from getting anywhere close to the 10 million votes he set as his goal. On Sunday night Mr. Rosales formally conceded -- an important signal for an opposition that too often has resorted to self-destructive boycotts or other anti-democratic tactics. Though Mr. ChÃ¡vez controls the judiciary and every seat in the national legislature, Mr. Rosales is now positioned to represent the millions of Venezuelans who oppose the president's drive to monopolize power.

A strong opposition will be needed. Mr. ChÃ¡vez has announced plans to follow his reelection by removing the constitutional barrier that would limit his tenure to six more years. He has also threatened to shut down private television stations sympathetic to the opposition, and his congressional followers say they plan to give him far-reaching decree power, so that he can personally order the seizure of private property. For those who trust that political pluralism will remain intact, Mr. ChÃ¡vez had a message. "There is no room in Venezuela for any project other than the Bolivarian revolution," he declared last week.

In fact, Mr. ChÃ¡vez's rule contains the seeds of its own destruction. His wild use of oil revenue -- government spending has grown eightfold during his eight years in office -- has gone mainly for consumption or foolish foreign adventures. Investment in the economy, and even in the oil industry itself, is paltry, and most experts believe Venezuela's petroleum production has declined. Crime and corruption are soaring: Murders are up 67 percent during the ChÃ¡vez era. If oil prices continue to drop, Mr. ChÃ¡vez's revolution eventually will be revealed for what it is: a populist fraud.

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The Best Election Money Could Buy (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, December 8, 2006

CARACAS -- As midday Mass at the Cathedral on Plaza Bolivar drew to a close on Sunday, the celebrant issued a plea for peace: The winner of the presidential election must be respected, he told the congregation, but so too the loser, who is also a Venezuelan in this land blessed by God.

I gazed at the crucifix behind the altar and pondered the admonition. It was only 1 p.m., far too early to call a winner in the race between President Hugo Chávez and the challenger, Zulia Governor Manuel Rosales. But the Church was already signaling concern -- as it has been for the past eight years under the Chávez government -- about the end of tolerance in a nation that is supposed to be a democracy. There was good reason.

The words from the pulpit echoed in my mind that evening, when some 20 loudly rumbling motorcycles passed in front of the car in which I was riding near Plaza Altimira, where anti-Chávez Venezuelans have been known to gather. Each bike carried two helmeted men in military garb, armed with riot shields and long rifles.

It was nearly 6:30 p.m. and darkness had fallen. I remembered that Chávez supporters had more than once shot and killed unarmed civilians with impunity and I thought about heading back to my hotel. But I wanted to see whether the opposition would rally on its own turf. So I continued around the square. What I saw next was truly frightening.

The flowers growing in the plaza were drooping under a tropical shower as members of Mr. Chávez's feared National Guard poured out of a military vehicle on one side of the street and armies of informal government enforcers known as chavistas gathered on the other. A red truck was blaring revolutionary music. A bus carrying about 10 chavistas, their heads wrapped in the signature red of the Chávez campaign, drove menacingly up and down the street. It honked its horn and pulled wild U-turns as its passengers, at least one of whom was naked from the waist up, leaned out the door and windows pumping their fists and shouting angrily into the evening air.

Mr. Chávez's metropolitan police and the military ignored their lawlessness. A 23-year-old woman driving past the plaza later that night says she was set upon by chavistas wielding baseball bats and that her car windows were smashed. I wondered why, if the president had won re-election, he needed to turn his goons on the civilian population.

I never believed that Fidel Castro's Venezuelan "mini-me" would be defeated on Sunday even though there is scant evidence that a majority of Venezuelans back his socialist revolution. Instead, I expected that a Chávez victory could be had "legally" through a combination of coercion, manipulation and the liberal use of state funds.

This seems to be what happened. The National Electoral Council (CNE) says that Mr. Chávez got about 61% of the vote versus 37% for Mr. Rosales; no one in the opposition is challenging his victory. Nevertheless, it is difficult to judge the race fair.

Among the irrefutable complaints from the independent electoral watchdog group known as Súmate (literally "Join Up") is the charge that the government would not allow an independent and reliable audit of the electoral registry; in the two years and three months since the recall referendum, voter rolls grew more than 30%. This left a lot of Venezuelans wondering who these new voters were but the government refused to release the full registry (including addresses) or post local lists at polling stations, as required by law.

Economic intimidation also played a role. It may be true that the poorest voted heavily Chávez. I don't know. But one economic step up from the most destitute, I have found palpable distrust of this president. In the struggling municipality called Caricuao, 30 tiny medical clinics and a number of larger ones have opened in the past year. I visited three clinics there on Monday, all of which are staffed by Cubans and decorated with anti-American propaganda. Yet this huge state effort to ideologically capture a barrio seems to have delivered only mediocre results.

A local woman I interviewed told me that her neighborhood was politically divided. Many dislike Mr. Chávez greatly, she said, but believed that the electronic voting machines and the fingerprint tracking machines at the polls would allow the government to know how they voted and that they would lose their government jobs if they went against him. Such fears are not irrational. It is well documented that the government has created enemies lists and fires dissidents.

Perhaps the working poor dismiss Mr. Chávez because they see so many apparatchiks getting fat off corruption while they get only crumbs. A new report by former Venezuelan oil company director Gustavo Coronel, published by the Cato Institute's Center for Global Liberty and Prosperity, finds that during the past eight years government oil revenues and revenue from issuing new debt total at least $175 billion and that this windfall has been accompanied by a sharp drop in transparency. "For example," Mr. Coronel writes, "the state-owned oil company ceased publishing its consolidated annual financial statements in 2003, and Chávez has created new state-run financial institutions, whose operations are also opaque, that spend funds at the discretion of the executive."

DOJ_NMG_0104063

Unaccounted for state funds could have been used to finance Mr. Chávez's re-election in more than one way. According to Goldman Sachs emerging-market analyst Alberto Ramos, "if you include imports, car sales are expected to almost double this year to about 300,000, many of them luxury models." If you have the right politics, you too might join the fun.

Yet trouble is looming as expectations rise and delivering on promises becomes more difficult. Mr. Ramos notes that "serious macro imbalances are emerging in the economy," including "accelerating inflation, sharply depreciated black market exchange rate. . . and the gradual atrophy of the non-oil sector." It is worth worrying about what Mr. Chávez will do to maintain power when the money runs out. The Church may have some reasonable fears.

Scot Free (WSJ)

By Quentin Letts

The Wall Street Journal, December 8, 2006

LONDON -- Back in 1707 the neighboring kingdoms of England and Scotland swallowed their historical differences and agreed to create the United Kingdom. Three-hundred years on a majority of Britons seem to want to undo it all.

Scottish independence is suddenly on the political radar. At present it is only a faint blip but if it becomes more serious the U.S. could find one of its more reliable allies suddenly looking distinctly bifurcated. If Scotland and England go their separate ways the British would probably disappear as international diplomatic players.

In medieval times the English and the Scots had little time for each other. Occasionally we English would send an army north of the border to beat up a few of the hairy-kneed, kilt-wearing "Jocks." The chief hazard in these engagements, apart from being gored by a skean-dhu dagger, was the terrible, blood-curdling skirl of Scottish bagpipes, as fiendish a noise as man has ever contrived to fashion. In retaliation the Scots, most of whom had remained loyal to the pope when Henry VIII spurned Roman Catholicism, would from time to time engage in a little light sedition against the Protestant Crown of England. Scotland's long-fingered lochs and heather-clad Highlands were good places to conceal papist pretenders to the English throne.

The Act of Union was meant to put a stop to all that -- and for about 275 years, it did. The United Kingdom was a success. Scottish probity, discipline and scientific know-how combined with English brute force to create the British Empire. Scots Highland Regiments became a valued part of the British Army. English money flowed northwards to make Edinburgh and Glasgow two of the greatest cities of 19th-century Europe. The Scots sent representatives down to Parliament in London, but they felt no sense of grievance or loss of self-esteem. Indeed, they played the political game well and bagged more than their share of Britain's public money. A few bad habits formed. The Scots, once notorious for their financial parsimony, became slightly hooked on welfare.

Football always showed that the "auld enemies" had never quite become one country. When England's soccer team loses no one celebrates quite as hard as the Scottish. Even so, things might have bumbled along in an amiable manner had it not been for Margaret Thatcher's election as British Prime Minister in 1979. Mrs. T had many qualities but diplomatic "sensitivity" was not among them. Scottish voters, wary of her anti-welfare instincts, detected a threat.

When Tony Blair became prime minister in 1997 his Labour Party agreed to give Scotland its own parliament. The place has limited powers, has cost a fortune and is full of monumental windbags, but it has become a symbol, an assertion, of renewed Scottish nationalism. This was also boosted in 1995 by "Braveheart," Hollywood's ludicrously romanticized film about 14th-century Scots fighting the wicked English.

Next May Scottish voters face elections in which Mr. Blair's Labour may be run close by, or even lose to, the left-wing, anti-American, pro-independence Scottish Nationalist Party. Alongside this prospect comes an opinion poll published by the Sunday Telegraph that found 52% of Scots now want independence. More surprisingly, 59% of the English would be happy to see the Scots go; and some 69% also seem to want a separate parliament of their own. In other words, significant numbers of British voters no longer care about "the union."

On one level this can be dismissed as neighborly peevishness run out of control, of Caledonian chest-beaters trying to build a separate state on little more than national machismo. However, when Mr. Blair steps down next summer, he is almost certain to be replaced by Gordon Brown, at present his finance minister. Mr. Brown is a Scot. Many of his friends and allies are, too. In this climate it is not too hard to see the greater danger -- English nationalism -- rising up and breaking the historical union which was created three action-packed centuries ago.

Mr. Letts writes for London's Daily Mail.

Blood, Toil, Tears And Nukes (NYT)

The New York Times, December 8, 2006

When Tony Blair asked Parliament this week to approve a new generation of nuclear-armed submarines, he was asking the lawmakers to reaffirm Britain as a nuclear power far into the 21st century.

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The prime minister argued that Britain needs its nuclear weapons to deter new threats from terrorists and rogue states. But we suspect that what is really driving Mr. Blair and his military planners is concern about old threats: the thousands of nuclear weapons still in Russia's arsenal and the hundreds in China's. The fact that France is holding on to its nukes — and its seat at the table of "world powers" — is likely encouraging him as well.

Frankly, we would like to see more from Mr. Blair, who has shown a flair for defining new-think issues, as he did with his government's global-warming report and its call to reduce poverty.

Mr. Blair could burnish that legacy if he challenged all the world's nuclear powers to reduce their arsenals. To soothe critics in his party, Mr. Blair also said this week that Britain would reduce its small arsenal from fewer than 200 operational warheads to fewer than 160. He should challenge others to follow.

Deep cuts — leading to zero — is what all the original nuclear powers pledged when they signed the Nuclear Nonproliferation Treaty. But that effort has stalled. Russia and the United States — with the world's two largest arsenals — agreed in 2002 to cut down to some 2,000 deployed warheads. But there have been no negotiations since.

The major powers would have a far stronger case for their calls to restrain the nuclear ambitions of countries like Iran and North Korea if they showed they were willing to reduce their own arsenals. That is the stuff that legacies are made of.

DOJ_NMG_0104065

Miller, Charles S

From: Miller, Charles S
Sent: Friday, December 8, 2006 11:12 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 12/8/06 Civil Division News

Suit by Iraqis and Afghans claims Rumsfeld ordered torture; The Justice Department has asked the judge to throw out the ACLU-supported case against the former defense secretary.

Rumsfeld Wants Torture Case Dismissed

PM unhappy with delay in charging Australian at Guantanamo Bay

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Congress signs off on comp time for Justice lawyers' travel

Christian Science Monitor

December 8, 2006

Suit by Iraqis and Afghans claims Rumsfeld ordered torture; The Justice Department has asked the judge to throw out the ACLU-supported case against the former defense secretary.

By Warren Richey | Staff writer of The Christian Science Monitor

WASHINGTON

As Donald Rumsfeld prepares to leave his job as secretary of Defense, the American Civil Liberties Union (ACLU) is seeking to hold him responsible for what it says was widespread torture carried out at his direction. [**Editor's Note**: *The original version was changed because the American Civil Liberties Union says its civil suit is not intended to prove a war crime*.]

Lawyers representing Mr. Rumsfeld and three US Army commanders are set to appear in federal court here Friday in response to a lawsuit charging that the Defense secretary authorized torture and other illegal abuse of military detainees in Afghanistan and Iraq - including at the infamous Abu Ghraib prison.

The case is important because it represents an attempt to hold US officials accountable for alleged illegal abuse of Iraqi and Afghan civilians who were never detained as enemy combatants or charged with any crime. But some legal analysts say the suit may be aimed more at shaping public opinion than winning in court because such cases are difficult to pursue.

The Justice Department lawyers representing Rumsfeld have not responded directly to the torture charges. Instead, they are asking Chief US District Court Judge Thomas Hogan to throw the suit out because Rumsfeld is entitled to immunity from lawsuits challenging his official actions as Defense secretary. Chief Judge Hogan has scheduled two hours of argument on the dismissal request.

The five Iraqi citizens and four Afghan citizens identified in the suit claim that they were subject to beatings, cutting with knives, sexual humiliation, confinement in a wooden box, sleep deprivation, mock executions, and stress positions, the suit says.

"The secretary of Defense personally issued orders and authorized illegal interrogation techniques and caused torture," says ACLU lawyer Lucas Guttentag. "[Rumsfeld] was directly and personally involved."

Mr. Guttentag says that Rumsfeld also "failed to take the required actions to stop abuse in the face of overwhelming uncontroverted evidence that he received and was aware of."

The Defense secretary had been notified of the abuses via Red Cross reports, human rights organization reports, military internal reports, and FBI reports, according to documents obtained by the ACLU under the Freedom of Information Act, Guttentag says.

In addition to Rumsfeld, the suit names Lt. Gen. Ricardo Sanchez, commander of coalition forces in Iraq in 2003 and 2004, Col. Janis Karpinski, commander of the military unit that ran detention facilities in Iraq, and Col. Thomas Pappas, commander of the military unit that gathered intelligence in Iraq.

The civil suit was filed by lawyers with the ACLU and Human Rights First. It says Rumsfeld and the officers violated constitutional protections, international law, and the Geneva Conventions. The suit seeks compensatory damages and a judicial declaration that the legal rights of the detainees were violated under the Constitution, the Geneva accords, and other international law.

Government lawyers counter that Iraqi and Afghan citizens do not enjoy rights under the US Constitution or the Geneva Conventions to sue senior US officials for official actions taken overseas.

"I think it is a very uphill battle for the litigants here. I don't think this case is going to go very far," says Scott Silliman, a Duke University law professor and director of the Center on Law, Ethics and National

Security.

"When you are dealing with the secretary of Defense what you have got to do is show that he was so far outside the scope of his duties as to be culpable," Professor Silliman says. "That is a hard standard to meet."

What makes it a particularly hard standard, Silliman and other legal analysts say, is that Rumsfeld was authorizing new interrogation techniques at the same time Justice Department lawyers were issuing legal memos justifying harsh, coercive interrogation tactics.

To prevail, ACLU lawyers must show that Rumsfeld knew what the law required and intentionally ignored those clearly established requirements. Short of that, Rumsfeld is entitled to immunity, says Richard Samp, a national security and constitutional law expert at the Washington Legal Foundation. "I've seen no document that says 'I hereby command you to inflict the following torture on individuals.' "

Others say immunity is not warranted in Rumsfeld's case. "Accountability, not immunity, for the conduct of military personnel within defendants' command is fundamental to military law, discipline and the law of war," writes Sidney Rosdeitcher in a friend-of-the-court brief filed on behalf of a group of military law experts.

Although allegations in the suit are the equivalent of war crimes, it is a civil case, not a criminal one. Only the US government is empowered to prosecute war crimes in criminal court or before a military court. Various commissions identified command-level problems as contributing to interrogation abuses, but government prosecution has focused on punishing "rogue individuals."

END

AP

December 8, 2006

Rumsfeld Wants Torture Case Dismissed

By MATT APUZZO

Associated Press Writer

WASHINGTON (AP) -- Outgoing Defense Secretary Donald H. Rumsfeld is asking a federal judge to dismiss a lawsuit that would hold him personally responsible for allegations of torture in oversees military prisons.

The lawsuit, filed by two civil rights groups, describes the imprisonment of nine foreigners detained in Iraq and Afghanistan. The lawsuit contends the men were beaten, suspended upside down from the ceiling by chains, urinated on, shocked, sexually humiliated, burned, locked inside boxes and subjected to mock executions.

President Bush has called the abuse of prisoners at Abu Ghraib prison in Iraq the biggest mistake of the war.

Attorneys for the American Civil Liberties Union and Human Rights First say Rumsfeld and top military officials authorized such abuses and should be held liable in federal court.

The Justice Department argues that Rumsfeld cannot be sued. Government officials are generally immune from lawsuits related to their jobs unless they violate a constitutional right.

A hearing before U.S. District Judge Thomas F. Hogan, set for Friday, will focus on whether Rumsfeld has official immunity. Rumsfeld, who has announced his resignation and will be replaced this month by Robert Gates, is not expected to attend.

The civil rights groups say Rumsfeld violated the prisoners' right of due process and to be free of cruel and unusual punishment. The government argues that foreigners held outside the United States do not have constitutional rights.

If the court lets the lawsuit continue, the Justice Department said, it would allow prisoners around the world to use U.S. courts to disrupt military operations.

"Subjecting military leaders to such personal tort liability could distract them from their duties, and the specter of captured aliens harassing military personnel with time-consuming individual capacity litigation could cause grave damage to military morale," the government wrote in briefs filed with the court.

END

AP

December 8, 2006

PM unhappy with delay in charging Australian at Guantanamo Bay

By ROD McGUIRK

Associated Press Writer

CANBERRA, Australia_Prime Minister John Howard said Friday he was unhappy that an Australian terror suspect remained in U.S. custody at Guantanamo Bay in Cuba without charges.

But Howard said he was hopeful that David Hicks, an alleged Taliban fighter who was taken prisoner by the North Alliance in Afghanistan five years ago, will be charged by the Pentagon early next year.

Hicks, 31, had pleaded not guilty to charges of attempted murder, conspiracy to commit war crimes and aiding the enemy and had faced a preliminary hearing before a U.S. military commission.

But those charges were withdrawn when the U.S. Supreme Court ruled the military commissions were illegal in June. Congress has since passed laws to overhaul the military commission system.

On the eve of Hicks' fifth anniversary in custody, Howard said Friday his defense and foreign ministers would raise the delay with their U.S. counterparts when they attend annual bilateral ministerial talks in Washington next week.

"I'm not happy about it having taken so long and we are on a very regular basis pressing the Americans for a commitment that he be formally charged under the new military commission," Howard told Southern Cross Radio in the southern city of Melbourne.

Howard said he pressed the issue with U.S. President George W. Bush when they attended an Asia-Pacific leaders forum in Vietnam last month and Attorney General Philip Ruddock raised Hicks again with U.S. Attorney General Alberto Gonzales this week.

"We are very hopeful that there will be formal charges brought against him early in the New Year," Howard said.

"Five years is a long time and we want him tried under the new rules established after the Supreme Court decision," he added.

Howard's center-right coalition government is under mounting domestic political pressure to demand Hicks' repatriation. Howard argues that Hicks could not be charged in Australia because his alleged terrorist associations in Afghanistan did not breach Australian law of the time.

Hicks' Australian lawyers this week filed a lawsuit in the Federal Court calling on the government to press Washington for his release.

Howard blamed Hicks' appeals against the legality of the military commission for causing up to two years of the delay.

Hicks' lawyers plan to challenge the legality of the new commissions and predict another two-year delay before the U.S. Supreme Court determines that appeal.

The only other Australian held at Guantanamo, Mamdouh Habib, 50, flew home to Sydney last year at Australia's request after spending three years there without being charged.

END

Toronto Star

December 8, 2006

Arar investigation not over, Day says; Public Safety Minister will seek officers who made mistakes; Tories may go outside force for new chief

TONDA MACCHARLES, OTTAWA BUREAU

OTTAWA—In moves to restore the reputation of the RCMP, the Conservative government says it might go outside the force for a new chief.

And it will extend or drop the time limits that are now written into the RCMP Act, so that disciplinary measures can be slapped on wrongdoers long after offences take place.

The day after Commissioner Giuliano Zaccardelli became the first casualty of the botched Maher Arar investigation — resigning voluntarily because he felt he had lost the "confidence" of Canadians and the government, Public Safety Minister Stockwell Day said he did "the honourable thing."

Day said frontline Mounties also "want wrong exposed, whether it's in organized crime or within their organization."

"I think we should have tough questions about the RCMP," said Day. He said the one-year limitation provision "unfortunately gives the appearance that people who may have done some wrong within the RCMP get off."

Asked if the changes would apply retroactively to any Mounties involved in the widely criticized Arar investigation, Day said he would be looking at that.

Arar, a dual Canadian-Syrian citizen, was detained on Sept. 26, 2002, during a stopover at New York's JFK airport as he was returning home after a vacation. He was held for two weeks in the United States, then flown on a private plane to Jordan and driven across the border to Syria where he was tortured and

held for a year without charges.

Day said he would seek out the names of officers who made the errors that led to Arar's arrest and deportation to Syria by American officials. (Officers directly involved in the Arar investigation are named in the September report by Justice Dennis O'Connor that came out of his inquiry into the Arar affair.)

The limits on disciplinary action against RCMP members was a factor cited recently in stalled investigations into money channelled out of the RCMP's pension and insurance fund, and in a case of alleged sex with an underage prostitute.

Yesterday, Zaccardelli held an extraordinary news conference in which he cited poetry, became choked up over Mounties who had died on duty, and insisted he "had no regrets" about his tenure. He admitted making mistakes, but said he always made his decisions in the best interests of the force, so it would be up to history to judge him. He defended standing by his officers, who were criticized by the Arar inquiry, saying they did not believe, "rightly or wrongly," that they had made errors, and had acted in good faith.

Zaccardelli resigned Wednesday amid the controversy that followed his telling contradictory stories about when he learned of RCMP errors in the Arar case.

On Sept. 28, Zaccardelli told a Commons committee he learned at the outset of Arar's detention in Syria that the RCMP had made errors on the file, falsely labelling Arar an "Islamic extremist." That information had been transmitted to U.S. officials in the post-9/11 counter-terrorism frenzy, which O'Connor said likely led to the U.S. decision to ship Arar to Syria.

Zaccardelli also said the RCMP briefed its political bosses about those errors, something three of the ministers in charge of the force at the time contradicted him on publicly.

Then, on Tuesday, appearing before the same Commons committee under oath, Zaccardelli changed his story and said neither he nor senior RCMP officers knew that investigators had wrongly labelled Arar and his wife "Islamic terrorists" tied to Al Qaeda until this fall when they read O'Connor's inquiry report.

Zaccardelli insisted yesterday that his presentation Tuesday was "precise" and that, on Sept. 28, he had made a mistake.

"I may have made the mistake of inferring that I had 2006 information in 2002. I didn't have it, but I had a duty to correct that, to tell the truth."

Day yesterday portrayed the Conservative government as having ongoing concerns about the management of the force.

Day said the government would announce an interim RCMP commissioner "soon."

He also said the government might seek a replacement for Zaccardelli from outside the ranks of the RCMP.

"We're going to take a look at that," but formal criteria would be developed first.

Day added that he plans to announce before Christmas the name of the person who will investigate three other cases of Canadian Muslim men who came under the watch of the RCMP's counterterrorism team, and ended up in prison in Syria.

Day denied that there had been political interference with Zaccardelli, prior to his Sept. 28 testimony, his testimony this week, or after that testimony revealed, in Day's words, "glaring contradictions."

He said he learned of Zaccardelli's contradictory story on Monday when the commissioner previewed in a speech what he told the Commons committee the next day. He said he had not known until the past few days of a Nov. 2 letter Zaccardelli wrote to the committee advising it he would "clarify" his testimony.

But at his news conference, Zaccardelli said he had flagged his intentions early on to Day, through a written letter to Day's deputy minister, Suzanne Hurtubuise, and in a personal conversation with Day. In the Commons, the Liberals said Day should have fired Zaccardelli more than a month ago, when he learned of his planned reversal.

Prime Minister Stephen Harper said it would have been improper for the government to act sooner. "One can only imagine the howls of outrage from the opposition if the Prime Minister had politically intervened and fired the commissioner of the RCMP before he even testified at a parliamentary committee," said Harper.

Liberal MP Marlene Jennings (Notre-Dame-de-Grâce-Lachine) said the Tories, in Opposition, claimed repeatedly that Arar was a terrorist, words that were "heard by the Syrians."

Harper retorted that the Liberals "did not lift a finger, did not raise a voice to do anything about" Arar in prison.

Bill Graham, who was foreign affairs minister during Arar's detention in Syria, was incensed and accused the Conservatives of making false claims, and compared them to Nazi propagandist Joseph Goebbels.

"The government members in this House behave as if they were reading from a textbook written by Mr. Goebbels when he was preparing for power in Germany," Graham said.

Later he denied calling them Nazis, but insisted the Conservatives were using "unacceptable techniques I didn't say he was a Nazi. I said these are the types of techniques that have been used in the past and I think it's a shame."

The Conservatives reacted with indignation to the comparison with Nazis.

"I think that is reprehensible," said Tory House leader Rob Nicholson.

END

AP

December 8, 2006

Court reserves decision on releasing files in decades-old murder case against Indian activist

The Associated Press

Attorneys for an American Indian activist convicted of killing two FBI agents in a shootout on a South Dakota reservation in 1975 took their fight to free the imprisoned man to a federal appeals court Thursday.

The attorneys for Leonard Peltier argued for the release of all FBI files related to the case, saying the documents should have been turned over to them at the time of the trial in 1977.

Peltier, 60, is serving two life sentences. He was a leader of the American Indian Movement in the 1970s, and his supporters have been trying to get his conviction overturned for years, saying he was wrongfully targeted because of his activism.

His attorneys hope the withheld information will lead to Peltier's exoneration.

But the court Thursday reserved decision on whether to overturn a federal court's ruling last February and

order a full release of the files.

Unfettered release of the documents would compromise the confidentiality of witnesses, Justice Department attorney H. Thomas Byron III told the court. He said the witnesses were guaranteed confidentiality, either expressed or implied.

"The circumstances of this case make it clear that anyone who provided information would have reason to have concern for their well-being," Byron argued.

The FBI released 797 pages of material in 2004 but withheld other pages and redacted large portions of the released ones, citing exemptions allowed for national security concerns and to protect the identity of agents, witnesses, and informants.

Peltier's attorney, Michael Kuzma, claimed investigators coerced witnesses and withheld evidence in building a case against Peltier.

Kuzma said any ruling against Peltier would be appealed to the U.S. Supreme Court.

END

Indianz.Com.
December 8, 2006

New judge assigned to Cobell trust fund case

The Cobell trust fund case was assigned a new judge by the federal court in Washington, D.C.

Judge James Robertson, a Clinton nominee, will be handling the 10-year-old case. He takes over from Judge Royce Lamberth, who was removed by an appeals court for appearing biased against the federal government.

Elouise Cobell, the lead plaintiff, welcomed the assignment. “We want to see this case resolved quickly," she said. "We will work in good faith with Judge Robertson to end this century-long injustice that the government has done to Native people."

The lawsuit seeks an accounting of billions of dollars owed to more than 500,000 Native Americans. Efforts to settle the case failed in Congress this year.

END

San Francisco Chronicle

December 8, 2006

U.S. issues subpoena to HIV drug firm

Bernadette Tansey

Gilead Sciences Inc., a Foster City biotechnology company, said late Thursday it had received a subpoena from federal prosecutors in San Francisco requesting documents related to its marketing and medical education programs for two HIV drugs, Truvada and Viread.

"Gilead intends to comply with the U.S. attorney's subpoena and to cooperate in any related government investigation," the company said in a statement. A spokeswoman declined to comment further.

The U.S\l "l". attorney's office couldn't be reached for comment, and the nature of the investigation was not clear. In recent years, prosecutors have been cracking down on drug companies accused of deceptive marketing or violations of Food and Drug Administration rules that restrict the promotion of drugs for uses not approved by the agency.

In 2003, the FDA warned Gilead that its sales representatives were downplaying the risks and exaggerating the benefits of Viread. It was the second such warning issued to the company in just over a year.

Both state and federal prosecutors are investigating drugmakers for promotional practices that may have misrepresented the value of their products and needlessly increased expenditures by government-funded health plans. At the conclusion of one such investigation in 2004, Pfizer Inc. agreed to pay $430 million to settle claims that it promoted its anti-seizure drug Neurontin for a host of other diseases.

In the Bay Area, the government has cracked down on Brisbane-based Intermune Inc., which agreed in October to pay $36.9 million to settle claims by the U.S. attorney's office in San Francisco that it illegally marketed its drug Actimmune for a fatal lung disorder.

END

San Jose Mercury News (CA)

December 8, 2006

8-year quest for asylum in U.S. nears resolution

RULING MAY LOWER PROOF OF PERSECUTION

By Howard Mintz, Mercury News

The food court inside the Great Mall in Milpitas is a long way from home for Marjorie Lolong.

But as she fidgets at a table, the buzz of the mall overwhelming her soft voice, Lolong is right where she wants to be. The mall is a safe haven.

The very thought of home fills her eyes with tears.

Home for Lolong is Indonesia. But as a Chinese Catholic woman, Lolong is certain she will face violence, even death, if forced to return to the world's largest Muslim nation, where reprisals against Chinese Christians have long been part of the country's fabric. She has spent the past eight years in legal limbo wondering whether she will be forced back.

"Everything is a roller coaster," said the 36-year-old Lolong, who lives in San Jose.

Lolong's quest for political asylum\l "l" in the United States has thrust her into the middle of an immigration battle with national implications and prompted stiff resistance from the Bush administration, which wants her deported back to Indonesia.

Two years ago, a federal appeals court used Lolong's case to create a new category for asylum seekers

in a ruling that found that, as a Chinese Christian woman, she would be "particularly at risk" of persecution if she returned to Indonesia. The ruling established the concept of asylum\l "l" for a member of a "disfavored group," and applied to the thousands of immigration cases heard each year throughout the West.

The Justice Department immediately asked the 9th U.S. Circuit Court of Appeals to reconsider the case with a special 15-judge panel, warning that the Lolong ruling would be "opening the floodgates to thousands -- if not millions -- of otherwise ineligible aliens."

Ruling due

Underscoring the importance of the case, the San Francisco-based 9th Circuit agreed to reconsider the matter and heard arguments in October. A ruling is expected any time -- and Lolong's future hangs in the balance.

"That is the anguish of asylum seekers," said Karen Musalo, director of Hastings College of the Law's Center for Gender and Refugee Studies. "To be up in limbo on whether they'll be sent back to a place they haven't been for years."

Lolong, the oldest of three children, came to the United States in 1994 to attend a women's college in Massachusetts. She planned to return to Indonesia after getting an education.

As an Asian woman, Lolong felt isolated. Accustomed to the heat back home, she hated the snow. A friend persuaded her to try San Francisco, where, in 1995, she enrolled at Golden Gate University. She studied marketing. From the eye-opening possibilities of charge cards to working at a McDonald's, she acclimated to life in the United States.

Then everything changed in 1998.

In the midst of political upheaval that toppled the Indonesian government, Lolong's native land experienced the worst anti-Chinese rioting in the country's history. More than a thousand ethnic Chinese were killed. Homes, churches and businesses were looted and burned. Chinese women were systematically raped, including a friend of Lolong's.

Lolong, who heard of the conflict in telephone calls back home and on television, decided to seek asylum after consulting with San Francisco immigration lawyer Robert Jobe.

"From my point of view, if you know you are going to a dangerous place, why would you go there?" Lolong said.

Her case then melted into the overburdened immigration system. She tried to go on with her life. She worked multiple jobs -- at Nordstrom, a hotel in Burlingame, Trader Joe's and even at a juvenile hall in San Bruno.

Meanwhile, an immigration judge initially ruled in Lolong's favor, concluding that she had a well-founded fear of persecution and should be granted asylum. But the Board of Immigration Appeals, the top branch of the immigration courts, overruled that decision, prompting her appeal to the 9th Circuit.

A Mercury News series last year found that the 9th Circuit has reversed the BIA in roughly two-thirds of the most important immigration cases since 2001 on the grounds of flawed reasoning in board decisions. The Lolong case was no exception -- a three-judge 9th Circuit panel sided with Lolong in 2004, citing Indonesia's history of violence against Chinese, particularly women.

Now the question is whether that decision will stand.

Threshold lowered

Tens of thousands of immigrants seek asylum\l "l" in the United States each year, and typically must show they would face persecution in their homelands based on race, religion, nationality or political opinion. The 2004 ruling in Lolong's case, by finding she was a member of a "disfavored group," effectively lowered the threshold.

In the past, courts required a showing of a "pattern and practice" of government-sanctioned persecution in other countries to gain asylum. The Lolong ruling said being in a "disfavored group," such as ethnic Chinese in Indonesia, was sufficient, even if the government officially promotes ethnic tolerance.

Justice Department lawyer Jonathan Cohn, who argued the government's position before the 9th Circuit, did not return a phone call seeking comment. But the government has argued that Lolong does not have a legitimate fear of persecution and has not shown that she personally would be at risk in Indonesia.

Among other things, the government notes that Lolong's family has not been harmed. And perhaps more significant, the Bush administration stresses that conditions in Indonesia have changed dramatically since 1998, with a new government ushering in a period of favorable treatment of the Chinese Christian minority.

"There is no pattern and practice of persecution of Chinese Christian women in Indonesia," Cohn told the judges in October.

Experts say Indonesia has, in fact, vastly improved for ethnic Chinese. Sidney Jones, project director for the International Crisis Group in Jakarta, said in an e-mail that "today there is almost no violence against the Chinese."

"The threat against Chinese Indonesians has dropped dramatically since 1998," said Jones, who has monitored ethnic violence there for years.

But that is little solace to Lolong, who says history is full of cycles of violence against Chinese Christians, who make up about 4 percent of Indonesia's 200 million citizens.

"The fact there is relative calm today," added Jobe, Lolong's lawyer, "doesn't mean you can go back and live a life free of persecution or harm."

For now, Lolong's hopes for asylum hinge mainly on conditions in Indonesia around the time she sought refuge from the immigration courts, in 1998. But the 9th Circuit could return her case to the immigration courts, where the case would begin anew and the government could introduce evidence of current conditions.

In the meantime, Lolong remains on that "roller coaster." She works for a medical clinic in Hayward, hoping to some day go into pediatrics. She has a boyfriend. She's grown fond of American movies, theater and opera.

"It's already a winning case for me," Lolong said. "Losing, I never thought of that. For me, you know you are doing something that is right. I just believe at the end, I just pray for something good to come from my hardship."

END

Government Executive Magazine

December 7, 2006

Congress signs off on comp time for Justice lawyers' travel

By Karen Rutzick

The Senate passed a bill Wednesday providing compensatory time off for Justice Department lawyers on business travel, following House approval of the measure in March.

Sponsored by Sen. Daniel Akaka, D-Hawaii, and passed unanimously, the bill provides Justice lawyers the same benefit as the rest of their white-collar counterparts in the federal government. The bill now goes to President Bush.

Congress initially granted civil servants comp time for travel as part of the 2004 Federal Workforce Flexibility Act. The Justice Department, however, determined that it lacked authority to grant lawyers the benefit because of limitations on their premium pay.

Richard Delonis, president of the National Association of Assistant United States Attorneys, which has lobbied Congress for two years to force Justice to change its rule, said the department's attorneys are being asked to spend more nights and weekends traveling.

"The comp time legislation passed by Congress sends an important message to these dedicated public servants, assuring that they do not bear an extra burden that Congress did not intend to impose," Delonis said.

On the House side, Reps. Jon Porter, R-Nev.; Tom Davis, R-Va.; Henry Waxman, D-Calif.; Danny Davis, D-Ill.; and Chris Van Hollen, D-Md., introduced the comp time bill (H.R. 4057) to correct the variation in benefits.

Agencies can award travel comp time when they are otherwise unable to compensate employees for time spent in transit outside of normal work hours. They are not allowed to give cash payments, but there is no limit on the amount of time off they can award.

The rules on travel comp time are complex. For example, time spent eating meals is not eligible. That includes meals eaten at an airport while waiting for a flight. The Office of Personnel Management considers this to be time that employees would have spent eating elsewhere.

In addition, regular commuting time is deducted from travel comp time. If employees travel to the airport from home in the morning, they must deduct the amount of time they normally spend commuting. But if employees travel from work to the airport, then that time is considered compensable.

By law, members of the Senior Executive Service, immigration judges and Federal Wage System employees in the Justice Department will remain ineligible for travel comp time.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 11, 2006 8:45 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Monday, December 11, 2006
Attachments:	agnb061211.pdf; agnb061211.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 11, 2006 7:45 AM EST

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TERRORISM NEWS:

Zuckerman Contends Children Of Immigrants Represent Terrorism Threat. U.S. News and World Report's Mortimer Zuckerman (12/18) writes, "Today all eyes are on Iraq. It's called the center of the war on terrorism, but it must not monopolize our attention. We need a third eye because we are now less likely to be attacked by international terrorists than by homegrown American citizens, self-radicalized individuals who are members of groups inspired by al Qaeda propaganda. … The threat is from second- and third-generation children of immigrants, fluent in English and accustomed to American society but using the legal rights of U.S. citizenship to rebel from within. They have learned the Koran on the Internet; they lead small clusters of 20 to 25 mostly young men who share feelings of alienation, a longing for self-importance, a need to be a part of some larger group or cause. They have developed what is called 'adversarial assimilation.'"

HOMELAND RESPONSE:

Imams Seek Out-Of-Court Settlement With US Airways. The Washington Times (12/11, Hudson, 88K) reports, "A group of Muslim imams is seeking an out-of-court settlement with US Airways, saying they should not have been removed from a Minnesota-to-Phoenix flight last month and were not behaving suspiciously. Five of the six Islamic religious leaders have retained the Council on American-Islamic Relations for legal representation and are seeking a 'mutually agreeable' resolution, said Nihad Awad, CAIR executive director. US Airways scheduled a meeting with the imams on Dec. 4 to discuss the incident, but the men canceled it and hired the activist group to act as legal counsel." The Times notes, "The imams and CAIR officials maintain that press reports as well as Internet sites and blogs have circulated charges they say misrepresent the facts of the Nov. 20 incident. … CAIR says the men were handcuffed for several hours and is also demanding hearings on religious and ethnic profiling at airports."

Governors Demand Congress Make Changes To Real ID Act. U.S. News and World Report (12/18, Marek, 2.03M) reports, "Back in May 2005, few really considered the broad implications of the Real ID Act, a bill designed to improve the security of driver's licenses in every state. Attached to an emergency funding measure for the Iraq war, Real ID slipped through Congress and was signed by the president-with little scrutiny but big effects. … These days Real ID is hard to miss, and the nation's governors are up in arms over it. In less than two years, it will require states to begin issuing upgraded driver's licenses to roughly 245 million Americans. Although most governors say they'd like to improve identification security, many say the Real ID Act creates a multibillion-dollar unfunded mandate and deadlines that are impossible to meet. It may also mean longer lines at Department of Motor Vehicles offices nationwide and new costs for consumers. Governors like Mike Huckabee of Arkansas hope the new Congress 'will throw us a lifeline' and make changes to Real ID."

Post-Katrina Hispanic Baby Boom Surprises New Orleans. The New York Times (12/11, Porter, 1.16M) reports that in the "latest twist to the demographic transformation of New Orleans since it was swamped by Hurricane Katrina last year, hundreds of babies are being born to Latino immigrant workers, both legal and illegal, who flocked to the city to toil on its reconstruction." The baby boom "has come as a big surprise — and a financial strain — to this historically black and white city, which before the hurricane had only a small Latino community and virtually no experience of illegal immigration."

WAR NEWS:

Baker, Hamilton Downplay Differences With Bush As They Defend ISG Report. Iraq Study Group co-chairs James Baker and Lee Hamilton appeared on the Sunday political talk shows to defend the report they issued last week and to downplay their differences with the White House. Senators appearing on the shows were largely open to the ISG recommendations.

The Washington Post (12/11, A15, Abramowitz, 690K) says Baker "said for the first time yesterday that the Iraq Study

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Group remains committed to democracy in Iraq," as he and Hamilton "offered conciliatory words to a Bush administration that has reacted coolly to the panel's key recommendations." Comments on Sunday "appeared part of an effort by Baker and Hamilton to use the Sunday talk shows to play down talk of rifts between the panel and the Bush administration." Baker said he "understands the administration's internal studies call for some of the things his panel urged." Baker also "sought to portray the panel's proposal for a more aggressive Middle East diplomatic effort as less ambitious than its critics have suggested."

The two men appeared on four of the Sunday morning shows. On NBC's Meet the Press (12/10, Russert), Hamilton said that in Iraq "the violence is increasing…more American casualties; basic services of government not being delivered; neighborhoods falling apart; casualties going up. Everywhere you look, it's dire, it's grave, it is deteriorating. And, in a sense, the question is, can we stop the deterioration, not can we improve it." On that same program, Baker said, "All of our military leaders in Iraq and over here recognize that we're not going to win this war militarily. We're going to win it politically." On CNN's Late Edition (12/10, Blitzer), Baker said, "The whole future of Iraq depends upon whether or not the Iraqi government can effect a program of national reconciliation between Kurds, Shia and Sunni."

Bush Intends To "Chart Own Course." NBC Nightly News (12/10, story 3, 2:40, Seigenthaler, 9.87M) reported, "Following the Iraq Study Group report, the President will be getting more advice from his advisors about his options in Iraq." NBC (Ohm) added, "At the same time the President embraces the Iraq Study Group's call for a new way forward in Iraq, there is strong indication he plans to chart his own course relying on his advisors and military commanders. ... President Bush has already distanced himself from the commission's key recommendations, withdrawing combat troops by 2008 and talking directly with Syria and Iran. One scenario the Administration is considering, increasing the number of troops by 20,000. A move that was openly questioned by close ally British Prime Minister Tony Blair." ABC World News (12/10, story 2, 2:25, Harris, 8.78M) reported, "There are signs he may reject many of the recommendations from the Iraq Study Group, whose two principal players went on television repeatedly to defend their report."

Baker Emphasizes "Limited" Nature Of Proposed Talks With Iran And Syria. Regarding the ISG's recommendation that the US reach out to Iran and Syria, Baker said on Meet the Press, "One thing I want to make sure everybody understands…is the limited nature of what we are proposing. … With respect to Iran, we're suggesting doing nothing more than this administration did in connection with Afghanistan. … With respect to Syria, there's a whole long list ever things that we lay out in the report that we think Syria needs to do." On Fox News Sunday (12/10, Wallace), Baker reiterated that point: "These are very limited proposals."

Senators appearing on the Sunday programs were open to the idea of outreach to Tehran and Damascus. Sen. Carl Levin, on CBS' Face the Nation (12/03, Schieffer) said, "We should be very skeptical of Iran doing anything to be helpful to us -- for that matter, Syria being helpful either. We ought to talk to them without any great expectation that they're going to be helpful." Sen. Christopher Dodd said on Fox News Sunday, "We've got a very large agenda in that region, and I think you ought to engage and explore whether or not you can get cooperation on some critical issues. Don't make it conditioned on a bunch of things that aren't going to happen anyway." On that same show, Sen. Sam Brownback said President Bush "really should look at these recommendations very seriously. And it seems to me that what Baker-Hamilton provides us is a chance to kind of reset the table and get a bipartisan buy-in -- and not just a bipartisan buy-in, a global buy-in."

Baker Discusses 2008 Withdrawal Date. During his own Fox News Sunday appearance, Baker was asked how important it is that the US meet the goal of having most military forces out of Iraq by 2008. He replied, "We didn't put out a specific date that was not the Administration's own date. This is the date by which Gen. George Casey said the training and equipping mission would be completed." On CBS, Baker said, "Young American men and women should not be asked to have, as their primary mission there, refereeing a sectarian violence between the various sects in Iraq."

On ABC's This Week (12/10, Stephanopoulos), Sen. Joseph Biden said, "No one, no one, no one but the President and the Vice President is talking about if we're going to draw down American troops. Everyone is talking about how and when. That is a fundamental shift since November 6." Sen. Trent Lott said on CBS that the ISG "did good work. They've come up with some good ideas, and I think we ought to consider it carefully. ... And I also support the idea of milestones."

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ISG Stresses "Stability" Over "Democracy." The Christian Science Monitor (12/11, Lafranchi, 59K) reports that President Bush and the ISG have "competing visions": The ISG "places a high priority on restarting the Israeli-Palestinian peace process and reenergizing America's role in it. Mr. Bush, who has never viewed that conflict as ripe for the kind of intense US diplomacy Mr. Baker had dedicated to it, continues to see success in Iraq as the demonstration project for peace and reform in the region." Bush "has not given up on the idea of a functioning democracy as the answer to Iraq's ills - indeed, Weekly Standard editor William Kristol has taken to calling him 'the last neocon.' In stark contrast, the study group's report emphasizes stability as the most pressing need, passing over goals of regional freedom and democracy."

ISG Faults US For Still Lacking Intelligence On Iraqi Foes. The New York Times (12/11, Risen, 1.16M) reports, "Nearly four years after the invasion of Iraq, the United States still does not understand the enemy that American troops are fighting according to last week's report by the Iraq Study Group. The commission's final report harshly criticized United States intelligence officials for failing to answer basic questions about the nature of the Sunni insurgency or the increasingly powerful Shiite militias." The intelligence community "has had some success hunting Al Qaeda in Iraq…but that terrorist organization is small and is not the main enemy confronting American troops." The ISG echoes "complaints quietly voiced in recent months by a number of current and former American officials, who have warned of the failure by American intelligence officers in Iraq to adequately penetrate the Sunni insurgency." It faults the DIA for rotating "its analysts from one posting to another so frequently that few develop any real depth of understanding of the insurgency" and the administration for failing "to significantly improve on-the-ground intelligence about the enemy" and for regularly underreporting "the level of violence in Iraq."

Smith Reiterates His Criticism Of Bush's Handling Of Iraq War. Sen. Gordon Smith, appearing on ABC's This Week, was asked what "triggered" his bluntly critical speech last week during which he called the administration's Iraq war policies "absurd" and potentially" criminal." Smith answered, "Waking up the other morning and turning on the news and hearing that yet another 10 of our soldiers died the same way that several thousand have…through roadside bombs. And I went from steamed to boiled."

More Commentary. In his Los Angeles Times (12/11, 850K) column, Niall Ferguson writes, "Most commentators have interpreted the report of the Iraq Study Group as a well-crafted admission of defeat. ... Yet anyone who bothers to read the report carefully…can see that it neither proposes 'quitting' Iraq nor pins serious hope on Iranian or Syrian assistance. Quite the reverse. ... Most readers of the report assume that it is directed at Bush. That is wrong. Its principal target audience is Congress," and the aim "is not to persuade a stubborn president to admit defeat. Rather, the report's aim is to convince legislators that withdrawal from Iraq -- no matter how much their constituents may yearn for it -- is not an option."

In his New York Times (12/11, 1.16M) column, Bob Herbert writes, "The primary value of the Baker-Hamilton report is that it embodies, in clear and explicit language, the consensus that has emerged in the U.S. about the current state of the war. It's not so much a blueprint for action as a recognition of reality. ... It is time to pull the troops out of harm's way."

In his Washington Post (12/11, A19, 690K) column, Jackson Diehl writes, "Some people suppose that President Bush's freedom agenda was buried last Wednesday by the report of the Iraq Study Group. In fact, history will show that the administration largely smothered its own baby, even before Iraq's descent into civil war propelled the resurrection of James Baker and other 'realist' friends of Middle Eastern dictators."

Bolten Said To Have Engineered Rumsfeld Ouster, Bush Response To ISG. Newsweek's Weston Kosova (12/18) reports that the "challenge" for the Bush administration following the release of the Iraq Study Group's report "was to make the president appear as though he were taking the release of the report seriously, without necessarily embracing its conclusions. … The change in Bush's approach had its beginnings well before the Baker group put pen to paper. It came about in part because of a slow, careful effort by Bush's closest aides — under the direction of chief of staff Josh Bolten — to convince the president that he had to listen to different voices on Iraq, and ultimately change direction." Kosova continues, "When Bolten took charge of the West Wing last April, he was one of the few people in the White House who were willing to admit that Iraq was broken and that the president was stuck. He worried that Bush had been hearing the same bad advice

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from the same people for nearly three years. Over the summer, Bolten began the first of his efforts to puncture Bush's bubble by having the president sit down with some of the harshest critics of the war — conservatives who had turned against the effort. … That was just the start. In the weeks before the Republicans lost Congress, while Karl Rove was predicting victory, Bolten tasked a small group of trusted aides to plan for electoral defeat and its aftermath. The first step was to fire the abrasive, out-of-touch Rumsfeld and replace him with straight-talking Robert Gates. The second was to ready a respectful response to the pending Baker-Hamilton report but to downplay its importance by stressing it is just one of several government reports on the war effort that Bush is reviewing."

ISG Report's "Patronizing" Advice Said To Have Engendered "Bitterness" In White House. Time (12/18, Duffy, Allen, 4.03M) reports, "despite all the fanfare, the report was aimed at an audience of one--Bush. For most of the week, he looked none too pleased about the round-the-clock talking-to he was getting. … Within a day, he was putting some distance between himself and the best seller: 'I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation.' That comment reflected the West Wing's exceeding bitterness about the report. Some of the pushback was substantive. The suggestions on how to engage directly with Iran and Syria -- the parts resisted most unambiguously by the President -- were surprisingly specific and prescriptive, not the platitudes the Administration had expected. Bush aides chafed at the patronizing directive."

U.S. News and World Report (12/18, Whitelaw, 2.03M) reports, "It is unclear how many of the group's 79 recommendations President Bush will embrace-or even whether any changes in U.S. policy can have much effect on the ground in Iraq. … Perhaps most damning, the Iraq Study Group blasts the Bush administration for routinely undercounting the violence by, for instance, excluding sectarian attacks when the perpetrator cannot be determined. So while 93 attacks or violent incidents were recorded on one day last July, an Iraq Study Group review turned up 1,100 violent incidents that day."

U.S. News and World Report's Gloria Borger (12/18) writes, "At one point, Vernon Jordan, a skilled Washington insider, put it pretty bluntly to the president, according to a panel member's paraphrase: Jordan: 'What do you mean by victory? When my mama told me to clean the garage, I cleaned the garage because I knew what she meant. But I don't understand what you mean.' Bush: 'You have to speak to the American people with a simple message here. They understand what victory is, and if you come off of it, they'll think you're giving up.' Some members say they were stunned by the response. And when they left, they were puzzled by one more thing: During their entire session, Vice President Dick Cheney--a key architect of the war in Iraq -- never said a word. Not one."

Haass Contends US May Benefit From Lessons Learned From Iraq Experience. In an essay for Time (12/18, 4.03M), Richard Haass, president of the Council on Foreign Relations, writes, "ironically, the winding down of the U.S. involvement in Iraq will have a salutary effect--namely, it will slow the draw on American economic, diplomatic and military resources, all of which are in dire need of replenishment. In fact, U.S. diplomacy will in some ways be liberated as American involvement in Iraq recedes. The U.S. could, if it so chose, be an effective proponent for Arab-Israeli peace . If the U.S. and Iran prove able to cooperate over Iraq, they might manage broader talks on other issues that divide them, including Iran's nuclear program."

ISG Report Said To Expose Bush's "Shortcomings." Newsweek's Jonathan Alter (12/18) writes, "Beyond the headlines and major policy recommendations, the Iraq Study Group's mercifully readable report shows how President Bush's personal shortcomings manifest themselves in appalling miscues on the ground. … This is what happens when you have a president who is incurious and impatient with inconvenient facts he doesn't 'need to know': hundreds of thousands of dead Iraqis, nearly 3,000 dead Americans and what the Baker-Hamilton Commission estimates as a $2 trillion tab for our children."

ISG Goal For Embedded Advisors Called "Wildly Optimistic." Time (12/18, Kukis, 4.03M) reports, "There are now more than 4,000 U.S. soldiers serving as advisers to Iraqi security forces. If the recommendations made by the Iraq Study Group are put into practice, that number will grow substantially. The Baker commission's report calls for the number of U.S. troops embedded with Iraqi units to increase to as many as 20,000 over the next year. The report argues that boosting the number of advisers will lead to improvements in the quality of Iraqi forces and pave the way for a pullback of all U.S. troops from the front lines by 2008. But based on where Iraq's forces stand today, such a timetable is wildly optimistic. Iraq's 300,000-strong security

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forces -- in particular the national police, which is overseen by the Interior Ministry -- have been so thoroughly infiltrated by militias that some U.S. trainers will have to bring in new recruits and retrain much of the current batch before they can turn combat responsibilities over to the Iraqis. There are already concerns that by rushing to strengthen the Iraqis, U.S. forces may be ignoring abuses committed by the very people they're training."

Pentagon Has Been Training Officers To Act As Iraq Advisors Since July. Newsweek (12/18, Hirsh, Peraino, Childress, 3.12M) reports that "since July, 11-man squads of U.S. advisers have been going through a crash 60-day training program that is the core of America's effort to draw down its presence in Iraq. The idea: replace the 140,000-strong U.S. combat force there now with smaller, far less visible advisory teams. Embedding as many as 20,000 of these U.S. advisers with Iraqi Army and national police — a fourfold increase over current plans — is the key military recommendation of the Iraq Study Group report just released to thunderous attention. But the U.S. Army doesn't need any prodding. … As the Army ramps up the program, however, its many perils are becoming clearer. Most of the trainees are career U.S. military officers, many of them thirty- to forty something desk jockeys who are logistical wizards, intelligence specialists and administrators. They have all the expertise the Iraqi Army needs and more, but many have barely used their weapons since basic."

Strengthened Militias Likely To Continue Undermining Maliki Government. U.S. News and World Report (12/18, Mulrine, 2.03M) reports, "As the violence in Baghdad grows worse, the militias are gaining strength, in part by promising safety and services for Iraqis in desperate need of both-and by delivering retribution in the tit-for-tat cycle of sectarian attacks by Sunni insurgents and Shiite militias. In its report last week, the bipartisan Iraq Study Group stressed the corrosive effect of Shiite militia activities that 'undermine the authority of the Iraqi government and security forces, as well as the ability of Sunnis to join a peaceful political process.' Reining in the militias is just one of the hurdles to implementing the panel's prescriptions for national reconciliation. The committee's report raises doubts about the willingness and ability of Prime Minister Nouri al-Maliki even to confront the militia problem."

In an interview with U.S. News and World Report (12/18, Mulrine, 2.03M) Lt. Gen. Martin Dempsey, "the senior American commander in Iraq responsible for training and equipping Iraqi security forces," is quoted as saying, "militias exist when in the eyes of the people the standing government isn't providing something-and in this case that something would be security. So we've got to continue to demonstrate to the people by accelerated transition to legitimate Iraqi security force control-because the more the Iraqi government can be seen as being in charge, the more the people will gain confidence in them, and the better off we'll be in terms of dealing with the militias."

US Hopeful Tribal Leaders Can Subdue Insurgents In Anbar. Newsweek (12/18, Childress, 3.12M) reports, "No part of Iraq needs fixing more desperately than insurgency-ravaged Anbar province and its capital, Ramadi. And U.S. forces are increasingly sure it can't be fixed without the help of tribes who have always been more loyal to their sheiks than to the government. Before the 2003 invasion, Saddam Hussein had to buy the sheiks' support with wealth and special privileges, and Anbar's tribes fought fiercely long after he was gone. Then Al Qaeda muscled in, claiming the Sunni-dominated region and killing sheiks who dared to challenge the jihadists' aims. After one well-known tribal leader was assassinated this summer, a group of 15 Ramadi sheiks banded together for survival's sake. They called themselves Sawa — Arabic for 'the awakening' — and cut a deal with the Americans: in exchange for protection against Al Qaeda, they would bring local police ranks up to strength."

Talabani Says ISG Report "An Insult" To Iraqis. Iraqi President Jalal Talabani's strong reaction to the Iraq Study Group was covered by NBC and by several major newspapers. NBC Nightly News (12/10, lead story, 1:55, Maceda, 9.87M) said Talabani "called that report's recommendations an insult to the people of Iraq." Talabani: "I think that Baker and Hamilton is not fair and not just and it contains some very dangerous articles." Maceda: "The report also condemned by anti-US Shiite cleric, Moqtada al Sadr, who said it was designed to divide and finish Iraq. But sectarian violence seems to be doing just that as ethnic cleansing of minority Sunni and Shiite families from formerly mixed areas goes unchecked.

USA Today/AP (12/11, Gamel) reports Talabani continued his criticism of the ISG report, a day after he expressed agreement with Kurdish regional leader Massoud Barzani about the report's failings. Talabani said it "contained dangerous recommendations that would undermine his country's sovereignty and were 'an insult to the

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people of Iraq.'" Described as "one of the staunchest U.S. supporters within the Iraqi leadership," he nonetheless "also said U.S. training of Iraq's army and police had gone 'from failure to failure.'" The Washington Post (12/11, A15, Trejos, 690K) reports Talabani said the report "does not respect the will of the Iraqis in dealing with their problems." He was "particularly critical of recommendations to embed thousands of US troops with Iraqi security forces to train and advise them, to centralize control of the country's oil revenue and to allow former loyalists of deposed president Saddam Hussein back into their old government jobs."

The New York Times (12/11, A12, Semple, 1.16M) reports that Talabani's remarks "amounted to an extraordinarily harsh denunciation of a central American strategy in Iraq and challenged a major recommendation by the Iraq Study Group in Washington." The Los Angeles Times (12/11, Moore, 850K) reports that Talabani "accused the bipartisan U.S. commission of condescension and ignorance." Another recommendation he denounced was one "to postpone a Kurdish bid for control over the northern oil hub of Kirkuk." His remarks "could lend support to Bush administration critics of the commission findings and to some conservatives who have called the study a plan for capitulation."

Talks Underway To Replace Maliki. The AP (12/11, Hendawi, Abdul-Zahra) reports that "major partners" in Iraq's governing coalition are engaged in "behind-the-scenes talks" to oust Iraqi PM Nouri al-Maliki "amid discontent over his failure to quell raging violence," according to lawmakers involved. The talks are "aimed at forming a new parliamentary bloc that would seek to replace the current government and that would likely exclude supporters of the radical Shiite cleric Muqtada al-Sadr." Instead, the "new alliance would be led by senior Shiite politician Abdul-Aziz al-Hakim, who met with President Bush last week."

Rumsfeld Returns Home After Final Iraq Trip. ABC World News (12/10, lead story, 2:30, Harris, 8.78M) reported, "As the debate over what to do next in Iraq grinds on, one of the most polarizing figures in this conflict, outgoing Defense Secretary Donald Rumsfeld, made a final and surprise visit to the troops that are fighting the war that may very well define his legacy. … Rumsfeld's tumultuous tenure ends in eight days when his more reserved replacement, Robert Gates, takes over. From a man who has been blamed from everything to the Abu Ghraib prison abuse scandal to failing to have a plan to win the peace, this seemed to be an emotional trip coming face to face with soldiers carrying out a mission that he told the President isn't working."

NBC Nightly News (12/10, lead story, 1:55, Maceda, 9.87M) said Rumsfeld "paid his most secretive visit to Iraq and no doubt his last as Secretary of Defense. He said that he wanted to thank the troops posing with US Marines and soldiers at an air base in restive al Anbar province. He met with medevac units and fighter pilots, and at mission headquarters, he was defiantly on message that history would favorably judge him and the war."

US Trainers Work With Iraqi Army. NBC Nightly News (12/10, story 2, 2:10, Seigenthaler, 9.87M) reported on "what could be the main focus for American troops in the future." NBC (Arraf) added, "In eastern Baghdad morning comes early for American trainers with the Iraqi army. This could be the US exit strategy. Small groups of advisors embedded with Iraqi forces as large American units leave. But that exit runs through dangerous territory. They are scanning for the new roadside bombs, the kind that's killed a colonel and four other trainers in the past two weeks. ... This brigade proved it is capable of fighting on its own according to its trainers. But to be able to sustain itself, it has to be able to improve its ability to provide fuel and ammunition and treat its wounded. They say that could take up to a year."

Conflict Closes In On Iraqi Sunnis. The Washington Post (12/11, A1, Raghavan, 690K) reports, "In the past two months, Shiite militiamen have tightened their grip" on the "central Baghdad neighborhood of Tobji, purging dozens of Sunni families, by fear and by threats. ... So Farouk began preparing to do what neither his father nor his grandfather could have imagined in their Iraq: flee Tobji, an enclave where Shiites and Sunnis have coexisted for more than half a century. Farouk plans to join the more than 400,000 Iraqis who have fled their homes, an exodus that is reshaping the face of Baghdad into neighborhoods polarized along sectarian lines. ... Sunnis were once part of the country's privileged class, with government jobs, but their days and nights are now filled with fear and dread unlike anything they felt since the toppling of President Saddam Hussein."

Iraq Fails To Spend "Billions" In Oil Revenues. The New York Times (12/11, Glanz, 1.16M) reports, "Iraq is failing to spend billions of dollars of oil

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revenues that have been set aside to rebuild its damaged roads, schools and power stations and to repair refineries and pipelines. Iraqi ministries are spending as little as 15 percent of the 2006 capital budgets they received for the rebuilding ... In essence, the money is available -- despite extensive sabotage, the oil money is flowing -- but the Iraqi system has not been able to put it to work." Reasons include "large turnover in government personnel" and "a strange new one: bureaucrats are so fearful and confused by anticorruption measures put in place by the American and Iraqi governments that they are afraid to sign off on contracts."

"Christian Peacemaker" Ex-Hostages Urge Forgiveness. The Christian Science Monitor (12/11, Rice-Oxley, Murphy, 59K) reports, "Three pacifists who were held hostage for 118 days in Iraq and were released only after a fourth colleague was murdered, publicly forgave their captors Friday. ... the members of the Christian Peacemaker Teams (CPT) said they were reluctant to testify against four alleged captors in Iraqi custody because of the possibility that they will face harsh punishment, especially the death penalty." The three survivors "say they would be hypocrites if they gave in to the anger created by their ordeal, and participated in the traditional avenues of justice."

Taliban, Allies "Tighten Grip" In Northern Pakistan. The New York Times (12/11, A1, Gall, Khan, 1.16M) reports, "Islamic militants are using a recent peace deal with the government to consolidate their hold in northern Pakistan, vastly expanding their training of suicide bombers and other recruits and fortifying alliances with Al Qaeda and foreign fighters, diplomats and intelligence officials from several nations say. The result, they say, is virtually a Taliban mini-state" in which the militants are "openly flouting" the September accord "under which they agreed to end…help for the Taliban insurgency." Intelligence officials warn that the growing network "is potentially disastrous for efforts to combat terrorism as far away as Europe and the United States."

Afghanistan Is Cited As Lesson In Aligning US, Iranian Interests. The Wall Street Journal (12/11, A10, Solomon, 2.04M) reports, "As pressure mounts on the White House to engage Tehran over Iraq, Afghanistan offers an example of how U.S. and Iranian interests can constructively align in the Islamic world." Reportedly, "Tehran today is playing an important role in seeking to stabilize post-Taliban Afghanistan. The Iranian government has pledged $560 million in development aid to President Hamid Karzai's government since 2002, these officials say, roughly half of which has been disbursed." But "critics say Iran has largely acted out of self-interest in Afghanistan. They say Tehran's support for Mr. Karzai's government is in part aimed at ridding the country of Tehran's enemy, the Taliban Sunni militia, while seeking to usher in stable conditions that could hasten a U.S. withdrawal from Central Asia." The increased Iranian presence might include "a larger presence inside the country" of Iranian intelligence agents. The Journal states that Iran "has offered little indication that it would be willing, or even able, to play the same type of stabilizing role in Iraq that it has in Afghanistan. ... Still, current and former U.S. diplomats say, Iran may be cooperative in Iraq if Washington offers it a more direct role."

Army Running Short On Officers, Sergeants. In a 3,200-word story, the Wall Street Journal (12/11, Jaffe, 2.04M) says a "big strain on the Army is a shortage of people." While having had to lower recruiting standards, "the Army has found itself short of officers and sergeants. Today, it is down about 3,000 active-duty officers, a deficiency that it says will grow to about 3,700 in 2008." The officer and sergeant shortage "is felt even more acutely" upon deployment in Afghanistan and Iraq. The Journal adds that a generational gulf among officers "was clear last month in their reaction" to Secretary Donald Rumsfeld's dismissal: "Many senior officers quietly celebrated his departure," while "junior officers ... tended to view Mr. Rumsfeld as 'part of a larger problem that hasn't been solved yet.'"

CORPORATE SCANDALS:

Industries Eager To Hire Departing Committee Counsels. The Washington Post (12/11, D1, Birnbaum, 690K) writes, "As soon as Democrats take over Congress next month, all sorts of businesses will no doubt face sharp-elbowed congressional hearings called O & I -- oversight and investigations. And they'll need a strong defense. Luckily for corporate America, many of the people who formerly conducted those nasty and frequently televised inquiries have switched sides and are available for hire to the highest bidders. For the right fee, a company can retain a former chief counsel to almost any of the most marauding committees on Capitol Hill. … Two former aides to the

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House's Government Reform Committee are also forming a partnership partly in hopes of attracting clients who want to know how to defeat the kinds of investigations they once managed. Barbara J. Comstock and Mark Corallo are setting out on their new venture because, Comstock said, 'it helps to know the history of the committee, its subpoena power.'"

CRIMINAL LAW:

Federal Death Penalty Cases Abound In Brooklyn Court. Long Island Newsday (12/11, Destefano) reports, "This is the season for the death penalty in Brooklyn federal court. … There have been no capital punishment trials in the federal court on Cadman Plaza East since 2003. But now three such cases are under way, and a fourth is expected to commence late next year. … 'It looks like death is rampant in Brooklyn,' said Ephraim Savitt, who is defending one of the cases involving Ronell Wilson, 24, who is charged with murdering two police officers." Newsday continues, "Monday, jurors will continue to hear testimony in Wilson's trial for the March 2003 murders of undercover detectives Rodney Andrews, 34, and James Nemorin, 36. … In another courtroom, the jury selection process is expected to finish in the case of accused drug racketeer and murderer Kenneth McGriff, 46, whose trial is slated for January." Newsday adds, "Next week, another jury begins grappling with whether to execute Martin Aguilar, after convicting him last week of murder for hire. Aguilar, 33, was convicted of killing Jose Fernandez in 2002 and dumping his body in a storm drain at historic Green-Wood Cemetery in Brooklyn. If the jury decides not to execute Aguilar, he will get life in prison. … Also, pretrial hearings are scheduled for Monday in the case of Guyanese immigrants Richard James and Ronald Malley, who face the death penalty in a trial slated for next year . They are accused of killing people in an insurance scam." Newsday notes, "Savitt said he believes the spate of capital cases in Brooklyn is a logical result of aggressive decisions by the Department of Justice in recent years to seek the death penalty. … 'The overall picture is the maturation of death penalty cases that have increased in the current administration,' said Savitt, of Manhattan."

Lawmakers Ask DOJ To Probe Amtrak's Legal Bills. The Wall Street Journal (12/11, Page A8, Koppel) reports, "Two congressmen have asked the Justice Department to look into Amtrak's use of outside legal counsel." The Journal continues, "In a Dec. 4 letter to Attorney General Alberto Gonzales, Rep. Don Young (R., Alaska) and Rep. John Mica (R., Fla.) complain that the federally subsidized railroad hasn't received fair and reasonable value for fees it has paid to law firms. … 'We urge you to conduct an investigation...and take appropriate action,' they wrote. Mr. Young is chairman of the House Committee on Transportation & Infrastructure; Mr. Mica recently was chosen to serve as the top-ranking Republican member of the committee when the 110th Congress convenes." The Journal adds, "The letter follows two recent public reports that concluded some of Amtrak's outside law firms engaged in sloppy billing practices, in violation of the railroad's internal billing guidelines. … Amtrak spokesman Cliff Black said: 'We don't believe the allegations related to Amtrak's use of outside counsel have merit or that they warrant review by the Justice Department, but we stand ready to cooperate and provide information as it is requested.' Earlier this year, Amtrak indicated that it had worked to improve its oversight of legal fees." The Journal notes, "An October report, issued jointly by Amtrak's Office of Inspector General and the Department of Transportation's inspector general, concluded that law firms had, among other things, engaged in 'block billing' in which they lumped tasks under one entry of an invoice, rather than itemizing the cost of each task. Block billing is prohibited by Amtrak, according to the report. According to the October report, from 2002 to 2005, Amtrak spent more than $100 million on outside lawyers."

FBI, IRS Philadelphia Airport Probe Focusing On Minority Contract Fraud. The Philadelphia Inquirer (12/11, Shiffman, 385K) reports, "Retail at Philadelphia International Airport may have entered a gilded age, but federal agents continue to investigate suspected pay-to-play corruption there. The current FBI and IRS investigation is related to minority business contracts held by airport shops, people familiar with the matter said." The Inquirer notes, "The focus of the investigation is the federal program designed to help disadvantaged business owners…get a fair share of airport contracts. … In some cases, the minorities have lent little more than their name, ethnic status and political sway - and have done little work."

Financial Difficulties Commonplace Among New York Mobsters. The New York Times (12/10, Rashbaum, 1.16M) reported that in New York City's five crime

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families, "Some mobsters reap millions from rackets, and in some cases from legitimate enterprises, but many struggle to maintain a middle-class existence, and some are routinely broke. The impoverished gangster barely eking out a living is so commonplace that mobsters have a word for these poorer men of honor: brokesters. The archetypal Hollywood image of a wiseguy with prodigious appetites, swaggering in a finely tailored suit with a diamond pinkie ring and a fat roll of 50s, conceals the more nuanced reality of mob economics, according to some prosecutors, federal agents, organized-crime experts and a few mobsters. Crime figures are not immune to ordinary financial burdens and woes, like struggling to make car payments and finding money for groceries."

Minnesota Criminologist Thinks Serial Killer Behind Drownings. The AP (12/11) reports, "Rumors have persisted for years that a serial killer is prowling Interstate 94" in Minnesota, "hunting young men in college bars and plunging them underwater. Investigators, though, say there's no evidence of foul play. They say the victims were so drunk they fell in the river and died." But St. Cloud State University criminologist Douglas Gilbertson "completed a study this spring he believes shows patterns that indicate some of the cases could be murders -- and could be linked." The AP noted, St. Cloud police Chief Dennis Ballantine, whose department investigated the drowning death of a St. Cloud State student this spring and concluded it was an accident, called Gilbertson's study a collection of coincidences. … Police in La Crosse have asked the FBI to recheck their findings in the drownings, however."

WSJournal Says Hype Of Foley Allegations Was Unwarranted. In an editorial, the Wall Street Journal (12/11, 2.04M) says, "Charges of GOP malfeasance helped Democrats in last month's elections, especially those Mark Foley electronic messages to a former Congressional page that became an October sensation. So it's worth noting that the House Ethics Committee report on the episode that was released last Friday concluded with a whimper." The Committee's "conclusions have been criticized as weak in some circles, but this is mostly from the same crowd that had shouted 'coverup' without any evidence." Republicans "owe their defeat last month to much more than the Foley episode, but the Ethics report makes clear that the political uproar at the time far exceeded the actual transgressions."

CIVIL RIGHTS:

Schwarzenegger Seeks Prison System Reform. The New York Times (12/11, Steinhauer, 1.16M) reports with "the November election behind them, Gov. Arnold Schwarzenegger and state lawmakers from both parties say the time is ripe for the first major overhaul of the" California prison system "since the 1970s." Schwarzenegger "recently took the extraordinary step of declaring a state of emergency in the prison system, a move generally reserved for areas hit by natural disasters." Prison overcrowding is "so severe that 16,000 inmates are assigned cots in hallways and gyms; last month, the state began asking for volunteers to be moved to prisons out of state."

NYTimes Says Reports Show Voting Machines Need Paper Records. The New York Times (12/11, 1.16M) says in an editorial, "Two influential federal advisory groups have added their voices to an emerging national consensus that voting machines must produce a voter-verified paper record if they are to be trusted. One of those groups, the one dominated not by scientists but by election officials, was more grudging than it should have been. But their analyses should give further support to members of Congress who plan to push next month for a strong federal law requiring voter-verified paper records."

ANTITRUST:

Proposed Monsanto Deal Sparks Crop-Biotech Industry Backlash. The Wall Street Journal (12/11, Page C1, Kilman) reports, "Monsanto Co.'s second attempt in seven years to bring southern seed giant Delta & Pine Land Co. to the altar could be running into trouble." The Journal continues, "An unusual backlash against the proposed combination is taking root across the U.S. Farm Belt, driven in part by rivals in the crop-biotechnology industry, which Monsanto dominates." The Journal adds, "The proposed $1.5 billion deal announced in August would give Monsanto more control over a major crop by a biotechnology company than ever before allowed, a prospect that upsets antibiotechnology activists. Delta & Pine Land's seeds produce half of America's cotton, the nation's fifth-biggest crop. Delta's market share is highest in southern states such as Georgia, where 92% of the cotton is grown

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from Delta seed. … Wall Street is treating the acquisition as a done deal. Delta & Pine Land stock has hovered just under the $42-a-share offer since Aug. 15, when it jumped 11% on news of the agreement. The shares were at $40.64, down 24 cents, Friday in 4 p.m. New York Stock Exchange composite trading. Monsanto shares fell 43 cents to $48.08 Friday on the Big Board. Monsanto is trading at more than 25 times estimated earnings for its next fiscal year, according to Thomson Financial, compared with about 16 for the stocks in the Standard & Poor's 500-stock index." The Journal notes, 'Analysts have applauded the proposed combination because it would allow Monsanto to speed penetration of the cottonseed market with new genetically modified traits while ending several years of costly litigation between the two firms over their first breakup. Some biotech-industry leaders are prodding the attorneys general of several states to look into the combination as an antitrust review by the Justice Department extends into its fourth month."

WSJournal Hopes SCOTUS Rules Against Plaintiffs In Baby Bell Case. The Wall Street Journal (12/11, 2.04M) says the plaintiffs in Bell Atlantic v. Twombly, "a class-action suit in which plaintiffs allege that the Baby Bell phone companies conspired to suppress competition in violation of antitrust laws," claim that BellSouth, Verizon, "and the other Bells agreed among themselves to refrain from competing against each other and to prevent smaller telecom rivals from entering their respective markets." But the Justices "seemed unpersuaded that actual facts supporting these claims weren't necessary." The High Court's "skepticism is warranted and we can hope will be reflected in its decision."

ENVIRONMENT:

Democrats To Seek Reduction In US Energy Demand. The Wall Street Journal (12/11, A14, Fialka, 2.04M) reports, "In one of its final acts, the Republican Congress modestly increased the nation's domestic oil and natural-gas supplies, permitting more drilling for oil and natural-gas in the Gulf of Mexico. When Democrats take control next month, they will attempt to change the direction of energy policy, focusing more on shrinking demand, especially for gasoline and other products that rely heavily on imported oil." The Journal adds, "President Bush is an enthusiastic backer of ethanol, and boosting federal support could be an area where the White House and the new Congress find common ground. Senate Democrats will consider more direct approaches to curbing fossil-fuel demand, including raising efficiency standards for auto makers." Democrats "appear less willing to consider the supply-side solutions that have been popular in the Republican Congress. Their most recent big energy bill, last year, was heavy on incentives for coal, as well as for ethanol and nuclear power."

DOE Finds Power Grid Could Fuel 180 Million Electric Cars. The Wall Street Journal (12/11, A14, Fialka, 2.04M) reports, "The nation's existing electric power grid could fuel as many as 180 million electric cars, a Department of Energy study estimates. The study, being released today by the department's Pacific Northwest National Laboratory, is the federal government's first look at the grid's capacity to handle the demands of so-called plug-in hybrids."

FDA Mulls Rules For Preventing E. Coli Outbreaks. The New York Times (12/11, Martin, 1.16M) reports that with "processed fresh produce like bagged salads and baby carrots growing in popularity in the past decade, the Food and Drug Administration realized as long ago as 2000 that recommendations for safe handling of the products were needed." The FDA "went so far as to draft guidelines and kept the issue high on its priority list, but pressed by budget cuts and competing F.D.A. demands, the proposal languished." Now, with the "recent outbreaks of E.coli related to processed vegetables, the F.D.A.'s oversight of produce is likely to be treated with new urgency."

The Washington Post (12/11, Shin, 690K) reports in a front page story that the "patchwork of federal and state regulations that is supposed to ensure food safety has become less effective as the nation's produce supply has grown increasingly industrial." Consumer advocates "think that tougher mandatory food safety standards and stepped-up enforcement are the answer."

Taco Bell E. Coli Outbreak Slowing. USA Today (12/11, Weise, 2.27M) reports the "E. coli outbreak tied to Taco Bell restaurants in four states may be finally slowing down. … The onset of the last reported case was Dec. 2."

Schlosser Urges Democrats To Step Up Regulation Of Food Production. In a New York Times op-ed (12/11), author Eric Schlosser says, "This fall has brought plenty of bad news about food poisoning. … It is time for the new Democratic Congress to reverse a decades-long

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weakening of regulations and face up to the food-safety threats of the 21st century."

Agreement Would Limit Use Of Great Lakes Water. USA Today (12/11, 15A, Cauchon, 2.27M) reports a "new multistate agreement working its way through state legislatures builds a legal wall around the largest source of fresh water in the world. The deal would ensure that no Great Lakes water is ever shipped outside the region."

FBI/DEA/ATF/USMS:

Former Virginia Sheriff's Deputy Pleads Guilty To Drug, Racketeering Conspiracy. The Martinsville (VA) Bulletin (12/10) reported a former Henry County Sheriff's Office deputy "has pleaded guilty to two charges in the sheriff's office scandal after reaching a plea agreement with the government. … Bradley Scott Martin, 33, entered guilty pleas on one count of racketeering conspiracy and one count of drug conspiracy in district court in Roanoke on Friday, according to Heidi Coy with the U.S. Attorney's Office. … The indictments were the result of a nearly two-year investigation by federal authorities into an alleged eight-year scheme involving some sheriff's office personnel. According to the indictment, in 2001, a Drug Enforcement Administration (DEA) agent from Texas placed a telephone call to the Henry County Sheriff's Office to advise officers that a drug ledger had been seized which indicated shipments of drugs were being delivered to 'Brad Martin's' house in Martinsville."

The Roanoke (VA) Times (12/9) reported, "Martin and 11 other current and former deputies and former Henry County Sheriff Frank Cassell are named in a 48-count federal indictment."

On its Web site, WDBJ-TV, Roanoke (12/8) also reports on Martin's guilty plea.

Prosecutors Drop Some Charges. The AP (12/8) reported, "The federal indictment of Henry County's former sheriff and a dozen past and present members of his department has led prosecutors to drop charges against 28 people because of the taint of the alleged corruption. The charges dropped include 16 felony drug counts and 25 misdemeanor and traffic infractions. 'These charges could not be effectively prosecuted without the testimony of one or more individuals currently under federal indictment,' Commonwealth's Attorney Bob Bushnell said. … He said he does not expect any more charges to be dropped."

Three Drug Gang Members Sentenced In Maryland. The Annapolis (MD) Capital (12/9) reported three men who "admitted being part of a Severn drug gang known as the 'Pioneer City Boys' were sentenced to federal prison. Federal prosecutors said Tony Maurice Horne Jr. and Troemaine Herbert Storey, both of Glen Burnie, and Jerome Otto Waters Jr. of Annapolis were part of a gang that used violence and intimidation to keep competitors out and silence people who might go to the police. … An associate, Calvin I. Savoy of Severn, was convicted in October of drug charges and of shooting a county police officer during a melee in Odenton in 2004. … The shooting of the officer touched off an investigation by county police and the U.S. Drug Enforcement Administration that culminated with the September 2005 indictment of seven men."

Ohio Doctor Accused Of Illegally Prescribing $10 Million Worth Of Painkillers. The Toledo(OH) Blade (12/9) reported a Michigan physician "was arraigned…in federal court on charges that he used a Toledo medical office to illegally prescribe more than $10 million in painkillers to patients. A 26-count indictment, filed Wednesday in U.S. District Court in Toledo…charges Dr. Leo M. Ognen, 54, with drug conspiracy and drug distribution. … The charges stem from a U.S. Drug Enforcement Administration investigation into the alleged illegal dispensing of over two million doses of OxyContin and oxycodone and 1.1 million Percocet tablets at his medical practice in Toledo from January, 2002, to October, 2004."

Steroid Seizure In Maryland Said To Be Among Largest. The Baltimore Sun (12/9, Dolan) reported it "seemed like a routine seizure when federal customs agents intercepted a package of steroids at John F. Kennedy Airport in New York. From JFK, the investigation led authorities to Anne Arundel County to what they now call one of the largest stashes of man-made muscle enhancers found in the region. Federal authorities and Anne Arundel County police searched the locker of the Bally's personal trainer last summer and wrote in court papers that they found about 40,000 vials and tablets of suspected anabolic steroids stuffed inside a locked chest. 'It's unprecedented, as far as we're concerned,' said Floyd Pond, deputy director of the

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Washington-Baltimore High Intensity Drug Trafficking Area task force program. Ed Marcinko, a spokesman for the Drug Enforcement Administration in Baltimore, said he agreed with Pond's assessment."

Study Finds Drugs As Common As Alcohol In Car Crashes. The AP (12/8) reported the "focus on the dangers of drinking and driving may have overshadowed a similarly serious problem: the effect of drugs, including prescription medication, on drivers. According to a federal study…West Virginia medical examiners have found that drugs turn up almost as frequently as alcohol in the victims of fatal car crashes. The drugs found most often are prescription medications like painkillers and depressants." The federal Centers for Disease Control "is able to draw that conclusion because West Virginia — unlike most states — routinely tests the victims of fatal crashes for drugs and prescription medications as well as alcohol."

Doping Case Appeals Seen As Useless By Athletes. According to the Los Angeles Times (12/11, Hiltzik), athletes "see doping case appeals as futile exercise. … The WADA rules govern the admissibility of evidence, the burden of proof and the selection of the arbitrators themselves. In each category they tend to favor the accusers. Athletes wishing to compete in national, international and Olympic events subject to WADA jurisdiction have no option but to agree to this system. Anti-doping authorities argue that these rules — indeed, the very requirement that appeals be heard by arbitrators, rather than in court — are crucial to ensuring a fast and efficient process."

In a separate story, the Los Angeles Times (12/10, Hiltzik) reported the worldwide sports anti-doping program, "created to fight performance-enhancing drug use in international athletics, imposes severe punishments for accidental or technical infractions, relies at times on disputed scientific evidence and resists outside scrutiny, a Times investigation has found. Elite athletes have been barred from the Olympics, forced to relinquish medals, titles or prize money and confronted with potentially career-ending suspensions after testing positive for a banned substance at such low concentrations it could have no detectable effect on performance, records show. … The findings emerge from a Times examination of more than 250 anti-doping cases involving runners, cyclists, skiers, tennis players and competitors in dozens of other sports from around the world."

The Los Angeles Times (12/11) also includes a list of "questionable" doping cases.

Meth-Makers Move Into Woods To Avoid Detection. USA Today (12/11, Keen, 2.27M) reports hunters "are finding methamphetamine labs or their remnants in remote areas this fall." Federal and state laws "restricting sales of cold tablets containing ephedrine or pseudoephedrine, key components of meth, have reduced the number of labs." But some meth makers "are moving to isolated areas to escape detection."

Walters Says Opium Poppies In Afghanistan Will Be Sprayed With Herbicide. The AP (12/10) reported the top U.S. anti-drug official "said Saturday that Afghan poppies would be sprayed with herbicide to combat an opium trade that produced a record heroin haul this year, a measure likely to anger farmers and scare Afghans unfamiliar with weed killers. John Walters…said Afghanistan could turn into a narco-state unless 'giant steps' are made toward eliminating poppy cultivation. … Afghans are deeply opposed to spraying poppies. … But Walters said [President] Karzai and other officials have agreed to ground spraying. 'I think the president has said yes, and I think some of the ministers have repeated yes,' Walters said." There are more than 80 media references to spraying Afghanistan's opium poppies. News outlets that used the AP story include CBS News, the Wall Street Journal, Washington Post, Forbes, Houston Chronicle, Newsday, and Kansas City Star.

NYTimes Says New Jersey Needs Sterile Needle Program. The New York Times (12/11, 1.16M) says in an editorial that New Jersey's drug-related HIV infection rate "is said to be twice the national average. … At the moment, however, New Jersey is the only state that is still resisting this proven AIDS-prevention strategy." New Jersey lawmakers "should bear this in mind as they approach the vote. A vote for the needle access program is a vote for saving the lives of men, women and unborn children."

TAX:

IRS Headquarters Reopens Six Months After Flooding. The Washington Post (12/11, D4, Barr, 690K) "Federal Diary" reports the IRS headquarters on Constitution Avenue in Washington "has reopened, almost six months after

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heavy rains flooded the basement and sub-basement, destroying electrical and air-conditioning equipment."

CONGRESS-ADMINISTRATION:

GOP Uses Final Days Of Congressional Control To Approve Popular Tax Items. The Christian Science Monitor (12/11, Chaddock, 59K) reports, "Republicans used their final hours in charge of Congress to make good on promises to many of Washington's most powerful interests as well as to American families they hope to woo back in 2008. The 11th-hour output includes popular tax extenders, such as the research and development tax credit for businesses and the tax break for college tuition."

Thomas Credited With Pushing HSA Provision Attached To Tax-And-Trade Package. The Washington Post (12/11, A4, Birnbaum, Montgomery, 690K) reports, "Republican lawmakers, with little public debate, quietly added a billion-dollar health-care benefit to legislation that was rushed through Congress just before it adjourned Saturday morning. Acting at the urging of several major business lobbies eager to reduce their medical-insurance costs" and House Ways and Means Committee Chairman Bill Thomas, "lawmakers adopted the provision even though only a single committee had previously approved it. The provision…expands the amount of money that can be contributed tax-free to health savings accounts (HSAs)." That it "remained in the bill was thanks largely to Thomas."

Health Care Legislation Balances Funding With Increased Transparency. The Wall Street Journal (12/11, A8, Lueck, 2.04M) reports Congress "authorized billions of dollars in spending to shore up government health initiatives…passing legislation that included provisions aimed at injecting more transparency and accountability into the programs."

Offshore Drilling Bill Draws Mixed Reviews. The Christian Science Monitor (12/11, Knickerbocker, 59K) reports, "As one of its final acts, the 109th Congress Friday approved opening to oil and gas development 8.3 million previously protected acres off the Gulf Coast - a last bid to influence energy and environmental policy before the Democrats assume control. Industry officials are pleased; environmentalists much less so."

Congress Approves Ban On Fraudulently Obtaining Phone Records. The Wall Street Journal (12/11, A6, Rogers, Matthews, 2.04M) reports, "Spurred by the Hewlett-Packard Co. scandal, Congress approved legislation that would make it a federal crime to obtain an individual's telephone records without his or her approval. The measure spells out new federal criminal penalties for those who buy and sell such fraudulently obtained records. The White House said President Bush will sign the measure. The bill targets 'pretexting' tactics, where investigators use schemes to impersonate their target and gain access to private phone records."

Novak Describes Angry Exchange Between GOP Senators Over Earmarks. In his column for the Washington Post (12/11, A19, 690K) Robert Novak writes, "The sterile, confused lame-duck session of the Republican-controlled 109th Congress ended with a quiet victory by reformers that staved off an estimated 10,000 earmarks. … The hero of the lame-duck session was" Sen. Jim DeMint, who "was instrumental in blocking a Senate-House conference on a military construction appropriations bill, which would then be used as the last train out of town to carry pork." Novak continues, "The first closed-door meeting of Republican senators after their drubbing in the election erupted in discord after the leadership laid out plans for an omnibus spending bill, putting all unfinished appropriations bills in one package. … But DeMint rose to make clear that he and his fellow freshman Republican, Sen. Tom Coburn of Oklahoma, would use the many parliamentary devices at their disposal to block an omnibus bill." Sen. Ted Stevens "erupted with an exhibition of his famous hair-trigger temper." Sen. Thad Cochran "made the case in calmer language." Sen. John McCain, "happy to have two Senate rookies pick up the anti-pork mantle he has carried for many years, was making snide comments in a stage whisper. But DeMint was not about to be moved by either threats or persuasion."

Frist Blames "Obstructionist" Democrats For Blocking Popular Measures. In an op-ed for USA Today (12/11, 21A, 2.27M) Sen. Bill Frist writes, "The Congressional session that just concluded actually leaves a solid record of achievement for America. … Nonetheless, some widely supported measures fell victim to obstructionist tactics. Democrats, for example, blocked popular proposals to make it easier for small businesses to buy health coverage for their employees, reform our broken medical liability system, do more adult stem cell research, and increase the minimum wage."

USA Today Blasts Departing GOP Congress. USA Today (12/11, 21A, 2.27M), in an editorial titled, "109th

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Congress' Big Success: Lowering The Achievement Bar: Shoddy ethics, obsession with perks of power left GOP little to brag about," writers, "In the end, nothing became the 109th Congress so much as its going, which it finally did Saturday on the heels of an ethics report that seemed to symbolize two years of feckless behavior. Even some key Republicans left town lamenting a record of failure. … Anything went if it helped preserve GOP power, but very little was achieved to address the nation's problems."

WPost Praises Fisheries Bill. The Washington Post (12/11, A18, 690K), in an editorial, writes, "Congress passed an important piece of legislation for the health of America's oceans. Two commissions in recent years have concluded that only bold policies can prevent the collapse of coastal ecosystems. The bill, which reauthorized and improved upon the nation's fisheries management laws, wasn't bold enough and contained a few unfortunate compromises, but it represents progress."

Pelosi Attracting Unprecedented Media Attention. The Los Angeles Times (12/11, Fiore, 850K) reports that as Rep. Nancy Pelosi "prepares to be sworn in Jan. 4 as the first female speaker of the House, she has become an object of fascination and curiosity in political circles and beyond. Barbara Walters interviewed her as one of the year's 10 most fascinating people. People magazine has written about her twice in recent weeks. … Only weeks ago, Republicans were doing their best in the heat of the campaign to paint Pelosi, 66, as a conservative's nightmare — a San Francisco liberal out of touch with the American mainstream. But more recently, a poll measuring political charisma showed that she had 'dramatically improved her standing' with the public, sponsors of the survey said, with voters knowing her better and feeling warmer toward her."

Pelosi Rewarding Younger Members Credited With Improving Democrats' Image. The Washington Post (12/11, A12, Layton, 690K) reports, "They call themselves the '30-Something Working Group,' a loose collection of House Democrats in their 30s and 40s who have begun making waves. … The core of the group -- Reps. Kendrick Meek and Debbie Wasserman Schultz of Florida and Timothy J. Ryan of Ohio -- began talking at 10 or 11 p.m. Never mind that the House chamber was essentially empty at that hour. C-SPAN was recording the sessions, and insomniacs around the country got to know the three young Democrats. The trio sometimes used props and took irreverent jabs at the Republicans in honing their party's message." According to the Post, "The young Democrats played an important role in helping their party take control of Congress, and now they are beginning to reap the benefits." Pelosi "is making room for these and other young House Democrats, giving them opportunities they would not normally enjoy under the rigid seniority system that typically defines life in the Capitol."

Work On Appropriations Bills Awaits Democrats. USA Today (12/11, 9A, 2.27M) reports, "When the Democrats take control of Congress next month, they will also have to take charge of resolving spending issues that the old Congress couldn't. As the clock ticked toward adjournment over the weekend, Congress approved a flurry of last-minute bills, but could not reach a deal on nearly a dozen annual spending bills for the fiscal year that began Oct. 1. … Budget work on about $400 billion for agencies as varied as the Education Department, the Department of Agriculture and Health and Human Services will be left unfinished also."

The Wall Street Journal (12/11, A6, Rogers, 2.04M) writes, "In the closing hours of the Republican-controlled Congress, impatient House Democrats took a swing at oil and gas interests -- a sign of things to come in January. The punch fell wide: Their amendment, seeking to recoup royalties from energy companies drilling on federal lands, failed 207-205. There was pride in coming so close. But the defeat also betrayed a level of confusion in the new majority and fear that it won't have the resources needed to carry out its agenda after midterm election victories."

U.S. News and World Report (12/18, Brush, 2.03M) reports, "The lame duck Republican-led Congress punted nearly a half-trillion dollars in unfinished spending over to next year-to the Democrats, that is. Just when the Democrats hope to be talking about the minimum wage and college tuition and fulfilling their campaign pledges for a 'new direction,' they'll be saddled with looking backward and making a host of spending decisions fraught with peril. Their plans to hit the ground running with a flurry of politically popular initiatives may just have run into a gaping pothole. That's because the lawmakers who left Washington last week…completed only two (defense and homeland security) of the 11 spending bills that finance 13 government agencies."

Agriculture Lobby Expected To Face Concerted Opposition In Crafting New Farm Bill. U.S. News and World Report (12/18, Schulte, 2.03M) reports, "The

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agriculture industry is hoping for a 2007 bumper crop-of money. When Congress reconvenes in January, one of its top priorities will be hashing out a new six-year farm bill, an always anticipated Washington ritual that has regularly delivered massive subsidies to the industry and howls of protest from budget hawks and others. … While Big Ag is pushing for another barnburner, the largess of the 2002 farm bill, penned at a time of government surplus, is gone. This time, nothing will come easy." According to US News, "an odd-couple alliance is forming among Bread for the World, the libertarian Cato Institute, the liberal Environmental Defense, and the conservative Club for Growth. Expect talks to accelerate by early spring. Most insiders predict calls for reform will keep Big Ag from going home with the usual honey pot, but it won't be left hungry, either. For some, that's enough."

Democrats To Probe Interior Department's Handling Of Oil And Gas Royalties. U.S. News and World Report (12/18, Pound, 2.03M) reports, "For years the Department of Interior's Minerals Management Service operated pretty much in the backwaters of the nation's capital, drawing little scrutiny from the press or Capitol Hill. Such obscurity, however, is a thing of the past. Last summer, congressional investigators discovered that the agency had bungled its job so badly that energy companies legally avoided paying an estimated $2 billion in royalties on oil and natural gas extracted from federal waters. The final tab to taxpayers could reach $10 billion." Sen. Ron Wyden "will chair a subcommittee and vows a 'very vigorous' investigation of the oil and gas leasing program run by the minerals agency. … In the House, says a senior aide to Rep. Nick Rahall, the West Virginia Democrat expected to chair the House Resources Committee, 'there will be an intensive and exhaustive review of royalty underpayments.'"

Jordan Confirmed To 3rd Circuit Bench. The Legal Intelligencer (12/11, Bennett) reports, "The U.S. Senate confirmed Judge Kent A. Jordan to the 3rd U.S. Circuit Court of Appeals on Friday." The Intelligencer continues, "Jordan, formerly a judge for the U.S. District Court for the District of Delaware, was nominated in June to replace Judge Jane R. Roth, who took senior status on the appellate court effective May 31. Both Roth and Jordan are Republicans." The Intelligencer adds, "Directly before his appointment to the district court in 2002, Jordan was vice president and general counsel of the Corporation Services Co. in Wilmington, Del. He joined the company in 1998 after five years as a partner with Wilmington firm Morris James Hitchens & Williams. … From 1987 to 1992, Jordan was an Assistant U.S. Attorney, after having spent two years as an associate with Potter Anderson & Corroon, another Wilmington firm. … Admitted to the Delaware bar in 1984, Jordan clerked for Judge James L. Latchum of the Delaware District Court from 1984 to 1985, after receiving his J.D. from the Georgetown University Law Center. He received his B.A. from Brigham Young University in 1981. Jordan was born in West Point, N.Y., and resides in Delaware. … Historically, two seats on the 3rd Circuit bench have gone to Delaware jurists. Jordan's nomination continues the tradition. Roth is from Delaware, and the state's other representative on the court is Judge Thomas L. Ambro, who joined from private bankruptcy practice at Wilmington firm Richards Layton & Finger. He was nominated by President Bill Clinton and confirmed in 2000."

San Francisco Protestors Urge Pelosi To Seek Bush's Impeachment. The San Francisco Chronicle (12/11, King, 384K) reports a "small but spirited rally in San Francisco called on" incoming House Speaker Nancy Pelosi "to move impeachment" of President Bush "to the top of the legislative agenda."

Bush Attends "Christmas In Washington" Concert. The AP (12/10, Sanner) reports President Bush "enjoyed a lively set of Christmas music Sunday night" at "the annual 'Christmas in Washington' concert at the National Building Museum. The event benefited the Children's National Medical Center." Bush "said U.S. troops abroad 'must know that our nation is grateful for your service.'"

Book Explores Cheney's Role In Bush Administration. The Financial Times (12/11, Daniel) examines the book "Vice," in which sets out to depict how Vice President Cheney "has become the most powerful vice-presidency in history, 'insulated from any accountability -- from the Congress and even from the president with whom he shared executive power'. … Reinforcing the image of Mr Cheney as the shadow president, the authors reveal the ways he has bolstered his authority."

Watchdog Group Urges DOD Inquiry Into Evangelical Video. The Washington Post (12/11, Cooperman, 690K) reports, "A military watchdog group is asking the Defense Department to investigate whether seven

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Army and Air Force officers violated regulations by appearing in uniform in a promotional video for an evangelical Christian organization. In the video, much of which was filmed inside the Pentagon, four generals and three colonels praise the Christian Embassy, a group that evangelizes among military leaders, politicians and diplomats in Washington. Some of the officers describe their efforts to spread their faith within the military." The Military Religious Freedom Foundation "is requesting an investigation in a letter to the Defense Department's inspector general."

Discovery Crew Prepares For Docking With International Space Station. USA Today (12/11, 5A, Watson, 2.27M) reports, "Early data from Saturday's launch of space shuttle Discovery show the ship is in good health and suffered no damage on the way to orbit, deputy shuttle program manager John Shannon said Sunday. 'It was a very typical ascent,' Shannon said. 'The team sees nothing of concern at this time.'" The AP (12/11, Borenstein) reports the shuttle "is to dock with the space station Monday to begin the intricate work. Three complicated spacewalks are planned to rewire the space station from a temporary to a permanent power source." The Christian Science Monitor (12/11, Spotts, 59K) previews the work ahead for the Discovery crew.

Bill Would Limit USPS Rate Hikes. The Wall Street Journal (12/11, A8, Mckinnon, Brooks, 2.04M) reports the Postal Service "generally will be barred from raising postage rates beyond the rate of inflation for the next decade under an overhaul passed by Congress." The new law – "the first major changes to the service in more than three decades -- aims to stabilize rates for households and bulk mailers and to help the service cope with the challenges of the Internet and compete against delivery companies such as FedEx Corp. and United Parcel Service Inc. The White House said President Bush would sign the bill."

NYTimes Criticizes Administration For "Muzzling" Scientists. In an editorial headlined "Muzzling Those Pesky Scientists," the New York Times (12/11, 1.16M) says the EPA "disclosed last week that it had revised -- stood on their head is more like it -- procedures it has used for 25 years to set standards for air pollutants like soot and lead. … This is disheartening, but not surprising. Whether the issue is birth control or global warming or clean air, this administration has already acquired a special place in regulatory history for the audacity with which it has manipulated or muzzled science (and in some cases individual scientists) that might discomfit its industrial allies or interfere with its political agenda."

Krugman Criticizes Administration For Privatizing Government Functions. In his New York Times (12/11, 1.16M) column, Paul Krugman says, "Outsourcing of the government's responsibilities -- not to panels of supposed wise men, but to private companies with the right connections -- has been one of the hallmarks" of the Bush Administration, and "privatization through outsourcing is one reason the administration has failed on so many fronts." It is "now clear that there's a fundamental error in the antigovernment ideology embraced by today's conservative movement. Conservatives look at the virtues of market competition and leap to the conclusion that private ownership, in itself, is some kind of magic elixir. But there's no reason to assume that a private company hired to perform a public service will do better than people employed directly by the government."

Kurtz Says Leaks Show Administration's Unity Breaking Down. In his Washington Post (12/11, C1, 690K) "Media Matters" column, Howard Kurtz says, "Washington is awash in leaks these days, giving us a rare glimpse of what really goes on behind the carefully manicured landscape of official statements." With the leaks of memos by Defense Secretary Donald Rumsfeld and National Security Adviser Stephen Hadley, "it is clear that the administration's once-legendary discipline has broken down. What is also clear is that the private doubts of top officials are closer to the media's dark portrait of the war than to the 'absolutely, we're winning' rhetoric of President Bush. That is especially noteworthy in light of all the criticism that administration officials have heaped on correspondents in Iraq for focusing too heavily on violence and ignoring signs of progress."

Summers Concerned By Populist Policy Proposals. In a Financial Times (12/11) op-ed, Harvard's Lawrence Summers says, "If the new Congress sees itself as having a mandate for anything in the economic area, it is for policies that 'stand up' for ordinary Americans against the threat they perceive from corporate and moneyed interests. These populist impulses have roots much deeper than campaign rhetoric." Summers decries "populist policy

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proposals that cut against the grain of the market system by, for example, limiting free trade agreements, restricting outsourcing or limiting the ability of successful companies to expand. The track record of such populist proposals is dismal. They rarely achieve their objectives and come with huge collateral costs."

Additionally, in an op-ed for the Los Angeles Times (12/11, 850K), Summers writes, "The freshman class" in Congress "is under enormous pressure to respond not just to the economic insecurity that middle-class voters feel but to their resentment toward the disproportionately prospering corporate elite. If the new Congress sees itself as having any kind of economic mandate, it is for policies that 'stand up' for ordinary Americans against the perceived threat from corporate and moneyed interests.

OTHER NEWS:

"Spunky" Economy Said To Be Surmounting Downturns. The Christian Science Monitor (12/11, Scherer, 59K) says the US economy is "spunky," as evidence suggests it is "weathering the downturns in the housing and auto markets. The economy does have a little wobble, and some economists believe the US is entering a period of subpar growth. But as a whole, it appears to be avoiding dire predictions of a sharp rise in unemployment and a loss of business confidence." And the Wall Street Journal (12/11, C1, Browning, 2.04M) says investors "are widely expecting an investor-friendly announcement" from the Fed tomorrow. The Fed "is expected to leave target interest rates unchanged, fueling hopes that it will start cutting rates some time next year, which would be good news for stocks and bonds."

Retiring, Defeated Members Of Congress Entertain Offers From Academia. The AP (12/11, Superville) reports, "The future is bright for ex-members of Congress." Rep. Sherwood Boehlert "is joining the Woodrow Wilson International Center for Scholars in Washington." Rep. Jim Leach "is sifting through offers from prestigious East Coast universities — Georgetown, Harvard and Princeton among them — as well as schools in his Midwestern home state." Sen. Mike DeWine "is talking to universities about teaching and law firms about legal work as he prepares to re-enter private life for the first time in 30 years."

Obama Hits New Hampshire With "Huge Media Horde" In Tow. ABC World News (12/10, story 6, 2:50, Harris, 8.78M) reported, "It is still the year 2006, but in New Hampshire, it looked more like 2008." Sen. Barack Obama "has not yet announced whether he'll run for president, but when the Democratic star paid his first visit to New Hampshire today, he was welcomed like a candidate." ABC (Tapper) said the "excitement Obama is generating with crowds in his first-ever visit to the first in the nation primary state could be bad news for his possible Democratic primary rivals," including Sen. Hillary Clinton.

NBC Nightly News (12/10, story 4, 2:35, Reid, 9.87M) said Obama "said that he is baffled by how quickly he's become a superstar of the Democratic Party. Here in New Hampshire his supporters say they are not surprised at all, that he is a politician with a gift." Also on NBC Nightly News (12/10, story 5, 1:45, Seigenthaler, 9.87M), CNBC's John Harwood was asked if there is "any doubt that Barack Obama is running." Harwood said, "Very little doubt. … When you talk to his advisors, it is clear that he is into this."

The Washington Post (12/11, Balz, 690K) reports on its front page that "the political phenomenon known as Sen. Barack Obama" descended on New Hampshire Sunday, "drawing enthusiastic crowds and trailed by a huge media horde as he continued to stoke interest in a possible bid for the White House in 2008." In Portsmouth, "it was standing-room-only at a book signing," and in Manchester, "1,500 people paid $25 apiece to hear him speak at a celebration of the New Hampshire Democratic Party's historic victories in last month's midterm elections. To the question everyone wanted answered -- Is he going to run? -- Obama was noncommittal." But Obama closed his Manchester speech "with words that seemed to signal growing interest in a campaign. 'America is ready to turn the page,' he said. 'America is ready for a new set of challenges. This is our time. A new generation is prepared to lead.'"

USA Today (12/11, Lawrence, 2.27M) says the "half-Kansan, half-Kenyan author and politician, who electrified the 2004 Democratic convention with his keynote speech, says it is 'a little surprising' to him and 'completely baffling' to his wife that his 15 minutes of fame have extended well beyond 15 minutes. But there's no doubt they have. The large crowds and pop-star response Obama drew here underscored the new reality for Democrats seeking their party's nomination: New York Sen. Hillary Rodham Clinton is

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no longer alone at the top." The AP (12/10, Pickler) also highlights Obama's "15 minutes of fame" remark.

The New York Times (12/11, Nagourney, 1.16M) says the visit was the "first time in his life" that Obama has visited the leadoff primary state, where he offered "a message of hope while proclaiming himself wary of the wave of hype that surrounded his visit. His visit gave Democrats in two sold-out halls a chance to inspect the man who has emerged as their party's strongest alternative" to Clinton. The Los Angeles Times (12/11, McDermott, Barabak, 850K) headlines its report "Crowds Adore Obama" and says the "freshman" senator is "borne aloft by a popularity bubble that seems to float higher by the day." The Baltimore Sun (12/11, West, 257K) says Obama "appears to have put his party under a spell that has veteran politicians reaching back to the Kennedy era for comparisons."

AFP (12/10) says Obama "is expected to make a decision" on a run "in the next few weeks." McClatchy (12/11, Thomma) also reports on Obama's New Hampshire visit.

Clinton's "It Takes a Village" To Be Re-Released This Week. The New York Daily News/AP (12/11) reports Clinton "is polishing up her most famous phrase as she edges closer to a presidential run, writing in a new introduction to her book 'It Takes a Village' that Sept. 11 and the Internet make her tome on child-rearing even more relevant today." In the 10th anniversary edition of the book, which goes on sale tomorrow, Clinton writes, "The five years since 9/11 have reinforced one of my main points: How children are raised anywhere can impact our lives and our children's futures."

Four New Yorkers Eyeing White House. Newsday (12/11, Clarridge, Gordon, Thrush, Virasami) examines the four possible presidential candidates from New York. For Rudy Giuliani, the question is whether a "thrice-married New Yorker on the wrong side of his party on the Big Three -- gays, guns and God" -- can get elected president. Giuliani "is riding high on 9/11 name recognition, and some believe that alone can take him far into the race -- perhaps if only as" Sen. John McCain's running mate. Newsday says if Clinton is "not running, she's walking as fast as she can." She "was supposed to engage in a slow rollout" of her campaign this month, but she "seems to have speeded things up, possibly to deal with the looming threat posed by emerging star" Obama. Gov. George Pataki "is expected to make his decision in the next few weeks," according to a spokeswoman. And while New York Mayor Michael Bloomberg "insists he's not a candidate," he "is confident he would make a good president. … Political observers say he could free up $500 million of his own funds to run as an independent."

McCain Addresses New York Jewish Crowd. Newsday/AP (12/11, Pyle) reports McCain paid "a visit to the home turf" of Clinton and Giuliani, addressing a crowd at New York's Yeshiva University on Sunday where he said "Israel and the world are threatened by a 'possibly deranged and surely dangerous regime' in Iran."

McCain, Romney Top "Potential Heirs" To Bush Family "Machine." The Los Angeles Times (12/11, Wallsten, 850K) reports that "with the Bushes preparing to stand down from a quarter century in top elected offices, a frenzied competition has erupted in the Republican Party over who will inherit a fundraising and vote-getting machine built by the family over the years into one of the most valuable assets in modern politics." The "leading potential heirs to that political fortune so far" are McCain and, "a bit surprisingly, Massachusetts Gov. Mitt Romney, who has emerged as a top-tier contender by wooing social conservatives considered crucial in the early primary contests."

McCain's Play For GOP Base Seen As Endangering His General Election Appeal. Time's Karen Tumulty (12/18) reports, "McCain '08 will be a bigger, more conventional operation -- a tank, not a slingshot. The prevailing wisdom about McCain used to be that his bipartisan appeal would make him a sure bet in a presidential race - -if only he could get past the Republican primary. But as more and more of the party establishment climb aboard a campaign that McCain has not yet even formally launched, it's starting to look as if the opposite may be true. By trying to become the perfect candidate for the primaries, McCain could be creating difficulties for himself in a general election. His hard-line position on Iraq is a perfect case in point. McCain has continued to press for more troops there, and spent last week dismissing the Iraq Study Group recommendation to bring them home as nothing short of a recipe for defeat. That's the kind of strong, consistent hawkishness that G.O.P. primary voters look for. … The problem is that exit polls in last month's election said only 17% of voters overall share that view, which could leave the other 83% wondering whether McCain's famous independent streak, so appealing on most issues, would be such a good thing to have in a Commander in Chief who has the power to take the country to war."

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Possible Candidates Rush To Establish Exploratory Committees. The Washington Post (12/11, A17, Goldfarb, 690K) examines the early formation of exploratory committees Giuliani, McCain, and Sens. Evan Bayh and Sam Brownback. The "ideas behind creating an exploratory committee, strategists and experts say, are to create buzz -- and to do what everybody expects you to do." Attorney Kenneth Gross, who specializes in politics and elections, said, "You get two press releases, one when you form the exploratory committee, and one when you say you're actually running." New Mexico Gov. Bill Richardson "apparently trying to get three bites out of the apple," recently "announced that he would announce next month whether he would form an exploratory committee," while Gov. Tom Vilsack "bypassed the exploratory stage" and entered the presidential race directly. Romney reportedly could do the same.

Columnist Says California Will Be "Meaningless" In Nomination Contests. In his Los Angeles Times (12/11, 850K) column, George Skelton writes, "What's sure to be a hot presidential contest is warming up and once again California is likely to be a mere spectator in a lousy seat. … California's 2008 presidential primary won't be held until June, long after the nominations already have been locked up. Our votes will be meaningless."

Jefferson's Victory Creates Uncertainty For New Orleans. The Washington Post (12/11, A3, Whoriskey, 690K) writes that Rep. William Jefferson "may be a pariah in some Washington political circles," but New Orleans voters "weighed in over the weekend with their own verdict regarding their scandal-plagued congressman: He's still our guy." Still, Jefferson's "emphatic reelection victory…poses a quandary for Democrats, some of whom have shunned him politically, and possibly also for the city, as leaders here seek to project an image of civic probity as they lobby for more federal money for recovery from Hurricane Katrina." The Wall Street Journal (12/11, Lovley, 2.04M) says Jefferson's win "leaves the state frozen in the scandal, which could cramp the flow of rebuilding funds from Washington, experts warn."

The New York Times (12/11, Nossiter, 1.16M) headlines its story on Jefferson "New Orleans Voters Support Their Man Over F.B.I.," writing that while "the late-night comedians could joke all they wanted about the $90,000" the FBI "said it found in Mr. Jefferson's freezer," and "white New Orleans could tut-tut at the seamy portrait outlined by the F.B.I. in its investigation of him," supporters "aw another picture: of a godly man persecuted by a racially biased government."

Bonilla, Rodriguez Face Off Tuesday In TX23. The Washington Post (12/11, A4, Moreno, 690K) reports on Tuesday's runoff election in TX23, where GOP Rep. Henry Bonilla faces Democratic ex-Rep. Ciro Rodriguez, who has "accused Bonilla of voting to cut veterans' benefits and to deny health-care coverage for National Guardsmen returning from Iraq. Bonilla countered by saying that Rodriguez showed 'dangerous judgment' in Congress by opposing a law that allowed secret evidence to be used in immigration proceedings against suspected terrorists and by accepting a $250 contribution from a man later convicted of conducting illegal business transactions with Libya." The Los Angeles Times (12/11, Hart, 850K) says in November, "a well-financed Bonilla won 49% of the vote, just shy of the majority he needed to win outright." The AP (12/10, White) says the campaign has been marked by "negative campaigning."

The San Antonio Express News (12/11, Jefferson) reports former President Clinton campaigned for Rodriguez Sunday, telling supporters, "You couldn't have a clearer choice. You couldn't have a better candidate. And you've got just about 48 hours to bring it home."

Virginia Democrats Aim To Keep Up Momentum. The Washington Post (12/11, B1, Craig, 690K) writes that "what was unthinkable in Virginia six months ago is now the political reality: With" Sen.-elect Jim Webb's win, "the state has three prominent Democrats" -- Webb, Gov. Tim Kaine, and popular ex-Gov. Mark Warner -- "who say they are working as a team to build the party in a historically Republican state. Their first mission is trying to defeat Republicans in next year's legislative races."

"Bushies" Reportedly Angry Over Rove's Inaccurate Midterm Predictions. U.S. News and World Report's "Washington Whispers" column (12/18, Bedard) reports, "It's an ugly rumor, but it's spreading like wildfire: Karl Rove has lost his touch. In an amazing betrayal within a family where top political aide Rove is royalty, Bushies have been sneering at his pre-election happy talk that the GOP would keep the Senate and take a slight hit in

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the House, both soon to be run by Democrats. And now we learn that President Bush really believed the GOP was safe, too. On the day before the elections, he asked embattled House GOP leader Dennis Hastert to run for speaker again so he could guide the White House's agenda in Congress."

Bush 41 Said To Be "Weepy" Often. U.S. News and World Report's "Washington Whispers" column (12/18, Bedard) reports, "Those weren't tears of pain former President Bush shed last week during a tribute to his son Jeb, Florida's outgoing governor. Just the opposite. Family friends say the old guy is getting more emotional and has been prone to joyful crying jags when bragging on his kids. And-bless his heart-he doesn't try to stop it; he just lets the tears pour out. His buddies tell us that Bush, 82, also gets weepy when discussing the importance of his family and the blessings he has enjoyed throughout his life. 'He has always been an emotional guy,' says a pal.

DeLay To Unveil New Blog. U.S. News and World Report's "Washington Whispers" column (12/18, Bedard) reports, "Tom DeLay's back, this time on the Internet. Friends tell us that" Delay "this week unveils TomDeLay.com, where he'll blog - DeLay's Daily - on newsy issues and build a coalition he's calling Grassroots, Action, and Information Network. Sources said the right-leaning Texan will give GAIN members insider information on the conservative movement and urge them to step in on key issues."

Washington State Officials Moving To "Plain" Language. USA Today/AP (12/11, 18A, Corte) reports Washington state officials "want to deploy changes to alleviate state personnel's employment of acronyms, jargon and legalese that routinely pervade interfaces with constituents. Or, in plain speak: Talk to the public as you would talk to any other person — simply, and in clear language."

Waste Company's Name On Arena Concerns Some In Utah. The New York Times (12/11, Stolz, 1.16M) reports some in Utah "fear that a recent change in the name of the city's professional basketball arena may create for Utah...associations with corruption and nuclear waste. ... [I]n November, a hazardous waste services company based here, EnergySolutions," won the naming rights contract for home of the Utah Jazz. The company's president "is looking to overcome the negative publicity that the company, known until 10 months ago as Envirocare of Utah, has received over its operation of a large nuclear waste facility in the Utah desert."

Key Commission's Report To Recommend Overhaul Of Education Standards. Time (12/18, Wallis, Steptoe, 4.03M), in its cover story titled "How to Bring Our Schools Out of the 20th Century," writes, "This week…the New Commission on the Skills of the American Workforce, a high-powered, bipartisan assembly of Education Secretaries and business, government and other education leaders, releases a blueprint for rethinking American education from pre-K to 12 and beyond to better prepare students to thrive in the global economy. While that report includes some controversial proposals, there is nonetheless a remarkable consensus among educators and business and policy leaders on one key conclusion: we need to bring what we teach and how we teach into the 21st century. Right now we're aiming too low. Competency in reading and math--the focus of so much No Child Left Behind (NCLB) testing -- is the meager minimum. Scientific and technical skills are, likewise, utterly necessary but insufficient. Today's economy demands not only a high-level competence in the traditional academic disciplines but also what might be called 21st century skills."

WPost Says Maryland, Virginia Should Adopt Public Smoking Ban. In an editorial, the Washington Post (12/11, A18, 690K) says, "State lawmakers in Maryland and Virginia may have heard later than most, but the debate over the health effects of secondhand smoke is over. A landmark report by the surgeon general in the summer confirmed that breathing in smoky bars, restaurants or waiting rooms causes lung cancer and heart disease, not to mention chronic coughs, irritated nostrils and, for pregnant women who wait on tables or tend bars in smoke-filled establishments, babies with lower birth weights. The report also poured cold water on complaints from restaurant and bar owners: There is growing evidence that more people will frequent restaurants and bars when a smoking ban is in place."

LATimes Sees Long Road Ahead On "Medical Records Morass." The Los Angeles Times (12/11, 850K) editorializes, "Your medical records can save your life, or they can almost kill you. So the prospect of making them more easily accessible is at once comforting

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and scary -- and a new effort to convert them into digital form will raise the stakes on both counts." Five major corporations who "provide health benefits to 2.5 million people announced plans last week to gather employees' records from medical groups, hospitals, insurers and laboratories, then store them online. Employees can add or delete information to correct errors and fill in blanks." The main objective of the Dossia program "is to help them give complete, accurate information to their healthcare providers." The "most important contribution Dossia is likely to make…is that it will show how much more work needs to be done throughout the industry to solve the medical records morass in a way that works for doctors and patients alike."

Dobson Comments On Mary Cheney's Pregnancy. In an essay for Time (12/18, 4.03M), Focus on the Family's James Dobson writes, "A number of social conservatives, myself included, have recently been asked to respond to the news that Mary Cheney, the Vice President's daughter, is pregnant with a child she intends to raise with her lesbian partner. Implicit in this issue is an effort to get us to criticize the Bush Administration or the Cheney family. … With all due respect to Cheney and her partner, Heather Poe, the majority of more than 30 years of social-science evidence indicates that children do best on every measure of well-being when raised by their married mother and father."

Retired CBS Correspondent Names Source Of Vietnam War "Bombshell" Story. In an op-ed for the New York Times (12/11, 1.16M), retired CBS News correspondent Murray Fromson remembers an August 7, 1967, New York Times story that proved to be "a bombshell that resonated in both Washington and Saigon, caused consternation in the United States Army and the intelligence community and gradually altered perceptions of American success or failure for the remainder of the Vietnam War." Fromson identifies the anonymous general who told him and the Times' R. W. Apple, Jr., "We've reached a stalemate and we should find a dignified way out." Fromson says the "officer in question, then a three-star general, now 90 years old and retired and living in Hawaii, is Frederick Weyand."

Media Trends Criticized. In a Wall Street Journal 12/11, A18) op-ed, Dow Jones Chairman Peter Kann says the media are "need of some mending. At its best news informs and enlightens the citizens of a free society and thereby safeguards and strengthens our democracy. At its worst -- dishonest, unfair, irresponsible -- the media has potential to erode the public trust on which its own success depends and to corrode the democratic system of which it is so indispensably a part." Kann then touches on "10 current trends in the mass media that ought to disturb us." Among other things, Kann criticizes the "blurring of the lines between journalism and entertainment," the "blurring of lines between news and opinion," the "blending of news and advertising, sponsorships or other commercial relationships," the "exaggerated tendency toward pessimism," and "social orthodoxy, or political correctness."

Annan Expected To Deliver Harsh Critique Of US In Farewell. USA Today (12/11, A1, Slavin, 2.27M) reports on its front page that in his farewell address today, retiring United Nations Secretary-General Kofi Annan "plans to deliver a tough critique of President Bush's policies" and "accuse the administration of trying to secure the United States from terrorism in part by dominating other nations through force, committing what he termed human rights abuses and taking military action without broad international support." Though Annan has "long been a critic of the war in Iraq and other Bush foreign policies," the speech is expected to be "among his toughest" and is "unusual for a U.N. secretary-general concluding his tenure."

Annan Outlines "Five Lessons" Learned During Leadership. Writing in an op-ed for the Washington Post (12/11, A19, 690K), Annan outlines "five lessons" he has learned during his 10 year tenure as UN secretary general. Among them, Annan says are the lessons that "in today's world we are all responsible for each other's security" and "each other's welfare." He also notes that "both security and prosperity depend on respect for human rights and the rule of law." His "fourth lesson, therefore, is that governments must be accountable for their actions, in the international as well as the domestic arena." However, Annan says such accountability can be achieved "only through multilateral institutions," which "must be organized in a fair and democratic way, giving the poor and the weak some influence over the actions of the rich and the strong. … More than ever, Americans, like the rest of humanity, need a functioning global system. Experience has shown, time and again, that the system works poorly when the United States remains aloof but it functions much better when there is farsighted US leadership."

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Bolton's Position Expected To Stay Empty For Months. The Washington Post (12/11, A17, Kamen, 690K) "In the Loop" column reports that that "it's beginning to look like the post of US ambassador to the United Nations is once again going to be vacant for several months." Kamen says "unless President Bush uses his recess appointment powers once again, a new ambassador probably won't make it through the Senate much before March, and that's if the eventual nominee isn't controversial." As a result, deputy ambassador Alejandro Wolf "looks to be acting ambassador for a bit."

US May Soon Seek UN Vote On Iran Sanctions. The AP (12/11, Jahn) reports Washington "and its closest Western allies" may soon call a vote on UNSC sanctions against Iran, "even at the risk that Russia and China may abstain or veto the measures," officials said Sunday. An unidentified US official said American officials, along with the French and British counterparts, are "talking about a vote as soon as possible." Meanwhile, a second US official said the Russians "now want even more concessions," including "insisting that any resolution not mention tentative Russian plans to build a second reactor for the Iranians." The Russians also want to" limit any sanctions to three months, after which they would be reviewed," the official said.

State Department Used Google When Compiling Iran Sanctions List. In a front page article titled "Seeking Iran Intelligence, US Tries Google," the Washington Post (12/11, A1, Linzer, 690K) reports that "when the State Department recently asked the CIA for names of Iranians who could be sanctioned for their involvement in a clandestine nuclear weapons program, the agency refused, citing a large workload and a desire to protect its sources and tradecraft. Frustrated, the State Department assigned a junior Foreign Service officer to find the names another way -- by using Google." According to three officials, "those with the most hits under search terms such as 'Iran and nuclear'…became targets for international rebuke Friday when a sanctions resolution circulated at the United Nations."

Arab Leaders To Start Joint Nuclear Energy Program. The New York Times (12/11, Fattah, 1.16M) reports, "Arab leaders, meeting in the Saudi capital, Riyadh, on Sunday, said they intended to start a joint nuclear energy development program, a move certain to heighten concerns over a possible race for nuclear power in the oil-rich Persian Gulf. Leaders of the Gulf Cooperation Council concluded a two-day summit meeting in Riyadh on Sunday, agreeing to study how to proceed with development of such capacity." The Times adds, "Publicly, officials of the gulf council said the development of a nuclear energy program would help meet their rising demand for electricity, despite the huge oil reserves. ... But analysts and officials said the announcement had a different purpose -- to warn the United States not to acquiesce to Iran's nuclear ambitions as pressure grows on the Bush administration to reach out to Iran for help in stabilizing Iraq."

Will Regards Ahmadinejad As 2006's "Most Consequential" Person. Newsweek's George Will (12/18) writes, "How gruesome was 2006? The year's most consequential person was Iran's president, who says the Holocaust did not happen and vows to complete it. Regarding his nuclear aspirations, Mahmoud Ahmadinejad, whose manias are leavened with realism, treated the United Nations as a figment of the imagination of a fiction — the 'international community.'"

Hezbollah Issues Deadline As Beirut Protests Grow. NBC Nightly News (12/10, story 9, 0:15, Seigenthaler, 9.87M) reported, "In Lebanon anti-government pressure grows. Hundreds of thousands turned out for a massive rally in Beirut following a call by the Hezbollah-led opposition to step up efforts to bring down the US backed government there." The AP (12/11, Ghattas, Karam) reports that Lebanese Prime Minister Fuad Saniora was given "an ultimatum of a 'few days' to…form a national unity government with a big role for Hezbollah or face an escalating campaign to oust him." Despite the "heated rhetoric," the AP says Sunday's protests "remained peaceful and left the door open to the possibility of a settlement."

The Washington Post (12/11, A13, Shadid, 690K) said Naim Kassem, the deputy leader of Hezbollah, addressing "the biggest crowds yet in downtown Beirut," urged Saniora to "hold a news conference tonight or tomorrow…and announce [his] resignation as a gesture to preserve the unity of the Lebanese people and rejection of foreign tutelage." McClatchy (12/11, Lasseter) says demonstrators threatened "an escalation in a siege on the prime minister's headquarters" if he refused to resign. McClatchy notes that "while accounts vary of what the heightened tactics could consist of -- a government worker's strike and a storming of the headquarters have both been mentioned -- it's clear that the nation is headed toward a breaking point."

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ABC World News (12/10, story 3, 2:15, Harris, 8.78M) said Sunday's protests "threatened to bring down the government." ABC (Dinnick) said Lebanon has become "another battleground where US interests are clashing with Iranian and Syrian agendas. Hezbollah leader Hassan Nasrallah promised the rallies will stay peaceful, but there are fears Lebanon will once again slide into violence, so an international mediator was called in to get both sides talking but there may be not much to discuss." The Los Angeles Times (12/11, Stack, 850K) says the protestors' "crushing show of political strength came carefully packaged with a harsh threat: Time for a political compromise is running out."

The New York Times (12/11, A3, Slackman, 1.16M) notes that "in many ways, Hezbollah has adopted a strategy that has been cheered by the White House in the past, in places like Ukraine, and even Lebanon, leaning on large, peaceful crowds to force unpopular governments to resign and pave the way for elections. But this time Washington and its allies have said the protest amounts to a coup d'état, fueling charges that the United States supports democratic practices only when its allies are winning."

USA Today (12/11, A12, Stinson, 2.27M) says "pressure on the government could increase today" as Hezbollah is expected to "call for a work strike" that "could close Beirut's international airport and shipping ports and slow other public services."

WSJournal Says Hezbollah Committed War Crimes In Lebanon. In an editorial, the Wall Street Journal (12/11, 2.04M) notes the release of "a remarkable report by retired Lieutenant Colonel Reuven Erlich of Israel's Intelligence and Terrorism Information Center. Relying heavily on captured Hezbollah documents, onsite and aerial photography and other first-hand evidence, the report shows how the Shiite group put innocent civilians at risk by deliberately deploying its forces in cities, towns and often private homes." The report also shows "how the use of civilian cover was explicitly part of Hezbollah's strategy." Such evidence, the Journal writes, demonstrates that "Hezbollah, not Israel, that is guilty of war crimes here." Beyond the war in Lebanon, the Journal says "these images suggest how Islamists seek to use the restraint of Western powers against them." Therefore, it says "our political leadership needs to speak as candidly as Israelis now are speaking about this enemy strategy, so the American people can understand and be steeled against this new civilian battleground."

Carter Defends Use Of "Apartheid" To Describe The Plight Of The Palestinians. In an interview with Newsweek's Eleanor Clift (12/18) former president Carter said of his new book "Palestine: Peace Not Apartheid," that "one of the purposes of the book was to provoke discussion, which is very rarely heard in this country, and to open up some possibility that we could rejuvenate or restart the peace talks in Israel that have been absent for six years." Asked if he "agonized" over the use of the term "apartheid," Carter responded, "Not really, because I knew that's an accurate description of what's going on in Palestine. I would say that the plight of the Palestinians now — the confiscation of their land, that they're being suppressed completely against voicing their disapproval of what's happening, the building of the wall that intrudes deep within their territory, the complete separation of Israelis from the Palestinians — all of those things in many ways are worse than some of the aspects of apartheid in South Africa."

ISG Characterized As Naïve Regarding Arab Regard For Palestinians. Time's Lisa Beyer (12/18) writes, "In lumping the Iraq mess in with the Palestinian problem -- and suggesting the first could not be fixed unless the second was too -- the Baker-Hamilton commission lent credibility to a corrosive myth: that the fundamental problem in the Arab world is the plight of the Palestinians. It is a falsehood perpetuated not just by the likes of Saddam Hussein and Osama bin Laden, who came late to the slogan after their actual beefs…gained insufficient traction in the Arab world. … In a decade of reporting in the region, I found it rarely took more than the arching of an eyebrow to get the most candid of Arab thinkers to acknowledge that the tears shed for the Palestinians today outside the West Bank and Gaza are of the crocodile variety."

Saudi Minister's Comments Suggest OPEC May Further Cut Output. The Financial Times (12/11, Hoyos) reports, "Two years ago Saudi Arabia, the world's biggest oil exporter, opened its spigots and let supply out-pace demand. The result was a gradual build up in oil inventories in the US, Europe and several Asian oil-consuming countries." But "[t]his month Ali Naimi, the country's influential oil minister, appeared abruptly to reverse that accommodating policy. At a meeting in Cairo he told reporters that the market was 'significantly' oversupplied." High inventories worry "Naimi because, as the spare-oil cushion in consuming countries has grown, some of the

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power to influence world oil prices has shifted from [OPEC] to its customers." Naimi's "utterance and the immediate echo of agreement from other ministers in Cairo is the best indication yet that the kingdom and Opec are seriously considering another cut to further trim the inventories outside their control."

Expectations Low For Six-Party North Korea Talks. The Wall Street Journal (12/11, A12, Ramstad, 2.04M) reports Pyongyang will return to the six party talks "in Beijing next Monday. But expectations are low that the meeting, the first such one in 13 months, can produce a breakthrough, reducing tensions with neighbors and the US." At the talks, the US is "ready to offer more specific incentives to North Korea than were agreed to in September 2005," but "even with offers of big political and economic incentives," the Journal says Pyongyang is "unlikely to end its nuclear program quickly." Assistant Secretary Hill, "struck a cautious tone in discussing expectations for next week's meeting." In an email, Hill said, "We've got some things we need done, and I suspect they will have some of their own ideas for what they want from the process. So we'll see what we can come up with."

AFP (12/11, Malakunas) reports the State Department announced late on Sunday that the talks would resume "around December 16" in Beijing, with a firm date expected to be confirmed Monday. Spokeswoman Joanne Moore said Washington expected the talks to focus on "implementing an agreement in September last year when the North agreed to give up its nuclear program." Meanwhile, the AP (12/11, Kim) reports that the talks "are likely to resume in the week starting Dec. 18," South Korea's top nuclear envoy said Sunday. Chun Yung-woo told The AP that he expects the talks to resume "in the week starting Dec. 18, but that consultations are still under way and China will announce the date soon."

Bush Says Vietnam Trade Deal Marks "Significant Step." The Financial Times (12/11, Kazmin, Callan) reports Vietnamese and US business leaders "hailed a US Congressional vote Sunday to permanently normalize trade relations with Vietnam, the final step on the long road to reconciliation between the two countries after their bitter war 30 years ago." President Bush said the development "marks a significant step forward in the process of normalizing relations with Vietnam, and will benefit both our nations." USTR Susan Schwab said the bill "shows that contrary to conventional wisdom, Democrats and Republicans, the administration and Congress, can work together to further our vital trade agenda."

China's Growth Threatens Role Of Foreign Investment. The Wall Street Journal (12/11, A1, Batson, 2.04M) reports in a front page article that China's entry into the World Trade Organization, "five years ago today, sparked an economic expansion that is the envy of the world. But now, that very growth is posing new problems for China and its increasingly uneasy trading partners." The Journal notes that "by becoming more open, China has become stronger and more prosperous. But the growing size and sophistication of its domestic economy have made the outside world less important to China's economic vigor," raising the "important question: Will China continue to be ever-more welcoming to foreign investment in the years ahead?" Even as China has begun to take "a more active role in international affairs, its economic strategy has shifted inward," and Treasury Secretary Henry Paulson's visit to Beijing this week is "part of a continuing effort by China's trading partners to deal with this new reality."

The Financial Times (12/11, Beattie, McGregor) notes that as China marks its five-year anniversary, China's "challenges will, if anything, increase rather than diminish now its five-year transition period is over," as "evinced by US saber-rattling ahead of its official mission to Beijing this week headed by Hank Paulson." The milestone marks a difference that is "more symbolic than practical, though it does coincide with several deadlines for commitments, such as opening up the banking sector," the Times notes.

Paulson Says Economic Relationship Key To US, Chinese Prosperity. Treasury Secretary Paulson writes in the Washington Post (12/11, A19, 690K) that "managing our economic relationship with China to ensure both nations benefit is vital to our nation's future prosperity. A market-based economy in China, with sustainable economic growth and full participation in rules-based international trade, is in our best interest -- and in the interest of the Chinese people." Paulson says the goal of this week's delegation is "to advance our common interests and find solutions to issues that strain our relationship." For example, he says "transparency and respect for the rule of law are core principles that affect all economic policy and trade issues," and that by "working on these principles across government ministries can enhance

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our ability to reach agreement on a number of key issues that we negotiate ministry-by-ministry."

Schwab Says China's Economic Record "Mixed," But Shows Signs Of Improvement. For her part, USTR Susan Schwab writes in the Financial Times (12/11) that China's anniversary "provides the opportunity to take stock -- through a congressionally mandated report issued on Monday by the office of the US Trade Representative -- of China's integration into the global economy and its compliance with WTO obligations." China's record, she notes, is "profoundly mixed," but Schwab says China has "moved with resolve to reform some of its economic and governmental structures over the past five years." Schwab also notes that during this week's meetings, administration officials will "clearly convey our view that a slowdown in reform hinders China's development and undermines the health of our bilateral ties." A strong trade relationship with China, she says, "depends on China's continued reform, and on a commitment to expand free and fair trade based on decisions by the actors in the market -- not by bureaucrats."

Mallaby Urges Sanctions For Currency Manipulations. Washington Post (12/11, A19, 690K) columnist Sebastian Mallaby says China's membership in the WTO "has gone astonishingly well," but "an awkward question hovers over Treasury Secretary Henry Paulson's China trip this week: How to deal with a country that appears to distort trade not through tariffs or quotas but through currency and savings policies?" This dilemma, he writes, "reflects a lopsidedness in the rules of globalization. To keep the trade playing field balanced, the WTO presides over a vast apparatus of quasi-law governing subsidies and tariffs; violators can be hauled in front of WTO tribunals. But there is no equivalent mechanism, other than a dormant provision buried in the charter of the International Monetary Fund, to punish countries that skew trade by manipulating their currencies. And there is no sanction at all for pursuing a growth strategy that relies on exports more than domestic consumption."

Rights Group Urges China To End Legal Restrictions. The New York Times (12/11, Kahn, 1.16M) reports that rules "requiring Chinese lawyers to submit to government supervision when representing clients in politically delicate cases have dealt a serious blow to the country's legal system and should be rescinded," Human Rights Watch said in a report to be issued Monday. The rights group said the rules, known as "guiding opinions," effectively "shut down the legal system to people fighting official land confiscations, forced relocation, corruption, pollution and other politically delicate matters in China's one-party system."

Local Elections Ease Pressure On Taiwan's Leader. The Wall Street Journal (12/11, A14, Dean, Piling, 2.04M) reports that a "better-than-expected performance by Taiwan's governing party in weekend mayoral elections could ease political pressure on President Chen Shui-bian and complicate the opposition's efforts to win back control of the government…in 2008 presidential elections." The elections for mayor in Taiwan's two biggest cities, Taipei and Kaohsiung, were "watched closely as indicators of public support for Mr. Chen's Democratic Progressive Party following a spate of corruption scandals affecting people close to the president." However, the Times cautions that the results are "far from signaling an end to Mr. Chen's troubles," but analysts "said the mixed outcome could at least mean that Mr. Chen avoids pressure from his party to resign before his second and final four-year term ends in 2008."

Former Chilean Dictator Pinochet Dead At 91. The death of Augusto Pinochet Ugarte, the former military dictator of Chile, receives prominent and extensive coverage across major media. ABC World News (12/10, story 5, 1:55, Berman, 8.78M) called Pinochet "one of the world's most notorious dictators," saying he "kept brutal control over his country and his opponents for almost 20 years. Now victims of his regime will never see him brought to justice." NBC Nightly News (12/10, story 6, 0:35, Seigenthaler, 9.87M) called his tenure a "17-year reign of terror."

At the start of its 2,600-word report, the New York Times (12/11, Kandell, 1.16M) says the "brutal dictator who repressed and reshaped Chile for nearly two decades and became a notorious symbol of human rights abuse and corruption" died Sunday at age 91, "a week after being hospitalized and undergoing angioplasty and another operation after an acute heart attack." The Washington Post (12/11, A1, Reel, Smith, 690K) says in the lead of its 2,000-word story that Pinochet's government "murdered and tortured thousands during his repressive 17-year rule." The Los Angeles Times (12/11, Rotella, McDonnell, 850K) starts a 2,700-word report by saying Pinochet was the "embodiment

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of the brutal and intensely anti-communist South American military dictator."

The Chicago Tribune (12/11, McMahon, 617K) says Pinochet ended his life "weakened by ill health, pursued by government prosecutors and abandoned by all but his most loyal defenders." McClatchy (12/11, Hall, Chang, Hughes) says he was "hounded by human rights groups until the end and defended with equal zeal by the armed forces." The Christian Science Monitor (12/11, Ross, 59K) and the AP (12/10) are among others reporting on Pinochet's death.

The Washington Post (12/11, A16, Franklin, 690K) reports "thousands of jubilant Chileans streamed into the streets of Santiago" after learning that Pinochet had died. Many "danced and popped open champagne, while caravans of cars with horns blaring toured the capital for hours." The New York Times (12/11, Bonnefoy, 1.16M) says that while "thousands of demonstrators took to the streets in celebration," within hours "the revelry was marred by violence, with confrontations breaking out and the police using tear gas and water cannons against a large group marching toward the presidential palace."

More Commentary On Pinochet's Death. The New York Times (12/11, 1.16M) writes in an editorial that "the central puzzle" about Pinochet "was that until recently he retained admirers in Chile and abroad, especially among people emerging from Communism. He masked his corruption and brutality by tailoring his level of repression to just what he needed to retain power and prestige."

The Los Angeles Times (12/11, 850K) editorializes, "It's a coincidence that Jeane Kirkpatrick" and Pinochet "died only a few days apart. But in death as in life, the two are associated with a political theory that defined the early days of the neoconservative movement in the United States. Unfortunately for Kirkpatrick, its author, the theory proved to be dead wrong. The idea was that right-wing authoritarian governments were much better bets for conversion to democracy than left-wing totalitarian ones."

USA Today (12/11, 21A, 2.27M) editorializes that Pinochet and Saddam Hussein "have long been members of the club of tyrants who killed thousands of their citizens. The difference between them emerged Sunday when Pinochet died. … Numerous attempts to bring him to justice failed. Saddam, sitting in a Baghdad jail cell after a court sentenced him to death, must surely be envious."

In a Los Angeles Times (12/11, 850K) op-ed, USC Annenberg School for Communication visiting professor Marc Cooper, who worked as a translator to Chilean President Salvador Allende, overthrown by Pinochet in 1973, writes, "Not with little irony did the gods choose to reclaim former Chilean dictator Augusto Pinochet on Sunday, which was International Human Rights Day. … If human justice failed on previous occasions to fully snare Pinochet, the greater forces of nature and biology this time imposed the maximum sentence -- and on the most appropriate day of the calendar."

Ros-Lehtinen Denies Urging Killing Of Castro. The New York Times/AP (12/11, A23) reports Florida Rep. Ileana Ros-Lehtinen "says a video showing her calling for Fidel Castro's assassination is fake, a charge denied Sunday by the film's director." The congresswoman appears in the 28-second clip made available on the Internet by the makers of a new British documentary, "638 Ways to Kill Castro." In it, she says: "I welcome the opportunity of having anyone assassinate Fidel Castro and any leader who is oppressing the people." However, Ros-Lehtinen says the filmmakers spliced clips together to make the sound bite.

American Journalist's Murder Draws Attention To Mexico's Justice System. The New York Times (12/11, A17, McKinley, Moynihan, 1.16M) reports the investigation into the death of American journalist Bradley Roland Will last month in Mexico "seemed cut and dried" until Dec. 1 "when a judge freed two of the men photographed shooting at the protesters, citing a lack of evidence." In addition to "underscoring how infrequently killings of journalists and antigovernment protesters are solved in Mexico," the case has "drawn widespread attention because it reveals the sad clash of left-wing idealism…with the murky realities of Mexican politics." The protesters said he was killed by "government-backed paramilitary thugs who had already killed a dozen others since the conflict here began in May," and "charge that his death is still more proof that the state government remains repressive, its prosecutors willing to cover up crimes by government officials."

Darfur Crisis Threatens To Draw Neighboring Nations Into Regional Conflict. The Christian Science Monitor (12/11, Schapiro, 59K) reports the crisis in Darfur has "exploded in recent weeks, and now threatens to drag fragile neighboring countries into a regional war. Both Chad and the Central African Republic (CAR) have

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become engulfed in fighting that involves a toxic mix of rebel groups, government forces, armed militias, and civilians." In eastern Chad, "hundreds of aid workers have been evacuated due to increased hostilities between military forces and anti-government rebel groups, while Arab militiamen have ventured deeper into the country to conduct assaults, resulting in the displacement of nearly 100,000 Chadians. And atrocities committed by a variety of rebel groups and armed bandits over the past few months have forced tens of thousands of people from the CAR to cross the border into Chad."

Thirty Killed In Darfur Ambush; Investigators Taken Hostage. The Washington Post/AP (12/11, A16) reports militiamen "ambushed a refugee convoy in western Darfur, killing about 30 civilians, and African Union peacekeepers investigating the attack were taken hostage by rioters," the AU and the United Nations said Sunday. An international aid worker said that the assailants were janjaweed. Meanwhile, African Union spokesman Noureddine Mezni said "rioters angry over the deaths were holding captive a helicopter crew and eight peacekeepers sent to investigate."

Halliburton Employees Attacked In Algeria. The Houston Chronicle/AP (12/11) reports that two vehicles carrying employees of an affiliate of Houston-based Halliburton co. were attacked Sunday near Algiers, killing one Algerian driver, witnesses said. The "full extent of the casualties" in the attack was not immediately clear. Nine American employees of BRC, or Brown & Root-Condor, were returning to a Sheraton Hotel from their offices when they were attacked.

Indonesia's Aceh Province To Hold First Election Since Tsunami. The Christian Science Monitor (12/11, Montlake, 59K) reports that voters in the Indonesian province of Aceh go to the polls Monday, "nearly two years after a devastating tsunami scoured its coastline and released an outpouring of international aid for the stricken survivors." The ballot is the first since the signing in August 2005 of "a landmark peace accord between the Indonesian government and armed rebels, who agreed to lay down their weapons in return for political autonomy for Aceh." Former rebels are now "competing in electoral races for the governorship and 19 district mayors and regents."

The New York Times (12/11, A4, Mydans, 1.16M) reports the tsunami "seems to have taken the fire out of a 29-year conflict. A hard-won peace agreement that made the election possible appears to be holding. There are still obstacles ahead, but if the process continues to move forward, an armed insurgency group will perform the rare feat of transforming itself into a political party within the government it opposed." The Times notes that "even as post-tsunami reconstruction has bogged down in bureaucratic confusion and corruption, the dismantling of the war has proceeded quickly with what appears to be a genuine commitment from both sides."

Bangladesh Deploys Troops To Quell Pre-election Violence. The New York Times (12/11, Sengupta, 1.16M) reports briefly that the interim government in Bangladesh, "faced with mounting opposition party protests, has deployed the army in what appears to be an attempt to check pre-election violence." The order by President Iajuddin Ahmed was issued Saturday night, "on the eve of opposition party threats to surround the presidential palace." Although political violence has "become routine in Bangladesh," it "remains unclear to what extent the president enjoys the full backing of the interim government in his decision to pull out the army."

Economist Awarded Nobel Peace Prize For Fight Against Poverty. ABC World News (12/10, story 4, 0:15, Harris, 8.78M) reported, "Bangladeshi economist Mohammed Yunus, accepting this year's Noble Peace Prize for his work helping the poor with small loans, expressed hope that his award would inspire new thinking about fighting terrorism." USA Today/AP (12/11) notes that Yunus "shared the award with his Grameen Bank for helping people rise above poverty by giving them microcredit" loans.

NBC Nightly News (12/10, story 11, 0:35, Seigenthaler, 9.87M) reported, "At the Nobel Peace Prize ceremony in Sweden, awards were handed out to six Americans for physics, medicine, and economics and to a Turkish author for literature. The Peace Prize was presented in Norway to an economist from Bangladesh known as the banker to the poor. In his acceptance speech, Mohammed Unis said the world should get on with fighting poverty and stop wasting money fighting wars."

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German Police Investigating Russian Businessman Who Met With Litvinenko. The New York Times (12/11, Myers, Landler, 1.16M) reports German authorities "announced Sunday that they had begun a criminal investigation of" Russian businessman Dmitri V. Kovtun "after finding traces of polonium 210 around Hamburg beginning on Oct. 28 — four days before he met in London with" Alexander Litvinenko. The Times notes the announcement "raised the possibility that the polonium was carried from Moscow to London by way of Germany."

The Wall Street Journal (12/11, A14, Crawford, Cullison, Mollenkamp, 2.04M) reports, "Scotland Yard, Russian police and about 300 German police and other officials are involved in the investigation of Mr. Litvinenko's death, raising diplomatic tensions between Russia and the West. Yesterday, investigators in Hamburg complained that Russian authorities aren't cooperating and haven't responded to their request for access to the Aeroflot plane that transported Mr. Kovtun to Hamburg from Moscow, said Thomas Menzel, head of Hamburg's special investigation squad for the case."

The Washington Post (12/11, A13, Smiley, Finn, 690K) reports Menzel "said Kovtun, a Soviet army veteran and business consultant who had lived in Germany for 12 years, flew to Hamburg from Moscow on an Aeroflot flight. 'Aeroflot is not available to us. It is probable that he was already contaminated when he flew on the plane,' Menzel said. 'We have not received any answers to our questions so far' from Russian authorities." USA Today/AP (12/11) reports, "German prosecutors did not say whether they suspect Kovtun might have been involved in Litvinenko's death. But they said they were investigating him on suspicion he may have improperly handled radioactive material."

Litvinenko Said To Have Converted To Islam. Time (12/18, McAllister, 4.03M) reports, "Several close friends said [Alexander] Litvinenko had converted to Islam a few days before he died, in a kind of atonement for atrocities Russia (and perhaps Litvinenko himself) had committed in Chechnya, although another doubted any conversion had taken place. Litvinenko's widow Marina had requested a nondenominational service at the graveside, but an imam interrupted the proceedings to perform Islamic rites."

EU Expected To Halt Membership Talks With Turkey. The Wall Street Journal (12/11, A12, Echikson, 2.04M) reports European foreign ministers will meet today in Brussels to consider "a last-ditch Turkish proposal to end a deadlock over Cyprus that threatens Turkey's membership talks with the European Union." EU ambassadors failed to reach a decision last week, and diplomats in Ankara "expect foreign ministers to fail, pushing the issue to EU heads of state who meet Dec. 15 and 16 in Brussels" who are expected "to suspend parts of Turkey's membership negotiations." The Times notes that "pessimists fear the partial pause will evolve into a more permanent freeze, turning Turkey toward nationalism and away from the West."

Similarly, the Christian Science Monitor (12/11, Schleifer, 59K) says EU leaders "appear likely to decide at a summit later this week to partially suspend talks on Turkey's membership." But as EU foreign ministers prepare to discuss the issue, "some observers -- particularly in Europe -- see Turkey's stance as self-defeating obstinancy. But others say it is in fact fueled by a greater sense of self-confidence, the result of a surging economy and an increased sense of its own growing strategic importance, which may dampen the effects of any rupture with the EU."

NATO Urged To Extend Membership To Balkan Nations. Former Croatian prime minister, Miomir Zuzul, writes in the Wall Street Journal (12/11, 2.04M) that although the "search for peace and democratic reform in the Middle East is NATO's most important challenge," this focus on security and reform "outside Europe threatens to sideline NATO's core responsibility to act within Europe." Zuzul notes that the Alliance "contributed to the economic growth and democratization of postwar Western Europe," which "makes it imperative that NATO's doors remain open to new European members hoping to make a similar journey from the days of dictatorship, discord and privation to democracy, peace and prosperity." He warns that while "a key portion of the European geopolitical space -- the Balkans -- remains unsettled," the "best, the only, way to stabilize what otherwise might become Europe's ghetto is the region's gradual integration into NATO."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"2008 Hopefuls Woo Bush Clan Donors, Aides"
"Athletes See Doping Case Appeals As Futile Exercise"
"Iconic Dictator Led '73 Chilean Coup"

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"Learning To Diversify"
"A Loan That'll Get Ugly Fast"
"Getty Set To Return Two Greek Works"

USA Today:
"Bumpy Time For Meals On Wheels"
"To Treat Cardiac Arrest, Doctors Cool The Body"
"Annan To Blast U.S. In Farewell"

New York Times:
"Taliban And Allies Tighten Grip In North Of Pakistan"
"Iraq Is Failing To Spend Billions In Oil Revenues"
"Katrina Begets A Baby Boom By Immigrants"
"Intrigue Over Spy's Death Spreads To Germany"
"Augusto Pinochet, Dictator Who Ruled By Terror In Chile, Dies At 91"
"Hottest Ad Space In Times Square May Be On Tourists' Cameras"

Washington Post:
"Metro Considers Increasing Rail Fares"
"Conflict Closes In On Iraq's Sunnis"
"Outbreaks Reveal Food Safety Net's Holes"
"Obama Takes First Steps In N.H."
"Ex-Dictator Of Chile Dies At 91"
"Seeking Iran Intelligence, U.S. Tries Google"

Detroit Free Press:
"Car Sellers Learn Language Of Respect"
"Marlinga, Jurors Bond After Trial"
"Healthy Cobo Vital To City"
"Shuttle To Dock With ISS Today"

Atlanta Journal-Constitution:
"'No Spanish On My Dime'"
"Web-Surfer Make Waves In TV Land"
"Scientist Marvel At Catch Of Sea Secrets"

Houston Chronicle:
"Not All Agree New Jails Needed"
"Homecoming King"
"Rebuilding Is Far From Over, And Help Seems Far Away"
"'She Has Pulled Me Through'"

Story Lineup From Last Night's Network News:
ABC: Rumsfeld Visits Iraq; ISG Aftermath; Lebanon Protest; Unis-Nobel Peace Prize; Pinochet Dies; Obama Visits New Hampshire; Shuttle Discovery In Space; Time Magazines Photos Of 2006; Unified By Iraqi Soccer.
CBS: Preempted By Football.
NBC: Rumsfeld Visits Iraq; US Training Iraqi Forces; ISG Aftermath; Obama Visits New Hampshire; Campaign 2006 Analysis; Pinochet Dies; Litvinenko Investigation; Tourist Shoppers; Lebanon Protest; Princess Diana Investigation; Nobel Peace Prize; Space Shuttle; Saving Bird-Florida.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Iraq Meetings; Iraq-U.S. KIAs; Rumsfeld-Iraq Visit; China-Six-Party Talks With North Korea; Gaza Strip-Children Of Palestinian Intelligence Officer Killed; Space Shuttle; MI-Victoria's Secret Mannequins Protested; Tokyo Stock Market; Clashes In Santiago Following Death Of Augusto Pinochet; TX-Four-Year-Old Boy Accused Of Sexual Harassment; OR-Missing Hikers.
CBS: Iraq-U.S. KIAs; Bush-Iraq Meetings; Atlanta-Wolfowitz Speech Disrupted By Protestors; Clashes In Santiago Following Death Of Augusto Pinochet; Obama-New Hampshire Appearance; Eric Rudolph-Complaints About Prison Treatment; Space Shuttle; Weekend Box Office; Wall Street.
NPR: China-Six-Party Talks With North Korea To Begin Dec. 18; Iraq-Sunni Demonstrations; Gaza Strip-Children Of Palestinian Intelligence Officer Killed; Britain-Terrorism Concerns; Clashes In Santiago Following Death Of Augusto Pinochet; Turkey-Building Collapse; Malaria Genomes Mapped; Space Shuttle.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with senior United States Department of State Officials on Iraq, State Department, closed press; delivers a statement, State Department; meets with outside experts on Iraq, Oval Office, White House, closed press.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: TAX HAVENS-INVESTMENT _ 8:50 a.m. - 1:30 p.m. The American Enterprise Institute sponsors a seminar, "Tax Havens and Foreign Direct Investment." Highlights: 8:50 a.m. Opening Remarks: Kevin A. Hassett, AEI. 8:50 a.m. Opening Remarks: Kevin A. Hassett, AEI; John Samuels, General Electric. 12:30 p.m. Luncheon and Keynote

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Address. Introduction: R. Glenn Hubbard, AEI and Columbia University. Speaker: Rep. Bill Thomas, R-Calif., chairman, U.S. House Ways and Means Committee. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

IRAN _ 9 a.m. - 12:30 p.m. The Cato Institute sponsors a half-day conference, "How to Deal with Iran: Options for Today and for the Future." Highlights: Panel 1: The Policy Options We Face Today. Featured speakers: Trita Parsi, National Iranian-American Council; Sanam Vakil, Johns Hopkins School of Advanced International Studies; Flynt Leverett, New America Foundation; Ted Galen Carpenter, Cato Institute. Panel 2: What If Our Policy Fails? Featured speakers: Lt. Gen. Thomas McInerney, USAF (Ret.), Iran Policy Committee; Lawrence Korb, Center for American Progress; Michael Eisenstadt, Washington Institute for Near East Policy; Justin Logan, Cato Institute. Location: Cato Institute, 1000 Massachusetts Ave. NW.

IRAQ-CIVILIANS _ 10 a.m. Reps. Dennis Kucinich and Ron Paul host a briefing on the Lancet study on Iraqi civilian casualties. Location: Room 2247, Rayburn.

MILITARY-RELIGIOUS FREEDOM _ 10 a.m. The Military Religious Freedom Foundation, along with Citizens for Responsibility and Ethics in Washington, holds a press conference to unveil what they say is a video of military officials pervasively violating military regulations and constitutional guarantees of religious freedom. They say scenes include one of the most senior Pentagon officers bragging about sharing his faith with all who come through his office, including junior officers and other personnel. Location: National Press Club, Lisagor Room.

US-SWITZERLAND TRADE _ 10 a.m. US Trade Representative Susan Schwab meets with Swiss Economic Minister Doris Leuthard. Location: Winder Building, 600 17th St. NW.

PAULSON-HOUSNG _ 10:30 a.m. Treasury Secretary Henry Paulson deliver opening remarks to the Office of Thrift Supervision's Housing Forum. Location: National Press Club.

US-GEORGIA TRADE _ 11:45 a.m. US Trade Representative Susan Schwab meets with Georgian Prime Minister Zurab Nogaideli. Location: Winder Building, 600 17th St. NW.

FOREIGN AID _ 12 p.m. - 2 p.m. The Hudson Institutes Bradley Center for Philanthropy and Civic Renewal and the Center for Global Prosperity host a panel discussion, on international development aid centered around William Easterly's book, "The White Mans Burden." The audience to include more than 90 members from the foreign aid and private philanthropic communities with a lengthy question-and-answer session planned. Participants: William Easterly (NYU), leading development expert; Carol Adelman (Hudson Institute), Republican presidential appointee to USAID; Carol Lancaster (Georgetown University), USAID deputy administrator under President Clinton; Alexander Preker (World Bank), leading economist; and William Schambra (Hudson Institute), former Bradley Foundation vice president. Location: Hudson Institute, Betsy and Walter Stern Conference Center, Hudson Institute, 1015 15th St. NW.

MIDEAST STRATEGY _ 12:15 p.m. - 1:45 p.m. The New America Foundation hosts a discussion, "Salvaging Something from the Wreckage: A New Strategy for the Middle East." Participants: Anatol Lieven, Senior Research Fellow, The New America Foundation. Co-author, Ethical Realism: A Vision for Americas Role in the World; and Steve Clemons, Senior Fellow and Director, American Strategy Program, New America Foundation, Publisher, of www.TheWashingtonNote.com. Location: New America Foundation, 1630 Connecticut Ave, NW, 7th floor.

TEACHER PAY _ 12:30 p.m. - 2 p.m. The Center for American Progress sponsors a panel, "Teacher Pay Reforms: The Political Implications of Recent Research." Participants: Alice Johnson Cain, Senior Education Aide, Office of Rep. George Miller, D-Calif.; Dan Goldhaber, Research Associate Professor, Evans School of Public Affairs, University of Washington; Bill Raabe, Director of Collective Bargaining & Member Advocacy, National Education Association; and Rachel B. Tompkins, President, Rural and Community Trust. Moderator: Cynthia G. Brown, Director of Education Policy, Center for American Progress. Location: Center for American Progress, 10th floor, 1333 H St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 11, 2006 7:45 AM EST

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TERRORISM NEWS:

Zuckerman Contends Children Of Immigrants Represent Terrorism Threat. U.S. News and World Report's Mortimer Zuckerman (12/18) writes, "Today all eyes are on Iraq. It's called the center of the war on terrorism, but it must not monopolize our attention. We need a third eye because we are now less likely to be attacked by international terrorists than by homegrown American citizens, self-radicalized individuals who are members of groups inspired by al Qaeda propaganda. … The threat is from second- and third-generation children of immigrants, fluent in English and accustomed to American society but using the legal rights of U.S. citizenship to rebel from within. They have learned the Koran on the Internet; they lead small clusters of 20 to 25 mostly young men who share feelings of alienation, a longing for self-importance, a need to be a part of some larger group or cause. They have developed what is called 'adversarial assimilation.'"

HOMELAND RESPONSE:

Imams Seek Out-Of-Court Settlement With US Airways. The Washington Times (12/11, Hudson, 88K) reports, "A group of Muslim imams is seeking an out-of-court settlement with US Airways, saying they should not have been removed from a Minnesota-to-Phoenix flight last month and were not behaving suspiciously. Five of the six Islamic religious leaders have retained the Council on American-Islamic Relations for legal representation and are seeking a 'mutually agreeable' resolution, said Nihad Awad, CAIR executive director. US Airways scheduled a meeting with the imams on Dec. 4 to discuss the incident, but the men canceled it and hired the activist group to act as legal counsel." The Times notes, "The imams and CAIR officials maintain that press reports as well as Internet sites and blogs have circulated charges they say misrepresent the facts of the Nov. 20 incident. … CAIR says the men were handcuffed for several hours and is also demanding hearings on religious and ethnic profiling at airports."

Governors Demand Congress Make Changes To Real ID Act. U.S. News and World Report (12/18, Marek, 2.03M) reports, "Back in May 2005, few really considered the broad implications of the Real ID Act, a bill designed to improve the security of driver's licenses in every state. Attached to an emergency funding measure for the Iraq war, Real ID slipped through Congress and was signed by the president-with little scrutiny but big effects. … These days Real ID is hard to miss, and the nation's governors are up in arms over it. In less than two years, it will require states to begin issuing upgraded driver's licenses to roughly 245 million Americans. Although most governors say they'd like to improve identification security, many say the Real ID Act creates a multibillion-dollar unfunded mandate and deadlines that are impossible to meet. It may also mean longer lines at Department of Motor Vehicles offices nationwide and new costs for consumers. Governors like Mike Huckabee of Arkansas hope the new Congress 'will throw us a lifeline' and make changes to Real ID."

Post-Katrina Hispanic Baby Boom Surprises New Orleans. The New York Times (12/11, Porter, 1.16M) reports that in the "latest twist to the demographic transformation of New Orleans since it was swamped by Hurricane Katrina last year, hundreds of babies are being born to Latino immigrant workers, both legal and illegal, who flocked to the city to toil on its reconstruction." The baby boom "has come as a big surprise — and a financial strain — to this historically black and white city, which before the hurricane had only a small Latino community and virtually no experience of illegal immigration."

WAR NEWS:

Baker, Hamilton Downplay Differences With Bush As They Defend ISG Report. Iraq Study Group co-chairs James Baker and Lee Hamilton appeared on the Sunday political talk shows to defend the report they issued last week and to downplay their differences with the White House. Senators appearing on the shows were largely open to the ISG recommendations.

The Washington Post (12/11, A15, Abramowitz, 690K) says Baker "said for the first time yesterday that the Iraq Study Group remains committed to democracy in Iraq," as he and Hamilton "offered conciliatory words to a Bush administration that has reacted coolly to the panel's key recommendations." Comments on Sunday "appeared part of an effort by Baker and Hamilton to use the Sunday talk shows to play down talk of rifts between the panel and the Bush administration." Baker said he "understands the administration's internal studies call for some of the things his panel urged." Baker also "sought to portray the panel's proposal for a more aggressive Middle East diplomatic effort as less ambitious than its critics have suggested."

The two men appeared on four of the Sunday morning shows. On NBC's Meet the Press (12/10, Russert), Hamilton said that in Iraq "the violence is increasing…more American

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casualties; basic services of government not being delivered; neighborhoods falling apart; casualties going up. Everywhere you look, it's dire, it's grave, it is deteriorating. And, in a sense, the question is, can we stop the deterioration, not can we improve it." On that same program, Baker said, "All of our military leaders in Iraq and over here recognize that we're not going to win this war militarily. We're going to win it politically." On CNN's Late Edition (12/10, Blitzer), Baker said, "The whole future of Iraq depends upon whether or not the Iraqi government can effect a program of national reconciliation between Kurds, Shia and Sunni."

Bush Intends To "Chart Own Course." NBC Nightly News (12/10, story 3, 2:40, Seigenthaler, 9.87M) reported, "Following the Iraq Study Group report, the President will be getting more advice from his advisors about his options in Iraq." NBC (Ohm) added, "At the same time the President embraces the Iraq Study Group's call for a new way forward in Iraq, there is strong indication he plans to chart his own course relying on his advisors and military commanders. ... President Bush has already distanced himself from the commission's key recommendations, withdrawing combat troops by 2008 and talking directly with Syria and Iran. One scenario the Administration is considering, increasing the number of troops by 20,000. A move that was openly questioned by close ally British Prime Minister Tony Blair." ABC World News (12/10, story 2, 2:25, Harris, 8.78M) reported, "There are signs he may reject many of the recommendations from the Iraq Study Group, whose two principal players went on television repeatedly to defend their report."

Baker Emphasizes "Limited" Nature Of Proposed Talks With Iran And Syria. Regarding the ISG's recommendation that the US reach out to Iran and Syria, Baker said on Meet the Press, "One thing I want to make sure everybody understands…is the limited nature of what we are proposing. … With respect to Iran, we're suggesting doing nothing more than this administration did in connection with Afghanistan. … With respect to Syria, there's a whole long list ever things that we lay out in the report that we think Syria needs to do." On Fox News Sunday (12/10, Wallace), Baker reiterated that point: "These are very limited proposals."

Senators appearing on the Sunday programs were open to the idea of outreach to Tehran and Damascus. Sen. Carl Levin, on CBS' Face the Nation (12/03, Schieffer) said, "We should be very skeptical of Iran doing anything to be helpful to us -- for that matter, Syria being helpful either. We ought to talk to them without any great expectation that they're going to be helpful." Sen. Christopher Dodd said on Fox News Sunday, "We've got a very large agenda in that region, and I think you ought to engage and explore whether or not you can get cooperation on some critical issues. Don't make it conditioned on a bunch of things that aren't going to happen anyway." On that same show, Sen. Sam Brownback said President Bush "really should look at these recommendations very seriously. And it seems to me that what Baker-Hamilton provides us is a chance to kind of reset the table and get a bipartisan buy-in -- and not just a bipartisan buy-in, a global buy-in."

Baker Discusses 2008 Withdrawal Date. During his own Fox News Sunday appearance, Baker was asked how important it is that the US meet the goal of having most military forces out of Iraq by 2008. He replied, "We didn't put out a specific date that was not the Administration's own date. This is the date by which Gen. George Casey said the training and equipping mission would be completed." On CBS, Baker said, "Young American men and women should not be asked to have, as their primary mission there, refereeing a sectarian violence between the various sects in Iraq."

On ABC's This Week (12/10, Stephanopoulos), Sen. Joseph Biden said, "No one, no one, no one but the President and the Vice President is talking about if we're going to draw down American troops. Everyone is talking about how and when. That is a fundamental shift since November 6." Sen. Trent Lott said on CBS that the ISG "did good work. They've come up with some good ideas, and I think we ought to consider it carefully. ... And I also support the idea of milestones."

ISG Stresses "Stability" Over "Democracy." The Christian Science Monitor (12/11, Lafranchi, 59K) reports that President Bush and the ISG have "competing visions": The ISG "places a high priority on restarting the Israeli-Palestinian peace process and reenergizing America's role in it. Mr. Bush, who has never viewed that conflict as ripe for the kind of intense US diplomacy Mr. Baker had dedicated to it, continues to see success in Iraq as the demonstration project for peace and reform in the region." Bush "has not given up on the idea of a functioning democracy as the answer to Iraq's ills - indeed, Weekly Standard editor William Kristol has taken to calling him 'the last neocon.' In stark contrast, the study group's report emphasizes stability as the most pressing need, passing over goals of regional freedom and democracy."

ISG Faults US For Still Lacking Intelligence On Iraqi Foes. The New York Times (12/11, Risen, 1.16M) reports, "Nearly four years after the invasion of Iraq, the United States still does not understand the enemy that American troops are fighting according to last week's report by the Iraq Study Group. The commission's final report harshly criticized United States intelligence officials for failing to answer basic questions about the nature of the Sunni insurgency or the increasingly powerful Shiite militias." The intelligence community "has had some success hunting Al Qaeda in Iraq…but that terrorist organization is small and is not the main enemy confronting American troops." The ISG echoes

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"complaints quietly voiced in recent months by a number of current and former American officials, who have warned of the failure by American intelligence officers in Iraq to adequately penetrate the Sunni insurgency." It faults the DIA for rotating "its analysts from one posting to another so frequently that few develop any real depth of understanding of the insurgency" and the administration for failing "to significantly improve on-the-ground intelligence about the enemy" and for regularly underreporting "the level of violence in Iraq."

Smith Reiterates His Criticism Of Bush's Handling Of Iraq War. Sen. Gordon Smith, appearing on ABC's This Week, was asked what "triggered" his bluntly critical speech last week during which he called the administration's Iraq war policies "absurd" and potentially" criminal." Smith answered, "Waking up the other morning and turning on the news and hearing that yet another 10 of our soldiers died the same way that several thousand have…through roadside bombs. And I went from steamed to boiled."

More Commentary. In his Los Angeles Times (12/11, 850K) column, Niall Ferguson writes, "Most commentators have interpreted the report of the Iraq Study Group as a well-crafted admission of defeat. ... Yet anyone who bothers to read the report carefully…can see that it neither proposes 'quitting' Iraq nor pins serious hope on Iranian or Syrian assistance. Quite the reverse. ... Most readers of the report assume that it is directed at Bush. That is wrong. Its principal target audience is Congress," and the aim "is not to persuade a stubborn president to admit defeat. Rather, the report's aim is to convince legislators that withdrawal from Iraq -- no matter how much their constituents may yearn for it -- is not an option."

In his New York Times (12/11, 1.16M) column, Bob Herbert writes, "The primary value of the Baker-Hamilton report is that it embodies, in clear and explicit language, the consensus that has emerged in the U.S. about the current state of the war. It's not so much a blueprint for action as a recognition of reality. ... It is time to pull the troops out of harm's way."

In his Washington Post (12/11, A19, 690K) column, Jackson Diehl writes, "Some people suppose that President Bush's freedom agenda was buried last Wednesday by the report of the Iraq Study Group. In fact, history will show that the administration largely smothered its own baby, even before Iraq's descent into civil war propelled the resurrection of James Baker and other 'realist' friends of Middle Eastern dictators."

Bolten Said To Have Engineered Rumsfeld Ouster, Bush Response To ISG. Newsweek's Weston Kosova (12/18) reports that the "challenge" for the Bush administration following the release of the Iraq Study Group's report "was to make the president appear as though he were taking the release of the report seriously, without necessarily embracing its conclusions. … The change in Bush's approach had its beginnings well before the Baker group put pen to paper. It came about in part because of a slow, careful effort by Bush's closest aides — under the direction of chief of staff Josh Bolten — to convince the president that he had to listen to different voices on Iraq, and ultimately change direction." Kosova continues, "When Bolten took charge of the West Wing last April, he was one of the few people in the White House who were willing to admit that Iraq was broken and that the president was stuck. He worried that Bush had been hearing the same bad advice from the same people for nearly three years. Over the summer, Bolten began the first of his efforts to puncture Bush's bubble by having the president sit down with some of the harshest critics of the war — conservatives who had turned against the effort. … That was just the start. In the weeks before the Republicans lost Congress, while Karl Rove was predicting victory, Bolten tasked a small group of trusted aides to plan for electoral defeat and its aftermath. The first step was to fire the abrasive, out-of-touch Rumsfeld and replace him with straight-talking Robert Gates. The second was to ready a respectful response to the pending Baker-Hamilton report but to downplay its importance by stressing it is just one of several government reports on the war effort that Bush is reviewing."

ISG Report's "Patronizing" Advice Said To Have Engendered "Bitterness" In White House. Time (12/18, Duffy, Allen, 4.03M) reports, "despite all the fanfare, the report was aimed at an audience of one--Bush. For most of the week, he looked none too pleased about the round-the-clock talking-to he was getting. … Within a day, he was putting some distance between himself and the best seller: 'I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation.' That comment reflected the West Wing's exceeding bitterness about the report. Some of the pushback was substantive. The suggestions on how to engage directly with Iran and Syria -- the parts resisted most unambiguously by the President -- were surprisingly specific and prescriptive, not the platitudes the Administration had expected. Bush aides chafed at the patronizing directive."

U.S. News and World Report (12/18, Whitelaw, 2.03M) reports, "It is unclear how many of the group's 79 recommendations President Bush will embrace-or even whether any changes in U.S. policy can have much effect on the ground in Iraq. … Perhaps most damning, the Iraq Study Group blasts the Bush administration for routinely undercounting the violence by, for instance, excluding sectarian attacks when the perpetrator cannot be determined. So while 93 attacks or violent incidents were recorded on one day last July, an Iraq Study Group review turned up 1,100 violent incidents that day."

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U.S. News and World Report's Gloria Borger (12/18) writes, "At one point, Vernon Jordan, a skilled Washington insider, put it pretty bluntly to the president, according to a panel member's paraphrase: Jordan: 'What do you mean by victory? When my mama told me to clean the garage, I cleaned the garage because I knew what she meant. But I don't understand what you mean.' Bush: 'You have to speak to the American people with a simple message here. They understand what victory is, and if you come off of it, they'll think you're giving up.' Some members say they were stunned by the response. And when they left, they were puzzled by one more thing: During their entire session, Vice President Dick Cheney--a key architect of the war in Iraq -- never said a word. Not one."

Haass Contends US May Benefit From Lessons Learned From Iraq Experience. In an essay for Time (12/18, 4.03M), Richard Haass, president of the Council on Foreign Relations, writes, "ironically, the winding down of the U.S. involvement in Iraq will have a salutary effect--namely, it will slow the draw on American economic, diplomatic and military resources, all of which are in dire need of replenishment. In fact, U.S. diplomacy will in some ways be liberated as American involvement in Iraq recedes. The U.S. could, if it so chose, be an effective proponent for Arab-Israeli peace . If the U.S. and Iran prove able to cooperate over Iraq, they might manage broader talks on other issues that divide them, including Iran's nuclear program."

ISG Report Said To Expose Bush's "Shortcomings." Newsweek's Jonathan Alter (12/18) writes, "Beyond the headlines and major policy recommendations, the Iraq Study Group's mercifully readable report shows how President Bush's personal shortcomings manifest themselves in appalling miscues on the ground. … This is what happens when you have a president who is incurious and impatient with inconvenient facts he doesn't 'need to know': hundreds of thousands of dead Iraqis, nearly 3,000 dead Americans and what the Baker-Hamilton Commission estimates as a $2 trillion tab for our children."

ISG Goal For Embedded Advisors Called "Wildly Optimistic."

Time (12/18, Kukis, 4.03M) reports, "There are now more than 4,000 U.S. soldiers serving as advisers to Iraqi security forces. If the recommendations made by the Iraq Study Group are put into practice, that number will grow substantially. The Baker commission's report calls for the number of U.S. troops embedded with Iraqi units to increase to as many as 20,000 over the next year. The report argues that boosting the number of advisers will lead to improvements in the quality of Iraqi forces and pave the way for a pullback of all U.S. troops from the front lines by 2008. But based on where Iraq's forces stand today, such a timetable is wildly optimistic. Iraq's 300,000-strong security forces -- in particular the national police, which is overseen by the Interior Ministry -- have been so thoroughly infiltrated by militias that some U.S. trainers will have to bring in new recruits and retrain much of the current batch before they can turn combat responsibilities over to the Iraqis. There are already concerns that by rushing to strengthen the Iraqis, U.S. forces may be ignoring abuses committed by the very people they're training."

Pentagon Has Been Training Officers To Act As Iraq Advisors Since July. Newsweek (12/18, Hirsh, Peraino, Childress, 3.12M) reports that "since July, 11-man squads of U.S. advisers have been going through a crash 60-day training program that is the core of America's effort to draw down its presence in Iraq. The idea: replace the 140,000-strong U.S. combat force there now with smaller, far less visible advisory teams. Embedding as many as 20,000 of these U.S. advisers with Iraqi Army and national police — a fourfold increase over current plans — is the key military recommendation of the Iraq Study Group report just released to thunderous attention. But the U.S. Army doesn't need any prodding. … As the Army ramps up the program, however, its many perils are becoming clearer. Most of the trainees are career U.S. military officers, many of them thirty- to forty something desk jockeys who are logistical wizards, intelligence specialists and administrators. They have all the expertise the Iraqi Army needs and more, but many have barely used their weapons since basic."

Strengthened Militias Likely To Continue Undermining Maliki Government. U.S. News and World Report (12/18, Mulrine, 2.03M) reports, "As the violence in Baghdad grows worse, the militias are gaining strength, in part by promising safety and services for Iraqis in desperate need of both-and by delivering retribution in the tit-for-tat cycle of sectarian attacks by Sunni insurgents and Shiite militias. In its report last week, the bipartisan Iraq Study Group stressed the corrosive effect of Shiite militia activities that 'undermine the authority of the Iraqi government and security forces, as well as the ability of Sunnis to join a peaceful political process.' Reining in the militias is just one of the hurdles to implementing the panel's prescriptions for national reconciliation. The committee's report raises doubts about the willingness and ability of Prime Minister Nouri al-Maliki even to confront the militia problem."

In an interview with U.S. News and World Report (12/18, Mulrine, 2.03M) Lt. Gen. Martin Dempsey, "the senior American commander in Iraq responsible for training and equipping Iraqi security forces," is quoted as saying, "militias exist when in the eyes of the people the standing government isn't providing something-and in this case that something would be security. So we've got to continue to demonstrate to the people by accelerated transition to legitimate Iraqi security force control-because the more the Iraqi government can be seen as being in charge, the more the people will gain

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confidence in them, and the better off we'll be in terms of dealing with the militias."

US Hopeful Tribal Leaders Can Subdue Insurgents In Anbar. Newsweek (12/18, Childress, 3.12M) reports, "No part of Iraq needs fixing more desperately than insurgency-ravaged Anbar province and its capital, Ramadi. And U.S. forces are increasingly sure it can't be fixed without the help of tribes who have always been more loyal to their sheiks than to the government. Before the 2003 invasion, Saddam Hussein had to buy the sheiks' support with wealth and special privileges, and Anbar's tribes fought fiercely long after he was gone. Then Al Qaeda muscled in, claiming the Sunni-dominated region and killing sheiks who dared to challenge the jihadists' aims. After one well-known tribal leader was assassinated this summer, a group of 15 Ramadi sheiks banded together for survival's sake. They called themselves Sawa — Arabic for 'the awakening' — and cut a deal with the Americans: in exchange for protection against Al Qaeda, they would bring local police ranks up to strength."

Talabani Says ISG Report "An Insult" To Iraqis. Iraqi President Jalal Talabani's strong reaction to the Iraq Study Group was covered by NBC and by several major newspapers. NBC Nightly News (12/10, lead story, 1:55, Maceda, 9.87M) said Talabani "called that report's recommendations an insult to the people of Iraq." Talabani: "I think that Baker and Hamilton is not fair and not just and it contains some very dangerous articles." Maceda: "The report also condemned by anti-US Shiite cleric, Moqtada al Sadr, who said it was designed to divide and finish Iraq. But sectarian violence seems to be doing just that as ethnic cleansing of minority Sunni and Shiite families from formerly mixed areas goes unchecked.

USA Today/AP (12/11, Gamel) reports Talabani continued his criticism of the ISG report, a day after he expressed agreement with Kurdish regional leader Massoud Barzani about the report's failings. Talabani said it "contained dangerous recommendations that would undermine his country's sovereignty and were 'an insult to the people of Iraq.'" Described as "one of the staunchest U.S. supporters within the Iraqi leadership," he nonetheless "also said U.S. training of Iraq's army and police had gone 'from failure to failure.'" The Washington Post (12/11, A15, Trejos, 690K) reports Talabani said the report "does not respect the will of the Iraqis in dealing with their problems." He was "particularly critical of recommendations to embed thousands of US troops with Iraqi security forces to train and advise them, to centralize control of the country's oil revenue and to allow former loyalists of deposed president Saddam Hussein back into their old government jobs."

The New York Times (12/11, A12, Semple, 1.16M) reports that Talabani's remarks "amounted to an extraordinarily harsh denunciation of a central American strategy in Iraq and challenged a major recommendation by the Iraq Study Group in Washington." The Los Angeles Times (12/11, Moore, 850K) reports that Talabani "accused the bipartisan U.S. commission of condescension and ignorance." Another recommendation he denounced was one "to postpone a Kurdish bid for control over the northern oil hub of Kirkuk." His remarks "could lend support to Bush administration critics of the commission findings and to some conservatives who have called the study a plan for capitulation."

Talks Underway To Replace Maliki. The AP (12/11, Hendawi, Abdul-Zahra) reports that "major partners" in Iraq's governing coalition are engaged in "behind-the-scenes talks" to oust Iraqi PM Nouri al-Maliki "amid discontent over his failure to quell raging violence," according to lawmakers involved. The talks are "aimed at forming a new parliamentary bloc that would seek to replace the current government and that would likely exclude supporters of the radical Shiite cleric Muqtada al-Sadr." Instead, the "new alliance would be led by senior Shiite politician Abdul-Aziz al-Hakim, who met with President Bush last week."

Rumsfeld Returns Home After Final Iraq Trip. ABC World News (12/10, lead story, 2:30, Harris, 8.78M) reported, "As the debate over what to do next in Iraq grinds on, one of the most polarizing figures in this conflict, outgoing Defense Secretary Donald Rumsfeld, made a final and surprise visit to the troops that are fighting the war that may very well define his legacy. … Rumsfeld's tumultuous tenure ends in eight days when his more reserved replacement, Robert Gates, takes over. From a man who has been blamed from everything to the Abu Ghraib prison abuse scandal to failing to have a plan to win the peace, this seemed to be an emotional trip coming face to face with soldiers carrying out a mission that he told the President isn't working."

NBC Nightly News (12/10, lead story, 1:55, Maceda, 9.87M) said Rumsfeld "paid his most secretive visit to Iraq and no doubt his last as Secretary of Defense. He said that he wanted to thank the troops posing with US Marines and soldiers at an air base in restive al Anbar province. He met with medevac units and fighter pilots, and at mission headquarters, he was defiantly on message that history would favorably judge him and the war."

US Trainers Work With Iraqi Army. NBC Nightly News (12/10, story 2, 2:10, Seigenthaler, 9.87M) reported on "what could be the main focus for American troops in the future." NBC (Arraf) added, "In eastern Baghdad morning comes early for American trainers with the Iraqi army. This could be the US exit strategy. Small groups of advisors embedded with Iraqi forces as large American units leave.

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But that exit runs through dangerous territory. They are scanning for the new roadside bombs, the kind that's killed a colonel and four other trainers in the past two weeks. ... This brigade proved it is capable of fighting on its own according to its trainers. But to be able to sustain itself, it has to be able to improve its ability to provide fuel and ammunition and treat its wounded. They say that could take up to a year."

Conflict Closes In On Iraqi Sunnis. The Washington Post (12/11, A1, Raghavan, 690K) reports, "In the past two months, Shiite militiamen have tightened their grip" on the "central Baghdad neighborhood of Tobji, purging dozens of Sunni families, by fear and by threats. ... So Farouk began preparing to do what neither his father nor his grandfather could have imagined in their Iraq: flee Tobji, an enclave where Shiites and Sunnis have coexisted for more than half a century. Farouk plans to join the more than 400,000 Iraqis who have fled their homes, an exodus that is reshaping the face of Baghdad into neighborhoods polarized along sectarian lines. ... Sunnis were once part of the country's privileged class, with government jobs, but their days and nights are now filled with fear and dread unlike anything they felt since the toppling of President Saddam Hussein."

Iraq Fails To Spend "Billions" In Oil Revenues. The New York Times (12/11, Glanz, 1.16M) reports, "Iraq is failing to spend billions of dollars of oil revenues that have been set aside to rebuild its damaged roads, schools and power stations and to repair refineries and pipelines. Iraqi ministries are spending as little as 15 percent of the 2006 capital budgets they received for the rebuilding ... In essence, the money is available -- despite extensive sabotage, the oil money is flowing -- but the Iraqi system has not been able to put it to work." Reasons include "large turnover in government personnel" and "a strange new one: bureaucrats are so fearful and confused by anticorruption measures put in place by the American and Iraqi governments that they are afraid to sign off on contracts."

"Christian Peacemaker" Ex-Hostages Urge Forgiveness. The Christian Science Monitor (12/11, Rice-Oxley, Murphy, 59K) reports, "Three pacifists who were held hostage for 118 days in Iraq and were released only after a fourth colleague was murdered, publicly forgave their captors Friday. ... the members of the Christian Peacemaker Teams (CPT) said they were reluctant to testify against four alleged captors in Iraqi custody because of the possibility that they will face harsh punishment, especially the death penalty." The three survivors "say they would be hypocrites if they gave in to the anger created by their ordeal, and participated in the traditional avenues of justice."

Taliban, Allies "Tighten Grip" In Northern Pakistan. The New York Times (12/11, A1, Gall, Khan, 1.16M) reports, "Islamic militants are using a recent peace deal with the government to consolidate their hold in northern Pakistan, vastly expanding their training of suicide bombers and other recruits and fortifying alliances with Al Qaeda and foreign fighters, diplomats and intelligence officials from several nations say. The result, they say, is virtually a Taliban mini-state" in which the militants are "openly flouting" the September accord "under which they agreed to end…help for the Taliban insurgency." Intelligence officials warn that the growing network "is potentially disastrous for efforts to combat terrorism as far away as Europe and the United States."

Afghanistan Is Cited As Lesson In Aligning US, Iranian Interests. The Wall Street Journal (12/11, A10, Solomon, 2.04M) reports, "As pressure mounts on the White House to engage Tehran over Iraq, Afghanistan offers an example of how U.S. and Iranian interests can constructively align in the Islamic world." Reportedly, "Tehran today is playing an important role in seeking to stabilize post-Taliban Afghanistan. The Iranian government has pledged $560 million in development aid to President Hamid Karzai's government since 2002, these officials say, roughly half of which has been disbursed." But "critics say Iran has largely acted out of self-interest in Afghanistan. They say Tehran's support for Mr. Karzai's government is in part aimed at ridding the country of Tehran's enemy, the Taliban Sunni militia, while seeking to usher in stable conditions that could hasten a U.S. withdrawal from Central Asia." The increased Iranian presence might include "a larger presence inside the country" of Iranian intelligence agents. The Journal states that Iran "has offered little indication that it would be willing, or even able, to play the same type of stabilizing role in Iraq that it has in Afghanistan. ... Still, current and former U.S. diplomats say, Iran may be cooperative in Iraq if Washington offers it a more direct role."

Army Running Short On Officers, Sergeants. In a 3,200-word story, the Wall Street Journal (12/11, Jaffe, 2.04M) says a "big strain on the Army is a shortage of people." While having had to lower recruiting standards, "the Army has found itself short of officers and sergeants. Today, it is down about 3,000 active-duty officers, a deficiency that it says will grow to about 3,700 in 2008." The officer and sergeant shortage "is felt even more acutely" upon deployment in Afghanistan and Iraq. The Journal adds that a generational gulf among officers "was clear last month in their reaction" to Secretary Donald Rumsfeld's dismissal: "Many senior officers quietly celebrated his departure," while "junior

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officers ... tended to view Mr. Rumsfeld as 'part of a larger problem that hasn't been solved yet.'"

CORPORATE SCANDALS:

Industries Eager To Hire Departing Committee Counsels. The Washington Post (12/11, D1, Birnbaum, 690K) writes, "As soon as Democrats take over Congress next month, all sorts of businesses will no doubt face sharp-elbowed congressional hearings called O & I -- oversight and investigations. And they'll need a strong defense. Luckily for corporate America, many of the people who formerly conducted those nasty and frequently televised inquiries have switched sides and are available for hire to the highest bidders. For the right fee, a company can retain a former chief counsel to almost any of the most marauding committees on Capitol Hill. … Two former aides to the House's Government Reform Committee are also forming a partnership partly in hopes of attracting clients who want to know how to defeat the kinds of investigations they once managed. Barbara J. Comstock and Mark Corallo are setting out on their new venture because, Comstock said, 'it helps to know the history of the committee, its subpoena power.'"

CRIMINAL LAW:

Federal Death Penalty Cases Abound In Brooklyn Court. Long Island Newsday (12/11, Destefano) reports, "This is the season for the death penalty in Brooklyn federal court. … There have been no capital punishment trials in the federal court on Cadman Plaza East since 2003. But now three such cases are under way, and a fourth is expected to commence late next year. … 'It looks like death is rampant in Brooklyn,' said Ephraim Savitt, who is defending one of the cases involving Ronell Wilson, 24, who is charged with murdering two police officers." Newsday continues, "Monday, jurors will continue to hear testimony in Wilson's trial for the March 2003 murders of undercover detectives Rodney Andrews, 34, and James Nemorin, 36. … In another courtroom, the jury selection process is expected to finish in the case of accused drug racketeer and murderer Kenneth McGriff, 46, whose trial is slated for January." Newsday adds, "Next week, another jury begins grappling with whether to execute Martin Aguilar, after convicting him last week of murder for hire. Aguilar, 33, was convicted of killing Jose Fernandez in 2002 and dumping his body in a storm drain at historic Green-Wood Cemetery in Brooklyn. If the jury decides not to execute Aguilar, he will get life in prison. … Also, pretrial hearings are scheduled for Monday in the case of Guyanese immigrants Richard James and Ronald Malley, who face the death penalty in a trial slated for next year . They are accused of killing people in an insurance scam." Newsday notes, "Savitt said he believes the spate of capital cases in Brooklyn is a logical result of aggressive decisions by the Department of Justice in recent years to seek the death penalty. … 'The overall picture is the maturation of death penalty cases that have increased in the current administration,' said Savitt, of Manhattan."

Lawmakers Ask DOJ To Probe Amtrak's Legal Bills. The Wall Street Journal (12/11, Page A8, Koppel) reports, "Two congressmen have asked the Justice Department to look into Amtrak's use of outside legal counsel." The Journal continues, "In a Dec. 4 letter to Attorney General Alberto Gonzales, Rep. Don Young (R., Alaska) and Rep. John Mica (R., Fla.) complain that the federally subsidized railroad hasn't received fair and reasonable value for fees it has paid to law firms. … 'We urge you to conduct an investigation...and take appropriate action,' they wrote. Mr. Young is chairman of the House Committee on Transportation & Infrastructure; Mr. Mica recently was chosen to serve as the top-ranking Republican member of the committee when the 110th Congress convenes." The Journal adds, "The letter follows two recent public reports that concluded some of Amtrak's outside law firms engaged in sloppy billing practices, in violation of the railroad's internal billing guidelines. … Amtrak spokesman Cliff Black said: 'We don't believe the allegations related to Amtrak's use of outside counsel have merit or that they warrant review by the Justice Department, but we stand ready to cooperate and provide information as it is requested.' Earlier this year, Amtrak indicated that it had worked to improve its oversight of legal fees." The Journal notes, "An October report, issued jointly by Amtrak's Office of Inspector General and the Department of Transportation's inspector general, concluded that law firms had, among other things, engaged in 'block billing' in which they lumped tasks under one entry of an invoice, rather than itemizing the cost of each task. Block billing is prohibited by Amtrak, according to the report. According to the October report, from 2002 to 2005, Amtrak spent more than $100 million on outside lawyers."

FBI, IRS Philadelphia Airport Probe Focusing On Minority Contract Fraud. The Philadelphia Inquirer (12/11, Shiffman, 385K) reports, "Retail at Philadelphia International Airport may have entered a gilded age, but federal agents continue to investigate suspected pay-to-play corruption there. The current FBI and IRS investigation is related to minority business contracts held by airport shops, people familiar with the matter said." The Inquirer notes, "The focus of the investigation is the federal program designed to help disadvantaged business

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owners…get a fair share of airport contracts. … In some cases, the minorities have lent little more than their name, ethnic status and political sway - and have done little work."

Financial Difficulties Commonplace Among New York Mobsters. The New York Times (12/10, Rashbaum, 1.16M) reported that in New York City's five crime families, "Some mobsters reap millions from rackets, and in some cases from legitimate enterprises, but many struggle to maintain a middle-class existence, and some are routinely broke. The impoverished gangster barely eking out a living is so commonplace that mobsters have a word for these poorer men of honor: brokesters. The archetypal Hollywood image of a wiseguy with prodigious appetites, swaggering in a finely tailored suit with a diamond pinkie ring and a fat roll of 50s, conceals the more nuanced reality of mob economics, according to some prosecutors, federal agents, organized-crime experts and a few mobsters. Crime figures are not immune to ordinary financial burdens and woes, like struggling to make car payments and finding money for groceries."

Minnesota Criminologist Thinks Serial Killer Behind Drownings. The AP (12/11) reports, "Rumors have persisted for years that a serial killer is prowling Interstate 94" in Minnesota, "hunting young men in college bars and plunging them underwater. Investigators, though, say there's no evidence of foul play. They say the victims were so drunk they fell in the river and died." But St. Cloud State University criminologist Douglas Gilbertson "completed a study this spring he believes shows patterns that indicate some of the cases could be murders -- and could be linked." The AP noted, St. Cloud police Chief Dennis Ballantine, whose department investigated the drowning death of a St. Cloud State student this spring and concluded it was an accident, called Gilbertson's study a collection of coincidences. … Police in La Crosse have asked the FBI to recheck their findings in the drownings, however."

WSJournal Says Hype Of Foley Allegations Was Unwarranted. In an editorial, the Wall Street Journal (12/11, 2.04M) says, "Charges of GOP malfeasance helped Democrats in last month's elections, especially those Mark Foley electronic messages to a former Congressional page that became an October sensation. So it's worth noting that the House Ethics Committee report on the episode that was released last Friday concluded with a whimper." The Committee's "conclusions have been criticized as weak in some circles, but this is mostly from the same crowd that had shouted 'coverup' without any evidence." Republicans "owe their defeat last month to much more than the Foley episode, but the Ethics report makes clear that the political uproar at the time far exceeded the actual transgressions."

CIVIL RIGHTS:

Schwarzenegger Seeks Prison System Reform. The New York Times (12/11, Steinhauer, 1.16M) reports with "the November election behind them, Gov. Arnold Schwarzenegger and state lawmakers from both parties say the time is ripe for the first major overhaul of the" California prison system "since the 1970s." Schwarzenegger "recently took the extraordinary step of declaring a state of emergency in the prison system, a move generally reserved for areas hit by natural disasters." Prison overcrowding is "so severe that 16,000 inmates are assigned cots in hallways and gyms; last month, the state began asking for volunteers to be moved to prisons out of state."

NYTimes Says Reports Show Voting Machines Need Paper Records. The New York Times (12/11, 1.16M) says in an editorial, "Two influential federal advisory groups have added their voices to an emerging national consensus that voting machines must produce a voter-verified paper record if they are to be trusted. One of those groups, the one dominated not by scientists but by election officials, was more grudging than it should have been. But their analyses should give further support to members of Congress who plan to push next month for a strong federal law requiring voter-verified paper records."

ANTITRUST:

Proposed Monsanto Deal Sparks Crop-Biotech Industry Backlash. The Wall Street Journal (12/11, Page C1, Kilman) reports, "Monsanto Co.'s second attempt in seven years to bring southern seed giant Delta & Pine Land Co. to the altar could be running into trouble." The Journal continues, "An unusual backlash against the proposed combination is taking root across the U.S. Farm Belt, driven in part by rivals in the crop-biotechnology industry, which Monsanto dominates." The Journal adds, "The proposed $1.5 billion deal announced in August would give Monsanto more control over a major crop by a biotechnology company than ever before allowed, a prospect that upsets antibiotechnology activists. Delta & Pine Land's seeds produce half of America's cotton, the nation's fifth-biggest crop. Delta's market share is highest in southern states such as Georgia, where 92% of the cotton is grown from Delta seed. … Wall Street is treating the acquisition as a done deal. Delta & Pine Land stock has hovered just under the $42-a-share offer since Aug. 15, when it jumped 11% on news of the agreement. The shares were at

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$40.64, down 24 cents, Friday in 4 p.m. New York Stock Exchange composite trading. Monsanto shares fell 43 cents to $48.08 Friday on the Big Board. Monsanto is trading at more than 25 times estimated earnings for its next fiscal year, according to Thomson Financial, compared with about 16 for the stocks in the Standard & Poor's 500-stock index." The Journal notes, 'Analysts have applauded the proposed combination because it would allow Monsanto to speed penetration of the cottonseed market with new genetically modified traits while ending several years of costly litigation between the two firms over their first breakup. Some biotech-industry leaders are prodding the attorneys general of several states to look into the combination as an antitrust review by the Justice Department extends into its fourth month."

WSJournal Hopes SCOTUS Rules Against Plaintiffs In Baby Bell Case. The Wall Street Journal (12/11, 2.04M) says the plaintiffs in Bell Atlantic v. Twombly, "a class-action suit in which plaintiffs allege that the Baby Bell phone companies conspired to suppress competition in violation of antitrust laws," claim that BellSouth, Verizon, "and the other Bells agreed among themselves to refrain from competing against each other and to prevent smaller telecom rivals from entering their respective markets." But the Justices "seemed unpersuaded that actual facts supporting these claims weren't necessary." The High Court's "skepticism is warranted and we can hope will be reflected in its decision."

ENVIRONMENT:

Democrats To Seek Reduction In US Energy Demand. The Wall Street Journal (12/11, A14, Fialka, 2.04M) reports, "In one of its final acts, the Republican Congress modestly increased the nation's domestic oil and natural-gas supplies, permitting more drilling for oil and natural-gas in the Gulf of Mexico. When Democrats take control next month, they will attempt to change the direction of energy policy, focusing more on shrinking demand, especially for gasoline and other products that rely heavily on imported oil." The Journal adds, "President Bush is an enthusiastic backer of ethanol, and boosting federal support could be an area where the White House and the new Congress find common ground. Senate Democrats will consider more direct approaches to curbing fossil-fuel demand, including raising efficiency standards for auto makers." Democrats "appear less willing to consider the supply-side solutions that have been popular in the Republican Congress. Their most recent big energy bill, last year, was heavy on incentives for coal, as well as for ethanol and nuclear power."

DOE Finds Power Grid Could Fuel 180 Million Electric Cars. The Wall Street Journal (12/11, A14, Fialka, 2.04M) reports, "The nation's existing electric power grid could fuel as many as 180 million electric cars, a Department of Energy study estimates. The study, being released today by the department's Pacific Northwest National Laboratory, is the federal government's first look at the grid's capacity to handle the demands of so-called plug-in hybrids."

FDA Mulls Rules For Preventing E. Coli Outbreaks. The New York Times (12/11, Martin, 1.16M) reports that with "processed fresh produce like bagged salads and baby carrots growing in popularity in the past decade, the Food and Drug Administration realized as long ago as 2000 that recommendations for safe handling of the products were needed." The FDA "went so far as to draft guidelines and kept the issue high on its priority list, but pressed by budget cuts and competing F.D.A. demands, the proposal languished." Now, with the "recent outbreaks of E.coli related to processed vegetables, the F.D.A.'s oversight of produce is likely to be treated with new urgency."

The Washington Post (12/11, Shin, 690K) reports in a front page story that the "patchwork of federal and state regulations that is supposed to ensure food safety has become less effective as the nation's produce supply has grown increasingly industrial." Consumer advocates "think that tougher mandatory food safety standards and stepped-up enforcement are the answer."

Taco Bell E. Coli Outbreak Slowing. USA Today (12/11, Weise, 2.27M) reports the "E. coli outbreak tied to Taco Bell restaurants in four states may be finally slowing down. … The onset of the last reported case was Dec. 2."

Schlosser Urges Democrats To Step Up Regulation Of Food Production. In a New York Times op-ed (12/11), author Eric Schlosser says, "This fall has brought plenty of bad news about food poisoning. … It is time for the new Democratic Congress to reverse a decades-long weakening of regulations and face up to the food-safety threats of the 21st century."

Agreement Would Limit Use Of Great Lakes Water. USA Today (12/11, 15A, Cauchon, 2.27M) reports a "new multistate agreement working its way through state legislatures builds a legal wall around the largest source of fresh water in the world. The deal would ensure that no Great Lakes water is ever shipped outside the region."

FBI/DEA/ATF/USMS:

Former Virginia Sheriff's Deputy Pleads Guilty To Drug, Racketeering Conspiracy. The Martinsville (VA) Bulletin (12/10) reported a former Henry

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County Sheriff's Office deputy "has pleaded guilty to two charges in the sheriff's office scandal after reaching a plea agreement with the government. … Bradley Scott Martin, 33, entered guilty pleas on one count of racketeering conspiracy and one count of drug conspiracy in district court in Roanoke on Friday, according to Heidi Coy with the U.S. Attorney's Office. … The indictments were the result of a nearly two-year investigation by federal authorities into an alleged eight-year scheme involving some sheriff's office personnel. According to the indictment, in 2001, a Drug Enforcement Administration (DEA) agent from Texas placed a telephone call to the Henry County Sheriff's Office to advise officers that a drug ledger had been seized which indicated shipments of drugs were being delivered to 'Brad Martin's' house in Martinsville."

The Roanoke (VA) Times (12/9) reported, "Martin and 11 other current and former deputies and former Henry County Sheriff Frank Cassell are named in a 48-count federal indictment."

On its Web site, WDBJ-TV, Roanoke (12/8) also reports on Martin's guilty plea.

Prosecutors Drop Some Charges. The AP (12/8) reported, "The federal indictment of Henry County's former sheriff and a dozen past and present members of his department has led prosecutors to drop charges against 28 people because of the taint of the alleged corruption. The charges dropped include 16 felony drug counts and 25 misdemeanor and traffic infractions. 'These charges could not be effectively prosecuted without the testimony of one or more individuals currently under federal indictment,' Commonwealth's Attorney Bob Bushnell said. … He said he does not expect any more charges to be dropped."

Three Drug Gang Members Sentenced In Maryland. The Annapolis (MD) Capital (12/9) reported three men who "admitted being part of a Severn drug gang known as the 'Pioneer City Boys' were sentenced to federal prison. Federal prosecutors said Tony Maurice Horne Jr. and Troemaine Herbert Storey, both of Glen Burnie, and Jerome Otto Waters Jr. of Annapolis were part of a gang that used violence and intimidation to keep competitors out and silence people who might go to the police. … An associate, Calvin I. Savoy of Severn, was convicted in October of drug charges and of shooting a county police officer during a melee in Odenton in 2004. … The shooting of the officer touched off an investigation by county police and the U.S. Drug Enforcement Administration that culminated with the September 2005 indictment of seven men."

Ohio Doctor Accused Of Illegally Prescribing $10 Million Worth Of Painkillers. The Toledo(OH) Blade (12/9) reported a Michigan physician "was arraigned…in federal court on charges that he used a Toledo medical office to illegally prescribe more than $10 million in painkillers to patients. A 26-count indictment, filed Wednesday in U.S. District Court in Toledo…charges Dr. Leo M. Ognen, 54, with drug conspiracy and drug distribution. … The charges stem from a U.S. Drug Enforcement Administration investigation into the alleged illegal dispensing of over two million doses of OxyContin and oxycodone and 1.1 million Percocet tablets at his medical practice in Toledo from January, 2002, to October, 2004."

Steroid Seizure In Maryland Said To Be Among Largest. The Baltimore Sun (12/9, Dolan) reported it "seemed like a routine seizure when federal customs agents intercepted a package of steroids at John F. Kennedy Airport in New York. From JFK, the investigation led authorities to Anne Arundel County to what they now call one of the largest stashes of man-made muscle enhancers found in the region. Federal authorities and Anne Arundel County police searched the locker of the Bally's personal trainer last summer and wrote in court papers that they found about 40,000 vials and tablets of suspected anabolic steroids stuffed inside a locked chest. 'It's unprecedented, as far as we're concerned,' said Floyd Pond, deputy director of the Washington-Baltimore High Intensity Drug Trafficking Area task force program. Ed Marcinko, a spokesman for the Drug Enforcement Administration in Baltimore, said he agreed with Pond's assessment."

Study Finds Drugs As Common As Alcohol In Car Crashes. The AP (12/8) reported the "focus on the dangers of drinking and driving may have overshadowed a similarly serious problem: the effect of drugs, including prescription medication, on drivers. According to a federal study…West Virginia medical examiners have found that drugs turn up almost as frequently as alcohol in the victims of fatal car crashes. The drugs found most often are prescription medications like painkillers and depressants." The federal Centers for Disease Control "is able to draw that conclusion because West Virginia — unlike most states — routinely tests the victims of fatal crashes for drugs and prescription medications as well as alcohol."

Doping Case Appeals Seen As Useless By Athletes. According to the Los Angeles Times (12/11, Hiltzik), athletes "see doping case appeals as futile exercise. … The WADA rules govern the admissibility of evidence, the burden of proof and the selection of the arbitrators themselves. In each category they tend to favor the accusers. Athletes wishing to compete in national, international and Olympic events subject to WADA jurisdiction have no option but to agree to this system. Anti-doping authorities argue that

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these rules — indeed, the very requirement that appeals be heard by arbitrators, rather than in court — are crucial to ensuring a fast and efficient process."

In a separate story, the Los Angeles Times (12/10, Hiltzik) reported the worldwide sports anti-doping program, "created to fight performance-enhancing drug use in international athletics, imposes severe punishments for accidental or technical infractions, relies at times on disputed scientific evidence and resists outside scrutiny, a Times investigation has found. Elite athletes have been barred from the Olympics, forced to relinquish medals, titles or prize money and confronted with potentially career-ending suspensions after testing positive for a banned substance at such low concentrations it could have no detectable effect on performance, records show. … The findings emerge from a Times examination of more than 250 anti-doping cases involving runners, cyclists, skiers, tennis players and competitors in dozens of other sports from around the world."

The Los Angeles Times (12/11) also includes a list of "questionable" doping cases.

Meth-Makers Move Into Woods To Avoid Detection. USA Today (12/11, Keen, 2.27M) reports hunters "are finding methamphetamine labs or their remnants in remote areas this fall." Federal and state laws "restricting sales of cold tablets containing ephedrine or pseudoephedrine, key components of meth, have reduced the number of labs." But some meth makers "are moving to isolated areas to escape detection."

Walters Says Opium Poppies In Afghanistan Will Be Sprayed With Herbicide. The AP (12/10) reported the top U.S. anti-drug official "said Saturday that Afghan poppies would be sprayed with herbicide to combat an opium trade that produced a record heroin haul this year, a measure likely to anger farmers and scare Afghans unfamiliar with weed killers. John Walters…said Afghanistan could turn into a narco-state unless 'giant steps' are made toward eliminating poppy cultivation. … Afghans are deeply opposed to spraying poppies. … But Walters said [President] Karzai and other officials have agreed to ground spraying. 'I think the president has said yes, and I think some of the ministers have repeated yes,' Walters said." There are more than 80 media references to spraying Afghanistan's opium poppies. News outlets that used the AP story include CBS News, the Wall Street Journal, Washington Post, Forbes, Houston Chronicle, Newsday, and Kansas City Star.

NYTimes Says New Jersey Needs Sterile Needle Program. The New York Times (12/11, 1.16M) says in an editorial that New Jersey's drug-related HIV infection rate "is said to be twice the national average. … At the moment, however, New Jersey is the only state that is still resisting this proven AIDS-prevention strategy." New Jersey lawmakers "should bear this in mind as they approach the vote. A vote for the needle access program is a vote for saving the lives of men, women and unborn children."

TAX:

IRS Headquarters Reopens Six Months After Flooding. The Washington Post (12/11, D4, Barr, 690K) "Federal Diary" reports the IRS headquarters on Constitution Avenue in Washington "has reopened, almost six months after heavy rains flooded the basement and sub-basement, destroying electrical and air-conditioning equipment."

CONGRESS-ADMINISTRATION:

GOP Uses Final Days Of Congressional Control To Approve Popular Tax Items. The Christian Science Monitor (12/11, Chaddock, 59K) reports, "Republicans used their final hours in charge of Congress to make good on promises to many of Washington's most powerful interests as well as to American families they hope to woo back in 2008. The 11th-hour output includes popular tax extenders, such as the research and development tax credit for businesses and the tax break for college tuition."

Thomas Credited With Pushing HSA Provision Attached To Tax-And-Trade Package. The Washington Post (12/11, A4, Birnbaum, Montgomery, 690K) reports, "Republican lawmakers, with little public debate, quietly added a billion-dollar health-care benefit to legislation that was rushed through Congress just before it adjourned Saturday morning. Acting at the urging of several major business lobbies eager to reduce their medical-insurance costs" and House Ways and Means Committee Chairman Bill Thomas, "lawmakers adopted the provision even though only a single committee had previously approved it. The provision…expands the amount of money that can be contributed tax-free to health savings accounts (HSAs)." That it "remained in the bill was thanks largely to Thomas."

Health Care Legislation Balances Funding With Increased Transparency. The Wall Street Journal (12/11, A8, Lueck, 2.04M) reports Congress "authorized billions of dollars in spending to shore up government health initiatives…passing legislation that included provisions aimed at injecting more transparency and accountability into the programs."

Offshore Drilling Bill Draws Mixed Reviews. The Christian Science Monitor (12/11, Knickerbocker, 59K) reports, "As one of its final acts, the 109th Congress Friday approved opening to oil and gas development 8.3 million

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previously protected acres off the Gulf Coast - a last bid to influence energy and environmental policy before the Democrats assume control. Industry officials are pleased; environmentalists much less so."

Congress Approves Ban On Fraudulently Obtaining Phone Records. The Wall Street Journal (12/11, A6, Rogers, Matthews, 2.04M) reports, "Spurred by the Hewlett-Packard Co. scandal, Congress approved legislation that would make it a federal crime to obtain an individual's telephone records without his or her approval. The measure spells out new federal criminal penalties for those who buy and sell such fraudulently obtained records. The White House said President Bush will sign the measure. The bill targets 'pretexting' tactics, where investigators use schemes to impersonate their target and gain access to private phone records."

Novak Describes Angry Exchange Between GOP Senators Over Earmarks. In his column for the Washington Post (12/11, A19, 690K) Robert Novak writes, "The sterile, confused lame-duck session of the Republican-controlled 109th Congress ended with a quiet victory by reformers that staved off an estimated 10,000 earmarks. … The hero of the lame-duck session was" Sen. Jim DeMint, who "was instrumental in blocking a Senate-House conference on a military construction appropriations bill, which would then be used as the last train out of town to carry pork." Novak continues, "The first closed-door meeting of Republican senators after their drubbing in the election erupted in discord after the leadership laid out plans for an omnibus spending bill, putting all unfinished appropriations bills in one package. … But DeMint rose to make clear that he and his fellow freshman Republican, Sen. Tom Coburn of Oklahoma, would use the many parliamentary devices at their disposal to block an omnibus bill." Sen. Ted Stevens "erupted with an exhibition of his famous hair-trigger temper." Sen. Thad Cochran "made the case in calmer language." Sen. John McCain, "happy to have two Senate rookies pick up the anti-pork mantle he has carried for many years, was making snide comments in a stage whisper. But DeMint was not about to be moved by either threats or persuasion."

Frist Blames "Obstructionist" Democrats For Blocking Popular Measures. In an op-ed for USA Today (12/11, 21A, 2.27M) Sen. Bill Frist writes, "The Congressional session that just concluded actually leaves a solid record of achievement for America. … Nonetheless, some widely supported measures fell victim to obstructionist tactics. Democrats, for example, blocked popular proposals to make it easier for small businesses to buy health coverage for their employees, reform our broken medical liability system, do more adult stem cell research, and increase the minimum wage."

USA Today Blasts Departing GOP Congress. USA Today (12/11, 21A, 2.27M), in an editorial titled, "109th Congress' Big Success: Lowering The Achievement Bar: Shoddy ethics, obsession with perks of power left GOP little to brag about," writers, "In the end, nothing became the 109th Congress so much as its going, which it finally did Saturday on the heels of an ethics report that seemed to symbolize two years of feckless behavior. Even some key Republicans left town lamenting a record of failure. … Anything went if it helped preserve GOP power, but very little was achieved to address the nation's problems."

WPost Praises Fisheries Bill. The Washington Post (12/11, A18, 690K), in an editorial, writes, "Congress passed an important piece of legislation for the health of America's oceans. Two commissions in recent years have concluded that only bold policies can prevent the collapse of coastal ecosystems. The bill, which reauthorized and improved upon the nation's fisheries management laws, wasn't bold enough and contained a few unfortunate compromises, but it represents progress."

Pelosi Attracting Unprecedented Media Attention. The Los Angeles Times (12/11, Fiore, 850K) reports that as Rep. Nancy Pelosi "prepares to be sworn in Jan. 4 as the first female speaker of the House, she has become an object of fascination and curiosity in political circles and beyond. Barbara Walters interviewed her as one of the year's 10 most fascinating people. People magazine has written about her twice in recent weeks. … Only weeks ago, Republicans were doing their best in the heat of the campaign to paint Pelosi, 66, as a conservative's nightmare — a San Francisco liberal out of touch with the American mainstream. But more recently, a poll measuring political charisma showed that she had 'dramatically improved her standing' with the public, sponsors of the survey said, with voters knowing her better and feeling warmer toward her."

Pelosi Rewarding Younger Members Credited With Improving Democrats' Image. The Washington Post (12/11, A12, Layton, 690K) reports, "They call themselves the '30-Something Working Group,' a loose collection of House Democrats in their 30s and 40s who have begun making waves. … The core of the group -- Reps. Kendrick Meek and Debbie Wasserman Schultz of Florida and Timothy J. Ryan of Ohio -- began talking at 10 or 11 p.m. Never mind that the House chamber was essentially empty at that hour. C-SPAN was recording the sessions, and insomniacs around the country got to know the three young Democrats. The trio sometimes used props and took irreverent jabs at the Republicans in honing their party's message." According to the Post, "The young Democrats played an important role in helping their party take control of Congress, and now they are beginning to reap the benefits." Pelosi "is making room for these and other young House Democrats, giving them

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opportunities they would not normally enjoy under the rigid seniority system that typically defines life in the Capitol."

Work On Appropriations Bills Awaits Democrats. USA Today (12/11, 9A, 2.27M) reports, "When the Democrats take control of Congress next month, they will also have to take charge of resolving spending issues that the old Congress couldn't. As the clock ticked toward adjournment over the weekend, Congress approved a flurry of last-minute bills, but could not reach a deal on nearly a dozen annual spending bills for the fiscal year that began Oct. 1. … Budget work on about $400 billion for agencies as varied as the Education Department, the Department of Agriculture and Health and Human Services will be left unfinished also."

The Wall Street Journal (12/11, A6, Rogers, 2.04M) writes, "In the closing hours of the Republican-controlled Congress, impatient House Democrats took a swing at oil and gas interests -- a sign of things to come in January. The punch fell wide: Their amendment, seeking to recoup royalties from energy companies drilling on federal lands, failed 207-205. There was pride in coming so close. But the defeat also betrayed a level of confusion in the new majority and fear that it won't have the resources needed to carry out its agenda after midterm election victories."

U.S. News and World Report (12/18, Brush, 2.03M) reports, "The lame duck Republican-led Congress punted nearly a half-trillion dollars in unfinished spending over to next year-to the Democrats, that is. Just when the Democrats hope to be talking about the minimum wage and college tuition and fulfilling their campaign pledges for a 'new direction,' they'll be saddled with looking backward and making a host of spending decisions fraught with peril. Their plans to hit the ground running with a flurry of politically popular initiatives may just have run into a gaping pothole. That's because the lawmakers who left Washington last week…completed only two (defense and homeland security) of the 11 spending bills that finance 13 government agencies."

Agriculture Lobby Expected To Face Concerted Opposition In Crafting New Farm Bill. U.S. News and World Report (12/18, Schulte, 2.03M) reports, "The agriculture industry is hoping for a 2007 bumper crop-of money. When Congress reconvenes in January, one of its top priorities will be hashing out a new six-year farm bill, an always anticipated Washington ritual that has regularly delivered massive subsidies to the industry and howls of protest from budget hawks and others. … While Big Ag is pushing for another barnburner, the largess of the 2002 farm bill, penned at a time of government surplus, is gone. This time, nothing will come easy." According to US News, "an odd-couple alliance is forming among Bread for the World, the libertarian Cato Institute, the liberal Environmental Defense, and the conservative Club for Growth. Expect talks to accelerate by early spring. Most insiders predict calls for reform will keep Big Ag from going home with the usual honey pot, but it won't be left hungry, either. For some, that's enough."

Democrats To Probe Interior Department's Handling Of Oil And Gas Royalties. U.S. News and World Report (12/18, Pound, 2.03M) reports, "For years the Department of Interior's Minerals Management Service operated pretty much in the backwaters of the nation's capital, drawing little scrutiny from the press or Capitol Hill. Such obscurity, however, is a thing of the past. Last summer, congressional investigators discovered that the agency had bungled its job so badly that energy companies legally avoided paying an estimated $2 billion in royalties on oil and natural gas extracted from federal waters. The final tab to taxpayers could reach $10 billion." Sen. Ron Wyden "will chair a subcommittee and vows a 'very vigorous' investigation of the oil and gas leasing program run by the minerals agency. … In the House, says a senior aide to Rep. Nick Rahall, the West Virginia Democrat expected to chair the House Resources Committee, 'there will be an intensive and exhaustive review of royalty underpayments.'"

Jordan Confirmed To 3rd Circuit Bench. The Legal Intelligencer (12/11, Bennett) reports, "The U.S. Senate confirmed Judge Kent A. Jordan to the 3rd U.S. Circuit Court of Appeals on Friday." The Intelligencer continues, "Jordan, formerly a judge for the U.S. District Court for the District of Delaware, was nominated in June to replace Judge Jane R. Roth, who took senior status on the appellate court effective May 31. Both Roth and Jordan are Republicans." The Intelligencer adds, "Directly before his appointment to the district court in 2002, Jordan was vice president and general counsel of the Corporation Services Co. in Wilmington, Del. He joined the company in 1998 after five years as a partner with Wilmington firm Morris James Hitchens & Williams. … From 1987 to 1992, Jordan was an Assistant U.S. Attorney, after having spent two years as an associate with Potter Anderson & Corroon, another Wilmington firm. … Admitted to the Delaware bar in 1984, Jordan clerked for Judge James L. Latchum of the Delaware District Court from 1984 to 1985, after receiving his J.D. from the Georgetown University Law Center. He received his B.A. from Brigham Young University in 1981. Jordan was born in West Point, N.Y., and resides in Delaware. … Historically, two seats on the 3rd Circuit bench have gone to Delaware jurists. Jordan's nomination continues the tradition. Roth is from Delaware, and the state's other representative on the court is Judge Thomas L. Ambro, who joined from private bankruptcy practice at Wilmington firm Richards Layton & Finger. He was nominated by President Bill Clinton and confirmed in 2000."

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San Francisco Protestors Urge Pelosi To Seek Bush's Impeachment. The San Francisco Chronicle (12/11, King, 384K) reports a "small but spirited rally in San Francisco called on" incoming House Speaker Nancy Pelosi "to move impeachment" of President Bush "to the top of the legislative agenda."

Bush Attends "Christmas In Washington" Concert. The AP (12/10, Sanner) reports President Bush "enjoyed a lively set of Christmas music Sunday night" at "the annual 'Christmas in Washington' concert at the National Building Museum. The event benefited the Children's National Medical Center." Bush "said U.S. troops abroad 'must know that our nation is grateful for your service.'"

Book Explores Cheney's Role In Bush Administration. The Financial Times (12/11, Daniel) examines the book "Vice," in which sets out to depict how Vice President Cheney "has become the most powerful vice-presidency in history, 'insulated from any accountability -- from the Congress and even from the president with whom he shared executive power'. … Reinforcing the image of Mr Cheney as the shadow president, the authors reveal the ways he has bolstered his authority."

Watchdog Group Urges DOD Inquiry Into Evangelical Video. The Washington Post (12/11, Cooperman, 690K) reports, "A military watchdog group is asking the Defense Department to investigate whether seven Army and Air Force officers violated regulations by appearing in uniform in a promotional video for an evangelical Christian organization. In the video, much of which was filmed inside the Pentagon, four generals and three colonels praise the Christian Embassy, a group that evangelizes among military leaders, politicians and diplomats in Washington. Some of the officers describe their efforts to spread their faith within the military." The Military Religious Freedom Foundation "is requesting an investigation in a letter to the Defense Department's inspector general."

Discovery Crew Prepares For Docking With International Space Station. USA Today (12/11, 5A, Watson, 2.27M) reports, "Early data from Saturday's launch of space shuttle Discovery show the ship is in good health and suffered no damage on the way to orbit, deputy shuttle program manager John Shannon said Sunday. 'It was a very typical ascent,' Shannon said. 'The team sees nothing of concern at this time.'" The AP (12/11, Borenstein) reports the shuttle "is to dock with the space station Monday to begin the intricate work. Three complicated spacewalks are planned to rewire the space station from a temporary to a permanent power source." The Christian Science Monitor (12/11, Spotts, 59K) previews the work ahead for the Discovery crew.

Bill Would Limit USPS Rate Hikes. The Wall Street Journal (12/11, A8, Mckinnon, Brooks, 2.04M) reports the Postal Service "generally will be barred from raising postage rates beyond the rate of inflation for the next decade under an overhaul passed by Congress." The new law – "the first major changes to the service in more than three decades -- aims to stabilize rates for households and bulk mailers and to help the service cope with the challenges of the Internet and compete against delivery companies such as FedEx Corp. and United Parcel Service Inc. The White House said President Bush would sign the bill."

NYTimes Criticizes Administration For "Muzzling" Scientists. In an editorial headlined "Muzzling Those Pesky Scientists," the New York Times (12/11, 1.16M) says the EPA "disclosed last week that it had revised -- stood on their head is more like it -- procedures it has used for 25 years to set standards for air pollutants like soot and lead. … This is disheartening, but not surprising. Whether the issue is birth control or global warming or clean air, this administration has already acquired a special place in regulatory history for the audacity with which it has manipulated or muzzled science (and in some cases individual scientists) that might discomfit its industrial allies or interfere with its political agenda."

Krugman Criticizes Administration For Privatizing Government Functions. In his New York Times (12/11, 1.16M) column, Paul Krugman says, "Outsourcing of the government's responsibilities -- not to panels of supposed wise men, but to private companies with the right connections -- has been one of the hallmarks" of the Bush Administration, and "privatization through outsourcing is one reason the administration has failed on so many fronts." It is "now clear that there's a fundamental error in the antigovernment ideology embraced by today's conservative movement. Conservatives look at the virtues of market competition and leap to the conclusion that private ownership, in itself, is some kind of magic elixir. But there's no reason to assume that a private company hired to perform a public service will do better than people employed directly by the government."

Kurtz Says Leaks Show Administration's Unity Breaking Down. In his Washington Post (12/11, C1, 690K) "Media Matters" column, Howard Kurtz says, "Washington is awash in leaks these days, giving us a rare glimpse of what really goes on behind the carefully manicured landscape of official statements." With the leaks of memos by Defense Secretary Donald Rumsfeld and National

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Security Adviser Stephen Hadley, "it is clear that the administration's once-legendary discipline has broken down. What is also clear is that the private doubts of top officials are closer to the media's dark portrait of the war than to the 'absolutely, we're winning' rhetoric of President Bush. That is especially noteworthy in light of all the criticism that administration officials have heaped on correspondents in Iraq for focusing too heavily on violence and ignoring signs of progress."

Summers Concerned By Populist Policy Proposals. In a Financial Times (12/11) op-ed, Harvard's Lawrence Summers says, "If the new Congress sees itself as having a mandate for anything in the economic area, it is for policies that 'stand up' for ordinary Americans against the threat they perceive from corporate and moneyed interests. These populist impulses have roots much deeper than campaign rhetoric." Summers decries "populist policy proposals that cut against the grain of the market system by, for example, limiting free trade agreements, restricting outsourcing or limiting the ability of successful companies to expand. The track record of such populist proposals is dismal. They rarely achieve their objectives and come with huge collateral costs."

Additionally, in an op-ed for the Los Angeles Times (12/11, 850K), Summers writes, "The freshman class" in Congress "is under enormous pressure to respond not just to the economic insecurity that middle-class voters feel but to their resentment toward the disproportionately prospering corporate elite. If the new Congress sees itself as having any kind of economic mandate, it is for policies that 'stand up' for ordinary Americans against the perceived threat from corporate and moneyed interests.

OTHER NEWS:

"Spunky" Economy Said To Be Surmounting Downturns. The Christian Science Monitor (12/11, Scherer, 59K) says the US economy is "spunky," as evidence suggests it is "weathering the downturns in the housing and auto markets. The economy does have a little wobble, and some economists believe the US is entering a period of subpar growth. But as a whole, it appears to be avoiding dire predictions of a sharp rise in unemployment and a loss of business confidence." And the Wall Street Journal (12/11, C1, Browning, 2.04M) says investors "are widely expecting an investor-friendly announcement" from the Fed tomorrow. The Fed "is expected to leave target interest rates unchanged, fueling hopes that it will start cutting rates some time next year, which would be good news for stocks and bonds."

Retiring, Defeated Members Of Congress Entertain Offers From Academia. The AP (12/11, Superville) reports, "The future is bright for ex-members of Congress." Rep. Sherwood Boehlert "is joining the Woodrow Wilson International Center for Scholars in Washington." Rep. Jim Leach "is sifting through offers from prestigious East Coast universities — Georgetown, Harvard and Princeton among them — as well as schools in his Midwestern home state." Sen. Mike DeWine "is talking to universities about teaching and law firms about legal work as he prepares to re-enter private life for the first time in 30 years."

Obama Hits New Hampshire With "Huge Media Horde" In Tow. ABC World News (12/10, story 6, 2:50, Harris, 8.78M) reported, "It is still the year 2006, but in New Hampshire, it looked more like 2008." Sen. Barack Obama "has not yet announced whether he'll run for president, but when the Democratic star paid his first visit to New Hampshire today, he was welcomed like a candidate." ABC (Tapper) said the "excitement Obama is generating with crowds in his first-ever visit to the first in the nation primary state could be bad news for his possible Democratic primary rivals," including Sen. Hillary Clinton.

NBC Nightly News (12/10, story 4, 2:35, Reid, 9.87M) said Obama "said that he is baffled by how quickly he's become a superstar of the Democratic Party. Here in New Hampshire his supporters say they are not surprised at all, that he is a politician with a gift." Also on NBC Nightly News (12/10, story 5, 1:45, Seigenthaler, 9.87M), CNBC's John Harwood was asked if there is "any doubt that Barack Obama is running." Harwood said, "Very little doubt. … When you talk to his advisors, it is clear that he is into this."

The Washington Post (12/11, Balz, 690K) reports on its front page that "the political phenomenon known as Sen. Barack Obama" descended on New Hampshire Sunday, "drawing enthusiastic crowds and trailed by a huge media horde as he continued to stoke interest in a possible bid for the White House in 2008." In Portsmouth, "it was standing-room-only at a book signing," and in Manchester, "1,500 people paid $25 apiece to hear him speak at a celebration of the New Hampshire Democratic Party's historic victories in last month's midterm elections. To the question everyone wanted answered -- Is he going to run? -- Obama was noncommittal." But Obama closed his Manchester speech "with words that seemed to signal growing interest in a campaign. 'America is ready to turn the page,' he said. 'America is ready for a new set of challenges. This is our time. A new generation is prepared to lead.'"

USA Today (12/11, Lawrence, 2.27M) says the "half-Kansan, half-Kenyan author and politician, who electrified the 2004 Democratic convention with his keynote speech, says it is 'a little surprising' to him and 'completely baffling' to his wife

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that his 15 minutes of fame have extended well beyond 15 minutes. But there's no doubt they have. The large crowds and pop-star response Obama drew here underscored the new reality for Democrats seeking their party's nomination: New York Sen. Hillary Rodham Clinton is no longer alone at the top." The AP (12/10, Pickler) also highlights Obama's "15 minutes of fame" remark.

The New York Times (12/11, Nagourney, 1.16M) says the visit was the "first time in his life" that Obama has visited the leadoff primary state, where he offered "a message of hope while proclaiming himself wary of the wave of hype that surrounded his visit. His visit gave Democrats in two sold-out halls a chance to inspect the man who has emerged as their party's strongest alternative" to Clinton. The Los Angeles Times (12/11, McDermott, Barabak, 850K) headlines its report "Crowds Adore Obama" and says the "freshman" senator is "borne aloft by a popularity bubble that seems to float higher by the day." The Baltimore Sun (12/11, West, 257K) says Obama "appears to have put his party under a spell that has veteran politicians reaching back to the Kennedy era for comparisons."

AFP (12/10) says Obama "is expected to make a decision" on a run "in the next few weeks." McClatchy (12/11, Thomma) also reports on Obama's New Hampshire visit.

Clinton's "It Takes a Village" To Be Re-Released This Week. The New York Daily News/AP (12/11) reports Clinton "is polishing up her most famous phrase as she edges closer to a presidential run, writing in a new introduction to her book 'It Takes a Village' that Sept. 11 and the Internet make her tome on child-rearing even more relevant today." In the 10th anniversary edition of the book, which goes on sale tomorrow, Clinton writes, "The five years since 9/11 have reinforced one of my main points: How children are raised anywhere can impact our lives and our children's futures."

Four New Yorkers Eyeing White House. Newsday (12/11, Clarridge, Gordon, Thrush, Virasami) examines the four possible presidential candidates from New York. For Rudy Giuliani, the question is whether a "thrice-married New Yorker on the wrong side of his party on the Big Three -- gays, guns and God" -- can get elected president. Giuliani "is riding high on 9/11 name recognition, and some believe that alone can take him far into the race -- perhaps if only as" Sen. John McCain's running mate. Newsday says if Clinton is "not running, she's walking as fast as she can." She "was supposed to engage in a slow rollout" of her campaign this month, but she "seems to have speeded things up, possibly to deal with the looming threat posed by emerging star" Obama. Gov. George Pataki "is expected to make his decision in the next few weeks," according to a spokeswoman. And while New York Mayor Michael Bloomberg "insists he's not a candidate," he "is confident he would make a good president. … Political observers say he could free up $500 million of his own funds to run as an independent."

McCain Addresses New York Jewish Crowd. Newsday/AP (12/11, Pyle) reports McCain paid "a visit to the home turf" of Clinton and Giuliani, addressing a crowd at New York's Yeshiva University on Sunday where he said "Israel and the world are threatened by a 'possibly deranged and surely dangerous regime' in Iran."

McCain, Romney Top "Potential Heirs" To Bush Family "Machine." The Los Angeles Times (12/11, Wallsten, 850K) reports that "with the Bushes preparing to stand down from a quarter century in top elected offices, a frenzied competition has erupted in the Republican Party over who will inherit a fundraising and vote-getting machine built by the family over the years into one of the most valuable assets in modern politics." The "leading potential heirs to that political fortune so far" are McCain and, "a bit surprisingly, Massachusetts Gov. Mitt Romney, who has emerged as a top-tier contender by wooing social conservatives considered crucial in the early primary contests."

McCain's Play For GOP Base Seen As Endangering His General Election Appeal. Time's Karen Tumulty (12/18) reports, "McCain '08 will be a bigger, more conventional operation -- a tank, not a slingshot. The prevailing wisdom about McCain used to be that his bipartisan appeal would make him a sure bet in a presidential race - -if only he could get past the Republican primary. But as more and more of the party establishment climb aboard a campaign that McCain has not yet even formally launched, it's starting to look as if the opposite may be true. By trying to become the perfect candidate for the primaries, McCain could be creating difficulties for himself in a general election. His hard-line position on Iraq is a perfect case in point. McCain has continued to press for more troops there, and spent last week dismissing the Iraq Study Group recommendation to bring them home as nothing short of a recipe for defeat. That's the kind of strong, consistent hawkishness that G.O.P. primary voters look for. … The problem is that exit polls in last month's election said only 17% of voters overall share that view, which could leave the other 83% wondering whether McCain's famous independent streak, so appealing on most issues, would be such a good thing to have in a Commander in Chief who has the power to take the country to war."

Possible Candidates Rush To Establish Exploratory Committees. The Washington Post (12/11, A17, Goldfarb, 690K) examines the early formation of exploratory committees Giuliani, McCain, and Sens. Evan Bayh and Sam Brownback. The "ideas behind creating an exploratory committee, strategists and experts say, are to create buzz -- and to do what everybody expects you to do." Attorney Kenneth Gross, who specializes in politics and elections, said, "You get two press releases, one when you form the exploratory committee, and one when you say you're actually

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running." New Mexico Gov. Bill Richardson "apparently trying to get three bites out of the apple," recently "announced that he would announce next month whether he would form an exploratory committee," while Gov. Tom Vilsack "bypassed the exploratory stage" and entered the presidential race directly. Romney reportedly could do the same.

Columnist Says California Will Be "Meaningless" In Nomination Contests. In his Los Angeles Times (12/11, 850K) column, George Skelton writes, "What's sure to be a hot presidential contest is warming up and once again California is likely to be a mere spectator in a lousy seat. … California's 2008 presidential primary won't be held until June, long after the nominations already have been locked up. Our votes will be meaningless."

Jefferson's Victory Creates Uncertainty For New Orleans. The Washington Post (12/11, A3, Whoriskey, 690K) writes that Rep. William Jefferson "may be a pariah in some Washington political circles," but New Orleans voters "weighed in over the weekend with their own verdict regarding their scandal-plagued congressman: He's still our guy." Still, Jefferson's "emphatic reelection victory…poses a quandary for Democrats, some of whom have shunned him politically, and possibly also for the city, as leaders here seek to project an image of civic probity as they lobby for more federal money for recovery from Hurricane Katrina." The Wall Street Journal (12/11, Lovley, 2.04M) says Jefferson's win "leaves the state frozen in the scandal, which could cramp the flow of rebuilding funds from Washington, experts warn."

The New York Times (12/11, Nossiter, 1.16M) headlines its story on Jefferson "New Orleans Voters Support Their Man Over F.B.I.," writing that while "the late-night comedians could joke all they wanted about the $90,000" the FBI "said it found in Mr. Jefferson's freezer," and "white New Orleans could tut-tut at the seamy portrait outlined by the F.B.I. in its investigation of him," supporters "aw another picture: of a godly man persecuted by a racially biased government."

Bonilla, Rodriguez Face Off Tuesday In TX23. The Washington Post (12/11, A4, Moreno, 690K) reports on Tuesday's runoff election in TX23, where GOP Rep. Henry Bonilla faces Democratic ex-Rep. Ciro Rodriguez, who has "accused Bonilla of voting to cut veterans' benefits and to deny health-care coverage for National Guardsmen returning from Iraq. Bonilla countered by saying that Rodriguez showed 'dangerous judgment' in Congress by opposing a law that allowed secret evidence to be used in immigration proceedings against suspected terrorists and by accepting a $250 contribution from a man later convicted of conducting illegal business transactions with Libya." The Los Angeles Times (12/11, Hart, 850K) says in November, "a well-financed Bonilla won 49% of the vote, just shy of the majority he needed to win outright." The AP (12/10, White) says the campaign has been marked by "negative campaigning."

The San Antonio Express News (12/11, Jefferson) reports former President Clinton campaigned for Rodriguez Sunday, telling supporters, "You couldn't have a clearer choice. You couldn't have a better candidate. And you've got just about 48 hours to bring it home."

Virginia Democrats Aim To Keep Up Momentum. The Washington Post (12/11, B1, Craig, 690K) writes that "what was unthinkable in Virginia six months ago is now the political reality: With" Sen.-elect Jim Webb's win, "the state has three prominent Democrats" -- Webb, Gov. Tim Kaine, and popular ex-Gov. Mark Warner -- "who say they are working as a team to build the party in a historically Republican state. Their first mission is trying to defeat Republicans in next year's legislative races."

"Bushies" Reportedly Angry Over Rove's Inaccurate Midterm Predictions. U.S. News and World Report's "Washington Whispers" column (12/18, Bedard) reports, "It's an ugly rumor, but it's spreading like wildfire: Karl Rove has lost his touch. In an amazing betrayal within a family where top political aide Rove is royalty, Bushies have been sneering at his pre-election happy talk that the GOP would keep the Senate and take a slight hit in the House, both soon to be run by Democrats. And now we learn that President Bush really believed the GOP was safe, too. On the day before the elections, he asked embattled House GOP leader Dennis Hastert to run for speaker again so he could guide the White House's agenda in Congress."

Bush 41 Said To Be "Weepy" Often. U.S. News and World Report's "Washington Whispers" column (12/18, Bedard) reports, "Those weren't tears of pain former President Bush shed last week during a tribute to his son Jeb, Florida's outgoing governor. Just the opposite. Family friends say the old guy is getting more emotional and has been prone to joyful crying jags when bragging on his kids. And-bless his heart-he doesn't try to stop it; he just lets the tears pour out. His buddies tell us that Bush, 82, also gets weepy when discussing the importance of his family and the blessings he has enjoyed throughout his life. 'He has always been an emotional guy,' says a pal.

DeLay To Unveil New Blog. U.S. News and World Report's "Washington Whispers" column (12/18, Bedard) reports, "Tom DeLay's back, this time on the Internet. Friends tell us that" Delay "this week unveils TomDeLay.com, where he'll blog - DeLay's Daily - on newsy issues and build a coalition he's calling Grassroots, Action, and Information Network. Sources said the right-leaning Texan will give GAIN

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members insider information on the conservative movement and urge them to step in on key issues."

Washington State Officials Moving To "Plain" Language. USA Today/AP (12/11, 18A, Corte) reports Washington state officials "want to deploy changes to alleviate state personnel's employment of acronyms, jargon and legalese that routinely pervade interfaces with constituents. Or, in plain speak: Talk to the public as you would talk to any other person — simply, and in clear language."

Waste Company's Name On Arena Concerns Some In Utah. The New York Times (12/11, Stolz, 1.16M) reports some in Utah "fear that a recent change in the name of the city's professional basketball arena may create for Utah...associations with corruption and nuclear waste. ... [I]n November, a hazardous waste services company based here, EnergySolutions," won the naming rights contract for home of the Utah Jazz. The company's president "is looking to overcome the negative publicity that the company, known until 10 months ago as Envirocare of Utah, has received over its operation of a large nuclear waste facility in the Utah desert."

Key Commission's Report To Recommend Overhaul Of Education Standards. Time (12/18, Wallis, Steptoe, 4.03M), in its cover story titled "How to Bring Our Schools Out of the 20th Century," writes, "This week…the New Commission on the Skills of the American Workforce, a high-powered, bipartisan assembly of Education Secretaries and business, government and other education leaders, releases a blueprint for rethinking American education from pre-K to 12 and beyond to better prepare students to thrive in the global economy. While that report includes some controversial proposals, there is nonetheless a remarkable consensus among educators and business and policy leaders on one key conclusion: we need to bring what we teach and how we teach into the 21st century. Right now we're aiming too low. Competency in reading and math--the focus of so much No Child Left Behind (NCLB) testing -- is the meager minimum. Scientific and technical skills are, likewise, utterly necessary but insufficient. Today's economy demands not only a high-level competence in the traditional academic disciplines but also what might be called 21st century skills."

WPost Says Maryland, Virginia Should Adopt Public Smoking Ban. In an editorial, the Washington Post (12/11, A18, 690K) says, "State lawmakers in Maryland and Virginia may have heard later than most, but the debate over the health effects of secondhand smoke is over. A landmark report by the surgeon general in the summer confirmed that breathing in smoky bars, restaurants or waiting rooms causes lung cancer and heart disease, not to mention chronic coughs, irritated nostrils and, for pregnant women who wait on tables or tend bars in smoke-filled establishments, babies with lower birth weights. The report also poured cold water on complaints from restaurant and bar owners: There is growing evidence that more people will frequent restaurants and bars when a smoking ban is in place."

LATimes Sees Long Road Ahead On "Medical Records Morass." The Los Angeles Times (12/11, 850K) editorializes, "Your medical records can save your life, or they can almost kill you. So the prospect of making them more easily accessible is at once comforting and scary -- and a new effort to convert them into digital form will raise the stakes on both counts." Five major corporations who "provide health benefits to 2.5 million people announced plans last week to gather employees' records from medical groups, hospitals, insurers and laboratories, then store them online. Employees can add or delete information to correct errors and fill in blanks." The main objective of the Dossia program "is to help them give complete, accurate information to their healthcare providers." The "most important contribution Dossia is likely to make…is that it will show how much more work needs to be done throughout the industry to solve the medical records morass in a way that works for doctors and patients alike."

Dobson Comments On Mary Cheney's Pregnancy. In an essay for Time (12/18, 4.03M), Focus on the Family's James Dobson writes, "A number of social conservatives, myself included, have recently been asked to respond to the news that Mary Cheney, the Vice President's daughter, is pregnant with a child she intends to raise with her lesbian partner. Implicit in this issue is an effort to get us to criticize the Bush Administration or the Cheney family. … With all due respect to Cheney and her partner, Heather Poe, the majority of more than 30 years of social-science evidence indicates that children do best on every measure of well-being when raised by their married mother and father."

Retired CBS Correspondent Names Source Of Vietnam War "Bombshell" Story. In an op-ed for the New York Times (12/11, 1.16M), retired CBS News correspondent Murray Fromson remembers an August 7, 1967, New York Times story that proved to be "a bombshell that resonated in both Washington and Saigon, caused consternation in the United States Army and the intelligence community and gradually altered perceptions of American success or failure for the remainder of the Vietnam War."

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Fromson identifies the anonymous general who told him and the Times' R. W. Apple, Jr., "We've reached a stalemate and we should find a dignified way out." Fromson says the "officer in question, then a three-star general, now 90 years old and retired and living in Hawaii, is Frederick Weyand."

Media Trends Criticized. In a Wall Street Journal 12/11, A18) op-ed, Dow Jones Chairman Peter Kann says the media are "need of some mending. At its best news informs and enlightens the citizens of a free society and thereby safeguards and strengthens our democracy. At its worst -- dishonest, unfair, irresponsible -- the media has potential to erode the public trust on which its own success depends and to corrode the democratic system of which it is so indispensably a part." Kann then touches on "10 current trends in the mass media that ought to disturb us." Among other things, Kann criticizes the "blurring of the lines between journalism and entertainment," the "blurring of lines between news and opinion," the "blending of news and advertising, sponsorships or other commercial relationships," the "exaggerated tendency toward pessimism," and "social orthodoxy, or political correctness."

Annan Expected To Deliver Harsh Critique Of US In Farewell. USA Today (12/11, A1, Slavin, 2.27M) reports on its front page that in his farewell address today, retiring United Nations Secretary-General Kofi Annan "plans to deliver a tough critique of President Bush's policies" and "accuse the administration of trying to secure the United States from terrorism in part by dominating other nations through force, committing what he termed human rights abuses and taking military action without broad international support." Though Annan has "long been a critic of the war in Iraq and other Bush foreign policies," the speech is expected to be "among his toughest" and is "unusual for a U.N. secretary-general concluding his tenure."

Annan Outlines "Five Lessons" Learned During Leadership. Writing in an op-ed for the Washington Post (12/11, A19, 690K), Annan outlines "five lessons" he has learned during his 10 year tenure as UN secretary general. Among them, Annan says are the lessons that "in today's world we are all responsible for each other's security" and "each other's welfare." He also notes that "both security and prosperity depend on respect for human rights and the rule of law." His "fourth lesson, therefore, is that governments must be accountable for their actions, in the international as well as the domestic arena." However, Annan says such accountability can be achieved "only through multilateral institutions," which "must be organized in a fair and democratic way, giving the poor and the weak some influence over the actions of the rich and the strong. … More than ever, Americans, like the rest of humanity, need a functioning global system. Experience has shown, time and again, that the system works poorly when the United States remains aloof but it functions much better when there is farsighted US leadership."

Bolton's Position Expected To Stay Empty For Months. The Washington Post (12/11, A17, Kamen, 690K) "In the Loop" column reports that that "it's beginning to look like the post of US ambassador to the United Nations is once again going to be vacant for several months." Kamen says "unless President Bush uses his recess appointment powers once again, a new ambassador probably won't make it through the Senate much before March, and that's if the eventual nominee isn't controversial." As a result, deputy ambassador Alejandro Wolf "looks to be acting ambassador for a bit."

US May Soon Seek UN Vote On Iran Sanctions. The AP (12/11, Jahn) reports Washington "and its closest Western allies" may soon call a vote on UNSC sanctions against Iran, "even at the risk that Russia and China may abstain or veto the measures," officials said Sunday. An unidentified US official said American officials, along with the French and British counterparts, are "talking about a vote as soon as possible." Meanwhile, a second US official said the Russians "now want even more concessions," including "insisting that any resolution not mention tentative Russian plans to build a second reactor for the Iranians." The Russians also want to" limit any sanctions to three months, after which they would be reviewed," the official said.

State Department Used Google When Compiling Iran Sanctions List. In a front page article titled "Seeking Iran Intelligence, US Tries Google," the Washington Post (12/11, A1, Linzer, 690K) reports that "when the State Department recently asked the CIA for names of Iranians who could be sanctioned for their involvement in a clandestine nuclear weapons program, the agency refused, citing a large workload and a desire to protect its sources and tradecraft. Frustrated, the State Department assigned a junior Foreign Service officer to find the names another way -- by using Google." According to three officials, "those with the most hits under search terms such as 'Iran and nuclear'…became targets for international rebuke Friday when a sanctions resolution circulated at the United Nations."

Arab Leaders To Start Joint Nuclear Energy Program. The New York Times (12/11, Fattah, 1.16M) reports, "Arab leaders, meeting in the Saudi capital, Riyadh, on Sunday, said they intended to start a joint nuclear energy development program, a move certain to heighten concerns over a possible race for nuclear power in the oil-rich Persian Gulf. Leaders of the Gulf Cooperation Council concluded a two-day summit meeting in Riyadh on Sunday, agreeing to study how to proceed with development of such capacity." The Times adds, "Publicly, officials of the gulf council said the

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development of a nuclear energy program would help meet their rising demand for electricity, despite the huge oil reserves. ... But analysts and officials said the announcement had a different purpose -- to warn the United States not to acquiesce to Iran's nuclear ambitions as pressure grows on the Bush administration to reach out to Iran for help in stabilizing Iraq."

Will Regards Ahmadinejad As 2006's "Most Consequential" Person. Newsweek's George Will (12/18) writes, "How gruesome was 2006? The year's most consequential person was Iran's president, who says the Holocaust did not happen and vows to complete it. Regarding his nuclear aspirations, Mahmoud Ahmadinejad, whose manias are leavened with realism, treated the United Nations as a figment of the imagination of a fiction — the 'international community.'"

Hezbollah Issues Deadline As Beirut Protests Grow. NBC Nightly News (12/10, story 9, 0:15, Seigenthaler, 9.87M) reported, "In Lebanon anti-government pressure grows. Hundreds of thousands turned out for a massive rally in Beirut following a call by the Hezbollah-led opposition to step up efforts to bring down the US backed government there." The AP (12/11, Ghattas, Karam) reports that Lebanese Prime Minister Fuad Saniora was given "an ultimatum of a 'few days' to…form a national unity government with a big role for Hezbollah or face an escalating campaign to oust him." Despite the "heated rhetoric," the AP says Sunday's protests "remained peaceful and left the door open to the possibility of a settlement."

The Washington Post (12/11, A13, Shadid, 690K) said Naim Kassem, the deputy leader of Hezbollah, addressing "the biggest crowds yet in downtown Beirut," urged Saniora to "hold a news conference tonight or tomorrow…and announce [his] resignation as a gesture to preserve the unity of the Lebanese people and rejection of foreign tutelage." McClatchy (12/11, Lasseter) says demonstrators threatened "an escalation in a siege on the prime minister's headquarters" if he refused to resign. McClatchy notes that "while accounts vary of what the heightened tactics could consist of -- a government worker's strike and a storming of the headquarters have both been mentioned -- it's clear that the nation is headed toward a breaking point."

ABC World News (12/10, story 3, 2:15, Harris, 8.78M) said Sunday's protests "threatened to bring down the government." ABC (Dinnick) said Lebanon has become "another battleground where US interests are clashing with Iranian and Syrian agendas. Hezbollah leader Hassan Nasrallah promised the rallies will stay peaceful, but there are fears Lebanon will once again slide into violence, so an international mediator was called in to get both sides talking but there may be not much to discuss." The Los Angeles Times (12/11, Stack, 850K) says the protestors' "crushing show of political strength came carefully packaged with a harsh threat: Time for a political compromise is running out."

The New York Times (12/11, A3, Slackman, 1.16M) notes that "in many ways, Hezbollah has adopted a strategy that has been cheered by the White House in the past, in places like Ukraine, and even Lebanon, leaning on large, peaceful crowds to force unpopular governments to resign and pave the way for elections. But this time Washington and its allies have said the protest amounts to a coup d'état, fueling charges that the United States supports democratic practices only when its allies are winning."

USA Today (12/11, A12, Stinson, 2.27M) says "pressure on the government could increase today" as Hezbollah is expected to "call for a work strike" that "could close Beirut's international airport and shipping ports and slow other public services."

WSJournal Says Hezbollah Committed War Crimes In Lebanon. In an editorial, the Wall Street Journal (12/11, 2.04M) notes the release of "a remarkable report by retired Lieutenant Colonel Reuven Erlich of Israel's Intelligence and Terrorism Information Center. Relying heavily on captured Hezbollah documents, onsite and aerial photography and other first-hand evidence, the report shows how the Shiite group put innocent civilians at risk by deliberately deploying its forces in cities, towns and often private homes." The report also shows "how the use of civilian cover was explicitly part of Hezbollah's strategy." Such evidence, the Journal writes, demonstrates that "Hezbollah, not Israel, that is guilty of war crimes here." Beyond the war in Lebanon, the Journal says "these images suggest how Islamists seek to use the restraint of Western powers against them." Therefore, it says "our political leadership needs to speak as candidly as Israelis now are speaking about this enemy strategy, so the American people can understand and be steeled against this new civilian battleground."

Carter Defends Use Of "Apartheid" To Describe The Plight Of The Palestinians. In an interview with Newsweek's Eleanor Clift (12/18) former president Carter said of his new book "Palestine: Peace Not Apartheid," that "one of the purposes of the book was to provoke discussion, which is very rarely heard in this country, and to open up some possibility that we could rejuvenate or restart the peace talks in Israel that have been absent for six years." Asked if he "agonized" over the use of the term "apartheid," Carter responded, "Not really, because I knew that's an accurate description of what's going on in Palestine. I would say that the plight of the Palestinians now — the confiscation of their land, that they're being suppressed completely against voicing their disapproval of what's happening, the building of the wall that intrudes deep within their territory, the complete

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separation of Israelis from the Palestinians — all of those things in many ways are worse than some of the aspects of apartheid in South Africa."

ISG Characterized As Naïve Regarding Arab Regard For Palestinians. Time's Lisa Beyer (12/18) writes, "In lumping the Iraq mess in with the Palestinian problem -- and suggesting the first could not be fixed unless the second was too -- the Baker-Hamilton commission lent credibility to a corrosive myth: that the fundamental problem in the Arab world is the plight of the Palestinians. It is a falsehood perpetuated not just by the likes of Saddam Hussein and Osama bin Laden, who came late to the slogan after their actual beefs…gained insufficient traction in the Arab world. … In a decade of reporting in the region, I found it rarely took more than the arching of an eyebrow to get the most candid of Arab thinkers to acknowledge that the tears shed for the Palestinians today outside the West Bank and Gaza are of the crocodile variety."

Saudi Minister's Comments Suggest OPEC May Further Cut Output. The Financial Times (12/11, Hoyos) reports, "Two years ago Saudi Arabia, the world's biggest oil exporter, opened its spigots and let supply out-pace demand. The result was a gradual build up in oil inventories in the US, Europe and several Asian oil-consuming countries." But "[t]his month Ali Naimi, the country's influential oil minister, appeared abruptly to reverse that accommodating policy. At a meeting in Cairo he told reporters that the market was 'significantly' oversupplied." High inventories worry "Naimi because, as the spare-oil cushion in consuming countries has grown, some of the power to influence world oil prices has shifted from [OPEC] to its customers." Naimi's "utterance and the immediate echo of agreement from other ministers in Cairo is the best indication yet that the kingdom and Opec are seriously considering another cut to further trim the inventories outside their control."

Expectations Low For Six-Party North Korea Talks. The Wall Street Journal (12/11, A12, Ramstad, 2.04M) reports Pyongyang will return to the six party talks "in Beijing next Monday. But expectations are low that the meeting, the first such one in 13 months, can produce a breakthrough, reducing tensions with neighbors and the US." At the talks, the US is "ready to offer more specific incentives to North Korea than were agreed to in September 2005," but "even with offers of big political and economic incentives," the Journal says Pyongyang is "unlikely to end its nuclear program quickly." Assistant Secretary Hill, "struck a cautious tone in discussing expectations for next week's meeting." In an email, Hill said, "We've got some things we need done, and I suspect they will have some of their own ideas for what they want from the process. So we'll see what we can come up with."

AFP (12/11, Malakunas) reports the State Department announced late on Sunday that the talks would resume "around December 16" in Beijing, with a firm date expected to be confirmed Monday. Spokeswoman Joanne Moore said Washington expected the talks to focus on "implementing an agreement in September last year when the North agreed to give up its nuclear program." Meanwhile, the AP (12/11, Kim) reports that the talks "are likely to resume in the week starting Dec. 18," South Korea's top nuclear envoy said Sunday. Chun Yung-woo told The AP that he expects the talks to resume "in the week starting Dec. 18, but that consultations are still under way and China will announce the date soon."

Bush Says Vietnam Trade Deal Marks "Significant Step." The Financial Times (12/11, Kazmin, Callan) reports Vietnamese and US business leaders "hailed a US Congressional vote Sunday to permanently normalize trade relations with Vietnam, the final step on the long road to reconciliation between the two countries after their bitter war 30 years ago." President Bush said the development "marks a significant step forward in the process of normalizing relations with Vietnam, and will benefit both our nations." USTR Susan Schwab said the bill "shows that contrary to conventional wisdom, Democrats and Republicans, the administration and Congress, can work together to further our vital trade agenda."

China's Growth Threatens Role Of Foreign Investment. The Wall Street Journal (12/11, A1, Batson, 2.04M) reports in a front page article that China's entry into the World Trade Organization, "five years ago today, sparked an economic expansion that is the envy of the world. But now, that very growth is posing new problems for China and its increasingly uneasy trading partners." The Journal notes that "by becoming more open, China has become stronger and more prosperous. But the growing size and sophistication of its domestic economy have made the outside world less important to China's economic vigor," raising the "important question: Will China continue to be ever-more welcoming to foreign investment in the years ahead?" Even as China has begun to take "a more active role in international affairs, its economic strategy has shifted inward," and Treasury Secretary Henry Paulson's visit to Beijing this week is "part of a continuing effort by China's trading partners to deal with this new reality."

The Financial Times (12/11, Beattie, McGregor) notes that as China marks its five-year anniversary, China's "challenges will, if anything, increase rather than diminish now its five-year transition period is over," as "evinced by US saber-rattling ahead of its official mission to Beijing this week

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headed by Hank Paulson." The milestone marks a difference that is "more symbolic than practical, though it does coincide with several deadlines for commitments, such as opening up the banking sector," the Times notes.

Paulson Says Economic Relationship Key To US, Chinese Prosperity. Treasury Secretary Paulson writes in the Washington Post (12/11, A19, 690K) that "managing our economic relationship with China to ensure both nations benefit is vital to our nation's future prosperity. A market-based economy in China, with sustainable economic growth and full participation in rules-based international trade, is in our best interest -- and in the interest of the Chinese people." Paulson says the goal of this week's delegation is "to advance our common interests and find solutions to issues that strain our relationship." For example, he says "transparency and respect for the rule of law are core principles that affect all economic policy and trade issues," and that by "working on these principles across government ministries can enhance our ability to reach agreement on a number of key issues that we negotiate ministry-by-ministry."

Schwab Says China's Economic Record "Mixed," But Shows Signs Of Improvement. For her part, USTR Susan Schwab writes in the Financial Times (12/11) that China's anniversary "provides the opportunity to take stock -- through a congressionally mandated report issued on Monday by the office of the US Trade Representative -- of China's integration into the global economy and its compliance with WTO obligations." China's record, she notes, is "profoundly mixed," but Schwab says China has "moved with resolve to reform some of its economic and governmental structures over the past five years." Schwab also notes that during this week's meetings, administration officials will "clearly convey our view that a slowdown in reform hinders China's development and undermines the health of our bilateral ties." A strong trade relationship with China, she says, "depends on China's continued reform, and on a commitment to expand free and fair trade based on decisions by the actors in the market -- not by bureaucrats."

Mallaby Urges Sanctions For Currency Manipulations. Washington Post (12/11, A19, 690K) columnist Sebastian Mallaby says China's membership in the WTO "has gone astonishingly well," but "an awkward question hovers over Treasury Secretary Henry Paulson's China trip this week: How to deal with a country that appears to distort trade not through tariffs or quotas but through currency and savings policies?" This dilemma, he writes, "reflects a lopsidedness in the rules of globalization. To keep the trade playing field balanced, the WTO presides over a vast apparatus of quasi-law governing subsidies and tariffs; violators can be hauled in front of WTO tribunals. But there is no equivalent mechanism, other than a dormant provision buried in the charter of the International Monetary Fund, to punish countries that skew trade by manipulating their currencies. And there is no sanction at all for pursuing a growth strategy that relies on exports more than domestic consumption."

Rights Group Urges China To End Legal Restrictions. The New York Times (12/11, Kahn, 1.16M) reports that rules "requiring Chinese lawyers to submit to government supervision when representing clients in politically delicate cases have dealt a serious blow to the country's legal system and should be rescinded," Human Rights Watch said in a report to be issued Monday. The rights group said the rules, known as "guiding opinions," effectively "shut down the legal system to people fighting official land confiscations, forced relocation, corruption, pollution and other politically delicate matters in China's one-party system."

Local Elections Ease Pressure On Taiwan's Leader. The Wall Street Journal (12/11, A14, Dean, Piling, 2.04M) reports that a "better-than-expected performance by Taiwan's governing party in weekend mayoral elections could ease political pressure on President Chen Shui-bian and complicate the opposition's efforts to win back control of the government…in 2008 presidential elections." The elections for mayor in Taiwan's two biggest cities, Taipei and Kaohsiung, were "watched closely as indicators of public support for Mr. Chen's Democratic Progressive Party following a spate of corruption scandals affecting people close to the president." However, the Times cautions that the results are "far from signaling an end to Mr. Chen's troubles," but analysts "said the mixed outcome could at least mean that Mr. Chen avoids pressure from his party to resign before his second and final four-year term ends in 2008."

Former Chilean Dictator Pinochet Dead At 91. The death of Augusto Pinochet Ugarte, the former military dictator of Chile, receives prominent and extensive coverage across major media. ABC World News (12/10, story 5, 1:55, Berman, 8.78M) called Pinochet "one of the world's most notorious dictators," saying he "kept brutal control over his country and his opponents for almost 20 years. Now victims of his regime will never see him brought to justice." NBC Nightly News (12/10, story 6, 0:35, Seigenthaler, 9.87M) called his tenure a "17-year reign of terror."

At the start of its 2,600-word report, the New York Times (12/11, Kandell, 1.16M) says the "brutal dictator who repressed and reshaped Chile for nearly two decades and became a notorious symbol of human rights abuse and corruption" died Sunday at age 91, "a week after being hospitalized and undergoing angioplasty and another operation after an acute heart attack." The Washington Post (12/11, A1, Reel, Smith, 690K) says in the lead of its 2,000-word story that Pinochet's government "murdered and

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tortured thousands during his repressive 17-year rule." The Los Angeles Times (12/11, Rotella, McDonnell, 850K) starts a 2,700-word report by saying Pinochet was the "embodiment of the brutal and intensely anti-communist South American military dictator."

The Chicago Tribune (12/11, McMahon, 617K) says Pinochet ended his life "weakened by ill health, pursued by government prosecutors and abandoned by all but his most loyal defenders." McClatchy (12/11, Hall, Chang, Hughes) says he was "hounded by human rights groups until the end and defended with equal zeal by the armed forces." The Christian Science Monitor (12/11, Ross, 59K) and the AP (12/10) are among others reporting on Pinochet's death.

The Washington Post (12/11, A16, Franklin, 690K) reports "thousands of jubilant Chileans streamed into the streets of Santiago" after learning that Pinochet had died. Many "danced and popped open champagne, while caravans of cars with horns blaring toured the capital for hours." The New York Times (12/11, Bonnefoy, 1.16M) says that while "thousands of demonstrators took to the streets in celebration," within hours "the revelry was marred by violence, with confrontations breaking out and the police using tear gas and water cannons against a large group marching toward the presidential palace."

More Commentary On Pinochet's Death. The New York Times (12/11, 1.16M) writes in an editorial that "the central puzzle" about Pinochet "was that until recently he retained admirers in Chile and abroad, especially among people emerging from Communism. He masked his corruption and brutality by tailoring his level of repression to just what he needed to retain power and prestige."

The Los Angeles Times (12/11, 850K) editorializes, "It's a coincidence that Jeane Kirkpatrick" and Pinochet "died only a few days apart. But in death as in life, the two are associated with a political theory that defined the early days of the neoconservative movement in the United States. Unfortunately for Kirkpatrick, its author, the theory proved to be dead wrong. The idea was that right-wing authoritarian governments were much better bets for conversion to democracy than left-wing totalitarian ones."

USA Today (12/11, 21A, 2.27M) editorializes that Pinochet and Saddam Hussein "have long been members of the club of tyrants who killed thousands of their citizens. The difference between them emerged Sunday when Pinochet died. … Numerous attempts to bring him to justice failed. Saddam, sitting in a Baghdad jail cell after a court sentenced him to death, must surely be envious."

In a Los Angeles Times (12/11, 850K) op-ed, USC Annenberg School for Communication visiting professor Marc Cooper, who worked as a translator to Chilean President Salvador Allende, overthrown by Pinochet in 1973, writes, "Not with little irony did the gods choose to reclaim former Chilean dictator Augusto Pinochet on Sunday, which was International Human Rights Day. … If human justice failed on previous occasions to fully snare Pinochet, the greater forces of nature and biology this time imposed the maximum sentence -- and on the most appropriate day of the calendar."

Ros-Lehtinen Denies Urging Killing Of Castro. The New York Times/AP (12/11, A23) reports Florida Rep. Ileana Ros-Lehtinen "says a video showing her calling for Fidel Castro's assassination is fake, a charge denied Sunday by the film's director." The congresswoman appears in the 28-second clip made available on the Internet by the makers of a new British documentary, "638 Ways to Kill Castro." In it, she says: "I welcome the opportunity of having anyone assassinate Fidel Castro and any leader who is oppressing the people." However, Ros-Lehtinen says the filmmakers spliced clips together to make the sound bite.

American Journalist's Murder Draws Attention To Mexico's Justice System. The New York Times (12/11, A17, McKinley, Moynihan, 1.16M) reports the investigation into the death of American journalist Bradley Roland Will last month in Mexico "seemed cut and dried" until Dec. 1 "when a judge freed two of the men photographed shooting at the protesters, citing a lack of evidence." In addition to "underscoring how infrequently killings of journalists and antigovernment protesters are solved in Mexico," the case has "drawn widespread attention because it reveals the sad clash of left-wing idealism…with the murky realities of Mexican politics." The protesters said he was killed by "government-backed paramilitary thugs who had already killed a dozen others since the conflict here began in May," and "charge that his death is still more proof that the state government remains repressive, its prosecutors willing to cover up crimes by government officials."

Darfur Crisis Threatens To Draw Neighboring Nations Into Regional Conflict. The Christian Science Monitor (12/11, Schapiro, 59K) reports the crisis in Darfur has "exploded in recent weeks, and now threatens to drag fragile neighboring countries into a regional war. Both Chad and the Central African Republic (CAR) have become engulfed in fighting that involves a toxic mix of rebel groups, government forces, armed militias, and civilians." In eastern Chad, "hundreds of aid workers have been evacuated due to increased hostilities between military forces and anti-government rebel groups, while Arab militiamen have ventured deeper into the country to conduct assaults, resulting in the displacement of nearly 100,000 Chadians. And atrocities committed by a variety of rebel groups and armed bandits over the past few months have forced tens of thousands of people from the CAR to cross the border into Chad."

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Thirty Killed In Darfur Ambush; Investigators Taken Hostage. The Washington Post/AP (12/11, A16) reports militiamen "ambushed a refugee convoy in western Darfur, killing about 30 civilians, and African Union peacekeepers investigating the attack were taken hostage by rioters," the AU and the United Nations said Sunday. An international aid worker said that the assailants were janjaweed. Meanwhile, African Union spokesman Noureddine Mezni said "rioters angry over the deaths were holding captive a helicopter crew and eight peacekeepers sent to investigate."

Halliburton Employees Attacked In Algeria. The Houston Chronicle/AP (12/11) reports that two vehicles carrying employees of an affiliate of Houston-based Halliburton co. were attacked Sunday near Algiers, killing one Algerian driver, witnesses said. The "full extent of the casualties" in the attack was not immediately clear. Nine American employees of BRC, or Brown & Root-Condor, were returning to a Sheraton Hotel from their offices when they were attacked.

Indonesia's Aceh Province To Hold First Election Since Tsunami. The Christian Science Monitor (12/11, Montlake, 59K) reports that voters in the Indonesian province of Aceh go to the polls Monday, "nearly two years after a devastating tsunami scoured its coastline and released an outpouring of international aid for the stricken survivors." The ballot is the first since the signing in August 2005 of "a landmark peace accord between the Indonesian government and armed rebels, who agreed to lay down their weapons in return for political autonomy for Aceh." Former rebels are now "competing in electoral races for the governorship and 19 district mayors and regents."

The New York Times (12/11, A4, Mydans, 1.16M) reports the tsunami "seems to have taken the fire out of a 29-year conflict. A hard-won peace agreement that made the election possible appears to be holding. There are still obstacles ahead, but if the process continues to move forward, an armed insurgency group will perform the rare feat of transforming itself into a political party within the government it opposed." The Times notes that "even as post-tsunami reconstruction has bogged down in bureaucratic confusion and corruption, the dismantling of the war has proceeded quickly with what appears to be a genuine commitment from both sides."

Bangladesh Deploys Troops To Quell Pre-election Violence. The New York Times (12/11, Sengupta, 1.16M) reports briefly that the interim government in Bangladesh, "faced with mounting opposition party protests, has deployed the army in what appears to be an attempt to check pre-election violence." The order by President Iajuddin Ahmed was issued Saturday night, "on the eve of opposition party threats to surround the presidential palace." Although political violence has "become routine in Bangladesh," it "remains unclear to what extent the president enjoys the full backing of the interim government in his decision to pull out the army."

Economist Awarded Nobel Peace Prize For Fight Against Poverty. ABC World News (12/10, story 4, 0:15, Harris, 8.78M) reported, "Bangladeshi economist Mohammed Yunus, accepting this year's Noble Peace Prize for his work helping the poor with small loans, expressed hope that his award would inspire new thinking about fighting terrorism." USA Today/AP (12/11) notes that Yunus "shared the award with his Grameen Bank for helping people rise above poverty by giving them microcredit" loans.

NBC Nightly News (12/10, story 11, 0:35, Seigenthaler, 9.87M) reported, "At the Nobel Peace Prize ceremony in Sweden, awards were handed out to six Americans for physics, medicine, and economics and to a Turkish author for literature. The Peace Prize was presented in Norway to an economist from Bangladesh known as the banker to the poor. In his acceptance speech, Mohammed Unis said the world should get on with fighting poverty and stop wasting money fighting wars."

German Police Investigating Russian Businessman Who Met With Litvinenko. The New York Times (12/11, Myers, Landler, 1.16M) reports German authorities "announced Sunday that they had begun a criminal investigation of" Russian businessman Dmitri V. Kovtun "after finding traces of polonium 210 around Hamburg beginning on Oct. 28 — four days before he met in London with" Alexander Litvinenko. The Times notes the announcement "raised the possibility that the polonium was carried from Moscow to London by way of Germany."

The Wall Street Journal (12/11, A14, Crawford, Cullison, Mollenkamp, 2.04M) reports, "Scotland Yard, Russian police and about 300 German police and other officials are involved in the investigation of Mr. Litvinenko's death, raising diplomatic tensions between Russia and the West. Yesterday, investigators in Hamburg complained that Russian authorities aren't cooperating and haven't responded to their request for access to the Aeroflot plane that transported Mr. Kovtun to Hamburg from Moscow, said Thomas Menzel, head of Hamburg's special investigation squad for the case."

The Washington Post (12/11, A13, Smiley, Finn, 690K) reports Menzel "said Kovtun, a Soviet army veteran and business consultant who had lived in Germany for 12 years, flew to Hamburg from Moscow on an Aeroflot flight. 'Aeroflot is not available to us. It is probable that he was already contaminated when he flew on the plane,' Menzel said. 'We

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have not received any answers to our questions so far' from Russian authorities." USA Today/AP (12/11) reports, "German prosecutors did not say whether they suspect Kovtun might have been involved in Litvinenko's death. But they said they were investigating him on suspicion he may have improperly handled radioactive material."

Litvinenko Said To Have Converted To Islam. Time (12/18, McAllister, 4.03M) reports, "Several close friends said [Alexander] Litvinenko had converted to Islam a few days before he died, in a kind of atonement for atrocities Russia (and perhaps Litvinenko himself) had committed in Chechnya, although another doubted any conversion had taken place. Litvinenko's widow Marina had requested a nondenominational service at the graveside, but an imam interrupted the proceedings to perform Islamic rites."

EU Expected To Halt Membership Talks With Turkey. The Wall Street Journal (12/11, A12, Echikson, 2.04M) reports European foreign ministers will meet today in Brussels to consider "a last-ditch Turkish proposal to end a deadlock over Cyprus that threatens Turkey's membership talks with the European Union." EU ambassadors failed to reach a decision last week, and diplomats in Ankara "expect foreign ministers to fail, pushing the issue to EU heads of state who meet Dec. 15 and 16 in Brussels" who are expected "to suspend parts of Turkey's membership negotiations." The Times notes that "pessimists fear the partial pause will evolve into a more permanent freeze, turning Turkey toward nationalism and away from the West."

Similarly, the Christian Science Monitor (12/11, Schleifer, 59K) says EU leaders "appear likely to decide at a summit later this week to partially suspend talks on Turkey's membership." But as EU foreign ministers prepare to discuss the issue, "some observers -- particularly in Europe -- see Turkey's stance as self-defeating obstinancy. But others say it is in fact fueled by a greater sense of self-confidence, the result of a surging economy and an increased sense of its own growing strategic importance, which may dampen the effects of any rupture with the EU."

NATO Urged To Extend Membership To Balkan Nations. Former Croatian prime minister, Miomir Zuzul, writes in the Wall Street Journal (12/11, 2.04M) that although the "search for peace and democratic reform in the Middle East is NATO's most important challenge," this focus on security and reform "outside Europe threatens to sideline NATO's core responsibility to act within Europe." Zuzul notes that the Alliance "contributed to the economic growth and democratization of postwar Western Europe," which "makes it imperative that NATO's doors remain open to new European members hoping to make a similar journey from the days of dictatorship, discord and privation to democracy, peace and prosperity." He warns that while "a key portion of the European geopolitical space -- the Balkans -- remains unsettled," the "best, the only, way to stabilize what otherwise might become Europe's ghetto is the region's gradual integration into NATO."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"2008 Hopefuls Woo Bush Clan Donors, Aides"
"Athletes See Doping Case Appeals As Futile Exercise"
"Iconic Dictator Led '73 Chilean Coup"
"Learning To Diversify"
"A Loan That'll Get Ugly Fast"
"Getty Set To Return Two Greek Works"

USA Today:
"Bumpy Time For Meals On Wheels"
"To Treat Cardiac Arrest, Doctors Cool The Body"
"Annan To Blast U.S. In Farewell"

New York Times:
"Taliban And Allies Tighten Grip In North Of Pakistan"
"Iraq Is Failing To Spend Billions In Oil Revenues"
"Katrina Begets A Baby Boom By Immigrants"
"Intrigue Over Spy's Death Spreads To Germany"
"Augusto Pinochet, Dictator Who Ruled By Terror In Chile, Dies At 91"
"Hottest Ad Space In Times Square May Be On Tourists' Cameras"

Washington Post:
"Metro Considers Increasing Rail Fares"
"Conflict Closes In On Iraq's Sunnis"
"Outbreaks Reveal Food Safety Net's Holes"
"Obama Takes First Steps In N.H."
"Ex-Dictator Of Chile Dies At 91"
"Seeking Iran Intelligence, U.S. Tries Google"

Detroit Free Press:
"Car Sellers Learn Language Of Respect"
"Marlinga, Jurors Bond After Trial"
"Healthy Cobo Vital To City"
"Shuttle To Dock With ISS Today"

Atlanta Journal-Constitution:
"'No Spanish On My Dime'"
"Web-Surfer Make Waves In TV Land"
"Scientist Marvel At Catch Of Sea Secrets"

Houston Chronicle:
"Not All Agree New Jails Needed"
"Homecoming King"

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"Rebuilding Is Far From Over, And Help Seems Far Away"
"'She Has Pulled Me Through'"

Story Lineup From Last Night's Network News:

ABC: Rumsfeld Visits Iraq; ISG Aftermath; Lebanon Protest; Unis-Nobel Peace Prize; Pinochet Dies; Obama Visits New Hampshire; Shuttle Discovery In Space; Time Magazines Photos Of 2006; Unified By Iraqi Soccer.

CBS: Preempted By Football.

NBC: Rumsfeld Visits Iraq; US Training Iraqi Forces; ISG Aftermath; Obama Visits New Hampshire; Campaign 2006 Analysis; Pinochet Dies; Litvinenko Investigation; Tourist Shoppers; Lebanon Protest; Princess Diana Investigation; Nobel Peace Prize; Space Shuttle; Saving Bird-Florida.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Bush-Iraq Meetings; Iraq-U.S. KIAs; Rumsfeld-Iraq Visit; China-Six-Party Talks With North Korea; Gaza Strip-Children Of Palestinian Intelligence Officer Killed; Space Shuttle; MI-Victoria's Secret Mannequins Protested; Tokyo Stock Market; Clashes In Santiago Following Death Of Augusto Pinochet; TX-Four-Year-Old Boy Accused Of Sexual Harassment; OR-Missing Hikers.

CBS: Iraq-U.S. KIAs; Bush-Iraq Meetings; Atlanta-Wolfowitz Speech Disrupted By Protestors; Clashes In Santiago Following Death Of Augusto Pinochet; Obama-New Hampshire Appearance; Eric Rudolph-Complaints About Prison Treatment; Space Shuttle; Weekend Box Office; Wall Street.

NPR: China-Six-Party Talks With North Korea To Begin Dec. 18; Iraq-Sunni Demonstrations; Gaza Strip-Children Of Palestinian Intelligence Officer Killed; Britain-Terrorism Concerns; Clashes In Santiago Following Death Of Augusto Pinochet; Turkey-Building Collapse; Malaria Genomes Mapped; Space Shuttle.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with senior United States Department of State Officials on Iraq, State Department, closed press; delivers a statement, State Department; meets with outside experts on Iraq, Oval Office, White House, closed press.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: TAX HAVENS-INVESTMENT _ 8:50 a.m. - 1:30 p.m. The American Enterprise Institute sponsors a seminar, "Tax Havens and Foreign Direct Investment." Highlights: 8:50 a.m. Opening Remarks: Kevin A. Hassett, AEI. 8:50 a.m. Opening Remarks: Kevin A. Hassett, AEI; John Samuels, General Electric. 12:30 p.m. Luncheon and Keynote Address. Introduction: R. Glenn Hubbard, AEI and Columbia University. Speaker: Rep. Bill Thomas, R-Calif., chairman, U.S. House Ways and Means Committee. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

IRAN _ 9 a.m. - 12:30 p.m. The Cato Institute sponsors a half-day conference, "How to Deal with Iran: Options for Today and for the Future." Highlights: Panel 1: The Policy Options We Face Today. Featured speakers: Trita Parsi, National Iranian-American Council; Sanam Vakil, Johns Hopkins School of Advanced International Studies; Flynt Leverett, New America Foundation; Ted Galen Carpenter, Cato Institute. Panel 2: What If Our Policy Fails? Featured speakers: Lt. Gen. Thomas McInerney, USAF (Ret.), Iran Policy Committee; Lawrence Korb, Center for American Progress; Michael Eisenstadt, Washington Institute for Near East Policy; Justin Logan, Cato Institute. Location: Cato Institute, 1000 Massachusetts Ave. NW.

IRAQ-CIVILIANS _ 10 a.m. Reps. Dennis Kucinich and Ron Paul host a briefing on the Lancet study on Iraqi civilian casualties. Location: Room 2247, Rayburn.

MILITARY-RELIGIOUS FREEDOM _ 10 a.m. The Military Religious Freedom Foundation, along with Citizens for Responsibility and Ethics in Washington, holds a press conference to unveil what they say is a video of military officials pervasively violating military regulations and constitutional guarantees of religious freedom. They say scenes include one of the most senior Pentagon officers bragging about sharing his faith with all who come through his office, including junior officers and other personnel. Location: National Press Club, Lisagor Room.

US-SWITZERLAND TRADE _ 10 a.m. US Trade Representative Susan Schwab meets with Swiss Economic Minister Doris Leuthard. Location: Winder Building, 600 17th St. NW.

PAULSON-HOUSNG _ 10:30 a.m. Treasury Secretary Henry Paulson deliver opening remarks to the Office of Thrift Supervision's Housing Forum. Location: National Press Club.

US-GEORGIA TRADE _ 11:45 a.m. US Trade Representative Susan Schwab meets with Georgian Prime Minister Zurab Nogaideli. Location: Winder Building, 600 17th St. NW.

FOREIGN AID _ 12 p.m. - 2 p.m. The Hudson Institutes Bradley Center for Philanthropy and Civic Renewal and the Center for Global Prosperity host a panel discussion, on international development aid centered around William Easterly's book, "The White Mans Burden." The audience to include more than 90 members from the foreign aid and private philanthropic communities with a lengthy question-and-answer session planned. Participants: William Easterly

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(NYU), leading development expert; Carol Adelman (Hudson Institute), Republican presidential appointee to USAID; Carol Lancaster (Georgetown University), USAID deputy administrator under President Clinton; Alexander Preker (World Bank), leading economist; and William Schambra (Hudson Institute), former Bradley Foundation vice president. Location: Hudson Institute, Betsy and Walter Stern Conference Center, Hudson Institute, 1015 15th St. NW.

MIDEAST STRATEGY _ 12:15 p.m. - 1:45 p.m. The New America Foundation hosts a discussion, "Salvaging Something from the Wreckage: A New Strategy for the Middle East." Participants: Anatol Lieven, Senior Research Fellow, The New America Foundation. Co-author, Ethical Realism: A Vision for Americas Role in the World; and Steve Clemons, Senior Fellow and Director, American Strategy Program, New America Foundation, Publisher, of www.TheWashingtonNote.com. Location: New America Foundation, 1630 Connecticut Ave, NW, 7th floor.

TEACHER PAY _ 12:30 p.m. - 2 p.m. The Center for American Progress sponsors a panel, "Teacher Pay Reforms: The Political Implications of Recent Research." Participants: Alice Johnson Cain, Senior Education Aide, Office of Rep. George Miller, D-Calif.; Dan Goldhaber, Research Associate Professor, Evans School of Public Affairs, University of Washington; Bill Raabe, Director of Collective Bargaining & Member Advocacy, National Education Association; and Rachel B. Tompkins, President, Rural and Community Trust. Moderator: Cynthia G. Brown, Director of Education Policy, Center for American Progress. Location: Center for American Progress, 10th floor, 1333 H St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 11, 2006 7:45 AM EST

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DOJ_NMG_0104143

TERRORISM NEWS:

The Threat From Within (USNEWS)

By Mortimer B. Zuckerman

U.S. News and World Report, December 11, 2006

It is chilling that the Baker-Hamilton report came on the eve of Pearl Harbor's anniversary. In 1941, clashes every day in the Atlantic Ocean made us more focused on the imminence of war with Germany than with Japan. Today all eyes are on Iraq. It's called the center of the war on terrorism, but it must not monopolize our attention. We need a third eye because we are now less likely to be attacked by international terrorists than by homegrown American citizens, self-radicalized individuals who are members of groups inspired by al Qaeda propaganda.

This is a profoundly demoralizing thought, given the long tradition of success our nation has enjoyed in infusing newcomers with the American ideal. Britain, taking a different course, was proud to have created a multicultural society. But apparently well-adapted young Muslims who were born in Britain exploded the subway bombs of July 2005. Now the head of Britain's domestic intelligence agency, Eliza Manningham-Buller, has come out with a grave warning. Not so long ago it was an offense for anyone even to mention the name of the head of MI-5. (The box office hit, Casino Royale, has it right: 007's boss, Judi Dench, is a distinctly anonymous figure). So the fact that the MI-5 director has stepped out of the shadows is significant in itself. And what she says is that there are many more British Muslims who back the terrorists. MI-5 has stopped five plots to date. We know of the one to blow up 10 planes over the Atlantic, but MI-5 is monitoring 1,600 other suspects, mostly homegrown Islamic terrorists who get their training in murder and mayhem on the Internet. In Germany, too, only an alert train conductor prevented the detonation of propane and gasoline bombs that would have horribly burned and killed hundreds of commuters.

A new training ground. Interviews with the heads of counterterrorism and local police officials in the United States yield similar assessments. The threat is from second- and third-generation children of immigrants, fluent in English and accustomed to American society but using the legal rights of U.S. citizenship to rebel from within. They have learned the Koran on the Internet; they lead small clusters of 20 to 25 mostly young men who share feelings of alienation, a longing for self-importance, a need to be a part of some larger group or cause. They have developed what is called "adversarial assimilation."

The Internet has replaced Afghanistan as a training ground. It is effectively the university of jihadist studies, where hundreds of Muslims from all corners of the world can study the rules of jihad, while they live in it anonymously. Here they learn to fire a shoulder-held antiaircraft missile; to prepare explosives and make bombs out of batteries and improvise hand-thrown charges to hit vehicles; to seek a position on a crowded bus to achieve maximum casualties; to plan kidnappings; and to concoct botulism toxin.

Marc Sageman, who collected the life histories of 400 would-be jihadists, found that most were well-to-do, with two thirds having some college education and only 27 percent characterized as lower class. Some 70 percent joined the ranks of the global jihadists while away from home. Separated from the traditional bonds of family and culture, they drifted to the mosques more for companionship than for religion, but there they found extremists who appeared to offer a compelling, all-encompassing explanation for their feelings of anomie and lack of self-worth.

HOMELAND RESPONSE:

Imams Seek To Settle With Airline (WT)

By Audrey Hudson

The Washington Times, December 11, 2006

DOJ_NMG_0104144

A group of Muslim imams is seeking an out-of-court settlement with US Airways, saying they should not have been removed from a Minnesota-to-Phoenix flight last month and were not behaving suspiciously.

Five of the six Islamic religious leaders have retained the Council on American-Islamic Relations for legal representation and are seeking a "mutually agreeable" resolution, said Nihad Awad, CAIR executive director.

US Airways scheduled a meeting with the imams on Dec. 4 to discuss the incident, but the men canceled it and hired the activist group to act as legal counsel.

"With the hopes of reaching an amicable resolution to this matter, we would like to take this opportunity to ask for a formal meeting with US Airways executives and legal counsel," said Arsalan Iftikhar, CAIR's national legal director, in a letter to the airline.

The imams represented by CAIR include Omar Shahin, Didmar Faja, Ahmad Shqeirat, Marwan Sadeddin and Mohamed Ibrahim.

Mahmoud Sulaiman of New Mexico is the only imam not included as a plaintiff.

Mr. Sulaiman is the passenger who asked another passenger to switch seats with him to accommodate a blind imam and was one of three imams who asked for a seat-belt extension even though the police report cites his weight at 170 pounds.

The Washington Times first reported on Nov. 28 that the imams were not in their assigned seats, but seated in a formation similar to the September 11 hijackers and controlled the exits to the plane. The men also requested seat-belt extensions but did not appear to need them, and engaged in conversations critical of the United States, according to police reports and eyewitness statements.

The imams and CAIR officials maintain that press reports as well as Internet sites and blogs have circulated charges they say misrepresent the facts of the Nov. 20 incident.

"Unfortunately, the false claims and smears used against these religious leaders only serve to cloud the real issue involved, that of how national security can be maintained while preserving constitutionally protected freedoms and respect for religious diversity," said Mr. Awad.

CAIR says the men were handcuffed for several hours and is also demanding hearings on religious and ethnic profiling at airports.

Mr. Shahin told The Washington Times he was only handcuffed for "10 or 15 minutes" and that the imams were not led off the plane in handcuffs.

Federal air marshals and pilots called the imams' actions a probe of airport security as well as a probe of the politically correct mentality of air passengers.

The Washington Times reported in 2004 that flight crews and passengers were experiencing a number of terrorist probes, most notably Northwest Airlines Flight 327 from Detroit to Los Angeles in June 2004, during which 14 Syrian men posing as musicians may have practiced a dry run.

Also in July 2004, a passenger from Syria was taken into custody at the Minneapolis-St. Paul International Airport while carrying anti-American materials and a note suggesting he intended to commit suicide.

A pilot reported that he watched a man of Middle Eastern descent at the Minneapolis airport using binoculars to get airplane tail numbers and writing the numbers in a notebook to correspond with flight numbers.

An airline spokeswoman says they have received the request from CAIR for a meeting, as well as a meeting request from Rep.-elect Keith Ellison, Minnesota Democrat, the first Muslim elected to Congress, but no date has been set.

"As far as we are concerned, we are done, and we will continue to back the crew, but we do want to reach out to the passengers," said spokeswoman Andrea Rader.

Muslims held a pray-in recently at the Minneapolis airport and called for a prayer room to accommodate their rigorous prayer schedule.

"Actually, the topic of a prayer room never came up in our meeting," said airport spokesman Patrick Hogan. "They mentioned it to the press before the meeting."

The airport already has two areas where anyone of any faith can pray -- a privately operated Community Counseling Center operated by a minister who encourages people of all faiths to pray in his facility and another area on the mezzanine level.

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"Our intent at present is simply to increase public awareness of those facilities through signage and other outreach activities," Mr. Hogan said.

"If over time we find we need more space to accommodate people's needs, we would consider looking at other alternatives. In any case, the space would be for people of all faiths -- or none, for that matter -- and not dedicated to the practice of a particular belief system," he said.

Will Real ID Cause Chaos At The DMV? (USNEWS)

By Angie C. Marek

U.S. News and World Report, December 11, 2006

Back in May 2005, few really considered the broad implications of the Real ID Act, a bill designed to improve the security of driver's licenses in every state. Attached to an emergency funding measure for the Iraq war, Real ID slipped through Congress and was signed by the president-with little scrutiny but big effects. "The amount of congressional attention paid to something so game changing," says one Washington lobbyist, "was ... microscopic."

These days Real ID is hard to miss, and the nation's governors are up in arms over it. In less than two years, it will require states to begin issuing upgraded driver's licenses to roughly 245 million Americans. Although most governors say they'd like to improve identification security, many say the Real ID Act creates a multibillion-dollar unfunded mandate and deadlines that are impossible to meet. It may also mean longer lines at Department of Motor Vehicles offices nationwide and new costs for consumers. Governors like Mike Huckabee of Arkansas hope the new Congress "will throw us a lifeline" and make changes to Real ID. Whether that's necessary is the subject of debate. But if changes aren't made, Washington is in for a bipartisan revolt in the states.

There's little question driver's licenses could use some securing. In the current system, easily forged birth certificates or utility bills are often taken as proof of identity or residency. Jonathan Frankel of the Department of Homeland Security says that means there's "no guarantee ... the person holding the document bears a relationship to the name and identity on the license." The 9/11 commission found that the 19 hijackers secured 13 driver's licenses, seven of them by falsely claiming that they lived in Virginia.

Real ID aimed to fix that. By May 11, 2008, all licenses must be machine readable, meaning any law enforcement officer will be able to, say, scan your license's bar code and make sure the digital information matches what's on the front; that will make tampering more difficult. DMVs will also have to verify identity documents like birth certificates or baptismal records. In most cases, images of those documents will be scanned into computers, where they must be held for up to 10 years. States must share, at minimum, the information printed on the license to prevent fraud. Residents of states that don't comply will no longer be able to use their license for federal purposes like boarding an airplane.

Obstacles. But states are questioning whether Real ID is feasible. Many DMVs haven't started needed upgrades because they're still waiting for detailed DHS guidance on how to proceed. Meanwhile, a report released in September by the National Governors Association and other groups estimated that Real ID, which would require more DMV employees and the purchase of new technology, could cost states over $11 billion in five years. The report also said the time it takes for a consumer to renew a license would more than double. In many cases, conveniences like renewing by mail will be abolished. DHS disputes claims about longer lines and is working on a new cost estimate. Still, "if this bill really goes forward," says Jim Harper of the Cato Institute, "I think you'll see many red-blooded Americans leaping over DMV counters in sheer rage."

Huckabee says governors are already "universal" in their rage. Places as varied as New Hampshire, Washington, and Kentucky have considered bills that would prohibit participation in the effort or at least urge Real ID's repeal. Also controversial: special Real ID licensing rules for certain legal immigrants. Illegal immigrants can't have a Real ID license at all.

All that anger falls to a new Congress, which must sort out what, if anything, to do. The September report called for extending the deadline and handing more dough to states. Speaker-to-be Nancy Pelosi opposed Real ID when it first came up in early 2005, but Democrats, eager to "get tough" on security, "haven't committed to much of anything yet," says David Quam of the governors association. In coming weeks, though, they may have to take a stand. Sitting on the fence on Real ID looks like a license for trouble.

DOJ_NMG_0104146

Katrina Begets A Baby Boom By Immigrants (NYT)

By Eduardo Porter

The New York Times, December 11, 2006

NEW ORLEANS — First came the storm. Then came the workers. Now comes the baby boom.

In the latest twist to the demographic transformation of New Orleans since it was swamped by Hurricane Katrina last year, hundreds of babies are being born to Latino immigrant workers, both legal and illegal, who flocked to the city to toil on its reconstruction.

The throng of babies gurgling in the handful of operational maternity wards here has come as a big surprise — and a financial strain — to this historically black and white city, which before the hurricane had only a small Latino community and virtually no experience of illegal immigration.

"Of all the myriad things that have changed after Katrina, this wasn't high on anybody's priority list," said Dr. Mark Peters, chief executive of East Jefferson General Hospital in Metairie.

Because many immigrant mothers cannot afford to pay for prenatal care or delivery services, New Orleans's newest citizens are adding an unexpected load to the decimated health infrastructure in a city abandoned by many of its doctors. Much of the state-financed Charity Hospital system, which before Hurricane Katrina provided the bulk of care to New Orleans's uninsured and indigent population, remains closed.

Lacking health insurance and barred from most government assistance, expectant immigrant mothers can go to only the handful of charitable clinics that are still operating and that do not question a woman's immigration status when offering low-cost prenatal care.

"Prenatal care is our daily nightmare," said Shaula Lovera, the program coordinator for the Latino Health Access Network, an outreach service operated by Catholic Charities.

The two health units providing prenatal care run by the Louisiana Department of Health and Hospitals saw more than 1,200 pregnant women from January to mid-November. Virtually all were Latino immigrants.

"Before the storm, only 2 percent were Hispanic; now about 96 percent are Hispanic," said Beth Perriloux, the head nurse in the department's health unit in Metairie.

There are so many pregnant women that the clinics have reached capacity. Dr. Erin Brewer, the department's medical director, said, "We've gone from having a maternity clinic two to three days a week to five days a week."

Many immigrant women are forgoing prenatal care and showing up, ready to deliver, in hospital emergency rooms, where they are required to be seen even if they are in the country illegally.

"When I felt the pains I just went to the women's and children's hospital," said Noemi, an illegal immigrant from Oaxaca, Mexico, who arrived in New Orleans right after the storm as part of a cleaning crew from North Carolina. She left the city but then returned in October, a month after giving birth to her daughter Alejandra in Lake Charles, 200 miles west.

"If they hadn't received me, my girl would have been born in the hall," Noemi said. (She asked that her last name be withheld to protect her identity.)

There has been a small Latino population in New Orleans for several decades, mostly Hondurans who came after Hurricane Mitch battered Central America in 1998. But that population has started to grow.

According to the Louisiana Health and Population Survey, released in November, the number of Latinos living in households in Orleans and Jefferson Parishes has increased by about 10,000 since 2004, to 60,000, even as the total population has fallen by about a quarter, to roughly 625,000.

Last summer, researchers at Tulane University estimated that there were 5,000 to 7,000 illegal Latino workers in Orleans Parish alone, excluding nonworking relatives. But some community workers estimate that tens of thousands have arrived since the storm.

Immigrants can be seen working on roofs, installing Sheetrock and laying tile all over town, from the up-market Lakeview neighborhood in the west to East New Orleans. At the Lowe's home improvement store in the city's Bywater neighborhood, clusters of day laborers mill about in the parking lot every morning, waiting for jobs.

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Most are not new to the United States. They come from Texas, Florida or California, seeking construction work that can pay $150 a day. But there are some newcomers, including Sara Alvarado, a 26-year-old Honduran, who arrived in the United States in August after a monthlong odyssey through Mexico with her partner, Tony, 32.

When Ms. Alvarado finally got to New Orleans, brought into the country by coyotes, or smugglers, who charged $6,000, she was more than six months pregnant. The last time she had seen a doctor was four months before.

"The coyotes wanted to charge me more and bring me across in a car," Ms. Alvarado said, sitting in her cramped room in a shotgun shack in the Upper Ninth Ward that she and Tony share with four other people. "But I didn't take a single vitamin, and I came across that desert jumping fences and all that, and look, here is this boy."

She cradled a plump bundle: Jackson Antonio, an American citizen who came into the world at Tulane-Lakeside Hospital 12 days early on Oct. 17, the day the 300 millionth American was born.

At Tulane-Lakeside, doctors are delivering 215 to 240 babies a month, which is 60 percent to 70 percent more than before Hurricane Katrina, said André du Plessis, the hospital's chief operating officer.

Some of that increase is because of the lack of hospitals. But the numbers also reflect the new population. "Approximately 20 to 25 percent of the babies are Hispanic," Mr. du Plessis said. "Pre-Katrina, we largely didn't have a Hispanic population."

Dr. Kevin Work, an obstetrician who started a private practice a year before the hurricane, decided to focus almost exclusively on the Latino population when he saw the abundance of immigrant women at the maternity clinics run by the Department of Health and Hospitals, where he works two and a half days a week.

"The demographics of the health units used to be 85 percent African-American, who had Medicaid, and 15 percent other," Dr. Work said. "When the clinics reopened, I started seeing the faces changing. Now 85 to 90 percent are Hispanic undocumented, and only 10 to 15 percent have Medicaid."

Dr. Work has been offering a low-cost prenatal care package, charging about $800 for the full term of a pregnancy, a small fraction of the typical bill. He also runs advertisements on the two local Spanish-language radio stations.

The boomlet of Latino babies in New Orleans poses particular challenges. Nonemergency Medicaid is not available to illegal immigrants or even to legal immigrants who have been in the country less than five years. Virtually none of the immigrant mothers-to-be have private insurance. They are mostly poor. Many fear being deported.

Hospitals will deliver these women's babies only if they arrive in labor through the emergency room. There, emergency Medicaid pays for up to a 24-hour hospital stay for a vaginal delivery and a 48-hour stay for a Caesarean section, Dr. Work said.

Most of Dr. Work's patients do not speak English. At the Department of Health and Hospitals' unit in Metairie, where he sees patients Tuesday mornings, he relies on the "language line," a phone-based translation service. Sometimes women arrive with one of the Latina translators who prowl the clinics and charge the patients $60 per session.

Dr. Work said he delivered 50 to 70 babies a month, most born to Latino immigrants. He even delivered Jackson Antonio, though he could not remember doing so, the memory lost in a blur of births.

The new population is having a tough time in New Orleans. Jackson Antonio was required to stay 48 hours in the hospital. But Ms. Alvarado had to leave after 24. "If I stayed longer they would charge me," she said. She spent the next day looking for a car safety seat, which hospitals require to discharge new babies.

Health workers at Catholic Charities eventually found a car seat. They also gave her a crib, so her baby would not have to sleep on a mattress on the floor. Volunteers at Common Ground, a nonprofit assistance organization that opened a health clinic after the storm, have been trying to help Ms. Alvarado apply for assistance for her child.

Still, Ms. Alvarado's life is mostly an endless hustle at the limit of subsistence. She started Jackson Antonio straight off on baby formula because she expected to go to work as soon as she recovered from the delivery. But she cannot leave home, because there is nobody to care for the baby.

Her partner, Tony, who declined to provide his last name, spends most days waiting with the day laborers at a Shell gas station near their home. But with demand for workers slackening, he is having a hard time finding a job. Just before Thanksgiving he worked 10 hours on an apartment building, but the woman who hired him disappeared before paying him his promised $120.

Meanwhile, bills are piling up, starting with repayment of the $6,000 they borrowed to pay the coyotes' fee. They have repaid only about $1,300, Ms. Alvarado said. And they need $350 a month just for their share of rent and utilities.

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Ms. Alvarado must also send money to Honduras for her two daughters, ages 7 and 9, who live with her mother. Tony has three daughters in Honduras, too, living with their mother.

Because Jackson Antonio is a United States citizen entitled to Medicaid, Ms. Alvarado gets a monthly ration of nine cans of baby formula, as well as powdered milk, canned juice, and eggs and cheese for her. But the staff at the food stamp office told her they were required to report any applicant who was an illegal immigrant to the authorities, so Ms. Alvarado did not apply.

She said she might return to Honduras because there was no point to staying if she could not work. “I came to make a future for my mother and my girls,” she said.

But if she can work, she will probably stay. And the baby boom may even provide an opportunity. She said she might go into business taking care of the babies of other Latino mothers.

WAR NEWS:

No Rift With Administration, Baker And Hamilton Say (WP)

By Michael Abramowitz

The Washington Post, December 11, 2006

Former secretary of state James A. Baker III said for the first time yesterday that the Iraq Study Group remains committed to democracy in Iraq, as he and Co-Chairman Lee H. Hamilton offered conciliatory words to a Bush administration that has reacted coolly to the panel's key recommendations.

The group's report makes no mention of President Bush's oft-stated goal of establishing democracy in Iraq; in the five days since its release, Baker and Hamilton have talked in more modest terms, referring to Bush's recent formulation of creating an Iraq that can govern and defend itself. But in an interview on "Fox News Sunday," Baker emphasized: "We don't negate the goal of democracy."

"The goal of democracy has always been a goal and foundation and basis for American foreign policy, and it will always remain that," Baker said.

The comments appeared part of an effort by Baker and Hamilton to use the Sunday talk shows to play down talk of rifts between the panel and the Bush administration, which is finishing its own review of strategy in Iraq. In televised interviews, Baker said he understands the administration's internal studies call for some of the things his panel urged, such as changing the focus of the U.S. military presence in Iraq from combat to training.

Baker also sought to portray the panel's proposal for a more aggressive Middle East diplomatic effort as less ambitious than its critics have suggested. At a news conference last week, Bush seemed to take issue with the panel's suggestion that his administration should engage in high-level dialogue with Syria and Iran without preconditions.

Baker said that he wanted to make sure "everyone understands . . . the limited nature of what we are proposing with respect to Iran and Syria." He said the administration should find out whether Iran is willing to do what it did several years ago to help stabilize Afghanistan. He also said Syria would be required to meet several key obligations, including cooperating in the investigation of political assassinations in Lebanon and persuading Hamas to recognize Israel's right to exist.

"We're not talking about sitting down with Iran and talking to them about everything under the sun," Baker said on NBC's "Meet the Press."

White House press secretary Tony Snow dismissed speculation that the White House is hostile to the Baker-Hamilton group's recommendations, saying there is a "moment of opportunity here" for the two parties to come together on a new policy for Iraq. But he stressed in an interview: "Obviously, the president is the one who is going to be offering the final call about the way forward."

The president plans to spend much of the coming week on the Iraq review with officials at the Pentagon and State Department, and will also consult with outside experts. Snow said he expects the results of the review to be announced before Christmas, but "at this point it isn't a nail-down promise."

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On the talk shows, Hamilton and Baker pushed back against some of the criticism their group has received in recent days, particularly from hawks such as Sen. John McCain (R-Ariz.), who want the administration to deploy more troops in Baghdad to quell the violence.

"We do not think we have" 50,000 to 100,000 troops "to put there on a sustained basis," Hamilton said on CBS's "Face the Nation." "Furthermore, if you do that, you are going to get the Iraqis to react by saying, 'Oh well, let the Americans take it.' That's exactly what we don't want. We want the Iraqis at the point of the spear, not the American forces."

Hamilton, a former Democratic representative from Indiana, also appeared to acknowledge, but reject, criticism from some in the administration that the panel's estimate of how quickly new Iraqi units can be trained is unrealistic. The panel stated that U.S. combat brigades can be withdrawn by the first quarter of 2008.

"In the last year or so, we have sharply improved that training, and it can be done if we put the priority on it that we're emphasizing. It's the best way forward with the options that we have," Hamilton said on "Meet the Press."

Baker said on "Face the Nation" that he is not surprised by some of the criticism for his panel's work from conservatives who have been ardent supporters of the war and the Bush administration.

"The situation is such that politics as usual is not going to come up with the answer," he said. "There has to be a unity of the American people and a unity of the country behind an approach if this is going to work."

The two men's comments came after Iraqi President Jalal Talabani harshly criticized the panel's report for "dangerous" recommendations that would "undermine the sovereignty of Iraq and the constitution."

Bush And Iraq Study Group: Competing Visions For Middle East (CSM)

By Howard Lafranchi

The Christian Science Monitor, December 11, 2006

WASHINGTON

With President Bush turning a cold shoulder to key recommendations of the Iraq Study Group, one explanation is the wide gulf between the group's prescription for addressing the Middle East and the president's vision for the region.

The study group, co-chaired by former Secretary of State James Baker III and former Democratic congressman Lee Hamilton, places a high priority on restarting the Israeli-Palestinian peace process and reenergizing America's role in it. Mr. Bush, who has never viewed that conflict as ripe for the kind of intense US diplomacy Mr. Baker had dedicated to it, continues to see success in Iraq as the demonstration project for peace and reform in the region.

"Bush had this idea that Baghdad was going to radically alter the Middle East," says Henri Barkey, a former State Department specialist on Iraq now at Lehigh University in Bethlehem, Pa. "For him, the road to Jerusalem goes through Baghdad. Baker is saying you get to Baghdad through Jerusalem," he adds, "but it's hard to see Bush embracing that thinking now."

As Bush considers an array of alternatives and prepares for a speech that the White House says he hopes to give before Christmas laying out his plan for a new direction in Iraq, the broader question of how best to reform the Middle East will be a determining factor.

Last month in Riga, Latvia, Bush extolled the transformational power of a democratic Iraq. He has not given up on the idea of a functioning democracy as the answer to Iraq's ills - indeed, Weekly Standard editor William Kristol has taken to calling him "the last neocon." In stark contrast, the study group's report emphasizes stability as the most pressing need, passing over goals of regional freedom and democracy. Iran and Syria

One of the report's central proposals - seen by the panel as a necessity for progress in Iraq - is a broad and intense regional dialogue that includes both Iran and Syria. But the Bush approach, one fine-tuned and doggedly pursued by Secretary of State Condoleezza Rice, has been to isolate those two countries as troublemaking cats that must first change their spots before being welcomed to the negotiating table.

Bush remains at heart a believer in regime change in the case of regimes deemed to be supporters of international terrorism, some analysts say. And some White House officials say the president sees much about the Baker-Hamilton report as

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better-suited to the Middle East of the former secretary of State's heyday in the late 1980s and early '90s, while not so much a response to the post-9/11 world.

For Bush, talks with the United States should be dangled as a reward: for Iran once it gives up its nuclear ambitions, and for Syria as a prize for disengaging from Lebanon and relinquishing support for Hizbullah. "The truth of the matter is these countries have now got the choice to make," Bush said last week in comments on the study group's recommendations.

The study group recommends decoupling Iran's nuclear programs from the Iraq issue and leaving it to the United Nations Security Council.

For Baker, diplomacy is not about talking to your friends, but is really about dealing with your enemies. As Mr. Hamilton says, "How do you solve problems without talking to people?"

Baker acknowledges that Iran might not even want to join talks on Iraq. But he adds that finding that out would be useful: If Iran rejects an outstretched hand, he says, it would be a clear demonstration to the world of Tehran's intransigence and rejectionist approach.

Still, the study group placed such emphasis on regional diplomacy and in particular on Iran and Syria because it concluded the stakes in Iraq are such that no country wants deeper chaos. "We do not think it's in the Iranian interest for the American policy to fail completely and lead to chaos," Hamilton said last week.

That position is supported by experts and former diplomats who have worked with the Iranians in the past. "The Iranians may feel no compulsion to rush to Washington's assistance," notes James Dobbins, director of international security and defense at the RAND Corp. in Arlington, Va.

Mr. Dobbins, who was the Bush administration's envoy on formation of a post- Taliban government in Afghanistan, says the Iranians were instrumental in that process.

Calling it a "Washington myth" that the US formed an international coalition in late 2001 to defeat the Taliban, he says the US actually joined a preexisting coalition of countries - which included Iran.

"Iranian diplomats were being killed, and refugees were pouring into their country," says Dobbins, a former emissary for several administrations. "Our interests were coincidental." Iran's post-Taliban input

But the Iranians went beyond mere cooperation, says Dobbins. "It was the Iranians who suggested the word 'democracy' be inserted in the Bonn agreement" that set out the guideposts for the new regime in Afghanistan, he says. "It was also their suggestion that the Afghans cooperate with the international community on terrorism."

In addition, the Iranians were ready to work with an American-run program to build an Afghan national army - which could have begun to melt the two-decades-thick ice between Iran and the US, he says - before the US nixed the idea. (When the US suggested to an Iranian military official that cooperation might be difficult because army training procedures would be so different, the officer said that, in fact, the Iranian military was still using manuals the US left behind in 1979, Dobbins says.)

Still, working with Iran now would be harder, he acknowledges: The reform government that helped out on Afghanistan was replaced by the more radical regime of President Mahmoud Ahmadinejad, and trends in the region, including American difficulties in Iraq, have left the regime "feeling confident," he says.

But the "coincidental interests" are still there, Dobbins says. Like the US, the Iranians want a "democracy" in Iraq, if only because it puts the majority Shiite population in power.

Some experts say the emphasis that the study group report places on Iran and Syria exaggerates the influence they have in Iraq. But they say there is little doubt both could help make things better: Syria, for example, through a better control of its border.

One option that a Pentagon study for a redirection in Iraq is considering is a redeployment of US troops - from fighting in Iraq's increasingly sectarian strife to concentrating on Al Qaeda forces in Iraq. Control of the Syrian border is considered a key part of addressing the international terrorist presence among the Iraqi population.

But how far Bush will go in embracing the regional approach - and accepting avenues he has rejected in the past - probably won't be known until he gives his speech. "All administrations deny they are changing policy," Dobbins says, "up to the moment they change it."

Sunni And Shiite Insurgents Remain Mystery To U.S., Iraq Report Charges (NYT)

DOJ_NMG_0104151

By James Risen

The New York Times, December 11, 2006

WASHINGTON, Dec. 10 — Nearly four years after the invasion of Iraq, the United States still does not understand the enemy that American troops are fighting, according to last week's report by the Iraq Study Group.

The commission's final report harshly criticized United States intelligence officials for failing to answer basic questions about the nature of the Sunni insurgency or the increasingly powerful Shiite militias, both of which pose grave threats to American forces.

The intelligence community has had some success hunting Al Qaeda in Iraq, the report found, but that terrorist organization is small and is not the main enemy confronting American troops. The far bigger Sunni insurgency and Shiite militias are still largely mysteries to American intelligence, according to the report.

"While the United States has been able to acquire good and sometimes superb tactical intelligence on Al Qaeda in Iraq, our government still does not understand very well either the insurgency in Iraq or the role of the militias," the report said. It said that American intelligence agencies were "not doing enough to map the insurgency, dissect it, and understand it on a national and provincial level" and that intelligence analysts' "knowledge of the organization, leadership, financing, and operations of militias, as well as their relationship to government security forces, also falls far short of what policy makers need to know."

A spokesman for John D. Negroponte, the director of national intelligence and the Bush administration's top intelligence official, issued a written statement that said Mr. Negroponte planned to review the study group's findings. The statement did not seek to argue with the report's assertions. Carl Kropf, the spokesman, said the "Iraq Study Group offered some concise, but important, assessments of our intelligence analysis and collection activities on Iraq."

"We want to study those assessments and how they were reached carefully before offering any judgments about them," he added.

The study group's findings echo complaints quietly voiced in recent months by a number of current and former American officials, who have warned of the failure by American intelligence officers in Iraq to adequately penetrate the Sunni insurgency. These officials say the level of violence in Baghdad makes it extremely difficult for American intelligence officers to move around the country to gather information, and as a result they rely far too heavily on Iraqis who come to them in the Green Zone or to other major American bases, and on information from the intelligence service of the new Iraqi government.

That leaves the Central Intelligence Agency and American military intelligence vulnerable to manipulation by Iraqis who feed the Americans disinformation because they have an ax to grind or simply as a way to make money by selling information to the United States.

The report quoted an unidentified United States intelligence analyst who told the Iraq Study Group that "we rely too much on others to bring information to us" and "do not understand the context of what we are told."

Bureaucratic obstacles in the American government and a failure by the Bush administration to make the issue a top priority have left the United States with gaping holes in its understanding of the insurgency, the report found.

For example, the report found that the Defense Intelligence Agency rotates its analysts from one posting to another so frequently that few develop any real depth of understanding of the insurgency. "We were told that there are fewer than 10 analysts on the job at the Defense Intelligence Agency who have more than two years' experience in analyzing the insurgency," the report said. "Capable analysts are rotated to new assignments, and on-the-job training begins anew. Agencies must have a better personnel system to keep analytic expertise focused on the insurgency."

An agency spokesman disputed the numbers used by the report and said that the agency had "hundreds of analysts focused on the Iraq situation," adding that a "considerable number of experienced analysts are forward deployed and are directly working the counterterrorism-insurgency issues."

Meanwhile, the Bush administration has not sought to significantly improve on-the-ground intelligence about the enemy, the report said. "The Defense Department and the intelligence community have not invested sufficient people and resources to understand the political and military threat to American men and women in the armed forces," the report said. "Congress has appropriated almost $2 billion this year for countermeasures to protect our troops in Iraq against improvised explosive devices,

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but the administration has not put forward a request to invest comparable resources in trying to understand the people who fabricate, plant and explode those devices."

The study group recommended that the director of national intelligence and the defense secretary "devote significantly greater analytic resources to the task of understanding the threats and sources of violence in Iraq."

At the same time, the study group found that United States officials had underreported the level of violence in Iraq, providing misleading information to American leaders and the public about the scale of the problem facing American troops.

The study group determined that on one day in July, American officials in Iraq reported 93 attacks or significant acts of violence, but the study group's review found that 1,100 violent acts actually occurred that day. "The standard for recording attacks acts as a filter to keep events out of reports and databases," the report said.

For example, the report said that a killing of an Iraqi might not be counted by American officials as an attack, and that sectarian violence was not included in American databases if the source of the attack could not be determined. In addition, it said, "a roadside bomb or a rocket or mortar attack that doesn't hurt U.S. personnel doesn't count."

The group did not charge that the widespread underreporting of attacks was politically motivated. Still, it raised questions about whether the underreporting was intended to conform with Bush administration policies. "Good policy is difficult to make when information is systematically collected in a way that minimizes its discrepancy with policy goals," the report stated.

Baker-Hamilton's Fine Print: Stay In Iraq (LAT)

By Niall Ferguson

The Los Angeles Times, December 11, 2006

The Iraq Study Group didn't pin Iraq's hope on Iran and Syria, nor did it call for complete troop withdrawal.

'PERSUASION involves both incentives and penalties," Henry Kissinger once remarked. "So there is an element of implied coercion." Last week saw the publication of a masterpiece of persuasion. But whom will it persuade? And with what sticks and carrots?

Most commentators have interpreted the report of the Iraq Study Group as a well-crafted admission of defeat. Predictably, that was exactly how President Bush himself reacted to it. "I … believe we're going to succeed," he told reporters Thursday. "One way to assure failure is just to quit." Addressing one of the report's key recommendations, he bluntly declared that Iran and Syria "shouldn't bother to show up" for negotiations about Iraq if they don't understand their "responsibilities to not fund terrorists" and if the Iranians don't "verifiably suspend their [uranium] enrichment program."

Yet anyone who bothers to read the report carefully — as opposed to skimming the executive summary — can see that it neither proposes "quitting" Iraq nor pins serious hope on Iranian or Syrian assistance. Quite the reverse.

Persuasion in the realm of grand strategy is more a matter of rhetorical art than science. The first essential step is to identify your target audience. Most readers of the report assume that it is directed at Bush. That is wrong. Its principal target audience is Congress, and particularly the new Democratic majorities in both houses. And the aim is not to persuade a stubborn president to admit defeat. Rather, the report's aim is to convince legislators that withdrawal from Iraq — no matter how much their constituents may yearn for it — is not an option. The report's other intended readership is Arab governments throughout the Middle East. The message for them is the same: A U.S. exit from the region is what you most have to fear.

The second step in the process of persuasion is to conjure up a nightmare vision of the future if the action you envisage is not taken. The worst-case scenario proposed by the Iraq Study Group is the one about which I have been writing since February: "Sectarian warfare, growing violence or a slide toward chaos," leading to "the collapse of Iraq's government and a humanitarian catastrophe." Here are the report's most important lines: "Neighboring countries could intervene. Sunni-Shia clashes could spread … across the Islamic world. [There could be] Shia insurrections — perhaps fomented by Iran — in Sunni-ruled states. Such a broader sectarian conflict could open a Pandora's box of problems."

The consequences would be much more than a propaganda victory for Al Qaeda and a humiliation for the United States, which is what they worry about on Capitol Hill. In such a conflagration, no Mideast government — with the exception of the fundamentalist Shiite regime in Tehran — could feel secure. And that is precisely why Arab rulers should dread an American exit.

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Step 3 in the art of persuasion is to propose remedies that sound attractive to your target audience. These the Iraq Study Group has certainly produced — in profusion. But you need to read the small print of all 79 recommendations. Consider the long-anticipated "diplomatic offensive to build an international consensus for stability in Iraq and the region," involving Iran, a reviled member of Bush's "axis of evil," as well as Syria, no friend of the U.S.

"A nation can and should engage its adversaries and enemies," declares the report (in a sentence that Co-Chairman James A. Baker III must surely have written) and should offer them "incentives as well as disincentives." Note that word "disincentives." Baker's idea here is not to go cap in hand to Damascus and Tehran. Rather, as he explained to the media last week, it is to "flip the Syrians" by appealing to Sunni solidarity, and to isolate the Iranian regime by exposing its "rejectionist attitude." In other words: Get the leaders of all Iraq's neighbors into the same room and play "spot the Shiites."

Now let's read the small print on troop withdrawals. "By the first quarter of 2008," the report says, "all combat brigades not necessary for force protection could be out of Iraq." This has been widely interpreted as the first step toward the exit. It says "out of Iraq," right?

Wrong. Look more closely at some of the report's other recommendations:

• The number of U.S. military personnel "embedded" in Iraqi army battalions and brigades should be increased from 3,000 or 4,000 to between 10,000 to 20,000.

• The number of U.S. police trainers should be expanded.

• The U.S. Department of Justice should lead the work of organizational transformation in the Interior Ministry.

• A senior advisor for economic reconstruction in Iraq is required.

• The U.S. State Department should train personnel to carry out civilian tasks associated with a complex stability operation; it should establish a Foreign Service Reserve Corps.

Does that sound like "out of Iraq" to you? I'd say it sounds more like "stay in Iraq" — only this time, let's not screw it up.

The media have fixated on the possibility of a quantitative reduction in U.S. troops — which is in any case conditional on there being no "unexpected developments in the security situation on the ground" — while missing the underlying argument for qualitative improvement.

Hats off, then, to Baker and his team. This turns out to be a classic work of persuasion. Its target audiences have been well chosen. Its worst-case scenario is plausible. And its recommendations are so carefully phrased that they sound like disengagement while actually signifying better engagement.

It is certainly not the exit strategy Americans want. But it might just help avoid a Middle Eastern Armageddon.

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The Time Is Now (NYT)

By Bob Herbert

The New York Times, December 11, 2006

On Wednesday, as if the release of the Iraq Study Group report needed some form of dramatic punctuation, 11 more American G.I.'s were killed in this misbegotten war that just about everyone, except perhaps the president, now sees as a complete and utter debacle.

Senator Gordon Smith, a Republican from Oregon who supported the war, delivered an emotional speech on the Senate floor Thursday evening in which he said:

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day. That is absurd. It may even be criminal. I cannot support that anymore."

If the U.S. is ultimately going to retreat in Iraq, he said, "I would rather do it sooner than later. I am looking for answers, but the current course is unacceptable to this senator."

The primary value of the Baker-Hamilton report is that it embodies, in clear and explicit language, the consensus that has emerged in the U.S. about the current state of the war. It's not so much a blueprint for action as a recognition of reality.

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"The level of violence is high and growing," the report says. "There is great suffering, and the daily lives of many Iraqis show little or no improvement. Pessimism is pervasive."

With the situation in Iraq deteriorating, and support for the war in the U.S. having all but collapsed, the only real question on the table is how long the U.S. is going to drag out its inevitable pullout of combat forces. And the inevitable moral question that is inextricably linked to that slowly evolving set of circumstances is how to justify the lives that will be lost between now and the final day of our departure.

There is something agonizingly tragic about soldiers dying in a war that has already been lost.

The scale of the debacle is breathtaking. According to the study group: "In some parts of Iraq — notably in Baghdad — sectarian cleansing is taking place. The United Nations estimates that 1.6 million are displaced within Iraq, and up to 1.8 million Iraqis have fled the country."

Americans, including the members of the study group, continue to insist that the key to an American withdrawal over the next couple of years is the improvement of Iraqi security forces to the point where they can successfully step into the breach. That is a complete fantasy, as a reading of the study group's own assessment of the Iraqi forces will attest.

The study group found that, among other things, the Iraqi Army units "lack leadership ... lack equipment ... lack personnel ... [and] lack logistics and support."

"Soldiers are given leave liberally and face no penalties for absence without leave," the report said. "Unit readiness rates are low, often at 50 percent or less."

The report went on: "They lack the ability to sustain their operations, the capability to transport supplies and troops, and the capacity to provide their own indirect fire support, close-air support, technical intelligence and medical evacuation."

Other than that, they're fine.

So what's next? The Bush administration has lost all of its credibility on the war. What is needed now are leaders with the courage to insist, perhaps at the risk of their reputations and careers, that it is wrong to continue sending fresh bodies after those already lost, to continue asking young, healthy American troops to head into the combat zone, perhaps for their third or fourth tour, to fight in a war the public no longer supports.

In a foreword to "The Best and the Brightest," David Halberstam's chronicle of the Vietnam fiasco, Senator John McCain wrote:

"It was a shameful thing to ask men to suffer and die, to persevere through god-awful afflictions and heartache, to endure the dehumanizing experiences that are unavoidable in combat, for a cause that the country wouldn't support over time and that our leaders so wrongly believed could be achieved at a smaller cost than our enemy was prepared to make us pay.

"No other national endeavor requires as much unshakable resolve as war. If the nation and the government lack that resolve, it is criminal to expect men in the field to carry it alone."

The United States lacks that resolve when it comes to Iraq. It is time to pull the troops out of harm's way.

How Quickly Bush Forgot (WP)

By Jackson Diehl

Washington Post, December 11, 2006

Some people suppose that President Bush's freedom agenda was buried last Wednesday by the report of the Iraq Study Group. In fact, history will show that the administration largely smothered its own baby, even before Iraq's descent into civil war propelled the resurrection of James Baker and other "realist" friends of Middle Eastern dictators.

Evidence of that conclusion could be found in Washington on the same day Baker delivered his report, as administration officials, members of Congress and business executives gathered for a glittering dinner in honor of Mehriban Aliyeva, the visiting first lady of Azerbaijan.

Aliyeva's husband, Ilham, rules a Muslim country wedged between Russia and Iran that is on the cusp of becoming a major exporter of oil and gas, with strategic pipelines that offer Europe an alternative to Russian suppliers. It also is at a tipping point politically. Aliyev, who inherited power from his father -- a satrap of the Soviet Union -- has teetered between installing his own dictatorship and promising to liberalize the political system along Western lines.

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For a year after Bush's soaring second inaugural speech, in which he pledged "to seek and support the growth of democratic movements and institutions in every nation," the president seemed to be trying to act on his words in Azerbaijan. Through a letter and State Department envoys, he urged Aliyev to hold free and fair parliamentary elections and promised in return to "elevate our countries' relations to a new strategic level." Unfortunately, Aliyev called Bush's bluff. He staged a vote in October 2005 that even the sympathetic State Department said was marked by "major irregularities and fraud." Days before the election he arrested hundreds of political opponents or would-be rivals, including one of his most pro-Western ministers, Farhad Aliyev.

Last April Bush received President Aliyev at the White House anyway, praising his cooperation with Western energy interests but saying nothing, at least in public, about the rigged elections or political prisoners. U.S. officials argued at the time that it was necessary to ease American pressure on Aliyev because of the risk that he would be driven into the arms of Russian President Vladimir Putin. Putin has been aggressively courting the autocrats of Central Asia while trying to build a de facto Russian monopoly of the region's energy resources.

Aliyev drew a predictable conclusion: that he could be both a dictator and an American ally as long as he delivered energy and security cooperation. So Azerbaijan is pumping oil to Europe, and has promised gas this winter to pro-Western Georgia. It is allowing the U.S. military to use its airspace, and it reportedly hosts CIA monitoring operations of Iran. Meanwhile, Aliyev's government is systematically attacking the country's pro-democracy forces, while favoring Russia's Azerbaijani allies. The losers are the very "democratic reformers" to whom Bush said: "When you stand for your liberty we will stand with you."

Farhad Aliyev (no relation to the president) is one of them. In visits to Washington as minister for economic development, he was outspoken about the need for Azerbaijan to embrace Western democracy and ally itself with the United States. At home, he had famously declared that "Russia is Azerbaijan's past, the West is its future."

He's now been in prison for nearly 14 months, denied visits from his family or even from doctors seeking to treat his known health problems. Variously accused of coup plotting, corruption and the murder of an opposition journalist -- in each case without evidence -- he has never been tried or even formally charged. Inquiries on his behalf by the State Department (which recognized his "commitment to reform") and several members of Congress were ignored or spurned by the government. Meanwhile, his energy-related business interests and those of his brother Rafiq, who was also imprisoned, have been confiscated and sold to "pro-Russian business enterprises favored by the Azerbaijan authorities," according to a study of the case by Washington lawyer Charles R. Both.

On Nov. 24 Aliyev's administration closed down the country's only independent radio and television station, ANS. The network was charged with "unauthorized broadcasts of several foreign radio programs" -- i.e., the Voice of America, Radio Liberty, and the BBC. Two Russian television networks controlled by Putin's government continue their broadcasts into the country unhindered. U.S. officials who protested the shutdown were told, improbably, that it was the result of excessive zeal by licensing authorities.

Despite this provocation, the Bush administration offered its full cooperation for the visit of Aliyev's wife, a member of parliament who is building her own political career. The trip has received saturation coverage by Azerbaijan's remaining, state-controlled media, which portray it as proof of the close ties between Aliyev and Bush. And no wonder: The day after that gala dinner, Mehriban Aliyeva was received at the White House by First Lady Laura Bush. Did the subject of political prisoners such as Farhad Aliyev come up? Sadly, less than two years after the freedom agenda was born, the very idea of such principled pressure from the Bush White House has become ludicrous.

The Point Of No Return (NSWK)

By Weston Kosova

Newsweek, December 11, 2006

Dec. 18, 2006 issue - Gary Ackerman is the last man you'd expect George W. Bush to turn to for advice. Just elected to his 13th term in the House, the New York Democrat thinks the president's handling of the Iraq war has been "totally inept." So Ackerman was a bit surprised when Bush invited him and other members of Congress to the White House last Wednesday morning, just hours after the long-awaited Baker-Hamilton report was released. The president told them he wanted to hear their

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thoughts and concerns about the war. Ackerman was skeptical. "In my experience, you usually went in, and Bush would do most of the talking," Ackerman says. Instead, the president made a few brief remarks and then went around the table letting people speak their minds.

For more than an hour the lawmakers, Democrat and Republican, "ripped into" the administration's Iraq policy, Ackerman recalls. "It was like a group intervention. It was ... certainly the most pointed discussion I've ever had with any president." When they were finished, Bush thanked them for coming. "I take your comments very seriously," he said. Ackerman was puzzled, but impressed. "He really seemed to be listening," he says.

That was precisely the reaction Bush and his aides wanted. For months, the White House had been girding for the release of the Iraq Study Group report. They knew from press leaks that it would be critical in tone and that the president wouldn't like some of its ideas—especially a suggested pullback of U.S. troops and a proposal to reach out to Syria and Iran for help in quelling violence in the country.

The challenge for Bush's team was to make the president appear as though he were taking the release of the report seriously, without necessarily embracing its conclusions. In the days following the report's release, Bush the Decider transformed himself into Bush the Listener. Usually prickly with war critics—on the rare occasions he spoke to them at all—the president now invited them in from the cold and kept quiet.

The Baker-Hamilton report may not change Bush's military or diplomatic strategy in Iraq. But the report has had one noticeable effect: it marks a point of no return in the way Bush talks about the war and deals with his critics. He may not always be as accommodating as he seemed to be last week. But from here on in, the president can no longer plausibly dismiss Democrats as wanting to "cut and run" or blame the media for overplaying the violence and ignoring the "good news" from Baghdad. The change in Bush's approach had its beginnings well before the Baker group put pen to paper. It came about in part because of a slow, careful effort by Bush's closest aides—under the direction of chief of staff Josh Bolten—to convince the president that he had to listen to different voices on Iraq, and ultimately change direction. The results of that effort will be unveiled next week, when Bush is expected to announce what he calls "The New Way Forward," his latest plan to salvage the mission in Iraq.

When Bolten took charge of the West Wing last April, he was one of the few people in the White House who were willing to admit that Iraq was broken and that the president was stuck. He worried that Bush had been hearing the same bad advice from the same people for nearly three years. Over the summer, Bolten began the first of his efforts to puncture Bush's bubble by having the president sit down with some of the harshest critics of the war—conservatives who had turned against the effort. At one session last summer at Camp David, Bolten sat Bush, Vice President Cheney and Donald Rumsfeld across from a group of academics. "They were folks who had actually been to the region and spent the time talking to noncommissioned officers and generals," Bolten says. The academics were told not to hold back. A couple of weeks later, Bolten staged another session with Iraq experts, who met with the president at the Pentagon. Among them: Vali Nasr, an authority on the rise of the Shia. Bolten, who is known to obsess over the smallest details, makes careful seating charts for Oval Office briefings to put certain advisers directly in Bush's line of sight so the president will be more likely to listen carefully to their opinions.

That was just the start. In the weeks before the Republicans lost Congress, while Karl Rove was predicting victory, Bolten tasked a small group of trusted aides to plan for electoral defeat and its aftermath. The first step was to fire the abrasive, out-of-touch Rumsfeld and replace him with straight-talking Robert Gates. The second was to ready a respectful response to the pending Baker-Hamilton report but to downplay its importance by stressing it is just one of several government reports on the war effort that Bush is reviewing. The final phase was to move past the elder statesmen by introducing Bush's own strategy.

The White House won't say exactly what the president will propose in his New Way Forward plan, but aides say Bush still believes in standing behind the government of Prime Minister Nuri al-Maliki. He has yet to make critical decisions about repositioning U.S. forces inside Iraq and especially about embedding more American trainers within Iraqi units.

The Baker commission discovered just how hard it is to come up with new ideas on Iraq. The group was lauded for its bipartisan spirit. But the desire for agreement may have resulted in a report that is stronger on rhetoric than recommendations. For example, it calls for troop withdrawals but suggests no firm deadlines. One member, former Clinton Defense secretary William Perry, wanted to set dates. Baker was concerned, however, that Bush would write off the report as unrealistic.

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Lawrence Eagleburger, George H.W. Bush's last secretary of State, also opposed a timetable; he said if the report set down specific withdrawal dates, it would be "an invitation to the Iranians to march right in after we go." At that point, Perry drafted a proposal for gradual withdrawal with the goal of getting combat brigades out of Iraq by early 2008. At least one Democratic member, Chuck Robb, argued for a short-term increase in troops. But even Republicans were reluctant to go along. The report's final language said only that the United States "could" support a short-term redeployment.

The White House has signaled that there is no way to "win" the war in the next year or two. The American people seem to agree. According to the new NEWSWEEK Poll, 68 percent now say the United States is losing ground in Iraq. And last week Bush suffered a surprise defection from within GOP ranks, when Oregon Sen. Gordon Smith called for a quick withdrawal of American troops. Bush's forthcoming plan will extend well beyond his time in office. Bolten told NEWSWEEK he can imagine his last day in the Bush White House. West Wing staffers will be cleaning out their desks on Jan. 20, 2009, when the cable news networks cut into their Inauguration coverage for a breaking story: a car bomb has gone off in Baghdad. Bolten knows he can't do much to stop that from happening. What he can do is try to limit the number of political explosions between now and then.

This story was written by Weston Kosova with reporting from Richard Wolffe, Michael Isikoff and Holly Bailey

Advice And Grudging Consent (TIME)

By Michael Duffy, Mike Allen

Time, December 11, 2006

The motorcade flew down Pennsylvania Avenue just after 8 a.m. last Tuesday, sirens screaming and lights flashing--two white police cruisers, five black town cars and a gray staff van. Was it the President? Or the Vice President? Nah--it was just the Iraq Study Group, Washington's new shadow government, on another emergency run, this time from the White House, where its members told George W. Bush how to get out of Iraq, up to Capitol Hill, where they preached bipartisanship and renewed diplomacy--as well as the promise of withdrawal from Iraq by 2008. It's not often that 10 unelected people, all in their 60s and 70s, can supersede the elected government of the U.S., but last week the panel, led by ex--Secretary of State James Baker and former Congressman Lee Hamilton, pulled it off for a couple of days.

Most blue-ribbon studies start gathering dust the minute they are printed. This one, with 79 recommendations in just 99 pages, was unveiled on network TV and in the first few days shot up to No. 3 on the Amazon best-seller list. The panel members worked overtime on the launch, doing carefully choreographed rounds of interviews with reporters and anchors before Baker and Hamilton motored back to the Hill to start selling their plan to Congress. The core message: the Bush Administration has to work and think a lot harder to achieve even modest goals in Iraq--and should start by accepting the report in its entirety. "I hope," said Baker, "we don't treat this like a fruit salad and say, 'I like this, but I don't like that.'"

The big rollout was designed to exert maximum pressure on the White House because, despite all the fanfare, the report was aimed at an audience of one--Bush. For most of the week, he looked none too pleased about the round-the-clock talking-to he was getting. As he received the report, he told cameras it was "interesting." Later he said it has "some very good ideas." But within a day, he was putting some distance between himself and the best seller: "I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation."

That comment reflected the West Wing's exceeding bitterness about the report. Some of the pushback was substantive. The suggestions on how to engage directly with Iran and Syria--the parts resisted most unambiguously by the President--were surprisingly specific and prescriptive, not the platitudes the Administration had expected. Bush aides chafed at the patronizing directive "The President and the leadership of his national-security team should remain in close and frequent contact with the Iraqi leadership." Even some Democrats thought that Bush might have a point. "If you want to help the President," said Paul Goldman, a Democratic strategist, "you give the President a chance to lead. You don't set it up to look like he got forced into doing something."

But some White House reaction was plain personal. This is the second time in six years that Bush has had to turn to Baker to save his skin (the first was Tallahassee in 2000). All the stories about the father's vaunted foreign-policy team riding in to save the son had become "an irritant," admitted a senior Administration official. A former Bush adviser who worked closely with the President speculated that Bush and Karl Rove "don't want Baker to get instant gratification" and won't make concessions at the

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outset. But that will change. "After the short-term ego fit, he will eventually come around. He is a political realist," said the former adviser.

So, apparently, is Senator Gordon Smith, a Republican from Oregon who voted for the war. He went to the Senate floor last week to say the Iraq adventure was "absurd ... it may even be criminal." A few more speeches like that by Republicans, and the debate about a course correction will be over.

Already, Bush and his aides have promised changes. He said he would give a pre- Christmas speech that would chart what he last week alternately called "a new course" and "a new way forward." A presidential adviser said the address would include "a new policy direction but no apology." A senior Administration official said some aides hope for a note of contrition ("Things haven't turned out the way I intended") similar to Ronald Reagan's 1987 mea culpa after the Tower Commission concluded that his inattention had contributed to the Iran-contra arms scandal.

"They know this is the time," the official said, of Bush's inner circle. "We're not going to have many of them left. This is the moment. We have to take these recommendations and show that we're listening. They know that."

A Grim Verdict, Some Tough Calls To Make (USNEWS)

By Kevin Whitelaw

U.S. News and World Report, December 11, 2006

The violence has been mounting at an alarming rate for months, but it was only last week that the debate over Iraq in Washington truly shifted. First, there was incoming Secretary of Defense Robert Gates, whose forthright admission that America is not "winning" in Iraq contrasted sharply with the dismissive doublespeak of Donald Rumsfeld. Then came the verdict of the bipartisan Iraq Study Group: "Current U.S. policy is not working."

While its specific recommendations might have been anticlimactic, the Iraq Study Group, led by former Secretary of State James Baker and former Congressman Lee Hamilton, has already succeeded in one of its main objectives-changing the tenor of the debate in Washington. As recently as early November, President Bush was still telling cheering crowds, "We got a strategy for victory that will work." Last week, following the panel's report, a more chastened Bush struck a different chord. "It's bad in Iraq," he said, standing next to his close ally, British Prime Minister Tony Blair. "I believe we need a new approach." (Not everything changed, however: The front page of the New York Post derided the Iraq Study Group as "Surrender Monkeys.")

"Not enough time." It is unclear how many of the group's 79 recommendations President Bush will embrace-or even whether any changes in U.S. policy can have much effect on the ground in Iraq. Broadly, the Iraq Study Group calls for U.S. troops to transition to support roles and for combat units to be withdrawn by the first quarter of 2008. This would be accompanied by ambitious milestones for the Iraqi government and a broad new U.S. diplomatic offensive that would include reaching out to Iran and Syria. Bush's initial reaction to the specific proposals was chilly, but panel members are pressing him to use the report as an opportunity to change course. "He doesn't want to have these last two years be the failure of some stubborn president who didn't listen-some cowboy president," panel member and former Republican Sen. Alan Simpson tells U.S. News.

The shortcomings of the U.S. effort in Iraq-which costs American taxpayers $2 billion a week-are clear enough in the report. For example, only 33 of the 1,000 staffers in the U.S. Embassy in Baghdad speak Arabic (and only six of them are fluent). The group also says that U.S. intelligence is lacking, adding that fewer than 10 of the analysts "on the job" at the Defense Intelligence Agency have been tracking the insurgency for more than two years (a point DIA disputes). And the option of sending more U.S. troops to quell the violence cannot even be considered because "we do not have the troops or equipment to make a substantial, sustained increase," the report says.

Perhaps most damning, the Iraq Study Group blasts the Bush administration for routinely undercounting the violence by, for instance, excluding sectarian attacks when the perpetrator cannot be determined. So while 93 attacks or violent incidents were recorded on one day last July, an Iraq Study Group review turned up 1,100 violent incidents that day. "Good policy is difficult to make when information is systematically collected in a way that minimizes its discrepancy with policy goals," the report concludes.

A Gift For The President (USNEWS)

By Gloria Borger

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U.S. News and World Report, December 11, 2006

The panel was about as blue-ribbon as a commission can get--with membership including a former Supreme Court justice, two former Republican secretaries of state, an ex-Democratic defense secretary and White House chief of staff, and assorted onetime members of Congress. Bipartisan. Old Washington hands. Steeped in the ways of government-- and compromise. One of its leaders, Jim Baker, had come as the emissary of the unhappy Bush 41 crowd--eager to help guide the son out of the Iraq mess. Even so, he wouldn't take on the job until he received the president's blessing, after sending a direct message: You may not end up liking what we have to tell you. Now that seems like an understatement given the report's grim assessment that the situation in Iraq is "grave and deteriorating."

It was a group journey that surprised even the members themselves. Bipartisan panels often come up with mush; this was a report girded in steel. It was the result, members say, of some eye-opening moments--including an interview with the president and his national security team. At one point, Vernon Jordan, a skilled Washington insider, put it pretty bluntly to the president, according to a panel member's paraphrase:

Jordan: What do you mean by victory? When my mama told me to clean the garage, I cleaned the garage because I knew what she meant. But I don't understand what you mean.

Bush: You have to speak to the American people with a simple message here. They understand what victory is, and if you come off of it, they'll think you're giving up.

Some members say they were stunned by the response. And when they left, they were puzzled by one more thing: During their entire session, Vice President Dick Cheney--a key architect of the war in Iraq--never said a word. Not one.

Tense days. The group had come a long way, conducting more than 170 interviews (during which ex-Justice Sandra Day O'Connor was the "most penetrating questioner," according to one panel member), traveling to Iraq, debating constantly. It was, one group member told me, "a civil process with serious people." But easy? "No," he says. "There was plenty of tension. Iraq breeds tension."

Baker--considered the "big picture diplomat"--focused largely on his plan to engage in talks with Syria and Iran. Baker apparently believed this proposal would "turn out to be the biggest and most controversial news" in their final product. As it turned out, he was wrong.

The hardest part to deliver--and probably for the president to swallow--was taking combat troops out of Iraq by early 2008. Baker was initially opposed to any target date. But a turning point came for many members during a trip last summer to Iraq, where they had to enter the Green Zone in Black Hawk helicopters. They spent four days there, and Leon Panetta, President Clinton's former chief of staff, tells me he came away believing "we were walking into the middle of chaos and observing a completely dysfunctional government." He brought his colleagues together and said, "I think we really have to worry this government is not going to get its act together." Indeed, he said, "we have to have a strategy that says this is what we will do--no matter what you [the Iraqis] do." He was convinced that some timetable--or benchmarks-- had to be a part of any plan.

How To Avoid Iraq Syndrome (TIME)

By Richard N. Haass

Time, December 11, 2006

Not much about Iraq can be predicted with confidence, but this much can: for the foreseeable future, it will be a messy country with a weak central government, a divided society and regular violence. At worst, as the Iraq Study Group report warns, Iraq will become a failed state racked by civil war that could spill over and engulf several of its neighbors.

Either way, the human, economic, political and military costs of the Iraq war will mount. Scenes of chaos and human misery in Iraq would fuel bitterness against the U.S., first for having initiated the war, then for leaving Iraqis to their terrible fate. The domestic American reaction would be one of relief at being out of a terrible situation, but anger at having been involved in the first place and having invested so much, only to have so little to show for it.

Almost as important as what actually happens in Iraq is how it is understood. One possibility is that people around the region and the world would come to judge Iraq's failure as largely the result of American policy, the product of an ill-advised war inadequately followed up. If this is the case, Iraq would cast a cloud over the U.S. reputation for competence and reliability, and it

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would last for years. This scenario would create doubts in the minds of America's friends--and, correspondingly, increase the assertiveness of its foes.

An alternative view is that the lion's share of responsibility for what has taken place in Iraq over the past few years belongs to the Iraqis themselves. Under this narrative, the U.S. would be seen as having failed there less for any lack of effort or resolve than for the absence of an effective national partner. This narrative is more likely to take hold if the U.S. publicly sets clear benchmarks for what Iraqis must accomplish regarding political reform and security performance and what they should expect if they come up short.

Whichever story line prevails, the intensity of today's anti-Americanism would fade as Iraq recedes from center stage. The domestic American reaction may persist somewhat longer, however. There is the possibility of an Iraq syndrome, akin to the reaction that followed the U.S. involvement in Vietnam a generation ago. That defeat led Americans and their representatives to be wary of new overseas undertakings.

But it is important not to exaggerate the likely consequences of Iraq's endgame for the U.S. America will remain the world's most powerful country regardless of how Iraq turns out and how much U.S. foreign policy is blamed for it. The U.S. will continue to enjoy a benign international context in which it faces no great power rival, as it did throughout the cold war and as great powers have traditionally done throughout history. And ironically, the winding down of the U.S. involvement in Iraq will have a salutary effect--namely, it will slow the draw on American economic, diplomatic and military resources, all of which are in dire need of replenishment.

In fact, U.S. diplomacy will in some ways be liberated as American involvement in Iraq recedes. The U.S. could, if it so chose, be an effective proponent for Arab-Israeli peace. If the U.S. and Iran prove able to cooperate over Iraq, they might manage broader talks on other issues that divide them, including Iran's nuclear program. Outside the region, more must be done to lessen the odds that Afghanistan will go the way of Iraq. The Bush Administration could table a comprehensive package of requirements and assurances regarding North Korea and directly negotiate them with its leaders. New ideas could also be put forward about how best to resurrect international-trade talks, tackle global climate change, stop genocide in Darfur and reduce American dependence on imported oil.

Here again, the Vietnam parallel may be relevant. Defeat in Vietnam did not prevent the U.S. from maintaining close cooperative relationships with other regional countries, including Japan, South Korea and the Philippines. Nor did it stop the U.S. from forging sometimes productive ties with Vietnam's backers (including China and what was then the Soviet Union) or, with the passage of time, with Vietnam itself. Today Asia is the most dynamic part of the world, and the U.S. is a central participant in that dynamism.

Even more than Vietnam 30 years ago, Iraq constitutes a major strategic setback. There is no getting around this. But Iraq is just that--a setback. What is essential is that the U.S. cut its losses there, contain the consequences and look for new opportunities to advance its interests around the world. The sooner the post-Iraq era of U.S. foreign policy dawns, the better.

Haass is president of the Council on Foreign Relations

Trouble From The Top Down (NSWK)

By Jonathan Alter

Newsweek, December 11, 2006

Dec. 18, 2006 issue - In government, the tone set at the top can be as powerful as the mightiest army. It reverberates through everything. The history of the American presidency is the story of the character and temperament of the man in the Oval Office coursing through thousands of smaller decisions, often thousands of miles away. If the president is supple and open-minded, those decisions made many layers below him are more likely to be agile and empirical. If he's stubborn and too sure that he has all the answers, the modeling of his behavior is likely to result in decisions you would ground your teenager for.

This process is uncanny and usually unconscious, the product less of explicit orders or egregious boot-licking than of bureaucratic osmosis. The temperament of the chief leaches into the performance of functionaries he has never met.

Fortuitously, presidential personality traits have often led to major accomplishment. FDR was a great believer in experimentation, so the legions below him launched hundreds of experimental programs to fight the Depression. Ike was a

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champion of logistics during World War II, so it figured that the Interstate Highway System got built on his watch. LBJ was a master legislator, so it was no coincidence that his presidency featured scads of legislation. (His insecurities, in turn, contributed to the Vietnam debacle.) In recent years, George H.W. Bush's habit of writing endless thank-you notes bore indirect fruit in the gracious and face-saving way he managed the demise of the Soviet Union. Bill Clinton's messy but thorough policy analysis led to dozens of small, well-built initiatives that worked with surprising consistency.

The United States in the Second Bush Era has not been as fortunate. Beyond the headlines and major policy recommendations, the Iraq Study Group's mercifully readable report shows how President Bush's personal shortcomings manifest themselves in appalling miscues on the ground.

Consider this largely overlooked portion of the report: "Our embassy of 1,000 has 33 Arabic speakers, just six of whom are at the level of fluency. In a conflict that demands effective and efficient communications with Iraqis, we are often at a disadvantage."

Disadvantage? Nah. Who could imagine that having only .6 percent of our personnel who speak the native language might cause us some problems over there? If the damn Iraqis would just learn English we wouldn't be in this mess! Bush did not set out to miss the mark, of course, but his inattention to the execution of his grand ideas has had fatal consequences. At $8 billion per month in Iraq, you would think we'd have a few more people there who could find their way to the bathroom.

After 9/11, the absence of Arabic speakers was a big story. Analysts all agreed that we could not stop terrorism without addressing the problem. A different kind of president would have ordered a Manhattan Project-style crash program to teach the difficult-to-learn language in schools. Such a "National Security Language Initiative" was finally launched—with little notice, money or presidential attention—this year, five years late.

In the meantime, several reports highlighting the shortage have "gathered dust," the president's words for what usually happens to Washington studies. They show that as of 2006 only 33 FBI agents—1 percent—have even limited proficiency in Arabic. (The bureau claims its outside contractors can do the job.) One of the tiny handful who is actually fluent, Special Agent Bassem Youssef, is currently engaged in a lawsuit over his rough treatment inside the FBI. (The fact that he is of Arab descent apparently made him suspicious.) Among other terrifying revelations, the suit has shown in eye popping videotaped depositions that the men who run FBI counterterrorism efforts don't know the difference between Sunnis and Shiites.

This is what happens when you have a president who is incurious and impatient with inconvenient facts he doesn't "need to know": hundreds of thousands of dead Iraqis, nearly 3,000 dead Americans and what the Baker-Hamilton Commission estimates as a $2 trillion tab for our children.

Another part of their report touches on an even darker example of presidential tone-setting. In identifying a "significant underreporting of the violence in Iraq," the commission explains how the administration cooks the books on Iraqi casualties: "If we [the U.S. government] cannot determine the source of a sectarian attack, the assault does not make it into the data base. A roadside bomb or a rocket or a mortar attack that doesn't hurt U.S. personnel doesn't count."

Ponder that. For more than three years, those whining, negative journalists who reported "too much bad news" out of Iraq were actually soft-pedaling the problem, thanks to the bogus statistics on which they still depend. A war that was launched by twisting intelligence is being lost while twisting body counts. Shakespeare's "tangled web" of deceit was woven at the top, but its threads extend everywhere.

Looking The Other Way (TIME)

By Mark Kukis

Time, December 11, 2006

Captain Adam Grim readies his men for a nighttime raid in Mekanik, a gritty neighborhood in southern Baghdad. The target: a suspected militia safe house. Grim's platoon won't be leading the raid, however. Instead, the Americans will be supporting Iraqi forces led by a wiry police commander named Colonel Salih Hashim. Hashim knows the neighborhood well and chose the target himself. Together the two men discuss the plan one last time. Hashim and his men will storm the house while Grim's platoon secures the street outside and provides cover.

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The raid should be a model of U.S.-Iraqi cooperation, capturing bad guys while building the confidence and skills of the Iraqi police. But there's a problem. Grim has reason to believe that in the daily struggle between U.S. forces and the armed Shi'ite groups suspected of carrying out most of the executions in the area, Hashim "plays both sides." Grim certainly doesn't trust Hashim and suspects him, at the very least, of giving ammunition to Shi'ite gunmen and sometimes even letting them sleep in the same Iraqi police compound where U.S. troops meet with Hashim during the day.

There are now more than 4,000 U.S. soldiers serving as advisers to Iraqi security forces. If the recommendations made by the Iraq Study Group are put into practice, that number will grow substantially. The Baker commission's report calls for the number of U.S. troops embedded with Iraqi units to increase to as many as 20,000 over the next year. The report argues that boosting the number of advisers will lead to improvements in the quality of Iraqi forces and pave the way for a pullback of all U.S. troops from the front lines by 2008.

But based on where Iraq's forces stand today, such a timetable is wildly optimistic. Iraq's 300,000-strong security forces--in particular the national police, which is overseen by the Interior Ministry--have been so thoroughly infiltrated by militias that some U.S. trainers will have to bring in new recruits and retrain much of the current batch before they can turn combat responsibilities over to the Iraqis. There are already concerns that by rushing to strengthen the Iraqis, U.S. forces may be ignoring abuses committed by the very people they're training. "I am greatly concerned that U.S. aid--including weapons--has gone to Iraqi security forces who have violated human rights," says Senator Patrick Leahy, a senior Democrat from Vermont who sits on the Senate Appropriations Committee. "We want to build up the Iraqi forces, but that does not mean we should support people who commit atrocities."

The experience of the troops assigned to Mekanik, a mixed neighborhood that is home to both the powerful Shi'ite Mahdi Army and a Sunni militant group called the Omar Brigade, illustrates the U.S.'s dilemmas. The neighborhood had suffered months of killing between Sunnis and Shi'ites before U.S. forces found a solution: to make the murders stop, keep the cops, who were overwhelmingly Shi'ite, out. Lieut. Colonel Jeffrey Peterson, the U.S. troop commander for Mekanik, says, "Whenever we would talk to locals about [the violence], they always implicated the national police as starting it. I could never prove it. But the bottom line was--whether it was true or false--the people did not trust the national police." In early October the Americans created what they called an isolation zone, ordering all police out of Mekanik. Before the U.S. cordon went into effect, there had been up to eight murders a day in the district of 50,000 inhabitants, and Sunni mosques were frequently attacked by Shi'ite gunmen. The Army says that as soon as the police left, Mekanik's murder rate dropped about 60%, and the mosque attacks stopped altogether.

The question now is whether the U.S. can rebuild a force that is trusted enough to take back responsibility for the neighborhood. U.S. troops who work with Iraqi security forces sometimes investigate and even arrest Iraqi police. The Pentagon points out that Iraq's Interior Ministry has fired or suspended roughly 3,000 officers for offenses ranging from corruption to "breaking the law." But a senior official at the ministry who spoke to TIME on the condition of anonymity says the dismissals were little more than a charade. Police officers who quit for their own reasons accounted for about 500 of the supposed dismissals, he says. Most of the others the ministry let go were employees with medical problems or nearing retirement. Virtually nothing had been done to remove ministry officials implicated in abuses ranging from mistreatment of detainees to working with death squads.

That leaves the job of cajoling good behavior from Iraqi police largely in the hands of junior officers like Grim, 28. The square-jawed West Point grad from Orange Park, Fla., is on his second tour in Iraq. He says his job is something equivalent to "armed social work." He feels responsible not just for making arrests and advising Iraqi soldiers but also for protecting the civilians of Mekanik. So while he says he trusts most of the officers, it's clear that he lives uneasily with the possibility that at least some of the Iraqis may be accomplices to murder when he's not around.

The raid with Hashim--the first such joint operation since Iraqi police were allowed back into the district--was typically disquieting. The house, it turns out, was empty. Grim and the other U.S. soldiers walked away uncertain about what had happened. It could have been an honest mistake, but the Americans couldn't help wondering whether Hashim was really looking for "terrorists," as he claimed. Maybe he was looking for a Sunni family to rough up, Grim says. Or perhaps the raid was just a diversion to keep U.S. troops busy while crimes were committed elsewhere in the neighborhood.

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Still, the level of mistrust between U.S. and Iraqi forces runs so high that some U.S. soldiers speak openly about the possibility that they could be led into an ambush or attacked directly by the same police officers they have armed and trained. Grim says he doesn't share that concern because Hashim and his men know that Grim's platoon is ready for any situation. "It goes back to trusting your fellow American soldier to watch your back and keep you out of trouble," says Grim. "If the police did turn on us during a patrol, it would be the last thing they ever had the misfortune of doing." In today's Iraq, that may be as close as U.S. and Iraqi troops come to a mutual understanding.

The Perils Of Partnership (NSWK)

By Michael Hirsh, Kevin Peraino And Sarah Childress

Newsweek, December 11, 2006

Dec. 18, 2006 issue - You don't usually see sergeants chewing out captains in the U.S. Army. But the unusual happens every day at Fort Riley, Kans. Out here at its training center on the prairie, not far from the Oz Museum (as in "Wizard of"), the Army has created a small, simulated Iraq intended to make soldiers think they're not in Kansas anymore.

Modular trailers have been set up to look like a FOB, or forward operating base, in Iraq. Four "urban clusters"—fake villages with names like Al Amir and Al Hawaej—have been erected. And since July, 11-man squads of U.S. advisers have been going through a crash 60-day training program that is the core of America's effort to draw down its presence in Iraq. The idea: replace the 140,000-strong U.S. combat force there now with smaller, far less visible advisory teams. Embedding as many as 20,000 of these U.S. advisers with Iraqi Army and national police—a fourfold increase over current plans—is the key military recommendation of the Iraq Study Group report just released to thunderous attention. But the U.S. Army doesn't need any prodding. "I'm not waiting with bated breath on the Baker report. We have a feeling for what has worked and what hasn't," says Brig. Gen. Dana Pittard, commander of the Iraq Assistance Group, which operates the base north of Baghdad where the Fort Riley trainees go for one week of "finishing school" before joining their units.

As the Army ramps up the program, however, its many perils are becoming clearer. Most of the trainees are career U.S. military officers, many of them thirty- to forty something desk jockeys who are logistical wizards, intelligence specialists and administrators. They have all the expertise the Iraqi Army needs and more, but many have barely used their weapons since basic. That's why Sgt. 1st Class Curtis Fuller, an Iraq combat vet with a face that looks hewed out of granite, treats his superior officers almost like raw recruits. "All right, let's talk about what didn't go right," Fuller barks to a group of sheepish-looking captains who have just returned from a disastrous training run. The team's three-Humvee convoy—the basic unit of travel they'll use in Iraq—was torn apart by fake IED blasts and sniper ambushes. One rattled captain couldn't get his .50-caliber machine gun to work and kept aiming it at the Humvee to his rear. "They're learning," says Fuller's commander, Lt. Col. John Nagl, forcing a smile. "Fuller won't let them leave until they do."

Then there are the risks involved in leaving small groups of U.S. advisers in the hands of under equipped Iraqi Army units of dubious skill and loyalty. Over in Iraq, Lt. Col. Rodrick Arrington, an adviser attached to the First Marine Expeditionary Force in Ramadi, notes that the Iraqi troops he works with answer their cell phones while on patrol. Because of absenteeism and lack of pay, the Iraqi units are usually about 50 percent under strength, and Iraqi officers often prove unwilling to conduct risky raids. Some units are infiltrated by militias or insurgents, though not to the degree the Iraqi police are. "We're setting ourselves up for a potential national disaster in which some Iraqi divisions could flip and take 5,000 Americans hostage, or multiple advisory teams go missing in action," says retired Gen. Barry McCaffrey.

Pittard says no U.S. advisers have been killed by their Iraqi counterparts thus far, although there have been some "incidents." Even so, to a degree little understood by the U.S. public, the "transition team" program could put the elite of the Army's professional corps in harm's way for years. And that's even if most combat forces are pulled out in early 2008, as recommended by the Baker-Hamilton panel. Currently, the 11-man teams are assigned to Iraqi battalions of some 500 men made up of four companies. Most U.S. commanders say that, to be truly effective, each Iraqi company needs its own U.S. team. And there is increasing support inside the Army for fleshing out the advisory teams to about 30 U.S. soldiers each to improve security. In all, that could require as many as 20,000 to 30,000 new advisers, up from the 5,000 now budgeted.

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This in turn means that a large U.S. supporting force must remain in Iraq. ISG member Leon Panetta told NEWSWEEK that the group agreed, in a private discussion not included in its report, that about 60,000 to 70,000 U.S. troops would have to stay on after 2008. That includes advisers and the quick-reaction forces needed to protect them, as well as logistical support and Special Operations troops. "So if a team finds themselves at risk," says Maj. Gen. Carter Ham, the commander at Fort Riley, "they can pick up a radio and the cavalry can come to the rescue."

Another question is whether the Fort Riley program is too little, too late. Until six months ago, the training of the Iraqi Army was still fairly slapdash, with U.S. brigade commanders offering up their least-valued soldiers to be detached as advisers. "Some would send us guys they could afford [to lose]," Pittard says. Now the training program has top priority, with a standardized curriculum at Riley, including Arabic-language training—the Army calls it "tactical Iraqi"—and lessons in cultural awareness. "Army resource command is saying, 'OK, who are the best people across the Army to do this?'" says Ham. But he and other top commanders acknowledge that the U.S. Army is so institutionally biased toward fighting its own battles—the "kill-capture mission," as Ham says—that it resisted training advisers for far too long. "Should we have started this sooner? I think all of us would say that," Ham says.

The program could easily go for 10 years before the Iraqi Army is considered competent. "Historically, defeating insurgencies has taken about a decade on average," says Nagl. "And key to that has been training host-nation forces." Some U.S. trainers suggest the Iraqi Army may never be able to operate completely on its own. There are no plans to give the Iraqi Army the kind of superior firepower—helicopters, planes and artillery—that U.S. advisers can call upon. "Our teams will be like reinforcing steel rods in concrete," says Nagl.

On the ground, says Pittard, the basic security strategy is to have what he calls "a FOB within a FOB"—a secure forward operating base for the American advisers within an Iraqi FOB. In practice, this generally means some kind of sealed-off living area. At Combat Outpost Falcon in Ramadi, U.S. and Iraqi units live in sandbagged forts a few paces from one another. All transition-team members are also issued a "personal locator beacon" to stick in the cargo pocket of their pants; this lets their commanders keep track of them in the field. Even so, "if they're not out on the streets with the Iraqi units, it's really hard to advise them," says Lt. Col. Kevin West, a training officer. "You've got to make yourself a little vulnerable to make things work." Pittard says he has no illusions. "I've told our guys: 'Don't be fooled'," he says. "The fact is, we invaded this nation. Under the surface, you're not loved." It remains to be seen whether President Bush will expand the teams as quickly as the ISG wants. The reason? It requires rotating out U.S. combat brigades in Iraq so their officer corps can be trained as advisers. And military trainers say nothing will work without more money for reconstruction, which the administration has slashed. But with many of the other ISG recommendations likely to be discarded—like a new Mideast diplomatic offensive—Fort Riley may well be the last, best hope for America to extricate itself from a quagmire.

Men In Black (USNEWS)

By Anna Mulrine

U.S. News and World Report, December 11, 2006

BAGHDAD-When U.S. Army Maj. Mark Brady drives through a once well-heeled section of western Baghdad, he is often greeted by flocks of doves, released in advance of his patrol's arrival. Symbols of peace and welcome? Not here, not now. What they are is a warning signal by militia lookouts that U.S. and Iraqi government forces are in the area.

The doves are the least of Brady's worries. As an adviser to the 5th Brigade of the 6th Iraqi Army Division, he is most concerned about the brigade's own soldiers, who use their cellphones to tip off allies in the militia. It's information that's particularly helpful to members of the Mahdi Army, followers of radical Shiite cleric Moqtada al-Sadr, who have set up checkpoints and

lately stepped up attacks on Sunni enclaves, reprisals for the recent bombings that killed more than 200 in the the capital's Sadr City neighborhood. So now, for operational security, brigade commanders collect soldiers' cellphones before presenting the day's plans. "The cellphones," Brady says, "were killing us."

Tit for tat. As the violence in Baghdad grows worse, the militias are gaining strength, in part by promising safety and services for Iraqis in desperate need of both-and by delivering retribution in the tit-for-tat cycle of sectarian attacks by Sunni

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insurgents and Shiite militias. In its report last week, the bipartisan Iraq Study Group stressed the corrosive effect of Shiite militia activities that "undermine the authority of the Iraqi government and security forces, as well as the ability of Sunnis to join a peaceful political process." Reining in the militias is just one of the hurdles to implementing the panel's prescriptions for national reconciliation (Page 38). The committee's report raises doubts about the willingness and ability of Prime Minister Nouri al-Maliki even to confront the militia problem: "He owes his office in large part to Sadr and has shown little willingness to take on him or his Mahdi Army."

Taking on the militias will be no easy task, as they are now woven into the fabric of so many communities. "Militias exist when, in the eyes of the people, the standing government isn't providing something-and in this case that something would be security," Lt. Gen. Martin Dempsey, the senior American commander in Iraq responsible for training and equipping Iraqi security forces, tells U.S. News. "It seems to me that the issue we're all concerned about is the degree of militia influence on serving members of the Army and police."

To complicate matters, the greatest fear among some U.S. military officials here is that some of the militia directives may be coming from within Iraqi government ministries. Col. Steven Duke, a brigade military transition teams commander and adviser to the 6th Iraqi Army Division in Baghdad, cites a raid last month in which company commanders captured two members of the Mahdi Army. Upon hearing of the Mahdi Army connection, Iraqi Army officials turned their new prisoners over to U.S. forces. "They thought they would get pressured by the MOD [Ministry of Defense] to let these guys go," says Duke.

Shaping Up The Iraqi Forces (USNEWS)

By Anna Mulrine

U.S. News and World Report, December 11, 2006

U.S. News Pentagon Correspondent Anna Mulrine recently spoke with Lt. Gen. Martin Dempsey, the senior American commander in Iraq responsible for training and equipping Iraqi security forces. Excerpts from their discussion:

On dealing with militia infiltration in the Ministry of Interior:

Obedience is extraordinarily important in their value system, far more important than [in] ours. So we've got to get at the leaders. Secondly, militias exist when in the eyes of the people the standing government isn't providing something-and in this case that something would be security. So we've got to continue to demonstrate to the people by accelerated transition to legitimate Iraqi security force control-because the more the Iraqi government can be seen as being in charge, the more the people will gain confidence in them, and the better off we'll be in terms of dealing with the militias.

On more U.S. forces for Baghdad:

It seems to me that we have to watch the balance point there. If we get too many in here and we're perceived as completely owning the problem, then it will retard the development of the legitimate security forces, No. 1. And No. 2, what Iraqi security forces are probably most in need of in their developmental evolution is logistics capability. And to the extent that we bring more U.S. forces in here that draw on our logistics expertise to help ourselves, the less that logistics expertise can be used to help the Iraqi security forces. So I tend to be of the school that what we really need is more Iraqi forces and an increasing capability on their part.

On the precariousness of Prime Minister Nouri al-Maliki:

The contacts I've had with the prime minister indicate that he's very much in control of his government. But let me sharpen my language a bit there. There's no question in the way this government was formed-where cabinet ministries were negotiated as part of the outcome of the popular vote-that Prime Minister Maliki has had some challenges pulling together a government that could follow a single agenda. And I think those problems persist, but I think he's prevailing, and I think we owe him our support.

On whether Iraq is in a civil war:

As long as the legit security forces remain intact and act in a coherent, responsible way for the betterment of all Iraqis, then I'm not prepared to declare that we've got a civil war on our hands. If the legitimate security forces fragment, polarize, and take sides, then I think we have a problem.

On a phased withdrawal:

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They're not going to handle their external security for some time. But we should not abandon them until they're ready to handle their internal security. And then if you want to call that a conditions-based withdrawal, phased, find your own adjectives-but it should be when we've done what we've promised them we're going to do.

Retaking Ramadi: All The Sheik's Men (NSWK)

By Sarah Childress

Newsweek, December 11, 2006

Dec. 18, 2006 issue - Ramadi's chief of police gazed at his latest graduating class of officers. Three months ago they had been recruited for the force by the leaders of their desert tribes—and now, the chief declared, the newly minted cops were no longer tribal members: they were his men. The cadets nodded solemnly. Their sheiks, watching from the audience, were outraged. Maybe they had finally agreed to lend some of their gunmen to the provincial government, but they never intended to give up actual power. The U.S. forces' liaison, Lt. Col. Jim Lechner, had to spend the next two hours calming them down. "I used a metaphor," he says. "I told them, 'You can't tear the house down and build a new one. But you can help fix this one'."

No part of Iraq needs fixing more desperately than insurgency-ravaged Anbar province and its capital, Ramadi. And U.S. forces are increasingly sure it can't be fixed without the help of tribes who have always been more loyal to their sheiks than to the government. Before the 2003 invasion, Saddam Hussein had to buy the sheiks' support with wealth and special privileges, and Anbar's tribes fought fiercely long after he was gone. Then Al Qaeda muscled in, claiming the Sunni-dominated region and killing sheiks who dared to challenge the jihadists' aims. After one well-known tribal leader was assassinated this summer, a group of 15 Ramadi sheiks banded together for survival's sake. They called themselves Sawa—Arabic for "the awakening"—and cut a deal with the Americans: in exchange for protection against Al Qaeda, they would bring local police ranks up to strength.

They've lived up to that end of the bargain at least. Monthly police enlistments in Ramadi have soared from the low double digits before the deal to the full Coalition quota of 400 a month. Recruits keep pouring in: the Americans had to set up a special 3,000-member Emergency Response Unit to accommodate the flood of volunteers. Elders of the Abu Soda tribe recently helped U.S. forces find IEDs that had been planted by their own tribesmen, and they have identified kidnappers and other local bad guys for the Americans to arrest. Their effectiveness against Al Qaeda is another question: while the Americans say attacks by local resistance fighters in Anbar have dropped by 40 percent, U.S. deaths there have continued at a rate of more than two dozen a month.

Still, Sawa's membership has risen to some 60 tribal leaders. Its founder, Sheik Abdel Sittar, does TV spots to encourage more police recruits. "All the honest people follow me," he says. "The good people. Even some tribes that were with the insurgency follow us." The sheik, who wears alligator shoes beneath his traditional robes, is building a marble-lined council meeting hall (funded by Sawa) inside his compound.

Some lawmakers in Baghdad fear that Sawa could become one more sectarian militia, but Lechner scoffs at such worries. "We would turn that off in a heartbeat," he says. All it would take is a threat to withdraw police protection from the offending sheik's neighborhood. Can Sawa restore law and order in Anbar? The Americans can only hope so. No one seems to have a better plan.

Iraqi President Calls U.S. Report Dangerous And 'An Insult To The People Of Iraq' (USAT/AP)

USA Today/AP, December 11, 2006

BAGHDAD (AP) — The Iraqi president on Sunday sharply criticized the bipartisan U.S. report calling for a new approach to the war, saying it contained dangerous recommendations that would undermine his country's sovereignty and were "an insult to the people of Iraq."

President Jalal Talabani, a Kurd and one of the staunchest U.S. supporters within the Iraqi leadership, also said U.S. training of Iraq's army and police had gone "from failure to failure."

He criticized the recommendation by the Iraq Study Group calling for increasing the number of U.S. troops embedded with Iraqi units to train Iraq's forces from 3,000 to 4,000 currently to 10,000 to 20,000.

"It is not respecting the desire of the Iraqi people to control its army and to be able to rearm and train Iraqi forces under the leadership of the Iraqi government," he said during an interview with several reporters in his office in Baghdad.

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Talabani was the most senior government official to take a stand against the report, which has also come under sharp criticism from American conservatives who claim it amounts to a veiled surrender in the war against terror.

Outgoing Secretary of Defense Donald Rumsfeld, in a surprise farewell visit to U.S. troops in Iraq this weekend, said the consequences of the war's failure would be "unacceptable."

"We feel great urgency to protect the American people from another 9/11 or a 9/11 times two or three. At the same time, we need to have the patience to see this task through to success. The consequences of failure are unacceptable," Rumsfeld said at Asad air base in western Iraq. "The enemy must be defeated."

Talabani said the Iraqi government planned to send a letter to President Bush "expressing our views about the main issues" in the report. He would not elaborate.

"I believe that President George Bush is a brave and committed man and he is adamant to support the Iraqi government until they've reached success," Talabani said. He said setting conditions was "an insult to the people of Iraq."

Talabani's criticism of U.S. training was directed at a key part of the study group's recommendation, which called for accelerated training of Iraqi forces and the withdrawal of most U.S. combat troops by the first quarter of 2008.

Some U.S. military experts have expressed concern that Iraqi forces will not be ready to assume full responsibility for the fighting by then. However, opposition to the war is rising within the United States, increasing pressure on Bush to shift strategy.

A roadside bomb killed one U.S. soldier and wounded another Sunday west of Baghdad, the military said. The death raised to 43 the number of troops who have died this month and pushed the total U.S. military death toll to 2,931 since the war started nearly four years ago.

Talabani said the 2008 date was realistic if the Iraqi government is given more responsibility for security.

"If we can agree with the U.S. government to give us the right of organizing, training, arming our armed forces, it will be possible in 2008 (for U.S.-led forces) to start to leave Iraq and to go back home," he said.

"If you read this report, one would think that it is written for a young, small colony that they are imposing these conditions on," Talabani said. "We are a sovereign country."

He also pointed to the report's call for the approval of a law that would allow thousands of officials from Saddam Hussein's ousted Baath party to return to their jobs.

Meanwhile, sectarian violence raged on the streets of Baghdad on Sunday, with a fresh outburst of retaliatory attacks and clashes between Shiites and Sunnis. At least 83 people were killed or found dead throughout the country, including 59 bullet-riddled bodies that turned up in Baghdad.

Late Saturday, gunmen attacked two Shiite homes in western Baghdad, killing nine men and seriously wounding another, police said. Nobody claimed responsibility for the attack, which police said occurred in the mostly Sunni Arab al-Jihad neighborhood, but it apparently was in retaliation for a bold assault earlier in the day against Sunnis.

Witnesses said Shiite militiamen entered a Sunni enclave in Hurriyah — a predominantly Shiite neighborhood — after Sunnis warned the few Shiites living there to leave or be killed. Heavy machine gun fire was heard on Saturday and three columns of black smoke rose into the sky, the witnesses said on condition of anonymity, also out of concern for their own safety.

Baghdad has been suffering from a series of attacks aimed at driving Sunnis or Shiites out of neighborhoods of the capital where they form a minority. Omar Abdul-Sattar, a member of the Sunni Arab Iraqi Islamic Party, said Sunday that an organized effort was underway in Hurriyah to force Sunnis out, and he accused Iraq's Shiite-led government of doing little to stop the violence.

Abdul-Sattar claimed that during the past five months, more than 300 Sunni families have been displaced from Hurriyah, more than 100 Sunnis killed and 200 wounded, and at least five Sunni mosques burned, along with houses and shops.

Clashes also erupted between Sunni and Shiite militants in Baghdad's mixed western Amil district, a policeman said. One Shiite militiaman was killed and six people — five Sunnis and one Shiite — were wounded, the officer said on condition of anonymity because he is not authorized to talk to the media.

The fighting ended with U.S. and Iraqi forces rushing to the area to contain it, he said.

Rumsfeld, casually dressed in a gray jacket and an open-collar shirt, traveled to several different U.S. bases in the country on Sunday, shaking hands and joking with troops.

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"For the past six years, I have had the opportunity and, I would say, the privilege, to serve with the greatest military on the face of the Earth," Rumsfeld said to more than 1,200 soldiers and Marines at al-Asad, a sprawling air base in western Anbar province, an insurgent stronghold.

Rumsfeld did not meet with Iraqi Prime Minister Nouri al-Maliki during his visit. He kept the trip low-profile, with his office declining to discuss his itinerary or schedule in detail for security reasons.

U.S. Report Rejected By Iraqi President (WP)

By Nancy Trejos

The Washington Post, December 11, 2006

BAGHDAD, Dec. 10 -- Iraqi President Jalal Talabani on Sunday strongly rejected a bipartisan U.S. panel's report on U.S. war strategy in Iraq, calling some of its recommendations "dangerous" and a threat to his country's sovereignty.

"The report does not respect the will of the Iraqis in dealing with their problems," he said in a statement released by his office.

The report by the Iraq Study Group, which was released Wednesday, has drawn criticism from several Iraqi political leaders across sectarian lines. Talabani, a Kurd, is the highest-ranking political leader to oppose the study.

Talabani was particularly critical of recommendations to embed thousands of U.S. troops with Iraqi security forces to train and advise them, to centralize control of the country's oil revenue and to allow former loyalists of deposed president Saddam Hussein back into their old government jobs.

"I think that the report is unjust and unfair and contains some dangerous articles which reduce the sovereignty of Iraq and its constitution," he said, according to a Washington Post translation of his comments.

The Iraq Study Group said most U.S. troops should be withdrawn by early 2008. Talabani demanded that Prime Minister Nouri al-Maliki be given full control over Iraqi security forces before then.

"The report does not respect the will of the Iraqi people in controlling its army and its capability to arm and train the army," he said.

Maliki's political adviser said Sunday that the prime minister had not yet formed an opinion on Talabani's statements. "It's too early to speak for the prime minister to say he's concerned about this point or that point," said Sadiq al-Rikabi, the adviser.

Talabani criticized the report's recommendation that the government reconcile with former enemies, including members of Hussein's Baath Party.

When asked about Talabani's comments on NBC's "Meet the Press" on Sunday, former secretary of state James A. Baker III, who co-chaired the study group, said the war would be won politically, not militarily. "And a part of that is national reconciliation, and amnesty is a big part of national reconciliation," he said.

Talabani embraced the group's recommendation that the United States and Iraq engage in talks with Iraq's neighbors, especially Iran and Syria. The Bush administration has been reluctant to do so.

Iraq has already opened the lines of communication with both countries. Last month, Talabani met with Iranian President Mahmoud Ahmadinejad in Tehran. On Sunday, he said he planned to make an official visit to Syria but did not specify when.

As Talabani criticized the report, Saudi Arabia's foreign minister, Prince Saud al-Faisal, praised it for emphasizing the need to focus more attention on the Israeli-Palestinian conflict and reexamine the Iraqi constitution, which he said has divided the sects vying for power, according to wire reports of comments he made in Riyadh.

Over the weekend, outgoing Defense Secretary Donald H. Rumsfeld visited American troops in Iraq to thank them for their service.

Speaking to about 1,200 soldiers and Marines at an air base in the volatile western province of Anbar on Saturday, Rumsfeld acknowledged that the United States had become polarized over the war but said the country must finish its work.

"These public debates may be heated or even nasty. But that's not new . . . I can say that it has always been so, and particularly so during wartime," he said, according to the Department of Defense's Web site. "But we ought not confuse the political debate that takes place at home with a wavering of support or appreciation for your service or your achievements."

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On Sunday, a soldier was killed and another wounded when a roadside bomb detonated near their patrol as it was finishing an early-morning security mission west of Baghdad, the U.S. military said.

Iraqi President Denounces U.S. Strategy On Security (NYT)

By Kirk Semple

The New York Times, December 11, 2006

BAGHDAD, Dec. 10 — President Jalal Talabani said Sunday that the American program to train Iraq's security forces had been a repeated failure and he denounced a plan to increase the number of American advisers working with the Iraqi Army, saying it would subvert the country's sovereignty.

Mr. Talabani's remarks, in an interview with Western news service reporters that was summarized and distributed by his office, amounted to an extraordinarily harsh denunciation of a central American strategy in Iraq and challenged a major recommendation by the Iraq Study Group in Washington. He is the highest-ranking Iraqi official to criticize the report, adding to anger among Iraqi leaders who have disagreed with some of its recommendations.

American commanders have poured more than $12 billion into training and equipping Iraq's security forces and have tied a withdrawal of American troops to success in these efforts. But Mr. Talabani ridiculed them. "What have they done so far in training the army and the police?" he said. "What they have done is move from failure to failure."

Mr. Talabani, who is Kurdish, said the Iraq Study Group report offered some "very dangerous" recommendations that undermined the country's ability to control its own army and police force and threatened Iraq's sovereignty.

He did not offer specific criticisms of the American training program, except to say that the Americans had inadequately screened recruits to the Shiite-dominated police force to ensure their loyalties to the state rather than to a sect.

American and some Iraqi officials say some Iraqi police and army units are more beholden to Shiite militias than to the government and have helped to drive the cycles of retributive violence by attacking Sunni Arabs. Some Iraqi officials have also said that Sunni Arab officers have abetted the Sunni-led insurgency.

The Americans, Mr. Talabani said, "gathered them from the street regardless of their loyalty to the new Iraq, their capacity, their ability. These mistakes would be repeated if the Iraqi Army would be under the control of foreign officers, and we would never accept it."

His remarks were likely to dismay the American leadership, which has regarded him as one of its more reliable and like-minded partners here.

The Iraq Study Group called for increasing the number of American trainers to as many as 20,000 from the current level of more than 4,000, in the hope that it would help Iraqi units move more quickly to assume full control of the nation's security.

Gen. John P. Abizaid, the top American commander in the Middle East, told Congress last month that he envisioned doubling the number of American trainers, but senior military officers now say they are planning to at least triple the number.

The shift has been endorsed in general terms by President Bush, and in recent weeks, commanders in Iraq have started moving hundreds of combat troops to training teams.

American commanders have argued that expanding the training teams would allow trainers to work more closely with Iraqi soldiers and police officers. In addition, trainers would be able to watch more closely for sectarian biases and abuses.

But Mr. Talabani said the proliferation of American advisers threatened Iraq's control of the security forces and violated its sovereignty.

"What would it mean for Iraqi sovereignty if the army became a tool in the hands of officers coming from outside the country?" he said. "We want our hands to be free, not paralyzed, in fighting terror."

Mr. Talabani's attack on the Iraq Study Group report was wide-ranging and vociferous.

He criticized a recommendation for a law that would allow some former members of the outlawed Baath Party to return to government. The measure would reverse a "de-Baathification" process that has marginalized thousands of Sunni Arabs who worked in the Baathist government of Saddam Hussein.

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He also said he supported a statement issued Thursday by Massoud Barzani, the president of the Kurdistan region, who objected to elements of the report that could weaken Kurdish autonomy by delaying an opportunity for the Kurds to govern the contested oil city of Kirkuk, and by giving the central government control over all oil revenue.

Mr. Talabani bristled at the report's recommendation that a continuation of American military and financial assistance to Iraq be contingent on Iraqi performance. Setting conditions, he said, "was an insult to the people of Iraq."

The leaders of the Iraq Study Group, James A. Baker III and Lee H. Hamilton, defended their report on Sunday against Mr. Talabani's attack. "Up until this point, we've given a blank check to the Iraqis," Mr. Hamilton said on CNN. "And I'm not surprised that the president would like that sort of a deal. But we believe that the American people want our aid to be conditional. We want that aid to be given only if there is a response from the Iraqi government that shows performance."

Mr. Baker called Mr. Talabani's comments "disappointing" but said that unless Iraq's leaders could unite under a national reconciliation plan, the world could expect "not just a broad-based civil war but a wider regional war."

Sectarian violence continued on Sunday. Gun battles broke out between Sunni and Shiite militias in a predominantly Shiite enclave of Al Amil, a neighborhood in southwestern Baghdad. The police said at least five people were killed. Gunmen stormed a home in Jihad, a mostly Sunni Arab neighborhood in southwestern Baghdad, killing nine people, an Interior Ministry official said.

The attacks came a day after gangs of armed Shiite militiamen rampaged through Hurriya, a mixed neighborhood in north-central Baghdad, driving scores of Sunni Arabs from their homes in what a Sunni colonel in the Iraqi Army described as one of the most flagrant episodes of sectarian warfare in the capital.

The police reported Sunday that they had found five bodies near a mosque in the neighborhood, all presumably victims of the Shiite attack on Saturday. At least 46 other corpses were found by the authorities elsewhere in the capital.

Agence France-Presse reported that Iraqi authorities had detained the chief of the prison in Badush, near Mosul, in connection with the escape of Ayman Sabawi, Mr. Hussein's nephew, on Saturday.

The American military command said Sunday that an American soldier was killed and another wounded when a bomb exploded next to their patrol west of the capital.

The departing defense secretary, Donald H. Rumsfeld, said during a two-day visit to Iraq that American troops should remain there until "the enemy" was defeated.

"We feel great urgency to protect the American people from another 9/11 or a 9/11 times two or three," Mr. Rumsfeld said Saturday, in remarks that were posted Sunday on the Defense Department's Web site.

Iraqi Leader Denounces Report (LAT)

By Solomon Moore

The Los Angeles Times, December 11, 2006

BAGHDAD — Iraq's president lashed out at the Iraq Study Group report Sunday, saying it undermines his nation's sovereignty and constitution and "works against Iraq's long struggle against dictatorship."

President Jalal Talabani, head of state for two consecutive Iraqi governments and a longtime U.S. ally, accused the bipartisan U.S. commission of condescension and ignorance.

"They are dealing with us as if we are an emerging colony, doing whatever they like," Talabani said.

The report, on ways to end the war, is "not fair, not just," he said. "I think it contains some very dangerous articles."

The president balked at such key proposals as the commission's suggestion that Iraq further strengthen and centralize government authority in Baghdad and that it strip provincial governments of authority over Iraqi security forces.

He also criticized recommendations to postpone a Kurdish bid for control over the northern oil hub of Kirkuk, to double or triple the number of U.S. trainers traveling with Iraqi army and police units, and to weaken a law that bans members of Iraq's former Baath Party from holding government jobs.

"No for the return of Saddam's Baath Party," Talabani said. "This is against the constitution, and those who are negotiating to bring them back are violating the constitution."

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Talabani's criticisms could lend support to Bush administration critics of the commission findings and to some conservatives who have called the study a plan for capitulation.

Talabani also took a swipe at former Secretary of State James A. Baker III, a Republican who, along with former Rep. Lee H. Hamilton (D-Ind.), led the commission.

Under President George H.W. Bush, Baker argued against toppling Saddam Hussein during the 1991 Persian Gulf War, and against supporting uprisings in the Kurdish north and the Shiite south, which Hussein then crushed.

"We detect from this report the same stance Baker took before the war when they decided to liberate Kuwait and left Saddam in Baghdad," said Talabani, whose Kurdish militia fought against Hussein's rule for decades. "Generally, I reject this report."

Some of the Iraqi president's complaints echoed those of Massoud Barzani, the president of the semiautonomous Kurdistan region in northern Iraq, who last week rejected the report's proposal to centralize oil revenue. Oil-rich Kurdistan is in the process of negotiating several deals with international petroleum exploration firms.

Talabani plays a unique role in Iraqi politics, bridging the divide between the Kurdish regional government and the national government.

The president also has a long relationship with the United States that began during his days as a member of the peshmerga, a Kurdish paramilitary force that opposed Hussein's government and received protection from the no-fly zone established by U.S. forces after the Gulf War.

But Iraqi politicians say Talabani's anger over the Iraq Study Group report represented something larger than a factional point of view.

Talabani's disagreements with the commission findings are partly shared by Iraqi Shiite leaders such as Prime Minister Nouri Maliki and Abdelaziz Hakim, who leads the powerful Shiite political party the Supreme Council for Islamic Revolution in Iraq.

During a Sunday interview on CNN's "Late Edition With Wolf Blitzer," Hakim voiced opposition to the commission's recommendation to avoid regionalizing governmental control and instead to centralize authority in Baghdad.

Hakim has advocated voting on whether to create a Shiite regional authority in oil-rich southern Iraq, a move Sunni Arabs oppose.

Hakim and other Shiite leaders, including Maliki, have argued against the report's contention that Iraq should allow more Baathists to rejoin the government.

Talabani and Maliki are also wary of increasing the number of U.S. military trainers and assigning them to Iraqi units as a way to root out death squads and corruption and to accelerate the development of Iraqi troops.

"These so-called trainers with various Iraqi army units would undermine the sovereignty of the Iraqi state," said Hiwa Osman, Talabani's spokesman. "If every small unit has an Iraqi commander and an American 'trainer,' who do you think will be in charge?"

Mahmoud Othman, an Iraqi legislator and a Kurdish ally of Talabani, said that the Iraq Study Group findings could derail painstaking efforts to find consensus among Iraq's fractious ethnic and sectarian groups.

Othman said he feared that the report would endanger talks between Kurds and central government officials over oil profit-sharing, and cease-fire talks between Iraq's government and Sunni Arab insurgents.

"The top leaders inside and outside of the government have become less flexible because of this report," he said. "The Sunni Arabs think that they are supported by this report, and this will make it harder to reach consensus. They have not attended reconciliation meetings since this report came out."

Othman also objected to the report's recommendation to negotiate with Muqtada Sadr, leader of the Al Mahdi militia.

"Sadr is leading a militia that is the most dangerous group on the street," he said. "They didn't try to be practical."

Talabani vowed to send the White House a letter formally expressing his reservations about the panel's findings.

Meanwhile, Iraqi police in Baghdad reported the discovery of 60 bodies. Three of the victims had been beheaded, and their bodies were found in the Hurriya neighborhood, where Shiite militiamen and Sunni Arab gunmen had clashed Saturday.

A bomb blast killed a U.S. soldier and wounded another soldier in west Baghdad.

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In Saqlawiya, west of Baghdad, U.S. Marines killed three suspected insurgents attempting to plant a bomb beneath a tractor-trailer.

And in eastern Diyala province, north of Baghdad, gunmen opened fire on a wedding party, killing a man and his 3-year-old grandson.

On Saturday night, U.S. forces in Ramadi staged an airstrike on two suspected insurgents who were detonating a bomb.

Talks Under Way To Replace Iraq PM (AP)

By Hamza Hendawi And Qassim Abdul-zahra

AP, December 11, 2006

Major partners in Iraq's governing coalition are in behind-the-scenes talks to oust Prime Minister Nouri al-Maliki amid discontent over his failure to quell raging violence, according to lawmakers involved.

The talks are aimed at forming a new parliamentary bloc that would seek to replace the current government and that would likely exclude supporters of the radical Shiite cleric Muqtada al-Sadr, who is a vehement opponent of the U.S. military presence.

The new alliance would be led by senior Shiite politician Abdul-Aziz al-Hakim, who met with President Bush last week. Al-Hakim, however, was not expected to be the next prime minister because he prefers the role of powerbroker, staying above the grinding day-to-day running of the country.

A key figure in the proposed alliance, Vice President Tariq al-Hashemi, a Sunni Arab, left for Washington on Sunday for a meeting with Bush at least three weeks ahead of schedule.

"The failure of the government has forced us into this in the hope that it can provide a solution," said Omar Abdul-Sattar, a lawmaker from al-Hashemi's Iraqi Islamic Party. "The new alliance will form the new government."

The groups engaged in talks have yet to agree on a leader, said lawmaker Hameed Maalah, a senior official of al-Hakim's Supreme Council for the Islamic Revolution in Iraq, or SCIRI.

One likely candidate for prime minister, however, was said to be Iraq's other vice president, Adil Abdul-Mahdi, a Shiite who was al-Hakim's choice for the prime minister's job before al-Maliki emerged as a compromise candidate and won.

News of the bid to oust al-Maliki, in office since May, came amid growing dissent over his government's performance among his Sunni and Shiite partners and the damaging fallout from a leaked White House memo questioning the prime minister's abilities.

Washington also has been unhappy with al-Maliki's reluctance to comply with its repeated demands to disband Shiite militias blamed for much of Iraq's sectarian bloodletting.

Bush publicly expressed his confidence in al-Maliki after talks in Jordan on Nov. 30. But the president told White House reporters four days later that he was not satisfied with the pace of efforts to stop Iraq's violence.

It was not immediately clear how much progress had been made in the effort to cobble together a new parliamentary alliance. But lawmakers loyal to al-Sadr who support al-Maliki were almost certainly not going to be a part of it. They had no word on al-Maliki's Dawa party.

They said al-Maliki was livid at the attempt to unseat him.

"We know what's going on and we will sabotage it," said a close al-Maliki aide who spoke on condition of anonymity because of the sensitivities involved. He did not elaborate.

A senior aide to al-Sadr, who insisted on anonymity for the same reason, said the proposed alliance was primarily designed to exclude the cleric's backers and they would resist.

Al-Sadr's Mahdi Army militiamen fought U.S. troops for much of 2004 in Baghdad and across central and southern Iraq. It is blamed for most of the sectarian violence raging in Iraq.

The cleric's supporters have been among al-Maliki's strongest backers, ensuring his election as prime minister. Relations have recently frayed, however, with the 30 Sadrist lawmakers and five Cabinet ministers boycotting the government and parliament to protest al-Maliki's meeting with Bush in Jordan.

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The al-Sadr aide said recent contacts with the office of Grand Ayatollah Ali al-Sistani, spiritual leader of most Iraqi Shiites, indicated the Iranian-born al-Sistani was not averse to replacing al-Maliki. Al-Sistani issued an unusually harsh criticism of the government in July.

Al-Hakim's SCIRI, along with parliament's Kurdish bloc and al-Hashemi's Islamic party, are likely to be the major powers of the new alliance. Independent lawmakers are also expected to join, legislators said.

Al-Hashemi's Islamic party said Sunday it would not join any future government unless it had a real voice.

Mahmoud Othman, a prominent Kurdish lawmaker and a sharp government critic, said talks on a new parliamentary alliance were initiated early this year, abandoned and recently resumed.

"This government must offer a remedy for all the problems we have in Iraq or publicly announce that it's unable to do so," said Othman, who is close to the negotiations.

Al-Maliki's government, under the Iraqi constitution, could be ousted if a simple majority of parliament's 275 members opposed it in a vote of confidence. Parties in the talks expressed confidence they had enough votes.

"The question of confidence in this government must be reconsidered," Parliament Speaker Mahmoud al-Mashhadani, a Sunni Arab, told legislators Sunday. "Why should we continue to support it? For its failure?"

For Iraq's Sunnis, Conflict Closes In (WP)

By Sudarsan Raghavan

The Washington Post, December 11, 2006

BAGHDAD, Dec. 10 -- A few blocks from Ali Farouk's three-story home, an empty house provides a glimpse of what he fears will be the future. Once owned by a Sunni Muslim, the paint is peeling, the windows are blown out. Two scarlet X's mark the pale blue front door.

To the door's right are the words: "Not for Sale. Wanted."

According to neighbors, "Wanted" refers to the former owner, who fled after crossing paths with the Mahdi Army, the Shiite militia of firebrand cleric Moqtada al-Sadr. The gunmen accused the owner of killing four of their own at a checkpoint. Then they took over his house.

To the door's left, the words: "This is vengeance for the other day."

Farouk, a Sunni Muslim, fears his home might be targeted next. In the past two months, Shiite militiamen have tightened their grip on his central Baghdad neighborhood of Tobji, purging dozens of Sunni families, by fear and by threats. His world has become even more precarious since a barrage of car bombs, mortar shells and missiles killed more than 200 on Nov. 23 in Sadr City, the Baghdad slum that is home to many of Sadr's loyalists.

So Farouk began preparing to do what neither his father nor his grandfather could have imagined in their Iraq: flee Tobji, an enclave where Shiites and Sunnis have coexisted for more than half a century. Farouk plans to join the more than 400,000 Iraqis who have fled their homes, an exodus that is reshaping the face of Baghdad into neighborhoods polarized along sectarian lines.

On Saturday, Farouk's mission grew more urgent. In the latest spasm of revenge attacks, gangs of Shiite gunmen stormed Hurriyah, a mixed neighborhood adjacent to Tobji, torching houses, killing at least two Sunni Arabs and driving out dozens of Sunni families. On Sunday, in interviews across Tobji, Sunni Arabs worried that their fate could soon mirror their brethren's.

"It is coming like a wave," said Khudir Mahmoud, 32, after his midday prayers. "If the government doesn't intervene, the wave will reach here. We are only one street away."

The unraveling of Tobji and Hurriyah is the latest setback for the nation's Sunni minority, which is still seeking a political foothold in Iraq in the fourth year of war. Sunnis were once part of the country's privileged class, with government jobs, but their days and nights are now filled with fear and dread unlike anything they felt since the toppling of President Saddam Hussein.

"We are stuck in a big hole waiting for Lucifer to take our souls," said Farouk, 46, a father of seven. "At any moment we can die."Worry Despite Precautions

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Rabiaa Street, a dusty, congested thoroughfare, flows through central Baghdad west of the Tigris River. Along one stretch, near a patch of machinery shops, Hurriyah and Tobji face each other across the street. In Arabic, Hurriyah means freedom. Tobji's official name is Salaam. It means peace.

On one side, the road streams into Hurriyah's core, past a Sunni mosque that was destroyed, past a satellite office of Sadr, where clusters of young men lingered, past signs that read "Long Live Shia."

On the other side of Rabiaa Street is a set of railroad tracks nestled on the edge of Tobji, a working-class community of Shiites, Sunni Arabs and Kurds. In recent months, bodies of both Shiites and Sunnis have been dumped along the tracks, residents said Sunday. The killings are evidence of how the war to control the capital is spreading and how Shiite militiamen are increasingly pushing into western Baghdad, where Sunnis dominate.

Farouk's house sits in the heart of Tobji, around the corner from walls with black markings that read "Long Live Sadr." He is burly, with a long, oval face and a thin gray mustache, one of three Sunnis who live on the block.

He met a journalist first on Nov. 30, a week after the Sadr City attacks, on the condition that his father's, grandfather's and tribe's names not be used. Farouk is his great-grandfather's name. He told his Shiite neighbors that he was receiving a visit from co-workers at the government ministry where he is employed.

Even with those precautions, he was worried. Fearful of attracting attention, he rushed his visitor to the second-floor living room of his house. At the top of the narrow staircase, a large poster of Imam Ali, the most revered Shiite saint, along with several other important Shiite figures, stared from a wall. Farouk said he put up the posters the day of the Sadr City attacks -- in case Shiite militiamen came that night. He has no plans to take them down, he said.

"I am scared. I am Sunni," he said that day.A Showcase of Dangers

In the 1950s, Farouk's Sunni father moved to Tobji. Farouk's mother was a Shiite, and his first name, Ali, is given to both Shiites and Sunnis. He went to school with Shiites and had Shiite friends. Neither sect nor ethnicity defined his identity, even when Hussein, a Sunni, brutally oppressed the Shiite community after he took power.

The war didn't reach Tobji in full force until this year. In January, gunmen wearing police uniforms and driving police vehicles abducted 53 Sunnis. Most were never seen again. The next month, a Shiite shrine in the town of Samarra was bombed, triggering cycles of revenge killings.

Mixed neighborhoods across Baghdad, including this one, started to rip apart. Still, after each attack, Tobji managed to heal momentarily, because of a tribal leadership of Sunnis and Shiites that is struggling to preserve the bonds between their communities.

Today, the last mile to Farouk's house is a showcase of the danger that threatens to overtake their efforts. Around the corner from an Iraqi army checkpoint, young men wearing dark clothes and clutching AK-47 assault rifles stand guard, a testament to the fact that they, not the Iraqi soldiers, are in charge. Some clutch black two-way radios; others stare fixedly into cars. On Sunday, one man stood in the middle of the street with a small piece of white paper, checking the license plates of cars.

The affiliation of the men with guns can be discerned by looking at a nearby concrete barrier. Scrawled in red paint are words boldly expressed in Arabic: "Yes for the Mahdi Army."

Women in black, head-to-toe abayas float like shadows in the sun here. A few blocks away, residents walk past the empty, disfigured house of the Sunni Arab without casting a glance. On a visit four weeks ago, Mahdi Army militiamen, including one who sat in a yellow plastic chair in the middle of the road, stopped cars and demanded:

"Why are you here? What is your tribe?"A Shiite, Killed in Error

His tribal name didn't help Khelan Jassim Muhammed, 46, a grocer and father of six girls, from becoming a victim of the killing in Hurriyah.

Two weeks ago, he moved from Tobji to Hurriyah to occupy a house left empty by relatives who had moved to the United Arab Emirates. Muhammed, his relatives said, felt safe. He was a Shiite from the Ajaeli tribe.

Last Wednesday, he left his home in the morning and never returned. After a frantic search, his brothers found his body the next morning in the morgue. His corpse had been discovered in a trash dump in a Shiite neighborhood.

"He was handcuffed from the back and had two bullets holes in the back of his head," Khatan Jassim, 41, one of his brothers, said Sunday. As he finished the sentence, silence fell upon his family's spare, white-lit living room, where seven relatives

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were seated in a semicircle. Before they sat down on a large red carpet, they said a prayer, their palms facing upward in the Shiite tradition. They had lived all their lives in Tobji, just down the road from the empty Sunni Arab house.

Khatan Jassim, a taxi driver with a wide nose, thick neck and sun-leathered skin, said his brother's death bore the trademark of the Mahdi Army.

There are Sunnis and Shiites in the Ajaeli tribe, he explained. His brother, he added, was also carrying an identification card issued in Abu Ghraib, a Sunni area.

"There was a misunderstanding from the Sadr office," Jassim said. "They didn't know he was a Shia."

At the funeral, Sadr's representatives came to offer their condolences. Jassim confronted them. They denied any involvement.

"They gave us an excuse," Jassim recalled. "They said, 'Why would we kidnap him and dump his body in a dumpster? We control the neighborhood. We could have gone inside his house and killed him.' "A Feeling of Siege

Across the street from the concrete barrier with the Mahdi Army proclamation, 25 Sunnis gathered Sunday at the Suhail Mosque for midday prayers. Young and old, they prayed solemnly, their hands at their side. Their small numbers spoke of their fears.

"This is half of what it used to be," said Khalid Mahmoud, 45, a mosque official and Khudir Mahmoud's brother. "People are staying home. They are worried about their security. Even if they come, their minds will be preoccupied."

"Most of the Sunnis here feel like they are under siege," he added.

As Mahmoud spoke, Abdul Wahad, 26, nodded in agreement. Dressed in a blue and orange Puma tracksuit jacket, he said he no longer hangs out on the streets. He has stopped pursuing his degree in economics because he's worried about getting killed.

"We don't trust the checkpoints," he said.

Added Khalid Mahmoud, "After the Sadr City bombings, none of us have left Tobji."

Ten days ago, three Sunnis were kidnapped, including the brother of the mosque's custodian. He still hasn't been found. On Sunday, Khudir Mahmoud sent a woman to the morgue to inquire whether his body had turned up. He was too afraid to go by himself because the Health Ministry is controlled by Shiites loyal to Sadr. The custodian now plans to quit and move his family to Samarra.'I Am Like a Prisoner'

On the day Sadr City was attacked, a Shiite friend a few blocks away phoned Farouk to warn that Shiite militiamen were rumored to be roaming Tobji in search of Sunni men. He invited Farouk to stay at his house. Farouk and his two grown sons gratefully accepted. His wife and five smaller children stayed behind. The next day, Farouk and his sons returned. He loaded his AK-47 and kept it in his bedroom.

The day after a three-day curfew was lifted, Farouk went to work, switching taxis in case he was being followed. He was stopped at a checkpoint, he said. A Shiite policeman asked whether he was a Sunni or Shiite. Farouk replied that he was Iraqi, then flashed his government identification card. "You son of dogs," the policeman said but waved him through.

For the next three days, Farouk stayed inside his house. "I can't even walk to the main street," he said Nov. 30. "At 6 p.m., I lock my door and stay inside."

At night, the family slept together in the living room while Farouk kept watch for a possible attack. One night, a sound on the roof sent him rushing up with his gun. It was water dropping into a tank. "I am like a prisoner," he said.

In the living room that day, Farouk was expressing anger at the United States for invading Iraq, for disenfranchising the Sunnis. Listening in was his nephew, Ihab Bashir, 30. Farouk framed his plight in political terms, blaming the Shiite-led government for settling scores from the past. "There is no democracy," Farouk said, shaking his head in dismay.

Farouk's 10-year-old son, Omar, entered the living room. Thin with an angular face, he wore jeans and a yellow shirt. When asked his name, he replied in a voice not much louder than a whisper: "Amar."

Amar is a common Shiite name. Farouk had instructed him to lie about his name to strangers. Why didn't he use his real name?

"Because of those people, the Mahdi Army," Omar said.

Why is his father still staying at home?

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Omar paused. "Perhaps the Mahdi Army will come and raid the Sunni homes and kill him."

Seven video compact disc recordings of Sadr's sermons, his stern, bearded visage splashed on every cover, sat on the brown sofa. Farouk's 15-year-old son had bought them the day after the curfew. When he came home, he slipped one of the discs into the VCD player and turned up the volume so all the family's Shiite neighbors could hear.

Omar pointed at them and said, "We have those VCDs for the Mahdi Army not to hurt us."Inviting the Neighbors Over

Farouk's plan is to flee to Baqubah, the capital of Diyala province, one of the most violent places in Iraq. He said he does not care about the danger. His sect is the majority there. Just as the Shiites turn to the militias for protection, he now views the Sunni Arab insurgents as his family's guardians.

"The mujaheddin will protect us," Farouk said. "We heard they are helping Sunnis who move there with cooking oil, rice, sugar and fuel."

In the interim, he's decided that the best protection is to rekindle his ties to his Shiite neighbors. In recent days, he has invited some of them to have soda or tea inside his house. He hopes they will notice the poster of Imam Ali. He hopes they will vouch for him if the Mahdi Army attacks.

"I tell everyone that my mother is a Shiite," Farouk said. "I am trying to get closer to them. It's about saving my life."

On Sunday, Farouk was still bracing for a Shiite attack. Two days ago, he bought another poster of Imam Ali and other revered Shiite saints for the living room.

Iraq Is Failing To Spend Billions In Oil Revenues (NYT)

By James Glanz

The New York Times, December 11, 2006

BAGHDAD, Dec. 10 — Iraq is failing to spend billions of dollars of oil revenues that have been set aside to rebuild its damaged roads, schools and power stations and to repair refineries and pipelines.

Iraqi ministries are spending as little as 15 percent of the 2006 capital budgets they received for the rebuilding — with some of the weakest spending taking place at the Oil Ministry, which relies on damaged and frequently sabotaged pipelines and pumping stations to move the oil that provides nearly all of the country's revenues. In essence, the money is available — despite extensive sabotage, the oil money is flowing — but the Iraqi system has not been able to put it to work.

The country is facing this national failure to spend even as American financial support dwindles. Among reasons for the problems — like a large turnover in government personnel — is a strange new one: bureaucrats are so fearful and confused by anticorruption measures put in place by the American and Iraqi governments that they are afraid to sign off on contracts.

The inability to spend the money raises serious questions for the government, which has to demonstrate to citizens who are skeptical and suspicious of government corruption that it can improve basic services, and that at a time when American funds for reconstruction are being reduced, it can prove to other foreign donors that it can quickly put to use the money they may be willing to commit.

After the expenditure of roughly $22 billion in American taxpayer dollars on Iraq reconstruction, the increase of the Iraqi capital budget was seen by many as a sign that oil revenues could finally begin paying for the rebuilding, four years after Bush administration predictions that the country could afford the program on its own.

Iraq's overall capital budget in 2006 was nine trillion Iraqi dinars, or about $6 billion, said Abdulbasit Turki Saeed, president of the Iraqi Board of Supreme Audit and a member of the Iraqi cabinet's economic committee.

But Mr. Saeed said that across the entire government, only about 20 percent of the capital budget had been spent, according to the committee's recent figures. A senior Western official agreed with that estimate.

"It's slow. It's disappointing," the Western official said, speaking on the condition of anonymity because he was not authorized to discuss the subject publicly. "In general, they have had trouble getting projects started."

The problem was briefly acknowledged in the report last week by the bipartisan Iraq Study Group, which gave similar figures for capital expenditures and said that "many ministries can do little more than pay salaries."

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In interviews, alarmed Western and Iraqi officials sought to put the best face on the problem, saying they thought that the pace of spending had picked up in the last two to three months as the government began taking steps to improve its performance.

Those officials said that in a nation with reconstruction needs around every corner, the puzzling phenomenon of unspent money was partly explained by the rapid turnover in governments, security woes, endemic corruption and a lack of technocrats skilled at jobs like writing contracts and managing complex projects. In short, nearly all the ills that have undermined the American rebuilding program seem to be plaguing the Iraqi one.

Hussain al-Shahristani, the Iraqi oil minister, said he thought that he could spend substantially more of this year's budget if he could resolve administrative bottlenecks, like Finance Ministry delays in authorizing payments.

"It's the bureaucracy," Mr. Shahristani said. "Particularly financial people take too long to change their old habits."

But some American and Iraqi officials here are also saying that the stringent measures they had favored to slow the rampant corruption may be especially daunting for bureaucrats who have little experience with Western-style regulations and oversight. Those officials say that Iraqis who have seen their colleagues arrested and jailed in anticorruption sweeps are reluctant to put their own name on a contract.

"As it's applied right now, this new thing scares the hell out of everybody," one Western official here said.

The colliding priorities of oversight and spending have left American and Iraqi officials in a quandary as they work behind the scenes on the so-called "Compact with Iraq" — the centerpiece of the American Embassy's effort to create economic and political milestones that this nation promises to meet in exchange for pledges of foreign investment and support.

Anticorruption officials themselves are facing a loss of support, with the most serious impact felt by Rathi al-Rathi, the head of Iraq's Commission on Public Integrity, who has been privately accused by Western and Iraqi officials of zealotry, political bias and other failings.

A previously undisclosed letter to Mr. Rathi from prime minister Nuri Kamal al-Maliki, dated Sept. 6, is close to an accusation that Mr. Rathi himself is guilty of corruption. The letter, a copy of which was provided to The New York Times, directs him to account for what the prime minister asserts are hundreds of thousands of dollars of undocumented expenses by the commission.

Ali al-Shabot, a spokesman for Mr. Rathi, who was traveling last week, at first insisted that the letter was secret and that he could not discuss it. But finally he dismissed its charges as based on bad information. Mr. Shabot indicated there was at least one good reason that, despite the pressure, the commission would remain in business. He confidently pointed out that international donors who provide financing to Iraq do so "with the guarantee that there are institutions to oversee the money."

While it is clear that new financial support is unlikely without a strong anticorruption campaign in place, Iraq's inability to spend its own money undermines the message that the country will actually be able to use the support if provided.

"People we are trying to deal with and obtain additional funds for Iraq will come back and say, 'Iraq is not spending its own resources,' " said Yahia Said, a research fellow at the London School of Economics who is working as a consultant to the United Nations on the compact.

Mr. Shahristani, the oil minister, who has put new anticorruption measures in place on top of those imposed from the outside, said the solution was to teach the bureaucrats how to cope with the new rules.

"Obviously I've heard of these complaints," he said of the criticisms of the anticorruption organizations. "I don't think that they have gone too far. I think this is necessary given the level of corruption that we have inherited."

Iraq's total budget is about $32 billion in 2006 and is projected to be more than $40 billion in 2007, said Bayan Jabr, the Iraqi finance minister, in an interview. Most of the budget, which comes almost entirely from oil revenues, is consumed in operating expenses, including roughly $8 billion for ministry salaries and pensions and $6 billion for Iraq's socialist-style food and fuel subsidies.

The nation has spent those funds much more easily than it has spent the $6 billion for capital improvements — a number that by some projections could roughly double next year in view of Iraq's vast infrastructure needs.

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According to a report by the Oil Ministry, about half of the money was to go for repair of pipelines, building refineries, improving oil fields, repairs on export terminals, and other improvements to the oil industry. The remainder was to be spent on projects ranging from improving the electrical system to irrigation systems to roads and government buildings of various types.

The same report says that, for example, Iraq is in need of major new oil storage tanks, a 42-inch-diameter pipeline in the south and better electrical generation to run the oil pumps.

Officials are still sorting out what went wrong in the early months of the 2006 program, but some of the problems were similar in kind if not in detail to the ones that derailed major portions of the American effort.

First, after the December 2005 elections, politicians jockeyed for ministerial posts for months, creating uncertainty about whether priorities would change, and then the newly seated officials were unfamiliar with their jobs. At the same time, deepening security problems not only made purchasing and construction difficult, but also continued to drive skilled midlevel ministry employees out of the country.

Final numbers across the ministries will not be available until year's end, but Mr. Jabr, the finance minister, said that a few trends had emerged. Expenditures at the Housing and Construction Ministry and the Oil Ministry were low, while at the other end of the spectrum, the Electricity and Water Resources Ministries were spending as much as three-quarters of their allocations.

But the overall picture is clear, said Lt. Gen. Martin E. Dempsey, who as commander of the Multi-National Security Transition Command-Iraq works extensively with the Interior and Defense Ministries, which he expects to spend about half of their capital budgets this year.

"I think the government of Iraq has got a challenge writ large," General Dempsey said. "The 27 ministries will not execute their 2006 budgets."

American and Iraqi officials are already taking steps to improve the situation, streamlining the contracting process, giving training sessions on the process to ministry employees and, Mr. Jabr said, putting in place measures to penalize ministries that do not spend money fast enough.

General Dempsey said the unspent money in the security ministries in 2006 would not be lost, because Iraq had agreed to allow the funds to be held in the same foreign accounts that are used to coordinate the Pentagon's military purchases until the agencies were ready to use it.

As the financial and political stakes rise within the Iraqi-financed rebuilding program, few officials have escaped blame.

The public integrity commission is cited most often as intimidating. But those who deal with investigations of questionable deals and officials on the take in a historically corrupt country are not surprised by those complaints. "This is normal," said Mr. Shabot, the integrity commission spokesman. "They hate us because we are monitoring them."

Mr. Jabr expressed deep impatience with ministry officials who, he said, told him that part of the reason they were moving so slowing was to avoid running afoul of the integrity commission.

"I said, 'Why are you afraid? If you are not a thief, don't be afraid,' " Mr. Jabr recalled.

Ex-hostages In Iraq Opt For Forgiveness (CSM)

By Mark Rice-oxley And Dan Murphy

The Christian Science Monitor, December 11, 2006

LONDON AND CAIRO

Three pacifists who were held hostage for 118 days in Iraq and were released only after a fourth colleague was murdered, publicly forgave their captors Friday.

At a press conference in London, the members of the Christian Peacemaker Teams (CPT) said they were reluctant to testify against four alleged captors in Iraqi custody because of the possibility that they will face harsh punishment, especially the death penalty.

Canadian James Loney, Briton Norman Kember, and Canadian Harmeet Singh Sooden, who now lives in New Zealand, said they did not want "punitive" justice for their suspected captors, scheduled to stand trial early next year.

"Justice is about restoring relationships that have been broken," says Mr. Loney. "We are very, very concerned about the death penalty. It would be the worst possible outcome for us if they were to be sentenced to death."

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"To lock then up and throw way the key," he says, "that is not justice. Punishment comes from the same mind-set that is behind the escalating spiral of violence that we see in Iraq that is being fueled by the governments in Washington and London. If they are punishing them on my behalf, that doesn't do anything for me."

Loney was a member of the four-man CPT unit seized outside a mosque in Baghdad on Nov. 26 last year. The lone American member, Tom Fox, was killed by their captors. The kidnappers, a group of Sunni Arab insurgents, appeared to have ties to the kidnappers of Jill Carroll, a Christian Science Monitor reporter who was held for 82 days earlier this year following the murder of her translator Allan Enwiya.

After Ms. Carroll was freed from captivity, she revealed that one of her captors said they had killed an American because the US had failed to meet a demand to release Sheikh Omar Abdel-Rahman, a blind cleric convicted of involvement in the 1993 World Trade Center bombing and currently serving a life sentence in a US penitentiary.

In an earlier interview with the Monitor, Mr. Loney said the captors had spoken of demanding Abdel Rahman's release in exchange for their safety; this demand was never made publicly.

The three surviving members of the team say they would be hypocrites if they gave in to the anger created by their ordeal, and participated in the traditional avenues of justice. Loney, a committed Christian, said he would even return to Iraq to meet with his captors. "It would be wonderful to sit down and talk to them and talk about what [prompted] this thing that they did ... what did it mean to them, what does it mean to them now."

Mr. Sooden added that the men have doubts about the fairness of the Iraqi court system, particularly giving the raging war there. "I don't know if the Central Criminal Court of Iraq can act as per its mandate because of the security situation."

Despite the country's ongoing war, the wheels of justice have haltingly moved forward in Iraq, where the death penalty is enforced. And not all hostage advocates share the CPT members' forgiving view.

In June, Mustafa Salman al-Jibouri was sentenced to life imprisonment for aiding the men who kidnapped and later murdered Margaret Hassan, the British national who had run the charity CARE's Baghdad offices and had made aiding Iraq's poor her life's work.

Mrs. Hassan's family charged afterward that "inept" handling of the case allowed Mr. Jibouri to escape the death penalty, and also led to the acquittal of two other men on trial in her murder. They said the acquittals would encourage more kidnapping in Iraq.

In November, Hussein Fahmi, whom authorities described as a member of Al Qaeda in Iraq, was sentenced to death for his role in the kidnapping and beheading of Shosei Koda, a young Japanese man who was abducted while traveling in Iraq in 2004. Mr. Fahmi was of mixed Egyptian and Palestinian descent.

Also, the Iraqi justice system has come under criticism from human rights organizations for frequent torture of captives.

If the three don't testify, either by identifying suspects in a photo lineup or by giving video evidence (there is no suggestion that they should actually travel to the Iraqi court) the case could unravel. "We were told there would be a possibility that they could walk away from this if we don't testify," said Loney. "Not to excuse what they were doing but there was a rationale for it. They saw themselves being part of a fight to defend their country."

The three CPT survivors said a lot of forensic evidence was collected after they were released in a raid following a tip. "There was a fair bit of forensic evidence in the house that we left," says Mr. Kember. "When I got to the hospital, they stripped me ... they said we could get fingerprints off clothes."

Some of the alleged kidnappers of Carroll have been arrested, and Iraqi officials say they are building a strong case against them, but no court dates have yet been set.

Taliban And Allies Tighten Grip In North Of Pakistan (NYT)

By Carlotta Gall And Ismail Khan

The New York Times, December 11, 2006

PESHAWAR, Pakistan — Islamic militants are using a recent peace deal with the government to consolidate their hold in northern Pakistan, vastly expanding their training of suicide bombers and other recruits and fortifying alliances with Al Qaeda and foreign fighters, diplomats and intelligence officials from several nations say. The result, they say, is virtually a Taliban mini-state.

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The militants, the officials say, are openly flouting the terms of the September accord in North Waziristan, under which they agreed to end cross-border help for the Taliban insurgency that revived in Afghanistan with new force this year.

The area is becoming a magnet for an influx of foreign fighters, who not only challenge government authority in the area, but are even wresting control from local tribes and spreading their influence to neighboring areas, according to several American and NATO officials and Pakistani and Afghan intelligence officials.

This year more than 100 local leaders and government sympathizers or accused "American spies" have been killed, several of them in beheadings, as the militants have used a reign of terror to impose what President Pervez Musharraf of Pakistan calls a creeping "Talibanization." Last year, at least 100 others were also killed.

While the tribes once offered refuge to the militants when they retreated to the area in 2002 after the American invasion of Afghanistan, that welcome is waning as the killings have generated new tensions and added to the region's volatility.

"They are taking territory," said one western ambassador in Pakistan. "They are becoming much more aggressive in Pakistan."

"It is the lesson from Afghanistan in the '90s," he added. "Ungoverned spaces are a problem. The whole tribal area is a problem."

The links among the various groups date to the 1980s, when Arabs, Pakistanis and other Muslims joined Afghans in their fight to drive out the Soviet invasion of Afghanistan, using a network of training camps and religious schools set up by the Pakistani intelligence agency and financed by the C.I.A. and Saudi Arabia.

The training continued with Pakistani and Qaeda support through the 1990s, and then moved into Afghanistan under the Taliban. It was during this time that Pakistanis became drawn into militancy in big numbers, fighting alongside the Taliban and hundreds of foreign fighters against the northern tribes of Afghanistan. Today the history of the region has come full circle.

Since retreating from Afghanistan in 2002 under American military attacks, the Taliban and foreign fighters have again been using the tribal areas to organize themselves — now training their sights on the 40,000 American and NATO troops in Afghanistan.

After failing to gain control of the areas in military campaigns, the government cut peace deals in South Waziristan in 2004 and 2005, and then in North Waziristan on Sept. 5. Since the September accord, NATO officials say cross-border attacks by Pakistani and Afghan Taliban and their foreign allies have increased.

In recent weeks, Pakistani intelligence officials said the number of foreign fighters in the tribal areas was far higher than the official estimate of 500, perhaps as high as 1,500 to 2,000 today.

These fighters include Afghans and seasoned Taliban leaders, Uzbek and other Central Asian militants, and what intelligence officials estimate to be 80 to 90 Arab terrorist operatives and fugitives, possibly including the Qaeda leaders Osama bin Laden and his second in command, Ayman al-Zawahri.

The tightening web of alliances among these groups in a remote, mountainous area increasingly beyond state authority is potentially disastrous for efforts to combat terrorism as far away as Europe and the United States, intelligence officials warn.

They and western diplomats say it also portends an even bloodier year for Afghanistan in 2007, with the winter expected to serve as what one official described as a "breeding season" to multiply ranks.

"I expect next year to be quite bloody," the United States ambassador in Afghanistan, Ronald Neumann, said in an interview last week. "My sense is the Taliban wants to come back and fight. I don't expect the Taliban to win, but everyone needs to understand that we are in for a fight."

Foreign Influence

One of the clearest measures of the dangers of this local cross-fertilization is the suicide bombings. Diplomats with knowledge of the area's Pashtun tribes say they have little doubt the tactic emerged from the influence of Al Qaeda, since such attacks were unknown in Pakistan or Afghanistan before 2001.

This year suicide attacks have become a regular feature of the Afghan war and have also appeared for the first time even in Pakistan, including two in this frontier province in recent weeks, indicating a growing threat to Pakistan's security.

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In recent weeks, Afghan officials say they have uncovered alarming signs of large-scale indoctrination and preparation of suicide bombers in the tribal areas, and the Pakistani minister of the interior, Aftab Khan Sherpao, publicly acknowledged for the first time that training of suicide bombers was occurring in the tribal areas.

The Afghan intelligence service said last week in a statement that it had captured an Afghan suicide bomber wearing a vest filled with explosives. The man reportedly said he had been given the task by the head of a religious school in the Pakistani tribal region of Bajaur, and that 500 to 600 students there were being prepared to fight jihad and be suicide bombers.

The bomber said that the former head of Pakistani intelligence, Gen. Hamid Gul, was financing and supporting the project, according to the statement, though the claim is impossible to verify. Pakistan intelligence agencies have long nurtured militants in the tribal areas to pressure the rival government in Afghanistan, though the government claims to have ceased its support.

So numerous are the recruits that a tribal leader in southern Afghanistan, who did not want to be named because of the threat of suicide bombers, relayed an account of how one would-be suicide bomber was sent home and told to wait his turn because there were many in line ahead of him.

American military officials say they believe much of the training in Waziristan is taking place under the aegis of men like Jalaluddin Haqqani, once one of the most formidable commanders of the anti-Soviet mujahedeen forces who joined the Taliban in the 1990s.

He has had a close relationship with Arab fighters since the 1980s, when Waziristan was his rear base for fighting the Soviet occupation. Arab fighters had joined him there in the struggle, among them Osama bin Laden.

He later became the Taliban's minister of tribal affairs and was the main protector for the foreign fighters on their exodus from Afghanistan in 2001 and 2002. He and his son, Sirajuddin Haqqani, remain the most important local partners for Al Qaeda in Waziristan.

Mr. Haqqani bases himself in North Waziristan and has a host of other Taliban and foreign commanders, in particular Uzbeks, who are loyal to him, United States military officials say.

Money continues to flow in from religious supporters at home and in the Persian Gulf, as well as from a range of illicit activities like a lucrative opium trade, smuggling and even kidnapping, diplomats, United Nations analysts and local journalists say.

"There are clearly very substantial training facilities that are still operating in Waziristan, both north and south, and other parts of FATA and Baluchistan," a diplomat in Kabul said, referring to the region by the acronym for its formal name, the Federally Administered Tribal Areas.

"Even more worrying is the continued presence of the Taliban and Haqqani leadership networks," the diplomat said, dismayed at what he characterized as Pakistani passivity in breaking up the networks.

"They haven't been addressed at all on the Pakistani side," he added. "They haven't been pursued."

The diplomat also singled out Saddique Noor, in his mid-40s, a Pakistani militant commander who he said was training suicide bombers in Waziristan and sending them into Afghanistan. Mr. Noor fought in Afghanistan alongside the Taliban in the 1990s and is a determined opponent of the American and NATO presence in Afghanistan.

Another commander, Beitullah Mehsud, about age 40 and also from the region, is now probably the strongest Pakistani Taliban commander and may also be dispatching suicide bombers. He also fought in Afghanistan under the Taliban and claims to have 15,000 fighters under him now.

Both men are loyal to Mr. Haqqani, whom Western diplomats consider one of the most dangerous Taliban commanders because of his links to Al Qaeda and his strong local standing.

The other, for the same reason, is Mullah Dadullah, a ruthless Taliban commander from southern Afghanistan, who has emerged as the main figure in the resurgence of the Afghan Taliban.

The one-legged Dadullah — he lost a leg in fighting — has a flamboyant if cruel reputation. He narrowly escaped capture in northern Afghanistan in 2001, often gives boastful interviews to news agencies, and is known to have personally ordered the killings of aid workers. His latest announcement, made in a phone call to [a news agency], was that the Taliban had infiltrated suicide bombers into every Afghan city.

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He is widely thought to be based in or around the southern Pakistani town of Quetta but is reported to be constantly on the move. He visited various areas of southern Afghanistan this year and has traveled to Waziristan repeatedly, in particular as the tribes of North Waziristan negotiated their Sept. 5 peace deal with the government, which he sanctioned, according to local reporters and intelligence officials.

Push for Order

The increasingly urgent question for Pakistani, Afghan, American and NATO officials is what can be done to bring the region under control. The Pakistani government's latest attempt was the Sept. 5 peace accord in North Waziristan.

Under the deal, both the government and militants agreed to cease attacks, and the militants agreed to end cross-border help for the Afghan insurgency, the killings of tribal leaders and accused government sympathizers, and "Talibanization" of the area.

Taliban commanders sanctioned the deals, arguing that the militants should concentrate their efforts on the foreign armies in Afghanistan and not waste their energies on clashing with the Pakistani military, journalists working in Waziristan say.

Critics say the agreement is fatally flawed since it lacks any means of enforcement and that it has actually empowered the militants. An international policy analysis group, the International Crisis Group, brands it as a policy of appeasement, in a report to be released on Dec. 11.

The government has taken down checkpoints, released detainees, and returned confiscated weapons and vehicles, and issued an amnesty. But the militants have increased their activities, benefiting from the truce with the Pakistani military, the groups said.

"From the start the agreement was not good because there are too many concessions and no clauses that are binding," said Brig. Mahmood Shah, who served as secretary of the Federally Administered Tribal Areas until 2005. "This agreement is not going to work, and if it is working, it is working against the government interest."

A local politician and human rights advocate, Afrasiab Khattak, spokesman for the Awami National Party in Peshawar, also criticized the agreement. The militants rather than the traditional tribal leaders have the power now, he said.

"They have imposed a new elite in Waziristan," he said. "More than 200 tribal chiefs have been killed, and not a single culprit brought to justice."

Still, Javed Iqbal, the newly appointed Pakistani secretary of the tribal areas, defended the North Waziristan accord as an effort to return to the traditional way of running the tribal areas, through the tribal chiefs. That system, employed by the British and Pakistani rulers alike, was eroded during the military campaigns of the last few years.

"We have tried the coercive tactic, we did not achieve much," he said in an interview in Peshawar. "So what do you do? Engage."

He said the government had let down the tribal elders in Waziristan who had wanted dialogue with the government, but were murdered one after another by the militants. But the big turnout of some 500 to 600 tribal elders at a meeting in Miramshah in North Waziristan in November was encouraging, he said, and showed that the tribes wanted to engage. "We are back in business," he said.

Loss of Control

Some Pakistani officials admit they have made a serious mistake in allowing the militants so much leeway, but only if they will not be quoted publicly.

Afghan and Pakistani Taliban leadership networks run training camps in various parts of the 500-mile length of the tribal areas, from Baluchistan in the south to the hub of North and South Waziristan, and farther north to Bajaur, said a Western diplomat in Kabul.

A diplomat who visited Wana, the capital of South Waziristan, said the government had almost no control over either of the Waziristans.

"They are absolutely not running the show in North Waziristan, and it runs the risk of becoming like South Waziristan," he said. "In South Waziristan the government does not even pretend to have a remit that runs outside of its compounds."

The fundamentalists' influence is seeping outward, with propaganda being spread on private radio stations, and through a widening network of religious schools and the distribution of CDs and DVDs. It can now be felt in neighboring tribal departments

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and the settled areas of the North-West Frontier Province. In recent months, Pakistani newspapers have reported incidents of music and barber shops being closed, television sets burnt, and threats to girls' schools.

The militants are more powerful than the military and the local tribal police, kill with impunity and shield criminals and fugitives. Local journalists say people blame the militants for a rising tide of kidnappings, killings, robberies and even rapes.

The brutality of some foreign militants has begun causing rising discontent among the Pakistani hosts, many of whom are also armed and militant, making the region increasingly volatile and uncontrollable.

"Initially, it was sympathy," one Pakistani intelligence official said. "Then came the money, but it was soon followed by fear. Now, fear is overriding the other two factors, sympathy and money."

For now, however, the Taliban commanders and the Pakistani militants under them remain unswervingly loyal to jihad in Afghanistan and, despite the tensions, still enjoy local support for the cause, officials and local journalists say.

The failed government military campaigns of recent years, which are seen as dictated by the United States, have further radicalized the local population, many in the region say.

As a potential indicator of local support, the families of two suicide bombers sent to Afghanistan from Waziristan gained renown in the community, according to a local journalist.

"The people support the militants because they are from their own tribe, they are family," said the journalist, who asked not to be named out of fear of the militants.

Morale is high among the resurgent Taliban after their revival in Afghanistan this year, one Pakistani security official said. That will lead to still more recruitment and better organization and planning in the year ahead.

Fighting traditionally dies down in winter because of the inhospitable conditions in the mountains.

But the new fighting season in the spring would be even bloodier, a Western diplomat in Kabul said. "We have to assume that things will be bad again," he said, "because none of the underlying causes are being addressed."

Iraq Lessons In Afghanistan? (WSJ)

By Jay Solomon

The Wall Street Journal, December 11, 2006

As pressure mounts on the White House to engage Tehran over Iraq, Afghanistan offers an example of how U.S. and Iranian interests can constructively align in the Islamic world.

Senior American and Afghan officials say that in contrast with the situation in Iraq, where Iran is allegedly funding and arming Shiite militias, Tehran today is playing an important role in seeking to stabilize post-Taliban Afghanistan.

The Iranian government has pledged $560 million in development aid to President Hamid Karzai's government since 2002, these officials say, roughly half of which has been disbursed. It is developing road and power projects, largely in the western part of the country near the two countries' shared border. And Iranian companies have provided goods and services -- including cement and banking -- to Afghanistan's war-ravaged population.

Iran also has been among the most active nations seeking to combat Afghanistan's largest ill, opium production, say American and Afghan officials. Tehran seized more Afghan opium than any other country last year, with hundreds of its security forces killed while policing its 600-mile border with Afghanistan in recent years, according to the United Nations.

Critics say Iran has largely acted out of self-interest in Afghanistan. They say Tehran's support for Mr. Karzai's government is in part aimed at ridding the country of Tehran's enemy, the Taliban Sunni militia, while seeking to usher in stable conditions that could hasten a U.S. withdrawal from Central Asia. Its counternarcotics operations, meanwhile, are driven by a desire to cut off supply to its country's estimated two million heroin addicts. Iran is also using Afghanistan as a base to expand its influence and economic interests across the region.

And Iran's intelligence services maintain a "destructive capability" inside Afghanistan that could target American and North Atlantic Treaty Organization forces should tensions between Washington and Tehran escalate, Afghan and U.S. officials say.

"Iran's role has been constructive" in helping to rebuild Afghanistan and fight narcotics, said Said Jawad, Afghanistan's ambassador to Washington. He added that cordial Afghan-Iranian relations are crucial, due to Tehran's economic and political influence inside his country.

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Former Secretary of State James Baker III, in unveiling the Iraq Study Group's recommendations on how to improve the situation in Iraq last week, pointed to Afghanistan as a possible model for U.S.-Iran cooperation in Iraq.

"All we're suggesting is doing with [Iraq] what we did in Afghanistan, when we talked to [the Iranians] and they helped us stabilize the situation," said Mr. Baker, co-chairman of the panel.

Outside Afghanistan, the U.S. and Iran have hostile relations, with the two sides at odds over Tehran's efforts to develop a nuclear program and its backing of extremist forces across the Middle East. But that hasn't stopped the two countries from accepting each other's roles in Afghanistan.

In Iraq, Mr. Baker and others say, Iran's Shiite theocracy government could only help -- indeed, may be essential -- to stem the flow of arms and funds to Shiite militias across its border, while providing critical development aid.

Even if the White House were to reach out to Iran -- President Bush so far has made working with Tehran conditional upon its stopping its nuclear program -- it has offered little indication that it would be willing, or even able, to play the same type of stabilizing role in Iraq that it has in Afghanistan. President Mahmoud Ahmadinejad has rejected repeated White House calls for meetings to coordinate a response to Iraq's turmoil. Still, current and former U.S. diplomats say, Iran may be cooperative in Iraq if Washington offers it a more direct role. In Afghanistan, Iran emerged as an unlikely supporter of U.S. policy, as the Bush administration moved to overthrow the Taliban after the Sept. 11, 2001, al Qaeda attacks, current and former U.S. diplomats say.

Iran's leadership had developed an intense hatred for the Taliban during its five-year rule of Afghanistan. The radical Sunni regime nearly sparked a war with Iran in 1998, after its forces killed nine Iranian diplomats in the central Afghan city of Mazar-i-Sharif, on charges they were spies. The Taliban also persecuted Afghanistan's minority Shiite peoples, known as the Hazara, who share a common language and religion with Iran.

In January 2002, Mr. Bush branded Iran a member of his "Axis of Evil," angering Iran's then-moderate government of President Mohammad Khatami, which had believed its relations with Washington were improving in light of the Afghanistan war. The White House also charged Iran with sheltering and providing safe passage to al Qaeda and Taliban militants who had fled the fighting in Afghanistan. One of them, U.S. intelligence officials say, was Abu Musab al-Zarqawi, the Jordanian terrorist who went on to head al Qaeda's operations in Iraq before his death in June. (Iran has denied that it supports al Qaeda.)

Regardless of the breakdown in U.S.-Iran ties, Tehran has continued to push ahead with development projects in Afghanistan, albeit amid little interaction with the American presence there. Its investments have helped make the country's western and central regions among the most stable there, in contrast with Afghanistan's south and east, where Taliban insurgents have heightened attacks on NATO, U.S. and Afghan forces in recent months, say Afghan officials and businessmen. Perhaps no place is the impact of Iran's assistance as apparent as the western Afghan city of Herat.

Tehran is seeking to help refashion the city as a trading hub linking Asia and the Central Asian states to the Persian Gulf. Iran's cultural and financial influence has traditionally been strong in Herat, though it had eroded under the Taliban.

Central to this effort has been the development of a roads project, costing hundreds of millions of dollars, that connects Herat to Iran's east and then on to the Persian Gulf port of Chabahar. Landlocked Afghanistan has relied on the Pakistani port of Karachi both to ship out products and import many raw materials. But many Afghan businessmen have complained in recent years that shipping through the overloaded Karachi port is expensive and time-consuming.

Tehran's development of Chabahar and its financing of roads linking it to Afghanistan have stimulated competition between Pakistan and Iran for a leading role in Afghanistan's transit business, say Afghan and development officials.

Herat also has some of the best power supply in Afghanistan, thanks to Iran. Much of the rest of Afghanistan is waiting for the government to connect power lines to energy supplies in Tajikistan, a process that is taking years as workers first move to clear the Hindu Kush mountain range. Tehran, however, has directly tied Herat to Iran's power grid.

"Iran has chosen projects that are a high priority and necessary" for Afghanistan, says Alastair McKechnie, the World Bank's country director for Afghanistan. "In that sense, they've played a very positive role."

A number of Afghan and American officials say Iran's increasing presence in Afghanistan may not be all positive. Iranian intelligence agencies are believed to be assuming a larger presence inside the country, mixing in with the Hazara and the more than one million Afghan refugees who have returned from Iran since the Taliban's fall. Tehran continues to maintain strategic ties with many of the former Northern Alliance warlords with whom they were aligned against the Taliban, say U.S. and Afghan

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officials. In addition, while Sunni-controlled states, such as Saudi Arabia, are reluctantly accepting Iran's influence in western Afghanistan, they are wary of it expanding beyond there through the Middle East. Should tensions between Iran and the U.S. escalate over Tehran's nuclear program, many in Afghanistan say, Tehran could seek to use its own intelligence agents and their Afghan allies to target American and NATO forces inside Afghanistan.

"Iran is very active ... and could play in several ways that is detrimental to Afghanistan," says retired Gen. David Barno, who commanded U.S. forces in Afghanistan up until last year. Tehran still sees Afghanistan "as part of the broader conflict with the U.S."

Escalating Tab Despite Its $168 Billion Budget, The Army Faces A Cash Crunch (WSJ)

By Greg Jaffe

The Wall Street Journal, December 11, 2006

After Years of Gearing Up For High-Tech Warfare, Service Is Short on Basics Humvees Rise to $225,000

FORT STEWART, Ga. -- With just six weeks before they leave for Iraq, the 3,500 soldiers from the Third Infantry Division's First Brigade should be learning about Ramadi, the insurgent stronghold where they will spend a year.

Many of the troops don't even know the basic ethnic makeup of the largely Sunni city. "We haven't spent as much time as I would like on learning the local culture, language, and politics -- all the stuff that takes a while to really get good at," says Lt. Col. Clifford Wheeler, who commands one of the brigade's 800-soldier units.

Instead, the troops are learning to use equipment that commanders say they should ideally have been training with since the spring. Many soldiers only recently received their new M-4 rifles and rifle sights, which are in short supply because of an Army-wide cash crunch. Some still lack their machine guns or long-range surveillance systems, which are used to spot insurgents laying down roadside bombs. They've been told they'll pick up most of that when they get to Iraq.

The strains here at Fort Stewart -- one of the busiest posts in the U.S. military -- are apparent throughout the Army. They spotlight a historic predicament: The Iraq war has exposed more than a decade's worth of mistakes and miscalculations that are now seriously undermining the world's mightiest military force.

In the 15 years after the Cold War, senior military planners and civilian-defense officials didn't build a force geared to fighting long, grinding guerrilla wars, like Iraq and Afghanistan. Instead they banked on fighting quick wars, dominated by high-tech weapons systems.

The result: At a time when the war in Iraq is deepening, and debate over pulling out the troops is intensifying, the rising cost of waging the fight is outpacing even the Army's huge budget. The financial squeeze is leaving the Army short of equipment and key personnel.

The situation has the Army seeking billions more for next year, even as younger officers, frustrated with the pace of change, say that any improvements depend more on how the money is spent than on how much is spent.

From 1990 to 2005, the military lavished money on billion-dollar destroyers, fighter jets and missile-defense systems. Defenders of such programs say the U.S. faces a broad array of threats and must be prepared for all of them. High-tech weaponry contributed to the swift toppling of the regimes in Iraq and Afghanistan, but has been of little help in the more difficult task of stabilizing the two countries.

Of the $1.9 trillion the U.S. spent on weaponry in that period, adjusted for inflation, the Air Force received 36% and the Navy got 33%. The Army took in 16%, it says. Despite the wars in Iraq and Afghanistan, both dominated by ground forces, the ratio hasn't changed significantly.

Overly optimistic predictions by the Bush administration -- and the Army -- have made the Army's budget crunch worse. Both assumed troop numbers in Iraq would drop significantly by 2006 and the Army wouldn't need as much money as it initially requested. Instead, costs have soared, forcing front-line commanders and Pentagon generals to try to meet an ever-growing list of demands with insufficient resources.

"Our ground forces have been stretched nearly to the breaking point," warned the bipartisan Iraq Study Group in its recent report. "The defense budget as a whole is in danger of disarray."

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It may seem hard to believe that a country which allocated $168 billion to the Army this year -- more than twice the 2000 budget -- can't cover the costs of the wars in Iraq and Afghanistan. But the two pillars of the Army, personnel and equipment -- both built to wage high-tech, firepower-intensive wars -- are under enormous stress:

The cost of basic equipment that soldiers carry into battle -- helmets, rifles, body armor -- has more than tripled to $25,000 from $7,000 in 1999.

The cost of a Humvee, with all the added armor, guns, electronic jammers and satellite-navigational systems, has grown seven-fold to about $225,000 a vehicle from $32,000 in 2001.

The cost of paying and training troops has grown 60% to about $120,000 per soldier, up from $75,000 in 2001. On the reserve side, such costs have doubled since 2001, to about $34,000 per soldier.

At Fort Knox, Ky., the cash crunch got so bad this summer that the Army ran out of money to pay janitors who clean the classrooms where captains are taught to be commanders. So the officers, who will soon be leading 100-soldier units, clean the office toilets themselves.

"The cost of the Army is being driven up by [Iraq and Afghanistan]. That's the fundamental story here," says Brig. Gen. Andrew Twomey, a senior official on the Army staff in the Pentagon. The increased costs are "not from some wild weapons system that is off in the future. These are costs associated with current demands."

Senior Army officials concede they mistakenly assumed prior to the Iraq war that if they built a force capable of winning big conventional battles, everything else -- from counterinsurgency to peacekeeping -- would be relatively easy. "We argued in those days that if we could do the top-end skills, we could do all of the other ones," says Lt. Gen. Thomas Metz, the deputy commander of the Army's Training and Doctrine Command. Iraq has proven that guerrilla fights demand different equipment and skills. "I have had to eat a little crow," says Gen. Metz.

Army officials say they are doing their best to ensure that Iraq and Afghanistan-bound brigades have all the equipment they need when they arrive in the war zone. But to do this, they have had to take equipment from units training back home, which are now short of even the most basic gear, such as body armor and rifles.

The equipment shortages explain why Gen. John Abizaid, the top commander in the Middle East, recently told lawmakers that the U.S. couldn't maintain even a relatively small increase of 20,000 soldiers in Iraq for more than a few months. "The ability to sustain that commitment is simply not something that we have right now," he testified in November.

The other big strain on the Army is a shortage of people. The Army has made much of the fact that it met its recruiting goals for 2006, bringing in 80,000 soldiers. But meeting those goals has come at a heavy cost. The Army spent about $735 million on retention bonuses in 2006 to keep battle-weary troops in the service, up from about $85 million in 2003. And it had to pay about $300 million more on recruiting this year compared to the year before.

The extra cash didn't stop the Army from having to lower standards. Although the quality of the force is still considered good, 8,500 recruits in 2006 required "moral waivers" for criminal misconduct or past drug use -- more than triple the 2,260 waivers the Army issued 10 years ago. The Army also took in more troops who scored in the bottom third on its aptitude test.

As it has brought in more borderline recruits, the Army has found itself short of officers and sergeants. Today, it is down about 3,000 active-duty officers, a deficiency that it says will grow to about 3,700 in 2008. It is short more than 7,500 reserve and National Guard officers, according to internal Army documents.

One of the most pressing personnel problems is the lack of sergeants, the enlisted leaders who do most of the day-to-day supervising of the rank-and-file soldiers.

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At Fort Hood, Texas, the Third Armored Cavalry Regiment, which returned from Iraq in March, has about 75% of the soldiers it needs to fill its ranks, but only about half of its sergeants. The 5,000-soldier unit likely will go back to Iraq in the fall of next year, and leaders in the regiment say they will get more sergeants before they deploy, but not as many as they would like.

"The sergeant is the one that the soldiers take after," says First Sgt. James Adcock, who oversees about 130 of the unit's soldiers. "He can make or break how effective the privates are."

The large number of young soldiers in the unit combined with the shortage of sergeants has led to problems, say the regiment's leaders. Some also blame the Army's decision to scale back recruiting standards and push more troops through basic training. In May 2005, about 18% of Army's recruits were asked to leave before completing initial training. Today, only about 6% of recruits fail to make it through.

The troops who a year ago might have flunked out of basic training seem to stick with their units, according to Army statistics. But some sergeants say they also seem to cause more problems. Sgt. First Class Rajesh Harripersad, who oversees a 30-soldier platoon, says two of his soldiers were caught using marijuana and methamphetamines. Other leaders have seen an increase in accidents on and off the base. "Discipline has been worse for me this time," says Sgt. Harripersad.

Once units deploy to Iraq and Afghanistan, the Army-wide shortage of officers and sergeants is felt even more acutely. Teams focused on key jobs, such as reconstruction and Iraq governance, are "woefully undermanned," Col. Bill Hix, a senior Pentagon strategist, recently wrote in the Hoover Digest, a Stanford University policy journal. Multiple internal Army studies have concluded that the military advisory teams, charged with developing Iraqi Army forces so U.S. troops can go home, need to be doubled or tripled in size.

Often, the soldiers who serve on these undermanned teams finish their year-long deployments wondering what they have accomplished. "I would say we're an effective force for good, but we're struggling in a sea of meaningless slaughter -- along with everyone else with a job to do here," says Sgt. Mastin Greene, who serves on a reconstruction team in Baghdad.

Some of the Army's problems are a product of its failure to prepare for a guerrilla fight in which there are no front lines. Just prior to the Iraq war, the Army was buying body armor at such a slow rate that it would have taken 48 years to outfit the entire force. It invested huge sums in the years leading up to Iraq in Humvees with canvas doors that are useless for war today.

"The fact that we had certain grim realities that were inescapable for anyone who wore a uniform in a combat zone just wasn't something that was driving our weapons programming," says Maj. Gen. Stephen Speakes, who oversees equipping Army units. Army officials now say that they entered the war short of about $56 billion of essential equipment.

The Humvee stands as a metaphor for the problems the Army faces. First fielded in the early 1980s, it was designed to ferry soldiers around behind the front lines of a conventional war. In recent years, the vehicle, which troops drive on the streets of Iraq, has been modified countless times. The Army has bolted layers of armor onto it to protect troops from roadside bombs. It has added sophisticated electronic jammers, rotating turrets, bigger machine guns, satellite navigational systems and better radios.

The result is a Humvee that is much better than the version the Army took to Iraq in 2003. But the add-ons have driven up its cost. The modified vehicle is top heavy and tends to tip over at high speeds. Army officials say they can't add more weight without overwhelming the engine or breaking the axle.

"The Army recognizes that the Humvee has reached a limit of our ability to improve it for the current fight," Gen. Speakes says.

What the Army says it really needs is an all-new vehicle, designed to better withstand roadside bombs that have become part of life in Iraq. But such a vehicle likely won't be ready until 2010 or 2012, Army officials say. In the interim, the Army wants to buy something on the commercial market -- South Africa, Turkey and Australia all make alternatives. Yet it's not clear whether the Army, which is struggling to equip the current force, has the money.

The Army has told the Bush administration it needs about $24 billion more to pay its bills in 2007. Some key lawmakers, such as Democratic Sen. Jack Reed of Rhode Island and Republican Sen. John McCain of Arizona, have called for a bigger Army. But there are also pressures to restrain spending.

Covering Shortfalls

To cover cash shortfalls, Army posts around the country this summer laid off janitorial crews, closed swimming pools and didn't cut the grass.

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In the Pentagon, Army generals cut $3 billion in 2005 and 2006 from programs for weapons that are in heavy use in Iraq, such as armored patrol vehicles, trucks, radios and unmanned surveillance planes, according to Army documents. In June, for example, the Army set aside about $50 million to buy more long-range radios, which are used heavily in Iraq. One month later, Army officials, who were short about $1.5 billion to make end-of-year payroll, took the money back. Army brigades are supposed to have about 1,300 radios. Today, the average brigade makes do with about 1,100.

The shortages have been especially hard on the National Guard, which in some states has only about 40% of the authorized equipment for homeland defense missions, says Gen. Speakes.

Active-duty troops preparing to go off to war at bases such as Fort Stewart, Ga., feel the crunch as well. First Sgt. Bradley Feltman, who will leave in January for his second year-long tour in three years, says his troop was short of Humvees to train on and had only 25% of the mounts it needed for its machine guns. The lack of equipment hindered the unit's ability to train as an entire 130-man unit. Instead, they trained one 30-soldier platoon at a time.

"We got training, but not graduate-level training. In a couple of months, my guys are going to be busting down doors, and it will be the first time they see some of their equipment for real," he says.

At Fort Hood, the Third Armored Cavalry Regiment, which returned from Iraq in March and will go back in fall 2007, is already worried about time to prepare. The regiment will spend most of the winter receiving new soldiers, fielding new equipment and learning to use it. The regiment left most of its tanks and Humvees in Iraq for follow-on units.

That means troops won't have much time to train for other critical tasks. Junior leaders need to know everything from how to assess a water plant to the tribal politics of the area where they are deploying, says Lt. Col. Paul Yingling, the unit's deputy commander. They must know enough Arabic to interact with locals.

'Incredibly Frustrating'

"It is incredibly frustrating for combat veterans to return to Iraq for the third time with only minimal training on the skills we know are essential, like language, culture, intelligence and local security force development" Col. Yingling says. "Army units don't fail to train on these tasks because we're stupid or lazy; we fail because we don't have the time to do it right."

What kind of Army emerges from its searing experience in Iraq will depend, in part, on how long the U.S. stays there and the foreign-policy goals that civilian leaders set in its aftermath. President Bush has said that the best way to protect the nation is to spread democracy. The experience in Iraq demonstrates that such a strategy requires a bigger Army that is more skilled in tasks such as building indigenous forces, fostering local government and economic development. "Revolutionary approaches require a lot of resources," says Conrad Crane, the lead author of the Army's new counterinsurgency doctrine.

A less-ambitious foreign policy that seeks to promote stability and preserve the status quo could reduce the pressure to build a bigger Army with a broader array of skills.

The other big variable is how the Army -- particularly officers now in their 20s and 30s -- reacts to the traumatic experience in Iraq. "We as an Army tend to learn generationally," says Col. Michael Meese, who heads the department of social sciences at the U.S. Military Academy at West Point.

Today's four-star generals, who joined the service in the early 1970s, spent most of their careers rebuilding an Army that had been badly damaged by Vietnam. Officers who came of age in the 1980s and are now colonels and generals were shaped by the Cold War. Their focus was on how to defeat a Soviet-style army.

Today's younger officers, whose defining experiences have been in Iraq and Afghanistan, see the world differently. The gulf was clear last month in their reaction to the dismissal of Defense Secretary Donald Rumsfeld. Many senior officers quietly celebrated his departure. Like the retired generals who earlier this year called for Mr. Rumsfeld to be fired, they placed the blame for the Army's failures in Iraq largely on his shoulders.

Junior officers were more indifferent. They tended to view Mr. Rumsfeld as "part of a larger problem that hasn't been solved yet," says Kalev Sepp, a former Special Forces officer who worked extensively in Iraq. Among many of these officers, there is great frustration not just with the defense secretary but also with the generals who serve above them.

"Junior officers know that success in these wars is about a lot more than killing the enemy. It depends on providing security for the people, finding friends and fixing infrastructure," says Maj. John Prior, who served as a company commander in Baghdad. "A lot of senior officers just don't get it."

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While the Army's new draft counterinsurgency doctrine sounds these same themes, senior commanders in Iraq have been slow to embrace them. The doctrine says troops must live among the Iraqi people, on small bases run by junior leaders. But since 2004, commanders have consolidated U.S. troops on 55 large fortified bases, down from about 110 a year ago.

The new doctrine says that when battling an insurgency, reconstruction dollars are as important as ammunition. In recent months, though, more restrictions have been placed on how junior leaders can spend money in their sectors. "What's funny is that all politics and services are local, so the [junior] commanders need the greatest flexibility" said Brig. Gen. Ed Cardon, who returned from Iraq this year, in an interview compiled by the Army for its oral-history archives. "Why don't we just trust the commander who said he spent $100?"

Some question how quickly the Army will be able to shift its thinking. "All our organizations are designed around the least important line of operations in these fights -- combat operations," says Col. Yingling. "If you spend your whole career in tanks, you tend to see the solution to every problem as a tank."

Write to Greg Jaffe at greg.jaffe@wsj.com8

CORPORATE SCANDALS:

Former Aides To Congress Switch Sides For Upcoming Probes (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 11, 2006

Deee-fense, Deee-fense Deee-fense.

You can almost hear the chant rising from corporate offices all over town. As soon as Democrats take over Congress next month, all sorts of businesses will no doubt face sharp-elbowed congressional hearings called O & I -- oversight and investigations. And they'll need a strong defense.

Luckily for corporate America, many of the people who formerly conducted those nasty and frequently televised inquiries have switched sides and are available for hire to the highest bidders. For the right fee, a company can retain a former chief counsel to almost any of the most marauding committees on Capitol Hill.

Think of it as a cottage industry, and a very large cottage at that.

So many inquisitions are about to be begun by the Democrats newly in charge that dozens of law and PR firms are bulking up with former insiders to cash in on all the trouble those hearings will create. Companies that were harassed in the past by smart young government lawyers have lately been buying the services of those same young lawyers, now in the private sector, for protection from their successors.

"A lot of companies are reaching out to law firms and lobbying shops because they're nervous about what's ahead," said Mark R. Paoletta, chief counsel for oversight and investigations at the House Energy and Commerce Committee. The business of cushioning the blow from congressional inquiries is expected to grow enormously because "Democrats are going to be very, very active," he said.

Certainly he hopes so. Paoletta, 44, is reversing allegiances in January. He has been hired by the law firm Dickstein Shapiro to specialize in guiding clients through congressional investigations -- the same kinds of investigations he's directed for the past nine years. Andrew L. Snowdon, an oversight and investigations counsel for the same committee, is also headed to Dickstein Shapiro.

Why the big turnabout? "I have four kids," Paoletta said. His oldest, he said, attends a private high school that costs $26,000 a year. Of his current post, he said, "I don't think there's a better job in the world." But corporations on the griddle need representation too, and they pay better.

So much better, in fact, that just about every company on K Street is vying for a piece of the soon-to-thrive "crisis management" business. The law firm Holland & Knight is flogging its newly formed Congressional Investigations Response Team. Promotional literature highlights the many former insiders now eager to assist their former nemeses: "Our ranks include two former Members of Congress, a former Minority Chief Counsel to the Senate Government Affairs Committee, a former Rules

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Committee Counsel, a former Chief of Staff for the House Republican Conference, and a former Chief of Staff to the Attorney General, among others."

Two former aides to the House's Government Reform Committee are also forming a partnership partly in hopes of attracting clients who want to know how to defeat the kinds of investigations they once managed. Barbara J. Comstock and Mark Corallo are setting out on their new venture because, Comstock said, "it helps to know the history of the committee, its subpoena power."

The Carmen Group, a lobbying firm, is building a government investigations division and has allied itself with one of the top names in congressional oversight: Franklin Silbey. He led the Senate Judiciary Committee's oversight subcommittee and was chief of investigations for the Senate Labor Committee. "The group will start as four people and we expect it will get larger," said David M. Carmen, president of the firm.

Public relations companies are also getting into the act. Dittus Communications and Public Strategies are hunting for clients who think they are about to be pounced upon. There ought to be a lot of clients around. "It doesn't take a decoder ring to figure out what the broad focus of the investigations will be," said Jeff Eller, Public Strategies' president. Among the many corporations that should expect a congressional onslaught, he said, are oil and drug companies, contractors to the Pentagon and the Homeland Security Department, hedge funds and any firm that produces anything that contributes to global warming, including electric utilities and auto manufacturers.

Not surprisingly -- but probably with good reason -- Eller recommends that companies that even suspect they're in jeopardy should take precautions. "If you have exposure today and you're likely going to get scrutiny by one or more committees, the best thing a company can do is prepare for that now," he said.

Advice varies widely among consultants about how best to approach an impending congressional investigation. Some say it's wise to hand over as much information as possible. Others say that would be the worst decision of all. Everyone agrees that oversight hearings are a very peculiar beast that require legal smarts, legislative insight and a keen attention to public perception.

"I've seen over and over again clients making the mistake of failing to appreciate the unique nature of this process," said Steven R. Ross, a partner at Akin Gump Strauss Hauer Feld and a former general counsel for the House. "People try to treat it as a pure litigation battle or as a lobbying exercise. In fact, it is a blend of the two."

Humility is also a good idea. When testifying before Congress, said former representative Gerry Sikorski (D-Minn.), now with Holland & Knight, "you are not a big-time, hot-shot CEO of a multibillion-dollar corporation. You are an American citizen, under oath and with limited rights, providing information to the U.S. Congress under their roof, rules and procedures."

Some targets also take the proceedings too lightly, which is a serious error, experts agree. "I've become more and more conservative with these things over the years," said Stanley M. Brand, head of the Brand Law Group and a veteran of such encounters. "My advice is to batten down the hatches, assert your rights if you have them, and don't go in and disgorge documents. These investigations are stalking horses for the Justice Department."

Comstock disagrees somewhat, preferring wide disclosure over secrecy. "If you do have some bad news or bad information, get it out yourself, on your own terms and explain it," she said.

Eller thinks flexibility is a key. For example, he prefers that his clients under congressional scrutiny say that they are "working with" the committee; he advises against using the word "cooperate." The former allows the client to withhold some information when necessary and not run afoul of the truth.

Boring is also better when it comes to O & I. Indeed, in a proceeding that's so public, targets would rather go unnoticed. That was certainly the case when a lawmaker-turned-lobbyist physically restrained a chief executive from standing in front of a picture of a crumpled car when news photographers were nearby during a hearing about roadway accidents.

Sometimes a good defense is a vigorous offense.Lobbyists' Holiday Cheer

Again, it's that time of year. Please e-mail examples of pro bono lobbying that you've done or that you know about for a special holiday column. Send examples early and often, and no later than this week, please. Thanks and cheers!

CRIMINAL LAW:

Death Penalty Cases Bunch Up In Brooklyn (NEWSDAY)

By ANTHONY M. DESTEFANO, NEWSDAY STAFF WRITER

Newsday, December 11, 2006

This is the season for the death penalty in Brooklyn federal court.

There have been no capital punishment trials in the federal court on Cadman Plaza East since 2003. But now three such cases are under way, and a fourth is expected to commence late next year.

"It looks like death is rampant in Brooklyn," said Ephraim Savitt, who is defending one of the cases involving Ronell Wilson, 24, who is charged with murdering two police officers.

Monday, jurors will continue to hear testimony in Wilson's trial for the March 2003 murders of undercover detectives Rodney Andrews, 34, and James Nemorin, 36.

In another courtroom, the jury selection process is expected to finish in the case of accused drug racketeer and murderer Kenneth McGriff, 46, whose trial is slated for January.

Next week, another jury begins grappling with whether to execute Martin Aguilar, after convicting him last week of murder for hire. Aguilar, 33, was convicted of killing Jose Fernandez in 2002 and dumping his body in a storm drain at historic Green-Wood Cemetery in Brooklyn. If the jury decides not to execute Aguilar, he will get life in prison.

Also, pretrial hearings are scheduled for Monday in the case of Guyanese immigrants Richard James and Ronald Malley, who face the death penalty in a trial slated for next year . They are accused of killing people in an insurance scam.

Savitt said he believes the spate of capital cases in Brooklyn is a logical result of aggressive decisions by the Department of Justice in recent years to seek the death penalty.

"The overall picture is the maturation of death penalty cases that have increased in the current administration," said Savitt, of Manhattan.

Before he left office in late 2004, former U.S. Attorney General John Ashcroft overruled his prosecutors on at least 42 of 128 capital defendants and recommended seeking the death penalty, according to published reports.

After the U.S. Supreme Court declared the federal death penalty law unconstitutional in 1972, Congress made changes and in 1994 passed a newer capital punishment law. The statute allows executions for certain federal crimes such as murder for hire and the killing of a witness. (New York's state death penalty law was nullified by the Court of Appeals in 2004).

Only three federal death penalty defendants have been executed since the 1994, including Oklahoma City bomber Timothy McVeigh in 2001. The last death case in Brooklyn federal court occurred in December 2003 when Emile Dixon was convicted of murder and drug dealing. But three days before Christmas, the jury gave him life in prison.

The judge in that case was Judge Raymond Dearie, a former federal prosecutor who is presiding over the Aguilar case. Dearie's courtroom demeanor and statements have telegraphed an apparent dislike for capital punishment to some courtroom observers and attorneys.

Claire Hogenauer, an attorney and anti-death penalty advocate, said when Dearie charged the jury in the Dixon case, he stressed that the decision to execute somebody had to be an individual one for each juror.

"I will never forget the charge," said Hogenauer, who has attended vigils for five executions around the country.

The Aguilar case jurors will begin hearing death penalty evidence -- both for and against -- next Monday. They will break for Christmas week and resume after New Year's.

In Wilson's case, the trial has about two more weeks to go until the jury decides whether he is guilty of killing Nemorin and Andrews. If Wilson is convicted, the jury will then begin deciding whether he faces execution.

McGriff's actual trial is slated to get under way in early January. Convicted once before for drug offenses, McGriff is now being tried for killing two people in murder-for-hire schemes.

More cases are in the works. U.S. Attorney General Alberto Gonzales is now considering whether reputed Bonanno crime family captain Vincent Basciano should face the death penalty for a 1999 mob murder.

Lawmakers Want Probe Of Legal Billings At Amtrak (WSJ)

By Nathan Koppel

DOJ_NMG_0104192

Wall Street Journal, December 11, 2006

Two congressmen have asked the Justice Department to look into Amtrak's use of outside legal counsel.

In a Dec. 4 letter to Attorney General Alberto Gonzales, Rep. Don Young (R., Alaska) and Rep. John Mica (R., Fla.) complain that the federally subsidized railroad hasn't received fair and reasonable value for fees it has paid to law firms.

"We urge you to conduct an investigation...and take appropriate action," they wrote. Mr. Young is chairman of the House Committee on Transportation & Infrastructure; Mr. Mica recently was chosen to serve as the top-ranking Republican member of the committee when the 110th Congress convenes.

The letter follows two recent public reports that concluded some of Amtrak's outside law firms engaged in sloppy billing practices, in violation of the railroad's internal billing guidelines.

Amtrak spokesman Cliff Black said: "We don't believe the allegations related to Amtrak's use of outside counsel have merit or that they warrant review by the Justice Department, but we stand ready to cooperate and provide information as it is requested." Earlier this year, Amtrak indicated that it had worked to improve its oversight of legal fees.

An October report, issued jointly by Amtrak's Office of Inspector General and the Department of Transportation's inspector general, concluded that law firms had, among other things, engaged in "block billing" in which they lumped tasks under one entry of an invoice, rather than itemizing the cost of each task. Block billing is prohibited by Amtrak, according to the report. According to the October report, from 2002 to 2005, Amtrak spent more than $100 million on outside lawyers.

Separately, in a Nov. 17 letter to Amtrak's inspector general, Messrs. Young and Mica raised concern about Amtrak bills submitted by the law firm Manatt, Phelps & Phillips LLP.

A Manatt spokesman said: "The billing was entirely proper. The client understands that some time entries were subdivided to facilitate accuracy and review."

Amtrak's Mr. Black declined to comment on the Nov. 17 letter. A Justice Department spokeswoman declined to comment.

Airport's Contracts Still Under Federal Scrutiny (PHI)

By John Shiffman

The Philadelphia Inquirer, December 11, 2006

Retail at Philadelphia International Airport may have entered a gilded age, but federal agents continue to investigate suspected pay-to-play corruption there.

The current FBI and IRS investigation is related to minority business contracts held by airport shops, people familiar with the matter said.

Since 2004, there have been three rounds of indictments related to airport contracts - about concessions, advertising and maintenance.

The latest charges came last month when Mayor Street's brother, Milton, was indicted on fraud and corruption charges for an allegedly sham consulting contract for airport maintenance.

"The investigation at the airport continues," U.S. Attorney Patrick L. Meehan said during the news conference announcing the indictment. He did not elaborate.

During its wide-ranging City Hall corruption probe, the FBI placed wiretaps on the phones of power broker Ronald A. White and senior airport official James Tyrrell. White was charged with corruption, some of it related to airport concessions, but he died before trial. Tyrrell has not been charged with any wrongdoing.

The focus of the investigation is the federal program designed to help disadvantaged business owners - minorities, women and the disabled - get a fair share of airport contracts. Rich minorities with political connections have abused the program here and at other airports.

In some cases, the minorities have lent little more than their name, ethnic status and political sway - and have done little work. As examples, authorities cite the Milton Street situation and a soda contract won by White's mistress, Janice Knight. According to court testimony, Knight did little more than serve as the middle man for an airport vendor, simply faxing invoices back and forth.

Some Made Men Struggle To Make Ends Meet (NYT)

By William K. Rashbaum

The New York Times, December 10, 2006

Richard Martino, a slender 47-year-old, favors Prada shoes and until recently drove a sleek black Mercedes-Benz. He has owned multimillion-dollar homes in Harrison and Southampton, N.Y. He spent much of the last decade running a telecommunications and Internet business to which his expertise helped bring in hundreds of millions of dollars. By one accounting, he made tens of millions for himself.

John Setaro, 57, did not finish high school, and has worked recently managing a fast-food restaurant in Seaford on Long Island. He generally wears neat but casual clothes, and lives in a modest, vinyl-sided, colonial-style house in Franklin Square. During a difficult period several years ago, according to his lawyer, he was making $2,400 a month.

But the two men nonetheless share an extraordinary bond, according to federal authorities: Both swore an oath to the Gambino crime family in a secret induction ceremony.

The striking disparities underscore a simple truth not always understood outside the ranks of the city's five crime families: Some mobsters reap millions from rackets, and in some cases from legitimate enterprises, but many struggle to maintain a middle-class existence, and some are routinely broke. The impoverished gangster barely eking out a living is so commonplace that mobsters have a word for these poorer men of honor: brokesters.

The archetypal Hollywood image of a wiseguy with prodigious appetites, swaggering in a finely tailored suit with a diamond pinkie ring and a fat roll of 50s, conceals the more nuanced reality of mob economics, according to some prosecutors, federal agents, organized-crime experts and a few mobsters. Crime figures are not immune to ordinary financial burdens and woes, like struggling to make car payments and finding money for groceries.

No self-respecting mobster wants to be seen as a brokester — nor would he want his peers to think he struggles to keep up with his middle-class suburban neighbors. But the pressure is great as well to keep up appearances as a successful criminal. Mobsters have even been known to borrow money from loan sharks to throw it around on the street — and to pass it up as tribute to superiors — while at the same time scrimping in the privacy of their home.

"The hours are long, there is no benefits package, there is a high risk of prosecution, and very little job security," said Gerald L. Shargel, a lawyer who has represented a number of mobsters, rich and poor, including several members of the Gotti clan.

By most accounts, mobsters fall into two types, earners and shooters, a division in some measure between the rich and those who wish they were. An earner is a man who can scheme and develop strategies, quickly deciphering the complexities of industry and commerce and labor. He is also someone who can sit down and blend in effortlessly with legitimate businessmen — often big businessmen — and union leaders.

Mr. Martino is an earner, according to federal prosecutors in Brooklyn. His work in an Internet pornography and a phone-cramming scheme was a boon to the Gambinos, netting hundreds of millions by billing people for "free tours" on pornographic Web sites and adding small charges to hundreds of thousands of telephone bills nationwide.

In September, he started serving a nine-year prison term after pleading guilty to wire fraud conspiracy and extortion in the scheme.

Pete Savino, a Genovese family associate, is also said to be an earner. He had a window installation business and was the mastermind of a scheme in the late 1980s and early '90s to earn millions for four mob families by billing the New York City Housing Authority for a few extra dollars on every one of the millions of thermal-pane windows being installed in the authority's buildings.

A shooter is, well, a shooter. A leg-breaker. A killer. Someone who can readily and rapidly use violence as a business practice.

Mr. Setaro's role in the mob division of labor seems clear. He is firmly ensconced in the mob's middle class, according to court papers and interviews with law enforcement officials.

According to an F.B.I. source cited in a report from 2000, Mr. Setaro, in a conversation about how he hated working as a bookmaker, said that "if he is ever going to jail it is going to be for what he really is, 'a shylock and a tough guy,' " referring to his work as a loan shark and a debt collector.

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His prediction seems to have been accurate. He served 41 months for extortion.

James Tartaglione, a onetime Bonanno family captain who became a government witness in 2003 and has testified against fellow mobsters in several recent trials, explained the distinction to a jury in 2004.

"There's people that go out there, just have a knack for earning money," Mr. Tartaglione said at the trial of Bonanno boss Joseph Massino, an earner in his own right who was forced to give up more than $9 million in ill-gotten gains after he was convicted of murder and racketeering, and then agreed to cooperate with prosecutors. "They know how to put businesses together, and they are just good at what they do, as far as business. Then you got those tough guys that could go out and kill somebody and do whatever they have to do."

It is not easy to gauge the real net worth or earning capacity of an organized-crime figure. Most are constantly scheming to hide their assets and income — and not only from taxing authorities and federal prosecutors eager to seize them.

They often deceive their own crime families about schemes that are "off the books" and unknown to their superiors.

In New York's crime families, money generally flows up, from associates to soldiers to their captains to the administration and ultimately to the family's boss. But few procedures are set in stone.

The families do not have auditors. They rely on harsh punishment as a deterrent. In many mob murders, the victims were killed because they failed to pay tribute, or so the bosses thought, according to prosecutors and investigators.

Organized crime has many rules. Drug-dealing and prostitution are taboo; one cannot strike a fellow made man, or sleep with his wife or daughters; soldiers cannot borrow from a loan shark without approval; killing a boss is forbidden. But these rules are for people who revel in breaking rules.

Money flows into organized-crime families from almost as many sources as there are schemes in the heads of mobsters, from traditional staples like loan sharking, gambling, labor racketeering, cargo theft and bank robbery to skimming from industries that the mob once controlled and still influences in some cases: garbage hauling, construction, the piers, the garment district and the commercial linen business. Modern innovations include stock manipulation, Internet fraud, identity theft, health care schemes and everything from importing contaminated fish to counterfeiting designer blue jeans.

"There is no generally accepted percentage" that gets passed up, says Mark Feldman, who was in charge of the Organized Crime Section in the Brooklyn United States attorney's office for a decade. "It's a sliding scale driven by the particular greed and need and mentality of the particular individuals who control it."

In the early 1990s, when John Gotti was at the height of his power as the boss of the Gambino family, his 20 captains each handed up $3,000 for him at Christmastime, far less than the $10,000 demanded by his predecessor, Paul Castellano.

Joseph DeFede, who served as the acting boss of the Luchese family from 1994 until 1998, required that $1,000 from each soldier be passed into the family coffers each year. Much of that money went into a fund called the Well, to pay for lawyers' fees, to use for loan sharking and to finance other schemes, according to Mr. DeFede, a gravel-voiced 72-year-old who became a government witness in 2001.

He testified at a 2003 trial that he made about $1.14 million during the four years he served as acting boss and that the organization brought in $6 million, in a stretch of hard times for the crime family that prosecutors say continues.

Since Vincent Basciano, a former acting boss of the Bonanno family, was convicted of racketeering earlier this year, federal prosecutors have sought to seize $11.4 million from him, citing profits they say he has made over two decades, including $5.2 million from gambling operations, $6 million from joker poker and $200,000 passed up to him as tribute in 2004 alone.

Mr. Basciano, who took over the family after Mr. Massino's conviction in 2004, revealed his thinking about the division of lucre and labor in a conversation he had just before Christmas 2003. A captain at the time, he was speaking with Anthony Urso, then the family's acting boss, and Mr. Tartaglione, who was secretly cooperating with prosecutors and wearing a wire.

"Like I told Tony at Christmastime, I'm not taxing any of the guys that are doing the work," Mr. Basciano said, meaning the shooters. Let the earners put up the money, he said.

Mr. Tartaglione underscored the idea that it takes people with different skills to keep the family strong. "You need a lot of different things in the pot to make a good soup," he said.

Inveterate brokesters are a different matter. Few would argue they are a necessary ingredient in any recipe. This colorful cast of crime figures sometimes leaves prosecutors and investigators, not to mention defense lawyers, shaking their heads.

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Carmine Russo and Elio Albanese are two such men, according to interviews with law enforcement officials and defense lawyers. Identified by prosecutors as soldiers in the Genovese family, the two were part of a loose-knit but active bank robbery crew in the 1980s and 90s that pulled off several high-profile heists, according to federal authorities. Mr. Russo most recently pleaded guilty to plotting to rob the payroll of a New York Times printing plant in Queens and was sentenced to 57 months in federal prison.

Mr. Russo, known as Baby Carmine, lived with his mother at the foot of Mulberry Street until she died. He and Mr. Albanese, known as Chinatown, often seemed down on their luck, according to investigators who tracked them over the years. As a rule, they quickly burned through their money and often found themselves hustling and lounging along Mulberry Street.

They found ways to scrape by. In the weeks leading up to the Fourth of July, the two men could be seen from the windows in the rear of the criminal court building in Lower Manhattan, selling fireworks by the case to people in cars who pulled up on Mulberry below Canal Street.

Mr. Russo was released from federal prison in January. A person who knows him says he had been selling plastic bags at the Fulton Fish Market before it moved and was now hoping to open a small business in his Chinatown neighborhood.

His sentence included a $7,500 fine. He has been paying it off in monthly increments of $50 or $60.

Is A Serial Killer Stalking Students? (AP)

AP, December 11, 2006

Vanishing students. Dead bodies. Fears something sinister is lurking in the shadows.

A string of college student drownings across the Midwest has all the makings of great mystery. Or does it?

Rumors have persisted for years that a serial killer is prowling Interstate 94, hunting young men in college bars and plunging them underwater. Investigators, though, say there's no evidence of foul play. They say the victims were so drunk they fell in the river and died.

Not so fast, says criminologist Douglas Gilbertson.

An assistant criminology professor at St. Cloud State University, Gilbertson has spent most of the past year researching the drownings. He completed a study this spring he believes shows patterns that indicate some of the cases could be murders -- and could be linked.

"We definitely do have some cases that are just not accidents. When you fill in the patterns that are coming out, that's the next logical step," Gilbertson said.

St. Cloud police Chief Dennis Ballantine, whose department investigated the drowning death of a St. Cloud State student this spring and concluded it was an accident, called Gilbertson's study a collection of coincidences.

"It would make a great TV drama, but there's no evidence to support it," Ballantine said. "The only common denominator I'm aware of is young people, alcohol and water."

According to Gilbertson's study, more than 20 college-age men from Minnesota to Ohio have drowned after disappearing from a bar or party since 1997. One of the hot spots is La Crosse, Wis., which sits on the Mississippi River and is home to three colleges. Eight college-age men have turned up dead in area rivers after vanishing from bars in the last eight years. Police have ruled the deaths accidental.

The St. Cloud area has seen cases, too. In 2002, St. John's University student Josh Guimond disappeared after leaving a party in Collegeville. This past spring 21-year-old St. Cloud State student Scot Radel disappeared after leaving a downtown bar. His body was later found in the Mississippi River.

In 2004 La Crosse police called a town meeting to allay that city's fears, but ended up getting heckled by people who insisted a killer was on the loose. And talk of a possible killer is everywhere on the Internet.

The killer theory got a boost this fall when Minneapolis police abruptly changed course in University of Minnesota student Chris Jenkins' death. Jenkins vanished from a downtown bar on Halloween 2002 and turned up dead along the Mississippi.

Investigators originally ruled Jenkins' death an accident or suicide, but reclassified it a homicide in November.

The about-face caused other investigators to re-examine their conclusions, but so far no links to Jenkins have emerged. Police in La Crosse have asked the FBI to recheck their findings in the drownings, however.

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La Crosse police Lt. Bob Berndt said he's aware of Gilbertson's study, but his department stands behind its conclusions.

"As police officers we have to deal with the facts," he said.

The Mississippi River divides St. Cloud, a city of about 61,000 people on the wooded plains about an hour and 20 minutes northwest of Minneapolis. Just as in La Crosse, the downtown bar district sits less than three blocks from the river.

Radel's death spurred Gilbertson to dig deeper into the drownings. He and two graduate students scoured the Internet, newspaper stories and police reports. They found 22 victims who went to college within 50 miles of I-94 between Moorhead, Minn., and East Lansing, Mich.

The victims fit a profile: white or Asian men in their early 20s, generally around 5-foot-8 and 165 pounds and athletic, with good grades. No victims were women.

They also found nearly 94 percent of the drownings took place within 100 miles of I-94. Nearly 82 percent of the drownings occurred during the first two weeks of the month, and three-quarters of the disappearance occurred when the moon was less than half-full.

Gilbertson said he can't judge some cases because he doesn't have enough information. He also acknowledges some are accidental. But others could be murders.

If the drownings were all random, there should be greater racial and academic diversity among the victims and they should be scattered all over the map, Gilbertson said.

The moonlight factor could support accidents because drunks would have less light to stumble around in, Gilbertson said. But it also could support a killer operating when darkness is deepest.

Amanda Presenger, one of the students who worked on the study, said the findings support the idea of a killer who travels the Midwest, perhaps for business.

"He's traveling back and forth, maybe at certain times of the month or certain times of the year. Maybe he travels closer to the beginning of the month for his job," said Presenger, 26, of Thunder Bay, Ont.

But for every reason to think a killer is at work, there's a counterpoint.

In 2004, weeks after University of Wisconsin-La Crosse wrestler Jared Dion was found dead in the Mississippi, two professors wrote a letter to students arguing the drownings are accidents.

The leading cause of death for young men is accidents; males between the ages of 15-24 have a drowning rate 10 times higher than females, according to the National Safety Council; and 40 percent of males in college binge drink, wrote then-psychology chair Betsy Morgan and sociology chair Kim Vogt.

"It is often harder to accept explanations that hit close to home -- explanations that involve actions we ourselves have engaged in that put us at risk, "the two professors wrote.

St. Cloud State spokeswoman Marge Proell said the university stands behind Gilbertson's research.

"It's a real good thinking piece, a starting place for taking a look at a problem," she said.

Allan Radel, Scot Radel's father, said he hasn't seen Gilbertson's findings. He thinks his son escaped from someone who had him in a car and meant to rob him. Footprints show Scot tumbled down an embankment to the Mississippi as he was running, headed across the frozen river and fell into open water.

"We do not believe Scot was murdered," Radel, of Owatonna, Minn., said. "We believe our son would be alive today if he hadn't been overserved with alcohol and if he hadn't been alone."

Gilbertson isn't giving up. He's still working on patterns in the drownings, and over Christmas he plans to travel from New York to Minnesota to pinpoint the drownings' exact locations.

"Additional research is necessary," Gilbertson wrote in the study, "and I am hard on its trail."

The Foley Report (WSJ)

The Wall Street Journal, December 11, 2006

Charges of GOP malfeasance helped Democrats in last month's elections, especially those Mark Foley electronic messages to a former Congressional page that became an October sensation. So it's worth noting that the House Ethics Committee report on the episode that was released last Friday concluded with a whimper.

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The bipartisan investigation found no evidence of any attempt to cover up Mr. Foley's communications with pages, despite the partisan and media allegations. Instead, the report confirms what was already well known, which is that GOP Members and staff had warned Mr. Foley about being too friendly with pages but should have been more assertive in blocking the gay Congressman from fraternizing with teenage boys. It found no violation of any House rules and recommended no disciplinary action.

The Committee's conclusions have been criticized as weak in some circles, but this is mostly from the same crowd that had shouted "coverup" without any evidence. The 89-page report sorts with care through the various sworn testimony about who knew what and when, and seems fair and sensible in meting out judgments. It also found no evidence that staff or Members knew about the more sexually explicit "instant messages" to a former page until they triggered Mr. Foley's resignation.

This is worth recalling given the hysterical calls from the right and left at the time for Mr. Hastert's resignation. The Speaker's main failing was putting too much confidence in his senior staff, especially counsel Ted Van Der Meid and Chief of Staff Scott Palmer, who failed to confront Mr. Foley or bring the matter to their boss's attention with enough urgency.

Their motives, the report speculates, might have been narrowly political to protect a GOP Member or because "some may have been concerned that raising the issue too aggressively might have risked exposing Rep. Foley's homosexuality." Whatever their reasons, their failure created an opportunity for Democrats to leak the emails to the press and create the firestorm that dominated the news at a crucial point in the fall campaign.

CIVIL RIGHTS:

Troubled Prisons Push California To Seek A New Approach (NYT)

By Jennifer Steinhauer

The New York Times, December 11, 2006

LOS ANGELES, Dec. 10 — By nearly every measure, the California prison system is the most troubled in the nation. Overcrowding, inmate violence, recidivism, parole absconders and the prison medical system are among its many festering problems.

Now, with the November election behind them, Gov. Arnold Schwarzenegger and state lawmakers from both parties say the time is ripe for the first major overhaul of the system since the 1970s.

Mr. Schwarzenegger, a Republican who easily won re-election, recently took the extraordinary step of declaring a state of emergency in the prison system, a move generally reserved for areas hit by natural disasters.

James E. Tilton, appointed in September by Mr. Schwarzenegger as the secretary of the Department of Corrections and Rehabilitation, described the prison system as a “powder keg” at risk of exploding.

“If you look at the characteristics of other states that have riots, we have an environment that is rife with the same,” said Mr. Tilton, who had been the acting secretary since April.

The creation of new prisons seems likely, but the governor and lawmakers are also seriously contemplating broad changes to the parole system and the establishment of a sentencing guidelines commission — anathema to some just a year ago — like those used by other states to reduce overcrowding and its costs.

“The November election is over, and that is critical in terms of the politics of prison reform,” said the State Senate majority leader, Gloria Romero, Democrat of Los Angeles. “The governor is particularly looking at his legacy, and I do not believe he can have a positive one if he does not solve the prison crisis.”

Overcrowding is so severe that 16,000 inmates are assigned cots in hallways and gyms; last month, the state began asking for volunteers to be moved to prisons out of state.

The system’s medical program is in federal receivership and much of the rest of the system is under court monitoring. Cellblocks are teeming with violence. Seven of 10 inmates released from prison return, one of the highest rates in the country.

The state has the largest number of parole absconders, roughly 20 percent. Life for corrections officers has become so miserable, their union says, that there are nearly 4,000 vacancies. In May, just after Mr. Tilton started work, a corrections officer was held hostage for 10 hours by an inmate with a knife to her throat.

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Like so many things in California, the scope of the prison problem stems largely from its size. The system houses 173,000 inmates — second-place Texas has 152,500 — and has an $8 billion budget.

Its population explosion is in large part an outgrowth of a general increase in the state's population, its unusual sentencing structure and parole system, a legislature historically enamored with increasing penalties, and ballot measures like the three-strikes initiative.

Further, most rehabilitation programs have been eliminated from the system in recent years, which some criminal justice experts believe has increased the rate of recidivism. Some experts also argue that a legislature bound by term limits has created an expertise vacuum on the complex and emotional issue of prison sentencing.

Under laws passed in the 1970s, ironclad sentences for crimes are set by the legislature, with little discretion left to judges. Looked at simply, people sentenced to prison for three years get out in three years, whether they have behaved, gone to school or stared at the wall.

Once out, prisoners are assigned to parole and can be sent back to prison for automatic sentences for technical or criminal violations.

"All of these things lead to this incredible overcrowded prison system," said Barry Krisberg, president of the National Council on Crime and Delinquency.

Changes to the system have been akin to peace in the Middle East — everyone agrees on the outcome, but there has been great debate over its path.

The corrections officers union, among the state's most powerful, has been historically resistant to reducing the prison population. Conservative lawmakers and the governor have resisted any change that smacks of sentence reduction, and their liberal counterparts have been loath to be tarred as soft on crime.

But a consensus has been building over the last six months, with union officials, the governor, public policy experts and many members of the legislature agreeing that a sentencing commission is in order.

Sentencing commissions, made up of a diverse group of experts including former judges and crime victim advocates, essentially treat prison beds as scarce resources that need to be properly allocated.

Used in many states, the commissions, armed with empirical data, establish sentencing grids, with the offense on one axis and the offender's history on another, forming a narrow range of possible sentences.

These grids are presented to judges, who have discretion to go outside the range in light of extenuating circumstances. One of the system's greatest advantages, its proponents suggest, is that it depoliticizes sentencing by taking it out of the hands of elected officials.

Under a sentencing commission, a parole system can also be altered, placing, for instance, violent offenders under intense supervision after their release, and offering nonviolent offenders a chance at early parole.

"The way our current system works, all you have is sticks," said Joan Petersilia, director of the new Center for Evidence-Based Corrections at the University of California, Irvine, and one of the state's leading experts on prisons.

"But we want to give carrots, too," Professor Petersilia said. "If in fact you can show us stable housing and drug treatment program for six months, you are off parole. The benefit of that is self-selection. Inmates who are low risk and who are motivated will do it, and then we reduce caseload size and let officers target very violent offenders."

The best commissions, criminal justice experts agree, are those in which violent criminals spend more time behind bars than they did before the commission's creation, and nonviolent offenders are placed in treatment programs, county jails or other alternatives, paid for in part by the savings accrued from not having them in prison.

Mr. Tilton said that in addition to such a commission, the system would require more prison beds, so prisoners would not be housed in gyms and classrooms and those areas could be used once again for programs to prepare offenders for life outside prison.

These changes have the support of the California Correctional Peace Officers Association, which has regarded the governor warily.

"I am tired of my profession being categorized as a failure when our success is judged on the success of people who everyone else failed with," said Lance Corcoran, a spokesman for the association.

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Not everyone is convinced. "If sentencing commission is a code word for shortening terms, I am against it," said George Runner, the State Senate Republican caucus chairman. "It is an interesting discussion, but it cannot be had until we create more beds and have a parole re-entry program that works."

The California District Attorneys Association also regards sentencing commissions with suspicion and will not support a law that does not increase sentences for some offenders.

Those who think a sentencing commission is an antonym for law and order "should look carefully at the statistics in a state like North Carolina," said Tom Ross, the former chairman of that state's sentencing commission, widely regarded as one of the most successful in the nation.

"Violent and career offenders serve nearly twice as much time as they did before the commission," Mr. Ross said, while low-level offenders are sent elsewhere. "What it resulted in here was a substantial reduction in the incarceration rate."

The Road To Reliable Elections (NYT)

The New York Times, December 11, 2006

Two influential federal advisory groups have added their voices to an emerging national consensus that voting machines must produce a voter-verified paper record if they are to be trusted. One of those groups, the one dominated not by scientists but by election officials, was more grudging than it should have been. But their analyses should give further support to members of Congress who plan to push next month for a strong federal law requiring voter-verified paper records.

More than half of the states now have laws requiring electronic voting machines to produce paper records that voters can review to ensure that their votes were correctly recorded. Voters understand that without this paper, there is no way of knowing if the software registered their choices incorrectly, either by accident or by design.

The National Institute of Standards and Technology, an agency that promotes good standards in everything from medical devices to smoke detectors, recently concluded that paperless electronic voting is unacceptable. The agency's scientists said that for electronic voting to be trustworthy, it must be "software independent," meaning there has to be a means apart from the machines' own software to prove that the vote tallies are correct.

The obvious way to do this is a voter-verified paper record. The institute allowed that there could be other ways, like a video or audio record of votes cast, but those technologies remain unproven.

NIST's report went to the technical guidelines committee of the Election Assistance Commission, the federal agency created after the 2000 meltdown to help improve elections. The guidelines committee voted down a resolution recommending that electronic voting be used only if the results are independently verifiable. Instead, it affirmed the need for paper trails or other independent verification going forward, but recommended giving a pass to localities already using flawed machines.

It is unfortunate that the stronger resolution did not pass. There is no excuse for sticking with unreliable voting machines. The guidelines committee has too many election officials on it, a group who often put their own convenience — and their desire not to be embarrassed by paper vote totals that conflict with the machine totals — ahead of the voters' interest in unimpeachable election results. Still, its opposition to paperless electronic voting is significant.

The Election Assistance Commission, whose role is merely advisory, long ago missed the chance to take the lead on electronic voting reform. The states that adopted paper requirements have done that. And it now looks as if Congress may finally resolve the matter for the whole nation.

Senator Dianne Feinstein, Democrat of California, and Representative Rush Holt, Democrat of New Jersey, plan to introduce legislation to require voter-verified paper records. That legislation has a good chance of passing. If any members of Congress are uncertain why such a law is needed, the NIST report makes the case convincingly.

ANTITRUST:

Unusual Backlash Germinates Within Crop-Biotech Industry To Proposed Delta & Pine Union (WSJ)

By Scott Kilman

DOJ_NMG_0104200

Wall Street Journal, December 11, 2006

Monsanto Co.'s second attempt in seven years to bring southern seed giant Delta & Pine Land Co. to the altar could be running into trouble.

An unusual backlash against the proposed combination is taking root across the U.S. Farm Belt, driven in part by rivals in the crop-biotechnology industry, which Monsanto dominates.

The proposed $1.5 billion deal announced in August would give Monsanto more control over a major crop by a biotechnology company than ever before allowed, a prospect that upsets antibiotechnology activists. Delta & Pine Land's seeds produce half of America's cotton, the nation's fifth-biggest crop. Delta's market share is highest in southern states such as Georgia, where 92% of the cotton is grown from Delta seed.

Wall Street is treating the acquisition as a done deal. Delta & Pine Land stock has hovered just under the $42-a-share offer since Aug. 15, when it jumped 11% on news of the agreement. The shares were at $40.64, down 24 cents, Friday in 4 p.m. New York Stock Exchange composite trading. Monsanto shares fell 43 cents to $48.08 Friday on the Big Board. Monsanto is trading at more than 25 times estimated earnings for its next fiscal year, according to Thomson Financial, compared with about 16 for the stocks in the Standard & Poor's 500-stock index.

Analysts have applauded the proposed combination because it would allow Monsanto to speed penetration of the cottonseed market with new genetically modified traits while ending several years of costly litigation between the two firms over their first breakup. Some biotech-industry leaders are prodding the attorneys general of several states to look into the combination as an antitrust review by the Justice Department extends into its fourth month. "The proposed Monsanto acquisition of Delta & Pine Land is clearly anticompetitive," said Doyle Karr, a spokesman for DuPont Co., the Wilmington, Del., chemicals giant. "We have serious concerns about the impact that it would have on farmers, the agriculture industry and ultimately consumers."

Syngenta AG, the Swiss biotech company, is telling cotton farmers that Monsanto's pending acquisition isn't in their best interest. Lobbyist and former U.S. Sen. Tim Hutchinson of Arkansas is squiring DuPont executives around Congress to press their case against the deal. "There are enough indications of concern that should cause [the Justice Department] to take a careful look," said Rep. Bob Inglis, a South Carolina Republican. Representatives for the North Carolina and Iowa attorneys general said their offices were looking into the deal. Iowa is the home of DuPont's Pioneer Hi-Bred International seed unit. While crop-biotechnology companies have a history of battling in courtrooms, they have tried to present a united front in the face questions over biotechnology safety.

"We are disappointed that competitors are using extreme tactics to try to gin up opposition to a deal that would benefit U.S. cotton growers and the cotton industry," said Carl M. Casale, executive vice president of Monsanto, which is fielding questions about the merger from officials in such noncotton states as Maine and Wisconsin. "The regulators should be allowed to do their job and review this transaction without the background noise," he said.

Delta & Pine Land Chief Executive and President Tom Jagodinski didn't return phone calls seeking comment.

For Delta shareholders, the industry scrape is the latest chapter in what has been an ill-starred romance between the Scott, Miss., company and Monsanto, based in St. Louis. Monsanto offered to buy Delta in 1998 for stock then valued at $1.8 billion. Monsanto backed out in December 1999 after antitrust regulators in the Clinton administration's Justice Department had reviewed the case for 19 months without making a decision. To get executives of Delta & Pine Land to shelve a lawsuit seeking $2 billion in damages over the breakup and consider a new offer, Monsanto promised to hand over $600 million if the new deal doesn't pass antitrust review by August 2007, a deadline that can be extended.

The opposition of DuPont and other firms reflects Delta's role in their plans to challenge Monsanto's decade-long dominance of crop biotechnology. Monsanto owns brands that sell about 25% of the seed used to grow the two biggest U.S. crops -- corn and soybeans -- and has licensed independent seed companies to use its genes.

Today, the majority of genetically modified crops -- including corn, soybeans and cotton -- contain Monsanto genes, which equip plants to make their own insecticide and to tolerate exposure to weedkillers. Such traits make plants so much easier to tend that farmers are willing to pay far more for genetically modified seed than conventional seed. DuPont and others are developing new genes with the aim of replacing Monsanto technology over the next decade. To win, they need to get their inventions into as many bags of seed as possible. DuPont and Syngenta, which own their own brands of corn and soybean seed,

don't control any cottonseed. Delta, the last publicly traded pure seed company in the U.S., had been making moves to break its dependence on Monsanto genes.

In July -- a month before the proposed acquisition was announced -- Delta struck a deal to use genes, under development at DuPont's Pioneer seeds unit, designed to give plants the same sort of immunity to weedkillers as Monsanto genes. Likewise, Syngenta had licensed Delta to use genes it is developing that instruct a plant how to make its own bugkiller. To make the deal more palatable to regulators, Monsanto is promising to divest its Stoneville cottonseed business, which controls 12% of the market. Monsanto executives said they would be interested in being able to offer Syngenta and DuPont genes in Delta & Pine Land cottonseed. They stopped short of promising to use competitors' genes.

The Foley Report (WSJ)

The Wall Street Journal, December 11, 2006

'I thought the law to date was that the Department of Justice is not given by the Sherman Act the authority to remake the entire American economy. But if we accept your view, I guess it is."

--Supreme Court Justice Stephen Breyer

That was Justice Breyer seemingly at wits' end earlier this month during oral arguments in Bell Atlantic v. Twombly, a class-action suit in which plaintiffs allege that the Baby Bell phone companies conspired to suppress competition in violation of antitrust laws. Justice Breyer was addressing J. Douglas Richards of Milberg Weiss, the law firm that has been indicted for fraud and is well known for stretching class action law. Twombly was brought on behalf of all telephone users in the continental U.S.

The plaintiffs claim that BellSouth, Verizon, and the other Bells agreed among themselves to refrain from competing against each other and to prevent smaller telecom rivals from entering their respective markets. Mr. Richards had just finished explaining to the Court why "proving the facts alleged is not a plaintiff's burden." He said it was contrary to the Bells' self-interest to stay out of each other's territory and therefore a conspiracy can be inferred.

The Justices seemed unpersuaded that actual facts supporting these claims weren't necessary. They also questioned the plaintiffs' underlying assertion that it was in the Bells' self-interest to invade each other's turf, which by the way had been divvied up not by the Bells but by Justice Department lawyers in the wake of Ma Bell's dismantling.

Justices Antonin Scalia and Ruth Bader Ginsburg told Mr. Richards that the Bells didn't have to conspire to figure out that expanding into a competitor's territory might not pay off. "It seems to me perfectly natural [behavior] for companies that have a certain geographic area in which they are the principal," said Justice Scalia. "[A]lthough technically they can enter somebody else's geographic area, they know that if they do they will be subjected to the same thing."

The High Court's skepticism is warranted and we can hope will be reflected in its decision. The telecom landscape has changed dramatically in recent decades, both since the breakup of Ma Bell and the Telecommunications Act of 1996, which never anticipated the Internet's ability to change incentives and topple business models. Congress gave the Bells access to the long-distance market in return for opening up their local networks to competitors. The expectation was that the regional Bells would march right into each other's territory looking for customers. Things didn't turn out that way.

The traditional telephone market continues to shrink. There's no money in residential service, and the profit from business customers is relatively small. The action is in broadband, and the Bells' real competition comes from wireless providers, cable companies and Internet telephony. The Bells understandably have focused on where their competitive advantage allows them to roll out new services in these new markets, not on moving into the territory of fellow incumbent carriers, where they have no infrastructure in place.

Markets can behave in unison -- think of airline tickets or gas prices -- without necessarily engaging in anticompetitive behavior. And that's as it should be. If the threshold for bringing antitrust conspiracy suits is lowered to the point where, well, you need no direct evidence of an actual conspiracy, then the sky's the limit for the plaintiffs bar. And as Justice Breyer's comment makes clear, a lot more than the cost of phone service would be at stake.

ENVIRONMENT:

DOJ_NMG_0104202

Democrats' Energy Policy To Stress Cutting Demand (WSJ)

By John J. Fialka

Wall Street Journal, December 11, 2006

WASHINGTON -- In one of its final acts, the Republican Congress modestly increased the nation's domestic oil and natural-gas supplies, permitting more drilling for oil and natural-gas in the Gulf of Mexico. When Democrats take control next month, they will attempt to change the direction of energy policy, focusing more on shrinking demand, especially for gasoline and other products that rely heavily on imported oil.

The House will consider a variety of incentives for vehicles that burn 85% ethanol, or so-called biodiesel, where vegetable oils are substituted for petroleum. President Bush is an enthusiastic backer of ethanol, and boosting federal support could be an area where the White House and the new Congress find common ground.

Senate Democrats will consider more direct approaches to curbing fossil-fuel demand, including raising efficiency standards for auto makers, forcing them to make cars that get more miles per gallon of gasoline.

Because Democrats are more influenced by environmental groups, which strongly oppose offshore oil and gas exploration, they appear less willing to consider the supply-side solutions that have been popular in the Republican Congress. Their most recent big energy bill, last year, was heavy on incentives for coal, as well as for ethanol and nuclear power.

Leaders of the coalition that pushed the last energy bill through Congress -- the offshore-drilling measure passed early Saturday morning -- had hoped to open a much larger area before Republicans gave up control. But they declared victory nonetheless. "When it comes to passing important legislation around here," said Rep. John E. Peterson (R., Pa.), "you learn to shoot for the stars in the hope that you might land on the moon. I don't know that we even approached the stratosphere with this bill, but I do believe it represents an important first step."

Sponsors of the offshore-drilling package, originally called the "Gulf of Mexico Energy Security Act," say it will lead to production of 1.26 billion barrels of oil and as much as 5.8 trillion cubic feet of natural gas -- enough to heat and cool six million homes for 15 years -- which lie under the 8.3 million acres in deepwater areas of the Gulf opened for exploration.

The measure is less ambitious than an earlier version passed by the House, which could have opened 356 million acres, but was rejected by the Senate. It would have opened up areas along the Atlantic and Pacific coasts as well as in the Gulf and would have allowed states to waive federal moratoria that prevent offshore drilling.

The new bill doesn't add much beyond what likely would have happened without congressional action. Much of this land already was scheduled for opening by the Interior Department over the next five years. But with the changeover in Capitol Hill, Republicans and energy-industry allies figured it was the best they would be able to get for some time.

Agriculture groups and the chemical industry want more exploration in what are believed to be gas-rich areas along the outer continental shelf. Farm groups want cheaper natural gas because it's a prime ingredient of fertilizer. The chemical industry, which uses natural gas as a feedstock for many chemicals and plastics, argues that many U.S. plants may move overseas, where gas is cheaper, prompting a loss of high-skilled jobs unless gas prices fall in the U.S.

Sponsors of the bill that ultimately passed said it was adequate and timely, coming as the price of natural gas has started moving up, coming out of a mid-year slump. "Just last week," said Sen. Pete Domenici, (R., N.M.), "the price of natural gas was $7.79 per million Btu (British Thermal Units). That is nearly double the price it was two months ago."

U.S. Finds Electric Power Grid Can Fuel Fleets Of Plug-In Cars (WSJ)

By John J. Fialka

Wall Street Journal, December 11, 2006

WASHINGTON -- The nation's existing electric power grid could fuel as many as 180 million electric cars, a Department of Energy study estimates.

The study, being released today by the department's Pacific Northwest National Laboratory, is the federal government's first look at the grid's capacity to handle the demands of so-called plug-in hybrids, which can be operated as an all-electric car for most daily commutes. Until now, there have been few detailed studies of the effect of plug-ins, which are championed by environmental groups and the utility industry.

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Currently there are only a few hundred plug-ins on the road, most hand-made prototypes or unsanctioned modifications of existing hybrids, which use small gasoline engines that charge their electric motors, but can't plug in to recharge.

General Motors Corp. recently announced it will build a plug-in Saturn, and other makers are thought to be planning similar ventures. The report estimates that the current cost of electricity needed to power a car is roughly one-third the equivalent amount of gasoline.

"It is intriguing to think of the trade and national-security benefits if our vehicles switched from oil to electrons," said Robert Pratt, one of the authors of the study and an energy researcher at the laboratory. "Plus, since the utilities would be selling more electricity without having to build more plants or power lines, electricity prices could go down for everyone."

The report estimates that plug-ins, made in volume, would cost between $6,000 and $10,000 more than existing vehicles -- largely due to the cost of carrying larger battery packs. The study estimates that because electricity is cheaper than gasoline, car buyers would recover the additional cost over five to eight years, depending on the price of gasoline.

The study estimates that if 84% of the nation's 220 million vehicles relied primarily on electricity, emissions of carbon dioxide thought to be accelerating climate change would be cut by as much as 5%. Vehicle-produced smog would drop in major cities.

But sulfur dioxide, which causes acid rain, would rise in rural areas where coal-burning power plants are located. The U.S. gets about half of its electricity from burning coal.

Stronger Rules On Produce Likely After Outbreaks Of E.Coli (NYT)

By Andrew Martin

The New York Times, December 11, 2006

With processed fresh produce like bagged salads and baby carrots growing in popularity in the past decade, the Food and Drug Administration realized as long ago as 2000 that recommendations for safe handling of the products were needed.

The agency went so far as to draft guidelines and kept the issue high on its priority list, but pressed by budget cuts and competing F.D.A. demands, the proposal languished.

Now, with the recent outbreaks of E.coli related to processed vegetables, the F.D.A.'s oversight of produce is likely to be treated with new urgency.

"I think it's fairly clear that something needs to change," said Dr. David Acheson, the chief medical officer for the F.D.A.'s Center for Food Safety and Applied Nutrition. Regulations for produce could be part of the changes, he said.

The problems are so acute that the produce industry, long wary of regulation but stung more recently by a decline in sales, is now asking for more government oversight. And some Democratic members of Congress who have long agitated for food safety reforms say they will seek oversight hearings, additional money and new legislation on food safety when they assume control in January.

"The food safety process is collapsing," said Representative Rosa DeLauro, Democrat of Connecticut, who has repeatedly called for merging the food safety functions of the F.D.A. and the Department of Agriculture into one agency.

Part of the problem, critics say, is that the F.D.A.'s food safety budget has been repeatedly slashed even as the agency's responsibilities are multiplying. Besides a growing number outbreaks of E.coli and other nasty pathogens, the F.D.A. is also dealing with new food technologies, nutrition-related labeling issues and more than twice as much imported produce as a decade ago.

No one believes that a beefed-up F.D.A. would eliminate all cases of E.coli, salmonella or other food-borne illnesses. Farmers cannot prevent wild animals from polluting their fields, for instance.

But some observers believe that stronger F.D.A. oversight of produce could reduce the number of outbreaks.

Currently the F.D.A. relies on voluntary food safety guidelines, like the "Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables" from 1998.

Additional guidelines are needed to address the growing processed produce industry, the F.D.A. says, because the risk of contamination is increased as food is handled, particularly if the food is cut or broken, "breaking the natural exterior barrier of the produce."

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In the most recent cases of E.coli, the source has been traced to bagged spinach and to cut green onions.

But passing voluntary guidelines, like the one for processed produce, has become more difficult because of insufficient staffing, research and the deregulatory environment under the Bush administration, according to former F.D.A. employees.

Overall, the F.D.A.'s food safety budget has been declining for decades, with money being shifted into the agency's oversight of drug and medical devices, said William K. Hubbard, a former F.D.A. associate commissioner. He said the portion of the budget devoted to food safety has fallen to about 25 percent from 50 percent in the early 1970s.

Operating funds for the F.D.A.'s Center for Food Safety and Applied Nutrition, the division at the heart of its food safety operations, have decreased to an estimated $25 million next year from $48 million in 2003, and the number of full-time positions has fallen to 817 from 950, according to F.D.A. records.

Food inspectors are a separate part of the F.D.A. budget that was not immediately available; however, the number of inspectors has declined to 1,962 from about 2,200 in 2003, F.D.A. documents show.

"Food safety is a shared goal by the food industry and government regulators, " said Tony Fratto, a White House spokesman. "Outbreaks as we've seen recently are not in the interest of the food industry, consumers, or regulators, so no one should be under the misimpression that food saftey is taken lightly. Our goal has been to ensure that F.D.A. has flexibility and the appropriate level of resources to accomplish its mission. Despite these recent cases, F.D.A. and the food industry have been effective," he said.

Tommy G. Thompson, who as President Bush's secretary of health and human services oversaw the F.D.A., is helping to lead a bi-partisan group called Coalition for a Stronger F.D.A. pushing Congress to increase the agency's budget.

"You can't do it on the cheap," said Mr. Thompson, who left the agency in 2005. "You are going to have to put more dollars in the F.D.A."

Mr. Hubbard, who retired last year, said the agency was currently so stretched that they can do little more than react to outbreaks, rather than try to prevent them. The agency needs more money for research, more staff to develop guidelines and regulations and more inspectors, Mr. Hubbard said.

"F.D.A. is in a position that all they can do is send in inspectors after the cow has left the barn," Mr. Hubbard said. "They don't have the ability to set standards and enforce standards."

But the workload keeps growing. For instance, according to the Center for Science in the Public Interest, a nutrition advocacy group, the number of food-borne illnesses linked to produce doubled from 1998 to 2004.

The amount of imported horticulture products, meanwhile, has increased by 145 percent in the last decade, to $27 billion in 2005 from $11 billion in 1995, according to government statistics.

The Agriculture Department is responsible for regulating meat, poultry and some egg products. The F.D.A. oversees seafood, produce and everything else, estimated to be 80 percent of the food supply. Still the U.S.D.A.'s food safety budget is more than twice as large as the F.D.A.'s, and the U.S.D.A. has about 7,700 food inspectors — nearly four times as many as the F.D.A.

A U.S.D.A. report from 2004 said voluntary guidelines had been unsuccessful in the past.

Problems persist because incentives for growers to adopt better food-safety techniques are weak, according to a U.S.D.A. report that examined an outbreak of Hepatitis A from green onions in 2003.

Outbreaks Reveal Food Safety Net's Holes (WP)

By Annys Shin

The Washington Post, December 11, 2006

First it was spinach. Then tomatoes. Now possibly green onions.

Over the past three months, fresh produce has been the culprit in one episode of food-borne illness after another, the latest an E. coli outbreak that appears to be linked to green onions served at Taco Bell restaurants in the Northeast. More than 60 people have been sickened in that outbreak.

The patchwork of federal and state regulations that is supposed to ensure food safety has become less effective as the nation's produce supply has grown increasingly industrial. Three months after the spinach scare, there is no agreement on what

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should be done to reduce health risks from the nation's fruits and vegetables even as each episode of illness has heightened a sense of urgency.

The number of produce-related outbreaks of food-borne illness has increased from about 40 in 1999 to 86 in 2004, according to the Center for Science in the Public Interest. Americans are now more likely to get sick from eating contaminated produce than from any other food item, the center said.

"It's fairly clear something needs to change," David W.K. Acheson, a top federal food safety official, said Friday. "Having illness and repeated outbreaks, especially the ones we've seen in the last couple of months, is clearly unacceptable to everyone."

Consumer advocates think that tougher mandatory food safety standards and stepped-up enforcement are the answer. The country's largest food distributors and restaurants are pursuing self-regulation, arguing that government rules can take years to put in place. Produce growers and packers have suggested a voluntary system with elements of mandatory oversight. But even the industry proposals are months away from taking effect.

Several factors have contributed to the rise in outbreaks: greater consumption of fresh produce, especially cut fruits and vegetables; wider distribution; improved electronic reporting of outbreaks; and an aging population more susceptible to food-borne illness. Produce presents a special food safety challenge because, unlike meat, which can be rid of bacteria through proper cooking, it is meant to be consumed raw. There is no "kill step," as food safety experts put it.

E. coli O157:H7 has been a particular problem. Unlike the usually benign E. coli bacteria that live in warm-blooded animals and humans, the strain produces toxins that destroy the intestinal lining, leading to bloody diarrhea, kidney failure and, sometimes, death. It was first blamed for a food-borne-illness outbreak in the early 1980s, leading some microbiologists to suggest that it arose in industrial livestock, which are force-fed grain and pumped with antibiotics.

The strain that caused September's spinach outbreak, which killed three and sickened about 200, has been found in cattle feces near a California spinach field and in wild pigs that roamed through it.

The source of the Taco Bell outbreak has not been found, but the company suspects green onions -- also from California. Fresh tomatoes served in restaurants this fall, believed to have made nearly 200 people sick, carried another bacterium, salmonella.

Taco Bell President Greg Creed said Saturday that the produce supply system needs better guidelines and procedures.

Although meat and dairy products are regulated by the Department of Agriculture, the safety of fruits and vegetables is the responsibility of the Food and Drug Administration and the states. But they have jurisdiction only over processing plants. Food safety at the farm level is largely self-regulated.

That has left government regulators in the position over the past eight years of nagging the produce industry to improve food safety by publishing voluntary guidelines and sending letters of admonishment.

The FDA's critics say the agency doesn't have the manpower to do more. From 2003 to 2006, the budget for the agency's Center for Food Safety and Applied Nutrition has fallen 37 percent, according to agency data. That has meant fewer inspectors and less frequent inspections. In 2005, the FDA conducted 4,573 inspections of domestic food-processing operations. For 2006, the agency said, it hopes to conduct 3,400. There are more than 12,000 such plants in the nation.

"The reality of FDA's situation is they don't have the basic inspectors to inspect the food supply they're in charge of," said Caroline Smith DeWaal, food safety director for the Center for Science in the Public Interest. "They just don't have the people . . . to manage this problem at the farm level."

In mid-November, the CSPI petitioned the FDA, as well as the state of California, to set mandatory safety standards for fruits and vegetables. Consumer advocates also want Congress to give the agency more resources and enforcement powers. They point to two recent food recalls as examples of how rarely the FDA inspects some processing plants.

The FDA last inspected House of Thaller's processing plant in July 2002 and found deficiencies with the food safety plans, sanitation monitoring and pathogen testing, according to records obtained by the consumer group Food & Water Watch. On May 19 this year, the Knoxville, Tenn., company recalled 160,000 pounds of deli salads and dips because of potential contamination.

The agency inspected the facilities of Albert Lea, Minn.-based Mrs. Gerry's Kitchen three times in five years, most recently in August 2005. During those visits, inspectors identified problems with the company's food safety plans. In May, two days before the House of Thaller recall, Mrs. Gerry's recalled 54,000 pounds of salads because of potential contamination.

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The FDA's Acheson said the agency's food safety work hasn't suffered as a result of funding constraints.

"As resources shift around in terms of overall total resources and within different centers, what the agency does is to shift to resources to address the maximum public health risk. The spinach investigation was, no question, a high priority," he said. "We can always do more with more, but do I think a lack of resources will impact efforts to prevent future outbreaks? No."

Buyers such as Safeway and Albertsons have chosen not to rely on government regulators and instead hired their own auditors to do inspections. But both food safety officials and auditors say there is little consistency because the government guidelines aren't specific enough.

"We don't have enough science to base those [guidelines] on to be comprehensive," said Kevin Reilly, a California food safety official who is participating in the investigation of the E. coli outbreak traced to bagged spinach. "What's necessary is an agreed-upon set of agricultural practices. Instead of 'Be aware of water quality,' we need to say, 'Test it with this frequency and in this fashion.' "

The privately funded system of audits and inspections, however, remains the produce industry's main tool for preventing future outbreaks.

In October, executives of eight supermarket chains and distributors, including Safeway, Sysco, Wegmans and Kroger, sent a letter to growers and packers, demanding that they develop a food safety program for lettuce and other leafy greens by Dec. 15. The program has been drafted but is still being reviewed by regulators.

Not content to let the growers write their own standards, the Food Marketing Institute, which represents large retailers and wholesalers, and the National Restaurant Association are developing separate guidelines to update those used by private auditors.

The growers, led by two trade groups, Western Growers and the United Fresh Produce Association, have responded with standards that government regulators would enforce through a marketing order -- an agreement farmers pay to participate in designed to stabilize market conditions for certain commodities. Such orders are enforced by the Department of Agriculture's Agricultural Marketing Service, not the FDA, and food safety is not typically their main purpose.

The California Department of Food and Agriculture is considering the growers' proposal and could put an order in place as early as late January, spokesman Steve Lyle said.

The federal Agricultural Marketing Service hasn't responded yet, a Western Growers spokesman said.

Officials at the FDA who are reviewing the proposal have so far welcomed the market-order approach as part of the solution. "If you look at what might be able to happen before next growing season . . . a rule is not a practical proposition," Acheson said.

There's one area of agreement: the consequences of inaction.

"Unless something changes," Reilly said, "we will have another outbreak."

CDC Reports E. Coli Cases Linked To Taco Bell Holding At 61 (USAT)

By Elizabeth Weise

USA Today, December 11, 2006

The E. coli outbreak tied to Taco Bell restaurants in four states may be finally slowing down.

The Centers for Disease Control and Prevention reports that the number of people infected with the dangerous O157:H7 strain is now 61 and holding. The onset of the last reported case was Dec. 2.

Thus far, all the cases have been linked to Taco Bells in New Jersey, New York, Pennsylvania and Delaware, the CDC said in a release.

Will Bortz, a spokesman for Irvine, Calif.-based Taco Bell, said Sunday that tests on all menu items have ruled out every ingredient except scallions as a possible source of the outbreak.

The company last week removed the green onions from the menus of its 5,800 restaurants in the USA and Canada after they were implicated in preliminary tests.

"If you walk into a Taco Bell today, it's completely safe for you to eat. Everything that's on our menu has tested negative. Green onions are off the menu," Bortz said.

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The Food and Drug Administration has not released results of tests conducted on samples taken from the distributor that supplied Taco Bell's green onions. Backup tests have not yet confirmed the source of the contamination.

This fall has seen a string of produce-borne outbreaks, the largest being E. coli in bagged spinach that sickened more than 200 people.

If there's one good thing to come out of the outbreaks, it's that everyone — from producers to the public — is finally focusing on the farm, which is where food safety has to start, said Douglas Powell, professor of food safety at Kansas State University.

Until now, consumer advocates have called for more federal oversight while most produce commodity and grocery groups have told consumers that "food-borne illness is their fault," that is, if they would only properly cook and clean, there wouldn't be a problem, Powell said.

Mike Doyle, a professor of food safety at the University of Georgia in Athens, notes that food producers often argue that raw produce, without the bacteria-killing step of cooking, can't be rendered entirely safe "and still have an acceptable product from a taste and sensory perspective."

"But I just don't think that's the answer," Doyle said. Safety can be achieved "if commitment is made."

Taco Bell has seen this particular light.

"As we move forward, what we would really like is to work with government regulators and the rest of the industry to figure out how to change how things are dealt with at the farm and supplier level," Bortz said. "We need to see if we can stop this from ever happening again."

The meat industry's food-borne illness wake-up call came in 1993 when hundreds were sickened in an E. coli outbreak tied to Jack in the Box hamburgers.

The industry instituted HACCP, which stands for Hazard Analysis and Critical Control Point. A system designed to identify and control hazards, HACCP was originally used by NASA to ensure food safety on space flights.

Within a decade, E. coli O157:H7 rates began to plummet, Doyle said.

Experts considered the produce industry's wake-up call to be the 1996 outbreak of E. coli O157:H7 in unpasteurized Odwalla apple juice, which sickened dozens of people.

"Hopefully enough has happened now that (the produce industry will) get it together one of these days," Powell said.

Has Politics Contaminated The Food Supply? (NYT)

By Eric Schlosser

The New York Times, December 11, 2006

THIS fall has brought plenty of bad news about food poisoning. More than 200 people in 26 states were sickened and three people were killed by spinach contaminated with E. coli O157:H7. At least 183 people in 21 states got salmonella from tainted tomatoes served at restaurants. And more than 160 people in New York, New Jersey and other states were sickened with E. coli after eating at Taco Bell restaurants.

People are always going to get food poisoning. The idea that every meal can be risk-free, germ-free and sterile is the sort of fantasy Howard Hughes might have entertained. But our food can be much safer than it is right now.

According to the Centers for Disease Control and Prevention, 76 million Americans are sickened, 325,000 are hospitalized, and 5,000 die each year because of something they ate.

Part of the problem is that the government's food-safety system is underfinanced, poorly organized and more concerned with serving private interests than with protecting public health. It is time for the new Democratic Congress to reverse a decades-long weakening of regulations and face up to the food-safety threats of the 21st century.

One hundred years ago, companies were free to follow their own rules. Food companies sold children's candy colored with dangerous heavy metals. And meatpackers routinely processed "4D animals" — livestock that were dead, dying, diseased or disabled.

The publication of Upton Sinclair's novel "The Jungle" in 1906 — with its descriptions of rat-infested slaughterhouses and rancid meat — created public outrage over food safety. Even though the book was written by a socialist agitator, a Republican president, Theodore Roosevelt, eagerly read it.

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After confirming Sinclair's claims, Roosevelt battled the drug companies, the big food processors and the meatpacking companies to protect American consumers from irresponsible corporate behavior. He argued that bad business practices were ultimately bad for business. After a fight in Congress, Roosevelt largely got his way with passage of the Meat Inspection Act and the Pure Food and Drug Act of 1906.

The decades that followed were hardly an idyll of pure food and flawless regulation. But the nation's diverse agricultural and food-processing system limited the size of outbreaks. Thousands of small slaughterhouses processed meat, and countless independent restaurants prepared food from fresh, local ingredients. If a butcher shop sold tainted meat or a restaurant served contaminated meals, a relatively small number of people were likely to become ill.

Over the past 40 years, the industrialization and centralization of our food system has greatly magnified the potential for big outbreaks. Today only 13 slaughterhouses process the majority of the beef consumed by 300 million Americans.

And the fast-food industry's demand for uniform products has encouraged centralization in every agricultural sector. Fruits and vegetables are now being grown, packaged and shipped like industrial commodities. As a result, a little contamination can go a long way. The Taco Bell distribution center in New Jersey now being investigated as a possible source of E. coli supplies more than 1,100 restaurants in the Northeast.

While threats to the food supply have been growing, food-safety regulations have been weakened. Since 2000, the fast-food and meatpacking industries have given about four-fifths of their political donations to Republican candidates for national office. In return, these industries have effectively been given control of the agencies created to regulate them.

The current chief of staff at the Agriculture Department used to be the beef industry's chief lobbyist. The person who headed the Food and Drug Administration until recently used to be an executive at the National Food Processors Association.

Cutbacks in staff and budgets have reduced the number of food-safety inspections conducted by the F.D.A. to about 3,400 a year — from 35,000 in the 1970s. The number of inspectors at the Agriculture Department has declined to 7,500 from 9,000.

A study published in Consumer Reports last week showed the impact of such policies: 83 percent of the broiler chickens purchased at supermarkets nationwide were found to be contaminated with dangerous bacteria.

Aside from undue corporate influence and inadequate financing, America's food-safety system is hampered by overlapping bureaucracies. A dozen federal agencies now have some food safety oversight. The Agriculture Department is responsible for meat, poultry and some egg products, while the F.D.A. is responsible for just about everything else.

And odd, conflicting rules determine which agency has authority. The F.D.A. is responsible for the safety of eggs still in their shells; the Agriculture Department is responsible once the shells are broken. If a packaged ham sandwich has two pieces of bread, the F.D.A. is in charge of inspecting it — one piece of bread, and Agriculture is in charge. A sandwich-making factory regulated by the Agriculture Department will be inspected every day, while one inspected by the F.D.A. is likely to be inspected every five years.

Neither agency has the power to recall contaminated food (with the exception of tainted infant formula) or to fine companies for food-safety lapses. And when the cause of an outbreak is unknown, it's unclear which agency should lead the investigation.

Last year, Representative Rosa DeLauro of Connecticut and Senator Richard Durbin of Illinois, both Democrats, introduced an important piece of food-safety legislation that tackles these problems. Their Safe Food Act would create a single food-safety agency with the authority to test widely for dangerous pathogens, demand recalls and penalize companies that knowingly sell contaminated food.

It would eliminate petty bureaucratic rivalries and make a single administrator accountable for the safety of America's food. And it would facilitate a swift, effective response not only to the sort of inadvertent outbreaks that have occurred this fall, but also to any deliberate bioterrorism aimed at our food supply.

The Safe Food Act deserves strong bipartisan backing. Aside from industry lobbyists and their Congressional allies, there is little public support for the right to sell contaminated food. Whether you're a Republican or a Democrat, you still have to eat.

Great Lakes Compact At The Center Of Great Debate (USAT)

By Dennis Cauchon

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USA Today, December 11, 2006

The Milwaukee suburb of New Berlin gets half its water from the Great Lakes and half from underground wells that are tainted with radium, a radioactive element.

The city of 38,500 has a simple solution to its water problem: draw more water from Lake Michigan, 10 miles away. That probably won't happen.

New Berlin may look like a typical Midwestern suburb, but it's really a border town — on the edge of the Great Lakes watershed — and the west side of town is on the wrong side of the water slope.

A new multistate agreement working its way through state legislatures builds a legal wall around the largest source of fresh water in the world. The deal would ensure that no Great Lakes water is ever shipped outside the region — not in pipes to Arizona, not in ships to Asia, not even to Madison, Wis., or Columbus, Ohio.

The Great Lakes Water Resources Compact was signed last December by the governors of the eight states that border the lakes — Minnesota, Wisconsin, Illinois, Indiana, Ohio, Michigan, Pennsylvania and New York — and the premiers of the Canadian provinces of Quebec and Ontario. The agreement requires approval of state legislatures before it is sent to Congress for final approval. Ohio's Legislature is expected this week to become the first to approve the pact. New York's may approve it later this month.

"This is not a water grab," says Sam Speck, director of the Ohio Department of Natural Resources. "It's a commitment to protect a resource in the face of climate change and other challenges."

The Great Lakes contain nine-tenths of the nation's fresh water and supply drinking water to 30 million people in Chicago, Toronto, Buffalo and elsewhere. The lakes are an economic engine and the cultural centerpiece for much of the upper Midwest. But the fragile ecology of the lakes has suffered from pollution, invasive species of fish and the diversion of water to support Chicago and other cities.

The new agreement would control who can use the water and how much.

The eight states started work on the compact in 1999 when a Canadian company proposed shipping water in tankers from Lake Ontario to Asia. Other proposals had been floated over the years about piping Great Lakes water to Arizona, western Canada or elsewhere.

"We realized there was nothing legally to prohibit that kind of project or something similar," says David Naftzger, executive director of the non-partisan Council of Great Lakes Governors, which supports environmentally responsible economic growth.

The states and provinces reached a voluntary water deal in 2001, then spent four years trying to agree on language that could be put into law.

The compromise agreement lets "border communities" such as New Berlin apply to use Great Lakes water if they meet tough standards.

Sunny Slope Road is the dividing line in New Berlin. One side of the road has access to all the Great Lakes water it needs. The other side can't get a drop without approval from the state and probably every other state, too. Michigan and environmental groups already have objected.

"It's such a political thing, I doubt it can happen," New Berlin utilities supervisor Rick Jackson says.

His city is under a federal order to reduce the radium in its west side water. The city will probably spend $4 million on a treatment plant to reduce the radium — a naturally occurring substance found in the area's deep well— instead of getting more water from Milwaukee, which supplies the east side of town.

The water agreement was possible because environmentalists, business groups and political leaders agreed on one thing: Nobody outside the region should get Great Lakes water.

"If we want sunshine, we'll move to Arizona," says George Kuper, president of the Council of Great Lakes Industries. "If they want water, let them move to Michigan."

Water rights advocate Terry Anderson, director of the Property and Environment Research Center in Bozeman, Mont., says it's a mistake to lock up Great Lakes water inside the watershed.

He says water rights should be allocated and traded in the marketplace, even if that means shipping water to Asia at the right price. "It's no different than shipping out cars or iron ore," he says.

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Great Lakes water is a powerful economic development tool for industry and tourism in a region that is suffering economically from the decline in the auto industry and other manufacturing businesses.

"Fresh water is our ace in the hole," says Tim Eder, executive director of the Great Lakes Commission, a multistate agency that organizes policy among the states. "If it got to be a humanitarian crisis, I personally might look at letting some water leave the region. But short of that, the water stays here."

Business groups, environmentalists and regulators have practical reasons for locking up the water. Levels in Lake Superior, Lake Michigan and Lake Huron are near historic lows.

The Great Lakes' depths have fluctuated by 4 to 6 feet for the past 4,500 years and the three largest lakes are near the bottom of that range, says Roger Gauthier, a hydrologist at the Great Lakes Commission. Lake Superior entered a drought in 1998 and is at its lowest level in 80 years.

This hurts fishing, hydropower electricity generation, tourism and shipping. Freighters can't carry as much cargo in shallow water. Some islands no longer are surrounded by water.

The big concern: Is the low water level caused by global warming? Warmer winters spur evaporation because the lakes are covered less often with protective ice and snow. "I haven't heard anyone say yet that it's climate change, but we're near record lows, so it makes you wonder," Gauthier says.

Not everyone is thrilled by the water agreement.

"The idea of the compact makes a lot of sense, but it got screwed up a little at the end," says Linda Woggon, a lawyer for the Ohio of Chamber of Commerce. "The last draft had a tiny word change that will make it nearly impossible for any major new development to occur."

The last-minute change says new water withdrawals can't cause a significant change to the quantity or quality of Great Lakes water or any of the rivers or streams feeding into it, Woggon says.

She says the result would mean automatic rejection of a steel plant that wanted to open in the Great Lakes watershed, employ 500 people and use 1 million gallons of water a day.

The business community wanted a balancing test that weighed the value of the new factory or housing development against the environmental impact on the lakes.

Despite these misgivings, the Ohio Chamber of Commerce and other business groups support the deal. They are asking state legislatures to add separate language when approving the compact that interprets the agreement in a less restrictive way. The Ohio bill under consideration has these changes.

Some environmentalists are unhappy, too. Michigan Citizens for Water Conservation opposes the agreement because it puts no limit on the amount of bottled water for consumers that can be withdrawn from the lakes and streams.

"If you fill a truck with water, you have to follow the rules. But if you put the water into bottles less than 5.2 gallons, you can take as much as you want. That makes no sense," says Terry Swier, president of the group, which has sued Nestlé's Ice Mountain water-bottling operation in Stanwood, Mich., for taking water from Sanctuary Springs in the watershed.

But most environmental groups signed on to the compact.

"This sets up a decision-making process and standards," says Cheryl Mendoza, manager of water conservation at the Alliance for the Great Lakes, "so we can take care of water in a responsible way."

FBI/DEA/ATF/USMS:

Guilty Plea Entered (MARTBULL)

By Charles Boothe, Bulletin Staff Writer

Martinsville Bulletin, December 11, 2006

By ex-deputy in sheriff case

A former Henry County Sheriff's Office deputy has pleaded guilty to two charges in the sheriff's office scandal after reaching a plea agreement with the government. Five charges were dismissed under the agreement.

Bradley Scott Martin, 33, entered guilty pleas on one count of racketeering conspiracy and one count of drug conspiracy in district court in Roanoke on Friday, according to Heidi Coy with the U.S. Attorney's Office.

"It is a written plea agreement that he signed with the government," Coy said, adding that Martin remains free on a $25,000 bond.

A release issued Friday by the U.S. Attorney's Office stated that Martin pleaded guilty to using his position as a county deputy to distribute steroids and ketamine (a Schedule III sedative, also used as a "date-rape" drug), and using his law enforcement connections to avoid detection of his illegal activities by tipping off his co-conspirators.

The penalty for the racketeering conspiracy count is a maximum of 20 years and a $250,000 fine, Coy said. The drug conspiracy count carries a maximum sentence of 20 years and a $1 million fine.

A sentencing date has not been set, she said.

Martin was one of 12 current or former officers, as well as former sheriff H. Frank Cassell and seven others, who were charged in a 48-county, 50-page indictment that was unsealed on Nov. 2. Charges in the indictment include racketeering conspiracy, obstruction of justice, money laundering, perjury and drug and firearm offenses.

Martin was indicted on seven counts related to charges of racketeering conspiracy, drug conspiracy, obstruction of justice and making a false statement to a federal agent.

According to the plea agreement, five of those counts will be dismissed and Martin will be required to offer "substantial assistance" in the case, court records state. That includes "complete and truthful information to attorneys and law enforcement officers of the government," records state.

The indictments were the result of a nearly two-year investigation by federal authorities into an alleged eight-year scheme involving some sheriff's office personnel.

According to the indictment, in 2001, a Drug Enforcement Administration (DEA) agent from Texas placed a telephone call to the Henry County Sheriff's Office to advise officers that a drug ledger had been seized which indicated shipments of drugs were being delivered to "Brad Martin's" house in Martinsville.

The DEA did not realize that "Brad Martin" was a deputy with the sheriff's office, the indictment said. It added that Martin took the call and allegedly shared the information with co-defendants James Alden Vaught and David Allen King. Both Vaught and King were deputies at that time.

Also, Martin and co-defendant William Randall Reed, who also has pleaded guilty in a plea agreement, allegedly received steroids and prescription pills through the U.S. mail from a man in Mexico, the indictment said. Both Martin and Reed also were accused in the indictment of using and selling ketamine and steroids for approximately eight years.

According to Coy, during the plea agreement hearing on Friday, Bondurant said there were eight covert recordings of Martin during the investigation.

Bondurant also told the court, Coy said, that Martin was interviewed by federal agents on May 30 and at first claimed he had no knowledge of the activities. Later, however, he began to admit to more of the alleged illegal acts, including the steroid and ketamine transactions, she said.

Reed entered a guilty plea to one count of racketeering conspiracy at a hearing on Nov. 27. At that hearing, he told the court he was pleading guilty because "I was part of a drug thing ... In possession of some steroids and ketamine. That's what I'm guilty of."

At that hearing, Bondurant told the court that Reed was the "middle man" in at least seven alleged ketamine transactions conducted at rental property owned by Vaught.

Reed was the first one arrested in the case and led federal investigators to Vaught who, according to earlier reports, allegedly also provided investigators with more information that implicated other co-defendants, including Martin.

So far, only Reed and Martin have reached plea agreements. Vaught, who initially pleaded not guilty, is scheduled for a change of plea hearing on Dec. 28 in Roanoke, Coy said.

The other defendants all have entered not guilty pleas. That includes Cassell, who was indicted on two counts of obstruction of justice, one count of money laundering, one count of making a false statement to a federal agency and one count of misprision of a felony, or failure to report a felony.

All defendants remain free on $25,000 bond.

Former Deputy Pleads Guilty (RT)

Roanoke (VA) Times, December 9, 2006

A former Henry County sheriff's deputy pleaded guilty Friday in U.S. District Court in Roanoke to two charges -- one for selling drugs and another for conspiring to commit racketeering.

Bradley Scott Martin, 33, accepted a plea agreement in which four charges of obstruction of justice and one charge of making false statements to a federal agent were dropped.

Martin, wearing jeans, tennis shoes and a button-up shirt, told Judge James Turk that he was pleading guilty because he was involved in selling Ketamine and steroids and was involved in other criminal activity.

Martin and 11 other current and former deputies and former Henry County Sheriff Frank Cassell are named in a 48-count federal indictment.

It accuses the deputies of using and dealing drugs; stealing narcotics and guns from evidence and redistributing them in the community; and lying to federal investigators.

Cassell is accused of protecting deputies he allegedly knew were involved in illegal activity.

The indictment says Martin routinely received steroids and prescription pills through the U.S. Postal Service. Martin used the steroids and sold them to people, including other deputies, the indictment said.

The indictment also said Martin distributed cocaine and marijuana.

The obstruction of justice charges, which were dropped, stem from allegations that Martin helped foil an investigation to arrest a citizen whom Martin allegedly bought and sold drugs with. The indictment also alleges that Martin agreed with other people named in the indictment to lie to investigators.

Assistant U.S. Attorney Tom Bondurant said that as part of the plea agreement, Martin may have to testify against the other deputies and Cassell.

If Martin cooperates, his sentence may be reduced, Bondurant said.

Martin faces a maximum of 40 years in prison and a $1.25 million fine.

He will be sentenced after his co-defendants' cases are over, Bondurant said.

Former Henry County Deputy Pleads Guilty (WDBJ)

WDBJ-TV,, December 8, 2006

Another defendant involved in the Henry County Sheriff's Department scandal has pled guilty.

Former Deputy Bradley Scott Martin pled guilty today to racketeering and a drug conspiracy charge. As part of a plea agreement, the U.S. Attorney agreed to drop five other charges.

Martin faces up to 40 years in prison. No sentencing date has been set.

A federal grand jury in October indicted Sheriff Frank Cassell and a dozen of his current and former deputies on racketeering charges.

Charges Tainted By Police Scandal Dropped In Va. County (AP)

AP, December 8, 2006

COLLINSVILLE, Va. - The federal indictment of Henry County's former sheriff and a dozen past and present members of his department has led prosecutors to drop charges against 28 people because of the taint of the alleged corruption.

The charges dropped include 16 felony drug counts and 25 misdemeanor and traffic infractions.

"These charges could not be effectively prosecuted without the testimony of one or more individuals currently under federal indictment," Commonwealth's Attorney Bob Bushnell said Thursday. "Given the circumstances, I have determined that the appropriate action is to drop these charges."

He said he does not expect any more charges to be dropped.

H. Franklin Cassell, the former sheriff, pleaded not guilty Nov. 27 to charges that he was part of scheme to sell drugs seized from criminals.

An indictment returned in October accused Cassell, 68, of looking the other way as officers sold drugs seized in criminal investigations and also stole guns and other evidence. He is charged with impeding federal agents' investigation and money laundering.

Charges against the other defendants include racketeering conspiracy, narcotics distribution, weapons counts, obstruction of justice and perjury.

One deputy, Bradley Scott Martin, 33, pleaded guilty Friday to charges of racketeering conspiracy and drug conspiracy, U.S. Attorney John Brownlee said in a statement. Martin faces a maximum punishment of 40 years in prison and a $1.25 million fine.

One of seven civilians charged in the case, William Randall Reed, pleaded guilty last month to racketeering conspiracy. A hearing is scheduled Dec. 28 to receive a guilty plea from a former sergeant, James Alden Vaught, a Brownlee spokeswoman said.

Cassell, the top law enforcement officer the economically distressed county along the North Carolina border since 1992, has retired since the indictment was returned.

Three In Drug Gang Sentenced (AC)

Annapolis Capital, December 9, 2006

Three men who admitted being part of a Severn drug gang known as the "Pioneer City Boys" were sentenced to federal prison yesterday.

Federal prosecutors said Tony Maurice Horne Jr. and Troemaine Herbert Storey, both of Glen Burnie, and Jerome Otto Waters Jr. of Annapolis were part of a gang that used violence and intimidation to keep competitors out and silence people who might go to the police.

The words "stop snitching" were spray-painted on the street in several Severn neighborhoods, a prosecutor said.

During separate hearings in Baltimore, U.S. District Court Judge Andre M. Davis sentenced Waters, 29, to eight years, Storey, 29, to seven years and Horne, 25, to 77 months, almost 5½ years.

An associate, Calvin I. Savoy of Severn, was convicted in October of drug charges and of shooting a county police officer during a melee in Odenton in 2004. The officer, William Hicks, wasn't seriously hurt.

Because he had past drug convictions, Savoy faces a mandatory life sentence with no chance at parole.

The shooting of the officer touched off an investigation by county police and the U.S. Drug Enforcement Administration that culminated with the September 2005 indictment of seven men.

All except Savoy have pleaded guilty; several are awaiting sentencing.

Two run from police; one still at large

A 32-year-old woman who was charged with stabbing a man last week tried to run from police custody Thursday afternoon.

Officers determined that two people - Conzuella Jones, 32, and Todd Raynard Neal, 42, - were responsible for the Dec. 2 stabbing of Kirby Millburne Fletcher. Ms. Jones was arrested on Pleasant Street shortly before 1 p.m. Thursday, police said. While waiting for her initial court appearance, she ran from the District Court Commissioner's Office on Taylor Avenue and was apprehended a short time later.

She was charged with the stabbing and escape, police said. Officers are still looking for Mr. Neal, whose last known address was the 1700 block of Belle Drive. He is considered armed and dangerous.

Officers found Mr. Fletcher with several stab wounds on his neck, back and hand at 92 Clay St. He was flown to the Shock Trauma Center at the University Hospital in serious, possibly life-threatening injuries, police said. He was later upgraded to serious, but stable condition.

Area Doctor Charged With Drug Distribution (TOLB)

By Mark Reiter, BLADE STAFF WRITER

Toledo Blade (OH), December 11, 2006

He allegedly wrote illegal prescriptions

DOJ_NMG_0104214

A Michigan physician was arraigned yesterday in federal court on charges that he used a Toledo medical office to illegally prescribe more than $10 million in painkillers to patients.

A 26-count indictment, filed Wednesday in U.S. District Court in Toledo and unsealed yesterday, charges Dr. Leo M. Ognen, 54, with drug conspiracy and drug distribution. Dr. Ognen, who is a former staff member of St. Anne Mercy Hospital in Toledo, was arrested yesterday at his home in Warren, Mich., and arraigned later before U.S. Magistrate Vernelis Armstrong.

He was ordered held in the Lucas County jail after Magistrate Armstrong granted a request from assistant U.S. Attorney Seth Uram to continue a detention hearing until Wednesday.

At the end of the 15-minute hearing, Dr. Ognen tearfully embraced his wife of nearly 30 years. She was in the courtroom with the couple's 20-year-old daughter.

If convicted, the physician faces a maximum sentence of 20 years in prison and a $1 million fine.

The charges stem from a U.S. Drug Enforcement Administration investigation into the alleged illegal dispensing of over two million doses of OxyContin and oxycodone and 1.1 million Percocet tablets at his medical practice in Toledo from January, 2002, to October, 2004.

He is accused of filling prescriptions for the painkillers for new and existing patients at his office without performing examinations on them, and the indictment says that $40 to $50 would exchange hands in return for the illegal prescriptions.

The indictment said that patients' Medicaid card information was taken and the government was billed for the illegal prescription of painkillers; and patients were recruited to persuade family, friends, and neighbors to become new patients.

The indictment didn't reveal the location of the alleged offenses.

Dr. Ognen recently maintained an office at 5715 Dorr St., and court records show he practiced in a medical building at 980 South Byrne Rd. in 2002.

A native of Macedonia, Dr. Ognen received degrees from the University of Belgrade in 1979 and Wayne State University, and practiced at Grace Hospital in Detroit.

He is licensed as a doctor in Ohio and Michigan.

Sarah Bednarski, a spokesman for Mercy Health Partners, said Dr. Ognen resigned from the medical staff at St. Anne in October, 2005.

He previously was on the staff of the former Riverside Mercy Hospital until it closed in 2002.

Steroid Seizure Among Largest (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, December 9, 2006

Authorities found about 40,000 units of substance in locker

It seemed like a routine seizure when federal customs agents intercepted a package of steroids at John F. Kennedy Airport in New York. From JFK, the investigation led authorities to Anne Arundel County to what they now call one of the largest stashes of man-made muscle enhancers found in the region.

Federal authorities and Anne Arundel County police searched the locker of the Bally's personal trainer last summer and wrote in court papers that they found about 40,000 vials and tablets of suspected anabolic steroids stuffed inside a locked chest.

"It's unprecedented, as far as we're concerned," said Floyd Pond, deputy director of the Washington-Baltimore High Intensity Drug Trafficking Area task force program. Ed Marcinko, a spokesman for the Drug Enforcement Administration in Baltimore, said he agreed with Pond's assessment.

James Dinkins, the special agent in charge of the U.S. Immigrations and Customs Enforcement's Baltimore office, said he could not answer detailed questions about the investigation his office led because the case is pending in U.S. District Court.

But sources familiar with the ICE investigation said that Schlanger might have been responsible for trafficking in as many as 250,000 so-called units of steroids over the past five years.

Schlanger, 47, of Catonsville, could face up to five years in prison and $250,000 in fines if convicted of federal drug conspiracy charges after authorities said they arrested one of his employees picking up a drug-filled package at a UPS store in July. A trial date has not been scheduled, attorneys in the case said.

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Andrew Alperstein, Schlanger's defense lawyer, said Friday that he and his client had no comment on the charges.

A message left for the manager at Bally Total Fitness in Glen Burnie about Schlanger's employment was not returned yesterday. Alperstein said that his client has been released from federal custody to await his trial.

Court papers filed in federal and state courts, and sources familiar with the case, accuse Schlanger of working as a wholesale drug dealer who cast a wide net for customers, importing the muscle-building drugs through the mail from China and then reselling the steroids in the Baltimore region and nationally through the Internet.

Authorities said in court papers that Schlanger's activities came to light when customs agents intercepted a package filled 3,038 units - usually either a vial or tablet - of steroids at John F. Kennedy Airport in New York City on July 5. The parcel was addressed to "Country Crafts," a federal agent wrote.

While agents investigated, two more packages arrived, one from China and one from Great Britain, court papers show. Authorities reported they contained 960 vials of Igtropin, an insulin-like growth steroid and testosterone enanthate.

Federal authorities brought in Anne Arundel County police to set up a "controlled delivery" of the drugs July 13 to the UPS store in Severna Park. When a man, Pierre R. Gumucio, retrieved the packages, he and his girlfriend, Rachael Ann Martin were arrested, officials said.

Inside their car were bags of clear glass vials of suspected steroids, orange pills and a book marked "ANABOLIC," according to court papers.

At Anne Arundel County's Eastern District, agents wrote that Gumucio confessed.

"Mr. Gumucio stated that he had been an 'on again off again'" recreational drug user for years," ICE Special Agent Jon Marsicano Jr. wrote in an affidavit.

He told investigators that he worked for Schlanger, receiving two to three packages a week for him from China over the past couple of years and wiring overseas payments for the drugs on Schlanger's behalf.

"According to Mr. Gumucio, Mr. Schlanger stated that U.S. Customs flagged him for prior importation of steroids and it was very difficult for him to receive packages without Customs inspecting them," Marsicano wrote in court papers. Schlanger also served as a moderator on professionalmuscle.com, using his connections to find customers around Baltimore and across the country, according to Gumucio's account in court papers.

The break in the case came when Gumucio told agents about Schlanger's storage locker, court papers say.

Anne Arundel police obtained a search warrant for the locker off Fort Meade Road. Inside, they wrote in court papers, they found about 18,200 doses of suspected steroids. Agents familiar with the case said this week that the final number inside the locker was actually 40,000 - a figure reflected in the pending federal indictment against Schlanger.

On the same day, July 14, agents attempted to search Schlanger's home on Arunah Avenue in Catonsville. But as they did, they found Schlanger at home and detained him as they sought a separate arrest warrant.

Inside his home, court papers say, authorities found more steroids, packaging material and vials. In August, a federal magistrate judge signed a search warrant for investigators to obtain electronic records of Schlanger's Yahoo e-mail account. Public court records do not reflect what agents found as part of their search.

After facing charges of drug possession in state court, authorities decided to move Schlanger's case and indicted him for conspiracy to distribute anabolic steroids in federal court on Sept. 20. Gumucio and Martin's drug possession cases remain in state court.

Drugs Factor In Car Crashes, Study Finds (AP)

AP, December 11, 2006

The focus on the dangers of drinking and driving may have overshadowed a similarly serious problem: the effect of drugs, including prescription medication, on drivers.

According to a federal study released Thursday, West Virginia medical examiners have found that drugs turn up almost as frequently as alcohol in the victims of fatal car crashes. The drugs found most often are prescription medications like painkillers and depressants.

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The federal Centers for Disease Control is able to draw that conclusion because West Virginia — unlike most states — routinely tests the victims of fatal crashes for drugs and prescription medications as well as alcohol.

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"We have very thorough and efficient medical examiners," said John Law, spokesman for the state Department of Health and Human Resources. "Doing this has provided us with information on what besides alcohol may be contributing to these accidents. A lot of states don't have that."

The study, released as part of the CDC's Morbidity and Mortality Weekly Report, said it's impossible to determine how often drugs are involved with fatal crashes nationally, because of a lack of data.

But in West Virginia, the regular testing has enabled the CDC to determine that drugs are found in 25.8 percent of people killed in wrecks. That's similar to the percentage of victims found with a blood alcohol level above the legal limit — about 27.7 percent.

"These results suggest that drug use contributes substantially to driver impairment in West Virginia," the report says.

The report studied results from 2004 and 2005, when 784 people died in car crashes in the state. Drug and alcohol tests were performed on roughly 84 percent of those killed. Nearly half the people killed had either alcohol or drugs in their system; 11 percent had both.

"I'm not surprised at all," said Jim Helmkamp, director of West Virginia University's Injury Control Research Center and professor in the Department of Community Medicine.

Helmkamp said results like these indicate the need to educate the public about the dangers of drugs — including prescription medications — and driving, similar to efforts warning against drunken driving.

The drugs found most often by the medical examiners were prescription medications, usually opioid painkillers like hydrocodone and oxycodone or depressants. The illicit drug most commonly found was marijuana, present in 8.5 percent of all victims.

Those results differ from previous studies that hadn't shown prescription medications appearing so frequently in crash deaths, said Dr. Len Paulozzi, a medical epidemiologist at the CDC Injury Center. Local factors — such as the prevalence of prescription painkillers in West Virginia — could be part of the cause for that.

"It's a stretch to say we can extrapolate these results for the rest of the country," Paulozzi said.

There also isn't enough data to determine how many people with prescription medications in their system had legally obtained them, Paulozzi said.

Athletes See Doping Case Appeals As Futile Exercise (LAT)

By Michael A. Hiltzik, Times Staff Writer

The Los Angeles Times, December 11, 2006

The arbitration system is flawed, with a tilt toward accusers. Accidental and trivial cases result in harsh penalties.

A panel of international sports arbitrators hearing a doping case against Olympic sprinter Torri Edwards went out of their way to sing her praises.

They described Edwards, then a 27-year-old USC graduate, as "a diligent and hardworking athlete" who had "conducted herself with honesty, integrity and character."

They acknowledged that her purported breach of doping regulations was entirely unintentional, caused by the obscure additive nikethamide in a couple of otherwise innocent glucose tablets she took at an exhibition race in Martinique.

"She has not sought to gain any improper advantage or to 'cheat' in any way," they wrote in August 2004.

But the arbitrators, while expressing "unease" about the rules and acknowledging their "harshness," still found Edwards guilty of doping. Her sanction: a two-year suspension from international competition.

The punishment was indistinguishable from what could have been imposed on an athlete caught deliberately injecting steroids. It wiped out Edwards' eligibility for the 2004 Summer Olympics in Athens.

Edwards' case and others like it illuminate the flaws in the appeals process for elite athletes accused of doping violations. A Times examination of the appeal system found that:

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• Athletes are presumed guilty and denied routine access to lab data potentially relevant to their defense.

• Trivial and accidental violations draw penalties similar to those for intentional use of illicit performance-enhancing substances.

• Anti-doping authorities or sports federations have leaked details of cases against athletes or made public assertions of their guilt before tests were confirmed or appeals resolved.

• Arbitrators, theoretically neutral judges, are bound by rules drafted and enforced by the World Anti-Doping Agency and its affiliates, including the U.S. Anti-Doping Agency. They have almost no discretion to adjust penalties to fit individual circumstances.

The WADA rules govern the admissibility of evidence, the burden of proof and the selection of the arbitrators themselves. In each category they tend to favor the accusers. Athletes wishing to compete in national, international and Olympic events subject to WADA jurisdiction have no option but to agree to this system.

Anti-doping authorities argue that these rules — indeed, the very requirement that appeals be heard by arbitrators, rather than in court — are crucial to ensuring a fast and efficient process.

The question is whether they go so far that they deprive athletes of due process and fair hearings.

On the surface, anti-doping arbitrations resemble other commercial arbitrations. Generally, the athlete and the prosecuting agency each select one arbitrator, and those nominees jointly select a third. But the limits under which the panels operate differ from those in other commercial arbitrations.

"The rules are designed to make it as easy as possible to convict an athlete," Howard Jacobs, a prominent Agoura Hills-based athletes' attorney, told an American Bar Assn. conference this fall.

The arbitration provisions, he said, require that "their tests are presumed to be scientifically valid. It's assumed that their labs did everything perfectly. And they have no obligation to provide you with documentation to rebut these presumptions."

This also differs from the standards in a U.S. court of law, where defendants or litigants are routinely granted access to a wide range of documents and the right to cross-examine expert witnesses and challenge technical evidence in great detail.

A costly undertaking

Accused athletes find that challenging a system stacked against them can be extraordinarily costly, prompting some to abandon any effort at defense.

"It wiped out my life savings and my college savings," Zach Lund, 27, a world-class skeleton sled racer from Salt Lake City, said of his effort to clear himself of doping charges.

In 2005, a drug test found traces of finasteride, an ingredient in anti-baldness medication, in his urine. The substance had been banned only that year over concerns that it might mask the presence of steroids in urine samples. That concern, however, was based on a single study by a WADA lab that had not been peer-reviewed by a medical journal. And Lund had been taking the hair restoration prescription for five years.

"I lost all my sponsorships and my funding" from the U.S. Olympic Committee, Lund said in an interview. "I even had to get money from my family and friends. The system is broken. Right now, it's catching people who make mistakes."

An arbitration panel acknowledged that the finasteride came from Lund's medication. In upholding a one-year suspension that deprived him of a chance to compete in the 2006 Winter Olympics in Turin, Italy, which opened on the very day of the ruling, arbitrators called him "an honest athlete" and acknowledged that the substance had no performance-enhancing effect.

They conceded that they had reached their decision "with a heavy heart": Although Lund had faithfully disclosed his medication on anti-doping forms at every event, no official had ever alerted him to the change in finasteride's status.

"The panel finds this failure both surprising and disturbing, and is left with the uneasy feeling that Mr. Lund was badly served by the anti-doping organizations," they wrote. Still, under the rules, the best they could do was impose the minimum one-year sanction.

A perfect record

USADA has never lost an arbitration case in its history, a record that spans six years and more than 40 proceedings. Authorities call that record a testament to their skill at bringing only bulletproof cases.

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"If you're a clean athlete, you have nothing to worry about," says Travis T. Tygart, the agency's general counsel. "We don't proceed if it's not a doping case."

USADA Chief Executive Terrence P. Madden dismisses criticism of the arbitration process as sour grapes from athletes' lawyers.

"These are the same old tired arguments that we've heard for six years, and it's the same defense counsel who bring them up," Madden said.

Madden and Tygart contend that the agency's advantages in the arbitration system only compensate for its lack of governmental powers, such as subpoena authority. Athletes "want a set of rights that far exceeds the powers we have," Tygart says. "They say you have to give them constitutional due process. If that's so, then give us search-and-seizure powers to balance out that right."

But criticism of the process is more widespread than they acknowledge. Even some arbitrators are uncomfortable with the system.

"It's not serving the purpose it was meant to — to give the athlete a real opportunity to be heard," says one long-term doping arbitrator who did not want to be named so as to avoid internal controversy.

Pushing back

Arbitrators staged a rare revolt against anti-doping rules last summer in the case of Mariano Puerta, an Argentine tennis player who had accidentally ingested a tiny amount of a banned stimulant just before playing in the French Open. Puerta faced an eight-year suspension, which the panel considered tantamount to a lifetime ban for the 26-year-old athlete — "a result that is neither just nor appropriate," the panel wrote.

They agreed that Puerta's positive test resulted from his unwittingly sharing the same water glass that his wife had used for her medication.

Arguing that an appropriate penalty did not seem to be contained within WADA's rules, they fashioned their own solution by imposing a two-year ban. "The panel is not persuaded … that it is necessary for there to be undeserving victims in the war against doping," they explained.

But Puerta's case is unique. Only three times has an arbitrator in a U.S. case even filed a dissent. All three were by the same arbitrator: San Francisco lawyer Christopher L. Campbell, a former Olympic wrestler often selected as an arbitrator by athletes.

One of Campbell's dissents came in the case of Kyoko Ina, a U.S. figure skater accused of refusing a drug test late one night. Evidence showed that a USADA official had led her to believe the test could be rescheduled for the next day. Because of the misunderstanding, she was threatened with a four-year suspension, despite never having failed a test or been suspected of doping.

"When any organization, including [USADA] turns this fight against doping on innocent athletes, that behavior is unacceptable," Campbell wrote.

Ina negotiated a two-year suspension and subsequently joined a professional ice show.

The current arbitration system took form after the creation of WADA in 1999, when sports organizations concluded that a unified anti-doping regime was preferable to the patchwork of national and sports-specific policies then in effect.

The tilt toward the prosecution in arbitration cases begins with the selection of arbitrators themselves. The rules require all arbitrators to be accredited by the Swiss-based international Court of Arbitration for Sport. In the U.S., the initial appeal by an athlete is heard by members of the court's North American branch. Any subsequent appeal is heard by panelists selected from the court's international membership.

Many arbitrators have current or prior professional relationships with USADA, WADA or other sports organizations that frequently serve as the prosecution in anti-doping cases.

Of the 45 members of the North American branch, at least 24 have such affiliations. They include Richard Young, an outside counsel to USADA, and WADA Chairman Richard W. Pound. Although neither has arbitrated a doping case, athletes' attorneys say their mere membership in the sports arbitration pool fosters an impression that the system is slanted against them.

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In 2001, USADA staged an expense-paid visit for all accredited arbitrators and their spouses to the UCLA Olympic Analytical Laboratory, the leading WADA lab in the world. The session, attended by 22 of the 38 arbitrators then in the North American pool, featured presentations by USADA officials and Don H. Catlin, the lab director, capped by a night out at a Santa Monica restaurant.

"The arbs are jurors," says Edward G. Williams, an athletes lawyer who contends the session was tantamount to "a bribe."

"I've said anyone who went through that session should be disqualified," Williams said. "I always lose that argument."

The most powerful element tilting the process toward the prosecution is the presumption that the agencies' scientific tests are valid and that the work of WADA's accredited laboratories, which perform all the blood and urine tests, always meet international standards. The presumption is written into the WADA Code.

The presumption shifts the burden to the athlete to prove that the lab's work fell short of scientific standards and that its failures affected the outcome. The effect is to render the athlete guilty unless proved innocent. That's a reversal of the situation in a U.S. court of law, where prosecutors carry the burden of proof from start to finish.

"The athlete is being held accountable, but the lab can have a series of small errors and is not held to a strict liability," says David L. Black, president of Aegis Sciences Corp., a Nashville-based independent doping lab. "No deficiency in the lab performance ever seems to rise to the level of impeaching their finding."

Adding to the perception of bias are frequent leaks disclosing the names of athletes under investigation and public statements by anti-doping and sports officials asserting the athletes' guilt, even before appeals have run their course.

Earlier this year, for example, Pound suggested that former Tour de France champion Lance Armstrong had been guilty of doping in 1999. He based his comments on disputed and supposedly confidential research data compiled by WADA's Paris lab.

"It's a case that has to be answered," the WADA chairman said about what he called "documentary" data linked to Armstrong. His statements, along with other comments from sports authorities, drew rebukes from inside and outside the agency.

"Pound shoots at everything that moves," complained Hein Verbruggen, president of the International Cycling Union.

Losing trust

Scott Burns, an American member of WADA's executive committee, also objected. According to minutes of the September 2005 committee meeting, he complained that it was "the antithesis of what was done at WADA … to speak out or speculate precipitously, especially in public." As a result, Burns said, WADA risked having "lost the trust of athletes."

Another problem facing athletes is the limited availability of independent experts such as Black. A WADA rule prohibits members of its 34 accredited laboratories from testifying in defense of an athlete in a doping case.

The rule exists to shield the WADA labs from political pressure that might be exerted on behalf of a high-profile athlete from their own country, said Olivier Rabin, the agency's medical director.

Still, it reserves the expertise of most of the top doping scientists in the world for use exclusively by the prosecuting agency.

"It's difficult to establish the credibility of our experts when they go up against people who do this every day for a living," said Michael Straubel, a law professor at Valparaiso University in Indiana who has defended numerous athletes.

Athletes' attorneys also face obstacles obtaining technical documents from the agencies. Under USADA rules, the agency is required to produce only records concerning the specific test performed on the athlete's own sample.

Not included are documents that might shed light on a WADA lab's general proficiency or its treatment of other similar cases, arguably pertinent to defense questions about lab consistency or reliability.

Tygart calls the document package routinely shipped to accused athletes "fair and overly generous." The U.S. agency generally rejects requests for further data unless the athlete "can articulate a need that's not a fishing expedition," he says.

USADA's position will probably be tested by Tour de France champion Floyd Landis, who has been charged with testosterone doping in the 2006 race.

Jacobs, Landis' attorney, submitted a 10-page request in October for documents related to the Paris WADA lab's general experience with the testosterone screening. Landis hopes to challenge whether the French scientists "have sufficient expertise at running this test" and whether they can justify their criteria for declaring the cyclist's sample positive.

Tygart rebuffed Jacobs. "Every request you make appears to seek documents or information not called for by the rules," he wrote. The defense lawyer is expected to ask arbitrators to force the release of more documents.

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Even when an athlete is able to present a detailed case, the WADA Code ties arbitrators' hands in several ways. For example, arbitrators are prevented from considering an athlete's intent when judging a doping charge.

Under the prevailing principle of "strict liability," the mere presence of a prohibited substance in a blood or urine sample is sufficient to establish the violation, even if it is proved that the breach was accidental.

"We are fact-finders, and we apply the law within the narrow strictures that we are given," says Maidie Oliveau, an experienced anti-doping arbitrator based in Los Angeles.

Arbitrators may overturn a proposed suspension only if an athlete can prove he or she bears "no fault or negligence." They may reduce a suspension, albeit by no more than half, if they find "no significant fault or negligence." The standards for such relief are ambiguous and "virtually impossible to meet" in practice, says Jessica K. Foschi, who studies legal issues in doping at Duke University Law School.

A suspension waived

In the seven years since WADA's founding, only one athlete out of hundreds who have been sanctioned is known to have met the "no fault" standard: Australian tennis player Todd Perry. He proved last year that a tournament doctor had refilled his legal asthma inhaler with a banned drug without notifying him.

Arbitrators waived Perry's two-year suspension. Though they also absolved him of fault, they let stand his formal reprimand. Under the agency's strict liability doctrine, Perry remained a violator for having an illicit substance in his system.

The strict liability standard applies even when a doping charge hinges on subjective interpretations of laboratory readouts. These include WADA's test for erythropoietin, or EPO, a hormone that promotes red blood cell formation.

Chances of a misreading are high, according to the technical literature and experts interviewed by The Times. Several recent EPO charges have been dropped because retests failed to confirm initial lab findings or encountered other testing flaws.

"Testing is far behind where it needs to be, but the rules don't reflect that," Foschi says.

Foschi, who was accused and cleared of doping charges as a 14-year-old swimmer in 1995, criticized no-fault rules that require an athlete to prove how a substance entered his or her body to obtain a reduced penalty.

"The person who is most in trouble is someone who is genuinely innocent and has no idea how something got in his or her system," she said.

In her own case, she says, her sample was taken at an event in Pasadena, but she was not informed of the results until a week later, when she was competing across the country and the Pasadena venue had been dismantled. "By then it was impossible to go back and investigate."

Frustration with a harsh and rigid system may ultimately increase pressure for outside judicial review.

"There are cases where everyone doubts that justice has been done," says Bradley J. Andreozzi, a Chicago lawyer who has prosecuted and defended doping cases. He said the program is in danger of becoming "just a trap for the unwary."

But reforming the system could be costly. "The price of relaxing strict liability would be a period of less-stringent controls," said John Hoberman, an expert in doping policy at the University of Texas.

The cost of prosecuting authentic doping violations would go up, he predicted. "The payoff might be much better tests and not trampling on the rights of athletes who have all been thrown into one category labeled 'guilty,' " Hoberman said.

Many professionals within the system believe that the appeals process must become more flexible.

"We should have more discretion within certain parameters, such as in cases where there's no performance enhancement and no intent," said the longtime arbitrator, who asked to remain anonymous to avoid internal controversy.

USADA officials say they have proposed revisions to the WADA Code allowing arbitrators more latitude to reduce penalties in inadvertent cases — or to impose enhanced penalties in egregious cases.

But WADA's leaders are leaning in the opposite direction. Pound, for one, says the rules are already flexible enough to accommodate all situations that arise in individual cases.

"The system, as a system, is a pretty good one," he said. "It can be tweaked here or there, but we're not sitting down with a blank sheet of paper and redesigning the entire world anti-doping system."

Athletes' Unbeatable Foe (LAT)

DOJ_NMG_0104221

By Michael A. Hiltzik, Times Staff Writer

The Los Angeles Times, December 10, 2006

Anti-doping authorities serve as prosecutor, judge and jury. The innocent often pay a high price.

The worldwide sports anti-doping program, created to fight performanceenhancing drug use in international athletics, imposes severe punishments for accidental or technical infractions, relies at times on disputed scientific evidence and resists outside scrutiny, a Times investigation has found.

Elite athletes have been barred from the Olympics, forced to relinquish medals, titles or prize money and confronted with potentially career-ending suspensions after testing positive for a banned substance at such low concentrations it could have no detectable effect on performance, records show.

They have been sanctioned for steroid abuse after taking legal vitamins or nutritional supplements contaminated with trace amounts of the prohibited compounds. In some cases, the tainted supplements had been provided by trusted coaches or trainers.

The findings emerge from a Times examination of more than 250 anti-doping cases involving runners, cyclists, skiers, tennis players and competitors in dozens of other sports from around the world.

Alain Baxter, 28, became the first Briton to win an Olympic medal in Alpine skiing, placing third in the slalom at the 2002 Winter Games in Salt Lake City. Two days later he tested positive for methamphetamine, a banned stimulant. He was forced to forfeit his bronze medal.

His offense? He had used a Vicks Vapor Inhaler bought in Utah to treat his chronic nasal congestion. Unlike the Vicks inhalers sold at home, the American version contained traces of a chemical structurally related to meth — though lacking its stimulative qualities.

Despite testimony from a Vicks scientist that the compounds differed, an arbitration panel hearing Baxter's case ruled that because anti-doping authorities regarded the chemicals as related, he was guilty.

"It never crossed my mind that it would be different from the British one," Baxter told the BBC upon returning home. "I didn't think I was doing anything wrong."

A 17-year-old Italian swimmer treating a foot infection with an antibiotic cream her mother bought over the counter failed a doping test at a swim meet in 2004. Neither Giorgia Squizzato nor her mother realized that the cream's ingredients included a prohibited steroid — or that applying it between her toes could result in a positive urine test.

Arbitrators in her case acknowledged that "the cream did not enhance the athlete's capacity" and hadn't "favored her performance."

Nevertheless, according to the anti-doping program's zero-tolerance, or "strict liability," policy, which treats an athlete as guilty regardless of how a substance got into his or her body, Squizzato was judged negligent. Her penalty: a one-year suspension.

Stringent anti-doping measures have become a fact of life for the thousands of athletes participating in national and international events since the creation of the World Anti-Doping Agency, or WADA, at an international sports conference in 1999. WADA's founding was prompted by a rash of doping scandals threatening the credibility of global sports.

What has evolved to protect competitive purity since then is a closed, quasi-judicial system without American-style checks and balances. Anti-doping authorities act as prosecutors, judge and jury, enforcing rules that they have written, punishing violations based on sometimes questionable scientific tests that they develop and certify themselves, while barring virtually all outside appeals or challenges.

WADA's authority stems from the World Anti-Doping Code, which has been adopted by 186 governments, including the United States, and hundreds of Olympic and international athletic organizations. Under its provisions, athletes competing in sanctioned events are subject to mandatory urine and blood testing at any competition.

Athletes also must submit to unannounced random tests and provide authorities with detailed calendars showing where they can be found at any time, even on vacation.

A test sample is typically divided into two vials, labeled "A" and "B." The "A" sample is the first to be tested. If it comes up positive for a banned substance, the athlete may demand a confirmation test of the "B" sample. If that is also positive, the code

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allows the agency to declare the athlete in violation of doping rules and impose a penalty ranging from a public warning to a lifetime ban. Generally, the athlete also is disqualified from the event at which the violation allegedly occurred.

An accused athlete's only recourse in the face of a doping charge is arbitration, under rules of evidence dictated by WADA and designed to give the authorities the benefit of all doubt.

In many countries, including the United States, athletes have no right to appeal an adverse arbitration ruling to the courts. In the vast majority of cases, including every case heard in the U.S., the arbitrators have upheld the violation.

Tests for banned substances may be performed only at one of the 34 labs around the world accredited by WADA. Athletes are not permitted to have their samples tested at any lab outside the agency's system. The rules also prohibit WADA labs from doing any tests in defense of an accused athlete.

WADA Chairman Richard W. Pound, 64, a Montreal lawyer, argues that the program must be so stringent and uncompromising to be effective against doping, which he calls "the biggest threat to sports."

"The less discretion there is in the finding of a doping offense, the better it is," he told The Times in an interview.

Pound, a former competitive swimmer who finished just out of medal contention at the 1960 Summer Olympics in Rome, dismissed the notion that a significant number of doping cases are accidental or inadvertent; WADA policy states that every athlete is responsible for everything he or she ingests or applies to the body. In the case of adulterated supplements, he said, "If you didn't know what was in there, it's your own damn fault." In the rare cases that an athlete can be proved truly faultless, he added, the system is flexible enough to temper its penalties.

"If you're captured by a squad of Nazi frogmen and injected with a steroid, you're going to be found positive," he told The Times. "But it wouldn't be a two-year suspension."

The effect of a doping allegation on an athlete's life is immediate and crushing.

"For people who have never had to deal with something like this, it's hard to grasp what it takes away from you," says Rachael Burke, 23, a swimmer at the University of Virginia, whose urine sample turned up in May 2004 with a trace of boldione, an obscure steroid, possibly from a contaminated nutritional drink. Burke had never had a positive result in any other test in more than a decade of competitive swimming.

"You have no idea what happened," she recalled in an interview. "You have no control over the fact that they are going to announce to the entire public that Rachael Burke, this girl that everyone has seen grow up in the spotlight, has tested positive for steroids. The next day, you have to walk on the pool deck and people are saying, 'I wonder if that's why you were so good when you were 8 years old.' You're accused and convicted without a chance to defend yourself."

Concerned that fighting the charge would cost her family tens of thousands of dollars in legal and professional fees and that the arbitration rules were stacked against her, she eventually agreed to a two-year suspension. The sanction knocked her out of international competition, but preserved her right to swim in NCAA events.

Cases like Burke's undermine the program's credibility, says John Ruger, a former Olympic biathlon competitor who serves as athletes' ombudsman of the United States Olympic Committee in Colorado Springs.

He asserted that the anti-doping system sweeps up "two, three, five people every year who are not intentionally cheating."

Ruger added: "If the anti-doping program is to succeed worldwide, athletes have to believe it's a fair process."

Travis T. Tygart, general counsel of the U.S. Anti-Doping Agency (USADA), WADA's largest national affiliate, disagrees with Ruger's figures. He said the agency goes to great lengths to ensure that only the guilty are punished. He said about 20% of all its potential cases are tossed out, leaving only those USADA regards as irrefutable.

"We're not in this to falsely accuse," Tygart said.

He and other anti-doping officials maintain that underground efforts to cheat with new "designer drugs" are a continuing problem, an allegation reinforced by revelations in the Bay Area Laboratory Co-Operative, or BALCO, case.

The lab allegedly provided dozens of professional and amateur athletes with undetectable performance-enhancing treatments. Through 2004, USADA said, 13 athletes had been sanctioned under WADA rules based on testimony and evidence in the BALCO case, including some who never tested positive for any steroid.

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Yet the international anti-doping program's own statistics cast some doubt on the concerns expressed by Pound and other officials about a sports world awash in drugs. Of USADA's thousands of tests per year, fewer than 0.5% have produced sanctions. Many of those were for prescription medications or substances with little or no performance-enhancing effect.

In 2005, for example, USADA conducted 8,175 tests and imposed sanctions on 20 athletes. Its testing program consumed $5.6 million that year, or 47% of a $12-million budget funded primarily by Congress.

Today the program is facing unprecedented controversy, the result of several high-profile cases.

One involves American sprinter Marion Jones, accused of failing an initial doping test last summer. She immediately rushed home from an international track meet in Switzerland. When her second "B" sample came up negative, the case against her appeared to collapse.

The case remains open, however. Pound has infuriated Jones' supporters by suggesting the negative second test may have been flawed. He told BBC radio he was worried "that someone is misinterpreting things or doing things wrong."

In another simmering controversy, California cyclist Floyd Landis, the 2006 Tour de France champion, is appealing USADA's charge that he doped with testosterone during the July endurance race. He denies taking any performance-enhancing drug and is demanding a public arbitration hearing.

Landis also has posted online (at http://www.floydlandis.com) the laboratory evidence against him, giving the public a rare inside glimpse of a doping dispute and the science behind it.

The records show, for example, careless bookkeeping errors. Samples attributed to Landis were recorded under several incorrect serial numbers. Also, results from multiple tests on the same samples, all by the same Paris lab, produced markedly inconsistent results.

The Landis camp contends the documents prove he is innocent. "There is no basis for a positive test," says Arnie Baker, a San Diego physician and cycling coach. He is consulting for the Landis defense. "How it got this far in the first place, I have no idea."

'A closed system'

Nestled among industrial shops on a short block in West Los Angeles, just across from a Bed Bath & Beyond, is the world's preeminent sports anti-doping laboratory.

The nondescript three-story UCLA Olympic Laboratory is the domain of Don H. Catlin, a professor of molecular and medical pharmacology at UCLA Medical School who has made the fight against sports doping his life's work.

Holding contracts not only with WADA but with the National Collegiate Athletic Assn. and the National Football League, the UCLA lab performs nearly four times as many blood and urine tests as the global runner-up, in Cologne, Germany. Its work is commonly considered the gold standard of sports doping science.

For all his expertise, however, Catlin is forbidden by WADA rules from testifying in defense of an athlete in a doping case. He and the lab's more than 40 employees are prevented by WADA rules from engaging in "testing or expert testimony that would call into question … the scientific validity of work performed in the anti-doping program."

Despite WADA's claims of "public transparency and accountability," it operates largely as a hermetically sealed scientific community with minimal public oversight.

WADA pays labs, usually one of those in its network, to develop tests for banned substances. It then is the sole arbiter of the test's scientific validity.

WADA determines threshold levels at which traces of a substance are deemed a violation.

And under WADA rules, the same lab that performs a positive test on an "A" sample also must conduct the confirming test on the "B" sample.

"You have a closed system where very few people in the world know what the science is, and the system has a vested interest to make sure its findings are confirmed," says David L. Black, president and chief executive of Nashville-based Aegis Sciences Corp., a large independent doping lab unaffiliated with WADA.

"The lab should just be a fact-gatherer, but the WADA system is designed in a way that the labs are not just objective fact gatherers, but part of the body of prosecution," Black said.

The EPO riddle

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No test in WADA's arsenal has drawn as much fire as its assay for synthetic erythropoietin, or EPO — a hormone that increases stamina.

EPO doping has been banned since the 1990s, when the synthetic version began to be used by athletes to improve their stamina. A urine test to identify artificial EPO was introduced in 2000 and has been refined several times since.

It is not a simple test. It can require 36 hours, scores of laboratory steps, sophisticated machinery and a high level of technical skills.

Unlike tests that produce empirical measurements or unmistakable indicators, such as litmus paper, the EPO test involves a significant level of interpretation. Because natural and synthetic EPO produce similar readings in the lab, even experienced technicians viewing the same results can differ in their conclusions.

Results also can be clouded by other natural substances in the sample or by poor lab technique.

"It's a more difficult test than others in that it doesn't give you a fingerprint," Catlin acknowledged in an interview, saying "the EPO test needs more work." However, he also called it "safe and defensible — we would not practice it if it were not."

Yet Catlin's lab produced perhaps the most conspicuous contradictory finding in an EPO test, leading to the apparent collapse of the doping case against sprinter Jones. The UCLA lab's test on her "B" urine sample failed to confirm its own positive finding on her "A" sample.

Catlin says the case represents the first such mismatch in an EPO test by his lab. He declined to discuss it further, because the matter is under investigation by WADA.

But Allen K. Murray, an Irvine biochemist who witnessed the confirmation test on Jones' behalf, says her "A" sample should never have been declared positive in the first place.

"I have very serious questions about the 'A' result," he said, arguing that the quantity of the sample in the "A" test was too low to give a clear reading and that the lab interpreted the relatively faint image too aggressively.

At worst, he said, the initial test should have been declared inconclusive.

Jones's case was not the first flub involving an EPO test.

In 2003, Kenyan distance runner Bernard Lagat was charged with EPO doping after a race in Switzerland. The charge was dropped when his "B" sample proved negative.

Evidence uncovered by Lagat's defense team revealed his sample had been grossly mishandled — transported for hours in a car at temperatures sometimes exceeding 100 degrees, then inadequately cooled at WADA's Cologne lab. His experts testified that those conditions promoted chemical reactions in his urine sample that could have produced a false positive result.

They cited numerous other shortcomings in the EPO test that they say rendered it prone to false positives.

Lagat, who had been suspended by Kenyan sports authorities and barred from the world track championships after the initial finding, was reinstated in time for the 2004 Olympics, where he won the silver medal in the 1,500-meters event.

But with his lawyers contending that Lagat's "reputation will be tarnished by the doping suspicion for the rest of his life," he sued WADA and international track authorities in a German court. He demanded about $650,000, the value of potential prize money and sponsorship contracts he said he lost during his suspension.

The German court ruled that it did not have jurisdiction in the case.

Meanwhile, after Belgian triathlete Rutger Beke was charged with EPO doping during a 2004 race, scientists from a Belgian university tested the hypothesis that under certain conditions, intense exercise by some athletes could produce a positive EPO test in the absence of doping.

The test was instrumental in persuading a Belgian court to nullify Beke's doping charge, one of the rare cases in which WADA's science was tested in court — not its own arbitration regime.

It remains the rarest of WADA cases: overturned.

Nandrolone cases surge

Beginning in the late 1990s, anti-doping authorities saw a surge in positive tests for substances related to the powerful steroid nandrolone, a phenomenon that would pose a special challenge for WADA's program.

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The reason was that WADA's own scientists knew that many cases were unintentional. Athletes, like the general public, were unaware that nutritional supplement makers were selling products contaminated with traces of nandrolone and other banned substances.

A statistical surge in nandrolone cases "allowed the testing program to puff out its chest and say, 'Look at how much we're doing,' " said Charles Yesalis, professor emeritus of health policy and administration at Penn State University and a leading expert on drug abuse in sports.

Studies performed by UCLA's Catlin and by researchers at the Cologne lab, then under the International Olympic Committee, showed in 2000 and 2002 that a wide range of nutritional supplements commonly taken by elite athletes were contaminated with nandrolone and other steroids.

Catlin's research, furthermore, made clear that it was not difficult for tests to distinguish a contamination victim from a cheater. His paper noted that an athlete taking nandrolone in a determined effort to cheat would show levels higher than 100,000 nanograms per milliliter, or parts per billion, of urine.

WADA's threshold for a doping violation, however, had been set in single digits: 2 parts per billion for men and 5 for women. It remains at that level today.

And anti-doping officials have continued to bring cases against athletes for positive tests almost certainly derived from contamination or for steroid levels that could not possibly have any performance-enhancing effect.

Irvine swimmer Kicker Vencill, for example, proved through lab tests in 2003 that the supplements he had taken were contaminated, causing his violation. He later sued the supplement maker in state court and won a $578,635 judgment.

Vencill appealed his suspension from international competition, but arbitrators concluded that the unwitting contamination of his multivitamins by the manufacturer did not relieve him of liability for consuming any banned substances.

"The evidence shows that the presence of a prohibited substance in the athlete's urine was caused by his ingestion of a prohibited substance — whether in a vitamin, a supplement or otherwise — for which the athlete bears complete responsibility."

The arbitrators upheld his two-year suspension, agreeing with USADA that he should receive the maximum penalty, "just as in any case of … 'intentional doping.' "

"In their opening and closing statements, USADA said they were going to prove me a cheater," said Vencill, recalling his arbitration hearings. "It's a war in there, and you're fighting for your character and your integrity."

Anti-doping officials are unapologetic about the nandrolone cases and officially skeptical of explanations of innocence.

"You've got to hear these things over and over again to understand what a mantra it is," Pound scoffed in an interview. "You've got to say, 'Come on. Get over it. You're filled with nandrolone.' "

But there also are hints of internal disagreement. One of the program's arbitrators agreed with an accused athlete that she had ingested trace amounts of nandrolone unintentionally in adulterated vitamins.

American cyclist Amber Neben had tested positive for a concentration of 6.9 parts per billion of the steroid after a Montreal race, 1.9 over the limit for women — but vastly short of any potential performance-enhancing effect.

Arbitrator Christopher L. Campbell favored imposing no penalty, arguing that the fight against doping should not harm "innocent victims of a poorly regulated vitamin supplement industry."

Campbell was outvoted. By a 2-1 margin, the arbitration panel suspended Neben for six months.

(INFOBOX BELOW)

Who's in, who's not

Signatories to the World Anti-Doping Code include the Olympic movement and 78 international sports governing bodies. Here is a partial list of athletic organizations and events subject to the code's regulations, along with some notable exceptions.

Covered by WADA rules

All Olympic events

All Paralympic events

Commonwealth Games

World Cup*

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Tennis Grand Slam events:
Wimbledon, French Open,
Australian Open, U.S. Open
Davis Cup
Tour de France
U.S. Tennis Assn.*
International Assn. of Athletics Federations (track & field)
International Basketball
Federation
International Gymnastics
Federation
International Hockey
Federation
International Triathlon Union
International Swimming
Federation
International Table Tennis
Federation
World Taekwondo Federation
World Bridge Federation
International Chess Federation
* Subject to their own anti-doping rules
Not covered
Major League Baseball*
National Football League*
National Basketball Assn.*
National Hockey League*
Major League Soccer*
National Collegiate
Athletic Assn.*
Professional Golfers Assn.
Ladies Professional Golf Assn.**
U.S. Golf Assn. (U.S. Open)
British Open (golf)
* Maintain separate anti-doping programs
** Will begin drug testing program in 2008

(INFOBOX BELOW)
What's banned?
Substances banned by WADA include:
Anabolic steroids
Effects: builds strength,
facilitates training
Examples: stanozolol,
testosterone
Hormones

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Effects: improves red blood
cell count, stamina, training
effectiveness
Examples: erythropoietin (EPO), human growth hormone
Stimulants
Effects: combats fatigue,
improves reaction time
Examples: adrenaline,
methamphetamine
Masking agents
Effect: conceals presence of steroids in urine
Examples: diuretics, epitestosterone
Source: World Anti-Doping Agency

Zero Tolerance: Some Questionable Results From Anti-doping Case Files (LAT)

The Los Angeles Times, December 11, 2006

Brooke Blackwelder

34, Cyclist from Boise, Idaho

A gold medalist at the 1994 Goodwill Games, she tested positive in 2001 for steroids traced to "likely" contamination of nutrition aids. Arbitrators called her "a credit to her community and a role model to young women," but ruled that her lack of intent to dope was immaterial.

Result: an eight-month suspension.

Rickey Harris

24, Runner from Centreville, Va.

He was a top hurdler on the track and field team at the University of Florida in 2005 when he tested positive for Dexedrine, a medication for attention deficit disorder. Arbitrators agreed he was under the "mistaken belief" that he had provided paperwork for a waiver, but the school failed to file it.

Result: a one-year suspension.

Johannes Eder

27, Skier from Viehofen, Austria

Just before his cross-country relay at the 2006 Olympics, he suffered severe diarrhea. His physician, a former team doctor, advised by phone that he inject himself with a saltwater solution. Arbitrators agreed he was indeed seriously ill and his treatment could not have enhanced his performance.

Result: a one-year suspension, because the injection should have been done by a doctor.

Christine Ohuruogu

22, Runner from London

The 400-meter racer and top hopeful for London's 2012 Olympics missed three random drug tests. An independent disciplinary panel attributed it "only to forgetfulness." Members called her one-year suspension "very harsh" for an athlete "who had no intention" of cheating.

Result: a threatened lifetime Olympics ban is pending.

Giorgia Squizzato

17, Swimmer from Mestre, Italy

While competing in Germany, she used an antibiotic skin cream on a foot infection. Her urine tested positive for "a low concentration" of a steroid in the cream. Arbitrators said it "did not enhance the athlete's capacity," she did not intend to cheat, but she was negligent.

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Result: a one-year suspension.

Alain Baxter

28, Skier from Scotland

He took third in the slalom at the 2002 Winter Olympics but failed a drug test because he used a Vicks Vapor Inhaler made in the U.S., which unlike U.K. brands has a mild relative of a banned stimulant.

Result: a three-month suspension and forfeit of his Olympic bronze medal.

Meth Labs Abundant This Hunting Season (USAT)

By Judy Keen

USA Today, December 11, 2006

Hunters stalking deer and pheasant also are finding methamphetamine labs or their remnants in remote areas this fall.

Three Michigan hunters have discovered separate dumps of equipment and chemicals used to make the illegal drug, says State Police Lt. Chet Wilson. Hunters in Arkansas, Indiana and Tennessee have made similar finds.

The encounters can be risky, especially if someone is using the lab when a hunter discovers it. Approaching meth users while wearing "camouflage clothing and carrying a firearm can be a recipe for disaster," warns a hunting handbook published by South Dakota's Department of Game, Fish and Parks. It advises hunters to keep their distance and avoid contact with the solvents and acids used to "cook" the drug.

Methamphetamine is a highly addictive stimulant that can be injected, snorted, smoked or swallowed. It is made in home labs using cold pills and other easily purchased ingredients. The process creates a distinctive odor that's often compared to cat urine.

Federal and state laws restricting sales of cold tablets containing ephedrine or pseudoephedrine, key components of meth, have reduced the number of labs, law enforcement officials say.

"Due to a new law that bans sales of pseudoephedrine off the shelf, we have seen an extreme reduction in meth labs," says Rod Slings of the Iowa Department of Natural Resources' law enforcement bureau.

Those who still make meth are moving to isolated areas to escape detection.

"Wildlife areas are a place cookers can go and not risk having the neighbors next door turn them in," Slings says. Hunters there find labs or meth dumps several times each season, he says.

Hunters occasionally spot "tweakers" making meth in rural areas, but it's more common to find leftover equipment. Officials tell hunters to look for ordinary plastic coolers with hoses, gas cylinders and stained coffee filters. South Dakota's hunting handbook recommends hunters look for lye, iodine, brake cleaner and stained cookware.

"Hunters come across a cooler or some other type of containers, and they're curious, and they want to open them," says Wes Baxter, a sheriff's deputy in Craighead County, Ark. A hunter there recently found a cylinder with copper tubing, batteries and rubber gloves.

"We strongly encourage people not to touch these items," Baxter says. Hazardous-waste removal teams often are called in to dispose of the toxic equipment.

Natural resources and law enforcement officials use public-relations campaigns to warn about the dangers of meth gear. The Minnesota Deer Hunters Association sponsors public-service announcements on radio stations each fall to warn hunters to be on the lookout for meth labs. "How can people abuse our natural resources like this?" asks Mark Johnson, the group's executive director.

Lt. Carl Lamb of the Seymour, Ind., police department has conducted seminars for hundreds of area hunters and farmers. After the training sessions, he says, "They recognize what to look for and know not to mess with it."

Larry Dale, a hunter and hunting safety instructor in Petersburg, Ill., says hunters can be "useful eyes and ears" for law enforcement when they know how to identify meth-related equipment. The drug and its makers, he says, are "a general menace to society."

Afghan Poppies To Get Herbicide Spray (AP)

By Jason Straziuso

DOJ_NMG_0104229

AP, December 11, 2006

The top U.S. anti-drug official said Saturday that Afghan poppies would be sprayed with herbicide to combat an opium trade that produced a record heroin haul this year, a measure likely to anger farmers and scare Afghans unfamiliar with weed killers.

John Walters, the director of the U.S. Office of National Drug Control Policy, said Afghanistan could turn into a narco-state unless "giant steps" are made toward eliminating poppy cultivation.

"We cannot fail in this mission," he said. "Proceeds from opium production feed the insurgency and burden Afghanistan's nascent political institutions with the scourge of corruption."

Afghans are deeply opposed to spraying poppies. After nearly three decades of war, Western science and assurances can do little to assuage their fears of chemicals being dropped from airplanes. Because of those fears - and because crop dusters could be shot down by insurgents - spraying would need to be done on the ground.

The Afghan government has not publicly said it will spray, and President Hamid Karzai has said in the past that herbicides pose too big a risk, contaminating water and killing the produce that grows alongside poppies.

But Walters said Karzai and other officials have agreed to ground spraying.

"I think the president has said yes, and I think some of the ministers have repeated yes," Walters said without specifying when spraying would start. "The particulars of the application have not been decided yet, but yes, the goal is to carry out ground spraying."

Gen. Khodaidad, Afghanistan's deputy minister for counter-narcotics, said the government hadn't made any decisions yet. But a top Afghan official close to Karzai said the issue was being looked at closely.

"We are thinking about it; we are looking into it. We're just trying to see how the procedure will go," said the official, who spoke on condition of anonymity because of the sensitivity of the issue.

Opium production in Afghanistan this year rose 49 percent to 6,700 tons - enough to make about 670 tons of heroin. That's more than 90 percent of the world's supply and more than the world's addicts consume in a year.

A U.S. official who asked not to be named told The Associated Press last month that if Afghans don't spray in 2007 "there's going to be a lot of pressure on the government for spraying ... a lot of pressure from the U.S."

At the news conference Saturday, Walters tried to emphasize to the largely Afghan media members in attendance that spraying was perfectly safe. He said the herbicide glyphosate - sold commercially in the United States under the name Roundup - would be used, and that it was a safe and common weed killer.

He said the U.S. uses glyphosate to spray marijuana plants in Hawaii and that it's also used against coca plants in Colombia.

"We are not experimenting on the people of Afghanistan," he said. "We are not using a chemical that has a history of questionable effects on the environment."

Walters said he didn't expect the fight against poppies "to be a one-year success story." A recent U.N. report said it would take a generation - 20 years - to defeat the drug trade in Afghanistan.

To Save Lives In New Jersey (NYT)

The New York Times, December 11, 2006

Intravenous drug addicts who become infected by sharing contaminated needles and then pass on the infections to spouses, lovers and their unborn children account for about half of the AIDS cases in New Jersey. The state's drug-related infection rate is said to be twice the national average.

These tragic statistics cry out for life-saving programs that slow the spread of infection by giving addicts access to sterile syringes. At the moment, however, New Jersey is the only state that is still resisting this proven AIDS-prevention strategy.

The Legislature can bring the state into line with long-established medical policy — and save lives in the bargain — if it passes a set of bills that would establish municipal syringe exchange programs.

Needle access programs have the overwhelming support of the medical, social service and AIDS prevention communities. Nonetheless, some lawmakers are afraid of supporting them publicly for fear that they will be accused of encouraging drug use.

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But that is simply not the case. Data from across this country and abroad show that needle exchange actually slows the spread of disease without increasing intravenous drug use. Thanks to the effectiveness of these clean needle programs, their value is no longer in doubt.

New Jersey lawmakers should bear this in mind as they approach the vote. A vote for the needle access program is a vote for saving the lives of men, women and unborn children. A vote against the program is a vote for more infections, higher medical costs and more unnecessary deaths.

TAX:

IRS Employees Return Nearly 6 Months After Flooding Closed Headquarters (column) (WP)

By Stephen Barr

The Washington Post, December 10, 2006

Susan Hedeler is going home -- to eleven-eleven, as she calls it.

The Internal Revenue Service headquarters building, at 1111 Constitution Ave. NW, has reopened, almost six months after heavy rains flooded the basement and sub-basement, destroying electrical and air-conditioning equipment.

Hedeler is set to be in her sixth-floor office this morning and to get back to old routines, including a breakfast stop at a favorite eatery. She will no longer be one of the "displaced," working from home or from IRS offices in New Carrollton.

Her commute to 1111 will take about 30 minutes -- a vast improvement over the 90 minutes she spent on buses and trains traveling from her Northern Virginia home to New Carrollton. Her workday will be smoother, , with colleagues nearby and a complete set of reference files not far from her desk.

The June flooding came as Hedeler's office, media and publications, was ramping up production of tax forms, instruction sheets and other material for the 2007 tax filing season. Managers were at an outside-the-Beltway retreat, but the management meeting quickly turned into a planning session when the staff learned that the flood had closed the headquarters for what officials initially projected would be 30 days.

"It was rather fortuitous that we were all there," Hedeler said. Managers went to work contacting employees and figuring out who worked on critical programs and needed to be given offices first.

By mid-July, all of the publications staff had been assigned temporary cubicles and offices in New Carrollton. But the staff kept up with their work, even as they waited for offices, because many could work elsewhere on their laptops.

"It was a bit of a challenge," Hedeler recalled. Employees used to working together on one floor of the downtown headquarters were spread across three buildings at New Carrollton. Although the IRS moved computers and files from downtown to the temporary offices, there were times when employees had to hunt down documents or try to retrieve them electronically.

"Some of the things I thought weren't necessary to take with me, I missed while I was there," Hedeler said. Still, she added, "you can't take everything with you."

Despite the sense of camping out in New Carrollton, Hedeler said she had "positive experiences," such as meeting new people and forging new working relationships.

The IRS accommodated many employees by putting them on flexible work schedules and allowing them to work at home and at telecommuting centers. Hedeler said that she worked from home "a couple of days a week" and that "being able to be hooked up to the computer at home certainly made my life a lot easier."

But she missed working at the IRS headquarters. She returned once to get some work material and ran into her boss. "We both sort of simultaneously said, 'This is so sad.' It was. It was like someone or something had died. It was an eerie feeling."

The June 25 torrential downpour shut down the IRS, Justice Department, National Archives and other buildings in the low-lying Federal Triangle. But the flooding sunk the IRS.

An estimated 5.5 million gallons of water flooded the basement and sub-basement at 1111, almost enough to fill the tank where killer whales live and perform at SeaWorld in Orlando.

The sub-basement, which was under 20 feet of water, held the building's electrical transformers, electrical switch gears and chillers. In the basement, the flooding damaged food service areas, computer equipment and offices.

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The General Services Administration has spent more than $25 million on repairs, which will be finished in April.

More than 2,000 employees work in the building and will return in phases. A group of about 400 returned Friday, and more than 600 come back today. An additional 800 employees will be back by Dec. 19, and the remainder will return after Jan. 1, the IRS said.

Hedeler, the senior staff assistant to the IRS director of media and publications, said her office adhered to its production schedule for forms and documents, despite the disruption caused by the flooding.

She laughed and said, "You're going to get your 1040, don't worry."

CONGRESS-ADMINISTRATION:

At Session's End, Congress Cuts Taxes (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 11, 2006

In a final, late-night surge of legislating, the 109th Congress passed $45 billion in tax cuts and a trade package affecting at least 150 developing nations, as well as a range of smaller bills on issues from healthcare to energy. But they left most of the current fiscal year's spending decisions to the next Congress.

It was the last gasp of a lame-duck Congress caught between two majorities - and ready to go home. With Democrats poised to take control of both the House and Senate next month, Republicans used their final hours in charge of Congress to make good on promises to many of Washington's most powerful interests as well as to American families they hope to woo back in 2008.

The 11th-hour output includes popular tax extenders, such as the research and development tax credit for businesses and the tax break for college tuition. It also includes more controversial provisions, such as opening some 8.3 million acres along the Gulf Coast to oil and gas drilling, and a trade deal with Haiti that could hurt US textile interests.

Meanwhile, Democrats say the outgoing "do nothing" Republican Congress met rarely and accomplished little. On Friday, House majority leader-elect Steny Hoyer (D) of Maryland announced there would be more five-day work weeks in the next Congress "to address the critical issues facing our nation and fulfill our responsibility to oversee the executive branch." (Under GOP control, the Washington work week was about 2.5 days.)

In the final days, Republicans faced their greatest opposition from within their own ranks. "This is an embarrassing situation to be chairman of [the] Budget Committee in a Republican Congress and to have a bill brought to the floor that does such damage to the budget," said Sen. Judd Gregg (R) of New Hampshire in a floor speech directed mainly to his GOP colleagues Friday night.

As late as Friday, eight senators from textile states were threatening to block the omnibus trade and tax bill unless a proposal to lift tariffs on clothing manufactured in Haiti was removed. They said it would open US markets even further to unfair competition from China, but they fell short of the votes needed to prevail.

"It's stunning that the House leadership and Senate as its last act before it adjourns is going to ramrod a job-destroying trade bill past the Congress," said Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition, before Friday's vote.

In response, backers said the trade package, including permanent normal trade relations with Vietnam, will lower costs for US manufacturers and consumers.

"This legislation will help to create stronger trading partners for the future, while also recognizing our responsibility as having one of the world's strongest economies to help developing countries grow," said House Ways and Means Chairman Bill Thomas (R) of California in a statement after the 212-to-184 House vote.

The 109th Congress also voted to postpone completing nine of 11 FY 2007 spending bills until Feb. 15, forcing Democrats to take up divisive spending issues as they are ramping up in the next Congress.

"It's real act of defiance by the lame-duck Congress and a conscious attempt to set up a political problem for the next Congress," says Julian Zelizer, a congressional historian at the Boston University.

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"It's more than just leaving a budgetary mess. It's creating a huge problem in how Democrats will solve the tension within their party between fiscal conservatives and those who want to start new spending initiatives and how Democrats will deal with corruption and whole pork-barrel issues," he adds.

GOP Lawmakers Add Provision To Passing Tax Package (WP)

By Jeffrey H. Birnbaum And Lori Montgomery

The Washington Post, December 11, 2006

Republican lawmakers, with little public debate, quietly added a billion-dollar health-care benefit to legislation that was rushed through Congress just before it adjourned Saturday morning.

Acting at the urging of several major business lobbies eager to reduce their medical-insurance costs and the outgoing chairman of the House's tax-writing committee, lawmakers adopted the provision even though only a single committee had previously approved it.

The provision, which materialized without fanfare late last week inside a massive tax-cut measure, expands the amount of money that can be contributed tax-free to health savings accounts (HSAs). The accounts can be used to pay medical bills and for other health-related coverage.

The legislation allows anyone to shelter thousands of dollars annually in HSAs, regardless of how much that person pays for a health-insurance deductible. Current law limits HSA contributions to the amount of a person's deductible. The expansion would cost the government $1 billion in lost tax revenue over the next decade.

Democrats, who will take control of Congress next month, have generally opposed the expansion. But supporters said that House Ways and Means Committee Chairman Bill Thomas (R-Calif.) championed it and pressed it through to final approval in the wee hours Saturday morning.

A coalition of high-profile corporate organizations, which pushed for the legislation, spent last week deploying lobbyists across Capitol Hill and urging their members back home to write letters and place phone calls to lawmakers. The U.S. Chamber of Commerce, the National Federation of Independent Business, the American Bankers Association, the Business Roundtable and several insurance companies belonged to the coalition, according to Paul Dennett, vice president for health policy of the American Benefits Council, a leading participant in the group.

Even the advocates doubted until the last minute that their provision would succeed.

"We nicknamed [ourselves] the 'Keep Hope Alive Coalition,' " Dennett said. "It seemed that the provision might fall off the wagon."

That it remained in the bill was thanks largely to Thomas, who "quite clearly played the strongest role," Dennett said, adding, "In Democratic offices, this was something they didn't want to do."

Organized labor, a major backer of Democrats, has disparaged HSAs as a way for companies to unload more of the cost of medical coverage on their workers.

The American Benefits Council, meanwhile, has argued that HSAs allow both employees and employers to save money. Dennett said the newly approved provision merely improves the program, which was first enacted in 2003 and now is used by more than 3 million Americans.

"These are modest but sensible kinds of things that need to be done," he added.

The Ways and Means Committee approved the provision in late September, right before Congress adjourned for the midterm elections. The legislation was passed neither in the Senate nor on the House floor until it was okayed as part of the larger bill last weekend.

"This has been a clear Republican priority and there was an opportunity . . . to move this package of good legislation," said Ianthe Jackson, spokeswoman for the Ways and Means Committee. "This is something that Mr. Thomas believes in, and making minor adjustments will help these accounts continue to grow."

HSAs were created to encourage people to choose high-deductible insurance plans, take control of their health-care spending and, ultimately, bring down medical costs. High-deductible plans are increasingly popular among employers because they are less expensive than traditional plans. HSAs allow families enrolled in such plans to sock away money tax-free to pay their

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out-of-pocket expenses. Under current law, annual contributions to the accounts are limited to the amount of a person's annual insurance deductible and cannot exceed $2,700 for an individual or $5,450 for a family.

Under the new law, if it is signed by President Bush as expected, any health savings account holder could choose to shelter the maximum amount, which is scheduled to increase next year to $2,850 for individuals and $5,650 for families.

The HSA provision was one of several pro-business items that managed to get through Congress at the eleventh hour. The tax measure revived more than 20 tax breaks, at a cost of $38 billion over five years, and nearly a dozen credits promoting alternative energy sources. It also opened 8.3 million acres in the Gulf of Mexico to oil and gas drilling and prevented a 5 percent cut in Medicare payments to doctors from taking effect Jan. 1.

Health savings accounts were not publicly identified as part of those negotiations until Thursday, after House and Senate negotiators, including Thomas and Senate Finance Committee Chairman Charles E. Grassley (R-Iowa), emerged from an early-morning session with an agreement about what the final package would include. Hours later, the Ways and Means Committee released an explanation of that legislation, with the expansion of health savings accounts slipped in among 22 tax breaks, 11 energy measures and nearly 30 "other provisions."

In a news release, Thomas called the package "a bipartisan compromise that is 'must-do' work in Congress this year." He urged "my House and Senate colleagues to approve it quickly."

They did so after midnight Saturday, with both chambers giving overwhelming approval to the legislation. The HSA provision was barely mentioned in the closing congressional debate.

Congress Bolsters Health-Care Initiatives (WSJ)

By Sarah Lueck

The Wall Street Journal, December 11, 2006

WASHINGTON -- As Congress ended its session, lawmakers authorized billions of dollars in spending to shore up government health initiatives -- from funding for Medicare and medical research to antibioterrorism efforts -- passing legislation that included provisions aimed at injecting more transparency and accountability into the programs.

Congress agreed to pay physicians a bonus in exchange for more data on the quality of care provided to Medicare's elderly and disabled beneficiaries. In addition, the National Institutes of Health stands to get a boost in funding for research, but also must set up an electronic tracking system that would help Congress monitor how its grants are used.

States and local governments will continue to receive federal grants to help them prepare for health emergencies, such as a bioterrorism attack, but they will have to show the federal government that they are making progress, or risk losing the money.

The changes underscore that as the government's health-related responsibilities grow Congress and many policy makers want more for its money. And in the face of big disagreements over how to solve some major health issues on the horizon, lawmakers are pushing incremental changes that could pave the way for broader solutions down the line.

This is clearest in Medicare, the federal health program that covers more than 40 million elderly and disabled people. Congress agreed to erase a scheduled reduction in payments to physicians, but it made a 1.5% bonus payment available only to physicians who report to Medicare how they perform on certain specified barometers of health-care quality. Initially, the payments will be based on whether the physician reports the data, but the system lays the groundwork for higher payments to better-performing physicians.

Among the information Medicare officials will collect: whether doctors provide aspirin and beta blockers to patients having heart attacks, and whether elderly patients are screened for their risk of falls. These practices are considered indicators of good patient care.

Hospitals, too, will have greater responsibility for reporting quality-of-care data. While most hospitals already have been doing quality reporting on inpatient care, the new legislation requires them to do so for outpatient services to receive the full payment scheduled under law for those services. Congress added an additional wrinkle to the program in the latest legislation, requiring the Department of Health and Human Services to consider ways that the hospital data could be made available to the public.

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The quality-reporting provisions may well prompt criticism from health-care providers. Already, the American Medical Association, while praising the payments Congress awarded its physician members, said it has "concerns" about the quality-reporting system.

The Medicare changes were part of a tax bill Congress passed before heading home.

Separately, the House and Senate also worked out their differences on a complex package of health legislation that lumped reauthorization of the Ryan White CARE Act, which funds state-level treatment of people with HIV and AIDS, with a reorganization of the NIH and anti-bioterrorism initiatives.

The NIH provisions, a top priority of House Energy and Commerce Chairman Joe Barton (R., Texas), would provide the $30 billion-a-year agency a boost of about $4.5 billion in the next two years. Congress still must appropriate the funds.

Mr. Barton has criticized the NIH for being a "hodgepodge of different interests," and insisted on greater collaboration and transparency at the agency. In addition to a new requirement to track grants electronically, the legislation calls for the NIH director to send biennial progress reports to Congress on research activities. The legislation also sets up a "common fund," valued at $1.5 billion next year, which the NIH director controls and can spend on research involving more than one of the agency's institutes.

On bioterrorism, Congress passed new requirements for the secretary of health and human services to set benchmarks for states and localities receiving federal grant money to prepare for health emergencies. States also must begin matching the funds in 2009, and they must perform regular drills and exercises to identify weaknesses in their emergency-response systems and report what they find to the federal government.

The health package also calls for a $1 billion in grants to biotechnology firms developing drugs and vaccines for bioterrorism-related illnesses and infectious diseases. The money, a response to criticism of the government's beleaguered $5.6 billion Bioshield program, is intended to help companies through the so-called Valley of Death, a period in the start-up process when they need to conduct costly research and scale-up manufacturing capabilities but don't yet have products that translate into government contracts or private investment. Congress also gave the federal government more flexibility to award periodic payments when the companies meet predetermined milestones.

Congressional action "sends a signal" that the government is committed to funding the bioterrorism sector, said John Clerici, a lawyer at McKenna Long & Aldridge who represents biodefense clients. The bill would benefit many of the small biotech firms focusing on this type of research and was supported by some venture-capital firms because they have invested in the sector or would like to.

Crucial to getting the health package through Congress was an agreement to redistribute funds in the State Children's Health Insurance Program, which provides grants to help states cover low-income children. Mr. Barton initially objected to a plan that would have given unspent SCHIP funds from one group of states—including Texas—and given them to other states that are facing shortfalls in their programs, such as Massachusetts and Rhode Island. But the final deal capped the money shifted away from Texas at $20 million, and Mr. Barton agreed to move the other health legislation through the House. He also won Senate passage of his NIH changes.

Congress also changed the funding formula in the Ryan White program, which provides grants to states and cities for treatment of people with AIDS. Now, cases of HIV—not just full-blown AIDS—also will be counted when the federal government is deciding how to dole out the money, a move that shifts resources to states, including many in the South, with relatively newer epidemics of the disease. Lawmakers from states with more long-running epidemics, including New York, New Jersey and California, had objected to the change. The final agreement lessened the blow to those places.

US Lawmakers Exit With A Last Nod To Oil Drilling (CSM)

By Brad Knickerbocker

Christian Science Monitor, December 11, 2006

As one of its final acts, the 109th Congress Friday approved opening to oil and gas development 8.3 million previously protected acres off the Gulf Coast - a last bid to influence energy and environmental policy before the Democrats assume control.

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Industry officials are pleased; environmentalists much less so.

"Let's hope this is Congress's one last fling with Big Oil and that we can make a fresh start to achieving true energy security with ... the new Congress," said Carl Pope, Sierra Club executive director, in a statement.

But John Engler, National Association of Manufacturers president, says exploring the outer continental shelf is "critical to the US economy." Just how critical depends on the cost of development and on whether other sources of gas and oil are sought and found as well.

For example, the Bush administration is considering lifting a ban on drilling in Bristol Bay, Alaska, imposed by Congress after the 1989 Exxon Valdez oil spill in Prince William Sound. But congressional resistance to such energy-extraction efforts - including in the Arctic National Wildlife Refuge - is likely to mount after Democrats take control of the House and Senate.

Democrats, for their part, say they'll close what they see as loopholes in a program requiring companies to pay royalties on oil pumped on US property. Critics - including the Government Accountability Office and the US Interior Department's inspector general - say officials have not enforced the collection of royalty payments amounting to tens of billions of dollars.

Interior's IG recently found that the number of departmental audits and auditors had declined markedly since 2000. As a result, the investigation found, just 20 percent of firms involved in oil and gas development and 9 percent of properties had been examined in the past three years. Interior often relies on oil companies to report the amount of resources extracted on federal land, which forms the basis for royalty payments.

Testifying before Congress in September, Interior's Inspector General Earl Devaney said the agency operates in a culture that "sustains managerial irresponsibility and a lack of accountability." In defense of their record, Interior officials note that audits in fiscal year 2006 covered 73 percent of revenues, up from 46 percent in 2003.

Still, the IG report led R.M. "Johnnie" Burton, director of Interior's Minerals Management Service, to pledge to strengthen procedures, improve administrative controls, and enhance tracking systems.

Under the Gulf Coast drilling bill passed Friday, 37.5 percent of royalties will go to Louisiana, Texas, Mississippi, and Alabama; 12.5 percent to land and water conservation programs; and 50 percent to the US treasury. To win over Florida lawmakers, the bill disallowed drilling within 125 miles of the Florida coast.

Congress Approves Bill To Criminalize 'Pretexting' (WSJ)

By David Rogers And Robert Guy Matthews

The Wall Street Journal, December 11, 2006

WASHINGTON -- Spurred by the Hewlett-Packard Co. scandal, Congress approved legislation that would make it a federal crime to obtain an individual's telephone records without his or her approval.

The measure spells out new federal criminal penalties for those who buy and sell such fraudulently obtained records. The White House said President Bush will sign the measure.

The bill targets "pretexting" tactics, where investigators use schemes to impersonate their target and gain access to private phone records. Investigators hired by H-P used the strategy this year when investigating who leaked information to reporters.

About 12 states have made telephone pretexting a crime, but there is currently no clear federal prohibition. Former H-P Chairman Patricia Dunn and several others were charged in the pretexting scandal for violations of California's state privacy laws. Ms. Dunn has pleaded not guilty.

Journalists and media organizations that purchase confidential records knowing they were obtained without the consumer's consent could be subject to fines of as much as $500,000 and imprisonment for as much as 10 years. Additional penalties would be imposed in cases where the information is used to commit further federal crimes or causes substantial financial harm, for example, to a consumer whose identity has been stolen.

The law contains an exception for law-enforcement agencies.

Until recently, telephone pretexting has existed in a murky legal realm, and federal regulators and state attorneys general often have been forced to bring cases under general consumer protection or antifraud statutes.

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Many consumer advocates called the bill an important first step to quash pretexting, but they warned that the bill does nothing to prevent people from using impersonation methods to gain access to private details on electricity, gas, and water-and-sewage bills.

"The legislation leaves open the wider issue of pretexting to get all forms of consumer records," said Rob Douglas, an information-security consultant and editor of PrivacyToday.com. "I would hope that this would continue to be an issue for the next Congress."

Some consumer advocates wanted the legislation to go further, forcing phone companies to increase their security procedures. Phone companies were against more-stringent mandates, saying they were victims along with their customers, of fraudulent pretexting.

"This legislation focuses on the criminal," said Joe Farren, spokesman for CTIA-The Wireless Association, a cellular-carriers trade group. "What we shouldn't be doing is trying to blame the victim."

Pretexting isn't a new issue. In 1999, Congress passed legislation making it illegal to obtain financial records using the scheme.

Democrats Can Smell The Pork (WP)

By Robert D. Novak

The Washington Post, December 11, 2006

The sterile, confused lame-duck session of the Republican-controlled 109th Congress ended with a quiet victory by reformers that staved off an estimated 10,000 earmarks. But it could not be called a farewell to pork. As the House approached adjournment Thursday, Democrats signaled they may countenance a return to free and easy spending ways when they assume the majority Jan. 4.

The hero of the lame-duck session was freshman Republican Sen. Jim DeMint of South Carolina. He was instrumental in blocking a Senate-House conference on a military construction appropriations bill, which would then be used as the last train out of town to carry pork. But just as the reformers were cheering Thursday, a coalition of Republicans and Democrats defeated a procedure designed to inhibit Pentagon earmarks.

That leaves an unanswered question for the new Democratic majority. Rep. Rahm Emanuel, the dynamic new member of the House Democratic leadership, has exhorted colleagues not to forget that their campaign against the Republican "climate of corruption" brought them into power. But does Emanuel's concept of reform go beyond new lobbyist control regulations and extend to the bipartisan addiction to pork-barrel spending?

The first closed-door meeting of Republican senators after their drubbing in the election erupted in discord after the leadership laid out plans for an omnibus spending bill, putting all unfinished appropriations bills in one package. That would provide a cornucopia of earmarks for members of Congress to bring home to their constituents.

But DeMint rose to make clear that he and his fellow freshman Republican, Sen. Tom Coburn of Oklahoma, would use the many parliamentary devices at their disposal to block an omnibus bill. Their alternative was what is called a continuing resolution, extending spending at its present level into February. That meant the lame-duck session would be porkless.

Sen. Ted Stevens, the old appropriator renowned for delivering pork home to Alaska, erupted with an exhibition of his famous hair-trigger temper. Sen. Thad Cochran, a courtly Southern gentleman and Stevens's successor as Appropriations Committee chairman, made the case in calmer language. Sen. John McCain, happy to have two Senate rookies pick up the anti-pork mantle he has carried for many years, was making snide comments in a stage whisper. But DeMint was not about to be moved by either threats or persuasion. The military construction bill was the last vehicle suitable for earmarks. The formidable Sen. Kay Bailey Hutchison of Texas, the Appropriations subcommittee chairman handling that measure, was determined to conclude action on it in a Senate-House conference. With uncharacteristic anger last week, a frustrated Cochran said he was not about to take dictation from two freshman senators. But they blocked the conference from taking place.

As this became clear Thursday, a second triumph for the reformers loomed with apparent imminent passage of Coburn's "report card," under which the Pentagon would grade earmarks on a scale of A to F. Before the election recess, the Senate voted

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96 to 1 to add that proposal to the Defense appropriations bill. But the fix was in. The House removed the Coburn amendment by a 394 to 32 vote, while promising to consider it as a free-standing bill in the lame-duck session.

House Armed Services Committee Chairman Duncan Hunter went on the House floor Thursday to approve the report card. But the appropriators struck back. Rep. Bill Young, chairman of the Defense appropriations subcommittee, argued: "I don't want the Pentagon having to spend all that time grading the work that we in the Congress do." Rep. Ike Skelton, Hunter's Democratic successor, said the next Congress "will offer a better approach." Young and Skelton both predicted the report card would inhibit earmarking. The proposal was voted down on Friday, 330 to 70, with only two Democrats voting for it.

The issue of spending reform is in Democratic hands. Emanuel, the newly elected House Democratic Caucus chairman, e-mailed colleagues Nov. 17 with a call for reform. The takeover of the House that he led as Democratic Congressional Campaign Committee chairman, Emanuel said, sent a message that "it's time for a change, and change starts by cleaning up Washington."

But in reiterating the Democratic campaign's promises to "reform lobbying and ethics rules," Emanuel did not mention the corrupting influence of earmarks.

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We Passed Vital Laws (USAT)

USA Today, December 11, 2006

The Congressional session that just concluded actually leaves a solid record of achievement for America. The House and Senate both worked to protect our country, crack down on crime, promote a strong economy, improve education and approve sensible judges in a fair manner.

In particular, Congress passed and the president signed bills to establish special tribunals for accused terrorists, begin securing our border, rein in North Korea's nuclear ambitions, crack down on methamphetamine, track pedophiles, extend tax relief, open markets to U.S. exports, cut spending, secure pensions, encourage retirement savings, update bankruptcy laws, create a Google-like search engine for federal spending, and establish new scholarships for students in fields important to the economy's future. The Senate confirmed two new Supreme Court justices and reduced federal judicial vacancies to their lowest level in 20 years. The president will also soon sign legislation to increase domestic energy production and forge nuclear power cooperation agreement with India.

Nonetheless, some widely supported measures fell victim to obstructionist tactics. Democrats, for example, blocked popular proposals to make it easier for small businesses to buy health coverage for their employees, reform our broken medical liability system, do more adult stem cell research, and increase the minimum wage.

It's clear, likewise, that "values" issues such as marriage protection and flag burning have broad appeal with the public as a whole. Voters in 27 states have approved marriage protection amendments, and all 50 state legislatures have called for a constitutional amendment to ban flag burning. When such a popular groundswell exists, then Congress should act.

Some problems Congress faces stem from systemic flaws in America's processes. No matter who has been in charge, all appropriations bills have passed on time on only three occasions in the past 30 years. Improving things will require a strong mutual commitment on the part of the White House and the leadership in both houses of Congress to reform the spending process, fix entitlements, tackle earmarks and eliminate the deficit.

Much work remains ahead, but I'm proud of all the vital laws that did get through.

Bill Frist, R-Tenn., is the outgoing Senate majority leader.

109th Congress' Big Success: Lowering The Achievement Bar (USAT)

USA Today, December 11, 2006

In the end, nothing became the 109th Congress so much as its going, which it finally did Saturday on the heels of an ethics report that seemed to symbolize two years of feckless behavior. Even some key Republicans left town lamenting a record of failure.

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The House ethics committee blistered Speaker Dennis Hastert and other Republicans for ignoring a decade of warnings that Rep. Mark Foley, who resigned in disgrace this fall, was trying to sexually exploit male pages. But, with typical toothlessness, the panel found no violation of the rules and meted out no punishment.

That's pretty much the story of the past two years: Anything went if it helped preserve GOP power, but very little was achieved to address the nation's problems. The successes of 12 years of Republican rule, most notably welfare reform, were concentrated in the first four — before fundraising, cozy relationships with lobbyists and exercising the perks of office overrode the promises of integrity, fiscal responsibility and limited government that brought Republicans to power.

As Sen. John McCain, R-Ariz., put it: "We came to change Washington, and Washington changed us."

The 2005-06 House and Senate met for fewer days than any Congress did in the past half century — fewer even than the "do-nothing Congress" President Harry Truman railed at in 1948, which passed the Marshall Plan that helped rebuild postwar Europe.

The 109th boasts nothing that comes close. A pretty good pension reform. Hurricane Katrina relief. Some help for free trade. An energy bill that hasn't made much difference. A bankruptcy bill that helps business and hurts consumers. A bill weakening protections against torture. And tax cuts, unmatched by spending cuts, that sent the nation deeper into deficits that the Republicans created.

The Senate Republican Policy Committee released a 26-page "major accomplishments" list that included — not making this up — a resolution allowing senators and their aides to ask each other for donations for Katrina victims.

It's not as if there wasn't important work to do. Social Security and Medicare are two years closer to fiscal disaster. Cities are enacting immigration laws because Congress never agreed on reform. Despite numerous scandals, there was no serious effort at ethics fixes. For partisan reasons, Congress virtually abandoned oversight even of the Iraq war.

What Congress often did instead was to indulge in divisive, time-wasting debates that fired up the GOP base. Flag burning. Gay marriage. The controversy over removing Terri Schiavo's feeding tube.

Congress even punted its most basic job: approving all 11 annual spending bills that keep the government's lights on.

Some Republicans' cluelessness was clear in their words. Rep. Mike Pence, R-Ind., complained that he and his colleagues were just too "tired" to do any serious work in their lame duck session. The three-day weeks must have been exhausting.

None of this says the Democrats will do better. They're already showing signs of reneging on campaign promises to improve ethics, rein in pork-barreling and implement 9/11 commission proposals. In fact, the Republicans were evicted because they became the very image of the corrupt and arrogant Democrats they overthrew in 1994.

Now it's up to resurgent Democrats to fulfill the promises they made to voters and build a better record. They'll have at least one thing going for them: It's a low bar.

Good Fish News (WP)

The Washington Post, December 11, 2006

BEFORE LEAVING town, Congress passed an important piece of legislation for the health of America's oceans. Two commissions in recent years have concluded that only bold policies can prevent the collapse of coastal ecosystems. The bill, which reauthorized and improved upon the nation's fisheries management laws, wasn't bold enough and contained a few unfortunate compromises, but it represents progress.

Fisheries management is hugely important. When it's done poorly, the result is the disappearance of fish stocks, serious economic hardship for coastal communities and untold environmental damage. When it is done effectively -- as in Alaska -- the result is a win-win for environmental and economic interests. The keys are the responsible use of science in setting catch levels, a firm ban on overfishing and insistence that depleted stocks be permitted to rebuild.

Congress's first accomplishment was in generally rejecting efforts to weaken the rules -- which, given where the debate started, was no small thing. The bill clarified that regional fisheries councils, some of which have permitted overfishing of depleted stocks, must stop doing that. It obliged the councils to follow the advice of their scientific committees in setting annual

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catch limits. While a provision providing firm accountability for exceeding such limits got watered down, the insistence on science reflects a substantial and important change.

Assuming the councils respect Congress's will, the bill will move American fishing toward sustainable levels. It also has strong provisions regarding destructive methods of fishing on the high seas that will strengthen the hand of the administration, which has been trying in international negotiations to stop such practices in international waters.

The bill is a good start. It shows that the dire warnings of oceanic death have opened some eyes among policymakers.

Pelosi Piques Public's Interest (LAT)

By Faye Fiore

The Los Angeles Times, December 11, 2006

WASHINGTON — When Nancy Pelosi appeared on national television on the morning after voters returned the House to Democratic hands, Leon Rebibo's phone started ringing in Los Angeles.

A pearl wholesaler, Rebibo fielded calls from more than four dozen women of all political stripes who wanted a muted, multicolor strand of South Sea Tahitian pearls, just like the one Pelosi was wearing.

"I'm very disappointed the Democrats won, but I absolutely love her necklace. If my husband hears me, he's going to kill me," Rebibo recalled one Republican woman whispering into the phone.

As Pelosi prepares to be sworn in Jan. 4 as the first female speaker of the House, she has become an object of fascination and curiosity in political circles and beyond. Barbara Walters interviewed her as one of the year's 10 most fascinating people. People magazine has written about her twice in recent weeks. An article in a Palm Springs newspaper ran with the headline: "How To Get the Nancy Pelosi Look." (Answer: an Armani suit.)

Only weeks ago, Republicans were doing their best in the heat of the campaign to paint Pelosi, 66, as a conservative's nightmare — a San Francisco liberal out of touch with the American mainstream. But more recently, a poll measuring political charisma showed that she had "dramatically improved her standing" with the public, sponsors of the survey said, with voters knowing her better and feeling warmer toward her.

Now Pelosi is planning a series of events to commemorate her swearing-in as the senior official in the House, second in the line of succession. The events in the first week of January will try to plant Pelosi's version of her life story in the national consciousness, showing her as an Italian American and devout Catholic from Baltimore, who married her college sweetheart, raised five children, ran for Congress in middle-age and shattered a Washington gender barrier days before her sixth grandchild was born.

The impending inauguration kicks off the contest over who will define Nancy Pelosi: Republicans who see her as a reckless liberal, or Pelosi herself, who wants to be seen as an American Everywoman, leading her party on a steady course to the center.

"She is trying to dispatch the stereotype put forth by Republicans," said Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania. "The advantage she has is the country didn't know her before. Her challenge will be to take votes cast against Republicans and the war in Iraq and transform them into votes for the Democratic Party in 2008."

Though the details are in flux, plans are to begin the celebration Jan. 2 with a luncheon in Pelosi's hometown of Baltimore, reminding people she is not just a wealthy San Francisco matron but also the daughter of Thomas D'Alesandro Jr., a beloved Maryland congressman and Baltimore mayor.

The next day will include Mass at Trinity College in Washington, a nod to her alma mater and her faith. A tea will follow for female Democratic activists, lawmakers and donors. It will celebrate the 110th Congress, which convenes with the highest number of women in U.S. history.

The day will be capped by a dinner at the Italian Embassy — Pelosi is also the first Italian American speaker — where Tony Bennett is slated to sing — what else? — "I Left My Heart in San Francisco."

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The Jan. 4 gavel-passing will officially install her as speaker, the highest office ever attained by a female elected official in the U.S. She will set out her agenda in a speech to the House, then avail herself for the traditional photo session that gives the 434 other House members and their families a chance to have their picture taken with Pelosi pretending to swear them in.

The day ends with a 3,000-seat black-tie dinner and concert, with scheduled performances by Carole King and Jimmy Buffett, among others. Invited glitterati include Warren Beatty and Annette Bening, said Brian Quintana, a Malibu producer involved in the planning.

On Friday, a "People's House" event is planned at the Capitol, where Pelosi will meet and thank a broader group of well-wishers. The business of Congress will proceed in between, with Pelosi convening the House to launch the much-promoted "First 100 Hours" agenda that includes ethics reforms and a minimum-wage increase.

"Nancy Pelosi wanted a humble swearing-in and to go about the people's business," Quintana said. "Then, calls started coming in from all over the country. She decided we needed to thank the people who helped her get here."

The cost of the events will be covered by campaign donations, except the Friday morning People's House, which is paid for by congressional funds.

Four months ago, Pelosi barely registered on the name recognition scale, which served her well at the time; GOP attempts to demonize her fell flat because few knew who she was.

Now many more do.

"This is a dangerous time in terms of public reception. She has the newsworthiness but not the power," said former Democratic strategist Paul Begala. The introduction thus far has been bumpy. She stumbled when House Democrats rejected her choice of Rep. John P. Murtha of Pennsylvania as majority leader. In pushing Murtha, Pelosi stirred up a divisive flap that muted the big moment when House Democrats formally made her their leader.

Having spent years watching her party outmaneuvered in the message wars, Pelosi is soliciting advice from former Clinton White House Press Secretary Mike McCurry, one of the Democrats' most respected communication strategists.

Plans are also afloat to move the main communications operation from the speaker's office to incoming Democratic Caucus Chairman Rahm Emanuel of Illinois. He would handle party message and rapid response.

Meanwhile, all eyes are on Pelosi.

On Friday, Leon Rebibo's Pearl Source in Los Angeles unveiled "The Nancy Pelosi" — a replica of her Tahitian pearls. They will sell for $5,999 — a bargain compared with what Rebibo figures the real thing is worth.

In New Congress, Seniority Takes Back Seat To Spirit (WP)

By Lyndsey Layton

The Washington Post, December 11, 2006

They call themselves the "30-Something Working Group," a loose collection of House Democrats in their 30s and 40s who have begun making waves.

During the campaign season, the group took to the floor of the House nightly to give speeches during a period known as special orders, when lawmakers are permitted to speak for up to an hour about any topic after the day's business is complete.

The core of the group -- Reps. Kendrick Meek and Debbie Wasserman Schultz of Florida and Timothy J. Ryan of Ohio -- began talking at 10 or 11 p.m. Never mind that the House chamber was essentially empty at that hour. C-SPAN was recording the sessions, and insomniacs around the country got to know the three young Democrats. The trio sometimes used props and took irreverent jabs at the Republicans in honing their party's message.

"I was in the Minneapolis airport and the clerk in a shop said to me 'Are you on TV?' " Wasserman Schultz said. "I couldn't believe it. People across the country were watching."

The young Democrats played an important role in helping their party take control of Congress, and now they are beginning to reap the benefits. Nancy Pelosi, the California Democrat who will become speaker of the House when her party assumes control of Congress next month, is making room for these and other young House Democrats, giving them opportunities they would not normally enjoy under the rigid seniority system that typically defines life in the Capitol.

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Last week, Pelosi announced Wasserman Schultz will be a deputy chief whip and Meek and Ryan will serve on the party's steering committee, which sets policy and makes committee assignments, along with two incoming freshmen. In addition, Wasserman Schultz and Davis are being considered for a seat on the prestigious Ways and Means Committee, which sets tax policy, and Meek is vying for a seat on the Appropriations Committee.

"Some members have waited four or five terms to be a member of Appropriations or Ways and Means," said Meek, who hauled an oversized rubber stamp to the House floor to argue that the Republican Congress was in lockstep with the White House. "The fact that an incoming third-termer is even being considered is evidence that Speaker Pelosi is committed to giving opportunities to younger members to participate in real policymaking."

At a Tuesday meeting of the Democratic caucus, where House members heard from several experts about Iraq, Pelosi insisted that freshmen members ask the first round of questions, a departure from past practice.

And when the new Congress convenes next month, Democratic leaders will break an ethics reform package into several individual bills so that freshmen can introduce each bill and get their first opportunity to make a speech on the House floor.

The idea, aides and party strategists say, is to put a younger, fresh face on the Democrats to embody the change Pelosi promised throughout the midterm campaign. They say she wants to reward several young lawmakers who worked hard during the election. And she wants to help establish those who won Republican seats and need to gain credibility before the 2008 election. She is also looking for ways to cultivate young voters for the party, aides say.

"People who were recently elected and have been through tough elections have a sense of the mood of the country and their communities, and [Pelosi] wants to encourage those voices," said Rep. Chris Van Hollen (Md.), 48, also considered part of the new generation. "There was a period of time where the attitude was newer members should be seen and not heard. That's not the case."

Van Hollen worked closely during the campaign season with Rep. Rahm Emanuel (Ill.) and is a leading candidate to replace Emanuel as chairman of the Democratic Congressional Campaign Committee. Emanuel, 47, was elected chairman of the House Democratic Caucus, making him the fourth-ranking Democrat in the House.

One common thread that set the young representatives apart from longtime party stalwarts was a hunger and a determination to take control of Congress, several younger members said.

"The 'old bulls' have been in the minority for 12 years, and all of them recognize what landed us in the minority and that a new working order is necessary and is in the works," said Rep. Stephanie Herseth, a sophomore lawmaker from South Dakota.

Almost two-thirds of the Democratic veterans in the House have known only life under GOP rule. "They stopped believing it was possible," Wasserman Schultz said. "If you keep losing election cycle after election cycle, it wears you down. We were able to restore some of their belief. They needed our energy and our intensity."

Spending Woes Await Dems In New Congress (USAT)

USA Today, December 11, 2006

When the Democrats take control of Congress next month, they will also have to take charge of resolving spending issues that the old Congress couldn't.

As the clock ticked toward adjournment over the weekend, Congress approved a flurry of last-minute bills, but could not reach a deal on nearly a dozen annual spending bills for the fiscal year that began Oct. 1.

Instead, lawmakers approved a stopgap measure that keeps the federal government running through Feb. 15 — about a week after President Bush unveils his budget plans for fiscal year 2008.

"The new Congress is going to have to do in five weeks what the old Congress couldn't do in five months," said Stan Collender, a former congressional budget committee aide. He said the stage is set for a budget showdown with Bush, who is more likely to veto Democrat-passed spending bills.

Budget work on about $400 billion for agencies as varied as the Education Department, the Department of Agriculture and Health and Human Services will be left unfinished also.

"I think this Congress will be remembered for its failures more than its accomplishments," said Rep. Jack Kingston, R-Ga., a member of the Appropriations Committee, which oversees most federal spending.

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Rep. Dave Obey, D-Wis., who will become Appropriations Committee chairman when the new Congress is sworn in Jan. 4, called the stopgap-spending bill "a blatant admission of abject failure by the most useless Congress in modern times."

Broad disagreement over levels of federal spending for fiscal 2007, and how to avoid raising the annual deficit above its current level of roughly $250 billion, prevented Democrats and Republicans from agreeing to most of the spending bills it must pass each year to fund the government.

One dispute was over how much to increase spending available to Veterans Affairs hospitals, which are faced with growing demands for care and backlogs of patients from the Iraq war and earlier periods of service.

In other end-of-session business, the House ethics committee on Friday said it found no evidence that any current lawmakers or aides violated any rules in the case of former congressman Mark Foley. The panel recommended no sanctions but accused some House members of being "willfully ignorant" of the consequences of his behavior.

The Florida Republican resigned in September after he was confronted with sexually explicit and other inappropriate electronic messages he allegedly sent to former teenage pages.

To The Victors Go The Invoices (WSJ)

By David Rogers

The Wall Street Journal, December 11, 2006

WASHINGTON -- In the closing hours of the Republican-controlled Congress, impatient House Democrats took a swing at oil and gas interests -- a sign of things to come in January.

The punch fell wide: Their amendment, seeking to recoup royalties from energy companies drilling on federal lands, failed 207-205. There was pride in coming so close. But the defeat also betrayed a level of confusion in the new majority and fear that it won't have the resources needed to carry out its agenda after midterm election victories.

What had begun as a simple two-paragraph amendment to a tax bill had grown to fill 11 pages before it was offered with hand-scrawled notations and a new multibillion dollar provision exempting middle-income families from the alternative minimum tax through 2007.

"We'll be back with 30 more votes in a month," said Rep. Edward Markey (D., Mass.) the chief sponsor. But the budget math won't change, and Democrats still face this question: how to pay for their initiatives and address significant fiscal problems left behind by outgoing Republicans?

For Mr. Markey, recovering billions in oil royalties is both good government and a means to pay for lower interest rates charged to students on their college loans. Continued AMT relief in 2007 is something his party also wants. But the failed amendment became a thinly disguised attempt by Democratic tax writers to charge the AMT costs to Republicans before tougher deficit-reduction rules are put in place in January.

The failed amendment was to have been added to a $45.1 billion omnibus tax package, itself an exemplar of how much Congress approaches decisions on an installment basis because lawmakers can't face the long-term costs. Filled with scores of provisions, the bill finally was sent to President Bush with bipartisan support around 2 a.m. Saturday. Attached to the measure was a historic Vietnam trade bill as well as an extension of trade provisions important to Haiti and Andean nations.

Before passage, Senate Budget Committee Chairman Judd Gregg (R., N.H.) -- proclaiming himself "embarrassed" -- vainly protested that the bill was $17.5 billion over budget limits set by Republicans themselves.

He was voted down 67-21, with less than a third of his party supporting him. Even Mr. Gregg's numbers understate the longer-term impact, because most of the tax breaks are only extended through 2007, meaning the new Democratic majority next year will come under immediate pressure to make room in its 2008 budget to extend them again.

These include popular deductions for college tuition, teacher classroom expenses, and state and local sales taxes, a big issue for the home state of new Senate Majority Leader Harry Reid (D., Nev.). The corporate-research tax credit, which had expired at the end of 2005, is both restored and expanded through 2007, meaning the annual costs will be even greater when Democrats address the issue for 2008.

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And after years of trying, the insurance industry won a provision allowing new, middle-income homeowners to deduct the cost of mortgage-insurance premiums -- an idea many Democrats will find hard to resist and which had early support from tax writer Sen. Blanche Lincoln, (D., Ark.).

The deduction, which the industry estimates could save $200 to $400 a year per household, is targeted to families with adjusted gross income below $110,000. Insurers hope it will make first-time home buying easier, because families are less likely then to have the equity to make a large enough deposit to avoid having to have mortgage insurance, typically 20%. But the provision is narrowly prescribed to 2007. Only new mortgage contracts issued after Dec. 31 would qualify and premiums paid before the end of 2007. The deduction's short-term cost is about $91 million; that is, unless it also gets extended down the road.

In the same vein, new short-term credits are introduced, such as for the purchase of mine safety equipment by coal companies. Puerto Rico and the Virgin Islands will benefit from Washington sharing -- on a temporary basis -- more of its collections of rum excise taxes.

Two spending elements attached to the tax bill are also telling. Coal-state senators won a $4.9 billion provision to lift federal spending for retired miner's health benefits and abandoned mine reclamation. As part of the same compromise a new set of tax breaks was added to promote the use of health-savings accounts, but again on an incremental one-year basis to play down the costs.

The second spending issue dealt with government supported health-care programs, which represent a huge strain on future budgets. In the case of Medicaid, a joint federal-state health program for the poor, the bill makes it harder for the Bush administration to crack down on schemes used by states to increase Washington's share of the program. Hospital and nursing-home lobbies argued for the amendment, but the result is to give the White House less flexibility in addressing cost problems.

In the case of Medicare, negotiators agreed to forestall a scheduled 5% cut in reimbursements for physicians under the program, covering the elderly and disabled. But the bill only meets part of the estimated $13 billion in costs now, meaning the next Congress will start further in the hole. Democrats accepted the outcome, not so much because they liked it but because they have a longer-term interest in building a partnership with physicians, whom they consider pivotal to any long-term effort to address health-care costs. As part of the agreement, an extra 1.5% bonus payment would go to doctors who participate in a health-care data reporting program to begin next July. And Democrats would like to create a more stable reimbursement situation for physicians in return for more help in identifying long-term savings in health care.

One problem that won't wait for the long term is the still unfinished business of spending for the fiscal year that began Oct. 1. Before surrendering power, Republicans sent Mr. Bush a stop-gap bill late Friday to keep agencies operating through Feb. 15, but Democrats will now be saddled with having to sort through what amounts on an annual basis $463 billion in discretionary spending.

The Department of Veterans Affairs is given greater discretion to shift as much as $684 million from other accounts to deal with the shortfall that develops in medical care. But other agencies are less fortunate, and if an agreement isn't reached quickly between Democrats and the White House, the domestic-appropriations debate could become entangled with Mr. Bush's anticipated request next year for more money for the war in Iraq.

Leaving The Dems Some Hot Potatoes (USNEWS)

By Silla Brush

U.S. News and World Report, December 11, 2006

Nearly everyone on Capitol Hill calls it a mess. Democratic leaders at their end-of-the-year press conference railed about Congress's failure to finish answering the dollars and cents questions of funding the government. "They are going to leave a mess as they go out," said Democratic House Speaker-elect Nancy Pelosi. Some of their brethren across the aisle, including the Republican senator in charge of appropriations, were dismayed, too. Across town, the president's bean counters at the Office of Management and Budget also wished Congress had finished its appropriations work earlier.

But it wasn't to be. The lame duck Republican-led Congress punted nearly a half-trillion dollars in unfinished spending over to next year-to the Democrats, that is. Just when the Democrats hope to be talking about the minimum wage and college tuition and fulfilling their campaign pledges for a "new direction," they'll be saddled with looking backward and making a host of

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spending decisions fraught with peril. Their plans to hit the ground running with a flurry of politically popular initiatives may just have run into a gaping pothole.

That's because the lawmakers who left Washington last week-after working for just 103 days this year, fewer than the "Do Nothing Congress" of 1948-completed only two (defense and homeland security) of the 11 spending bills that finance 13 government agencies. Late Friday, Congress instead appeared headed toward passage of a stopgap continuing resolution to keep the government funded through February. But that leaves Democrats with $463 billion in fiscal year 2007 spending issues to resolve on their watch before they take up the budget again-probably in the spring-for fiscal year 2008. "We're going to have to do two years' work in one year," says Rep. David Obey, the Wisconsin Democrat who will take over the House Appropriations Committee.

In the best of times, Congress usually tries to finish the budget process by October of each year for fiscal years that run from then through the following September. Often, a few bills drag on, but "finishing just two of the appropriations bills by January is nearly unprecedented," says Brian Riedl, a budget analyst at the Heritage Foundation.

Politics? Throughout the year, Republicans were split between fiscal hawks intent on combating special-interest spending on lawmakers' favorite programs-earmarks-and moderates who argued for more funding. Those Republican factions never fully agreed, so they decided to leave the headache for Democrats.

Veteran Congress watchers also suspect that a good deal of politics was involved in the calculus. According to this theory, some Republicans figure that Democrats will have a hard time governing with the spending bills on their shoulders, meaning they face the risk of losing momentum early. "When they found Democrats were in the majority in the House and Senate," says James Horney of the Center on Budget and Policy Priorities, "they said, 'Hey, not our problem anymore.'"

Short-term resolutions are no way to run a government. Fundamental choices aren't made-and those that have been tediously negotiated aren't acted on. Lots of agencies and programs drift into a kind of bureaucratic limbo as they lose the ability to plan. In the end, costs can also rise. The Justice Department, for example, will reportedly have 70 percent less money than the president's request because of stalled negotiations. The Census Bureau, which is trying to start a new computerized system for the 2010 census, risks a $1 billion cost overrun, if funding uncertainties mean a pilot program can't be started or the purchase must be delayed. "The more mundane-sounding but necessary accounts are the ones that get hit," Stephen McMillin, the deputy director of OMB, tells U.S. News.

Is The Farm Bill's Fat Finally In The Fire? (USNEWS)

By Bret Schulte

U.S. News and World Report, December 10, 2006

The agriculture industry is hoping for a 2007 bumper crop-of money. When Congress reconvenes in January, one of its top priorities will be hashing out a new six-year farm bill, an always anticipated Washington ritual that has regularly delivered massive subsidies to the industry and howls of protest from budget hawks and others. Supporters say the money has kept the farm economy afloat through market crashes and dire weather. But the farm bill has a reputation for being heavy on wasteful pork-barrel funding. One published report cited $1.3 billion for folks who don't farm at all. Critics say it's time to end the payouts. And environmental and trade considerations have made the bill a platform for debate on some of the nation's most crucial issues.

From fiscal years 2002 to 2006, the government spent $93.3 billion subsidizing "commodity crops" like corn, wheat, rice, and soybeans, flooding the international market with cheap goods. It may keep the American farm economy going, but the policy threatens free-trade agreements; World Trade Organization talks are stalled because of agriculture subsidies by the United States and equally protectionist European nations. Another chief complaint: Seventy-two percent of the money goes to just 10 percent of the recipients. "The big guys get bigger ... the small operators are left behind," says Ken Cook of the Environmental Working Group.

While Big Ag is pushing for another barnburner, the largess of the 2002 farm bill, penned at a time of government surplus, is gone. This time, nothing will come easy.

Dust Bowl. The farm bill's roots are in the Great Depression. But when the economy recovered, subsidies didn't stop, partly because of powerful legislators from farm states. In 1996, Indiana Sen. Dick Lugar attempted major reform with the Freedom to

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Farm Act, which cut subsidies to staple crops and allowed farmers more choices in planting. It passed, in part, because of a bullish commodities market. But when prices fell, the agriculture industry clamored for help. By 2002, it was back to business as usual.

But the business of agriculture, and the farm bill, are changing. Fruit and vegetable growers are demanding their slice of the pie as they face stiffening competition from imports. They have the backing of the powerful California delegation in Congress and have already submitted their own bill. But ethanol will dominate talks. Not only are corn prices booming because of ethanol demand, but the gasoline substitute could give producers a way around international trade regulations through an exception that's made for environmental purposes, such as renewable fuels. Free-traders want to kill all subsidies, and environmental groups who have the ear of some Democrats oppose more corn-based ethanol, preferring switch-grass- and wood-chip-based biofuel. They also fear that more corn production will remove land from the bill's Conservation Reserve Program, which currently keeps about 36 million acres of farmland out of production.

From all this, an odd-couple alliance is forming among Bread for the World, the libertarian Cato Institute, the liberal Environmental Defense, and the conservative Club for Growth. Expect talks to accelerate by early spring. Most insiders predict calls for reform will keep Big Ag from going home with the usual honey pot, but it won't be left hungry, either. For some, that's enough. "It's almost like a revolution is taking place," says Kathleen Rogers of Earthday Network. If that's so, change may be coming quick to rural America.

A Billion Here, A Billion There... (USNEWS)

By Edward T. Pound

U.S. News and World Report, December 11, 2006

For years the Department of Interior's Minerals Management Service operated pretty much in the backwaters of the nation's capital, drawing little scrutiny from the press or Capitol Hill. Such obscurity, however, is a thing of the past. Last summer, congressional investigators discovered that the agency had bungled its job so badly that energy companies legally avoided paying an estimated $2 billion in royalties on oil and natural gas extracted from federal waters. The final tab to taxpayers could reach $10 billion. Lawmakers, to put it mildly, are incensed.

Now, when the new Congress convenes in January under Democratic control, there will be scrutiny aplenty of the beleaguered Interior Department unit. In the Senate, Democrat Ron Wyden of Oregon will chair a subcommittee and vows a "very vigorous" investigation of the oil and gas leasing program run by the minerals agency. Taxpayers, Wyden said in an interview, are victims of a giant "rip-off" by oil and gas companies. In the House, says a senior aide to Rep. Nick Rahall, the West Virginia Democrat expected to chair the House Resources Committee, "there will be an intensive and exhaustive review of royalty underpayments."

"Steal a loaf." The minerals agency may be little known, but it has been an important source of revenue for the U.S. Treasury and for American Indians. Last year, it collected $9.9 billion in royalties on oil and gas pumped from federal and Indian lands and from U.S.-owned coastal waters. Some 2,600 companies hold 27,800 producing leases.

The current scandal focuses on the agency's failure to ensure that oil and gas producers paid their full share of royalties on oil and gas pumped from the deep waters of the Gulf of Mexico. This is what happened: MMS officials inexplicably failed to include provisions in some deep-water leases that would have required energy companies to pay royalties once the price per barrel reached a certain level. That mistake cost the Treasury some $2 billion in lost revenue. Today, the minerals agency is attempting to cut new deals with 12 of the 56 oil companies that hold these lucrative leases. A few companies seem keen on working something out. "We would like to see a mutually beneficial solution," says Donald Campbell, a spokesman for Chevron Corp.

As congressional investigators dig deeper, they have an important ally in the Interior Department's chief watchdog, Inspector General Earl Devaney. He has been snapping at the heels of MMS officials for years. Last week, he issued a tough, 50-page report warning that the minerals agency's audit and compliance program on royalty payments for federal and Indian properties is so flawed that there is a high risk that the agency "may not detect underpaid royalties." Agency officials defended the program but promised to fix any problems.

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Devaney's conclusion came as no surprise to investigators at the Project on Government Oversight, a watchdog group that has long criticized the minerals agency for lax oversight of energy producers. "If you don't have a policeman in the neighborhood," Beth Daley, POGO's chief investigator says, "the thief is going to steal a loaf of bread from the bakery." The watchdog group has helped the government recover hundreds of millions of dollars in royalty underpayments.

The scandal has hurt MMS's top official, Johnnie Burton, who testified in September before a House panel chaired by Rep. Darrell Issa, a California Republican. In an interview, the lawmaker says bluntly that Burton misled Congress. "She said she hadn't learned about the missing price thresholds [in some deep-water] leases until 2006," Issa says. But he has information, he says, indicating that Burton learned of the problem two years earlier. Issa wants Burton out. "I would like to see a reformer in that position," he said. "I do not believe she is a reformer." Burton, says an Interior Department spokesperson, declined to comment on Issa's statements.

Even some of the agency's own auditors are appalled at the mess. A former top auditor has filed a lawsuit in federal court, claiming that the minerals agency blocked his efforts to recover money owed to the government. Look for this to be one of the first big housecleaning moves when Congress comes back after the holidays.

Senate Confirms Jordan To 3rd Circuit Replacing Senior Judge Jane Roth (LAW)

By Elizabeth Bennett, The Legal Intelligencer

Legal Intelligencer, December 11, 2006

The U.S. Senate confirmed Judge Kent A. Jordan to the 3rd U.S. Circuit Court of Appeals on Friday.

Jordan, formerly a judge for the U.S. District Court for the District of Delaware, was nominated in June to replace Judge Jane R. Roth, who took senior status on the appellate court effective May 31. Both Roth and Jordan are Republicans.

Directly before his appointment to the district court in 2002, Jordan was vice president and general counsel of the Corporation Services Co. in Wilmington, Del. He joined the company in 1998 after five years as a partner with Wilmington firm Morris James Hitchens & Williams.

From 1987 to 1992, Jordan was an Assistant U.S. Attorney, after having spent two years as an associate with Potter Anderson & Corroon, another Wilmington firm.

Admitted to the Delaware bar in 1984, Jordan clerked for Judge James L. Latchum of the Delaware District Court from 1984 to 1985, after receiving his J.D. from the Georgetown University Law Center. He received his B.A. from Brigham Young University in 1981. Jordan was born in West Point, N.Y., and resides in Delaware.

"Kent Jordan embodies all the qualities one should look for in a judge -- integrity, a thorough understanding of the law, a keen intellect, a willingness to listen to both sides of a case, and a strong work ethic," said U.S. Sen. Tom Carper, D-Del. "I believe he will do an outstanding job and will continue in the tradition of fine Delawarean jurists that have served on the federal bench."

Historically, two seats on the 3rd Circuit bench have gone to Delaware jurists. Jordan's nomination continues the tradition. Roth is from Delaware, and the state's other representative on the court is Judge Thomas L. Ambro, who joined from private bankruptcy practice at Wilmington firm Richards Layton & Finger. He was nominated by President Bill Clinton and confirmed in 2000.

SF Protesters Urge Pelosi To Pursue Impeachment Of Bush (SFC)

By John King

San Francisco Chronicle, December 11, 2006

(12-10) 13:48 PST SAN FRANCISCO -- As Democrats prepare to take control of Congress, a small but spirited rally in San Francisco called on the future speaker of the House of Representatives, the city's Rep. Nancy Pelosi, to move impeachment to the top of the legislative agenda.

"We need Nancy Pelosi to serve and represent her people. We need her to stand up and say I'm going to do what's right," said Norah Foster, one of the organizers of the rally at United Nations Plaza near San Francisco's City Hall and Civic Center.

"If she puts impeachment back on the table, I'm confident Bush and Cheney will resign within four months," Foster said during the rally.

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The protest -- organized by Bay Area anti-war groups -- was held on the 60th International Human Rights Day. Similar rallies were scheduled in other large American cities.

The turnout was a far cry from the street-filling protests held in opposition to the invasion of Iraq in 2003. The listeners at U.N. Plaza barely outnumbered the two dozen or so organizers, who were wearing orange jumpsuits, windbreakers and T-shirts.

But neither the small turnout -- nor intermittent rain -- dampened the speakers' ardor.

Bushes Join 'Dr. Phil' At Christmas Show (AP)

By Ann Sanner

AP, December 11, 2006

President Bush enjoyed a lively set of Christmas music Sunday night, swaying and bobbing his head as music stars like Taylor Hicks and Gretchen Wilson belted out classic carols.

TV host "Dr. Phil" McGraw and his wife, Robin, emceed the annual "Christmas in Washington" concert at the National Building Museum. The event benefited the Children's National Medical Center.

"Since this event began a quarter of a century ago, 'Christmas in Washington' has become one of the most cherished holiday traditions here in our nation's capital," Bush said.

As Americans gather with their families over the holidays, Bush said, U.S. troops abroad "must know that our nation is grateful for your service."

"American Idol" winner Hicks led off the show with "Santa Claus Is Coming to Town." Country singer Wilson performed "I Saw Mommy Kissing Santa Claus," while 12-year-old "America's Got Talent" champ Bianca Ryan sang "Have Yourself a Merry Little Christmas." Pop-opera quartet Il Divo performed "White Christmas." The lineup also included soul singers Chris Brown and Corinne Bailey Rae.

The president and first lady Laura Bush joined all the performers onstage for the finale, including "Hark, the Herald Angels Sing."

The event will air Wednesday night on Turner Network Television.

Earlier Sunday, the Bushes attended services at St. John's Episcopal Church, a block away from the White House. The president also went on a bike ride at a wildlife refuge in Maryland.

A Partisan Take On The Shadow President (FT)

By Caroline Daniel

Financial Times, December 11, 2006

In Executive Privilege, a sex and politics thriller written by Dick Cheney's wife, Lynne, President Zern Jenner laments: "The history of the presidency in the 20th century is the history of a gradually weakening institution." Her book reflected the sombre pillow talk of her husband. It was written in 1979, four years after Mr Cheney became the youngest White House chief of staff for President Gerald Ford. He was profoundly affected by the reassertion of Congress over the executive branch after Watergate and by the submission of his boss to testify on the Hill.

Thirty years later, those concerns no longer find expression in his wife's fictional characters. As vice-president, his goal has been to restore to the presidency the unimpeded constitutional power to conduct national security policy and pass on his office "in better shape than we found it".

In Vice, Lou Dubose – a reporter who has previously taken aim at Republican icons George Bush, Tom DeLay and Karl Rove – and Jake Bernstein, set out to depict how Mr Cheney's has become the most powerful vice-presidency in history, "insulated from any accountability – from the Congress and even from the president with whom he shared executive power".

The partisan tone can be deduced from the chapter headings: "Covert Cover-up", "Lady MacCheney" and the "Torture Presidency". In a liberal-pleasing epilogue they say he created a "still largely invisible constitutional crisis". The book concludes with the word "bullshit", noting he went to the Iraq war on the basis "of forged documents that he knew were bullshit".

The book is best on the methods used to consolidate power, not the man. His ascent has been aided by the assiduous cultivation of patrons, including Donald Rumsfeld, former secretary of defence, from whom he learnt the art of marginalising enemies, the calculated leak and giving oral advice rather than leaving a paper record.

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Reinforcing the image of Mr Cheney as the shadow president, the authors reveal the ways he has bolstered his authority. His national security team read all the e-mail traffic to and from the president's National Security Council staffers, yet they are not allowed to read the communications of his staff.

Exploiting loopholes, his legal counsel redefined his office as a branch of Congress to avoid Freedom of Information requests, yet failed to submit to Senate ethics rules that require disclosure of details on staffing or travel. He has the same power to classify information as the president and, in his first year in office, he defended the secrecy of his energy task force to shield advice from oil executives.

His most potent legacy is national security law. In the 1980s, during the Iran-Contra hearings, he defended the administration's right to conduct covert operations. After September 11 2001, he conceded the need to "work, through, sort of the dark side", and pioneered terrorist surveillance and harsher interrogation methods, earning himself the title in a Washington Post editorial, "Vice-President for Torture".

On the most contentious claims, such as whether he steered $7bn in no-bid Iraq contracts to Halliburton, the oil services company he ran from 1995 to 2000, the authors offer implications, not facts. "If [Scooter] Libby [chief of staff] had been briefed on the contracts, it was all but impossible that Dick Cheney was out of the loop," is one loaded assertion.

Where the book is weakest is on offering real insight into the man behind the austere, avuncular image and half crooked smile. It fails to explain a man who earned a reputation as a Wyoming congressman, as a reassuring, attentive listener, a conservative but political pragmatist, but is now seen as a stubborn figure, so indifferent to his public image that he went duck shooting on election day.

This is a story told from the outside looking in. As well as leaving a limited paper trail, Mr Cheney trails few anecdotes. There are a few glimpses of a more complex character behind the caricature – of him turning to alcohol after flunking out of Yale to become a lineman and enjoying rowdy parties during his time on the Hill – but Nicholas Lehman's 2001 profile in The New Yorker gets closer to capturing his enigmatic personality. Ron Suskind's One Percent Doctrine better explains his transformation after the first Gulf war, when Mr Cheney asked: "How many additional American casualties is Saddam worth? And the answer is not very damned many," into an unwavering advocate of a transformationalist foreign policy, driven by a visceral sense of threat rather than by being a true believer in spreading democracy.

Indeed, democracy at home is no easier. The new Democratic majority is likely to drag Mr Cheney, who prefers to operate in back rooms or on conservative talk shows, into the spotlight. The incoming chairman of the House Energy and Commerce Committee will hold investigations into his energy task force and spending on government contractors in Iraq. While he is likely to resist efforts to testify the danger is that, for all his efforts over the past six years to pass on his office in better shape, his actions have triggered a backlash, ushering in the same kind of congressional reassertion of power that so defined him three decades ago.

Inquiry Sought Over Evangelical Video (WP)

By Alan Cooperman

The Washington Post, December 11, 2006

A military watchdog group is asking the Defense Department to investigate whether seven Army and Air Force officers violated regulations by appearing in uniform in a promotional video for an evangelical Christian organization.

In the video, much of which was filmed inside the Pentagon, four generals and three colonels praise the Christian Embassy, a group that evangelizes among military leaders, politicians and diplomats in Washington. Some of the officers describe their efforts to spread their faith within the military.

"I found a wonderful opportunity as a director on the joint staff, as I meet the people that come into my directorate," Air Force Maj. Gen. Jack J. Catton Jr. says in the video. "And I tell them right up front who Jack Catton is, and I start with the fact that I'm an old-fashioned American, and my first priority is my faith in God, then my family and then country. I share my faith because it describes who I am."

Pete Geren, a former acting secretary of the Air Force who oversaw the service's response in 2005 to accusations that evangelical Christians were pressuring cadets at the Air Force Academy, also appears in the video. The Christian Embassy "has

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been a rock that I can rely on, been an organization that helped me in my walk with Christ, and I'm just thankful for the service they give," he says.

The 10-minute video is on the group's Web site, Christianembassy.com. The organization was founded nearly 30 years ago by the late Bill Bright, who also founded Campus Crusade for Christ. The Christian Embassy Web site says the group holds prayer breakfasts each Wednesday in the Pentagon's executive dining room and organizes small groups to help military leaders "bridge the gap between faith and work."

Army Brig. Gen. Bob Casen refers in the video to the Christian Embassy's special efforts to reach admirals and generals through Flag Fellowship groups. Whenever he sees another fellowship member, he says, "I immediately feel like I am being held accountable, because we are the aroma of Jesus Christ."

The Military Religious Freedom Foundation, a watchdog group led by retired Air Force lawyer Michael L. "Mikey" Weinstein, is requesting an investigation in a letter to the Defense Department's inspector general.

Weinstein, a White House lawyer in the Reagan administration, cites Defense Department regulations barring personnel from appearing in uniform in "speeches, interviews, picket lines, marches, rallies or any public demonstration . . . which may imply Service sanction of the cause for which the demonstration or activity is conducted."

All the officers are identified in the video by their Defense Department positions, "yet the video failed to include any disclaimers indicating that the views expressed were not those of the Department of Defense," the letter says.

It asks whether the officers received permission to promote the Christian Embassy and whether any other religious or secular organizations have been allowed to use Pentagon facilities and uniformed personnel in promotional videos.

Catton said yesterday that he does not remember whether he sought approval to appear in the video, which he said was made in 2005. "If someone asked me today to do it, I for sure would ask permission," said the general, who sparked controversy this year by raising money from fellow officers for a congressional candidate.

Christian Embassy officials in Washington did not return phone messages left at their homes and offices over the weekend.

Air Force Lt. Col. Todd Vician, a Pentagon spokesman, said yesterday that "it is impossible for me or the department to comment on a letter we haven't received yet." Once the letter is in hand, he added, "I'm confident that the inspector general will take the appropriate action."

In 2003, Army Lt. Gen. William G. "Jerry" Boykin drew criticism for appearing in uniform before church groups and saying, in remarks captured on video, that President Bush was "appointed by God," that the United States is "a Christian nation" and that Muslims worship "an idol." The inspector general's office determined that Boykin had not violated any rules, and he remained in a top intelligence post.

This year, Navy chaplain Gordon J. Klingenschmitt was court-martialed for appearing in uniform at a political protest in front of the White House, though he maintained that all he did was lead a prayer.

Weinstein noted that his son and daughter-in-law, who are serving as first lieutenants in the Air Force, received written permission in July to appear in a documentary based on the book "Constantine's Sword," a history of Christian anti-Semitism.

"They may appear on camera for this documentary, but as they will be speaking for themselves, as private citizens, not for the Air Force, they cannot appear in uniform," says the order, a copy of which Weinstein provided to The Washington Post.

Shuttle Crew Prepares For Building Blitz At Station (USAT)

By Traci Watson

USA Today, December 11, 2006

Early data from Saturday's launch of space shuttle Discovery show the ship is in good health and suffered no damage on the way to orbit, deputy shuttle program manager John Shannon said Sunday.

"It was a very typical ascent," Shannon said. "The team sees nothing of concern at this time."

NASA stepped up its scrutiny of the shuttle's condition after launch-pad debris punched a hole in shuttle Columbia's heat shield in 2003. The hole went undetected, and the vehicle fell apart as it re-entered the atmosphere, killing the crew.

Discovery's liftoff was the first night launch in four years. The darkness meant that many launch cameras had less of a view than during the day or none at all.

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However, engineers got good footage of parts of the spacecraft illuminated by the fiery plumes of its own rockets and thruster jets.

"I was surprised," by the amount of detail the cameras captured, Shannon said. He said cameras at the launch pad showed that the shuttle's fuel tank, the source of the debris that fatally struck Columbia, was in better condition than during any of the past three shuttle flights.

Despite the good camera views, Discovery's astronauts spent Sunday performing a survey of their ship. The data they gathered is the most important in determining whether their spacecraft can get them safely home.

Led by astronaut Nicholas Patrick, the crew spent nearly five hours Sunday surveying the wings and nose. Those areas feel the hottest temperatures — roughly 3,000 degrees — as the shuttle re-enters the Earth's atmosphere. The inspection job is both crucial and tedious, requiring the astronauts to spend long periods keeping tabs on the shuttle's arm in case it malfunctions.

In 2005, a shuttle crew had to fight with balky technology to aim the camera. Earlier this year, a shuttle crew found itself focusing on what turned out to be not damage to the heat shield but splattered bird droppings.

The first part of the inspection Sunday went so smoothly that the crew finished the heat-shield inspection nearly an hour ahead of schedule.

The shuttle's square white heat-shielding tiles will be inspected today. As Discovery nears the International Space Station for docking, shuttle commander Mark Polansky will send his spacecraft into a slow somersault at 3:45 p.m. ET. The crew of the space station will snap photos of the tiles and other parts of the shuttle as Discovery does its flip.

The combination of Sunday's survey and the photos by the station crew today will make up for the fewer photos during launch, Patrick said before the flight.

After docking with the station, Discovery's crew will immediately embark on a six-day building blitz that will transform the orbiting laboratory. After the 4:47 p.m. ET docking, two Discovery astronauts will command the shuttle's robotic arm to reach into its cargo bay and pluck out an early Christmas gift for the station, a new piece to be added to the station's aluminum framework.

The shuttle's robotic arm then will hand the new girder to the station's robotic arm. It will be a dicey operation: If the astronauts steering the shuttle arm are a few inches off, they could bash the arm into the shuttle's cargo-bay doors and damage the cooling system there.

Delivery of the girder is only the first step in what NASA officials call the most complex shuttle mission devoted to building the station, which has been occupied since 2000. Discovery's crew, with the help of Mission Control and the station's residents, plan to rewire the lab and start up its cooling system. Much of the equipment to be turned on has waited in orbit for years. No one knows whether it will work.

"We have a lot of work in front of us, but so far so good," lead shuttle flight director Tony Ceccacci said Sunday.

First Day In Space For Discovery Includes Full Check For Damages (AP)

AP, December 11, 2006

CAPE CANAVERAL, Fla. -- Astronauts aboard the space shuttle Discovery woke up to The Beatles on Sunday, their first morning in space, where the first order of business will be to make sure their ship wasn't damaged during launch.

The crew lit up the sky late Saturday with a fiery ascent that practically turned night into day in the first nighttime launch in four years. Then it was on to the international space station to rewire the orbital outpost.

The astronauts began their day to the mellow tunes of "Here Comes the Sun."

"Good morning, Discovery. We especially want to thank you for the burst of sunshine you brought into our lives last night. It was an awesome launch," Shannon Lucid from Mission Control radioed up to the crew.

SHUTTLE MONITOR

Check out the latest NASA updates on the Discovery mission, including a launch blog, Webcast and pictures at NASA's Web site.

"It was pretty great for all of us, too," Commander Mark Polansky responded.

Astronauts will spend the day inspecting the shuttle for potentially critical heat shield damage from debris that may have fallen off the external tank during lift off, the problem that doomed the shuttle Columbia in 2003.

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Nicholas Patrick, one of the five astronauts experiencing zero gravity for the first time, will use the shuttle's 50-foot robotic arm and similarly long boom with sensors and a camera to inspect the ship. The survey is scheduled to start at 3:12 p.m.

The shuttle is scheduled to dock with the space station Monday to begin conducting three complicated spacewalks to rewire the space station from a temporary to a permanent power source.

NASA had to beat the odds to get off the launch pad Saturday. After only a 30% chance of good weather earlier in the day and a two-hour delay in fueling, Discovery streaked through a moonless sky at 8:47 p.m. EST. "It just all came together perfectly," launch director Mike Leinbach said.

The mood was also upbeat aboard Discovery. "I think we have five people who just haven't stopped smiling yet," Cmdr. Polansky said after the shuttle reached space.

During the 12-day mission, Discovery's crew will also deliver an $11 million addition to the space lab and bring home one of the space station's three crew members, German astronaut Thomas Reiter of the European Space Agency. American astronaut Sunita "Suni" Williams will replace him, staying for six months.

The two veterans aboard the shuttle are Cmdr. Polansky and Robert Curbeam, who will spacewalk three times. The others are pilot William Oefelein, and mission specialists Patrick, Williams, Joan Higginbotham and the European Space Agency's Christer Fuglesang, who was the first Swede in space.

Mr. Fuglesang carried some unusual food into orbit: several cans of moose sausage and moose pate.

The mission is one leg of a three-year race to finish construction on the space station before shuttles are retired in 2010. After Discovery's mission, 13 more shuttle flights are needed to complete the lab.

The launch was the first at night since Endeavour's flight in November 2002 and only the 29th in darkness of NASA's 117 total shuttle launches.

NASA had required daylight launches for three flights after the Columbia accident so that clear images could be taken of the external fuel tank. Foam broke off Columbia's tank at liftoff and struck the spacecraft's wing, leading to the disaster that killed seven astronauts. Mission Control in Houston told Discovery's crew that there were no initial reports of any serious problems with the latest launch and that the shuttle was "in great shape."

"What you've seen tonight is the successful accomplishment of the most challenging, demanding, technically state-of-the-art, difficult thing that this nation or any nation can do," NASA Administrator Michael Griffin said.

Saturday's launch was only the fourth since the Columbia disaster in 2003 and the third of the year. It also was the last scheduled liftoff from pad 39B, which will be modified for new rockets that will take astronauts back to the moon in 2020. "It's kind of the end of an era," Mr. Leinbach said.

Waiting at the space station for his visitors to arrive Monday, U.S. astronaut Michael Lopez-Alegria played celebratory music for Discovery, "Song 2" by Blur, highlighting the lyrics: "Woo hoo! Woo hoo!"

Time For A Power Boost At International Space Station (CSM)

By Peter N. Spotts

The Christian Science Monitor, December 11, 2006

Imagine overhauling the electrical system of a transatlantic airliner in midflight, and you get an inkling of the challenge NASA faces this week as it takes the next major step in completing the International Space Station.

Saturday night, the shuttle Discovery and its seven-member crew arced into the sky, spraying a trail of fire that lit the night. Tuesday, astronauts Robert Curbeam and Sweden's Christer Fuglesang begin the first of three spacewalks to ensure that the orbiting outpost can provide the power and cooling needed to house six crew members and run European and Japanese labs, slated to arrive at the station beginning next October.

Astronauts will help install a new $11 million truss to the station's "backbone." And they will connect a set of solar panels, delivered in September, to the station's power grid.

These are not simple plug-and-play operations. Controllers in Houston will have to partially retract an existing solar array to give the new panels room to move as they track the sun. Then ground controllers must reroute the flow of electricity through the station so that astronauts don't handle live wires during their spacewalks. Vital life-support systems will be shut down in parts of

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the station, temporarily erasing the protective redundancy built into the station. Equipment that must be kept running to ensure redundancy will have to be "jumpered" to the powered half of the grid.

If all goes as planned "it won't be as complicated" as it could be, says Kirk Shireman, the space station's program manager. "But you have to prepare yourself for quite a number of ugly contingencies."

Some of the hardware the astronauts must activate have been dormant for years. "It's like storing a car in a garage for four years, then turning the key to see if it starts," he continues. This mission is important for the station's future, which itself is important as NASA plans to explore the moon and, perhaps, Mars.

"One of the things we're going to learn from the station is in fact how to work through failures or problems" during long-lived manned missions, acknowledges NASA Administrator Michael Griffin. Until the space station came along, he continues, US missions consisted of brief episodes on orbit or at the moon. "Even Skylab was 84 days, less than three months. When we go to Mars, we need three years."

If the station represents a step on the ladder that will ultimately allow humans to climb out of low-Earth orbit for long-term exploration, it also remains a test of Washington's reliability as a partner in global manned-spaceflight projects.

Last week, NASA unveiled a rough outline of its plans for a lunar outpost, whose evolution beyond a single dot on the lunar map will depend on international participation.

NASA's likens the effort to the history of exploring Antarctica. Some 50 years passed between the first successful round trip to the South Pole and the establishment of permanent bases there. Visits grew longer, and the bases expanded, until today, where many nations have year-round facilities there. The outlines of a lunar outpost bear the same gradualist features.

Yet NASA's vision for space explorationis the first set of goals set out by President Bush and endorsed by Congress that by design spans administrations and generations. Several science-policy analysts have noted that it's difficult to see how NASA will be able to do it with the money it's likely to receive from Congress. By one analysis, from the original Mercury flight in 1961 through the Apollo-Soyuz mission of 1975, NASA spent roughly $145 billion in 2005 dollars. The two-decade-old shuttle program carries a $150 billion price tag to date. And the station's costs have ballooned from an initial estimate of $8 billion to roughly $100 billion. Yet given its current budgets, NASA is likely to have only $75 billion available through 2020, when the current plan anticipates fresh human boot prints on the moon.

Dr. Griffin notes that the US is not the only spacefaring nation where political support for human space exploration ebbs and flows.

"There is nothing I can say that is in any way a guarantee," he adds. "We are going to meet our commitments and finish the space station." He says that this should serve to give international partners "some confidence in us for the long term. We want to have them with us when we take the next step. Enterprises of this magnitude must have a leader, and in this era of world history, the United States is that leader. But it needs to be an alliance. We hope that others will take the risk and go forward with us."

Mail Rates To Be Harnessed As Part Of Postal-Overhaul Bill (WSJ)

By John D. Mckinnon And Rick Brooks

The Wall Street Journal, December 11, 2006

The Postal Service generally will be barred from raising postage rates beyond the rate of inflation for the next decade under an overhaul passed by Congress.

The new law -- the first major changes to the service in more than three decades -- aims to stabilize rates for households and bulk mailers and to help the service cope with the challenges of the Internet and compete against delivery companies such as FedEx Corp. and United Parcel Service Inc.

The White House said President Bush would sign the bill.

In return for accepting new limits on rate-setting, the Postal Service was given new flexibility in the process of setting rates and will gradually be relieved of billions of dollars of employee-retirement expenses.

The changes should make the Postal Service more attractive to catalog companies and other bulk mailers, by letting them plan costs more accurately. For consumers, the changes could bring more frequent rate increases, though they would rarely be as large as some recent ones, including an average 8.5% jump proposed in May that would be the biggest price increase in 12

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years if it takes effect. Under that, the cost of a first-class postage stamp is supposed to rise to 42 cents in May from the current 39 cents.

Sponsors also hope that by capping rates, they will force the Postal Service to become more efficient. The legislation also calls for plans to shrink the service's huge employee and infrastructure base.

At the same time, a financial overhaul will allow the Postal Service to erase billions of dollars of unfunded retiree health-care obligations, thanks to an earlier reduction of its obligations for pension benefits for its workers.

The Postal Service has been using those savings to pay down debt for the past couple of years. The bill also achieves some savings on employee-injury claims by requiring workers to take sick time for three days before filing for workers compensation.

In addition, postal officials will have to make many of the same disclosures as public companies, including complying with financial-reporting provisions of the Sarbanes-Oxley law. A newly formed Postal Regulatory Commission will have the power to issue subpoenas and burrow much deeper into the Postal Service's operations than its current regulator.

The Postal Service has its origins in the earliest days of the country, and used to be a government agency. It was partly privatized beginning in the early 1970s, to force it toward self-sufficiency. Despite strides, much of its business model has been made obsolete by fax machines, email and Internet commerce, as well as increased competition from private carriers. The new changes aim to make it run more efficiently.

While the changes generally make the Postal Service more competitive, it isn't clear they can offset challenges such as continued declines in the volume of first-class mail. Some analysts say the Internet could help as well as hurt the Postal Service, by generating more package shipments from Web-based commerce. Meanwhile, though, the Postal Service remains responsible for providing universal mail service, and about one million new addresses are added each year.

The overhaul bill appeared to be in big trouble in recent weeks. But bulk mailers rallied to push it through after House Democrats -- led by Rep. Henry Waxman of California -- signaled that they were willing to drop their opposition to the rate cap. That led mailers to put pressure on the White House to reach a deal. The Bush administration, in turn, relented on some of its demands for big concessions on contract benefits from Postal Service employees.

"When this bill looked dead a month or two ago, it sparked a lot of people to action," said Robert E. McLean, executive director of the Mailers Council, an Arlington, Va., trade group of mailers who generate about 70% of U.S. mail volume.

The last hurdle was a concern that congressional appropriators would have to absorb about $1.8 billion over 10 years -- the cost of running the newly empowered regulatory commission and inspector general's office.

FedEx and UPS generally supported the bill, even though UPS has accused the Postal Service of using its monopoly on first-class mail deliveries to prop up its package operations. The hostility has eased now that FedEx and UPS carry mail on their planes. "We have been in favor of postal reform for a long time and anything that allows the Postal Service to make decisions more nimbly and operate more like a business," said Kristin Krause, a FedEx spokeswoman.

Muzzling Those Pesky Scientists (NYT)

The New York Times, December 11, 2006

The Environmental Protection Agency disclosed last week that it had revised — stood on their head is more like it — procedures it has used for 25 years to set standards for air pollutants like soot and lead. The administration said the change will streamline decision making. Perhaps it will. It will also have the further effect of decreasing the role of science in policy making while increasing the influence of the agency's political appointees.

This is disheartening, but not surprising. Whether the issue is birth control or global warming or clean air, this administration has already acquired a special place in regulatory history for the audacity with which it has manipulated or muzzled science (and in some cases individual scientists) that might discomfit its industrial allies or interfere with its political agenda.

The E.P.A. is required every five years to review scientific research and set new exposure levels for six pollutants identified as hazardous to human health. Normally, recommendations are first solicited from two groups of scientists: professional staff members inside the agency and independent outside scientists. Those recommendations are then sent to the department's

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senior officers — nearly all political appointees — who shape departmental policy and then send it to the White House and Office of Management and Budget for clearance.

Under the new process, initial reviews will be done by staff scientists and political appointees, who together will produce a synopsis of "policy-relevant" science — which sounds ominously like science tailored to predetermined policy outcomes. The independent scientists, meanwhile, will be frozen out until the very end, when they will be allowed to comment on proposals that will have already generated considerable momentum.

The betting among environmental groups is that these new procedures will lead to weaker air quality standards more in keeping with industry objectives — indeed, the American Petroleum Institute is already claiming credit for some of the changes. The new procedures will also help spare the agency the sort of public embarrassment it suffered in October, when its final standards for soot turned out to be far weaker than those recommended earlier (and virtually unanimously) by its staff scientists and the outside consultants.

Under the new process, when the E.P.A. considers how it will set air pollution standards, the only debate it will have is with itself.

Outsourcer In Chief (NYT)

By Paul Krugman

The New York Times, December 11, 2006

According to U.S. News & World Report, President Bush has told aides that he won't respond in detail to the Iraq Study Group's report because he doesn't want to "outsource" the role of commander in chief.

That's pretty ironic. You see, outsourcing of the government's responsibilities — not to panels of supposed wise men, but to private companies with the right connections — has been one of the hallmarks of his administration. And privatization through outsourcing is one reason the administration has failed on so many fronts.

For example, an article in Saturday's New York Times describes how the Coast Guard has run a $17 billion modernization program: "Instead of managing the project itself, the Coast Guard hired Lockheed Martin and Northrop Grumman, two of the nation's largest military contractors, to plan, supervise and deliver the new vessels and helicopters."

The result? Expensive ships that aren't seaworthy. The Coast Guard ignored "repeated warnings from its own engineers that the boats and ships were poorly designed and perhaps unsafe," while "the contractors failed to fulfill their obligation to make sure the government got the best price, frequently steering work to their subsidiaries or business partners instead of competitors."

In Afghanistan, the job of training a new police force was outsourced to DynCorp International, a private contractor, under very loose supervision: when conducting a recent review, auditors couldn't even find a copy of DynCorp's contract to see what it called for. And $1.1 billion later, Afghanistan still doesn't have an effective police training program.

In July 2004, Government Executive magazine published an article titled "Outsourcing Iraq," documenting how the U.S. occupation authorities had transferred responsibility for reconstruction to private contractors, with hardly any oversight. "The only plan," it said, "appears to have been to let the private sector manage nation-building, mostly on their own." We all know how that turned out.

On the home front, the Bush administration outsourced many responsibilities of the Federal Emergency Management Agency. For example, the job of evacuating people from disaster areas was given to a trucking logistics firm, Landstar Express America. When Hurricane Katrina struck, Landstar didn't even know where to get buses. According to Carey Limousine, which was eventually hired, Landstar "found us on the Web site."

It's now clear that there's a fundamental error in the antigovernment ideology embraced by today's conservative movement. Conservatives look at the virtues of market competition and leap to the conclusion that private ownership, in itself, is some kind of magic elixir. But there's no reason to assume that a private company hired to perform a public service will do better than people employed directly by the government.

In fact, the private company will almost surely do a worse job if its political connections insulate it from accountability — which has, of course, consistently been the case under Mr. Bush. The inspectors' report on Afghanistan's police conspicuously

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avoided assessing DynCorp's performance; even as government auditors found fault with Landstar, the company received a plaque from the Department of Transportation honoring its hurricane relief efforts.

Underlying this lack of accountability are the real motives for turning government functions over to private companies, which have little to do with efficiency. To say the obvious: when you see a story about failed outsourcing, you can be sure that the company in question is a major contributor to the Republican Party, is run by people with strong G.O.P. connections, or both.

So what happens now? The failure of privatization under the Bush administration offers a target-rich environment to newly empowered Congressional Democrats — and I say, let the subpoenas fly. Bear in mind that we're not talking just about wasted money: contracting failures in Iraq helped us lose one war, similar failures in Afghanistan may help us lose another, and FEMA's failures helped us lose a great American city.

And maybe, just maybe, the abject failure of this administration's efforts to outsource essential functions to the private sector will diminish the antigovernment prejudice created by decades of right-wing propaganda.

That's important, because the presumption that the private sector can do no wrong and the government can do nothing right prevents us from coming to grips with some of America's biggest problems — in particular, our wildly dysfunctional health care system. More on that in future columns.

A Town Running Hot And Cold (WP)

By Howard Kurtz

The Washington Post, December 11, 2006

Washington is awash in leaks these days, giving us a rare glimpse of what really goes on behind the carefully manicured landscape of official statements.

Goodness gracious, when even Donald Rumsfeld is saying privately that the Iraq war strategy "is not working well enough or fast enough" -- and someone furnishes his memo to the New York Times -- it is clear that the administration's once-legendary discipline has broken down.

What is also clear is that the private doubts of top officials are closer to the media's dark portrait of the war than to the "absolutely, we're winning" rhetoric of President Bush. That is especially noteworthy in light of all the criticism that administration officials have heaped on correspondents in Iraq for focusing too heavily on violence and ignoring signs of progress.

The reigning assumption of reporters -- that they're not always getting the full story from government officials -- seemed vindicated by twin leaks to the Times, involving the Rumsfeld memo and a classified assessment by national security adviser Stephen Hadley that was critical of Iraqi Prime Minister Nouri al-Maliki. The disclosures also underscored how a single Deep Throat, by slipping someone a piece of paper, can transform coverage of even the most important events. From the Pentagon Papers to the outing of Valerie Plame, this has been a well-trafficked route.

A similar phenomenon was at work with the Baker-Hamilton commission, where multiple sources dribbled out most of the panel's main recommendations on Iraq well before the findings were made public last Wednesday. In fact, the group headed by former secretary of state James Baker was such a sieve that by the time the members formally unveiled their report, it seemed like old news. An entire debate took place before any member of the group had made an on-the-record utterance.

The Hadley memo -- devastatingly leaked as Bush was about to meet with Maliki in Jordan -- said that "the reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action.'' A senior administration official told reporters that the memo was merely about "building better capabilities with the Maliki government."

Bush and Vice President Cheney have excoriated news organizations, especially the Times, for publishing national security secrets, but not this time. "I guess it's easier to rally the faithful with a cry of 'national security' than with a complaint that 'this is really embarrassing,' " Times Editor Bill Keller told the New York Observer.

But White House counselor Dan Bartlett says officials are indeed upset: "I haven't seen a more egregious leak in my time in government, timed to influence a very important meeting with a head of state."

David Greenberg, a professor of journalism and history at Rutgers University, says that "you see this kind of breakdown in an administration's unitary facade when there's a lot more internal dissension. As a rule, leaking occurs when people in an

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administration feel there's some kind of advantage to be gained in mobilizing public pressure, and journalistic pressure, against someone else on the inside."

The Rumsfeld memo, dated the day before the midterm elections, laid out a series of options on Iraq, including "withdraw U.S. forces from vulnerable positions" and move them to an "assistance" role, based in Kuwait and some parts of Iraq.

When asked by NBC's David Gregory why the president wasn't "saying publicly what top members of this administration who were running the war were saying privately," press secretary Tony Snow said Bush had made clear that "things are not getting well enough fast enough."

Snow also accused Gregory of being "partisan" last week after a question in which the correspondent merely summarized the recommendations of the Baker group and quoted co-chairman Lee Hamilton. Snow was arguing that the report was not a rejection of the president's Iraq policy, as it was depicted by nearly all news organizations.

At the very least, the Rumsfeld memo -- which some think was leaked by allies of the soon-to-be-former Pentagon chief to burnish his image -- clashes with his dogged public defense of the war policy and repeated accusations that reporters are getting things wrong.

"While you expect internal memos to be more wide-ranging and candid, I don't think there's as big a disconnect as is being suggested," Bartlett says. "I don't think it is the role of the secretary of defense to throw out a whole range of options for the public to chew on." Journalists have "selectively quoted the president," he says, setting up a false contrast by ignoring some of Bush's more sobering comments about Iraq.

One tidbit from the Rumsfeld memo shows the importance of the PR war: He says the administration should "go minimalist" by announcing any new policy on a "trial basis" so it can readjust if necessary -- "and therefore not 'lose.' "

While many leakers do their thing for policy reasons, they may also act out of pettiness, revenge or the ego trip of manipulating the media. Since the Times offered no clues about the sources' motivation, we can only speculate. But leaks, at least those that don't truly jeopardize national security, can be an important safety valve in a system where public pronouncements are carefully calibrated to reveal almost nothing. And journalists, of course, lap them up.

If this gusher of leaks shows that the Bush team is staunchly defending policies about which it harbors severe doubts, that has probably been true of every administration. But when the issue is a long, drawn-out, bloody war in which Americans are dying every week, the contrast between public and private comments seems more dramatic.Beyond Pajamas

Roger L. Simon has 90 bloggers affiliated with his Pajamas Media site, but now he's come up with a new wrinkle: "We're actually getting them to go report stuff."

Toward that end, the playwright and screenwriter was pleased when his servers crashed a week ago -- because a hot story was attracting a big crowd. Simon's new Washington editor, conservative journalist Richard Miniter, obtained a police report charging that six imams who had been removed from a US Airways flight in Minneapolis had been acting suspiciously.

"They were coming to us because we broke stories, not because someone said 'I don't like Don Rumsfeld,' " says Simon, who has written movies for the likes of Woody Allen, Ron Silver and Anjelica Huston. "The challenge for us is to fact-check. We're learning how to do this by the seat of our pants. I'm scared a lot of the time. . . . If you put something on a blog that's inaccurate, you will hear back in five minutes. No institution could afford that kind of fact-checking."

This thing called "reporting" could be the new cyberflavor of the month. The liberal Huffington Post also plans to get into original reporting and has hired Melinda Henneberger, formerly of Newsweek and the New York Times, as political editor. Josh Marshall, who runs the liberal Talking Points Memo, has hired two reporters for his TPM Muckraker spinoff.

The year-old Pajamas Media, which compensates its bloggers by placing ads on their Web sites, has leaned heavily to the right. Its stars include Fox News commentator Michelle Malkin and Instapundit's Glenn Reynolds, along with a few liberals such as the Nation's David Corn. But Simon, who describes himself as conservative on foreign affairs but socially liberal, says he plans more balance on the site.

His most "idiotic" move? Briefly changing the name from Pajamas to Open Source Media on grounds that the image of bloggers in their PJs was insufficiently serious.

Switching Sides

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Less than four weeks ago, Joseph Cannon was chairman of the Utah Republican Party. On Friday, he was named editor of the Deseret Morning News.

How could this be? Well, it didn't hurt that Cannon's grandfather and great-grandfather had edited the Salt Lake City paper, which is owned by the Mormon Church. But doesn't the naming of Cannon, a former Reagan administration official and Republican Senate candidate, make the paper look like a subsidiary of the GOP? Cannon told the Salt Lake Tribune that he would initially avoid handling local political stories and is "pretty comfortable being nonpartisan."

Only Fairness Will Assuage The Anxious Middle (FT)

By Lawrence Summers

Financial Times, December 11, 2006

A recent meeting with the incoming freshmen of the 110th House of Representatives made clear to me some of the forces that will shape American economic policy in the next few years. Coming from very different parts of the country and very different political perspectives, the new members of Congress have in common that they have all heard from the anxious middle class. They feel under enormous pressure to respond not just to the economic insecurity that middle-class voters feel, but also to voters' resentment at what they see as disproportionately prospering corporate elites. If the new Congress sees itself as having a mandate for anything in the economic area, it is for policies that "stand up" for ordinary Americans against the threat they perceive from corporate and moneyed interests.

These populist impulses have roots much deeper than campaign rhetoric. In the past, real wages and corporate profitability have moved together – increasing during economic expansions and when the US became more competitive, declining in recessions and when it encountered significant competitive threats. The unique feature of the current expansion is the divergence between the fortunes of capital and the fortunes of labour. While workers normally receive about three-quarters of corporate income, with the remainder going to profits and interest, the Economic Policy Institute has calculated that, since 2001, labour has received only about one-quarter of the increase in corporate income, as real wages have failed to keep pace with productivity growth.

Indeed, for most groups of workers, wages have not kept pace with inflation over the past several years. College graduates have been particularly hard hit, with their wages struggling to keep pace with inflation over the past five years. At the same time, profits per share for companies in the Standard & Poor's 500 index have increased at an annual rate of more than 10 per cent, even after taking into account inflation over the past four years.

This is not a trend that can be blamed on companies' earning more abroad: the US national income accounts, which include only profits earned at home, reveal that corporate profits as a share of gross domestic product are at their highest level in two generations and still rising.

With this kind of cleavage between the economic fortunes of companies and their workers, it should not be surprising that ordinary American families do not feel they are in the same boat as US corporations and their chief executives. Charles Wilson, Eisenhower's defence secretary, famously observed: "What's good for the country is good for General Motors and vice versa." Today, an increasing fraction of Americans see corporate leaders as part of Davos's team rather than America's.

These economic and political trends are and should be of great concern to the business community as well as to policymakers. They have led to populist policy proposals that cut against the grain of the market system by, for example, limiting free trade agreements, restricting outsourcing or limiting the ability of successful companies to expand.

The track record of such populist proposals is dismal. They rarely achieve their objectives and come with huge collateral costs. Policymakers forget at their peril that it is globalisation that has enabled the US economy to enjoy the favourable combination of low unemployment and low inflation of recent years – and that without open markets, product prices would be rising much faster, further attenuating living standards for middle-class families.

Yet it would not be a sufficient response for business or government simply to explain why populist policies would be counterproductive and to suggest – to borrow a term from a different debate – a "stay the course" strategy, perhaps with increased attention to the displaced. If the anxious middle's concerns about fairness are this serious when the unemployment rate is 4.4 per cent, they will be far greater whenever the economy next turns down.

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This puts a premium on finding measures that go with the grain of the market system while also responding to concerns about fairness. The place to start is by restoring the progressivity of the tax system – an area where much can be accomplished before considering changes to the rate structure.

It is neither fair nor efficient to audit disproportionately the tax returns of those in the bottom half of the income distribution at a time when most of the $500bn tax gap comes from those with high incomes. There is no policy justification for allowing the erosion of corporate income tax through pervasive use of corporate tax shelters and manipulation of transfer price rules. Not only does this cost the government revenue, it also puts undue competitive pressure on companies that want to meet obligations to their workers.

Much more can done in a range of areas, from disclosure of executive compensation, to ensuring that the government leverages the volume of its purchases, to making financing of education at every level more equitable, to making sure that businesses continue to take responsibility for their workers' healthcare costs.

When, as now, concerns become sufficiently serious, those with bad ideas always win out over those with no ideas.

John Kennedy famously challenged Americans: "Ask not what your country can do for you. Ask what you can do for your country." In the years ahead, this question will be put with increasing force to US corporations. A great deal depends on the vigour with which it is answered.

Calming An Anxious Middle Class (LAT)

By Lawrence H. Summers, Lawrence H. Summers Is A Contributing Editor To Opinion.

The Los Angeles Times, December 11, 2006

The incoming Congress will need to pursue policies that promote more economic fairness without hindering globalization.

A RECENT MEETING with the incoming freshmen of the 110th House of Representatives made clear to me some of the forces that will shape American economic policy in the next few years. Coming from very different parts of the country and very different political perspectives, each of the new members of Congress has one thing in common: They have all heard from an anxious middle class.

The freshman class is under enormous pressure to respond not just to the economic insecurity that middle-class voters feel but to their resentment toward the disproportionately prospering corporate elite. If the new Congress sees itself as having any kind of economic mandate, it is for policies that "stand up" for ordinary Americans against the perceived threat from corporate and moneyed interests.

These populist impulses have roots much deeper than campaign rhetoric. In the past, real wages and corporate profitability moved together — increasing during economic expansions and when the United States became more competitive, declining in recessions and when we encountered significant competitive threats. The unique feature of the current expansion is the divergence between the fortunes of capital and the fortunes of labor.

Although workers have normally received about three-quarters of corporate income, with the remainder going to profits and interest, labor has received only about one-quarter of the increase in corporate income since 2001, the Economic Policy Institute has calculated. Real wages have failed to keep pace with productivity growth.

For most groups of workers, wages have not even kept pace with inflation over the last several years. College graduates have been particularly hard-hit. Meanwhile, profits per share for firms in the Standard & Poor's 500 index have increased at an annual rate of more than 10%, even after taking into account inflation over the last four years.

With this kind of cleavage between the economic fortunes of companies and their workers, it should not be surprising that ordinary American families do not feel like they are in the same boat as corporations and their chief executives, or even able to benefit from the same rising tides.

These economic and political trends should be of great concern to the business community as well as to policymakers in Washington. They will continue to lead to any number of populist proposals that cut against the grain of the market system, such as limiting free-trade agreements, restricting outsourcing or blocking the ability of successful companies to expand.

But the track record of populist economic policies has been dismal — they rarely achieve their objectives but incur huge collateral costs. Policymakers forget at their peril that globalization has enabled the U.S. economy to enjoy the very favorable

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combination of low unemployment and low inflation, and that without open markets, product prices would be rising much faster than they are, making living standards even worse for middle-class families.

Yet it is not sufficient for business or government to simply explain that populism would be counterproductive, and to recommend (to borrow a term from a different debate) a "stay the course" strategy, perhaps with some increased attention to those who have been displaced. If the anxious middle's concerns about fairness are this serious when the unemployment rate is 4.4%, they will be far greater whenever the economy next turns down.

This puts a premium on finding policies that complement the market system while responding to fairness concerns. The place to start is by restoring the progressivity of the tax system — where much can be accomplished without changing the rate structure.

It is neither fair nor efficient to audit disproportionately the tax returns of those in the bottom half of the income scale at a time when most of the $500-billion tax gap comes from those with high incomes. There is no policy justification for allowing the corporate income tax to be eroded through the pervasive use of tax shelters and the manipulation of transfer-price rules. Not only does this cost the government revenue, it puts unfair competitive pressure on firms that try to meet their obligations to their workers and their country.

There is much more that can be done: disclosing executive compensation, leveraging the volume of government purchases, making the financing of education more equitable, finding ways to assure that businesses continue to take responsibility for the healthcare costs of their workers and so on.

When, as now, concerns about economic fairness become sufficiently serious, those with bad ideas always win out over those with no ideas. President Kennedy famously challenged Americans: "Ask not what your country can do for you. Ask what you can do for your country." In the years ahead, this question will be put with increasing force to American corporations. A great deal depends on the vigor of their answer.

OTHER NEWS:

US Economy Chugs Ahead Despite Auto And Housing Slumps (CSM)

By Ron Scherer

The Christian Science Monitor, December 11, 2006

It's a spunky economy.

Evidence is accumulating that America is weathering the downturns in the housing and auto markets.

The economy does have a little wobble, and some economists believe the US is entering a period of subpar growth. But as a whole, it appears to be avoiding dire predictions of a sharp rise in unemployment and a loss of business confidence. In fact, when the Federal Reserve meets Tuesday, the central bankers - who aren't expected to change interest rates - are more likely to be talking about the economy's resilience than any future recession.

One sign of the life left in the economy came Friday when the Labor Department reported the creation of 132,000 new jobs in November. It also revised upward - by 42,000 jobs - its reports for September and October. The last major economic report of 2006 also showed a small uptick in the jobless rate, from 4.4 to 4.5 percent.

"The employment numbers show the economy is sturdy," says Mark Zandi, chief economist at Moody's Economy.com. "The problems in housing and autos have not infected the economy."

The economy's resilience has been a theme of several years' standing - one that predates the 9/11 attacks. The US output of goods and services has survived the damage of hurricanes Katrina and Rita, a run-up in oil prices, and the bursting of the high-tech balloon in early 2001.

One reason for its capacity to take hits is its growing diversity. Indeed, last month's new jobs came in health and financial services, travel, government hiring, and professional services - all helping to offset a struggling manufacturing sector. Even in manufacturing, the picture is not as bleak as it could be, in part because vigorous economies abroad are buying American-made goods.

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"It takes a lot to get the economy down," says Ethan Harris, chief economist at Lehman Brothers in New York. "It does have some natural resilience in the face of shocks."

The most recent shock, of course, is the downturn in the US housing market. Last month, the economy shed some 29,000 construction jobs, as builders either completed projects or abandoned them. It was the third consecutive decline in housing-related jobs.

Mr. Zandi expects the housing crunch to continue for another three to six months because housing starts are still falling. "But housing will be less of a drag into the spring and summer," he predicts.

The automotive sector is also acting as a brake on the economy. November saw the loss of 15,000 manufacturing jobs, most of them related to the auto industry. But the industry is no longer the powerful force on the economy it once was. The auto sector is about 10 percent of manufacturing, and manufacturing is about 12 percent of the nation's gross domestic product, estimates David Huether, chief economist for the National Association of Manufacturers. "My forecast is no growth in the auto business for the next couple of years," he says.

But as Friday's report showed, the economy is also busy creating new jobs.

"The demand for executives and managers is very strong," reports John Challenger of the Chicago outplacement firm Challenger, Gray & Christmas. "A significant number of companies are going out to find the top talent and not waiting for it to come to them."

In fact, the Fed, which has been worried about the inflationary effects of a tight labor market, is likely to remain worried, says former Fed economist Ann Owen, now a professor at Hamilton College in Clinton, N.Y. "This strong employment report validates what they have been saying," she says.

In November, wages rose by 0.2 percent, not as much as the 0.4 percent increase in October. On a year-over-year basis, wages are growing at a 4.1 percent rate, or relatively close to the increase in productivity.

"This employment report does not scream high inflation, but I think it's indicating consistent inflationary pressures," says Ms. Owen. "But there is not enough indication of inflation to have them increase interest rates."

Though the economy continued to create jobs, some economic reports last week painted a less rosy picture. In November, the Institute for Supply Management's manufacturing index fell below the level that indicates a growing economy. But its gauge of the nonmanufacturing sector rose to its highest level since May.

There was also mixed news about consumers. Consumer confidence waned in early December, according to a University of Michigan report. But other reports indicate that holiday sales are solid. The government will report this week on November retail sales and consumer prices.

"This holiday period is an important test for the economy," says Lehman Brothers' Mr. Harris. "When you step back and look at how the consumer is doing, you see a solid job market, lower gasoline prices, which help low-income people, and a strong stock market, which is good for the upper income. The only dark cloud is housing."

Slumping consumer confidence may be tied to noneconomic factors, such as the situation in Iraq, says Mr. Huether. Consumer confidence tumbled in advance of the Iraq war and then soared after major combat operations appeared to be over, he recalls. "People were concerned there would be a larger regional war," he says, "and once the uncertainty was squashed, confidence rebounded."

Investors' Hopes For Interest Rates Ignore Fed Stance (WSJ)

By E.S. Browning

The Wall Street Journal, December 11, 2006

Investors are widely expecting an investor-friendly announcement from the Federal Reserve interest-rate meeting tomorrow.

The Fed is expected to leave target interest rates unchanged, fueling hopes that it will start cutting rates some time next year, which would be good news for stocks and bonds.

But worries are spreading that, longer-term, investor hopes for interest rates may have gotten a little out of hand. If so, stocks and bonds both could be in for some rough waters in the coming months.

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"The stock market has come a long way quickly," with the Dow Jones Industrial Average up more than 14% since July 14, notes Marc Stern, chief investment officer at Bessemer Investment Management in New York. "Investor expectations may have gone a bit farther than they should have."

To prepare for the rough patch he fears may lie ahead, Mr. Stern has cashed in about 7% of his clients' funds, and is holding the money in short-term Treasury bills, just in case the stock market pulls back.

A big part of the underlying problem is that financial markets and Fed Chairman Ben Bernanke seem to be at odds about the longer-term interest-rate outlook. Mr. Bernanke has been remarkably open about his plans for interest rates, and he isn't talking about the kinds of rate cuts that many investors are banking on.

Fed interest-rate policy is one of the main determinants of both stock and bond prices. A cut in Fed rates tends to push down other market rates, including bond yields. And lower market rates are good news for stocks, because they make it less costly for companies to do business and for consumers to buy products.

Right now, investors are betting on lower rates in the months to come, and that is one reason that stocks have done so well since the summer. The strong payroll data that came in on Friday made futures traders pull in their horns a little. They were betting the Fed might start cutting rates at its March meeting. Now they are thinking it might wait until its following meeting, in May.

By June, futures trading indicates, the market thinks the Fed will have cut rates at least once, maybe twice. Traders are betting that the cuts will continue as the year wears on.

Trouble is, that isn't what Mr. Bernanke has been suggesting. He said in a speech two weeks ago that the question facing the Fed isn't whether to cut rates, it is whether to raise them to fight inflation. "Core" inflation, not counting volatile food and energy prices, still is higher than the 2% a year that the Fed has said it is willing to tolerate.

If inflation keeps moderating over the next few months and pulls back toward the 2% level, all well and good. But if inflation proves sticky, and stops pulling back, the Fed could be forced to cool it off by raising rates further. That is the message Mr. Bernanke is trying to send, and it is a message that the markets are having trouble receiving.

"Inflation is the key here," says Ethan Harris, chief U.S. economist at Lehman Brothers. "Inflation is the enemy of all markets. If you get serious inflation, if the Fed's fears materialize, then you will have the Fed hiking instead of cutting, pushing growth weaker. That is a lousy environment for both" the stock and bond markets.

Mr. Harris isn't forecasting a resurgence in inflation. He thinks it could remain more or less steady.

But, like the Fed, he doesn't think that is a sure thing, and he thinks investors could be making a mistake to assume that inflation is dying. Energy prices, for example, seemed a month ago to be pulling back from a peak. But lately, oil futures have pushed back above $60 a barrel. Commodity prices in general could prove more resilient than more-bullish investors expect, Mr. Harris worries.

If so, inflation could prove harder to vanquish than markets are assuming, requiring higher rates.

Beyond about three months, futures markets aren't very good predictors of future interest-rate policy, says Jim Bianco of Bianco Research in Chicago. They have 97% or 98% accuracy a day before a Fed decision, and 70% accuracy six weeks ahead. More than three months ahead, accuracy is no better than 50-50, he says. Like Mr. Stern and Mr. Harris, Mr. Bianco thinks the Fed may prove slower to cut rates than many investors expect.

None of this means that the Fed is fated to raise rates, or that it won't start cutting them at some point next year. But it could mean that market hopes for a cut in the first half of the year could be dashed. And that, at some point, could send stocks lower.

That concern is part of the reason that Mr. Stern, of Bessemer, decided to sell some of his clients' more volatile, pricier stocks and other investments and build up his cash reserve.

"Investors have bid up various assets to levels that appear to be unsustainable," Mr. Stern says. He says that the stocks of big multinational companies in general are still reasonably priced. But some smaller stocks, stocks in developing countries, some riskier bonds, some more speculative commodities and some real-estate investments "seem to be too highly priced," he says.

"We are increasingly priced for very good news and any disappointment could lead to some short-term pressures. Come spring of '07, investors could be getting antsy, saying, 'Where is the rate cut we had been counting on?' " he says.

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One irony, Mr. Bianco says, is that when Mr. Bernanke was nominated to lead the Fed around a year ago, critics worried that he would be soft on inflation. They nicknamed him "Helicopter Ben," because of a reference he made to an economic theory that called, figuratively, for dumping money into the economy from helicopters to prevent a depression.

Now, Mr. Bianco notes, "the guy that is holding the Fed back from easing is Helicopter Ben. We got him all wrong, at least for his first 10 months" in office.

Future Bright For Ex-members Of Congress (AP)

By Darlene Superville

AP, December 11, 2006

They lost their House and Senate seats, in some cases after keeping them warm for three decades. Others up and left on their own. But do not feel too sorry for some of these soon-to-be former lawmakers.

The future is bright for ex-members of Congress. No welfare cheese for them and little if any time among the ranks of the unemployed.

Some already have settled on new careers. Or old ones, as the case may be.

"I'll probably go home and drive a truck for a couple of weeks to get centered again," Rep. Mike Sodrel, R-Ind., a 60-year-old freshman who was defeated, said in an interview.

During the campaign that got him elected in 2004, Sodrel, a millionaire who owns three trucking and bus companies, cruised around southeastern Indiana in his own 18-wheeler.

Last month, he lost to Baron Hill, the Democratic congressman he beat two years ago.

Rep. Sherwood Boehlert, the House Science Committee chairman, is joining the Woodrow Wilson International Center for Scholars in Washington. The longest-serving New York Republican in Congress, Boehlert quit after 24 years.

Rep. Jim Leach, R-Iowa, sent packing after 30 years, is sifting through offers from prestigious East Coast universities — Georgetown, Harvard and Princeton among them — as well as schools in his Midwestern home state.

Defeated GOP Sen. Mike DeWine of Ohio is talking to universities about teaching and law firms about legal work as he prepares to re-enter private life for the first time in 30 years.

Some departing lawmakers insist they will go back home when they are sitting congressmen no more, after their successors are sworn in Jan. 4. This, despite the lucrative lure of joining the influence industry in the capital as a lobbyist or consultant.

"This has been a nasty and brutish place for some time," said Norman Ornstein, a congressional analyst at the American Enterprise Institute. "I think for many people, they're tired of it, even if they've been a part of it, and they'd like to get at least a breather away from it."

Lawmakers are more inclined to leave families home these days and sink fewer roots here than in the past. Beyond that, most of the departing members are Republican, and job prospects in the capital may be less-than-stellar, with Democrats taking control of both houses of the new Congress.

"The ability of Republicans to make money in the short run is less than it is for Democrats right now," said L. Sandy Maisel, director of the Goldfarb Center for Public Affairs at Colby College in Waterville, Maine. "I don't think the doors are as wide open."

Few ex-lawmakers go begging in the capital. Those who become lobbyists cannot approach their former colleagues for a year, under current rules, or two years if a Democratic proposal takes effect, but can lobby the administration right away.

Another option is to relax.

"Congress provides handsome retirements for itself," said former Rep. Bill Frenzel, R-Minn., who joined the Brookings Institution think tank after retiring in 1991. "So if you've been in Congress as some of these folks have been, 20, 25 years, it isn't necessary for them to find gainful employment."

That is what Rep. Henry Hyde, R-Ill., has decided to do, after 32 years of service.

At age 82, with failing ears and back and other problems that make getting around difficult, Hyde said he would fully retire — not even write his memoirs.

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Sen. Conrad Burns, denied a fourth term, said he will return to Montana to work on behalf of farmers, lawsuit reform and lower taxes — and on something closer to home.

"I'm to the age where I'd like to enjoy my granddaughter," said Burns, 71.

Sen. Bill Frist, the surgeon-turned-senator, is going back to Tennessee, having ruled out a run for the presidency, and said that for the near future, he will join missions overseas once more, as a doctor ministering to the poor.

"I'm going to live in the very same house that I was born in 54 years ago," he said in a Senate farewell speech.

Obama Takes First Steps In N.H. (WP)

By Dan Balz

The Washington Post, December 11, 2006

MANCHESTER, N.H., Dec. 10 -- The political phenomenon known as Sen. Barack Obama (D-Ill.) descended Sunday on the state with the nation's first presidential primary, drawing enthusiastic crowds and trailed by a huge media horde as he continued to stoke interest in a possible bid for the White House in 2008.

It was standing-room-only at a book signing Sunday morning in the seacoast town of Portsmouth, where the 750 available tickets were snapped up within hours of being made available to the public early last week. Here in Manchester, 1,500 people paid $25 apiece to hear him speak at a celebration of the New Hampshire Democratic Party's historic victories in last month's midterm elections.

To the question everyone wanted answered -- Is he going to run? -- Obama was noncommittal. "I haven't made that determination. I'm still running things through the traps," he said. He added, "I want to take my time on it, not only to make sure the politics makes sense but that I feel I have something unique to offer that would help move the country forward."

But he closed his speech here early Sunday night with words that seemed to signal growing interest in a campaign. "America is ready to turn the page," he said. "America is ready for a new set of challenges. This is our time. A new generation is prepared to lead."

Aides said a final decision will come in January, while in the meantime the Obama team continues to prepare the machinery for a campaign if the senator concludes that the time is right. Pronouncing himself "suspicious of hype," Obama said he would not be driven into the race "simply because of the opportunity but because I think I will serve the country well by that."

For those who came to see Obama, comparisons with Sen. Hillary Rodham Clinton (D-N.Y.), who leads the early national polls testing possible candidates for the Democratic nomination, were inevitable.

Clinton has been making calls into New Hampshire for the past week in anticipation of a possible 2008 campaign, but is not expected to appear in the state until next year. A number of Democrats who came to hear Obama said that, as much as they admire Clinton, they think she cannot win and see the senator from Illinois as a potentially attractive alternative.

All through the day, veterans of New Hampshire politics marveled at the swelling interest in a possible candidacy by a first-term African American senator who has had a book atop the New York Times bestseller list for the past month but who still has produced little in terms of a record as a national politician.

"In all my history, nobody's ever had a crowd this big, this early," said Charles Campion, a veteran party strategist based in Boston, as he watched Democrats assemble Sunday afternoon in Manchester.

This being New Hampshire, where citizens wait to see a candidate several times before declaring their allegiance, curiosity as much as real support attracted many of the people who came to see Obama. They wanted to know more who Obama is, what he believes and whether after two years in the Senate he is ready to be president.

"I need to know a little bit more about him, his stance on some serious issues," said Marilyn Johnson of Kittery, Maine, who was in the front row in Portsmouth. She worried that he is too inexperienced to be president, saying, "I think it would be a mistake for him to run in 2008."

Others were already ready to commit to an Obama candidacy. "He had the true spirit we're looking for," said Kathryn Frieden, a physician from Manchester. "I do hope he runs. I haven't been so excited by someone since JFK, when he was campaigning when I was 10 years old."

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Obama's day in New Hampshire was remarkable as much for the scene and speculation he generated than for anything specific he had to say. Wearing a black jacket, gray slacks and an open-collar white shirt, Obama delivered low-key remarks, speaking personally about his background and the origins of his belief in a more hopeful politics, as well as giving general views on issues such as energy, health care and Iraq.

He promised a new politics, to replace the "24-hour, slash-and-burn, negative-ad bickering, small-minded politics that doesn't move us forward."

Asked what he believes is different about his politics than those of other candidates, he said, "I think what's worked for me has been the capacity to stay true to a set of progressive values but to be eclectic in terms of the tools to achieve those progressive values. To not be orthodox. To be willing to get good ideas from all quarters."

As for the question of his readiness, Obama hinted he would have more to say about that if he enters the race, but he told reporters: "If I decide to run, at the end of the process, people will know me pretty well and they'll have a pretty good sense of whether I'm qualified to run."

The media contingent was estimated by organizers at 125 to 150 people. Obama's news conference attracted the kind of attention normally reserved for a winner of the New Hampshire primary, not a relative novice who has not even declared for president.

His presidential planning has not quite caught up with the hype and speculation that now follows him wherever he goes. Nor does he appear to be as far along as Clinton or a number of other Democrats, who have been tramping through this and other states for more than a year.

Obama has been meeting regularly with a small team of advisers and with his wife, Michelle, since last month's midterm elections. They have been assembling information about the cost of running in 2008, Obama's fundraising potential, overall strategy, the primary and caucus calendar, and the strength of the competition.

They also have been trying to identify potential staff at a time when Clinton and other Democratic candidates are moving to lock up the most experienced fundraisers, strategists, organizers, advance people and communications experts.

Obama's core team of advisers includes Chicago-based media consultant David Axelrod, Senate chief of staff Pete Rouse, communications director Robert Gibbs, strategist David Plouffe and pollster Paul Harstad. He has also recruited Steve Hildebrand, who ran the Iowa caucuses for former vice president Al Gore in 2000.

Family issues remain a potentially significant obstacle to Obama. He arrived in New Hampshire close to midnight Saturday because he was attending a ballet recital for one of his two young daughters, and the demands of a presidential campaign would keep him away from his family for much of the next two years.

Asked whether his wife is enthusiastic or resistant to a presidential campaign, he said he would keep private discussions private, but added, "She is the smartest, toughest, funniest best friend that I could ever hope for, and she's always had my back. Whatever decision we make, we'll make together."

New Hampshire Democrats had much to celebrate with Obama after their most successful election in a century. Last month, voters in the state tossed out two House incumbents, reelected Gov. John Lynch (D) with 74 percent of the vote, gave Democrats a majority on the powerful Executive Council and turned over control of the state legislature to Democrats for the first time since 1874.

But many in the crowds Sunday were there primarily to take the measure of Obama. Jeff Hughes, who came to Portsmouth with his wife, Barbara, best captured the moment as he summed up the opportunity and the risk for Obama as he weighs whether to run.

"Right now it's his opportunity, his time," Hughes said. "We'll see what he does with it."

Obama Draws Crowds As He Tours New Hampshire (USAT)

By Jill Lawrence

USA Today, December 11, 2006

MANCHESTER, N.H. — Illinois Sen. Barack Obama surveyed the 160 journalists and 22 TV camera crews documenting his first visit Sunday to the state that holds the first presidential primary. "I am suspicious of hype," he said.

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The half-Kansan, half-Kenyan author and politician, who electrified the 2004 Democratic convention with his keynote speech, says it is "a little surprising" to him and "completely baffling" to his wife that his 15 minutes of fame have extended well beyond 15 minutes.

But there's no doubt they have.

The large crowds and pop-star response Obama drew here underscored the new reality for Democrats seeking their party's nomination: New York Sen. Hillary Rodham Clinton is no longer alone at the top.

"Clearly, the dynamic has changed. You have a top tier of two," says Iowa activist Bonnie Campbell, a former state attorney general and party chairwoman who is a Clinton fan but calls Obama "impressive."

Obama, 45, has roiled the field since he said seven weeks ago that he is weighing a run for president. He assumed the No. 2 spot among Democratic prospects in a USA TODAY/Gallup Poll last month, with 19% to 31% for Clinton. His latest book, The Audacity of Hope, is the No. 2 seller on Amazon.com.

"I'm still running things through the traps," Obama said Sunday when asked if he'll take the leap.

There are many signs pointing to yes. One was the trip to New Hampshire. Obama has also been contacting labor leaders and congressmen in Iowa, which holds the first caucuses. His advisers have been informally seeking recommendations for key senior positions in a national campaign.

For months, Clinton was the runaway leader of the field in national polls. As Obama surged, her normally tight-lipped aides started confirming a series of people in line to be campaign manager, communications director and the like in a Clinton presidential campaign.

"This is the Barack Obama moment. You can't allow him to dominate the news cycle. So you're getting a much more open, talkative — for them — operation," said Doug Muzzio, a political scientist at Baruch College in New York City.

Howard Wolfson, a Clinton adviser, said Obama has had no impact on Clinton's plans or process. Asked whether Clinton would visit New Hampshire, Wolfson said, "There are no trips planned."

New Hampshire Democrats last month won majorities in the state House and Senate, ousted the state's two Republican congressmen, and helped re-elect a governor. Other Democratic presidential prospects, such as Indiana Sen. Evan Bayh and Iowa Gov. Tom Vilsack, helped achieve those victories here by donating time, money, advice and — in Bayh's case — 15 trained, funded campaign aides.

Bayh was in New Hampshire last weekend, too, on his seventh trip since July 2005. His events were the traditional kind — small and intimate — in a state where people expect to personally meet and question candidates. If Obama runs, he plans to do the same.

But first, the celebrity whirlwind tour. In Portsmouth, a small bookstore gave out 750 free tickets to a talk in one day. In Manchester, the state party sold 1,500 tickets to a victory party and could have sold scores more, party Chairwoman Kathy Sullivan said.

Obama offered both groups a personal, soothing style and pleas for civility, common sense and boldness in politics. He "confessed" to stealing his book's name from his pastor, because he loved it "as a personal motto" and also because it described "an essential part of the American character." In the face of big problems, Obama said, "what's hard, what's risky, what's truly audacious, is to hope."

In a preview of a possible campaign message, he said challenges such as energy independence, terrorism, Iraq and health care coverage for all can be overcome but will "require us to renew, reinvigorate that sense of possibility that we sometimes lose."

Obama's race and résumé— he has served eight years in the Illinois Senate and two years in the U.S. Senate — came up repeatedly Sunday. In Portsmouth, he described a tour of southern Illinois during his 2004 Senate campaign: "It's the South. It's closer to Little Rock and Memphis than it is to Chicago." Even in Cairo, site of "some of the worst racial violence in the nation" in the late 1960s and early 1970s, he was greeted by a supportive mixed-race crowd of 300.

Later, Obama said minority candidates "confront a higher threshold" in overcoming stereotypes. Once voters get to know you, he said, "people will judge you on the merits."

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Obama said some people would never vote for a black candidate, but they probably wouldn't vote for him anyway because of his politics. He also said he is not worried about his middle name, Hussein, because he's already managed to overcome "Barack Obama."

On the question of experience, Obama said he'd prove his mettle by answering tough questions. "If I decide to run, at the end of the process, people will know me pretty well," he said.

Bruce Buchanan, a presidential expert at the University of Texas, says experience does not necessarily correlate with success. James Buchanan had "a résumé to knock your socks off," but let the South secede and the nation slide toward civil war, the scholar said, while Abraham Lincoln was "one of the most inexperienced people ever to become president."

Jeff Bolster of Portsmouth, a historian at the University of New Hampshire, called Obama "a colossal rookie" but said people like the way he talks about "what is honorable and noble about our country." Newly elected state Sen. Deb Reynolds of Plymouth called Obama inspiring and visionary. Then she added, "At this point I'm evaluating everybody."

Obama Extends 15 Minutes Of Fame In N.H. (AP)

By Nedra Pickler

AP, December 10, 2006

MANCHESTER, N.H. -- Sen. Barack Obama sparked an early frenzy Sunday during his initial visit to the nation's first presidential primary state, but said he still hasn't decided whether to run and questioned whether all the hype was just part of his "15 minutes of fame."

The Illinois senator said he is still "running things through the traps" as he considers whether to join a field of Democrats that's expected to include front-runner Sen. Hillary Clinton and several other more experienced political hands.

"This is an office you can't run for just on the basis of ambition," Obama told reporters at a news conference between packed events. "You have to feel deep in your gut that you have a vision for the country that is sufficiently important that it needs to be out there."

At every turn in New Hampshire, Obama got encouragement to enter the race. Gov. John Lynch joked that the Rolling Stones were originally the headliners at a state party fundraiser where the $25 tickets quickly sold out. "But we canceled them when we realized Senator Obama would sell more tickets," Lynch said.

He drew 1,500 Democrats to a the fundraiser and several hundred more at a book signing in Portsmouth. Organizers of both events had to turn away many others who wanted to get in. The media contingent was so large it crowded into a Portsmouth coffee shop with the senator and knocked into tables and chairs as he tried to shake hands with the customers.

History teacher and Democrat Mark Bingham of Alton, N.H., met Obama and said that despite his inexperience, he could rank among presidents named Lincoln and Kennedy. "It's good to see politics going in another direction," Bingham told the senator.

Obama said he thinks the excitement reflects voters' desire for a new, positive direction in politics that is not about him as an individual.

"I am suspicious of hype," Obama told reporters. "The fact that my 15 minutes of fame has extended a little longer than 15 minutes is somewhat surprising to me and completely baffling to my wife."

Obama's appearance before the state party was to celebrate last month's election, where Lynch won by a record margin and the party took control of both houses of the legislature and New Hampshire's two U.S. House seats. As he took the stage, supporters handed Obama a petition signed by 12,000 people encouraging him to run, said Todd Webster, who started the RunObama.com Web site.

"I think to some degree I've become a shorthand or a symbol or a stand-in for now of a spirit that the last election in New Hampshire represents," Obama said. "It's a spirit that says we are looking for different. We want something new."

Obama's newness could be one of his biggest liabilities -- he's served just two years in the Senate after seven years in the Illinois Legislature. But Obama tried to turn his inexperience into an asset compared with other candidates who have been governing for much longer, although he didn't mention any rivals by name.

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Clinton has not yet begun campaigning in New Hampshire, but she did host a dinner at her Washington home Sunday night for Terry Schumacher, a prominent New Hampshire Democrat who worked on Bill Clinton's 1992 and 1996 presidential campaigns. Sen. Clinton has made several calls this week to Democratic activists in New Hampshire and around the country, sounding out her presidential prospects.

Several other potential candidates have been making trips to New Hampshire for the last year and a half. Among the most frequent visitors is Indiana Sen. Evan Bayh, who filled a small room at a Manchester conference center Friday night but wasn't near the draw as Obama on his first trip. Anticipating the inevitable comparison to their visits on the same weekend, Bayh's aides joked that 1,000 more people were in an overflow room.

Bayh said he wasn't intimidated by the Obama mania as he talked to voters one-on-one. "I'm doing the things that matter in New Hampshire," Bayh said.

Because of their pivotal role, New Hampshire voters are accustomed to individual attention from presidential candidates. Obama tried to accommodate them despite the large turnout, staying for over an hour after his speech ended to sign a book for every person who wanted one. He also chartered an $11,000 flight to Chicago late Sunday night so he could greet attendees after his speech without having to worry about catching a plane.

State party officials said 150 members of the media signed up to cover Obama's speech, representing news organizations as far off as Australia and Japan. He answered questions about how his young children, his inexperience, his race and even whether his troublesome middle name -- "Hussein" -- could affect his candidacy.

He said his family is a major concern because his daughters are 8 and 5 years old. He said questions about his inexperience are valid. He said Americans are not concerned with middle names, but that all women and minority candidates have to overcome stereotypes so people will judge them on their merits.

"Are some voters not going to vote for me because I'm African-American? Those are the same voters who probably wouldn't vote for me because of my politics," he said.

Obama's advisers said he would consider his choice over the holidays, after his annual Christmas trip to his native Hawaii to visit his grandmother.

Obama, Visiting New Hampshire, Offers Flavor Of A Campaign That Might Be (NYT)

By Adam Nagourney

The New York Times, December 11, 2006

MANCHESTER, N.H., Dec. 10 — Senator Barack Obama came to New Hampshire for the first time in his life on Sunday, selling a message of hope while proclaiming himself wary of the wave of hype that surrounded his visit.

His visit gave Democrats in two sold-out halls a chance to inspect the man who has emerged as their party's strongest alternative to Senator Hillary Rodham Clinton as a presidential contender.

"It is flattering to get a lot of attention, although I must say it is baffling," Mr. Obama said here late Sunday afternoon.

"I think to some degree I've become a shorthand or symbol or stand-in for a spirit that the last election in New Hampshire represented," he said, referring to the losses of two incumbent congressmen here in November. "It's a spirit that says we are looking for something different — we want something new."

What New Hampshire saw was a first-term senator from Illinois who offered a strong condemnation of the way politics have been conducted in Washington and who positioned himself as someone who could strongly appeal to the more liberal Democrats who tend to dominate primaries. In two speeches and a news conference, Mr. Obama called for universal health care — the issue with which Mrs. Clinton, the New York Democrat, was once closely identified — a battle on global warming and a timed redeployment of troops from Iraq.

But most of all, Mr. Obama — tieless and grinning broadly as he encountered the kind of reception typically afforded a movie star — talked about what he decried as a toxically partisan atmosphere in Washington, clearly signaling a central theme of a presidential campaign by this newcomer to the national political stage.

"We've come to be consumed by a 24-hour, slash-and-burn, negative ad, bickering, small-minded politics that doesn't move us forward," he said in Portsmouth, emphasizing that both parties were at fault. "Sometimes one side is up and the other

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side is down. But there's no sense that they are coming together in a common-sense, practical, nonideological way to solve the problems that we face."

Mr. Obama, 45, said he had not decided if he would actually run for president, saying he was running it "through the traps." But his appearance here — two years before the 2008 presidential election, in the state with the nation's first primary — was nothing short of a spectacle.

His two public events — a book signing in Portsmouth and a victory rally for the New Hampshire Democratic Party here — sold out days ago. A total of 2,500 people turned out to see him, including 1,500 who paid $25 each to attend the rally.

"We originally scheduled the Rolling Stones, but we canceled them when we figured out that Senator Obama would sell more tickets," Gov. John Lynch said.

In Portsmouth, he walked into the room to an explosion of camera flashes and a prolonged standing ovation. After his speech, hundreds of people waited more than an hour for Mr. Obama to sign a copy of his latest book, "The Audacity of Hope." And 150 members of the news media received credentials to cover his visit, as Mr. Obama realized when he loped before a wall of reporters and cameras for a news conference.

"Hey everybody, my name is Barack Obama," he said. "And it must be a slow news day."

Turning serious, he said: "I will say this: I am suspicious of hype. The fact that I've become, that my 15 minutes of fame has extended a little longer than 15 minutes, is somewhat surprising to me."

Mr. Obama said he believed he had become a symbol of the voters' desire for new faces and a new tone in Washington. "Whether it's me or someone else, what is most important — and over the long-term most newsworthy — is that desire on the part of the voters."

Whatever the reason, Democrats long acquainted with New Hampshire politics were stunned to walk into a ballroom at the Center of New Hampshire here and see signs proclaiming the event sold out. "I've never seen anything like this before this early," said Mike Ballantine, a computer programmer from Nashua, as across the room Mr. Obama was surrounded by more than 100 people, many holding up his book and hoping for an autograph. "I mean it's amazing. Really amazing."

And the reality of Mr. Obama — as opposed to what people had read or seen in weeks of extraordinarily favorable coverage — struck a chord with some. "I was very impressed with the fact that he wants to bring people together," said Betsy Shultis, a former state representative. "I was very taken with him."

Elizabeth Fairchild, 37, of Rye, N.H., said: "I thought he was fantastic. He exceeded my expectations."

But other Democrats said they thought that someone with Mr. Obama's experience had little chance of winning a national election.

"I've looked through his book, and he barely touches issues," said Robert Padian, 59, an unemployed database administrator. "I think he's a serious candidate, but I don't think he has great potential. No track record, and there are too many guys ahead of him in line."

Mr. Obama told reporters that he expected questions about his experience and qualifications. If he did run, he said, "at the end of the process people will know me pretty well, and they'll have a pretty good sense of whether I am qualified or not."

Crowds Adore Obama (LAT)

By Terry McDermott, Mark Z. Barabak

The Los Angeles Times, December 11, 2006

MANCHESTER, N.H. — Illinois freshman Sen. Barack Obama, borne aloft by a popularity bubble that seems to float higher by the day, did nothing to deflate it Sunday on his first trip to New Hampshire.

Neither did he move any closer to a declaration of candidacy for the 2008 Democratic presidential nomination, for which the New Hampshire primary will be a key early test. In appearances here and in Portsmouth, he was content to play with the notion and tease the expectations of overflow, adoring crowds.

Obama said he was flattered and humbled, but also wary.

"I am suspicious of hype. The fact that my 15 minutes of fame has extended a little longer than 15 minutes is somewhat surprising to me and completely baffling to my wife," he said at a news conference between events. "And I think what's going on is

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people are very hungry for something new. I think they are interested in being called to be a part of something larger than the sort of small, petty, slash-and-burn politics that we have been seeing over the last several years. To some degree, I think I'm a stand-in for that desire on the part of the country."

The Portsmouth appearance was a promotional event for Obama's bestselling new book, "The Audacity of Hope."

Obama says the book reflects what he thinks of as a fundamental American optimism that problems can be overcome and society can be made better and more fair.

"I think what's been happening over the last several months is that people have realized that kind of spirit has been lost over the last decade," Obama said. "It's a spirit that says we are looking for something different. We want something new."

Hundreds of people stood in line for up to an hour for autographs. He stayed until the last book was signed. He stayed for an hour after the state party event as well, besieged by party activists. He seemed to revel in the crowds' enthusiasm.

Obama has said he is contemplating running for president and intends to decide by early next month. He said Sunday he was still consulting with his family about it.

Sunday's reception could not have dissuaded him. He was the sole potential presidential contender invited to participate in the state Democratic Party's commemoration of the 2006 midterm election, in which they gained more control of the state's political machinery than at any time since the 19th century. He was greeted upon arrival in the state by a column in a local newspaper comparing him to Robert F. Kennedy.

Gov. John Lynch said the state party originally planned to invite the Rolling Stones, "but we canceled them when we realized Sen. Obama would sell more tickets."

People from 13 states purchased the 1,500 $25 tickets, and hundreds more were turned away. The day was marked by a friendly, almost giddy, festive mood. There was a lot of hugging going on. And cheering. It was a strange turn for New Hampshire voters, who are often characterized — and, in fact, characterize themselves — as tough nuts to crack.

Obama's speech to the party activists, emphasizing the same themes as his book, was interrupted several times by spontaneous applause. Several members of the audience said afterward they were applauding as much because of what Obama represented as for what he said.

"He seems like just a regular guy. He talks, uses language like we would use," said Nell Conkright, who owns a bookstore in Peterborough. There is a freshness about Obama that she said was compelling.

Obama, just the third African American senator since Reconstruction, was asked if the country was ready for a black president.

"Race is still a powerful force in this country," he said. "Any African American candidate, or any Latino candidate, or Asian candidate or woman candidate confronts a higher threshold in establishing himself to the voters…. Are some voters not going to vote for me because I'm African American? Those are the same voters who probably wouldn't vote for me because of my politics."

Although only two candidates, Iowa Gov. Tom Vilsack and Indiana Sen. Evan Bayh, have formally announced campaigns for the 2008 Democratic nomination, many are considering the race. They include the 2004 ticket, Sen. John F. Kerry of Massachusetts and John Edwards of North Carolina; former Vice President Al Gore; Sens. Joseph R. Biden Jr. of Delaware, Hillary Rodham Clinton of New York and Christopher J. Dodd of Connecticut; retired Gen. Wesley K. Clark; and Gov. Bill Richardson of New Mexico.

To some extent, political professionals say, the outline of the contest has already emerged: Clinton versus everyone else, with the rest struggling to emerge as her main opponent. If Obama enters the race, the professionals generally agree that he would immediately become the principal challenger.

David Doak, a veteran Democratic consultant, said Obama "points out the shortcomings of what is otherwise a pretty good field of candidates. He's clearly a guy who excites people…. He soaks up a lot of the energy [other candidates] would need to harness to break out of the pack. You assume Hillary's going to have the money, she's got the name identification, she's got the organization, she's got a group of people who've been through this before.

The degree to which Obama outshines potential competitors was illustrated by an appearance made by Bayh two nights earlier. He drew perhaps one-tenth as many people.

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Although Doak's comments were echoed by other consultants, many cautioned it was very early. Steve Elmendorf, who worked for Kerry's 2004 campaign, said, "People will have a chance to prove themselves and get noticed. [Obama] may stumble. Others may stumble, others may shine. There's a long way yet to go."

Flurry In New Hampshire (BSUN)

By Paul West

The Baltimore Sun, December 11, 2006

MANCHESTER, N.H. -- Politics-mad New Hampshire, jaded beyond reason by never-ending presidential campaigns, hadn't seen anything quite like this before.

Democratic Sen. Barack Obama made his debut in the kickoff primary state to adoring responses yesterday from large crowds of voters seemingly convinced that they were witnessing the next big thing on the national scene.

"I see him as very messianic," said Kelsey Woodward, a 64-year- old artist, at Obama's first stop, in Portsmouth. "People are craving a fresh voice, a fresh face, a fresh outlook."

The 45-year-old Illinois senator, who is tapping into the public's desire for an end to the bitter partisanship in Washington, might not make it all the way to the White House. But he appears to have put his party under a spell that has veteran politicians reaching back to the Kennedy era for comparisons.

His emergence could pose a problem for less charismatic rivals who have spent years laying the groundwork for their own bids. Analysts say there is only so much attention, money and endorsements to go around, and with Obama and Sen. Hillary Rodham Clinton likely to head the field, there may not be much room for other contenders.

"We've got a lot of 800-pound gorillas this time seriously looking at it," said Raymond Buckley, vice chairman of the state Democratic Party, referring to the collection of senators and governors gearing up to run.

Only one or two may be able to compete successfully in the shadow of Clinton and Obama, some analysts say. Money is a major hurdle. A candidate will have to raise $25 million to $40 million over the next 12 months to be competitive, according to campaign aides.

Nevertheless, a candidate other than Clinton or Obama could certainly become the nominee. "New Hampshire's been known to give a little oxygen to somebody that other people aren't looking at," said Buckley.

That didn't seem to be the case this weekend, however, for one Democratic hopeful. Indiana Sen. Evan Bayh, making at least his seventh trip to the Granite State in the past 18 months, attracted scant attention. About 75 activists turned out to greet him Saturday night at a banquet hall in Manchester, the state's largest city.

Bayh said he felt "fine" about the Obama invasion, insisting that "we're not competing with one another." Bayh said he was doing what presidential candidates always do here - "seeing people in coffee shops and living rooms" - and said was unworried about getting crowded out of the '08 picture.

Kathy Sullivan, the state party chairman, was on hand to thank Bayh for his help in the midterm campaign. Bayh dispatched a cadre of young organizers into New Hampshire to help local candidates in last month's midterm election, which resulted in a surprise sweep of congressional seats and a Democratic takeover of the state legislature.

But when she looked for a speaker to headline a celebration of that triumph, the culmination of a decade-long Democratic surge in the state, Sullivan turned to Obama, and the event quickly became more about the next election than the last one.

Demand for tickets forced organizers to move the rally to a larger venue, where it quickly sold out at $25 a head. "We've never had a standing crowd of 1,500 people," said party spokeswoman Kathleen Strand.

Democratic Gov. John Lynch, re-elected last month by a record margin, joked, "We originally scheduled the Rolling Stones for this party. But we canceled them when we realized Sen. Obama would sell more tickets."

Obama, greeted by an enthusiastic roar, said he was flattered by the excitement surrounding his prospective candidacy. He is expected to announce his plans next month, aides said.

"I actually think that the reason that I'm getting so much attention has less to do with me and more to do with you," he told the crowd. "I think to some degree I've become a shorthand or a symbol or a stand-in, for now, of a spirit ... that says that we are looking for something different. We want something new."

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"America is ready to turn the page," said Obama, who was born when John F. Kennedy was president and was elected to the Senate last year. "This is our time, a new generation that is prepared to lead."

Campaign veterans, including supporters of rival candidates, praised Obama's performance. They said they had never seen such a large crowd so early in the campaign, particularly for someone just setting out on the White House trail - in this case, a freshman senator still seemingly wet behind his jug ears.

At a news conference, surrounded by many of the 150 journalists who had credentials for the event, Obama acknowledged that, as an African-American, he would face "a higher threshold" in a presidential election, as would a woman or an Hispanic candidate.

But by the end of the campaign, he said, "people will know me pretty well [and] whether I'm qualified to serve or not."

Asked whether his middle name, Hussein, would hurt his chances, Obama replied, "It would be one thing if my name was John Hussein Smith." But, he said, "the American people are not concerned about middle names."

Party activists said they are looking for a candidate who could lead Democrats back to the White House in 2008.

Holly Roche, a 42-year-old massage therapist from Rollinsford, said she "wanted to experience the purported mystique" of the junior senator from Illinois.

"I appreciate his message of non-negative politics," she added.

Retired municipal worker Edward Solomon, 63, was part of the crowd that had snapped up the 750 tickets in Portsmouth for a book-signing and a chance to catch Obama's stump speech, built in part around the title of his latest work, The Audacity of Hope.

Afterward, as he stepped from the hall into an unusually mild December day, Solomon said that when he listened to the tall, thin senator's upbeat message, "I could hear a sign of hope, that hope was there for all of us."

Democratic "Rock Star" Obama Tests Presidential Waters (AFP)

AFP, December 10, 2006

Democratic star Senator Barack Obama is on his first trip to the important political testing ground of New Hampshire as he lays the foundation for a possible 2008 presidential run.

Obama, who was speaking Sunday at celebrations to mark his party's success in last month's elections, also reportedly planned to use the visit to introduce himself to the political establishment in New Hampshire, which holds America's first presidential primary in little more than a year.

Considered a relative newcomer on the national political stage, Obama has not said he is certain to run for the White House. But he is expected to make a decision in the next few weeks.

There is no shortage of supporters pressing the photogenic African-American lawmaker to toss his hat into the ring however. Among them are longtime booster, Senate colleague Dick Durbin, who has begun an online petition drive urging Obama to run.

Another new website boosting Obama's presidential candidacy is www.runobama.com.

Meanwhile, Senator Hillary Clinton, tipped by polls and pundits as the early favorite for the 2008 Democratic nomination, also has been holding talks with party officials on joining the race, according to news reports. Newsweek magazine reported that Democratic insiders say it is "99 percent certain" that the former first lady will run.

So far only one Democrat has formally announced he will challenge for the nomination, Iowa governor Tom Vilsack.

Big Crowds For Obama Signal That 2008 Contest Is Wide Open (MCT)

By Steven Thomma

McClatchy, December 11, 2006

MANCHESTER, N.H. - Sen. Barack Obama shook up the embryonic 2008 presidential campaign Sunday, igniting a tumultuous response in his first visit to the state that will kick off primary voting for the 2008 Democratic nomination in about a year.

More than 1,500 Democrats crowded into a Manchester armory to see and hear the freshman senator, a turnout local organizers called unprecedented this long before the voting.

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The armory crowd roared its approval when Gov. John Lynch speculated that Obama might run, and they interrupted the senator's half-hour speech several times with ovations. His speech focused on forging a bipartisan civil approach to solving problems in education, healthcare and national security. That amounts to "an American agenda," he said, not a partisan one.

Earlier Sunday, more than 700 showed up to see him at a Portsmouth book signing, forcing the event to be moved from a bookstore to a conference center.

The Illinois senator hasn't even decided yet whether to run. And not all who showed up to hear him would necessarily vote for him. But the intense curiosity and enthusiasm about him among Democrats suggests that the party is looking for new leadership - and that the presumed frontrunner, Sen. Hillary Rodham of New York, is anything but a certain winner.

"We've never had an event like this," said New Hampshire Democratic Party Chairwoman Kathy Sullivan.

The $25 tickets sold out in a blur of advance demand, and party officials posted signs warning people there wasn't room for anyone else.

More than 150 members of the news media, including foreign press, covered Obama's arrival. Candidates at this stage of a campaign normally consider themselves lucky to draw four or five reporters.

By comparison, another potential 2008 Democratic candidate who's been visiting New Hampshire frequently went largely unnoticed at a simultaneous visit. Sen. Evan Bayh of Indiana ate breakfast all but anonymously with two other people Sunday in a restaurant next door to the Obama event. The evening before, he hosted a reception that drew about 50 Democrats.

For his part, Obama claimed humility.

"I'm suspicious of hype," Obama said upon arriving in Manchester. "That my 15 minutes of fame has extended somewhat is surprising to me and baffling to my wife."

But he said his civil approach, which he calls "a hopeful politics," might be striking a chord with Americans weary of partisan sniping and gridlock in Washington.

"People are very hungry for something new," he said. "To some degree, I am a stand-in for that desire."

Indeed, many Democrats noted that they like the fact that he's a newcomer to national politics, with just two years in the Senate.

"We're looking for somebody new," said Carol Williams of Manchester. "People are tired of the same old stuff, the same old politics. All the rest of them are part of the old boy, old girl network.

"Barack is eloquent and charismatic. He has the same charisma as John Kennedy," she said. "I know; I worked for him here in 1960."

She wasn't the only one who likened Obama to President Kennedy.

"He's passionate and he's young. It's a Jack Kennedy thing," said Carol Backus of Manchester.

If Obama exudes a JFK-like charisma for some, he doesn't share Kennedy's 14 years of pre-presidential experience in Congress. Some Democrats said they didn't mind his lack of experience; others said it would be a significant hurdle.

"The pedigree is important, but the ability to connect to people is more important," said state Sen. Lou D'allesandro of Manchester. "He's a very attractive candidate."

"He may be a little light on experience," said Rolf Bremer, the party chairman in the town of Brookline. But he said he was willing to look at Obama largely because he doesn't think Clinton can win.

A new national poll last week showed Clinton ahead in the early jockeying for the Democratic nomination, but trailing either Republican Rudy Giuliani or John McCain in a hypothetical general election.

Clinton had the support of 33 percent of Democrats for their party's nomination, according to the Marist College-WNBC poll. Former Sen. John Edwards of North Carolina had 14 percent, former Vice President Al Gore had 13 percent, Obama had 12 percent, and Sen. John Kerry of Massachusetts had 5 percent.

An X factor is Obama's race - he would be the first African-American presidential nominee of either major party.

"Race is still a powerful force," he acknowledged Sunday, adding that minorities and women "confront a higher threshold" with voters.

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But he said he was optimistic, thanks to his own election and the fact that Democrat Harold Ford, an African-American who ran unsuccessfully for the Senate this year in Tennessee, actually got more votes from whites than pre-election polls had indicated and almost won.

Obama also said he didn't think his middle name, Hussein, would be a problem. If names were a problem, he said with a smile, voters would never get past his first name.

"When you're already starting with Barack ..." he said with a laugh.

10 Years Later, It Still "Takes A Village," Hillary Sez (NYDN/AP)

By The Associated Press

New York Daily News, December 11, 2006

WASHINGTON - Sen. Hillary Rodham Clinton is polishing up her most famous phrase as she edges closer to a presidential run, writing in a new introduction to her book "It Takes a Village" that Sept. 11 and the Internet make her tome on child-rearing even more relevant today.

"The five years since 9/11 have reinforced one of my main points: How children are raised anywhere can impact our lives and our children's futures," Clinton writes in the introduction to the 10th anniversary edition of the book, which goes on sale Dec. 12. An early copy was obtained by the Associated Press.

The New York senator is the early frontrunner for the Democrats' 2008 presidential nomination, and the new version of the book features a smiling Clinton surrounded by children. Clinton did not appear on the cover of the 1996 book.

In recent weeks, she lined up support among other New York officials for a presidential bid, leaving many convinced she has already decided to run but is waiting to make an official announcement.

In the new introduction, the senator acknowledges the book's title provided plenty of comic opportunities for headline writers, adding that her favorite was "It Takes a Village to Raise a Pig."

Many conservatives scoffed that the book was little more than liberal claptrap, and Sen. Rick Santorum, R-Penn., even wrote a counter-book in 2005, "It Takes a Family."

The introduction by Clinton argues that the core points she made as First Lady are if anything more important now that the Internet and electronic devices like MP3 players have such large roles in children's lives.

"Today's electronic village has certainly complicated the always difficult challenge of parenting and raising the next generation," Clinton writes, noting that in 1996 few were on the Internet and cell phones "weighed as much as bricks."

"Media saturates our kids' lives as never before," she warns, repeating concerns she has raised as a senator that violent video games may be harming children's psychological development. As if the prove the point, the book now comes with its own Web site.

Clinton's new introduction avoids taking many direct shots at Republicans, but she does decry the $3 trillion rise in federal debt over the past five years, arguing it amounts to a $28,000 "birth tax" on the "tiny shoulders" of each American child.

Since leaving the White House and entering the Senate, Clinton has used her sideline in book-writing to advance her politics and grow her bank account. She sold millions of copies of her 2003 memoirs "Living History," which at the time boosted speculation she might run for president in 2004.

"It Takes a Village" has 700,000 copies in print and the audiobook, narrated by Clinton, won a Grammy in 1997 for best spoken word album. Continuing the arrangement with publisher Simon & Schuster, proceeds from the book will still go to charity.

To promote the new version, Clinton will appear at a bookstore in Manhattan's Lincoln Center on Monday, Dec. 18, and two days later at a bookstore in New York's Westchester County, where she lives with her husband, former president Bill Clinton. She will also make national television appearances that week on a morning show and a talk show promoting the book.

The book appearances will likely only amplify the interest in if and when she will formally declare a bid for president. Through 2006, she was considered the early favorite among Democrats, but now that the November election has past others are stepping forward to express interest and test the waters.

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Sen. Barack Obama has begun reaching out to Democrats about a possible bid, and Iowa governor Tom Vilsack has launched an exploratory committee. Also in the mix are New Mexico governor Bill Richardson, 2004 nominee John Kerry, and former vice president Al Gore.

Road To The White House Starts In NY (NSDY)

By Emerson Clarridge, Craig Gordon, Glenn Thrush, Bryan Virasami

Newsday, December 11, 2006

New York City Mayor John Lindsay and Gov. Nelson Rockefeller unsuccessfully sought the nomination in the 1960s.

Several candidates who were born or were in politics in the Empire State did make it to the White House. They include Martin Van Buren, who took office in 1837; Millard Fillmore, who became president in 1850; Chester A. Arthur, who took office in 1881; Grover Cleveland, who was elected in 1884 and 1892; Teddy Roosevelt, who became president in 1901; and his fifth cousin Franklin D. Roosevelt, who was elected to four terms beginning in 1932.

As the 2008 presidential cycle gets under way, it is unusual, though, that the state has four prospective candidates. And it would be unprecedented if, in the end, all of them remain in the race until the nominating conventions. Many political observers think it's a long shot. -- Emerson Clarridge

Rudy Giuliani

Can a thrice-married New Yorker on the wrong side of his party on the Big Three -- gays, guns and God -- really get elected to the White House?

Rudolph Giuliani wants to find out.

By all accounts, "America's mayor" is looking at becoming America's president, and he's taking carefully calculated steps to set up a campaign.

Giuliani has been scooping up sorely needed national talent to bolster his City Hall brain-trust, including a Bush-Cheney campaign honcho.

He held one confab with Republican money-types and is planning another to crack open the checkbooks Dec. 19. And he visited a California think-tank for foreign-policy tutoring.

Even without lifting a finger this summer, Giuliani consistently polled even with or ahead of John McCain, the Arizona senator. But while Giuliani is just now moving to run, McCain has been working for months on a 50-state organization.

Giuliani also risks being outpaced by new conservative heartthrob Mitt Romney, the Massachusetts governor.

Giuliani is riding high on 9/11 name recognition, and some believe that alone can take him far into the race -- perhaps if only as McCain's running mate.

If Giuliani did get the GOP nod, it could set up a Rudy-vs.-Hillary matchup that would be like the Subway Series of presidential politics.

But count on Giuliani foes to point out other parts of his record that won't sit well with hard-right and evangelical Christian voters in places like South Carolina.

He will have to explain support for gay rights, abortion rights and gun control, as well as what some may see as a less-than-godly personal life, with a messy divorce marked by allegations of an extramarital affair. -- Craig Gordon

Sen. Hillary Rodham Clinton

If she's not running, she's walking as fast as she can.

Sen. Hillary Rodham Clinton was supposed to engage in a slow rollout of her presidential campaign this month, but the New York Democrat seems to have speeded things up, possibly to deal with the looming threat posed by emerging star Barack Obama.

Technically, she's not committed to a run. But like her beloved Chicago Cubs in baseball's winter meetings, Clinton has gone on a hiring spree, tapping a national fundraising director, a sharp-elbowed spokesman to go with her coterie of other sharp-elbowed spokesmen, a national field director, and a campaign manager.

Clinton aides claim she hasn't been flustered by Obama's flirtation with a run, but some supporters have privately taken to slipping some salt into the sugar when it comes to the freshman Illinois senator.

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"Do you know what his middle name is?" one booster asked recently. (Answer: "Hussein!")

A nationwide Fox poll shows Obama trailing Clinton 33 percent to 12 percent among registered Democrats. Al Gore and John Edwards poll 12 percent and 11 percent, respectively.

But those numbers are meaningless if Clinton can't win some early primaries. She began courting officials for 2008 about 10 days ago when she met with New York politicians. By the middle of last week, she'd gone national, letting slip that she was bringing to Washington key Democrats from New Hampshire and Iowa to discuss a possible bid.

The next step for Clinton would be to create a presidential exploratory committee. Curiously, the only organization Clinton has created recently is a Senate committee for 2012, according to federal filings. -- Glenn Thrush

Gov. George Pataki

That outgoing Gov. George Pataki is merely considering a presidential bid didn't stop him from making yet another trip last week to New Hampshire, site of the first presidential primary.

Pataki is expected to make his decision in the next few weeks, spokeswoman Alicia Preston said Friday. "He's been spending time weighing the options with his family," she said.

Pataki hosted a lunch Wednesday for Republican lawmakers in New Hampshire on his 12th trip this year to that state.

Bad weather forced him to cancel a trip to Iowa, which he has visited nine times this year.

Although Pataki lost three key Republican advisers in Iowa last month, he opened a campaign office in a suburb of Des Moines and named a new leader for his political action committee, a former political director for Vice President Dick Cheney.

A moderate Republican who supports abortion rights and gay marriage, Pataki has been criticized by conservatives for state spending increases. But he has said his "vision and a proven record of leadership" could help him win.

According to a WNBC/Marist Poll last week, Pataki had 1 percent support among Republicans and Republican-leaning independents. Former New York Mayor Rudolph Giuliani led the poll with 24 percent, and Arizona Sen. John McCain was a close second with 23 percent.

Michael Dawidziak, a Bohemia political consultant who works mostly with Republicans, agreed Pataki would be a long shot. But he added, "He's run against the odds before. He was elected governor of a blue state that's got 2 million more Democrats than Republicans."

Some observers speculate that Pataki is keeping his name in circulation to be considered as a vice presidential running mate. -- Emi Endo

Mayor Michael Bloomberg

Mayor Michael Bloomberg insists he's not a candidate for the White House but is confident he would make a good president. He plans to focus on philantrophy after City Hall, he has said, and yet he has declined to rule out a run for president.

Often described as a firm and decisive executive, Bloomberg prefers to ride the wave of speculation about whether he will run.

While he has denied he would change his mind about running, Bloomberg's contradictory comments in a New York magazine cover story last week suggested his staff members aren't the only ones dreaming of Washington.

"The answer is yes," he said when asked if he would be a good president. He also criticized the partisan environment in Washington, suggesting that someone with middle-of-the-road views would be an asset.

Political observers say he could free up $500 million of his own funds to run as an independent.

"He's not running for president," spokesman Stu Loeser said Friday. But on Thursday night, at a staff party at Gracie Mansion, there was food, drink and presidential fantasy.

Dressed as Bruce Springsteen with a white T-shirt and blue jeans, Bloomberg reportedly was joined by costumed deputy mayors and aides singing a takeoff on "Born to Run."

"Baby we were born to run! We'll win, you'll see -- and beat the GOP and Democrats. Unite the country -- make more jobs. And banish all trans fat! Fix the schools -- make profits grow. Get the White House painted saffron by Christo."

Loeser said the song was "an inside joke intended only for the mayor's staff." -- Bryan Virasami

GOP Hopeful McCain Visits Clinton, Giuliani Territory (NSDY/AP)

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By Richard Pyle

Newsday, December 11, 2006

NEW YORK -- Paying a visit to the home turf of Sen. Hillary Rodham Clinton and ex-Mayor Rudy Giuliani, potential rivals in the 2008 presidential race, Arizona Republican Sen. John McCain told a Jewish audience that Israel and the world are threatened by a "possibly deranged and surely dangerous regime" in Iran.

As the world's "chief state sponsor of international terrorism," Iran defines itself by its hostility to the Jewish state and its chief ally, the United States, McCain said in a speech prepared for a Hanukkah dinner at Yeshiva University on Sunday.

He noted that Iranian President Mahmoud Ahmadinejad has called the Holocaust a "myth," urged that Israel be "wiped off the map" and defied international demands and incentives to end a drive to gain nuclear weapons capability.

"It is simply tragic that millennia of proud Persian history have culminated in a government that today cannot be counted among the world's most civilized nations," McCain said.

The former Vietnam prisoner of war, who tried and failed to gain the GOP presidential nomination in 1998, is considered the probable front-runner for his party's nomination in two years. His stiffest challenge could come first from Giuliani in a Republican primary, while Clinton has unofficially made clear her interest in leading the Democratic ticket.

Ahmadinejad has denied that Iran seeks to build weapons, saying its nuclear program is for peaceful purposes and the country will not give up its right under the Nuclear Nonproliferation Treaty to enrich uranium and produce nuclear fuel. The United States and many European nations believe Iran's enrichment process is aimed at producing weapons.

McCain said Tehran's pursuit of nuclear weapons posed "an unacceptable risk" in that it would increase the threat of Iran-sponsored terrorist activities, render the nonproliferation treaty obsolete and cause non-nuclear nations such as Egypt, Turkey and Saudi Arabia to "reassess" their own nuclear potential.

Iran, McCain said, "must understand that it cannot win a showdown with the world."

He said the U.N. Security Council must act immediately to impose multilateral political and economic sanctions on Iran while every other option, including military, is preserved.

"We have a long way to go diplomatically before we need to contemplate other measures, but it is a simple observation of reality that there is only one thing worse than a military solution, and that is a nuclear-armed Iran," McCain said.

In Vienna, U.S. government officials said on Sunday that Washington, D.C., and its closest Western allies, Britain and France, may soon ask the U.N. Security Council to vote on sanctions against Iran, even though China and Russia might veto the measure or abstain.

McCain, who has urged President Bush to increase rather than reduce the size of American forces in Iraq, said that despite the "many serious mistakes we have made" and the ongoing violence there, the United States cannot simply "wash our hands of a messy situation."

Because Iraqi security forces are not capable of operating on their own, he said, a "precipitous" pullout of U.S. forces would "risk all-out civil war and the emergence of a failed state in the heart of the Middle East."

2008 Hopefuls Woo Bush Clan Donors, Aides (LAT)

By Peter Wallsten

The Los Angeles Times, December 11, 2006

WASHINGTON — With the Bushes preparing to stand down from a quarter century in top elected offices, a frenzied competition has erupted in the Republican Party over who will inherit a fundraising and vote-getting machine built by the family over the years into one of the most valuable assets in modern politics.

At stake is access to an elaborate national network of corporate givers, campaign strategists and grass-roots volunteers who have repeatedly propelled the Bushes to victory — a network that could now give a new contender the inside track to winning the GOP's 2008 presidential nomination.

The leading potential heirs to that political fortune so far are Sen. John McCain (R-Ariz.), a onetime rival to the current President Bush and presumed front-runner for the nomination, and, a bit surprisingly, Massachusetts Gov. Mitt Romney, who has emerged as a top-tier contender by wooing social conservatives considered crucial in the early primary contests.

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Adding to the drama, a sibling divide appears to be emerging among aides closest to President Bush and his brother, outgoing Florida Gov. Jeb Bush. Some key members of Gov. Bush's tight-knit inner circle have signed up to help Romney, while several of President Bush's senior strategists have gone to McCain. They include the media advisor and political director for the president's 2004 campaign.

The fight for the Bush family mantle demonstrates that, even after the plunge in the president's popularity and the GOP's thumping in the midterm election, the family network remains the single most powerful force in Republican Party politics.

It is a machine born four decades ago, when Barbara and George H.W. Bush moved to Texas and began to build a political life — meticulously filling index cards with names of possible supporters and dutifully sending out Christmas greetings each year. Far from that simple, mid-20th century approach, today's GOP relies on a broad database of backers across the country whose relationships have been nurtured by generations of Bushes.

From the family's West Texas oil fortunes and Wall Street connections half a century ago, the network has grown to include the big-money fundraisers, dubbed "pioneers" and "rangers," who helped George W. Bush raise more than $500 million for his two presidential campaigns.

It also includes Bush family loyalists such as Karl Rove, who have, over the last six years, presided over the GOP's creation of the most exhaustive voter-targeting operation available, an infrastructure that relies on databases of voter names and the enthusiasm of ground-level workers and volunteers.

"The Bush name is the gold standard in Republican primaries," said Mark McKinnon, former media advisor to President Bush, who is now working with McCain. Hiring staffers viewed as close to the family, he said, "helps confer some credibility and experience or acceptability."

While the 2008 hopefuls are vying for the Bush family's fundraising and field organizing network, a more complex question is whether they want to be seen as inheriting the Bush political ideology. Widely criticized for starting the Iraq war and running large budget deficits, President Bush's brand of conservatism is in disfavor.

Jeb Bush, on the other hand, is adored by religious conservatives for his role in the Terri Schiavo right-to-die case and for his support for school choice in Florida. He is praised by economic conservatives for cutting millions in taxes and backing efforts to privatize some government services. While the president's approval ratings hover in the 30s or low 40s, Florida polls show that Gov. Bush's ratings are into the 60s, and several party strategists have put Jeb Bush's name forward as a potential nominee for vice president in 2008.

Officially, both Jeb and George W. Bush are neutral in the presidential race. As the leader of his political party, the president traditionally sits out the primary contests. Gov. Bush so far is following suit — though he has told former aides that he and Romney are similar in ideology and governing style.

Rove, President Bush's senior political advisor, also has not taken sides in the 2008 race, though he may be eager to get involved in order to show that the GOP defeats this year do not signal the end of his vision of long-term Republican dominance.

The overt indicators of jockeying for the Bush political assets have come in a series of announcements from the McCain and Romney camps, boasting of support from national- and state-level supporters with a variety of Bush family ties.

Other signs have been more subtle. A ceremony last week in the Florida State House, honoring Jeb Bush's service as governor, included a 15-minute presentation featuring images of the governor with Romney and another potential 2008 contender, former New York Mayor Rudolph W. Giuliani. One photo depicted Romney and Jeb Bush with broad grins, standing together in Romney's Boston office.

But the presentation was most notable for what it lacked: There was no photo of Jeb Bush with McCain. The absence of a McCain photo seemed to carry meaning. The presentation, with its implied signal of Jeb Bush's preferences among the GOP presidential field, was played last week for the governor's staffers and state lawmakers, many of whom are being courted by the 2008 contenders.

The presentation was produced by one of the governor's longtime advisors, Sally Bradshaw, who is now a Romney strategist. Bradshaw is so close to Jeb Bush that it is unlikely she would work for any of the 2008 candidates without his blessing. In an interview, Bradshaw said that Jeb Bush only "encouraged me" to meet with Romney, insisting that the Florida governor is not trying to indicate a favorite in the race.

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Besides Bradshaw, Romney has enlisted Ann Herberger, the keeper of Jeb Bush's fundraising Rolodex. Also with Romney are Bush's lieutenant governor, Toni Jennings, and the man Bush once hand-picked to lead the state GOP, Miami lawyer Al Cardenas. Romney's decision to focus so heavily on Jeb Bush's team points to a key factor in explaining how the Massachusetts governor has emerged as a leading GOP contender, despite having run for office in the past as a moderate in a liberal state.

Romney has presented himself as the strongest conservative in the race and the most viable alternative to McCain, who is distrusted by many conservative voters for his breaks from the party line and past opposition to Bush. By aligning with Jeb Bush, Romney is associating himself with a popular brand of conservatism.

Romney aides insist that they have drawn support from both the Jeb and George sides of the Bush family, signing on two former White House economists as domestic policy advisors and a former speechwriter for President Bush as an outside advisor. McCain has sought to broaden his reach into the extended Bush family, as well, and his aides dismiss the idea of a sibling divide in advance of the 2008 race. He recently enlisted support from Florida businessman Phil Handy, a close Jeb Bush friend, and has secured help from Robert Mosbacher, a longtime friend of George H. W. Bush and chief fundraiser in his successful 1988 campaign for president. Mosbacher is the honorary Texas chairman of McCain's presidential exploratory committee.

One could read that as a sign that the first President Bush supports McCain, said John Weaver, a top McCain advisor. "But I'm not doing that," he quickly added. The Bush family has dominated Republican politics for so many years that it is often hard to tell where the family ties end and the party machinery begins. Some strategists argue that the "Bush family primary" is merely a reflection of the family's broad reach in party politics, and that any competent strategist has at one time or another worked for a Bush.

"It's difficult to conceive a candidate with a winning team that's not integrated by a significant number of Bush family loyalists," Cardenas said.

Some of the most prominent Bush-aligned campaign aides may sit out the 2008 race.

Outgoing Republican National Committee chairman Ken Mehlman is said to be pursuing more lucrative corporate jobs. Another top advisor to President Bush, lobbyist and former Republican National Committee Chairman Ed Gillespie, has already decided to focus more locally. He is preparing to become chairman of the Virginia GOP and, associates say, plot his own possible Senate bid in that state.

To associates of both Jeb and George W. Bush, Romney's success in moving into their network has been a surprise.

One former campaign staff member to President Bush said that Romney has been the buzz of the elaborate network of Bush helpers who are being rewarded with White House receptions and other get-togethers during the holiday season.

"It seems like about 50-50," said the former staffer, referring to the split among these Bush supporters between McCain and Romney.

This is no surprise to anyone who has been on the receiving end of Romney's entreaties.

Earlier this month, after a meeting of GOP governors in Orlando, Fla., Romney traveled north to Panama City in Florida's panhandle for a meeting with local businessman Allan G. Bense, who recently ended a two-year tenure as speaker of the state House.

Bense, a Jeb Bush ally, is no stranger to high-level courtship, having rejected personal appeals by Rove and Gov. Bush to run for the Senate this year in place of the controversial Rep. Katherine Harris (R-Fla.).

But when Romney made the effort to come to his house, Bense said he could not say no.

"He had called and called back and called back, and finally he came to the house," Bense said. "I have all the respect in the world for Sen. McCain, who is a hero. But it's just that Gov. Romney pushed and worked. And like in sales, he asked me for my business. And the product he was selling was one that I liked."

Why It's Dangerous For The Maverick To Be The...Front Runner (TIME)

By Karen Tumulty

Time, December 11, 2006

As a rallying cry. "Common sense conservatism" doesn't have quiteÂ the ring of "Straight Talk Express." But the new slogan on the website of John McCain's presidential exploratory committee--a slogan he manages to repeat at least three times in every

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speech he gives these days--tells you all you need to know about how different this presidential campaign will be from his last one. McCain '08 will be a bigger, more conventional operation--a tank, not a slingshot. The prevailing wisdom about McCain used to be that his bipartisan appeal would make him a sure bet in a presidential race--if only he could get past the Republican primary. But as more and more of the party establishment climb aboard a campaign that McCain has not yet even formally launched, it's starting to look as if the opposite may be true. By trying to become the perfect candidate for the primaries, McCain could be creating difficulties for himself in a general election.

His hard-line position on Iraq is a perfect case in point. McCain has continued to press for more troops there, and spent last week dismissing the Iraq Study Group recommendation to bring them home as nothing short of a recipe for defeat. That's the kind of strong, consistent hawkishness that G.O.P. primary voters look for. "Besides," says McCain strategist Mark Salter, "it's what he believes." The problem is that exit polls in last month's election said only 17% of voters overall share that view, which could leave the other 83% wondering whether McCain's famous independent streak, so appealing on most issues, would be such a good thing to have in a Commander in Chief who has the power to take the country to war. Already there are signs that his image is taking a hit. In the CBS/New York Times poll, McCain's favorability rating slid 6 points, to 28%, between January and September.

McCain insists that he has always been more conservative than many of his fans believe him to be. But the most important perception people have about McCain is not about ideology; it's about integrity. After staking his reputation on the moral high ground by speaking truth to power on issues ranging from deficits to torture, McCain is uniquely vulnerable to anything that hints of hypocrisy--even on questions that ordinary politicians would get a pass on. To have a shot at winning a presidential election these days, for instance, it is nearly a requirement that candidates opt out of the federal finance system, forgoing its matching funds because it's too difficult to mount a credible campaign within the law's spending caps. But that move, however pragmatic, would look bad coming from an author of the McCain-Feingold campaign-finance-reform law.

Also, it's harder for McCain than most to explain away inconsistencies. How, for example, could a deficit hawk vote to make President Bush's tax credits permanent after opposing their passage in the first place as fiscally irresponsible? Or why, after declaring Jerry Falwell to be an agent of intolerance during the brutal 2000 primary campaign, did McCain deliver the commencement speech last May at Falwell's Liberty University in Virginia?

Such overtures might make inroads in a skeptical Republican base, but these shifts make some of his longtime allies worry. "A profile in courage can become a profile in unrestrained ambition," says former Reagan White House chief of staff Ken Duberstein, who was one of the few G.O.P. establishment figures to support McCain's 2000 presidential campaign. "He has to remember who his friends are and not spend his integrity on one-night stands with those who will never fully trust him."

Critics pounced last week when McCain let it be known that he has lined up a top G.O.P. operative to run his campaign--Terry Nelson, who was national political director for President Bush's 2004 campaign. "Terry's a great get," says Salter. "He's a good, savvy, very disciplined, smart guy with a lot of experience." Nelson is yet another recruit from the once antagonistic Bush operation, and more evidence that the party establishment is falling into place behind McCain. But Nelson is known for hardball tactics that don't exactly square with the Arizona Senator's white-knight image.

Most recently, Nelson oversaw the Republican National Committee's independent expenditure operation, which produced the most notorious ad of the 2006 campaign. In it, a bare-shouldered white actress claimed that she had met the black Senate candidate Harold Ford at a Playboy party. The ad ended with the blond cooing, "Harold, call me." The resulting protest by black leaders and union groups was enough to force Wal-Mart to sever its ties with Nelson, who had been a consultant for the company's campaign to improve its image. Ford lost the election.

McCain strategists say they will all be taking their lead from the candidate, not the other way around. "Any campaign has to be a reflection of who the candidate is," Nelson says. In 2000, McCain ran his insurgent operation out of a dilapidated headquarters just outside D.C. that had previously been occupied by homeless people. Now, as the front runner, he faces a different set of expectations. Nearly from Day One, he will have to have full-fledged operations up and running in 15 or 20 states. Last time around he could skip Iowa to focus on staging an upset in New Hampshire, but this time McCain will have to compete--and avoid losing his balance--on every battleground. Says an aide: "We will go wherever one vote is available."

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While the Republican Party has a history of anointing its candidates early, this rarely happens without a fight. "It's easy to throw the bombs," says G.O.P. pollster Tony Fabrizio. "It's tough to be the front runner every day." For McCain, the biggest potential threats at the moment appear to be Massachusetts Governor Mitt Romney, who is getting good buzz on the right but is largely unknown even to Republicans, and former New York City Mayor Rudy Giuliani, who comes out ahead of McCain in many polls but has yet to begin building much of a campaign operation.

McCain's forces say they are preparing for all challengers. But what will it cost him? That's a question that McCain himself has struggled with. There was a time just a few years back when he would tell people he didn't think he wanted to run for President again. Not because he was getting too old. And not because he didn't think he could win. McCain thought it just couldn't possibly be as much fun as it was the first time around. He would say wistfully, "You can't bottle lightning." But while he may be in a better position to win now, he'll still need some of that old electrical charge to do it.

Exploratory Committees Build Buzz (WP)

By Zachary A. Goldfarb

The Washington Post, December 11, 2006

It is the season of exploration.

Everywhere you look, prospective 2008 presidential candidates are forming exploratory committees. Three leading Republicans and one prominent Democrat who have long been pursuing the presidency announced such committees in recent days, saying they are not ready to announce a real presidential committee, and so are taking an intermediate step to raise money and put together a campaign operation just in case they decide to run.

What's the deal?

According to the Federal Election Commission (FEC), there is no difference between an exploratory committee and a presidential campaign committee. The ideas behind creating an exploratory committee, strategists and experts say, are to create buzz -- and to do what everybody expects you to do.

"You get two press releases, one when you form the exploratory committee, and one when you say you're actually running," said Kenneth A. Gross, a lawyer specializing in politics and elections.

Dorothy James, a Connecticut College government professor who specializes in presidential elections, said creating an exploratory committee has become a routine campaign ploy. "A lot of people have to do it because it's done," she said. "There's no proof that bumper stickers and posters turn out more voters. But if everybody does it, then you do it."

Massachusetts Sen. John F. Kerry, the 2004 Democratic nominee, and then-Gov. George W. Bush of Texas in 2000 created exploratory committees before announcing their candidacies. But the number of candidates creating such committees at this point in the election cycle, a month after the midterm elections, is unusual.

Scott Reed, who managed Robert J. Dole's 1996 presidential candidacy, said, "It appears the entire timetable has moved up two to three months as these candidates struggle to get out there and define their piece of the pie." Reed said it does not make sense for candidates to declare officially this early. "It's too soon for the voters to take seriously a formal announcement before the end of the year. Everyone is still dealing with 2006 fatigue."

Already, Sens. John McCain (R-Ariz.), Sam Brownback (R-Kan.) and Evan Bayh (D-Ind.) have registered exploratory committees with the FEC. Former New York mayor Rudolph W. Giuliani (R) has created a "testing the waters" committee in his home state that allows him to raise money but not disclose contributors unless he formally declares. Other prominent candidates are expected to create exploratory committees in coming weeks.

Last week, New Mexico Gov. Bill Richardson (D), apparently trying to get three bites out of the apple, announced that he would announce next month whether he would form an exploratory committee.

Outgoing Gov. Tom Vilsack (D-Iowa), meanwhile, bypassed the exploratory stage, a move that departing Gov. Mitt Romney (R-Mass.) is reportedly considering. "There is no reason to be coy or cute with the interim step," said Jeff Link, Vilsack's spokesman. "I don't know the advantage unless you want to appear to be courted in some way by people."

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Candidates who form exploratory committees often say it is the next reasonable thing they can do to prepare for a White House bid without officially getting into the race. They say they need to talk it over with their families and assess their odds, though in many cases they have been evaluating a race for months or years.

Bayh, for example, had made almost 20 trips to early-primary states when he announced on ABC's "This Week" that he would form an exploratory committee. But Bayh suggested to host George Stephanopoulos that he still had serious thinking to do.

"I will be forming an exploratory committee to take the next practical step," Bayh said in a deadly serious tone. "I'll make a final decision over the holidays with my family and have some final decision to announce early next year."

Dan Pfeiffer, Bayh's spokesman, said it was important to get certain processes underway even before the senator made a final decision. "In a primary this competitive and compact, there is no excuse for doing things next year that you could have done this year."

According to FEC Chairman Michael E. Toner, the exploratory committees are in fact plain old committees used to raise money and run campaigns in presidential primaries. The only change, once a candidate decides to run, is the name of the committee. "If they file with the FEC, it's a full-blown primary campaign," Toner said.

Giving California A Voice In Presidential Contests (LAT)

The Los Angeles Times, December 11, 2006

Sacramento — What's sure to be a hot presidential contest is warming up and once again California is likely to be a mere spectator in a lousy seat.

Starting to get excited about watching Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois compete here, then helping to select one as the Democratic nominee? Not a chance.

Intrigued about weighing in on Arizona Sen. John McCain versus former New York Mayor Rudolph W. Giuliani for the Republican nomination? Sorry, you can only root from the bleachers.

California's 2008 presidential primary won't be held until June, long after the nominations already have been locked up. Our votes will be meaningless.

Maybe it's time for California to become an early caucus state, voicing its candidate preferences and choosing national convention delegates through community meetings of party activists and interested citizens, as Iowans long have done to great ballyhoo. But more about that later.

First, the horrid, humbling background:

California experimented with "early" primaries for three presidential elections, beginning in 1996. The goal was to exert our rightful clout in the nominating process and force candidates to pay attention to our special issues: water, environment, illegal immigration, getting shortchanged by the feds…. After all, we are the most populous state.

It flopped. New Hampshire, Iowa and other pampered pipsqueaks leapfrogged ahead of us. Our votes still didn't matter.

Moreover, California moved not only its presidential primary, but also its regular state primary up to March. Very bad idea. That added three months to the campaign season for state candidates, taxing donors' pocketbooks and voters' attention spans.

So the Legislature and Gov. Arnold Schwarzenegger did the right thing. They gave up and moved the joint primary back to June, where it had resided for 52 years.

But now we're really going to be ignored by the presidential candidates — all of us, that is, except for the richest folks. California is the nation's biggest ATM for candidates, who slip in to pick up money and then quickly leave to spend it in other states.

In 2004, says California Democratic Chairman Art Torres, "$184 million left the state for presidential and other campaigns and none of it came back."

One obvious remedy for the voters' irrelevance is being mulled in the Capitol, talked up especially by Assembly Speaker Fabian Nuñez (D-Los Angeles): Split the primaries. Move up the presidential primary again, to perhaps February, but leave the state contests in June.

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Nuñez has a personal motivation. He'd like an early 2008 election of some kind to place before voters a proposed change in legislative term limits — not adding more total years, but allowing all of them to be spent in one house. Unless that's done, Nuñez won't be able to run for reelection in 2008, because he'll be termed out.

The term limits proposal would be packaged with redistricting reform — the Legislature surrendering the power to draw its own districts.

Both reforms — term limits and redistricting — are badly needed. But the public just might regard this whole political maneuver as too convoluted, cynical and self-serving.

There's an even bigger hurdle for primary-splitters: cost. The state would be out $50 million to hold a separate presidential primary. Fiscal conservatives undoubtedly would balk.

So a separate, early presidential primary may be beyond California's grasp. If it is, here's a bold alternative: a caucus system. Most caucus states are peewees, but let's not be haughty. What we're doing now isn't working.

Caucuses work for Iowa, which is smothered in candidate attention. Nevada also now has stepped into the limelight by moving its Democratic caucuses to Jan. 19, four days after Iowa. Then come the trumpeted New Hampshire and South Carolina primaries, both in January.

California could hold caucuses in early February and produce a political earthquake.

And there'd be one huge advantage for state taxpayers: They wouldn't have to foot the bill. The political parties would be stuck.

"A lot of us have toyed with the caucus idea," Torres says, "but then we looked at the numbers and almost got heart attacks."

Collect it from the big donors who feed the ATM.

Republican state Chairman Duf Sundheim has a more common reason for opposing caucuses: "It's best when people vote. It puts the emphasis on what people want rather than political organizations."

But pollster Mark Baldassare of the Public Policy Institute of California notes: "Primary elections are on life support. In concept, people like having a direct say. But in reality, we're seeing lower and lower turnouts in primary elections."

Baldassare thinks "many people could be convinced" that caucuses are worth trying.

Caucuses — held in school auditoriums, lodge halls, even living rooms — create a sense of community. They inspire democratic participation and open up the process of political activism.

"There's more reliance on the grass roots and less on advertising, which is a good thing for the democratic system," says Matthew Dowd, a caucus advocate who was Schwarzenegger's main reelection strategist and also a top advisor to President Bush in 2004.

Which candidates would benefit from caucuses? "Candidates who can motivate people," Dowd says. "Candidates who come less manufactured, who are more real."

Candidates like Obama. Like McCain.

Veteran Democratic consultant Bill Carrick also says he'd prefer early caucuses to no state influence at all.

But would many Californians get off their couches and venture out on a winter night to spend three hours deliberating politics and choosing up sides? "No question about it," Carrick says. "It would be exciting, a big deal."

A lot more exciting than watching TV reports of coddled New Hampshire voters flexing their muscles. More meaningful than casting a vote that no candidate really cares about.

Jefferson Win Poses Dilemma For Party (WP)

By Peter Whoriskey

The Washington Post, December 10, 2006

NEW ORLEANS, Dec. 10 -- Rep. William J. Jefferson may be a pariah in some Washington political circles, but voters in this storm-battered city weighed in over the weekend with their own verdict regarding their scandal-plagued congressman: He's still our guy.

Voters gave the Louisiana Democrat an emphatic reelection victory over state Rep. Karen Carter, even though his campaign had been weighted with revelations that federal authorities had videotaped him taking $100,000 in alleged bribe

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money, and that $90,000 of it had been found inside a freezer in his apartment in the District. The investigation led his House colleagues to dump him from a key committee, donors abandoned him and the state Democratic Party switched its allegiance to his opponent.

But before cheering supporters at a hotel room on election night, Jefferson called his win "a great moment" and said, "I thank almighty God for making it possible."

He declined to discuss the probe.

Divinely inspired or not, his victory now poses a quandary for Democrats, some of whom have shunned him politically, and possibly also for the city, as leaders here seek to project an image of civic probity as they lobby for more federal money for recovery from Hurricane Katrina.

"This has to be seen as troubling," said Brian Brox, a political science professor at Tulane University. "I don't think his victory does any good for New Orleans as it presses its claims on the national government."

The federal corruption investigation, now 21 months old, was front and center in the campaign.

Carter pushed the corruption issue in television ads, saying that the cloud of suspicion alone would make him an ineffective representative, and Jefferson responded with some of his own ads in which he attacked Carter and looked evenly into the camera to tell voters: "I have never taken a bribe from anyone."

But while the allegations were widely discussed here, exactly what people made of them seems to have depended at least partly on race.

Though both candidates in the runoff are African American, voters generally split along racial lines.

Jefferson won 57 percent of the vote to Carter's 43 percent. He won 79 percent of votes in largely black precincts, while she won 76 percent of votes in largely white precincts, according to a post-election analysis by Greg Rigamer, a consultant for the Carter campaign.

For some of Jefferson's core black constituency, "they've heard the news" about the allegations. "They just don't believe it," Brox said.

Moreover, while Jefferson lost some key Democratic endorsements, he did pick up those of two others who are particularly influential in the black community, Mayor C. Ray Nagin and Bishop Paul Morton, often named as the city's most influential black minister. Jefferson appears to have won votes by attacking Carter for supporting same-sex marriage.

In conversations with voters here on Sunday, the racial divide was apparent. "I just wish we could one day elect someone who wouldn't look ridiculous to the rest of the country," said Betty Holahan-Smith, 45, a white voter from the Lower Garden District. "First, we had 'Chocolate City' Nagin. Now we have 'Dollar Bill' Jefferson."

"If the federal government really wanted to help New Orleans, they would have indicted him and taken him out of the game," said Tom Gault, 50, who is white and a Democrat, outside his townhouse in the Garden District. "It amazes me that people would vote for someone who may be indicted soon."

But after Sunday services at the First Pilgrim Baptist Church in the Bywater neighborhood, a group of three friends, all African American, concurred in their support for Jefferson and dismissed the allegations as unproved. Though two of Jefferson's associates -- a business partner and a former staff member -- have pleaded guilty in the bribery scheme, they cautioned against a rush to judgment.

"I just kind of felt if they had something on him why haven't they indicted him?" said Tyra Bryant, 34, of Jefferson Parish. "I'm not even sure it's really true."

"He hasn't done anything the rest of the folks up in Washington haven't done -- he just got caught," said Sharon Williams of Mid-City.

She said Carter seems to have forgotten who she is, Williams said.

"Sometimes when you are an African American and you get too high on yourself, well, Karen Carter thought she was a Caucasian," she said. "You have to always remember where you came from."

While the racial divide formed the basic demographic framework of the election, however, what played a critical role in the outcome was Jefferson's curious ability to appeal to white voters in suburban Jefferson Parish. A campaign led there by Sheriff

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Harry Lee blasted Carter for appearing in Spike Lee's Katrina documentary, in which she criticized the parish's law enforcement for turning back fleeing residents.

In a concession speech on Saturday night, Carter pledged to work with Jefferson, especially on post-Katrina rebuilding.

"I guess the people are happy with the status quo," she said.

Scandal-Tainted Rep. Jefferson Wins Congressional Runoff In Louisiana (WSJ)

By Erika Lovley

The Wall Street Journal, December 11, 2006

Despite an continuing federal probe that turned up $90,000 in cash in his freezer last year, embattled Democratic Rep. William J. Jefferson was re-elected Saturday in Louisiana's 2nd District.

The victory leaves the state frozen in the scandal, which could cramp the flow of rebuilding funds from Washington, experts warn. The Big Easy has had a long history of political corruption. Former state governor Edwin Edwards was sentenced to 10 years in prison in 2001 on charges of racketeering.

Jefferson supporters contended that the Big Easy would suffer if it lost his 16 years of seniority in Congress and pointed out that the congressman has yet to be charged, despite more than a year of investigation.

Mr. Jefferson won the support of 57% of the electorate, while the runner-up, State Rep. Karen Carter, received 43% of the vote. Ms. Carter struggled to take advantage of her opponent's legal woes, despite guilty pleas from both a Kentucky businessman and a former Jefferson aide for various bribery charges.

No charges have been brought against Mr. Jefferson, but he is already being punished in Washington. Nancy Pelosi, now the incoming House speaker, voted with Democrats last June to unseat the congressman from the powerful House Ways and Means Committee. In another upset, the state Democratic Party chose to bypass the incumbent and endorse the 37-year-old Ms. Carter several weeks before the primary.

The House Democratic leadership isn't expected to make a final decision on any committee assignment for Mr. Jefferson until this week. Ms. Pelosi's office had no comment Sunday but she is expected to use this week to consult with the Congressional Black Caucus on the matter.

Mr. Jefferson, 59, is the state's first African-American congressman since Reconstruction and is in his eighth term.

The white community largely supported Ms. Carter as the face of change, while Mr. Jefferson retained his longtime supporters -- the black majority. Although Ms. Carter raised almost five times more cash during the campaign, Mr. Jefferson secured more prominent endorsements; among his supporters: Mayor Ray Nagin and several other black politicians.

Much of Mr. Jefferson's campaign focused on painting his opponent as corrupt, claiming that Ms. Carter has not accurately reported earnings from her bond work as a private attorney. She has not been under any type of investigation.

New Orleans Voters Support Their Man Over F.B.I. (NYT)

By Adam Nossiter

The New York Times, December 11, 2006

NEW ORLEANS, Dec. 10 — Outside the Greater St. Stephen Full Gospel Baptist Church, there was no surprise on Sunday at the re-election of Representative William J. Jefferson, only satisfaction.

The late-night comedians could joke all they wanted about the $90,000 that the Federal Bureau of Investigation said it found in Mr. Jefferson's freezer and that the agency said was bribe money. White New Orleans could tut-tut at the seamy portrait outlined by the F.B.I. in its investigation of him, and at the guilty pleas of two associates of Mr. Jefferson, who is a black Democrat.

Supporters in the broken-down, crime-plagued Central City neighborhood here saw another picture: of a godly man persecuted by a racially biased government.

"There's been no indictment; how can you say he's guilty?" asked Brenda Dumas, clutching her Bible.

"Some call him a crook," Ms. Dumas added. They say he's corrupt. They have to prove that. To give up on somebody after all he's done for us, that would be wrong."

To the crowd streaming from Sunday services, the months of harsh headlines proved only Mr. Jefferson's sanctity. His dignified mien, his church-going habits and omnipresent family entourage set the seal.

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"I wouldn't have voted for anybody else," Johnnie Mae Patterson said. "He's a God-sent man."

Mr. Jefferson crushed his opponent, State Representative Karen R. Carter, also a Democrat, in a runoff election on Saturday, gaining 57 percent of the vote. How he did so may speak to strikingly different views of government here.

"The background to this is the cultural divide between blacks and whites, and their different attitude to law enforcement," said Susan E. Howell, a political scientist at the University of New Orleans.

In the eyes of some, those differences have been accentuated by the legacy of Hurricane Katrina, and Washington's failure to get New Orleans back on its feet. Mr. Jefferson is not blamed for the ruined black neighborhoods, but the United States government — his prosecutor — is.

Though Jefferson Parish voted overwhelmingly for him, the contest was decided in New Orleans, where the racial divide was stark. His opponent, Ms. Carter, won about 90 percent of the white vote; Mr. Jefferson won about 80 percent of the black vote. Mr. Jefferson played up this difference in support, suggesting that Ms. Carter, who is also black, was the preferred candidate of well-to-do white Republicans.

His constituents "wanted to believe him, they wanted to believe the big bad guys in Washington were picking on him," said Cynthia Hedge-Morrell, a black member of the City Council who supported Ms. Carter. "There's such a distrust toward Washington now, after Katrina."

Mr. Jefferson also appeared to have benefited from adroit maneuvering by one of his former political rivals, State Senator Derrick Shepherd, who is from Jefferson Parish and trailed in the primary, but later endorsed the congressman. Mr. Shepherd has not hidden his hope to wind up in Washington someday — perhaps a likelier prospect under a Jefferson re-election, given the congressman's legal problems.

"I endorsed Congressman Jefferson for a totality of reasons," Mr. Shepherd said, adding: "Of course, my desire to be a congressperson was one factor."

Ethics and lawfulness was the mantle assumed by Ms. Carter in the race, but it appeared to have wound up working for Mr. Jefferson instead.

"I voted for him," P. V. Weber said as he arrived at church on Sunday. "I didn't like the fact that they were trying all that to destroy his character."

Runoff In Tex. 23rd May Show Impact Of 2006 Redistricting (WP)

By Sylvia Moreno

The Washington Post, December 11, 2006

SAN ANTONIO, Dec. 10 -- Almost everywhere nationwide, the midterm elections are but a distant memory, supplanted by Christmas shopping and holiday parties. But here, candidates are still battling to determine the makeup of the House and the fate of Texas's first Hispanic Republican elected to Congress.

The election for the state's 23rd Congressional District -- the largest in the country, with 52,621 square miles and 20 counties -- is what GOP and Democratic strategists are calling a "tossup" under new boundaries ordered this summer by the U.S. Supreme Court. Republican incumbent Henry Bonilla, seeking an eighth term, and Democrat Ciro Rodriguez, a former congressman, are in a runoff set for Tuesday.

The short campaign began with Rodriguez, 60, challenging Bonilla, 52, to defend his support of Bush administration policies and the war in Iraq mano a mano. Both agreed to two debates sponsored by civic groups, but Rodriguez canceled, citing scheduling conflicts. Rodriguez then challenged Bonilla to a bilingual debate, in Spanish and English. Bonilla didn't bite, later calling the request "a stunt."

Instead, the candidates have attacked each other's patriotism and posture on terrorism in television ads, news conferences and "robo-calls."

Rodriguez accused Bonilla of voting to cut veterans' benefits and to deny health-care coverage for National Guardsmen returning from Iraq. Bonilla countered by saying that Rodriguez showed "dangerous judgment" in Congress by opposing a law that allowed secret evidence to be used in immigration proceedings against suspected terrorists and by accepting a $250

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contribution from a man later convicted of conducting illegal business transactions with Libya. The donation was made in 1998, years before the man was convicted, Rodriguez said.

The Supreme Court ordered the boundaries of the 23rd District redrawn after determining that the old map -- created under a 2003 redistricting by the Texas Legislature but orchestrated by then-House majority leader Tom DeLay (R-Tex.) -- discriminated against Latino voters and did not comply with the Voting Rights Act. The new district is now more Hispanic (61 percent as opposed to about 50) and less Republican (54 percent instead of 62).

Because the new map was not finalized until August, five months after the state's primary election, a special election was held Nov. 7. State election law required a runoff if no candidate broke 50 percent. Bonilla won 48.6 percent of the vote; Rodriguez led a field of six Democrats with 19.9 percent.

Buoyed by the Democrats' midterm election wins and banking on the 23rd District's new demographics and Bonilla's weakness among Hispanics -- he won only 8 percent of the Hispanic vote in 2002 before the 2003 redistricting replaced 100,000 Hispanics with white voters -- national Democrats have infused the race with staff support and media buys. Former president Bill Clinton campaigned for Rodriguez on Sunday in San Antonio while Sen. John Cornyn (R-Tex.) stumped with Bonilla in nearby Hondo.

Since Nov. 7, the Democratic Congressional Campaign Committee has spent almost $900,000, more than two-thirds of it toward television and direct-mail advertising, for the cash-strapped Rodriguez campaign to counter Bonilla's runoff war chest of $1.6 million.

"We're committed to seeing Ciro cross the finish line to victory," said Adrienne Elrod, a spokeswoman for the DCCC. "This is a very competitive race."

State Democrats are running an aggressive Spanish-language media campaign and have raised more than $100,000 to beef up voter-turnout efforts.

"Let's give the GOP one more surprise by taking out another Tom DeLay Republican," wrote Texas Democratic Chairman Boyd L. Richie in a letter to party activists.

Bonilla said he is not concerned. He emphasizes he has run and won previously in 19 of the 20 counties that comprise the new district and that much of the area, which stretches from San Antonio 700 miles west to El Paso County, is largely conservative. Bonilla was endorsed by the San Antonio Express-News, which cited his seniority and his seat on the House Appropriations Committee.

Bonilla has focused his campaign on friendly audiences, such as at a recent high school football playoff game in San Antonio's Alamodome. The team from Hondo, a Bonilla stronghold in Republican-leaning Medina County, played and won, and Bonilla took advantage of halftime to work some of the crowd, hot dog and soda in hand. "Runoffs are all about getting your people out one more time. It's not a time to convert voters," Bonilla said.

The Supreme Court added to the district the heavily Democratic south side of San Antonio, which Rodriguez represented until he lost his seat after the 2003 redistricting. He has focused efforts on meeting voters in the sprawling district, espousing support for Democratic positions on raising the minimum wage, universal health care and a cheaper Medicare prescription plan.

"We saw in November that people have had enough, and Bonilla has been part of the leadership supporting the [Bush] administration on Iraq and other issues," Rodriguez said following a recent neighborhood forum in northwest San Antonio.

Runoff In Redrawn Texas District Could Be A Tight Race (LAT)

By Lianne Hart

The Los Angeles Times, December 11, 2006

HOUSTON — One of the nation's last unresolved House races will be decided Tuesday when seven-term Republican Rep. Henry Bonilla faces former congressman Ciro Rodriguez in an unusual runoff in a newly redrawn district.

In a special election Nov. 7, a well-financed Bonilla won 49% of the vote, just shy of the majority he needed to win outright.

Rodriguez, 59, who represented a neighboring district in the House from 1997 to 2005, finished second with about 20% of the vote.

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Bonilla, 52, was at one time strongly favored to win without a runoff. Though his conservative stands on issues such as immigration had eroded Latino support, a 2003 redistricting plan engineered by former House Majority Leader Tom DeLay minimized the problem by cutting the number of Latino precincts in Bonilla's district. In 2004, Bonilla won with 69% of the vote.

However, the U.S. Supreme Court ruled in June that the new district lines unconstitutionally diluted minority votes. A panel of three federal judges reconfigured the district in August.

In its current form, the 23rd congressional district — the largest in Texas — stretches from San Antonio to the Texas-Mexico border and out to far West Texas. Sixty-one percent of the district's voting-age population is Latino, compared with 51% in 2004.

Now that Democrats have taken over Congress, there's a new dynamic in play, said Andy Hernandez, a political scientist at the University of Texas at San Antonio.

"I think ordinary Democratic voters are hepped up and there's a growing energy to beat Bonilla and finish the job in Texas," Hernandez said. "I don't think his conservative Anglo base has enough enthusiasm to save him."

Larry Hufford, a political scientist at St. Mary's University in San Antonio, disagreed, saying voter turnout in runoff elections is notoriously low in the south Bexar County precincts that are Rodriguez's strength.

"If early voting and turnout in this election parallels past elections, Republicans will turn out in higher numbers and Bonilla should win," Hufford said.

The latest public poll shows Bonilla leading Rodriguez 53% to 46%, but the race could be much tighter, Hernandez said.

"If Henry Bonilla couldn't win outright in the special election with his money and name recognition, he's in deep trouble," Hernandez said.

Campaign finance reports show that as of Nov. 22, Bonilla, with $955,000, had almost 10 times the cash on hand as Rodriguez, with $94,000. But the Democratic Congressional Campaign Committee has reportedly spent about $871,000 on Rodriguez's behalf.

The candidates have spent much of the money on attack ads but, in a district largely bordered to the south by Mexico, have avoided the topic of immigration. Bonilla voted in favor of a 700-mile border fence; Rodriguez has said he would not have. The topic isn't listed as an issue on either candidate's campaign website.

"They're scared" to talk about it, Hufford said, perhaps because missteps could alienate one or more groups in a diverse district voting population: West Texas ranchers, Latinos in border towns, Republicans on the north side of San Antonio and Democrats in the south.

Chad Foster, president of the Texas Border Coalition, a group of border mayors and judges, said Bonilla's vote in favor of the fence angered many in the area. "I don't think the fence is realistic. It's an 18th century solution to a 21st century problem," said Foster, who also is mayor of the Texas border town Eagle Pass.

However, Bonilla spokesman Phil Ricks said border sheriffs believed the fence would curb drug smuggling and human trafficking. "People are in favor of the fence," he said.

Bonilla won the majority of the west Texas counties in his district during the special election.

Tuesday's runoff falls on a holy day for many Roman Catholic Latinos — the Feast of the Virgin of Guadalupe.

Latino groups protested when Texas Gov. Rick Perry set the date, saying it was an attempt to help Bonilla by suppressing the Latino vote. But after early voting was extended, the Justice Department approved the runoff date.

Negative Campaigning Marks Texas Runoff (AP)

By Elizabeth White

AP, December 10, 2006

It's been a month since control of Congress was decided, but Republican Rep. Henry Bonilla and Democrat Ciro Rodriguez are still campaigning as if the balance hangs on the outcome of their runoff.

For incumbent Bonilla, a victory at the polls Tuesday would give him an eighth term representing Texas' largest congressional district, the 23rd.

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For Rodriguez, it would mean a return trip to Washington after a two-year absence. He served in Congress during 1997-2005 but was ousted in the 2004 by Rep. Henry Cuellar.

Neither Bonilla nor Rodriguez received 50 percent of the vote in a crowded field Nov. 7.

Bonilla has been airing TV commercials criticizing Rodriguez for past votes, including one against establishing the Homeland Security Department. The Democratic Congressional Campaign Committee is airing ads for Rodriguez that attack Bonilla for what it says are cuts in veterans and military benefits.

Rodriguez resurrected reports that Bonilla employed an illegal immigrant British nanny for almost seven years, a small scandal that erupted in 1994. The Justice Department investigated but declined to charge anyone.

Rodriguez said he's relying on voters' dissatisfaction with Bonilla.

"They'll vote for you because they like you, but they'll also vote for you because they dislike the other guy," Rodriguez said. "You get them whichever way you can."

In a campaign this short, turnout from the base will be the key to a victory for either candidate, said Jason Casellas, assistant professor in government at the University of Texas at Austin.

"The people who are going to turn out in a special election are going to be the partisans," Casellas said.

A Rodriguez victory would be an additional blow to the Texas redistricting plan engineered by former House Majority Leader Tom DeLay in 2003, which allowed the GOP to pick up several congressional seats, said Gary Keith, a senior lecturer in government at UT Austin.

The DeLay plan moved 100,000 predominantly Democratic Laredo Hispanics out of the 23rd and into another district. However, the Supreme Court ruled in June that the new district unconstitutionally diluted Hispanic voting strength, and a new map was drawn in August by a three-judge panel.

Rodriguez lost to Cuellar in this year's District 28 primary. The redistricting put his San Antonio home in the redrawn District 23, allowing him to enter the race against Bonilla — with the endorsement of Cuellar.

The 23rd stretches along the Mexican border from San Antonio to the eastern edge of El Paso, yet immigration isn't listed on either of the Hispanic candidates' Web sites. Bonilla voted to build a border fence to fight illegal immigration; Rodriguez said he would not have.

"Because (immigration) is so divisive, which of the candidates could use the issue to really boost their turnout without really angering the opposition and boosting their turnout?" Keith said. "It may be an issue that's too radioactive. ... Because it could blow up on you as much as it could help you."

Clinton Makes S.A. Stop To Stir Rodriguez Crowd (SAEN)

By Greg Jefferson

San Antonio Express News, December 11, 2006

In a hot, crowded gymnasium Sunday, former President Clinton sought to wind up supporters of Democrat Ciro Rodriguez enough to unseat Rep. Henry Bonilla and strengthen the Democratic Party's hold on Congress.

Rodriguez's campaign stop at Palo Alto College came less than two days before the runoff in Congressional District 23 between the former congressman and the Republican incumbent.

"You couldn't have a clearer choice. You couldn't have a better candidate," Clinton told a throng of cheering supporters. "And you've got just about 48 hours to bring it home."

Democrats picked up 29 congressional seats this year, Clinton noted, but they also lost 10 races by slim margins.

"You have to decide whether this House seat is going to be with the 29 or the 10," Clinton said.

"On Nov. 7, voters across the country voted for change," Rodriguez said. "This Tuesday, voters across this district are going to vote one more time for change."

Clinton, meanwhile, laced his nearly 20-minute stump speech with shots at congressional Republican leadership and Bonilla. At one point, he highlighted the seven-term congressman's votes against increasing the minimum wage.

Later, Bonilla spokesman Phil Ricks defended his boss' minimum-wage votes.

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"All of the small-business owners ... tell him that if they had to pay a higher minimum wage, they would have to lay off workers in order to do that," he said. "Funny that they didn't mention that during the rally."

Bonilla spent Sunday afternoon campaigning in Hondo with Republican Sen. John Cornyn. Ricks said President Bush's nephew George P. Bush, a Dallas attorney, would make an appearance today at Bonilla's campaign headquarters at 1:30 p.m.

Bonilla emerged from the Nov. 7 seven-way special election just shy of the majority he needed to avoid a runoff. Rodriguez followed with 20 percent.

Ricks said Clinton's San Antonio stop would only help fire up Bonilla's base because of Clinton administration policies and the Monica Lewinsky scandal.

"This is someone who committed a despicable act in the Oval Office, lied about it and then got impeached," Ricks said. "And now he's campaigning side-by-side with Ciro Rodriguez."

On Friday, after learning of Clinton's plan to stop in San Antonio, Ricks said the former president was out of touch with District 23 voters.

Clinton mocked that contention at Sunday's rally, saying his administration had overseen high job growth, expansion of the middle-class and reduction in poverty.

"America is about empowerment," he said. "This election will be determined by whether people understand that."

The race is expected go to the candidate who can best fire up his base of supporters to get to the polls Tuesday — a theme Clinton and several other speakers hammered on Sunday.

"We need more people to be there on Tuesday than ever before, or we will lose," said U.S. Rep. Charlie Gonzalez, a San Antonio Democrat.

Former Mayor Henry Cisneros, who served as secretary of housing and urban development under Clinton, called last month's election results "a political earthquake." He urged the crowd to keep the Democratic momentum going.

Together, Va.'s Elite Democrats Target GOP (WP)

By Tim Craig

The Washington Post, December 11, 2006

It was Virginia Gov. Timothy M. Kaine's party, but two other Democratic stars seemed to dominate a reception in Tysons Corner last week to raise money to help unseat Republicans in the General Assembly.

Former governor Mark R. Warner and Sen.-elect James Webb arrived early and stayed late as they greeted contributors to Kaine's political action committee, which plans to help finance Democratic candidates next year.

What was unthinkable in Virginia six months ago is now the political reality: With Webb's election last month, the state has three prominent Democrats who say they are working as a team to build the party in a historically Republican state. Their first mission is trying to defeat Republicans in next year's legislative races.

"I want to use my personal energies and the energies of my office in the right sense of the word to help Tim Kaine have the right kind of majority next year," Webb told the donors, adding that he will help recruit candidates and campaign extensively for them.

Warner, one of the state's most popular politicians who recently said he will not run for president in 2008, was also schmoozing as if his own campaign were on the line.

"I clearly intend to be active in the Virginia General Assembly

races," said Warner, whom political insiders mention as a possible candidate for governor or U.S. senator.

Six years ago, it appeared as if the state's Democratic Party was on the verge of irrelevancy, with Republicans having won two successive governor's races and holding both U.S. Senate seats and majorities in the Virginia House and Senate.

But today, Democrats are the ones who can point to two straight victories for governor -- Warner in 2001 and Kaine last year -- as well as Webb's narrow win over Sen. George Allen (R).

Virginia Republicans claimed some wins last month, keeping a majority of the state's congressional seats and holding on to the top Prince William County government job. But Republicans say they are worried about gains Democrats have made in recent elections.

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Despite competing in General Assembly districts whose boundaries were drawn by the GOP, Democrats have picked up seats, giving Kaine hope that the party can reclaim the Senate and make inroads in the House in 2007.

Democrats need to win four seats to reclaim the Senate and nine to 11 seats to retake the House, depending on which party three independents align with.

Legislative races are traditionally decided on local issues. But Kaine, who is frustrated by Republican efforts to stymie his plans to raise money for transportation projects, is hoping to turn next year's elections into a referendum on the GOP's priorities.

Kaine raised about $1 million at two events last week for his political action committee, Move Virginia Forward, and said he plans to campaign next year "as if my own name is on the ballot."

His political action committee has one goal, he said: "to find partners" in the General Assembly.

Republican Del. L. Scott Lingamfelter of Prince William, one of the lawmakers Democrats are targeting, said Kaine is "always focused on campaigning as opposed to governance."

"The governor has chosen the path of starting the November 2007 campaign in November 2006," Lingamfelter said. "The people want us to stop the bickering and do the people's work. All I hear from the other side is campaign, campaign, campaign."

Kaine has said he will have several initiatives in the coming year, including pushing for additional funding for health care, pre-kindergarten programs and open-space acquisition.

Virginia GOP Chairman Ed Gillespie acknowledged the strength of the Democrats.

"There is no doubt they are going to wage a very aggressive effort to retake the Senate and make gains in the House, and they are in a position to raise significant resources to fund efforts to do that, and we have to do everything we can to counter that," Gillespie said.

The Democrats plan to focus on unseating Republican lawmakers in Northern Virginia and Hampton Roads, two traffic-clogged areas where Webb and Kaine did well in their races.

In Northern Virginia, Republican Dels. Vincent F. Callahan Jr. and Timothy D. Hugo of Fairfax, Lingamfelter and Jeffrey M. Frederick, also of Prince William, can expect stiff challenges, Democratic leaders say. Senate Democrats hope to unseat Sen. Jeannemarie Devolites Davis (R-Fairfax), among others.

"We are organized and hungry," said Del. Brian J. Moran (D-Alexandria), chairman of the House Democratic Caucus. "We've had enough wins. We feel confident."

Despite recent successes, there are plenty of signs that Virginia remains anything but a Democratic-leaning state.

Although Webb beat gaffe-prone Allen by about 9,000 votes, Democrats didn't pick up any congressional seats. Voters also overwhelmingly approved a constitutional amendment banning same-sex marriage, which Kaine had campaigned against.

In Prince William, where Democrats are hoping to make gains, Republican Corey A. Stewart easily won the chairmanship of the Board of County Supervisors. Jackson H. Miller, a conservative Republican, also won a special election in Manassas to succeed the late moderate Republican Harry J. Parrish in the House.

"You had a Republican win on a positive message of low taxes and controlling growth in Prince William County," Lingamfelter said.

"We are still a right-of-center state," said Sen. R. Creigh Deeds (D-Bath), who narrowly lost his bid for attorney general last year. "While parts of Northern Virginia are blue . . . we still have a lot of work to do."

Some Democratic activists and political bloggers have been critical of the Virginia Democratic Party for not doing more to win lower-profile races by rallying the grass roots of the party.

During Webb's campaign, they noted, large parts of the party structure didn't become fully engaged until the fall, when it became clear that Allen could lose.

"Obviously, we have to do better," said Lowell Feld, founder of RaisingKaine, a blog that served as a focal point for grass-roots efforts to elect Kaine last year and Webb this year. "Webb won, but we didn't win any of the [congressional] races. . . . We are really going to have to crank it up."

Political analysts say Webb, who brought several thousand activists into the party for the first time, Kaine and Warner may prove a formidable team.

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"It's becoming almost a perfect storm for Democrats in Virginia," said Sean O'Brien, executive director of the Sorenson Institute for Political Leadership at the University of Virginia. "You got a recipe for a Democratic Party that is going to be united like you have never seen before in Virginia."

Although they have a common goal, the three might have separate motivations for becoming involved next year:

Kaine needs more Democrats in the General Assembly to further his agenda. Warner needs to continue to maintain his goodwill with Democratic activists in case he runs for governor in 2009. Webb, a former Republican, wants to test his brand of populism as well as repay Kaine for helping get him elected.

But it remains to be seen what, if any, impact Kaine, Warner and Webb will have on local races, especially in districts where voters are prone to split their tickets.

Last year, Del. David B. Albo (R-Fairfax) and Frederick won their races even though Kaine swamped Republican challenger Jerry Kilgore in their districts.

And despite pledges of unity, some Democrats say that with so many high-profile politicians on the same stage, it's only a matter of time before ego-driven divisions start to emerge.

"We'll just have to buy a bigger tent," Moran said. "It's a nice problem to have."

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, December 11, 2006

To tell the truth and shame the devil, newly minted presidential candidate Tom Vilsack's top issue of energy independence is a snoozer. Yes, yes, of course conservation, energy usage, and fuel supplies are superimportant, but it's a tough opener for the outgoing Iowa governor, who's expected to face Sens. Hillary Rodham Clinton, Barack Obama, and other Democratic superstars in 2008. That is, until he cites God's endorsement. It's right there in his church bulletin.

In two interviews, he says energy security trumps partisanship. For proof, he pulls out a tattered copy of the October 7-8 bulletin from Des Moines's St. Catherine of Siena that lists several conservation tips. "My God," he says, "this has the opportunity to unite the country." A little homework found that even local evangelical ministers were preaching energy security. "People take this notion very seriously that God has given us this gift and we have this responsibility to extend that gift," he says.

He can thank Al Gore and Sister JoAnne Talarico, the church's office manager, for the endorsement. She tells us that after St. Catherine's showed Gore's global warming movie An Inconvenient Truth, she started putting tips in the bulletin. "It would be nice," says Sister JoAnne, "if it would become a real issue." How can Vilsack thank her? Send the church some energy-saving tips of his own. "I think I've run out of all I had," she says.

A Second Act in Cyberspace

Tom DeLay's back, this time on the Internet. Friends tell us that the powerful former House majority leader, dubbed the "Hammer" for his tough persuasion tactics, this week unveils TomDeLay.com, where he'll blog-DeLay's Daily-on newsy issues and build a coalition he's calling Grassroots, Action, and Information Network. Sources said the right-leaning Texan will give GAIN members insider information on the conservative movement and urge them to step in on key issues. And Democrats need not apply: His site will have a way to filter them out.

Getting Mushy in His Fine Old Age

Those weren't tears of pain former President Bush shed last week during a tribute to his son Jeb, Florida's outgoing governor. Just the opposite. Family friends say the old guy is getting more emotional and has been prone to joyful crying jags when bragging on his kids. And-bless his heart-he doesn't try to stop it; he just lets the tears pour out. His buddies tell us that Bush, 82, also gets weepy when discussing the importance of his family and the blessings he has enjoyed throughout his life. "He has always been an emotional guy," says a pal.

What's Wrong? Don't You Trust Us?

"Oh, no you won't" is the reaction of cops and other first responders to an almost rude FBI decision to ask its Joint Terrorism Task Force members to take a lie detector test. To the FBI, it's a smart move: Since 9/11, the task force of federal and local officials has expanded to some 1,500 in over a hundred offices nationwide. But to some members it's a slap, and

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something that could hurt their careers if the polygraph-whose accuracy is widely questioned by scientists-burps out an error. Joining local cops in opposition are agents with the Homeland Security Department's Immigration and Customs Enforcement.

Wash. State Sees Results From 'Plain Talk' Initiative (USAT/AP)

By Rachel La Corte

USA Today, December 11, 2006

OLYMPIA, Wash. — Washington state officials want to deploy changes to alleviate state personnel's employment of acronyms, jargon and legalese that routinely pervade interfaces with constituents. Or, in plain speak: Talk to the public as you would talk to any other person — simply, and in clear language.

In the 20 months since Gov. Chris Gregoire ordered all state agencies to adopt "plain talk" principles, more than 2,000 state employees have attended classes on writing letters, announcements and documents in everyday language.

Words such as abeyance, cease and utilize are out, replaced by suspension, stop and use.

"If people are able to apply for an environmental permit and get it right the first time because they were able to understand it, that's success," said Larisa Benson, director of the Government Management Accountability and Performance program.

When people know what the government asks of them, there's a better chance they'll comply, officials have found.

For example, by rewriting one letter, the Department of Revenue tripled the number of businesses paying the "use tax," the widely ignored equivalent of sales tax on products purchased out of state. That meant an extra $800,000 collected over two years by the department, which had started its own plain-talk initiative before the governor's order.

"Simple changes can have profound results," said Janet Shimabukuro, manager of the department's taxpayer services program. "Plain talk isn't only rewriting, it's rethinking your approach and really personalizing your message to the audience and to the reader."

Though other states have done similar work, Washington state is believed to be the first to have a full-scale effort, said Thom Haller, executive director of the Center for Plain Language in Washington, D.C.

The non-profit center urges government and business officials to use clear, understandable language in laws and other public communication.

In 1997, newly elected Gov. Gary Locke issued an executive order requiring the Washington Administrative Code to be written and organized in a more simple way.

Around that time, some state agencies started using plain-language rules for training, on websites and in letters to the public.

The government of the District of Columbia started a plain-language initiative in 2004, and many federal agencies have such programs as well, Haller said.

"We're seeing them embrace it because they're recognizing that clarity in structure and language is important," he said. "It enables people to get their jobs done more efficiently."

How did state workers start speaking bureaucratic gobbledygook?

"It's almost as if we have hundreds of different tribes out there with different languages," said Dana Howard Botka, the plain-language program coordinator for Gregoire. "Knowing the language of that tribe is essential to belonging to it. There's pride in knowing the language of your profession."

Writing consultant Sharon Bridwell, who teaches up to three classes a month for state employees, said her students need help breaking old habits.

At a recent class in Olympia, Bridwell used slides and easels to write out pointers such as keeping sentences short.

Rich Coleman, a project manager with the state Employment Security Department, said he would try to be more concise in his letters to the public.

"I'm more wordy than I would like to be," said Coleman, who corresponds with prisoners or their families to help them rejoin the workforce. "It's an opportunity to see that the less I write, the more effective I am in getting the information across."

Botka said the heart of the plain-talk initiative is to get state workers to think about the person who is reading the document or the Web page before they write it.

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"We're talking about people's rights and benefits," she said. "If they can't understand them, then they really don't have access to their government."

Sponsorship Pulls Arena Into Nuclear Debate (NYT)

By Martin Stolz

New York Times, December 11, 2006

SALT LAKE CITY, Dec. 8 — Utah officials hope that the state's image can be best defined by its vast public lands and unspoiled forests, lakes and mountains.

But some here fear that a recent change in the name of the city's professional basketball arena may create for Utah new and far less savory associations with corruption and nuclear waste.

Since the arena's opening in 1991 as the home of the Utah Jazz, it was called the Delta Center, for Delta Air Lines, which struck the original deal for naming rights with Larry H. Miller, the team's owner. But in November, a hazardous waste services company based here, EnergySolutions, outbid bankrupt Delta to win a 10-year naming-rights contract.

The winning bid, the price of which neither side would disclose, has created the EnergySolutions Arena.

Steve Creamer, the company's president, is looking to overcome the negative publicity that the company, known until 10 months ago as Envirocare of Utah, has received over its operation of a large nuclear waste facility in the Utah desert.

EnergySolutions was formed in February by the merger of three companies, including Envirocare, which set up the nuclear waste facility on public land in 1988 with the approval of Larry F. Anderson, then director of the Utah Division of Radiation Control.

Mr. Anderson was later convicted on federal bribery charges of taking cash and a condominium in the resort town of Park City from Envirocare's founder and former owner, Khosrow B. Semnani. Mr. Semnani pleaded guilty to a charge of tax evasion.

The state has granted EnergySolutions a license to double the size of the low-level nuclear waste site, to about two square miles, though the approval is not final, in part because the Legislature and the governor also must have a say. But an antinuclear group, the Healthy Environment Alliance of Utah, or Heal Utah, has sued the state to revoke the license, and that is also delaying the expansion. The alliance also opposes the company's plan to expand the nuclear waste facility to a height of about eight stories.

On her way into a recent Jazz game, Leslie Birkett, a 42-year-old advertising executive from Kearns, said she had heard the nicknames for the arena: HazzMat Center, Half-Life Arena, Radium Stadium, the Tox Box.

"Utah already has enough strikes against it," Ms. Birkett said. "This is the last thing we need."

More disgusted was Tom Kessler, 66, a hard-core fan wearing a leather Jazz jacket. "Utah's always been the 'stick-it' state; whatever you don't want in your state, stick it here," said Mr. Kessler, an executive with a medical device company. "We're not tree huggers, but these guys lend credence to bringing all this stuff to Utah. It's bogus."

But another Jazz fan, Weston Anderson, 21, of West Valley City, felt differently. He first learned about the company when he passed people carrying signs at a pregame protest sponsored by Heal Utah, Mr. Anderson said. The arena's new name does not roll off the tongue, he said, "but I don't have a problem with that line of business because I believe in the free market."

The alliance has called on Mr. Miller to rescind the naming-rights deal, and on consumers to boycott his other businesses, which include car dealerships, movie theaters, a television station and an auto racetrack.

Mr. Miller issued a statement saying he was proud of his association with EnergySolutions.

Mr. Creamer has said his company is vital to Utah's future, has brought dozens of talented scientists and engineers to the state, and hopes to become a worldwide business for transporting, processing, storing and disposing of radioactive materials.

The company recently won a federal grant to study sites that might be used for reprocessing nuclear fuel, a recycling process in which plutonium is extracted from spent fuel and mixed with uranium to make new fuel.

But this year, the company had a setback with the Utah government. Gov. Jon Huntsman Jr. vetoed legislation that would have made it easier for the state to approve proposals for new or expanded nuclear waste sites.

In a letter to state legislators, Mr. Huntsman said the bill would have weakened the governor's authority "to protect Utah's image and environment." His administration has invested in strengthening Utah's image as a welcoming place for tourists,

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especially those attracted to outdoor activities in the state's mountains and forests. Part of that push has been a multimillion-dollar advertising campaign, "Utah: Life Elevated," featuring the state's landmarks and landscapes.

EnergySolutions also has embarked on a media campaign, emphasizing the company's environmental cleanups nationwide and the safety of its operations.

Kedrick Black, a 26-year-old electrical engineer and Jazz fan, said he learned about the company from its advertisements. "It's a good company," Mr. Black said. "Yes, they handle nuclear waste, but they're making it safer."

Vanessa Pierce, executive director of Heal Utah, does not see it quite that way. EnergySolutions' advertisements "make it look like they're curing cancer and building golf courses" and solving global warming, Ms. Pierce said. She accused the company of trying to mislead the public by promoting a wholesome image to gain support for the waste site expansion.

At the protest outside the arena, Louis Borgenicht, 64, a Salt Lake City pediatrician, told those gathered that EnergySolutions officials "are part of the problem, not, as they claim, part of the solution."

How To Bring Our Schools Out Of The 20th Century (TIME)

By Claudia Wallis, Sonja Steptoe

Time, December 11, 2006

There's a dark little joke exchanged by educators with a dissident streak: Rip Van Winkle awakens in the 21st century after a hundred-year snooze and is, of course, utterly bewildered by what he sees. Men and women dash about, talking to small metal devices pinned to their ears. Young people sit at home on sofas, moving miniature athletes around on electronic screens. Older folk defy death and disability with metronomes in their chests and with hips made of metal and plastic. Airports, hospitals, shopping malls--every place Rip goes just baffles him. But when he finally walks into a schoolroom, the old man knows exactly where he is. "This is a school," he declares. "We used to have these back in 1906. Only now the blackboards are green."

American schools aren't exactly frozen in time, but considering the pace of change in other areas of life, our public schools tend to feel like throwbacks. Kids spend much of the day as their great-grandparents once did: sitting in rows, listening to teachers lecture, scribbling notes by hand, reading from textbooks that are out of date by the time they are printed. A yawning chasm (with an emphasis on yawning) separates the world inside the schoolhouse from the world outside.

For the past five years, the national conversation on education has focused on reading scores, math tests and closing the "achievement gap" between social classes. This is not a story about that conversation. This is a story about the big public conversation the nation is not having about education, the one that will ultimately determine not merely whether some fraction of our children get "left behind" but also whether an entire generation of kids will fail to make the grade in the global economy because they can't think their way through abstract problems, work in teams, distinguish good information from bad or speak a language other than English.

This week the conversation will burst onto the front page, when the New Commission on the Skills of the American Workforce, a high-powered, bipartisan assembly of Education Secretaries and business, government and other education leaders releases a blueprint for rethinking American education from pre-K to 12 and beyond to better prepare students to thrive in the global economy. While that report includes some controversial proposals, there is nonetheless a remarkable consensus among educators and business and policy leaders on one key conclusion: we need to bring what we teach and how we teach into the 21st century.

Right now we're aiming too low. Competency in reading and math--the focus of so much No Child Left Behind (NCLB) testing--is the meager minimum. Scientific and technical skills are, likewise, utterly necessary but insufficient. Today's economy demands not only a high-level competence in the traditional academic disciplines but also what might be called 21st century skills. Here's what they are:

Knowing more about the world. Kids are global citizens now, even in small-town America, and they must learn to act that way. Mike Eskew, CEO of UPS, talks about needing workers who are "global trade literate, sensitive to foreign cultures, conversant in different languages"--not exactly strong points in the U.S., where fewer than half of high school students are enrolled in a foreign-language class and where the social-studies curriculum tends to fixate on U.S. history.

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Thinking outside the box. Jobs in the new economy--the ones that won't get outsourced or automated--"put an enormous premium on creative and innovative skills, seeing patterns where other people see only chaos," says Marc Tucker, an author of the skills-commission report and president of the National Center on Education and the Economy. Traditionally that's been an American strength, but schools have become less daring in the back-to-basics climate of NCLB. Kids also must learn to think across disciplines, since that's where most new breakthroughs are made. It's interdisciplinary combinations--design and technology, mathematics and art--"that produce YouTube and Google," says Thomas Friedman, the best-selling author of The World Is Flat.

Becoming smarter about new sources of information. In an age of overflowing information and proliferating media, kids need to rapidly process what's coming at them and distinguish between what's reliable and what isn't. "It's important that students know how to manage it, interpret it, validate it, and how to act on it," says Dell executive Karen Bruett, who serves on the board of the Partnership for 21st Century Skills, a group of corporate and education leaders focused on upgrading American education.

Developing good people skills. EQ, or emotional intelligence, is as important as IQ for success in today's workplace. "Most innovations today involve large teams of people," says former Lockheed Martin CEO Norman Augustine. "We have to emphasize communication skills, the ability to work in teams and with people from different cultures."

Can our public schools, originally designed to educate workers for agrarian life and industrial-age factories, make the necessary shifts? The Skills commission will argue that it's possible only if we add new depth and rigor to our curriculum and standardized exams, redeploy the dollars we spend on education, reshape the teaching force and reorganize who runs the schools. But without waiting for such a revolution, enterprising administrators around the country have begun to update their schools, often with ideas and support from local businesses. The state of Michigan, conceding that it can no longer count on the ailing auto industry to absorb its poorly educated and low-skilled workers, is retooling its high schools, instituting what are among the most rigorous graduation requirements in the nation. Elsewhere, organizations like the Bill and Melinda Gates Foundation, the Carnegie Foundation for the Advancement of Teaching and the Asia Society are pouring money and expertise into model programs to show the way.

What It Means to Be a Global Student

Quick! How many ways can you combine nickels, dimes and pennies to get 20¢? That's the challenge for students in a second-grade math class at Seattle's John Stanford International School, and hands are flying up with answers. The students sit at tables of four manipulating play money. One boy shouts "10 plus 10"; a girl offers "10 plus 5 plus 5," only it sounds like this: "Ju, tasu, go, tasu, go." Down the hall, third-graders are learning to interpret charts and graphs showing how many hours of sleep people need at different ages. "¿Cuantas horas duerme un bebé?" asks the teacher Sabrina Storlie.

This public elementary school has taken the idea of global education and run with it. All students take some classes in either Japanese or Spanish. Other subjects are taught in English, but the content has an international flavor. The school pulls its 393 students from the surrounding highly diverse neighborhood and by lottery from other parts of the city. Generally, its scores on state tests are at or above average, although those exams barely scratch the surface of what Stanford students learn.

Before opening the school seven years ago, principal Karen Kodama surveyed 1,500 business leaders on which languages to teach (plans for Mandarin were dropped for lack of classroom space) and which skills and disciplines. "No. 1 was technology," she recalls. Even first-graders at Stanford begin to use PowerPoint and Internet tools. "Exposure to world cultures was also an important trait cited by the executives," says Kodama, so that instead of circling back to the Pilgrims and Indians every autumn, children at Stanford do social-studies units on Asia, Africa, Australia, Mexico and South America. Students actively apply the lessons in foreign language and culture by video-conferencing with sister schools in Japan, Africa and Mexico, by exchanging messages, gifts and joining in charity projects.

Stanford International shows what's possible for a public elementary school, although it has the rare advantage of support from corporations like Nintendo and Starbucks, which contribute to its $1.7 million-a-year budget. Still, dozens of U.S. school districts have found ways to orient some of their students toward the global economy. Many have opened schools that offer the international baccalaureate (I.B.) program, a rigorous, off-the-shelf curriculum recognized by universities around the world and first introduced in 1968--well before globalization became a buzzword.

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To earn an I.B. diploma, students must prove written and spoken proficiency in a second language, write a 4,000-word college-level research paper, complete a real-world service project and pass rigorous oral and written subject exams. Courses offer an international perspective, so even a lesson on the American Revolution will interweave sources from Britain and France with views from the Founding Fathers. "We try to build something we call international mindedness," says Jeffrey Beard, director general of the International Baccalaureate Organization in Geneva, Switzerland. "These are students who can grasp issues across national borders. They have an understanding of nuances and complexity and a balanced approach to problem solving." Despite stringent certification requirements, I.B. schools are growing in the U.S.--from about 350 in 2000 to 682 today. The U.S. Department of Education has a pilot effort to bring the program to more low-income students.

Real Knowledge in the Google Era

Learn the names of all the rivers in South America. That was the assignment given to Deborah Stipek's daughter Meredith in school, and her mom, who's dean of the Stanford University School of Education, was not impressed. "That's silly," Stipek told her daughter. "Tell your teacher that if you need to know anything besides the Amazon, you can look it up on Google." Any number of old-school assignments--memorizing the battles of the Civil War or the periodic table of the elements--now seem faintly absurd. That kind of information, which is poorly retained unless you routinely use it, is available at a keystroke. Still, few would argue that an American child shouldn't learn the causes of the Civil War or understand how the periodic table reflects the atomic structure and properties of the elements. As school critic E.D. Hirsch Jr. points out in his book, The Knowledge Deficit, kids need a substantial fund of information just to make sense of reading materials beyond the grade-school level. Without mastering the fundamental building blocks of math, science or history, complex concepts are impossible.

Many analysts believe that to achieve the right balance between such core knowledge and what educators call "portable skills"--critical thinking, making connections between ideas and knowing how to keep on learning--the U.S. curriculum needs to become more like that of Singapore, Belgium and Sweden, whose students outperform American students on math and science tests. Classes in these countries dwell on key concepts that are taught in depth and in careful sequence, as opposed to a succession of forgettable details so often served in U.S. classrooms. Textbooks and tests support this approach. "Countries from Germany to Singapore have extremely small textbooks that focus on the most powerful and generative ideas," says Roy Pea, co-director of the Stanford Center for Innovations in Learning. These might be the key theorems in math, the laws of thermodynamics in science or the relationship between supply and demand in economics. America's bloated textbooks, by contrast, tend to gallop through a mind-numbing stream of topics and subtopics in an attempt to address a vast range of state standards.

Depth over breadth and the ability to leap across disciplines are exactly what teachers aim for at the Henry Ford Academy, a public charter school in Dearborn, Mich. This fall, 10th-graders in Charles Dershimer's science class began a project that combines concepts from earth science, chemistry, business and design. After reading about Nike's efforts to develop a more environmentally friendly sneaker, students had to choose a consumer product, analyze and explain its environmental impact and then develop a plan for re-engineering it to reduce pollution costs without sacrificing its commercial appeal. Says Dershimer: "It's a challenge for them and for me."

A New Kind of Literacy

The juniors in Bill Stroud's class are riveted by a documentary called Loose Change unspooling on a small TV screen at the Baccalaureate School for Global Education, in urban Astoria, N.Y. The film uses 9/11 footage and interviews with building engineers and Twin Towers survivors to make an oddly compelling if paranoid case that interior explosions unrelated to the impact of the airplanes brought down the World Trade Center on that fateful day. Afterward, the students--an ethnic mix of New Yorkers with their own 9/11 memories--dive into a discussion about the elusive nature of truth.

Raya Harris finds the video more convincing than the official version of the facts. Marisa Reichel objects. "Because of a movie, you are going to change your beliefs?" she demands. "Just because people heard explosions doesn't mean there were explosions. You can say you feel the room spinning, but it isn't." This kind of discussion about what we know and how we know it is typical of a theory of knowledge class, a required element for an international-baccalaureate diploma. Stroud has posed this question to his class on the blackboard: "If truth is difficult to prove in history, does it follow that all versions are equally acceptable?"

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Throughout the year, the class will examine news reports, websites, propaganda, history books, blogs, even pop songs. The goal is to teach kids to be discerning consumers of information and to research, formulate and defend their own views, says Stroud, who is founder and principal of the four-year-old public school, which is located in a repurposed handbag factory.

Classes like this, which teach key aspects of information literacy, remain rare in public education, but more and more universities and employers say they are needed as the world grows ever more deluged with information of variable quality. Last year, in response to demand from colleges, the Educational Testing Service unveiled a new, computer-based exam designed to measure information-and-communication-technology literacy. A pilot study of the test with 6,200 high school seniors and college freshmen found that only half could correctly judge the objectivity of a website. "Kids tend to go to Google and cut and paste a research report together," says Terry Egan, who led the team that developed the new test. "We kind of assumed this generation was so comfortable with technology that they know how to use it for research and deeper thinking," says Egan. "But if they're not taught these skills, they don't necessarily pick them up."

Learning 2.0

The chairman of Sun Microsystems was up against one of the most vexing challenges of modern life: a third-grade science project. Scott McNealy had spent hours searching the Web for a lively explanation of electricity that his son could understand. "Finally I found a very nice, animated, educational website showing electrons zooming around and tests after each section. We did this for about an hour and a half and had a ball--a great father-son moment of learning. All of a sudden we ran out of runway because it was a site to help welders, and it then got into welding." For McNealy the experience, three years ago, provided one of life's aha! moments: "It made me wonder why there isn't a website where I can just go and have anything I want to learn, K to 12, online, browser based and free."

Stub It Out (WP)

The Washington Post, December 11, 2006

STATE LAWMAKERS in Maryland and Virginia may have heard later than most, but the debate over the health effects of secondhand smoke is over. A landmark report by the surgeon general in the summer confirmed that breathing in smoky bars, restaurants or waiting rooms causes lung cancer and heart disease, not to mention chronic coughs, irritated nostrils and, for pregnant women who wait on tables or tend bars in smoke-filled establishments, babies with lower birth weights. The report also poured cold water on complaints from restaurant and bar owners: There is growing evidence that more people will frequent restaurants and bars when a smoking ban is in place.

Sixteen states and more than 2,000 localities have prohibited smoking in bars and restaurants; in the Maryland suburbs, they include Howard, Montgomery and Prince George's counties. But so far the Maryland General Assembly has failed to follow suit, letting bills to ban smoking in such workplaces statewide die the last four years -- lately in cliffhanger votes. An attempt planned for the legislative session starting in January should stand the best chance yet of enactment -- especially if Gov.-elect Martin O'Malley (D) throws his weight behind it.

As mayor of Baltimore, Mr. O'Malley opposed citywide smoking prohibitions, saying a statewide ban makes more sense. But now, as he prepares to move into the governor's office, he's being coy; after all, say his aides, Mr. O'Malley never committed himself to any statewide smoking ban as a candidate. That sort of caution worked well for Mr. O'Malley on the campaign trail, but as governor he will need to be more resolute. The outgoing governor, Robert L. Ehrlich Jr. (R), opposed a ban, thereby dissuading fence-sitting lawmakers from taking a chance on the bill. By backing a ban, Mr. O'Malley could tip the scales toward enactment and have a tangible, near-term impact on public health in Maryland. If, as he is fond of saying, Mr. O'Malley has no higher priority than to save lives, this is one sure way to do it.

In Virginia, the nation's third-leading tobacco-growing state, prospects for a smoking ban are cloudier. Although the state Senate passed such a prohibition last year for the first time, the measure was opposed by Gov. Timothy M. Kaine (D) as overly broad -- it included a wide range of public places, plus most hotel rooms -- and it died in the House of Delegates. Mr. Kaine understands that secondhand smoke can kill you; in October he ordered a ban on smoking in most state government office buildings. And he says that he would be willing to consider a bill that reaches his desk, depending on its scope. But that, unfortunately, is as far as he'll go.

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More forthright leadership is needed. Restaurants are prohibited from serving poisonous food, so why should they be able to subject customers to toxic air? Moreover, smoking no longer has the constituency it once did as the number of smokers nationally, and in Maryland and Virginia, has fallen in recent years, thanks to the higher cost of cigarettes and aggressive publicity campaigns. And the hospitality industry's arguments about the economic peril posed by smoking bans have crumpled like a used pack of Winstons.

Perhaps a careful reading of the surgeon general's report will help convince Maryland and Virginia governors and other officeholders that the time is right to get serious about secondhand smoke. Then-Surgeon General Richard H. Carmona said in June: "Smoke-free environments are the only approach that effectively protects nonsmokers from the dangers of secondhand smoke."

Life-or-death Data (LAT)

The Los Angeles Times, December 11, 2006

YOUR MEDICAL RECORDS can save your life, or they can almost kill you. So the prospect of making them more easily accessible is at once comforting and scary — and a new effort to convert them into digital form will raise the stakes on both counts.

It's not hard to understand why. Suppose you're on vacation and become so ill you have to go to the hospital. Without your medical records, you could be given a drug that interacts badly with one you're already taking. Now imagine the same scenario, only this time you have access to all your medical and insurance records electronically. The physician examines them and gives you an appropriate drug. You recover nicely.

Now imagine a third possibility: You have your medical records — and they're not completely accurate. You get a drug you're allergic to, become even more sick and have to be admitted. Before long, lawyers become involved, subpoenaing everyone from your insurer to the datamanagement company that keeps your records.

Technology giveth, and technology taketh away. This country's medical recordkeeping system is undoubtedly outdated and inefficient, and bringing it into the 21st century will be a huge improvement. But it will create new problems as it solves old ones, and some problems it simply will port over to the digital age.

Five major U.S. corporations — Applied Materials, BP America, Intel, Pitney Bowes and Wal-Mart — who provide health benefits to 2.5 million people announced plans last week to gather employees' records from medical groups, hospitals, insurers and laboratories, then store them online. Employees can add or delete information to correct errors and fill in blanks. The main objective of the program, called Dossia and run by the nonprofit Omnimedix Institute, is to help them give complete, accurate information to their healthcare providers.

The most immediate benefit of this program, and others like it, may be to show how complex the problem is. For starters, the entire healthcare industry has to digitize its records and put them in a standard format that any doctor or hospital can use — a gargantuan task. Then there has to be a way for individuals to correct errors in the records without rendering them unreliable. The error rate is particularly high for insurance records — from 7% to 15%, according to various estimates.

Protecting health records from hackers and identity thieves is another challenge. Information brokers pay top dollar for health information — reportedly $50 per record, compared to less than $2 for a Social Security number — because they are so valuable to so many entities: drug companies, insurers, medical underwriters, health researchers and employers, to name a few.

There are scores of new initiatives such as Dossia, and all of them have weaknesses. Some appear to be good-faith efforts to give people more control over their own records and doctors access to better information. Others seem like thinly veiled marketing vehicles for drug makers and others in the healthcare industry.

To its credit, Dossia got two important things right. It won't collect employees' records without their permission. And it says it won't supply those records to anyone but the employee (or authorized family member), sacrificing some efficiency for security. Eventually, perhaps, the program will show the way to have both. The most important contribution Dossia is likely to make, though, is that it will show how much more work needs to be done throughout the industry to solve the medical records morass in a way that works for doctors and patients alike.

Two Mommies Is One Too Many (TIME)

DOJ_NMG_0104299

By James C. Dobson

Time, December 11, 2006

A number of social conservatives, myself included, have recently been asked to respond to the news that Mary Cheney, the Vice President's daughter, is pregnant with a child she intends to raise with her lesbian partner. Implicit in this issue is an effort to get us to criticize the Bush Administration or the Cheney family. But the concern here has nothing to do with politics. It is about what kind of family environment is best for the health and development of children, and, by extension, the nation at large.

With all due respect to Cheney and her partner, Heather Poe, the majority of more than 30 years of social-science evidence indicates that children do best on every measure of well-being when raised by their married mother and father. That is not to say Cheney and Poe will not love their child. But love alone is not enough to guarantee healthy growth and development. The two most loving women in the world cannot provide a daddy for a little boy--any more than the two most loving men can be complete role models for a little girl.

The voices that argue otherwise tell us more about our politically correct culture than they do about what children really need. The fact remains that gender matters--perhaps nowhere more than in regard to child rearing. The unique value of fathers has been explained by Dr. Kyle Pruett of Yale Medical School in his book Fatherneed: Why Father Care Is as Essential as Mother Care for Your Child. Pruett says dads are critically important simply because "fathers do not mother." Psychology Today explained in 1996 that "fatherhood turns out to be a complex and unique phenomenon with huge consequences for the emotional and intellectual growth of children." A father, as a male parent, makes unique contributions to the task of parenting that a mother cannot emulate, and vice versa.

According to educational psychologist Carol Gilligan, mothers tend to stress sympathy, grace and care to their children, while fathers accent justice, fairness and duty. Moms give a child a sense of hopefulness; dads provide a sense of right and wrong and its consequences. Other researchers have determined that boys are not born with an understanding of "maleness." They have to learn it, ideally from their fathers.

But set aside the scientific findings for a minute. Isn't there something in our hearts that tells us, intuitively, that children need a mother and a father? Admittedly, that ideal is not always possible. Divorce, death, abandonment and unwed pregnancy have resulted in an ever growing number of single-parent families in this culture. We admire the millions of men and women who have risen to the challenge of parenting alone and are meeting their difficult responsibilities with courage and determination. Still, most of them, if asked, would say that raising children is a two-person job best accomplished by a mother and father.

In raising these issues, Focus on the Family does not desire to harm or insult women such as Cheney and Poe. Rather, our conviction is that birth and adoption are the purview of married heterosexual couples. Traditional marriage is God's design for the family and is rooted in biblical truth. When that divine plan is implemented, children have the best opportunity to thrive. That's why public policy as it relates to families must be based not solely on the desires of adults but rather on the needs of children and what is best for society at large.

This is a lesson we should have learned from no-fault divorce. Because adults wanted to dissolve difficult marriages with fewer strings attached, reformers made it easier in the late 1960s to dissolve nuclear families. Though there are exceptions, the legacy of no-fault divorce is countless shattered lives within three generations, adversely affecting children's behavior, academic performance and mental and physical health. No-fault divorce reflected our selfish determination to do what was convenient for adults, and it has been, on balance, a disaster.

We should not enter into yet another untested and far-reaching social experiment, this one driven by the desires of same-sex couples to bear and raise children. The traditional family, supported by more than 5,000 years of human experience, is still the foundation on which the well-being of future generations depends. Dobson is the founder and chairman of Focus on the Family

Name That Source (NYT)

By Murray Fromson

The New York Times, December 11, 2006

Los Angeles

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THE article was headlined "Vietnam: The Signs of Stalemate," and it appeared on the front page of this paper on Aug. 7, 1967. Written by R. W. Apple Jr., it was a bombshell that resonated in both Washington and Saigon, caused consternation in the United States Army and the intelligence community and gradually altered perceptions of American success or failure for the remainder of the Vietnam War.

Over nearly four decades, dozens of historians and journalists asked Johnny (as he was known) and me, because I did a similar story for CBS, to identify our source for that report, and we steadfastly declined to name him. But now, the source has come forward to release us from our pledge of confidentiality.

In 1967, when I was a CBS News correspondent in Vietnam, I met an American general at a cocktail party in Saigon. He whispered to me: "Westy just doesn't get it. The war is unwinnable. We've reached a stalemate and we should find a dignified way out." He was referring to Gen. William Westmoreland, the commander of United States forces in Vietnam.

The reception was crowded and noisy, and I asked whether I could meet with him at another time. "O.K., but no cameras," he replied. Might I bring another reporter with me? "O.K., but one only." I had advised CBS News in New York that I probably had an important story to report but that it would be what we used to call a standupper on camera with no film. The reaction was decidedly cool. Had Walter Cronkite or Mike Wallace been available, such a report might have led "The CBS Evening News." On the other hand, I guessed — correctly — that once it appeared in The Times, the universal scream would be for me to match it.

So I ambled up Tu Do Street to Johnny's office and invited him to come along. We took a helicopter ride into the Mekong Delta and then spent two hours with one of the more erudite general officers either of us had ever met in Vietnam.

The general pledged us to absolute confidentiality. Later, when Johnny and I compared notes to ensure we had understood him correctly, both of us were stunned. His article was published 24 hours later. Mine, in the era before satellites, reached CBS News in New York days later. Here, in essence, is how we quoted the general for our reports:

" 'I've destroyed a single division three times,' a senior American general said the other day. 'I've chased main-force units all over the country and the impact was zilch. It meant nothing to the people. Unless a more positive and more stirring theme than simple anti-communism can be found, the war appears likely to go on until someone gets tired and quits, which could take generations.' " The report enraged President Lyndon Johnson, General Westmoreland and, as I recall it, Gen. Earle Wheeler, the chairman of the Joint Chiefs of Staff. Johnson then initiated action to call up an additional 205,000 troops for the coming war against the North Vietnamese. But the action was negated by the misleading perception many of us had that the Communists achieved a major victory in the Tet offensive, which began on Jan. 30, 1968.

The "stalemate" story re-surfaced in 1984, when Westmoreland filed a multibillion-dollar libel suit against CBS News for a report that said the general had knowingly understated the strength of North Vietnamese and Vietcong forces to make it appear that victory was in sight. David Boies, CBS's lead lawyer, remembers asking Westmoreland: "General, I want to read you an excerpt from a story reported by R. W. Apple in The New York Times on Aug. 7, 1967. In it, Mr. Apple refers to an American general who said the war is unwinnable. What about that, General Westmoreland?"

The normally composed Westmoreland, then retired, was shaking as he replied, "No general of mine would ever have said that." I called Mr. Boies's office the following day and told one of his associates that the general in question had said it not once, but twice — the first time in my conversation with him in Saigon.

In 1995, on the 20th anniversary of the war's end, I was invited to participate in a Freedom Forum discussion in Oakland, Calif. With Johnny's knowledge, I called our source to ask whether he might release us from our pledge of confidentiality so that we could set the record straight. He was hesitant. "Westy is an old friend," he said, "and I would not want to hurt or embarrass him. Let's wait until he's no longer with us."

Westmoreland died in 2005. The officer in question, then a three-star general, now 90 years old and retired and living in Hawaii, is Frederick Weyand. General Weyand was a distinguished combat officer and commander of III Corps in the Mekong Delta who later supervised the American withdrawal from Vietnam and then became United States Army Chief of Staff. Last week, in the interest of historical accuracy, I called to tell him about the coming memorial service for Johnny. I told him Johnny had described the "stalemate" piece as the most important story he'd ever done, and I was renewing my request for a release from the pledge of confidentiality we had given him 40 years ago. He agreed.

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I believe both Johnny and I were struck, in 1967, by General Weyand's sober, intellectual analysis of the problems facing both the Americans and the Vietnamese. So many years later, I suspect there may be other officers of his caliber who are thinking about the contradictions in yet another war.

There is, of course, no way of determining how much of an impact the "stalemate" story had on Lyndon Johnson's decision to abandon plans to seek re-election in 1968. The daring of the Communists' Tet offensive undoubtedly swung American public opinion irreversibly. But to me, writ larger, our reports demonstrated how important it was and is for journalists to offer pledges of confidentiality to credible sources in order to report the kind of stories officials normally are reluctant to discuss. It was essential during the Vietnam War, as it is essential today in Iraq.

The Media Is In Need Of Some Mending (WSJ)

By Peter R. Kann

The Wall Street Journal, December 11, 2006

Thomas Jefferson, a better president than we've had in a very long time, penned a line back in 1787: "Were it left to me to decide whether we should have a government without newspapers or newspapers without government, I would not hesitate a moment to prefer the latter." By 1807, in his seventh year as president and after seven years of being subjected to severe press criticism, he wrote: "I deplore the putrid state into which our newspapers have passed, and the malignity, the vulgarity and the mendacious spirit of those who write them."

You'll be relieved to know that Jefferson did remain true to his primary principle: "The press," he concluded, "is an evil for which there is no remedy. Liberty depends upon freedom of the press and that cannot be limited without being lost." He was right then, and we are right now, to prefer a free press, however flawed, to any controlled alternative. Still, as we watched CNN flashing its pre-election logos each day -- "Broken Borders," "Broken Government," "Broken Politics," Broken Everything -- I can't help thinking the media, too, is in need of some mending.

At its best news informs and enlightens the citizens of a free society and thereby safeguards and strengthens our democracy. At its worst -- dishonest, unfair, irresponsible -- the media has potential to erode the public trust on which its own success depends and to corrode the democratic system of which it is so indispensably a part. So, let me touch on 10 current trends in the mass media that ought to disturb us.

The blurring of the lines between journalism and entertainment. Journalism that puts too high a priority on entertaining is almost destined to distort and mislead. Compounding this confusion is a diffusing definition of "journalist." When political operatives moonlight at moderating news shows, when people alternate between being political editors and political consultants, when celebrity newspeople pocket $20,000 fees speaking at corporate conventions while criticizing congressman for conflicts of interest -- we jumble public perceptions of newspeople as well as news.

The blurring of lines between news and opinion. Newspapers have a format that helps maintain the distinction. The Internet, TV and most magazines have neither that format nor that tradition. The result is a blending of news and views. The two are not ingredients to mix together for a tastier meal, they are different courses. Part of the problem here lies in fashionable new philosophies that argue there are no basic values of right and wrong, that news is merely a matter of views. It's a dangerous philosophy for our society and a dagger at the heart of genuine journalism.

The blending of news and advertising, sponsorships or other commercial relationships. The resulting porridges may be called "advertorials" or "infomercials"; they may be special sections masquerading as news, news pages driven by commercial interests, or Web pages where everything somehow is selling something. Without clear distinctions between news and advertising, readers or viewers lose confidence in the veracity of a news medium. And advertisers lose the business benefit of an environment of trust.

The problems and pitfalls inherent in pack journalism. Individually, most reporters are decent, dedicated, fair-minded people. But the press, en masse, tends to lose its common sense and its sense of fairness and independence and what we see all too often is the spectacle of a pack of hounds in pursuit of a quarry. We frequently see this phenomenon in political reporting, where the faintest whiff of scandal, or even of weakness, can send the pack in pursuit. At its worst, the pack, not finding a real problem, proclaims the "perception" of one and this perception becomes self-fulfilling.

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The issue of conflict and context. On most issues most Americans are not on polar extremes. On abortion, for example, most seek a sensible center. Where is that center reflected in media coverage that mainly portrays rabid feminists or irate pro-life activists? Balance is not achieved by the talk show format of two extremists yelling at each other. And how many of us recognize our own communities from their depiction on local TV news shows -- a nonstop montage of mayhem, murder, rape, arson, child molestation and more?

The exaggerated tendency toward pessimism. Just look back a few years over much of the media coverage of "American competitiveness." All those news magazine covers on the coming "Japanese Century." And along with it, all the pessimism about the ability of U.S. industry to compete globally. It was nonsense. Similarly, it's one thing -- and an appropriate one -- for the press to probe particular instances of political corruption. It's quite another thing to jump to the cynical conclusion that our political process, and all politicians, are corrupted -- that "they all do it." They don't, and they aren't. Skepticism and criticism are essential to the media's role; reflexive pessimism is not.

The growing media fascination with the bizarre, the perverse and the pathological -- John Mark Karr journalism. Such so-called journalism helps instantly legitimize crackpot ideas, deviant behavior, or alleged victimization in our society. My point is not to argue for "good news" vs. "bad news," but to ask whether much of this amounts to news at all?

Social orthodoxy, or political correctness. These are reflected in a media whose job is not to parrot prevailing fashions, but to question, probe and thereby challenge them. Businessmen are not, by definition, greedy, and environmentalists, by definition, saintly. Third World poverty is not, by definition, a result of overpopulation as opposed to inane economic policies. And so on.

The media's short attention span. As the press hops from Baghdad to Beirut, Natalee Holloway to Valerie Plame, Super Bowls to Super Tuesdays, it justifiably can blame some combination of the nature of the news and the short attention span of the public. The public, meanwhile, bombarded and bewildered can blame a fickle and shallow press. There are too many instant celebrities. Too many two-day crises. Too many "defining moments" from people in search of instant history. In a world where everything is considered critical, nothing needs to be taken very seriously.

The matter of power. The press is at least partially responsible for greater public skepticism toward traditional institutions in America. But the truth, not lost on our public, is that the press is a large and powerful institution, too: "60 Minutes" is more powerful than almost all of the subjects it exposes. This newspaper, arguably, has more influence on national economic policy than do most corporations. Networks are owned by giant industrial corporations, magazines by entertainment conglomerates, and most newspapers by national chains. Given these realties, we cannot plausibly pretend to be a David out there smiting Goliaths and expect the public to believe it.

Mr. Kann, a Pulitzer-winning journalist, is chairman of Dow Jones.

Annan To Blast U.S. In Farewell (USAT)

By Barbara Slavin

USA Today, December 11, 2006

In a farewell speech on U.S. soil today, retiring United Nations Secretary-General Kofi Annan plans to deliver a tough critique of President Bush's policies. He will accuse the administration of trying to secure the United States from terrorism in part by dominating other nations through force, committing what he termed human rights abuses and taking military action without broad international support.

Though Annan has long been a critic of the war in Iraq and other Bush foreign policies, the planned speech is among his toughest and is unusual for a U.N. secretary-general concluding his tenure.

Annan's remarks, provided to USA TODAY by his office, list principles for international relations, among them "respect for human rights and the rule of law."

These ideas can be advanced only "if America remains true to its principles, including in the struggle against terrorism," the speech says. "When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused."

In the 61-year history of the U.N., no secretary-general has ended his tenure by criticizing U.S. policies so sharply, said Stanley Meisler, a historian of the United Nations and author of a new biography of Annan.

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Ric Grennell, spokesman for the U.S. mission to the U.N., said he would not discuss the remarks prior to their delivery. John Bolton, outgoing U.S. ambassador to the U.N., also declined to comment.

In his speech, Annan refers to the U.S.-led invasion of Iraq. When "military force is used, the world at large will consider it legitimate only when convinced that it is being used for the right purpose … in accordance with broadly accepted norms."

The speech continues that "governments must be accountable for their actions in the international arena, as well as in the domestic one."

The speech, to be delivered at the presidential library of the late Harry Truman in Independence, Mo., contrasts Truman's support for the United Nations with the Bush administration's unilateral actions.

Annan acknowledges terrorism and other global threats but cautions against nations acting alone. "Against such threats as these, no nation can make itself secure by seeking supremacy over all others," the speech says.

Annan leaves office Dec. 31 and will be replaced by former South Korean foreign minister Ban Ki Moon.

Annan's predecessor, Boutros Boutros-Ghali, developed a personal hostility toward then-U.S. ambassador to the U.N. Madeleine Albright, but saved his anger for a book after he left office, Meisler said.

The United States supported Annan for the job 10 years ago, when it blocked Boutros-Ghali from serving a second five-year term. Annan has worked with the United States on a number of issues, including U.N. reform, said Lee Feinstein, a U.N. expert at the Council on Foreign Relations.

Critics of Annan in Congress, including Sen. Norm Coleman, R-Minn., faulted the Ghana-born, U.S.-educated diplomat for lax management of the $64 billion U.N. oil-for-food program. The 1996-2003 effort was tainted by $1.5 billion in kickbacks to the regime of Saddam Hussein.

"Annan's legacy will be one of missed opportunity and failed leadership," said Coleman, who urged Annan to resign last year.

What I've Learned (WP)

By Kofi A. Annan

Washington Post, December 11, 2006

Nearly 50 years ago, when I arrived in Minnesota as a student fresh from Africa, I had much to learn -- starting with the fact that there is nothing wimpish about wearing earmuffs when it is 15 degrees below zero. All my life since has been a learning experience. Now I want to pass on five lessons I have learned during 10 years as secretary general of the United Nations that I believe the community of nations needs to learn as it confronts the challenges of the 21st century.

First, in today's world we are all responsible for each other's security. Against such threats as nuclear proliferation, climate change, global pandemics or terrorists operating from safe havens in failed states, no nation can make itself secure by seeking supremacy over all others. Only by working to make each other secure can we hope to achieve lasting security for ourselves. This responsibility includes our shared responsibility to protect people from genocide, war crimes, ethnic cleansing and crimes against humanity. That was accepted by all nations at last year's U.N. summit. But when we look at the murder, rape and starvation still being inflicted on the people of Darfur, we realize that such doctrines remain pure rhetoric unless those with the power to intervene effectively -- by exerting political, economic or, in the last resort, military muscle -- are prepared to take the lead. It also includes a responsibility to future generations to preserve resources that belong to them as well as to us. Every day that we do nothing, or too little, to prevent climate change imposes higher costs on our children.

Second, we are also responsible for each other's welfare. Without a measure of solidarity, no society can be truly stable. It is not realistic to think that some people can go on deriving great benefits from globalization while billions of others are left in, or thrown into, abject poverty. We have to give all our fellow human beings at least a chance to share in our prosperity.

Third, both security and prosperity depend on respect for human rights and the rule of law. Throughout history human life has been enriched by diversity, and different communities have learned from each other. But if our communities are to live in peace we must stress also what unites us: our common humanity and the need for our human dignity and rights to be protected by law.

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That is vital for development, too. Both foreigners and a country's own citizens are more likely to invest when their basic rights are protected and they know they will be fairly treated under the law. Policies that genuinely favor development are more likely to be adopted if the people most in need of development can make their voice heard. States need to play by the rules toward each other, as well. No community suffers from too much rule of law; many suffer from too little -- and the international community is among them.

My fourth lesson, therefore, is that governments must be accountable for their actions, in the international as well as the domestic arena. Every state owes some account to other states on which its actions have a decisive impact. As things stand, poor and weak states are easily held to account, because they need foreign aid. But large and powerful states, whose actions have the greatest impact on others, can be constrained only by their own people.

That gives the people and institutions of powerful states a special responsibility to take account of global views and interests. And today they need to take into account also what we call "non-state actors." States can no longer -- if they ever could -- confront global challenges alone. Increasingly, they need help from the myriad types of association in which people come together voluntarily, to profit or to think about, and change, the world.

How can states hold each other to account? Only through multilateral institutions. So my final lesson is that those institutions must be organized in a fair and democratic way, giving the poor and the weak some influence over the actions of the rich and the strong.

Developing countries should have a stronger voice in international financial institutions, whose decisions can mean life or death for their people. New permanent or long-term members should be added to the U.N. Security Council, whose current membership reflects the reality of 1945, not of today.

No less important, all the Security Council's members must accept the responsibility that comes with their privilege. The council is not a stage for acting out national interests. It is the management committee of our fledgling global security system.

More than ever, Americans, like the rest of humanity, need a functioning global system. Experience has shown, time and again, that the system works poorly when the United States remains aloof but it functions much better when there is farsighted U.S. leadership.

That gives American leaders of today and tomorrow a great responsibility. The American people must see that they live up to it.

The writer, secretary general of the United Nations, will leave office Dec. 31. This article is based on an address he will give today at the Truman Presidential Museum & Library in Independence, Mo.

Bolton's Spot May Sit Empty For Months (WP)

By Al Kamen

The Washington Post, December 11, 2006

It's beginning to look like the post of U.S. ambassador to the United Nations is once again going to be vacant for several months. John Bolton's recess appointment ended over the weekend -- he's said to be heading back to his perch at the American Enterprise Institute -- and there's still no white smoke from the White House on a successor.

Unless President Bush uses his recess appointment powers once again, a new ambassador probably won't make it through the Senate much before March, and that's if the eventual nominee isn't controversial.

The front-runners these days of course include our man in Baghdad, Zalmay Khalilzad, any number of losing GOP House and Senate candidates -- starting with outgoing Ohio Sen. Mike DeWine-- to veteran diplomat and Chicago lawyer Richard Williamson, who had been a top official at the mission a few years back.

For the moment, though, career diplomat Alejandro Wolf, now No. 2 in New York, looks to be acting ambassador for a bit.

Meanwhile, Rich Grinnell, who holds the record for longevity as top spokesman at the mission -- five years and two months -- is likely to be moving on. He was spokesman for ambassadors John D. Negroponte, John C. Danforth and Bolton. It is unclear what's going to happen to Bolton's unusually large six-member staff in his spacious office in Foggy Bottom.Farewell, Weldon

Outgoing Rep. Curt Weldon (R-Pa.), a cherished Loop favorite, waxed eloquent at his last hearing of the House Armed Service Committee Thursday, going on for a good 20 minutes about how he and the committee can take credit for, among other

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things: a "normalized relationship" with Libya; two meetings with the North Koreans despite Secretary of State Condoleezza Rice doing "everything she could to stop us"; ensuring the unmanned drone "Predator would be armed"; developing "missile defense"; and, negotiating "the framework to end the Kosovo War."

"I am the troublemaker," he said proudly, maybe losing his seat because of his "pushing the envelope." Or perhaps it was those FBI agents searching his offices? "And God willing, I'll be going back to North Korea in the next two months to continue that dialogue," he vowed.

So the six-party talks will be seven-party talks?

Gonna miss him a lot.A Few Words on Terror

Everyone but Michigan football fans mark your calendars. On Dec. 13, author John Mueller is appearing at a Cato Institute forum to discuss his book "Overblown: How Politicians and the Terrorism Industry Inflate National Security Threats, and Why We Believe Them." Mueller, our invite says, holds the Woody Hayes Chair of National Security Studies at Ohio State University.Time to Move On

Ron Bonjean, the highly regarded communications director for House Speaker J. Dennis Hastert (R-Ill.) and before that public affairs director at the Commerce Department, is moving over to the Senate side to be executive director of the Senate Republican Conference. Bonjean earlier served as press secretary to then-Senate Majority Leader Trent Lott (R-Miss.) and communications director to then-Rep. J.C. Watts (R-Okla.), and before that worked for several other House members.

Republican aides are moving around, going private, in large part because Democrats have taken over. But Democratic staffers are also moving to the private sector. Lloyd Ritter, formerly Washington representative for the Union of Concerned Scientists and more recently point man on renewable energy for Sen. Tom Harkin (D-Iowa) on the Agriculture, Nutrition and Forestry Committee, is off to do green-energy consulting.Is There an Ambassador in the House?

It's not often that famous guests pop in on House committee Christmas parties, but one celebrity came early and stayed late Thursday evening at the House Judiciary gathering. He was even recognized -- to a brief round of applause -- during remarks by incoming committee chairman Rep. John Conyers Jr. (D-Mich.).

The honored guest? Former ambassador Joseph C. Wilson IV, he of the Iraqi yellowcake and the Valerie Plame controversies. Didn't somebody named Pelosi say impeachment was off the table?Party Faux Pas, Averted

Finally, Pentagon folks note that all those Dec. 15 Christmas parties could have caused logistical and security nightmares if someone like President Bush or Vice President Cheney were to show up that day, outgoing Secretary of Defense Donald Rumsfeld's last, to pay their respects. So they really had to be moved to other days. It wasn't just that everyone would be seen partying the day he left.

U.S. May Soon Seek Iran Sanctions Vote (AP)

By George Jahn

AP, December 11, 2006

The U.S. and its closest Western allies may soon call a vote on U.N. Security Council sanctions against Iran, even at the risk that Russia and China may abstain or veto the measures, officials said Sunday.

"They're talking about a vote as soon as possible," a U.S. official said of plans by the Americans, French and British. He and other diplomats and representatives of Western governments spoke to The Associated Press on condition of anonymity because they were not authorized to divulge Western strategies on Iran.

The decision to risk a Russian and Chinese veto would reflect recognition by the five permanent Security Council members that they cannot agree on a common approach to dealing with concerns that Iran might be seeking to develop nuclear arms.

That would mean a serious setback to months of efforts by six world powers — the five permanent members plus Germany — to act in concert in getting Iran to freeze its uranium enrichment activities either, through enticements or the threat of punitive U.N. action.

In a fresh bid to win Russian and Chinese support, France and Britain circulated a revised U.N. resolution Friday narrowing proposed sanctions.

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The new draft still would ban the supply of materials and technology that could contribute to Iran's nuclear and missile programs, but it spells out in much greater detail what items are prohibited. Russia and China had complained that the proposed sanctions in the original draft were too broad.

The new draft keeps a travel ban and asset freeze on companies, individuals and organizations involved in Iran's nuclear and missile programs, measures Russia opposes.

Russia and China, which have major commercial ties with Iran, have continued to push for dialogue instead of U.N. punishment, despite the collapse in October of an EU attempt to entice Iran into talks.

Russia proposed major changes to the original European text, including limiting sanctions to measures that would keep Iran from developing nuclear weapons and missiles. Russia also proposed eliminating any travel ban, asset freeze or mention of the nuclear facility being built by the Russians at Bushehr, Iran.

The new European draft drops all mention of Bushehr, which is projected to go on line in late 2007 and would be Iran's first atomic power plant. It still would limit technical assistance to Iran by the Vienna-based International Atomic Energy Agency, and urge countries to prevent Iranian students from studying nuclear-related disciplines.

A second U.S. official said the Russians now want even more concessions. He said Moscow was insisting that any resolution not mention tentative Russian plans to build a second reactor for the Iranians. As well, the Russians want to limit any sanctions to three months, after which they would be reviewed, the official said.

These and other demands were resulting in "a lot of frustration" within the Western camp, he said.

He said Washington was expecting "enough compromise to get it down to the level where the Russians (and Chinese) won't veto." But he acknowledged that the risk of rejection by the two countries could not be ruled out.

"If we cannot get an agreement on sanctions that are effective, we would want to table a resolution and take the chance of an abstention, or a veto," he said.

Ambassadors from the six countries were expected to discuss the new draft early next week, possibly Monday.

Iran maintains its nuclear program is purely peaceful, aimed solely at producing nuclear energy, but the U.S. and the Europeans believe Tehran's enrichment activities are ultimately aimed at producing nuclear weapons.

Reflecting fresh Iranian defiance of Security Council demands, President Mahmoud Ahmadinejad said Saturday that his country had begun installing 3,000 uranium enriching centrifuges, which would give the program the capability to make fuel for power generation — or the fissile material for nuclear warheads.

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Associated Press Writer Edith M. Lederer contributed to this report from the United Nations.

Seeking Iran Intelligence, U.S. Tries Google (WP)

By Dafna Linzer

The Washington Post, December 11, 2006

When the State Department recently asked the CIA for names of Iranians who could be sanctioned for their involvement in a clandestine nuclear weapons program, the agency refused, citing a large workload and a desire to protect its sources and tradecraft.

Frustrated, the State Department assigned a junior Foreign Service officer to find the names another way -- by using Google. Those with the most hits under search terms such as "Iran and nuclear," three officials said, became targets for international rebuke Friday when a sanctions resolution circulated at the United Nations.

Policymakers and intelligence officials have always struggled when it comes to deciding how and when to disclose secret information, such as names of Iranians with suspected ties to nuclear weapons. In some internal debates, policymakers win out and intelligence is made public to further political or diplomatic goals. In other cases, such as this one, the intelligence community successfully argues that protecting information outweighs the desires of some to share it with the world.

But that argument can also put the U.S. government in the awkward position of relying, in part, on an Internet search to select targets for international sanctions.

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None of the 12 Iranians that the State Department eventually singled out for potential bans on international travel and business dealings is believed by the CIA to be directly connected to Iran's most suspicious nuclear activities.

"There is nothing that proves involvement in a clandestine weapons program, and there is very little out there at all that even connects people to a clandestine weapons program," said one official familiar with the intelligence on Iran. Like others interviewed for this story, the official insisted on anonymity when discussing the use of intelligence.

What little information there is has been guarded at CIA headquarters. The agency declined to discuss the case in detail, but a senior intelligence official said: "There were several factors that made it a complicated and time-consuming request, not the least of which were well-founded concerns" about revealing the way the CIA gathers intelligence on Iran.

That may be why the junior State Department officer, who has been with the nonproliferation bureau for only a few months, was put in front of a computer.

An initial Internet search yielded over 100 names, including dozens of Iranian diplomats who have publicly defended their country's efforts as intended to produce energy, not bombs, the sources said. The list also included names of Iranians who have spoken with U.N. inspectors or have traveled to Vienna to attend International Atomic Energy Agency meetings about Iran.

It was submitted to the CIA for approval but the agency refused to look up such a large number of people, according to three government sources. Too time-consuming, the intelligence community said, for the CIA's Iran desk staff of 140 people. The list would need to be pared down. So the State Department cut the list in half and resubmitted the names.

In the end, the CIA approved a handful of individuals, though none is believed connected to Project 1-11 -- Iran's secret military effort to design a weapons system capable of carrying a nuclear warhead. The names of Project 1-11 staff members have never been released by any government and doing so may have raised questions that the CIA was not willing or fully able to answer. But the agency had no qualms about approving names already publicly available on the Internet.

"Using a piece of intel on project 1-11, which we couldn't justify in open-source reporting, or with whatever the Russians had, would have put us in a difficult position," an intelligence official said. "Inevitably, someone would have asked, 'Why this guy?' and then we would have been back to the old problem of justifying intelligence."

A senior administration official acknowledged that the back-and-forth with the CIA had been difficult, especially given the administration's desire to isolate Iran and avoid a repeat of flawed intelligence that preceded the Iraq war.

"In this instance, we were the requesters and the CIA was the clearer," the official said. "It's the process we go through on a lot of these things. Both sides don't know a lot of reasons for why either side is requesting or denying things. Sources and methods became their stated rationale and that is what they do. But for policymaking, it can be quite frustrating."

Washington's credibility in the U.N. Security Council on weapons intelligence was sharply eroded by the collapse of prewar claims about Iraq. A senior intelligence official said the intelligence community is determined to avoid mistakes of the past when dealing with Iran and other issues. "Once you push intelligence out there, you can't take it back," the official said.

U.S., French and British officials came to agree that it was better to stay away from names that would have to be justified with sensitive information from intelligence programs, and instead put forward names of Iranians whose jobs were publicly connected to the country's nuclear energy and missile programs. European officials said their governments did not rely on Google searches but came up with nearly identical lists to the one U.S. officials offered.

"We do have concerns about Iranian activities that are overt, and uranium enrichment is a case in point," said a senior administration official who agreed to discuss the process on the condition of anonymity. "We are concerned about what it means for the program, but also because enrichment is in violation of a U.N. Security Council resolution."

The U.S.-backed draft resolution, formally offered by Britain and France, would impose a travel ban and freeze the assets of 11 institutions and 12 individuals, including the commander of Iran's Revolutionary Guards, the directors of Iran's chief nuclear energy facilities, and several people involved in the missile program. It would prohibit the sale of nuclear technologies to Iran and urges states to "prevent specialised teaching or training" of Iranian nationals in disciplines that could further Tehran's understanding of banned nuclear activities.

The text says the council will be prepared to lift the sanctions if Mohamed ElBaradei, the IAEA's director general, concludes within 60 days that Iran has suspended its enrichment and reprocessing of uranium and has halted efforts to produce a heavy-water nuclear energy reactor.

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Many Security Council members are uneasy about the sanctions. The Russians and the Chinese -- whose support is essential for the resolution to be approved -- have told the United States, Britain and France they will not support the travel-ban element of the resolution, according to three officials involved in the negotiations. Russia is building a light-water nuclear reactor in Iran and some people on the sanctions list are connected to the project.

"The Russians have already told us it would be demeaning for people to ask the Security Council for permission to travel to Russia to discuss an ongoing project," a European diplomat said yesterday.

U.S. and European officials said there is room for negotiation with Russia on the names and organizations, but they also said it is possible that by the time the Security Council approves the resolution, the entire list could be removed.

"The real scope of debate will be on the number of sanctions," one diplomat said. "Companies and individuals could go off the list or go on."

Staff writer Colum Lynch at the United Nations contributed to this report.

Arab Nations Plan To Start Joint Nuclear Energy Program (NYT)

By Hassan Fattah

New York Times, December 11, 2006

DUBAI, United Arab Emirates, Dec. 10 — Arab leaders, meeting in the Saudi capital, Riyadh, on Sunday, said they intended to start a joint nuclear energy development program, a move certain to heighten concerns over a possible race for nuclear power in the oil-rich Persian Gulf.

Leaders of the Gulf Cooperation Council concluded a two-day summit meeting in Riyadh on Sunday, agreeing to study how to proceed with development of such capacity.

At the same time, they called for a peaceful settlement of the crisis over Iran's nuclear program, which the United States and some other Western nations say is for nuclear arms.

"The states of the region have a right to possess nuclear energy technology for peaceful purposes," the summit meeting's closing communiqué said, echoing Iran's insistence that it, too, had the right to peaceful nuclear technology.

Publicly, officials of the gulf council said the development of a nuclear energy program would help meet their rising demand for electricity, despite the huge oil reserves.

"Nuclear technology is an important technology to have for generating power, and the gulf states will need it equally," said Prince Saud al-Faisal, Saudi Arabia's foreign minister, speaking to reporters. "It is not a threat," he said. "It is an announcement so that there will be no misinterpretation for what we are doing."

But analysts and officials said the announcement had a different purpose — to warn the United States not to acquiesce to Iran's nuclear ambitions as pressure grows on the Bush administration to reach out to Iran for help in stabilizing Iraq.

A report released by the bipartisan Iraq Study Group last week recommended that the United States open negotiations with Iran.

The predominantly Sunni Arab states fear that the United States may abandon Arab concerns to gain assistance from Iran, which could confirm Iran as the regional hegemon.

"The message is that the gulf countries will develop their own nuclear program if Iran is rewarded with the terms of the Baker-Hamilton report," said Abdelaziz O. Sager, chairman of the Gulf Research Center in Dubai, who is familiar with the nuclear initiative. "They are trying to say that if the Iranian program continues, you will force us to become nuclear capable too."

At a Persian Gulf security conference in Bahrain on Saturday, Iran's foreign minister, Manouchehr Mottaki, insisted that Iran was seeking only peaceful nuclear capacity.

"The time of nuclear weapons is over," Mr. Mottaki said. He added that if nuclear weapons served as an effective deterrent, they should have stopped the fall of the Soviet Union and Israel would not have had to go to war in Lebanon against Hezbollah this past summer.

Saudi officials have warned that a nuclear Iran could cause a regional arms race, suggesting that Saudi Arabia would be forced to acquire nuclear technology, too.

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King Abdullah said Saturday that the region was increasingly becoming “a powder keg ready to explode,” citing conflict in Iraq, Lebanon and the Palestinian territories, as well as the continuing Iranian nuclear crisis.

At least six Arab countries have reportedly sought to develop nuclear power programs, including Saudi Arabia, Egypt, Morocco and Algeria.

Ahmadinejad And Thin Ice (NSWK)

By George F. Will

Newsweek, December 11, 2006

Dec. 18, 2006 issue - How gruesome was 2006? The year's most consequential person was Iran's president, who says the Holocaust did not happen and vows to complete it. Regarding his nuclear aspirations, Mahmoud Ahmadinejad, whose manias are leavened with realism, treated the United Nations as a figment of the imagination of a fiction—the "international community."

Democrats, given control of Congress because of Iraq, vowed to raise the minimum wage. Nimble and graceful Barack Obama became the Democrats' Fred Astaire, adored because of, well, perhaps the way he wears his hat, the way he sips his tea. And the way he isn't Hillary.

This year's civil-rights outrage was "soaring" and "record" gasoline prices, a violation of Americans' inalienable right to pay for a gallon no more than they paid 25 years ago. By December the price of a gallon, adjusted for inflation, was 83 cents lower than in 1981. Kansas voters removed some skeptics of evolution from the state's school board. A fossil 3.3 million years old revealed that a little girl from the human lineage had arms and shoulders suited to climbing and swinging through trees.

In order to show "tolerance of people's beliefs," government workers in England's West Midlands were told, after a Muslim complained, to remove from sight all pig-related items, such as a tissue box featuring Winnie the Pooh and Piglet. But tolerance was episodic in Europe in 2006: In Sweden, police said the soccer fan who wore on his clothes a Swedish flag, which features a cross, "provoked some emotions." Indeed. He was beaten nearly to death by Muslim immigrants. Inspector Clouseau, call your office: French police denied that anti-Semitism was involved in the kidnapping and murder of a Jewish man by Muslim immigrants who demanded a ransom from a synagogue. Angry about those Danish cartoons depicting the prophet, Iran's bakers renamed Danish pastries "Roses of the Prophet Muhammad pastries." Although no one had complained, the human-rights director for the provocatively named city of St. Paul, Minn., had a HAPPY EASTER sign removed from city hall.

Two U.S. explorers went to the North Pole to study how global warming threatens polar bears. They had planned to go last year, but were forced to delay Project Thin Ice because of unusually heavy snow and ice. The "emerging hurricane problem," which, after Katrina, The New York Times identified as a consequence of global warming, did not emerge. The unusually tranquil Atlantic hurricane season was explained as a consequence of ... global warming affecting the Pacific. Two senators, Jay Rockefeller of West Virginia and Olympia Snowe of Maine, warned ExxonMobil that global warming is an undeniable fact, so the corporation should desist from its "dangerous" support of research by persons with doubts. The senators did not explain the danger involved in doubting the indubitable. There were dangers—disorder, sporadic violence—among those gathered outside stores in the predawn hours before the PlayStation 3 gaming console went on sale.

Great moments in government: The Florida woman who wounded with a shotgun the alligator that entered her house and attacked her golden retriever was given a warning citation for hunting without a permit. Compassionate social democracy: The Danish government continued to pay prostitutes to service the disabled.

Ancient Greece pioneered philosophy and democracy. Modern Greece this year gave the world a new wrinkle in creative accounting: It became 25 percent richer after its GDP was revised to account for such booming service industries as prostitution and money laundering. The intellectual fare served at the University of Wisconsin-Milwaukee included a course called the Social Construction of Obesity. (Fatness, like beauty, is in the eye of the beholder to whom society's power structure, always eager to foment new forms of discrimination, has given false consciousness.) Elsewhere in higher education, at Bucknell's "celebration of whore culture," a woman stripped on a trapeze.

In Tacoma, Wash., a judge asked those in her courtroom to cheer "Go, Seahawks!" Then she sentenced a man convicted of manslaughter to 13½ years. The chief executive of Eternal Image Inc., which announced caskets and urns with logos of all 30 Major League Baseball teams, called this "a way to make team loyalty a final statement." Red Auerbach, whose Celtics teams

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won seven championships without having a player among the NBA's top 10 scorers, died this year at 89. Romano Mussolini, who died this year at 79, son of Il Duce, had played jazz with Dizzy Gillespie, Duke Ellington and Chet Baker.

Lillian Gertrude Asplund was 5 when her father smiled and said, "Go ahead, we will get into one of the other boats." He did not. Lillian never married, and retired early to take care of her mother, who never recovered from losing her husband. Lillian, the last American survivor of the Titanic, was 99.

Hundreds Of Thousands Protest In Lebanon (AP)

By Sam F. Ghattas And Zeina Karam

AP, December 11, 2006

Hundreds of thousands of Hezbollah members and their allies flooded central Beirut on Sunday demanding changes in the government's makeup as soldiers strung more barbed wire around the offices of the Western-backed premier.

Buoyed by the big turnout after a week of street protests, the pro-Syria opposition gave Prime Minister Fuad Saniora an ultimatum of a "few days" to accept its demand to form a national unity government with a big role for Hezbollah or face an escalating campaign to oust him.

Saniora, who has been holed up in his fortified office downtown, rejected the demand and urged his foes to resume negotiations. The opposition should "return to the constitutional institutions to discuss differences and reach real solutions," he said in a written statement.

Political unrest has split the country along sectarian lines, with most Sunni Muslims supporting the Sunni prime minister and Shiite Muslims backing the militant Hezbollah. Christian factions are split between the two camps.

But despite the heated rhetoric of the political confrontation, Sunday's mass gathering remained peaceful and left the door open to the possibility of a settlement.

"Hopefully it won't be long. At the end, there will be no winner, no vanquished. We should all be winners," Saad Hariri, leader of parliament's anti-Syria majority and a Saniora supporter, told The Associated Press.

Police had no immediate crowd estimate, but the horde that jammed downtown plazas and many neighborhoods appeared one of the biggest in a country that has seen a string of mammoth demonstrations by both sides in recent years. A Hezbollah anti-government rally Dec. 1 drew 800,000 of Lebanon's 4 million people, according to police figures.

Pro-government groups staged a rival demonstration that drew tens of thousands in the northern port city of Tripoli.

Hezbollah's supporters streamed into downtown from all corners of Lebanon, waving Lebanese and Hezbollah flags as loudspeakers blasted anti-government speeches. Musicians pounded drums in a carnival-like atmosphere, while Hezbollah security agents fanned out in the crowd.

"We have come to show them how big our size really is," said Reem al-Zein, a 20-year-old philosophy student. "I think this lying government will not be able to last much longer after today."

Sheik Naim Kassem, Hezbollah's deputy leader, said the opposition was willing to stay on the streets for months to achieve its goal.

"Does Bush want popular expression in Lebanon? Do the West and the Arabs want to hear the voice of the people in Lebanon? Tell them 'Death to America!' Tell them 'Death to Israel!'" the crowd repeated behind him.

Michel Aoun, a Christian leader allied with Hezbollah, warned Saniora he had only "a few days" to accept a national unity government or face further action.

"What we hope for today is for them to understand that their era is over," he said in a video link shown on giant screens.

Aoun added that the opposition was committed to "to peaceful means, but even other means are legitimate."

Lebanese media have speculated the opposition's next steps could include civil disobedience, disruptions of public services and resignations from parliament.

The political crisis began after talks on a national unity government collapsed and six pro-Hezbollah ministers resigned from the Cabinet. Hezbollah is demanding that it and its allies hold a third of the Cabinet posts, which would allow them to veto government decisions.

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Relations between the two camps deteriorated after the Israel-Hezbollah war last summer and a U.N. push for an international tribunal to try suspects in the 2005 assassination of former Lebanese Premier Rafik Hariri, which many people blame on neighboring Syria.

Hezbollah's fight against Israel sent its support among Shiites skyrocketing, emboldening it to push for more political power. The militant group also accuses Saniora and some elements in his government of working with Israel to destroy the guerrilla force.

Pro-government groups, in turn, resent Hezbollah for sparking the war by capturing two Israeli soldiers. Saniora's allies, along with the United States and others, accuse Hezbollah's Syrian and Iranian backers of seeking to overthrow the government.

If Saniora resigned, he would continue in a caretaker capacity until parliament named a new premier and formed a new Cabinet, but he has shown no sign of giving in. Soldiers and police sealed off major roads in Beirut and strengthened defenses around Saniora's downtown complex, where he has been living with other Cabinet ministers.

On Sunday, Saniora said he was open to dialogue and acknowledged the political crisis threatened Lebanon's security, economy and political system.

"We don't want Lebanon to be an arena of the wars of others," Saniora said, in a veiled reference to Syria and Iran. "Lebanon is a nation, not an arena."

Saad Hariri, son of the assassinated premier, said the government was open to meeting opposition demands but only as part of a broader deal.

Among those, he said, would a decision on the fate of President Emile Lahoud. Anti-Syria groups have repeatedly demanded his resignation, accusing him of being a front for Syria, whose army occupied Lebanon for nearly three decades.

Hariri said the opposition also would have to agree to support the international tribunal on his father's slaying and to implement all of the U.N. resolution that ended the summer war. One of the latter's requirements is for Hezbollah to disarm, something it has refused to do.

"Once we agree on the principles there is no problem," Hariri told AP.

Protest Crowds Surge As Beirut Braces For Next Step (WP)

By Anthony Shadid

The Washington Post, December 11, 2006

BEIRUT, Dec. 10 -- Hezbollah and its allies turned out the biggest crowds yet in downtown Beirut, sending hundreds of thousands of followers to the gates of the government headquarters Sunday in a feat of mobilization and discipline described by some leaders as the last mass protest before the 10-day campaign escalates.

Legions of flag-waving protesters danced, blew horns and beat drums in a demonstration that, as in past days, was festive, swathed in a cool breeze on a sunny day. But its leaders stipulated only a few days before more measures were taken to topple the government of Prime Minister Fouad Siniora. By nightfall, the city, suffused with a military presence, was rife with rumors over the next step. Hezbollah refused to confirm or deny that it planned to cut roads in the capital in a mounting campaign of civil disobedience, and Michel Aoun, a Christian ally, suggested a more forceful march on the government itself.

"All these actions become legitimate when the rulers start committing crime after crime, and refuse to step down, and find refuge in illegitimate actions," he told the crowd. "Legitimate actions are for rulers who respect the legitimacy of its people."

The crisis, Lebanon's worst since the end of the 15-year civil war in 1990, has relentlessly deepened since it erupted in October with the demand by Hezbollah and its allies for a greater say in Siniora's cabinet. Since then, it has escalated into deeply personal attacks between Siniora and Hezbollah's leader, Hasan Nasrallah. Both communities have mobilized their supporters, sometimes along bluntly sectarian lines, sending a chill through a capital that still bears the civil war's scars. Both communities rule out a retreat in a confrontation that could decide the country's political culture, foreign policy and priorities for years to come.

In the broadest terms, the conflict pits Hezbollah, Aoun and an allied Shiite movement, Amal, against the government and a coalition that coalesced in protests last year after former prime minister Rafiq al-Hariri was assassinated. But within the struggle is an array of some of the most deeply felt issues here: whether the government's ally, the United States, or Hezbollah's allies, Iran

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and Syria, will have greater influence; the power of the Shiite community that Hezbollah largely represents; frustration over corruption that Hezbollah and Aoun have framed as populist demands; and Lebanon's posture toward Israel.

"This is a coup against the state in the name of God," Samir Jisr, a parliament member and ally of Hariri's son, Saad, who inherited leadership of Lebanon's Sunni community, told tens of thousands at a counter-protest in northern Lebanon.

Two of Lebanon's most powerful television stations played to their crowds. Future Television, loyal to Hariri and his Sunni constituency, devoted extensive coverage to the counter-protests in Tripoli. Hezbollah's al-Manar, calling the protests here "an unprecedented popular flood," aired four scenes simultaneously of the crowds surging downtown. The broadcast was laced with the vocabulary of this summer's war with Israel: victory, steadfastness and salvation.

"People who survived 33 days of war in the south have no problem staying here for a year, or even two," said Nada Mroueh, joining protesters flying flags that denoted their affiliation -- yellow for Hezbollah, orange for Aoun, green for Amal. "Is it wrong to ask for our rights? Is Siniora more Lebanese than us? We are Lebanese, too."

The demonstrators filled a swath of downtown and backed up into the main arteries leading into the city. Hezbollah has sought to cast the protest as representative of what it calls the national opposition, and the crowd unfurled a sea of red, white and green Lebanese flags across downtown. Overlooking the main square, two banners were draped over a building. One showed Siniora embracing Secretary of State Condoleezza Rice.

"Thanks, Condy!" it read in English.

"Hold a news conference tonight or tomorrow, no rush, and announce your resignation as a gesture to preserve the unity of the Lebanese people and rejection of foreign tutelage," said Naim Kassem, the deputy leader of Hezbollah, addressing Siniora, as protesters in a tightly packed square strained their heads to get a glimpse of the turbaned leader.

At another point, he urged the crowd to repeat after him: "Death to America! Death to Israel!"

In the streets outside the square, some of the chants that followed were angry. "There is no fear! There is no fear! The blood of Shiites is a Kalashnikov."

But more often they were fitting for a carnival, the tone that the protests -- disciplined, organized and peaceful -- have hewn to since they began Dec. 1 with a similar but smaller crowd, followed by a round-the-clock sit-in in scores of tents. As Kassem led the crowd in chants, others down the road danced the traditional debke, and knots of youths beat drums. Women in tight jeans chatted, sometimes shouting over martial music blared from speakers, as Shiite clerics in robes passed by.

"Beirut is free!" some chanted.

"I want to send a small message," said Mohammed Ali Ghandour, a 17-year-old who has attended the protests five of the past 10 days. "The government doesn't respect us. They're not taking care of us. They say they do, but they don't."

Ghandour held a poster that read, "As with victory, change is coming, coming, coming."

"What's happening, it's us or them. And whoever wins receives the country. All of it," he said. "This is Lebanon."

Through the crisis, followers in the two camps have split into views that almost never intersect. The speeches of leaders like Nasrallah are echoed almost immediately in the streets. Siniora's contention that the protests amount to a coup d'etat is mentioned in almost every conversation with Hezbollah's opponents. After Nasrallah accused the government of complicity in Israel's waging war this summer, protester after protester mentioned it in interviews Sunday. The government, many claimed, was at best under the sway of U.S. Ambassador Jeffrey Feltman, at worst staffed by traitors.

"In the trash can of history, the government of Feltman," one sign read.

"The government walks as the Americans tell it to walk. It does what Feltman asks it to do," said Hussein Awadeh, a 17-year-old from the largely Shiite southern suburbs of Beirut. "Is it possible we'd accept a government like that?"

Aoun, who entered into an alliance with Hezbollah last year, said the demonstration Sunday would mark the last mass protest. Like Hezbollah, he was unclear about what might follow. Both he and Nasrallah have said they might demand a transitional government that would pave the way for early elections, but constitutionally, Hezbollah and its allies don't have the numbers in parliament to do so. Some here have read the call as a veiled threat of a coup, but so far, the military has strived to stay neutral.

"In the next few days, we expect to change the status quo," Aoun said.

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Government officials, at least publicly, have struck a confident tone. So far, they say they have yet to lose anything in the confrontation, and Siniora has repeatedly ruled out resigning, while, like Nasrallah, leaving the door open for negotiations.

"No one ever had any doubt about Hezbollah's capacity to bring huge crowds to the street," said Wael Abou Faour, a parliament member and supporter of Siniora. But, he added, "they have reached a dead horizon."

He said Siniora planned to offer a compromise this week, though it would not diverge far from previous positions. Most talks have revolved around Hezbollah and its allies receiving just short of a third of the cabinet, with independents holding one or two posts. Hezbollah and its allies have pushed for just over a third, a number that would allow them to force the cabinet's resignation.

Special correspondents Alia Ibrahim and Lynn Maalouf contributed to this report.

Lebanon Heading Toward A Breaking Point (MCT)

By Tom Lasseter

McClatchy, December 11, 2006

BEIRUT, Lebanon - Hundreds of thousands of demonstrators piled into downtown Beirut Sunday, demanding that the U.S.-backed government step down immediately or face an escalation in a siege on the prime minister's headquarters being coordinated by the Shiite Muslim Hezbollah militia.

While accounts vary of what the heightened tactics could consist of - a government worker's strike and a storming of the headquarters have both been mentioned - it's clear that the nation is headed toward a breaking point. Hezbollah and its allies have been camped in the center of the capital for more than a week, demanding that Sunni Prime Minister Fuad Saniora and his Cabinet step down.

The implications are profound for U.S. efforts to counter Syrian and Iranian influence in the Middle East.

The Bush administration counts the massive "Cedar Revolution" protests that expelled Syrian forces from Lebanon last year as a key victory for pro-western democracy. But now, as U.S. forces in Iraq and Afghanistan face significant setbacks, it is Syrian and Iranian ally Hezbollah that is filling the streets of Beirut and calling for revolution.

Speaking in front of the crowd on Sunday, Hezbollah's second in command, Naim Qassim, said in a message to Saniora: "Have a press conference tonight or tomorrow to tell the Lebanese people that you are resigning. ... If you resign today, it would be a positive step, but if you don't it will be negative for the future" of Lebanon.

Qassim also led the crowd in a booming chorus of "Death to America" and "Death to Israel."

Michel Aoun, a Christian leader who has aligned himself with Hezbollah, went a step further.

"This must be the last big rally we'll call for, because in the next one there will be no room for all the protesters," Aoun said. "And the barbed wire will no longer protect the (government building) because people will move there naturally and without any instigation."

Sunni and Christian leaders have warned that a storming of the building could lead to large-scale unrest.

"You can control the people for one, two, maybe 10 days, but after that you cannot control the people; we will take down any fences between us" and the government building, said Ali Zein, one of the demonstrators. "The cup is full now, everything has its limits."

Both sides appear to have hardened their positions: Hezbollah leader Hassan Nasrallah accused Saniora of working with the Israelis last summer during a 34-day war between Israel and the militia, and Saniora replied that Nasrallah's remarks were "an unnecessary fit of anger and rudeness."

Representatives from the Arab League have tried brokering a deal that would lead to an increased Hezbollah say in Cabinet decisions - a process marked by rumors of success that have yet to pan out. Hezbollah officials said Sunday night that they were working to find a solution to the impasse, but it was unclear if anything would come from the Arab League discussions.

Tensions between Lebanon's sects - particularly Sunnis and Shiites - have been moving toward a boil during the past week. With each story of a fight between men with pipes and rocks, each insult heard and repeated, the divide between the groups widens.

The Lebanese Army has blocked the entrances to many Sunni neighborhoods between downtown and the southern Shiite suburbs in an effort to prevent Shiite protesters from clashing with mobs.

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Many in the Lebanese government are concerned that increased Sunni-Shiite violence could split the army along confessional lines.

"It will continue to be OK, unless there is a big clash between the two communities, this would put the army in a difficult position," said Joe Sarkis, a Cabinet member and a senior official in the Christian militia cum political party, the Lebanese Forces. "The army is telling us, please solve this soon, because if more time passes the situation might change for us."

Ahmed Fatfat, a Sunni Cabinet member and former Interior Minister, said he's gotten reports to that effect from officers in the army and other Lebanese security forces.

"It's risky," he said.

Asked how likely he thought it was that troops would abandon their posts and fight for their sect, Fatfat grimaced.

"It can happen," he said, and then paused for a moment: "Yes, it can."

The soldiers "go home at the end of the day," Sarkis said, "and there are politics in these neighborhoods."

The Sunni and Shiite neighborhoods are grouped closely together in the capital, a vestige of the 15-year civil war that drew battle lines between Christian and Muslim neighborhoods.

"There are going to be problems in the neighborhoods, the street is out of control, they fight here every night," said Ghazi al-Koush, who owns an electronics store in the predominantly Sunni neighborhood of Basta. "There is a lot of tension on the streets, and it's going to explode - things here are not going to end peacefully."

Al-Koush ran his hand across his face, and rested it for a moment near his glass eye. "During the civil war I lost my eye, I lost my house, I lost my shop, but I never saw Muslim brothers fighting brothers as they are now," he said. "This neighborhood stayed together during most of the civil war, but now it's falling apart."

He blamed most of the fighting on Shiites driving down the streets at night and yelling anti-Sunni slogans. But it was clear from interviews with residents across Beirut during the past week that members of both sects are picking fights.

"If the Shiites keep the siege on the (Cabinet building), the Sunnis will keep attacking the Shiites on the street," said Mohammed Saaidon, a local leader in the Sunni neighborhood of Aisha Bakkar. "You can't imagine how angry the Sunnis are ... we won't let the Shiites take Beirut."

That sense of Sunni rage is met in many Shiite neighborhoods with a confidence that at times borders on an eagerness to fight.

"If this continues there will be problems," said Mohammed Hussein, who was walking through the streets of Dahiya, a Hezbollah stronghold south of Beirut.

A friend piped up, cheerfully: "It will be civil war."

Down the street, Bassam Boulud was sitting with a group of men, including a Hezbollah security worker.

"If we want, we can control the whole country in 72 hours, according to the latest (Hezbollah) study," Boulud said.

The Hezbollah guard put his hand on Boulud's shoulder.

Boulud corrected himself: "But because of the wisdom of Hassan Nasrallah, this will not happen."

After the demonstration Sunday, a group of women were standing beside the bus that brought them up from their south Lebanon homes in the town of Tyre.

One of them, who gave only her first name, Ibtihal, said that she hoped another civil war wasn't coming, but that the time to act was drawing near. She said she knew that going into the government center downtown was a "redline" for the Sunnis and Christians, but that she hoped to be "the first one in the building."

"We have been patient until now," she said, "but after today, we are willing to cross all redlines."

Both Sides Appear Cornered In Beirut (LAT)

By Megan K. Stack

The Los Angeles Times, December 11, 2006

BEIRUT — When hundreds of thousands of demonstrators choked downtown Beirut on Sunday to demand the ouster of the U.S.-backed government, their crushing show of political strength came carefully packaged with a harsh threat: Time for a political compromise is running out.

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At the podium, a menacing tone laced the speeches of party officials from Hezbollah and its allies. On the jammed streets, a fraying, frustrated tinge crept into the cries of demonstrators who washed over downtown in waves. The massive sit-in has moved into its second week without tangible results, and within the opposition, calls are mounting for an escalation in civil disobedience.

Gen. Michel Aoun, a powerful Maronite Christian leader and political ally of the Shiite Muslim movement Hezbollah, closed the demonstration with a threat. Cheers rose among the crowds as a fiery Aoun declared the people that "this stage has come close to its end."

"In the few coming days, we expect to change the status quo we're in. This must be the last big rally we'll call for, because in the next one there will be no room for all the protesters," he said. "And the barbed wire will no longer protect the [government offices] because people will move there naturally and without any instigation."

Aoun pledged to remain peaceful but, in the next breath, said that "other means" were also legitimate. He spoke admiringly of the seizure of government buildings in Serbia and Ukraine, and argued that extreme actions were legitimate when used to oust corrupt rulers.

From Arab diplomats to Christian clerics, negotiators are still struggling to broker a power-sharing compromise to bring Lebanon back from the brink of collapse.

Arab League Secretary-General Amr Moussa was expected to return to Lebanon this week to continue searching for a deal. Late Sunday, reports emerged that Hezbollah might be willing to accept the Arab League proposal. But the details weren't clear — and other flashes of optimism have repeatedly been squelched in weeks of contentious negotiations.

Dismissing the street protests as an attempted coup d'etat engineered by Hezbollah's main foreign backers, Syria and Iran, Prime Minister Fouad Siniora and his Cabinet ministers have clung resolutely to power.

But the rain of insults and criticism unleashed in recent days on Siniora, a Sunni Muslim, has stirred fury among the government's supporters and raised the ire of Sunnis.

Meanwhile, through its media, Hezbollah and its allies have stepped up warnings of impending eruptions of civil disobedience: a large-scale labor strike, the closure of roads and the airport, the storming of the government offices to oust Siniora. Such escalation would run the risk of sparking serious clashes by provoking the government and its supporters and, potentially, the army and security forces.

Largely because of the sectarian overtones of the crisis, both the government and its critics have found themselves in a delicate position, analysts say.

Despite a nuanced set of allegiances among religious sects on both sides of the divide, the demonstration is fundamentally viewed by Lebanese as a standoff between a Sunni-dominated government and Shiite-led street protesters.

The government can't give up too much power without raising questions of weakness among the Sunnis. Nor can Hezbollah go home, or accept too little, without accepting defeat on behalf of Shiites.

"You can't back off in Lebanon," said Hilal Khashan, a political science professor at the American University of Beirut. "If you do, it means an entire sect has been defeated."

And in a country where losing face is akin to ceding power, Hezbollah and its allies have staked their credibility on the pledge to oust the government.

"Everybody is in a corner now," Ibrahim Moussawi, editor of Hezbollah's newspaper and a de facto spokesman for the party, said Sunday. "If the government continues to be stubborn and not listen to the people, then there will be some kind of escalation, although not necessarily violent. This will come in the next few days, not more than that."

From the beginning, the protesters confidently predicted that the Siniora government would crumple in the face of their massive demonstrations.

But that hasn't happened.

Despite curses and cries from the streets outside, despite the crippling of downtown Beirut, a relatively unflappable government has continued to plug away at its business in a heavily fortified compound. International delegations come and go. Siniora appears on television every day, weary-looking but composed and nattily dressed. Police guard the streets; trash gets picked up.

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Meanwhile, the nights are getting colder and longer and an eagerness to shatter the status quo is mounting on the streets. Among Hezbollah and its allies in the opposition, there is a growing fear that the first flush of revolutionary enthusiasm will soon sink into stagnation — or, worse, that their demonstration and, by extension, their political movements, will begin to appear irrelevant.

"We are not tired," Ali Hassan Khalil, a lawmaker for the Shiite Amal party, told the crowd Sunday. "They push us to adopt other options…. Let the whole world know, we do have other options."

Demonstrators poured into Beirut from around the country, many of them bused into the capital from predominantly Shiite hinterlands. They milled around the packed streets in a daze, shoving impatiently through the bodies, giddily chanting "Down with Siniora!" and buying gritty street food from vendors.

As young boys formed human pyramids and banged on drums, the mood was at times festive, but just below the surface, frustration was building up.

"It seems they don't want to step down so easily," said Mohammed Azwar, a 22-year-old protester who had been bused to the capital from the Bekaa Valley. "We did not expect this. But it's just because of all the support they're getting from abroad."

Azwar carried a cardboard poster bearing a picture of U.S. Ambassador Jeffrey Feltman meeting with Lebanese officials. It read, "We don't want Feltman's government."

Lebanon's Shiites are well acquainted with the experience of being brushed aside by those in power. Still, there was a sense of dawning surprise at the government's tenacity, and the bruised mood of being ignored in a mass endeavor that was specifically designed to blast through any attempts to overlook the people's demands.

"Hasn't he seen all these people? Hasn't he looked out the window of his castle?" an announcer said, his voice blaring from massive speakers. "What does he want, blood? Let this government fall! We want this government to leave us!"

As Crowd Demands Change, Lebanese Premier Is Puzzled (NYT)

By Michael Slackman

The New York Times, December 11, 2006

BEIRUT, Lebanon, Dec. 10 — The center of Beirut was packed Sunday with hundreds of thousands of pro-Hezbollah and allied demonstrators who, in a jubilant mass of protest and carnival, pressed their call for the government to resign.

The pounding of martial music and the roaring din of the excited crowd floated up a nearby hill to pierce the thick walls of the stately government building, the Grand Serail, as the prime minister, Fouad Siniora, entered a ceremonial room for a news conference. “I don’t understand what is this great cause that is making them create this tense political mess and stage open-ended demonstrations,” he said to a small group of reporters.

Over and over, the crowd, the speakers and the posters offered clear explanations. They did not want a government controlled by the so-called March 14 coalition, an amalgam of Sunni, Christian and Druse parties. They did not want a government aligned with Washington. In short, a very large number of Lebanese citizens said they did not want the present leadership.

A banner hung down the side of a building, showing a picture of the prime minister hugging Secretary of State Condoleezza Rice. “Thanks Condy,” it said, just beneath an image of dead children, referring to Lebanese civilian casualties during Israel’s war with Hezbollah in the summer.

“There is no longer a place for America in Lebanon,” Hezbollah’s deputy leader, Sheik Naim Qassem, said in remarks that boomed through loudspeakers.

“Do you not recall that the weapons fired on Lebanon were American weapons?” he added.

Prime Minister Siniora’s somewhat surprising expression of bewilderment seemed to capture the spirit dividing this country of just four million people. There are government supporters who appear afraid and threatened, and there are opponents of the government, particularly those who support Hezbollah, who seem empowered and confident that they stand at the threshold of victory.

In a subdued ceremony that seemed a reverse image of the boisterous protests, several thousand people gathered to mark the anniversary of the assassination of Gibran Tueni, the anti-Syrian newspaper publisher killed in a car bombing last year. The

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front of the convention center was filled with Range Rovers, Jaguars and Mercedes-Benzes. Inside, the audience was dressed for a funeral, in suits and ties.

"Everyone is afraid," said Michel Khoury, a former governor of the central bank, as he left the memorial, a shiny new cellphone pressed to his ear. "The Shiite community is very important. It is the first time it is monolithic, the first time in the history of this country you have one of the communities united."

In Tripoli on Sunday, tens of thousands of pro-government demonstrators rallied.

This fight between Lebanese factions, defined primarily along sectarian lines, is a struggle for control of the government that will help determine Lebanon's future, and whether the nation eventually leans toward Iran and Syria, as the radical Shiite Muslim group Hezbollah would like, or toward the United States and Europe, as the governing alliance would like.

"We are today at the last phase of our struggle before we consolidate our independence, freedom and sovereignty, because the government has proven to be a failure at all levels," said Michel Aoun, a former general and a Christian leader, in a live video broadcast to the demonstrators in Beirut. "They have failed to isolate the Lebanese people from one another and we are here today to represent unity and we are leading this struggle together." He has aligned his Christian party, the Free Patriotic Movement, with Hezbollah.

He said that within a few days, the allied groups would press to form an interim cabinet and then for early parliamentary elections. There have been rumors flying around Beirut that the next step would be attempts to block roads, the airport and the ports, to grind the country to a halt. But there have been no official announcements.

Hezbollah and its allies have managed for 10 days to control the center of Beirut with a loud, peaceful, organized protest. In many ways, Hezbollah has adopted a strategy that has been cheered by the White House in the past, in places like Ukraine, and even Lebanon, leaning on large, peaceful crowds to force unpopular governments to resign and pave the way for elections.

But this time Washington and its allies have said the protest amounts to a coup d'état, fueling charges that the United States supports democratic practices only when its allies are winning.

"Does Bush want national expression in Lebanon?" Sheik Qassem said to the crowd. "Do the West and Arabs want the voice of the people in Lebanon? Tell them, 'Death to America.' Tell them, 'Death to Israel.' Tell them, 'Glory to a free Lebanon.' "

The Hezbollah alliance took its protests to the streets after the governing coalition refused its demands to give Hezbollah and its allies more power, including the ability to veto all government action.

The current demonstration began Friday, with hundreds of thousands of people pouring into the center of the city, many bused in from the poor, war-ravaged Shiite communities of the south. The government appeared to hope that the protesters would grow weary and go back to the negotiating table.

But on Sunday, there was the huge crowd, a vista of humanity pressed shoulder to shoulder, flying flags and calling for the government to resign.

"We want a clean cabinet," read one banner.

"Victory, change, is coming," read another.

The gravity of the situation was underlined by roads sealed by soldiers and razor wire, and the many shops and restaurants that remained closed.

But high spirits seemed dominant. "I am having fun overthrowing the cabinet," said Hassan Katteya, 10, as he walked with his mother, Reema, through the crowd.

"We feel that we are the strong party," Mrs. Katteya said. "The government is the weak party. They are hiding up there in the Grand Serail."

Hezbollah Steps Up Protests Against Lebanese Government (USAT)

By Jeffrey Stinson, Usa Today

USA Today, December 11, 2006

BEIRUT — Hezbollah and its allies stepped up their campaign to oust Lebanon's government Sunday by flooding downtown Beirut with hundreds of thousands of chanting protesters in a show of force.

Sunday's turnout appeared to be the largest since 800,000 protesters poured into downtown Dec. 1.

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Since then, several thousand protesters have camped outside the offices of Prime Minister Fuad Saniora. There were no official estimates of Sunday's crowd.

Pressure on the government could increase today. The anti-government newspaper Ad-Diyar said the opposition would call for a work strike. A strike could close Beirut's international airport and shipping ports and slow other public services.

"I support a strike and will (strike) if it is called," said protester Tony Khoury, 37, of suburban Beirut. "I'm willing to give blood to bring this government down."

Khoury was one of hundreds of flag-waving, slogan-chanting Lebanese from across the country of 4 million people to swamp Riad el Solh and Martyrs squares on the 10th day of protests Sunday. Protesters flooded streets and arteries feeding in to downtown for blocks, filled highway overpasses and climbed on nearby small buildings.

They roared approval as anti-government speakers alternately decried the government and urged peace among Lebanon's religious groups that are split over the political crisis.

Hezbollah, a political and militant Shiite group backed by Iran and Syria, and its allies launched the demonstrations to demand a third of the Cabinet posts in the government, which would give them veto control. If not, they want Saniora to resign. They vow to keep up the pressure until their demands are met.

Saniora, who leads an anti-Syrian majority ruling coalition, has refused to give in and has branded the demonstrations a coup attempt backed by Iran and Syria.

The United States, other Western governments and moderate Arab states support Saniora.

"Our political, security and economic lives, our whole system, is facing a major challenge," Saniora said Sunday. But, he said, the country and its democracy are strong enough to weather it.

The protesters say they won't give in. No solution to the standoff seems imminent.

"We are here, so the government will fall," said protester Ruwayda Dilbani, 29, who works for a trading company in Rayak, a town in Lebanon's Bekaa region.

Some speakers also decried the government as a puppet of the United States for not supporting Hezbollah when its guerrillas waged a 34-day war against Israel this summer.

"After the (Israeli) aggression … there is no place for America in Lebanon," Hezbollah deputy chief Naim Kassem told the crowds.

They responded, "Death to America! Death to Israel! Long live a dignified Lebanon!"

One Shiite Muslim youth was killed Dec. 3 in a Sunni Muslim neighborhood on his way home from a demonstration. Since then, there have been skirmishes between supporters of the two sides.

Whose War Crimes? (WSJ)

The Wall Street Journal, December 11, 2006

A few scenes from modern warfare:

Mohammad Abd al-Hamid Srour moved missiles across southern Lebanon under cover of a white flag. Hussein Ali Mahmoud Suleiman used the porch of a private home to fire rockets. Maher Hassan Mahmoud Kourani dressed in civilian clothes, hid his Kalashnikov in a tote bag and stored anti-aircraft missiles in the back of a green unmarked Volvo. The three men, all members of Hezbollah, were captured by Israel during last summer's war.

Now their videotaped interviews form part of a remarkable report by retired Lieutenant Colonel Reuven Erlich of Israel's Intelligence and Terrorism Information Center. Relying heavily on captured Hezbollah documents, onsite and aerial photography and other first-hand evidence, the report shows how the Shiite group put innocent civilians at risk by deliberately deploying its forces in cities, towns and often private homes.

Kenneth Roth, the executive director of Human Rights Watch, has accused Israel's military of "indiscriminate warfare" and "a disturbing disregard for the lives of Lebanese civilians." Mr. Erlich demolishes that claim, and in the process shows the asymmetric strategy of Islamist radicals.

The most persuasive evidence here is photographic, so we urge readers to access the report itself on the Web site of the American Jewish Congress (ajcongress.org1). Hezbollah's headquarters in Aita al-Shaab, for instance, sits in the heart of the

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village. Hezbollah leader Hassan Nasrallah's office and home are in a densely built neighborhood of Beirut. In the town of Qana -- site of an Israeli bombing on July 30 that killed 28 and that Hezbollah's apologists were quick to label a "massacre" -- an arms warehouse can be seen adjacent to a mosque. There are photographs of rockets in the back seats of cars, missile launchers adjacent to farm houses, storage bunkers hidden beneath homes. There is also a trove of before-and-after photography demonstrating the precision of most Israeli bombing.

The report also shows how the use of civilian cover was explicitly part of Hezbollah's strategy. "[The organization's operatives] live in their houses, in their schools, in their churches, in their fields, in their farms and in their factories," said Mr. Nasrallah in a TV interview on May 27, several weeks before the war. "You can't destroy them in the same way you would destroy an army."

Exactly what Mr. Nasrallah means is illustrated in the testimonials of the captured fighters. Asked why Hezbollah would risk the destruction of civilian areas by firing from them, Mr. Suleiman replied that while in theory private homes belonged to "the residents of the village . . . in essence they belong to Hezbollah."

Perhaps that's true; if so, then Human Rights Watch has no grounds to accuse Israel of atrocities when Mr. Nasrallah has effectively declared everyone and everything in southern Lebanon to be his fief. Our sense, however, is that not all southern Lebanese were delighted to have their livelihoods appropriated for Hezbollah's political purposes, even if they were too intimidated to register a protest. Either way, it is Hezbollah, not Israel, that is guilty of war crimes here.

Beyond the war in Lebanon, these images suggest how Islamists seek to use the restraint of Western powers against them. They shoot at our civilians from the safety of their own civilian enclaves that they know we are reluctant to attack. Then if by chance their civilians are killed, they call in CNN and al-Jazeera cameras and wait for the likes of Mr. Roth to denounce America or Israel for war crimes.

None of this means the U.S. shouldn't continue to fight with discrimination and avoid civilian casualties. But it means our political leadership needs to speak as candidly as Israelis now are speaking about this enemy strategy, so the American people can understand and be steeled against this new civilian battleground.

Ideas: Presidential Provocation (NSWK)

Newsweek, December 11, 2006

Dec. 18, 2006 issue - President Carter has a new book out, his 23rd since leaving office and his most controversial. "Palestine: Peace Not Apartheid" has drawn fire for its use of the word "apartheid," and a former associate, Kenneth Stein, a professor of Middle Eastern studies at Emory University, is raising questions about the book's accuracy. (Disclosure: NEWSWEEK's Christopher Dickey was one of the people asked to comment on an early draft of the book.) President Carter spoke to Eleanor Clift:

You've created quite a stir. I suspect it was partly intentional.

Well, it was. But one of the purposes of the book was to provoke discussion, which is very rarely heard in this country, and to open up some possibility that we could rejuvenate or restart the peace talks in Israel that have been absent for six years.

The word apartheid—did you agonize about that?

Not really, because I knew that's an accurate description of what's going on in Palestine. I would say that the plight of the Palestinians now—the confiscation of their land, that they're being suppressed completely against voicing their disapproval of what's happening, the building of the wall that intrudes deep within their territory, the complete separation of Israelis from the Palestinians—all of those things in many ways are worse than some of the aspects of apartheid in South Africa. No one can go there and visit the different cities in Palestine without agreeing with what I have said.

Why do you think you're under attack for the book and the title?

You and I both know the powerful influence of AIPAC, which is not designed to promote peace. I'm not criticizing them, they have a perfect right to lobby, but their purpose in life is to protect and defend the policies of the Israeli government and to make sure those policies are approved in the United States and in our Congress—and they're very effective at it.

You're obviously aware of your main critic, Mr. Stein, who used to be with the Carter Center.

Thirteen years ago! He hasn't been associated with the Carter Center for 13 years.

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He says that he was a third party in some meetings and his notes don't jibe with yours.

He was a third party in some of the meetings, I can't deny that. And a lot of those meetings took place when I was still president and an exact transcription was kept and it's in the official files. So the reports that I gave in the book are completely accurate.

He also has a veiled hint of plagiarism, saying you took from other sources.

The only source that I took anything from that I know about was my own book, which I wrote earlier—it's called "The Blood of Abraham" ... Somebody told me this morning [Stein] was complaining about the maps in the book. Well, the maps are derived from an atlas that was published in 2004 in Jerusalem and it was basically produced under the aegis of officials in Sweden. And the Swedish former prime minister is the one who told me this was the best atlas available about the Middle East.

To bring it up to the here and now, the Iraq Study Group report recommends ...

Exactly what I did—that the peace talks recommence.

The Big Lie About The Middle East (TIME)

By Lisa Beyer

Time, December 11, 2006

No sensible person is against peacemaking in the Holy Land. Applause and hopefulness would seem the reasonable reaction to the Iraq Study Group's recommendation that the Bush Administration "act boldly" and "as soon as possible" to resolve the conflict between the Israelis and Palestinians. But as a front-row observer of similar efforts over the past 15 years, I could muster neither response. In lumping the Iraq mess in with the Palestinian problem--and suggesting the first could not be fixed unless the second was too--the Baker-Hamilton commission lent credibility to a corrosive myth: that the fundamental problem in the Arab world is the plight of the Palestinians.

It is a falsehood perpetuated not just by the likes of Saddam Hussein and Osama bin Laden, who came late to the slogan after their actual beefs--Saddam with his neighbors; bin Laden with the Saudi royals--gained insufficient traction in the Arab world. The mantra is also repeated like an axiom in the U.S.--in parts of the State Department, in various think tanks, by editorial writers and Sunday talk-show hosts.

Yes, it was a great disturbance in the Arab world in the 1940s when a Jewish state was born through a U.N. vote and a war that made refugees of many Palestinians. Then the 1967 war left Israel in control of the West Bank and Gaza Strip, and thus the Palestinians who lived there. But the pan-Arabism that once made the Palestinian cause the region's cause is long dead, and the Arab countries have their own worries aplenty. In a decade of reporting in the region, I found it rarely took more than the arching of an eyebrow to get the most candid of Arab thinkers to acknowledge that the tears shed for the Palestinians today outside the West Bank and Gaza are of the crocodile variety. Palestinians know this best of all.

To promote the canard that the troubles of the Arab world are rooted in the Palestinians' misfortune does great harm. It encourages the Arabs to continue to avoid addressing their colossal societal and political ills by hiding behind their Great Excuse: it's all Israel's fault. Certainly, Israel has at times been an obnoxious neighbor, but God help the Arab leaders, propagandists and apologists if a day ever comes when the Arab-Israeli mess is unraveled. One wonders how they would then explain why in Egypt 4 of every 10 people are illiterate; Saudi Arabian Shi'ites (not to mention women) are second-class citizens; 11% of Syrians live below subsistence level; and Jordan's King can unilaterally dissolve Parliament, as he did in 2001. Or why no Middle Eastern government but Israel's and to some extent Lebanon's tolerates freedom of assembly or speech, or democratic institutions like a robust press or civic organizations with independence and clout--let alone unfettered competitive elections.

One might argue that if the Arab dictators were deprived of the Great Excuse, they might begin to rule with greater concern for their constituents' needs. But why should they be allowed to wait--in the meantime cynically selling their people the Israel Myth--especially since the wait is apt to be long? The Baker commission is quite right in wanting to see sooner rather than later a viable Palestinian state. But the report's airy prescription for frog-marching Israelis and Palestinians into new peace talks perpetuates another persistent fiction: that U.S. involvement is the key to a breakthrough. That contradicts the real-life story of all three of the major peace agreements Israel has signed, with the Egyptians, Palestinians and Jordanians. Each was the result of bold initiative not by Washington but by local leaders, when conditions were ripe. In all three cases, the accords were the product

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of negotiations begun in secret behind the backs of the Americans. The Oslo accords with the Palestinians ultimately fell apart, but not because of a collapse of U.S. diplomacy; rather, because of a failure of leadership by Yasser Arafat.

The Israelis and Palestinians aren't going to make peace until they have brave, inspiring leaders, which they don't, and when they are sick of fighting, which they aren't. When that time comes, the U.S. can facilitate negotiations, as it has before, but only if it re-establishes its reputation as a reasonably honest broker. In the past, Washington tilted to the Israelis' side but not so much that the Palestinians couldn't live with it. President Bush has turned the tilt into a slap-down. He says he supports Palestinian statehood, but the Palestinians don't hear the words; they grasp the lack of feeling he evinces for them. They take in the unprecedented silences in Washington when Israeli forces overreact; they wince at White House endorsements of what the U.S. used to call illegal Jewish settlements in the West Bank. If James Baker had wanted to improve U.S. policy toward the Palestinians, he might have whispered these things into Bush's ear instead of sucking up to the Arab states with his inappropriate and quixotic peace plan.

Opec Plans Squeeze On Oil Stockpiles (FT)

By Carola Hoyos, Chief Energy Correspondent

Financial Times, December 11, 2006

Two years ago Saudi Arabia, the world's biggest oil exporter, opened its spigots and let supply out-pace demand. The result was a gradual build up in oil inventories in the US, Europe and several Asian oil-consuming countries.

This month Ali Naimi, the country's influential oil minister, appeared abruptly to reverse that accommodating policy. At a meeting in Cairo he told reporters that the market was "significantly" oversupplied.

"Inventories in the US are high, not low . . . That's why the market is out of balance," the minister said, adding that 100m barrels of oil should be cut to rebalance it.

Inventories have indeed swelled in recent years. By the end of September, stockpiles in the world's 30 biggest oil-consuming countries were at eight-year highs, holding enough oil to last 55 days of consumption.

This worries Mr Naimi because, as the spare-oil cushion in consuming countries has grown, some of the power to influence world oil prices has shifted from the Organisation of the Petroleum Exporting Countries to its customers.

Saudi Arabia has already begun to regain its clout and rebuild its own cushion of spare supply, which dwindled as the kingdom tapped into it over the past years to quench a growing thirst in the US and China.

Saudi Aramco, Saudi Arabia's national oil company, is on schedule to boost its production capacity from 10.5m to 12.5m barrels a day by 2009, while the energy ministry is keeping tight control of exactly how much of this it chooses to pump each day. The rest remains underground, for use in the event of a sudden supply interruption elsewhere in the world.

In fact, signs of a shift in Riyadh's policy began to emerge in October. It was Saudi Arabia's idea that Opec agree to reduce its production by 1.2m b/d at the cartel's October meeting in Doha.

On Thursday the 11-member group is scheduled to meet again, this time in Abuja, the Nigerian capital.

Mr Naimi's utterance and the immediate echo of agreement from other ministers in Cairo is the best indication yet that the kingdom and Opec are seriously considering another cut to further trim the inventories outside their control.

What remains unclear is whether that cut will come at this week's meeting or whether Saudi Arabia will press fellow members, especially Iran and Kuwait, to better adhere to the Doha cuts before agreeing to deepen them.

Mr Naimi made his position on the issue clear late last month, saying: "The kingdom is not prepared in any way to be alone in the task of balancing the market through what is known as swing production, whereby the kingdom cuts production on its own to maintain prices while others [producers] do not."

But why would Opec forgo revenue even though prices are again comfortably above $60 a barrel, its unofficial floor?

The answer lies in the nearly 2m b/d of new oil production from outside Opec that the cartel believes will come on stream next year.

Several prominent analysts disagree with Opec's forecasts. Edward Morse, chief energy economist at Lehman Brothers, the investment bank, forecasts that countries outside Opec, which are battling steep rates of field decline, will add no more than 1m barrels of net new production in 2007. In fact he argues that, rather than cut supply, Opec will have to plug a hole.

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"The question that remains is whether Opec will have the desire or ability to fill the gap that probably will exist next year between growth in demand and non-Opec supply," he wrote in a recent report.

But Opec sees the world supply/demand picture quite differently, especially in the second quarter of next year. In the spring, when the need for winter heating oil drops and petrol demand has yet to pick up for the summer driving season, the cartel expects that the amount of oil it will need to supply the market will plummet to 27.1m b/d from today's 28.9m b/d.

Now the only question is the timing. Will Opec decide to cut this week or wait to reassess the market, inventories and the cartel's adherence to the Doha cuts early next year? Whatever happens, the group's focus, and that of Saudi Arabia in particular, is yet again firmly set on reducing the consuming world's oil inventories and reasserting the group's clout.

North Korea To Return To Multiparty Talks On Nuclear Program (WSJ)

By Evan Ramstad

The Wall Street Journal, December 11, 2006

SEOUL -- North Korea will return to nuclear-disarmament talks with five other nations in Beijing next Monday. But expectations are low that the meeting, the first such one in 13 months, can produce a breakthrough, reducing tensions with neighbors and the U.S.

After testing a nuclear device Oct. 9, North Korea early last month said it was willing to resume the so-called six-party talks that it abandoned in November 2005. And two weeks ago, officials from China, North Korea and the U.S. met to set a foundation for the reopened discussions, which also include Japan, Russia and South Korea.

The U.S. is ready to offer more specific incentives to North Korea than were agreed to in September 2005, when the six countries reached a tentative pact in which the North would receive financial and energy assistance in return for giving up its nuclear-weapons pursuit. Last month, President George W. Bush reiterated his willingness to discuss a prize long sought by the North Koreans: a declaration that ends the 56-year-old Korean War, in which the U.S. sided with South Korea.

But even with offers of big political and economic incentives, North Korea is unlikely to end its nuclear program quickly. Its dictator leader, Kim Jong Il, depends for power on the perception among the masses that the country is in a continuous fight with hostile foreign forces -- and nuclear weapons provide the ultimate defense.

The U.S. envoy to the talks, Assistant Secretary of State Christopher Hill, struck a cautious tone in discussing expectations for next week's meeting. "We've got some things we need done, and I suspect they will have some of their own ideas for what they want from the process," Mr. Hill said in an email. "So we'll see what we can come up with."

North Korea says it is in favor of denuclearization and signed a treaty with South Korea in the early 1990s pledging to keep the Korean peninsula free of nuclear weapons. But Pyongyang continued to develop them. It walked away from the September 2005 deal with complaints about a separate U.S. investigation of its alleged money-laundering and counterfeiting activities. The probe led to a freeze on North Korean assets in a bank in Macau that was a key financial conduit for Pyongyang.

The U.S. also has said it is willing to discuss a way to end sanctions on the Macau bank, but officials say North Korea would have to halt illegal financial activities.

Analysts say the rosiest outcome for the meeting would be for the six countries to return to the conditions set in last year's deal. "If the next round gets us back to September of last year, then we can start talking about a more substantial retooling," says John Feffer, director of global affairs at the International Relations Center, a private group in Washington.

China Gears Up For Six-nation Talks On NKorea Nuclear Program (AFP)

By Karl Malakunas

AFP, December 11, 2006

Six-nation talks aimed at dismantling North Korea's nuclear program will begin in China within one week, the United States said, ending a 13-month hiatus during which Pyongyang tested an atomic bomb.

The US State Department announced late on Sunday that the talks would resume "around December 16" in Beijing, with a firm date expected to be confirmed on Monday.

The talks -- which involve the two Koreas, host China, the United States, Japan and Russia -- started in 2003 in an effort to stop the North acquiring nuclear weapons.

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North Korea had boycotted the talks since November last year in protest at financial sanctions against it for alleged money laundering and counterfeiting.

It then stunned the world on October 9 by conducting its first ever nuclear weapons test, triggering global condemnation -- including from closest ally China -- and UN sanctions.

The United States had insisted since then that it would not return to the talks until it was sure Pyongyang would make major concessions and significant progress would be made.

In announcing the December 16 date, US State Department spokeswoman Joanne Moore said Washington expected the talks to focus on implementing an agreement in September last year when the North agreed to give up its nuclear program.

In what was seen then as a major breakthrough, the North said it would end its nuclear weapons activities in return for security guarantees, energy and other aid.

However there was no word from any of the parties involved on Monday if the United States or North Korea had indeed given any ground, fueling pessimism that the talks may degenerate into another round of labored discussions that achieve nothing.

"I find it extremely difficult to be optimistic about this next round of talks," said Ralph Cossa, president of the Pacific Forum CSIS research institute in Hawaii and member of the Council on US-Korean Security Studies.

"It seems to me so many people are now just defining success as holding talks."

Cossa said the North Koreans had made it clear they would return to talks only if the issue of the US sanctions imposed against it -- which has seen 24 million dollars frozen in a Macau bank -- was resolved.

However he said it was extremely unlikely the United States had given the North Koreans any indication that the sanctions would be lifted.

"It's very difficult for the United States to quietly make an agreement on this. It's a matter of (US) law. It can come to a conclusion that they should be lifted but it's pretty remote."

A key policymaker in Japan's ruling party also warned Sunday that major compromise from Pyongyang was a must in the next round of negotiations.

"The six-party talks should not resume without careful consideration," Syoichi Nakagawa, chairman of the Liberal Democratic Party's policy research council, told a television news program.

"It's okay if (North Korea) brings something about progress or contribution to peace. But otherwise, it's no good. We don't think that resuming talks itself is meaningful."

China hosted two rounds of meetings in October and November between the North Korean and Chinese envoys to the talks in an effort to kickstart the negotiations.

China's foreign ministry had no comment when asked on Monday when the talks would resume.

N.Korean Nuclear Talks To Resume Dec. 18 (AP)

By Kwang-tae Kim

AP, December 11, 2006

International talks aimed at ending North Korea's nuclear weapons program are likely to resume in the week starting Dec. 18, South Korea's top nuclear envoy said Sunday.

Chun Yung-woo told The Associated Press that he expects the talks to resume in the week starting Dec. 18, but that consultations are still under way and China will announce the date soon.

In Washington, a senior U.S. official said Saturday the talks are expected to reconvene Dec. 18 in Beijing and continue for three to five days. The official spoke on condition of anonymity because host China has not announced a final schedule.

North Korea has boycotted the talks since November last year, angered by U.S. financial restrictions imposed because of Pyongyang's alleged involvement in money laundering and counterfeiting of dollars.

The parties to the talks — the two Koreas, the U.S., China, Russia and Japan — have been trying to set a date for the fresh round of talks. North Korea agreed to a resumption of negotiations after it tested a nuclear bomb on Oct. 9.

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Chun said Seoul hopes to see "substantial progress toward implementing the Sept. 19 statement" in the upcoming nuclear talks, referring to a breakthrough agreement reached at talks last year when North Korea agreed to abandon its atomic program in exchange for security guarantees and aid.

Japanese Prime Minister Shinzo Abe said Saturday that any future nuclear talks must yield "early and concrete results."

"We believe it is necessary for North Korea to show concrete actions toward the abandonment of all nuclear weapons and existing nuclear programs," Abe said.

Last month, the U.S. offered North Korea specific details about the kind of economic and energy assistance the North would receive in exchange for shutting down its nuclear arms facilities. But it remains unclear whether the communist country has made specific promises for the outcome of the new talks.

In Tokyo, a top Japanese ruling party official warned Sunday that that his country opposes resuming the nuclear talks unless Pyongyang is ready to compromise.

"It's fine if North Korea can bring some contribution to peace, but simply starting talks is not meaningful," Shoichi Nakagawa, chairman of the Liberal Democratic Party's policy research council, said on a morning talk show carried by public broadcaster NHK.

Vietnam Trade Deal Is Hailed In US (FT)

By Amy Kazmin And Eoin Callan

Financial Times, December 11, 2006

Vietnam and US business leaders hailed a US Congressional vote Sunday to permanently normalise trade relations with Vietnam, the final step on the long road to reconciliation between the two countries after their bitter war 30 years ago.

The historic measure – adopted as part of a massive bill combining various tax and trade measures – ends an old, Cold War-era requirement that Washington evaluate Hanoi's human rights record as a pre-condition for renewing normal trade relations with Vietnam each year.

The pact – passed with strong bi-partisan support over the weekend before the Republicans surrender power in the Congress – will ensure that US companies can fully benefit from Vietnam's accession to the World Trade Organisation on December 28.

"This event is of major significance for the ties between Vietnam and the United States," said Le Dung, Vietnam's foreign ministry spokesman.

George W. Bush – who last month became only the second US president to visit Vietnam since the end of the war three decades ago – said the development "marks a significant step forward in the process of normalising relations with Vietnam, and will benefit both our nations".

The US business community expressed strong relief at the news, after the embarrassing fiasco last month on the eve of Mr Bush's visit, when a rushed effort to normalise trade relations with the Communist-ruled country failed to muster adequate Congressional support.

Since the US and Vietnam signed a bilateral trade deal in late 2001, two-way trade between the two countries has risen to $7.8bn a year, up from $1.2bn in 2000, an increase driven mainly by surging Vietnamese exports of garments, shoes, furniture and seafood to the US. To join the WTO, Hanoi has agreed to liberalise its domestic service industries, including banking and insurance, sectors of keen interest to many US companies, eager to tap into a fast-growing market of 84m people.US companies had feared that they could be disadvantaged in accessing the market if Washington had not fully normalised trade relations with Vietnam.

David Knapp, chairman of the the American Chamber of Commerce in Vietnam, said he was "pleased" with the vote, and that he expected US businesses to enjoy "increased opportunities in both the goods and services sectors" as a result of Vietnam's WTO accession.

Susan Schwab, US trade representative, said: "This bill shows that contrary to conventional wisdom, Democrats and Republicans, the administration and Congress, can work together to further our vital trade agenda."

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"The vote also demonstrates to our trading partners in East Asia, the US commitment to strengthen and deepen our relationships in that region," she added.

The advance for the White House trade agenda comes amid setbacks on several fronts, as free trade negotiations with South Korea stall and deals with Peru and Colombia run into opposition from Democrats over labour standards.

US business groups welcomed the normalisation of relations with Vietnam as part of wider trade and tax package. John Engler, president of the National Association of Manufacturers, said: "These are all critical trade programs for US manufacturers and our trade partners in the development world."

Bruce Josten, of the US chamber of commerce, said the trade measures were of "critical" importance to business and would "expand US trade and economic competitiveness and promote growth".

China's Shifting Growth May Alter Its Taste For Foreign Investment (WSJ)

By Andrew Batson

The Wall Street Journal, December 11, 2006

BEIJING -- China's entry into the World Trade Organization, five years ago today, sparked an economic expansion that is the envy of the world. But now, that very growth is posing new problems for China and its increasingly uneasy trading partners.

Over the past five years, the size of China's economy has nearly doubled, with annual output surpassing $2 trillion in 2005. The world's most populous nation is now its fourth-largest economy and third-largest exporter.

China's WTO entry did what officials inside and outside the country were hoping it would -- increase trade and make markets more competitive. By becoming more open, China has become stronger and more prosperous. But the growing size and sophistication of its domestic economy have made the outside world less important to China's economic vigor now than it was during the early years of the country's export boom. That raises an important question: Will China continue to be ever-more welcoming to foreign investment in the years ahead?

Even as China has begun to take a more active role in international affairs, its economic strategy has shifted inward. It is increasingly trying to nurture homegrown companies, rather than simply providing an attractive climate for multinational corporations to set up shop.

There's an emerging consensus among the nation's leaders that China no longer needs to cater to the whims of foreign investors in order to grow. That shift in sentiment was underscored earlier this year when China's economic planners called for more-selective approval of foreign investment and fewer giveaways, such as tax breaks or land.

U.S. Treasury Secretary Henry Paulson's scheduled visit to Beijing this week is part of a continuing effort by China's trading partners to deal with this new reality.

When China won the WTO's seal of approval in late 2001, it was a signal to the world that Beijing wasn't going to turn its back on capitalism. That sent a flood of foreign investment sweeping into China, surging from roughly $40 billion annually in the years before 2002 to more than $70 billion last year.

China's economic ascendance hasn't been altogether comfortable for much of the rest of the world. The addition of China's vast, low-cost labor pool to the global work force has put widespread pressure on jobs and wages in many wealthier nations. It often seems to employees of U.S. and European companies that their bosses prefer to hire workers to make things in China rather than use their home-country assembly lines.

In some ways, the change has also been painful for China. As it has phased out state control of its economy, China has dismantled much of its health-care and social-welfare system and laid off millions of workers from state-run companies. Competition from foreign companies sometimes gets the blame for the resulting social problems.

Even so, China has largely adhered to its WTO commitments, though some critics say it hasn't been aggressive enough in combating copyright piracy or letting market forces influence its currency's foreign-exchange rates.

And while complaints about China's trading practices are rife, it is also clear that China's economy is in many ways more open than Japan's was during its rise in the 1980s and India's is today.

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Japan was once notorious for the difficulty foreign companies faced in penetrating its maze of tariffs and regulations. Even though it is much more open now, imports still account for only about 11% of the country's gross domestic product. The equivalent figure for China was 29% last year.

Compared with India, China's greater openness is visible at street level. Wal-Mart Stores Inc. outlets are fixtures in every major Chinese city. The U.S. discount retailer now has 66 stores in China and is building more -- but it has yet to open a single outlet in India, where government rules ban most direct foreign investments in the retail sector.

The regulatory overhaul that China undertook to meet the requirements of WTO membership meant allowing new competition in industries long dominated by state-owned firms. Among other things, that process jump-started financial restructuring. Four of China's five biggest banks now trade on international stock markets and boast big foreign shareholders.

Not every industry is equally open, and some openings have had unanticipated consequences. Take cars, which very few of China's private citizens owned when the WTO pact was signed. Then-U.S. Trade Representative Charlene Barshefsky, explaining the benefits of a WTO deal in April 2000, noted how "a combination of trade barriers and industrial policies makes it virtually impossible to export cars to China." The country subsequently removed many of those barriers, and auto sales boomed as car prices fell.

The boom came so quickly that infrastructure and public transport haven't kept up: Major cities are now choked with traffic and smog, especially Beijing, where a car's average speed can be slower than a bicycle's at peak hours.

What didn't happen, however, was a boom in car exports to China. China did buy more cars from abroad -- 143,000 vehicles in 2005, compared with 61,000 in 2001 -- but most of the market has gone to locally made vehicles. Passenger-car sales are expected to top three million this year, up from fewer than one million in 2001. The Chinese market's combination of huge size and rapid growth made it irresistible to global auto makers, but the companies quickly realized that making cars locally was the best way to cater to Chinese tastes and budgets.

Peter Pang, the China president of German auto-parts and power-tools maker Robert Bosch GmbH, has seen a similar shift play out in his business. When the Stuttgart-based company came to China in the 1990s, high tariffs and government policies essentially forced it to use a local joint venture to get into the market. These days, Bosch has much more freedom to import its products if it needs to. But the Chinese market has become so much bigger and tougher, Mr. Pang says, that "you have to make locally simply because otherwise you won't be competitive."

That changing dynamic has raised questions about the future of market-opening reforms in China. The country's entry into the WTO on Dec. 11, 2001, started it on a path of gradually lifting tariffs and other trade and investment barriers. While China hasn't been released from its WTO obligations, it has come to the end of the changes it was specifically required to make under its terms of entry.

As a result, the search is on for ways to continue to engage China. Much of the U.S. cabinet will visit Beijing this week for the first meeting of a so-called strategic economic dialogue, a new series of high-level meetings to discuss the two countries' relationship. The European Union is planning a similar process.

"China is more open than at any time in its history," said Minister of Commerce Bo Xilai in a recent speech. But, he added, "The coming five years will be an even more important period for China's development."

China Faces Fresh Tasks On Trade (FT)

By Alan Beattie And Richard Mcgregor

Financial Times, December 11, 2006

Organising more than 100 countries in the World Trade Organisation was already like herding cats. When China joined the WTO five years ago today, the system faced a rather tougher test: adding a particularly large and fearsome tiger to the enclosure.

China's WTO membership has been an exceptional endeavour both for a country that had turned to the market economy only 20 years before joining and for an organisation that had itself been in existence only seven years. So far China's accession has done the country a lot of good, the WTO a fair amount of good and China's trading partners more good than they are generally willing to admit.

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But as evinced by US sabre-rattling ahead of its official mission to Beijing this week headed by Hank Paulson, Treasury secretary, China's challenges will, if anything, increase rather than diminish now its five-year transition period is over.

The milestone marks a difference that is more symbolic than practical, though it does coincide with several deadlines for commitments, such as opening up the banking sector. It also means that as an established member of the club, China will face louder and more urgent calls to play by WTO rules.

Moreover, China has been lucky that its five years of membership have coincided with remarkable resilience in global economic growth. If economies stall and unemployment starts rising across the world, irritation with its perceived failings as a trading partner could easily escalate into virulent anger.

China itself has been the most obvious beneficiary from its WTO membership. Its exporters have benefited greatly from increased and guaranteed access to foreign markets, while trepidation about exposing its industries to what China regards as the multinational "wolves" of world trade has substantially been assuaged. Long Yongtu, who was China's chief negotiator on WTO entry, says he is as surprised as anyone. "No one could have predicted that China's foreign trade could increase at such a speed," he says.

China's exporters were already performing very well outside the WTO. But both exports and imports have accelerated since 2001 – and membership not only helped domestic reform but also reassured both Chinese and foreign companies that access to markets was much less likely suddenly to be taken away.

For Mr Long, and Zhu Rongji, the then premier who forced the accession through a resistant bureaucracy, the past five years have provided a spectacular vindication of their strategy to use pressure from WTO accession to force domestic reform and make the Chinese economy more competitive. Mr Long singles out the automotive and agriculture sectors to illustrate how the economy has been transformed in the past five years because of the WTO.

"Before the WTO, Chinese-made cars were expensive and the quality was poor," he says.

WTO membership mandated a large cut in tariffs from a maximum value of 125 per cent, depending on the type of engine, to 25 per cent, a policy complemented by Beijing's decision to allow foreign carmakers into China en masse through 50-50 joint ventures with local partners. A number of competitive, independent domestic carmakers have also established a foothold.

Falling prices, combined with rising local incomes and increased competition, have seen an explosion in car sales, from just under 1m in 2001 to an estimated 4m this year. "That has changed not just China's car industry but also lifestyles, just like what happened in the US and other western countries," says Mr Long.

Nick Reilly, Asia-Pacific president for General Motors of the US, says he too was pleasantly surprised at the size of the new middle-class Chinese consumer market. Mr Reilly told chief executives at the recent Asia-Pacific Economic Co-operation meeting in Hanoi: "A decade ago we thought we might sell 60,000 vehicles a year to government officials and state-owned enterprises. In fact we are selling 900,000 a year, largely to the newly affluent."

Chinese agriculture, considered the most vulnerable sector and the most politically sensitive because of the size of the rural population, has also survived and, in some sectors, thrived. In many ways it has displayed a textbook "comparative advantage" response to being opened up. A populous country with relative shortages of land and water, China has increased imports of water- and land-intensive commodities such as soya beans and wheat – and on occasion even rice, a highly symbolic crop – and shifted domestic production towards labour-intensive crops such as fruit and vegetables.

Mr Long came under sharp attack at home for agreeing to so-called "tariff-rate quotas", a form of price-based import allowance, for grain, which is still regarded in China as strategically vital to food security. His critics said foreigners would fill the quotas, even if the extra grain were not needed, something that has not happened.

"Now people understand how these quotas work," he says. "They were very suspicious."

Still, suspicions remain within China that WTO membership has not prevented China getting a raw deal from international trading partners. Much of China's trading heft has come from foreign-owned companies, which account for 58 per cent of total exports and much larger shares of the higher-value products into which the country is trying to move.

Rupert Schlegelmilch, head of China trade relations at the European Commission, says: "Foreign companies play leading roles in some important sectors in China, which fuels a degree of 'investment nationalism' in some circles in China: complaints that China's economy has a strong body with strong limbs but no head and that there is not enough transfer of technology."

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Investment and trade nationalism are not helped by episodes such as the China National Offshore Oil Corporation's failed takeover approach for Unocal, the American oil company, which the US blocked on national security grounds. Nor were the Chinese impressed by the imposition by the EU and US of emergency "safeguard" import restrictions on Chinese clothing shortly after the expiry of a global system of textile quotas last year – a deadline for which they and textile companies had been given 10 years' warning.

Wang Jinzhen, secretary-general of China's Council for the Promotion of International Trade, says: "The US and EU had a lot of time to make the transition but did not until the very last minute."

Outside China, sentiment about its WTO membership is even more mixed. Its massive increase in exports has provoked a tumult of complaints about unfair trade. Capitol Hill tends to look at America's growing bilateral trade deficit with China without accepting that it mainly reflects China's core strength as an assembler of components it imports from elsewhere, and that China's overall trade surplus is quite modest.

Many objections are related to China's manipulation of its currency, which falls outside the WTO's competence. Within the WTO, those industries dependent on intellectual property rights (IPR) protection, particularly films and music, have worn themselves hoarse about the feebleness of China's promised clampdown on compact disc and DVD counterfeiters. The EU and the US say too much of China's service sector, particularly financial services, remains hedged round with impenetrable regulations.

But the dominant feeling so far in Washington and Brussels is that China's WTO membership has been a net positive for both the country and the organisation, rather than the pessimistic minority view that China has flouted WTO rules and brought itself and the system into disrepute. The most dramatic symbol of US protectionism – a bill to impose 27.5 per cent tariffs on all Chinese imports, which would be flatly illegal under WTO rules – was withdrawn by its sponsors in September with the promise of a WTO-compliant replacement.

Only one case against China has so far been pursued in the WTO's dispute settlement body – a joint action by the EU, US and Canada on car parts, imports of which they say China is taxing unfairly. The US continues to warn that a case against IPR violations is likely unless compliance improves.

Though China is at the centre of plenty of other disputes, its membership of the WTO has at least helped to moderate and regulate those. For example, China is both by far the biggest target and an enthusiastic user of so-called "anti-dumping" actions – retaliatory tariffs countries impose on supposedly subsidised imports. These tariffs are imposed bilaterally but WTO rules limit their scope.

Simon MacKinnon, Greater China president at Corning, the US glass and technology company, says China's WTO membership has made a marked difference in atmosphere. Corning, one of the world's biggest manufacturers of optical fibre, was accused but then cleared of dumping in an investigation by China's commerce ministry. "China's WTO membership has brought more visibility," Mr MacKinnon says. "China is part of the WTO trade dispute resolution process and China has a seat at the table." Corning has now invested heavily in China.

Still, there is one area where China has conspicuously avoided responsibility – the stalled Doha round of trade talks, whose launch coincided with China's accession. Beijing has left the representation of the developing world to other governments, notably India and Brazil, despite entreaties from other negotiating parties including the US and EU to play a more active public role. The Chinese attitude has been, in the words of Grant Aldonas, until last year US commerce undersecretary for international trade: "We gave at the office."

Beijing argues that it has had its hands full implementing its WTO accession commitments. This looks more like an excuse than a reason, but a tactically sound one. Silence on Doha deprives of evidence those domestic critics who say Beijing is volunteering to expose too much of China's economy to foreign competition. Bo Xilai, the ambitious commerce minister, is pushing for a promotion to vice-premier at the five-yearly party congress next year. Mr Bo has elevated his profile with strong nationalistic attacks on American and European critics of China's supposedly export-obsessed trade policy.

Internationally, Chinese exporters are already causing more than enough concern among both rich and poor trading partners without its bureaucrats also throwing their weight around. India, for example, says its reluctance to allow deep cuts in

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import tariffs on industrial goods reflects a fear of exports from China. Similarly, if China volunteered to reduce the protection of its farmers or service companies, other developing countries might have to follow suit.

Looking ahead, trade tensions involving China are if anything likely to rise rather than moderate. As China goes up the value chain to more sophisticated goods, its companies will increasingly compete directly with those in developed countries. Trade lawyers reckon there is a large number of potential WTO legal cases.

Any economic slowdown that pushes up US unemployment would test the patience of American lawmakers with Chinese intransigence on the level of its currency or any other trade-related issue. A big fall in commodity prices will encourage a flood of anti-dumping cases against China from steelmakers that do not share the views of Mr Wang from the trade promotion council, who says: "There is no way for the US to continue to be engaged in those lower-technology industries including textiles and, I personally think, even steel...Maybe [the US steel industry] will last another 10 years."

China's entry into the WTO fold was a big risk and the country needs to continue to pussyfoot warily around its fellow members. But so far, if only tentatively and partially, so good.

A Broad Dialogue With China (WP)

By Henry M. Paulson

Washington Post, December 11, 2006

My highest priority as Treasury secretary is the long-term strength and competitiveness of the U.S. economy. Managing our economic relationship with China to ensure both nations benefit is vital to our nation's future prosperity. A market-based economy in China, with sustainable economic growth and full participation in rules-based international trade, is in our best interest -- and in the interest of the Chinese people.

Since 1980 China's share of the world economy has more than quadrupled. The United States and China now account for almost half of global economic growth. And bilateral trade between our two nations grew by a factor of five over the past decade. Beyond the numbers, the U.S.-China economic relationship epitomizes both the opportunities and challenges of globalization.

This week a delegation made up of U.S. Cabinet secretaries, agency directors and the Federal Reserve chairman, Ben Bernanke, will participate in the first meeting of our new Strategic Economic Dialogue with China.

Presidents Bush and Hu Jintao launched the dialogue in September to focus on China's successful integration into the global economy and ensure that China continues on its market-based reform path.

My colleagues and I will meet with Chinese leaders in Beijing for discussions in three areas: maintaining sustainable growth without large trade imbalances; continuing to open markets to trade, competition and investment; and improving energy security and the environment.

China is at a crucial juncture. Decisions it makes in the next few years will have long-lasting effects around the world. The United States and China each have a vision of how our relationship will evolve, and in many respects our visions are similar.

We both want strong commercial ties that produce benefits for workers and consumers in America and China. We both want China to grow in a way that is sustainable economically and environmentally and that contributes to global prosperity. We both want China to be a responsible stakeholder in the global economy and in multilateral institutions.

We do have our differences. The United States believes China can do more to reduce its trade surplus. We are encouraging China to introduce greater flexibility for its currency, consistent with economic fundamentals. And China needs to do more to protect intellectual property rights.

Our goal is to advance our common interests and find solutions to issues that strain our relationship. The United States and China are engaged in dozens of bilateral negotiations at multiple levels. This has produced positive outcomes, but it can be difficult to address issues that cut across numerous sectors and areas of responsibility. The dialogue will allow us to meet with several Chinese leaders at once and begin to address important issues comprehensively.

For instance, transparency and respect for the rule of law are core principles that affect all economic policy and trade issues. Commitments to these principles are essential to China's maintaining the confidence of international businesses and of its own investors and entrepreneurs. Working on these principles across government ministries can enhance our ability to reach agreement on a number of key issues that we negotiate ministry-by-ministry.

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One of the most important topics for discussion is how to help China manage its transition to freer, more open markets, including capital markets. Every strong, vibrant economy in the world has open, competitive capital markets that attract investment and allocate resources to their most productive uses. Such markets will contribute to sustained economic growth and boost job creation in China. And strengthening and reforming financial markets will ultimately allow the Chinese to freely float their currency.

The Chinese government is committed to creation of a social safety net, including health and retirement programs that will contribute to balanced growth by giving Chinese workers and families the confidence to spend more.

China's high saving rate is a major contributor to the country's large global trade surplus. Increasing consumption in China will benefit U.S. and other exporters.

Energy is an issue with far-reaching effects. Both the pattern of China's growth -- with its heavy dependence on industry -- and low domestic prices for energy have led to rapidly increasing energy use by China. Unfortunately, because of technological and infrastructure challenges, much of that energy is produced from sources that generate high levels of pollution. This harms the air and water we all share, and creates health problems for Chinese citizens.

Through the Strategic Economic Dialogue, we can work with China's leaders to help it achieve more environmentally and economically sound growth and constructive engagement with the global energy market.

This is a pivotal moment for China and for our relationship with that country. By engaging Chinese leaders with an eye to producing long-term benefits for our two nations, we can build a productive and prosperous partnership for the 21st century.

The writer is secretary of the Treasury.

Chinese Voices That Oppose Reform Grow Louder (FT)

By Susan Schwab

Financial Times, December 11, 2006

One of the most important events in modern economic history occurred five years ago on Monday when China joined the World Trade Organisation. This anniversary provides the opportunity to take stock – through a congressionally mandated report issued on Monday by the office of the US Trade Representative – of China's integration into the global economy and its compliance with WTO obligations.

The record is profoundly mixed. China has moved with resolve to reform some of its economic and governmental structures over the past five years. It has enacted or revised over 1,000 laws and regulations to help bring its trading system into compliance with WTO rules. It has also reduced tariffs on goods of great importance to US industry from an average of 25 per cent in 1997 to 7 per cent today, with similarly significant reductions for agricultural products.

In addition, it has reduced or eliminated numerous non-tariff barriers, increased market access for international service providers and improved the transparency of its governmental procedures. These steps have expanded economic growth in both countries and contributed to a roughly 190 per cent increase in US goods exports to China over the past five years. Today, China is America's fourth largest export market – up from 15th a decade ago.

WTO accession has also helped promote the rule of law in China and subjected the country to binding international dispute settlement procedures. Nevertheless, looking back on the past year, we see troubling indications that China's momentum towards reform has begun to slow. Voices in China opposing further market liberalisation have grown louder and government intervention in the economy, especially at the provincial level, has increased.

While facing fewer blanket prohibitions or prohibitive tariffs, US companies face an array of regulatory obstacles and government policies that make doing business in China uncertain.

Later this week, I will join other administration officials on a trip to China as part of the new strategic economic dialogue led by Treasury secretary Hank Paulson. As part of this dialogue, we will clearly convey our view that a slowdown in reform hinders China's development and undermines the health of our bilateral ties.

One of the most serious challenges identified by USTR is the rampant infringement of intellectual property rights that persists in China in spite of efforts by central government officials to move against this illegal practice. Counterfeiting, piracy and

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inadequate enforcement of intellectual property protections rob US businesses of billions of dollars a year in legitimate sales and weaken China's development of its own knowledge-based industries.

Of equal concern is China's continued use of industrial policies that limit imports of goods, government subsidies that encourage exports and protect non-competitive industries, and regulatory barriers that impede participation in China's market by US service providers. There are many other areas, from steel to telecommunications, where China's incomplete move away from a centrally-planned to a market-based economy is creating massive distortions that could leave the Chinese and global economies at risk. In agriculture, we are pleased by the rise in US exports to China. But our exporters continue to be frustrated with practices that make China one of the world's least transparent and predictable markets.

The large US trade deficit with China, which this year will exceed the $202bn reached in 2005, is due to factors including differences in patterns of saving, investment and consumption as well as fiscal and monetary policies. Our trade policies can help reduce the imbalance to the extent it arises from closed markets or unfair trade practices. USTR and other US government agencies are aggressively addressing our trade concerns with China through the Joint Commission on Commerce and Trade and other bilateral forums. Multilateral negotiations under the Doha round of trade talks, litigation through the WTO and the application of trade remedy laws are other important avenues. Whether through dialogue, negotiation or dispute settlement, China must be held to its commitments to reform.

We want a strong trade relationship with this vast and fast-growing economy. The potential benefits for Americans – in exports, jobs and greater economic competitiveness – are enormous. But that depends on China's continued reform, and on a commitment to expand free and fair trade based on decisions by the actors in the market – not by bureaucrats.

The writer is US trade representative

Cracking The Currency Puzzle (WP)

By Sebastian Mallaby

The Washington Post, December 11, 2006

Five years ago today, China joined the World Trade Organization. The experiment has gone astonishingly well: China has changed more than 3,000 regulations to comply with WTO requirements. And yet an awkward question hovers over Treasury Secretary Henry Paulson's China trip this week: How to deal with a country that appears to distort trade not through tariffs or quotas but through currency and savings policies?

This dilemma reflects a lopsidedness in the rules of globalization. To keep the trade playing field balanced, the WTO presides over a vast apparatus of quasi-law governing subsidies and tariffs; violators can be hauled in front of WTO tribunals. But there is no equivalent mechanism, other than a dormant provision buried in the charter of the International Monetary Fund, to punish countries that skew trade by manipulating their currencies. And there is no sanction at all for pursuing a growth strategy that relies on exports more than domestic consumption.

China has made the most of this vacuum. When it joined the WTO in 2001, its current account surplus (trade plus a few other cross-border payments) was a modest 1.3 percent of gross domestic product. As recently as 2004, when Congress was beating up China for its alleged manipulation of trade, it was possible to retort that China's surplus was just over half the size of Germany's. But this year China's surplus is expected to hit a breathtaking 8 percent or 9 percent of GDP. In absolute terms, it has overtaken Germany's surplus and even Japan's, despite the fact that Japan's GDP remains more than twice the size of China's.

How has China done this? Unlike Japan, it has not closed its economy. Instead, China's surplus reflects, first, a currency that's about a fifth undervalued and so encourages exports; and second, a reluctance to stimulate domestic consumption, which forces companies to sell a large slice of their output to foreigners.

The extraordinary growth of the Chinese surplus has created an unlikely echo of the left's complaints about globalization. The left frequently charges that the international system is unfair: It has rules to enforce open trade, but none to enforce decent labor standards. For years, free-traders have dismissed this as an apples-to-oranges comparison: There are international rules for trade because trade is a necessarily cross-border affair, whereas the appropriate level of labor protection varies among countries. But now economists with impeccable free-trade credentials are saying that there ought to be an international

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mechanism to enforce responsible exchange-rate policies, and never mind the fact that these have traditionally been viewed as the province of national governments.

The urge to pressure China over its currency policy makes more sense than the urge to punish it for its labor policy. China's dynamic economy has lifted well over 100 million people out of poverty, and excessive labor regulations that slowed growth would harm workers rather than helping them. But China's weak currency, allied with its reluctance to stimulate domestic consumption, damages its economy and workers as well as stirring up trouble for foreigners.

China's commitment to a weak currency limits its freedom to raise interest rates, since higher rates tend to suck in foreign capital and drive the exchange rate upward. This inhibits efforts to use the interest-rate tool to dampen the economy when it overheats -- which explains why China has experienced boom-bust cycles. Meanwhile, a growth strategy that relies on foreign rather than Chinese consumers is not great for the Chinese. China is saving rather than consuming, which means its living standards are lower than they could be.

Then there is the effect of China's policies on foreigners. The challenge of integrating a vast pool of cheap labor into the world trading system is compounded when a low exchange rate makes that labor even cheaper. And the challenge of dealing with America's mirror-image problem of low savings is rendered harder, too. If the United States boosts saving and cuts spending, there'll be a nasty recession unless foreigners buy more U.S. exports. China should let its currency rise so as to assist America's necessary adjustment.

Yet it's one thing to agree that China needs to revalue and quite another to conclude that globalization's rules should punish currency "manipulators." Various forms of currency management are common and sometimes even good -- lots of countries have used currency pegs to conquer inflation, and China's own peg was a bulwark against the turmoil of the East Asian crisis. As to China's savings addiction, American policymakers have to be cautious: China's savings excess is no more egregious than America's savings deficit.

So long as there is globalization, its rules will be debated. It will always feel odd that some aspects of the system are subject to quasi-law while others seem anarchic. But there's a perfectly good reason why trade, unlike labor standards or currency policies, is so intensively rules-based. For nearly all countries at nearly all times, cutting trade barriers make sense. But when it comes to labor standards or currency regimes, such generalization is impossible.

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Rights Group Urges China To End Curbs On Lawyers (NYT)

By Joseph Kahn

The New York Times, December 11, 2006

BEIJING, Dec. 10 — Rules requiring Chinese lawyers to submit to government supervision when representing clients in politically delicate cases have dealt a serious blow to the country's legal system and should be rescinded, Human Rights Watch said in a report to be issued Monday.

The rights group said the rules, known as "guiding opinions," effectively shut down the legal system to people fighting official land confiscations, forced relocation, corruption, pollution and other politically delicate matters in China's one-party system.

"These restrictions effectively deprive people with lawful collective complaints of meaningful legal representations and risk instilling a sense of futility about legal avenues of redress," the report said. "That may exacerbate social unrest in the future."

The Chinese police have reported a surge in "mass incidents," including large demonstrations, in the past several years, with 87,000 such events in 2005.

Statistics for the first nine months of 2006 showed a decline in the number of protests from the year before, but Human Rights Watch said that the numbers were subject to political manipulation and that anecdotal evidence suggested rising discontent.

The "guiding opinions," which were put into effect in the spring, require lawyers who accept cases that involve 10 or more plaintiffs suing organs of the government or the ruling party to submit to "guidance and supervision" by their local judicial bureau and the All-China Lawyers Association, which are under government control.

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They also must obtain consent from at least three partners in their law firm before accepting such cases, and they must refrain from "stirring up" news media coverage.

The rules are part of an effort to suppress expression rather than to address the causes of social unrest, lawyers and rights advocates say.

Although rapid economic growth has lifted hundreds of millions of Chinese out of severe poverty, weak property rights and poorly enforced labor and environmental laws have made China's transition to a market economy painful for many millions of people without power to protect their interests.

Lawyers, self-styled legal rights advocates and journalists have been the most conspicuous victims of a campaign by President Hu Jintao to create a more "harmonious society." They have been accused of leading people to take to the streets over lost jobs, unpaid wages, environmental degradation, land seizures and other sources of discontent.

After a rise in protests in 2005, including several well-publicized confrontations in which protesters were killed by riot soldiers or thugs, the authorities moved to prevent social disputes from gaining momentum.

Luo Gan, a member of the Politburo Standing Committee who oversees police and judicial matters for the ruling party, said in an speech published in a state-run magazine that officials should take "forceful measures" against lawyers or rights advocates who use the law as a pretext to "undermine social stability."

State security officers and the police have arrested or intimidated people associated with China's weiquan, or rights protection movement. At least four prominent lawyers and leading rights advocates, Gao Zhisheng, Chen Guangcheng, Guo Feixiong and Zheng Enchong, were charged with crimes after accepting politically delicate cases.

Human Rights Watch said in its 70-page study of the conditions for defense lawyers that many faced less obvious but nonetheless serious threats to their independence. Their licenses are subject to renewal annually. They depend on the good will of the police, prosecutors and court officials if they wish to take even rudimentary steps to defend their clients.

Several prominent defense lawyers, including Zhang Sizhi, who helped mold the profession after China emerged from the Cultural Revolution, have criticized the "guiding opinions." On Internet sites for lawyers, the rules have been called the biggest blow to the legal system since lawyers won some independence in the 1980s.

The government has defended the rules in the state-run media. Officials contend that they are intended mainly to protect lawyers and plaintiffs in delicate cases and to "safeguard legal rights." Many lawyers and plaintiffs hold the opposite view.

Human Rights Watch said China could not have an effective legal system until it respected the independence of lawyers and freed them from enforcing the will of the ruling party.

Taiwan's Leader Gets Surprise Lift In Local Elections (WSJ)

By Jason Dean And Chiu Piling

The Wall Street Journal, December 11, 2006

A better-than-expected performance by Taiwan's governing party in weekend mayoral elections could ease political pressure on President Chen Shui-bian and complicate the opposition's efforts to win back control of the government of Asia's fifth-largest economy in 2008 presidential elections.

The elections for mayor in Taiwan's two biggest cities, Taipei and Kaohsiung, were watched closely as indicators of public support for Mr. Chen's Democratic Progressive Party following a spate of corruption scandals affecting people close to the president. In Saturday's polls, the DPP mayoral candidate in Taipei lost to his opponent from the Kuomintang, or Nationalist Party, by a margin that, while large, was narrower than expected. And the DPP candidate narrowly won in Kaohsiung -- a race the party was expected to lose.

The results are far from signaling an end to Mr. Chen's troubles. His wife, indicted last month for alleged misuse of a secret government diplomatic fund, is likely to face trial next year, and the president's approval ratings remain in the low double digits. But analysts said the mixed outcome could at least mean that Mr. Chen avoids pressure from his party to resign before his second and final four-year term ends in 2008. Such pressure could have increased if Mr. Chen's problems had caused a major defeat for the party Saturday.

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The outcome means "relief from President Chen from a potential crisis causing him to step down," said Ho De-fen, a political analyst in Taipei who generally backs the DPP but has been critical of Mr. Chen.

At the same time, the Kuomintang's weaker-than-expected showing dealt a blow to its champion, party chairman and outgoing Taipei mayor Ma Ying-jeou. Mr. Ma has been widely seen as a favorite to win the 2008 presidential vote, a contest already being anticipated by investors and other observers who believe it could yield big changes in Taiwan's relationship with rival China. Mr. Chen's administration has constantly squabbled with China, which claims sovereignty over Taiwan despite nearly six decades of separate rule. Mr. Ma takes a less-confrontational stance toward Beijing, and the possibility of him becoming president has fueled hopes of greater economic ties between Taiwan and China.

But Mr. Ma's previously high popularity has suffered amid allegations that his office improperly accounted for its use of city government funds. And analysts said Mr. Ma is being blamed by many in the opposition for its failure to deal a resounding defeat to the DPP.

The disappointment "has triggered loud criticism from party members of Ma Ying-jeou's integrity and leadership ability," said Wang Yeh-li, a political science professor at Tunghai University in central Taiwan who has supported Mr. Ma in the past.

The Kaohsiung race was especially significant. Southern Taiwan, where Kaohsiung is located, has traditionally been the DPP's base of support. This year, the Kuomintang had hoped that a victory there would debilitate the DPP and solidify its own political momentum heading into legislative elections a year from now and the presidential vote in March 2008.

But DPP candidate Chen Chu won the Kaohsiung race, albeit by just 1,114 votes out of 767,868 total valid ballots. Her opponent, Kuomintang candidate Huang Jun-yin, called for a recount.

In Taipei, Kuomintang candidate Hau Lung-bin won 53.81% of the vote, defeating Frank Hsieh, a former premier under Mr. Chen and possible DPP presidential candidate, who won 40.89%. The margin was far narrower than the 28 points by which Mr. Ma won re-election four years ago.

Augusto Pinochet, Dictator Who Ruled By Terror In Chile, Dies At 91 (NYT)

By Jonathan Kandell

The New York Times, December 11, 2006

Gen. Augusto Pinochet Ugarte, the brutal dictator who repressed and reshaped Chile for nearly two decades and became a notorious symbol of human rights abuse and corruption, died yesterday at the Military Hospital of Santiago. He was 91.

Dr. Juan Ignacio Vergara, head of the medical team that had been treating him, said he died at 2:15 p.m., a week after being hospitalized and undergoing angioplasty and another operation after an acute heart attack. Dr. Vergara said his condition degenerated sharply yesterday morning, and he was moved to the intensive care unit, where he died.

General Pinochet seized power on Sept. 11, 1973, in a bloody military coup that toppled the Marxist government of President Salvador Allende. He then led the country into an era of robust economic growth. But during his rule, more than 3,200 people were executed or disappeared, and scores of thousands more were detained and tortured or exiled.

General Pinochet gave up the presidency in 1990 after promulgating a Constitution that empowered a right-wing minority for years. He held on to his post of commander in chief of the army until 1998. With that power base, he exerted considerable influence over the democratically elected governments that replaced his iron-fisted rule.

He set limits, for example, on economic policy debates with frequent warnings that he would not tolerate a return to statist measures, and he blocked virtually all attempts to prosecute members of his security forces for human rights abuses. Through intimidation and legal obstacles, General Pinochet sought to ensure his own immunity from accountability and in fact was never brought to trial. But in an astonishing turn of events nearly a decade after he stepped down, he was detained in Britain and then, on his return to Chile, forced to spend his retirement years fighting a battery of legal charges relating to human rights violations and personal corruption.

During those last years he lived in near seclusion, mostly at his home in Bucalemu, about 80 miles southwest of Santiago, scorned even by many of his former military colleagues and conservative civilian ideologues. Many were disillusioned by revelations that he held, at the least, $28 million in secret bank accounts abroad.

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"The humiliation Pinochet has gone through is probably a better outcome than any trial could have achieved," said José Zalaquett, Chile's foremost human rights lawyer.

He won grudging international praise for some of the free-market policies he instituted, transforming a bankrupt economy into the most prosperous in Latin America. They included removing trade barriers, encouraging export growth, privatizing state-owned industries, creating a central bank able to control interest and exchange rates without government interference, cutting wages sharply, and privatizing the social security system. Many elements of the so-called Chilean model were widely emulated in the region.

But by the time of his death, even some of those economic victories had been called into question. The privatizing of Chile's social security system, in particular, has come under attack as unjust and is undergoing revision. And across Latin America, many of the countries that had adopted similar reforms are reversing some of them, responding to a growing wave of popular, leftist anger over untrammeled foreign competition and unequal distribution of wealth.

Little Use for Constitution

General Pinochet initially led a four-man junta in the 1973 military coup that brought him to power, with the support of the United States government. President Allende, a democratically elected Socialist, was found dead after shooting himself during an assault on the presidential palace in Santiago. The coup followed many months of political unrest and economic chaos. Hyperinflation, recession, labor strife and middle-class protests had sapped the Allende government of popular support.

General Pinochet (pronounced pee-noh-CHET) soon made it clear that he had little use for political parties, banning all of them. He also dissolved Congress and scrapped the Constitution. He blamed the democratic political system for having allowed a coalition of Socialists and Communists to take control of the government. In a 1973 news conference, he asserted that Chile would require "an authoritarian government that has the capacity to act decisively" and would not return to the traditional political party system for a generation. It was a vow he kept.

In 1974, General Pinochet elevated himself to president, reducing the rest of the junta to a consultative role. He appointed military officers as mayors of towns and cities throughout Chile. Retired military personnel were named rectors of universities, and they carried out vast purges of faculty members suspected of left-wing or liberal sympathies.

The press was censored, and labor strikes and unions were banned. A fearsome security apparatus known as the National Intelligence Directorate, or DINA, persecuted, tortured and killed Pinochet opponents within Chile and sometimes beyond its borders. A government-commissioned report issued in 2004 concluded that almost 28,000 people had been tortured during the general's rule.

Military governments were the rule rather than the exception in Latin America in the 1970s. Whether right wing, as in Argentina and Brazil, or left wing, as in Peru, military dictators came to power promising to impose economic discipline but departed, after some initial success, with the economy in disarray.

General Pinochet proved to be the exception. Though no economic expert, he had at his service a team of technocrats who, months before the coup, put together a radical plan to overhaul the country's battered economy. Some had studied with the Nobel Prize winner Milton Friedman at the University of Chicago and embraced his notions of free-market forces and monetarism.

But economic transformation was slow and painful. Mistakes by the general's economic team provoked a deep recession in the early 1980s that left more than a third of the work force without jobs. The poor survived with the help of soup lines and temporary employment in public works projects that paid less than the minimum wage.

Attempts at strikes or other forms of protest were ruthlessly put down by General Pinochet's secret police. That repression gave the free-market policies time to take hold. Since the mid-1980s, Chile's gross domestic product has grown an average of more than 6 percent a year, the most impressive performance in Latin America.

A Steady Rise in the Army

There were few hints in General Pinochet's early life that he harbored either political ambitions or ideological convictions. The son of a customs inspector, he was born into lower middle-class circumstances on Nov. 25, 1915, in the Pacific port city of Valparaíso. He graduated from the military academy in Santiago in 1937 and rose steadily in the officer corps. He was already a general, and only 55, when he was given the important post of commander of the Santiago army garrison in 1971.

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It was a crucial moment in President Allende's term. Elected the year before with only 36 percent of the vote, Mr. Allende, a physician, had pressed ahead with a Socialist program to nationalize mines, banks and strategic industries, split up large rural estates into communal farms, and impose price controls. The measures soon resulted in steep declines in production, shortages of consumer goods and explosive inflation. A general strike paralyzed Santiago in late 1972, and General Pinochet, as garrison commander, was called on by Mr. Allende to impose a state of emergency in the capital.

This was the first time most Chileans became aware of the tall, broad-shouldered army officer with a brush mustache on his unsmiling face. General Pinochet imposed a curfew, ordered the arrest of several hundred demonstrators on both the left and the right and announced, "I will not tolerate agents of chaos no matter what their political ideology."

His seemingly neutral stance convinced Mr. Allende that he was an officer who could be relied on to observe the Chilean military's century-long tradition of loyalty to civilian government. In August 1973, he appointed General Pinochet commander in chief of the army.

Less than three weeks later, the armed forces overthrew the government. The presidential palace, known as La Moneda, was bombed and strafed by the air force. Mr. Allende shot himself rather than surrender, according to his personal doctor.

Aside from battles at some factories in the Santiago suburbs, there was little resistance to the overwhelming firepower of the military units that fanned out across the country. Tens of thousands of Allende sympathizers were rounded up and brutally interrogated. A majority of the killings took place in the first three months, long after resistance had ended.

In most cases, prisoners from a slum or agrarian community would be executed as a means of terrorizing their neighbors into accepting military rule. The killings were often cynically, and falsely, justified as cases in which prisoners were shot while trying to escape.

The images that most shaped the outside world's low opinion of the military administration were scenes of Santiago's main sports stadium filled with prisoners, and by the public appearances of General Pinochet, eyes hidden behind dark glasses, face set in a scowl, arms folded defiantly across his chest. Although a majority of executions, jailings and cases of torture took place shortly after the 1973 coup, serious human rights abuses waxed and waned over the next 17 years.

By the late 1980s, the economic prosperity General Pinochet created had lulled him into assuming that in free elections he or his chosen candidate would receive the grateful support of a majority of Chileans. But by then most were either too young to remember the Allende years or too confident about the strength of the economy to believe that only an authoritarian government could ensure growth and stability.

Free Elections Ended Rule

In 1980, a new Constitution backed by the Pinochet government made the armed forces "guarantors of institutionality," giving them a nebulous role as political arbiters. It included several other limitations to full-fledged democracy. But in a 1988 plebiscite, an ample majority of Chileans voted against an attempt by General Pinochet to stay on as president for eight more years.

In presidential elections a year later, the former dictator's candidate was handily defeated by Patricio Aylwin, a centrist Christian Democrat supported by parties of the left. In 1993, another Christian Democrat, Eduardo Frei Ruiz-Tagle, was elected president by an even greater margin.

To the delight of the Chilean business community, foreign investment, which had been stunted during the years the government was regarded with international opprobrium, poured back into the country, and Chilean products were welcomed everywhere abroad. Officials of the new Christian Democratic administration were not inclined to tinker with the roaring economic machine they inherited from the Pinochet administration.

"We may not like the government that came before us," Alejandro Foxley, who was finance minister under Mr. Aylwin and is foreign minister today, said in a 1991 interview. "But they did many things right. We have inherited an economy that is an asset."

With the transition to democracy going so well, even General Pinochet's admirers hoped he would settle into a quieter period. Instead, he staged unannounced military maneuvers or placed his troops on sudden alert and gave notice that he would not tolerate attempts to prosecute his era's human rights violators. "The day they touch one of my men, the rule of law ends," he warned in 1991.

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In a rare exception, he stood by as two subordinates were convicted of ordering the murder of Orlando Letelier, foreign minister in the Allende government. Mr. Letelier was killed by a car bomb in Washington in September 1976, along with an American colleague, Ronni Moffitt. The incident, considered the worst act of state-sponsored terrorism on American soil, strained relations between Chile and the United States for almost two decades.

The two went to prison in 1995. Gen. Manuel Contreras Sepúlveda, the head of DINA, the notorious secret police, was sentenced to seven years; his second in command, Col. Pedro Espinoza, was sentenced to six years.

Stories of corruption began swirling around members of General Pinochet's family as well as military personnel, and he used his power as army chief to protect them. He quashed judicial and congressional investigations into the financial dealings of his elder son and of army officers who were accused of running an illegal investment banking operation. Until revelations emerged in late 2004 that he had accumulated secret accounts totaling as much as $8 million at Riggs Bank in Washington, the general, who lived spartanly, was rarely accused of corruption himself. Later, Chilean investigators found that he had as much as $28 million in secret bank accounts in a number of countries.

Through his strong-arm tactics against the democratic governments that succeeded him, General Pinochet was making the point to Chileans that if they wanted to enjoy the capitalist virtues of his former dictatorship, they had better overlook his human rights violations.

Those violations were well documented by the National Commission on Truth and Reconciliation, a nonpartisan group appointed by Mr. Aylwin to investigate the killings and disappearances carried out under the general's 17-year dictatorship. The commission's report cited victims by name and described the ghastly circumstances of their deaths by firing squads, beatings, mutilations, drownings and electrocutions. In all, the report attributed at least 3,200 killings and disappearances to the Pinochet security forces.

General Pinochet scoffed at his human rights critics. Asked about the discovery of a mass grave of his government's victims, he was quoted in the Chilean press as joking that it was an "efficient" way of burial.

Legal Battles to the End

Protected by personal security squads, the general also continued an active social life. He was feted by wealthy admirers on his birthday and on the anniversary of his coup. He was often invited to speak at luncheons given by political supporters and leading businessmen. When he finally stepped down as army chief, he joined the Senate as an unelected, permanent member, apparently intending to grant himself further immunity from prosecution.

But the general did not count on the determination of jurists abroad to bring him to justice. In October 1998, while recuperating in a London clinic from a back operation, he was arrested by the British police in response to an application from a Spanish judge seeking the general's extradition to Madrid to stand trial on charges of genocide, torture and kidnapping.

A 16-month legal battle ensued, ending with a decision to send him back to Chile in March 2000 because his physical and mental ailments made him unfit to stand trial. Days after his return, Ricardo Lagos, the first Socialist to be elected president since the 1973 overthrow of Mr. Allende, assumed office.

For the rest of his life, the general had to fight off lawsuits and accept the humiliation of constant news reports about widespread brutality under his rule. President Lagos allowed the hundreds of criminal complaints filed against General Pinochet to run their course in the courts. He was succeeded in March 2006 by another Socialist, Michelle Bachelet, a former political prisoner and exile. Her father, an air force general loyal to Mr. Allende, was jailed by his colleagues, tortured and died in prison.

General Pinochet spent his final years in near seclusion, with his wife, the former María Lucía Hiriart Rodríguez, 84, with whom he had two sons, Augusto and Marco Antonio, and three daughters, Lucía, Verónica and Jacqueline. They all survive him.

In rare public remarks, he continued to insist that he enjoyed the gratitude and wide support of Chileans. But polls indicated that well over half of his compatriots believed that he should have been prosecuted for his human rights crimes.

A Chilean Dictator's Dark Legacy (WP)

By Monte Reel, J.Y. Smith

The Washington Post, December 11, 2006

DOJ_NMG_0104338

Gen. Augusto Pinochet, 91, the former Chilean dictator whose government murdered and tortured thousands during his repressive 17-year rule, died yesterday at a Santiago military hospital of complications from a heart attack, leaving incomplete numerous court cases that had sought to bring him to justice.

Pinochet assumed power on Sept. 11, 1973, in a bloody coup supported by the United States that toppled the elected government of Salvador Allende, a Marxist who had pledged to lead his country "down the democratic road to socialism."

First as head of a four-man military junta and then as president, Pinochet served until 1990, leaving a legacy of abuse that took successive governments years to catalogue. According to a government report that included testimony from more than 30,000 people, his government killed at least 3,197 people and tortured about 29,000. Two-thirds of the cases listed in the report happened in 1973.

An austere figure who claimed to be guided by "the spiritual force of God as a believer," Pinochet regarded himself as a soldier rather than a politician. With his stern visage and fondness for military uniforms and dark glasses, he seemed to personify implacable authority. He was both an opponent of communism and a critic of "orthodox democracy," which he said was "too easy to infiltrate and destroy."

"I would like to be remembered as a man who served his country, who served Chile throughout his entire life on this earth," he once told an interviewer. "And what he did was always done thinking about the welfare of Chile and never sacrificing my tradition to hand it to other countries."

Pinochet relinquished the presidency in 1990, but he retained the powerful position of head of the army until 1997, when he became a senator for life. He gave up that position in 2002, claiming mild dementia and physical infirmities -- ailments that helped him avoid trials in hundreds of court cases filed against him in recent years.

But legal actions against Pinochet had gathered momentum in the two years preceding his death, as courts locked several of his key subordinates behind bars and raised hopes among victims' families that Pinochet would meet a similar fate. He had been placed under house arrest in Santiago five times, most recently last month in connection with the murders of two of Allende's bodyguards.

Throughout his later years, Pinochet retained loyal supporters, who credited his government with instituting a fiscal discipline that helped make Chile's economy the region's strongest. But he lost many of those backers after multiple probes in recent years revealed financial corruption, including the discovery of millions of dollars in state funds held in numerous secret overseas accounts, among them several at the former Riggs Bank in Washington. As recently as October, Chilean investigators announced the discovery of 10 tons of gold, worth an estimated $160 million, in Pinochet's name in a Hong Kong bank.

Pinochet remained defiant in the face of the accusations, consistently refusing to apologize for his actions as president. But during his 91st birthday celebration last month, his wife read a statement that indicated the authoritarian took "political responsibility" for his government. The vague nature of the statement did little to appease the families of his victims.

"Today, near the end of my days, I want to say that I harbor no rancor against anybody, that I love my fatherland above all," Pinochet's statement read. "I take political responsibility for everything that was done."

Among the crimes attributed to Pinochet during his reign were several high-profile murders that stretched beyond Chile's borders, many carried out by the Directorate of National Intelligence, or DINA, a fear-inspiring secret police agency that Pinochet organized in 1974.

Prosecutors in Washington in 1999 began investigating Pinochet's possible role in the September 1976 car bombing on Embassy Row that killed Orlando Letelier, a former Chilean foreign minister, and his 25-year-old American assistant, Ronni Karpen Moffitt. Six people were imprisoned for the attack, but the case was reopened after Pinochet was arrested in London in 1998 and held for 17 months on a warrant seeking his extradition to Spain on charges of murdering and torturing Spanish citizens in Chile.

His arrest set off a chain of events that led to his return in 1999 to Chile, where the Supreme Court stripped him of immunity the following year. However, a court ruling in 2002 acknowledged that he had vascular dementia and prevented the cases from going to trial. Chile's courts reversed the ruling of dementia in 2004, deeming him fit to stand trial.

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Court filings against Pinochet followed at a rapid pace, and various court rulings toggled back and forth on his legal status. He was stripped of immunity in the case of Gen. Carlos Prats, his predecessor as head of the army, who was assassinated along with his wife in a 1974 car bombing in Argentina.

Last year, another court ruling affirmed his immunity. However, several other cases of human rights abuses were progressing through the court system at the time of his death, including one that charged him with the mass kidnappings and tortures at the infamous Villa Grimaldi prison on the outskirts of Santiago.

To his supporters, Pinochet was a patriot who saved his country from political and economic chaos under the threat of communism, restored order and led it into a period of unprecedented prosperity. In their view, the harsh measures taken under his leadership were justified by the violence of the opposition and the threat of civil war. Finally, they credited Pinochet with restoring the country to civilian leadership under democratic and constitutional principles.

Christian LabbÃ©, a former army colonel and one of Pinochet's closest advisers, told The Washington Post last year that Pinochet had accepted the likelihood that he would die an outcast in his own country, with his achievements under attack by his opponents.

"He knows very well that these things happen to great men," LabbÃ© said. "The great men need to wait for history's judgment, not [current] justice."

The first widespread international backlash against Pinochet followed the Letelier car bombing in 1976. The United States suspended all military aid for several years. Chile was condemned in the United Nations and the European Union. Pinochet disbanded DINA but reorganized the secret police under another name. The Chilean government eventually agreed to pay compensation to the United States but never acknowledged official complicity.

In 1978, Michael Townley, a former CIA employee who worked for DINA, was convicted of placing the bomb on Letelier's car. He implicated Gen. Manuel Contreras, the DINA commander, and Col. Pedro Espinosa, the DINA director of operations. In 1987, army Capt. Armando Fernando Larios, a former DINA operative, surrendered to U.S. authorities and quoted Contreras as saying Pinochet personally had ordered the attack, but offered no direct evidence. In 1993, a Chilean court sentenced Contreras and Espinosa to prison.

In 1982, the movie "Missing" dramatized the fate of two Americans, Charles Horman, 31, and Frank Teruggi, 24, who were killed by Chilean officials in 1973. Those cases are still being litigated.

Though the abuses in Chile lessened considerably in the later years of Pinochet's government, periods of violence and repression occasionally flared throughout his rule. In 1986, for example, the Frente Patriotico Manuel RodrÃ-guez, or FPMR, an organization with links to the communists, announced it was abandoning "peaceful protest" in favor of violence and sabotage. Volodia Teitelboim, the Chilean communist leader, announced on Radio Moscow that it would be a year of "titanic battles."

On July 2, during a general strike, an army patrol seized Rodrigo Rojas, an 18-year-old photographer who lived in Washington, and Carmen Gloria Quintana, 19, and set them on fire. Rojas died four days later, but Quintana survived and was blessed by Pope John Paul II, who visited Chile in 1987. The army at first denied responsibility, but a judge in 1989 sentenced an army captain to 300 days in prison for the attack.

On Sept. 7, the FPMR attempted to assassinate Pinochet as he was driven to Santiago from his country retreat. He escaped unharmed when his driver sped from the scene in reverse. Five bodyguards were killed and 12 were wounded. In retaliation, security agents abducted four communists from their homes and killed them. More than 50 leftists were arrested. The government declared a state of siege.

In the 1980s, Pinochet's government promulgated a new constitution that provided for a plebiscite in 1988 on whether he should continue in office. He received 43 percent of the vote. He declined to be a candidate in a presidential election the following year, which was won by Patricio Aylwin, a Christian Democrat, who took office in 1990.

Chile's current president, Michelle Bachelet, was tortured alongside her mother by Pinochet's government in 1975; her father had been arrested and tortured, and he died of a heart attack in prison shortly after the coup. Bachelet's government announced Sunday that Pinochet would not receive a state funeral usually due former presidents. Pinochet's son Marco Antonio Pinochet said his body would be cremated because his father feared a tomb would be desecrated by his enemies.

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Augusto Pinochet Ugarte was born into an upper-middle-class family in Valparaiso, Chile, on Nov. 25, 1915. After graduating from the Chilean military academy in 1936 and receiving a commission in the infantry, he studied law and social sciences at the University of Chile in Santiago.

He had several appointments as an instructor in military schools. He was the author of standard texts on Chile's geography and its history. In the 1950s, he was assigned as a military attache in Washington and Quito, Ecuador. He was promoted to brigadier general in 1968.

As Chile's 1970 presidential election approached, U.S. officials became increasingly concerned about the prospects of Allende, a Socialist, winning. President Richard M. Nixon directed the CIA to take steps to ensure that this did not happen. But when the ballots were counted, Allende had eked out a bare plurality of 36.3 percent of the vote against two other candidates.

In Nixon's memoirs, he said he quoted an informant who told him that Latin America could become "a red sandwich" with Cuba on one side and Chile on the other. He directed the CIA to "make the Chilean economy scream."

A key part of Allende's program was the nationalization of industry, including U.S.-owned copper companies, and the redistribution of land. By 1973, inflation was soaring and the economy was further crippled by CIA-supported strikes in the trucking industry. The government also was unable to control unofficial land expropriations by leftist groups operating on their own.

In an effort to shore up his government, Allende sought support from the army, which had a long tradition of standing aside from politics in Latin America's longest continuous democracy. Among other things, he put Pinochet in command of the army.

Nineteen days later the coup began. Allende died in the Moneda Palace, the presidential residence and office. There were conflicting reports about whether he committed suicide or was killed by government troops.

Pinochet reportedly had a minor role in planning the coup, but he was a member of a four-man junta that took control immediately afterward. He became president and sole ruler of the country in 1974.

Pinochet ended the nationalizations and returned many businesses and much land to private ownership. Although not an economist, he embraced the free trade policies of Milton Friedman of the University of Chicago. He gave free rein to a group of young Chilean economists who had been trained by Friedman and who were known as "the Chicago boys."

Pinochet's survivors include his wife, Lucia Hiriart Pinochet, and five children.

Ex-Chilean Strongman Pinochet Dies At 91 (LAT)

By Sebastian Rotella, Patrick J. McDonnell

The Los Angeles Times, December 11, 2006

Augusto Pinochet, the embodiment of the brutal and intensely anti-communist South American military dictator, died Sunday, a military doctor said. He was 91 and had suffered a heart attack a week earlier.

Pinochet ruled this Andean nation for 17 years after seizing power in 1973 in a coup that toppled leftist President Salvador Allende. He gave up control in 1990, retiring to a presumed impunity, but he spent the last years of his life fighting charges of human rights abuses and corruption.

Pinochet's coup, which led to the deaths or disappearances of about 3,200 people and the torture of thousands more, is widely regarded as a watershed event in recent Latin American history. The military takeover, experts generally agree, was a dramatic example of how unwilling South American elites were to allow left-wing governments to come to power, even by election.

In an era when Latin America was a raging Cold War battleground and Fidel Castro's Cuba was seen as fomenting revolution, those elites gathered support from allies in Washington.

Thousands of once-classified U.S. documents released in recent years showed that the Nixon administration, through the CIA and other means, worked secretly to undermine Allende's elected government. Pinochet denied any foreign involvement in the coup, declaring: "I never had contact with any American. I swear by the memory of my parents."

But in 2003, then-Secretary of State Colin L. Powell acknowledged a U.S. role in destabilizing Allende's government. "It is not a part of our country's history that we are proud of," he said.

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Other military governments in the region, such as the junta that ruled Argentina, were bloodier than the Chilean dictator's regime. But Pinochet's dominating public persona and his seeming contempt for Chile's venerable democratic traditions marked him as a central figure among Latin America's late-20th century despots.

Pinochet's regime pioneered the use of "disappearance" as a tool of repression, refusing to acknowledge the detention of executed prisoners.

The dictator's much-feared secret police also organized assassinations against dissidents abroad, including a car bombing in Washington on Sept. 21, 1976, that killed Orlando Letelier, Chile's former foreign minister, and an American colleague, Ronni Moffitt.

In recent years, the human rights and corruption charges, as well as his detention for nearly 17 months in Britain, had chipped away at the retired general's aura of steely invincibility.

Although still admired by those who credited him with jump-starting Chile's economic growth, the aging and frail strongman had become somewhat of an embarrassment for a nation that has long taken pride in being more economically advanced and committed to social justice than many of its neighbors.

Reports that Pinochet had stashed away as much as $28 million in secret offshore accounts during his rule alienated even his stalwart supporters. At the time of his final illness, Pinochet was facing fraud and tax evasion charges in connection with the money, which first came to light at U.S. congressional hearings in 2004.

No event marked the exorcising of Chile's authoritarian ghosts more than the election in January of President Michelle Bachelet, a lifelong socialist and former political prisoner exiled during the Pinochet regime.

Among the human rights cases that were pending here against Pinochet was one involving dozens of alleged abuses at Villa Grimaldi, a former torture center outside the capital where the young Bachelet and her mother were held before being allowed to leave Chile.

Bachelet's father, Alberto Bachelet, an air force general deemed a traitor by the military because he aided the Allende government, was arrested and tortured by Pinochet's forces after the coup. He died of a heart attack while in custody, and his daughter blames his death on the abuse he endured.

As president, Bachelet has cultivated warm relations with the military and has been applauded for her attempts at national reconciliation.

On Nov. 25, Pinochet celebrated his 91st birthday with a statement accepting "political responsibility" for acts committed during his rule. But the long-unrepentant general did not explicitly accept legal responsibility, and declared that his aim had been to avert the "disintegration" of Chile, the latest version of an oft-repeated justification for his actions.

"Today, close to the end of my days, I want to make it clear that I hold no rancor toward anybody, that I love my fatherland above all else," Pinochet said in the statement.

Pinochet's death immediately sent thousands of supporters and critics into the streets of Santiago, the capital, some uncorking bottles of champagne in celebration of the general's demise.

But the country remained deeply divided about his legacy. Mourners outside the Santiago Military Hospital, where Pinochet died, shed tears as news of the general's death spread. Authorities planned a funeral Tuesday with full military honors, in accordance with Pinochet's position as a former commander in chief, but without the official protocol accorded a former head of state.

The White House on Sunday issued a statement saying that "Augusto Pinochet's dictatorship in Chile represented one of most difficult periods in that nation's history. Our thoughts today are with the victims of his reign and their families. We commend the people of Chile for building a society based on freedom, the rule of law, and respect for human rights."

Augusto Pinochet Ugarte was born in the port city of Valparaiso on Nov. 25, 1915. His father was a customs agent whose family had come from Brittany, in northwestern France. Augusto was the oldest of six children and the favorite of a strict and demanding mother.

The young Pinochet applied three times to the national military academy before he was accepted. He graduated in 1936 near the bottom of his class. After a year at infantry school, he became a second lieutenant and began an ascent through the

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ranks. As deputy director of Chile's war academy between 1949 and 1951, he published two books on military and historical topics.

Like most Latin American armies during the 1960s, the Chilean military worried about Marxist subversion as Castro's Cuban revolution electrified the region. For some, those fears intensified after 1970, when Chileans elected Allende, a socialist whose victory was seen by supporters as a regional model of the democratic road to socialism.

By 1973, workers were taking over factories and farms. Pro-government leftists and opposition rightists clashed in the streets. Rampant inflation caused chaos and shortages, with people waiting in long lines to buy sugar and toilet paper.

Despite a number of military conspiracies against the left-wing government, Allende promoted Pinochet to commander in chief in August 1973. Less than three weeks later, on Sept. 11, 1973, the newly minted top general staged his coup.

On the day of the takeover, Pinochet ordered fighter planes to attack La Moneda, the presidential palace where Allende had barricaded himself. Pinochet joked with an admiral about providing Allende safe passage on an aircraft, according to transcripts of taped military radio transmissions that surfaced in a 1998 book.

"The offer to remove him from the country stands, but the plane falls, old man, while it's flying," Pinochet said over the radio, eliciting a chuckle from the admiral, according to the transcript.

To this day, the grainy images of the aerial attack on La Moneda run regularly on Latin American news retrospectives. Allende died in the palace, probably a suicide.

Pinochet's troops declared a state of siege and seized thousands of Allende government officials and members of the socialist, communist and other leftist parties. Some were summarily executed or tortured to death. Others died in shootouts, though there was little resistance to the overwhelming force of the military.

The atrocities of the military regime, including kidnappings, executions, torture and rape in secret concentration camps, were carried out in part at the behest of the Directorate of National Intelligence, or DINA. Gen. Manuel Contreras, the DINA director, was the architect of an alliance among South American intelligence services, the so-called Operation Condor, that waged a "dirty war" on political enemies across the globe.

Contreras and Michael Townley, a U.S. citizen working for the Chilean secret police, were later convicted in Chile and the United States, respectively, for their roles in the car bombing in Washington that killed Letelier and Moffitt, still considered one of the most audacious foreign-organized assassinations on U.S. soil. Townley implicated Pinochet in the killing.

Chile's intelligence agents struck in other nations as well. In 1974, former Gen. Carlos Prats, Pinochet's predecessor as head of the army, was blown up along with his wife in the garage of the couple's Buenos Aires apartment building. Authorities in Argentina unsuccessfully sought Pinochet's extradition in the killings.

Other crimes against Pinochet's political opponents abroad, along with the influence of a diaspora of hundreds of thousands of Chileans, made the dictator something of a pariah.

But former Secretary of State Henry A. Kissinger remained a staunch supporter of Pinochet, despite public comments that attempted to distance the U.S. government from the dictator. Kissinger met with Pinochet in Santiago on June 8, 1976, and privately reassured the strongman of continued White House support despite increasing hostility in Congress.

"In the United States, as you know, we are sympathetic with what you are trying to do here," Kissinger told Pinochet, according to a declassified State Department memorandum obtained in 1999 by Lucy Komisar, a New York journalist. "I think that the previous government was headed toward communism. We wish your government well."

Kissinger added: "My evaluation is that you are a victim of all left-wing groups around the world, and that your greatest sin was that you overthrew a government which was going Communist."

Pinochet's relations with Washington soured under the Carter administration, with its emphasis on human rights, and the decline continued through the presidencies of Ronald Reagan and George H.W. Bush. The Chilean leader blamed Marxist propaganda and criticized the United States for pressuring him to restore democracy.

A U.S. Senate investigative committee headed by the late Sen. Frank Church (D-Idaho) revealed that the CIA had secretly bankrolled the Chilean opposition for years. Former CIA chief Richard Helms pleaded no contest to lying to Congress about the Chile operation.

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An avid reader of books about Roman emperors and Napoleon, the stiff-backed, shrill-voiced Pinochet cultivated an imperial mystique. He promoted himself to the exalted and antiquated rank of captain general.

He sported ornate uniforms — sometimes a white tunic trimmed in red and gold, other times a flowing cape draped over his shoulders as he reviewed goose-stepping troops.

His men revered him as a gruff patriarch who embodied the pride and Prussian-instilled tradition of the Chilean army, one of Latin America's most powerful militaries.

"Not a leaf moves in this country if I am not moving it," Pinochet boasted shortly after the coup.

In the later years of his rule, Pinochet claimed credit for an economy that had begun growing steadily after early struggles and miscues. Pinochet knew little about economics, but he gave carte blanche to technocrats who were known as the "Chicago boys" because they had studied economics at the University of Chicago.

The Chicago boys launched an ambitious and experimental set of free-market reforms. They reduced the size of government, privatized state industries and promoted free enterprise. Exports boomed. Chile became the economic showcase of Latin America.

Nations across the region began adopting similar reforms in the late 1980s, and innovations such as a privatized social security system have been copied elsewhere. Pinochet boasted that low-income home construction had set records and that the infant mortality rate had plummeted.

But debate persists over whether the credit for brisk economic growth and poverty reduction should go to the military regime or to the four civilian governments that followed it. Critics say Pinochet's wrenching policy shifts inflicted lingering damage on public health, education and other social services.

Despite the growing economy, a pro-democracy movement steadily gained strength in Chile during the 1980s. In 1988, Pinochet agreed to hold a referendum on his continued rule. Chileans said no to the dictatorship by a margin of 57% to 43% in a historic vote that helped pave the way for a return to democracy.

An opposition coalition led by Christian Democrats and that included socialists won a subsequent national election.

Pinochet handed the presidency to Patricio Aylwin on March 11, 1990. The center-left coalition agreed to let Pinochet retain command of the army and to respect the pro-military constitution and rules he had imposed, including a broad amnesty for military officers.

"The day they touch one of my men, the rule of law ends," Pinochet warned before ceding power.

Pinochet belittled the findings of an investigative panel known as the Rettig Commission, which in 1991 documented his regime's abuses. He dismissed the estimated 2,000 "disappeared" political prisoners in his characteristically hard-nosed and unpolished style: "They were nothing but bandits."

But his civilian successor said the general exercised a stabilizing influence. "If Pinochet had not been there during the transition," Aylwin said, "we would have had in Chile attempts at insurrection carried out by subordinates."

Pinochet retired as army chief in March 1998. He immediately became senator for life, a post he created for himself that shielded him from prosecution.

He aspired to a moderate image, making overtures to centrist Senate colleagues and hinting that he might not back a rightist presidential candidate.

Then came a fateful trip to Britain, a nation he had visited often and admired. Pinochet and the Chilean government knew about an investigation by Spanish Judge Baltasar Garzon, a magistrate on a quixotic crusade to bring South American oppressors to justice. But the former dictator, who had decided to undergo back surgery in London, apparently thought his diplomatic passport would protect him.

On Oct. 16, 1998, British police officers walked into Pinochet's hospital room as he recovered from the operation and placed him under arrest. At that moment, Pinochet lost his battle to rehabilitate himself in the history books.

Just more than a month later, Britain's highest court ruled that the aging former dictator could be prosecuted on charges of murder, torture and hostage-taking, saying his official immunity offered no protection for crimes against humanity.

Pinochet remained under house arrest for nearly 17 months, fighting efforts to send him to Spain for trial on genocide charges under international law.

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In March 2000, British officials ruled that a series of strokes had left Pinochet unable to stand trial. Physically and psychologically debilitated, he returned home, branded as a criminal abroad and rendered increasingly irrelevant in Chile, where even many rightist leaders distanced themselves.

Pinochet spent his final years living discreetly, but opulently, in the several homes owned by his family. He and his wife, Lucia Hiriart, had five children, who remained steadfastly loyal to their father as he fought a series of human rights prosecutions inspired by the detention in Britain. Even as his reputation plummeted, his children denounced the mounting charges as politically motivated persecution.

But the financial scandals that dogged Pinochet in his final years also swept up members of his family, who were accused of at least implicit knowledge of the long-secret overseas accounts. His wife and five children have faced charges of tax evasion or using false passports in connection with the offshore money. A daughter-in-law and the general's former secretary also have been charged. All denied wrongdoing and were freed after posting bonds as the cases worked their way through Chile's courts.

Pinochet's eldest daughter, Lucia Pinochet Hiriart, fled to the United States in January 2006 and sought political asylum after being charged in the tax evasion case. After U.S. officials looked askance at her application, she quickly withdrew it and returned to Chile.

Pinochet lived to see the public rehabilitation of Allende, a martyr of the Latin American left whose bronze likeness stands outside the presidential palace, emblazoned with some of his last words: "I have faith in Chile and its destiny."

Pinochet was deeply superstitious, former aides said. At times, he also seemed prophetic, all but predicting his misfortune in an interview with the New Yorker magazine shortly before his 1998 arrest.

"I've always been a very studious man, not an outstanding student, but I read a lot, especially history," Pinochet said. "And history teaches you that dictators never end up well."

Former Chilean Dictator Augusto Pinochet Dies (CHIT)

By Colin McMahon

Chicago Tribune, December 11, 2006

Former Chilean dictator Augusto Pinochet, whose military regime killed thousands of political opponents in one of Latin America's bloodiest "dirty wars," died Sunday, weakened by ill health, pursued by government prosecutors and abandoned by all but his most loyal defenders. He was 91.

Shorn of his swagger and absent the menacing look he would flash from behind dark glasses, Pinochet at his death was a mere ghost of the emblematic military strongman who played a critical role in the Americas of the 1970s and 1980s.

Instead, Pinochet had adopted the grandfatherly image of a retired statesman. He had lobbied for a place in history that would reward him for opening Chile's economy. And he had defended his regime as just having done what was necessary to impose stability by seizing power in 1973.

Pinochet had saved Chile from communism, his supporters insisted: His only crime was being a patriot.

But the blood of the Pinochet era, most it shed by the regime itself, followed Pinochet around well after he left power in 1990.

It followed him to Europe, where human-rights lawyers lobbied for Pinochet's arrest on charges that he had ordered the torture, disappearance and death of political dissidents.

Then the blood followed Pinochet home. And by the time he suffered a serious heart attack that sent him to a Santiago hospital a week ago, Pinochet was under house arrest awaiting trial on charges ranging from abuse of power to stealing from the Chilean state.

"Pinochet was a very polarizing figure, and for some time after the end of the regime Chileans were still split about him," said Rebecca Evans, an associate professor of politics and international relations at Ursinus College in Pennsylvania. "But in the last several years, his image has steadily deteriorated."

Pinochet lost most of his remaining international support in the late 1990s, when evidence produced in European courts linked him to the deaths or disappearances of political opponents during the 1970s and 1980s.

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A government commission estimated that more than 3,000 people died or disappeared at the hands of the Pinochet regime. Thousands more were politically persecuted, some detained and tortured, others exiled, and still more harassed by secret police.

Yet a sizable minority of Chileans would not condemn Pinochet. Sometimes his supporters denied crimes had occurred. Sometimes they said the oppression was needed to protect Chile from a leftist takeover funded and engineered by Cuba's Fidel Castro and the Soviet Union.

And sometimes, preposterously to Chileans who remembered Pinochet's remark that "not a leaf moves in this country unless I move it," his supporters argued that the supreme commander himself did not know about the abuses.

"The younger generation does not understand the full picture. We were on the verge of collapse," said Guillermo Garin, a retired general who remained loyal to Pinochet. "If human rights were violated, they were violated as part of the struggle to protect the human rights of the majority of the Chilean public."

To Garin and other Pinochet allies, the coup that brought down the democratically elected presidency of Salvador Allende was Chile's salvation. Pinochet not only kept civil war from breaking out, but he also helped stop communism from taking root in South America.

Later, Garin said, the economic policies that Pinochet imposed, the privatizing of state businesses and the opening of domestic and international markets, set the stage for Chile's long stretch of solid economic growth.

History, Garin said in a recent interview, would judge Pinochet kindly.

But the shadow of the rights abuses grew darker and longer over Pinochet as he approached death.

Secret accounts in foreign banks, some holding millions of dollars, turned up tied to Pinochet. Pinochet family members were accused of enriching themselves at public expense.

Supporters who had absolved Pinochet's "excesses" in fighting communism could not brook theft. His reputation as a hard case politically but a man of personal integrity crumbled. Even support within the army faded away.

"Some crazies still love him," Santiago political analyst David Altman said recently. "But more people are seeing the dictatorship for what it was."

The dictatorship was, at first, a four-man affair, with Pinochet representing the army on the military junta.

How involved Pinochet was in planning the coup, just as how involved the United States and the CIA were in supporting the coup, remains unclear. But once the socialist Allende was ousted, Pinochet quickly moved to consolidate control.

Yet Pinochet's rise to the top was 40 years in coming.

Augusto José Ramón Pinochet Ugarte was born on Nov. 25, 1915, in Valparaiso, to a middle-class merchant family. He went to Catholic school as a youngster, entered the military academy in 1933, against his mother's wishes, and then embarked on an army career that would see him rise steadily through the ranks.

Along the way, Pinochet married and had five children--three daughters and two sons.

He became commander in chief of the Chilean army in August 1973. Allende himself appointed Pinochet to the post, believing the fellow Masonic lodge brother to be loyal.

But with strikes paralyzing Santiago and Congress accusing Allende of violating the constitution, Pinochet and his fellow chiefs of staff moved against the president.

Allende was found dead before troops could seize him. Most experts believe he committed suicide.

Though many Chileans reacted with joy to the coup, the political violence that followed tore families apart.

Among the victims was the family of the current Chilean president, Michelle Bachelet. Her father was an Air Force officer who was arrested, tortured and killed shortly after the coup.

Bachelet herself, who was 22 at the time, and her mother were detained. They were held for a short time in a notorious detention center where women and girls were beaten, abused and raped. They then fled into exile.

Late last month, during his 91st birthday celebration, Pinochet issued a statement that for the first time indicated any acceptance of responsibility for the crimes committed under his regime.

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"Today, near the end of my days, I want to say that I harbor no rancor against anybody, that I love my fatherland above all and that I take political responsibility for everything that was done which had no other goal than making Chile greater and avoiding its disintegration," Pinochet said in a statement read by his wife.

Meanwhile, a member of Allende's own re-constituted Socialist Party is president of Chile. Pinochet's ideological enemy, Castro, is passing authority over Cuba to his brother, Raul Castro. The socialist Hugo Chavez has been re-elected president of Venezuela. And left-leaning presidents run more than a half-dozen other nations in Latin America.

As for the Pinochet name, it is shorthand across the region for right-wing, military repression.

Former Chilean Dictator Pinochet Dies At 91 (MCT)

By Kevin G. Hall, Jack Chang, Helen Hughes

McClatchy, December 11, 2006

SANTIAGO, Chile - Hounded by human rights groups until the end and defended with equal zeal by the armed forces, Chile's controversial former dictator Augusto Pinochet Ugarte died Sunday from complications after suffering a heart attack last week. He was 91.

History likely will remember Pinochet as a figure with twin legacies: His bloody right-wing rule and defense against Soviet and Cuban communism changed the fate of not only Chile but also its neighbors in the southern cone of South America.

Decades later, attempts to prosecute Pinochet at home and abroad in the final years of his life set a precedent likely to be felt across the globe: that there is no statute of limitations on human rights abuses.

Thousands filled the streets of Santiago on Sunday after the announcement of his death, both weeping supporters and some critics, most peacefully marking his passing, though a few scuffles were reported.

Pinochet seized power on Sept. 11, 1973, in a bloody U.S.-backed coup that was aided in the planning stages by the CIA, according to U.S. documents released in 2000. Amid intense social strife, the military coup toppled elected socialist President Salvador Allende, and Pinochet emerged as the leader of the junta, recognized almost immediately by the Nixon administration. He ruled until 1990.

The Cold War is the context in which Pinochet will be remembered: He wore a scowl, dark sunglasses and in his ruthless fight against communism in South America once boasted, "Not a leaf moves in Chile without my knowing about it."

He executed socialist and communist leaders and interrogated and often tortured tens of thousands of Chileans and foreign nationals suspected of subversion. He also forged close ties with dictatorships in neighboring Paraguay, Uruguay, Brazil and Argentina to create Operation Condor, in which the countries' intelligence agencies traded information on leftists and detained each other's nationals for return, torture and often death.

Pinochet set the model for a take-no-prisoners approach to communism with widespread human rights abuses, but in his final days he suffered the consequences of his excesses, hit with prosecution attempts that brought relief to victims' families and angered supporters - who lovingly called him "my general."

"He did a great evil in this country," said attorney Hugo Gutierrez, who represented the relatives of dictatorship-era victims in cases against Pinochet. "The only legacy he will leave is that social conflicts must be solved in peaceful ways and not with the insanity that Pinochet brought to Chile."

Yet dozens of Pinochet's supporters appeared outside the Hospital Militar in the capital of Santiago after his heart attack last week to bid him an emotional farewell.

"He had the strength and courage to save us from a civil war and from becoming a second Cuba," said Santiago resident Silvia Perez De Arce outside the hospital. "What Chile is today is due to Pinochet."

One Pinochet legacy has a brighter side - he brought economic prosperity to Chile. Under him, Chile did away with most labor unions and revamped its economy with market-friendly advice from University of Chicago economists dubbed "The Chicago Boys."

He launched ambitious economic incentives that transformed the country into the region's most stable economy and brought him support from a large segment of Chilean society. Chile became an exporter of grapes, wine, salmon - three Chilean

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products always in U.S. supermarkets. Chile has in recent years signed free trade agreements with the United States, China and other countries.

"In a way he epitomizes Latin American dictators, except he was a very successful dictator, and I think that's what stands out," said Chilean historian Alfredo Jocelyn-Holt. "People who think highly of Pinochet insist he brought about (economic) revolution before Thatcher and Reagan. For the right wing, Pinochet is thought of as very significant."

But like much in Pinochet's 17-year rule, the transformation came with an asterisk attached. Many of Chile's gains came through undemocratic means. For example, Chile's maturation into an important timber and forestry exporter came at the expense of indigenous Mapuches, who under Pinochet saw land restoration programs reversed and who lost collective lands that were their ancestral tradition.

Pinochet died at the hospital, his family at his side.

He was at the time of his death the subject of six prosecutions, four for human rights violations and two for financial corruption.

Two weeks ago, at his 91st birthday party on Nov. 25, 2006, Pinochet's wife read a statement from the general in which he for the first time took "full political responsibility for what happened" during his government. The statement said he had acted with "no other goal than making Chile greater and avoiding its disintegration."

Official estimates show Pinochet's government executed 3,197 people for political reasons, more than 1,000 of them people who disappeared.

Ironically, Pinochet died on Human Rights Day, the annual anniversary of the United Nations General Assembly's 1948 adoption of the Universal Declaration of Human Rights.

The former ruler was under house arrest at the time of his death after being indicted for the kidnappings and executions of two Allende security guards shortly after the 1973 coup.

In October, he was indicted for abuses at the Villa Grimaldi detention center in Santiago, where hundreds were held and tortured. The country's current socialist President Michelle Bachelet and her mother were among those sent to Villa Grimaldi.

Many of Pinochet's supporters, who remained loyal for years, abandoned the ex-dictator in 2004 after news broke that he had amassed some $28 million in foreign bank accounts. Pinochet's former spy chief Gen. Manuel Contreras said the money came from arms and drug trafficking, which Pinochet's family denied.

Pinochet managed to escape numerous prosecutions for health reasons, although human rights groups accused him of faking his illnesses. He suffered several strokes and was diagnosed with diabetes and, according to his doctors, mild dementia.

The Bachelet government decided to give him a funeral as a former head of the military and not as former head of state. According to the Chilean military, he will receive a funeral Mass 11 a.m. Tuesday at the country's military academy in Santiago, and his body will be cremated. There will also be memorial services Monday.

Born on Nov. 25, 1915, in Valparaiso, Pinochet seem destined for anything but fame when it took him three tries to win acceptance at Chile's prestigious national military academy Escuela Militar. He graduated four years later as a second lieutenant in the infantry, rising through the ranks to become a professor at his alma matter in 1951, teaching geopolitics. Pinochet's interest in geopolitical strategy would be shown later as he and archrival Cuban dictator Fidel Castro jockeyed for influence in the Americas.

Pinochet served in important posts throughout Chile and abroad in Ecuador, and was tapped by Allende as armed forces commander on Aug. 23, 1973, after months of coup rumors. He replaced Gen. Carlos Prats, who had resigned. Officials in neighboring Argentina have accused Pinochet of plotting the September 1974 car bombing in Buenos Aires that killed Prats and his wife Sofia Cuthbert.

Pinochet burst onto the international stage with the dramatic 1973 coup, which included the haunting Air Force bombing of the La Moneda presidential palace and the apparent suicide of Allende with an AK-47 assault rifle that was reportedly a present from Castro.

Pinochet's government was also believed responsible for the 1976 assassination of former Chilean Foreign Minister Orlando Letelier in Washington, D.C.

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Pinochet's 1980 constitution formally installed him as president of the country. He survived a September 1986 assassination attempt by Marxists before losing a national referendum on his rule in October 1988. He agreed to return Chile to civilian rule with elections in 1989 and finally transferred power to Patricio Aylwin Azocar in March 1990.

However, the strongman continued to cast a long shadow over Chilean politics as commander of the armed forces, a post he held until 1998 when he stepped down and became a senator-for-life. He menaced elected leaders from the sidelines until his Oct. 16, 1998, arrest in London in response to a Spanish extradition request.

British Home Secretary Jack Straw set Pinochet free on March 2, 2000, and he returned to Chile to face criminal complaints that numbered more than 300 at the time of his death. After losing his immunity from prosecution as a senator-for-life on July 25, 2000, Pinochet faced prosecution efforts for the Caravan of Death - the name given to death squads that roamed Chile carrying out summary trials and executions in the first weeks of his rule.

In 2002, the country's Supreme Court declared Pinochet too infirm to face Caravan of Death prosecutions but reversed itself this July, clearing the way for Pinochet's indictment for the killings of Allende's security guards.

At the end of his life, the ex-dictator saw his sway over Chile diminish as the country entered its 17th year under the center-left Concertacion coalition. Yet Sunday's outpouring of support for him on the streets of Santiago and the worldwide impact of his death showed that his legacy remained enduring and complicated.

"He is a mythical figure and as such he will never die," Jocelyn-Holt said. "Neither demons nor gods die, they simply pass away until someone erects them."

Controversial Legacy Of Former Chilean Dictator Augusto Pinochet (CSM)

By Jen Ross

The Christian Science Monitor, December 11, 2006

Gen. Augusto Pinochet, who overthrew Chile's democratically elected Communist government in a 1973 coup and ruled for 17 years, died Sunday without ever having been condemned for the human rights abuses committed during his rule.

The date - December 10, the UN's International Human Rights Day - could not have been more symbolic for the passing of a man who best symbolized the international struggle to end impunity for human rights abusers in Latin America.

"It's no consolation to anyone that Pinochet has been subjected to a long legal battle, given that it has never resulted in a condemnation. That's what his victims will lament most about his death," says Sergio Laurenti, executive director of the Chilean wing of Amnesty International.

A paradoxical and symbolic regional figure, Pinochet is one of the most recognized emblems of Latin America's Dirty Wars against leftists during the 1970s and '80s. Pinochet's rise

In 1970, Chile became the first country in Latin America to elect a socialist leader. President Salvador Allende quickly moved to nationalize foreign-owned industries and rectify Chile's gross economic disparities. But by 1972, internal dissent, failing production, and covert international attempts to undermine Mr. Allende's government combined to create an atmosphere of high political tension that many Chileans feared would crescendo into class warfare or civil war.

On Sept. 11th, 1973, two weeks after being appointed commander-in-chief of Chile's Army, Pinochet led a military junta of four officers who sent war planes to bomb the presidential palace, La Moneda. Once Pinochet's treason and the forces against him became clear, Allende committed suicide.

Pinochet imposed a curfew and ordered mass arrests in an effort to root out opposition. Declaring himself president in 1974, he eliminated Congress, political parties, freedom of speech, habeas corpus, and trade unions. At least 27,000 people were tortured while in detention, and an estimated 3,200 Chileans were killed or disappeared during his 17-year-rule.

Political scientists say that, although many dictators elsewhere in Latin America were responsible for more deaths, Pinochet is the most notorious because of what he embodies.

"He overthrew Latin America's first democratically elected Marxist leader, who himself was a symbol," says Robert Funk, a political science professor at Santiago's Diego Portales University.

In 1998, Pinochet narrowly lost a referendum on his rule, giving way to a democratic government in 1990, led by center-left president Patricio Aylwin. Passions he stirs

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Although it has been 33 years since the military coup staged by Augusto Pinochet, and more than 16 years since the end of his rule, he still stirs passions on both sides.

Car horns honked here in celebration on Sunday, while tens of thousands of his opponents gathered in plazas across the country to cheer and celebrate his passing.

Meanwhile, more than 1,000 supporters gathered to mourn the man and express their outrage at the international media. With photos of Pinochet taped to their bodies, and waving flags or hand-painted signs, they came to Chile's Military Hospital to express their gratitude for the deceased strongman.

Pinochet still boasts a decidedly committed following who remember him as a savior.

According to opinion polls, somewhere between 20 and 30 percent of the population was still professing their support for Pinochet and his military regime as recently as one year ago, says Claudio Fuentes, director of the Latin American Faculty of Social Sciences, an independent think tank based in Santiago.

Others say there's an element of nostalgia involved. "But more important, what there is in Chile, as there is in the rest of Latin America, is a fetish for authority," says Mr. Funk. "That respect that we see for Pinochet now is in many ways the support for someone who had a strong hand and made things run in a more orderly fashion." Credited with stimulating economic growth

Though condemned for its brutality, his regime is credited with stimulating economic growth.

"Pinochet, of course, became known for the economic reforms that he championed, which became perhaps the first case of neoliberal reform, not only in Latin America but in the world, and which were then copied by governments such as [US President Ronald Reagan and [British Prime Minister Margaret Thatcher]," says Funk.

During his 17 years in power, Pinochet controlled inflation, united the country with highways, and helped Chile's economy grow steadily. He is credited for heralding an economic miracle for this developing nation, whose economy is now considered the most stable in the region.

"He led a series of social, economic, and political reforms that changed the face of our country," says supporter and history teacher Mauricio Schiapacasse. "When he took power, 40 percent of the population had sewers; when he left, 90 percent did. He created a private health-care system that focused on the poorest sectors. He took 150,000 families out of shantytowns and gave them property. And he achieved an economic growth rate of 10 percent. So many people are thankful for that and will never forget him."

Mr. Schiapacasse says Pinochet's legacy has been distorted outside of Chile by a deliberate campaign of disinformation financed by international leftists, including the more than 500,000 Chileans exiled during the dictatorship.

"We have to recognize that these human rights problems existed, but at some point they've come to eclipse the image of what he did for our country," says retired Gen. Luis Cortes Villa, Director of the nonprofit Pinochet Foundation, which is dedicated to giving out scholarships and preserving the positive side of his legacy. Symbol for human rights violations

But for most of the world, Pinochet's legacy is synonymous with human rights abuses. Pinochet had long been seen as an untouchable in Chile, but in 1998, Spanish judge Baltasar Garzón mounted an offensive, using international instruments barring crimes against humanity to argue for Pinochet's extradition from London.

The former dictator spent more than a year under house arrest until he was deemed too ill and returned to Chile for judgment. But as the world looked on, in 2002, Chilean courts finally declared Pinochet mentally unfit to stand trial.

Since then, Pinochet has been formally charged six times for various crimes, but was twice exonerated for dementia.

In late November, Pinochet was placed under house arrest on kidnapping charges stemming from the Caravan of Death case, in which Pinochet is accused of having sent soldiers to round up and kill opponents shortly after his military coup in 1973. The families of his victims had also filed more than three hundred civil suits against him.

While he has never been found guilty by the courts, some of his detractors have taken comfort in the fact that his popularity has suffered enormously in recent years as a result of these trials.

And Pinochet himself recently issued a sort of mea culpa. To mark his 91st birthday on Nov. 25, Pinochet issued a statement in which he took "political responsibility" for everything that took place under his rule, although he said he had believed it was in Chile's best interests. He also alluded to his failing health, saying: "Today, close to the end of my days, I want to make clear that I hold no rancor toward anyone."

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The government has not yet said how it will remember Pinochet, and whether it will hold a funeral with full honors, as is the custom for former heads of state and military commanders.

For many Chileans, his death marks the end of an era and what they believe will herald a period of reconciliation for Chile's polarized political classes.

Chilean Dictator Pinochet Has Died (AP)

AP, December 10, 2006

SANTIAGO, Chile -- Gen. Augusto Pinochet, who overthrew Chile's democratically elected Marxist president in a bloody coup and ruled this Andean nation for 17 years, died Sunday of complications following a heart attack. He was 91.

The brief announcement by the Santiago Military hospital said Gen. Pinochet's condition had worsened suddenly and doctors had rushed him back to the intensive care unit, from which he had been removed on Thursday while recovering from an acute heart attack he suffered one week ago. Dr. Juan Ignacio Vergara, spokesman for the medical team that had been treating Gen. Pinochet, said his family was with him when he died.

Gen. Pinochet's health had been deteriorating for years. Doctors implanted a heart pacemaker in 1993 and he suffered from diabetes and arthritis. He also was diagnosed with mild dementia caused by several strokes.

Hundreds of supporters of the former dictator, some weeping, gathered in front of the hospital chanting "Pinochet! Pinochet! Long Live Pinochet!" Anti-Pinochet motorists shouted insults at them and celebrations broke out in several parts of the Chilean capital.

Hugo Gutierrez, a human rights lawyer involved in several lawsuits against Mr. Pinochet, lamented that "this criminal has departed without ever being sentenced for all the acts he was responsible for during his dictatorship." Lorena Pizarro, president of an association of relatives of the dictatorship's victims, noted ironically that Mr. Pinochet had died "on Dec. 10, the international day of human rights."

But the office of former British Prime Minister Margaret Thatcher, who had been a close ally of Gen. Pinochet, said she was "greatly saddened" by his death.

President Michelle Bachelet, who was imprisoned and mistreated during the dictatorship, recently said it would be "a violation of my conscience" to attend a state funeral for him.

One of Gen. Pinochet's sons, Marco Antonio, has said that his father asked to be cremated to avoid desecration of his tomb by "people who always hated him." A military funeral was likely.

Gen. Pinochet took power on Sept. 11, 1973, demanding an unconditional surrender from President Salvador Allende the country's freely elected Marxist president, as warplanes bombed the presidential palace in downtown Santiago. Instead, Mr. Allende committed suicide with a submachine gun he had received as a gift from Fidel Castro.

Chile's government says at least 3,197 people were killed for political reasons during his rule, but after leaving the presidency in 1990 Gen. Pinochet escaped hundreds of criminal complaints because of his declining physical and mental health, with courts ruling out proceedings at least twice in recent years as victims of his rule pressed efforts to bring him to justice.

MORE ON PINOCHET

Key dates in Pinochet's career1, from chief of the army to dictator.

As the mustachioed Gen. Pinochet crushed dissent during his 1973-90 rule, he left little doubt about who was in charge. "Not a leaf moves in this country if I'm not moving it," he once said.

But when it came to his regime's abuses, Gen. Pinochet refused for years to take responsibility, saying any murders of political prisoners were the work of subordinates. Then on his 91st birthday -- just last month -- he took "full political responsibility for everything that happened" during his long rule. The statement read by his wife, however, made no reference to the rights abuses.

Born Nov. 25, 1915, as the son of a customs official in the port of Valparaiso, Gen. Pinochet was commander of the army at the time of the 1973 coup, appointed 19 days earlier by the president he toppled.

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The CIA tried for months to destabilize Mr. Allende's government, including financing a truckers strike that paralyzed the delivery of goods across Chile, but Washington denied having anything to do with the coup. In the days after Gen. Pinochet's seizure of power, soldiers carried out mass arrests of leftists. Tanks rumbled through the streets of the capital.

Many detainees, including Americans Charles Horman and Frank Teruggi, were herded into the National Stadium, which became a torture and detention center. The Americans were among those executed by the Chilean military, their deaths chronicled in the 1982 film "Missing." Other leftists were rounded up by a death squad known as the "Caravan of Death." Victims were buried in unmarked mass graves in the northern Atacama desert, in the coastal city of La Serena and in the southern city of Cauquenes.

Gen. Pinochet pledged to stay in power "only as long as circumstances demand it," but soon after seizing the presidency, he said he had "goals, not deadlines." He disbanded Congress, banned political activity and started a harsh anti-leftist repression. Within years, Chile and other South American countries with right-wing governments launched Operation Condor to eliminate leftist dissidents abroad.

In May 2005, some of the strongest evidence against Gen. Pinochet emerged, when Gen. Manuel Contreras, the imprisoned head of the former dictatorship's secret police, gave Chile's Supreme Court a list describing the fate of more than 500 dissidents who disappeared after being arrested by the secret police. Most were killed, their bodies flung into the sea.

Gen. Contreras, who is serving a 12-year sentence for the disappearance of a young dissident in 1975, said Gen. Pinochet was responsible. Gen. Pinochet blamed all the abuses on subordinates.

"Justice has been too generous with Pinochet," said Viviana Diaz, whose father was among the disappeared. She said the fact that the dictator was never punished "is the impotence that we have, and the reason for the fight we have waged all these years to eliminate impunity in our country."

Gen. Pinochet defended his authoritarian rule as a bulwark against communism -- and even claimed part of the credit for the collapse of communism. He repeatedly said he had nothing to ask forgiveness for. "I see myself as a good angel," he told a Miami Spanish-language television station in 2004.

With his raspy voice, he often spoke in a lower-class vernacular that comedians delighted in mimicking. But his off-the-cuff comments sometimes got him into trouble. Once, he embarrassed the government by saying that the German army was made up of "marijuana smokers, homosexuals, long-haired unionists." On another occasion, he drew criticism by saying the discovery of coffins that each contained the bodies of two victims of his regime's repression was a show of "a good cemetery space-saving measure."

Shrewd and firmly in command of his army, Gen. Pinochet saw himself as the leader of a crusade to build a society free of communism. Amid the upheaval in 1973, the economy was in near ruins, partly due to the CIA's covert destabilization efforts.

Gen. Pinochet launched a radical free-market economic program that, coupled with heavy foreign borrowing and an overvalued peso, triggered a financial collapse and unprecedented joblessness in the early 1980s. Eventually, the economy recovered, and since 1984 Chile has posted growth averaging 5% to 7% a year.

The dictator tried to remain in control of the nation of 15 million people, but Latin America was gravitating toward civilian rule. On Oct. 5, 1988, he lost a national referendum on a proposal to extend his rule until 1997. He was forced to call a presidential election, which was won by center-left coalition candidate Patricio Aylwin. Gen. Pinochet handed over power to Mr. Aylwin in March 1990 but remained army commander for eight more years and then was a senator-for-life, a position guaranteed under the constitution written by his regime.

In 1998, the former dictator traveled to London to undergo back surgery, but was placed under house arrest after a Spanish judge issued a warrant seeking to try him for human rights violations. British authorities decided he was too ill to stand trial and sent him home in March 2000.

Back in Chile, ghosts of the past dogged the retired general. More than 200 criminal complaints were filed against him, one involving the Caravan of Death. But on July 9, 2001, a court ruled that he could not face trial because of his poor physical and mental health after court-appointed doctors diagnosed him with a mild case of dementia. A 2004 case against him was also stopped because he was found unfit to stand trial.

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Still, his foes and relatives of his regime's victims kept trying to bring him to trial, successfully having him indicted and held under house arrest several times. But chances of any case reaching trial always appeared dim.

In 2004, a U.S. Senate investigative committee found Gen. Pinochet kept multimillion-dollar secret accounts at the Riggs Bank in Washington. In all, investigators said he had up to $17 million in foreign accounts, and Chilean courts charged him with owing $9.8 million in back taxes. He was also indicted on tax evasion charges, along with his wife and three children.

While many of his military and civilian followers staunchly supported him throughout his legal battle against human rights accusations, he was isolated and almost abandoned as the money dealings became public. Many expressed frustration and disappointment. "We deserve an explanation for this," said retired Gen. Rafael Villarroel, once one of Gen. Pinochet's closest aides.

Since the mid-1990s, Gen. Pinochet led a mostly secluded life between his heavily guarded Santiago mansion and his countryside residence. He rarely appeared in public other than for checkups at the Santiago army hospital.

Associates said he lost interest in politics and rarely paid attention to news. During family gatherings he would remain mostly silent, looking frail and tired. His health declined steadily. In 1992 he received a pacemaker. He suffered from diabetes and arthritis and had at least three mild strokes beginning in 1998.

He is survived by his wife, Lucia, who headed a volunteer women's organization dedicated to helping the poor, and two sons and three daughters.

Thousands Celebrate In Streets Of Santiago On Learning Of Death (WP)

By Jonathan Franklin

The Washington Post, December 11, 2006

SANTIAGO, Chile, Dec. 10 -- Thousands of jubilant Chileans streamed into the streets of Santiago after hearing that their former president, Gen. Augusto Pinochet, had died Sunday. Many danced and popped open champagne, while caravans of cars with horns blaring toured the capital for hours.

"These people are not celebrating the death of anyone. It is to celebrate the end of a cycle of so much pain, so much dictatorship, so much torture," said Jorge Salinas, 50, as he threw confetti into traffic. "Pinochet signified many deaths, so much suffering for us. That's why you see such happiness in most of the people. That's why they are celebrating."

While Chileans celebrated downtown, a rowdy and bitter crowd of about 700 Pinochet supporters gathered outside the military hospital where he died Sunday afternoon.

"He leaves us today, but I remain proud to support him," said Ivan Moreira, a member of the lower house of Chile's Congress who was with the Pinochet family during a private Mass at the hospital Sunday. Moreira, of the Independent Democratic Union party, said, "I express what so many silent Chileans want to express: loyalty to his government."

Emotions at the hospital turned violent as the pro-Pinochet crowd brawled with police and attacked reporters with a hail of bottles and rocks.

In upper-middle-class neighborhoods where Pinochet was once revered, many residents left their homes to celebrate the former dictator's death. Pinochet's reputation had disintegrated in the past several years with ongoing investigations into financial crimes.

In poorer neighborhoods, barricades were set up and tires burned as crowds gathered to sing and celebrate. Police patrolled the streets of Santiago in an effort to control clashes between Pinochet supporters and foes.

In the city center, police shut down the main avenues to accommodate a crowd that had swelled to 7,000 people by late afternoon.

"Today is an anniversary for human rights," said Hugo Guttierrez, a leading Chilean human rights lawyer who noted that Pinochet's death came on International Human Rights Day. "And without a doubt, this is a very sweet treat."

Victims of human rights abuses also gathered downtown at a statue of Salvador Allende, the Chilean president who died in the 1973 coup led by Pinochet. Human rights activists called on the government to avoid giving any special honors to Pinochet at his funeral.

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Chilean President Michelle Bachelet, who was detained and tortured in 1975 by Pinochet's security forces, has not said whether she would attend his funeral Mass.

Joy, And Violence, At Death Of Pinochet (NYT)

By Pascale Bonnefoy

The New York Times, December 11, 2006

SANTIAGO, Chile, Dec. 10 — Thousands of demonstrators took to the streets in celebration here on Sunday almost immediately after news circulated of the death of the former dictator Gen. Augusto Pinochet. But within hours the revelry was marred by violence, with confrontations breaking out and the police using tear gas and water cannons against a large group marching toward the presidential palace.

Gen. Jorge Acuna, of the capital police force, said that six police officers had been wounded in the scuffles and that seven demonstrators had been arrested in the capital, while dozens of others were detained in police vehicles and more arrests were expected.

The government called for calm on Sunday night. "We call on the detractors and supporters, if they're going to demonstrate to do it peacefully. And for this, we've deployed a major security force," said Felipe Harboe, the under secretary of the interior.

After General Pinochet's death, at 2:15 p.m., President Michelle Bachelet met briefly with cabinet ministers and then released a terse announcement through her spokesman, Ricardo Lagos Weber, covering only funeral and memorial considerations with no other comment. Mr. Lagos said that General Pinochet would not receive a state funeral, but would receive military honors. The president authorized flags to fly at half-mast at military installations, but did not decree a period of national mourning.

A spokesman for the White House, Tony Fratto, said: "Augusto Pinochet's dictatorship in Chile represented one of most difficult periods in that nation's history. Our thoughts today are with the victims of his reign and their families."

On Sunday night, General Pinochet's remains were taken from the Military Hospital of Santiago, where he died, to the Army Academy in Santiago, where religious services were to be held throughout the day Monday. Funeral services will take place at the Army Academy on Tuesday at 11 a.m., and Defense Minister Vivianne Blanlot will attend to represent the government. The general's remains will be cremated and given to his family, Mr. Lagos said.

A few hundred mourners gathered in front of the hospital Sunday afternoon, with some weeping or chanting, "Viva Pinochet!"

"Pinochet rescued and transformed Chile into the country we all feel proud of," Hernán Guillof, president of the Pinochet Foundation, said to a group outside the hospital. "Once passions subdue, he will be given his place in history as architect of our nation."

But many more focused instead on the brutality and terror of General Pinochet's 17-year rule, in which more than 3,200 people disappeared or were killed and tens of thousands were detained, tortured or exiled.

Some rights advocates said they had mixed feelings about General Pinochet's death. Hiram Villagra, the prosecuting attorney in dozens of human rights cases against the general, said he would have preferred that he lived long enough to be sentenced in the trials he was facing.

"The air will feel lighter tomorrow, we will feel a sense of liberation," Mr. Villagra said. "But I lament that Pinochet has died without having been sentenced. However, in all serious charges against him, he has had his immunity lifted and has been indicted. Pinochet does not die an innocent man."

José Miguel Vivanco, Americas director at Human Rights Watch, said, "Pinochet spent his last years fending off an ever-tightening web of prosecutions in Chile and died a profoundly discredited figure in the land he once ruled."

Even his final illness proved to be divisive. He was admitted to the hospital in critical condition on Dec. 3 after he had a heart attack. He underwent angioplasty, and doctors said he was recovering well — so well that human-rights groups here began charging that the health crisis may have been staged, and they requested a judicial investigation.

But his condition took a sharp downturn on Sunday morning, his doctors said, and his family was gathered around him in the intensive care unit at the military hospital when he died.

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Demonstrators began pouring onto the main avenue in the center of Santiago immediately after the news of General Pinochet's death, chanting human rights slogans and denunciations of him. The gathering quickly took on the air of a street party, with drinking and dancing, and the crowd began marching toward La Moneda, the presidential palace.

The size of the main demonstration grew quickly and steadily, reaching about 6,000 by 6 p.m. Around then, demonstrators began trying to cross over barriers guarding the presidential palace, and police officers in riot gear broke out tear gas and water cannons to turn them back.

The violence spread, with demonstrators throwing rocks, uprooting stoplights and burning at least four barricades and two cars. One person was reported injured by a thrown bottle. A radio reporter said there was "massive destruction" in a 10-block stretch in downtown Santiago.

The Dextrous Dictator (NYT)

The New York Times, December 11, 2006

The central puzzle of the dictator Augusto Pinochet Ugarte, who died yesterday at the age of 91, was that until recently he retained admirers in Chile and abroad, especially among people emerging from Communism. He masked his corruption and brutality by tailoring his level of repression to just what he needed to retain power and prestige.

General Pinochet was head of the army in 1973 when he led a coup against the socialist Salvador Allende, whose chaotic presidency had been further destabilized by the Nixon administration. In the first three years, General Pinochet's regime killed almost 3,000 people. Thousands more were tortured. The vast majority of the victims were nonviolent.

At first, Chileans, exhausted by politics, bought the government's stories that the victims were terrorists killed in confrontations with police. Then General Pinochet made the repression more subtle. Killings were selective — but that was enough to take care of the few brave dissidents. He distracted the rest of Chile with an artificially strong peso that made imports cheap and allowed even the middle class to buy color televisions and cars. The protests did not begin until 1983, after the peso crashed.

General Pinochet also exploited Chileans' need for legality. In 1980, he passed a Constitution providing for a plebiscite in 1988 on whether to hold free elections — robbing the coming protests of their power. When the plebiscite arrived, the government tried to rig it. But even members of the junta objected, and General Pinochet was forced to hold elections in 1989. The opposition won.

Out of office, General Pinochet's reputation slowly disintegrated. Although his second wave of economic policy worked, the center-left governments that followed deepened reforms and brought their benefits to average people, refuting the argument that a Pinochet was necessary for economic discipline. Chileans who argued that the human rights abuses were exaggerated were shown irrefutable proof.

Investigators also discovered at least $28 million that General Pinochet held in more than 100 secret bank accounts, most of them in the United States. At the time of his death, he was under indictment for kidnapping, torture and murder, as well as corruption-related charges of tax evasion and possession of false passports. Time has revealed that the once-admired General Pinochet was accomplished only at holding power.

Dictators Right And Left (LAT)

The Los Angeles Times, December 11, 2006

IT'S A COINCIDENCE that Jeane Kirkpatrick, the astringent U.S. envoy to the United Nations in the 1980s, and former Chilean dictator Augusto Pinochet died only a few days apart. But in death as in life, the two are associated with a political theory that defined the early days of the neoconservative movement in the United States. Unfortunately for Kirkpatrick, its author, the theory proved to be dead wrong.

The idea was that right-wing authoritarian governments were much better bets for conversion to democracy than left-wing totalitarian ones. This is how Kirkpatrick put it in "Dictatorships and Double Standards," the influential 1979 essay in Commentary magazine that brought her to the attention of Ronald Reagan.

"Although there is no instance of a revolutionary socialist or communist society being democratized, right-wing autocracies do sometimes evolve into democracies — given time, propitious economic, social and political circumstances, talented leaders

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and a strong indigenous demand for representative government." Kirkpatrick's article, which focused on the Carter administration's policy toward Iran under the shah and Nicaragua under Anastasio Somoza, made some valid points about the differences between Marxist and traditional authoritarian societies. But the article — and Kirkpatrick — are remembered most for the suggestion that dictatorships of the right (especially those friendly to the United States) offered more fertile ground for democratization than dictatorships of the left.

Chile, where the murderous Pinochet eventually relinquished much of his power after a 1988 referendum, seemed to vindicate the Kirkpatrick doctrine. But then came the collapse of the Soviet Union and the creation of more democratic governments not only in the formerly captive states of Hungary and Czechoslovakia but also in Russia. And as China has shown, spectacularly, Marxist states can turn capitalist in a hurry, though political freedoms may still lag.

Like other reductionist theories, the Kirkpatrick doctrine ran up against the wisdom of H.L. Mencken's observation that "for every problem, there is a solution that is simple, clean and wrong."

Death Saves A Tyrant (USAT)

USA Today, December 11, 2006

Saddam Hussein and Chile's Augusto Pinochet have long been members of the club of tyrants who killed thousands of their citizens. The difference between them emerged Sunday when Pinochet died after suffering a heart attack at age 91. Numerous attempts to bring him to justice failed. Saddam, sitting in a Baghdad jail cell after a court sentenced him to death, must surely be envious.

Thankfully, though, the difference in their fates is not so stark as, say, between Saddam and Uganda's murderous former dictator Idi Amin, who died as brutal tyrants could once reasonably expect to if ousted from power: in gilded exile. International attitudes to mass murder by brutal leaders are changing. The challenge is to continue the trend and make sure Pinochet is one of the last exceptions.

Already, because of the changing international consensus, Pinochet, whose military junta ruled the South American nation from 1973 to 1990, spent his old age fighting numerous attempts to bring him to justice. Several almost succeeded. Most notably, in 1998, he was detained in London for more than a year after an extradition request from Spain, where a judge had ordered his trial. The British decided he was not well enough. But a flood of efforts to get him to stand trial followed. Since 2000, he has frequently been under house arrest, facing charges of human rights and financial abuses, and barely avoiding trial because he was old and sick.

Bringing a dictator to justice is about more than revenge. It is needed for a society to face up to past crimes and to deter brutal dictators elsewhere. Chile is deeply divided over Pinochet's legacy. His many supporters argue that he saved the country from communism when he overthrew left-leaning Salvador Allende.

But that cannot justify what Pinochet is accused of: knowing about the 3,197 Chileans documented as dying and the 28,000 tortured under his rule.

Tyrants who have been brought to justice include Serbia's Slobodan Milosevic (he died during his trial in the Netherlands) and Liberia's Charles Taylor, facing an international court. Those now involved in crimes against humanity — the leaders of Sudan, abetting genocide in the country's western Darfur province spring to mind — must expect to end up like Saddam, not Pinochet.

Sic Semper Tyrannis (LAT)

By Marc Cooper

The Los Angeles Times, December 11, 2006

NOT WITH LITTLE irony did the gods choose to reclaim former Chilean dictator Augusto Pinochet on Sunday, which was International Human Rights Day.

The heart attack he suffered a week ago had initially seemed quite convenient. By landing him in a military hospital, it short-circuited an imminent court hearing into two killings he was accused of ordering more than 30 years ago. Indeed, his house arrest, decreed just last month, was lifted so he could be hospitalized. Nor was this the first time his failing health had worked to

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his advantage: Twice before over the last five years, Pinochet was spared trial on charges of murder, kidnapping and torture because he claimed he was too ill to face the courts.

But if human justice failed on previous occasions to fully snare Pinochet, the greater forces of nature and biology this time imposed the maximum sentence — and on the most appropriate day of the calendar.

By the time of his death at age 91, Pinochet's name had come to symbolize all that can go horribly wrong when dictatorship supplants democracy. Once celebrated as a prophet of free-market economic policies, he died disgraced and reviled, saddled with criminal accusations ranging from human rights violations to money-laundering and tax evasion.

Whatever his accomplishments or failures in the economic realm (which are destined to be debated for decades to come) there is no longer any possibility of denying the level of soul-less brutality and inhumanity that Pinochet imposed at bayonet point on Chile. It wasn't just the thousands of dead, tortured and jailed. It was rather the en masse humiliation of an entire population, forced to kowtow to a snarling dictator who had overnight reversed 100 years of civil democratic tradition.

Chileans have a saying: "The color of blood is never forgotten." Pinochet's brutality unleashed the sort of ghosts that never rest. Numerous commissions have published reports detailing the mind-numbing practices of electric-shock torture, "water-boarding," disembowelment and outright disappearance employed by Pinochet's military and police.

Pinochet's swagger, his unbridled arrogance, his flaunted impunity won him no respite. In spite of the national trauma generated by his dictatorship (and overcoming two decades of fear), a small group of relentless human rights crusaders were able to finally pierce the dictator's once invulnerable shield of impunity.

While the civilian government that succeeded Pinochet was too cowardly to prosecute him, enterprising magistrates in Spain went after him for the murder of some prominent Spanish citizens in the first years of his dictatorship. In 1998, still riding high as a self-appointed senator-for-life, Pinochet made the mistake of visiting London. The Spanish judges had him served with an international arrest warrant, and overnight Pinochet slid from having tea with Margaret Thatcher to sharing encyclopedia entries with Idi Amin and Benito Mussolini.

After 500 days in British custody, Pinochet was kicked out and sent home, and a tenuous and still-recovering Chilean civil society was finally ready to confront him. A cascade of accusations and indictments washed away any of his remaining legacy. His very presence in Chile, right up until his death, served as an electrifying stimulant to an ongoing national catharsis of restoring collective memory and providing justice. Pinochet had been indicted on multiple charges and was still facing more than 200 other criminal allegations.

Pinochet died with much of that business unfinished. A number of high-ranking military officers have been indicted for the abuses during the Pinochet period. Almost 30,000 Chileans have been officially recognized as victims of torture and have been granted monetary compensation.

But much about the Pinochet period remains unknown and unresolved. And while the civilian government now in power has shown little if no appetite to pursue these matters, Chile will never right itself until the full truth is known. No one knows for sure, just to cite one example, the origin of the millions that Pinochet stashed in secret foreign accounts. Illicit arms sales? Or drugs? Or both? And who else was involved with Pinochet in these scandals?

Likewise, there are still literally hundreds of unsolved political murders and disappearances. And an equal or greater number of former associates and beneficiaries of the Pinochet regime, guilty of a long list of human rights and criminal violations, remain unaccountable.

The death of any individual diminishes us all. There can be no celebration of Pinochet's demise, nor any mourning. The only appropriate response is to redouble efforts to uncover, review and sort out all the dirty work of his dictatorship — and then bury it forever with its execrable author.

Congresswoman Denies Urging Killing Of Castro (NYT/AP)

By The Associated Press

The New York Times, December 11, 2006

MIAMI, Dec. 10 (AP) — A congresswoman says a video showing her calling for Fidel Castro's assassination is fake, a charge denied Sunday by the film's director.

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The congresswoman, Ileana Ros-Lehtinen, Republican of Florida, appears in the 28-second clip made available on the Internet by the makers of a new British documentary, "638 Ways to Kill Castro."

In it, she says: "I welcome the opportunity of having anyone assassinate Fidel Castro and any leader who is oppressing the people."

But Ms. Ros-Lehtinen, a Havana-born lawmaker recently selected to become the top Republican on the House International Relations Committee, says the filmmakers spliced clips together to make the sound bite.

"It's twisted in a way that gives the viewer a totally wrong impression," she told The Miami Herald. "I've said the community has moved on, that those strategies are not being used today, but apparently the filmmakers think we're still in a '60s mentality."

Still, Ms. Ros-Lehtinen said it was possible she had, at some point, mentioned Mr. Castro's potential assassination.

"If someone were to do it, I wouldn't be crying," she said.

The film's director, Dollan Cannell, stood by the authenticity of the video.

"I can assure you categorically and completely that there has been no distortion of what she said," Mr. Cannell told The Associated Press on Sunday.

Ms. Ros-Lehtinen said that she had seen the documentary and that the final cut did not include that video clip. However, the documentary's Web site has a link to the clip.

The congresswoman said she was not shy about wanting Mr. Castro dead.

"No one advocates assassination," she said. "What we are advocating for is free elections, freedom for political prisoners, free expression of ideas and respect for human rights. That's how you get change in Cuba. Not assassination."

After An American Dies, The Case Against His Killers Is Mired In Mexican Justice (NYT)

By James C. McKinley Jr. And Colin Moynihan

The New York Times, December 11, 2006

MEXICO CITY, Dec. 10 — A month ago, the death of Bradley Roland Will seemed cut and dried. Mr. Will, an independent New York City journalist was shot in the chest while videotaping a lopsided confrontation between gunmen who supported the beleaguered governor of Oaxaca and protesters demanding his ouster.

Pictures of some of the gunmen, with their names, had appeared on the front pages of all the major papers. The two fatal bullets had come from a 9-millimeter pistol like those issued to the police. The case seemed a prosecutor's dream.

That is, until Dec. 1, when a judge freed two of the men photographed shooting at the protesters, citing a lack of evidence. The ruling provoked accusations from leftists of a cover-up. Indeed, the state's investigation into the killing of Mr. Will, as well as the deaths of a dozen protesters in the conflict, has drawn so much criticism that federal police raided the state police headquarters on Friday and seized weapons to determine if any had been used in shootings during demonstrations.

Besides underscoring how infrequently killings of journalists and antigovernment protesters are solved in Mexico, the case has drawn widespread attention because it reveals the sad clash of left-wing idealism, personified in Mr. Will, a bearded 36-year-old originally from Illinois, with the murky realities of Mexican politics.

Politics often warps investigations here, and Mr. Will's death in late October has quickly become a contentious issue in the very struggle he had come to document.

The protesters with whom Mr. Will was sympathetic said he was killed by government-backed paramilitary thugs who had already killed a dozen others since the conflict here began in May. They charge that his death is still more proof that the state government remains repressive, its prosecutors willing to cover up crimes by government officials.

They also assert that Mr. Will's death was part of an orchestrated attack on protesters intended to shed enough blood to provoke the federal police to intervene. Mr. Will and three others died in the violence that day. The killings prompted Vicente Fox, who was president at the time and had resisted getting involved in the conflict, to send in federal police officers and clear the streets.

State prosecutors, meanwhile, have built a case that suggests it was the protesters, not the police, who murdered Mr. Will to call attention to their cause.

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The state attorney, who was appointed by the governor and owes him political allegiance, said the videotape Mr. Will recorded just before two bullets hit him on Oct. 27 suggested that someone at his side shot him, not the gunmen down the street. "The person who shot him was at a distance of no more than two and a half meters," said the prosecutor, Lizbeth Caña Cadez. "He was close."

The lack of progress in the case has angered Mr. Will's parents and friends. They complain that Ms. Caña is trying to steer blame away from police officers and public officials loyal to the governor. Mr. Will's family, as well as several human rights organizations, has urged the federal government to take over the investigation.

"It's very frightening what is going on down there," Mr. Will's mother, Kathy Will, said in an interview. "They are totally manipulating the case. They are trying to shift the blame off of their people, the paramilitaries."

Whoever is right, the authorities here have resolved only one of the 13 killings related to the protests in Oaxaca, and it involved off-duty soldiers rather than the local police or officials.

Nationwide, when it comes to journalists, the picture is bleaker. At least 38 have been killed in Mexico since April 2005, most of them assassinated after reporting on drug dealers. None of those cases have been solved, despite the appointment of a special federal prosecutor to pursue the killers.

"The justice system in Mexico is highly dysfunctional," said Daniel Wilkinson of Human Rights Watch. "Criminal investigations into cases like this are rarely successful."

It was into this world that Mr. Will arrived with a digital video camera in early October to document an inside story of what he saw as powerless people rebelling against a repressive government. He was working for the New York chapter of the Independent Media Center, a left-leaning media collective.

Friends said Mr. Will contended that the news media had ignored the conflict in Oaxaca, which began with a teachers' strike in May and snowballed into a larger movement, involving dozens of left-wing and Indian groups united in a desire to see governor Ulises Ruiz resign.

For Mr. Will, friends said, the conflict was a pure uprising, poor people taking direct actions to force out a despotic, corrupt government and install a true democracy. His reports made it plain that his sympathies lay with the protesters. Still, several journalists said he never participated in the protests himself.

"He wasn't one of these revolutionary tourists, making Molotov cocktails," said Diego Osorno, a reporter for the Mexican newspaper Milenio, who was nearby when Mr. Will was shot.

The motivations of the protesters themselves, many Mexican analysts say, were less clear-cut, and, in some cases, perhaps less noble. The myriad groups who made up the Oaxaca People's Popular Assembly had differing agendas.

They included teachers seeking a large salary increase, out-of-favor politicians hoping to forge a new party and Marxists who wanted to incite a violent, leftist revolution. What's more, many of the groups involved were angry because Mr. Ruiz had cut off the flow of state patronage to their organizations.

In late November, after yet another clash in which protesters burned several public buildings, the federal police arrested more than 130 people and imposed a ban on marches. On Tuesday, the new administration of President Felipe Calderón arrested a top leader of the movement, Flavio Sosa Villavicencio, and threw him in a maximum security prison on criminal charges. An uneasy calm exists in Oaxaca, where the federal police have banned demonstrations.

The day Mr. Will died was a critical turning point in the five-month-old conflict. That week, the teachers' union, the largest group in the movement, had finally reached an agreement with federal negotiators to return to work.

On Friday, Oct. 27, the rest of the organizations in the protest decided to show they were still powerful by shutting down the city for a day. They erected dozens of barricades, and by afternoon the city was paralyzed.

Groups loyal to the governor struck back, attacking protesters at barricades in four Oaxaca suburbs. Local residents, fed up with months of unrest, took part in the attacks, but officials from Mr. Ruiz's party and police officers in civilian clothes led them, witnesses said. Some of the plainclothes officers fired at the protesters.

Mr. Will was among the reporters who responded when residents and local officials confronted protesters in Santa Lucía, a suburb west of Oaxaca, where at least 200 protesters, some of them armed, took part in street battles.

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A witness, who asked not to be identified because he feared for his safety, said he saw five city officials, including two police captains, huddled nearby during the gunfight, firing large-caliber weapons at the protesters. Mr. Osorno, of Milenio, said he saw at least one gunman behind a truck, about 30 yards from where Mr. Will was in a half-crouch. Mr. Will was hit and fell to the ground, groaning "Help me" in Spanish, his last videotape reveals, though it does not show who fired the shot. Several protesters were in front of him, most of them young men in masks, with stones, bottle rockets and clubs.

Prosecutors say that just before Mr. Will fell, a voice can be heard on the tape yelling, "Didn't I tell you, man, not to take photos!"

Víctor Alonzo Altamirano, the chief of the homicide division in the state attorney's office, said the sound of a gun being cocked could be heard at the same time. Then comes the loud report of a pistol close by. "I cannot close my eyes to what we are seeing on the tape," he said.

One protester, who was less than a yard from Mr. Will when he was shot, maintained that no one around Mr. Will had a gun at that moment, though he acknowledged, as did two news photographers at the scene, that some protesters were telling photographers not to take photos for fear of being identified.

The protester, who requested anonymity, said Mr. Will was crouched down just behind him facing up the street, eye to the camera on his shoulder, when the bullet crashed into his chest.

"I felt a bullet whizzing over my shoulder," the protester said. "I turned and saw him twist and fall backward to his right. Then Brad raised up his shirt and said, 'They hit me.' He lost color rapidly."

Dr. Luis Mendoza Canseco, Oaxaca's medical examiner, who performed an autopsy, said Mr. Will had two wounds. Investigators said they were from the same 9-millimeter gun.

The two released suspects — Avel Santiago Zárate and Orlando Manuel Aguilar Cuello, both municipal officials — were found with .38-caliber pistols, prosecutors said.

Three other gunmen, who were also photographed firing at the protesters, have not been arrested or questioned, prosecutors say. Neither have investigators detained five men, including two police captains, who a witness reported had been shooting at the protesters.

Advocates for press freedom say investigations into the killings of journalists in Mexico have been generally shoddy. "Under the current climate in Oaxaca it's difficult for state officials to conduct an impartial investigation," said Carlos Lauria of the Committee to Protect Journalists.

Darfur Crisis Crosses Borders (CSM)

By Rich Schapiro

The Christian Science Monitor, December 11, 2006

GOZ BEIDA, CHAD

For the past three years, Arab militiamen have helped Sudan's government quell a rebellion in Darfur by slaughtering the region's mostly black African population and leaving behind a trail of rape, murder, and destruction. The result: more than 200,000 dead and 2 million displaced in what the United Nations calls the world's worst humanitarian emergency.

At the very least, however, the violence in western Sudan was mostly confined to its borders.

No more.

The crisis in Darfur has exploded in recent weeks, and now threatens to drag fragile neighboring countries into a regional war.

Both Chad and the Central African Republic (CAR) have become engulfed in fighting that involves a toxic mix of rebel groups, government forces, armed militias, and civilians.

"It's not a steady deterioration," Jan Egeland, the outgoing UN humanitarian chief, told reporters last week. "It's a free fall, and it includes Darfur, eastern Chad, and northern Central African Republic."

In the past month alone, nearly 60,000 Darfurians have been forced from their homes to escape massacre at the hands of Arab militias known as the janjaweed. Aid workers, UN personnel, and independent observers say the janjaweed are backed by Sudan's government, but Khartoum has repeatedly denied this charge.

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In eastern Chad, hundreds of aid workers have been evacuated due to increased hostilities between military forces and anti-government rebel groups, while Arab militiamen have ventured deeper into the country to conduct assaults, resulting in the displacement of nearly 100,000 Chadians.

And atrocities committed by a variety of rebel groups and armed bandits over the past few months have forced tens of thousands of people from the CAR to cross the border into Chad.

"The internal conflicts in Darfur, Chad, and the CAR are now linked by the regional presence and movement of armed groups, arms, and civilians across the three borders," said Georgette Gagnon, deputy director of the Africa division of Human Rights Watch. "And of course, the regional governments are using these insurgencies to carry out a proxy war against each other."

Indeed, leaders in Khartoum, Sudan's capital, and N'Djamena, its Chadian counterpart, have traded accusations as to who is responsible for stoking the bloodshed that has plagued Darfur since 2003. Both countries blame the other for supporting rebel groups.

In the past two weeks, the fighting has become so severe that hundreds of aid workers have been pulled from the region, leaving behind the displaced Sudanese, whose plight is now especially grim.

"For sure, if this situation lasts it will have a greater direct effect on the refugees' lives," said Hélène Caux, a spokeswoman for the United Nations High Commissioner of Refugees (UNHCR).

Since the last week of November, nearly 500 aid workers have been relocated from Abéché, the eastern city that serves as the hub for relief agencies in the region, to N'Djamena, while more than 100 are still awaiting evacuation from Guereda, a town farther north, according to the UNHCR.

Aid officials concede that, with only the skeleton crews now left behind in camps across the east, the refugees' situation has become particularly precarious.

"We haven't seen any downfall or deaths as a result of the reduction in personnel," says Joseph Aguettant, of the International Rescue Committee (IRC), which has trimmed its international staff in Bahai, a city along Chad's northern border, by 80 percent. "But we know this is something that can happen."

The area around the Goz Amir refugee camp, about 60 miles from the border, has become so rife with attacks that the Sudanese refugees and Chadians living nearby are stricken by fear of being set upon by the Arab militias.

Men head into the bush carrying bows and arrows, while young boys walk around with spears that are often taller than they are. When asked why they have the weapons, the response is unanimous: "defense."

The janjaweed - joined at times by Chadian Arabs - have been laying siege to villages east of Goz Beida, a Chadian town 100 miles from the Sudan-Chad border. The locals who survive are forced to trek miles to the closest villages, which often are plundered days later. They are then forced to flee yet again, and often end up setting up makeshift camps on wide swaths of parched land that offer little more than dust and thorn trees.

Hawaye Ismail arrived at just such a place, an open field 25 miles east of Goz Beida, last week with about 600 others. "We don't have anything to eat, and look, there's death all around us," she says.

Ms. Ismail's village was torched by Kalashnikov-carrying Arabs on horseback and camels in early November in an ambush that left 14 men dead. She made it to a nearby village, but was left homeless days later after the raiders rampaged again.

"The young attackers abused the young girls and the women," Ismail says, gesturing to the half-dozen women in tattered clothes gathered around her. "Today, with our situation, only God knows what we've been through."

Convoy Ambush In Darfur Kills About 30 Civilians; Investigators Taken Hostage (WP/AP)

The Washington Post, December 11, 2006

KHARTOUM, Sudan, Dec. 10 -- Militiamen on horseback ambushed a refugee convoy in western Darfur, killing about 30 civilians, and African Union peacekeepers investigating the attack were taken hostage by rioters, the A.U. and the United Nations said Sunday.

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The armed men ambushed a civilian truck transporting medicine and relief items between the towns of El Geneina and Sirba, according to the United Nations. The exact number of civilians killed could not be confirmed but was estimated at about 30 people, said Radhia Achouri, spokeswoman for the U.N. mission in Sudan.

"Some of the passengers were shot by the attackers, and others were burnt to death during the attack," the United Nations said in a separate statement.

An international aid worker said that the assailants were government-backed Janjaweed, members of an Arab tribal militia, and that they attacked the convoy with rocket-propelled grenades, then killed survivors. He spoke on condition of anonymity because of restrictions the Sudanese government has placed on aid workers.

An African Union spokesman, Noureddine Mezni, said rioters angry over the deaths were holding captive a helicopter crew and eight peacekeepers sent to investigate. The A.U. base in El Geneina was also being attacked, Mezni said, although the identity of the attackers was unclear.

Sudanese police transported the bodies of the victims to a refugee camp on the outskirts of El Geneina, and demonstrations erupted in the town, the aid worker said. A U.N. official in Darfur said rioting and sporadic shooting took place in the town Sunday.

The increased violence underscored the worsening situation in Darfur, where as many as 450,000 people have died from disease and violence and 2.5 million have been driven from their homes since fighting erupted in early 2003.

The government is accused of unleashing the Janjaweed to help counter ethnic African rebels, and the militia is blamed for the worst atrocities against civilians during the conflict. The government denies backing the Janjaweed but agreed to disarm the militia as part of a peace agreement it signed with one Darfur rebel group in May.

Halliburton-linked Workers Attacked In Algeria (HC/AP)

Houston Chronicle, December 11, 2006

ALGIERS, Algeria — Assailants hurled a bomb and fired at two vehicles carrying employees of an affiliate of Houston-based Halliburton co. near Algiers today, killing one Algerian driver, witnesses said.

The full extent of the casualties in the attack was not immediately clear.

Nine American employees of BRC, or Brown & Root-Condor, were heading from their offices to a Sheraton Hotel where they are housed in Bouchaoui, 9 miles west of Algiers, when they were attacked. BRC is a joint venture of the Halliburton subsidiary KBR Inc., formerly known as Kellogg, Brown & Root, and Condor Engineering SPA. It has contracts in Algeria's oil and defense industries.

The Americans were in a bus behind a security vehicle carrying two Algerians. The assailants hurled a bomb at the first vehicle, immediately killing the driver and injuring the passenger, the witnesses said.

Attackers then opened fire on the second bus, which quickly turned around and headed back to the BRC offices before the gunmen dispersed. Witnesses said it appeared there were no casualties in the Americans' bus.

Algerian security officials immediately blocked off roads in the area, adjacent to a forest on the Mediterranean coast.

Algeria is trying to pull itself out of an Islamic insurgency that started 14 years ago and has killed an estimated 150,000 people — Islamists, civilians and military.

Large-scale fighting died down in the late 1990s, and Algeria is enjoying the fruits of the oil boom and increased foreign investment, but sporadic violence continues to rattle the nation.

BRC offices could not be reached for comment. KBR Inc. is an independent, publicly traded subsidiary of Houston-based oil services contractor Halliburton Co.

In Tsunami's Wake, A Peaceful Aceh Holds First Election (CSM)

By Simon Montlake

The Christian Science Monitor, December 11, 2006

BANDA ACEH, INDONESIA

Voters in the battle-scarred Indonesian province of Aceh go to the polls Monday, nearly two years after a devastating tsunami scoured its coastline and released an outpouring of international aid for the stricken survivors.

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The ballot is the first since the signing in August 2005 of a landmark peace accord between the Indonesian government and armed rebels, who agreed to lay down their weapons in return for political autonomy for Aceh. Former rebels are competing in electoral races for the governorship and 19 district mayors and regents.

The presence of such figures on the ballot, and their public campaign to get elected, is a remarkable turnaround for Aceh, where the struggle for power has long been equated with fear, intimidation, and bloodshed. A trouble-free vote, and the acceptance of the outcome, would be an important step forward in the peace process after three decades of conflict and false starts.

"If we have the right leader, the peace will continue, I'm sure of that. Aceh can be prosperous and peaceful," says Ramli bin Buhari, a businessman from Pidie.

A high turnout is expected among the 2.6 million eligible voters, including hundreds of thousands of left homeless after the tsunami. Thousands of election monitors, including a European Union team, will be deployed at polling booths, which close mid-afternoon. Early results from poll samples are expected by early evening.

Under the peace accord, the rebel Free Aceh Movement, known by the Indonesian acronym GAM, agreed to disarm and demobilize 3,000 combatants, in exchange for a withdrawal of around 25,000 Indonesian soldiers and paramilitary police who were widely accused of human-rights abuses. The accord also called for local elections to be held in 2006, setting the stage for GAM to enter the political process.

But a major rift between exiled GAM leaders and a new generation of fighters and activists has prevented the movement from fielding a united candidate. Instead, two competing tickets for governor are claiming to represent GAM, which has opted to remain neutral after initially endorsing one candidate. By splitting their support base, say observers, the result could be that neither wins the governorship.

Tensions between the two camps spilled over on the eve of the two-week campaign when a gang of thugs assaulted Humam Hamid, one of the gubernatorial candidates, in a stronghold of Irwandi Yusuf, a young fighter and ex-political prisoner who heads the rival pro-GAM ticket. But conciliatory rhetoric from senior leaders in the movement, who insisted on neutrality between the two camps, helped to tamp down tensions, and the campaign has been smooth, with only minor reports of intimidation.

Analysts say this internal friction will complicate GAM's goal of dissolving its military command and transforming into a political party capable of ruling Aceh via the ballot box. "GAM never had a strong political wing. It was overwhelmingly a military operation," says Sidney Jones of the International Crisis Group in Jakarta.

Sharia law, which Aceh implemented in 2000, has also emerged as a backdrop to the elections as enforcement has been stepped up in recent years, including patrols by special "morality police" that report directly to the governor's office. While candidates have made almost no mention of the traditional Islamic law, the new policing force is a bone of contention among ordinary Achenese.

Under Indonesian election law, the winning candidate must garner over 25 percent of the vote, or face a run off against the second-placed ticket. With eight candidates in the gubernatorial race, including the two pro-GAM tickets, a second round appears likely. GAM's big election gamble

On a broiling afternoon last week, around 2,000 of Mr. Yusuf's supporters sat in a park in Banda Aceh facing a rickety wooden stage where stocky bodyguards formed a cordon behind the candidate. His speech was punctuated with references to his role in the peace accord and the promise of economic rewards in future for Aceh, which is among the poorest provinces in Indonesia despite its abundant oil and gas reserves.

Yusuf, who is running as an independent with a former political prisoner as his running mate, urged voters not to be seduced by candidates from large political parties with more money to splurge on the campaign trail. "When you run to them in the future and ask about their promises for more housing, they would answer, 'We already gave you clothing and food,' " he admonished.

Yusuf characterizes the rift within GAM as a generational divide between senior political leaders in Europe, who formed a government in exile in the 1970s, and younger combatants and activists who resisted harsh military crackdowns. But he insists that whoever wins the vote, the peace process will continue, provided Indonesia keeps its promises.

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"There is an expectation from the people (of Aceh) that a candidate from GAM will win the election. If they don't win after a fair election, people must accept this. GAM will accept anyone who wins because of a fair election," he says.

Analysts say defeat for Aceh's former rebels at the ballot box would be a wake-up call for GAM and could spur its transformation ahead of the next political contest in three years time when the local legislature is up for grabs. "This is a dry run for 2009. That's the real prize. When you control the local parliament, you have budgetary power and can shape the laws of an autonomous region," says Ms. Jones. Guerrilla to groom

As the campaign wrapped up last week - candidates are forbidden to stump during the final three days - Herry Nurmansyah, a former GAM fighter, had more important matters on his mind. One year after leaving his jungle camp and going back to his village outside Banda Aceh, the former GAM fighter was to marry his high-school sweetheart, Julisa.

On Saturday, he sat stiffly in a traditional black tunic and crown on a bubblegum-pink throne with his new wife, whose hands and feet were painted in henna swirls. She dabbed tears from her heavily lacquered face as relatives crowded around the couple.

Among the visitors crammed into the room inside the bride's house were Mr. Nurmansyah's former comrades in arms, including his unit commander, Tuengku Hamzah, who had come to bless the newly-weds. Hamzah had spent the previous weeks canvassing votes for Yusuf, and was confident that the political spoils would be coming his way - just desserts for toughing it out in the jungle.

Nurmansyah, who recently found a job building houses for tsunami survivors, had more modest aims. "I just hope this election will bring change and benefit for all of us. We don't want to have to take up weapons again," he says.

In Tsunami's Wake, Old Foes In War Now Wage Politics (NYT)

By Seth Mydans

The New York Times, December 11, 2006

BANDA ACEH, Indonesia, Dec. 10 — When tsunami waves hit Aceh two years ago this month, Irwandi Yusuf saved himself by climbing onto the roof of the jail where he was being held as a political prisoner.

Now he is a candidate for governor of the province, and in the election being held here on Monday, one of his eight opponents is a former commander of the Indonesian forces he faced as a separatist rebel.

"He is so friendly to me," Mr. Irwandi said of his former enemy. "We can cut off the line from the past to now. We just talk about funny things."

The tsunami that killed 170,000 people and left half a million homeless here in Aceh Province seems to have taken the fire out of a 29-year conflict. A hard-won peace agreement that made the election possible appears to be holding. There are still obstacles ahead, but if the process continues to move forward, an armed insurgency group will perform the rare feat of transforming itself into a political party within the government it opposed.

"It's a very difficult process," Muthiah Alagappa, director of the Washington office of the East-West Center, said in a telephone interview. "There are very few cases like it."

Even as post-tsunami reconstruction has bogged down in bureaucratic confusion and corruption, the dismantling of the war has proceeded quickly with what appears to be a genuine commitment from both sides. Only 43,400 permanent homes have been built in the two years since the tsunami, but 128,000 are needed, according to the United Nations. Twelve thousand families remain in temporary accommodations.

The Indonesian Army has withdrawn half the 50,000 soldiers it had in Aceh, though, and the rebels have laid down their arms and joined this special election that is part of what is called a memorandum of understanding with the government.

It is a delicate and difficult process, but the turn away from war seems irreversible, most political analysts and rebel leaders say. "No, no, we never think of using arms any more," Mr. Irwandi said in an interview.

Even before the tsunami's apocalyptic destruction shocked the combatants on both sides here, tentative moves were under way to find an exit from an unwinnable war.

"We were tired and they were tired," Mr. Irwandi said. "We could not achieve the mission militarily, and the military thought it could defeat us in five months or eight months or eight years, but found themselves trapped in a very protracted war."

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In Sri Lanka, by contrast, the tsunami didn't halt a Tamil separatist insurgency that was not yet ready to look for a way to end the conflict.

As it moves from war to peace, the Acehnese insurgency is facing what analysts say is a predictable complication — a rift in the insurgency, called the Free Aceh Movement, between an old guard that lived in exile and younger former combatants.

In addition to his former combat enemy, among the opponents Mr. Irwandi, 46, faces in the election Monday is a fellow former insurgent who has been backed by the rebel group's leadership from its exile headquarters in Sweden.

"The fault lines are completely normal," said Sidney Jones, the Southeast Asia coordinator for International Crisis Group, an international monitoring group. "We've seen this in East Timor and in almost every civil conflict that exists. But it does make it difficult to pull together a coherent party structure.

"Right now, the fissures are so deep that it's going to make it all the more difficult to get the party up and running."

There is no shortage of difficulties for any new government in a province recovering from the twin devastations of war and natural disaster.

For years, Aceh has effectively been under the administration of the Indonesian military and police. Many of the province's skilled workers and civil servants died in the tsunami. Whatever the results of the election, Aceh must build a functioning government amid both physical and political ruins.

As foreign aid groups begin to pull out, taking with them jobs, skills and economic support, the challenges will become harsher. Among these will be the integration, with international assistance, of thousands of guerrillas and political prisoners into the mainstream.

As with other former insurgencies like those in Northern Ireland and the southern Philippines, there are concerns that a violent splinter group could emerge if not all of the combatants are satisfied.

A devastated province in which tens of thousands of people are without homes or jobs is not the most welcoming environment for former rebels hoping to start a new life.

The rebels and the victims of the insurgency, which took 15,000 lives, will compete for resources and financial assistance with surviving victims of the tsunami.

Many fighters have spent years in the mountains and have few skills or resources to support themselves. Many have not yet received the aid that has been promised, and there are reports that some are turning to banditry and other crimes.

The election is unlikely to bring order to the political scene. Analysts here do not expect any of the eight candidates for governor to win the 25 percent of the vote required for outright victory, and a runoff is expected early next year. Former rebels are also running for some of the 20 other local executive positions in the election.

But leaders of the rebel group say they are prepared to lose in this first attempt at electoral politics. They say they see it as a trial run as they try to form a party, or parties, for a provincial parliamentary election in 2009.

The election is about power, not policy, and it is not clear what changes the former rebels will make if they win office. They now concede that the independence for which they fought is unattainable. The peace agreement has given them a measure of local autonomy and the right to form a local political party, and they have been promised two-thirds of the revenues from rich oil and natural gas reserves in Aceh.

"If the economy here is O.K. and the Indonesian government doesn't play around with us, what do we need separatism for?" said Muhammad Zainal Abidin, 52, a former rebel who spent 16 months in prison before being released, with other political prisoners, in August 2005. Like many other former rebels and others here, he said he had little interest in the strict Islamic Shariah law that had led to canings for adultery and gambling over the past year in Aceh.

"We don't like that at all," he said as he sat cross-legged on the floor above his small grocery store. "We want democracy in Aceh. We don't want the Shariah police here."

Most of all, the people of Aceh want a chance to live quiet, ordinary lives. "What I am afraid of is that we could end up with dissatisfied groups and that could lead to conflict again," said Azwar Hasan, who runs a local aid group. "Oh, God, no one wants to live in conflict again."

Bangladesh Sends Army Amid Unrest (NYT)

DOJ_NMG_0104365

By Somini Sengupta

The New York Times, December 11, 2006

NEW DELHI, Dec. 10 — The interim government in Bangladesh, faced with mounting opposition party protests, has deployed the army in what appears to be an attempt to check pre-election violence.

The order by the president, Iajuddin Ahmed, who leads a caretaker government, was issued Saturday night, on the eve of opposition party threats to surround the presidential palace. Political agitation has already debilitated the country nearly six weeks before the vote. [A news wire] reported that soldiers had been posted at the presidential compound, known as Bangabhaban, and at other potential political flash points.

Political violence has become routine in Bangladesh, and troops have been called out in the past to ensure peaceful elections. But it remains unclear to what extent the president enjoys the full backing of the interim government in his decision to pull out the army. Nor has the army provided any hints as to whether it intends to step in and rule.

The latest developments could further polarize opposition Awami League cadres, who have demanded Mr. Ahmed's ouster. The opposition contends that the voter list is inaccurate and that members of the election commission favor the Bangladesh Nationalist Party, whose five-year rule ended two months ago when the caretaker government was appointed.

So turbulent are politics in Bangladesh that its Constitution mandates that a neutral caretaker government manage the elections.

Yunus Claims Nobel Peace Prize (USAT/AP)

USA Today, December 11, 2006

STOCKHOLM (AP) — Bangladeshi economist Muhammad Yunus accepted the Nobel Peace Prize on Sunday, saying he hoped the award would inspire "bold initiatives" to fight poverty and eradicate the root causes of terrorism.

Yunus, 66, shared the award with his Grameen Bank for helping people rise above poverty by giving them microcredit — small, usually unsecured loans.

"I firmly believe that we can create a poverty free world if we collectively believe in it," Yunus said after accepting the prize at City Hall in Oslo. "The only place you would be able to see poverty is in a poverty museum."

The Nobel Prizes, announced in October, are always presented in Oslo and Stockholm, Sweden, on Dec. 10 to mark the anniversary of the 1896 death of their creator, Alfred Nobel, a Swedish industrialist who invented dynamite and stipulated the dual ceremonies in his will.

The winners for literature, medicine, physics and economics will receive their awards later Sunday at a royal ceremony in Stockholm's blue-hued concert hall. Each award carries a purse of $1.4 million, a diploma and a gold medal. The first prizes were handed out in 1901.

This year's laureates include a novelist who explored Turkey's clash of cultures and American scientists who helped cement the big-bang theory of the universe and broke new ground in genetic research.

Yunus said ending poverty was the best way to fight terrorism.

"We must address the root causes of terrorism to end it for all time," he said. "I believe putting resources into improving the lives of poor people is a better strategy than spending it on guns."

Grameen Bank, set up in 1983, was the first lender to provide microcredit, giving very small loans to poor Bangladeshis who did not qualify for loans from conventional banks. No collateral is needed, and repayment is based on an honor system, with a nearly 100% repayment rate.

Yunus said the idea has spread around the world, with similar programs in almost every country.

Clad in a traditional Bangladeshi sleeveless jacket, Yunus accepted his half of the $1.4 million prize from awards committee chairman Ole Danbolt Mjoes.

Board member Mosammat Taslima Begum, wearing a traditional dress in red with a green shawl, accepted the other half of the award on behalf of Grameen bank, saying she dedicated it to all Bangladeshis.

Mjoes said the award was an outstretched hand to the Islamic world in an era where Muslims are often demonized because of terrorism.

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"The peace prize to Yunus and Grameen Bank is also support for the Muslim country of Bangladesh, and for the Muslim environments in the world that are working for dialogue and collaboration," Mjoes said

Turkish writer Orhan Pamuk won the literature prize for a body of work that illustrates the struggle to find a balance between East and West.

U.S. researchers have long dominated the science awards, and swept them all this year for the first time since 1983.

The Nobel Prize in medicine went to Andrew Z. Fire and Craig C. Mello for discovering a powerful way to turn off the effect of specific genes. John C. Mather and George F. Smoot won the physics prize for work that helped cement the big-bang theory of how the universe was created.

Roger D. Kornberg won the prize in chemistry for his studies of how cells take information from genes to produce proteins, a process that could provide insight into defeating cancer and advancing stem cell research.

Economics winner Edmund S. Phelps was cited for research into the relationship between inflation and unemployment, giving governments better tools to formulate economic policy. The economics award is not an original Nobel Prize, but was created by the Bank of Sweden in 1968.

Pamuk, whose trial last year for "insulting Turkishness" made headlines worldwide, was honored for exploring "new symbols for the clash and interlacing of cultures." His novels include "Snow" and "My Name Is Red." The charges against Pamuk were eventually dropped.

Intrigue Over Spy's Death Spreads To Germany (NYT)

By Steven Lee Myers And Mark Landler

The New York Times, December 11, 2006

MOSCOW, Dec. 10 —The German authorities announced Sunday that they had begun a criminal investigation of a Russian businessman after finding traces of polonium 210 around Hamburg beginning on Oct. 28 — four days before he met in London with the former Russian spy who died after ingesting the radioactive substance.

The British police have so far found no evidence of polonium contamination in London earlier than the date of that meeting, Nov. 1. The Sunday announcement raised the possibility that the polonium was carried from Moscow to London by way of Germany.

It has also added to suspicions that the case is somehow connected to the shadowy world of agents and businessmen, defectors, spies and exiles let loose by the dissolution of the K.G.B., and still entwined with successor agencies.

The former Russian spy, Alexander V. Litvinenko, long a critic of Russia's president, Vladimir V. Putin, made deathbed accusations that Mr. Putin was complicit in the poisoning — an accusation the Kremlin has derisively dismissed. The case has strained relations between Russia and Britain, and has now entangled Germany.

The man the Germans have put at the center of scrutiny is Dmitri V. Kovtun, a 41-year-old Russian who was a student in the 1980s at the Supreme Soviet Higher Military Command School, where many students went on to serve in the K.G.B. He has been in a Moscow hospital since Dec. 7, suffering from exposure to polonium. There are conflicting reports about his health; Interfax, the Russian news agency, reported he was in critical condition, but his lawyer later disputed that.

At a news conference in Hamburg on Sunday, the city's chief prosecutor, Martin Köhnke, told reporters, "He may not just be a victim but could also be a perpetrator." He said that Mr. Kovtun was accused of illegally handling the polonium.

A spokeswoman for the German police, Ulrike Sweden, expressed frustration that Russian authorities had not responded to German requests to speak to Mr. Kovtun.

The German authorities said that Mr. Kovtun, who has been living in Germany, began spreading traces of polonium 210 in Hamburg soon after he arrived on an Aeroflot jet from Moscow on Oct. 28. Traces were found in the BMW that picked him up at the airport; on a couch and a pillow in at the apartment of his former wife, where he spent the night; at the house of his former wife's mother; and on a document he signed in a meeting at the immigration office in Hamburg two days later, the police said.

"If you're sitting in the passenger seat of a car, you're not likely to be sweating enough to leave traces of it that way," Ms. Sweden said at the Hamburg news conference on Sunday. "It's possible he got poisoned by handling the stuff."

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On Nov. 1, Mr. Kovtun flew to London. An inspection of the plane he flew on, which belonged to the airline Germanwings, turned up no evidence of contamination.

In London, Mr. Kovtun met with two former K.G.B. agents, Andrei K. Lugovoi and Vyacheslav G. Sokolenko, whom he had known as students at the Soviet military school in the 1980s and who had both gone into private security work after the K.G.B. dissolved along with the Soviet Union.

Then he and Mr. Lugovoi, who had known Mr. Litvinenko for 10 years, met with him at a bar in the Millennium Mayfair Hotel, ostensibly to pursue a business deal. Alex Goldfarb, a friend of the Litvinenko family, said that Mr. Sokolenko also met Mr. Litvinenko on Nov. 1, possibly at the same hotel.

Within hours, Mr. Litvinenko became seriously ill. Three weeks later, he was dead, and medical experts determined that the cause was exposure to polonium 210. The association of so many men linked to the former K.G.B. in the case reflects the shadowy tangle of relations that emerged from Russia's post-Soviet chaos, where some covert agents became free agents but kept ties to the government, billions were made overnight, and the new billionaires who made them needed protection.

Mr. Litvinenko and Mr. Lugovoi, in particular, held close ties to Boris A. Berezovsky, the former Russian oligarch who became a rival to Mr. Putin, and whom Russia accused of defrauding the state of about $18 million in 1994 and 1995. He has been living in political asylum in Britain since 2003.

Mr. Kovtun, Mr. Lugovoi and Mr. Sokolenko have all publicly denied any involvement in Mr. Litvinenko's case, but their shared background in the Soviet and then Russian secret services and the private security industry that evolved since has — fairly or not — heightened suspicions of Russia's, and Mr. Putin's, possible involvement.

Igor A. Goloshchapov, a former K.G.B. counterintelligence officer who now heads the League of Security Structures, a lobby for the private security firms that have proliferated here in Russia, said there were 4,200 licensed private security agencies in Moscow alone, as well as others operating less openly and available for hire for illicit purposes. "The security and detective business is a regular part of life in any society," he said in a telephone interview. "The peculiarity of Russia's security business is that in our country our whole way of life was changing."

"Where this kind of business starts," he added, "the truth ends."

Oleg A. Gordiyesky, a former K.G.B. colonel who defected to Britain in the 1980s, said the private Russian security companies often had close ties to Russian authorities. "Most of them are immediately recruited as secret collaborators, that is, members of the public who have promised to help," he said. "And they help very seriously. They do their job protecting the companies and they report everything back" to the Federal Security Service, the K.G.B.'s successor.

According to a lengthy interview with Mr. Kovtun, Mr. Lugovoi and Mr. Sokolenko on Ekho Moskvy, an independent Russian radio station, on the day after Mr. Litvinenko died, the three met in the 1980s at Soviet military command school, where students were known as Kremlin Cadets.

Mr. Kovtun said he had served in Czechoslovakia and Germany after leaving the academy, a résumé that suggested he could have served in some military or intelligence capacity. He did not say with which service or unit he served. He settled down in Germany and married a German woman. He describes himself now as a business consultant.

"I help Western companies in entering the Russian market," he said.

Mr. Lugovoi and Mr. Sokolenko went on to become members of the Ninth Department of the K.G.B., or the Kremlin Regiment, which provided security for high-ranking Communist Party officials. Mr. Lugovoi began in 1987, Mr. Sokolenko in 1990.

When the Soviet Union collapsed, the regiment became part of the Federal Security Service, known as the F.S.B. and ultimately as an independent force providing Kremlin security, not unlike the United States Secret Service.

Mr. Sokolenko, like Mr. Lugovoi, retired and became involved in private security. Many of these companies boasted of their associations with their former employers. Mr. Sokolenko's company is called the Ninth Wave, an allusion not only to the former K.G.B. department but also to a maritime expression for the worst wave in any storm, an apt metaphor for what unfolded in the 1990s.

Mr. Lugovoi left the secret service in 1996 and became head of security at ORT, the state television network that until Mr. Putin's presidency was largely controlled by Mr. Berezovsky. In 2001, Mr. Lugovoi was arrested and spent more than 12 months in

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prison, accused of plotting the escape of a Berezovsky associate from a Moscow hospital where he had been in police custody, accused of embezzling millions of dollars from Aeroflot and of wiring the money to accounts in Switzerland belonging to Mr. Berezovsky. (He was convicted in 2004, but released for time served; he has since left Russia.)

The authorities had summoned Mr. Berezovsky for questioning in that case, but by then he had fled Russia for London, saying that an array of criminal charges against him, many still pending, had been politically motivated. Mr. Lugovoi was released in September 2002 and the charges against him were dropped, with little explanation.

Mr. Lugovoi declined repeated requests for an interview. In the public statements he has made, he said he had continued to work in security-related matters. Along with Mr. Kovtun, he met with Mr. Litvinenko at least three times in the month leading up to the Nov. 1 meeting. One of those involved a meeting with a British company, Enrys; another involved a meeting with Mr. Berezovsky, who also became a patron of Mr. Litvinenko's.

Mr. Lugovoi said he had known Mr. Litvinenko for at least a decade — to the time Mr. Litvinenko worked for the F.S.B. and formed his relationship with Mr. Berezovsky after the latter narrowly survived an assassination attempt.

Mr. Lugovoi said that a year ago, at Mr. Litvinenko's request, they began discussing business deals involving British companies interested in investing in Russia. This year Mr. Lugovoi expanded his business dealings to include a company based near Moscow that makes mead and kvas, a bread-based, mildly alcoholic drink.

He has repeatedly promised to meet with British investigators, but in the week since British detectives arrived in Moscow an interview has not yet taken place.

Mr. Sokolenko, in a telephone interview, said he had joined Mr. Lugovoi and his family on the trip to London beginning Oct. 31 to see a soccer game, but he did not meet Mr. Litvinenko at the Millennium Hotel the next day.

He declined to discuss his relationship with Mr. Lugovoi except to say they were old friends. He added that he and his colleagues had been unfairly tainted by the swirling accusations simply because of their K.G.B. backgrounds. "My name is from now on associated with this story," he said. "It is not very pleasant. We have never concealed the truth about how it all happened."

Hamburg Checked for Radiation

FRANKFURT, Dec. 10 — The investigation of Dmitri V. Kovtun's four days of spreading polonium has rattled Hamburg, with officials in space-age radiation protection suits swooping into shops and restaurants throughout the weekend.

The German police and federal authorities established a special unit to investigate the case, dubbed "The Third Man" — a reference to the cold-war film starring Orson Welles, and an officer from Scotland Yard is to travel to Hamburg on Monday to coordinate the German and British investigations.

Gerald Kirchner, an official from the Federal Office of Radiation Protection, said at a news conference in Hamburg on Sunday that polonium could have spread to Mr. Kovtun's hands if he mishandled a container of the substance. It is lethal, but is dangerous only when swallowed, breathed in, or absorbed through an open wound. "If it did come out of a container, it was very carelessly done," Mr. Kirchner said.

Not one of the people Mr. Kovtun came into contact with while in Hamburg was contaminated, said a police spokeswoman, Ulrike Sweden. The night before he left, Mr. Kovtun slept on the couch in the apartment of his German former wife, Marina, in Ottensen, a gritty Hamburg neighborhood that is being gentrified.

Also on Sunday, the British police confirmed that 2 of the 26 officers working on the case had tested positive for low levels of radioactive contamination. A police spokeswoman, who spoke in return for anonymity under police rules, said the traces were "relatively small" and "below defined safety limits."

Probe Of Poisoning Shifts To Germany (WSJ)

By David Crawford, Alan Cullison And Carrick Mollenkamp

The Wall Street Journal, December 11, 2006

The investigation into the death of ex-Russian agent Alexander Litvinenko has spread to Germany as it focuses on the travels of two Russian men, one of whom left a radioactive trail through Hamburg during his stopover there from Moscow en route to London, where Mr. Litvinenko was poisoned.

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The two Russians -- Andrei Lugovoi and Dmitri Kovtun -- met with Mr. Litvinenko Nov. 1 at the bar of the Millennium Hotel in London's Mayfair neighborhood hours before Mr. Litvinenko fell ill. Mr. Litvinenko, an outspoken critic of Russian President Vladimir Putin who had immigrated to Britain claiming asylum, died Nov. 23 after being poisoned with a little-known radioactive substance, polonium 210. A person familiar with the British inquiry into the alleged killing said the two men are a central focus of the investigation, adding that investigators haven't ruled out that others could have been involved and somehow set up Messrs. Lugovoi and Kovtun.

Messrs. Lugovoi and Kovtun are longtime acquaintances, having graduated from an elite military school in Moscow and having both worked in the Russian security services.

Scotland Yard, Russian police and about 300 German police and other officials are involved in the investigation of Mr. Litvinenko's death, raising diplomatic tensions between Russia and the West. Yesterday, investigators in Hamburg complained that Russian authorities aren't cooperating and haven't responded to their request for access to the Aeroflot plane that transported Mr. Kovtun to Hamburg from Moscow, said Thomas Menzel, head of Hamburg's special investigation squad for the case.

German police have code-named their investigation "Third Man" because of the trio's meeting at the hotel bar. (Police said it isn't a reference to the 1949 movie "The Third Man," a thriller set in post-World War II Vienna.)

Yesterday, investigators laid out Mr. Kovtun's steps through Hamburg, where he stayed from Oct. 28 to Nov. 1. Traces of polonium 210 were found on the passenger seat of a BMW car that picked up Mr. Kovtun at the Hamburg airport, in the home of Mr. Kovtun's former mother-in-law outside Hamburg, and on a couch he slept on at the apartment of ex-wife Marina, German officials said yesterday. Police also found traces of polonium 210 at a Hamburg city registry office on a piece of paper that Mr. Kovtun signed Oct. 30, Mr. Menzel said.

Four people have informed police they met with Mr. Kovtun, and 13 other leads are also being followed, Mr. Menzel said. The discovery in Germany came after police there ran a standard check for Mr. Kovtun's name after London's Metropolitan Police Service, as Scotland Yard is formally known, disclosed it as part of its investigation, Mr. Menzel said.

Investigators have had trouble talking with Mr. Kovtun and his associate Mr. Lugovoi in recent days. Last week, officials from Scotland Yard flew to Moscow to meet with them, but the meetings have been held up amid conflicting reports both men had been hospitalized for reactions to traces of polonium 210. One Russian news service said Mr. Kovtun had been in a coma, a report officials later denied. State news services in Moscow reported yesterday that Mr. Lugovoi was being interviewed by Russian authorities in the presence of Scotland Yard's team.

Mr. Litvinenko had said he was investigating the Oct. 7 killing of 48-year-old Russian journalist Anna Politkovskaya, although authorities haven't officially established any connections between the two killings.

Messrs. Lugovoi and Kovtun, in a recent appearance on a Moscow radio program, said they were innocent in Mr. Litvinenko's death. On the show, Mr. Lugovoi, an ex-Soviet security-service agent, said he introduced Mr. Kovtun to Mr. Litvinenko because of their common business interests.

Mr. Kovtun, also on the radio program, said he previously worked for the Soviet government in Czechoslovakia and was in Germany when the Soviet Union collapsed. He married a German woman and remained in the country for 12 years. He recently divorced and moved back to work as a business consultant in Moscow, where he sought to help British companies enter the Russian market. He said his first meeting with Mr. Litvinenko was Oct. 16 in London.

Germans Investigate Russian In Poisoning (WP)

By Shannon Smiley And Peter Finn

The Washington Post, December 11, 2006

HAMBURG, Dec. 10 -- German prosecutors said Sunday that they are investigating a Russian businessman for the illegal handling of a radioactive substance in the days after he flew to Germany from Russia and before he left to meet a former Russian internal security agent in London. The development is the strongest indication so far that the plot to poison Alexander Litvinenko in London originated in Moscow.

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At a news conference in this port city, German officials said Dmitry Kovtun, who reportedly lies sick in a Moscow hospital, flew to Hamburg from Moscow on Oct. 28 before heading to London on Nov. 1, the day he met Litvinenko at a bar at the Millennium Hotel.

Hamburg's chief prosecutor, Martin Koehnke, said traces of radioactivity found in and around Hamburg and linked to Kovtun's movements before Nov. 1 suggested that he carried the substance to Germany. Koehnke said it was still possible that Kovtun was merely present when polonium-210 was "packaged in Moscow," but German investigators are convinced that he was in contact with the deadly isotope before he met Litvinenko.

"There is probable cause for the initial suspicion that he might have brought the substance with him outside his body to Hamburg, and that he may not only be a victim but could also be a perpetrator," Koehnke said at the news conference in Hamburg police headquarters.

Bolstering that assertion, Thomas Menzel, a police officer leading the investigation, said there is no evidence that Kovtun had returned to Germany after the London meeting with Litvinenko, all but ruling out the possibility, as Kovtun has claimed, that he first came into contact with a radioactive substance at the meeting with Litvinenko.

"We cannot be absolutely sure at the moment, but there has been no evidence to suggest that he returned to Hamburg," Menzel said.

"He is considered to be a suspect," German police said in a statement.

German radiation experts said Sunday that they had confirmed the presence of polonium-210, the substance that killed Litvinenko, at two locations in Germany and were 95 percent certain that traces found at other locations had come from that radioactive isotope. Final tests were needed to confirm its presence at some locations, German officials said. Officials did not specify exactly where the polonium-210 had been found.

Menzel said Kovtun, a Soviet army veteran and business consultant who had lived in Germany for 12 years, flew to Hamburg from Moscow on an Aeroflot flight.

"Aeroflot is not available to us. It is probable that he was already contaminated when he flew on the plane," Menzel said. "We have not received any answers to our questions so far" from Russian authorities.

The Germans have dubbed their investigation "The Third Man," though officials did not explain the reference to the Graham Greene mystery. More than 170 police officers are working on the case, along with members of the federal border police, the federal criminal police and radiation protection officers.

The killing of Litvinenko, which Scotland Yard has classified a murder case, had already led to some deterioration in relations between Britain and Russia, but it now has the potential to impact the wider relationship between the European Union and Russia. Critics of President Vladimir Putin have accused the Kremlin of complicity in the killing, allegations that the Kremlin rejected as absurd amid repeated assertions that the polonium almost certainly did not originate in Russia.

The German allegations, however, will throw a fresh spotlight on the Russian investigation of the case. The Russian prosecutor general's office has opened its own inquiry into Litvinenko's death and said it was investigating Kovtun's poisoning as attempted murder.

Attempts to reach Russian officials at the Kremlin and the prosecutor general's office Sunday night were unsuccessful.

The German disclosures indicate that Kovtun was "with the murder weapon before Nov. 1," said Alex Goldfarb, who has been acting as a spokesman for the Litvinenko family in London. But he said Kovtun "had no motive to kill" Litvinenko, so the question remains, "Who hired him and equipped him?"

"It is clear all the tracks lead to Moscow," he said.

Kovtun, 41, first met Litvinenko on Oct. 16 in London, where the two were introduced by another Russian, Andrei Lugovoy, a former KGB agent who attended a military academy with Kovtun in the 1980s. The three discussed possible business deals involving British companies interested in investing in the Russian market, according to a joint interview with Kovtun and Lugovoy on Echo Moskva radio in late November.

Both Litvinenko and Lugovoy at various times had close ties to exiled Russian tycoon Boris Berezovsky, a declared enemy of Putin. Lugovoy was head of security for a television channel in Moscow owned by Berezovsky before he fled Russia in 2000 after clashing with Putin. And Litvinenko became a part of Berezovsky's circle in London when he fled Russia after accusing

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former colleagues in the Federal Security Service, or FSB, of corruption. His allegations had led Russian authorities to press criminal charges against him.

The three Russians met on Nov. 1 at the Millennium Hotel bar in central London. Seven hotel workers have tested positive for exposure to a radioactive substance. An Italian who met separately with Litvinenko the same day has also tested positive for radiation exposure, as has Litvinenko's wife.

Both Kovtun and Lugovoy have denied any involvement in Litvinenko's death.

Laying out a chronology of some of Kovtun's movements, German officials said he landed in Hamburg after flying from Moscow on Oct. 28. He was picked up in a BMW, which has tested positive for radiation, German investigators said.

On Oct. 29, Kovtun spent the night in Haselau, about 16 miles north of Hamburg, at the home of his former mother-in-law. The BMW was found at that location, German officials said, and initial tests detected radiation in the house.

On Oct. 30, Kovtun went to an administrative office for foreigners in Hamburg. Radiation has been detected on his file card, which he signed, German officials said. Neither the employee in the room nor the room itself tested positive. Kovtun has a German residence permit. He was still registered as a Hamburg resident, but police said he had not lived permanently at his listed address in an apartment building on Erzbergerstrasse for a couple of years.

Kovtun told Echo Moskva that he had started working as a business consultant in Moscow and that an enterprise had led to his discussions with Litvinenko.

Kovtun's former wife lives in the same building on Erzbergerstrasse where he was registered. On Oct. 31, Kovtun spent the night on her couch. Police said they found traces of radiation on the couch.

At 6:40 a.m. on Nov. 1, Kovtun took a Germanwings flight from Hamburg to London. The plane was examined yesterday at the Cologne-Bonn airport, but no contamination was detected. Police, explaining that apparent anomaly, said that had Kovtun showered, he might have washed away any trace. They also noted that the plane had been thoroughly cleaned since Kovtun traveled on it.

Traces Of Radiation Linked To Associate Of Poisoned Ex-spy (USAT/AP)

USA Today, December 11, 2006

HAMBURG, Germany (AP) — Traces of the rare radioactive substance polonium-210 were found at a German apartment visited by a contact of fatally poisoned ex-spy Alexander Litvinenko — before the two men met in London, authorities said Sunday.

The polonium traces were found on a couch where Russian businessman Dmitry Kovtun is believed to have slept at his ex-wife's Hamburg apartment the night before he headed to London for a meeting with Litvinenko last month, German investigators said.

Tests on traces of radiation at the apartment "clearly show that it is polonium-210," Gerald Kirchner of the Federal Radiation Protection agency said at a news conference.

Investigators said Kovtun flew to Hamburg from Moscow with Aeroflot on Oct. 28 and departed for London on Nov. 1. That is the day when Kovtun and at least one other Russian met with Litvinenko at London's Millennium Hotel — and when Litvinenko is believed to have fallen ill.

Traces of radiation also were found in the passenger seat of a car that picked Kovtun up from the Hamburg airport, on a document Kovtun brought to Hamburg immigration authorities and at the home of Kovtun's ex-mother-in-law outside Hamburg — all from before the Nov. 1 meeting.

German prosecutors did not say whether they suspect Kovtun might have been involved in Litvinenko's death. But they said they were investigating him on suspicion he may have improperly handled radioactive material.

"At this stage of the investigation, we have sufficient initial cause to believe that he brought the polonium traces to Hamburg outside his body, or that these traces are the result of contact with polonium-210," prosecutor Martin Koehnke said.

Officials said that any connection between Kovtun and Litvinenko's death would have to be investigated by British police. British police are treating his death as a murder.

"We still believe that both variants are possible: that he may be a victim, but also that he may have been involved, at least in procuring the polonium," Koehnke said.

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Litvinenko, an ex-Russian agent who was a fierce Kremlin critic, died Nov. 23 after blaming Russian President Vladimir Putin for the poisoning. The Kremlin has vehemently denied involvement.

Kovtun reportedly is being treated in Moscow for radiation poisoning. Russian authorities have opened a criminal investigation into his poisoning, calling it attempted murder.

Kirchner, the radiation agency official, said it was possible Kovtun could already have been poisoned when he arrived in Hamburg and left behind traces through body fluids such as sweat.

On Saturday, the German plane aboard which Kovtun flew from Hamburg to London tested negative for traces of polonium-210. Investigators raised the possibility that may be because the plane had been cleaned thoroughly.

A security officer for Moscow's Sheremetyevo airport said all Aeroflot planes, including the one which flew to Hamburg on Oct. 28, had been checked for radiation and tested negative. The officer spoke on condition of anonymity because he wasn't authorized to speak to the media.

Litvinenko met at the Millennium Hotel in London's Mayfair neighborhood with Kovtun and former Soviet agent Andrei Lugovoi. Another man, security firm head Vyacheslav Sokolenko, has said he was at the hotel but did not participate in the meeting.

Lugovoi has denied that the men were involved in the ex-spy's death.

Meanwhile, Litvinenko's widow said in interviews published Sunday that her late husband's criticism of the Kremlin had antagonized his former secret service colleagues, and contended that Putin had created an atmosphere that "makes it possible to kill a British person on British soil."

In her first interviews, Marina Litvinenko said she believed Russian authorities were behind the poisoning of her husband, who sought asylum in Britain in 2000 and obtained citizenship this year. Marina Litvinenko told Sky News in an English-language interview that her husband "openly went out from system and accused the system of killing people, of kidnap."

Marina Litvinenko has placed her faith in British investigators but said she does not intend to cooperate with Russian authorities, who plan to come to London to probe her husband's death.

"In Russia, it doesn't matter how many people are killed," she said, adding that the life of "only one person can still be very important in England."

Also on Sunday, Litvinenko's friend Alex Goldfarb accused Russian authorities of trying to obstruct the British probe by preventing Kovtun and Lugovoi from being questioned.

Lugovoi was supposed to testify after a team of Scotland Yard officers arrived in Moscow on Tuesday. But the interrogation has been postponed several times, although Lugovoi himself has said he is eager to answer questions.

"It's a clumsy effort to cover up the trace, to prevent British investigators from meeting with two key witnesses," Goldfarb told The Associated Press.

He added that Lugovoi and Kovtun could be in danger as the authorities "could try to remove them later."

"Another crime is unfolding before our eyes — the removal of two key witnesses: Lugovoi and Kovtun," he told the AP.

Lugovoi, who is being checked in Russia for radioactive poisoning, said Sunday his condition was "stable" and results of his medical checks would be available by the end of the week.

Lugovoi said Kovtun also was in a "satisfactory" condition. "He's not in a coma," Lugovoi told the RIA Novosti, denying a report by the Interfax news agency on Thursday.

The Spy Who Knew Too Much (TIME)

By J.f.o Mcallister

Time, December 11, 2006

Alexander Litvinenko was buried as he had lived, in a storm. There was rain, hail and a tornado near Highgate Cemetery in north London on the day his lead-lined coffin was lowered into a plot a few yards from that of another dissident who had sought refuge in Britain, Karl Marx. Before the burial, there was a memorial service at a mosque. Several close friends said Litvinenko had converted to Islam a few days before he died, in a kind of atonement for atrocities Russia (and perhaps Litvinenko himself) had committed in Chechnya, although another doubted any conversion had taken place. Litvinenko's widow Marina had

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requested a nondenominational service at the graveside, but an imam interrupted the proceedings to perform Islamic rites. Litvinenko, a former Moscow anticorruption detective turned furious critic of the Russian government, had a talent for controversy.

The dead man in the Highgate Cemetery started feeling ill on Nov. 1. The London doctors who attended Litvinenko's bedside quickly suspected that some kind of radioactive agent was causing his decline. His hair was falling out, his athlete's body was shriveling, his bone marrow was failing, just as if he had been one of the firemen called to the burning reactor at Chernobyl. But gamma spectrometers found nothing unusual in his blood or urine. As doctors ruled out a slew of increasingly obscure toxins and bugs, the patient's condition worsened. In desperation, the police sent his urine to Britain's Atomic Weapons Establishment, which has equipment beyond the reach of any hospital. There, experts discovered Litvinenko's urine was teeming with radiation--not the gamma rays they had been looking for, which are the usual culprits in radiation poisoning because they can penetrate steel and concrete, but alpha particles, which can be blocked by a single sheet of paper or a layer of human skin. If they get into your bloodstream, though, alpha particles will destroy everything they touch. The Chernobyl occurs inside. This is not a nice way to die.

It was Litvinenko's fate. On Nov. 23, a few hours after the scientists isolated what was causing his body to disintegrate, he succumbed. His was not the quiet, inexplicable demise that a poisoner usually seeks. Instead, those alpha particles, which were shown to come from the rare isotope polonium 210, opened a box of mysteries that have grabbed the world's attention for weeks and turned a gruesome death into the center of a global manhunt and a potential row between Russia and the rest of the world.

The victim had no doubt where the search for his killer would lead: on his deathbed, he said his death had been ordered by Vladimir Putin, the President of Russia. Russian officials have denied that as a malicious provocation. Not surprisingly, Britain is being punctilious about amassing sufficient evidence before it points a finger in any direction. But if some shadowy figures close to the Kremlin turn out to be responsible for Litvinenko's death, it would be the most astonishing indictment of just how ruthless the modern Russian state can be.

All that, as yet, remains unproved. Meanwhile, a slew of whodunit theories are jostling for prominence. Following an autopsy that spurred the police to treat Litvinenko's death as a murder, Scotland Yard antiterrorism officers have been combing sites all over London, while colleagues traveled to Moscow. "This continues to be an extremely complex investigation, and detectives are pursuing many lines of inquiry," said a police spokeswoman. Litvinenko's excruciating and sinister death and the swirl of international politics around it make this a case worthy of John le CarrÃ©, but as the police insist, the classic questions of any murder inquiry still apply: Scotland Yard, in short, is looking for motive, means and opportunity.

Who had a motive?

WHY WOULD ANYONE WANT ALEXANDER Litvinenko dead? To answer that question, investigators are having to immerse themselves in the intrigues of postcommunist Russia and their echoes in London, the favored home away from home for Russian exiles, where Litvinenko sought asylum in 2001. (He became a British citizen two months ago.)

Litvinenko had spent the 1990s as an officer in the Ã©lite organized crime unit of the Federal Security Service (FSB), which was tasked with penetrating organized-crime gangs in the murky post-Soviet world of big money and official corruption. Like anyone else who touched that cesspit, he had collected some powerful enemies--and at least one ally. That was Boris Berezovsky, one of Russia's first billionaires, who made his money in cars and oil partly by using his excellent connections with Boris Yeltsin to buy state assets for much less than they turned out to be worth. In 1994, as his Mercedes was pulling out of his headquarters, a huge car bomb decapitated Berezovsky's chauffeur but left Berezovsky unharmed. Litvinenko was assigned to the case, and over time the two men became friendly. In 1995 hit men gunned down Vladislav Listyev, a popular TV personality who also ran Berezovsky's ORT-TV network. Officers from a rival organized-crime squad came to Berezovsky's headquarters to arrest him and search for documents. But in the doorway, with his pistol drawn, Litvinenko held off eight of them armed with Kalashnikovs, while Berezovsky furiously phoned allies at the Kremlin. Berezovsky said he and Litvinenko became "like brothers" that night.

Litvinenko claimed to have saved Berezovsky's life a second time. In 1998 he said he had refused an order "to kill the Jew who has stolen half of this country"--by which his superiors meant Berezovsky. As a result, Litvinenko believed, an unsuccessful attempt was made on his life. Those claims were made at a surreal press conference at which Litvinenko appeared with six

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other disgruntled FSB officers. Some wore ski masks, but Litvinenko, his face uncovered, calmly stated that bosses at the FSB were using the organization "for their private ends to liquidate those who bothered them" and line their own pockets.

Was Litvinenko telling the truth, and if so, was that his sole motivation for grabbing the limelight? Later, two of the officers in the episode claimed the stunt was bought and paid for by Berezovsky, which probably only heightened the rage of the man who had become the FSB's chief--Vladimir Putin. To Putin, a former KGB officer, what Litvinenko had done "was a major act of treason," says former KGB Major General Oleg Kalugin, now an exile in the U.S. after having written about Russia's tilt toward authoritarianism. In his book The Lubyanka Gang, Litvinenko, for his part, said he had gone to Putin before the press conference with proof showing which top FSB officers and high state officials were corrupt. Putin, he wrote, promised to take action--but had Litvinenko tailed instead and hired some of those accused of corruption to work for him. FSB officers arrested Litvinenko on corruption charges in 1999, and he was jailed for eight months. At trial, he was acquitted, then rearrested and jailed for an additional seven months on the same charges (which were quashed), then arrested again. He was eventually released on the condition that he did not leave Moscow.

Litvinenko broke that promise. With Putin having succeeded Yeltsin as President, Litvinenko and his family fled to London in October 2000--shortly after Berezovsky, who was later charged in Russia with fraud, had left for Britain. Litvinenko went to work for the billionaire and lived in a house owned by him. Both agitated against Putin, Berezovsky by financing human-rights and opposition groups and Litvinenko by producing two books furiously critical of the new President. Litvinenko, it is fair to say, didn't like Putin. Last summer he claimed in a letter posted on the Internet that the President was a habitual pedophile. Litvinenko also contended that Putin had been on the take from Mafia groups for years and that to advance his presidential ambitions, he had directed FSB officers to blow up apartment buildings in Moscow in 1999, killing more than 300 people--then pinning the outrage on Chechen rebels. (Putin has vehemently denied any involvement; Russian courts found a group of Chechens guilty of the crimes.) Litvinenko helped make a French film about the apartment bombings and was contributing to a documentary being made in London when he was murdered. This fall Litvinenko had been on the trail of the murderer of Anna Politkovskaya, a persistent critic of Putin's war in Chechnya and human-rights abuses in Russia. Politkovskaya was killed in the doorway of her Moscow apartment in October. Litvinenko was sure the order had come from the Kremlin.

Putin, says Alexei Kondaurov, a former KGB general who is now a maverick Duma deputy, is known for keeping score and for a long memory. So the idea that he would want an infuriating gadfly like Litvinenko to disappear is not beyond reason. But the President's defenders scoff at the idea that he might have been involved in Litvinenko's death. Putin, they say, had no need to get rid of Litvinenko; the exile was an irrelevant crank. Milton Bearden, a former CIA spy in Moscow, as well as other experienced intelligence hands, agrees it would be nuts for Putin--who has had good relations with British Prime Minister Tony Blair--to order an assassination on British soil of a British citizen who was no more than a pest. Says Bearden: "Take a deep breath and take a look at Putin and say, 'Is he stupid or insane?'"

If not Putin, who might want Litvinenko dead? Plenty. Russian Mafia bosses whose networks he was still prying into, for example, or rogue FSB officers who had been paid to rub him out by those who wanted to hurt Berezovsky. Perhaps the culprit was someone who wanted to frame Putin, or a member of the many factions maneuvering to succeed him when his term expires in 2008. One particularly dark theory making the rounds in Moscow was that Litvinenko organized his own death in a bizarre politically motivated suicide. Julia Svetlichnaja, a Russian postgraduate student who met with Litvinenko several times over the past year, last week described an erratic man who said he was going to blackmail at least one famous Russian oligarch with the many secrets he was collecting--or sell them to newspapers. Yegor Gaidar, a Prime Minister in the early 1990s and now an occasional critic of Putin's, came to the President's assistance last week when describing how he had fallen violently ill from an apparent poisoning in Dublin on the day Litvinenko died. Writing in the Financial Times, Gaidar concluded "that some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical deterioration of relations between Russia and the West." His implication was that those same or similar adversaries killed Litvinenko.

Who had the means?

THE POLICE ARE TAKING ALL SUCH CLAIMS with a grain of salt--and turning their attention, rather, to the grains of polonium 210 that are at the center of the case. This is no garden-variety poison: polonium needs a nuclear reactor to cook it up

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and extremely careful handling. At first, the discovery of the element seemed to hang responsibility on the Kremlin. Russia is a big producer of polonium (although its annual output, less than a hundred grams a year, shows just how rare it is). The element is hard to procure. In the U.S., it takes a government license to buy more than minute quantities, and according to the website of United Nuclear, which sells isotopes for use in research labs, it would take about $1 million, 15,000 purchases of the largest unlicensed amount and some fancy lab work to scrape together a lethal dose. (The British Health Protection Agency says the dose that killed Litvinenko was at least 10 times as high as that needed to kill.)

Polonium 210 has some prosaic applications; it is used, for example, in antistatic devices found in photo shops and fabric mills. It would be very difficult, but for less than $1,000, just a few such gizmos could theoretically be disassembled and the contents reworked in a laboratory to produce a lethal dose. To be usable as a poison, Michael Clark, a spokesman for Britain's Health Protection Agency, said last week, the polonium would then have to be mixed in solution, probably with a gelling agent. "If it was some sort of liquid, it could have been--as in James Bond--a little magic capsule," Clark said. All this implies considerable sophistication and resources. A rich, ambitious criminal syndicate might have been able to pull it off; nevertheless, normally it is governments that work on this scale. And obscure poisons have long been a specialty of Russia's secret police, going back to a "toxicological office" that reported to Lenin personally. In the past, the Russians were known to have developed a gun delivering a burst of cyanide gas causing death easy to misidentify as a heart attack, and tiny pellets smeared with the poison ricin, which has no antidote.

In retrospect, it would have been a lot less trouble for someone to push Litvinenko under a bus than to feed him polonium. But it's likely his poisoners did not anticipate the brouhaha his death would cause. "I believe this was a botched operation," says Litvinenko's friend Alexander Goldfarb, who helped him escape from Russia and runs the Berezovsky-funded International Foundation for Civil Liberties in New York City. Without the intervention of Britain's nuclear-bomb lab, the cause of death would have remained shrouded. Boris Zhuykov, chief of the radioisotope laboratory at the Nuclear Research Institute of the Russian Academy of Sciences, says the discovery that polonium was the cause was "an act of scientific heroism. The murderers obviously did not expect that the polonium would be found. They failed because of the excellence of the English gamma spectrometer and the persistence of the research." (Zhuykov says that when he was making these points to Moscow's pro-government NTV network last week, the interview was terminated.)

Who had the opportunity?

SCOTLAND YARD HAS HAD ONE BIG BREAK IN the case: polonium, once released, is like a persistent, invisible dye that marks whatever it touches. Someone who ingests even small amounts will leave an unmistakable trail through sweat and even fingerprints. London's gumshoes have spent the past two weeks following such spores all over town--and beyond.

Litvinenko got sick the evening of Nov. 1, when alpha particles were destroying the lining of his gut. As he began to suspect poison, he focused on two meetings he had earlier that day. One was at a sushi bar in central London with Mario Scaramella, 36, an Italian lawyer and, like Litvinenko, a man drawn to the world of secret information and conspiracy theories. The second meeting was in the Pine Bar of the Millennium Hotel, near the U.S. embassy, with a group of Russian businessmen with whom Litvinenko was apparently hatching business ventures in Britain. "Alexander said both [meetings] were suspicious, and one was probably innocent," says Goldfarb.

For a time, attention focused on Scaramella, but by the end of last week his level of poisoning and other evidence exculpated him of any suspicion. Instead, the trail of polonium was entangling the group of Russians at the Pine Bar. All seven bartenders on duty that day tested positive for the substance, at levels approaching those found in members of Litvinenko's family, implying they had inhaled it soon after its release--possibly from the vapor given off by a drink into which it had been slipped. The Russians who met Litvinenko in the bar included Andrei Lugovoy, a former KGB bodyguard who had met Litvinenko in the 1990s when serving as Berezovsky's security chief at ORT; Dmitry Kovtun, a former Soviet army officer who has lived in Germany for many years and has known Lugovoy since they were 12; and Vyacheslav Sokolenko, a graduate of the same military school as Lugovoy and Kovtun. Sokolenko says he had never met Litvinenko before their brief encounter in London, and that his only interest that day was to attend a soccer match and do some sightseeing. Both Lugovoy and Kovtun have polonium in their bodies, and so far the main focus is on them; both men (and Sokolenko) deny any wrongdoing.

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When Lugovoy learned that British authorities were investigating Litvinenko's poisoning, he volunteered for an interview at the British embassy in Moscow. Polonium was later found in the embassy room, and in lots of other places Lugovoy had visited: on planes he had flown between Moscow and London in October; in five rooms at the Sheraton Park Lane hotel, where he had stayed; and in a fourth-floor room at the Millennium Hotel he is said to have used on the day Litvinenko was poisoned. Finding polonium in a hotel Lugovoy had used on a previous trip to London prompted British authorities to wonder if there might have been an earlier, failed murder attempt. A senior British security official thought the sprawl of radioactive markers throughout London and beyond implied an amateur operation, not up to the FSB's usual standard. But another official disagreed. "This is such an extraordinary material to be using as a weapon," he said, "I'm not sure if any standard operating procedures would exist for handling it." Lugovoy's explanation for the traces that seem to track his progress around London was straightforward. "Someone is trying to set me up," he said to the Moskovsky Komsomolets newspaper. "But I can't understand who. Or why."

Nine Scotland Yard detectives were in Moscow last week, trying to talk to Lugovoy. But the interview kept getting postponed for "technical reasons." Cooperation between the Londoners and the Russian authorities has been frosty. Russian prosecutors insisted that they conduct all the interviews, with the British merely suggesting questions. Prosecutor General Yuri Chaika said no Russian citizens would ever be extradited to Britain in connection with the case, while his office suggested that Russia would open its own criminal investigation in London. Lugovoy and Kovtun were said to be in the hospital with radiation poisoning, but there was no independent confirmation of that. After his interview with the British detectives, Kovtun was reported by the usually reliable Interfax news agency to have lapsed into a coma, but his lawyer quickly denied it. Hamburg police found alpha radiation in the apartment of Kovtun's ex-wife and in the home of his ex-mother-in-law, but were not able to say whether the source was polonium 210. For their part, British officials were hoping further tests might let them pinpoint the origins of the polonium, since reactors usually leave signatures in their output. The forensic trail so far points decisively to Russia. But Scotland Yard knows that pursuing Litvinenko's murder back to those who set it in motion, whether official, private or some combination of the two, may never be possible unless someone confesses.

Meanwhile, there is the light--uncomfortably glaring--that the case sheds on modern Russia. Vladimir Ryzhkov, one of the few independent liberals left in the Duma, says, "The point is not whether Putin is responsible for these concrete murders. The point is that he is responsible for having created a system that is ruled by fear and violence." Ryzhkov claims that the armed forces, Interior Ministry, FSB and those who have retired from them to join private security services "are running this country, own its economy and use violence and murder as habitual management techniques." A U.S. businessman in Moscow seconds the argument. "While you in the press are obsessed by Politkovskaya and Litvinenko, you've missed that half a dozen major oil executives and another half-dozen major bankers have been murdered in the last few months." Unlike Litvinenko's sickness, Russia's may not be fatal. But like his, it starts from inside. From his lead-lined coffin, a shadowy figure has illuminated that much.

with reporting by Timothy J. Burger/Washington, Jessica Carsen/ London, Peter Gumbel/Paris, Jeff Israely/Rome, Yuri Zarakhovich/Moscow

EU Looks Likely To Partially Halt Talks With Turkey (WSJ)

By William Echikson

The Wall Street Journal, December 11, 2006

European foreign ministers will meet today in Brussels to consider a last-ditch Turkish proposal to end a deadlock over Cyprus that threatens Turkey's membership talks with the European Union.

EU ambassadors couldn't reach a decision last week, and diplomats in Turkey's capital, Ankara, expect foreign ministers to fail, pushing the issue to EU heads of state who meet Dec. 15 and 16 in Brussels.

After an anguishing debate, diplomats expect the EU to decide to suspend parts of Turkey's membership negotiations. Pessimists fear the partial pause will evolve into a more permanent freeze, turning Turkey toward nationalism and away from the West. Optimists cling to the hope that the rupture won't be complete and European leaders will leave the door open to resume talks later.

The stakes may be high in either cementing a major Islamic country into the West or seeing failure exacerbate the clash of civilizations.

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The proximate cause of the conflict is the divided island of Cyprus. After Greek Cypriots took control in 1974, the Turkish army invaded and occupied the northern half, where they have stayed ever since. Greek Cypriots rejected a United Nations-brokered deal to unify the island in 2004, while Turkish Cypriots approved it. The Greek part of the island entered the EU anyhow.

As part of their entry negotiations, the EU gave the Turks until this year's end to open their ports and airports to traffic from Cyprus. The Turks refused, saying the EU should at the same time end the commercial isolation of northern Cyprus, a prospect vetoed by Greek Cypriots. Turkey last week offered to unilaterally allow Cyprus traffic into one port and one airport for a year in return for the "expectation" the EU would reciprocate later on northern Cyprus.

The last-minute Turkish offer remains insufficient, EU officials say, and Turkish diplomats themselves are resigned to its rejection. Cyprus has vetoed the proposal outright and is pushing for a hard punishment. Given the island's small importance -- its total population is less than one million -- the Turks suspect ulterior motives. Greece, France, Germany, the Netherlands and Austria -- who are wary of the prospect of allowing 70 million Muslim Turks into what has been a Christian club -- are likely to "hide behind Cyprus," said Murat Mercan, head of the Turkish Parliament's EU Committee.

The European Commission is proposing freezing eight of the 35 "chapters" in Turkey's membership talks and saying no new chapters could be closed until the Cyprus issue is settled. A final decision to freeze fewer chapters would be "psychologically" important, helping the Turkish government sell further concessions to its citizens and continue the adoption of EU-inspired changes such as press and religious freedoms, says Kaya Turkmen, director general for European Union Affairs in the Turkish Foreign Ministry.

Another crucial issue is the possibility of a "rendezvous" clause calling for a review in 18 months or so. So far, the clause remains in the package being considered by foreign ministers. This deadline, if missed, could lead to a "complete break in talks," Mr. Turkmen said.

With Or Without EU, Turkey Is Rising (CSM)

By Yigal Schleifer

The Christian Science Monitor, December 11, 2006

ISTANBUL, TURKEY

Like a game of high-stakes chicken set on the global stage, Turkey and the European Union have been locked in a tense standoff ahead of this week's deadline for Turkey to open its ports to Cypriot vessels or face consequences.

In a last-minute bid Thursday, the Muslim country looking to join the EU offered to provisionally open one port and one airport. But Brussels has deemed the concession insufficient and EU leaders appear likely to decide at a summit later this week to partially suspend talks on Turkey's membership.

As EU foreign ministers meet Monday to discuss the issue, some observers - particularly in Europe - see Turkey's stance as self-defeating obstinancy. But others say it is in fact fueled by a greater sense of self-confidence, the result of a surging economy and an increased sense of its own growing strategic importance, which may dampen the effects of any rupture with the EU.

"For the first time in my career I am seeing a Turkey that is quite calm and confident of itself," says Kemal Kirisci, director of the European Studies Institute at Istanbul's Bogazici University. "There is an element of confidence that is beginning to permeate the Turkish economy, and a bit of politics as well, and I see this confidence starting to permeate the Turkish foreign ministry. This is very healthy for Turkey and for the European Union."

Economically, Turkey has never been more part of Europe. Some of Europe's most venerable brands, from Bosch to Fiat and Renault, are today being manufactured in Turkey, which has grown to become the largest exporter of televisions to Europe.

But the continent's interests in Turkey may lie beyond the marketplace, experts say. With its strategic location between Europe and Asia, Turkey can act as a key conduit for delivering important goods to Europe, from Central Asian oil and natural gas to greater political influence in the Middle East. In addition, Turkey's young population could ultimately boost the productivity of a graying European population.

Mired in a deep financial crisis only a few years ago, Turkey's economy has been growing at a rate of some 7 percent for the last three years, while its formerly triple-digit inflation has been tamed to a manageable 10 percent. If it were to join the EU right now, Turkey would be the sixth-largest economy in the 25-member organization.

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"Both in finance and trade, Turkey is already a big part of Europe," says Murat Yucer, an economic analyst in Istanbul. "Turkey is a big market. Ultimately, it's a solid growth story."

All of this has been attracting an increasing number of European investors, despite tensions between EU countries and Turkey.

Analysts point out that during a recent political crisis between Turkey and France over the French lower house of parliament's approval of a bill that would make it a crime to deny that the mass killings of Armenians by the Ottomans were a genocide, French businessmen worked hard to distance themselves from the legislators' actions.

"[European business leaders] see Turkey as a very interesting and growing market that has a lot of opportunities," says Felix Howald, Europe director for the World Economic Forum (WEF), a Geneva-based organization that brings together leaders from business and politics.

A WEF report issued ahead of a recent high-level summit in Istanbul stated: "Turkey is perceived by many as a source of risk to Europe; it may be just the opposite, a potential source of major risk mitigation."

"Europe needs to look at Turkey in the context of the wider global risks facing it in the future."

Reacting to the possibility of the EU negotiations being partially frozen and of Turkey being forced to abandon the negotiating table, Turkish Prime Minister Recep Tayyip Erdogan said Europe would be making a "dreadful mistake."

"Europe, not Turkey, would stand to lose," he said this week, adding that Turkey would still continue to pursue its membership goal, although it has a Plan B and C.

Mr. Erdogan didn't specify what those other plans are, but observers in Turkey believe Ankara can't afford to cast aside its engagement with Europe, no matter how rocky the relations.

Hugh Pope, an independent analyst based in Istanbul, says that even Turkey's growing involvement in the Middle East - often seen as laying the groundwork for an EU alternative - is predicated on the perception that predominantly Muslim Turkey is on the path to joining the European big leagues.

"The relationship is really important for Turkey's power. Even if it's not going anywhere, it needs to be seen as going somewhere," says Mr. Pope. "Turkey has always got to maintain the illusion that the European process is in motion. It will never repudiate Europe."

But Bahar Rumelili, an expert on Turkey-EU relations at Istanbul's Koc University, says the negotiations are as important for Brussels' image.

"For the EU, a healthy relationship with Turkey conveys the image of the EU as an inclusive organization and an international actor that is able to promote change and reform," she says. "There is a growing realization from the European side that to alienate Turkey would be a big mistake. It would damage a major part of the EU's image as an international actor."

The forces of public opinion and political expediency might still get in the way, however, with European politicians certainly giving the impression that they are happy to alienate Turkey.

French conservative presidential hopeful Nicholas Sarkozy kicked off his candidacy by declaring that "Turkey's place is not in the EU." German chancellor Angela Merkel has also made clear her desire to deny Turkey full membership. In that sense, some say a cooling-off period between Turkey and the EU might be a positive thing, particularly with public opinion in some European countries decidedly against Turkey's membership.

"I think a pause is absolutely vital at this moment because the European public is up in arms," says Pope.

"I think that Europe has to catch up with itself."

Complete The Mission (WSJ)

By Miomir Zuzul

The Wall Street Journal, December 11, 2006

ZAGREB, Croatia -- The search for peace and democratic reform in the Middle East is NATO's most important challenge, as last month's Riga summit affirmed. But this focus on security and reform outside Europe threatens to sideline NATO's core responsibility to act within Europe. Along with deterring the Soviet Union until its collapse, the Alliance contributed to the economic growth and democratization of postwar Western Europe. This record of success makes it imperative that NATO's

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doors remain open to new European members hoping to make a similar journey from the days of dictatorship, discord and privation to democracy, peace and prosperity.

These potential new members can be found in Southeast Europe, a region that only too recently has been plagued by war and ethnic tensions. Some steps toward bringing these countries in were taken at the Riga Summit. Bosnia and Herzegovina, Montenegro, and Serbia were invited to join the Partnership for Peace (PFP) program, which the Alliance has successfully used to groom prospective members. U.S. President George W. Bush affirmed that a key foreign-policy goal is to bring Croatia, Albania and Macedonia into NATO in 2008. The Riga Summit Declaration reaffirmed the Alliance's intent at the next summit in 2008 "to extend further (membership) invitations to those countries that meet NATO's performance based standards and are able to contribute to Euro-Atlantic security and stability."

While these are steps in the right direction, NATO must bring the process promptly to its logical conclusion by offering these countries full membership. Decisive and bold leadership, both by the U.S. and key European countries, is more necessary than ever since, unfortunately, some NATO members are experiencing expansion fatigue. They are threatening to stop or pause the process of integrating Southeast Europe into the Alliance's unique security architecture.

This cannot be allowed to happen. NATO was established with the goal of stabilizing Europe. Yet, a key portion of the European geopolitical space -- the Balkans -- remains unsettled. Radicals in Serbia are once again threatening to erode the budding democracy in Belgrade; Kosovo remains unresolved; and even 10 years after the Dayton accords, Bosnia and Herzegovina remain unable to function without international assistance. The best, the only, way to stabilize what otherwise might become Europe's ghetto is the region's gradual integration into NATO. This is exactly the same bold strategy that led to the transformation of postwar Western Europe and post-Cold War Eastern Europe.

The optimal way to begin this transition is through Croatia's membership in NATO. Croatia is the region's leader in terms of economic and democratic stability and is well on its way to meeting the criteria for European Union membership. President Bush also acknowledged that Croatia is presently the only truly stable pro-NATO democratic ally in the region. Croatia's membership in the Alliance would serve as the bridge to the rest of the region and encourage democratic reforms throughout the Balkans.

While NATO must certainly continue to look outward and give due importance to its tasks in the Middle East, it must not forget its founding mission of stabilizing Europe. Today, this mission remains incomplete. As in Central Europe in the 1990s, when those countries marked their return to the European family by joining the Alliance well ahead of the EU, NATO has another opportunity to move faster and exhibit greater vision than the Union in the Balkans.

Mr. Zuzul was Croatia's foreign minister between 2003 and 2005. He is currently a member of parliament in Croatia.

DOJ_NMG_0104380

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 11, 2006 7:45 AM EST

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DOJ_NMG_0104383

TERRORISM NEWS:

The Threat From Within (USNEWS)

By Mortimer B. Zuckerman

U.S. News and World Report, December 11, 2006

It is chilling that the Baker-Hamilton report came on the eve of Pearl Harbor's anniversary. In 1941, clashes every day in the Atlantic Ocean made us more focused on the imminence of war with Germany than with Japan. Today all eyes are on Iraq. It's called the center of the war on terrorism, but it must not monopolize our attention. We need a third eye because we are now less likely to be attacked by international terrorists than by homegrown American citizens, self-radicalized individuals who are members of groups inspired by al Qaeda propaganda.

This is a profoundly demoralizing thought, given the long tradition of success our nation has enjoyed in infusing newcomers with the American ideal. Britain, taking a different course, was proud to have created a multicultural society. But apparently well-adapted young Muslims who were born in Britain exploded the subway bombs of July 2005. Now the head of Britain's domestic intelligence agency, Eliza Manningham-Buller, has come out with a grave warning. Not so long ago it was an offense for anyone even to mention the name of the head of MI-5. (The box office hit, Casino Royale, has it right: 007's boss, Judi Dench, is a distinctly anonymous figure). So the fact that the MI-5 director has stepped out of the shadows is significant in itself. And what she says is that there are many more British Muslims who back the terrorists. MI-5 has stopped five plots to date. We know of the one to blow up 10 planes over the Atlantic, but MI-5 is monitoring 1,600 other suspects, mostly homegrown Islamic terrorists who get their training in murder and mayhem on the Internet. In Germany, too, only an alert train conductor prevented the detonation of propane and gasoline bombs that would have horribly burned and killed hundreds of commuters.

A new training ground. Interviews with the heads of counterterrorism and local police officials in the United States yield similar assessments. The threat is from second- and third-generation children of immigrants, fluent in English and accustomed to American society but using the legal rights of U.S. citizenship to rebel from within. They have learned the Koran on the Internet; they lead small clusters of 20 to 25 mostly young men who share feelings of alienation, a longing for self-importance, a need to be a part of some larger group or cause. They have developed what is called "adversarial assimilation."

The Internet has replaced Afghanistan as a training ground. It is effectively the university of jihadist studies, where hundreds of Muslims from all corners of the world can study the rules of jihad, while they live in it anonymously. Here they learn to fire a shoulder-held antiaircraft missile; to prepare explosives and make bombs out of batteries and improvise hand-thrown charges to hit vehicles; to seek a position on a crowded bus to achieve maximum casualties; to plan kidnappings; and to concoct botulism toxin.

Marc Sageman, who collected the life histories of 400 would-be jihadists, found that most were well-to-do, with two thirds having some college education and only 27 percent characterized as lower class. Some 70 percent joined the ranks of the global jihadists while away from home. Separated from the traditional bonds of family and culture, they drifted to the mosques more for companionship than for religion, but there they found extremists who appeared to offer a compelling, all-encompassing explanation for their feelings of anomie and lack of self-worth.

HOMELAND RESPONSE:

Imams Seek To Settle With Airline (WT)

By Audrey Hudson

The Washington Times, December 11, 2006

A group of Muslim imams is seeking an out-of-court settlement with US Airways, saying they should not have been removed from a Minnesota-to-Phoenix flight last month and were not behaving suspiciously.

Five of the six Islamic religious leaders have retained the Council on American-Islamic Relations for legal representation and are seeking a "mutually agreeable" resolution, said Nihad Awad, CAIR executive director.

US Airways scheduled a meeting with the imams on Dec. 4 to discuss the incident, but the men canceled it and hired the activist group to act as legal counsel.

DOJ_NMG_0104384

"With the hopes of reaching an amicable resolution to this matter, we would like to take this opportunity to ask for a formal meeting with US Airways executives and legal counsel," said Arsalan Iftikhar, CAIR's national legal director, in a letter to the airline.

The imams represented by CAIR include Omar Shahin, Didmar Faja, Ahmad Shqeirat, Marwan Sadeddin and Mohamed Ibrahim.

Mahmoud Sulaiman of New Mexico is the only imam not included as a plaintiff.

Mr. Sulaiman is the passenger who asked another passenger to switch seats with him to accommodate a blind imam and was one of three imams who asked for a seat-belt extension even though the police report cites his weight at 170 pounds.

The Washington Times first reported on Nov. 28 that the imams were not in their assigned seats, but seated in a formation similar to the September 11 hijackers and controlled the exits to the plane. The men also requested seat-belt extensions but did not appear to need them, and engaged in conversations critical of the United States, according to police reports and eyewitness statements.

The imams and CAIR officials maintain that press reports as well as Internet sites and blogs have circulated charges they say misrepresent the facts of the Nov. 20 incident.

"Unfortunately, the false claims and smears used against these religious leaders only serve to cloud the real issue involved, that of how national security can be maintained while preserving constitutionally protected freedoms and respect for religious diversity," said Mr. Awad.

CAIR says the men were handcuffed for several hours and is also demanding hearings on religious and ethnic profiling at airports.

Mr. Shahin told The Washington Times he was only handcuffed for "10 or 15 minutes" and that the imams were not led off the plane in handcuffs.

Federal air marshals and pilots called the imams' actions a probe of airport security as well as a probe of the politically correct mentality of air passengers.

The Washington Times reported in 2004 that flight crews and passengers were experiencing a number of terrorist probes, most notably Northwest Airlines Flight 327 from Detroit to Los Angeles in June 2004, during which 14 Syrian men posing as musicians may have practiced a dry run.

Also in July 2004, a passenger from Syria was taken into custody at the Minneapolis-St. Paul International Airport while carrying anti-American materials and a note suggesting he intended to commit suicide.

A pilot reported that he watched a man of Middle Eastern descent at the Minneapolis airport using binoculars to get airplane tail numbers and writing the numbers in a notebook to correspond with flight numbers.

An airline spokeswoman says they have received the request from CAIR for a meeting, as well as a meeting request from Rep.-elect Keith Ellison, Minnesota Democrat, the first Muslim elected to Congress, but no date has been set.

"As far as we are concerned, we are done, and we will continue to back the crew, but we do want to reach out to the passengers," said spokeswoman Andrea Rader.

Muslims held a pray-in recently at the Minneapolis airport and called for a prayer room to accommodate their rigorous prayer schedule.

"Actually, the topic of a prayer room never came up in our meeting," said airport spokesman Patrick Hogan. "They mentioned it to the press before the meeting."

The airport already has two areas where anyone of any faith can pray -- a privately operated Community Counseling Center operated by a minister who encourages people of all faiths to pray in his facility and another area on the mezzanine level.

"Our intent at present is simply to increase public awareness of those facilities through signage and other outreach activities," Mr. Hogan said.

"If over time we find we need more space to accommodate people's needs, we would consider looking at other alternatives. In any case, the space would be for people of all faiths -- or none, for that matter -- and not dedicated to the practice of a particular belief system," he said.

Will Real ID Cause Chaos At The DMV? (USNEWS)

By Angie C. Marek

U.S. News and World Report, December 11, 2006

Back in May 2005, few really considered the broad implications of the Real ID Act, a bill designed to improve the security of driver's licenses in every state. Attached to an emergency funding measure for the Iraq war, Real ID slipped through Congress and was signed by the president-with little scrutiny but big effects. "The amount of congressional attention paid to something so game changing," says one Washington lobbyist, "was ... microscopic."

These days Real ID is hard to miss, and the nation's governors are up in arms over it. In less than two years, it will require states to begin issuing upgraded driver's licenses to roughly 245 million Americans. Although most governors say they'd like to improve identification security, many say the Real ID Act creates a multibillion-dollar unfunded mandate and deadlines that are impossible to meet. It may also mean longer lines at Department of Motor Vehicles offices nationwide and new costs for consumers. Governors like Mike Huckabee of Arkansas hope the new Congress "will throw us a lifeline" and make changes to Real ID. Whether that's necessary is the subject of debate. But if changes aren't made, Washington is in for a bipartisan revolt in the states.

There's little question driver's licenses could use some securing. In the current system, easily forged birth certificates or utility bills are often taken as proof of identity or residency. Jonathan Frankel of the Department of Homeland Security says that means there's "no guarantee ... the person holding the document bears a relationship to the name and identity on the license." The 9/11 commission found that the 19 hijackers secured 13 driver's licenses, seven of them by falsely claiming that they lived in Virginia.

Real ID aimed to fix that. By May 11, 2008, all licenses must be machine readable, meaning any law enforcement officer will be able to, say, scan your license's bar code and make sure the digital information matches what's on the front; that will make tampering more difficult. DMVs will also have to verify identity documents like birth certificates or baptismal records. In most cases, images of those documents will be scanned into computers, where they must be held for up to 10 years. States must share, at minimum, the information printed on the license to prevent fraud. Residents of states that don't comply will no longer be able to use their license for federal purposes like boarding an airplane.

Obstacles. But states are questioning whether Real ID is feasible. Many DMVs haven't started needed upgrades because they're still waiting for detailed DHS guidance on how to proceed. Meanwhile, a report released in September by the National Governors Association and other groups estimated that Real ID, which would require more DMV employees and the purchase of new technology, could cost states over $11 billion in five years. The report also said the time it takes for a consumer to renew a license would more than double. In many cases, conveniences like renewing by mail will be abolished. DHS disputes claims about longer lines and is working on a new cost estimate. Still, "if this bill really goes forward," says Jim Harper of the Cato Institute, "I think you'll see many red-blooded Americans leaping over DMV counters in sheer rage."

Huckabee says governors are already "universal" in their rage. Places as varied as New Hampshire, Washington, and Kentucky have considered bills that would prohibit participation in the effort or at least urge Real ID's repeal. Also controversial: special Real ID licensing rules for certain legal immigrants. Illegal immigrants can't have a Real ID license at all.

All that anger falls to a new Congress, which must sort out what, if anything, to do. The September report called for extending the deadline and handing more dough to states. Speaker-to-be Nancy Pelosi opposed Real ID when it first came up in early 2005, but Democrats, eager to "get tough" on security, "haven't committed to much of anything yet," says David Quam of the governors association. In coming weeks, though, they may have to take a stand. Sitting on the fence on Real ID looks like a license for trouble.

Katrina Begets A Baby Boom By Immigrants (NYT)

By Eduardo Porter

The New York Times, December 11, 2006

NEW ORLEANS — First came the storm. Then came the workers. Now comes the baby boom.

In the latest twist to the demographic transformation of New Orleans since it was swamped by Hurricane Katrina last year, hundreds of babies are being born to Latino immigrant workers, both legal and illegal, who flocked to the city to toil on its reconstruction.

The throng of babies gurgling in the handful of operational maternity wards here has come as a big surprise — and a financial strain — to this historically black and white city, which before the hurricane had only a small Latino community and virtually no experience of illegal immigration.

“Of all the myriad things that have changed after Katrina, this wasn’t high on anybody’s priority list,” said Dr. Mark Peters, chief executive of East Jefferson General Hospital in Metairie.

Because many immigrant mothers cannot afford to pay for prenatal care or delivery services, New Orleans’s newest citizens are adding an unexpected load to the decimated health infrastructure in a city abandoned by many of its doctors. Much of the state-financed Charity Hospital system, which before Hurricane Katrina provided the bulk of care to New Orleans’s uninsured and indigent population, remains closed.

Lacking health insurance and barred from most government assistance, expectant immigrant mothers can go to only the handful of charitable clinics that are still operating and that do not question a woman’s immigration status when offering low-cost prenatal care.

DOJ_NMG_0104386

"Prenatal care is our daily nightmare," said Shaula Lovera, the program coordinator for the Latino Health Access Network, an outreach service operated by Catholic Charities.

The two health units providing prenatal care run by the Louisiana Department of Health and Hospitals saw more than 1,200 pregnant women from January to mid-November. Virtually all were Latino immigrants.

"Before the storm, only 2 percent were Hispanic; now about 96 percent are Hispanic," said Beth Perriloux, the head nurse in the department's health unit in Metairie.

There are so many pregnant women that the clinics have reached capacity. Dr. Erin Brewer, the department's medical director, said, "We've gone from having a maternity clinic two to three days a week to five days a week."

Many immigrant women are forgoing prenatal care and showing up, ready to deliver, in hospital emergency rooms, where they are required to be seen even if they are in the country illegally.

"When I felt the pains I just went to the women's and children's hospital," said Noemi, an illegal immigrant from Oaxaca, Mexico, who arrived in New Orleans right after the storm as part of a cleaning crew from North Carolina. She left the city but then returned in October, a month after giving birth to her daughter Alejandra in Lake Charles, 200 miles west.

"If they hadn't received me, my girl would have been born in the hall," Noemi said. (She asked that her last name be withheld to protect her identity.)

There has been a small Latino population in New Orleans for several decades, mostly Hondurans who came after Hurricane Mitch battered Central America in 1998. But that population has started to grow.

According to the Louisiana Health and Population Survey, released in November, the number of Latinos living in households in Orleans and Jefferson Parishes has increased by about 10,000 since 2004, to 60,000, even as the total population has fallen by about a quarter, to roughly 625,000.

Last summer, researchers at Tulane University estimated that there were 5,000 to 7,000 illegal Latino workers in Orleans Parish alone, excluding nonworking relatives. But some community workers estimate that tens of thousands have arrived since the storm.

Immigrants can be seen working on roofs, installing Sheetrock and laying tile all over town, from the up-market Lakeview neighborhood in the west to East New Orleans. At the Lowe's home improvement store in the city's Bywater neighborhood, clusters of day laborers mill about in the parking lot every morning, waiting for jobs.

Most are not new to the United States. They come from Texas, Florida or California, seeking construction work that can pay $150 a day. But there are some newcomers, including Sara Alvarado, a 26-year-old Honduran, who arrived in the United States in August after a monthlong odyssey through Mexico with her partner, Tony, 32.

When Ms. Alvarado finally got to New Orleans, brought into the country by coyotes, or smugglers, who charged $6,000, she was more than six months pregnant. The last time she had seen a doctor was four months before.

"The coyotes wanted to charge me more and bring me across in a car," Ms. Alvarado said, sitting in her cramped room in a shotgun shack in the Upper Ninth Ward that she and Tony share with four other people. "But I didn't take a single vitamin, and I came across that desert jumping fences and all that, and look, here is this boy."

She cradled a plump bundle: Jackson Antonio, an American citizen who came into the world at Tulane-Lakeside Hospital 12 days early on Oct. 17, the day the 300 millionth American was born.

At Tulane-Lakeside, doctors are delivering 215 to 240 babies a month, which is 60 percent to 70 percent more than before Hurricane Katrina, said André du Plessis, the hospital's chief operating officer.

Some of that increase is because of the lack of hospitals. But the numbers also reflect the new population. "Approximately 20 to 25 percent of the babies are Hispanic," Mr. du Plessis said. "Pre-Katrina, we largely didn't have a Hispanic population."

Dr. Kevin Work, an obstetrician who started a private practice a year before the hurricane, decided to focus almost exclusively on the Latino population when he saw the abundance of immigrant women at the maternity clinics run by the Department of Health and Hospitals, where he works two and a half days a week.

"The demographics of the health units used to be 85 percent African-American, who had Medicaid, and 15 percent other," Dr. Work said. "When the clinics reopened, I started seeing the faces changing. Now 85 to 90 percent are Hispanic undocumented, and only 10 to 15 percent have Medicaid."

Dr. Work has been offering a low-cost prenatal care package, charging about $800 for the full term of a pregnancy, a small fraction of the typical bill. He also runs advertisements on the two local Spanish-language radio stations.

The boomlet of Latino babies in New Orleans poses particular challenges. Nonemergency Medicaid is not available to illegal immigrants or even to legal immigrants who have been in the country less than five years. Virtually none of the immigrant mothers-to-be have private insurance. They are mostly poor. Many fear being deported.

Hospitals will deliver these women's babies only if they arrive in labor through the emergency room. There, emergency Medicaid pays for up to a 24-hour hospital stay for a vaginal delivery and a 48-hour stay for a Caesarean section, Dr. Work said.

DOJ_NMG_0104387

Most of Dr. Work's patients do not speak English. At the Department of Health and Hospitals' unit in Metairie, where he sees patients Tuesday mornings, he relies on the "language line," a phone-based translation service. Sometimes women arrive with one of the Latina translators who prowl the clinics and charge the patients $60 per session.

Dr. Work said he delivered 50 to 70 babies a month, most born to Latino immigrants. He even delivered Jackson Antonio, though he could not remember doing so, the memory lost in a blur of births.

The new population is having a tough time in New Orleans. Jackson Antonio was required to stay 48 hours in the hospital. But Ms. Alvarado had to leave after 24. "If I stayed longer they would charge me," she said. She spent the next day looking for a car safety seat, which hospitals require to discharge new babies.

Health workers at Catholic Charities eventually found a car seat. They also gave her a crib, so her baby would not have to sleep on a mattress on the floor. Volunteers at Common Ground, a nonprofit assistance organization that opened a health clinic after the storm, have been trying to help Ms. Alvarado apply for assistance for her child.

Still, Ms. Alvarado's life is mostly an endless hustle at the limit of subsistence. She started Jackson Antonio straight off on baby formula because she expected to go to work as soon as she recovered from the delivery. But she cannot leave home, because there is nobody to care for the baby.

Her partner, Tony, who declined to provide his last name, spends most days waiting with the day laborers at a Shell gas station near their home. But with demand for workers slackening, he is having a hard time finding a job. Just before Thanksgiving he worked 10 hours on an apartment building, but the woman who hired him disappeared before paying him his promised $120.

Meanwhile, bills are piling up, starting with repayment of the $6,000 they borrowed to pay the coyotes' fee. They have repaid only about $1,300, Ms. Alvarado said. And they need $350 a month just for their share of rent and utilities.

Ms. Alvarado must also send money to Honduras for her two daughters, ages 7 and 9, who live with her mother. Tony has three daughters in Honduras, too, living with their mother.

Because Jackson Antonio is a United States citizen entitled to Medicaid, Ms. Alvarado gets a monthly ration of nine cans of baby formula, as well as powdered milk, canned juice, and eggs and cheese for her. But the staff at the food stamp office told her they were required to report any applicant who was an illegal immigrant to the authorities, so Ms. Alvarado did not apply.

She said she might return to Honduras because there was no point to staying if she could not work. "I came to make a future for my mother and my girls," she said.

But if she can work, she will probably stay. And the baby boom may even provide an opportunity. She said she might go into business taking care of the babies of other Latino mothers.

WAR NEWS:

No Rift With Administration, Baker And Hamilton Say (WP)

By Michael Abramowitz

The Washington Post, December 11, 2006

Former secretary of state James A. Baker III said for the first time yesterday that the Iraq Study Group remains committed to democracy in Iraq, as he and Co-Chairman Lee H. Hamilton offered conciliatory words to a Bush administration that has reacted coolly to the panel's key recommendations.

The group's report makes no mention of President Bush's oft-stated goal of establishing democracy in Iraq; in the five days since its release, Baker and Hamilton have talked in more modest terms, referring to Bush's recent formulation of creating an Iraq that can govern and defend itself. But in an interview on "Fox News Sunday," Baker emphasized: "We don't negate the goal of democracy."

"The goal of democracy has always been a goal and foundation and basis for American foreign policy, and it will always remain that," Baker said.

The comments appeared part of an effort by Baker and Hamilton to use the Sunday talk shows to play down talk of rifts between the panel and the Bush administration, which is finishing its own review of strategy in Iraq. In televised interviews, Baker said he understands the administration's internal studies call for some of the things his panel urged, such as changing the focus of the U.S. military presence in Iraq from combat to training.

Baker also sought to portray the panel's proposal for a more aggressive Middle East diplomatic effort as less ambitious than its critics have suggested. At a news conference last week, Bush seemed to take issue with the panel's suggestion that his administration should engage in high-level dialogue with Syria and Iran without preconditions.

Baker said that he wanted to make sure "everyone understands . . . the limited nature of what we are proposing with respect to Iran and Syria." He said the administration should find out whether Iran is willing to do what it did several years ago to

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help stabilize Afghanistan. He also said Syria would be required to meet several key obligations, including cooperating in the investigation of political assassinations in Lebanon and persuading Hamas to recognize Israel's right to exist.

"We're not talking about sitting down with Iran and talking to them about everything under the sun," Baker said on NBC's "Meet the Press."

White House press secretary Tony Snow dismissed speculation that the White House is hostile to the Baker-Hamilton group's recommendations, saying there is a "moment of opportunity here" for the two parties to come together on a new policy for Iraq. But he stressed in an interview: "Obviously, the president is the one who is going to be offering the final call about the way forward."

The president plans to spend much of the coming week on the Iraq review with officials at the Pentagon and State Department, and will also consult with outside experts. Snow said he expects the results of the review to be announced before Christmas, but "at this point it isn't a nail-down promise."

On the talk shows, Hamilton and Baker pushed back against some of the criticism their group has received in recent days, particularly from hawks such as Sen. John McCain (R-Ariz.), who want the administration to deploy more troops in Baghdad to quell the violence.

"We do not think we have" 50,000 to 100,000 troops "to put there on a sustained basis," Hamilton said on CBS's "Face the Nation." "Furthermore, if you do that, you are going to get the Iraqis to react by saying, 'Oh well, let the Americans take it.' That's exactly what we don't want. We want the Iraqis at the point of the spear, not the American forces."

Hamilton, a former Democratic representative from Indiana, also appeared to acknowledge, but reject, criticism from some in the administration that the panel's estimate of how quickly new Iraqi units can be trained is unrealistic. The panel stated that U.S. combat brigades can be withdrawn by the first quarter of 2008.

"In the last year or so, we have sharply improved that training, and it can be done if we put the priority on it that we're emphasizing. It's the best way forward with the options that we have," Hamilton said on "Meet the Press."

Baker said on "Face the Nation" that he is not surprised by some of the criticism for his panel's work from conservatives who have been ardent supporters of the war and the Bush administration.

"The situation is such that politics as usual is not going to come up with the answer," he said. "There has to be a unity of the American people and a unity of the country behind an approach if this is going to work."

The two men's comments came after Iraqi President Jalal Talabani harshly criticized the panel's report for "dangerous" recommendations that would "undermine the sovereignty of Iraq and the constitution."

Bush And Iraq Study Group: Competing Visions For Middle East (CSM)

By Howard Lafranchi

The Christian Science Monitor, December 11, 2006

WASHINGTON

With President Bush turning a cold shoulder to key recommendations of the Iraq Study Group, one explanation is the wide gulf between the group's prescription for addressing the Middle East and the president's vision for the region.

The study group, co-chaired by former Secretary of State James Baker III and former Democratic congressman Lee Hamilton, places a high priority on restarting the Israeli-Palestinian peace process and reenergizing America's role in it. Mr. Bush, who has never viewed that conflict as ripe for the kind of intense US diplomacy Mr. Baker had dedicated to it, continues to see success in Iraq as the demonstration project for peace and reform in the region.

"Bush had this idea that Baghdad was going to radically alter the Middle East," says Henri Barkey, a former State Department specialist on Iraq now at Lehigh University in Bethlehem, Pa. "For him, the road to Jerusalem goes through Baghdad. Baker is saying you get to Baghdad through Jerusalem," he adds, "but it's hard to see Bush embracing that thinking now."

As Bush considers an array of alternatives and prepares for a speech that the White House says he hopes to give before Christmas laying out his plan for a new direction in Iraq, the broader question of how best to reform the Middle East will be a determining factor.

Last month in Riga, Latvia, Bush extolled the transformational power of a democratic Iraq. He has not given up on the idea of a functioning democracy as the answer to Iraq's ills - indeed, Weekly Standard editor William Kristol has taken to calling him "the last neocon." In stark contrast, the study group's report emphasizes stability as the most pressing need, passing over goals of regional freedom and democracy. Iran and Syria

One of the report's central proposals - seen by the panel as a necessity for progress in Iraq - is a broad and intense regional dialogue that includes both Iran and Syria. But the Bush approach, one fine-tuned and doggedly pursued by Secretary

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of State Condoleezza Rice, has been to isolate those two countries as troublemaking cats that must first change their spots before being welcomed to the negotiating table.

Bush remains at heart a believer in regime change in the case of regimes deemed to be supporters of international terrorism, some analysts say. And some White House officials say the president sees much about the Baker-Hamilton report as better-suited to the Middle East of the former secretary of State's heyday in the late 1980s and early '90s, while not so much a response to the post-9/11 world.

For Bush, talks with the United States should be dangled as a reward: for Iran once it gives up its nuclear ambitions, and for Syria as a prize for disengaging from Lebanon and relinquishing support for Hizbullah. "The truth of the matter is these countries have now got the choice to make," Bush said last week in comments on the study group's recommendations.

The study group recommends decoupling Iran's nuclear programs from the Iraq issue and leaving it to the United Nations Security Council.

For Baker, diplomacy is not about talking to your friends, but is really about dealing with your enemies. As Mr. Hamilton says, "How do you solve problems without talking to people?"

Baker acknowledges that Iran might not even want to join talks on Iraq. But he adds that finding that out would be useful: If Iran rejects an outstretched hand, he says, it would be a clear demonstration to the world of Tehran's intransigence and rejectionist approach.

Still, the study group placed such emphasis on regional diplomacy and in particular on Iran and Syria because it concluded the stakes in Iraq are such that no country wants deeper chaos. "We do not think it's in the Iranian interest for the American policy to fail completely and lead to chaos," Hamilton said last week.

That position is supported by experts and former diplomats who have worked with the Iranians in the past. "The Iranians may feel no compulsion to rush to Washington's assistance," notes James Dobbins, director of international security and defense at the RAND Corp. in Arlington, Va.

Mr. Dobbins, who was the Bush administration's envoy on formation of a post- Taliban government in Afghanistan, says the Iranians were instrumental in that process.

Calling it a "Washington myth" that the US formed an international coalition in late 2001 to defeat the Taliban, he says the US actually joined a preexisting coalition of countries - which included Iran.

"Iranian diplomats were being killed, and refugees were pouring into their country," says Dobbins, a former emissary for several administrations. "Our interests were coincidental." Iran's post-Taliban input

But the Iranians went beyond mere cooperation, says Dobbins. "It was the Iranians who suggested the word 'democracy' be inserted in the Bonn agreement" that set out the guideposts for the new regime in Afghanistan, he says. "It was also their suggestion that the Afghans cooperate with the international community on terrorism."

In addition, the Iranians were ready to work with an American-run program to build an Afghan national army - which could have begun to melt the two-decades-thick ice between Iran and the US, he says - before the US nixed the idea. (When the US suggested to an Iranian military official that cooperation might be difficult because army training procedures would be so different, the officer said that, in fact, the Iranian military was still using manuals the US left behind in 1979, Dobbins says.)

Still, working with Iran now would be harder, he acknowledges: The reform government that helped out on Afghanistan was replaced by the more radical regime of President Mahmoud Ahmadinejad, and trends in the region, including American difficulties in Iraq, have left the regime "feeling confident," he says.

But the "coincidental interests" are still there, Dobbins says. Like the US, the Iranians want a "democracy" in Iraq, if only because it puts the majority Shiite population in power.

Some experts say the emphasis that the study group report places on Iran and Syria exaggerates the influence they have in Iraq. But they say there is little doubt both could help make things better: Syria, for example, through a better control of its border.

One option that a Pentagon study for a redirection in Iraq is considering is a redeployment of US troops - from fighting in Iraq's increasingly sectarian strife to concentrating on Al Qaeda forces in Iraq. Control of the Syrian border is considered a key part of addressing the international terrorist presence among the Iraqi population.

But how far Bush will go in embracing the regional approach - and accepting avenues he has rejected in the past - probably won't be known until he gives his speech. "All administrations deny they are changing policy," Dobbins says, "up to the moment they change it."

Sunni And Shiite Insurgents Remain Mystery To U.S., Iraq Report Charges (NYT)

By James Risen

The New York Times, December 11, 2006

DOJ_NMG_0104390

WASHINGTON, Dec. 10 — Nearly four years after the invasion of Iraq, the United States still does not understand the enemy that American troops are fighting, according to last week's report by the Iraq Study Group.

The commission's final report harshly criticized United States intelligence officials for failing to answer basic questions about the nature of the Sunni insurgency or the increasingly powerful Shiite militias, both of which pose grave threats to American forces.

The intelligence community has had some success hunting Al Qaeda in Iraq, the report found, but that terrorist organization is small and is not the main enemy confronting American troops. The far bigger Sunni insurgency and Shiite militias are still largely mysteries to American intelligence, according to the report.

"While the United States has been able to acquire good and sometimes superb tactical intelligence on Al Qaeda in Iraq, our government still does not understand very well either the insurgency in Iraq or the role of the militias," the report said. It said that American intelligence agencies were "not doing enough to map the insurgency, dissect it, and understand it on a national and provincial level" and that intelligence analysts' "knowledge of the organization, leadership, financing, and operations of militias, as well as their relationship to government security forces, also falls far short of what policy makers need to know."

A spokesman for John D. Negroponte, the director of national intelligence and the Bush administration's top intelligence official, issued a written statement that said Mr. Negroponte planned to review the study group's findings. The statement did not seek to argue with the report's assertions. Carl Kropf, the spokesman, said the "Iraq Study Group offered some concise, but important, assessments of our intelligence analysis and collection activities on Iraq."

"We want to study those assessments and how they were reached carefully before offering any judgments about them," he added.

The study group's findings echo complaints quietly voiced in recent months by a number of current and former American officials, who have warned of the failure by American intelligence officers in Iraq to adequately penetrate the Sunni insurgency. These officials say the level of violence in Baghdad makes it extremely difficult for American intelligence officers to move around the country to gather information, and as a result they rely far too heavily on Iraqis who come to them in the Green Zone or to other major American bases, and on information from the intelligence service of the new Iraqi government.

That leaves the Central Intelligence Agency and American military intelligence vulnerable to manipulation by Iraqis who feed the Americans disinformation because they have an ax to grind or simply as a way to make money by selling information to the United States.

The report quoted an unidentified United States intelligence analyst who told the Iraq Study Group that "we rely too much on others to bring information to us" and "do not understand the context of what we are told."

Bureaucratic obstacles in the American government and a failure by the Bush administration to make the issue a top priority have left the United States with gaping holes in its understanding of the insurgency, the report found.

For example, the report found that the Defense Intelligence Agency rotates its analysts from one posting to another so frequently that few develop any real depth of understanding of the insurgency. "We were told that there are fewer than 10 analysts on the job at the Defense Intelligence Agency who have more than two years' experience in analyzing the insurgency," the report said. "Capable analysts are rotated to new assignments, and on-the-job training begins anew. Agencies must have a better personnel system to keep analytic expertise focused on the insurgency."

An agency spokesman disputed the numbers used by the report and said that the agency had "hundreds of analysts focused on the Iraq situation," adding that a "considerable number of experienced analysts are forward deployed and are directly working the counterterrorism-insurgency issues."

Meanwhile, the Bush administration has not sought to significantly improve on-the-ground intelligence about the enemy, the report said. "The Defense Department and the intelligence community have not invested sufficient people and resources to understand the political and military threat to American men and women in the armed forces," the report said. "Congress has appropriated almost $2 billion this year for countermeasures to protect our troops in Iraq against improvised explosive devices, but the administration has not put forward a request to invest comparable resources in trying to understand the people who fabricate, plant and explode those devices."

The study group recommended that the director of national intelligence and the defense secretary "devote significantly greater analytic resources to the task of understanding the threats and sources of violence in Iraq."

At the same time, the study group found that United States officials had underreported the level of violence in Iraq, providing misleading information to American leaders and the public about the scale of the problem facing American troops.

The study group determined that on one day in July, American officials in Iraq reported 93 attacks or significant acts of violence, but the study group's review found that 1,100 violent acts actually occurred that day. "The standard for recording attacks acts as a filter to keep events out of reports and databases," the report said.

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For example, the report said that a killing of an Iraqi might not be counted by American officials as an attack, and that sectarian violence was not included in American databases if the source of the attack could not be determined. In addition, it said, “a roadside bomb or a rocket or mortar attack that doesn’t hurt U.S. personnel doesn’t count.”

The group did not charge that the widespread underreporting of attacks was politically motivated. Still, it raised questions about whether the underreporting was intended to conform with Bush administration policies. “Good policy is difficult to make when information is systematically collected in a way that minimizes its discrepancy with policy goals,” the report stated.

Baker-Hamilton's Fine Print: Stay In Iraq (LAT)

By Niall Ferguson

The Los Angeles Times, December 11, 2006

The Iraq Study Group didn't pin Iraq's hope on Iran and Syria, nor did it call for complete troop withdrawal.

'PERSUASION involves both incentives and penalties," Henry Kissinger once remarked. "So there is an element of implied coercion." Last week saw the publication of a masterpiece of persuasion. But whom will it persuade? And with what sticks and carrots?

Most commentators have interpreted the report of the Iraq Study Group as a well-crafted admission of defeat. Predictably, that was exactly how President Bush himself reacted to it. "I … believe we're going to succeed," he told reporters Thursday. "One way to assure failure is just to quit." Addressing one of the report's key recommendations, he bluntly declared that Iran and Syria "shouldn't bother to show up" for negotiations about Iraq if they don't understand their "responsibilities to not fund terrorists" and if the Iranians don't "verifiably suspend their [uranium] enrichment program."

Yet anyone who bothers to read the report carefully — as opposed to skimming the executive summary — can see that it neither proposes "quitting" Iraq nor pins serious hope on Iranian or Syrian assistance. Quite the reverse.

Persuasion in the realm of grand strategy is more a matter of rhetorical art than science. The first essential step is to identify your target audience. Most readers of the report assume that it is directed at Bush. That is wrong. Its principal target audience is Congress, and particularly the new Democratic majorities in both houses. And the aim is not to persuade a stubborn president to admit defeat. Rather, the report's aim is to convince legislators that withdrawal from Iraq — no matter how much their constituents may yearn for it — is not an option. The report's other intended readership is Arab governments throughout the Middle East. The message for them is the same: A U.S. exit from the region is what you most have to fear.

The second step in the process of persuasion is to conjure up a nightmare vision of the future if the action you envisage is not taken. The worst-case scenario proposed by the Iraq Study Group is the one about which I have been writing since February: "Sectarian warfare, growing violence or a slide toward chaos," leading to "the collapse of Iraq's government and a humanitarian catastrophe." Here are the report's most important lines: "Neighboring countries could intervene. Sunni-Shia clashes could spread … across the Islamic world. [There could be] Shia insurrections — perhaps fomented by Iran — in Sunni-ruled states. Such a broader sectarian conflict could open a Pandora's box of problems."

The consequences would be much more than a propaganda victory for Al Qaeda and a humiliation for the United States, which is what they worry about on Capitol Hill. In such a conflagration, no Mideast government — with the exception of the fundamentalist Shiite regime in Tehran — could feel secure. And that is precisely why Arab rulers should dread an American exit.

Step 3 in the art of persuasion is to propose remedies that sound attractive to your target audience. These the Iraq Study Group has certainly produced — in profusion. But you need to read the small print of all 79 recommendations. Consider the long-anticipated "diplomatic offensive to build an international consensus for stability in Iraq and the region," involving Iran, a reviled member of Bush's "axis of evil," as well as Syria, no friend of the U.S.

"A nation can and should engage its adversaries and enemies," declares the report (in a sentence that Co-Chairman James A. Baker III must surely have written) and should offer them "incentives as well as disincentives." Note that word "disincentives." Baker's idea here is not to go cap in hand to Damascus and Tehran. Rather, as he explained to the media last week, it is to "flip the Syrians" by appealing to Sunni solidarity, and to isolate the Iranian regime by exposing its "rejectionist attitude." In other words: Get the leaders of all Iraq's neighbors into the same room and play "spot the Shiites."

Now let's read the small print on troop withdrawals. "By the first quarter of 2008," the report says, "all combat brigades not necessary for force protection could be out of Iraq." This has been widely interpreted as the first step toward the exit. It says "out of Iraq," right?

Wrong. Look more closely at some of the report's other recommendations:

· The number of U.S. military personnel "embedded" in Iraqi army battalions and brigades should be increased from 3,000 or 4,000 to between 10,000 to 20,000.

· The number of U.S. police trainers should be expanded.

· The U.S. Department of Justice should lead the work of organizational transformation in the Interior Ministry.

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· A senior advisor for economic reconstruction in Iraq is required.

· The U.S. State Department should train personnel to carry out civilian tasks associated with a complex stability operation; it should establish a Foreign Service Reserve Corps.

Does that sound like "out of Iraq" to you? I'd say it sounds more like "stay in Iraq" — only this time, let's not screw it up.

The media have fixated on the possibility of a quantitative reduction in U.S. troops — which is in any case conditional on there being no "unexpected developments in the security situation on the ground" — while missing the underlying argument for qualitative improvement.

Hats off, then, to Baker and his team. This turns out to be a classic work of persuasion. Its target audiences have been well chosen. Its worst-case scenario is plausible. And its recommendations are so carefully phrased that they sound like disengagement while actually signifying better engagement.

It is certainly not the exit strategy Americans want. But it might just help avoid a Middle Eastern Armageddon.

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The Time Is Now (NYT)

By Bob Herbert

The New York Times, December 11, 2006

On Wednesday, as if the release of the Iraq Study Group report needed some form of dramatic punctuation, 11 more American G.I.'s were killed in this misbegotten war that just about everyone, except perhaps the president, now sees as a complete and utter debacle.

Senator Gordon Smith, a Republican from Oregon who supported the war, delivered an emotional speech on the Senate floor Thursday evening in which he said:

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day. That is absurd. It may even be criminal. I cannot support that anymore."

If the U.S. is ultimately going to retreat in Iraq, he said, "I would rather do it sooner than later. I am looking for answers, but the current course is unacceptable to this senator."

The primary value of the Baker-Hamilton report is that it embodies, in clear and explicit language, the consensus that has emerged in the U.S. about the current state of the war. It's not so much a blueprint for action as a recognition of reality.

"The level of violence is high and growing," the report says. "There is great suffering, and the daily lives of many Iraqis show little or no improvement. Pessimism is pervasive."

With the situation in Iraq deteriorating, and support for the war in the U.S. having all but collapsed, the only real question on the table is how long the U.S. is going to drag out its inevitable pullout of combat forces. And the inevitable moral question that is inextricably linked to that slowly evolving set of circumstances is how to justify the lives that will be lost between now and the final day of our departure.

There is something agonizingly tragic about soldiers dying in a war that has already been lost.

The scale of the debacle is breathtaking. According to the study group: "In some parts of Iraq — notably in Baghdad — sectarian cleansing is taking place. The United Nations estimates that 1.6 million are displaced within Iraq, and up to 1.8 million Iraqis have fled the country."

Americans, including the members of the study group, continue to insist that the key to an American withdrawal over the next couple of years is the improvement of Iraqi security forces to the point where they can successfully step into the breach. That is a complete fantasy, as a reading of the study group's own assessment of the Iraqi forces will attest.

The study group found that, among other things, the Iraqi Army units "lack leadership ... lack equipment ... lack personnel ... [and] lack logistics and support."

"Soldiers are given leave liberally and face no penalties for absence without leave," the report said. "Unit readiness rates are low, often at 50 percent or less."

The report went on: "They lack the ability to sustain their operations, the capability to transport supplies and troops, and the capacity to provide their own indirect fire support, close-air support, technical intelligence and medical evacuation."

Other than that, they're fine.

So what's next? The Bush administration has lost all of its credibility on the war. What is needed now are leaders with the courage to insist, perhaps at the risk of their reputations and careers, that it is wrong to continue sending fresh bodies after those already lost, to continue asking young, healthy American troops to head into the combat zone, perhaps for their third or fourth tour, to fight in a war the public no longer supports.

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In a foreword to “The Best and the Brightest,” David Halberstam’s chronicle of the Vietnam fiasco, Senator John McCain wrote:

“It was a shameful thing to ask men to suffer and die, to persevere through god-awful afflictions and heartache, to endure the dehumanizing experiences that are unavoidable in combat, for a cause that the country wouldn’t support over time and that our leaders so wrongly believed could be achieved at a smaller cost than our enemy was prepared to make us pay.

“No other national endeavor requires as much unshakable resolve as war. If the nation and the government lack that resolve, it is criminal to expect men in the field to carry it alone.”

The United States lacks that resolve when it comes to Iraq. It is time to pull the troops out of harm’s way.

How Quickly Bush Forgot (WP)

By Jackson Diehl

Washington Post, December 11, 2006

Some people suppose that President Bush's freedom agenda was buried last Wednesday by the report of the Iraq Study Group. In fact, history will show that the administration largely smothered its own baby, even before Iraq's descent into civil war propelled the resurrection of James Baker and other "realist" friends of Middle Eastern dictators.

Evidence of that conclusion could be found in Washington on the same day Baker delivered his report, as administration officials, members of Congress and business executives gathered for a glittering dinner in honor of Mehriban Aliyeva, the visiting first lady of Azerbaijan.

Aliyeva's husband, Ilham, rules a Muslim country wedged between Russia and Iran that is on the cusp of becoming a major exporter of oil and gas, with strategic pipelines that offer Europe an alternative to Russian suppliers. It also is at a tipping point politically. Aliyev, who inherited power from his father -- a satrap of the Soviet Union -- has teetered between installing his own dictatorship and promising to liberalize the political system along Western lines.

For a year after Bush's soaring second inaugural speech, in which he pledged "to seek and support the growth of democratic movements and institutions in every nation," the president seemed to be trying to act on his words in Azerbaijan. Through a letter and State Department envoys, he urged Aliyev to hold free and fair parliamentary elections and promised in return to "elevate our countries' relations to a new strategic level." Unfortunately, Aliyev called Bush's bluff. He staged a vote in October 2005 that even the sympathetic State Department said was marked by "major irregularities and fraud." Days before the election he arrested hundreds of political opponents or would-be rivals, including one of his most pro-Western ministers, Farhad Aliyev.

Last April Bush received President Aliyev at the White House anyway, praising his cooperation with Western energy interests but saying nothing, at least in public, about the rigged elections or political prisoners. U.S. officials argued at the time that it was necessary to ease American pressure on Aliyev because of the risk that he would be driven into the arms of Russian President Vladimir Putin. Putin has been aggressively courting the autocrats of Central Asia while trying to build a de facto Russian monopoly of the region's energy resources.

Aliyev drew a predictable conclusion: that he could be both a dictator and an American ally as long as he delivered energy and security cooperation. So Azerbaijan is pumping oil to Europe, and has promised gas this winter to pro-Western Georgia. It is allowing the U.S. military to use its airspace, and it reportedly hosts CIA monitoring operations of Iran. Meanwhile, Aliyev's government is systematically attacking the country's pro-democracy forces, while favoring Russia's Azerbaijani allies. The losers are the very "democratic reformers" to whom Bush said: "When you stand for your liberty we will stand with you."

Farhad Aliyev (no relation to the president) is one of them. In visits to Washington as minister for economic development, he was outspoken about the need for Azerbaijan to embrace Western democracy and ally itself with the United States. At home, he had famously declared that "Russia is Azerbaijan's past, the West is its future."

He's now been in prison for nearly 14 months, denied visits from his family or even from doctors seeking to treat his known health problems. Variously accused of coup plotting, corruption and the murder of an opposition journalist -- in each case without evidence -- he has never been tried or even formally charged. Inquiries on his behalf by the State Department (which recognized his "commitment to reform") and several members of Congress were ignored or spurned by the government. Meanwhile, his energy-related business interests and those of his brother Rafiq, who was also imprisoned, have been confiscated and sold to "pro-Russian business enterprises favored by the Azerbaijan authorities," according to a study of the case by Washington lawyer Charles R. Both.

On Nov. 24 Aliyev's administration closed down the country's only independent radio and television station, ANS. The network was charged with "unauthorized broadcasts of several foreign radio programs" -- i.e., the Voice of America, Radio Liberty, and the BBC. Two Russian television networks controlled by Putin's government continue their broadcasts into the

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country unhindered. U.S. officials who protested the shutdown were told, improbably, that it was the result of excessive zeal by licensing authorities.

Despite this provocation, the Bush administration offered its full cooperation for the visit of Aliyev's wife, a member of parliament who is building her own political career. The trip has received saturation coverage by Azerbaijan's remaining, state-controlled media, which portray it as proof of the close ties between Aliyev and Bush. And no wonder: The day after that gala dinner, Mehriban Aliyeva was received at the White House by First Lady Laura Bush. Did the subject of political prisoners such as Farhad Aliyev come up? Sadly, less than two years after the freedom agenda was born, the very idea of such principled pressure from the Bush White House has become ludicrous.

The Point Of No Return (NSWK)

By Weston Kosova

Newsweek, December 11, 2006

Dec. 18, 2006 issue - Gary Ackerman is the last man you'd expect George W. Bush to turn to for advice. Just elected to his 13th term in the House, the New York Democrat thinks the president's handling of the Iraq war has been "totally inept." So Ackerman was a bit surprised when Bush invited him and other members of Congress to the White House last Wednesday morning, just hours after the long-awaited Baker-Hamilton report was released. The president told them he wanted to hear their thoughts and concerns about the war. Ackerman was skeptical. "In my experience, you usually went in, and Bush would do most of the talking," Ackerman says. Instead, the president made a few brief remarks and then went around the table letting people speak their minds.

For more than an hour the lawmakers, Democrat and Republican, "ripped into" the administration's Iraq policy, Ackerman recalls. "It was like a group intervention. It was ... certainly the most pointed discussion I've ever had with any president." When they were finished, Bush thanked them for coming. "I take your comments very seriously," he said. Ackerman was puzzled, but impressed. "He really seemed to be listening," he says.

That was precisely the reaction Bush and his aides wanted. For months, the White House had been girding for the release of the Iraq Study Group report. They knew from press leaks that it would be critical in tone and that the president wouldn't like some of its ideas—especially a suggested pullback of U.S. troops and a proposal to reach out to Syria and Iran for help in quelling violence in the country.

The challenge for Bush's team was to make the president appear as though he were taking the release of the report seriously, without necessarily embracing its conclusions. In the days following the report's release, Bush the Decider transformed himself into Bush the Listener. Usually prickly with war critics—on the rare occasions he spoke to them at all—the president now invited them in from the cold and kept quiet.

The Baker-Hamilton report may not change Bush's military or diplomatic strategy in Iraq. But the report has had one noticeable effect: it marks a point of no return in the way Bush talks about the war and deals with his critics. He may not always be as accommodating as he seemed to be last week. But from here on in, the president can no longer plausibly dismiss Democrats as wanting to "cut and run" or blame the media for overplaying the violence and ignoring the "good news" from Baghdad. The change in Bush's approach had its beginnings well before the Baker group put pen to paper. It came about in part because of a slow, careful effort by Bush's closest aides—under the direction of chief of staff Josh Bolten—to convince the president that he had to listen to different voices on Iraq, and ultimately change direction. The results of that effort will be unveiled next week, when Bush is expected to announce what he calls "The New Way Forward," his latest plan to salvage the mission in Iraq.

When Bolten took charge of the West Wing last April, he was one of the few people in the White House who were willing to admit that Iraq was broken and that the president was stuck. He worried that Bush had been hearing the same bad advice from the same people for nearly three years. Over the summer, Bolten began the first of his efforts to puncture Bush's bubble by having the president sit down with some of the harshest critics of the war—conservatives who had turned against the effort. At one session last summer at Camp David, Bolten sat Bush, Vice President Cheney and Donald Rumsfeld across from a group of academics. "They were folks who had actually been to the region and spent the time talking to noncommissioned officers and generals," Bolten says. The academics were told not to hold back. A couple of weeks later, Bolten staged another session with Iraq experts, who met with the president at the Pentagon. Among them: Vali Nasr, an authority on the rise of the Shia. Bolten, who is known to obsess over the smallest details, makes careful seating charts for Oval Office briefings to put certain advisers directly in Bush's line of sight so the president will be more likely to listen carefully to their opinions.

That was just the start. In the weeks before the Republicans lost Congress, while Karl Rove was predicting victory, Bolten tasked a small group of trusted aides to plan for electoral defeat and its aftermath. The first step was to fire the abrasive, out-of-touch Rumsfeld and replace him with straight-talking Robert Gates. The second was to ready a respectful response to the

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pending Baker-Hamilton report but to downplay its importance by stressing it is just one of several government reports on the war effort that Bush is reviewing. The final phase was to move past the elder statesmen by introducing Bush's own strategy.

The White House won't say exactly what the president will propose in his New Way Forward plan, but aides say Bush still believes in standing behind the government of Prime Minister Nuri al-Maliki. He has yet to make critical decisions about repositioning U.S. forces inside Iraq and especially about embedding more American trainers within Iraqi units.

The Baker commission discovered just how hard it is to come up with new ideas on Iraq. The group was lauded for its bipartisan spirit. But the desire for agreement may have resulted in a report that is stronger on rhetoric than recommendations. For example, it calls for troop withdrawals but suggests no firm deadlines. One member, former Clinton Defense secretary William Perry, wanted to set dates. Baker was concerned, however, that Bush would write off the report as unrealistic.

Lawrence Eagleburger, George H.W. Bush's last secretary of State, also opposed a timetable; he said if the report set down specific withdrawal dates, it would be "an invitation to the Iranians to march right in after we go." At that point, Perry drafted a proposal for gradual withdrawal with the goal of getting combat brigades out of Iraq by early 2008. At least one Democratic member, Chuck Robb, argued for a short-term increase in troops. But even Republicans were reluctant to go along. The report's final language said only that the United States "could" support a short-term redeployment.

The White House has signaled that there is no way to "win" the war in the next year or two. The American people seem to agree. According to the new NEWSWEEK Poll, 68 percent now say the United States is losing ground in Iraq. And last week Bush suffered a surprise defection from within GOP ranks, when Oregon Sen. Gordon Smith called for a quick withdrawal of American troops. Bush's forthcoming plan will extend well beyond his time in office. Bolten told NEWSWEEK he can imagine his last day in the Bush White House. West Wing staffers will be cleaning out their desks on Jan. 20, 2009, when the cable news networks cut into their Inauguration coverage for a breaking story: a car bomb has gone off in Baghdad. Bolten knows he can't do much to stop that from happening. What he can do is try to limit the number of political explosions between now and then.

This story was written by Weston Kosova with reporting from Richard Wolffe, Michael Isikoff and Holly Bailey

Advice And Grudging Consent (TIME)

By Michael Duffy, Mike Allen

Time, December 11, 2006

The motorcade flew down Pennsylvania Avenue just after 8 a.m. last Tuesday, sirens screaming and lights flashing--two white police cruisers, five black town cars and a gray staff van. Was it the President? Or the Vice President? Nah--it was just the Iraq Study Group, Washington's new shadow government, on another emergency run, this time from the White House, where its members told George W. Bush how to get out of Iraq, up to Capitol Hill, where they preached bipartisanship and renewed diplomacy--as well as the promise of withdrawal from Iraq by 2008. It's not often that 10 unelected people, all in their 60s and 70s, can supersede the elected government of the U.S., but last week the panel, led by ex--Secretary of State James Baker and former Congressman Lee Hamilton, pulled it off for a couple of days.

Most blue-ribbon studies start gathering dust the minute they are printed. This one, with 79 recommendations in just 99 pages, was unveiled on network TV and in the first few days shot up to No. 3 on the Amazon best-seller list. The panel members worked overtime on the launch, doing carefully choreographed rounds of interviews with reporters and anchors before Baker and Hamilton motored back to the Hill to start selling their plan to Congress. The core message: the Bush Administration has to work and think a lot harder to achieve even modest goals in Iraq--and should start by accepting the report in its entirety. "I hope," said Baker, "we don't treat this like a fruit salad and say, 'I like this, but I don't like that.'"

The big rollout was designed to exert maximum pressure on the White House because, despite all the fanfare, the report was aimed at an audience of one--Bush. For most of the week, he looked none too pleased about the round-the-clock talking-to he was getting. As he received the report, he told cameras it was "interesting." Later he said it has "some very good ideas." But within a day, he was putting some distance between himself and the best seller: "I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation."

That comment reflected the West Wing's exceeding bitterness about the report. Some of the pushback was substantive. The suggestions on how to engage directly with Iran and Syria--the parts resisted most unambiguously by the President--were surprisingly specific and prescriptive, not the platitudes the Administration had expected. Bush aides chafed at the patronizing directive "The President and the leadership of his national-security team should remain in close and frequent contact with the Iraqi leadership." Even some Democrats thought that Bush might have a point. "If you want to help the President," said Paul Goldman, a Democratic strategist, "you give the President a chance to lead. You don't set it up to look like he got forced into doing something."

But some White House reaction was plain personal. This is the second time in six years that Bush has had to turn to Baker to save his skin (the first was Tallahassee in 2000). All the stories about the father's vaunted foreign-policy team riding in to save

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the son had become "an irritant," admitted a senior Administration official. A former Bush adviser who worked closely with the President speculated that Bush and Karl Rove "don't want Baker to get instant gratification" and won't make concessions at the outset. But that will change. "After the short-term ego fit, he will eventually come around. He is a political realist," said the former adviser.

So, apparently, is Senator Gordon Smith, a Republican from Oregon who voted for the war. He went to the Senate floor last week to say the Iraq adventure was "absurd ... it may even be criminal." A few more speeches like that by Republicans, and the debate about a course correction will be over.

Already, Bush and his aides have promised changes. He said he would give a pre- Christmas speech that would chart what he last week alternately called "a new course" and "a new way forward." A presidential adviser said the address would include "a new policy direction but no apology." A senior Administration official said some aides hope for a note of contrition ("Things haven't turned out the way I intended") similar to Ronald Reagan's 1987 mea culpa after the Tower Commission concluded that his inattention had contributed to the Iran-contra arms scandal.

"They know this is the time," the official said, of Bush's inner circle. "We're not going to have many of them left. This is the moment. We have to take these recommendations and show that we're listening. They know that."

A Grim Verdict, Some Tough Calls To Make (USNEWS)

By Kevin Whitelaw

U.S. News and World Report, December 11, 2006

The violence has been mounting at an alarming rate for months, but it was only last week that the debate over Iraq in Washington truly shifted. First, there was incoming Secretary of Defense Robert Gates, whose forthright admission that America is not "winning" in Iraq contrasted sharply with the dismissive doublespeak of Donald Rumsfeld. Then came the verdict of the bipartisan Iraq Study Group: "Current U.S. policy is not working."

While its specific recommendations might have been anticlimactic, the Iraq Study Group, led by former Secretary of State James Baker and former Congressman Lee Hamilton, has already succeeded in one of its main objectives-changing the tenor of the debate in Washington. As recently as early November, President Bush was still telling cheering crowds, "We got a strategy for victory that will work." Last week, following the panel's report, a more chastened Bush struck a different chord. "It's bad in Iraq," he said, standing next to his close ally, British Prime Minister Tony Blair. "I believe we need a new approach." (Not everything changed, however: The front page of the New York Post derided the Iraq Study Group as "Surrender Monkeys.")

"Not enough time." It is unclear how many of the group's 79 recommendations President Bush will embrace-or even whether any changes in U.S. policy can have much effect on the ground in Iraq. Broadly, the Iraq Study Group calls for U.S. troops to transition to support roles and for combat units to be withdrawn by the first quarter of 2008. This would be accompanied by ambitious milestones for the Iraqi government and a broad new U.S. diplomatic offensive that would include reaching out to Iran and Syria. Bush's initial reaction to the specific proposals was chilly, but panel members are pressing him to use the report as an opportunity to change course. "He doesn't want to have these last two years be the failure of some stubborn president who didn't listen-some cowboy president," panel member and former Republican Sen. Alan Simpson tells U.S. News.

The shortcomings of the U.S. effort in Iraq-which costs American taxpayers $2 billion a week-are clear enough in the report. For example, only 33 of the 1,000 staffers in the U.S. Embassy in Baghdad speak Arabic (and only six of them are fluent). The group also says that U.S. intelligence is lacking, adding that fewer than 10 of the analysts "on the job" at the Defense Intelligence Agency have been tracking the insurgency for more than two years (a point DIA disputes). And the option of sending more U.S. troops to quell the violence cannot even be considered because "we do not have the troops or equipment to make a substantial, sustained increase," the report says.

Perhaps most damning, the Iraq Study Group blasts the Bush administration for routinely undercounting the violence by, for instance, excluding sectarian attacks when the perpetrator cannot be determined. So while 93 attacks or violent incidents were recorded on one day last July, an Iraq Study Group review turned up 1,100 violent incidents that day. "Good policy is difficult to make when information is systematically collected in a way that minimizes its discrepancy with policy goals," the report concludes.

A Gift For The President (USNEWS)

By Gloria Borger

U.S. News and World Report, December 11, 2006

The panel was about as blue-ribbon as a commission can get--with membership including a former Supreme Court justice, two former Republican secretaries of state, an ex-Democratic defense secretary and White House chief of staff, and assorted onetime members of Congress. Bipartisan. Old Washington hands. Steeped in the ways of government-- and compromise. One

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of its leaders, Jim Baker, had come as the emissary of the unhappy Bush 41 crowd--eager to help guide the son out of the Iraq mess. Even so, he wouldn't take on the job until he received the president's blessing, after sending a direct message: You may not end up liking what we have to tell you. Now that seems like an understatement given the report's grim assessment that the situation in Iraq is "grave and deteriorating."

It was a group journey that surprised even the members themselves. Bipartisan panels often come up with mush; this was a report girded in steel. It was the result, members say, of some eye-opening moments--including an interview with the president and his national security team. At one point, Vernon Jordan, a skilled Washington insider, put it pretty bluntly to the president, according to a panel member's paraphrase:

Jordan: What do you mean by victory? When my mama told me to clean the garage, I cleaned the garage because I knew what she meant. But I don't understand what you mean.

Bush: You have to speak to the American people with a simple message here. They understand what victory is, and if you come off of it, they'll think you're giving up.

Some members say they were stunned by the response. And when they left, they were puzzled by one more thing: During their entire session, Vice President Dick Cheney--a key architect of the war in Iraq--never said a word. Not one.

Tense days. The group had come a long way, conducting more than 170 interviews (during which ex-Justice Sandra Day O'Connor was the "most penetrating questioner," according to one panel member), traveling to Iraq, debating constantly. It was, one group member told me, "a civil process with serious people." But easy? "No," he says. "There was plenty of tension. Iraq breeds tension."

Baker--considered the "big picture diplomat"--focused largely on his plan to engage in talks with Syria and Iran. Baker apparently believed this proposal would "turn out to be the biggest and most controversial news" in their final product. As it turned out, he was wrong.

The hardest part to deliver--and probably for the president to swallow--was taking combat troops out of Iraq by early 2008. Baker was initially opposed to any target date. But a turning point came for many members during a trip last summer to Iraq, where they had to enter the Green Zone in Black Hawk helicopters. They spent four days there, and Leon Panetta, President Clinton's former chief of staff, tells me he came away believing "we were walking into the middle of chaos and observing a completely dysfunctional government." He brought his colleagues together and said, "I think we really have to worry this government is not going to get its act together." Indeed, he said, "we have to have a strategy that says this is what we will do--no matter what you [the Iraqis] do." He was convinced that some timetable--or benchmarks-- had to be a part of any plan.

How To Avoid Iraq Syndrome (TIME)

By Richard N. Haass

Time, December 11, 2006

Not much about Iraq can be predicted with confidence, but this much can: for the foreseeable future, it will be a messy country with a weak central government, a divided society and regular violence. At worst, as the Iraq Study Group report warns, Iraq will become a failed state racked by civil war that could spill over and engulf several of its neighbors.

Either way, the human, economic, political and military costs of the Iraq war will mount. Scenes of chaos and human misery in Iraq would fuel bitterness against the U.S., first for having initiated the war, then for leaving Iraqis to their terrible fate. The domestic American reaction would be one of relief at being out of a terrible situation, but anger at having been involved in the first place and having invested so much, only to have so little to show for it.

Almost as important as what actually happens in Iraq is how it is understood. One possibility is that people around the region and the world would come to judge Iraq's failure as largely the result of American policy, the product of an ill-advised war inadequately followed up. If this is the case, Iraq would cast a cloud over the U.S. reputation for competence and reliability, and it would last for years. This scenario would create doubts in the minds of America's friends--and, correspondingly, increase the assertiveness of its foes.

An alternative view is that the lion's share of responsibility for what has taken place in Iraq over the past few years belongs to the Iraqis themselves. Under this narrative, the U.S. would be seen as having failed there less for any lack of effort or resolve than for the absence of an effective national partner. This narrative is more likely to take hold if the U.S. publicly sets clear benchmarks for what Iraqis must accomplish regarding political reform and security performance and what they should expect if they come up short.

Whichever story line prevails, the intensity of today's anti-Americanism would fade as Iraq recedes from center stage. The domestic American reaction may persist somewhat longer, however. There is the possibility of an Iraq syndrome, akin to the reaction that followed the U.S. involvement in Vietnam a generation ago. That defeat led Americans and their representatives to be wary of new overseas undertakings.

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But it is important not to exaggerate the likely consequences of Iraq's endgame for the U.S. America will remain the world's most powerful country regardless of how Iraq turns out and how much U.S. foreign policy is blamed for it. The U.S. will continue to enjoy a benign international context in which it faces no great power rival, as it did throughout the cold war and as great powers have traditionally done throughout history. And ironically, the winding down of the U.S. involvement in Iraq will have a salutary effect--namely, it will slow the draw on American economic, diplomatic and military resources, all of which are in dire need of replenishment.

In fact, U.S. diplomacy will in some ways be liberated as American involvement in Iraq recedes. The U.S. could, if it so chose, be an effective proponent for Arab-Israeli peace. If the U.S. and Iran prove able to cooperate over Iraq, they might manage broader talks on other issues that divide them, including Iran's nuclear program. Outside the region, more must be done to lessen the odds that Afghanistan will go the way of Iraq. The Bush Administration could table a comprehensive package of requirements and assurances regarding North Korea and directly negotiate them with its leaders. New ideas could also be put forward about how best to resurrect international-trade talks, tackle global climate change, stop genocide in Darfur and reduce American dependence on imported oil.

Here again, the Vietnam parallel may be relevant. Defeat in Vietnam did not prevent the U.S. from maintaining close cooperative relationships with other regional countries, including Japan, South Korea and the Philippines. Nor did it stop the U.S. from forging sometimes productive ties with Vietnam's backers (including China and what was then the Soviet Union) or, with the passage of time, with Vietnam itself. Today Asia is the most dynamic part of the world, and the U.S. is a central participant in that dynamism.

Even more than Vietnam 30 years ago, Iraq constitutes a major strategic setback. There is no getting around this. But Iraq is just that--a setback. What is essential is that the U.S. cut its losses there, contain the consequences and look for new opportunities to advance its interests around the world. The sooner the post-Iraq era of U.S. foreign policy dawns, the better.

Haass is president of the Council on Foreign Relations

Trouble From The Top Down (NSWK)

By Jonathan Alter

Newsweek, December 11, 2006

Dec. 18, 2006 issue - In government, the tone set at the top can be as powerful as the mightiest army. It reverberates through everything. The history of the American presidency is the story of the character and temperament of the man in the Oval Office coursing through thousands of smaller decisions, often thousands of miles away. If the president is supple and open-minded, those decisions made many layers below him are more likely to be agile and empirical. If he's stubborn and too sure that he has all the answers, the modeling of his behavior is likely to result in decisions you would ground your teenager for.

This process is uncanny and usually unconscious, the product less of explicit orders or egregious boot-licking than of bureaucratic osmosis. The temperament of the chief leaches into the performance of functionaries he has never met.

Fortuitously, presidential personality traits have often led to major accomplishment. FDR was a great believer in experimentation, so the legions below him launched hundreds of experimental programs to fight the Depression. Ike was a champion of logistics during World War II, so it figured that the Interstate Highway System got built on his watch. LBJ was a master legislator, so it was no coincidence that his presidency featured scads of legislation. (His insecurities, in turn, contributed to the Vietnam debacle.) In recent years, George H.W. Bush's habit of writing endless thank-you notes bore indirect fruit in the gracious and face-saving way he managed the demise of the Soviet Union. Bill Clinton's messy but thorough policy analysis led to dozens of small, well-built initiatives that worked with surprising consistency.

The United States in the Second Bush Era has not been as fortunate. Beyond the headlines and major policy recommendations, the Iraq Study Group's mercifully readable report shows how President Bush's personal shortcomings manifest themselves in appalling miscues on the ground.

Consider this largely overlooked portion of the report: "Our embassy of 1,000 has 33 Arabic speakers, just six of whom are at the level of fluency. In a conflict that demands effective and efficient communications with Iraqis, we are often at a disadvantage."

Disadvantage? Nah. Who could imagine that having only .6 percent of our personnel who speak the native language might cause us some problems over there? If the damn Iraqis would just learn English we wouldn't be in this mess! Bush did not set out to miss the mark, of course, but his inattention to the execution of his grand ideas has had fatal consequences. At $8 billion per month in Iraq, you would think we'd have a few more people there who could find their way to the bathroom.

After 9/11, the absence of Arabic speakers was a big story. Analysts all agreed that we could not stop terrorism without addressing the problem. A different kind of president would have ordered a Manhattan Project-style crash program to teach the

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difficult-to-learn language in schools. Such a "National Security Language Initiative" was finally launched—with little notice, money or presidential attention—this year, five years late.

In the meantime, several reports highlighting the shortage have "gathered dust," the president's words for what usually happens to Washington studies. They show that as of 2006 only 33 FBI agents—1 percent—have even limited proficiency in Arabic. (The bureau claims its outside contractors can do the job.) One of the tiny handful who is actually fluent, Special Agent Bassem Youssef, is currently engaged in a lawsuit over his rough treatment inside the FBI. (The fact that he is of Arab descent apparently made him suspicious.) Among other terrifying revelations, the suit has shown in eye popping videotaped depositions that the men who run FBI counterterrorism efforts don't know the difference between Sunnis and Shiites.

This is what happens when you have a president who is incurious and impatient with inconvenient facts he doesn't "need to know": hundreds of thousands of dead Iraqis, nearly 3,000 dead Americans and what the Baker-Hamilton Commission estimates as a $2 trillion tab for our children.

Another part of their report touches on an even darker example of presidential tone-setting. In identifying a "significant underreporting of the violence in Iraq," the commission explains how the administration cooks the books on Iraqi casualties: "If we [the U.S. government] cannot determine the source of a sectarian attack, the assault does not make it into the data base. A roadside bomb or a rocket or a mortar attack that doesn't hurt U.S. personnel doesn't count."

Ponder that. For more than three years, those whining, negative journalists who reported "too much bad news" out of Iraq were actually soft-pedaling the problem, thanks to the bogus statistics on which they still depend. A war that was launched by twisting intelligence is being lost while twisting body counts. Shakespeare's "tangled web" of deceit was woven at the top, but its threads extend everywhere.

Looking The Other Way (TIME)

By Mark Kukis

Time, December 11, 2006

Captain Adam Grim readies his men for a nighttime raid in Mekanik, a gritty neighborhood in southern Baghdad. The target: a suspected militia safe house. Grim's platoon won't be leading the raid, however. Instead, the Americans will be supporting Iraqi forces led by a wiry police commander named Colonel Salih Hashim. Hashim knows the neighborhood well and chose the target himself. Together the two men discuss the plan one last time. Hashim and his men will storm the house while Grim's platoon secures the street outside and provides cover.

The raid should be a model of U.S.-Iraqi cooperation, capturing bad guys while building the confidence and skills of the Iraqi police. But there's a problem. Grim has reason to believe that in the daily struggle between U.S. forces and the armed Shi'ite groups suspected of carrying out most of the executions in the area, Hashim "plays both sides." Grim certainly doesn't trust Hashim and suspects him, at the very least, of giving ammunition to Shi'ite gunmen and sometimes even letting them sleep in the same Iraqi police compound where U.S. troops meet with Hashim during the day.

There are now more than 4,000 U.S. soldiers serving as advisers to Iraqi security forces. If the recommendations made by the Iraq Study Group are put into practice, that number will grow substantially. The Baker commission's report calls for the number of U.S. troops embedded with Iraqi units to increase to as many as 20,000 over the next year. The report argues that boosting the number of advisers will lead to improvements in the quality of Iraqi forces and pave the way for a pullback of all U.S. troops from the front lines by 2008.

But based on where Iraq's forces stand today, such a timetable is wildly optimistic. Iraq's 300,000-strong security forces--in particular the national police, which is overseen by the Interior Ministry--have been so thoroughly infiltrated by militias that some U.S. trainers will have to bring in new recruits and retrain much of the current batch before they can turn combat responsibilities over to the Iraqis. There are already concerns that by rushing to strengthen the Iraqis, U.S. forces may be ignoring abuses committed by the very people they're training. "I am greatly concerned that U.S. aid--including weapons--has gone to Iraqi security forces who have violated human rights," says Senator Patrick Leahy, a senior Democrat from Vermont who sits on the Senate Appropriations Committee. "We want to build up the Iraqi forces, but that does not mean we should support people who commit atrocities."

The experience of the troops assigned to Mekanik, a mixed neighborhood that is home to both the powerful Shi'ite Mahdi Army and a Sunni militant group called the Omar Brigade, illustrates the U.S.'s dilemmas. The neighborhood had suffered months of killing between Sunnis and Shi'ites before U.S. forces found a solution: to make the murders stop, keep the cops, who were overwhelmingly Shi'ite, out. Lieut. Colonel Jeffrey Peterson, the U.S. troop commander for Mekanik, says, "Whenever we would talk to locals about [the violence], they always implicated the national police as starting it. I could never prove it. But the bottom line was--whether it was true or false--the people did not trust the national police." In early October the Americans created what they called an isolation zone, ordering all police out of Mekanik. Before the U.S. cordon went into effect, there had been up

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to eight murders a day in the district of 50,000 inhabitants, and Sunni mosques were frequently attacked by Shi'ite gunmen. The Army says that as soon as the police left, Mekanik's murder rate dropped about 60%, and the mosque attacks stopped altogether.

The question now is whether the U.S. can rebuild a force that is trusted enough to take back responsibility for the neighborhood. U.S. troops who work with Iraqi security forces sometimes investigate and even arrest Iraqi police. The Pentagon points out that Iraq's Interior Ministry has fired or suspended roughly 3,000 officers for offenses ranging from corruption to "breaking the law." But a senior official at the ministry who spoke to TIME on the condition of anonymity says the dismissals were little more than a charade. Police officers who quit for their own reasons accounted for about 500 of the supposed dismissals, he says. Most of the others the ministry let go were employees with medical problems or nearing retirement. Virtually nothing had been done to remove ministry officials implicated in abuses ranging from mistreatment of detainees to working with death squads.

That leaves the job of cajoling good behavior from Iraqi police largely in the hands of junior officers like Grim, 28. The square-jawed West Point grad from Orange Park, Fla., is on his second tour in Iraq. He says his job is something equivalent to "armed social work." He feels responsible not just for making arrests and advising Iraqi soldiers but also for protecting the civilians of Mekanik. So while he says he trusts most of the officers, it's clear that he lives uneasily with the possibility that at least some of the Iraqis may be accomplices to murder when he's not around.

The raid with Hashim--the first such joint operation since Iraqi police were allowed back into the district--was typically disquieting. The house, it turns out, was empty. Grim and the other U.S. soldiers walked away uncertain about what had happened. It could have been an honest mistake, but the Americans couldn't help wondering whether Hashim was really looking for "terrorists," as he claimed. Maybe he was looking for a Sunni family to rough up, Grim says. Or perhaps the raid was just a diversion to keep U.S. troops busy while crimes were committed elsewhere in the neighborhood.

Still, the level of mistrust between U.S. and Iraqi forces runs so high that some U.S. soldiers speak openly about the possibility that they could be led into an ambush or attacked directly by the same police officers they have armed and trained. Grim says he doesn't share that concern because Hashim and his men know that Grim's platoon is ready for any situation. "It goes back to trusting your fellow American soldier to watch your back and keep you out of trouble," says Grim. "If the police did turn on us during a patrol, it would be the last thing they ever had the misfortune of doing." In today's Iraq, that may be as close as U.S. and Iraqi troops come to a mutual understanding.

The Perils Of Partnership (NSWK)

By Michael Hirsh, Kevin Peraino And Sarah Childress

Newsweek, December 11, 2006

Dec. 18, 2006 issue - You don't usually see sergeants chewing out captains in the U.S. Army. But the unusual happens every day at Fort Riley, Kans. Out here at its training center on the prairie, not far from the Oz Museum (as in "Wizard of"), the Army has created a small, simulated Iraq intended to make soldiers think they're not in Kansas anymore.

Modular trailers have been set up to look like a FOB, or forward operating base, in Iraq. Four "urban clusters"—fake villages with names like Al Amir and Al Hawaej—have been erected. And since July, 11-man squads of U.S. advisers have been going through a crash 60-day training program that is the core of America's effort to draw down its presence in Iraq. The idea: replace the 140,000-strong U.S. combat force there now with smaller, far less visible advisory teams. Embedding as many as 20,000 of these U.S. advisers with Iraqi Army and national police—a fourfold increase over current plans—is the key military recommendation of the Iraq Study Group report just released to thunderous attention. But the U.S. Army doesn't need any prodding. "I'm not waiting with bated breath on the Baker report. We have a feeling for what has worked and what hasn't," says Brig. Gen. Dana Pittard, commander of the Iraq Assistance Group, which operates the base north of Baghdad where the Fort Riley trainees go for one week of "finishing school" before joining their units.

As the Army ramps up the program, however, its many perils are becoming clearer. Most of the trainees are career U.S. military officers, many of them thirty- to forty something desk jockeys who are logistical wizards, intelligence specialists and administrators. They have all the expertise the Iraqi Army needs and more, but many have barely used their weapons since basic. That's why Sgt. 1st Class Curtis Fuller, an Iraq combat vet with a face that looks hewed out of granite, treats his superior officers almost like raw recruits. "All right, let's talk about what didn't go right," Fuller barks to a group of sheepish-looking captains who have just returned from a disastrous training run. The team's three-Humvee convoy—the basic unit of travel they'll use in Iraq—was torn apart by fake IED blasts and sniper ambushes. One rattled captain couldn't get his .50-caliber machine gun to work and kept aiming it at the Humvee to his rear. "They're learning," says Fuller's commander, Lt. Col. John Nagl, forcing a smile. "Fuller won't let them leave until they do."

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Then there are the risks involved in leaving small groups of U.S. advisers in the hands of under equipped Iraqi Army units of dubious skill and loyalty. Over in Iraq, Lt. Col. Rodrick Arrington, an adviser attached to the First Marine Expeditionary Force in Ramadi, notes that the Iraqi troops he works with answer their cell phones while on patrol. Because of absenteeism and lack of pay, the Iraqi units are usually about 50 percent under strength, and Iraqi officers often prove unwilling to conduct risky raids. Some units are infiltrated by militias or insurgents, though not to the degree the Iraqi police are. "We're setting ourselves up for a potential national disaster in which some Iraqi divisions could flip and take 5,000 Americans hostage, or multiple advisory teams go missing in action," says retired Gen. Barry McCaffrey.

Pittard says no U.S. advisers have been killed by their Iraqi counterparts thus far, although there have been some "incidents." Even so, to a degree little understood by the U.S. public, the "transition team" program could put the elite of the Army's professional corps in harm's way for years. And that's even if most combat forces are pulled out in early 2008, as recommended by the Baker-Hamilton panel. Currently, the 11-man teams are assigned to Iraqi battalions of some 500 men made up of four companies. Most U.S. commanders say that, to be truly effective, each Iraqi company needs its own U.S. team. And there is increasing support inside the Army for fleshing out the advisory teams to about 30 U.S. soldiers each to improve security. In all, that could require as many as 20,000 to 30,000 new advisers, up from the 5,000 now budgeted.

This in turn means that a large U.S. supporting force must remain in Iraq. ISG member Leon Panetta told NEWSWEEK that the group agreed, in a private discussion not included in its report, that about 60,000 to 70,000 U.S. troops would have to stay on after 2008. That includes advisers and the quick-reaction forces needed to protect them, as well as logistical support and Special Operations troops. "So if a team finds themselves at risk," says Maj. Gen. Carter Ham, the commander at Fort Riley, "they can pick up a radio and the cavalry can come to the rescue."

Another question is whether the Fort Riley program is too little, too late. Until six months ago, the training of the Iraqi Army was still fairly slapdash, with U.S. brigade commanders offering up their least-valued soldiers to be detached as advisers. "Some would send us guys they could afford [to lose]," Pittard says. Now the training program has top priority, with a standardized curriculum at Riley, including Arabic-language training—the Army calls it "tactical Iraqi"—and lessons in cultural awareness. "Army resource command is saying, 'OK, who are the best people across the Army to do this?'" says Ham. But he and other top commanders acknowledge that the U.S. Army is so institutionally biased toward fighting its own battles—the "kill-capture mission," as Ham says—that it resisted training advisers for far too long. "Should we have started this sooner? I think all of us would say that," Ham says.

The program could easily go for 10 years before the Iraqi Army is considered competent. "Historically, defeating insurgencies has taken about a decade on average," says Nagl. "And key to that has been training host-nation forces." Some U.S. trainers suggest the Iraqi Army may never be able to operate completely on its own. There are no plans to give the Iraqi Army the kind of superior firepower—helicopters, planes and artillery—that U.S. advisers can call upon. "Our teams will be like reinforcing steel rods in concrete," says Nagl.

On the ground, says Pittard, the basic security strategy is to have what he calls "a FOB within a FOB"—a secure forward operating base for the American advisers within an Iraqi FOB. In practice, this generally means some kind of sealed-off living area. At Combat Outpost Falcon in Ramadi, U.S. and Iraqi units live in sandbagged forts a few paces from one another. All transition-team members are also issued a "personal locator beacon" to stick in the cargo pocket of their pants; this lets their commanders keep track of them in the field. Even so, "if they're not out on the streets with the Iraqi units, it's really hard to advise them," says Lt. Col. Kevin West, a training officer. "You've got to make yourself a little vulnerable to make things work." Pittard says he has no illusions. "I've told our guys: 'Don't be fooled'," he says. "The fact is, we invaded this nation. Under the surface, you're not loved." It remains to be seen whether President Bush will expand the teams as quickly as the ISG wants. The reason? It requires rotating out U.S. combat brigades in Iraq so their officer corps can be trained as advisers. And military trainers say nothing will work without more money for reconstruction, which the administration has slashed. But with many of the other ISG recommendations likely to be discarded—like a new Mideast diplomatic offensive—Fort Riley may well be the last, best hope for America to extricate itself from a quagmire.

Men In Black (USNEWS)

By Anna Mulrine

U.S. News and World Report, December 11, 2006

BAGHDAD-When U.S. Army Maj. Mark Brady drives through a once well-heeled section of western Baghdad, he is often greeted by flocks of doves, released in advance of his patrol's arrival. Symbols of peace and welcome? Not here, not now. What they are is a warning signal by militia lookouts that U.S. and Iraqi government forces are in the area.

The doves are the least of Brady's worries. As an adviser to the 5th Brigade of the 6th Iraqi Army Division, he is most concerned about the brigade's own soldiers, who use their cellphones to tip off allies in the militia. It's information that's

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particularly helpful to members of the Mahdi Army, followers of radical Shiite cleric Moqtada al-Sadr, who have set up checkpoints and

lately stepped up attacks on Sunni enclaves, reprisals for the recent bombings that killed more than 200 in the the capital's Sadr City neighborhood. So now, for operational security, brigade commanders collect soldiers' cellphones before presenting the day's plans. "The cellphones," Brady says, "were killing us."

Tit for tat. As the violence in Baghdad grows worse, the militias are gaining strength, in part by promising safety and services for Iraqis in desperate need of both-and by delivering retribution in the tit-for-tat cycle of sectarian attacks by Sunni insurgents and Shiite militias. In its report last week, the bipartisan Iraq Study Group stressed the corrosive effect of Shiite militia activities that "undermine the authority of the Iraqi government and security forces, as well as the ability of Sunnis to join a peaceful political process." Reining in the militias is just one of the hurdles to implementing the panel's prescriptions for national reconciliation (Page 38). The committee's report raises doubts about the willingness and ability of Prime Minister Nouri al-Maliki even to confront the militia problem: "He owes his office in large part to Sadr and has shown little willingness to take on him or his Mahdi Army."

Taking on the militias will be no easy task, as they are now woven into the fabric of so many communities. "Militias exist when, in the eyes of the people, the standing government isn't providing something-and in this case that something would be security," Lt. Gen. Martin Dempsey, the senior American commander in Iraq responsible for training and equipping Iraqi security forces, tells U.S. News. "It seems to me that the issue we're all concerned about is the degree of militia influence on serving members of the Army and police."

To complicate matters, the greatest fear among some U.S. military officials here is that some of the militia directives may be coming from within Iraqi government ministries. Col. Steven Duke, a brigade military transition teams commander and adviser to the 6th Iraqi Army Division in Baghdad, cites a raid last month in which company commanders captured two members of the Mahdi Army. Upon hearing of the Mahdi Army connection, Iraqi Army officials turned their new prisoners over to U.S. forces. "They thought they would get pressured by the MOD [Ministry of Defense] to let these guys go," says Duke.

Shaping Up The Iraqi Forces (USNEWS)

By Anna Mulrine

U.S. News and World Report, December 11, 2006

U.S. News Pentagon Correspondent Anna Mulrine recently spoke with Lt. Gen. Martin Dempsey, the senior American commander in Iraq responsible for training and equipping Iraqi security forces. Excerpts from their discussion:

On dealing with militia infiltration in the Ministry of Interior:

Obedience is extraordinarily important in their value system, far more important than [in] ours. So we've got to get at the leaders. Secondly, militias exist when in the eyes of the people the standing government isn't providing something-and in this case that something would be security. So we've got to continue to demonstrate to the people by accelerated transition to legitimate Iraqi security force control-because the more the Iraqi government can be seen as being in charge, the more the people will gain confidence in them, and the better off we'll be in terms of dealing with the militias.

On more U.S. forces for Baghdad:

It seems to me that we have to watch the balance point there. If we get too many in here and we're perceived as completely owning the problem, then it will retard the development of the legitimate security forces, No. 1. And No. 2, what Iraqi security forces are probably most in need of in their developmental evolution is logistics capability. And to the extent that we bring more U.S. forces in here that draw on our logistics expertise to help ourselves, the less that logistics expertise can be used to help the Iraqi security forces. So I tend to be of the school that what we really need is more Iraqi forces and an increasing capability on their part.

On the precariousness of Prime Minister Nouri al-Maliki:

The contacts I've had with the prime minister indicate that he's very much in control of his government. But let me sharpen my language a bit there. There's no question in the way this government was formed-where cabinet ministries were negotiated as part of the outcome of the popular vote-that Prime Minister Maliki has had some challenges pulling together a government that could follow a single agenda. And I think those problems persist, but I think he's prevailing, and I think we owe him our support.

On whether Iraq is in a civil war:

As long as the legit security forces remain intact and act in a coherent, responsible way for the betterment of all Iraqis, then I'm not prepared to declare that we've got a civil war on our hands. If the legitimate security forces fragment, polarize, and take sides, then I think we have a problem.

On a phased withdrawal:

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They're not going to handle their external security for some time. But we should not abandon them until they're ready to handle their internal security. And then if you want to call that a conditions-based withdrawal, phased, find your own adjectives- but it should be when we've done what we've promised them we're going to do.

Retaking Ramadi: All The Sheik's Men (NSWK)

By Sarah Childress

Newsweek, December 11, 2006

Dec. 18, 2006 issue - Ramadi's chief of police gazed at his latest graduating class of officers. Three months ago they had been recruited for the force by the leaders of their desert tribes—and now, the chief declared, the newly minted cops were no longer tribal members: they were his men. The cadets nodded solemnly. Their sheiks, watching from the audience, were outraged. Maybe they had finally agreed to lend some of their gunmen to the provincial government, but they never intended to give up actual power. The U.S. forces' liaison, Lt. Col. Jim Lechner, had to spend the next two hours calming them down. "I used a metaphor," he says. "I told them, 'You can't tear the house down and build a new one. But you can help fix this one'."

No part of Iraq needs fixing more desperately than insurgency-ravaged Anbar province and its capital, Ramadi. And U.S. forces are increasingly sure it can't be fixed without the help of tribes who have always been more loyal to their sheiks than to the government. Before the 2003 invasion, Saddam Hussein had to buy the sheiks' support with wealth and special privileges, and Anbar's tribes fought fiercely long after he was gone. Then Al Qaeda muscled in, claiming the Sunni-dominated region and killing sheiks who dared to challenge the jihadists' aims. After one well-known tribal leader was assassinated this summer, a group of 15 Ramadi sheiks banded together for survival's sake. They called themselves Sawa—Arabic for "the awakening"—and cut a deal with the Americans: in exchange for protection against Al Qaeda, they would bring local police ranks up to strength.

They've lived up to that end of the bargain at least. Monthly police enlistments in Ramadi have soared from the low double digits before the deal to the full Coalition quota of 400 a month. Recruits keep pouring in: the Americans had to set up a special 3,000-member Emergency Response Unit to accommodate the flood of volunteers. Elders of the Abu Soda tribe recently helped U.S. forces find IEDs that had been planted by their own tribesmen, and they have identified kidnappers and other local bad guys for the Americans to arrest. Their effectiveness against Al Qaeda is another question: while the Americans say attacks by local resistance fighters in Anbar have dropped by 40 percent, U.S. deaths there have continued at a rate of more than two dozen a month.

Still, Sawa's membership has risen to some 60 tribal leaders. Its founder, Sheik Abdel Sittar, does TV spots to encourage more police recruits. "All the honest people follow me," he says. "The good people. Even some tribes that were with the insurgency follow us." The sheik, who wears alligator shoes beneath his traditional robes, is building a marble-lined council meeting hall (funded by Sawa) inside his compound.

Some lawmakers in Baghdad fear that Sawa could become one more sectarian militia, but Lechner scoffs at such worries. "We would turn that off in a heartbeat," he says. All it would take is a threat to withdraw police protection from the offending sheik's neighborhood. Can Sawa restore law and order in Anbar? The Americans can only hope so. No one seems to have a better plan.

Iraqi President Calls U.S. Report Dangerous And 'An Insult To The People Of Iraq' (USAT/AP)

USA Today/AP, December 11, 2006

BAGHDAD (AP) — The Iraqi president on Sunday sharply criticized the bipartisan U.S. report calling for a new approach to the war, saying it contained dangerous recommendations that would undermine his country's sovereignty and were "an insult to the people of Iraq."

President Jalal Talabani, a Kurd and one of the staunchest U.S. supporters within the Iraqi leadership, also said U.S. training of Iraq's army and police had gone "from failure to failure."

He criticized the recommendation by the Iraq Study Group calling for increasing the number of U.S. troops embedded with Iraqi units to train Iraq's forces from 3,000 to 4,000 currently to 10,000 to 20,000.

"It is not respecting the desire of the Iraqi people to control its army and to be able to rearm and train Iraqi forces under the leadership of the Iraqi government," he said during an interview with several reporters in his office in Baghdad.

Talabani was the most senior government official to take a stand against the report, which has also come under sharp criticism from American conservatives who claim it amounts to a veiled surrender in the war against terror.

Outgoing Secretary of Defense Donald Rumsfeld, in a surprise farewell visit to U.S. troops in Iraq this weekend, said the consequences of the war's failure would be "unacceptable."

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"We feel great urgency to protect the American people from another 9/11 or a 9/11 times two or three. At the same time, we need to have the patience to see this task through to success. The consequences of failure are unacceptable," Rumsfeld said at Asad air base in western Iraq. "The enemy must be defeated."

Talabani said the Iraqi government planned to send a letter to President Bush "expressing our views about the main issues" in the report. He would not elaborate.

"I believe that President George Bush is a brave and committed man and he is adamant to support the Iraqi government until they've reached success," Talabani said. He said setting conditions was "an insult to the people of Iraq."

Talabani's criticism of U.S. training was directed at a key part of the study group's recommendation, which called for accelerated training of Iraqi forces and the withdrawal of most U.S. combat troops by the first quarter of 2008.

Some U.S. military experts have expressed concern that Iraqi forces will not be ready to assume full responsibility for the fighting by then. However, opposition to the war is rising within the United States, increasing pressure on Bush to shift strategy.

A roadside bomb killed one U.S. soldier and wounded another Sunday west of Baghdad, the military said. The death raised to 43 the number of troops who have died this month and pushed the total U.S. military death toll to 2,931 since the war started nearly four years ago.

Talabani said the 2008 date was realistic if the Iraqi government is given more responsibility for security.

"If we can agree with the U.S. government to give us the right of organizing, training, arming our armed forces, it will be possible in 2008 (for U.S.-led forces) to start to leave Iraq and to go back home," he said.

"If you read this report, one would think that it is written for a young, small colony that they are imposing these conditions on," Talabani said. "We are a sovereign country."

He also pointed to the report's call for the approval of a law that would allow thousands of officials from Saddam Hussein's ousted Baath party to return to their jobs.

Meanwhile, sectarian violence raged on the streets of Baghdad on Sunday, with a fresh outburst of retaliatory attacks and clashes between Shiites and Sunnis. At least 83 people were killed or found dead throughout the country, including 59 bullet-riddled bodies that turned up in Baghdad.

Late Saturday, gunmen attacked two Shiite homes in western Baghdad, killing nine men and seriously wounding another, police said. Nobody claimed responsibility for the attack, which police said occurred in the mostly Sunni Arab al-Jihad neighborhood, but it apparently was in retaliation for a bold assault earlier in the day against Sunnis.

Witnesses said Shiite militiamen entered a Sunni enclave in Hurriyah — a predominantly Shiite neighborhood — after Sunnis warned the few Shiites living there to leave or be killed. Heavy machine gun fire was heard on Saturday and three columns of black smoke rose into the sky, the witnesses said on condition of anonymity, also out of concern for their own safety.

Baghdad has been suffering from a series of attacks aimed at driving Sunnis or Shiites out of neighborhoods of the capital where they form a minority. Omar Abdul-Sattar, a member of the Sunni Arab Iraqi Islamic Party, said Sunday that an organized effort was underway in Hurriyah to force Sunnis out, and he accused Iraq's Shiite-led government of doing little to stop the violence.

Abdul-Sattar claimed that during the past five months, more than 300 Sunni families have been displaced from Hurriyah, more than 100 Sunnis killed and 200 wounded, and at least five Sunni mosques burned, along with houses and shops.

Clashes also erupted between Sunni and Shiite militants in Baghdad's mixed western Amil district, a policeman said. One Shiite militiaman was killed and six people — five Sunnis and one Shiite — were wounded, the officer said on condition of anonymity because he is not authorized to talk to the media.

The fighting ended with U.S. and Iraqi forces rushing to the area to contain it, he said.

Rumsfeld, casually dressed in a gray jacket and an open-collar shirt, traveled to several different U.S. bases in the country on Sunday, shaking hands and joking with troops.

"For the past six years, I have had the opportunity and, I would say, the privilege, to serve with the greatest military on the face of the Earth," Rumsfeld said to more than 1,200 soldiers and Marines at al-Asad, a sprawling air base in western Anbar province, an insurgent stronghold.

Rumsfeld did not meet with Iraqi Prime Minister Nouri al-Maliki during his visit. He kept the trip low-profile, with his office declining to discuss his itinerary or schedule in detail for security reasons.

U.S. Report Rejected By Iraqi President (WP)

By Nancy Trejos

The Washington Post, December 11, 2006

BAGHDAD, Dec. 10 -- Iraqi President Jalal Talabani on Sunday strongly rejected a bipartisan U.S. panel's report on U.S. war strategy in Iraq, calling some of its recommendations "dangerous" and a threat to his country's sovereignty.

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"The report does not respect the will of the Iraqis in dealing with their problems," he said in a statement released by his office.

The report by the Iraq Study Group, which was released Wednesday, has drawn criticism from several Iraqi political leaders across sectarian lines. Talabani, a Kurd, is the highest-ranking political leader to oppose the study.

Talabani was particularly critical of recommendations to embed thousands of U.S. troops with Iraqi security forces to train and advise them, to centralize control of the country's oil revenue and to allow former loyalists of deposed president Saddam Hussein back into their old government jobs.

"I think that the report is unjust and unfair and contains some dangerous articles which reduce the sovereignty of Iraq and its constitution," he said, according to a Washington Post translation of his comments.

The Iraq Study Group said most U.S. troops should be withdrawn by early 2008. Talabani demanded that Prime Minister Nouri al-Maliki be given full control over Iraqi security forces before then.

"The report does not respect the will of the Iraqi people in controlling its army and its capability to arm and train the army," he said.

Maliki's political adviser said Sunday that the prime minister had not yet formed an opinion on Talabani's statements. "It's too early to speak for the prime minister to say he's concerned about this point or that point," said Sadiq al-Rikabi, the adviser.

Talabani criticized the report's recommendation that the government reconcile with former enemies, including members of Hussein's Baath Party.

When asked about Talabani's comments on NBC's "Meet the Press" on Sunday, former secretary of state James A. Baker III, who co-chaired the study group, said the war would be won politically, not militarily. "And a part of that is national reconciliation, and amnesty is a big part of national reconciliation," he said.

Talabani embraced the group's recommendation that the United States and Iraq engage in talks with Iraq's neighbors, especially Iran and Syria. The Bush administration has been reluctant to do so.

Iraq has already opened the lines of communication with both countries. Last month, Talabani met with Iranian President Mahmoud Ahmadinejad in Tehran. On Sunday, he said he planned to make an official visit to Syria but did not specify when.

As Talabani criticized the report, Saudi Arabia's foreign minister, Prince Saud al-Faisal, praised it for emphasizing the need to focus more attention on the Israeli-Palestinian conflict and reexamine the Iraqi constitution, which he said has divided the sects vying for power, according to wire reports of comments he made in Riyadh.

Over the weekend, outgoing Defense Secretary Donald H. Rumsfeld visited American troops in Iraq to thank them for their service.

Speaking to about 1,200 soldiers and Marines at an air base in the volatile western province of Anbar on Saturday, Rumsfeld acknowledged that the United States had become polarized over the war but said the country must finish its work.

"These public debates may be heated or even nasty. But that's not new . . . I can say that it has always been so, and particularly so during wartime," he said, according to the Department of Defense's Web site. "But we ought not confuse the political debate that takes place at home with a wavering of support or appreciation for your service or your achievements."

On Sunday, a soldier was killed and another wounded when a roadside bomb detonated near their patrol as it was finishing an early-morning security mission west of Baghdad, the U.S. military said.

Iraqi President Denounces U.S. Strategy On Security (NYT)

By Kirk Semple

The New York Times, December 11, 2006

BAGHDAD, Dec. 10 — President Jalal Talabani said Sunday that the American program to train Iraq's security forces had been a repeated failure and he denounced a plan to increase the number of American advisers working with the Iraqi Army, saying it would subvert the country's sovereignty.

Mr. Talabani's remarks, in an interview with Western news service reporters that was summarized and distributed by his office, amounted to an extraordinarily harsh denunciation of a central American strategy in Iraq and challenged a major recommendation by the Iraq Study Group in Washington. He is the highest-ranking Iraqi official to criticize the report, adding to anger among Iraqi leaders who have disagreed with some of its recommendations.

American commanders have poured more than $12 billion into training and equipping Iraq's security forces and have tied a withdrawal of American troops to success in these efforts. But Mr. Talabani ridiculed them. "What have they done so far in training the army and the police?" he said. "What they have done is move from failure to failure."

Mr. Talabani, who is Kurdish, said the Iraq Study Group report offered some "very dangerous" recommendations that undermined the country's ability to control its own army and police force and threatened Iraq's sovereignty.

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He did not offer specific criticisms of the American training program, except to say that the Americans had inadequately screened recruits to the Shiite-dominated police force to ensure their loyalties to the state rather than to a sect.

American and some Iraqi officials say some Iraqi police and army units are more beholden to Shiite militias than to the government and have helped to drive the cycles of retributive violence by attacking Sunni Arabs. Some Iraqi officials have also said that Sunni Arab officers have abetted the Sunni-led insurgency.

The Americans, Mr. Talabani said, "gathered them from the street regardless of their loyalty to the new Iraq, their capacity, their ability. These mistakes would be repeated if the Iraqi Army would be under the control of foreign officers, and we would never accept it."

His remarks were likely to dismay the American leadership, which has regarded him as one of its more reliable and like-minded partners here.

The Iraq Study Group called for increasing the number of American trainers to as many as 20,000 from the current level of more than 4,000, in the hope that it would help Iraqi units move more quickly to assume full control of the nation's security.

Gen. John P. Abizaid, the top American commander in the Middle East, told Congress last month that he envisioned doubling the number of American trainers, but senior military officers now say they are planning to at least triple the number.

The shift has been endorsed in general terms by President Bush, and in recent weeks, commanders in Iraq have started moving hundreds of combat troops to training teams.

American commanders have argued that expanding the training teams would allow trainers to work more closely with Iraqi soldiers and police officers. In addition, trainers would be able to watch more closely for sectarian biases and abuses.

But Mr. Talabani said the proliferation of American advisers threatened Iraq's control of the security forces and violated its sovereignty.

"What would it mean for Iraqi sovereignty if the army became a tool in the hands of officers coming from outside the country?" he said. "We want our hands to be free, not paralyzed, in fighting terror."

Mr. Talabani's attack on the Iraq Study Group report was wide-ranging and vociferous.

He criticized a recommendation for a law that would allow some former members of the outlawed Baath Party to return to government. The measure would reverse a "de-Baathification" process that has marginalized thousands of Sunni Arabs who worked in the Baathist government of Saddam Hussein.

He also said he supported a statement issued Thursday by Massoud Barzani, the president of the Kurdistan region, who objected to elements of the report that could weaken Kurdish autonomy by delaying an opportunity for the Kurds to govern the contested oil city of Kirkuk, and by giving the central government control over all oil revenue.

Mr. Talabani bristled at the report's recommendation that a continuation of American military and financial assistance to Iraq be contingent on Iraqi performance. Setting conditions, he said, "was an insult to the people of Iraq."

The leaders of the Iraq Study Group, James A. Baker III and Lee H. Hamilton, defended their report on Sunday against Mr. Talabani's attack. "Up until this point, we've given a blank check to the Iraqis," Mr. Hamilton said on CNN. "And I'm not surprised that the president would like that sort of a deal. But we believe that the American people want our aid to be conditional. We want that aid to be given only if there is a response from the Iraqi government that shows performance."

Mr. Baker called Mr. Talabani's comments "disappointing" but said that unless Iraq's leaders could unite under a national reconciliation plan, the world could expect "not just a broad-based civil war but a wider regional war."

Sectarian violence continued on Sunday. Gun battles broke out between Sunni and Shiite militias in a predominantly Shiite enclave of Al Amil, a neighborhood in southwestern Baghdad. The police said at least five people were killed. Gunmen stormed a home in Jihad, a mostly Sunni Arab neighborhood in southwestern Baghdad, killing nine people, an Interior Ministry official said.

The attacks came a day after gangs of armed Shiite militiamen rampaged through Hurriya, a mixed neighborhood in north-central Baghdad, driving scores of Sunni Arabs from their homes in what a Sunni colonel in the Iraqi Army described as one of the most flagrant episodes of sectarian warfare in the capital.

The police reported Sunday that they had found five bodies near a mosque in the neighborhood, all presumably victims of the Shiite attack on Saturday. At least 46 other corpses were found by the authorities elsewhere in the capital.

Agence France-Presse reported that Iraqi authorities had detained the chief of the prison in Badush, near Mosul, in connection with the escape of Ayman Sabawi, Mr. Hussein's nephew, on Saturday.

The American military command said Sunday that an American soldier was killed and another wounded when a bomb exploded next to their patrol west of the capital.

The departing defense secretary, Donald H. Rumsfeld, said during a two-day visit to Iraq that American troops should remain there until "the enemy" was defeated.

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“We feel great urgency to protect the American people from another 9/11 or a 9/11 times two or three,” Mr. Rumsfeld said Saturday, in remarks that were posted Sunday on the Defense Department’s Web site.

Iraqi Leader Denounces Report (LAT)

By Solomon Moore

The Los Angeles Times, December 11, 2006

BAGHDAD — Iraq's president lashed out at the Iraq Study Group report Sunday, saying it undermines his nation's sovereignty and constitution and "works against Iraq's long struggle against dictatorship."

President Jalal Talabani, head of state for two consecutive Iraqi governments and a longtime U.S. ally, accused the bipartisan U.S. commission of condescension and ignorance.

"They are dealing with us as if we are an emerging colony, doing whatever they like," Talabani said.

The report, on ways to end the war, is "not fair, not just," he said. "I think it contains some very dangerous articles."

The president balked at such key proposals as the commission's suggestion that Iraq further strengthen and centralize government authority in Baghdad and that it strip provincial governments of authority over Iraqi security forces.

He also criticized recommendations to postpone a Kurdish bid for control over the northern oil hub of Kirkuk, to double or triple the number of U.S. trainers traveling with Iraqi army and police units, and to weaken a law that bans members of Iraq's former Baath Party from holding government jobs.

"No for the return of Saddam's Baath Party," Talabani said. "This is against the constitution, and those who are negotiating to bring them back are violating the constitution."

Talabani's criticisms could lend support to Bush administration critics of the commission findings and to some conservatives who have called the study a plan for capitulation.

Talabani also took a swipe at former Secretary of State James A. Baker III, a Republican who, along with former Rep. Lee H. Hamilton (D-Ind.), led the commission.

Under President George H.W. Bush, Baker argued against toppling Saddam Hussein during the 1991 Persian Gulf War, and against supporting uprisings in the Kurdish north and the Shiite south, which Hussein then crushed.

"We detect from this report the same stance Baker took before the war when they decided to liberate Kuwait and left Saddam in Baghdad," said Talabani, whose Kurdish militia fought against Hussein's rule for decades. "Generally, I reject this report."

Some of the Iraqi president's complaints echoed those of Massoud Barzani, the president of the semiautonomous Kurdistan region in northern Iraq, who last week rejected the report's proposal to centralize oil revenue. Oil-rich Kurdistan is in the process of negotiating several deals with international petroleum exploration firms.

Talabani plays a unique role in Iraqi politics, bridging the divide between the Kurdish regional government and the national government.

The president also has a long relationship with the United States that began during his days as a member of the peshmerga, a Kurdish paramilitary force that opposed Hussein's government and received protection from the no-fly zone established by U.S. forces after the Gulf War.

But Iraqi politicians say Talabani's anger over the Iraq Study Group report represented something larger than a factional point of view.

Talabani's disagreements with the commission findings are partly shared by Iraqi Shiite leaders such as Prime Minister Nouri Maliki and Abdelaziz Hakim, who leads the powerful Shiite political party the Supreme Council for Islamic Revolution in Iraq.

During a Sunday interview on CNN's "Late Edition With Wolf Blitzer," Hakim voiced opposition to the commission's recommendation to avoid regionalizing governmental control and instead to centralize authority in Baghdad.

Hakim has advocated voting on whether to create a Shiite regional authority in oil-rich southern Iraq, a move Sunni Arabs oppose.

Hakim and other Shiite leaders, including Maliki, have argued against the report's contention that Iraq should allow more Baathists to rejoin the government.

Talabani and Maliki are also wary of increasing the number of U.S. military trainers and assigning them to Iraqi units as a way to root out death squads and corruption and to accelerate the development of Iraqi troops.

"These so-called trainers with various Iraqi army units would undermine the sovereignty of the Iraqi state," said Hiwa Osman, Talabani's spokesman. "If every small unit has an Iraqi commander and an American 'trainer,' who do you think will be in charge?"

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Mahmoud Othman, an Iraqi legislator and a Kurdish ally of Talabani, said that the Iraq Study Group findings could derail painstaking efforts to find consensus among Iraq's fractious ethnic and sectarian groups.

Othman said he feared that the report would endanger talks between Kurds and central government officials over oil profit-sharing, and cease-fire talks between Iraq's government and Sunni Arab insurgents.

"The top leaders inside and outside of the government have become less flexible because of this report," he said. "The Sunni Arabs think that they are supported by this report, and this will make it harder to reach consensus. They have not attended reconciliation meetings since this report came out."

Othman also objected to the report's recommendation to negotiate with Muqtada Sadr, leader of the Al Mahdi militia.

"Sadr is leading a militia that is the most dangerous group on the street," he said. "They didn't try to be practical."

Talabani vowed to send the White House a letter formally expressing his reservations about the panel's findings.

Meanwhile, Iraqi police in Baghdad reported the discovery of 60 bodies. Three of the victims had been beheaded, and their bodies were found in the Hurriya neighborhood, where Shiite militiamen and Sunni Arab gunmen had clashed Saturday.

A bomb blast killed a U.S. soldier and wounded another soldier in west Baghdad.

In Saqlawiya, west of Baghdad, U.S. Marines killed three suspected insurgents attempting to plant a bomb beneath a tractor-trailer.

And in eastern Diyala province, north of Baghdad, gunmen opened fire on a wedding party, killing a man and his 3-year-old grandson.

On Saturday night, U.S. forces in Ramadi staged an airstrike on two suspected insurgents who were detonating a bomb.

Talks Under Way To Replace Iraq PM (AP)

By Hamza Hendawi And Qassim Abdul-zahra

AP, December 11, 2006

Major partners in Iraq's governing coalition are in behind-the-scenes talks to oust Prime Minister Nouri al-Maliki amid discontent over his failure to quell raging violence, according to lawmakers involved.

The talks are aimed at forming a new parliamentary bloc that would seek to replace the current government and that would likely exclude supporters of the radical Shiite cleric Muqtada al-Sadr, who is a vehement opponent of the U.S. military presence.

The new alliance would be led by senior Shiite politician Abdul-Aziz al-Hakim, who met with President Bush last week. Al-Hakim, however, was not expected to be the next prime minister because he prefers the role of powerbroker, staying above the grinding day-to-day running of the country.

A key figure in the proposed alliance, Vice President Tariq al-Hashemi, a Sunni Arab, left for Washington on Sunday for a meeting with Bush at least three weeks ahead of schedule.

"The failure of the government has forced us into this in the hope that it can provide a solution," said Omar Abdul-Sattar, a lawmaker from al-Hashemi's Iraqi Islamic Party. "The new alliance will form the new government."

The groups engaged in talks have yet to agree on a leader, said lawmaker Hameed Maalah, a senior official of al-Hakim's Supreme Council for the Islamic Revolution in Iraq, or SCIRI.

One likely candidate for prime minister, however, was said to be Iraq's other vice president, Adil Abdul-Mahdi, a Shiite who was al-Hakim's choice for the prime minister's job before al-Maliki emerged as a compromise candidate and won.

News of the bid to oust al-Maliki, in office since May, came amid growing dissent over his government's performance among his Sunni and Shiite partners and the damaging fallout from a leaked White House memo questioning the prime minister's abilities.

Washington also has been unhappy with al-Maliki's reluctance to comply with its repeated demands to disband Shiite militias blamed for much of Iraq's sectarian bloodletting.

Bush publicly expressed his confidence in al-Maliki after talks in Jordan on Nov. 30. But the president told White House reporters four days later that he was not satisfied with the pace of efforts to stop Iraq's violence.

It was not immediately clear how much progress had been made in the effort to cobble together a new parliamentary alliance. But lawmakers loyal to al-Sadr who support al-Maliki were almost certainly not going to be a part of it. They had no word on al-Maliki's Dawa party.

They said al-Maliki was livid at the attempt to unseat him.

"We know what's going on and we will sabotage it," said a close al-Maliki aide who spoke on condition of anonymity because of the sensitivities involved. He did not elaborate.

A senior aide to al-Sadr, who insisted on anonymity for the same reason, said the proposed alliance was primarily designed to exclude the cleric's backers and they would resist.

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Al-Sadr's Mahdi Army militiamen fought U.S. troops for much of 2004 in Baghdad and across central and southern Iraq. It is blamed for most of the sectarian violence raging in Iraq.

The cleric's supporters have been among al-Maliki's strongest backers, ensuring his election as prime minister. Relations have recently frayed, however, with the 30 Sadrist lawmakers and five Cabinet ministers boycotting the government and parliament to protest al-Maliki's meeting with Bush in Jordan.

The al-Sadr aide said recent contacts with the office of Grand Ayatollah Ali al-Sistani, spiritual leader of most Iraqi Shiites, indicated the Iranian-born al-Sistani was not averse to replacing al-Maliki. Al-Sistani issued an unusually harsh criticism of the government in July.

Al-Hakim's SCIRI, along with parliament's Kurdish bloc and al-Hashemi's Islamic party, are likely to be the major powers of the new alliance. Independent lawmakers are also expected to join, legislators said.

Al-Hashemi's Islamic party said Sunday it would not join any future government unless it had a real voice.

Mahmoud Othman, a prominent Kurdish lawmaker and a sharp government critic, said talks on a new parliamentary alliance were initiated early this year, abandoned and recently resumed.

"This government must offer a remedy for all the problems we have in Iraq or publicly announce that it's unable to do so," said Othman, who is close to the negotiations.

Al-Maliki's government, under the Iraqi constitution, could be ousted if a simple majority of parliament's 275 members opposed it in a vote of confidence. Parties in the talks expressed confidence they had enough votes.

"The question of confidence in this government must be reconsidered," Parliament Speaker Mahmoud al-Mashhadani, a Sunni Arab, told legislators Sunday. "Why should we continue to support it? For its failure?"

For Iraq's Sunnis, Conflict Closes In (WP)

By Sudarsan Raghavan

The Washington Post, December 11, 2006

BAGHDAD, Dec. 10 -- A few blocks from Ali Farouk's three-story home, an empty house provides a glimpse of what he fears will be the future. Once owned by a Sunni Muslim, the paint is peeling, the windows are blown out. Two scarlet X's mark the pale blue front door.

To the door's right are the words: "Not for Sale. Wanted."

According to neighbors, "Wanted" refers to the former owner, who fled after crossing paths with the Mahdi Army, the Shiite militia of firebrand cleric Moqtada al-Sadr. The gunmen accused the owner of killing four of their own at a checkpoint. Then they took over his house.

To the door's left, the words: "This is vengeance for the other day."

Farouk, a Sunni Muslim, fears his home might be targeted next. In the past two months, Shiite militiamen have tightened their grip on his central Baghdad neighborhood of Tobji, purging dozens of Sunni families, by fear and by threats. His world has become even more precarious since a barrage of car bombs, mortar shells and missiles killed more than 200 on Nov. 23 in Sadr City, the Baghdad slum that is home to many of Sadr's loyalists.

So Farouk began preparing to do what neither his father nor his grandfather could have imagined in their Iraq: flee Tobji, an enclave where Shiites and Sunnis have coexisted for more than half a century. Farouk plans to join the more than 400,000 Iraqis who have fled their homes, an exodus that is reshaping the face of Baghdad into neighborhoods polarized along sectarian lines.

On Saturday, Farouk's mission grew more urgent. In the latest spasm of revenge attacks, gangs of Shiite gunmen stormed Hurriyah, a mixed neighborhood adjacent to Tobji, torching houses, killing at least two Sunni Arabs and driving out dozens of Sunni families. On Sunday, in interviews across Tobji, Sunni Arabs worried that their fate could soon mirror their brethren's.

"It is coming like a wave," said Khudir Mahmoud, 32, after his midday prayers. "If the government doesn't intervene, the wave will reach here. We are only one street away."

The unraveling of Tobji and Hurriyah is the latest setback for the nation's Sunni minority, which is still seeking a political foothold in Iraq in the fourth year of war. Sunnis were once part of the country's privileged class, with government jobs, but their days and nights are now filled with fear and dread unlike anything they felt since the toppling of President Saddam Hussein.

"We are stuck in a big hole waiting for Lucifer to take our souls," said Farouk, 46, a father of seven. "At any moment we can die."Worry Despite Precautions

Rabiaa Street, a dusty, congested thoroughfare, flows through central Baghdad west of the Tigris River. Along one stretch, near a patch of machinery shops, Hurriyah and Tobji face each other across the street. In Arabic, Hurriyah means freedom. Tobji's official name is Salaam. It means peace.

On one side, the road streams into Hurriyah's core, past a Sunni mosque that was destroyed, past a satellite office of Sadr, where clusters of young men lingered, past signs that read "Long Live Shia."

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On the other side of Rabiaa Street is a set of railroad tracks nestled on the edge of Tobji, a working-class community of Shiites, Sunni Arabs and Kurds. In recent months, bodies of both Shiites and Sunnis have been dumped along the tracks, residents said Sunday. The killings are evidence of how the war to control the capital is spreading and how Shiite militiamen are increasingly pushing into western Baghdad, where Sunnis dominate.

Farouk's house sits in the heart of Tobji, around the corner from walls with black markings that read "Long Live Sadr." He is burly, with a long, oval face and a thin gray mustache, one of three Sunnis who live on the block.

He met a journalist first on Nov. 30, a week after the Sadr City attacks, on the condition that his father's, grandfather's and tribe's names not be used. Farouk is his great-grandfather's name. He told his Shiite neighbors that he was receiving a visit from co-workers at the government ministry where he is employed.

Even with those precautions, he was worried. Fearful of attracting attention, he rushed his visitor to the second-floor living room of his house. At the top of the narrow staircase, a large poster of Imam Ali, the most revered Shiite saint, along with several other important Shiite figures, stared from a wall. Farouk said he put up the posters the day of the Sadr City attacks -- in case Shiite militiamen came that night. He has no plans to take them down, he said.

"I am scared. I am Sunni," he said that day.A Showcase of Dangers

In the 1950s, Farouk's Sunni father moved to Tobji. Farouk's mother was a Shiite, and his first name, Ali, is given to both Shiites and Sunnis. He went to school with Shiites and had Shiite friends. Neither sect nor ethnicity defined his identity, even when Hussein, a Sunni, brutally oppressed the Shiite community after he took power.

The war didn't reach Tobji in full force until this year. In January, gunmen wearing police uniforms and driving police vehicles abducted 53 Sunnis. Most were never seen again. The next month, a Shiite shrine in the town of Samarra was bombed, triggering cycles of revenge killings.

Mixed neighborhoods across Baghdad, including this one, started to rip apart. Still, after each attack, Tobji managed to heal momentarily, because of a tribal leadership of Sunnis and Shiites that is struggling to preserve the bonds between their communities.

Today, the last mile to Farouk's house is a showcase of the danger that threatens to overtake their efforts. Around the corner from an Iraqi army checkpoint, young men wearing dark clothes and clutching AK-47 assault rifles stand guard, a testament to the fact that they, not the Iraqi soldiers, are in charge. Some clutch black two-way radios; others stare fixedly into cars. On Sunday, one man stood in the middle of the street with a small piece of white paper, checking the license plates of cars.

The affiliation of the men with guns can be discerned by looking at a nearby concrete barrier. Scrawled in red paint are words boldly expressed in Arabic: "Yes for the Mahdi Army."

Women in black, head-to-toe abayas float like shadows in the sun here. A few blocks away, residents walk past the empty, disfigured house of the Sunni Arab without casting a glance. On a visit four weeks ago, Mahdi Army militiamen, including one who sat in a yellow plastic chair in the middle of the road, stopped cars and demanded:

"Why are you here? What is your tribe?"A Shiite, Killed in Error

His tribal name didn't help Khelan Jassim Muhammed, 46, a grocer and father of six girls, from becoming a victim of the killing in Hurriyah.

Two weeks ago, he moved from Tobji to Hurriyah to occupy a house left empty by relatives who had moved to the United Arab Emirates. Muhammed, his relatives said, felt safe. He was a Shiite from the Ajaeli tribe.

Last Wednesday, he left his home in the morning and never returned. After a frantic search, his brothers found his body the next morning in the morgue. His corpse had been discovered in a trash dump in a Shiite neighborhood.

"He was handcuffed from the back and had two bullets holes in the back of his head," Khatan Jassim, 41, one of his brothers, said Sunday. As he finished the sentence, silence fell upon his family's spare, white-lit living room, where seven relatives were seated in a semicircle. Before they sat down on a large red carpet, they said a prayer, their palms facing upward in the Shiite tradition. They had lived all their lives in Tobji, just down the road from the empty Sunni Arab house.

Khatan Jassim, a taxi driver with a wide nose, thick neck and sun-leathered skin, said his brother's death bore the trademark of the Mahdi Army.

There are Sunnis and Shiites in the Ajaeli tribe, he explained. His brother, he added, was also carrying an identification card issued in Abu Ghraib, a Sunni area.

"There was a misunderstanding from the Sadr office," Jassim said. "They didn't know he was a Shia."

At the funeral, Sadr's representatives came to offer their condolences. Jassim confronted them. They denied any involvement.

"They gave us an excuse," Jassim recalled. "They said, 'Why would we kidnap him and dump his body in a dumpster? We control the neighborhood. We could have gone inside his house and killed him.' "A Feeling of Siege

DOJ_NMG_0104411

Across the street from the concrete barrier with the Mahdi Army proclamation, 25 Sunnis gathered Sunday at the Suhail Mosque for midday prayers. Young and old, they prayed solemnly, their hands at their side. Their small numbers spoke of their fears.

"This is half of what it used to be," said Khalid Mahmoud, 45, a mosque official and Khudir Mahmoud's brother. "People are staying home. They are worried about their security. Even if they come, their minds will be preoccupied."

"Most of the Sunnis here feel like they are under siege," he added.

As Mahmoud spoke, Abdul Wahad, 26, nodded in agreement. Dressed in a blue and orange Puma tracksuit jacket, he said he no longer hangs out on the streets. He has stopped pursuing his degree in economics because he's worried about getting killed.

"We don't trust the checkpoints," he said.

Added Khalid Mahmoud, "After the Sadr City bombings, none of us have left Tobji."

Ten days ago, three Sunnis were kidnapped, including the brother of the mosque's custodian. He still hasn't been found. On Sunday, Khudir Mahmoud sent a woman to the morgue to inquire whether his body had turned up. He was too afraid to go by himself because the Health Ministry is controlled by Shiites loyal to Sadr. The custodian now plans to quit and move his family to Samarra.'I Am Like a Prisoner'

On the day Sadr City was attacked, a Shiite friend a few blocks away phoned Farouk to warn that Shiite militiamen were rumored to be roaming Tobji in search of Sunni men. He invited Farouk to stay at his house. Farouk and his two grown sons gratefully accepted. His wife and five smaller children stayed behind. The next day, Farouk and his sons returned. He loaded his AK-47 and kept it in his bedroom.

The day after a three-day curfew was lifted, Farouk went to work, switching taxis in case he was being followed. He was stopped at a checkpoint, he said. A Shiite policeman asked whether he was a Sunni or Shiite. Farouk replied that he was Iraqi, then flashed his government identification card. "You son of dogs," the policeman said but waved him through.

For the next three days, Farouk stayed inside his house. "I can't even walk to the main street," he said Nov. 30. "At 6 p.m., I lock my door and stay inside."

At night, the family slept together in the living room while Farouk kept watch for a possible attack. One night, a sound on the roof sent him rushing up with his gun. It was water dropping into a tank. "I am like a prisoner," he said.

In the living room that day, Farouk was expressing anger at the United States for invading Iraq, for disenfranchising the Sunnis. Listening in was his nephew, Ihab Bashir, 30. Farouk framed his plight in political terms, blaming the Shiite-led government for settling scores from the past. "There is no democracy," Farouk said, shaking his head in dismay.

Farouk's 10-year-old son, Omar, entered the living room. Thin with an angular face, he wore jeans and a yellow shirt. When asked his name, he replied in a voice not much louder than a whisper: "Amar."

Amar is a common Shiite name. Farouk had instructed him to lie about his name to strangers. Why didn't he use his real name?

"Because of those people, the Mahdi Army," Omar said.

Why is his father still staying at home?

Omar paused. "Perhaps the Mahdi Army will come and raid the Sunni homes and kill him."

Seven video compact disc recordings of Sadr's sermons, his stern, bearded visage splashed on every cover, sat on the brown sofa. Farouk's 15-year-old son had bought them the day after the curfew. When he came home, he slipped one of the discs into the VCD player and turned up the volume so all the family's Shiite neighbors could hear.

Omar pointed at them and said, "We have those VCDs for the Mahdi Army not to hurt us."Inviting the Neighbors Over

Farouk's plan is to flee to Baqubah, the capital of Diyala province, one of the most violent places in Iraq. He said he does not care about the danger. His sect is the majority there. Just as the Shiites turn to the militias for protection, he now views the Sunni Arab insurgents as his family's guardians.

"The mujaheddin will protect us," Farouk said. "We heard they are helping Sunnis who move there with cooking oil, rice, sugar and fuel."

In the interim, he's decided that the best protection is to rekindle his ties to his Shiite neighbors. In recent days, he has invited some of them to have soda or tea inside his house. He hopes they will notice the poster of Imam Ali. He hopes they will vouch for him if the Mahdi Army attacks.

"I tell everyone that my mother is a Shiite," Farouk said. "I am trying to get closer to them. It's about saving my life."

On Sunday, Farouk was still bracing for a Shiite attack. Two days ago, he bought another poster of Imam Ali and other revered Shiite saints for the living room.

Iraq Is Failing To Spend Billions In Oil Revenues (NYT)

By James Glanz

The New York Times, December 11, 2006

BAGHDAD, Dec. 10 — Iraq is failing to spend billions of dollars of oil revenues that have been set aside to rebuild its damaged roads, schools and power stations and to repair refineries and pipelines.

Iraqi ministries are spending as little as 15 percent of the 2006 capital budgets they received for the rebuilding — with some of the weakest spending taking place at the Oil Ministry, which relies on damaged and frequently sabotaged pipelines and pumping stations to move the oil that provides nearly all of the country's revenues. In essence, the money is available — despite extensive sabotage, the oil money is flowing — but the Iraqi system has not been able to put it to work.

The country is facing this national failure to spend even as American financial support dwindles. Among reasons for the problems — like a large turnover in government personnel — is a strange new one: bureaucrats are so fearful and confused by anticorruption measures put in place by the American and Iraqi governments that they are afraid to sign off on contracts.

The inability to spend the money raises serious questions for the government, which has to demonstrate to citizens who are skeptical and suspicious of government corruption that it can improve basic services, and that at a time when American funds for reconstruction are being reduced, it can prove to other foreign donors that it can quickly put to use the money they may be willing to commit.

After the expenditure of roughly $22 billion in American taxpayer dollars on Iraq reconstruction, the increase of the Iraqi capital budget was seen by many as a sign that oil revenues could finally begin paying for the rebuilding, four years after Bush administration predictions that the country could afford the program on its own.

Iraq's overall capital budget in 2006 was nine trillion Iraqi dinars, or about $6 billion, said Abdulbasit Turki Saeed, president of the Iraqi Board of Supreme Audit and a member of the Iraqi cabinet's economic committee.

But Mr. Saeed said that across the entire government, only about 20 percent of the capital budget had been spent, according to the committee's recent figures. A senior Western official agreed with that estimate.

"It's slow. It's disappointing," the Western official said, speaking on the condition of anonymity because he was not authorized to discuss the subject publicly. "In general, they have had trouble getting projects started."

The problem was briefly acknowledged in the report last week by the bipartisan Iraq Study Group, which gave similar figures for capital expenditures and said that "many ministries can do little more than pay salaries."

In interviews, alarmed Western and Iraqi officials sought to put the best face on the problem, saying they thought that the pace of spending had picked up in the last two to three months as the government began taking steps to improve its performance.

Those officials said that in a nation with reconstruction needs around every corner, the puzzling phenomenon of unspent money was partly explained by the rapid turnover in governments, security woes, endemic corruption and a lack of technocrats skilled at jobs like writing contracts and managing complex projects. In short, nearly all the ills that have undermined the American rebuilding program seem to be plaguing the Iraqi one.

Hussain al-Shahristani, the Iraqi oil minister, said he thought that he could spend substantially more of this year's budget if he could resolve administrative bottlenecks, like Finance Ministry delays in authorizing payments.

"It's the bureaucracy," Mr. Shahristani said. "Particularly financial people take too long to change their old habits."

But some American and Iraqi officials here are also saying that the stringent measures they had favored to slow the rampant corruption may be especially daunting for bureaucrats who have little experience with Western-style regulations and oversight. Those officials say that Iraqis who have seen their colleagues arrested and jailed in anticorruption sweeps are reluctant to put their own name on a contract.

"As it's applied right now, this new thing scares the hell out of everybody," one Western official here said.

The colliding priorities of oversight and spending have left American and Iraqi officials in a quandary as they work behind the scenes on the so-called "Compact with Iraq" — the centerpiece of the American Embassy's effort to create economic and political milestones that this nation promises to meet in exchange for pledges of foreign investment and support.

Anticorruption officials themselves are facing a loss of support, with the most serious impact felt by Rathi al-Rathi, the head of Iraq's Commission on Public Integrity, who has been privately accused by Western and Iraqi officials of zealotry, political bias and other failings.

A previously undisclosed letter to Mr. Rathi from prime minister Nuri Kamal al-Maliki, dated Sept. 6, is close to an accusation that Mr. Rathi himself is guilty of corruption. The letter, a copy of which was provided to The New York Times, directs him to account for what the prime minister asserts are hundreds of thousands of dollars of undocumented expenses by the commission.

Ali al-Shabot, a spokesman for Mr. Rathi, who was traveling last week, at first insisted that the letter was secret and that he could not discuss it. But finally he dismissed its charges as based on bad information. Mr. Shabot indicated there was at least

one good reason that, despite the pressure, the commission would remain in business. He confidently pointed out that international donors who provide financing to Iraq do so "with the guarantee that there are institutions to oversee the money."

While it is clear that new financial support is unlikely without a strong anticorruption campaign in place, Iraq's inability to spend its own money undermines the message that the country will actually be able to use the support if provided.

"People we are trying to deal with and obtain additional funds for Iraq will come back and say, 'Iraq is not spending its own resources,' " said Yahia Said, a research fellow at the London School of Economics who is working as a consultant to the United Nations on the compact.

Mr. Shahristani, the oil minister, who has put new anticorruption measures in place on top of those imposed from the outside, said the solution was to teach the bureaucrats how to cope with the new rules.

"Obviously I've heard of these complaints," he said of the criticisms of the anticorruption organizations. "I don't think that they have gone too far. I think this is necessary given the level of corruption that we have inherited."

Iraq's total budget is about $32 billion in 2006 and is projected to be more than $40 billion in 2007, said Bayan Jabr, the Iraqi finance minister, in an interview. Most of the budget, which comes almost entirely from oil revenues, is consumed in operating expenses, including roughly $8 billion for ministry salaries and pensions and $6 billion for Iraq's socialist-style food and fuel subsidies.

The nation has spent those funds much more easily than it has spent the $6 billion for capital improvements — a number that by some projections could roughly double next year in view of Iraq's vast infrastructure needs.

According to a report by the Oil Ministry, about half of the money was to go for repair of pipelines, building refineries, improving oil fields, repairs on export terminals, and other improvements to the oil industry. The remainder was to be spent on projects ranging from improving the electrical system to irrigation systems to roads and government buildings of various types.

The same report says that, for example, Iraq is in need of major new oil storage tanks, a 42-inch-diameter pipeline in the south and better electrical generation to run the oil pumps.

Officials are still sorting out what went wrong in the early months of the 2006 program, but some of the problems were similar in kind if not in detail to the ones that derailed major portions of the American effort.

First, after the December 2005 elections, politicians jockeyed for ministerial posts for months, creating uncertainty about whether priorities would change, and then the newly seated officials were unfamiliar with their jobs. At the same time, deepening security problems not only made purchasing and construction difficult, but also continued to drive skilled midlevel ministry employees out of the country.

Final numbers across the ministries will not be available until year's end, but Mr. Jabr, the finance minister, said that a few trends had emerged. Expenditures at the Housing and Construction Ministry and the Oil Ministry were low, while at the other end of the spectrum, the Electricity and Water Resources Ministries were spending as much as three-quarters of their allocations.

But the overall picture is clear, said Lt. Gen. Martin E. Dempsey, who as commander of the Multi-National Security Transition Command-Iraq works extensively with the Interior and Defense Ministries, which he expects to spend about half of their capital budgets this year.

"I think the government of Iraq has got a challenge writ large," General Dempsey said. "The 27 ministries will not execute their 2006 budgets."

American and Iraqi officials are already taking steps to improve the situation, streamlining the contracting process, giving training sessions on the process to ministry employees and, Mr. Jabr said, putting in place measures to penalize ministries that do not spend money fast enough.

General Dempsey said the unspent money in the security ministries in 2006 would not be lost, because Iraq had agreed to allow the funds to be held in the same foreign accounts that are used to coordinate the Pentagon's military purchases until the agencies were ready to use it.

As the financial and political stakes rise within the Iraqi-financed rebuilding program, few officials have escaped blame.

The public integrity commission is cited most often as intimidating. But those who deal with investigations of questionable deals and officials on the take in a historically corrupt country are not surprised by those complaints. "This is normal," said Mr. Shabot, the integrity commission spokesman. "They hate us because we are monitoring them."

Mr. Jabr expressed deep impatience with ministry officials who, he said, told him that part of the reason they were moving so slowing was to avoid running afoul of the integrity commission.

"I said, 'Why are you afraid? If you are not a thief, don't be afraid,' " Mr. Jabr recalled.

Ex-hostages In Iraq Opt For Forgiveness (CSM)

By Mark Rice-oxley And Dan Murphy

The Christian Science Monitor, December 11, 2006

DOJ_NMG_0104414

LONDON AND CAIRO

Three pacifists who were held hostage for 118 days in Iraq and were released only after a fourth colleague was murdered, publicly forgave their captors Friday.

At a press conference in London, the members of the Christian Peacemaker Teams (CPT) said they were reluctant to testify against four alleged captors in Iraqi custody because of the possibility that they will face harsh punishment, especially the death penalty.

Canadian James Loney, Briton Norman Kember, and Canadian Harmeet Singh Sooden, who now lives in New Zealand, said they did not want "punitive" justice for their suspected captors, scheduled to stand trial early next year.

"Justice is about restoring relationships that have been broken," says Mr. Loney. "We are very, very concerned about the death penalty. It would be the worst possible outcome for us if they were to be sentenced to death."

"To lock then up and throw way the key," he says, "that is not justice. Punishment comes from the same mind-set that is behind the escalating spiral of violence that we see in Iraq that is being fueled by the governments in Washington and London. If they are punishing them on my behalf, that doesn't do anything for me."

Loney was a member of the four-man CPT unit seized outside a mosque in Baghdad on Nov. 26 last year. The lone American member, Tom Fox, was killed by their captors. The kidnappers, a group of Sunni Arab insurgents, appeared to have ties to the kidnappers of Jill Carroll, a Christian Science Monitor reporter who was held for 82 days earlier this year following the murder of her translator Allan Enwiya.

After Ms. Carroll was freed from captivity, she revealed that one of her captors said they had killed an American because the US had failed to meet a demand to release Sheikh Omar Abdel-Rahman, a blind cleric convicted of involvement in the 1993 World Trade Center bombing and currently serving a life sentence in a US penitentiary.

In an earlier interview with the Monitor, Mr. Loney said the captors had spoken of demanding Abdel Rahman's release in exchange for their safety; this demand was never made publicly.

The three surviving members of the team say they would be hypocrites if they gave in to the anger created by their ordeal, and participated in the traditional avenues of justice. Loney, a committed Christian, said he would even return to Iraq to meet with his captors. "It would be wonderful to sit down and talk to them and talk about what [prompted] this thing that they did ... what did it mean to them, what does it mean to them now."

Mr. Sooden added that the men have doubts about the fairness of the Iraqi court system, particularly giving the raging war there. "I don't know if the Central Criminal Court of Iraq can act as per its mandate because of the security situation."

Despite the country's ongoing war, the wheels of justice have haltingly moved forward in Iraq, where the death penalty is enforced. And not all hostage advocates share the CPT members' forgiving view.

In June, Mustafa Salman al-Jibouri was sentenced to life imprisonment for aiding the men who kidnapped and later murdered Margaret Hassan, the British national who had run the charity CARE's Baghdad offices and had made aiding Iraq's poor her life's work.

Mrs. Hassan's family charged afterward that "inept" handling of the case allowed Mr. Jibouri to escape the death penalty, and also led to the acquittal of two other men on trial in her murder. They said the acquittals would encourage more kidnapping in Iraq.

In November, Hussein Fahmi, whom authorities described as a member of Al Qaeda in Iraq, was sentenced to death for his role in the kidnapping and beheading of Shosei Koda, a young Japanese man who was abducted while traveling in Iraq in 2004. Mr. Fahmi was of mixed Egyptian and Palestinian descent.

Also, the Iraqi justice system has come under criticism from human rights organizations for frequent torture of captives.

If the three don't testify, either by identifying suspects in a photo lineup or by giving video evidence (there is no suggestion that they should actually travel to the Iraqi court) the case could unravel. "We were told there would be a possibility that they could walk away from this if we don't testify," said Loney. "Not to excuse what they were doing but there was a rationale for it. They saw themselves being part of a fight to defend their country."

The three CPT survivors said a lot of forensic evidence was collected after they were released in a raid following a tip. "There was a fair bit of forensic evidence in the house that we left," says Mr. Kember. "When I got to the hospital, they stripped me ... they said we could get fingerprints off clothes."

Some of the alleged kidnappers of Carroll have been arrested, and Iraqi officials say they are building a strong case against them, but no court dates have yet been set.

Taliban And Allies Tighten Grip In North Of Pakistan (NYT)

By Carlotta Gall And Ismail Khan

The New York Times, December 11, 2006

DOJ_NMG_0104415

PESHAWAR, Pakistan — Islamic militants are using a recent peace deal with the government to consolidate their hold in northern Pakistan, vastly expanding their training of suicide bombers and other recruits and fortifying alliances with Al Qaeda and foreign fighters, diplomats and intelligence officials from several nations say. The result, they say, is virtually a Taliban mini-state.

The militants, the officials say, are openly flouting the terms of the September accord in North Waziristan, under which they agreed to end cross-border help for the Taliban insurgency that revived in Afghanistan with new force this year.

The area is becoming a magnet for an influx of foreign fighters, who not only challenge government authority in the area, but are even wresting control from local tribes and spreading their influence to neighboring areas, according to several American and NATO officials and Pakistani and Afghan intelligence officials.

This year more than 100 local leaders and government sympathizers or accused "American spies" have been killed, several of them in beheadings, as the militants have used a reign of terror to impose what President Pervez Musharraf of Pakistan calls a creeping "Talibanization." Last year, at least 100 others were also killed.

While the tribes once offered refuge to the militants when they retreated to the area in 2002 after the American invasion of Afghanistan, that welcome is waning as the killings have generated new tensions and added to the region's volatility.

"They are taking territory," said one western ambassador in Pakistan. "They are becoming much more aggressive in Pakistan."

"It is the lesson from Afghanistan in the '90s," he added. "Ungoverned spaces are a problem. The whole tribal area is a problem."

The links among the various groups date to the 1980s, when Arabs, Pakistanis and other Muslims joined Afghans in their fight to drive out the Soviet invasion of Afghanistan, using a network of training camps and religious schools set up by the Pakistani intelligence agency and financed by the C.I.A. and Saudi Arabia.

The training continued with Pakistani and Qaeda support through the 1990s, and then moved into Afghanistan under the Taliban. It was during this time that Pakistanis became drawn into militancy in big numbers, fighting alongside the Taliban and hundreds of foreign fighters against the northern tribes of Afghanistan. Today the history of the region has come full circle.

Since retreating from Afghanistan in 2002 under American military attacks, the Taliban and foreign fighters have again been using the tribal areas to organize themselves — now training their sights on the 40,000 American and NATO troops in Afghanistan.

After failing to gain control of the areas in military campaigns, the government cut peace deals in South Waziristan in 2004 and 2005, and then in North Waziristan on Sept. 5. Since the September accord, NATO officials say cross-border attacks by Pakistani and Afghan Taliban and their foreign allies have increased.

In recent weeks, Pakistani intelligence officials said the number of foreign fighters in the tribal areas was far higher than the official estimate of 500, perhaps as high as 1,500 to 2,000 today.

These fighters include Afghans and seasoned Taliban leaders, Uzbek and other Central Asian militants, and what intelligence officials estimate to be 80 to 90 Arab terrorist operatives and fugitives, possibly including the Qaeda leaders Osama bin Laden and his second in command, Ayman al-Zawahri.

The tightening web of alliances among these groups in a remote, mountainous area increasingly beyond state authority is potentially disastrous for efforts to combat terrorism as far away as Europe and the United States, intelligence officials warn.

They and western diplomats say it also portends an even bloodier year for Afghanistan in 2007, with the winter expected to serve as what one official described as a "breeding season" to multiply ranks.

"I expect next year to be quite bloody," the United States ambassador in Afghanistan, Ronald Neumann, said in an interview last week. "My sense is the Taliban wants to come back and fight. I don't expect the Taliban to win, but everyone needs to understand that we are in for a fight."

Foreign Influence

One of the clearest measures of the dangers of this local cross-fertilization is the suicide bombings. Diplomats with knowledge of the area's Pashtun tribes say they have little doubt the tactic emerged from the influence of Al Qaeda, since such attacks were unknown in Pakistan or Afghanistan before 2001.

This year suicide attacks have become a regular feature of the Afghan war and have also appeared for the first time even in Pakistan, including two in this frontier province in recent weeks, indicating a growing threat to Pakistan's security.

In recent weeks, Afghan officials say they have uncovered alarming signs of large-scale indoctrination and preparation of suicide bombers in the tribal areas, and the Pakistani minister of the interior, Aftab Khan Sherpao, publicly acknowledged for the first time that training of suicide bombers was occurring in the tribal areas.

The Afghan intelligence service said last week in a statement that it had captured an Afghan suicide bomber wearing a vest filled with explosives. The man reportedly said he had been given the task by the head of a religious school in the Pakistani tribal region of Bajaur, and that 500 to 600 students there were being prepared to fight jihad and be suicide bombers.

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The bomber said that the former head of Pakistani intelligence, Gen. Hamid Gul, was financing and supporting the project, according to the statement, though the claim is impossible to verify. Pakistan intelligence agencies have long nurtured militants in the tribal areas to pressure the rival government in Afghanistan, though the government claims to have ceased its support.

So numerous are the recruits that a tribal leader in southern Afghanistan, who did not want to be named because of the threat of suicide bombers, relayed an account of how one would-be suicide bomber was sent home and told to wait his turn because there were many in line ahead of him.

American military officials say they believe much of the training in Waziristan is taking place under the aegis of men like Jalaluddin Haqqani, once one of the most formidable commanders of the anti-Soviet mujahedeen forces who joined the Taliban in the 1990s.

He has had a close relationship with Arab fighters since the 1980s, when Waziristan was his rear base for fighting the Soviet occupation. Arab fighters had joined him there in the struggle, among them Osama bin Laden.

He later became the Taliban's minister of tribal affairs and was the main protector for the foreign fighters on their exodus from Afghanistan in 2001 and 2002. He and his son, Sirajuddin Haqqani, remain the most important local partners for Al Qaeda in Waziristan.

Mr. Haqqani bases himself in North Waziristan and has a host of other Taliban and foreign commanders, in particular Uzbeks, who are loyal to him, United States military officials say.

Money continues to flow in from religious supporters at home and in the Persian Gulf, as well as from a range of illicit activities like a lucrative opium trade, smuggling and even kidnapping, diplomats, United Nations analysts and local journalists say.

"There are clearly very substantial training facilities that are still operating in Waziristan, both north and south, and other parts of FATA and Baluchistan," a diplomat in Kabul said, referring to the region by the acronym for its formal name, the Federally Administered Tribal Areas.

"Even more worrying is the continued presence of the Taliban and Haqqani leadership networks," the diplomat said, dismayed at what he characterized as Pakistani passivity in breaking up the networks.

"They haven't been addressed at all on the Pakistani side," he added. "They haven't been pursued."

The diplomat also singled out Saddique Noor, in his mid-40s, a Pakistani militant commander who he said was training suicide bombers in Waziristan and sending them into Afghanistan. Mr. Noor fought in Afghanistan alongside the Taliban in the 1990s and is a determined opponent of the American and NATO presence in Afghanistan.

Another commander, Beitullah Mehsud, about age 40 and also from the region, is now probably the strongest Pakistani Taliban commander and may also be dispatching suicide bombers. He also fought in Afghanistan under the Taliban and claims to have 15,000 fighters under him now.

Both men are loyal to Mr. Haqqani, whom Western diplomats consider one of the most dangerous Taliban commanders because of his links to Al Qaeda and his strong local standing.

The other, for the same reason, is Mullah Dadullah, a ruthless Taliban commander from southern Afghanistan, who has emerged as the main figure in the resurgence of the Afghan Taliban.

The one-legged Dadullah — he lost a leg in fighting — has a flamboyant if cruel reputation. He narrowly escaped capture in northern Afghanistan in 2001, often gives boastful interviews to news agencies, and is known to have personally ordered the killings of aid workers. His latest announcement, made in a phone call to [a news agency], was that the Taliban had infiltrated suicide bombers into every Afghan city.

He is widely thought to be based in or around the southern Pakistani town of Quetta but is reported to be constantly on the move. He visited various areas of southern Afghanistan this year and has traveled to Waziristan repeatedly, in particular as the tribes of North Waziristan negotiated their Sept. 5 peace deal with the government, which he sanctioned, according to local reporters and intelligence officials.

Push for Order

The increasingly urgent question for Pakistani, Afghan, American and NATO officials is what can be done to bring the region under control. The Pakistani government's latest attempt was the Sept. 5 peace accord in North Waziristan.

Under the deal, both the government and militants agreed to cease attacks, and the militants agreed to end cross-border help for the Afghan insurgency, the killings of tribal leaders and accused government sympathizers, and "Talibanization" of the area.

Taliban commanders sanctioned the deals, arguing that the militants should concentrate their efforts on the foreign armies in Afghanistan and not waste their energies on clashing with the Pakistani military, journalists working in Waziristan say.

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Critics say the agreement is fatally flawed since it lacks any means of enforcement and that it has actually empowered the militants. An international policy analysis group, the International Crisis Group, brands it as a policy of appeasement, in a report to be released on Dec. 11.

The government has taken down checkpoints, released detainees, and returned confiscated weapons and vehicles, and issued an amnesty. But the militants have increased their activities, benefiting from the truce with the Pakistani military, the groups said.

"From the start the agreement was not good because there are too many concessions and no clauses that are binding," said Brig. Mahmood Shah, who served as secretary of the Federally Administered Tribal Areas until 2005. "This agreement is not going to work, and if it is working, it is working against the government interest."

A local politician and human rights advocate, Afrasiab Khattak, spokesman for the Awami National Party in Peshawar, also criticized the agreement. The militants rather than the traditional tribal leaders have the power now, he said.

"They have imposed a new elite in Waziristan," he said. "More than 200 tribal chiefs have been killed, and not a single culprit brought to justice."

Still, Javed Iqbal, the newly appointed Pakistani secretary of the tribal areas, defended the North Waziristan accord as an effort to return to the traditional way of running the tribal areas, through the tribal chiefs. That system, employed by the British and Pakistani rulers alike, was eroded during the military campaigns of the last few years.

"We have tried the coercive tactic, we did not achieve much," he said in an interview in Peshawar. "So what do you do? Engage."

He said the government had let down the tribal elders in Waziristan who had wanted dialogue with the government, but were murdered one after another by the militants. But the big turnout of some 500 to 600 tribal elders at a meeting in Miramshah in North Waziristan in November was encouraging, he said, and showed that the tribes wanted to engage. "We are back in business," he said.

Loss of Control

Some Pakistani officials admit they have made a serious mistake in allowing the militants so much leeway, but only if they will not be quoted publicly.

Afghan and Pakistani Taliban leadership networks run training camps in various parts of the 500-mile length of the tribal areas, from Baluchistan in the south to the hub of North and South Waziristan, and farther north to Bajaur, said a Western diplomat in Kabul.

A diplomat who visited Wana, the capital of South Waziristan, said the government had almost no control over either of the Waziristans.

"They are absolutely not running the show in North Waziristan, and it runs the risk of becoming like South Waziristan," he said. "In South Waziristan the government does not even pretend to have a remit that runs outside of its compounds."

The fundamentalists' influence is seeping outward, with propaganda being spread on private radio stations, and through a widening network of religious schools and the distribution of CDs and DVDs. It can now be felt in neighboring tribal departments and the settled areas of the North-West Frontier Province. In recent months, Pakistani newspapers have reported incidents of music and barber shops being closed, television sets burnt, and threats to girls' schools.

The militants are more powerful than the military and the local tribal police, kill with impunity and shield criminals and fugitives. Local journalists say people blame the militants for a rising tide of kidnappings, killings, robberies and even rapes.

The brutality of some foreign militants has begun causing rising discontent among the Pakistani hosts, many of whom are also armed and militant, making the region increasingly volatile and uncontrollable.

"Initially, it was sympathy," one Pakistani intelligence official said. "Then came the money, but it was soon followed by fear. Now, fear is overriding the other two factors, sympathy and money."

For now, however, the Taliban commanders and the Pakistani militants under them remain unswervingly loyal to jihad in Afghanistan and, despite the tensions, still enjoy local support for the cause, officials and local journalists say.

The failed government military campaigns of recent years, which are seen as dictated by the United States, have further radicalized the local population, many in the region say.

As a potential indicator of local support, the families of two suicide bombers sent to Afghanistan from Waziristan gained renown in the community, according to a local journalist.

"The people support the militants because they are from their own tribe, they are family," said the journalist, who asked not to be named out of fear of the militants.

Morale is high among the resurgent Taliban after their revival in Afghanistan this year, one Pakistani security official said. That will lead to still more recruitment and better organization and planning in the year ahead.

Fighting traditionally dies down in winter because of the inhospitable conditions in the mountains.

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But the new fighting season in the spring would be even bloodier, a Western diplomat in Kabul said. “We have to assume that things will be bad again,” he said, “because none of the underlying causes are being addressed.”

Iraq Lessons In Afghanistan? (WSJ)

By Jay Solomon

The Wall Street Journal, December 11, 2006

As pressure mounts on the White House to engage Tehran over Iraq, Afghanistan offers an example of how U.S. and Iranian interests can constructively align in the Islamic world.

Senior American and Afghan officials say that in contrast with the situation in Iraq, where Iran is allegedly funding and arming Shiite militias, Tehran today is playing an important role in seeking to stabilize post-Taliban Afghanistan.

The Iranian government has pledged $560 million in development aid to President Hamid Karzai's government since 2002, these officials say, roughly half of which has been disbursed. It is developing road and power projects, largely in the western part of the country near the two countries' shared border. And Iranian companies have provided goods and services -- including cement and banking -- to Afghanistan's war-ravaged population.

Iran also has been among the most active nations seeking to combat Afghanistan's largest ill, opium production, say American and Afghan officials. Tehran seized more Afghan opium than any other country last year, with hundreds of its security forces killed while policing its 600-mile border with Afghanistan in recent years, according to the United Nations.

Critics say Iran has largely acted out of self-interest in Afghanistan. They say Tehran's support for Mr. Karzai's government is in part aimed at ridding the country of Tehran's enemy, the Taliban Sunni militia, while seeking to usher in stable conditions that could hasten a U.S. withdrawal from Central Asia. Its counternarcotics operations, meanwhile, are driven by a desire to cut off supply to its country's estimated two million heroin addicts. Iran is also using Afghanistan as a base to expand its influence and economic interests across the region.

And Iran's intelligence services maintain a "destructive capability" inside Afghanistan that could target American and North Atlantic Treaty Organization forces should tensions between Washington and Tehran escalate, Afghan and U.S. officials say.

"Iran's role has been constructive" in helping to rebuild Afghanistan and fight narcotics, said Said Jawad, Afghanistan's ambassador to Washington. He added that cordial Afghan-Iranian relations are crucial, due to Tehran's economic and political influence inside his country.

Former Secretary of State James Baker III, in unveiling the Iraq Study Group's recommendations on how to improve the situation in Iraq last week, pointed to Afghanistan as a possible model for U.S.-Iran cooperation in Iraq.

"All we're suggesting is doing with [Iraq] what we did in Afghanistan, when we talked to [the Iranians] and they helped us stabilize the situation," said Mr. Baker, co-chairman of the panel.

Outside Afghanistan, the U.S. and Iran have hostile relations, with the two sides at odds over Tehran's efforts to develop a nuclear program and its backing of extremist forces across the Middle East. But that hasn't stopped the two countries from accepting each other's roles in Afghanistan.

In Iraq, Mr. Baker and others say, Iran's Shiite theocracy government could only help -- indeed, may be essential -- to stem the flow of arms and funds to Shiite militias across its border, while providing critical development aid.

Even if the White House were to reach out to Iran -- President Bush so far has made working with Tehran conditional upon its stopping its nuclear program -- it has offered little indication that it would be willing, or even able, to play the same type of stabilizing role in Iraq that it has in Afghanistan. President Mahmoud Ahmadinejad has rejected repeated White House calls for meetings to coordinate a response to Iraq's turmoil. Still, current and former U.S. diplomats say, Iran may be cooperative in Iraq if Washington offers it a more direct role. In Afghanistan, Iran emerged as an unlikely supporter of U.S. policy, as the Bush administration moved to overthrow the Taliban after the Sept. 11, 2001, al Qaeda attacks, current and former U.S. diplomats say.

Iran's leadership had developed an intense hatred for the Taliban during its five-year rule of Afghanistan. The radical Sunni regime nearly sparked a war with Iran in 1998, after its forces killed nine Iranian diplomats in the central Afghan city of Mazar-i-Sharif, on charges they were spies. The Taliban also persecuted Afghanistan's minority Shiite peoples, known as the Hazara, who share a common language and religion with Iran.

In January 2002, Mr. Bush branded Iran a member of his "Axis of Evil," angering Iran's then-moderate government of President Mohammad Khatami, which had believed its relations with Washington were improving in light of the Afghanistan war. The White House also charged Iran with sheltering and providing safe passage to al Qaeda and Taliban militants who had fled the fighting in Afghanistan. One of them, U.S. intelligence officials say, was Abu Musab al-Zarqawi, the Jordanian terrorist who went on to head al Qaeda's operations in Iraq before his death in June. (Iran has denied that it supports al Qaeda.)

Regardless of the breakdown in U.S.-Iran ties, Tehran has continued to push ahead with development projects in Afghanistan, albeit amid little interaction with the American presence there. Its investments have helped make the country's

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western and central regions among the most stable there, in contrast with Afghanistan's south and east, where Taliban insurgents have heightened attacks on NATO, U.S. and Afghan forces in recent months, say Afghan officials and businessmen. Perhaps no place is the impact of Iran's assistance as apparent as the western Afghan city of Herat.

Tehran is seeking to help refashion the city as a trading hub linking Asia and the Central Asian states to the Persian Gulf. Iran's cultural and financial influence has traditionally been strong in Herat, though it had eroded under the Taliban.

Central to this effort has been the development of a roads project, costing hundreds of millions of dollars, that connects Herat to Iran's east and then on to the Persian Gulf port of Chabahar. Landlocked Afghanistan has relied on the Pakistani port of Karachi both to ship out products and import many raw materials. But many Afghan businessmen have complained in recent years that shipping through the overloaded Karachi port is expensive and time-consuming.

Tehran's development of Chabahar and its financing of roads linking it to Afghanistan have stimulated competition between Pakistan and Iran for a leading role in Afghanistan's transit business, say Afghan and development officials.

Herat also has some of the best power supply in Afghanistan, thanks to Iran. Much of the rest of Afghanistan is waiting for the government to connect power lines to energy supplies in Tajikistan, a process that is taking years as workers first move to clear the Hindu Kush mountain range. Tehran, however, has directly tied Herat to Iran's power grid.

"Iran has chosen projects that are a high priority and necessary" for Afghanistan, says Alastair McKechnie, the World Bank's country director for Afghanistan. "In that sense, they've played a very positive role."

A number of Afghan and American officials say Iran's increasing presence in Afghanistan may not be all positive. Iranian intelligence agencies are believed to be assuming a larger presence inside the country, mixing in with the Hazara and the more than one million Afghan refugees who have returned from Iran since the Taliban's fall. Tehran continues to maintain strategic ties with many of the former Northern Alliance warlords with whom they were aligned against the Taliban, say U.S. and Afghan officials. In addition, while Sunni-controlled states, such as Saudi Arabia, are reluctantly accepting Iran's influence in western Afghanistan, they are wary of it expanding beyond there through the Middle East. Should tensions between Iran and the U.S. escalate over Tehran's nuclear program, many in Afghanistan say, Tehran could seek to use its own intelligence agents and their Afghan allies to target American and NATO forces inside Afghanistan.

"Iran is very active ... and could play in several ways that is detrimental to Afghanistan," says retired Gen. David Barno, who commanded U.S. forces in Afghanistan up until last year. Tehran still sees Afghanistan "as part of the broader conflict with the U.S."

Escalating Tab Despite Its $168 Billion Budget, The Army Faces A Cash Crunch (WSJ)

By Greg Jaffe

The Wall Street Journal, December 11, 2006

After Years of Gearing Up For High-Tech Warfare, Service Is Short on Basics Humvees Rise to $225,000

FORT STEWART, Ga. -- With just six weeks before they leave for Iraq, the 3,500 soldiers from the Third Infantry Division's First Brigade should be learning about Ramadi, the insurgent stronghold where they will spend a year.

Many of the troops don't even know the basic ethnic makeup of the largely Sunni city. "We haven't spent as much time as I would like on learning the local culture, language, and politics -- all the stuff that takes a while to really get good at," says Lt. Col. Clifford Wheeler, who commands one of the brigade's 800-soldier units.

Instead, the troops are learning to use equipment that commanders say they should ideally have been training with since the spring. Many soldiers only recently received their new M-4 rifles and rifle sights, which are in short supply because of an Army-wide cash crunch. Some still lack their machine guns or long-range surveillance systems, which are used to spot insurgents laying down roadside bombs. They've been told they'll pick up most of that when they get to Iraq.

The strains here at Fort Stewart -- one of the busiest posts in the U.S. military -- are apparent throughout the Army. They spotlight a historic predicament: The Iraq war has exposed more than a decade's worth of mistakes and miscalculations that are now seriously undermining the world's mightiest military force.

In the 15 years after the Cold War, senior military planners and civilian-defense officials didn't build a force geared to fighting long, grinding guerrilla wars, like Iraq and Afghanistan. Instead they banked on fighting quick wars, dominated by high-tech weapons systems.

The result: At a time when the war in Iraq is deepening, and debate over pulling out the troops is intensifying, the rising cost of waging the fight is outpacing even the Army's huge budget. The financial squeeze is leaving the Army short of equipment and key personnel.

The situation has the Army seeking billions more for next year, even as younger officers, frustrated with the pace of change, say that any improvements depend more on how the money is spent than on how much is spent.

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From 1990 to 2005, the military lavished money on billion-dollar destroyers, fighter jets and missile-defense systems. Defenders of such programs say the U.S. faces a broad array of threats and must be prepared for all of them. High-tech weaponry contributed to the swift toppling of the regimes in Iraq and Afghanistan, but has been of little help in the more difficult task of stabilizing the two countries.

Of the $1.9 trillion the U.S. spent on weaponry in that period, adjusted for inflation, the Air Force received 36% and the Navy got 33%. The Army took in 16%, it says. Despite the wars in Iraq and Afghanistan, both dominated by ground forces, the ratio hasn't changed significantly.

Overly optimistic predictions by the Bush administration -- and the Army -- have made the Army's budget crunch worse. Both assumed troop numbers in Iraq would drop significantly by 2006 and the Army wouldn't need as much money as it initially requested. Instead, costs have soared, forcing front-line commanders and Pentagon generals to try to meet an ever-growing list of demands with insufficient resources.

"Our ground forces have been stretched nearly to the breaking point," warned the bipartisan Iraq Study Group in its recent report. "The defense budget as a whole is in danger of disarray."

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It may seem hard to believe that a country which allocated $168 billion to the Army this year -- more than twice the 2000 budget -- can't cover the costs of the wars in Iraq and Afghanistan. But the two pillars of the Army, personnel and equipment -- both built to wage high-tech, firepower-intensive wars -- are under enormous stress:

The cost of basic equipment that soldiers carry into battle -- helmets, rifles, body armor -- has more than tripled to $25,000 from $7,000 in 1999.

The cost of a Humvee, with all the added armor, guns, electronic jammers and satellite-navigational systems, has grown seven-fold to about $225,000 a vehicle from $32,000 in 2001.

The cost of paying and training troops has grown 60% to about $120,000 per soldier, up from $75,000 in 2001. On the reserve side, such costs have doubled since 2001, to about $34,000 per soldier.

At Fort Knox, Ky., the cash crunch got so bad this summer that the Army ran out of money to pay janitors who clean the classrooms where captains are taught to be commanders. So the officers, who will soon be leading 100-soldier units, clean the office toilets themselves.

"The cost of the Army is being driven up by [Iraq and Afghanistan]. That's the fundamental story here," says Brig. Gen. Andrew Twomey, a senior official on the Army staff in the Pentagon. The increased costs are "not from some wild weapons system that is off in the future. These are costs associated with current demands."

Senior Army officials concede they mistakenly assumed prior to the Iraq war that if they built a force capable of winning big conventional battles, everything else -- from counterinsurgency to peacekeeping -- would be relatively easy. "We argued in those days that if we could do the top-end skills, we could do all of the other ones," says Lt. Gen. Thomas Metz, the deputy commander of the Army's Training and Doctrine Command. Iraq has proven that guerrilla fights demand different equipment and skills. "I have had to eat a little crow," says Gen. Metz.

Army officials say they are doing their best to ensure that Iraq and Afghanistan-bound brigades have all the equipment they need when they arrive in the war zone. But to do this, they have had to take equipment from units training back home, which are now short of even the most basic gear, such as body armor and rifles.

The equipment shortages explain why Gen. John Abizaid, the top commander in the Middle East, recently told lawmakers that the U.S. couldn't maintain even a relatively small increase of 20,000 soldiers in Iraq for more than a few months. "The ability to sustain that commitment is simply not something that we have right now," he testified in November.

The other big strain on the Army is a shortage of people. The Army has made much of the fact that it met its recruiting goals for 2006, bringing in 80,000 soldiers. But meeting those goals has come at a heavy cost. The Army spent about $735 million on retention bonuses in 2006 to keep battle-weary troops in the service, up from about $85 million in 2003. And it had to pay about $300 million more on recruiting this year compared to the year before.

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The extra cash didn't stop the Army from having to lower standards. Although the quality of the force is still considered good, 8,500 recruits in 2006 required "moral waivers" for criminal misconduct or past drug use -- more than triple the 2,260 waivers the Army issued 10 years ago. The Army also took in more troops who scored in the bottom third on its aptitude test.

As it has brought in more borderline recruits, the Army has found itself short of officers and sergeants. Today, it is down about 3,000 active-duty officers, a deficiency that it says will grow to about 3,700 in 2008. It is short more than 7,500 reserve and National Guard officers, according to internal Army documents.

One of the most pressing personnel problems is the lack of sergeants, the enlisted leaders who do most of the day-to-day supervising of the rank-and-file soldiers.

At Fort Hood, Texas, the Third Armored Cavalry Regiment, which returned from Iraq in March, has about 75% of the soldiers it needs to fill its ranks, but only about half of its sergeants. The 5,000-soldier unit likely will go back to Iraq in the fall of next year, and leaders in the regiment say they will get more sergeants before they deploy, but not as many as they would like.

"The sergeant is the one that the soldiers take after," says First Sgt. James Adcock, who oversees about 130 of the unit's soldiers. "He can make or break how effective the privates are."

The large number of young soldiers in the unit combined with the shortage of sergeants has led to problems, say the regiment's leaders. Some also blame the Army's decision to scale back recruiting standards and push more troops through basic training. In May 2005, about 18% of Army's recruits were asked to leave before completing initial training. Today, only about 6% of recruits fail to make it through.

The troops who a year ago might have flunked out of basic training seem to stick with their units, according to Army statistics. But some sergeants say they also seem to cause more problems. Sgt. First Class Rajesh Harripersad, who oversees a 30-soldier platoon, says two of his soldiers were caught using marijuana and methamphetamines. Other leaders have seen an increase in accidents on and off the base. "Discipline has been worse for me this time," says Sgt. Harripersad.

Once units deploy to Iraq and Afghanistan, the Army-wide shortage of officers and sergeants is felt even more acutely. Teams focused on key jobs, such as reconstruction and Iraq governance, are "woefully undermanned," Col. Bill Hix, a senior Pentagon strategist, recently wrote in the Hoover Digest, a Stanford University policy journal. Multiple internal Army studies have concluded that the military advisory teams, charged with developing Iraqi Army forces so U.S. troops can go home, need to be doubled or tripled in size.

Often, the soldiers who serve on these undermanned teams finish their year-long deployments wondering what they have accomplished. "I would say we're an effective force for good, but we're struggling in a sea of meaningless slaughter -- along with everyone else with a job to do here," says Sgt. Mastin Greene, who serves on a reconstruction team in Baghdad.

Some of the Army's problems are a product of its failure to prepare for a guerrilla fight in which there are no front lines. Just prior to the Iraq war, the Army was buying body armor at such a slow rate that it would have taken 48 years to outfit the entire force. It invested huge sums in the years leading up to Iraq in Humvees with canvas doors that are useless for war today.

"The fact that we had certain grim realities that were inescapable for anyone who wore a uniform in a combat zone just wasn't something that was driving our weapons programming," says Maj. Gen. Stephen Speakes, who oversees equipping Army units. Army officials now say that they entered the war short of about $56 billion of essential equipment.

The Humvee stands as a metaphor for the problems the Army faces. First fielded in the early 1980s, it was designed to ferry soldiers around behind the front lines of a conventional war. In recent years, the vehicle, which troops drive on the streets of Iraq, has been modified countless times. The Army has bolted layers of armor onto it to protect troops from roadside bombs. It has added sophisticated electronic jammers, rotating turrets, bigger machine guns, satellite navigational systems and better radios.

The result is a Humvee that is much better than the version the Army took to Iraq in 2003. But the add-ons have driven up its cost. The modified vehicle is top heavy and tends to tip over at high speeds. Army officials say they can't add more weight without overwhelming the engine or breaking the axle.

"The Army recognizes that the Humvee has reached a limit of our ability to improve it for the current fight," Gen. Speakes says.

What the Army says it really needs is an all-new vehicle, designed to better withstand roadside bombs that have become part of life in Iraq. But such a vehicle likely won't be ready until 2010 or 2012, Army officials say. In the interim, the Army wants to buy something on the commercial market -- South Africa, Turkey and Australia all make alternatives. Yet it's not clear whether the Army, which is struggling to equip the current force, has the money.

The Army has told the Bush administration it needs about $24 billion more to pay its bills in 2007. Some key lawmakers, such as Democratic Sen. Jack Reed of Rhode Island and Republican Sen. John McCain of Arizona, have called for a bigger Army. But there are also pressures to restrain spending.

Covering Shortfalls

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To cover cash shortfalls, Army posts around the country this summer laid off janitorial crews, closed swimming pools and didn't cut the grass.

In the Pentagon, Army generals cut $3 billion in 2005 and 2006 from programs for weapons that are in heavy use in Iraq, such as armored patrol vehicles, trucks, radios and unmanned surveillance planes, according to Army documents. In June, for example, the Army set aside about $50 million to buy more long-range radios, which are used heavily in Iraq. One month later, Army officials, who were short about $1.5 billion to make end-of-year payroll, took the money back. Army brigades are supposed to have about 1,300 radios. Today, the average brigade makes do with about 1,100.

The shortages have been especially hard on the National Guard, which in some states has only about 40% of the authorized equipment for homeland defense missions, says Gen. Speakes.

Active-duty troops preparing to go off to war at bases such as Fort Stewart, Ga., feel the crunch as well. First Sgt. Bradley Feltman, who will leave in January for his second year-long tour in three years, says his troop was short of Humvees to train on and had only 25% of the mounts it needed for its machine guns. The lack of equipment hindered the unit's ability to train as an entire 130-man unit. Instead, they trained one 30-soldier platoon at a time.

"We got training, but not graduate-level training. In a couple of months, my guys are going to be busting down doors, and it will be the first time they see some of their equipment for real," he says.

At Fort Hood, the Third Armored Cavalry Regiment, which returned from Iraq in March and will go back in fall 2007, is already worried about time to prepare. The regiment will spend most of the winter receiving new soldiers, fielding new equipment and learning to use it. The regiment left most of its tanks and Humvees in Iraq for follow-on units.

That means troops won't have much time to train for other critical tasks. Junior leaders need to know everything from how to assess a water plant to the tribal politics of the area where they are deploying, says Lt. Col. Paul Yingling, the unit's deputy commander. They must know enough Arabic to interact with locals.

'Incredibly Frustrating'

"It is incredibly frustrating for combat veterans to return to Iraq for the third time with only minimal training on the skills we know are essential, like language, culture, intelligence and local security force development" Col. Yingling says. "Army units don't fail to train on these tasks because we're stupid or lazy; we fail because we don't have the time to do it right."

What kind of Army emerges from its searing experience in Iraq will depend, in part, on how long the U.S. stays there and the foreign-policy goals that civilian leaders set in its aftermath. President Bush has said that the best way to protect the nation is to spread democracy. The experience in Iraq demonstrates that such a strategy requires a bigger Army that is more skilled in tasks such as building indigenous forces, fostering local government and economic development. "Revolutionary approaches require a lot of resources," says Conrad Crane, the lead author of the Army's new counterinsurgency doctrine.

A less-ambitious foreign policy that seeks to promote stability and preserve the status quo could reduce the pressure to build a bigger Army with a broader array of skills.

The other big variable is how the Army -- particularly officers now in their 20s and 30s -- reacts to the traumatic experience in Iraq. "We as an Army tend to learn generationally," says Col. Michael Meese, who heads the department of social sciences at the U.S. Military Academy at West Point.

Today's four-star generals, who joined the service in the early 1970s, spent most of their careers rebuilding an Army that had been badly damaged by Vietnam. Officers who came of age in the 1980s and are now colonels and generals were shaped by the Cold War. Their focus was on how to defeat a Soviet-style army.

Today's younger officers, whose defining experiences have been in Iraq and Afghanistan, see the world differently. The gulf was clear last month in their reaction to the dismissal of Defense Secretary Donald Rumsfeld. Many senior officers quietly celebrated his departure. Like the retired generals who earlier this year called for Mr. Rumsfeld to be fired, they placed the blame for the Army's failures in Iraq largely on his shoulders.

Junior officers were more indifferent. They tended to view Mr. Rumsfeld as "part of a larger problem that hasn't been solved yet," says Kalev Sepp, a former Special Forces officer who worked extensively in Iraq. Among many of these officers, there is great frustration not just with the defense secretary but also with the generals who serve above them.

"Junior officers know that success in these wars is about a lot more than killing the enemy. It depends on providing security for the people, finding friends and fixing infrastructure," says Maj. John Prior, who served as a company commander in Baghdad. "A lot of senior officers just don't get it."

While the Army's new draft counterinsurgency doctrine sounds these same themes, senior commanders in Iraq have been slow to embrace them. The doctrine says troops must live among the Iraqi people, on small bases run by junior leaders. But since 2004, commanders have consolidated U.S. troops on 55 large fortified bases, down from about 110 a year ago.

The new doctrine says that when battling an insurgency, reconstruction dollars are as important as ammunition. In recent months, though, more restrictions have been placed on how junior leaders can spend money in their sectors. "What's funny is

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that all politics and services are local, so the [junior] commanders need the greatest flexibility" said Brig. Gen. Ed Cardon, who returned from Iraq this year, in an interview compiled by the Army for its oral-history archives. "Why don't we just trust the commander who said he spent $100?"

Some question how quickly the Army will be able to shift its thinking. "All our organizations are designed around the least important line of operations in these fights -- combat operations," says Col. Yingling. "If you spend your whole career in tanks, you tend to see the solution to every problem as a tank."

Write to Greg Jaffe at greg.jaffe@wsj.com8

CORPORATE SCANDALS:

Former Aides To Congress Switch Sides For Upcoming Probes (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 11, 2006

Deee-fense, Deee-fense Deee-fense.

You can almost hear the chant rising from corporate offices all over town. As soon as Democrats take over Congress next month, all sorts of businesses will no doubt face sharp-elbowed congressional hearings called O & I -- oversight and investigations. And they'll need a strong defense.

Luckily for corporate America, many of the people who formerly conducted those nasty and frequently televised inquiries have switched sides and are available for hire to the highest bidders. For the right fee, a company can retain a former chief counsel to almost any of the most marauding committees on Capitol Hill.

Think of it as a cottage industry, and a very large cottage at that.

So many inquisitions are about to be begun by the Democrats newly in charge that dozens of law and PR firms are bulking up with former insiders to cash in on all the trouble those hearings will create. Companies that were harassed in the past by smart young government lawyers have lately been buying the services of those same young lawyers, now in the private sector, for protection from their successors.

"A lot of companies are reaching out to law firms and lobbying shops because they're nervous about what's ahead," said Mark R. Paoletta, chief counsel for oversight and investigations at the House Energy and Commerce Committee. The business of cushioning the blow from congressional inquiries is expected to grow enormously because "Democrats are going to be very, very active," he said.

Certainly he hopes so. Paoletta, 44, is reversing allegiances in January. He has been hired by the law firm Dickstein Shapiro to specialize in guiding clients through congressional investigations -- the same kinds of investigations he's directed for the past nine years. Andrew L. Snowdon, an oversight and investigations counsel for the same committee, is also headed to Dickstein Shapiro.

Why the big turnabout? "I have four kids," Paoletta said. His oldest, he said, attends a private high school that costs $26,000 a year. Of his current post, he said, "I don't think there's a better job in the world." But corporations on the griddle need representation too, and they pay better.

So much better, in fact, that just about every company on K Street is vying for a piece of the soon-to-thrive "crisis management" business. The law firm Holland & Knight is flogging its newly formed Congressional Investigations Response Team. Promotional literature highlights the many former insiders now eager to assist their former nemeses: "Our ranks include two former Members of Congress, a former Minority Chief Counsel to the Senate Government Affairs Committee, a former Rules Committee Counsel, a former Chief of Staff for the House Republican Conference, and a former Chief of Staff to the Attorney General, among others."

Two former aides to the House's Government Reform Committee are also forming a partnership partly in hopes of attracting clients who want to know how to defeat the kinds of investigations they once managed. Barbara J. Comstock and Mark Corallo are setting out on their new venture because, Comstock said, "it helps to know the history of the committee, its subpoena power."

The Carmen Group, a lobbying firm, is building a government investigations division and has allied itself with one of the top names in congressional oversight: Franklin Silbey. He led the Senate Judiciary Committee's oversight subcommittee and was chief of investigations for the Senate Labor Committee. "The group will start as four people and we expect it will get larger," said David M. Carmen, president of the firm.

Public relations companies are also getting into the act. Dittus Communications and Public Strategies are hunting for clients who think they are about to be pounced upon. There ought to be a lot of clients around. "It doesn't take a decoder ring to

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figure out what the broad focus of the investigations will be," said Jeff Eller, Public Strategies' president. Among the many corporations that should expect a congressional onslaught, he said, are oil and drug companies, contractors to the Pentagon and the Homeland Security Department, hedge funds and any firm that produces anything that contributes to global warming, including electric utilities and auto manufacturers.

Not surprisingly -- but probably with good reason -- Eller recommends that companies that even suspect they're in jeopardy should take precautions. "If you have exposure today and you're likely going to get scrutiny by one or more committees, the best thing a company can do is prepare for that now," he said.

Advice varies widely among consultants about how best to approach an impending congressional investigation. Some say it's wise to hand over as much information as possible. Others say that would be the worst decision of all. Everyone agrees that oversight hearings are a very peculiar beast that require legal smarts, legislative insight and a keen attention to public perception.

"I've seen over and over again clients making the mistake of failing to appreciate the unique nature of this process," said Steven R. Ross, a partner at Akin Gump Strauss Hauer Feld and a former general counsel for the House. "People try to treat it as a pure litigation battle or as a lobbying exercise. In fact, it is a blend of the two."

Humility is also a good idea. When testifying before Congress, said former representative Gerry Sikorski (D-Minn.), now with Holland & Knight, "you are not a big-time, hot-shot CEO of a multibillion-dollar corporation. You are an American citizen, under oath and with limited rights, providing information to the U.S. Congress under their roof, rules and procedures."

Some targets also take the proceedings too lightly, which is a serious error, experts agree. "I've become more and more conservative with these things over the years," said Stanley M. Brand, head of the Brand Law Group and a veteran of such encounters. "My advice is to batten down the hatches, assert your rights if you have them, and don't go in and disgorge documents. These investigations are stalking horses for the Justice Department."

Comstock disagrees somewhat, preferring wide disclosure over secrecy. "If you do have some bad news or bad information, get it out yourself, on your own terms and explain it," she said.

Eller thinks flexibility is a key. For example, he prefers that his clients under congressional scrutiny say that they are "working with" the committee; he advises against using the word "cooperate." The former allows the client to withhold some information when necessary and not run afoul of the truth.

Boring is also better when it comes to O & I. Indeed, in a proceeding that's so public, targets would rather go unnoticed. That was certainly the case when a lawmaker-turned-lobbyist physically restrained a chief executive from standing in front of a picture of a crumpled car when news photographers were nearby during a hearing about roadway accidents.

Sometimes a good defense is a vigorous offense.Lobbyists' Holiday Cheer

Again, it's that time of year. Please e-mail examples of pro bono lobbying that you've done or that you know about for a special holiday column. Send examples early and often, and no later than this week, please. Thanks and cheers!

CRIMINAL LAW:

Death Penalty Cases Bunch Up In Brooklyn (NEWSDAY)

By ANTHONY M. DESTEFANO, NEWSDAY STAFF WRITER

Newsday, December 11, 2006

This is the season for the death penalty in Brooklyn federal court.

There have been no capital punishment trials in the federal court on Cadman Plaza East since 2003. But now three such cases are under way, and a fourth is expected to commence late next year.

"It looks like death is rampant in Brooklyn," said Ephraim Savitt, who is defending one of the cases involving Ronell Wilson, 24, who is charged with murdering two police officers.

Monday, jurors will continue to hear testimony in Wilson's trial for the March 2003 murders of undercover detectives Rodney Andrews, 34, and James Nemorin, 36.

In another courtroom, the jury selection process is expected to finish in the case of accused drug racketeer and murderer Kenneth McGriff, 46, whose trial is slated for January.

Next week, another jury begins grappling with whether to execute Martin Aguilar, after convicting him last week of murder for hire. Aguilar, 33, was convicted of killing Jose Fernandez in 2002 and dumping his body in a storm drain at historic Green-Wood Cemetery in Brooklyn. If the jury decides not to execute Aguilar, he will get life in prison.

Also, pretrial hearings are scheduled for Monday in the case of Guyanese immigrants Richard James and Ronald Malley, who face the death penalty in a trial slated for next year . They are accused of killing people in an insurance scam.

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Savitt said he believes the spate of capital cases in Brooklyn is a logical result of aggressive decisions by the Department of Justice in recent years to seek the death penalty.

"The overall picture is the maturation of death penalty cases that have increased in the current administration," said Savitt, of Manhattan.

Before he left office in late 2004, former U.S. Attorney General John Ashcroft overruled his prosecutors on at least 42 of 128 capital defendants and recommended seeking the death penalty, according to published reports.

After the U.S. Supreme Court declared the federal death penalty law unconstitutional in 1972, Congress made changes and in 1994 passed a newer capital punishment law. The statute allows executions for certain federal crimes such as murder for hire and the killing of a witness. (New York's state death penalty law was nullified by the Court of Appeals in 2004).

Only three federal death penalty defendants have been executed since the 1994, including Oklahoma City bomber Timothy McVeigh in 2001. The last death case in Brooklyn federal court occurred in December 2003 when Emile Dixon was convicted of murder and drug dealing. But three days before Christmas, the jury gave him life in prison.

The judge in that case was Judge Raymond Dearie, a former federal prosecutor who is presiding over the Aguilar case. Dearie's courtroom demeanor and statements have telegraphed an apparent dislike for capital punishment to some courtroom observers and attorneys.

Claire Hogenauer, an attorney and anti-death penalty advocate, said when Dearie charged the jury in the Dixon case, he stressed that the decision to execute somebody had to be an individual one for each juror.

"I will never forget the charge," said Hogenauer, who has attended vigils for five executions around the country.

The Aguilar case jurors will begin hearing death penalty evidence -- both for and against -- next Monday. They will break for Christmas week and resume after New Year's.

In Wilson's case, the trial has about two more weeks to go until the jury decides whether he is guilty of killing Nemorin and Andrews. If Wilson is convicted, the jury will then begin deciding whether he faces execution.

McGriff's actual trial is slated to get under way in early January. Convicted once before for drug offenses, McGriff is now being tried for killing two people in murder-for-hire schemes.

More cases are in the works. U.S. Attorney General Alberto Gonzales is now considering whether reputed Bonanno crime family captain Vincent Basciano should face the death penalty for a 1999 mob murder.

Lawmakers Want Probe Of Legal Billings At Amtrak (WSJ)

By Nathan Koppel

Wall Street Journal, December 11, 2006

Two congressmen have asked the Justice Department to look into Amtrak's use of outside legal counsel.

In a Dec. 4 letter to Attorney General Alberto Gonzales, Rep. Don Young (R., Alaska) and Rep. John Mica (R., Fla.) complain that the federally subsidized railroad hasn't received fair and reasonable value for fees it has paid to law firms.

"We urge you to conduct an investigation...and take appropriate action," they wrote. Mr. Young is chairman of the House Committee on Transportation & Infrastructure; Mr. Mica recently was chosen to serve as the top-ranking Republican member of the committee when the 110th Congress convenes.

The letter follows two recent public reports that concluded some of Amtrak's outside law firms engaged in sloppy billing practices, in violation of the railroad's internal billing guidelines.

Amtrak spokesman Cliff Black said: "We don't believe the allegations related to Amtrak's use of outside counsel have merit or that they warrant review by the Justice Department, but we stand ready to cooperate and provide information as it is requested." Earlier this year, Amtrak indicated that it had worked to improve its oversight of legal fees.

An October report, issued jointly by Amtrak's Office of Inspector General and the Department of Transportation's inspector general, concluded that law firms had, among other things, engaged in "block billing" in which they lumped tasks under one entry of an invoice, rather than itemizing the cost of each task. Block billing is prohibited by Amtrak, according to the report. According to the October report, from 2002 to 2005, Amtrak spent more than $100 million on outside lawyers.

Separately, in a Nov. 17 letter to Amtrak's inspector general, Messrs. Young and Mica raised concern about Amtrak bills submitted by the law firm Manatt, Phelps & Phillips LLP.

A Manatt spokesman said: "The billing was entirely proper. The client understands that some time entries were subdivided to facilitate accuracy and review."

Amtrak's Mr. Black declined to comment on the Nov. 17 letter. A Justice Department spokeswoman declined to comment.

Airport's Contracts Still Under Federal Scrutiny (PHI)

By John Shiffman

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The Philadelphia Inquirer, December 11, 2006

Retail at Philadelphia International Airport may have entered a gilded age, but federal agents continue to investigate suspected pay-to-play corruption there.

The current FBI and IRS investigation is related to minority business contracts held by airport shops, people familiar with the matter said.

Since 2004, there have been three rounds of indictments related to airport contracts - about concessions, advertising and maintenance.

The latest charges came last month when Mayor Street's brother, Milton, was indicted on fraud and corruption charges for an allegedly sham consulting contract for airport maintenance.

"The investigation at the airport continues," U.S. Attorney Patrick L. Meehan said during the news conference announcing the indictment. He did not elaborate.

During its wide-ranging City Hall corruption probe, the FBI placed wiretaps on the phones of power broker Ronald A. White and senior airport official James Tyrrell. White was charged with corruption, some of it related to airport concessions, but he died before trial. Tyrrell has not been charged with any wrongdoing.

The focus of the investigation is the federal program designed to help disadvantaged business owners - minorities, women and the disabled - get a fair share of airport contracts. Rich minorities with political connections have abused the program here and at other airports.

In some cases, the minorities have lent little more than their name, ethnic status and political sway - and have done little work. As examples, authorities cite the Milton Street situation and a soda contract won by White's mistress, Janice Knight. According to court testimony, Knight did little more than serve as the middle man for an airport vendor, simply faxing invoices back and forth.

Some Made Men Struggle To Make Ends Meet (NYT)

By William K. Rashbaum

The New York Times, December 10, 2006

Richard Martino, a slender 47-year-old, favors Prada shoes and until recently drove a sleek black Mercedes-Benz. He has owned multimillion-dollar homes in Harrison and Southampton, N.Y. He spent much of the last decade running a telecommunications and Internet business to which his expertise helped bring in hundreds of millions of dollars. By one accounting, he made tens of millions for himself.

John Setaro, 57, did not finish high school, and has worked recently managing a fast-food restaurant in Seaford on Long Island. He generally wears neat but casual clothes, and lives in a modest, vinyl-sided, colonial-style house in Franklin Square. During a difficult period several years ago, according to his lawyer, he was making $2,400 a month.

But the two men nonetheless share an extraordinary bond, according to federal authorities: Both swore an oath to the Gambino crime family in a secret induction ceremony.

The striking disparities underscore a simple truth not always understood outside the ranks of the city's five crime families: Some mobsters reap millions from rackets, and in some cases from legitimate enterprises, but many struggle to maintain a middle-class existence, and some are routinely broke. The impoverished gangster barely eking out a living is so commonplace that mobsters have a word for these poorer men of honor: brokesters.

The archetypal Hollywood image of a wiseguy with prodigious appetites, swaggering in a finely tailored suit with a diamond pinkie ring and a fat roll of 50s, conceals the more nuanced reality of mob economics, according to some prosecutors, federal agents, organized-crime experts and a few mobsters. Crime figures are not immune to ordinary financial burdens and woes, like struggling to make car payments and finding money for groceries.

No self-respecting mobster wants to be seen as a brokester — nor would he want his peers to think he struggles to keep up with his middle-class suburban neighbors. But the pressure is great as well to keep up appearances as a successful criminal. Mobsters have even been known to borrow money from loan sharks to throw it around on the street — and to pass it up as tribute to superiors — while at the same time scrimping in the privacy of their home.

"The hours are long, there is no benefits package, there is a high risk of prosecution, and very little job security," said Gerald L. Shargel, a lawyer who has represented a number of mobsters, rich and poor, including several members of the Gotti clan.

By most accounts, mobsters fall into two types, earners and shooters, a division in some measure between the rich and those who wish they were. An earner is a man who can scheme and develop strategies, quickly deciphering the complexities of industry and commerce and labor. He is also someone who can sit down and blend in effortlessly with legitimate businessmen — often big businessmen — and union leaders.

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Mr. Martino is an earner, according to federal prosecutors in Brooklyn. His work in an Internet pornography and a phone-cramming scheme was a boon to the Gambinos, netting hundreds of millions by billing people for "free tours" on pornographic Web sites and adding small charges to hundreds of thousands of telephone bills nationwide.

In September, he started serving a nine-year prison term after pleading guilty to wire fraud conspiracy and extortion in the scheme.

Pete Savino, a Genovese family associate, is also said to be an earner. He had a window installation business and was the mastermind of a scheme in the late 1980s and early '90s to earn millions for four mob families by billing the New York City Housing Authority for a few extra dollars on every one of the millions of thermal-pane windows being installed in the authority's buildings.

A shooter is, well, a shooter. A leg-breaker. A killer. Someone who can readily and rapidly use violence as a business practice.

Mr. Setaro's role in the mob division of labor seems clear. He is firmly ensconced in the mob's middle class, according to court papers and interviews with law enforcement officials.

According to an F.B.I. source cited in a report from 2000, Mr. Setaro, in a conversation about how he hated working as a bookmaker, said that "if he is ever going to jail it is going to be for what he really is, 'a shylock and a tough guy,' " referring to his work as a loan shark and a debt collector.

His prediction seems to have been accurate. He served 41 months for extortion.

James Tartaglione, a onetime Bonanno family captain who became a government witness in 2003 and has testified against fellow mobsters in several recent trials, explained the distinction to a jury in 2004.

"There's people that go out there, just have a knack for earning money," Mr. Tartaglione said at the trial of Bonanno boss Joseph Massino, an earner in his own right who was forced to give up more than $9 million in ill-gotten gains after he was convicted of murder and racketeering, and then agreed to cooperate with prosecutors. "They know how to put businesses together, and they are just good at what they do, as far as business. Then you got those tough guys that could go out and kill somebody and do whatever they have to do."

It is not easy to gauge the real net worth or earning capacity of an organized-crime figure. Most are constantly scheming to hide their assets and income — and not only from taxing authorities and federal prosecutors eager to seize them.

They often deceive their own crime families about schemes that are "off the books" and unknown to their superiors.

In New York's crime families, money generally flows up, from associates to soldiers to their captains to the administration and ultimately to the family's boss. But few procedures are set in stone.

The families do not have auditors. They rely on harsh punishment as a deterrent. In many mob murders, the victims were killed because they failed to pay tribute, or so the bosses thought, according to prosecutors and investigators.

Organized crime has many rules. Drug-dealing and prostitution are taboo; one cannot strike a fellow made man, or sleep with his wife or daughters; soldiers cannot borrow from a loan shark without approval; killing a boss is forbidden. But these rules are for people who revel in breaking rules.

Money flows into organized-crime families from almost as many sources as there are schemes in the heads of mobsters, from traditional staples like loan sharking, gambling, labor racketeering, cargo theft and bank robbery to skimming from industries that the mob once controlled and still influences in some cases: garbage hauling, construction, the piers, the garment district and the commercial linen business. Modern innovations include stock manipulation, Internet fraud, identity theft, health care schemes and everything from importing contaminated fish to counterfeiting designer blue jeans.

"There is no generally accepted percentage" that gets passed up, says Mark Feldman, who was in charge of the Organized Crime Section in the Brooklyn United States attorney's office for a decade. "It's a sliding scale driven by the particular greed and need and mentality of the particular individuals who control it."

In the early 1990s, when John Gotti was at the height of his power as the boss of the Gambino family, his 20 captains each handed up $3,000 for him at Christmastime, far less than the $10,000 demanded by his predecessor, Paul Castellano.

Joseph DeFede, who served as the acting boss of the Luchese family from 1994 until 1998, required that $1,000 from each soldier be passed into the family coffers each year. Much of that money went into a fund called the Well, to pay for lawyers' fees, to use for loan sharking and to finance other schemes, according to Mr. DeFede, a gravel-voiced 72-year-old who became a government witness in 2001.

He testified at a 2003 trial that he made about $1.14 million during the four years he served as acting boss and that the organization brought in $6 million, in a stretch of hard times for the crime family that prosecutors say continues.

Since Vincent Basciano, a former acting boss of the Bonanno family, was convicted of racketeering earlier this year, federal prosecutors have sought to seize $11.4 million from him, citing profits they say he has made over two decades, including $5.2 million from gambling operations, $6 million from joker poker and $200,000 passed up to him as tribute in 2004 alone.

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Mr. Basciano, who took over the family after Mr. Massino's conviction in 2004, revealed his thinking about the division of lucre and labor in a conversation he had just before Christmas 2003. A captain at the time, he was speaking with Anthony Urso, then the family's acting boss, and Mr. Tartaglione, who was secretly cooperating with prosecutors and wearing a wire.

"Like I told Tony at Christmastime, I'm not taxing any of the guys that are doing the work," Mr. Basciano said, meaning the shooters. Let the earners put up the money, he said.

Mr. Tartaglione underscored the idea that it takes people with different skills to keep the family strong. "You need a lot of different things in the pot to make a good soup," he said.

Inveterate brokesters are a different matter. Few would argue they are a necessary ingredient in any recipe. This colorful cast of crime figures sometimes leaves prosecutors and investigators, not to mention defense lawyers, shaking their heads.

Carmine Russo and Elio Albanese are two such men, according to interviews with law enforcement officials and defense lawyers. Identified by prosecutors as soldiers in the Genovese family, the two were part of a loose-knit but active bank robbery crew in the 1980s and 90s that pulled off several high-profile heists, according to federal authorities. Mr. Russo most recently pleaded guilty to plotting to rob the payroll of a New York Times printing plant in Queens and was sentenced to 57 months in federal prison.

Mr. Russo, known as Baby Carmine, lived with his mother at the foot of Mulberry Street until she died. He and Mr. Albanese, known as Chinatown, often seemed down on their luck, according to investigators who tracked them over the years. As a rule, they quickly burned through their money and often found themselves hustling and lounging along Mulberry Street.

They found ways to scrape by. In the weeks leading up to the Fourth of July, the two men could be seen from the windows in the rear of the criminal court building in Lower Manhattan, selling fireworks by the case to people in cars who pulled up on Mulberry below Canal Street.

Mr. Russo was released from federal prison in January. A person who knows him says he had been selling plastic bags at the Fulton Fish Market before it moved and was now hoping to open a small business in his Chinatown neighborhood.

His sentence included a $7,500 fine. He has been paying it off in monthly increments of $50 or $60.

Is A Serial Killer Stalking Students? (AP)

AP, December 11, 2006

Vanishing students. Dead bodies. Fears something sinister is lurking in the shadows.

A string of college student drownings across the Midwest has all the makings of great mystery. Or does it?

Rumors have persisted for years that a serial killer is prowling Interstate 94, hunting young men in college bars and plunging them underwater. Investigators, though, say there's no evidence of foul play. They say the victims were so drunk they fell in the river and died.

Not so fast, says criminologist Douglas Gilbertson.

An assistant criminology professor at St. Cloud State University, Gilbertson has spent most of the past year researching the drownings. He completed a study this spring he believes shows patterns that indicate some of the cases could be murders -- and could be linked.

"We definitely do have some cases that are just not accidents. When you fill in the patterns that are coming out, that's the next logical step," Gilbertson said.

St. Cloud police Chief Dennis Ballantine, whose department investigated the drowning death of a St. Cloud State student this spring and concluded it was an accident, called Gilbertson's study a collection of coincidences.

"It would make a great TV drama, but there's no evidence to support it," Ballantine said. "The only common denominator I'm aware of is young people, alcohol and water."

According to Gilbertson's study, more than 20 college-age men from Minnesota to Ohio have drowned after disappearing from a bar or party since 1997. One of the hot spots is La Crosse, Wis., which sits on the Mississippi River and is home to three colleges. Eight college-age men have turned up dead in area rivers after vanishing from bars in the last eight years. Police have ruled the deaths accidental.

The St. Cloud area has seen cases, too. In 2002, St. John's University student Josh Guimond disappeared after leaving a party in Collegeville. This past spring 21-year-old St. Cloud State student Scot Radel disappeared after leaving a downtown bar. His body was later found in the Mississippi River.

In 2004 La Crosse police called a town meeting to allay that city's fears, but ended up getting heckled by people who insisted a killer was on the loose. And talk of a possible killer is everywhere on the Internet.

The killer theory got a boost this fall when Minneapolis police abruptly changed course in University of Minnesota student Chris Jenkins' death. Jenkins vanished from a downtown bar on Halloween 2002 and turned up dead along the Mississippi.

Investigators originally ruled Jenkins' death an accident or suicide, but reclassified it a homicide in November.

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The about-face caused other investigators to re-examine their conclusions, but so far no links to Jenkins have emerged. Police in La Crosse have asked the FBI to recheck their findings in the drownings, however.

La Crosse police Lt. Bob Berndt said he's aware of Gilbertson's study, but his department stands behind its conclusions.

"As police officers we have to deal with the facts," he said.

The Mississippi River divides St. Cloud, a city of about 61,000 people on the wooded plains about an hour and 20 minutes northwest of Minneapolis. Just as in La Crosse, the downtown bar district sits less than three blocks from the river.

Radel's death spurred Gilbertson to dig deeper into the drownings. He and two graduate students scoured the Internet, newspaper stories and police reports. They found 22 victims who went to college within 50 miles of I-94 between Moorhead, Minn., and East Lansing, Mich.

The victims fit a profile: white or Asian men in their early 20s, generally around 5-foot-8 and 165 pounds and athletic, with good grades. No victims were women.

They also found nearly 94 percent of the drownings took place within 100 miles of I-94. Nearly 82 percent of the drownings occurred during the first two weeks of the month, and three-quarters of the disappearance occurred when the moon was less than half-full.

Gilbertson said he can't judge some cases because he doesn't have enough information. He also acknowledges some are accidental. But others could be murders.

If the drownings were all random, there should be greater racial and academic diversity among the victims and they should be scattered all over the map, Gilbertson said.

The moonlight factor could support accidents because drunks would have less light to stumble around in, Gilbertson said. But it also could support a killer operating when darkness is deepest.

Amanda Presenger, one of the students who worked on the study, said the findings support the idea of a killer who travels the Midwest, perhaps for business.

"He's traveling back and forth, maybe at certain times of the month or certain times of the year. Maybe he travels closer to the beginning of the month for his job," said Presenger, 26, of Thunder Bay, Ont.

But for every reason to think a killer is at work, there's a counterpoint.

In 2004, weeks after University of Wisconsin-La Crosse wrestler Jared Dion was found dead in the Mississippi, two professors wrote a letter to students arguing the drownings are accidents.

The leading cause of death for young men is accidents; males between the ages of 15-24 have a drowning rate 10 times higher than females, according to the National Safety Council; and 40 percent of males in college binge drink, wrote then-psychology chair Betsy Morgan and sociology chair Kim Vogt.

"It is often harder to accept explanations that hit close to home -- explanations that involve actions we ourselves have engaged in that put us at risk, "the two professors wrote.

St. Cloud State spokeswoman Marge Proell said the university stands behind Gilbertson's research.

"It's a real good thinking piece, a starting place for taking a look at a problem," she said.

Allan Radel, Scot Radel's father, said he hasn't seen Gilbertson's findings. He thinks his son escaped from someone who had him in a car and meant to rob him. Footprints show Scot tumbled down an embankment to the Mississippi as he was running, headed across the frozen river and fell into open water.

"We do not believe Scot was murdered," Radel, of Owatonna, Minn., said. "We believe our son would be alive today if he hadn't been overserved with alcohol and if he hadn't been alone."

Gilbertson isn't giving up. He's still working on patterns in the drownings, and over Christmas he plans to travel from New York to Minnesota to pinpoint the drownings' exact locations.

"Additional research is necessary," Gilbertson wrote in the study, "and I am hard on its trail."

The Foley Report (WSJ)

The Wall Street Journal, December 11, 2006

Charges of GOP malfeasance helped Democrats in last month's elections, especially those Mark Foley electronic messages to a former Congressional page that became an October sensation. So it's worth noting that the House Ethics Committee report on the episode that was released last Friday concluded with a whimper.

The bipartisan investigation found no evidence of any attempt to cover up Mr. Foley's communications with pages, despite the partisan and media allegations. Instead, the report confirms what was already well known, which is that GOP Members and staff had warned Mr. Foley about being too friendly with pages but should have been more assertive in blocking the gay Congressman from fraternizing with teenage boys. It found no violation of any House rules and recommended no disciplinary action.

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The Committee's conclusions have been criticized as weak in some circles, but this is mostly from the same crowd that had shouted "coverup" without any evidence. The 89-page report sorts with care through the various sworn testimony about who knew what and when, and seems fair and sensible in meting out judgments. It also found no evidence that staff or Members knew about the more sexually explicit "instant messages" to a former page until they triggered Mr. Foley's resignation.

This is worth recalling given the hysterical calls from the right and left at the time for Mr. Hastert's resignation. The Speaker's main failing was putting too much confidence in his senior staff, especially counsel Ted Van Der Meid and Chief of Staff Scott Palmer, who failed to confront Mr. Foley or bring the matter to their boss's attention with enough urgency.

Their motives, the report speculates, might have been narrowly political to protect a GOP Member or because "some may have been concerned that raising the issue too aggressively might have risked exposing Rep. Foley's homosexuality." Whatever their reasons, their failure created an opportunity for Democrats to leak the emails to the press and create the firestorm that dominated the news at a crucial point in the fall campaign.

CIVIL RIGHTS:

Troubled Prisons Push California To Seek A New Approach (NYT)

By Jennifer Steinhauer

The New York Times, December 11, 2006

LOS ANGELES, Dec. 10 — By nearly every measure, the California prison system is the most troubled in the nation. Overcrowding, inmate violence, recidivism, parole absconders and the prison medical system are among its many festering problems.

Now, with the November election behind them, Gov. Arnold Schwarzenegger and state lawmakers from both parties say the time is ripe for the first major overhaul of the system since the 1970s.

Mr. Schwarzenegger, a Republican who easily won re-election, recently took the extraordinary step of declaring a state of emergency in the prison system, a move generally reserved for areas hit by natural disasters.

James E. Tilton, appointed in September by Mr. Schwarzenegger as the secretary of the Department of Corrections and Rehabilitation, described the prison system as a “powder keg” at risk of exploding.

“If you look at the characteristics of other states that have riots, we have an environment that is rife with the same,” said Mr. Tilton, who had been the acting secretary since April.

The creation of new prisons seems likely, but the governor and lawmakers are also seriously contemplating broad changes to the parole system and the establishment of a sentencing guidelines commission — anathema to some just a year ago — like those used by other states to reduce overcrowding and its costs.

“The November election is over, and that is critical in terms of the politics of prison reform,” said the State Senate majority leader, Gloria Romero, Democrat of Los Angeles. “The governor is particularly looking at his legacy, and I do not believe he can have a positive one if he does not solve the prison crisis.”

Overcrowding is so severe that 16,000 inmates are assigned cots in hallways and gyms; last month, the state began asking for volunteers to be moved to prisons out of state.

The system’s medical program is in federal receivership and much of the rest of the system is under court monitoring. Cellblocks are teeming with violence. Seven of 10 inmates released from prison return, one of the highest rates in the country.

The state has the largest number of parole absconders, roughly 20 percent. Life for corrections officers has become so miserable, their union says, that there are nearly 4,000 vacancies. In May, just after Mr. Tilton started work, a corrections officer was held hostage for 10 hours by an inmate with a knife to her throat.

Like so many things in California, the scope of the prison problem stems largely from its size. The system houses 173,000 inmates — second-place Texas has 152,500 — and has an $8 billion budget.

Its population explosion is in large part an outgrowth of a general increase in the state’s population, its unusual sentencing structure and parole system, a legislature historically enamored with increasing penalties, and ballot measures like the three-strikes initiative.

Further, most rehabilitation programs have been eliminated from the system in recent years, which some criminal justice experts believe has increased the rate of recidivism. Some experts also argue that a legislature bound by term limits has created an expertise vacuum on the complex and emotional issue of prison sentencing.

Under laws passed in the 1970s, ironclad sentences for crimes are set by the legislature, with little discretion left to judges. Looked at simply, people sentenced to prison for three years get out in three years, whether they have behaved, gone to school or stared at the wall.

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Once out, prisoners are assigned to parole and can be sent back to prison for automatic sentences for technical or criminal violations.

"All of these things lead to this incredible overcrowded prison system," said Barry Krisberg, president of the National Council on Crime and Delinquency.

Changes to the system have been akin to peace in the Middle East — everyone agrees on the outcome, but there has been great debate over its path.

The corrections officers union, among the state's most powerful, has been historically resistant to reducing the prison population. Conservative lawmakers and the governor have resisted any change that smacks of sentence reduction, and their liberal counterparts have been loath to be tarred as soft on crime.

But a consensus has been building over the last six months, with union officials, the governor, public policy experts and many members of the legislature agreeing that a sentencing commission is in order.

Sentencing commissions, made up of a diverse group of experts including former judges and crime victim advocates, essentially treat prison beds as scarce resources that need to be properly allocated.

Used in many states, the commissions, armed with empirical data, establish sentencing grids, with the offense on one axis and the offender's history on another, forming a narrow range of possible sentences.

These grids are presented to judges, who have discretion to go outside the range in light of extenuating circumstances. One of the system's greatest advantages, its proponents suggest, is that it depoliticizes sentencing by taking it out of the hands of elected officials.

Under a sentencing commission, a parole system can also be altered, placing, for instance, violent offenders under intense supervision after their release, and offering nonviolent offenders a chance at early parole.

"The way our current system works, all you have is sticks," said Joan Petersilia, director of the new Center for Evidence-Based Corrections at the University of California, Irvine, and one of the state's leading experts on prisons.

"But we want to give carrots, too," Professor Petersilia said. "If in fact you can show us stable housing and drug treatment program for six months, you are off parole. The benefit of that is self-selection. Inmates who are low risk and who are motivated will do it, and then we reduce caseload size and let officers target very violent offenders."

The best commissions, criminal justice experts agree, are those in which violent criminals spend more time behind bars than they did before the commission's creation, and nonviolent offenders are placed in treatment programs, county jails or other alternatives, paid for in part by the savings accrued from not having them in prison.

Mr. Tilton said that in addition to such a commission, the system would require more prison beds, so prisoners would not be housed in gyms and classrooms and those areas could be used once again for programs to prepare offenders for life outside prison.

These changes have the support of the California Correctional Peace Officers Association, which has regarded the governor warily.

"I am tired of my profession being categorized as a failure when our success is judged on the success of people who everyone else failed with," said Lance Corcoran, a spokesman for the association.

Not everyone is convinced. "If sentencing commission is a code word for shortening terms, I am against it," said George Runner, the State Senate Republican caucus chairman. "It is an interesting discussion, but it cannot be had until we create more beds and have a parole re-entry program that works."

The California District Attorneys Association also regards sentencing commissions with suspicion and will not support a law that does not increase sentences for some offenders.

Those who think a sentencing commission is an antonym for law and order "should look carefully at the statistics in a state like North Carolina," said Tom Ross, the former chairman of that state's sentencing commission, widely regarded as one of the most successful in the nation.

"Violent and career offenders serve nearly twice as much time as they did before the commission," Mr. Ross said, while low-level offenders are sent elsewhere. "What it resulted in here was a substantial reduction in the incarceration rate."

The Road To Reliable Elections (NYT)

The New York Times, December 11, 2006

Two influential federal advisory groups have added their voices to an emerging national consensus that voting machines must produce a voter-verified paper record if they are to be trusted. One of those groups, the one dominated not by scientists but by election officials, was more grudging than it should have been. But their analyses should give further support to members of Congress who plan to push next month for a strong federal law requiring voter-verified paper records.

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More than half of the states now have laws requiring electronic voting machines to produce paper records that voters can review to ensure that their votes were correctly recorded. Voters understand that without this paper, there is no way of knowing if the software registered their choices incorrectly, either by accident or by design.

The National Institute of Standards and Technology, an agency that promotes good standards in everything from medical devices to smoke detectors, recently concluded that paperless electronic voting is unacceptable. The agency's scientists said that for electronic voting to be trustworthy, it must be "software independent," meaning there has to be a means apart from the machines' own software to prove that the vote tallies are correct.

The obvious way to do this is a voter-verified paper record. The institute allowed that there could be other ways, like a video or audio record of votes cast, but those technologies remain unproven.

NIST's report went to the technical guidelines committee of the Election Assistance Commission, the federal agency created after the 2000 meltdown to help improve elections. The guidelines committee voted down a resolution recommending that electronic voting be used only if the results are independently verifiable. Instead, it affirmed the need for paper trails or other independent verification going forward, but recommended giving a pass to localities already using flawed machines.

It is unfortunate that the stronger resolution did not pass. There is no excuse for sticking with unreliable voting machines. The guidelines committee has too many election officials on it, a group who often put their own convenience — and their desire not to be embarrassed by paper vote totals that conflict with the machine totals — ahead of the voters' interest in unimpeachable election results. Still, its opposition to paperless electronic voting is significant.

The Election Assistance Commission, whose role is merely advisory, long ago missed the chance to take the lead on electronic voting reform. The states that adopted paper requirements have done that. And it now looks as if Congress may finally resolve the matter for the whole nation.

Senator Dianne Feinstein, Democrat of California, and Representative Rush Holt, Democrat of New Jersey, plan to introduce legislation to require voter-verified paper records. That legislation has a good chance of passing. If any members of Congress are uncertain why such a law is needed, the NIST report makes the case convincingly.

ANTITRUST:

Unusual Backlash Germinates Within Crop-Biotech Industry To Proposed Delta & Pine Union (WSJ)

By Scott Kilman

Wall Street Journal, December 11, 2006

Monsanto Co.'s second attempt in seven years to bring southern seed giant Delta & Pine Land Co. to the altar could be running into trouble.

An unusual backlash against the proposed combination is taking root across the U.S. Farm Belt, driven in part by rivals in the crop-biotechnology industry, which Monsanto dominates.

The proposed $1.5 billion deal announced in August would give Monsanto more control over a major crop by a biotechnology company than ever before allowed, a prospect that upsets antibiotechnology activists. Delta & Pine Land's seeds produce half of America's cotton, the nation's fifth-biggest crop. Delta's market share is highest in southern states such as Georgia, where 92% of the cotton is grown from Delta seed.

Wall Street is treating the acquisition as a done deal. Delta & Pine Land stock has hovered just under the $42-a-share offer since Aug. 15, when it jumped 11% on news of the agreement. The shares were at $40.64, down 24 cents, Friday in 4 p.m. New York Stock Exchange composite trading. Monsanto shares fell 43 cents to $48.08 Friday on the Big Board. Monsanto is trading at more than 25 times estimated earnings for its next fiscal year, according to Thomson Financial, compared with about 16 for the stocks in the Standard & Poor's 500-stock index.

Analysts have applauded the proposed combination because it would allow Monsanto to speed penetration of the cottonseed market with new genetically modified traits while ending several years of costly litigation between the two firms over their first breakup. Some biotech-industry leaders are prodding the attorneys general of several states to look into the combination as an antitrust review by the Justice Department extends into its fourth month. "The proposed Monsanto acquisition of Delta & Pine Land is clearly anticompetitive," said Doyle Karr, a spokesman for DuPont Co., the Wilmington, Del., chemicals giant. "We have serious concerns about the impact that it would have on farmers, the agriculture industry and ultimately consumers."

Syngenta AG, the Swiss biotech company, is telling cotton farmers that Monsanto's pending acquisition isn't in their best interest. Lobbyist and former U.S. Sen. Tim Hutchinson of Arkansas is squiring DuPont executives around Congress to press their case against the deal. "There are enough indications of concern that should cause [the Justice Department] to take a

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careful look," said Rep. Bob Inglis, a South Carolina Republican. Representatives for the North Carolina and Iowa attorneys general said their offices were looking into the deal. Iowa is the home of DuPont's Pioneer Hi-Bred International seed unit. While crop-biotechnology companies have a history of battling in courtrooms, they have tried to present a united front in the face questions over biotechnology safety.

"We are disappointed that competitors are using extreme tactics to try to gin up opposition to a deal that would benefit U.S. cotton growers and the cotton industry," said Carl M. Casale, executive vice president of Monsanto, which is fielding questions about the merger from officials in such noncotton states as Maine and Wisconsin. "The regulators should be allowed to do their job and review this transaction without the background noise," he said.

Delta & Pine Land Chief Executive and President Tom Jagodinski didn't return phone calls seeking comment.

For Delta shareholders, the industry scrape is the latest chapter in what has been an ill-starred romance between the Scott, Miss., company and Monsanto, based in St. Louis. Monsanto offered to buy Delta in 1998 for stock then valued at $1.8 billion. Monsanto backed out in December 1999 after antitrust regulators in the Clinton administration's Justice Department had reviewed the case for 19 months without making a decision. To get executives of Delta & Pine Land to shelve a lawsuit seeking $2 billion in damages over the breakup and consider a new offer, Monsanto promised to hand over $600 million if the new deal doesn't pass antitrust review by August 2007, a deadline that can be extended.

The opposition of DuPont and other firms reflects Delta's role in their plans to challenge Monsanto's decade-long dominance of crop biotechnology. Monsanto owns brands that sell about 25% of the seed used to grow the two biggest U.S. crops -- corn and soybeans -- and has licensed independent seed companies to use its genes.

Today, the majority of genetically modified crops -- including corn, soybeans and cotton -- contain Monsanto genes, which equip plants to make their own insecticide and to tolerate exposure to weedkillers. Such traits make plants so much easier to tend that farmers are willing to pay far more for genetically modified seed than conventional seed. DuPont and others are developing new genes with the aim of replacing Monsanto technology over the next decade. To win, they need to get their inventions into as many bags of seed as possible. DuPont and Syngenta, which own their own brands of corn and soybean seed, don't control any cottonseed. Delta, the last publicly traded pure seed company in the U.S., had been making moves to break its dependence on Monsanto genes.

In July -- a month before the proposed acquisition was announced -- Delta struck a deal to use genes, under development at DuPont's Pioneer seeds unit, designed to give plants the same sort of immunity to weedkillers as Monsanto genes. Likewise, Syngenta had licensed Delta to use genes it is developing that instruct a plant how to make its own bugkiller. To make the deal more palatable to regulators, Monsanto is promising to divest its Stoneville cottonseed business, which controls 12% of the market. Monsanto executives said they would be interested in being able to offer Syngenta and DuPont genes in Delta & Pine Land cottonseed. They stopped short of promising to use competitors' genes.

The Foley Report (WSJ)

The Wall Street Journal, December 11, 2006

'I thought the law to date was that the Department of Justice is not given by the Sherman Act the authority to remake the entire American economy. But if we accept your view, I guess it is."

--Supreme Court Justice Stephen Breyer

That was Justice Breyer seemingly at wits' end earlier this month during oral arguments in Bell Atlantic v. Twombly, a class-action suit in which plaintiffs allege that the Baby Bell phone companies conspired to suppress competition in violation of antitrust laws. Justice Breyer was addressing J. Douglas Richards of Milberg Weiss, the law firm that has been indicted for fraud and is well known for stretching class action law. Twombly was brought on behalf of all telephone users in the continental U.S.

The plaintiffs claim that BellSouth, Verizon, and the other Bells agreed among themselves to refrain from competing against each other and to prevent smaller telecom rivals from entering their respective markets. Mr. Richards had just finished explaining to the Court why "proving the facts alleged is not a plaintiff's burden." He said it was contrary to the Bells' self-interest to stay out of each other's territory and therefore a conspiracy can be inferred.

The Justices seemed unpersuaded that actual facts supporting these claims weren't necessary. They also questioned the plaintiffs' underlying assertion that it was in the Bells' self-interest to invade each other's turf, which by the way had been divvied up not by the Bells but by Justice Department lawyers in the wake of Ma Bell's dismantling.

Justices Antonin Scalia and Ruth Bader Ginsburg told Mr. Richards that the Bells didn't have to conspire to figure out that expanding into a competitor's territory might not pay off. "It seems to me perfectly natural [behavior] for companies that have a certain geographic area in which they are the principal," said Justice Scalia. "[A]lthough technically they can enter somebody else's geographic area, they know that if they do they will be subjected to the same thing."

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The High Court's skepticism is warranted and we can hope will be reflected in its decision. The telecom landscape has changed dramatically in recent decades, both since the breakup of Ma Bell and the Telecommunications Act of 1996, which never anticipated the Internet's ability to change incentives and topple business models. Congress gave the Bells access to the long-distance market in return for opening up their local networks to competitors. The expectation was that the regional Bells would march right into each other's territory looking for customers. Things didn't turn out that way.

The traditional telephone market continues to shrink. There's no money in residential service, and the profit from business customers is relatively small. The action is in broadband, and the Bells' real competition comes from wireless providers, cable companies and Internet telephony. The Bells understandably have focused on where their competitive advantage allows them to roll out new services in these new markets, not on moving into the territory of fellow incumbent carriers, where they have no infrastructure in place.

Markets can behave in unison -- think of airline tickets or gas prices -- without necessarily engaging in anticompetitive behavior. And that's as it should be. If the threshold for bringing antitrust conspiracy suits is lowered to the point where, well, you need no direct evidence of an actual conspiracy, then the sky's the limit for the plaintiffs bar. And as Justice Breyer's comment makes clear, a lot more than the cost of phone service would be at stake.

ENVIRONMENT:

Democrats' Energy Policy To Stress Cutting Demand (WSJ)

By John J. Fialka

Wall Street Journal, December 11, 2006

WASHINGTON -- In one of its final acts, the Republican Congress modestly increased the nation's domestic oil and natural-gas supplies, permitting more drilling for oil and natural-gas in the Gulf of Mexico. When Democrats take control next month, they will attempt to change the direction of energy policy, focusing more on shrinking demand, especially for gasoline and other products that rely heavily on imported oil.

The House will consider a variety of incentives for vehicles that burn 85% ethanol, or so-called biodiesel, where vegetable oils are substituted for petroleum. President Bush is an enthusiastic backer of ethanol, and boosting federal support could be an area where the White House and the new Congress find common ground.

Senate Democrats will consider more direct approaches to curbing fossil-fuel demand, including raising efficiency standards for auto makers, forcing them to make cars that get more miles per gallon of gasoline.

Because Democrats are more influenced by environmental groups, which strongly oppose offshore oil and gas exploration, they appear less willing to consider the supply-side solutions that have been popular in the Republican Congress. Their most recent big energy bill, last year, was heavy on incentives for coal, as well as for ethanol and nuclear power.

Leaders of the coalition that pushed the last energy bill through Congress -- the offshore-drilling measure passed early Saturday morning -- had hoped to open a much larger area before Republicans gave up control. But they declared victory nonetheless. "When it comes to passing important legislation around here," said Rep. John E. Peterson (R., Pa.), "you learn to shoot for the stars in the hope that you might land on the moon. I don't know that we even approached the stratosphere with this bill, but I do believe it represents an important first step."

Sponsors of the offshore-drilling package, originally called the "Gulf of Mexico Energy Security Act," say it will lead to production of 1.26 billion barrels of oil and as much as 5.8 trillion cubic feet of natural gas -- enough to heat and cool six million homes for 15 years -- which lie under the 8.3 million acres in deepwater areas of the Gulf opened for exploration.

The measure is less ambitious than an earlier version passed by the House, which could have opened 356 million acres, but was rejected by the Senate. It would have opened up areas along the Atlantic and Pacific coasts as well as in the Gulf and would have allowed states to waive federal moratoria that prevent offshore drilling.

The new bill doesn't add much beyond what likely would have happened without congressional action. Much of this land already was scheduled for opening by the Interior Department over the next five years. But with the changeover in Capitol Hill, Republicans and energy-industry allies figured it was the best they would be able to get for some time.

Agriculture groups and the chemical industry want more exploration in what are believed to be gas-rich areas along the outer continental shelf. Farm groups want cheaper natural gas because it's a prime ingredient of fertilizer. The chemical industry, which uses natural gas as a feedstock for many chemicals and plastics, argues that many U.S. plants may move overseas, where gas is cheaper, prompting a loss of high-skilled jobs unless gas prices fall in the U.S.

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Sponsors of the bill that ultimately passed said it was adequate and timely, coming as the price of natural gas has started moving up, coming out of a mid-year slump. "Just last week," said Sen. Pete Domenici, (R., N.M.), "the price of natural gas was $7.79 per million Btu (British Thermal Units). That is nearly double the price it was two months ago."

U.S. Finds Electric Power Grid Can Fuel Fleets Of Plug-In Cars (WSJ)

By John J. Fialka

Wall Street Journal, December 11, 2006

WASHINGTON -- The nation's existing electric power grid could fuel as many as 180 million electric cars, a Department of Energy study estimates.

The study, being released today by the department's Pacific Northwest National Laboratory, is the federal government's first look at the grid's capacity to handle the demands of so-called plug-in hybrids, which can be operated as an all-electric car for most daily commutes. Until now, there have been few detailed studies of the effect of plug-ins, which are championed by environmental groups and the utility industry.

Currently there are only a few hundred plug-ins on the road, most hand-made prototypes or unsanctioned modifications of existing hybrids, which use small gasoline engines that charge their electric motors, but can't plug in to recharge.

General Motors Corp. recently announced it will build a plug-in Saturn, and other makers are thought to be planning similar ventures. The report estimates that the current cost of electricity needed to power a car is roughly one-third the equivalent amount of gasoline.

"It is intriguing to think of the trade and national-security benefits if our vehicles switched from oil to electrons," said Robert Pratt, one of the authors of the study and an energy researcher at the laboratory. "Plus, since the utilities would be selling more electricity without having to build more plants or power lines, electricity prices could go down for everyone."

The report estimates that plug-ins, made in volume, would cost between $6,000 and $10,000 more than existing vehicles -- largely due to the cost of carrying larger battery packs. The study estimates that because electricity is cheaper than gasoline, car buyers would recover the additional cost over five to eight years, depending on the price of gasoline.

The study estimates that if 84% of the nation's 220 million vehicles relied primarily on electricity, emissions of carbon dioxide thought to be accelerating climate change would be cut by as much as 5%. Vehicle-produced smog would drop in major cities.

But sulfur dioxide, which causes acid rain, would rise in rural areas where coal-burning power plants are located. The U.S. gets about half of its electricity from burning coal.

Stronger Rules On Produce Likely After Outbreaks Of E.Coli (NYT)

By Andrew Martin

The New York Times, December 11, 2006

With processed fresh produce like bagged salads and baby carrots growing in popularity in the past decade, the Food and Drug Administration realized as long ago as 2000 that recommendations for safe handling of the products were needed.

The agency went so far as to draft guidelines and kept the issue high on its priority list, but pressed by budget cuts and competing F.D.A. demands, the proposal languished.

Now, with the recent outbreaks of E.coli related to processed vegetables, the F.D.A.'s oversight of produce is likely to be treated with new urgency.

"I think it's fairly clear that something needs to change," said Dr. David Acheson, the chief medical officer for the F.D.A.'s Center for Food Safety and Applied Nutrition. Regulations for produce could be part of the changes, he said.

The problems are so acute that the produce industry, long wary of regulation but stung more recently by a decline in sales, is now asking for more government oversight. And some Democratic members of Congress who have long agitated for food safety reforms say they will seek oversight hearings, additional money and new legislation on food safety when they assume control in January.

"The food safety process is collapsing," said Representative Rosa DeLauro, Democrat of Connecticut, who has repeatedly called for merging the food safety functions of the F.D.A. and the Department of Agriculture into one agency.

Part of the problem, critics say, is that the F.D.A.'s food safety budget has been repeatedly slashed even as the agency's responsibilities are multiplying. Besides a growing number outbreaks of E.coli and other nasty pathogens, the F.D.A. is also dealing with new food technologies, nutrition-related labeling issues and more than twice as much imported produce as a decade ago.

No one believes that a beefed-up F.D.A. would eliminate all cases of E.coli, salmonella or other food-borne illnesses. Farmers cannot prevent wild animals from polluting their fields, for instance.

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But some observers believe that stronger F.D.A. oversight of produce could reduce the number of outbreaks.

Currently the F.D.A. relies on voluntary food safety guidelines, like the "Guide to Minimize Microbial Food Safety Hazards for Fresh Fruits and Vegetables" from 1998.

Additional guidelines are needed to address the growing processed produce industry, the F.D.A. says, because the risk of contamination is increased as food is handled, particularly if the food is cut or broken, "breaking the natural exterior barrier of the produce."

In the most recent cases of E.coli, the source has been traced to bagged spinach and to cut green onions.

But passing voluntary guidelines, like the one for processed produce, has become more difficult because of insufficient staffing, research and the deregulatory environment under the Bush administration, according to former F.D.A. employees.

Overall, the F.D.A.'s food safety budget has been declining for decades, with money being shifted into the agency's oversight of drug and medical devices, said William K. Hubbard, a former F.D.A. associate commissioner. He said the portion of the budget devoted to food safety has fallen to about 25 percent from 50 percent in the early 1970s.

Operating funds for the F.D.A.'s Center for Food Safety and Applied Nutrition, the division at the heart of its food safety operations, have decreased to an estimated $25 million next year from $48 million in 2003, and the number of full-time positions has fallen to 817 from 950, according to F.D.A. records.

Food inspectors are a separate part of the F.D.A. budget that was not immediately available; however, the number of inspectors has declined to 1,962 from about 2,200 in 2003, F.D.A. documents show.

"Food safety is a shared goal by the food industry and government regulators, " said Tony Fratto, a White House spokesman. "Outbreaks as we've seen recently are not in the interest of the food industry, consumers, or regulators, so no one should be under the misimpression that food saftey is taken lightly. Our goal has been to ensure that F.D.A. has flexibility and the appropriate level of resources to accomplish its mission. Despite these recent cases, F.D.A. and the food industry have been effective," he said.

Tommy G. Thompson, who as President Bush's secretary of health and human services oversaw the F.D.A., is helping to lead a bi-partisan group called Coalition for a Stronger F.D.A. pushing Congress to increase the agency's budget.

"You can't do it on the cheap," said Mr. Thompson, who left the agency in 2005. "You are going to have to put more dollars in the F.D.A."

Mr. Hubbard, who retired last year, said the agency was currently so stretched that they can do little more than react to outbreaks, rather than try to prevent them. The agency needs more money for research, more staff to develop guidelines and regulations and more inspectors, Mr. Hubbard said.

"F.D.A. is in a position that all they can do is send in inspectors after the cow has left the barn," Mr. Hubbard said. "They don't have the ability to set standards and enforce standards."

But the workload keeps growing. For instance, according to the Center for Science in the Public Interest, a nutrition advocacy group, the number of food-borne illnesses linked to produce doubled from 1998 to 2004.

The amount of imported horticulture products, meanwhile, has increased by 145 percent in the last decade, to $27 billion in 2005 from $11 billion in 1995, according to government statistics.

The Agriculture Department is responsible for regulating meat, poultry and some egg products. The F.D.A. oversees seafood, produce and everything else, estimated to be 80 percent of the food supply. Still the U.S.D.A.'s food safety budget is more than twice as large as the F.D.A.'s, and the U.S.D.A. has about 7,700 food inspectors — nearly four times as many as the F.D.A.

A U.S.D.A. report from 2004 said voluntary guidelines had been unsuccessful in the past.

Problems persist because incentives for growers to adopt better food-safety techniques are weak, according to a U.S.D.A. report that examined an outbreak of Hepatitis A from green onions in 2003.

Outbreaks Reveal Food Safety Net's Holes (WP)

By Annys Shin

The Washington Post, December 11, 2006

First it was spinach. Then tomatoes. Now possibly green onions.

Over the past three months, fresh produce has been the culprit in one episode of food-borne illness after another, the latest an E. coli outbreak that appears to be linked to green onions served at Taco Bell restaurants in the Northeast. More than 60 people have been sickened in that outbreak.

The patchwork of federal and state regulations that is supposed to ensure food safety has become less effective as the nation's produce supply has grown increasingly industrial. Three months after the spinach scare, there is no agreement on what

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should be done to reduce health risks from the nation's fruits and vegetables even as each episode of illness has heightened a sense of urgency.

The number of produce-related outbreaks of food-borne illness has increased from about 40 in 1999 to 86 in 2004, according to the Center for Science in the Public Interest. Americans are now more likely to get sick from eating contaminated produce than from any other food item, the center said.

"It's fairly clear something needs to change," David W.K. Acheson, a top federal food safety official, said Friday. "Having illness and repeated outbreaks, especially the ones we've seen in the last couple of months, is clearly unacceptable to everyone."

Consumer advocates think that tougher mandatory food safety standards and stepped-up enforcement are the answer. The country's largest food distributors and restaurants are pursuing self-regulation, arguing that government rules can take years to put in place. Produce growers and packers have suggested a voluntary system with elements of mandatory oversight. But even the industry proposals are months away from taking effect.

Several factors have contributed to the rise in outbreaks: greater consumption of fresh produce, especially cut fruits and vegetables; wider distribution; improved electronic reporting of outbreaks; and an aging population more susceptible to food-borne illness. Produce presents a special food safety challenge because, unlike meat, which can be rid of bacteria through proper cooking, it is meant to be consumed raw. There is no "kill step," as food safety experts put it.

E. coli O157:H7 has been a particular problem. Unlike the usually benign E. coli bacteria that live in warm-blooded animals and humans, the strain produces toxins that destroy the intestinal lining, leading to bloody diarrhea, kidney failure and, sometimes, death. It was first blamed for a food-borne-illness outbreak in the early 1980s, leading some microbiologists to suggest that it arose in industrial livestock, which are force-fed grain and pumped with antibiotics.

The strain that caused September's spinach outbreak, which killed three and sickened about 200, has been found in cattle feces near a California spinach field and in wild pigs that roamed through it.

The source of the Taco Bell outbreak has not been found, but the company suspects green onions -- also from California. Fresh tomatoes served in restaurants this fall, believed to have made nearly 200 people sick, carried another bacterium, salmonella.

Taco Bell President Greg Creed said Saturday that the produce supply system needs better guidelines and procedures.

Although meat and dairy products are regulated by the Department of Agriculture, the safety of fruits and vegetables is the responsibility of the Food and Drug Administration and the states. But they have jurisdiction only over processing plants. Food safety at the farm level is largely self-regulated.

That has left government regulators in the position over the past eight years of nagging the produce industry to improve food safety by publishing voluntary guidelines and sending letters of admonishment.

The FDA's critics say the agency doesn't have the manpower to do more. From 2003 to 2006, the budget for the agency's Center for Food Safety and Applied Nutrition has fallen 37 percent, according to agency data. That has meant fewer inspectors and less frequent inspections. In 2005, the FDA conducted 4,573 inspections of domestic food-processing operations. For 2006, the agency said, it hopes to conduct 3,400. There are more than 12,000 such plants in the nation.

"The reality of FDA's situation is they don't have the basic inspectors to inspect the food supply they're in charge of," said Caroline Smith DeWaal, food safety director for the Center for Science in the Public Interest. "They just don't have the people . . . to manage this problem at the farm level."

In mid-November, the CSPI petitioned the FDA, as well as the state of California, to set mandatory safety standards for fruits and vegetables. Consumer advocates also want Congress to give the agency more resources and enforcement powers. They point to two recent food recalls as examples of how rarely the FDA inspects some processing plants.

The FDA last inspected House of Thaller's processing plant in July 2002 and found deficiencies with the food safety plans, sanitation monitoring and pathogen testing, according to records obtained by the consumer group Food & Water Watch. On May 19 this year, the Knoxville, Tenn., company recalled 160,000 pounds of deli salads and dips because of potential contamination.

The agency inspected the facilities of Albert Lea, Minn.-based Mrs. Gerry's Kitchen three times in five years, most recently in August 2005. During those visits, inspectors identified problems with the company's food safety plans. In May, two days before the House of Thaller recall, Mrs. Gerry's recalled 54,000 pounds of salads because of potential contamination.

The FDA's Acheson said the agency's food safety work hasn't suffered as a result of funding constraints.

"As resources shift around in terms of overall total resources and within different centers, what the agency does is to shift to resources to address the maximum public health risk. The spinach investigation was, no question, a high priority," he said. "We can always do more with more, but do I think a lack of resources will impact efforts to prevent future outbreaks? No."

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Buyers such as Safeway and Albertsons have chosen not to rely on government regulators and instead hired their own auditors to do inspections. But both food safety officials and auditors say there is little consistency because the government guidelines aren't specific enough.

"We don't have enough science to base those [guidelines] on to be comprehensive," said Kevin Reilly, a California food safety official who is participating in the investigation of the E. coli outbreak traced to bagged spinach. "What's necessary is an agreed-upon set of agricultural practices. Instead of 'Be aware of water quality,' we need to say, 'Test it with this frequency and in this fashion.' "

The privately funded system of audits and inspections, however, remains the produce industry's main tool for preventing future outbreaks.

In October, executives of eight supermarket chains and distributors, including Safeway, Sysco, Wegmans and Kroger, sent a letter to growers and packers, demanding that they develop a food safety program for lettuce and other leafy greens by Dec. 15. The program has been drafted but is still being reviewed by regulators.

Not content to let the growers write their own standards, the Food Marketing Institute, which represents large retailers and wholesalers, and the National Restaurant Association are developing separate guidelines to update those used by private auditors.

The growers, led by two trade groups, Western Growers and the United Fresh Produce Association, have responded with standards that government regulators would enforce through a marketing order -- an agreement farmers pay to participate in designed to stabilize market conditions for certain commodities. Such orders are enforced by the Department of Agriculture's Agricultural Marketing Service, not the FDA, and food safety is not typically their main purpose.

The California Department of Food and Agriculture is considering the growers' proposal and could put an order in place as early as late January, spokesman Steve Lyle said.

The federal Agricultural Marketing Service hasn't responded yet, a Western Growers spokesman said.

Officials at the FDA who are reviewing the proposal have so far welcomed the market-order approach as part of the solution. "If you look at what might be able to happen before next growing season . . . a rule is not a practical proposition," Acheson said.

There's one area of agreement: the consequences of inaction.

"Unless something changes," Reilly said, "we will have another outbreak."

CDC Reports E. Coli Cases Linked To Taco Bell Holding At 61 (USAT)

By Elizabeth Weise

USA Today, December 11, 2006

The E. coli outbreak tied to Taco Bell restaurants in four states may be finally slowing down.

The Centers for Disease Control and Prevention reports that the number of people infected with the dangerous O157:H7 strain is now 61 and holding. The onset of the last reported case was Dec. 2.

Thus far, all the cases have been linked to Taco Bells in New Jersey, New York, Pennsylvania and Delaware, the CDC said in a release.

Will Bortz, a spokesman for Irvine, Calif.-based Taco Bell, said Sunday that tests on all menu items have ruled out every ingredient except scallions as a possible source of the outbreak.

The company last week removed the green onions from the menus of its 5,800 restaurants in the USA and Canada after they were implicated in preliminary tests.

"If you walk into a Taco Bell today, it's completely safe for you to eat. Everything that's on our menu has tested negative. Green onions are off the menu," Bortz said.

The Food and Drug Administration has not released results of tests conducted on samples taken from the distributor that supplied Taco Bell's green onions. Backup tests have not yet confirmed the source of the contamination.

This fall has seen a string of produce-borne outbreaks, the largest being E. coli in bagged spinach that sickened more than 200 people.

If there's one good thing to come out of the outbreaks, it's that everyone — from producers to the public — is finally focusing on the farm, which is where food safety has to start, said Douglas Powell, professor of food safety at Kansas State University.

Until now, consumer advocates have called for more federal oversight while most produce commodity and grocery groups have told consumers that "food-borne illness is their fault," that is, if they would only properly cook and clean, there wouldn't be a problem, Powell said.

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Mike Doyle, a professor of food safety at the University of Georgia in Athens, notes that food producers often argue that raw produce, without the bacteria-killing step of cooking, can't be rendered entirely safe "and still have an acceptable product from a taste and sensory perspective."

"But I just don't think that's the answer," Doyle said. Safety can be achieved "if commitment is made."

Taco Bell has seen this particular light.

"As we move forward, what we would really like is to work with government regulators and the rest of the industry to figure out how to change how things are dealt with at the farm and supplier level," Bortz said. "We need to see if we can stop this from ever happening again."

The meat industry's food-borne illness wake-up call came in 1993 when hundreds were sickened in an E. coli outbreak tied to Jack in the Box hamburgers.

The industry instituted HACCP, which stands for Hazard Analysis and Critical Control Point. A system designed to identify and control hazards, HACCP was originally used by NASA to ensure food safety on space flights.

Within a decade, E. coli O157:H7 rates began to plummet, Doyle said.

Experts considered the produce industry's wake-up call to be the 1996 outbreak of E. coli O157:H7 in unpasteurized Odwalla apple juice, which sickened dozens of people.

"Hopefully enough has happened now that (the produce industry will) get it together one of these days," Powell said.

Has Politics Contaminated The Food Supply? (NYT)

By Eric Schlosser

The New York Times, December 11, 2006

THIS fall has brought plenty of bad news about food poisoning. More than 200 people in 26 states were sickened and three people were killed by spinach contaminated with E. coli O157:H7. At least 183 people in 21 states got salmonella from tainted tomatoes served at restaurants. And more than 160 people in New York, New Jersey and other states were sickened with E. coli after eating at Taco Bell restaurants.

People are always going to get food poisoning. The idea that every meal can be risk-free, germ-free and sterile is the sort of fantasy Howard Hughes might have entertained. But our food can be much safer than it is right now.

According to the Centers for Disease Control and Prevention, 76 million Americans are sickened, 325,000 are hospitalized, and 5,000 die each year because of something they ate.

Part of the problem is that the government's food-safety system is underfinanced, poorly organized and more concerned with serving private interests than with protecting public health. It is time for the new Democratic Congress to reverse a decades-long weakening of regulations and face up to the food-safety threats of the 21st century.

One hundred years ago, companies were free to follow their own rules. Food companies sold children's candy colored with dangerous heavy metals. And meatpackers routinely processed "4D animals" — livestock that were dead, dying, diseased or disabled.

The publication of Upton Sinclair's novel "The Jungle" in 1906 — with its descriptions of rat-infested slaughterhouses and rancid meat — created public outrage over food safety. Even though the book was written by a socialist agitator, a Republican president, Theodore Roosevelt, eagerly read it.

After confirming Sinclair's claims, Roosevelt battled the drug companies, the big food processors and the meatpacking companies to protect American consumers from irresponsible corporate behavior. He argued that bad business practices were ultimately bad for business. After a fight in Congress, Roosevelt largely got his way with passage of the Meat Inspection Act and the Pure Food and Drug Act of 1906.

The decades that followed were hardly an idyll of pure food and flawless regulation. But the nation's diverse agricultural and food-processing system limited the size of outbreaks. Thousands of small slaughterhouses processed meat, and countless independent restaurants prepared food from fresh, local ingredients. If a butcher shop sold tainted meat or a restaurant served contaminated meals, a relatively small number of people were likely to become ill.

Over the past 40 years, the industrialization and centralization of our food system has greatly magnified the potential for big outbreaks. Today only 13 slaughterhouses process the majority of the beef consumed by 300 million Americans.

And the fast-food industry's demand for uniform products has encouraged centralization in every agricultural sector. Fruits and vegetables are now being grown, packaged and shipped like industrial commodities. As a result, a little contamination can go a long way. The Taco Bell distribution center in New Jersey now being investigated as a possible source of E. coli supplies more than 1,100 restaurants in the Northeast.

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While threats to the food supply have been growing, food-safety regulations have been weakened. Since 2000, the fast-food and meatpacking industries have given about four-fifths of their political donations to Republican candidates for national office. In return, these industries have effectively been given control of the agencies created to regulate them.

The current chief of staff at the Agriculture Department used to be the beef industry's chief lobbyist. The person who headed the Food and Drug Administration until recently used to be an executive at the National Food Processors Association.

Cutbacks in staff and budgets have reduced the number of food-safety inspections conducted by the F.D.A. to about 3,400 a year — from 35,000 in the 1970s. The number of inspectors at the Agriculture Department has declined to 7,500 from 9,000.

A study published in Consumer Reports last week showed the impact of such policies: 83 percent of the broiler chickens purchased at supermarkets nationwide were found to be contaminated with dangerous bacteria.

Aside from undue corporate influence and inadequate financing, America's food-safety system is hampered by overlapping bureaucracies. A dozen federal agencies now have some food safety oversight. The Agriculture Department is responsible for meat, poultry and some egg products, while the F.D.A. is responsible for just about everything else.

And odd, conflicting rules determine which agency has authority. The F.D.A. is responsible for the safety of eggs still in their shells; the Agriculture Department is responsible once the shells are broken. If a packaged ham sandwich has two pieces of bread, the F.D.A. is in charge of inspecting it — one piece of bread, and Agriculture is in charge. A sandwich-making factory regulated by the Agriculture Department will be inspected every day, while one inspected by the F.D.A. is likely to be inspected every five years.

Neither agency has the power to recall contaminated food (with the exception of tainted infant formula) or to fine companies for food-safety lapses. And when the cause of an outbreak is unknown, it's unclear which agency should lead the investigation.

Last year, Representative Rosa DeLauro of Connecticut and Senator Richard Durbin of Illinois, both Democrats, introduced an important piece of food-safety legislation that tackles these problems. Their Safe Food Act would create a single food-safety agency with the authority to test widely for dangerous pathogens, demand recalls and penalize companies that knowingly sell contaminated food.

It would eliminate petty bureaucratic rivalries and make a single administrator accountable for the safety of America's food. And it would facilitate a swift, effective response not only to the sort of inadvertent outbreaks that have occurred this fall, but also to any deliberate bioterrorism aimed at our food supply.

The Safe Food Act deserves strong bipartisan backing. Aside from industry lobbyists and their Congressional allies, there is little public support for the right to sell contaminated food. Whether you're a Republican or a Democrat, you still have to eat.

Great Lakes Compact At The Center Of Great Debate (USAT)

By Dennis Cauchon

USA Today, December 11, 2006

The Milwaukee suburb of New Berlin gets half its water from the Great Lakes and half from underground wells that are tainted with radium, a radioactive element.

The city of 38,500 has a simple solution to its water problem: draw more water from Lake Michigan, 10 miles away. That probably won't happen.

New Berlin may look like a typical Midwestern suburb, but it's really a border town — on the edge of the Great Lakes watershed — and the west side of town is on the wrong side of the water slope.

A new multistate agreement working its way through state legislatures builds a legal wall around the largest source of fresh water in the world. The deal would ensure that no Great Lakes water is ever shipped outside the region — not in pipes to Arizona, not in ships to Asia, not even to Madison, Wis., or Columbus, Ohio.

The Great Lakes Water Resources Compact was signed last December by the governors of the eight states that border the lakes — Minnesota, Wisconsin, Illinois, Indiana, Ohio, Michigan, Pennsylvania and New York — and the premiers of the Canadian provinces of Quebec and Ontario. The agreement requires approval of state legislatures before it is sent to Congress for final approval. Ohio's Legislature is expected this week to become the first to approve the pact. New York's may approve it later this month.

"This is not a water grab," says Sam Speck, director of the Ohio Department of Natural Resources. "It's a commitment to protect a resource in the face of climate change and other challenges."

The Great Lakes contain nine-tenths of the nation's fresh water and supply drinking water to 30 million people in Chicago, Toronto, Buffalo and elsewhere. The lakes are an economic engine and the cultural centerpiece for much of the upper Midwest. But the fragile ecology of the lakes has suffered from pollution, invasive species of fish and the diversion of water to support Chicago and other cities.

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The new agreement would control who can use the water and how much.

The eight states started work on the compact in 1999 when a Canadian company proposed shipping water in tankers from Lake Ontario to Asia. Other proposals had been floated over the years about piping Great Lakes water to Arizona, western Canada or elsewhere.

"We realized there was nothing legally to prohibit that kind of project or something similar," says David Naftzger, executive director of the non-partisan Council of Great Lakes Governors, which supports environmentally responsible economic growth.

The states and provinces reached a voluntary water deal in 2001, then spent four years trying to agree on language that could be put into law.

The compromise agreement lets "border communities" such as New Berlin apply to use Great Lakes water if they meet tough standards.

Sunny Slope Road is the dividing line in New Berlin. One side of the road has access to all the Great Lakes water it needs. The other side can't get a drop without approval from the state and probably every other state, too. Michigan and environmental groups already have objected.

"It's such a political thing, I doubt it can happen," New Berlin utilities supervisor Rick Jackson says.

His city is under a federal order to reduce the radium in its west side water. The city will probably spend $4 million on a treatment plant to reduce the radium — a naturally occurring substance found in the area's deep well— instead of getting more water from Milwaukee, which supplies the east side of town.

The water agreement was possible because environmentalists, business groups and political leaders agreed on one thing: Nobody outside the region should get Great Lakes water.

"If we want sunshine, we'll move to Arizona," says George Kuper, president of the Council of Great Lakes Industries. "If they want water, let them move to Michigan."

Water rights advocate Terry Anderson, director of the Property and Environment Research Center in Bozeman, Mont., says it's a mistake to lock up Great Lakes water inside the watershed.

He says water rights should be allocated and traded in the marketplace, even if that means shipping water to Asia at the right price. "It's no different than shipping out cars or iron ore," he says.

Great Lakes water is a powerful economic development tool for industry and tourism in a region that is suffering economically from the decline in the auto industry and other manufacturing businesses.

"Fresh water is our ace in the hole," says Tim Eder, executive director of the Great Lakes Commission, a multistate agency that organizes policy among the states. "If it got to be a humanitarian crisis, I personally might look at letting some water leave the region. But short of that, the water stays here."

Business groups, environmentalists and regulators have practical reasons for locking up the water. Levels in Lake Superior, Lake Michigan and Lake Huron are near historic lows.

The Great Lakes' depths have fluctuated by 4 to 6 feet for the past 4,500 years and the three largest lakes are near the bottom of that range, says Roger Gauthier, a hydrologist at the Great Lakes Commission. Lake Superior entered a drought in 1998 and is at its lowest level in 80 years.

This hurts fishing, hydropower electricity generation, tourism and shipping. Freighters can't carry as much cargo in shallow water. Some islands no longer are surrounded by water.

The big concern: Is the low water level caused by global warming? Warmer winters spur evaporation because the lakes are covered less often with protective ice and snow. "I haven't heard anyone say yet that it's climate change, but we're near record lows, so it makes you wonder," Gauthier says.

Not everyone is thrilled by the water agreement.

"The idea of the compact makes a lot of sense, but it got screwed up a little at the end," says Linda Woggon, a lawyer for the Ohio of Chamber of Commerce. "The last draft had a tiny word change that will make it nearly impossible for any major new development to occur."

The last-minute change says new water withdrawals can't cause a significant change to the quantity or quality of Great Lakes water or any of the rivers or streams feeding into it, Woggon says.

She says the result would mean automatic rejection of a steel plant that wanted to open in the Great Lakes watershed, employ 500 people and use 1 million gallons of water a day.

The business community wanted a balancing test that weighed the value of the new factory or housing development against the environmental impact on the lakes.

Despite these misgivings, the Ohio Chamber of Commerce and other business groups support the deal. They are asking state legislatures to add separate language when approving the compact that interprets the agreement in a less restrictive way. The Ohio bill under consideration has these changes.

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Some environmentalists are unhappy, too. Michigan Citizens for Water Conservation opposes the agreement because it puts no limit on the amount of bottled water for consumers that can be withdrawn from the lakes and streams.

"If you fill a truck with water, you have to follow the rules. But if you put the water into bottles less than 5.2 gallons, you can take as much as you want. That makes no sense," says Terry Swier, president of the group, which has sued Nestlé's Ice Mountain water-bottling operation in Stanwood, Mich., for taking water from Sanctuary Springs in the watershed.

But most environmental groups signed on to the compact.

"This sets up a decision-making process and standards," says Cheryl Mendoza, manager of water conservation at the Alliance for the Great Lakes, "so we can take care of water in a responsible way."

FBI/DEA/ATF/USMS:

Guilty Plea Entered (MARTBULL)

By Charles Boothe, Bulletin Staff Writer

Martinsville Bulletin, December 11, 2006

By ex-deputy in sheriff case

A former Henry County Sheriff's Office deputy has pleaded guilty to two charges in the sheriff's office scandal after reaching a plea agreement with the government. Five charges were dismissed under the agreement.

Bradley Scott Martin, 33, entered guilty pleas on one count of racketeering conspiracy and one count of drug conspiracy in district court in Roanoke on Friday, according to Heidi Coy with the U.S. Attorney's Office.

"It is a written plea agreement that he signed with the government," Coy said, adding that Martin remains free on a $25,000 bond.

A release issued Friday by the U.S. Attorney's Office stated that Martin pleaded guilty to using his position as a county deputy to distribute steroids and ketamine (a Schedule III sedative, also used as a "date-rape" drug), and using his law enforcement connections to avoid detection of his illegal activities by tipping off his co-conspirators.

The penalty for the racketeering conspiracy count is a maximum of 20 years and a $250,000 fine, Coy said. The drug conspiracy count carries a maximum sentence of 20 years and a $1 million fine.

A sentencing date has not been set, she said.

Martin was one of 12 current or former officers, as well as former sheriff H. Frank Cassell and seven others, who were charged in a 48-county, 50-page indictment that was unsealed on Nov. 2. Charges in the indictment include racketeering conspiracy, obstruction of justice, money laundering, perjury and drug and firearm offenses.

Martin was indicted on seven counts related to charges of racketeering conspiracy, drug conspiracy, obstruction of justice and making a false statement to a federal agent.

According to the plea agreement, five of those counts will be dismissed and Martin will be required to offer "substantial assistance" in the case, court records state. That includes "complete and truthful information to attorneys and law enforcement officers of the government," records state.

The indictments were the result of a nearly two-year investigation by federal authorities into an alleged eight-year scheme involving some sheriff's office personnel.

According to the indictment, in 2001, a Drug Enforcement Administration (DEA) agent from Texas placed a telephone call to the Henry County Sheriff's Office to advise officers that a drug ledger had been seized which indicated shipments of drugs were being delivered to "Brad Martin's" house in Martinsville.

The DEA did not realize that "Brad Martin" was a deputy with the sheriff's office, the indictment said. It added that Martin took the call and allegedly shared the information with co-defendants James Alden Vaught and David Allen King. Both Vaught and King were deputies at that time.

Also, Martin and co-defendant William Randall Reed, who also has pleaded guilty in a plea agreement, allegedly received steroids and prescription pills through the U.S. mail from a man in Mexico, the indictment said. Both Martin and Reed also were accused in the indictment of using and selling ketamine and steroids for approximately eight years.

According to Coy, during the plea agreement hearing on Friday, Bondurant said there were eight covert recordings of Martin during the investigation.

Bondurant also told the court, Coy said, that Martin was interviewed by federal agents on May 30 and at first claimed he had no knowledge of the activities. Later, however, he began to admit to more of the alleged illegal acts, including the steroid and ketamine transactions, she said.

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Reed entered a guilty plea to one count of racketeering conspiracy at a hearing on Nov. 27. At that hearing, he told the court he was pleading guilty because "I was part of a drug thing ... In possession of some steroids and ketamine. That's what I'm guilty of."

At that hearing, Bondurant told the court that Reed was the "middle man" in at least seven alleged ketamine transactions conducted at rental property owned by Vaught.

Reed was the first one arrested in the case and led federal investigators to Vaught who, according to earlier reports, allegedly also provided investigators with more information that implicated other co-defendants, including Martin.

So far, only Reed and Martin have reached plea agreements. Vaught, who initially pleaded not guilty, is scheduled for a change of plea hearing on Dec. 28 in Roanoke, Coy said.

The other defendants all have entered not guilty pleas. That includes Cassell, who was indicted on two counts of obstruction of justice, one count of money laundering, one count of making a false statement to a federal agency and one count of misprision of a felony, or failure to report a felony.

All defendants remain free on $25,000 bond.

Former Deputy Pleads Guilty (RT)

Roanoke (VA) Times, December 9, 2006

A former Henry County sheriff's deputy pleaded guilty Friday in U.S. District Court in Roanoke to two charges -- one for selling drugs and another for conspiring to commit racketeering.

Bradley Scott Martin, 33, accepted a plea agreement in which four charges of obstruction of justice and one charge of making false statements to a federal agent were dropped.

Martin, wearing jeans, tennis shoes and a button-up shirt, told Judge James Turk that he was pleading guilty because he was involved in selling Ketamine and steroids and was involved in other criminal activity.

Martin and 11 other current and former deputies and former Henry County Sheriff Frank Cassell are named in a 48-count federal indictment.

It accuses the deputies of using and dealing drugs; stealing narcotics and guns from evidence and redistributing them in the community; and lying to federal investigators.

Cassell is accused of protecting deputies he allegedly knew were involved in illegal activity.

The indictment says Martin routinely received steroids and prescription pills through the U.S. Postal Service. Martin used the steroids and sold them to people, including other deputies, the indictment said.

The indictment also said Martin distributed cocaine and marijuana.

The obstruction of justice charges, which were dropped, stem from allegations that Martin helped foil an investigation to arrest a citizen whom Martin allegedly bought and sold drugs with. The indictment also alleges that Martin agreed with other people named in the indictment to lie to investigators.

Assistant U.S. Attorney Tom Bondurant said that as part of the plea agreement, Martin may have to testify against the other deputies and Cassell.

If Martin cooperates, his sentence may be reduced, Bondurant said.

Martin faces a maximum of 40 years in prison and a $1.25 million fine.

He will be sentenced after his co-defendants' cases are over, Bondurant said.

Former Henry County Deputy Pleads Guilty (WDBJ)

WDBJ-TV,, December 8, 2006

Another defendant involved in the Henry County Sheriff's Department scandal has pled guilty.

Former Deputy Bradley Scott Martin pled guilty today to racketeering and a drug conspiracy charge. As part of a plea agreement, the U.S. Attorney agreed to drop five other charges.

Martin faces up to 40 years in prison. No sentencing date has been set.

A federal grand jury in October indicted Sheriff Frank Cassell and a dozen of his current and former deputies on racketeering charges.

Charges Tainted By Police Scandal Dropped In Va. County (AP)

AP, December 8, 2006

COLLINSVILLE, Va. - The federal indictment of Henry County's former sheriff and a dozen past and present members of his department has led prosecutors to drop charges against 28 people because of the taint of the alleged corruption.

The charges dropped include 16 felony drug counts and 25 misdemeanor and traffic infractions.

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"These charges could not be effectively prosecuted without the testimony of one or more individuals currently under federal indictment," Commonwealth's Attorney Bob Bushnell said Thursday. "Given the circumstances, I have determined that the appropriate action is to drop these charges."

He said he does not expect any more charges to be dropped.

H. Franklin Cassell, the former sheriff, pleaded not guilty Nov. 27 to charges that he was part of scheme to sell drugs seized from criminals.

An indictment returned in October accused Cassell, 68, of looking the other way as officers sold drugs seized in criminal investigations and also stole guns and other evidence. He is charged with impeding federal agents' investigation and money laundering.

Charges against the other defendants include racketeering conspiracy, narcotics distribution, weapons counts, obstruction of justice and perjury.

One deputy, Bradley Scott Martin, 33, pleaded guilty Friday to charges of racketeering conspiracy and drug conspiracy, U.S. Attorney John Brownlee said in a statement. Martin faces a maximum punishment of 40 years in prison and a $1.25 million fine.

One of seven civilians charged in the case, William Randall Reed, pleaded guilty last month to racketeering conspiracy. A hearing is scheduled Dec. 28 to receive a guilty plea from a former sergeant, James Alden Vaught, a Brownlee spokeswoman said.

Cassell, the top law enforcement officer the economically distressed county along the North Carolina border since 1992, has retired since the indictment was returned.

Three In Drug Gang Sentenced (AC)

Annapolis Capital, December 9, 2006

Three men who admitted being part of a Severn drug gang known as the "Pioneer City Boys" were sentenced to federal prison yesterday.

Federal prosecutors said Tony Maurice Horne Jr. and Troemaine Herbert Storey, both of Glen Burnie, and Jerome Otto Waters Jr. of Annapolis were part of a gang that used violence and intimidation to keep competitors out and silence people who might go to the police.

The words "stop snitching" were spray-painted on the street in several Severn neighborhoods, a prosecutor said.

During separate hearings in Baltimore, U.S. District Court Judge Andre M. Davis sentenced Waters, 29, to eight years, Storey, 29, to seven years and Horne, 25, to 77 months, almost 5½ years.

An associate, Calvin I. Savoy of Severn, was convicted in October of drug charges and of shooting a county police officer during a melee in Odenton in 2004. The officer, William Hicks, wasn't seriously hurt.

Because he had past drug convictions, Savoy faces a mandatory life sentence with no chance at parole.

The shooting of the officer touched off an investigation by county police and the U.S. Drug Enforcement Administration that culminated with the September 2005 indictment of seven men.

All except Savoy have pleaded guilty; several are awaiting sentencing.

Two run from police; one still at large

A 32-year-old woman who was charged with stabbing a man last week tried to run from police custody Thursday afternoon.

Officers determined that two people - Conzuella Jones, 32, and Todd Raynard Neal, 42, - were responsible for the Dec. 2 stabbing of Kirby Millburne Fletcher. Ms. Jones was arrested on Pleasant Street shortly before 1 p.m. Thursday, police said. While waiting for her initial court appearance, she ran from the District Court Commissioner's Office on Taylor Avenue and was apprehended a short time later.

She was charged with the stabbing and escape, police said. Officers are still looking for Mr. Neal, whose last known address was the 1700 block of Belle Drive. He is considered armed and dangerous.

Officers found Mr. Fletcher with several stab wounds on his neck, back and hand at 92 Clay St. He was flown to the Shock Trauma Center at the University Hospital in serious, possibly life-threatening injuries, police said. He was later upgraded to serious, but stable condition.

Area Doctor Charged With Drug Distribution (TOLB)

By Mark Reiter, BLADE STAFF WRITER

Toledo Blade (OH), December 11, 2006

He allegedly wrote illegal prescriptions

DOJ_NMG_0104445

A Michigan physician was arraigned yesterday in federal court on charges that he used a Toledo medical office to illegally prescribe more than $10 million in painkillers to patients.

A 26-count indictment, filed Wednesday in U.S. District Court in Toledo and unsealed yesterday, charges Dr. Leo M. Ognen, 54, with drug conspiracy and drug distribution. Dr. Ognen, who is a former staff member of St. Anne Mercy Hospital in Toledo, was arrested yesterday at his home in Warren, Mich., and arraigned later before U.S. Magistrate Vernelis Armstrong.

He was ordered held in the Lucas County jail after Magistrate Armstrong granted a request from assistant U.S. Attorney Seth Uram to continue a detention hearing until Wednesday.

At the end of the 15-minute hearing, Dr. Ognen tearfully embraced his wife of nearly 30 years. She was in the courtroom with the couple's 20-year-old daughter.

If convicted, the physician faces a maximum sentence of 20 years in prison and a $1 million fine.

The charges stem from a U.S. Drug Enforcement Administration investigation into the alleged illegal dispensing of over two million doses of OxyContin and oxycodone and 1.1 million Percocet tablets at his medical practice in Toledo from January, 2002, to October, 2004.

He is accused of filling prescriptions for the painkillers for new and existing patients at his office without performing examinations on them, and the indictment says that $40 to $50 would exchange hands in return for the illegal prescriptions.

The indictment said that patients' Medicaid card information was taken and the government was billed for the illegal prescription of painkillers; and patients were recruited to persuade family, friends, and neighbors to become new patients.

The indictment didn't reveal the location of the alleged offenses.

Dr. Ognen recently maintained an office at 5715 Dorr St., and court records show he practiced in a medical building at 980 South Byrne Rd. in 2002.

A native of Macedonia, Dr. Ognen received degrees from the University of Belgrade in 1979 and Wayne State University, and practiced at Grace Hospital in Detroit.

He is licensed as a doctor in Ohio and Michigan.

Sarah Bednarski, a spokesman for Mercy Health Partners, said Dr. Ognen resigned from the medical staff at St. Anne in October, 2005.

He previously was on the staff of the former Riverside Mercy Hospital until it closed in 2002.

Steroid Seizure Among Largest (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, December 9, 2006

Authorities found about 40,000 units of substance in locker

It seemed like a routine seizure when federal customs agents intercepted a package of steroids at John F. Kennedy Airport in New York. From JFK, the investigation led authorities to Anne Arundel County to what they now call one of the largest stashes of man-made muscle enhancers found in the region.

Federal authorities and Anne Arundel County police searched the locker of the Bally's personal trainer last summer and wrote in court papers that they found about 40,000 vials and tablets of suspected anabolic steroids stuffed inside a locked chest.

"It's unprecedented, as far as we're concerned," said Floyd Pond, deputy director of the Washington-Baltimore High Intensity Drug Trafficking Area task force program. Ed Marcinko, a spokesman for the Drug Enforcement Administration in Baltimore, said he agreed with Pond's assessment.

James Dinkins, the special agent in charge of the U.S. Immigrations and Customs Enforcement's Baltimore office, said he could not answer detailed questions about the investigation his office led because the case is pending in U.S. District Court.

But sources familiar with the ICE investigation said that Schlanger might have been responsible for trafficking in as many as 250,000 so-called units of steroids over the past five years.

Schlanger, 47, of Catonsville, could face up to five years in prison and $250,000 in fines if convicted of federal drug conspiracy charges after authorities said they arrested one of his employees picking up a drug-filled package at a UPS store in July. A trial date has not been scheduled, attorneys in the case said.

Andrew Alperstein, Schlanger's defense lawyer, said Friday that he and his client had no comment on the charges.

A message left for the manager at Bally Total Fitness in Glen Burnie about Schlanger's employment was not returned yesterday. Alperstein said that his client has been released from federal custody to await his trial.

Court papers filed in federal and state courts, and sources familiar with the case, accuse Schlanger of working as a wholesale drug dealer who cast a wide net for customers, importing the muscle-building drugs through the mail from China and then reselling the steroids in the Baltimore region and nationally through the Internet.

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Authorities said in court papers that Schlanger's activities came to light when customs agents intercepted a package filled 3,038 units - usually either a vial or tablet - of steroids at John F. Kennedy Airport in New York City on July 5. The parcel was addressed to "Country Crafts," a federal agent wrote.

While agents investigated, two more packages arrived, one from China and one from Great Britain, court papers show. Authorities reported they contained 960 vials of Igtropin, an insulin-like growth steroid and testosterone enanthate.

Federal authorities brought in Anne Arundel County police to set up a "controlled delivery" of the drugs July 13 to the UPS store in Severna Park. When a man, Pierre R. Gumucio, retrieved the packages, he and his girlfriend, Rachael Ann Martin were arrested, officials said.

Inside their car were bags of clear glass vials of suspected steroids, orange pills and a book marked "ANABOLIC," according to court papers.

At Anne Arundel County's Eastern District, agents wrote that Gumucio confessed.

"Mr. Gumucio stated that he had been an 'on again off again'" recreational drug user for years," ICE Special Agent Jon Marsicano Jr. wrote in an affidavit.

He told investigators that he worked for Schlanger, receiving two to three packages a week for him from China over the past couple of years and wiring overseas payments for the drugs on Schlanger's behalf.

"According to Mr. Gumucio, Mr. Schlanger stated that U.S. Customs flagged him for prior importation of steroids and it was very difficult for him to receive packages without Customs inspecting them," Marsicano wrote in court papers. Schlanger also served as a moderator on professionalmuscle.com, using his connections to find customers around Baltimore and across the country, according to Gumucio's account in court papers.

The break in the case came when Gumucio told agents about Schlanger's storage locker, court papers say.

Anne Arundel police obtained a search warrant for the locker off Fort Meade Road. Inside, they wrote in court papers, they found about 18,200 doses of suspected steroids. Agents familiar with the case said this week that the final number inside the locker was actually 40,000 - a figure reflected in the pending federal indictment against Schlanger.

On the same day, July 14, agents attempted to search Schlanger's home on Arunah Avenue in Catonsville. But as they did, they found Schlanger at home and detained him as they sought a separate arrest warrant.

Inside his home, court papers say, authorities found more steroids, packaging material and vials. In August, a federal magistrate judge signed a search warrant for investigators to obtain electronic records of Schlanger's Yahoo e-mail account. Public court records do not reflect what agents found as part of their search.

After facing charges of drug possession in state court, authorities decided to move Schlanger's case and indicted him for conspiracy to distribute anabolic steroids in federal court on Sept. 20. Gumucio and Martin's drug possession cases remain in state court.

Drugs Factor In Car Crashes, Study Finds (AP)

AP, December 11, 2006

The focus on the dangers of drinking and driving may have overshadowed a similarly serious problem: the effect of drugs, including prescription medication, on drivers.

According to a federal study released Thursday, West Virginia medical examiners have found that drugs turn up almost as frequently as alcohol in the victims of fatal car crashes. The drugs found most often are prescription medications like painkillers and depressants.

The federal Centers for Disease Control is able to draw that conclusion because West Virginia — unlike most states — routinely tests the victims of fatal crashes for drugs and prescription medications as well as alcohol.

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“We have very thorough and efficient medical examiners,” said John Law, spokesman for the state Department of Health and Human Resources. “Doing this has provided us with information on what besides alcohol may be contributing to these accidents. A lot of states don’t have that.”

The study, released as part of the CDC’s Morbidity and Mortality Weekly Report, said it’s impossible to determine how often drugs are involved with fatal crashes nationally, because of a lack of data.

But in West Virginia, the regular testing has enabled the CDC to determine that drugs are found in 25.8 percent of people killed in wrecks. That’s similar to the percentage of victims found with a blood alcohol level above the legal limit — about 27.7 percent.

“These results suggest that drug use contributes substantially to driver impairment in West Virginia,” the report says.

The report studied results from 2004 and 2005, when 784 people died in car crashes in the state. Drug and alcohol tests were performed on roughly 84 percent of those killed. Nearly half the people killed had either alcohol or drugs in their system; 11 percent had both.

"I'm not surprised at all," said Jim Helmkamp, director of West Virginia University's Injury Control Research Center and professor in the Department of Community Medicine.

Helmkamp said results like these indicate the need to educate the public about the dangers of drugs — including prescription medications — and driving, similar to efforts warning against drunken driving.

The drugs found most often by the medical examiners were prescription medications, usually opioid painkillers like hydrocodone and oxycodone or depressants. The illicit drug most commonly found was marijuana, present in 8.5 percent of all victims.

Those results differ from previous studies that hadn't shown prescription medications appearing so frequently in crash deaths, said Dr. Len Paulozzi, a medical epidemiologist at the CDC Injury Center. Local factors — such as the prevalence of prescription painkillers in West Virginia — could be part of the cause for that.

"It's a stretch to say we can extrapolate these results for the rest of the country," Paulozzi said.

There also isn't enough data to determine how many people with prescription medications in their system had legally obtained them, Paulozzi said.

Athletes See Doping Case Appeals As Futile Exercise (LAT)

By Michael A. Hiltzik, Times Staff Writer

The Los Angeles Times, December 11, 2006

The arbitration system is flawed, with a tilt toward accusers. Accidental and trivial cases result in harsh penalties.

A panel of international sports arbitrators hearing a doping case against Olympic sprinter Torri Edwards went out of their way to sing her praises.

They described Edwards, then a 27-year-old USC graduate, as "a diligent and hardworking athlete" who had "conducted herself with honesty, integrity and character."

They acknowledged that her purported breach of doping regulations was entirely unintentional, caused by the obscure additive nikethamide in a couple of otherwise innocent glucose tablets she took at an exhibition race in Martinique.

"She has not sought to gain any improper advantage or to 'cheat' in any way," they wrote in August 2004.

But the arbitrators, while expressing "unease" about the rules and acknowledging their "harshness," still found Edwards guilty of doping. Her sanction: a two-year suspension from international competition.

The punishment was indistinguishable from what could have been imposed on an athlete caught deliberately injecting steroids. It wiped out Edwards' eligibility for the 2004 Summer Olympics in Athens.

Edwards' case and others like it illuminate the flaws in the appeals process for elite athletes accused of doping violations. A Times examination of the appeal system found that:

· Athletes are presumed guilty and denied routine access to lab data potentially relevant to their defense.

· Trivial and accidental violations draw penalties similar to those for intentional use of illicit performance-enhancing substances.

· Anti-doping authorities or sports federations have leaked details of cases against athletes or made public assertions of their guilt before tests were confirmed or appeals resolved.

· Arbitrators, theoretically neutral judges, are bound by rules drafted and enforced by the World Anti-Doping Agency and its affiliates, including the U.S. Anti-Doping Agency. They have almost no discretion to adjust penalties to fit individual circumstances.

The WADA rules govern the admissibility of evidence, the burden of proof and the selection of the arbitrators themselves. In each category they tend to favor the accusers. Athletes wishing to compete in national, international and Olympic events subject to WADA jurisdiction have no option but to agree to this system.

Anti-doping authorities argue that these rules — indeed, the very requirement that appeals be heard by arbitrators, rather than in court — are crucial to ensuring a fast and efficient process.

The question is whether they go so far that they deprive athletes of due process and fair hearings.

On the surface, anti-doping arbitrations resemble other commercial arbitrations. Generally, the athlete and the prosecuting agency each select one arbitrator, and those nominees jointly select a third. But the limits under which the panels operate differ from those in other commercial arbitrations.

"The rules are designed to make it as easy as possible to convict an athlete," Howard Jacobs, a prominent Agoura Hills-based athletes' attorney, told an American Bar Assn. conference this fall.

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The arbitration provisions, he said, require that "their tests are presumed to be scientifically valid. It's assumed that their labs did everything perfectly. And they have no obligation to provide you with documentation to rebut these presumptions."

This also differs from the standards in a U.S. court of law, where defendants or litigants are routinely granted access to a wide range of documents and the right to cross-examine expert witnesses and challenge technical evidence in great detail.

A costly undertaking

Accused athletes find that challenging a system stacked against them can be extraordinarily costly, prompting some to abandon any effort at defense.

"It wiped out my life savings and my college savings," Zach Lund, 27, a world-class skeleton sled racer from Salt Lake City, said of his effort to clear himself of doping charges.

In 2005, a drug test found traces of finasteride, an ingredient in anti-baldness medication, in his urine. The substance had been banned only that year over concerns that it might mask the presence of steroids in urine samples. That concern, however, was based on a single study by a WADA lab that had not been peer-reviewed by a medical journal. And Lund had been taking the hair restoration prescription for five years.

"I lost all my sponsorships and my funding" from the U.S. Olympic Committee, Lund said in an interview. "I even had to get money from my family and friends. The system is broken. Right now, it's catching people who make mistakes."

An arbitration panel acknowledged that the finasteride came from Lund's medication. In upholding a one-year suspension that deprived him of a chance to compete in the 2006 Winter Olympics in Turin, Italy, which opened on the very day of the ruling, arbitrators called him "an honest athlete" and acknowledged that the substance had no performance-enhancing effect.

They conceded that they had reached their decision "with a heavy heart": Although Lund had faithfully disclosed his medication on anti-doping forms at every event, no official had ever alerted him to the change in finasteride's status.

"The panel finds this failure both surprising and disturbing, and is left with the uneasy feeling that Mr. Lund was badly served by the anti-doping organizations," they wrote. Still, under the rules, the best they could do was impose the minimum one-year sanction.

A perfect record

USADA has never lost an arbitration case in its history, a record that spans six years and more than 40 proceedings. Authorities call that record a testament to their skill at bringing only bulletproof cases.

"If you're a clean athlete, you have nothing to worry about," says Travis T. Tygart, the agency's general counsel. "We don't proceed if it's not a doping case."

USADA Chief Executive Terrence P. Madden dismisses criticism of the arbitration process as sour grapes from athletes' lawyers.

"These are the same old tired arguments that we've heard for six years, and it's the same defense counsel who bring them up," Madden said.

Madden and Tygart contend that the agency's advantages in the arbitration system only compensate for its lack of governmental powers, such as subpoena authority. Athletes "want a set of rights that far exceeds the powers we have," Tygart says. "They say you have to give them constitutional due process. If that's so, then give us search-and-seizure powers to balance out that right."

But criticism of the process is more widespread than they acknowledge. Even some arbitrators are uncomfortable with the system.

"It's not serving the purpose it was meant to — to give the athlete a real opportunity to be heard," says one long-term doping arbitrator who did not want to be named so as to avoid internal controversy.

Pushing back

Arbitrators staged a rare revolt against anti-doping rules last summer in the case of Mariano Puerta, an Argentine tennis player who had accidentally ingested a tiny amount of a banned stimulant just before playing in the French Open. Puerta faced an eight-year suspension, which the panel considered tantamount to a lifetime ban for the 26-year-old athlete — "a result that is neither just nor appropriate," the panel wrote.

They agreed that Puerta's positive test resulted from his unwittingly sharing the same water glass that his wife had used for her medication.

Arguing that an appropriate penalty did not seem to be contained within WADA's rules, they fashioned their own solution by imposing a two-year ban. "The panel is not persuaded … that it is necessary for there to be undeserving victims in the war against doping," they explained.

But Puerta's case is unique. Only three times has an arbitrator in a U.S. case even filed a dissent. All three were by the same arbitrator: San Francisco lawyer Christopher L. Campbell, a former Olympic wrestler often selected as an arbitrator by athletes.

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One of Campbell's dissents came in the case of Kyoko Ina, a U.S. figure skater accused of refusing a drug test late one night. Evidence showed that a USADA official had led her to believe the test could be rescheduled for the next day. Because of the misunderstanding, she was threatened with a four-year suspension, despite never having failed a test or been suspected of doping.

"When any organization, including [USADA] turns this fight against doping on innocent athletes, that behavior is unacceptable," Campbell wrote.

Ina negotiated a two-year suspension and subsequently joined a professional ice show.

The current arbitration system took form after the creation of WADA in 1999, when sports organizations concluded that a unified anti-doping regime was preferable to the patchwork of national and sports-specific policies then in effect.

The tilt toward the prosecution in arbitration cases begins with the selection of arbitrators themselves. The rules require all arbitrators to be accredited by the Swiss-based international Court of Arbitration for Sport. In the U.S., the initial appeal by an athlete is heard by members of the court's North American branch. Any subsequent appeal is heard by panelists selected from the court's international membership.

Many arbitrators have current or prior professional relationships with USADA, WADA or other sports organizations that frequently serve as the prosecution in anti-doping cases.

Of the 45 members of the North American branch, at least 24 have such affiliations. They include Richard Young, an outside counsel to USADA, and WADA Chairman Richard W. Pound. Although neither has arbitrated a doping case, athletes' attorneys say their mere membership in the sports arbitration pool fosters an impression that the system is slanted against them.

In 2001, USADA staged an expense-paid visit for all accredited arbitrators and their spouses to the UCLA Olympic Analytical Laboratory, the leading WADA lab in the world. The session, attended by 22 of the 38 arbitrators then in the North American pool, featured presentations by USADA officials and Don H. Catlin, the lab director, capped by a night out at a Santa Monica restaurant.

"The arbs are jurors," says Edward G. Williams, an athletes lawyer who contends the session was tantamount to "a bribe."

"I've said anyone who went through that session should be disqualified," Williams said. "I always lose that argument."

The most powerful element tilting the process toward the prosecution is the presumption that the agencies' scientific tests are valid and that the work of WADA's accredited laboratories, which perform all the blood and urine tests, always meet international standards. The presumption is written into the WADA Code.

The presumption shifts the burden to the athlete to prove that the lab's work fell short of scientific standards and that its failures affected the outcome. The effect is to render the athlete guilty unless proved innocent. That's a reversal of the situation in a U.S. court of law, where prosecutors carry the burden of proof from start to finish.

"The athlete is being held accountable, but the lab can have a series of small errors and is not held to a strict liability," says David L. Black, president of Aegis Sciences Corp., a Nashville-based independent doping lab. "No deficiency in the lab performance ever seems to rise to the level of impeaching their finding."

Adding to the perception of bias are frequent leaks disclosing the names of athletes under investigation and public statements by anti-doping and sports officials asserting the athletes' guilt, even before appeals have run their course.

Earlier this year, for example, Pound suggested that former Tour de France champion Lance Armstrong had been guilty of doping in 1999. He based his comments on disputed and supposedly confidential research data compiled by WADA's Paris lab.

"It's a case that has to be answered," the WADA chairman said about what he called "documentary" data linked to Armstrong. His statements, along with other comments from sports authorities, drew rebukes from inside and outside the agency.

"Pound shoots at everything that moves," complained Hein Verbruggen, president of the International Cycling Union.

Losing trust

Scott Burns, an American member of WADA's executive committee, also objected. According to minutes of the September 2005 committee meeting, he complained that it was "the antithesis of what was done at WADA … to speak out or speculate precipitously, especially in public." As a result, Burns said, WADA risked having "lost the trust of athletes."

Another problem facing athletes is the limited availability of independent experts such as Black. A WADA rule prohibits members of its 34 accredited laboratories from testifying in defense of an athlete in a doping case.

The rule exists to shield the WADA labs from political pressure that might be exerted on behalf of a high-profile athlete from their own country, said Olivier Rabin, the agency's medical director.

Still, it reserves the expertise of most of the top doping scientists in the world for use exclusively by the prosecuting agency.

"It's difficult to establish the credibility of our experts when they go up against people who do this every day for a living," said Michael Straubel, a law professor at Valparaiso University in Indiana who has defended numerous athletes.

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Athletes' attorneys also face obstacles obtaining technical documents from the agencies. Under USADA rules, the agency is required to produce only records concerning the specific test performed on the athlete's own sample.

Not included are documents that might shed light on a WADA lab's general proficiency or its treatment of other similar cases, arguably pertinent to defense questions about lab consistency or reliability.

Tygart calls the document package routinely shipped to accused athletes "fair and overly generous." The U.S. agency generally rejects requests for further data unless the athlete "can articulate a need that's not a fishing expedition," he says.

USADA's position will probably be tested by Tour de France champion Floyd Landis, who has been charged with testosterone doping in the 2006 race.

Jacobs, Landis' attorney, submitted a 10-page request in October for documents related to the Paris WADA lab's general experience with the testosterone screening. Landis hopes to challenge whether the French scientists "have sufficient expertise at running this test" and whether they can justify their criteria for declaring the cyclist's sample positive.

Tygart rebuffed Jacobs. "Every request you make appears to seek documents or information not called for by the rules," he wrote. The defense lawyer is expected to ask arbitrators to force the release of more documents.

Even when an athlete is able to present a detailed case, the WADA Code ties arbitrators' hands in several ways. For example, arbitrators are prevented from considering an athlete's intent when judging a doping charge.

Under the prevailing principle of "strict liability," the mere presence of a prohibited substance in a blood or urine sample is sufficient to establish the violation, even if it is proved that the breach was accidental.

"We are fact-finders, and we apply the law within the narrow strictures that we are given," says Maidie Oliveau, an experienced anti-doping arbitrator based in Los Angeles.

Arbitrators may overturn a proposed suspension only if an athlete can prove he or she bears "no fault or negligence." They may reduce a suspension, albeit by no more than half, if they find "no significant fault or negligence." The standards for such relief are ambiguous and "virtually impossible to meet" in practice, says Jessica K. Foschi, who studies legal issues in doping at Duke University Law School.

A suspension waived

In the seven years since WADA's founding, only one athlete out of hundreds who have been sanctioned is known to have met the "no fault" standard: Australian tennis player Todd Perry. He proved last year that a tournament doctor had refilled his legal asthma inhaler with a banned drug without notifying him.

Arbitrators waived Perry's two-year suspension. Though they also absolved him of fault, they let stand his formal reprimand. Under the agency's strict liability doctrine, Perry remained a violator for having an illicit substance in his system.

The strict liability standard applies even when a doping charge hinges on subjective interpretations of laboratory readouts. These include WADA's test for erythropoietin, or EPO, a hormone that promotes red blood cell formation.

Chances of a misreading are high, according to the technical literature and experts interviewed by The Times. Several recent EPO charges have been dropped because retests failed to confirm initial lab findings or encountered other testing flaws.

"Testing is far behind where it needs to be, but the rules don't reflect that," Foschi says.

Foschi, who was accused and cleared of doping charges as a 14-year-old swimmer in 1995, criticized no-fault rules that require an athlete to prove how a substance entered his or her body to obtain a reduced penalty.

"The person who is most in trouble is someone who is genuinely innocent and has no idea how something got in his or her system," she said.

In her own case, she says, her sample was taken at an event in Pasadena, but she was not informed of the results until a week later, when she was competing across the country and the Pasadena venue had been dismantled. "By then it was impossible to go back and investigate."

Frustration with a harsh and rigid system may ultimately increase pressure for outside judicial review.

"There are cases where everyone doubts that justice has been done," says Bradley J. Andreozzi, a Chicago lawyer who has prosecuted and defended doping cases. He said the program is in danger of becoming "just a trap for the unwary."

But reforming the system could be costly. "The price of relaxing strict liability would be a period of less-stringent controls," said John Hoberman, an expert in doping policy at the University of Texas.

The cost of prosecuting authentic doping violations would go up, he predicted. "The payoff might be much better tests and not trampling on the rights of athletes who have all been thrown into one category labeled 'guilty,' " Hoberman said.

Many professionals within the system believe that the appeals process must become more flexible.

"We should have more discretion within certain parameters, such as in cases where there's no performance enhancement and no intent," said the longtime arbitrator, who asked to remain anonymous to avoid internal controversy.

USADA officials say they have proposed revisions to the WADA Code allowing arbitrators more latitude to reduce penalties in inadvertent cases — or to impose enhanced penalties in egregious cases.

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But WADA's leaders are leaning in the opposite direction. Pound, for one, says the rules are already flexible enough to accommodate all situations that arise in individual cases.

"The system, as a system, is a pretty good one," he said. "It can be tweaked here or there, but we're not sitting down with a blank sheet of paper and redesigning the entire world anti-doping system."

Athletes' Unbeatable Foe (LAT)

By Michael A. Hiltzik, Times Staff Writer

The Los Angeles Times, December 10, 2006

Anti-doping authorities serve as prosecutor, judge and jury. The innocent often pay a high price.

The worldwide sports anti-doping program, created to fight performanceenhancing drug use in international athletics, imposes severe punishments for accidental or technical infractions, relies at times on disputed scientific evidence and resists outside scrutiny, a Times investigation has found.

Elite athletes have been barred from the Olympics, forced to relinquish medals, titles or prize money and confronted with potentially career-ending suspensions after testing positive for a banned substance at such low concentrations it could have no detectable effect on performance, records show.

They have been sanctioned for steroid abuse after taking legal vitamins or nutritional supplements contaminated with trace amounts of the prohibited compounds. In some cases, the tainted supplements had been provided by trusted coaches or trainers.

The findings emerge from a Times examination of more than 250 anti-doping cases involving runners, cyclists, skiers, tennis players and competitors in dozens of other sports from around the world.

Alain Baxter, 28, became the first Briton to win an Olympic medal in Alpine skiing, placing third in the slalom at the 2002 Winter Games in Salt Lake City. Two days later he tested positive for methamphetamine, a banned stimulant. He was forced to forfeit his bronze medal.

His offense? He had used a Vicks Vapor Inhaler bought in Utah to treat his chronic nasal congestion. Unlike the Vicks inhalers sold at home, the American version contained traces of a chemical structurally related to meth — though lacking its stimulative qualities.

Despite testimony from a Vicks scientist that the compounds differed, an arbitration panel hearing Baxter's case ruled that because anti-doping authorities regarded the chemicals as related, he was guilty.

"It never crossed my mind that it would be different from the British one," Baxter told the BBC upon returning home. "I didn't think I was doing anything wrong."

A 17-year-old Italian swimmer treating a foot infection with an antibiotic cream her mother bought over the counter failed a doping test at a swim meet in 2004. Neither Giorgia Squizzato nor her mother realized that the cream's ingredients included a prohibited steroid — or that applying it between her toes could result in a positive urine test.

Arbitrators in her case acknowledged that "the cream did not enhance the athlete's capacity" and hadn't "favored her performance."

Nevertheless, according to the anti-doping program's zero-tolerance, or "strict liability," policy, which treats an athlete as guilty regardless of how a substance got into his or her body, Squizzato was judged negligent. Her penalty: a one-year suspension.

Stringent anti-doping measures have become a fact of life for the thousands of athletes participating in national and international events since the creation of the World Anti-Doping Agency, or WADA, at an international sports conference in 1999. WADA's founding was prompted by a rash of doping scandals threatening the credibility of global sports.

What has evolved to protect competitive purity since then is a closed, quasi-judicial system without American-style checks and balances. Anti-doping authorities act as prosecutors, judge and jury, enforcing rules that they have written, punishing violations based on sometimes questionable scientific tests that they develop and certify themselves, while barring virtually all outside appeals or challenges.

WADA's authority stems from the World Anti-Doping Code, which has been adopted by 186 governments, including the United States, and hundreds of Olympic and international athletic organizations. Under its provisions, athletes competing in sanctioned events are subject to mandatory urine and blood testing at any competition.

Athletes also must submit to unannounced random tests and provide authorities with detailed calendars showing where they can be found at any time, even on vacation.

A test sample is typically divided into two vials, labeled "A" and "B." The "A" sample is the first to be tested. If it comes up positive for a banned substance, the athlete may demand a confirmation test of the "B" sample. If that is also positive, the code

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allows the agency to declare the athlete in violation of doping rules and impose a penalty ranging from a public warning to a lifetime ban. Generally, the athlete also is disqualified from the event at which the violation allegedly occurred.

An accused athlete's only recourse in the face of a doping charge is arbitration, under rules of evidence dictated by WADA and designed to give the authorities the benefit of all doubt.

In many countries, including the United States, athletes have no right to appeal an adverse arbitration ruling to the courts. In the vast majority of cases, including every case heard in the U.S., the arbitrators have upheld the violation.

Tests for banned substances may be performed only at one of the 34 labs around the world accredited by WADA. Athletes are not permitted to have their samples tested at any lab outside the agency's system. The rules also prohibit WADA labs from doing any tests in defense of an accused athlete.

WADA Chairman Richard W. Pound, 64, a Montreal lawyer, argues that the program must be so stringent and uncompromising to be effective against doping, which he calls "the biggest threat to sports."

"The less discretion there is in the finding of a doping offense, the better it is," he told The Times in an interview.

Pound, a former competitive swimmer who finished just out of medal contention at the 1960 Summer Olympics in Rome, dismissed the notion that a significant number of doping cases are accidental or inadvertent; WADA policy states that every athlete is responsible for everything he or she ingests or applies to the body. In the case of adulterated supplements, he said, "If you didn't know what was in there, it's your own damn fault." In the rare cases that an athlete can be proved truly faultless, he added, the system is flexible enough to temper its penalties.

"If you're captured by a squad of Nazi frogmen and injected with a steroid, you're going to be found positive," he told The Times. "But it wouldn't be a two-year suspension."

The effect of a doping allegation on an athlete's life is immediate and crushing.

"For people who have never had to deal with something like this, it's hard to grasp what it takes away from you," says Rachael Burke, 23, a swimmer at the University of Virginia, whose urine sample turned up in May 2004 with a trace of boldione, an obscure steroid, possibly from a contaminated nutritional drink. Burke had never had a positive result in any other test in more than a decade of competitive swimming.

"You have no idea what happened," she recalled in an interview. "You have no control over the fact that they are going to announce to the entire public that Rachael Burke, this girl that everyone has seen grow up in the spotlight, has tested positive for steroids. The next day, you have to walk on the pool deck and people are saying, 'I wonder if that's why you were so good when you were 8 years old.' You're accused and convicted without a chance to defend yourself."

Concerned that fighting the charge would cost her family tens of thousands of dollars in legal and professional fees and that the arbitration rules were stacked against her, she eventually agreed to a two-year suspension. The sanction knocked her out of international competition, but preserved her right to swim in NCAA events.

Cases like Burke's undermine the program's credibility, says John Ruger, a former Olympic biathlon competitor who serves as athletes' ombudsman of the United States Olympic Committee in Colorado Springs.

He asserted that the anti-doping system sweeps up "two, three, five people every year who are not intentionally cheating."

Ruger added: "If the anti-doping program is to succeed worldwide, athletes have to believe it's a fair process."

Travis T. Tygart, general counsel of the U.S. Anti-Doping Agency (USADA), WADA's largest national affiliate, disagrees with Ruger's figures. He said the agency goes to great lengths to ensure that only the guilty are punished. He said about 20% of all its potential cases are tossed out, leaving only those USADA regards as irrefutable.

"We're not in this to falsely accuse," Tygart said.

He and other anti-doping officials maintain that underground efforts to cheat with new "designer drugs" are a continuing problem, an allegation reinforced by revelations in the Bay Area Laboratory Co-Operative, or BALCO, case.

The lab allegedly provided dozens of professional and amateur athletes with undetectable performance-enhancing treatments. Through 2004, USADA said, 13 athletes had been sanctioned under WADA rules based on testimony and evidence in the BALCO case, including some who never tested positive for any steroid.

Yet the international anti-doping program's own statistics cast some doubt on the concerns expressed by Pound and other officials about a sports world awash in drugs. Of USADA's thousands of tests per year, fewer than 0.5% have produced sanctions. Many of those were for prescription medications or substances with little or no performance-enhancing effect.

In 2005, for example, USADA conducted 8,175 tests and imposed sanctions on 20 athletes. Its testing program consumed $5.6 million that year, or 47% of a $12-million budget funded primarily by Congress.

Today the program is facing unprecedented controversy, the result of several high-profile cases.

One involves American sprinter Marion Jones, accused of failing an initial doping test last summer. She immediately rushed home from an international track meet in Switzerland. When her second "B" sample came up negative, the case against her appeared to collapse.

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The case remains open, however. Pound has infuriated Jones' supporters by suggesting the negative second test may have been flawed. He told BBC radio he was worried "that someone is misinterpreting things or doing things wrong."

In another simmering controversy, California cyclist Floyd Landis, the 2006 Tour de France champion, is appealing USADA's charge that he doped with testosterone during the July endurance race. He denies taking any performance-enhancing drug and is demanding a public arbitration hearing.

Landis also has posted online (at http://www.floydlandis.com) the laboratory evidence against him, giving the public a rare inside glimpse of a doping dispute and the science behind it.

The records show, for example, careless bookkeeping errors. Samples attributed to Landis were recorded under several incorrect serial numbers. Also, results from multiple tests on the same samples, all by the same Paris lab, produced markedly inconsistent results.

The Landis camp contends the documents prove he is innocent. "There is no basis for a positive test," says Arnie Baker, a San Diego physician and cycling coach. He is consulting for the Landis defense. "How it got this far in the first place, I have no idea."

'A closed system'

Nestled among industrial shops on a short block in West Los Angeles, just across from a Bed Bath & Beyond, is the world's preeminent sports anti-doping laboratory.

The nondescript three-story UCLA Olympic Laboratory is the domain of Don H. Catlin, a professor of molecular and medical pharmacology at UCLA Medical School who has made the fight against sports doping his life's work.

Holding contracts not only with WADA but with the National Collegiate Athletic Assn. and the National Football League, the UCLA lab performs nearly four times as many blood and urine tests as the global runner-up, in Cologne, Germany. Its work is commonly considered the gold standard of sports doping science.

For all his expertise, however, Catlin is forbidden by WADA rules from testifying in defense of an athlete in a doping case. He and the lab's more than 40 employees are prevented by WADA rules from engaging in "testing or expert testimony that would call into question … the scientific validity of work performed in the anti-doping program."

Despite WADA's claims of "public transparency and accountability," it operates largely as a hermetically sealed scientific community with minimal public oversight.

WADA pays labs, usually one of those in its network, to develop tests for banned substances. It then is the sole arbiter of the test's scientific validity.

WADA determines threshold levels at which traces of a substance are deemed a violation.

And under WADA rules, the same lab that performs a positive test on an "A" sample also must conduct the confirming test on the "B" sample.

"You have a closed system where very few people in the world know what the science is, and the system has a vested interest to make sure its findings are confirmed," says David L. Black, president and chief executive of Nashville-based Aegis Sciences Corp., a large independent doping lab unaffiliated with WADA.

"The lab should just be a fact-gatherer, but the WADA system is designed in a way that the labs are not just objective fact gatherers, but part of the body of prosecution," Black said.

The EPO riddle

No test in WADA's arsenal has drawn as much fire as its assay for synthetic erythropoietin, or EPO — a hormone that increases stamina.

EPO doping has been banned since the 1990s, when the synthetic version began to be used by athletes to improve their stamina. A urine test to identify artificial EPO was introduced in 2000 and has been refined several times since.

It is not a simple test. It can require 36 hours, scores of laboratory steps, sophisticated machinery and a high level of technical skills.

Unlike tests that produce empirical measurements or unmistakable indicators, such as litmus paper, the EPO test involves a significant level of interpretation. Because natural and synthetic EPO produce similar readings in the lab, even experienced technicians viewing the same results can differ in their conclusions.

Results also can be clouded by other natural substances in the sample or by poor lab technique.

"It's a more difficult test than others in that it doesn't give you a fingerprint," Catlin acknowledged in an interview, saying "the EPO test needs more work." However, he also called it "safe and defensible — we would not practice it if it were not."

Yet Catlin's lab produced perhaps the most conspicuous contradictory finding in an EPO test, leading to the apparent collapse of the doping case against sprinter Jones. The UCLA lab's test on her "B" urine sample failed to confirm its own positive finding on her "A" sample.

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Catlin says the case represents the first such mismatch in an EPO test by his lab. He declined to discuss it further, because the matter is under investigation by WADA.

But Allen K. Murray, an Irvine biochemist who witnessed the confirmation test on Jones' behalf, says her "A" sample should never have been declared positive in the first place.

"I have very serious questions about the 'A' result," he said, arguing that the quantity of the sample in the "A" test was too low to give a clear reading and that the lab interpreted the relatively faint image too aggressively.

At worst, he said, the initial test should have been declared inconclusive.

Jones's case was not the first flub involving an EPO test.

In 2003, Kenyan distance runner Bernard Lagat was charged with EPO doping after a race in Switzerland. The charge was dropped when his "B" sample proved negative.

Evidence uncovered by Lagat's defense team revealed his sample had been grossly mishandled — transported for hours in a car at temperatures sometimes exceeding 100 degrees, then inadequately cooled at WADA's Cologne lab. His experts testified that those conditions promoted chemical reactions in his urine sample that could have produced a false positive result.

They cited numerous other shortcomings in the EPO test that they say rendered it prone to false positives.

Lagat, who had been suspended by Kenyan sports authorities and barred from the world track championships after the initial finding, was reinstated in time for the 2004 Olympics, where he won the silver medal in the 1,500-meters event.

But with his lawyers contending that Lagat's "reputation will be tarnished by the doping suspicion for the rest of his life," he sued WADA and international track authorities in a German court. He demanded about $650,000, the value of potential prize money and sponsorship contracts he said he lost during his suspension.

The German court ruled that it did not have jurisdiction in the case.

Meanwhile, after Belgian triathlete Rutger Beke was charged with EPO doping during a 2004 race, scientists from a Belgian university tested the hypothesis that under certain conditions, intense exercise by some athletes could produce a positive EPO test in the absence of doping.

The test was instrumental in persuading a Belgian court to nullify Beke's doping charge, one of the rare cases in which WADA's science was tested in court — not its own arbitration regime.

It remains the rarest of WADA cases: overturned.

Nandrolone cases surge

Beginning in the late 1990s, anti-doping authorities saw a surge in positive tests for substances related to the powerful steroid nandrolone, a phenomenon that would pose a special challenge for WADA's program.

The reason was that WADA's own scientists knew that many cases were unintentional. Athletes, like the general public, were unaware that nutritional supplement makers were selling products contaminated with traces of nandrolone and other banned substances.

A statistical surge in nandrolone cases "allowed the testing program to puff out its chest and say, 'Look at how much we're doing,' " said Charles Yesalis, professor emeritus of health policy and administration at Penn State University and a leading expert on drug abuse in sports.

Studies performed by UCLA's Catlin and by researchers at the Cologne lab, then under the International Olympic Committee, showed in 2000 and 2002 that a wide range of nutritional supplements commonly taken by elite athletes were contaminated with nandrolone and other steroids.

Catlin's research, furthermore, made clear that it was not difficult for tests to distinguish a contamination victim from a cheater. His paper noted that an athlete taking nandrolone in a determined effort to cheat would show levels higher than 100,000 nanograms per milliliter, or parts per billion, of urine.

WADA's threshold for a doping violation, however, had been set in single digits: 2 parts per billion for men and 5 for women. It remains at that level today.

And anti-doping officials have continued to bring cases against athletes for positive tests almost certainly derived from contamination or for steroid levels that could not possibly have any performance-enhancing effect.

Irvine swimmer Kicker Vencill, for example, proved through lab tests in 2003 that the supplements he had taken were contaminated, causing his violation. He later sued the supplement maker in state court and won a $578,635 judgment.

Vencill appealed his suspension from international competition, but arbitrators concluded that the unwitting contamination of his multivitamins by the manufacturer did not relieve him of liability for consuming any banned substances.

"The evidence shows that the presence of a prohibited substance in the athlete's urine was caused by his ingestion of a prohibited substance — whether in a vitamin, a supplement or otherwise — for which the athlete bears complete responsibility."

The arbitrators upheld his two-year suspension, agreeing with USADA that he should receive the maximum penalty, "just as in any case of … 'intentional doping.' "

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"In their opening and closing statements, USADA said they were going to prove me a cheater," said Vencill, recalling his arbitration hearings. "It's a war in there, and you're fighting for your character and your integrity."

Anti-doping officials are unapologetic about the nandrolone cases and officially skeptical of explanations of innocence.

"You've got to hear these things over and over again to understand what a mantra it is," Pound scoffed in an interview. "You've got to say, 'Come on. Get over it. You're filled with nandrolone.' "

But there also are hints of internal disagreement. One of the program's arbitrators agreed with an accused athlete that she had ingested trace amounts of nandrolone unintentionally in adulterated vitamins.

American cyclist Amber Neben had tested positive for a concentration of 6.9 parts per billion of the steroid after a Montreal race, 1.9 over the limit for women — but vastly short of any potential performance-enhancing effect.

Arbitrator Christopher L. Campbell favored imposing no penalty, arguing that the fight against doping should not harm "innocent victims of a poorly regulated vitamin supplement industry."

Campbell was outvoted. By a 2-1 margin, the arbitration panel suspended Neben for six months.

(INFOBOX BELOW)

Who's in, who's not

Signatories to the World Anti-Doping Code include the Olympic movement and 78 international sports governing bodies. Here is a partial list of athletic organizations and events subject to the code's regulations, along with some notable exceptions.

Covered by WADA rules

All Olympic events

All Paralympic events

Commonwealth Games

World Cup*

Tennis Grand Slam events:

Wimbledon, French Open,

Australian Open, U.S. Open

Davis Cup

Tour de France

U.S. Tennis Assn.*

International Assn. of Athletics Federations (track & field)

International Basketball

Federation

International Gymnastics

Federation

International Hockey

Federation

International Triathlon Union

International Swimming

Federation

International Table Tennis

Federation

World Taekwondo Federation

World Bridge Federation

International Chess Federation

* Subject to their own anti-doping rules

Not covered

Major League Baseball*

National Football League*

National Basketball Assn.*

National Hockey League*

Major League Soccer*

National Collegiate

Athletic Assn.*

Professional Golfers Assn.

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Ladies Professional Golf Assn.**
U.S. Golf Assn. (U.S. Open)
British Open (golf)
* Maintain separate anti-doping programs
** Will begin drug testing program in 2008

(INFOBOX BELOW)
What's banned?
Substances banned by WADA include:
Anabolic steroids
Effects: builds strength,
facilitates training
Examples: stanozolol,
testosterone
Hormones
Effects: improves red blood
cell count, stamina, training
effectiveness
Examples: erythropoietin (EPO), human growth hormone
Stimulants
Effects: combats fatigue,
improves reaction time
Examples: adrenaline,
methamphetamine
Masking agents
Effect: conceals presence of steroids in urine
Examples: diuretics, epitestosterone
Source: World Anti-Doping Agency

Zero Tolerance: Some Questionable Results From Anti-doping Case Files (LAT)

The Los Angeles Times, December 11, 2006

Brooke Blackwelder

34, Cyclist from Boise, Idaho

A gold medalist at the 1994 Goodwill Games, she tested positive in 2001 for steroids traced to "likely" contamination of nutrition aids. Arbitrators called her "a credit to her community and a role model to young women," but ruled that her lack of intent to dope was immaterial.

Result: an eight-month suspension.

Rickey Harris

24, Runner from Centreville, Va.

He was a top hurdler on the track and field team at the University of Florida in 2005 when he tested positive for Dexedrine, a medication for attention deficit disorder. Arbitrators agreed he was under the "mistaken belief" that he had provided paperwork for a waiver, but the school failed to file it.

Result: a one-year suspension.

Johannes Eder

27, Skier from Viehofen, Austria

Just before his cross-country relay at the 2006 Olympics, he suffered severe diarrhea. His physician, a former team doctor, advised by phone that he inject himself with a saltwater solution. Arbitrators agreed he was indeed seriously ill and his treatment could not have enhanced his performance.

Result: a one-year suspension, because the injection should have been done by a doctor.

Christine Ohuruogu

22, Runner from London

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The 400-meter racer and top hopeful for London's 2012 Olympics missed three random drug tests. An independent disciplinary panel attributed it "only to forgetfulness." Members called her one-year suspension "very harsh" for an athlete "who had no intention" of cheating.

Result: a threatened lifetime Olympics ban is pending.

Giorgia Squizzato

17, Swimmer from Mestre, Italy

While competing in Germany, she used an antibiotic skin cream on a foot infection. Her urine tested positive for "a low concentration" of a steroid in the cream. Arbitrators said it "did not enhance the athlete's capacity," she did not intend to cheat, but she was negligent.

Result: a one-year suspension.

Alain Baxter

28, Skier from Scotland

He took third in the slalom at the 2002 Winter Olympics but failed a drug test because he used a Vicks Vapor Inhaler made in the U.S., which unlike U.K. brands has a mild relative of a banned stimulant.

Result: a three-month suspension and forfeit of his Olympic bronze medal.

Meth Labs Abundant This Hunting Season (USAT)

By Judy Keen

USA Today, December 11, 2006

Hunters stalking deer and pheasant also are finding methamphetamine labs or their remnants in remote areas this fall.

Three Michigan hunters have discovered separate dumps of equipment and chemicals used to make the illegal drug, says State Police Lt. Chet Wilson. Hunters in Arkansas, Indiana and Tennessee have made similar finds.

The encounters can be risky, especially if someone is using the lab when a hunter discovers it. Approaching meth users while wearing "camouflage clothing and carrying a firearm can be a recipe for disaster," warns a hunting handbook published by South Dakota's Department of Game, Fish and Parks. It advises hunters to keep their distance and avoid contact with the solvents and acids used to "cook" the drug.

Methamphetamine is a highly addictive stimulant that can be injected, snorted, smoked or swallowed. It is made in home labs using cold pills and other easily purchased ingredients. The process creates a distinctive odor that's often compared to cat urine.

Federal and state laws restricting sales of cold tablets containing ephedrine or pseudoephedrine, key components of meth, have reduced the number of labs, law enforcement officials say.

"Due to a new law that bans sales of pseudoephedrine off the shelf, we have seen an extreme reduction in meth labs," says Rod Slings of the Iowa Department of Natural Resources' law enforcement bureau.

Those who still make meth are moving to isolated areas to escape detection.

"Wildlife areas are a place cookers can go and not risk having the neighbors next door turn them in," Slings says. Hunters there find labs or meth dumps several times each season, he says.

Hunters occasionally spot "tweakers" making meth in rural areas, but it's more common to find leftover equipment. Officials tell hunters to look for ordinary plastic coolers with hoses, gas cylinders and stained coffee filters. South Dakota's hunting handbook recommends hunters look for lye, iodine, brake cleaner and stained cookware.

"Hunters come across a cooler or some other type of containers, and they're curious, and they want to open them," says Wes Baxter, a sheriff's deputy in Craighead County, Ark. A hunter there recently found a cylinder with copper tubing, batteries and rubber gloves.

"We strongly encourage people not to touch these items," Baxter says. Hazardous-waste removal teams often are called in to dispose of the toxic equipment.

Natural resources and law enforcement officials use public-relations campaigns to warn about the dangers of meth gear. The Minnesota Deer Hunters Association sponsors public-service announcements on radio stations each fall to warn hunters to be on the lookout for meth labs. "How can people abuse our natural resources like this?" asks Mark Johnson, the group's executive director.

Lt. Carl Lamb of the Seymour, Ind., police department has conducted seminars for hundreds of area hunters and farmers. After the training sessions, he says, "They recognize what to look for and know not to mess with it."

Larry Dale, a hunter and hunting safety instructor in Petersburg, Ill., says hunters can be "useful eyes and ears" for law enforcement when they know how to identify meth-related equipment. The drug and its makers, he says, are "a general menace to society."

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Afghan Poppies To Get Herbicide Spray (AP)

By Jason Straziuso

AP, December 11, 2006

The top U.S. anti-drug official said Saturday that Afghan poppies would be sprayed with herbicide to combat an opium trade that produced a record heroin haul this year, a measure likely to anger farmers and scare Afghans unfamiliar with weed killers.

John Walters, the director of the U.S. Office of National Drug Control Policy, said Afghanistan could turn into a narco-state unless "giant steps" are made toward eliminating poppy cultivation.

"We cannot fail in this mission," he said. "Proceeds from opium production feed the insurgency and burden Afghanistan's nascent political institutions with the scourge of corruption."

Afghans are deeply opposed to spraying poppies. After nearly three decades of war, Western science and assurances can do little to assuage their fears of chemicals being dropped from airplanes. Because of those fears - and because crop dusters could be shot down by insurgents - spraying would need to be done on the ground.

The Afghan government has not publicly said it will spray, and President Hamid Karzai has said in the past that herbicides pose too big a risk, contaminating water and killing the produce that grows alongside poppies.

But Walters said Karzai and other officials have agreed to ground spraying.

"I think the president has said yes, and I think some of the ministers have repeated yes," Walters said without specifying when spraying would start. "The particulars of the application have not been decided yet, but yes, the goal is to carry out ground spraying."

Gen. Khodaidad, Afghanistan's deputy minister for counter-narcotics, said the government hadn't made any decisions yet. But a top Afghan official close to Karzai said the issue was being looked at closely.

"We are thinking about it; we are looking into it. We're just trying to see how the procedure will go," said the official, who spoke on condition of anonymity because of the sensitivity of the issue.

Opium production in Afghanistan this year rose 49 percent to 6,700 tons - enough to make about 670 tons of heroin. That's more than 90 percent of the world's supply and more than the world's addicts consume in a year.

A U.S. official who asked not to be named told The Associated Press last month that if Afghans don't spray in 2007 "there's going to be a lot of pressure on the government for spraying ... a lot of pressure from the U.S."

At the news conference Saturday, Walters tried to emphasize to the largely Afghan media members in attendance that spraying was perfectly safe. He said the herbicide glyphosate - sold commercially in the United States under the name Roundup - would be used, and that it was a safe and common weed killer.

He said the U.S. uses glyphosate to spray marijuana plants in Hawaii and that it's also used against coca plants in Colombia.

"We are not experimenting on the people of Afghanistan," he said. "We are not using a chemical that has a history of questionable effects on the environment."

Walters said he didn't expect the fight against poppies "to be a one-year success story." A recent U.N. report said it would take a generation - 20 years - to defeat the drug trade in Afghanistan.

To Save Lives In New Jersey (NYT)

The New York Times, December 11, 2006

Intravenous drug addicts who become infected by sharing contaminated needles and then pass on the infections to spouses, lovers and their unborn children account for about half of the AIDS cases in New Jersey. The state's drug-related infection rate is said to be twice the national average.

These tragic statistics cry out for life-saving programs that slow the spread of infection by giving addicts access to sterile syringes. At the moment, however, New Jersey is the only state that is still resisting this proven AIDS-prevention strategy.

The Legislature can bring the state into line with long-established medical policy — and save lives in the bargain — if it passes a set of bills that would establish municipal syringe exchange programs.

Needle access programs have the overwhelming support of the medical, social service and AIDS prevention communities. Nonetheless, some lawmakers are afraid of supporting them publicly for fear that they will be accused of encouraging drug use.

But that is simply not the case. Data from across this country and abroad show that needle exchange actually slows the spread of disease without increasing intravenous drug use. Thanks to the effectiveness of these clean needle programs, their value is no longer in doubt.

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New Jersey lawmakers should bear this in mind as they approach the vote. A vote for the needle access program is a vote for saving the lives of men, women and unborn children. A vote against the program is a vote for more infections, higher medical costs and more unnecessary deaths.

TAX:

IRS Employees Return Nearly 6 Months After Flooding Closed Headquarters (column) (WP)

By Stephen Barr

The Washington Post, December 10, 2006

Susan Hedeler is going home -- to eleven-eleven, as she calls it.

The Internal Revenue Service headquarters building, at 1111 Constitution Ave. NW, has reopened, almost six months after heavy rains flooded the basement and sub-basement, destroying electrical and air-conditioning equipment.

Hedeler is set to be in her sixth-floor office this morning and to get back to old routines, including a breakfast stop at a favorite eatery. She will no longer be one of the "displaced," working from home or from IRS offices in New Carrollton.

Her commute to 1111 will take about 30 minutes -- a vast improvement over the 90 minutes she spent on buses and trains traveling from her Northern Virginia home to New Carrollton. Her workday will be smoother, , with colleagues nearby and a complete set of reference files not far from her desk.

The June flooding came as Hedeler's office, media and publications, was ramping up production of tax forms, instruction sheets and other material for the 2007 tax filing season. Managers were at an outside-the-Beltway retreat, but the management meeting quickly turned into a planning session when the staff learned that the flood had closed the headquarters for what officials initially projected would be 30 days.

"It was rather fortuitous that we were all there," Hedeler said. Managers went to work contacting employees and figuring out who worked on critical programs and needed to be given offices first.

By mid-July, all of the publications staff had been assigned temporary cubicles and offices in New Carrollton. But the staff kept up with their work, even as they waited for offices, because many could work elsewhere on their laptops.

"It was a bit of a challenge," Hedeler recalled. Employees used to working together on one floor of the downtown headquarters were spread across three buildings at New Carrollton. Although the IRS moved computers and files from downtown to the temporary offices, there were times when employees had to hunt down documents or try to retrieve them electronically.

"Some of the things I thought weren't necessary to take with me, I missed while I was there," Hedeler said. Still, she added, "you can't take everything with you."

Despite the sense of camping out in New Carrollton, Hedeler said she had "positive experiences," such as meeting new people and forging new working relationships.

The IRS accommodated many employees by putting them on flexible work schedules and allowing them to work at home and at telecommuting centers. Hedeler said that she worked from home "a couple of days a week" and that "being able to be hooked up to the computer at home certainly made my life a lot easier."

But she missed working at the IRS headquarters. She returned once to get some work material and ran into her boss. "We both sort of simultaneously said, 'This is so sad.' It was. It was like someone or something had died. It was an eerie feeling."

The June 25 torrential downpour shut down the IRS, Justice Department, National Archives and other buildings in the low-lying Federal Triangle. But the flooding sunk the IRS.

An estimated 5.5 million gallons of water flooded the basement and sub-basement at 1111, almost enough to fill the tank where killer whales live and perform at SeaWorld in Orlando.

The sub-basement, which was under 20 feet of water, held the building's electrical transformers, electrical switch gears and chillers. In the basement, the flooding damaged food service areas, computer equipment and offices.

The General Services Administration has spent more than $25 million on repairs, which will be finished in April.

More than 2,000 employees work in the building and will return in phases. A group of about 400 returned Friday, and more than 600 come back today. An additional 800 employees will be back by Dec. 19, and the remainder will return after Jan. 1, the IRS said.

Hedeler, the senior staff assistant to the IRS director of media and publications, said her office adhered to its production schedule for forms and documents, despite the disruption caused by the flooding.

She laughed and said, "You're going to get your 1040, don't worry."

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CONGRESS-ADMINISTRATION:

At Session's End, Congress Cuts Taxes (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 11, 2006

In a final, late-night surge of legislating, the 109th Congress passed $45 billion in tax cuts and a trade package affecting at least 150 developing nations, as well as a range of smaller bills on issues from healthcare to energy. But they left most of the current fiscal year's spending decisions to the next Congress.

It was the last gasp of a lame-duck Congress caught between two majorities - and ready to go home. With Democrats poised to take control of both the House and Senate next month, Republicans used their final hours in charge of Congress to make good on promises to many of Washington's most powerful interests as well as to American families they hope to woo back in 2008.

The 11th-hour output includes popular tax extenders, such as the research and development tax credit for businesses and the tax break for college tuition. It also includes more controversial provisions, such as opening some 8.3 million acres along the Gulf Coast to oil and gas drilling, and a trade deal with Haiti that could hurt US textile interests.

Meanwhile, Democrats say the outgoing "do nothing" Republican Congress met rarely and accomplished little. On Friday, House majority leader-elect Steny Hoyer (D) of Maryland announced there would be more five-day work weeks in the next Congress "to address the critical issues facing our nation and fulfill our responsibility to oversee the executive branch." (Under GOP control, the Washington work week was about 2.5 days.)

In the final days, Republicans faced their greatest opposition from within their own ranks. "This is an embarrassing situation to be chairman of [the] Budget Committee in a Republican Congress and to have a bill brought to the floor that does such damage to the budget," said Sen. Judd Gregg (R) of New Hampshire in a floor speech directed mainly to his GOP colleagues Friday night.

As late as Friday, eight senators from textile states were threatening to block the omnibus trade and tax bill unless a proposal to lift tariffs on clothing manufactured in Haiti was removed. They said it would open US markets even further to unfair competition from China, but they fell short of the votes needed to prevail.

"It's stunning that the House leadership and Senate as its last act before it adjourns is going to ramrod a job-destroying trade bill past the Congress," said Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition, before Friday's vote.

In response, backers said the trade package, including permanent normal trade relations with Vietnam, will lower costs for US manufacturers and consumers.

"This legislation will help to create stronger trading partners for the future, while also recognizing our responsibility as having one of the world's strongest economies to help developing countries grow," said House Ways and Means Chairman Bill Thomas (R) of California in a statement after the 212-to-184 House vote.

The 109th Congress also voted to postpone completing nine of 11 FY 2007 spending bills until Feb. 15, forcing Democrats to take up divisive spending issues as they are ramping up in the next Congress.

"It's real act of defiance by the lame-duck Congress and a conscious attempt to set up a political problem for the next Congress," says Julian Zelizer, a congressional historian at the Boston University.

"It's more than just leaving a budgetary mess. It's creating a huge problem in how Democrats will solve the tension within their party between fiscal conservatives and those who want to start new spending initiatives and how Democrats will deal with corruption and whole pork-barrel issues," he adds.

GOP Lawmakers Add Provision To Passing Tax Package (WP)

By Jeffrey H. Birnbaum And Lori Montgomery

The Washington Post, December 11, 2006

Republican lawmakers, with little public debate, quietly added a billion-dollar health-care benefit to legislation that was rushed through Congress just before it adjourned Saturday morning.

Acting at the urging of several major business lobbies eager to reduce their medical-insurance costs and the outgoing chairman of the House's tax-writing committee, lawmakers adopted the provision even though only a single committee had previously approved it.

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The provision, which materialized without fanfare late last week inside a massive tax-cut measure, expands the amount of money that can be contributed tax-free to health savings accounts (HSAs). The accounts can be used to pay medical bills and for other health-related coverage.

The legislation allows anyone to shelter thousands of dollars annually in HSAs, regardless of how much that person pays for a health-insurance deductible. Current law limits HSA contributions to the amount of a person's deductible. The expansion would cost the government $1 billion in lost tax revenue over the next decade.

Democrats, who will take control of Congress next month, have generally opposed the expansion. But supporters said that House Ways and Means Committee Chairman Bill Thomas (R-Calif.) championed it and pressed it through to final approval in the wee hours Saturday morning.

A coalition of high-profile corporate organizations, which pushed for the legislation, spent last week deploying lobbyists across Capitol Hill and urging their members back home to write letters and place phone calls to lawmakers. The U.S. Chamber of Commerce, the National Federation of Independent Business, the American Bankers Association, the Business Roundtable and several insurance companies belonged to the coalition, according to Paul Dennett, vice president for health policy of the American Benefits Council, a leading participant in the group.

Even the advocates doubted until the last minute that their provision would succeed.

"We nicknamed [ourselves] the 'Keep Hope Alive Coalition,' " Dennett said. "It seemed that the provision might fall off the wagon."

That it remained in the bill was thanks largely to Thomas, who "quite clearly played the strongest role," Dennett said, adding, "In Democratic offices, this was something they didn't want to do."

Organized labor, a major backer of Democrats, has disparaged HSAs as a way for companies to unload more of the cost of medical coverage on their workers.

The American Benefits Council, meanwhile, has argued that HSAs allow both employees and employers to save money. Dennett said the newly approved provision merely improves the program, which was first enacted in 2003 and now is used by more than 3 million Americans.

"These are modest but sensible kinds of things that need to be done," he added.

The Ways and Means Committee approved the provision in late September, right before Congress adjourned for the midterm elections. The legislation was passed neither in the Senate nor on the House floor until it was okayed as part of the larger bill last weekend.

"This has been a clear Republican priority and there was an opportunity . . . to move this package of good legislation," said Ianthe Jackson, spokeswoman for the Ways and Means Committee. "This is something that Mr. Thomas believes in, and making minor adjustments will help these accounts continue to grow."

HSAs were created to encourage people to choose high-deductible insurance plans, take control of their health-care spending and, ultimately, bring down medical costs. High-deductible plans are increasingly popular among employers because they are less expensive than traditional plans. HSAs allow families enrolled in such plans to sock away money tax-free to pay their out-of-pocket expenses. Under current law, annual contributions to the accounts are limited to the amount of a person's annual insurance deductible and cannot exceed $2,700 for an individual or $5,450 for a family.

Under the new law, if it is signed by President Bush as expected, any health savings account holder could choose to shelter the maximum amount, which is scheduled to increase next year to $2,850 for individuals and $5,650 for families.

The HSA provision was one of several pro-business items that managed to get through Congress at the eleventh hour. The tax measure revived more than 20 tax breaks, at a cost of $38 billion over five years, and nearly a dozen credits promoting alternative energy sources. It also opened 8.3 million acres in the Gulf of Mexico to oil and gas drilling and prevented a 5 percent cut in Medicare payments to doctors from taking effect Jan. 1.

Health savings accounts were not publicly identified as part of those negotiations until Thursday, after House and Senate negotiators, including Thomas and Senate Finance Committee Chairman Charles E. Grassley (R-Iowa), emerged from an early-morning session with an agreement about what the final package would include. Hours later, the Ways and Means Committee released an explanation of that legislation, with the expansion of health savings accounts slipped in among 22 tax breaks, 11 energy measures and nearly 30 "other provisions."

In a news release, Thomas called the package "a bipartisan compromise that is 'must-do' work in Congress this year." He urged "my House and Senate colleagues to approve it quickly."

They did so after midnight Saturday, with both chambers giving overwhelming approval to the legislation. The HSA provision was barely mentioned in the closing congressional debate.

Congress Bolsters Health-Care Initiatives (WSJ)

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By Sarah Lueck

The Wall Street Journal, December 11, 2006

WASHINGTON -- As Congress ended its session, lawmakers authorized billions of dollars in spending to shore up government health initiatives -- from funding for Medicare and medical research to antibioterrorism efforts -- passing legislation that included provisions aimed at injecting more transparency and accountability into the programs.

Congress agreed to pay physicians a bonus in exchange for more data on the quality of care provided to Medicare's elderly and disabled beneficiaries. In addition, the National Institutes of Health stands to get a boost in funding for research, but also must set up an electronic tracking system that would help Congress monitor how its grants are used.

States and local governments will continue to receive federal grants to help them prepare for health emergencies, such as a bioterrorism attack, but they will have to show the federal government that they are making progress, or risk losing the money.

The changes underscore that as the government's health-related responsibilities grow Congress and many policy makers want more for its money. And in the face of big disagreements over how to solve some major health issues on the horizon, lawmakers are pushing incremental changes that could pave the way for broader solutions down the line.

This is clearest in Medicare, the federal health program that covers more than 40 million elderly and disabled people. Congress agreed to erase a scheduled reduction in payments to physicians, but it made a 1.5% bonus payment available only to physicians who report to Medicare how they perform on certain specified barometers of health-care quality. Initially, the payments will be based on whether the physician reports the data, but the system lays the groundwork for higher payments to better-performing physicians.

Among the information Medicare officials will collect: whether doctors provide aspirin and beta blockers to patients having heart attacks, and whether elderly patients are screened for their risk of falls. These practices are considered indicators of good patient care.

Hospitals, too, will have greater responsibility for reporting quality-of-care data. While most hospitals already have been doing quality reporting on inpatient care, the new legislation requires them to do so for outpatient services to receive the full payment scheduled under law for those services. Congress added an additional wrinkle to the program in the latest legislation, requiring the Department of Health and Human Services to consider ways that the hospital data could be made available to the public.

The quality-reporting provisions may well prompt criticism from health-care providers. Already, the American Medical Association, while praising the payments Congress awarded its physician members, said it has "concerns" about the quality-reporting system.

The Medicare changes were part of a tax bill Congress passed before heading home.

Separately, the House and Senate also worked out their differences on a complex package of health legislation that lumped reauthorization of the Ryan White CARE Act, which funds state-level treatment of people with HIV and AIDS, with a reorganization of the NIH and anti-bioterrorism initiatives.

The NIH provisions, a top priority of House Energy and Commerce Chairman Joe Barton (R., Texas), would provide the $30 billion-a-year agency a boost of about $4.5 billion in the next two years. Congress still must appropriate the funds.

Mr. Barton has criticized the NIH for being a "hodgepodge of different interests," and insisted on greater collaboration and transparency at the agency. In addition to a new requirement to track grants electronically, the legislation calls for the NIH director to send biennial progress reports to Congress on research activities. The legislation also sets up a "common fund," valued at $1.5 billion next year, which the NIH director controls and can spend on research involving more than one of the agency's institutes.

On bioterrorism, Congress passed new requirements for the secretary of health and human services to set benchmarks for states and localities receiving federal grant money to prepare for health emergencies. States also must begin matching the funds in 2009, and they must perform regular drills and exercises to identify weaknesses in their emergency-response systems and report what they find to the federal government.

The health package also calls for a $1 billion in grants to biotechnology firms developing drugs and vaccines for bioterrorism-related illnesses and infectious diseases. The money, a response to criticism of the government's beleaguered $5.6 billion Bioshield program, is intended to help companies through the so-called Valley of Death, a period in the start-up process when they need to conduct costly research and scale-up manufacturing capabilities but don't yet have products that translate into government contracts or private investment. Congress also gave the federal government more flexibility to award periodic payments when the companies meet predetermined milestones.

Congressional action "sends a signal" that the government is committed to funding the bioterrorism sector, said John Clerici, a lawyer at McKenna Long & Aldridge who represents biodefense clients. The bill would benefit many of the small biotech

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firms focusing on this type of research and was supported by some venture-capital firms because they have invested in the sector or would like to.

Crucial to getting the health package through Congress was an agreement to redistribute funds in the State Children's Health Insurance Program, which provides grants to help states cover low-income children. Mr. Barton initially objected to a plan that would have given unspent SCHIP funds from one group of states—including Texas—and given them to other states that are facing shortfalls in their programs, such as Massachusetts and Rhode Island. But the final deal capped the money shifted away from Texas at $20 million, and Mr. Barton agreed to move the other health legislation through the House. He also won Senate passage of his NIH changes.

Congress also changed the funding formula in the Ryan White program, which provides grants to states and cities for treatment of people with AIDS. Now, cases of HIV—not just full-blown AIDS—also will be counted when the federal government is deciding how to dole out the money, a move that shifts resources to states, including many in the South, with relatively newer epidemics of the disease. Lawmakers from states with more long-running epidemics, including New York, New Jersey and California, had objected to the change. The final agreement lessened the blow to those places.

US Lawmakers Exit With A Last Nod To Oil Drilling (CSM)

By Brad Knickerbocker

Christian Science Monitor, December 11, 2006

As one of its final acts, the 109th Congress Friday approved opening to oil and gas development 8.3 million previously protected acres off the Gulf Coast - a last bid to influence energy and environmental policy before the Democrats assume control.

Industry officials are pleased; environmentalists much less so.

"Let's hope this is Congress's one last fling with Big Oil and that we can make a fresh start to achieving true energy security with ... the new Congress," said Carl Pope, Sierra Club executive director, in a statement.

But John Engler, National Association of Manufacturers president, says exploring the outer continental shelf is "critical to the US economy." Just how critical depends on the cost of development and on whether other sources of gas and oil are sought and found as well.

For example, the Bush administration is considering lifting a ban on drilling in Bristol Bay, Alaska, imposed by Congress after the 1989 Exxon Valdez oil spill in Prince William Sound. But congressional resistance to such energy-extraction efforts - including in the Arctic National Wildlife Refuge - is likely to mount after Democrats take control of the House and Senate.

Democrats, for their part, say they'll close what they see as loopholes in a program requiring companies to pay royalties on oil pumped on US property. Critics - including the Government Accountability Office and the US Interior Department's inspector general - say officials have not enforced the collection of royalty payments amounting to tens of billions of dollars.

Interior's IG recently found that the number of departmental audits and auditors had declined markedly since 2000. As a result, the investigation found, just 20 percent of firms involved in oil and gas development and 9 percent of properties had been examined in the past three years. Interior often relies on oil companies to report the amount of resources extracted on federal land, which forms the basis for royalty payments.

Testifying before Congress in September, Interior's Inspector General Earl Devaney said the agency operates in a culture that "sustains managerial irresponsibility and a lack of accountability." In defense of their record, Interior officials note that audits in fiscal year 2006 covered 73 percent of revenues, up from 46 percent in 2003.

Still, the IG report led R.M. "Johnnie" Burton, director of Interior's Minerals Management Service, to pledge to strengthen procedures, improve administrative controls, and enhance tracking systems.

Under the Gulf Coast drilling bill passed Friday, 37.5 percent of royalties will go to Louisiana, Texas, Mississippi, and Alabama; 12.5 percent to land and water conservation programs; and 50 percent to the US treasury. To win over Florida lawmakers, the bill disallowed drilling within 125 miles of the Florida coast.

Congress Approves Bill To Criminalize 'Pretexting' (WSJ)

By David Rogers And Robert Guy Matthews

The Wall Street Journal, December 11, 2006

WASHINGTON -- Spurred by the Hewlett-Packard Co. scandal, Congress approved legislation that would make it a federal crime to obtain an individual's telephone records without his or her approval.

The measure spells out new federal criminal penalties for those who buy and sell such fraudulently obtained records. The White House said President Bush will sign the measure.

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The bill targets "pretexting" tactics, where investigators use schemes to impersonate their target and gain access to private phone records. Investigators hired by H-P used the strategy this year when investigating who leaked information to reporters.

About 12 states have made telephone pretexting a crime, but there is currently no clear federal prohibition. Former H-P Chairman Patricia Dunn and several others were charged in the pretexting scandal for violations of California's state privacy laws. Ms. Dunn has pleaded not guilty.

Journalists and media organizations that purchase confidential records knowing they were obtained without the consumer's consent could be subject to fines of as much as $500,000 and imprisonment for as much as 10 years. Additional penalties would be imposed in cases where the information is used to commit further federal crimes or causes substantial financial harm, for example, to a consumer whose identity has been stolen.

The law contains an exception for law-enforcement agencies.

Until recently, telephone pretexting has existed in a murky legal realm, and federal regulators and state attorneys general often have been forced to bring cases under general consumer protection or antifraud statutes.

Many consumer advocates called the bill an important first step to quash pretexting, but they warned that the bill does nothing to prevent people from using impersonation methods to gain access to private details on electricity, gas, and water-and-sewage bills.

"The legislation leaves open the wider issue of pretexting to get all forms of consumer records," said Rob Douglas, an information-security consultant and editor of PrivacyToday.com. "I would hope that this would continue to be an issue for the next Congress."

Some consumer advocates wanted the legislation to go further, forcing phone companies to increase their security procedures. Phone companies were against more-stringent mandates, saying they were victims along with their customers, of fraudulent pretexting.

"This legislation focuses on the criminal," said Joe Farren, spokesman for CTIA-The Wireless Association, a cellular-carriers trade group. "What we shouldn't be doing is trying to blame the victim."

Pretexting isn't a new issue. In 1999, Congress passed legislation making it illegal to obtain financial records using the scheme.

Democrats Can Smell The Pork (WP)

By Robert D. Novak

The Washington Post, December 11, 2006

The sterile, confused lame-duck session of the Republican-controlled 109th Congress ended with a quiet victory by reformers that staved off an estimated 10,000 earmarks. But it could not be called a farewell to pork. As the House approached adjournment Thursday, Democrats signaled they may countenance a return to free and easy spending ways when they assume the majority Jan. 4.

The hero of the lame-duck session was freshman Republican Sen. Jim DeMint of South Carolina. He was instrumental in blocking a Senate-House conference on a military construction appropriations bill, which would then be used as the last train out of town to carry pork. But just as the reformers were cheering Thursday, a coalition of Republicans and Democrats defeated a procedure designed to inhibit Pentagon earmarks.

That leaves an unanswered question for the new Democratic majority. Rep. Rahm Emanuel, the dynamic new member of the House Democratic leadership, has exhorted colleagues not to forget that their campaign against the Republican "climate of corruption" brought them into power. But does Emanuel's concept of reform go beyond new lobbyist control regulations and extend to the bipartisan addiction to pork-barrel spending?

The first closed-door meeting of Republican senators after their drubbing in the election erupted in discord after the leadership laid out plans for an omnibus spending bill, putting all unfinished appropriations bills in one package. That would provide a cornucopia of earmarks for members of Congress to bring home to their constituents.

But DeMint rose to make clear that he and his fellow freshman Republican, Sen. Tom Coburn of Oklahoma, would use the many parliamentary devices at their disposal to block an omnibus bill. Their alternative was what is called a continuing resolution, extending spending at its present level into February. That meant the lame-duck session would be porkless.

Sen. Ted Stevens, the old appropriator renowned for delivering pork home to Alaska, erupted with an exhibition of his famous hair-trigger temper. Sen. Thad Cochran, a courtly Southern gentleman and Stevens's successor as Appropriations Committee chairman, made the case in calmer language. Sen. John McCain, happy to have two Senate rookies pick up the anti-pork mantle he has carried for many years, was making snide comments in a stage whisper. But DeMint was not about to be moved by either threats or persuasion. The military construction bill was the last vehicle suitable for earmarks. The formidable Sen. Kay Bailey Hutchison of Texas, the Appropriations subcommittee chairman handling that measure, was determined to

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conclude action on it in a Senate-House conference. With uncharacteristic anger last week, a frustrated Cochran said he was not about to take dictation from two freshman senators. But they blocked the conference from taking place.

As this became clear Thursday, a second triumph for the reformers loomed with apparent imminent passage of Coburn's "report card," under which the Pentagon would grade earmarks on a scale of A to F. Before the election recess, the Senate voted 96 to 1 to add that proposal to the Defense appropriations bill. But the fix was in. The House removed the Coburn amendment by a 394 to 32 vote, while promising to consider it as a free-standing bill in the lame-duck session.

House Armed Services Committee Chairman Duncan Hunter went on the House floor Thursday to approve the report card. But the appropriators struck back. Rep. Bill Young, chairman of the Defense appropriations subcommittee, argued: "I don't want the Pentagon having to spend all that time grading the work that we in the Congress do." Rep. Ike Skelton, Hunter's Democratic successor, said the next Congress "will offer a better approach." Young and Skelton both predicted the report card would inhibit earmarking. The proposal was voted down on Friday, 330 to 70, with only two Democrats voting for it.

The issue of spending reform is in Democratic hands. Emanuel, the newly elected House Democratic Caucus chairman, e-mailed colleagues Nov. 17 with a call for reform. The takeover of the House that he led as Democratic Congressional Campaign Committee chairman, Emanuel said, sent a message that "it's time for a change, and change starts by cleaning up Washington."

But in reiterating the Democratic campaign's promises to "reform lobbying and ethics rules," Emanuel did not mention the corrupting influence of earmarks.

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We Passed Vital Laws (USAT)

USA Today, December 11, 2006

The Congressional session that just concluded actually leaves a solid record of achievement for America. The House and Senate both worked to protect our country, crack down on crime, promote a strong economy, improve education and approve sensible judges in a fair manner.

In particular, Congress passed and the president signed bills to establish special tribunals for accused terrorists, begin securing our border, rein in North Korea's nuclear ambitions, crack down on methamphetamine, track pedophiles, extend tax relief, open markets to U.S. exports, cut spending, secure pensions, encourage retirement savings, update bankruptcy laws, create a Google-like search engine for federal spending, and establish new scholarships for students in fields important to the economy's future. The Senate confirmed two new Supreme Court justices and reduced federal judicial vacancies to their lowest level in 20 years. The president will also soon sign legislation to increase domestic energy production and forge nuclear power cooperation agreement with India.

Nonetheless, some widely supported measures fell victim to obstructionist tactics. Democrats, for example, blocked popular proposals to make it easier for small businesses to buy health coverage for their employees, reform our broken medical liability system, do more adult stem cell research, and increase the minimum wage.

It's clear, likewise, that "values" issues such as marriage protection and flag burning have broad appeal with the public as a whole. Voters in 27 states have approved marriage protection amendments, and all 50 state legislatures have called for a constitutional amendment to ban flag burning. When such a popular groundswell exists, then Congress should act.

Some problems Congress faces stem from systemic flaws in America's processes. No matter who has been in charge, all appropriations bills have passed on time on only three occasions in the past 30 years. Improving things will require a strong mutual commitment on the part of the White House and the leadership in both houses of Congress to reform the spending process, fix entitlements, tackle earmarks and eliminate the deficit.

Much work remains ahead, but I'm proud of all the vital laws that did get through.

Bill Frist, R-Tenn., is the outgoing Senate majority leader.

109th Congress' Big Success: Lowering The Achievement Bar (USAT)

USA Today, December 11, 2006

In the end, nothing became the 109th Congress so much as its going, which it finally did Saturday on the heels of an ethics report that seemed to symbolize two years of feckless behavior. Even some key Republicans left town lamenting a record of failure.

The House ethics committee blistered Speaker Dennis Hastert and other Republicans for ignoring a decade of warnings that Rep. Mark Foley, who resigned in disgrace this fall, was trying to sexually exploit male pages. But, with typical toothlessness, the panel found no violation of the rules and meted out no punishment.

That's pretty much the story of the past two years: Anything went if it helped preserve GOP power, but very little was achieved to address the nation's problems. The successes of 12 years of Republican rule, most notably welfare reform, were concentrated in the first four — before fundraising, cozy relationships with lobbyists and exercising the perks of office overrode the promises of integrity, fiscal responsibility and limited government that brought Republicans to power.

As Sen. John McCain, R-Ariz., put it: "We came to change Washington, and Washington changed us."

The 2005-06 House and Senate met for fewer days than any Congress did in the past half century — fewer even than the "do-nothing Congress" President Harry Truman railed at in 1948, which passed the Marshall Plan that helped rebuild postwar Europe.

The 109th boasts nothing that comes close. A pretty good pension reform. Hurricane Katrina relief. Some help for free trade. An energy bill that hasn't made much difference. A bankruptcy bill that helps business and hurts consumers. A bill weakening protections against torture. And tax cuts, unmatched by spending cuts, that sent the nation deeper into deficits that the Republicans created.

The Senate Republican Policy Committee released a 26-page "major accomplishments" list that included — not making this up — a resolution allowing senators and their aides to ask each other for donations for Katrina victims.

It's not as if there wasn't important work to do. Social Security and Medicare are two years closer to fiscal disaster. Cities are enacting immigration laws because Congress never agreed on reform. Despite numerous scandals, there was no serious effort at ethics fixes. For partisan reasons, Congress virtually abandoned oversight even of the Iraq war.

What Congress often did instead was to indulge in divisive, time-wasting debates that fired up the GOP base. Flag burning. Gay marriage. The controversy over removing Terri Schiavo's feeding tube.

Congress even punted its most basic job: approving all 11 annual spending bills that keep the government's lights on.

Some Republicans' cluelessness was clear in their words. Rep. Mike Pence, R-Ind., complained that he and his colleagues were just too "tired" to do any serious work in their lame duck session. The three-day weeks must have been exhausting.

None of this says the Democrats will do better. They're already showing signs of reneging on campaign promises to improve ethics, rein in pork-barreling and implement 9/11 commission proposals. In fact, the Republicans were evicted because they became the very image of the corrupt and arrogant Democrats they overthrew in 1994.

Now it's up to resurgent Democrats to fulfill the promises they made to voters and build a better record. They'll have at least one thing going for them: It's a low bar.

Good Fish News (WP)

The Washington Post, December 11, 2006

BEFORE LEAVING town, Congress passed an important piece of legislation for the health of America's oceans. Two commissions in recent years have concluded that only bold policies can prevent the collapse of coastal ecosystems. The bill, which reauthorized and improved upon the nation's fisheries management laws, wasn't bold enough and contained a few unfortunate compromises, but it represents progress.

Fisheries management is hugely important. When it's done poorly, the result is the disappearance of fish stocks, serious economic hardship for coastal communities and untold environmental damage. When it is done effectively -- as in Alaska -- the result is a win-win for environmental and economic interests. The keys are the responsible use of science in setting catch levels, a firm ban on overfishing and insistence that depleted stocks be permitted to rebuild.

Congress's first accomplishment was in generally rejecting efforts to weaken the rules -- which, given where the debate started, was no small thing. The bill clarified that regional fisheries councils, some of which have permitted overfishing of depleted stocks, must stop doing that. It obliged the councils to follow the advice of their scientific committees in setting annual catch limits. While a provision providing firm accountability for exceeding such limits got watered down, the insistence on science reflects a substantial and important change.

Assuming the councils respect Congress's will, the bill will move American fishing toward sustainable levels. It also has strong provisions regarding destructive methods of fishing on the high seas that will strengthen the hand of the administration, which has been trying in international negotiations to stop such practices in international waters.

The bill is a good start. It shows that the dire warnings of oceanic death have opened some eyes among policymakers.

Pelosi Piques Public's Interest (LAT)

By Faye Fiore

The Los Angeles Times, December 11, 2006

WASHINGTON — When Nancy Pelosi appeared on national television on the morning after voters returned the House to Democratic hands, Leon Rebibo's phone started ringing in Los Angeles.

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A pearl wholesaler, Rebibo fielded calls from more than four dozen women of all political stripes who wanted a muted, multicolor strand of South Sea Tahitian pearls, just like the one Pelosi was wearing.

"I'm very disappointed the Democrats won, but I absolutely love her necklace. If my husband hears me, he's going to kill me," Rebibo recalled one Republican woman whispering into the phone.

As Pelosi prepares to be sworn in Jan. 4 as the first female speaker of the House, she has become an object of fascination and curiosity in political circles and beyond. Barbara Walters interviewed her as one of the year's 10 most fascinating people. People magazine has written about her twice in recent weeks. An article in a Palm Springs newspaper ran with the headline: "How To Get the Nancy Pelosi Look." (Answer: an Armani suit.)

Only weeks ago, Republicans were doing their best in the heat of the campaign to paint Pelosi, 66, as a conservative's nightmare — a San Francisco liberal out of touch with the American mainstream. But more recently, a poll measuring political charisma showed that she had "dramatically improved her standing" with the public, sponsors of the survey said, with voters knowing her better and feeling warmer toward her.

Now Pelosi is planning a series of events to commemorate her swearing-in as the senior official in the House, second in the line of succession. The events in the first week of January will try to plant Pelosi's version of her life story in the national consciousness, showing her as an Italian American and devout Catholic from Baltimore, who married her college sweetheart, raised five children, ran for Congress in middle-age and shattered a Washington gender barrier days before her sixth grandchild was born.

The impending inauguration kicks off the contest over who will define Nancy Pelosi: Republicans who see her as a reckless liberal, or Pelosi herself, who wants to be seen as an American Everywoman, leading her party on a steady course to the center.

"She is trying to dispatch the stereotype put forth by Republicans," said Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania. "The advantage she has is the country didn't know her before. Her challenge will be to take votes cast against Republicans and the war in Iraq and transform them into votes for the Democratic Party in 2008."

Though the details are in flux, plans are to begin the celebration Jan. 2 with a luncheon in Pelosi's hometown of Baltimore, reminding people she is not just a wealthy San Francisco matron but also the daughter of Thomas D'Alesandro Jr., a beloved Maryland congressman and Baltimore mayor.

The next day will include Mass at Trinity College in Washington, a nod to her alma mater and her faith. A tea will follow for female Democratic activists, lawmakers and donors. It will celebrate the 110th Congress, which convenes with the highest number of women in U.S. history.

The day will be capped by a dinner at the Italian Embassy — Pelosi is also the first Italian American speaker — where Tony Bennett is slated to sing — what else? — "I Left My Heart in San Francisco."

The Jan. 4 gavel-passing will officially install her as speaker, the highest office ever attained by a female elected official in the U.S. She will set out her agenda in a speech to the House, then avail herself for the traditional photo session that gives the 434 other House members and their families a chance to have their picture taken with Pelosi pretending to swear them in.

The day ends with a 3,000-seat black-tie dinner and concert, with scheduled performances by Carole King and Jimmy Buffett, among others. Invited glitterati include Warren Beatty and Annette Bening, said Brian Quintana, a Malibu producer involved in the planning.

On Friday, a "People's House" event is planned at the Capitol, where Pelosi will meet and thank a broader group of well-wishers. The business of Congress will proceed in between, with Pelosi convening the House to launch the much-promoted "First 100 Hours" agenda that includes ethics reforms and a minimum-wage increase.

"Nancy Pelosi wanted a humble swearing-in and to go about the people's business," Quintana said. "Then, calls started coming in from all over the country. She decided we needed to thank the people who helped her get here."

The cost of the events will be covered by campaign donations, except the Friday morning People's House, which is paid for by congressional funds.

Four months ago, Pelosi barely registered on the name recognition scale, which served her well at the time; GOP attempts to demonize her fell flat because few knew who she was.

Now many more do.

"This is a dangerous time in terms of public reception. She has the newsworthiness but not the power," said former Democratic strategist Paul Begala. The introduction thus far has been bumpy. She stumbled when House Democrats rejected her choice of Rep. John P. Murtha of Pennsylvania as majority leader. In pushing Murtha, Pelosi stirred up a divisive flap that muted the big moment when House Democrats formally made her their leader.

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Having spent years watching her party outmaneuvered in the message wars, Pelosi is soliciting advice from former Clinton White House Press Secretary Mike McCurry, one of the Democrats' most respected communication strategists.

Plans are also afloat to move the main communications operation from the speaker's office to incoming Democratic Caucus Chairman Rahm Emanuel of Illinois. He would handle party message and rapid response.

Meanwhile, all eyes are on Pelosi.

On Friday, Leon Rebibo's Pearl Source in Los Angeles unveiled "The Nancy Pelosi" — a replica of her Tahitian pearls. They will sell for $5,999 — a bargain compared with what Rebibo figures the real thing is worth.

In New Congress, Seniority Takes Back Seat To Spirit (WP)

By Lyndsey Layton

The Washington Post, December 11, 2006

They call themselves the "30-Something Working Group," a loose collection of House Democrats in their 30s and 40s who have begun making waves.

During the campaign season, the group took to the floor of the House nightly to give speeches during a period known as special orders, when lawmakers are permitted to speak for up to an hour about any topic after the day's business is complete.

The core of the group -- Reps. Kendrick Meek and Debbie Wasserman Schultz of Florida and Timothy J. Ryan of Ohio -- began talking at 10 or 11 p.m. Never mind that the House chamber was essentially empty at that hour. C-SPAN was recording the sessions, and insomniacs around the country got to know the three young Democrats. The trio sometimes used props and took irreverent jabs at the Republicans in honing their party's message.

"I was in the Minneapolis airport and the clerk in a shop said to me 'Are you on TV?' " Wasserman Schultz said. "I couldn't believe it. People across the country were watching."

The young Democrats played an important role in helping their party take control of Congress, and now they are beginning to reap the benefits. Nancy Pelosi, the California Democrat who will become speaker of the House when her party assumes control of Congress next month, is making room for these and other young House Democrats, giving them opportunities they would not normally enjoy under the rigid seniority system that typically defines life in the Capitol.

Last week, Pelosi announced Wasserman Schultz will be a deputy chief whip and Meek and Ryan will serve on the party's steering committee, which sets policy and makes committee assignments, along with two incoming freshmen. In addition, Wasserman Schultz and Davis are being considered for a seat on the prestigious Ways and Means Committee, which sets tax policy, and Meek is vying for a seat on the Appropriations Committee.

"Some members have waited four or five terms to be a member of Appropriations or Ways and Means," said Meek, who hauled an oversized rubber stamp to the House floor to argue that the Republican Congress was in lockstep with the White House. "The fact that an incoming third-termer is even being considered is evidence that Speaker Pelosi is committed to giving opportunities to younger members to participate in real policymaking."

At a Tuesday meeting of the Democratic caucus, where House members heard from several experts about Iraq, Pelosi insisted that freshmen members ask the first round of questions, a departure from past practice.

And when the new Congress convenes next month, Democratic leaders will break an ethics reform package into several individual bills so that freshmen can introduce each bill and get their first opportunity to make a speech on the House floor.

The idea, aides and party strategists say, is to put a younger, fresh face on the Democrats to embody the change Pelosi promised throughout the midterm campaign. They say she wants to reward several young lawmakers who worked hard during the election. And she wants to help establish those who won Republican seats and need to gain credibility before the 2008 election. She is also looking for ways to cultivate young voters for the party, aides say.

"People who were recently elected and have been through tough elections have a sense of the mood of the country and their communities, and [Pelosi] wants to encourage those voices," said Rep. Chris Van Hollen (Md.), 48, also considered part of the new generation. "There was a period of time where the attitude was newer members should be seen and not heard. That's not the case."

Van Hollen worked closely during the campaign season with Rep. Rahm Emanuel (Ill.) and is a leading candidate to replace Emanuel as chairman of the Democratic Congressional Campaign Committee. Emanuel, 47, was elected chairman of the House Democratic Caucus, making him the fourth-ranking Democrat in the House.

One common thread that set the young representatives apart from longtime party stalwarts was a hunger and a determination to take control of Congress, several younger members said.

"The 'old bulls' have been in the minority for 12 years, and all of them recognize what landed us in the minority and that a new working order is necessary and is in the works," said Rep. Stephanie Herseth, a sophomore lawmaker from South Dakota.

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Almost two-thirds of the Democratic veterans in the House have known only life under GOP rule. "They stopped believing it was possible," Wasserman Schultz said. "If you keep losing election cycle after election cycle, it wears you down. We were able to restore some of their belief. They needed our energy and our intensity."

Spending Woes Await Dems In New Congress (USAT)

USA Today, December 11, 2006

When the Democrats take control of Congress next month, they will also have to take charge of resolving spending issues that the old Congress couldn't.

As the clock ticked toward adjournment over the weekend, Congress approved a flurry of last-minute bills, but could not reach a deal on nearly a dozen annual spending bills for the fiscal year that began Oct. 1.

Instead, lawmakers approved a stopgap measure that keeps the federal government running through Feb. 15 — about a week after President Bush unveils his budget plans for fiscal year 2008.

"The new Congress is going to have to do in five weeks what the old Congress couldn't do in five months," said Stan Collender, a former congressional budget committee aide. He said the stage is set for a budget showdown with Bush, who is more likely to veto Democrat-passed spending bills.

Budget work on about $400 billion for agencies as varied as the Education Department, the Department of Agriculture and Health and Human Services will be left unfinished also.

"I think this Congress will be remembered for its failures more than its accomplishments," said Rep. Jack Kingston, R-Ga., a member of the Appropriations Committee, which oversees most federal spending.

Rep. Dave Obey, D-Wis., who will become Appropriations Committee chairman when the new Congress is sworn in Jan. 4, called the stopgap-spending bill "a blatant admission of abject failure by the most useless Congress in modern times."

Broad disagreement over levels of federal spending for fiscal 2007, and how to avoid raising the annual deficit above its current level of roughly $250 billion, prevented Democrats and Republicans from agreeing to most of the spending bills it must pass each year to fund the government.

One dispute was over how much to increase spending available to Veterans Affairs hospitals, which are faced with growing demands for care and backlogs of patients from the Iraq war and earlier periods of service.

In other end-of-session business, the House ethics committee on Friday said it found no evidence that any current lawmakers or aides violated any rules in the case of former congressman Mark Foley. The panel recommended no sanctions but accused some House members of being "willfully ignorant" of the consequences of his behavior.

The Florida Republican resigned in September after he was confronted with sexually explicit and other inappropriate electronic messages he allegedly sent to former teenage pages.

To The Victors Go The Invoices (WSJ)

By David Rogers

The Wall Street Journal, December 11, 2006

WASHINGTON -- In the closing hours of the Republican-controlled Congress, impatient House Democrats took a swing at oil and gas interests -- a sign of things to come in January.

The punch fell wide: Their amendment, seeking to recoup royalties from energy companies drilling on federal lands, failed 207-205. There was pride in coming so close. But the defeat also betrayed a level of confusion in the new majority and fear that it won't have the resources needed to carry out its agenda after midterm election victories.

What had begun as a simple two-paragraph amendment to a tax bill had grown to fill 11 pages before it was offered with hand-scrawled notations and a new multibillion dollar provision exempting middle-income families from the alternative minimum tax through 2007.

"We'll be back with 30 more votes in a month," said Rep. Edward Markey (D., Mass.) the chief sponsor. But the budget math won't change, and Democrats still face this question: how to pay for their initiatives and address significant fiscal problems left behind by outgoing Republicans?

For Mr. Markey, recovering billions in oil royalties is both good government and a means to pay for lower interest rates charged to students on their college loans. Continued AMT relief in 2007 is something his party also wants. But the failed amendment became a thinly disguised attempt by Democratic tax writers to charge the AMT costs to Republicans before tougher deficit-reduction rules are put in place in January.

The failed amendment was to have been added to a $45.1 billion omnibus tax package, itself an exemplar of how much Congress approaches decisions on an installment basis because lawmakers can't face the long-term costs. Filled with scores of

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provisions, the bill finally was sent to President Bush with bipartisan support around 2 a.m. Saturday. Attached to the measure was a historic Vietnam trade bill as well as an extension of trade provisions important to Haiti and Andean nations.

Before passage, Senate Budget Committee Chairman Judd Gregg (R., N.H.) -- proclaiming himself "embarrassed" -- vainly protested that the bill was $17.5 billion over budget limits set by Republicans themselves.

He was voted down 67-21, with less than a third of his party supporting him. Even Mr. Gregg's numbers understate the longer-term impact, because most of the tax breaks are only extended through 2007, meaning the new Democratic majority next year will come under immediate pressure to make room in its 2008 budget to extend them again.

These include popular deductions for college tuition, teacher classroom expenses, and state and local sales taxes, a big issue for the home state of new Senate Majority Leader Harry Reid (D., Nev.). The corporate-research tax credit, which had expired at the end of 2005, is both restored and expanded through 2007, meaning the annual costs will be even greater when Democrats address the issue for 2008.

And after years of trying, the insurance industry won a provision allowing new, middle-income homeowners to deduct the cost of mortgage-insurance premiums -- an idea many Democrats will find hard to resist and which had early support from tax writer Sen. Blanche Lincoln, (D., Ark.).

The deduction, which the industry estimates could save $200 to $400 a year per household, is targeted to families with adjusted gross income below $110,000. Insurers hope it will make first-time home buying easier, because families are less likely then to have the equity to make a large enough deposit to avoid having to have mortgage insurance, typically 20%. But the provision is narrowly prescribed to 2007. Only new mortgage contracts issued after Dec. 31 would qualify and premiums paid before the end of 2007. The deduction's short-term cost is about $91 million; that is, unless it also gets extended down the road.

In the same vein, new short-term credits are introduced, such as for the purchase of mine safety equipment by coal companies. Puerto Rico and the Virgin Islands will benefit from Washington sharing -- on a temporary basis -- more of its collections of rum excise taxes.

Two spending elements attached to the tax bill are also telling. Coal-state senators won a $4.9 billion provision to lift federal spending for retired miner's health benefits and abandoned mine reclamation. As part of the same compromise a new set of tax breaks was added to promote the use of health-savings accounts, but again on an incremental one-year basis to play down the costs.

The second spending issue dealt with government supported health-care programs, which represent a huge strain on future budgets. In the case of Medicaid, a joint federal-state health program for the poor, the bill makes it harder for the Bush administration to crack down on schemes used by states to increase Washington's share of the program. Hospital and nursing-home lobbies argued for the amendment, but the result is to give the White House less flexibility in addressing cost problems.

In the case of Medicare, negotiators agreed to forestall a scheduled 5% cut in reimbursements for physicians under the program, covering the elderly and disabled. But the bill only meets part of the estimated $13 billion in costs now, meaning the next Congress will start further in the hole. Democrats accepted the outcome, not so much because they liked it but because they have a longer-term interest in building a partnership with physicians, whom they consider pivotal to any long-term effort to address health-care costs. As part of the agreement, an extra 1.5% bonus payment would go to doctors who participate in a health-care data reporting program to begin next July. And Democrats would like to create a more stable reimbursement situation for physicians in return for more help in identifying long-term savings in health care.

One problem that won't wait for the long term is the still unfinished business of spending for the fiscal year that began Oct. 1. Before surrendering power, Republicans sent Mr. Bush a stop-gap bill late Friday to keep agencies operating through Feb. 15, but Democrats will now be saddled with having to sort through what amounts on an annual basis $463 billion in discretionary spending.

The Department of Veterans Affairs is given greater discretion to shift as much as $684 million from other accounts to deal with the shortfall that develops in medical care. But other agencies are less fortunate, and if an agreement isn't reached quickly between Democrats and the White House, the domestic-appropriations debate could become entangled with Mr. Bush's anticipated request next year for more money for the war in Iraq.

Leaving The Dems Some Hot Potatoes (USNEWS)

By Silla Brush

U.S. News and World Report, December 11, 2006

Nearly everyone on Capitol Hill calls it a mess. Democratic leaders at their end-of-the-year press conference railed about Congress's failure to finish answering the dollars and cents questions of funding the government. "They are going to leave a mess as they go out," said Democratic House Speaker-elect Nancy Pelosi. Some of their brethren across the aisle, including the

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Republican senator in charge of appropriations, were dismayed, too. Across town, the president's bean counters at the Office of Management and Budget also wished Congress had finished its appropriations work earlier.

But it wasn't to be. The lame duck Republican-led Congress punted nearly a half-trillion dollars in unfinished spending over to next year-to the Democrats, that is. Just when the Democrats hope to be talking about the minimum wage and college tuition and fulfilling their campaign pledges for a "new direction," they'll be saddled with looking backward and making a host of spending decisions fraught with peril. Their plans to hit the ground running with a flurry of politically popular initiatives may just have run into a gaping pothole.

That's because the lawmakers who left Washington last week-after working for just 103 days this year, fewer than the "Do Nothing Congress" of 1948-completed only two (defense and homeland security) of the 11 spending bills that finance 13 government agencies. Late Friday, Congress instead appeared headed toward passage of a stopgap continuing resolution to keep the government funded through February. But that leaves Democrats with $463 billion in fiscal year 2007 spending issues to resolve on their watch before they take up the budget again-probably in the spring-for fiscal year 2008. "We're going to have to do two years' work in one year," says Rep. David Obey, the Wisconsin Democrat who will take over the House Appropriations Committee.

In the best of times, Congress usually tries to finish the budget process by October of each year for fiscal years that run from then through the following September. Often, a few bills drag on, but "finishing just two of the appropriations bills by January is nearly unprecedented," says Brian Riedl, a budget analyst at the Heritage Foundation.

Politics? Throughout the year, Republicans were split between fiscal hawks intent on combating special-interest spending on lawmakers' favorite programs-earmarks-and moderates who argued for more funding. Those Republican factions never fully agreed, so they decided to leave the headache for Democrats.

Veteran Congress watchers also suspect that a good deal of politics was involved in the calculus. According to this theory, some Republicans figure that Democrats will have a hard time governing with the spending bills on their shoulders, meaning they face the risk of losing momentum early. "When they found Democrats were in the majority in the House and Senate," says James Horney of the Center on Budget and Policy Priorities, "they said, 'Hey, not our problem anymore.'"

Short-term resolutions are no way to run a government. Fundamental choices aren't made-and those that have been tediously negotiated aren't acted on. Lots of agencies and programs drift into a kind of bureaucratic limbo as they lose the ability to plan. In the end, costs can also rise. The Justice Department, for example, will reportedly have 70 percent less money than the president's request because of stalled negotiations. The Census Bureau, which is trying to start a new computerized system for the 2010 census, risks a $1 billion cost overrun, if funding uncertainties mean a pilot program can't be started or the purchase must be delayed. "The more mundane-sounding but necessary accounts are the ones that get hit," Stephen McMillin, the deputy director of OMB, tells U.S. News.

Is The Farm Bill's Fat Finally In The Fire? (USNEWS)

By Bret Schulte

U.S. News and World Report, December 10, 2006

The agriculture industry is hoping for a 2007 bumper crop-of money. When Congress reconvenes in January, one of its top priorities will be hashing out a new six-year farm bill, an always anticipated Washington ritual that has regularly delivered massive subsidies to the industry and howls of protest from budget hawks and others. Supporters say the money has kept the farm economy afloat through market crashes and dire weather. But the farm bill has a reputation for being heavy on wasteful pork-barrel funding. One published report cited $1.3 billion for folks who don't farm at all. Critics say it's time to end the payouts. And environmental and trade considerations have made the bill a platform for debate on some of the nation's most crucial issues.

From fiscal years 2002 to 2006, the government spent $93.3 billion subsidizing "commodity crops" like corn, wheat, rice, and soybeans, flooding the international market with cheap goods. It may keep the American farm economy going, but the policy threatens free-trade agreements; World Trade Organization talks are stalled because of agriculture subsidies by the United States and equally protectionist European nations. Another chief complaint: Seventy-two percent of the money goes to just 10 percent of the recipients. "The big guys get bigger ... the small operators are left behind," says Ken Cook of the Environmental Working Group.

While Big Ag is pushing for another barnburner, the largess of the 2002 farm bill, penned at a time of government surplus, is gone. This time, nothing will come easy.

Dust Bowl. The farm bill's roots are in the Great Depression. But when the economy recovered, subsidies didn't stop, partly because of powerful legislators from farm states. In 1996, Indiana Sen. Dick Lugar attempted major reform with the Freedom to Farm Act, which cut subsidies to staple crops and allowed farmers more choices in planting. It passed, in part, because of a

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bullish commodities market. But when prices fell, the agriculture industry clamored for help. By 2002, it was back to business as usual.

But the business of agriculture, and the farm bill, are changing. Fruit and vegetable growers are demanding their slice of the pie as they face stiffening competition from imports. They have the backing of the powerful California delegation in Congress and have already submitted their own bill. But ethanol will dominate talks. Not only are corn prices booming because of ethanol demand, but the gasoline substitute could give producers a way around international trade regulations through an exception that's made for environmental purposes, such as renewable fuels. Free-traders want to kill all subsidies, and environmental groups who have the ear of some Democrats oppose more corn-based ethanol, preferring switch-grass- and wood-chip-based biofuel. They also fear that more corn production will remove land from the bill's Conservation Reserve Program, which currently keeps about 36 million acres of farmland out of production.

From all this, an odd-couple alliance is forming among Bread for the World, the libertarian Cato Institute, the liberal Environmental Defense, and the conservative Club for Growth. Expect talks to accelerate by early spring. Most insiders predict calls for reform will keep Big Ag from going home with the usual honey pot, but it won't be left hungry, either. For some, that's enough. "It's almost like a revolution is taking place," says Kathleen Rogers of Earthday Network. If that's so, change may be coming quick to rural America.

A Billion Here, A Billion There... (USNEWS)

By Edward T. Pound

U.S. News and World Report, December 11, 2006

For years the Department of Interior's Minerals Management Service operated pretty much in the backwaters of the nation's capital, drawing little scrutiny from the press or Capitol Hill. Such obscurity, however, is a thing of the past. Last summer, congressional investigators discovered that the agency had bungled its job so badly that energy companies legally avoided paying an estimated $2 billion in royalties on oil and natural gas extracted from federal waters. The final tab to taxpayers could reach $10 billion. Lawmakers, to put it mildly, are incensed.

Now, when the new Congress convenes in January under Democratic control, there will be scrutiny aplenty of the beleaguered Interior Department unit. In the Senate, Democrat Ron Wyden of Oregon will chair a subcommittee and vows a "very vigorous" investigation of the oil and gas leasing program run by the minerals agency. Taxpayers, Wyden said in an interview, are victims of a giant "rip-off" by oil and gas companies. In the House, says a senior aide to Rep. Nick Rahall, the West Virginia Democrat expected to chair the House Resources Committee, "there will be an intensive and exhaustive review of royalty underpayments."

"Steal a loaf." The minerals agency may be little known, but it has been an important source of revenue for the U.S. Treasury and for American Indians. Last year, it collected $9.9 billion in royalties on oil and gas pumped from federal and Indian lands and from U.S.-owned coastal waters. Some 2,600 companies hold 27,800 producing leases.

The current scandal focuses on the agency's failure to ensure that oil and gas producers paid their full share of royalties on oil and gas pumped from the deep waters of the Gulf of Mexico. This is what happened: MMS officials inexplicably failed to include provisions in some deep-water leases that would have required energy companies to pay royalties once the price per barrel reached a certain level. That mistake cost the Treasury some $2 billion in lost revenue. Today, the minerals agency is attempting to cut new deals with 12 of the 56 oil companies that hold these lucrative leases. A few companies seem keen on working something out. "We would like to see a mutually beneficial solution," says Donald Campbell, a spokesman for Chevron Corp.

As congressional investigators dig deeper, they have an important ally in the Interior Department's chief watchdog, Inspector General Earl Devaney. He has been snapping at the heels of MMS officials for years. Last week, he issued a tough, 50-page report warning that the minerals agency's audit and compliance program on royalty payments for federal and Indian properties is so flawed that there is a high risk that the agency "may not detect underpaid royalties." Agency officials defended the program but promised to fix any problems.

Devaney's conclusion came as no surprise to investigators at the Project on Government Oversight, a watchdog group that has long criticized the minerals agency for lax oversight of energy producers. "If you don't have a policeman in the neighborhood," Beth Daley, POGO's chief investigator says, "the thief is going to steal a loaf of bread from the bakery." The watchdog group has helped the government recover hundreds of millions of dollars in royalty underpayments.

The scandal has hurt MMS's top official, Johnnie Burton, who testified in September before a House panel chaired by Rep. Darrell Issa, a California Republican. In an interview, the lawmaker says bluntly that Burton misled Congress. "She said she hadn't learned about the missing price thresholds [in some deep-water] leases until 2006," Issa says. But he has information, he says, indicating that Burton learned of the problem two years earlier. Issa wants Burton out. "I would like to see a reformer in that

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position," he said. "I do not believe she is a reformer." Burton, says an Interior Department spokesperson, declined to comment on Issa's statements.

Even some of the agency's own auditors are appalled at the mess. A former top auditor has filed a lawsuit in federal court, claiming that the minerals agency blocked his efforts to recover money owed to the government. Look for this to be one of the first big housecleaning moves when Congress comes back after the holidays.

Senate Confirms Jordan To 3rd Circuit Replacing Senior Judge Jane Roth (LAW)

By Elizabeth Bennett, The Legal Intelligencer

Legal Intelligencer, December 11, 2006

The U.S. Senate confirmed Judge Kent A. Jordan to the 3rd U.S. Circuit Court of Appeals on Friday.

Jordan, formerly a judge for the U.S. District Court for the District of Delaware, was nominated in June to replace Judge Jane R. Roth, who took senior status on the appellate court effective May 31. Both Roth and Jordan are Republicans.

Directly before his appointment to the district court in 2002, Jordan was vice president and general counsel of the Corporation Services Co. in Wilmington, Del. He joined the company in 1998 after five years as a partner with Wilmington firm Morris James Hitchens & Williams.

From 1987 to 1992, Jordan was an Assistant U.S. Attorney, after having spent two years as an associate with Potter Anderson & Corroon, another Wilmington firm.

Admitted to the Delaware bar in 1984, Jordan clerked for Judge James L. Latchum of the Delaware District Court from 1984 to 1985, after receiving his J.D. from the Georgetown University Law Center. He received his B.A. from Brigham Young University in 1981. Jordan was born in West Point, N.Y., and resides in Delaware.

"Kent Jordan embodies all the qualities one should look for in a judge -- integrity, a thorough understanding of the law, a keen intellect, a willingness to listen to both sides of a case, and a strong work ethic," said U.S. Sen. Tom Carper, D-Del. "I believe he will do an outstanding job and will continue in the tradition of fine Delawarean jurists that have served on the federal bench."

Historically, two seats on the 3rd Circuit bench have gone to Delaware jurists. Jordan's nomination continues the tradition. Roth is from Delaware, and the state's other representative on the court is Judge Thomas L. Ambro, who joined from private bankruptcy practice at Wilmington firm Richards Layton & Finger. He was nominated by President Bill Clinton and confirmed in 2000.

SF Protesters Urge Pelosi To Pursue Impeachment Of Bush (SFC)

By John King

San Francisco Chronicle, December 11, 2006

(12-10) 13:48 PST SAN FRANCISCO -- As Democrats prepare to take control of Congress, a small but spirited rally in San Francisco called on the future speaker of the House of Representatives, the city's Rep. Nancy Pelosi, to move impeachment to the top of the legislative agenda.

"We need Nancy Pelosi to serve and represent her people. We need her to stand up and say I'm going to do what's right," said Norah Foster, one of the organizers of the rally at United Nations Plaza near San Francisco's City Hall and Civic Center.

"If she puts impeachment back on the table, I'm confident Bush and Cheney will resign within four months," Foster said during the rally.

The protest -- organized by Bay Area anti-war groups -- was held on the 60th International Human Rights Day. Similar rallies were scheduled in other large American cities.

The turnout was a far cry from the street-filling protests held in opposition to the invasion of Iraq in 2003. The listeners at U.N. Plaza barely outnumbered the two dozen or so organizers, who were wearing orange jumpsuits, windbreakers and T-shirts.

But neither the small turnout -- nor intermittent rain -- dampened the speakers' ardor.

Bushes Join 'Dr. Phil' At Christmas Show (AP)

By Ann Sanner

AP, December 11, 2006

President Bush enjoyed a lively set of Christmas music Sunday night, swaying and bobbing his head as music stars like Taylor Hicks and Gretchen Wilson belted out classic carols.

TV host "Dr. Phil" McGraw and his wife, Robin, emceed the annual "Christmas in Washington" concert at the National Building Museum. The event benefited the Children's National Medical Center.

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"Since this event began a quarter of a century ago, 'Christmas in Washington' has become one of the most cherished holiday traditions here in our nation's capital," Bush said.

As Americans gather with their families over the holidays, Bush said, U.S. troops abroad "must know that our nation is grateful for your service."

"American Idol" winner Hicks led off the show with "Santa Claus Is Coming to Town." Country singer Wilson performed "I Saw Mommy Kissing Santa Claus," while 12-year-old "America's Got Talent" champ Bianca Ryan sang "Have Yourself a Merry Little Christmas." Pop-opera quartet Il Divo performed "White Christmas." The lineup also included soul singers Chris Brown and Corinne Bailey Rae.

The president and first lady Laura Bush joined all the performers onstage for the finale, including "Hark, the Herald Angels Sing."

The event will air Wednesday night on Turner Network Television.

Earlier Sunday, the Bushes attended services at St. John's Episcopal Church, a block away from the White House. The president also went on a bike ride at a wildlife refuge in Maryland.

A Partisan Take On The Shadow President (FT)

By Caroline Daniel

Financial Times, December 11, 2006

In Executive Privilege, a sex and politics thriller written by Dick Cheney's wife, Lynne, President Zern Jenner laments: "The history of the presidency in the 20th century is the history of a gradually weakening institution." Her book reflected the sombre pillow talk of her husband. It was written in 1979, four years after Mr Cheney became the youngest White House chief of staff for President Gerald Ford. He was profoundly affected by the reassertion of Congress over the executive branch after Watergate and by the submission of his boss to testify on the Hill.

Thirty years later, those concerns no longer find expression in his wife's fictional characters. As vice-president, his goal has been to restore to the presidency the unimpeded constitutional power to conduct national security policy and pass on his office "in better shape than we found it".

In Vice, Lou Dubose – a reporter who has previously taken aim at Republican icons George Bush, Tom DeLay and Karl Rove – and Jake Bernstein, set out to depict how Mr Cheney's has become the most powerful vice-presidency in history, "insulated from any accountability – from the Congress and even from the president with whom he shared executive power".

The partisan tone can be deduced from the chapter headings: "Covert Cover-up", "Lady MacCheney" and the "Torture Presidency". In a liberal-pleasing epilogue they say he created a "still largely invisible constitutional crisis". The book concludes with the word "bullshit", noting he went to the Iraq war on the basis "of forged documents that he knew were bullshit".

The book is best on the methods used to consolidate power, not the man. His ascent has been aided by the assiduous cultivation of patrons, including Donald Rumsfeld, former secretary of defence, from whom he learnt the art of marginalising enemies, the calculated leak and giving oral advice rather than leaving a paper record.

Reinforcing the image of Mr Cheney as the shadow president, the authors reveal the ways he has bolstered his authority. His national security team read all the e-mail traffic to and from the president's National Security Council staffers, yet they are not allowed to read the communications of his staff.

Exploiting loopholes, his legal counsel redefined his office as a branch of Congress to avoid Freedom of Information requests, yet failed to submit to Senate ethics rules that require disclosure of details on staffing or travel. He has the same power to classify information as the president and, in his first year in office, he defended the secrecy of his energy task force to shield advice from oil executives.

His most potent legacy is national security law. In the 1980s, during the Iran-Contra hearings, he defended the administration's right to conduct covert operations. After September 11 2001, he conceded the need to "work, through, sort of the dark side", and pioneered terrorist surveillance and harsher interrogation methods, earning himself the title in a Washington Post editorial, "Vice-President for Torture".

On the most contentious claims, such as whether he steered $7bn in no-bid Iraq contracts to Halliburton, the oil services company he ran from 1995 to 2000, the authors offer implications, not facts. "If [Scooter] Libby [chief of staff] had been briefed on the contracts, it was all but impossible that Dick Cheney was out of the loop," is one loaded assertion.

Where the book is weakest is on offering real insight into the man behind the austere, avuncular image and half crooked smile. It fails to explain a man who earned a reputation as a Wyoming congressman, as a reassuring, attentive listener, a conservative but political pragmatist, but is now seen as a stubborn figure, so indifferent to his public image that he went duck shooting on election day.

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This is a story told from the outside looking in. As well as leaving a limited paper trail, Mr Cheney trails few anecdotes. There are a few glimpses of a more complex character behind the caricature – of him turning to alcohol after flunking out of Yale to become a lineman and enjoying rowdy parties during his time on the Hill – but Nicholas Lehman's 2001 profile in The New Yorker gets closer to capturing his enigmatic personality. Ron Suskind's One Percent Doctrine better explains his transformation after the first Gulf war, when Mr Cheney asked: "How many additional American casualties is Saddam worth? And the answer is not very damned many," into an unwavering advocate of a transformationalist foreign policy, driven by a visceral sense of threat rather than by being a true believer in spreading democracy.

Indeed, democracy at home is no easier. The new Democratic majority is likely to drag Mr Cheney, who prefers to operate in back rooms or on conservative talk shows, into the spotlight. The incoming chairman of the House Energy and Commerce Committee will hold investigations into his energy task force and spending on government contractors in Iraq. While he is likely to resist efforts to testify the danger is that, for all his efforts over the past six years to pass on his office in better shape, his actions have triggered a backlash, ushering in the same kind of congressional reassertion of power that so defined him three decades ago.

Inquiry Sought Over Evangelical Video (WP)

By Alan Cooperman

The Washington Post, December 11, 2006

A military watchdog group is asking the Defense Department to investigate whether seven Army and Air Force officers violated regulations by appearing in uniform in a promotional video for an evangelical Christian organization.

In the video, much of which was filmed inside the Pentagon, four generals and three colonels praise the Christian Embassy, a group that evangelizes among military leaders, politicians and diplomats in Washington. Some of the officers describe their efforts to spread their faith within the military.

"I found a wonderful opportunity as a director on the joint staff, as I meet the people that come into my directorate," Air Force Maj. Gen. Jack J. Catton Jr. says in the video. "And I tell them right up front who Jack Catton is, and I start with the fact that I'm an old-fashioned American, and my first priority is my faith in God, then my family and then country. I share my faith because it describes who I am."

Pete Geren, a former acting secretary of the Air Force who oversaw the service's response in 2005 to accusations that evangelical Christians were pressuring cadets at the Air Force Academy, also appears in the video. The Christian Embassy "has been a rock that I can rely on, been an organization that helped me in my walk with Christ, and I'm just thankful for the service they give," he says.

The 10-minute video is on the group's Web site, Christianembassy.com. The organization was founded nearly 30 years ago by the late Bill Bright, who also founded Campus Crusade for Christ. The Christian Embassy Web site says the group holds prayer breakfasts each Wednesday in the Pentagon's executive dining room and organizes small groups to help military leaders "bridge the gap between faith and work."

Army Brig. Gen. Bob Casen refers in the video to the Christian Embassy's special efforts to reach admirals and generals through Flag Fellowship groups. Whenever he sees another fellowship member, he says, "I immediately feel like I am being held accountable, because we are the aroma of Jesus Christ."

The Military Religious Freedom Foundation, a watchdog group led by retired Air Force lawyer Michael L. "Mikey" Weinstein, is requesting an investigation in a letter to the Defense Department's inspector general.

Weinstein, a White House lawyer in the Reagan administration, cites Defense Department regulations barring personnel from appearing in uniform in "speeches, interviews, picket lines, marches, rallies or any public demonstration . . . which may imply Service sanction of the cause for which the demonstration or activity is conducted."

All the officers are identified in the video by their Defense Department positions, "yet the video failed to include any disclaimers indicating that the views expressed were not those of the Department of Defense," the letter says.

It asks whether the officers received permission to promote the Christian Embassy and whether any other religious or secular organizations have been allowed to use Pentagon facilities and uniformed personnel in promotional videos.

Catton said yesterday that he does not remember whether he sought approval to appear in the video, which he said was made in 2005. "If someone asked me today to do it, I for sure would ask permission," said the general, who sparked controversy this year by raising money from fellow officers for a congressional candidate.

Christian Embassy officials in Washington did not return phone messages left at their homes and offices over the weekend.

Air Force Lt. Col. Todd Vician, a Pentagon spokesman, said yesterday that "it is impossible for me or the department to comment on a letter we haven't received yet." Once the letter is in hand, he added, "I'm confident that the inspector general will take the appropriate action."

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In 2003, Army Lt. Gen. William G. "Jerry" Boykin drew criticism for appearing in uniform before church groups and saying, in remarks captured on video, that President Bush was "appointed by God," that the United States is "a Christian nation" and that Muslims worship "an idol." The inspector general's office determined that Boykin had not violated any rules, and he remained in a top intelligence post.

This year, Navy chaplain Gordon J. Klingenschmitt was court-martialed for appearing in uniform at a political protest in front of the White House, though he maintained that all he did was lead a prayer.

Weinstein noted that his son and daughter-in-law, who are serving as first lieutenants in the Air Force, received written permission in July to appear in a documentary based on the book "Constantine's Sword," a history of Christian anti-Semitism.

"They may appear on camera for this documentary, but as they will be speaking for themselves, as private citizens, not for the Air Force, they cannot appear in uniform," says the order, a copy of which Weinstein provided to The Washington Post.

Shuttle Crew Prepares For Building Blitz At Station (USAT)

By Traci Watson

USA Today, December 11, 2006

Early data from Saturday's launch of space shuttle Discovery show the ship is in good health and suffered no damage on the way to orbit, deputy shuttle program manager John Shannon said Sunday.

"It was a very typical ascent," Shannon said. "The team sees nothing of concern at this time."

NASA stepped up its scrutiny of the shuttle's condition after launch-pad debris punched a hole in shuttle Columbia's heat shield in 2003. The hole went undetected, and the vehicle fell apart as it re-entered the atmosphere, killing the crew.

Discovery's liftoff was the first night launch in four years. The darkness meant that many launch cameras had less of a view than during the day or none at all.

However, engineers got good footage of parts of the spacecraft illuminated by the fiery plumes of its own rockets and thruster jets.

"I was surprised," by the amount of detail the cameras captured, Shannon said. He said cameras at the launch pad showed that the shuttle's fuel tank, the source of the debris that fatally struck Columbia, was in better condition than during any of the past three shuttle flights.

Despite the good camera views, Discovery's astronauts spent Sunday performing a survey of their ship. The data they gathered is the most important in determining whether their spacecraft can get them safely home.

Led by astronaut Nicholas Patrick, the crew spent nearly five hours Sunday surveying the wings and nose. Those areas feel the hottest temperatures — roughly 3,000 degrees — as the shuttle re-enters the Earth's atmosphere. The inspection job is both crucial and tedious, requiring the astronauts to spend long periods keeping tabs on the shuttle's arm in case it malfunctions.

In 2005, a shuttle crew had to fight with balky technology to aim the camera. Earlier this year, a shuttle crew found itself focusing on what turned out to be not damage to the heat shield but splattered bird droppings.

The first part of the inspection Sunday went so smoothly that the crew finished the heat-shield inspection nearly an hour ahead of schedule.

The shuttle's square white heat-shielding tiles will be inspected today. As Discovery nears the International Space Station for docking, shuttle commander Mark Polansky will send his spacecraft into a slow somersault at 3:45 p.m. ET. The crew of the space station will snap photos of the tiles and other parts of the shuttle as Discovery does its flip.

The combination of Sunday's survey and the photos by the station crew today will make up for the fewer photos during launch, Patrick said before the flight.

After docking with the station, Discovery's crew will immediately embark on a six-day building blitz that will transform the orbiting laboratory. After the 4:47 p.m. ET docking, two Discovery astronauts will command the shuttle's robotic arm to reach into its cargo bay and pluck out an early Christmas gift for the station, a new piece to be added to the station's aluminum framework.

The shuttle's robotic arm then will hand the new girder to the station's robotic arm. It will be a dicey operation: If the astronauts steering the shuttle arm are a few inches off, they could bash the arm into the shuttle's cargo-bay doors and damage the cooling system there.

Delivery of the girder is only the first step in what NASA officials call the most complex shuttle mission devoted to building the station, which has been occupied since 2000. Discovery's crew, with the help of Mission Control and the station's residents, plan to rewire the lab and start up its cooling system. Much of the equipment to be turned on has waited in orbit for years. No one knows whether it will work.

"We have a lot of work in front of us, but so far so good," lead shuttle flight director Tony Ceccacci said Sunday.

First Day In Space For Discovery Includes Full Check For Damages (AP)

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AP, December 11, 2006

CAPE CANAVERAL, Fla. -- Astronauts aboard the space shuttle Discovery woke up to The Beatles on Sunday, their first morning in space, where the first order of business will be to make sure their ship wasn't damaged during launch.

The crew lit up the sky late Saturday with a fiery ascent that practically turned night into day in the first nighttime launch in four years. Then it was on to the international space station to rewire the orbital outpost.

The astronauts began their day to the mellow tunes of "Here Comes the Sun."

"Good morning, Discovery. We especially want to thank you for the burst of sunshine you brought into our lives last night. It was an awesome launch," Shannon Lucid from Mission Control radioed up to the crew.

SHUTTLE MONITOR

Check out the latest NASA updates on the Discovery mission, including a launch blog, Webcast and pictures at NASA's Web site.

"It was pretty great for all of us, too," Commander Mark Polansky responded.

Astronauts will spend the day inspecting the shuttle for potentially critical heat shield damage from debris that may have fallen off the external tank during lift off, the problem that doomed the shuttle Columbia in 2003.

Nicholas Patrick, one of the five astronauts experiencing zero gravity for the first time, will use the shuttle's 50-foot robotic arm and similarly long boom with sensors and a camera to inspect the ship. The survey is scheduled to start at 3:12 p.m.

The shuttle is scheduled to dock with the space station Monday to begin conducting three complicated spacewalks to rewire the space station from a temporary to a permanent power source.

NASA had to beat the odds to get off the launch pad Saturday. After only a 30% chance of good weather earlier in the day and a two-hour delay in fueling, Discovery streaked through a moonless sky at 8:47 p.m. EST. "It just all came together perfectly," launch director Mike Leinbach said.

The mood was also upbeat aboard Discovery. "I think we have five people who just haven't stopped smiling yet," Cmdr. Polansky said after the shuttle reached space.

During the 12-day mission, Discovery's crew will also deliver an $11 million addition to the space lab and bring home one of the space station's three crew members, German astronaut Thomas Reiter of the European Space Agency. American astronaut Sunita "Suni" Williams will replace him, staying for six months.

The two veterans aboard the shuttle are Cmdr. Polansky and Robert Curbeam, who will spacewalk three times. The others are pilot William Oefelein, and mission specialists Patrick, Williams, Joan Higginbotham and the European Space Agency's Christer Fuglesang, who was the first Swede in space.

Mr. Fuglesang carried some unusual food into orbit: several cans of moose sausage and moose pate.

The mission is one leg of a three-year race to finish construction on the space station before shuttles are retired in 2010. After Discovery's mission, 13 more shuttle flights are needed to complete the lab.

The launch was the first at night since Endeavour's flight in November 2002 and only the 29th in darkness of NASA's 117 total shuttle launches.

NASA had required daylight launches for three flights after the Columbia accident so that clear images could be taken of the external fuel tank. Foam broke off Columbia's tank at liftoff and struck the spacecraft's wing, leading to the disaster that killed seven astronauts. Mission Control in Houston told Discovery's crew that there were no initial reports of any serious problems with the latest launch and that the shuttle was "in great shape."

"What you've seen tonight is the successful accomplishment of the most challenging, demanding, technically state-of-the-art, difficult thing that this nation or any nation can do," NASA Administrator Michael Griffin said.

Saturday's launch was only the fourth since the Columbia disaster in 2003 and the third of the year. It also was the last scheduled liftoff from pad 39B, which will be modified for new rockets that will take astronauts back to the moon in 2020. "It's kind of the end of an era," Mr. Leinbach said.

Waiting at the space station for his visitors to arrive Monday, U.S. astronaut Michael Lopez-Alegria played celebratory music for Discovery, "Song 2" by Blur, highlighting the lyrics: "Woo hoo! Woo hoo!"

Time For A Power Boost At International Space Station (CSM)

By Peter N. Spotts

The Christian Science Monitor, December 11, 2006

Imagine overhauling the electrical system of a transatlantic airliner in midflight, and you get an inkling of the challenge NASA faces this week as it takes the next major step in completing the International Space Station.

Saturday night, the shuttle Discovery and its seven-member crew arced into the sky, spraying a trail of fire that lit the night. Tuesday, astronauts Robert Curbeam and Sweden's Christer Fuglesang begin the first of three spacewalks to ensure that the

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orbiting outpost can provide the power and cooling needed to house six crew members and run European and Japanese labs, slated to arrive at the station beginning next October.

Astronauts will help install a new $11 million truss to the station's "backbone." And they will connect a set of solar panels, delivered in September, to the station's power grid.

These are not simple plug-and-play operations. Controllers in Houston will have to partially retract an existing solar array to give the new panels room to move as they track the sun. Then ground controllers must reroute the flow of electricity through the station so that astronauts don't handle live wires during their spacewalks. Vital life-support systems will be shut down in parts of the station, temporarily erasing the protective redundancy built into the station. Equipment that must be kept running to ensure redundancy will have to be "jumpered" to the powered half of the grid.

If all goes as planned "it won't be as complicated" as it could be, says Kirk Shireman, the space station's program manager. "But you have to prepare yourself for quite a number of ugly contingencies."

Some of the hardware the astronauts must activate have been dormant for years. "It's like storing a car in a garage for four years, then turning the key to see if it starts," he continues. This mission is important for the station's future, which itself is important as NASA plans to explore the moon and, perhaps, Mars.

"One of the things we're going to learn from the station is in fact how to work through failures or problems" during long-lived manned missions, acknowledges NASA Administrator Michael Griffin. Until the space station came along, he continues, US missions consisted of brief episodes on orbit or at the moon. "Even Skylab was 84 days, less than three months. When we go to Mars, we need three years."

If the station represents a step on the ladder that will ultimately allow humans to climb out of low-Earth orbit for long-term exploration, it also remains a test of Washington's reliability as a partner in global manned-spaceflight projects.

Last week, NASA unveiled a rough outline of its plans for a lunar outpost, whose evolution beyond a single dot on the lunar map will depend on international participation.

NASA's likens the effort to the history of exploring Antarctica. Some 50 years passed between the first successful round trip to the South Pole and the establishment of permanent bases there. Visits grew longer, and the bases expanded, until today, where many nations have year-round facilities there. The outlines of a lunar outpost bear the same gradualist features.

Yet NASA's vision for space explorationis the first set of goals set out by President Bush and endorsed by Congress that by design spans administrations and generations. Several science-policy analysts have noted that it's difficult to see how NASA will be able to do it with the money it's likely to receive from Congress. By one analysis, from the original Mercury flight in 1961 through the Apollo-Soyuz mission of 1975, NASA spent roughly $145 billion in 2005 dollars. The two-decade-old shuttle program carries a $150 billion price tag to date. And the station's costs have ballooned from an initial estimate of $8 billion to roughly $100 billion. Yet given its current budgets, NASA is likely to have only $75 billion available through 2020, when the current plan anticipates fresh human boot prints on the moon.

Dr. Griffin notes that the US is not the only spacefaring nation where political support for human space exploration ebbs and flows.

"There is nothing I can say that is in any way a guarantee," he adds. "We are going to meet our commitments and finish the space station." He says that this should serve to give international partners "some confidence in us for the long term. We want to have them with us when we take the next step. Enterprises of this magnitude must have a leader, and in this era of world history, the United States is that leader. But it needs to be an alliance. We hope that others will take the risk and go forward with us."

Mail Rates To Be Harnessed As Part Of Postal-Overhaul Bill (WSJ)

By John D. Mckinnon And Rick Brooks

The Wall Street Journal, December 11, 2006

The Postal Service generally will be barred from raising postage rates beyond the rate of inflation for the next decade under an overhaul passed by Congress.

The new law -- the first major changes to the service in more than three decades -- aims to stabilize rates for households and bulk mailers and to help the service cope with the challenges of the Internet and compete against delivery companies such as FedEx Corp. and United Parcel Service Inc.

The White House said President Bush would sign the bill.

In return for accepting new limits on rate-setting, the Postal Service was given new flexibility in the process of setting rates and will gradually be relieved of billions of dollars of employee-retirement expenses.

The changes should make the Postal Service more attractive to catalog companies and other bulk mailers, by letting them plan costs more accurately. For consumers, the changes could bring more frequent rate increases, though they would rarely be

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as large as some recent ones, including an average 8.5% jump proposed in May that would be the biggest price increase in 12 years if it takes effect. Under that, the cost of a first-class postage stamp is supposed to rise to 42 cents in May from the current 39 cents.

Sponsors also hope that by capping rates, they will force the Postal Service to become more efficient. The legislation also calls for plans to shrink the service's huge employee and infrastructure base.

At the same time, a financial overhaul will allow the Postal Service to erase billions of dollars of unfunded retiree health-care obligations, thanks to an earlier reduction of its obligations for pension benefits for its workers.

The Postal Service has been using those savings to pay down debt for the past couple of years. The bill also achieves some savings on employee-injury claims by requiring workers to take sick time for three days before filing for workers compensation.

In addition, postal officials will have to make many of the same disclosures as public companies, including complying with financial-reporting provisions of the Sarbanes-Oxley law. A newly formed Postal Regulatory Commission will have the power to issue subpoenas and burrow much deeper into the Postal Service's operations than its current regulator.

The Postal Service has its origins in the earliest days of the country, and used to be a government agency. It was partly privatized beginning in the early 1970s, to force it toward self-sufficiency. Despite strides, much of its business model has been made obsolete by fax machines, email and Internet commerce, as well as increased competition from private carriers. The new changes aim to make it run more efficiently.

While the changes generally make the Postal Service more competitive, it isn't clear they can offset challenges such as continued declines in the volume of first-class mail. Some analysts say the Internet could help as well as hurt the Postal Service, by generating more package shipments from Web-based commerce. Meanwhile, though, the Postal Service remains responsible for providing universal mail service, and about one million new addresses are added each year.

The overhaul bill appeared to be in big trouble in recent weeks. But bulk mailers rallied to push it through after House Democrats -- led by Rep. Henry Waxman of California -- signaled that they were willing to drop their opposition to the rate cap. That led mailers to put pressure on the White House to reach a deal. The Bush administration, in turn, relented on some of its demands for big concessions on contract benefits from Postal Service employees.

"When this bill looked dead a month or two ago, it sparked a lot of people to action," said Robert E. McLean, executive director of the Mailers Council, an Arlington, Va., trade group of mailers who generate about 70% of U.S. mail volume.

The last hurdle was a concern that congressional appropriators would have to absorb about $1.8 billion over 10 years -- the cost of running the newly empowered regulatory commission and inspector general's office.

FedEx and UPS generally supported the bill, even though UPS has accused the Postal Service of using its monopoly on first-class mail deliveries to prop up its package operations. The hostility has eased now that FedEx and UPS carry mail on their planes. "We have been in favor of postal reform for a long time and anything that allows the Postal Service to make decisions more nimbly and operate more like a business," said Kristin Krause, a FedEx spokeswoman.

Muzzling Those Pesky Scientists (NYT)

The New York Times, December 11, 2006

The Environmental Protection Agency disclosed last week that it had revised — stood on their head is more like it — procedures it has used for 25 years to set standards for air pollutants like soot and lead. The administration said the change will streamline decision making. Perhaps it will. It will also have the further effect of decreasing the role of science in policy making while increasing the influence of the agency's political appointees.

This is disheartening, but not surprising. Whether the issue is birth control or global warming or clean air, this administration has already acquired a special place in regulatory history for the audacity with which it has manipulated or muzzled science (and in some cases individual scientists) that might discomfit its industrial allies or interfere with its political agenda.

The E.P.A. is required every five years to review scientific research and set new exposure levels for six pollutants identified as hazardous to human health. Normally, recommendations are first solicited from two groups of scientists: professional staff members inside the agency and independent outside scientists. Those recommendations are then sent to the department's senior officers — nearly all political appointees — who shape departmental policy and then send it to the White House and Office of Management and Budget for clearance.

Under the new process, initial reviews will be done by staff scientists and political appointees, who together will produce a synopsis of "policy-relevant" science — which sounds ominously like science tailored to predetermined policy outcomes. The independent scientists, meanwhile, will be frozen out until the very end, when they will be allowed to comment on proposals that will have already generated considerable momentum.

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The betting among environmental groups is that these new procedures will lead to weaker air quality standards more in keeping with industry objectives — indeed, the American Petroleum Institute is already claiming credit for some of the changes. The new procedures will also help spare the agency the sort of public embarrassment it suffered in October, when its final standards for soot turned out to be far weaker than those recommended earlier (and virtually unanimously) by its staff scientists and the outside consultants.

Under the new process, when the E.P.A. considers how it will set air pollution standards, the only debate it will have is with itself.

Outsourcer In Chief (NYT)

By Paul Krugman

The New York Times, December 11, 2006

According to U.S. News & World Report, President Bush has told aides that he won't respond in detail to the Iraq Study Group's report because he doesn't want to "outsource" the role of commander in chief.

That's pretty ironic. You see, outsourcing of the government's responsibilities — not to panels of supposed wise men, but to private companies with the right connections — has been one of the hallmarks of his administration. And privatization through outsourcing is one reason the administration has failed on so many fronts.

For example, an article in Saturday's New York Times describes how the Coast Guard has run a $17 billion modernization program: "Instead of managing the project itself, the Coast Guard hired Lockheed Martin and Northrop Grumman, two of the nation's largest military contractors, to plan, supervise and deliver the new vessels and helicopters."

The result? Expensive ships that aren't seaworthy. The Coast Guard ignored "repeated warnings from its own engineers that the boats and ships were poorly designed and perhaps unsafe," while "the contractors failed to fulfill their obligation to make sure the government got the best price, frequently steering work to their subsidiaries or business partners instead of competitors."

In Afghanistan, the job of training a new police force was outsourced to DynCorp International, a private contractor, under very loose supervision: when conducting a recent review, auditors couldn't even find a copy of DynCorp's contract to see what it called for. And $1.1 billion later, Afghanistan still doesn't have an effective police training program.

In July 2004, Government Executive magazine published an article titled "Outsourcing Iraq," documenting how the U.S. occupation authorities had transferred responsibility for reconstruction to private contractors, with hardly any oversight. "The only plan," it said, "appears to have been to let the private sector manage nation-building, mostly on their own." We all know how that turned out.

On the home front, the Bush administration outsourced many responsibilities of the Federal Emergency Management Agency. For example, the job of evacuating people from disaster areas was given to a trucking logistics firm, Landstar Express America. When Hurricane Katrina struck, Landstar didn't even know where to get buses. According to Carey Limousine, which was eventually hired, Landstar "found us on the Web site."

It's now clear that there's a fundamental error in the antigovernment ideology embraced by today's conservative movement. Conservatives look at the virtues of market competition and leap to the conclusion that private ownership, in itself, is some kind of magic elixir. But there's no reason to assume that a private company hired to perform a public service will do better than people employed directly by the government.

In fact, the private company will almost surely do a worse job if its political connections insulate it from accountability — which has, of course, consistently been the case under Mr. Bush. The inspectors' report on Afghanistan's police conspicuously avoided assessing DynCorp's performance; even as government auditors found fault with Landstar, the company received a plaque from the Department of Transportation honoring its hurricane relief efforts.

Underlying this lack of accountability are the real motives for turning government functions over to private companies, which have little to do with efficiency. To say the obvious: when you see a story about failed outsourcing, you can be sure that the company in question is a major contributor to the Republican Party, is run by people with strong G.O.P. connections, or both.

So what happens now? The failure of privatization under the Bush administration offers a target-rich environment to newly empowered Congressional Democrats — and I say, let the subpoenas fly. Bear in mind that we're not talking just about wasted money: contracting failures in Iraq helped us lose one war, similar failures in Afghanistan may help us lose another, and FEMA's failures helped us lose a great American city.

And maybe, just maybe, the abject failure of this administration's efforts to outsource essential functions to the private sector will diminish the antigovernment prejudice created by decades of right-wing propaganda.

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That's important, because the presumption that the private sector can do no wrong and the government can do nothing right prevents us from coming to grips with some of America's biggest problems — in particular, our wildly dysfunctional health care system. More on that in future columns.

A Town Running Hot And Cold (WP)

By Howard Kurtz

The Washington Post, December 11, 2006

Washington is awash in leaks these days, giving us a rare glimpse of what really goes on behind the carefully manicured landscape of official statements.

Goodness gracious, when even Donald Rumsfeld is saying privately that the Iraq war strategy "is not working well enough or fast enough" -- and someone furnishes his memo to the New York Times -- it is clear that the administration's once-legendary discipline has broken down.

What is also clear is that the private doubts of top officials are closer to the media's dark portrait of the war than to the "absolutely, we're winning" rhetoric of President Bush. That is especially noteworthy in light of all the criticism that administration officials have heaped on correspondents in Iraq for focusing too heavily on violence and ignoring signs of progress.

The reigning assumption of reporters -- that they're not always getting the full story from government officials -- seemed vindicated by twin leaks to the Times, involving the Rumsfeld memo and a classified assessment by national security adviser Stephen Hadley that was critical of Iraqi Prime Minister Nouri al-Maliki. The disclosures also underscored how a single Deep Throat, by slipping someone a piece of paper, can transform coverage of even the most important events. From the Pentagon Papers to the outing of Valerie Plame, this has been a well-trafficked route.

A similar phenomenon was at work with the Baker-Hamilton commission, where multiple sources dribbled out most of the panel's main recommendations on Iraq well before the findings were made public last Wednesday. In fact, the group headed by former secretary of state James Baker was such a sieve that by the time the members formally unveiled their report, it seemed like old news. An entire debate took place before any member of the group had made an on-the-record utterance.

The Hadley memo -- devastatingly leaked as Bush was about to meet with Maliki in Jordan -- said that "the reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action." A senior administration official told reporters that the memo was merely about "building better capabilities with the Maliki government."

Bush and Vice President Cheney have excoriated news organizations, especially the Times, for publishing national security secrets, but not this time. "I guess it's easier to rally the faithful with a cry of 'national security' than with a complaint that 'this is really embarrassing,' " Times Editor Bill Keller told the New York Observer.

But White House counselor Dan Bartlett says officials are indeed upset: "I haven't seen a more egregious leak in my time in government, timed to influence a very important meeting with a head of state."

David Greenberg, a professor of journalism and history at Rutgers University, says that "you see this kind of breakdown in an administration's unitary facade when there's a lot more internal dissension. As a rule, leaking occurs when people in an administration feel there's some kind of advantage to be gained in mobilizing public pressure, and journalistic pressure, against someone else on the inside."

The Rumsfeld memo, dated the day before the midterm elections, laid out a series of options on Iraq, including "withdraw U.S. forces from vulnerable positions" and move them to an "assistance" role, based in Kuwait and some parts of Iraq.

When asked by NBC's David Gregory why the president wasn't "saying publicly what top members of this administration who were running the war were saying privately," press secretary Tony Snow said Bush had made clear that "things are not getting well enough fast enough."

Snow also accused Gregory of being "partisan" last week after a question in which the correspondent merely summarized the recommendations of the Baker group and quoted co-chairman Lee Hamilton. Snow was arguing that the report was not a rejection of the president's Iraq policy, as it was depicted by nearly all news organizations.

At the very least, the Rumsfeld memo -- which some think was leaked by allies of the soon-to-be-former Pentagon chief to burnish his image -- clashes with his dogged public defense of the war policy and repeated accusations that reporters are getting things wrong.

"While you expect internal memos to be more wide-ranging and candid, I don't think there's as big a disconnect as is being suggested," Bartlett says. "I don't think it is the role of the secretary of defense to throw out a whole range of options for the public to chew on." Journalists have "selectively quoted the president," he says, setting up a false contrast by ignoring some of Bush's more sobering comments about Iraq.

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One tidbit from the Rumsfeld memo shows the importance of the PR war: He says the administration should "go minimalist" by announcing any new policy on a "trial basis" so it can readjust if necessary -- "and therefore not 'lose.' "

While many leakers do their thing for policy reasons, they may also act out of pettiness, revenge or the ego trip of manipulating the media. Since the Times offered no clues about the sources' motivation, we can only speculate. But leaks, at least those that don't truly jeopardize national security, can be an important safety valve in a system where public pronouncements are carefully calibrated to reveal almost nothing. And journalists, of course, lap them up.

If this gusher of leaks shows that the Bush team is staunchly defending policies about which it harbors severe doubts, that has probably been true of every administration. But when the issue is a long, drawn-out, bloody war in which Americans are dying every week, the contrast between public and private comments seems more dramatic.Beyond Pajamas

Roger L. Simon has 90 bloggers affiliated with his Pajamas Media site, but now he's come up with a new wrinkle: "We're actually getting them to go report stuff."

Toward that end, the playwright and screenwriter was pleased when his servers crashed a week ago -- because a hot story was attracting a big crowd. Simon's new Washington editor, conservative journalist Richard Miniter, obtained a police report charging that six imams who had been removed from a US Airways flight in Minneapolis had been acting suspiciously.

"They were coming to us because we broke stories, not because someone said 'I don't like Don Rumsfeld,' " says Simon, who has written movies for the likes of Woody Allen, Ron Silver and Anjelica Huston. "The challenge for us is to fact-check. We're learning how to do this by the seat of our pants. I'm scared a lot of the time. . . . If you put something on a blog that's inaccurate, you will hear back in five minutes. No institution could afford that kind of fact-checking."

This thing called "reporting" could be the new cyberflavor of the month. The liberal Huffington Post also plans to get into original reporting and has hired Melinda Henneberger, formerly of Newsweek and the New York Times, as political editor. Josh Marshall, who runs the liberal Talking Points Memo, has hired two reporters for his TPM Muckraker spinoff.

The year-old Pajamas Media, which compensates its bloggers by placing ads on their Web sites, has leaned heavily to the right. Its stars include Fox News commentator Michelle Malkin and Instapundit's Glenn Reynolds, along with a few liberals such as the Nation's David Corn. But Simon, who describes himself as conservative on foreign affairs but socially liberal, says he plans more balance on the site.

His most "idiotic" move? Briefly changing the name from Pajamas to Open Source Media on grounds that the image of bloggers in their PJs was insufficiently serious.

Switching Sides

Less than four weeks ago, Joseph Cannon was chairman of the Utah Republican Party. On Friday, he was named editor of the Deseret Morning News.

How could this be? Well, it didn't hurt that Cannon's grandfather and great-grandfather had edited the Salt Lake City paper, which is owned by the Mormon Church. But doesn't the naming of Cannon, a former Reagan administration official and Republican Senate candidate, make the paper look like a subsidiary of the GOP? Cannon told the Salt Lake Tribune that he would initially avoid handling local political stories and is "pretty comfortable being nonpartisan."

Only Fairness Will Assuage The Anxious Middle (FT)

By Lawrence Summers

Financial Times, December 11, 2006

A recent meeting with the incoming freshmen of the 110th House of Representatives made clear to me some of the forces that will shape American economic policy in the next few years. Coming from very different parts of the country and very different political perspectives, the new members of Congress have in common that they have all heard from the anxious middle class. They feel under enormous pressure to respond not just to the economic insecurity that middle-class voters feel, but also to voters' resentment at what they see as disproportionately prospering corporate elites. If the new Congress sees itself as having a mandate for anything in the economic area, it is for policies that "stand up" for ordinary Americans against the threat they perceive from corporate and moneyed interests.

These populist impulses have roots much deeper than campaign rhetoric. In the past, real wages and corporate profitability have moved together – increasing during economic expansions and when the US became more competitive, declining in recessions and when it encountered significant competitive threats. The unique feature of the current expansion is the divergence between the fortunes of capital and the fortunes of labour. While workers normally receive about three-quarters of corporate income, with the remainder going to profits and interest, the Economic Policy Institute has calculated that, since 2001, labour has received only about one-quarter of the increase in corporate income, as real wages have failed to keep pace with productivity growth.

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Indeed, for most groups of workers, wages have not kept pace with inflation over the past several years. College graduates have been particularly hard hit, with their wages struggling to keep pace with inflation over the past five years. At the same time, profits per share for companies in the Standard & Poor's 500 index have increased at an annual rate of more than 10 per cent, even after taking into account inflation over the past four years.

This is not a trend that can be blamed on companies' earning more abroad: the US national income accounts, which include only profits earned at home, reveal that corporate profits as a share of gross domestic product are at their highest level in two generations and still rising.

With this kind of cleavage between the economic fortunes of companies and their workers, it should not be surprising that ordinary American families do not feel they are in the same boat as US corporations and their chief executives. Charles Wilson, Eisenhower's defence secretary, famously observed: "What's good for the country is good for General Motors and vice versa." Today, an increasing fraction of Americans see corporate leaders as part of Davos's team rather than America's.

These economic and political trends are and should be of great concern to the business community as well as to policymakers. They have led to populist policy proposals that cut against the grain of the market system by, for example, limiting free trade agreements, restricting outsourcing or limiting the ability of successful companies to expand.

The track record of such populist proposals is dismal. They rarely achieve their objectives and come with huge collateral costs. Policymakers forget at their peril that it is globalisation that has enabled the US economy to enjoy the favourable combination of low unemployment and low inflation of recent years – and that without open markets, product prices would be rising much faster, further attenuating living standards for middle-class families.

Yet it would not be a sufficient response for business or government simply to explain why populist policies would be counterproductive and to suggest – to borrow a term from a different debate – a "stay the course" strategy, perhaps with increased attention to the displaced. If the anxious middle's concerns about fairness are this serious when the unemployment rate is 4.4 per cent, they will be far greater whenever the economy next turns down.

This puts a premium on finding measures that go with the grain of the market system while also responding to concerns about fairness. The place to start is by restoring the progressivity of the tax system – an area where much can be accomplished before considering changes to the rate structure.

It is neither fair nor efficient to audit disproportionately the tax returns of those in the bottom half of the income distribution at a time when most of the $500bn tax gap comes from those with high incomes. There is no policy justification for allowing the erosion of corporate income tax through pervasive use of corporate tax shelters and manipulation of transfer price rules. Not only does this cost the government revenue, it also puts undue competitive pressure on companies that want to meet obligations to their workers.

Much more can done in a range of areas, from disclosure of executive compensation, to ensuring that the government leverages the volume of its purchases, to making financing of education at every level more equitable, to making sure that businesses continue to take responsibility for their workers' healthcare costs.

When, as now, concerns become sufficiently serious, those with bad ideas always win out over those with no ideas.

John Kennedy famously challenged Americans: "Ask not what your country can do for you. Ask what you can do for your country." In the years ahead, this question will be put with increasing force to US corporations. A great deal depends on the vigour with which it is answered.

Calming An Anxious Middle Class (LAT)

By Lawrence H. Summers, Lawrence H. Summers Is A Contributing Editor To Opinion.

The Los Angeles Times, December 11, 2006

The incoming Congress will need to pursue policies that promote more economic fairness without hindering globalization.

A RECENT MEETING with the incoming freshmen of the 110th House of Representatives made clear to me some of the forces that will shape American economic policy in the next few years. Coming from very different parts of the country and very different political perspectives, each of the new members of Congress has one thing in common: They have all heard from an anxious middle class.

The freshman class is under enormous pressure to respond not just to the economic insecurity that middle-class voters feel but to their resentment toward the disproportionately prospering corporate elite. If the new Congress sees itself as having any kind of economic mandate, it is for policies that "stand up" for ordinary Americans against the perceived threat from corporate and moneyed interests.

These populist impulses have roots much deeper than campaign rhetoric. In the past, real wages and corporate profitability moved together — increasing during economic expansions and when the United States became more competitive, declining in

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recessions and when we encountered significant competitive threats. The unique feature of the current expansion is the divergence between the fortunes of capital and the fortunes of labor.

Although workers have normally received about three-quarters of corporate income, with the remainder going to profits and interest, labor has received only about one-quarter of the increase in corporate income since 2001, the Economic Policy Institute has calculated. Real wages have failed to keep pace with productivity growth.

For most groups of workers, wages have not even kept pace with inflation over the last several years. College graduates have been particularly hard-hit. Meanwhile, profits per share for firms in the Standard & Poor's 500 index have increased at an annual rate of more than 10%, even after taking into account inflation over the last four years.

With this kind of cleavage between the economic fortunes of companies and their workers, it should not be surprising that ordinary American families do not feel like they are in the same boat as corporations and their chief executives, or even able to benefit from the same rising tides.

These economic and political trends should be of great concern to the business community as well as to policymakers in Washington. They will continue to lead to any number of populist proposals that cut against the grain of the market system, such as limiting free-trade agreements, restricting outsourcing or blocking the ability of successful companies to expand.

But the track record of populist economic policies has been dismal — they rarely achieve their objectives but incur huge collateral costs. Policymakers forget at their peril that globalization has enabled the U.S. economy to enjoy the very favorable combination of low unemployment and low inflation, and that without open markets, product prices would be rising much faster than they are, making living standards even worse for middle-class families.

Yet it is not sufficient for business or government to simply explain that populism would be counterproductive, and to recommend (to borrow a term from a different debate) a "stay the course" strategy, perhaps with some increased attention to those who have been displaced. If the anxious middle's concerns about fairness are this serious when the unemployment rate is 4.4%, they will be far greater whenever the economy next turns down.

This puts a premium on finding policies that complement the market system while responding to fairness concerns. The place to start is by restoring the progressivity of the tax system — where much can be accomplished without changing the rate structure.

It is neither fair nor efficient to audit disproportionately the tax returns of those in the bottom half of the income scale at a time when most of the $500-billion tax gap comes from those with high incomes. There is no policy justification for allowing the corporate income tax to be eroded through the pervasive use of tax shelters and the manipulation of transfer-price rules. Not only does this cost the government revenue, it puts unfair competitive pressure on firms that try to meet their obligations to their workers and their country.

There is much more that can be done: disclosing executive compensation, leveraging the volume of government purchases, making the financing of education more equitable, finding ways to assure that businesses continue to take responsibility for the healthcare costs of their workers and so on.

When, as now, concerns about economic fairness become sufficiently serious, those with bad ideas always win out over those with no ideas. President Kennedy famously challenged Americans: "Ask not what your country can do for you. Ask what you can do for your country." In the years ahead, this question will be put with increasing force to American corporations. A great deal depends on the vigor of their answer.

OTHER NEWS:

US Economy Chugs Ahead Despite Auto And Housing Slumps (CSM)

By Ron Scherer

The Christian Science Monitor, December 11, 2006

It's a spunky economy.

Evidence is accumulating that America is weathering the downturns in the housing and auto markets.

The economy does have a little wobble, and some economists believe the US is entering a period of subpar growth. But as a whole, it appears to be avoiding dire predictions of a sharp rise in unemployment and a loss of business confidence. In fact, when the Federal Reserve meets Tuesday, the central bankers - who aren't expected to change interest rates - are more likely to be talking about the economy's resilience than any future recession.

One sign of the life left in the economy came Friday when the Labor Department reported the creation of 132,000 new jobs in November. It also revised upward - by 42,000 jobs - its reports for September and October. The last major economic report of 2006 also showed a small uptick in the jobless rate, from 4.4 to 4.5 percent.

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"The employment numbers show the economy is sturdy," says Mark Zandi, chief economist at Moody's Economy.com. "The problems in housing and autos have not infected the economy."

The economy's resilience has been a theme of several years' standing - one that predates the 9/11 attacks. The US output of goods and services has survived the damage of hurricanes Katrina and Rita, a run-up in oil prices, and the bursting of the high-tech balloon in early 2001.

One reason for its capacity to take hits is its growing diversity. Indeed, last month's new jobs came in health and financial services, travel, government hiring, and professional services - all helping to offset a struggling manufacturing sector. Even in manufacturing, the picture is not as bleak as it could be, in part because vigorous economies abroad are buying American-made goods.

"It takes a lot to get the economy down," says Ethan Harris, chief economist at Lehman Brothers in New York. "It does have some natural resilience in the face of shocks."

The most recent shock, of course, is the downturn in the US housing market. Last month, the economy shed some 29,000 construction jobs, as builders either completed projects or abandoned them. It was the third consecutive decline in housing-related jobs.

Mr. Zandi expects the housing crunch to continue for another three to six months because housing starts are still falling. "But housing will be less of a drag into the spring and summer," he predicts.

The automotive sector is also acting as a brake on the economy. November saw the loss of 15,000 manufacturing jobs, most of them related to the auto industry. But the industry is no longer the powerful force on the economy it once was. The auto sector is about 10 percent of manufacturing, and manufacturing is about 12 percent of the nation's gross domestic product, estimates David Huether, chief economist for the National Association of Manufacturers. "My forecast is no growth in the auto business for the next couple of years," he says.

But as Friday's report showed, the economy is also busy creating new jobs.

"The demand for executives and managers is very strong," reports John Challenger of the Chicago outplacement firm Challenger, Gray & Christmas. "A significant number of companies are going out to find the top talent and not waiting for it to come to them."

In fact, the Fed, which has been worried about the inflationary effects of a tight labor market, is likely to remain worried, says former Fed economist Ann Owen, now a professor at Hamilton College in Clinton, N.Y. "This strong employment report validates what they have been saying," she says.

In November, wages rose by 0.2 percent, not as much as the 0.4 percent increase in October. On a year-over-year basis, wages are growing at a 4.1 percent rate, or relatively close to the increase in productivity.

"This employment report does not scream high inflation, but I think it's indicating consistent inflationary pressures," says Ms. Owen. "But there is not enough indication of inflation to have them increase interest rates."

Though the economy continued to create jobs, some economic reports last week painted a less rosy picture. In November, the Institute for Supply Management's manufacturing index fell below the level that indicates a growing economy. But its gauge of the nonmanufacturing sector rose to its highest level since May.

There was also mixed news about consumers. Consumer confidence waned in early December, according to a University of Michigan report. But other reports indicate that holiday sales are solid. The government will report this week on November retail sales and consumer prices.

"This holiday period is an important test for the economy," says Lehman Brothers' Mr. Harris. "When you step back and look at how the consumer is doing, you see a solid job market, lower gasoline prices, which help low-income people, and a strong stock market, which is good for the upper income. The only dark cloud is housing."

Slumping consumer confidence may be tied to noneconomic factors, such as the situation in Iraq, says Mr. Huether. Consumer confidence tumbled in advance of the Iraq war and then soared after major combat operations appeared to be over, he recalls. "People were concerned there would be a larger regional war," he says, "and once the uncertainty was squashed, confidence rebounded."

Investors' Hopes For Interest Rates Ignore Fed Stance (WSJ)

By E.S. Browning

The Wall Street Journal, December 11, 2006

Investors are widely expecting an investor-friendly announcement from the Federal Reserve interest-rate meeting tomorrow.

The Fed is expected to leave target interest rates unchanged, fueling hopes that it will start cutting rates some time next year, which would be good news for stocks and bonds.

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But worries are spreading that, longer-term, investor hopes for interest rates may have gotten a little out of hand. If so, stocks and bonds both could be in for some rough waters in the coming months.

"The stock market has come a long way quickly," with the Dow Jones Industrial Average up more than 14% since July 14, notes Marc Stern, chief investment officer at Bessemer Investment Management in New York. "Investor expectations may have gone a bit farther than they should have."

To prepare for the rough patch he fears may lie ahead, Mr. Stern has cashed in about 7% of his clients' funds, and is holding the money in short-term Treasury bills, just in case the stock market pulls back.

A big part of the underlying problem is that financial markets and Fed Chairman Ben Bernanke seem to be at odds about the longer-term interest-rate outlook. Mr. Bernanke has been remarkably open about his plans for interest rates, and he isn't talking about the kinds of rate cuts that many investors are banking on.

Fed interest-rate policy is one of the main determinants of both stock and bond prices. A cut in Fed rates tends to push down other market rates, including bond yields. And lower market rates are good news for stocks, because they make it less costly for companies to do business and for consumers to buy products.

Right now, investors are betting on lower rates in the months to come, and that is one reason that stocks have done so well since the summer. The strong payroll data that came in on Friday made futures traders pull in their horns a little. They were betting the Fed might start cutting rates at its March meeting. Now they are thinking it might wait until its following meeting, in May.

By June, futures trading indicates, the market thinks the Fed will have cut rates at least once, maybe twice. Traders are betting that the cuts will continue as the year wears on.

Trouble is, that isn't what Mr. Bernanke has been suggesting. He said in a speech two weeks ago that the question facing the Fed isn't whether to cut rates, it is whether to raise them to fight inflation. "Core" inflation, not counting volatile food and energy prices, still is higher than the 2% a year that the Fed has said it is willing to tolerate.

If inflation keeps moderating over the next few months and pulls back toward the 2% level, all well and good. But if inflation proves sticky, and stops pulling back, the Fed could be forced to cool it off by raising rates further. That is the message Mr. Bernanke is trying to send, and it is a message that the markets are having trouble receiving.

"Inflation is the key here," says Ethan Harris, chief U.S. economist at Lehman Brothers. "Inflation is the enemy of all markets. If you get serious inflation, if the Fed's fears materialize, then you will have the Fed hiking instead of cutting, pushing growth weaker. That is a lousy environment for both" the stock and bond markets.

Mr. Harris isn't forecasting a resurgence in inflation. He thinks it could remain more or less steady.

But, like the Fed, he doesn't think that is a sure thing, and he thinks investors could be making a mistake to assume that inflation is dying. Energy prices, for example, seemed a month ago to be pulling back from a peak. But lately, oil futures have pushed back above $60 a barrel. Commodity prices in general could prove more resilient than more-bullish investors expect, Mr. Harris worries.

If so, inflation could prove harder to vanquish than markets are assuming, requiring higher rates.

Beyond about three months, futures markets aren't very good predictors of future interest-rate policy, says Jim Bianco of Bianco Research in Chicago. They have 97% or 98% accuracy a day before a Fed decision, and 70% accuracy six weeks ahead. More than three months ahead, accuracy is no better than 50-50, he says. Like Mr. Stern and Mr. Harris, Mr. Bianco thinks the Fed may prove slower to cut rates than many investors expect.

None of this means that the Fed is fated to raise rates, or that it won't start cutting them at some point next year. But it could mean that market hopes for a cut in the first half of the year could be dashed. And that, at some point, could send stocks lower.

That concern is part of the reason that Mr. Stern, of Bessemer, decided to sell some of his clients' more volatile, pricier stocks and other investments and build up his cash reserve.

"Investors have bid up various assets to levels that appear to be unsustainable," Mr. Stern says. He says that the stocks of big multinational companies in general are still reasonably priced. But some smaller stocks, stocks in developing countries, some riskier bonds, some more speculative commodities and some real-estate investments "seem to be too highly priced," he says.

"We are increasingly priced for very good news and any disappointment could lead to some short-term pressures. Come spring of '07, investors could be getting antsy, saying, 'Where is the rate cut we had been counting on?' " he says.

One irony, Mr. Bianco says, is that when Mr. Bernanke was nominated to lead the Fed around a year ago, critics worried that he would be soft on inflation. They nicknamed him "Helicopter Ben," because of a reference he made to an economic theory that called, figuratively, for dumping money into the economy from helicopters to prevent a depression.

Now, Mr. Bianco notes, "the guy that is holding the Fed back from easing is Helicopter Ben. We got him all wrong, at least for his first 10 months" in office.

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Future Bright For Ex-members Of Congress (AP)

By Darlene Superville

AP, December 11, 2006

They lost their House and Senate seats, in some cases after keeping them warm for three decades. Others up and left on their own. But do not feel too sorry for some of these soon-to-be former lawmakers.

The future is bright for ex-members of Congress. No welfare cheese for them and little if any time among the ranks of the unemployed.

Some already have settled on new careers. Or old ones, as the case may be.

"I'll probably go home and drive a truck for a couple of weeks to get centered again," Rep. Mike Sodrel, R-Ind., a 60-year-old freshman who was defeated, said in an interview.

During the campaign that got him elected in 2004, Sodrel, a millionaire who owns three trucking and bus companies, cruised around southeastern Indiana in his own 18-wheeler.

Last month, he lost to Baron Hill, the Democratic congressman he beat two years ago.

Rep. Sherwood Boehlert, the House Science Committee chairman, is joining the Woodrow Wilson International Center for Scholars in Washington. The longest-serving New York Republican in Congress, Boehlert quit after 24 years.

Rep. Jim Leach, R-Iowa, sent packing after 30 years, is sifting through offers from prestigious East Coast universities — Georgetown, Harvard and Princeton among them — as well as schools in his Midwestern home state.

Defeated GOP Sen. Mike DeWine of Ohio is talking to universities about teaching and law firms about legal work as he prepares to re-enter private life for the first time in 30 years.

Some departing lawmakers insist they will go back home when they are sitting congressmen no more, after their successors are sworn in Jan. 4. This, despite the lucrative lure of joining the influence industry in the capital as a lobbyist or consultant.

"This has been a nasty and brutish place for some time," said Norman Ornstein, a congressional analyst at the American Enterprise Institute. "I think for many people, they're tired of it, even if they've been a part of it, and they'd like to get at least a breather away from it."

Lawmakers are more inclined to leave families home these days and sink fewer roots here than in the past. Beyond that, most of the departing members are Republican, and job prospects in the capital may be less-than-stellar, with Democrats taking control of both houses of the new Congress.

"The ability of Republicans to make money in the short run is less than it is for Democrats right now," said L. Sandy Maisel, director of the Goldfarb Center for Public Affairs at Colby College in Waterville, Maine. "I don't think the doors are as wide open."

Few ex-lawmakers go begging in the capital. Those who become lobbyists cannot approach their former colleagues for a year, under current rules, or two years if a Democratic proposal takes effect, but can lobby the administration right away.

Another option is to relax.

"Congress provides handsome retirements for itself," said former Rep. Bill Frenzel, R-Minn., who joined the Brookings Institution think tank after retiring in 1991. "So if you've been in Congress as some of these folks have been, 20, 25 years, it isn't necessary for them to find gainful employment."

That is what Rep. Henry Hyde, R-Ill., has decided to do, after 32 years of service.

At age 82, with failing ears and back and other problems that make getting around difficult, Hyde said he would fully retire — not even write his memoirs.

Sen. Conrad Burns, denied a fourth term, said he will return to Montana to work on behalf of farmers, lawsuit reform and lower taxes — and on something closer to home.

"I'm to the age where I'd like to enjoy my granddaughter," said Burns, 71.

Sen. Bill Frist, the surgeon-turned-senator, is going back to Tennessee, having ruled out a run for the presidency, and said that for the near future, he will join missions overseas once more, as a doctor ministering to the poor.

"I'm going to live in the very same house that I was born in 54 years ago," he said in a Senate farewell speech.

Obama Takes First Steps In N.H. (WP)

By Dan Balz

The Washington Post, December 11, 2006

MANCHESTER, N.H., Dec. 10 -- The political phenomenon known as Sen. Barack Obama (D-Ill.) descended Sunday on the state with the nation's first presidential primary, drawing enthusiastic crowds and trailed by a huge media horde as he continued to stoke interest in a possible bid for the White House in 2008.

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It was standing-room-only at a book signing Sunday morning in the seacoast town of Portsmouth, where the 750 available tickets were snapped up within hours of being made available to the public early last week. Here in Manchester, 1,500 people paid $25 apiece to hear him speak at a celebration of the New Hampshire Democratic Party's historic victories in last month's midterm elections.

To the question everyone wanted answered -- Is he going to run? -- Obama was noncommittal. "I haven't made that determination. I'm still running things through the traps," he said. He added, "I want to take my time on it, not only to make sure the politics makes sense but that I feel I have something unique to offer that would help move the country forward."

But he closed his speech here early Sunday night with words that seemed to signal growing interest in a campaign. "America is ready to turn the page," he said. "America is ready for a new set of challenges. This is our time. A new generation is prepared to lead."

Aides said a final decision will come in January, while in the meantime the Obama team continues to prepare the machinery for a campaign if the senator concludes that the time is right. Pronouncing himself "suspicious of hype," Obama said he would not be driven into the race "simply because of the opportunity but because I think I will serve the country well by that."

For those who came to see Obama, comparisons with Sen. Hillary Rodham Clinton (D-N.Y.), who leads the early national polls testing possible candidates for the Democratic nomination, were inevitable.

Clinton has been making calls into New Hampshire for the past week in anticipation of a possible 2008 campaign, but is not expected to appear in the state until next year. A number of Democrats who came to hear Obama said that, as much as they admire Clinton, they think she cannot win and see the senator from Illinois as a potentially attractive alternative.

All through the day, veterans of New Hampshire politics marveled at the swelling interest in a possible candidacy by a first-term African American senator who has had a book atop the New York Times bestseller list for the past month but who still has produced little in terms of a record as a national politician.

"In all my history, nobody's ever had a crowd this big, this early," said Charles Campion, a veteran party strategist based in Boston, as he watched Democrats assemble Sunday afternoon in Manchester.

This being New Hampshire, where citizens wait to see a candidate several times before declaring their allegiance, curiosity as much as real support attracted many of the people who came to see Obama. They wanted to know more who Obama is, what he believes and whether after two years in the Senate he is ready to be president.

"I need to know a little bit more about him, his stance on some serious issues," said Marilyn Johnson of Kittery, Maine, who was in the front row in Portsmouth. She worried that he is too inexperienced to be president, saying, "I think it would be a mistake for him to run in 2008."

Others were already ready to commit to an Obama candidacy. "He had the true spirit we're looking for," said Kathryn Frieden, a physician from Manchester. "I do hope he runs. I haven't been so excited by someone since JFK, when he was campaigning when I was 10 years old."

Obama's day in New Hampshire was remarkable as much for the scene and speculation he generated than for anything specific he had to say. Wearing a black jacket, gray slacks and an open-collar white shirt, Obama delivered low-key remarks, speaking personally about his background and the origins of his belief in a more hopeful politics, as well as giving general views on issues such as energy, health care and Iraq.

He promised a new politics, to replace the "24-hour, slash-and-burn, negative-ad bickering, small-minded politics that doesn't move us forward."

Asked what he believes is different about his politics than those of other candidates, he said, "I think what's worked for me has been the capacity to stay true to a set of progressive values but to be eclectic in terms of the tools to achieve those progressive values. To not be orthodox. To be willing to get good ideas from all quarters."

As for the question of his readiness, Obama hinted he would have more to say about that if he enters the race, but he told reporters: "If I decide to run, at the end of the process, people will know me pretty well and they'll have a pretty good sense of whether I'm qualified to run."

The media contingent was estimated by organizers at 125 to 150 people. Obama's news conference attracted the kind of attention normally reserved for a winner of the New Hampshire primary, not a relative novice who has not even declared for president.

His presidential planning has not quite caught up with the hype and speculation that now follows him wherever he goes. Nor does he appear to be as far along as Clinton or a number of other Democrats, who have been tramping through this and other states for more than a year.

Obama has been meeting regularly with a small team of advisers and with his wife, Michelle, since last month's midterm elections. They have been assembling information about the cost of running in 2008, Obama's fundraising potential, overall strategy, the primary and caucus calendar, and the strength of the competition.

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They also have been trying to identify potential staff at a time when Clinton and other Democratic candidates are moving to lock up the most experienced fundraisers, strategists, organizers, advance people and communications experts.

Obama's core team of advisers includes Chicago-based media consultant David Axelrod, Senate chief of staff Pete Rouse, communications director Robert Gibbs, strategist David Plouffe and pollster Paul Harstad. He has also recruited Steve Hildebrand, who ran the Iowa caucuses for former vice president Al Gore in 2000.

Family issues remain a potentially significant obstacle to Obama. He arrived in New Hampshire close to midnight Saturday because he was attending a ballet recital for one of his two young daughters, and the demands of a presidential campaign would keep him away from his family for much of the next two years.

Asked whether his wife is enthusiastic or resistant to a presidential campaign, he said he would keep private discussions private, but added, "She is the smartest, toughest, funniest best friend that I could ever hope for, and she's always had my back. Whatever decision we make, we'll make together."

New Hampshire Democrats had much to celebrate with Obama after their most successful election in a century. Last month, voters in the state tossed out two House incumbents, reelected Gov. John Lynch (D) with 74 percent of the vote, gave Democrats a majority on the powerful Executive Council and turned over control of the state legislature to Democrats for the first time since 1874.

But many in the crowds Sunday were there primarily to take the measure of Obama. Jeff Hughes, who came to Portsmouth with his wife, Barbara, best captured the moment as he summed up the opportunity and the risk for Obama as he weighs whether to run.

"Right now it's his opportunity, his time," Hughes said. "We'll see what he does with it."

Obama Draws Crowds As He Tours New Hampshire (USAT)

By Jill Lawrence

USA Today, December 11, 2006

MANCHESTER, N.H. — Illinois Sen. Barack Obama surveyed the 160 journalists and 22 TV camera crews documenting his first visit Sunday to the state that holds the first presidential primary. "I am suspicious of hype," he said.

The half-Kansan, half-Kenyan author and politician, who electrified the 2004 Democratic convention with his keynote speech, says it is "a little surprising" to him and "completely baffling" to his wife that his 15 minutes of fame have extended well beyond 15 minutes.

But there's no doubt they have.

The large crowds and pop-star response Obama drew here underscored the new reality for Democrats seeking their party's nomination: New York Sen. Hillary Rodham Clinton is no longer alone at the top.

"Clearly, the dynamic has changed. You have a top tier of two," says Iowa activist Bonnie Campbell, a former state attorney general and party chairwoman who is a Clinton fan but calls Obama "impressive."

Obama, 45, has roiled the field since he said seven weeks ago that he is weighing a run for president. He assumed the No. 2 spot among Democratic prospects in a USA TODAY/Gallup Poll last month, with 19% to 31% for Clinton. His latest book, The Audacity of Hope, is the No. 2 seller on Amazon.com.

"I'm still running things through the traps," Obama said Sunday when asked if he'll take the leap.

There are many signs pointing to yes. One was the trip to New Hampshire. Obama has also been contacting labor leaders and congressmen in Iowa, which holds the first caucuses. His advisers have been informally seeking recommendations for key senior positions in a national campaign.

For months, Clinton was the runaway leader of the field in national polls. As Obama surged, her normally tight-lipped aides started confirming a series of people in line to be campaign manager, communications director and the like in a Clinton presidential campaign.

"This is the Barack Obama moment. You can't allow him to dominate the news cycle. So you're getting a much more open, talkative — for them — operation," said Doug Muzzio, a political scientist at Baruch College in New York City.

Howard Wolfson, a Clinton adviser, said Obama has had no impact on Clinton's plans or process. Asked whether Clinton would visit New Hampshire, Wolfson said, "There are no trips planned."

New Hampshire Democrats last month won majorities in the state House and Senate, ousted the state's two Republican congressmen, and helped re-elect a governor. Other Democratic presidential prospects, such as Indiana Sen. Evan Bayh and Iowa Gov. Tom Vilsack, helped achieve those victories here by donating time, money, advice and — in Bayh's case — 15 trained, funded campaign aides.

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Bayh was in New Hampshire last weekend, too, on his seventh trip since July 2005. His events were the traditional kind — small and intimate — in a state where people expect to personally meet and question candidates. If Obama runs, he plans to do the same.

But first, the celebrity whirlwind tour. In Portsmouth, a small bookstore gave out 750 free tickets to a talk in one day. In Manchester, the state party sold 1,500 tickets to a victory party and could have sold scores more, party Chairwoman Kathy Sullivan said.

Obama offered both groups a personal, soothing style and pleas for civility, common sense and boldness in politics. He "confessed" to stealing his book's name from his pastor, because he loved it "as a personal motto" and also because it described "an essential part of the American character." In the face of big problems, Obama said, "what's hard, what's risky, what's truly audacious, is to hope."

In a preview of a possible campaign message, he said challenges such as energy independence, terrorism, Iraq and health care coverage for all can be overcome but will "require us to renew, reinvigorate that sense of possibility that we sometimes lose."

Obama's race and résumé— he has served eight years in the Illinois Senate and two years in the U.S. Senate — came up repeatedly Sunday. In Portsmouth, he described a tour of southern Illinois during his 2004 Senate campaign: "It's the South. It's closer to Little Rock and Memphis than it is to Chicago." Even in Cairo, site of "some of the worst racial violence in the nation" in the late 1960s and early 1970s, he was greeted by a supportive mixed-race crowd of 300.

Later, Obama said minority candidates "confront a higher threshold" in overcoming stereotypes. Once voters get to know you, he said, "people will judge you on the merits."

Obama said some people would never vote for a black candidate, but they probably wouldn't vote for him anyway because of his politics. He also said he is not worried about his middle name, Hussein, because he's already managed to overcome "Barack Obama."

On the question of experience, Obama said he'd prove his mettle by answering tough questions. "If I decide to run, at the end of the process, people will know me pretty well," he said.

Bruce Buchanan, a presidential expert at the University of Texas, says experience does not necessarily correlate with success. James Buchanan had "a résumé to knock your socks off," but let the South secede and the nation slide toward civil war, the scholar said, while Abraham Lincoln was "one of the most inexperienced people ever to become president."

Jeff Bolster of Portsmouth, a historian at the University of New Hampshire, called Obama "a colossal rookie" but said people like the way he talks about "what is honorable and noble about our country." Newly elected state Sen. Deb Reynolds of Plymouth called Obama inspiring and visionary. Then she added, "At this point I'm evaluating everybody."

Obama Extends 15 Minutes Of Fame In N.H. (AP)

By Nedra Pickler

AP, December 10, 2006

MANCHESTER, N.H. -- Sen. Barack Obama sparked an early frenzy Sunday during his initial visit to the nation's first presidential primary state, but said he still hasn't decided whether to run and questioned whether all the hype was just part of his "15 minutes of fame."

The Illinois senator said he is still "running things through the traps" as he considers whether to join a field of Democrats that's expected to include front-runner Sen. Hillary Clinton and several other more experienced political hands.

"This is an office you can't run for just on the basis of ambition," Obama told reporters at a news conference between packed events. "You have to feel deep in your gut that you have a vision for the country that is sufficiently important that it needs to be out there."

At every turn in New Hampshire, Obama got encouragement to enter the race. Gov. John Lynch joked that the Rolling Stones were originally the headliners at a state party fundraiser where the $25 tickets quickly sold out. "But we canceled them when we realized Senator Obama would sell more tickets," Lynch said.

He drew 1,500 Democrats to a the fundraiser and several hundred more at a book signing in Portsmouth. Organizers of both events had to turn away many others who wanted to get in. The media contingent was so large it crowded into a Portsmouth coffee shop with the senator and knocked into tables and chairs as he tried to shake hands with the customers.

History teacher and Democrat Mark Bingham of Alton, N.H., met Obama and said that despite his inexperience, he could rank among presidents named Lincoln and Kennedy. "It's good to see politics going in another direction," Bingham told the senator.

Obama said he thinks the excitement reflects voters' desire for a new, positive direction in politics that is not about him as an individual.

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"I am suspicious of hype," Obama told reporters. "The fact that my 15 minutes of fame has extended a little longer than 15 minutes is somewhat surprising to me and completely baffling to my wife."

Obama's appearance before the state party was to celebrate last month's election, where Lynch won by a record margin and the party took control of both houses of the legislature and New Hampshire's two U.S. House seats. As he took the stage, supporters handed Obama a petition signed by 12,000 people encouraging him to run, said Todd Webster, who started the RunObama.com Web site.

"I think to some degree I've become a shorthand or a symbol or a stand-in for now of a spirit that the last election in New Hampshire represents," Obama said. "It's a spirit that says we are looking for different. We want something new."

Obama's newness could be one of his biggest liabilities -- he's served just two years in the Senate after seven years in the Illinois Legislature. But Obama tried to turn his inexperience into an asset compared with other candidates who have been governing for much longer, although he didn't mention any rivals by name.

Clinton has not yet begun campaigning in New Hampshire, but she did host a dinner at her Washington home Sunday night for Terry Schumacher, a prominent New Hampshire Democrat who worked on Bill Clinton's 1992 and 1996 presidential campaigns. Sen. Clinton has made several calls this week to Democratic activists in New Hampshire and around the country, sounding out her presidential prospects.

Several other potential candidates have been making trips to New Hampshire for the last year and a half. Among the most frequent visitors is Indiana Sen. Evan Bayh, who filled a small room at a Manchester conference center Friday night but wasn't near the draw as Obama on his first trip. Anticipating the inevitable comparison to their visits on the same weekend, Bayh's aides joked that 1,000 more people were in an overflow room.

Bayh said he wasn't intimidated by the Obama mania as he talked to voters one-on-one. "I'm doing the things that matter in New Hampshire," Bayh said.

Because of their pivotal role, New Hampshire voters are accustomed to individual attention from presidential candidates. Obama tried to accommodate them despite the large turnout, staying for over an hour after his speech ended to sign a book for every person who wanted one. He also chartered an $11,000 flight to Chicago late Sunday night so he could greet attendees after his speech without having to worry about catching a plane.

State party officials said 150 members of the media signed up to cover Obama's speech, representing news organizations as far off as Australia and Japan. He answered questions about how his young children, his inexperience, his race and even whether his troublesome middle name -- "Hussein" -- could affect his candidacy.

He said his family is a major concern because his daughters are 8 and 5 years old. He said questions about his inexperience are valid. He said Americans are not concerned with middle names, but that all women and minority candidates have to overcome stereotypes so people will judge them on their merits.

"Are some voters not going to vote for me because I'm African-American? Those are the same voters who probably wouldn't vote for me because of my politics," he said.

Obama's advisers said he would consider his choice over the holidays, after his annual Christmas trip to his native Hawaii to visit his grandmother.

Obama, Visiting New Hampshire, Offers Flavor Of A Campaign That Might Be (NYT)

By Adam Nagourney

The New York Times, December 11, 2006

MANCHESTER, N.H., Dec. 10 — Senator Barack Obama came to New Hampshire for the first time in his life on Sunday, selling a message of hope while proclaiming himself wary of the wave of hype that surrounded his visit.

His visit gave Democrats in two sold-out halls a chance to inspect the man who has emerged as their party's strongest alternative to Senator Hillary Rodham Clinton as a presidential contender.

"It is flattering to get a lot of attention, although I must say it is baffling," Mr. Obama said here late Sunday afternoon.

"I think to some degree I've become a shorthand or symbol or stand-in for a spirit that the last election in New Hampshire represented," he said, referring to the losses of two incumbent congressmen here in November. "It's a spirit that says we are looking for something different — we want something new."

What New Hampshire saw was a first-term senator from Illinois who offered a strong condemnation of the way politics have been conducted in Washington and who positioned himself as someone who could strongly appeal to the more liberal Democrats who tend to dominate primaries. In two speeches and a news conference, Mr. Obama called for universal health care — the issue with which Mrs. Clinton, the New York Democrat, was once closely identified — a battle on global warming and a timed redeployment of troops from Iraq.

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But most of all, Mr. Obama — tieless and grinning broadly as he encountered the kind of reception typically afforded a movie star — talked about what he decried as a toxically partisan atmosphere in Washington, clearly signaling a central theme of a presidential campaign by this newcomer to the national political stage.

"We've come to be consumed by a 24-hour, slash-and-burn, negative ad, bickering, small-minded politics that doesn't move us forward," he said in Portsmouth, emphasizing that both parties were at fault. "Sometimes one side is up and the other side is down. But there's no sense that they are coming together in a common-sense, practical, nonideological way to solve the problems that we face."

Mr. Obama, 45, said he had not decided if he would actually run for president, saying he was running it "through the traps." But his appearance here — two years before the 2008 presidential election, in the state with the nation's first primary — was nothing short of a spectacle.

His two public events — a book signing in Portsmouth and a victory rally for the New Hampshire Democratic Party here — sold out days ago. A total of 2,500 people turned out to see him, including 1,500 who paid $25 each to attend the rally.

"We originally scheduled the Rolling Stones, but we canceled them when we figured out that Senator Obama would sell more tickets," Gov. John Lynch said.

In Portsmouth, he walked into the room to an explosion of camera flashes and a prolonged standing ovation. After his speech, hundreds of people waited more than an hour for Mr. Obama to sign a copy of his latest book, "The Audacity of Hope." And 150 members of the news media received credentials to cover his visit, as Mr. Obama realized when he loped before a wall of reporters and cameras for a news conference.

"Hey everybody, my name is Barack Obama," he said. "And it must be a slow news day."

Turning serious, he said: "I will say this: I am suspicious of hype. The fact that I've become, that my 15 minutes of fame has extended a little longer than 15 minutes, is somewhat surprising to me."

Mr. Obama said he believed he had become a symbol of the voters' desire for new faces and a new tone in Washington. "Whether it's me or someone else, what is most important — and over the long-term most newsworthy — is that desire on the part of the voters."

Whatever the reason, Democrats long acquainted with New Hampshire politics were stunned to walk into a ballroom at the Center of New Hampshire here and see signs proclaiming the event sold out. "I've never seen anything like this before this early," said Mike Ballantine, a computer programmer from Nashua, as across the room Mr. Obama was surrounded by more than 100 people, many holding up his book and hoping for an autograph. "I mean it's amazing. Really amazing."

And the reality of Mr. Obama — as opposed to what people had read or seen in weeks of extraordinarily favorable coverage — struck a chord with some. "I was very impressed with the fact that he wants to bring people together," said Betsy Shultis, a former state representative. "I was very taken with him."

Elizabeth Fairchild, 37, of Rye, N.H., said: "I thought he was fantastic. He exceeded my expectations."

But other Democrats said they thought that someone with Mr. Obama's experience had little chance of winning a national election.

"I've looked through his book, and he barely touches issues," said Robert Padian, 59, an unemployed database administrator. "I think he's a serious candidate, but I don't think he has great potential. No track record, and there are too many guys ahead of him in line."

Mr. Obama told reporters that he expected questions about his experience and qualifications. If he did run, he said, "at the end of the process people will know me pretty well, and they'll have a pretty good sense of whether I am qualified or not."

Crowds Adore Obama (LAT)

By Terry McDermott, Mark Z. Barabak

The Los Angeles Times, December 11, 2006

MANCHESTER, N.H. — Illinois freshman Sen. Barack Obama, borne aloft by a popularity bubble that seems to float higher by the day, did nothing to deflate it Sunday on his first trip to New Hampshire.

Neither did he move any closer to a declaration of candidacy for the 2008 Democratic presidential nomination, for which the New Hampshire primary will be a key early test. In appearances here and in Portsmouth, he was content to play with the notion and tease the expectations of overflow, adoring crowds.

Obama said he was flattered and humbled, but also wary.

"I am suspicious of hype. The fact that my 15 minutes of fame has extended a little longer than 15 minutes is somewhat surprising to me and completely baffling to my wife," he said at a news conference between events. "And I think what's going on is people are very hungry for something new. I think they are interested in being called to be a part of something larger than the

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sort of small, petty, slash-and-burn politics that we have been seeing over the last several years. To some degree, I think I'm a stand-in for that desire on the part of the country."

The Portsmouth appearance was a promotional event for Obama's bestselling new book, "The Audacity of Hope."

Obama says the book reflects what he thinks of as a fundamental American optimism that problems can be overcome and society can be made better and more fair.

"I think what's been happening over the last several months is that people have realized that kind of spirit has been lost over the last decade," Obama said. "It's a spirit that says we are looking for something different. We want something new."

Hundreds of people stood in line for up to an hour for autographs. He stayed until the last book was signed. He stayed for an hour after the state party event as well, besieged by party activists. He seemed to revel in the crowds' enthusiasm.

Obama has said he is contemplating running for president and intends to decide by early next month. He said Sunday he was still consulting with his family about it.

Sunday's reception could not have dissuaded him. He was the sole potential presidential contender invited to participate in the state Democratic Party's commemoration of the 2006 midterm election, in which they gained more control of the state's political machinery than at any time since the 19th century. He was greeted upon arrival in the state by a column in a local newspaper comparing him to Robert F. Kennedy.

Gov. John Lynch said the state party originally planned to invite the Rolling Stones, "but we canceled them when we realized Sen. Obama would sell more tickets."

People from 13 states purchased the 1,500 $25 tickets, and hundreds more were turned away. The day was marked by a friendly, almost giddy, festive mood. There was a lot of hugging going on. And cheering. It was a strange turn for New Hampshire voters, who are often characterized — and, in fact, characterize themselves — as tough nuts to crack.

Obama's speech to the party activists, emphasizing the same themes as his book, was interrupted several times by spontaneous applause. Several members of the audience said afterward they were applauding as much because of what Obama represented as for what he said.

"He seems like just a regular guy. He talks, uses language like we would use," said Nell Conkright, who owns a bookstore in Peterborough. There is a freshness about Obama that she said was compelling.

Obama, just the third African American senator since Reconstruction, was asked if the country was ready for a black president.

"Race is still a powerful force in this country," he said. "Any African American candidate, or any Latino candidate, or Asian candidate or woman candidate confronts a higher threshold in establishing himself to the voters…. Are some voters not going to vote for me because I'm African American? Those are the same voters who probably wouldn't vote for me because of my politics."

Although only two candidates, Iowa Gov. Tom Vilsack and Indiana Sen. Evan Bayh, have formally announced campaigns for the 2008 Democratic nomination, many are considering the race. They include the 2004 ticket, Sen. John F. Kerry of Massachusetts and John Edwards of North Carolina; former Vice President Al Gore; Sens. Joseph R. Biden Jr. of Delaware, Hillary Rodham Clinton of New York and Christopher J. Dodd of Connecticut; retired Gen. Wesley K. Clark; and Gov. Bill Richardson of New Mexico.

To some extent, political professionals say, the outline of the contest has already emerged: Clinton versus everyone else, with the rest struggling to emerge as her main opponent. If Obama enters the race, the professionals generally agree that he would immediately become the principal challenger.

David Doak, a veteran Democratic consultant, said Obama "points out the shortcomings of what is otherwise a pretty good field of candidates. He's clearly a guy who excites people…. He soaks up a lot of the energy [other candidates] would need to harness to break out of the pack. You assume Hillary's going to have the money, she's got the name identification, she's got the organization, she's got a group of people who've been through this before.

The degree to which Obama outshines potential competitors was illustrated by an appearance made by Bayh two nights earlier. He drew perhaps one-tenth as many people.

Although Doak's comments were echoed by other consultants, many cautioned it was very early. Steve Elmendorf, who worked for Kerry's 2004 campaign, said, "People will have a chance to prove themselves and get noticed. [Obama] may stumble. Others may stumble, others may shine. There's a long way yet to go."

Flurry In New Hampshire (BSUN)

By Paul West

The Baltimore Sun, December 11, 2006

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MANCHESTER, N.H. -- Politics-mad New Hampshire, jaded beyond reason by never-ending presidential campaigns, hadn't seen anything quite like this before.

Democratic Sen. Barack Obama made his debut in the kickoff primary state to adoring responses yesterday from large crowds of voters seemingly convinced that they were witnessing the next big thing on the national scene.

"I see him as very messianic," said Kelsey Woodward, a 64-year- old artist, at Obama's first stop, in Portsmouth. "People are craving a fresh voice, a fresh face, a fresh outlook."

The 45-year-old Illinois senator, who is tapping into the public's desire for an end to the bitter partisanship in Washington, might not make it all the way to the White House. But he appears to have put his party under a spell that has veteran politicians reaching back to the Kennedy era for comparisons.

His emergence could pose a problem for less charismatic rivals who have spent years laying the groundwork for their own bids. Analysts say there is only so much attention, money and endorsements to go around, and with Obama and Sen. Hillary Rodham Clinton likely to head the field, there may not be much room for other contenders.

"We've got a lot of 800-pound gorillas this time seriously looking at it," said Raymond Buckley, vice chairman of the state Democratic Party, referring to the collection of senators and governors gearing up to run.

Only one or two may be able to compete successfully in the shadow of Clinton and Obama, some analysts say. Money is a major hurdle. A candidate will have to raise $25 million to $40 million over the next 12 months to be competitive, according to campaign aides.

Nevertheless, a candidate other than Clinton or Obama could certainly become the nominee. "New Hampshire's been known to give a little oxygen to somebody that other people aren't looking at," said Buckley.

That didn't seem to be the case this weekend, however, for one Democratic hopeful. Indiana Sen. Evan Bayh, making at least his seventh trip to the Granite State in the past 18 months, attracted scant attention. About 75 activists turned out to greet him Saturday night at a banquet hall in Manchester, the state's largest city.

Bayh said he felt "fine" about the Obama invasion, insisting that "we're not competing with one another." Bayh said he was doing what presidential candidates always do here - "seeing people in coffee shops and living rooms" - and said was unworried about getting crowded out of the '08 picture.

Kathy Sullivan, the state party chairman, was on hand to thank Bayh for his help in the midterm campaign. Bayh dispatched a cadre of young organizers into New Hampshire to help local candidates in last month's midterm election, which resulted in a surprise sweep of congressional seats and a Democratic takeover of the state legislature.

But when she looked for a speaker to headline a celebration of that triumph, the culmination of a decade-long Democratic surge in the state, Sullivan turned to Obama, and the event quickly became more about the next election than the last one.

Demand for tickets forced organizers to move the rally to a larger venue, where it quickly sold out at $25 a head. "We've never had a standing crowd of 1,500 people," said party spokeswoman Kathleen Strand.

Democratic Gov. John Lynch, re-elected last month by a record margin, joked, "We originally scheduled the Rolling Stones for this party. But we canceled them when we realized Sen. Obama would sell more tickets."

Obama, greeted by an enthusiastic roar, said he was flattered by the excitement surrounding his prospective candidacy. He is expected to announce his plans next month, aides said.

"I actually think that the reason that I'm getting so much attention has less to do with me and more to do with you," he told the crowd. "I think to some degree I've become a shorthand or a symbol or a stand-in, for now, of a spirit ... that says that we are looking for something different. We want something new."

"America is ready to turn the page," said Obama, who was born when John F. Kennedy was president and was elected to the Senate last year. "This is our time, a new generation that is prepared to lead."

Campaign veterans, including supporters of rival candidates, praised Obama's performance. They said they had never seen such a large crowd so early in the campaign, particularly for someone just setting out on the White House trail - in this case, a freshman senator still seemingly wet behind his jug ears.

At a news conference, surrounded by many of the 150 journalists who had credentials for the event, Obama acknowledged that, as an African-American, he would face "a higher threshold" in a presidential election, as would a woman or an Hispanic candidate.

But by the end of the campaign, he said, "people will know me pretty well [and] whether I'm qualified to serve or not."

Asked whether his middle name, Hussein, would hurt his chances, Obama replied, "It would be one thing if my name was John Hussein Smith." But, he said, "the American people are not concerned about middle names."

Party activists said they are looking for a candidate who could lead Democrats back to the White House in 2008.

Holly Roche, a 42-year-old massage therapist from Rollinsford, said she "wanted to experience the purported mystique" of the junior senator from Illinois.

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"I appreciate his message of non-negative politics," she added.

Retired municipal worker Edward Solomon, 63, was part of the crowd that had snapped up the 750 tickets in Portsmouth for a book-signing and a chance to catch Obama's stump speech, built in part around the title of his latest work, The Audacity of Hope.

Afterward, as he stepped from the hall into an unusually mild December day, Solomon said that when he listened to the tall, thin senator's upbeat message, "I could hear a sign of hope, that hope was there for all of us."

Democratic "Rock Star" Obama Tests Presidential Waters (AFP)

AFP, December 10, 2006

Democratic star Senator Barack Obama is on his first trip to the important political testing ground of New Hampshire as he lays the foundation for a possible 2008 presidential run.

Obama, who was speaking Sunday at celebrations to mark his party's success in last month's elections, also reportedly planned to use the visit to introduce himself to the political establishment in New Hampshire, which holds America's first presidential primary in little more than a year.

Considered a relative newcomer on the national political stage, Obama has not said he is certain to run for the White House. But he is expected to make a decision in the next few weeks.

There is no shortage of supporters pressing the photogenic African-American lawmaker to toss his hat into the ring however. Among them are longtime booster, Senate colleague Dick Durbin, who has begun an online petition drive urging Obama to run.

Another new website boosting Obama's presidential candidacy is www.runobama.com.

Meanwhile, Senator Hillary Clinton, tipped by polls and pundits as the early favorite for the 2008 Democratic nomination, also has been holding talks with party officials on joining the race, according to news reports. Newsweek magazine reported that Democratic insiders say it is "99 percent certain" that the former first lady will run.

So far only one Democrat has formally announced he will challenge for the nomination, Iowa governor Tom Vilsack.

Big Crowds For Obama Signal That 2008 Contest Is Wide Open (MCT)

By Steven Thomma

McClatchy, December 11, 2006

MANCHESTER, N.H. - Sen. Barack Obama shook up the embryonic 2008 presidential campaign Sunday, igniting a tumultuous response in his first visit to the state that will kick off primary voting for the 2008 Democratic nomination in about a year.

More than 1,500 Democrats crowded into a Manchester armory to see and hear the freshman senator, a turnout local organizers called unprecedented this long before the voting.

The armory crowd roared its approval when Gov. John Lynch speculated that Obama might run, and they interrupted the senator's half-hour speech several times with ovations. His speech focused on forging a bipartisan civil approach to solving problems in education, healthcare and national security. That amounts to "an American agenda," he said, not a partisan one.

Earlier Sunday, more than 700 showed up to see him at a Portsmouth book signing, forcing the event to be moved from a bookstore to a conference center.

The Illinois senator hasn't even decided yet whether to run. And not all who showed up to hear him would necessarily vote for him. But the intense curiosity and enthusiasm about him among Democrats suggests that the party is looking for new leadership - and that the presumed frontrunner, Sen. Hillary Rodham of New York, is anything but a certain winner.

"We've never had an event like this," said New Hampshire Democratic Party Chairwoman Kathy Sullivan.

The $25 tickets sold out in a blur of advance demand, and party officials posted signs warning people there wasn't room for anyone else.

More than 150 members of the news media, including foreign press, covered Obama's arrival. Candidates at this stage of a campaign normally consider themselves lucky to draw four or five reporters.

By comparison, another potential 2008 Democratic candidate who's been visiting New Hampshire frequently went largely unnoticed at a simultaneous visit. Sen. Evan Bayh of Indiana ate breakfast all but anonymously with two other people Sunday in a restaurant next door to the Obama event. The evening before, he hosted a reception that drew about 50 Democrats.

For his part, Obama claimed humility.

"I'm suspicious of hype," Obama said upon arriving in Manchester. "That my 15 minutes of fame has extended somewhat is surprising to me and baffling to my wife."

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But he said his civil approach, which he calls "a hopeful politics," might be striking a chord with Americans weary of partisan sniping and gridlock in Washington.

"People are very hungry for something new," he said. "To some degree, I am a stand-in for that desire."

Indeed, many Democrats noted that they like the fact that he's a newcomer to national politics, with just two years in the Senate.

"We're looking for somebody new," said Carol Williams of Manchester. "People are tired of the same old stuff, the same old politics. All the rest of them are part of the old boy, old girl network.

"Barack is eloquent and charismatic. He has the same charisma as John Kennedy," she said. "I know; I worked for him here in 1960."

She wasn't the only one who likened Obama to President Kennedy.

"He's passionate and he's young. It's a Jack Kennedy thing," said Carol Backus of Manchester.

If Obama exudes a JFK-like charisma for some, he doesn't share Kennedy's 14 years of pre-presidential experience in Congress. Some Democrats said they didn't mind his lack of experience; others said it would be a significant hurdle.

"The pedigree is important, but the ability to connect to people is more important," said state Sen. Lou D'allesandro of Manchester. "He's a very attractive candidate."

"He may be a little light on experience," said Rolf Bremer, the party chairman in the town of Brookline. But he said he was willing to look at Obama largely because he doesn't think Clinton can win.

A new national poll last week showed Clinton ahead in the early jockeying for the Democratic nomination, but trailing either Republican Rudy Giuliani or John McCain in a hypothetical general election.

Clinton had the support of 33 percent of Democrats for their party's nomination, according to the Marist College-WNBC poll. Former Sen. John Edwards of North Carolina had 14 percent, former Vice President Al Gore had 13 percent, Obama had 12 percent, and Sen. John Kerry of Massachusetts had 5 percent.

An X factor is Obama's race - he would be the first African-American presidential nominee of either major party.

"Race is still a powerful force," he acknowledged Sunday, adding that minorities and women "confront a higher threshold" with voters.

But he said he was optimistic, thanks to his own election and the fact that Democrat Harold Ford, an African-American who ran unsuccessfully for the Senate this year in Tennessee, actually got more votes from whites than pre-election polls had indicated and almost won.

Obama also said he didn't think his middle name, Hussein, would be a problem. If names were a problem, he said with a smile, voters would never get past his first name.

"When you're already starting with Barack ..." he said with a laugh.

10 Years Later, It Still "Takes A Village," Hillary Sez (NYDN/AP)

By The Associated Press

New York Daily News, December 11, 2006

WASHINGTON - Sen. Hillary Rodham Clinton is polishing up her most famous phrase as she edges closer to a presidential run, writing in a new introduction to her book "It Takes a Village" that Sept. 11 and the Internet make her tome on child-rearing even more relevant today.

"The five years since 9/11 have reinforced one of my main points: How children are raised anywhere can impact our lives and our children's futures," Clinton writes in the introduction to the 10th anniversary edition of the book, which goes on sale Dec. 12. An early copy was obtained by the Associated Press.

The New York senator is the early frontrunner for the Democrats' 2008 presidential nomination, and the new version of the book features a smiling Clinton surrounded by children. Clinton did not appear on the cover of the 1996 book.

In recent weeks, she lined up support among other New York officials for a presidential bid, leaving many convinced she has already decided to run but is waiting to make an official announcement.

In the new introduction, the senator acknowledges the book's title provided plenty of comic opportunities for headline writers, adding that her favorite was "It Takes a Village to Raise a Pig."

Many conservatives scoffed that the book was little more than liberal claptrap, and Sen. Rick Santorum, R-Penn., even wrote a counter-book in 2005, "It Takes a Family."

The introduction by Clinton argues that the core points she made as First Lady are if anything more important now that the Internet and electronic devices like MP3 players have such large roles in children's lives.

"Today's electronic village has certainly complicated the always difficult challenge of parenting and raising the next generation," Clinton writes, noting that in 1996 few were on the Internet and cell phones "weighed as much as bricks."

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"Media saturates our kids' lives as never before," she warns, repeating concerns she has raised as a senator that violent video games may be harming children's psychological development. As if the prove the point, the book now comes with its own Web site.

Clinton's new introduction avoids taking many direct shots at Republicans, but she does decry the $3 trillion rise in federal debt over the past five years, arguing it amounts to a $28,000 "birth tax" on the "tiny shoulders" of each American child.

Since leaving the White House and entering the Senate, Clinton has used her sideline in book-writing to advance her politics and grow her bank account. She sold millions of copies of her 2003 memoirs "Living History," which at the time boosted speculation she might run for president in 2004.

"It Takes a Village" has 700,000 copies in print and the audiobook, narrated by Clinton, won a Grammy in 1997 for best spoken word album. Continuing the arrangement with publisher Simon & Schuster, proceeds from the book will still go to charity.

To promote the new version, Clinton will appear at a bookstore in Manhattan's Lincoln Center on Monday, Dec. 18, and two days later at a bookstore in New York's Westchester County, where she lives with her husband, former president Bill Clinton. She will also make national television appearances that week on a morning show and a talk show promoting the book.

The book appearances will likely only amplify the interest in if and when she will formally declare a bid for president. Through 2006, she was considered the early favorite among Democrats, but now that the November election has past others are stepping forward to express interest and test the waters.

Sen. Barack Obama has begun reaching out to Democrats about a possible bid, and Iowa governor Tom Vilsack has launched an exploratory committee. Also in the mix are New Mexico governor Bill Richardson, 2004 nominee John Kerry, and former vice president Al Gore.

Road To The White House Starts In NY (NSDY)

By Emerson Clarridge, Craig Gordon, Glenn Thrush, Bryan Virasami

Newsday, December 11, 2006

New York City Mayor John Lindsay and Gov. Nelson Rockefeller unsuccessfully sought the nomination in the 1960s.

Several candidates who were born or were in politics in the Empire State did make it to the White House. They include Martin Van Buren, who took office in 1837; Millard Fillmore, who became president in 1850; Chester A. Arthur, who took office in 1881; Grover Cleveland, who was elected in 1884 and 1892; Teddy Roosevelt, who became president in 1901; and his fifth cousin Franklin D. Roosevelt, who was elected to four terms beginning in 1932.

As the 2008 presidential cycle gets under way, it is unusual, though, that the state has four prospective candidates. And it would be unprecedented if, in the end, all of them remain in the race until the nominating conventions. Many political observers think it's a long shot. -- Emerson Clarridge

Rudy Giuliani

Can a thrice-married New Yorker on the wrong side of his party on the Big Three -- gays, guns and God -- really get elected to the White House?

Rudolph Giuliani wants to find out.

By all accounts, "America's mayor" is looking at becoming America's president, and he's taking carefully calculated steps to set up a campaign.

Giuliani has been scooping up sorely needed national talent to bolster his City Hall brain-trust, including a Bush-Cheney campaign honcho.

He held one confab with Republican money-types and is planning another to crack open the checkbooks Dec. 19. And he visited a California think-tank for foreign-policy tutoring.

Even without lifting a finger this summer, Giuliani consistently polled even with or ahead of John McCain, the Arizona senator. But while Giuliani is just now moving to run, McCain has been working for months on a 50-state organization.

Giuliani also risks being outpaced by new conservative heartthrob Mitt Romney, the Massachusetts governor.

Giuliani is riding high on 9/11 name recognition, and some believe that alone can take him far into the race -- perhaps if only as McCain's running mate.

If Giuliani did get the GOP nod, it could set up a Rudy-vs.-Hillary matchup that would be like the Subway Series of presidential politics.

But count on Giuliani foes to point out other parts of his record that won't sit well with hard-right and evangelical Christian voters in places like South Carolina.

He will have to explain support for gay rights, abortion rights and gun control, as well as what some may see as a less-than-godly personal life, with a messy divorce marked by allegations of an extramarital affair. -- Craig Gordon

Sen. Hillary Rodham Clinton

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If she's not running, she's walking as fast as she can.

Sen. Hillary Rodham Clinton was supposed to engage in a slow rollout of her presidential campaign this month, but the New York Democrat seems to have speeded things up, possibly to deal with the looming threat posed by emerging star Barack Obama.

Technically, she's not committed to a run. But like her beloved Chicago Cubs in baseball's winter meetings, Clinton has gone on a hiring spree, tapping a national fundraising director, a sharp-elbowed spokesman to go with her coterie of other sharp-elbowed spokesmen, a national field director, and a campaign manager.

Clinton aides claim she hasn't been flustered by Obama's flirtation with a run, but some supporters have privately taken to slipping some salt into the sugar when it comes to the freshman Illinois senator.

"Do you know what his middle name is?" one booster asked recently. (Answer: "Hussein!")

A nationwide Fox poll shows Obama trailing Clinton 33 percent to 12 percent among registered Democrats. Al Gore and John Edwards poll 12 percent and 11 percent, respectively.

But those numbers are meaningless if Clinton can't win some early primaries. She began courting officials for 2008 about 10 days ago when she met with New York politicians. By the middle of last week, she'd gone national, letting slip that she was bringing to Washington key Democrats from New Hampshire and Iowa to discuss a possible bid.

The next step for Clinton would be to create a presidential exploratory committee. Curiously, the only organization Clinton has created recently is a Senate committee for 2012, according to federal filings. -- Glenn Thrush

Gov. George Pataki

That outgoing Gov. George Pataki is merely considering a presidential bid didn't stop him from making yet another trip last week to New Hampshire, site of the first presidential primary.

Pataki is expected to make his decision in the next few weeks, spokeswoman Alicia Preston said Friday. "He's been spending time weighing the options with his family," she said.

Pataki hosted a lunch Wednesday for Republican lawmakers in New Hampshire on his 12th trip this year to that state.

Bad weather forced him to cancel a trip to Iowa, which he has visited nine times this year.

Although Pataki lost three key Republican advisers in Iowa last month, he opened a campaign office in a suburb of Des Moines and named a new leader for his political action committee, a former political director for Vice President Dick Cheney.

A moderate Republican who supports abortion rights and gay marriage, Pataki has been criticized by conservatives for state spending increases. But he has said his "vision and a proven record of leadership" could help him win.

According to a WNBC/Marist Poll last week, Pataki had 1 percent support among Republicans and Republican-leaning independents. Former New York Mayor Rudolph Giuliani led the poll with 24 percent, and Arizona Sen. John McCain was a close second with 23 percent.

Michael Dawidziak, a Bohemia political consultant who works mostly with Republicans, agreed Pataki would be a long shot. But he added, "He's run against the odds before. He was elected governor of a blue state that's got 2 million more Democrats than Republicans."

Some observers speculate that Pataki is keeping his name in circulation to be considered as a vice presidential running mate. -- Emi Endo

Mayor Michael Bloomberg

Mayor Michael Bloomberg insists he's not a candidate for the White House but is confident he would make a good president. He plans to focus on philantrophy after City Hall, he has said, and yet he has declined to rule out a run for president.

Often described as a firm and decisive executive, Bloomberg prefers to ride the wave of speculation about whether he will run.

While he has denied he would change his mind about running, Bloomberg's contradictory comments in a New York magazine cover story last week suggested his staff members aren't the only ones dreaming of Washington.

"The answer is yes," he said when asked if he would be a good president. He also criticized the partisan environment in Washington, suggesting that someone with middle-of-the-road views would be an asset.

Political observers say he could free up $500 million of his own funds to run as an independent.

"He's not running for president," spokesman Stu Loeser said Friday. But on Thursday night, at a staff party at Gracie Mansion, there was food, drink and presidential fantasy.

Dressed as Bruce Springsteen with a white T-shirt and blue jeans, Bloomberg reportedly was joined by costumed deputy mayors and aides singing a takeoff on "Born to Run."

"Baby we were born to run! We'll win, you'll see -- and beat the GOP and Democrats. Unite the country -- make more jobs. And banish all trans fat! Fix the schools -- make profits grow. Get the White House painted saffron by Christo."

Loeser said the song was "an inside joke intended only for the mayor's staff." -- Bryan Virasami

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GOP Hopeful McCain Visits Clinton, Giuliani Territory (NSDY/AP)

By Richard Pyle

Newsday, December 11, 2006

NEW YORK -- Paying a visit to the home turf of Sen. Hillary Rodham Clinton and ex-Mayor Rudy Giuliani, potential rivals in the 2008 presidential race, Arizona Republican Sen. John McCain told a Jewish audience that Israel and the world are threatened by a "possibly deranged and surely dangerous regime" in Iran.

As the world's "chief state sponsor of international terrorism," Iran defines itself by its hostility to the Jewish state and its chief ally, the United States, McCain said in a speech prepared for a Hanukkah dinner at Yeshiva University on Sunday.

He noted that Iranian President Mahmoud Ahmadinejad has called the Holocaust a "myth," urged that Israel be "wiped off the map" and defied international demands and incentives to end a drive to gain nuclear weapons capability.

"It is simply tragic that millennia of proud Persian history have culminated in a government that today cannot be counted among the world's most civilized nations," McCain said.

The former Vietnam prisoner of war, who tried and failed to gain the GOP presidential nomination in 1998, is considered the probable front-runner for his party's nomination in two years. His stiffest challenge could come first from Giuliani in a Republican primary, while Clinton has unofficially made clear her interest in leading the Democratic ticket.

Ahmadinejad has denied that Iran seeks to build weapons, saying its nuclear program is for peaceful purposes and the country will not give up its right under the Nuclear Nonproliferation Treaty to enrich uranium and produce nuclear fuel. The United States and many European nations believe Iran's enrichment process is aimed at producing weapons.

McCain said Tehran's pursuit of nuclear weapons posed "an unacceptable risk" in that it would increase the threat of Iran-sponsored terrorist activities, render the nonproliferation treaty obsolete and cause non-nuclear nations such as Egypt, Turkey and Saudi Arabia to "reassess" their own nuclear potential.

Iran, McCain said, "must understand that it cannot win a showdown with the world."

He said the U.N. Security Council must act immediately to impose multilateral political and economic sanctions on Iran while every other option, including military, is preserved.

"We have a long way to go diplomatically before we need to contemplate other measures, but it is a simple observation of reality that there is only one thing worse than a military solution, and that is a nuclear-armed Iran," McCain said.

In Vienna, U.S. government officials said on Sunday that Washington, D.C., and its closest Western allies, Britain and France, may soon ask the U.N. Security Council to vote on sanctions against Iran, even though China and Russia might veto the measure or abstain.

McCain, who has urged President Bush to increase rather than reduce the size of American forces in Iraq, said that despite the "many serious mistakes we have made" and the ongoing violence there, the United States cannot simply "wash our hands of a messy situation."

Because Iraqi security forces are not capable of operating on their own, he said, a "precipitous" pullout of U.S. forces would "risk all-out civil war and the emergence of a failed state in the heart of the Middle East."

2008 Hopefuls Woo Bush Clan Donors, Aides (LAT)

By Peter Wallsten

The Los Angeles Times, December 11, 2006

WASHINGTON — With the Bushes preparing to stand down from a quarter century in top elected offices, a frenzied competition has erupted in the Republican Party over who will inherit a fundraising and vote-getting machine built by the family over the years into one of the most valuable assets in modern politics.

At stake is access to an elaborate national network of corporate givers, campaign strategists and grass-roots volunteers who have repeatedly propelled the Bushes to victory — a network that could now give a new contender the inside track to winning the GOP's 2008 presidential nomination.

The leading potential heirs to that political fortune so far are Sen. John McCain (R-Ariz.), a onetime rival to the current President Bush and presumed front-runner for the nomination, and, a bit surprisingly, Massachusetts Gov. Mitt Romney, who has emerged as a top-tier contender by wooing social conservatives considered crucial in the early primary contests.

Adding to the drama, a sibling divide appears to be emerging among aides closest to President Bush and his brother, outgoing Florida Gov. Jeb Bush. Some key members of Gov. Bush's tight-knit inner circle have signed up to help Romney, while several of President Bush's senior strategists have gone to McCain. They include the media advisor and political director for the president's 2004 campaign.

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The fight for the Bush family mantle demonstrates that, even after the plunge in the president's popularity and the GOP's thumping in the midterm election, the family network remains the single most powerful force in Republican Party politics.

It is a machine born four decades ago, when Barbara and George H.W. Bush moved to Texas and began to build a political life — meticulously filling index cards with names of possible supporters and dutifully sending out Christmas greetings each year. Far from that simple, mid-20th century approach, today's GOP relies on a broad database of backers across the country whose relationships have been nurtured by generations of Bushes.

From the family's West Texas oil fortunes and Wall Street connections half a century ago, the network has grown to include the big-money fundraisers, dubbed "pioneers" and "rangers," who helped George W. Bush raise more than $500 million for his two presidential campaigns.

It also includes Bush family loyalists such as Karl Rove, who have, over the last six years, presided over the GOP's creation of the most exhaustive voter-targeting operation available, an infrastructure that relies on databases of voter names and the enthusiasm of ground-level workers and volunteers.

"The Bush name is the gold standard in Republican primaries," said Mark McKinnon, former media advisor to President Bush, who is now working with McCain. Hiring staffers viewed as close to the family, he said, "helps confer some credibility and experience or acceptability."

While the 2008 hopefuls are vying for the Bush family's fundraising and field organizing network, a more complex question is whether they want to be seen as inheriting the Bush political ideology. Widely criticized for starting the Iraq war and running large budget deficits, President Bush's brand of conservatism is in disfavor.

Jeb Bush, on the other hand, is adored by religious conservatives for his role in the Terri Schiavo right-to-die case and for his support for school choice in Florida. He is praised by economic conservatives for cutting millions in taxes and backing efforts to privatize some government services. While the president's approval ratings hover in the 30s or low 40s, Florida polls show that Gov. Bush's ratings are into the 60s, and several party strategists have put Jeb Bush's name forward as a potential nominee for vice president in 2008.

Officially, both Jeb and George W. Bush are neutral in the presidential race. As the leader of his political party, the president traditionally sits out the primary contests. Gov. Bush so far is following suit — though he has told former aides that he and Romney are similar in ideology and governing style.

Rove, President Bush's senior political advisor, also has not taken sides in the 2008 race, though he may be eager to get involved in order to show that the GOP defeats this year do not signal the end of his vision of long-term Republican dominance.

The overt indicators of jockeying for the Bush political assets have come in a series of announcements from the McCain and Romney camps, boasting of support from national- and state-level supporters with a variety of Bush family ties.

Other signs have been more subtle. A ceremony last week in the Florida State House, honoring Jeb Bush's service as governor, included a 15-minute presentation featuring images of the governor with Romney and another potential 2008 contender, former New York Mayor Rudolph W. Giuliani. One photo depicted Romney and Jeb Bush with broad grins, standing together in Romney's Boston office.

But the presentation was most notable for what it lacked: There was no photo of Jeb Bush with McCain. The absence of a McCain photo seemed to carry meaning. The presentation, with its implied signal of Jeb Bush's preferences among the GOP presidential field, was played last week for the governor's staffers and state lawmakers, many of whom are being courted by the 2008 contenders.

The presentation was produced by one of the governor's longtime advisors, Sally Bradshaw, who is now a Romney strategist. Bradshaw is so close to Jeb Bush that it is unlikely she would work for any of the 2008 candidates without his blessing. In an interview, Bradshaw said that Jeb Bush only "encouraged me" to meet with Romney, insisting that the Florida governor is not trying to indicate a favorite in the race.

Besides Bradshaw, Romney has enlisted Ann Herberger, the keeper of Jeb Bush's fundraising Rolodex. Also with Romney are Bush's lieutenant governor, Toni Jennings, and the man Bush once hand-picked to lead the state GOP, Miami lawyer Al Cardenas. Romney's decision to focus so heavily on Jeb Bush's team points to a key factor in explaining how the Massachusetts governor has emerged as a leading GOP contender, despite having run for office in the past as a moderate in a liberal state.

Romney has presented himself as the strongest conservative in the race and the most viable alternative to McCain, who is distrusted by many conservative voters for his breaks from the party line and past opposition to Bush. By aligning with Jeb Bush, Romney is associating himself with a popular brand of conservatism.

Romney aides insist that they have drawn support from both the Jeb and George sides of the Bush family, signing on two former White House economists as domestic policy advisors and a former speechwriter for President Bush as an outside advisor. McCain has sought to broaden his reach into the extended Bush family, as well, and his aides dismiss the idea of a sibling divide in advance of the 2008 race. He recently enlisted support from Florida businessman Phil Handy, a close Jeb Bush

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friend, and has secured help from Robert Mosbacher, a longtime friend of George H. W. Bush and chief fundraiser in his successful 1988 campaign for president. Mosbacher is the honorary Texas chairman of McCain's presidential exploratory committee.

One could read that as a sign that the first President Bush supports McCain, said John Weaver, a top McCain advisor. "But I'm not doing that," he quickly added. The Bush family has dominated Republican politics for so many years that it is often hard to tell where the family ties end and the party machinery begins. Some strategists argue that the "Bush family primary" is merely a reflection of the family's broad reach in party politics, and that any competent strategist has at one time or another worked for a Bush.

"It's difficult to conceive a candidate with a winning team that's not integrated by a significant number of Bush family loyalists," Cardenas said.

Some of the most prominent Bush-aligned campaign aides may sit out the 2008 race.

Outgoing Republican National Committee chairman Ken Mehlman is said to be pursuing more lucrative corporate jobs. Another top advisor to President Bush, lobbyist and former Republican National Committee Chairman Ed Gillespie, has already decided to focus more locally. He is preparing to become chairman of the Virginia GOP and, associates say, plot his own possible Senate bid in that state.

To associates of both Jeb and George W. Bush, Romney's success in moving into their network has been a surprise.

One former campaign staff member to President Bush said that Romney has been the buzz of the elaborate network of Bush helpers who are being rewarded with White House receptions and other get-togethers during the holiday season.

"It seems like about 50-50," said the former staffer, referring to the split among these Bush supporters between McCain and Romney.

This is no surprise to anyone who has been on the receiving end of Romney's entreaties.

Earlier this month, after a meeting of GOP governors in Orlando, Fla., Romney traveled north to Panama City in Florida's panhandle for a meeting with local businessman Allan G. Bense, who recently ended a two-year tenure as speaker of the state House.

Bense, a Jeb Bush ally, is no stranger to high-level courtship, having rejected personal appeals by Rove and Gov. Bush to run for the Senate this year in place of the controversial Rep. Katherine Harris (R-Fla.).

But when Romney made the effort to come to his house, Bense said he could not say no.

"He had called and called back and called back, and finally he came to the house," Bense said. "I have all the respect in the world for Sen. McCain, who is a hero. But it's just that Gov. Romney pushed and worked. And like in sales, he asked me for my business. And the product he was selling was one that I liked."

Why It's Dangerous For The Maverick To Be The...Front Runner (TIME)

By Karen Tumulty

Time, December 11, 2006

As a rallying cry. "Common sense conservatism" doesn't have quiteÂ the ring of "Straight Talk Express." But the new slogan on the website of John McCain's presidential exploratory committee--a slogan he manages to repeat at least three times in every speech he gives these days--tells you all you need to know about how different this presidential campaign will be from his last one. McCain '08 will be a bigger, more conventional operation--a tank, not a slingshot. The prevailing wisdom about McCain used to be that his bipartisan appeal would make him a sure bet in a presidential race--if only he could get past the Republican primary. But as more and more of the party establishment climb aboard a campaign that McCain has not yet even formally launched, it's starting to look as if the opposite may be true. By trying to become the perfect candidate for the primaries, McCain could be creating difficulties for himself in a general election.

His hard-line position on Iraq is a perfect case in point. McCain has continued to press for more troops there, and spent last week dismissing the Iraq Study Group recommendation to bring them home as nothing short of a recipe for defeat. That's the kind of strong, consistent hawkishness that G.O.P. primary voters look for. "Besides," says McCain strategist Mark Salter, "it's what he believes." The problem is that exit polls in last month's election said only 17% of voters overall share that view, which could leave the other 83% wondering whether McCain's famous independent streak, so appealing on most issues, would be such a good thing to have in a Commander in Chief who has the power to take the country to war. Already there are signs that his image is taking a hit. In the CBS/New York Times poll, McCain's favorability rating slid 6 points, to 28%, between January and September.

McCain insists that he has always been more conservative than many of his fans believe him to be. But the most important perception people have about McCain is not about ideology; it's about integrity. After staking his reputation on the moral high ground by speaking truth to power on issues ranging from deficits to torture, McCain is uniquely vulnerable to anything that hints

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of hypocrisy--even on questions that ordinary politicians would get a pass on. To have a shot at winning a presidential election these days, for instance, it is nearly a requirement that candidates opt out of the federal finance system, forgoing its matching funds because it's too difficult to mount a credible campaign within the law's spending caps. But that move, however pragmatic, would look bad coming from an author of the McCain-Feingold campaign-finance-reform law.

Also, it's harder for McCain than most to explain away inconsistencies. How, for example, could a deficit hawk vote to make President Bush's tax credits permanent after opposing their passage in the first place as fiscally irresponsible? Or why, after declaring Jerry Falwell to be an agent of intolerance during the brutal 2000 primary campaign, did McCain deliver the commencement speech last May at Falwell's Liberty University in Virginia?

Such overtures might make inroads in a skeptical Republican base, but these shifts make some of his longtime allies worry. "A profile in courage can become a profile in unrestrained ambition," says former Reagan White House chief of staff Ken Duberstein, who was one of the few G.O.P. establishment figures to support McCain's 2000 presidential campaign. "He has to remember who his friends are and not spend his integrity on one-night stands with those who will never fully trust him."

Critics pounced last week when McCain let it be known that he has lined up a top G.O.P. operative to run his campaign--Terry Nelson, who was national political director for President Bush's 2004 campaign. "Terry's a great get," says Salter. "He's a good, savvy, very disciplined, smart guy with a lot of experience." Nelson is yet another recruit from the once antagonistic Bush operation, and more evidence that the party establishment is falling into place behind McCain. But Nelson is known for hardball tactics that don't exactly square with the Arizona Senator's white-knight image.

Most recently, Nelson oversaw the Republican National Committee's independent expenditure operation, which produced the most notorious ad of the 2006 campaign. In it, a bare-shouldered white actress claimed that she had met the black Senate candidate Harold Ford at a Playboy party. The ad ended with the blond cooing, "Harold, call me." The resulting protest by black leaders and union groups was enough to force Wal-Mart to sever its ties with Nelson, who had been a consultant for the company's campaign to improve its image. Ford lost the election.

McCain strategists say they will all be taking their lead from the candidate, not the other way around. "Any campaign has to be a reflection of who the candidate is," Nelson says. In 2000, McCain ran his insurgent operation out of a dilapidated headquarters just outside D.C. that had previously been occupied by homeless people. Now, as the front runner, he faces a different set of expectations. Nearly from Day One, he will have to have full-fledged operations up and running in 15 or 20 states. Last time around he could skip Iowa to focus on staging an upset in New Hampshire, but this time McCain will have to compete--and avoid losing his balance--on every battleground. Says an aide: "We will go wherever one vote is available."

While the Republican Party has a history of anointing its candidates early, this rarely happens without a fight. "It's easy to throw the bombs," says G.O.P. pollster Tony Fabrizio. "It's tough to be the front runner every day." For McCain, the biggest potential threats at the moment appear to be Massachusetts Governor Mitt Romney, who is getting good buzz on the right but is largely unknown even to Republicans, and former New York City Mayor Rudy Giuliani, who comes out ahead of McCain in many polls but has yet to begin building much of a campaign operation.

McCain's forces say they are preparing for all challengers. But what will it cost him? That's a question that McCain himself has struggled with. There was a time just a few years back when he would tell people he didn't think he wanted to run for President again. Not because he was getting too old. And not because he didn't think he could win. McCain thought it just couldn't possibly be as much fun as it was the first time around. He would say wistfully, "You can't bottle lightning." But while he may be in a better position to win now, he'll still need some of that old electrical charge to do it.

Exploratory Committees Build Buzz (WP)

By Zachary A. Goldfarb

The Washington Post, December 11, 2006

It is the season of exploration.

Everywhere you look, prospective 2008 presidential candidates are forming exploratory committees. Three leading Republicans and one prominent Democrat who have long been pursuing the presidency announced such committees in recent days, saying they are not ready to announce a real presidential committee, and so are taking an intermediate step to raise money and put together a campaign operation just in case they decide to run.

What's the deal?

According to the Federal Election Commission (FEC), there is no difference between an exploratory committee and a presidential campaign committee. The ideas behind creating an exploratory committee, strategists and experts say, are to create buzz -- and to do what everybody expects you to do.

"You get two press releases, one when you form the exploratory committee, and one when you say you're actually running," said Kenneth A. Gross, a lawyer specializing in politics and elections.

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Dorothy James, a Connecticut College government professor who specializes in presidential elections, said creating an exploratory committee has become a routine campaign ploy. "A lot of people have to do it because it's done," she said. "There's no proof that bumper stickers and posters turn out more voters. But if everybody does it, then you do it."

Massachusetts Sen. John F. Kerry, the 2004 Democratic nominee, and then-Gov. George W. Bush of Texas in 2000 created exploratory committees before announcing their candidacies. But the number of candidates creating such committees at this point in the election cycle, a month after the midterm elections, is unusual.

Scott Reed, who managed Robert J. Dole's 1996 presidential candidacy, said, "It appears the entire timetable has moved up two to three months as these candidates struggle to get out there and define their piece of the pie." Reed said it does not make sense for candidates to declare officially this early. "It's too soon for the voters to take seriously a formal announcement before the end of the year. Everyone is still dealing with 2006 fatigue."

Already, Sens. John McCain (R-Ariz.), Sam Brownback (R-Kan.) and Evan Bayh (D-Ind.) have registered exploratory committees with the FEC. Former New York mayor Rudolph W. Giuliani (R) has created a "testing the waters" committee in his home state that allows him to raise money but not disclose contributors unless he formally declares. Other prominent candidates are expected to create exploratory committees in coming weeks.

Last week, New Mexico Gov. Bill Richardson (D), apparently trying to get three bites out of the apple, announced that he would announce next month whether he would form an exploratory committee.

Outgoing Gov. Tom Vilsack (D-Iowa), meanwhile, bypassed the exploratory stage, a move that departing Gov. Mitt Romney (R-Mass.) is reportedly considering. "There is no reason to be coy or cute with the interim step," said Jeff Link, Vilsack's spokesman. "I don't know the advantage unless you want to appear to be courted in some way by people."

Candidates who form exploratory committees often say it is the next reasonable thing they can do to prepare for a White House bid without officially getting into the race. They say they need to talk it over with their families and assess their odds, though in many cases they have been evaluating a race for months or years.

Bayh, for example, had made almost 20 trips to early-primary states when he announced on ABC's "This Week" that he would form an exploratory committee. But Bayh suggested to host George Stephanopoulos that he still had serious thinking to do.

"I will be forming an exploratory committee to take the next practical step," Bayh said in a deadly serious tone. "I'll make a final decision over the holidays with my family and have some final decision to announce early next year."

Dan Pfeiffer, Bayh's spokesman, said it was important to get certain processes underway even before the senator made a final decision. "In a primary this competitive and compact, there is no excuse for doing things next year that you could have done this year."

According to FEC Chairman Michael E. Toner, the exploratory committees are in fact plain old committees used to raise money and run campaigns in presidential primaries. The only change, once a candidate decides to run, is the name of the committee. "If they file with the FEC, it's a full-blown primary campaign," Toner said.

Giving California A Voice In Presidential Contests (LAT)

The Los Angeles Times, December 11, 2006

Sacramento — What's sure to be a hot presidential contest is warming up and once again California is likely to be a mere spectator in a lousy seat.

Starting to get excited about watching Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois compete here, then helping to select one as the Democratic nominee? Not a chance.

Intrigued about weighing in on Arizona Sen. John McCain versus former New York Mayor Rudolph W. Giuliani for the Republican nomination? Sorry, you can only root from the bleachers.

California's 2008 presidential primary won't be held until June, long after the nominations already have been locked up. Our votes will be meaningless.

Maybe it's time for California to become an early caucus state, voicing its candidate preferences and choosing national convention delegates through community meetings of party activists and interested citizens, as Iowans long have done to great ballyhoo. But more about that later.

First, the horrid, humbling background:

California experimented with "early" primaries for three presidential elections, beginning in 1996. The goal was to exert our rightful clout in the nominating process and force candidates to pay attention to our special issues: water, environment, illegal immigration, getting shortchanged by the feds…. After all, we are the most populous state.

It flopped. New Hampshire, Iowa and other pampered pipsqueaks leapfrogged ahead of us. Our votes still didn't matter.

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Moreover, California moved not only its presidential primary, but also its regular state primary up to March. Very bad idea. That added three months to the campaign season for state candidates, taxing donors' pocketbooks and voters' attention spans.

So the Legislature and Gov. Arnold Schwarzenegger did the right thing. They gave up and moved the joint primary back to June, where it had resided for 52 years.

But now we're really going to be ignored by the presidential candidates — all of us, that is, except for the richest folks. California is the nation's biggest ATM for candidates, who slip in to pick up money and then quickly leave to spend it in other states.

In 2004, says California Democratic Chairman Art Torres, "$184 million left the state for presidential and other campaigns and none of it came back."

One obvious remedy for the voters' irrelevance is being mulled in the Capitol, talked up especially by Assembly Speaker Fabian Nuñez (D-Los Angeles): Split the primaries. Move up the presidential primary again, to perhaps February, but leave the state contests in June.

Nuñez has a personal motivation. He'd like an early 2008 election of some kind to place before voters a proposed change in legislative term limits — not adding more total years, but allowing all of them to be spent in one house. Unless that's done, Nuñez won't be able to run for reelection in 2008, because he'll be termed out.

The term limits proposal would be packaged with redistricting reform — the Legislature surrendering the power to draw its own districts.

Both reforms — term limits and redistricting — are badly needed. But the public just might regard this whole political maneuver as too convoluted, cynical and self-serving.

There's an even bigger hurdle for primary-splitters: cost. The state would be out $50 million to hold a separate presidential primary. Fiscal conservatives undoubtedly would balk.

So a separate, early presidential primary may be beyond California's grasp. If it is, here's a bold alternative: a caucus system. Most caucus states are peewees, but let's not be haughty. What we're doing now isn't working.

Caucuses work for Iowa, which is smothered in candidate attention. Nevada also now has stepped into the limelight by moving its Democratic caucuses to Jan. 19, four days after Iowa. Then come the trumpeted New Hampshire and South Carolina primaries, both in January.

California could hold caucuses in early February and produce a political earthquake.

And there'd be one huge advantage for state taxpayers: They wouldn't have to foot the bill. The political parties would be stuck.

"A lot of us have toyed with the caucus idea," Torres says, "but then we looked at the numbers and almost got heart attacks."

Collect it from the big donors who feed the ATM.

Republican state Chairman Duf Sundheim has a more common reason for opposing caucuses: "It's best when people vote. It puts the emphasis on what people want rather than political organizations."

But pollster Mark Baldassare of the Public Policy Institute of California notes: "Primary elections are on life support. In concept, people like having a direct say. But in reality, we're seeing lower and lower turnouts in primary elections."

Baldassare thinks "many people could be convinced" that caucuses are worth trying.

Caucuses — held in school auditoriums, lodge halls, even living rooms — create a sense of community. They inspire democratic participation and open up the process of political activism.

"There's more reliance on the grass roots and less on advertising, which is a good thing for the democratic system," says Matthew Dowd, a caucus advocate who was Schwarzenegger's main reelection strategist and also a top advisor to President Bush in 2004.

Which candidates would benefit from caucuses? "Candidates who can motivate people," Dowd says. "Candidates who come less manufactured, who are more real."

Candidates like Obama. Like McCain.

Veteran Democratic consultant Bill Carrick also says he'd prefer early caucuses to no state influence at all.

But would many Californians get off their couches and venture out on a winter night to spend three hours deliberating politics and choosing up sides? "No question about it," Carrick says. "It would be exciting, a big deal."

A lot more exciting than watching TV reports of coddled New Hampshire voters flexing their muscles. More meaningful than casting a vote that no candidate really cares about.

Jefferson Win Poses Dilemma For Party (WP)

By Peter Whoriskey

DOJ_NMG_0104505

The Washington Post, December 10, 2006

NEW ORLEANS, Dec. 10 -- Rep. William J. Jefferson may be a pariah in some Washington political circles, but voters in this storm-battered city weighed in over the weekend with their own verdict regarding their scandal-plagued congressman: He's still our guy.

Voters gave the Louisiana Democrat an emphatic reelection victory over state Rep. Karen Carter, even though his campaign had been weighted with revelations that federal authorities had videotaped him taking $100,000 in alleged bribe money, and that $90,000 of it had been found inside a freezer in his apartment in the District. The investigation led his House colleagues to dump him from a key committee, donors abandoned him and the state Democratic Party switched its allegiance to his opponent.

But before cheering supporters at a hotel room on election night, Jefferson called his win "a great moment" and said, "I thank almighty God for making it possible."

He declined to discuss the probe.

Divinely inspired or not, his victory now poses a quandary for Democrats, some of whom have shunned him politically, and possibly also for the city, as leaders here seek to project an image of civic probity as they lobby for more federal money for recovery from Hurricane Katrina.

"This has to be seen as troubling," said Brian Brox, a political science professor at Tulane University. "I don't think his victory does any good for New Orleans as it presses its claims on the national government."

The federal corruption investigation, now 21 months old, was front and center in the campaign.

Carter pushed the corruption issue in television ads, saying that the cloud of suspicion alone would make him an ineffective representative, and Jefferson responded with some of his own ads in which he attacked Carter and looked evenly into the camera to tell voters: "I have never taken a bribe from anyone."

But while the allegations were widely discussed here, exactly what people made of them seems to have depended at least partly on race.

Though both candidates in the runoff are African American, voters generally split along racial lines.

Jefferson won 57 percent of the vote to Carter's 43 percent. He won 79 percent of votes in largely black precincts, while she won 76 percent of votes in largely white precincts, according to a post-election analysis by Greg Rigamer, a consultant for the Carter campaign.

For some of Jefferson's core black constituency, "they've heard the news" about the allegations. "They just don't believe it," Brox said.

Moreover, while Jefferson lost some key Democratic endorsements, he did pick up those of two others who are particularly influential in the black community, Mayor C. Ray Nagin and Bishop Paul Morton, often named as the city's most influential black minister. Jefferson appears to have won votes by attacking Carter for supporting same-sex marriage.

In conversations with voters here on Sunday, the racial divide was apparent. "I just wish we could one day elect someone who wouldn't look ridiculous to the rest of the country," said Betty Holahan-Smith, 45, a white voter from the Lower Garden District. "First, we had 'Chocolate City' Nagin. Now we have 'Dollar Bill' Jefferson."

"If the federal government really wanted to help New Orleans, they would have indicted him and taken him out of the game," said Tom Gault, 50, who is white and a Democrat, outside his townhouse in the Garden District. "It amazes me that people would vote for someone who may be indicted soon."

But after Sunday services at the First Pilgrim Baptist Church in the Bywater neighborhood, a group of three friends, all African American, concurred in their support for Jefferson and dismissed the allegations as unproved. Though two of Jefferson's associates -- a business partner and a former staff member -- have pleaded guilty in the bribery scheme, they cautioned against a rush to judgment.

"I just kind of felt if they had something on him why haven't they indicted him?" said Tyra Bryant, 34, of Jefferson Parish. "I'm not even sure it's really true."

"He hasn't done anything the rest of the folks up in Washington haven't done -- he just got caught," said Sharon Williams of Mid-City.

She said Carter seems to have forgotten who she is, Williams said.

"Sometimes when you are an African American and you get too high on yourself, well, Karen Carter thought she was a Caucasian," she said. "You have to always remember where you came from."

While the racial divide formed the basic demographic framework of the election, however, what played a critical role in the outcome was Jefferson's curious ability to appeal to white voters in suburban Jefferson Parish. A campaign led there by Sheriff Harry Lee blasted Carter for appearing in Spike Lee's Katrina documentary, in which she criticized the parish's law enforcement for turning back fleeing residents.

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In a concession speech on Saturday night, Carter pledged to work with Jefferson, especially on post-Katrina rebuilding.

"I guess the people are happy with the status quo," she said.

Scandal-Tainted Rep. Jefferson Wins Congressional Runoff In Louisiana (WSJ)

By Erika Lovley

The Wall Street Journal, December 11, 2006

Despite an continuing federal probe that turned up $90,000 in cash in his freezer last year, embattled Democratic Rep. William J. Jefferson was re-elected Saturday in Louisiana's 2nd District.

The victory leaves the state frozen in the scandal, which could cramp the flow of rebuilding funds from Washington, experts warn. The Big Easy has had a long history of political corruption. Former state governor Edwin Edwards was sentenced to 10 years in prison in 2001 on charges of racketeering.

Jefferson supporters contended that the Big Easy would suffer if it lost his 16 years of seniority in Congress and pointed out that the congressman has yet to be charged, despite more than a year of investigation.

Mr. Jefferson won the support of 57% of the electorate, while the runner-up, State Rep. Karen Carter, received 43% of the vote. Ms. Carter struggled to take advantage of her opponent's legal woes, despite guilty pleas from both a Kentucky businessman and a former Jefferson aide for various bribery charges.

No charges have been brought against Mr. Jefferson, but he is already being punished in Washington. Nancy Pelosi, now the incoming House speaker, voted with Democrats last June to unseat the congressman from the powerful House Ways and Means Committee. In another upset, the state Democratic Party chose to bypass the incumbent and endorse the 37-year-old Ms. Carter several weeks before the primary.

The House Democratic leadership isn't expected to make a final decision on any committee assignment for Mr. Jefferson until this week. Ms. Pelosi's office had no comment Sunday but she is expected to use this week to consult with the Congressional Black Caucus on the matter.

Mr. Jefferson, 59, is the state's first African-American congressman since Reconstruction and is in his eighth term.

The white community largely supported Ms. Carter as the face of change, while Mr. Jefferson retained his longtime supporters -- the black majority. Although Ms. Carter raised almost five times more cash during the campaign, Mr. Jefferson secured more prominent endorsements; among his supporters: Mayor Ray Nagin and several other black politicians.

Much of Mr. Jefferson's campaign focused on painting his opponent as corrupt, claiming that Ms. Carter has not accurately reported earnings from her bond work as a private attorney. She has not been under any type of investigation.

New Orleans Voters Support Their Man Over F.B.I. (NYT)

By Adam Nossiter

The New York Times, December 11, 2006

NEW ORLEANS, Dec. 10 — Outside the Greater St. Stephen Full Gospel Baptist Church, there was no surprise on Sunday at the re-election of Representative William J. Jefferson, only satisfaction.

The late-night comedians could joke all they wanted about the $90,000 that the Federal Bureau of Investigation said it found in Mr. Jefferson's freezer and that the agency said was bribe money. White New Orleans could tut-tut at the seamy portrait outlined by the F.B.I. in its investigation of him, and at the guilty pleas of two associates of Mr. Jefferson, who is a black Democrat.

Supporters in the broken-down, crime-plagued Central City neighborhood here saw another picture: of a godly man persecuted by a racially biased government.

"There's been no indictment; how can you say he's guilty?" asked Brenda Dumas, clutching her Bible.

"Some call him a crook," Ms. Dumas added. They say he's corrupt. They have to prove that. To give up on somebody after all he's done for us, that would be wrong."

To the crowd streaming from Sunday services, the months of harsh headlines proved only Mr. Jefferson's sanctity. His dignified mien, his church-going habits and omnipresent family entourage set the seal.

"I wouldn't have voted for anybody else," Johnnie Mae Patterson said. "He's a God-sent man."

Mr. Jefferson crushed his opponent, State Representative Karen R. Carter, also a Democrat, in a runoff election on Saturday, gaining 57 percent of the vote. How he did so may speak to strikingly different views of government here.

"The background to this is the cultural divide between blacks and whites, and their different attitude to law enforcement," said Susan E. Howell, a political scientist at the University of New Orleans.

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In the eyes of some, those differences have been accentuated by the legacy of Hurricane Katrina, and Washington's failure to get New Orleans back on its feet. Mr. Jefferson is not blamed for the ruined black neighborhoods, but the United States government — his prosecutor — is.

Though Jefferson Parish voted overwhelmingly for him, the contest was decided in New Orleans, where the racial divide was stark. His opponent, Ms. Carter, won about 90 percent of the white vote; Mr. Jefferson won about 80 percent of the black vote. Mr. Jefferson played up this difference in support, suggesting that Ms. Carter, who is also black, was the preferred candidate of well-to-do white Republicans.

His constituents "wanted to believe him, they wanted to believe the big bad guys in Washington were picking on him," said Cynthia Hedge-Morrell, a black member of the City Council who supported Ms. Carter. "There's such a distrust toward Washington now, after Katrina."

Mr. Jefferson also appeared to have benefited from adroit maneuvering by one of his former political rivals, State Senator Derrick Shepherd, who is from Jefferson Parish and trailed in the primary, but later endorsed the congressman. Mr. Shepherd has not hidden his hope to wind up in Washington someday — perhaps a likelier prospect under a Jefferson re-election, given the congressman's legal problems.

"I endorsed Congressman Jefferson for a totality of reasons," Mr. Shepherd said, adding: "Of course, my desire to be a congressperson was one factor."

Ethics and lawfulness was the mantle assumed by Ms. Carter in the race, but it appeared to have wound up working for Mr. Jefferson instead.

"I voted for him," P. V. Weber said as he arrived at church on Sunday. "I didn't like the fact that they were trying all that to destroy his character."

Runoff In Tex. 23rd May Show Impact Of 2006 Redistricting (WP)

By Sylvia Moreno

The Washington Post, December 11, 2006

SAN ANTONIO, Dec. 10 -- Almost everywhere nationwide, the midterm elections are but a distant memory, supplanted by Christmas shopping and holiday parties. But here, candidates are still battling to determine the makeup of the House and the fate of Texas's first Hispanic Republican elected to Congress.

The election for the state's 23rd Congressional District -- the largest in the country, with 52,621 square miles and 20 counties -- is what GOP and Democratic strategists are calling a "tossup" under new boundaries ordered this summer by the U.S. Supreme Court. Republican incumbent Henry Bonilla, seeking an eighth term, and Democrat Ciro Rodriguez, a former congressman, are in a runoff set for Tuesday.

The short campaign began with Rodriguez, 60, challenging Bonilla, 52, to defend his support of Bush administration policies and the war in Iraq mano a mano. Both agreed to two debates sponsored by civic groups, but Rodriguez canceled, citing scheduling conflicts. Rodriguez then challenged Bonilla to a bilingual debate, in Spanish and English. Bonilla didn't bite, later calling the request "a stunt."

Instead, the candidates have attacked each other's patriotism and posture on terrorism in television ads, news conferences and "robo-calls."

Rodriguez accused Bonilla of voting to cut veterans' benefits and to deny health-care coverage for National Guardsmen returning from Iraq. Bonilla countered by saying that Rodriguez showed "dangerous judgment" in Congress by opposing a law that allowed secret evidence to be used in immigration proceedings against suspected terrorists and by accepting a $250 contribution from a man later convicted of conducting illegal business transactions with Libya. The donation was made in 1998, years before the man was convicted, Rodriguez said.

The Supreme Court ordered the boundaries of the 23rd District redrawn after determining that the old map -- created under a 2003 redistricting by the Texas Legislature but orchestrated by then-House majority leader Tom DeLay (R-Tex.) -- discriminated against Latino voters and did not comply with the Voting Rights Act. The new district is now more Hispanic (61 percent as opposed to about 50) and less Republican (54 percent instead of 62).

Because the new map was not finalized until August, five months after the state's primary election, a special election was held Nov. 7. State election law required a runoff if no candidate broke 50 percent. Bonilla won 48.6 percent of the vote; Rodriguez led a field of six Democrats with 19.9 percent.

Buoyed by the Democrats' midterm election wins and banking on the 23rd District's new demographics and Bonilla's weakness among Hispanics -- he won only 8 percent of the Hispanic vote in 2002 before the 2003 redistricting replaced 100,000 Hispanics with white voters -- national Democrats have infused the race with staff support and media buys. Former president Bill

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Clinton campaigned for Rodriguez on Sunday in San Antonio while Sen. John Cornyn (R-Tex.) stumped with Bonilla in nearby Hondo.

Since Nov. 7, the Democratic Congressional Campaign Committee has spent almost $900,000, more than two-thirds of it toward television and direct-mail advertising, for the cash-strapped Rodriguez campaign to counter Bonilla's runoff war chest of $1.6 million.

"We're committed to seeing Ciro cross the finish line to victory," said Adrienne Elrod, a spokeswoman for the DCCC. "This is a very competitive race."

State Democrats are running an aggressive Spanish-language media campaign and have raised more than $100,000 to beef up voter-turnout efforts.

"Let's give the GOP one more surprise by taking out another Tom DeLay Republican," wrote Texas Democratic Chairman Boyd L. Richie in a letter to party activists.

Bonilla said he is not concerned. He emphasizes he has run and won previously in 19 of the 20 counties that comprise the new district and that much of the area, which stretches from San Antonio 700 miles west to El Paso County, is largely conservative. Bonilla was endorsed by the San Antonio Express-News, which cited his seniority and his seat on the House Appropriations Committee.

Bonilla has focused his campaign on friendly audiences, such as at a recent high school football playoff game in San Antonio's Alamodome. The team from Hondo, a Bonilla stronghold in Republican-leaning Medina County, played and won, and Bonilla took advantage of halftime to work some of the crowd, hot dog and soda in hand. "Runoffs are all about getting your people out one more time. It's not a time to convert voters," Bonilla said.

The Supreme Court added to the district the heavily Democratic south side of San Antonio, which Rodriguez represented until he lost his seat after the 2003 redistricting. He has focused efforts on meeting voters in the sprawling district, espousing support for Democratic positions on raising the minimum wage, universal health care and a cheaper Medicare prescription plan.

"We saw in November that people have had enough, and Bonilla has been part of the leadership supporting the [Bush] administration on Iraq and other issues," Rodriguez said following a recent neighborhood forum in northwest San Antonio.

Runoff In Redrawn Texas District Could Be A Tight Race (LAT)

By Lianne Hart

The Los Angeles Times, December 11, 2006

HOUSTON — One of the nation's last unresolved House races will be decided Tuesday when seven-term Republican Rep. Henry Bonilla faces former congressman Ciro Rodriguez in an unusual runoff in a newly redrawn district.

In a special election Nov. 7, a well-financed Bonilla won 49% of the vote, just shy of the majority he needed to win outright.

Rodriguez, 59, who represented a neighboring district in the House from 1997 to 2005, finished second with about 20% of the vote.

Bonilla, 52, was at one time strongly favored to win without a runoff. Though his conservative stands on issues such as immigration had eroded Latino support, a 2003 redistricting plan engineered by former House Majority Leader Tom DeLay minimized the problem by cutting the number of Latino precincts in Bonilla's district. In 2004, Bonilla won with 69% of the vote.

However, the U.S. Supreme Court ruled in June that the new district lines unconstitutionally diluted minority votes. A panel of three federal judges reconfigured the district in August.

In its current form, the 23rd congressional district — the largest in Texas — stretches from San Antonio to the Texas-Mexico border and out to far West Texas. Sixty-one percent of the district's voting-age population is Latino, compared with 51% in 2004.

Now that Democrats have taken over Congress, there's a new dynamic in play, said Andy Hernandez, a political scientist at the University of Texas at San Antonio.

"I think ordinary Democratic voters are hepped up and there's a growing energy to beat Bonilla and finish the job in Texas," Hernandez said. "I don't think his conservative Anglo base has enough enthusiasm to save him."

Larry Hufford, a political scientist at St. Mary's University in San Antonio, disagreed, saying voter turnout in runoff elections is notoriously low in the south Bexar County precincts that are Rodriguez's strength.

"If early voting and turnout in this election parallels past elections, Republicans will turn out in higher numbers and Bonilla should win," Hufford said.

The latest public poll shows Bonilla leading Rodriguez 53% to 46%, but the race could be much tighter, Hernandez said.

"If Henry Bonilla couldn't win outright in the special election with his money and name recognition, he's in deep trouble," Hernandez said.

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Campaign finance reports show that as of Nov. 22, Bonilla, with $955,000, had almost 10 times the cash on hand as Rodriguez, with $94,000. But the Democratic Congressional Campaign Committee has reportedly spent about $871,000 on Rodriguez's behalf.

The candidates have spent much of the money on attack ads but, in a district largely bordered to the south by Mexico, have avoided the topic of immigration. Bonilla voted in favor of a 700-mile border fence; Rodriguez has said he would not have. The topic isn't listed as an issue on either candidate's campaign website.

"They're scared" to talk about it, Hufford said, perhaps because missteps could alienate one or more groups in a diverse district voting population: West Texas ranchers, Latinos in border towns, Republicans on the north side of San Antonio and Democrats in the south.

Chad Foster, president of the Texas Border Coalition, a group of border mayors and judges, said Bonilla's vote in favor of the fence angered many in the area. "I don't think the fence is realistic. It's an 18th century solution to a 21st century problem," said Foster, who also is mayor of the Texas border town Eagle Pass.

However, Bonilla spokesman Phil Ricks said border sheriffs believed the fence would curb drug smuggling and human trafficking. "People are in favor of the fence," he said.

Bonilla won the majority of the west Texas counties in his district during the special election.

Tuesday's runoff falls on a holy day for many Roman Catholic Latinos — the Feast of the Virgin of Guadalupe.

Latino groups protested when Texas Gov. Rick Perry set the date, saying it was an attempt to help Bonilla by suppressing the Latino vote. But after early voting was extended, the Justice Department approved the runoff date.

Negative Campaigning Marks Texas Runoff (AP)

By Elizabeth White

AP, December 10, 2006

It's been a month since control of Congress was decided, but Republican Rep. Henry Bonilla and Democrat Ciro Rodriguez are still campaigning as if the balance hangs on the outcome of their runoff.

For incumbent Bonilla, a victory at the polls Tuesday would give him an eighth term representing Texas' largest congressional district, the 23rd.

For Rodriguez, it would mean a return trip to Washington after a two-year absence. He served in Congress during 1997-2005 but was ousted in the 2004 by Rep. Henry Cuellar.

Neither Bonilla nor Rodriguez received 50 percent of the vote in a crowded field Nov. 7.

Bonilla has been airing TV commercials criticizing Rodriguez for past votes, including one against establishing the Homeland Security Department. The Democratic Congressional Campaign Committee is airing ads for Rodriguez that attack Bonilla for what it says are cuts in veterans and military benefits.

Rodriguez resurrected reports that Bonilla employed an illegal immigrant British nanny for almost seven years, a small scandal that erupted in 1994. The Justice Department investigated but declined to charge anyone.

Rodriguez said he's relying on voters' dissatisfaction with Bonilla.

"They'll vote for you because they like you, but they'll also vote for you because they dislike the other guy," Rodriguez said. "You get them whichever way you can."

In a campaign this short, turnout from the base will be the key to a victory for either candidate, said Jason Casellas, assistant professor in government at the University of Texas at Austin.

"The people who are going to turn out in a special election are going to be the partisans," Casellas said.

A Rodriguez victory would be an additional blow to the Texas redistricting plan engineered by former House Majority Leader Tom DeLay in 2003, which allowed the GOP to pick up several congressional seats, said Gary Keith, a senior lecturer in government at UT Austin.

The DeLay plan moved 100,000 predominantly Democratic Laredo Hispanics out of the 23rd and into another district. However, the Supreme Court ruled in June that the new district unconstitutionally diluted Hispanic voting strength, and a new map was drawn in August by a three-judge panel.

Rodriguez lost to Cuellar in this year's District 28 primary. The redistricting put his San Antonio home in the redrawn District 23, allowing him to enter the race against Bonilla — with the endorsement of Cuellar.

The 23rd stretches along the Mexican border from San Antonio to the eastern edge of El Paso, yet immigration isn't listed on either of the Hispanic candidates' Web sites. Bonilla voted to build a border fence to fight illegal immigration; Rodriguez said he would not have.

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"Because (immigration) is so divisive, which of the candidates could use the issue to really boost their turnout without really angering the opposition and boosting their turnout?" Keith said. "It may be an issue that's too radioactive. ... Because it could blow up on you as much as it could help you."

Clinton Makes S.A. Stop To Stir Rodriguez Crowd (SAEN)

By Greg Jefferson

San Antonio Express News, December 11, 2006

In a hot, crowded gymnasium Sunday, former President Clinton sought to wind up supporters of Democrat Ciro Rodriguez enough to unseat Rep. Henry Bonilla and strengthen the Democratic Party's hold on Congress.

Rodriguez's campaign stop at Palo Alto College came less than two days before the runoff in Congressional District 23 between the former congressman and the Republican incumbent.

"You couldn't have a clearer choice. You couldn't have a better candidate," Clinton told a throng of cheering supporters. "And you've got just about 48 hours to bring it home."

Democrats picked up 29 congressional seats this year, Clinton noted, but they also lost 10 races by slim margins.

"You have to decide whether this House seat is going to be with the 29 or the 10," Clinton said.

"On Nov. 7, voters across the country voted for change," Rodriguez said. "This Tuesday, voters across this district are going to vote one more time for change."

Clinton, meanwhile, laced his nearly 20-minute stump speech with shots at congressional Republican leadership and Bonilla. At one point, he highlighted the seven-term congressman's votes against increasing the minimum wage.

Later, Bonilla spokesman Phil Ricks defended his boss' minimum-wage votes.

"All of the small-business owners ... tell him that if they had to pay a higher minimum wage, they would have to lay off workers in order to do that," he said. "Funny that they didn't mention that during the rally."

Bonilla spent Sunday afternoon campaigning in Hondo with Republican Sen. John Cornyn. Ricks said President Bush's nephew George P. Bush, a Dallas attorney, would make an appearance today at Bonilla's campaign headquarters at 1:30 p.m.

Bonilla emerged from the Nov. 7 seven-way special election just shy of the majority he needed to avoid a runoff. Rodriguez followed with 20 percent.

Ricks said Clinton's San Antonio stop would only help fire up Bonilla's base because of Clinton administration policies and the Monica Lewinsky scandal.

"This is someone who committed a despicable act in the Oval Office, lied about it and then got impeached," Ricks said. "And now he's campaigning side-by-side with Ciro Rodriguez."

On Friday, after learning of Clinton's plan to stop in San Antonio, Ricks said the former president was out of touch with District 23 voters.

Clinton mocked that contention at Sunday's rally, saying his administration had overseen high job growth, expansion of the middle-class and reduction in poverty.

"America is about empowerment," he said. "This election will be determined by whether people understand that."

The race is expected go to the candidate who can best fire up his base of supporters to get to the polls Tuesday — a theme Clinton and several other speakers hammered on Sunday.

"We need more people to be there on Tuesday than ever before, or we will lose," said U.S. Rep. Charlie Gonzalez, a San Antonio Democrat.

Former Mayor Henry Cisneros, who served as secretary of housing and urban development under Clinton, called last month's election results "a political earthquake." He urged the crowd to keep the Democratic momentum going.

Together, Va.'s Elite Democrats Target GOP (WP)

By Tim Craig

The Washington Post, December 11, 2006

It was Virginia Gov. Timothy M. Kaine's party, but two other Democratic stars seemed to dominate a reception in Tysons Corner last week to raise money to help unseat Republicans in the General Assembly.

Former governor Mark R. Warner and Sen.-elect James Webb arrived early and stayed late as they greeted contributors to Kaine's political action committee, which plans to help finance Democratic candidates next year.

What was unthinkable in Virginia six months ago is now the political reality: With Webb's election last month, the state has three prominent Democrats who say they are working as a team to build the party in a historically Republican state. Their first mission is trying to defeat Republicans in next year's legislative races.

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"I want to use my personal energies and the energies of my office in the right sense of the word to help Tim Kaine have the right kind of majority next year," Webb told the donors, adding that he will help recruit candidates and campaign extensively for them.

Warner, one of the state's most popular politicians who recently said he will not run for president in 2008, was also schmoozing as if his own campaign were on the line.

"I clearly intend to be active in the Virginia General Assembly

races," said Warner, whom political insiders mention as a possible candidate for governor or U.S. senator.

Six years ago, it appeared as if the state's Democratic Party was on the verge of irrelevancy, with Republicans having won two successive governor's races and holding both U.S. Senate seats and majorities in the Virginia House and Senate.

But today, Democrats are the ones who can point to two straight victories for governor -- Warner in 2001 and Kaine last year -- as well as Webb's narrow win over Sen. George Allen (R).

Virginia Republicans claimed some wins last month, keeping a majority of the state's congressional seats and holding on to the top Prince William County government job. But Republicans say they are worried about gains Democrats have made in recent elections.

Despite competing in General Assembly districts whose boundaries were drawn by the GOP, Democrats have picked up seats, giving Kaine hope that the party can reclaim the Senate and make inroads in the House in 2007.

Democrats need to win four seats to reclaim the Senate and nine to 11 seats to retake the House, depending on which party three independents align with.

Legislative races are traditionally decided on local issues. But Kaine, who is frustrated by Republican efforts to stymie his plans to raise money for transportation projects, is hoping to turn next year's elections into a referendum on the GOP's priorities.

Kaine raised about $1 million at two events last week for his political action committee, Move Virginia Forward, and said he plans to campaign next year "as if my own name is on the ballot."

His political action committee has one goal, he said: "to find partners" in the General Assembly.

Republican Del. L. Scott Lingamfelter of Prince William, one of the lawmakers Democrats are targeting, said Kaine is "always focused on campaigning as opposed to governance."

"The governor has chosen the path of starting the November 2007 campaign in November 2006," Lingamfelter said. "The people want us to stop the bickering and do the people's work. All I hear from the other side is campaign, campaign, campaign."

Kaine has said he will have several initiatives in the coming year, including pushing for additional funding for health care, pre-kindergarten programs and open-space acquisition.

Virginia GOP Chairman Ed Gillespie acknowledged the strength of the Democrats.

"There is no doubt they are going to wage a very aggressive effort to retake the Senate and make gains in the House, and they are in a position to raise significant resources to fund efforts to do that, and we have to do everything we can to counter that," Gillespie said.

The Democrats plan to focus on unseating Republican lawmakers in Northern Virginia and Hampton Roads, two traffic-clogged areas where Webb and Kaine did well in their races.

In Northern Virginia, Republican Dels. Vincent F. Callahan Jr. and Timothy D. Hugo of Fairfax, Lingamfelter and Jeffrey M. Frederick, also of Prince William, can expect stiff challenges, Democratic leaders say. Senate Democrats hope to unseat Sen. Jeannemarie Devolites Davis (R-Fairfax), among others.

"We are organized and hungry," said Del. Brian J. Moran (D-Alexandria), chairman of the House Democratic Caucus. "We've had enough wins. We feel confident."

Despite recent successes, there are plenty of signs that Virginia remains anything but a Democratic-leaning state.

Although Webb beat gaffe-prone Allen by about 9,000 votes, Democrats didn't pick up any congressional seats. Voters also overwhelmingly approved a constitutional amendment banning same-sex marriage, which Kaine had campaigned against.

In Prince William, where Democrats are hoping to make gains, Republican Corey A. Stewart easily won the chairmanship of the Board of County Supervisors. Jackson H. Miller, a conservative Republican, also won a special election in Manassas to succeed the late moderate Republican Harry J. Parrish in the House.

"You had a Republican win on a positive message of low taxes and controlling growth in Prince William County," Lingamfelter said.

"We are still a right-of-center state," said Sen. R. Creigh Deeds (D-Bath), who narrowly lost his bid for attorney general last year. "While parts of Northern Virginia are blue . . . we still have a lot of work to do."

Some Democratic activists and political bloggers have been critical of the Virginia Democratic Party for not doing more to win lower-profile races by rallying the grass roots of the party.

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During Webb's campaign, they noted, large parts of the party structure didn't become fully engaged until the fall, when it became clear that Allen could lose.

"Obviously, we have to do better," said Lowell Feld, founder of RaisingKaine, a blog that served as a focal point for grass-roots efforts to elect Kaine last year and Webb this year. "Webb won, but we didn't win any of the [congressional] races. . . . We are really going to have to crank it up."

Political analysts say Webb, who brought several thousand activists into the party for the first time, Kaine and Warner may prove a formidable team.

"It's becoming almost a perfect storm for Democrats in Virginia," said Sean O'Brien, executive director of the Sorenson Institute for Political Leadership at the University of Virginia. "You got a recipe for a Democratic Party that is going to be united like you have never seen before in Virginia."

Although they have a common goal, the three might have separate motivations for becoming involved next year:

Kaine needs more Democrats in the General Assembly to further his agenda. Warner needs to continue to maintain his goodwill with Democratic activists in case he runs for governor in 2009. Webb, a former Republican, wants to test his brand of populism as well as repay Kaine for helping get him elected.

But it remains to be seen what, if any, impact Kaine, Warner and Webb will have on local races, especially in districts where voters are prone to split their tickets.

Last year, Del. David B. Albo (R-Fairfax) and Frederick won their races even though Kaine swamped Republican challenger Jerry Kilgore in their districts.

And despite pledges of unity, some Democrats say that with so many high-profile politicians on the same stage, it's only a matter of time before ego-driven divisions start to emerge.

"We'll just have to buy a bigger tent," Moran said. "It's a nice problem to have."

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, December 11, 2006

To tell the truth and shame the devil, newly minted presidential candidate Tom Vilsack's top issue of energy independence is a snoozer. Yes, yes, of course conservation, energy usage, and fuel supplies are superimportant, but it's a tough opener for the outgoing Iowa governor, who's expected to face Sens. Hillary Rodham Clinton, Barack Obama, and other Democratic superstars in 2008. That is, until he cites God's endorsement. It's right there in his church bulletin.

In two interviews, he says energy security trumps partisanship. For proof, he pulls out a tattered copy of the October 7-8 bulletin from Des Moines's St. Catherine of Siena that lists several conservation tips. "My God," he says, "this has the opportunity to unite the country." A little homework found that even local evangelical ministers were preaching energy security. "People take this notion very seriously that God has given us this gift and we have this responsibility to extend that gift," he says.

He can thank Al Gore and Sister JoAnne Talarico, the church's office manager, for the endorsement. She tells us that after St. Catherine's showed Gore's global warming movie An Inconvenient Truth, she started putting tips in the bulletin. "It would be nice," says Sister JoAnne, "if it would become a real issue." How can Vilsack thank her? Send the church some energy-saving tips of his own. "I think I've run out of all I had," she says.

A Second Act in Cyberspace

Tom DeLay's back, this time on the Internet. Friends tell us that the powerful former House majority leader, dubbed the "Hammer" for his tough persuasion tactics, this week unveils TomDeLay.com, where he'll blog-DeLay's Daily-on newsy issues and build a coalition he's calling Grassroots, Action, and Information Network. Sources said the right-leaning Texan will give GAIN members insider information on the conservative movement and urge them to step in on key issues. And Democrats need not apply: His site will have a way to filter them out.

Getting Mushy in His Fine Old Age

Those weren't tears of pain former President Bush shed last week during a tribute to his son Jeb, Florida's outgoing governor. Just the opposite. Family friends say the old guy is getting more emotional and has been prone to joyful crying jags when bragging on his kids. And-bless his heart-he doesn't try to stop it; he just lets the tears pour out. His buddies tell us that Bush, 82, also gets weepy when discussing the importance of his family and the blessings he has enjoyed throughout his life. "He has always been an emotional guy," says a pal.

What's Wrong? Don't You Trust Us?

"Oh, no you won't" is the reaction of cops and other first responders to an almost rude FBI decision to ask its Joint Terrorism Task Force members to take a lie detector test. To the FBI, it's a smart move: Since 9/11, the task force of federal and local officials has expanded to some 1,500 in over a hundred offices nationwide. But to some members it's a slap, and something

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that could hurt their careers if the polygraph-whose accuracy is widely questioned by scientists-burps out an error. Joining local cops in opposition are agents with the Homeland Security Department's Immigration and Customs Enforcement.

Wash. State Sees Results From 'Plain Talk' Initiative (USAT/AP)

By Rachel La Corte

USA Today, December 11, 2006

OLYMPIA, Wash. — Washington state officials want to deploy changes to alleviate state personnel's employment of acronyms, jargon and legalese that routinely pervade interfaces with constituents. Or, in plain speak: Talk to the public as you would talk to any other person — simply, and in clear language.

In the 20 months since Gov. Chris Gregoire ordered all state agencies to adopt "plain talk" principles, more than 2,000 state employees have attended classes on writing letters, announcements and documents in everyday language.

Words such as abeyance, cease and utilize are out, replaced by suspension, stop and use.

"If people are able to apply for an environmental permit and get it right the first time because they were able to understand it, that's success," said Larisa Benson, director of the Government Management Accountability and Performance program.

When people know what the government asks of them, there's a better chance they'll comply, officials have found.

For example, by rewriting one letter, the Department of Revenue tripled the number of businesses paying the "use tax," the widely ignored equivalent of sales tax on products purchased out of state. That meant an extra $800,000 collected over two years by the department, which had started its own plain-talk initiative before the governor's order.

"Simple changes can have profound results," said Janet Shimabukuro, manager of the department's taxpayer services program. "Plain talk isn't only rewriting, it's rethinking your approach and really personalizing your message to the audience and to the reader."

Though other states have done similar work, Washington state is believed to be the first to have a full-scale effort, said Thom Haller, executive director of the Center for Plain Language in Washington, D.C.

The non-profit center urges government and business officials to use clear, understandable language in laws and other public communication.

In 1997, newly elected Gov. Gary Locke issued an executive order requiring the Washington Administrative Code to be written and organized in a more simple way.

Around that time, some state agencies started using plain-language rules for training, on websites and in letters to the public.

The government of the District of Columbia started a plain-language initiative in 2004, and many federal agencies have such programs as well, Haller said.

"We're seeing them embrace it because they're recognizing that clarity in structure and language is important," he said. "It enables people to get their jobs done more efficiently."

How did state workers start speaking bureaucratic gobbledygook?

"It's almost as if we have hundreds of different tribes out there with different languages," said Dana Howard Botka, the plain-language program coordinator for Gregoire. "Knowing the language of that tribe is essential to belonging to it. There's pride in knowing the language of your profession."

Writing consultant Sharon Bridwell, who teaches up to three classes a month for state employees, said her students need help breaking old habits.

At a recent class in Olympia, Bridwell used slides and easels to write out pointers such as keeping sentences short.

Rich Coleman, a project manager with the state Employment Security Department, said he would try to be more concise in his letters to the public.

"I'm more wordy than I would like to be," said Coleman, who corresponds with prisoners or their families to help them rejoin the workforce. "It's an opportunity to see that the less I write, the more effective I am in getting the information across."

Botka said the heart of the plain-talk initiative is to get state workers to think about the person who is reading the document or the Web page before they write it.

"We're talking about people's rights and benefits," she said. "If they can't understand them, then they really don't have access to their government."

Sponsorship Pulls Arena Into Nuclear Debate (NYT)

By Martin Stolz

New York Times, December 11, 2006

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SALT LAKE CITY, Dec. 8 — Utah officials hope that the state's image can be best defined by its vast public lands and unspoiled forests, lakes and mountains.

But some here fear that a recent change in the name of the city's professional basketball arena may create for Utah new and far less savory associations with corruption and nuclear waste.

Since the arena's opening in 1991 as the home of the Utah Jazz, it was called the Delta Center, for Delta Air Lines, which struck the original deal for naming rights with Larry H. Miller, the team's owner. But in November, a hazardous waste services company based here, EnergySolutions, outbid bankrupt Delta to win a 10-year naming-rights contract.

The winning bid, the price of which neither side would disclose, has created the EnergySolutions Arena.

Steve Creamer, the company's president, is looking to overcome the negative publicity that the company, known until 10 months ago as Envirocare of Utah, has received over its operation of a large nuclear waste facility in the Utah desert.

EnergySolutions was formed in February by the merger of three companies, including Envirocare, which set up the nuclear waste facility on public land in 1988 with the approval of Larry F. Anderson, then director of the Utah Division of Radiation Control.

Mr. Anderson was later convicted on federal bribery charges of taking cash and a condominium in the resort town of Park City from Envirocare's founder and former owner, Khosrow B. Semnani. Mr. Semnani pleaded guilty to a charge of tax evasion.

The state has granted EnergySolutions a license to double the size of the low-level nuclear waste site, to about two square miles, though the approval is not final, in part because the Legislature and the governor also must have a say. But an antinuclear group, the Healthy Environment Alliance of Utah, or Heal Utah, has sued the state to revoke the license, and that is also delaying the expansion. The alliance also opposes the company's plan to expand the nuclear waste facility to a height of about eight stories.

On her way into a recent Jazz game, Leslie Birkett, a 42-year-old advertising executive from Kearns, said she had heard the nicknames for the arena: HazzMat Center, Half-Life Arena, Radium Stadium, the Tox Box.

"Utah already has enough strikes against it," Ms. Birkett said. "This is the last thing we need."

More disgusted was Tom Kessler, 66, a hard-core fan wearing a leather Jazz jacket. "Utah's always been the 'stick-it' state; whatever you don't want in your state, stick it here," said Mr. Kessler, an executive with a medical device company. "We're not tree huggers, but these guys lend credence to bringing all this stuff to Utah. It's bogus."

But another Jazz fan, Weston Anderson, 21, of West Valley City, felt differently. He first learned about the company when he passed people carrying signs at a pregame protest sponsored by Heal Utah, Mr. Anderson said. The arena's new name does not roll off the tongue, he said, "but I don't have a problem with that line of business because I believe in the free market."

The alliance has called on Mr. Miller to rescind the naming-rights deal, and on consumers to boycott his other businesses, which include car dealerships, movie theaters, a television station and an auto racetrack.

Mr. Miller issued a statement saying he was proud of his association with EnergySolutions.

Mr. Creamer has said his company is vital to Utah's future, has brought dozens of talented scientists and engineers to the state, and hopes to become a worldwide business for transporting, processing, storing and disposing of radioactive materials.

The company recently won a federal grant to study sites that might be used for reprocessing nuclear fuel, a recycling process in which plutonium is extracted from spent fuel and mixed with uranium to make new fuel.

But this year, the company had a setback with the Utah government. Gov. Jon Huntsman Jr. vetoed legislation that would have made it easier for the state to approve proposals for new or expanded nuclear waste sites.

In a letter to state legislators, Mr. Huntsman said the bill would have weakened the governor's authority "to protect Utah's image and environment." His administration has invested in strengthening Utah's image as a welcoming place for tourists, especially those attracted to outdoor activities in the state's mountains and forests. Part of that push has been a multimillion-dollar advertising campaign, "Utah: Life Elevated," featuring the state's landmarks and landscapes.

EnergySolutions also has embarked on a media campaign, emphasizing the company's environmental cleanups nationwide and the safety of its operations.

Kedrick Black, a 26-year-old electrical engineer and Jazz fan, said he learned about the company from its advertisements. "It's a good company," Mr. Black said. "Yes, they handle nuclear waste, but they're making it safer."

Vanessa Pierce, executive director of Heal Utah, does not see it quite that way. EnergySolutions' advertisements "make it look like they're curing cancer and building golf courses" and solving global warming, Ms. Pierce said. She accused the company of trying to mislead the public by promoting a wholesome image to gain support for the waste site expansion.

At the protest outside the arena, Louis Borgenicht, 64, a Salt Lake City pediatrician, told those gathered that EnergySolutions officials "are part of the problem, not, as they claim, part of the solution."

How To Bring Our Schools Out Of The 20th Century (TIME)

By Claudia Wallis, Sonja Steptoe

Time, December 11, 2006

There's a dark little joke exchanged by educators with a dissident streak: Rip Van Winkle awakens in the 21st century after a hundred-year snooze and is, of course, utterly bewildered by what he sees. Men and women dash about, talking to small metal devices pinned to their ears. Young people sit at home on sofas, moving miniature athletes around on electronic screens. Older folk defy death and disability with metronomes in their chests and with hips made of metal and plastic. Airports, hospitals, shopping malls--every place Rip goes just baffles him. But when he finally walks into a schoolroom, the old man knows exactly where he is. "This is a school," he declares. "We used to have these back in 1906. Only now the blackboards are green."

American schools aren't exactly frozen in time, but considering the pace of change in other areas of life, our public schools tend to feel like throwbacks. Kids spend much of the day as their great-grandparents once did: sitting in rows, listening to teachers lecture, scribbling notes by hand, reading from textbooks that are out of date by the time they are printed. A yawning chasm (with an emphasis on yawning) separates the world inside the schoolhouse from the world outside.

For the past five years, the national conversation on education has focused on reading scores, math tests and closing the "achievement gap" between social classes. This is not a story about that conversation. This is a story about the big public conversation the nation is not having about education, the one that will ultimately determine not merely whether some fraction of our children get "left behind" but also whether an entire generation of kids will fail to make the grade in the global economy because they can't think their way through abstract problems, work in teams, distinguish good information from bad or speak a language other than English.

This week the conversation will burst onto the front page, when the New Commission on the Skills of the American Workforce, a high-powered, bipartisan assembly of Education Secretaries and business, government and other education leaders releases a blueprint for rethinking American education from pre-K to 12 and beyond to better prepare students to thrive in the global economy. While that report includes some controversial proposals, there is nonetheless a remarkable consensus among educators and business and policy leaders on one key conclusion: we need to bring what we teach and how we teach into the 21st century.

Right now we're aiming too low. Competency in reading and math--the focus of so much No Child Left Behind (NCLB) testing--is the meager minimum. Scientific and technical skills are, likewise, utterly necessary but insufficient. Today's economy demands not only a high-level competence in the traditional academic disciplines but also what might be called 21st century skills. Here's what they are:

Knowing more about the world. Kids are global citizens now, even in small-town America, and they must learn to act that way. Mike Eskew, CEO of UPS, talks about needing workers who are "global trade literate, sensitive to foreign cultures, conversant in different languages"--not exactly strong points in the U.S., where fewer than half of high school students are enrolled in a foreign-language class and where the social-studies curriculum tends to fixate on U.S. history.

Thinking outside the box. Jobs in the new economy--the ones that won't get outsourced or automated--"put an enormous premium on creative and innovative skills, seeing patterns where other people see only chaos," says Marc Tucker, an author of the skills-commission report and president of the National Center on Education and the Economy. Traditionally that's been an American strength, but schools have become less daring in the back-to-basics climate of NCLB. Kids also must learn to think across disciplines, since that's where most new breakthroughs are made. It's interdisciplinary combinations--design and technology, mathematics and art--"that produce YouTube and Google," says Thomas Friedman, the best-selling author of The World Is Flat.

Becoming smarter about new sources of information. In an age of overflowing information and proliferating media, kids need to rapidly process what's coming at them and distinguish between what's reliable and what isn't. "It's important that students know how to manage it, interpret it, validate it, and how to act on it," says Dell executive Karen Bruett, who serves on the board of the Partnership for 21st Century Skills, a group of corporate and education leaders focused on upgrading American education.

Developing good people skills. EQ, or emotional intelligence, is as important as IQ for success in today's workplace. "Most innovations today involve large teams of people," says former Lockheed Martin CEO Norman Augustine. "We have to emphasize communication skills, the ability to work in teams and with people from different cultures."

Can our public schools, originally designed to educate workers for agrarian life and industrial-age factories, make the necessary shifts? The Skills commission will argue that it's possible only if we add new depth and rigor to our curriculum and standardized exams, redeploy the dollars we spend on education, reshape the teaching force and reorganize who runs the schools. But without waiting for such a revolution, enterprising administrators around the country have begun to update their schools, often with ideas and support from local businesses. The state of Michigan, conceding that it can no longer count on the ailing auto industry to absorb its poorly educated and low-skilled workers, is retooling its high schools, instituting what are among

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the most rigorous graduation requirements in the nation. Elsewhere, organizations like the Bill and Melinda Gates Foundation, the Carnegie Foundation for the Advancement of Teaching and the Asia Society are pouring money and expertise into model programs to show the way.

What It Means to Be a Global Student

Quick! How many ways can you combine nickels, dimes and pennies to get 20¢? That's the challenge for students in a second-grade math class at Seattle's John Stanford International School, and hands are flying up with answers. The students sit at tables of four manipulating play money. One boy shouts "10 plus 10"; a girl offers "10 plus 5 plus 5," only it sounds like this: "Ju, tasu, go, tasu, go." Down the hall, third-graders are learning to interpret charts and graphs showing how many hours of sleep people need at different ages. "¿Cuantas horas duerme un bebé?" asks the teacher Sabrina Storlie.

This public elementary school has taken the idea of global education and run with it. All students take some classes in either Japanese or Spanish. Other subjects are taught in English, but the content has an international flavor. The school pulls its 393 students from the surrounding highly diverse neighborhood and by lottery from other parts of the city. Generally, its scores on state tests are at or above average, although those exams barely scratch the surface of what Stanford students learn.

Before opening the school seven years ago, principal Karen Kodama surveyed 1,500 business leaders on which languages to teach (plans for Mandarin were dropped for lack of classroom space) and which skills and disciplines. "No. 1 was technology," she recalls. Even first-graders at Stanford begin to use PowerPoint and Internet tools. "Exposure to world cultures was also an important trait cited by the executives," says Kodama, so that instead of circling back to the Pilgrims and Indians every autumn, children at Stanford do social-studies units on Asia, Africa, Australia, Mexico and South America. Students actively apply the lessons in foreign language and culture by video-conferencing with sister schools in Japan, Africa and Mexico, by exchanging messages, gifts and joining in charity projects.

Stanford International shows what's possible for a public elementary school, although it has the rare advantage of support from corporations like Nintendo and Starbucks, which contribute to its $1.7 million-a-year budget. Still, dozens of U.S. school districts have found ways to orient some of their students toward the global economy. Many have opened schools that offer the international baccalaureate (I.B.) program, a rigorous, off-the-shelf curriculum recognized by universities around the world and first introduced in 1968--well before globalization became a buzzword.

To earn an I.B. diploma, students must prove written and spoken proficiency in a second language, write a 4,000-word college-level research paper, complete a real-world service project and pass rigorous oral and written subject exams. Courses offer an international perspective, so even a lesson on the American Revolution will interweave sources from Britain and France with views from the Founding Fathers. "We try to build something we call international mindedness," says Jeffrey Beard, director general of the International Baccalaureate Organization in Geneva, Switzerland. "These are students who can grasp issues across national borders. They have an understanding of nuances and complexity and a balanced approach to problem solving." Despite stringent certification requirements, I.B. schools are growing in the U.S.--from about 350 in 2000 to 682 today. The U.S. Department of Education has a pilot effort to bring the program to more low-income students.

Real Knowledge in the Google Era

Learn the names of all the rivers in South America. That was the assignment given to Deborah Stipek's daughter Meredith in school, and her mom, who's dean of the Stanford University School of Education, was not impressed. "That's silly," Stipek told her daughter. "Tell your teacher that if you need to know anything besides the Amazon, you can look it up on Google." Any number of old-school assignments--memorizing the battles of the Civil War or the periodic table of the elements--now seem faintly absurd. That kind of information, which is poorly retained unless you routinely use it, is available at a keystroke. Still, few would argue that an American child shouldn't learn the causes of the Civil War or understand how the periodic table reflects the atomic structure and properties of the elements. As school critic E.D. Hirsch Jr. points out in his book, The Knowledge Deficit, kids need a substantial fund of information just to make sense of reading materials beyond the grade-school level. Without mastering the fundamental building blocks of math, science or history, complex concepts are impossible.

Many analysts believe that to achieve the right balance between such core knowledge and what educators call "portable skills"--critical thinking, making connections between ideas and knowing how to keep on learning--the U.S. curriculum needs to become more like that of Singapore, Belgium and Sweden, whose students outperform American students on math and science tests. Classes in these countries dwell on key concepts that are taught in depth and in careful sequence, as opposed to a succession of forgettable details so often served in U.S. classrooms. Textbooks and tests support this approach. "Countries from Germany to Singapore have extremely small textbooks that focus on the most powerful and generative ideas," says Roy Pea, co-director of the Stanford Center for Innovations in Learning. These might be the key theorems in math, the laws of thermodynamics in science or the relationship between supply and demand in economics. America's bloated textbooks, by contrast, tend to gallop through a mind-numbing stream of topics and subtopics in an attempt to address a vast range of state standards.

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Depth over breadth and the ability to leap across disciplines are exactly what teachers aim for at the Henry Ford Academy, a public charter school in Dearborn, Mich. This fall, 10th-graders in Charles Dershimer's science class began a project that combines concepts from earth science, chemistry, business and design. After reading about Nike's efforts to develop a more environmentally friendly sneaker, students had to choose a consumer product, analyze and explain its environmental impact and then develop a plan for re-engineering it to reduce pollution costs without sacrificing its commercial appeal. Says Dershimer: "It's a challenge for them and for me."

A New Kind of Literacy

The juniors in Bill Stroud's class are riveted by a documentary called Loose Change unspooling on a small TV screen at the Baccalaureate School for Global Education, in urban Astoria, N.Y. The film uses 9/11 footage and interviews with building engineers and Twin Towers survivors to make an oddly compelling if paranoid case that interior explosions unrelated to the impact of the airplanes brought down the World Trade Center on that fateful day. Afterward, the students--an ethnic mix of New Yorkers with their own 9/11 memories--dive into a discussion about the elusive nature of truth.

Raya Harris finds the video more convincing than the official version of the facts. Marisa Reichel objects. "Because of a movie, you are going to change your beliefs?" she demands. "Just because people heard explosions doesn't mean there were explosions. You can say you feel the room spinning, but it isn't." This kind of discussion about what we know and how we know it is typical of a theory of knowledge class, a required element for an international-baccalaureate diploma. Stroud has posed this question to his class on the blackboard: "If truth is difficult to prove in history, does it follow that all versions are equally acceptable?"

Throughout the year, the class will examine news reports, websites, propaganda, history books, blogs, even pop songs. The goal is to teach kids to be discerning consumers of information and to research, formulate and defend their own views, says Stroud, who is founder and principal of the four-year-old public school, which is located in a repurposed handbag factory.

Classes like this, which teach key aspects of information literacy, remain rare in public education, but more and more universities and employers say they are needed as the world grows ever more deluged with information of variable quality. Last year, in response to demand from colleges, the Educational Testing Service unveiled a new, computer-based exam designed to measure information-and-communication-technology literacy. A pilot study of the test with 6,200 high school seniors and college freshmen found that only half could correctly judge the objectivity of a website. "Kids tend to go to Google and cut and paste a research report together," says Terry Egan, who led the team that developed the new test. "We kind of assumed this generation was so comfortable with technology that they know how to use it for research and deeper thinking," says Egan. "But if they're not taught these skills, they don't necessarily pick them up."

Learning 2.0

The chairman of Sun Microsystems was up against one of the most vexing challenges of modern life: a third-grade science project. Scott McNealy had spent hours searching the Web for a lively explanation of electricity that his son could understand. "Finally I found a very nice, animated, educational website showing electrons zooming around and tests after each section. We did this for about an hour and a half and had a ball--a great father-son moment of learning. All of a sudden we ran out of runway because it was a site to help welders, and it then got into welding." For McNealy the experience, three years ago, provided one of life's aha! moments: "It made me wonder why there isn't a website where I can just go and have anything I want to learn, K to 12, online, browser based and free."

Stub It Out (WP)

The Washington Post, December 11, 2006

STATE LAWMAKERS in Maryland and Virginia may have heard later than most, but the debate over the health effects of secondhand smoke is over. A landmark report by the surgeon general in the summer confirmed that breathing in smoky bars, restaurants or waiting rooms causes lung cancer and heart disease, not to mention chronic coughs, irritated nostrils and, for pregnant women who wait on tables or tend bars in smoke-filled establishments, babies with lower birth weights. The report also poured cold water on complaints from restaurant and bar owners: There is growing evidence that more people will frequent restaurants and bars when a smoking ban is in place.

Sixteen states and more than 2,000 localities have prohibited smoking in bars and restaurants; in the Maryland suburbs, they include Howard, Montgomery and Prince George's counties. But so far the Maryland General Assembly has failed to follow suit, letting bills to ban smoking in such workplaces statewide die the last four years -- lately in cliffhanger votes. An attempt planned for the legislative session starting in January should stand the best chance yet of enactment -- especially if Gov.-elect Martin O'Malley (D) throws his weight behind it.

As mayor of Baltimore, Mr. O'Malley opposed citywide smoking prohibitions, saying a statewide ban makes more sense. But now, as he prepares to move into the governor's office, he's being coy; after all, say his aides, Mr. O'Malley never committed

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himself to any statewide smoking ban as a candidate. That sort of caution worked well for Mr. O'Malley on the campaign trail, but as governor he will need to be more resolute. The outgoing governor, Robert L. Ehrlich Jr. (R), opposed a ban, thereby dissuading fence-sitting lawmakers from taking a chance on the bill. By backing a ban, Mr. O'Malley could tip the scales toward enactment and have a tangible, near-term impact on public health in Maryland. If, as he is fond of saying, Mr. O'Malley has no higher priority than to save lives, this is one sure way to do it.

In Virginia, the nation's third-leading tobacco-growing state, prospects for a smoking ban are cloudier. Although the state Senate passed such a prohibition last year for the first time, the measure was opposed by Gov. Timothy M. Kaine (D) as overly broad -- it included a wide range of public places, plus most hotel rooms -- and it died in the House of Delegates. Mr. Kaine understands that secondhand smoke can kill you; in October he ordered a ban on smoking in most state government office buildings. And he says that he would be willing to consider a bill that reaches his desk, depending on its scope. But that, unfortunately, is as far as he'll go.

More forthright leadership is needed. Restaurants are prohibited from serving poisonous food, so why should they be able to subject customers to toxic air? Moreover, smoking no longer has the constituency it once did as the number of smokers nationally, and in Maryland and Virginia, has fallen in recent years, thanks to the higher cost of cigarettes and aggressive publicity campaigns. And the hospitality industry's arguments about the economic peril posed by smoking bans have crumpled like a used pack of Winstons.

Perhaps a careful reading of the surgeon general's report will help convince Maryland and Virginia governors and other officeholders that the time is right to get serious about secondhand smoke. Then-Surgeon General Richard H. Carmona said in June: "Smoke-free environments are the only approach that effectively protects nonsmokers from the dangers of secondhand smoke."

Life-or-death Data (LAT)

The Los Angeles Times, December 11, 2006

YOUR MEDICAL RECORDS can save your life, or they can almost kill you. So the prospect of making them more easily accessible is at once comforting and scary — and a new effort to convert them into digital form will raise the stakes on both counts.

It's not hard to understand why. Suppose you're on vacation and become so ill you have to go to the hospital. Without your medical records, you could be given a drug that interacts badly with one you're already taking. Now imagine the same scenario, only this time you have access to all your medical and insurance records electronically. The physician examines them and gives you an appropriate drug. You recover nicely.

Now imagine a third possibility: You have your medical records — and they're not completely accurate. You get a drug you're allergic to, become even more sick and have to be admitted. Before long, lawyers become involved, subpoenaing everyone from your insurer to the datamanagement company that keeps your records.

Technology giveth, and technology taketh away. This country's medical recordkeeping system is undoubtedly outdated and inefficient, and bringing it into the 21st century will be a huge improvement. But it will create new problems as it solves old ones, and some problems it simply will port over to the digital age.

Five major U.S. corporations — Applied Materials, BP America, Intel, Pitney Bowes and Wal-Mart — who provide health benefits to 2.5 million people announced plans last week to gather employees' records from medical groups, hospitals, insurers and laboratories, then store them online. Employees can add or delete information to correct errors and fill in blanks. The main objective of the program, called Dossia and run by the nonprofit Omnimedix Institute, is to help them give complete, accurate information to their healthcare providers.

The most immediate benefit of this program, and others like it, may be to show how complex the problem is. For starters, the entire healthcare industry has to digitize its records and put them in a standard format that any doctor or hospital can use — a gargantuan task. Then there has to be a way for individuals to correct errors in the records without rendering them unreliable. The error rate is particularly high for insurance records — from 7% to 15%, according to various estimates.

Protecting health records from hackers and identity thieves is another challenge. Information brokers pay top dollar for health information — reportedly $50 per record, compared to less than $2 for a Social Security number — because they are so valuable to so many entities: drug companies, insurers, medical underwriters, health researchers and employers, to name a few.

There are scores of new initiatives such as Dossia, and all of them have weaknesses. Some appear to be good-faith efforts to give people more control over their own records and doctors access to better information. Others seem like thinly veiled marketing vehicles for drug makers and others in the healthcare industry.

To its credit, Dossia got two important things right. It won't collect employees' records without their permission. And it says it won't supply those records to anyone but the employee (or authorized family member), sacrificing some efficiency for security.

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Eventually, perhaps, the program will show the way to have both. The most important contribution Dossia is likely to make, though, is that it will show how much more work needs to be done throughout the industry to solve the medical records morass in a way that works for doctors and patients alike.

Two Mommies Is One Too Many (TIME)

By James C. Dobson

Time, December 11, 2006

A number of social conservatives, myself included, have recently been asked to respond to the news that Mary Cheney, the Vice President's daughter, is pregnant with a child she intends to raise with her lesbian partner. Implicit in this issue is an effort to get us to criticize the Bush Administration or the Cheney family. But the concern here has nothing to do with politics. It is about what kind of family environment is best for the health and development of children, and, by extension, the nation at large.

With all due respect to Cheney and her partner, Heather Poe, the majority of more than 30 years of social-science evidence indicates that children do best on every measure of well-being when raised by their married mother and father. That is not to say Cheney and Poe will not love their child. But love alone is not enough to guarantee healthy growth and development. The two most loving women in the world cannot provide a daddy for a little boy--any more than the two most loving men can be complete role models for a little girl.

The voices that argue otherwise tell us more about our politically correct culture than they do about what children really need. The fact remains that gender matters--perhaps nowhere more than in regard to child rearing. The unique value of fathers has been explained by Dr. Kyle Pruett of Yale Medical School in his book Fatherneed: Why Father Care Is as Essential as Mother Care for Your Child. Pruett says dads are critically important simply because "fathers do not mother." Psychology Today explained in 1996 that "fatherhood turns out to be a complex and unique phenomenon with huge consequences for the emotional and intellectual growth of children." A father, as a male parent, makes unique contributions to the task of parenting that a mother cannot emulate, and vice versa.

According to educational psychologist Carol Gilligan, mothers tend to stress sympathy, grace and care to their children, while fathers accent justice, fairness and duty. Moms give a child a sense of hopefulness; dads provide a sense of right and wrong and its consequences. Other researchers have determined that boys are not born with an understanding of "maleness." They have to learn it, ideally from their fathers.

But set aside the scientific findings for a minute. Isn't there something in our hearts that tells us, intuitively, that children need a mother and a father? Admittedly, that ideal is not always possible. Divorce, death, abandonment and unwed pregnancy have resulted in an ever growing number of single-parent families in this culture. We admire the millions of men and women who have risen to the challenge of parenting alone and are meeting their difficult responsibilities with courage and determination. Still, most of them, if asked, would say that raising children is a two-person job best accomplished by a mother and father.

In raising these issues, Focus on the Family does not desire to harm or insult women such as Cheney and Poe. Rather, our conviction is that birth and adoption are the purview of married heterosexual couples. Traditional marriage is God's design for the family and is rooted in biblical truth. When that divine plan is implemented, children have the best opportunity to thrive. That's why public policy as it relates to families must be based not solely on the desires of adults but rather on the needs of children and what is best for society at large.

This is a lesson we should have learned from no-fault divorce. Because adults wanted to dissolve difficult marriages with fewer strings attached, reformers made it easier in the late 1960s to dissolve nuclear families. Though there are exceptions, the legacy of no-fault divorce is countless shattered lives within three generations, adversely affecting children's behavior, academic performance and mental and physical health. No-fault divorce reflected our selfish determination to do what was convenient for adults, and it has been, on balance, a disaster.

We should not enter into yet another untested and far-reaching social experiment, this one driven by the desires of same-sex couples to bear and raise children. The traditional family, supported by more than 5,000 years of human experience, is still the foundation on which the well-being of future generations depends. Dobson is the founder and chairman of Focus on the Family

Name That Source (NYT)

By Murray Fromson

The New York Times, December 11, 2006

Los Angeles

THE article was headlined “Vietnam: The Signs of Stalemate,” and it appeared on the front page of this paper on Aug. 7, 1967. Written by R. W. Apple Jr., it was a bombshell that resonated in both Washington and Saigon, caused consternation in the

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United States Army and the intelligence community and gradually altered perceptions of American success or failure for the remainder of the Vietnam War.

Over nearly four decades, dozens of historians and journalists asked Johnny (as he was known) and me, because I did a similar story for CBS, to identify our source for that report, and we steadfastly declined to name him. But now, the source has come forward to release us from our pledge of confidentiality.

In 1967, when I was a CBS News correspondent in Vietnam, I met an American general at a cocktail party in Saigon. He whispered to me: "Westy just doesn't get it. The war is unwinnable. We've reached a stalemate and we should find a dignified way out." He was referring to Gen. William Westmoreland, the commander of United States forces in Vietnam.

The reception was crowded and noisy, and I asked whether I could meet with him at another time. "O.K., but no cameras," he replied. Might I bring another reporter with me? "O.K., but one only." I had advised CBS News in New York that I probably had an important story to report but that it would be what we used to call a standupper on camera with no film. The reaction was decidedly cool. Had Walter Cronkite or Mike Wallace been available, such a report might have led "The CBS Evening News." On the other hand, I guessed — correctly — that once it appeared in The Times, the universal scream would be for me to match it.

So I ambled up Tu Do Street to Johnny's office and invited him to come along. We took a helicopter ride into the Mekong Delta and then spent two hours with one of the more erudite general officers either of us had ever met in Vietnam.

The general pledged us to absolute confidentiality. Later, when Johnny and I compared notes to ensure we had understood him correctly, both of us were stunned. His article was published 24 hours later. Mine, in the era before satellites, reached CBS News in New York days later. Here, in essence, is how we quoted the general for our reports:

" 'I've destroyed a single division three times,' a senior American general said the other day. 'I've chased main-force units all over the country and the impact was zilch. It meant nothing to the people. Unless a more positive and more stirring theme than simple anti-communism can be found, the war appears likely to go on until someone gets tired and quits, which could take generations.' " The report enraged President Lyndon Johnson, General Westmoreland and, as I recall it, Gen. Earle Wheeler, the chairman of the Joint Chiefs of Staff. Johnson then initiated action to call up an additional 205,000 troops for the coming war against the North Vietnamese. But the action was negated by the misleading perception many of us had that the Communists achieved a major victory in the Tet offensive, which began on Jan. 30, 1968.

The "stalemate" story re-surfaced in 1984, when Westmoreland filed a multibillion-dollar libel suit against CBS News for a report that said the general had knowingly understated the strength of North Vietnamese and Vietcong forces to make it appear that victory was in sight. David Boies, CBS's lead lawyer, remembers asking Westmoreland: "General, I want to read you an excerpt from a story reported by R. W. Apple in The New York Times on Aug. 7, 1967. In it, Mr. Apple refers to an American general who said the war is unwinnable. What about that, General Westmoreland?"

The normally composed Westmoreland, then retired, was shaking as he replied, "No general of mine would ever have said that." I called Mr. Boies's office the following day and told one of his associates that the general in question had said it not once, but twice — the first time in my conversation with him in Saigon.

In 1995, on the 20th anniversary of the war's end, I was invited to participate in a Freedom Forum discussion in Oakland, Calif. With Johnny's knowledge, I called our source to ask whether he might release us from our pledge of confidentiality so that we could set the record straight. He was hesitant. "Westy is an old friend," he said, "and I would not want to hurt or embarrass him. Let's wait until he's no longer with us."

Westmoreland died in 2005. The officer in question, then a three-star general, now 90 years old and retired and living in Hawaii, is Frederick Weyand. General Weyand was a distinguished combat officer and commander of III Corps in the Mekong Delta who later supervised the American withdrawal from Vietnam and then became United States Army Chief of Staff. Last week, in the interest of historical accuracy, I called to tell him about the coming memorial service for Johnny. I told him Johnny had described the "stalemate" piece as the most important story he'd ever done, and I was renewing my request for a release from the pledge of confidentiality we had given him 40 years ago. He agreed.

I believe both Johnny and I were struck, in 1967, by General Weyand's sober, intellectual analysis of the problems facing both the Americans and the Vietnamese. So many years later, I suspect there may be other officers of his caliber who are thinking about the contradictions in yet another war.

There is, of course, no way of determining how much of an impact the "stalemate" story had on Lyndon Johnson's decision to abandon plans to seek re-election in 1968. The daring of the Communists' Tet offensive undoubtedly swung American public opinion irreversibly. But to me, writ larger, our reports demonstrated how important it was and is for journalists to offer pledges of confidentiality to credible sources in order to report the kind of stories officials normally are reluctant to discuss. It was essential during the Vietnam War, as it is essential today in Iraq.

The Media Is In Need Of Some Mending (WSJ)

DOJ_NMG_0104521

By Peter R. Kann

The Wall Street Journal, December 11, 2006

Thomas Jefferson, a better president than we've had in a very long time, penned a line back in 1787: "Were it left to me to decide whether we should have a government without newspapers or newspapers without government, I would not hesitate a moment to prefer the latter." By 1807, in his seventh year as president and after seven years of being subjected to severe press criticism, he wrote: "I deplore the putrid state into which our newspapers have passed, and the malignity, the vulgarity and the mendacious spirit of those who write them."

You'll be relieved to know that Jefferson did remain true to his primary principle: "The press," he concluded, "is an evil for which there is no remedy. Liberty depends upon freedom of the press and that cannot be limited without being lost." He was right then, and we are right now, to prefer a free press, however flawed, to any controlled alternative. Still, as we watched CNN flashing its pre-election logos each day -- "Broken Borders," "Broken Government," "Broken Politics," Broken Everything -- I can't help thinking the media, too, is in need of some mending.

At its best news informs and enlightens the citizens of a free society and thereby safeguards and strengthens our democracy. At its worst -- dishonest, unfair, irresponsible -- the media has potential to erode the public trust on which its own success depends and to corrode the democratic system of which it is so indispensably a part. So, let me touch on 10 current trends in the mass media that ought to disturb us.

The blurring of the lines between journalism and entertainment. Journalism that puts too high a priority on entertaining is almost destined to distort and mislead. Compounding this confusion is a diffusing definition of "journalist." When political operatives moonlight at moderating news shows, when people alternate between being political editors and political consultants, when celebrity newspeople pocket $20,000 fees speaking at corporate conventions while criticizing congressman for conflicts of interest -- we jumble public perceptions of newspeople as well as news.

The blurring of lines between news and opinion. Newspapers have a format that helps maintain the distinction. The Internet, TV and most magazines have neither that format nor that tradition. The result is a blending of news and views. The two are not ingredients to mix together for a tastier meal, they are different courses. Part of the problem here lies in fashionable new philosophies that argue there are no basic values of right and wrong, that news is merely a matter of views. It's a dangerous philosophy for our society and a dagger at the heart of genuine journalism.

The blending of news and advertising, sponsorships or other commercial relationships. The resulting porridges may be called "advertorials" or "infomercials"; they may be special sections masquerading as news, news pages driven by commercial interests, or Web pages where everything somehow is selling something. Without clear distinctions between news and advertising, readers or viewers lose confidence in the veracity of a news medium. And advertisers lose the business benefit of an environment of trust.

The problems and pitfalls inherent in pack journalism. Individually, most reporters are decent, dedicated, fair-minded people. But the press, en masse, tends to lose its common sense and its sense of fairness and independence and what we see all too often is the spectacle of a pack of hounds in pursuit of a quarry. We frequently see this phenomenon in political reporting, where the faintest whiff of scandal, or even of weakness, can send the pack in pursuit. At its worst, the pack, not finding a real problem, proclaims the "perception" of one and this perception becomes self-fulfilling.

The issue of conflict and context. On most issues most Americans are not on polar extremes. On abortion, for example, most seek a sensible center. Where is that center reflected in media coverage that mainly portrays rabid feminists or irate pro-life activists? Balance is not achieved by the talk show format of two extremists yelling at each other. And how many of us recognize our own communities from their depiction on local TV news shows -- a nonstop montage of mayhem, murder, rape, arson, child molestation and more?

The exaggerated tendency toward pessimism. Just look back a few years over much of the media coverage of "American competitiveness." All those news magazine covers on the coming "Japanese Century." And along with it, all the pessimism about the ability of U.S. industry to compete globally. It was nonsense. Similarly, it's one thing -- and an appropriate one -- for the press to probe particular instances of political corruption. It's quite another thing to jump to the cynical conclusion that our political process, and all politicians, are corrupted -- that "they all do it." They don't, and they aren't. Skepticism and criticism are essential to the media's role; reflexive pessimism is not.

The growing media fascination with the bizarre, the perverse and the pathological -- John Mark Karr journalism. Such so-called journalism helps instantly legitimize crackpot ideas, deviant behavior, or alleged victimization in our society. My point is not to argue for "good news" vs. "bad news," but to ask whether much of this amounts to news at all?

Social orthodoxy, or political correctness. These are reflected in a media whose job is not to parrot prevailing fashions, but to question, probe and thereby challenge them. Businessmen are not, by definition, greedy, and environmentalists, by definition, saintly. Third World poverty is not, by definition, a result of overpopulation as opposed to inane economic policies. And so on.

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The media's short attention span. As the press hops from Baghdad to Beirut, Natalee Holloway to Valerie Plame, Super Bowls to Super Tuesdays, it justifiably can blame some combination of the nature of the news and the short attention span of the public. The public, meanwhile, bombarded and bewildered can blame a fickle and shallow press. There are too many instant celebrities. Too many two-day crises. Too many "defining moments" from people in search of instant history. In a world where everything is considered critical, nothing needs to be taken very seriously.

The matter of power. The press is at least partially responsible for greater public skepticism toward traditional institutions in America. But the truth, not lost on our public, is that the press is a large and powerful institution, too: "60 Minutes" is more powerful than almost all of the subjects it exposes. This newspaper, arguably, has more influence on national economic policy than do most corporations. Networks are owned by giant industrial corporations, magazines by entertainment conglomerates, and most newspapers by national chains. Given these realties, we cannot plausibly pretend to be a David out there smiting Goliaths and expect the public to believe it.

Mr. Kann, a Pulitzer-winning journalist, is chairman of Dow Jones.

Annan To Blast U.S. In Farewell (USAT)

By Barbara Slavin

USA Today, December 11, 2006

In a farewell speech on U.S. soil today, retiring United Nations Secretary-General Kofi Annan plans to deliver a tough critique of President Bush's policies. He will accuse the administration of trying to secure the United States from terrorism in part by dominating other nations through force, committing what he termed human rights abuses and taking military action without broad international support.

Though Annan has long been a critic of the war in Iraq and other Bush foreign policies, the planned speech is among his toughest and is unusual for a U.N. secretary-general concluding his tenure.

Annan's remarks, provided to USA TODAY by his office, list principles for international relations, among them "respect for human rights and the rule of law."

These ideas can be advanced only "if America remains true to its principles, including in the struggle against terrorism," the speech says. "When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused."

In the 61-year history of the U.N., no secretary-general has ended his tenure by criticizing U.S. policies so sharply, said Stanley Meisler, a historian of the United Nations and author of a new biography of Annan.

Ric Grennell, spokesman for the U.S. mission to the U.N., said he would not discuss the remarks prior to their delivery. John Bolton, outgoing U.S. ambassador to the U.N., also declined to comment.

In his speech, Annan refers to the U.S.-led invasion of Iraq. When "military force is used, the world at large will consider it legitimate only when convinced that it is being used for the right purpose … in accordance with broadly accepted norms."

The speech continues that "governments must be accountable for their actions in the international arena, as well as in the domestic one."

The speech, to be delivered at the presidential library of the late Harry Truman in Independence, Mo., contrasts Truman's support for the United Nations with the Bush administration's unilateral actions.

Annan acknowledges terrorism and other global threats but cautions against nations acting alone. "Against such threats as these, no nation can make itself secure by seeking supremacy over all others," the speech says.

Annan leaves office Dec. 31 and will be replaced by former South Korean foreign minister Ban Ki Moon.

Annan's predecessor, Boutros Boutros-Ghali, developed a personal hostility toward then-U.S. ambassador to the U.N. Madeleine Albright, but saved his anger for a book after he left office, Meisler said.

The United States supported Annan for the job 10 years ago, when it blocked Boutros-Ghali from serving a second five-year term. Annan has worked with the United States on a number of issues, including U.N. reform, said Lee Feinstein, a U.N. expert at the Council on Foreign Relations.

Critics of Annan in Congress, including Sen. Norm Coleman, R-Minn., faulted the Ghana-born, U.S.-educated diplomat for lax management of the $64 billion U.N. oil-for-food program. The 1996-2003 effort was tainted by $1.5 billion in kickbacks to the regime of Saddam Hussein.

"Annan's legacy will be one of missed opportunity and failed leadership," said Coleman, who urged Annan to resign last year.

What I've Learned (WP)

By Kofi A. Annan

Washington Post, December 11, 2006

DOJ_NMG_0104523

Nearly 50 years ago, when I arrived in Minnesota as a student fresh from Africa, I had much to learn -- starting with the fact that there is nothing wimpish about wearing earmuffs when it is 15 degrees below zero. All my life since has been a learning experience. Now I want to pass on five lessons I have learned during 10 years as secretary general of the United Nations that I believe the community of nations needs to learn as it confronts the challenges of the 21st century.

First, in today's world we are all responsible for each other's security. Against such threats as nuclear proliferation, climate change, global pandemics or terrorists operating from safe havens in failed states, no nation can make itself secure by seeking supremacy over all others. Only by working to make each other secure can we hope to achieve lasting security for ourselves. This responsibility includes our shared responsibility to protect people from genocide, war crimes, ethnic cleansing and crimes against humanity. That was accepted by all nations at last year's U.N. summit. But when we look at the murder, rape and starvation still being inflicted on the people of Darfur, we realize that such doctrines remain pure rhetoric unless those with the power to intervene effectively -- by exerting political, economic or, in the last resort, military muscle -- are prepared to take the lead. It also includes a responsibility to future generations to preserve resources that belong to them as well as to us. Every day that we do nothing, or too little, to prevent climate change imposes higher costs on our children.

Second, we are also responsible for each other's welfare. Without a measure of solidarity, no society can be truly stable. It is not realistic to think that some people can go on deriving great benefits from globalization while billions of others are left in, or thrown into, abject poverty. We have to give all our fellow human beings at least a chance to share in our prosperity.

Third, both security and prosperity depend on respect for human rights and the rule of law. Throughout history human life has been enriched by diversity, and different communities have learned from each other. But if our communities are to live in peace we must stress also what unites us: our common humanity and the need for our human dignity and rights to be protected by law.

That is vital for development, too. Both foreigners and a country's own citizens are more likely to invest when their basic rights are protected and they know they will be fairly treated under the law. Policies that genuinely favor development are more likely to be adopted if the people most in need of development can make their voice heard. States need to play by the rules toward each other, as well. No community suffers from too much rule of law; many suffer from too little -- and the international community is among them.

My fourth lesson, therefore, is that governments must be accountable for their actions, in the international as well as the domestic arena. Every state owes some account to other states on which its actions have a decisive impact. As things stand, poor and weak states are easily held to account, because they need foreign aid. But large and powerful states, whose actions have the greatest impact on others, can be constrained only by their own people.

That gives the people and institutions of powerful states a special responsibility to take account of global views and interests. And today they need to take into account also what we call "non-state actors." States can no longer -- if they ever could -- confront global challenges alone. Increasingly, they need help from the myriad types of association in which people come together voluntarily, to profit or to think about, and change, the world.

How can states hold each other to account? Only through multilateral institutions. So my final lesson is that those institutions must be organized in a fair and democratic way, giving the poor and the weak some influence over the actions of the rich and the strong.

Developing countries should have a stronger voice in international financial institutions, whose decisions can mean life or death for their people. New permanent or long-term members should be added to the U.N. Security Council, whose current membership reflects the reality of 1945, not of today.

No less important, all the Security Council's members must accept the responsibility that comes with their privilege. The council is not a stage for acting out national interests. It is the management committee of our fledgling global security system.

More than ever, Americans, like the rest of humanity, need a functioning global system. Experience has shown, time and again, that the system works poorly when the United States remains aloof but it functions much better when there is farsighted U.S. leadership.

That gives American leaders of today and tomorrow a great responsibility. The American people must see that they live up to it.

The writer, secretary general of the United Nations, will leave office Dec. 31. This article is based on an address he will give today at the Truman Presidential Museum & Library in Independence, Mo.

Bolton's Spot May Sit Empty For Months (WP)

By Al Kamen

The Washington Post, December 11, 2006

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It's beginning to look like the post of U.S. ambassador to the United Nations is once again going to be vacant for several months. John Bolton's recess appointment ended over the weekend -- he's said to be heading back to his perch at the American Enterprise Institute -- and there's still no white smoke from the White House on a successor.

Unless President Bush uses his recess appointment powers once again, a new ambassador probably won't make it through the Senate much before March, and that's if the eventual nominee isn't controversial.

The front-runners these days of course include our man in Baghdad, Zalmay Khalilzad, any number of losing GOP House and Senate candidates -- starting with outgoing Ohio Sen. Mike DeWine-- to veteran diplomat and Chicago lawyer Richard Williamson, who had been a top official at the mission a few years back.

For the moment, though, career diplomat Alejandro Wolf, now No. 2 in New York, looks to be acting ambassador for a bit.

Meanwhile, Rich Grinnell, who holds the record for longevity as top spokesman at the mission -- five years and two months -- is likely to be moving on. He was spokesman for ambassadors John D. Negroponte, John C. Danforth and Bolton. It is unclear what's going to happen to Bolton's unusually large six-member staff in his spacious office in Foggy Bottom.Farewell, Weldon

Outgoing Rep. Curt Weldon (R-Pa.), a cherished Loop favorite, waxed eloquent at his last hearing of the House Armed Service Committee Thursday, going on for a good 20 minutes about how he and the committee can take credit for, among other things: a "normalized relationship" with Libya; two meetings with the North Koreans despite Secretary of State Condoleezza Rice doing "everything she could to stop us"; ensuring the unmanned drone "Predator would be armed"; developing "missile defense"; and, negotiating "the framework to end the Kosovo War."

"I am the troublemaker," he said proudly, maybe losing his seat because of his "pushing the envelope." Or perhaps it was those FBI agents searching his offices? "And God willing, I'll be going back to North Korea in the next two months to continue that dialogue," he vowed.

So the six-party talks will be seven-party talks?

Gonna miss him a lot.A Few Words on Terror

Everyone but Michigan football fans mark your calendars. On Dec. 13, author John Mueller is appearing at a Cato Institute forum to discuss his book "Overblown: How Politicians and the Terrorism Industry Inflate National Security Threats, and Why We Believe Them." Mueller, our invite says, holds the Woody Hayes Chair of National Security Studies at Ohio State University.Time to Move On

Ron Bonjean, the highly regarded communications director for House Speaker J. Dennis Hastert (R-Ill.) and before that public affairs director at the Commerce Department, is moving over to the Senate side to be executive director of the Senate Republican Conference. Bonjean earlier served as press secretary to then-Senate Majority Leader Trent Lott (R-Miss.) and communications director to then-Rep. J.C. Watts (R-Okla.), and before that worked for several other House members.

Republican aides are moving around, going private, in large part because Democrats have taken over. But Democratic staffers are also moving to the private sector. Lloyd Ritter, formerly Washington representative for the Union of Concerned Scientists and more recently point man on renewable energy for Sen. Tom Harkin (D-Iowa) on the Agriculture, Nutrition and Forestry Committee, is off to do green-energy consulting.Is There an Ambassador in the House?

It's not often that famous guests pop in on House committee Christmas parties, but one celebrity came early and stayed late Thursday evening at the House Judiciary gathering. He was even recognized -- to a brief round of applause -- during remarks by incoming committee chairman Rep. John Conyers Jr. (D-Mich.).

The honored guest? Former ambassador Joseph C. Wilson IV, he of the Iraqi yellowcake and the Valerie Plame controversies. Didn't somebody named Pelosi say impeachment was off the table?Party Faux Pas, Averted

Finally, Pentagon folks note that all those Dec. 15 Christmas parties could have caused logistical and security nightmares if someone like President Bush or Vice President Cheney were to show up that day, outgoing Secretary of Defense Donald Rumsfeld's last, to pay their respects. So they really had to be moved to other days. It wasn't just that everyone would be seen partying the day he left.

U.S. May Soon Seek Iran Sanctions Vote (AP)

By George Jahn

AP, December 11, 2006

The U.S. and its closest Western allies may soon call a vote on U.N. Security Council sanctions against Iran, even at the risk that Russia and China may abstain or veto the measures, officials said Sunday.

"They're talking about a vote as soon as possible," a U.S. official said of plans by the Americans, French and British. He and other diplomats and representatives of Western governments spoke to The Associated Press on condition of anonymity because they were not authorized to divulge Western strategies on Iran.

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The decision to risk a Russian and Chinese veto would reflect recognition by the five permanent Security Council members that they cannot agree on a common approach to dealing with concerns that Iran might be seeking to develop nuclear arms.

That would mean a serious setback to months of efforts by six world powers — the five permanent members plus Germany — to act in concert in getting Iran to freeze its uranium enrichment activities either, through enticements or the threat of punitive U.N. action.

In a fresh bid to win Russian and Chinese support, France and Britain circulated a revised U.N. resolution Friday narrowing proposed sanctions.

The new draft still would ban the supply of materials and technology that could contribute to Iran's nuclear and missile programs, but it spells out in much greater detail what items are prohibited. Russia and China had complained that the proposed sanctions in the original draft were too broad.

The new draft keeps a travel ban and asset freeze on companies, individuals and organizations involved in Iran's nuclear and missile programs, measures Russia opposes.

Russia and China, which have major commercial ties with Iran, have continued to push for dialogue instead of U.N. punishment, despite the collapse in October of an EU attempt to entice Iran into talks.

Russia proposed major changes to the original European text, including limiting sanctions to measures that would keep Iran from developing nuclear weapons and missiles. Russia also proposed eliminating any travel ban, asset freeze or mention of the nuclear facility being built by the Russians at Bushehr, Iran.

The new European draft drops all mention of Bushehr, which is projected to go on line in late 2007 and would be Iran's first atomic power plant. It still would limit technical assistance to Iran by the Vienna-based International Atomic Energy Agency, and urge countries to prevent Iranian students from studying nuclear-related disciplines.

A second U.S. official said the Russians now want even more concessions. He said Moscow was insisting that any resolution not mention tentative Russian plans to build a second reactor for the Iranians. As well, the Russians want to limit any sanctions to three months, after which they would be reviewed, the official said.

These and other demands were resulting in "a lot of frustration" within the Western camp, he said.

He said Washington was expecting "enough compromise to get it down to the level where the Russians (and Chinese) won't veto." But he acknowledged that the risk of rejection by the two countries could not be ruled out.

"If we cannot get an agreement on sanctions that are effective, we would want to table a resolution and take the chance of an abstention, or a veto," he said.

Ambassadors from the six countries were expected to discuss the new draft early next week, possibly Monday.

Iran maintains its nuclear program is purely peaceful, aimed solely at producing nuclear energy, but the U.S. and the Europeans believe Tehran's enrichment activities are ultimately aimed at producing nuclear weapons.

Reflecting fresh Iranian defiance of Security Council demands, President Mahmoud Ahmadinejad said Saturday that his country had begun installing 3,000 uranium enriching centrifuges, which would give the program the capability to make fuel for power generation — or the fissile material for nuclear warheads.

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Associated Press Writer Edith M. Lederer contributed to this report from the United Nations.

Seeking Iran Intelligence, U.S. Tries Google (WP)

By Dafna Linzer

The Washington Post, December 11, 2006

When the State Department recently asked the CIA for names of Iranians who could be sanctioned for their involvement in a clandestine nuclear weapons program, the agency refused, citing a large workload and a desire to protect its sources and tradecraft.

Frustrated, the State Department assigned a junior Foreign Service officer to find the names another way -- by using Google. Those with the most hits under search terms such as "Iran and nuclear," three officials said, became targets for international rebuke Friday when a sanctions resolution circulated at the United Nations.

Policymakers and intelligence officials have always struggled when it comes to deciding how and when to disclose secret information, such as names of Iranians with suspected ties to nuclear weapons. In some internal debates, policymakers win out and intelligence is made public to further political or diplomatic goals. In other cases, such as this one, the intelligence community successfully argues that protecting information outweighs the desires of some to share it with the world.

But that argument can also put the U.S. government in the awkward position of relying, in part, on an Internet search to select targets for international sanctions.

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None of the 12 Iranians that the State Department eventually singled out for potential bans on international travel and business dealings is believed by the CIA to be directly connected to Iran's most suspicious nuclear activities.

"There is nothing that proves involvement in a clandestine weapons program, and there is very little out there at all that even connects people to a clandestine weapons program," said one official familiar with the intelligence on Iran. Like others interviewed for this story, the official insisted on anonymity when discussing the use of intelligence.

What little information there is has been guarded at CIA headquarters. The agency declined to discuss the case in detail, but a senior intelligence official said: "There were several factors that made it a complicated and time-consuming request, not the least of which were well-founded concerns" about revealing the way the CIA gathers intelligence on Iran.

That may be why the junior State Department officer, who has been with the nonproliferation bureau for only a few months, was put in front of a computer.

An initial Internet search yielded over 100 names, including dozens of Iranian diplomats who have publicly defended their country's efforts as intended to produce energy, not bombs, the sources said. The list also included names of Iranians who have spoken with U.N. inspectors or have traveled to Vienna to attend International Atomic Energy Agency meetings about Iran.

It was submitted to the CIA for approval but the agency refused to look up such a large number of people, according to three government sources. Too time-consuming, the intelligence community said, for the CIA's Iran desk staff of 140 people. The list would need to be pared down. So the State Department cut the list in half and resubmitted the names.

In the end, the CIA approved a handful of individuals, though none is believed connected to Project 1-11 -- Iran's secret military effort to design a weapons system capable of carrying a nuclear warhead. The names of Project 1-11 staff members have never been released by any government and doing so may have raised questions that the CIA was not willing or fully able to answer. But the agency had no qualms about approving names already publicly available on the Internet.

"Using a piece of intel on project 1-11, which we couldn't justify in open-source reporting, or with whatever the Russians had, would have put us in a difficult position," an intelligence official said. "Inevitably, someone would have asked, 'Why this guy?' and then we would have been back to the old problem of justifying intelligence."

A senior administration official acknowledged that the back-and-forth with the CIA had been difficult, especially given the administration's desire to isolate Iran and avoid a repeat of flawed intelligence that preceded the Iraq war.

"In this instance, we were the requesters and the CIA was the clearer," the official said. "It's the process we go through on a lot of these things. Both sides don't know a lot of reasons for why either side is requesting or denying things. Sources and methods became their stated rationale and that is what they do. But for policymaking, it can be quite frustrating."

Washington's credibility in the U.N. Security Council on weapons intelligence was sharply eroded by the collapse of prewar claims about Iraq. A senior intelligence official said the intelligence community is determined to avoid mistakes of the past when dealing with Iran and other issues. "Once you push intelligence out there, you can't take it back," the official said.

U.S., French and British officials came to agree that it was better to stay away from names that would have to be justified with sensitive information from intelligence programs, and instead put forward names of Iranians whose jobs were publicly connected to the country's nuclear energy and missile programs. European officials said their governments did not rely on Google searches but came up with nearly identical lists to the one U.S. officials offered.

"We do have concerns about Iranian activities that are overt, and uranium enrichment is a case in point," said a senior administration official who agreed to discuss the process on the condition of anonymity. "We are concerned about what it means for the program, but also because enrichment is in violation of a U.N. Security Council resolution."

The U.S.-backed draft resolution, formally offered by Britain and France, would impose a travel ban and freeze the assets of 11 institutions and 12 individuals, including the commander of Iran's Revolutionary Guards, the directors of Iran's chief nuclear energy facilities, and several people involved in the missile program. It would prohibit the sale of nuclear technologies to Iran and urges states to "prevent specialised teaching or training" of Iranian nationals in disciplines that could further Tehran's understanding of banned nuclear activities.

The text says the council will be prepared to lift the sanctions if Mohamed ElBaradei, the IAEA's director general, concludes within 60 days that Iran has suspended its enrichment and reprocessing of uranium and has halted efforts to produce a heavy-water nuclear energy reactor.

Many Security Council members are uneasy about the sanctions. The Russians and the Chinese -- whose support is essential for the resolution to be approved -- have told the United States, Britain and France they will not support the travel-ban element of the resolution, according to three officials involved in the negotiations. Russia is building a light-water nuclear reactor in Iran and some people on the sanctions list are connected to the project.

"The Russians have already told us it would be demeaning for people to ask the Security Council for permission to travel to Russia to discuss an ongoing project," a European diplomat said yesterday.

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U.S. and European officials said there is room for negotiation with Russia on the names and organizations, but they also said it is possible that by the time the Security Council approves the resolution, the entire list could be removed.

"The real scope of debate will be on the number of sanctions," one diplomat said. "Companies and individuals could go off the list or go on."

Staff writer Colum Lynch at the United Nations contributed to this report.

Arab Nations Plan To Start Joint Nuclear Energy Program (NYT)

By Hassan Fattah

New York Times, December 11, 2006

DUBAI, United Arab Emirates, Dec. 10 — Arab leaders, meeting in the Saudi capital, Riyadh, on Sunday, said they intended to start a joint nuclear energy development program, a move certain to heighten concerns over a possible race for nuclear power in the oil-rich Persian Gulf.

Leaders of the Gulf Cooperation Council concluded a two-day summit meeting in Riyadh on Sunday, agreeing to study how to proceed with development of such capacity.

At the same time, they called for a peaceful settlement of the crisis over Iran's nuclear program, which the United States and some other Western nations say is for nuclear arms.

"The states of the region have a right to possess nuclear energy technology for peaceful purposes," the summit meeting's closing communiqué said, echoing Iran's insistence that it, too, had the right to peaceful nuclear technology.

Publicly, officials of the gulf council said the development of a nuclear energy program would help meet their rising demand for electricity, despite the huge oil reserves.

"Nuclear technology is an important technology to have for generating power, and the gulf states will need it equally," said Prince Saud al-Faisal, Saudi Arabia's foreign minister, speaking to reporters. "It is not a threat," he said. "It is an announcement so that there will be no misinterpretation for what we are doing."

But analysts and officials said the announcement had a different purpose — to warn the United States not to acquiesce to Iran's nuclear ambitions as pressure grows on the Bush administration to reach out to Iran for help in stabilizing Iraq.

A report released by the bipartisan Iraq Study Group last week recommended that the United States open negotiations with Iran.

The predominantly Sunni Arab states fear that the United States may abandon Arab concerns to gain assistance from Iran, which could confirm Iran as the regional hegemon.

"The message is that the gulf countries will develop their own nuclear program if Iran is rewarded with the terms of the Baker-Hamilton report," said Abdelaziz O. Sager, chairman of the Gulf Research Center in Dubai, who is familiar with the nuclear initiative. "They are trying to say that if the Iranian program continues, you will force us to become nuclear capable too."

At a Persian Gulf security conference in Bahrain on Saturday, Iran's foreign minister, Manouchehr Mottaki, insisted that Iran was seeking only peaceful nuclear capacity.

"The time of nuclear weapons is over," Mr. Mottaki said. He added that if nuclear weapons served as an effective deterrent, they should have stopped the fall of the Soviet Union and Israel would not have had to go to war in Lebanon against Hezbollah this past summer.

Saudi officials have warned that a nuclear Iran could cause a regional arms race, suggesting that Saudi Arabia would be forced to acquire nuclear technology, too.

King Abdullah said Saturday that the region was increasingly becoming "a powder keg ready to explode," citing conflict in Iraq, Lebanon and the Palestinian territories, as well as the continuing Iranian nuclear crisis.

At least six Arab countries have reportedly sought to develop nuclear power programs, including Saudi Arabia, Egypt, Morocco and Algeria.

Ahmadinejad And Thin Ice (NSWK)

By George F. Will

Newsweek, December 11, 2006

Dec. 18, 2006 issue - How gruesome was 2006? The year's most consequential person was Iran's president, who says the Holocaust did not happen and vows to complete it. Regarding his nuclear aspirations, Mahmoud Ahmadinejad, whose manias are leavened with realism, treated the United Nations as a figment of the imagination of a fiction—the "international community."

Democrats, given control of Congress because of Iraq, vowed to raise the minimum wage. Nimble and graceful Barack Obama became the Democrats' Fred Astaire, adored because of, well, perhaps the way he wears his hat, the way he sips his tea. And the way he isn't Hillary.

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This year's civil-rights outrage was "soaring" and "record" gasoline prices, a violation of Americans' inalienable right to pay for a gallon no more than they paid 25 years ago. By December the price of a gallon, adjusted for inflation, was 83 cents lower than in 1981. Kansas voters removed some skeptics of evolution from the state's school board. A fossil 3.3 million years old revealed that a little girl from the human lineage had arms and shoulders suited to climbing and swinging through trees.

In order to show "tolerance of people's beliefs," government workers in England's West Midlands were told, after a Muslim complained, to remove from sight all pig-related items, such as a tissue box featuring Winnie the Pooh and Piglet. But tolerance was episodic in Europe in 2006: In Sweden, police said the soccer fan who wore on his clothes a Swedish flag, which features a cross, "provoked some emotions." Indeed. He was beaten nearly to death by Muslim immigrants. Inspector Clouseau, call your office: French police denied that anti-Semitism was involved in the kidnapping and murder of a Jewish man by Muslim immigrants who demanded a ransom from a synagogue. Angry about those Danish cartoons depicting the prophet, Iran's bakers renamed Danish pastries "Roses of the Prophet Muhammad pastries." Although no one had complained, the human-rights director for the provocatively named city of St. Paul, Minn., had a HAPPY EASTER sign removed from city hall.

Two U.S. explorers went to the North Pole to study how global warming threatens polar bears. They had planned to go last year, but were forced to delay Project Thin Ice because of unusually heavy snow and ice. The "emerging hurricane problem," which, after Katrina, The New York Times identified as a consequence of global warming, did not emerge. The unusually tranquil Atlantic hurricane season was explained as a consequence of ... global warming affecting the Pacific. Two senators, Jay Rockefeller of West Virginia and Olympia Snowe of Maine, warned ExxonMobil that global warming is an undeniable fact, so the corporation should desist from its "dangerous" support of research by persons with doubts. The senators did not explain the danger involved in doubting the indubitable. There were dangers—disorder, sporadic violence—among those gathered outside stores in the predawn hours before the PlayStation 3 gaming console went on sale.

Great moments in government: The Florida woman who wounded with a shotgun the alligator that entered her house and attacked her golden retriever was given a warning citation for hunting without a permit. Compassionate social democracy: The Danish government continued to pay prostitutes to service the disabled.

Ancient Greece pioneered philosophy and democracy. Modern Greece this year gave the world a new wrinkle in creative accounting: It became 25 percent richer after its GDP was revised to account for such booming service industries as prostitution and money laundering. The intellectual fare served at the University of Wisconsin-Milwaukee included a course called the Social Construction of Obesity. (Fatness, like beauty, is in the eye of the beholder to whom society's power structure, always eager to foment new forms of discrimination, has given false consciousness.) Elsewhere in higher education, at Bucknell's "celebration of whore culture," a woman stripped on a trapeze.

In Tacoma, Wash., a judge asked those in her courtroom to cheer "Go, Seahawks!" Then she sentenced a man convicted of manslaughter to 13½ years. The chief executive of Eternal Image Inc., which announced caskets and urns with logos of all 30 Major League Baseball teams, called this "a way to make team loyalty a final statement." Red Auerbach, whose Celtics teams won seven championships without having a player among the NBA's top 10 scorers, died this year at 89. Romano Mussolini, who died this year at 79, son of Il Duce, had played jazz with Dizzy Gillespie, Duke Ellington and Chet Baker.

Lillian Gertrude Asplund was 5 when her father smiled and said, "Go ahead, we will get into one of the other boats." He did not. Lillian never married, and retired early to take care of her mother, who never recovered from losing her husband. Lillian, the last American survivor of the Titanic, was 99.

Hundreds Of Thousands Protest In Lebanon (AP)

By Sam F. Ghattas And Zeina Karam

AP, December 11, 2006

Hundreds of thousands of Hezbollah members and their allies flooded central Beirut on Sunday demanding changes in the government's makeup as soldiers strung more barbed wire around the offices of the Western-backed premier.

Buoyed by the big turnout after a week of street protests, the pro-Syria opposition gave Prime Minister Fuad Saniora an ultimatum of a "few days" to accept its demand to form a national unity government with a big role for Hezbollah or face an escalating campaign to oust him.

Saniora, who has been holed up in his fortified office downtown, rejected the demand and urged his foes to resume negotiations. The opposition should "return to the constitutional institutions to discuss differences and reach real solutions," he said in a written statement.

Political unrest has split the country along sectarian lines, with most Sunni Muslims supporting the Sunni prime minister and Shiite Muslims backing the militant Hezbollah. Christian factions are split between the two camps.

But despite the heated rhetoric of the political confrontation, Sunday's mass gathering remained peaceful and left the door open to the possibility of a settlement.

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"Hopefully it won't be long. At the end, there will be no winner, no vanquished. We should all be winners," Saad Hariri, leader of parliament's anti-Syria majority and a Saniora supporter, told The Associated Press.

Police had no immediate crowd estimate, but the horde that jammed downtown plazas and many neighborhoods appeared one of the biggest in a country that has seen a string of mammoth demonstrations by both sides in recent years. A Hezbollah anti-government rally Dec. 1 drew 800,000 of Lebanon's 4 million people, according to police figures.

Pro-government groups staged a rival demonstration that drew tens of thousands in the northern port city of Tripoli.

Hezbollah's supporters streamed into downtown from all corners of Lebanon, waving Lebanese and Hezbollah flags as loudspeakers blasted anti-government speeches. Musicians pounded drums in a carnival-like atmosphere, while Hezbollah security agents fanned out in the crowd.

"We have come to show them how big our size really is," said Reem al-Zein, a 20-year-old philosophy student. "I think this lying government will not be able to last much longer after today."

Sheik Naim Kassem, Hezbollah's deputy leader, said the opposition was willing to stay on the streets for months to achieve its goal.

"Does Bush want popular expression in Lebanon? Do the West and the Arabs want to hear the voice of the people in Lebanon? Tell them 'Death to America!' Tell them 'Death to Israel!'" the crowd repeated behind him.

Michel Aoun, a Christian leader allied with Hezbollah, warned Saniora he had only "a few days" to accept a national unity government or face further action.

"What we hope for today is for them to understand that their era is over," he said in a video link shown on giant screens.

Aoun added that the opposition was committed to "to peaceful means, but even other means are legitimate."

Lebanese media have speculated the opposition's next steps could include civil disobedience, disruptions of public services and resignations from parliament.

The political crisis began after talks on a national unity government collapsed and six pro-Hezbollah ministers resigned from the Cabinet. Hezbollah is demanding that it and its allies hold a third of the Cabinet posts, which would allow them to veto government decisions.

Relations between the two camps deteriorated after the Israel-Hezbollah war last summer and a U.N. push for an international tribunal to try suspects in the 2005 assassination of former Lebanese Premier Rafik Hariri, which many people blame on neighboring Syria.

Hezbollah's fight against Israel sent its support among Shiites skyrocketing, emboldening it to push for more political power. The militant group also accuses Saniora and some elements in his government of working with Israel to destroy the guerrilla force.

Pro-government groups, in turn, resent Hezbollah for sparking the war by capturing two Israeli soldiers. Saniora's allies, along with the United States and others, accuse Hezbollah's Syrian and Iranian backers of seeking to overthrow the government.

If Saniora resigned, he would continue in a caretaker capacity until parliament named a new premier and formed a new Cabinet, but he has shown no sign of giving in. Soldiers and police sealed off major roads in Beirut and strengthened defenses around Saniora's downtown complex, where he has been living with other Cabinet ministers.

On Sunday, Saniora said he was open to dialogue and acknowledged the political crisis threatened Lebanon's security, economy and political system.

"We don't want Lebanon to be an arena of the wars of others," Saniora said, in a veiled reference to Syria and Iran. "Lebanon is a nation, not an arena."

Saad Hariri, son of the assassinated premier, said the government was open to meeting opposition demands but only as part of a broader deal.

Among those, he said, would a decision on the fate of President Emile Lahoud. Anti-Syria groups have repeatedly demanded his resignation, accusing him of being a front for Syria, whose army occupied Lebanon for nearly three decades.

Hariri said the opposition also would have to agree to support the international tribunal on his father's slaying and to implement all of the U.N. resolution that ended the summer war. One of the latter's requirements is for Hezbollah to disarm, something it has refused to do.

"Once we agree on the principles there is no problem," Hariri told AP.

Protest Crowds Surge As Beirut Braces For Next Step (WP)

By Anthony Shadid

The Washington Post, December 11, 2006

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BEIRUT, Dec. 10 -- Hezbollah and its allies turned out the biggest crowds yet in downtown Beirut, sending hundreds of thousands of followers to the gates of the government headquarters Sunday in a feat of mobilization and discipline described by some leaders as the last mass protest before the 10-day campaign escalates.

Legions of flag-waving protesters danced, blew horns and beat drums in a demonstration that, as in past days, was festive, swathed in a cool breeze on a sunny day. But its leaders stipulated only a few days before more measures were taken to topple the government of Prime Minister Fouad Siniora. By nightfall, the city, suffused with a military presence, was rife with rumors over the next step. Hezbollah refused to confirm or deny that it planned to cut roads in the capital in a mounting campaign of civil disobedience, and Michel Aoun, a Christian ally, suggested a more forceful march on the government itself.

"All these actions become legitimate when the rulers start committing crime after crime, and refuse to step down, and find refuge in illegitimate actions," he told the crowd. "Legitimate actions are for rulers who respect the legitimacy of its people."

The crisis, Lebanon's worst since the end of the 15-year civil war in 1990, has relentlessly deepened since it erupted in October with the demand by Hezbollah and its allies for a greater say in Siniora's cabinet. Since then, it has escalated into deeply personal attacks between Siniora and Hezbollah's leader, Hasan Nasrallah. Both communities have mobilized their supporters, sometimes along bluntly sectarian lines, sending a chill through a capital that still bears the civil war's scars. Both communities rule out a retreat in a confrontation that could decide the country's political culture, foreign policy and priorities for years to come.

In the broadest terms, the conflict pits Hezbollah, Aoun and an allied Shiite movement, Amal, against the government and a coalition that coalesced in protests last year after former prime minister Rafiq al-Hariri was assassinated. But within the struggle is an array of some of the most deeply felt issues here: whether the government's ally, the United States, or Hezbollah's allies, Iran and Syria, will have greater influence; the power of the Shiite community that Hezbollah largely represents; frustration over corruption that Hezbollah and Aoun have framed as populist demands; and Lebanon's posture toward Israel.

"This is a coup against the state in the name of God," Samir Jisr, a parliament member and ally of Hariri's son, Saad, who inherited leadership of Lebanon's Sunni community, told tens of thousands at a counter-protest in northern Lebanon.

Two of Lebanon's most powerful television stations played to their crowds. Future Television, loyal to Hariri and his Sunni constituency, devoted extensive coverage to the counter-protests in Tripoli. Hezbollah's al-Manar, calling the protests here "an unprecedented popular flood," aired four scenes simultaneously of the crowds surging downtown. The broadcast was laced with the vocabulary of this summer's war with Israel: victory, steadfastness and salvation.

"People who survived 33 days of war in the south have no problem staying here for a year, or even two," said Nada Mroueh, joining protesters flying flags that denoted their affiliation -- yellow for Hezbollah, orange for Aoun, green for Amal. "Is it wrong to ask for our rights? Is Siniora more Lebanese than us? We are Lebanese, too."

The demonstrators filled a swath of downtown and backed up into the main arteries leading into the city. Hezbollah has sought to cast the protest as representative of what it calls the national opposition, and the crowd unfurled a sea of red, white and green Lebanese flags across downtown. Overlooking the main square, two banners were draped over a building. One showed Siniora embracing Secretary of State Condoleezza Rice.

"Thanks, Condy!" it read in English.

"Hold a news conference tonight or tomorrow, no rush, and announce your resignation as a gesture to preserve the unity of the Lebanese people and rejection of foreign tutelage," said Naim Kassem, the deputy leader of Hezbollah, addressing Siniora, as protesters in a tightly packed square strained their heads to get a glimpse of the turbaned leader.

At another point, he urged the crowd to repeat after him: "Death to America! Death to Israel!"

In the streets outside the square, some of the chants that followed were angry. "There is no fear! There is no fear! The blood of Shiites is a Kalashnikov."

But more often they were fitting for a carnival, the tone that the protests -- disciplined, organized and peaceful -- have hewn to since they began Dec. 1 with a similar but smaller crowd, followed by a round-the-clock sit-in in scores of tents. As Kassem led the crowd in chants, others down the road danced the traditional debke, and knots of youths beat drums. Women in tight jeans chatted, sometimes shouting over martial music blared from speakers, as Shiite clerics in robes passed by.

"Beirut is free!" some chanted.

"I want to send a small message," said Mohammed Ali Ghandour, a 17-year-old who has attended the protests five of the past 10 days. "The government doesn't respect us. They're not taking care of us. They say they do, but they don't."

Ghandour held a poster that read, "As with victory, change is coming, coming, coming."

"What's happening, it's us or them. And whoever wins receives the country. All of it," he said. "This is Lebanon."

Through the crisis, followers in the two camps have split into views that almost never intersect. The speeches of leaders like Nasrallah are echoed almost immediately in the streets. Siniora's contention that the protests amount to a coup d'etat is mentioned in almost every conversation with Hezbollah's opponents. After Nasrallah accused the government of complicity in

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Israel's waging war this summer, protester after protester mentioned it in interviews Sunday. The government, many claimed, was at best under the sway of U.S. Ambassador Jeffrey Feltman, at worst staffed by traitors.

"In the trash can of history, the government of Feltman," one sign read.

"The government walks as the Americans tell it to walk. It does what Feltman asks it to do," said Hussein Awadeh, a 17-year-old from the largely Shiite southern suburbs of Beirut. "Is it possible we'd accept a government like that?"

Aoun, who entered into an alliance with Hezbollah last year, said the demonstration Sunday would mark the last mass protest. Like Hezbollah, he was unclear about what might follow. Both he and Nasrallah have said they might demand a transitional government that would pave the way for early elections, but constitutionally, Hezbollah and its allies don't have the numbers in parliament to do so. Some here have read the call as a veiled threat of a coup, but so far, the military has strived to stay neutral.

"In the next few days, we expect to change the status quo," Aoun said.

Government officials, at least publicly, have struck a confident tone. So far, they say they have yet to lose anything in the confrontation, and Siniora has repeatedly ruled out resigning, while, like Nasrallah, leaving the door open for negotiations.

"No one ever had any doubt about Hezbollah's capacity to bring huge crowds to the street," said Wael Abou Faour, a parliament member and supporter of Siniora. But, he added, "they have reached a dead horizon."

He said Siniora planned to offer a compromise this week, though it would not diverge far from previous positions. Most talks have revolved around Hezbollah and its allies receiving just short of a third of the cabinet, with independents holding one or two posts. Hezbollah and its allies have pushed for just over a third, a number that would allow them to force the cabinet's resignation.

Special correspondents Alia Ibrahim and Lynn Maalouf contributed to this report.

Lebanon Heading Toward A Breaking Point (MCT)

By Tom Lasseter

McClatchy, December 11, 2006

BEIRUT, Lebanon - Hundreds of thousands of demonstrators piled into downtown Beirut Sunday, demanding that the U.S.-backed government step down immediately or face an escalation in a siege on the prime minister's headquarters being coordinated by the Shiite Muslim Hezbollah militia.

While accounts vary of what the heightened tactics could consist of - a government worker's strike and a storming of the headquarters have both been mentioned - it's clear that the nation is headed toward a breaking point. Hezbollah and its allies have been camped in the center of the capital for more than a week, demanding that Sunni Prime Minister Fuad Saniora and his Cabinet step down.

The implications are profound for U.S. efforts to counter Syrian and Iranian influence in the Middle East.

The Bush administration counts the massive "Cedar Revolution" protests that expelled Syrian forces from Lebanon last year as a key victory for pro-western democracy. But now, as U.S. forces in Iraq and Afghanistan face significant setbacks, it is Syrian and Iranian ally Hezbollah that is filling the streets of Beirut and calling for revolution.

Speaking in front of the crowd on Sunday, Hezbollah's second in command, Naim Qassim, said in a message to Saniora: "Have a press conference tonight or tomorrow to tell the Lebanese people that you are resigning. ... If you resign today, it would be a positive step, but if you don't it will be negative for the future" of Lebanon.

Qassim also led the crowd in a booming chorus of "Death to America" and "Death to Israel."

Michel Aoun, a Christian leader who has aligned himself with Hezbollah, went a step further.

"This must be the last big rally we'll call for, because in the next one there will be no room for all the protesters," Aoun said. "And the barbed wire will no longer protect the (government building) because people will move there naturally and without any instigation."

Sunni and Christian leaders have warned that a storming of the building could lead to large-scale unrest.

"You can control the people for one, two, maybe 10 days, but after that you cannot control the people; we will take down any fences between us" and the government building, said Ali Zein, one of the demonstrators. "The cup is full now, everything has its limits."

Both sides appear to have hardened their positions: Hezbollah leader Hassan Nasrallah accused Saniora of working with the Israelis last summer during a 34-day war between Israel and the militia, and Saniora replied that Nasrallah's remarks were "an unnecessary fit of anger and rudeness."

Representatives from the Arab League have tried brokering a deal that would lead to an increased Hezbollah say in Cabinet decisions - a process marked by rumors of success that have yet to pan out. Hezbollah officials said Sunday night that they were working to find a solution to the impasse, but it was unclear if anything would come from the Arab League discussions.

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Tensions between Lebanon's sects - particularly Sunnis and Shiites - have been moving toward a boil during the past week. With each story of a fight between men with pipes and rocks, each insult heard and repeated, the divide between the groups widens.

The Lebanese Army has blocked the entrances to many Sunni neighborhoods between downtown and the southern Shiite suburbs in an effort to prevent Shiite protesters from clashing with mobs.

Many in the Lebanese government are concerned that increased Sunni-Shiite violence could split the army along confessional lines.

"It will continue to be OK, unless there is a big clash between the two communities, this would put the army in a difficult position," said Joe Sarkis, a Cabinet member and a senior official in the Christian militia cum political party, the Lebanese Forces. "The army is telling us, please solve this soon, because if more time passes the situation might change for us."

Ahmed Fatfat, a Sunni Cabinet member and former Interior Minister, said he's gotten reports to that effect from officers in the army and other Lebanese security forces.

"It's risky," he said.

Asked how likely he thought it was that troops would abandon their posts and fight for their sect, Fatfat grimaced.

"It can happen," he said, and then paused for a moment: "Yes, it can."

The soldiers "go home at the end of the day," Sarkis said, "and there are politics in these neighborhoods."

The Sunni and Shiite neighborhoods are grouped closely together in the capital, a vestige of the 15-year civil war that drew battle lines between Christian and Muslim neighborhoods.

"There are going to be problems in the neighborhoods, the street is out of control, they fight here every night," said Ghazi al-Koush, who owns an electronics store in the predominantly Sunni neighborhood of Basta. "There is a lot of tension on the streets, and it's going to explode - things here are not going to end peacefully."

Al-Koush ran his hand across his face, and rested it for a moment near his glass eye. "During the civil war I lost my eye, I lost my house, I lost my shop, but I never saw Muslim brothers fighting brothers as they are now," he said. "This neighborhood stayed together during most of the civil war, but now it's falling apart."

He blamed most of the fighting on Shiites driving down the streets at night and yelling anti-Sunni slogans. But it was clear from interviews with residents across Beirut during the past week that members of both sects are picking fights.

"If the Shiites keep the siege on the (Cabinet building), the Sunnis will keep attacking the Shiites on the street," said Mohammed Saaidon, a local leader in the Sunni neighborhood of Aisha Bakkar. "You can't imagine how angry the Sunnis are ... we won't let the Shiites take Beirut."

That sense of Sunni rage is met in many Shiite neighborhoods with a confidence that at times borders on an eagerness to fight.

"If this continues there will be problems," said Mohammed Hussein, who was walking through the streets of Dahiya, a Hezbollah stronghold south of Beirut.

A friend piped up, cheerfully: "It will be civil war."

Down the street, Bassam Boulud was sitting with a group of men, including a Hezbollah security worker.

"If we want, we can control the whole country in 72 hours, according to the latest (Hezbollah) study," Boulud said.

The Hezbollah guard put his hand on Boulud's shoulder.

Boulud corrected himself: "But because of the wisdom of Hassan Nasrallah, this will not happen."

After the demonstration Sunday, a group of women were standing beside the bus that brought them up from their south Lebanon homes in the town of Tyre.

One of them, who gave only her first name, Ibtihal, said that she hoped another civil war wasn't coming, but that the time to act was drawing near. She said she knew that going into the government center downtown was a "redline" for the Sunnis and Christians, but that she hoped to be "the first one in the building."

"We have been patient until now," she said, "but after today, we are willing to cross all redlines."

Both Sides Appear Cornered In Beirut (LAT)

By Megan K. Stack

The Los Angeles Times, December 11, 2006

BEIRUT — When hundreds of thousands of demonstrators choked downtown Beirut on Sunday to demand the ouster of the U.S.-backed government, their crushing show of political strength came carefully packaged with a harsh threat: Time for a political compromise is running out.

At the podium, a menacing tone laced the speeches of party officials from Hezbollah and its allies. On the jammed streets, a fraying, frustrated tinge crept into the cries of demonstrators who washed over downtown in waves. The massive sit-in has

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moved into its second week without tangible results, and within the opposition, calls are mounting for an escalation in civil disobedience.

Gen. Michel Aoun, a powerful Maronite Christian leader and political ally of the Shiite Muslim movement Hezbollah, closed the demonstration with a threat. Cheers rose among the crowds as a fiery Aoun declared the people that "this stage has come close to its end."

"In the few coming days, we expect to change the status quo we're in. This must be the last big rally we'll call for, because in the next one there will be no room for all the protesters," he said. "And the barbed wire will no longer protect the [government offices] because people will move there naturally and without any instigation."

Aoun pledged to remain peaceful but, in the next breath, said that "other means" were also legitimate. He spoke admiringly of the seizure of government buildings in Serbia and Ukraine, and argued that extreme actions were legitimate when used to oust corrupt rulers.

From Arab diplomats to Christian clerics, negotiators are still struggling to broker a power-sharing compromise to bring Lebanon back from the brink of collapse.

Arab League Secretary-General Amr Moussa was expected to return to Lebanon this week to continue searching for a deal. Late Sunday, reports emerged that Hezbollah might be willing to accept the Arab League proposal. But the details weren't clear — and other flashes of optimism have repeatedly been squelched in weeks of contentious negotiations.

Dismissing the street protests as an attempted coup d'etat engineered by Hezbollah's main foreign backers, Syria and Iran, Prime Minister Fouad Siniora and his Cabinet ministers have clung resolutely to power.

But the rain of insults and criticism unleashed in recent days on Siniora, a Sunni Muslim, has stirred fury among the government's supporters and raised the ire of Sunnis.

Meanwhile, through its media, Hezbollah and its allies have stepped up warnings of impending eruptions of civil disobedience: a large-scale labor strike, the closure of roads and the airport, the storming of the government offices to oust Siniora. Such escalation would run the risk of sparking serious clashes by provoking the government and its supporters and, potentially, the army and security forces.

Largely because of the sectarian overtones of the crisis, both the government and its critics have found themselves in a delicate position, analysts say.

Despite a nuanced set of allegiances among religious sects on both sides of the divide, the demonstration is fundamentally viewed by Lebanese as a standoff between a Sunni-dominated government and Shiite-led street protesters.

The government can't give up too much power without raising questions of weakness among the Sunnis. Nor can Hezbollah go home, or accept too little, without accepting defeat on behalf of Shiites.

"You can't back off in Lebanon," said Hilal Khashan, a political science professor at the American University of Beirut. "If you do, it means an entire sect has been defeated."

And in a country where losing face is akin to ceding power, Hezbollah and its allies have staked their credibility on the pledge to oust the government.

"Everybody is in a corner now," Ibrahim Moussawi, editor of Hezbollah's newspaper and a de facto spokesman for the party, said Sunday. "If the government continues to be stubborn and not listen to the people, then there will be some kind of escalation, although not necessarily violent. This will come in the next few days, not more than that."

From the beginning, the protesters confidently predicted that the Siniora government would crumple in the face of their massive demonstrations.

But that hasn't happened.

Despite curses and cries from the streets outside, despite the crippling of downtown Beirut, a relatively unflappable government has continued to plug away at its business in a heavily fortified compound. International delegations come and go. Siniora appears on television every day, weary-looking but composed and nattily dressed. Police guard the streets; trash gets picked up.

Meanwhile, the nights are getting colder and longer and an eagerness to shatter the status quo is mounting on the streets. Among Hezbollah and its allies in the opposition, there is a growing fear that the first flush of revolutionary enthusiasm will soon sink into stagnation — or, worse, that their demonstration and, by extension, their political movements, will begin to appear irrelevant.

"We are not tired," Ali Hassan Khalil, a lawmaker for the Shiite Amal party, told the crowd Sunday. "They push us to adopt other options…. Let the whole world know, we do have other options."

Demonstrators poured into Beirut from around the country, many of them bused into the capital from predominantly Shiite hinterlands. They milled around the packed streets in a daze, shoving impatiently through the bodies, giddily chanting "Down with Siniora!" and buying gritty street food from vendors.

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As young boys formed human pyramids and banged on drums, the mood was at times festive, but just below the surface, frustration was building up.

"It seems they don't want to step down so easily," said Mohammed Azwar, a 22-year-old protester who had been bused to the capital from the Bekaa Valley. "We did not expect this. But it's just because of all the support they're getting from abroad."

Azwar carried a cardboard poster bearing a picture of U.S. Ambassador Jeffrey Feltman meeting with Lebanese officials. It read, "We don't want Feltman's government."

Lebanon's Shiites are well acquainted with the experience of being brushed aside by those in power. Still, there was a sense of dawning surprise at the government's tenacity, and the bruised mood of being ignored in a mass endeavor that was specifically designed to blast through any attempts to overlook the people's demands.

"Hasn't he seen all these people? Hasn't he looked out the window of his castle?" an announcer said, his voice blaring from massive speakers. "What does he want, blood? Let this government fall! We want this government to leave us!"

As Crowd Demands Change, Lebanese Premier Is Puzzled (NYT)

By Michael Slackman

The New York Times, December 11, 2006

BEIRUT, Lebanon, Dec. 10 — The center of Beirut was packed Sunday with hundreds of thousands of pro-Hezbollah and allied demonstrators who, in a jubilant mass of protest and carnival, pressed their call for the government to resign.

The pounding of martial music and the roaring din of the excited crowd floated up a nearby hill to pierce the thick walls of the stately government building, the Grand Serail, as the prime minister, Fouad Siniora, entered a ceremonial room for a news conference. “I don’t understand what is this great cause that is making them create this tense political mess and stage open-ended demonstrations,” he said to a small group of reporters.

Over and over, the crowd, the speakers and the posters offered clear explanations. They did not want a government controlled by the so-called March 14 coalition, an amalgam of Sunni, Christian and Druse parties. They did not want a government aligned with Washington. In short, a very large number of Lebanese citizens said they did not want the present leadership.

A banner hung down the side of a building, showing a picture of the prime minister hugging Secretary of State Condoleezza Rice. “Thanks Condy,” it said, just beneath an image of dead children, referring to Lebanese civilian casualties during Israel’s war with Hezbollah in the summer.

“There is no longer a place for America in Lebanon,” Hezbollah’s deputy leader, Sheik Naim Qassem, said in remarks that boomed through loudspeakers.

“Do you not recall that the weapons fired on Lebanon were American weapons?” he added.

Prime Minister Siniora’s somewhat surprising expression of bewilderment seemed to capture the spirit dividing this country of just four million people. There are government supporters who appear afraid and threatened, and there are opponents of the government, particularly those who support Hezbollah, who seem empowered and confident that they stand at the threshold of victory.

In a subdued ceremony that seemed a reverse image of the boisterous protests, several thousand people gathered to mark the anniversary of the assassination of Gibran Tueni, the anti-Syrian newspaper publisher killed in a car bombing last year. The front of the convention center was filled with Range Rovers, Jaguars and Mercedes-Benzes. Inside, the audience was dressed for a funeral, in suits and ties.

“Everyone is afraid,” said Michel Khoury, a former governor of the central bank, as he left the memorial, a shiny new cellphone pressed to his ear. “The Shiite community is very important. It is the first time it is monolithic, the first time in the history of this country you have one of the communities united.”

In Tripoli on Sunday, tens of thousands of pro-government demonstrators rallied.

This fight between Lebanese factions, defined primarily along sectarian lines, is a struggle for control of the government that will help determine Lebanon’s future, and whether the nation eventually leans toward Iran and Syria, as the radical Shiite Muslim group Hezbollah would like, or toward the United States and Europe, as the governing alliance would like.

“We are today at the last phase of our struggle before we consolidate our independence, freedom and sovereignty, because the government has proven to be a failure at all levels,” said Michel Aoun, a former general and a Christian leader, in a live video broadcast to the demonstrators in Beirut. “They have failed to isolate the Lebanese people from one another and we are here today to represent unity and we are leading this struggle together.” He has aligned his Christian party, the Free Patriotic Movement, with Hezbollah.

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He said that within a few days, the allied groups would press to form an interim cabinet and then for early parliamentary elections. There have been rumors flying around Beirut that the next step would be attempts to block roads, the airport and the ports, to grind the country to a halt. But there have been no official announcements.

Hezbollah and its allies have managed for 10 days to control the center of Beirut with a loud, peaceful, organized protest. In many ways, Hezbollah has adopted a strategy that has been cheered by the White House in the past, in places like Ukraine, and even Lebanon, leaning on large, peaceful crowds to force unpopular governments to resign and pave the way for elections.

But this time Washington and its allies have said the protest amounts to a coup d'état, fueling charges that the United States supports democratic practices only when its allies are winning.

"Does Bush want national expression in Lebanon?" Sheik Qassem said to the crowd. "Do the West and Arabs want the voice of the people in Lebanon? Tell them, 'Death to America.' Tell them, 'Death to Israel.' Tell them, 'Glory to a free Lebanon.' "

The Hezbollah alliance took its protests to the streets after the governing coalition refused its demands to give Hezbollah and its allies more power, including the ability to veto all government action.

The current demonstration began Friday, with hundreds of thousands of people pouring into the center of the city, many bused in from the poor, war-ravaged Shiite communities of the south. The government appeared to hope that the protesters would grow weary and go back to the negotiating table.

But on Sunday, there was the huge crowd, a vista of humanity pressed shoulder to shoulder, flying flags and calling for the government to resign.

"We want a clean cabinet," read one banner.

"Victory, change, is coming," read another.

The gravity of the situation was underlined by roads sealed by soldiers and razor wire, and the many shops and restaurants that remained closed.

But high spirits seemed dominant. "I am having fun overthrowing the cabinet," said Hassan Katteya, 10, as he walked with his mother, Reema, through the crowd.

"We feel that we are the strong party," Mrs. Katteya said. "The government is the weak party. They are hiding up there in the Grand Serail."

Hezbollah Steps Up Protests Against Lebanese Government (USAT)

By Jeffrey Stinson, Usa Today

USA Today, December 11, 2006

BEIRUT — Hezbollah and its allies stepped up their campaign to oust Lebanon's government Sunday by flooding downtown Beirut with hundreds of thousands of chanting protesters in a show of force.

Sunday's turnout appeared to be the largest since 800,000 protesters poured into downtown Dec. 1.

Since then, several thousand protesters have camped outside the offices of Prime Minister Fuad Saniora. There were no official estimates of Sunday's crowd.

Pressure on the government could increase today. The anti-government newspaper Ad-Diyar said the opposition would call for a work strike. A strike could close Beirut's international airport and shipping ports and slow other public services.

"I support a strike and will (strike) if it is called," said protester Tony Khoury, 37, of suburban Beirut. "I'm willing to give blood to bring this government down."

Khoury was one of hundreds of flag-waving, slogan-chanting Lebanese from across the country of 4 million people to swamp Riad el Solh and Martyrs squares on the 10th day of protests Sunday. Protesters flooded streets and arteries feeding into downtown for blocks, filled highway overpasses and climbed on nearby small buildings.

They roared approval as anti-government speakers alternately decried the government and urged peace among Lebanon's religious groups that are split over the political crisis.

Hezbollah, a political and militant Shiite group backed by Iran and Syria, and its allies launched the demonstrations to demand a third of the Cabinet posts in the government, which would give them veto control. If not, they want Saniora to resign. They vow to keep up the pressure until their demands are met.

Saniora, who leads an anti-Syrian majority ruling coalition, has refused to give in and has branded the demonstrations a coup attempt backed by Iran and Syria.

The United States, other Western governments and moderate Arab states support Saniora.

"Our political, security and economic lives, our whole system, is facing a major challenge," Saniora said Sunday. But, he said, the country and its democracy are strong enough to weather it.

The protesters say they won't give in. No solution to the standoff seems imminent.

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"We are here, so the government will fall," said protester Ruwayda Dilbani, 29, who works for a trading company in Rayak, a town in Lebanon's Bekaa region.

Some speakers also decried the government as a puppet of the United States for not supporting Hezbollah when its guerrillas waged a 34-day war against Israel this summer.

"After the (Israeli) aggression … there is no place for America in Lebanon," Hezbollah deputy chief Naim Kassem told the crowds.

They responded, "Death to America! Death to Israel! Long live a dignified Lebanon!"

One Shiite Muslim youth was killed Dec. 3 in a Sunni Muslim neighborhood on his way home from a demonstration. Since then, there have been skirmishes between supporters of the two sides.

Whose War Crimes? (WSJ)

The Wall Street Journal, December 11, 2006

A few scenes from modern warfare:

Mohammad Abd al-Hamid Srour moved missiles across southern Lebanon under cover of a white flag. Hussein Ali Mahmoud Suleiman used the porch of a private home to fire rockets. Maher Hassan Mahmoud Kourani dressed in civilian clothes, hid his Kalashnikov in a tote bag and stored anti-aircraft missiles in the back of a green unmarked Volvo. The three men, all members of Hezbollah, were captured by Israel during last summer's war.

Now their videotaped interviews form part of a remarkable report by retired Lieutenant Colonel Reuven Erlich of Israel's Intelligence and Terrorism Information Center. Relying heavily on captured Hezbollah documents, onsite and aerial photography and other first-hand evidence, the report shows how the Shiite group put innocent civilians at risk by deliberately deploying its forces in cities, towns and often private homes.

Kenneth Roth, the executive director of Human Rights Watch, has accused Israel's military of "indiscriminate warfare" and "a disturbing disregard for the lives of Lebanese civilians." Mr. Erlich demolishes that claim, and in the process shows the asymmetric strategy of Islamist radicals.

The most persuasive evidence here is photographic, so we urge readers to access the report itself on the Web site of the American Jewish Congress (ajcongress.org1). Hezbollah's headquarters in Aita al-Shaab, for instance, sits in the heart of the village. Hezbollah leader Hassan Nasrallah's office and home are in a densely built neighborhood of Beirut. In the town of Qana -- site of an Israeli bombing on July 30 that killed 28 and that Hezbollah's apologists were quick to label a "massacre" -- an arms warehouse can be seen adjacent to a mosque. There are photographs of rockets in the back seats of cars, missile launchers adjacent to farm houses, storage bunkers hidden beneath homes. There is also a trove of before-and-after photography demonstrating the precision of most Israeli bombing.

The report also shows how the use of civilian cover was explicitly part of Hezbollah's strategy. "[The organization's operatives] live in their houses, in their schools, in their churches, in their fields, in their farms and in their factories," said Mr. Nasrallah in a TV interview on May 27, several weeks before the war. "You can't destroy them in the same way you would destroy an army."

Exactly what Mr. Nasrallah means is illustrated in the testimonials of the captured fighters. Asked why Hezbollah would risk the destruction of civilian areas by firing from them, Mr. Suleiman replied that while in theory private homes belonged to "the residents of the village . . . in essence they belong to Hezbollah."

Perhaps that's true; if so, then Human Rights Watch has no grounds to accuse Israel of atrocities when Mr. Nasrallah has effectively declared everyone and everything in southern Lebanon to be his fief. Our sense, however, is that not all southern Lebanese were delighted to have their livelihoods appropriated for Hezbollah's political purposes, even if they were too intimidated to register a protest. Either way, it is Hezbollah, not Israel, that is guilty of war crimes here.

Beyond the war in Lebanon, these images suggest how Islamists seek to use the restraint of Western powers against them. They shoot at our civilians from the safety of their own civilian enclaves that they know we are reluctant to attack. Then if by chance their civilians are killed, they call in CNN and al-Jazeera cameras and wait for the likes of Mr. Roth to denounce America or Israel for war crimes.

None of this means the U.S. shouldn't continue to fight with discrimination and avoid civilian casualties. But it means our political leadership needs to speak as candidly as Israelis now are speaking about this enemy strategy, so the American people can understand and be steeled against this new civilian battleground.

Ideas: Presidential Provocation (NSWK)

Newsweek, December 11, 2006

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Dec. 18, 2006 issue - President Carter has a new book out, his 23rd since leaving office and his most controversial. "Palestine: Peace Not Apartheid" has drawn fire for its use of the word "apartheid," and a former associate, Kenneth Stein, a professor of Middle Eastern studies at Emory University, is raising questions about the book's accuracy. (Disclosure: NEWSWEEK's Christopher Dickey was one of the people asked to comment on an early draft of the book.) President Carter spoke to Eleanor Clift:

You've created quite a stir. I suspect it was partly intentional.

Well, it was. But one of the purposes of the book was to provoke discussion, which is very rarely heard in this country, and to open up some possibility that we could rejuvenate or restart the peace talks in Israel that have been absent for six years.

The word apartheid—did you agonize about that?

Not really, because I knew that's an accurate description of what's going on in Palestine. I would say that the plight of the Palestinians now—the confiscation of their land, that they're being suppressed completely against voicing their disapproval of what's happening, the building of the wall that intrudes deep within their territory, the complete separation of Israelis from the Palestinians—all of those things in many ways are worse than some of the aspects of apartheid in South Africa. No one can go there and visit the different cities in Palestine without agreeing with what I have said.

Why do you think you're under attack for the book and the title?

You and I both know the powerful influence of AIPAC, which is not designed to promote peace. I'm not criticizing them, they have a perfect right to lobby, but their purpose in life is to protect and defend the policies of the Israeli government and to make sure those policies are approved in the United States and in our Congress—and they're very effective at it.

You're obviously aware of your main critic, Mr. Stein, who used to be with the Carter Center.

Thirteen years ago! He hasn't been associated with the Carter Center for 13 years.

He says that he was a third party in some meetings and his notes don't jibe with yours.

He was a third party in some of the meetings, I can't deny that. And a lot of those meetings took place when I was still president and an exact transcription was kept and it's in the official files. So the reports that I gave in the book are completely accurate.

He also has a veiled hint of plagiarism, saying you took from other sources.

The only source that I took anything from that I know about was my own book, which I wrote earlier—it's called "The Blood of Abraham" ... Somebody told me this morning [Stein] was complaining about the maps in the book. Well, the maps are derived from an atlas that was published in 2004 in Jerusalem and it was basically produced under the aegis of officials in Sweden. And the Swedish former prime minister is the one who told me this was the best atlas available about the Middle East.

To bring it up to the here and now, the Iraq Study Group report recommends ...

Exactly what I did—that the peace talks recommence.

The Big Lie About The Middle East (TIME)

By Lisa Beyer

Time, December 11, 2006

No sensible person is against peacemaking in the Holy Land. Applause and hopefulness would seem the reasonable reaction to the Iraq Study Group's recommendation that the Bush Administration "act boldly" and "as soon as possible" to resolve the conflict between the Israelis and Palestinians. But as a front-row observer of similar efforts over the past 15 years, I could muster neither response. In lumping the Iraq mess in with the Palestinian problem--and suggesting the first could not be fixed unless the second was too--the Baker-Hamilton commission lent credibility to a corrosive myth: that the fundamental problem in the Arab world is the plight of the Palestinians.

It is a falsehood perpetuated not just by the likes of Saddam Hussein and Osama bin Laden, who came late to the slogan after their actual beefs--Saddam with his neighbors; bin Laden with the Saudi royals--gained insufficient traction in the Arab world. The mantra is also repeated like an axiom in the U.S.--in parts of the State Department, in various think tanks, by editorial writers and Sunday talk-show hosts.

Yes, it was a great disturbance in the Arab world in the 1940s when a Jewish state was born through a U.N. vote and a war that made refugees of many Palestinians. Then the 1967 war left Israel in control of the West Bank and Gaza Strip, and thus the Palestinians who lived there. But the pan-Arabism that once made the Palestinian cause the region's cause is long dead, and the Arab countries have their own worries aplenty. In a decade of reporting in the region, I found it rarely took more than the arching of an eyebrow to get the most candid of Arab thinkers to acknowledge that the tears shed for the Palestinians today outside the West Bank and Gaza are of the crocodile variety. Palestinians know this best of all.

To promote the canard that the troubles of the Arab world are rooted in the Palestinians' misfortune does great harm. It encourages the Arabs to continue to avoid addressing their colossal societal and political ills by hiding behind their Great Excuse:

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it's all Israel's fault. Certainly, Israel has at times been an obnoxious neighbor, but God help the Arab leaders, propagandists and apologists if a day ever comes when the Arab-Israeli mess is unraveled. One wonders how they would then explain why in Egypt 4 of every 10 people are illiterate; Saudi Arabian Shi'ites (not to mention women) are second-class citizens; 11% of Syrians live below subsistence level; and Jordan's King can unilaterally dissolve Parliament, as he did in 2001. Or why no Middle Eastern government but Israel's and to some extent Lebanon's tolerates freedom of assembly or speech, or democratic institutions like a robust press or civic organizations with independence and clout--let alone unfettered competitive elections.

One might argue that if the Arab dictators were deprived of the Great Excuse, they might begin to rule with greater concern for their constituents' needs. But why should they be allowed to wait--in the meantime cynically selling their people the Israel Myth--especially since the wait is apt to be long? The Baker commission is quite right in wanting to see sooner rather than later a viable Palestinian state. But the report's airy prescription for frog-marching Israelis and Palestinians into new peace talks perpetuates another persistent fiction: that U.S. involvement is the key to a breakthrough. That contradicts the real-life story of all three of the major peace agreements Israel has signed, with the Egyptians, Palestinians and Jordanians. Each was the result of bold initiative not by Washington but by local leaders, when conditions were ripe. In all three cases, the accords were the product of negotiations begun in secret behind the backs of the Americans. The Oslo accords with the Palestinians ultimately fell apart, but not because of a collapse of U.S. diplomacy; rather, because of a failure of leadership by Yasser Arafat.

The Israelis and Palestinians aren't going to make peace until they have brave, inspiring leaders, which they don't, and when they are sick of fighting, which they aren't. When that time comes, the U.S. can facilitate negotiations, as it has before, but only if it re-establishes its reputation as a reasonably honest broker. In the past, Washington tilted to the Israelis' side but not so much that the Palestinians couldn't live with it. President Bush has turned the tilt into a slap-down. He says he supports Palestinian statehood, but the Palestinians don't hear the words; they grasp the lack of feeling he evinces for them. They take in the unprecedented silences in Washington when Israeli forces overreact; they wince at White House endorsements of what the U.S. used to call illegal Jewish settlements in the West Bank. If James Baker had wanted to improve U.S. policy toward the Palestinians, he might have whispered these things into Bush's ear instead of sucking up to the Arab states with his inappropriate and quixotic peace plan.

Opec Plans Squeeze On Oil Stockpiles (FT)

By Carola Hoyos, Chief Energy Correspondent

Financial Times, December 11, 2006

Two years ago Saudi Arabia, the world's biggest oil exporter, opened its spigots and let supply out-pace demand. The result was a gradual build up in oil inventories in the US, Europe and several Asian oil-consuming countries.

This month Ali Naimi, the country's influential oil minister, appeared abruptly to reverse that accommodating policy. At a meeting in Cairo he told reporters that the market was "significantly" oversupplied.

"Inventories in the US are high, not low . . . That's why the market is out of balance," the minister said, adding that 100m barrels of oil should be cut to rebalance it.

Inventories have indeed swelled in recent years. By the end of September, stockpiles in the world's 30 biggest oil-consuming countries were at eight-year highs, holding enough oil to last 55 days of consumption.

This worries Mr Naimi because, as the spare-oil cushion in consuming countries has grown, some of the power to influence world oil prices has shifted from the Organisation of the Petroleum Exporting Countries to its customers.

Saudi Arabia has already begun to regain its clout and rebuild its own cushion of spare supply, which dwindled as the kingdom tapped into it over the past years to quench a growing thirst in the US and China.

Saudi Aramco, Saudi Arabia's national oil company, is on schedule to boost its production capacity from 10.5m to 12.5m barrels a day by 2009, while the energy ministry is keeping tight control of exactly how much of this it chooses to pump each day. The rest remains underground, for use in the event of a sudden supply interruption elsewhere in the world.

In fact, signs of a shift in Riyadh's policy began to emerge in October. It was Saudi Arabia's idea that Opec agree to reduce its production by 1.2m b/d at the cartel's October meeting in Doha.

On Thursday the 11-member group is scheduled to meet again, this time in Abuja, the Nigerian capital.

Mr Naimi's utterance and the immediate echo of agreement from other ministers in Cairo is the best indication yet that the kingdom and Opec are seriously considering another cut to further trim the inventories outside their control.

What remains unclear is whether that cut will come at this week's meeting or whether Saudi Arabia will press fellow members, especially Iran and Kuwait, to better adhere to the Doha cuts before agreeing to deepen them.

Mr Naimi made his position on the issue clear late last month, saying: "The kingdom is not prepared in any way to be alone in the task of balancing the market through what is known as swing production, whereby the kingdom cuts production on its own to maintain prices while others [producers] do not."

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But why would Opec forgo revenue even though prices are again comfortably above $60 a barrel, its unofficial floor?

The answer lies in the nearly 2m b/d of new oil production from outside Opec that the cartel believes will come on stream next year.

Several prominent analysts disagree with Opec's forecasts. Edward Morse, chief energy economist at Lehman Brothers, the investment bank, forecasts that countries outside Opec, which are battling steep rates of field decline, will add no more than 1m barrels of net new production in 2007. In fact he argues that, rather than cut supply, Opec will have to plug a hole.

"The question that remains is whether Opec will have the desire or ability to fill the gap that probably will exist next year between growth in demand and non-Opec supply," he wrote in a recent report.

But Opec sees the world supply/demand picture quite differently, especially in the second quarter of next year. In the spring, when the need for winter heating oil drops and petrol demand has yet to pick up for the summer driving season, the cartel expects that the amount of oil it will need to supply the market will plummet to 27.1m b/d from today's 28.9m b/d.

Now the only question is the timing. Will Opec decide to cut this week or wait to reassess the market, inventories and the cartel's adherence to the Doha cuts early next year? Whatever happens, the group's focus, and that of Saudi Arabia in particular, is yet again firmly set on reducing the consuming world's oil inventories and reasserting the group's clout.

North Korea To Return To Multiparty Talks On Nuclear Program (WSJ)

By Evan Ramstad

The Wall Street Journal, December 11, 2006

SEOUL -- North Korea will return to nuclear-disarmament talks with five other nations in Beijing next Monday. But expectations are low that the meeting, the first such one in 13 months, can produce a breakthrough, reducing tensions with neighbors and the U.S.

After testing a nuclear device Oct. 9, North Korea early last month said it was willing to resume the so-called six-party talks that it abandoned in November 2005. And two weeks ago, officials from China, North Korea and the U.S. met to set a foundation for the reopened discussions, which also include Japan, Russia and South Korea.

The U.S. is ready to offer more specific incentives to North Korea than were agreed to in September 2005, when the six countries reached a tentative pact in which the North would receive financial and energy assistance in return for giving up its nuclear-weapons pursuit. Last month, President George W. Bush reiterated his willingness to discuss a prize long sought by the North Koreans: a declaration that ends the 56-year-old Korean War, in which the U.S. sided with South Korea.

But even with offers of big political and economic incentives, North Korea is unlikely to end its nuclear program quickly. Its dictator leader, Kim Jong Il, depends for power on the perception among the masses that the country is in a continuous fight with hostile foreign forces -- and nuclear weapons provide the ultimate defense.

The U.S. envoy to the talks, Assistant Secretary of State Christopher Hill, struck a cautious tone in discussing expectations for next week's meeting. "We've got some things we need done, and I suspect they will have some of their own ideas for what they want from the process," Mr. Hill said in an email. "So we'll see what we can come up with."

North Korea says it is in favor of denuclearization and signed a treaty with South Korea in the early 1990s pledging to keep the Korean peninsula free of nuclear weapons. But Pyongyang continued to develop them. It walked away from the September 2005 deal with complaints about a separate U.S. investigation of its alleged money-laundering and counterfeiting activities. The probe led to a freeze on North Korean assets in a bank in Macau that was a key financial conduit for Pyongyang.

The U.S. also has said it is willing to discuss a way to end sanctions on the Macau bank, but officials say North Korea would have to halt illegal financial activities.

Analysts say the rosiest outcome for the meeting would be for the six countries to return to the conditions set in last year's deal. "If the next round gets us back to September of last year, then we can start talking about a more substantial retooling," says John Feffer, director of global affairs at the International Relations Center, a private group in Washington.

China Gears Up For Six-nation Talks On NKorea Nuclear Program (AFP)

By Karl Malakunas

AFP, December 11, 2006

Six-nation talks aimed at dismantling North Korea's nuclear program will begin in China within one week, the United States said, ending a 13-month hiatus during which Pyongyang tested an atomic bomb.

The US State Department announced late on Sunday that the talks would resume "around December 16" in Beijing, with a firm date expected to be confirmed on Monday.

The talks -- which involve the two Koreas, host China, the United States, Japan and Russia -- started in 2003 in an effort to stop the North acquiring nuclear weapons.

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North Korea had boycotted the talks since November last year in protest at financial sanctions against it for alleged money laundering and counterfeiting.

It then stunned the world on October 9 by conducting its first ever nuclear weapons test, triggering global condemnation -- including from closest ally China -- and UN sanctions.

The United States had insisted since then that it would not return to the talks until it was sure Pyongyang would make major concessions and significant progress would be made.

In announcing the December 16 date, US State Department spokeswoman Joanne Moore said Washington expected the talks to focus on implementing an agreement in September last year when the North agreed to give up its nuclear program.

In what was seen then as a major breakthrough, the North said it would end its nuclear weapons activities in return for security guarantees, energy and other aid.

However there was no word from any of the parties involved on Monday if the United States or North Korea had indeed given any ground, fueling pessimism that the talks may degenerate into another round of labored discussions that achieve nothing.

"I find it extremely difficult to be optimistic about this next round of talks," said Ralph Cossa, president of the Pacific Forum CSIS research institute in Hawaii and member of the Council on US-Korean Security Studies.

"It seems to me so many people are now just defining success as holding talks."

Cossa said the North Koreans had made it clear they would return to talks only if the issue of the US sanctions imposed against it -- which has seen 24 million dollars frozen in a Macau bank -- was resolved.

However he said it was extremely unlikely the United States had given the North Koreans any indication that the sanctions would be lifted.

"It's very difficult for the United States to quietly make an agreement on this. It's a matter of (US) law. It can come to a conclusion that they should be lifted but it's pretty remote."

A key policymaker in Japan's ruling party also warned Sunday that major compromise from Pyongyang was a must in the next round of negotiations.

"The six-party talks should not resume without careful consideration," Syoichi Nakagawa, chairman of the Liberal Democratic Party's policy research council, told a television news program.

"It's okay if (North Korea) brings something about progress or contribution to peace. But otherwise, it's no good. We don't think that resuming talks itself is meaningful."

China hosted two rounds of meetings in October and November between the North Korean and Chinese envoys to the talks in an effort to kickstart the negotiations.

China's foreign ministry had no comment when asked on Monday when the talks would resume.

N.Korean Nuclear Talks To Resume Dec. 18 (AP)

By Kwang-tae Kim

AP, December 11, 2006

International talks aimed at ending North Korea's nuclear weapons program are likely to resume in the week starting Dec. 18, South Korea's top nuclear envoy said Sunday.

Chun Yung-woo told The Associated Press that he expects the talks to resume in the week starting Dec. 18, but that consultations are still under way and China will announce the date soon.

In Washington, a senior U.S. official said Saturday the talks are expected to reconvene Dec. 18 in Beijing and continue for three to five days. The official spoke on condition of anonymity because host China has not announced a final schedule.

North Korea has boycotted the talks since November last year, angered by U.S. financial restrictions imposed because of Pyongyang's alleged involvement in money laundering and counterfeiting of dollars.

The parties to the talks — the two Koreas, the U.S., China, Russia and Japan — have been trying to set a date for the fresh round of talks. North Korea agreed to a resumption of negotiations after it tested a nuclear bomb on Oct. 9.

Chun said Seoul hopes to see "substantial progress toward implementing the Sept. 19 statement" in the upcoming nuclear talks, referring to a breakthrough agreement reached at talks last year when North Korea agreed to abandon its atomic program in exchange for security guarantees and aid.

Japanese Prime Minister Shinzo Abe said Saturday that any future nuclear talks must yield "early and concrete results."

"We believe it is necessary for North Korea to show concrete actions toward the abandonment of all nuclear weapons and existing nuclear programs," Abe said.

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Last month, the U.S. offered North Korea specific details about the kind of economic and energy assistance the North would receive in exchange for shutting down its nuclear arms facilities. But it remains unclear whether the communist country has made specific promises for the outcome of the new talks.

In Tokyo, a top Japanese ruling party official warned Sunday that that his country opposes resuming the nuclear talks unless Pyongyang is ready to compromise.

"It's fine if North Korea can bring some contribution to peace, but simply starting talks is not meaningful," Shoichi Nakagawa, chairman of the Liberal Democratic Party's policy research council, said on a morning talk show carried by public broadcaster NHK.

Vietnam Trade Deal Is Hailed In US (FT)

By Amy Kazmin And Eoin Callan

Financial Times, December 11, 2006

Vietnam and US business leaders hailed a US Congressional vote Sunday to permanently normalise trade relations with Vietnam, the final step on the long road to reconciliation between the two countries after their bitter war 30 years ago.

The historic measure – adopted as part of a massive bill combining various tax and trade measures – ends an old, Cold War-era requirement that Washington evaluate Hanoi's human rights record as a pre-condition for renewing normal trade relations with Vietnam each year.

The pact – passed with strong bi-partisan support over the weekend before the Republicans surrender power in the Congress – will ensure that US companies can fully benefit from Vietnam's accession to the World Trade Organisation on December 28.

"This event is of major significance for the ties between Vietnam and the United States," said Le Dung, Vietnam's foreign ministry spokesman.

George W. Bush – who last month became only the second US president to visit Vietnam since the end of the war three decades ago – said the development "marks a significant step forward in the process of normalising relations with Vietnam, and will benefit both our nations".

The US business community expressed strong relief at the news, after the embarrassing fiasco last month on the eve of Mr Bush's visit, when a rushed effort to normalise trade relations with the Communist-ruled country failed to muster adequate Congressional support.

Since the US and Vietnam signed a bilateral trade deal in late 2001, two-way trade between the two countries has risen to $7.8bn a year, up from $1.2bn in 2000, an increase driven mainly by surging Vietnamese exports of garments, shoes, furniture and seafood to the US. To join the WTO, Hanoi has agreed to liberalise its domestic service industries, including banking and insurance, sectors of keen interest to many US companies, eager to tap into a fast-growing market of 84m people.US companies had feared that they could be disadvantaged in accessing the market if Washington had not fully normalised trade relations with Vietnam.

David Knapp, chairman of the the American Chamber of Commerce in Vietnam, said he was "pleased" with the vote, and that he expected US businesses to enjoy "increased opportunities in both the goods and services sectors" as a result of Vietnam's WTO accession.

Susan Schwab, US trade representative, said: "This bill shows that contrary to conventional wisdom, Democrats and Republicans, the administration and Congress, can work together to further our vital trade agenda."

"The vote also demonstrates to our trading partners in East Asia, the US commitment to strengthen and deepen our relationships in that region," she added.

The advance for the White House trade agenda comes amid setbacks on several fronts, as free trade negotiations with South Korea stall and deals with Peru and Colombia run into opposition from Democrats over labour standards.

US business groups welcomed the normalisation of relations with Vietnam as part of wider trade and tax package. John Engler, president of the National Association of Manufacturers, said: "These are all critical trade programs for US manufacturers and our trade partners in the development world."

Bruce Josten, of the US chamber of commerce, said the trade measures were of "critical" importance to business and would "expand US trade and economic competitiveness and promote growth".

China's Shifting Growth May Alter Its Taste For Foreign Investment (WSJ)

By Andrew Batson

The Wall Street Journal, December 11, 2006

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BEIJING -- China's entry into the World Trade Organization, five years ago today, sparked an economic expansion that is the envy of the world. But now, that very growth is posing new problems for China and its increasingly uneasy trading partners.

Over the past five years, the size of China's economy has nearly doubled, with annual output surpassing $2 trillion in 2005. The world's most populous nation is now its fourth-largest economy and third-largest exporter.

China's WTO entry did what officials inside and outside the country were hoping it would -- increase trade and make markets more competitive. By becoming more open, China has become stronger and more prosperous. But the growing size and sophistication of its domestic economy have made the outside world less important to China's economic vigor now than it was during the early years of the country's export boom. That raises an important question: Will China continue to be ever-more welcoming to foreign investment in the years ahead?

Even as China has begun to take a more active role in international affairs, its economic strategy has shifted inward. It is increasingly trying to nurture homegrown companies, rather than simply providing an attractive climate for multinational corporations to set up shop.

There's an emerging consensus among the nation's leaders that China no longer needs to cater to the whims of foreign investors in order to grow. That shift in sentiment was underscored earlier this year when China's economic planners called for more-selective approval of foreign investment and fewer giveaways, such as tax breaks or land.

U.S. Treasury Secretary Henry Paulson's scheduled visit to Beijing this week is part of a continuing effort by China's trading partners to deal with this new reality.

When China won the WTO's seal of approval in late 2001, it was a signal to the world that Beijing wasn't going to turn its back on capitalism. That sent a flood of foreign investment sweeping into China, surging from roughly $40 billion annually in the years before 2002 to more than $70 billion last year.

China's economic ascendance hasn't been altogether comfortable for much of the rest of the world. The addition of China's vast, low-cost labor pool to the global work force has put widespread pressure on jobs and wages in many wealthier nations. It often seems to employees of U.S. and European companies that their bosses prefer to hire workers to make things in China rather than use their home-country assembly lines.

In some ways, the change has also been painful for China. As it has phased out state control of its economy, China has dismantled much of its health-care and social-welfare system and laid off millions of workers from state-run companies. Competition from foreign companies sometimes gets the blame for the resulting social problems.

Even so, China has largely adhered to its WTO commitments, though some critics say it hasn't been aggressive enough in combating copyright piracy or letting market forces influence its currency's foreign-exchange rates.

And while complaints about China's trading practices are rife, it is also clear that China's economy is in many ways more open than Japan's was during its rise in the 1980s and India's is today.

Japan was once notorious for the difficulty foreign companies faced in penetrating its maze of tariffs and regulations. Even though it is much more open now, imports still account for only about 11% of the country's gross domestic product. The equivalent figure for China was 29% last year.

Compared with India, China's greater openness is visible at street level. Wal-Mart Stores Inc. outlets are fixtures in every major Chinese city. The U.S. discount retailer now has 66 stores in China and is building more -- but it has yet to open a single outlet in India, where government rules ban most direct foreign investments in the retail sector.

The regulatory overhaul that China undertook to meet the requirements of WTO membership meant allowing new competition in industries long dominated by state-owned firms. Among other things, that process jump-started financial restructuring. Four of China's five biggest banks now trade on international stock markets and boast big foreign shareholders.

Not every industry is equally open, and some openings have had unanticipated consequences. Take cars, which very few of China's private citizens owned when the WTO pact was signed. Then-U.S. Trade Representative Charlene Barshefsky, explaining the benefits of a WTO deal in April 2000, noted how "a combination of trade barriers and industrial policies makes it virtually impossible to export cars to China." The country subsequently removed many of those barriers, and auto sales boomed as car prices fell.

The boom came so quickly that infrastructure and public transport haven't kept up: Major cities are now choked with traffic and smog, especially Beijing, where a car's average speed can be slower than a bicycle's at peak hours.

What didn't happen, however, was a boom in car exports to China. China did buy more cars from abroad -- 143,000 vehicles in 2005, compared with 61,000 in 2001 -- but most of the market has gone to locally made vehicles. Passenger-car sales are expected to top three million this year, up from fewer than one million in 2001. The Chinese market's combination of huge size and rapid growth made it irresistible to global auto makers, but the companies quickly realized that making cars locally was the best way to cater to Chinese tastes and budgets.

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Peter Pang, the China president of German auto-parts and power-tools maker Robert Bosch GmbH, has seen a similar shift play out in his business. When the Stuttgart-based company came to China in the 1990s, high tariffs and government policies essentially forced it to use a local joint venture to get into the market. These days, Bosch has much more freedom to import its products if it needs to. But the Chinese market has become so much bigger and tougher, Mr. Pang says, that "you have to make locally simply because otherwise you won't be competitive."

That changing dynamic has raised questions about the future of market-opening reforms in China. The country's entry into the WTO on Dec. 11, 2001, started it on a path of gradually lifting tariffs and other trade and investment barriers. While China hasn't been released from its WTO obligations, it has come to the end of the changes it was specifically required to make under its terms of entry.

As a result, the search is on for ways to continue to engage China. Much of the U.S. cabinet will visit Beijing this week for the first meeting of a so-called strategic economic dialogue, a new series of high-level meetings to discuss the two countries' relationship. The European Union is planning a similar process.

"China is more open than at any time in its history," said Minister of Commerce Bo Xilai in a recent speech. But, he added, "The coming five years will be an even more important period for China's development."

China Faces Fresh Tasks On Trade (FT)

By Alan Beattie And Richard Mcgregor

Financial Times, December 11, 2006

Organising more than 100 countries in the World Trade Organisation was already like herding cats. When China joined the WTO five years ago today, the system faced a rather tougher test: adding a particularly large and fearsome tiger to the enclosure.

China's WTO membership has been an exceptional endeavour both for a country that had turned to the market economy only 20 years before joining and for an organisation that had itself been in existence only seven years. So far China's accession has done the country a lot of good, the WTO a fair amount of good and China's trading partners more good than they are generally willing to admit.

But as evinced by US sabre-rattling ahead of its official mission to Beijing this week headed by Hank Paulson, Treasury secretary, China's challenges will, if anything, increase rather than diminish now its five-year transition period is over.

The milestone marks a difference that is more symbolic than practical, though it does coincide with several deadlines for commitments, such as opening up the banking sector. It also means that as an established member of the club, China will face louder and more urgent calls to play by WTO rules.

Moreover, China has been lucky that its five years of membership have coincided with remarkable resilience in global economic growth. If economies stall and unemployment starts rising across the world, irritation with its perceived failings as a trading partner could easily escalate into virulent anger.

China itself has been the most obvious beneficiary from its WTO membership. Its exporters have benefited greatly from increased and guaranteed access to foreign markets, while trepidation about exposing its industries to what China regards as the multinational "wolves" of world trade has substantially been assuaged. Long Yongtu, who was China's chief negotiator on WTO entry, says he is as surprised as anyone. "No one could have predicted that China's foreign trade could increase at such a speed," he says.

China's exporters were already performing very well outside the WTO. But both exports and imports have accelerated since 2001 – and membership not only helped domestic reform but also reassured both Chinese and foreign companies that access to markets was much less likely suddenly to be taken away.

For Mr Long, and Zhu Rongji, the then premier who forced the accession through a resistant bureaucracy, the past five years have provided a spectacular vindication of their strategy to use pressure from WTO accession to force domestic reform and make the Chinese economy more competitive. Mr Long singles out the automotive and agriculture sectors to illustrate how the economy has been transformed in the past five years because of the WTO.

"Before the WTO, Chinese-made cars were expensive and the quality was poor," he says.

WTO membership mandated a large cut in tariffs from a maximum value of 125 per cent, depending on the type of engine, to 25 per cent, a policy complemented by Beijing's decision to allow foreign carmakers into China en masse through 50-50 joint ventures with local partners. A number of competitive, independent domestic carmakers have also established a foothold.

Falling prices, combined with rising local incomes and increased competition, have seen an explosion in car sales, from just under 1m in 2001 to an estimated 4m this year. "That has changed not just China's car industry but also lifestyles, just like what happened in the US and other western countries," says Mr Long.

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Nick Reilly, Asia-Pacific president for General Motors of the US, says he too was pleasantly surprised at the size of the new middle-class Chinese consumer market. Mr Reilly told chief executives at the recent Asia-Pacific Economic Co-operation meeting in Hanoi: "A decade ago we thought we might sell 60,000 vehicles a year to government officials and state-owned enterprises. In fact we are selling 900,000 a year, largely to the newly affluent."

Chinese agriculture, considered the most vulnerable sector and the most politically sensitive because of the size of the rural population, has also survived and, in some sectors, thrived. In many ways it has displayed a textbook "comparative advantage" response to being opened up. A populous country with relative shortages of land and water, China has increased imports of water- and land-intensive commodities such as soya beans and wheat – and on occasion even rice, a highly symbolic crop – and shifted domestic production towards labour-intensive crops such as fruit and vegetables.

Mr Long came under sharp attack at home for agreeing to so-called "tariff-rate quotas", a form of price-based import allowance, for grain, which is still regarded in China as strategically vital to food security. His critics said foreigners would fill the quotas, even if the extra grain were not needed, something that has not happened.

"Now people understand how these quotas work," he says. "They were very suspicious."

Still, suspicions remain within China that WTO membership has not prevented China getting a raw deal from international trading partners. Much of China's trading heft has come from foreign-owned companies, which account for 58 per cent of total exports and much larger shares of the higher-value products into which the country is trying to move.

Rupert Schlegelmilch, head of China trade relations at the European Commission, says: "Foreign companies play leading roles in some important sectors in China, which fuels a degree of 'investment nationalism' in some circles in China: complaints that China's economy has a strong body with strong limbs but no head and that there is not enough transfer of technology."

Investment and trade nationalism are not helped by episodes such as the China National Offshore Oil Corporation's failed takeover approach for Unocal, the American oil company, which the US blocked on national security grounds. Nor were the Chinese impressed by the imposition by the EU and US of emergency "safeguard" import restrictions on Chinese clothing shortly after the expiry of a global system of textile quotas last year – a deadline for which they and textile companies had been given 10 years' warning.

Wang Jinzhen, secretary-general of China's Council for the Promotion of International Trade, says: "The US and EU had a lot of time to make the transition but did not until the very last minute."

Outside China, sentiment about its WTO membership is even more mixed. Its massive increase in exports has provoked a tumult of complaints about unfair trade. Capitol Hill tends to look at America's growing bilateral trade deficit with China without accepting that it mainly reflects China's core strength as an assembler of components it imports from elsewhere, and that China's overall trade surplus is quite modest.

Many objections are related to China's manipulation of its currency, which falls outside the WTO's competence. Within the WTO, those industries dependent on intellectual property rights (IPR) protection, particularly films and music, have worn themselves hoarse about the feebleness of China's promised clampdown on compact disc and DVD counterfeiters. The EU and the US say too much of China's service sector, particularly financial services, remains hedged round with impenetrable regulations.

But the dominant feeling so far in Washington and Brussels is that China's WTO membership has been a net positive for both the country and the organisation, rather than the pessimistic minority view that China has flouted WTO rules and brought itself and the system into disrepute. The most dramatic symbol of US protectionism – a bill to impose 27.5 per cent tariffs on all Chinese imports, which would be flatly illegal under WTO rules – was withdrawn by its sponsors in September with the promise of a WTO-compliant replacement.

Only one case against China has so far been pursued in the WTO's dispute settlement body – a joint action by the EU, US and Canada on car parts, imports of which they say China is taxing unfairly. The US continues to warn that a case against IPR violations is likely unless compliance improves.

Though China is at the centre of plenty of other disputes, its membership of the WTO has at least helped to moderate and regulate those. For example, China is both by far the biggest target and an enthusiastic user of so-called "anti-dumping" actions – retaliatory tariffs countries impose on supposedly subsidised imports. These tariffs are imposed bilaterally but WTO rules limit their scope.

Simon MacKinnon, Greater China president at Corning, the US glass and technology company, says China's WTO membership has made a marked difference in atmosphere. Corning, one of the world's biggest manufacturers of optical fibre, was accused but then cleared of dumping in an investigation by China's commerce ministry. "China's WTO membership has brought more visibility," Mr MacKinnon says. "China is part of the WTO trade dispute resolution process and China has a seat at the table." Corning has now invested heavily in China.

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Still, there is one area where China has conspicuously avoided responsibility – the stalled Doha round of trade talks, whose launch coincided with China's accession. Beijing has left the representation of the developing world to other governments, notably India and Brazil, despite entreaties from other negotiating parties including the US and EU to play a more active public role. The Chinese attitude has been, in the words of Grant Aldonas, until last year US commerce undersecretary for international trade: "We gave at the office."

Beijing argues that it has had its hands full implementing its WTO accession commitments. This looks more like an excuse than a reason, but a tactically sound one. Silence on Doha deprives of evidence those domestic critics who say Beijing is volunteering to expose too much of China's economy to foreign competition. Bo Xilai, the ambitious commerce minister, is pushing for a promotion to vice-premier at the five-yearly party congress next year. Mr Bo has elevated his profile with strong nationalistic attacks on American and European critics of China's supposedly export-obsessed trade policy.

Internationally, Chinese exporters are already causing more than enough concern among both rich and poor trading partners without its bureaucrats also throwing their weight around. India, for example, says its reluctance to allow deep cuts in import tariffs on industrial goods reflects a fear of exports from China. Similarly, if China volunteered to reduce the protection of its farmers or service companies, other developing countries might have to follow suit.

Looking ahead, trade tensions involving China are if anything likely to rise rather than moderate. As China goes up the value chain to more sophisticated goods, its companies will increasingly compete directly with those in developed countries. Trade lawyers reckon there is a large number of potential WTO legal cases.

Any economic slowdown that pushes up US unemployment would test the patience of American lawmakers with Chinese intransigence on the level of its currency or any other trade-related issue. A big fall in commodity prices will encourage a flood of anti-dumping cases against China from steelmakers that do not share the views of Mr Wang from the trade promotion council, who says: "There is no way for the US to continue to be engaged in those lower-technology industries including textiles and, I personally think, even steel...Maybe [the US steel industry] will last another 10 years."

China's entry into the WTO fold was a big risk and the country needs to continue to pussyfoot warily around its fellow members. But so far, if only tentatively and partially, so good.

A Broad Dialogue With China (WP)

By Henry M. Paulson

Washington Post, December 11, 2006

My highest priority as Treasury secretary is the long-term strength and competitiveness of the U.S. economy. Managing our economic relationship with China to ensure both nations benefit is vital to our nation's future prosperity. A market-based economy in China, with sustainable economic growth and full participation in rules-based international trade, is in our best interest -- and in the interest of the Chinese people.

Since 1980 China's share of the world economy has more than quadrupled. The United States and China now account for almost half of global economic growth. And bilateral trade between our two nations grew by a factor of five over the past decade. Beyond the numbers, the U.S.-China economic relationship epitomizes both the opportunities and challenges of globalization.

This week a delegation made up of U.S. Cabinet secretaries, agency directors and the Federal Reserve chairman, Ben Bernanke, will participate in the first meeting of our new Strategic Economic Dialogue with China.

Presidents Bush and Hu Jintao launched the dialogue in September to focus on China's successful integration into the global economy and ensure that China continues on its market-based reform path.

My colleagues and I will meet with Chinese leaders in Beijing for discussions in three areas: maintaining sustainable growth without large trade imbalances; continuing to open markets to trade, competition and investment; and improving energy security and the environment.

China is at a crucial juncture. Decisions it makes in the next few years will have long-lasting effects around the world. The United States and China each have a vision of how our relationship will evolve, and in many respects our visions are similar.

We both want strong commercial ties that produce benefits for workers and consumers in America and China. We both want China to grow in a way that is sustainable economically and environmentally and that contributes to global prosperity. We both want China to be a responsible stakeholder in the global economy and in multilateral institutions.

We do have our differences. The United States believes China can do more to reduce its trade surplus. We are encouraging China to introduce greater flexibility for its currency, consistent with economic fundamentals. And China needs to do more to protect intellectual property rights.

Our goal is to advance our common interests and find solutions to issues that strain our relationship. The United States and China are engaged in dozens of bilateral negotiations at multiple levels. This has produced positive outcomes, but it can be

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difficult to address issues that cut across numerous sectors and areas of responsibility. The dialogue will allow us to meet with several Chinese leaders at once and begin to address important issues comprehensively.

For instance, transparency and respect for the rule of law are core principles that affect all economic policy and trade issues. Commitments to these principles are essential to China's maintaining the confidence of international businesses and of its own investors and entrepreneurs. Working on these principles across government ministries can enhance our ability to reach agreement on a number of key issues that we negotiate ministry-by-ministry.

One of the most important topics for discussion is how to help China manage its transition to freer, more open markets, including capital markets. Every strong, vibrant economy in the world has open, competitive capital markets that attract investment and allocate resources to their most productive uses. Such markets will contribute to sustained economic growth and boost job creation in China. And strengthening and reforming financial markets will ultimately allow the Chinese to freely float their currency.

The Chinese government is committed to creation of a social safety net, including health and retirement programs that will contribute to balanced growth by giving Chinese workers and families the confidence to spend more.

China's high saving rate is a major contributor to the country's large global trade surplus. Increasing consumption in China will benefit U.S. and other exporters.

Energy is an issue with far-reaching effects. Both the pattern of China's growth -- with its heavy dependence on industry -- and low domestic prices for energy have led to rapidly increasing energy use by China. Unfortunately, because of technological and infrastructure challenges, much of that energy is produced from sources that generate high levels of pollution. This harms the air and water we all share, and creates health problems for Chinese citizens.

Through the Strategic Economic Dialogue, we can work with China's leaders to help it achieve more environmentally and economically sound growth and constructive engagement with the global energy market.

This is a pivotal moment for China and for our relationship with that country. By engaging Chinese leaders with an eye to producing long-term benefits for our two nations, we can build a productive and prosperous partnership for the 21st century.

The writer is secretary of the Treasury.

Chinese Voices That Oppose Reform Grow Louder (FT)

By Susan Schwab

Financial Times, December 11, 2006

One of the most important events in modern economic history occurred five years ago on Monday when China joined the World Trade Organisation. This anniversary provides the opportunity to take stock – through a congressionally mandated report issued on Monday by the office of the US Trade Representative – of China's integration into the global economy and its compliance with WTO obligations.

The record is profoundly mixed. China has moved with resolve to reform some of its economic and governmental structures over the past five years. It has enacted or revised over 1,000 laws and regulations to help bring its trading system into compliance with WTO rules. It has also reduced tariffs on goods of great importance to US industry from an average of 25 per cent in 1997 to 7 per cent today, with similarly significant reductions for agricultural products.

In addition, it has reduced or eliminated numerous non-tariff barriers, increased market access for international service providers and improved the transparency of its governmental procedures. These steps have expanded economic growth in both countries and contributed to a roughly 190 per cent increase in US goods exports to China over the past five years. Today, China is America's fourth largest export market – up from 15th a decade ago.

WTO accession has also helped promote the rule of law in China and subjected the country to binding international dispute settlement procedures. Nevertheless, looking back on the past year, we see troubling indications that China's momentum towards reform has begun to slow. Voices in China opposing further market liberalisation have grown louder and government intervention in the economy, especially at the provincial level, has increased.

While facing fewer blanket prohibitions or prohibitive tariffs, US companies face an array of regulatory obstacles and government policies that make doing business in China uncertain.

Later this week, I will join other administration officials on a trip to China as part of the new strategic economic dialogue led by Treasury secretary Hank Paulson. As part of this dialogue, we will clearly convey our view that a slowdown in reform hinders China's development and undermines the health of our bilateral ties.

One of the most serious challenges identified by USTR is the rampant infringement of intellectual property rights that persists in China in spite of efforts by central government officials to move against this illegal practice. Counterfeiting, piracy and inadequate enforcement of intellectual property protections rob US businesses of billions of dollars a year in legitimate sales and weaken China's development of its own knowledge-based industries.

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Of equal concern is China's continued use of industrial policies that limit imports of goods, government subsidies that encourage exports and protect non-competitive industries, and regulatory barriers that impede participation in China's market by US service providers. There are many other areas, from steel to telecommunications, where China's incomplete move away from a centrally-planned to a market-based economy is creating massive distortions that could leave the Chinese and global economies at risk. In agriculture, we are pleased by the rise in US exports to China. But our exporters continue to be frustrated with practices that make China one of the world's least transparent and predictable markets.

The large US trade deficit with China, which this year will exceed the $202bn reached in 2005, is due to factors including differences in patterns of saving, investment and consumption as well as fiscal and monetary policies. Our trade policies can help reduce the imbalance to the extent it arises from closed markets or unfair trade practices. USTR and other US government agencies are aggressively addressing our trade concerns with China through the Joint Commission on Commerce and Trade and other bilateral forums. Multilateral negotiations under the Doha round of trade talks, litigation through the WTO and the application of trade remedy laws are other important avenues. Whether through dialogue, negotiation or dispute settlement, China must be held to its commitments to reform.

We want a strong trade relationship with this vast and fast-growing economy. The potential benefits for Americans – in exports, jobs and greater economic competitiveness – are enormous. But that depends on China's continued reform, and on a commitment to expand free and fair trade based on decisions by the actors in the market – not by bureaucrats.

The writer is US trade representative

Cracking The Currency Puzzle (WP)

By Sebastian Mallaby

The Washington Post, December 11, 2006

Five years ago today, China joined the World Trade Organization. The experiment has gone astonishingly well: China has changed more than 3,000 regulations to comply with WTO requirements. And yet an awkward question hovers over Treasury Secretary Henry Paulson's China trip this week: How to deal with a country that appears to distort trade not through tariffs or quotas but through currency and savings policies?

This dilemma reflects a lopsidedness in the rules of globalization. To keep the trade playing field balanced, the WTO presides over a vast apparatus of quasi-law governing subsidies and tariffs; violators can be hauled in front of WTO tribunals. But there is no equivalent mechanism, other than a dormant provision buried in the charter of the International Monetary Fund, to punish countries that skew trade by manipulating their currencies. And there is no sanction at all for pursuing a growth strategy that relies on exports more than domestic consumption.

China has made the most of this vacuum. When it joined the WTO in 2001, its current account surplus (trade plus a few other cross-border payments) was a modest 1.3 percent of gross domestic product. As recently as 2004, when Congress was beating up China for its alleged manipulation of trade, it was possible to retort that China's surplus was just over half the size of Germany's. But this year China's surplus is expected to hit a breathtaking 8 percent or 9 percent of GDP. In absolute terms, it has overtaken Germany's surplus and even Japan's, despite the fact that Japan's GDP remains more than twice the size of China's.

How has China done this? Unlike Japan, it has not closed its economy. Instead, China's surplus reflects, first, a currency that's about a fifth undervalued and so encourages exports; and second, a reluctance to stimulate domestic consumption, which forces companies to sell a large slice of their output to foreigners.

The extraordinary growth of the Chinese surplus has created an unlikely echo of the left's complaints about globalization. The left frequently charges that the international system is unfair: It has rules to enforce open trade, but none to enforce decent labor standards. For years, free-traders have dismissed this as an apples-to-oranges comparison: There are international rules for trade because trade is a necessarily cross-border affair, whereas the appropriate level of labor protection varies among countries. But now economists with impeccable free-trade credentials are saying that there ought to be an international mechanism to enforce responsible exchange-rate policies, and never mind the fact that these have traditionally been viewed as the province of national governments.

The urge to pressure China over its currency policy makes more sense than the urge to punish it for its labor policy. China's dynamic economy has lifted well over 100 million people out of poverty, and excessive labor regulations that slowed growth would harm workers rather than helping them. But China's weak currency, allied with its reluctance to stimulate domestic consumption, damages its economy and workers as well as stirring up trouble for foreigners.

China's commitment to a weak currency limits its freedom to raise interest rates, since higher rates tend to suck in foreign capital and drive the exchange rate upward. This inhibits efforts to use the interest-rate tool to dampen the economy when it overheats -- which explains why China has experienced boom-bust cycles. Meanwhile, a growth strategy that relies on foreign

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rather than Chinese consumers is not great for the Chinese. China is saving rather than consuming, which means its living standards are lower than they could be.

Then there is the effect of China's policies on foreigners. The challenge of integrating a vast pool of cheap labor into the world trading system is compounded when a low exchange rate makes that labor even cheaper. And the challenge of dealing with America's mirror-image problem of low savings is rendered harder, too. If the United States boosts saving and cuts spending, there'll be a nasty recession unless foreigners buy more U.S. exports. China should let its currency rise so as to assist America's necessary adjustment.

Yet it's one thing to agree that China needs to revalue and quite another to conclude that globalization's rules should punish currency "manipulators." Various forms of currency management are common and sometimes even good -- lots of countries have used currency pegs to conquer inflation, and China's own peg was a bulwark against the turmoil of the East Asian crisis. As to China's savings addiction, American policymakers have to be cautious: China's savings excess is no more egregious than America's savings deficit.

So long as there is globalization, its rules will be debated. It will always feel odd that some aspects of the system are subject to quasi-law while others seem anarchic. But there's a perfectly good reason why trade, unlike labor standards or currency policies, is so intensively rules-based. For nearly all countries at nearly all times, cutting trade barriers make sense. But when it comes to labor standards or currency regimes, such generalization is impossible.

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Rights Group Urges China To End Curbs On Lawyers (NYT)

By Joseph Kahn

The New York Times, December 11, 2006

BEIJING, Dec. 10 — Rules requiring Chinese lawyers to submit to government supervision when representing clients in politically delicate cases have dealt a serious blow to the country's legal system and should be rescinded, Human Rights Watch said in a report to be issued Monday.

The rights group said the rules, known as "guiding opinions," effectively shut down the legal system to people fighting official land confiscations, forced relocation, corruption, pollution and other politically delicate matters in China's one-party system.

"These restrictions effectively deprive people with lawful collective complaints of meaningful legal representations and risk instilling a sense of futility about legal avenues of redress," the report said. "That may exacerbate social unrest in the future."

The Chinese police have reported a surge in "mass incidents," including large demonstrations, in the past several years, with 87,000 such events in 2005.

Statistics for the first nine months of 2006 showed a decline in the number of protests from the year before, but Human Rights Watch said that the numbers were subject to political manipulation and that anecdotal evidence suggested rising discontent.

The "guiding opinions," which were put into effect in the spring, require lawyers who accept cases that involve 10 or more plaintiffs suing organs of the government or the ruling party to submit to "guidance and supervision" by their local judicial bureau and the All-China Lawyers Association, which are under government control.

They also must obtain consent from at least three partners in their law firm before accepting such cases, and they must refrain from "stirring up" news media coverage.

The rules are part of an effort to suppress expression rather than to address the causes of social unrest, lawyers and rights advocates say.

Although rapid economic growth has lifted hundreds of millions of Chinese out of severe poverty, weak property rights and poorly enforced labor and environmental laws have made China's transition to a market economy painful for many millions of people without power to protect their interests.

Lawyers, self-styled legal rights advocates and journalists have been the most conspicuous victims of a campaign by President Hu Jintao to create a more "harmonious society." They have been accused of leading people to take to the streets over lost jobs, unpaid wages, environmental degradation, land seizures and other sources of discontent.

After a rise in protests in 2005, including several well-publicized confrontations in which protesters were killed by riot soldiers or thugs, the authorities moved to prevent social disputes from gaining momentum.

Luo Gan, a member of the Politburo Standing Committee who oversees police and judicial matters for the ruling party, said in an speech published in a state-run magazine that officials should take "forceful measures" against lawyers or rights advocates who use the law as a pretext to "undermine social stability."

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State security officers and the police have arrested or intimidated people associated with China's weiquan, or rights protection movement. At least four prominent lawyers and leading rights advocates, Gao Zhisheng, Chen Guangcheng, Guo Feixiong and Zheng Enchong, were charged with crimes after accepting politically delicate cases.

Human Rights Watch said in its 70-page study of the conditions for defense lawyers that many faced less obvious but nonetheless serious threats to their independence. Their licenses are subject to renewal annually. They depend on the good will of the police, prosecutors and court officials if they wish to take even rudimentary steps to defend their clients.

Several prominent defense lawyers, including Zhang Sizhi, who helped mold the profession after China emerged from the Cultural Revolution, have criticized the "guiding opinions." On Internet sites for lawyers, the rules have been called the biggest blow to the legal system since lawyers won some independence in the 1980s.

The government has defended the rules in the state-run media. Officials contend that they are intended mainly to protect lawyers and plaintiffs in delicate cases and to "safeguard legal rights." Many lawyers and plaintiffs hold the opposite view.

Human Rights Watch said China could not have an effective legal system until it respected the independence of lawyers and freed them from enforcing the will of the ruling party.

Taiwan's Leader Gets Surprise Lift In Local Elections (WSJ)

By Jason Dean And Chiu Piling

The Wall Street Journal, December 11, 2006

A better-than-expected performance by Taiwan's governing party in weekend mayoral elections could ease political pressure on President Chen Shui-bian and complicate the opposition's efforts to win back control of the government of Asia's fifth-largest economy in 2008 presidential elections.

The elections for mayor in Taiwan's two biggest cities, Taipei and Kaohsiung, were watched closely as indicators of public support for Mr. Chen's Democratic Progressive Party following a spate of corruption scandals affecting people close to the president. In Saturday's polls, the DPP mayoral candidate in Taipei lost to his opponent from the Kuomintang, or Nationalist Party, by a margin that, while large, was narrower than expected. And the DPP candidate narrowly won in Kaohsiung -- a race the party was expected to lose.

The results are far from signaling an end to Mr. Chen's troubles. His wife, indicted last month for alleged misuse of a secret government diplomatic fund, is likely to face trial next year, and the president's approval ratings remain in the low double digits. But analysts said the mixed outcome could at least mean that Mr. Chen avoids pressure from his party to resign before his second and final four-year term ends in 2008. Such pressure could have increased if Mr. Chen's problems had caused a major defeat for the party Saturday.

The outcome means "relief from President Chen from a potential crisis causing him to step down," said Ho De-fen, a political analyst in Taipei who generally backs the DPP but has been critical of Mr. Chen.

At the same time, the Kuomintang's weaker-than-expected showing dealt a blow to its champion, party chairman and outgoing Taipei mayor Ma Ying-jeou. Mr. Ma has been widely seen as a favorite to win the 2008 presidential vote, a contest already being anticipated by investors and other observers who believe it could yield big changes in Taiwan's relationship with rival China. Mr. Chen's administration has constantly squabbled with China, which claims sovereignty over Taiwan despite nearly six decades of separate rule. Mr. Ma takes a less-confrontational stance toward Beijing, and the possibility of him becoming president has fueled hopes of greater economic ties between Taiwan and China.

But Mr. Ma's previously high popularity has suffered amid allegations that his office improperly accounted for its use of city government funds. And analysts said Mr. Ma is being blamed by many in the opposition for its failure to deal a resounding defeat to the DPP.

The disappointment "has triggered loud criticism from party members of Ma Ying-jeou's integrity and leadership ability," said Wang Yeh-li, a political science professor at Tunghai University in central Taiwan who has supported Mr. Ma in the past.

The Kaohsiung race was especially significant. Southern Taiwan, where Kaohsiung is located, has traditionally been the DPP's base of support. This year, the Kuomintang had hoped that a victory there would debilitate the DPP and solidify its own political momentum heading into legislative elections a year from now and the presidential vote in March 2008.

But DPP candidate Chen Chu won the Kaohsiung race, albeit by just 1,114 votes out of 767,868 total valid ballots. Her opponent, Kuomintang candidate Huang Jun-yin, called for a recount.

In Taipei, Kuomintang candidate Hau Lung-bin won 53.81% of the vote, defeating Frank Hsieh, a former premier under Mr. Chen and possible DPP presidential candidate, who won 40.89%. The margin was far narrower than the 28 points by which Mr. Ma won re-election four years ago.

Augusto Pinochet, Dictator Who Ruled By Terror In Chile, Dies At 91 (NYT)

DOJ_NMG_0104550

By Jonathan Kandell

The New York Times, December 11, 2006

Gen. Augusto Pinochet Ugarte, the brutal dictator who repressed and reshaped Chile for nearly two decades and became a notorious symbol of human rights abuse and corruption, died yesterday at the Military Hospital of Santiago. He was 91.

Dr. Juan Ignacio Vergara, head of the medical team that had been treating him, said he died at 2:15 p.m., a week after being hospitalized and undergoing angioplasty and another operation after an acute heart attack. Dr. Vergara said his condition degenerated sharply yesterday morning, and he was moved to the intensive care unit, where he died.

General Pinochet seized power on Sept. 11, 1973, in a bloody military coup that toppled the Marxist government of President Salvador Allende. He then led the country into an era of robust economic growth. But during his rule, more than 3,200 people were executed or disappeared, and scores of thousands more were detained and tortured or exiled.

General Pinochet gave up the presidency in 1990 after promulgating a Constitution that empowered a right-wing minority for years. He held on to his post of commander in chief of the army until 1998. With that power base, he exerted considerable influence over the democratically elected governments that replaced his iron-fisted rule.

He set limits, for example, on economic policy debates with frequent warnings that he would not tolerate a return to statist measures, and he blocked virtually all attempts to prosecute members of his security forces for human rights abuses. Through intimidation and legal obstacles, General Pinochet sought to ensure his own immunity from accountability and in fact was never brought to trial. But in an astonishing turn of events nearly a decade after he stepped down, he was detained in Britain and then, on his return to Chile, forced to spend his retirement years fighting a battery of legal charges relating to human rights violations and personal corruption.

During those last years he lived in near seclusion, mostly at his home in Bucalemu, about 80 miles southwest of Santiago, scorned even by many of his former military colleagues and conservative civilian ideologues. Many were disillusioned by revelations that he held, at the least, $28 million in secret bank accounts abroad.

"The humiliation Pinochet has gone through is probably a better outcome than any trial could have achieved," said José Zalaquett, Chile's foremost human rights lawyer.

He won grudging international praise for some of the free-market policies he instituted, transforming a bankrupt economy into the most prosperous in Latin America. They included removing trade barriers, encouraging export growth, privatizing state-owned industries, creating a central bank able to control interest and exchange rates without government interference, cutting wages sharply, and privatizing the social security system. Many elements of the so-called Chilean model were widely emulated in the region.

But by the time of his death, even some of those economic victories had been called into question. The privatizing of Chile's social security system, in particular, has come under attack as unjust and is undergoing revision. And across Latin America, many of the countries that had adopted similar reforms are reversing some of them, responding to a growing wave of popular, leftist anger over untrammeled foreign competition and unequal distribution of wealth.

Little Use for Constitution

General Pinochet initially led a four-man junta in the 1973 military coup that brought him to power, with the support of the United States government. President Allende, a democratically elected Socialist, was found dead after shooting himself during an assault on the presidential palace in Santiago. The coup followed many months of political unrest and economic chaos. Hyperinflation, recession, labor strife and middle-class protests had sapped the Allende government of popular support.

General Pinochet (pronounced pee-noh-CHET) soon made it clear that he had little use for political parties, banning all of them. He also dissolved Congress and scrapped the Constitution. He blamed the democratic political system for having allowed a coalition of Socialists and Communists to take control of the government. In a 1973 news conference, he asserted that Chile would require "an authoritarian government that has the capacity to act decisively" and would not return to the traditional political party system for a generation. It was a vow he kept.

In 1974, General Pinochet elevated himself to president, reducing the rest of the junta to a consultative role. He appointed military officers as mayors of towns and cities throughout Chile. Retired military personnel were named rectors of universities, and they carried out vast purges of faculty members suspected of left-wing or liberal sympathies.

The press was censored, and labor strikes and unions were banned. A fearsome security apparatus known as the National Intelligence Directorate, or DINA, persecuted, tortured and killed Pinochet opponents within Chile and sometimes beyond its borders. A government-commissioned report issued in 2004 concluded that almost 28,000 people had been tortured during the general's rule.

Military governments were the rule rather than the exception in Latin America in the 1970s. Whether right wing, as in Argentina and Brazil, or left wing, as in Peru, military dictators came to power promising to impose economic discipline but departed, after some initial success, with the economy in disarray.

General Pinochet proved to be the exception. Though no economic expert, he had at his service a team of technocrats who, months before the coup, put together a radical plan to overhaul the country's battered economy. Some had studied with the Nobel Prize winner Milton Friedman at the University of Chicago and embraced his notions of free-market forces and monetarism.

But economic transformation was slow and painful. Mistakes by the general's economic team provoked a deep recession in the early 1980s that left more than a third of the work force without jobs. The poor survived with the help of soup lines and temporary employment in public works projects that paid less than the minimum wage.

Attempts at strikes or other forms of protest were ruthlessly put down by General Pinochet's secret police. That repression gave the free-market policies time to take hold. Since the mid-1980s, Chile's gross domestic product has grown an average of more than 6 percent a year, the most impressive performance in Latin America.

A Steady Rise in the Army

There were few hints in General Pinochet's early life that he harbored either political ambitions or ideological convictions. The son of a customs inspector, he was born into lower middle-class circumstances on Nov. 25, 1915, in the Pacific port city of Valparaíso. He graduated from the military academy in Santiago in 1937 and rose steadily in the officer corps. He was already a general, and only 55, when he was given the important post of commander of the Santiago army garrison in 1971.

It was a crucial moment in President Allende's term. Elected the year before with only 36 percent of the vote, Mr. Allende, a physician, had pressed ahead with a Socialist program to nationalize mines, banks and strategic industries, split up large rural estates into communal farms, and impose price controls. The measures soon resulted in steep declines in production, shortages of consumer goods and explosive inflation. A general strike paralyzed Santiago in late 1972, and General Pinochet, as garrison commander, was called on by Mr. Allende to impose a state of emergency in the capital.

This was the first time most Chileans became aware of the tall, broad-shouldered army officer with a brush mustache on his unsmiling face. General Pinochet imposed a curfew, ordered the arrest of several hundred demonstrators on both the left and the right and announced, "I will not tolerate agents of chaos no matter what their political ideology."

His seemingly neutral stance convinced Mr. Allende that he was an officer who could be relied on to observe the Chilean military's century-long tradition of loyalty to civilian government. In August 1973, he appointed General Pinochet commander in chief of the army.

Less than three weeks later, the armed forces overthrew the government. The presidential palace, known as La Moneda, was bombed and strafed by the air force. Mr. Allende shot himself rather than surrender, according to his personal doctor.

Aside from battles at some factories in the Santiago suburbs, there was little resistance to the overwhelming firepower of the military units that fanned out across the country. Tens of thousands of Allende sympathizers were rounded up and brutally interrogated. A majority of the killings took place in the first three months, long after resistance had ended.

In most cases, prisoners from a slum or agrarian community would be executed as a means of terrorizing their neighbors into accepting military rule. The killings were often cynically, and falsely, justified as cases in which prisoners were shot while trying to escape.

The images that most shaped the outside world's low opinion of the military administration were scenes of Santiago's main sports stadium filled with prisoners, and by the public appearances of General Pinochet, eyes hidden behind dark glasses, face set in a scowl, arms folded defiantly across his chest. Although a majority of executions, jailings and cases of torture took place shortly after the 1973 coup, serious human rights abuses waxed and waned over the next 17 years.

By the late 1980s, the economic prosperity General Pinochet created had lulled him into assuming that in free elections he or his chosen candidate would receive the grateful support of a majority of Chileans. But by then most were either too young to remember the Allende years or too confident about the strength of the economy to believe that only an authoritarian government could ensure growth and stability.

Free Elections Ended Rule

In 1980, a new Constitution backed by the Pinochet government made the armed forces "guarantors of institutionality," giving them a nebulous role as political arbiters. It included several other limitations to full-fledged democracy. But in a 1988 plebiscite, an ample majority of Chileans voted against an attempt by General Pinochet to stay on as president for eight more years.

In presidential elections a year later, the former dictator's candidate was handily defeated by Patricio Aylwin, a centrist Christian Democrat supported by parties of the left. In 1993, another Christian Democrat, Eduardo Frei Ruiz-Tagle, was elected president by an even greater margin.

To the delight of the Chilean business community, foreign investment, which had been stunted during the years the government was regarded with international opprobrium, poured back into the country, and Chilean products were welcomed

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everywhere abroad. Officials of the new Christian Democratic administration were not inclined to tinker with the roaring economic machine they inherited from the Pinochet administration.

"We may not like the government that came before us," Alejandro Foxley, who was finance minister under Mr. Aylwin and is foreign minister today, said in a 1991 interview. "But they did many things right. We have inherited an economy that is an asset."

With the transition to democracy going so well, even General Pinochet's admirers hoped he would settle into a quieter period. Instead, he staged unannounced military maneuvers or placed his troops on sudden alert and gave notice that he would not tolerate attempts to prosecute his era's human rights violators. "The day they touch one of my men, the rule of law ends," he warned in 1991.

In a rare exception, he stood by as two subordinates were convicted of ordering the murder of Orlando Letelier, foreign minister in the Allende government. Mr. Letelier was killed by a car bomb in Washington in September 1976, along with an American colleague, Ronni Moffitt. The incident, considered the worst act of state-sponsored terrorism on American soil, strained relations between Chile and the United States for almost two decades.

The two went to prison in 1995. Gen. Manuel Contreras Sepúlveda, the head of DINA, the notorious secret police, was sentenced to seven years; his second in command, Col. Pedro Espinoza, was sentenced to six years.

Stories of corruption began swirling around members of General Pinochet's family as well as military personnel, and he used his power as army chief to protect them. He quashed judicial and congressional investigations into the financial dealings of his elder son and of army officers who were accused of running an illegal investment banking operation. Until revelations emerged in late 2004 that he had accumulated secret accounts totaling as much as $8 million at Riggs Bank in Washington, the general, who lived spartanly, was rarely accused of corruption himself. Later, Chilean investigators found that he had as much as $28 million in secret bank accounts in a number of countries.

Through his strong-arm tactics against the democratic governments that succeeded him, General Pinochet was making the point to Chileans that if they wanted to enjoy the capitalist virtues of his former dictatorship, they had better overlook his human rights violations.

Those violations were well documented by the National Commission on Truth and Reconciliation, a nonpartisan group appointed by Mr. Aylwin to investigate the killings and disappearances carried out under the general's 17-year dictatorship. The commission's report cited victims by name and described the ghastly circumstances of their deaths by firing squads, beatings, mutilations, drownings and electrocutions. In all, the report attributed at least 3,200 killings and disappearances to the Pinochet security forces.

General Pinochet scoffed at his human rights critics. Asked about the discovery of a mass grave of his government's victims, he was quoted in the Chilean press as joking that it was an "efficient" way of burial.

Legal Battles to the End

Protected by personal security squads, the general also continued an active social life. He was feted by wealthy admirers on his birthday and on the anniversary of his coup. He was often invited to speak at luncheons given by political supporters and leading businessmen. When he finally stepped down as army chief, he joined the Senate as an unelected, permanent member, apparently intending to grant himself further immunity from prosecution.

But the general did not count on the determination of jurists abroad to bring him to justice. In October 1998, while recuperating in a London clinic from a back operation, he was arrested by the British police in response to an application from a Spanish judge seeking the general's extradition to Madrid to stand trial on charges of genocide, torture and kidnapping.

A 16-month legal battle ensued, ending with a decision to send him back to Chile in March 2000 because his physical and mental ailments made him unfit to stand trial. Days after his return, Ricardo Lagos, the first Socialist to be elected president since the 1973 overthrow of Mr. Allende, assumed office.

For the rest of his life, the general had to fight off lawsuits and accept the humiliation of constant news reports about widespread brutality under his rule. President Lagos allowed the hundreds of criminal complaints filed against General Pinochet to run their course in the courts. He was succeeded in March 2006 by another Socialist, Michelle Bachelet, a former political prisoner and exile. Her father, an air force general loyal to Mr. Allende, was jailed by his colleagues, tortured and died in prison.

General Pinochet spent his final years in near seclusion, with his wife, the former María Lucía Hiriart Rodríguez, 84, with whom he had two sons, Augusto and Marco Antonio, and three daughters, Lucía, Verónica and Jacqueline. They all survive him.

In rare public remarks, he continued to insist that he enjoyed the gratitude and wide support of Chileans. But polls indicated that well over half of his compatriots believed that he should have been prosecuted for his human rights crimes.

A Chilean Dictator's Dark Legacy (WP)

By Monte Reel, J.Y. Smith

DOJ_NMG_0104553

The Washington Post, December 11, 2006

Gen. Augusto Pinochet, 91, the former Chilean dictator whose government murdered and tortured thousands during his repressive 17-year rule, died yesterday at a Santiago military hospital of complications from a heart attack, leaving incomplete numerous court cases that had sought to bring him to justice.

Pinochet assumed power on Sept. 11, 1973, in a bloody coup supported by the United States that toppled the elected government of Salvador Allende, a Marxist who had pledged to lead his country "down the democratic road to socialism."

First as head of a four-man military junta and then as president, Pinochet served until 1990, leaving a legacy of abuse that took successive governments years to catalogue. According to a government report that included testimony from more than 30,000 people, his government killed at least 3,197 people and tortured about 29,000. Two-thirds of the cases listed in the report happened in 1973.

An austere figure who claimed to be guided by "the spiritual force of God as a believer," Pinochet regarded himself as a soldier rather than a politician. With his stern visage and fondness for military uniforms and dark glasses, he seemed to personify implacable authority. He was both an opponent of communism and a critic of "orthodox democracy," which he said was "too easy to infiltrate and destroy."

"I would like to be remembered as a man who served his country, who served Chile throughout his entire life on this earth," he once told an interviewer. "And what he did was always done thinking about the welfare of Chile and never sacrificing my tradition to hand it to other countries."

Pinochet relinquished the presidency in 1990, but he retained the powerful position of head of the army until 1997, when he became a senator for life. He gave up that position in 2002, claiming mild dementia and physical infirmities -- ailments that helped him avoid trials in hundreds of court cases filed against him in recent years.

But legal actions against Pinochet had gathered momentum in the two years preceding his death, as courts locked several of his key subordinates behind bars and raised hopes among victims' families that Pinochet would meet a similar fate. He had been placed under house arrest in Santiago five times, most recently last month in connection with the murders of two of Allende's bodyguards.

Throughout his later years, Pinochet retained loyal supporters, who credited his government with instituting a fiscal discipline that helped make Chile's economy the region's strongest. But he lost many of those backers after multiple probes in recent years revealed financial corruption, including the discovery of millions of dollars in state funds held in numerous secret overseas accounts, among them several at the former Riggs Bank in Washington. As recently as October, Chilean investigators announced the discovery of 10 tons of gold, worth an estimated $160 million, in Pinochet's name in a Hong Kong bank.

Pinochet remained defiant in the face of the accusations, consistently refusing to apologize for his actions as president. But during his 91st birthday celebration last month, his wife read a statement that indicated the authoritarian took "political responsibility" for his government. The vague nature of the statement did little to appease the families of his victims.

"Today, near the end of my days, I want to say that I harbor no rancor against anybody, that I love my fatherland above all," Pinochet's statement read. "I take political responsibility for everything that was done."

Among the crimes attributed to Pinochet during his reign were several high-profile murders that stretched beyond Chile's borders, many carried out by the Directorate of National Intelligence, or DINA, a fear-inspiring secret police agency that Pinochet organized in 1974.

Prosecutors in Washington in 1999 began investigating Pinochet's possible role in the September 1976 car bombing on Embassy Row that killed Orlando Letelier, a former Chilean foreign minister, and his 25-year-old American assistant, Ronni Karpen Moffitt. Six people were imprisoned for the attack, but the case was reopened after Pinochet was arrested in London in 1998 and held for 17 months on a warrant seeking his extradition to Spain on charges of murdering and torturing Spanish citizens in Chile.

His arrest set off a chain of events that led to his return in 1999 to Chile, where the Supreme Court stripped him of immunity the following year. However, a court ruling in 2002 acknowledged that he had vascular dementia and prevented the cases from going to trial. Chile's courts reversed the ruling of dementia in 2004, deeming him fit to stand trial.

Court filings against Pinochet followed at a rapid pace, and various court rulings toggled back and forth on his legal status. He was stripped of immunity in the case of Gen. Carlos Prats, his predecessor as head of the army, who was assassinated along with his wife in a 1974 car bombing in Argentina.

Last year, another court ruling affirmed his immunity. However, several other cases of human rights abuses were progressing through the court system at the time of his death, including one that charged him with the mass kidnappings and tortures at the infamous Villa Grimaldi prison on the outskirts of Santiago.

To his supporters, Pinochet was a patriot who saved his country from political and economic chaos under the threat of communism, restored order and led it into a period of unprecedented prosperity. In their view, the harsh measures taken under

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his leadership were justified by the violence of the opposition and the threat of civil war. Finally, they credited Pinochet with restoring the country to civilian leadership under democratic and constitutional principles.

Christian LabbÃ©, a former army colonel and one of Pinochet's closest advisers, told The Washington Post last year that Pinochet had accepted the likelihood that he would die an outcast in his own country, with his achievements under attack by his opponents.

"He knows very well that these things happen to great men," LabbÃ© said. "The great men need to wait for history's judgment, not [current] justice."

The first widespread international backlash against Pinochet followed the Letelier car bombing in 1976. The United States suspended all military aid for several years. Chile was condemned in the United Nations and the European Union. Pinochet disbanded DINA but reorganized the secret police under another name. The Chilean government eventually agreed to pay compensation to the United States but never acknowledged official complicity.

In 1978, Michael Townley, a former CIA employee who worked for DINA, was convicted of placing the bomb on Letelier's car. He implicated Gen. Manuel Contreras, the DINA commander, and Col. Pedro Espinosa, the DINA director of operations. In 1987, army Capt. Armando Fernando Larios, a former DINA operative, surrendered to U.S. authorities and quoted Contreras as saying Pinochet personally had ordered the attack, but offered no direct evidence. In 1993, a Chilean court sentenced Contreras and Espinosa to prison.

In 1982, the movie "Missing" dramatized the fate of two Americans, Charles Horman, 31, and Frank Teruggi, 24, who were killed by Chilean officials in 1973. Those cases are still being litigated.

Though the abuses in Chile lessened considerably in the later years of Pinochet's government, periods of violence and repression occasionally flared throughout his rule. In 1986, for example, the Frente Patriotico Manuel RodrÃ-guez, or FPMR, an organization with links to the communists, announced it was abandoning "peaceful protest" in favor of violence and sabotage. Volodia Teitelboim, the Chilean communist leader, announced on Radio Moscow that it would be a year of "titanic battles."

On July 2, during a general strike, an army patrol seized Rodrigo Rojas, an 18-year-old photographer who lived in Washington, and Carmen Gloria Quintana, 19, and set them on fire. Rojas died four days later, but Quintana survived and was blessed by Pope John Paul II, who visited Chile in 1987. The army at first denied responsibility, but a judge in 1989 sentenced an army captain to 300 days in prison for the attack.

On Sept. 7, the FPMR attempted to assassinate Pinochet as he was driven to Santiago from his country retreat. He escaped unharmed when his driver sped from the scene in reverse. Five bodyguards were killed and 12 were wounded. In retaliation, security agents abducted four communists from their homes and killed them. More than 50 leftists were arrested. The government declared a state of siege.

In the 1980s, Pinochet's government promulgated a new constitution that provided for a plebiscite in 1988 on whether he should continue in office. He received 43 percent of the vote. He declined to be a candidate in a presidential election the following year, which was won by Patricio Aylwin, a Christian Democrat, who took office in 1990.

Chile's current president, Michelle Bachelet, was tortured alongside her mother by Pinochet's government in 1975; her father had been arrested and tortured, and he died of a heart attack in prison shortly after the coup. Bachelet's government announced Sunday that Pinochet would not receive a state funeral usually due former presidents. Pinochet's son Marco Antonio Pinochet said his body would be cremated because his father feared a tomb would be desecrated by his enemies.

Augusto Pinochet Ugarte was born into an upper-middle-class family in Valparaiso, Chile, on Nov. 25, 1915. After graduating from the Chilean military academy in 1936 and receiving a commission in the infantry, he studied law and social sciences at the University of Chile in Santiago.

He had several appointments as an instructor in military schools. He was the author of standard texts on Chile's geography and its history. In the 1950s, he was assigned as a military attache in Washington and Quito, Ecuador. He was promoted to brigadier general in 1968.

As Chile's 1970 presidential election approached, U.S. officials became increasingly concerned about the prospects of Allende, a Socialist, winning. President Richard M. Nixon directed the CIA to take steps to ensure that this did not happen. But when the ballots were counted, Allende had eked out a bare plurality of 36.3 percent of the vote against two other candidates.

In Nixon's memoirs, he said he quoted an informant who told him that Latin America could become "a red sandwich" with Cuba on one side and Chile on the other. He directed the CIA to "make the Chilean economy scream."

A key part of Allende's program was the nationalization of industry, including U.S.-owned copper companies, and the redistribution of land. By 1973, inflation was soaring and the economy was further crippled by CIA-supported strikes in the trucking industry. The government also was unable to control unofficial land expropriations by leftist groups operating on their own.

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In an effort to shore up his government, Allende sought support from the army, which had a long tradition of standing aside from politics in Latin America's longest continuous democracy. Among other things, he put Pinochet in command of the army.

Nineteen days later the coup began. Allende died in the Moneda Palace, the presidential residence and office. There were conflicting reports about whether he committed suicide or was killed by government troops.

Pinochet reportedly had a minor role in planning the coup, but he was a member of a four-man junta that took control immediately afterward. He became president and sole ruler of the country in 1974.

Pinochet ended the nationalizations and returned many businesses and much land to private ownership. Although not an economist, he embraced the free trade policies of Milton Friedman of the University of Chicago. He gave free rein to a group of young Chilean economists who had been trained by Friedman and who were known as "the Chicago boys."

Pinochet's survivors include his wife, Lucia Hiriart Pinochet, and five children.

Ex-Chilean Strongman Pinochet Dies At 91 (LAT)

By Sebastian Rotella, Patrick J. McDonnell

The Los Angeles Times, December 11, 2006

Augusto Pinochet, the embodiment of the brutal and intensely anti-communist South American military dictator, died Sunday, a military doctor said. He was 91 and had suffered a heart attack a week earlier.

Pinochet ruled this Andean nation for 17 years after seizing power in 1973 in a coup that toppled leftist President Salvador Allende. He gave up control in 1990, retiring to a presumed impunity, but he spent the last years of his life fighting charges of human rights abuses and corruption.

Pinochet's coup, which led to the deaths or disappearances of about 3,200 people and the torture of thousands more, is widely regarded as a watershed event in recent Latin American history. The military takeover, experts generally agree, was a dramatic example of how unwilling South American elites were to allow left-wing governments to come to power, even by election.

In an era when Latin America was a raging Cold War battleground and Fidel Castro's Cuba was seen as fomenting revolution, those elites gathered support from allies in Washington.

Thousands of once-classified U.S. documents released in recent years showed that the Nixon administration, through the CIA and other means, worked secretly to undermine Allende's elected government. Pinochet denied any foreign involvement in the coup, declaring: "I never had contact with any American. I swear by the memory of my parents."

But in 2003, then-Secretary of State Colin L. Powell acknowledged a U.S. role in destabilizing Allende's government. "It is not a part of our country's history that we are proud of," he said.

Other military governments in the region, such as the junta that ruled Argentina, were bloodier than the Chilean dictator's regime. But Pinochet's dominating public persona and his seeming contempt for Chile's venerable democratic traditions marked him as a central figure among Latin America's late-20th century despots.

Pinochet's regime pioneered the use of "disappearance" as a tool of repression, refusing to acknowledge the detention of executed prisoners.

The dictator's much-feared secret police also organized assassinations against dissidents abroad, including a car bombing in Washington on Sept. 21, 1976, that killed Orlando Letelier, Chile's former foreign minister, and an American colleague, Ronni Moffitt.

In recent years, the human rights and corruption charges, as well as his detention for nearly 17 months in Britain, had chipped away at the retired general's aura of steely invincibility.

Although still admired by those who credited him with jump-starting Chile's economic growth, the aging and frail strongman had become somewhat of an embarrassment for a nation that has long taken pride in being more economically advanced and committed to social justice than many of its neighbors.

Reports that Pinochet had stashed away as much as $28 million in secret offshore accounts during his rule alienated even his stalwart supporters. At the time of his final illness, Pinochet was facing fraud and tax evasion charges in connection with the money, which first came to light at U.S. congressional hearings in 2004.

No event marked the exorcising of Chile's authoritarian ghosts more than the election in January of President Michelle Bachelet, a lifelong socialist and former political prisoner exiled during the Pinochet regime.

Among the human rights cases that were pending here against Pinochet was one involving dozens of alleged abuses at Villa Grimaldi, a former torture center outside the capital where the young Bachelet and her mother were held before being allowed to leave Chile.

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Bachelet's father, Alberto Bachelet, an air force general deemed a traitor by the military because he aided the Allende government, was arrested and tortured by Pinochet's forces after the coup. He died of a heart attack while in custody, and his daughter blames his death on the abuse he endured.

As president, Bachelet has cultivated warm relations with the military and has been applauded for her attempts at national reconciliation.

On Nov. 25, Pinochet celebrated his 91st birthday with a statement accepting "political responsibility" for acts committed during his rule. But the long-unrepentant general did not explicitly accept legal responsibility, and declared that his aim had been to avert the "disintegration" of Chile, the latest version of an oft-repeated justification for his actions.

"Today, close to the end of my days, I want to make it clear that I hold no rancor toward anybody, that I love my fatherland above all else," Pinochet said in the statement.

Pinochet's death immediately sent thousands of supporters and critics into the streets of Santiago, the capital, some uncorking bottles of champagne in celebration of the general's demise.

But the country remained deeply divided about his legacy. Mourners outside the Santiago Military Hospital, where Pinochet died, shed tears as news of the general's death spread. Authorities planned a funeral Tuesday with full military honors, in accordance with Pinochet's position as a former commander in chief, but without the official protocol accorded a former head of state.

The White House on Sunday issued a statement saying that "Augusto Pinochet's dictatorship in Chile represented one of most difficult periods in that nation's history. Our thoughts today are with the victims of his reign and their families. We commend the people of Chile for building a society based on freedom, the rule of law, and respect for human rights."

Augusto Pinochet Ugarte was born in the port city of Valparaiso on Nov. 25, 1915. His father was a customs agent whose family had come from Brittany, in northwestern France. Augusto was the oldest of six children and the favorite of a strict and demanding mother.

The young Pinochet applied three times to the national military academy before he was accepted. He graduated in 1936 near the bottom of his class. After a year at infantry school, he became a second lieutenant and began an ascent through the ranks. As deputy director of Chile's war academy between 1949 and 1951, he published two books on military and historical topics.

Like most Latin American armies during the 1960s, the Chilean military worried about Marxist subversion as Castro's Cuban revolution electrified the region. For some, those fears intensified after 1970, when Chileans elected Allende, a socialist whose victory was seen by supporters as a regional model of the democratic road to socialism.

By 1973, workers were taking over factories and farms. Pro-government leftists and opposition rightists clashed in the streets. Rampant inflation caused chaos and shortages, with people waiting in long lines to buy sugar and toilet paper.

Despite a number of military conspiracies against the left-wing government, Allende promoted Pinochet to commander in chief in August 1973. Less than three weeks later, on Sept. 11, 1973, the newly minted top general staged his coup.

On the day of the takeover, Pinochet ordered fighter planes to attack La Moneda, the presidential palace where Allende had barricaded himself. Pinochet joked with an admiral about providing Allende safe passage on an aircraft, according to transcripts of taped military radio transmissions that surfaced in a 1998 book.

"The offer to remove him from the country stands, but the plane falls, old man, while it's flying," Pinochet said over the radio, eliciting a chuckle from the admiral, according to the transcript.

To this day, the grainy images of the aerial attack on La Moneda run regularly on Latin American news retrospectives. Allende died in the palace, probably a suicide.

Pinochet's troops declared a state of siege and seized thousands of Allende government officials and members of the socialist, communist and other leftist parties. Some were summarily executed or tortured to death. Others died in shootouts, though there was little resistance to the overwhelming force of the military.

The atrocities of the military regime, including kidnappings, executions, torture and rape in secret concentration camps, were carried out in part at the behest of the Directorate of National Intelligence, or DINA. Gen. Manuel Contreras, the DINA director, was the architect of an alliance among South American intelligence services, the so-called Operation Condor, that waged a "dirty war" on political enemies across the globe.

Contreras and Michael Townley, a U.S. citizen working for the Chilean secret police, were later convicted in Chile and the United States, respectively, for their roles in the car bombing in Washington that killed Letelier and Moffitt, still considered one of the most audacious foreign-organized assassinations on U.S. soil. Townley implicated Pinochet in the killing.

Chile's intelligence agents struck in other nations as well. In 1974, former Gen. Carlos Prats, Pinochet's predecessor as head of the army, was blown up along with his wife in the garage of the couple's Buenos Aires apartment building. Authorities in Argentina unsuccessfully sought Pinochet's extradition in the killings.

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Other crimes against Pinochet's political opponents abroad, along with the influence of a diaspora of hundreds of thousands of Chileans, made the dictator something of a pariah.

But former Secretary of State Henry A. Kissinger remained a staunch supporter of Pinochet, despite public comments that attempted to distance the U.S. government from the dictator. Kissinger met with Pinochet in Santiago on June 8, 1976, and privately reassured the strongman of continued White House support despite increasing hostility in Congress.

"In the United States, as you know, we are sympathetic with what you are trying to do here," Kissinger told Pinochet, according to a declassified State Department memorandum obtained in 1999 by Lucy Komisar, a New York journalist. "I think that the previous government was headed toward communism. We wish your government well."

Kissinger added: "My evaluation is that you are a victim of all left-wing groups around the world, and that your greatest sin was that you overthrew a government which was going Communist."

Pinochet's relations with Washington soured under the Carter administration, with its emphasis on human rights, and the decline continued through the presidencies of Ronald Reagan and George H.W. Bush. The Chilean leader blamed Marxist propaganda and criticized the United States for pressuring him to restore democracy.

A U.S. Senate investigative committee headed by the late Sen. Frank Church (D-Idaho) revealed that the CIA had secretly bankrolled the Chilean opposition for years. Former CIA chief Richard Helms pleaded no contest to lying to Congress about the Chile operation.

An avid reader of books about Roman emperors and Napoleon, the stiff-backed, shrill-voiced Pinochet cultivated an imperial mystique. He promoted himself to the exalted and antiquated rank of captain general.

He sported ornate uniforms — sometimes a white tunic trimmed in red and gold, other times a flowing cape draped over his shoulders as he reviewed goose-stepping troops.

His men revered him as a gruff patriarch who embodied the pride and Prussian-instilled tradition of the Chilean army, one of Latin America's most powerful militaries.

"Not a leaf moves in this country if I am not moving it," Pinochet boasted shortly after the coup.

In the later years of his rule, Pinochet claimed credit for an economy that had begun growing steadily after early struggles and miscues. Pinochet knew little about economics, but he gave carte blanche to technocrats who were known as the "Chicago boys" because they had studied economics at the University of Chicago.

The Chicago boys launched an ambitious and experimental set of free-market reforms. They reduced the size of government, privatized state industries and promoted free enterprise. Exports boomed. Chile became the economic showcase of Latin America.

Nations across the region began adopting similar reforms in the late 1980s, and innovations such as a privatized social security system have been copied elsewhere. Pinochet boasted that low-income home construction had set records and that the infant mortality rate had plummeted.

But debate persists over whether the credit for brisk economic growth and poverty reduction should go to the military regime or to the four civilian governments that followed it. Critics say Pinochet's wrenching policy shifts inflicted lingering damage on public health, education and other social services.

Despite the growing economy, a pro-democracy movement steadily gained strength in Chile during the 1980s. In 1988, Pinochet agreed to hold a referendum on his continued rule. Chileans said no to the dictatorship by a margin of 57% to 43% in a historic vote that helped pave the way for a return to democracy.

An opposition coalition led by Christian Democrats and that included socialists won a subsequent national election.

Pinochet handed the presidency to Patricio Aylwin on March 11, 1990. The center-left coalition agreed to let Pinochet retain command of the army and to respect the pro-military constitution and rules he had imposed, including a broad amnesty for military officers.

"The day they touch one of my men, the rule of law ends," Pinochet warned before ceding power.

Pinochet belittled the findings of an investigative panel known as the Rettig Commission, which in 1991 documented his regime's abuses. He dismissed the estimated 2,000 "disappeared" political prisoners in his characteristically hard-nosed and unpolished style: "They were nothing but bandits."

But his civilian successor said the general exercised a stabilizing influence. "If Pinochet had not been there during the transition," Aylwin said, "we would have had in Chile attempts at insurrection carried out by subordinates."

Pinochet retired as army chief in March 1998. He immediately became senator for life, a post he created for himself that shielded him from prosecution.

He aspired to a moderate image, making overtures to centrist Senate colleagues and hinting that he might not back a rightist presidential candidate.

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Then came a fateful trip to Britain, a nation he had visited often and admired. Pinochet and the Chilean government knew about an investigation by Spanish Judge Baltasar Garzon, a magistrate on a quixotic crusade to bring South American oppressors to justice. But the former dictator, who had decided to undergo back surgery in London, apparently thought his diplomatic passport would protect him.

On Oct. 16, 1998, British police officers walked into Pinochet's hospital room as he recovered from the operation and placed him under arrest. At that moment, Pinochet lost his battle to rehabilitate himself in the history books.

Just more than a month later, Britain's highest court ruled that the aging former dictator could be prosecuted on charges of murder, torture and hostage-taking, saying his official immunity offered no protection for crimes against humanity.

Pinochet remained under house arrest for nearly 17 months, fighting efforts to send him to Spain for trial on genocide charges under international law.

In March 2000, British officials ruled that a series of strokes had left Pinochet unable to stand trial. Physically and psychologically debilitated, he returned home, branded as a criminal abroad and rendered increasingly irrelevant in Chile, where even many rightist leaders distanced themselves.

Pinochet spent his final years living discreetly, but opulently, in the several homes owned by his family. He and his wife, Lucia Hiriart, had five children, who remained steadfastly loyal to their father as he fought a series of human rights prosecutions inspired by the detention in Britain. Even as his reputation plummeted, his children denounced the mounting charges as politically motivated persecution.

But the financial scandals that dogged Pinochet in his final years also swept up members of his family, who were accused of at least implicit knowledge of the long-secret overseas accounts. His wife and five children have faced charges of tax evasion or using false passports in connection with the offshore money. A daughter-in-law and the general's former secretary also have been charged. All denied wrongdoing and were freed after posting bonds as the cases worked their way through Chile's courts.

Pinochet's eldest daughter, Lucia Pinochet Hiriart, fled to the United States in January 2006 and sought political asylum after being charged in the tax evasion case. After U.S. officials looked askance at her application, she quickly withdrew it and returned to Chile.

Pinochet lived to see the public rehabilitation of Allende, a martyr of the Latin American left whose bronze likeness stands outside the presidential palace, emblazoned with some of his last words: "I have faith in Chile and its destiny."

Pinochet was deeply superstitious, former aides said. At times, he also seemed prophetic, all but predicting his misfortune in an interview with the New Yorker magazine shortly before his 1998 arrest.

"I've always been a very studious man, not an outstanding student, but I read a lot, especially history," Pinochet said. "And history teaches you that dictators never end up well."

Former Chilean Dictator Augusto Pinochet Dies (CHIT)

By Colin McMahon

Chicago Tribune, December 11, 2006

Former Chilean dictator Augusto Pinochet, whose military regime killed thousands of political opponents in one of Latin America's bloodiest "dirty wars," died Sunday, weakened by ill health, pursued by government prosecutors and abandoned by all but his most loyal defenders. He was 91.

Shorn of his swagger and absent the menacing look he would flash from behind dark glasses, Pinochet at his death was a mere ghost of the emblematic military strongman who played a critical role in the Americas of the 1970s and 1980s.

Instead, Pinochet had adopted the grandfatherly image of a retired statesman. He had lobbied for a place in history that would reward him for opening Chile's economy. And he had defended his regime as just having done what was necessary to impose stability by seizing power in 1973.

Pinochet had saved Chile from communism, his supporters insisted: His only crime was being a patriot.

But the blood of the Pinochet era, most it shed by the regime itself, followed Pinochet around well after he left power in 1990.

It followed him to Europe, where human-rights lawyers lobbied for Pinochet's arrest on charges that he had ordered the torture, disappearance and death of political dissidents.

Then the blood followed Pinochet home. And by the time he suffered a serious heart attack that sent him to a Santiago hospital a week ago, Pinochet was under house arrest awaiting trial on charges ranging from abuse of power to stealing from the Chilean state.

"Pinochet was a very polarizing figure, and for some time after the end of the regime Chileans were still split about him," said Rebecca Evans, an associate professor of politics and international relations at Ursinus College in Pennsylvania. "But in the last several years, his image has steadily deteriorated."

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Pinochet lost most of his remaining international support in the late 1990s, when evidence produced in European courts linked him to the deaths or disappearances of political opponents during the 1970s and 1980s.

A government commission estimated that more than 3,000 people died or disappeared at the hands of the Pinochet regime. Thousands more were politically persecuted, some detained and tortured, others exiled, and still more harassed by secret police.

Yet a sizable minority of Chileans would not condemn Pinochet. Sometimes his supporters denied crimes had occurred. Sometimes they said the oppression was needed to protect Chile from a leftist takeover funded and engineered by Cuba's Fidel Castro and the Soviet Union.

And sometimes, preposterously to Chileans who remembered Pinochet's remark that "not a leaf moves in this country unless I move it," his supporters argued that the supreme commander himself did not know about the abuses.

"The younger generation does not understand the full picture. We were on the verge of collapse," said Guillermo Garin, a retired general who remained loyal to Pinochet. "If human rights were violated, they were violated as part of the struggle to protect the human rights of the majority of the Chilean public."

To Garin and other Pinochet allies, the coup that brought down the democratically elected presidency of Salvador Allende was Chile's salvation. Pinochet not only kept civil war from breaking out, but he also helped stop communism from taking root in South America.

Later, Garin said, the economic policies that Pinochet imposed, the privatizing of state businesses and the opening of domestic and international markets, set the stage for Chile's long stretch of solid economic growth.

History, Garin said in a recent interview, would judge Pinochet kindly.

But the shadow of the rights abuses grew darker and longer over Pinochet as he approached death.

Secret accounts in foreign banks, some holding millions of dollars, turned up tied to Pinochet. Pinochet family members were accused of enriching themselves at public expense.

Supporters who had absolved Pinochet's "excesses" in fighting communism could not brook theft. His reputation as a hard case politically but a man of personal integrity crumbled. Even support within the army faded away.

"Some crazies still love him," Santiago political analyst David Altman said recently. "But more people are seeing the dictatorship for what it was."

The dictatorship was, at first, a four-man affair, with Pinochet representing the army on the military junta.

How involved Pinochet was in planning the coup, just as how involved the United States and the CIA were in supporting the coup, remains unclear. But once the socialist Allende was ousted, Pinochet quickly moved to consolidate control.

Yet Pinochet's rise to the top was 40 years in coming.

Augusto José Ramón Pinochet Ugarte was born on Nov. 25, 1915, in Valparaiso, to a middle-class merchant family. He went to Catholic school as a youngster, entered the military academy in 1933, against his mother's wishes, and then embarked on an army career that would see him rise steadily through the ranks.

Along the way, Pinochet married and had five children--three daughters and two sons.

He became commander in chief of the Chilean army in August 1973. Allende himself appointed Pinochet to the post, believing the fellow Masonic lodge brother to be loyal.

But with strikes paralyzing Santiago and Congress accusing Allende of violating the constitution, Pinochet and his fellow chiefs of staff moved against the president.

Allende was found dead before troops could seize him. Most experts believe he committed suicide.

Though many Chileans reacted with joy to the coup, the political violence that followed tore families apart.

Among the victims was the family of the current Chilean president, Michelle Bachelet. Her father was an Air Force officer who was arrested, tortured and killed shortly after the coup.

Bachelet herself, who was 22 at the time, and her mother were detained. They were held for a short time in a notorious detention center where women and girls were beaten, abused and raped. They then fled into exile.

Late last month, during his 91st birthday celebration, Pinochet issued a statement that for the first time indicated any acceptance of responsibility for the crimes committed under his regime.

"Today, near the end of my days, I want to say that I harbor no rancor against anybody, that I love my fatherland above all and that I take political responsibility for everything that was done which had no other goal than making Chile greater and avoiding its disintegration," Pinochet said in a statement read by his wife.

Meanwhile, a member of Allende's own re-constituted Socialist Party is president of Chile. Pinochet's ideological enemy, Castro, is passing authority over Cuba to his brother, Raul Castro. The socialist Hugo Chavez has been re-elected president of Venezuela. And left-leaning presidents run more than a half-dozen other nations in Latin America.

As for the Pinochet name, it is shorthand across the region for right-wing, military repression.

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Former Chilean Dictator Pinochet Dies At 91 (MCT)

By Kevin G. Hall, Jack Chang, Helen Hughes

McClatchy, December 11, 2006

SANTIAGO, Chile - Hounded by human rights groups until the end and defended with equal zeal by the armed forces, Chile's controversial former dictator Augusto Pinochet Ugarte died Sunday from complications after suffering a heart attack last week. He was 91.

History likely will remember Pinochet as a figure with twin legacies: His bloody right-wing rule and defense against Soviet and Cuban communism changed the fate of not only Chile but also its neighbors in the southern cone of South America.

Decades later, attempts to prosecute Pinochet at home and abroad in the final years of his life set a precedent likely to be felt across the globe: that there is no statute of limitations on human rights abuses.

Thousands filled the streets of Santiago on Sunday after the announcement of his death, both weeping supporters and some critics, most peacefully marking his passing, though a few scuffles were reported.

Pinochet seized power on Sept. 11, 1973, in a bloody U.S.-backed coup that was aided in the planning stages by the CIA, according to U.S. documents released in 2000. Amid intense social strife, the military coup toppled elected socialist President Salvador Allende, and Pinochet emerged as the leader of the junta, recognized almost immediately by the Nixon administration. He ruled until 1990.

The Cold War is the context in which Pinochet will be remembered: He wore a scowl, dark sunglasses and in his ruthless fight against communism in South America once boasted, "Not a leaf moves in Chile without my knowing about it."

He executed socialist and communist leaders and interrogated and often tortured tens of thousands of Chileans and foreign nationals suspected of subversion. He also forged close ties with dictatorships in neighboring Paraguay, Uruguay, Brazil and Argentina to create Operation Condor, in which the countries' intelligence agencies traded information on leftists and detained each other's nationals for return, torture and often death.

Pinochet set the model for a take-no-prisoners approach to communism with widespread human rights abuses, but in his final days he suffered the consequences of his excesses, hit with prosecution attempts that brought relief to victims' families and angered supporters - who lovingly called him "my general."

"He did a great evil in this country," said attorney Hugo Gutierrez, who represented the relatives of dictatorship-era victims in cases against Pinochet. "The only legacy he will leave is that social conflicts must be solved in peaceful ways and not with the insanity that Pinochet brought to Chile."

Yet dozens of Pinochet's supporters appeared outside the Hospital Militar in the capital of Santiago after his heart attack last week to bid him an emotional farewell.

"He had the strength and courage to save us from a civil war and from becoming a second Cuba," said Santiago resident Silvia Perez De Arce outside the hospital. "What Chile is today is due to Pinochet."

One Pinochet legacy has a brighter side - he brought economic prosperity to Chile. Under him, Chile did away with most labor unions and revamped its economy with market-friendly advice from University of Chicago economists dubbed "The Chicago Boys."

He launched ambitious economic incentives that transformed the country into the region's most stable economy and brought him support from a large segment of Chilean society. Chile became an exporter of grapes, wine, salmon - three Chilean products always in U.S. supermarkets. Chile has in recent years signed free trade agreements with the United States, China and other countries.

"In a way he epitomizes Latin American dictators, except he was a very successful dictator, and I think that's what stands out," said Chilean historian Alfredo Jocelyn-Holt. "People who think highly of Pinochet insist he brought about (economic) revolution before Thatcher and Reagan. For the right wing, Pinochet is thought of as very significant."

But like much in Pinochet's 17-year rule, the transformation came with an asterisk attached. Many of Chile's gains came through undemocratic means. For example, Chile's maturation into an important timber and forestry exporter came at the expense of indigenous Mapuches, who under Pinochet saw land restoration programs reversed and who lost collective lands that were their ancestral tradition.

Pinochet died at the hospital, his family at his side.

He was at the time of his death the subject of six prosecutions, four for human rights violations and two for financial corruption.

Two weeks ago, at his 91st birthday party on Nov. 25, 2006, Pinochet's wife read a statement from the general in which he for the first time took "full political responsibility for what happened" during his government. The statement said he had acted with "no other goal than making Chile greater and avoiding its disintegration."

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Official estimates show Pinochet's government executed 3,197 people for political reasons, more than 1,000 of them people who disappeared.

Ironically, Pinochet died on Human Rights Day, the annual anniversary of the United Nations General Assembly's 1948 adoption of the Universal Declaration of Human Rights.

The former ruler was under house arrest at the time of his death after being indicted for the kidnappings and executions of two Allende security guards shortly after the 1973 coup.

In October, he was indicted for abuses at the Villa Grimaldi detention center in Santiago, where hundreds were held and tortured. The country's current socialist President Michelle Bachelet and her mother were among those sent to Villa Grimaldi.

Many of Pinochet's supporters, who remained loyal for years, abandoned the ex-dictator in 2004 after news broke that he had amassed some $28 million in foreign bank accounts. Pinochet's former spy chief Gen. Manuel Contreras said the money came from arms and drug trafficking, which Pinochet's family denied.

Pinochet managed to escape numerous prosecutions for health reasons, although human rights groups accused him of faking his illnesses. He suffered several strokes and was diagnosed with diabetes and, according to his doctors, mild dementia.

The Bachelet government decided to give him a funeral as a former head of the military and not as former head of state. According to the Chilean military, he will receive a funeral Mass 11 a.m. Tuesday at the country's military academy in Santiago, and his body will be cremated. There will also be memorial services Monday.

Born on Nov. 25, 1915, in Valparaiso, Pinochet seem destined for anything but fame when it took him three tries to win acceptance at Chile's prestigious national military academy Escuela Militar. He graduated four years later as a second lieutenant in the infantry, rising through the ranks to become a professor at his alma matter in 1951, teaching geopolitics. Pinochet's interest in geopolitical strategy would be shown later as he and archrival Cuban dictator Fidel Castro jockeyed for influence in the Americas.

Pinochet served in important posts throughout Chile and abroad in Ecuador, and was tapped by Allende as armed forces commander on Aug. 23, 1973, after months of coup rumors. He replaced Gen. Carlos Prats, who had resigned. Officials in neighboring Argentina have accused Pinochet of plotting the September 1974 car bombing in Buenos Aires that killed Prats and his wife Sofia Cuthbert.

Pinochet burst onto the international stage with the dramatic 1973 coup, which included the haunting Air Force bombing of the La Moneda presidential palace and the apparent suicide of Allende with an AK-47 assault rifle that was reportedly a present from Castro.

Pinochet's government was also believed responsible for the 1976 assassination of former Chilean Foreign Minister Orlando Letelier in Washington, D.C.

Pinochet's 1980 constitution formally installed him as president of the country. He survived a September 1986 assassination attempt by Marxists before losing a national referendum on his rule in October 1988. He agreed to return Chile to civilian rule with elections in 1989 and finally transferred power to Patricio Aylwin Azocar in March 1990.

However, the strongman continued to cast a long shadow over Chilean politics as commander of the armed forces, a post he held until 1998 when he stepped down and became a senator-for-life. He menaced elected leaders from the sidelines until his Oct. 16, 1998, arrest in London in response to a Spanish extradition request.

British Home Secretary Jack Straw set Pinochet free on March 2, 2000, and he returned to Chile to face criminal complaints that numbered more than 300 at the time of his death. After losing his immunity from prosecution as a senator-for-life on July 25, 2000, Pinochet faced prosecution efforts for the Caravan of Death - the name given to death squads that roamed Chile carrying out summary trials and executions in the first weeks of his rule.

In 2002, the country's Supreme Court declared Pinochet too infirm to face Caravan of Death prosecutions but reversed itself this July, clearing the way for Pinochet's indictment for the killings of Allende's security guards.

At the end of his life, the ex-dictator saw his sway over Chile diminish as the country entered its 17th year under the center-left Concertacion coalition. Yet Sunday's outpouring of support for him on the streets of Santiago and the worldwide impact of his death showed that his legacy remained enduring and complicated.

"He is a mythical figure and as such he will never die," Jocelyn-Holt said. "Neither demons nor gods die, they simply pass away until someone erects them."

Controversial Legacy Of Former Chilean Dictator Augusto Pinochet (CSM)

By Jen Ross

The Christian Science Monitor, December 11, 2006

Gen. Augusto Pinochet, who overthrew Chile's democratically elected Communist government in a 1973 coup and ruled for 17 years, died Sunday without ever having been condemned for the human rights abuses committed during his rule.

The date - December 10, the UN's International Human Rights Day - could not have been more symbolic for the passing of a man who best symbolized the international struggle to end impunity for human rights abusers in Latin America.

"It's no consolation to anyone that Pinochet has been subjected to a long legal battle, given that it has never resulted in a condemnation. That's what his victims will lament most about his death," says Sergio Laurenti, executive director of the Chilean wing of Amnesty International.

A paradoxical and symbolic regional figure, Pinochet is one of the most recognized emblems of Latin America's Dirty Wars against leftists during the 1970s and '80s. Pinochet's rise

In 1970, Chile became the first country in Latin America to elect a socialist leader. President Salvador Allende quickly moved to nationalize foreign-owned industries and rectify Chile's gross economic disparities. But by 1972, internal dissent, failing production, and covert international attempts to undermine Mr. Allende's government combined to create an atmosphere of high political tension that many Chileans feared would crescendo into class warfare or civil war.

On Sept. 11th, 1973, two weeks after being appointed commander-in-chief of Chile's Army, Pinochet led a military junta of four officers who sent war planes to bomb the presidential palace, La Moneda. Once Pinochet's treason and the forces against him became clear, Allende committed suicide.

Pinochet imposed a curfew and ordered mass arrests in an effort to root out opposition. Declaring himself president in 1974, he eliminated Congress, political parties, freedom of speech, habeas corpus, and trade unions. At least 27,000 people were tortured while in detention, and an estimated 3,200 Chileans were killed or disappeared during his 17-year-rule.

Political scientists say that, although many dictators elsewhere in Latin America were responsible for more deaths, Pinochet is the most notorious because of what he embodies.

"He overthrew Latin America's first democratically elected Marxist leader, who himself was a symbol," says Robert Funk, a political science professor at Santiago's Diego Portales University.

In 1998, Pinochet narrowly lost a referendum on his rule, giving way to a democratic government in 1990, led by center-left president Patricio Aylwin. Passions he stirs

Although it has been 33 years since the military coup staged by Augusto Pinochet, and more than 16 years since the end of his rule, he still stirs passions on both sides.

Car horns honked here in celebration on Sunday, while tens of thousands of his opponents gathered in plazas across the country to cheer and celebrate his passing.

Meanwhile, more than 1,000 supporters gathered to mourn the man and express their outrage at the international media. With photos of Pinochet taped to their bodies, and waving flags or hand-painted signs, they came to Chile's Military Hospital to express their gratitude for the deceased strongman.

Pinochet still boasts a decidedly committed following who remember him as a savior.

According to opinion polls, somewhere between 20 and 30 percent of the population was still professing their support for Pinochet and his military regime as recently as one year ago, says Claudio Fuentes, director of the Latin American Faculty of Social Sciences, an independent think tank based in Santiago.

Others say there's an element of nostalgia involved. "But more important, what there is in Chile, as there is in the rest of Latin America, is a fetish for authority," says Mr. Funk. "That respect that we see for Pinochet now is in many ways the support for someone who had a strong hand and made things run in a more orderly fashion." Credited with stimulating economic growth

Though condemned for its brutality, his regime is credited with stimulating economic growth.

"Pinochet, of course, became known for the economic reforms that he championed, which became perhaps the first case of neoliberal reform, not only in Latin America but in the world, and which were then copied by governments such as [US President Ronald Reagan and [British Prime Minister Margaret Thatcher]," says Funk.

During his 17 years in power, Pinochet controlled inflation, united the country with highways, and helped Chile's economy grow steadily. He is credited for heralding an economic miracle for this developing nation, whose economy is now considered the most stable in the region.

"He led a series of social, economic, and political reforms that changed the face of our country," says supporter and history teacher Mauricio Schiapacasse. "When he took power, 40 percent of the population had sewers; when he left, 90 percent did. He created a private health-care system that focused on the poorest sectors. He took 150,000 families out of shantytowns and gave them property. And he achieved an economic growth rate of 10 percent. So many people are thankful for that and will never forget him."

Mr. Schiapacasse says Pinochet's legacy has been distorted outside of Chile by a deliberate campaign of disinformation financed by international leftists, including the more than 500,000 Chileans exiled during the dictatorship.

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"We have to recognize that these human rights problems existed, but at some point they've come to eclipse the image of what he did for our country," says retired Gen. Luis Cortes Villa, Director of the nonprofit Pinochet Foundation, which is dedicated to giving out scholarships and preserving the positive side of his legacy. Symbol for human rights violations

But for most of the world, Pinochet's legacy is synonymous with human rights abuses. Pinochet had long been seen as an untouchable in Chile, but in 1998, Spanish judge Baltasar Garzón mounted an offensive, using international instruments barring crimes against humanity to argue for Pinochet's extradition from London.

The former dictator spent more than a year under house arrest until he was deemed too ill and returned to Chile for judgment. But as the world looked on, in 2002, Chilean courts finally declared Pinochet mentally unfit to stand trial.

Since then, Pinochet has been formally charged six times for various crimes, but was twice exonerated for dementia.

In late November, Pinochet was placed under house arrest on kidnapping charges stemming from the Caravan of Death case, in which Pinochet is accused of having sent soldiers to round up and kill opponents shortly after his military coup in 1973. The families of his victims had also filed more than three hundred civil suits against him.

While he has never been found guilty by the courts, some of his detractors have taken comfort in the fact that his popularity has suffered enormously in recent years as a result of these trials.

And Pinochet himself recently issued a sort of mea culpa. To mark his 91st birthday on Nov. 25, Pinochet issued a statement in which he took "political responsibility" for everything that took place under his rule, although he said he had believed it was in Chile's best interests. He also alluded to his failing health, saying: "Today, close to the end of my days, I want to make clear that I hold no rancor toward anyone."

The government has not yet said how it will remember Pinochet, and whether it will hold a funeral with full honors, as is the custom for former heads of state and military commanders.

For many Chileans, his death marks the end of an era and what they believe will herald a period of reconciliation for Chile's polarized political classes.

Chilean Dictator Pinochet Has Died (AP)

AP, December 10, 2006

SANTIAGO, Chile -- Gen. Augusto Pinochet, who overthrew Chile's democratically elected Marxist president in a bloody coup and ruled this Andean nation for 17 years, died Sunday of complications following a heart attack. He was 91.

The brief announcement by the Santiago Military hospital said Gen. Pinochet's condition had worsened suddenly and doctors had rushed him back to the intensive care unit, from which he had been removed on Thursday while recovering from an acute heart attack he suffered one week ago. Dr. Juan Ignacio Vergara, spokesman for the medical team that had been treating Gen. Pinochet, said his family was with him when he died.

Gen. Pinochet's health had been deteriorating for years. Doctors implanted a heart pacemaker in 1993 and he suffered from diabetes and arthritis. He also was diagnosed with mild dementia caused by several strokes.

Hundreds of supporters of the former dictator, some weeping, gathered in front of the hospital chanting "Pinochet! Pinochet! Long Live Pinochet!" Anti-Pinochet motorists shouted insults at them and celebrations broke out in several parts of the Chilean capital.

Hugo Gutierrez, a human rights lawyer involved in several lawsuits against Mr. Pinochet, lamented that "this criminal has departed without ever being sentenced for all the acts he was responsible for during his dictatorship." Lorena Pizarro, president of an association of relatives of the dictatorship's victims, noted ironically that Mr. Pinochet had died "on Dec. 10, the international day of human rights."

But the office of former British Prime Minister Margaret Thatcher, who had been a close ally of Gen. Pinochet, said she was "greatly saddened" by his death.

President Michelle Bachelet, who was imprisoned and mistreated during the dictatorship, recently said it would be "a violation of my conscience" to attend a state funeral for him.

One of Gen. Pinochet's sons, Marco Antonio, has said that his father asked to be cremated to avoid desecration of his tomb by "people who always hated him." A military funeral was likely.

Gen. Pinochet took power on Sept. 11, 1973, demanding an unconditional surrender from President Salvador Allende the country's freely elected Marxist president, as warplanes bombed the presidential palace in downtown Santiago. Instead, Mr. Allende committed suicide with a submachine gun he had received as a gift from Fidel Castro.

Chile's government says at least 3,197 people were killed for political reasons during his rule, but after leaving the presidency in 1990 Gen. Pinochet escaped hundreds of criminal complaints because of his declining physical and mental health, with courts ruling out proceedings at least twice in recent years as victims of his rule pressed efforts to bring him to justice.

MORE ON PINOCHET

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Key dates in Pinochet's career1, from chief of the army to dictator.

As the mustachioed Gen. Pinochet crushed dissent during his 1973-90 rule, he left little doubt about who was in charge. "Not a leaf moves in this country if I'm not moving it," he once said.

But when it came to his regime's abuses, Gen. Pinochet refused for years to take responsibility, saying any murders of political prisoners were the work of subordinates. Then on his 91st birthday -- just last month -- he took "full political responsibility for everything that happened" during his long rule. The statement read by his wife, however, made no reference to the rights abuses.

Born Nov. 25, 1915, as the son of a customs official in the port of Valparaiso, Gen. Pinochet was commander of the army at the time of the 1973 coup, appointed 19 days earlier by the president he toppled.

The CIA tried for months to destabilize Mr. Allende's government, including financing a truckers strike that paralyzed the delivery of goods across Chile, but Washington denied having anything to do with the coup. In the days after Gen. Pinochet's seizure of power, soldiers carried out mass arrests of leftists. Tanks rumbled through the streets of the capital.

Many detainees, including Americans Charles Horman and Frank Teruggi, were herded into the National Stadium, which became a torture and detention center. The Americans were among those executed by the Chilean military, their deaths chronicled in the 1982 film "Missing." Other leftists were rounded up by a death squad known as the "Caravan of Death." Victims were buried in unmarked mass graves in the northern Atacama desert, in the coastal city of La Serena and in the southern city of Cauquenes.

Gen. Pinochet pledged to stay in power "only as long as circumstances demand it," but soon after seizing the presidency, he said he had "goals, not deadlines." He disbanded Congress, banned political activity and started a harsh anti-leftist repression. Within years, Chile and other South American countries with right-wing governments launched Operation Condor to eliminate leftist dissidents abroad.

In May 2005, some of the strongest evidence against Gen. Pinochet emerged, when Gen. Manuel Contreras, the imprisoned head of the former dictatorship's secret police, gave Chile's Supreme Court a list describing the fate of more than 500 dissidents who disappeared after being arrested by the secret police. Most were killed, their bodies flung into the sea.

Gen. Contreras, who is serving a 12-year sentence for the disappearance of a young dissident in 1975, said Gen. Pinochet was responsible. Gen. Pinochet blamed all the abuses on subordinates.

"Justice has been too generous with Pinochet," said Viviana Diaz, whose father was among the disappeared. She said the fact that the dictator was never punished "is the impotence that we have, and the reason for the fight we have waged all these years to eliminate impunity in our country."

Gen. Pinochet defended his authoritarian rule as a bulwark against communism -- and even claimed part of the credit for the collapse of communism. He repeatedly said he had nothing to ask forgiveness for. "I see myself as a good angel," he told a Miami Spanish-language television station in 2004.

With his raspy voice, he often spoke in a lower-class vernacular that comedians delighted in mimicking. But his off-the-cuff comments sometimes got him into trouble. Once, he embarrassed the government by saying that the German army was made up of "marijuana smokers, homosexuals, long-haired unionists." On another occasion, he drew criticism by saying the discovery of coffins that each contained the bodies of two victims of his regime's repression was a show of "a good cemetery space-saving measure."

Shrewd and firmly in command of his army, Gen. Pinochet saw himself as the leader of a crusade to build a society free of communism. Amid the upheaval in 1973, the economy was in near ruins, partly due to the CIA's covert destabilization efforts.

Gen. Pinochet launched a radical free-market economic program that, coupled with heavy foreign borrowing and an overvalued peso, triggered a financial collapse and unprecedented joblessness in the early 1980s. Eventually, the economy recovered, and since 1984 Chile has posted growth averaging 5% to 7% a year.

The dictator tried to remain in control of the nation of 15 million people, but Latin America was gravitating toward civilian rule. On Oct. 5, 1988, he lost a national referendum on a proposal to extend his rule until 1997. He was forced to call a presidential election, which was won by center-left coalition candidate Patricio Aylwin. Gen. Pinochet handed over power to Mr. Aylwin in March 1990 but remained army commander for eight more years and then was a senator-for-life, a position guaranteed under the constitution written by his regime.

In 1998, the former dictator traveled to London to undergo back surgery, but was placed under house arrest after a Spanish judge issued a warrant seeking to try him for human rights violations. British authorities decided he was too ill to stand trial and sent him home in March 2000.

Back in Chile, ghosts of the past dogged the retired general. More than 200 criminal complaints were filed against him, one involving the Caravan of Death. But on July 9, 2001, a court ruled that he could not face trial because of his poor physical and

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mental health after court-appointed doctors diagnosed him with a mild case of dementia. A 2004 case against him was also stopped because he was found unfit to stand trial.

Still, his foes and relatives of his regime's victims kept trying to bring him to trial, successfully having him indicted and held under house arrest several times. But chances of any case reaching trial always appeared dim.

In 2004, a U.S. Senate investigative committee found Gen. Pinochet kept multimillion-dollar secret accounts at the Riggs Bank in Washington. In all, investigators said he had up to $17 million in foreign accounts, and Chilean courts charged him with owing $9.8 million in back taxes. He was also indicted on tax evasion charges, along with his wife and three children.

While many of his military and civilian followers staunchly supported him throughout his legal battle against human rights accusations, he was isolated and almost abandoned as the money dealings became public. Many expressed frustration and disappointment. "We deserve an explanation for this," said retired Gen. Rafael Villarroel, once one of Gen. Pinochet's closest aides.

Since the mid-1990s, Gen. Pinochet led a mostly secluded life between his heavily guarded Santiago mansion and his countryside residence. He rarely appeared in public other than for checkups at the Santiago army hospital.

Associates said he lost interest in politics and rarely paid attention to news. During family gatherings he would remain mostly silent, looking frail and tired. His health declined steadily. In 1992 he received a pacemaker. He suffered from diabetes and arthritis and had at least three mild strokes beginning in 1998.

He is survived by his wife, Lucia, who headed a volunteer women's organization dedicated to helping the poor, and two sons and three daughters.

Thousands Celebrate In Streets Of Santiago On Learning Of Death (WP)

By Jonathan Franklin

The Washington Post, December 11, 2006

SANTIAGO, Chile, Dec. 10 -- Thousands of jubilant Chileans streamed into the streets of Santiago after hearing that their former president, Gen. Augusto Pinochet, had died Sunday. Many danced and popped open champagne, while caravans of cars with horns blaring toured the capital for hours.

"These people are not celebrating the death of anyone. It is to celebrate the end of a cycle of so much pain, so much dictatorship, so much torture," said Jorge Salinas, 50, as he threw confetti into traffic. "Pinochet signified many deaths, so much suffering for us. That's why you see such happiness in most of the people. That's why they are celebrating."

While Chileans celebrated downtown, a rowdy and bitter crowd of about 700 Pinochet supporters gathered outside the military hospital where he died Sunday afternoon.

"He leaves us today, but I remain proud to support him," said Ivan Moreira, a member of the lower house of Chile's Congress who was with the Pinochet family during a private Mass at the hospital Sunday. Moreira, of the Independent Democratic Union party, said, "I express what so many silent Chileans want to express: loyalty to his government."

Emotions at the hospital turned violent as the pro-Pinochet crowd brawled with police and attacked reporters with a hail of bottles and rocks.

In upper-middle-class neighborhoods where Pinochet was once revered, many residents left their homes to celebrate the former dictator's death. Pinochet's reputation had disintegrated in the past several years with ongoing investigations into financial crimes.

In poorer neighborhoods, barricades were set up and tires burned as crowds gathered to sing and celebrate. Police patrolled the streets of Santiago in an effort to control clashes between Pinochet supporters and foes.

In the city center, police shut down the main avenues to accommodate a crowd that had swelled to 7,000 people by late afternoon.

"Today is an anniversary for human rights," said Hugo Guttierrez, a leading Chilean human rights lawyer who noted that Pinochet's death came on International Human Rights Day. "And without a doubt, this is a very sweet treat."

Victims of human rights abuses also gathered downtown at a statue of Salvador Allende, the Chilean president who died in the 1973 coup led by Pinochet. Human rights activists called on the government to avoid giving any special honors to Pinochet at his funeral.

Chilean President Michelle Bachelet, who was detained and tortured in 1975 by Pinochet's security forces, has not said whether she would attend his funeral Mass.

Joy, And Violence, At Death Of Pinochet (NYT)

By Pascale Bonnefoy

The New York Times, December 11, 2006

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SANTIAGO, Chile, Dec. 10 — Thousands of demonstrators took to the streets in celebration here on Sunday almost immediately after news circulated of the death of the former dictator Gen. Augusto Pinochet. But within hours the revelry was marred by violence, with confrontations breaking out and the police using tear gas and water cannons against a large group marching toward the presidential palace.

Gen. Jorge Acuna, of the capital police force, said that six police officers had been wounded in the scuffles and that seven demonstrators had been arrested in the capital, while dozens of others were detained in police vehicles and more arrests were expected.

The government called for calm on Sunday night. "We call on the detractors and supporters, if they're going to demonstrate to do it peacefully. And for this, we've deployed a major security force," said Felipe Harboe, the under secretary of the interior.

After General Pinochet's death, at 2:15 p.m., President Michelle Bachelet met briefly with cabinet ministers and then released a terse announcement through her spokesman, Ricardo Lagos Weber, covering only funeral and memorial considerations with no other comment. Mr. Lagos said that General Pinochet would not receive a state funeral, but would receive military honors. The president authorized flags to fly at half-mast at military installations, but did not decree a period of national mourning.

A spokesman for the White House, Tony Fratto, said: "Augusto Pinochet's dictatorship in Chile represented one of most difficult periods in that nation's history. Our thoughts today are with the victims of his reign and their families."

On Sunday night, General Pinochet's remains were taken from the Military Hospital of Santiago, where he died, to the Army Academy in Santiago, where religious services were to be held throughout the day Monday. Funeral services will take place at the Army Academy on Tuesday at 11 a.m., and Defense Minister Vivianne Blanlot will attend to represent the government. The general's remains will be cremated and given to his family, Mr. Lagos said.

A few hundred mourners gathered in front of the hospital Sunday afternoon, with some weeping or chanting, "Viva Pinochet!"

"Pinochet rescued and transformed Chile into the country we all feel proud of," Hernán Guillof, president of the Pinochet Foundation, said to a group outside the hospital. "Once passions subdue, he will be given his place in history as architect of our nation."

But many more focused instead on the brutality and terror of General Pinochet's 17-year rule, in which more than 3,200 people disappeared or were killed and tens of thousands were detained, tortured or exiled.

Some rights advocates said they had mixed feelings about General Pinochet's death. Hiram Villagra, the prosecuting attorney in dozens of human rights cases against the general, said he would have preferred that he lived long enough to be sentenced in the trials he was facing.

"The air will feel lighter tomorrow, we will feel a sense of liberation," Mr. Villagra said. "But I lament that Pinochet has died without having been sentenced. However, in all serious charges against him, he has had his immunity lifted and has been indicted. Pinochet does not die an innocent man."

José Miguel Vivanco, Americas director at Human Rights Watch, said, "Pinochet spent his last years fending off an ever-tightening web of prosecutions in Chile and died a profoundly discredited figure in the land he once ruled."

Even his final illness proved to be divisive. He was admitted to the hospital in critical condition on Dec. 3 after he had a heart attack. He underwent angioplasty, and doctors said he was recovering well — so well that human-rights groups here began charging that the health crisis may have been staged, and they requested a judicial investigation.

But his condition took a sharp downturn on Sunday morning, his doctors said, and his family was gathered around him in the intensive care unit at the military hospital when he died.

Demonstrators began pouring onto the main avenue in the center of Santiago immediately after the news of General Pinochet's death, chanting human rights slogans and denunciations of him. The gathering quickly took on the air of a street party, with drinking and dancing, and the crowd began marching toward La Moneda, the presidential palace.

The size of the main demonstration grew quickly and steadily, reaching about 6,000 by 6 p.m. Around then, demonstrators began trying to cross over barriers guarding the presidential palace, and police officers in riot gear broke out tear gas and water cannons to turn them back.

The violence spread, with demonstrators throwing rocks, uprooting stoplights and burning at least four barricades and two cars. One person was reported injured by a thrown bottle. A radio reporter said there was "massive destruction" in a 10-block stretch in downtown Santiago.

The Dextrous Dictator (NYT)

The New York Times, December 11, 2006

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The central puzzle of the dictator Augusto Pinochet Ugarte, who died yesterday at the age of 91, was that until recently he retained admirers in Chile and abroad, especially among people emerging from Communism. He masked his corruption and brutality by tailoring his level of repression to just what he needed to retain power and prestige.

General Pinochet was head of the army in 1973 when he led a coup against the socialist Salvador Allende, whose chaotic presidency had been further destabilized by the Nixon administration. In the first three years, General Pinochet's regime killed almost 3,000 people. Thousands more were tortured. The vast majority of the victims were nonviolent.

At first, Chileans, exhausted by politics, bought the government's stories that the victims were terrorists killed in confrontations with police. Then General Pinochet made the repression more subtle. Killings were selective — but that was enough to take care of the few brave dissidents. He distracted the rest of Chile with an artificially strong peso that made imports cheap and allowed even the middle class to buy color televisions and cars. The protests did not begin until 1983, after the peso crashed.

General Pinochet also exploited Chileans' need for legality. In 1980, he passed a Constitution providing for a plebiscite in 1988 on whether to hold free elections — robbing the coming protests of their power. When the plebiscite arrived, the government tried to rig it. But even members of the junta objected, and General Pinochet was forced to hold elections in 1989. The opposition won.

Out of office, General Pinochet's reputation slowly disintegrated. Although his second wave of economic policy worked, the center-left governments that followed deepened reforms and brought their benefits to average people, refuting the argument that a Pinochet was necessary for economic discipline. Chileans who argued that the human rights abuses were exaggerated were shown irrefutable proof.

Investigators also discovered at least $28 million that General Pinochet held in more than 100 secret bank accounts, most of them in the United States. At the time of his death, he was under indictment for kidnapping, torture and murder, as well as corruption-related charges of tax evasion and possession of false passports. Time has revealed that the once-admired General Pinochet was accomplished only at holding power.

Dictators Right And Left (LAT)

The Los Angeles Times, December 11, 2006

IT'S A COINCIDENCE that Jeane Kirkpatrick, the astringent U.S. envoy to the United Nations in the 1980s, and former Chilean dictator Augusto Pinochet died only a few days apart. But in death as in life, the two are associated with a political theory that defined the early days of the neoconservative movement in the United States. Unfortunately for Kirkpatrick, its author, the theory proved to be dead wrong.

The idea was that right-wing authoritarian governments were much better bets for conversion to democracy than left-wing totalitarian ones. This is how Kirkpatrick put it in "Dictatorships and Double Standards," the influential 1979 essay in Commentary magazine that brought her to the attention of Ronald Reagan.

"Although there is no instance of a revolutionary socialist or communist society being democratized, right-wing autocracies do sometimes evolve into democracies — given time, propitious economic, social and political circumstances, talented leaders and a strong indigenous demand for representative government." Kirkpatrick's article, which focused on the Carter administration's policy toward Iran under the shah and Nicaragua under Anastasio Somoza, made some valid points about the differences between Marxist and traditional authoritarian societies. But the article — and Kirkpatrick — are remembered most for the suggestion that dictatorships of the right (especially those friendly to the United States) offered more fertile ground for democratization than dictatorships of the left.

Chile, where the murderous Pinochet eventually relinquished much of his power after a 1988 referendum, seemed to vindicate the Kirkpatrick doctrine. But then came the collapse of the Soviet Union and the creation of more democratic governments not only in the formerly captive states of Hungary and Czechoslovakia but also in Russia. And as China has shown, spectacularly, Marxist states can turn capitalist in a hurry, though political freedoms may still lag.

Like other reductionist theories, the Kirkpatrick doctrine ran up against the wisdom of H.L. Mencken's observation that "for every problem, there is a solution that is simple, clean and wrong."

Death Saves A Tyrant (USAT)

USA Today, December 11, 2006

Saddam Hussein and Chile's Augusto Pinochet have long been members of the club of tyrants who killed thousands of their citizens. The difference between them emerged Sunday when Pinochet died after suffering a heart attack at age 91. Numerous attempts to bring him to justice failed. Saddam, sitting in a Baghdad jail cell after a court sentenced him to death, must surely be envious.

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Thankfully, though, the difference in their fates is not so stark as, say, between Saddam and Uganda's murderous former dictator Idi Amin, who died as brutal tyrants could once reasonably expect to if ousted from power: in gilded exile. International attitudes to mass murder by brutal leaders are changing. The challenge is to continue the trend and make sure Pinochet is one of the last exceptions.

Already, because of the changing international consensus, Pinochet, whose military junta ruled the South American nation from 1973 to 1990, spent his old age fighting numerous attempts to bring him to justice. Several almost succeeded. Most notably, in 1998, he was detained in London for more than a year after an extradition request from Spain, where a judge had ordered his trial. The British decided he was not well enough. But a flood of efforts to get him to stand trial followed. Since 2000, he has frequently been under house arrest, facing charges of human rights and financial abuses, and barely avoiding trial because he was old and sick.

Bringing a dictator to justice is about more than revenge. It is needed for a society to face up to past crimes and to deter brutal dictators elsewhere. Chile is deeply divided over Pinochet's legacy. His many supporters argue that he saved the country from communism when he overthrew left-leaning Salvador Allende.

But that cannot justify what Pinochet is accused of: knowing about the 3,197 Chileans documented as dying and the 28,000 tortured under his rule.

Tyrants who have been brought to justice include Serbia's Slobodan Milosevic (he died during his trial in the Netherlands) and Liberia's Charles Taylor, facing an international court. Those now involved in crimes against humanity — the leaders of Sudan, abetting genocide in the country's western Darfur province spring to mind — must expect to end up like Saddam, not Pinochet.

Sic Semper Tyrannis (LAT)

By Marc Cooper

The Los Angeles Times, December 11, 2006

NOT WITH LITTLE irony did the gods choose to reclaim former Chilean dictator Augusto Pinochet on Sunday, which was International Human Rights Day.

The heart attack he suffered a week ago had initially seemed quite convenient. By landing him in a military hospital, it short-circuited an imminent court hearing into two killings he was accused of ordering more than 30 years ago. Indeed, his house arrest, decreed just last month, was lifted so he could be hospitalized. Nor was this the first time his failing health had worked to his advantage: Twice before over the last five years, Pinochet was spared trial on charges of murder, kidnapping and torture because he claimed he was too ill to face the courts.

But if human justice failed on previous occasions to fully snare Pinochet, the greater forces of nature and biology this time imposed the maximum sentence — and on the most appropriate day of the calendar.

By the time of his death at age 91, Pinochet's name had come to symbolize all that can go horribly wrong when dictatorship supplants democracy. Once celebrated as a prophet of free-market economic policies, he died disgraced and reviled, saddled with criminal accusations ranging from human rights violations to money-laundering and tax evasion.

Whatever his accomplishments or failures in the economic realm (which are destined to be debated for decades to come) there is no longer any possibility of denying the level of soul-less brutality and inhumanity that Pinochet imposed at bayonet point on Chile. It wasn't just the thousands of dead, tortured and jailed. It was rather the en masse humiliation of an entire population, forced to kowtow to a snarling dictator who had overnight reversed 100 years of civil democratic tradition.

Chileans have a saying: "The color of blood is never forgotten." Pinochet's brutality unleashed the sort of ghosts that never rest. Numerous commissions have published reports detailing the mind-numbing practices of electric-shock torture, "water-boarding," disembowelment and outright disappearance employed by Pinochet's military and police.

Pinochet's swagger, his unbridled arrogance, his flaunted impunity won him no respite. In spite of the national trauma generated by his dictatorship (and overcoming two decades of fear), a small group of relentless human rights crusaders were able to finally pierce the dictator's once invulnerable shield of impunity.

While the civilian government that succeeded Pinochet was too cowardly to prosecute him, enterprising magistrates in Spain went after him for the murder of some prominent Spanish citizens in the first years of his dictatorship. In 1998, still riding high as a self-appointed senator-for-life, Pinochet made the mistake of visiting London. The Spanish judges had him served with an international arrest warrant, and overnight Pinochet slid from having tea with Margaret Thatcher to sharing encyclopedia entries with Idi Amin and Benito Mussolini.

After 500 days in British custody, Pinochet was kicked out and sent home, and a tenuous and still-recovering Chilean civil society was finally ready to confront him. A cascade of accusations and indictments washed away any of his remaining legacy. His very presence in Chile, right up until his death, served as an electrifying stimulant to an ongoing national catharsis of

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restoring collective memory and providing justice. Pinochet had been indicted on multiple charges and was still facing more than 200 other criminal allegations.

Pinochet died with much of that business unfinished. A number of high-ranking military officers have been indicted for the abuses during the Pinochet period. Almost 30,000 Chileans have been officially recognized as victims of torture and have been granted monetary compensation.

But much about the Pinochet period remains unknown and unresolved. And while the civilian government now in power has shown little if no appetite to pursue these matters, Chile will never right itself until the full truth is known. No one knows for sure, just to cite one example, the origin of the millions that Pinochet stashed in secret foreign accounts. Illicit arms sales? Or drugs? Or both? And who else was involved with Pinochet in these scandals?

Likewise, there are still literally hundreds of unsolved political murders and disappearances. And an equal or greater number of former associates and beneficiaries of the Pinochet regime, guilty of a long list of human rights and criminal violations, remain unaccountable.

The death of any individual diminishes us all. There can be no celebration of Pinochet's demise, nor any mourning. The only appropriate response is to redouble efforts to uncover, review and sort out all the dirty work of his dictatorship — and then bury it forever with its execrable author.

Congresswoman Denies Urging Killing Of Castro (NYT/AP)

By The Associated Press

The New York Times, December 11, 2006

MIAMI, Dec. 10 (AP) — A congresswoman says a video showing her calling for Fidel Castro's assassination is fake, a charge denied Sunday by the film's director.

The congresswoman, Ileana Ros-Lehtinen, Republican of Florida, appears in the 28-second clip made available on the Internet by the makers of a new British documentary, "638 Ways to Kill Castro."

In it, she says: "I welcome the opportunity of having anyone assassinate Fidel Castro and any leader who is oppressing the people."

But Ms. Ros-Lehtinen, a Havana-born lawmaker recently selected to become the top Republican on the House International Relations Committee, says the filmmakers spliced clips together to make the sound bite.

"It's twisted in a way that gives the viewer a totally wrong impression," she told The Miami Herald. "I've said the community has moved on, that those strategies are not being used today, but apparently the filmmakers think we're still in a '60s mentality."

Still, Ms. Ros-Lehtinen said it was possible she had, at some point, mentioned Mr. Castro's potential assassination.

"If someone were to do it, I wouldn't be crying," she said.

The film's director, Dollan Cannell, stood by the authenticity of the video.

"I can assure you categorically and completely that there has been no distortion of what she said," Mr. Cannell told The Associated Press on Sunday.

Ms. Ros-Lehtinen said that she had seen the documentary and that the final cut did not include that video clip. However, the documentary's Web site has a link to the clip.

The congresswoman said she was not shy about wanting Mr. Castro dead.

"No one advocates assassination," she said. "What we are advocating for is free elections, freedom for political prisoners, free expression of ideas and respect for human rights. That's how you get change in Cuba. Not assassination."

After An American Dies, The Case Against His Killers Is Mired In Mexican Justice (NYT)

By James C. McKinley Jr. And Colin Moynihan

The New York Times, December 11, 2006

MEXICO CITY, Dec. 10 — A month ago, the death of Bradley Roland Will seemed cut and dried. Mr. Will, an independent New York City journalist was shot in the chest while videotaping a lopsided confrontation between gunmen who supported the beleaguered governor of Oaxaca and protesters demanding his ouster.

Pictures of some of the gunmen, with their names, had appeared on the front pages of all the major papers. The two fatal bullets had come from a 9-millimeter pistol like those issued to the police. The case seemed a prosecutor's dream.

That is, until Dec. 1, when a judge freed two of the men photographed shooting at the protesters, citing a lack of evidence. The ruling provoked accusations from leftists of a cover-up. Indeed, the state's investigation into the killing of Mr. Will, as well as the deaths of a dozen protesters in the conflict, has drawn so much criticism that federal police raided the state police headquarters on Friday and seized weapons to determine if any had been used in shootings during demonstrations.

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Besides underscoring how infrequently killings of journalists and antigovernment protesters are solved in Mexico, the case has drawn widespread attention because it reveals the sad clash of left-wing idealism, personified in Mr. Will, a bearded 36-year-old originally from Illinois, with the murky realities of Mexican politics.

Politics often warps investigations here, and Mr. Will's death in late October has quickly become a contentious issue in the very struggle he had come to document.

The protesters with whom Mr. Will was sympathetic said he was killed by government-backed paramilitary thugs who had already killed a dozen others since the conflict here began in May. They charge that his death is still more proof that the state government remains repressive, its prosecutors willing to cover up crimes by government officials.

They also assert that Mr. Will's death was part of an orchestrated attack on protesters intended to shed enough blood to provoke the federal police to intervene. Mr. Will and three others died in the violence that day. The killings prompted Vicente Fox, who was president at the time and had resisted getting involved in the conflict, to send in federal police officers and clear the streets.

State prosecutors, meanwhile, have built a case that suggests it was the protesters, not the police, who murdered Mr. Will to call attention to their cause.

The state attorney, who was appointed by the governor and owes him political allegiance, said the videotape Mr. Will recorded just before two bullets hit him on Oct. 27 suggested that someone at his side shot him, not the gunmen down the street. "The person who shot him was at a distance of no more than two and a half meters," said the prosecutor, Lizbeth Caña Cadez. "He was close."

The lack of progress in the case has angered Mr. Will's parents and friends. They complain that Ms. Caña is trying to steer blame away from police officers and public officials loyal to the governor. Mr. Will's family, as well as several human rights organizations, has urged the federal government to take over the investigation.

"It's very frightening what is going on down there," Mr. Will's mother, Kathy Will, said in an interview. "They are totally manipulating the case. They are trying to shift the blame off of their people, the paramilitaries."

Whoever is right, the authorities here have resolved only one of the 13 killings related to the protests in Oaxaca, and it involved off-duty soldiers rather than the local police or officials.

Nationwide, when it comes to journalists, the picture is bleaker. At least 38 have been killed in Mexico since April 2005, most of them assassinated after reporting on drug dealers. None of those cases have been solved, despite the appointment of a special federal prosecutor to pursue the killers.

"The justice system in Mexico is highly dysfunctional," said Daniel Wilkinson of Human Rights Watch. "Criminal investigations into cases like this are rarely successful."

It was into this world that Mr. Will arrived with a digital video camera in early October to document an inside story of what he saw as powerless people rebelling against a repressive government. He was working for the New York chapter of the Independent Media Center, a left-leaning media collective.

Friends said Mr. Will contended that the news media had ignored the conflict in Oaxaca, which began with a teachers' strike in May and snowballed into a larger movement, involving dozens of left-wing and Indian groups united in a desire to see governor Ulises Ruiz resign.

For Mr. Will, friends said, the conflict was a pure uprising, poor people taking direct actions to force out a despotic, corrupt government and install a true democracy. His reports made it plain that his sympathies lay with the protesters. Still, several journalists said he never participated in the protests himself.

"He wasn't one of these revolutionary tourists, making Molotov cocktails," said Diego Osorno, a reporter for the Mexican newspaper Milenio, who was nearby when Mr. Will was shot.

The motivations of the protesters themselves, many Mexican analysts say, were less clear-cut, and, in some cases, perhaps less noble. The myriad groups who made up the Oaxaca People's Popular Assembly had differing agendas.

They included teachers seeking a large salary increase, out-of-favor politicians hoping to forge a new party and Marxists who wanted to incite a violent, leftist revolution. What's more, many of the groups involved were angry because Mr. Ruiz had cut off the flow of state patronage to their organizations.

In late November, after yet another clash in which protesters burned several public buildings, the federal police arrested more than 130 people and imposed a ban on marches. On Tuesday, the new administration of President Felipe Calderón arrested a top leader of the movement, Flavio Sosa Villavicencio, and threw him in a maximum security prison on criminal charges. An uneasy calm exists in Oaxaca, where the federal police have banned demonstrations.

The day Mr. Will died was a critical turning point in the five-month-old conflict. That week, the teachers' union, the largest group in the movement, had finally reached an agreement with federal negotiators to return to work.

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On Friday, Oct. 27, the rest of the organizations in the protest decided to show they were still powerful by shutting down the city for a day. They erected dozens of barricades, and by afternoon the city was paralyzed.

Groups loyal to the governor struck back, attacking protesters at barricades in four Oaxaca suburbs. Local residents, fed up with months of unrest, took part in the attacks, but officials from Mr. Ruiz's party and police officers in civilian clothes led them, witnesses said. Some of the plainclothes officers fired at the protesters.

Mr. Will was among the reporters who responded when residents and local officials confronted protesters in Santa Lucía, a suburb west of Oaxaca, where at least 200 protesters, some of them armed, took part in street battles.

A witness, who asked not to be identified because he feared for his safety, said he saw five city officials, including two police captains, huddled nearby during the gunfight, firing large-caliber weapons at the protesters. Mr. Osorno, of Milenio, said he saw at least one gunman behind a truck, about 30 yards from where Mr. Will was in a half-crouch. Mr. Will was hit and fell to the ground, groaning "Help me" in Spanish, his last videotape reveals, though it does not show who fired the shot. Several protesters were in front of him, most of them young men in masks, with stones, bottle rockets and clubs.

Prosecutors say that just before Mr. Will fell, a voice can be heard on the tape yelling, "Didn't I tell you, man, not to take photos!"

Víctor Alonzo Altamirano, the chief of the homicide division in the state attorney's office, said the sound of a gun being cocked could be heard at the same time. Then comes the loud report of a pistol close by. "I cannot close my eyes to what we are seeing on the tape," he said.

One protester, who was less than a yard from Mr. Will when he was shot, maintained that no one around Mr. Will had a gun at that moment, though he acknowledged, as did two news photographers at the scene, that some protesters were telling photographers not to take photos for fear of being identified.

The protester, who requested anonymity, said Mr. Will was crouched down just behind him facing up the street, eye to the camera on his shoulder, when the bullet crashed into his chest.

"I felt a bullet whizzing over my shoulder," the protester said. "I turned and saw him twist and fall backward to his right. Then Brad raised up his shirt and said, 'They hit me.' He lost color rapidly."

Dr. Luis Mendoza Canseco, Oaxaca's medical examiner, who performed an autopsy, said Mr. Will had two wounds. Investigators said they were from the same 9-millimeter gun.

The two released suspects — Avel Santiago Zárate and Orlando Manuel Aguilar Cuello, both municipal officials — were found with .38-caliber pistols, prosecutors said.

Three other gunmen, who were also photographed firing at the protesters, have not been arrested or questioned, prosecutors say. Neither have investigators detained five men, including two police captains, who a witness reported had been shooting at the protesters.

Advocates for press freedom say investigations into the killings of journalists in Mexico have been generally shoddy. "Under the current climate in Oaxaca it's difficult for state officials to conduct an impartial investigation," said Carlos Lauria of the Committee to Protect Journalists.

Darfur Crisis Crosses Borders (CSM)

By Rich Schapiro

The Christian Science Monitor, December 11, 2006

GOZ BEIDA, CHAD

For the past three years, Arab militiamen have helped Sudan's government quell a rebellion in Darfur by slaughtering the region's mostly black African population and leaving behind a trail of rape, murder, and destruction. The result: more than 200,000 dead and 2 million displaced in what the United Nations calls the world's worst humanitarian emergency.

At the very least, however, the violence in western Sudan was mostly confined to its borders.

No more.

The crisis in Darfur has exploded in recent weeks, and now threatens to drag fragile neighboring countries into a regional war.

Both Chad and the Central African Republic (CAR) have become engulfed in fighting that involves a toxic mix of rebel groups, government forces, armed militias, and civilians.

"It's not a steady deterioration," Jan Egeland, the outgoing UN humanitarian chief, told reporters last week. "It's a free fall, and it includes Darfur, eastern Chad, and northern Central African Republic."

In the past month alone, nearly 60,000 Darfurians have been forced from their homes to escape massacre at the hands of Arab militias known as the janjaweed. Aid workers, UN personnel, and independent observers say the janjaweed are backed by Sudan's government, but Khartoum has repeatedly denied this charge.

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In eastern Chad, hundreds of aid workers have been evacuated due to increased hostilities between military forces and anti-government rebel groups, while Arab militiamen have ventured deeper into the country to conduct assaults, resulting in the displacement of nearly 100,000 Chadians.

And atrocities committed by a variety of rebel groups and armed bandits over the past few months have forced tens of thousands of people from the CAR to cross the border into Chad.

"The internal conflicts in Darfur, Chad, and the CAR are now linked by the regional presence and movement of armed groups, arms, and civilians across the three borders," said Georgette Gagnon, deputy director of the Africa division of Human Rights Watch. "And of course, the regional governments are using these insurgencies to carry out a proxy war against each other."

Indeed, leaders in Khartoum, Sudan's capital, and N'Djamena, its Chadian counterpart, have traded accusations as to who is responsible for stoking the bloodshed that has plagued Darfur since 2003. Both countries blame the other for supporting rebel groups.

In the past two weeks, the fighting has become so severe that hundreds of aid workers have been pulled from the region, leaving behind the displaced Sudanese, whose plight is now especially grim.

"For sure, if this situation lasts it will have a greater direct effect on the refugees' lives," said Hélène Caux, a spokeswoman for the United Nations High Commissioner of Refugees (UNHCR).

Since the last week of November, nearly 500 aid workers have been relocated from Abéché, the eastern city that serves as the hub for relief agencies in the region, to N'Djamena, while more than 100 are still awaiting evacuation from Guereda, a town farther north, according to the UNHCR.

Aid officials concede that, with only the skeleton crews now left behind in camps across the east, the refugees' situation has become particularly precarious.

"We haven't seen any downfall or deaths as a result of the reduction in personnel," says Joseph Aguettant, of the International Rescue Committee (IRC), which has trimmed its international staff in Bahai, a city along Chad's northern border, by 80 percent. "But we know this is something that can happen."

The area around the Goz Amir refugee camp, about 60 miles from the border, has become so rife with attacks that the Sudanese refugees and Chadians living nearby are stricken by fear of being set upon by the Arab militias.

Men head into the bush carrying bows and arrows, while young boys walk around with spears that are often taller than they are. When asked why they have the weapons, the response is unanimous: "defense."

The janjaweed - joined at times by Chadian Arabs - have been laying siege to villages east of Goz Beida, a Chadian town 100 miles from the Sudan-Chad border. The locals who survive are forced to trek miles to the closest villages, which often are plundered days later. They are then forced to flee yet again, and often end up setting up makeshift camps on wide swaths of parched land that offer little more than dust and thorn trees.

Hawaye Ismail arrived at just such a place, an open field 25 miles east of Goz Beida, last week with about 600 others. "We don't have anything to eat, and look, there's death all around us," she says.

Ms. Ismail's village was torched by Kalashnikov-carrying Arabs on horseback and camels in early November in an ambush that left 14 men dead. She made it to a nearby village, but was left homeless days later after the raiders rampaged again.

"The young attackers abused the young girls and the women," Ismail says, gesturing to the half-dozen women in tattered clothes gathered around her. "Today, with our situation, only God knows what we've been through."

Convoy Ambush In Darfur Kills About 30 Civilians; Investigators Taken Hostage (WP/AP)

The Washington Post, December 11, 2006

KHARTOUM, Sudan, Dec. 10 -- Militiamen on horseback ambushed a refugee convoy in western Darfur, killing about 30 civilians, and African Union peacekeepers investigating the attack were taken hostage by rioters, the A.U. and the United Nations said Sunday.

The armed men ambushed a civilian truck transporting medicine and relief items between the towns of El Geneina and Sirba, according to the United Nations. The exact number of civilians killed could not be confirmed but was estimated at about 30 people, said Radhia Achouri, spokeswoman for the U.N. mission in Sudan.

"Some of the passengers were shot by the attackers, and others were burnt to death during the attack," the United Nations said in a separate statement.

An international aid worker said that the assailants were government-backed Janjaweed, members of an Arab tribal militia, and that they attacked the convoy with rocket-propelled grenades, then killed survivors. He spoke on condition of anonymity because of restrictions the Sudanese government has placed on aid workers.

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An African Union spokesman, Noureddine Mezni, said rioters angry over the deaths were holding captive a helicopter crew and eight peacekeepers sent to investigate. The A.U. base in El Geneina was also being attacked, Mezni said, although the identity of the attackers was unclear.

Sudanese police transported the bodies of the victims to a refugee camp on the outskirts of El Geneina, and demonstrations erupted in the town, the aid worker said. A U.N. official in Darfur said rioting and sporadic shooting took place in the town Sunday.

The increased violence underscored the worsening situation in Darfur, where as many as 450,000 people have died from disease and violence and 2.5 million have been driven from their homes since fighting erupted in early 2003.

The government is accused of unleashing the Janjaweed to help counter ethnic African rebels, and the militia is blamed for the worst atrocities against civilians during the conflict. The government denies backing the Janjaweed but agreed to disarm the militia as part of a peace agreement it signed with one Darfur rebel group in May.

Halliburton-linked Workers Attacked In Algeria (HC/AP)

Houston Chronicle, December 11, 2006

ALGIERS, Algeria — Assailants hurled a bomb and fired at two vehicles carrying employees of an affiliate of Houston-based Halliburton co. near Algiers today, killing one Algerian driver, witnesses said.

The full extent of the casualties in the attack was not immediately clear.

Nine American employees of BRC, or Brown & Root-Condor, were heading from their offices to a Sheraton Hotel where they are housed in Bouchaoui, 9 miles west of Algiers, when they were attacked. BRC is a joint venture of the Halliburton subsidiary KBR Inc., formerly known as Kellogg, Brown & Root, and Condor Engineering SPA. It has contracts in Algeria's oil and defense industries.

The Americans were in a bus behind a security vehicle carrying two Algerians. The assailants hurled a bomb at the first vehicle, immediately killing the driver and injuring the passenger, the witnesses said.

Attackers then opened fire on the second bus, which quickly turned around and headed back to the BRC offices before the gunmen dispersed. Witnesses said it appeared there were no casualties in the Americans' bus.

Algerian security officials immediately blocked off roads in the area, adjacent to a forest on the Mediterranean coast.

Algeria is trying to pull itself out of an Islamic insurgency that started 14 years ago and has killed an estimated 150,000 people — Islamists, civilians and military.

Large-scale fighting died down in the late 1990s, and Algeria is enjoying the fruits of the oil boom and increased foreign investment, but sporadic violence continues to rattle the nation.

BRC offices could not be reached for comment. KBR Inc. is an independent, publicly traded subsidiary of Houston-based oil services contractor Halliburton Co.

In Tsunami's Wake, A Peaceful Aceh Holds First Election (CSM)

By Simon Montlake

The Christian Science Monitor, December 11, 2006

BANDA ACEH, INDONESIA

Voters in the battle-scarred Indonesian province of Aceh go to the polls Monday, nearly two years after a devastating tsunami scoured its coastline and released an outpouring of international aid for the stricken survivors.

The ballot is the first since the signing in August 2005 of a landmark peace accord between the Indonesian government and armed rebels, who agreed to lay down their weapons in return for political autonomy for Aceh. Former rebels are competing in electoral races for the governorship and 19 district mayors and regents.

The presence of such figures on the ballot, and their public campaign to get elected, is a remarkable turnaround for Aceh, where the struggle for power has long been equated with fear, intimidation, and bloodshed. A trouble-free vote, and the acceptance of the outcome, would be an important step forward in the peace process after three decades of conflict and false starts.

"If we have the right leader, the peace will continue, I'm sure of that. Aceh can be prosperous and peaceful," says Ramli bin Buhari, a businessman from Pidie.

A high turnout is expected among the 2.6 million eligible voters, including hundreds of thousands of left homeless after the tsunami. Thousands of election monitors, including a European Union team, will be deployed at polling booths, which close mid-afternoon. Early results from poll samples are expected by early evening.

Under the peace accord, the rebel Free Aceh Movement, known by the Indonesian acronym GAM, agreed to disarm and demobilize 3,000 combatants, in exchange for a withdrawal of around 25,000 Indonesian soldiers and paramilitary police who

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were widely accused of human-rights abuses. The accord also called for local elections to be held in 2006, setting the stage for GAM to enter the political process.

But a major rift between exiled GAM leaders and a new generation of fighters and activists has prevented the movement from fielding a united candidate. Instead, two competing tickets for governor are claiming to represent GAM, which has opted to remain neutral after initially endorsing one candidate. By splitting their support base, say observers, the result could be that neither wins the governorship.

Tensions between the two camps spilled over on the eve of the two-week campaign when a gang of thugs assaulted Humam Hamid, one of the gubernatorial candidates, in a stronghold of Irwandi Yusuf, a young fighter and ex-political prisoner who heads the rival pro-GAM ticket. But conciliatory rhetoric from senior leaders in the movement, who insisted on neutrality between the two camps, helped to tamp down tensions, and the campaign has been smooth, with only minor reports of intimidation.

Analysts say this internal friction will complicate GAM's goal of dissolving its military command and transforming into a political party capable of ruling Aceh via the ballot box. "GAM never had a strong political wing. It was overwhelmingly a military operation," says Sidney Jones of the International Crisis Group in Jakarta.

Sharia law, which Aceh implemented in 2000, has also emerged as a backdrop to the elections as enforcement has been stepped up in recent years, including patrols by special "morality police" that report directly to the governor's office. While candidates have made almost no mention of the traditional Islamic law, the new policing force is a bone of contention among ordinary Achenese.

Under Indonesian election law, the winning candidate must garner over 25 percent of the vote, or face a run off against the second-placed ticket. With eight candidates in the gubernatorial race, including the two pro-GAM tickets, a second round appears likely. GAM's big election gamble

On a broiling afternoon last week, around 2,000 of Mr. Yusuf's supporters sat in a park in Banda Aceh facing a rickety wooden stage where stocky bodyguards formed a cordon behind the candidate. His speech was punctuated with references to his role in the peace accord and the promise of economic rewards in future for Aceh, which is among the poorest provinces in Indonesia despite its abundant oil and gas reserves.

Yusuf, who is running as an independent with a former political prisoner as his running mate, urged voters not to be seduced by candidates from large political parties with more money to splurge on the campaign trail. "When you run to them in the future and ask about their promises for more housing, they would answer, 'We already gave you clothing and food,' " he admonished.

Yusuf characterizes the rift within GAM as a generational divide between senior political leaders in Europe, who formed a government in exile in the 1970s, and younger combatants and activists who resisted harsh military crackdowns. But he insists that whoever wins the vote, the peace process will continue, provided Indonesia keeps its promises.

"There is an expectation from the people (of Aceh) that a candidate from GAM will win the election. If they don't win after a fair election, people must accept this. GAM will accept anyone who wins because of a fair election," he says.

Analysts say defeat for Aceh's former rebels at the ballot box would be a wake-up call for GAM and could spur its transformation ahead of the next political contest in three years time when the local legislature is up for grabs. "This is a dry run for 2009. That's the real prize. When you control the local parliament, you have budgetary power and can shape the laws of an autonomous region," says Ms. Jones. Guerrilla to groom

As the campaign wrapped up last week - candidates are forbidden to stump during the final three days - Herry Nurmansyah, a former GAM fighter, had more important matters on his mind. One year after leaving his jungle camp and going back to his village outside Banda Aceh, the former GAM fighter was to marry his high-school sweetheart, Julisa.

On Saturday, he sat stiffly in a traditional black tunic and crown on a bubblegum-pink throne with his new wife, whose hands and feet were painted in henna swirls. She dabbed tears from her heavily lacquered face as relatives crowded around the couple.

Among the visitors crammed into the room inside the bride's house were Mr. Nurmansyah's former comrades in arms, including his unit commander, Tuengku Hamzah, who had come to bless the newly-weds. Hamzah had spent the previous weeks canvassing votes for Yusuf, and was confident that the political spoils would be coming his way - just desserts for toughing it out in the jungle.

Nurmansyah, who recently found a job building houses for tsunami survivors, had more modest aims. "I just hope this election will bring change and benefit for all of us. We don't want to have to take up weapons again," he says.

In Tsunami's Wake, Old Foes In War Now Wage Politics (NYT)

By Seth Mydans

DOJ_NMG_0104575

The New York Times, December 11, 2006

BANDA ACEH, Indonesia, Dec. 10 — When tsunami waves hit Aceh two years ago this month, Irwandi Yusuf saved himself by climbing onto the roof of the jail where he was being held as a political prisoner.

Now he is a candidate for governor of the province, and in the election being held here on Monday, one of his eight opponents is a former commander of the Indonesian forces he faced as a separatist rebel.

"He is so friendly to me," Mr. Irwandi said of his former enemy. "We can cut off the line from the past to now. We just talk about funny things."

The tsunami that killed 170,000 people and left half a million homeless here in Aceh Province seems to have taken the fire out of a 29-year conflict. A hard-won peace agreement that made the election possible appears to be holding. There are still obstacles ahead, but if the process continues to move forward, an armed insurgency group will perform the rare feat of transforming itself into a political party within the government it opposed.

"It's a very difficult process," Muthiah Alagappa, director of the Washington office of the East-West Center, said in a telephone interview. "There are very few cases like it."

Even as post-tsunami reconstruction has bogged down in bureaucratic confusion and corruption, the dismantling of the war has proceeded quickly with what appears to be a genuine commitment from both sides. Only 43,400 permanent homes have been built in the two years since the tsunami, but 128,000 are needed, according to the United Nations. Twelve thousand families remain in temporary accommodations.

The Indonesian Army has withdrawn half the 50,000 soldiers it had in Aceh, though, and the rebels have laid down their arms and joined this special election that is part of what is called a memorandum of understanding with the government.

It is a delicate and difficult process, but the turn away from war seems irreversible, most political analysts and rebel leaders say. "No, no, we never think of using arms any more," Mr. Irwandi said in an interview.

Even before the tsunami's apocalyptic destruction shocked the combatants on both sides here, tentative moves were under way to find an exit from an unwinnable war.

"We were tired and they were tired," Mr. Irwandi said. "We could not achieve the mission militarily, and the military thought it could defeat us in five months or eight months or eight years, but found themselves trapped in a very protracted war."

In Sri Lanka, by contrast, the tsunami didn't halt a Tamil separatist insurgency that was not yet ready to look for a way to end the conflict.

As it moves from war to peace, the Acehnese insurgency is facing what analysts say is a predictable complication — a rift in the insurgency, called the Free Aceh Movement, between an old guard that lived in exile and younger former combatants.

In addition to his former combat enemy, among the opponents Mr. Irwandi, 46, faces in the election Monday is a fellow former insurgent who has been backed by the rebel group's leadership from its exile headquarters in Sweden.

"The fault lines are completely normal," said Sidney Jones, the Southeast Asia coordinator for International Crisis Group, an international monitoring group. "We've seen this in East Timor and in almost every civil conflict that exists. But it does make it difficult to pull together a coherent party structure.

"Right now, the fissures are so deep that it's going to make it all the more difficult to get the party up and running."

There is no shortage of difficulties for any new government in a province recovering from the twin devastations of war and natural disaster.

For years, Aceh has effectively been under the administration of the Indonesian military and police. Many of the province's skilled workers and civil servants died in the tsunami. Whatever the results of the election, Aceh must build a functioning government amid both physical and political ruins.

As foreign aid groups begin to pull out, taking with them jobs, skills and economic support, the challenges will become harsher. Among these will be the integration, with international assistance, of thousands of guerrillas and political prisoners into the mainstream.

As with other former insurgencies like those in Northern Ireland and the southern Philippines, there are concerns that a violent splinter group could emerge if not all of the combatants are satisfied.

A devastated province in which tens of thousands of people are without homes or jobs is not the most welcoming environment for former rebels hoping to start a new life.

The rebels and the victims of the insurgency, which took 15,000 lives, will compete for resources and financial assistance with surviving victims of the tsunami.

Many fighters have spent years in the mountains and have few skills or resources to support themselves. Many have not yet received the aid that has been promised, and there are reports that some are turning to banditry and other crimes.

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The election is unlikely to bring order to the political scene. Analysts here do not expect any of the eight candidates for governor to win the 25 percent of the vote required for outright victory, and a runoff is expected early next year. Former rebels are also running for some of the 20 other local executive positions in the election.

But leaders of the rebel group say they are prepared to lose in this first attempt at electoral politics. They say they see it as a trial run as they try to form a party, or parties, for a provincial parliamentary election in 2009.

The election is about power, not policy, and it is not clear what changes the former rebels will make if they win office. They now concede that the independence for which they fought is unattainable. The peace agreement has given them a measure of local autonomy and the right to form a local political party, and they have been promised two-thirds of the revenues from rich oil and natural gas reserves in Aceh.

"If the economy here is O.K. and the Indonesian government doesn't play around with us, what do we need separatism for?" said Muhammad Zainal Abidin, 52, a former rebel who spent 16 months in prison before being released, with other political prisoners, in August 2005. Like many other former rebels and others here, he said he had little interest in the strict Islamic Shariah law that had led to canings for adultery and gambling over the past year in Aceh.

"We don't like that at all," he said as he sat cross-legged on the floor above his small grocery store. "We want democracy in Aceh. We don't want the Shariah police here."

Most of all, the people of Aceh want a chance to live quiet, ordinary lives. "What I am afraid of is that we could end up with dissatisfied groups and that could lead to conflict again," said Azwar Hasan, who runs a local aid group. "Oh, God, no one wants to live in conflict again."

Bangladesh Sends Army Amid Unrest (NYT)

By Somini Sengupta

The New York Times, December 11, 2006

NEW DELHI, Dec. 10 — The interim government in Bangladesh, faced with mounting opposition party protests, has deployed the army in what appears to be an attempt to check pre-election violence.

The order by the president, Iajuddin Ahmed, who leads a caretaker government, was issued Saturday night, on the eve of opposition party threats to surround the presidential palace. Political agitation has already debilitated the country nearly six weeks before the vote. [A news wire] reported that soldiers had been posted at the presidential compound, known as Bangabhaban, and at other potential political flash points.

Political violence has become routine in Bangladesh, and troops have been called out in the past to ensure peaceful elections. But it remains unclear to what extent the president enjoys the full backing of the interim government in his decision to pull out the army. Nor has the army provided any hints as to whether it intends to step in and rule.

The latest developments could further polarize opposition Awami League cadres, who have demanded Mr. Ahmed's ouster. The opposition contends that the voter list is inaccurate and that members of the election commission favor the Bangladesh Nationalist Party, whose five-year rule ended two months ago when the caretaker government was appointed.

So turbulent are politics in Bangladesh that its Constitution mandates that a neutral caretaker government manage the elections.

Yunus Claims Nobel Peace Prize (USAT/AP)

USA Today, December 11, 2006

STOCKHOLM (AP) — Bangladeshi economist Muhammad Yunus accepted the Nobel Peace Prize on Sunday, saying he hoped the award would inspire "bold initiatives" to fight poverty and eradicate the root causes of terrorism.

Yunus, 66, shared the award with his Grameen Bank for helping people rise above poverty by giving them microcredit — small, usually unsecured loans.

"I firmly believe that we can create a poverty free world if we collectively believe in it," Yunus said after accepting the prize at City Hall in Oslo. "The only place you would be able to see poverty is in a poverty museum."

The Nobel Prizes, announced in October, are always presented in Oslo and Stockholm, Sweden, on Dec. 10 to mark the anniversary of the 1896 death of their creator, Alfred Nobel, a Swedish industrialist who invented dynamite and stipulated the dual ceremonies in his will.

The winners for literature, medicine, physics and economics will receive their awards later Sunday at a royal ceremony in Stockholm's blue-hued concert hall. Each award carries a purse of $1.4 million, a diploma and a gold medal. The first prizes were handed out in 1901.

This year's laureates include a novelist who explored Turkey's clash of cultures and American scientists who helped cement the big-bang theory of the universe and broke new ground in genetic research.

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Yunus said ending poverty was the best way to fight terrorism.

"We must address the root causes of terrorism to end it for all time," he said. "I believe putting resources into improving the lives of poor people is a better strategy than spending it on guns."

Grameen Bank, set up in 1983, was the first lender to provide microcredit, giving very small loans to poor Bangladeshis who did not qualify for loans from conventional banks. No collateral is needed, and repayment is based on an honor system, with a nearly 100% repayment rate.

Yunus said the idea has spread around the world, with similar programs in almost every country.

Clad in a traditional Bangladeshi sleeveless jacket, Yunus accepted his half of the $1.4 million prize from awards committee chairman Ole Danbolt Mjoes.

Board member Mosammat Taslima Begum, wearing a traditional dress in red with a green shawl, accepted the other half of the award on behalf of Grameen bank, saying she dedicated it to all Bangladeshis.

Mjoes said the award was an outstretched hand to the Islamic world in an era where Muslims are often demonized because of terrorism.

"The peace prize to Yunus and Grameen Bank is also support for the Muslim country of Bangladesh, and for the Muslim environments in the world that are working for dialogue and collaboration," Mjoes said

Turkish writer Orhan Pamuk won the literature prize for a body of work that illustrates the struggle to find a balance between East and West.

U.S. researchers have long dominated the science awards, and swept them all this year for the first time since 1983.

The Nobel Prize in medicine went to Andrew Z. Fire and Craig C. Mello for discovering a powerful way to turn off the effect of specific genes. John C. Mather and George F. Smoot won the physics prize for work that helped cement the big-bang theory of how the universe was created.

Roger D. Kornberg won the prize in chemistry for his studies of how cells take information from genes to produce proteins, a process that could provide insight into defeating cancer and advancing stem cell research.

Economics winner Edmund S. Phelps was cited for research into the relationship between inflation and unemployment, giving governments better tools to formulate economic policy. The economics award is not an original Nobel Prize, but was created by the Bank of Sweden in 1968.

Pamuk, whose trial last year for "insulting Turkishness" made headlines worldwide, was honored for exploring "new symbols for the clash and interlacing of cultures." His novels include "Snow" and "My Name Is Red." The charges against Pamuk were eventually dropped.

Intrigue Over Spy's Death Spreads To Germany (NYT)

By Steven Lee Myers And Mark Landler

The New York Times, December 11, 2006

MOSCOW, Dec. 10 —The German authorities announced Sunday that they had begun a criminal investigation of a Russian businessman after finding traces of polonium 210 around Hamburg beginning on Oct. 28 — four days before he met in London with the former Russian spy who died after ingesting the radioactive substance.

The British police have so far found no evidence of polonium contamination in London earlier than the date of that meeting, Nov. 1. The Sunday announcement raised the possibility that the polonium was carried from Moscow to London by way of Germany.

It has also added to suspicions that the case is somehow connected to the shadowy world of agents and businessmen, defectors, spies and exiles let loose by the dissolution of the K.G.B., and still entwined with successor agencies.

The former Russian spy, Alexander V. Litvinenko, long a critic of Russia's president, Vladimir V. Putin, made deathbed accusations that Mr. Putin was complicit in the poisoning — an accusation the Kremlin has derisively dismissed. The case has strained relations between Russia and Britain, and has now entangled Germany.

The man the Germans have put at the center of scrutiny is Dmitri V. Kovtun, a 41-year-old Russian who was a student in the 1980s at the Supreme Soviet Higher Military Command School, where many students went on to serve in the K.G.B. He has been in a Moscow hospital since Dec. 7, suffering from exposure to polonium. There are conflicting reports about his health; Interfax, the Russian news agency, reported he was in critical condition, but his lawyer later disputed that.

At a news conference in Hamburg on Sunday, the city's chief prosecutor, Martin Köhnke, told reporters, "He may not just be a victim but could also be a perpetrator." He said that Mr. Kovtun was accused of illegally handling the polonium.

A spokeswoman for the German police, Ulrike Sweden, expressed frustration that Russian authorities had not responded to German requests to speak to Mr. Kovtun.

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The German authorities said that Mr. Kovtun, who has been living in Germany, began spreading traces of polonium 210 in Hamburg soon after he arrived on an Aeroflot jet from Moscow on Oct. 28. Traces were found in the BMW that picked him up at the airport; on a couch and a pillow in at the apartment of his former wife, where he spent the night; at the house of his former wife's mother; and on a document he signed in a meeting at the immigration office in Hamburg two days later, the police said.

"If you're sitting in the passenger seat of a car, you're not likely to be sweating enough to leave traces of it that way," Ms. Sweden said at the Hamburg news conference on Sunday. "It's possible he got poisoned by handling the stuff."

On Nov. 1, Mr. Kovtun flew to London. An inspection of the plane he flew on, which belonged to the airline Germanwings, turned up no evidence of contamination.

In London, Mr. Kovtun met with two former K.G.B. agents, Andrei K. Lugovoi and Vyacheslav G. Sokolenko, whom he had known as students at the Soviet military school in the 1980s and who had both gone into private security work after the K.G.B. dissolved along with the Soviet Union.

Then he and Mr. Lugovoi, who had known Mr. Litvinenko for 10 years, met with him at a bar in the Millennium Mayfair Hotel, ostensibly to pursue a business deal. Alex Goldfarb, a friend of the Litvinenko family, said that Mr. Sokolenko also met Mr. Litvinenko on Nov. 1, possibly at the same hotel.

Within hours, Mr. Litvinenko became seriously ill. Three weeks later, he was dead, and medical experts determined that the cause was exposure to polonium 210. The association of so many men linked to the former K.G.B. in the case reflects the shadowy tangle of relations that emerged from Russia's post-Soviet chaos, where some covert agents became free agents but kept ties to the government, billions were made overnight, and the new billionaires who made them needed protection.

Mr. Litvinenko and Mr. Lugovoi, in particular, held close ties to Boris A. Berezovsky, the former Russian oligarch who became a rival to Mr. Putin, and whom Russia accused of defrauding the state of about $18 million in 1994 and 1995. He has been living in political asylum in Britain since 2003.

Mr. Kovtun, Mr. Lugovoi and Mr. Sokolenko have all publicly denied any involvement in Mr. Litvinenko's case, but their shared background in the Soviet and then Russian secret services and the private security industry that evolved since has — fairly or not — heightened suspicions of Russia's, and Mr. Putin's, possible involvement.

Igor A. Goloshchapov, a former K.G.B. counterintelligence officer who now heads the League of Security Structures, a lobby for the private security firms that have proliferated here in Russia, said there were 4,200 licensed private security agencies in Moscow alone, as well as others operating less openly and available for hire for illicit purposes. "The security and detective business is a regular part of life in any society," he said in a telephone interview. "The peculiarity of Russia's security business is that in our country our whole way of life was changing."

"Where this kind of business starts," he added, "the truth ends."

Oleg A. Gordiyesky, a former K.G.B. colonel who defected to Britain in the 1980s, said the private Russian security companies often had close ties to Russian authorities. "Most of them are immediately recruited as secret collaborators, that is, members of the public who have promised to help," he said. "And they help very seriously. They do their job protecting the companies and they report everything back" to the Federal Security Service, the K.G.B.'s successor.

According to a lengthy interview with Mr. Kovtun, Mr. Lugovoi and Mr. Sokolenko on Ekho Moskvy, an independent Russian radio station, on the day after Mr. Litvinenko died, the three met in the 1980s at Soviet military command school, where students were known as Kremlin Cadets.

Mr. Kovtun said he had served in Czechoslovakia and Germany after leaving the academy, a résumé that suggested he could have served in some military or intelligence capacity. He did not say with which service or unit he served. He settled down in Germany and married a German woman. He describes himself now as a business consultant.

"I help Western companies in entering the Russian market," he said.

Mr. Lugovoi and Mr. Sokolenko went on to become members of the Ninth Department of the K.G.B., or the Kremlin Regiment, which provided security for high-ranking Communist Party officials. Mr. Lugovoi began in 1987, Mr. Sokolenko in 1990.

When the Soviet Union collapsed, the regiment became part of the Federal Security Service, known as the F.S.B. and ultimately as an independent force providing Kremlin security, not unlike the United States Secret Service.

Mr. Sokolenko, like Mr. Lugovoi, retired and became involved in private security. Many of these companies boasted of their associations with their former employers. Mr. Sokolenko's company is called the Ninth Wave, an allusion not only to the former K.G.B. department but also to a maritime expression for the worst wave in any storm, an apt metaphor for what unfolded in the 1990s.

Mr. Lugovoi left the secret service in 1996 and became head of security at ORT, the state television network that until Mr. Putin's presidency was largely controlled by Mr. Berezovsky. In 2001, Mr. Lugovoi was arrested and spent more than 12 months in prison, accused of plotting the escape of a Berezovsky associate from a Moscow hospital where he had been in police

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custody, accused of embezzling millions of dollars from Aeroflot and of wiring the money to accounts in Switzerland belonging to Mr. Berezovsky. (He was convicted in 2004, but released for time served; he has since left Russia.)

The authorities had summoned Mr. Berezovsky for questioning in that case, but by then he had fled Russia for London, saying that an array of criminal charges against him, many still pending, had been politically motivated. Mr. Lugovoi was released in September 2002 and the charges against him were dropped, with little explanation.

Mr. Lugovoi declined repeated requests for an interview. In the public statements he has made, he said he had continued to work in security-related matters. Along with Mr. Kovtun, he met with Mr. Litvinenko at least three times in the month leading up to the Nov. 1 meeting. One of those involved a meeting with a British company, Enrys; another involved a meeting with Mr. Berezovsky, who also became a patron of Mr. Litvinenko's.

Mr. Lugovoi said he had known Mr. Litvinenko for at least a decade — to the time Mr. Litvinenko worked for the F.S.B. and formed his relationship with Mr. Berezovsky after the latter narrowly survived an assassination attempt.

Mr. Lugovoi said that a year ago, at Mr. Litvinenko's request, they began discussing business deals involving British companies interested in investing in Russia. This year Mr. Lugovoi expanded his business dealings to include a company based near Moscow that makes mead and kvas, a bread-based, mildly alcoholic drink.

He has repeatedly promised to meet with British investigators, but in the week since British detectives arrived in Moscow an interview has not yet taken place.

Mr. Sokolenko, in a telephone interview, said he had joined Mr. Lugovoi and his family on the trip to London beginning Oct. 31 to see a soccer game, but he did not meet Mr. Litvinenko at the Millennium Hotel the next day.

He declined to discuss his relationship with Mr. Lugovoi except to say they were old friends. He added that he and his colleagues had been unfairly tainted by the swirling accusations simply because of their K.G.B. backgrounds. "My name is from now on associated with this story," he said. "It is not very pleasant. We have never concealed the truth about how it all happened."

Hamburg Checked for Radiation

FRANKFURT, Dec. 10 — The investigation of Dmitri V. Kovtun's four days of spreading polonium has rattled Hamburg, with officials in space-age radiation protection suits swooping into shops and restaurants throughout the weekend.

The German police and federal authorities established a special unit to investigate the case, dubbed "The Third Man" — a reference to the cold-war film starring Orson Welles, and an officer from Scotland Yard is to travel to Hamburg on Monday to coordinate the German and British investigations.

Gerald Kirchner, an official from the Federal Office of Radiation Protection, said at a news conference in Hamburg on Sunday that polonium could have spread to Mr. Kovtun's hands if he mishandled a container of the substance. It is lethal, but is dangerous only when swallowed, breathed in, or absorbed through an open wound. "If it did come out of a container, it was very carelessly done," Mr. Kirchner said.

Not one of the people Mr. Kovtun came into contact with while in Hamburg was contaminated, said a police spokeswoman, Ulrike Sweden. The night before he left, Mr. Kovtun slept on the couch in the apartment of his German former wife, Marina, in Ottensen, a gritty Hamburg neighborhood that is being gentrified.

Also on Sunday, the British police confirmed that 2 of the 26 officers working on the case had tested positive for low levels of radioactive contamination. A police spokeswoman, who spoke in return for anonymity under police rules, said the traces were "relatively small" and "below defined safety limits."

Probe Of Poisoning Shifts To Germany (WSJ)

By David Crawford, Alan Cullison And Carrick Mollenkamp

The Wall Street Journal, December 11, 2006

The investigation into the death of ex-Russian agent Alexander Litvinenko has spread to Germany as it focuses on the travels of two Russian men, one of whom left a radioactive trail through Hamburg during his stopover there from Moscow en route to London, where Mr. Litvinenko was poisoned.

The two Russians -- Andrei Lugovoi and Dmitri Kovtun -- met with Mr. Litvinenko Nov. 1 at the bar of the Millennium Hotel in London's Mayfair neighborhood hours before Mr. Litvinenko fell ill. Mr. Litvinenko, an outspoken critic of Russian President Vladimir Putin who had immigrated to Britain claiming asylum, died Nov. 23 after being poisoned with a little-known radioactive substance, polonium 210. A person familiar with the British inquiry into the alleged killing said the two men are a central focus of the investigation, adding that investigators haven't ruled out that others could have been involved and somehow set up Messrs. Lugovoi and Kovtun.

Messrs. Lugovoi and Kovtun are longtime acquaintances, having graduated from an elite military school in Moscow and having both worked in the Russian security services.

Scotland Yard, Russian police and about 300 German police and other officials are involved in the investigation of Mr. Litvinenko's death, raising diplomatic tensions between Russia and the West. Yesterday, investigators in Hamburg complained that Russian authorities aren't cooperating and haven't responded to their request for access to the Aeroflot plane that transported Mr. Kovtun to Hamburg from Moscow, said Thomas Menzel, head of Hamburg's special investigation squad for the case.

German police have code-named their investigation "Third Man" because of the trio's meeting at the hotel bar. (Police said it isn't a reference to the 1949 movie "The Third Man," a thriller set in post-World War II Vienna.)

Yesterday, investigators laid out Mr. Kovtun's steps through Hamburg, where he stayed from Oct. 28 to Nov. 1. Traces of polonium 210 were found on the passenger seat of a BMW car that picked up Mr. Kovtun at the Hamburg airport, in the home of Mr. Kovtun's former mother-in-law outside Hamburg, and on a couch he slept on at the apartment of ex-wife Marina, German officials said yesterday. Police also found traces of polonium 210 at a Hamburg city registry office on a piece of paper that Mr. Kovtun signed Oct. 30, Mr. Menzel said.

Four people have informed police they met with Mr. Kovtun, and 13 other leads are also being followed, Mr. Menzel said. The discovery in Germany came after police there ran a standard check for Mr. Kovtun's name after London's Metropolitan Police Service, as Scotland Yard is formally known, disclosed it as part of its investigation, Mr. Menzel said.

Investigators have had trouble talking with Mr. Kovtun and his associate Mr. Lugovoi in recent days. Last week, officials from Scotland Yard flew to Moscow to meet with them, but the meetings have been held up amid conflicting reports both men had been hospitalized for reactions to traces of polonium 210. One Russian news service said Mr. Kovtun had been in a coma, a report officials later denied. State news services in Moscow reported yesterday that Mr. Lugovoi was being interviewed by Russian authorities in the presence of Scotland Yard's team.

Mr. Litvinenko had said he was investigating the Oct. 7 killing of 48-year-old Russian journalist Anna Politkovskaya, although authorities haven't officially established any connections between the two killings.

Messrs. Lugovoi and Kovtun, in a recent appearance on a Moscow radio program, said they were innocent in Mr. Litvinenko's death. On the show, Mr. Lugovoi, an ex-Soviet security-service agent, said he introduced Mr. Kovtun to Mr. Litvinenko because of their common business interests.

Mr. Kovtun, also on the radio program, said he previously worked for the Soviet government in Czechoslovakia and was in Germany when the Soviet Union collapsed. He married a German woman and remained in the country for 12 years. He recently divorced and moved back to work as a business consultant in Moscow, where he sought to help British companies enter the Russian market. He said his first meeting with Mr. Litvinenko was Oct. 16 in London.

Germans Investigate Russian In Poisoning (WP)

By Shannon Smiley And Peter Finn

The Washington Post, December 11, 2006

HAMBURG, Dec. 10 -- German prosecutors said Sunday that they are investigating a Russian businessman for the illegal handling of a radioactive substance in the days after he flew to Germany from Russia and before he left to meet a former Russian internal security agent in London. The development is the strongest indication so far that the plot to poison Alexander Litvinenko in London originated in Moscow.

At a news conference in this port city, German officials said Dmitry Kovtun, who reportedly lies sick in a Moscow hospital, flew to Hamburg from Moscow on Oct. 28 before heading to London on Nov. 1, the day he met Litvinenko at a bar at the Millennium Hotel.

Hamburg's chief prosecutor, Martin Koehnke, said traces of radioactivity found in and around Hamburg and linked to Kovtun's movements before Nov. 1 suggested that he carried the substance to Germany. Koehnke said it was still possible that Kovtun was merely present when polonium-210 was "packaged in Moscow," but German investigators are convinced that he was in contact with the deadly isotope before he met Litvinenko.

"There is probable cause for the initial suspicion that he might have brought the substance with him outside his body to Hamburg, and that he may not only be a victim but could also be a perpetrator," Koehnke said at the news conference in Hamburg police headquarters.

Bolstering that assertion, Thomas Menzel, a police officer leading the investigation, said there is no evidence that Kovtun had returned to Germany after the London meeting with Litvinenko, all but ruling out the possibility, as Kovtun has claimed, that he first came into contact with a radioactive substance at the meeting with Litvinenko.

"We cannot be absolutely sure at the moment, but there has been no evidence to suggest that he returned to Hamburg," Menzel said.

"He is considered to be a suspect," German police said in a statement.

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German radiation experts said Sunday that they had confirmed the presence of polonium-210, the substance that killed Litvinenko, at two locations in Germany and were 95 percent certain that traces found at other locations had come from that radioactive isotope. Final tests were needed to confirm its presence at some locations, German officials said. Officials did not specify exactly where the polonium-210 had been found.

Menzel said Kovtun, a Soviet army veteran and business consultant who had lived in Germany for 12 years, flew to Hamburg from Moscow on an Aeroflot flight.

"Aeroflot is not available to us. It is probable that he was already contaminated when he flew on the plane," Menzel said. "We have not received any answers to our questions so far" from Russian authorities.

The Germans have dubbed their investigation "The Third Man," though officials did not explain the reference to the Graham Greene mystery. More than 170 police officers are working on the case, along with members of the federal border police, the federal criminal police and radiation protection officers.

The killing of Litvinenko, which Scotland Yard has classified a murder case, had already led to some deterioration in relations between Britain and Russia, but it now has the potential to impact the wider relationship between the European Union and Russia. Critics of President Vladimir Putin have accused the Kremlin of complicity in the killing, allegations that the Kremlin rejected as absurd amid repeated assertions that the polonium almost certainly did not originate in Russia.

The German allegations, however, will throw a fresh spotlight on the Russian investigation of the case. The Russian prosecutor general's office has opened its own inquiry into Litvinenko's death and said it was investigating Kovtun's poisoning as attempted murder.

Attempts to reach Russian officials at the Kremlin and the prosecutor general's office Sunday night were unsuccessful.

The German disclosures indicate that Kovtun was "with the murder weapon before Nov. 1," said Alex Goldfarb, who has been acting as a spokesman for the Litvinenko family in London. But he said Kovtun "had no motive to kill" Litvinenko, so the question remains, "Who hired him and equipped him?"

"It is clear all the tracks lead to Moscow," he said.

Kovtun, 41, first met Litvinenko on Oct. 16 in London, where the two were introduced by another Russian, Andrei Lugovoy, a former KGB agent who attended a military academy with Kovtun in the 1980s. The three discussed possible business deals involving British companies interested in investing in the Russian market, according to a joint interview with Kovtun and Lugovoy on Echo Moskva radio in late November.

Both Litvinenko and Lugovoy at various times had close ties to exiled Russian tycoon Boris Berezovsky, a declared enemy of Putin. Lugovoy was head of security for a television channel in Moscow owned by Berezovsky before he fled Russia in 2000 after clashing with Putin. And Litvinenko became a part of Berezovsky's circle in London when he fled Russia after accusing former colleagues in the Federal Security Service, or FSB, of corruption. His allegations had led Russian authorities to press criminal charges against him.

The three Russians met on Nov. 1 at the Millennium Hotel bar in central London. Seven hotel workers have tested positive for exposure to a radioactive substance. An Italian who met separately with Litvinenko the same day has also tested positive for radiation exposure, as has Litvinenko's wife.

Both Kovtun and Lugovoy have denied any involvement in Litvinenko's death.

Laying out a chronology of some of Kovtun's movements, German officials said he landed in Hamburg after flying from Moscow on Oct. 28. He was picked up in a BMW, which has tested positive for radiation, German investigators said.

On Oct. 29, Kovtun spent the night in Haselau, about 16 miles north of Hamburg, at the home of his former mother-in-law. The BMW was found at that location, German officials said, and initial tests detected radiation in the house.

On Oct. 30, Kovtun went to an administrative office for foreigners in Hamburg. Radiation has been detected on his file card, which he signed, German officials said. Neither the employee in the room nor the room itself tested positive. Kovtun has a German residence permit. He was still registered as a Hamburg resident, but police said he had not lived permanently at his listed address in an apartment building on Erzbergerstrasse for a couple of years.

Kovtun told Echo Moskva that he had started working as a business consultant in Moscow and that an enterprise had led to his discussions with Litvinenko.

Kovtun's former wife lives in the same building on Erzbergerstrasse where he was registered. On Oct. 31, Kovtun spent the night on her couch. Police said they found traces of radiation on the couch.

At 6:40 a.m. on Nov. 1, Kovtun took a Germanwings flight from Hamburg to London. The plane was examined yesterday at the Cologne-Bonn airport, but no contamination was detected. Police, explaining that apparent anomaly, said that had Kovtun showered, he might have washed away any trace. They also noted that the plane had been thoroughly cleaned since Kovtun traveled on it.

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Traces Of Radiation Linked To Associate Of Poisoned Ex-spy (USAT/AP)

USA Today, December 11, 2006

HAMBURG, Germany (AP) — Traces of the rare radioactive substance polonium-210 were found at a German apartment visited by a contact of fatally poisoned ex-spy Alexander Litvinenko — before the two men met in London, authorities said Sunday.

The polonium traces were found on a couch where Russian businessman Dmitry Kovtun is believed to have slept at his ex-wife's Hamburg apartment the night before he headed to London for a meeting with Litvinenko last month, German investigators said.

Tests on traces of radiation at the apartment "clearly show that it is polonium-210," Gerald Kirchner of the Federal Radiation Protection agency said at a news conference.

Investigators said Kovtun flew to Hamburg from Moscow with Aeroflot on Oct. 28 and departed for London on Nov. 1. That is the day when Kovtun and at least one other Russian met with Litvinenko at London's Millennium Hotel — and when Litvinenko is believed to have fallen ill.

Traces of radiation also were found in the passenger seat of a car that picked Kovtun up from the Hamburg airport, on a document Kovtun brought to Hamburg immigration authorities and at the home of Kovtun's ex-mother-in-law outside Hamburg — all from before the Nov. 1 meeting.

German prosecutors did not say whether they suspect Kovtun might have been involved in Litvinenko's death. But they said they were investigating him on suspicion he may have improperly handled radioactive material.

"At this stage of the investigation, we have sufficient initial cause to believe that he brought the polonium traces to Hamburg outside his body, or that these traces are the result of contact with polonium-210," prosecutor Martin Koehnke said.

Officials said that any connection between Kovtun and Litvinenko's death would have to be investigated by British police. British police are treating his death as a murder.

"We still believe that both variants are possible: that he may be a victim, but also that he may have been involved, at least in procuring the polonium," Koehnke said.

Litvinenko, an ex-Russian agent who was a fierce Kremlin critic, died Nov. 23 after blaming Russian President Vladimir Putin for the poisoning. The Kremlin has vehemently denied involvement.

Kovtun reportedly is being treated in Moscow for radiation poisoning. Russian authorities have opened a criminal investigation into his poisoning, calling it attempted murder.

Kirchner, the radiation agency official, said it was possible Kovtun could already have been poisoned when he arrived in Hamburg and left behind traces through body fluids such as sweat.

On Saturday, the German plane aboard which Kovtun flew from Hamburg to London tested negative for traces of polonium-210. Investigators raised the possibility that may be because the plane had been cleaned thoroughly.

A security officer for Moscow's Sheremetyevo airport said all Aeroflot planes, including the one which flew to Hamburg on Oct. 28, had been checked for radiation and tested negative. The officer spoke on condition of anonymity because he wasn't authorized to speak to the media.

Litvinenko met at the Millennium Hotel in London's Mayfair neighborhood with Kovtun and former Soviet agent Andrei Lugovoi. Another man, security firm head Vyacheslav Sokolenko, has said he was at the hotel but did not participate in the meeting.

Lugovoi has denied that the men were involved in the ex-spy's death.

Meanwhile, Litvinenko's widow said in interviews published Sunday that her late husband's criticism of the Kremlin had antagonized his former secret service colleagues, and contended that Putin had created an atmosphere that "makes it possible to kill a British person on British soil."

In her first interviews, Marina Litvinenko said she believed Russian authorities were behind the poisoning of her husband, who sought asylum in Britain in 2000 and obtained citizenship this year. Marina Litvinenko told Sky News in an English-language interview that her husband "openly went out from system and accused the system of killing people, of kidnap."

Marina Litvinenko has placed her faith in British investigators but said she does not intend to cooperate with Russian authorities, who plan to come to London to probe her husband's death.

"In Russia, it doesn't matter how many people are killed," she said, adding that the life of "only one person can still be very important in England."

Also on Sunday, Litvinenko's friend Alex Goldfarb accused Russian authorities of trying to obstruct the British probe by preventing Kovtun and Lugovoi from being questioned.

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Lugovoi was supposed to testify after a team of Scotland Yard officers arrived in Moscow on Tuesday. But the interrogation has been postponed several times, although Lugovoi himself has said he is eager to answer questions.

"It's a clumsy effort to cover up the trace, to prevent British investigators from meeting with two key witnesses," Goldfarb told The Associated Press.

He added that Lugovoi and Kovtun could be in danger as the authorities "could try to remove them later."

"Another crime is unfolding before our eyes — the removal of two key witnesses: Lugovoi and Kovtun," he told the AP.

Lugovoi, who is being checked in Russia for radioactive poisoning, said Sunday his condition was "stable" and results of his medical checks would be available by the end of the week.

Lugovoi said Kovtun also was in a "satisfactory" condition. "He's not in a coma," Lugovoi told the RIA Novosti, denying a report by the Interfax news agency on Thursday.

The Spy Who Knew Too Much (TIME)

By J.f.o Mcallister

Time, December 11, 2006

Alexander Litvinenko was buried as he had lived, in a storm. There was rain, hail and a tornado near Highgate Cemetery in north London on the day his lead-lined coffin was lowered into a plot a few yards from that of another dissident who had sought refuge in Britain, Karl Marx. Before the burial, there was a memorial service at a mosque. Several close friends said Litvinenko had converted to Islam a few days before he died, in a kind of atonement for atrocities Russia (and perhaps Litvinenko himself) had committed in Chechnya, although another doubted any conversion had taken place. Litvinenko's widow Marina had requested a nondenominational service at the graveside, but an imam interrupted the proceedings to perform Islamic rites. Litvinenko, a former Moscow anticorruption detective turned furious critic of the Russian government, had a talent for controversy.

The dead man in the Highgate Cemetery started feeling ill on Nov. 1. The London doctors who attended Litvinenko's bedside quickly suspected that some kind of radioactive agent was causing his decline. His hair was falling out, his athlete's body was shriveling, his bone marrow was failing, just as if he had been one of the firemen called to the burning reactor at Chernobyl. But gamma spectrometers found nothing unusual in his blood or urine. As doctors ruled out a slew of increasingly obscure toxins and bugs, the patient's condition worsened. In desperation, the police sent his urine to Britain's Atomic Weapons Establishment, which has equipment beyond the reach of any hospital. There, experts discovered Litvinenko's urine was teeming with radiation--not the gamma rays they had been looking for, which are the usual culprits in radiation poisoning because they can penetrate steel and concrete, but alpha particles, which can be blocked by a single sheet of paper or a layer of human skin. If they get into your bloodstream, though, alpha particles will destroy everything they touch. The Chernobyl occurs inside. This is not a nice way to die.

It was Litvinenko's fate. On Nov. 23, a few hours after the scientists isolated what was causing his body to disintegrate, he succumbed. His was not the quiet, inexplicable demise that a poisoner usually seeks. Instead, those alpha particles, which were shown to come from the rare isotope polonium 210, opened a box of mysteries that have grabbed the world's attention for weeks and turned a gruesome death into the center of a global manhunt and a potential row between Russia and the rest of the world.

The victim had no doubt where the search for his killer would lead: on his deathbed, he said his death had been ordered by Vladimir Putin, the President of Russia. Russian officials have denied that as a malicious provocation. Not surprisingly, Britain is being punctilious about amassing sufficient evidence before it points a finger in any direction. But if some shadowy figures close to the Kremlin turn out to be responsible for Litvinenko's death, it would be the most astonishing indictment of just how ruthless the modern Russian state can be.

All that, as yet, remains unproved. Meanwhile, a slew of whodunit theories are jostling for prominence. Following an autopsy that spurred the police to treat Litvinenko's death as a murder, Scotland Yard antiterrorism officers have been combing sites all over London, while colleagues traveled to Moscow. "This continues to be an extremely complex investigation, and detectives are pursuing many lines of inquiry," said a police spokeswoman. Litvinenko's excruciating and sinister death and the swirl of international politics around it make this a case worthy of John le CarrÃ©, but as the police insist, the classic questions of any murder inquiry still apply: Scotland Yard, in short, is looking for motive, means and opportunity.

Who had a motive?

WHY WOULD ANYONE WANT ALEXANDER Litvinenko dead? To answer that question, investigators are having to immerse themselves in the intrigues of postcommunist Russia and their echoes in London, the favored home away from home for Russian exiles, where Litvinenko sought asylum in 2001. (He became a British citizen two months ago.)

Litvinenko had spent the 1990s as an officer in the Ã©lite organized crime unit of the Federal Security Service (FSB), which was tasked with penetrating organized-crime gangs in the murky post-Soviet world of big money and official corruption. Like

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anyone else who touched that cesspit, he had collected some powerful enemies--and at least one ally. That was Boris Berezovsky, one of Russia's first billionaires, who made his money in cars and oil partly by using his excellent connections with Boris Yeltsin to buy state assets for much less than they turned out to be worth. In 1994, as his Mercedes was pulling out of his headquarters, a huge car bomb decapitated Berezovsky's chauffeur but left Berezovsky unharmed. Litvinenko was assigned to the case, and over time the two men became friendly. In 1995 hit men gunned down Vladislav Listyev, a popular TV personality who also ran Berezovsky's ORT-TV network. Officers from a rival organized-crime squad came to Berezovsky's headquarters to arrest him and search for documents. But in the doorway, with his pistol drawn, Litvinenko held off eight of them armed with Kalashnikovs, while Berezovsky furiously phoned allies at the Kremlin. Berezovsky said he and Litvinenko became "like brothers" that night.

Litvinenko claimed to have saved Berezovsky's life a second time. In 1998 he said he had refused an order "to kill the Jew who has stolen half of this country"--by which his superiors meant Berezovsky. As a result, Litvinenko believed, an unsuccessful attempt was made on his life. Those claims were made at a surreal press conference at which Litvinenko appeared with six other disgruntled FSB officers. Some wore ski masks, but Litvinenko, his face uncovered, calmly stated that bosses at the FSB were using the organization "for their private ends to liquidate those who bothered them" and line their own pockets.

Was Litvinenko telling the truth, and if so, was that his sole motivation for grabbing the limelight? Later, two of the officers in the episode claimed the stunt was bought and paid for by Berezovsky, which probably only heightened the rage of the man who had become the FSB's chief--Vladimir Putin. To Putin, a former KGB officer, what Litvinenko had done "was a major act of treason," says former KGB Major General Oleg Kalugin, now an exile in the U.S. after having written about Russia's tilt toward authoritarianism. In his book The Lubyanka Gang, Litvinenko, for his part, said he had gone to Putin before the press conference with proof showing which top FSB officers and high state officials were corrupt. Putin, he wrote, promised to take action--but had Litvinenko tailed instead and hired some of those accused of corruption to work for him. FSB officers arrested Litvinenko on corruption charges in 1999, and he was jailed for eight months. At trial, he was acquitted, then rearrested and jailed for an additional seven months on the same charges (which were quashed), then arrested again. He was eventually released on the condition that he did not leave Moscow.

Litvinenko broke that promise. With Putin having succeeded Yeltsin as President, Litvinenko and his family fled to London in October 2000--shortly after Berezovsky, who was later charged in Russia with fraud, had left for Britain. Litvinenko went to work for the billionaire and lived in a house owned by him. Both agitated against Putin, Berezovsky by financing human-rights and opposition groups and Litvinenko by producing two books furiously critical of the new President. Litvinenko, it is fair to say, didn't like Putin. Last summer he claimed in a letter posted on the Internet that the President was a habitual pedophile. Litvinenko also contended that Putin had been on the take from Mafia groups for years and that to advance his presidential ambitions, he had directed FSB officers to blow up apartment buildings in Moscow in 1999, killing more than 300 people--then pinning the outrage on Chechen rebels. (Putin has vehemently denied any involvement; Russian courts found a group of Chechens guilty of the crimes.) Litvinenko helped make a French film about the apartment bombings and was contributing to a documentary being made in London when he was murdered. This fall Litvinenko had been on the trail of the murderer of Anna Politkovskaya, a persistent critic of Putin's war in Chechnya and human-rights abuses in Russia. Politkovskaya was killed in the doorway of her Moscow apartment in October. Litvinenko was sure the order had come from the Kremlin.

Putin, says Alexei Kondaurov, a former KGB general who is now a maverick Duma deputy, is known for keeping score and for a long memory. So the idea that he would want an infuriating gadfly like Litvinenko to disappear is not beyond reason. But the President's defenders scoff at the idea that he might have been involved in Litvinenko's death. Putin, they say, had no need to get rid of Litvinenko; the exile was an irrelevant crank. Milton Bearden, a former CIA spy in Moscow, as well as other experienced intelligence hands, agrees it would be nuts for Putin--who has had good relations with British Prime Minister Tony Blair--to order an assassination on British soil of a British citizen who was no more than a pest. Says Bearden: "Take a deep breath and take a look at Putin and say, 'Is he stupid or insane?'"

If not Putin, who might want Litvinenko dead? Plenty. Russian Mafia bosses whose networks he was still prying into, for example, or rogue FSB officers who had been paid to rub him out by those who wanted to hurt Berezovsky. Perhaps the culprit was someone who wanted to frame Putin, or a member of the many factions maneuvering to succeed him when his term expires in 2008. One particularly dark theory making the rounds in Moscow was that Litvinenko organized his own death in a bizarre politically motivated suicide. Julia Svetlichnaja, a Russian postgraduate student who met with Litvinenko several times over the past year, last week described an erratic man who said he was going to blackmail at least one famous Russian oligarch with the many secrets he was collecting--or sell them to newspapers. Yegor Gaidar, a Prime Minister in the early 1990s and now an occasional critic of Putin's, came to the President's assistance last week when describing how he had fallen violently ill from an apparent poisoning in Dublin on the day Litvinenko died. Writing in the Financial Times, Gaidar concluded "that some obvious or hidden adversaries of the Russian authorities stand behind the scenes of this event, those who are interested in further radical

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deterioration of relations between Russia and the West." His implication was that those same or similar adversaries killed Litvinenko.

Who had the means?

THE POLICE ARE TAKING ALL SUCH CLAIMS with a grain of salt--and turning their attention, rather, to the grains of polonium 210 that are at the center of the case. This is no garden-variety poison: polonium needs a nuclear reactor to cook it up and extremely careful handling. At first, the discovery of the element seemed to hang responsibility on the Kremlin. Russia is a big producer of polonium (although its annual output, less than a hundred grams a year, shows just how rare it is). The element is hard to procure. In the U.S., it takes a government license to buy more than minute quantities, and according to the website of United Nuclear, which sells isotopes for use in research labs, it would take about $1 million, 15,000 purchases of the largest unlicensed amount and some fancy lab work to scrape together a lethal dose. (The British Health Protection Agency says the dose that killed Litvinenko was at least 10 times as high as that needed to kill.)

Polonium 210 has some prosaic applications; it is used, for example, in antistatic devices found in photo shops and fabric mills. It would be very difficult, but for less than $1,000, just a few such gizmos could theoretically be disassembled and the contents reworked in a laboratory to produce a lethal dose. To be usable as a poison, Michael Clark, a spokesman for Britain's Health Protection Agency, said last week, the polonium would then have to be mixed in solution, probably with a gelling agent. "If it was some sort of liquid, it could have been--as in James Bond--a little magic capsule," Clark said. All this implies considerable sophistication and resources. A rich, ambitious criminal syndicate might have been able to pull it off; nevertheless, normally it is governments that work on this scale. And obscure poisons have long been a specialty of Russia's secret police, going back to a "toxicological office" that reported to Lenin personally. In the past, the Russians were known to have developed a gun delivering a burst of cyanide gas causing death easy to misidentify as a heart attack, and tiny pellets smeared with the poison ricin, which has no antidote.

In retrospect, it would have been a lot less trouble for someone to push Litvinenko under a bus than to feed him polonium. But it's likely his poisoners did not anticipate the brouhaha his death would cause. "I believe this was a botched operation," says Litvinenko's friend Alexander Goldfarb, who helped him escape from Russia and runs the Berezovsky-funded International Foundation for Civil Liberties in New York City. Without the intervention of Britain's nuclear-bomb lab, the cause of death would have remained shrouded. Boris Zhuykov, chief of the radioisotope laboratory at the Nuclear Research Institute of the Russian Academy of Sciences, says the discovery that polonium was the cause was "an act of scientific heroism. The murderers obviously did not expect that the polonium would be found. They failed because of the excellence of the English gamma spectrometer and the persistence of the research." (Zhuykov says that when he was making these points to Moscow's pro-government NTV network last week, the interview was terminated.)

Who had the opportunity?

SCOTLAND YARD HAS HAD ONE BIG BREAK IN the case: polonium, once released, is like a persistent, invisible dye that marks whatever it touches. Someone who ingests even small amounts will leave an unmistakable trail through sweat and even fingerprints. London's gumshoes have spent the past two weeks following such spores all over town--and beyond.

Litvinenko got sick the evening of Nov. 1, when alpha particles were destroying the lining of his gut. As he began to suspect poison, he focused on two meetings he had earlier that day. One was at a sushi bar in central London with Mario Scaramella, 36, an Italian lawyer and, like Litvinenko, a man drawn to the world of secret information and conspiracy theories. The second meeting was in the Pine Bar of the Millennium Hotel, near the U.S. embassy, with a group of Russian businessmen with whom Litvinenko was apparently hatching business ventures in Britain. "Alexander said both [meetings] were suspicious, and one was probably innocent," says Goldfarb.

For a time, attention focused on Scaramella, but by the end of last week his level of poisoning and other evidence exculpated him of any suspicion. Instead, the trail of polonium was entangling the group of Russians at the Pine Bar. All seven bartenders on duty that day tested positive for the substance, at levels approaching those found in members of Litvinenko's family, implying they had inhaled it soon after its release--possibly from the vapor given off by a drink into which it had been slipped. The Russians who met Litvinenko in the bar included Andrei Lugovoy, a former KGB bodyguard who had met Litvinenko in the 1990s when serving as Berezovsky's security chief at ORT; Dmitry Kovtun, a former Soviet army officer who has lived in Germany for many years and has known Lugovoy since they were 12; and Vyacheslav Sokolenko, a graduate of the same military school as Lugovoy and Kovtun. Sokolenko says he had never met Litvinenko before their brief encounter in London, and that his only interest that day was to attend a soccer match and do some sightseeing. Both Lugovoy and Kovtun have polonium in their bodies, and so far the main focus is on them; both men (and Sokolenko) deny any wrongdoing.

When Lugovoy learned that British authorities were investigating Litvinenko's poisoning, he volunteered for an interview at the British embassy in Moscow. Polonium was later found in the embassy room, and in lots of other places Lugovoy had visited: on planes he had flown between Moscow and London in October; in five rooms at the Sheraton Park Lane hotel, where he had

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stayed; and in a fourth-floor room at the Millennium Hotel he is said to have used on the day Litvinenko was poisoned. Finding polonium in a hotel Lugovoy had used on a previous trip to London prompted British authorities to wonder if there might have been an earlier, failed murder attempt. A senior British security official thought the sprawl of radioactive markers throughout London and beyond implied an amateur operation, not up to the FSB's usual standard. But another official disagreed. "This is such an extraordinary material to be using as a weapon," he said, "I'm not sure if any standard operating procedures would exist for handling it." Lugovoy's explanation for the traces that seem to track his progress around London was straightforward. "Someone is trying to set me up," he said to the Moskovsky Komsomolets newspaper. "But I can't understand who. Or why."

Nine Scotland Yard detectives were in Moscow last week, trying to talk to Lugovoy. But the interview kept getting postponed for "technical reasons." Cooperation between the Londoners and the Russian authorities has been frosty. Russian prosecutors insisted that they conduct all the interviews, with the British merely suggesting questions. Prosecutor General Yuri Chaika said no Russian citizens would ever be extradited to Britain in connection with the case, while his office suggested that Russia would open its own criminal investigation in London. Lugovoy and Kovtun were said to be in the hospital with radiation poisoning, but there was no independent confirmation of that. After his interview with the British detectives, Kovtun was reported by the usually reliable Interfax news agency to have lapsed into a coma, but his lawyer quickly denied it. Hamburg police found alpha radiation in the apartment of Kovtun's ex-wife and in the home of his ex-mother-in-law, but were not able to say whether the source was polonium 210. For their part, British officials were hoping further tests might let them pinpoint the origins of the polonium, since reactors usually leave signatures in their output. The forensic trail so far points decisively to Russia. But Scotland Yard knows that pursuing Litvinenko's murder back to those who set it in motion, whether official, private or some combination of the two, may never be possible unless someone confesses.

Meanwhile, there is the light--uncomfortably glaring--that the case sheds on modern Russia. Vladimir Ryzhkov, one of the few independent liberals left in the Duma, says, "The point is not whether Putin is responsible for these concrete murders. The point is that he is responsible for having created a system that is ruled by fear and violence." Ryzhkov claims that the armed forces, Interior Ministry, FSB and those who have retired from them to join private security services "are running this country, own its economy and use violence and murder as habitual management techniques." A U.S. businessman in Moscow seconds the argument. "While you in the press are obsessed by Politkovskaya and Litvinenko, you've missed that half a dozen major oil executives and another half-dozen major bankers have been murdered in the last few months." Unlike Litvinenko's sickness, Russia's may not be fatal. But like his, it starts from inside. From his lead-lined coffin, a shadowy figure has illuminated that much.

with reporting by Timothy J. Burger/Washington, Jessica Carsen/ London, Peter Gumbel/Paris, Jeff Israely/Rome, Yuri Zarakhovich/Moscow

EU Looks Likely To Partially Halt Talks With Turkey (WSJ)

By William Echikson

The Wall Street Journal, December 11, 2006

European foreign ministers will meet today in Brussels to consider a last-ditch Turkish proposal to end a deadlock over Cyprus that threatens Turkey's membership talks with the European Union.

EU ambassadors couldn't reach a decision last week, and diplomats in Turkey's capital, Ankara, expect foreign ministers to fail, pushing the issue to EU heads of state who meet Dec. 15 and 16 in Brussels.

After an anguishing debate, diplomats expect the EU to decide to suspend parts of Turkey's membership negotiations. Pessimists fear the partial pause will evolve into a more permanent freeze, turning Turkey toward nationalism and away from the West. Optimists cling to the hope that the rupture won't be complete and European leaders will leave the door open to resume talks later.

The stakes may be high in either cementing a major Islamic country into the West or seeing failure exacerbate the clash of civilizations.

The proximate cause of the conflict is the divided island of Cyprus. After Greek Cypriots took control in 1974, the Turkish army invaded and occupied the northern half, where they have stayed ever since. Greek Cypriots rejected a United Nations-brokered deal to unify the island in 2004, while Turkish Cypriots approved it. The Greek part of the island entered the EU anyhow.

As part of their entry negotiations, the EU gave the Turks until this year's end to open their ports and airports to traffic from Cyprus. The Turks refused, saying the EU should at the same time end the commercial isolation of northern Cyprus, a prospect vetoed by Greek Cypriots. Turkey last week offered to unilaterally allow Cyprus traffic into one port and one airport for a year in return for the "expectation" the EU would reciprocate later on northern Cyprus.

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The last-minute Turkish offer remains insufficient, EU officials say, and Turkish diplomats themselves are resigned to its rejection. Cyprus has vetoed the proposal outright and is pushing for a hard punishment. Given the island's small importance -- its total population is less than one million -- the Turks suspect ulterior motives. Greece, France, Germany, the Netherlands and Austria -- who are wary of the prospect of allowing 70 million Muslim Turks into what has been a Christian club -- are likely to "hide behind Cyprus," said Murat Mercan, head of the Turkish Parliament's EU Committee.

The European Commission is proposing freezing eight of the 35 "chapters" in Turkey's membership talks and saying no new chapters could be closed until the Cyprus issue is settled. A final decision to freeze fewer chapters would be "psychologically" important, helping the Turkish government sell further concessions to its citizens and continue the adoption of EU-inspired changes such as press and religious freedoms, says Kaya Turkmen, director general for European Union Affairs in the Turkish Foreign Ministry.

Another crucial issue is the possibility of a "rendezvous" clause calling for a review in 18 months or so. So far, the clause remains in the package being considered by foreign ministers. This deadline, if missed, could lead to a "complete break in talks," Mr. Turkmen said.

With Or Without EU, Turkey Is Rising (CSM)

By Yigal Schleifer

The Christian Science Monitor, December 11, 2006

ISTANBUL, TURKEY

Like a game of high-stakes chicken set on the global stage, Turkey and the European Union have been locked in a tense standoff ahead of this week's deadline for Turkey to open its ports to Cypriot vessels or face consequences.

In a last-minute bid Thursday, the Muslim country looking to join the EU offered to provisionally open one port and one airport. But Brussels has deemed the concession insufficient and EU leaders appear likely to decide at a summit later this week to partially suspend talks on Turkey's membership.

As EU foreign ministers meet Monday to discuss the issue, some observers - particularly in Europe - see Turkey's stance as self-defeating obstinancy. But others say it is in fact fueled by a greater sense of self-confidence, the result of a surging economy and an increased sense of its own growing strategic importance, which may dampen the effects of any rupture with the EU.

"For the first time in my career I am seeing a Turkey that is quite calm and confident of itself," says Kemal Kirisci, director of the European Studies Institute at Istanbul's Bogazici University. "There is an element of confidence that is beginning to permeate the Turkish economy, and a bit of politics as well, and I see this confidence starting to permeate the Turkish foreign ministry. This is very healthy for Turkey and for the European Union."

Economically, Turkey has never been more part of Europe. Some of Europe's most venerable brands, from Bosch to Fiat and Renault, are today being manufactured in Turkey, which has grown to become the largest exporter of televisions to Europe.

But the continent's interests in Turkey may lie beyond the marketplace, experts say. With its strategic location between Europe and Asia, Turkey can act as a key conduit for delivering important goods to Europe, from Central Asian oil and natural gas to greater political influence in the Middle East. In addition, Turkey's young population could ultimately boost the productivity of a graying European population.

Mired in a deep financial crisis only a few years ago, Turkey's economy has been growing at a rate of some 7 percent for the last three years, while its formerly triple-digit inflation has been tamed to a manageable 10 percent. If it were to join the EU right now, Turkey would be the sixth-largest economy in the 25-member organization.

"Both in finance and trade, Turkey is already a big part of Europe," says Murat Yucer, an economic analyst in Istanbul. "Turkey is a big market. Ultimately, it's a solid growth story."

All of this has been attracting an increasing number of European investors, despite tensions between EU countries and Turkey.

Analysts point out that during a recent political crisis between Turkey and France over the French lower house of parliament's approval of a bill that would make it a crime to deny that the mass killings of Armenians by the Ottomans were a genocide, French businessmen worked hard to distance themselves from the legislators' actions.

"[European business leaders] see Turkey as a very interesting and growing market that has a lot of opportunities," says Felix Howald, Europe director for the World Economic Forum (WEF), a Geneva-based organization that brings together leaders from business and politics.

A WEF report issued ahead of a recent high-level summit in Istanbul stated: "Turkey is perceived by many as a source of risk to Europe; it may be just the opposite, a potential source of major risk mitigation."

"Europe needs to look at Turkey in the context of the wider global risks facing it in the future."

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Reacting to the possibility of the EU negotiations being partially frozen and of Turkey being forced to abandon the negotiating table, Turkish Prime Minister Recep Tayyip Erdogan said Europe would be making a "dreadful mistake."

"Europe, not Turkey, would stand to lose," he said this week, adding that Turkey would still continue to pursue its membership goal, although it has a Plan B and C.

Mr. Erdogan didn't specify what those other plans are, but observers in Turkey believe Ankara can't afford to cast aside its engagement with Europe, no matter how rocky the relations.

Hugh Pope, an independent analyst based in Istanbul, says that even Turkey's growing involvement in the Middle East - often seen as laying the groundwork for an EU alternative - is predicated on the perception that predominantly Muslim Turkey is on the path to joining the European big leagues.

"The relationship is really important for Turkey's power. Even if it's not going anywhere, it needs to be seen as going somewhere," says Mr. Pope. "Turkey has always got to maintain the illusion that the European process is in motion. It will never repudiate Europe."

But Bahar Rumelili, an expert on Turkey-EU relations at Istanbul's Koc University, says the negotiations are as important for Brussels' image.

"For the EU, a healthy relationship with Turkey conveys the image of the EU as an inclusive organization and an international actor that is able to promote change and reform," she says. "There is a growing realization from the European side that to alienate Turkey would be a big mistake. It would damage a major part of the EU's image as an international actor."

The forces of public opinion and political expediency might still get in the way, however, with European politicians certainly giving the impression that they are happy to alienate Turkey.

French conservative presidential hopeful Nicholas Sarkozy kicked off his candidacy by declaring that "Turkey's place is not in the EU." German chancellor Angela Merkel has also made clear her desire to deny Turkey full membership. In that sense, some say a cooling-off period between Turkey and the EU might be a positive thing, particularly with public opinion in some European countries decidedly against Turkey's membership.

"I think a pause is absolutely vital at this moment because the European public is up in arms," says Pope.

"I think that Europe has to catch up with itself."

Complete The Mission (WSJ)

By Miomir Zuzul

The Wall Street Journal, December 11, 2006

ZAGREB, Croatia -- The search for peace and democratic reform in the Middle East is NATO's most important challenge, as last month's Riga summit affirmed. But this focus on security and reform outside Europe threatens to sideline NATO's core responsibility to act within Europe. Along with deterring the Soviet Union until its collapse, the Alliance contributed to the economic growth and democratization of postwar Western Europe. This record of success makes it imperative that NATO's doors remain open to new European members hoping to make a similar journey from the days of dictatorship, discord and privation to democracy, peace and prosperity.

These potential new members can be found in Southeast Europe, a region that only too recently has been plagued by war and ethnic tensions. Some steps toward bringing these countries in were taken at the Riga Summit. Bosnia and Herzegovina, Montenegro, and Serbia were invited to join the Partnership for Peace (PFP) program, which the Alliance has successfully used to groom prospective members. U.S. President George W. Bush affirmed that a key foreign-policy goal is to bring Croatia, Albania and Macedonia into NATO in 2008. The Riga Summit Declaration reaffirmed the Alliance's intent at the next summit in 2008 "to extend further (membership) invitations to those countries that meet NATO's performance based standards and are able to contribute to Euro-Atlantic security and stability."

While these are steps in the right direction, NATO must bring the process promptly to its logical conclusion by offering these countries full membership. Decisive and bold leadership, both by the U.S. and key European countries, is more necessary than ever since, unfortunately, some NATO members are experiencing expansion fatigue. They are threatening to stop or pause the process of integrating Southeast Europe into the Alliance's unique security architecture.

This cannot be allowed to happen. NATO was established with the goal of stabilizing Europe. Yet, a key portion of the European geopolitical space -- the Balkans -- remains unsettled. Radicals in Serbia are once again threatening to erode the budding democracy in Belgrade; Kosovo remains unresolved; and even 10 years after the Dayton accords, Bosnia and Herzegovina remain unable to function without international assistance. The best, the only, way to stabilize what otherwise might become Europe's ghetto is the region's gradual integration into NATO. This is exactly the same bold strategy that led to the transformation of postwar Western Europe and post-Cold War Eastern Europe.

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The optimal way to begin this transition is through Croatia's membership in NATO. Croatia is the region's leader in terms of economic and democratic stability and is well on its way to meeting the criteria for European Union membership. President Bush also acknowledged that Croatia is presently the only truly stable pro-NATO democratic ally in the region. Croatia's membership in the Alliance would serve as the bridge to the rest of the region and encourage democratic reforms throughout the Balkans.

While NATO must certainly continue to look outward and give due importance to its tasks in the Middle East, it must not forget its founding mission of stabilizing Europe. Today, this mission remains incomplete. As in Central Europe in the 1990s, when those countries marked their return to the European family by joining the Alliance well ahead of the EU, NATO has another opportunity to move faster and exhibit greater vision than the Union in the Balkans.

Mr. Zuzul was Croatia's foreign minister between 2003 and 2005. He is currently a member of parliament in Croatia.

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 10, 2006 7:45 AM EST

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TERRORISM NEWS:

Ashcroft Claims Enemy Combatant Held Since 2001 Was Tied To 9/11 Attackers. The Los Angeles Times (12/10, A1, Serrano, 850K) reports, "Ali Saleh Kahlah al-Marri is the last enemy combatant imprisoned in this country. Yet four years after his arrest, government officials still cannot agree on what threat he posed. In a new allegation, former Atty. Gen. John Ashcroft says Al-Marri was sent to the United States a day before the Sept. 11 attacks to plan strikes on West Coast targets, including the tallest building in Los Angeles. Ashcroft's claim — made in a new book — is the first time any U.S. official has directly linked Al-Marri to the West Coast attacks that Al Qaeda leader Osama bin Laden allegedly hoped would follow the deaths of nearly 3,000 people in New York, the Pentagon and Pennsylvania. Citing Sept. 11 mastermind Khalid Shaikh Mohammed, who was captured and interrogated, Ashcroft wrote: 'I believe KSM had planned to use Al-Marri to help facilitate this next wave of attacks focused on Los Angeles.' But three federal law enforcement officials asked about the allegation said they were mystified by Ashcroft's assertions."

Plans To Build Guantanamo Legal Compound Are Halted. The Miami Herald (12/10, Rosenberg, 286K) reports, "In an abrupt about-face, the Pentagon has scrapped plans to invoke emergency authority to fast-track construction of a controversial $100 million legal

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compound at Guantánamo Bay, Cuba. Instead, Defense Department officials will seek permission from Congress for any new major buildings in which to stage the first war-crimes trials since World War II." The retreat was "a setback in Bush administration war-on-terrorism policy, just as the Republican-led Congress finished business Saturday -- to be replaced by a Democratic majority."

Lithwick Says Congress Effectively Legalized Torture. In the New York Times Magazine (12/10), journalist Dahlia Lithwick writes, "There were always two narratives offered about the change in American torture policy after 9/11. The first story — told by the Bush administration — was that the Geneva Conventions mandating humane treatment of war prisoners could be unilaterally suspended by the president for the duration of the war on terror. But ... only a few renegade bad apples abused detainees. The alternate version of the story went this way: from the outset of the war, human rights groups said, Bush-administration attorneys devoted considerable energy to secretly redefining torture." The competing versions "collided this summer with the Supreme Court's decision in Hamdan v. Rumsfeld." Lithwick concludes disapprovingly, "Congress passed legislation decreasing Congressional and judicial oversight of detainees. When Bush admitted, in short, that the second narrative — America tortures people in secret — was true, Congress effectively made it legal."

HOMELAND RESPONSE:

Coast Guard Live Fire Practice Perturbs Great Lakes Area. The Washington Post (12/10, A18, Slevin, 690K) reports, "U.S. Coast Guard vessels staging machine-gun target practice in the peaceable Great Lakes? ... In the name of defending the United States against terrorists, the Coast Guard proposes live-fire zones in all five Great Lakes, where gunners could perfect their skills on M-240B machine guns to be mounted on lake vessels. The weapons can fire hundreds of 7.62mm rounds a minute and send lead 2.3 miles downrange." The Bush Administration "sought to assure the Canadians that the [machine guns] would not violate the spirit of an 1817 agreement limiting armaments on the lakes, home to 21 percent of the fresh water on the Earth's surface." However, "opposition to the proposal is formidable and growing."

WAR NEWS:

White House Seeking Alternatives To Key ISG Proposals. Coverage by both television networks and print media of the White House stance on Iraq casts President Bush as standing his ground regarding the Iraq Study Group's recommendations, but suggests Bush is open to change. ABC World News (12/9, story 2, 1:30, Weir, 8.78M) reported Bush "has promised to announce his plan for a new direction in Iraq before the end of the year; though the bipartisan Iraq Study Group has weighed in, the President says he wants to hear more." ABC (Morrell): "The White House says the President is still digesting the Iraq Study Group report but at the same time he is seeking lots more advice. ... Now, all this is a clear indication that while the President appreciates the hard work of the Iraq Study Group, he certainly does not believe they have all the answers."

NBC Nightly News (12/9, story 2, 2:35, Court, 9.87M) reported Bush "struck a conciliatory tone in his weekly radio address," but "didn't address two of the study group's key recommendations: that the US begin direct talks with Iran and Syria and begin pulling out troops by early 2008. Still the President faces heavy pressure to change course." On the CBS Evening News (12/9, story 3, 2:30, Assuras, 7.66M), ISG adviser Steven Cook said, "Certainly the report is a rebuke of the Administration's foreign policy."

CNN (12/9, Quijano) reported, "On the heels of that sobering report by the Iraq Study Group, President Bush today, in his weekly radio address, praised the bipartisan panel for its work, but continued to remain vague about its recommendations. ... As he's done since the report was released on Wednesday, the President was careful not to weigh in in any specific fashion on the 79 recommendations."

The New York Times (12/10, A18, Rutenberg, Sanger, 1.16M) reports Bush Administration officials "say their preliminary review of the bipartisan Iraq Study Group's recommendations has concluded that many of its key proposals are impractical or unrealistic, and a small group inside the National Security Council is now racing to come up with alternatives to the panel's ideas. ... President Bush and his top aides were described as deeply reluctant to follow the core strategy advocated by the study group: to pressure Prime Minister Nuri Kamal al-Maliki to rein in sectarian violence faced with reduced United States military and economic support." The AP (12/10, Loven) also says "President Bush's

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national security team is debating whether additional troops are needed to secure Baghdad."

Implying a presidential effort to put the best light on things, the Los Angeles Times (12/10, Richter, 850K) reports that "although the bipartisan commission on Iraq endorsed actions that the White House firmly opposed, President Bush said Saturday that the panel's report shared his chief goal for the country. ... The release of the report Wednesday has amplified criticism of the administration's policies and lent new momentum to calls for U.S. withdrawal from Iraq. Bush is now scrambling to develop an alternate course."

ISG Report Shows "Divide Within GOP." The New York Times (12/10, A1, Broder, Toner, 1.16M) reports, "The release of the [ISG report] this week exposed deep fissures among Republicans over how to manage a war that many fear will haunt their party — and the nation — for years to come. A document that many in Washington had hoped would pave the way for a bipartisan compromise on Iraq instead drew sharp condemnation from the right." White House officials "who conducted a preliminary review of the report said they had concluded that many of the proposals were impractical or unrealistic." On the other hand, GOP "moderates clung to the report, mindful of the drubbing the party received in last month's midterm elections largely because of Iraq." The disagreements "could make it more difficult for Republicans to coalesce on national security policy and avoid a bitter intraparty fight going into the 2008 campaign." President Bush "has not yet tipped his hand on what course he intends to pursue," but "has already signaled that he intends to make some adjustments, most notably by dismissing Secretary of Defense Donald H. Rumsfeld immediately after the midterm elections."

The Los Angeles Times (12/10, Levey, 850K) reports President Bush, "weakened by an unpopular war and the loss of Republican control in Congress, is now confronting disaffection within his own party that could complicate his attempt to set an agenda for his final two years in office." Republicans "are advertising attacks on Bush's foreign policy that they once kept largely private. Last week…Sen. Gordon Smith gave a speech calling the current war strategy 'absurd' and sent out a news release with his remarks. Some longtime Bush allies, such as Texas Sen. John Cornyn, are even adopting Democratic rhetoric to criticize the Iraq war. And on other issues that will confront the new Congress in January -- including trade and judicial appointments -- Republican lawmakers have signaled an unwillingness to follow the White House."

Hawks "Rage" Over ISG Plan. The Washington Post (12/10, A3, Abramowitz, Kessler, 690K) reports, "Steady condemnation from conservatives for the Iraq Study Group report may be providing some cover to the Bush administration as it completes its own review of strategy in Iraq, apparently with little enthusiasm for the panel's prescription of U.S. troop withdrawal and dialogue with Syria and Iran. ... Comments from the hawkish right, meanwhile, have often been an accurate gauge of the beliefs of key figures inside the Bush administration, especially Vice President Cheney." Sen. John McCain is described as "notably fueling the skepticism."

Bush Seen By Some As "Rejecting Lifeline." The San Francisco Chronicle (12/10, A1, Lochhead, 384K) reports, "Much of Washington is looking at President Bush as a man standing on quicksand in Iraq, refusing the branch offered by his father's friend to save his presidency and the country from a historic blunder." Bush "is in full flower of what he calls resolve and others call obduracy. The Baker-Hamilton report has left Bush isolated even within his own party. ... It remains to be seen whether Bush is clinging to Cold War metaphors that he hopes history will vindicate or saving face before delivering a speech expected by Christmas. During it he would call for a gradual withdrawal of U.S. forces from Iraq based on reviews he has ordered from his State Department, Pentagon and National Security Council." The Chronicle notes doubt that James Baker "was sent as an envoy from father to son. ... he is no longer playing family messenger."

WPost, NYTimes Examine ISG. The Washington Post (12/10, B6, 690K) editorializes that the ISG's "recommendations for shifting U.S. military tactics in the war are specific, focused and aimed at incremental improvement over the next few months; they are also close to what the Pentagon and Iraqi government already were hoping to achieve. By contrast, the group's diplomatic strategy is sweeping -- and untethered to reality. ... Start with the supposition that resolving the Israeli-Palestinian conflict is somehow central to ending the chaos in Iraq. In fact, even if the two-state solution sought by the Bush administration were achieved, it's difficult to imagine how or why that would cause Sunnis and Shiites to cease their sectarian war in Baghdad or the Baathist-al Qaeda insurgency to stand down." In addition,

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"Bashar al-Assad is very different from his father, Hafez, with whom Mr. Baker negotiated."

The New York Times (12/10, WK11, 1.16M) editorializes that the ISG report's recommendations 46, 72, and 78 "share one basic idea: Government officials should not lie to the public or each other, especially in matters of war. ... the fact that it had to be said, and so often, in the report goes a long way toward explaining how Mr. Bush got the country into the Iraq mess and why it is proving so hard to dig out of it." Recommendation 46 "calls on the new secretary of defense to create 'an environment in which the senior military feel free to offer independent advice' to civilian leaders"; recommendation 72 "says that "costs for the war in Iraq should be included in the president's annual budget request," and recommendation 78 "calls on the Pentagon and the intelligence community to 'institute immediate changes' in how they collect data on violence in Iraq 'to provide a more accurate picture of events on the ground.'"

Rumsfeld Makes Surprise Trip To Iraq. There was extensive television coverage of outgoing Defense Secretary Donald Rumsfeld's surprise trip to Iraq, but little made its way into major newspapers. ABC World News (12/9, lead story, 2:30, Harris, 8.78M) reported, "The Pentagon has always asked the media to keep Secretary Rumsfeld's prior visits under wraps until he arrives on the ground here in Iraq. But this time, they still haven't officially announced the visit. They're giving out very little information and no pictures. ... Iraqis we spoke with today about Rumsfeld's visit told us they blame him for the chaos so prevalent here." CNN (12/9, Robertson) had a similar report, saying that "it appears that even some very senior officials here don't even know Rumsfeld's whereabouts, and weren't aware that he had been in country. So that is an indication of the secretive nature of the mission. And obviously, security is a very, very big part of that. … But, perhaps here, the Secretary of Defense wanting to keep this mission a very low-profile one, keep it very private. Certainly the indications seem to be that it is a personal visit for him to thank personally the generals here, commanding the operations, to show his appreciation to the troops. Of course, it has been his decisions that have put so many lives on the line here and still on the line."

NBC Nightly News (12/9, lead story, 4:04, Siegenthaler, 9.87M) opened with "late word from the Pentagon" that Rumsfeld "is in Iraq as he prepares to leave office he made the trip to say goodbye to American troops. ... In a secret visit [outgoing] Secretary of Defense Donald Rumsfeld is in Baghdad to say goodbye to the troops. None of his previous 12 trips, all of them unannounced, has ever seen security this tight." The CBS Evening News (12/9, story 3, 2:30, Assuras, 7.66M) said it "has confirmed that outgoing Secretary of Defense Donald Rumsfeld today made a surprise visit to Iraq to say farewell and thank you to US troops."

The AP (12/10, Yost) reports Rumsfeld "made a surprise trip to Iraq Saturday, just days after a bipartisan commission called the situation there 'grave and deteriorating' and said the administration's policy wasn't working." Some of his remarks to "more than 1,200 soldiers and Marines at Al-Assad, a sprawling air base in Anbar province, the large area of western Iraq that is an insurgent stronghold," are quoted. His "15th trip to Iraq" comes after "an emotional farewell at the Pentagon." AFP (12/10) says "the outspoken defense secretary's visit coincided with more sectarian bloodshed in Iraq. A suspected Sunni suicide bomber on Saturday detonated his car near a revered Shiite shrine in the central city of Karbala, killing six civilians and wounding 47 more "

The New York Times (12/10, A30, Burns, 1.16M) reports in an article about ethnic cleansing in Baghdad that Rumsfeld "arrived in Baghdad on Saturday for what American military officials said was a farewell visit to the troops." The Washington Post (12/10, A24, Raghavan, Trejos, 690K) reports in an article on the same ethnic cleansing episode that Rumsfeld "visited Iraq 'to express his appreciation to the troops,' said Air Force Lt. Col. Todd Vician, a Defense Department spokesman."

Shiites Rout Sunnis From Mixed Baghdad Neighborhood. The New York Times (12/10, A30, Burns, 1.16M) reports, "Bands of armed Shiite militiamen stormed through a neighborhood in north-central Baghdad on Saturday, driving hundreds of Sunni Arabs from their homes in what a Sunni colonel in the Iraqi Army described as one of the most flagrant episodes of sectarian warfare yet unleashed in the capital." The officer "said that more than 100 Sunni families, many with very young children, had left the Hurriya neighborhood aboard a convoy of trucks and cars under cover of the nightly curfew. Government officials tried to urge the families to return by promising army protection, but could not persuade them." The Times adds, "The role of American troops in the turmoil was unclear. The Sunni cleric, Sayed Muhammad, said appeals for assistance from the First

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Cavalry Division, its headquarters about three miles southwest of Hurriya, had gone unanswered. But Colonel Jabouri said Iraqi commanders had told the Americans there was no need for their help." Furthermore, "One of the striking features of the violence Saturday was that it occurred in an area that lies less than three miles northwest of the heavily guarded Green Zone compound."

The Washington Post (12/10, A24, Raghavan, Trejos, 690K) reports, "By evening, dozens of Sunni Arab families had fled their homes, carrying their belongings and furniture in trucks in one of the worst known incidents of sectarian cleansing to grip the capital in recent weeks." The Post ironically notes that the neighborhood's name, Hurriyah, "means freedom." An anonymous Iraqi commander said that "the attack was apparently in retaliation for an attack on Shiite residents by Sunni gunmen."

More Violence Roils Iraq. NBC Nightly News (12/9, lead story, 4:04, Siegenthaler, 9.87M) reports, "Sectarian violence crossed another red line today in Karbala, Iraq's second holiest Shiite city, south of Baghdad. A suicide car bomb struck a crowded market near a religious shrine. The blast killed at least five and left dozens dazed and wounded and set cars ablaze. While to the north, in Saladin province, Sunnis grieved the deaths of 18 of their own by a US airstrike Friday on their town." Maceda: "At the emotional funeral, locals shouted, 'Death to the occupiers' and reporters saw the wrapped bodies of at least seven children. But in a statement, the US military claimed the strike in fact killed 20 insurgents." Retired Gen. Barry McCaffrey, NBC military analyst: "We are fighting in urban areas. This is a disaster for the innocent population."

Iraqi Sunni Vice President Warns Of "Chaos" If US Leaves. NBC Nightly News (12/9, lead story, 4:04, Maceda, 9.87M), reported, "Meanwhile, despite mixed reviews in Baghdad, the highest ranking Sunni in the Iraqi government called the Iraq Study Group's recommendations practical and workable but warned against any rapid pullout of US combat troops." Tariq al-Hashimi, Iraqi vice president: "I think immediate withdrawal means Iraq is going to slide into chaos." Maceda: "With yet another mortar attack killing several and dozens of Sunni executions daily many Iraqis say the slide into chaos already happened. It is this kind of turmoil that in Iraq, at least, that has come to define Rumsfeld's tenure of Secretary of Defense. We understand he will be away, uncharacteristically, from any cameras, marking the end of his tour."

Saddam's Nephew Escapes From Prison. The AP (12/10, Wagner) reports Ayman Sabawi, a nephew of Saddam Hussein who is "serving a life sentence for financing insurgents and possessing bombs escaped from prison Saturday in northern Iraq with the help of a police officer." His escape "underlined one of the problems facing the U.S. military as it tries to train enough Iraqi security personnel so U.S. troops can go home: the ability of Sunni Arab insurgents and Shiite militiamen to infiltrate Iraqi police forces." Sabawi's father, who remains in Iraqi custody, had led Saddam's intelligence services. The Los Angeles Times (12/10, Hennessy-Fiske, 850K) also reports the escape, saying it "might have been an inside job" rather than stating so outright: "Authorities are investigating whether night-shift guards helped him escape."

Iran Willing To Discuss Stabilizing Iraq If US Promises Troop Withdrawal. The New York Times (12/10, A18, Fattah, Gordon, 1.16M) reports, "Just days after the Iraq Study Group recommended opening a dialogue with Tehran, Iran's foreign minister said his country would enter discussions on stabilizing Iraq only if the United States commits to a troop withdrawal." Foreign Minister Manouchehr Mottaki said publicly that Tehran "was open to dialogue as long as the United States 'changes its attitude,' and he asserted that the Americans were '50 percent to blame' for Iraq's violence." He is quoted saying, "The United States should help itself before anyone else. The first step is they have to say that they will be ready to leave Iraq." The Times adds, "American officials at the meeting [where Mottaki spoke] doubted that Iran could improve the situation in Iraq, dismissing Mr. Mottaki's speech as posturing to put Iran's Arab neighbors at ease about the chances of a confrontation between Iran and the United States." In his remarks, Mottaki also "insisted that the United States stop campaigning against Iran's nuclear program."

The AP (12/10, Krane) says Mottaki "delivered a blunt challenge to the United States on Saturday, saying Tehran is willing to help U.S. troops withdraw from neighboring Iraq but only if Washington makes some tough policy changes." He "claimed U.S. troops were responsible for at least half the violence tearing apart Iraq and that their departure would pay security dividends for the entire region." The AP calls the "forceful" speech "a challenge to U.S. interests in the Gulf and a strong display of the country's rising assertiveness in the face of U.S failures in the region."

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Syrian Ambassador To US Explains Nation's Motivations In Iraq. In an op-ed contribution to the Washington Post (12/10, 690K), Syrian ambassador to the US Imad Moustapha writes, "Let us be clear: Syria is not looking for a 'deal' with the U.S. administration on any issue. ... . A rigorous and comprehensive approach is required. This approach should include a reconsideration of U.S. policy in Iraq, starting with the recognition of the necessity to include all parties involved: neighboring countries and all factions of the Iraqi political and social spectrum. ... A solution should also include U.S. acknowledgment that the majority of Iraqis regard the occupation as only exacerbating the situation and causing further violence and instability. A U.S. plan for withdrawal should be on the table."

Training Iraqis Could Endanger US Forces. The Washington Post (12/10, A19, Pincus, 690K) reports that the current concept of "embedding 11- to 15-member U.S. transition teams in Iraqi battalions" is believed so dangerous "that a group of potential replacements stand ready at Fort Riley, the U.S. Army base directing the program, for immediate shipment to Iraq if members of a deployed team are killed or wounded, Maj. Gen. Carter F. Ham, who runs the training program, told House members last week." The "high-risk" teams, "made up of highly qualified senior commissioned and noncommissioned officers, have specialties that include combat operations, intelligence, communications and logistics." The Post quotes the ISG's criticism of "hesitant" early training efforts by the US, resulting in "Iraqi army units [that] are questionable loyalty to the Baghdad government." Furthermore, "police units cannot control crime, and some, according to the report, 'routinely engage in sectarian violence.' The facilities protection service is 'incompetent, dysfunctional or subversive.'"

Combat Troops' Pullout Would Leave Most US Forces In Iraq. The New York Times (12/10, Shanker, 1.16M) reports, "On any given day, according to military officers in Baghdad, only about 11 percent of the Army and Marine Corps personnel in Iraq are carrying out purely offensive operations. ... an analysis of the current numbers and tasks of American forces suggests that it will prove difficult to drop far below 100,000 by early 2008, and that 70,000 or more troops might have to stay for a considerable time." The New York Times (12/10, 1.16M) includes a graphic showing only 229 combat troops out "of every 1,000 [personnel] deployed."

Prices For Black-Market Weapons Surge Amidst "Iraq Chaos." The New York Times (12/10, A1, Chivers, 1.16M) reports in a pessimistic article on the Iraqi black market, "Weapon prices are soaring along with an expanding sectarian war, as more buyers push prices several times higher than those that existed at the time of the American-led invasion nearly four years ago. Rising prices, in turn, have encouraged an insidious form of Iraqi corruption -- the migration of army and police weapons from Iraqi state armories to black-market sales." A change since the US-led invasion is that "three types of American-issued weapons are now readily visible in shops and bazaars here as well: Glock and Walther 9-millimeter pistols, and pristine, unused Kalashnikovs from post-Soviet Eastern European countries."

Bereaved Military Families Divided On Iraq. ABC World News (12/9, story 7, 2:55, Weir, 8.78M) reported, "This split is deeply personal. It is the divide among parents whose children went to fight in Iraq and died there." ABC (Hendren): "Each day in Iraq, on average, two Americans are killed, most by roadside bombs. While the families of the fallen are joined in grief; they are deeply divided over calls to pull troops out of Iraq. ... Matthew Holley's father fears that if an American pullout leads to an all-out civil war, the death of his son only son will have served no purpose." Celeste Zappala: "The longer we stay, the more dead Americans there are." The Washington Post (12/10, A3, Davenport, Partlow, 690K) reports in an article hinting at falling support for the war, "As the country debates what's next for Iraq, many family members who have lost loved ones in the war are torn about what should happen and how the legacy of those who have died there will be affected. ... When the war began nearly four years ago, there was virtually unanimous support for it among military families. But as the country's belief in it has deteriorated, cracks have also begun to show among those who were its staunchest backers." Bereaved mothers are quoted expressing both points of view on the war.

NBC Profiles Marine, Remembers Fallen Soldier. NBC Nightly News (12/9, story 8, 2:04, Siegenthaler, 9.87M) reported, "We have an extraordinary look at what if is really like how one man is reacting to what he has seen and done there. He went to Iraq armed with a rifle and video camera. His story in his own words." Matthew Orth, former Marine:

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"My name is Matthew Orth. I am 22 years old and until recently I was a highly trained weapon of the United States Marine Corps. They called me a Scout Sniper. ... I felt very alone and scared because people don't understand what we go through over there. They expect to us come back the same people we were and we are not."

NBC Nightly News (12/9, story 12, 2:22, Siegenthaler, 9.87M) also reported, "We remember a soldier that made the ultimate sacrifice in Iraq. Donovan Watts spent more than half his life serving his country and changed the lives of countless young soldiers along the way. Today they gathered to honor him." NBC (Martin Savage): "You expect good things to be said about a soldier that dies for his country, but in this case of Command Sgt. Maj. Donovan Watts, it was how many that wanted to say them." Siegenthaler: "Just one of the more than 2,900 American stories that have ended in Iraq. We honor them all."

Commentators Turn Focus To Iraq. Today's op-ed pages are filled with reaction to the ISG report and the Bush Administration's Iraq policy. In a scathing New York Times (12/10, WK12, 1.16M) column, Frank Rich writes, "Its recommendations are bogus because the few that have any teeth are completely unattainable. Of course, it would be fantastic if additional Iraqi troops would stand up en masse after an infusion of new American military advisers. ... It would also be nice if we could all break the bank in Vegas. ... the Iraq Study Group isn't plotting a way forward but delaying the recognition of our defeat. Its real aim is to enact a charade of progress to pacify the public while Washington waits, no doubt in vain, for Mr. Bush to return to the real world." Rich warns that the lesson of Vietnam is that "As bad as things may seem now, they can yet become worse, and not just in Iraq. The longer we pretend that we have not lost there, the more we risk losing other wars we still may salvage, starting with Afghanistan."

In his Washington Post (12/10, 690K) column, David Broder writes that the ISG differs from President Bush and Prime Minister Blair on Iraq's problems: "Bush wants to step up the training and assistance for the nascent Iraqi army. The Iraq Study Group would offer more help -- economic, military and diplomatic -- only if the government in Baghdad began soon to repair its factional fights. ... one thing is clear. As Baker and Hamilton say, there is no other bipartisan blueprint for the future. Bush will reject it at his peril."

In his Los Angeles Times (12/10, 850K) column, Jonathan Chait likens President Bush to a boy in a "Twilight Zone" episode who "has fantastical powers. ... the adults around him can do nothing but cheerfully praise his decisions while they try to nudge him in a less destructive direction."

In his New York Times (12/10, WK12, 1.16M) column, David Brooks imagines the Middle East in 2007 after the US begins withdrawals from Iraq: "The essence of all this disorder was that the Arab nation-states lost control. Subnational groups — like Hezbollah and the Mahdi Army — and supranational groups — like loosely connected terror networks, the new Sunni and Shiite Leagues and the satellite television networks — went from strength to strength while central national governments toppled and fell. The collapse of national governments led to a power vacuum that the more authentic and deeply rooted social groups sought to fill. ... The spreading disorder vindicated an observation that the historian Michael Oren had once made: that there are really only three nations in the Muslim Middle East: Iran, Turkey and Egypt. The other nations are make-believe."

In his Washington Post (12/10, B7, 690K) column, Jim Hoagland writes, "President Bush has finally heard some realistic, even brutal, ideas about finding a path out of Iraq. But few of them came from the politically interesting but strategically flawed Iraq Study Group's report. ... The most important event was the least conspicuous one," namely, "a visit to the White House on Monday by Abdul Aziz al-Hakim, the single most powerful Shiite political leader in Iraq. ... on Iraq, the study group repeats the fundamental error that this administration has made since overthrowing Saddam Hussein. That is to refuse to anticipate and then accept the logical -- in fact, inescapable -- consequences of U.S. actions."

In his column for the Washington Post (12/10, B7, 690K), Robert Kagan writes of the "very old debate" in America between an "expansive, idealistic, interventionist approach to the world" and "opposition to this grand vision." Kagan concludes, "The problem for those who have tried to steer the United States away from its long history of expansiveness, then and now, is that Americans' belief in the possibility of global transformation -- the 'messianic' impulse -- is and always has been the more dominant strain in the nation's character. It is rooted in the nation's founding principles and is the hearty offspring of the marriage between Americans' driving ambitions and their overpowering sense of righteousness."

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In the New York Times (12/10, WK1, 1.16M) "Week In Review" section, the Times' Roger Cohen states, "It's hard to escape the conclusion that the [ISG] report treats Iraq as an existing country needing a quick fix in the name of resurgent American realism, rather than a still-to-be-born country that needs to be ushered into being in the name of American idealism." Despite the lack of national identity demonstrated by Shiite-dominated Iraqi forces, Cohen warns, "Iraq has to survive, not because it's lovely, or within sight of peace, but because it's the least bad solution. Its breakup would entail unfathomable horror:"

In the Washington Post (12/10, B1, 690K), scholar David Rothkopf writes, "The best we can hope for is an end to only this latest chapter of U.S. military involvement in the region. There is no getting out of the Middle East. Even if we leave now, we'll be back." Calling the Iraq war "Gulf War II," Rothkopf adds, "The Vietnam War offers an important lesson, as well as an important distinction. The lesson is that leaving a country is often much more complicated than entering it." Rothkopf warns of possible causes of a Gulf War III: "Clearly, the confrontation with Iran -- over its regional policies, support of terrorists and desire to acquire nuclear weapons -- tops the list. ... What if Jordan, Pakistan or Saudi Arabia fell into fundamentalist hands?"

In the New York Times Magazine (12/10)'s "The Way We Live Now" department, contributing writer James Traub observes, "Scholars and diplomats who have closely studied civil wars describe them almost as forces of nature, grinding on until the parties exhaust themselves, shredding bonds that cannot be stitched back together even long years after the killing stops. ... And you generally can't stop it either, as we are now learning in Iraq."

On a single page in today's "Week In Review" section, the New York Times (12/10, WK13, 1.16M) runs 12 brief op-eds on the Iraq Study Group report, each between 150 and 250 words in length.

Richard Perle of the American Enterprise Institute says "not a shred of evidence" is offered to support the ISG's claims that "Iran and Syria have an 'interest in avoiding chaos in Iraq,'" and that the report lacks "any serious reflection on the president's goal of encouraging the development of representative government in the despotic Arab world." And author and professor Fouad Ajami says "James Baker and Lee Hamilton would take us back to the past, for they are men of the past. … A 'wise man' who proposes to fix Iraq by returning the Golan Heights to Syria has missed the meaning of Iraq. This report describes a long-vanished Arab world: Its poverty is given away in its banal language, in that familiar assertion that all of history yields to the fixer's touch." Josef Joffe of Germany's Die Zeit says the "suggestion to 'engage' Iran and Syria to extricate the United States from the current Iraqi morass reflects a grievous misreading of those nations' ambitions and America's options." However, ex-British Special Representative to Iraq Jeremy Greenstock says "we cannot turn things around in Iraq without involving the entire region. Iran would be foolish to risk the emergence of a new autocracy in Iraq. Syria, only a secondary player in Iraq, has other priorities: the return of the Golan Heights within a decade."

Former Secretary of State Madeleine Albright says that "in the spirit" of the ISG recommendations, the Bush Administration "should make clear to Muslims throughout the Middle East that America will not take sides in the millennium-old Sunni-Shiite split." Council on Foreign Relations President Emeritus Leslie Gelb says the report, "for all its deftness and honesty…flees the hardest choices and leaves us without a credible strategy." Rory Stewart, a former British Foreign Service officer in Iraq, says the report "is refreshingly honest in its description of Iraq. But its recommendations are less reliable and in some cases dangerous," especially in saying a less successful Iraqi government should receive less outside support.

Ex-Assistant Secretary of Defense Bing West says that the ISG's calls for an "infusion of 20,000 advisers" may help "hold the country together," but Iraq's "police are in wretched shape, intimidated and poorly led," and Iraqi soldiers "trust American advisers more than their own government." But Andrew Exum, who led an Army Rangers platoon in Iraq, says "to increase the number of advisers while simultaneously decreasing the number of combat brigades is a recipe for disaster. The adviser teams embedded with Iraqi units will become increasingly vulnerable, and a smaller force left behind in Iraq will find itself called upon to fight the inevitable worsening of violence with far fewer troops." University of Chicago political scientist Robert Pape says a "large fraction of all American forces" should be moved "into staging areas outside Baghdad so that, within hours, tremendous air and ground power could suppress any major escalation in attacks against civilians. Over the next year, American ground troops should gradually pull back and their mission should evolve into a longer term, off-shore balancing strategy using naval and air forces and allies."

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The Hoover Institution's Larry Diamond says "if we press all the components of the study group's approach to 'national reconciliation' -- like amnesty, a rollback of de-Baathification and a new bargain on oil and federalism -- while renouncing permanent military bases and clearly signaling our intent to withdraw militarily from Iraq over the next few years, it is possible that a deal can be had with a critical mass of the insurgency." However, Nathaniel Fick, a Marine infantry officer in Iraq and Afghanistan, says amnesty "must be offered only after United States forces have shifted their priority from conventional operations to an advisory role. It cannot occur with 141,000 potential targets in Iraq." It must also "forgive only past attacks, and cannot appear to sanction or legitimize future ones," and apply "only to Iraqis. Foreign fighters, with no legal standing in Iraq, cannot be eligible."

Taliban Establishes Rules Targeting Teachers. The AP (12/9, Straziuso) reports that Taliban rules stipulate: "Teachers receive a warning, then a beating, and if they continue to teach must be killed. ... The new list of 30 rules, decided on during a high Taliban meeting in September or October and since circulated over the Internet, span from the organizational ... to the health conscious." Rule no. 25 "says teachers who ignore Taliban warnings will be killed."

DOJ:

Senate Confirms Paulose As Minnesota US Attorney. The AP (12/10) reports, "The U.S. Senate unanimously confirmed Rachel Paulose as the U.S. Attorney for Minnesota early Saturday." The AP continues, "The 33-year-old Paulose, of Eagan, had been acting U.S. attorney for about nine months. President Bush nominated her for the permanent job about four months ago." The AP adds, "Sen. Norm Coleman, R-Minn., said in a news release that he urged the Senate Judiciary Committee to allow full a Senate vote on Paulose before the Senate adjourned early Saturday. … Paulose met Wednesday with outgoing Sen. Mark Dayton, D-Minn., and got his support. However, it appeared that the Senate session would end before it took up her confirmation. … 'It would have been a shame to see such a capable, experienced nominee fail to get a chance for confirmation, and I am very excited we were able to get her nomination through the Senate before adjournment,' Coleman said a news release." The AP notes, "Paulose was a federal prosecutor in Minnesota from 1999 to 2002 and then worked in private practice for the Dorsey & Whitney law firm in Minneapolis. … Before 1999, she worked in the Justice Department as an attorney general's honors program trial attorney for the Civil Rights Division."

CORPORATE SCANDALS:

Rent-Way Head Comes Clean With SEC About Accounting Scandal. The New York Times (12/10, Duhigg) reports, "Near midnight on a Friday in 2000, William E. Morgenstern, the chief executive of Rent-Way, one of the nation's largest rent-to-own retailers, was preparing for bed when a woman called to warn him that the company he had built from scratch was about to fall apart." The Times continues, "In the days before that call, Mr. Morgenstern had been scrambling to reconcile discrepancies he had discovered in Rent-Way's books. He had much at stake. Since its founding in 1981 in Erie, Pa., Rent-Way had grown into a national powerhouse by renting furniture and electronics to low-income consumers through more than 1,100 stores. .. .The stock price had tripled since its initial offering in 1993, making Mr. Morgenstern a Wall Street darling and propelling dozens of Erie families who had invested in the company to sudden wealth." The Times adds, "When he discovered the accounting problems, Mr. Morgenstern initially hoped for a quick explanation. But interviews with executives led to more questions. Then came the midnight phone call: a weeping employee told him that for three years Mr. Morgenstern's top deputies had forced her to cook Rent-Way's books. .. .Mr. Morgenstern then called the company's lawyer in a panic. What, he asked, should they do? … Over the following years, similar dilemmas would arise at Enron, WorldCom, Tyco and dozens of other companies. Today, hundreds of executives are anxiously discussing how hard they should look for evidence of options backdating or other accounting problems." The Times notes, "At companies where far lesser frauds or malfeasance emerge, executives face an even more ticklish quandary: Should they reveal everything, and then confront the hazards of bad publicity and outside investigations, or clean things up and hope that the problems will evaporate unnoticed? Rent-Way's own journey, which came to a head last month, offers a chilling lesson: Even the most virtuous decisions have unforeseen, often damaging, consequences, and full disclosure may create as many problems as it solves. …

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Rent-Way's board made a decision within days of detecting the fraud — Mr. Morgenstern called the Securities and Exchange Commission and revealed everything. The company would turn over documents typically protected by attorney-client privilege, he said. He then invited the S.E.C. to set up an office at Rent-Way's headquarters to conduct an on-site investigation."

CRIMINAL LAW:

DOJ Releases 2005 Statistics On Death Row Population And Executions. The AP (12/9) reports, "Fewer prison inmates were moved to death row in 2005, according to a federal study that shows one more person was executed than in the year before. Four states — California, Texas, Florida and Pennsylvania — held half of the 3,254 inmates awaiting execution at the end of 2005, the study by the Bureau of Justice Statistics showed. There were 37 death row inmates in federal prisons at that time. Sixteen states executed 60 prisoners last year, one more inmate than in 2004. Overall, however, the number of inmates on death row on Dec. 31, 2005, or the number of inmates moved there during the year dipped."

Virginia Enlists Volunteers To Witness Executions. The Washington Post (12/10, A1, Rondeaux, 690K) reports, "It's been 70 years since executions in the United States were open to the public. But in Virginia, there is always someone watching, turning what is for most people a distinctly private moment into a very public end. One of more than a dozen death penalty states that require ordinary citizens to witness executions, Virginia has enlisted hundreds of volunteers for the task. … For nearly 100 years, broad public support for capital punishment has helped the Virginia Department of Corrections maintain a rotating list of about 20 to 30 volunteers, although only six are required to witness each execution."

Alaskan Tribes Worried That DNA Research Could Threaten Land Rights, Beliefs. The New York Times (12/10, Harmon) reports from South Naknek, Alaska, "The National Geographic Society's multimillion-dollar research project to collect DNA from indigenous groups around the world in the hopes of reconstructing humanity's ancient migrations has come to a standstill on its home turf in North America." The Times continues, "Billed as the 'moon shot of anthropology,' the Genographic Project intends to collect 100,000 indigenous DNA samples. But for four months, the project has been on hold here as it scrambles to address questions raised by a group that oversees research involving Alaska natives." The Times adds, "At issue is whether scientists who need DNA from aboriginal populations to fashion a window on the past are underselling the risks to present-day donors. Geographic origin stories told by DNA can clash with long-held beliefs, threatening a world view some indigenous leaders see as vital to preserving their culture. … They argue that genetic ancestry information could also jeopardize land rights and other benefits that are based on the notion that their people have lived in a place since the beginning of time." The Times notes, "Such situations have not come up, and officials with the Genographic Project discount them as unlikely. Spencer Wells, the population geneticist who directs the project, says it is paternalistic to imply that indigenous groups need to be kept from the knowledge that genetics might offer. … But indigenous leaders point to centuries of broken promises to explain why they believe their fears are not far-fetched. Scientific evidence that American Indians or other aboriginal groups came from elsewhere, they say, could undermine their moral basis for sovereignty and chip away at their collective legal claims."

Alaska Corruption Probe Widens. The Anchorage Daily News (12/10, Mauer) reports, "The director of a Juneau-based salmon fishing group said last week he has been ordered by a federal grand jury investigating Alaska corruption to turn over lobbying and consulting records involving state Senate President Ben Stevens and former congressional aide Trevor McCabe, an Anchorage lawyer." The News continues, "The grand jury subpoena, issued last month, also seeks records on the Alaska Fisheries Marketing Board, a nonprofit federal-grant distribution corporation set up by Ben Stevens' father, U.S. Sen. Ted Stevens. … The executive director of the Juneau salmon group responding to the subpoena, Robert Thorstenson Jr., serves on the marketing board. Thorstenson said he and a partner, Juneau and Seattle lawyer Rob Zuanich, rent space to the board for its Juneau office." The News adds, "In a telephone interview Thursday from Seattle, Thorstenson said the subpoena to Southeast Alaska Seiners Association arrived last month after he was contacted by agents from the FBI and the National Marine Fisheries Service. The subpoena said the grand jury was investigating felony crimes, Thorstenson said. … The

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subpoena appears to document a widening of the federal corruption investigation in Alaska, which burst into public view in August with dramatic raids of the offices of six legislators, including Ben Stevens. Agents returned to search Stevens' offices Sept. 18." The News notes, "On Wednesday, a federal grand jury indicted Rep. Tom Anderson, R-Anchorage, on seven counts charging extortion, bribery, conspiracy and money laundering. The charges describe a scheme in which money was allegedly funneled to Anderson through a shell company in 2004 in exchange for actions he took as a legislator to benefit a private prison company. He pleaded not guilty Friday. … In the August legislative office searches, subpoenas and search warrants indicated the government's focus was on the relationships between legislators, oil and gas legislation, and the politically active oil field service and construction company Veco and its chairman, Bill Allen."

Lawmakers Not Surprised By Anderson's Arrest. The Anchorage Daily News (12/10, Hopkins) reported, "Other state legislators said Friday that they weren't surprised by state Rep. Tom Anderson's arrest this week -- his name had been grinding through the capital rumor mill ever since the FBI raided legislative offices weeks ago -- and many said they wouldn't be surprised if there are more indictments to come. … 'It could go beyond Tom. There's an expectation that that could be true,' said North Pole Rep. John Coghill, who is House majority leader. 'You don't have the FBI come looking around without some ramification.'" However, legislators and Gov. Sarah Palin "were quick to say that Anderson is innocent until proven guilty."

Faith-Based Prison Programs Proliferate Despite Adverse Rulings. The New York Times (12/10, A1, Henriques, Lehren, 1.16M), in an front-page article titled, "Religion For A Captive Audience, Paid For By Taxes," reports, "Life was different in Unit E at the state prison outside Newton, Iowa.. … There were occasional movies and events with live bands and real-world food. Best of all, there were opportunities to see loved ones in an environment quieter and more intimate than the typical visiting rooms. But the only way an inmate could qualify for this kinder mutation of prison life was to enter an intensely religious rehabilitation program and satisfy the evangelical Christians running it that he was making acceptable spiritual progress. The program — which grew from a project started in 1997 at a Texas prison with the support of George W. Bush, who was governor at the time — says on its Web site that it seeks 'to 'cure' prisoners by identifying sin as the root of their problems' and showing inmates 'how God can heal them permanently, if they turn from their sinful past.'" The Times adds that for Robert W. Pratt, chief judge of the federal courts in the Southern District of Iowa, "this all added up to an unconstitutional use of taxpayer money for religious indoctrination, as he ruled in June in a lawsuit challenging the arrangement." The Times notes that since 2000, courts "have cited more than a dozen programs for having unconstitutionally used taxpayer money to pay for religious activities or evangelism aimed at prisoners, recovering addicts, job seekers, teenagers and children. Nevertheless, the programs are proliferating. … But some constitutional lawyers say new federal rules may bar the government from imposing any special requirements for how faith-based programs are audited."

CIVIL RIGHTS:

Missing Florida Baby Was Kidnapped By Coyotes For Ransom. The Naples Daily News (12/10, Batista) reported that "baby Bryan Dos Santos Gomes apparently was not kidnapped by a woman seeking to replace her child but as ransom to force the parents to pay the 'coyote' who smuggled them into the United States. … Police say the parents fell behind in their payments to the smugglers and that Bryan is being held as ransom. They said they believe the 1-month-old infant is still being taken care of." The Daily News noted, "The information came from various tips called in to the police department."

ANTITRUST:

US Steel Industry Attracting Foreign Bids. The Baltimore Sun (12/10, Connolly) reports, "Five years ago, there would have been few takers for the steel plants in Sparrows Point and Weirton, W.Va. … Bethlehem Steel Corp., which owned Sparrows Point at the time and was once the largest steelmaker in the world, was in its death throes, joining the list of Rust Belt companies that buckled under the weight of high costs and fierce competition. … But if either plant goes up for sale early next year, there could be multiple bids for each. And there's a good chance the buyer won't be American." The Sun continues, "After years of bankruptcy and rampant consolidation, American steel is suddenly hot.

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Foreign companies have the cash, and are looking to get a foothold in the American market, where they can charge a premium for their product. … It started with Mittal Steel Co. NV chief executive Lakshmi N. Mittal's quest to build the largest steelmaker in the world. Two years ago, he bought International Steel Group, which itself had been built on the carcasses of defunct companies, including Bethlehem's Sparrows Point complex and Weirton. This year, Netherlands-based Mittal successfully waged a hostile takeover of the world's second-largest steel company, Luxembourg-based Arcelor SA. … The combined company, Arcelor Mittal, will control 10 percent of the world's steel production, with more than 110 million tons this year. The $33.5 billion deal, which is expected to be completed in the spring, is the largest to date." The Sun notes, "Following Mittal's lead, steel companies from Europe, Russia, South America and Asia in recent weeks have been circling U.S. companies. … In the past, foreigners stayed away from American companies because they had higher costs and unionized work forces. … But now, after an industry shakeout, American steel companies are more efficient than ever. For example, Sparrows Point's nearly 2,500 workers produce 3 million tons of steel a year. That's more output per worker than in 1969, when 26,500 workers produced 5 million tons a year. … And, many no longer carry 'legacy costs,' having shed their health care and pension obligations for retirees during bankruptcy, as was the case with Bethlehem Steel."

EU Launches Antitrust Probe Of Universal-BMG Deal. The AP (12/10, White) reports, "EU regulators have opened an antitrust probe of Universal Music Group's plans to buy BMG Music Publishing for about $2.1 billion, saying the deal could damage 'the already concentrated music publishing market.'" The AP continues, "Officials in Brussels said Friday that they would issue a final decision about whether to block or allow the deal by April 27." The AP adds, "BMG - owned by German media company Bertelsmann AG - has the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Coldplay, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers. … Paris-based Vivendi SA's Universal Music Group is the world's largest music company. Its publishing arm controls the rights to songs by artists such as 50 Cent, Mary J. Blige and Chamillionaire." The AP notes, "If approved, the deal would combine the No. 3 and No. 4 music publishing catalogs, giving them a 22 percent market share and scraping ahead of current market leader EMI. … European Union approval was the last hurdle for the deal, which the Federal Trade Commission and the Justice Department in the United States cleared last month. … The EU rarely blocks deals, but it can, and often does, demand that companies under investigation sell units or make binding promises to change the way they do business."

Future Of Delta-US Air Merger Unclear. The Atlanta Journal-Constitution (12/10, Hirschman) reports, "A marriage of Delta Air Lines and US Airways would be a setback for Augusta, say business and civic leaders who fear putting all local airline service in the hands of a single carrier. … 'Limited competition is better than no competition,' said Diane Johnson, marketing director at Augusta Regional Airport. 'When you have no competition, fares rise and reliability goes down the tubes.'" The AJC continues, "Augusta, along with Fayetteville, Wilmington and Jacksonville, N.C.; Lynchburg, Va.; Wilmington, Del., and Florence, S.C., could go from two airlines to one if US Airways succeeds in its $8.4 billion bid to acquire Delta. … Augusta, a historic city on the South Carolina border, has five daily flights to Atlanta on a Delta regional partner and six to Charlotte on US Airways Express." The AJC adds, "US Airways plans a 10 percent capacity cut and $1.6 billion in annual savings if it gets creditor and regulatory approval to merge the airlines, but it hasn't identified which routes, if any, will be cut. Industry officials say there would be little reason for the combined airline to operate two Southeastern hubs, however, and Charlotte flights could shrink dramatically. .. .Even if Augusta routes were maintained, business leaders there say the absence of competition would allow the airline to raise fares with impunity — a move they say would push Augusta residents to drive to airports in Columbia or Atlanta."

The Arizona Daily Star (12/10, Hogan) reports, "If Tempe-based US Airways is successful in executing its proposed $8.7 billion hostile takeover of bankrupt Delta Air Lines, it will become the largest U.S. airline and one of the biggest in the world. … It's a big 'if.'" The Star continues, "Delta, first of all, doesn't want to be acquired — at least its chief executive officer and its pilots don't. Its creditors — at least the biggest ones — haven't weighed in yet. … And we haven't yet heard from U.S. regulators, US Airways shareholders and politicians, who together or separately can make or break the deal." The Star adds, "While US Airways Chairman Doug Parker stunned everyone from Wall Street

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analysts to Delta officials when he announced the proposed merger Nov. 15, the company had clearly been plotting it for some time. … Parker had already lined up financial backing and answers for all the concerns. And once the news was out, he quickly tried to line up supporters among those who have a stake, if not a say, in whether the merger happens. … There is no consensus about whether the merger could happen or should happen, but most agree on the big issues that need to be addressed: antitrust concerns; employees and jobs; financing; headquarters and air hubs; and any impact on passengers."

Reid Worked To Quash Dairy That Provided Cheap Milk In Southwest. The Washington Post (12/10, Morgan, Cohen, Gaul, 690K) reports on its front page that in 2003, a "maverick dairyman," Hein Hettinga, "started bottling his own milk and selling it for as much as 20 cents a gallon less than the competition, exercising his right to work outside the rigid system that has controlled U.S. milk production for almost 70 years. … That was when a coalition of giant milk companies and dairies, along with their congressional allies, decided to crush Hettinga's initiative. For three years, the milk lobby spent millions of dollars…and made deals with lawmakers, including incoming Senate Majority Leader Harry M. Reid. Last March, Congress passed a law reshaping the Western milk market and essentially ending Hettinga's experiment -- all without a single congressional hearing." According to the Post, Reid "made his move on Dec. 16 [2205], with the Senate chamber nearly empty. He brought up the milk bill, which passed a few minutes later by 'unanimous consent,' a procedure that requires no debate or roll call vote if both political parties agree."

ENVIRONMENT:

Local Governments Take Initiative On Anti-Global Warming Measures. The Los Angeles Times (12/10, A1, Simon, 850K) reports, "Frustrated with the federal response to global warming, hundreds of cities, suburbs and rural communities across the nation have taken bold steps to slash their energy consumption and reduce emissions of the pollutants that cause climate change. … The movement began nearly two years ago, when Seattle Mayor Greg Nickels announced that his city would strive to meet the targets of the Kyoto Protocol." President Bush "rejected the goals of the Kyoto treaty soon after he took office, calling it ineffective and unfair. … Determined to prove him wrong, Nickels challenged his fellow mayors to adopt Kyoto's targets at the local level. He has received more than 330 pledges from mayors representing 54 million people. All have vowed to reduce their cities' emissions below 1990 levels within the next several years."

WPost Welcomes Inhofe's Ouster From Environment Committee Chair. The Washington Post (12/10, B6, 690K) editorializes, "the last hearing on global climate change chaired by Sen. James M. Inhofe provided an excellent and public tutorial on why Americans should be grateful that it was, in fact, his last. … He has used his time at the committee's helm to cast spurious doubts on the problem even as the scientific consensus about its reality and severity has gelled."

FBI/DEA/ATF/USMS:

Trentadue Continues Quest To Prove Neo-Nazis Conspired With McVeigh. In a story distributed by McClatchy, the Chicago Tribune (12/10, Witt) reported, "Another envelope from the FBI landed in Jesse Trentadue's mailbox last week, bearing a copy of another secret memo from the FBI's investigation into the Oklahoma City bombing more than a decade ago. Like thousands of other pages that the Salt Lake City lawyer has extracted from the government over the years via a series of lawsuits and Freedom of Information Act requests, this latest document was heavily censored to obscure the names of most suspects and informants. But a few key words stood out among all the ones that had been covered over: 'Aryan Nations' and 'explosives' and 'bombing of the Oklahoma City federal building.' By itself, the three-page document was no smoking gun. But read alongside all the others that overflow Trentadue's file cabinets, the FBI memo was another small piece of a puzzle he has been doggedly trying to solve: whether neo-Nazi conspirators helped Timothy McVeigh and Terry Nichols…and whether federal government agents failed to heed warnings of the scheme." Trentadue told the Tribune, "The FBI had informants in these groups all over the country. So they knew more than they have ever said about McVeigh and the bank robbers and who else may have been involved in the Oklahoma City bombing."

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IMMIGRATION:

Localities Struggling With Influx Of Illegal Immigrants. The Newark Star-Ledger (NJ) (12/10, Donohue) reports, "With Congress deadlocked over how to handle illegal immigration, a growing number of towns and cities are taking matters into their own hands, using local laws to crack down on the problems associated with a massive underground population." The Star-Ledger continues, "In New Jersey, some towns have toughened traffic laws to deter contractors from picking up day laborers on city streets. Others have tried to ban workers from gathering on street corners to wait for work. Several have launched housing code crackdowns to combat overcrowding. One has banned illegal immigrants from renting apartments altogether. … And few, if any, are having much success." The Star Ledger adds, "In a growing number of towns, local crackdowns are faltering amid court challenges, political opposition or other hurdles. … Consider: … The Borough of Bound Brook launched a series of housing raids to address rampant overcrowding in homes rented mostly by Latino immigrants in the late 1990s. But the U.S. Justice Department sued the town for illegally targeting Hispanics, resulting in a 2004 consent decree requiring the town to repay victims $425,000, hire a bilingual housing coordinator and make dramatic changes to its housing and zoning practices. … Freehold Borough's housing crackdown and an effort to shut down a day laborer gathering area were challenged in a lawsuit filed by immigrant rights groups. In a settlement last month, the borough agreed to pay $278,000, change its housing inspection procedures and allow laborers to gather on public property. … In July, the Township of Riverside in Burlington County passed a law fining employers and landlords who hire or rent apartments to illegal immigrants. In local elections last month, the Republican mayor and council member who pushed the measure were swept from office. With legal fees mounting from a pair of lawsuits challenging the law, Mayor Charles Hilton -- the man who proposed the law -- is calling for its repeal."

Mexico's Low Wages Blamed For Spurring Wave Of Immigrants. The Arizona Republic (12/10, Hawley) reports, "Welcome to a typical life in Mexico: a world of long hours, low pay and prices that are much higher than in the United States. It is those economic pressures that drive Mexicans to the United States and that lie at the heart of the illegal immigration problem. Mexicans do not come to the United States because they can't find jobs at home. In fact, unemployment in Mexico is currently lower than in the United States, at about 3.6 percent. Some 95 percent of newly arrived Mexican migrants had jobs before they came to the United States, according to a 2005 survey by the Pew Hispanic Center. But in Mexico, having a job does not necessarily mean being paid well or even being paid well enough to make ends meet. The average Mexican household earns $7,297 a year in wages, according to the government. But because 39 percent of Mexico's wealth is concentrated in 10 percent of the population, most people actually earn less than the national average. In fact, 82 percent of Mexicans earn less than $21 per workday."

Irish Illegals' Amnesty Demand Noted. In his New York Times (12/10, WK11, 1.16M) column, Lawrence Downes writes, "To roars and applause" Sen. Charles Schumer "swept into the packed church auditorium, levitating on a cloud of affection. … This happy moment was a rally by Irish immigrants. … 'The more Irish there are in America, the better we all are!' Mr. Schumer declared, repeating a line he had caught some flak about a few months before. Some non-Irish immigrants had grumbled about how unlikely it would be to hear another group's name tucked into that equation." Downes adds, "'We Are America' is the Latinos' and Asians' cry. The well-organized Irish don't feel the need to say that. Their slogan, on T-shirts and the Irish Lobby's Web site, is blunt: 'Legalize the Irish.' The Irish have a just cause, but I only wish they and their many friends would preach the gospel of immigration reform in a bigger tent. It is, after all, every immigrant group's fate to start out in this country unloved, as the Irish are only too eager to remind us."

TAX:

LATimes Blames TurboTax Lobbyists For ReadyReturn's Demise. The Los Angeles Times (12/10, 850K) editorializes, "State number-crunchers are going to go over your tax return anyway, calculating whether you sent in too much or too little. What if they did their figuring beforehand and sent you a return already completed except for your signature? If you don't like what they came up with, or you don't trust them, you can throw it out and file the old-fashioned way, no questions asked. But if you have relatively simple finances and the state's calculation looks right to you,

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you could take advantage of ReadyReturn, a service of the Franchise Tax Board. … The Legislature killed the pilot program this year after intense pressure from Intuit Inc., maker of TurboTax, and other companies selling tax-preparation software and services. Thanks to them, there will be no ReadyReturn for the 2006 tax year."

CONGRESS-ADMINISTRATION:

Leahy Signals Increased Oversight Of DOJ. The Rutland (VT) Herald (12/10, Allen) reports, "Sen. Patrick Leahy is about to begin his 33rd year as the only Democrat to represent Vermont in the U.S. Senate, but it might as well be his first." The Herald continues, "Even after a long day in the halls of Congress, Leahy couldn't contain his excitement over returning to work in a chamber dominated, for the fourth time in his career, by his party. … 'I see the Senate getting back to where it's supposed to be – the conscience of the nation,' Leahy said in a phone interview. 'The nation has not been helped by being a rubber stamp.'" The Herald adds, "Leahy, other Democrats and some stalwarts of the GOP have accused the Republican-controlled 109th Congress of being a rubber stamp for the president's agenda, ultimately allowing Bush to run afoul of the Constitution with impunity. .. But even under these circumstances, the Vermont senator has commanded power and attention. And that's due in part to his longevity in office. Leahy, a former Chittenden County prosecutor, won the 1974 election at age 34 and became the youngest Vermonter and the only member of his party ever elected to the U.S. Senate. Over the years, he has been a member of the minority periodically, from 1981 to 1987, again from 1995 to 2001, then from 2003 until last week. … Leahy is seventh on the Senate's seniority list, and he is considered to be among the top 10 most influential people on Capitol Hill. … And he's about to become more powerful. When Congress meets next month, Leahy will – for the second time – become chairman of the Senate Judiciary Committee, where he will control the flow and tenor of hearings over matters ranging from federal judicial appointments to oversight of the FBI and the Justice Department." The Herald notes, "Leahy hasn't officially laid out his agenda for the next two years, but anyone paying attention to last week's Judiciary Committee hearing on FBI oversight would be hard pressed to have missed where the senator is going. … 'The recent revelation that the Bush administration, since 9/11, has been compiling secret dossiers on millions of unwitting, law-abiding Americans who travel across our borders, highlights the importance of congressional oversight,' he said. 'It is simply incredible that the administration is willing to share this sensitive information with foreign governments and even private employers, while refusing to allow U.S. citizens to see or challenge the so-called terror score that the government has assigned them based on their travel habits and schedules. … This administration has gone to unprecedented lengths to hide its own activities from the public, while at the same time collecting and compiling unprecedented amounts of information about every citizen.'"

Republican Control Of Congress Comes To An End After All-Night Session. The final hours of the 109th Congress, and of a dozen years of Republican control of the House, was covered by all three broadcast networks. In a brief report, ABC World News (12/9, story 3, 0:20, Weir, 8.78M) said the "109th Congress has been gaveled into history in their final hours under Republican control. The House and Senate worked practically all night, voting to extend $38 billion in tax breaks. But they left plenty of unfinished business for next month when the Democrats take over." NBC Nightly News (12/9, story 10, 0:24, Siegenthaler, 9.87M) also had a brief report, saying "the 109th Congress wrapped up with a flurry of votes" including the tax breaks and expanded Gulf of Mexico oil drilling.

The CBS Evening News (12/9, story 2, 2:20, Assuras, 7.66M) ran a longer, and more critical report, saying the "Republican-controlled 109th Congress adjourned early this morning without completing work on a new federal budget. Added together, the number of days the two Houses sat this year came to 235. That is fewer days than the do-nothing Congress that President Harry Truman ran against in 1948." The AP (12/9) says the session, "frustrated by partisanship and criticized for its meager record of accomplishment, ended with flurry of bill-passing and promises of change when Democrats take over the House and Senate in January."

The Washington Post (12/10, Weisman, 690K) says on its front page that "demoralized Republicans adjourned the 109th Congress at 5 a.m. yesterday with a near-empty Capitol, closing the door on a dozen years of nearly unbroken GOP control by spending more time in the final days lamenting their failures -- to rein in government, tame the deficit and temper their own lust for power -- than reliving their successes." The GOP "capped an era of conservative

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ascendance with the passage of business tax break extensions, a package of trade measures, and legislation to stave off physician-payment cuts they once trumpeted in their budget-cutting drive." The Post says that "measured against the ambitions of 1994, not much has changed." A second Washington Post (12/10, A5, Weisman, Barr, 690K) story says "last-minute Republican budget squabbles marred the final hours of a Congress already tainted by scandal, indictments and resignations, and ushered out Republican control on a discordant note."

The New York Times (12/10, A43, Hulse, 1.16M) reports, "As they plowed through legislation in the early morning, Congress also whisked through a package of three major health care initiatives that continued a program for H.I.V. and AIDS that will provide more than $6 billion for care over three years, created an agency to centralize efforts against bioterrorism and restructured the National Institutes of Health. … Congress also adopted a measure intended to strengthen the ability to predict tsunamis. Lawmakers approved the first reorganization of the Postal Service in more than 30 years and sent Mr. Bush an agreement allowing the United States to share civilian nuclear technology with India." President Bush "praised Congress for delivering the last batch of bills, singling out the oil drilling, AIDS assistance and fisheries legislation, as well as the nuclear agreement with India and the elevated trade status for Vietnam."

Congress Overhauls Fishing Industry Regulations. The Washington Post (12/10, A8, Eilperin, 690K) reports, "Congress yesterday passed the broadest overhaul of the rules that govern the U.S. fishing industry in a decade, with provisions instructing fishery managers to adhere strictly to scientific advice so as not to deplete the ocean. The final language of the Magnuson-Stevens Act, which passed the Senate on Thursday and the House early yesterday, was a compromise between environmentalists and fishing interests. The measure mandates an end to overfishing of depleted species within 2 1/2 years and allows the selling and trading of shares in a fishery to promote conservation." The AP (12/9, Daly) reports President Bush "said Saturday the country is committed to ensuring strong commercial and recreational fishing, praising legislation that overhauls management of marine fisheries and strengthens protections against further depleting dwindling stocks."

Tax-And-Trade Package Compromises Disparate Items Left On GOP's Agenda. The Washington Post (12/10, A5, Weisman, Barr, 690K) reports, "The centerpiece of the closing hours' work was a tax-and-trade bill. The measure temporarily extended expiring tax breaks for business research and development and for hiring people off the welfare rolls, a partial college tuition deduction, and energy conservation incentives. It extended a generous deduction for state and local sales taxes that was slipped into a business tax law in 2004 as a temporary measure to win votes in states without income taxes but is taking on an air of permanence. The huge package also contained measures to permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti. The Haiti provision was strongly challenged by some Southern lawmakers, who said it would further erode jobs in their states' textile industries."

The New York Times (12/10, A43, Hulse, 1.16M) reports, "The trade measure, a compendium of last-minute priorities sent to President Bush, was the chief legislative accomplishment of the final hours. It restored $38 billion in popular tax breaks; established normal trade relations with Vietnam and granted trade benefits to Haiti and four South American countries; and blocked a cut in Medicare payments to doctors. The measure also fulfilled a long-sought objective of Gulf Coast lawmakers and the oil industry by expanding offshore drilling opportunities in the eastern Gulf of Mexico and directing hundreds of millions of dollars in new royalties to the region. 'Just when everyone bet against us, Republicans put together a broad package of energy, tax, trade and health care measures,' said Senator Bill Frist."

Stopgap Funding Measure Approved. The Los Angeles Times (12/10, 850K) reports, "As one of its final acts, Congress approved a stopgap measure keeping federal programs running at or slightly below current levels through Feb. 15. Bush signed it Saturday. The action was necessary because lawmakers failed to pass the annual spending bills covering the budget year that began Oct. 1, except those dealing with defense and homeland security."

Lewis Blasts Frist Over Failure To Pass Appropriations Bills. The New York Times (12/10, A43, Hulse, 1.16M) reports Rep. Jerry Lewis, outgoing chairman of the Appropriations Committee, in an "unusual public attack on a fellow Republican," said, "The breakdown of regular order this cycle — indeed the failure to get our bills done — should be squarely placed at the feet of the departing Senate majority leader who failed to schedule floor time for the consideration of appropriations bills."

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State Sales Tax Break Expected To Save Texans $1 Billion Annually. The Houston Chronicle (12/10, Ivanovich, Mittelstadt, 530K) reports, "For residents in Texas and six other states without state income taxes, the bill ensures taxpayers who itemize will be able to deduct state and local sales taxes on their federal income tax forms, for tax years 2006 and 2007. The tax break, which will cost the Treasury $5.5 billion, will allow Texans to keep $2 billion over the next two years. This provision was an effort to approximate the benefit enjoyed by taxpayers in other states, who can deduct their state income taxes."

Democrats' Agenda Could Add Tens Of Billions Of Dollars To Deficit. The Los Angeles Times (12/10, Havemann, 850K) reports, "Democrats' expansive vision of the government's role in American life is on a collision course with budget deficits that are already running about $250 billion a year. The Concord Coalition, a lobby for fiscal responsibility, warns that the deficit could reach $800 billion in 10 years if Congress enacts all the programs its members are talking about. In the education budget, for example, some leading Democrats have discussed cutting the interest rate on federally subsidized student loans in half — boosting the federal interest subsidy by an estimated $18 billion over five years — plus increasing Pell Grants for college students by 25% and raising funding for the No Child Left Behind program by as much as $16 billion. Among all the spending initiatives being discussed on Capitol Hill, perhaps none would cost so much so soon as closing the 'doughnut hole' in the new Medicare prescription drug program. … Having the federal government pick up those expenses would cost the Treasury an estimated $50 billion a year for the first 10 years."

Alternative Energy Firms Already Benefiting From Democrats' Return To Power. The New York Times (12/10, BU6, Alster, 1.16M) reports, "some analysts and money managers are hoping the imminent Democratic takeover of Congress will also be bullish for alternative energy stocks by improving prospects for favorable legislation for the industry. One likely initiative, known as a national renewable portfolio standard, would require utilities to derive 10 percent of their electricity output from renewable sources by 2020. Currently, less than 3 percent of electricity is generated from such sources. Senator Jeff Bingaman…the presumptive chairman of the Senate Energy and Natural Resources Committee, says he hopes to pass 'some version' of a renewable portfolio standard in the next Congress. The details of such legislation — as well as whether it would be approved by Congress and signed by President Bush — are very much uncertain. But that hasn't stopped investors from placing their bets."

WPost Criticizes Proposed Closed-Door Meeting Of Senate. The Washington Post (12/10, B6, 690K), in an editorial, notes that incoming Senate Majority Leader Harry Reid "plans to open the 110th Congress with a closed gathering of all 100 senators. We're all for senators getting to know each other. But when they meet as the Senate, it should be in public. Reducing gridlock depends on more senators putting the public good ahead of the two-year electoral cycle, not on cooking up more deals behind closed doors."

Bush Said To Be "Locked In A Lethal Downward Spiral." The New York Daily News (12/10, DeFrank, 729K) writes, "For a wounded President locked in a lethal downward spiral ever since his reelection, it was the cruelest week of all. Not since Bill Clinton forlornly insisted that 'the President is still relevant' after being trounced in the 1994 mid-term elections has a President struggled so hard to salvage his political traction. In 72 hours last week, a bipartisan commission harshly repudiated Bush's Iraq policy. Incoming Secretary of Defense Robert Gates told senators the U.S. isn't winning the war. Then a British journalist snarkily asked at a White House press conference if Bush weren't 'in denial' about Iraq. For good measure, a new poll found only 27% of Americans back his Iraq policy, a new low. And a moderate GOP senator termed the policy 'absurd' and possibly criminal." A "well-placed Bush source who talks with the President often" said, "He'll be fine but he can't be doing very good. It's been a terrible year, and it keeps getting worse." But the President "is described by another recent visitor as still resolutely defiant, convinced history will ultimately vindicate him."

Dinner With Abramoff Could Further Complicate Myers Nomination. The Los Angeles Times (12/10, Weinstein, 850K) reports, "Five years ago…Jack Abramoff went to a dinner with top officials of the Interior Department, representatives of the White House and leaders of the National Mining Assn. That Georgetown dinner has now come back to haunt one of the guests -- William G. Myers III, who was the Interior Department's top

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lawyer at the time and for the last three years one of President Bush's most controversial nominees for a federal judgeship. Last week, Myers was asked to explain why he testified earlier to the Senate Judiciary Committee that he had never met Abramoff. … Immediately after the November midterm election, Bush announced his intention to renominate Myers." However, "In recent days…questions have arisen about Myers' March 2005 response to a query by Sen. Patrick J. Leahy of Vermont, the ranking Democratic on the judiciary committee. Leahy asked Myers whether he had ever had any contact with Abramoff. … 'I have searched my memory and files,' Myers responded. 'To the best of my recollection, I have never had any contact with Mr. Abramoff." The Times continues, "A week ago, however, the Denver Post published a story based on information obtained under the Freedom of Information Act showing that Myers was among two dozen people attending the dinner on Sept. 24, 2001, with Abramoff."

Cardin Adjusting To "Peculiar Customs" Of Senate. The Washington Post (12/10, C4, Mosk, 690K) reports Sen.-elect Ben Cardin "is still adjusting to the peculiar customs of his new job. But in the unmarked basement warren of transition offices for new members," Cardin "said he is brimming with plans. 'I'm not coming to the Senate to retire,' said Cardin, 63, when asked about the charge that his Republican opponent, Lt. Gov. Michael S. Steele, frequently leveled during a year of campaigning. 'I'm going to be very busy. And I won't waste a minute.'" Cardin "will find himself in the thick of deliberations over the Iraq war as a member of the Foreign Relations Committee and will serve on panels that deal with the budget, the environment, minority business and judicial appointments."

SMU Reportedly Frontrunner For Bush Presidential Library. The Houston Chronicle (12/10, A1, Korosec, 530K) reports, "Three Texas universities are hoping to land the George W. Bush presidential library, and each is calling in its own heavy hitters and Bush backers to try to make the case. Baylor touts its location, Southern Methodist University its personal ties and the University of Dallas its spacious site. The president's library site-selection committee, which has been working entirely in private, could choose a winner among the three finalists as early as next month. SMU, Laura Bush's alma mater, has been widely considered the frontrunner since the first lady told the Houston Chronicle in a 2005 interview that the school is her sentimental favorite."

Space Shuttle Discovery Successfully Lifts Off. The New York Times (12/10, A41, Schwartz, 1.16M) reports, "Night became day on Saturday as the shuttle Discovery muscled its way off of the launching pad with a shuddering roar on a mission to rewire the International Space Station. With a blinding streak of yellow flame that left a mark on the retina and a lump in the throat, the shuttle and its crew of seven astronauts lifted off at 8:47 p.m. in the program's first nighttime launching in more than four years." The Los Angeles Times (12/10, Johnson, 850K) reports launch director Mike Leinbach "said the successful launch was the best sign yet that NASA had fully recovered from the Columbia disaster. 'We're getting back in the groove. We're getting back in business,' Leinbach said. NASA Administrator Michael D. Griffin said the launch marked another milestone in finishing the space station and going beyond. The Houston Chronicle (12/10, Carreau, 530K) reports in its front-page story that Griffin said the program was back on track and, "On average we want to fly every two months."

The Washington Post (12/10, A20, Harwood, 690K) adds, "The brilliant light of the takeoff illuminated the shuttle's heat shield in the first two minutes of flight. But engineers will not be able to assess the health of the protective tiles until a detailed inspection Sunday by the astronauts and again during final approach to the space station Monday. Discovery's mission is considered the most complex station assembly flight yet attempted and one of the most complicated in manned spaceflight history."

LATimes Says Moon Program Not Worth Cost. The Los Angeles Times (12/10, 850K) editorializes, "When it comes to poetic vision, 'Fly Me to the Moon' has it all over 'Global Precipitation Mission.' But the prosaic and twice-delayed NASA meteorology project would conduct a useful scientific study of Earth weather. A return to the moon is a romantic but expensive mission in search of a purpose." The Times adds, "Even NASA's 'Why the Moon?' website doesn't really explain it." It contends, "For too long, NASA has been overspending on manned flight and under-funding scientific study. Vital missions to study the Earth's climate, for example, have been delayed for years or indefinitely. An unmanned scientific mission to scan for Earth-like planets in nearby solar

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systems, scheduled to launch in 2011, has been postponed until 2015."

Missile Defense System Takes Shape In Alaska. The New York Times (12/10, A36, Yardley, 1.16M) reports from Fort Greely, Alaska, "Four years after President Bush ordered a limited missile defense system to be built and nearly a quarter century after Ronald Reagan first proposed the Strategic Defense Initiative, this sub-Arctic outpost, once a cold war training site and still a cold-weather training site, is where progress on the long-embattled missile system is perhaps most evident, military officials say. Eleven interceptor missiles are installed in underground silos here, buried beneath the snow and a former forest of black spruce."

Top USAF Lawyer Had Been Practicing 23 Years Without License. The Washington Post (12/10, A22, Ricks, 690K) reports, "A top Air Force lawyer who served at the White House and in a senior position in Iraq turns out to have been practicing law for 23 years without a license. Col. Michael D. Murphy was most recently commander of the Air Force Legal Operations Agency at Bolling Air Force Base in the District." Murphy "was relieved of his command at Bolling on Nov. 30 after the Air Force learned that he had been disbarred for professional misconduct in Texas in 1984 but hadn't informed his superiors."

OTHER NEWS:

Jefferson Easily Wins Reelection In LA2 Runoff. The Washington Post/AP (12/10, A10, Burdeau) reports voters in Louisiana's Second District "looked past a federal bribery investigation" and reelected eight-term incumbent Rep. William Jefferson Saturday. In a runoff election in the New Orleans district, "Jefferson grabbed a commanding lead over state Rep. Karen Carter, a fellow Democrat, almost as soon as the polls closed." With 96% of precincts reporting, Jefferson had 57% of the vote, and Carter 43%.

The New Orleans Times-Picayune (12/10) says that, "confounding political pundits and a slew of rivals who had become confident of his defeat," Jefferson "neatly sidestepped" the "roiling federal corruption probe. … Guilty pleas by aides and associates who admitted to bribing the congressman and the revelation in court documents that FBI agents had found $90,000 in marked bills stuffed into Jefferson's freezer had put the scent of blood in political waters." The Los Angeles Times (12/10, Simmons, 850K) says "voter turnout was only about 16% on what turned out to be a cold and windy election day." Roll Call (12/10, Kurtz) also runs the news of Jefferson's reelection on its website this morning.

The Time-Picayune story was typical of the nationwide news coverage of Jefferson's reelection, all of which noted the details of the ongoing federal investigation – including the cash found by FBI agents in Jefferson's freezer. The Baton Rouge Advocate (12/10, Gyan) reported, "Jefferson made no mention of the federal investigation in his victory party remarks," but "he told a small group of supporters that he hopes to build on his 'record of effectiveness and record of productivity in Congress.' … Jefferson said it is now time to unite the East and West banks, black and white, rich and poor in order to speed up the area's recovery and 'get our people back home.'" In a widely-distributed story, the AP (12/10, A10, Burdeau) added, "In her concession speech, Carter embraced family members and pledged to work with Jefferson, particularly on the area's recovery from Hurricane Katrina. 'I guess the people are happy with the status quo,' she said."

The New York Times (12/10, Nossiter) reported that Jefferson "was heavily favored in black precincts, and Saturday's result suggested that his loyal constituents ignored the accusations of an F.B.I. investigation and rallied around him, as they had in the past and as the congressman had pleaded with them to do. He has not been charged with anything, and vigorously maintains his innocence. … Analysts were surprised at Mr. Jefferson's victory. 'It's not good for the city, and it's not good for the state,' said Susan Howell, a political scientist at the University of New Orleans."

Black Voters, Skeptical Of FBI Probe, Elated By Jefferson Victory. Under the headline "New Orleans Voters Support Their Man Over F.B.I.," the New York Times (12/11, Nossiter) reports, "Outside the Greater St. Stephen Full Gospel Baptist Church, there was no surprise on Sunday at the re-election of…Jefferson, only satisfaction. The late-night comedians could joke all they wanted about the $90,000 that the Federal Bureau of Investigation said it found in Mr. Jefferson's freezer and that the agency said was bribe money. White New Orleans could tut-tut at the seamy portrait outlined by the F.B.I. in its investigation of him, and at the guilty pleas of two associates of Mr. Jefferson, who is a black Democrat.

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Supporters in the broken-down, crime-plagued Central City neighborhood here saw another picture: of a godly man persecuted by a racially biased government." The Times notes University of New Orleans Prof. Susan Howell said, "The background to this is the cultural divide between blacks and whites, and their different attitude to law enforcement."

Jefferson Brushes Off Election-Night Questions About Investigation. In a widely-distributed story, the AP (12/11, Burdeau) reports Jefferson "on Sunday savored a landslide win in the comfort of supporters and family, and put to rest a grueling campaign that shined the spotlight on an FBI bribery investigation overshadowing his long political career. Analysts said his victory was stunning and defied conventional thinking that averred he could not retain his seat and overcome allegations the FBI found $90,000 in bribe money in his freezer." The AP adds, "With the race in his pocket, Jefferson shrugged off questions from reporters about the FBI probe at his re-election party…where supporters gloated over the victory by chanting his name and jeering Carter when she appeared on television to give her concession speech. Asked if he plans to explain his side of the story, something he has promised to do, Jefferson said: 'I'm done with that. I've talked to the voters and they're very happy.'"

New Orleans Democrats Call For Pelosi To Return Jefferson To Ways And Means. The New Orleans Times-Picayune (12/11, Alpert) reports, "Now that U.S. Rep. William Jefferson has been convincingly re-elected to a ninth term, some local Democrats are calling on House Speaker-elect Nancy Pelosi to return him to his slot on the powerful House Ways and Means Committee. … 'The 2nd Congressional District said, "This is our guy,"' said state Rep. Cedric Richmond, D-New Orleans. 'She should respect that.'" The Picayune notes, "Jefferson said he isn't ready to discuss possible committee assignments." In Saturday's victory speech, Jefferson said, "Tonight, my good and faithful friends, I want to just tell you and promise to you that I'm going to do all that is in my power with the help and grace of God to serve you as fully, as effectively, as I possibly can with all the tools that God has given me."

Jefferson Reelection Seen As Posing Ethical Dilemma For House Democrats. The AP (12/11) reports, "In awarding Rep. William Jefferson a new lease on his political life, Louisiana voters this weekend also saddled Nancy Pelosi with another ethics quandary as she prepares to become the Democratic speaker of the House of Representatives. 'It's going to be quite a headache for the Democrats,' Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said Sunday." The AP notes, "Democrats ran against a 'culture of corruption' that they said Republicans had fostered while in control of Congress." Pelosi removed Jefferson from Ways and Means, but she "now may come under pressure to restore his committee assignment or at least place him on a committee where he could benefit New Orleans. Jennifer Crider, a spokeswoman for Pelosi, did not address committee assignments Sunday. In a statement, she said, 'Leader Pelosi has said that it is up to the people of New Orleans to choose who represents them and they did that.'"

On ABC's This Week (12/10, Stephanopoulos), Kokie Roberts said of the difficulty Jefferson's reelection presents for the Democrats, "I think it is going to be very difficult…to embrace Bill Jefferson, given the situation. But on the other hand, somebody better bring some charges against him, if they're going to carry it out."

McCain, Romney Lead Race To Woo Big Bush Donors. The Washington Post (12/10, Cillizza, Fletcher, 690K) reports on its front page on the efforts of Republican presidential hopefuls to win over major donors to President Bush's 2000 and 2004 campaigns. Bush's 2000 run "forever changed the fundraising dynamic for presidential races, showing that an enormous early financial advantage was the same as winning an 'invisible primary.' In that race, there are no voters, elections or overt campaigning -- just the wooing of fabulously rich people with the rewards of insider status, complete with fancy titles." So far, Sen. John McCain and Gov. Mitt Romney "are well ahead among the Republican contenders, though neither yet has come up with monikers like 'Pioneer' or 'Ranger' to flatter the biggest donors." Rudy Giuliani "has on staff Anne Dickerson, who ran the high-dollar program for the Bush campaign in 2004, and he has the backing of a handful of Bush Pioneers and Rangers." But other possible GOP candidates, including Sens. Sam Brownback and Chuck Hagel, Gov. Mike Huckabee, and Newt Gingrich, "are far behind in the pursuit of these fundraising big shots."

Romney Haunted By 1994 Letter On Gay Rights. The Washington Post/AP (12/10, A15) picks up the news that Gov. Mitt Romney "is facing new questions about his beliefs on gay issues after the emergence of a letter he

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wrote during his 1994 U.S. Senate run, in which he promised to be a stronger advocate for gays" than Sen. Edward Kennedy. The AP report says a "gay-oriented Massachusetts newspaper, Bay Windows, has also released a transcript of a 1994 interview with Romney during the Senate race."

Obama Heading To New Hampshire. NBC Nightly News (12/9, story 11, 0:10, Siegenthaler, 9.87M) reported, "One of the most closely watched lawmakers in the new Congress, Barack Obama, heads to New Hampshire tomorrow on his first trip to the important Presidential primary state. Tickets to his afternoon event are sold out and more than 150 media credentials have been issued."

Clinton, Obama Campaigns Could Change Race And Gender Equations. The New York Times (12/10, WK1, Nagourney, 1.16M) writes that "after a 217-year march of major presidential nominees who were, without exception, white and male, the 2008 campaign may offer voters a novel choice." But as Sens. Hillary Clinton and Barack Obama plot possible campaigns, "the question remains: are Americans prepared to elect an African-American or a woman as president? Or, to look at it from the view of Democrats hungry for victory in 2008, is the nation more likely to vote for a woman or an African-American for president?"

Presidential Prospects' Works Hit The Bookshelves. The Washington Post (12/10, A4, Goldfarb, 690K) writes that "a number of prospective 2008 presidential candidates are betting that the free publicity that comes with the release of a book can't hurt." Sen. Hillary Clinton's "It Takes a Village" will be re-released this week. In a "newly written introduction, Clinton 'reflects on how our village has changed over the last decade -- from the impact of the Internet to new research in early child development and education,' according to her publisher, Simon & Schuster." Sen. Barack Obama "has been actively promoting his new book, 'The Audacity of Hope,'" and John Edwards "has traveled to early primary states to sell his new tome, 'Home.'" Sen. John McCain and his chief of staff Mark Salter "will release their fifth book in August. … The book, tentatively titled 'Hard Call,' will explore historic decisions in politics, history, science and other endeavors." Al Gore, "who has kept the door to a presidential run slightly ajar, next year will publish 'The Assault on Reason' -- an examination of how 'the public arena has grown more hostile to reason.'" Sen. John Kerry "is releasing a so-far-untitled book on the environment in March with his wife, Teresa." Rudy Giuliani "has no book plans, though his post-Sept. 11 tome, 'Leadership,' was a huge success." Gov. Mitt Romney "has no plans for a book in the next few years."

Crist Cancels Florida Inaugural Ball. The AP (12/9) reports Florida Gov.-elect Charlie Crist "has decided to cancel his inaugural ball, saying Saturday that he didn't feel right about an expensive party when many people are struggling with higher insurance and property tax bills. Other free events, including a prayer breakfast, parade, the swearing-in ceremony and tours of the governor's mansion will still continue." Crist's inaugural committee is "returning all donations it's received."

Longer Hours Blamed For Increase In Trucker-Related Highway Deaths. The Chicago Tribune (12/10, Franklin, Little, 617K) reports, "Spurred by a global economy that demands that goods be delivered on time and at low prices, business has never been so brisk and so cutthroat" for truckers." The Tribune adds, "Paid by the delivery, not the hour, the country's 350,000 independent truckers…are lashed to punishing schedules that practically force them to live in their rigs. Counting all their time on the job, some earn as little as $8 an hour. Long hours, chaotic schedules and exhausting work conditions make for a potentially lethal formula -- for truck drivers and everyone else on the road. Nearly a decade ago, the government vowed to significantly reduce the number of fatalities from truck crashes, but the results have been mixed. Nationally the death toll fell until 2002 and then started climbing. In the three most heavily traveled states, California, Texas and Florida, deaths involving large truck crashes have steadily climbed. Over 5,000 people die and 116,000 are injured yearly in truck-related accidents, according to the Federal Motor Carrier Safety Administration."

NYTimes Blames The Administration For Loosening Trucking Safety Standards. The New York Times (12/10, WK11, 1.16M), in an editorial, writes, "To describe the Bush administration's policy toward the trucking industry as deregulation is farcical. The word empowerment is so much more fitting for the array of trucking executives the White House appointed to be the ranking regulators of their own industry. While avowing professionalism, this cadre of political contributors and industry insiders has brazenly

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relaxed federal standards for truck safety over the last six years. Rather than tightening drivers' hours as safety specialists advised, the political powers at the truck safety agency have actually loosened them."

Chris Matthews Released From Hospital. The Washington Post (12/10, D3, Argetsinger, Roberts, 690K) "Reliable Source" column reports, "Chris Matthews is out of the hospital and ready to start interrupting people again. The 'Hardball' host was sidelined by complications from diabetes, which caused him to miss more than a week behind the mike."

Six-Party Talks On North Korea To Restart In Eight Days. The AP (12/10, Gearan) carries comments by an anonymous "senior U.S. official" that "a long-delayed round of international talks aimed at ending North Korea's nuclear weapons program is scheduled for later this month." The Six-Party Talks should recommence on December 18 in Beijing, and adjourn for Christmas several days later. The AP adds, "U.S. diplomats have been preparing for a new round,…but the date was uncertain." The "talks carry greater weight now that North Korea has exploded a nuclear device and tested a long-range missile earlier this year." Secretary Rice "said last month North Korea must come to new talks ready to deal, or there is no point in holding them."

Ahmadinejad Says Iran Installing 3,000 Centrifuges. The AP (12/10, Dareini) details remarks by Iranian President Mahmoud Ahmadinejad that Iran "has begun installing 3,000 centrifuges in an expansion of its uranium enrichment program that brings the Islamic nation significantly closer to large-scale production of nuclear fuel." He "also claimed that the international community was caving in to Tehran's demands to continue its nuclear program."

Economic, Political Ties Said To Drive Endorsement Of US-India Nuclear Deal. Continuing coverage of the background of the US-India nuclear cooperation agreement approved by the 109th Congress, the New York Times (12/10, A10, Sengupta, 1.16M) notes, "Beyond simple good will, unique commercial and strategic imperatives have driven a bipartisan swell of support for the deal, even though New Delhi steadfastly rejects the global nonproliferation treaty and advances a nuclear weapons program." The Times says the "economic incentives for the United States are huge," adding that, "as India gradually opens its vast market, American companies stand to make a great many gains, from investments in Indian real estate to selling soybean oil and fighter planes. There is also New Delhi's growing strategic value in a rapidly changing Asia." The Times calls it "revealing" that "a contentious bill has enjoyed so much bipartisan support," adding, "With the Indian economy growing at a steady clip of up to 8 percent in recent years, India last month hosted the largest American trade delegation to any single country, including vendors of nuclear equipment.

Abbas May Be Close To Calling New Palestinian Elections. The Washington Post (12/10, A31, Wilson, 690K) notes Palestinian President Mahmoud Abbas "is inclined to call early elections, including for his own office, to end the political and economic crisis in the territories." A PLO Executive Committee meeting gave Abbas "17 options to end the months-long stalemate with the governing Hamas movement," and he "is expected to give a national address next week on how he intends to end the crisis that has battered the economy and increased partisan strife in the territories. He is under pressure from his own [Fatah] party to move decisively at a time when talks over a unity government have foundered again." One Executive Committee member said Abbas is "leaning towards" early elections and has "dismissed the option that he continue talks with Hamas." The Post calls such a move "an uncharacteristically bold gesture by Abbas, a cautious veteran of the Palestinian national movement who has long favored consensus over confrontation, even in his dealings with Israel."

The New York Times (12/10, A8, Erlanger, 1.16M) reports Fatah sources said Abbas is "leaning toward calling early parliamentary and presidential elections." The Times says he "has been stuck, with top Fatah officials urging him to fire the prime minister, Ismail Haniya of Hamas, and to call new elections."

CNN (12/9, Shubert) reported Abbas "may announce early parliamentary and presidential elections within the week. He made that announcement apparently to the Executive Committee of the PLO, saying that he had failed to negotiate a coalition government with the militant Hamas faction and that early elections may be an option. He said that he may make an address within the week and that's when his decision would be announced. Hamas was very

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quick to respond, an official saying that they rejected the idea calling it, quote, 'a coup against democracy.'"

The Los Angeles Times (12/10, Boudreaux, Abukhater, 850K) says a call for early elections would be "a risky move" and "a gamble" for Abbas," who "left the door open to compromise with Hamas." For its part, "Hamas warned that any such step would be illegal and meet with resistance, raising the stakes in a months-long and often violent conflict over control of the Palestinian Authority."

BBC.com (12/9) focuses on Hamas' reaction to the early election rumors, saying it "reacted by condemning the suggestion." Haniyeh "condemned the idea of early elections, saying they would accentuate 'crisis and tensions,'" and a Hamas spokesman "described the PLO committee's statement as a threat to democracy."

Lebanon's Shiites, Once Marginalized, Reshape Politics. A 2,600-word piece on the front page of the Washington Post (12/10, Shadid, 690K) details the growing political power of Lebanon's Shiite Muslims. "Once the country's most downtrodden, entrenched in feudal misery, Lebanon's Shiites stand today on the verge of their greatest political power in the history of a diverse country defined by its fractious religious communities: Sunni and Shiite Muslims, Druze and Christians. But their ascent is a story of contradictions: Now at the peak of that power, confident of victory, the community is still shaped by its own sense of vulnerability and weakness." While Shiite "leaders rely on age-old notions of backroom, under-the-table Lebanese politics," the Post says those ideas "may be reshaped by leaving a legacy of turning to the street with populist demands. And in pursuit of power, through the protests that began Dec. 1, the Shiites, the country's single-largest community, may end up breaking a system that appears to be buckling under the stress of Lebanon's most acute crisis since the 15-year civil war ended in 1990."

A Los Angeles Times (12/10, Stack, 850K) piece describes the challenges facing Minister Fouad Siniora's government. "Inside the Grand Serail, what remains of [that] government toils away, trying to ignore the thousands upon thousands of people massed at its gate. The people outside describe the government leaders as unwanted and illegitimate, pawns of U.S. interests." The Times calls the separation of Siniora's government from the Hezbollah-led street protests "the kernel of a dangerous political standoff." While the palace "stands isolated behind snarls of razor wire and layers of soldiers and security forces," the "mood is stoical and confident" in the protest enclaves. "The demonstrators seem convinced that the government will, inevitably, collapse, that Siniora and his allies cannot stay in place with so many people on the streets."

Radiation Found In Hamburg Apartments Tied To Litvinenko Associate. The CBS Evening News (12/9, story 6, 0:15, Assuras, 7.66M) reported, "In the mystery of the poisoned Russian spy, radiation traces were found today in two German buildings linked to a Russian businessman he'd met with Alexander Litvinenko in London on the day he became fatally ill." The Washington Post (12/10, A28, Finn, Jordan, 690K) reports German authorities "said that the businessman, Dmitry Kovtun, had visited the two apartments, which belong to his ex-wife and former mother-in-law. Kovtun is reportedly seriously ill in a Moscow hospital." Kovtun, "a Russian business consultant who has spent years living in Germany, is emerging as a key figure in the investigation. While there are conflicting reports about his condition, the Russian news agency Interfax has reported that Kovtun is in serious condition and experiencing problems with major organ functions as a result of the poisoning. Kovtun and another Russian businessman, Andrei Lugovoy, met with Litvinenko…in London on Nov. 1, the day Litvinenko began feeling sick."

The AP (12/9) reports, "Meanwhile, tests have shown no trace of the radioactive substance polonium-210 on a plane used by a contact of Litvinenko to fly to London, German airline Germanwings said Saturday. Authorities carried out tests at Cologne-Bonn airport after determining that Dmitry Kovtun flew to London from Hamburg on the Airbus A319 on Nov. 1. Kovtun met with Litvinenko later that day."

The Los Angeles Times (12/10, Fleishman, 850K) reports, "Police discounted media reports suggesting that Kovtun, who reportedly lived in Germany for 12 years, planned Litvinenko's assassination in Hamburg. No traces of radiation were discovered in Kovtun's apartment, which is in the same building as his ex-wife's in the northern port city's Ottensen neighborhood."

Litvinenko's Widow Says Culprit Was "Obviously…Not Putin." BBC.com (12/10) reports, "The widow of former KGB agent Alexander Litvinenko has said she believes the Russian authorities could have been behind his murder. Marina Litvinenko, 44, told the Mail on Sunday: 'Obviously it was not Putin himself, of course not.' But she

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said what President Putin 'does around him in Russia makes it possible to kill a British person' in Britain. … Mrs Litvinenko also told the Sunday Times: 'Everybody tries to write about Sasha like he was an ex-spy, but it's completely untrue. He never was a spy.'"

KGB Veterans Said To Hold "All The Most Important Jobs" In Russia. In an "Week in Review" piece for the New York Times (12/10, WK3, 1.16M) Scott Shane writes, "President Boris N. Yeltsin considered dismantling the K.G.B. but 'decided it was too dangerous,' said Michael McFaul, a Russia specialist at Stanford University. In the seven-year rule of President Vladimir V. Putin, the security service has returned to prestige and power. 'All the most important jobs in Russia today,' Mr. McFaul said, 'are held by K.G.B. or former K.G.B. officers, in every ministry, in every industry.'"

International Nuclear Regulators Seek Curbs On Polonium Traffic. The New York Times (12/10, A16, Broad, 1.16M) reports, "Nuclear regulators in Washington and abroad are studying whether to tighten security on polonium 210 in case terrorists seek the deadly material for so-called dirty bombs that spew radioactivity, officials and diplomats said in recent interviews. … Groups considering tighter controls include the Nuclear Regulatory Commission in the United States and the International Atomic Energy Agency in Vienna, which sets global standards for radiation safety."

LATimes Ties Litvinenko's Poisoning To Journalists' Murders. The Los Angeles Times (12/10, 850K), in an editorial, writes, "the cloak-and-dagger theatrics threaten to obscure an urgent danger at the story's heart — journalists in President Vladimir V. Putin's Russia are increasingly being attacked and killed. … We may never find out whodunit or who ordered it done, but we know what Litvinenko was investigating at the time of his death: the killing of decorated Russian journalist Anna Politkovskaya, who had been exposing alleged Russian misdeeds in Chechnya. Were the killings of Politkovskaya and Litvinenko isolated incidents, the Kremlin's protests that it suffers most from the bad international publicity would be more worthy of sympathy. But Politkovskaya was at least the 21st Russian journalist to be killed since Putin was elected in 2000, according to Reporters Without Borders. Two others have disappeared and are presumed dead, and there have been 320 assaults."

Chen's Party Wins One Taiwan Mayor Race, But Loses Another. Reporting on yesterday's mayoral elections in Taipei and Kaohsiung, Taiwan, the New York Times (12/10, A9, Bradsher, 1.16M) notes President Chen Shui-bian's Democratic Progressive Party "eked out the narrowest victory in Taiwanese political history in crucial mayoral elections [in Kaohsiung], but the opposition Nationalist Party quickly said it would seek a recount." The DPP candidate, Chen Chu, appears to have a 1,120 vote margin, out of 761,000 ballots, "a victory margin of about one seventh of a percent. On an island with already deep political divisions, the paper-thin margin and the possibility of a court fight are likely to cause further political friction in the weeks ahead." The Times says the Nationalists had hoped to "turn" the mayoral votes "into an informal referendum on President Chen, who has been dogged by allegations that he and his family have committed financial impropriety." Nationalist candidate Hau Lung-bin easily won the Taipei election.

The AP (12/10, Grauwels) says the DPP "narrowly won a crucial mayoral election in [Kaohsiung], while the opposition candidate won comfortably in the capital of Taipei in a pair of votes seen by many as a referendum on President Chen Shui-bian." Chen Chu's election "seems likely to take pressure off of the president, who has been on the defensive for more than six months over allegations his family and inner circle benefited financially from their proximity to him."

Under the headline, "Taiwan's Ruling Party Dodges An Electoral Bullet," the Los Angeles Times (12/10, Magnier, Ting-i, 850K) says the DPP "defied expectations that it would be trounced in local elections Saturday, handing President Chen Shui-bian some breathing room after months of fighting off scandals. But the mixed results probably will result in continued political infighting at least through the 2008 presidential election, analysts said."

Hong Kong Begins Process Of Selecting Next Leader. BBC.com (12/10) reports Hong Kong voters "are electing the members of a committee that will choose the territory's next leader. Pro-democracy groups are hoping to win enough representation on the 800-seat committee to enter a candidate in next March's chief executive contest." Only 427 of the seats are up for election, and the BBC notes that candidates must have the backing of 100 members in order to challenge current executive Donald Tsang. The BBC's local reporter "says that the democrats already admit that their chosen potential candidate, lawyer Alan Leong, has no chance of beating Mr Tsang. But for the first time since Hong Kong was handed back to China by the

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UK in 1997, the democrat groups now say they feel that it is worth taking part in the contest."

South American Leaders Consider EU-Style Community. The AP (12/10, Keane) details the results of a summit of 12 South American nations in Cochabamba, Bolivia. Leaders "agreed Saturday to create a high-level commission to study the idea of forming a continent-wide community similar to the European Union." They "agreed to form a study group in Rio de Janeiro to look at the possibility of creating a continent-wide union, and even a South American parliament." Bolivian President Evo Morales is quoted saying, "We seek that South America be forever a region of peace that works to solve the economic problems of its historically abandoned majority." The AP says discussions may continue at Mercosur's meeting in Brazil this month.

Analyst Says Latin Americans Want "Best Of" Castro, Pinochet Models. In an op-ed in the Washington Post (12/10, B2, 690K), the Inter-American Dialogue's Michael Shifter says, "For the past half-century, no two leaders have so defined Latin America's political scene as Cuba's Fidel Castro and Chile's Gen. Augusto Pinochet." While their regimes were "similar only in their harshness and in the intense passions they evoked," their "legacies" will "loom large, and will long outlive them. They have been tyrants in life, but after their deaths, they will still shape the Latin America they leave behind." Noting that Castro "recognized the fundamental social inequities that mar the region," and Pinochet "embraced the market and its power to lift an economy," Shifter says modern, democratic "governments of the region are drawing on both those veins in their quest to better their citizens' political and economic futures."

Fiji Coup Leader Tries To Assemble Government. The AP (12/9) reports Fiji coup leader Frank Bainimarama "ran want ads in local newspapers Saturday to fill vacant Cabinet jobs, trying to piece together a new government for the south Pacific country." He had earlier "removed a swath of senior civil servants, including top police officers, saying he is weeding out corruption entrenched in the administration of ousted Prime Minister Laisenia Qarase." The AP also notes that Bainimarama's "hand-picked" leader, Jona Senilagakali, "took over the prime minister's office for the first time Friday, arriving with an armed military guard."

Czech Republic Remains "On Autopilot" Six Months After Elections. A New York Times (12/10, A3, Smith, 1.16M) piece details the continued failure of Czech Prime Minister Mirek Topolanek to form a government. "For six long months, the Czech Republic has waited with increasing impatience for Mr. Topolanek to form a government that can win a vote of confidence from a Parliament perfectly split along partisan lines. He had promised President Vaclav Klaus that he would present a winning cabinet by [last week,] but he had no cabinet ready." The country "is suddenly finding democracy something of a puzzle. The combination of a backstabbing political culture and a parliamentary system that provides no tie-breaker in the case of an evenly divided legislature has left the country on autopilot since national elections in June. The crisis shows how far the region's post-Communist political culture has to go before it is mature, but it also indicates that the area's political systems are remarkably secure."

Kosovo Conflict Ordnance Cleanup In Albania Continues. The Washington Post (12/10, A26, Frye, 690K) reports on efforts to eliminate unexploded NATO ordnance in Albania. "For many Albanians living near Kosovo, "it's been seven years of death, amputations, shrapnel wounds and blown-up farm animals, seven years of blocked-off grazing lands, forests and water supplies. The explosives have choked off any hope of development, denying more than 25,000 people access to parts of their land, according to government estimates." Of one rural area, the Post says, "The terrain here is more vertical than horizontal, and planting and grazing land is so precious that before organized de-mining began, some residents tried to clear fields and paths on their own, often with tragic results." Demining "has focused on ground that villagers deem to be high and medium priority: grazing and crop land, roads, areas near water sources. This fall, those and other useful areas along the length of the border were finally declared free of explosives, but it will probably be 2010 before nearly all the explosives along the border are gone."

Border Conflicts Threaten To Destabilize Central African Republic. A lengthy front-page story in the New York Times (12/10, Polgreen, 1.16M) reports, "The Central African Republic — so important as a potential bulwark against the chaos and misery of its neighbors in Chad and the Darfur region of Sudan — is being dragged

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right into the dangerous and ever-expanding conflict that has begun to engulf central Africa." The Times says the CAR's borders are "porous" and its border lands "ungoverned," and adds, "The situation is so bad in some places that 50,000 residents have fled … to find refuge in Chad, of all places, while starvation threatens hundreds of thousands who remain." Noting that the CAR "sits almost at the bottom of the United Nations development index," the Times says "its vulnerability has only grown in recent months." United Nations border enhancement efforts aim "to avoid a broad, multicountry conflict like the one that swept Congo after the fall of Mobutu Sese Seko."

Chadian Rebels Claim Government Attack Repulsed. The AP (12/9) carries a Chadian rebel group's claim that "rebels fought back a Chadian army attack on Saturday outside an eastern Chad town, killing 100 soldiers and injuring an unknown number of others." Chadian "soldiers attacked a rebel position just outside the eastern Chad town of Biltine … and after three hours of fighting, rebels of the Union of Forces for Democracy and Development, known by the French acronym UFDD, repulsed them, said Ali Moussa Izzo, spokesman of the group." The AP adds, "It was not possible to independently confirm the rebels' claims and government officials were not immediately available for comment."

Madagascar's Ravalomanana Reelected. The AP (12/10, Hogg) reports Madagascar President Marc Ravalomanana "has been re-elected in the Indian Ocean island country, officials said Saturday." Ravalomanana, who appears to have won 55 percent of the vote in last Sunday's runoff election, "promised a five-year development plan to reduce poverty, the dominant issue in a country were 70 percent of the island's 17 million people live on less than $1 a day."

Africa Expert Says Somali Conflict Will Become Regional War Soon. Former CIA case officer Garrett Jones writes extensively in the Los Angeles Times (12/10, Jones, 850K) about Somalia, whose violence "is in a class by itself." He calls Somalia "a space between countries. Or simply a feral nation." Today, "the Somalis are poised to insist that the international community tune back in while they commit an auto-da-fe on CNN. Somali Islamists, modeling themselves on the Taliban, have taken control of most of the country, driving the warlords out of the cities and into the bush." Jones predicts that, "when the roads are dry enough to allow military operations [in Baidoa], the Islamists will swiftly overwhelm the interim government unless outside help arrives at the last minute." He continues, "Somalia's neighbors are bracing for a regional war, and the U.S. State Department says 10 countries are taking sides in some fashion." That "big, ugly regional war" could happen next year, Jones says, and "it is going to become a concern of the U.S."

Yunus, Grameen Bank To Receive Nobel Peace Prize Today. Noting today's Nobel Peace Prize ceremony in Oslo, at which Muhammad Yunus and the Grameen Bank will be jointly awarded the 2006 honor, the New York Times (12/10, A27, Gibbs, 1.16M) reports Yunus "said he would use his newfound celebrity … to urge bankers everywhere to make small business loans to the poorest people they can find." He "is credited with inventing microfinance, the practice of lending small amounts of money to destitute people, 30 years ago. The idea is for borrowers — almost all of them women — to start or expand money-making enterprises like weaving, rope-making, vegetable farming and holding livestock." Yunus said microcredit will allow Bangladesh to halve "the number of people classified as extremely poor by 2015." Noting that 90 percent of the Grameen Bank is owned by millions of borrowers, the Times says Yunus "urged the United States to recalibrate its strategy for fighting terrorism and to address what he said were its 'root causes' — poverty and injustice."

Kristof Sees Stereotyping Of Islam. In his New York Times (12/10, 1.16M) column, Nicholas Kristof writes, "There's a fatigue in the West with an Arab world that sometimes seems to put its creative juices mostly into building better bombs. ... Those stereotypes are largely derived from the less than 20 percent of Muslims who are Arabs, with Persians and Pashtuns thrown in as well. But the great majority of the world's Muslims live not in the Middle East but ... in Asia, where religion has mostly been milder. ... Meanwhile, many Muslims are as disenchanted with us as we are with them. They complain about hypocritical Americans who parrot slogans about human rights but brutalize Muslims at Guantánamo and supply the weaponry that kills Muslim children in Gaza and Lebanon." Kristof predicts, "Desert Muslims grab the headlines, but my bet is

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that in the struggle for the soul of Islam, maritime Muslims ['more outward-looking, flexible and tolerant'] have the edge."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Athletes' Unbeatable Foe"
"So You Think Your 401(k) Money Is Safe"
"Midnight Sun Has A Dark Side"
"San Pedro's Shifting Canvas"
"Global Warming, Local Initiatives"

New York Times:

"Report On Iraq Exposes Divide Within G.O.P."
"Black-Market Weapon Prices Surge In Iraq Chaos"
"Religion For A Captive Audience, Paid For By Taxes"
"DNA Gatherers Hit A Snag: The Tribes Don't Trust Them"
"On The Run As War Crosses Another Line In Africa"
"Yes, You Can Surf In Cleveland, Before The Brown Water Freezes"
"Shiites Rout Sunni Families In Mixed Area Of Baghdad"
"Discovery Takes Off On A Complex Mission"
"Buckeyes' Smith Collects Heisman"
"Gumshoe Work And Luck Helped Pinpoint Suspected
"Source Of Food Poisoning"

Washington Post:

"GOP Laments Mixed Results As Control Of Congress Ends"
"Witnessing Execution A Matter Of Duty, Choice"
"Lebanon's Shiites Grapple With Power"
"Candidates Woo Bush Donors For 'Invisible Primary'"
"Harvesting Cash The Milk Lobby Strikes Back"
"Great Lakes Area Tries To Dodge A Bullet"
"Coast Guard Is Urged To Drop Its Plan For Live-Fire Target Practice"
"Years After War In Kosovo, Land Mines Scar Albania"
"Red, Swirling And Perplexing"

Atlanta Journal-Constitution:

"Rumsfeld Makes One Last Iraq Trip"
"'It Cost Nateyonna Her Life'"
"Double Murder Suspect Held"
"Hidden Cost Of Credit History"

Dallas Morning News:

"New Stadium May Widen Social Divisions"
"Visitors Stare Death In The Face At 'Body Worlds'"
"Dallas Revives Battle Against Liquor Stores Near Schools"
"Odyssey To U.S. Citizenship"
"Early Risers Can View Rare Planetary Cluster On Sunday"
"Saturday Night's All Right For Space Flight"
"Congress OKs More Drilling In Gulf"
"Ohio State's Smith Runs Away With Heisman"

Houston Chronicle:

"Houston Sees Deadly Spike In Teen Violent Crime"
"Yao Picks Up Slack In Rockets' Win Over Wizards"
"Reversal On Silicone Implants Big News In Houston"
"Chewable, Tasty Birth-Control Pill Hits The Market"
"Shuttle Heads To Space Station For 12-Day Mission"
"Congress' Last Act: Tax Break And Oil Access"
"Wallis Mayor Prepares Town For Suburban Growth"
"Mexico's New First Lady May Take A Traditional Role"
"Big Names, Big Dollars In Bush Library Bid"
"PUC Flexing Muscles To Improve Reliability"

Story Lineup From Last Night's Network News:

ABC: Rumsfeld In Iraq; President's New Direction For Iraq; 109th Congress; Space Shuttle Discovery; Winter Weather; Taco Bell E. Coli Outbreak; Public Opinion On Iraq; Organ "Members Only" Group; Princess Diana's Death.

CBS: Taco Bell E. coli Outbreak; 109th Congress; Rumsfeld In Iraq- Foreign Policy Analysis; Baker/ Hamilton Commission Members In Iraq; French Public Policy To Working Mothers; Litvinenko Investigation.

NBC: Rumsfeld In Iraq; Bush- Iraq Strategy; Space Shuttle Launch; Middle East Protests; Russian Fire; Pennsylvania Explosion; James Kim Death; Marine Profile; Capitol Hill; Obama- New Hampshire; Soldier Memorial.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — 6 p.m. President and Mrs. Bush attend Christmas in Washington. National Building Museum.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not is session.

Other: SUMMIT ON THE STATES _ Dec. 8 - 10.The Center for Policy Alternatives holds a three-day Summit on the States Conference with progressive state legislators

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nationwide. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Bernie Horn, 202-956-5135

DARFUR DEMONSTRATION _ 11 a.m. - 2 p.m. A demonstration led by women will be held outside the Sudanese embassy to protest rape and sexual violence in Darfur. Highlights: 11 a.m. Prayer service at the Church of the Pilgrims. 2201 P St. NW. 1:45 p.m. Protesters walk to Sudanese Embassy. 2 p.m. Vigil at Embassy of the Republic of Sudan, 2210 Massachusetts Ave. NW. Location: As noted. Contacts: Colleen Connors, 202-478-6147.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 10, 2006 7:45 AM EST

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TERRORISM NEWS:

Ashcroft Claims Enemy Combatant Held Since 2001 Was Tied To 9/11 Attackers. The Los Angeles Times (12/10, A1, Serrano, 850K) reports, "Ali Saleh Kahlah al-Marri is the last enemy combatant imprisoned in this country. Yet four years after his arrest, government officials still cannot agree on what threat he posed. In a new allegation, former Atty. Gen. John Ashcroft says Al-Marri was sent to the United States a day before the Sept. 11 attacks to plan strikes on West Coast targets, including the tallest building in Los Angeles. Ashcroft's claim — made in a new book — is the first time any U.S. official has directly linked Al-Marri to the West Coast attacks that Al Qaeda leader Osama bin Laden allegedly hoped would follow the deaths of nearly 3,000 people in New York, the Pentagon and Pennsylvania. Citing Sept. 11 mastermind Khalid Shaikh Mohammed, who was captured and interrogated, Ashcroft wrote: 'I believe KSM had planned to use Al-Marri to help facilitate this next wave of attacks focused on Los Angeles.' But three federal law enforcement officials asked about the allegation said they were mystified by Ashcroft's assertions."

Plans To Build Guantanamo Legal Compound Are Halted. The Miami Herald (12/10, Rosenberg, 286K) reports, "In an abrupt about-face, the Pentagon has scrapped plans to invoke emergency authority to fast-track construction of a controversial $100 million legal compound at Guantánamo Bay, Cuba. Instead, Defense Department officials will seek permission from Congress for any new major buildings in which to stage the first war-crimes trials since World War II." The retreat was "a setback in Bush administration war-on-terrorism policy, just as the Republican-led Congress finished business Saturday -- to be replaced by a Democratic majority."

Lithwick Says Congress Effectively Legalized Torture. In the New York Times Magazine (12/10), journalist Dahlia Lithwick writes, "There were always two narratives offered about the change in American torture policy after 9/11. The first story — told by the Bush administration — was that the Geneva Conventions mandating humane treatment of war prisoners could be unilaterally suspended by the president for the duration of the war on terror. But ... only a few renegade bad apples abused detainees. The alternate version of the story went this way: from the outset of the war, human rights groups said, Bush-administration attorneys devoted considerable energy to secretly redefining torture." The competing versions "collided this summer with the Supreme Court's decision in Hamdan v. Rumsfeld." Lithwick concludes disapprovingly, "Congress passed legislation decreasing Congressional and judicial oversight of detainees. When Bush admitted, in short, that the second narrative — America tortures people in secret — was true, Congress effectively made it legal."

HOMELAND RESPONSE:

Coast Guard Live Fire Practice Perturbs Great Lakes Area. The Washington Post (12/10, A18, Slevin, 690K) reports, "U.S. Coast Guard vessels staging machine-gun target practice in the peaceable Great Lakes? ... In the

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name of defending the United States against terrorists, the Coast Guard proposes live-fire zones in all five Great Lakes, where gunners could perfect their skills on M-240B machine guns to be mounted on lake vessels. The weapons can fire hundreds of 7.62mm rounds a minute and send lead 2.3 miles downrange." The Bush Administration "sought to assure the Canadians that the [machine guns] would not violate the spirit of an 1817 agreement limiting armaments on the lakes, home to 21 percent of the fresh water on the Earth's surface." However, "opposition to the proposal is formidable and growing."

WAR NEWS:

White House Seeking Alternatives To Key ISG Proposals. Coverage by both television networks and print media of the White House stance on Iraq casts President Bush as standing his ground regarding the Iraq Study Group's recommendations, but suggests Bush is open to change. ABC World News (12/9, story 2, 1:30, Weir, 8.78M) reported Bush "has promised to announce his plan for a new direction in Iraq before the end of the year; though the bipartisan Iraq Study Group has weighed in, the President says he wants to hear more." ABC (Morrell): "The White House says the President is still digesting the Iraq Study Group report but at the same time he is seeking lots more advice. ... Now, all this is a clear indication that while the President appreciates the hard work of the Iraq Study Group, he certainly does not believe they have all the answers."

NBC Nightly News (12/9, story 2, 2:35, Court, 9.87M) reported Bush "struck a conciliatory tone in his weekly radio address," but "didn't address two of the study group's key recommendations: that the US begin direct talks with Iran and Syria and begin pulling out troops by early 2008. Still the President faces heavy pressure to change course." On the CBS Evening News (12/9, story 3, 2:30, Assuras, 7.66M), ISG adviser Steven Cook said, "Certainly the report is a rebuke of the Administration's foreign policy."

CNN (12/9, Quijano) reported, "On the heels of that sobering report by the Iraq Study Group, President Bush today, in his weekly radio address, praised the bipartisan panel for its work, but continued to remain vague about its recommendations. ... As he's done since the report was released on Wednesday, the President was careful not to weigh in in any specific fashion on the 79 recommendations."

The New York Times (12/10, A18, Rutenberg, Sanger, 1.16M) reports Bush Administration officials "say their preliminary review of the bipartisan Iraq Study Group's recommendations has concluded that many of its key proposals are impractical or unrealistic, and a small group inside the National Security Council is now racing to come up with alternatives to the panel's ideas. ... President Bush and his top aides were described as deeply reluctant to follow the core strategy advocated by the study group: to pressure Prime Minister Nuri Kamal al-Maliki to rein in sectarian violence faced with reduced United States military and economic support." The AP (12/10, Loven) also says "President Bush's national security team is debating whether additional troops are needed to secure Baghdad."

Implying a presidential effort to put the best light on things, the Los Angeles Times (12/10, Richter, 850K) reports that "although the bipartisan commission on Iraq endorsed actions that the White House firmly opposed, President Bush said Saturday that the panel's report shared his chief goal for the country. ... The release of the report Wednesday has amplified criticism of the administration's policies and lent new momentum to calls for U.S. withdrawal from Iraq. Bush is now scrambling to develop an alternate course."

ISG Report Shows "Divide Within GOP." The New York Times (12/10, A1, Broder, Toner, 1.16M) reports, "The release of the [ISG report] this week exposed deep fissures among Republicans over how to manage a war that many fear will haunt their party — and the nation — for years to come. A document that many in Washington had hoped would pave the way for a bipartisan compromise on Iraq instead drew sharp condemnation from the right." White House officials "who conducted a preliminary review of the report said they had concluded that many of the proposals were impractical or unrealistic." On the other hand, GOP "moderates clung to the report, mindful of the drubbing the party received in last month's midterm elections largely because of Iraq." The disagreements "could make it more difficult for Republicans to coalesce on national security policy and avoid a bitter intraparty fight going into the 2008 campaign." President Bush "has not yet tipped his hand on what course he intends to pursue," but "has already signaled that he intends to make some adjustments, most notably by dismissing Secretary of Defense Donald H. Rumsfeld immediately after the midterm elections."

The Los Angeles Times (12/10, Levey, 850K) reports President Bush, "weakened by an unpopular war and the loss of Republican control in Congress, is now confronting disaffection within his own party that could complicate his attempt to set an agenda for his final two years in office." Republicans "are advertising attacks on Bush's foreign policy that they once kept largely private. Last week…Sen. Gordon Smith gave a speech calling the current war strategy 'absurd' and sent out a news release with his remarks. Some longtime Bush allies, such as Texas Sen. John Cornyn, are even adopting Democratic rhetoric to criticize the Iraq war. And on other issues that will confront the new Congress in January -- including trade and judicial appointments -- Republican lawmakers have signaled an unwillingness to follow the White House."

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Hawks "Rage" Over ISG Plan. The Washington Post (12/10, A3, Abramowitz, Kessler, 690K) reports, "Steady condemnation from conservatives for the Iraq Study Group report may be providing some cover to the Bush administration as it completes its own review of strategy in Iraq, apparently with little enthusiasm for the panel's prescription of U.S. troop withdrawal and dialogue with Syria and Iran. ... Comments from the hawkish right, meanwhile, have often been an accurate gauge of the beliefs of key figures inside the Bush administration, especially Vice President Cheney." Sen. John McCain is described as "notably fueling the skepticism."

Bush Seen By Some As "Rejecting Lifeline." The San Francisco Chronicle (12/10, A1, Lochhead, 384K) reports, "Much of Washington is looking at President Bush as a man standing on quicksand in Iraq, refusing the branch offered by his father's friend to save his presidency and the country from a historic blunder." Bush "is in full flower of what he calls resolve and others call obduracy. The Baker-Hamilton report has left Bush isolated even within his own party. ... It remains to be seen whether Bush is clinging to Cold War metaphors that he hopes history will vindicate or saving face before delivering a speech expected by Christmas. During it he would call for a gradual withdrawal of U.S. forces from Iraq based on reviews he has ordered from his State Department, Pentagon and National Security Council." The Chronicle notes doubt that James Baker "was sent as an envoy from father to son. ... he is no longer playing family messenger."

WPost, NYTimes Examine ISG. The Washington Post (12/10, B6, 690K) editorializes that the ISG's "recommendations for shifting U.S. military tactics in the war are specific, focused and aimed at incremental improvement over the next few months; they are also close to what the Pentagon and Iraqi government already were hoping to achieve. By contrast, the group's diplomatic strategy is sweeping -- and untethered to reality. ... Start with the supposition that resolving the Israeli-Palestinian conflict is somehow central to ending the chaos in Iraq. In fact, even if the two-state solution sought by the Bush administration were achieved, it's difficult to imagine how or why that would cause Sunnis and Shiites to cease their sectarian war in Baghdad or the Baathist-al Qaeda insurgency to stand down." In addition, "Bashar al-Assad is very different from his father, Hafez, with whom Mr. Baker negotiated."

The New York Times (12/10, WK11, 1.16M) editorializes that the ISG report's recommendations 46, 72, and 78 "share one basic idea: Government officials should not lie to the public or each other, especially in matters of war. ... the fact that it had to be said, and so often, in the report goes a long way toward explaining how Mr. Bush got the country into the Iraq mess and why it is proving so hard to dig out of it." Recommendation 46 "calls on the new secretary of defense to create 'an environment in which the senior military feel free to offer independent advice' to civilian leaders"; recommendation 72 "says that "costs for the war in Iraq should be included in the president's annual budget request," and recommendation 78 "calls on the Pentagon and the intelligence community to 'institute immediate changes' in how they collect data on violence in Iraq 'to provide a more accurate picture of events on the ground.'"

Rumsfeld Makes Surprise Trip To Iraq. There was extensive television coverage of outgoing Defense Secretary Donald Rumsfeld's surprise trip to Iraq, but little made its way into major newspapers. ABC World News (12/9, lead story, 2:30, Harris, 8.78M) reported, "The Pentagon has always asked the media to keep Secretary Rumsfeld's prior visits under wraps until he arrives on the ground here in Iraq. But this time, they still haven't officially announced the visit. They're giving out very little information and no pictures. ... Iraqis we spoke with today about Rumsfeld's visit told us they blame him for the chaos so prevalent here." CNN (12/9, Robertson) had a similar report, saying that "it appears that even some very senior officials here don't even know Rumsfeld's whereabouts, and weren't aware that he had been in country. So that is an indication of the secretive nature of the mission. And obviously, security is a very, very big part of that. … But, perhaps here, the Secretary of Defense wanting to keep this mission a very low-profile one, keep it very private. Certainly the indications seem to be that it is a personal visit for him to thank personally the generals here, commanding the operations, to show his appreciation to the troops. Of course, it has been his decisions that have put so many lives on the line here and still on the line."

NBC Nightly News (12/9, lead story, 4:04, Siegenthaler, 9.87M) opened with "late word from the Pentagon" that Rumsfeld "is in Iraq as he prepares to leave office he made the trip to say goodbye to American troops. ... In a secret visit [outgoing] Secretary of Defense Donald Rumsfeld is in Baghdad to say goodbye to the troops. None of his previous 12 trips, all of them unannounced, has ever seen security this tight." The CBS Evening News (12/9, story 3, 2:30, Assuras, 7.66M) said it "has confirmed that outgoing Secretary of Defense Donald Rumsfeld today made a surprise visit to Iraq to say farewell and thank you to US troops."

The AP (12/10, Yost) reports Rumsfeld "made a surprise trip to Iraq Saturday, just days after a bipartisan commission called the situation there 'grave and deteriorating' and said the administration's policy wasn't working." Some of his remarks to "more than 1,200 soldiers and Marines at Al-Assad, a sprawling air base in Anbar province, the large area of western Iraq that is an insurgent stronghold," are quoted. His "15th trip to Iraq" comes after "an emotional farewell at the Pentagon." AFP (12/10) says "the outspoken defense secretary's visit coincided with more

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sectarian bloodshed in Iraq. A suspected Sunni suicide bomber on Saturday detonated his car near a revered Shiite shrine in the central city of Karbala, killing six civilians and wounding 47 more "

The New York Times (12/10, A30, Burns, 1.16M) reports in an article about ethnic cleansing in Baghdad that Rumsfeld "arrived in Baghdad on Saturday for what American military officials said was a farewell visit to the troops." The Washington Post (12/10, A24, Raghavan, Trejos, 690K) reports in an article on the same ethnic cleansing episode that Rumsfeld "visited Iraq 'to express his appreciation to the troops,' said Air Force Lt. Col. Todd Vician, a Defense Department spokesman."

Shiites Rout Sunnis From Mixed Baghdad Neighborhood. The New York Times (12/10, A30, Burns, 1.16M) reports, "Bands of armed Shiite militiamen stormed through a neighborhood in north-central Baghdad on Saturday, driving hundreds of Sunni Arabs from their homes in what a Sunni colonel in the Iraqi Army described as one of the most flagrant episodes of sectarian warfare yet unleashed in the capital." The officer "said that more than 100 Sunni families, many with very young children, had left the Hurriya neighborhood aboard a convoy of trucks and cars under cover of the nightly curfew. Government officials tried to urge the families to return by promising army protection, but could not persuade them." The Times adds, "The role of American troops in the turmoil was unclear. The Sunni cleric, Sayed Muhammad, said appeals for assistance from the First Cavalry Division, its headquarters about three miles southwest of Hurriya, had gone unanswered. But Colonel Jabouri said Iraqi commanders had told the Americans there was no need for their help." Furthermore, "One of the striking features of the violence Saturday was that it occurred in an area that lies less than three miles northwest of the heavily guarded Green Zone compound."

The Washington Post (12/10, A24, Raghavan, Trejos, 690K) reports, "By evening, dozens of Sunni Arab families had fled their homes, carrying their belongings and furniture in trucks in one of the worst known incidents of sectarian cleansing to grip the capital in recent weeks." The Post ironically notes that the neighborhood's name, Hurriyah, "means freedom." An anonymous Iraqi commander said that "the attack was apparently in retaliation for an attack on Shiite residents by Sunni gunmen."

More Violence Roils Iraq. NBC Nightly News (12/9, lead story, 4:04, Siegenthaler, 9.87M) reports, "Sectarian violence crossed another red line today in Karbala, Iraq's second holiest Shiite city, south of Baghdad. A suicide car bomb struck a crowded market near a religious shrine. The blast killed at least five and left dozens dazed and wounded and set cars ablaze. While to the north, in Saladin province, Sunnis grieved the deaths of 18 of their own by a US airstrike Friday on their town." Maceda: "At the emotional funeral, locals shouted, 'Death to the occupiers' and reporters saw the wrapped bodies of at least seven children. But in a statement, the US military claimed the strike in fact killed 20 insurgents." Retired Gen. Barry McCaffrey, NBC military analyst: "We are fighting in urban areas. This is a disaster for the innocent population."

Iraqi Sunni Vice President Warns Of "Chaos" If US Leaves. NBC Nightly News (12/9, lead story, 4:04, Maceda, 9.87M), reported, "Meanwhile, despite mixed reviews in Baghdad, the highest ranking Sunni in the Iraqi government called the Iraq Study Group's recommendations practical and workable but warned against any rapid pullout of US combat troops." Tariq al-Hashimi, Iraqi vice president: "I think immediate withdrawal means Iraq is going to slide into chaos." Maceda: "With yet another mortar attack killing several and dozens of Sunni executions daily many Iraqis say the slide into chaos already happened. It is this kind of turmoil that in Iraq, at least, that has come to define Rumsfeld's tenure of Secretary of Defense. We understand he will be away, uncharacteristically, from any cameras, marking the end of his tour."

Saddam's Nephew Escapes From Prison. The AP (12/10, Wagner) reports Ayman Sabawi, a nephew of Saddam Hussein who is "serving a life sentence for financing insurgents and possessing bombs escaped from prison Saturday in northern Iraq with the help of a police officer." His escape "underlined one of the problems facing the U.S. military as it tries to train enough Iraqi security personnel so U.S. troops can go home: the ability of Sunni Arab insurgents and Shiite militiamen to infiltrate Iraqi police forces." Sabawi's father, who remains in Iraqi custody, had led Saddam's intelligence services. The Los Angeles Times (12/10, Hennessy-Fiske, 850K) also reports the escape, saying it "might have been an inside job" rather than stating so outright: "Authorities are investigating whether night-shift guards helped him escape."

Iran Willing To Discuss Stabilizing Iraq If US Promises Troop Withdrawal. The New York Times (12/10, A18, Fattah, Gordon, 1.16M) reports, "Just days after the Iraq Study Group recommended opening a dialogue with Tehran, Iran's foreign minister said his country would enter discussions on stabilizing Iraq only if the United States commits to a troop withdrawal." Foreign Minister Manouchehr Mottaki said publicly that Tehran "was open to dialogue as long as the United States 'changes its attitude,' and he asserted that the Americans were '50 percent to blame' for Iraq's violence." He is quoted saying, "The United States should help itself before anyone else. The first step is they have to say that they will be ready to leave Iraq." The

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Times adds, "American officials at the meeting [where Mottaki spoke] doubted that Iran could improve the situation in Iraq, dismissing Mr. Mottaki's speech as posturing to put Iran's Arab neighbors at ease about the chances of a confrontation between Iran and the United States." In his remarks, Mottaki also "insisted that the United States stop campaigning against Iran's nuclear program."

The AP (12/10, Krane) says Mottaki "delivered a blunt challenge to the United States on Saturday, saying Tehran is willing to help U.S. troops withdraw from neighboring Iraq but only if Washington makes some tough policy changes." He "claimed U.S. troops were responsible for at least half the violence tearing apart Iraq and that their departure would pay security dividends for the entire region." The AP calls the "forceful" speech "a challenge to U.S. interests in the Gulf and a strong display of the country's rising assertiveness in the face of U.S failures in the region."

Syrian Ambassador To US Explains Nation's Motivations In Iraq. In an op-ed contribution to the Washington Post (12/10, 690K), Syrian ambassador to the US Imad Moustapha writes, "Let us be clear: Syria is not looking for a 'deal' with the U.S. administration on any issue. ... . A rigorous and comprehensive approach is required. This approach should include a reconsideration of U.S. policy in Iraq, starting with the recognition of the necessity to include all parties involved: neighboring countries and all factions of the Iraqi political and social spectrum. ... A solution should also include U.S. acknowledgment that the majority of Iraqis regard the occupation as only exacerbating the situation and causing further violence and instability. A U.S. plan for withdrawal should be on the table."

Training Iraqis Could Endanger US Forces. The Washington Post (12/10, A19, Pincus, 690K) reports that the current concept of "embedding 11- to 15-member U.S. transition teams in Iraqi battalions" is believed so dangerous "that a group of potential replacements stand ready at Fort Riley, the U.S. Army base directing the program, for immediate shipment to Iraq if members of a deployed team are killed or wounded, Maj. Gen. Carter F. Ham, who runs the training program, told House members last week." The "high-risk" teams, "made up of highly qualified senior commissioned and noncommissioned officers, have specialties that include combat operations, intelligence, communications and logistics." The Post quotes the ISG's criticism of "hesitant" early training efforts by the US, resulting in "Iraqi army units [that] are questionable loyalty to the Baghdad government." Furthermore, "police units cannot control crime, and some, according to the report, 'routinely engage in sectarian violence.' The facilities protection service is 'incompetent, dysfunctional or subversive.'"

Combat Troops' Pullout Would Leave Most US Forces In Iraq. The New York Times (12/10, Shanker, 1.16M) reports, "On any given day, according to military officers in Baghdad, only about 11 percent of the Army and Marine Corps personnel in Iraq are carrying out purely offensive operations. ... an analysis of the current numbers and tasks of American forces suggests that it will prove difficult to drop far below 100,000 by early 2008, and that 70,000 or more troops might have to stay for a considerable time." The New York Times (12/10, 1.16M) includes a graphic showing only 229 combat troops out "of every 1,000 [personnel] deployed."

Prices For Black-Market Weapons Surge Amidst "Iraq Chaos." The New York Times (12/10, A1, Chivers, 1.16M) reports in a pessimistic article on the Iraqi black market, "Weapon prices are soaring along with an expanding sectarian war, as more buyers push prices several times higher than those that existed at the time of the American-led invasion nearly four years ago. Rising prices, in turn, have encouraged an insidious form of Iraqi corruption -- the migration of army and police weapons from Iraqi state armories to black-market sales." A change since the US-led invasion is that "three types of American-issued weapons are now readily visible in shops and bazaars here as well: Glock and Walther 9-millimeter pistols, and pristine, unused Kalashnikovs from post-Soviet Eastern European countries."

Bereaved Military Families Divided On Iraq. ABC World News (12/9, story 7, 2:55, Weir, 8.78M) reported, "This split is deeply personal. It is the divide among parents whose children went to fight in Iraq and died there." ABC (Hendren): "Each day in Iraq, on average, two Americans are killed, most by roadside bombs. While the families of the fallen are joined in grief; they are deeply divided over calls to pull troops out of Iraq. ... Matthew Holley's father fears that if an American pullout leads to an all-out civil war, the death of his son only son will have served no purpose." Celeste Zappala: "The longer we stay, the more dead Americans there are." The Washington Post (12/10, A3, Davenport, Partlow, 690K) reports in an article hinting at falling support for the war, "As the country debates what's next for Iraq, many family members who have lost loved ones in the war are torn about what should happen and how the legacy of those who have died there will be affected. ... When the war began nearly four years ago, there was virtually unanimous support for it among military families. But as the country's belief in it has deteriorated, cracks have also begun to show among those who were its staunchest backers." Bereaved mothers are quoted expressing both points of view on the war.

NBC Profiles Marine, Remembers Fallen Soldier. NBC Nightly News (12/9, story 8, 2:04, Siegenthaler, 9.87M)

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reported, "We have an extraordinary look at what if is really like how one man is reacting to what he has seen and done there. He went to Iraq armed with a rifle and video camera. His story in his own words." Matthew Orth, former Marine: "My name is Matthew Orth. I am 22 years old and until recently I was a highly trained weapon of the United States Marine Corps. They called me a Scout Sniper. ... I felt very alone and scared because people don't understand what we go through over there. They expect to us come back the same people we were and we are not."

NBC Nightly News (12/9, story 12, 2:22, Siegenthaler, 9.87M) also reported, "We remember a soldier that made the ultimate sacrifice in Iraq. Donovan Watts spent more than half his life serving his country and changed the lives of countless young soldiers along the way. Today they gathered to honor him." NBC (Martin Savage): "You expect good things to be said about a soldier that dies for his country, but in this case of Command Sgt. Maj. Donovan Watts, it was how many that wanted to say them." Siegenthaler: "Just one of the more than 2,900 American stories that have ended in Iraq. We honor them all."

Commentators Turn Focus To Iraq. Today's op-ed pages are filled with reaction to the ISG report and the Bush Administration's Iraq policy. In a scathing New York Times (12/10, WK12, 1.16M) column, Frank Rich writes, "Its recommendations are bogus because the few that have any teeth are completely unattainable. Of course, it would be fantastic if additional Iraqi troops would stand up en masse after an infusion of new American military advisers. ... It would also be nice if we could all break the bank in Vegas. ... the Iraq Study Group isn't plotting a way forward but delaying the recognition of our defeat. Its real aim is to enact a charade of progress to pacify the public while Washington waits, no doubt in vain, for Mr. Bush to return to the real world." Rich warns that the lesson of Vietnam is that "As bad as things may seem now, they can yet become worse, and not just in Iraq. The longer we pretend that we have not lost there, the more we risk losing other wars we still may salvage, starting with Afghanistan."

In his Washington Post (12/10, 690K) column, David Broder writes that the ISG differs from President Bush and Prime Minister Blair on Iraq's problems: "Bush wants to step up the training and assistance for the nascent Iraqi army. The Iraq Study Group would offer more help -- economic, military and diplomatic -- only if the government in Baghdad began soon to repair its factional fights. ... one thing is clear. As Baker and Hamilton say, there is no other bipartisan blueprint for the future. Bush will reject it at his peril."

In his Los Angeles Times (12/10, 850K) column, Jonathan Chait likens President Bush to a boy in a "Twilight Zone" episode who "has fantastical powers. ... the adults around him can do nothing but cheerfully praise his decisions while they try to nudge him in a less destructive direction."

In his New York Times (12/10, WK12, 1.16M) column, David Brooks imagines the Middle East in 2007 after the US begins withdrawals from Iraq: "The essence of all this disorder was that the Arab nation-states lost control. Subnational groups — like Hezbollah and the Mahdi Army — and supranational groups — like loosely connected terror networks, the new Sunni and Shiite Leagues and the satellite television networks — went from strength to strength while central national governments toppled and fell. The collapse of national governments led to a power vacuum that the more authentic and deeply rooted social groups sought to fill. ... The spreading disorder vindicated an observation that the historian Michael Oren had once made: that there are really only three nations in the Muslim Middle East: Iran, Turkey and Egypt. The other nations are make-believe."

In his Washington Post (12/10, B7, 690K) column, Jim Hoagland writes, "President Bush has finally heard some realistic, even brutal, ideas about finding a path out of Iraq. But few of them came from the politically interesting but strategically flawed Iraq Study Group's report. ... The most important event was the least conspicuous one," namely, "a visit to the White House on Monday by Abdul Aziz al-Hakim, the single most powerful Shiite political leader in Iraq. ... on Iraq, the study group repeats the fundamental error that this administration has made since overthrowing Saddam Hussein. That is to refuse to anticipate and then accept the logical -- in fact, inescapable -- consequences of U.S. actions."

In his column for the Washington Post (12/10, B7, 690K), Robert Kagan writes of the "very old debate" in America between an "expansive, idealistic, interventionist approach to the world" and "opposition to this grand vision." Kagan concludes, "The problem for those who have tried to steer the United States away from its long history of expansiveness, then and now, is that Americans' belief in the possibility of global transformation -- the 'messianic' impulse -- is and always has been the more dominant strain in the nation's character. It is rooted in the nation's founding principles and is the hearty offspring of the marriage between Americans' driving ambitions and their overpowering sense of righteousness."

In the New York Times (12/10, WK1, 1.16M) "Week In Review" section, the Times' Roger Cohen states, "It's hard to escape the conclusion that the [ISG] report treats Iraq as an existing country needing a quick fix in the name of resurgent American realism, rather than a still-to-be-born country that needs to be ushered into being in the name of American idealism." Despite the lack of national identity demonstrated by Shiite-dominated Iraqi forces, Cohen warns, "Iraq has to survive, not because it's lovely, or within sight of peace, but

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because it's the least bad solution. Its breakup would entail unfathomable horror:"

In the Washington Post (12/10, B1, 690K), scholar David Rothkopf writes, "The best we can hope for is an end to only this latest chapter of U.S. military involvement in the region. There is no getting out of the Middle East. Even if we leave now, we'll be back." Calling the Iraq war "Gulf War II," Rothkopf adds, "The Vietnam War offers an important lesson, as well as an important distinction. The lesson is that leaving a country is often much more complicated than entering it." Rothkopf warns of possible causes of a Gulf War III: "Clearly, the confrontation with Iran -- over its regional policies, support of terrorists and desire to acquire nuclear weapons -- tops the list. ... What if Jordan, Pakistan or Saudi Arabia fell into fundamentalist hands?"

In the New York Times Magazine (12/10)'s "The Way We Live Now" department, contributing writer James Traub observes, "Scholars and diplomats who have closely studied civil wars describe them almost as forces of nature, grinding on until the parties exhaust themselves, shredding bonds that cannot be stitched back together even long years after the killing stops. ... And you generally can't stop it either, as we are now learning in Iraq."

On a single page in today's "Week In Review" section, the New York Times (12/10, WK13, 1.16M) runs 12 brief op-eds on the Iraq Study Group report, each between 150 and 250 words in length.

Richard Perle of the American Enterprise Institute says "not a shred of evidence" is offered to support the ISG's claims that "Iran and Syria have an 'interest in avoiding chaos in Iraq,'" and that the report lacks "any serious reflection on the president's goal of encouraging the development of representative government in the despotic Arab world." And author and professor Fouad Ajami says "James Baker and Lee Hamilton would take us back to the past, for they are men of the past. … A 'wise man' who proposes to fix Iraq by returning the Golan Heights to Syria has missed the meaning of Iraq. This report describes a long-vanished Arab world: Its poverty is given away in its banal language, in that familiar assertion that all of history yields to the fixer's touch." Josef Joffe of Germany's Die Zeit says the "suggestion to 'engage' Iran and Syria to extricate the United States from the current Iraqi morass reflects a grievous misreading of those nations' ambitions and America's options." However, ex-British Special Representative to Iraq Jeremy Greenstock says "we cannot turn things around in Iraq without involving the entire region. Iran would be foolish to risk the emergence of a new autocracy in Iraq. Syria, only a secondary player in Iraq, has other priorities: the return of the Golan Heights within a decade."

Former Secretary of State Madeleine Albright says that "in the spirit" of the ISG recommendations, the Bush Administration "should make clear to Muslims throughout the Middle East that America will not take sides in the millennium-old Sunni-Shiite split." Council on Foreign Relations President Emeritus Leslie Gelb says the report, "for all its deftness and honesty…flees the hardest choices and leaves us without a credible strategy." Rory Stewart, a former British Foreign Service officer in Iraq, says the report "is refreshingly honest in its description of Iraq. But its recommendations are less reliable and in some cases dangerous," especially in saying a less successful Iraqi government should receive less outside support.

Ex-Assistant Secretary of Defense Bing West says that the ISG's calls for an "infusion of 20,000 advisers" may help "hold the country together," but Iraq's "police are in wretched shape, intimidated and poorly led," and Iraqi soldiers "trust American advisers more than their own government." But Andrew Exum, who led an Army Rangers platoon in Iraq, says "to increase the number of advisers while simultaneously decreasing the number of combat brigades is a recipe for disaster. The adviser teams embedded with Iraqi units will become increasingly vulnerable, and a smaller force left behind in Iraq will find itself called upon to fight the inevitable worsening of violence with far fewer troops." University of Chicago political scientist Robert Pape says a "large fraction of all American forces" should be moved "into staging areas outside Baghdad so that, within hours, tremendous air and ground power could suppress any major escalation in attacks against civilians. Over the next year, American ground troops should gradually pull back and their mission should evolve into a longer term, off-shore balancing strategy using naval and air forces and allies."

The Hoover Institution's Larry Diamond says "if we press all the components of the study group's approach to 'national reconciliation' -- like amnesty, a rollback of de-Baathification and a new bargain on oil and federalism -- while renouncing permanent military bases and clearly signaling our intent to withdraw militarily from Iraq over the next few years, it is possible that a deal can be had with a critical mass of the insurgency." However, Nathaniel Fick, a Marine infantry officer in Iraq and Afghanistan, says amnesty "must be offered only after United States forces have shifted their priority from conventional operations to an advisory role. It cannot occur with 141,000 potential targets in Iraq." It must also "forgive only past attacks, and cannot appear to sanction or legitimize future ones," and apply "only to Iraqis. Foreign fighters, with no legal standing in Iraq, cannot be eligible."

Taliban Establishes Rules Targeting Teachers.

The AP (12/9, Straziuso) reports that Taliban rules stipulate: "Teachers receive a warning, then a beating, and if they continue to teach must be killed. ... The new list of 30 rules, decided on during a high Taliban meeting in September or October and since circulated over the Internet, span from the

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organizational ... to the health conscious." Rule no. 25 "says teachers who ignore Taliban warnings will be killed."

DOJ:

Senate Confirms Paulose As Minnesota US Attorney. The AP (12/10) reports, "The U.S. Senate unanimously confirmed Rachel Paulose as the U.S. Attorney for Minnesota early Saturday." The AP continues, "The 33-year-old Paulose, of Eagan, had been acting U.S. attorney for about nine months. President Bush nominated her for the permanent job about four months ago." The AP adds, "Sen. Norm Coleman, R-Minn., said in a news release that he urged the Senate Judiciary Committee to allow full a Senate vote on Paulose before the Senate adjourned early Saturday. … Paulose met Wednesday with outgoing Sen. Mark Dayton, D-Minn., and got his support. However, it appeared that the Senate session would end before it took up her confirmation. … 'It would have been a shame to see such a capable, experienced nominee fail to get a chance for confirmation, and I am very excited we were able to get her nomination through the Senate before adjournment,' Coleman said a news release." The AP notes, "Paulose was a federal prosecutor in Minnesota from 1999 to 2002 and then worked in private practice for the Dorsey & Whitney law firm in Minneapolis. … Before 1999, she worked in the Justice Department as an attorney general's honors program trial attorney for the Civil Rights Division."

CORPORATE SCANDALS:

Rent-Way Head Comes Clean With SEC About Accounting Scandal. The New York Times (12/10, Duhigg) reports, "Near midnight on a Friday in 2000, William E. Morgenstern, the chief executive of Rent-Way, one of the nation's largest rent-to-own retailers, was preparing for bed when a woman called to warn him that the company he had built from scratch was about to fall apart." The Times continues, "In the days before that call, Mr. Morgenstern had been scrambling to reconcile discrepancies he had discovered in Rent-Way's books. He had much at stake. Since its founding in 1981 in Erie, Pa., Rent-Way had grown into a national powerhouse by renting furniture and electronics to low-income consumers through more than 1,100 stores. .. .The stock price had tripled since its initial offering in 1993, making Mr. Morgenstern a Wall Street darling and propelling dozens of Erie families who had invested in the company to sudden wealth." The Times adds, "When he discovered the accounting problems, Mr. Morgenstern initially hoped for a quick explanation. But interviews with executives led to more questions. Then came the midnight phone call: a weeping employee told him that for three years Mr. Morgenstern's top deputies had forced her to cook Rent-Way's books. .. .Mr. Morgenstern then called the company's lawyer in a panic. What, he asked, should they do? … Over the following years, similar dilemmas would arise at Enron, WorldCom, Tyco and dozens of other companies. Today, hundreds of executives are anxiously discussing how hard they should look for evidence of options backdating or other accounting problems." The Times notes, "At companies where far lesser frauds or malfeasance emerge, executives face an even more ticklish quandary: Should they reveal everything, and then confront the hazards of bad publicity and outside investigations, or clean things up and hope that the problems will evaporate unnoticed? Rent-Way's own journey, which came to a head last month, offers a chilling lesson: Even the most virtuous decisions have unforeseen, often damaging, consequences, and full disclosure may create as many problems as it solves. … Rent-Way's board made a decision within days of detecting the fraud — Mr. Morgenstern called the Securities and Exchange Commission and revealed everything. The company would turn over documents typically protected by attorney-client privilege, he said. He then invited the S.E.C. to set up an office at Rent-Way's headquarters to conduct an on-site investigation."

CRIMINAL LAW:

DOJ Releases 2005 Statistics On Death Row Population And Executions. The AP (12/9) reports, "Fewer prison inmates were moved to death row in 2005, according to a federal study that shows one more person was executed than in the year before. Four states — California, Texas, Florida and Pennsylvania — held half of the 3,254 inmates awaiting execution at the end of 2005, the study by the Bureau of Justice Statistics showed. There were 37 death row inmates in federal prisons at that time. Sixteen states executed 60 prisoners last year, one more inmate than in 2004. Overall, however, the number of inmates on death row on Dec. 31, 2005, or the number of inmates moved there during the year dipped."

Virginia Enlists Volunteers To Witness Executions. The Washington Post (12/10, A1, Rondeaux, 690K) reports, "It's been 70 years since executions in the United States were open to the public. But in Virginia, there is always someone watching, turning what is for most people a distinctly private moment into a very public end. One of more than a dozen death penalty states that require ordinary citizens to witness executions, Virginia has enlisted hundreds of volunteers for the task. … For nearly 100 years, broad public support for capital punishment has helped the Virginia Department of Corrections maintain a rotating list of about 20 to 30

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volunteers, although only six are required to witness each execution."

Alaskan Tribes Worried That DNA Research Could Threaten Land Rights, Beliefs. The New York Times (12/10, Harmon) reports from South Naknek, Alaska, "The National Geographic Society's multimillion-dollar research project to collect DNA from indigenous groups around the world in the hopes of reconstructing humanity's ancient migrations has come to a standstill on its home turf in North America." The Times continues, "Billed as the 'moon shot of anthropology,' the Genographic Project intends to collect 100,000 indigenous DNA samples. But for four months, the project has been on hold here as it scrambles to address questions raised by a group that oversees research involving Alaska natives." The Times adds, "At issue is whether scientists who need DNA from aboriginal populations to fashion a window on the past are underselling the risks to present-day donors. Geographic origin stories told by DNA can clash with long-held beliefs, threatening a world view some indigenous leaders see as vital to preserving their culture. … They argue that genetic ancestry information could also jeopardize land rights and other benefits that are based on the notion that their people have lived in a place since the beginning of time." The Times notes, "Such situations have not come up, and officials with the Genographic Project discount them as unlikely. Spencer Wells, the population geneticist who directs the project, says it is paternalistic to imply that indigenous groups need to be kept from the knowledge that genetics might offer. … But indigenous leaders point to centuries of broken promises to explain why they believe their fears are not far-fetched. Scientific evidence that American Indians or other aboriginal groups came from elsewhere, they say, could undermine their moral basis for sovereignty and chip away at their collective legal claims."

Alaska Corruption Probe Widens. The Anchorage Daily News (12/10, Mauer) reports, "The director of a Juneau-based salmon fishing group said last week he has been ordered by a federal grand jury investigating Alaska corruption to turn over lobbying and consulting records involving state Senate President Ben Stevens and former congressional aide Trevor McCabe, an Anchorage lawyer." The News continues, "The grand jury subpoena, issued last month, also seeks records on the Alaska Fisheries Marketing Board, a nonprofit federal-grant distribution corporation set up by Ben Stevens' father, U.S. Sen. Ted Stevens. … The executive director of the Juneau salmon group responding to the subpoena, Robert Thorstenson Jr., serves on the marketing board. Thorstenson said he and a partner, Juneau and Seattle lawyer Rob Zuanich, rent space to the board for its Juneau office." The News adds, "In a telephone interview Thursday from Seattle, Thorstenson said the subpoena to Southeast Alaska Seiners Association arrived last month after he was contacted by agents from the FBI and the National Marine Fisheries Service. The subpoena said the grand jury was investigating felony crimes, Thorstenson said. … The subpoena appears to document a widening of the federal corruption investigation in Alaska, which burst into public view in August with dramatic raids of the offices of six legislators, including Ben Stevens. Agents returned to search Stevens' offices Sept. 18." The News notes, "On Wednesday, a federal grand jury indicted Rep. Tom Anderson, R-Anchorage, on seven counts charging extortion, bribery, conspiracy and money laundering. The charges describe a scheme in which money was allegedly funneled to Anderson through a shell company in 2004 in exchange for actions he took as a legislator to benefit a private prison company. He pleaded not guilty Friday. … In the August legislative office searches, subpoenas and search warrants indicated the government's focus was on the relationships between legislators, oil and gas legislation, and the politically active oil field service and construction company Veco and its chairman, Bill Allen."

Lawmakers Not Surprised By Anderson's Arrest. The Anchorage Daily News (12/10, Hopkins) reported, "Other state legislators said Friday that they weren't surprised by state Rep. Tom Anderson's arrest this week -- his name had been grinding through the capital rumor mill ever since the FBI raided legislative offices weeks ago -- and many said they wouldn't be surprised if there are more indictments to come. … 'It could go beyond Tom. There's an expectation that that could be true,' said North Pole Rep. John Coghill, who is House majority leader. 'You don't have the FBI come looking around without some ramification.'" However, legislators and Gov. Sarah Palin "were quick to say that Anderson is innocent until proven guilty."

Faith-Based Prison Programs Proliferate Despite Adverse Rulings. The New York Times (12/10, A1, Henriques, Lehren, 1.16M), in an front-page article titled, "Religion For A Captive Audience, Paid For By Taxes," reports, "Life was different in Unit E at the state prison outside Newton, Iowa.. … There were occasional movies and events with live bands and real-world food. Best of all, there were opportunities to see loved ones in an environment quieter and more intimate than the typical visiting rooms. But the only way an inmate could qualify for this kinder mutation of prison life was to enter an intensely religious rehabilitation program and satisfy the evangelical Christians running it that he was making acceptable spiritual progress. The program — which grew from a project started in 1997 at a Texas prison with the support of George W. Bush, who was governor at the time — says on its Web site that it seeks 'to 'cure' prisoners by identifying sin as the root of their problems' and showing inmates 'how God can heal

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them permanently, if they turn from their sinful past.'" The Times adds that for Robert W. Pratt, chief judge of the federal courts in the Southern District of Iowa, "this all added up to an unconstitutional use of taxpayer money for religious indoctrination, as he ruled in June in a lawsuit challenging the arrangement." The Times notes that since 2000, courts "have cited more than a dozen programs for having unconstitutionally used taxpayer money to pay for religious activities or evangelism aimed at prisoners, recovering addicts, job seekers, teenagers and children. Nevertheless, the programs are proliferating. … But some constitutional lawyers say new federal rules may bar the government from imposing any special requirements for how faith-based programs are audited."

CIVIL RIGHTS:

Missing Florida Baby Was Kidnapped By Coyotes For Ransom. The Naples Daily News (12/10, Batista) reported that "baby Bryan Dos Santos Gomes apparently was not kidnapped by a woman seeking to replace her child but as ransom to force the parents to pay the 'coyote' who smuggled them into the United States. … Police say the parents fell behind in their payments to the smugglers and that Bryan is being held as ransom. They said they believe the 1-month-old infant is still being taken care of." The Daily News noted, "The information came from various tips called in to the police department."

ANTITRUST:

US Steel Industry Attracting Foreign Bids. The Baltimore Sun (12/10, Connolly) reports, "Five years ago, there would have been few takers for the steel plants in Sparrows Point and Weirton, W.Va. … Bethlehem Steel Corp., which owned Sparrows Point at the time and was once the largest steelmaker in the world, was in its death throes, joining the list of Rust Belt companies that buckled under the weight of high costs and fierce competition. … But if either plant goes up for sale early next year, there could be multiple bids for each. And there's a good chance the buyer won't be American." The Sun continues, "After years of bankruptcy and rampant consolidation, American steel is suddenly hot. Foreign companies have the cash, and are looking to get a foothold in the American market, where they can charge a premium for their product. … It started with Mittal Steel Co. NV chief executive Lakshmi N. Mittal's quest to build the largest steelmaker in the world. Two years ago, he bought International Steel Group, which itself had been built on the carcasses of defunct companies, including Bethlehem's Sparrows Point complex and Weirton. This year, Netherlands-based Mittal successfully waged a hostile takeover of the world's second-largest steel company, Luxembourg-based Arcelor SA. … The combined company, Arcelor Mittal, will control 10 percent of the world's steel production, with more than 110 million tons this year. The $33.5 billion deal, which is expected to be completed in the spring, is the largest to date." The Sun notes, "Following Mittal's lead, steel companies from Europe, Russia, South America and Asia in recent weeks have been circling U.S. companies. … In the past, foreigners stayed away from American companies because they had higher costs and unionized work forces. … But now, after an industry shakeout, American steel companies are more efficient than ever. For example, Sparrows Point's nearly 2,500 workers produce 3 million tons of steel a year. That's more output per worker than in 1969, when 26,500 workers produced 5 million tons a year. … And, many no longer carry 'legacy costs,' having shed their health care and pension obligations for retirees during bankruptcy, as was the case with Bethlehem Steel."

EU Launches Antitrust Probe Of Universal-BMG Deal. The AP (12/10, White) reports, "EU regulators have opened an antitrust probe of Universal Music Group's plans to buy BMG Music Publishing for about $2.1 billion, saying the deal could damage 'the already concentrated music publishing market.'" The AP continues, "Officials in Brussels said Friday that they would issue a final decision about whether to block or allow the deal by April 27." The AP adds, "BMG - owned by German media company Bertelsmann AG - has the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Coldplay, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers. … Paris-based Vivendi SA's Universal Music Group is the world's largest music company. Its publishing arm controls the rights to songs by artists such as 50 Cent, Mary J. Blige and Chamillionaire." The AP notes, "If approved, the deal would combine the No. 3 and No. 4 music publishing catalogs, giving them a 22 percent market share and scraping ahead of current market leader EMI. … European Union approval was the last hurdle for the deal, which the Federal Trade Commission and the Justice Department in the United States cleared last month. … The EU rarely blocks deals, but it can, and often does, demand that companies under investigation sell units or make binding promises to change the way they do business."

Future Of Delta-US Air Merger Unclear. The Atlanta Journal-Constitution (12/10, Hirschman) reports, "A marriage of Delta Air Lines and US Airways would be a setback for Augusta, say business and civic leaders who fear putting all local airline service in the hands of a single carrier. … 'Limited competition is better than no competition,' said

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Diane Johnson, marketing director at Augusta Regional Airport. 'When you have no competition, fares rise and reliability goes down the tubes.'" The AJC continues, "Augusta, along with Fayetteville, Wilmington and Jacksonville, N.C.; Lynchburg, Va.; Wilmington, Del., and Florence, S.C., could go from two airlines to one if US Airways succeeds in its $8.4 billion bid to acquire Delta. … Augusta, a historic city on the South Carolina border, has five daily flights to Atlanta on a Delta regional partner and six to Charlotte on US Airways Express." The AJC adds, "US Airways plans a 10 percent capacity cut and $1.6 billion in annual savings if it gets creditor and regulatory approval to merge the airlines, but it hasn't identified which routes, if any, will be cut. Industry officials say there would be little reason for the combined airline to operate two Southeastern hubs, however, and Charlotte flights could shrink dramatically. .. .Even if Augusta routes were maintained, business leaders there say the absence of competition would allow the airline to raise fares with impunity —- a move they say would push Augusta residents to drive to airports in Columbia or Atlanta."

The Arizona Daily Star (12/10, Hogan) reports, "If Tempe-based US Airways is successful in executing its proposed $8.7 billion hostile takeover of bankrupt Delta Air Lines, it will become the largest U.S. airline and one of the biggest in the world. … It's a big 'if.'" The Star continues, "Delta, first of all, doesn't want to be acquired — at least its chief executive officer and its pilots don't. Its creditors — at least the biggest ones — haven't weighed in yet. … And we haven't yet heard from U.S. regulators, US Airways shareholders and politicians, who together or separately can make or break the deal." The Star adds, "While US Airways Chairman Doug Parker stunned everyone from Wall Street analysts to Delta officials when he announced the proposed merger Nov. 15, the company had clearly been plotting it for some time. … Parker had already lined up financial backing and answers for all the concerns. And once the news was out, he quickly tried to line up supporters among those who have a stake, if not a say, in whether the merger happens. … There is no consensus about whether the merger could happen or should happen, but most agree on the big issues that need to be addressed: antitrust concerns; employees and jobs; financing; headquarters and air hubs; and any impact on passengers."

Reid Worked To Quash Dairy That Provided Cheap Milk In Southwest. The Washington Post (12/10, Morgan, Cohen, Gaul, 690K) reports on its front page that in 2003, a "maverick dairyman," Hein Hettinga, "started bottling his own milk and selling it for as much as 20 cents a gallon less than the competition, exercising his right to work outside the rigid system that has controlled U.S. milk production for almost 70 years. … That was when a coalition of giant milk companies and dairies, along with their congressional allies, decided to crush Hettinga's initiative. For three years, the milk lobby spent millions of dollars…and made deals with lawmakers, including incoming Senate Majority Leader Harry M. Reid. Last March, Congress passed a law reshaping the Western milk market and essentially ending Hettinga's experiment -- all without a single congressional hearing." According to the Post, Reid "made his move on Dec. 16 [2205], with the Senate chamber nearly empty. He brought up the milk bill, which passed a few minutes later by 'unanimous consent,' a procedure that requires no debate or roll call vote if both political parties agree."

ENVIRONMENT:

Local Governments Take Initiative On Anti-Global Warming Measures. The Los Angeles Times (12/10, A1, Simon, 850K) reports, "Frustrated with the federal response to global warming, hundreds of cities, suburbs and rural communities across the nation have taken bold steps to slash their energy consumption and reduce emissions of the pollutants that cause climate change. … The movement began nearly two years ago, when Seattle Mayor Greg Nickels announced that his city would strive to meet the targets of the Kyoto Protocol." President Bush "rejected the goals of the Kyoto treaty soon after he took office, calling it ineffective and unfair. … Determined to prove him wrong, Nickels challenged his fellow mayors to adopt Kyoto's targets at the local level. He has received more than 330 pledges from mayors representing 54 million people. All have vowed to reduce their cities' emissions below 1990 levels within the next several years."

WPost Welcomes Inhofe's Ouster From Environment Committee Chair. The Washington Post (12/10, B6, 690K) editorializes, "the last hearing on global climate change chaired by Sen. James M. Inhofe provided an excellent and public tutorial on why Americans should be grateful that it was, in fact, his last. … He has used his time at the committee's helm to cast spurious doubts on the problem even as the scientific consensus about its reality and severity has gelled."

FBI/DEA/ATF/USMS:

Trentadue Continues Quest To Prove Neo-Nazis Conspired With McVeigh. In a story distributed by McClatchy, the Chicago Tribune (12/10, Witt) reported, "Another envelope from the FBI landed in Jesse Trentadue's mailbox last week, bearing a copy of another secret memo from the FBI's investigation into the Oklahoma

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City bombing more than a decade ago. Like thousands of other pages that the Salt Lake City lawyer has extracted from the government over the years via a series of lawsuits and Freedom of Information Act requests, this latest document was heavily censored to obscure the names of most suspects and informants. But a few key words stood out among all the ones that had been covered over: 'Aryan Nations' and 'explosives' and 'bombing of the Oklahoma City federal building.' By itself, the three-page document was no smoking gun. But read alongside all the others that overflow Trentadue's file cabinets, the FBI memo was another small piece of a puzzle he has been doggedly trying to solve: whether neo-Nazi conspirators helped Timothy McVeigh and Terry Nichols…and whether federal government agents failed to heed warnings of the scheme." Trentadue told the Tribune, "The FBI had informants in these groups all over the country. So they knew more than they have ever said about McVeigh and the bank robbers and who else may have been involved in the Oklahoma City bombing."

IMMIGRATION:

Localities Struggling With Influx Of Illegal Immigrants. The Newark Star-Ledger (NJ) (12/10, Donohue) reports, "With Congress deadlocked over how to handle illegal immigration, a growing number of towns and cities are taking matters into their own hands, using local laws to crack down on the problems associated with a massive underground population." The Star-Ledger continues, "In New Jersey, some towns have toughened traffic laws to deter contractors from picking up day laborers on city streets. Others have tried to ban workers from gathering on street corners to wait for work. Several have launched housing code crackdowns to combat overcrowding. One has banned illegal immigrants from renting apartments altogether. … And few, if any, are having much success." The Star Ledger adds, "In a growing number of towns, local crackdowns are faltering amid court challenges, political opposition or other hurdles. … Consider: … The Borough of Bound Brook launched a series of housing raids to address rampant overcrowding in homes rented mostly by Latino immigrants in the late 1990s. But the U.S. Justice Department sued the town for illegally targeting Hispanics, resulting in a 2004 consent decree requiring the town to repay victims $425,000, hire a bilingual housing coordinator and make dramatic changes to its housing and zoning practices. … Freehold Borough's housing crackdown and an effort to shut down a day laborer gathering area were challenged in a lawsuit filed by immigrant rights groups. In a settlement last month, the borough agreed to pay $278,000, change its housing inspection procedures and allow laborers to gather on public property. … In July, the Township of Riverside in Burlington County passed a law fining employers and landlords who hire or rent apartments to illegal immigrants. In local elections last month, the Republican mayor and council member who pushed the measure were swept from office. With legal fees mounting from a pair of lawsuits challenging the law, Mayor Charles Hilton -- the man who proposed the law -- is calling for its repeal."

Mexico's Low Wages Blamed For Spurring Wave Of Immigrants. The Arizona Republic (12/10, Hawley) reports, "Welcome to a typical life in Mexico: a world of long hours, low pay and prices that are much higher than in the United States. It is those economic pressures that drive Mexicans to the United States and that lie at the heart of the illegal immigration problem. Mexicans do not come to the United States because they can't find jobs at home. In fact, unemployment in Mexico is currently lower than in the United States, at about 3.6 percent. Some 95 percent of newly arrived Mexican migrants had jobs before they came to the United States, according to a 2005 survey by the Pew Hispanic Center. But in Mexico, having a job does not necessarily mean being paid well or even being paid well enough to make ends meet. The average Mexican household earns $7,297 a year in wages, according to the government. But because 39 percent of Mexico's wealth is concentrated in 10 percent of the population, most people actually earn less than the national average. In fact, 82 percent of Mexicans earn less than $21 per workday."

Irish Illegals' Amnesty Demand Noted. In his New York Times (12/10, WK11, 1.16M) column, Lawrence Downes writes, "To roars and applause" Sen. Charles Schumer "swept into the packed church auditorium, levitating on a cloud of affection. … This happy moment was a rally by Irish immigrants. … 'The more Irish there are in America, the better we all are!' Mr. Schumer declared, repeating a line he had caught some flak about a few months before. Some non-Irish immigrants had grumbled about how unlikely it would be to hear another group's name tucked into that equation." Downes adds, "'We Are America' is the Latinos' and Asians' cry. The well-organized Irish don't feel the need to say that. Their slogan, on T-shirts and the Irish Lobby's Web site, is blunt: 'Legalize the Irish.' The Irish have a just cause, but I only wish they and their many friends would preach the gospel of immigration reform in a bigger tent. It is, after all, every immigrant group's fate to start out in this country unloved, as the Irish are only too eager to remind us."

TAX:

LATimes Blames TurboTax Lobbyists For ReadyReturn's Demise. The Los Angeles Times (12/10, 850K) editorializes, "State number-crunchers are going to go over your tax return anyway, calculating whether

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you sent in too much or too little. What if they did their figuring beforehand and sent you a return already completed except for your signature? If you don't like what they came up with, or you don't trust them, you can throw it out and file the old-fashioned way, no questions asked. But if you have relatively simple finances and the state's calculation looks right to you, you could take advantage of ReadyReturn, a service of the Franchise Tax Board. … The Legislature killed the pilot program this year after intense pressure from Intuit Inc., maker of TurboTax, and other companies selling tax-preparation software and services. Thanks to them, there will be no ReadyReturn for the 2006 tax year."

CONGRESS-ADMINISTRATION:

Leahy Signals Increased Oversight Of DOJ. The Rutland (VT) Herald (12/10, Allen) reports, "Sen. Patrick Leahy is about to begin his 33rd year as the only Democrat to represent Vermont in the U.S. Senate, but it might as well be his first." The Herald continues, "Even after a long day in the halls of Congress, Leahy couldn't contain his excitement over returning to work in a chamber dominated, for the fourth time in his career, by his party. … 'I see the Senate getting back to where it's supposed to be – the conscience of the nation,' Leahy said in a phone interview. 'The nation has not been helped by being a rubber stamp.'" The Herald adds, "Leahy, other Democrats and some stalwarts of the GOP have accused the Republican-controlled 109th Congress of being a rubber stamp for the president's agenda, ultimately allowing Bush to run afoul of the Constitution with impunity. .. But even under these circumstances, the Vermont senator has commanded power and attention. And that's due in part to his longevity in office. Leahy, a former Chittenden County prosecutor, won the 1974 election at age 34 and became the youngest Vermonter and the only member of his party ever elected to the U.S. Senate. Over the years, he has been a member of the minority periodically, from 1981 to 1987, again from 1995 to 2001, then from 2003 until last week. … Leahy is seventh on the Senate's seniority list, and he is considered to be among the top 10 most influential people on Capitol Hill. … And he's about to become more powerful. When Congress meets next month, Leahy will – for the second time – become chairman of the Senate Judiciary Committee, where he will control the flow and tenor of hearings over matters ranging from federal judicial appointments to oversight of the FBI and the Justice Department." The Herald notes, "Leahy hasn't officially laid out his agenda for the next two years, but anyone paying attention to last week's Judiciary Committee hearing on FBI oversight would be hard pressed to have missed where the senator is going. … 'The recent revelation that the Bush administration, since 9/11, has been compiling secret dossiers on millions of unwitting, law-abiding Americans who travel across our borders, highlights the importance of congressional oversight,' he said. 'It is simply incredible that the administration is willing to share this sensitive information with foreign governments and even private employers, while refusing to allow U.S. citizens to see or challenge the so-called terror score that the government has assigned them based on their travel habits and schedules. … This administration has gone to unprecedented lengths to hide its own activities from the public, while at the same time collecting and compiling unprecedented amounts of information about every citizen.'"

Republican Control Of Congress Comes To An End After All-Night Session. The final hours of the 109th Congress, and of a dozen years of Republican control of the House, was covered by all three broadcast networks. In a brief report, ABC World News (12/9, story 3, 0:20, Weir, 8.78M) said the "109th Congress has been gaveled into history in their final hours under Republican control. The House and Senate worked practically all night, voting to extend $38 billion in tax breaks. But they left plenty of unfinished business for next month when the Democrats take over." NBC Nightly News (12/9, story 10, 0:24, Siegenthaler, 9.87M) also had a brief report, saying "the 109th Congress wrapped up with a flurry of votes" including the tax breaks and expanded Gulf of Mexico oil drilling.

The CBS Evening News (12/9, story 2, 2:20, Assuras, 7.66M) ran a longer, and more critical report, saying the "Republican-controlled 109th Congress adjourned early this morning without completing work on a new federal budget. Added together, the number of days the two Houses sat this year came to 235. That is fewer days than the do-nothing Congress that President Harry Truman ran against in 1948." The AP (12/9) says the session, "frustrated by partisanship and criticized for its meager record of accomplishment, ended with flurry of bill-passing and promises of change when Democrats take over the House and Senate in January."

The Washington Post (12/10, Weisman, 690K) says on its front page that "demoralized Republicans adjourned the 109th Congress at 5 a.m. yesterday with a near-empty Capitol, closing the door on a dozen years of nearly unbroken GOP control by spending more time in the final days lamenting their failures -- to rein in government, tame the deficit and temper their own lust for power -- than reliving their successes." The GOP "capped an era of conservative ascendance with the passage of business tax break extensions, a package of trade measures, and legislation to stave off physician-payment cuts they once trumpeted in their budget-cutting drive." The Post says that "measured against the ambitions of 1994, not much has changed." A second Washington Post (12/10, A5, Weisman, Barr, 690K) story says "last-minute Republican budget squabbles marred the

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final hours of a Congress already tainted by scandal, indictments and resignations, and ushered out Republican control on a discordant note."

The New York Times (12/10, A43, Hulse, 1.16M) reports, "As they plowed through legislation in the early morning, Congress also whisked through a package of three major health care initiatives that continued a program for H.I.V. and AIDS that will provide more than $6 billion for care over three years, created an agency to centralize efforts against bioterrorism and restructured the National Institutes of Health. … Congress also adopted a measure intended to strengthen the ability to predict tsunamis. Lawmakers approved the first reorganization of the Postal Service in more than 30 years and sent Mr. Bush an agreement allowing the United States to share civilian nuclear technology with India." President Bush "praised Congress for delivering the last batch of bills, singling out the oil drilling, AIDS assistance and fisheries legislation, as well as the nuclear agreement with India and the elevated trade status for Vietnam."

Congress Overhauls Fishing Industry Regulations. The Washington Post (12/10, A8, Eilperin, 690K) reports, "Congress yesterday passed the broadest overhaul of the rules that govern the U.S. fishing industry in a decade, with provisions instructing fishery managers to adhere strictly to scientific advice so as not to deplete the ocean. The final language of the Magnuson-Stevens Act, which passed the Senate on Thursday and the House early yesterday, was a compromise between environmentalists and fishing interests. The measure mandates an end to overfishing of depleted species within 2 1/2 years and allows the selling and trading of shares in a fishery to promote conservation." The AP (12/9, Daly) reports President Bush "said Saturday the country is committed to ensuring strong commercial and recreational fishing, praising legislation that overhauls management of marine fisheries and strengthens protections against further depleting dwindling stocks."

Tax-And-Trade Package Compromises Disparate Items Left On GOP's Agenda. The Washington Post (12/10, A5, Weisman, Barr, 690K) reports, "The centerpiece of the closing hours' work was a tax-and-trade bill. The measure temporarily extended expiring tax breaks for business research and development and for hiring people off the welfare rolls, a partial college tuition deduction, and energy conservation incentives. It extended a generous deduction for state and local sales taxes that was slipped into a business tax law in 2004 as a temporary measure to win votes in states without income taxes but is taking on an air of permanence. The huge package also contained measures to permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti. The Haiti provision was strongly challenged by some Southern lawmakers, who said it would further erode jobs in their states' textile industries."

The New York Times (12/10, A43, Hulse, 1.16M) reports, "The trade measure, a compendium of last-minute priorities sent to President Bush, was the chief legislative accomplishment of the final hours. It restored $38 billion in popular tax breaks; established normal trade relations with Vietnam and granted trade benefits to Haiti and four South American countries; and blocked a cut in Medicare payments to doctors. The measure also fulfilled a long-sought objective of Gulf Coast lawmakers and the oil industry by expanding offshore drilling opportunities in the eastern Gulf of Mexico and directing hundreds of millions of dollars in new royalties to the region. 'Just when everyone bet against us, Republicans put together a broad package of energy, tax, trade and health care measures,' said Senator Bill Frist."

Stopgap Funding Measure Approved. The Los Angeles Times (12/10, 850K) reports, "As one of its final acts, Congress approved a stopgap measure keeping federal programs running at or slightly below current levels through Feb. 15. Bush signed it Saturday. The action was necessary because lawmakers failed to pass the annual spending bills covering the budget year that began Oct. 1, except those dealing with defense and homeland security."

Lewis Blasts Frist Over Failure To Pass Appropriations Bills. The New York Times (12/10, A43, Hulse, 1.16M) reports Rep. Jerry Lewis, outgoing chairman of the Appropriations Committee, in an "unusual public attack on a fellow Republican," said, "The breakdown of regular order this cycle — indeed the failure to get our bills done — should be squarely placed at the feet of the departing Senate majority leader who failed to schedule floor time for the consideration of appropriations bills."

State Sales Tax Break Expected To Save Texans $1 Billion Annually. The Houston Chronicle (12/10, Ivanovich, Mittelstadt, 530K) reports, "For residents in Texas and six other states without state income taxes, the bill ensures taxpayers who itemize will be able to deduct state and local sales taxes on their federal income tax forms, for tax years 2006 and 2007. The tax break, which will cost the Treasury $5.5 billion, will allow Texans to keep $2 billion over the next two years. This provision was an effort to approximate the benefit enjoyed by taxpayers in other states, who can deduct their state income taxes."

Democrats' Agenda Could Add Tens Of Billions Of Dollars To Deficit. The Los Angeles Times (12/10, Havemann, 850K) reports, "Democrats' expansive vision of the government's role in American life is on a collision course with budget deficits that are already running about $250 billion a year. The Concord Coalition, a lobby for fiscal responsibility, warns that the deficit could reach $800 billion in 10 years if Congress enacts all the programs its members are

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talking about. In the education budget, for example, some leading Democrats have discussed cutting the interest rate on federally subsidized student loans in half — boosting the federal interest subsidy by an estimated $18 billion over five years — plus increasing Pell Grants for college students by 25% and raising funding for the No Child Left Behind program by as much as $16 billion. Among all the spending initiatives being discussed on Capitol Hill, perhaps none would cost so much so soon as closing the 'doughnut hole' in the new Medicare prescription drug program. … Having the federal government pick up those expenses would cost the Treasury an estimated $50 billion a year for the first 10 years."

Alternative Energy Firms Already Benefiting From Democrats' Return To Power. The New York Times (12/10, BU6, Alster, 1.16M) reports, "some analysts and money managers are hoping the imminent Democratic takeover of Congress will also be bullish for alternative energy stocks by improving prospects for favorable legislation for the industry. One likely initiative, known as a national renewable portfolio standard, would require utilities to derive 10 percent of their electricity output from renewable sources by 2020. Currently, less than 3 percent of electricity is generated from such sources. Senator Jeff Bingaman…the presumptive chairman of the Senate Energy and Natural Resources Committee, says he hopes to pass 'some version' of a renewable portfolio standard in the next Congress. The details of such legislation — as well as whether it would be approved by Congress and signed by President Bush — are very much uncertain. But that hasn't stopped investors from placing their bets."

WPost Criticizes Proposed Closed-Door Meeting Of Senate. The Washington Post (12/10, B6, 690K), in an editorial, notes that incoming Senate Majority Leader Harry Reid "plans to open the 110th Congress with a closed gathering of all 100 senators. We're all for senators getting to know each other. But when they meet as the Senate, it should be in public. Reducing gridlock depends on more senators putting the public good ahead of the two-year electoral cycle, not on cooking up more deals behind closed doors."

Bush Said To Be "Locked In A Lethal Downward Spiral." The New York Daily News (12/10, DeFrank, 729K) writes, "For a wounded President locked in a lethal downward spiral ever since his reelection, it was the cruelest week of all. Not since Bill Clinton forlornly insisted that 'the President is still relevant' after being trounced in the 1994 mid-term elections has a President struggled so hard to salvage his political traction. In 72 hours last week, a bipartisan commission harshly repudiated Bush's Iraq policy. Incoming Secretary of Defense Robert Gates told senators the U.S. isn't winning the war. Then a British journalist snarkily asked at a White House press conference if Bush weren't 'in denial' about Iraq. For good measure, a new poll found only 27% of Americans back his Iraq policy, a new low. And a moderate GOP senator termed the policy 'absurd' and possibly criminal." A "well-placed Bush source who talks with the President often" said, "He'll be fine but he can't be doing very good. It's been a terrible year, and it keeps getting worse." But the President "is described by another recent visitor as still resolutely defiant, convinced history will ultimately vindicate him."

Dinner With Abramoff Could Further Complicate Myers Nomination. The Los Angeles Times (12/10, Weinstein, 850K) reports, "Five years ago…Jack Abramoff went to a dinner with top officials of the Interior Department, representatives of the White House and leaders of the National Mining Assn. That Georgetown dinner has now come back to haunt one of the guests -- William G. Myers III, who was the Interior Department's top lawyer at the time and for the last three years one of President Bush's most controversial nominees for a federal judgeship. Last week, Myers was asked to explain why he testified earlier to the Senate Judiciary Committee that he had never met Abramoff. … Immediately after the November midterm election, Bush announced his intention to renominate Myers." However, "In recent days…questions have arisen about Myers' March 2005 response to a query by Sen. Patrick J. Leahy of Vermont, the ranking Democratic on the judiciary committee. Leahy asked Myers whether he had ever had any contact with Abramoff. … 'I have searched my memory and files,' Myers responded. 'To the best of my recollection, I have never had any contact with Mr. Abramoff." The Times continues, "A week ago, however, the Denver Post published a story based on information obtained under the Freedom of Information Act showing that Myers was among two dozen people attending the dinner on Sept. 24, 2001, with Abramoff."

Cardin Adjusting To "Peculiar Customs" Of Senate. The Washington Post (12/10, C4, Mosk, 690K) reports Sen.-elect Ben Cardin "is still adjusting to the peculiar customs of his new job. But in the unmarked basement warren of transition offices for new members," Cardin "said he is brimming with plans. 'I'm not coming to the Senate to retire,' said Cardin, 63, when asked about the charge that his Republican opponent, Lt. Gov. Michael S. Steele, frequently leveled during a year of campaigning. 'I'm going to be very busy. And I won't waste a minute.'" Cardin "will find himself in the thick of deliberations over the Iraq war as a member of the Foreign Relations Committee and will serve on panels that deal with the budget, the environment, minority business and judicial appointments."

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SMU Reportedly Frontrunner For Bush Presidential Library. The Houston Chronicle (12/10, A1, Korosec, 530K) reports, "Three Texas universities are hoping to land the George W. Bush presidential library, and each is calling in its own heavy hitters and Bush backers to try to make the case. Baylor touts its location, Southern Methodist University its personal ties and the University of Dallas its spacious site. The president's library site-selection committee, which has been working entirely in private, could choose a winner among the three finalists as early as next month. SMU, Laura Bush's alma mater, has been widely considered the frontrunner since the first lady told the Houston Chronicle in a 2005 interview that the school is her sentimental favorite."

Space Shuttle Discovery Successfully Lifts Off. The New York Times (12/10, A41, Schwartz, 1.16M) reports, "Night became day on Saturday as the shuttle Discovery muscled its way off of the launching pad with a shuddering roar on a mission to rewire the International Space Station. With a blinding streak of yellow flame that left a mark on the retina and a lump in the throat, the shuttle and its crew of seven astronauts lifted off at 8:47 p.m. in the program's first nighttime launching in more than four years." The Los Angeles Times (12/10, Johnson, 850K) reports launch director Mike Leinbach "said the successful launch was the best sign yet that NASA had fully recovered from the Columbia disaster. 'We're getting back in the groove. We're getting back in business,' Leinbach said. NASA Administrator Michael D. Griffin said the launch marked another milestone in finishing the space station and going beyond. The Houston Chronicle (12/10, Carreau, 530K) reports in its front-page story that Griffin said the program was back on track and, "On average we want to fly every two months."

The Washington Post (12/10, A20, Harwood, 690K) adds, "The brilliant light of the takeoff illuminated the shuttle's heat shield in the first two minutes of flight. But engineers will not be able to assess the health of the protective tiles until a detailed inspection Sunday by the astronauts and again during final approach to the space station Monday. Discovery's mission is considered the most complex station assembly flight yet attempted and one of the most complicated in manned spaceflight history."

LATimes Says Moon Program Not Worth Cost. The Los Angeles Times (12/10, 850K) editorializes, "When it comes to poetic vision, 'Fly Me to the Moon' has it all over 'Global Precipitation Mission.' But the prosaic and twice-delayed NASA meteorology project would conduct a useful scientific study of Earth weather. A return to the moon is a romantic but expensive mission in search of a purpose." The Times adds, "Even NASA's 'Why the Moon?' website doesn't really explain it." It contends, "For too long, NASA has been overspending on manned flight and under-funding scientific study. Vital missions to study the Earth's climate, for example, have been delayed for years or indefinitely. An unmanned scientific mission to scan for Earth-like planets in nearby solar systems, scheduled to launch in 2011, has been postponed until 2015."

Missile Defense System Takes Shape In Alaska. The New York Times (12/10, A36, Yardley, 1.16M) reports from Fort Greely, Alaska, "Four years after President Bush ordered a limited missile defense system to be built and nearly a quarter century after Ronald Reagan first proposed the Strategic Defense Initiative, this sub-Arctic outpost, once a cold war training site and still a cold-weather training site, is where progress on the long-embattled missile system is perhaps most evident, military officials say. Eleven interceptor missiles are installed in underground silos here, buried beneath the snow and a former forest of black spruce."

Top USAF Lawyer Had Been Practicing 23 Years Without License. The Washington Post (12/10, A22, Ricks, 690K) reports, "A top Air Force lawyer who served at the White House and in a senior position in Iraq turns out to have been practicing law for 23 years without a license. Col. Michael D. Murphy was most recently commander of the Air Force Legal Operations Agency at Bolling Air Force Base in the District." Murphy "was relieved of his command at Bolling on Nov. 30 after the Air Force learned that he had been disbarred for professional misconduct in Texas in 1984 but hadn't informed his superiors."

OTHER NEWS:

Jefferson Easily Wins Reelection In LA2 Runoff. The Washington Post/AP (12/10, A10, Burdeau) reports voters in Louisiana's Second District "looked past a federal bribery investigation" and reelected eight-term incumbent Rep. William Jefferson Saturday. In a runoff election in the New Orleans district, "Jefferson grabbed a commanding lead over state Rep. Karen Carter, a fellow Democrat, almost as soon as the polls closed." With 96% of precincts reporting, Jefferson had 57% of the vote, and Carter 43%.

The New Orleans Times-Picayune (12/10) says that, "confounding political pundits and a slew of rivals who had become confident of his defeat," Jefferson "neatly sidestepped" the "roiling federal corruption probe. … Guilty pleas by aides and associates who admitted to bribing the congressman and the revelation in court documents that FBI agents had found $90,000 in marked bills stuffed into

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Jefferson's freezer had put the scent of blood in political waters." The Los Angeles Times (12/10, Simmons, 850K) says "voter turnout was only about 16% on what turned out to be a cold and windy election day." Roll Call (12/10, Kurtz) also runs the news of Jefferson's reelection on its website this morning.

The Time-Picayune story was typical of the nationwide news coverage of Jefferson's reelection, all of which noted the details of the ongoing federal investigation – including the cash found by FBI agents in Jefferson's freezer. The Baton Rouge Advocate (12/10, Gyan) reported, "Jefferson made no mention of the federal investigation in his victory party remarks," but "he told a small group of supporters that he hopes to build on his 'record of effectiveness and record of productivity in Congress.' … Jefferson said it is now time to unite the East and West banks, black and white, rich and poor in order to speed up the area's recovery and 'get our people back home.'" In a widely-distributed story, the AP (12/10, A10, Burdeau) added, "In her concession speech, Carter embraced family members and pledged to work with Jefferson, particularly on the area's recovery from Hurricane Katrina. 'I guess the people are happy with the status quo,' she said."

The New York Times (12/10, Nossiter) reported that Jefferson "was heavily favored in black precincts, and Saturday's result suggested that his loyal constituents ignored the accusations of an F.B.I. investigation and rallied around him, as they had in the past and as the congressman had pleaded with them to do. He has not been charged with anything, and vigorously maintains his innocence. … Analysts were surprised at Mr. Jefferson's victory. 'It's not good for the city, and it's not good for the state,' said Susan Howell, a political scientist at the University of New Orleans."

Black Voters, Skeptical Of FBI Probe, Elated By Jefferson Victory. Under the headline "New Orleans Voters Support Their Man Over F.B.I.," the New York Times (12/11, Nossiter) reports, "Outside the Greater St. Stephen Full Gospel Baptist Church, there was no surprise on Sunday at the re-election of…Jefferson, only satisfaction. The late-night comedians could joke all they wanted about the $90,000 that the Federal Bureau of Investigation said it found in Mr. Jefferson's freezer and that the agency said was bribe money. White New Orleans could tut-tut at the seamy portrait outlined by the F.B.I. in its investigation of him, and at the guilty pleas of two associates of Mr. Jefferson, who is a black Democrat. Supporters in the broken-down, crime-plagued Central City neighborhood here saw another picture: of a godly man persecuted by a racially biased government." The Times notes University of New Orleans Prof. Susan Howell said, "The background to this is the cultural divide between blacks and whites, and their different attitude to law enforcement."

Jefferson Brushes Off Election-Night Questions About Investigation. In a widely-distributed story, the AP (12/11, Burdeau) reports Jefferson "on Sunday savored a landslide win in the comfort of supporters and family, and put to rest a grueling campaign that shined the spotlight on an FBI bribery investigation overshadowing his long political career. Analysts said his victory was stunning and defied conventional thinking that averred he could not retain his seat and overcome allegations the FBI found $90,000 in bribe money in his freezer." The AP adds, "With the race in his pocket, Jefferson shrugged off questions from reporters about the FBI probe at his re-election party…where supporters gloated over the victory by chanting his name and jeering Carter when she appeared on television to give her concession speech. Asked if he plans to explain his side of the story, something he has promised to do, Jefferson said: 'I'm done with that. I've talked to the voters and they're very happy.'"

New Orleans Democrats Call For Pelosi To Return Jefferson To Ways And Means. The New Orleans Times-Picayune (12/11, Alpert) reports, "Now that U.S. Rep. William Jefferson has been convincingly re-elected to a ninth term, some local Democrats are calling on House Speaker-elect Nancy Pelosi to return him to his slot on the powerful House Ways and Means Committee. … 'The 2nd Congressional District said, "This is our guy,"' said state Rep. Cedric Richmond, D-New Orleans. 'She should respect that.'" The Picayune notes, "Jefferson said he isn't ready to discuss possible committee assignments." In Saturday's victory speech, Jefferson said, "Tonight, my good and faithful friends, I want to just tell you and promise to you that I'm going to do all that is in my power with the help and grace of God to serve you as fully, as effectively, as I possibly can with all the tools that God has given me."

Jefferson Reelection Seen As Posing Ethical Dilemma For House Democrats. The AP (12/11) reports, "In awarding Rep. William Jefferson a new lease on his political life, Louisiana voters this weekend also saddled Nancy Pelosi with another ethics quandary as she prepares to become the Democratic speaker of the House of Representatives. 'It's going to be quite a headache for the Democrats,' Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said Sunday." The AP notes, "Democrats ran against a 'culture of corruption' that they said Republicans had fostered while in control of Congress." Pelosi removed Jefferson from Ways and Means, but she "now may come under pressure to restore his committee assignment or at least place him on a committee where he could benefit New Orleans. Jennifer Crider, a spokeswoman for Pelosi, did not address committee assignments Sunday. In a statement, she said, 'Leader Pelosi has said that it is up to the people of New Orleans to choose who represents them and they did that.'"

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On ABC's This Week (12/10, Stephanopoulos), Kokie Roberts said of the difficulty Jefferson's reelection presents for the Democrats, "I think it is going to be very difficult…to embrace Bill Jefferson, given the situation. But on the other hand, somebody better bring some charges against him, if they're going to carry it out."

McCain, Romney Lead Race To Woo Big Bush Donors. The Washington Post (12/10, Cillizza, Fletcher, 690K) reports on its front page on the efforts of Republican presidential hopefuls to win over major donors to President Bush's 2000 and 2004 campaigns. Bush's 2000 run "forever changed the fundraising dynamic for presidential races, showing that an enormous early financial advantage was the same as winning an 'invisible primary.' In that race, there are no voters, elections or overt campaigning -- just the wooing of fabulously rich people with the rewards of insider status, complete with fancy titles." So far, Sen. John McCain and Gov. Mitt Romney "are well ahead among the Republican contenders, though neither yet has come up with monikers like 'Pioneer' or 'Ranger' to flatter the biggest donors." Rudy Giuliani "has on staff Anne Dickerson, who ran the high-dollar program for the Bush campaign in 2004, and he has the backing of a handful of Bush Pioneers and Rangers." But other possible GOP candidates, including Sens. Sam Brownback and Chuck Hagel, Gov. Mike Huckabee, and Newt Gingrich, "are far behind in the pursuit of these fundraising big shots."

Romney Haunted By 1994 Letter On Gay Rights. The Washington Post/AP (12/10, A15) picks up the news that Gov. Mitt Romney "is facing new questions about his beliefs on gay issues after the emergence of a letter he wrote during his 1994 U.S. Senate run, in which he promised to be a stronger advocate for gays" than Sen. Edward Kennedy. The AP report says a "gay-oriented Massachusetts newspaper, Bay Windows, has also released a transcript of a 1994 interview with Romney during the Senate race."

Obama Heading To New Hampshire. NBC Nightly News (12/9, story 11, 0:10, Siegenthaler, 9.87M) reported, "One of the most closely watched lawmakers in the new Congress, Barack Obama, heads to New Hampshire tomorrow on his first trip to the important Presidential primary state. Tickets to his afternoon event are sold out and more than 150 media credentials have been issued."

Clinton, Obama Campaigns Could Change Race And Gender Equations. The New York Times (12/10, WK1, Nagourney, 1.16M) writes that "after a 217-year march of major presidential nominees who were, without exception, white and male, the 2008 campaign may offer voters a novel choice." But as Sens. Hillary Clinton and Barack Obama plot possible campaigns, "the question remains: are Americans prepared to elect an African-American or a woman as president? Or, to look at it from the view of Democrats hungry for victory in 2008, is the nation more likely to vote for a woman or an African-American for president?"

Presidential Prospects' Works Hit The Bookshelves. The Washington Post (12/10, A4, Goldfarb, 690K) writes that "a number of prospective 2008 presidential candidates are betting that the free publicity that comes with the release of a book can't hurt." Sen. Hillary Clinton's "It Takes a Village" will be re-released this week. In a "newly written introduction, Clinton 'reflects on how our village has changed over the last decade -- from the impact of the Internet to new research in early child development and education,' according to her publisher, Simon & Schuster." Sen. Barack Obama "has been actively promoting his new book, 'The Audacity of Hope,'" and John Edwards "has traveled to early primary states to sell his new tome, 'Home.'" Sen. John McCain and his chief of staff Mark Salter "will release their fifth book in August. … The book, tentatively titled 'Hard Call,' will explore historic decisions in politics, history, science and other endeavors." Al Gore, "who has kept the door to a presidential run slightly ajar, next year will publish 'The Assault on Reason' -- an examination of how 'the public arena has grown more hostile to reason.'" Sen. John Kerry "is releasing a so-far-untitled book on the environment in March with his wife, Teresa." Rudy Giuliani "has no book plans, though his post-Sept. 11 tome, 'Leadership,' was a huge success." Gov. Mitt Romney "has no plans for a book in the next few years."

Crist Cancels Florida Inaugural Ball. The AP (12/9) reports Florida Gov.-elect Charlie Crist "has decided to cancel his inaugural ball, saying Saturday that he didn't feel right about an expensive party when many people are struggling with higher insurance and property tax bills. Other free events, including a prayer breakfast, parade, the swearing-in ceremony and tours of the governor's mansion will still continue." Crist's inaugural committee is "returning all donations it's received."

Longer Hours Blamed For Increase In Trucker-Related Highway Deaths. The Chicago Tribune (12/10, Franklin, Little, 617K) reports, "Spurred by a global economy that demands that goods be delivered on time and at low prices, business has never been so brisk and so cutthroat" for truckers." The Tribune adds, "Paid by the delivery, not the hour, the country's 350,000 independent truckers…are lashed to punishing schedules that practically force them to live in their rigs. Counting all their time on the job, some earn as little as $8 an hour. Long hours, chaotic

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schedules and exhausting work conditions make for a potentially lethal formula -- for truck drivers and everyone else on the road. Nearly a decade ago, the government vowed to significantly reduce the number of fatalities from truck crashes, but the results have been mixed. Nationally the death toll fell until 2002 and then started climbing. In the three most heavily traveled states, California, Texas and Florida, deaths involving large truck crashes have steadily climbed. Over 5,000 people die and 116,000 are injured yearly in truck-related accidents, according to the Federal Motor Carrier Safety Administration."

NYTimes Blames The Administration For Loosening Trucking Safety Standards. The New York Times (12/10, WK11, 1.16M), in an editorial, writes, "To describe the Bush administration's policy toward the trucking industry as deregulation is farcical. The word empowerment is so much more fitting for the array of trucking executives the White House appointed to be the ranking regulators of their own industry. While avowing professionalism, this cadre of political contributors and industry insiders has brazenly relaxed federal standards for truck safety over the last six years. Rather than tightening drivers' hours as safety specialists advised, the political powers at the truck safety agency have actually loosened them."

Chris Matthews Released From Hospital. The Washington Post (12/10, D3, Argetsinger, Roberts, 690K) "Reliable Source" column reports, "Chris Matthews is out of the hospital and ready to start interrupting people again. The 'Hardball' host was sidelined by complications from diabetes, which caused him to miss more than a week behind the mike."

Six-Party Talks On North Korea To Restart In Eight Days. The AP (12/10, Gearan) carries comments by an anonymous "senior U.S. official" that "a long-delayed round of international talks aimed at ending North Korea's nuclear weapons program is scheduled for later this month." The Six-Party Talks should recommence on December 18 in Beijing, and adjourn for Christmas several days later. The AP adds, "U.S. diplomats have been preparing for a new round,…but the date was uncertain." The "talks carry greater weight now that North Korea has exploded a nuclear device and tested a long-range missile earlier this year." Secretary Rice "said last month North Korea must come to new talks ready to deal, or there is no point in holding them."

Ahmadinejad Says Iran Installing 3,000 Centrifuges. The AP (12/10, Dareini) details remarks by Iranian President Mahmoud Ahmadinejad that Iran "has begun installing 3,000 centrifuges in an expansion of its uranium enrichment program that brings the Islamic nation significantly closer to large-scale production of nuclear fuel." He "also claimed that the international community was caving in to Tehran's demands to continue its nuclear program."

Economic, Political Ties Said To Drive Endorsement Of US-India Nuclear Deal. Continuing coverage of the background of the US-India nuclear cooperation agreement approved by the 109th Congress, the New York Times (12/10, A10, Sengupta, 1.16M) notes, "Beyond simple good will, unique commercial and strategic imperatives have driven a bipartisan swell of support for the deal, even though New Delhi steadfastly rejects the global nonproliferation treaty and advances a nuclear weapons program." The Times says the "economic incentives for the United States are huge," adding that, "as India gradually opens its vast market, American companies stand to make a great many gains, from investments in Indian real estate to selling soybean oil and fighter planes. There is also New Delhi's growing strategic value in a rapidly changing Asia." The Times calls it "revealing" that "a contentious bill has enjoyed so much bipartisan support," adding, "With the Indian economy growing at a steady clip of up to 8 percent in recent years, India last month hosted the largest American trade delegation to any single country, including vendors of nuclear equipment.

Abbas May Be Close To Calling New Palestinian Elections. The Washington Post (12/10, A31, Wilson, 690K) notes Palestinian President Mahmoud Abbas "is inclined to call early elections, including for his own office, to end the political and economic crisis in the territories." A PLO Executive Committee meeting gave Abbas "17 options to end the months-long stalemate with the governing Hamas movement," and he "is expected to give a national address next week on how he intends to end the crisis that has battered the economy and increased partisan strife in the territories. He is under pressure from his own [Fatah] party to move decisively at a time when talks over a unity government have foundered again." One Executive Committee member said Abbas is "leaning towards" early elections and has "dismissed the option that he continue talks with Hamas." The Post calls such a move "an uncharacteristically bold gesture by Abbas, a cautious veteran of the Palestinian national movement who has long favored consensus over confrontation, even in his dealings with Israel."

The New York Times (12/10, A8, Erlanger, 1.16M) reports Fatah sources said Abbas is "leaning toward calling early parliamentary and presidential elections." The Times says he "has been stuck, with top Fatah officials urging him to fire the prime minister, Ismail Haniya of Hamas, and to call new elections."

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CNN (12/9, Shubert) reported Abbas "may announce early parliamentary and presidential elections within the week. He made that announcement apparently to the Executive Committee of the PLO, saying that he had failed to negotiate a coalition government with the militant Hamas faction and that early elections may be an option. He said that he may make an address within the week and that's when his decision would be announced. Hamas was very quick to respond, an official saying that they rejected the idea calling it, quote, 'a coup against democracy.'"

The Los Angeles Times (12/10, Boudreaux, Abukhater, 850K) says a call for early elections would be "a risky move" and "a gamble" for Abbas," who "left the door open to compromise with Hamas." For its part, "Hamas warned that any such step would be illegal and meet with resistance, raising the stakes in a months-long and often violent conflict over control of the Palestinian Authority."

BBC.com (12/9) focuses on Hamas' reaction to the early election rumors, saying it "reacted by condemning the suggestion." Haniyeh "condemned the idea of early elections, saying they would accentuate 'crisis and tensions,'" and a Hamas spokesman "described the PLO committee's statement as a threat to democracy."

Lebanon's Shiites, Once Marginalized, Reshape Politics. A 2,600-word piece on the front page of the Washington Post (12/10, Shadid, 690K) details the growing political power of Lebanon's Shiite Muslims. "Once the country's most downtrodden, entrenched in feudal misery, Lebanon's Shiites stand today on the verge of their greatest political power in the history of a diverse country defined by its fractious religious communities: Sunni and Shiite Muslims, Druze and Christians. But their ascent is a story of contradictions: Now at the peak of that power, confident of victory, the community is still shaped by its own sense of vulnerability and weakness." While Shiite "leaders rely on age-old notions of backroom, under-the-table Lebanese politics," the Post says those ideas "may be reshaped by leaving a legacy of turning to the street with populist demands. And in pursuit of power, through the protests that began Dec. 1, the Shiites, the country's single-largest community, may end up breaking a system that appears to be buckling under the stress of Lebanon's most acute crisis since the 15-year civil war ended in 1990."

A Los Angeles Times (12/10, Stack, 850K) piece describes the challenges facing Minister Fouad Siniora's government. "Inside the Grand Serail, what remains of [that] government toils away, trying to ignore the thousands upon thousands of people massed at its gate. The people outside describe the government leaders as unwanted and illegitimate, pawns of U.S. interests." The Times calls the separation of Siniora's government from the Hezbollah-led street protests "the kernel of a dangerous political standoff." While the palace "stands isolated behind snarls of razor wire and layers of soldiers and security forces," the "mood is stoical and confident" in the protest enclaves. "The demonstrators seem convinced that the government will, inevitably, collapse, that Siniora and his allies cannot stay in place with so many people on the streets."

Radiation Found In Hamburg Apartments Tied To Litvinenko Associate. The CBS Evening News (12/9, story 6, 0:15, Assuras, 7.66M) reported, "In the mystery of the poisoned Russian spy, radiation traces were found today in two German buildings linked to a Russian businessman he'd met with Alexander Litvinenko in London on the day he became fatally ill." The Washington Post (12/10, A28, Finn, Jordan, 690K) reports German authorities "said that the businessman, Dmitry Kovtun, had visited the two apartments, which belong to his ex-wife and former mother-in-law. Kovtun is reportedly seriously ill in a Moscow hospital." Kovtun, "a Russian business consultant who has spent years living in Germany, is emerging as a key figure in the investigation. While there are conflicting reports about his condition, the Russian news agency Interfax has reported that Kovtun is in serious condition and experiencing problems with major organ functions as a result of the poisoning. Kovtun and another Russian businessman, Andrei Lugovoy, met with Litvinenko…in London on Nov. 1, the day Litvinenko began feeling sick."

The AP (12/9) reports, "Meanwhile, tests have shown no trace of the radioactive substance polonium-210 on a plane used by a contact of Litvinenko to fly to London, German airline Germanwings said Saturday. Authorities carried out tests at Cologne-Bonn airport after determining that Dmitry Kovtun flew to London from Hamburg on the Airbus A319 on Nov. 1. Kovtun met with Litvinenko later that day."

The Los Angeles Times (12/10, Fleishman, 850K) reports, "Police discounted media reports suggesting that Kovtun, who reportedly lived in Germany for 12 years, planned Litvinenko's assassination in Hamburg. No traces of radiation were discovered in Kovtun's apartment, which is in the same building as his ex-wife's in the northern port city's Ottensen neighborhood."

Litvinenko's Widow Says Culprit Was "Obviously…Not Putin." BBC.com (12/10) reports, "The widow of former KGB agent Alexander Litvinenko has said she believes the Russian authorities could have been behind his murder. Marina Litvinenko, 44, told the Mail on Sunday: 'Obviously it was not Putin himself, of course not.' But she said what President Putin 'does around him in Russia makes it possible to kill a British person' in Britain. … Mrs Litvinenko also told the Sunday Times: 'Everybody tries to write about

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Sasha like he was an ex-spy, but it's completely untrue. He never was a spy.'"

KGB Veterans Said To Hold "All The Most Important Jobs" In Russia. In an "Week in Review" piece for the New York Times (12/10, WK3, 1.16M) Scott Shane writes, "President Boris N. Yeltsin considered dismantling the K.G.B. but 'decided it was too dangerous,' said Michael McFaul, a Russia specialist at Stanford University. In the seven-year rule of President Vladimir V. Putin, the security service has returned to prestige and power. 'All the most important jobs in Russia today,' Mr. McFaul said, 'are held by K.G.B. or former K.G.B. officers, in every ministry, in every industry.'"

International Nuclear Regulators Seek Curbs On Polonium Traffic. The New York Times (12/10, A16, Broad, 1.16M) reports, "Nuclear regulators in Washington and abroad are studying whether to tighten security on polonium 210 in case terrorists seek the deadly material for so-called dirty bombs that spew radioactivity, officials and diplomats said in recent interviews. … Groups considering tighter controls include the Nuclear Regulatory Commission in the United States and the International Atomic Energy Agency in Vienna, which sets global standards for radiation safety."

LATimes Ties Litvinenko's Poisoning To Journalists' Murders. The Los Angeles Times (12/10, 850K), in an editorial, writes, "the cloak-and-dagger theatrics threaten to obscure an urgent danger at the story's heart — journalists in President Vladimir V. Putin's Russia are increasingly being attacked and killed. … We may never find out whodunit or who ordered it done, but we know what Litvinenko was investigating at the time of his death: the killing of decorated Russian journalist Anna Politkovskaya, who had been exposing alleged Russian misdeeds in Chechnya. Were the killings of Politkovskaya and Litvinenko isolated incidents, the Kremlin's protests that it suffers most from the bad international publicity would be more worthy of sympathy. But Politkovskaya was at least the 21st Russian journalist to be killed since Putin was elected in 2000, according to Reporters Without Borders. Two others have disappeared and are presumed dead, and there have been 320 assaults."

Chen's Party Wins One Taiwan Mayor Race, But Loses Another. Reporting on yesterday's mayoral elections in Taipei and Kaohsiung, Taiwan, the New York Times (12/10, A9, Bradsher, 1.16M) notes President Chen Shui-bian's Democratic Progressive Party "eked out the narrowest victory in Taiwanese political history in crucial mayoral elections [in Kaohsiung], but the opposition Nationalist Party quickly said it would seek a recount." The DPP candidate, Chen Chu, appears to have a 1,120 vote margin, out of 761,000 ballots, "a victory margin of about one seventh of a percent. On an island with already deep political divisions, the paper-thin margin and the possibility of a court fight are likely to cause further political friction in the weeks ahead." The Times says the Nationalists had hoped to "turn" the mayoral votes "into an informal referendum on President Chen, who has been dogged by allegations that he and his family have committed financial impropriety." Nationalist candidate Hau Lung-bin easily won the Taipei election.

The AP (12/10, Grauwels) says the DPP "narrowly won a crucial mayoral election in [Kaohsiung], while the opposition candidate won comfortably in the capital of Taipei in a pair of votes seen by many as a referendum on President Chen Shui-bian." Chen Chu's election "seems likely to take pressure off of the president, who has been on the defensive for more than six months over allegations his family and inner circle benefited financially from their proximity to him."

Under the headline, "Taiwan's Ruling Party Dodges An Electoral Bullet," the Los Angeles Times (12/10, Magnier, Ting-i, 850K) says the DPP "defied expectations that it would be trounced in local elections Saturday, handing President Chen Shui-bian some breathing room after months of fighting off scandals. But the mixed results probably will result in continued political infighting at least through the 2008 presidential election, analysts said."

Hong Kong Begins Process Of Selecting Next Leader. BBC.com (12/10) reports Hong Kong voters "are electing the members of a committee that will choose the territory's next leader. Pro-democracy groups are hoping to win enough representation on the 800-seat committee to enter a candidate in next March's chief executive contest." Only 427 of the seats are up for election, and the BBC notes that candidates must have the backing of 100 members in order to challenge current executive Donald Tsang. The BBC's local reporter "says that the democrats already admit that their chosen potential candidate, lawyer Alan Leong, has no chance of beating Mr Tsang. But for the first time since Hong Kong was handed back to China by the UK in 1997, the democrat groups now say they feel that it is worth taking part in the contest."

South American Leaders Consider EU-Style Community. The AP (12/10, Keane) details the results of a summit of 12 South American nations in Cochabamba, Bolivia. Leaders "agreed Saturday to create a high-level commission to study the idea of forming a continent-wide community similar to the European Union." They "agreed to form a study group in Rio de Janeiro to look at the possibility of creating a continent-wide union, and even a South American parliament." Bolivian President Evo Morales is quoted saying, "We seek that South America be forever a region of peace that works to solve the economic problems of its historically abandoned majority." The AP says discussions may continue at Mercosur's meeting in Brazil this month.

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Analyst Says Latin Americans Want "Best Of" Castro, Pinochet Models. In an op-ed in the Washington Post (12/10, B2, 690K), the Inter-American Dialogue's Michael Shifter says, "For the past half-century, no two leaders have so defined Latin America's political scene as Cuba's Fidel Castro and Chile's Gen. Augusto Pinochet." While their regimes were "similar only in their harshness and in the intense passions they evoked," their "legacies" will "loom large, and will long outlive them. They have been tyrants in life, but after their deaths, they will still shape the Latin America they leave behind." Noting that Castro "recognized the fundamental social inequities that mar the region," and Pinochet "embraced the market and its power to lift an economy," Shifter says modern, democratic "governments of the region are drawing on both those veins in their quest to better their citizens' political and economic futures."

Fiji Coup Leader Tries To Assemble Government. The AP (12/9) reports Fiji coup leader Frank Bainimarama "ran want ads in local newspapers Saturday to fill vacant Cabinet jobs, trying to piece together a new government for the south Pacific country." He had earlier "removed a swath of senior civil servants, including top police officers, saying he is weeding out corruption entrenched in the administration of ousted Prime Minister Laisenia Qarase." The AP also notes that Bainimarama's "hand-picked" leader, Jona Senilagakali, "took over the prime minister's office for the first time Friday, arriving with an armed military guard."

Czech Republic Remains "On Autopilot" Six Months After Elections. A New York Times (12/10, A3, Smith, 1.16M) piece details the continued failure of Czech Prime Minister Mirek Topolanek to form a government. "For six long months, the Czech Republic has waited with increasing impatience for Mr. Topolanek to form a government that can win a vote of confidence from a Parliament perfectly split along partisan lines. He had promised President Vaclav Klaus that he would present a winning cabinet by [last week,] but he had no cabinet ready." The country "is suddenly finding democracy something of a puzzle. The combination of a backstabbing political culture and a parliamentary system that provides no tie-breaker in the case of an evenly divided legislature has left the country on autopilot since national elections in June. The crisis shows how far the region's post-Communist political culture has to go before it is mature, but it also indicates that the area's political systems are remarkably secure."

Kosovo Conflict Ordnance Cleanup In Albania Continues. The Washington Post (12/10, A26, Frye, 690K) reports on efforts to eliminate unexploded NATO ordnance in Albania. "For many Albanians living near Kosovo, "it's been seven years of death, amputations, shrapnel wounds and blown-up farm animals, seven years of blocked-off grazing lands, forests and water supplies. The explosives have choked off any hope of development, denying more than 25,000 people access to parts of their land, according to government estimates." Of one rural area, the Post says, "The terrain here is more vertical than horizontal, and planting and grazing land is so precious that before organized de-mining began, some residents tried to clear fields and paths on their own, often with tragic results." Demining "has focused on ground that villagers deem to be high and medium priority: grazing and crop land, roads, areas near water sources. This fall, those and other useful areas along the length of the border were finally declared free of explosives, but it will probably be 2010 before nearly all the explosives along the border are gone."

Border Conflicts Threaten To Destabilize Central African Republic. A lengthy front-page story in the New York Times (12/10, Polgreen, 1.16M) reports, "The Central African Republic — so important as a potential bulwark against the chaos and misery of its neighbors in Chad and the Darfur region of Sudan — is being dragged right into the dangerous and ever-expanding conflict that has begun to engulf central Africa." The Times says the CAR's borders are "porous" and its border lands "ungoverned," and adds, "The situation is so bad in some places that 50,000 residents have fled … to find refuge in Chad, of all places, while starvation threatens hundreds of thousands who remain." Noting that the CAR "sits almost at the bottom of the United Nations development index," the Times says "its vulnerability has only grown in recent months." United Nations border enhancement efforts aim "to avoid a broad, multicountry conflict like the one that swept Congo after the fall of Mobutu Sese Seko."

Chadian Rebels Claim Government Attack Repulsed. The AP (12/9) carries a Chadian rebel group's claim that "rebels fought back a Chadian army attack on Saturday outside an eastern Chad town, killing 100 soldiers and injuring an unknown number of others." Chadian "soldiers attacked a rebel position just outside the eastern Chad town of Biltine … and after three hours of fighting, rebels of the Union of Forces for Democracy and Development, known by the French acronym UFDD, repulsed them, said Ali Moussa Izzo, spokesman of the group." The AP adds, "It was not possible to independently confirm the rebels' claims and government officials were not immediately available for comment."

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Madagascar's Ravalomanana Reelected. The AP (12/10, Hogg) reports Madagascar President Marc Ravalomanana "has been re-elected in the Indian Ocean island country, officials said Saturday." Ravalomanana, who appears to have won 55 percent of the vote in last Sunday's runoff election, "promised a five-year development plan to reduce poverty, the dominant issue in a country were 70 percent of the island's 17 million people live on less than $1 a day."

Africa Expert Says Somali Conflict Will Become Regional War Soon. Former CIA case officer Garrett Jones writes extensively in the Los Angeles Times (12/10, Jones, 850K) about Somalia, whose violence "is in a class by itself." He calls Somalia "a space between countries. Or simply a feral nation." Today, "the Somalis are poised to insist that the international community tune back in while they commit an auto-da-fe on CNN. Somali Islamists, modeling themselves on the Taliban, have taken control of most of the country, driving the warlords out of the cities and into the bush." Jones predicts that, "when the roads are dry enough to allow military operations [in Baidoa], the Islamists will swiftly overwhelm the interim government unless outside help arrives at the last minute." He continues, "Somalia's neighbors are bracing for a regional war, and the U.S. State Department says 10 countries are taking sides in some fashion." That "big, ugly regional war" could happen next year, Jones says, and "it is going to become a concern of the U.S."

Yunus, Grameen Bank To Receive Nobel Peace Prize Today. Noting today's Nobel Peace Prize ceremony in Oslo, at which Muhammad Yunus and the Grameen Bank will be jointly awarded the 2006 honor, the New York Times (12/10, A27, Gibbs, 1.16M) reports Yunus "said he would use his newfound celebrity … to urge bankers everywhere to make small business loans to the poorest people they can find." He "is credited with inventing microfinance, the practice of lending small amounts of money to destitute people, 30 years ago. The idea is for borrowers — almost all of them women — to start or expand money-making enterprises like weaving, rope-making, vegetable farming and holding livestock." Yunus said microcredit will allow Bangladesh to halve "the number of people classified as extremely poor by 2015." Noting that 90 percent of the Grameen Bank is owned by millions of borrowers, the Times says Yunus "urged the United States to recalibrate its strategy for fighting terrorism and to address what he said were its 'root causes' — poverty and injustice."

Kristof Sees Stereotyping Of Islam. In his New York Times (12/10, 1.16M) column, Nicholas Kristof writes, "There's a fatigue in the West with an Arab world that sometimes seems to put its creative juices mostly into building better bombs. ... Those stereotypes are largely derived from the less than 20 percent of Muslims who are Arabs, with Persians and Pashtuns thrown in as well. But the great majority of the world's Muslims live not in the Middle East but ... in Asia, where religion has mostly been milder. ... Meanwhile, many Muslims are as disenchanted with us as we are with them. They complain about hypocritical Americans who parrot slogans about human rights but brutalize Muslims at Guantánamo and supply the weaponry that kills Muslim children in Gaza and Lebanon." Kristof predicts, "Desert Muslims grab the headlines, but my bet is that in the struggle for the soul of Islam, maritime Muslims ['more outward-looking, flexible and tolerant'] have the edge."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Athletes' Unbeatable Foe"
"So You Think Your 401(k) Money Is Safe"
"Midnight Sun Has A Dark Side"
"San Pedro's Shifting Canvas"
"Global Warming, Local Initiatives"

New York Times:
"Report On Iraq Exposes Divide Within G.O.P."
"Black-Market Weapon Prices Surge In Iraq Chaos"
"Religion For A Captive Audience, Paid For By Taxes"
"DNA Gatherers Hit A Snag: The Tribes Don't Trust Them"
"On The Run As War Crosses Another Line In Africa"
"Yes, You Can Surf In Cleveland, Before The Brown Water Freezes"
"Shiites Rout Sunni Families In Mixed Area Of Baghdad"
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"Buckeyes' Smith Collects Heisman"
"Gumshoe Work And Luck Helped Pinpoint Suspected
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"Shuttle Heads To Space Station For 12-Day Mission"
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"Mexico's New First Lady May Take A Traditional Role"
"Big Names, Big Dollars In Bush Library Bid"
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Story Lineup From Last Night's Network News:
ABC: Rumsfeld In Iraq; President's New Direction For Iraq; 109th Congress; Space Shuttle Discovery; Winter Weather; Taco Bell E. Coli Outbreak; Public Opinion On Iraq; Organ "Members Only" Group; Princess Diana's Death.
CBS: Taco Bell E. coli Outbreak; 109th Congress; Rumsfeld In Iraq- Foreign Policy Analysis; Baker/ Hamilton Commission Members In Iraq; French Public Policy To Working Mothers; Litvinenko Investigation.
NBC: Rumsfeld In Iraq; Bush- Iraq Strategy; Space Shuttle Launch; Middle East Protests; Russian Fire; Pennsylvania Explosion; James Kim Death; Marine Profile; Capitol Hill; Obama- New Hampshire; Soldier Memorial.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — 6 p.m. President and Mrs. Bush attend Christmas in Washington. National Building Museum.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not is session.

Other: SUMMIT ON THE STATES _ Dec. 8 - 10.The Center for Policy Alternatives holds a three-day Summit on the States Conference with progressive state legislators nationwide. Location: Capital Hilton, 16th and K Sts. NW. Contacts: Bernie Horn, 202-956-5135

DARFUR DEMONSTRATION _ 11 a.m. - 2 p.m. A demonstration led by women will be held outside the Sudanese embassy to protest rape and sexual violence in Darfur. Highlights: 11 a.m. Prayer service at the Church of the Pilgrims. 2201 P St. NW. 1:45 p.m. Protesters walk to Sudanese Embassy. 2 p.m. Vigil at Embassy of the Republic of Sudan, 2210 Massachusetts Ave. NW. Location: As noted. Contacts: Colleen Connors, 202-478-6147.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 10, 2006 7:45 AM EST

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TERRORISM NEWS:

Book Ties Enemy Combatant To L.A. Plot (LAT)

By Richard A. Serrano

The Los Angeles Times, December 10, 2006

CHARLESTON, S.C. — Ali Saleh Kahlah al-Marri is the last enemy combatant imprisoned in this country. Yet four years after his arrest, government officials still cannot agree on what threat he posed.

In a new allegation, former Atty. Gen. John Ashcroft says Al-Marri was sent to the United States a day before the Sept. 11 attacks to plan strikes on West Coast targets, including the tallest building in Los Angeles.

Ashcroft's claim — made in a new book — is the first time any U.S. official has directly linked Al-Marri to the West Coast attacks that Al Qaeda leader Osama bin Laden allegedly hoped would follow the deaths of nearly 3,000 people in New York, the Pentagon and Pennsylvania.

Citing Sept. 11 mastermind Khalid Shaikh Mohammed, who was captured and interrogated, Ashcroft wrote: "I believe KSM had planned to use Al-Marri to help facilitate this next wave of attacks focused on Los Angeles."

But three federal law enforcement officials asked about the allegation said they were mystified by Ashcroft's assertions. And a court document alleging that Al-Marri — a U.S.-educated citizen of Qatar and Saudi Arabia — has deep ties to Al Qaeda makes no mention of any role in an assault on the West Coast.

Plot broken up

Speaking confidentially because they did not want a public fight with the former attorney general, the Washington officials said the West Coast plot was broken up by arrests overseas that did not involve Al-Marri.

They said Al-Marri was sent to the United States as an Al Qaeda "sleeper agent" and was not assigned to prepare an attack on any specific target. With his wife and five children, they said Al Qaeda leaders hoped he could reside unnoticed in Peoria, Ill., where he had once lived and attended school.

"He was never given any assignment," said one of the officials familiar with government intelligence on the West Coast plot. "KSM may have considered him as an operative, but that's about it."

He acknowledged, however, that Ashcroft's contention "might still be a possibility."

The dispute is spilling onto the public stage as the Bush administration finds itself under mounting legal and public pressure to provide some form of justice for captives arrested in the U.S. and abroad. The disagreement also shows there are deep divisions within the government over what to make of enemy combatants.

Al-Marri's defense lawyers have repeatedly called on the government to either charge him with a crime or set him free, saying his endless solitary confinement at a Navy brig next to Charleston violates the founding principles of American jurisprudence.

But twice this year different federal judges in South Carolina have denied their request and ruled that the Bush administration can continue to legally — and indefinitely — hold Al-Marri as an enemy combatant.

Al-Marri's defense attorneys have appealed, and the government, seeking to cut them off again, recently signaled it may bring Al-Marri before a military tribunal similar to those planned for Mohammed and other detainees at the U.S. naval base at Guantanamo Bay, Cuba.

Why Ashcroft is raising this assertion now is unclear. He did not respond to repeated requests for an interview.

In his book, "Never Again: Securing America and Restoring Justice," Ashcroft said the second wave was "planned meticulously" by Mohammed with Al-Marri in mind. He wrote that Al-Marri was "part of an Al Qaeda advance team sent to the United States to facilitate the next round of terrorist attacks."

But of Al-Marri's arrest, Ashcroft wrote, "I believe it frustrated Al Qaeda's plans for new attacks. The Los Angeles plot unraveled due to international cooperation among America's allies."

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David Ayres, Ashcroft's former chief of staff at the Department of Justice, said the department reviewed the book for accuracy and classified material. And others suggested the information must have been gleaned by Ashcroft from his four years as attorney general.

"Why would he make it up?" wondered Carl W. Tobias, a law professor at the University of Richmond in Virginia who has closely monitored the Al-Marri case.

Angry defense lawyers

Defense lawyers, however, are angry Ashcroft is making assertions that government prosecutors have never alleged in federal court here in Charleston. The attorneys theorize that Ashcroft is trying to make Al-Marri appear evil to support his own Justice Department policy of endlessly incarcerating enemy combatants.

"He's all spit and no sidewalk," defense lawyer Andrew J. Savage III of Charleston said of Ashcroft.

Jonathan L. Hafetz, a litigation specialist at the Brennan Center for Justice at the New York University School of Law, who is assisting in the Al-Marri defense, was equally dismissive. "If they have that evidence, they should present it," Hafetz said. "Put up or shut up."

In an apparent reference to Mohammed, Ashcroft wrote that the information on Al-Marri came from a "detained senior Al Qaeda leader, whose credibility had been well established" and who identified Al-Marri as "an Al Qaeda sleeper operative, someone inside the country, lying low but working all the while for the enemy."

Mohammed, who was captured in March 2003, is known to have named Al-Marri as an Al Qaeda operative during his interrogations.

He also gave lengthy, written testimony in this year's trial of Sept. 11 collaborator Zacarias Moussaoui. He described the West Coast plot in detail, including the selection of the 73-story Library Tower (now the U.S Bank building), as one of the targets. But he did not name Al-Marri as a co-conspirator.

He added that Bin Laden personally "advised that a second wave attack should focus on the West, believing that security might be more lax there."

President Bush and Vice President Dick Cheney recently stated that Mohammed has provided reliable information.

But Hafetz said any statements from Mohammed should be discounted because Mohammed was allegedly tortured into talking by a controversial technique that simulates drowning. Al-Marri should be released now, he said, because "you can't hold somebody based on a statement from a guy who was water-boarded."

The three senior federal law enforcement officials in Washington sharply disagree with Ashcroft's premise that Al-Marri is a key figure in the West Coast plot. They said the scheme fell apart after a "handful" of other suspects were arrested overseas for involvement in the plot.

"This guy [Al-Marri] was never named by KSM [Mohammed] as being in the Library Tower plot," said one of the officials. "But he was put on the radar by KSM as a guy who was here stateside as a potential operator."

Al-Marri, now 40, was arrested in December 2001 in Peoria. He had earned a bachelor's degree in business administration there in 1991. He returned and enrolled to earn a graduate degree in computer science at Bradley University.

FBI agents found evidence that appeared to link him to Al Qaeda, but he was held on minor bank-card and credit-card fraud charges.

He was preparing for trial when Mohammed was arrested in March 2003 and began talking.

Three months later, in June 2003, the Bush administration abruptly designated Al-Marri an enemy combatant and moved him from a jail in Illinois to the Navy brig.

The two judges, federal Magistrate Judge Robert Carr F. and U.S. District Judge Henry F. Floyd, who upheld the enemy combatant designation, based their rulings on a partially declassified summary from Jeffrey N. Rapp, a senior defense intelligence officer.

The summary says "multiple intelligence sources" confirmed Al-Marri was sent to the United States to explore how to hack into computer systems and disrupt U.S. financial systems.

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But it does describe Al-Marri as a man devoted to Al Qaeda, who had trained with the terrorist network, versed himself in poisons and chemical weapons, talked frequently with a terrorist financier, and kept Bin Laden speeches and lists of jihad websites on his computer.

"He met personally with Osama bin Laden and other known Al Qaeda members," Rapp concluded, "and volunteered for a martyr mission or to do anything else that Al Qaeda requested."

Plans To Construct Legal Compound At Guantánamo Halted (MH)

By Carol Rosenberg

The Miami Herald, December 10, 2006

In an abrupt about-face, the Pentagon has scrapped plans to invoke emergency authority to fast-track construction of a controversial $100 million legal compound at Guantánamo Bay, Cuba.

Instead, Defense Department officials will seek permission from Congress for any new major buildings in which to stage the first war-crimes trials since World War II.

The Pentagon's retreat from a plan it had earlier described as urgent was a setback in Bush administration war-on-terrorism policy, just as the Republican-led Congress finished business Saturday -- to be replaced by a Democratic majority in early January.

California Sen. Dianne Feinstein, a key Democrat on the Senate's military construction and armed services committees, announced the Defense Department's change of course in a news release late Friday -- after members of Congress, both Republicans and Democrats, had protested the move.

"I thank the Department for postponing plans to build a permanent courthouse at Guantánamo Bay," Feinstein said. ``It's important this courthouse proceed through regular order, with public hearings, so that there is full knowledge of what is intended."

Feinstein was among critics of the project, which was first reported by The Miami Herald.

Last month, the Pentagon had quietly notified contractors that it was seeking design and construction bids for the elaborate legal compound -- complete with two courtrooms, housing for 1,200, dining facilities for 800, a 100-vehicle motor pool and conference and other meeting facilities.

MILITARY CITY

A virtual mini military city, the legal compound was projected to cost $75 million to $125 million and be the single-largest construction project at the remote U.S. Navy base in southeast Cuba. Today there are about 420 foreign men and teens held at the base as enemy combatants; about 80 could face war-crimes trials.

The decision to freeze its plan to invoke emergency authority capped a week in which Defense Secretary Donald Rumsfeld said goodbye to Pentagon employees; a blue-chip bipartisan panel said the war in Iraq was mismanaged; and key Republican and Democratic senators introduced legislation to restore captives' rights to challenge their detention -- a move that would give civilian courts a greater role in individual cases at Guantánamo.

The Bush administration has been in a tug of war with civilian attorneys over the rights of the captives at Guantánamo since soon after the prison camp opened in January 2002 with an airlift of 20 captives from Afghanistan. At the time, the Pentagon had provisional plans to house up to 2,000 captives there.

The Pentagon also made the about-face during the same week it put into service a new prison facility -- known as Camp 6. It had cost more than $37 million and was intended as a mediumsecurity prison with communal eating and praying until a riot last summer led to its redesign as a maximum-security compound.

The Miami Herald disclosed the Pentagon's pre-bid solicitation for the legal compound on MiamiHerald.com on Nov. 16.

`EXTREME URGENCY'

The next day, Nov. 17, Deputy Defense Secretary Gordon England wrote Republican and Democratic members of Congress that because of "national security implications and extreme urgency" the Pentagon was invoking "Section 2808 of title 10, United States Code" as authorization for its fast-track authority -- a move that did not require congressional approval.

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On Friday, the Pentagon notified Feinstein, according to her office, that ``it has canceled the contract solicitation and will examine alternatives."

The Pentagon on Saturday gave no details but suggested it would no longer seek to fund the Guantánamo project without explicit congressional appropriation and authorization.

"We continue to work with Congress to proceed in an expeditious fashion to bring these unlawful combatants to justice," said Air Force Lt. Col. Todd Vician, th Pentagon's weekend spokesman.

But as of Saturday, the fast-track bid solicitation was still on a U.S. government contracting website, with a Dec. 20 deadline for solicitations and a July 2007 completion date. The Pentagon previously built a more modest, single-court complex at the Navy base for earlier Military Commissions, which the U.S. Supreme Court declared unconstitutional in June.

Feinstein's office credited the about-face to ``concerns she and others had raised about the proposed location and funding mechanism."

Pentagon officials are now preparing new rules for presumably constitutional trials, under the 2006 Military Commissions Act, although lawyers for detainees are already challenging portions of the law in the federal courts.

Disclosure of the solicitation last month unleashed a wave of criticism.

California Republican Rep. Duncan Hunter, outgoing chairman of the House Armed Service Committee, declared the project ill-advised.

New York Republican Rep. James Walsh, outgoing chairman of the military appropriations subcommittee, in comments in the Syracuse Post-Standard, expressed concern about its impact on military readiness.

"We're at war," he said. ``It sounds like their priorities are skewed."

`BACK-ROOM STUNT'

And Democratic New York Sen. Charles Schumer, who has served on the Armed Services Committee, called the proposal a 'back-room stunt, of secretly taking money away from veterans' care and soldiers' facilities."

Outside of Congress, Amnesty International labeled it a "white elephant" and a St. Louis Post-Dispatch editorial scorned it as a ``kangaroo compound."

The American Civil Liberties Union wrote members in an e-mail alert that Vice President Dick Cheney's old firm, Halliburton, had attended Defense Department planning conferences on the project.

Halliburton spokeswoman Melissa Norcross last week would not say whether a subsidiary already working at Guantánamo, would bid to build the legal compound.

Pentagon spokesmen would not say how rarely, if ever, the Bush administration had used emergency authority to circumvent Congress' power to appropriate and authorize.

Although Congress had no power to halt construction under the Pentagon's emergency authority, the Pentagon's England had sought a commitment from key Congress members to restore the money it intended to divert from existing, authorized military construction projects.

Pentagon spokesmen would not identify which already appropriated projects it would set aside.

Redefining Torture (NYT)

By Dahlia Lithwick

The New York Times Magazine, December 10, 2006

There were always two narratives offered about the change in American torture policy after 9/11. The first story — told by the Bush administration — was that the Geneva Conventions mandating humane treatment of war prisoners could be unilaterally suspended by the president for the duration of the war on terror. But, this story continued, our prisoners were nevertheless well treated, as required by honor if not by law; only a few renegade bad apples abused detainees.

The alternate version of the story went this way: from the outset of the war, human rights groups said, Bush-administration attorneys devoted considerable energy to secretly redefining torture. Leaked memos revealed that widely agreed-upon definitions of torture had been changed; ambiguous new rules started filtering down through the C.I.A. and the military — with lethal consequences.

The two narratives collided this summer with the Supreme Court's decision in Hamdan v. Rumsfeld. After striking down the tribunals proposed to try detainees at Guantánamo Bay, the court went on to rule that the Bush administration was obligated to comply with the "laws of war," including Common Article 3 of the Geneva Conventions — the provision barring torture, cruel and humiliating treatment or "outrages upon personal dignity."

The Hamdan decision demolished the argument that the president's war powers were limitless and beyond review. It also meant that C.I.A. and other administration officials faced possible criminal liability for past and future acts of abuse. So the administration scrambled to both justify the torture and change the law.

The result was a "showdown" in Congress, wherein the president requested the power to redefine the legal standard for torture and the power to determine whether and how the Geneva Conventions apply. The administration also requested the authority to keep the specifics of its "alternative interrogation methods" secret. Even though the president acknowledged that he had sent prisoners to secret "black sites" for interrogation, Congress passed legislation decreasing Congressional and judicial oversight of detainees. When Bush admitted, in short, that the second narrative — America tortures people in secret — was true, Congress effectively made it legal.

The final detainee bill, as passed by Congress in September, immunizes some of those who abused detainees and relaxes restrictions on abuse. It strips the courts of jurisdiction to hear whole classes of cases and denies "alien unlawful combatants" (a classification left to Bush to define) the power to assert Geneva Conventions claims in courts. The bill purports to apply the Geneva Conventions, then defines them away. It purports to prohibit torture, then defines the prohibition away.

In October, Dick Cheney allowed that one of the most controversial torture methods — simulated drowning or "water boarding"— could be called a mere "dunking." The White House later contended that he'd not been referring to water boarding but to something else. Perhaps. But it's striking that in the span of 12 months, prisoner abuse had morphed from a secret to the law to a punch line.

HOMELAND RESPONSE:

Great Lakes Area Tries To Dodge A Bullet (WP)

By Peter Slevin

The Washington Post, December 10, 2006

CHICAGO -- U.S. Coast Guard vessels staging machine-gun target practice in the peaceable Great Lakes? George Heartwell does not like the idea, not one little bit. He questions the need, the risk and the appearance.

"I think our Canadian friends see us as trigger-happy cowboys," said Heartwell, mayor of Grand Rapids, Mich. "There simply have to be other ways and better ways."

In the name of defending the United States against terrorists, the Coast Guard proposes live-fire zones in all five Great Lakes, where gunners could perfect their skills on M-240B machine guns to be mounted on lake vessels. The weapons can fire hundreds of 7.62mm rounds a minute and send lead 2.3 miles downrange.

The Coast Guard, at a series of public hearings this fall, defended the 34 proposed zones as essential to its mission. Each zone, located at least five miles offshore, would be used perhaps two or three times a year for a few hours. Civilian boaters would be warned to stay away.

Yet opposition to the proposal is formidable and growing, led by an alliance of 80 mayors from eight states and Canada who called on the Coast Guard last month to drop the plan. More than a dozen environmental groups have asked for changes in the project and a deeper study of the effect on the ecosystem of hundreds of thousands of lead bullets.

Toronto Mayor David Miller, speaking for the organization of mayors, called the live-fire proposal "totally contrary to the long history of peaceful relations and environmental cooperation between the United States and Canada on the Great Lakes."

The decision to install machine guns on Coast Guard vessels in the U.S. waters of the Great Lakes was sensitive enough that the Bush administration sought to assure the Canadians that the weapons would not violate the spirit of an 1817 agreement limiting armaments on the lakes, home to 21 percent of the fresh water on the Earth's surface.

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Asserting the need for the guns, a State Department diplomatic note in April 2003 cited "the potential for a tragic outcome" if the border's integrity were breached.

The Coast Guard began live-fire training earlier this year, conducting 24 exercises before a public outcry forced a suspension. The Coast Guard held nine public hearings and extended the comment period by two months to explain the plans and overcome the suspicion that they had acted dismissively.

Chief Petty Officer Robert Lanier, a spokesman for the Coast Guard's regional headquarters in Cleveland, described the training: Gunners in the 34 zones would shoot at floating targets in exercises lasting four to six hours at a time.

"To be proficient on the weapon, we have to practice," Lanier said. "There's a tremendous difference between operating any type of weapon on land versus operating it on water, where you've got the motion of the Great Lakes, the wind current, the sun."

Opponents, however, suggest using a simulator or sending Coast Guard members to train on the ocean.

"To be honest with you, we don't feel we're ready for this militarization of the Great Lakes," said F. Ned Dikmen, Chicago-based chairman of the Great Lakes Boating Federation. "The waterways, the pristineness, the enjoyment, takes on a different picture."

Dikmen continued: "My biggest fear is a poor fisherman that is not very radio-friendly and might not even know exactly what hit him. Are you going to call them on the phone? How are they supposed to know they are 2.3 miles out from the firing range? "

Kevin Crawford, mayor of Manitowoc, Wis., is among the critics who believe the Coast Guard acted badly.

"That's our freshwater supply. We fish out of there. We recreate out of there," said Crawford, who is also skeptical of federal projections that the lead in the Coast Guard's bullets will do no harm. "The idea that continuous activity of the Coast Guard over time won't have an effect is untrue, or least we don't know it to be true."

One of Crawford's worries is the safety of passengers on the S.S. Badger, a steam-powered ferry that churns between Manitowoc and Ludington, Mich. Another concern is the potential for unease among tourists who gravitate to the lake.

"You never know what's going to set off a change in the visitor economy," said Crawford, who added that he was not concerned about the prospect of terrorists on the Great Lakes. "There just doesn't seem to be that kind of a threat out there."

Not everyone is speaking against the Coast Guard project. Among the supporters is Dexter Nelson, captain of the 34-foot, twin-engine Fishin' Luhrs, who figures he has spent more than 17,000 hours afloat in Lake Superior, catching lake trout, walleye and salmon. He is confident the Coast Guard will find ways to notify boaters and fishermen, and he believes the training is necessary.

"I just think leave them alone and let them do what they need to do," said Nelson, who is based in Duluth, Minn. "If something happens, it's good if they're well-trained."

The Great Lakes Sport Fishing Council proposes reducing the 14 proposed Lake Michigan zones by half and moving them farther offshore. In a vast lake that stretches about 120 miles at its widest point, the proposal would mean a zone perhaps 40 miles from the shoreline, compared with the current five-mile minimum.

"It's really nothing for the average angler to go 10 or 15 miles offshore to fish," said Dan Thomas, president of the Chicago-based council, which counts 300,000 members. He supports the Coast Guard and considers the live-fire zones a minor inconvenience worth tolerating.

"They're putting their lives on the line to protect your butt and my butt," Thomas said. "There need to be some adjustments, but at the same time, I'm telling my guys, 'Get a life.' "

The Coast Guard is reviewing its plans, with no announced date for a decision.

WAR NEWS:

Bush Aides Seek Alternatives To Iraq Study Group's Proposals, Calling Them Impractical (NYT)

By Jim Rutenberg, David E. Sanger

The New York Times, December 10, 2006

DOJ_NMG_0104655

WASHINGTON, Dec. 9 — Administration officials say their preliminary review of the bipartisan Iraq Study Group's recommendations has concluded that many of its key proposals are impractical or unrealistic, and a small group inside the National Security Council is now racing to come up with alternatives to the panel's ideas.

In interviews over the last two days with officials from the White House, the State Department, the Pentagon and foreign diplomats, President Bush and his top aides were described as deeply reluctant to follow the core strategy advocated by the study group: to pressure Prime Minister Nuri Kamal al-Maliki to rein in sectarian violence faced with reduced United States military and economic support.

Secretary of State Condoleezza Rice has cautiously embraced that approach, several officials said, but others — including people in the National Security Council and the vice president's office — argue that the risks are too high. "The worry is that the more Maliki is seen as our puppet, because he is abiding by our timelines and deadlines, the internal political dynamics will become so fragile that the whole government would collapse," said one senior official participating in the internal review. "That would set us back a year." A senior official said the administration was not near a "decision point" on how to go about influencing Mr. Maliki to move faster, and he said it was taking seriously some of the report's suggestions.

But in interviews, senior administration officials, who would not be quoted by name because Mr. Bush has made no final decisions about how to deal with the Iraq panel's recommendations, questioned the study group's assertions that Iran had an interest in helping to stabilize the situation in Iraq, or that it made sense to start negotiations with Iran without conditions. And they took issue with the decision by former Secretary of State James A. Baker III and the nine other members of the commission to make no mention of promoting democracy as an American goal in the Middle East, and to drop any suggestion that "victory" was still possible in Iraq when they presented their findings to Mr. Bush and to the public on Wednesday.

"You saw that the president used the word 'victory' again the next day," said one of Mr. Bush's aides. "Believe me, that was no accident."

The administration's inclination to dismiss so many of the major findings of the bipartisan group sets the stage for what could become a titanic struggle over Iraq policy. Just two months ago, administration officials were saying that they believed the findings by the panel headed by Mr. Baker and Lee H. Hamilton, a former congressman, would be all but written in stone — and that Mr. Bush would have little choice but to carry out most of them. But in recent weeks, the White House sought to describe the panel's role as that of one advisory group among many.

Andrew H. Card Jr., the president's chief of staff until last spring, said that whatever Mr. Bush did in Iraq would probably fall short of many of the commission's recommendations, and that he was likely to continue making decisions that he believed were right even if unpopular. Referring to Mr. Bush's secret intelligence briefings, Mr. Card said, "The president by definition knows more than any of those people who are serving on these panels."

"The president's obligations sometimes require him to be very lonely," he said.

Mr. Bush has empowered the "Crouch Group," a small group of advisers being coordinated by Jack D. Crouch II, the deputy national security adviser, to assemble alternative proposals from the Joint Chiefs of Staff, the State Department, the Treasury Department and staff of the National Security Council.

The administration's strategy appears to be: Adopt parts of the recommendations that are under way already, or that are considered minor modifications of those efforts, and pick away at those that the administration believes imply retreat or folly. For example, the administration is embracing a recommendation that it put energy into reviving Israeli-Palestinian peace talks. Ms. Rice is planning a trip to the region early next year, and the administration says it plans to build on a new initiative by Israel's prime minister, Ehud Olmert. Similarly, officials have described the report's call for the creation of an "Iraq International Support Group" as a natural expansion of two regional forums that Ms. Rice has already met with several times, an economic cooperation group called the "Compact for Iraq" and the "Gulf Plus Two" group, which includes the Gulf Cooperation Council, plus Egypt and Jordan.

But other recommendations are being cast as overly optimistic. For example, while White House and Pentagon officials note that they are already embedding additional trainers and advisers in Iraqi units, they expressed deep skepticism that the force of 4,000 advisers could be rapidly increased to the 10,000 to 20,000 envisioned in the report. As a result, they said, they doubted it

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would be possible to pull back all 15 American combat brigades from Iraq's streets and towns by the first quarter of 2008, the goal in the panel's report.

The primary author of the military section of the report, William J. Perry, who was defense secretary under President Clinton, said in an interview on Friday that the administration's resistance was baffling to him. "There are many ways in which the training goals can be achieved in a timely way," he said. "If there is a will to carry out the proposed embedding program, it can be done."

That argument appears to foreshadow the debate that will develop as Mr. Bush seeks advice at the State Department, the Pentagon and elsewhere next week. Members of the study group say they expect to be defending both their individual proposals and the need for an integrated diplomatic and military package. "Given the track record these guys in the White House have, you would think they would show a little humility about taking aboard some outside ideas," said one Republican member of the commission who spoke on condition of anonymity.

Dan Senor, a former administration spokesman for the Coalition Provisional Authority in Iraq, said that in conversations with administration officials, they had dismissed many of the report's recommendations as "not terribly realistic from an operational standpoint."

He said former colleagues had told him they felt comforted by the recognition that there were no good options, because despite all of the intellect brought to the endeavor, the members of the panel had failed to make the leap from strategy to implementation. "It's easy to suggest these steps in theory, but we haven't been able to figure out the how," Mr. Senor said. "Now, neither have these 10 wise men and woman."

One of the continuing debates within the White House and the Pentagon is whether to temporarily "surge" the number of American forces in Baghdad, in an effort to regain control over Baghdad. But the Pentagon has said that most of the additional 30,000 forces should be Iraqis.

One foreign diplomat, who requested anonymity because he was discussing American deliberations, said one strategy being considered would include dividing the labor between American and Iraqi forces — with Americans focusing on hunting down elements of Al Qaeda, and the Iraqi forces focusing more on sectarian clashes. The Iraq Study Group report leaves open the possibility of a temporary increase in forces, and envisions a similar role for the United States in seeking out Al Qaeda.

An administration official said that such a division of labor could not be so black and white. And Vice President Dick Cheney is said to be urging caution in dealing with the Shiite and Sunni factions, concerned that the administration avoid signaling that the Shiites would be abandoned as they were at the end of the Persian Gulf war.

The report's authors say their strategy will work only if taken largely as a whole; Mr. Baker warned against treating it like a "fruit salad," picking the juiciest pieces. The White House, however, appears to be groping for the right fork to do exactly that.

Tony Snow, the White House spokesman, said that in spite of Mr. Baker's public suggestion that the administration should follow its recommendations fully, "Members of the Baker-Hamilton commission made it clear that they don't expect everybody to agree with each and every jot and tittle."

"And the president as commander in chief," Mr. Snow said, "still has the obligation to take seriously every bit of analysis and advice he gets, and to make his own decisions."

White House Debating New Iraq Strategies (AP)

By Jennifer Loven,

AP, December 10, 2006

In a rush to chart a new course for the Iraq war, President Bush's national security team is debating whether additional troops are needed to secure Baghdad — a short-term force increase that could be made up of all Americans, a combination of U.S. and Iraqi forces, or all Iraqis, a senior administration official said Saturday.

Other options being debated for inclusion in what the president has said will be his "new way forward" include a revamped approach to procuring the help of other nations in calming Iraq; scaling back the military mission to focus almost exclusively on hunting al-Qaida terrorists; and a new strategy of outreach to all of Iraq's factions, whose disputes are fueling some of the worst

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bloodshed since the war began, said the official, who spoke on condition of anonymity because the disclosure of internal discussions had not been authorized.

The official would not disclose how the administration was leaning in each of these areas, or provide details of the many other options said to remain on the table. The source cautioned that although Bush is planning to present his plan to the nation in a speech in the next two weeks, the discussions remain fluid and no final decisions have been made.

However, military leaders have portrayed a surge of additional forces as an unattractive option, and the Iraq Study Group did not recommend one.

In his weekly radio address Saturday, the president praised the report by the independent, bipartisan panel on Iraq, heralding its support for his goal of a country that can govern, sustain and defend itself. While ignoring the sections of the Iraq Study Group's report that criticize his administration's handling of the war and recommend a radically different strategy, Bush said he was pleased the panel did not suggest a hasty withdrawal of U.S. troops.

"The group declared that such a withdrawal would `almost certainly produce greater sectarian violence' and lead to `a significant power vacuum, greater human suffering, regional destabilization and a threat to the global economy,'" the president said, quoting from the report.

Defense Secretary Donald H. Rumsfeld was in Iraq Saturday on a surprise visit, a Pentagon spokesman said. "He's there to express his appreciation to the troops and to thank both the troops and their families for the sacrifices they are making," said Air Force Lt. Col. Todd Vician, a Defense Department spokesman.

Since Wednesday's release of the group's 79-recommendation prescription for change, which it said was needed quickly to turn around a "grave and deteriorating" situation, Bush has appeared to set the stage for going in his own direction.

The president has said he will consider all of the panel's recommendations while awaiting the conclusion of parallel Iraq policy reviews by the Pentagon, State Department and White House National Security Council.

But Bush has already been publicly cool to the panel's key proposals — which called for direct engagement with Iran and Syria as part of a new diplomatic initiative and a pullback of all American combat brigades by early 2008, barring unexpected developments, to shift the U.S. mission to training and advising.

The president's own due diligence on Iraq continues all week.

On Monday, he goes to the State Department for a presentation on diplomatic and political options, and then meets in the Oval Office with independent Iraq experts. On Tuesday, the president confers in a video conference with senior military commanders and Ambassador Zalmay Khalilzad, the top U.S. diplomat in Iraq. On Wednesday, he meets with senior defense officials at the Pentagon.

On the political front, some have argued for a tilt away from minority Sunni dissidents to Shiites, who dominate the government and the country's largest sect. But the administration's internal review may instead recommend a wholly revamped U.S. approach that focuses less on playing middleman between major Shiite and Sunni political factions in the government in Baghdad and more on identifying new moderate leaders from across Iraq's political spectrum.

Administration officials point to Bush's recent meetings as evidence he is getting involved in a different way in the political infighting among Shiites, Sunnis and Kurds. Earlier this week, Bush met with the leader of the largest Shiite bloc in Iraq's parliament, Abdul-Aziz al-Hakim. On Tuesday, he meets with a Sunni leader, Iraqi Vice President Tariq al-Hashemi.

Diplomatically, though Bush still objects to talks with Iran and Syria, a debate continues about which nations to try to engage and in what forum to approach them, the source said.

Democrats, meanwhile, continued to push for Bush to adopt the recommendations of the Iraq Study Group.

"Their report confirms what most of us have known for some time — President Bush's policy of stay the course is not working," Rep. Silvestre Reyes, D-Texas, the incoming chairman of the House Intelligence Committee, said in his party's weekly radio remarks. "We must launch a new diplomatic offensive to engage Iraq's neighbors and the international community in the process of stabilizing Iraq and that region. President Bush has not done this, but he must because our nation's security and the well-being of our 150,000 troops there depend on it."

Bush Says Report Shares His Primary Vision For Iraq (LAT)

DOJ_NMG_0104658

By Paul Richter

The Los Angeles Times, December 10, 2006

WASHINGTON — Although the bipartisan commission on Iraq endorsed actions that the White House firmly opposed, President Bush said Saturday that the panel's report shared his chief goal for the country.

Bush, trying to shift his course on the war in a way that will win public backing, said in his weekly radio address that the Iraq Study Group "explicitly endorses the strategic goal we've set in Iraq: an Iraq that can 'govern itself, sustain itself and defend itself.' "

Some conservatives have attacked the report as defeatist. But Bush said the bipartisan panel also shared his concern that a quick U.S. departure could ignite more violence across the region. "The Iraq Study Group understands the urgency of getting it right in Iraq," he said.

The release of the report Wednesday has amplified criticism of the administration's policies and lent new momentum to calls for U.S. withdrawal from Iraq. Bush is now scrambling to develop an alternate course that aides say is likely to contain some features of the panel's report while maintaining many of the current U.S. commitments for the indefinite future.

The president said the two parties should seek a bipartisan consensus on Iraq policy, and sought to portray himself as in step with many of the fundamental messages produced by the commission's five Democrats and five Republicans.

Though the report described the situation in Iraq in far more dire terms than he or his chief aides have used, Bush said it "provides a straightforward picture of the grave situation we face in Iraq." He said he agreed with the panel's findings that the goal should be "an Iraq with a broadly representative government that maintains its territorial integrity, is at peace with its neighbors, denies terrorism a sanctuary and doesn't brutalize its own people."

He cited its language that, "given the current situation in Iraq, achieving this goal will require much time and will depend primarily on the actions of the Iraqi people." Bush also highlighted the report's warning that a precipitate withdrawal would "almost certainly produce greater sectarian violence" and lead to "a significant power vacuum, greater human suffering, regional destabilization and a threat to the global economy."

Bush noted that he would hold highly visible meetings this week as he formulates a new approach that may be announced as early as next week. On Monday, Bush is to meet with academic and policy experts on Iraq, and hold a videoconference with military commanders.

Bush said he was confident that "we can move beyond our political differences and come together to achieve that victory."

He did not mention any differences in view between himself and the panel, which recommended withdrawal of nearly all 15 U.S. combat brigades by early 2008 and called for diplomatic initiatives with Iran and Syria.

But in a response to the radio address, the Democratic incoming chairman of the House Intelligence Committee said the group's report required an immediate shift of direction in Iraq.

Rep. Silvestre Reyes (D-Texas) said the report "confirms what most of us have known for some time — that President Bush's policy of stay the course is not working. We need a new approach." He said the panel's report followed what some Democrats have been urging for months — shifting U.S. troops from combat to advisory roles.

Sen. Richard J. Durbin of Illinois, the incoming Senate Democratic whip, noted that at a meeting with lawmakers Friday, Bush didn't endorse the panel's findings. Durbin said that led him to question whether Bush would support the conclusions.

In Bahrain on Saturday, Iran's foreign minister addressed the report's recommendation for U.S.-Iranian talks by saying Tehran would take part only if the United States first announced a troop withdrawal.

"The first and most essential step … is the United States announce they have decided to withdraw from Iraq," Manouchehr Mottaki told reporters at a security conference.

He said that if the United States declared plans to do so, "Iran is ready to help the administration to withdraw its troops from Iraq." But he added that Iraq so far did not see such "political will" in the United States.

Report On Iraq Exposes Divide Within G.O.P. (NYT)

By John M. Broder, Robin Toner

The New York Times, December 10, 2006

DOJ_NMG_0104659

WASHINGTON, Dec. 9 — The release of the report by the bipartisan Iraq Study Group this week exposed deep fissures among Republicans over how to manage a war that many fear will haunt their party — and the nation — for years to come.

A document that many in Washington had hoped would pave the way for a bipartisan compromise on Iraq instead drew sharp condemnation from the right, with hawks saying it was a wasted effort that advocated a shameful American retreat.

The Wall Street Journal's editorial page described the report as a "strategic muddle," Richard Perle called it "absurd," Rush Limbaugh labeled it "stupid," and The New York Post portrayed the leaders of the group, former Secretary of State James A. Baker III and Lee H. Hamilton, a former Democratic member of Congress, as "surrender monkeys."

Republican moderates clung to the report, mindful of the drubbing the party received in last month's midterm elections largely because of Iraq. They said they hoped President Bush would adopt the group's principal recommendations and begin the process of disengagement from the long and costly war. But White House officials who conducted a preliminary review of the report said they had concluded that many of the proposals were impractical or unrealistic. [Page 18.]

The divisions could make it more difficult for Republicans to coalesce on national security policy and avoid a bitter intraparty fight going into the 2008 campaign.

Senator John McCain of Arizona, a leading candidate for the Republican presidential nomination, rejected the major recommendations of the group because they did not present a formula for victory. Mr. McCain, hoping to claim the Republican mantle on national security issues, has staked out a muscular position on Iraq, calling for an immediate increase in American forces to try to bring order to Baghdad and crush the insurgency.

It is too early to say how the war will figure in Republican primary battles, as other potential candidates are still developing their positions and conditions on the ground in Iraq may change. Mr. McCain's chief early rival, Gov. Mitt Romney of Massachusetts, has been in Asia all week and has not yet read the report, an aide said.

But the debate will go to the heart of the party's identity — and its image as the party of strength on national security — after Mr. Bush's aggressive post-Sept. 11 foreign policy brought electoral successes in 2002 and 2004 but was profoundly challenged by voters this year.

Mr. Bush has not yet tipped his hand on what course he intends to pursue, saying he will await parallel reviews of Iraq policy from the National Security Council, the State Department and the Pentagon before deciding on any major changes. But he has already signaled that he intends to make some adjustments, most notably by dismissing Secretary of Defense Donald H. Rumsfeld immediately after the midterm elections.

Mr. Bush's choices will not only have profound effects on the conduct of the war, but will also resonate within his party and give shape to the foreign policy debate of the 2008 elections. Republicans are already engaged in soul-searching over the results of the recent election, trying to figure out how the party can regain the faith of the American people on questions of war and peace.

The ambivalence and introspection were summed up by Senator Gordon H. Smith of Oregon, who spoke at length in the Senate this week about the dangers of withdrawing from Iraq but said he could no longer support the status quo.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," Mr. Smith said. "That is absurd. It may even be criminal. I cannot support that anymore. I believe we need to figure out how to fight the war on terror and to do it right. So either we clear and hold and build, or let's go home."

The frustration was widespread among Congressional Republicans, some of whom were serving their final days in office this week after an election largely influenced by the public's unhappiness with the war.

"So what do we have?" asked Senator Rick Santorum of Pennsylvania, the third-ranking Republican in the Senate, who supported the war, defended it throughout his re-election campaign and was defeated last month. "We have the Baker-Hamilton report, which is a prescription for surrender. It is just a matter of time."

But Mr. Bush is also facing a rising chorus of demands from moderates in his party, as well as from Democrats, for a plan to begin a withdrawal from Iraq. They see in the report a politically palatable way to achieve disengagement from Iraq and an end to the partisan warfare in Washington.

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"To ignore the message sent in the last election is to do so at our political peril, because the message was a resounding repudiation of the status quo with respect to Iraq," said Senator Olympia J. Snowe, the moderate Republican from Maine. "The American people are essentially unified in their intense dissatisfaction with the way things have progressed in Iraq."

Bill Kristol, the neoconservative editor of The Weekly Standard and a leading advocate of the decision to invade Iraq, said: "In the real world, the Baker report is now the vehicle for those Republicans who want to extricate themselves from Iraq, while McCain is articulating the strategy for victory in Iraq. Bush will have to choose, and the Republican Party will have to choose, in the very near future between Baker and McCain."

The choice Mr. Kristol is describing reflects a longstanding Republican schism over policy and culture between ideological neoconservatives and so-called realists. Through most of the Bush administration, the neoconservatives' idea of using American military power to advance democracy around the world prevailed, pushed along by Vice President Dick Cheney and Mr. Rumsfeld.

But as the Iraq war spiraled downward, the realists began to speak out more forcefully. They were also heavily represented on the Iraq Study Group, including Mr. Baker, former Secretary of State Lawrence S. Eagleburger and Robert M. Gates, who stepped down from the panel last month when Mr. Bush named him to succeed Mr. Rumsfeld. All three served in the administration of Mr. Bush's father.

The Wall Street Journal's editorial page, one barometer of conservative thought, called the study group's report "a bipartisan strategic muddle ginned up for domestic political purposes." It welcomed the panel's plan to increase the number of American trainers embedded with Iraqi military units, but it scoffed at the group's recommendation of involving Jordan and Syria in talks to address problems in Iraq.

Mr. Perle, a prominent neoconservative and early advocate of invading Iraq, dismissed the panel as a "misadventure" that should be ignored.

"You don't outsource the responsibilities of the commander in chief," Mr. Perle said. "The whole thing is absurd."

Mr. Limbaugh, who commands a large conservative audience on talk radio, said the commission was peopled with out-of-touch weaklings who placed a higher value on bipartisan comity than on winning the war.

"You know, bipartisanship simply means Republicans cave on their core principles and agree with Democrats," Mr. Limbaugh said on his program this week. "That's why everybody is praising the stupid report. Because there's nothing in this about winning, there's nothing in this about victory. There isn't anything in this about moving forward in a positive way. This is cut and run, surrender without the words."

Representative Duncan Hunter, a California Republican who is the departing chairman of the House Armed Services Committee and a 2008 presidential hopeful, said, "The policy-making decisions about Iraq should not be considered to be devolving to a nonelected group put together essentially for the purpose of advising the president."

Democrats, meanwhile, face divisions of their own, aware that they face high expectations from voters after running campaigns that promised change in Iraq.

Many leaders in the party indicated this week that they felt vindicated by the study group's findings, and they vowed to push ahead with their promise of aggressive oversight hearings on the management of the war when they take control of Congress in January.

But the party's liberal base is hungry for more forceful action, including voting against additional financing for the war. "It's difficult to talk about ending the war without showing you're willing to end the money," said Representative Maxine Waters, a California Democrat and leader of the antiwar caucus in the House.

Democratic leaders have opposed cutting off the money, although Speaker-elect Nancy Pelosi said this week that Democrats would impose new standards and conditions in Iraq spending bills.

Representative Christopher Shays, the Connecticut Republican who survived a Democratic electoral sweep across New England last month, said, "I don't think there's a real consensus in Congress in general" on Iraq. But he added, "Having been to Iraq 15 times, staying the course would just be foolish."

No matter what positions they take today, all Republicans would prefer that the 2008 elections not be fought on the battleground of Iraq, said Douglas Foyle, professor of government at Wesleyan University.

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"They don't want the 2008 presidential and Congressional campaign to be about staying the course," Professor Foyle said. "That's where the calculus of Bush and the Republicans diverge very quickly. Everyone is thinking about the next election, and Bush doesn't have one."

GOP Alienation Marks Turnabout For Bush (LAT)

By Noam N. Levey

The Los Angeles Times, December 10, 2006

President Bush, weakened by an unpopular war and the loss of Republican control in Congress, is now confronting disaffection within his own party that could complicate his attempt to set an agenda for his final two years in office.

As Republicans departed Capitol Hill this weekend, some who used to dismiss Democratic attempts to investigate the administration as political posturing are now lining up behind calls for greater oversight of the executive branch.

They are advertising attacks on Bush's foreign policy that they once kept largely private. Last week, Oregon Sen. Gordon H. Smith gave a speech calling the current war strategy "absurd" and sent out a news release with his remarks.

Some longtime Bush allies, such as Texas Sen. John Cornyn, are even adopting Democratic rhetoric to criticize the Iraq war.

And on other issues that will confront the new Congress in January — including trade and judicial appointments — Republican lawmakers have signaled an unwillingness to follow the White House.

"Frankly, I think there is a greater recognition and awareness of the necessity for us to exercise checks and balances," said Sen. Olympia J. Snowe (R-Maine), noting how much the Nov. 7 election changed the climate on Capitol Hill.

"If there was a reluctance to express that in the past, there isn't anymore," Snowe said.

To be sure, no one is expecting Republicans to abandon the president. And the ideological gap between Democrats and Republicans in Congress remains large.

But Republican disaffection marks a remarkable turnabout for a president whose command of his party was once so supreme he virtually appointed the Senate majority leader and GOP lawmakers openly acknowledged taking orders from the White House.

And it suggests that the Bush administration may have as much work to do to repair ties with Republicans as it does to build links with Democrats who will assume control of the House and Senate in January.

"They need to have a better relationship with members on both sides of the aisle," said Rep. Christopher Shays, a Connecticut Republican whose early support for Bush's war policy nearly cost him his seat last month.

Not so long ago, it was Republican members of Congress who labored to stay close to the president.

The Bush administration's ability to win approval from a compliant legislative branch for everything from tax cuts to foreign invasions and other initiatives was a source of awe. In 2002, the president was widely seen as responsible for making Tennessee Republican Bill Frist the Senate majority leader.

That influence was slipping even before the November midterm election swept Republicans from power on Capitol Hill.

House Republicans abandoned Bush over immigration. And in the Senate, some of the chamber's most respected GOP members stood up to the White House on Iraq and the prosecution of terrorism suspects.

In the run-up to Nov. 7, Bush weathered more defections as some Republican congressional candidates tried to distance themselves from the president's war policies, calling for troop withdrawals and the resignation of Defense Secretary Donald H. Rumsfeld.

But since the pivotal election, dissent has mushroomed.

And as the House and Senate prepare for what many expect to be heated debates next year over the course of U.S. policy in the Middle East, Republican lawmakers have stepped up their critiques of the war, directly challenging the White House in ways that had been the province of Democrats.

Sen. Sam Brownback of Kansas, Sen.-elect Bob Corker of Tennessee and others have explicitly called for more engagement with Syria and Iran, two states the Bush administration has treated as pariahs for most of the last six years.

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Even some of the president's most loyal allies, including Texas Sens. Cornyn and Kay Bailey Hutchison, are tacking away from the White House by calling for more troops in Iraq.

While the president tried to remain upbeat after the Iraq Study Group brought its grim assessment to the Capitol last week, Cornyn offered no more encouragement than Bush's toughest critics.

"What we're doing now is not working," Cornyn said, echoing a Democratic campaign slogan. "We need a change of course."

The change in climate on Capitol Hill has been remarkable, said Rep. Walter B. Jones, a North Carolina Republican who broke with his party to oppose the war last year.

"Many of my friends said to me [then], 'You know, Walter, you are beginning to be so independent that it may end up hurting you,' " Jones said. He added that a number of his colleagues told him that although they agreed with him, they feared being disloyal to the president.

"I haven't heard that recently," Jones said

The reason is simple, said Paul Begala, a Democratic consultant who worked in the White House when President Clinton was forced to confront congressional Democrats after the party lost its majorities in 1994.

"When you are in the White House, members of Congress respond to two things: what you can do for them and what you can do to them," Begala said. "Here's what [Bush] did to them: He cost them control.... Republicans are paying the political consequences for Bush's policy failures. They don't like that."

Beyond Iraq, that may spell trouble for the White House next year.

Already, GOP lawmakers are signaling their eagerness to join in the kind of congressional investigation that Democrats promised on the campaign trail this fall.

Last week, Republicans scrambled to express support for expanding the power of an independent agency to monitor spending on Iraq reconstruction, a move that House Republicans had quashed in an appropriations committee earlier this year.

On other issues too there were signs of dissent last week. Many GOP lawmakers bucked the White House over trade deals with Vietnam and Haiti, forcing a flurry of last-minute parliamentary maneuvering to get the agreements through Congress.

As the congressional session drew to a close, the president also couldn't get a hearing for a raft of conservative judges he renominated for positions on the federal bench.

Amid the growing signs of defiance, the president gave a nod to the other end of Pennsylvania Avenue last week, inviting Democratic and Republican congressional leaders to the White House.

And the administration communicated a new willingness to talk with Congress about overhauling Social Security without insisting on setting up private accounts.

"We can't have talks if everyone doesn't start with a clean sheet of paper," said a White House official who asked not to be named because the talks had not been announced.

But lawmakers, congressional aides and political scholars say the White House has its work cut out for it.

Other weakened presidents, including Ronald Reagan, have had to deal with a sour Congress in their final two years, said John J. Pitney Jr., a former Republican National Committee staffer who teaches government at Claremont McKenna College.

But though Reagan was saddled with the Iran-Contra affair, Americans weren't dying overseas every day.

"Bush has low approval ratings. He has an unpopular war. And every day is one day closer to his exit," Pitney said. "That is not a recipe for legislative success."

Hawks Bolster Skeptical President (WP)

By Michael Abramowitz, Glenn Kessler

The Washington Post, December 10, 2006

Steady condemnation from conservatives for the Iraq Study Group report may be providing some cover to the Bush administration as it completes its own review of strategy in Iraq, apparently with little enthusiasm for the panel's prescription of U.S. troop withdrawal and dialogue with Syria and Iran.

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The criticism of the panel, co-chaired by former secretary of state James A. Baker III and former representative Lee H. Hamilton (D-Ind.), has burst forth from the leading institutions of the right: the National Review, the Wall Street Journal editorial page and the Weekly Standard; conservative talk radio; and scholars at some of Washington's top think tanks.

President Bush has spoken favorably of the panel's work as an opportunity to bring the country together, but he has been noncommittal on its key recommendations. Comments from the hawkish right, meanwhile, have often been an accurate gauge of the beliefs of key figures inside the Bush administration, especially Vice President Cheney.

Many Republican and Democratic lawmakers have embraced the panel's report, but the almost uniformly negative reaction from some of Bush's strongest conservative supporters means the president may have some political flexibility to depart from the group's major recommendations, according to some GOP operatives.

Notably fueling the skepticism has been Sen. John McCain (R-Ariz.), who has raised pointed questions about the Baker-Hamilton panel's unwillingness to prescribe more troops, as McCain has urged, and its embrace of a regional conference with Syria and Iran.

"It's sort of hard to suddenly say everyone agrees Baker is the way to go when the leading Republican candidate for '08 is saying no," said William Kristol, editor of the Weekly Standard.

Although it is clear that many Republicans regard the Iraq Study Group's report as a possible exit strategy from a war that they worry could drag the party down in 2008, such plans are colliding with clear anger from neoconservatives, who have been the most ardent supporters of the Bush administration since the Sept. 11, 2001, attacks.

"It's preposterous, period," said Kenneth R. Weinstein, chief executive of the conservative-leaning Hudson Institute, about the proposal for a new dialogue with Iran and Syria. "Talking to them is not going to bring anything but a perception of American weakness."

"The report is a monumental disappointment, for all the hype," said Richard Perle, a former Reagan-administration defense official who strongly supported the Iraq invasion. "The recommendations are either wrong or of no consequence. There is no magic bullet, but in their desire to find something, they found the wrong things."

Many of the conservatives have long distrusted Baker, viewing him as a figure of amoral, dealmaking diplomacy who unduly pressured Israel and coddled Syria when he was secretary of state.

And the Baker-Hamilton group, neoconservatives came to believe, was stacked against them from the beginning, both in the composition of the panel and in the panel's choices of experts to hear from. Neoconservatives also complained that the group sought out the views of Iran and Syria but did not speak to senior officials of such allies as Israel and Turkey.

Frank J. Gaffney Jr., a former Reagan administration hawk who heads the Center for Security Policy, said he believes the panel's output was "certainly driven" by Baker.

"It seems so transparently in keeping with his modus operandi: the quest for the deal without regard for the content or the repercussions," he said.

The full report was endorsed by each of the 10 panelists, including former attorney general Edwin Meese III, a hero of the conservative movement. Yet Baker has clearly been mindful of the criticism. He showed up Thursday for a group interview with print reporters laughingly brandishing a copy of the conservative New York Post from that morning, its headline blaring "Surrender Monkeys," in reference to him and Hamilton.

He proceeded with a robust defense of the panel's proposal for a broad-based U.S. diplomatic initiative in the Middle East and renewed engagement with Syria and Iran -- the clear focus of the conservative anger. Baker made plain his disdain for some of the neoconservative ideas, including the argument heard before the 2003 Iraq invasion that the road to Arab-Israeli peace lay in overthrowing Saddam Hussein's government in Baghdad.

"What we really are saying, the road to peace in Iraq lies through Baghdad. The road to Arab-Israeli peace runs through Jerusalem," he said. "We are not linking the two, but we are proposing a comprehensive strategy to improve our prospects in Iraq and improve our prospects in the Middle East."

He offered an impassioned plea for engaging Syria at a high level, something the Bush administration has refused to do, and said the administration does not know what can be achieved if it does not even try. Baker dismissed the whispers from the White House that he is out of touch with the new realities of the Middle East.

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"Talking to Syria gives us an excellent opportunity to revitalize the Arab-Israeli peace process," Baker said. "The Syrians are the transit point for arms shipments to Hezbollah, and if you can flip the Syrians, you will cure Israel's Hezbollah problem. "

Baker went on: "The Syrians will tell you, as they told us, that they do have the ability to convince Hamas to acknowledge Israel's right to exist. . . . If we accomplished that, that would give [Israeli Prime Minister] Ehud Olmert a negotiating partner on the Palestinian track."

Michael Rubin, a former Pentagon aide who resigned in protest from an Iraq Study Group expert panel, said he believes Baker's assessment is unrealistic. He said that Syrian President Bashar al-Assad gains strength from positioning himself as a rejectionist and foe of the United States, so it is wrong to believe that Syria would think it would gain from an alliance with Washington.

"Sometimes realists have to deal with reality," said Rubin, now a scholar at the American Enterprise Institute. "Iran and Syria will press to exploit every advantage they have."

He said the report, as a strategy document, was a "Cliff Notes high school paper."

Eliot A. Cohen, a Johns Hopkins University professor of military strategy, said the Baker-Hamilton recommendations reflect "preoccupations that go back to when [Baker] was secretary of state and are completely detached from today's reality. The idea that Sunni are putting power drills in the heads of Shia and vice versa because of the Arab-Israeli conflict is bizarre."

Iraq Study Group member Leon E. Panetta, a Democratic former congressman and White House chief of staff under Bill Clinton, said the criticism from hawks and conservatives is "the price of statesmanship" for Baker. "He's been through it," he added. "He understands it.

"I think the feeling was, how do you rescue this administration from the grip of ideology and force it to face the real world?" Panetta said. "That's where he was coming from: 'How can I help the president in a way protect his legacy and do the right thing?' "

Bush Seen Rejecting Iraq Lifeline (SFC)

By Carolyn Lochhead

San Francisco Chronicle, December 10, 2006

Washington -- Much of Washington is looking at President Bush as a man standing on quicksand in Iraq, refusing the branch offered by his father's friend to save his presidency and the country from a historic blunder.

Bush looks at history, too. A day after the release of a grim assessment of the war by the Iraq Study Group, headed by James Baker, a close friend of Bush's father who served as secretary of state for President George H.W. Bush, and former Democratic Rep. Lee Hamilton, Bush conceded the need for tactical shifts, but he left it to those who follow him into the Oval Office to decide whether to leave Iraq.

"Will we have the resolve and confidence in liberty to prevail?" he asked. That question is "not going to face this government ... because we made up our mind. We've made that part clear. It'll face future governments. There will be future opportunities for people to say, 'Well, it's not worth it. Let's just retreat.' "

Standing at a point in history as fraught with consequence as his decision to invade Iraq nearly four years ago, Bush is in full flower of what he calls resolve and others call obduracy. The Baker-Hamilton report has left Bush isolated even within his own party.

"This is a president who really sees it as a weakness to admit error," said Julian Zelizer, a congressional historian at Boston University. "But with Iraq it has reached such a point, it's like he's standing in the desert without anyone around him and refusing help."

It remains to be seen whether Bush is clinging to Cold War metaphors that he hopes history will vindicate or saving face before delivering a speech expected by Christmas. During it he would call for a gradual withdrawal of U.S. forces from Iraq based on reviews he has ordered from his State Department, Pentagon and National Security Council.

He has scheduled an intense round of meetings this week with military commanders and Pentagon officials, the State Department, the vice president of Iraq and outside experts.

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Bush claimed Saturday that the bipartisan report of the Baker-Hamilton group endorsed his strategic goal of a stable Iraq and the danger of a precipitous withdrawal. The report did that, but it also called current policy a failure and talked of preventing catastrophe -- not spreading democracy as Bush declared again this past week -- in the Middle East.

Those who know Baker do not believe he was sent as an envoy from father to son. Although Baker is known as a master bail-out artist who helped Bush wrest the contested Florida recount away from Democrat Al Gore in the 2000 election, they say he is no longer playing family messenger.

Nor, they say, are any of the other Republican elders in the Iraq Study Group -- retired Supreme Court Justice Sandra Day O'Connor, former Wyoming Sen. Alan Simpson and Ed Meese, the hard-charging attorney general for Ronald Reagan -- playing that role.

Baker "is someone who has devoted his life to policy and to the Bushes, and he has worked hard in the diplomatic world to try to advance America's interests," said Leon Panetta, a member of the Iraq Study Group who served as chief of staff to Democratic President Bill Clinton and a longtime House member from Monterey.

"I think there has been a tremendous amount of frustration, particularly among those who served in the first Bush administration -- and for that matter served with Ronald Reagan -- who felt that even though these presidents were Republicans and conservatives, that they were also pragmatists. ...

"There really has been an interest to try to say (to the president), 'Look, there is a way out of this. There is a way to deal with this in the real world that cannot only help save Iraq but protect your legacy as president.' "

Jim Pinkerton, a White House adviser to the first President Bush, said the former president kept Baker's group at arm's length.

"I think it's fair to say Baker is making his own bid for establishmentarian wise man," Pinkerton said. "I suspect that George H.W. Bush probably agrees with him, but it's almost as if he doesn't need to say much, because let's face it, Baker and (former national security adviser Brent) Scowcroft and the whole crowd think the same way on this."

The Baker-Hamilton report finished what voters began in November when they handed control of the House and Senate to Democrats, knocking out what little political support remained for Bush's Iraq policy. Calls for withdrawal now have a bipartisan imprimatur and set a standard against which Bush will be measured.

"Whatever he chooses will be graded against this report," said Rand Beers, a longtime Republican national security official who resigned from Bush's administration over its war policy.

Late Thursday, Oregon Sen. Gordon Smith, a Republican who voted for the war, became the latest member of the president's party to leave his side when he slammed the entire Iraq enterprise in a scathing Senate floor speech.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," Smith said. "That is absurd. It may even be criminal. I cannot support that anymore."

But the president continues to use the language he adopted after the Sept. 11, 2001, terrorist attacks, and lays the Iraq war squarely in the context of prior struggles against fascism and totalitarianism.

Should extremists succeed in "using terror to stop the spread of freedom," Bush said Thursday, "history will look back on our time with unforgiving clarity and demand to know, 'What happened? How come free nations did not act to preserve the peace?' "

Embattled British Prime Minister Tony Blair stood beside him, thanking Bush for "the clarity of your vision about ... the struggle between freedom and democracy," adding, "it's a noble mission, and it's the right mission."

Leaders find it easier to sustain a difficult policy if they believe their cause is noble, said George Edwards, chair of presidential studies at Texas A&M University. "Clearly, that's true for almost everyone -- 'I am here accepting the slings and arrows of my fellow man on behalf of advancing democracy in a region that has never known it,' " Edwards said. "That makes it a lot easier to persist."

Bush supporters draw parallels with Democratic President Harry Truman, who left office in shame over public disapproval of the Korean War but whose reputation was resurrected. Presidential historians are more tempted to look to Democratic

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President Lyndon Johnson, who escalated the war in Vietnam to halt the spread of communism but faced a nationalist guerrilla insurgency that cost more than 57,000 American lives.

"It took Johnson a long time to change his mind and it isn't clear that there was ever a radical change," Edwards said. The public turned against the war and Johnson did not run for re-election in 1968.

Presidents may persist in such times "because they just become rigid and defensive," Edwards said. "But there's also the case that they believe in the policy. After all, they paid a heavy price to establish and maintain that policy, so it's easy to understand that it's difficult to then just reject it one day."

Panetta, who was brought to the White House by Clinton after Democrats lost their House and Senate majorities in 1994, said presidents often dig in when times get rough.

"Anybody who gets elected to the presidency is somebody who has had to take on a lot of criticism, a lot of problems, a lot of attacks, a lot of turmoil," Panetta said. "Because they're willing to persist and move on, they managed to succeed, only because they're so determined. ... And that normally works when the crisis passes by and you can then come out and do what you're supposed to do. Unfortunately here, this crisis is not going to just simply pass by."

Many in Washington, even those who supported the invasion, see the Iraq Study Group as a lifeline to Bush. "They did him a great favor politically," said Stephen Hess, a political scientist at George Washington University who worked in the Nixon administration. "My feeling is he's having a very hard time moving off his set positions, which were particularly fixed by the campaign, when he was out every day saying the same things about victory and democracy."

"This is the president's big chance, and I hope he takes it," said Sen. Dianne Feinstein, D-Calif.

Many wonder why Bush doesn't look like he's falling apart under the stress.

The president may be in denial, or simply be a positive person, "whoever since he was a cheerleader at prep school and frat president at college, has been full of resilience and bounces back and just doesn't let these things in public life get him down," said Fred Greenstein, a presidential scholar at Princeton University.

Greenstein pointed to Bush as a 7-year-old child "jollying up his mother after she was in a deep depression when his sister died of leukemia. He's got this style of banter and outgoingness."

An Unlikely Offensive (WP)

The Washington Post, December 10, 2006

THE IRAQ Study Group's recommendations for shifting U.S. military tactics in the war are specific, focused and aimed at incremental improvement over the next few months; they are also close to what the Pentagon and Iraqi government already were hoping to achieve. By contrast, the group's diplomatic strategy is sweeping -- and untethered to reality. The Bush administration could and should adopt some version of the military plan, though it would be right to ignore the unrealistic timetable attached to it. But to embrace the group's proposed "New Diplomatic Offensive" would be to suppose a Middle East very different from what's on the ground.

Start with the supposition that resolving the Israeli-Palestinian conflict is somehow central to ending the chaos in Iraq. In fact, even if the two-state solution sought by the Bush administration were achieved, it's difficult to imagine how or why that would cause Sunnis and Shiites to cease their sectarian war in Baghdad or the Baathist-al Qaeda insurgency to stand down. It's no doubt true, as study group chairmen James A. Baker III and Lee H. Hamilton have said, that every Arab leader they met told them that an Israeli-Arab settlement must be the first priority. But the princes and dictators of Riyadh, Cairo and Amman have been delivering that tired line to American envoys for decades: It is their favorite excuse for failing to support U.S. initiatives and for refusing to reform their own moribund autocracies. In fact, Saudi Arabia, Jordan and other Iraqi neighbors have vital interests in the ongoing Iraqi power struggle. They can and should be moved to help stop the slide toward anarchy on their borders whether or not peace breaks out in Jerusalem.

Mr. Baker, who pursued a Mideast diplomatic strategy 15 years ago focused in large part on Syria, also conjectures that its regime can be "flipped," so that it abandons its current alliance with Iran and support for extremist movements in Lebanon and the Palestinian territories. The problem with his theory is that since 1991 Syria has acquired a new leader: Bashar al-Assad is very different from his father, Hafez, with whom Mr. Baker negotiated. Bashar al-Assad, along with several senior members of his

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retinue, has been personally implicated in a United Nations investigation into the assassination of former Lebanese prime minister Rafiq Hariri. Judging from its recent actions, Syria's top diplomatic priority is not recovering the Golan Heights from Israel -- as Mr. Baker supposes -- but stopping the U.N. investigation and undermining Lebanon's pro-Western democratic government. European envoys who have met Mr. Assad in recent weeks dismiss the possibility of a dramatic reversal of his policies.

Parts of the Baker-Hamilton diplomatic agenda make good sense, including its suggestion for a contact group of Iraq's neighbors, including Iran and Syria. The Iraqi government already has embraced the notion, by proposing a regional conference in Baghdad, and President Bush would be wise to get on board. Syria and Iran could remain adversaries of the United States across the region yet still play a role in a group where the pressing common interest is avoiding a regional sectarian war.

By the same token, the administration ought to continue its efforts to promote the creation of a Palestinian government capable of undertaking the peace negotiations that Israeli Prime Minster Ehud Olmert offered last month. It should also continue to press hard for U.N. sanctions against Iran's nuclear program and seek sanctions against Syria if it continues to flout U.N. resolutions calling for it to cease its meddling in Lebanon. All these steps could strengthen Arab moderates and U.S. allies around the region. But they won't solve the problems in Iraq.

About Those Other Problems (NYT)

The New York Times, December 10, 2006

No one could ever suggest that James Baker lacks ambition or self-confidence. So it is not surprising that along with its effort to salvage Iraq, the report from Mr. Baker's Iraq Study Group offers some strong advice on how to fix George W. Bush's dysfunctional Washington — and the president's dysfunctional relations with the rest of the world.

We were particularly drawn to Recommendations 46, 72 and 78. Under separate headings dealing with the military, the federal budget and the nation's intelligence agencies, they share one basic idea: Government officials should not lie to the public or each other, especially in matters of war.

One should not need a blue ribbon commission to know that. But the fact that it had to be said, and so often, in the report goes a long way toward explaining how Mr. Bush got the country into the Iraq mess and why it is proving so hard to dig out of it.

Consider Recommendation 46, which calls on the new secretary of defense to create "an environment in which the senior military feel free to offer independent advice" to civilian leaders, including the president. That is their sworn duty. But the back story is the Pentagon's prewar refusal to listen to the former Army chief of staff (and who knows how many other generals) who warned that it would take several hundred thousand troops to stabilize a post-invasion Iraq. The good news is that the new secretary of defense, Robert Gates, acknowledged as much in his confirmation hearings. The bad news is that Mr. Bush has not.

Recommendation 72 says that "costs for the war in Iraq should be included in the president's annual budget request." The report warns that the White House's habit of using emergency funding for the war has eroded both "budget discipline" and Congressional oversight. And just in case you were worrying that you hadn't been paying sufficient attention to the war's price tag, the report says the White House presents its requests in such a "confusing manner" that only detailed analyses by budget experts can answer "what should be a simple question: How much money is the president requesting for the war in Iraq?"

And finally, Recommendation 78 calls on the Pentagon and the intelligence community to "institute immediate changes" in how they collect data on violence in Iraq "to provide a more accurate picture of events on the ground." The report says that officials have used a standard for recording attacks (it notes that "a murder of an Iraqi is not necessarily counted") that systematically underreports Iraq's mayhem. It cites one day this past July when the government recorded 93 "attacks or significant acts of violence," while the Iraq Study Group's own analysis "brought to light 1,100 acts of violence."

Sprinkled among the recommendations, the report also has some homespun advice on how Mr. Bush might fix America's foreign relations. It suggests that the nature of diplomacy is to engage with adversaries as well as friends. And it warns that the United States does Israel "no favors" by refusing to try to broker peace in the Middle East, adding that it is "an axiom that when the political process breaks down there will be violence on the ground."

It is mind-boggling that this commission felt compelled to deliver Governing 101 lessons to the president of the United States. But that fits with the implicit message of the entire exercise — a rebuke of the ideologically blinkered way Mr. Bush operates. The report shows that there have always been plenty of alternatives to Mr. Bush's stubborn insistence on staying the

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course, and that if he were just willing to make an effort, it would be possible to forge a bipartisan consensus on the toughest issues.

It's tragic that Mr. Bush could not figure that out for himself. It is far past time for him to heed this new advice.

Rumsfeld Says Farewell To Troops In Iraq (AP)

By Pete Yost,

AP, December 10, 2006

Outgoing Defense Secretary Donald H. Rumsfeld made a surprise trip to Iraq on Saturday, just days after a bipartisan commission called the situation there "grave and deteriorating" and said the administration's policy wasn't working.

"He's there to express his appreciation to the troops and to thank both the troops and their families for the sacrifices they are making," said Air Force Lt. Col. Todd Vician, a Defense Department spokesman.

It was Rumsfeld's 15th trip to Iraq since the war began; he was last there in July.

Rumsfeld's trip follows an emotional farewell Friday at the Pentagon, where the defense secretary defended his record on Iraq and Afghanistan.

He said Friday that the worst day of his nearly six years as secretary of defense occurred when he learned of the Abu Ghraib prisoner abuse.

Rumsfeld's Pentagon appearance Friday and his trip to Iraq, where he was Saturday, were among the few public appearances he has made since President Bush announced on Nov. 8 that he was replacing the defense secretary. His last full day will be Dec. 17.

Rumsfeld's farewell tour follows a grim picture of the Iraq war that was presented this week by a bipartisan commission headed by former Secretary of State James Baker and former Democratic Rep. Lee Hamilton.

The Iraq Study Group said its prescription for change is needed quickly to turn around a "grave and deteriorating" situation.

The commission called for direct engagement with Iran and Syria as part of a new diplomatic initiative and a pullback of all American combat brigades by early 2008, barring unexpected developments, to shift the U.S. mission to training and advising.

The report took direct aim at Rumsfeld. Saying there has been a long tradition of partnership between the military and civilian leaders, the group said the "tradition has frayed" and must be repaired. It urged the new defense secretary, former CIA director Robert Gates, to "make every effort" to encourage military officers to offer independent advice.

President Bush's national security team is debating whether additional troops are needed to secure Baghdad — a short-term force increase that could be made up of all Americans, a combination of U.S. and Iraqi forces, or all Iraqis, a senior administration official said Saturday.

Other options being debated for inclusion in what the president has said will be his "new way forward" include a revamped approach to procuring the help of other nations in calming Iraq; scaling back the military mission to focus almost exclusively on hunting al-Qaida terrorists; and a new strategy of outreach to all of Iraq's factions, whose disputes are fueling some of the worst bloodshed since the war began, said the official, who spoke on condition of anonymity because the disclosure of internal discussions had not been authorized.

Rumsfeld Makes Surprise Farewell Trip To Iraq (AFP)

AFP, December 10, 2006

US Defense Secretary Donald Rumsfeld has made a surprise visit to Iraq to thank US troops for their service just days before he steps down from his post, a Defense Department spokesman has said.

"The secretary is in Iraq to express appreciation to the troops for what they're doing as well as thanking the families for the sacrifices they make every day for all Americans," spokesman Todd Vician told AFP.

He said Rumsfeld had departed Friday for Iraq and offered no more details of the defense secretary's schedule.

Rumsfeld resigned in November, the day after President George W. Bush's Republicans lost control of the US Congress with voter frustration over the Iraq war dominating the election.

News of Rumsfeld's trip comes nine days before he is replaced by Robert Gates, former head of the Central Intelligence Agency.

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Rumsfeld has come under intense criticism at home and abroad over his handling of Iraq and US treatment of detained terror suspects. But he defended the American presence in Iraq on Friday in farewell remarks to Pentagon staff.

He said an early US withdrawal from Iraq would be a "terrible mistake," which would threaten the stability not only of Iraq but the region.

Rumsfeld urged Americans to show patience with the war in Iraq, saying there would be "dire consequences were we to fail here."

Iraq and Afghanistan have made considerable strides, he said, but "those countries are not there yet."

"To pull out precipitously and inject that instability into the situation there in that country, and in that region, I think would be a terrible mistake," he said.

The outspoken defense secretary's visit coincided with more sectarian bloodshed in Iraq. A suspected Sunni suicide bomber on Saturday detonated his car near a revered Shiite shrine in the central city of Karbala, killing six civilians and wounding 47 more, medics said.

Another 10 Iraqis were killed in insurgent and sectarian attacks around the country and the bodies of 35 murder victims were found in Baghdad.

The US military also announced the deaths of two more marines, bringing its dead since the March 2003 invasion to 2,927.

The sectarian violence underlined the urgency of a planned National Reconciliation Conference on December 16, though some political groups were threatening to boycott the event.

Rumsfeld's farewell trip followed the release of a critical report by a high-level US panel, the Iraq Study Group, that described the situation in Iraq as "grave and deteriorating" and urged the US administration to shift course.

Headed by former secretary of state James Baker and former representative Lee Hamilton, the panel said most US combat forces could be withdrawn from Iraq by early 2008 while shifting the US military's mission to one of training and advising Iraqis.

Rumsfeld did not comment on the report directly at his Friday appearance, but he spoke about Iraq as a largely political -- not military -- challenge.

Iraq, he said, "is in fact a microcosm of what is taking place in that region: power struggle -- partly religious, partly economic, certainly political, ... but in a very real sense not terribly military in its nature."

He said the US military was doing all it could, but the conflict in Iraq could only be "won" by Iraqis through political reconciliation.

Rumsfeld, a lightning rod for opponents of the war, also expressed concern about "impatience in the United States and in the Congress."

"We have every chance of the world of succeeding in both of those countries, but only if we have the patience, only if we have the staying power," he said.

Shiites Rout Sunni Families In Mixed Area Of Baghdad (NYT)

By John F. Burns

The New York Times, December 10, 2006

BAGHDAD, Dec. 9 — Bands of armed Shiite militiamen stormed through a neighborhood in north-central Baghdad on Saturday, driving hundreds of Sunni Arabs from their homes in what a Sunni colonel in the Iraqi Army described as one of the most flagrant episodes of sectarian warfare yet unleashed in the capital.

The officer, Lt. Col. Abdullah Ramadan al-Jabouri, said that more than 100 Sunni families, many with very young children, had left the Hurriya neighborhood aboard a convoy of trucks and cars under cover of the nightly curfew. Government officials tried to urge the families to return by promising army protection, but could not persuade them.

As the fighting in Hurriya broke out, the outgoing secretary of defense, Donald H. Rumsfeld, arrived in Baghdad on Saturday for what American military officials said was a farewell visit to the troops. Mr. Rumsfeld, who made a farewell speech at the Pentagon on Friday, went straight to the American military headquarters at Camp Victory, on the edge of Baghdad's international

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airport, and met there with United States commanders, an American military spokesman said. The spokesman said Mr. Rumsfeld was scheduled to travel to other bases outside Baghdad on Sunday before returning to Washington.

The fighting began around noon, when militiamen began rampaging through the only mixed district in Hurriya, a mostly Shiite neighborhood, and killed at least three Sunni Arabs. One family was shot as they left their home, with a 20-year-old man killed and his mother and younger brother wounded, according to an account given by the man's father, who was at work as a security guard elsewhere at the time. The man said the three were hit by automatic rifle fire as they finished loading possessions into their car and prepared to drive to a safer area.

Colonel Jabouri said that skirmishes set off by the militia attacks continued for about five hours, until sunset. Meanwhile, a large convoy of Sunni Arabs waited in their vehicles outside the fortified Muhaimin mosque, waiting to drive to neighboring Sunni districts while local leaders negotiated with militiamen for safe passage.

A Sunni cleric, Sayed Ahmed Muhammad, said the negotiations also involved appeals from top government officials, including Prime Minister Nuri Kamal al-Maliki, a Shiite, for the Sunni families to return to their homes in Hurriya under promise of Iraqi Army protection. But the cleric said the assurances failed to persuade the Sunnis, whom he described as the last of more than 4,000 Sunnis to flee the area under Shiite militia threats in recent months. The convoy set out after dark.

Colonel Jabouri, the Iraqi military commander in the area, said his troops had tried to help groups of Sunnis protect themselves and their homes. But the large number of Shiite militiamen involved — whom he identified as belonging to the Mahdi Army, the most powerful Shiite militia — made that impossible. He described the fighting as the worst eruption of sectarian skirmishing so far experienced by the Iraqi Sixth Division, which shares responsibility for security in Baghdad with American troops.

"As an Iraqi, I'm against sectarianism of any kind," he said. "I'm against any group that that seeks to build barriers between people on the basis of their religion."

The role of American troops in the turmoil was unclear. The Sunni cleric, Sayed Muhammad, said appeals for assistance from the First Cavalry Division, its headquarters about three miles southwest of Hurriya, had gone unanswered. But Colonel Jabouri said Iraqi commanders had told the Americans there was no need for their help. A First Cavalry Division spokesman said American advisers with Iraqi troops in Hurriya had reported only one instance of sectarian trouble, when Iraqi troops assisted a Shiite family under threat from Sunnis.

That account appeared to reflect the cyclical nature of the sectarian violence that has soared in Baghdad in recent months, and has led to thousands of families fleeing mixed Sunni-Shiite areas for the safety of neighborhoods in which their own sect dominates. Hurriya lies in an area of western Baghdad where there has been a surge of attacks on Sunnis living in Shiite-majority areas, and vice versa. Just south of Hurriya lies Amariya, a Sunni Arab stronghold where scores of Shiite families have been driven out by attacks or threats from armed Sunnis.

Sayed Muhammad described the aim of the Shiite attacks on Saturday as creating a Sunni-free corridor across northern Baghdad that would run from the Shula district on the city's northwestern edge to Kadhimiya, a Shiite stronghold on the west bank of the Tigris river. The main area of Shiite strength in the capital lies on the east bank of the Tigris, principally in Sadr City, home to about 2.5 million Shiites, about 40 per cent of Baghdad's population.

"It's part of a much wider plan," the cleric said. "What we're experiencing here is the Shiite groundwork for a civil war."

One of the striking features of the violence Saturday was that it occurred in an area that lies less than three miles northwest of the heavily guarded Green Zone compound that doubles as the seat of the Iraqi government and as an American command post. American diplomats and military commanders have been pressing the Maliki government to take urgent action to begin to curb all militias, and particularly the Mahdi Army, which is under the nominal control of a radical Shiite cleric, Moktada al-Sadr, who is an important political ally of Mr. Maliki.

In other violence on Saturday, a car bomb killed four civilians and wounded 42 others on a street leading to the Imam al-Abbas shrine in the Shiite holy city of Karbala, about 70 miles southwest of Baghdad. The shrine is the resting place of the son of the founder of Shiite Islam, and has been the scene of numerous other attacks since the American-led invasion in 2003. Another car bomb, in the northern city of Mosul, killed at least three civilians.

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A United States military statement said that two marines had died Thursday of "wounds sustained due to enemy action," one on Thursday and another on Saturday, in Anbar Province.

Angry residents of a village north of Baghdad fired weapons into the air as they buried victims of an American airstrike, [a news agency] reported. The American military said that the airstrike, on Friday in the village of Jalam eda, about 50 miles north of Baghdad, was against militants of Al Qaeda who had fought with troops. The military said 18 men and 2 women were killed. Local officials in the village said there were 17 killed, but that they included 6 women and 5 children.

Hundreds of chanting residents of Jalameda, a predominantly Sunni village, marched through nearby Ishaqi on Saturday firing shots and carrying banners that condemned "mass killing by the occupation forces," [a news agency] said.

Sunni Arabs Flee Homes In Baghdad (WP)

By Sudarsan Raghavan, Nancy Trejos

The Washington Post, December 10, 2006

BAGHDAD, Dec. 9 -- Gangs of roving Shiite Muslim gunmen stormed a west Baghdad neighborhood Saturday, burning houses and killing at least two people in broad daylight, authorities said. By evening, dozens of Sunni Arab families had fled their homes, carrying their belongings and furniture in trucks in one of the worst known incidents of sectarian cleansing to grip the capital in recent weeks.

According to a senior Iraqi commander and residents, Mahdi Army militiamen loyal to radical cleric Moqtada al-Sadr launched the attack on a section of the mixed neighborhood of Hurriyah, which means freedom. The rampaging began at 2:30 p.m. and lasted an hour before Iraqi soldiers entered the neighborhood.

"They attacked the people, shooting at them," a senior Iraqi commander who was involved in the operation said of the militiamen. "They were threatening people. They were telling them to leave 'or else we will burn your house down and kill you.' "

Baghdad has been on edge since a series of car bombs, mortar shells and missiles killed more than 200 on Nov. 23 in the Shiite slum of Sadr City, the stronghold of Sadr and where many of his loyal followers reside. Since then, a spate of small-scale revenge attacks has erupted in various mixed neighborhoods. The attack on Hurriyah marks one of the more serious in this cycle of sectarian killings plaguing the capital.

The attack was apparently in retaliation for an attack on Shiite residents by Sunni gunmen, said the Iraqi commander, who spoke on condition that his name not be used because he was not authorized to speak to reporters. Saturday's attacks unfolded in Hurriyah Three, a section of the neighborhood filled mostly with Sunni families from the Mishahda tribe, witnesses and authorities said. Witnesses gave different accounts of what had occurred.

Hameed al-Dahabi, a construction worker, said that about a month ago the Mahdi Army threatened Sunnis to leave their homes in Hurriyah Three. Some of the Sunni families complied. In the past two or three days, other Sunnis had reclaimed the homes, he said.

They attacked the Mahdi Army members and occasionally shot randomly into the street, he said. The Mahdi Army fought back with AK-47 assault rifles and grenades, he said.

Dahabi, his wife and their four children stayed in their home as the fighting intensified. On Saturday morning, three more families fled their street in anticipation of more fighting, he said, taking clothing and beds. He decided to stay because he has lived there since 1959.

Dahabi said seven or eight Sunnis began shooting from one house Saturday morning. Some Mahdi Army fighters tried to climb to the roofs of neighboring houses to shoot back at them, but the occupants would not let them in, he said. Instead, the militiamen surrounded the house containing the Sunnis and shot into it. This continued until about 3 p.m., when the Sunnis fled the house. The Mahdi Army fighters then burned down the house.

In the aftermath of the fighting, Dahabi said he saw about 20 people lying on the street, some injured and some dead. He said he did not know how many people had been killed.

"It's a mess," he said. "I feel sad for what's going on. A lot of families are being hurt. They're terrified."

Abdul Ali, a Shiite who lives in Hurriyah Two, said the trouble started Friday night, when snipers began shooting from the roofs of houses.

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On Saturday morning, the Sunnis attacked Shiites in Hurriyah Three, he said his sister told him. He said there were many of them and they shot at people randomly. The Shiites fought back, he said, using AK-47s and other weapons. They burned two houses, he said.

"The people defended their families," he said. "Anyone who was able to carry a gun was on the street."

He said his sister left her home in Hurriyah Three at noon Saturday and is staying with him until the neighborhood calms down.

Sunni families phoned friends and relatives in other nearby neighborhoods seeking places to stay. "They told me there is no way to live again in Hurriyah," said Omar Mashadani, a Sunni who lives in the Ghazaliya neighborhood. "They told me neither the government nor the U.S. Army will help them."

Mashadani said he received several phone calls from friends in Hurriyah seeking to rent houses in his neighborhood. Dozens of families, he was told, planned to flee their homes Sunday morning, he said.

Mohammed Dulaimi said that on Friday night, threatening leaflets were distributed in Hurriyah Three, which is near the Muheaman mosque, a Sunni shrine. The notes ordered all Sunni families to leave. By the evening, he said he saw snipers on rooftops. On Saturday morning, he decided to leave.

"We had a sense of fear," he said. "We felt some of our Shiite neighbors were giving us evil looks."

With the help of a Shiite neighbor, he loaded his wife, four children and other relatives into a minibus already crammed with their best furniture and belongings. By 11:30 a.m., they had left and were headed toward nearby Ghazaliya. He had lived in Hurriyah since 1978, he said.

The Iraqi commander said he saw at least 30 families preparing to leave when his forces arrived in Hurriyah. There were at least 25 trucks filled with furniture, he said.

"We asked them, 'Why are you leaving? We are controlling the situation,' " he recalled. "The people said, 'We are very scared. We should leave now or they are going to kill us.' "

"I feel like a broken person. I don't have any power," Dulaimi said. "Only God can help us and tell us what to do."

In violence elsewhere, a suicide car bomb exploded outside the Shrine of Imam Abbas in the holy Shiite city of Karbala, 60 miles southwest of Baghdad.

Officials provided different death tolls for blast. Provincial Gov. Aqeel Khazaly said four people were killed, while Saleem Kadhim, spokesman for the Imam Hussein General Hospital, said the hospital had received 16 corpses.

Khazaly said late Saturday that security forces had detained about 20 suspects in the attack.

In the northern city of Mosul, a car bomb killed five people and injured three, police said.

The U.S. military announced the deaths of two Marines in the western province of Anbar. Both were assigned to Regimental Combat Team 5. One died Thursday, and the other, on Saturday. No further details were disclosed.

Officials also announced that one of former president Saddam Hussein's nephews had escaped from a prison northwest of Mosul. Brig Gen. Wathiq al-Hamdani, the chief of police of Nineveh, said investigators believe insiders helped Aimen al-Sabbawi escape from the Badoush prison.

Meanwhile, two influential Sunni groups, the Iraqi Islamic Party and the Association of Muslim Scholars, condemned a U.S.-led raid at a village in Salahuddin province, northwest of Baghdad, on Friday.

The U.S. military said coalition forces were targeting suspected fighters from the insurgent group al-Qaeda in Iraq and killed 20 suspected insurgents. Under machine-gun attack, the troops called for an airstrike. Amir Alwan, the mayor of nearby Ishaqi, said civilian women and children were killed in the strike.

News agencies released what they said were photos of dead children at the site. The military has denied that any civilians were killed in the airstrike.

Also Saturday, Defense Secretary Donald H. Rumsfeld visited Iraq "to express his appreciation to the troops," said Air Force Lt. Col. Todd Vician, a Defense Department spokesman, according to the Associated Press.

President Bush announced Nov. 8 that he was replacing the defense secretary. Rumsfeld's last full day will be Dec. 17.

Saddam's Nephew Escapes Iraqi Prison (AP)

DOJ_NMG_0104673

By Thomas Wagner, Associated Press Writer

AP, December 10, 2006

A nephew of Saddam Hussein serving a life sentence for financing insurgents and possessing bombs escaped from prison Saturday in northern Iraq with the help of a police officer, authorities said.

Sectarian attacks killed at least 20 people, including five who died in a suicide car bombing outside a Shiite shrine in Karbala, police said. Officers also found 39 bullet-riddled bodies in Baghdad that apparently were victims of revenge killings by Sunni Arabs and Shiites.

The escape by Saddam's nephew underlined one of the problems facing the U.S. military as it tries to train enough Iraqi security personnel so U.S. troops can go home: the ability of Sunni Arab insurgents and Shiite militiamen to infiltrate Iraqi police forces.

Ayman Sabawi, son of Saddam's half brother Sabawi Ibrahim Hassan al-Tikriti, escaped from a prison 45 miles west of the northern city of Mosul in the afternoon with the help of a policeman, said a local police commander, Brig. Abdul Karim al-Jubouri.

Brig. Abdul-Karim Khalaf, an Interior Ministry spokesman, confirmed the escape but declined to discuss any details.

Sabawi, who was arrested in May 2005 by U.S. and Iraqi forces near Saddam's hometown of Tikrit, 80 miles north of Baghdad, was convicted of illegally crossing the border from Syria and sentenced to 15 years in prison late last year by an Iraqi court. He was sentenced to life in prison in an earlier case for possession of illegal weapons and manufacture of bombs.

He "played a particularly active role in sustaining the terrorism by providing financial support, weapons and explosives to terrorist groups," Iraq's government said.

In July 2005, the United States froze Sabawi's assets along with those of five other Saddam nephews, accusing them of providing funds to Iraq's Sunni Arab-dominated insurgency.

Sabawi's father was captured in February 2005. Formerly the head of Saddam's intelligence service, al-Tikriti was No. 36 on a U.S. list of the 55 most-wanted members of Saddam's ousted regime.

The suicide bomb attack occurred near the Al-Abbas shrine in Karbala, a Shiite holy city 50 miles south of Baghdad.

The shrine's golden dome and minarets didn't appear damaged in video shown on Iraqi state TV, but the blast set many parked cars on fire in a nearby street. Two men with bloody faces could be seen running through heavy black smoke past the body of another victim.

A main goal of Sunni Arab insurgent groups such as al-Qaida in Iraq has been to spark sectarian violence by attacking sites revered by the country's Shiite majority.

In Baghdad, some of the worst violence was in a Sunni pocket of Hurriyah, a mixed neighborhood. Witnesses said Shiite militiamen entered the area after Sunnis warned the few Shiites living there to leave or be killed. Heavy machine gun fire was heard and three columns of black smoke rose into the sky, the witnesses said on condition of anonymity out of concern for their own safety.

Mohamed al-Askeri, a Defense Ministry spokesman, said some people were chased from their homes, but Iraqi security forces drove off the attackers, handed out food to displaced people and persuaded most to return to their homes. But "others are still frightened," he said.

Adnan al-Dulaimi, who heads a large Sunni bloc in Parliament, went on a Sunni-run TV station to demand protection for the district's Sunnis. "We appeal to the government and U.S. forces to rescue Sunni families in Hurriyah who are facing killings and displacement by militias."

The U.S. military, meanwhile, announced that two Marines were killed in combat in Anbar province, raising to 42 the number of U.S. troops who have died in Iraq this month. At least 2,930 have died since the Iraq war started in March 2003.

Iraq's influential Association of Muslim Scholars and the country's largest Sunni Arab political party, the Iraqi Islamic Party, on Saturday condemned a deadly U.S. military attack the previous day in al-Ishaqi village in volatile Salahuddin province.

The U.S. command said a ground raid and airstrike killed 20 insurgents, but local officials claimed at least 19 civilians died, including seven women and eight children.

About 1,000 residents of the predominantly Sunni village of al-Ishaqi held a funeral for the 19 dead Saturday, shouting "Down with the occupiers," "Long live the resistance," and "There is no God but Allah."

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The Association of Muslim Scholars, a group of hard-line Sunnis that opposes the coalition, issued a statement alleging U.S. soldiers entered two Iraqi houses, shot 32 civilians to death, including women and children, and then blew up the buildings to make it look as if the victims died in a U.S. airstrike targeting insurgents.

The Iraqi Islamic Party, part of a Sunni bloc that controls 44 of parliament's 275 seats, made a similar claim, calling the attack "a new massacre by the American occupiers."

Last spring, a U.S. investigation cleared American soldiers of misconduct during a March 15 raid in al-Ishaqi in which Air Force planes destroyed a building believed to be hiding al-Qaida in Iraq insurgents. Villagers claimed soldiers killed 11 civilians before ordering for the airstrike.

Hussein Nephew Escapes From Iraqi Prison (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 10, 2006

BAGHDAD — A nephew of Saddam Hussein serving a life sentence in a northern Iraqi prison escaped Saturday in what authorities believe might have been an inside job.

Ayman Sabawi, the son of Hussein's half-brother, was captured last year during a raid near Tikrit, Hussein's hometown. He was convicted of possessing illegal weapons and manufacturing explosives for Sunni insurgents.

Police said Sabawi fled Saturday afternoon in a car that had been waiting outside the prison in Badush, about 45 miles west of the northern city of Mosul. Authorities are investigating whether night-shift guards helped him escape.

Sabawi's escape came as Defense Secretary Donald H. Rumsfeld made a trip to Iraq in his final days at the Pentagon. Air Force Lt. Col. Todd Vician, a Pentagon spokesman, confirmed that Rumsfeld left Washington on Friday for Iraq, saying, "He wanted to take this opportunity to express his thanks to the troops, and also let them know that he certainly appreciates the sacrifices they make every day."

Meanwhile, leaders from the western province of Al Anbar, the heartland of the Sunni insurgency, met with U.S. Ambassador Zalmay Khalilzad in Baghdad to ask for help in rebuilding the local economy, arming police and securing the main highway from the Jordanian border to Baghdad, which runs through their province. They also asked him for a halt to U.S. bombings in the military's hunt for insurgents.

"Our goal is to bring Anbar to a safe shore, because any security failure or deterioration in Anbar would reflect poorly on all Iraq," Al Anbar Gov. Mamoun Sami Rasheed said.

Two U.S. soldiers were killed and three injured Saturday while patrolling Ramadi, Al Anbar's provincial capital, when a roadside bomb exploded near their Humvee, the military said in a statement. A Marine died Thursday in Al Anbar combat, the military said, raising the number of troops killed to 2,913. According to icasualties.org, more than a third of the U.S. and allied foreign troops killed in Iraq since the 2003 invasion have died in Al Anbar.

The delegation of provincial leaders asked Khalilzad for an Army brigade to patrol the highway and help recruit police officers, said Haqi Ferhan, who identified himself as a lawyer representing tribal leaders opposed to the insurgents.

Police in the province have already recruited 11,000 officers, Ferhan said, but are struggling to outfit them.

He said Khalilzad promised to review the matter with the Iraqi government and commanders of the U.S.-led foreign military force.

In a statement, Khalilzad welcomed Al Anbar officials' efforts to stabilize the province.

The Iraq Study Group report released Wednesday in Washington cited Al Anbar as one of four provinces that remain "highly insecure."

In a report last week to the U.N. Security Council, U.N. Secretary-General Kofi Annan cited fighting in Al Anbar as evidence that Iraq's violence is spiraling out of control.

U.S. forces are attempting to shift responsibility for local security to Iraqi troops. In a series of raids across Al Anbar on Friday and Saturday, U.S. troops followed the lead of Iraqi army divisions, exchanging fire with insurgents, taking into custody 19 suspects and recovering weapon caches in several towns, according to military statements.

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The military said some of those detained are suspected in assaults on U.S. soldiers and on Iraqi police, soldiers and civilians, including planting roadside bombs and attacking an elementary school before national elections last year.

Across Iraq on Saturday, at least 16 people were killed.

The Ministry of Interior also reported that 40 bodies were found in Baghdad in a day, 10 of them handcuffed, blindfolded and showing signs of torture.

An Interior Ministry official said that among those killed Saturday was a young man who was shot along with his parents as they fled their burning house in the mostly Shiite Hurriya neighborhood of Baghdad. The official said the Shiite Al Mahdi militia had set the home on fire after distributing fliers to Sunni families in the neighborhood urging them to move out.

The parents survived, the official said.

Police said a car bomb killed four people and injured 40 Saturday morning on a market street in Karbala, home to the country's second-holiest Shiite shrine. Police blockaded the city center after the bombing, detained several suspects and dismantled remaining explosives, Karbala Gov. Akeel Mahmoud Qazali told state-run Al Iraqiya television.

Another car bomb killed three people in Mosul, local police said.

Late Saturday, a burst of automatic gunfire that could be heard across Baghdad was a rare sign of unity instead of strife: Soccer fans were celebrating Iraq's 2-1 victory over Uzbekistan in the semifinals of the Asian Games in Qatar.

Iran Ties Role In Iraq Talks To U.S. Exit (NYT)

By Hassan M. Fattah, Michael R. Gordon

The New York Times, December 10, 2006

MANAMA, Bahrain, Dec. 9 — Just days after the Iraq Study Group recommended opening a dialogue with Tehran, Iran's foreign minister said his country would enter discussions on stabilizing Iraq only if the United States commits to a troop withdrawal.

Speaking to a security conference in Manama, Foreign Minister Manouchehr Mottaki said Iran was open to dialogue as long as the United States "changes its attitude," and he asserted that the Americans were "50 percent to blame" for Iraq's violence.

In a defiant presentation, he also insisted that the United States stop campaigning against Iran's nuclear program.

"The Islamic republic of Iran, in case the U.S. changes its attitude, is ready to help the administration to withdraw its troops from Iraq," Mr. Mottaki said. He then took a triumphant tone, saying, "The time of threats is over; the period of unilateralism is over."

The event, which drew diplomatic and security officials from throughout the Persian Gulf and the West was organized by the International Institute for Strategic Studies.

Iran's activities in Iraq have been of concern to Washington because American intelligence says Iran is providing explosives and triggering devices and possibly other military support to militant fighters in Iraq.

The bipartisan Iraq Study Group recommended in a report released Wednesday that the United States establish an Iraq International Support Group, which would involve Iraq's neighbors, including Iran, other Middle East states, the United States and other permanent members of the United Nations Security Council, among others.

At the same time, the panel expressed concerns that Iran might not be willing to join such a diplomatic effort.

"Our limited contacts with Iran's government lead us to believe that its leaders are likely to say they will not participate in diplomatic efforts to support stability in Iraq," the report said. "They attribute this reluctance to their belief that the United States seeks regime change in Iran."

The Bush administration has been very skeptical of the idea of opening a full-scale dialogue with Tehran. David M. Satterfield, the State Department's coordinator for Iraq, suggested to the Senate Armed Service Committee last month that the United States was prepared "in principle'' for limited discussions.

"We are prepared in principle to discuss Iranian activities in Iraq,'' Mr. Satterfield said at the time. "The timing of such a direct dialogue is one that we still have under review.''

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When asked whether Iran would join such a diplomatic effort, Mr. Mottaki signaled that his nation would only do so as part of an arrangement in which the United States began to withdraw its forces.

"The United States should help itself before anyone else," he told reporters after his presentation. "The first step is they have to say that they will be ready to leave Iraq."

American officials at the meeting doubted that Iran could improve the situation in Iraq, dismissing Mr. Mottaki's speech as posturing to put Iran's Arab neighbors at ease about the chances of a confrontation between Iran and the United States.

They emphasized that they had made no contact with the Iranians during the meeting.

"They don't want to appear to be begging for a dialogue when we don't seem too eager in doing so ourselves," said one United States official, speaking on condition of anonymity because he was not authorized to comment. "But they do seem pretty confident that things are going their way."

Senior American officials were invited to the meeting, and Stephen J. Hadley, President Bush's national security adviser, had been expected to attend. But he and other top-level officials did not participate. The administration is conducting a policy review on the issue, and analysts said it would have been awkward for the officials to defend a policy that had not been decided.

At the meeting, Hoshyar Zebari, Iraq's foreign minister, expressed concerns about the Iraqi Study Group report. He objected to the threat in the report to withhold American economic and military support if Iraq's government did not make steady process toward reconciliation, asserting that the study did not give Iraqis enough credit for holding elections and other steps to build a new state.

"This is most about U.S. policies, less about Iraqi concerns. In fact, we in Iraq have some serious concerns about this report."

Mr. Mottaki, the Iranian official, reiterated calls for a new regional cooperation effort that included Iran and cut out the United States. He suggested establishing a common understanding on what security is, identifying the obstacles to security, offering gulf states a guarantee of their security in addition to increasing cooperation on economic and security issues and holding a continuous dialogue to reduce foreign influence in the region.

Iran Offers To Help U.S. Exit From Iraq (AP)

By Jim Krane, Associated Press Writer

AP, December 10, 2006

Iran's foreign minister delivered a blunt challenge to the United States on Saturday, saying Tehran is willing to help U.S. troops withdraw from neighboring Iraq but only if Washington makes some tough policy changes.

Foreign Minister Manouchehr Mottaki claimed U.S. troops were responsible for at least half the violence tearing apart Iraq and that their departure would pay security dividends for the entire region.

"If the United States changes its attitude, the Islamic Republic of Iran is ready to help with the withdrawal from Iraq," Mottaki told the International Institute of Strategic Studies conference here. "Fifty percent of the problem of insecurity in Iraq is the presence of foreign troops."

Mottaki echoed calls made last week by Iran's top national security official, Ali Larijani, for Gulf Arab countries to eject American bases in their countries and establish a regional security pact with Iran. Mottaki went further and offered deeper cooperation with the six Gulf Arab states on energy, tourism, business and counter-narcotics.

Iran's offers do not seem to have tempted Gulf neighbors who are apparently more worried about the dangers of living near Iran's nuclear facilities, especially amid threats by Washington and Israel to use military force to destroy them.

Mottaki's forceful speech was a challenge to U.S. interests in the Gulf and a strong display of the country's rising assertiveness in the face of U.S failures in the region.

At one point, Mottaki addressed an international audience that included U.S. Vice Adm. David Nichols, the deputy chief of U.S. Central Command, and said the regional chaos sparked by the Bush administration's twin wars demonstrated that U.S. military force was no longer a realistic policy option in the Middle East.

"Today the time of threats is over. The period of unilateralism is over," Mottaki said. "Look at Iraq. Look at Afghanistan. That gives us a very important lesson."

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Iran's proposal for a Gulf security alliance shows no sign of gaining traction among the region's Arab leaders. Bahraini Foreign Minister Sheik Khalid bin Ahmed Al Khalifa said security of the energy-rich region depends on the United States, the European Union and other major oil-importing countries.

Much of the discussion at this security conference centered on the U.S. Iraq Study Group report, and its recommendation that Washington seek Iran's help in steering Iraq away from civil war.

William Cohen, defense secretary under President Clinton, urged Iran to push for talks with Washington.

"If you forgo aspirations for nuclear weapons and cut off funding for radical elements and support the Mideast peace process, then yes, you'd be welcomed into the international community. We'd have billions of dollars going into your economy," Cohen told the Iranians among 250 delegates from 22 countries.

"If Iran is simply interested in pursuing a nuclear energy program and not weapons, that's something the U.S. wouldn't object to and would support."

What Motivates Syria? (WP)

By Imad Moustapha

The Washington Post, December 10, 2006

U.S. engagement -- or rather reengagement -- with Syria has become a salient topic in almost every political debate on U.S. policy in the Middle East, particularly regarding Iraq.

But while commentators argue over whether the United States should engage Syria and whether Syria has the will to cooperate or even the capability to deliver intended outcomes, it appears that the Bush administration remains incapable of searching for a comprehensive approach to the strife in Iraq.

According to top officials in the Bush administration, engagement with Syria would yield no benefits. What is Syria's reaction to this viewpoint? Well, we believe that if U.S. officials continue to regard a dialogue with Syria as a matter of "dictating" -- that is, telling Syria what it ought and ought not to do -- then their predictions are correct.

Given such a "dialogue," Syria would have to agree with the Bush administration officials who say that nothing can be achieved by such engagement. It would be a waste of valuable time for both sides, and in the meantime the situation in Iraq would continue to spiral downward from disastrous to catastrophic.

But if the Bush administration comes to realize that truly engaging consists of an honest dialogue in which all parties are involved, then positive results will be possible -- for Iraq, the United States, Syria and the entire region.

Contrary to what many in Washington believe, past Syrian-American collaboration has yielded many beneficial outcomes, a fact that several former U.S. officials could confirm. These include, among other things, Syrian cooperation on the Middle East peace process, on al-Qaeda and, yes, on Iraq.

What motivates Syria to engage on Iraq? Let us be clear: Syria is not looking for a "deal" with the U.S. administration on any issue. The situation in Iraq is a matter of paramount concern to Syria, particularly the unprecedented levels of death and destruction and the possibility of Iraq's disintegrating, which would have terrible repercussions for the entire Middle East.

Thus Syria has the will and the capacity to assist in Iraq. This help is imperative to Syrian national interests. Syria can cooperate on security issues with the Iraqis and can give considerable support to their political process. The visit of our foreign minister to Baghdad, and the resumption of diplomatic ties between Damascus and Baghdad after a 25-year lapse, clearly illustrates our commitment to a free, peaceful and unified Iraq.

But Syria recognizes that no magical solution exists to instantaneously achieve the desired objectives. A rigorous and comprehensive approach is required. This approach should include a reconsideration of U.S. policy in Iraq, starting with the recognition of the necessity to include all parties involved: neighboring countries and all factions of the Iraqi political and social spectrum.

No party should feel defeated or excluded. All stakeholders in the future of Iraq should feel that it is in their own interest to help stabilize the situation.

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A solution should also include U.S. acknowledgment that the majority of Iraqis regard the occupation as only exacerbating the situation and causing further violence and instability. A U.S. plan for withdrawal should be on the table. Only such a step will prove to the various parties involved that the United States genuinely plans to return Iraq to the Iraqis.

Syria believes that engagement of all parties will ultimately become inevitable and the only route forward. Until this happens, all parties will continue to lose. Above all, if it does not happen, Iraq will continue to pay the terrible price for such lack of vision.

The writer is Syria's ambassador to the United States.

Training Iraqis May Pose Risks For U.S. (WP)

By Walter Pincus

The Washington Post, December 10, 2006

The newest program for training Iraqi security forces, embedding 11- to 15-member U.S. transition teams in Iraqi battalions, represents a "high-risk assignment" for the American officers and men involved, according to top military training officials.

The concept is considered so dangerous that a group of potential replacements stand ready at Fort Riley, the U.S. Army base directing the program, for immediate shipment to Iraq if members of a deployed team are killed or wounded, Maj. Gen. Carter F. Ham, who runs the training program, told House members last week.

While the U.S. training of Iraqis is considered key in determining the future of the American presence in Iraq, it remains a work in progress three years after it began, according to present and former senior U.S. Army and Marine officers involved in the process.

The disbanding of Saddam Hussein's army in May 2003 and the disappearance of local police units compelled the United States and coalition allies to rebuild almost from scratch a variety of Iraqi security forces, including a national army, local national guard units, special commando teams, a national police force, border police, local police and a facilities protection service.

Complicating matters was a desire among coalition officials in 2003 and 2004 to keep the new Iraqi army lightly armed, in part so it could not threaten any democratic government established in Baghdad. As part of that approach, former senior officers from Hussein's army initially were excluded from service, and the first national police units developed were not trained or equipped to deal with either insurgency or serious security threats.

The result of the hesitant U.S. training effort, the Iraq Study Group reported Wednesday, is that Iraqi army units are of questionable loyalty to the Baghdad government, the police units cannot control crime, and some, according to the report, "routinely engage in sectarian violence." The facilities protection service is "incompetent, dysfunctional or subversive."

Lt. Gen. James J. Lovelace Jr., the Army's deputy chief of staff for personnel, told the House Armed Services Committee on Thursday that the current goal is to train 325,000 Iraqis, with 134,000 in the army and at least 180,000 as police officers.

The latest enhancement to the training task is the embedding of transition teams whose job is to "advise, coach, teach and mentor Iraqi security forces and provide direct access to coalition . . . air support, artillery, medical evacuation and intelligence-gathering," Lovelace said.

The teams, made up of highly qualified senior commissioned and noncommissioned officers, have specialties that include combat operations, intelligence, communications and logistics. Because they live with the Iraqi units, it is a "high-risk assignment," Marine Maj. Gen. George J. Flynn, commander of the Marine Corps training and education command, told the panel.

"In many ways, these individuals are out there alone and unafraid," and this speaks "to the quality of the men and women who are in uniform," Flynn added.

During a Senate Armed Services Committee hearing Thursday, Sen. John McCain (R-Ariz.) questioned the program and focused on the risk factor in opposing the idea of reducing U.S. combat troops in Iraq by early 2008.

To "withdraw the troops and then still have thousands of American soldiers embedded in Iraqi units that are of questionable value or loyalty, I think, puts at risk a large number of American military advisers," McCain said.

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The training plan, however, contemplates the continued presence in Iraq of rapid-response U.S. combat units with helicopters and aircraft that could be quickly called in for support should embedded teams come under fire.

Army Lt. Gen. Peter W. Chiarelli, the top U.S. field commander in Iraq, told Pentagon reporters Friday that no decision had yet been made on how many of the new teams will be requested.

The Iraq Study Group described training of the Iraqi army as "a primary mission of U.S. military strategy," despite problems such as the sectarian nature of the Iraqi forces and the manner in which personnel were recruited. The latter has contributed, the group reported, to forces resisting deployment to other parts of the country and refusing to carry out missions.

Pulling Out Combat Troops Would Still Leave Most Forces In Iraq (NYT)

By Thom Shanker

The New York Times, December 10, 2006

WASHINGTON, Dec. 9 — Frontline combat troops in the 15 brigades carrying out the American fight in Iraq — which the Iraq Study Group says could be largely withdrawn in just over a year — represent about 23 percent of the 140,000 military personnel committed to the overall war effort there.

On any given day, according to military officers in Baghdad, only about 11 percent of the Army and Marine Corps personnel in Iraq are carrying out purely offensive operations. Even counting others, whose main job is defensive or who perform security missions to stabilize the country for economic reconstruction and political development, only half of the American force might be considered combat troops.

Even if all of the group's proposals were carried out, it is not possible to predict exactly how many Americans will stay, or for how long. Decisions will hinge on military conditions on the ground and political conditions in Washington.

But an analysis of the current numbers and tasks of American forces suggests that it will prove difficult to drop far below 100,000 by early 2008, and that 70,000 or more troops might have to stay for a considerable time.

The bipartisan report, which acknowledged that a sustained and "considerable" troop presence would be necessary, called urgently for increasing the 4,000 American trainers now with Iraqis to as many as 20,000. That shift has been endorsed in general terms by President Bush. And commanders in Iraq, on their own accord, are already moving troops from their combat ranks to the training teams. So members of American brigade combat teams will stay for some time, in any case.

Americans assigned to join Iraqi units as advisers and trainers — fighting alongside the Iraqis when necessary, with other combat forces on call in case of emergency — must be backed up by the full array of drivers, cooks, guards, planners, intelligence analysts, communications teams, helicopter crews, mechanics and medical units without which no military operation can be mounted. And as long as the violence in Iraq persists, they must be protected from attack.

According to Pentagon statistics, about 23 percent of the troops currently assigned to the Iraq mission conduct primarily combat jobs. The 15 combat brigades — each with an official roster of about 3,500 and totaling about 52,500 soldiers and marines in Iraq — make up well over a third of the overall force. But each brigade includes units that provide support, logistics and security for those troops conducting direct combat operations.

Electricians and mechanics make up 20 percent of the overall American mission, with "functional support/administrative" personnel and "service and supply handlers" each contributing another 11 percent, according to Pentagon personnel statistics.

Other major categories include communications and intelligence troops — 8 percent — and health service providers, including such critical missions as medical evacuation teams, at 4 percent of the force. Craftsmen account for just under 4 percent. Those statistics do not includes their officers.

These statistics were drawn from an unclassified Pentagon report dated Sept. 30, 2006, which listed American deployments in the Middle East to carry out and support what the Pentagon classifies as "The Global War on Terror." Three senior officers who served yearlong deployments in Iraq at the headquarters level reviewed the Pentagon statistics on regional deployments and said they provide an accurate if somewhat rough picture of how American troops are assigned military tasks in Iraq today.

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But that is just one set of statistics describing troop deployments. Those statistics listing official military occupations in the region do not tell the full story of how the force deployed on the ground carries out the mission each day, according to officers in Baghdad.

Lt. Col. Michelle L. Martin-Hing, spokeswoman for the Multinational Corps-Iraq, offered different statistics that show that during day-to-day operations, about 40 percent of the troops conduct combat missions while about 60 percent carry out support missions.

She provided statistics compiled by the military's operational headquarters in Iraq that list 11 percent of the force as assigned to offensive operations on any given day, and another 22 percent of the troops assigned to force protection and another 22 percent to security operations. About 35 percent carry out tasks that sustain the mission.

Iraqi security forces are not able to gather and analyze sufficient intelligence to carry out all of their missions, nor even to plan them. Likewise, the Iraqis do not have the infrastructure to buy, transport and distribute all of the ammunition, food and fuel that those indigenous forces require, nor to maintain all of their equipment.

Those logistical tasks fall to Americans, and, given the time it will take to build up Iraq's capabilities, are likely to continue to for years to come, even long after the Baghdad government has assumed full military command.

The Iraq mission is not especially top-heavy, according to Pentagon statistics. Generals and their executive staffs amount to one-tenth of one percent of the force.

Other categories in the Pentagon personnel statistics include tactical operations officers, at 6 percent; engineering and maintenance officers, at 2 percent; supply and procurement officers, at 1.7 percent; and health care officers, at 1.5 percent.

Despite increased agility and speed in how it carries out its combat operations, the American military's ratio of combat to support troops has remained in Iraq at levels seen throughout modern history, mostly because the insurgency eliminated the concept of safe and comfortable rear areas that existed in previous wars, making every supply and planning and convoy job more difficult and dangerous.

Andrew F. Krepinevich Jr., executive director of the Center for Strategic and Budgetary Assessments here, said militaries traditionally require three to five soldiers to support every fighter, and in the case of Iraq some of that support is elsewhere in the Persian Gulf region.

"In the time of Alexander the Great, everyone on the battlefield carried a spear," Mr. Krepinevich said. "But over the great sweep of history, the tail has increased faster than the tooth." In America's most recent sustained conflict, in Vietnam, "when we had roughly half a million soldiers on the ground, less than 100,000 were actually combat troops, carrying rifles around," he said.

Black-Market Weapon Prices Surge In Iraq Chaos (NYT)

By C. J. Chivers

The New York Times, December 10, 2006

SULAIMANIYA, Iraq, Dec. 8 — The Kurdish security contractor placed the black plastic box on the table. Inside was a new Glock 19, one of the 9-millimeter pistols that the United States issued by the tens of thousands to the Iraqi Army and police.

This pistol was no longer in the custody of the Iraqi Army or police. It had been stolen or sold, and it found its way to an open-air grocery stand that does a lively black-market business in police and infantry arms. The contractor bought it there.

He displayed other purchases, including a short-barreled Kalashnikov assault rifle with a collapsible stock that makes it easy to conceal under a coat or fire from a car. "I bought this for $450 last year," he said of the rifle. "Now it costs $650. The prices keep going up."

The market for this American-issued pistol and the ubiquitous assault rifle illustrated how fear, mismanagement and malfeasance are shaping the small-arms market in Iraq.

Weapon prices are soaring along with an expanding sectarian war, as more buyers push prices several times higher than those that existed at the time of the American-led invasion nearly four years ago. Rising prices, in turn, have encouraged an insidious form of Iraqi corruption — the migration of army and police weapons from Iraqi state armories to black-market sales.

All manner of infantry arms, from rocket-propelled grenade launchers to weathered and dented Kalashnikovs, have circulated within Iraq for decades.

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But three types of American-issued weapons are now readily visible in shops and bazaars here as well: Glock and Walther 9-millimeter pistols, and pristine, unused Kalashnikovs from post-Soviet Eastern European countries. These are three of the principal types of the 370,000 weapons purchased by the United States for Iraq's security forces, a program that was criticized by a special inspector general this fall for, among other things, failing to properly account for the arms.

The weapons are easy to find, resting among others in the semihidden street markets here, where weapons are sold in tea houses, the back rooms of grocery kiosks, cosmetics stores and rug shops, or from the trunks of cars. Proprietors show samples for immediate purchase and offer to take orders — 10 guns can be had in two hours, they say, and 100 or more the next day.

"Every type of gun that the Americans give comes to the market," said Brig. Hassan Nouri, chief of the political investigations bureau for the Sulaimaniya district. "They go from the U.S. Army to the Iraqi Army to the smugglers. I have captured many of these guns that the terrorists bought."

The forces propelling the trade can be seen in the price fluctuations of the country's most abundant firearm, the Kalashnikov.

In early 2003, a Kalashnikov in northern Iraq typically cost from $75 to $150, depending on its condition, origin and style. Immediately after the invasion, as fleeing soldiers abandoned their rifles and armories were looted, prices fell, pushed down by a glut and a brief sense of optimism.

Today, the same weapons typically cost $210 to $650, according to interviews with seven arms dealers, two senior Kurdish security officials and several customers. In other areas of Iraq, prices have climbed as high as $800, according to Phillip Killicoat, a researcher who has been assembling data on Kalashnikov prices worldwide for the Small Arms Survey, a Geneva-based organization.

The price ranges reflect not only a weapon's condition but its model. A Kalashnikov made in a former Soviet-bloc factory costs more than a Kalashnikov made in China, North Korea or Iraq. Collapsible-stock models have become disproportionately expensive. The price ranges do not include the most compact Kalashnikovs, like those Osama bin Laden has been photographed with, which now have a collector's value in Iraq and can cost as much as $2,000.

In many ways, weapon prices provide a condensed history of Iraq's slide into chaos.

Prices began moving upward in the summer of 2003 as several classes of customers entered the market together, Iraqi security officials and the arms dealers said. Western security contractors, Sunni insurgent groups, Shiite paramilitary units and criminals who were released from prison by Saddam Hussein before the war all sought the same weapons at once.

Kalashnikov prices quickly reached $200, they said. Since late last year, prices have been moving up again, as sectarian war has spread. Militias have been growing at the same time that more civilians have been seeking weapons for self-defense — twin demand pressures that pushed prices to new heights this fall.

"Now the Sunni want the weapons because they fear the Shia, and the Shia want the weapons because they fear the Sunni," said Brig. Sarkawt Hassan Jalal, the chief of security in the Sulaimaniya district. "So prices go up."

Mr. Killicoat put it another way. "When households start entering the market, that's a free-for-all," he said.

The surge is evident across a spectrum of arms. Pistol prices have nearly tripled since 2003. Western 9-millimeter pistols now sell for $1,100 to $1,800 in the bazaars of this city. Sniper rifles cost $1,100 to $2,000, the dealers said. In the West, similar pistols sell for $400 to $600.

Arms dealers say that rising prices have led to more extensive pilfering from state armories, including the widespread theft of weapons the United States had issued to Iraq's police officers and soldiers.

"In the south, if the Americans give the Iraqis weapons, the next day you can buy them here," said one dealer, who sold groceries in the front of his kiosk and offered weapons in the back. "The Iraqi Army, the Iraqi police — they all sell them right away."

No weapons were displayed when two visitors arrived. But when asked, the owner and a friend swiftly retrieved six pistols, a rocket-propelled grenade launcher and three Kalashnikovs from a car and another room.

The rifles and the grenade launcher were wrapped in rice sacks. He slipped two of the rifles out of the cloth. They were spotless and unworn, inside and out, and appeared never to have been used. They had folding stocks and were priced at $560 each.

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The dealer said they had recently been taken from an Iraqi armory. "Almost all of the weapons come from the Iraqi police and army," he said. "They are our best suppliers."

One pistol was a new Walther P99, a 9-millimeter pistol that the dealer said had been issued by the Americans to the Iraqi police. It was still in its box.

Glock pistols were also easy to find. One young Iraqi man, Rebwar Mustafa, showed a Glock 19 he had bought at the bazaar in Kirkuk last year for $900. Five of his friends have bought identical models, he said.

When asked if he was surprised that the Iraqi police and soldiers sold their own guns, he scoffed.

"Everything goes to the bazaar," he said.

He added: "It is not only pistols. A lot of police cars are being sold. The smugglers brought us three cars and asked if we wanted to buy them. Their doors were still blue, and police labels were on them. The lights were still on top."

Although the scale of weapons sales is unmistakably large, it is impossible to measure precisely. Sales are almost always hidden and unrecorded.

Tracing American-issued weapons back to Iraqi units that sell them is especially difficult because the United States did not register serial numbers for almost all of the 370,000 small arms purchased for Iraqi security forces, according to a report by the Special Inspector General for Iraq Reconstruction.

The weapons were paid for with $133 million from the Iraq Relief and Reconstruction Fund. Among them were at least 138,000 new Glock pistols and at least 165,000 Kalashnikov assault rifles that had not previously been used, according to the report.

Lt. Gen. Martin E. Dempsey, commander of the Multi-National Security Transition Command-Iraq, agreed that weapons provided by the United States had slipped from custody.

"I certainly concede that there are weapons that have been lost, stolen and misappropriated," General Dempsey said. He noted that the inspector general had estimated that 4 percent, or about 14,000 weapons, were lost between arriving in Iraq and being transferred to Iraqi forces. Most of the weapons were pistols.

The general said that he thought the estimate was high and that accountability was improving. A weapons registry was being created, he said. "Serial numbers are being registered," he said.

But the estimate of a 4 percent loss did not include weapons that were lost or stolen after being issued to Iraqi units. The arms dealers said this was the main source of their goods.

The arms dealers described several factors that kept weapons flowing from state custody.

Some have been taken by insurgents in ambushes or raids. Defections and resignations have also been common in Iraqi police and army units, they said, and often departing soldiers and officers leave with their weapons, which are worth more than several months of pay.

Aaron Karp, a small-arms researcher at Old Dominion University, said Iraq resembled African countries that had had extraordinary difficulties with the police selling off their guns. "The gun becomes the most valuable thing in the household," he said.

"If anything happens to a police officer's family and he needs money, he walks into work the next day and says, 'Hey, my gun got stolen.' "

Another weapons dealer, who Kurdish officials said had been providing them with weapons since 1991, said the latest black-market sales followed an old pattern precisely.

Throughout Mr. Hussein's rule, Iraqi Army officers were in the arms trade, he said, selling weapons to smugglers. This was how the Kurdish guerrillas kept themselves supplied.

Now, he said, the smugglers remain in business, and their trade is made easier because the units often do not have inventories. "I am surprised sometimes by the numbers," he said. "Sometimes they come by the hundreds."

Like The Nation, Military Families Divided On Iraq (WP)

By Christian Davenport, Joshua Partlow

The Washington Post, December 10, 2006

DOJ_NMG_0104683

Nancy Hecker hasn't read the Iraq Study Group's report. She doesn't need to. She knows her son, Army Maj. William F. Hecker III, died at 37 for a just cause, no matter what the antiwar crowd thinks.

If she "can stand firm in support of our country and the mission, is it too much to ask the rest of the country to do so as well?" she asked.

Beverly Fabri also doesn't need the report to help her make up her mind on Iraq. "We are not going to win this war," she said. "And we shouldn't have gotten involved with it in the first place."

Almost three years after her 19-year-old son, Army Pvt. Bryan Nicholas Spry, was killed, she said: "I'm beginning to feel like he just died in vain, I really am."

As the country debates what's next for Iraq, many family members who have lost loved ones in the war are torn about what should happen and how the legacy of those who have died there will be affected.

When the war began nearly four years ago, there was virtually unanimous support for it among military families. But as the country's belief in it has deteriorated, cracks have also begun to show among those who were its staunchest backers. And now, as the death toll mounts, many are struggling to reconcile bad news that seems to keep getting worse with the mission their loved ones believed in and died fighting for.

In Kathy Petty's opinion, the report "is not going to change much." But she's not clear about what should be done in the war that claimed her son, Army Capt. Christopher P. Petty, 33.

On the one hand: "I want the Iraqi people to be free. I want them to have their democracy. That's what Chris died fighting for."

On the other: "You've got almost a civil war. . . . And I'm not sure what we could do better. I'm not sure sending more troops would work."

Her son believed in what he was doing there. She remembers how he talked about building schools for Iraqis, and how the soldiers were treated like heroes by the townspeople.

That's why Petty, of Vienna, doesn't think her son died in vain. But that doesn't mean there are any easy answers to what's happening in Iraq.

"I do want Chris's death to have been meaningful, but I don't know," she said. "It's very hard to see a light at the end of the tunnel, if you know what I mean. It just seems to keep getting worse."

On Wednesday, the day the Iraq Study Group report was released, at least 11 U.S. service members were killed. So far this month, more than 30 have died.

A poll conducted last week by the Associated Press found that 63 percent of respondents did not expect a stable, democratic government to take root in Iraq, up from 54 percent in June.

All the talk of changing course in Iraq by people who have never taken up arms there has worn on Malia Fry, whose husband, Marine Gunnery Sgt. John Fry, 28, was killed while disarming a bomb in March.

"I don't want him to have died for nothing," said Fry, who has three young children and lives near Waco, Tex. "I want us to finish the job."

Marine Lance Cpl. Eric W. Herzberg's faith in the war, like that of much of the country, waned as the conflict dragged on, said his mother, Gina Barnhurst. But when his unit was called, Herzberg, 20, of Severna Park, went without complaint, because "Marines are not political," Barnhurst said. "They do what they're asked to do. They do it for their country. They do it for us."

And that's why she believes political leaders should think about the death of her son -- and the deaths of others -- as they decide what to do next in Iraq.

It has been nearly a year since Hecker's son, a West Point graduate and father of four, was killed south of Baghdad when a roadside bomb exploded next to his Humvee. She still keeps a tissue handy to blot away the tears that so often rise when she thinks about him: how he was a soldier and a scholar, a student of warfare and literature who had developed a taste for fine wine and rich coffee. But her loss does not mean American forces should leave Iraq, she said. Her son wouldn't want that.

Hecker, of Vienna, worries that the good things happening in Iraq are being suppressed by the media or buried under the din of politicians seeking office.

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"If we had all stood firm on this, it would have sent a message to the terrorists," she said. "The more divided that we were, the more opportunity they saw to be successful by destroying our national will."

What Hecker sees as harmful dissent, Yvonne Green of Baltimore believes is democracy at work. The Iraq Study Group recommendation to draw down combat troops was long overdue, to her mind. And she thinks it doesn't go far enough.

"They still aren't bringing the troops home immediately," she said. "If you're going to pull them out, do it immediately."

Still, the report boosted her belief that Iraq is a lost cause, and when she heard about it on the news, she thought: "What took you so long?"

Now she wonders how the debate at home affects the soldiers who served with her daughter -- Army Spec. Toccara R. Green, 23, who was killed last year -- and the other service members still in Iraq.

"I really feel bad for the troops, because it's like they are constantly getting told mixed messages," she said. "They are being told different things all the time. They don't know. Are we leaving? Are we staying?"

Command Sgt. Major Jeff Krausse, 51, of the Washington National Guard, said the country never should have invaded Iraq. He spent a year there, ending in 2005. About three weeks after he got home, his daughter, Army 1st Lt. Jaime Campbell, 25, died when the helicopter she was co-piloting crashed in northern Iraq.

Asked about the war, Krausse said: "First of all, I believe that we were lied to." He denounced the "propaganda" about weapons of mass destruction that justified the invasion and described the war now as a "no-win situation" that is "costing the taxpayers billions of dollars."

Still, he said, he'd go back if called.

"Unfortunately, now that we're there, we've got to finish what we've started," Krausse said from his home in Washington state. "This country is going to lose its credibility if we don't stay and do the right thing."

Jason Scott also has a big stake in how the war turns out. He lost an arm and an eye there and spent more than a year recovering at Walter Reed Army Medical Center. Now he can understand how Vietnam veterans felt coming home to a country that didn't support the war. And he worries about the effect it could have on the country's resolve.

"Public opinion has become so negative," he said. "So rather than make the hard decision to continue on to do the hard work to fix the situation, we're going to cut out and take the easy path."

If that happened, it would undercut the sacrifices so many soldiers made, he said. But it wouldn't diminish their service.

"That legacy of us being professional soldiers who answered the call can't be taken away from us no matter what happens," said Scott, 29, who now lives in Orlando. "I'll always be proud to be an American soldier. That's not going to change if we leave Iraq."

David Hartman's daughter, Army Sgt. Jennifer M. Hartman, 21, died in September. Since then her father, of New Ringgold, Pa., said he has stopped watching the news about Iraq.

He hadn't hard much about the Iraq Study Group or read its report. And he doesn't much care what it said about the future of Iraq.

"It's not going to bring her back."

The Sunshine Boys Can't Save Iraq (NYT)

By Frank Rich

The New York Times, December 10, 2006

IN America we like quick fixes, closure and an uplifting show. Such were the high hopes for the Iraq Study Group, and on one of the three it delivered.

The report of the 10 Washington elders was rolled out like a heartwarming Hollywood holiday release. There was a feel-good title, "The Way Forward," unfortunately chosen as well by Ford Motor to promote its last-ditch plan to stave off bankruptcy. There was a months-long buildup, with titillating sneak previews to whip up anticipation. There was the gala publicity tour on opening day, starting with a President Bush cameo timed for morning television and building to a "Sunshine Boys" curtain call by James Baker and Lee Hamilton on "Larry King Live."

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The wizard behind it all was the public relations giant Edelman, which has lately been recruited by Wal-Mart to put down the populist insurgency threatening its bottom line. Edelman's vice chairman is Michael Deaver, the imagineer extraordinaire of the Reagan presidency, and "The Way Forward" had a nostalgic dash of that old Morning-in-America vibe. In The Washington Post, David Broder gushingly quoted one member of the group, Alan Simpson, musing that "immigration, Social Security and all those other things that have been hung up for so long" might benefit from similar ex-officio bipartisanship. Only in Washington could an unelected panel of retirees pass for public-policy Viagra.

Mr. Simpson notwithstanding, the former senator who most comes to mind is Daniel Patrick Moynihan of New York. In the early 1990's he famously coined the phrase "defining deviancy down" to describe the erosion of civic standards for what constitutes criminal behavior. In 2006, our governmental ailment is defining reality down. "The Way Forward" is its apotheosis.

This syndrome begins at the top, with the president, who has cut and run from reality in Iraq for nearly four years. His case is extreme but hardly unique. Take Robert Gates, the next defense secretary, who was hailed as a paragon of realism by Washington last week simply for agreeing with his Senate questioners that we're "not winning" in Iraq. While that may be a step closer to candor than Mr. Bush's "absolutely, we're winning" of late October, it's hardly the whole truth and nothing but. The actual reality is that we have lost in Iraq.

That's what Donald Rumsfeld at long last acknowledged, between the lines, as he fled the Pentagon to make way for Mr. Gates. The most revealing passage in his parting memo listing possible options for the war was his suggestion that public expectations for success be downsized so we would "therefore not 'lose.' " By putting the word lose in quotes, Mr. Rumsfeld revealed his hand: the administration must not utter that L word even though lose is exactly what we've done. The illusion of not losing must be preserved no matter what the price in blood.

The Iraq Study Group takes a similarly disingenuous tack. Its account of how the country Mr. Bush called a "grave and gathering danger" in September 2002 has devolved into a "grave and deteriorating" catastrophe today is unsparing and accurate. But everyone except the president knew this already, and that patina of realism evaporates once the report moves from diagnosis to prescription.

Its recommendations are bogus because the few that have any teeth are completely unattainable. Of course, it would be fantastic if additional Iraqi troops would stand up en masse after an infusion of new American military advisers. And if reconciliation among the country's warring ethnicities could be mandated on a tight schedule. And if the Bush White House could be persuaded to persuade Iran and Syria to "influence events" for America's benefit. It would also be nice if we could all break the bank in Vegas.

The group's coulda-woulda recommendations are either nonstarters, equivocations (it endorses withdrawal of combat troops by 2008 but is averse to timelines) or contradictions of its own findings of fact. To take just one example: Even if we could wave a magic wand and quickly create thousands more military advisers (and Arabic-speaking ones at that), there's no reason to believe they could build a crack Iraqi army and police force where all those who came before have failed. As the report points out, the loyalties and capabilities of the existing units are suspect as it is.

By prescribing such placebos, the Iraq Study Group isn't plotting a way forward but delaying the recognition of our defeat. Its real aim is to enact a charade of progress to pacify the public while Washington waits, no doubt in vain, for Mr. Bush to return to the real world. The tip-off to the cynical game can be found in a single sentence: "We agree with the goal of U.S. policy in Iraq, as stated by the president: 'an Iraq that can govern itself, sustain itself, and defend itself.' " This studious group knows that even that modest goal, a radical devaluation of the administration's ambition to spread democracy throughout the Middle East, has long been proven a mirage. The Iraqi government's ability to defend anything is so inoperative that the group's members visited the country but once, with just one (Chuck Robb) daring to leave the Green Zone. The Bush-Maliki rendezvous 10 days ago was at the Four Seasons hotel in Amman.

The only recommendations that might alter that reality, however evanescently, come not from "The Way Forward" but from its critics on the right who want significantly more troops and no withdrawal timetables whatsoever. But a Pentagon review leaked to The Washington Post three weeks ago estimates that a true counterinsurgency campaign would "require several hundred thousand additional U.S. and Iraqi soldiers as well as heavily armed Iraqi police," not the 20,000 or so envisioned as a short-term booster shot by John McCain.

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Since these troops don't exist and there is no public support in either America or Iraq for mobilizing them, the president can't satisfy the hawks even if he chooses to do so. Since he's also dead set against a prompt withdrawal, we already know what his policy will be, no matter how many "reviews" he conducts. He will stay the course, with various fake-outs along the way to keep us from thinking we've "lost," until the whole mess is deposited in the lap of the next president.

But as Chuck Hagel said last week, "The impending disaster in Iraq is unwinding at a rate that we can't quite calibrate." It is yet another, even more reckless flight from reality to suppose that the world will stand still while we dally. The Iraq Study Group's insistence on dragging out its deliberations until after Election Day for the sake of domestic politics mocked and undermined the urgency of its own mission. Meanwhile the violence metastasized. Eleven more of our soldiers were killed on the day the group finally put on its show. The antagonists in Iraq are not about to take a recess while we celebrate Christmas. The mass exodus of Iraqis, some 100,000 per month, was labeled "the fastest-growing refugee crisis in the world" by Refugees International last week and might soon rival Darfur's.

THE Iraq-Vietnam parallels at this juncture are striking. In January 1968, L.B.J. replaced his arrogant failed defense secretary, Robert McNamara, with a practiced Washington hand, Clark Clifford. The war's violence boiled over soon after (Tet), prompting a downturn in American public opinion. Allies in our coalition of the willing — Thailand, the Philippines, Australia — had balked at tossing in new troops. Clifford commissioned a re-evaluation of American policy that churned up such ideas as a troop pullback, increased training of South Vietnamese forces and a warning to the South Vietnamese government that American assistance would depend on its performance. In March, a bipartisan group of wise men (from Dean Acheson to Omar Bradley) was summoned to the White House, where it seconded the notion of disengagement.

But there the stories of Vietnam and Iraq diverge. Those wise men, unlike the Iraq Study Group, were clear in their verdict. And that Texan president, unlike ours, paid more than lip service to changing course. He abruptly announced he would abjure re-election, restrict American bombing and entertain the idea of peace talks. But as Stanley Karnow recounts in "Vietnam: A History," it was already too late, after some 20,000 casualties and three years of all-out war, for an easy escape: "The frustrating talks were to drag on for another five years. More Americans would be killed in Vietnam than had died there previously. And the United States itself would be torn apart by the worst internal upheavals in a century."

The lesson in that is clear and sobering: As bad as things may seem now, they can yet become worse, and not just in Iraq. The longer we pretend that we have not lost there, the more we risk losing other wars we still may salvage, starting with Afghanistan.

The members of the Iraq Study Group are all good Americans of proven service to their country. But to the extent that their report forestalls reality and promotes pipe dreams of one last chance for success in this fiasco, it will be remembered as just one more delusional milestone in the tragedy of our age.

The Great Divide Over Iraq (WP)

By David S. Broder

The Washington Post, December 10, 2006

On the 65th anniversary of the attack on Pearl Harbor, the pieces moved into place for a foreign policy and national security debate as consequential as any this nation and its allies have faced since the start of World War II.

The Iraq Study Group -- 10 senior statesmen, equally divided between the political parties -- threw down the challenge in a unanimous report that showed no signs of being compromised or softened in the interests of bipartisan comity. This was not a happy-talk report.

The next day, President Bush and British Prime Minister Tony Blair, heirs to the roles of Roosevelt and Churchill, responded in equally forceful tones -- and the debate was on.

Bush and Blair described the government they are trying to save in Baghdad as a democratic reflection of the essentially moderate mainstream of Iraqi society, weak in military strength and beset by extremist Shiite and Sunni forces that are financed and armed by neighboring dictators in Syria and Iran.

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Bush approvingly quoted Blair as saying, "The violence is not an accident or a result of faulty planning. It is a deliberate strategy. It is the direct result of outside extremists teaming up with internal extremists -- al-Qaeda with the Sunni insurgents and Iran with the Shia militia."

The Iraq Study Group -- a self-selected group of longtime pre-Bush officials -- came right back to insist that this view was a fundamental mischaracterization of the situation. The problem in Iraq, according to an interview Thursday with the panel's co-chairmen, James A. Baker III, the former Republican secretary of state, and Lee Hamilton, the former Democratic chairman of the House Foreign Relations Committee, is something almost entirely different. They contend that the Iraqi politicians, chosen from religious communities, have been unwilling to make the political trade-offs necessary to build support among the public and in the army and security services for the secular state promised by the Iraqi constitution. The Iraqi politicians procrastinate on dividing up the oil revenue to include the Sunni minority, and they drag their feet on setting up regional governments.

These widely different diagnoses of what ails Iraq, plagues the Iraqi people and vexes the American and British forces lead to very different conclusions. Bush wants to step up the training and assistance for the nascent Iraqi army. The Iraq Study Group would offer more help -- economic, military and diplomatic -- only if the government in Baghdad began soon to repair its factional fights. Otherwise, it would gradually reduce that aid and, in any case, redeploy most allied combat brigades by the first quarter of 2008.

The different strategies appear most vividly when it comes to Iran and Syria. In a passionate response to a question about the ISG suggestion that those two nations be invited to participate in seeking a settlement in Iraq and the broader Middle East, Bush said, "In Iraq, they support terrorists and death squads who are fomenting sectarian violence . . . . In Lebanon, they're supporting Hezbollah . . . . In Afghanistan, they're supporting remnants of the Taliban . . . . In the Palestinian territories, they are working to stop moderate leaders . . . . In each of these places, radicals and extremists are using terror to stop the spread of freedom. And they do so because they want to spread their ideologies -- their ideologies of hate -- and impose their rule on this vital part of the world . . . . And should they succeed, history will look back on our time with unforgiving clarity and demand to know, what happened?"

Agree with Bush's policy or not, there is a theory of history -- and of political science -- behind it. You may label it as neoconservative, but that does not denigrate it.

Baker, who was running diplomacy when this Bush was still part owner of the Texas Rangers baseball club, looks at Syria and sees a country that wanted to be helpful to the West and that aided us in Afghanistan. He looks at Iran and sees a complex society, with nothing to be lost by reaching out to any moderate elements in its government.

The Iraq Study Group report has been embraced by most congressional Democrats. It has been greeted warily by most congressional Republicans. The president has asked for -- and deserves -- time to take in all its recommendations and absorb its chilling picture of what faces us in Iraq.

But one thing is clear. As Baker and Hamilton say, there is no other bipartisan blueprint for the future. Bush will reject it at his peril.

The Bubble Boy In The Oval Office (LAT)

By Jonathan Chait

The Los Angeles Times, December 10, 2006

THERE IS a famous "Twilight Zone" episode about a little boy in a small town who has fantastical powers. Through the misuse of his powers, the little boy has ruined the lives of everybody in the town — for instance, teleporting them into a cornfield, or summoning a snowstorm that destroys their crops. Because anyone who thinks an unhappy thought will be banished, the adults around him can do nothing but cheerfully praise his decisions while they try to nudge him in a less destructive direction.

This episode kept popping into my head when I was reading about President Bush and the Baker-Hamilton commission. Bush is the president of the United States, which therefore gives him enormous power, but he is treated by everybody around him as if he were a child.

Consider a story in the latest Time magazine, recounting the efforts — before the commission was approved by Congress — of three supporters to enlist Condoleezza Rice to win the administration's approval for the panel. Here is how Time reports it:

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"As the trio departed, a Rice aide asked one of her suitors not to inform anyone at the Pentagon that chairmen had been chosen and the study group was moving forward. If Rumsfeld was alerted to the study group's potential impact, the aide said, he would quickly tell Cheney, who could, with a few words, scuttle the whole thing. Rice got through to Bush the next day, arguing that the thing was going to happen anyway, so he might as well get on board. To his credit, the President agreed."

The article treats this exchange in a matter-of-fact way, but, what it suggests is completely horrifying. Rice apparently believed that Bush would simply follow the advice of whoever he spoke with. Therefore the one factor determining whether Bush would support the commission was whether Cheney or Rice managed to get to him first.

And now that the Baker-Hamilton report is out, the commissioners are carefully patronizing the commander in chief. As this newspaper reported, "Members of the commission said they were pleased that Bush gave them as much attention as he did, a full hour's worth. 'He could have scheduled us for 20 minutes plus 10 minutes for the cameras,' said former Atty. Gen. Edwin M. Meese III." Wow, a commission devoted hundreds or thousands of man-hours to addressing the central conundrum of U.S. foreign policy, and the president gave them a whole hour of his time!

In return for these considerations, the commission generously avoided revisiting the whole question of who got us into this fiasco and how. As the Washington Post put it, "The panel appeared to steer away from language that might inflame the Bush administration." Of course, "inflame" is a word typically associated with street mobs or other irrational actors. The fact that the president can be "inflamed" is no longer considered surprising enough to merit comment.

Indeed, everybody seems to understand that if you want to help amend the disaster in Iraq, the No. 1 rule is that you can't acknowledge it's a disaster in Bush's presence. Weekly Standard Executive Editor Fred Barnes, the court stenographer of the Bush administration, recently reported that this was a key factor in the hiring of Defense Secretary Robert Gates.

Now, I would bet every dollar I own that Gates thinks the war was a mistake. But you can't say that to Bush. "Before hiring him," Barnes wrote, "Bush had to make sure Gates didn't think America's intervention in Iraq was a mistake."

Yes, Mr. President, it's good that you turned Iraq into a Hobbesian inferno of Al Qaeda terrorists and Islamist death squads. It's really, really good!

After The Fall (NYT)

By David Brooks

The New York Times, December 10, 2006

In fall 2007, the United States began to withdraw troops from Iraq, and so began the Second Thirty Years' War. This war was a bewildering array of small and vast conflicts, which flared and receded and flared again across the entire Middle East, but which were joined by a common theme.

The essence of all this disorder was that the Arab nation-states lost control. Subnational groups — like Hezbollah and the Mahdi Army — and supranational groups — like loosely connected terror networks, the new Sunni and Shiite Leagues and the satellite television networks — went from strength to strength while central national governments toppled and fell. The collapse of national governments led to a power vacuum that the more authentic and deeply rooted social groups sought to fill.

This war had several stages. The first was the disintegration of Iraq. No national institutions could survive the onslaught: there was no impartial justice, no effective law enforcement, no political organization that put loyalty to nation above loyalty to sect or tribe. Absent a government of laws, government by death squads emerged. Militias — with their own hospitals, schools and indoctrination systems — sought to impose order through assassination and revenge.

The Muslim world watched the Sunni-Shiite bloodletting on satellite television and became enraged. Militias, seminaries and terror organizations developed transnational alliances. Shiite uprisings occurred in Saudi Arabia, Bahrain and Pakistan. Furious Sunnis rallied in places like Egypt, demanding that their leaders preserve Sunni supremacy.

The environment was ripe for new sorts of radical leaders, influenced by Moktada al-Sadr and Sheik Hassan Nasrallah. These leaders were hot, charismatic and divisive. They had no intellectual ties to the old 20th-century Arab nationalism, which was scorned as the model that failed.

Chaos spread as governments in Lebanon and Jordan collapsed. The Palestinian Authority fell into complete dysfunction as Hamas and Fatah waged a low-boiling civil war. Al Qaeda reveled in the bloodshed and spread it with rapturous fury. The

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spreading disorder vindicated an observation that the historian Michael Oren had once made: that there are really only three nations in the Muslim Middle East: Iran, Turkey and Egypt. The other nations are make-believe. The borders are arbitrary and the governments are artificial.

The surviving governments scrambled to stay in front of their radicalized populations and meddled ceaselessly in the wars around them. Turkey meddled in Kurdistan. Iran meddled everywhere through Hezbollah and a legion of mini-Hezbollahs. The Saudis tried to buy their enemies off, but only ended up financing them. Egyptians spread out everywhere as foot soldiers and assassins, especially after the end of the Mubarak era.

Westerners had a great deal of trouble understanding the ever-shifting conflicts among sects they didn't understand and tribes they'd never heard of. Early in the war, Americans engaged in a moronic debate about whether Iraq was in civil war, which illustrated that American vocabularies were trapped in the nation-state paradigm, and how unprepared Americans were to understand the non-nation-state world.

Parallels were made, some apt, some inapt, to the first Thirty Years' War, which decimated Europe in the 17th century. That, too, was a spasmodic constellation of conflicts not among nation-states, but among faiths, tribes and local groupings.

This second version of that war produced a Middle East that looked medieval and postmodern at the same time. The core weakness of Middle Eastern nations was that over centuries Arab society had developed intricate social organizations based on family, tribe and faith. Loyalty to these superseded national bonds. Notions of federalism, subsidiarity and impersonal administration — the underpinnings of the nation-state — had trouble flourishing in these sands.

The Middle East's weak national ties were ripped apart by the rising forces of the 21st century: religious fundamentalism, global terrorism, economic globalization and transnational communications networks. Efforts to do nation-building without security faced long odds. Efforts to exhort Iraqi and other leaders to behave "responsibly" — as defined by Western nationalist categories — were doomed to failure. The American defeat sealed the deal.

It was a terrible era for those brave patriots fighting for national unity. There was horrific turmoil, and the emergence of sociopolitical organizations whose likes the world had never seen.

Meanwhile, Reality In Iraq (WP)

By Jim Hoagland

The Washington Post, December 10, 2006

LONDON -- President Bush has finally heard some realistic, even brutal, ideas about finding a path out of Iraq. But few of them came from the politically interesting but strategically flawed Iraq Study Group's report.

The future of Iraq came calling at the White House three times during an extraordinary 72-hour period last week. History (or perhaps White House chief of staff and visit-scheduler Josh Bolten) was taking no chances: It was announcing clearly to Bush a last chance to salvage some advantage and honor out of this administration's error-riddled occupation of Iraq.

As often occurs when history-warping moments compete for attention, the most important event was the least conspicuous one. A visit to the White House on Monday by Abdul Aziz al-Hakim, the single most powerful Shiite political leader in Iraq, was quickly eclipsed by the manufactured drama of the release of the policy study headed by Jim Baker and Lee Hamilton on Wednesday.

Their 79 recommendations turned out to be a mixed bag of good intentions (Hamilton's strength) and profound, manipulative cynicism (a Baker talent) that Bush cannot find congenial. By blanketing a withering silence over the concept and term, the report even rejects Bush's contention that Iraq is the central front in the "global war on terrorism."

The value of the report lies not in what it says about Iraq and certainly not in the insincere scheme the group hatched -- without seriously consulting Israel -- to have Israel hand the Golan Heights back to Syria as part of an American-led "New Diplomatic Offensive." Instead, the report's value lies in what it says about, and to, America. It makes pertinent recommendations on reorganizing key activities and relationships of the Pentagon, the State Department and Congress that should be pursued.

But on Iraq, the study group repeats the fundamental error that this administration has made since overthrowing Saddam Hussein. That is to refuse to anticipate and then accept the logical -- in fact, inescapable -- consequences of U.S. actions.

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Having empowered the formerly persecuted Shiite majority in Iraq through regime change and democratic elections, Bush repeatedly has found its exercise of power suspect or unacceptable, primarily because of Shiite links to Iran.

And both the commission and Bush shrink from directly acknowledging that the struggle in Iraq is now the center of a much broader civil war -- a civil war within Islam that pits Shiites against Sunnis and moderates against extremists in both sects. American actions are not designed to give one religious group advantage over another. But they inevitably do and inevitably are judged in that light by the Iraqis and their neighbors. Again, the United States seems oblivious to the consequences for others of American choices.

This broader context made Hakim's soft words on Iraq's harsh realities the most important suggestions the president heard last week. As offered by the black-turbaned cleric in a series of public appearances in Washington and as supplemented by his aides, his view goes like this:

U.S. forces and the feeble central government do too little to protect Shiites. We can do that job ourselves if your troops get out of the way. That will clear the way for U.S. withdrawals while leading to the informal division of Iraq into three distinct autonomous regions. That is the only acceptable alternative to a strong central government controlled by the Shiites, which may no longer be in reach.

The Baker-Hamilton study group ruled out partition in any form. But the report trails events on the ground, as Bush is likely to have heard in his third high-level meeting on Iraq when he hosted British Prime Minister Tony Blair on Thursday.

In recent weeks British commanders have reported to London that Hakim's Shiite political party, the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, has completed a gradual takeover of Iraq's south. That leaves British forces with little ability to influence events -- or reason to stay on much longer in any large numbers -- the commanders add pointedly.

Nationally, Hakim has watched patiently as his Shiite rivals in Prime Minister Nouri al-Maliki's Dawa party and in Moqtada al-Sadr's organization have been chewed up in the meat grinder of Baghdad's barbaric sectarian conflicts, rampant corruption and U.S. inconsistency.

Hakim gave the impression in Washington of a man riding a wave carrying him inexorably toward where he wants to go. No one could say that about Bush during his crucible week.

Our "Messianic Impulse" (WP)

By Robert Kagan

The Washington Post, December 10, 2006

As Americans struggle to find an answer to the serious problems in Iraq, larger and broader questions beckon. How did we wind up in Iraq in the first place? Some argue that we were too aggressive and self-righteous in promoting our principles, too meddlesome, too arrogant in seeking to transform the world, too quick to intervene militarily in crises far from our shores and remote from our interests. If the United States would only change its approach to the world, if it understood the virtues of limits, modesty and humility, we could avoid foreign policy debacles and the world would be a safer place.

This is actually a very old debate, which Americans have thrashed out in every generation. The expansive, idealistic, interventionist approach to the world has deep roots in the American character, going back to the nation's founding and the universal principles of liberalism embedded in the Declaration of Independence. As George Will once put it, the "messianic impulse" has been "a constant of America's national character, and a component of American patriotism."

But no less constant has been opposition to this grand vision, which critics since the nation's founding era have regarded as a recipe for endless war abroad and the undoing of American democracy at home.

The fight began at the beginning, in the ratification debates over the Constitution. Supporters such as George Washington, Alexander Hamilton, Benjamin Franklin and James Madison insisted that a strong central government was vital if the United States was to become a world power capable of shouldering its international responsibilities. The young United States was the "embryo of a great empire," Hamilton proclaimed. Patrick Henry, in turn, accused supporters of the Constitution of trying to "convert this country into a powerful and mighty empire," thereby betraying the nation's purpose. "When the American spirit was in its youth, the language of America was different: liberty, sir, was then the primary object."

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John Quincy Adams took both sides of the struggle, warning in 1821 against idealistic ventures abroad "in search of monsters to destroy" but a few years later insisting Americans had a duty "to take a conspicuous and leading" role in the world on behalf of their "principles and morals."

In the last decades of the 19th century, Lincoln's Republican Party widened this expansive and interventionist view, celebrating "the future greatness and destiny of the United States" and its pivotal role "in the improvement of the world." Democrat Grover Cleveland's secretary of state, Walter Q. Gresham, in response, warned against the nation's natural "impulse to rush into difficulties that do not concern it, except in a highly imaginary way." To restrain this "indulgence" was "a duty we owe to the world as an example of the strength, the moderation, and the beneficence of popular government."

Robert A. Taft continued the battle against the ambitious, world-transforming policies of FDR, Harry Truman and Dean Acheson. "We should not undertake to defend the ideals of democracy in foreign countries," the influential Republican senator cautioned, lest the United States become a "meddlesome Mattie" with "our fingers in every pie." He warned against the arrogance and temptations of dominant power, for such power "over other nations, however benevolent its purpose, leads inevitably to imperialism." Truman and Acheson rejected this advice and instead pursued a preponderance of global power, "situations of strength" around the globe, and an ideology-laden strategy of containment that theoretically could lead America to war anywhere on the planet, as it did in Vietnam.

Today Taft is in bad odor in polite society, but his arguments against American overseas adventurism have been picked up again by the latest critics of our expansive foreign policy tradition. The old argument continues.

The problem for those who have tried to steer the United States away from its long history of expansiveness, then and now, is that Americans' belief in the possibility of global transformation -- the "messianic" impulse -- is and always has been the more dominant strain in the nation's character. It is rooted in the nation's founding principles and is the hearty offspring of the marriage between Americans' driving ambitions and their overpowering sense of righteousness.

Critics have occasionally succeeded in checking these tendencies, temporarily. Failures of world-transforming efforts overseas have also had their effect, but only briefly. Five years after the end of the Vietnam War, which seemed to many to presage the rejection of Achesonian principles of power and ideological triumphalism, Americans elected Ronald Reagan, who took up those principles again with a vengeance.

Today many hope and believe that the difficulties in Iraq will turn Americans once and for all against ambition and messianism in the world. History is not on their side.

Robert Kagan writes a monthly column for The Post. His most recent book is "Dangerous Nation," a history of American foreign policy.

Iraq's Biggest Failing: There Is No Iraq (NYT)

By Roger Cohen

The New York Times, December 10, 2006

WAR spews words. They make up its fog. Washington was awash in them last week as the damage control exercise called the Iraq Study Group culminated with a proposal to extract all American combat brigades by early 2008, leaving a few tens of thousands of troops to train the Iraqi Army or protect the trainers. As befits a bipartisan report on what looks like a lose-lose situation, it was a fudge.

But beyond the words — from President Bush's chagrin at "the pace of success" to the report's "grave and deteriorating" situation — lie people, the millions of Iraqis who have to get their kids up in the morning, those dimly discernible objects of the myriad political contortions. One of them, a 32-year-old Iraqi engineer encountered earlier this year in Baghdad, had this to say in a desperate e-mail message:

"I am facing the most difficult times of my life here in Baghdad. Since I am a Sunni, I became a target to be killed. You know that our army and police are Shia, so every checkpoint represents a serious threat to Sunnis. During the last three weeks, two of my friends were killed at check points belonging to the police. They first asked to show IDs and when they saw the Sunni family name, they killed them."

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There, in plain enough English, you have it. The Iraqi Army and police whose proposed reinforcement lies at the center of the Iraq Study Group's plan for American extraction are often less neutral institutions supporting the nation than a flimsy camouflage for Shia to settle accounts with Sunnis, while the Kurds bide their time and hope the child of chaos will be an independent Kurdistan.

The Iraqi Army and police are indeed overwhelmingly — but not exclusively — Shia. Most recruitment took place at a time when Sunnis had opted out of the new Iraq. Much has been made of the American error in disbanding Saddam Hussein's army. More might have been made of the errors committed in creating the new force.

Contacted in Baghdad, Lt. Gen. Peter W. Chiarelli, who commands American forces in Iraq, described the Iraqi Army as "fragile." He said Sunni officers and soldiers "have to believe the government is using force in a fair and evenhanded manner." As for the police, he said, "it is clear there are some sectarian elements," but "forceful action" by the Interior Ministry was now addressing the problem.

Are these the bulwarks of an Iraq that can "govern itself, sustain itself and defend itself" within 15 months, letting the bulk of American troops go home? Perhaps, the report seems to say, as it urges Prime Minister Nuri Kamal al-Maliki to get with the program — through rapid provincial elections, fairer distribution of oil revenue, the reintegration of Baathists and constitutional reform.

But it's hard to escape the conclusion that the report treats Iraq as an existing country needing a quick fix in the name of resurgent American realism, rather than a still-to-be-born country that needs to be ushered into being in the name of American idealism.

Iraq, in short, needs Iraqis — citizens of a nation rather than of a tribe — and that, after decades of disorienting dictatorship, is a generational undertaking scarcely amenable to American electoral timetables.

Right now, Sunnis, Shiites and Kurds see "freedom" more as the opportunity to be free of one another than to forge a liberal democracy. That's how subjugated peoples, from the Soviet Union to Yugoslavia, tend to react to the lifting of tyranny. Iraqi behavior is not especially strange.

But it has been hugely destructive — an estimated 3,000 Iraqi civilians are dying every month — and it presents President Bush with a choice between the stick-with-it idealism that has been the mainstay of his narrative of Iraqi freedom catalyzing a Middle Eastern transformation, and the ease-out realism thrust in his face by his father's secretary of state, James A. Baker III.

"The report is a devastating critique and an official certification of a failed policy, but its recommendations are a weak compromise," said Richard Holbrooke, the former United States ambassador to the United Nations. "So the question remains: what will the president do? Most people want an exit timetable, a few want a troop increase and Bush appears unready for either. He seems likely to pass this mess on to his successor."

Certainly Mr. Bush's instincts, and his post-report language, suggest he will not embrace a 15-month timetable for large-scale withdrawal, even as a figure weakened by his party's midterm electoral defeat. The realists, and the angry left, would then be further incensed. There's no doubt that the administration's ideology and scant planning, sold as idealism, have done great damage in Iraq. But realism too has its limits.

It was realism, Mr. Baker would say, that made him urge Yugoslavia to stick together days before its disintegration, and realism that later led him to wave away the Balkans with the lapidary phrase: "We don't have a dog in that fight." That was before the avenging dog of Bosnian mass killing finally outraged American moral principles and drew the country in.

The fact is Iraq was unmade while Mr. Baker was back in Texas, unmade in pursuit of a new Middle Eastern beginning. A state that had known only despotic rule, inhabited by disoriented victims of terror, was asked to govern itself through some form of democracy.

Remaking the unmade, in this case the fragmenting state of Iraq, is time-consuming, and, as Miroslav Hroch, the Czech political theorist, has observed, ethnic or religious nationalism easily becomes the "substitute for factors of integration in a disintegrating society."

Adel is the name of the young engineer who has been writing to me; to give his full name would put his life and that of his family at risk. He knows all about the death of the old Iraq and the agony of the new.

In 2004 he got a job with Washington Group International, a building contractor.

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"Now," he writes, "I am working at a WGI site and live there because it is safe inside but when I go to my home the danger surrounds me. The police sometimes search the houses, and now the Shia militia force the Sunnis to leave their houses. The majority of the area is Shia. They want it to be completely Shia."

He concedes that the same abuses "took place in the Sunni areas too." But, he says, "the Sunnis are 20 percent only while the Shia are 70 percent and the police and army are Shia, so they are able to carry weapons officially."

The study group lists all sorts of things the Iraqi Army lacks — leadership, equipment, personnel, logistical support. But it does not identify the most fundamental: absence of sufficient belief in the nation.

It seems highly improbable that this can be forged in 15 months. An American officer, Col. Mark Meadows, told me earlier this year in Baghdad that the Iraqi brigade he was training was overwhelmingly Shia, which was a problem.

"They're where we were in early World War II," Colonel Meadows said. "We went from the black-only units of that time to Truman's integrated Army of the 1950s. The Army led the way in the breakthrough from a divided society. That has to happen here, too."

But, the colonel added, "If we try to go too fast, if we take a short-sighted view, if we expect instant gratification, it won't work."

As for the police, it is, in the view of General Chiarelli, in far worse shape than the army. "The year of the police," as 2006 was billed, has turned into the year of police abuse. The report suggests transferring a large part of the police from the Interior Ministry control to the Defense Ministry to improve discipline.

Quite what that would achieve is unclear. Both ministries have been infested with sectarianism and corruption. The Interior Ministry is now led by a Shiite, Defense by a Sunni, but both forces, police and military are still overwhelmingly Shiite, which is where the fundamental difficulty lies.

Adel, as a Sunni, has suffered directly from that. Now, even as he seeks ways to leave, he believes "that we are not completely lost."

"If the invasion was the only solution to make Saddam quit," he writes, "so it was the right choice."

The problem, he adds, is "not with the invasion itself" but with "how to select the suitable men to take the responsibility of ruling Iraq, because most of those we have now are not devoted to this country."

Iraq has to survive, not because it's lovely, or within sight of peace, but because it's the least bad solution. Its breakup would entail unfathomable horror: one quarter of the population is in mixed Baghdad, and Sunni Anbar province is an oil-free desert suitable only for Al Qaeda central. To have a future, Iraq almost certainly needs a broad federalism of a kind not endorsed in the report, and it needs the likes of Adel.

He's scared, but not without a frail hope: the hope that Iraq can inspire love of itself in its citizens, beyond religious and ethnic lines. To that lingering aspiration, after the loss of almost 3,000 American lives and the spending of $400 billion in treasure, the United States appears to have an enduring responsibility.

Even If We Leave Now, We'll Be Back (WP)

By David Rothkopf

The Washington Post, December 10, 2006

Strategic redeployment. Phased drawdown. Exit strategy. However one phrases it, Washington seems to be turning a page in the story of Iraq. The midterm elections, the subsequent resignation of Defense Secretary Donald H. Rumsfeld and the release of the Iraq Study Group's report last week all suggest that the transformational objectives that led U.S. forces into Iraq are being supplanted by an unmistakable and bipartisan desire to bring troops home, end this mess and move on.

That impulse, while understandable, reflects the national narcissism that dogs much of U.S. foreign policy. We think Iraq is about us. We made it happen and we can undo it. But one-sided solutions for ending the Iraq war are as unrealistic as the one-sided impulses that started it. Even as we seek to remake history, it is remaking us.

The economic and political forces that drew the United States into Iraq -- quite different from the reasons the Bush administration gave for the invasion -- remain powerful, exerting a pull that will be hard to resist. Oil, of course, is foremost among them. But also important are the threats and tensions linked to oil: Washington's decades-old rivalry with Iran, the growing

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dangers posed by the proliferation of weapons of mass destruction, and the fear that the Middle East's simmering conflicts will erupt into a broader, bloodier and far more costly war.

To its credit, the Iraq Study Group recognized many of these dimensions. But, however we may try to extricate ourselves from Iraq today, the best we can hope for is an end to only this latest chapter of U.S. military involvement in the region. There is no getting out of the Middle East. Even if we leave now, we'll be back.

In future history books, this war may be known as the Second Gulf War, or perhaps this period will be remembered as the era of The Gulf Wars. Just as today we look back on extended and episodic conflicts such as the Thirty Years' War or the Hundred Years' War, historians may regard today's clash as only another battle in a much longer war. U.S. actions in this Gulf war have dramatically increased the likelihood of future conflicts. We have inflamed tensions in the Middle East, undercut our regional influence and eroded the nation's political will to remain actively engaged in this critical part of the world.

The forces pulling us back are so strong that it doesn't matter which party controls Congress or occupies the White House. In fact, given the political shifts that this increasingly unpopular conflict has triggered, it seems quite possible that a Democratic president may be the one compelled to wage the Third Gulf War.

The United States's interests in the Middle East date to the post-World War I years, around the time when the British redrew the Middle East map and created nation-states, such as Iraq, cobbled together from disparate Sunni, Shiite and Kurdish pieces. A rising industrial power, the United States could not ignore the promise of oil identified in the Persian Gulf in the 1920s. With the drilling contracts awarded to Standard Oil of California and Texaco in 1933 and 1936, respectively, the United States in effect committed itself to an ever growing involvement in (and dependence on) this region.

But it was after World War II, when an energy-hungry United States took on the task of forging a new global order, that the Middle East became a central priority for U.S. foreign policy. Not only did the demand for oil grow precipitously, but Washington was entering a Cold War against a Soviet adversary that also coveted the Middle East's energy resources. Immediately after the war, the Russians refused to leave Iran as they had promised at the Yalta Conference in 1945; it took action by the U.N. Security Council to force their withdrawal. This ultimately led the United States to seek a reliable ally in Tehran, in turn leading presidents from Dwight D. Eisenhower to Jimmy Carter to embrace the shah.

At the same time, the situation in the region was immeasurably complicated by the creation of the state of Israel in 1948 and President Harry S. Truman's support for the new entity. This new U.S.-Israeli bond created an instant tension with the countries upon which the United States depended for oil, thus defining a balancing act that to this day remains the trickiest in U.S. foreign policy.

Over time, this picture grew even more complex, as much the result of the United States' victories as its fumbles and defeats. The abuses of the shah's regime led to popular rebellion in Iran and the rise of Ayatollah Khomeini's theocracy -- a geopolitical defeat compounded by a humiliating hostage crisis. And after the Soviet Union pushed into Afghanistan in 1979, the United States responded on two fronts: It attempted to push back against Soviet forces in Afghanistan by supporting mujaheddin resistance fighters led by the likes of Osama bin Laden, and sought to offset Iran's influence by supporting the leadership bid of Iraqi military strongman Saddam Hussein. In both cases, the results would prove haunting.

The fall of the Soviet enemy eliminated a certain coherence and organizing principle to U.S. interests in the Middle East, one that had seemed above and beyond mere oil interests. But then that former U.S. ally, Hussein, apparently estimating that Washington needed him more than he needed Washington, invaded Kuwait in 1990, threatening U.S. allies in the Gulf region. With Saudi cooperation, the administration of President George H.W. Bush and its allies turned him back. But Bush resisted marching on Baghdad to depose him, perhaps fearing a new power vacuum in the Middle East, one that could have been filled by Iran, which had supplanted the Soviet Union as the United States's chief regional rival. As one prominent Arab political scientist observed to me, "The secret most Americans won't admit is that this most recent war is not about terrorism. It is part of a quarter-century-old geopolitical tug of war with Iran for regional hegemony."

Today, as King Abdullah of Jordan has observed, the region is verging on three civil wars -- in Iraq, in Lebanon and in the Palestinian territories -- all of which somehow involve Iran, the United States or their proxies. Embroiled in Gulf War II, the United States faces a growing roster of additional threats: Iran's acquisition of nuclear weapons technology; a resurgent Taliban in Afghanistan; increasing anti-American radicalism across the Muslim world and the threat that such passions pose to moderate

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leaders atop potentially fragile regimes in Egypt, Jordan, Pakistan and Saudi Arabia; and Washington's growing alienation from allies who would normally share U.S. interests. Sadly, the invasion of Iraq in this most recent Gulf war has only exacerbated these situations.

What plausible scenarios could draw even a war-weary United States back into the Middle East, into a Gulf War III?

Clearly, the confrontation with Iran -- over its regional policies, support of terrorists and desire to acquire nuclear weapons -- tops the list. One need only recall the prewar debate over Iraq to understand that the international community considers the proliferation of WMD an acceptable justification for war. The Iranian threat is magnified because it could trigger an arms race for a "Sunni bomb" to offset the "Shiite bomb." Meanwhile, Israel is unlikely to long tolerate a nuclear capability in a government that has called for its destruction, and in the Arab world, any action by Israel would be regarded as an action on behalf of the United States.

As the Iraq Study Group has recommended, this or a future administration might seek to stabilize Iraq by reaching out to regional players such as Iran and Syria -- two nations traditionally hostile to Israel. In so doing, Washington might also push for an accelerated transfer of the Golan Heights or the accelerated establishment of a sustainable Palestinian state, as the commission's report also suggests. While such diplomatic overtures may prove sensible, they could also be interpreted as a weakening of U.S. support for Israel. This could tempt more radical elements, such as the military wing of Hamas or Hezbollah, to push harder against Israel in an attempt to win further concessions or test the viability of an Israeli government operating with a less supportive U.S. ally. In all such scenarios, Washington must avoid the appearance of weakness or the perception that it has wavered from its core commitments in the region; any concessions by the United States or its allies must always be perceived as flowing from positions of strength.

Other developments in the Middle East could elicit a U.S. military response, even if a reluctant one. What if Jordan, Pakistan or Saudi Arabia fell into fundamentalist hands? The perception of the threat, the impact on world energy prices, the reaction of regional rivals -- these elements could quickly put the U.S. military on alert, especially if U.S. troops, citizens or bases in the region came under threat. Or what if Iranian troops entered Iraq? Or if another terrorist attack against the American homeland (or U.S. assets anywhere in the world) could be traced to forces in the region? The response probably would not be a Rumsfeldian "shock and awe" affair. Instead, given the scope and interconnectedness of these threats and the desire to avoid the mistakes made this time around, a Third Gulf War probably would be larger, in terms of troop commitments, than the second.

Now, as Gulf War II enters a new phase, the Vietnam War offers an important lesson, as well as an important distinction. The lesson is that leaving a country is often much more complicated than entering it. After the U.S. election of 1968 confirmed the public's desire to withdraw from Vietnam, the war dragged on for seven more years and claimed as many lives as it had during the period of escalation. The distinction, however, is that even leaving Vietnam probably will prove much simpler than leaving Iraq or the surrounding region.

The Middle East today is infinitely more dangerous than at the start of Gulf War II. Now, the Bush administration must do what it did not do before invading Iraq: Plan for the likely and possible futures, not just the one it hopes to face. While a long-term U.S. military presence in the region may further stoke anti-American passions, it may also make good and prudent strategic sense. The American people will need to assess such options based on the country's overarching interests -- which include reducing the likelihood of yet another war in the region -- rather than the short-term, feel-good option of bringing the troops home and retreating into a state of semi-isolationism.

Only the Iraqis can resolve their political troubles and sectarian violence. The United States can help by empowering Iraqi soldiers and police -- not with weapons that may one day be used against U.S. troops, but with body armor, transport vehicles, crowd-control tools, information technology, training and the other assets that can help them assume greater responsibility for their own security in the months ahead. The United States must also restore its own hollowed-out military and determine how a war such as the one in Iraq could ever have stretched U.S. forces so thin.

Over the long-term, one reasonable approach in the Middle East could be called "parallel containment:" The United States must contain the complex threats it faces in the region, and at the same time try to limit our vital interests there. On the first score, Hezbollah and Hamas must know that the United States is present and stands ready to take action. Iran must know that it will not be allowed to develop nuclear weapons, period. Moderates in the region must know that we will stand by them, with economic

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aid and political support, helping to restore U.S. moral authority in the Middle East. And everyone must know that an attack against Israel will always be considered an attack against America. On the second score, we must embark on the long-term but critical task of reducing our energy dependence on the Middle East. No strategy in any Gulf war could produce more lasting change in the region than a prolonged fall in oil prices. The only dependable formula for ultimate victory in the Gulf wars will come through innovation and conservation right here at home.

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Iraq 2013 (NYT)

By James Traub

The New York Times Magazine, December 10, 2006

Scholars and diplomats who have closely studied civil wars describe them almost as forces of nature, grinding on until the parties exhaust themselves, shredding bonds that cannot be stitched back together even long years after the killing stops. In Bosnia and Herzegovina, the United Nations and other international actors have spent a decade trying to undo the psychic as well as the physical destruction of four years of intramural mayhem. There's not a great deal to show for it. David Harland, the head of a small policy team inside the U.N. peacekeeping department, points out that "on the eve of the war, Sarajevo was 40 percent Muslim and 60 percent everything else. Now it's 90 percent Muslim, and of the remaining 10 percent, most are mixed marriages or the elderly. You can't reverse ethnic cleansing."

And you generally can't stop it either, as we are now learning in Iraq. The question of whether Iraq has descended into civil war has, of course, become an obsessive issue, if basically a semantic one. President Bush insists that it has not, though American military officials concede that sectarian violence now poses a greater threat to Iraq than does the (largely Sunni) insurgency. In October, according to a U.N. report, Iraqi civilian deaths reached a record 3,709, though the real number is almost certainly higher. One hundred thousand Iraqis are now fleeing abroad every month, in addition to vast numbers internally displaced. Experts have no trouble describing what they're seeing. In Congressional testimony this past September, James D. Fearon, an expert on civil conflict at Stanford University, said that "by any reasonable definition, Iraq is in the midst of a civil war."

The White House's steadfast refusal to call this conflict a civil war feels more like denial than delusion; President Bush understands that using the term would force him to concede that the defining act of his presidency had ended in ruin. Americans will not continue to send their sons and daughters into the Iraqi maelstrom in order to defend Iraqi factions from one another. What's more, civil wars rarely have the kind of equitable conclusion that the Bush administration has envisioned in Iraq. Fearon testified that the 54 such conflicts he studied typically lasted more than 10 years and normally ended with decisive military victory rather than power-sharing agreements. History, he said, indicates that the current administration strategy "is highly unlikely to succeed, whether the U.S. stays in Iraq for six more months or six more years (or more)."

In many respects, Iraq feels less like Bosnia than like Lebanon, where militias representing Christians, Shiites, Sunnis and secular leftists fought one another from 1975 to 1990, killing or wounding 5 percent of the country's population and uprooting half. Paul Salem, an authority on Lebanon at the Carnegie Endowment for International Peace, points out that in the early part of the war, the various parties kept fighting so long as they believed they could tip the existing balance of power. By 1984 or so, he says, "the domestic players got tired and realized that none of them would win" and only then prepared to negotiate. In Iraq, Salem laments, the "pent-up rage" from decades of repression seems to have scarcely spent itself.

Lebanon typifies the fundamentally sectarian or ethnic character of modern civil wars. In his recently published "War of the World," the historian Niall Ferguson argues that the collapse of multiethnic empires in the late 19th and early 20th centuries gave free rein to rivalries that had been constrained by imperial power. Ferguson observes that many nation-states that emerged out of the wreckage of the Ottoman Empire, from Yugoslavia to Iraq, were able to contain those conflicts by ruthless repression. Centripetal energies often exploded once the dictator died or was toppled. Lacking, in most cases, any tradition of power sharing, such states prove "far too multiethnic to function as democracies," Ferguson maintains. Minority groups are bound to conclude that they have more to gain by fighting than by submitting to the will of an unleashed majority. Ferguson, a onetime supporter of

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the Iraq war, has argued that "trying to get democracy in a rush in conditions of economic and political instability" is a formula for disaster.

For this administration, so ready to deploy the tools of American power, the conclusion that it is helpless to stem the avalanche it has set off may be even harder to accept than the fact that it has made a terrible mistake. If only for that reason, President Bush may grudgingly accept at least some of the advice he receives from the panel headed by James Baker, the family consigliere, and the former representative Lee Hamilton. But it may already be too late for some of the measures that Baker and others propose to do much good.

When the sectarian combatants finally do exhaust themselves, Iraq will need a great deal of outside help, though not the kind it has received so far. Civil wars liquidate the trust among parties that makes settlements possible; outsiders must act as guarantors and, usually, peacekeepers. And they have to be prepared to make a major commitment: NATO put 60,000 troops in Bosnia, with a population less than one-sixth that of Iraq, to police the Dayton Accords that ended the war. Today 1,900 soldiers from the European Union are sufficient to do the job. Croats, Serbs and Muslims have reached a wary standoff, which leads David Harland to posit a second world-weary hypothesis: "If you apply enough force, you can get people to live adjacent to one another." That's a long, long way from the trailblazing Middle Eastern democracy around which the Bush administration wove such glittering fantasies. Still, the Bosnians are not killing one another and don't seem likely to start. And in today's Iraq, that would be a consummation devoutly to be wished.

79 Steps To Victory In Iraq? (NYT)

The New York Times, December 10, 2006

President Bush says the Iraq Study Group report "did a good job of showing what is possible." Prime Minister Tony Blair of Britain said, "It offers a strong way forward." The New York Post called it the work of "surrender monkeys." There is no shortage of opinions. Here are a dozen worth considering.

Democracy Defeated (NYT)

By Richard Perle

The New York Times, December 10, 2006

THINGS that start badly seldom end well. And the Baker-Hamilton findings start badly, with the commission's wholly unproven assertion that Iran and Syria have an "interest in avoiding chaos in Iraq."

It is astonishing that not a shred of evidence is advanced to support this seminal statement. That may be because all the evidence is to the contrary: from the beginning, Iran and Syria have been undermining American and Iraqi efforts to bring order and stability to Iraq.

The matter is important, because an approach to the dictators in Iran and Syria would be seen throughout the region, and especially in Iraq itself, as a sign of American weakness and resignation. A hat-in-hand plea for help from our adversaries will only confirm their belief that a policy of fueling the insurgency with weapons, money, intelligence and foreign fighters is working.

Missing from the report is any serious reflection on the president's goal of encouraging the development of representative government in the despotic Arab world, an objective that would be scuttled by the report's proposed "diplomatic offensive."

President Bush has said to the world, "If you stand for freedom, we stand with you." In pushing for deals with the dictators in Iran and Syria, the study group has said to Mr. Bush, as James Baker once shamefully said to those pleading for intervention in Bosnia to stop the genocide of defenseless Muslims, "We don't have a dog in that fight."

— RICHARD PERLE, fellow at the American Enterprise Institute.

The Last War (NYT)

By Fouad Ajami

The New York Times, December 10, 2006

AND the mountain brought forth mice: We should have known that James Baker and Lee Hamilton would take us back to the past, for they are men of the past. Consider this, the oldest of Middle Eastern props: "The United States cannot achieve its goals in the Middle East unless it deals directly with the Arab-Israeli conflict and regional instability."

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The ground burns in Iraq, the center of gravity in Arab life has shifted away from the Mediterranean and toward the Persian Gulf. But Mr. Baker knows his old brief, where he was steward of American diplomacy when he left office in 1992. A big war had been fought against Saddam Hussein in 1991, the Shiites and Kurds had been abandoned to the tender mercy of the despot. But Mr. Baker headed straight to the Madrid peace conference to use the prestige won in Iraq and the gulf to force concessions out of Israel.

Mr. Baker returns untutored in the ways of that region. A new, deadly struggle has erupted between American power and the forces of terrorism in the Islamic world. A "wise man" who proposes to fix Iraq by returning the Golan Heights to Syria has missed the meaning of Iraq. This report describes a long-vanished Arab world: Its poverty is given away in its banal language, in that familiar assertion that all of history yields to the fixer's touch. — FOUAD AJAMI, professor of Middle Eastern studies at Johns Hopkins and the author of "The Foreigner's Gift."

Why Play A Weak Hand? (NYT)

By Josef Joffe

The New York Times, December 10, 2006

JAMES BAKER is a consummate diplomatist; recall how he rounded up dozens of allies in the first war against Saddam Hussein. But his panel's suggestion to "engage" Iran and Syria to extricate the United States from the current Iraqi morass reflects a grievous misreading of those nations' ambitions and America's options.

Rule No. 1: Never negotiate from weakness, unless you intend to capitulate. Back in April 2003, Iran was quaking, and Syria's Bashar al-Assad was a living corpse. Now, both are on a roll while the Bush administration is looking at a triple rout: in Iraq, in Afghanistan and in Congress. So the mightiest nation on earth has no sticks — be it a doubling of the troops in Iraq or a strike against Iran's nuclear installations.

What about carrots? Washington can hold out only two deals that might elicit cooperation on Iraq. One is to accept precisely what America has fought for decades: Damascus's rule over that part of "Greater Syria" we call Lebanon. As for Tehran, the price would be higher still: a tacit "yes" to the bomb, and Iran's hegemony over much of the Middle East. If that is the price of engagement, Washington might just as well skip the tedium of talking and disengage from the world's most critical strategic arena here and now.

— JOSEF JOFFE, publisher-editor of the German weekly Die Zeit and author of "Überpower: The Imperial Temptation of America"

Invite The Neighbors (NYT)

By Jeremy Greenstock

The New York Times, December 10, 2006

THE Iraq Study Group's recommendations set a formidable but necessary agenda for the coalition in Iraq. Restoring internal stability will not be possible without outside help. The report points to Washington's failure to confront the neighbors of Iraq with the consequences of a complete breakdown of the rule of law there. The risk of regional destabilization is very real. With a continuing stalemate in the Middle East peace process and the potential for miscalculation by Iran over the nuclear question, the dangers for the whole region look greater than at any stage since the 1940's.

We cannot turn things around in Iraq without involving the entire region. Iran would be foolish to risk the emergence of a new autocracy in Iraq. Syria, only a secondary player in Iraq, has other priorities: the return of the Golan Heights within a decade.

America need not address either nation directly if the right conference format is designed. Saudi Arabia, Turkey, Jordan and Kuwait all need a unified Iraq as one of the foundations of their national security.

This set of compelling interests requires a table to talk around and where superpower diplomacy is properly brought to bear. What we need now is not a staged retreat, but a move into a higher gear. Under the guidance of the study group's commendable recommendations, the driving force must be diplomatic, not military. It's worth the inevitable cost.

— JEREMY GREENSTOCK, former British special representative to Iraq and the director of the Ditchley Foundation.

Don't Get Sectarian (NYT)

DOJ_NMG_0104699

By Madeleine Albright

The New York Times, December 10, 2006

IN the spirit of the Iraq Study Group recommendations, the administration should make clear to Muslims throughout the Middle East that America will not take sides in the millennium-old Sunni-Shiite split. American forces are not in Iraq to engage in sectarian warfare; our policy in Lebanon is not based on a preference for the adherents of one faith over any other; our concerns about Iran are unrelated to that country's status as a leader of Shiite Islam.

The conventional wisdom is not to take sides in a civil war, but when you do, to pick the winner. In Iraq, there are some who say we should back the Shiites because they are the majority. But they are not the majority in the persian gulf. It would be an error to align ourselves with the Shiites (because Al Qaeda is Sunni) or the Sunnis (because Iraq's worst militias and Hezbollah are Shiite). We must be mindful of the interests of all factions and willing to talk to all sides, but our message should not vary.

We should promise help to all — Sunni, Shiite, Christian, Druze, Jew, Arab, Kurd, Persian — who observe territorial borders, honor human rights, obey the rule of law, respect holy places and seek to live in peace.

— MADELEINE ALBRIGHT, former secretary of state.

Find New Allies (NYT)

By Leslie H. Gelb

The New York Times, December 10, 2006

FOR all its deftness and honesty, the Iraq Study Group report flees the hardest choices and leaves us without a credible strategy. It calls for getting American troops out of Iraq, but says we'll be there for a long time. It calls for more training of Iraqi forces, but doesn't explain how to make it happen this time. It insists on reconciliation among warring sects, but offers no realistic political power-sharing plan to achieve it. Instead, the group's gloomy assessment of the situation should have led it to a clear strategy aimed at limiting damage:

First, try for a federal or decentralized Iraq with oil-revenue sharing, as its Constitution provides. Only federalism can prevent partition, though everything's a long shot now.

Second, provide means, protection and funds for Iraqis wanting to relocate for safety. It's the only way to stop ethnic cleansing.

Third, make common cause with Iraqi Sunni Baathists, Saudis and others to crush the terrorists in central Iraq. Once our troops start to leave, we can establish this clear common interest, and the Baathists will do a better job than we.

Fourth, ally diplomatically and economically with Iraqi Shiites, who are, after all, Iraqis and Arabs, not Iranians and Persians, and who don't want to be ruled from Teheran.

This damage-limiting approach fits the facts on the ground described by the group, and may be the only way to avoid a failed Bush policy becoming a strategic defeat.

— LESLIE H. GELB, president emeritus, Council on Foreign Relations.

Have Faith In Maliki (NYT)

By Rory Stewart

The New York Times, December 10, 2006

THE Baker report is refreshingly honest in its description of Iraq. But its recommendations are less reliable and in some cases dangerous. It states, "If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security and governance, the United States should reduce its political, military or economic support."

This is back to front. Prime Minister Nuri Kamal al-Maliki will fail to meet those milestones, but we should support him nonetheless. He is the democratically elected head of a sovereign state, with a better understanding of his own country than the coalition. Our attempts to manipulate and control Iraqi politicians have historically undermined their authority, frustrated their political compromises and strengthened opposition. Empowering Mr. Maliki, though necessary, will be unpleasant: the militias and Iran will remain strong and the security forces weak.

But progress will come only if we provide almost unconditional economic and political support to the elected president and allow him to rebuild his state in his own way.

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— RORY STEWART, former British Foreign Service officer in Iraq and the author of "The Places in Between."

Police States (NYT)

By Bing West

The New York Times, December 10, 2006

THE Iraq report recommended the withdrawal of American troops by the spring of 2008, balanced in part by the infusion of 20,000 advisers. Without advisers, the Iraqi forces will pull out of the tough areas. With advisers, the army and police — a mix of Sunnis and Shiites — may hold the country together.

But the police are in wretched shape, intimidated and poorly led. More police advisers are essential, together with tough leaders from local tribes. The police, who can identify the killers hiding among the people, must be allowed to imprison extremists. The Abu Ghraib abuses led to such kid-glove handling of killers that our troops refer to "the catch and release program." If that continues, stability is doomed.

Sadly, Iraqi soldiers trust American advisers more than their own government. The advisers demand steady performance, and in exchange extract pay and logistics from recalcitrant ministries in Baghdad. Prime Minister Nuri al-Maliki has demanded operational control of all Iraqi forces. To prevent the appointment of sectarian loyalists, President Bush must insist upon a joint American-Iraqi military board that will approve all key Iraqi military and police assignments. Without this board, we must not commit a single adviser.

— BING WEST, former assistant secretary of defense and a correspondent for The Atlantic.

Endangered Advisers (NYT)

By Andrew Exum

The New York Times, December 10, 2006

T HE fates of 26 million Iraqis and the 141,000 American troops in Iraq have long been intertwined. Wednesday, their shared fate was inexorably altered by the report put out by the Iraq Study Group, a panel made up of nine lawyers and a mathematician.

Some of the recommendations are sensible, but a few of the military suggestions could spell disaster.

The recommendation to increase the number of soldiers training the Iraqi military is, in general, a good one. Officers serving in Iraq have told me in recent days that the efforts to train and equip the Iraqi Army have not proceeded with the sense of urgency they deserve. The military understands this and last summer established a school in Fort Riley, Kan., where the Army's foremost counterinsurgency expert is training more advisers to be sent to Iraq.

But to increase the number of advisers while simultaneously decreasing the number of combat brigades is a recipe for disaster. The adviser teams embedded with Iraqi units will become increasingly vulnerable, and a smaller force left behind in Iraq will find itself called upon to fight the inevitable worsening of violence with far fewer troops.

Given that the panel consulted with five times as many politicians as military officers, such oversights shouldn't come as a surprise. But the mathematician on the panel, former Secretary of Defense William Perry, should have known better.

— ANDREW EXUM, the leader of a platoon of Army Rangers in Iraq in 2003 and now a visiting fellow at the Washington Institute for Near East Policy.

We Can Watch Iraq From The Sea (NYT)

By Robert Pape

The New York Times, December 10, 2006

GETTING American combat forces out of Iraq is imperative. From Lebanon to Sri Lanka to the West Bank to New York, more than 95 percent of all suicide terrorist attacks around the world since 1980 have been caused by the presence of foreign combat forces on territory the terrorists value. Since 9/11, American combat soldiers stationed on the Arabian Peninsula have increased from 12,000 to more than 150,000. And suicide terrorism both in Iraq and by Al Qaeda has escalated simultaneously.

But leaving is not enough. If Iraq explodes while Americans withdraw, the resulting chaos would be a strategic and humanitarian nightmare. To contain violence, the Iraq Study Group suggests expanding the role of American advisers

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embedded in the Iraqi security forces. The value of this idea, however, is contradicted by the group itself, which reports only "fitful progress" building the Iraqi Army with embedded advisers. More embeds only means more potential hostages.

Here's a better idea: Move a large fraction of all American forces into staging areas outside Baghdad so that, within hours, tremendous air and ground power could suppress any major escalation in attacks against civilians. Over the next year, American ground troops should gradually pull back and their mission should evolve into a longer term, off-shore balancing strategy using naval and air forces and allies.

This would not end violence in Iraq. But it would head off the worst and buy time for international economic and political assistance to help stabilize the Iraqi government.

— ROBERT PAPE, a professor of political science at the University of Chicago and the author of "Dying to Win."

Close The Bases (NYT)

By Larry Diamond

The New York Times, December 10, 2006

AMONG the 79 recommendations of the report is one addressed explicitly to President Bush: He "should state that the United States does not seek permanent military bases in Iraq." Why is this so important? Since May 2003, a growing number of Iraqis and most of the Sunni minority have felt their country was under American occupation. This has been one of two factors driving the vicious Sunni insurgency.

To arrest the slide to civil war, international mediators must negotiate directly with the elements of the Sunni insurgency (secular nationalists and more tactical Islamists) that have been seeking talks with the United States for three years. If we press all the components of the study group's approach to "national reconciliation" — like amnesty, a rollback of de-Baathification and a new bargain on oil and federalism — while renouncing permanent military bases and clearly signaling our intent to withdraw militarily from Iraq over the next few years, it is possible that a deal can be had with a critical mass of the insurgency. — LARRY DIAMOND, senior fellow at the Hoover Institution and the author of "Squandered Victory."

Give Amnesty, But Not To All (NYT)

By Nathaniel Fick

The New York Times, December 10, 2006

THE Iraq Study Group report points to a lack of national reconciliation as the "fundamental cause of violence in Iraq." It concludes that the Iraqi government must find "ways and means to reconcile with former bitter enemies" and that "Iraqi amnesty proposals must not be undercut in Washington."

Amnesty is a hard sell in Iraq, where the Shiite-dominated government is loath to forgive its Sunni opposition, and also in the United States, where many view it as condoning attacks on American troops. I fought against some of those who would be pardoned. They killed my comrades. But stubborn opposition to reconciliation will only harm more Americans, Iraqis and the cause we're fighting for. There's no sense in fighting to the finish against anyone who might otherwise be coerced into quitting. That said, three conditions must be enforced:

Amnesty must be offered only after United States forces have shifted their priority from conventional operations to an advisory role. It cannot occur with 141,000 potential targets in Iraq.

Amnesty must forgive only past attacks, and cannot appear to sanction or legitimize future ones.

Amnesty applies only to Iraqis. Foreign fighters, with no legal standing in Iraq, cannot be eligible.

— NATHANIEL FICK, Marine infantry officer in Iraq and Afghanistan and the author of "One Bullet Away."

New Taliban Rules Target Afghan Teachers (AP)

By Jason Straziuso, Associated Press Writer

AP, December 10, 2006

The Taliban gunmen who murdered two teachers in eastern Afghanistan early Saturday were only following their rules: Teachers receive a warning, then a beating, and if they continue to teach must be killed.

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The new list of 30 rules, decided on during a high Taliban meeting in September or October and since circulated over the Internet, span from the organizational — no jihad equipment may be used for personal means — to the health conscious — militants are not supposed to smoke.

They also contain a grave warning for aid workers and educators.

Rule No. 24 forbids anyone to work as a teacher "under the current puppet regime, because this strengthens the system of the infidels." One rule later, No. 25, says teachers who ignore Taliban warnings will be killed.

Taliban militants early Saturday broke into a house in the eastern province of Kunar, killing a family of five, including two sisters who were teachers.

The women had been warned in a letter to quit teaching, said Gulam Ullah Wekar, the provincial education director. Their mother, grandmother and a male relative were also slain in the attack.

The two sisters brought to 20 the number of teachers killed in Taliban attacks this year, said Education Ministry spokesman Zuhur Afghan. He said 198 schools have been burned down this year, up from about 150 last year.

The 30 Taliban rules also spell out opposition to development projects from aid organizations, including clinics, roads and schools.

"If a school fails a warning to close, it must be burned. But all religious books must be secured beforehand," rule No. 26 says.

An addendum to the rules said they were distributed initially at a meeting of top Taliban leaders during Ramadan this year. The rules were signed by Mullah Omar, the fugitive Taliban leader and "the highest leader of the Islamic Emirates of Afghanistan," according to the document.

A purported Taliban spokesman, Qari Yousef Ahmadi, confirmed the authenticity of the rules. He said aid organizations were not working for the Afghan people but for the policies of occupying countries. "If they won't stop their work we will target them, like we've targeted them in the past," he said.

Mohammad Hashim Mayar, the deputy direct of ACBAR — the Agency Coordinating Body for Afghan Relief — an oversight body for almost 100 aid organizations in Afghanistan, said the rules are no surprise.

"They've been practicing this in the past," Mayar said. "We already knew when they were burning schools, when they were killing people, we said that they were against education, and they are well aware of the importance of education."

The rules confirm a Taliban policy of undermining all forms of development that benefit ordinary Afghans and seem to sanction the targeting of civilians, said Maj. Luke Knittig, a spokesman for NATO's International Security Assistance Force.

"The rules likely represent an attempt at indirect leadership by the Taliban in the face of increasingly hindered ability to lead directly and visibly," said Knittig, who said officials had no reason to doubt the authenticity of the rules, which are being circulated on various Web sites.

Other edicts focus inward on the Taliban command structure:

• No. 9: Taliban may not use jihad equipment or property for personal ends.

• No. 10: Every Talib is accountable to his superiors in matters of money spending and equipment usage.

• No. 12: A group of mujahedeen may not take in mujahedeen from another group to increase their own power.

Other rules appear focused on not having ordinary Afghans turn against the Taliban. Rule No. 16 says it is "strictly forbidden" to search houses or confiscate weapons without a commander's permission. No. 17 says militants have no right to confiscate money or possessions from civilians.

No. 18 says fighters "should refrain from smoking cigarettes."

Rule 19 says that mujahedeen may not take young boys without facial hair onto the battlefield — or into their private quarters, an attempt to stamp out the sexual abuse of young boys, a problem that is widely known in southern Afghanistan but seldom discussed.

"The rule regarding behavior toward young boys shows this has been a problem," Knittig said.

Associated Press reporter Nimatullah Karyab in Ghwando, Afghanistan, contributed to this report.

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Senate Confirms U.S. Attorney For Minnesota (AP)

AP, December 10, 2006

MINNEAPOLIS - The U.S. Senate unanimously confirmed Rachel Paulose as the U.S. Attorney for Minnesota early Saturday.

The 33-year-old Paulose, of Eagan, had been acting U.S. attorney for about nine months. President Bush nominated her for the permanent job about four months ago.

Sen. Norm Coleman, R-Minn., said in a news release that he urged the Senate Judiciary Committee to allow full a Senate vote on Paulose before the Senate adjourned early Saturday.

Paulose met Wednesday with outgoing Sen. Mark Dayton, D-Minn., and got his support. However, it appeared that the Senate session would end before it took up her confirmation.

"It would have been a shame to see such a capable, experienced nominee fail to get a chance for confirmation, and I am very excited we were able to get her nomination through the Senate before adjournment," Coleman said a news release.

The U.S. Attorney's office did not respond to messages left there Saturday.

Paulose was a federal prosecutor in Minnesota from 1999 to 2002 and then worked in private practice for the Dorsey & Whitney law firm in Minneapolis.

Before 1999, she worked in the Justice Department as an attorney general's honors program trial attorney for the Civil Rights Division.

Paulose succeeds Tom Heffelfinger. She is the youngest current U.S. attorney and Minnesota's first woman confirmed to the post.

She's also a graduate of Yale Law School and the University of Minnesota.

CORPORATE SCANDALS:

Poisoned By Scandal, Craving An Antidote (NYT)

By Charles Duhigg

The New York Times, December 10, 2006

NEAR midnight on a Friday in 2000, William E. Morgenstern, the chief executive of Rent-Way, one of the nation's largest rent-to-own retailers, was preparing for bed when a woman called to warn him that the company he had built from scratch was about to fall apart.

In the days before that call, Mr. Morgenstern had been scrambling to reconcile discrepancies he had discovered in Rent-Way's books. He had much at stake. Since its founding in 1981 in Erie, Pa., Rent-Way had grown into a national powerhouse by renting furniture and electronics to low-income consumers through more than 1,100 stores.

The stock price had tripled since its initial offering in 1993, making Mr. Morgenstern a Wall Street darling and propelling dozens of Erie families who had invested in the company to sudden wealth.

When he discovered the accounting problems, Mr. Morgenstern initially hoped for a quick explanation. But interviews with executives led to more questions. Then came the midnight phone call: a weeping employee told him that for three years Mr. Morgenstern's top deputies had forced her to cook Rent-Way's books.

Mr. Morgenstern then called the company's lawyer in a panic. What, he asked, should they do?

Over the following years, similar dilemmas would arise at Enron, WorldCom, Tyco and dozens of other companies. Today, hundreds of executives are anxiously discussing how hard they should look for evidence of options backdating or other accounting problems.

At companies where far lesser frauds or malfeasance emerge, executives face an even more ticklish quandary: Should they reveal everything, and then confront the hazards of bad publicity and outside investigations, or clean things up and hope that

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the problems will evaporate unnoticed? Rent-Way's own journey, which came to a head last month, offers a chilling lesson: Even the most virtuous decisions have unforeseen, often damaging, consequences, and full disclosure may create as many problems as it solves.

"It was the darkest moment of my life," said Mr. Morgenstern, who stepped down as Rent-Way's chief executive last year, retaining the chairman's post. "I started this company at 22 after three years of college. It represented all of my wealth. I tried to make the right decision at every juncture, but we had to pay a terrible price."

Rent-Way's board made a decision within days of detecting the fraud — Mr. Morgenstern called the Securities and Exchange Commission and revealed everything. The company would turn over documents typically protected by attorney-client privilege, he said. He then invited the S.E.C. to set up an office at Rent-Way's headquarters to conduct an on-site investigation.

"There was a stunned silence from the regulators," said one participant in the call. "Then the S.E.C. attorney said, 'Can you say that again?' "

The S.E.C. had good reason for surprise. Rent-Way's openness was unusual, especially in an era when other companies actively masked glaring frauds or covered up problems to avoid the legal and financial complications they might incur.

"There's a huge amount of pressure to fight," said Lanny J. Davis, a lawyer who has advised many besieged executives, including the HealthSouth founder Richard M. Scrushy, the former White House occupant Bill Clinton, and, for a period, Mr. Morgenstern. "If you let regulators in, you lose control of everything. Suddenly, they start exposing problems you didn't know existed. Some say the safest route is to fight and hope regulators won't be able to make their case."

Enron, WorldCom and Tyco, for instance, battled regulators and investors when accounting questions arose. More recently, during the options backdating scandals, companies such as UnitedHealth Group, Altera, CNet Networks and Affiliated Computer Services have tried to complete internal investigations before opening their books to outsiders. Such resistance is understandable, some say.

"People get scared, and that makes them crave control," said Roderick M. Hills, a former S.E.C. chairman who helped clean up fraud-damaged organizations as a director at Waste Management, Sunbeam-Oster and Drexel Burnham Lambert. "There's an instinct to hope your crimes will just slip through the cracks. When you hand everything over, it can feel like you're handing your enemies a gun."

But at Rent-Way, executives hoped that openness would contain the damage. The company had experience confronting criticism. For years, consumer advocates had attacked the rent-to-own industry as predatory, complaining that the business's rough-and-tumble practices focused on low-income, unsophisticated customers and included exorbitant fees to rent appliances.

The board fired three executives who had overseen the fraud, and hired an outside investigator. Everything was shared with regulators and investors as soon as it was compiled.

"We were committed to not letting this company be brought down by a small group of people engaged in criminal activity," said William Lerner, a Rent-Way director and former S.E.C. official. "We were determined to do everything as morally and ethically as we could."

Initially, Rent-Way's open-door strategy had little effect. When its stock began trading after the fraud was revealed, shares plummeted 75 percent within hours. Law firms began encouraging investors to file class-action suits. The company eventually issued a $127 million financial restatement — turning a cumulative $45 million profit from 1998 to 2000 into a $35 million loss.

Although the adjustment represented only 8 percent of Rent-Way's revenue and primarily involved arcana like depreciation rates, the news pushed Rent-Way's stock into a free fall. By December, just over a month after the fraud's detection, the stock price bottomed at $3.25 a share, down from more than $30 two months before.

Some board members raised the possibility of the company's declaring bankruptcy, a tack taken later by larger and more infamous companies such as WorldCom, Refco and Adelphia Communications. Others suggested selling the company to a private equity group, an option that had allowed other scandal-plagued companies to escape public scrutiny and quietly rebuild.

Those paths became more attractive as anger mounted in Erie toward Rent-Way. Walking through a local supermarket, a shopper confronted Mr. Morgenstern and shouted that he could not afford groceries because his portfolio had disappeared. Anonymous callers made threatening phone calls to Mr. Morgenstern's home. His children asked to stay home from school

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because teachers told them that their father was a crook, he said. Mr. Morgenstern and his wife, meanwhile, spent most of their time locked in their home, afraid to venture outside.

"Bill was a basket case," Mr. Davis said. "He ceased to have a life outside of his office. We sat down for dinner one night and he broke into tears just describing what each day was like."

EVEN so, Mr. Morgenstern fought suggestions to sell.

"Our employees had invested their entire life savings and would have been wiped out," he said in an interview. "If I ran away, I would have regretted it for the rest of my life."

And small glimmers of hope were beginning to emerge. At Rent-Way's annual convention in Las Vegas, four months after the fraud was revealed, Mr. Morgenstern appeared before thousands of employees and told them that he knew they were concerned. He knew that they read the newspapers and were worried that their paychecks would disappear. Alone on the stage, he promised that the company would survive and would emerge stronger than ever. The room erupted into cheers.

"Most of our managers aren't college graduates," said Mr. Lerner, who attended the speech. "We count on people who live paycheck to paycheck to make these stores work. So when Bill told them that everything was fine, it was like a wave of electricity moved through the room. Everybody believed in him."

Indeed, most of the company's stores were still profitable. From a revenue perspective, Rent-Way was stronger than ever. Unlike scandals at Enron and Tyco, where fraud disguised huge losses, Rent-Way's deceptions exaggerated growth. Real expansion continued after the Internet bubble popped and more consumers started renting rather than buying appliances. A year after the fraud emerged, revenue had rebounded, increasing by 10 percent.

Little of that showed up in the company's stock price, however. The taint of scandal had frightened away stockbrokers and individual investors, and institutional shareholders were leery of trusting its books.

More threatening were the company's debt woes. The fraud had caused Rent-Way to violate covenants with many lenders, requiring the company to refinance. But banks looked at the restated earnings and pending lawsuits and demanded interest rates up to six percentage points higher than the norm.

Even as revenue grew, Rent-Way had to use more and more income to pay interest. In the two years after the fraud's detection, the company paid down over $100 million in debt, leaving $215 million outstanding, but interest still consumed an amount roughly equal to 40 cents a share.

Executives hoped that the additional costs would be temporary: If the stock's price rebounded, it would allow them to erase debt more quickly by selling rising shares.

So Rent-Way executives issued glowing press releases announcing that investigations had ended and that auditors had given the company a clean bill. The board found Mr. Morgenstern innocent of any wrongdoing. The S.E.C., citing Rent-Way's cooperation, said the company would escape without sanction or fine.

The United States attorney's office in Erie, which successfully prosecuted three Rent-Way executives for criminal fraud, commended Mr. Morgenstern's openness as "a good example of how a company can alleviate" the consequences of misconduct "by fully and openly cooperating with the government."

Despite the good words from the law enforcement authorities, the financial markets continued to batter Rent-Way. Its interest payments consumed more and more cash, and the stock price refused to budge.

According to board members and advisers, some directors began wondering whether they should replace Mr. Morgenstern as chairman and chief executive. Some argued that he was responsible for allowing a culture of fraud to flourish, regardless of his lack of involvement.

They said Mr. Morgenstern — who had attended church alongside the corrupt executives — was too trusting of his deputies. Mr. Morgenstern himself often wondered aloud if his staff had mistakenly construed his relentless cheerleading about beating stock market expectations as encouragement to break the law.

A new chief executive — such as a high-profile business leader from outside — would give Rent-Way a new image, some board members said. Indeed, crisis experts say a leadership change is essential at any company where fraud is exposed.

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"You have to get new people in place right away, and recruit outsiders who Wall Street respects to show that the company has changed," said Mr. Hills, the former S.E.C. chairman. "If the same faces represent the company before and after the fraud, you have to wonder how they've fixed the problem."

Many companies caught up in the current options backdating scandals have replaced senior executives, even when it has been unclear how much they knew. Leaders at Affiliated Computer Services, Altera, the Apollo Group, the Boston Communications Group, McAfee, CNet Networks, Cyberonics, Trident Microsystems and dozens of other companies have resigned in the last year, despite assertions that many were unaware backdating had occurred.

Nonetheless, Rent-Way's board, which had united to confront the crisis, ultimately could not bring itself to oust Mr. Morgenstern. "We should have recruited someone who could send a message to Wall Street," Mr. Lerner said. "We knew it at the time. But it would have hurt Bill so much, after he had put so much into saving the company. It just seemed impossibly cruel."

In 2003, when two of the Rent-Way executives responsible for the fraud were sentenced to prison, the company began selling stores to reduce its crippling debt. Almost 300 locations were sold to Rent-A-Center, its biggest rival. Rent-Way announced a $25 million settlement of lawsuits stemming from the fraud, but still the stock price did not improve.

SO, in 2004, four years after the fraud was detected, Rent-Way revealed a new strategy: the company would open one new store a week over two years. Although the plan would require more debt, executives hoped that investors would rediscover Rent-Way and treat it like a growth company deserving a higher stock price. As the stock's value increased, the company could refinance its debt at better rates.

The plan worked. Rent-Way opened 54 new stores in 2005, and income grew. The stock price began to inch higher; it would climb 18 percent in six months. Mr. Morgenstern appointed a new chief executive from within the company while retaining his position as chairman.

Then, outside forces intervened. Hurricane damage temporarily closed 25 percent of Rent-Way's stores in the Southeast. An increase in gas prices made it harder for low-income customers to spend on televisions and sofas. The overall economy began to slow, and Rent-Way's stock began to slide again.

"We were finally getting out of survival mode, and then it all came apart," said William Short, who replaced Mr. Morgenstern as the C.E.O. "If everything had held out for just one more year, the company would have survived. But because of a relatively small mistake five years earlier, we had no margin of error."

This year, despite increasing its operating revenue by more than 300 percent since the fraud was revealed, Rent-Way discreetly put out word that the company was for sale.

In November, Rent-A-Center acquired Rent-Way for $567 million, or $10.65 a share. Any investor who bought Rent-Way stock one day before the accounting fraud was announced received just 35 cents for every dollar of shares held six years later — despite the company's hauling in $2.5 billion in revenue during the same period. An investor who bought Rent-A-Center stock six years ago would have nearly doubled his money by today.

The sale, the stock losses, the damaged reputations and the shattered careers and lives, Rent-Way insiders say, can be traced to the accounting scandal despite everything that has happened since.

"We were never able to get over the taint of damaged goods," said Mr. Lerner, who said the board had a fiduciary duty to accept the 31 percent premium to its stock price that Rent-A-Center offered. "There's a real sadness over this sale."

Crisis consultants say the lessons from Rent-Way's experiences are troubling.

"This company did the right thing in letting the S.E.C. and the public know about the fraud as quickly as possible," said Ron Hartwig, a crisis communications expert now with the J. Paul Getty Trust. "But when you're besieged by lawyers and reporters and shareholders, it's easy to lose control. If executives don't appear to have a plan, if they don't seem to know all the answers, everything begins to slip away. Sometimes being honest and forthright isn't enough."

For Mr. Morgenstern, who now lives in North Carolina and is seeking new business opportunities, that has been the hardest lesson of all.

"I did everything that I thought was right, but in some ways it didn't matter," he said. "This wasn't a broken company. And when I found illegal activity, I exposed it. But that shouldn't have ended a great company. I don't know what else we should have done."

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CRIMINAL LAW:

Study: Fewer Inmates On Death Row In '05 (AP)

AP, December 9, 2006

WASHINGTON (AP) — Fewer prison inmates were moved to death row in 2005, according to a federal study that shows one more person was executed than in the year before.

Four states — California, Texas, Florida and Pennsylvania — held half of the 3,254 inmates awaiting execution at the end of 2005, the study by the Bureau of Justice Statistics showed. There were 37 death row inmates in federal prisons at that time.

Sixteen states executed 60 prisoners last year, one more inmate than in 2004

Overall, however, the number of inmates on death row on Dec. 31, 2005, or the number of inmates moved there during the year dipped.

Among the findings by the Justice Department agency:

•128 inmates were moved to death row in 2005, the third consecutive year with a decline in year-long totals. It was the lowest number of prisoners put on death row since 1973.

•Sixty-six fewer inmates were on death row at the end of 2005 than in 2004. That was a decrease for the fifth straight year and about a 10% drop since Dec. 31, 2000, when there were 3,601 death row prisoners nationwide.

The Justice Department data, the most recent available, confirmed similar trends over the past five years as identified by Amnesty International USA, which opposes the death penalty.

Sue Gunawardena-Vaughn, director of the group's Program to Abolish the Death Penalty, said the drop in part reflects the public's squeamishness in approving executions for people who ultimately may be found innocent.

Since 1973, when watchdog groups began keeping track, 123 death row inmates have been cleared of crimes that had earned them death sentences.

Juries "don't want to be culpable for possibly putting an innocent person to death," Gunawardena-Vaughn said.

Moreover, because of lengthy trials and inevitable years of appeals in capital murder cases, the death penalty is expensive and "dilutes very, very crucial resources — many of which could be put toward more policing or mental health programs," she said.

As of the beginning of this month, 52 inmates have been executed so far in 2006, according to data provided by the Washington-based Death Penalty Information Center.

Thirty-eight states and the federal government allow juries to consider the death penalty in the most heinous criminal cases. All states except Nebraska allow lethal injection in executions. Inmates in Nebraska and eight other states can be electrocuted. Additionally, three states allow death by hanging, another three by firing squad and four by lethal gas.

At the end of last year, 56% of death row inmates were white and 42% were black, the Justice Department study reported. Women accounted for 2% of those people facing execution.

Witnessing Execution A Matter Of Duty, Choice (WP)

By Candace Rondeaux

The Washington Post, December 10, 2006

They couldn't take their eyes off the electric chair. They took it in piece by piece as they filed into the witness room: The leather restraints on the giant oak armrests. A long electrical cord coiling from the bottom across the slate gray death chamber floor.

The candle shop owner grabbed one of the white plastic lawn chairs in front of the plate glass window that would soon separate the living from the dead. Next to her, the social worker nervously smoothed her hair as she took a seat with a direct view of the chair. The investigator climbed the wood risers and took a seat behind them.

The clock's second hand swept over the 12. It was 9 p.m. -- time for the execution to begin.

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Later, they would remember how the air in the room seemed to compress at that moment. How the electric chair seemed to dwarf everything else. How the condemned man, one of the rare few to choose electrocution, looked right through them before he died. But at that moment, all they could think was that they were about to watch a man die.

It's been 70 years since executions in the United States were open to the public. But in Virginia, there is always someone watching, turning what is for most people a distinctly private moment into a very public end. One of more than a dozen death penalty states that require ordinary citizens to witness executions, Virginia has enlisted hundreds of volunteers for the task.

They come from every corner and every quarter: A Richmond school bus driver, a South Hill bookkeeper, a Prince William County police officer, an Ashburn computer specialist, a Lynchburg brass works fabricator. All have visited the Greensville Correctional Center in Jarratt.

Candy Couch, the candle shop owner, had seen other men put to death, but they had been flat on their backs, feet facing her, arms splayed on a gurney, waiting for the needle. She rarely saw their eyes before the life drained out of them. But this man, her fourth, stared her down as he walked to the electric chair.

"He's staring at me," Couch said. "Oh my God, he's looking right at me."

For nearly 100 years, broad public support for capital punishment has helped the Virginia Department of Corrections maintain a rotating list of about 20 to 30 volunteers, although only six are required to witness each execution. Some come only once. Others repeatedly return. One man, a paint store salesman from Emporia, has seen 15 men executed.

Witnesses aren't paid. No special skills are needed. The death house doesn't require much from volunteers beyond state residency, a basic criminal background check and an ability to sum up in three lines or less on a written application why they want to watch convicted killers die. Some say it's their civic duty to watch; that it's no different than sitting on a jury or voting. Others say they're just curious to see whether death equals justice.

Couch, 36, doesn't remember what reason she gave on her application. When she first signed up, she told friends she wanted to see whether watching someone be executed is anything like in the movies. A retired sheriff's deputy, she never knew any of the men she saw executed. But when she volunteered for her first death-by-lethal-injection three years ago, she vowed she would keep going back until she saw an electrocution.

Couch snorts when she reads about defense lawyers who claim lethal injection is cruel and unusual punishment. She is not religious, but she believes in God and Old Testament eye-for-an-eye justice.

"I think they need to feel some kind of pain. I know it's horrible to say, but they did horrible things to people," Couch said.The Decision to Watch

Emily Rosson was jittery all day. A few hours before she arrived at the death chamber for Brandon Hedrick's electrocution, she had scoured her closet looking for the right outfit. She had dressed casually that day for her job as a social worker at a jail in Stafford County. At the last minute, she decided to go home and change. She thought she should wear something respectful, the kind of thing you'd wear to church or a big day at work.

"I was like, 'What the hell do you wear to someone's execution?' " said Rosson, 27.

She settled on a conservative button-down linen shirt, khaki capri pants and a pair of dressy sandals. After an hour-long road trip from her home in Glen Allen, her brief fashion crisis was long forgotten. As she pulled up to the meeting point for witnesses in Emporia, she remembered instead her father's warning about the intensity of what she was about to see. Years ago, he had visited the death house to witness an electrocution, at the time the sole method of execution in Virginia. It was, her father said, a matter of civic duty and a chance to witness history.

"I was like, 'Eeew, gross. Why would you ever want to do that?' " Rosson said. "He said, now is a good time to go because the electric chair was on the way out. Afterward, he always told me it was something I would never forget seeing."

Before she volunteered, Rosson talked it over with her husband. She had mixed feelings about the death penalty; maybe this would help her decide, she said. He said he wouldn't have the stomach for it, but he could understand why she wanted to go.

Rosson has never been a crime victim, but she's learned a lot about criminals as a jailhouse social worker. Most of the inmates are often short on intelligence and long on bad deeds -- a lot, she said, like Hedrick.

It made her "a little uneasy" when she heard that Hedrick had an IQ of 76, Rosson said. That meant that he was right on the line of being mentally retarded (and ineligible for execution). He might not know what was coming next, she said.

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She felt even more unsettled when she first caught sight of the death chamber. The huge oak chair looked as big as a throne and seemed to swallow the whole room.

"It takes a lot of courage to watch people die," she said. "It's not for the weak of heart. It takes a lot of courage to actually go and keep your eyes open the whole time. I think there were some people in that room who closed their eyes."Witness With a Purpose

Steve Corbally peered impatiently out of the van window as it pulled toward the prison entrance. He tried to tune out the chatter of the other witnesses on the ride to the prison. In no mood to talk, he kept silent. He wasn't eager to tell anyone why he was there.

When Corbally had looked Hedrick's case up earlier that day, he thought there might be a chance the execution would be halted. Hedrick, 27, was convicted of the abduction, rape and killing of a young single mother, who begged for her life before Hedrick shot her with a 12-gauge shotgun.

Corbally, 47, had encountered worse cases during his two years as an investigator for the Regional Capital Defender Office in Manassas. After spending day after day chasing down alibis and witnesses that might keep his clients off death row, Corbally figured he knew a good case for clemency when he saw one.

Corbally volunteered to be a witness despite his boss's objection. A few days earlier, a Harrisonburg jury had sent a 27-year-old client of Corbally's to death row for his role in a murder-for-hire scheme. But Corbally, now a first-year law student in New Orleans, reasoned that seeing someone put to death would enable him to give future clients a first-hand account of what they might face if they're sentenced to death.

"Now I can sit them down and say: 'Let me tell you something. It is not pretty, what happens in there. If you get a chance to plead guilty and save your life, you should do it,' " Corbally said.An Execution Expert

David Bass began looking for signs of fear the moment the witnesses arrived. He had seen it many times before. Bass, a regional manager with the Virginia Department of Corrections, had escorted scores of witnesses to more than 80 executions in his 15 years as the de facto death-house tour guide.

"I spend more time watching witnesses than I do the actual executions," Bass said.

The night Hedrick, the first death row inmate to be electrocuted in the United States in more than two years, was to be executed, Bass constantly sized up his witnesses for signs of distress. A former high school math teacher, he understood well the power of group psychology and the way one little thing could set off a chain reaction. His job was to make sure nothing disrupted the process.

The July breeze was cool and light as dusk fell over the sprawling prison grounds, but Bass could feel a sticky kind of tension in the air. Normally, witnesses keep to themselves, he said. But as they lined up for the ride, they seemed to be chattier than usual.

"There seems to be more nervousness, more questions," Bass said. "I can't say what they're thinking, but there is a difference, and there is definitely electricity in the air."

Bass greeted each witness with a warm handshake. He checked their names off on his clipboard, then handed each of them a square, orange I.D. badge.

"I try to make things as low-key as possible and as casual as possible," he said. "I try to keep them talking. If you let things get real quiet, then things tend to tense up."

Bass rattled off facts and figures with the ease of a game show host: More than 330 executions in Virginia since 1908. Virginia, second only to Texas in the number of executions since the death penalty was reinstated in 1976, lets inmates choose between the chair and lethal injection. Only three, including Hedrick, have chosen electrocution in the past decade.

Bass warned the witnesses that they might hear some shouting from other inmates as they enter the death chamber. The condemned man might drool as about 2,000 volts of electricity arced across his body. There could be a little blood. They might notice an odor of burning flesh.

The inmate's body, he explained, forms a circuit. Small sponges dipped in briny water affixed to the inmate's shaved right leg and head help ensure that the electricity flows. After the condemned man's last words, the warden inserts a key to activate the system.

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"It's like turning the ignition key in your car," Bass said.'The Worst Part'

The witness room looked like a black box theater. Inside, a dozen white plastic chairs were neatly arranged on battleship-gray risers. Couch grabbed a front-row seat next to Rosson with a perfect view of the electric chair. Corbally settled into the row behind them.

A microphone in the witness room crackled to life as prison officials approached Hedrick with a hand-held tape recorder. He clenched his fists tighter until his knuckles turned white. He fixed his look hard on the people who had come to watch him die. Then his muffled voice sputtered and echoed in the tiny witness room.

"I pray for the people who believe in Jesus Christ in heaven, and I pray for the unsaved, for they know not what they do," Hedrick said. "I'm ready to go now and be free."

The brown leather hood came down over his eyes and nose. There was a dull thud as the first wave of electricity passed through his body, then another. Then came the interminable five-minute wait before a doctor verified that Hedrick was dead.

"That was the worst part," Rosson said. "We all have to sit here waiting five minutes so the man can finish dying. You think of dying as something personal, and it was just a really horrible, public and invasive way to die. I would not want to see that again."

No one in the witness room said a word as they stood to exit. The guard at the door thanked them for coming and bid them goodnight. One by one, the witnesses climbed back into the van.

Rosson heard someone in the van sobbing as it pulled away. Someone in the front asked Bass if inmates are given sedatives before the execution. Yes, he said, but it's not something corrections officials like to publicize. A man in the back, one of the death house regulars, piped up. That's not fair, he said. After all, he said, Hedrick hadn't given his victim a sedative before he shot her in the face.

Everyone fell silent.

DNA Gatherers Hit Snag: Tribes Don't Trust Them (NYT)

By Amy Harmon

The New York Times, December 10, 2006

SOUTH NAKNEK, Alaska — The National Geographic Society's multimillion-dollar research project to collect DNA from indigenous groups around the world in the hopes of reconstructing humanity's ancient migrations has come to a standstill on its home turf in North America.

Billed as the "moon shot of anthropology," the Genographic Project intends to collect 100,000 indigenous DNA samples. But for four months, the project has been on hold here as it scrambles to address questions raised by a group that oversees research involving Alaska natives.

At issue is whether scientists who need DNA from aboriginal populations to fashion a window on the past are underselling the risks to present-day donors. Geographic origin stories told by DNA can clash with long-held beliefs, threatening a world view some indigenous leaders see as vital to preserving their culture.

They argue that genetic ancestry information could also jeopardize land rights and other benefits that are based on the notion that their people have lived in a place since the beginning of time.

"What if it turns out you're really Siberian and then, oops, your health care is gone?" said Dr. David Barrett, a co-chairman of the Alaska Area Institutional Review Board, which is sponsored by the Indian Health Service, a federal agency. "Did anyone explain that to them?"

Such situations have not come up, and officials with the Genographic Project discount them as unlikely. Spencer Wells, the population geneticist who directs the project, says it is paternalistic to imply that indigenous groups need to be kept from the knowledge that genetics might offer.

"I don't think humans at their core are ostriches," Dr. Wells said. "Everyone has an interest in where they came from, and indigenous people have more of an interest in their ancestry because it is so important to them."

But indigenous leaders point to centuries of broken promises to explain why they believe their fears are not far-fetched. Scientific evidence that American Indians or other aboriginal groups came from elsewhere, they say, could undermine their moral basis for sovereignty and chip away at their collective legal claims.

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"It's a benefit to science, probably," said Dr. Mic LaRoque, the Alaska board's other co-chairman and a member of the Turtle Mountain Chippewa Tribe of North Dakota. "But I'm not convinced it's a benefit to the tribes."

The pursuit of indigenous DNA is driven by a desire to shed light on questions for which the archeological evidence is scant. How did descendants of the hunter-gatherers who first left humanity's birthplace in east Africa some 65,000 years ago come to inhabit every corner of the Earth? What routes did they take? Who got where, and when?

As early humans split off in different directions, distinct mutations accumulated in the DNA of each population. Like bread crumbs, these genetic markers, passed on intact for millennia, can reveal the trail of the original pioneers. All non-Africans share a mutation that arose in the ancestors of the first people to leave the continent, for instance. But the descendants of those who headed north and lingered in the Middle East carry a different marker from those who went southeast toward Asia.

Most of the world's six billion people, however, are too far removed from wherever their ancestors originally put down roots to be useful to population geneticists. The Genographic Project is focusing on DNA from people still living in their ancestral homelands because they provide the crucial geographic link between genetic markers found today and routes traveled long ago.

In its first 18 months, the project's scientists have had considerable success, persuading more than 18,000 people in off-the-grid places like the east African island of Pemba and the Tibesti Mountains of Chad to donate their DNA. When the North American team arrived in southwestern Alaska, they found volunteers offering cheek swabs and family histories for all sorts of reasons.

The council members of the Native Village of Georgetown, for instance, thought the project could bolster a sense of cultural pride.

Glenn Fredericks, president of the Georgetown tribe, was eager for proof of an ancient unity between his people and American Indians elsewhere that might create greater political power. "They practice the same stuff, the lower-48 natives, as we do," Mr. Fredericks said. "Did we exchange people? It would be good to know."

Others said the test would finally force an acknowledgment that they were here first, undermining those who see the government as having "given" them their land.

Still others were interested in the mechanics of migration: "Were the lands all combined? Did they get here by boat?" For many nonindigenous Americans who feel disconnected from their roots, the project has also struck a chord: nearly 150,000 have scraped cells from their cheek and sent them to the society with $100 to learn what scientists know so far about how and where their individual forebears lived beyond the mists of prehistory.

By giving the broader public a way to participate, though it is likely to generate little scientific payoff, the project has created an unusual set of stakeholders with a personal interest in its success. More details, the project explains in the ancestral sketches it gives individuals, will come only with more indigenous DNA.

"I think you have to be sensitive to these cultures," said Jesse R. Sweeney, 32, a bankruptcy lawyer in Detroit who hopes the millennia-size gaps in his own ancestors' story will eventually be filled in. "But hopefully they will change their mind and contribute to the research."

Mr. Sweeney's DNA places his maternal ancestors in the Middle East about 50,000 year ago. After that, they may have gone north. Or maybe south: "This is where the genetic clues get murky and your DNA trail goes cold," read the conclusion to his test results on the project's Web site. "By working together with indigenous peoples around the globe, we are learning more about these ancient migrations."

The first large effort to collect indigenous DNA since federal financing was withdrawn from a similar proposal amid indigenous opposition in the mid-1990s, the Genographic Project has drawn quiet applause from many geneticists for resurrecting scientific ambitions that have grown more pressing. As indigenous groups intermarry and disperse at an ever-accelerating pace, many scientists believe the chance to capture human history is fast disappearing.

"Everyone else had given up," said Mark Stoneking, a professor at the Max Planck Institute for Evolutionary Anthropology. "If they get even a fraction of what they are trying for, it will be very useful."

Unlike the earlier Human Genome Diversity Project, condemned by some groups as "biocolonialism" because scientists may have profited from genetic data that could have been used to develop drugs, the Genographic Project promises to patent

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nothing and to avoid collecting medical information. The project has designated half the proceeds from the sale of kits to the public for programs designed to preserve traditional cultures and language.

In May, project officials held a stormy meeting in New York with the indigenous rights group Cultural Survival while protestors carried signs reading "National Geographic Sucks Indigenous Blood." Shortly after, the United Nations Permanent Forum on Indigenous Issues recommended suspending the project.

On the ground, every region has its challenges. To make scientific progress, the project's geneticists are finding they must first navigate an unfamiliar tangle of political, religious and personal misgivings.

Pierre Zalloua, the project director in the Middle East, faces suspicion that he is an emissary of an opposing camp trying to prove their lineages are not important. Himla Soodyall, the project's South African director, finds herself trying to explain to people who worship their ancestors what more her research could add. In Australia, some aboriginal groups have refused to cooperate.

But among the 10 geneticists the society has given the task of collecting 10,000 samples each by the spring of 2010, Theodore G. Schurr, the project's North American director, is in last place. Fewer than 100 vials of DNA occupy a small plastic box in his laboratory's large freezer at the University of Pennsylvania, where he is an assistant professor of anthropology. And at the request of the Alaska review board, he has sent back the 50 or so samples that he collected in Alaska to be stored in a specimen bank under its care until he can satisfy their concerns.

American Indians, Dr. Schurr says, hold the answer to one of the more notable gaps in the prehistoric migration map. Although most scientists accept that the first Americans came across the Bering Strait land bridge that connected Siberia and Alaska some 20,000 years ago, there is no proof of precisely where those travelers came from, and the route they took south once they arrived.

Comparing the DNA of large numbers of American Indians might reveal whether their ancestors were from a single founding population, and when they reached the Americas. And knowing the routes and timing of migrations within the Americas would provide a foundation for studying how people came to be so different so quickly.

But almost every federally recognized tribe in North America has declined or ignored Dr. Schurr's invitation to take part. "What the scientists are trying to prove is that we're the same as the Pilgrims except we came over several thousand years before," said Maurice Foxx, chairman of the Massachusetts Commission on Indian Affairs and a member of the Mashpee Wampanoag. "Why should we give them that openly?"

Some American Indians trace their suspicions to the experience of the Havasupai Tribe, whose members gave DNA for a diabetes study that University of Arizona researchers later used to link the tribe's ancestors to Asia. To tribe members raised to believe the Grand Canyon is humanity's birthplace, the suggestion that their own DNA says otherwise was deeply disturbing.

When Dr. Schurr was finally invited to a handful of villages in Alaska, he eagerly accepted. But by the time he reached South Naknek, a tiny native village on the Alaska Peninsula, to report his analysis of the DNA he had taken on an earlier mission, the Alaska review board had complained to his university supervisors.

The consent form all volunteers must sign, the Alaska board said, should contain greater detail about the risks, including the fact that the DNA would be stored in a database linked to tribal information.

Dr. Schurr's latest attempt at a revised form is to be reviewed this month by the board in Alaska and the by University of Pennsylvania board supervising the project.

In the meantime, his early results have surprised some of the Alaskans who gave him their DNA. In South Naknek, Lorianne Rawson, 42, found out her DNA contradicted what she had always believed. She was not descended from the Aleuts, her test results suggested, but from their one-time enemies, the Yup'ik Eskimos.

The link to the Yup'iks, Ms. Rawson said, only made her more curious. "We want them to do more research," she added, offering Dr. Schurr more relatives to be tested.

But she will have to wait.

Subpoena May Signal A Wider Corruption (ANCHDN)

By Richard Mauer

Anchorage Daily News, December 10, 2006

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GRAND JURY: Head of seine group says records touch Ben Stevens, marketing board.

The director of a Juneau-based salmon fishing group said last week he has been ordered by a federal grand jury investigating Alaska corruption to turn over lobbying and consulting records involving state Senate President Ben Stevens and former congressional aide Trevor McCabe, an Anchorage lawyer.

The grand jury subpoena, issued last month, also seeks records on the Alaska Fisheries Marketing Board, a nonprofit federal-grant distribution corporation set up by Ben Stevens' father, U.S. Sen. Ted Stevens.

The executive director of the Juneau salmon group responding to the subpoena, Robert Thorstenson Jr., serves on the marketing board. Thorstenson said he and a partner, Juneau and Seattle lawyer Rob Zuanich, rent space to the board for its Juneau office.

In a telephone interview Thursday from Seattle, Thorstenson said the subpoena to Southeast Alaska Seiners Association arrived last month after he was contacted by agents from the FBI and the National Marine Fisheries Service. The subpoena said the grand jury was investigating felony crimes, Thorstenson said.

The subpoena appears to document a widening of the federal corruption investigation in Alaska, which burst into public view in August with dramatic raids of the offices of six legislators, including Ben Stevens. Agents returned to search Stevens' offices Sept. 18.

On Wednesday, a federal grand jury indicted Rep. Tom Anderson, R-Anchorage, on seven counts charging extortion, bribery, conspiracy and money laundering. The charges describe a scheme in which money was allegedly funneled to Anderson through a shell company in 2004 in exchange for actions he took as a legislator to benefit a private prison company. He pleaded not guilty Friday.

In the August legislative office searches, subpoenas and search warrants indicated the government's focus was on the relationships between legislators, oil and gas legislation, and the politically active oil field service and construction company Veco and its chairman, Bill Allen.

The material seized from Stevens in September, including documents related to the seiners association and the marketing board, suggested a widening of the probe into his lucrative fishing consulting business, though the government has not cited any specific crimes it is investigating.

Both the marketing board's creation and the seiner organization lobbying directly involve earmarks inserted into federal legislation by Ted Stevens. There is no indication that agents are investigating Ted Stevens, the senior Republican in the U.S. Senate. Stevens himself has declined to comment on the investigation.

Ben Stevens was the board's initial chairman when it was created in 2003 until he resigned April 19, and McCabe, Ted Stevens' former legislative director, has served on its board of directors also since its creation. The board has distributed millions of dollars of federal funds to fishery companies, including several that paid consulting fees to Ben Stevens. Stevens was recently fined $300 by the Alaska Public Offices Commission for failing to disclose his membership on the commission for two years.

Ben Stevens has reported receiving $775,435 from nine fishing companies and associations since he was appointed to a vacant state Senate seat in 2001. Except to describe his services as those of a business consultant, he has never publicly said what he has done for the money.

That total doesn't include money from the Southeast Seiners. The Alaska Public Offices Commission is investigating a complaint brought by former state legislator Ray Metcalfe accusing Ben Stevens of breaking disclosure law by failing to report income from the group. The matter is on the commission's Jan. 11 agenda.

WORKING ON BUYBACK

Zuanich, Thorstenson's real estate partner and Southeast Seiners' attorney, said in an e-mail to the Sitka Borough Assembly last month that the fishing group paid $56,500 over 19 months for consulting and lobbying on a buyback of commercial fishing permits for Southeast Alaska. The money was paid to Advance North LLC, an Anchorage company owned 50-50 by Ben Stevens and McCabe.

Zuanich wrote that in June 2004, the association began paying Advance North "to provide consulting and lobbying services relating to this proposed legislation" for the buyback. He told the Sitka officials that he has provided documents and sworn testimony on the matter under subpoena from the Public Offices Commission.

The Sitka assembly was evaluating an unrelated application by Zuanich and other partners for a local $350,000 economic development grant.

The Southeast salmon fleet has been devastated by low prices. In 2002, Gov. Tony Knowles declared an economic emergency and directed state government to assist Southeast fishing families. The proposed buyback was part of the effort by the fishermen themselves to increase prices by reducing the number of fishing boats on the water.

In September 2004, three months after the seiners began paying Stevens and McCabe, a federal loan program to reduce the seine fleet passed as a $20 million earmark to a Senate appropriations bill while Ted Stevens was chairman of the Appropriations Committee. When the final version of the appropriations bill passed Congress in December of that year, the buyback measure had expanded to a $50 million program.

Thorstenson said the terms of the loan program, as passed by Congress, were too unfavorable for fishermen to afford. The organization is lobbying now for a smaller total loan package coupled with a grant of about $7 million.

According to state corporation records, McCabe took over Ben Stevens' half of Advance North Oct. 1, 2005. Neither he nor Stevens has disclosed the terms of the takeover. Thorstenson said the organization contracts solely with McCabe now.

Stevens has told the public offices commission he wasn't required to disclose the amount of money he received from the fishermen because he didn't have a controlling interest in Advance North. In a ruling on a related complaint from Metcalfe in September, the commission appeared to agree with Stevens, though it had not sought records from Advance North that might indicate how control was shared by the two owners, according to commission director Brooke Miles.

Thorstenson said duties under the Advance North contract were supposed to be split, with Stevens consulting on how to arrange, manage and promote the buyback among fishermen, and McCabe, a registered congressional lobbyist, talking to Ted Stevens' staff. Thorstenson said he had no idea how the pair divided the fees.

McCabe didn't respond to e-mails or phone calls seeking comment for this story. Ben Stevens' lawyer, John Wolf of Seattle, said, "In light of the investigation currently being conducted by the U.S. attorney's office for Alaska, we are not going to comment on any subject material that might be within the scope of the investigation."

Metcalfe's complaints cited affidavits by former Southeast salmon fisherman Victor Smith, an occasional contributor to fishing journals and blogs. In one sworn statement, Smith said the fishing association clearly planned to hire Ben Stevens, not McCabe, to get the buyback. He cited conversations he had, including some that were recorded, with members and directors of the seiners group. He also said he heard Zuanich talk publicly during a 2003 meeting in Lynnwood, Wash., of the Purse Seine Vessel Owners Association, a group with many of the same members as the seiners', about using "a little convoluted accounting" to get funds to Ben Stevens. Smith is a member of the owners association and Zuanich is its director.

Smith said he met with federal agents in a Seattle hotel Nov. 13.

A CALL FROM THE FEDS

Thorstenson got the call from the FBI and the fisheries agent two days later. When he received the subpoena, he said, "I'm like, 'Wow man, I guess this is like, real.' "

Thorstenson said he was initially directed to provide the material by Dec. 1, but he won a reprieve until Jan. 9 because of the amount of material. He said he has packed 16 boxes of documents in response to the subpoena.

The government sought e-mails, board minutes, contracts, and tax and other financial records related to the buyback, Stevens, McCabe, Advance North, the fisheries marketing board and Ben Stevens' personal consulting firm, Stevens and Associates, Thorstenson said.

Thorstenson said that he doesn't believe any wrongdoing occurred and that he would defend the actions of Stevens and McCabe.

Zuanich wouldn't answer a reporter's questions, saying the APOC was the proper forum for the issue. Thorstenson said Zuanich told him he never made the statement attributed to him by Victor Smith.

Thorstenson said he never portrayed Ben Stevens as the group's lobbyist to Congress, but he can understand why some of his board members might have thought that was the arrangement. Ben Stevens is much better known than McCabe, even though McCabe, as Ted Stevens' fisheries aide, was largely responsible for one of the most significant federal fisheries bills in the last decade, the American Fisheries Act of 1998, Thorstenson said.

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Thorstenson, who is also president of United Fishermen of Alaska, a coalition of several dozen fishing groups, said many fishermen were aware of Ben Stevens' consulting work on the Bering Sea Crab Effort Reduction Fund, a heavily subsidized $100 million boat buyout pushed through Congress by Ted Stevens in 2000. The program, using grants and loans, was designed to eliminate about 25 percent of the vessels in the fleet, leaving more crab for the remaining ones. The crabbers paid Ben Stevens a consulting fee of $42,500 in 2000. A spokesman for the crabbers said at the time that Ben Stevens was hired to plan the strategy for the buyout, not to lobby his father.

"With Advance North, I figured more (board members) believed in Ben. 'Ben Stevens, he'll save the day,' " Thorstenson said.

Daily News reporter Richard Mauer can be reached at rmauer@adn.com or 257-4345.

Federal authorities have said little about the ongoing investigation into corruption involving Alaska lawmakers. But some aspects are clearly known. Other aspects, including how or whether different events or parts of the investigation are connected, aren't clear.

• Summer 2004: FBI records conversations between a lobbyist working for a private prison company and another man working for the same company as they talk about making payments to Rep. Tom Anderson in exchange for actions benefiting the company. The lobbyist and Anderson didn't know it, but the other man was working as a confidential source for the FBI, according to the indictment issued last week against Anderson.

• Aug. 31, 2006: Teams of federal agents execute some 20 search warrants in Anchorage, Juneau, Wasilla, Eagle River and Girdwood, including at legislative offices and the oil services company Veco. Offices of six Alaska legislators -- 10 percent of the Legislature -- are raided. One of the warrants, released to news media by a lawmaker, seeks materials showing contact with Veco executives and documents concerning the proposed natural gas pipeline and petroleum production tax. A warrant to another lawmaker seeks information on corrections issues and an Anchorage developer. Lawmakers searched were Sens. John Cowdery, Donny Olson and Ben Stevens, and Reps. Vic Kohring, Pete Kott and Bruce Weyhrauch. Officials say the investigation is being run by the FBI and prosecutors from the U.S. Justice Department's Public Integrity Section.

• Sept. 1, 2006: Agents conduct additional searches in Anchorage and Willow, and interview current and former state lawmakers and others.

• Mid-September: Agents return to Sen. Ben Stevens' office seeking additional material. Among the items taken: information on the Alaska Fisheries Marketing Board, a memo from Stevens to Veco president Pete Leathard, computer hard drives and phone logs.

• November: Federal grand jury issues subpoena to Robert Thorstenson Jr.

• December: State Rep. Tom Anderson, who represents East Anchorage, is indicted on seven counts of corruption, including an accusation he took $12,000 in bribes. Anderson pleaded not guilty. FBI corruption investigation: a timeline

Religion For A Captive Audience, Paid For By Taxes (NYT)

By Diana B. Henriques, Andrew Lehren

The New York Times, December 10, 2006

Life was different in Unit E at the state prison outside Newton, Iowa.

The toilets and sinks — white porcelain ones, like at home — were in a separate bathroom with partitions for privacy. In many Iowa prisons, metal toilet-and-sink combinations squat beside the bunks, to be used without privacy, a few feet from cellmates.

The cells in Unit E had real wooden doors and doorknobs, with locks. More books and computers were available, and inmates were kept busy with classes, chores, music practice and discussions. There were occasional movies and events with live bands and real-world food, like pizza or sandwiches from Subway. Best of all, there were opportunities to see loved ones in an environment quieter and more intimate than the typical visiting rooms.

But the only way an inmate could qualify for this kinder mutation of prison life was to enter an intensely religious rehabilitation program and satisfy the evangelical Christians running it that he was making acceptable spiritual progress. The program — which grew from a project started in 1997 at a Texas prison with the support of George W. Bush, who was governor

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at the time — says on its Web site that it seeks "to 'cure' prisoners by identifying sin as the root of their problems" and showing inmates "how God can heal them permanently, if they turn from their sinful past."

One Roman Catholic inmate, Michael A. Bauer, left the program after a year, mostly because he felt the program staff and volunteers were hostile toward his faith.

"My No. 1 reason for leaving the program was that I personally felt spiritually crushed," he testified at a court hearing last year. "I just didn't feel good about where I was and what was going on."

For Robert W. Pratt, chief judge of the federal courts in the Southern District of Iowa, this all added up to an unconstitutional use of taxpayer money for religious indoctrination, as he ruled in June in a lawsuit challenging the arrangement.

The Iowa prison program is not unique. Since 2000, courts have cited more than a dozen programs for having unconstitutionally used taxpayer money to pay for religious activities or evangelism aimed at prisoners, recovering addicts, job seekers, teenagers and children.

Nevertheless, the programs are proliferating. For example, the Corrections Corporation of America, the nation's largest prison management company, with 65 facilities and 71,000 inmates under its control, is substantially expanding its religion-based curriculum and now has 22 institutions offering residential programs similar to the one in Iowa. And the federal Bureau of Prisons, which runs at least five multifaith programs at its facilities, is preparing to seek bids for a single-faith prison program as well.

Government agencies have been repeatedly cited by judges and government auditors for not doing enough to guard against taxpayer-financed evangelism. But some constitutional lawyers say new federal rules may bar the government from imposing any special requirements for how faith-based programs are audited.

And, typically, the only penalty imposed when constitutional violations are detected is the cancellation of future financing — with no requirement that money improperly used for religious purposes be repaid.

But in a move that some constitutional lawyers found surprising, Judge Pratt ordered the prison ministry in the Iowa case to repay more than $1.5 million in government money, saying the constitutional violations were serious and clearly foreseeable.

His decision has been appealed by the prison ministry to a federal appeals court and fiercely protested by the attorneys general of nine states and lawyers for a number of groups advocating greater government accommodation of religious groups. The ministry's allies in court include the Bush administration, which argued that the repayment order could derail its efforts to draw more religious groups into taxpayer-financed programs.

Officials of the Iowa program said that any anti-Catholic comments made to inmates did not reflect the program's philosophy, and are not condoned by its leadership.

Jay Hein, director of the White House Office of Faith-Based and Community Initiatives, said the Iowa decision was unfair to the ministry and reflects an "overreaching" at odds with legal developments that increasingly "show favor to religion in the public square."

And while he acknowledged the need for vigilance, he said he did not think the constitutional risks outweighed the benefits of inviting "faith-infused" ministries, like the one in Iowa, to provide government-financed services to "people of faith who seek to be served in this 'full-person' concept."

Crossing a Bright Line

Over the last two decades, legislatures, government agencies and the courts have provided religious organizations with a widening range of regulatory and tax exemptions. And in the last decade religious institutions have also been granted access to public money once denied on constitutional grounds, including historic preservation grants and emergency reconstruction funds.

In 2002, the Supreme Court ruled that public money could be used for religious instruction or indoctrination, but only when the intended beneficiaries made the choice themselves between religious and secular programs — as when parents decide whether to use tuition vouchers at religious schools or secular ones. The court emphasized the difference between such "indirect" financing, in which the money flows through beneficiaries who choose that program, and "direct" funding, where the government chooses the programs that receive money.

But even in today's more accommodating environment, constitutional scholars agree that one line between church and state has remained fairly bright: The government cannot directly finance or support religious evangelism or indoctrination. That

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restriction typically has not loomed large when public money goes to religious charities providing essentially secular services, like job training, after-school tutoring, child care or food banks. In such cases, the beneficiaries need not accept the charity's religious beliefs to get the secular benefits the government is financing.

The courts have taken a different view, however, when public money goes directly to groups, like the Iowa ministry, whose method of helping others is to introduce them to a specific set of religious beliefs — and whose success depends on the beneficiary accepting those core beliefs. In those cases, most of the challenged grants have been struck down as unconstitutional.

Those who see faith-based groups as exceptionally effective allies in the battle against criminal recidivism, teen pregnancy, addiction and other social ills say these cases are rare, compared with the number of programs receiving funds, and should not tarnish the concept of bringing more religious groups into publicly financed programs, so long as any direct financing is used only for secular expenses.

That concept has been embodied most prominently since 2001 in the Bush administration's Faith-Based and Community Initiative, a high-profile effort to encourage religious and community groups to participate in government programs. More than 100 cities and 33 states have established similar initiatives, according to Mr. Hein.

The basic architecture of these initiatives has so far withstood constitutional challenge, although the Supreme Court agreed on Dec. 1 to consider a case on whether taxpayers have legal standing to bring such challenges against the Bush administration's program.

Defenders of these initiatives say they are necessary to eliminate longstanding government policies that discriminated against religious groups — to provide a level playing field, as one White House study put it.

But critics say the "level playing field" argument ignores the fact that giving public money directly to ministries that aim at religious conversion poses constitutional problems that simply do not arise when the money goes elsewhere.

Converting Young People

Those constitutional problems sharpen when young people are the intended beneficiaries of these transformational ministries. In recent years, several judges have concluded that children and teenagers, like prisoners, have too few options and too little power to make the voluntary choices the Supreme Court requires when public money flows to programs involving religious instruction or indoctrination.

That was the conclusion last year of a federal judge in Michigan, in a case filed by Teen Ranch, a nonprofit Christian facility that provides residential care for troubled or abused children ages 11 to 17.

In 2003, state officials imposed a moratorium on placements of children there, primarily because of its intensively religious programming. Lawyers for the ranch went to court to challenge that moratorium.

"Teen Ranch acknowledges that it is overtly and unapologetically a Christian facility with a Christian worldview that hopes to touch and improve the lives of the youth served by encouraging their conversion to faith in Christ, or assisting them in deepening their pre-existing Christian faith," observed a United States District judge, Robert Holmes Bell, in a decision released in September 2005.

Although youngsters in state custody could not choose where to be placed, they could refuse to go to the ranch if they objected to its religious character. As a result, the ranch's lawyers argued, the state money was constitutionally permissible.

The state contended that the children in its care were "too young, vulnerable and traumatized" to make genuine choices. The ranch disputed that and added that the children had case workers and other adults to guide them. Judge Bell rejected Teen Ranch's arguments. "Regardless of whether state wards are particularly vulnerable, they are children," he wrote.

The ranch in Michigan has discontinued operations pending the outcome of its appeal, said Mitchell E. Koster, who was its chief operating officer. "We are confident that our argument will win," Mr. Koster said. "It's just a question of at what level."

In another case early last year, a federal judge struck down a federal grant in 2003 to MentorKids USA, a ministry based in Phoenix, to provide mentors for the children of prisoners. In a case filed by the Freedom From Religion Foundation in Madison, Wis., the judge noted that the exclusively Christian mentors had to regularly assess whether the young people in their care seemed "to be progressing in relationship with God." In a program newsletter offered as evidence, its director said, "Our goal is to see every young adult choose Christ."

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The federal government had been clearly informed in advance of the nature of the MentorKids ministry, said John Gibson, chairman of the group's board. "The court's decision meant that there were 50 kids we could have served that we were not able to serve."

In another case, more than $1 million in federal funds went to the Alaska Christian College in Soldotna, Alaska, which says it provides "a theologically based post-secondary education" to teenage Native Americans from isolated villages. But an investigator from the Education Department who visited the school last year found a first-year curriculum "that is almost entirely religious in nature."

The Freedom From Religion Foundation sued to block the financing. The school promised to use government money only for secular expenses, and federal financing resumed last May, according to Derek Gaubatz, of the Becket Fund for Religious Liberty, which represents the college.

A number of government grants to finance sexual abstinence education have been successfully challenged. For example, the Louisiana Governor's Program on Abstinence gave federal money to several religious groups that used it for clearly unconstitutional purposes, a federal judge ruled in 2002, in a case filed by the American Civil Liberties Union.

One grant went to a theater company that toured high schools performing a skit called "Just Say Whoa." The script contained many religious references including one in which a character called Bible Guy tells teenagers in the cast: "As Christians, our bodies belong to the Lord, not to us."

The federal judge said the grants were so poorly monitored that the state missed other clear signs of unconstitutional activity — as when one Catholic diocese sent monthly reports showing that it had used federal money "to support prayer at abortion clinics, pro-life marches and pro-life rallies." Gail Dignam, director of the abstinence program, said that state contracts now emphasize more clearly that no grant money may be used for religious activities.

The Programs in Prisons

Programs like the one at the Iowa prison are a rare ray of hope for American prisoners, and governments should encourage them, their supporters say.

"We have 2.3 million Americans in prison today; 700,000 of them will get out of prison this coming year," said Mark L. Earley, a former attorney general of Virginia. Many inmates come out of prison "much more antisocial than when they came in," he added. He said he saw faith-based groups as essential partners in any effective rehabilitation efforts.

Mr. Earley is the president and chief executive of Prison Fellowship Ministries, based in Lansdowne, Va. With almost $56 million a year in revenue, the ministry oversees the InnerChange Freedom Initiative, which operates the Iowa program.

Since its birth in 1976, Prison Fellowship has been most closely associated with one of its founders, Charles W. Colson, who said in a 2002 newsletter that the InnerChange program demonstrates "that Christ changes lives, and that changing prisoners from the inside out is the only crime-prevention program that really works."

In early 2003, Americans United for Separation of Church and State joined with a group of Iowa taxpayers and inmates to challenge the InnerChange program in federal court.

In ruling on that case, Judge Pratt noted that the born-again Christian staff was the sole judge of an inmate's spiritual transformation. If an inmate did not join in the religious activities that were part of his "treatment," the staff could write up disciplinary reports, generating demerits the inmate's parole board might see. Or they could expel the inmate.

And while the program was supposedly open to all, in practice its content was "a substantial disincentive" for inmates of other faiths to join, the judge noted. Although the ministry itself does not condone hostility toward Catholics, Roman Catholic inmates heard their faith criticized by staff members and volunteers from local evangelical churches, the judge found. And Jews and Muslims in the program would have been required to participate in Christian worship services even if that deeply offended their own religious beliefs.

Mr. Earley said Judge Pratt's decision was sharply inconsistent with current law and his standard for separating secular from religious expenses was so extreme that it would disqualify almost any faith-based program. He acknowledged that inmates, whatever their own faith, are required to participate in all program activities, including worship, but he insisted that a religious conversion is not required for success. InnerChange uses biblical references only to illustrate a set of universal values, such as

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integrity and responsibility, and not to exclude those of other faiths, he said, adding that it was "unfortunate" if any inmates felt the program denigrated Catholicism or any other Christian faith. Corrections officials in Iowa declined to comment on the case.

Not all programs in prisons are so narrowly focused. Florida now has three prisons that offer inmates, who must ask to be housed there, more than two dozen offerings ranging from various Christian denominations to Orthodox Judaism to Scientology. But at Newton, Judge Pratt found, there were few options — and no equivalent programs — without religious indoctrination.

"The state has literally established an Evangelical Christian congregation within the walls of one of its penal institutions, giving the leaders of that congregation, i.e., InnerChange employees, authority to control the spiritual, emotional and physical lives of hundreds of Iowa inmates," Judge Pratt wrote. "There are no adequate safeguards present, nor could there be, to ensure that state funds are not being directly spent to indoctrinate Iowa inmates."

InnerChange, which has been widely praised by corrections officials and politicians, operates similar programs at prisons in Texas, Minnesota, Kansas, Arkansas and, by next spring, Missouri. Officials in those states are monitoring the Iowa case, but several said they believed their programs were sufficiently different to survive a similar challenge.

A government-financed religious education program at a county jail in Fort Worth was struck down by the Texas Supreme Court more than five years ago, and more lawsuits are pending. Corrections Corporation was among those sued last year by the Freedom From Religion Foundation, which is challenging a Christian residential program at a women's prison in Grant, N.M. The foundation has also sued the federal Bureau of Prisons over its faith-based rehabilitation programs. And Americans United, the Iowa plaintiff, and the American Civil Liberties Union have sued a job-training program run by a religious group at the Bradford County Jail near Troy, Pa.

Prison Fellowship Ministries is one of about a half-dozen Christian groups that operate programs at jails and prisons run by the Corrections Corporation. The company's lawyers are studying the Iowa decision, said a spokeswoman, Louise Grant. "But we are not, at this time, changing or altering any of our programming based on that, or any other ruling."

Inadequate Monitoring

Government agencies have been criticized repeatedly for inadequately watching these programs. Besides the criticism in various court decisions, the Government Accountability Office has twice raised questions about cloudy guidelines and inadequate safeguards against government-financed evangelism.

In its most recent audit released in June, the G.A.O., which examined faith-based organizations in four states, found that some were violating federal rules against proselytizing and that government agencies did not have adequate safeguards against such violations.

The problem is not that none of these programs are audited. Every group that gets a federal grant worth more than $500,000 has to pay a private auditor to examine its books and report to the government. Many federal programs, like those that provide Medicaid services or help the government allocate arts grants, require additional audits.

But no supplemental audits are required under the faith-based initiative — indeed, it would probably violate the Bush administration's new regulations to do so, said Robert W. Tuttle, a professor of law and religion at George Washington University and co-director of legal research, along with Ira C. Lupu, for the Roundtable on Religion and Social Welfare Policy, a project of the Rockefeller Institute.

"The rules can be read to prohibit special audit requirements because that would be considered a stigma, which would be discriminatory," Professor Tuttle said. "But that flies in the face of constitutional logic, because religion is special, and that special quality has to be reflected in program guidelines and audit rules."

The G.A.O. also says the government cannot easily or accurately track either how much money is flowing to groups or whether they are using the funds in unconstitutional ways.

The Bush administration is already studying whether these constitutional problems can be resolved by reshaping many government grants into voucher programs under which the beneficiary decides where the money goes. But vouchers are a limited solution because most social service agencies need to know that a certain amount of money is assured before they can begin operations.

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Mr. Hein, the White House official, agreed that vouchers could clarify the legal landscape. But even where they are not practical, he said, the Bush administration remains committed to keeping the doors to government financing open for as many religious groups as possible.

ANTITRUST:

American Steel's Hot (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, December 10, 2006

Sparrows Point and Weirton, W.Va., mills might attract bids by foreign steelmakers eager to get a foothold in the U.S. market

Five years ago, there would have been few takers for the steel plants in Sparrows Point and Weirton, W.Va.

Bethlehem Steel Corp., which owned Sparrows Point at the time and was once the largest steelmaker in the world, was in its death throes, joining the list of Rust Belt companies that buckled under the weight of high costs and fierce competition.

But if either plant goes up for sale early next year, there could be multiple bids for each. And there's a good chance the buyer won't be American.

After years of bankruptcy and rampant consolidation, American steel is suddenly hot. Foreign companies have the cash, and are looking to get a foothold in the American market, where they can charge a premium for their product.

It started with Mittal Steel Co. NV chief executive Lakshmi N. Mittal's quest to build the largest steelmaker in the world. Two years ago, he bought International Steel Group, which itself had been built on the carcasses of defunct companies, including Bethlehem's Sparrows Point complex and Weirton. This year, Netherlands-based Mittal successfully waged a hostile takeover of the world's second-largest steel company, Luxembourg-based Arcelor SA.

The combined company, Arcelor Mittal, will control 10 percent of the world's steel production, with more than 110 million tons this year. The $33.5 billion deal, which is expected to be completed in the spring, is the largest to date.

Following Mittal's lead, steel companies from Europe, Russia, South America and Asia in recent weeks have been circling U.S. companies.

"Arcelor Mittal is not an aberration, it's just the beginning," said steel analyst John Anton, with Washington-based Global Insight.

In the past, foreigners stayed away from American companies because they had higher costs and unionized work forces.

But now, after an industry shakeout, American steel companies are more efficient than ever. For example, Sparrows Point's nearly 2,500 workers produce 3 million tons of steel a year. That's more output per worker than in 1969, when 26,500 workers produced 5 million tons a year.

And, many no longer carry "legacy costs," having shed their health care and pension obligations for retirees during bankruptcy, as was the case with Bethlehem Steel.

Companies in Russia, India and Brazil have access to iron ore at home, where labor is cheaper. They want entry to the American market, where they can charge customers in the auto, construction and appliance industries a premium for finished products.

"The United States is one of the most attractive markets in the world," said steel analyst Christopher Plummer. "[Foreigners] are looking to these companies to lock in this market."

Look elsewhere They can't go as easily to China, the world's biggest consumer of steel and largest exporter, because the country prevents foreigners from taking a controlling stake in its companies.

"They've all got ambitious growth plans in their region and have gone as far as they can," Plummer said. "They need to look elsewhere."

Late last month, Luxembourg-based Evraz Group SA, the largest domestic steelmaker in Russia, signed a deal to buy Oregon Steel Mills in Portland for $2.3 billion.

Russian-owned OAO Severstal made a play for Arcelor but ultimately was beaten out by Mittal. It owns Rouge Steel in the Detroit area and is building a plant in Mississippi.

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A Moscow newspaper has reported that Severstal is interested in Weirton and in Pittsburgh-based U.S. Steel Corp.

Cash offer CSN Brazil wanted Wheeling-Pittsburgh Steel Corp., but appears to have been outgunned by Chicago-based Esmark Inc., which won a proxy battle to install a board of directors that favors a merger with the American company. Esmark has said it would make a cash offer for Weirton, if the Justice Department allows Mittal to sell it.

German steelmaker Thyssen Krupp AG is still pining for Dofasco, Mittal's Canadian subsidiary. Mittal promised to sell it to ThyssenKrupp to settle U.S. Justice Department antitrust concerns about tin production in North America, if its merger with Arcelor succeeded. But a Dutch trust that controls Dofasco has blocked a deal. If that holds, the Justice Department will force Mittal to sell Sparrows Point or Weirton, and it will decide which one will be sold and to whom.

One way or the other, the German steelmaker is determined to get into the market here. It has said it will spend $2.9 billion to build two plants in the South if it is unable to buy Dofasco, though steel analyst Charles Bradford of New York City-based Bradford Research Inc. believes Thyssen Krupp may consider buying an existing steel mill because to do so is cheaper.

The company is building a mill in Brazil capable of churning out 4.4 million tons of steel annually beginning in 2008, and intends to ship the slab to North America and Europe for finishing. Sparrows Point's location on the East Coast led some to speculate that the Germans might be interested, especially after ThyssenKrupp officials toured the Sparrows Point plant in May. But the company declined to comment on it.

While just a few hundred miles apart, Sparrows Point and Weirton are quite different. Sparrows Point produces steel slabs and galvanized sheet for appliance manufacturers and the construction industry. Weirton is a niche manufacturer of tin plate for the food industry. Each has its strengths, but they probably wouldn't attract the same type of buyer, said Plummer, who as managing director of Metal Strategies Inc. in West Chester, Pa., has evaluated both plants for clients.

Sparrows Point has the biggest, most efficient blast furnace in North America, Plummer said, while Weirton has the most expensive, which is why Mittal shut it down shortly after buying the company. Unlike landlocked Weirton, the Baltimore County plant is the only integrated steel plant with ocean access, which would make it attractive for foreign companies looking to ship cheap iron ore, coal or slab for finishing. Yet it is located far from quality customers, such as automakers and appliance manufacturers, which are predominantly in the Midwest, he said.

And, Plummer said it would be a difficult decision for someone to turn Sparrows Point into a finishing mill and idle its blast furnace when it performs so well -- which is what CSN Brazil determined five years ago, he said, when that company looked at it.

"You need to make the plant lower-cost and more efficient than it was before you bought it," he said.

Plummer said both plants have failed to attract serious interest in the past 20 years, but the dynamics of the steel industry have changed. Weirton would be an attractive purchase for an investor group or an American company looking to expand its offerings to include tin, he said. Sparrows Point could be a flagship for a foreign company looking for an American portal.

In a presentation this summer, Mittal said it had identified 10 potential buyers for Weirton if the government gives the nod. It's something the workers fully support, after Mittal shut down the company's steelmaking operations and let 1,000 workers go.

"Normally when companies consolidate, there are synergies between them," said Mark Glyptis, president of the Independent Steelworkers Union, which represents workers at Weirton. "But we haven't seen any benefit to it."

Glyptis hopes a buyer will invest in the plant and bring the workers back. A former International Steel Group executive has reportedly expressed interest in Weirton, but Glyptis said he does not know if the investor, Mitchell Hecht, has had serious talks with Mittal.

Sparrows Point has fared far better under Mittal, which pits its plants against each other to compete for work and, ultimately, jobs.

Weirton lost such a competition to Sparrows Point last year. Mittal idled Weirton's blast furnace and sent the hot work to the Baltimore County plant.

Sparrows Point has been profitable, and the union avoided mass layoffs by working with management to scale back production through market downturns using voluntary layoffs.

No big investments Bethlehem spent more than $600 million to build a cold mill there and relined the huge blast furnace two years before its bankruptcy filing in 2001. But Mittal isn't likely to put significant money into Sparrows Point. General Manager

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Thomas Russo said this year that Mittal had no plans to make investments in the plant, other than for a couple of environmental upgrades to comply with government regulations.

Anton, the Global Insight analyst, doubts that any American steelmaker would be a buyer for the Sparrows Point plant. "People like picking up these things on the cheap, and Sparrows Point will not be cheap," he said.

Last week, Lakshmi Mittal painted a rosy picture for 2007, with strong demand and increased profit. He said prices will recover and consolidation will continue.

Unlike during Bethlehem's waning days, there is no shortage of interested investors who see the empire Mittal has built and want their own.

Target mills Bradford said he has identified 13 American companies -- mostly smaller, privately owned mills -- that are acquisition targets. And he said potential buyers include private equity firms, which believe they can pick up American steel mills cheap and make money off them, similar to what Wilbur Ross did when he bought the assets of Bethlehem Steel and sold them a year later to Mittal for a $267 million profit.

Bradford points to Claymont, Del., where a Miami-based investment group bought CitiSteel USA Inc. last year for almost $75 million. Less than three months later, H.I.G. Capital LLC paid itself back -- plus a $109 million dividend to shareholders -- by refinancing the company's debt. In August, the investor group filed to go public with the intention of paying off most of the debt.

"When you see people making money, it's going to attract a lot of interest," Bradford said.

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EU Begins Antitrust Probe Of Universal-BMG Deal (AP)

By Aoife White, Associated Press

AP, December 10, 2006

NEW YORK -- EU regulators have opened an antitrust probe of Universal Music Group's plans to buy BMG Music Publishing for about $2.1 billion, saying the deal could damage "the already concentrated music publishing market."

Officials in Brussels said Friday that they would issue a final decision about whether to block or allow the deal by April 27.

BMG - owned by German media company Bertelsmann AG - has the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Coldplay, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers.

Paris-based Vivendi SA's Universal Music Group is the world's largest music company. Its publishing arm controls the rights to songs by artists such as 50 Cent, Mary J. Blige and Chamillionaire.

If approved, the deal would combine the No. 3 and No. 4 music publishing catalogs, giving them a 22 percent market share and scraping ahead of current market leader EMI.

European Union approval was the last hurdle for the deal, which the Federal Trade Commission and the Justice Department in the United States cleared last month.

The EU rarely blocks deals, but it can, and often does, demand that companies under investigation sell units or make binding promises to change the way they do business.

New York-based Universal said it believed the EU would eventually bless the deal.

"We understand why, in the current environment, the European Commission has sought more time for its review," it said.

The company was referring to a July court ruling that said EU regulators were not careful enough when they cleared a 2004 deal between the music units of Sony Corp. and Bertelsmann AG. The Sony-BMG deal must now be re-examined.

Bertelsmann spokeswoman Liz Younge refused to comment.

But independent record label group Impala said its 2,500 members believed that regulators will identify more problems and refuse to clear the deal.

"These mergers are bad news for artists and music," said Martin Mills, chairman of Impala and the British record company Beggars Group.

Augusta Frets Airline Future (AJC)

By Dave Hirschman, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 10, 2006

DOJ_NMG_0104723

A marriage of Delta Air Lines and US Airways would be a setback for Augusta, say business and civic leaders who fear putting all local airline service in the hands of a single carrier.

"Limited competition is better than no competition," said Diane Johnson, marketing director at Augusta Regional Airport. "When you have no competition, fares rise and reliability goes down the tubes."

Augusta, along with Fayetteville, Wilmington and Jacksonville, N.C.; Lynchburg, Va.; Wilmington, Del., and Florence, S.C., could go from two airlines to one if US Airways succeeds in its $8.4 billion bid to acquire Delta.

Augusta, a historic city on the South Carolina border, has five daily flights to Atlanta on a Delta regional partner and six to Charlotte on US Airways Express.

US Airways plans a 10 percent capacity cut and $1.6 billion in annual savings if it gets creditor and regulatory approval to merge the airlines, but it hasn't identified which routes, if any, will be cut. Industry officials say there would be little reason for the combined airline to operate two Southeastern hubs, however, and Charlotte flights could shrink dramatically.

Even if Augusta routes were maintained, business leaders there say the absence of competition would allow the airline to raise fares with impunity — a move they say would push Augusta residents to drive to airports in Columbia or Atlanta.

"People like having a choice," said Cedric Johnson, chairman of the Augusta airport commission. "We want to give our citizens the broadest possible choice in air service. ... A single airline would be a step in the wrong direction."

Delta first flew to Augusta in 1934, and regional partner ASA currently flies there in 50-seat regional jets.

Continental Express began flying between Augusta and its hubs in Newark and Houston in 2003 but pulled out the next year when fares and passenger traffic fell below projections. Augusta officials have tried to recruit other airlines, but have consistently come up empty.

Charles F. "Rick" Rule, an anti-trust lawyer for US Airways, said Augusta and other cities that would be served by a combined Delta/US Airways have nothing to fear.

"These carriers intend to continue to serve all the cities they're currently serving," he said.

The number of flights and the size of the planes might change, Rule said, but passengers would still be able to conveniently reach the same destinations.

"[The airline] can rationalize networks, take out extra seats and provide the same level of service more efficiently," he said. "This transaction poses no threat to competition."

Augusta officials are in the midst of a $30 million airport terminal construction project that they say will continue regardless of an airline merger.

Columbus, Brunswick and Albany are the Georgia cities served by a single air carrier, and officials there say that, although they're glad to have airline service, the situation is hardly optimal.

"We've had as many as five airlines serving this area," said Mike Gaymon, president of the Greater Columbus Chamber of Commerce. "I don't think there's any question that competition helps."

Southern Airways flew nonstop from Columbus to Washington in the early 1970s, and Eastern and others made regular stops. But airline service was steadily pared through bankruptcies and mergers, leaving only ASA in the market.

Gaymon said having a single carrier can harm business recruitment. "When we're competing with cities that are served by multiple airlines, the frequency and reliability of air service can be crucial."

Scott McGregor, vice president of the Augusta Metro Chamber of Commerce, said local officials are considering a direct appeal to the Justice Department.

"Monopoly airline service doesn't sound like a positive to us," he said.

US Airways' Takeover Of Delta Still Up In The Air (AZDS)

By Donna Hogan

Arizona Daily Star, December 10, 2006

If Tempe-based US Airways is successful in executing its proposed $8.7 billion hostile takeover of bankrupt Delta Air Lines, it will become the largest U.S. airline and one of the biggest in the world.

It's a big "if."

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Delta, first of all, doesn't want to be acquired — at least its chief executive officer and its pilots don't. Its creditors — at least the biggest ones — haven't weighed in yet.

And we haven't yet heard from U.S. regulators, US Airways shareholders and politicians, who together or separately can make or break the deal.

While US Airways Chairman Doug Parker stunned everyone from Wall Street analysts to Delta officials when he announced the proposed merger Nov. 15, the company had clearly been plotting it for some time.

Parker had already lined up financial backing and answers for all the concerns. And once the news was out, he quickly tried to line up supporters among those who have a stake, if not a say, in whether the merger happens.

There is no consensus about whether the merger could happen or should happen, but most agree on the big issues that need to be addressed: antitrust concerns; employees and jobs; financing; headquarters and air hubs; and any impact on passengers.

Easiest to tackle is the timing. Some dates already set in stone have forced US Airways to rush a process that might otherwise have taken much longer, said airline industry consultant Michael Boyd, president of The Boyd Group.

A Feb. 15 U.S. Bankruptcy Court deadline for Delta to come up with its own plan to emerge from Chapter 11 is a key factor. Delta's stated intention to do so even earlier compelled its would-be buyer to move even faster.

Parker has frequently said that the concessions a bankrupt airline gets are key to making such a merger profitable. A bankrupt carrier can dump unprofitable routes, vendor contracts and airplane orders. It can shed debts, get court-ordered employee wage and benefit concessions and trim any fat that led to unprofitablity.

Take two trimmed-down airlines and add cost efficiencies from combining administrative and overhead functions, and the whole is worth more than the sum of the parts.

It's a theory Parker proved works in his barely year-old merger of America West Airlines and US Airways, said industry expert Bob Mann, of R.W. Mann & Co.

But because Delta's bankrupt status is key, Mann said, Parker had to offer his alternative to Delta Chairman Gerald Grinstein's go-it-alone stance well before the court deadline so stakeholders could consider it. The ball is rolling.

"There will be six to eight weeks of public jousting, then everybody will go into (seclusion)," Mann said.

By mid-January, creditors should have decided on a preferred direction. Mann said that could include Delta teaming up with other suitors. They may pop up in the coming weeks, he said, but likely none would have Parker's clout.

If Parker's plan pleases creditors, the proposal goes to bankruptcy court as an option, then federal regulators get to mull it over, and US Airways shareholders vote.

They won't need convincing, Boyd said. "They'll approve this in a New York second, because of Doug Parker's track record." Regulators won't be as hasty. The U.S. Justice Department has a big say in potential mergers, aiming to make sure no single company dominates a market enough to limit competition. In the case of an airline combo, there are two concerns — the overall control of U.S. skies and dominance in specific markets. .

Dairy Industry Crushed Innovator Who Bested Price-Control System (WP)

By Dan Morgan, Sarah Cohen, Gilbert M. Gaul

The Washington Post, December 10, 2006

In the summer of 2003, shoppers in Southern California began getting a break on the price of milk.

A maverick dairyman named Hein Hettinga started bottling his own milk and selling it for as much as 20 cents a gallon less than the competition, exercising his right to work outside the rigid system that has controlled U.S. milk production for almost 70 years. Soon the effects were rippling through the state, helping to hold down retail prices at supermarkets and warehouse stores.

That was when a coalition of giant milk companies and dairies, along with their congressional allies, decided to crush Hettinga's initiative. For three years, the milk lobby spent millions of dollars on lobbying and campaign contributions and made deals with lawmakers, including incoming Senate Majority Leader Harry M. Reid (D-Nev.).

Last March, Congress passed a law reshaping the Western milk market and essentially ending Hettinga's experiment -- all without a single congressional hearing.

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"They wanted to make sure there would be no more Heins," said Mary Keough Ledman, a dairy economist who observed the battle.

Hettinga, who ran a big business and was no political innocent, fought back with his own lobbyists and alliances with lawmakers. But he found he was no match for the dairy lobby.

"I had an awakening," the 64-year-old Dutch-born dairyman said. "It's not totally free enterprise in the United States."

Most U.S. dairy farmers work within a government system set up in the 1930s to give thousands of small dairies a guaranteed market for their milk and to even out prices for consumers. Farmers who participate in regional pools operated by the federal government or the states deliver raw milk to cooperatives or food processors. They get a guaranteed price, whether the milk ends up in a gallon jug, cheese, butter or ice cream. In Arizona and other federally regulated regions, the Agriculture Department uses a formula to set the price processors pay for raw milk, issuing "milk marketing orders."

Developed for a bygone era of small dairies and decentralized milk plants, the system lives on when 3,000-cow dairies are not uncommon and huge cooperatives and food companies dominate the business.

Business groups, fiscal conservatives and some dairy organizations have called for Congress to overhaul the complex system of protections and subsidies, which they say is costly to taxpayers and consumers. A recent USDA study acknowledged that "dairy programs raise the retail price" of milk. The watchdog group Citizens Against Government Waste estimates that the programs cost U.S. consumers at least $1.5 billion a year.

The 1937 law allowed "producer-handlers" -- dairy farmers who bottle milk from only their own cows -- to operate outside the pools. But it was risky for a farm to do this because it might end up with more milk than it could sell. Most of these outsiders were small.

Hettinga started out as a hired hand in the Dutch American dairies of Southern California, where his family emigrated after World War II. He soon figured out he could buy cows with injured hooves, then fix and sell them at a profit that exceeded his weekly paycheck.

By the early 1990s, Hettinga was working with partners and relatives and had half a dozen dairies in Arizona and California. Then he decided to build his own bottling plant in Yuma, Ariz.

His first customers were in Mexico. Later he made a deal with a chain of Arizona stores catering to the fast-growing Hispanic population. In 2002, he and his son began building a second Yuma plant to supply Costco stores in Southern California.

For Costco shoppers, it was a good deal, according to an e-mail sent last year to Reid's office by Joel Benoliel, Costco Wholesale Corp.'s senior vice president. The arrangement lowered the average price of milk "by 20 cents a gallon overnight and it stayed that way for three years," Benoliel wrote in the e-mail, made available to The Washington Post. "Milk suppliers in southern California were gouging the public on price (20 cents a gallon higher than N. California) for years and were unresponsive to our call for lower prices. It was a brazen case of price gouging and profiteering by the strongest, largest market suppliers simply because they could."

In Arizona, Hettinga was competing for retail sales against Arizona's biggest milk company, Shamrock Foods Co. of Phoenix. He "wasn't by any stretch a more cost-effective operator than we are. He just didn't have the same rules apply," said Shamrock's general manager, Michael A. Krueger.

United Dairymen of Arizona, a cooperative that handles 85 percent of the state's milk, complained that by keeping his milk outside the Arizona pool, Hettinga was affecting the USDA price-setting formula, lowering returns for other dairies.

In California, the Hettingas were taking on the two biggest players in the U.S. milk industry: Dean Foods Co., the largest processor of dairy products, with $10 billion in annual sales and five California plants, and Dairy Farmers of America, a co-op that controls nearly a third of the nation's liquid milk.

In Southern California, the co-op sells to Dean Foods, which in turn sells to retailers. As Hettinga's milk began reaching Costco stores, there was a snowball effect as other milk suppliers were forced to lower their prices, Costco's Benoliel said.

Dean Foods recently said that Hettinga was unfairly exploiting a "regulatory loophole" and that his actions led to lower milk prices for California dairies.

Hettinga's operation was "damaging to the marketplace," said Elvin Hollon, director of economic analysis for Dairy Farmers of America. "Nobody ever envisioned there would be such large handlers" outside the pool.

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"So," Hollon said, "the regulations had to change."Political Education

The first challenge to Hettinga came in late 2001, when Sen. Jon Kyl (R-Ariz.) proposed a measure that would have forced Hettinga to pay in to the pool that Shamrock was governed by.

Shamrock's chairman, Norman P. McClelland, had contributed thousands of dollars to Kyl, beginning with Kyl's first House campaign, in 1986.

Hettinga fought back by printing labels saying that Kyl wanted to "limit competition and raise the cost of milk to the Arizona consumer" and putting them on 50,000 gallons of milk shipped around Arizona.

In the House, Devin Nunes, a new Republican member from California's Central Valley, introduced a bill to close what he called the "regulatory loophole" that let Hettinga ship unregulated milk into California. Nunes's district is No. 1 in milk production in the nation. Nunes and Sons dairy, located a few miles north of Tulare, was started by Nunes's grandfather and was still in the family.

In Nunes's first run for Congress, in 2002, he pulled in $130,000 from dairy interests, second only to President Bush among federal candidates, election records show.

Nunes's bill and Kyl's amendment initially went nowhere. So Kyl, a conservative Republican, found an unlikely ally in Reid, then the Senate's fiercely partisan Democratic whip.

Reid was no newcomer to dairy issues. Nevada's population was growing faster than its dairies could supply milk, so prices tended to be high. Milk plants that had to import milk from far away thought they could get it cheaper if they did not have to pay regulated prices. In 1999, Reid helped them out. He slipped an amendment into a spending bill exempting milk plants in the Las Vegas area from federal pricing rules.

David Coon, vice president of Anderson Dairy Inc., then the area's largest milk plant, hailed Reid's amendment as a "good example of the good we feel he has done fighting for our state." Reid later listed Anderson as one of 51 "soft money" donors to his Searchlight Leadership Fund, which funds Democratic candidates in Nevada.

The 1999 provision still left the Las Vegas area subject to some federal milk regulations. By 2003, fixing that had become a pressing concern as Dean Foods began construction on a $40 million, state-of-the-art milk plant outside town.

That year, Reid and Kyl saw they could make a deal. Kyl agreed to back removing all of Nevada from federal milk regulation, and Reid agreed to support legislation cracking down on Hettinga and protecting Arizona dairies from competition from low-priced Nevada milk. In 2003, the senators co-sponsored an amendment with both provisions. In effect, Nevada bottlers would get some of the same rights that were being taken away from Hettinga. Under this arrangement, the money the Yuma dairyman would save by operating outside the federal system would have to be paid in to the pool.Getting Around Lewis

In 2003, Hettinga still looked the part of a hard-working dairy farmer. He wore jeans, lunched on fried chicken and salad at the Hometown Buffet in Yuma, and seldom took a vacation. But he was no longer a little guy. He owned a private plane and kept a pilot on standby. His 16 dairies stretched from Texas to California, and his company, Sarah Farms, supplied nearly a fifth of Arizona's liquid milk.

As Kyl and Reid were putting together their deal, a milk-industry friend put Hettinga in touch with a Washington lobbyist, former representative Raymond J. McGrath (R-N.Y.). McGrath, who was president of the National Republican Club of Capitol Hill, had retained good connections in GOP circles.

During a swing through Capitol Hill with McGrath, Hettinga pitched his cause to House Appropriations Committee Chairman Jerry Lewis (R-Calif.).

Lewis's district was home to some large dairies, including a Hettinga dairy in San Jacinto. The two men had never before met or talked, according to Lewis's spokesman. But Lewis was sympathetic. "This is not right, taking a rifle shot at one individual," Hettinga recalls Lewis saying.

A few months later, Lewis used his power to kill the Kyl-Reid measure. "Congressman Lewis did it strictly on behalf of a constituent and because he thought Hein's deal was good for consumers," said Lewis's deputy chief of staff, Jim Specht.

Hettinga said that at Lewis's request he chipped in $2,000 to the Bush-Cheney campaign later that year. He also gave $4,000 to Lewis's campaign war chest between 2003 and 2006, records show.

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But the big milk producers and dairy trade groups were already at work in Washington. Through its employees and political action committee, Dean Foods, with nearly 100 plants around the country, spent more than $600,000 on political contributions in 2005 and 2006, including $5,000 to Kyl and $3,000 to Nunes. Reid got $5,000 in 2004.

Eight groups with an interest in the legislation reported overall lobbying spending of more than $5 million in 2005 and the first half of 2006. Dean Foods reported spending almost $2.5 million, including $500,000 for outside lobbyists. One was Charles M. "Chip" English Jr. of Thelen Reid & Priest. English also represented Shamrock Foods, United Dairymen of Arizona and the Dairy Institute of California.

During 2005, English fine-tuned the language in the milk bill. "My hand can be seen throughout the bill," he said in an interview. Pick a paragraph in the legislation, he said, and "either I wrote it or I commented on it."

Among others in the lobbying effort were the International Dairy Foods Association, the National Milk Producers Federation and the Western United Dairymen. Dairy Farmers of America, with members in 47 states, mobilized a grass-roots campaign for the legislation.

At every turn, Lewis's office was "barraged by calls and faxes from dairy owners," recalled Specht, Lewis's aide. "It seemed clear that all the skids had been greased for this legislation."An Angry Meeting

On the evening of Nov. 2, 2005, lawmakers and several dozen lobbyists squeezed into the conference room of Sen. Dianne Feinstein (D-Calif.) to seek common ground in the milk dispute. Lewis brought Hettinga and McGrath. Reid came with Anderson's Coon. Shamrock Foods' McClelland was with Kyl.

"Jerry, if it wasn't for you, we'd have taken care of this a long time ago," Reid said, according to several participants.

Lewis bridled. It seemed as if Reid was calling him a "liar," he said. If that was so, he might as well leave, he added.

Hettinga told the group how he had built his plants, arguing that the other dairy farmers "didn't pay me when I started the business, why should I start paying them when the business is successful?"

At the end, participants said, Reid was plainly exasperated. "I'm not listening to any more of this," he said. "I'm out of here."

Reid made his move on Dec. 16, with the Senate chamber nearly empty. He brought up the milk bill, which passed a few minutes later by "unanimous consent," a procedure that requires no debate or roll call vote if both political parties agree. Reid and Kyl said in recent statements that their goal was to level the playing field for milk producers.

That set the stage for a bitter battle in the House, pitting Nunes, the new California-dairy-district congressman, against Lewis, then a 14-term veteran with friends on both sides of the aisle.

Lewis used the muscle of his 66-member Appropriations Committee, the dispenser of billions of dollars a year in spending. But he faced the nearly unified front of the dairy lobby and its friends. Virginia dairy farmers had helped win the key support of Robert W. Goodlatte (R-Va.), chairman of the Agriculture Committee, convincing him that if Hettinga were brought into line, the threat "would be less likely to show up back here," said lobbyist Charles Garrison. Nunes was a protege of House Ways and Means Committee Chairman Bill Thomas (R-Calif.). And he had recently backed John A. Boehner (R-Ohio) in his successful campaign for majority leader.

In late March, Boehner placed the bill on a special docket usually reserved for uncontroversial measures such as naming post offices. Under that docket, bills require a two-thirds majority for passage. But the parliamentary procedure also meant that no one could offer an amendment to slow the bill down.

McGrath, Hettinga's lobbyist, watched the vote from the Capitol Hill Club. After Lewis came up 13 votes short and the bill passed, McGrath recalled, a large contingent of dairy lobbyists arrived, some trading high-fives. Lewis was to have had dinner at the club with his wife, but when he showed up and saw the lobbyists celebrating, he turned and left.

In an interview later, Nunes called the milk legislation a victory for "every dairy farmer in America except those who were gaming the system." He added, "People out there were making millions of dollars a year off the backs of America's dairy farmers . . . that was a wrong that was finally righted."

The next morning, lawmakers in dairy districts who voted against the dairy groups got an e-mail from a lobbyist expressing "disappointment on behalf of the members of the International Dairy Foods Association for your vote." It added: "We will be letting our member companies and their employees know of the outcome."

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Hettinga vowed to keep supplying his customers in Arizona and California even though the new law required him to pay the Arizona pool what he said was a "crippling" sum of up to $400,000 a month.

"The irony is that Hein is paying his competitors," said Alfred W. Ricciardi, Hettinga's Phoenix lawyer.

Hettinga and his relatives gave nearly $20,000 to Kyl's Democratic challenger this year. Kyl won handily and got his own dairy industry support: A few weeks before Senate action on the milk bill, 11 officials of Shamrock contributed $14,800.

Hettinga also turned to the courts. In October, he filed a lawsuit charging that the milk bill was unconstitutional because it was aimed at penalizing a single individual.

"I still think this is a great country," Hettinga said. "In Mexico, they would have just shot me."

ENVIRONMENT:

Global Warming, Local Initiatives (LAT)

By Stephanie Simon

The Los Angeles Times, December 10, 2006

BOULDER, COLO. — Frustrated with the federal response to global warming, hundreds of cities, suburbs and rural communities across the nation have taken bold steps to slash their energy consumption and reduce emissions of the pollutants that cause climate change.

This outdoorsy college town recently adopted the nation's first "climate tax" — an extra fee for electricity use, with all proceeds going to fight global warming. Seattle has imposed a new parking tax, and the mayor hopes to charge tolls on major roads in an effort to discourage driving — a leading source of greenhouse gas pollution.

Cities not typically associated with liberal causes have also jumped on board. In Fargo, N.D., Mayor Dennis Walaker swapped out every traffic-light bulb for a light-emitting diode, or LED, which uses 80% less energy. In Carmel, Ind., a suburb of Indianapolis, Mayor James Brainard is switching the entire city fleet to hybrids and vehicles that run on biofuels (made from plant products rather than petroleum).

"It's quite incredible, the number of things cities are beginning to do. It's very heartening," said Tom Kelly, who directs a national environmental group called Kyoto USA.

Boulder Mayor Mark Ruzzin says skeptics often ask why global warming must be a local priority. He responds by acknowledging the obvious: "Even if Boulder could somehow wish away all of our greenhouse gas emissions, that wouldn't be a drop in the bucket. It would be a drop within a drop."

Then he argues that the city must try anyway — if only to prove to larger communities that they, too, can reduce pollutants without spending huge sums or slowing economic growth.

"Every one of us has the ability, small as it may be, to make change," Ruzzin tells his residents, asking them to substitute a push mower for a gas mower, or at least to turn out the lights when they leave a room. "No one's going to be able to escape the responsibility."

The movement began nearly two years ago, when Seattle Mayor Greg Nickels announced that his city would strive to meet the targets of the Kyoto Protocol, an international treaty that aims to control global warming. The treaty requires industrialized nations to cut emissions of carbon dioxide and other pollutants that hover in the lower atmosphere. In what is known as a greenhouse effect, these pollutants create an invisible shield that keeps the sun's rays from dissipating. Many of the trapped rays are reflected back to Earth, raising temperatures.

Greenhouse gases are directly tied to energy use, because the process of burning fossil fuels emits carbon dioxide. So any measures to conserve energy can indirectly cut greenhouse emissions.

Planting trees can also help, because they absorb carbon dioxide — and several cities have launched campaigns to take advantage of that fact. Denver, for instance, plans to plant an average of 140 trees a day for the next 20 years, while Los Angeles is replacing its famed fan palms with more leafy sycamores and oaks. Chicago encourages the planting of lush rooftop gardens, which have the added effect of cooling buildings, reducing the need for air conditioning.

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Fargo acts on climate change more directly by trapping the methane that normally wafts out of its landfill as a byproduct of rotting garbage. The methane — a potent greenhouse gas — is then sold to a soybean processing plant, which uses it in its boilers.

"All these cities are like little laboratories, experimenting with what works. Then we learn from each other," Brainard said.

President Bush rejected the goals of the Kyoto treaty soon after he took office, calling it ineffective and unfair because developing countries such as China and India are exempt. He also argued that it would be enormously expensive for the U.S. to comply.

Determined to prove him wrong, Nickels challenged his fellow mayors to adopt Kyoto's targets at the local level. He has received more than 330 pledges from mayors representing 54 million people. All have vowed to reduce their cities' emissions below 1990 levels within the next several years.

The nation's biggest urban areas have made the pledge: Los Angeles, San Francisco, New York, Miami, Dallas, Denver. So have Turtle River, Minn. (population 79) and North Pole, Alaska (population 1,778).

Meridian, Miss., where nearly 30% of residents live in poverty, has signed on to the Kyoto goals. So have Sugar Land, Texas; Dubuque, Iowa; and Norman, Okla. Scores of blue-state coastal cities are on the list, including Berkeley and Cambridge, Mass. The industrial Rust Belt town of Gary, Ind., is also taking part.

Some of the cities that made the pledge have since lost interest. Topeka, Kan., is on the list, but that's because a former mayor signed up. The current mayor, Bill Bunten, has other priorities: "Our environmental problems in this city are just trying to make it clean and attractive."

But enough cities remain active in the program that the U.S. Conference of Mayors this fall hosted a climate summit. Also this fall, actor Robert Redford invited several dozen mayors to his ranch in Sundance, Utah, to talk global warming. There's even a new website — http://www.coolmayors.org — where city officials can exchange policy ideas.

The 70 cities that reported statistics last year reduced carbon dioxide emissions by an aggregate total of 23 million tons. That's not a huge sum considering that the U.S. would have to eliminate more than 1.6 billion tons to meet the Kyoto targets.

But those working on the issue expect the numbers to pick up dramatically in the coming years. More than 100 mayors have found the reforms so painless that they've set far more ambitious targets than those laid out in Kyoto, according to Michelle Wyman, executive director of ICLEI, a nonprofit working with local governments on climate change.

Governors, too, are joining the effort. At least 20 states, including California, have laws requiring a certain percentage of electrical power to come from solar, wind and other renewable sources. Just last week, former Vice President Al Gore announced a grass-roots campaign to encourage communities to hold emissions of greenhouse gases at their current levels rather than let them rise year after year as energy consumption increases.

Here in Boulder, even a skeptical Chamber of Commerce decided to back the climate tax, reasoning it would give the city's image a boost and attract progressive businesses. The tax, which will cost the average homeowner less than $2 a month, won approval in November from 59% of voters. City officials will use the money for conservation education, including subsidized energy audits.

On a recent morning, Kathie Joyner opened her modest bungalow to just such an audit. Inspector Michael Broussard prowled every cranny, looking for drafts, leaks and wasted energy.

Broussard, who runs a private company that contracts with a local nonprofit for the audits, urged Joyner to add weather stripping here and caulking there, to insulate her water pipes and consider a fiberglass front door instead of wood. He even suggested she trade in her desktop computer for a more energy-efficient laptop.

If Joyner implements every suggestion — which could cost her $4,000 — Broussard said her utility bills should drop by at least a third and she would reduce emissions of greenhouse gases by 9,000 pounds a year.

Taking careful notes, Joyner promised to get to work. "I used to think it would be a drop in the bucket; what could it possibly mean?" she said. "But there are lots of local governments taking steps to make a difference. It pushes the country along."

Mr. Inhofe's Last Hearing (WP)

The Washington Post, December 10, 2006

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THE LAST hearing on global climate change chaired by Sen. James M. Inhofe provided an excellent and public tutorial on why Americans should be grateful that it was, in fact, his last. The departing chairman of the Senate Environment and Public Works Committee has occupied a unique perch from which to take action on climate change. Instead, he has used his time at the committee's helm to cast spurious doubts on the problem even as the scientific consensus about its reality and severity has gelled. Last week, the Oklahoma Republican held a hearing to denounce the real villain in the debate: the media.

The press, it was claimed, has hyped climate change hysterically. It has ignored dissenting scientific voices. And it has sought to advocate for climate-change policy, instead of just reporting on the science. And this is the grave national problem -- not rising sea levels, melting ice caps, loss of habitats or shifts in oceanic currents -- that warrants the attention of the senator's committee.

Mr. Inhofe's complaints are meritless. If anything, media coverage of global warming has tended toward excessive caution. Scientific alarm at the concentration of greenhouse gases predates the current media attention to the subject. Many media organizations, in a quest for balance, have given climate-change skeptics far more ink and air time than justified by the support their position carries among reputable climatologists. But even debating the merits of Mr. Inhofe's charge acquiesces to changing the subject -- which all along should have been how to craft reasonable policy to reduce greenhouse emissions.

Democratic leadership on this issue should bring a welcome change. While some Republicans support strong action on climate change, they have been stymied by the White House and by congressional leadership that has insisted on debating basic science that is no longer the subject of serious dispute. It's a little like debating the future of the space program by holding hearings on whether the earth is actually round. It's long past time to move on to something useful.

IMMIGRATION:

Towns Struggling With Flow Of Illegals (NSL)

By Brian Donohue, Star-Ledger Staff

Newark Star-Ledger (NJ), December 10, 2006

Laws are often challenged, and defeated in the courts

With Congress deadlocked over how to handle illegal immigration, a growing number of towns and cities are taking matters into their own hands, using local laws to crack down on the problems associated with a massive underground population.

In New Jersey, some towns have toughened traffic laws to deter contractors from picking up day laborers on city streets. Others have tried to ban workers from gathering on street corners to wait for work. Several have launched housing code crackdowns to combat overcrowding. One has banned illegal immigrants from renting apartments altogether.

And few, if any, are having much success.

In a growing number of towns, local crackdowns are faltering amid court challenges, political opposition or other hurdles.

Consider:

The Borough of Bound Brook launched a series of housing raids to address rampant overcrowding in homes rented mostly by Latino immigrants in the late 1990s. But the U.S. Justice Department sued the town for illegally targeting Hispanics, resulting in a 2004 consent decree requiring the town to repay victims $425,000, hire a bilingual housing coordinator and make dramatic changes to its housing and zoning practices.

Freehold Borough's housing crackdown and an effort to shut down a day laborer gathering area were challenged in a lawsuit filed by immigrant rights groups. In a settlement last month, the borough agreed to pay $278,000, change its housing inspection procedures and allow laborers to gather on public property.

In July, the Township of Riverside in Burlington County passed a law fining employers and landlords who hire or rent apartments to illegal immigrants. In local elections last month, the Republican mayor and council member who pushed the measure were swept from office. With legal fees mounting from a pair of lawsuits challenging the law, Mayor Charles Hilton -- the man who proposed the law -- is calling for its repeal.

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The trend has left local officials increasingly frustrated as they attempt to address complaints from residents about problems like "stacking" -- the housing of more people in a dwelling than is allowed by law.

"There's such a high level of frustration, and there's a reaction, if not an overreaction by officials based on that frustration," said Christopher Cotter, city administrator of the City of Summit, which toughened parking rules to keep contractors from blocking streets as they pick up day laborers.

"I think elected officials are being pressed by constituents just do something, do anything, and we're seeing the result of that in some cases," Cotter said.

The legal troubles encountered by some towns have convinced several municipalities that had been considering their own crackdowns to back off.

In both Newton and Keyport, for example, officials introduced ordinances similar to Riverside's housing and hiring ban to their governing bodies, but did not pass them.

The trend has emboldened immigrant advocates, who say towns must try a more cooperative approach, such as setting up designated hiring sites for day laborers, or programs to educate tenants on housing laws.

"When little towns try to take federal law in their hands, they fail," said Mahonrry Hidalgo, chairman of the NJ Hispanic Leadership Alliance Immigrant Committee. "So now everybody needs to try and change their approach to the solution and accept that we have to work together as one community."

Muzaffar Chishti, director of the Migration Policy Institute at the New York University School of Law, is tracking the efforts by a growing number of towns across the country to pass laws banning the hiring and housing of illegals, like the one passed by Riverside.

Of the 49 towns and cities where such ordinances were introduced, he said, 28 passed and 21 were defeated. Many of the 21 towns that passed the laws, including Riverside, are now facing lawsuits by civil rights groups.

In addition, efforts to combat immigration problems with traffic, housing or loitering laws have consistently failed when challenged in court, he said. Most efforts die for one of two reasons: They are either ruled unconstitutional, or judges rule that immigration enforcement is solely the job of the federal government.

"Populist as they are, they are highly suspect legally," Chishti said of such measures.

Steve Camarota, Director of Research at the Center for Immigration Studies, a Washington, D.C., think tank calling for lower immigration levels, says local communities have been "left holding the bag" by the government's failure to enforce immigration laws.

When they try to use local laws to combat immigration problems, he said, they square off against civil rights and immigrant advocate groups that are better prepared, and often better funded, than attorneys hired by small towns.

"There's a whole cottage industry of people, from the ACLU to MALDEF (the Mexican American Legal Defense and Education Fund (MALDEF) whose sole purpose, as part of their day job, is to intimidate anyone who wants to enforce immigration laws," Camarota said.

As Bound Brook learned, the U.S. Department of Justice can also present challenges.

While the town has strictly followed the rules laid out in its consent decree, Mayor Frank Ryan says the town still has problems with overcrowding. He remains frustrated that federal officials who sued the town gave little credence to the problems caused by an influx of immigrants, many of them illegal.

In one house, Ryan said, a couple were living in an attic on a mattress, using candles for light.

"The people from the Justice Department didn't see that," he said. "You get criticized for going after people this way, but what would happen if you had a fire and you had 12 people burned to death? You would get criticized for not inspecting these places."

There are an estimated 11 million to 12 million illegal immigrants living in the United States, with as many as 425,000 living in New Jersey, according to a recent study by the Pew Hispanic Center.

Competing immigration reform bills have stalled in both houses of Congress.

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A bipartisan measure passed by the Senate would combine a new guest worker program with tougher enforcement of immigration laws. A Republican-sponsored bill passed by the House of Representatives includes only tougher enforcement provisions.

Both immigrant advocates and restrictionists agree the struggles of towns to tackle the problem on their own make it all the more urgent for Congress to deal with the issue.

"Good, bad or indifferent, local towns can't enforce federal immigration law," Chishti said. "The most they can do is put political pressure on Congress to make the change happen."

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Long Hours, Low Pay In Mexico Heightens Lure Of Opportunity In U.S. (AR)

By Chris Hawley

The Arizona Republic, December 10, 2006

Reynaldo Patiño makes $18 a day.

It's a normal wage for Mexico. And that is exactly the problem.

Patiño gets up at 5 a.m. in a one-room shack in a poor suburb where he lives with his wife, daughter and niece. He works 11 hours a day cooking corn tortillas at a shop in central Mexico City. He gets home at 8 p.m.

The next morning, he does it all over again. Six days a week. No vacations. Ever.

Patiño has no health insurance and no car. After paying for rent, food, utilities and bus fare, he is lucky to have a few dollars left.

Welcome to a typical life in Mexico: a world of long hours, low pay and prices that are much higher than in the United States. It is those economic pressures that drive Mexicans to the United States and that lie at the heart of the illegal immigration problem.

Mexicans do not come to the United States because they can't find jobs at home. In fact, unemployment in Mexico is currently lower than in the United States, at about 3.6 percent. Some 95 percent of newly arrived Mexican migrants had jobs before they came to the United States, according to a 2005 survey by the Pew Hispanic Center.

But in Mexico, having a job does not necessarily mean being paid well or even being paid well enough to make ends meet.

The average Mexican household earns $7,297 a year in wages, according to the government.

But because 39 percent of Mexico's wealth is concentrated in 10 percent of the population, most people actually earn less than the national average. In fact, 82 percent of Mexicans earn less than $21 per workday. Just like Patiño.

The working poor

Until the sun comes up, the view from Patiño's neighborhood is magical. From his house, the lights of the valley sparkle between rugged hills left by ancient volcanoes. To the south, the world's second-biggest metropolis, Mexico City, radiates an orange light across the night sky.

Then dawn breaks, and the neighborhood is revealed for what it is: a gritty expanse of unpainted, cinder-block huts covering the countryside like a gray tide. Stray dogs wander the dirt streets, eating garbage. A high-tension electrical line above the neighborhood makes a loud, menacing buzz all day long.

Patiño's house is one room. He pays $59 a month in rent. He and his wife, María de los Angeles Piña, sleep in a twin bed. Their 8-year-old daughter, Ana Laura, shares a single bed with their 16-year-old niece, Abigail. There are two bare light bulbs.

The room's only luxuries are a television, a stereo, a collection of cheap animal figurines and a plastic Christmas tree. The floor and walls are bare concrete, and there is no heater to fight the 40-degree chill on December nights.

"I would like to live in a better house, maybe have a bit of luxury," Patiño said. "But we don't have the money."

Patiño is typical of Mexico's vast population of working poor. He lives in the Mexico City area, home to one of every five Mexicans. He has a wife and one daughter, a reflection of Mexico's trend toward smaller families.

He earns $5,672 a year, one-seventh the income of an average American household. At the same time, however, he and his family are paying close to U.S. prices for many necessities. Milk costs around $3.30 a gallon in most parts of Mexico, and regular unleaded gasoline is $2.32 a gallon.

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Electricity is twice as expensive as in the United States. Electronics are 30 percent more expensive, one study found. Even mailing a letter is more, at 59 cents.

Keep costs down

Most Mexicans live much more simply than their American neighbors. They eat out less, rely on staple foods and live in small houses. But even with the cost-cutting, Mexicans spend a bigger percentage of their wages than Americans do to feed, clothe and house their families: about 66 percent.

Pressures like that are what drive Mexicans to the United States, where they can earn seven or eight times as much for performing similar work.

Patiño's older brother did just that a year ago, abandoning the tortilla shop for a new life in Los Angeles. Patiño has not followed him. But, he says, the idea is tempting.

"I've thought about it," he said. "I've thought about it a lot."

The daily, costly grind

At 5:30 a.m., Patiño and his niece catch the first of two buses for the 90-minute commute into the city. The second bus is a rolling sardine can, with commuters packed so tight it is hard to move.

By 7 a.m., Patiño is firing up the tortilla machine at the Lisboa Tortilla Shop in downtown Mexico City. He started working there at age 15. That was 12 years ago; he is now the manager. His sister-in-law, Patricia Piña, also works at the shop. She mixes cornmeal with water and a bit of lime powder and begins feeding the dough into the squeaking, rattling machine.

Corn tortillas are the staple food in central Mexico, as common as bread is to Americans. Soon customers are lining up at the door, and orders are streaming in from restaurants and taco stands. A steaming tortilla pops off the conveyor belt every second. It is hot, exhausting work.

No time for lunch

When Patiño isn't snatching tortillas from the machine, he is answering the phone, weighing out purchases or delivering orders by bicycle. There is no time for a lunch break. Instead, the three workers share two large meatballs heated up on the tortilla machine.

Patiño gets paid in cash every Saturday by the shop's owner. He does not pay income taxes.

For each 11-hour workday, he earns 200 pesos, or $18. That equates to $1.64 an hour. Patiño has to work an hour and a half just to cover his $2.45 bus fare.

The low wages and high cost of living in Mexico have fueled angry protests and become a rallying point for opposition lawmakers in the wake of the July 2 presidential election.

Last month, protesters demonstrated outside the Economy Department after officials raised the cost of government-subsidized milk by 29 percent and the cost of gasoline by 4 percent.

Mexico City was considering a 50 percent rise in subway fares but quickly abandoned the idea following a public outcry.

During a rally in downtown Mexico City, the opposition Democratic Revolutionary Party issued a study showing that Mexicans pay more than Americans for everything from credit cards to cable TV.

Consider electricity: The average Arizona family used 1,034 kilowatt-hours a month last year and paid a monthly bill of $91.94, according to the U.S. Department of Energy. The same usage in central Mexico would cost $187.01.

Fed up with the high rates, millions of Mexicans opt to steal electricity with clandestine lines known as diablitos, or "little devils." The theft drives rates even higher.

Inflation factor

Mexico's inflation rate is lower than it has been in years, at about 4 percent. But the yearly increases add up. Housing expenses increased more than 20 percent, health care expenses went up 19 percent and clothing costs rose 12 percent between 2000 and 2005, according to Mexico's census bureau.

Educational expenses, especially, are a major burden for many Mexicans.

Schools in Mexico provide free textbooks only through junior high. There is an annual enrollment fee and often another fee to cover janitorial costs. Uniforms are mandatory, there are no free school buses, and school supplies are about the same price as in the United States.

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Zeroed out

It is Saturday morning, and María, Reynaldo Patiño's wife, is making her daily walk to the market. The air is filled with techno music and the smell of fresh produce as she and her daughter thread their way past vendors selling a variety of wares, from pirated CDs to cups of Jell-O.

María winces and holds her abdomen as she steps off a curb. A few days ago, she had some minor surgery. The operation cost 2,800 pesos, or about $250.

Like 40 percent of Mexicans, the family lacks health insurance. So Reynaldo had to ask his boss for a loan.

María stops at the butcher's counter and checks the prices. Ground beef is selling for $2.06 a pound, slightly more than Phoenix shoppers pay at Safeway. María orders 2 pounds of suadero, or breastbone meat, for $1.65 a pound.

Then she picks up a pound of green tomatoes, a half-pound of chiles and heads home.

María spends about $10 a day, half of Reynaldo's pay, on food for the family. She also buys at least one 2-liter bottle of Coca-Cola at $1.36. Like many Mexican families in poor areas, the Patiños drink soda instead of water because local water supplies are unsafe.

After paying for gas, electricity, school supplies, bus fare and other necessities, little money remains. The family has no bank account and no savings. "At the end of the day, there's usually nothing left," María said. "We're zeroed out."

How Green Was My Rally (NYT)

By Lawrence Downes

The New York Times, December 10, 2006

To roars and applause and whistles so loud and shrill they stabbed the ears even more than his double-bagpipe escort, Senator Charles Schumer swept into the packed church auditorium, levitating on a cloud of affection. For another entrance as grand, you'd probably have to go back to Groucho Marx in "Animal Crackers," borne in on a litter by bare-chested natives and multiple choruses of "Hooray for Captain Spaulding."

This happy moment was a rally by Irish immigrants the other night at St. Barnabas Church in the Woodlawn section of the Bronx. Mr. Schumer wore a green tie and that grin of his, so wide you could drive on it from Galway to Dublin. He was there to announce the miraculous rebirth of immigration reform, courtesy of the new Democratic Congress. But first he did what politicians always do before a throng of happy Hibernians. After a few courteous preliminaries and a line from St. Matthew's Gospel, he committed Irish identity theft.

"My sister's name," he let slip in a lusty roar, "is Fran ... Schumer ... McNULTY!"

Cheers and more cheers.

"Up Mayo!" the senator cried. "Up Leitrim!"

He was just getting started. He introduced an aide, the one who named his daughters Siobhan, Fiona, Maeve and Nora. The love spilled over, like foam on a Guinness.

"The more Irish there are in America, the better we all are!" Mr. Schumer declared, repeating a line he had caught some flak about a few months before. Some non-Irish immigrants had grumbled about how unlikely it would be to hear another group's name tucked into that equation. They had a point about ethnic favoritism, though Mr. Schumer, who sweet-talks everybody, was perhaps not the best example of it.

Mr. Schumer's final bit of stagecraft was in Gaelic. "Tiocfaidh ar la!" he bellowed. It means "our day will come" and is pronounced, to the senator's evident gratitude, "Chucky-AR-LA." With that he tied the ribbon on the gift wrap of his speech. The wave of cheers crested and fell, and Mr. Schumer departed into the windy night.

It's now a regular thing for big-ticket politicians to go to Woodlawn, where the Irish pubs and delis have been struggling as people go back home to ride the Celtic Tiger, as Ireland's resurgent economy is known. With Irish-American neighborhoods in decline, Irish illegal immigrants have rallied urgently to the cause of friendlier immigration laws. They are a drop of 50,000 in a bucket of 12 million illegal immigrants, but as Mr. Schumer's special blessing showed, they command attention.

He is far from the only politician to be drawn to the white, English-speaking sliver of the immigration problem. That fondness for Irish audiences helps reinforce the odd sense of solipsism surrounding the Irish immigrant lobby. When you hear the

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chairman of the Irish Lobby for Immigration Reform, Niall O'Dowd, vow to fight "to get what is rightfully ours" — more visas for the Irish — you can't help wondering how quickly such words would get a Latino banished to the militant fringe.

"We Are America" is the Latinos' and Asians' cry. The well-organized Irish don't feel the need to say that. Their slogan, on T-shirts and the Irish Lobby's Web site, is blunt: "Legalize the Irish."

The Irish have a just cause, but I only wish they and their many friends would preach the gospel of immigration reform in a bigger tent. It is, after all, every immigrant group's fate to start out in this country unloved, as the Irish are only too eager to remind us.

TAX:

Praise For The Tax Man (LAT)

The Los Angeles Times, December 10, 2006

IT'S ALMOST A no-brainer. State number-crunchers are going to go over your tax return anyway, calculating whether you sent in too much or too little. What if they did their figuring beforehand and sent you a return already completed except for your signature? If you don't like what they came up with, or you don't trust them, you can throw it out and file the old-fashioned way, no questions asked.

But if you have relatively simple finances and the state's calculation looks right to you, you could take advantage of ReadyReturn, a service of the Franchise Tax Board. You still have to pay your taxes, but you can file in less time and with fewer headaches. You can even do the job by e-mail.

Imagine: the government using technology to lighten the burden on taxpayers. That's one program everyone can get behind.

OK, not everyone. The Legislature killed the pilot program this year after intense pressure from Intuit Inc., maker of TurboTax, and other companies selling tax-preparation software and services. Thanks to them, there will be no ReadyReturn for the 2006 tax year. The companies followed up their victory by spending $1 million trying to defeat John Chiang, who supported ReadyReturn as a member of the Board of Equalization, in his campaign for state controller.

Fortunately, they failed, and Chiang on Monday joined with other members of the Franchise Tax Board to revive ReadyReturn for the 2007 tax year. Now it's up to the Legislature to do, well, nothing. This is a case in which lawmakers should stay out of the way while bureaucrats make life a tiny bit easier for taxpayers.

The arguments for blocking the program are bizarre. According to opponents, the enhanced state service unfairly competes with private businesses, which apparently favor a more burdensome and complex government in order to fatten the market for services that will help residents cut through all that complexity. What's next: Stop the DMV from renewing car registration on the Internet so entrepreneurs can make a living standing in line for drivers? Add more red tape to the permitting process to keep the lawyers and professional facilitators happy?

Come on. Market solutions are always worth considering, but it's the government's job to bill taxpayers. Filing returns is a taxpayer's burden, although a necessary one, and government's all-too-rare efforts to minimize that burden are welcome. ReadyReturn is a step in the right direction.

CONGRESS-ADMINISTRATION:

Leahy Relishing Rise To Power (RUTHER)

By Darren M. Allen, Vermont Press Bureau

Rutland (VT) Herald, December 10, 2006

MONTPELIER – Sen. Patrick Leahy is about to begin his 33rd year as the only Democrat to represent Vermont in the U.S. Senate, but it might as well be his first.

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Even after a long day in the halls of Congress, Leahy couldn't contain his excitement over returning to work in a chamber dominated, for the fourth time in his career, by his party.

"I see the Senate getting back to where it's supposed to be – the conscience of the nation," Leahy said in a phone interview. "The nation has not been helped by being a rubber stamp."

Leahy, other Democrats and some stalwarts of the GOP have accused the Republican-controlled 109th Congress of being a rubber stamp for the president's agenda, ultimately allowing Bush to run afoul of the Constitution with impunity.

But even under these circumstances, the Vermont senator has commanded power and attention. And that's due in part to his longevity in office. Leahy, a former Chittenden County prosecutor, won the 1974 election at age 34 and became the youngest Vermonter and the only mem-ber of his party ever elected to the U.S. Senate. Over the years, he has been a member of the minority periodically, from 1981 to 1987, again from 1995 to 2001, then from 2003 until last week.

Leahy is seventh on the Senate's seniority list, and he is considered to be among the top 10 most influential people on Capitol Hill.

And he's about to become more powerful. When Congress meets next month, Leahy will – for the second time – become chairman of the Senate Judiciary Committee, where he will control the flow and tenor of hearings over matters ranging from federal judicial appointments to oversight of the FBI and the Justice Department.

He also will become chairman of the foreign operations subcommittee of the Appropriations Committee, a post from which he will have significant oversight over a slew of controversial national security issues.

And, in a committee assignment of particular interest to Vermonters, he will be the No. 2 Democrat on the Agriculture Committee, where he will be able to look out for the state's farmers, as well as steer conservation measures.

Through the appropriations and agriculture assignments, Leahy will continue to direct millions of dollars of federal money and contracts back home, as he has now for more than a decade.

And while serving his state's financial interests is a key component of the work Leahy – or any senator for that matter – does, it is his self-described role as overseer of the nation's civil liberties that he's most excited about.

Leahy hasn't officially laid out his agenda for the next two years, but anyone paying attention to last week's Judiciary Committee hearing on FBI oversight would be hard pressed to have missed where the senator is going.

"The recent revelation that the Bush administration, since 9/11, has been compiling secret dossiers on millions of unwitting, law-abiding Americans who travel across our borders, highlights the importance of congressional oversight," he said. "It is simply incredible that the administration is willing to share this sensitive information with foreign governments and even private employers, while refusing to allow U.S. citizens to see or challenge the so-called terror score that the government has assigned them based on their travel habits and schedules.

"This administration has gone to unprecedented lengths to hide its own activities from the public, while at the same time collecting and compiling unprecedented amounts of information about every citizen."

In a phone interview a day after the hearing, Leahy also said he had serious concerns about domestic eavesdropping, the interrogation of detainees and other "national security" activities conducted by the Bush administration.

"How far is this going to go?" Leahy said. "How many more ways are we going to be cross-checked? J. Edgar Hoover would be salivating to have this kind of power," he added, referring to the longtime former FBI director who compiled vast stores of information on millions of Americans.

"But none of this – none of this – is making us safer."

Leahy does not take national security lightly, but he said to force Americans to choose security over the loss of civil liberties is a false and unnecessary choice.

His position is shared by the American Civil Liberties Union.

"Leahy has been probably about the strongest voice for civil liberties in the Senate for a number of years, although that voice was certainly muted during the time the Democrats were the minority party in Congress," said Allen Gilbert, the executive director of the ACLU's Vermont office. "I think that Senator Leahy is different from a lot of civil liberties activists in Congress because he understands that protecting civil liberties leads to better government and better security for citizens.

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"It's not always comfortable and it's not always convenient and it's not always popular, but Leahy gets it. He knows that civil liberties are not just window dressing or something nice to talk about on national holidays."

Not everyone agrees that the nation's recently instituted security measures violate civil liberties – the rights of privacy, equality, due process and, fundamentally, to be left alone. The president has defended his record on terrorism, and many conservative commentators have suggested that the additional measures employed by the administration have lead to a greater degree of safety.

"Since the Sept. 11 attacks, America is safer, but we are not yet safe," the president's National Strategy for Combating Terrorism concluded. "We have done much to degrade Al Qaida and its affiliates. …We have transformed our governmental institutions and framework to wage a generational struggle."

It is that institutional transformation that concerns Leahy. In short, he said, allowing a president of any party to do whatever he or she pleases with the consent of Congress is dangerous.

"We are in serious danger of becoming a government of men and not of laws," Leahy said. "And that is always bad."

In addition to restoring regular oversight over the Justice Department, Leahy will use the chairmanship of the Judiciary Committee to scrutinize President Bush's judicial nominees.

Not that the outgoing chairman – Leahy's friend of many years, Pennsylvania Republican Sen. Arlen Specter – routinely gave the president his way. In fact, Leahy has regularly praised Specter's screening of judicial nominees, and he, far more often than not, was consulted on nominations.

"Ideologues will not get through," Leahy said. "I don't want the federal judiciary to be an arm of the Republican Party or the Democratic Party. An independent court system is one of the greatest safeguards we have."

And it's been the only check on executive-branch power in recent years, at least according to Cheryl Hanna, a Vermont Law School professor and constitutional law scholar.

"It is important that the Senate approve judges who are moderate and respect constitutional principles on civil liberties," Hanna said. "Since Sept. 11, Congress and the president independently and together have taken actions that have curtailed civil liberties, and it has taken the Supreme Court to step in.

"The attitude about civil liberties in recent years has been undermined by the false dichotomy that we have to trade some liberty for security."

Leahy isn't shy about stating his opinions or being in the limelight. And it's because of his outspokenness on key issues that the Bush administration sees Leahy as an antagonist.

Two years ago, Vice President Dick Cheney lashed out at the senator, telling him to "f— yourself."

Leahy never repeated the comment publicly, but many observers saw it as an illustration of just how frustrated the administration gets with the senior senator from Vermont.

The senator, for his part, seems to make a point of couching stinging remarks with a gentlemanly polity. Even when he savages the president's policy decisions, he does so with a smile and his trademark soft, gravely voice and piercing eyes.

As one political Web site put it recently, "Leahy's white hair and soft voice belie the tenaciousness with which he latches onto an issue or a witness, and doesn't let go. A former prosecutor, Leahy approaches issues with an organized and commanding knowledge of the facts."

And with a wry, Vermont sense of humor.

His first official act in the new Congress will be to escort the state's newly elected junior senator, Rep. Bernard Sanders, down the aisle to the well of the Senate, where he will be sworn in.

By Cheney.

"When it comes to the vice president," Leahy said, "it's always better to be sworn in than to be sworn at."

Dems Vow Change As Congress Ends Session (AP)

AP, December 9, 2006

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WASHINGTON (AP) — The 109th session of Congress, frustrated by partisanship and criticized for its meager record of accomplishment, ended with flurry of bill-passing and promises of change when Democrats take over the House and Senate in January.

Before the predawn finish Saturday, departing House Speaker Dennis Hastert acknowledged that after eight years, the longest stretch for a Republican in the job, he will welcome a return to the rank and file. "On Jan. 4, I will be privileged to rejoin you on these benches where my heart is," he said,

The Illinois Republican will be succeeded on that day by Rep. Nancy Pelosi, D-Calif. She becomes the first female speaker and the first Democrat in the post since Newt Gingrich of Georgia led the Republicans to power in 1995.

Pelosi is promising that the new Democratic era will get off to a quick start with votes to raise the federal minimum wage for the first time in a decade, enact lobbying and ethics reform and lower Medicare prescription drug costs.

As often is the case in the waning hours, the congressional session ended with a mad rush to deal with untended business.

In the long final day, ending around 4:40 a.m. ET in the Senate, the two chambers passed a massive tax and trade bill, prevented the government from shutting down and approved dozens of other bills. They included an important fisheries management measure; a bill allowing civilian nuclear technology transfers to India; and bills to fund programs to combat AIDS, pandemic diseases and premature births.

Lawmakers ready to return home also were reminded of the corruption and scandal problems that helped sweep Democrats to power in the November elections.

The House ethics committee, in a report Friday, admonished Republicans for turning a blind eye for years to the inappropriate conduct of former Rep. Mark Foley, R-Fla. He resigned in September after it was revealed he had sent salacious electronic messages to former teenage pages.

The tax measure revived some 20 tax breaks, at a cost of $38 billion over five years, and a dozen credits promoting alternative and efficient uses of energy.

It extended through the end of 2007 a deduction for research and development initiatives, and renewed a deductions of up to $4,000 for higher education costs. There were breaks for teachers who pay for supplies out of their own pocket and for taxpayers in nine states with no income taxes — allowing them to deduct state and local sales taxes.

"All Americans should be treated equally and given the opportunity to deduct their state taxes, regardless of how those levies are assessed," said GOP Sen. Kay Bailey Hutchison of Texas. In her state, which lacks a state income tax, sales tax deductions are worth some $1 billion.

The popular tax breaks became a magnet for contentious and expensive bills. The package included legislation to open up 8.3 million acres in the Gulf of Mexico to oil and gas drilling and to prevent a 5% cut in Medicare payments to doctors from taking effect Jan. 1. The GOP-crafted solution to the problem was criticized as an accounting gimmick because it would double the cost of fixing the problem again next year.

The legislation also contained measures to permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti. The Haiti act was the toughest to swallow for some lawmakers from the South; they said it would further erode jobs in their states' textile industries.

The bill also renewed, with increased federal contributions, a program dealing with abandoned coal mines and the health issues of former miners.

Senate Budget Committee Chairman Judd Gregg, R-N.H., said the legislation would shift $4 billion in health care costs from the coal companies to the taxpayers, and criticized his own party for failing to check indiscriminate federal spending. "We're supposed to be the party of fiscal discipline and we haven't been," he said.

As one of its final acts, Congress approved a stopgap measure keeping federal programs running at or slightly below current levels through Feb. 15. President Bush quickly signed it on Saturday.

The action was necessary because lawmakers failed to pass the annual spending bills covering the budget year that began Oct. 1, except those dealing with defense and homeland security.

Rep. David Obey, D-Wis., who will become House Appropriations Committee chairman when the Democrats take over, said the bill was "a blatant admission of abject failure by the most useless Congress in modern times."

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Democrats also pointed out that the House met only 102 days this session, fewer than the 110 days of the maligned "do-nothing" Congress of the Truman presidency.

The next House majority leader, Rep. Steny Hoyer, D-Md., says there will be a return to five-day workweeks. In the Senate, incoming Majority Leader Harry Reid, D-Nev., said he and new Republican leader, Sen. Mitch McConnell, R-Ky., have agreed that all 100 senators will hold a private session on Jan. 4 to kick off what they hope will be a new era of civility and less partisanship.

Republicans claim some major accomplishments this year: passing a pension overhaul; renewing the Patriot Act; enacting a port security bill; and endorsing Bush's plans to create military commissions to prosecute suspected terrorists.

But this Congress could not move ahead on promised lobbying and ethics changes; failed to reach a consensus on the administration's warrantless eavesdropping program; and did not develop a plan to deal with the 12 million illegal immigrants in the country.

GOP Laments Mixed Results As Control Of Congress Ends (WP)

By Jonathan Weisman

The Washington Post, December 10, 2006

Demoralized Republicans adjourned the 109th Congress at 5 a.m. yesterday with a near-empty Capitol, closing the door on a dozen years of nearly unbroken GOP control by spending more time in the final days lamenting their failures -- to rein in government, tame the deficit and temper their own lust for power -- than reliving their successes.

Still reeling from their electoral defeat Nov. 7, Republicans capped an era of conservative ascendance with the passage of business tax break extensions, a package of trade measures, and legislation to stave off physician-payment cuts they once trumpeted in their budget-cutting drive.

While GOP leaders touted their handiwork, it was a far cry from 12 years ago when the Republicans swept to power with the zeal of self-described revolutionaries and a mission to shrink the size of government, limit its reach, strengthen the nation's security and end an era of a privileged, imperial Congress.

"Together, we reformed welfare. We cut taxes, and small businesses grew all over the nation," House Speaker J. Dennis Hastert (R-Ill.) said in a late-night farewell address. "We promised to protect this nation from further attack, and by grace of God and with the leadership of President Bush, we have been successful."

But beyond Hastert's speech, a conclusion punctuated by the release of a scathing House ethics committee report on the Mark Foley-House page scandal and last-minute budget squabbles yielded more recriminations than congratulations.

"You know, the American people took the reins of government away from the Republican Party . . . in this last election. They did so, I think, in large part because they were tired of our hypocrisy," fumed Sen. Judd Gregg (R-N.H.) from the Senate floor. "Our leadership and some of our members grew arrogant in their own power, and with arrogance comes corruption," said Rep. Zach Wamp (R-Tenn.), a member of the class of 1994.

"We came to change Washington, and Washington changed us," said Sen. John McCain (R-Ariz.).

As they grapple with defeat, Republicans seem to have difficulty taking stock of their 12 years in power, but those years had enormous impact. Republican Congresses fundamentally changed the welfare system, cut taxes time and again, expanded the powers of the government to combat terrorism in the wake of the Sept. 11, 2001, attacks, and added a prescription drug benefit to Medicare.

Combing through the fine print of the 1994 "Contract With America" campaign manifesto, one finds goals that Americans now largely take for granted. Congressional committee chairmen, who once built empires from inviolable perches, are now term limited. The contract anticipated a lucrative tax credit for each child, the end of a tax penalty on marriage, federal incentives for adoption, the easing of limits on the amount seniors could earn and still receive their Social Security benefits and some curbs on civil litigation. The overriding political fear of tax increases, still evident as Democrats move to resume control, can be seen as a conservative victory, as can a federal minimum wage that has grown increasingly irrelevant after nearly a decade without change.

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Yet measured against the ambitions of 1994, not much has changed. The House Merchant Marine and Fisheries Committee might be no more, but the departments of commerce, education and energy, once slated for the chopping block, are still very much alive, as are the National Endowment for the Arts and the Corporation for Public Broadcasting.

Compared with the size of the economy, government discretionary spending has grown. The vision of a term-limited Congress of everymen, rotating through Washington after short stints, has all but vanished. And government programs such as Medicare and federal education bureaucracies are larger and more pervasive.

"It's a mixed bag," said former House speaker Newt Gingrich (R-Ga.), the architect of the 1994 revolution. "In a three-year period, we changed things fairly dramatically. We, candidly, then failed."

Democrats were harsher -- but only by degrees. Former Senate majority leader Thomas A. Daschle (S.D.) pointed with disdain to former president Bill Clinton's impeachment, the Iraq war, the yawning federal debt, "a complete breakdown on oversight as well as civility," corruption and a "willingness to cede most of their authority as an equal branch of government" to the Bush administration.

"One would have to search long and hard through history to find a dozen years more disastrous than that," Daschle said.

Compared with the liberal ascendancy, which ran from Franklin D. Roosevelt's New Deal to Lyndon B. Johnson's Great Society and arguably Ronald Reagan's election, the conservative era has been brief and relatively inconsequential, said Julian Zelizer, a Boston University congressional historian. Nothing in the past 12 years compares with the creation of Social Security or Medicare, the voting rights and civil rights acts, the Marshall Plan or Dwight D. Eisenhower's interstate highway system. Nor were any of those big-government achievements fundamentally altered.

Far from ending an imperial Congress, Republicans centralized power in their leadership to an unprecedented level.

Even some successes -- such as a balanced budget and the diminution of farm subsidies -- proved short-lived, GOP lawmakers and former leaders conceded.

Republicans did take pride in a few achievements. In numerous interviews, virtually every lawmaker pointed to the 1996 welfare overhaul as the pinnacle of Republican achievement, followed closely by the 1997 balanced-budget agreement, which introduced private-sector competition to Medicare and helped yield a federal budget surplus the next year. In a memo to fellow Republicans, House Majority Leader John A. Boehner (Ohio) pointed to lower tax rates on income and investments, education laws that expanded parental school choice and targeted funding to schools that succeed, the expansion of free trade, the confirmation of conservative judges and Supreme Court justices, and laws to help pursue terrorists and strengthen the military.

"The common thread through all of these achievements is the Republican commitment to individual freedom, personal responsibility, and accountable government," Boehner wrote.

But in general, Republicans were in no mood to cheer. Instead, they took turns trying to pinpoint where things went wrong. Sen. Lindsey O. Graham (R-S.C.), who came to the House in the class of 1994, pointed to setting supposedly strict spending caps in the 1997 budget deal, only to break them in 1998. Former House majority leader Richard K. Armey (R-Tex.) took the same vein when he fingered the summer of 1997 and the first emergency spending bill that was not offset with equivalent spending cuts.

"That was the day we said: 'Discipline is too hard, too demanding. It makes people mad that have volatile tempers, and we're just not going to do it anymore,' " Armey said.

Wamp had his specific moment, June 27, 2003, when emissaries from the GOP leadership woke him in the middle of the night, pleading with him to change his vote against the Medicare prescription drug bill, the largest entitlement expansion since the creation of Medicare. House leaders kept the vote open more than an hour, setting a record as they twisted arms, threatened and even told one member that political support for his son was at stake.

"It looked like we were in the back pockets of the prescription drug companies, and some of us were," Wamp said, concluding that Republican leaders had forgotten about conservative principals and cared only for the preservation of power.

Referring to the former House majority leader, Wamp recalled: "If Tom DeLay said it one time, he said it 15 times: 'The most important thing we can do for the American people is keep our Republican majority.' That was just wrong, and it had to catch up to us in the end."

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The leaders of the revolution agreed that the past 12 years hardly cemented the conservative visions of Barry Goldwater, Ronald Reagan and the class of 1994. But Armey said that it is far too early to close the books on a conservative era.

"I still expect to see a fourth golden moment in my lifetime," he said. "We've got a bit of a setback here, but we're going to be like Arnold Schwarzenegger. We'll be back."

Congress's Last Acts Include Tax Breaks (WP)

By Jonathan Weisman, Stephen Barr

The Washington Post, December 10, 2006

The rancorous 109th Congress adjourned yesterday morning with final passage of measures to expand civilian nuclear trade with India, establish permanent trade relations with Vietnam and extend a bevy of expiring business tax breaks.

Legislation that would overhaul the U.S. Postal Service for the first time since 1970 and could hold down the cost of mailing letters also cleared the Congress and was sent to the president. A presidential commission and the Government Accountability Office had called for changes in how the Postal Service operates as Americans increasingly communicate and do business through e-mail and the Internet.

But last-minute Republican budget squabbles marred the final hours of a Congress already tainted by scandal, indictments and resignations, and ushered out Republican control on a discordant note. The 109th Congress ended having logged fewer days of legislative activity than even the infamous "Do-Nothing Congress" of 1948.

"You know, it's sort of that old Pogo line, 'We've met the enemy, and he is us,' " fumed Senate Budget Committee Chairman Judd Gregg (R-N.H.), as the Republican-controlled Congress moved toward final passage of tax cuts and spending measures that would expand the budget deficit.

Senate Majority Leader Bill Frist (R-Tenn.) ended his own Senate career and called the Congress adjourned at 4:35 a.m., telling a near-empty Capitol, "I will truly miss each and every one of you."

The centerpiece of the closing hours' work was a tax-and-trade bill. The measure temporarily extended expiring tax breaks for business research and development and for hiring people off the welfare rolls, a partial college tuition deduction, and energy conservation incentives. It extended a generous deduction for state and local sales taxes that was slipped into a business tax law in 2004 as a temporary measure to win votes in states without income taxes but is taking on an air of permanence.

The huge package also contained measures to permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti. The Haiti provision was strongly challenged by some Southern lawmakers, who said it would further erode jobs in their states' textile industries.

The U.S.-India nuclear cooperation deal set aside years of U.S. nonproliferation policy that forbids the trade of nuclear-reactor technologies to nations that refused to sign the international nuclear Non-Proliferation Treaty, such as India. A strong bipartisan majority argued that the policy was an impediment to improved relations between the world's largest democracies. President Bush hailed the action as a means of enabling India and the United States to work together to promote energy production without polluting the atmosphere or contributing to global warming.

Democrats secured a provision blocking an automatic pay raise for Congress until Feb. 16, when a stopgap spending measure to keep the government operating is set to expire. Democratic leaders had argued that Congress should not get a pay hike until lawmakers approve the first increase in the minimum wage since 1997, a measure they hope to pass well before mid-February.

But debate that stretched into the morning yesterday centered on the fiscal stewardship of a Republican Congress that saw record budget surpluses turn into record deficits. Gregg and a handful of other Republican budget hawks held up passage of the tax-and-trade bill because the measure's 10-year, $50 billion price tag would void deficit-control measures. Ultimately, the Senate overrode those objections.

The Postal Service measure has been in negotiation for the past three years. The Postal Service is a linchpin of the economy, touching more than 9 million jobs and about $900 billion in commerce.

Sen. Susan Collins (R-Maine), a chief sponsor, called the bill "great news for the future of an institution that is critical to our economy and will ensure the continuation of universal postal service at an affordable rate."

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The legislation would replace the lengthy and litigious process used to raise the price of stamps and some other postal rates with a price cap, limiting rate increases to the rate of inflation for a 10-year period. The change would inject more predictability into postal increases, especially for the magazine industry and other large mailers. It also would permit the Postal Service to more quickly offer discounts for its services, such as promotional rates to attract business in holiday seasons.

The Postal Service also gets billions of dollars in financial relief under the bill. Costs for military pensions earned by postal workers during their time in the armed forces would be shifted from the Postal Service to the Treasury, the practice for most federal agencies. The bill also would release money from an escrow fund to cover postal retiree health-care liabilities.

The legislation would replace a rate-review commission with a more powerful Postal Regulatory Commission, which could set some postal rates and examine postal financial management practices.

Postmaster General John E. Potter congratulated House and Senate negotiators "for making reform a reality" and said the agency looks forward to implementing the changes.

"Over the long run, the whole postal system will, I believe, experience higher-quality service and lower cost than it would have," said Michael J. Critelli, chairman of the Mailing Industry CEO Council.

After Flurry Of Votes Stretching Into Morning, Lawmakers Head Home (NYT)

By Carl Hulse

The New York Times, December 10, 2006

WASHINGTON, Dec. 9 — Republicans relinquished their political grip on Capitol Hill early Saturday as the 109th Congress adjourned after a final spurt of legislation and accusation.

In one of their last acts in the majority, Republican leaders forced through a broad tax and trade bill packed with provisions that drew substantial bipartisan support after harsh opposition that melted away when it became obvious the legislation was headed to the president and lawmakers were ready to head home after a difficult year.

“I recognize I am going to lose,” said Senator Judd Gregg, Republican of New Hampshire, in making a final, futile procedural attack against the measure, which was approved on a 79-to-9 vote just before 2 a.m. The House had passed the provisions in two separate packages.

With the conclusion of the Congress, four years of full Republican control over the apparatus of Washington came to an end because of election gains that will install Democrats in the House and Senate majorities when Congress reconvenes Jan. 4. The election also interrupted 12 straight years of Republican reign in the House, where Democrats were steamrolled for years.

Reactions to the looming transfer of power depended on whether a “D” or an “R” followed a lawmaker’s name.

Senator Charles E. Schumer, the New York Democrat who was instrumental in engineering the Democratic takeover of the Senate, beamed as he left the chamber. “Not a bad year,” Mr. Schumer said.

But Republicans were subdued, with some who were defeated in November saying goodbye to colleagues and staff members and lingering a few extra minutes on the floor after casting their last votes.

In the House, Representative J. Dennis Hastert of Illinois made his final speech as speaker and received a hug and a kiss on the cheek from the incoming speaker, Representative Nancy Pelosi, Democrat of California, a frequent target of Republican attacks.

“Those of us on this side of the aisle will become the loyal opposition, and the gentle lady from California, Mrs. Pelosi, will assume the duties as our speaker,” Mr. Hastert said. “I know she will do so with skill and grace and that she will bring honor to this institution.”

The trade measure, a compendium of last-minute priorities sent to President Bush, was the chief legislative accomplishment of the final hours. It restored $38 billion in popular tax breaks; established normal trade relations with Vietnam and granted trade benefits to Haiti and four South American countries; and blocked a cut in Medicare payments to doctors. The measure also fulfilled a long-sought objective of Gulf Coast lawmakers and the oil industry by expanding offshore drilling opportunities in the eastern Gulf of Mexico and directing hundreds of millions of dollars in new royalties to the region.

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"Just when everyone bet against us, Republicans put together a broad package of energy, tax, trade and health care measures," said Senator Bill Frist of Tennessee, whose four-year tenure as majority leader concluded with the final gavel in the Senate at 4:40 a.m.

Hours earlier, just minutes before a midnight deadline, the Senate approved a stopgap measure to maintain financing for government agencies at current or lower levels through Feb. 15 — a temporary fix required because Congress had failed to pass 9 of the 11 routine spending bills that were due Oct. 1.

That collapse raised complaints from Democrats that Republicans were irresponsibly leaving them with major unfinished business to take care of next year. Some Republicans were pointing fingers as well.

"The breakdown of regular order this cycle — indeed the failure to get our bills done — should be squarely placed at the feet of the departing Senate majority leader who failed to schedule floor time for the consideration of appropriations bills," Representative Jerry Lewis, Republican of California and the departing chairman of the Appropriations Committee, said in an unusual public attack on a fellow Republican.

As they plowed through legislation in the early morning, Congress also whisked through a package of three major health care initiatives that continued a program for H.I.V. and AIDS that will provide more than $6 billion for care over three years, created an agency to centralize efforts against bioterrorism and restructured the National Institutes of Health.

"Tonight, Congress put partisanship aside to do the right thing for the health of millions of Americans," said Senator Edward M. Kennedy, Democrat of Massachusetts, who helped squeeze through the health legislation.

With approval by the House before it adjourned at 3:15 a.m., Congress also gave the first overhaul in years to fisheries laws, trying to limit overfishing of certain species. "By passing this bill, Congress has agreed that the threats facing our oceans are too great to wait another year," Matt Rand of the National Environmental Trust said.

Congress also adopted a measure intended to strengthen the ability to predict tsunamis. Lawmakers approved the first reorganization of the Postal Service in more than 30 years and sent Mr. Bush an agreement allowing the United States to share civilian nuclear technology with India. And Congress passed a bill to make obtaining personal telephone records without permission a federal crime.

Mr. Bush, who signed the stopgap spending legislation early Saturday, praised Congress for delivering the last batch of bills, singling out the oil drilling, AIDS assistance and fisheries legislation, as well as the nuclear agreement with India and the elevated trade status for Vietnam.

"The American people welcome the remarkable transformation and economic progress in Vietnam, and we will continue to work together to strengthen our ties," said Mr. Bush, who made his first visit to Vietnam last month.

But even as he complimented the old Congress, the president may have to brace for a different relationship with the new one.

In the Democratic radio address broadcast Saturday, Representative Silvestre Reyes of Texas, who will be the chairman of the Select Committee on Intelligence in January, promised intense scrutiny of the president's policies regarding Iraq.

"I intend to focus on oversight, holding administration officials accountable to the American people," Mr. Reyes said. "Oversight need not be partisan, and under my leadership, it won't be. It will be bipartisan, focused and serious."

Even though Republicans took all the Congressional losses in November, conservative Republicans helped block a proposal to pay a total of about $10 million in severance to hundreds of senior committee and leadership aides who will lose their jobs when the changeover shrinks the Republican payroll. Critics said the severance was too generous.

Lawmakers will return to a changed world in January, and they acknowledge it will take some getting used to.

"John McCain told me they don't know they've lost yet and we don't know we've won," Senator Kennedy said.

But as he left the Senate chamber in the early morning, Senator Mel Martinez, Republican of Florida, appeared to know who was up and who was down, acknowledging a greeting as "Mr. Chairman," reflecting his new position leading the Republican National Committee.

"I'm the only guy who is going to be called that next year in my caucus," Mr. Martinez said, because the top Congressional committee posts will soon be in the hands of Democrats.

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House Approves Overhaul Of Rules For Fisheries (WP)

By Juliet Eilperin

The Washington Post, December 10, 2006

Congress yesterday passed the broadest overhaul of the rules that govern the U.S. fishing industry in a decade, with provisions instructing fishery managers to adhere strictly to scientific advice so as not to deplete the ocean.

The final language of the Magnuson-Stevens Act, which passed the Senate on Thursday and the House early yesterday, was a compromise between environmentalists and fishing interests. The measure mandates an end to overfishing of depleted species within 2 1/2 years and allows the selling and trading of shares in a fishery to promote conservation.

"This clearly acknowledges the problems we face and reflects a realization by lawmakers that we can't continue to postpone dealing with overfishing and the destruction of marine habitat," said Josh Reichert, head of the Pew Charitable Trust's environmental program.

Commercial fishing interests, Bush administration officials and GOP lawmakers also praised the legislation.

"Fishermen and conservationists are all getting something they can be proud of in this bill, and they can rest assured that this bill maintains a critical balance in fisheries management," said House Resources Committee Chairman Richard W. Pombo (R-Calif.). "While it is important to protect our nation's fish stocks, it's equally important to protect our nation's vital and deep-rooted fishing communities. This bill does just that."

Jim Gilmore, spokesman for the At-Sea Processors Association, said the bill "has important conservation measures for promoting sustainable fisheries nationwide," adding: "For us it's a great thing to have catch limits in every fishery." The organization represents Alaska pollock and Pacific whiting fishermen who land 20 percent of the U.S. catch.

Lawmakers cut some deals to pass the measure, including language that will extend a 10-year rebuilding plan for summer flounder in the Northeast to 13 years, which will allow recreational and commercial fishermen to catch more flounder. Federal officials had set the 2007 summer flounder catch at 5 million pounds; under the new law, next year's catch will be 17.1 million pounds.

"This is a big help," said Rep. Jim Saxton (R-N.J.), whose state boasts a major summer flounder fishery. Saxton said lawmakers were able to make last-minute concessions because they were eager to reach agreement before Congress adjourned for the year. "We knew some economic hardships were unnecessarily going to take place if we didn't accomplish this."

But those compromises angered Michael Hirschfeld, chief scientist for the advocacy group Oceana.

"We're disappointed because we really do see this as an opportunity missed," Hirschfeld said, adding that he hopes federal officials will manage fish "in a way to make sure that there's enough resources for the whole ecosystem, not just us."

While much of the bill focuses on tightening the 30-year-old fisheries law, it also endorses for the first time creation of "limited access privilege programs" allowing groups or individuals to trade shares of a fishery's overall catch.

"It's a groundbreaking piece of legislation that gives an unambiguous green light for a cap-and-trade program for fish," said David Festa, who directs the oceans program for the advocacy group Environmental Defense.

Bush, who vowed earlier this year to end overfishing before leaving office, is prepared to sign the bill into law.

"We believe that this legislation is an important step for the United States to rebuild our nation's fisheries and will allow our fishers to utilize all of the tools that are available so their fishing businesses can operate safely and economically," said Bill Hogarth, director of the National Marine Fisheries Service.

Bush Lauds Bill To Overhaul Fisheries (AP)

By Matthew Daly

AP, December 9, 2006

WASHINGTON -- President Bush said Saturday the country is committed to ensuring strong commercial and recreational fishing, praising legislation that overhauls management of marine fisheries and strengthens protections against further depleting dwindling stocks.

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The measure passed early Saturday requires the use of annual catch limits and enhances the authority of eight regional fishery management councils.

The bill reauthorizes the Magnuson-Stevens Fishery Conservation and Management Act through 2013. The 30-year-old law is the main law guiding fishery management in waters between three miles and 200 miles offshore.

"This bill embraces my priorities of ending overfishing and rebuilding our nation's fish stocks through more effective, market-based management and tougher enforcement," Bush said in a statement Saturday.

He said the measure offers stronger tools "to achieve progress internationally to ensure healthy fish stocks, promote better management, and halt destructive fishing practices based on sound science."

Supporters said the bill would strengthen current law by requiring an end to overfishing, science-based management of U.S. fisheries and penalties for illegal fishing in international waters.

"Our oceans are in serious trouble and this legislation will help to reverse their decline," said Sarah Chasis, director of the Oceans Initiative for the Natural Resources Defense Council.

She and other environmentalists hailed a provision that sets overall limits on the number of fish that can be caught, while allowing fishermen flexibility in how they divide up shares of the total catch.

"We are pleased that the bill includes provisions to strengthen the use of science in the fishery management process, end overfishing and rebuild overfished stocks," said David Hoskins, vice president of The Ocean Conservancy.

Sen. Olympia Snowe, R-Maine, who heads the subcommittee that oversees the nation's fisheries, said the bill would provide an economic lifeline to fishermen while ensuring a secure supply of fish.

"This legislation is not a perfect solution, but I believe we have struck an appropriate balance between preserving the marine resources of our coastal communities with these fisheries management tools," she said.

Bush said the U.S. "is committed to maintaining our thriving commercial and recreational fishing communities."

Sen. Ted Stevens, R-Alaska, who led efforts to update the law that bears his name, said lawmakers had heeded a call by Bush to end overfishing. Bush, in a speech this fall, urged Congress to reauthorize the fishing law and called overfishing harmful to the United States and the world.

"This legislation is important to sustaining and conserving our nation's fisheries for generations to come," Stevens said.

At the insistence of West Coast lawmakers, the bill includes language to speed recovery of Klamath River salmon stocks in California and Oregon. For fishermen adversely affected by recent closures aimed at protecting threatened fish, there would be disaster relief programs.

Congress Wraps Up With A Barrage Of Bills (LAT/AP)

The Los Angeles Times, December 10, 2006

WASHINGTON — The 109th session of Congress, frustrated by partisanship and criticized for its meager record of accomplishment, ended with a flurry of bill passings early Saturday.

In the long final day, ending about 4:40 a.m. in the Senate, the two chambers passed a massive tax and trade bill, prevented the government from shutting down and approved dozens of other bills.

They included an important fisheries management measure; a bill allowing civilian nuclear technology transfers to India; and bills to fund programs to combat AIDS, pandemic diseases and premature births.

The fisheries measure reauthorizes the Magnuson-Stevens Fishery Conservation and Management Act through 2013. The 30-year-old law is the main law guiding fishery management in waters between three miles and 200 miles offshore.

In a statement Saturday, President Bush said the legislation offered stronger tools "to achieve progress internationally to ensure healthy fish stocks, promote better management and halt destructive fishing practices based on sound science."

The tax measure revived some 20 tax breaks, at a cost of $38 billion over five years, and a dozen credits promoting alternative and efficient uses of energy.

It extended through 2007 a deduction for research and development initiatives, and renewed deductions of up to $4,000 for higher-education costs. There were breaks for teachers who pay for supplies out of pocket and for taxpayers in nine states with no income taxes — allowing them to deduct state and local sales taxes.

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The popular tax breaks became a magnet for contentious and expensive bills. The package included legislation to open up 8.3 million acres in the Gulf of Mexico to oil and gas drilling and to prevent a 5% cut in Medicare payments to doctors from taking effect Jan. 1. The GOP-crafted solution to the problem was criticized as an accounting gimmick because it would double the cost of fixing the problem again next year.

The legislation also contained measures to permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti. The Haiti act was the toughest to swallow for some lawmakers from the South; they said it would further erode jobs in their states' textile industries.

As one of its final acts, Congress approved a stopgap measure keeping federal programs running at or slightly below current levels through Feb. 15. Bush signed it Saturday.

The action was necessary because lawmakers failed to pass the annual spending bills covering the budget year that began Oct. 1, except those dealing with defense and homeland security.

Democrats, who will be in the majority when the new session of Congress convenes in January, pointed out that the House met 102 days this session, fewer than the 110 days of the maligned "do-nothing" Congress of the Truman presidency.

Texans Win With Congress' Tax Bill (HC)

By David Ivanovich, Michelle Mittelstadt

Houston Chronicle, December 10, 2006

WASHINGTON — Lawmakers closed the curtain on the 109th Congress early today, but not before helping Texans avoid some pain on April 15 and granting oil and gas companies access to new areas of the Gulf of Mexico.

In a final, marathon session, the Republican-led Senate, by a vote of 79-9, signed off on a broad tax and trade package which extends a popular deduction for Texas taxpayers and opened some 8.3 million acres of the eastern Gulf for exploration.

"Just when everyone bet against us, Republicans put together a broad package of energy, tax, trade and health care measures," said outgoing Senate Majority Leader Bill Frist, R-Tenn.

The $38 billion tax package will save Texans an estimated $1 billion this year, by allowing them to continue deducting local and state sales taxes on their federal returns.

Overcoming a flurry of last-minute objections from lawmakers over textiles and timber imports, the bill extends a tax break for school teachers and halts a scheduled cut in reimbursement rates for doctors who treat Medicare patients.

For residents in Texas and six other states without state income taxes, the bill ensures taxpayers who itemize will be able to deduct state and local sales taxes on their federal income tax forms, for tax years 2006 and 2007.

The tax break, which will cost the Treasury $5.5 billion, will allow Texans to keep $2 billion over the next two years.

This provision was an effort to approximate the benefit enjoyed by taxpayers in other states, who can deduct their state income taxes.

"All Americans should be treated equally and given the opportunity to deduct their state taxes, regardless of how those levies are assessed," Texas Sen. Kay Bailey Hutchison said.

The bill also tries to address concerns about high fuel and home heating bills by opening up an area believed to hold upwards of 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas.

That volume of crude is comparable to half the nation's annual domestic production, supporter say, while the natural gas being made available could heat and cool 6 million homes for 15 years.

The GOP-controlled House had favored a more expansive offshore drilling plan but Friday adopted this language for fear the measure would die in the Senate.

Just last year, lawmakers passed — and President Bush signed into law — a massive energy bill, but critics complained it did little to give oil and gas producers access to more domestic resources.

Industry groups have long complained high natural gas prices have not only been hurting consumers but also sending manufacturing jobs overseas, where gas prices are lower.

"For the first time, we've passed a production-oriented bill," said Sen. Pete Domenici, R-N.M., adding: "We've done something to produce natural gas and hold the price of natural gas where it is — or reduce it — because of the new supply.

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"This one's a good one," Domenici said.

Bush, who is expected to sign the legislation, praised lawmakers for encouraging further drilling language.

"Developing these reliable domestic domestic resources in an environmentally sound manner will help address high energy prices, strengthen our energy security and protect manufacturing jobs," he said.

Chemical makers, who use vast quantities of natural gas to churn out plastics and petrochemicals, have been especially hard-hit.

"Today's historic action is an enormous victory in the fight against a six-year-old natural gas crisis that's been killing American jobs, making the United States less competitive with other nations and costing households across the nation more for home heating and electricity," Jack Gerard, president of the American Chemistry Council, said in a prepared statement.

Environmental groups, however, fear continued drilling will harm the nation's coastline and exacerbate the nation's dependence on fossil fuels.

"Unfortunately, passing a bill that benefits the oil and gas industry is a fitting way to close the door on this Congress," Sierra Club Executive Director Carl Pope said in a statement. "Let's hope this is Congress' one last fling with Big Oil and that we can make a fresh start to achieving true energy security with the new year and the new Congress. "

Democrats will take control of Capitol Hill next year and already have signaled little interest in promoting further oil and drilling.

The bill also will compensate Texas and other Gulf producing states for bearing the brunt of the nation's offshore drilling activity by providing new money for coastal restoration projects.

The legislation calls for turning over 37.5 percent of federal revenues generated by production in these new areas. Then, in 2017, the four Gulf producing states would collect 37.5 percent of the revenues from all new leases in the Gulf.

Texas is expected to collect somewhere between $25 million and $64 million over the next years from this revenue-sharing formula, according to staffers with Sen. Mary Landrieu, D-La., the champion of the provision.

Democrats Have Plans, But They'll Need To Pay (LAT)

By Joel Havemann

The Los Angeles Times, December 10, 2006

WASHINGTON — After being out of power for 12 years, Democrats will take control of Congress next month with a wish list of new programs, including more money for college student aid, the No Child Left Behind schools initiative and Medicare prescription drug benefits — plus tax relief for middle-income Americans.

But there's a hitch: The Democrats also have promised to restore fiscal responsibility and not increase the federal deficit.

"The debt is spiraling out of control," Sen. Kent Conrad (D-N.D.), incoming chairman of the Senate Budget Committee, said last month. "The needs and wants are limitless, but our power to meet them is highly limited."

Democrats' expansive vision of the government's role in American life is on a collision course with budget deficits that are already running about $250 billion a year. The Concord Coalition, a lobby for fiscal responsibility, warns that the deficit could reach $800 billion in 10 years if Congress enacts all the programs its members are talking about.

In the education budget, for example, some leading Democrats have discussed cutting the interest rate on federally subsidized student loans in half — boosting the federal interest subsidy by an estimated $18 billion over five years — plus increasing Pell Grants for college students by 25% and raising funding for the No Child Left Behind program by as much as $16 billion.

Among all the spending initiatives being discussed on Capitol Hill, perhaps none would cost so much so soon as closing the "doughnut hole" in the new Medicare prescription drug program. This refers to the fact that after beneficiaries buy $2,250 worth of drugs a year with federal help, they get no more subsidy until they have spent another $2,850 out of their own pockets. Having the federal government pick up those expenses would cost the Treasury an estimated $50 billion a year for the first 10 years.

Lawmakers of both parties want to provide relief to the growing number of middle-income taxpayers subject to the alternative minimum tax, designed in the 1960s to prevent the wealthiest taxpayers from paying next to no income taxes. Raising

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the income thresholds for the alternative tax would exempt more middle-income taxpayers, but could also cost the Treasury an estimated $40 billion to $80 billion a year over the next 10 years.

"The question is, which will win out — the people with political agendas or those with budget discipline," said Robert Bixby, the Concord Coalition's executive director. "In my experience, fiscal discipline usually comes out second.

"What is different this year," he added, "is that the Democrats made a big deal out of budget discipline. They'll look pretty silly if they abandon it."

Here are some of the options Congress has:

Pay-as-you-go

The foremost money-saver proposed by Rep. Nancy Pelosi of San Francisco, the next Speaker of the House, is a "pay-as-you-go" rule requiring that any legislation to cut taxes or increase spending include offsets that would keep the deficit from growing. "Offsets" is a neutral way of saying tax increases or spending cuts. A form of paygo, as pay-as-you-go is known, was the law from 1990 through 2002. Every year the White House toted up the impact of legislation on the deficit; if the effect had been to make the deficit larger, compensating across-the-board spending cuts would have been ordered.

The drawback: The problem with paygo is that it is easily circumvented, which is exactly what has happened in the past. In the last three years of the Clinton administration — an era of budget surpluses — appropriations bills that would have violated paygo carried provisions exempting them. In 2001, when the first round of President Bush's tax cuts would have required huge spending cuts, Congress again waived paygo's strictures.

Put a cap on spending

Congress could also impose caps on spending for programs over which it exercises year-to-year control. The Senate used spending caps in concert with paygo until it expired in 2002. The cap was usually a single dollar amount that limited all "discretionary" spending in annual appropriations bills for a host of programs, including abandoned mine reclamation and the Yucca Mountain nuclear waste repository.

Democratic leaders have not decided whether to support such caps, but the moderate-to-conservative Blue Dog Democrats, who hold the balance of power in the House, are in favor of them.

The drawback: Spending caps don't apply to giant benefit programs such as Social Security and Medicare, and so they cover only about one-third of all federal spending, limiting their impact on the overall budget. Under spending caps, Congress would have to focus its "discipline" on the non-defense, discretionary portion of the budget.

While non-defense discretionary spending has risen by only about 4% a year during the Bush presidency after adjustment for inflation, defense spending has increased by about 10% a year. Outlays for Social Security and Medicare have grown by more than 5% a year and are on course to grow much faster as the baby boom generation reaches retirement age.

Collect taxes owed

One revenue-raising scheme that enjoys bipartisan support is closing the "tax gap" — the taxes that Americans owe but don't pay on time, if at all. The IRS estimated this year that the tax gap in 2001 — even after late payments, many resulting from IRS audits — was a breathtaking $290 billion, more than the entire federal deficit.

"Closing the tax gap has got to be one of our top priorities," said Conrad, who plans to hold hearings on how to narrow the budget deficit.

The drawback: Collecting overdue taxes may be easier said than done. For one, some of that money is owed by people who have no resources to pay it.

And a large share — nearly half — represents taxes owed on business income, which is difficult for the IRS to identify, much less collect. That's because, unlike wage income, which is reported to the IRS by the taxpayer's employer, the government gets no independent confirmation of much business income.

Raise taxes

The more direct way to pay for new programs is simply to raise tax rates or end tax breaks.

Pelosi's agenda includes scaling back the federal subsidies and tax breaks enjoyed by the big oil companies at a time when the sector's profits quadrupled between 2002 and 2005. And she would correct an Interior Department oversight in the late

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1990s that allows the oil companies to drill for oil offshore without paying royalties to the government no matter how high the price of oil rises.

At the top of Sen. Edward M. Kennedy's (D-Mass.) list are millionaires, who he says have benefited disproportionately from the Bush tax cuts. When asked by reporters how he would pay for his wish list of social programs, he said he would leave the middle class alone but could support a millionaires' tax.

The drawback: Any proposed tax increase is both an economic and political risk. Republicans — and some Democrats — can be expected to resist mightily; the Bush administration argues that any tax hike would jeopardize the economic growth that began when the 2001 recession ended. More than that, raising taxes could alienate voters.

Save on Medicare drugs

Democrats have called for changes in Medicare that would allow it to negotiate lower prices with the manufacturers of the prescription drugs subsidized by Medicare's new drug program. Kennedy said Medicare could save $140 billion over 10 years if it negotiated drug prices the way the Veterans Affairs Department does.

The drawback: Some question whether that much savings could be carved out of Medicare drug purchases. The Bush administration notes that the insurance companies that operate the drug program already negotiate low prices with the drug makers.

And the comparison with the VA may not apply because Medicare offers a much greater choice of drugs than the VA does, forcing its costs higher.

Democrats May Give Alternative Energy A New Push (NYT)

By Norm Alster

The New York Times, December 10, 2006

THE fortunes of alternative energy companies have been linked to two factors outside their control: oil prices and politics.

Rising oil prices have moved in the companies' favor over the last few years, making the price of producing energy from wind, solar, geothermal or organic sources more competitive.

Now some analysts and money managers are hoping the imminent Democratic takeover of Congress will also be bullish for alternative energy stocks by improving prospects for favorable legislation for the industry.

One likely initiative, known as a national renewable portfolio standard, would require utilities to derive 10 percent of their electricity output from renewable sources by 2020. Currently, less than 3 percent of electricity is generated from such sources. Senator Jeff Bingaman, Democrat of New Mexico, the presumptive chairman of the Senate Energy and Natural Resources Committee, says he hopes to pass "some version" of a renewable portfolio standard in the next Congress.

The details of such legislation — as well as whether it would be approved by Congress and signed by President Bush — are very much uncertain. But that hasn't stopped investors from placing their bets.

Democrats may be in the forefront, but they aren't the only ones to jump on the alternative energy bandwagon, said Randy Gwirtzman, a research analyst at Baron Capital, which is based in New York. "Both sides of the aisle have shown they're in favor of alternative energy sources," he said.

Senator Jeff Sessions, Republican of Alabama, for example, is concerned about the nation's reliance on imported oil. "With the surging prices of oil," he said, "there's a strong feeling among Republicans that our economy and national security can be damaged if we don't decrease our dependency."

Mr. Gwirtzman recommends shares of SunPower, which he said has a highly competitive solar-cell product line that is well positioned to benefit from a more sympathetic Congress. Stuart Bush, technology analyst at RBC Capital Markets based in Austin, Tex., also likes SunPower, which is a spin-off of Cypress Semiconductor. Mr. Bush says SunPower solar cells are more efficient than the industry average in converting solar energy into electricity. Unlike many other alternative energy companies, SunPower already generates a small profit, and its revenue could reach $600 million next year and $1 billion in 2008, Mr. Bush said.

A renewable portfolio standard should help alternative energy move closer to parity with traditional energy sources, Mr. Bush said. "Each technology individually is on a path to reducing costs and achieving parity with traditional energy sources, some

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very dramatically. The wind industry is probably closest to achieving economic viability without any support" from the federal government.

One company he favors is Zoltek, which makes lightweight carbon-fiber blades for wind turbines.

Zoltek could also be helped by a longer extension of federal renewable energy tax credits, a legislative goal of wind-energy lobbyists. The production tax credits, which reward electricity producers for each kilowatt of energy they generate from renewable sources, are scheduled to expire next year. In the past, the credits have typically been extended for two years at a time, which the wind-energy industry maintains is too short a period to stimulate long-term investment.

Democrats will support a longer extension, Senator Bingaman said. "Clearly, we do need to extend those tax credits that relate to renewable energy, and we need to do so for a longer period," he said.

A consensus on alternative energy is perhaps closest in biofuels, which have the support of many Republicans, particularly from farm belt and southern states. "I do think we need to increase the use of biofuels as much and as quickly as possible," Senator Sessions said.

He said he favors increased research support for cellulosic ethanol — ethanol produced from plant matter — along with government aid to test production of the fuel. The Bush administration is soon expected to outline a plan to aid cellulosic development.

Matthew W. Patsky, co-portfolio manager of the Winslow Green Growth fund in Boston, said that of all the alternative energy technologies, "cellulosic ethanol has the greatest upside." But he added that it was hard to identify worthwhile investments. "I don't know who's going to win," he said, because, at the moment, it is too costly to producing cellulosic ethanol.

In the meantime, most ethanol in the United States will be derived from corn, and Democrats in Congress plan several initiatives that would help the growing roster of publicly traded corn ethanol producers like Archer Daniels Midland, Aventine Renewable Energy, The Andersons, VeraSun Energy and Pacific Ethanol.

In a position paper on energy, the Democrats set a goal of having ethanol available at 10 percent of domestic gas stations by 2015, along with a mandate that would require automakers to increase production of vehicles that can run on either gasoline or an 85 percent ethanol mix. Such a mandate is necessary to push major oil companies that own many gas stations to install ethanol pumps, said Senator Charles E. Schumer, Democrat of New York. "We believe we have to push the country into alternative fuels whether the oil companies like it or not," he said.

But corn ethanol investments are risky because producers remain hostage to both rising corn prices and falling gas prices. A "sliding credit" that increases ethanol subsidies as gas prices fall "is the type of thing that has to be looked at," Senator Schumer said.

Still, oil and gas prices are likely to rise over the long term, with increased demand from China, India and other developing countries, he added. "Even if oil goes down $10, the price is still high enough for alternative energy to compete," he said. "Alternative fuels are viable with oil at $50 a barrel."

Senator Bingaman said he hopes to tighten standards on carbon emissions from coal-burning utilities by instituting a nationwide cap, along with "a market-based system for emitters to buy allowances to emit and trade allowances to emit."

Headwaters, a company based in South Jordan, Utah, that has technologies that treat coal to reduce sulfur, nitrous oxide and mercury emissions, stands to benefit from caps, Mr. Bush of RBC Capital said. He has a "high 30s" target for Headwaters shares, which now trade at around $24. The White House has opposed strict emission caps in the past, but opposition may be more muted this time around, the RBC Capital analyst said.

INVESTORS in alternative energy may also get help from the states. New Democratic governors in Massachusetts and Ohio are expected to join an alliance of Northeastern states that has pushed to tighten emission standards for coal-fired plants, Mr. Patsky said. One beneficiary might be Fuel Tech, which sells systems that reduce such emissions, he said. The stock is up more than 170 percent this year. It closed on Friday at $24.90, but Mr. Patsky said it could rise to $35 or $40 within a year.

Some states may also move to impose "green" building standards, Mr. Patsky said. Beneficiaries may include Interface, which makes synthetic carpets from recycled plastics, and Herman Miller, which makes extensive use of recycled materials in its office furniture.

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The re-election of Gov. Arnold Schwarzenegger of California on an enthusiastically pro-environment platform could encourage other states to pass green legislation, Mr. Patsky said. “That single state alone could have tremendous impact.”

Open Up (WP)

The Washington Post, December 10, 2006

MEMBERS OF the newly elected Prince George's County Board of Education should be commended for aiming to be agreeable and cooperative. It's similarly encouraging that incoming Senate Majority Leader Harry M. Reid (D-Nev.) wants to minimize "partisanship and gridlock." But if the only way these officials know to make nice is to do it in secret, they're missing the point.

Consider the charade that constituted the school board's election of officers last week. As reported by The Post's Nelson Hernandez, the elevation to chairman and vice chairman of R. Owen Johnson Jr. (District 5) and Verjeana M. Jacobs (At Large) was worked out behind closed doors hours before the public vote. Instead of debate and discussion, the public was presented with a done deal.

Mr. Johnson and Ms. Jacobs are proven leaders, and it's encouraging that this board is mindful of the history of acrimony that made the last elected school board so ineffective, ultimately leading to its abolition. But good government rests on the public's ability to witness how public business is conducted. In this case, the people of Prince George's were entitled to hear why these two officials were deemed best suited to lead the board in the coming year and to hear any contrary arguments.

Mr. Reid says he plans to open the 110th Congress with a closed gathering of all 100 senators. We're all for senators getting to know each other. But when they meet as the Senate, it should be in public. Reducing gridlock depends on more senators putting the public good ahead of the two-year electoral cycle, not on cooking up more deals behind closed doors.

The excuses for secrecy aren't always the same. Mr. Reid seems to be worried that the inflamed bases of each party might not tolerate public displays of bipartisanship. Prince George's officials, like D.C. Council members who have bottled up a badly needed open-meetings law, worry that public discussion becomes disingenuous and policymaking is cramped. But openness is hardly a revolutionary concept. A lot of jurisdictions across this country have opened their processes to public review. Maybe officials choose their words with a little more care, but there is still debate and compromise, disagreement and agreement, and government goes on. Anything less is an admission that public officials really can't be believed when they are in the public eye.

Incoming D.C. Council Chair Vincent C. Gray (D) is now mulling his council priorities; bringing sunshine to the decisions and deliberations of D.C. government should be at the top of his list. The Prince George's school board shouldn't be embarrassed to thrash out its disagreements before its employers -- the public, that is. And Mr. Reid ought to set a better example. As Lucy Dalglish of the Reporters Committee for Freedom of the Press said, "the only way to restore public trust in what the Congress is up to is have more transparency," not less.

Poor Bush Had A Week That Reeked (NYDN)

By Thomas M. DeFrank

New York Daily News, December 10, 2006

WASHINGTON - For a wounded President locked in a lethal downward spiral ever since his reelection, it was the cruelest week of all.

Not since Bill Clinton forlornly insisted that "the President is still relevant" after being trounced in the 1994 mid-term elections has a President struggled so hard to salvage his political traction.

In 72 hours last week, a bipartisan commission harshly repudiated Bush's Iraq policy. Incoming Secretary of Defense Robert Gates told senators the U.S. isn't winning the war. Then a British journalist snarkily asked at a White House press conference if Bush weren't "in denial" about Iraq.

For good measure, a new poll found only 27% of Americans back his Iraq policy, a new low. And a moderate GOP senator termed the policy "absurd" and possibly criminal.

"He'll be fine but he can't be doing very good," said a well-placed Bush source who talks with the President often. "It's been a terrible year, and it keeps getting worse."

Yet Bush is described by another recent visitor as still resolutely defiant, convinced history will ultimately vindicate him.

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"I'll be dead when they get it right," he said during an Oval Office meeting last week.

Another Bush confidant, however, says the President reluctantly understands an Iraq course correction is mandatory:

"He is determined not to let Iraq go up in smoke and start a slaughter. But he knows something's got to give here. It just has to. We're going to start a pullout. The only question is when."

Despite the Democratic takeover of Capitol Hill and the steady cavalcade of grim news from Iraq, White House chief of staff Josh Bolten and political guru Karl Rove are busily overseeing Bush's State of the Union address, scheduled for Jan. 23.

Outside Republican sources report that except for isolated pockets of realism, the West Wing bunker hasn't yet absorbed Bush's diminished power.

"The White House is totally constipated," a former aide complained. "There's not enough adult leadership, and the 30-year-olds still think it's 2000 and they're riding high."

One White House assistant insisted to a friend last week that the election was merely a repudiation of Bush's execution, not his policies.

"They don't get it," a GOP mandarin snapped. "The Iraq report was their brass ring to pivot and salvage the last two years, and they didn't grab it."

Even if the chaos in Iraq subsides, prospects for other Bush accomplishments in the twilight of his term are difficult at best.

"Short of doing something on Iraq, there's not much good he can do anymore," a key Bush adviser conceded.

A senior Republican official who enjoys excellent relations with the White House was even more downbeat.

"We will get an immigration bill, and the President will make a valiant but doomed attempt at entitlement reform," he said. "But we are looking at two frustrating years of gridlock and several foreign policy failures."

Disputed Nominee Myers Has An Abramoff Problem (LAT)

By Henry Weinstein

The Los Angeles Times, December 10, 2006

Five years ago, high-powered Washington lobbyist Jack Abramoff went to a dinner with top officials of the Interior Department, representatives of the White House and leaders of the National Mining Assn.

That Georgetown dinner has now come back to haunt one of the guests — William G. Myers III, who was the Interior Department's top lawyer at the time and for the last three years one of President Bush's most controversial nominees for a federal judgeship.

Last week, Myers was asked to explain why he testified earlier to the Senate Judiciary Committee that he had never met Abramoff.

Virtually every major environmental group in the country as well as civil rights, women's, labor and American Indian organizations have vigorously opposed Myers' nomination to the U.S. 9th Circuit Court of Appeals. Senate Democrats have succeeded in blocking his appointment, saying they feared Myers, who has spent much of his career as a lawyer and lobbyist for mining and grazing interests, would be an anti-environmental activist on the bench.

Myers' backers counter that he would bring balance to the 9th Circuit, which they maintain is too liberal.

Immediately after the November midterm election, Bush announced his intention to renominate Myers — who now practices law in Boise, Idaho — to the San Francisco-based court.

In recent days though, questions have arisen about Myers' March 2005 response to a query by Sen. Patrick J. Leahy of Vermont, the ranking Democratic on the judiciary committee. Leahy asked Myers whether he had ever had any contact with Abramoff, then the subject of intense federal investigations who later pleaded guilty to conspiracy and wire fraud and is serving 70 months in prison.

"I have searched my memory and files," Myers responded. "To the best of my recollection, I have never had any contact with Mr. Abramoff. I do not recall ever meeting him, speaking to him by phone, corresponding with him at any time, or otherwise having any contact with Mr. Abramoff."

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A week ago, however, the Denver Post published a story based on information obtained under the Freedom of Information Act showing that Myers was among two dozen people attending the dinner on Sept. 24, 2001, with Abramoff. Sponsored by the Council of Republicans for Environmental Advocacy, the event was held at the home of Republican fundraiser Julie Finley.

On Tuesday, Leahy asked Myers in writing to explain the "discrepancy between your testimony to the Judiciary Committee and the documents obtained by the Denver Post."

Myers sent a written response to Sen. Arlen Specter (R-Pa.), outgoing chairman of the judiciary committee, saying, "I simply have no recollection of encountering Mr. Abramoff at the event. I did not know him or who he was. Nor do I have any recollection of meeting him after the event."

On Friday, Leahy said on the Senate floor that the Post story remained "unrefuted and unexplained." Leahy, who is set to become chairman of the judiciary committee in January, said Bush had "squandered an opportunity to fill Idaho's vacancy on the 9th Circuit" by renominating Myers.

Sen. Dianne Feinstein (D-Calif.), who has opposed Myers' bid for a judgeship on the grounds that he lacks the necessary qualifications and independence, was more pointed. "The revelation that Mr. Myers gave seemingly misleading responses to the judiciary committee about his contact with Jack Abramoff raises yet another question about his nomination," Feinstein said.

"In light of the many concerns about Mr. Myers' fitness to serve on the second highest court in the nation and the bipartisan Senate opposition to Mr. Myers' nomination, I hope that the president will choose not to renominate Mr. Myers in the 110th Congress," Feinstein added.

But Blair Jones, a White House spokesman, said the president had no intention of withdrawing the nomination. "We believe that Mr. Myers is well-qualified, and we look forward to his confirmation," Jones said Friday afternoon

Representatives of environmental groups and Indian tribes said the latest revelations heightened their concerns about Myers.

Among their earlier concerns: Myers' role in promoting a proposed 1,600-acre open-pit gold mine that would be adjacent to federally designated wilderness in Imperial County. The area contains 55 recorded historic properties eligible for listing on the National Register of Historic Places, as well as religious sites, including prayer circles, ceremonial places, shrines and petroglyphs. While serving as the top lawyer at the Interior Department, Myers supported development of the mining operation by Glamis Gold Ltd. of Canada.

Attorney Courtney A. Coyle, who represents the Quechan tribe, said in a telephone interview last week that the new documents showed that Myers was at the Sept. 24, 2001, dinner — whose guests included Interior Secretary Gale A. Norton and top leaders of the National Mining Assn. who supported the Glamis project — and that he met the next day with Interior Department lawyers to discuss the project.

In October 2001, Myers reversed his predecessor's opinion to block the Glamis project and allowed it to move forward.

Two years later, a federal judge in Washington, D.C., ruled that Myers had "misconstrued the clear mandate" of the Federal Lands Policy Management Act, which "by its plain terms, vests the secretary of the Interior with the authority — and indeed the obligation — to disapprove" mines that "would unduly harm or degrade the public land."

Cardin Is Learning The Ropes, His Role (WP)

By Matthew Mosk

The Washington Post, December 10, 2006

Congressman Benjamin L. Cardin had only just stepped onto the U.S. Senate floor this month -- his first visit to the august chamber since this fall's election -- when he instinctively pulled out his cellphone.

Before it reached his ear, Cardin says he felt a sharp jab from Sen. Barbara A. Mikulski (D-Md.), who snapped, "Don't you dare!"

After 20 years in the nation's lower chamber, and 20 more as speaker of the Maryland House of Delegates, Cardin (D) is still adjusting to the peculiar customs of his new job. But in the unmarked basement warren of transition offices for new members, the soon-to-be junior senator from Maryland said he is brimming with plans.

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"I'm not coming to the Senate to retire," said Cardin, 63, when asked about the charge that his Republican opponent, Lt. Gov. Michael S. Steele, frequently leveled during a year of campaigning. "I'm going to be very busy. And I won't waste a minute."

The man who once advised freshman House members to zero in on one or two subject areas and develop a specialty, quickly discovered that he would have to abandon that approach after two decades as one of the House's experts on health-care and pension matters. He served on one panel: the powerful Ways and Means Committee.

When Harry M. Reid (D-Nev.), who will become Senate majority leader next month, called Cardin shortly before the election to ask what committees might interest him, Cardin said his answer was Finance, where such matters are often deliberated.

"He said, 'Not gonna happen,' " Cardin said, laughing.

Instead, Cardin will find himself in the thick of deliberations over the Iraq war as a member of the Foreign Relations Committee and will serve on panels that deal with the budget, the environment, minority business and judicial appointments. When he rattled off the list of committees during an interview last week, Cardin paused at the thought of it. "I'm wondering how I'm going to be on five committees," he mused.

James A. Thurber, director of the Center for Congressional and Presidential Studies at American University, said Cardin will see a "significant difference" as he switches chambers. Serving on all those committees means that he will be able to range across a wide area, which he is likely to find liberating.

What he is not likely to be, Thurber said, is a headline-grabber -- perhaps in contrast with his Democratic colleague across the Potomac in Virginia, Sen.-elect James Webb, who quickly made waves.

Cardin said he didn't see the exchange between Webb and President Bush at a White House reception for freshman members of Congress. Bush asked, "How's your boy?" referring to Webb's son, a Marine serving in Iraq. After a brief exchange, Webb replied, "That's between me and my boy, Mr. President."

Cardin's exchange with the president that evening was "very friendly," he said. Bush ribbed him about his tough campaign against Steele, the GOP's candidate.

In the end, Maryland political observers from both parties said last week, Cardin is likely to become a natural successor to the man whose seat he will take, retiring Sen. Paul S. Sarbanes (D), a workhorse who shapes policy and legislation without much attention.

"He's a legislative workman," Steny H. Hoyer (D-Md.), who will soon be House majority leader, said of Cardin. "When Ben hears a problem and hears testimony, he knows how to turn that into a legislative solution. In the Senate, that legislative skill, that problem-solving skill, will really be valued."

Big Names, Big Dollars In Bush Library Bid (HC)

By Thomas Korosec

Houston Chronicle, December 10, 2006

DALLAS — For a president, it's a place where his legacy is polished and set on display for posterity.

For the host town, a presidential library can mean an instant tourist attraction and a shot of economic vitality.

Three Texas universities are hoping to land the George W. Bush presidential library, and each is calling in its own heavy hitters and Bush backers to try to make the case.

Baylor touts its location, Southern Methodist University its personal ties and the University of Dallas its spacious site.

The president's library site-selection committee, which has been working entirely in private, could choose a winner among the three finalists as early as next month.

SMU, Laura Bush's alma mater, has been widely considered the frontrunner since the first lady told the Houston Chronicle in a 2005 interview that the school is her sentimental favorite.

The president's wife, who sits on the SMU board, also indicated the Bushes are likely to re-establish a home in the Dallas area, where they lived before moving to Austin in 1995 when he became governor.

Giving the school another edge, White House counsel Harriet Miers, another SMU graduate, is among the close friends and advisers of the president who have been said to be participants in the decision.

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Attempting perhaps to level the field, Baylor and the University of Dallas have enlisted their own prominent Bush supporters to make their pitches.

Houston Astros owner Drayton McLane, a Bush friend and Baylor alumnus, was recruited to head the school's presidential library steering committee.

The University of Dallas, meanwhile, brought along Bush supporter Nancy Cain Marcus when it presented the school's proposal to the selection committee in Washington last fall.

Big financial supportSMU has had some deep-pockets help as well. Dallas oilman Ray Hunt gave the school $35 million to buy a shopping center at a corner of the campus as a potential library site.

"You have all the key supporters lined up behind their pick of the three schools," said James "Skip" Rutherford, head of the William Jefferson Clinton Foundation and a key player in the building of the Clinton library in Little Rock, Ark.

"When one is picked, my sense is that they'll coalesce around whatever site President Bush decides on."

Presidential libraries are built by private donations but are run by the National Archives and Records Administration.

The bulk of private donations, which can be unlimited in size, typically comes from a president's loyal supporters, foundations and foreign governments, Rutherford said.

Bush's library, which could cost $200 million or more, is expected to include a library housing the president's papers and archives, a museum and a public policy think tank.

The institute, on the order of Stanford University's Hoover Institution, would perpetuate — some say burnish — Bush's legacy and promote his policies beyond his presidency.

Three strong proposalsRutherford, who has visited the three sites and consulted with the committee and schools, said all three proposals have strengths — and supporters who are ready to step in to make up for their possible weaknesses.

"It's truly a three-way contest," he said. "I told (Bush adviser) Karl Rove he has three good choices."

At Baylor in Waco, he said, the library would have the advantage of being "a big fish in a little pond" and the "top draw in the city."

The $165 million Clinton library drew 500,000 visitors in its first year and transformed a formerly rundown warehouse district in Little Rock by anchoring about $1 billion in new development, he said.

Waco, a city of 120,000, could be similarly transformed, Rutherford said.

Baylor and SMU didn't wait for the Bush committee's request for proposals before they began working to land the project. Both schools wrote letters of interest in hosting the library even before Bush won election in November 2000.

Tommy Lou Davis, Baylor's director of the library project, said the school is offering a 150-acre site "of naturally beautiful land on the banks of the Brazos River."

More than 30 million people a year pass by the location on Interstate 35, she said.

The school is pitching its proximity to the George H.W. Bush and Lyndon Johnson libraries in College Station and Austin, respectively, and the fact that the site is just 20 minutes from the president's ranch west of the city.

Davis said the city's civic and political establishment is lined up behind the school's bid. A local businessman, Clifton Robinson, has offered to finance the $6 million public share of a $35 million four-star hotel near the Bush complex if Baylor is selected.

New image wantedThe city's small size and its association with events such as the Branch Davidian siege and the 1953 tornado that devastated its downtown have tended to crop up in media accounts of the school's bid.

And in Waco, the unflattering portrayals rankle residents.

"I wish people would give us a break," Davis said. "I don't see anyone remembering that JFK was shot in Dallas, and that was after the tornado in Waco — if we're going to start drumming up all these old things."

SMU, whose staid Georgian-style campus takes up the southeast corner of wealthy University Park, has declined to make public any details of its library bid, including where on campus the library would be.

"We have presented options to the selection committee and not specified in public where those options are," said Brad Cheves, SMU's vice president for development and external affairs. "Of course, there is speculation."

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Shopping center purchasedMost of the speculation centers on the southeastern portion of the campus, where the university has been buying property and where the Hunt gift was used to purchase the 4-acre Park Cities Plaza shopping center.

It is also adjacent to Central Expressway, which is the only access to the campus that does not involve Park Cities' already overburdened two-lane residential streets.

The university has been feverishly trying to remove obstacles to acquiring all the land in the densely developed area. It cleared one hurdle Friday when a federal judge ruled the university has proper title to a condominium it purchased last year.

Two condo owners who have refused to move out accused the university in civil lawsuits of using fraud and intimidation to take their property for what they said is clearly the library site.

"We think the lawsuit is without merit," Cheves said, adding that it has had no bearing on the university's proposal or a decision by the Bush site committee. "It is unrelated to the proposal process."

The university still must buy several other properties in the area. And acquisition of a strip of parkland behind the shopping center will require approval by University Park voters.

Some Dallas officials, including Mayor Laura Miller, have expressed concern that a heavily visited library at SMU will cause traffic nightmares in an already crowded area.

The university says those concerns are overstated.

"SMU has been in its location for more than 100 years, and we're accustomed to having special events and community activities," Cheves said. "This would be no different."

By contrast, the University of Dallas, which is west of the city in Irving, is offering the most spacious site.

Its hilly, wooded 300-acre site off Texas 114 has a view of downtown Dallas and easy access to the area's two commercial airports.

The city of Irving has proposed committing $50 million in hotel/motel taxes to construction of the library, which would be near Texas Stadium.

City officials expect the stadium to be torn down and the site redeveloped after the Dallas Cowboys move to Arlington in 2009.

With approximately 3,000 students, though, the Catholic liberal arts university has a much lower profile than its two bigger rivals.

Rutherford said vacationers traveling by car make up the bulk of visitors to the Clinton library and other presidential libraries across the country. The three finalists are all close to interstate highways, he pointed out.

Big crowds expectedGeneral attendance tends to spike in the opening year, and again upon the president's death, according to National Archives figures.

The Ronald Reagan hilltop library museum, which is in Simi Valley, Calif., west of Los Angeles, broke that mold when it added an Air Force One exhibit and attendance shot up to 440,000 in the 12 months ending in October, archives records show.

Regardless of which site is picked, Rutherford said he expects the Bush library will be a big draw.

"So much has happened during his presidency that people are going to want to know about," he said. "9/11, that was this generation's Pearl Harbor. There are so many major events: the Iraq war, Katrina, the tsunami. People will want to come to this library."

Discovery Takes Off On A Complex Mission (NYT)

By John Schwartz

The New York Times, December 10, 2006

CAPE CANAVERAL, Fla., Dec. 9 — Night became day on Saturday as the shuttle Discovery muscled its way off of the launching pad with a shuddering roar on a mission to rewire the International Space Station.

With a blinding streak of yellow flame that left a mark on the retina and a lump in the throat, the shuttle and its crew of seven astronauts lifted off at 8:47 p.m. in the program's first nighttime launching in more than four years.

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It was the second launching attempt for the Discovery. Weather concerns forced mission managers to scrub on Thursday, and on Friday the forecast was even worse. Early Saturday, there were high crosswinds here at the John F. Kennedy Space Center landing strip.

But the winds died and the weather improved as the evening progressed, and the mission management team ultimately gave approval for launching.

Just before beginning the final countdown, the shuttle launching director, Michael D. Leinbach, polled his team and then called to the Discovery's commander, Mark L. Polansky, using his nickname.

"O.K., Roman, 48 hours makes a tremendous difference," Mr. Leinbach said. "The weather is outstanding, the vehicle is in great shape, so we wish you all good luck, Godspeed, and we'll see you back here in 12 days."

After liftoff, the firing room erupted in cheers and applause, and Mr. Leinbach said, "Calm down now, we've got eight minutes to orbit."

Those eight minutes passed with exceeding smoothness. The crew and the launching team calmly communicated the milestones of reaching orbit: the "go at throttle up" call about a minute into flight as the shuttle passed through the zone of maximum turbulence; the separation of the solid rocket boosters; the main engine cutoff; and the separation of the external tank. Discovery was well on its way to catching up with the space station on Monday.

Since the loss of the shuttle Columbia in 2003, liftoffs have taken place during the day so NASA analysts can look for the kind of liftoff debris that doomed that shuttle and its crew. This nighttime launching made it harder to make out any debris in the images from the camera on the shuttle's external fuel tank, but those images and data from radar and other sensors will be scrutinized for signs of damage to the craft. "We'll have lots of looks at it," said LeRoy Cain, the head of the launching mission management team.

The 12-day mission promises to be one of the most complex in the history of the shuttle program. The astronauts are to install a stubby extension to the station's structure and reconfigure its electrical system to receive power from new solar arrays.

The mission also includes a tricky effort to coax a solar array that has been standing atop the station for six years to fold itself into a more compact form, out of the way so that the new array can rotate to face the sun continuously.

The work will prepare the station to generate the power it will need for the next rounds of construction and expansion, and to meet the needs of a crew that will eventually double to six from three. Spacewalkers will unplug and reattach 112 power connectors in the process.

The rewiring is risky. Half of the space station's electrical system will be powered down as its wiring is reconfigured, and then brought up again. Then, in another spacewalk, the astronauts will shut down the other half of the station's electrical system. Crucial systems will remain online, since they can receive power from either power network. But some lights, communications systems and other components will be turned off during each of the two rewiring spacewalks, and mission managers have fretted about what might happen if those do not come back online.

Then, after the power procedure is complete, the astronauts must start cooling pumps that will control the temperature of the circuit control boxes. The pumps have not been used in four years, and that, too, has managers sweating.

Just two members of the Discovery's crew — Commander Polansky, a former Air Force test pilot, and Capt. Robert L. Curbeam Jr. of the Navy — have been to space before. The rest of the crew members will be taking their first trip, including the pilot, Cmdr. William A. Oefelein of the Navy; Cmdr. Sunita L. Williams of the Navy; Nicholas J. M. Patrick; Joan E. Higginbotham; and Christer Fuglesang, the first Swedish astronaut and a representative of the European Space Agency.

Commander Williams will remain on the space station for six-months, and Thomas Reiter of the European Space Agency, who has been living on the station, will climb aboard the shuttle for his ride back to earth.

In the post-liftoff briefing on Saturday night, the NASA administrator, Michael D. Griffin, said the shuttle and the station were now part of a larger effort to return to the work of sending humans to explore the Moon and the planets.

"We have to learn to live on other planetary surfaces," Mr. Griffin said, "and use what we find there and bend it to our will — just as the pilgrims did when they came to what is now New England."

It is part of what it takes "to become a space-faring nation," he said, adding that it is up to NASA to make that happen.

"Sometimes we stumble," Mr. Griffin said. "Today, we didn't stumble."

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Shuttle Discovery Climbs Into Night Sky (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, December 10, 2006

The launch is the first after dark since the Columbia disaster.

The shuttle Discovery roared into space Saturday night on a 12-day mission to continue construction of the International Space Station and reconfigure the station's electrical system.

It was the third launch in the last five months and the first nighttime launch in more than four years as the American space agency continues its recovery from the 2003 Columbia disaster.

"We look forward to lighting up the night sky and rewiring the ISS," shuttle Commander Mark Polansky said just before the shuttle's engines ignited at 8:47 p.m. EST at Kennedy Space Center in Florida.

The three main engines and two solid rocket boosters, providing 7 million pounds of thrust, propelled the shuttle from a standing start to its orbiting speed of 17,400 mph as it made its eight-minute climb to space.

Early reports from ground safety officers indicated that the launch appeared clean.

Launch Director Mike Leinbach said the successful launch was the best sign yet that NASA had fully recovered from the Columbia disaster.

"We're getting back in the groove. We're getting back in business," Leinbach said.

NASA Administrator Michael D. Griffin said the launch marked another milestone in finishing the space station and going beyond.

"The space station is on the footpath toward becoming a space-faring nation," Griffin said, referring to plans to return to the moon and then head on to Mars.

Navigating space is one of the most technologically difficult tasks mankind has faced, he said.

"We do it as well as we can. Sometimes we stumble. Today, we didn't stumble," Griffin said.

Several days of analysis of radar images from the ground and an on-orbit inspection by the shuttle crew will be required to make sure there were no problems, such as the one that doomed Columbia. A piece of foam insulation flaked off the external fuel tank during Columbia's launch and hit the left wing, tearing a hole in it.

NASA ground managers and the crew were unaware of the problem until the shuttle attempted to land, and atmospheric forces widened the damage and finally destroyed the shuttle.

The seven-person crew of Discovery has three major tasks.

It will deliver a replacement crew member to the space station, Sunita Williams, to replace European astronaut Thomas Reiter, who has been at the station since July.

Discovery will also deliver a 2-ton truss as NASA continues assembling the backbone of the station. The final task is the most challenging: to take the station off the temporary power grid it has been using for the last six years and bring online the giant set of solar arrays that were delivered by the last shuttle mission.

Power will be routed through four Main Bus Switching Units on the central truss attached in April 2002. These units have never been activated and were last checked in December 2002.

Three spacewalks will be required to complete the work. To minimize the danger of something going wrong and leaving the station without power, the spacewalkers will shut down only half of the station at a time.

The new truss section will be attached on the fourth day of the flight. The power and thermal reconfiguration will take place on Day 6 of the 12-day mission. The second half will take place during the third spacewalk on the eighth day of the mission.

NASA had required daylight launches for the first three missions after Columbia so the space agency could obtain good daytime photos of the fuel tank. NASA now believes it understands the foam problem well enough to launch at night, relying on radar to spot any debris flaking off the fuel tank.

Nighttime launches are necessary for NASA to stick to its announced schedule of completing construction of the station and retiring the shuttle fleet by 2010.

Another reason to get the flight in before the end of the year is that shuttle computers are not designed to make the changeover from the 365th day of the year to the first day of a new year.

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NASA managers think they have a solution but are reluctant to try it if they don't have to.

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Discovery Lights Up Night (HC)

By Mark Carreau, Houston Chronicle

Houston Chronicle, December 10, 2006

Shuttle heads to space station for 12-day mission

CAPE CANAVERAL, FLA. — The shuttle Discovery thundered into the darkness with seven astronauts late Saturday, lighting up a wintry sky along the East Coast of the United States with a fiery fury.

Discovery soared toward a rendezvous with the international space station, where the shuttle crew plans to expand the electrical power-distribution grid.

The liftoff from NASA's Kennedy Space Center was the first in darkness for a shuttle in four years. Discovery's 12-day mission will mark the third shuttle flight this year, the most the space agency has attempted since the fatal 2003 Columbia accident.

All will have flown in the past six months, establishing a launch pace that should enable the space agency to finish the construction of the half-built orbital base before the shuttle is retired in 2010, said NASA Administrator Michael Griffin.

"We are trying to get back to a normal operating tempo in the program to finish the space station," Griffin said. "On average we want to fly every two months."

Overcast skies forced a scrub of the first launch attempt Thursday night.

Discovery blasted off at 7:47 p.m. CST, with rockets igniting in a burst of billowing orange exhaust. The spacecraft climbed steeply on a northerly course, trailing a dagger of fire.

"Forty-eight hours makes a tremendous difference," Griffin said. "The weather is outstanding. The vehicle is in great shape."

NASA launch director Mike Leinbach radioed Discovery commander Mark Polansky as the shuttle astronauts were cleared to lift off.

"We look forward to lighting up the night sky," Polansky responded.

Discovery's departure placed the shuttle crew on course to dock with the space station shortly after 4 p.m. CST on Monday.

On Polansky's crew are pilot Bill Oefelein, flight engineer Robert Curbeam and four mission specialists — Christer Fuglesang of the European Space Agency, the first Swedish astronaut, Joan Higginbotham, Nick Patrick and Sunita Williams.

Curbeam, a veteran of two previous missions, will lead the mission's three spacewalks, joined on the first two by Fuglesang and on the last by Williams.

Williams has trained to remain aboard the space station until mid-2007, joining the outpost's current commander, Mike Lopez-Alegria, and Russian cosmonaut Mikhail Tyurin. Williams will replace European Space Agency astronaut Thomas Reiter of Germany.

This is considered among the most difficult of the 19 assembly missions NASA has flown to the space station so far.

The astronauts will spend today inspecting the wings and nose of Discovery for damage to the heatshield from flying launch debris. Though tracked by cameras and radar, Discovery's nighttime departure was expected to limit detection of damage.

Columbia's disintegration was traced to undetected wing damage from falling foam fuel-tank insulation. After three daytime liftoffs in the accident's aftermath, shuttle managers were ready to resume the night launches.

Discovery carries an $11 million, 11-foot-long extension for the station's growing solar power-generation system.

"Many of us consider this the most challenging space station flight we've done since we began the assembly effort," Mike Suffredini, NASA space-station program manager, said this week. "When the shuttle leaves (the space station) will not look much different than when Discovery got there, but it will be a dramatically different vehicle inside."

The current power system is adequate for the station's U.S. laboratory. The changes will rewire the system to distribute power from the solar power module delivered by Atlantis in September and two more modules due next year and in 2008. The

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added power will accommodate European and Japanese research modules and the life-support gear for more resident astronauts.

The six-hour spacewalks, which get under way in the mid-afternoon, are scheduled for Tuesday, Thursday and Saturday.

The astronauts are due to return Dec. 21.

Shuttle Launches At Night To Rewire Station (WP)

By William Harwood, Special To The Washington Post

The Washington Post, December 10, 2006

CAPE CANAVERAL, Dec. 9 -- The space shuttle Discovery, briefly turning night into day, streaked into space Saturday evening and set off after the international space station to rewire the outpost and activate its main power system.

With Cmdr. Mark L. Polansky and Pilot William A. Oefelein at the controls, Discovery climbed away from the Kennedy Space Center at 8:47 p.m., two days late because of low clouds and high winds.

Discovery put on a spectacular show as it thundered aloft atop 5,000-degree plumes of flame from its solid-fuel boosters. It was NASA's first night launch since the 2003 Columbia disaster, the result of increased confidence in the shuttle's redesigned external fuel tank.

The brilliant light of the takeoff illuminated the shuttle's heat shield in the first two minutes of flight. But engineers will not be able to assess the health of the protective tiles until a detailed inspection Sunday by the astronauts and again during final approach to the space station Monday.

Discovery's mission is considered the most complex station assembly flight yet attempted and one of the most complicated in manned spaceflight history.

The astronauts will switch the space station from an interim power system, used during initial assembly, to an permanent setup, featuring new solar arrays installed in September and others set for launch next year. The station's two major power circuits must be powered down, one at a time, and then reconnected, leaving some critical systems without backups until the switchover is complete.

During two of three planned spacewalks, crew members Robert L. Curbeam, Sunita L. Williams and Swedish astronaut Christer Fuglesang will unplug and replug dozens of power lines and then stand by while ground controllers send hundreds of commands to reroute electrical power and activate the station's ammonia cooling system.

Without cooling, the main components in the electrical switching system will overheat. The cooling system is powered by the same switching units, so quick activation of two ammonia pumps is crucial.

Before any of that work can begin, however, the astronauts first must retract one of the solar arrays powering the interim system to provide the clearance needed to begin rotating the newly installed panels so they can track the sun.

The array that needs to be retracted has been fully extended for six years, and no one knows whether the huge panel will, in fact, fold up as required. In addition, the pumps needed to drive ammonia through the cooling system have never been powered up in space.

Williams will remain aboard the station, and German astronaut Thomas Reiter, launched to the space station in July, will return to Earth aboard Discovery in her place. Other crew members aboard the shuttle are Joan E. Higginbotham and Nicholas J.M. Patrick.

If all goes well, Discovery will return to Earth on Dec. 21.

Don't Colonize The Moon (LAT)

The Los Angeles Times, December 10, 2006

A manned moon mission doesn't make sense. Robots are better -- just look at their success on Mars.

WHEN IT COMES TO poetic vision, "Fly Me to the Moon" has it all over "Global Precipitation Mission." But the prosaic and twice-delayed NASA meteorology project would conduct a useful scientific study of Earth weather. A return to the moon is a romantic but expensive mission in search of a purpose.

NASA's announcement last week that it would erect a permanent moon station by 2020 as a sort of scientific way station to Mars was dramatic but not unexpected — especially not after President Bush gave a speech two years ago calling on the space

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agency to return astronauts to the moon and from there to Mars. NASA officials enthused about the international partners for the moon project and the savings they would achieve by using existing technologies. What they didn't say is how much it would cost — and more important, why do it in the first place except to recapture a wrinkled sense of glory.

Even NASA's "Why the Moon?" website doesn't really explain it. It's full of oddly cheerful videos ("We're going back to the moon … this time to stay!") suggesting that people might like to colonize the moon as a new home (not until the surf's up at the Sea of Tranquillity) and vowing that this will enable new scientific studies, encourage global cooperation and inspire children. These are laudable goals, all of which could be managed without a manned moon station and a 12-figure price tag. The U.S. and India already are working together on an unmanned space mission.

Manned moon flight may appeal to baby boomers, but it makes little scientific sense for most space missions these days. Robots can now perform, or be developed to perform, most of the tasks people would do at a moon station. And even if the world shares the goal of landing astronauts on Mars, this is a roundabout way to achieve it. Why re-create the old technologies for going to the moon when they are of no use to get to Mars?

For too long, NASA has been overspending on manned flight and under-funding scientific study. Vital missions to study the Earth's climate, for example, have been delayed for years or indefinitely. An unmanned scientific mission to scan for Earth-like planets in nearby solar systems, scheduled to launch in 2011, has been postponed until 2015.

Frank Sinatra recorded the song "Fly Me to the Moon" in 1964, five years before Neil Armstrong got there. These days, it makes more sense to have robots do the flying. Just last week, scientists announced they'd found evidence of water flowing on Mars — a possible harbinger of Martian life. The discoverer of this exciting news? The unmanned Mars Global Surveyor.

A Missile Defense System Is Taking Shape In Alaska (NYT)

By William Yardley

The New York Times, December 10, 2006

FORT GREELY, Alaska, Dec. 4 — Snow fences help keep drifts from piling up on the missile silos. Heat-sensing security devices that monitor the edges of this 800-acre installation are sometimes set off by wayward moose.

And the soldiers here, members of the 3-year-old 49th Missile Defense Battalion of the Alaska National Guard, were just selected to help field test for the Army the third generation of the Extended Cold Weather Clothing System, seven layers of synthetic meant to resist the brutal winds that rip past the snow-clad peaks of the Alaska Range.

Four years after President Bush ordered a limited missile defense system to be built and nearly a quarter century after Ronald Reagan first proposed the Strategic Defense Initiative, this sub-Arctic outpost, once a cold war training site and still a cold-weather training site, is where progress on the long-embattled missile system is perhaps most evident, military officials say.

Eleven interceptor missiles are installed in underground silos here, buried beneath the snow and a former forest of black spruce. This summer, when North Korea signaled that it planned to fire an intercontinental ballistic missile, Fort Greely, which has never fired a test missile, was put on alert status, ostensibly ready to respond if necessary.

After the test either failed or was aborted, “there was a little bit of a letdown” at the base, said Lt. Col Edward E. Hildreth III, commander of the 49th, “because we were prepared.”

That assertion, echoed by other commanders at Fort Greely during a limited tour of the base this week, comes a little more than three months after Secretary of Defense Donald H. Rumsfeld visited Fort Greely and expressed caution about the program’s readiness. Critics have noted that tests on some parts of the system have failed and a recent successful missile test — in California, shortly after Mr. Rumsfeld’s visit to Fort Greely — lacked decoys and was unrealistic.

Even as questions persist about capability, the missile defense program is pushing forward at a cost of at least $9 billion a year. About a third of that goes to the kind of operation that is based at Fort Greely, called Ground-Based Midcourse Defense, which is intended to shoot down enemy missiles while they travel through space. Vandenberg Air Force Base in California also houses two interceptors, but military experts say Fort Greely is better situated to interrupt the likely flight path of a missile from Asia or the Middle East.

Just a few years after being shut down, Fort Greely, about 100 miles southeast of Fairbanks, is now the destination of about 1,700 people, including some 200 soldiers, and the rest defense contractors and family members. The base’s Brownie troop is

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at 16 girls and growing — Monday night they made root beer floats — just as the number of interceptors installed at the base is expected to expand to as many as 38.

Now, in a region with barely four hours of daylight in December, there is a new espresso shop on base and an expanded PX that sells flat-screen televisions.

Sgt. Jack W. Carlson III, an intelligence analyst, said he was assigned to Fort Greely before the Pentagon officials created the 49th Missile Defense Battalion. "We didn't have a name," Sergeant Carlson said. "We didn't have patches. We just called ourselves G.M.D.," for Ground-Based Midcourse Defense.

Sergeant Carlson married another soldier and has bought a house in nearby Delta Junction, population 840. He said he heated his house mostly with wood salvaged from the spruce left after a wildfire.

Before Fort Greely, he had been stationed in the Virgin Islands. He learned of openings in the missile defense program through an online posting, he said. "I'd been on the beach all my life, and it was time to see the snow."

Alaska has been crucial to American military interests since long before it became a state in 1959. Now, Adak, in the Aleutian Islands, is scheduled to become the home port of the Sea-Based X-band Radar, a long-delayed system built on a converted oil rig that is critical to the ground-based system's ability to track enemy missiles.

While the 49th is an Alaska National Guard unit, Colonel Hildreth reports to Col. Michael L. Yowell, commander of the 100th Missile Defense Brigade, based in Colorado.

Colonel Hildreth said he was well aware of criticism that missile defense was far from a perfected program. He said Fort Greely operated in a balance between operational mode and construction.

"We build a little, test a little," he said. "It's fluid."

A 12th interceptor will be installed this month. Last summer, however, when American intelligence learned that North Korea might be preparing to launch an intercontinental missile, much of the bustle of contractors on the site stopped. Fort Greely went on alert. The system that had struggled through tests faced the possibility of firing a live missile.

"It got quiet," said Col. Thomas M. Besch, director of Ground-Based Midcourse Defense for the Missile Defense Agency. "And all of a sudden no developmental activity occurred. You could feel in the atmosphere that people were on edge and ready. You were kind of waiting for something to happen, and it didn't."

Top Air Force Lawyer Had Been Disbarred (WP)

By Thomas E. Ricks

The Washington Post, December 10, 2006

A top Air Force lawyer who served at the White House and in a senior position in Iraq turns out to have been practicing law for 23 years without a license.

Col. Michael D. Murphy was most recently commander of the Air Force Legal Operations Agency at Bolling Air Force Base in the District.

He was the general counsel for the White House Military Office from December 2001 to January 2003, and from August 2003 to January 2005. In between those tours, he was the legal adviser to the reconstruction effort in Iraq, an Air Force spokesman said.

Murphy later served in 2005 as commandant of the Air Force Judge Advocate General's School at Maxwell Air Force Base in Montgomery, Ala.

He was relieved of his command at Bolling on Nov. 30 after the Air Force learned that he had been disbarred for professional misconduct in Texas in 1984 but hadn't informed his superiors, according to Air Force Times, an independent newspaper that first reported the action. It said that his status was discovered in the course of an unrelated review.

Murphy could not be reached for comment yesterday. Don Manuszewski, an Air Force spokesman, said that it would be inappropriate to comment because the matter is under investigation.

Murphy's exposure is the second major embarrassment to Air Force lawyers in recent years. In 2005, Maj. Gen. Thomas J. Fiscus, then the service's top lawyer, was demoted to colonel and subsequently retired after he was found to be having inappropriate relationships with subordinates.

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OTHER NEWS:

Jefferson Overcomes Scandal, Wins Reelection (WP/AP)

By Cain Burdeau

The Washington Post, December 10, 2006

NEW ORLEANS, Dec. 9 -- Voters looked past a federal bribery investigation of Rep. William J. Jefferson (D-La.) and reelected the eight-term congressman in a runoff election Saturday.

Jefferson grabbed a commanding lead over state Rep. Karen Carter, a fellow Democrat, almost as soon as the polls closed in the New Orleans district. With 44 percent of the precincts reporting, Jefferson, had 61 percent of the vote.

Louisiana's 2nd District was one of the nation's last unresolved midterm races, and the runoff election put Jefferson in danger of becoming the only Democratic incumbent to lose this election year.

In her concession speech, Carter embraced family members and pledged to work with Jefferson, particularly on the area's recovery from Hurricane Katrina.

"I guess the people are happy with the status quo," she said.

Jefferson, Louisiana's first black congressman since Reconstruction, has been the target of a wide-ranging investigation into allegations that he took bribes -- including $90,000 allegedly found in his freezer during an FBI raid -- from a company seeking lucrative contracts in the Nigerian telecommunications market. He has not been charged with any crime and denies any wrongdoing.

He described his win as "a great moment and I thank almighty God for making it possible."

The scandal turned the campaign into a debate largely divided along racial lines, an age-old dynamic in this city that has intensified since Katrina displaced large numbers of blacks and upended their demographic and political dominance.

In the Nov. 7 election, whites overwhelmingly voted for Carter, 37, and were her most enthusiastic financial backers, while Jefferson, 59, drew widespread support among blacks.

Carter raised nearly five times as much money as Jefferson, but she was largely outflanked in endorsements as Jefferson picked up the backing of Mayor C. Ray Nagin and other prominent black politicians.

The endorsements spoke to Jefferson's solid footing in New Orleans politics. He arrived here in the 1970s as a Harvard-educated lawyer from rural north Louisiana, the sixth of 10 children brought up in a three-room country home. By 1980, he represented New Orleans in the state Senate.

Jefferson Swarms Back To Win Re-election (NOTP)

New Orleans Times-Picayune, December 10, 2006

Confounding political pundits and a slew of rivals who had become confident of his defeat, U.S. Rep. William Jefferson, D-New Orleans, neatly sidestepped a roiling federal corruption probe to win re-election on Saturday to his ninth term in Congress.

Guilty pleas by aides and associates who admitted to bribing the congressman and the revelation in court documents that FBI agents had found $90,000 in marked bills stuffed into Jefferson's freezer had put the scent of blood in political waters.

A field of a dozen candidates began circling Jefferson in the primary. He

finished first, but with only 30 percent of the vote, inspiring conjecture that his performance amounted to repudiation of an incumbent and that he would surely lose the runoff against state Rep. Karen Carter, D-New Orleans.

Instead, Jefferson, 59, scored a dramatic upset by racking up huge pluralities in African African-dominated precincts in Orleans, and winning outright in Jefferson Parish, where Sheriff Harry Lee had spent his campaign.

The final margin for Jefferson in Jefferson Parish was 71% to 39% - a margin that can be attributed to Sheriff Lee's furious political assault in the closing days of the campaign. Lee not only endorsed to Jefferson, but in the final days, urged Jefferson Parish residents to stay home and not vote. The final tally shows that while 28% of registered voters cast ballots in the primary, only 15% voted Saturday.

Jefferson's victory was even more confounding because the Second Congressional District race was missing all the advantages that usually come

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with incumbency. Carter had the edge in funding raising, including from business interests that had backed Jefferson in the past. Most of the high-profile endorsements - including those by two former Louisiana senators - went to her, as well.

Jefferson seemed to have secured his upset victory not in public debates or increasingly vicious ad campaigns but in grassroots campaign efforts that carried him to dozens of African-American churches, and, although he isn't a drinker, to many a Second District bar.

Despite the surprise win, Jefferson's problems are far from over. The federal corruption probe, which began on March 15, 2005, continues, and the congressman has all but said he anticipates an indictment.

Rep. Jefferson Holds On To His Seat In Louisiana (LAT)

By Ann M. Simmons

The Los Angeles Times, December 10, 2006

NEW ORLEANS — U.S. Rep. William J. Jefferson, the beleaguered congressman at the center of a federal bribery investigation, pulled off what many had believed would be impossible: He won reelection Saturday to Louisiana's 2nd Congressional District seat.

Jefferson, plagued by more than a year of scandal, received 57% of the vote in complete but unofficial returns. His challenger in the runoff election, Democratic state Rep. Karen Carter, had 43%.

Voter turnout was only about 16% on what turned out to be a cold and windy election day.

At a victory celebration, Jefferson called for unity "on the East Bank, on the West Bank, [between] black and white, rich and poor, with one objective: to recover this wonderful city."

In conceding, Carter told supporters that she had called Jefferson and offered to work with him because "we certainly can't do this alone."

Political analysts said voters in the district, which spans most of New Orleans and the West Bank of neighboring Jefferson Parish, were more concerned with maintaining the status quo than with change.

"It's a vote for continuity," Brian Brox, a political scientist at Tulane University in New Orleans, said of the results.

Jefferson trounced Carter among African Americans and had a strong showing in Jefferson Parish, according to a preliminary analysis by Greg Rigamer of GCR & Associates Inc. More whites voted for Jefferson than blacks did for Carter, according to the analysis. Both Jefferson and Carter are black.

Analysts believe that Carter's fate might also have been sealed by her failure to garner enough votes in Jefferson Parish, where Sheriff Harry Lee mailed out fliers during the final week of the campaign urging parish residents not to vote for her.

Lee and other Jefferson officials were outraged over comments Carter made in a recent Spike Lee documentary, criticizing Jefferson law enforcement officials for blocking Katrina evacuees from crossing a bridge to safety in their parish in the aftermath of the storm.

Jefferson, 59, has held his congressional seat for 16 years and rarely faced a serious challenge for it. The climate changed this year as a federal bribery probe unfolded. He was ousted from the House Ways and Means Committee after agents in an FBI raid said they found $90,000 stashed in a freezer of his Washington home.

Jefferson has not been charged with any crime, and insisted he was innocent.

Many voters believed him.

"I think they lied on him," Curtis Mimms, 82, said as he arrived to cast his ballot at the New Orleans Baptist Theological Seminary in the city's Gentilly neighborhood. "I think he can do the job."

When the congressman dropped by the seminary Saturday he was greeted with hugs, handshakes and smiles.

Alfreda Baker, 55, said she voted for Jefferson because residents needed someone tough to ensure a break in the logjam in disbursing funds so homeowners could rebuild.

"It's ridiculous. It's been so long. We're taxpayers," said Baker, a retired educator. "Jefferson has proven that he knows who to go to. [Carter's] a new person. She's still just feeling her way."

Perrilyn White, 48, said Jefferson had "been consistent in his dedication to our city regardless of what he's done for himself." Since Katrina, Jefferson has introduced numerous pieces of legislation in Congress to help residents and businesses rebound.

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The son of sharecroppers who went on to earn three university degrees and walk the halls of power, Jefferson's story has inspired many supporters.

Many voters said they respected Carter — a seven-year state legislator from a politically active family — but still considered her "a new kid on the block." Carter, 37, had run on a platform of restoring "credibility and respect to political service" and had argued that Jefferson's legal troubles prevented him from offering effective leadership.

"His election might not necessarily translate into an important position [within Congress]," said Brox, the political scientist. And, he said, Carter supporters might argue "what difference is your election going to make if you're not going to be on any important committees?"

Commentators said low temperatures and brisk winds, holiday shopping sales, and distraction over home rebuilding and other recovery activities usually tackled on weekends contributed to low voter turnout.

Many polling stations stood empty for large parts of the day.

"It's nothing particular against Jefferson or Carter," Brox said. "It is just a really bad time to hold an election."

Jefferson Appears Headed To Victory (RC)

By Josh Kurtz

Roll Call, December 10, 2006

Scandal-plagued Rep. William Jefferson (D-La.) appeared headed to an improbable re-election late Saturday night.

With 68 percent of the precincts reporting in the New Orleans-based 2nd district, Jefferson had 23,978 votes for 59 percent, while state Rep. Karen Carter (D) had 16,985 votes for 41 percent. Two New Orleans TV stations have projected that the nine-term Congressman will be the winner.

Jefferson won despite being the target of a yearlong FBI corruption probe. An ex-Jefferson aide and one of the Congressman's former business associates have already pleaded guilty in the case, and law enforcement authorities raided Jefferson's Capitol Hill office earlier this year.

Jefferson took just 30 percent of the vote in the crowded all-party primary that took place on Nov. 7, and Carter, fueled by the support of prominent Louisiana politicians such as former Sens. John Breaux and J. Bennett Johnston, placed second.

But New Orleans voters appear loyal to their embattled incumbents: Mayor Ray Nagin was elected earlier this year despite being criticized for the way he handled the Hurricane Katrina disaster in 2005. While Carter had significant white support, she evidently could not cut into Jefferson's advantage among the district's black voters.

Saturday's runoff marks the end of Louisiana's unusual election system of holding all-party primaries when the rest of the national holds its general election, and then holding runoffs a month later. Beginning with the 2007 gubernatorial race, party nominees will be chosen in closed primaries, and general election voters will go to the polls on November Election Day.

Candidates Woo Bush Donors For "Invisible Primary" (WP)

By Chris Cillizza, Michael A. Fletcher

The Washington Post, December 10, 2006

Last month, a group of Republican royalty gathered to be wined and dined by Gov. Mitt Romney in Boston. On Friday night, they ate at Copia, a pricey Mediterranean steakhouse. On Saturday, they had breakfast at the Four Seasons and then lunched at Fenway Park.

Key Romney advisers made presentations about the path to the presidential nomination they see for the Massachusetts governor. Others walked attendees through how a race would be financed.

Among the 160 or so wealthy Republicans the Romney campaign had invited for the weekend was a particularly important group of potential supporters -- the 40 or so men and women who were "Rangers" or "Pioneers" in the 2000 and 2004 campaigns of President Bush.

These Rangers, who raised $200,000 or more for Bush in 2004, and Pioneers, who each collected more than $100,000 as part of campaigns that redefined modern political fundraising, are being intensely courted by GOP presidential aspirants across the country, both in large gatherings such as the one in Boston and one-on-one.

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Bush's 2000 campaign forever changed the fundraising dynamic for presidential races, showing that an enormous early financial advantage was the same as winning an "invisible primary." In that race, there are no voters, elections or overt campaigning -- just the wooing of fabulously rich people with the rewards of insider status, complete with fancy titles.

So far, Romney and Arizona Sen. John McCain are well ahead among the Republican contenders, though neither yet has come up with monikers like "Pioneer" or "Ranger" to flatter the biggest donors.

The competition for these donors is one of the most important contests within the larger presidential race, serving as an early measure of a candidate's viability on the national stage, particularly because neutral observers peg the price of winning the 2008 presidential nomination at as much as $100 million.

In this new world of presidential fundraising, finding a wealthy person and persuading him or her to write a check is not the gold standard. Instead, the goal is to identify individuals who not only can contribute the federal limit of $2,000 but also can persuade 100 or so of their friends and business associates to do the same.

"It's important, because in the invisible-primary phase, elected officials who have their own organizations and their own power to endorse pay attention to who the big fundraisers are coalescing around," said Wayne Berman, a Bush Ranger in 2004 and a backer of McCain in the 2008 race.

Bush developed the Pioneer program while he was governor of Texas and preparing for his 2000 White House run. His early fundraising helped ensure that he was viewed as the inevitable GOP nominee and helped reduce the competition for the nomination.

The genius of the program was twofold: It let the fundraising team showily quantify its efforts, and it got donors involved in the day-to-day operations and planning of the campaign, according to Alex Vogel, a senior adviser to outgoing Senate Majority Leader Bill Frist (R-Tenn.).

"The relationship did not start or end when they wrote a check," Vogel said. "They were not just donors but part of the organization."

The big donors received top-level strategy briefings and were feted at campaign events. Many received appointments to the transition team after Bush was elected, and many others received ambassadorships, including Ron Weiser to Slovakia and Howard Leach to France.

Both Romney and McCain now count more than two dozen Pioneers and Rangers as supporters and have sought commitments from many others.

Former New York mayor Rudolph W. Giuliani has on staff Anne Dickerson, who ran the high-dollar program for the Bush campaign in 2004, and he has the backing of a handful of Bush Pioneers and Rangers. Other potential 2008 GOP candidates, including former House speaker Newt Gingrich (Ga.), Arkansas Gov. Mike Huckabee, and Sens. Sam Brownback (Kan.) and Chuck Hagel (Neb.), are far behind in the pursuit of these fundraising big shots.

Although Democrats do not have an equivalent for the Rangers and Pioneers, their leading candidates have already begun making the rounds of wealthy donors.

Last week, Sen. Barack Obama (Ill.) ventured to New York to meet with a group of potential donors assembled by liberal philanthropist George Soros.

And Sen. Hillary Rodham Clinton (N.Y.) has spent much of the past two years building a fundraising infrastructure that raised nearly $50 million for her lopsided reelection campaign. The donors who contributed to that campaign can give again, should she run for president in 2008.

Ed Rogers, a Republican lobbyist not affiliated with a potential presidential candidate, said that with just 14 months remaining before the first ballots are cast, any candidate not knee-deep in conversations with Rangers and Pioneers is already falling behind.

"We are going to have a nominee by February 6th," 2008, Rogers said. "You have to have all of your money at the opening gun."

McCain and Romney are mimicking the Bush model not only in terms of the individuals they are courting but also in the approach they are taking to their pitch: a heavy emphasis on personal attention, meeting one-on-one with prospective donors, inviting them on trips and even soliciting them in that old K Street favorite: at sporting events.

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Sig Rogich, a Las Vegas image consultant who has worked for presidents Ronald Reagan and George H.W. Bush, said he first discussed becoming a major fundraiser for McCain nearly two years ago when the two men were ringside at a boxing match featuring former champion Oscar De La Hoya.

"I told him that if the time came that he became a candidate, I'd be there for him," Rogich said.

Ron Kaufman, who is supporting Romney, made up his mind on a flight with the Massachusetts governor over South Carolina not long ago.

Kaufman, political director in the George H.W. Bush White House, had picked up a copy of Thomas L. Friedman's "The World Is Flat" and planned to give it to Romney. "Before I could even mention the book, he waxed eloquently in a soliloquy that I call 'The World Is Flat: The Oral Edition,' " Kaufman recounted. That episode about Friedman's treatise on globalization "cinched" his support for Romney, he said.

Anne Dunsmore, a California fundraiser, got to know Romney during his work as chairman of the Republican Governors Association and was impressed by what she called his sense of optimism. Although he never asked, Dunsmore decided that she would plug Romney into her well-cultivated network of political contributors, should he decide to run for president.

"It was an easy choice being part of this family, no matter what he chooses to do," said Dunsmore, a Bush Ranger who has worked on five presidential campaigns.

Although most Rangers and Pioneers expect and demand personal contact with the candidates seeking their help, their decisions on whom to support are often shaped more by a desire to be on the winning team than by a sense of friendship.

"It's much more like a professional recruitment than it is a romance," Berman said. "A lot of it has to do with discussions about how the campaign's fundraising is going to work, the team, what the candidate's approach on fundraising is going to be."

Rogich put it more bluntly. "At the end of the season, there is a column with an 'L' and one with a 'W.' I want to be in the 'W' column," he said.

Romney Pledged In '94 To Seek Gay Rights (WP/AP)

The Washington Post, December 10, 2006

BOSTON, Dec. 9 -- Massachusetts Gov. Mitt Romney (R) is facing new questions about his beliefs on gay issues after the emergence of a letter he wrote during his 1994 U.S. Senate run, in which he promised to be a stronger advocate for gays than Sen. Edward M. Kennedy (D).

The Massachusetts governor has emphasized his opposition to same-sex marriage in recent months as he positions himself for an expected 2008 run for the Republican presidential nomination.

The 1994 letter was written to the Log Cabin Club of Massachusetts, a gay Republican group, when Romney was courting gay voters during his unsuccessful campaign against Kennedy.

Citing Kennedy's record of advocacy for gays and lesbians, Romney wrote: "For some voters, it might be enough to simply match my opponent's record in this area. But I believe we can and must do better. If we are to achieve the goals we share, we must make equality for gays and lesbians a mainstream concern. My opponent cannot do this. I can and will."

A gay-oriented Massachusetts newspaper, Bay Windows, has also released a transcript of a 1994 interview with Romney during the Senate race.

"I think the gay community needs more support from the Republican Party, and I would be a voice in the Republican Party to foster anti-discrimination efforts," Romney said, according to the transcript.

Tony Perkins, president of the conservative Family Research Council, said Romney's comments were "quite disturbing."

"This is going to create a lot of problems for Governor Romney," Perkins told the New York Times. "He is going to have a hard time overcoming this."

Conservative activist Paul M. Weyrich told the Times, "Unless he comes out with an abject repudiation of this, I think it makes him out to be a hypocrite."

Romney was wrapping up a week-long trip to Asia on Saturday and could not be reached for comment.

In an e-mailed statement, Romney spokesman Eric Fehrnstrom said that, as governor, Romney has supported "traditional marriage" and "the needs of children."

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The Pattern May Change, If... (NYT)

By Adam Nagourney

The New York Times, December 10, 2006

AFTER a 217-year march of major presidential nominees who were, without exception, white and male, the 2008 campaign may offer voters a novel choice.

But as Barack Obama, the senator from Illinois whose father is from Kenya, spends this weekend exploring a presidential bid in New Hampshire, and Hillary Rodham Clinton, the first woman to represent New York in the Senate, calls potential supporters in Iowa, the question remains: are Americans prepared to elect an African-American or a woman as president?

Or, to look at it from the view of Democrats hungry for victory in 2008, is the nation more likely to vote for a woman or an African-American for president?

Without question, women and blacks have made significant progress in winning office. The new Congress will include 71 women — one of whom will be the first female speaker of the House — compared with 25 when Representative Geraldine Ferraro, a Queens Democrat, became the first woman to run as a major-party vice presidential candidate in 1984. There will be 43 blacks in the new Congress, compared with 13 when the Congressional Black Caucus was formed in 1969. A Gallup Poll in September showed a steady rise in the number of people who expect the nation to elect a woman or an African-American as president one day: Americans, it seems, are much more open to these choices than, say, someone who is an atheist or who is gay.

Times are indeed changing. But how much?

Over the past of the past eight years, in the view of analysts from both parties, the country has shifted markedly on the issue of gender, to the point where they say voters could very well be open to electing a woman in 2008. That is reflected, they say, in polling data and in the continued success of women running for office, in red and blue states alike. "The country is ready," said Senator Elizabeth Dole, the North Carolina Republican, who ran unsuccessfully for president in 2000. "I'm not saying it's going to happen in '08. But the country is ready."

By contrast, for all the excitement stirred by Mr. Obama, it is much less certain that an African-American could win a presidential election. Not as many blacks have been elected to prominent positions as women. Some high-profile black candidates — Harold Ford Jr., a Democrat running for the Senate in Tennessee, and Michael Steele, a Republican Senate candidate in Maryland — lost in November. And demographics might be an obstacle as well: black Americans are concentrated in about 25 states — typically blue ones, like New York and California. While black candidates cannot assume automatic support from black voters, they would at least provide a base. In states without big black populations, the candidate's crossover appeal must be huge.

"All evidence is that a white female has an advantage over a black male — for reasons of our cultural heritage," said the Rev. Jesse L. Jackson, the civil rights leader who ran for president in 1984 and 1988. Still, he said, for African-American and female candidates, "It's easier — emphatically so."

Ms. Ferraro offered a similar sentiment. "I think it's more realistic for a woman than it is for an African-American," said Ms. Ferraro. "There is a certain amount of racism that exists in the United States — whether it's conscious or not it's true."

"Women are 51 percent of the population," she added.

Many analysts suggested that changing voter attitudes can best be measured in choices for governors, since they, like presidents, are judged as chief executives, rather than legislators. There will be one black governor next year — Deval L. Patrick in Massachusetts, the second in the nation since Reconstruction.

By contrast, women will be governors of nine states, including Washington, Arizona and Michigan, all potential battleground states in 2008, a fact that is no doubt viewed favorably by advisers to Mrs. Clinton.

"Voters are getting more comfortable with seeing governors as C.E.O.'s of states," said Gov. Kathleen Sebelius, a Kansas Democrat. Gov. Jennifer M. Granholm, a Michigan Democrat who won a second term last month, said in an interview that when she first ran, she had to work harder. "Not this time," she said in an interview. "They are used to a woman being governor."

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Of course, governors don't have to handle national security. And Mrs. Clinton has used her six years in the Senate to try to counter the stereotype that women would not be as strong on the issue, especially with the nation at war. Mrs. Clinton won a seat on the Armed Services Committee, and was an early supporter of the war in Iraq.

Mr. Obama is in many ways an unusual African-American politician, and that is why many Democrats, and Republicans, view him as so viable.

Mr. Obama is a member of a post-civil-rights generation of black politicians and is not identified with leaders like Mr. Jackson and the Rev. Al Sharpton of New York, who are polarizing to many white voters. He has a warm and commanding campaign presence that, as he showed in Illinois, cut across color lines.

Donna Brazile, a prominent Democratic strategist who is black, said that she had been deluged with e-mail messages from people looking to volunteer for Mr. Obama — and that most of the requests were from white voters.

Moreover, there is abundant evidence that attitudes toward black candidates are changing among white voters. In Tennessee, Mr. Ford lost his bid to become the state's first black senator since Reconstruction, but by only three percentage points.

Surveys of voters leaving the polls showed that 40 percent of white voters supported Mr. Ford, compared with 95 percent of black voters. More intriguing, the final result was the same as what the exit polls had suggested. Before this, in many races involving black candidates, the polls predicted that they would do better than they actually did — presumably because voters were reluctant to tell questioners they did not support the African-American.

That said, Mr. Ford lost his race after Republicans aired an advertisement that Democrats said was explicitly racist. Many Democrats said a lesson of the loss was that racial appeals still have force, particularly in the South.

Race and gender are big issues in American politics, but they are not the only ones, particularly in the coming race. Mr. Obama, should he run, may find his lack of experience will be far more troublesome to voters than his color. He is 45 and serving his first term as senator.

Mr. Obama said that many black voters he spoke with have serious questions about whether America is ready to elect an African-American president.

"I think there is a protectiveness and a skepticism within the African-American community that is grounded in their experiences," Mr. Obama said in an interview. "But the skepticism doesn't mean there's a lack of support."

David A. Bositis, senior political analyst with the Joint Center for Political and Economic Studies, a nonpartisan Washington group that studies black issues, said that it would certainly be hard, but not impossible for an African-American candidate to win.

"I certainly felt in the '90s that if Colin Powell had been nominated on a major party ticket, he would have had a very good chance to win," Mr. Bositis said. "If it's the right black candidate, I do think there is propensity to elect a black. But it has to be the right black candidate."

Road To The White House May Be Lined With Books (WP)

By Zachary A. Goldfarb

The Washington Post, December 10, 2006

Can you write your way into the White House?

A number of prospective 2008 presidential candidates are betting that the free publicity that comes with the release of a book can't hurt.

Sen. Hillary Rodham Clinton (D-N.Y.) will re-release her book, "It Takes a Village," on Tuesday, 10 years after she published the book as first lady. She will do a limited amount of media promotion in the next week for the book, in which Clinton argues that collective effort is needed to protect and defend children. In a newly written introduction, Clinton "reflects on how our village has changed over the last decade -- from the impact of the Internet to new research in early child development and education," according to her publisher, Simon & Schuster. Clinton also discusses such issues as security, the environment and the national debt.

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Other prospective Democratic candidates have been on aggressive book-publishing schedules. Sen. Barack Obama (D-Ill.) has been actively promoting his new book, "The Audacity of Hope." Former North Carolina senator and 2004 vice presidential candidate John Edwards has traveled to early primary states to sell his new tome, "Home."

Sen. John McCain (R-Ariz.) and his chief of staff, Mark Salter, will release their fifth book in August, according to the National Journal Web log. The book, tentatively titled "Hard Call," will explore historic decisions in politics, history, science and other endeavors. According to the Web log, McCain and Salter have identified six key principles that separate success and failure: awareness, timing, confidence, foresight, humility and inspiration.

Al Gore, who has kept the door to a presidential run slightly ajar, next year will publish "The Assault on Reason" -- an examination of how "the public arena has grown more hostile to reason." Gore is well known for promoting his candidacy through his causes. In 1992, as a vice presidential candidate, he published a cautionary tale on the environment, "Earth in the Balance."

Tackling that subject area next will be Sen. John F. Kerry (Mass.), the 2004 Democratic presidential nominee, who is releasing a so-far-untitled book on the environment in March with his wife, Teresa. According to PublicAffairs, his publisher, the book describes the work of the senator and his wife on promoting the environment from the San Juan Basin to the South Bronx. In an author's note, Kerry writes that "we are sliding dangerously backwards in almost every sector of environmental concern. . . . We share a sense of urgency about the need to reinvigorate grassroots action which takes these concerns into the ballot box."

Massachusetts Gov. Mitt Romney (R), has no plans for a book in the next few years. Another possible GOP presidential hopeful, former New York mayor Rudolph W. Giuliani, also has no book plans, though his post-Sept. 11 tome, "Leadership," was a huge success.Sen. Clinton vs. Sen. McCain?

National Journal's well-regarded survey of Washington insiders shows that nearly 69 percent believe that Clinton will be the Democratic nominee, while 73 percent believe that McCain will be the Republican nominee.

Notably, Republicans believe that Clinton is a much stronger candidate than the Democrats give her credit for. More than half of Republicans say she is the strongest candidate. But only a quarter of Democrats believe the same of her. Both Republicans and Democrats agree that Obama is the second strongest.

More than half of Republicans, meanwhile, believe that McCain is the strongest candidate, while 70 percent of Democrats do. Republicans believe that Romney is the second strongest, but Democrats say that Giuliani is No. 2.

The 2008 election could yield the first female (Clinton), black (Obama) or Mormon (Romney) president. The insiders did not believe, generally, that religion or gender would hurt or help the candidates. But nearly half of Democrats and 40 percent of Republicans believed that Obama's race could hurt him in the campaign.The State of Finances

Campaign finance filings last week gave a picture of the financial state of the parties' six campaign committees.

The Republican National Committee had $6 million on hand and received a $12 million transfer in late October from Bush's 2004 reelection campaign committee. The National Republican Congressional Committee had $1.3 million on hand with more than $13 million in debt, while the Republican National Senatorial Committee had $500,000 with $200,000 in debt.

The Democratic National Committee had $4.7 million in cash and $4 million in debt, while the Democratic Congressional Campaign Committee had $2.2 million in cash and $10 million in debt. The Democratic Senatorial Campaign Committee had $2.3 million in cash and $5.4 million in debt.

Crist Cancels Inaugural Ball, Saying Big Party Didn't Feel Right (AP)

AP, December 9, 2006

Gov.-elect Charlie Crist has decided to cancel his inaugural ball, saying Saturday that he didn't feel right about an expensive party when many people are struggling with higher insurance and property tax bills.

Other free events, including a prayer breakfast, parade, the swearing-in ceremony and tours of the governor's mansion will still continue.

"It's a difficult time for a lot of Floridians and there's no need to have a big party," Crist said. "Many times it's your natural inclination to follow tradition, but then you start to reflect and you realize what the circumstances are for many Floridians."

The ball was to be a $100-a-ticket celebration and concert at the Tallahassee-Leon County Civic Center.

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Crist said he had been thinking about canceling the event over the past week.

"It was a mistake to want to go forward to honor that tradition just for tradition's sake," Crist said.

Other inaugural events will precede the Jan. 2 swearing in, beginning Wednesday with an inaugural breakfast at Miami's Parrot Jungle Island and followed by a kickoff barbecue Dec. 17 at the New York Yankees' spring training site in Tampa.

Crist's inaugural committee is also returning all donations it's received, including $100,000 from Trigeant Air LLC; $50,000 each from GEO Group Inc. and U.S. Sugar Corp.; and $25,000 each from Colodny, Fass, Talenfeld, Kalinsky & Abate and A. Duda and Sons Inc.

The committee won't take any donations above what previous administrations have accepted. Once it determines that figure, it will set a limit on donations and begin accepting them again.

Gov. Jeb Bush raised more than $2 million for the governor's inaugural festivities in 2002, including $10,000 donations from several companies.

Any money left over after costs are covered will be given to Derrick Brooks Charities, the Jessica Marie Lunsford Foundation and the National Center for Missing & Exploited Children.

Bone-weary Haulers Raise Risks On Road (CHIT)

By Stephen Franklin, Darnell Little

Chicago Tribune, December 10, 2006

Hurtling down a darkened Indiana highway, Roger Kobernick pulls his 75-foot long rig into a truck stop just long enough to grab his one meal of the day, a thin bologna and cheese sandwich that he gulps down with a huge mug of black coffee.

He has several more hours of driving ahead this night to reach a warehouse in Walton, Ky., where he wants to be the first in line so he can get quickly unloaded and back on the road.

The next morning, after his truck is emptied, he sets off without breakfast or even washing up. Hours later, as he falls in with a truck caravan snaking along a stretch of North Carolina's Smoky Mountains, he relaxes and his worries spill out.

"I'm 42 years old," he says. "And what am I going to do? Give it up? No, you gotta go out and pay the bills. You gotta keep plugging at it. I don't foresee me ever retiring. My dad worked 'til the day he died and I foresee that being me."

Truckers like Kobernick are travelers adrift in a tumultuous sea.

Spurred by a global economy that demands that goods be delivered on time and at low prices, business has never been so brisk and so cutthroat. Paid by the delivery, not the hour, the country's 350,000 independent truckers like Kobernick are lashed to punishing schedules that practically force them to live in their rigs. Counting all their time on the job, some earn as little as $8 an hour.

Long hours, chaotic schedules and exhausting work conditions make for a potentially lethal formula--for truck drivers and everyone else on the road.

Nearly a decade ago, the government vowed to significantly reduce the number of fatalities from truck crashes, but the results have been mixed. Nationally the death toll fell until 2002 and then started climbing. In the three most heavily traveled states, California, Texas and Florida, deaths involving large truck crashes have steadily climbed.

Over 5,000 people die and 116,000 are injured yearly in truck-related accidents, according to the Federal Motor Carrier Safety Administration.

Most often the victims are in passenger cars.

Take the night last April when trucker Robert Spencer, 37, of Canton Township, Mich., was headed north on Interstate 69 in Indiana at close to 70 miles an hour, according to a sworn statement from an investigator.

His truck crossed the highway's divide and slammed into a southbound van carrying nine people from the Ft. Wayne campus of Taylor University. Five were killed, four of them students in their early 20s, and the rest were injured.

"Did I hit something? What happened? Who did this?" Spencer said at the scene. Besides five counts of reckless homicide, Spencer also was charged with filing a false logbook, concealing that he had driven 9½ hours beyond the 11-hour daily maximum allowed by law.

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Truckers do not escape being victims; 930 were killed in the U.S. while working last year, up 33 percent from 1992. And while they made up only 2 percent of the workforce last year they accounted for more than 16 percent of fatal workplace injuries.

Last week the health of truck drivers was taken up by the U.S. Appeals Court in Washington, D.C. It heard the latest arguments in a long battle that has pitted trucking companies against groups concerned with driver safety. Companies are pushing to increase the time drivers can be behind the wheel; critics contend that extending truckers' workdays is aimed at increasing corporate profits at drivers' expense.

Ongoing regulation battle

The faceoff began more than a decade ago. It started when Congress, alarmed by the growing toll of highway crashes, asked for new rules to protect truckers' health.

After much political wrangling, the Federal Motor Carrier Safety Administration in 2003 responded by issuing a rule that among other steps, expanded truckers' daily driving time to 11 hours from 10. Safety groups challenged the rule, a federal appeals court upheld their complaint and ordered the agency to revise the rule.

The federal agency last year came back with its revision, but safety groups and others challenged it, too, saying it reflected trucking firms' interests in cutting costs.

The National Institute for Occupational Safety and Health, the federal government's workplace health research arm, backed the opponents, saying that expanding driving time would lead to even more driver fatigue.

In reply, federal officials said an 11th hour would allow some truckers the flexibility to finish work without laying over. Added to the new rule was a 14-hour cap on a trucker's workday and a 34-hour break after a week's work. Both changes, the officials said, were aimed at normalizing truckers' lives.

Critics contended, however, that a 14-hour cap would mean drivers will be able to work nearly 40 percent more than before.

"You have drivers who are already working almost twice the normal 40-hour week," says LaMont Byrd, the Teamsters' Health and Safety director.

Dave Osieke, head of safety for the American Trucking Association, said the fact that fatality rates had fallen until only recently is evidence "that safety has improved."

One reason fatality rates haven't fallen faster, adds Ian Grossman, a spokesman at the Federal Motor Carrier Safety Administration, is that highways are more congested and more truckers are on the road. Since 1996 trucking mileage has soared by 43 billion miles, up 24 percent. Considering such dramatic changes, the death toll increase is quite low, he says.

Taking the surge in trucking mileage into account, the number of fatalities has fallen in the last 30 years.

In 1975, there were 5.51 fatalities per 100 million vehicle miles traveled; that number had dropped to 2.81 by 1996, and was 2.29 in 2004, according to the Federal Motor Carrier Safety Administration.

Waiting, for nothing

Kobernick started working around trucks at age 16 at the same La Crosse, Wis., company that employed his late father, LaVern. Nine years ago Kobernick became an independent trucker. And every other week for the last few years he has made runs to and from Florida from points in Wisconsin and Minneapolis.

On this particular day he had a good-paying load: more than 20 tons of fish, nuts, cheese, mustards and horseradish.

But going home with a profitable load is usually more difficult. Competition going north is so stiff that Kobernick sometimes barely breaks even or waits for days for better-paying loads. Time spent waiting is money lost because independents are not paid for sitting idle.

"Hopefully I will catch up one day here down the road," he says wistfully, early on a southern run as he steers through a clogged stretch of I-90 near Chicago.

Photographs of his family are stuck above the door beside him in the cab, and he calls home morning and night, asking his wife about their two young girls, and what's going on back home in La Crosse.

Because he cannot afford health care, he relies on state-sponsored coverage for himself and his family. They are qualified to receive food stamps, but pride stops them from doing so. In his best year he earned $40,000, but last year he made only $9,000.

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Much has gone wrong for him in the last few years, and he partly blames it on freight rates that have barely gone up while fuel and other costs have soared and eaten away at his profits.

He also has made some financial missteps, among them expecting tax write-offs for his rig to help his bottom line. Instead, he owes $15,000 in state and federal taxes.

And 25 years behind the wheel have taken its toll. Last summer, barely able to bend his back, he had surgery. One doctor had turned him away, saying surgery would be foolish since he would return to truck driving.

The surgery put him out of work for four months. Without savings, he took out a home equity loan to pay bills, then sold his truck's trailer and bought a less costly model.

He also has decided to sell his two-year-old $140,000 truck because the $2,000 monthly payments are killing him. To attract potential buyers Kobernick has had to steadily lower the asking price.

Once back to work, he initially drove his 18-wheel, 80,000-pound behemoth practically anywhere, as long as it brought in needed cash.

Now he focuses on the Florida run. Without looking at a map, Kobernick knows all the weigh stations, and the truck stops where there's room for the night--a growing problem for truckers.

"I haven't had a vacation in 12 years. I have no dental. No pension. No savings," he says as the sun's dying rays filter through pine trees in South Carolina. "Hopefully, I'll catch up one day here down the line. But right now that isn't going to happen any time soon."

Union dominance disappears

When did the dream of being a trucker turn sour?

It began after the government deregulated the industry in 1980, says Mike Belzer, a one-time Chicago trucker now a Wayne State University professor and trucking industry expert. Ever since, he says, it has been a "race to the bottom."

Before 1980, nearly 9 out of 10 over-the-road drivers were union members, he says. Today, 1 out of 10 carry a union card. That shift ushered in lower pay, fewer benefits and tougher working conditions.

It also made the highways far more dangerous as inexperienced and lower-paid drivers push themselves to earn more, Belzer adds.

"You get what you pay for," Belzer explains. It is a matter of choosing between a "skilled professional" and someone "from the soup line," he says.

New drivers' inexperience worries Kobernick too. Schmoozing at a warehouse in northern Kentucky, Kobernick swaps stories about new drivers with fellow trucker Jerry Knoy, 52, of Salem, Ind.

"I met a guy two weeks ago who said, `Hey, can you back my truck in for me,'

" Knoy says.

`Sweatshop on wheels'

By the late 1990s much of the industry was transformed into a "sweatshop on wheels," Belzer claims. Truckers' income, when adjusted for inflation, dropped steadily as the market was flooded with new companies, new drivers, and pressures from shippers and manufacturers to keep freight costs down.

Figures from the American Trucking Association show that between 1980 and 2005, the number of interstate trucking companies soared from 20,000 to 564,000. But nearly 90 percent operate six trucks or less, according to the industry group.

The result is a highly fragmented industry with "low profit margins," according to an association study.

Out of an estimated 3.3 million truckers, about 1.3 million haul freight. Of these, about 350,000 are independent drivers. Most own their trucks but lease them to companies. Or, in Kobernick's case, they work for whoever has goods for them to carry.

Some Teamsters members earn as much as $70,000 yearly, and industry experts say the salaries of drivers for large, non-union fleets are close. Overall, the average pay is about $35,000 a year.

The average independent driver earns about $40,000 a year, according to the Owner-Operator Independent Drivers Association, a Missouri-based group that represents about 140,000 drivers.

"But to make that $40,000, you've got to work about 120 hours" a week, says John Siebert, an official with the group.

Both mental and physical health can be impacted, he says.

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Several years ago, when glancing through members' obituaries, Siebert discovered that their average age at death was 55. In his research, he also found a higher-than-average suicide rate for members and turned his findings over to NIOSH, which has been examining truckers' health for the last few years.

Siebert believes such problems are linked to difficult lives and financial stress. He ticks off organization surveys that show that nearly 9 out of 10 of its members are obese or overweight and nearly two-thirds expect to rely solely upon Social Security when they retire.

He especially worries about produce haulers like Kobernick who have highly unpredictable work schedules. If anything goes wrong, or their schedule is too tight, they lose out financially, and their health often is neglected as they push to work longer hours.

"These guys are working 100 to 120 hours a week, and their sleep patterns are all over the clock," he says.

Hard to stay positive

Kobernick is first in line in the morning outside the warehouse in Jacksonville, Fla. But he didn't have a definite time slot and workers say they can't unload him. That's it, a clerk coolly says and returns to her paperwork.

He phones the shipper, who tells him to leave the goods in a warehouse in Orlando.

That will mean two to three hours of lost time, and lost money spent on fuel and tolls--cash he didn't plan on spending.

Moreover, Kobernick is not sure he can make his next delivery on time in Pompano, and that unsettles him. He calls the warehouse and politely asks if they can stay open a little bit late. They say they can, but not much.

As he wheels his truck, the sunlight is blinding and Jacksonville's morning traffic seems glued to the road. He doesn't talk much this morning and unloads the truck himself in Orlando in order to get back on the road. There is no time for a break.

Luckily traffic is not bad, and he arrives with time to spare at a warehouse on a small side street in Pompano. Late in the afternoon he takes his day's first break at a farmer's market in Pompano, where truckers gather.

The banter is gloomy. Shipping rates are low, the truckers say. Some have been waiting days for a good load. Others are just tired of waiting and wondering about whether they can eke out a decent living.

The business, they say, is not what it used to be.

"There's no way a driver can go by the law," says a tired-looking, middle-age trucker. The group nods in agreement. They also complain about truckers who accept low rates that undercut others.

"There are guys sitting around here who'll take 75 cents a mile to get out of here. I need $1.50 just to make ends meet," grumbles Steve Hinton, 63, of Atlantic, Iowa.

Kobernick doesn't have time to kill. He rolls on to a warehouse west of Ft. Lauderdale, almost in the Everglades. He parks at the entrance to the warehouse, and just before 10 p.m. falls asleep in seconds.

By 5 a.m. he is already anxiously waiting for the warehouse to open. He has taken only one shower in four days and there's no place to wash up or go to the bathroom.

He has no idea whether he will have a good load going home. Time spent sitting is simply lost money because independent truckers are only paid by a share of the shipping costs or by mileage, not their time on the job.

"Every day something seems to come along to put us out of commission. But you just gotta keep that positive attitude," he says in the warm, lonely darkness.

Making The Highways Less Safe (NYT)

The New York Times, December 10, 2006

To describe the Bush administration's policy toward the trucking industry as deregulation is farcical. The word empowerment is so much more fitting for the array of trucking executives the White House appointed to be the ranking regulators of their own industry. While avowing professionalism, this cadre of political contributors and industry insiders has brazenly relaxed federal standards for truck safety over the last six years. Rather than tightening drivers' hours as safety specialists advised, the political powers at the truck safety agency have actually loosened them — increasing the maximum driving hours to 77 from 60 over seven days, and to 88 hours from 70 over eight consecutive days on the road.

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The industry's deep-pocketed lobbyists made sure the Republican-controlled Congress remained as passive as any glassy-eyed driver involved in the annual toll of 5,000 truck-related fatalities. A detailed report in The Times by Stephen Labaton has laid bare the administration's shameful policy of industry pandering as the worst in a generation. Rather than fulfilling the standard set a decade ago to halve the death rate by now, the administration has let the industry continue as the nation's most treacherous. The accident fatality rate is nearly double that involving only cars.

The list of highway foxes embedded in the regulatory henhouse highlights the Bush era's anointment of big industry across the spectrum of public and worker safety, from mines to Interstates. The head of the government truck safety agency, Joseph Clapp, was a trucking executive who led a foundation that produced research ludicrously discounting driver fatigue as a factor in accidents. David Addington, a trucking industry force for loosened regulations, eventually became chief of staff to Vice President Dick Cheney — and a zealot for overweening executive power.

Reprimanded in court rulings for ignoring its own experts' findings about driver fatigue, the truck safety agency responded by reissuing the same faulty controls. These evade such obvious needs as stronger training and reliable electronic trip logs in place of "comic books," as grizzled long-haulers call their paper logs. Safety specialists point out there would be a national uproar if airline regulators dared to tolerate a fatality rate of 5,000 a year.

The Reliable Source (WP)

By Amy Argetsinger, Roxanne Roberts

The Washington Post, December 10, 2006

The Salamander Queen's Quest for Newt Markets

Never mind that Sheila Johnson's uber-luxe Salamander resort won't be opening in Middleburg until the summer of 2009 -- a few years behind schedule owing to zoning difficulties and environmental concerns.

She's keeping her signature lizard logo -- which already gave its name to her hunt-country farm, gourmet markets in Middleburg and Palm Beach and a line of pricey linens -- visible on a new jewelry collection launched Thursday night in Middleburg. About 100 friends and neighbors (and husband of 15 months, Judge William Newman) dropped by Mystique jewelry store, where basketball player Alana Beard of Johnson's Washington Mystics modeled a silver double-salamander necklace and earrings. (The Crowned Salamander Collection, which sells for $150 to $10,000, also includes cuff links, money clips, pendants and pearl necklaces.)

"Oh, man, I just have to cross market -- my team, my jewelry," Johnson told The Post's Annie Groer. "This is all part of the branding experience for the Salamander spirit."

The savvy billionaire is keeping busy while she navigates the tricky approval process for a 120-room hotel and spa on 340 acres located on the outskirts of Middleburg. On Wednesday, with Gov. Tim Kaine at her side (she was one of his largest donors in last year's campaign), Johnson announced a $5 million donation to the University of Virginia for preschool education. She's also dipping her toe into the District, exploring development of a hotel in a Northeast warehouse district.

The jewelry launch was accompanied with jazz and steak tartare, smoked salmon and crab cakes catered by (you have to ask?) Johnson's Market Salamander down the street. No, she doesn't miss a trick.

UPDATE

Reports from sick bay:

-- Chris Matthews is out of the hospital and ready to start interrupting people again. The "Hardball" host was sidelined by complications from diabetes, which caused him to miss more than a week behind the mike. As of press time he hadn't called back to let us know how he's doing.

-- Roberta McCain is heading to her son's home in Arizona after cracking her hip. The 94-year-old mother of Sen. John McCain was leaving her son's holiday party at the Corcoran Gallery of Art on Monday when she caught her heel on the curb and fell. "I feel fine," said the party-hearty gal (who stayed at the Kennedy Center Honors until after midnight the night before.) No surgery, but doctors have ordered McCain to stay off her feet for 10 weeks, which means she had to cancel trips to California and Ireland, and that the GOP presidential aspirant will have to wait on his mom. "Boy, I'll eat that up," she told us.QUOTED

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"Jessica is so great that one day they will probably honor her. If I were fortunate to be asked to perform for her, I would probably forget my wig!"

-- Dolly Parton, covering for Jessica Simpson's weepy onstage freakout at the Kennedy Center Honors after Simpson forgot some lyrics to "9 to 5." Sweet of you, Dolly, but we're buying none of it.

READERS TELL US . . .

Our story last Wednesday breaking the news that Dick Cheney's openly gay daughter, Mary, is pregnant drew scads of comments. One reader chastised us for a headline suggesting Cheney and longtime partner Heather Poe"are about to be moms" -- "Heather is more accurately a stepmom." And no matter how many times we stressed the couple has not disclosed the technical details on how this pregnancy happened, about, oh, a million people demanded, "Who's the father???" Why, what a great question -- never occurred to us to ask! An online reader writes: Where's the reporting on Jane Doe from rural Virginia or Jane Doe from Baltimore City having a baby? Who cares, other than the Cheney family, that the Cheney daughter is having a baby? You are only helping in this whole "putting celebrities up on a pedestal" world we live in. It's the same as giving a drug addict their next fix as opposed to getting them into rehab to help their problem. Gossip doesn't help further this country or the world but I guess it pays the bills.

Yep, sure does. We'd answer the rest of your question but -- well, guess you aren't here reading this, are you? The rest of you, though, send your questions, comments and story tips to reliablesource@washpost.com.

N.Korean Nuclear Talks To Resume Dec. 18 (AP)

By Anne Gearan

AP, December 10, 2006

A long-delayed round of international talks aimed at ending North Korea's nuclear weapons program is scheduled for later this month, a senior U.S. official said Saturday.

Talks are expected to reconvene Dec. 18 in Beijing and continue for three to five days, the official said. The official spoke on condition of anonymity because host China had not announced final plans.

North Korea has stayed away from the six-nation talks for more than a year, but agreed in principle this fall to resume negotiations. U.S. diplomats have been preparing for a new round, which would be aimed at implementing a moribund agreement by the North to renounce weapons and their development, but the date was uncertain.

The disarmament talks carry greater weight now that North Korea has exploded a nuclear device and tested a long-range missile earlier this year. Pyongyang ignored warnings against both actions from ally China and much of the rest of the world.

Secretary of State Condoleezza Rice said last month North Korea must come to new talks ready to deal, or there is no point in holding them. It is not clear whether the North has made specific promises for the outcome of the new talks. But the U.S. official said China has promised the sessions will produce results.

The six nations — the United States, North and South Korea, China, Japan and Russia — signed a statement of principles in September 2005 outlining the assistance Pyongyang would receive in exchange for dismantling its nuclear weapons facilities. In addition to economic and energy benefits, the statement contains security guarantees for North Korea.

The United States announced Friday a series of sanctions against North Korea triggered by the official finding that it had triggered a nuclear device in the October test. Although the United States quickly decided Pyongyang had conducted a test, Bush signed an official presidential determination only Thursday.

With that determination, the United States was required to bar nuclear cooperation under the Atomic Energy Act and financial assistance under the Export-Import Bank. The United States provides neither to North Korea. The determination also requires a wide range of economic sanctions that already are in place.

The White House said the finding did not affect humanitarian aid.

Iran Expands Uranium Enrichment Program (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, December 10, 2006

DOJ_NMG_0104777

Iran has begun installing 3,000 centrifuges in an expansion of its uranium enrichment program that brings the Islamic nation significantly closer to large-scale production of nuclear fuel, the president said Saturday.

President Mahmoud Ahmadinejad also claimed that the international community was caving in to Tehran's demands to continue its nuclear program.

"Resistance of the Iranian nation in the past year forced them to retreat tens of steps over the Iran's nuclear issue," the semi-official Fars agency quoted Ahmadinejad as saying. Fars is considered to be close to Iran's elite Revolutionary Guards.

Iran has been locked in a standoff with the West over its nuclear program. The U.S. alleges that Tehran is secretly trying to develop atomic weapons, but Iran contends its program is for peaceful purposes including generating electricity.

Iran said earlier this year that it intends to move toward large-scale uranium enrichment involving 3,000 centrifuges by late 2006, and then expand the program to 54,000 centrifuges, which spin uranium gas into enriched material to produce nuclear fuel.

Uranium enrichment at low levels can be used to produce fuel to generate electricity but at higher levels can be use to make atomic bombs.

"We have started installing 3,000 centrifuges" at a plant in central Iran, Ahmadinejad told a group of students in Tehran on Saturday, according to Fars. He said the move, at a plant in central Iran, marks the "first step toward industrial production.

"We will be able to produce our nuclear fuel once we install 60,000 centrifuges," he said.

Iranian nuclear officials say 54,000 centrifuges would produce enough enriched uranium to fuel a 1,000-megawatt reactor, such as the one Iran has built with Russian assistance at Bushehr, southern Iran. The reactor is due to come on stream next year.

The United States and its European allies have been seeking a U.N. Security Council resolution to impose sanctions on Tehran for refusing to suspend enrichment. But Russia and China have opposed tough action advocated by the U.S., Britain, Germany and France and the Security Council appears to have reached a standstill on the issue.

Iran announced for the first time in February that it had enriched uranium using 164 centrifuges, and it confirmed last month that it has stepped up uranium enrichment by injecting gas into a second network of centrifuges.

"When we built these centrifuges, they (the U.S. and its European allies) said Iran won't be able to assemble them. ... Now, a month has passed since we launched the second cascade," Ahmadinejad was quoted as saying.issue.

Ahmadinejad boasted last month that Iran would soon celebrate, probably in February, the completion of its nuclear fuel cycle program — from mining uranium ore to enriching it.

On Friday, key European nations circulated a revised U.N. resolution that narrowed the proposed sanctions on Iran in a bid to win Russian and Chinese support. The new draft would ban the supply of materials and technology that could contribute to Iran's program, but it gave much greater detail on what items would be prohibited.

Iran has said it will never give up its right under the Nuclear Nonproliferation Treaty to enrich uranium and produce nuclear fuel. Officials have said they plan to generate 20,000 megawatts of electricity through nuclear energy in the next two decade

Interests Drive U.S. To Back A Nuclear India (NYT)

By Somini Sengupta

The New York Times, December 10, 2006

NEW DELHI, Dec. 9 — Ask the champions of the landmark nuclear deal with India that President Bush is expected to sign into law next week why only that country will be allowed into the world's nuclear club while others are denied, and a common reason you will hear is this: unlike those others, India will be a responsible nuclear citizen.

But beyond simple good will, unique commercial and strategic imperatives have driven a bipartisan swell of support for the deal, even though New Delhi steadfastly rejects the global nonproliferation treaty and advances a nuclear weapons program.

The nuclear accord opens the door, for the first time in more than 30 years, for New Delhi to buy fuel, reactors and other technology to expand its civilian nuclear program.

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R. Nicholas Burns, the United States under secretary of state for political affairs, called it the "symbolic center" of a sweeping new relationship with India. K. Subrahmanyam, a foreign policy analyst and one of the best-known Indian advocates of the nuclear partnership, called it a "litmus test for the future of India-U.S. relations."

The economic incentives for the United States are huge.

As India gradually opens its vast market, American companies stand to make a great many gains, from investments in Indian real estate to selling soybean oil and fighter planes. There is also New Delhi's growing strategic value in a rapidly changing Asia.

"We see India as important for both intrinsic and extrinsic reasons," said Ashley Tellis, senior associate at the Carnegie Endowment for International Peace and a former adviser to Mr. Burns. "Intrinsic because it's a large country growing very rapidly, it's a market for American goods, and a country with which we share common values. Extrinsically, India is a growing power in the context of where Asia is evolving."

That a contentious bill has enjoyed so much bipartisan support is revealing. Neither Democrats nor Republicans, it seems, think that the opportunity can be passed up.

"India can be an important partner on a range of issues, from combating the threat of terrorism and proliferation to promoting democracy and regional security," Senator John Kerry, Democrat of Massachusetts, said by e-mail late Friday from Washington. "Cooperation on the civilian nuclear front can move this essential partnership forward."

The Heritage Foundation, a conservative research group, described India as "a vibrant democracy with a rapidly growing economy," and predicted that good relations with New Delhi "will provide a stabilizing influence in Asia."

The two countries are poised to expand their range of counterterrorism operations. Just this year, in two major military deals unthinkable a few years ago, India bought a used American naval vessel and six military helicopters; together they are worth nearly $90 million.

India is also in the market to buy as many as 126 new fighter planes, and American manufacturers are eager to fill the order — a deal that could total as much as $6 billion. If they win the contract, the United States could well supplant Russia and Israel as India's biggest military supplier.

Senator Joseph R. Biden Jr., a Delaware Democrat set to take over the Senate Foreign Relations Committee next month, described the nuclear bill as implicit recognition of India's long-term value to the United States.

"We can talk about the various aspects of India's importance in the coming decades — as a counterweight to China, as a rising military power, as an energy consumer, as an economic force, as a bulwark against terrorism and extremism, as a cultural beacon throughout Asia and the world," he wrote by e-mail. "We can parse the various ways in which India will be vitally important — but we can't seriously question that India will be vitally important, and that's why I've been saying for years that there's no bilateral relationship more important than the one between the U.S. and India."

With the Indian economy growing at a steady clip of up to 8 percent in recent years, India last month hosted the largest American trade delegation to any single country, including vendors of nuclear equipment.

Wal-Mart recently announced its long-awaited entry into the Indian retail market. And Boeing has an $11 billion contract for 68 commercial airplanes for India's booming airline industry.

The Americans are nudging India to relax rules on foreign investment, notably in the banking sector. The U.S.-India Business Council, a lobby group, predicted in a news release that the nuclear law would "yield a bounty of opportunity for both our countries."

Many in India are already celebrating. On Saturday, the Hindustan Times, an English-language daily newspaper, boasted in a headline stretching across its front page: "India gets to have its nuclear cake and eat it, too."

Generally prickly about any perceived slights to its sovereignty, the Indian government had worried that Congress would attach conditions to the nuclear bill that would influence Indian foreign policy or emasculate its nuclear weapons program. One of those conditions, though not binding on New Delhi, calls for Indian cooperation to contain Iran's nuclear weapons buildup.

The Indian foreign ministry, in a statement Friday, welcomed the bill but made note of what it called "extraneous" requirements. "No legislation enacted in a foreign country can take away from us the sovereign right to conduct foreign policy determined solely by our national interests," it said.

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India and the United States have yet to see eye-to-eye on a host of foreign policy issues, and they continue to have their own reasons to cozy up to each other's foes.

India, for instance, has cultivated closer ties to the military junta in Myanmar, or Burma, which Washington has consistently sought to isolate. Human Rights Watch earlier this week said that New Delhi had offered arms and counterinsurgency training to Myanmar.

The Indians say they reserve the right to cultivate the relationships they choose, and they naturally point to American affection for the government in Pakistan.

"There has to be a certain amount of understanding. If you have got some compulsions about Pakistan, we have got some compulsions about Myanmar," said Mr. Subrahmanyam, who is chairman of the Indian government's Task Force on Global Strategic Developments. "We are living in a very complex world, in which your interests and our interests are, at present, different. It will take time for it to be harmonized. All we can say is the door has opened."

Abbas Ponders Call For Early Elections (WP)

By Scott Wilson

The Washington Post, December 10, 2006

JERUSALEM, Dec. 9 -- Palestinian Authority President Mahmoud Abbas is inclined to call early elections, including for his own office, to end the political and economic crisis in the territories, Palestinian officials said Saturday.

The officials spoke after a meeting of the executive committee of the Palestine Liberation Organization that presented him with 17 options to end the months-long stalemate with the governing Hamas movement, whose leaders immediately rejected the proposed early elections. Abbas heads the influential panel, which is dominated by his Fatah party.

The proposals also included one to continue talks with Hamas over the formation of a power-sharing government acceptable to international donors, who cut aid to the Palestinian Authority following the radical Islamic movement's victory nearly 11 months ago in parliamentary elections.

Hamas, whose leaders reiterated as recently as this week their vow never to recognize Israel's right to exist, is classified as a terrorist organization by the United States, the European Union and Israel. Hamas is not a member of the PLO, which is recognized by Israel as the legitimate representative of the Palestinian people.

Abbas, a relative moderate, is expected to give a national address next week on how he intends to end the crisis that has battered the economy and increased partisan strife in the territories. He is under pressure from his own party to move decisively at a time when talks over a unity government have foundered again.

"After hearing all of the options, the president is leaning toward going back to the people with early elections for the presidency and parliament," said Saeb Erekat, the chief Palestinian negotiator and a member of the PLO's executive committee, who attended the meeting in the West Bank city of Ramallah.

Erekat said Abbas dismissed the option that he continue talks with Hamas, which ended Fatah's long monopoly on political power with its January election victory and has day-to-day control of the Palestinian government.

"He said, 'That's it, there will be no more talking,' " Erekat said.

Calling for early elections would mark an uncharacteristically bold gesture by Abbas, a cautious veteran of the Palestinian national movement who has long favored consensus over confrontation, even in his dealings with Israel.

For months, he has declined to exercise his authority to dissolve the Hamas-led cabinet, fearing that doing so would inflame partisan tensions. Both Hamas and his secular Fatah party have armed wings that have engaged in deadly clashes this year.

Elected to a four-year term in January 2005 after the death of Yasser Arafat, Abbas could sidestep legal questions over his ability to call early parliamentary elections if he also appears on the ballot. Palestinian election law is unclear on this point. But his aides say the president is allowed to dissolve parliament if he also submits to the vote, which polls show would not necessarily favor his party.

"The only exit from this crisis is a national unity government," said Ismail Radwan, a Hamas official in Gaza, adding that the movement would not submit to early elections. "Any other choice will not resolve it."

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After the meeting, PLO officials said Abbas intended to call early elections while making clear in his address that he will continue talking with Hamas about a unity government up until the day of the election. His aides said he has not set a timeline for the election.

The negotiations over a unity government have stalled in recent weeks over disagreement about the government's platform and which party would control the important interior and finance ministries.

Demonstrations over unpaid wages, common during the international donors' boycott of the Hamas-led government, continued Saturday in Gaza and the West Bank. About 2,500 policemen stormed the parliament building in Gaza City, while several dozen parents protested with their children in West Bank health clinics against the Hamas government.

Abbas May Call Palestinian Vote, But Hamas Says He Lacks The Power (NYT)

By Steven Erlanger

The New York Times, December 10, 2006

JERUSALEM, Dec. 9 — The Palestinian Authority president, Mahmoud Abbas, was said Saturday to be leaning toward calling early parliamentary and presidential elections, according to officials of his Fatah faction who have been pressing him to break a governing stalemate with the militant faction Hamas.

Mr. Abbas has been trying for months to negotiate with Hamas to create a Palestinian unity government that can meet international requirements, including recognizing Israel's right to exist, and receive money to help pay employees.

But Hamas, which humiliated Fatah in January's elections, has been unwilling to meet Mr. Abbas's terms or to give Fatah crucial ministries like Interior and Finance.

So Mr. Abbas has been stuck, with top Fatah officials urging him to fire the prime minister, Ismail Haniya of Hamas, and to call new elections. Ten days ago, Mr. Abbas announced that negotiations with Hamas were over.

On Saturday, according to Fatah officials who met him, Mr. Abbas said he would address Palestinians soon. One official who refused to be quoted by name said that Mr. Abbas saw no alternative but to call early elections, and that he was not closing to the door to dialogue with Hamas, but would not take part.

Saeb Erekat, the senior Palestinian negotiator, who was also at the meeting, said, "My understanding from Abbas's words today is that he is leaning toward calling for early presidential and parliamentary elections."

Hamas spokesmen on Saturday called any new parliamentary elections an attempted coup, and said that Mr. Abbas did not have the power to call them. Mr. Abbas can call new presidential elections by resigning, and can fire the prime minister.

But any new prime minister and government must be approved by Parliament, which is controlled by Hamas. The law does not give Mr. Abbas the power to dissolve Parliament without its consent or to call early parliamentary elections.

Some aides have argued to him that his powers are implicit, or that he could call a referendum on new elections, circumventing the basic law. Mr. Abbas is said to be skeptical and worried about new clashes between the factions, but also believes that Hamas opposes a unity government.

Abbas May Call Early Palestinian Elections (LAT)

By Richard Boudreaux, Maher Abukhater

The Los Angeles Times, December 10, 2006

RAMALLAH, WEST BANK — Palestinian Authority President Mahmoud Abbas said Saturday that he planned to call early presidential and parliamentary elections, a risky move aimed at replacing the Hamas-led government and clearing the way for peace talks with Israel.

Hamas warned that any such step would be illegal and meet with resistance, raising the stakes in a months-long and often violent conflict over control of the Palestinian Authority.

"We will not allow any coup against this government," Hamas spokesman Ismail Radwan said.

Under pressure at home and abroad to take decisive action, Abbas revealed his intention to a closed session here of the Palestine Liberation Organization's executive committee, participants in the meeting said. But he withheld a formal announcement until later this week.

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He left the door open to compromise with Hamas, saying there was still time for the Iranian-backed Islamic movement to hand power voluntarily to a multiparty "unity government" acceptable to Israel and the West. But he said he would no longer take part in negotiations with Hamas on the issue, which broke off early this month.

Hamas won control of the parliament and Cabinet by unseating the Fatah Party of the more moderate Abbas in January elections. That triggered economic sanctions by Israel and Western nations, including the United States, which demanded that Hamas renounce violence and recognize Israel's right to exist.

As economic hardship worsened in the West Bank and Gaza Strip, Abbas began pressing Hamas six months ago to give way to a unity government. The sanctions have left the Palestinian Authority unable to pay full salaries to its 165,000 employees, leading to frequent labor strikes and armed clashes between Fatah and Hamas.

On Saturday, at least 1,400 Palestinian policemen demanding their paychecks stormed the grounds of the parliament building in Gaza City and exchanged gunfire with a Hamas-led contingent of guards. Two guards were slightly wounded.

In the West Bank city of Hebron, dozens of parents carrying infants broke into a mother-and-child clinic that had been closed by a health workers strike.

The conflict has frustrated a recent push by the Bush administration to revive peace talks between Israel and the Palestinians after a six-year hiatus. Israeli Prime Minister Ehud Olmert offered last month to hold talks with Abbas if the Palestinians installed a government that recognized the Jewish state and freed a captive Israeli soldier.

But Abbas told U.S. Secretary of State Condoleezza Rice last month that efforts to form a unity government had hit a dead end because Hamas insisted on keeping control of the police and the treasury.

Abbas summoned the PLO committee, an advisory group, to guide his next steps. Participants in the meeting Saturday said he accepted its recommendation to call parliamentary elections early next year, three years ahead of schedule, and decided after lengthy debate to put his own job on the line as well. Abbas was elected in 2005 to a four-year presidential term.

"I have done my part, and the status quo cannot be maintained," several aides quoted Abbas as saying. "I see no choice but to go back to the people."

Palestinian officials say it would take at least three months to organize elections once Abbas formally calls them.

The move would be a gamble for Abbas because it is far from certain that he and his party could win elections, or even conduct them if Hamas is violently opposed.

Hamas' popularity has slipped since it took office, but Fatah, which dominated Palestinian politics for four decades, remains divided and tarnished by corruption during the late Yasser Arafat's rule.

Two respected polls taken in September gave Fatah small leads over Hamas in voter preference.

In its initial reaction to Saturday's decision, Hamas indicated it would boycott any new elections. Hamas spokesmen contended that Abbas has no authority to call elections early; aides to the president said that because Palestinian law does not address the issue, he is free to do so.

Saeb Erekat, a veteran Palestinian negotiator who took part in the meeting, said Abbas believed it would be "difficult for Hamas to resist going back to the electorate."

An aide to Prime Minister Ismail Haniyeh said Saturday that Hamas preferred to resume negotiations on a unity government. "The door is still open because this is the best and safe alternative for all of us," the aide, Ahmed Yousef, told the Arabic satellite television channel Al Jazeera.

On Friday, Haniyeh reiterated that Hamas would never recognize Israel or any Arab peace agreements with the Jewish state.

Early Election Talk Angers Hamas (BBC)

BBC.com, December 9, 2006

The Palestine Liberation Organisation's executive committee has backed early elections to end the deadlock over forming a national unity government.

The Hamas group, in power since winning January's parliamentary polls, reacted by condemning the suggestion.

PLO officials said after meeting President Mahmoud Abbas that he would have their support for early polls.

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The Palestinian Authority has been under a Western financial boycott since Hamas's victory.

Mr Abbas is expected to announce his decision in the coming week.

Speaking to the BBC, one of his top officials said he believed the president was minded to call parliamentary and presidential polls.

"The status quo cannot be continued - it is a disaster on the Palestinians," said Saeb Erekat.

Palestinians, he added, had to choose between the approach of Mr Abbas and his Fatah faction and that of Hamas.

The current Hamas-led administration has been denied direct Western aid because it refuses to renounce violence, recognise Israel or accept previous Israeli-Palestinian agreements.

'Coup'

Palestinian Prime Minister Ismail Haniya condemned the idea of early elections, saying they would accentuate "crisis and tensions".

"I think that the invitation to carry out the elections in this way is disrespectful to the Palestinian people," he told Iranian television, in an interview dubbed into Persian.

A Hamas spokesman in Ramallah, Ismail Rudwan, described the PLO committee's statement as a threat to democracy.

Lebanon's Shiites Grapple With New Feeling Of Power (WP)

By Anthony Shadid

The Washington Post, December 10, 2006

BEIRUT, Dec. 9 -- As morning clouds hovered overhead Saturday, Fadil Ayyash wiped eyes that were bleary from just two hours of sleep over two days in the city-within-a-city that Hezbollah's protests in downtown Beirut have become.

The mood in his tent, set alongside a site for luxury apartments, was playful. The first order of business was stoking a water pipe. Under two yellow Hezbollah flags, with a hint of mischief, he and his friends unveiled their makeshift fireplace, charred cinderblocks stacked on a sidewalk still warm from a campfire the night before. But they spoke bluntly -- of frustration and protest, of politics and power -- the vocabulary of a moment the young Shiite Muslim men feel they are defining.

"How is this democracy?" Ayyash asked, pointing to the colonnaded government headquarters known as the Serail, standing like a citadel atop a hill. "The majority is here," he said, waving his hand across rows of protesters' tents.

His friends nodded, sprawled in brown plastic chairs.

"These days," he said, "we have to seize our opportunity."

Once the country's most downtrodden, entrenched in feudal misery, Lebanon's Shiites stand today on the verge of their greatest political power in the history of a diverse country defined by its fractious religious communities: Sunni and Shiite Muslims, Druze and Christians. But their ascent is a story of contradictions: Now at the peak of that power, confident of victory, the community is still shaped by its own sense of vulnerability and weakness.

Its leaders rely on age-old notions of backroom, under-the-table Lebanese politics replete with patronage, a cult of leadership and the influence money buys. But they may be reshaped by leaving a legacy of turning to the street with populist demands. And in pursuit of power, through the protests that began Dec. 1, the Shiites, the country's single-largest community, may end up breaking a system that appears to be buckling under the stress of Lebanon's most acute crisis since the 15-year civil war ended in 1990.

The drama unfolding here draws on a long history of persecution, both real and perceived, but is propelled by the most recent events in Lebanon, as Shiites try to shape the country following the Syrian withdrawal last year and, as important, the war with Israel this summer.

"The battle has already begun," said Mona Fayad, a Shiite professor of psychology whose criticism of Hezbollah in an article published this summer in the Lebanese newspaper al-Nahar made her a cause celebre here. "They've opened the gates of hell. This is how I've felt the past few days."

"It's like a snowball, and it's now so hard to stop," she said. Her voice was slow and weary. "Even if they stop it now before anything else happens, we're still going to have a lot of trouble. And if they don't?"

She left the question unanswered.Forging an Identity

DOJ_NMG_0104783

In the southern village of Khiam, along hills green from winter rains, Zeinab al-Sheikh Ali sat in a house within sight of the Israeli border. Two pictures of Hasan Nasrallah, the leader of Hezbollah, were posted at the entrance. "Victory from God," one read in Arabic, Hezbollah's slogan for this summer's 33-day war with Israel. "Divine Victory," another said in French. But, shaking her head, Ali, the 70-year-old matriarch, remembered a more distant time.

"The days of our grandfathers," she called it.

There is a joke heard in Khiam and elsewhere in Lebanon, itself a bitter critique of the days when the community was rural, marginalized and illiterate, dominated by a traditional elite of reactionary clergy and landowners with feudal Ottoman-era titles. Shiite peasants went to the home of a prominent Shiite clan leader and asked him to build a school. He looked at them, confused and a little surprised. His reply: Wasn't it enough that his own son was going to school and getting an education?

The community's fortunes began to change in the 1960s after the arrival of Musa al-Sadr, a cleric born in Qom, Iran, as a religious leader. In time, he bridged gaps between Shiites in the south and the Bekaa Valley, undermined the influence of clans and inculcated the Shiite community's sense of itself. His charisma was so great that young Lebanese clerics began imitating his Iranian-accented Arabic. But in 1978, he disappeared while on an official visit to Libya, never to be heard from again. The Iranian revolution followed a year later, and after the 1982 Israeli invasion of Lebanon, Iran helped found Hezbollah.

Lebanon's civil war forced the Shiite community, like others, to defend itself as a group amid growing anarchy. By the end of the war, it was newly emboldened, its power was bolstered in the government and the community entered the civil service in force. The government sent billions of dollars to the south, tangled in staggering corruption, and money poured back into Lebanon from Shiite expatriates in Africa.

Within the community, Hezbollah grew stronger, as it fought the Israeli occupation that ended in 2000. In the guerrilla war, the group honed its military arm, with elaborate recruitment and the building of an arsenal supplied by Iran and conveyed through Syria. It weathered Israeli offensives in 1993 and 1996.

Today, in power and influence, Hezbollah has eclipsed its rival, the Amal movement of Parliament speaker Nabih Berri. Its social infrastructure of schools, hospitals and orphanages sprawls across the south; it prides itself on incorruptibility. And with its ascent are a culture and language steeped in the resistance to Israel it celebrates, along with an arsenal that, while many Shiites are reluctant to state it publicly, delivers the community confidence.

"Without the weapons, we'd get slapped across the shoulder," said Imad Abu Mehdi, a shop owner in Khiam.

To its followers, Hezbollah's appeal is reflected most powerfully in the personality of Nasrallah, sometimes simply called the sayyid, perhaps the most compelling figure the community has had since Sadr's disappearance nearly 30 years ago.

"Tell them that we are stronger than tiredness, stronger than hunger, stronger than cold, stronger than weariness, stronger than bombardment and, of course, stronger than attacking us with words," Nasrallah said in a fiery speech broadcast to the protest Thursday.

"He was talking golden, the words were precious," said Ali, the matriarch in Khiam.

Ali sat with her sister-in-law, Zeinab Ismail, whose son, Ahmed, was killed in this summer's war with Israel. Ismail fled the conflict for the relative safety of the Bekaa Valley in the north. When she returned, the doors of her home were blown out, its windows shattered. The homes of two sons were destroyed. Ahmed had spent nearly two years in the Israeli-run jail in Khiam in the late 1990s. Red worry beads he fashioned while there are now draped over his portrait, his stern visage glaring down from its perch above the door.

"No one has sacrificed more than the Shiites," Ismail said.

Ismail and Ali talked about past and present, the two often intersecting seamlessly in a narrative replete with suffering and martyrdom that stretches to the 7th century. Their conversation was punctuated, as it often is in southern Lebanon, with the rhetoric of class and disenfranchisement and the symbolism of martial sacrifice: the language of Nasrallah. For every ill, they blamed a government they said was rife with corruption and bent on preserving its power, neglecting the people in the south.

Without Hezbollah, Ali said, sipping a glass of lemon-flavored tea, "we'd only have God."Questioning Hezbollah

The words of Fayad's article, published before this summer's war ended, were blunt, even polemical. In language that was straightforward and at times simplistic, the psychologist questioned the very tenets of Hezbollah's ideology: notions of sacrifice, resistance and honor.

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"What does it mean to be a Shiite?" she asked.

"To be a Shiite means that you do not question the meaning of victory," she wrote. "To be a Shiite means that you do not question the meaning of resistance and pride." She went on: "To be a Shiite is to accept that your country be destroyed before your very eyes -- unsurprised eyes, that is -- and that it comes tumbling down on your head, and that your family be displaced and dispersed and become refugees and that you accept standing up to the enemy without a word of complaint."

"You see," she wrote, "we are a nation of heroes that knows nothing but sacrifice."

By her estimate, the article prompted 30 more in response. She received hundreds of calls and 300 e-mails. She said many were supportive; others were indignant that someone would write in such a way while the country was under Israeli attack; "pathetic," one person scolded her.

Dressed in a sports jacket and wearing wire-rimmed glasses, Fayad, 55, sat at her home on an overcast day. She was bleak: She already sees the shadows of a civil war, as Hezbollah mobilizes its Shiite constituency and the government stages almost daily shows of solidarity among Sunni Muslims and others. She feels her life is in danger. And she wants to leave Lebanon.

"It is unacceptable I pass my life from war to war, for the sake of others," she said. "What kind of craziness is this?"

No one knows with certainty what percentage of the Shiite community Hezbollah represents. Critics such as Fayad and others suggest it is about a third. But she and other intellectuals who bristle at its dominance over Shiite politics illustrate, in a way, the group's power: Hezbollah and, to a far lesser extent, Amal represent the only organized Shiite voices in a system defined by communal politics. As a result, their ambitions become the community's ambitions, their tactics become its tactics.

"They can't speak in the name of the Shia," said Mohammad Mattar, a lawyer with a fondness for Cuban cigars. "It's very simple. They cannot." Mattar talks in the precise, logical language of a legal brief. At times, he opens the window to air his sleek downtown office of smoke.

"Lebanon will cease to exist if one party monopolizes power or becomes all too strong," he said, his voice matter-of-fact. "A lot of people like me are very worried that the delicate Lebanese policy might disintegrate if this goes on."

The Shiites "were poor, and they were left to fend for themselves for 40 years of Lebanon's independence," Mattar said, staring from underneath his thick, black-rimmed glasses. "But this is not an excuse to do what you are doing."

The critique of Mattar and Fayad and others runs from the question of representation (unaccountable, in Mattar's view) to Hezbollah's ties to Iran and Syria (an instrument of their foreign policy, he said) to the very culture of resistance to Israel.

At a deeper level, their critique illustrates the contradictions of Lebanese politics: In the grammar of sectarianism, where Sunni, Shiite and Druze communities have coalesced around leaders, each claiming an effective right of veto, national identity has become second. As the Shiite community reaches for its greatest power ever, there is little debate within the community -- beyond articles, statements by dissident clerics and vestigial influence of clans -- over how to use that power.

"We are stranded. We can neither go here nor there," Mattar said. "People like me are left on our own."'They Became Something'

In some ways, Hossam Yassine represents the changing fortunes of Lebanon's Shiites. Yassine is college-educated, back from a job in the Persian Gulf. And every day this week, he has gone to the festival-like protests, in part for the party, in part because Hezbollah wants him to and in part because he believes.

"Hezbollah came and made something for the Shia, that we are here," the 22-year-old said.

He pulled his black leather jacked around his shoulders. His cheerful face was lined with the trace of a goatee.

"They were nothing, and they became something."

He walked past rickety stands selling date-filled cookies, bread with melted cheese and popcorn. A banner-size cartoon of two men hung to the side: "Are you a Christian or Muslim?" one asked. "I'm hungry," the other replied. Flags, shirts and caps were for sale -- yellow for Hezbollah, orange for its Christian ally, former general Michel Aoun. A little ways down, another placard asked, "What's more beautiful than living with dignity?"

"In two weeks," Yassine said, smiling, "they're going to have to pay the people to get them to leave."

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He walked through the sleek downtown, its upscale offices and pricey condominiums at the heart of the vision of a new Beirut downtown promoted by former prime minister Rafiq al-Hariri, a Sunni Muslim billionaire killed last year in a car-bomb assassination.

"There are a lot of places in Beirut where people are building homes no better than tents. They flood in the winter. Why don't they take care of these people?" Yassine asked. "Why only here, in this small spot of land?"

He shook his head, more resigned than angry. "This wasn't built for us."

Yassine walked past campsites. "No to the pourers of tea," slogans read on the sides of tents, a reference to Lebanese police who served tea to Israeli soldiers this summer as they occupied the southern town of Marjayoun.

He read them, then furrowed his brow. For the first time, his voice took on an edge.

"If I'm a man, 60 years old, I've fought 25 years, 30 years, until now for one aim, to expel the Israelis and to keep the Americans away. I've lost a lot of things -- my father, my brother, my good life, and I sit at my home watching the Israelis get in peace what they couldn't get in war? Watching, just watching. Put yourself in the same situation. You would feel angry."

In a way, the protests today are a microcosm of the currents swirling through the Shiite community, promoted by Hezbollah with its intuitive feel for the sentiments of its rank and file. They are the equivalent of a new kind of politics in Lebanon, drawing on the street, roiled by populist demands: a protest over government corruption, a denunciation of the United States and Israel, a celebration of the war this summer, tinted with a sense of betrayal at the hands of other Lebanese, and a call for change, however ill-defined it might be.

To Yassine, it is a world view that rarely, if ever, intersects with that offered by the government's supporters; it pits righteousness against wrong, and victory, however long it might take, is inevitable. He said he couldn't envision an alternative.

"From the beginning we weren't treated well. Not just now. From the previous government and the government before that," Yassine said. "The people aren't going here because what Sayyid Hasan said. Sure, they'll do what he says. They love him. But they're going here because they're unhappy. I'll go not one night, two nights or three nights. I'll go for a year or two years."

As the protests wound down, he got into his car, driving back to the Dahiya and its densely populated warrens, where electricity is cut for hours every day. Armored personnel carriers were parked every so often, and knots of soldiers hung around intersections along streets that divided Sunni and Shiite neighborhoods. "It's like a border," he said. Along one road, six armored personnel carriers drove by, followed by three jeeps. A little ways down, he was stopped briefly at a checkpoint.

"Where are you coming from?" the soldier asked. "Downtown," he said, and drove on.

His mood turned a little bleak, a little less optimistic than at the protests.

"They can't let any fight get big," Yassine said. "If a small fight gets big, Lebanon is gone."

Leading Lebanon From A Gilded Cage (LAT)

By Megan K. Stack

The Los Angeles Times, December 10, 2006

BEIRUT — In the palace on the hill, the chants and curses from the street below are easy to hear.

The voices float up through the clear wintry air, wisps of tension rising from the roiling anti-government demonstrations. Weary ministers listen to the heart-pounding bass beat of Hezbollah fighters' anthems, the political speeches screamed into microphones, the roar of the crowd. After sunset, the glare of floodlights arches like a gigantic halo over the tent city that's cropped up in the upscale shopping districts of downtown.

Inside the Grand Serail, what remains of Prime Minister Fouad Siniora's government toils away, trying to ignore the thousands upon thousands of people massed at its gate. The people outside describe the government leaders as unwanted and illegitimate, pawns of U.S. interests.

"We hear their voices, but we feel no compassion for them," said Fouad Saad, a lawmaker and former Cabinet minister who, in his neat suit, lingered between meetings under the glittering chandeliers of a cavernous reception room. "These people have received orders from Syria and Iran…. They are trying to drag us backward many years."

This is the kernel of a dangerous political standoff. The government stays put, refusing to regard the raucous calls from the protesters for its officials' resignations. Instead, they say, foreign powers are scheming to take over the country.

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The Grand Serail is a hulking sprawl of an Ottoman-style palace that was ravaged by civil war and reconstructed as a proud icon of a nation's rebirth. It now stands isolated behind snarls of razor wire and layers of soldiers and security forces.

In the shabby maze of tents below, the mood is stoical and confident. The demonstrators seem convinced that the government will, inevitably, collapse, that Siniora and his allies cannot stay in place with so many people on the streets.

"When this stuff happens in other countries, the government falls," said Sami Harb, a 21-year-old computer communications student.

Tough talk on both sides

On a cold night, Harb paced the pavement near the line where demonstrators' tents were pitched next to the tanks and soldiers that seal off the main road to the palace. He turned up the hill, and waved an arm in disgust.

"Here somebody died," he said, referring to a young Shiite Muslim man shot and killed in sectarian-tinged street fighting, "and Siniora is still sitting right up there."

Organizers insist that the demonstration will remain peaceful. Still, some protesters speak of overrunning the palace if the government doesn't leave.

But in a tough-talking interview last week at his heavily fortified home in Beirut, Saad Hariri said that his allies would never be driven from office by the Hezbollah-led demonstrations. Hariri, the head of the Sunni Muslim community and leader of the parliament's majority bloc, said that to give up would be akin to handing Lebanon over to Iran and Syria.

Even if fighting erupts, even if stability is shaken, the government will stay, Hariri said.

"You're not preserving stability, you're killing your democracy," he said of resignation. "It's about putting Lebanon in the hands of Syria and Iran."

Pro-government parties are planning counter-demonstrations in coming days, he said, adding that he was having a hard time keeping his supporters off the streets. In Sunni neighborhoods, men speak openly of their thirst for revenge.

"You have no clue how many people call us: 'We want weapons, we want this,' " Hariri said. "We have to be the Gandhis of Lebanon. We have to stand in their faces and say no."

In the meantime, the army has swarmed and cut off every road that leads to the Grand Serail. The surrounding neighborhood has been swallowed in an expanded security zone. Visitors have to pass through an army checkpoint, then walk along a once-bustling street now rendered ghostly, footsteps echoing off closed shops.

Soldiers sprawl on the steps of a church. Perhaps out of desperation or optimism, a lone merchant has kept his interior decorating shop open for customers who can't get there.

Inside the Grand Serail, many of the Cabinet ministers have been living, almost on top of one another, in the guest quarters. They have been there since one of their number, Pierre Gemayel, a Christian, was gunned down in November. They are afraid that if they leave, the same will happen to them.

A recent visit found Youth and Sports Minister Ahmed Fatfat drying his socks on a radiator and chatting with his visiting wife.

What the ministers know about events in the tent city below they mostly get from television.

The other night, the ministers huddled together before a television set to hear Hezbollah chief Sheik Hassan Nasrallah insult them.

They heard Nasrallah, arguably the most popular political leader in Lebanon, refer to "what remains of this falling government in the Serail."

He called them a "government of one color and a despotism of one group," a "dead end," "the government of the American ambassador." They heard him say that he would keep his people at the gates until the government fell. And they heard the crowd scream with the throaty abandon of a rock concert, hoisting their toddlers on their shoulders, chanting, "God preserve Nasrallah!"

When the Hezbollah chief finished speaking, the sky thundered with fireworks and celebratory gunfire.

Support by the busload

The ministers woke up the next morning and pressed on with business. These days, "business" seems to involve accepting moral support and doing work that will be moot if the government falls.

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Day after day, the buses rattle into town from the mountains in the north, the cities of the south, the Bekaa Valley. One day it's a delegation of Bedouin tribes, another day the Druze, or supporters from Sidon, the southern port that's home to the powerful Hariri family and Siniora.

A swarm of visitors from Sidon was ushered through the grand stone hallways and sleepy courtyards last week, and packed into a hall where they staged a tiny counter-demonstration. They stood on their chairs, waved pictures of Lebanon's Sunni leaders and sang the national anthem.

"Today it's the turn of the people of Sidon to come," said Omar Hariri, a 50-year-old engineer. "You have to chose a side, to be on one side or the other."

"What's happening outside is disgusting," added Maher Chamma, also 50.

When a pale, weary-looking Siniora swept to the front of the room, borne along on a swift current of bodyguards, the cheers rang off the high ceiling. "May God bless you," the people cried. "With our blood and our souls, we will redeem you, Siniora."

Siniora launched into a speech deriding Hezbollah. Then he told them, "Sitting with you gives me a lot of comfort."

But when it was over, the visitors were packed back into buses and driven off through the back entrance, out of sight of the demonstrators.

Passing through a courtyard where pigeons splashed lazily in a fountain, Social Affairs Minister Nayla Mouawad said she had just finished writing a request for international money to help Lebanon rebuild from the summer war between Israel and Hezbollah.

"We are working much better and more efficiently than before," she said, her tone defiant. "You can concentrate here. You don't have the house, you don't have the children."

But moods shift fast. A moment later, Mouawad said she felt physically threatened. She fretted about rumors that demonstrators might try to take the palace by force.

Both sides insist they are open to negotiation. But at the same time, Nasrallah said his party would be wary of wasting time. And Hariri, too, seemed pessimistic.

"My only concern is, do they have the authority to negotiate?" Hariri said. "Because their authority comes from outside, from Iran and Syria.

"We did not create the problem," he added. "They created the problem."

Poisoning Inquiry Extends To Germany, Where Radiation Is Found (WP)

By Peter Finn, Mary Jordan

The Washington Post, December 10, 2006

MOSCOW, Dec. 9 -- German police said Saturday that they had found traces of radiation in two apartments in the Hamburg area connected to a Russian businessman who met with Alexander Litvinenko, a former Russian intelligence officer who died after being exposed to a deadly radioactive isotope.

German authorities said that the businessman, Dmitry Kovtun, had visited the two apartments, which belong to his ex-wife and former mother-in-law. Kovtun is reportedly seriously ill in a Moscow hospital.

Police said they had not found traces of radiation in Kovtun's own apartment in Hamburg.

The poisonous and politically charged trail of the radioactive polonium-210 that killed Litvinenko on Nov. 23 has now touched three countries in a case that brings fresh twists every day without yet revealing its source.

The budget airline carrier Germanwings said Saturday that it had taken out of service the plane that carried Kovtun from Hamburg to London on Nov. 1, but tests at the Cologne-Bonn airport later turned up no signs of radioactive contamination.

If Kovtun left the radioactive trail in Germany after meeting Litvinenko, he could have picked it up from Litvinenko, a scenario strengthened by the fact that no traces were found on his inbound flight to London.

Traces left before Nov. 1, the day Litvinenko fell ill, could lead police to its source.

Critics of Russian President Vladimir Putin, including Litvinenko, have accused the Kremlin of being behind the killing in an effort to publicly squash a vocal detractor; the Kremlin rejects those accusations as absurd and says Putin enemies desperate to tarnish the president are more likely candidates for suspicion.

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Kovtun, 43, a Russian business consultant who has spent years living in Germany, is emerging as a key figure in the investigation. While there are conflicting reports about his condition, the Russian news agency Interfax has reported that Kovtun is in serious condition and experiencing problems with major organ functions as a result of the poisoning.

Kovtun and another Russian businessman, Andrei Lugovoy, met with Litvinenko in the Pine Bar at the Millennium Hotel in London on Nov. 1, the day Litvinenko began feeling sick. A third Russian, Vyacheslav Sokolenko, said he also briefly met with Litvinenko at the hotel, which is located in central London on the same square as the U.S. Embassy.

Lugovoy has also tested positive for radiation poisoning but is reportedly still in good health, though meetings between him, Russian investigators and Scotland Yard detectives have been repeatedly postponed.

Lugovoy, a former KGB agent, and Kovtun attended the same military academy in Moscow in the 1980s. Both men have denied any involvement in the poisoning and say they are victims of a conspiracy.

Damien Wood, a manager of the luxury Millennium Hotel, said that despite the notoriety, the hotel remains "very busy. We are fully booked tonight." He said the Pine Bar, where Litvinenko met Lugovoy and Kovtun, remains shut indefinitely.

The British Health Protection Agency said this week that seven employees of the Pine Bar had tested positive for small traces of polonium-210. Wood said all of them continue to work at the hotel. On Saturday evening, a police van was parked outside the hotel, and a lone officer stood guard in front of the closed bar.

In a recent interview with Echo Moskvy radio, Kovtun said he was a business consultant who had lived in Germany for 12 years but had also set up a business in Moscow. He said he spoke with Litvinenko, whom he first met at another meeting in London on Oct. 16 to discuss possible business deals with British companies interested in investing in Russia and looking for expert advice.

Police in Hamburg stressed that Kovtun was not a suspect.

Russian prosecutors this week opened a criminal investigation into the attempted murder of Kovtun after he was found to be contaminated with radiation.

Russian authorities, who have said they will lead the interrogations and have essentially consigned British detectives to the role of observers in Moscow, told the Associated Press on Saturday that they intend to send their own investigators to London.

That has caused some consternation among emigres who were close to Litvinenko, many of whom are fierce critics of Putin. Two of Litvinenko's associates, exiled tycoon Boris Berezovsky and Chechen separatist Akhmed Zakayev, are wanted by the Russian authorities on various charges. British courts refused to extradite them, accepting their arguments that the charges against them were politically motivated.

The idea of Russian investigators coming to London "adds insult to injury," said Alex Goldfarb, who has been acting as a spokesman for the Litvinenko family. He said Putin had created an "authoritarian government" that controls the judiciary and prosecutors. "It cannot be taken seriously . . . the Russians are playing a game."

In an interview, however, Goldfarb added, "If British police believe this is the only way to get access to real suspects in Moscow, then we have no choice but to play in this unseemly game."

He said Berezovsky and Litvinenko's widow, Marina, reacted with the same "ironic comment: They would only talk to Russian investigators if they were tested first for carrying polonium-210."

German Police Detect Traces Of Radiation At Two Sites Linked To Litvinenko Contact (AP)

AP, December 9, 2006

HAMBURG, Germany (AP) — German police said Saturday that they had found traces of radiation at two sites in and near Hamburg linked to a contact of poisoned former Russian spy Alexander Litvinenko.

Police said they found traces of alpha radiation at the Hamburg apartment of the ex-wife of Dmitry Kovtun, who met Litvinenko in London on Nov. 1, the day the former spy is believed to have fallen ill.

They also said an initial scan had shown contamination at the home in Haselau, west of the port city, of his ex-wife's mother.

Meanwhile, tests have shown no trace of the radioactive substance polonium-210 on a plane used by a contact of Litvinenko to fly to London, German airline Germanwings said Saturday.

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Authorities carried out tests at Cologne-Bonn airport after determining that Dmitry Kovtun flew to London from Hamburg on the Airbus A319 on Nov. 1. Kovtun met with Litvinenko later that day.

Airline spokesman Heinz-Joachim Schoettes said the plane was taken out of service at Cologne-Bonn airport after authorities informed the company that Kovtun flew to London from Hamburg aboard the aircraft on Nov. 1.

Reports that Kovtun flew to London from Hamburg prompted police in the northern port city to begin their checks.

Kovtun, one of two Russians who met Litvinenko at London's Millennium Hotel, is reportedly being treated in Moscow, also for radiation poisoning.

Specialists found no trace of polonium-210 at the apartment of Kovtun himself in the Hamburg district of Ottensen.

However, police said in a statement Saturday they found radioactive "contamination that makes a fine examination necessary" at two locations in an apartment in the same building used by Kovtun's ex-wife.

They said during the night they had found indications that there had been a source of radiation in the apartment, but added that they had not found the source.

Police later sealed off the ex-wife's mother's home in Haselau, outside Hamburg, for further tests after finding traces of contamination there.

The traces were found in the bathroom and living room of the Hamburg apartment, and on a bed and a chair at the Haselau property.

Further tests were to determine whether the contamination was linked to polonium-210. Police spokeswoman Ulrike Sweden said they could last as long as two days.

Kovtun's ex-wife and her mother were questioned by police. Authorities did not identify the 31-year-old ex-wife.

Sweden said early Saturday that it was unclear whether Kovtun had returned to Hamburg after meeting Litvinenko.

She said it was possible that either a person or an object could have been the source of radiation in the Hamburg apartment.

While German authorities were in contact with British police, the search was "purely protective" and not part of any investigation against Kovtun, Sweden said.

Police have said the traces found so far represent no health risk to local residents. However, they said that about 30 people who live in the Hamburg apartment building would have to vacate it while tests continue.

A German Twist In Poisoning Trail (LAT)

By Jeffrey Fleishman

The Los Angeles Times, December 10, 2006

BERLIN — The mystery surrounding the poisoning death of a former Russian spy has veered to Germany, where investigators Saturday found traces of radiation in an apartment connected with a businessman who met the ex-KGB agent on the day he fell ill.

Police said "hints" of radiation were detected in the Hamburg apartment of Dmitry Kovtun's former wife. Traces were also discovered in the nearby suburban home of the ex-wife's mother. Kovtun met with ex-KGB agent Alexander Litvinenko on Nov. 1 in London, where police suspect he was exposed to the radioactive polonium-210 that killed him three weeks later.

Kovtun, a Russian businessman, is reportedly ill in a Moscow hospital.

Authorities said although contamination was detected, they did not find a radiation source in either building.

Police discounted media reports suggesting that Kovtun, who reportedly lived in Germany for 12 years, planned Litvinenko's assassination in Hamburg. No traces of radiation were discovered in Kovtun's apartment, which is in the same building as his ex-wife's in the northern port city's Ottensen neighborhood.

"At the moment, this man has not been accused," police spokeswoman Ulrike Sweden told German radio.

The airline Germanwings said that one of its planes was being tested for polonium-210. A spokesman told reporters that Kovtun flew on the plane from Hamburg to Britain the day he met Litvinenko. Media reports said no contamination was found. Police are investigating whether Kovtun returned to Hamburg after the meeting at London's Millennium Hotel.

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The murder investigation has skipped across the continent and led to allegations by Litvinenko's family that intelligence services connected with the Kremlin were behind the plot.

Moscow has begun its own investigation. Russian authorities are expected to question Andrei Lugovoy, a businessman and former KGB colonel who was with Kovtun at the meeting with Litvinenko. He also is ill.

About 30 people were evacuated from Kovtun's building. Police told tenants there was no contamination danger, but asked them to "move out during the time of investigation."

Spy Widow Points Finger At Russia (BBC)

BBC.com, December 10, 2006

The widow of former KGB agent Alexander Litvinenko has said she believes the Russian authorities could have been behind his murder.

Marina Litvinenko, 44, told the Mail on Sunday: "Obviously it was not Putin himself, of course not."

But she said what President Putin "does around him in Russia makes it possible to kill a British person" in Britain.

She said she had confidence UK police would find her husband's killer, but would not help Russia's planned probe.

Mrs Litvinenko told the paper Russian authorities had not yet been in touch with her.

"I do not think I will help them with their investigations," she said.

"I can't believe that they will tell the truth. I can't believe if they ask about evidence they will use it in the proper way."

Traces of a radioactive substance, polonium-210, were found in Mr Litvinenko's body.

Two of the 26 police officers closely involved in the Litvinenko inquiry have tested positive for traces of that radioactive substance.

The Metropolitan Police said the polonium traces were "relatively small" and were "below defined safety limits".

Both officers are being monitored by health specialists.

Mr Litvinenko's widow denied he had ever been a spy

Mrs Litvinenko also told the Mail on Sunday her husband's last words to her last month before he died of suspected polonium-210 poisoning were: "Marina, I love you so much."

She also said she would do everything she could for "Sasha", as her husband was known to family and friends.

"Even until the last day, and the day before when he became unconscious, I thought he would be okay. We were both completely sure he would recover, " she told the newspaper.

"We had been talking about bone-marrow transplants and looking to the future."

Mrs Litvinenko said the couple's 12-year-old son had found his father's death "very difficult", but he had been trying to comfort his mother.

Friends of Mr Litvinenko believe he was poisoned because of his criticisms of the Russian government, but the Kremlin has dismissed suggestions it was involved in any way as "sheer nonsense".

'Speaking out'

His widow told the Sunday Times she had decided to speak out after some "completely untrue" reports suggested her husband was a man of dubious character.

She told the paper he had been an honest man and a crime fighter rather than a spy.

Mrs Litvinenko also told the Sunday Times: "Everybody tries to write about Sasha like he was an ex-spy, but it's completely untrue. He never was a spy."

She said her husband's public claims about his former employers at the FSB, Russia's secret police, had alienated them, the paper reported.

She said Mr Litvinenko knew "you can never escape from the FSB and he was starting to speak openly about crime."

She added: "I can't say (it was) these people but I'm absolutely sure they didn't forgive him for what he did."

When An Ex-K.G.B. Man Says They're Out To Get Him... (NYT)

By Scott Shane

The New York Times, December 10, 2006

DOJ_NMG_0104791

I CALLED Alexander Litvinenko in London to ask him about poison and the K.G.B., and he was glad to oblige. Yes, he said in that interview two years ago, he believed that the Russian security agency was behind the dioxin poisoning of Viktor Yushchenko, who was running for president of Ukraine.

The view inside the K.G.B. and its successor, the F.S.B., where he had worked for a decade, "was that poison is just a weapon, like a pistol," Mr. Litvinenko said. He even gave the Moscow address of what he said was an F.S.B. poison laboratory. "I was told there were 11 poisons for different uses," he said, and added one more prescient detail. The same laboratory, he said, worked on "radioactive items."

Today, the British police are following the radioactive trail of Mr. Litvinenko's killer from London to Moscow, where two Russian associates of his are reported to be sick, possibly from radiation. Mr. Litvinenko's slow and agonizing death last month from ingestion of polonium 210 is an act of radiological terrorism that has not been solved. But its grisly exoticism — targeting a British citizen in his adopted country — seemed almost a throwback to the ruthlessness of the Stalin era, when it was part of the code of the K.G.B. to kill its apostates where it found them.

In the interview, which seemed hysteria-tinged at the time, Mr. Litvinenko said that Russian authorities had marked him for assassination. He e-mailed me a photograph of the charred wall of his London apartment, damaged by a Molotov cocktail. He sent the manuscript of his book, "Blowing Up Russia," which charged that apartment bombings in Russia, officially blamed on Chechen rebels, were in fact the work of the F.S.B.

Neither the book nor Mr. Litvinenko's writings at Chechenpress.org were subtle. In one posting last year, he imagined enraged Russians storming the Kremlin, to "crack this citadel of barbarity and violence" and "murder the main security officer Putin and his assistants in the Kremlin toilet."

If Mr. Litvinenko's killing was a response to such verbal attacks, it would mark the distance Russia has traveled from the late 1980s, when K.G.B. leaders were grilled by the first elected Parliament and a K.G.B.-led coup crumbled. In 1989, addressing that Parliament, Yuri P. Vlasov, who had earned celebrity as an Olympic weightlifting champion, denounced the K.G.B. on live television as "a real underground empire" responsible for "millions of people murdered."

The next year, a retired K.G.B. major general, Oleg D. Kalugin, joined the nascent reform alliance Democratic Russia and became the first insider to denounce the security service on its own turf. Mr. Kalugin ran for Parliament himself, and then participated in the East-West spy thaw that seemed to consign the cold war to history. In 1996, he even co-starred with a former Central Intelligence Agency director, William E. Colby, in a computer game called "Spycraft."

But meanwhile the K.G.B., divided into the domestic F.S.B. and the Foreign Intelligence Service, or S.V.R., bided its time. President Boris N. Yeltsin considered dismantling the K.G.B. but "decided it was too dangerous," said Michael McFaul, a Russia specialist at Stanford University.

In the seven-year rule of President Vladimir V. Putin, the security service has returned to prestige and power. "All the most important jobs in Russia today," Mr. McFaul said, "are held by K.G.B. or former K.G.B. officers, in every ministry, in every industry."

Mr. Kalugin, facing increasing hostility at home, settled for good in the United States. In 2002, the onetime rising star of Russian democracy was convicted of treason by a Moscow court and sentenced in absentia to 15 years in prison. For decades, he said, any K.G.B. officer who defected was automatically tried and sentenced to death, and officers overseas were expected to carry out the sentences. In the late 1960s, when Yuri Andropov became K.G.B. chief, the practice faded. "He never formally ended it, but he found reasons not to give the orders," said Mr. Kalugin, who knew Mr. Andropov well.

Now the practice may be back and playing out in a world where former K.G.B. officers, with murky continuing relations with the successor agency, are found in many countries. Mr. McFaul said that whoever killed Mr. Litvinenko chose the gruesome murder weapon to deter others who would openly break with the F.S.B. and the regime. "The message is: Be afraid. Be very afraid," he said.

Message received, said Alex Konanykhin, a former Russian banker who fled to the United States in 1992 after former K.G.B. officers muscled him out of his own business. After he discussed Mr. Litvinenko's death on CNN, anxious friends called both from Russia and the United States to urge him to keep quiet.

"They say, 'What are you thinking? It's too dangerous,' " said Mr. Konanykhin, who runs a computer company and recently published an autobiography, "Defiance." He has continued to speak out, but he acknowledges, "It's chilling."

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Mr. Kalugin, now living near Washington, says he regularly receives threats. Russian press reports since Mr. Litvinenko's death have quoted hardliners as saying that Mr. Kalugin is now first on the list of turncoats targeted for death.

Does he fear assassination?

Mr. Kalugin replied with a humorless laugh that was neither a yes nor a no. "I've led a good and interesting and honest life," he said.

U.S. And Foreign Regulators Consider Tightening Controls On Deadly Polonium 210 (NYT)

By William J. Broad

The New York Times, December 10, 2006

Nuclear regulators in Washington and abroad are studying whether to tighten security on polonium 210 in case terrorists seek the deadly material for so-called dirty bombs that spew radioactivity, officials and diplomats said in recent interviews.

The evaluation is based on longstanding fears about the possible terrorist threat as well as the polonium 210 poisoning that on Nov. 23 killed a former Russian spy living in exile in Britain and stirred public unease. British authorities traced the risk of radioactive contamination to a dozen sites around London and commercial jets carrying more than 33,000 people. The poisoning was an apparent first that caught the authorities by surprise.

Groups considering tighter controls include the Nuclear Regulatory Commission in the United States and the International Atomic Energy Agency in Vienna, which sets global standards for radiation safety. "There are no sirens wailing," said a senior European diplomat familiar with the agency's polonium 210 reassessment. "But there's a sense that we need to rethink how it is categorized," and thus controlled.

Officials and diplomats, some of whom spoke on the condition of anonymity because of the delicacy of the deliberations, said the agencies were carefully monitoring developments in London and Moscow. Meanwhile, private experts called tighter controls a potentially important step for public safety.

"It's very wise to put fairly strict limits on the commercially available amounts of polonium," said Thomas S. Tenforde, president of the National Council on Radiation Protection and Measurements, a Congressionally chartered group in Bethesda, Md., that advises the federal government on radiation safety.

Dr. Tenforde called the amounts of polonium 210 now available on the commercial market "not trivial" and said the contemplation of tighter controls was prudent given the risk of terrorists using polonium 210, a radioactive material, in urban attacks meant to sow disease and death. "It's a very nasty isotope," he said, "to put it mildly."

Commercially, polonium 210 is used to make static eliminators that remove dust from film, lenses and laboratory balances, as well as from paper and textile plants. The radioactive material is sealed tightly to make it hard to remove.

A dirty bomb, unlike a true nuclear weapon, uses ordinary explosives in its core and radioactive materials on the outside. If detonated in a city, it would scatter radioactive dust and debris which, in the worst case, might kill hundreds and sicken thousands of people. Nuclear experts call polonium 210 one of the most toxic materials known to science. A tiny speck can kill.

Even so, experts initially saw the highly radioactive material as a poor candidate for dirty bombs because skin or paper can easily stop its distinctive rays. It must be inhaled, injected or ingested to do harm. Moreover, its short half-life, just 138 days, means it loses potency relatively fast. On the other hand, its rays are hard to detect compared with those of most other radioactive materials, making it difficult to track.

After the terrorist attacks of Sept. 11, 2001, Washington looked anew at the deadliness of polonium 210 and decided that the material warranted more scrutiny as a potential weapon of terrorists.

In May 2003, a team from the Energy Department, which runs the nation's nuclear arms complex, and the Nuclear Regulatory Commission issued a lengthy dirty-bomb report that called polonium 210 one of 10 radioactive materials "of greatest concern." The 10, the report said, "should be given first priority for consideration of increased security measures."

In November 2003, the Nuclear Regulatory Commission began an interim effort to track the sources. But it took three more years, until Nov. 8, before the commission issued a final rule spelling out the workings of its program, officially called "National Source Tracking of Sealed Sources." The rule is to take effect early next year.

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In theory, the system can track polonium 210 sources. But in interviews, commission officials said the reporting threshold was so high — 16 curies, which translates in standard risk estimates into more than 5,000 lethal doses — that it exceeded all known industry sources and products.

"We have not seen any polonium sources over 16 curies," said William R. Ward, a safety manager at the commission. "The rule will have no impact."

Other officials said the commission was monitoring the polonium drama overseas and evaluating the need for tighter controls. "Things are still unfolding," said Timothy E. Harris, a commission chief for radioactive source safety and security.

After he spoke, health authorities in London and Moscow raised the total number of people known to be contaminated by the polonium to at least 10 beyond the doomed spy, Alexander V. Litvinenko.

A senior commission official, who spoke on the condition of anonymity, said his agency was considering lowering the threshold for tracking polonium by a factor of 10, to 1.6 curies. But its first priority, he added, was to get better reporting and security for materials even more dangerous for dirty bombs than polonium.

Russia's Poisoned Democracy (LAT)

The Los Angeles Times, December 10, 2006

THE RADIOACTIVE poisoning death of former KGB spy Alexander Litvinenko is mushrooming into a tale of intrigue that is mesmerizing and confusing in equal measures. But the cloak-and-dagger theatrics threaten to obscure an urgent danger at the story's heart — journalists in President Vladimir V. Putin's Russia are increasingly being attacked and killed.

The latest Litvinenko news is the stuff of a John Le Carre novel: Two Russian businessmen, one of them a former KGB colonel, and an Italian investigator — all of whom who met with Litvinenko just before he fell ill — have also suffered poisoning from polonium-210.

Traces of the material were also found in employees of the London bar where Litvinenko and the Russians met and on aircraft that flew between Moscow and London. Meanwhile, former Russian Prime Minister Yegor T. Gaidar fell severely ill in Dublin and also claims to have been poisoned, though not with polonium and, he insists, not by the Kremlin.

We may never find out whodunit or who ordered it done, but we know what Litvinenko was investigating at the time of his death: the killing of decorated Russian journalist Anna Politkovskaya, who had been exposing alleged Russian misdeeds in Chechnya.

Were the killings of Politkovskaya and Litvinenko isolated incidents, the Kremlin's protests that it suffers most from the bad international publicity would be more worthy of sympathy. But Politkovskaya was at least the 21st Russian journalist to be killed since Putin was elected in 2000, according to Reporters Without Borders. Two others have disappeared and are presumed dead, and there have been 320 assaults.

This would be alarming in any country, but it comes during a period in which the Russian government has nationalized private TV stations that had been critical of the regime, backed the takeover of independent media by political allies, arrested media executives or forced them into exile and repeatedly brought criminal charges against journalists. The human rights group Freedom House ranks Russia as simply "not free" when it comes to the media.

The result has been de facto impunity for those who would enforce public silence — be they corrupt government officials, sleazy businessmen, gangsters or any others who fear exposure or debate. That some news outlets have accepted payment to print or withhold sensitive information in the anarchic post-Soviet marketplace certainly complicates the picture.

But the pattern of censorship, intimidation and deadly violence against the Kremlin's fiercest critics makes it increasingly difficult to give Putin the benefit of the doubt.

Politkovskaya, one of the bravest reporters of her generation, was gunned down Oct. 7 in what many suspect was a contract killing. She is the third journalist from her newspaper, Novaya Gazeta — one of the last Russian publications that dares do investigative reporting — to die.

Last month, two other Novaya Gazeta reporters received death threats; one was investigating Politkovskaya's slaying. While the newspaper's staff risks their lives to shed light on the inner workings of Putin's Russia, the West has a moral obligation to insist that the Russian government protect them.

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Taiwan Leader's Party Wins In Mayoral Vote, But Recount Is Sought (NYT)

By Keith Bradsher

The New York Times, December 10, 2006

KAOHSIUNG, Taiwan, Dec. 9 — President Chen Shui-bian's Democratic Progressive Party eked out the narrowest victory in Taiwanese political history in crucial mayoral elections here on Saturday, but the opposition Nationalist Party quickly said it would seek a recount.

The Central Election Commission in Taipei announced that with all ballots counted, the Democratic Progressive Party candidate in Kaohsiung had won by 1,120 votes out of more than 760,000 cast, a victory margin of about one seventh of a percent. On an island with already deep political divisions, the paper-thin margin and the possibility of a court fight are likely to cause further political friction in the weeks ahead.

Joanna Lei, a senior Nationalist lawmaker, said that party officials would ask the municipal election commission here to conduct a recount. Municipal election commissions have the discretion to order recounts when the outcome is decided by less than 1 percent of the vote.

Taiwan's legislature discussed whether to require recounts in close elections after President Chen narrowly won re-election in 2004, but never acted on the idea.

Both parties also threatened to sue each other in district court here on Monday, and began demanding that all ballot papers and other records be sealed at the courthouse.

Democratic Progressive Party officials accused the Nationalists on Friday and Saturday of paying people to attend a rally on Friday night; the Nationalists accused the Democratic Progressive Party of violating a law that bars parties from making any statements that may influence the election outcome after 10 p.m. the night before the polls open.

Even before the polls closed, the authorities here prepared for a close election by assembling a dozen busloads of riot police and heavy steel barriers fringed with barbed wire to defend the courthouse, where ballots are sent after an initial count in polling districts. Kaohsiung has a history of violent street protests.

But local Nationalists appeared more stunned than angry, and the streets around the courthouse were quiet on Saturday evening. Police officers at the courthouse sat on the pavement next to their riot shields or snoozed on the nearby buses.

The Nationalist Party had sought to turn mayoral elections here and in Taipei on Saturday into an informal referendum on President Chen, who has been dogged by allegations that he and his family have committed financial impropriety.

A Nationalist Party candidate, Hau Lung-bin, won the election in Taipei by a wide margin. That had been expected because northern Taiwan, including Taipei, tends to support Nationalist candidates while southern Taiwan, including Kaohsiung, more often votes for Democratic Progressive Party candidates.

While Saturday's vote represented a reprieve of sorts for President Chen, it may have also strengthened the Nationalist Party, which favors closer relations with mainland China. James Soong, a former Nationalist who split with the party and set up a rival party, the People First Party, ran as an independent in the Taipei mayoral race but attracted just 4 percent of the vote.

Mr. Soong announced after the count that he would leave politics, which could clear the way for the People First Party to combine with the Nationalists, a move the two parties have been negotiating off and on for at least three years.

The vote count here showed Chen Chu, the Democratic Progressive Party candidate, with 379,417 votes, compared to 378,297 for Huang Chun-ying, the Nationalist candidate.

Taiwan Rival Parties Split Mayoral Wins (AP)

By Stephan Grauwels, Associated Press Writer

AP, December 10, 2006

Taiwan's ruling party narrowly won a crucial mayoral election in one southern city Saturday, while the opposition candidate won comfortably in the capital of Taipei in a pair of votes seen by many as a referendum on President Chen Shui-bian.

Chen Chu of the Democratic Progressive Party bested Nationalist Party candidate Huang Jun-ying by slightly more than 1,100 votes in Kaohsiung — a result likely to boost the position of the corruption-tainted president.

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Huang said Sunday he had requested a recount of the nearly 800,000 ballots cast in the southern industrial city. The Kaohsiung District Court decided to seal off ballot boxes from all the city's polling stations to prepare for a recount, Judge Chen Chia-hui said.

In Taipei, the Nationalists' Hau Lung-bin beat the DPP's Frank Hsieh by about 13 percentage points with all the votes counted.

Chen Chu's victory in Kaohsiung — albeit by the narrowest of margins — seems likely to take pressure off of the president, who has been on the defensive for more than six months over allegations his family and inner circle benefited financially from their proximity to him.

The two Chens are not related.

On Nov. 3, prosecutors indicted Chen's wife and three former aides on charges of embezzling $450,000 from a special fund under presidential control. They said Chen could face the same charges when his presidential immunity from prosecution lapses after his term ends in 2008.

Allegations of vote-buying marred the election in Kaohsiung, long a DPP stronghold. The DPP claimed Huang's campaign workers handed envelopes containing $31 to people on a bus returning from his final election rally late Friday.

Huang on Sunday accused the ruling DPP of violating election law by making a false accusation against him on the eve of the election.

Voting took place without major problems in Taipei, where polls had shown Hau as a strong favorite. Hsieh's relatively robust showing — he garnered almost 41 percent of the vote, far higher than the DPP's expectations — is likely to put him in a good position to contest the party's 2008 presidential nomination.

While the corruption allegations against Chen Shui-bian played a major part in both the Taipei and Kaohsiung campaigns, candidates from the opposing parties also emphasized their positions on Taiwan's relations with mainland China, from which the island split amid civil war in 1949.

Hau and Huang support expanded Taiwanese trade ties with Beijing, reflecting the Nationalists' platform in favor of eventual unification with China.

By contrast, Chen Chu and Hsieh support strengthening Taiwan's de facto independence and play down the importance of expanded trade with the mainland.

Taiwan's Ruling Party Dodges An Electoral Bullet (LAT)

By Mark Magnier, Tsai Ting-i

The Los Angeles Times, December 10, 2006

TAIPEI — Taiwan's ruling party defied expectations that it would be trounced in local elections Saturday, handing President Chen Shui-bian some breathing room after months of fighting off scandals. But the mixed results probably will result in continued political infighting at least through the 2008 presidential election, analysts said.

In the two most closely watched races, the ruling Democratic Progressive Party narrowly won the mayoral race in the city of Kaohsiung and the opposition Nationalists won handily in Taipei.

The elections were seen as a referendum on Chen, who has been battling corruption-related allegations for six months. Chen's wife and three former aides were indicted last month on charges of embezzling $450,000 from a national affairs fund under presidential control. The prosecutor said Chen could face the same charges when his term — and presidential immunity — ends.

The Kaohsiung victory boosted morale in the president's office: Pundits and opinion polls had predicted a humiliating loss for candidate Chen Chu. The results also bolstered the party's reputation for running excellent grass-roots campaigns.

"This has been the most difficult election for the DPP," party Chairman Yu Shyi-kun said. "Nobody believed we could win."

But the narrow victory margin could prompt a recount. Chen Chu (not related to the president) won the mayor's seat by just 1,120 of 800,000 votes cast.

The Kaohsiung race was marred by voting fraud allegations, which are not unusual in local Taiwan elections, though both parties have tried to clean up the process in recent years.

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The ruling party claimed that campaign workers for the Nationalists distributed envelopes containing the equivalent of $31 to bus passengers returning from an election rally late Friday. The Nationalists have denied wrongdoing.

In Taipei, Hau Lung-bin of the Nationalists defeated his ruling-party rival by about 13 percentage points.

"I voted for the Nationalists because the ruling party has been too corrupt," said cosmetologist Hsu Yen-ling, 44. "It's time to bring the opposition back into power."

But Nationalists' defeat in Kaohsiung denied their party the sort of mandate they had hoped for heading into legislative elections in 2007 and the presidential race. Party Chairman Ma Ying-jeou, Nationalists' expected presidential candidate, has pledged to shake 7,000 voters' hands a day, and reportedly had assistants count them, perhaps as practice for 2008.

"Ma campaigned very hard, but it is obvious his style is not appreciated by voters here in the south," said Liao Da-chi, a political science professor at Kaohsiung-based National Sun Yat-sen University.

Analysts said a lame-duck president and a divided electorate almost guaranteed that Taiwan would continue to muddle along politically for the foreseeable future.

"There isn't enough pressure on the president to step down, so the current situation will continue," said Philip Y.M. Yang, a political science professor at National Taiwan University. "We probably won't see much getting done in the next one or two years."

HK Voters Begin Choosing A Leader (BBC)

BBC.com, December 10, 2006

Voters in Hong Kong are electing the members of a committee that will choose the territory's next leader.

Pro-democracy groups are hoping to win enough representation on the 800-seat committee to enter a candidate in next March's chief executive contest.

There are 427 seats being contested, with the rest already allocated.

Candidates will need the backing of at least 100 members if they want to challenge the incumbent, Donald Tsang, who is backed by China.

Mr Tsang is expected to win re-election when he final vote is held.

Beijing 'worried'

The BBC's Vaudine England, in Hong Kong, says that the democrats already admit that their chosen potential candidate, lawyer Alan Leong, has no chance of beating Mr Tsang.

But for the first time since Hong Kong was handed back to China by the UK in 1997, the democrat groups now say they feel that it is worth taking part in the contest.

Atmosphere

Sunday's election is not expected to make a wide impact in Hong Kong, where just over 200,000 people from a population of 7.2 million are eligible to vote.

The electorate is drawn from a selection of political organisations and business and professional communities.

"The atmosphere so far is no good, ordinary citizens have no idea there is an important election," said James Sung, a political scientist at Hong Kong's City University.

Of the 373 seats already allocated, 96 are assigned to members of Hong Kong's assembly, or to Hong Kong members of the National People's Congress in Beijing.

Other members are appointed through their professions or through political appointment.

S. American Leaders Aim For EU-like Body (AP)

By Dan Keane, Associated Press Writer

AP, December 10, 2006

South American leaders agreed Saturday to create a high-level commission to study the idea of forming a continent-wide community similar to the European Union.

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The presidents and envoys of 12 nations wrapped up a two-day summit of the South American Community of Nations, hosted by Bolivian President Evo Morales in Cochabamba, a city tucked between the Andes and the Amazon in the heart of the continent.

"We seek that South America be forever a region of peace that works to solve the economic problems of its historically abandoned majority," Morales said.

The leaders agreed to form a study group in Rio de Janeiro to look at the possibility of creating a continent-wide union, and even a South American parliament.

Brazilian President Luiz Inacio Lula da Silva, a former metalworker who was re-elected in October, assured his fellow leaders that the group could rise above its historical divisions to unite the continent — though the process would not be easy.

"We must have patience, and try to solve these issues with delicacy," Silva said. "The solutions are difficult. We're not just simple workers talking about a strike at the factory."

The result left fiery Venezuelan President Hugo Chavez, long an agitator for the region taking a greater role on the world stage, pleased but impatient.

"We need a political Viagra," Chavez said. "Look, we make decisions and we don't have the power to execute them. They're stuck in these pyramids of paper."

The discussion over South American unity likely will continue later this month when the leaders of Brazil, Argentina, Venezuela, Paraguay and Uruguay gather in Brazil for the semiannual meeting of the Mercosur trading bloc.

Morales opened Saturday's round-table discussion calling for the leaders to close "the open veins of Latin America," referring to Eduardo Galeano's famous 1971 book decrying foreign capitalist exploitation. But how to staunch the economic bleeding was a matter of debate.

Chile's Socialist President Michelle Bachelet, whose country has a free trade agreement with the U.S., said globalization had "two faces" — one "potentially very destructive" but another that presented a "historic opportunity for societies like ours."

She urged South American leaders to take advantage of the world economy while minimizing the impact of open trade on the poor.

Chavez, however, expressed blunt opposition to Washington-backed free market prescriptions and boasted that leftists in the region have "buried" U.S. hopes of a hemispheric free trade agreement, an effort launched a decade ago.

He joked that nations signing a free trade pact with the U.S. are subsequently "flooded with chickens' hind quarters."

Though the two did not meet one-on-one, Chavez and Peruvian President Alan Garcia took advantage of the summit to bury the hatchet after exchanging personal insults during Garcia's presidential campaign earlier this year.

In Saturday's forum, Chavez enthusiastically seconded Garcia's call for a continentwide effort to improve education — despite the Peruvian leader's subtle dig at Chavez's ambitious proposal to build a natural gas pipeline across the length of the continent.

"If we don't teach a faith in this integration, all is lost," Garcia said, adding that education reforms would "cost much less building an aqueduct or a great big highway to integrate our countries."

Ecuadorean President-elect Rafael Correa has proposed a land-and-river trade route linking Brazil's Amazon rain forest to Ecuador's Pacific coast, saying it could be an alternative to the Panama Canal.

Chavez also said he was offering his oil-rich nation's refining capacity to Ecuador to help the country slash high energy costs. He said Venezuela would charge only the cost of refining as part of the deal, which is similar to those extended to other nations in the hemisphere.

Correa had no immediate comment on the offer.

Chavez also has extended a hand to close ally Morales. On Sunday, the two presidents will celebrate the groundbreaking of a gas separation plant in Bolivia's gas-rich Chaco region, a joint venture between Petroleos de Venezuela SA, or PDVSA, and Bolivia's state energy company.

Chavez, a fierce critic of President Bush, has used Venezuela's petrodollar wealth to counter U.S. influence in the region. Venezuela is the only Latin American member of OPEC and has the largest proven oil reserves outside the Middle East.

Associated Press Writer Edison Lopez contributed to this report.

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The Best Of Both Dictators (WP)

By Michael Shifter

The Washington Post, December 10, 2006

The parallels are striking: Two ruthless dictators who sacrificed human rights for political aims. Two men idolized by their followers and despised by the exiles they drove away. Two archetypes of the Latin American strongman, one in dark sunglasses, the other with that ever-present cigar. For the past half-century, no two leaders have so defined Latin America's political scene as Cuba's Fidel Castro and Chile's Gen. Augusto Pinochet.

They ruled from opposite ends of the spectrum -- Castro on the far left, Pinochet on the hard right -- their regimes similar only in their harshness and in the intense passions they evoked. Today, as the two ailing men take their final bows, their repressive political models are rightfully repudiated in most of Latin America, giving way to more democratic governments. Yet the legacies of Castro and Pinochet will loom large, and will long outlive them. They have been tyrants in life, but after their deaths, they will still shape the Latin America they leave behind.

For all their faults, both men tapped into the basic reality of the region and forged responses that will mold Latin America's political and social agenda for generations. Castro recognized the fundamental social inequities that mar the region, the most unequal in the world; Pinochet embraced the market and its power to lift an economy. And the new governments of the region are drawing on both those veins in their quest to better their citizens' political and economic futures.

The human rights records of both men are undeniably dismal. Since the Cuban revolution of 1959, Castro, now 80, has overseen extensive human rights violations, including thousands of executions, especially in the first years after he took power. Repression and tight government control continue to this day. Castro has long justified the tyranny on grounds that it was essential to creating a communist Cuba that emphasizes universal education and free health care, as well as to shielding the island from the constant threat of Washington-engineered regime change. Because of his self-styled image as a defender of the downtrodden and as an underdog standing up to the United States, he remains a hero to many not only throughout Latin America, but worldwide.

Pinochet, in contrast, has few fans outside Chile -- and even there the number of supporters has substantially dropped off. He upended Chile's democratic tradition with a military coup in 1973 and ruled for 17 years before leaving office in 1990. With the abduction, torture and killing of thousands of opponents -- in the name of ridding the country of Marxist influence and creating order out of chaos -- his regime helped turn the word "disappear" into a transitive verb. Only now, at 91, has Pinochet accepted responsibility for what happened during his rule. Small consolation for the families of all those victims.

Fortunately, no government in Latin America today practices the sort of politics that will be forever linked to Castro and Pinochet. The closest heir to either is newly re-elected Venezuelan President Hugo Ch?vez, who would like to assume the mantle of leader of Latin America's left when Castro dies. Some Venezuelans fear that, emboldened by his recent landslide victory, Ch?vez will now make a strong push to implant the Cuba model in their country. But circumstances have changed too dramatically since the 1960s for that to happen.

Castro put his finger on Latin America's fundamental grievance -- the social injustice and inequality that prevails there. Recent elections in Bolivia, Brazil, Costa Rica, Ecuador, Mexico, Nicaragua and Peru have highlighted the renewed importance and urgency of the social agenda. Over the next year, incoming governments of varying ideological hues are likely to put even more emphasis on social programs that respond to widespread frustration and mounting expectations. New leaders will thus sound many of the same egalitarian notes long sounded by Castro.

Yet in practice, many of these governments will carry out some of the same economic policies espoused by Pinochet, relying primarily on the market in pursuit of their social goals. Even Ch?vez relies on the oil market to finance his social programs. In the 1970s, the Pinochet regime, influenced by the late economist Milton Friedman, pioneered the embrace of market reforms in Latin America, including privatizing state enterprises and liberalizing trade. The country went through a tough period in the early 1980s, but Pinochet's economic prescriptions eventually set it on a path that has made it Latin America's best economic performer in recent decades.

Despite the meager fruits of market reform elsewhere, and the corruption wrought by privatization efforts (recent revelations that Pinochet stashed millions of dollars in secret accounts in the former Riggs Bank in Washington have further tarnished his

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reputation), polls show that most Latin Americans still favor such changes-- albeit carried out honestly, and accompanied by stronger social support programs. Today's ruling coalition government in Chile exemplifies this new current in Latin American politics. Economic performance in the 17 years of democratic rule has been superior to that under Pinochet. And poverty levels have declined from more than 40 percent in 1990 to below 18 percent in 2005.

In Latin America today, the public wants the market-driven growth that draws on the Pinochet experience and the focus on social equality inspired by Castro -- but in a democratic context, without the terror and autocratic rule that marked the two regimes.

It wants, in short, the best of both.

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Fiji Coup Leader Runs Want Ads For Cabinet Posts (AP)

AP, December 9, 2006

SUVA, Fiji (AP) — Fiji's coup leader ran want ads in local newspapers Saturday to fill vacant Cabinet jobs, trying to piece together a new government for the south Pacific country.

Army chief Frank Bainimarama has removed a swath of senior civil servants, including top police officers, saying he is weeding out corruption entrenched in the administration of ousted Prime Minister Laisenia Qarase.

"Applicants must be of outstanding character and without any criminal records," the advertisements noted, asking aspirants to submit applications at military headquarters by Tuesday. "Each must not have been declared bankrupt."

"The deadline indicates the urgency in trying to get qualified people in to help in the running of the affairs of the state," Maj. Neumi Leweni, a military spokesman, told state-owned Fiji One News television. He added that the posts of finance and foreign affairs ministers would not be advertised.

Bainimarama's hand-picked interim leader, Maj. Jona Senilagakali, took over the prime minister's office for the first time Friday, arriving with an armed military guard. Some top government officials have been reappointed, the Fiji Times newspapers reported, including the chief executive officers for tourism and agriculture.

An aide for Qarase, meanwhile, said the ousted prime minister would return to the capital of Suva within days despite the risk of arrest.

"We know we will have a reception party at the other end," Sakeasi Ditoka told The Associated Press, referring to troops Qarase expects to meet him at Suva's airport.

"We know what's going to happen. But we need to come back for everybody's sake," Ditoka said. "The people want their leader among them."

Qarase fled the capital to his home island in the Pacific archipelago's north after Bainimarama seized power Tuesday and declared himself president.

Bainimarama has received signs of support from a key opposition leader and the country's powerful tribal chiefs, but has faced a wave of international repudiation.

The 53-nation British Commonwealth suspended Fiji on Friday, a decision Leweni said had been expected. It was the third time in 20 years that the Commonwealth suspended the country following a coup.

Qarase told Australia's Nine Network television the decision was "a very positive move." The U.N. Security Council and the European Union have also condemned the coup — Fiji's fourth in nearly two decades.

The coup was the culmination of a long impasse between Bainimarama and Qarase over legislation offering pardons to conspirators in a 2000 coup and handing lucrative coastal land ownership to indigenous Fijians. Bainimarama said the bills were racist.

Czech Leader Still Hunts For Government (NYT)

By Craig S. Smith

The New York Times, December 10, 2006

DOJ_NMG_0104800

PRAGUE, Dec. 8 — It was St. Nicholas Day, Dec. 6, and Mirek Topolanek, this country's prime minister, was on his way to see the president for his lump of coal.

For six long months, the Czech Republic has waited with increasing impatience for Mr. Topolanek to form a government that can win a vote of confidence from a Parliament perfectly split along partisan lines.

He had promised President Vaclav Klaus that he would present a winning cabinet by the holiday, when St. Nicholas and the Devil make their rounds to distribute candy to the good children and coal to the bad.

But he had no cabinet ready.

"Next week," Mr. Topolanek said with evident exasperation before leaving his office in the town's Parliament building.

This small Central European country, which nearly 17 years ago slid so softly from Communism to capitalism that its transition was called the Velvet Revolution, is suddenly finding democracy something of a puzzle. The combination of a backstabbing political culture and a parliamentary system that provides no tie-breaker in the case of an evenly divided legislature has left the country on autopilot since national elections in June.

The crisis shows how far the region's post-Communist political culture has to go before it is mature, but it also indicates that the area's political systems are remarkably secure.

"You would expect, after six months with no stable government, that the politicians would talk about the country, but they only talk about strategic moves and how to get more votes," said Jiri Pehe, a political analyst here.

But not even the Communist Party, he added, is antidemocratic. "The Constitutional framework and the underlying institutions are strong enough for the country to keep running without a government," he said.

The problem began as parliamentary campaigning for national elections came down to the wire in June. The left-wing Czech Social Democratic Party, which had led a governing coalition for the previous eight years, looked as if it could win again.

Then, four days before the voting, a police report packed with dark allegations about the party was leaked to the news media. None of the claims, from pedophilia to murder, have proved true, but the report dominated front pages. Mr. Topolanek's center-right Civic Democratic Party swept the election, winning 81 of Parliament's 200 seats and leaving the Social Democrats with 74.

The ruckus over the report left both sides bruised and angry. Mr. Topolanek's Civic Democrats huddled in his corner with two allied parties, vowing never to form a coalition with the Social Democrats. The Social Democrats, for their part, closed ranks with the Communists, and promised to block any government they weren't part of. Each camp had 100 seats on its side, setting up the stalemate that continues to this day.

The departing Social Democratic Party prime minister, Jiri Paroubek, and his ministers sat in their offices for months waiting for Mr. Topolanek to form a new government.

Mr. Topolanek finally did so in September, allowing him to take Mr. Paroubek's place and install ministers of his own. But his government could not win the necessary parliamentary vote of confidence required for it to stay.

President Klaus sent Mr. Topolanek back to the drawing board. In the meantime, the country waits.

Periodically, Adriena Mrazova, the mayor of Ricany, a small town near the Czech capital, calls the Ministry of Labor and Social Affairs to find out who will pay for the new workers she needs to hire as local governments take over social services previously administered by the state. But no one is home.

Even if she does reach someone, no one is willing to make any decisions, she said. "They tell us, 'We may not be here in two weeks.' "

The Czech Republic's mostly privatized economy is continuing to do well: the economy is growing, unemployment is falling, and inflation is under control. But many people worry that the long pause in government action, particularly on badly needed health care and pension reforms, will hurt the economy later on.

The delay could mean that the country will not be able to reduce its budget deficit to the required 3 percent in time to adopt the euro by 2010, as previously hoped.

Mr. Topolanek's progress has been slowed by a series of party congresses, each promising to alter the political map enough to color his options. While waiting, he has concentrated on trying to split one or two legislators from the opposing camp in order to break the deadlock — to no avail.

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Though Mr. Topolanek missed his self-imposed deadline, the Social Democrats have given him another: he has until Dec. 15 to negotiate their participation in a government. After that, Mr. Paroubek said, Mr. Topolanek can form a government on his own and risk another parliamentary no-confidence vote.

If Mr. Topolanek's next attempt at forming a government fails, the speaker of the Czech Parliament's lower chamber — not the president — will appoint a new prime minister for a third try. The speaker is now a Social Democrat and while he has agreed to step down, electing a new speaker will itself be a challenge with a divided Parliament.

Were a third government to fail a vote of confidence, the president would call new elections and the process would start all over again.

Years After War In Kosovo, Land Mines Scar Albania (WP)

By Barbara Frye

The Washington Post, December 10, 2006

DOBRUNA, Albania -- Seven years after the Kosovo conflict ended, NATO bombs continued to explode this fall in the mountains of northern Albania.

This time, however, it was a reassuring sound. Up in the hills, men in protective gear were setting off bomblets that alliance warplanes scattered along the Kosovo border during the 78 days of hostilities.

Within earshot but miles away, men and women combed other hillsides, inch by inch, on hands and knees, searching for land mines planted by combatants in the ground war between Serb forces and Kosovo's ethnic Albanian separatists.

For isolated villages such as Dobruna, it's been seven years of death, amputations, shrapnel wounds and blown-up farm animals, seven years of blocked-off grazing lands, forests and water supplies. The explosives have choked off any hope of development here, denying more than 25,000 people access to parts of their land, according to government estimates.

"Before the war, we used to depend on growing crops and raising animals, but without being afraid of losing our lives," said Dan Mynxyra, the 54-year-old village leader, elected by Dobruna's 36 households. He was sitting on a grassy plot while several other residents looked on. Above, the ash- and oak-covered hillsides had turned a brilliant mix of pumpkin, canary and pale green.

According to Mynxyra, most residents fled the day that NATO began bombing Kosovo, March 24, 1999, in a campaign to halt attacks by Serb forces on ethnic Albanians in the breakaway province. They returned to a familiar landscape made lethal by land mines and booby traps. Dobruna had become one of the border's most explosives-contaminated villages.

The terrain here is more vertical than horizontal, and planting and grazing land is so precious that before organized de-mining began, some residents tried to clear fields and paths on their own, often with tragic results. Thirteen of the village's 290 residents have been injured by land mines, some planted within yards of their houses.

In addition, between 200 and 300 of Dobruna's cows have fallen prey to mines in the past five years, according to Jonuz Kola, who runs a private group that assists mine victims. Kola has tried to dissuade villagers from following stray animals into suspected minefields, with limited success -- loss of a cow is a catastrophe for a poor family.

Sitting on the ground next to Mynxyra, Kola laid out his warning once again. An onlooker yelled out: "If your cow goes into the minefield, you have to go and take it out." Kola smiled and sighed.

A few steps away, the women of the Mula family stood in their yard amid beehives and dried husks, preparing corn to be ground for the winter. Neighbors' chickens wandered in, bees buzzed around and a young cow relaxed on the floor of a small barn.

Jashar Mula emerged from the house with a photo of his 24-year-old son, Korob, sitting on what appeared to be a hospital bed, one leg and both arms reduced to bandaged stumps. His parents said he stepped on a mine and then fell on another while shepherding a flock six years ago.

While his wife, Jose, looked on in distress, Jashar Mula called the day of Korob's accident the worst of his life. "If someone can help me in America, if possible," he said, "send me and my son to the U.S. I will give my hand to Korob, keeping one only to eat."

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Korob is one of 272 people wounded or killed by mines and bombs littering a 75-mile stretch of border between Kosovo and Albania. Since 2000, workers have cleared about four-fifths of the area, recovering almost 16,000 explosives.

The work has focused on ground that villagers deem to be high and medium priority: grazing and crop land, roads, areas near water sources. This fall, those and other useful areas along the length of the border were finally declared free of explosives, but it will probably be 2010 before nearly all the explosives along the border are gone.

NATO has acknowledged that some of its warplanes' bombs intended for Serb targets in Kosovo landed on Albanian soil. "NATO never intended to drop any bombs in Albania," said acting NATO spokesman Robert Pszczel. Those that did fall there tend to be within a few yards of the border.

As for mines, at least one account has them being laid by Kosovo Liberation Army rebels to prevent Serb soldiers from following them across the border into Albania, where, as ethnic Albanians, the guerrillas enjoyed widespread support from the population.

But some villagers photographed Serb soldiers laying them, according to Shefqet Bruka, a community liaison for the Albanian Mine Action Executive, a government agency.

A 2004 NATO report states: "In an attempt to deter NATO, Albanian and Kosovo Liberation Army forces from entering Kosovo, Serb forces had planted an extensive network of anti-personnel mines along the northern border of Albania. A significant number of mines have also been found well into Albanian territory."

"They can't admit that they laid mines on the Albanian side" because of the possible legal and financial consequences, said Veri Dogjani, mine awareness and victim assistance officer at the mine action executive. Albanians have been asking for maps of the minefields, "but they say, 'No, we are not aware of what you're talking about.' "

The Serbian Defense Ministry did not respond to repeated requests for comment. But according to the International Campaign to Ban Landmines, Col. Dusan Stanizan of the Yugoslav army's general staff wrote in a Serbian military magazine in January 2000 that "the Yugoslav Army's mining of some routes from Albania into Kosovo had prevented KLA soldiers from breaking through."

Unlike Kosovo, which has been under administration by the United Nations since the war ended in June 1999, northern Albania has received little international aid to repair damage it suffered in the conflict. The region remains desperately poor -- average per capita gross domestic product is $1,564. Many houses along the border lack indoor plumbing and electricity, unemployment hovers around 30 percent, and some villages have lost almost 40 percent of their population since Albanians got the right a decade and a half ago to move freely around the country.

The few roads here tend to be harsh, car-eating gullies, where even walking is difficult. Under communism, cars were banned in Albania, and many villagers still get by with horses and donkeys.

A January 2005 survey by aid organizations determined that road construction was a crying need, as were new irrigation systems, schools, health centers and better access to drinking water. Most projects, however, still await funding.

Jonuz Kola's group, the Victims of Mines and Weapons Association, has helped train local medical professionals and assisted the injured in getting care in the Albanian capital, Tirana, and abroad. It provides interest-free loans of roughly $1,550 to mine victims and their families. So far the program has helped 63 people buy 104 cows.

"They have more milk and they have something like $800 to $1,000 more per year just because of the cows," Kola says.

Kola estimates that it will take at least 10 years for northern Albania to develop what would appear to be a boundless potential for tourism -- its mix of rocky peaks and blue-green rivers make for a walker's paradise.

Before that happens, of course, the mines must go, but even their final removal will be a mixed blessing.

DanChurchAid, the last organization de-mining along the border, provides some of the few jobs to be had here, paying people about $520 a month to find and clear the explosives.

When asked what they would do when de-mining work ended with the arrival of cold weather, people replied with a vague smile or a shrug. "We don't have any jobs in Kosovo. It's impossible to find a job," said Fishik Mamusha, an economics student from Kosovo who was working as a de-miner.

Without the roads, clinics, schools and bridges that the villages seek -- and, in truth, without the mines -- this region could go back to being a forgotten island of poverty on a wealthy continent.

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On The Run As War Crosses Another Line In Africa (NYT)

By Lydia Polgreen

The New York Times, December 10, 2006

KALANDAO, Central African Republic — The rumble of engines, any engines, is the signal for the villagers here to flee, leaving behind smoldering pots of wild roots and leaves, a meager afternoon meal.

Their haste was so great on a recent afternoon that they left something else behind — a little girl in a filthy white shirt. She wailed as she sat, utterly alone, struggling to stand, much less flee, on slender, uncertain legs.

The Central African Republic — so important as a potential bulwark against the chaos and misery of its neighbors in Chad and the Darfur region of Sudan — is being dragged right into the dangerous and ever-expanding conflict that has begun to engulf central Africa.

So porous are its borders and ungoverned are parts of its territory that foreign rebels are using the Central African Republic as a staging ground to mount attacks over the border, spreading what the United Nations has called the world's "gravest humanitarian crisis."

The situation is so bad in some places that 50,000 residents have fled the Central African Republic to find refuge in Chad, of all places, while starvation threatens hundreds of thousands who remain.

"This is the soft belly of Africa," said Jerome Chevallier, a World Bank official who is trying to help stabilize the Central African Republic. "It has little protection from whatever might strike it."

A visit to Kalandao underscores the point. The residents here had fled their country's own army, which has been burning villages to smoke out a homegrown rebel movement bent on overthrowing the government. Once the villagers, including the girl's family, realized the approaching vehicles were from the United Nations World Food Program, they trickled back to tell their story.

"We are living in the bush like animals," Leontine Makanzi said. "Our children are dying. We are eating nothing. We have no security." Central African Republic, one of the poorest places on earth, has suffered through a series of coups and countercoups in the last decade and sits almost at the bottom of the United Nations development index. In few places do people live so short a lifespan, bury so many of their young children or succumb to more treatable disease.

But its vulnerability has only grown in recent months. On its northeast border with Sudan, Chadian rebels supported by the Sudanese government have built a base, according to government officials and diplomats, to bolster their bid to overthrow Chad's president, Idriss Déby. Now the Central African Republic government says these foreign fighters have teamed up with local rebels to overthrow it as well, making it increasingly hard to separate one conflict in the region from another.

"The world must act now to prevent an even graver crisis here," said Jean-Charles Dei, country director for the United Nations World Food Program, which is feeding 250,000 people in the Central African Republic, one of just a handful of organizations offering any aid at all here. "The international community must act to protect these vulnerable people or risk that they will be consumed by the crisis in the region."

To stem the tide of destruction in this morass of cross-border enmity, the United Nations is examining the possibility of placing international troops to protect the borders of Chad, Sudan and the Central African Republic.

The hope is to avoid a broad, multicountry conflict like the one that swept Congo after the fall of Mobutu Sese Seko. That war, which followed the Rwandan genocide and pulled in fighters from Uganda, Angola and Rwanda, among others, killed four million people, mostly from hunger and disease, and its aftermath continues to kill 1,200 people a day.

"As long as the problem of Darfur is not solved, you will not have peace in Ndjamena or Bangui," said Lamine Cisse, the top United Nations official in Central African Republic, referring to the capitals of Chad and Central African Republic. "The conflicts are all linked, and solving one requires solving all."

The Central African Republic is a former French colony of four million people sprinkled in tiny villages across a tangle of jungle about the size of Texas. Across generous swaths of fertile soil, villagers scrape together a living using techniques as old as the Bible — hoes, water cans, human muscle and bone. The labor required for mere survival is so strenuous that the most common operation performed by doctors at a rural hospital in the northwest is for hernias.

On a continent where cellphone towers and fiber optic cables are finally snaking their way across the land, much of life here is lived as though the last few centuries never happened — as though the march of history halted at its wild frontiers.

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"It is as though the whole world has simply forgotten these people," said Sister Desiree, a Burundian nun working at a Roman Catholic mission in Ndim, a small provincial town in northwest Central African Republic. "I always ask myself, why does no one besides us come to help these people? But I find no answer."

The four nuns at the mission, along with four nurses, some teachers and a handful of others, run a school, clinic and feeding program in Ndim, handing out food donated by the World Food Program.

Most of the people in Ndim are not actually displaced, but the isolation the conflict has caused, as well as the general poverty of the area, has left them perpetually malnourished and hungry.

"Outside of a famine situation I have never seen people in such terrible shape," said Jean-Pierre Cebron, the top official for the World Food Program for the central African region. "In terms of weight, in terms of height, in terms of health, the population is really in rough condition."

Hundreds of families lined up at the mission to receive biweekly rations — a few scoops of fortified flour, lentils, salt and sugar. Some were so poor they did not even have bowls — they used ragged pieces of cloth to carry their food home.

In neighboring countries, aid organizations feed, clothe and shelter the impoverished, but here there are comparatively few people to help. Here in the northwest, Doctors Without Borders; Coopi, an Italian aid organization; the International Committee of the Red Cross and the World Food Program are trying to help the estimated 150,000 displaced, but they are overstretched and hampered in their work by security problems and government constraints.

Aid organizations in Paoua, a provincial town at the epicenter of the crisis in the northwest, were instructed by the military in November to suspend activities for security reasons, so more than 50 tons of food for displaced people sat in a warehouse, undistributed.

Just outside of Paoua, the remains of village after village lie in charred heaps. In one such village, behind the destroyed mud huts, deep in the forest, villagers were living beneath plastic tarps a mile away from their homes.

"They came last month to give us these shelters, but they don't come again," said Pauline Koibe, who had been living in the open, sleeping under trees, since January. "It is like they have forgotten us."

People here refer only elliptically to the perpetual crises that have enveloped their nation. Its troubles are referred to as "les événements," or the events. It is a passive phrase that carries the inevitability and randomness of a tornado or an earthquake — an unpredictable, destructive happening that has no author and for which no one really can be blamed.

The problems began even before independence, when the man who should have been the country's first president, Barthélémy Boganda, died in a mysterious plane crash in 1958. They continued with the rise of Jean-Bédel Bokassa, a ruthless military dictator whose excesses were rumored to include cannibalism. He declared himself emperor of this tiny country in 1976, crowning himself in a lavish ceremony that cost $20 million.

Democracy arrived in the 1990s, with the election of Ange-Félix Patassé, but his rule was marked by corruption and mismanagement that only deepened the despair. He was overthrown in 2002 by Gen. François Bozizé, who eventually was elected president in 2005 in an election that was judged free and fair by international observers.

The rebellion in the northeast is led by allies of Mr. Patassé, the former president, along with Chadian rebels, who seek to overthrow Chad's president, a close ally of Mr. Bozizé.

Like so many countries in Africa, the Central African Republic has the potential of vast wealth in its natural resources — diamonds, timber, hydroelectric power and commercial farming. But over the years its economy has shriveled. A decade ago there were more than 200 private companies working here, according to the World Bank. Today, only about 20 remain. In the past decade, disease and hunger have slashed life expectancy by 10 years, to about 40.

"Since independence our country has never known stability," said Lea Koyassoum-Doumta, a top adviser to the government. "We have plenty of problems of our own. We don't need these problems from outside, in Sudan and Chad, making things worse for us. We need peace so we can finally have some development and progress."

Chadian Rebels Claim To Have Killed 100 Government Soldiers (AP)

AP, December 9, 2006

DOJ_NMG_0104805

N'DJAMENA, Chad (AP) — Rebels fought back a Chadian army attack on Saturday outside an eastern Chad town, killing 100 soldiers and injuring an unknown number of others, a rebel spokesman said.

Soldiers attacked a rebel position just outside the eastern Chad town of Biltine at about 6:30 a.m. (0530GMT) and after three hours of fighting, rebels of the Union of Forces for Democracy and Development, known by the French acronym UFDD, repulsed them, said Ali Moussa Izzo, spokesman of the group.

He said that Gen. Mas-Oud Diresse led the government forces that consisted of three columns made up of 250 vehicles.

"Many of the combatants of (President Idriss) Deby have joined while others ran away," Izzo said in a statement posted on a Chadian opposition website.

This week, Biltine has become a major battleground with rebels seizing it and then being fought off by the army, only for the rebels to recapture it, according to Izzo's statement.

"Our mobile columns are in full control of the situation and putting in place checks around Biltine up to the airport where dead and injured soldiers are being collected," Izzo said.

It was not possible to independently confirm the rebels' claims and government officials were not immediately available for comment.

Chadian rebels aiming to topple Deby have clashed sporadically with government forces since 2005. The competition for power in the central African nation has become more intense since Chad began exporting oil in 2003.

There are also fears that Chad's conflict is being worsened by a spillover of the violence in Sudan's western region of Darfur.

Madagascar's President Wins Re-election (AP)

By Jonny Hogg, Associated Press Writer

AP, December 10, 2006

Madagascar's president has been re-elected in the Indian Ocean island country, officials said Saturday, as authorities raided a former president's home searching for the leader of a failed coup.

President Marc Ravalomanana, a charismatic dairy tycoon known as the "The Milkman," won 55 percent of the Dec. 3 vote to beat 13 challengers, election officials said. He needed to win at least 50 percent of the vote to avoid a run-off.

He has promised a five-year development plan to reduce poverty, the dominant issue in a country were 70 percent of the island's 17 million people live on less than $1 a day.

Earlier this week, representatives for Lahiniriko Jean, the former head of the National Assembly, who trailed with 11 percent of the vote, said they would not accept a first-round victory for Ravalomanana because of problems with voter registration and the electoral list.

Election observers said this year's ballot had gone well, but raised concerns about the country's system of requiring candidates to print their own ballots. The government, for the first time, took responsibility for the delivering ballots to polling stations.

Many hoped there would not be a repeat of the fighting that followed the December 2001 elections, when former President Didier Ratsiraka refused to accept defeat to Ravalomanana. Ratsiraka fled to France after months of rival governments in two capitals.

Meanwhile, police searched the property of former President Albert Zafy on Friday as part of an ongoing investigation into the whereabouts of Gen. Randrianafidisoa and opposition politician Pety Rakotoniaina.

Randrianafidisoa, who uses one name only and is known as Gen. Fidy, had called for a coup on Nov. 17, but the attempt failed to garner much support. The general has since been on the run, and authorities are offering $50,000 for information or assistance leading to his arrest.

Randrianafidisoa had been supported by Rakotoniaina, a staunch critic of the government who is wanted in connection with organized car theft and holding an illegal demonstration the day before the election.

Madagascar's L'Expresse newspaper reported that political documents had been seized from Zafy's home, and quoted the former leader as saying he had been informed the raid was in the interests of national security.

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"I reject the gesture," Zafy was quoted as saying. "I do not recognize Ravalomanana as president and have not since 2001."

Zafy defeated Ratsiraka to become president in 1993, then was impeached three years later amid accusations of corruption. He ran again in November 1996, losing this time to Ratsiraka.

The Next Horror In Somalia (LAT)

By Garrett Jones

The Los Angeles Times, December 10, 2006

TO MOST Americans, Somalia is the place where "Black Hawk Down" happened, or the place with the pictures of the starving African children, or, for some, the biblical land of Punt. (Scholars quibble about locating Punt.) Americans tend to confuse African countries with one another except when our soldiers are dying there, and the violence in Sudan, Uganda, Congo or Zimbabwe can seem indistinguishable. But the anarchy in Somalia, which straddles the strategic Horn of Africa, is in a class by itself.

For more than 16 years, Somalia has existed without the pretense of a central government, surviving largely on foreign aid and remittances from its overseas diaspora, the best and brightest young Somalis. With the fading of the seasonal rains in December, the Somalis are preparing once again to inflict their intra-clan squabbling on their neighbors. Meanwhile, the neighbors are preparing a proxy war, and they plan to fight one another to the last Somali.

Experts call Somalia a failed state. This is a sophism. Somalia was a failed state in 1990 under the last central government of the mildly insane Mohamed Siad Barre. Nowadays, one could call Somalia a space between countries. Or simply a feral nation. This is the place that perfected the practice of extorting cash from international aid organizations in return for allowing the aid groups the privilege of feeding other starving Somalis. (Gangsters R Us, with Third World panache.) When the United Nations tried to intervene and establish a central government in 1993 (an admittedly naive effort), the Somalis united just long enough to drive off the foreigners and resume their embrace of warlords and clans.

I was there in 1993, running covert operations in Mogadishu for the CIA when the U.N. effort was wrecked. President George H.W. Bush had sent the Marines into Somalia to feed the starving children, and President Clinton was attempting to install a Jeffersonian democracy in a medieval culture. The Clinton theory was that the U.N. would use its peacemaking powers to force the Somali factions into a political accord, and then peace would break out.

Unfortunately, nobody told the Somalis. They viewed the U.N. and the U.S. as foreign invaders bent on Christianizing their Muslim culture while destroying the power of the clans and warlords. This dispute spawned a series of attacks that cumulated in the Battle of Mogadishu between the U.S. Task Force Ranger and Somali clan fighters, as portrayed in the film "Black Hawk Down." After losing 17 elite troops to an African mob in a single night, Clinton lost all stomach for further "nation building" involving U.S. casualties, and the U.N. effort collapsed. After that, the world largely went back to ignoring the Somalis.

Now the Somalis are poised to insist that the international community tune back in while they commit an auto-da-fe on CNN. Somali Islamists, modeling themselves on the Taliban, have taken control of most of the country, driving the warlords out of the cities and into the bush. The internationally recognized Somali interim government (an effort by neighboring countries to get the clans and factions to agree to some sort of consensus government with which the world can interact) is surrounded in the provincial city of Baidoa, about 160 miles northwest of the capital. When the roads are dry enough to allow military operations, the Islamists will swiftly overwhelm the interim government unless outside help arrives at the last minute.

Already, a team of Al Qaeda-style suicide bombers have blasted Baidoa. The Islamists make no bones about their plans to install a fundamentalist government and to begin "rescuing" their brethren in neighboring countries (read all of East Africa) from the oppressive rule of the Christian Crusaders. Somalia's neighbors are bracing for a regional war, and the U.S. State Department says 10 countries are taking sides in some fashion. Ethiopia, which has a restive Muslim south and a history of being a target for Somali brigandage whenever the Somalis pause in their intra-clan feuding, is sending troops to back up the interim government and oppose the Islamists.

The Eritreans, led by an increasingly paranoid, sociopathic president, are the sworn blood enemies of the Ethiopians. Seeing a chance to weaken their bigger neighbor, they are flying in arms and instructors to the Islamists.

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Across the Red Sea in Saudi Arabia, the Wahhabi fundamentalists see the Christian Ethiopians embarking on a "crusade" to crush Islam. In response, they are providing cash through Wahhabi charities to their Islamic comrades, frightening and infuriating Washington.

Kenya's kleptocratic government, overwhelmed by an influx of refugees, is wringing its hands while endless talks take place in Nairobi hotels between irrelevant Somali politicians and clueless U.N. diplomats in search of a peace plan. The Islamists want no part of the talks; they are winning.

When the big, ugly regional war breaks out, the Islamists, with the help of Eritrean advisors, are likely to hold their own. Now add in your odd Somali warlord, drug-crazed clan gunmen and the Somali history of atrocities and you have a real mess in the Horn of Africa. Fighting will probably spill into Kenya, and destitute refugees will surge across East Africa. Bottom line: It is likely by this time next year that the Horn of Africa will host its own little Taliban wannabe, more or less in control of Somalia and at war with its neighbors. Along the way, there will be a lot of dead people and suffering refugees.

Although this is far away, and may not happen to anyone you know personally, it is going to become a concern of the U.S. soon. An Islamic fundamentalist haven on the Horn of Africa is more than a tragedy for the long-suffering Africans; it is a threat to the oil routes that fuel the West and pass just offshore. Recent domestic terrorist attacks have already shaken the House of Saud's iron grip on its population; a sanctuary where its fundamentalist enemies can regroup only a few hours across the Red Sea would be a dagger at its heart.

A terrorist Somalia would be difficult to contain. Most African governments have little ability to find, let alone effectively police, their own borders. If the Islamic fundamentalists establish a haven in Somalia, they could infiltrate or threaten the many weak secular governments in surrounding countries.

It simply is not prudent to ignore what is going on in Somalia, but everyone agrees the last thing the U.S. wants now is to embark on another adventure in East Africa. The only practical option is to interest the Islamists in talking. Right now, they do not need to talk; they are getting everything they want on the battlefield. If they suffer a military setback, talk may look more appealing.

To improve the odds of such an Islamist setback, the U.S. should provide training and equipment to Somalia's neighbors. Frankly, the track record is poor; in the past, most military aid has been used to suppress domestic critics rather than fight foreign enemies. And it's certainly true that the one thing Africa does not need is more guns. But it looks like it's getting them anyway, according to a November U.N. report on weapons smuggling.

Washington should also lean hard on the government of Saudi Arabia to crack down on the Wahhabi charity money that fuels the Somali Islamist war machine. If the Saudis don't want those petrodollars coming back at them in a few years as RPGs fired by antiroyalist fundamentalists based in Somalia, it behooves them to overcome the reservations they have shown about squeezing fellow Wahhabists.

However, even our best efforts will not stop a long, bloody conflict. Get ready for more pictures of starving African babies. Film at 11, death and suffering around the clock.

Garrett Jones is a retired CIA case officer who has served in the Middle East, Africa and Europe.

Nobel Peace Prize Winner Will Urge Banks To Lend To The Poor (NYT)

By Walter Gibbs

The New York Times, December 10, 2006

OSLO, Dec. 9 — Bangladesh's "banker to the poor," Muhammad Yunus, said he would use his newfound celebrity as the recipient of this year's Nobel Peace Prize to urge bankers everywhere to make small business loans to the poorest people they can find.

"This is a movement that is going around the world," he said at a news conference here on Saturday, a day before the ceremony to award the prize to him and the bank he founded, Grameen Bank.

Mr. Yunus, 66, is credited with inventing microfinance, the practice of lending small amounts of money to destitute people, 30 years ago. The idea is for borrowers — almost all of them women — to start or expand money-making enterprises like weaving, rope-making, vegetable farming and holding livestock.

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He said Bangladesh, with its population of 145 million, was en route to halving the number of people classified as extremely poor by 2015, thanks in part to the availability of microloans as small as $12 and averaging $200. "If Bangladesh can do it, anyone can do it," he said.

The prize is to be awarded in equal parts to Dr. Yunus and the Dhaka-based bank, 90 percent of which is owned cooperatively by the 6.7 million people who owe it money. The bank's half of the prize will be given to board member Mosammat Taslima Begum, who said Saturday that she first borrowed money from Grameen to buy a goat, then borrowed more to buy three goats. Now she owns land with an income-producing mango patch.

Mr. Yunus urged the United States to recalibrate its strategy for fighting terrorism and to address what he said were its "root causes" — poverty and injustice. "Poverty is a threat to peace," said Mr. Yunus, a native Bangladeshi with a Ph.D. in economics from Vanderbilt University in Tennessee. "This has been talked about before but never in such a resounding manner."

In the 30 years since he started lending money to the poor, more than 3,000 other institutions have emerged to provide similar loans. Grameen Bank requires no collateral of its borrowers, but charges most of them interest of about 30 percent per year.

The Muslim Stereotype (NYT)

By Nicholas D. Kristof

The New York Times, December 10, 2006

Whatever happens in Iraq, we may be inching closer to a "clash of civilizations" between Islam and the West.

There's a fatigue in the West with an Arab world that sometimes seems to put its creative juices mostly into building better bombs. Even open-minded people in the West sometimes feel a sense of resignation that maybe the bigots are right: maybe Islam just is intrinsically backward, misogynistic and violent.

After I wrote recently about reform elements in Islam, I received a long note from a 24-year-old Chicagoan, Paul Williams, who ventured what many people feel: "I went to school in Macalester College and the whole time there I wrote paper after paper defending Islam," he told me. Now, he says, after reading the Koran cover to cover and living in Turkey, he has lapsed into political incorrectness: "The more I'm here the more I'm beginning to think that there's just something wrong with Islam."

That's a common view, shaped partly by the way we in the news business focus on violence in the Islamic world. So let me step up and say that I find the common American stereotypes of Islam profoundly warped.

Those stereotypes are largely derived from the less than 20 percent of Muslims who are Arabs, with Persians and Pashtuns thrown in as well. But the great majority of the world's Muslims live not in the Middle East but here in Asia, where religion has mostly been milder.

At the moment I'm in Brunei, a Muslim country nestled in Southeast Asia. At the University of Brunei, women outnumber men. Women here drive, fill senior offices in government and the private sector, serve as ambassadors and are pilots for the national airline. "Young women have equal opportunities now — it's up to your capability," said Lisa Ibrahim, president of the Young Entrepreneurs Association of Brunei.

Brunei has gold-domed mosques in its skyline, and the sultan has two wives. But Brunei is also home to churches and Hindu temples serving a multiethnic society. Young people flirt together in the cafes, and non-Muslims are allowed to drink alcohol.

Anwar Ibrahim, the former Malaysian deputy prime minister, says he reminds Americans that the most populous Muslim country (Indonesia) is a democracy whose elections run more smoothly than Florida's.

Yes, Islamists are a threat in Asia, and many imams are more scandalized by female flesh than by honor killings or illiteracy. Indonesia has tried the editor of the local edition of Playboy magazine, and a state in Malaysia has threatened to fine women who wear miniskirts. But Indonesia has had a woman as president, while Bangladesh has had two female prime ministers and has more girls in high school than boys.

"We tend to be more tolerant," Yusof Halim, a prominent lawyer in Brunei, said of Asian Muslims. He then confided: "My honest opinion is that Arabs are male chauvinists."

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Meanwhile, many Muslims are as disenchanted with us as we are with them. They complain about hypocritical Americans who parrot slogans about human rights but brutalize Muslims at Guantánamo and supply the weaponry that kills Muslim children in Gaza and Lebanon.

The Koran and Bible alike have passages that make 21st-century readers flinch; most Christians just ignore sections on slavery or admonitions to kill a disobedient child. Likewise, some Muslims are reinterpreting Koranic passages on polygamy and amputations, saying they were restricted to particular circumstances that no longer apply.

Frankly, I don't see that any religion's influence is intrinsically peaceful or violent. Christianity inspired both Mother Teresa and pogroms. Hinduism nurtured Gandhi and also the pioneers of suicide bombings.

These days, ferocious anti-Semitism thrives in some Muslim countries, but in the Dreyfus affair a century ago Muslims sided with a Jew persecuted by anti-Semitic Christians. And the biggest sectarian slaughter in Europe in modern times involved Christians massacring Muslims at Srebrenica.

The plain fact is that some Muslim societies do have a real problem with violence, with the subjugation of women, with tolerance. But the mosaic of Islam is vast and contains many more hopeful glimpses of the future.

There is a historic dichotomy between desert Islam — the austere fundamentalism of countries like Saudi Arabia — and riverine or coastal Islam, more outward-looking, flexible and tolerant. Desert Muslims grab the headlines, but my bet is that in the struggle for the soul of Islam, maritime Muslims have the edge.

DOJ_NMG_0104810

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 10, 2006 7:45 AM EST

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TERRORISM NEWS:

Book Ties Enemy Combatant To L.A. Plot (LAT)

By Richard A. Serrano

The Los Angeles Times, December 10, 2006

CHARLESTON, S.C. — Ali Saleh Kahlah al-Marri is the last enemy combatant imprisoned in this country. Yet four years after his arrest, government officials still cannot agree on what threat he posed.

In a new allegation, former Atty. Gen. John Ashcroft says Al-Marri was sent to the United States a day before the Sept. 11 attacks to plan strikes on West Coast targets, including the tallest building in Los Angeles.

Ashcroft's claim — made in a new book — is the first time any U.S. official has directly linked Al-Marri to the West Coast attacks that Al Qaeda leader Osama bin Laden allegedly hoped would follow the deaths of nearly 3,000 people in New York, the Pentagon and Pennsylvania.

Citing Sept. 11 mastermind Khalid Shaikh Mohammed, who was captured and interrogated, Ashcroft wrote: "I believe KSM had planned to use Al-Marri to help facilitate this next wave of attacks focused on Los Angeles."

But three federal law enforcement officials asked about the allegation said they were mystified by Ashcroft's assertions. And a court document alleging that Al-Marri — a U.S.-educated citizen of Qatar and Saudi Arabia — has deep ties to Al Qaeda makes no mention of any role in an assault on the West Coast.

Plot broken up

Speaking confidentially because they did not want a public fight with the former attorney general, the Washington officials said the West Coast plot was broken up by arrests overseas that did not involve Al-Marri.

They said Al-Marri was sent to the United States as an Al Qaeda "sleeper agent" and was not assigned to prepare an attack on any specific target. With his wife and five children, they said Al Qaeda leaders hoped he could reside unnoticed in Peoria, Ill., where he had once lived and attended school.

"He was never given any assignment," said one of the officials familiar with government intelligence on the West Coast plot. "KSM may have considered him as an operative, but that's about it."

He acknowledged, however, that Ashcroft's contention "might still be a possibility."

The dispute is spilling onto the public stage as the Bush administration finds itself under mounting legal and public pressure to provide some form of justice for captives arrested in the U.S. and abroad. The disagreement also shows there are deep divisions within the government over what to make of enemy combatants.

Al-Marri's defense lawyers have repeatedly called on the government to either charge him with a crime or set him free, saying his endless solitary confinement at a Navy brig next to Charleston violates the founding principles of American jurisprudence.

But twice this year different federal judges in South Carolina have denied their request and ruled that the Bush administration can continue to legally — and indefinitely — hold Al-Marri as an enemy combatant.

Al-Marri's defense attorneys have appealed, and the government, seeking to cut them off again, recently signaled it may bring Al-Marri before a military tribunal similar to those planned for Mohammed and other detainees at the U.S. naval base at Guantanamo Bay, Cuba.

Why Ashcroft is raising this assertion now is unclear. He did not respond to repeated requests for an interview.

In his book, "Never Again: Securing America and Restoring Justice," Ashcroft said the second wave was "planned meticulously" by Mohammed with Al-Marri in mind. He wrote that Al-Marri was "part of an Al Qaeda advance team sent to the United States to facilitate the next round of terrorist attacks."

But of Al-Marri's arrest, Ashcroft wrote, "I believe it frustrated Al Qaeda's plans for new attacks. The Los Angeles plot unraveled due to international cooperation among America's allies."

David Ayres, Ashcroft's former chief of staff at the Department of Justice, said the department reviewed the book for accuracy and classified material. And others suggested the information must have been gleaned by Ashcroft from his four years as attorney general.

"Why would he make it up?" wondered Carl W. Tobias, a law professor at the University of Richmond in Virginia who has closely monitored the Al-Marri case.

Angry defense lawyers

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Defense lawyers, however, are angry Ashcroft is making assertions that government prosecutors have never alleged in federal court here in Charleston. The attorneys theorize that Ashcroft is trying to make Al-Marri appear evil to support his own Justice Department policy of endlessly incarcerating enemy combatants.

"He's all spit and no sidewalk," defense lawyer Andrew J. Savage III of Charleston said of Ashcroft.

Jonathan L. Hafetz, a litigation specialist at the Brennan Center for Justice at the New York University School of Law, who is assisting in the Al-Marri defense, was equally dismissive. "If they have that evidence, they should present it," Hafetz said. "Put up or shut up."

In an apparent reference to Mohammed, Ashcroft wrote that the information on Al-Marri came from a "detained senior Al Qaeda leader, whose credibility had been well established" and who identified Al-Marri as "an Al Qaeda sleeper operative, someone inside the country, lying low but working all the while for the enemy."

Mohammed, who was captured in March 2003, is known to have named Al-Marri as an Al Qaeda operative during his interrogations.

He also gave lengthy, written testimony in this year's trial of Sept. 11 collaborator Zacarias Moussaoui. He described the West Coast plot in detail, including the selection of the 73-story Library Tower (now the U.S Bank building), as one of the targets. But he did not name Al-Marri as a co-conspirator.

He added that Bin Laden personally "advised that a second wave attack should focus on the West, believing that security might be more lax there."

President Bush and Vice President Dick Cheney recently stated that Mohammed has provided reliable information.

But Hafetz said any statements from Mohammed should be discounted because Mohammed was allegedly tortured into talking by a controversial technique that simulates drowning. Al-Marri should be released now, he said, because "you can't hold somebody based on a statement from a guy who was water-boarded."

The three senior federal law enforcement officials in Washington sharply disagree with Ashcroft's premise that Al-Marri is a key figure in the West Coast plot. They said the scheme fell apart after a "handful" of other suspects were arrested overseas for involvement in the plot.

"This guy [Al-Marri] was never named by KSM [Mohammed] as being in the Library Tower plot," said one of the officials. "But he was put on the radar by KSM as a guy who was here stateside as a potential operator."

Al-Marri, now 40, was arrested in December 2001 in Peoria. He had earned a bachelor's degree in business administration there in 1991. He returned and enrolled to earn a graduate degree in computer science at Bradley University.

FBI agents found evidence that appeared to link him to Al Qaeda, but he was held on minor bank-card and credit-card fraud charges.

He was preparing for trial when Mohammed was arrested in March 2003 and began talking.

Three months later, in June 2003, the Bush administration abruptly designated Al-Marri an enemy combatant and moved him from a jail in Illinois to the Navy brig.

The two judges, federal Magistrate Judge Robert Carr F. and U.S. District Judge Henry F. Floyd, who upheld the enemy combatant designation, based their rulings on a partially declassified summary from Jeffrey N. Rapp, a senior defense intelligence officer.

The summary says "multiple intelligence sources" confirmed Al-Marri was sent to the United States to explore how to hack into computer systems and disrupt U.S. financial systems.

But it does describe Al-Marri as a man devoted to Al Qaeda, who had trained with the terrorist network, versed himself in poisons and chemical weapons, talked frequently with a terrorist financier, and kept Bin Laden speeches and lists of jihad websites on his computer.

"He met personally with Osama bin Laden and other known Al Qaeda members," Rapp concluded, "and volunteered for a martyr mission or to do anything else that Al Qaeda requested."

Plans To Construct Legal Compound At Guantánamo Halted (MH)

By Carol Rosenberg

The Miami Herald, December 10, 2006

In an abrupt about-face, the Pentagon has scrapped plans to invoke emergency authority to fast-track construction of a controversial $100 million legal compound at Guantánamo Bay, Cuba.

Instead, Defense Department officials will seek permission from Congress for any new major buildings in which to stage the first war-crimes trials since World War II.

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The Pentagon's retreat from a plan it had earlier described as urgent was a setback in Bush administration war-on-terrorism policy, just as the Republican-led Congress finished business Saturday -- to be replaced by a Democratic majority in early January.

California Sen. Dianne Feinstein, a key Democrat on the Senate's military construction and armed services committees, announced the Defense Department's change of course in a news release late Friday -- after members of Congress, both Republicans and Democrats, had protested the move.

"I thank the Department for postponing plans to build a permanent courthouse at Guantánamo Bay," Feinstein said. ``It's important this courthouse proceed through regular order, with public hearings, so that there is full knowledge of what is intended."

Feinstein was among critics of the project, which was first reported by The Miami Herald.

Last month, the Pentagon had quietly notified contractors that it was seeking design and construction bids for the elaborate legal compound -- complete with two courtrooms, housing for 1,200, dining facilities for 800, a 100-vehicle motor pool and conference and other meeting facilities.

MILITARY CITY

A virtual mini military city, the legal compound was projected to cost $75 million to $125 million and be the single-largest construction project at the remote U.S. Navy base in southeast Cuba. Today there are about 420 foreign men and teens held at the base as enemy combatants; about 80 could face war-crimes trials.

The decision to freeze its plan to invoke emergency authority capped a week in which Defense Secretary Donald Rumsfeld said goodbye to Pentagon employees; a blue-chip bipartisan panel said the war in Iraq was mismanaged; and key Republican and Democratic senators introduced legislation to restore captives' rights to challenge their detention -- a move that would give civilian courts a greater role in individual cases at Guantánamo.

The Bush administration has been in a tug of war with civilian attorneys over the rights of the captives at Guantánamo since soon after the prison camp opened in January 2002 with an airlift of 20 captives from Afghanistan. At the time, the Pentagon had provisional plans to house up to 2,000 captives there.

The Pentagon also made the about-face during the same week it put into service a new prison facility -- known as Camp 6. It had cost more than $37 million and was intended as a mediumsecurity prison with communal eating and praying until a riot last summer led to its redesign as a maximum-security compound.

The Miami Herald disclosed the Pentagon's pre-bid solicitation for the legal compound on MiamiHerald.com on Nov. 16.

`EXTREME URGENCY'

The next day, Nov. 17, Deputy Defense Secretary Gordon England wrote Republican and Democratic members of Congress that because of "national security implications and extreme urgency" the Pentagon was invoking "Section 2808 of title 10, United States Code" as authorization for its fast-track authority -- a move that did not require congressional approval.

On Friday, the Pentagon notified Feinstein, according to her office, that ``it has canceled the contract solicitation and will examine alternatives."

The Pentagon on Saturday gave no details but suggested it would no longer seek to fund the Guantánamo project without explicit congressional appropriation and authorization.

"We continue to work with Congress to proceed in an expeditious fashion to bring these unlawful combatants to justice," said Air Force Lt. Col. Todd Vician, th Pentagon's weekend spokesman.

But as of Saturday, the fast-track bid solicitation was still on a U.S. government contracting website, with a Dec. 20 deadline for solicitations and a July 2007 completion date. The Pentagon previously built a more modest, single-court complex at the Navy base for earlier Military Commissions, which the U.S. Supreme Court declared unconstitutional in June.

Feinstein's office credited the about-face to ``concerns she and others had raised about the proposed location and funding mechanism."

Pentagon officials are now preparing new rules for presumably constitutional trials, under the 2006 Military Commissions Act, although lawyers for detainees are already challenging portions of the law in the federal courts.

Disclosure of the solicitation last month unleashed a wave of criticism.

California Republican Rep. Duncan Hunter, outgoing chairman of the House Armed Service Committee, declared the project ill-advised.

New York Republican Rep. James Walsh, outgoing chairman of the military appropriations subcommittee, in comments in the Syracuse Post-Standard, expressed concern about its impact on military readiness.

"We're at war," he said. ``It sounds like their priorities are skewed."

`BACK-ROOM STUNT'

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And Democratic New York Sen. Charles Schumer, who has served on the Armed Services Committee, called the proposal a 'back-room stunt, of secretly taking money away from veterans' care and soldiers' facilities."

Outside of Congress, Amnesty International labeled it a "white elephant" and a St. Louis Post-Dispatch editorial scorned it as a ``kangaroo compound."

The American Civil Liberties Union wrote members in an e-mail alert that Vice President Dick Cheney's old firm, Halliburton, had attended Defense Department planning conferences on the project.

Halliburton spokeswoman Melissa Norcross last week would not say whether a subsidiary already working at Guantánamo, would bid to build the legal compound.

Pentagon spokesmen would not say how rarely, if ever, the Bush administration had used emergency authority to circumvent Congress' power to appropriate and authorize.

Although Congress had no power to halt construction under the Pentagon's emergency authority, the Pentagon's England had sought a commitment from key Congress members to restore the money it intended to divert from existing, authorized military construction projects.

Pentagon spokesmen would not identify which already appropriated projects it would set aside.

Redefining Torture (NYT)

By Dahlia Lithwick

The New York Times Magazine, December 10, 2006

There were always two narratives offered about the change in American torture policy after 9/11. The first story — told by the Bush administration — was that the Geneva Conventions mandating humane treatment of war prisoners could be unilaterally suspended by the president for the duration of the war on terror. But, this story continued, our prisoners were nevertheless well treated, as required by honor if not by law; only a few renegade bad apples abused detainees.

The alternate version of the story went this way: from the outset of the war, human rights groups said, Bush-administration attorneys devoted considerable energy to secretly redefining torture. Leaked memos revealed that widely agreed-upon definitions of torture had been changed; ambiguous new rules started filtering down through the C.I.A. and the military — with lethal consequences.

The two narratives collided this summer with the Supreme Court's decision in Hamdan v. Rumsfeld. After striking down the tribunals proposed to try detainees at Guantánamo Bay, the court went on to rule that the Bush administration was obligated to comply with the "laws of war," including Common Article 3 of the Geneva Conventions — the provision barring torture, cruel and humiliating treatment or "outrages upon personal dignity."

The Hamdan decision demolished the argument that the president's war powers were limitless and beyond review. It also meant that C.I.A. and other administration officials faced possible criminal liability for past and future acts of abuse. So the administration scrambled to both justify the torture and change the law.

The result was a "showdown" in Congress, wherein the president requested the power to redefine the legal standard for torture and the power to determine whether and how the Geneva Conventions apply. The administration also requested the authority to keep the specifics of its "alternative interrogation methods" secret. Even though the president acknowledged that he had sent prisoners to secret "black sites" for interrogation, Congress passed legislation decreasing Congressional and judicial oversight of detainees. When Bush admitted, in short, that the second narrative — America tortures people in secret — was true, Congress effectively made it legal.

The final detainee bill, as passed by Congress in September, immunizes some of those who abused detainees and relaxes restrictions on abuse. It strips the courts of jurisdiction to hear whole classes of cases and denies "alien unlawful combatants" (a classification left to Bush to define) the power to assert Geneva Conventions claims in courts. The bill purports to apply the Geneva Conventions, then defines them away. It purports to prohibit torture, then defines the prohibition away.

In October, Dick Cheney allowed that one of the most controversial torture methods — simulated drowning or "water boarding"— could be called a mere "dunking." The White House later contended that he'd not been referring to water boarding but to something else. Perhaps. But it's striking that in the span of 12 months, prisoner abuse had morphed from a secret to the law to a punch line.

HOMELAND RESPONSE:

Great Lakes Area Tries To Dodge A Bullet (WP)

By Peter Slevin

DOJ_NMG_0104816

The Washington Post, December 10, 2006

CHICAGO -- U.S. Coast Guard vessels staging machine-gun target practice in the peaceable Great Lakes? George Heartwell does not like the idea, not one little bit. He questions the need, the risk and the appearance.

"I think our Canadian friends see us as trigger-happy cowboys," said Heartwell, mayor of Grand Rapids, Mich. "There simply have to be other ways and better ways."

In the name of defending the United States against terrorists, the Coast Guard proposes live-fire zones in all five Great Lakes, where gunners could perfect their skills on M-240B machine guns to be mounted on lake vessels. The weapons can fire hundreds of 7.62mm rounds a minute and send lead 2.3 miles downrange.

The Coast Guard, at a series of public hearings this fall, defended the 34 proposed zones as essential to its mission. Each zone, located at least five miles offshore, would be used perhaps two or three times a year for a few hours. Civilian boaters would be warned to stay away.

Yet opposition to the proposal is formidable and growing, led by an alliance of 80 mayors from eight states and Canada who called on the Coast Guard last month to drop the plan. More than a dozen environmental groups have asked for changes in the project and a deeper study of the effect on the ecosystem of hundreds of thousands of lead bullets.

Toronto Mayor David Miller, speaking for the organization of mayors, called the live-fire proposal "totally contrary to the long history of peaceful relations and environmental cooperation between the United States and Canada on the Great Lakes."

The decision to install machine guns on Coast Guard vessels in the U.S. waters of the Great Lakes was sensitive enough that the Bush administration sought to assure the Canadians that the weapons would not violate the spirit of an 1817 agreement limiting armaments on the lakes, home to 21 percent of the fresh water on the Earth's surface.

Asserting the need for the guns, a State Department diplomatic note in April 2003 cited "the potential for a tragic outcome" if the border's integrity were breached.

The Coast Guard began live-fire training earlier this year, conducting 24 exercises before a public outcry forced a suspension. The Coast Guard held nine public hearings and extended the comment period by two months to explain the plans and overcome the suspicion that they had acted dismissively.

Chief Petty Officer Robert Lanier, a spokesman for the Coast Guard's regional headquarters in Cleveland, described the training: Gunners in the 34 zones would shoot at floating targets in exercises lasting four to six hours at a time.

"To be proficient on the weapon, we have to practice," Lanier said. "There's a tremendous difference between operating any type of weapon on land versus operating it on water, where you've got the motion of the Great Lakes, the wind current, the sun."

Opponents, however, suggest using a simulator or sending Coast Guard members to train on the ocean.

"To be honest with you, we don't feel we're ready for this militarization of the Great Lakes," said F. Ned Dikmen, Chicago-based chairman of the Great Lakes Boating Federation. "The waterways, the pristineness, the enjoyment, takes on a different picture."

Dikmen continued: "My biggest fear is a poor fisherman that is not very radio-friendly and might not even know exactly what hit him. Are you going to call them on the phone? How are they supposed to know they are 2.3 miles out from the firing range?"

Kevin Crawford, mayor of Manitowoc, Wis., is among the critics who believe the Coast Guard acted badly.

"That's our freshwater supply. We fish out of there. We recreate out of there," said Crawford, who is also skeptical of federal projections that the lead in the Coast Guard's bullets will do no harm. "The idea that continuous activity of the Coast Guard over time won't have an effect is untrue, or least we don't know it to be true."

One of Crawford's worries is the safety of passengers on the S.S. Badger, a steam-powered ferry that churns between Manitowoc and Ludington, Mich. Another concern is the potential for unease among tourists who gravitate to the lake.

"You never know what's going to set off a change in the visitor economy," said Crawford, who added that he was not concerned about the prospect of terrorists on the Great Lakes. "There just doesn't seem to be that kind of a threat out there."

Not everyone is speaking against the Coast Guard project. Among the supporters is Dexter Nelson, captain of the 34-foot, twin-engine Fishin' Luhrs, who figures he has spent more than 17,000 hours afloat in Lake Superior, catching lake trout, walleye and salmon. He is confident the Coast Guard will find ways to notify boaters and fishermen, and he believes the training is necessary.

"I just think leave them alone and let them do what they need to do," said Nelson, who is based in Duluth, Minn. "If something happens, it's good if they're well-trained."

The Great Lakes Sport Fishing Council proposes reducing the 14 proposed Lake Michigan zones by half and moving them farther offshore. In a vast lake that stretches about 120 miles at its widest point, the proposal would mean a zone perhaps 40 miles from the shoreline, compared with the current five-mile minimum.

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"It's really nothing for the average angler to go 10 or 15 miles offshore to fish," said Dan Thomas, president of the Chicago-based council, which counts 300,000 members. He supports the Coast Guard and considers the live-fire zones a minor inconvenience worth tolerating.

"They're putting their lives on the line to protect your butt and my butt," Thomas said. "There need to be some adjustments, but at the same time, I'm telling my guys, 'Get a life.' "

The Coast Guard is reviewing its plans, with no announced date for a decision.

WAR NEWS:

Bush Aides Seek Alternatives To Iraq Study Group's Proposals, Calling Them Impractical (NYT)

By Jim Rutenberg, David E. Sanger

The New York Times, December 10, 2006

WASHINGTON, Dec. 9 — Administration officials say their preliminary review of the bipartisan Iraq Study Group's recommendations has concluded that many of its key proposals are impractical or unrealistic, and a small group inside the National Security Council is now racing to come up with alternatives to the panel's ideas.

In interviews over the last two days with officials from the White House, the State Department, the Pentagon and foreign diplomats, President Bush and his top aides were described as deeply reluctant to follow the core strategy advocated by the study group: to pressure Prime Minister Nuri Kamal al-Maliki to rein in sectarian violence faced with reduced United States military and economic support.

Secretary of State Condoleezza Rice has cautiously embraced that approach, several officials said, but others — including people in the National Security Council and the vice president's office — argue that the risks are too high. "The worry is that the more Maliki is seen as our puppet, because he is abiding by our timelines and deadlines, the internal political dynamics will become so fragile that the whole government would collapse," said one senior official participating in the internal review. "That would set us back a year." A senior official said the administration was not near a "decision point" on how to go about influencing Mr. Maliki to move faster, and he said it was taking seriously some of the report's suggestions.

But in interviews, senior administration officials, who would not be quoted by name because Mr. Bush has made no final decisions about how to deal with the Iraq panel's recommendations, questioned the study group's assertions that Iran had an interest in helping to stabilize the situation in Iraq, or that it made sense to start negotiations with Iran without conditions. And they took issue with the decision by former Secretary of State James A. Baker III and the nine other members of the commission to make no mention of promoting democracy as an American goal in the Middle East, and to drop any suggestion that "victory" was still possible in Iraq when they presented their findings to Mr. Bush and to the public on Wednesday.

"You saw that the president used the word 'victory' again the next day," said one of Mr. Bush's aides. "Believe me, that was no accident."

The administration's inclination to dismiss so many of the major findings of the bipartisan group sets the stage for what could become a titanic struggle over Iraq policy. Just two months ago, administration officials were saying that they believed the findings by the panel headed by Mr. Baker and Lee H. Hamilton, a former congressman, would be all but written in stone — and that Mr. Bush would have little choice but to carry out most of them. But in recent weeks, the White House sought to describe the panel's role as that of one advisory group among many.

Andrew H. Card Jr., the president's chief of staff until last spring, said that whatever Mr. Bush did in Iraq would probably fall short of many of the commission's recommendations, and that he was likely to continue making decisions that he believed were right even if unpopular. Referring to Mr. Bush's secret intelligence briefings, Mr. Card said, "The president by definition knows more than any of those people who are serving on these panels."

"The president's obligations sometimes require him to be very lonely," he said.

Mr. Bush has empowered the "Crouch Group," a small group of advisers being coordinated by Jack D. Crouch II, the deputy national security adviser, to assemble alternative proposals from the Joint Chiefs of Staff, the State Department, the Treasury Department and staff of the National Security Council.

The administration's strategy appears to be: Adopt parts of the recommendations that are under way already, or that are considered minor modifications of those efforts, and pick away at those that the administration believes imply retreat or folly. For example, the administration is embracing a recommendation that it put energy into reviving Israeli-Palestinian peace talks. Ms. Rice is planning a trip to the region early next year, and the administration says it plans to build on a new initiative by Israel's prime minister, Ehud Olmert. Similarly, officials have described the report's call for the creation of an "Iraq International Support Group" as a natural expansion of two regional forums that Ms. Rice has already met with several times, an economic cooperation

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group called the “Compact for Iraq” and the “Gulf Plus Two” group, which includes the Gulf Cooperation Council, plus Egypt and Jordan.

But other recommendations are being cast as overly optimistic. For example, while White House and Pentagon officials note that they are already embedding additional trainers and advisers in Iraqi units, they expressed deep skepticism that the force of 4,000 advisers could be rapidly increased to the 10,000 to 20,000 envisioned in the report. As a result, they said, they doubted it would be possible to pull back all 15 American combat brigades from Iraq’s streets and towns by the first quarter of 2008, the goal in the panel’s report.

The primary author of the military section of the report, William J. Perry, who was defense secretary under President Clinton, said in an interview on Friday that the administration’s resistance was baffling to him. “There are many ways in which the training goals can be achieved in a timely way,” he said. “If there is a will to carry out the proposed embedding program, it can be done.”

That argument appears to foreshadow the debate that will develop as Mr. Bush seeks advice at the State Department, the Pentagon and elsewhere next week. Members of the study group say they expect to be defending both their individual proposals and the need for an integrated diplomatic and military package. “Given the track record these guys in the White House have, you would think they would show a little humility about taking aboard some outside ideas,” said one Republican member of the commission who spoke on condition of anonymity.

Dan Senor, a former administration spokesman for the Coalition Provisional Authority in Iraq, said that in conversations with administration officials, they had dismissed many of the report’s recommendations as “not terribly realistic from an operational standpoint.”

He said former colleagues had told him they felt comforted by the recognition that there were no good options, because despite all of the intellect brought to the endeavor, the members of the panel had failed to make the leap from strategy to implementation. “It’s easy to suggest these steps in theory, but we haven’t been able to figure out the how,” Mr. Senor said. “Now, neither have these 10 wise men and woman.”

One of the continuing debates within the White House and the Pentagon is whether to temporarily “surge” the number of American forces in Baghdad, in an effort to regain control over Baghdad. But the Pentagon has said that most of the additional 30,000 forces should be Iraqis.

One foreign diplomat, who requested anonymity because he was discussing American deliberations, said one strategy being considered would include dividing the labor between American and Iraqi forces — with Americans focusing on hunting down elements of Al Qaeda, and the Iraqi forces focusing more on sectarian clashes. The Iraq Study Group report leaves open the possibility of a temporary increase in forces, and envisions a similar role for the United States in seeking out Al Qaeda.

An administration official said that such a division of labor could not be so black and white. And Vice President Dick Cheney is said to be urging caution in dealing with the Shiite and Sunni factions, concerned that the administration avoid signaling that the Shiites would be abandoned as they were at the end of the Persian Gulf war.

The report’s authors say their strategy will work only if taken largely as a whole; Mr. Baker warned against treating it like a “fruit salad,” picking the juiciest pieces. The White House, however, appears to be groping for the right fork to do exactly that.

Tony Snow, the White House spokesman, said that in spite of Mr. Baker’s public suggestion that the administration should follow its recommendations fully, “Members of the Baker-Hamilton commission made it clear that they don’t expect everybody to agree with each and every jot and tittle.”

“And the president as commander in chief,” Mr. Snow said, “still has the obligation to take seriously every bit of analysis and advice he gets, and to make his own decisions.”

White House Debating New Iraq Strategies (AP)

By Jennifer Loven,

AP, December 10, 2006

In a rush to chart a new course for the Iraq war, President Bush's national security team is debating whether additional troops are needed to secure Baghdad — a short-term force increase that could be made up of all Americans, a combination of U.S. and Iraqi forces, or all Iraqis, a senior administration official said Saturday.

Other options being debated for inclusion in what the president has said will be his "new way forward" include a revamped approach to procuring the help of other nations in calming Iraq; scaling back the military mission to focus almost exclusively on hunting al-Qaida terrorists; and a new strategy of outreach to all of Iraq's factions, whose disputes are fueling some of the worst bloodshed since the war began, said the official, who spoke on condition of anonymity because the disclosure of internal discussions had not been authorized.

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The official would not disclose how the administration was leaning in each of these areas, or provide details of the many other options said to remain on the table. The source cautioned that although Bush is planning to present his plan to the nation in a speech in the next two weeks, the discussions remain fluid and no final decisions have been made.

However, military leaders have portrayed a surge of additional forces as an unattractive option, and the Iraq Study Group did not recommend one.

In his weekly radio address Saturday, the president praised the report by the independent, bipartisan panel on Iraq, heralding its support for his goal of a country that can govern, sustain and defend itself. While ignoring the sections of the Iraq Study Group's report that criticize his administration's handling of the war and recommend a radically different strategy, Bush said he was pleased the panel did not suggest a hasty withdrawal of U.S. troops.

"The group declared that such a withdrawal would `almost certainly produce greater sectarian violence' and lead to `a significant power vacuum, greater human suffering, regional destabilization and a threat to the global economy,'" the president said, quoting from the report.

Defense Secretary Donald H. Rumsfeld was in Iraq Saturday on a surprise visit, a Pentagon spokesman said. "He's there to express his appreciation to the troops and to thank both the troops and their families for the sacrifices they are making," said Air Force Lt. Col. Todd Vician, a Defense Department spokesman.

Since Wednesday's release of the group's 79-recommendation prescription for change, which it said was needed quickly to turn around a "grave and deteriorating" situation, Bush has appeared to set the stage for going in his own direction.

The president has said he will consider all of the panel's recommendations while awaiting the conclusion of parallel Iraq policy reviews by the Pentagon, State Department and White House National Security Council.

But Bush has already been publicly cool to the panel's key proposals — which called for direct engagement with Iran and Syria as part of a new diplomatic initiative and a pullback of all American combat brigades by early 2008, barring unexpected developments, to shift the U.S. mission to training and advising.

The president's own due diligence on Iraq continues all week.

On Monday, he goes to the State Department for a presentation on diplomatic and political options, and then meets in the Oval Office with independent Iraq experts. On Tuesday, the president confers in a video conference with senior military commanders and Ambassador Zalmay Khalilzad, the top U.S. diplomat in Iraq. On Wednesday, he meets with senior defense officials at the Pentagon.

On the political front, some have argued for a tilt away from minority Sunni dissidents to Shiites, who dominate the government and the country's largest sect. But the administration's internal review may instead recommend a wholly revamped U.S. approach that focuses less on playing middleman between major Shiite and Sunni political factions in the government in Baghdad and more on identifying new moderate leaders from across Iraq's political spectrum.

Administration officials point to Bush's recent meetings as evidence he is getting involved in a different way in the political infighting among Shiites, Sunnis and Kurds. Earlier this week, Bush met with the leader of the largest Shiite bloc in Iraq's parliament, Abdul-Aziz al-Hakim. On Tuesday, he meets with a Sunni leader, Iraqi Vice President Tariq al-Hashemi.

Diplomatically, though Bush still objects to talks with Iran and Syria, a debate continues about which nations to try to engage and in what forum to approach them, the source said.

Democrats, meanwhile, continued to push for Bush to adopt the recommendations of the Iraq Study Group.

"Their report confirms what most of us have known for some time — President Bush's policy of stay the course is not working," Rep. Silvestre Reyes, D-Texas, the incoming chairman of the House Intelligence Committee, said in his party's weekly radio remarks. "We must launch a new diplomatic offensive to engage Iraq's neighbors and the international community in the process of stabilizing Iraq and that region. President Bush has not done this, but he must because our nation's security and the well-being of our 150,000 troops there depend on it."

Bush Says Report Shares His Primary Vision For Iraq (LAT)

By Paul Richter

The Los Angeles Times, December 10, 2006

WASHINGTON — Although the bipartisan commission on Iraq endorsed actions that the White House firmly opposed, President Bush said Saturday that the panel's report shared his chief goal for the country.

Bush, trying to shift his course on the war in a way that will win public backing, said in his weekly radio address that the Iraq Study Group "explicitly endorses the strategic goal we've set in Iraq: an Iraq that can 'govern itself, sustain itself and defend itself.' "

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Some conservatives have attacked the report as defeatist. But Bush said the bipartisan panel also shared his concern that a quick U.S. departure could ignite more violence across the region. "The Iraq Study Group understands the urgency of getting it right in Iraq," he said.

The release of the report Wednesday has amplified criticism of the administration's policies and lent new momentum to calls for U.S. withdrawal from Iraq. Bush is now scrambling to develop an alternate course that aides say is likely to contain some features of the panel's report while maintaining many of the current U.S. commitments for the indefinite future.

The president said the two parties should seek a bipartisan consensus on Iraq policy, and sought to portray himself as in step with many of the fundamental messages produced by the commission's five Democrats and five Republicans.

Though the report described the situation in Iraq in far more dire terms than he or his chief aides have used, Bush said it "provides a straightforward picture of the grave situation we face in Iraq." He said he agreed with the panel's findings that the goal should be "an Iraq with a broadly representative government that maintains its territorial integrity, is at peace with its neighbors, denies terrorism a sanctuary and doesn't brutalize its own people."

He cited its language that, "given the current situation in Iraq, achieving this goal will require much time and will depend primarily on the actions of the Iraqi people." Bush also highlighted the report's warning that a precipitate withdrawal would "almost certainly produce greater sectarian violence" and lead to "a significant power vacuum, greater human suffering, regional destabilization and a threat to the global economy."

Bush noted that he would hold highly visible meetings this week as he formulates a new approach that may be announced as early as next week. On Monday, Bush is to meet with academic and policy experts on Iraq, and hold a videoconference with military commanders.

Bush said he was confident that "we can move beyond our political differences and come together to achieve that victory."

He did not mention any differences in view between himself and the panel, which recommended withdrawal of nearly all 15 U.S. combat brigades by early 2008 and called for diplomatic initiatives with Iran and Syria.

But in a response to the radio address, the Democratic incoming chairman of the House Intelligence Committee said the group's report required an immediate shift of direction in Iraq.

Rep. Silvestre Reyes (D-Texas) said the report "confirms what most of us have known for some time — that President Bush's policy of stay the course is not working. We need a new approach." He said the panel's report followed what some Democrats have been urging for months — shifting U.S. troops from combat to advisory roles.

Sen. Richard J. Durbin of Illinois, the incoming Senate Democratic whip, noted that at a meeting with lawmakers Friday, Bush didn't endorse the panel's findings. Durbin said that led him to question whether Bush would support the conclusions.

In Bahrain on Saturday, Iran's foreign minister addressed the report's recommendation for U.S.-Iranian talks by saying Tehran would take part only if the United States first announced a troop withdrawal.

"The first and most essential step … is the United States announce they have decided to withdraw from Iraq," Manouchehr Mottaki told reporters at a security conference.

He said that if the United States declared plans to do so, "Iran is ready to help the administration to withdraw its troops from Iraq." But he added that Iraq so far did not see such "political will" in the United States.

Report On Iraq Exposes Divide Within G.O.P. (NYT)

By John M. Broder, Robin Toner

The New York Times, December 10, 2006

WASHINGTON, Dec. 9 — The release of the report by the bipartisan Iraq Study Group this week exposed deep fissures among Republicans over how to manage a war that many fear will haunt their party — and the nation — for years to come.

A document that many in Washington had hoped would pave the way for a bipartisan compromise on Iraq instead drew sharp condemnation from the right, with hawks saying it was a wasted effort that advocated a shameful American retreat.

The Wall Street Journal's editorial page described the report as a "strategic muddle," Richard Perle called it "absurd," Rush Limbaugh labeled it "stupid," and The New York Post portrayed the leaders of the group, former Secretary of State James A. Baker III and Lee H. Hamilton, a former Democratic member of Congress, as "surrender monkeys."

Republican moderates clung to the report, mindful of the drubbing the party received in last month's midterm elections largely because of Iraq. They said they hoped President Bush would adopt the group's principal recommendations and begin the process of disengagement from the long and costly war. But White House officials who conducted a preliminary review of the report said they had concluded that many of the proposals were impractical or unrealistic. [Page 18.]

The divisions could make it more difficult for Republicans to coalesce on national security policy and avoid a bitter intraparty fight going into the 2008 campaign.

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Senator John McCain of Arizona, a leading candidate for the Republican presidential nomination, rejected the major recommendations of the group because they did not present a formula for victory. Mr. McCain, hoping to claim the Republican mantle on national security issues, has staked out a muscular position on Iraq, calling for an immediate increase in American forces to try to bring order to Baghdad and crush the insurgency.

It is too early to say how the war will figure in Republican primary battles, as other potential candidates are still developing their positions and conditions on the ground in Iraq may change. Mr. McCain's chief early rival, Gov. Mitt Romney of Massachusetts, has been in Asia all week and has not yet read the report, an aide said.

But the debate will go to the heart of the party's identity — and its image as the party of strength on national security — after Mr. Bush's aggressive post-Sept. 11 foreign policy brought electoral successes in 2002 and 2004 but was profoundly challenged by voters this year.

Mr. Bush has not yet tipped his hand on what course he intends to pursue, saying he will await parallel reviews of Iraq policy from the National Security Council, the State Department and the Pentagon before deciding on any major changes. But he has already signaled that he intends to make some adjustments, most notably by dismissing Secretary of Defense Donald H. Rumsfeld immediately after the midterm elections.

Mr. Bush's choices will not only have profound effects on the conduct of the war, but will also resonate within his party and give shape to the foreign policy debate of the 2008 elections. Republicans are already engaged in soul-searching over the results of the recent election, trying to figure out how the party can regain the faith of the American people on questions of war and peace.

The ambivalence and introspection were summed up by Senator Gordon H. Smith of Oregon, who spoke at length in the Senate this week about the dangers of withdrawing from Iraq but said he could no longer support the status quo.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," Mr. Smith said. "That is absurd. It may even be criminal. I cannot support that anymore. I believe we need to figure out how to fight the war on terror and to do it right. So either we clear and hold and build, or let's go home."

The frustration was widespread among Congressional Republicans, some of whom were serving their final days in office this week after an election largely influenced by the public's unhappiness with the war.

"So what do we have?" asked Senator Rick Santorum of Pennsylvania, the third-ranking Republican in the Senate, who supported the war, defended it throughout his re-election campaign and was defeated last month. "We have the Baker-Hamilton report, which is a prescription for surrender. It is just a matter of time."

But Mr. Bush is also facing a rising chorus of demands from moderates in his party, as well as from Democrats, for a plan to begin a withdrawal from Iraq. They see in the report a politically palatable way to achieve disengagement from Iraq and an end to the partisan warfare in Washington.

"To ignore the message sent in the last election is to do so at our political peril, because the message was a resounding repudiation of the status quo with respect to Iraq," said Senator Olympia J. Snowe, the moderate Republican from Maine. "The American people are essentially unified in their intense dissatisfaction with the way things have progressed in Iraq."

Bill Kristol, the neoconservative editor of The Weekly Standard and a leading advocate of the decision to invade Iraq, said: "In the real world, the Baker report is now the vehicle for those Republicans who want to extricate themselves from Iraq, while McCain is articulating the strategy for victory in Iraq. Bush will have to choose, and the Republican Party will have to choose, in the very near future between Baker and McCain."

The choice Mr. Kristol is describing reflects a longstanding Republican schism over policy and culture between ideological neoconservatives and so-called realists. Through most of the Bush administration, the neoconservatives' idea of using American military power to advance democracy around the world prevailed, pushed along by Vice President Dick Cheney and Mr. Rumsfeld.

But as the Iraq war spiraled downward, the realists began to speak out more forcefully. They were also heavily represented on the Iraq Study Group, including Mr. Baker, former Secretary of State Lawrence S. Eagleburger and Robert M. Gates, who stepped down from the panel last month when Mr. Bush named him to succeed Mr. Rumsfeld. All three served in the administration of Mr. Bush's father.

The Wall Street Journal's editorial page, one barometer of conservative thought, called the study group's report "a bipartisan strategic muddle ginned up for domestic political purposes." It welcomed the panel's plan to increase the number of American trainers embedded with Iraqi military units, but it scoffed at the group's recommendation of involving Jordan and Syria in talks to address problems in Iraq.

Mr. Perle, a prominent neoconservative and early advocate of invading Iraq, dismissed the panel as a "misadventure" that should be ignored.

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"You don't outsource the responsibilities of the commander in chief," Mr. Perle said. "The whole thing is absurd."

Mr. Limbaugh, who commands a large conservative audience on talk radio, said the commission was peopled with out-of-touch weaklings who placed a higher value on bipartisan comity than on winning the war.

"You know, bipartisanship simply means Republicans cave on their core principles and agree with Democrats," Mr. Limbaugh said on his program this week. "That's why everybody is praising the stupid report. Because there's nothing in this about winning, there's nothing in this about victory. There isn't anything in this about moving forward in a positive way. This is cut and run, surrender without the words."

Representative Duncan Hunter, a California Republican who is the departing chairman of the House Armed Services Committee and a 2008 presidential hopeful, said, "The policy-making decisions about Iraq should not be considered to be devolving to a nonelected group put together essentially for the purpose of advising the president."

Democrats, meanwhile, face divisions of their own, aware that they face high expectations from voters after running campaigns that promised change in Iraq.

Many leaders in the party indicated this week that they felt vindicated by the study group's findings, and they vowed to push ahead with their promise of aggressive oversight hearings on the management of the war when they take control of Congress in January.

But the party's liberal base is hungry for more forceful action, including voting against additional financing for the war. "It's difficult to talk about ending the war without showing you're willing to end the money," said Representative Maxine Waters, a California Democrat and leader of the antiwar caucus in the House.

Democratic leaders have opposed cutting off the money, although Speaker-elect Nancy Pelosi said this week that Democrats would impose new standards and conditions in Iraq spending bills.

Representative Christopher Shays, the Connecticut Republican who survived a Democratic electoral sweep across New England last month, said, "I don't think there's a real consensus in Congress in general" on Iraq. But he added, "Having been to Iraq 15 times, staying the course would just be foolish."

No matter what positions they take today, all Republicans would prefer that the 2008 elections not be fought on the battleground of Iraq, said Douglas Foyle, professor of government at Wesleyan University.

"They don't want the 2008 presidential and Congressional campaign to be about staying the course," Professor Foyle said. "That's where the calculus of Bush and the Republicans diverge very quickly. Everyone is thinking about the next election, and Bush doesn't have one."

GOP Alienation Marks Turnabout For Bush (LAT)

By Noam N. Levey

The Los Angeles Times, December 10, 2006

President Bush, weakened by an unpopular war and the loss of Republican control in Congress, is now confronting disaffection within his own party that could complicate his attempt to set an agenda for his final two years in office.

As Republicans departed Capitol Hill this weekend, some who used to dismiss Democratic attempts to investigate the administration as political posturing are now lining up behind calls for greater oversight of the executive branch.

They are advertising attacks on Bush's foreign policy that they once kept largely private. Last week, Oregon Sen. Gordon H. Smith gave a speech calling the current war strategy "absurd" and sent out a news release with his remarks.

Some longtime Bush allies, such as Texas Sen. John Cornyn, are even adopting Democratic rhetoric to criticize the Iraq war.

And on other issues that will confront the new Congress in January — including trade and judicial appointments — Republican lawmakers have signaled an unwillingness to follow the White House.

"Frankly, I think there is a greater recognition and awareness of the necessity for us to exercise checks and balances," said Sen. Olympia J. Snowe (R-Maine), noting how much the Nov. 7 election changed the climate on Capitol Hill.

"If there was a reluctance to express that in the past, there isn't anymore," Snowe said.

To be sure, no one is expecting Republicans to abandon the president. And the ideological gap between Democrats and Republicans in Congress remains large.

But Republican disaffection marks a remarkable turnabout for a president whose command of his party was once so supreme he virtually appointed the Senate majority leader and GOP lawmakers openly acknowledged taking orders from the White House.

And it suggests that the Bush administration may have as much work to do to repair ties with Republicans as it does to build links with Democrats who will assume control of the House and Senate in January.

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"They need to have a better relationship with members on both sides of the aisle," said Rep. Christopher Shays, a Connecticut Republican whose early support for Bush's war policy nearly cost him his seat last month.

Not so long ago, it was Republican members of Congress who labored to stay close to the president.

The Bush administration's ability to win approval from a compliant legislative branch for everything from tax cuts to foreign invasions and other initiatives was a source of awe. In 2002, the president was widely seen as responsible for making Tennessee Republican Bill Frist the Senate majority leader.

That influence was slipping even before the November midterm election swept Republicans from power on Capitol Hill.

House Republicans abandoned Bush over immigration. And in the Senate, some of the chamber's most respected GOP members stood up to the White House on Iraq and the prosecution of terrorism suspects.

In the run-up to Nov. 7, Bush weathered more defections as some Republican congressional candidates tried to distance themselves from the president's war policies, calling for troop withdrawals and the resignation of Defense Secretary Donald H. Rumsfeld.

But since the pivotal election, dissent has mushroomed.

And as the House and Senate prepare for what many expect to be heated debates next year over the course of U.S. policy in the Middle East, Republican lawmakers have stepped up their critiques of the war, directly challenging the White House in ways that had been the province of Democrats.

Sen. Sam Brownback of Kansas, Sen.-elect Bob Corker of Tennessee and others have explicitly called for more engagement with Syria and Iran, two states the Bush administration has treated as pariahs for most of the last six years.

Even some of the president's most loyal allies, including Texas Sens. Cornyn and Kay Bailey Hutchison, are tacking away from the White House by calling for more troops in Iraq.

While the president tried to remain upbeat after the Iraq Study Group brought its grim assessment to the Capitol last week, Cornyn offered no more encouragement than Bush's toughest critics.

"What we're doing now is not working," Cornyn said, echoing a Democratic campaign slogan. "We need a change of course."

The change in climate on Capitol Hill has been remarkable, said Rep. Walter B. Jones, a North Carolina Republican who broke with his party to oppose the war last year.

"Many of my friends said to me [then], 'You know, Walter, you are beginning to be so independent that it may end up hurting you,' " Jones said. He added that a number of his colleagues told him that although they agreed with him, they feared being disloyal to the president.

"I haven't heard that recently," Jones said

The reason is simple, said Paul Begala, a Democratic consultant who worked in the White House when President Clinton was forced to confront congressional Democrats after the party lost its majorities in 1994.

"When you are in the White House, members of Congress respond to two things: what you can do for them and what you can do to them," Begala said. "Here's what [Bush] did to them: He cost them control.... Republicans are paying the political consequences for Bush's policy failures. They don't like that."

Beyond Iraq, that may spell trouble for the White House next year.

Already, GOP lawmakers are signaling their eagerness to join in the kind of congressional investigation that Democrats promised on the campaign trail this fall.

Last week, Republicans scrambled to express support for expanding the power of an independent agency to monitor spending on Iraq reconstruction, a move that House Republicans had quashed in an appropriations committee earlier this year.

On other issues too there were signs of dissent last week. Many GOP lawmakers bucked the White House over trade deals with Vietnam and Haiti, forcing a flurry of last-minute parliamentary maneuvering to get the agreements through Congress.

As the congressional session drew to a close, the president also couldn't get a hearing for a raft of conservative judges he renominated for positions on the federal bench.

Amid the growing signs of defiance, the president gave a nod to the other end of Pennsylvania Avenue last week, inviting Democratic and Republican congressional leaders to the White House.

And the administration communicated a new willingness to talk with Congress about overhauling Social Security without insisting on setting up private accounts.

"We can't have talks if everyone doesn't start with a clean sheet of paper," said a White House official who asked not to be named because the talks had not been announced.

But lawmakers, congressional aides and political scholars say the White House has its work cut out for it.

Other weakened presidents, including Ronald Reagan, have had to deal with a sour Congress in their final two years, said John J. Pitney Jr., a former Republican National Committee staffer who teaches government at Claremont McKenna College.

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But though Reagan was saddled with the Iran-Contra affair, Americans weren't dying overseas every day.

"Bush has low approval ratings. He has an unpopular war. And every day is one day closer to his exit," Pitney said. "That is not a recipe for legislative success."

Hawks Bolster Skeptical President (WP)

By Michael Abramowitz, Glenn Kessler

The Washington Post, December 10, 2006

Steady condemnation from conservatives for the Iraq Study Group report may be providing some cover to the Bush administration as it completes its own review of strategy in Iraq, apparently with little enthusiasm for the panel's prescription of U.S. troop withdrawal and dialogue with Syria and Iran.

The criticism of the panel, co-chaired by former secretary of state James A. Baker III and former representative Lee H. Hamilton (D-Ind.), has burst forth from the leading institutions of the right: the National Review, the Wall Street Journal editorial page and the Weekly Standard; conservative talk radio; and scholars at some of Washington's top think tanks.

President Bush has spoken favorably of the panel's work as an opportunity to bring the country together, but he has been noncommittal on its key recommendations. Comments from the hawkish right, meanwhile, have often been an accurate gauge of the beliefs of key figures inside the Bush administration, especially Vice President Cheney.

Many Republican and Democratic lawmakers have embraced the panel's report, but the almost uniformly negative reaction from some of Bush's strongest conservative supporters means the president may have some political flexibility to depart from the group's major recommendations, according to some GOP operatives.

Notably fueling the skepticism has been Sen. John McCain (R-Ariz.), who has raised pointed questions about the Baker-Hamilton panel's unwillingness to prescribe more troops, as McCain has urged, and its embrace of a regional conference with Syria and Iran.

"It's sort of hard to suddenly say everyone agrees Baker is the way to go when the leading Republican candidate for '08 is saying no," said William Kristol, editor of the Weekly Standard.

Although it is clear that many Republicans regard the Iraq Study Group's report as a possible exit strategy from a war that they worry could drag the party down in 2008, such plans are colliding with clear anger from neoconservatives, who have been the most ardent supporters of the Bush administration since the Sept. 11, 2001, attacks.

"It's preposterous, period," said Kenneth R. Weinstein, chief executive of the conservative-leaning Hudson Institute, about the proposal for a new dialogue with Iran and Syria. "Talking to them is not going to bring anything but a perception of American weakness."

"The report is a monumental disappointment, for all the hype," said Richard Perle, a former Reagan-administration defense official who strongly supported the Iraq invasion. "The recommendations are either wrong or of no consequence. There is no magic bullet, but in their desire to find something, they found the wrong things."

Many of the conservatives have long distrusted Baker, viewing him as a figure of amoral, dealmaking diplomacy who unduly pressured Israel and coddled Syria when he was secretary of state.

And the Baker-Hamilton group, neoconservatives came to believe, was stacked against them from the beginning, both in the composition of the panel and in the panel's choices of experts to hear from. Neoconservatives also complained that the group sought out the views of Iran and Syria but did not speak to senior officials of such allies as Israel and Turkey.

Frank J. Gaffney Jr., a former Reagan administration hawk who heads the Center for Security Policy, said he believes the panel's output was "certainly driven" by Baker.

"It seems so transparently in keeping with his modus operandi: the quest for the deal without regard for the content or the repercussions," he said.

The full report was endorsed by each of the 10 panelists, including former attorney general Edwin Meese III, a hero of the conservative movement. Yet Baker has clearly been mindful of the criticism. He showed up Thursday for a group interview with print reporters laughingly brandishing a copy of the conservative New York Post from that morning, its headline blaring "Surrender Monkeys," in reference to him and Hamilton.

He proceeded with a robust defense of the panel's proposal for a broad-based U.S. diplomatic initiative in the Middle East and renewed engagement with Syria and Iran -- the clear focus of the conservative anger. Baker made plain his disdain for some of the neoconservative ideas, including the argument heard before the 2003 Iraq invasion that the road to Arab-Israeli peace lay in overthrowing Saddam Hussein's government in Baghdad.

"What we really are saying, the road to peace in Iraq lies through Baghdad. The road to Arab-Israeli peace runs through Jerusalem," he said. "We are not linking the two, but we are proposing a comprehensive strategy to improve our prospects in Iraq and improve our prospects in the Middle East."

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He offered an impassioned plea for engaging Syria at a high level, something the Bush administration has refused to do, and said the administration does not know what can be achieved if it does not even try. Baker dismissed the whispers from the White House that he is out of touch with the new realities of the Middle East.

"Talking to Syria gives us an excellent opportunity to revitalize the Arab-Israeli peace process," Baker said. "The Syrians are the transit point for arms shipments to Hezbollah, and if you can flip the Syrians, you will cure Israel's Hezbollah problem. "

Baker went on: "The Syrians will tell you, as they told us, that they do have the ability to convince Hamas to acknowledge Israel's right to exist. . . . If we accomplished that, that would give [Israeli Prime Minister] Ehud Olmert a negotiating partner on the Palestinian track."

Michael Rubin, a former Pentagon aide who resigned in protest from an Iraq Study Group expert panel, said he believes Baker's assessment is unrealistic. He said that Syrian President Bashar al-Assad gains strength from positioning himself as a rejectionist and foe of the United States, so it is wrong to believe that Syria would think it would gain from an alliance with Washington.

"Sometimes realists have to deal with reality," said Rubin, now a scholar at the American Enterprise Institute. "Iran and Syria will press to exploit every advantage they have."

He said the report, as a strategy document, was a "Cliff Notes high school paper."

Eliot A. Cohen, a Johns Hopkins University professor of military strategy, said the Baker-Hamilton recommendations reflect "preoccupations that go back to when [Baker] was secretary of state and are completely detached from today's reality. The idea that Sunni are putting power drills in the heads of Shia and vice versa because of the Arab-Israeli conflict is bizarre."

Iraq Study Group member Leon E. Panetta, a Democratic former congressman and White House chief of staff under Bill Clinton, said the criticism from hawks and conservatives is "the price of statesmanship" for Baker. "He's been through it," he added. "He understands it.

"I think the feeling was, how do you rescue this administration from the grip of ideology and force it to face the real world?" Panetta said. "That's where he was coming from: 'How can I help the president in a way protect his legacy and do the right thing?' "

Bush Seen Rejecting Iraq Lifeline (SFC)

By Carolyn Lochhead

San Francisco Chronicle, December 10, 2006

Washington -- Much of Washington is looking at President Bush as a man standing on quicksand in Iraq, refusing the branch offered by his father's friend to save his presidency and the country from a historic blunder.

Bush looks at history, too. A day after the release of a grim assessment of the war by the Iraq Study Group, headed by James Baker, a close friend of Bush's father who served as secretary of state for President George H.W. Bush, and former Democratic Rep. Lee Hamilton, Bush conceded the need for tactical shifts, but he left it to those who follow him into the Oval Office to decide whether to leave Iraq.

"Will we have the resolve and confidence in liberty to prevail?" he asked. That question is "not going to face this government ... because we made up our mind. We've made that part clear. It'll face future governments. There will be future opportunities for people to say, 'Well, it's not worth it. Let's just retreat.' "

Standing at a point in history as fraught with consequence as his decision to invade Iraq nearly four years ago, Bush is in full flower of what he calls resolve and others call obduracy. The Baker-Hamilton report has left Bush isolated even within his own party.

"This is a president who really sees it as a weakness to admit error," said Julian Zelizer, a congressional historian at Boston University. "But with Iraq it has reached such a point, it's like he's standing in the desert without anyone around him and refusing help."

It remains to be seen whether Bush is clinging to Cold War metaphors that he hopes history will vindicate or saving face before delivering a speech expected by Christmas. During it he would call for a gradual withdrawal of U.S. forces from Iraq based on reviews he has ordered from his State Department, Pentagon and National Security Council.

He has scheduled an intense round of meetings this week with military commanders and Pentagon officials, the State Department, the vice president of Iraq and outside experts.

Bush claimed Saturday that the bipartisan report of the Baker-Hamilton group endorsed his strategic goal of a stable Iraq and the danger of a precipitous withdrawal. The report did that, but it also called current policy a failure and talked of preventing catastrophe -- not spreading democracy as Bush declared again this past week -- in the Middle East.

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Those who know Baker do not believe he was sent as an envoy from father to son. Although Baker is known as a master bail-out artist who helped Bush wrest the contested Florida recount away from Democrat Al Gore in the 2000 election, they say he is no longer playing family messenger.

Nor, they say, are any of the other Republican elders in the Iraq Study Group -- retired Supreme Court Justice Sandra Day O'Connor, former Wyoming Sen. Alan Simpson and Ed Meese, the hard-charging attorney general for Ronald Reagan -- playing that role.

Baker "is someone who has devoted his life to policy and to the Bushes, and he has worked hard in the diplomatic world to try to advance America's interests," said Leon Panetta, a member of the Iraq Study Group who served as chief of staff to Democratic President Bill Clinton and a longtime House member from Monterey.

"I think there has been a tremendous amount of frustration, particularly among those who served in the first Bush administration -- and for that matter served with Ronald Reagan -- who felt that even though these presidents were Republicans and conservatives, that they were also pragmatists. ...

"There really has been an interest to try to say (to the president), 'Look, there is a way out of this. There is a way to deal with this in the real world that cannot only help save Iraq but protect your legacy as president.' "

Jim Pinkerton, a White House adviser to the first President Bush, said the former president kept Baker's group at arm's length.

"I think it's fair to say Baker is making his own bid for establishmentarian wise man," Pinkerton said. "I suspect that George H.W. Bush probably agrees with him, but it's almost as if he doesn't need to say much, because let's face it, Baker and (former national security adviser Brent) Scowcroft and the whole crowd think the same way on this."

The Baker-Hamilton report finished what voters began in November when they handed control of the House and Senate to Democrats, knocking out what little political support remained for Bush's Iraq policy. Calls for withdrawal now have a bipartisan imprimatur and set a standard against which Bush will be measured.

"Whatever he chooses will be graded against this report," said Rand Beers, a longtime Republican national security official who resigned from Bush's administration over its war policy.

Late Thursday, Oregon Sen. Gordon Smith, a Republican who voted for the war, became the latest member of the president's party to leave his side when he slammed the entire Iraq enterprise in a scathing Senate floor speech.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," Smith said. "That is absurd. It may even be criminal. I cannot support that anymore."

But the president continues to use the language he adopted after the Sept. 11, 2001, terrorist attacks, and lays the Iraq war squarely in the context of prior struggles against fascism and totalitarianism.

Should extremists succeed in "using terror to stop the spread of freedom," Bush said Thursday, "history will look back on our time with unforgiving clarity and demand to know, 'What happened? How come free nations did not act to preserve the peace?' "

Embattled British Prime Minister Tony Blair stood beside him, thanking Bush for "the clarity of your vision about ... the struggle between freedom and democracy," adding, "it's a noble mission, and it's the right mission."

Leaders find it easier to sustain a difficult policy if they believe their cause is noble, said George Edwards, chair of presidential studies at Texas A&M University. "Clearly, that's true for almost everyone -- 'I am here accepting the slings and arrows of my fellow man on behalf of advancing democracy in a region that has never known it,' " Edwards said. "That makes it a lot easier to persist."

Bush supporters draw parallels with Democratic President Harry Truman, who left office in shame over public disapproval of the Korean War but whose reputation was resurrected. Presidential historians are more tempted to look to Democratic President Lyndon Johnson, who escalated the war in Vietnam to halt the spread of communism but faced a nationalist guerrilla insurgency that cost more than 57,000 American lives.

"It took Johnson a long time to change his mind and it isn't clear that there was ever a radical change," Edwards said. The public turned against the war and Johnson did not run for re-election in 1968.

Presidents may persist in such times "because they just become rigid and defensive," Edwards said. "But there's also the case that they believe in the policy. After all, they paid a heavy price to establish and maintain that policy, so it's easy to understand that it's difficult to then just reject it one day."

Panetta, who was brought to the White House by Clinton after Democrats lost their House and Senate majorities in 1994, said presidents often dig in when times get rough.

"Anybody who gets elected to the presidency is somebody who has had to take on a lot of criticism, a lot of problems, a lot of attacks, a lot of turmoil," Panetta said. "Because they're willing to persist and move on, they managed to succeed, only

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because they're so determined. ... And that normally works when the crisis passes by and you can then come out and do what you're supposed to do. Unfortunately here, this crisis is not going to just simply pass by."

Many in Washington, even those who supported the invasion, see the Iraq Study Group as a lifeline to Bush. "They did him a great favor politically," said Stephen Hess, a political scientist at George Washington University who worked in the Nixon administration. "My feeling is he's having a very hard time moving off his set positions, which were particularly fixed by the campaign, when he was out every day saying the same things about victory and democracy."

"This is the president's big chance, and I hope he takes it," said Sen. Dianne Feinstein, D-Calif.

Many wonder why Bush doesn't look like he's falling apart under the stress.

The president may be in denial, or simply be a positive person, "whoever since he was a cheerleader at prep school and frat president at college, has been full of resilience and bounces back and just doesn't let these things in public life get him down," said Fred Greenstein, a presidential scholar at Princeton University.

Greenstein pointed to Bush as a 7-year-old child "jollying up his mother after she was in a deep depression when his sister died of leukemia. He's got this style of banter and outgoingness."

An Unlikely Offensive (WP)

The Washington Post, December 10, 2006

THE IRAQ Study Group's recommendations for shifting U.S. military tactics in the war are specific, focused and aimed at incremental improvement over the next few months; they are also close to what the Pentagon and Iraqi government already were hoping to achieve. By contrast, the group's diplomatic strategy is sweeping -- and untethered to reality. The Bush administration could and should adopt some version of the military plan, though it would be right to ignore the unrealistic timetable attached to it. But to embrace the group's proposed "New Diplomatic Offensive" would be to suppose a Middle East very different from what's on the ground.

Start with the supposition that resolving the Israeli-Palestinian conflict is somehow central to ending the chaos in Iraq. In fact, even if the two-state solution sought by the Bush administration were achieved, it's difficult to imagine how or why that would cause Sunnis and Shiites to cease their sectarian war in Baghdad or the Baathist-al Qaeda insurgency to stand down. It's no doubt true, as study group chairmen James A. Baker III and Lee H. Hamilton have said, that every Arab leader they met told them that an Israeli-Arab settlement must be the first priority. But the princes and dictators of Riyadh, Cairo and Amman have been delivering that tired line to American envoys for decades: It is their favorite excuse for failing to support U.S. initiatives and for refusing to reform their own moribund autocracies. In fact, Saudi Arabia, Jordan and other Iraqi neighbors have vital interests in the ongoing Iraqi power struggle. They can and should be moved to help stop the slide toward anarchy on their borders whether or not peace breaks out in Jerusalem.

Mr. Baker, who pursued a Mideast diplomatic strategy 15 years ago focused in large part on Syria, also conjectures that its regime can be "flipped," so that it abandons its current alliance with Iran and support for extremist movements in Lebanon and the Palestinian territories. The problem with his theory is that since 1991 Syria has acquired a new leader: Bashar al-Assad is very different from his father, Hafez, with whom Mr. Baker negotiated. Bashar al-Assad, along with several senior members of his retinue, has been personally implicated in a United Nations investigation into the assassination of former Lebanese prime minister Rafiq Hariri. Judging from its recent actions, Syria's top diplomatic priority is not recovering the Golan Heights from Israel -- as Mr. Baker supposes -- but stopping the U.N. investigation and undermining Lebanon's pro-Western democratic government. European envoys who have met Mr. Assad in recent weeks dismiss the possibility of a dramatic reversal of his policies.

Parts of the Baker-Hamilton diplomatic agenda make good sense, including its suggestion for a contact group of Iraq's neighbors, including Iran and Syria. The Iraqi government already has embraced the notion, by proposing a regional conference in Baghdad, and President Bush would be wise to get on board. Syria and Iran could remain adversaries of the United States across the region yet still play a role in a group where the pressing common interest is avoiding a regional sectarian war.

By the same token, the administration ought to continue its efforts to promote the creation of a Palestinian government capable of undertaking the peace negotiations that Israeli Prime Minster Ehud Olmert offered last month. It should also continue to press hard for U.N. sanctions against Iran's nuclear program and seek sanctions against Syria if it continues to flout U.N. resolutions calling for it to cease its meddling in Lebanon. All these steps could strengthen Arab moderates and U.S. allies around the region. But they won't solve the problems in Iraq.

About Those Other Problems (NYT)

The New York Times, December 10, 2006

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No one could ever suggest that James Baker lacks ambition or self-confidence. So it is not surprising that along with its effort to salvage Iraq, the report from Mr. Baker's Iraq Study Group offers some strong advice on how to fix George W. Bush's dysfunctional Washington — and the president's dysfunctional relations with the rest of the world.

We were particularly drawn to Recommendations 46, 72 and 78. Under separate headings dealing with the military, the federal budget and the nation's intelligence agencies, they share one basic idea: Government officials should not lie to the public or each other, especially in matters of war.

One should not need a blue ribbon commission to know that. But the fact that it had to be said, and so often, in the report goes a long way toward explaining how Mr. Bush got the country into the Iraq mess and why it is proving so hard to dig out of it.

Consider Recommendation 46, which calls on the new secretary of defense to create "an environment in which the senior military feel free to offer independent advice" to civilian leaders, including the president. That is their sworn duty. But the back story is the Pentagon's prewar refusal to listen to the former Army chief of staff (and who knows how many other generals) who warned that it would take several hundred thousand troops to stabilize a post-invasion Iraq. The good news is that the new secretary of defense, Robert Gates, acknowledged as much in his confirmation hearings. The bad news is that Mr. Bush has not.

Recommendation 72 says that "costs for the war in Iraq should be included in the president's annual budget request." The report warns that the White House's habit of using emergency funding for the war has eroded both "budget discipline" and Congressional oversight. And just in case you were worrying that you hadn't been paying sufficient attention to the war's price tag, the report says the White House presents its requests in such a "confusing manner" that only detailed analyses by budget experts can answer "what should be a simple question: How much money is the president requesting for the war in Iraq?"

And finally, Recommendation 78 calls on the Pentagon and the intelligence community to "institute immediate changes" in how they collect data on violence in Iraq "to provide a more accurate picture of events on the ground." The report says that officials have used a standard for recording attacks (it notes that "a murder of an Iraqi is not necessarily counted") that systematically underreports Iraq's mayhem. It cites one day this past July when the government recorded 93 "attacks or significant acts of violence," while the Iraq Study Group's own analysis "brought to light 1,100 acts of violence."

Sprinkled among the recommendations, the report also has some homespun advice on how Mr. Bush might fix America's foreign relations. It suggests that the nature of diplomacy is to engage with adversaries as well as friends. And it warns that the United States does Israel "no favors" by refusing to try to broker peace in the Middle East, adding that it is "an axiom that when the political process breaks down there will be violence on the ground."

It is mind-boggling that this commission felt compelled to deliver Governing 101 lessons to the president of the United States. But that fits with the implicit message of the entire exercise — a rebuke of the ideologically blinkered way Mr. Bush operates. The report shows that there have always been plenty of alternatives to Mr. Bush's stubborn insistence on staying the course, and that if he were just willing to make an effort, it would be possible to forge a bipartisan consensus on the toughest issues.

It's tragic that Mr. Bush could not figure that out for himself. It is far past time for him to heed this new advice.

Rumsfeld Says Farewell To Troops In Iraq (AP)

By Pete Yost,

AP, December 10, 2006

Outgoing Defense Secretary Donald H. Rumsfeld made a surprise trip to Iraq on Saturday, just days after a bipartisan commission called the situation there "grave and deteriorating" and said the administration's policy wasn't working.

"He's there to express his appreciation to the troops and to thank both the troops and their families for the sacrifices they are making," said Air Force Lt. Col. Todd Vician, a Defense Department spokesman.

It was Rumsfeld's 15th trip to Iraq since the war began; he was last there in July.

Rumsfeld's trip follows an emotional farewell Friday at the Pentagon, where the defense secretary defended his record on Iraq and Afghanistan.

He said Friday that the worst day of his nearly six years as secretary of defense occurred when he learned of the Abu Ghraib prisoner abuse.

Rumsfeld's Pentagon appearance Friday and his trip to Iraq, where he was Saturday, were among the few public appearances he has made since President Bush announced on Nov. 8 that he was replacing the defense secretary. His last full day will be Dec. 17.

Rumsfeld's farewell tour follows a grim picture of the Iraq war that was presented this week by a bipartisan commission headed by former Secretary of State James Baker and former Democratic Rep. Lee Hamilton.

The Iraq Study Group said its prescription for change is needed quickly to turn around a "grave and deteriorating" situation.

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The commission called for direct engagement with Iran and Syria as part of a new diplomatic initiative and a pullback of all American combat brigades by early 2008, barring unexpected developments, to shift the U.S. mission to training and advising.

The report took direct aim at Rumsfeld. Saying there has been a long tradition of partnership between the military and civilian leaders, the group said the "tradition has frayed" and must be repaired. It urged the new defense secretary, former CIA director Robert Gates, to "make every effort" to encourage military officers to offer independent advice.

President Bush's national security team is debating whether additional troops are needed to secure Baghdad — a short-term force increase that could be made up of all Americans, a combination of U.S. and Iraqi forces, or all Iraqis, a senior administration official said Saturday.

Other options being debated for inclusion in what the president has said will be his "new way forward" include a revamped approach to procuring the help of other nations in calming Iraq; scaling back the military mission to focus almost exclusively on hunting al-Qaida terrorists; and a new strategy of outreach to all of Iraq's factions, whose disputes are fueling some of the worst bloodshed since the war began, said the official, who spoke on condition of anonymity because the disclosure of internal discussions had not been authorized.

Rumsfeld Makes Surprise Farewell Trip To Iraq (AFP)

AFP, December 10, 2006

US Defense Secretary Donald Rumsfeld has made a surprise visit to Iraq to thank US troops for their service just days before he steps down from his post, a Defense Department spokesman has said.

"The secretary is in Iraq to express appreciation to the troops for what they're doing as well as thanking the families for the sacrifices they make every day for all Americans," spokesman Todd Vician told AFP.

He said Rumsfeld had departed Friday for Iraq and offered no more details of the defense secretary's schedule.

Rumsfeld resigned in November, the day after President George W. Bush's Republicans lost control of the US Congress with voter frustration over the Iraq war dominating the election.

News of Rumsfeld's trip comes nine days before he is replaced by Robert Gates, former head of the Central Intelligence Agency.

Rumsfeld has come under intense criticism at home and abroad over his handling of Iraq and US treatment of detained terror suspects. But he defended the American presence in Iraq on Friday in farewell remarks to Pentagon staff.

He said an early US withdrawal from Iraq would be a "terrible mistake," which would threaten the stability not only of Iraq but the region.

Rumsfeld urged Americans to show patience with the war in Iraq, saying there would be "dire consequences were we to fail here."

Iraq and Afghanistan have made considerable strides, he said, but "those countries are not there yet."

"To pull out precipitously and inject that instability into the situation there in that country, and in that region, I think would be a terrible mistake," he said.

The outspoken defense secretary's visit coincided with more sectarian bloodshed in Iraq. A suspected Sunni suicide bomber on Saturday detonated his car near a revered Shiite shrine in the central city of Karbala, killing six civilians and wounding 47 more, medics said.

Another 10 Iraqis were killed in insurgent and sectarian attacks around the country and the bodies of 35 murder victims were found in Baghdad.

The US military also announced the deaths of two more marines, bringing its dead since the March 2003 invasion to 2,927.

The sectarian violence underlined the urgency of a planned National Reconciliation Conference on December 16, though some political groups were threatening to boycott the event.

Rumsfeld's farewell trip followed the release of a critical report by a high-level US panel, the Iraq Study Group, that described the situation in Iraq as "grave and deteriorating" and urged the US administration to shift course.

Headed by former secretary of state James Baker and former representative Lee Hamilton, the panel said most US combat forces could be withdrawn from Iraq by early 2008 while shifting the US military's mission to one of training and advising Iraqis.

Rumsfeld did not comment on the report directly at his Friday appearance, but he spoke about Iraq as a largely political -- not military -- challenge.

Iraq, he said, "is in fact a microcosm of what is taking place in that region: power struggle -- partly religious, partly economic, certainly political, ... but in a very real sense not terribly military in its nature."

He said the US military was doing all it could, but the conflict in Iraq could only be "won" by Iraqis through political reconciliation.

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Rumsfeld, a lightning rod for opponents of the war, also expressed concern about "impatience in the United States and in the Congress."

"We have every chance of the world of succeeding in both of those countries, but only if we have the patience, only if we have the staying power," he said.

Shiites Rout Sunni Families In Mixed Area Of Baghdad (NYT)

By John F. Burns

The New York Times, December 10, 2006

BAGHDAD, Dec. 9 — Bands of armed Shiite militiamen stormed through a neighborhood in north-central Baghdad on Saturday, driving hundreds of Sunni Arabs from their homes in what a Sunni colonel in the Iraqi Army described as one of the most flagrant episodes of sectarian warfare yet unleashed in the capital.

The officer, Lt. Col. Abdullah Ramadan al-Jabouri, said that more than 100 Sunni families, many with very young children, had left the Hurriya neighborhood aboard a convoy of trucks and cars under cover of the nightly curfew. Government officials tried to urge the families to return by promising army protection, but could not persuade them.

As the fighting in Hurriya broke out, the outgoing secretary of defense, Donald H. Rumsfeld, arrived in Baghdad on Saturday for what American military officials said was a farewell visit to the troops. Mr. Rumsfeld, who made a farewell speech at the Pentagon on Friday, went straight to the American military headquarters at Camp Victory, on the edge of Baghdad's international airport, and met there with United States commanders, an American military spokesman said. The spokesman said Mr. Rumsfeld was scheduled to travel to other bases outside Baghdad on Sunday before returning to Washington.

The fighting began around noon, when militiamen began rampaging through the only mixed district in Hurriya, a mostly Shiite neighborhood, and killed at least three Sunni Arabs. One family was shot as they left their home, with a 20-year-old man killed and his mother and younger brother wounded, according to an account given by the man's father, who was at work as a security guard elsewhere at the time. The man said the three were hit by automatic rifle fire as they finished loading possessions into their car and prepared to drive to a safer area.

Colonel Jabouri said that skirmishes set off by the militia attacks continued for about five hours, until sunset. Meanwhile, a large convoy of Sunni Arabs waited in their vehicles outside the fortified Muhaimin mosque, waiting to drive to neighboring Sunni districts while local leaders negotiated with militiamen for safe passage.

A Sunni cleric, Sayed Ahmed Muhammad, said the negotiations also involved appeals from top government officials, including Prime Minister Nuri Kamal al-Maliki, a Shiite, for the Sunni families to return to their homes in Hurriya under promise of Iraqi Army protection. But the cleric said the assurances failed to persuade the Sunnis, whom he described as the last of more than 4,000 Sunnis to flee the area under Shiite militia threats in recent months. The convoy set out after dark.

Colonel Jabouri, the Iraqi military commander in the area, said his troops had tried to help groups of Sunnis protect themselves and their homes. But the large number of Shiite militiamen involved — whom he identified as belonging to the Mahdi Army, the most powerful Shiite militia — made that impossible. He described the fighting as the worst eruption of sectarian skirmishing so far experienced by the Iraqi Sixth Division, which shares responsibility for security in Baghdad with American troops.

"As an Iraqi, I'm against sectarianism of any kind," he said. "I'm against any group that that seeks to build barriers between people on the basis of their religion."

The role of American troops in the turmoil was unclear. The Sunni cleric, Sayed Muhammad, said appeals for assistance from the First Cavalry Division, its headquarters about three miles southwest of Hurriya, had gone unanswered. But Colonel Jabouri said Iraqi commanders had told the Americans there was no need for their help. A First Cavalry Division spokesman said American advisers with Iraqi troops in Hurriya had reported only one instance of sectarian trouble, when Iraqi troops assisted a Shiite family under threat from Sunnis.

That account appeared to reflect the cyclical nature of the sectarian violence that has soared in Baghdad in recent months, and has led to thousands of families fleeing mixed Sunni-Shiite areas for the safety of neighborhoods in which their own sect dominates. Hurriya lies in an area of western Baghdad where there has been a surge of attacks on Sunnis living in Shiite-majority areas, and vice versa. Just south of Hurriya lies Amariya, a Sunni Arab stronghold where scores of Shiite families have been driven out by attacks or threats from armed Sunnis.

Sayed Muhammad described the aim of the Shiite attacks on Saturday as creating a Sunni-free corridor across northern Baghdad that would run from the Shula district on the city's northwestern edge to Kadhimiya, a Shiite stronghold on the west bank of the Tigris river. The main area of Shiite strength in the capital lies on the east bank of the Tigris, principally in Sadr City, home to about 2.5 million Shiites, about 40 per cent of Baghdad's population.

"It's part of a much wider plan," the cleric said. "What we're experiencing here is the Shiite groundwork for a civil war."

DOJ_NMG_0104831

One of the striking features of the violence Saturday was that it occurred in an area that lies less than three miles northwest of the heavily guarded Green Zone compound that doubles as the seat of the Iraqi government and as an American command post. American diplomats and military commanders have been pressing the Maliki government to take urgent action to begin to curb all militias, and particularly the Mahdi Army, which is under the nominal control of a radical Shiite cleric, Moktada al-Sadr, who is an important political ally of Mr. Maliki.

In other violence on Saturday, a car bomb killed four civilians and wounded 42 others on a street leading to the Imam al-Abbas shrine in the Shiite holy city of Karbala, about 70 miles southwest of Baghdad. The shrine is the resting place of the son of the founder of Shiite Islam, and has been the scene of numerous other attacks since the American-led invasion in 2003. Another car bomb, in the northern city of Mosul, killed at least three civilians.

A United States military statement said that two marines had died Thursday of "wounds sustained due to enemy action," one on Thursday and another on Saturday, in Anbar Province.

Angry residents of a village north of Baghdad fired weapons into the air as they buried victims of an American airstrike, [a news agency] reported. The American military said that the airstrike, on Friday in the village of Jalameda, about 50 miles north of Baghdad, was against militants of Al Qaeda who had fought with troops. The military said 18 men and 2 women were killed. Local officials in the village said there were 17 killed, but that they included 6 women and 5 children.

Hundreds of chanting residents of Jalameda, a predominantly Sunni village, marched through nearby Ishaqi on Saturday firing shots and carrying banners that condemned "mass killing by the occupation forces," [a news agency] said.

Sunni Arabs Flee Homes In Baghdad (WP)

By Sudarsan Raghavan, Nancy Trejos

The Washington Post, December 10, 2006

BAGHDAD, Dec. 9 -- Gangs of roving Shiite Muslim gunmen stormed a west Baghdad neighborhood Saturday, burning houses and killing at least two people in broad daylight, authorities said. By evening, dozens of Sunni Arab families had fled their homes, carrying their belongings and furniture in trucks in one of the worst known incidents of sectarian cleansing to grip the capital in recent weeks.

According to a senior Iraqi commander and residents, Mahdi Army militiamen loyal to radical cleric Moqtada al-Sadr launched the attack on a section of the mixed neighborhood of Hurriyah, which means freedom. The rampaging began at 2:30 p.m. and lasted an hour before Iraqi soldiers entered the neighborhood.

"They attacked the people, shooting at them," a senior Iraqi commander who was involved in the operation said of the militiamen. "They were threatening people. They were telling them to leave 'or else we will burn your house down and kill you.' "

Baghdad has been on edge since a series of car bombs, mortar shells and missiles killed more than 200 on Nov. 23 in the Shiite slum of Sadr City, the stronghold of Sadr and where many of his loyal followers reside. Since then, a spate of small-scale revenge attacks has erupted in various mixed neighborhoods. The attack on Hurriyah marks one of the more serious in this cycle of sectarian killings plaguing the capital.

The attack was apparently in retaliation for an attack on Shiite residents by Sunni gunmen, said the Iraqi commander, who spoke on condition that his name not be used because he was not authorized to speak to reporters. Saturday's attacks unfolded in Hurriyah Three, a section of the neighborhood filled mostly with Sunni families from the Mishahda tribe, witnesses and authorities said. Witnesses gave different accounts of what had occurred.

Hameed al-Dahabi, a construction worker, said that about a month ago the Mahdi Army threatened Sunnis to leave their homes in Hurriyah Three. Some of the Sunni families complied. In the past two or three days, other Sunnis had reclaimed the homes, he said.

They attacked the Mahdi Army members and occasionally shot randomly into the street, he said. The Mahdi Army fought back with AK-47 assault rifles and grenades, he said.

Dahabi, his wife and their four children stayed in their home as the fighting intensified. On Saturday morning, three more families fled their street in anticipation of more fighting, he said, taking clothing and beds. He decided to stay because he has lived there since 1959.

Dahabi said seven or eight Sunnis began shooting from one house Saturday morning. Some Mahdi Army fighters tried to climb to the roofs of neighboring houses to shoot back at them, but the occupants would not let them in, he said. Instead, the militiamen surrounded the house containing the Sunnis and shot into it. This continued until about 3 p.m., when the Sunnis fled the house. The Mahdi Army fighters then burned down the house.

In the aftermath of the fighting, Dahabi said he saw about 20 people lying on the street, some injured and some dead. He said he did not know how many people had been killed.

"It's a mess," he said. "I feel sad for what's going on. A lot of families are being hurt. They're terrified."

DOJ_NMG_0104832

Abdul Ali, a Shiite who lives in Hurriyah Two, said the trouble started Friday night, when snipers began shooting from the roofs of houses.

On Saturday morning, the Sunnis attacked Shiites in Hurriyah Three, he said his sister told him. He said there were many of them and they shot at people randomly. The Shiites fought back, he said, using AK-47s and other weapons. They burned two houses, he said.

"The people defended their families," he said. "Anyone who was able to carry a gun was on the street."

He said his sister left her home in Hurriyah Three at noon Saturday and is staying with him until the neighborhood calms down.

Sunni families phoned friends and relatives in other nearby neighborhoods seeking places to stay. "They told me there is no way to live again in Hurriyah," said Omar Mashadani, a Sunni who lives in the Ghazaliya neighborhood. "They told me neither the government nor the U.S. Army will help them."

Mashadani said he received several phone calls from friends in Hurriyah seeking to rent houses in his neighborhood. Dozens of families, he was told, planned to flee their homes Sunday morning, he said.

Mohammed Dulaimi said that on Friday night, threatening leaflets were distributed in Hurriyah Three, which is near the Muheaman mosque, a Sunni shrine. The notes ordered all Sunni families to leave. By the evening, he said he saw snipers on rooftops. On Saturday morning, he decided to leave.

"We had a sense of fear," he said. "We felt some of our Shiite neighbors were giving us evil looks."

With the help of a Shiite neighbor, he loaded his wife, four children and other relatives into a minibus already crammed with their best furniture and belongings. By 11:30 a.m., they had left and were headed toward nearby Ghazaliya. He had lived in Hurriyah since 1978, he said.

The Iraqi commander said he saw at least 30 families preparing to leave when his forces arrived in Hurriyah. There were at least 25 trucks filled with furniture, he said.

"We asked them, 'Why are you leaving? We are controlling the situation,' " he recalled. "The people said, 'We are very scared. We should leave now or they are going to kill us.' "

"I feel like a broken person. I don't have any power," Dulaimi said. "Only God can help us and tell us what to do."

In violence elsewhere, a suicide car bomb exploded outside the Shrine of Imam Abbas in the holy Shiite city of Karbala, 60 miles southwest of Baghdad.

Officials provided different death tolls for blast. Provincial Gov. Aqeel Khazaly said four people were killed, while Saleem Kadhim, spokesman for the Imam Hussein General Hospital, said the hospital had received 16 corpses.

Khazaly said late Saturday that security forces had detained about 20 suspects in the attack.

In the northern city of Mosul, a car bomb killed five people and injured three, police said.

The U.S. military announced the deaths of two Marines in the western province of Anbar. Both were assigned to Regimental Combat Team 5. One died Thursday, and the other, on Saturday. No further details were disclosed.

Officials also announced that one of former president Saddam Hussein's nephews had escaped from a prison northwest of Mosul. Brig Gen. Wathiq al-Hamdani, the chief of police of Nineveh, said investigators believe insiders helped Aimen al-Sabbawi escape from the Badoush prison.

Meanwhile, two influential Sunni groups, the Iraqi Islamic Party and the Association of Muslim Scholars, condemned a U.S.-led raid at a village in Salahuddin province, northwest of Baghdad, on Friday.

The U.S. military said coalition forces were targeting suspected fighters from the insurgent group al-Qaeda in Iraq and killed 20 suspected insurgents. Under machine-gun attack, the troops called for an airstrike. Amir Alwan, the mayor of nearby Ishaqi, said civilian women and children were killed in the strike.

News agencies released what they said were photos of dead children at the site. The military has denied that any civilians were killed in the airstrike.

Also Saturday, Defense Secretary Donald H. Rumsfeld visited Iraq "to express his appreciation to the troops," said Air Force Lt. Col. Todd Vician, a Defense Department spokesman, according to the Associated Press.

President Bush announced Nov. 8 that he was replacing the defense secretary. Rumsfeld's last full day will be Dec. 17.

Saddam's Nephew Escapes Iraqi Prison (AP)

By Thomas Wagner, Associated Press Writer

AP, December 10, 2006

A nephew of Saddam Hussein serving a life sentence for financing insurgents and possessing bombs escaped from prison Saturday in northern Iraq with the help of a police officer, authorities said.

DOJ_NMG_0104833

Sectarian attacks killed at least 20 people, including five who died in a suicide car bombing outside a Shiite shrine in Karbala, police said. Officers also found 39 bullet-riddled bodies in Baghdad that apparently were victims of revenge killings by Sunni Arabs and Shiites.

The escape by Saddam's nephew underlined one of the problems facing the U.S. military as it tries to train enough Iraqi security personnel so U.S. troops can go home: the ability of Sunni Arab insurgents and Shiite militiamen to infiltrate Iraqi police forces.

Ayman Sabawi, son of Saddam's half brother Sabawi Ibrahim Hassan al-Tikriti, escaped from a prison 45 miles west of the northern city of Mosul in the afternoon with the help of a policeman, said a local police commander, Brig. Abdul Karim al-Jubouri.

Brig. Abdul-Karim Khalaf, an Interior Ministry spokesman, confirmed the escape but declined to discuss any details.

Sabawi, who was arrested in May 2005 by U.S. and Iraqi forces near Saddam's hometown of Tikrit, 80 miles north of Baghdad, was convicted of illegally crossing the border from Syria and sentenced to 15 years in prison late last year by an Iraqi court. He was sentenced to life in prison in an earlier case for possession of illegal weapons and manufacture of bombs.

He "played a particularly active role in sustaining the terrorism by providing financial support, weapons and explosives to terrorist groups," Iraq's government said.

In July 2005, the United States froze Sabawi's assets along with those of five other Saddam nephews, accusing them of providing funds to Iraq's Sunni Arab-dominated insurgency.

Sabawi's father was captured in February 2005. Formerly the head of Saddam's intelligence service, al-Tikriti was No. 36 on a U.S. list of the 55 most-wanted members of Saddam's ousted regime.

The suicide bomb attack occurred near the Al-Abbas shrine in Karbala, a Shiite holy city 50 miles south of Baghdad.

The shrine's golden dome and minarets didn't appear damaged in video shown on Iraqi state TV, but the blast set many parked cars on fire in a nearby street. Two men with bloody faces could be seen running through heavy black smoke past the body of another victim.

A main goal of Sunni Arab insurgent groups such as al-Qaida in Iraq has been to spark sectarian violence by attacking sites revered by the country's Shiite majority.

In Baghdad, some of the worst violence was in a Sunni pocket of Hurriyah, a mixed neighborhood. Witnesses said Shiite militiamen entered the area after Sunnis warned the few Shiites living there to leave or be killed. Heavy machine gun fire was heard and three columns of black smoke rose into the sky, the witnesses said on condition of anonymity out of concern for their own safety.

Mohamed al-Askeri, a Defense Ministry spokesman, said some people were chased from their homes, but Iraqi security forces drove off the attackers, handed out food to displaced people and persuaded most to return to their homes. But "others are still frightened," he said.

Adnan al-Dulaimi, who heads a large Sunni bloc in Parliament, went on a Sunni-run TV station to demand protection for the district's Sunnis. "We appeal to the government and U.S. forces to rescue Sunni families in Hurriyah who are facing killings and displacement by militias."

The U.S. military, meanwhile, announced that two Marines were killed in combat in Anbar province, raising to 42 the number of U.S. troops who have died in Iraq this month. At least 2,930 have died since the Iraq war started in March 2003.

Iraq's influential Association of Muslim Scholars and the country's largest Sunni Arab political party, the Iraqi Islamic Party, on Saturday condemned a deadly U.S. military attack the previous day in al-Ishaqi village in volatile Salahuddin province.

The U.S. command said a ground raid and airstrike killed 20 insurgents, but local officials claimed at least 19 civilians died, including seven women and eight children.

About 1,000 residents of the predominantly Sunni village of al-Ishaqi held a funeral for the 19 dead Saturday, shouting "Down with the occupiers," "Long live the resistance," and "There is no God but Allah."

The Association of Muslim Scholars, a group of hard-line Sunnis that opposes the coalition, issued a statement alleging U.S. soldiers entered two Iraqi houses, shot 32 civilians to death, including women and children, and then blew up the buildings to make it look as if the victims died in a U.S. airstrike targeting insurgents.

The Iraqi Islamic Party, part of a Sunni bloc that controls 44 of parliament's 275 seats, made a similar claim, calling the attack "a new massacre by the American occupiers."

Last spring, a U.S. investigation cleared American soldiers of misconduct during a March 15 raid in al-Ishaqi in which Air Force planes destroyed a building believed to be hiding al-Qaida in Iraq insurgents. Villagers claimed soldiers killed 11 civilians before ordering for the airstrike.

Hussein Nephew Escapes From Iraqi Prison (LAT)

By Molly Hennessy-Fiske

DOJ_NMG_0104834

The Los Angeles Times, December 10, 2006

BAGHDAD — A nephew of Saddam Hussein serving a life sentence in a northern Iraqi prison escaped Saturday in what authorities believe might have been an inside job.

Ayman Sabawi, the son of Hussein's half-brother, was captured last year during a raid near Tikrit, Hussein's hometown. He was convicted of possessing illegal weapons and manufacturing explosives for Sunni insurgents.

Police said Sabawi fled Saturday afternoon in a car that had been waiting outside the prison in Badush, about 45 miles west of the northern city of Mosul. Authorities are investigating whether night-shift guards helped him escape.

Sabawi's escape came as Defense Secretary Donald H. Rumsfeld made a trip to Iraq in his final days at the Pentagon. Air Force Lt. Col. Todd Vician, a Pentagon spokesman, confirmed that Rumsfeld left Washington on Friday for Iraq, saying, "He wanted to take this opportunity to express his thanks to the troops, and also let them know that he certainly appreciates the sacrifices they make every day."

Meanwhile, leaders from the western province of Al Anbar, the heartland of the Sunni insurgency, met with U.S. Ambassador Zalmay Khalilzad in Baghdad to ask for help in rebuilding the local economy, arming police and securing the main highway from the Jordanian border to Baghdad, which runs through their province. They also asked him for a halt to U.S. bombings in the military's hunt for insurgents.

"Our goal is to bring Anbar to a safe shore, because any security failure or deterioration in Anbar would reflect poorly on all Iraq," Al Anbar Gov. Mamoun Sami Rasheed said.

Two U.S. soldiers were killed and three injured Saturday while patrolling Ramadi, Al Anbar's provincial capital, when a roadside bomb exploded near their Humvee, the military said in a statement. A Marine died Thursday in Al Anbar combat, the military said, raising the number of troops killed to 2,913. According to icasualties.org, more than a third of the U.S. and allied foreign troops killed in Iraq since the 2003 invasion have died in Al Anbar.

The delegation of provincial leaders asked Khalilzad for an Army brigade to patrol the highway and help recruit police officers, said Haqi Ferhan, who identified himself as a lawyer representing tribal leaders opposed to the insurgents.

Police in the province have already recruited 11,000 officers, Ferhan said, but are struggling to outfit them.

He said Khalilzad promised to review the matter with the Iraqi government and commanders of the U.S.-led foreign military force.

In a statement, Khalilzad welcomed Al Anbar officials' efforts to stabilize the province.

The Iraq Study Group report released Wednesday in Washington cited Al Anbar as one of four provinces that remain "highly insecure."

In a report last week to the U.N. Security Council, U.N. Secretary-General Kofi Annan cited fighting in Al Anbar as evidence that Iraq's violence is spiraling out of control.

U.S. forces are attempting to shift responsibility for local security to Iraqi troops. In a series of raids across Al Anbar on Friday and Saturday, U.S. troops followed the lead of Iraqi army divisions, exchanging fire with insurgents, taking into custody 19 suspects and recovering weapon caches in several towns, according to military statements.

The military said some of those detained are suspected in assaults on U.S. soldiers and on Iraqi police, soldiers and civilians, including planting roadside bombs and attacking an elementary school before national elections last year.

Across Iraq on Saturday, at least 16 people were killed.

The Ministry of Interior also reported that 40 bodies were found in Baghdad in a day, 10 of them handcuffed, blindfolded and showing signs of torture.

An Interior Ministry official said that among those killed Saturday was a young man who was shot along with his parents as they fled their burning house in the mostly Shiite Hurriya neighborhood of Baghdad. The official said the Shiite Al Mahdi militia had set the home on fire after distributing fliers to Sunni families in the neighborhood urging them to move out.

The parents survived, the official said.

Police said a car bomb killed four people and injured 40 Saturday morning on a market street in Karbala, home to the country's second-holiest Shiite shrine. Police blockaded the city center after the bombing, detained several suspects and dismantled remaining explosives, Karbala Gov. Akeel Mahmoud Qazali told state-run Al Iraqiya television.

Another car bomb killed three people in Mosul, local police said.

Late Saturday, a burst of automatic gunfire that could be heard across Baghdad was a rare sign of unity instead of strife: Soccer fans were celebrating Iraq's 2-1 victory over Uzbekistan in the semifinals of the Asian Games in Qatar.

Iran Ties Role In Iraq Talks To U.S. Exit (NYT)

By Hassan M. Fattah, Michael R. Gordon

The New York Times, December 10, 2006

DOJ_NMG_0104835

MANAMA, Bahrain, Dec. 9 — Just days after the Iraq Study Group recommended opening a dialogue with Tehran, Iran's foreign minister said his country would enter discussions on stabilizing Iraq only if the United States commits to a troop withdrawal.

Speaking to a security conference in Manama, Foreign Minister Manouchehr Mottaki said Iran was open to dialogue as long as the United States "changes its attitude," and he asserted that the Americans were "50 percent to blame" for Iraq's violence.

In a defiant presentation, he also insisted that the United States stop campaigning against Iran's nuclear program.

"The Islamic republic of Iran, in case the U.S. changes its attitude, is ready to help the administration to withdraw its troops from Iraq," Mr. Mottaki said. He then took a triumphant tone, saying, "The time of threats is over; the period of unilateralism is over."

The event, which drew diplomatic and security officials from throughout the Persian Gulf and the West was organized by the International Institute for Strategic Studies.

Iran's activities in Iraq have been of concern to Washington because American intelligence says Iran is providing explosives and triggering devices and possibly other military support to militant fighters in Iraq.

The bipartisan Iraq Study Group recommended in a report released Wednesday that the United States establish an Iraq International Support Group, which would involve Iraq's neighbors, including Iran, other Middle East states, the United States and other permanent members of the United Nations Security Council, among others.

At the same time, the panel expressed concerns that Iran might not be willing to join such a diplomatic effort.

"Our limited contacts with Iran's government lead us to believe that its leaders are likely to say they will not participate in diplomatic efforts to support stability in Iraq," the report said. "They attribute this reluctance to their belief that the United States seeks regime change in Iran."

The Bush administration has been very skeptical of the idea of opening a full-scale dialogue with Tehran. David M. Satterfield, the State Department's coordinator for Iraq, suggested to the Senate Armed Service Committee last month that the United States was prepared "in principle'' for limited discussions.

"We are prepared in principle to discuss Iranian activities in Iraq,'' Mr. Satterfield said at the time. "The timing of such a direct dialogue is one that we still have under review.''

When asked whether Iran would join such a diplomatic effort, Mr. Mottaki signaled that his nation would only do so as part of an arrangement in which the United States began to withdraw its forces.

"The United States should help itself before anyone else," he told reporters after his presentation. "The first step is they have to say that they will be ready to leave Iraq."

American officials at the meeting doubted that Iran could improve the situation in Iraq, dismissing Mr. Mottaki's speech as posturing to put Iran's Arab neighbors at ease about the chances of a confrontation between Iran and the United States.

They emphasized that they had made no contact with the Iranians during the meeting.

"They don't want to appear to be begging for a dialogue when we don't seem too eager in doing so ourselves," said one United States official, speaking on condition of anonymity because he was not authorized to comment. "But they do seem pretty confident that things are going their way."

Senior American officials were invited to the meeting, and Stephen J. Hadley, President Bush's national security adviser, had been expected to attend. But he and other top-level officials did not participate. The administration is conducting a policy review on the issue, and analysts said it would have been awkward for the officials to defend a policy that had not been decided.

At the meeting, Hoshyar Zebari, Iraq's foreign minister, expressed concerns about the Iraqi Study Group report. He objected to the threat in the report to withhold American economic and military support if Iraq's government did not make steady process toward reconciliation, asserting that the study did not give Iraqis enough credit for holding elections and other steps to build a new state.

"This is most about U.S. policies, less about Iraqi concerns. In fact, we in Iraq have some serious concerns about this report."

Mr. Mottaki, the Iranian official, reiterated calls for a new regional cooperation effort that included Iran and cut out the United States. He suggested establishing a common understanding on what security is, identifying the obstacles to security, offering gulf states a guarantee of their security in addition to increasing cooperation on economic and security issues and holding a continuous dialogue to reduce foreign influence in the region.

Iran Offers To Help U.S. Exit From Iraq (AP)

By Jim Krane, Associated Press Writer

AP, December 10, 2006

DOJ_NMG_0104836

Iran's foreign minister delivered a blunt challenge to the United States on Saturday, saying Tehran is willing to help U.S. troops withdraw from neighboring Iraq but only if Washington makes some tough policy changes.

Foreign Minister Manouchehr Mottaki claimed U.S. troops were responsible for at least half the violence tearing apart Iraq and that their departure would pay security dividends for the entire region.

"If the United States changes its attitude, the Islamic Republic of Iran is ready to help with the withdrawal from Iraq," Mottaki told the International Institute of Strategic Studies conference here. "Fifty percent of the problem of insecurity in Iraq is the presence of foreign troops."

Mottaki echoed calls made last week by Iran's top national security official, Ali Larijani, for Gulf Arab countries to eject American bases in their countries and establish a regional security pact with Iran. Mottaki went further and offered deeper cooperation with the six Gulf Arab states on energy, tourism, business and counter-narcotics.

Iran's offers do not seem to have tempted Gulf neighbors who are apparently more worried about the dangers of living near Iran's nuclear facilities, especially amid threats by Washington and Israel to use military force to destroy them.

Mottaki's forceful speech was a challenge to U.S. interests in the Gulf and a strong display of the country's rising assertiveness in the face of U.S failures in the region.

At one point, Mottaki addressed an international audience that included U.S. Vice Adm. David Nichols, the deputy chief of U.S. Central Command, and said the regional chaos sparked by the Bush administration's twin wars demonstrated that U.S. military force was no longer a realistic policy option in the Middle East.

"Today the time of threats is over. The period of unilateralism is over," Mottaki said. "Look at Iraq. Look at Afghanistan. That gives us a very important lesson."

Iran's proposal for a Gulf security alliance shows no sign of gaining traction among the region's Arab leaders. Bahraini Foreign Minister Sheik Khalid bin Ahmed Al Khalifa said security of the energy-rich region depends on the United States, the European Union and other major oil-importing countries.

Much of the discussion at this security conference centered on the U.S. Iraq Study Group report, and its recommendation that Washington seek Iran's help in steering Iraq away from civil war.

William Cohen, defense secretary under President Clinton, urged Iran to push for talks with Washington.

"If you forgo aspirations for nuclear weapons and cut off funding for radical elements and support the Mideast peace process, then yes, you'd be welcomed into the international community. We'd have billions of dollars going into your economy," Cohen told the Iranians among 250 delegates from 22 countries.

"If Iran is simply interested in pursuing a nuclear energy program and not weapons, that's something the U.S. wouldn't object to and would support."

What Motivates Syria? (WP)

By Imad Moustapha

The Washington Post, December 10, 2006

U.S. engagement -- or rather reengagement -- with Syria has become a salient topic in almost every political debate on U.S. policy in the Middle East, particularly regarding Iraq.

But while commentators argue over whether the United States should engage Syria and whether Syria has the will to cooperate or even the capability to deliver intended outcomes, it appears that the Bush administration remains incapable of searching for a comprehensive approach to the strife in Iraq.

According to top officials in the Bush administration, engagement with Syria would yield no benefits. What is Syria's reaction to this viewpoint? Well, we believe that if U.S. officials continue to regard a dialogue with Syria as a matter of "dictating" -- that is, telling Syria what it ought and ought not to do -- then their predictions are correct.

Given such a "dialogue," Syria would have to agree with the Bush administration officials who say that nothing can be achieved by such engagement. It would be a waste of valuable time for both sides, and in the meantime the situation in Iraq would continue to spiral downward from disastrous to catastrophic.

But if the Bush administration comes to realize that truly engaging consists of an honest dialogue in which all parties are involved, then positive results will be possible -- for Iraq, the United States, Syria and the entire region.

Contrary to what many in Washington believe, past Syrian-American collaboration has yielded many beneficial outcomes, a fact that several former U.S. officials could confirm. These include, among other things, Syrian cooperation on the Middle East peace process, on al-Qaeda and, yes, on Iraq.

What motivates Syria to engage on Iraq? Let us be clear: Syria is not looking for a "deal" with the U.S. administration on any issue. The situation in Iraq is a matter of paramount concern to Syria, particularly the unprecedented levels of death and destruction and the possibility of Iraq's disintegrating, which would have terrible repercussions for the entire Middle East.

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Thus Syria has the will and the capacity to assist in Iraq. This help is imperative to Syrian national interests. Syria can cooperate on security issues with the Iraqis and can give considerable support to their political process. The visit of our foreign minister to Baghdad, and the resumption of diplomatic ties between Damascus and Baghdad after a 25-year lapse, clearly illustrates our commitment to a free, peaceful and unified Iraq.

But Syria recognizes that no magical solution exists to instantaneously achieve the desired objectives. A rigorous and comprehensive approach is required. This approach should include a reconsideration of U.S. policy in Iraq, starting with the recognition of the necessity to include all parties involved: neighboring countries and all factions of the Iraqi political and social spectrum.

No party should feel defeated or excluded. All stakeholders in the future of Iraq should feel that it is in their own interest to help stabilize the situation.

A solution should also include U.S. acknowledgment that the majority of Iraqis regard the occupation as only exacerbating the situation and causing further violence and instability. A U.S. plan for withdrawal should be on the table. Only such a step will prove to the various parties involved that the United States genuinely plans to return Iraq to the Iraqis.

Syria believes that engagement of all parties will ultimately become inevitable and the only route forward. Until this happens, all parties will continue to lose. Above all, if it does not happen, Iraq will continue to pay the terrible price for such lack of vision.

The writer is Syria's ambassador to the United States.

Training Iraqis May Pose Risks For U.S. (WP)

By Walter Pincus

The Washington Post, December 10, 2006

The newest program for training Iraqi security forces, embedding 11- to 15-member U.S. transition teams in Iraqi battalions, represents a "high-risk assignment" for the American officers and men involved, according to top military training officials.

The concept is considered so dangerous that a group of potential replacements stand ready at Fort Riley, the U.S. Army base directing the program, for immediate shipment to Iraq if members of a deployed team are killed or wounded, Maj. Gen. Carter F. Ham, who runs the training program, told House members last week.

While the U.S. training of Iraqis is considered key in determining the future of the American presence in Iraq, it remains a work in progress three years after it began, according to present and former senior U.S. Army and Marine officers involved in the process.

The disbanding of Saddam Hussein's army in May 2003 and the disappearance of local police units compelled the United States and coalition allies to rebuild almost from scratch a variety of Iraqi security forces, including a national army, local national guard units, special commando teams, a national police force, border police, local police and a facilities protection service.

Complicating matters was a desire among coalition officials in 2003 and 2004 to keep the new Iraqi army lightly armed, in part so it could not threaten any democratic government established in Baghdad. As part of that approach, former senior officers from Hussein's army initially were excluded from service, and the first national police units developed were not trained or equipped to deal with either insurgency or serious security threats.

The result of the hesitant U.S. training effort, the Iraq Study Group reported Wednesday, is that Iraqi army units are of questionable loyalty to the Baghdad government, the police units cannot control crime, and some, according to the report, "routinely engage in sectarian violence." The facilities protection service is "incompetent, dysfunctional or subversive."

Lt. Gen. James J. Lovelace Jr., the Army's deputy chief of staff for personnel, told the House Armed Services Committee on Thursday that the current goal is to train 325,000 Iraqis, with 134,000 in the army and at least 180,000 as police officers.

The latest enhancement to the training task is the embedding of transition teams whose job is to "advise, coach, teach and mentor Iraqi security forces and provide direct access to coalition . . . air support, artillery, medical evacuation and intelligence-gathering," Lovelace said.

The teams, made up of highly qualified senior commissioned and noncommissioned officers, have specialties that include combat operations, intelligence, communications and logistics. Because they live with the Iraqi units, it is a "high-risk assignment," Marine Maj. Gen. George J. Flynn, commander of the Marine Corps training and education command, told the panel.

"In many ways, these individuals are out there alone and unafraid," and this speaks "to the quality of the men and women who are in uniform," Flynn added.

During a Senate Armed Services Committee hearing Thursday, Sen. John McCain (R-Ariz.) questioned the program and focused on the risk factor in opposing the idea of reducing U.S. combat troops in Iraq by early 2008.

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To "withdraw the troops and then still have thousands of American soldiers embedded in Iraqi units that are of questionable value or loyalty, I think, puts at risk a large number of American military advisers," McCain said.

The training plan, however, contemplates the continued presence in Iraq of rapid-response U.S. combat units with helicopters and aircraft that could be quickly called in for support should embedded teams come under fire.

Army Lt. Gen. Peter W. Chiarelli, the top U.S. field commander in Iraq, told Pentagon reporters Friday that no decision had yet been made on how many of the new teams will be requested.

The Iraq Study Group described training of the Iraqi army as "a primary mission of U.S. military strategy," despite problems such as the sectarian nature of the Iraqi forces and the manner in which personnel were recruited. The latter has contributed, the group reported, to forces resisting deployment to other parts of the country and refusing to carry out missions.

Pulling Out Combat Troops Would Still Leave Most Forces In Iraq (NYT)

By Thom Shanker

The New York Times, December 10, 2006

WASHINGTON, Dec. 9 — Frontline combat troops in the 15 brigades carrying out the American fight in Iraq — which the Iraq Study Group says could be largely withdrawn in just over a year — represent about 23 percent of the 140,000 military personnel committed to the overall war effort there.

On any given day, according to military officers in Baghdad, only about 11 percent of the Army and Marine Corps personnel in Iraq are carrying out purely offensive operations. Even counting others, whose main job is defensive or who perform security missions to stabilize the country for economic reconstruction and political development, only half of the American force might be considered combat troops.

Even if all of the group's proposals were carried out, it is not possible to predict exactly how many Americans will stay, or for how long. Decisions will hinge on military conditions on the ground and political conditions in Washington.

But an analysis of the current numbers and tasks of American forces suggests that it will prove difficult to drop far below 100,000 by early 2008, and that 70,000 or more troops might have to stay for a considerable time.

The bipartisan report, which acknowledged that a sustained and "considerable" troop presence would be necessary, called urgently for increasing the 4,000 American trainers now with Iraqis to as many as 20,000. That shift has been endorsed in general terms by President Bush. And commanders in Iraq, on their own accord, are already moving troops from their combat ranks to the training teams. So members of American brigade combat teams will stay for some time, in any case.

Americans assigned to join Iraqi units as advisers and trainers — fighting alongside the Iraqis when necessary, with other combat forces on call in case of emergency — must be backed up by the full array of drivers, cooks, guards, planners, intelligence analysts, communications teams, helicopter crews, mechanics and medical units without which no military operation can be mounted. And as long as the violence in Iraq persists, they must be protected from attack.

According to Pentagon statistics, about 23 percent of the troops currently assigned to the Iraq mission conduct primarily combat jobs. The 15 combat brigades — each with an official roster of about 3,500 and totaling about 52,500 soldiers and marines in Iraq — make up well over a third of the overall force. But each brigade includes units that provide support, logistics and security for those troops conducting direct combat operations.

Electricians and mechanics make up 20 percent of the overall American mission, with "functional support/administrative" personnel and "service and supply handlers" each contributing another 11 percent, according to Pentagon personnel statistics.

Other major categories include communications and intelligence troops — 8 percent — and health service providers, including such critical missions as medical evacuation teams, at 4 percent of the force. Craftsmen account for just under 4 percent. Those statistics do not includes their officers.

These statistics were drawn from an unclassified Pentagon report dated Sept. 30, 2006, which listed American deployments in the Middle East to carry out and support what the Pentagon classifies as "The Global War on Terror." Three senior officers who served yearlong deployments in Iraq at the headquarters level reviewed the Pentagon statistics on regional deployments and said they provide an accurate if somewhat rough picture of how American troops are assigned military tasks in Iraq today.

But that is just one set of statistics describing troop deployments. Those statistics listing official military occupations in the region do not tell the full story of how the force deployed on the ground carries out the mission each day, according to officers in Baghdad.

Lt. Col. Michelle L. Martin-Hing, spokeswoman for the Multinational Corps-Iraq, offered different statistics that show that during day-to-day operations, about 40 percent of the troops conduct combat missions while about 60 percent carry out support missions.

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She provided statistics compiled by the military's operational headquarters in Iraq that list 11 percent of the force as assigned to offensive operations on any given day, and another 22 percent of the troops assigned to force protection and another 22 percent to security operations. About 35 percent carry out tasks that sustain the mission.

Iraqi security forces are not able to gather and analyze sufficient intelligence to carry out all of their missions, nor even to plan them. Likewise, the Iraqis do not have the infrastructure to buy, transport and distribute all of the ammunition, food and fuel that those indigenous forces require, nor to maintain all of their equipment.

Those logistical tasks fall to Americans, and, given the time it will take to build up Iraq's capabilities, are likely to continue to for years to come, even long after the Baghdad government has assumed full military command.

The Iraq mission is not especially top-heavy, according to Pentagon statistics. Generals and their executive staffs amount to one-tenth of one percent of the force.

Other categories in the Pentagon personnel statistics include tactical operations officers, at 6 percent; engineering and maintenance officers, at 2 percent; supply and procurement officers, at 1.7 percent; and health care officers, at 1.5 percent.

Despite increased agility and speed in how it carries out its combat operations, the American military's ratio of combat to support troops has remained in Iraq at levels seen throughout modern history, mostly because the insurgency eliminated the concept of safe and comfortable rear areas that existed in previous wars, making every supply and planning and convoy job more difficult and dangerous.

Andrew F. Krepinevich Jr., executive director of the Center for Strategic and Budgetary Assessments here, said militaries traditionally require three to five soldiers to support every fighter, and in the case of Iraq some of that support is elsewhere in the Persian Gulf region.

"In the time of Alexander the Great, everyone on the battlefield carried a spear," Mr. Krepinevich said. "But over the great sweep of history, the tail has increased faster than the tooth." In America's most recent sustained conflict, in Vietnam, "when we had roughly half a million soldiers on the ground, less than 100,000 were actually combat troops, carrying rifles around," he said.

Black-Market Weapon Prices Surge In Iraq Chaos (NYT)

By C. J. Chivers

The New York Times, December 10, 2006

SULAIMANIYA, Iraq, Dec. 8 — The Kurdish security contractor placed the black plastic box on the table. Inside was a new Glock 19, one of the 9-millimeter pistols that the United States issued by the tens of thousands to the Iraqi Army and police.

This pistol was no longer in the custody of the Iraqi Army or police. It had been stolen or sold, and it found its way to an open-air grocery stand that does a lively black-market business in police and infantry arms. The contractor bought it there.

He displayed other purchases, including a short-barreled Kalashnikov assault rifle with a collapsible stock that makes it easy to conceal under a coat or fire from a car. "I bought this for $450 last year," he said of the rifle. "Now it costs $650. The prices keep going up."

The market for this American-issued pistol and the ubiquitous assault rifle illustrated how fear, mismanagement and malfeasance are shaping the small-arms market in Iraq.

Weapon prices are soaring along with an expanding sectarian war, as more buyers push prices several times higher than those that existed at the time of the American-led invasion nearly four years ago. Rising prices, in turn, have encouraged an insidious form of Iraqi corruption — the migration of army and police weapons from Iraqi state armories to black-market sales.

All manner of infantry arms, from rocket-propelled grenade launchers to weathered and dented Kalashnikovs, have circulated within Iraq for decades.

But three types of American-issued weapons are now readily visible in shops and bazaars here as well: Glock and Walther 9-millimeter pistols, and pristine, unused Kalashnikovs from post-Soviet Eastern European countries. These are three of the principal types of the 370,000 weapons purchased by the United States for Iraq's security forces, a program that was criticized by a special inspector general this fall for, among other things, failing to properly account for the arms.

The weapons are easy to find, resting among others in the semihidden street markets here, where weapons are sold in tea houses, the back rooms of grocery kiosks, cosmetics stores and rug shops, or from the trunks of cars. Proprietors show samples for immediate purchase and offer to take orders — 10 guns can be had in two hours, they say, and 100 or more the next day.

"Every type of gun that the Americans give comes to the market," said Brig. Hassan Nouri, chief of the political investigations bureau for the Sulaimaniya district. "They go from the U.S. Army to the Iraqi Army to the smugglers. I have captured many of these guns that the terrorists bought."

The forces propelling the trade can be seen in the price fluctuations of the country's most abundant firearm, the Kalashnikov.

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In early 2003, a Kalashnikov in northern Iraq typically cost from $75 to $150, depending on its condition, origin and style. Immediately after the invasion, as fleeing soldiers abandoned their rifles and armories were looted, prices fell, pushed down by a glut and a brief sense of optimism.

Today, the same weapons typically cost $210 to $650, according to interviews with seven arms dealers, two senior Kurdish security officials and several customers. In other areas of Iraq, prices have climbed as high as $800, according to Phillip Killicoat, a researcher who has been assembling data on Kalashnikov prices worldwide for the Small Arms Survey, a Geneva-based organization.

The price ranges reflect not only a weapon's condition but its model. A Kalashnikov made in a former Soviet-bloc factory costs more than a Kalashnikov made in China, North Korea or Iraq. Collapsible-stock models have become disproportionately expensive. The price ranges do not include the most compact Kalashnikovs, like those Osama bin Laden has been photographed with, which now have a collector's value in Iraq and can cost as much as $2,000.

In many ways, weapon prices provide a condensed history of Iraq's slide into chaos.

Prices began moving upward in the summer of 2003 as several classes of customers entered the market together, Iraqi security officials and the arms dealers said. Western security contractors, Sunni insurgent groups, Shiite paramilitary units and criminals who were released from prison by Saddam Hussein before the war all sought the same weapons at once.

Kalashnikov prices quickly reached $200, they said. Since late last year, prices have been moving up again, as sectarian war has spread. Militias have been growing at the same time that more civilians have been seeking weapons for self-defense — twin demand pressures that pushed prices to new heights this fall.

"Now the Sunni want the weapons because they fear the Shia, and the Shia want the weapons because they fear the Sunni," said Brig. Sarkawt Hassan Jalal, the chief of security in the Sulaimaniya district. "So prices go up."

Mr. Killicoat put it another way. "When households start entering the market, that's a free-for-all," he said.

The surge is evident across a spectrum of arms. Pistol prices have nearly tripled since 2003. Western 9-millimeter pistols now sell for $1,100 to $1,800 in the bazaars of this city. Sniper rifles cost $1,100 to $2,000, the dealers said. In the West, similar pistols sell for $400 to $600.

Arms dealers say that rising prices have led to more extensive pilfering from state armories, including the widespread theft of weapons the United States had issued to Iraq's police officers and soldiers.

"In the south, if the Americans give the Iraqis weapons, the next day you can buy them here," said one dealer, who sold groceries in the front of his kiosk and offered weapons in the back. "The Iraqi Army, the Iraqi police — they all sell them right away."

No weapons were displayed when two visitors arrived. But when asked, the owner and a friend swiftly retrieved six pistols, a rocket-propelled grenade launcher and three Kalashnikovs from a car and another room.

The rifles and the grenade launcher were wrapped in rice sacks. He slipped two of the rifles out of the cloth. They were spotless and unworn, inside and out, and appeared never to have been used. They had folding stocks and were priced at $560 each.

The dealer said they had recently been taken from an Iraqi armory. "Almost all of the weapons come from the Iraqi police and army," he said. "They are our best suppliers."

One pistol was a new Walther P99, a 9-millimeter pistol that the dealer said had been issued by the Americans to the Iraqi police. It was still in its box.

Glock pistols were also easy to find. One young Iraqi man, Rebwar Mustafa, showed a Glock 19 he had bought at the bazaar in Kirkuk last year for $900. Five of his friends have bought identical models, he said.

When asked if he was surprised that the Iraqi police and soldiers sold their own guns, he scoffed.

"Everything goes to the bazaar," he said.

He added: "It is not only pistols. A lot of police cars are being sold. The smugglers brought us three cars and asked if we wanted to buy them. Their doors were still blue, and police labels were on them. The lights were still on top."

Although the scale of weapons sales is unmistakably large, it is impossible to measure precisely. Sales are almost always hidden and unrecorded.

Tracing American-issued weapons back to Iraqi units that sell them is especially difficult because the United States did not register serial numbers for almost all of the 370,000 small arms purchased for Iraqi security forces, according to a report by the Special Inspector General for Iraq Reconstruction.

The weapons were paid for with $133 million from the Iraq Relief and Reconstruction Fund. Among them were at least 138,000 new Glock pistols and at least 165,000 Kalashnikov assault rifles that had not previously been used, according to the report.

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Lt. Gen. Martin E. Dempsey, commander of the Multi-National Security Transition Command-Iraq, agreed that weapons provided by the United States had slipped from custody.

"I certainly concede that there are weapons that have been lost, stolen and misappropriated," General Dempsey said. He noted that the inspector general had estimated that 4 percent, or about 14,000 weapons, were lost between arriving in Iraq and being transferred to Iraqi forces. Most of the weapons were pistols.

The general said that he thought the estimate was high and that accountability was improving. A weapons registry was being created, he said. "Serial numbers are being registered," he said.

But the estimate of a 4 percent loss did not include weapons that were lost or stolen after being issued to Iraqi units. The arms dealers said this was the main source of their goods.

The arms dealers described several factors that kept weapons flowing from state custody.

Some have been taken by insurgents in ambushes or raids. Defections and resignations have also been common in Iraqi police and army units, they said, and often departing soldiers and officers leave with their weapons, which are worth more than several months of pay.

Aaron Karp, a small-arms researcher at Old Dominion University, said Iraq resembled African countries that had had extraordinary difficulties with the police selling off their guns. "The gun becomes the most valuable thing in the household," he said.

"If anything happens to a police officer's family and he needs money, he walks into work the next day and says, 'Hey, my gun got stolen.' "

Another weapons dealer, who Kurdish officials said had been providing them with weapons since 1991, said the latest black-market sales followed an old pattern precisely.

Throughout Mr. Hussein's rule, Iraqi Army officers were in the arms trade, he said, selling weapons to smugglers. This was how the Kurdish guerrillas kept themselves supplied.

Now, he said, the smugglers remain in business, and their trade is made easier because the units often do not have inventories. "I am surprised sometimes by the numbers," he said. "Sometimes they come by the hundreds."

Like The Nation, Military Families Divided On Iraq (WP)

By Christian Davenport, Joshua Partlow

The Washington Post, December 10, 2006

Nancy Hecker hasn't read the Iraq Study Group's report. She doesn't need to. She knows her son, Army Maj. William F. Hecker III, died at 37 for a just cause, no matter what the antiwar crowd thinks.

If she "can stand firm in support of our country and the mission, is it too much to ask the rest of the country to do so as well?" she asked.

Beverly Fabri also doesn't need the report to help her make up her mind on Iraq. "We are not going to win this war," she said. "And we shouldn't have gotten involved with it in the first place."

Almost three years after her 19-year-old son, Army Pvt. Bryan Nicholas Spry, was killed, she said: "I'm beginning to feel like he just died in vain, I really am."

As the country debates what's next for Iraq, many family members who have lost loved ones in the war are torn about what should happen and how the legacy of those who have died there will be affected.

When the war began nearly four years ago, there was virtually unanimous support for it among military families. But as the country's belief in it has deteriorated, cracks have also begun to show among those who were its staunchest backers. And now, as the death toll mounts, many are struggling to reconcile bad news that seems to keep getting worse with the mission their loved ones believed in and died fighting for.

In Kathy Petty's opinion, the report "is not going to change much." But she's not clear about what should be done in the war that claimed her son, Army Capt. Christopher P. Petty, 33.

On the one hand: "I want the Iraqi people to be free. I want them to have their democracy. That's what Chris died fighting for."

On the other: "You've got almost a civil war. . . . And I'm not sure what we could do better. I'm not sure sending more troops would work."

Her son believed in what he was doing there. She remembers how he talked about building schools for Iraqis, and how the soldiers were treated like heroes by the townspeople.

That's why Petty, of Vienna, doesn't think her son died in vain. But that doesn't mean there are any easy answers to what's happening in Iraq.

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"I do want Chris's death to have been meaningful, but I don't know," she said. "It's very hard to see a light at the end of the tunnel, if you know what I mean. It just seems to keep getting worse."

On Wednesday, the day the Iraq Study Group report was released, at least 11 U.S. service members were killed. So far this month, more than 30 have died.

A poll conducted last week by the Associated Press found that 63 percent of respondents did not expect a stable, democratic government to take root in Iraq, up from 54 percent in June.

All the talk of changing course in Iraq by people who have never taken up arms there has worn on Malia Fry, whose husband, Marine Gunnery Sgt. John Fry, 28, was killed while disarming a bomb in March.

"I don't want him to have died for nothing," said Fry, who has three young children and lives near Waco, Tex. "I want us to finish the job."

Marine Lance Cpl. Eric W. Herzberg's faith in the war, like that of much of the country, waned as the conflict dragged on, said his mother, Gina Barnhurst. But when his unit was called, Herzberg, 20, of Severna Park, went without complaint, because "Marines are not political," Barnhurst said. "They do what they're asked to do. They do it for their country. They do it for us."

And that's why she believes political leaders should think about the death of her son -- and the deaths of others -- as they decide what to do next in Iraq.

It has been nearly a year since Hecker's son, a West Point graduate and father of four, was killed south of Baghdad when a roadside bomb exploded next to his Humvee. She still keeps a tissue handy to blot away the tears that so often rise when she thinks about him: how he was a soldier and a scholar, a student of warfare and literature who had developed a taste for fine wine and rich coffee. But her loss does not mean American forces should leave Iraq, she said. Her son wouldn't want that.

Hecker, of Vienna, worries that the good things happening in Iraq are being suppressed by the media or buried under the din of politicians seeking office.

"If we had all stood firm on this, it would have sent a message to the terrorists," she said. "The more divided that we were, the more opportunity they saw to be successful by destroying our national will."

What Hecker sees as harmful dissent, Yvonne Green of Baltimore believes is democracy at work. The Iraq Study Group recommendation to draw down combat troops was long overdue, to her mind. And she thinks it doesn't go far enough.

"They still aren't bringing the troops home immediately," she said. "If you're going to pull them out, do it immediately."

Still, the report boosted her belief that Iraq is a lost cause, and when she heard about it on the news, she thought: "What took you so long?"

Now she wonders how the debate at home affects the soldiers who served with her daughter -- Army Spec. Toccara R. Green, 23, who was killed last year -- and the other service members still in Iraq.

"I really feel bad for the troops, because it's like they are constantly getting told mixed messages," she said. "They are being told different things all the time. They don't know. Are we leaving? Are we staying?"

Command Sgt. Major Jeff Krausse, 51, of the Washington National Guard, said the country never should have invaded Iraq. He spent a year there, ending in 2005. About three weeks after he got home, his daughter, Army 1st Lt. Jaime Campbell, 25, died when the helicopter she was co-piloting crashed in northern Iraq.

Asked about the war, Krausse said: "First of all, I believe that we were lied to." He denounced the "propaganda" about weapons of mass destruction that justified the invasion and described the war now as a "no-win situation" that is "costing the taxpayers billions of dollars."

Still, he said, he'd go back if called.

"Unfortunately, now that we're there, we've got to finish what we've started," Krausse said from his home in Washington state. "This country is going to lose its credibility if we don't stay and do the right thing."

Jason Scott also has a big stake in how the war turns out. He lost an arm and an eye there and spent more than a year recovering at Walter Reed Army Medical Center. Now he can understand how Vietnam veterans felt coming home to a country that didn't support the war. And he worries about the effect it could have on the country's resolve.

"Public opinion has become so negative," he said. "So rather than make the hard decision to continue on to do the hard work to fix the situation, we're going to cut out and take the easy path."

If that happened, it would undercut the sacrifices so many soldiers made, he said. But it wouldn't diminish their service.

"That legacy of us being professional soldiers who answered the call can't be taken away from us no matter what happens," said Scott, 29, who now lives in Orlando. "I'll always be proud to be an American soldier. That's not going to change if we leave Iraq."

David Hartman's daughter, Army Sgt. Jennifer M. Hartman, 21, died in September. Since then her father, of New Ringgold, Pa., said he has stopped watching the news about Iraq.

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He hadn't hard much about the Iraq Study Group or read its report. And he doesn't much care what it said about the future of Iraq.

"It's not going to bring her back."

The Sunshine Boys Can't Save Iraq (NYT)

By Frank Rich

The New York Times, December 10, 2006

IN America we like quick fixes, closure and an uplifting show. Such were the high hopes for the Iraq Study Group, and on one of the three it delivered.

The report of the 10 Washington elders was rolled out like a heartwarming Hollywood holiday release. There was a feel-good title, "The Way Forward," unfortunately chosen as well by Ford Motor to promote its last-ditch plan to stave off bankruptcy. There was a months-long buildup, with titillating sneak previews to whip up anticipation. There was the gala publicity tour on opening day, starting with a President Bush cameo timed for morning television and building to a "Sunshine Boys" curtain call by James Baker and Lee Hamilton on "Larry King Live."

The wizard behind it all was the public relations giant Edelman, which has lately been recruited by Wal-Mart to put down the populist insurgency threatening its bottom line. Edelman's vice chairman is Michael Deaver, the imagineer extraordinaire of the Reagan presidency, and "The Way Forward" had a nostalgic dash of that old Morning-in-America vibe. In The Washington Post, David Broder gushingly quoted one member of the group, Alan Simpson, musing that "immigration, Social Security and all those other things that have been hung up for so long" might benefit from similar ex-officio bipartisanship. Only in Washington could an unelected panel of retirees pass for public-policy Viagra.

Mr. Simpson notwithstanding, the former senator who most comes to mind is Daniel Patrick Moynihan of New York. In the early 1990's he famously coined the phrase "defining deviancy down" to describe the erosion of civic standards for what constitutes criminal behavior. In 2006, our governmental ailment is defining reality down. "The Way Forward" is its apotheosis.

This syndrome begins at the top, with the president, who has cut and run from reality in Iraq for nearly four years. His case is extreme but hardly unique. Take Robert Gates, the next defense secretary, who was hailed as a paragon of realism by Washington last week simply for agreeing with his Senate questioners that we're "not winning" in Iraq. While that may be a step closer to candor than Mr. Bush's "absolutely, we're winning" of late October, it's hardly the whole truth and nothing but. The actual reality is that we have lost in Iraq.

That's what Donald Rumsfeld at long last acknowledged, between the lines, as he fled the Pentagon to make way for Mr. Gates. The most revealing passage in his parting memo listing possible options for the war was his suggestion that public expectations for success be downsized so we would "therefore not 'lose.' " By putting the word lose in quotes, Mr. Rumsfeld revealed his hand: the administration must not utter that L word even though lose is exactly what we've done. The illusion of not losing must be preserved no matter what the price in blood.

The Iraq Study Group takes a similarly disingenuous tack. Its account of how the country Mr. Bush called a "grave and gathering danger" in September 2002 has devolved into a "grave and deteriorating" catastrophe today is unsparing and accurate. But everyone except the president knew this already, and that patina of realism evaporates once the report moves from diagnosis to prescription.

Its recommendations are bogus because the few that have any teeth are completely unattainable. Of course, it would be fantastic if additional Iraqi troops would stand up en masse after an infusion of new American military advisers. And if reconciliation among the country's warring ethnicities could be mandated on a tight schedule. And if the Bush White House could be persuaded to persuade Iran and Syria to "influence events" for America's benefit. It would also be nice if we could all break the bank in Vegas.

The group's coulda-woulda recommendations are either nonstarters, equivocations (it endorses withdrawal of combat troops by 2008 but is averse to timelines) or contradictions of its own findings of fact. To take just one example: Even if we could wave a magic wand and quickly create thousands more military advisers (and Arabic-speaking ones at that), there's no reason to believe they could build a crack Iraqi army and police force where all those who came before have failed. As the report points out, the loyalties and capabilities of the existing units are suspect as it is.

By prescribing such placebos, the Iraq Study Group isn't plotting a way forward but delaying the recognition of our defeat. Its real aim is to enact a charade of progress to pacify the public while Washington waits, no doubt in vain, for Mr. Bush to return to the real world. The tip-off to the cynical game can be found in a single sentence: "We agree with the goal of U.S. policy in Iraq, as stated by the president: 'an Iraq that can govern itself, sustain itself, and defend itself.' " This studious group knows that even that modest goal, a radical devaluation of the administration's ambition to spread democracy throughout the Middle East, has long been proven a mirage. The Iraqi government's ability to defend anything is so inoperative that the group's members visited

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the country but once, with just one (Chuck Robb) daring to leave the Green Zone. The Bush-Maliki rendezvous 10 days ago was at the Four Seasons hotel in Amman.

The only recommendations that might alter that reality, however evanescently, come not from "The Way Forward" but from its critics on the right who want significantly more troops and no withdrawal timetables whatsoever. But a Pentagon review leaked to The Washington Post three weeks ago estimates that a true counterinsurgency campaign would "require several hundred thousand additional U.S. and Iraqi soldiers as well as heavily armed Iraqi police," not the 20,000 or so envisioned as a short-term booster shot by John McCain.

Since these troops don't exist and there is no public support in either America or Iraq for mobilizing them, the president can't satisfy the hawks even if he chooses to do so. Since he's also dead set against a prompt withdrawal, we already know what his policy will be, no matter how many "reviews" he conducts. He will stay the course, with various fake-outs along the way to keep us from thinking we've "lost," until the whole mess is deposited in the lap of the next president.

But as Chuck Hagel said last week, "The impending disaster in Iraq is unwinding at a rate that we can't quite calibrate." It is yet another, even more reckless flight from reality to suppose that the world will stand still while we dally. The Iraq Study Group's insistence on dragging out its deliberations until after Election Day for the sake of domestic politics mocked and undermined the urgency of its own mission. Meanwhile the violence metastasized. Eleven more of our soldiers were killed on the day the group finally put on its show. The antagonists in Iraq are not about to take a recess while we celebrate Christmas. The mass exodus of Iraqis, some 100,000 per month, was labeled "the fastest-growing refugee crisis in the world" by Refugees International last week and might soon rival Darfur's.

THE Iraq-Vietnam parallels at this juncture are striking. In January 1968, L.B.J. replaced his arrogant failed defense secretary, Robert McNamara, with a practiced Washington hand, Clark Clifford. The war's violence boiled over soon after (Tet), prompting a downturn in American public opinion. Allies in our coalition of the willing — Thailand, the Philippines, Australia — had balked at tossing in new troops. Clifford commissioned a re-evaluation of American policy that churned up such ideas as a troop pullback, increased training of South Vietnamese forces and a warning to the South Vietnamese government that American assistance would depend on its performance. In March, a bipartisan group of wise men (from Dean Acheson to Omar Bradley) was summoned to the White House, where it seconded the notion of disengagement.

But there the stories of Vietnam and Iraq diverge. Those wise men, unlike the Iraq Study Group, were clear in their verdict. And that Texan president, unlike ours, paid more than lip service to changing course. He abruptly announced he would abjure re-election, restrict American bombing and entertain the idea of peace talks. But as Stanley Karnow recounts in "Vietnam: A History," it was already too late, after some 20,000 casualties and three years of all-out war, for an easy escape: "The frustrating talks were to drag on for another five years. More Americans would be killed in Vietnam than had died there previously. And the United States itself would be torn apart by the worst internal upheavals in a century."

The lesson in that is clear and sobering: As bad as things may seem now, they can yet become worse, and not just in Iraq. The longer we pretend that we have not lost there, the more we risk losing other wars we still may salvage, starting with Afghanistan.

The members of the Iraq Study Group are all good Americans of proven service to their country. But to the extent that their report forestalls reality and promotes pipe dreams of one last chance for success in this fiasco, it will be remembered as just one more delusional milestone in the tragedy of our age.

The Great Divide Over Iraq (WP)

By David S. Broder

The Washington Post, December 10, 2006

On the 65th anniversary of the attack on Pearl Harbor, the pieces moved into place for a foreign policy and national security debate as consequential as any this nation and its allies have faced since the start of World War II.

The Iraq Study Group -- 10 senior statesmen, equally divided between the political parties -- threw down the challenge in a unanimous report that showed no signs of being compromised or softened in the interests of bipartisan comity. This was not a happy-talk report.

The next day, President Bush and British Prime Minister Tony Blair, heirs to the roles of Roosevelt and Churchill, responded in equally forceful tones -- and the debate was on.

Bush and Blair described the government they are trying to save in Baghdad as a democratic reflection of the essentially moderate mainstream of Iraqi society, weak in military strength and beset by extremist Shiite and Sunni forces that are financed and armed by neighboring dictators in Syria and Iran.

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Bush approvingly quoted Blair as saying, "The violence is not an accident or a result of faulty planning. It is a deliberate strategy. It is the direct result of outside extremists teaming up with internal extremists -- al-Qaeda with the Sunni insurgents and Iran with the Shia militia."

The Iraq Study Group -- a self-selected group of longtime pre-Bush officials -- came right back to insist that this view was a fundamental mischaracterization of the situation. The problem in Iraq, according to an interview Thursday with the panel's co-chairmen, James A. Baker III, the former Republican secretary of state, and Lee Hamilton, the former Democratic chairman of the House Foreign Relations Committee, is something almost entirely different. They contend that the Iraqi politicians, chosen from religious communities, have been unwilling to make the political trade-offs necessary to build support among the public and in the army and security services for the secular state promised by the Iraqi constitution. The Iraqi politicians procrastinate on dividing up the oil revenue to include the Sunni minority, and they drag their feet on setting up regional governments.

These widely different diagnoses of what ails Iraq, plagues the Iraqi people and vexes the American and British forces lead to very different conclusions. Bush wants to step up the training and assistance for the nascent Iraqi army. The Iraq Study Group would offer more help -- economic, military and diplomatic -- only if the government in Baghdad began soon to repair its factional fights. Otherwise, it would gradually reduce that aid and, in any case, redeploy most allied combat brigades by the first quarter of 2008.

The different strategies appear most vividly when it comes to Iran and Syria. In a passionate response to a question about the ISG suggestion that those two nations be invited to participate in seeking a settlement in Iraq and the broader Middle East, Bush said, "In Iraq, they support terrorists and death squads who are fomenting sectarian violence . . . . In Lebanon, they're supporting Hezbollah . . . . In Afghanistan, they're supporting remnants of the Taliban . . . . In the Palestinian territories, they are working to stop moderate leaders . . . . In each of these places, radicals and extremists are using terror to stop the spread of freedom. And they do so because they want to spread their ideologies -- their ideologies of hate -- and impose their rule on this vital part of the world . . . . And should they succeed, history will look back on our time with unforgiving clarity and demand to know, what happened?"

Agree with Bush's policy or not, there is a theory of history -- and of political science -- behind it. You may label it as neoconservative, but that does not denigrate it.

Baker, who was running diplomacy when this Bush was still part owner of the Texas Rangers baseball club, looks at Syria and sees a country that wanted to be helpful to the West and that aided us in Afghanistan. He looks at Iran and sees a complex society, with nothing to be lost by reaching out to any moderate elements in its government.

The Iraq Study Group report has been embraced by most congressional Democrats. It has been greeted warily by most congressional Republicans. The president has asked for -- and deserves -- time to take in all its recommendations and absorb its chilling picture of what faces us in Iraq.

But one thing is clear. As Baker and Hamilton say, there is no other bipartisan blueprint for the future. Bush will reject it at his peril.

The Bubble Boy In The Oval Office (LAT)

By Jonathan Chait

The Los Angeles Times, December 10, 2006

THERE IS a famous "Twilight Zone" episode about a little boy in a small town who has fantastical powers. Through the misuse of his powers, the little boy has ruined the lives of everybody in the town — for instance, teleporting them into a cornfield, or summoning a snowstorm that destroys their crops. Because anyone who thinks an unhappy thought will be banished, the adults around him can do nothing but cheerfully praise his decisions while they try to nudge him in a less destructive direction.

This episode kept popping into my head when I was reading about President Bush and the Baker-Hamilton commission. Bush is the president of the United States, which therefore gives him enormous power, but he is treated by everybody around him as if he were a child.

Consider a story in the latest Time magazine, recounting the efforts — before the commission was approved by Congress — of three supporters to enlist Condoleezza Rice to win the administration's approval for the panel. Here is how Time reports it:

"As the trio departed, a Rice aide asked one of her suitors not to inform anyone at the Pentagon that chairmen had been chosen and the study group was moving forward. If Rumsfeld was alerted to the study group's potential impact, the aide said, he would quickly tell Cheney, who could, with a few words, scuttle the whole thing. Rice got through to Bush the next day, arguing that the thing was going to happen anyway, so he might as well get on board. To his credit, the President agreed."

The article treats this exchange in a matter-of-fact way, but, what it suggests is completely horrifying. Rice apparently believed that Bush would simply follow the advice of whoever he spoke with. Therefore the one factor determining whether Bush would support the commission was whether Cheney or Rice managed to get to him first.

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And now that the Baker-Hamilton report is out, the commissioners are carefully patronizing the commander in chief. As this newspaper reported, "Members of the commission said they were pleased that Bush gave them as much attention as he did, a full hour's worth. 'He could have scheduled us for 20 minutes plus 10 minutes for the cameras,' said former Atty. Gen. Edwin M. Meese III." Wow, a commission devoted hundreds or thousands of man-hours to addressing the central conundrum of U.S. foreign policy, and the president gave them a whole hour of his time!

In return for these considerations, the commission generously avoided revisiting the whole question of who got us into this fiasco and how. As the Washington Post put it, "The panel appeared to steer away from language that might inflame the Bush administration." Of course, "inflame" is a word typically associated with street mobs or other irrational actors. The fact that the president can be "inflamed" is no longer considered surprising enough to merit comment.

Indeed, everybody seems to understand that if you want to help amend the disaster in Iraq, the No. 1 rule is that you can't acknowledge it's a disaster in Bush's presence. Weekly Standard Executive Editor Fred Barnes, the court stenographer of the Bush administration, recently reported that this was a key factor in the hiring of Defense Secretary Robert Gates.

Now, I would bet every dollar I own that Gates thinks the war was a mistake. But you can't say that to Bush. "Before hiring him," Barnes wrote, "Bush had to make sure Gates didn't think America's intervention in Iraq was a mistake."

Yes, Mr. President, it's good that you turned Iraq into a Hobbesian inferno of Al Qaeda terrorists and Islamist death squads. It's really, really good!

After The Fall (NYT)

By David Brooks

The New York Times, December 10, 2006

In fall 2007, the United States began to withdraw troops from Iraq, and so began the Second Thirty Years' War. This war was a bewildering array of small and vast conflicts, which flared and receded and flared again across the entire Middle East, but which were joined by a common theme.

The essence of all this disorder was that the Arab nation-states lost control. Subnational groups — like Hezbollah and the Mahdi Army — and supranational groups — like loosely connected terror networks, the new Sunni and Shiite Leagues and the satellite television networks — went from strength to strength while central national governments toppled and fell. The collapse of national governments led to a power vacuum that the more authentic and deeply rooted social groups sought to fill.

This war had several stages. The first was the disintegration of Iraq. No national institutions could survive the onslaught: there was no impartial justice, no effective law enforcement, no political organization that put loyalty to nation above loyalty to sect or tribe. Absent a government of laws, government by death squads emerged. Militias — with their own hospitals, schools and indoctrination systems — sought to impose order through assassination and revenge.

The Muslim world watched the Sunni-Shiite bloodletting on satellite television and became enraged. Militias, seminaries and terror organizations developed transnational alliances. Shiite uprisings occurred in Saudi Arabia, Bahrain and Pakistan. Furious Sunnis rallied in places like Egypt, demanding that their leaders preserve Sunni supremacy.

The environment was ripe for new sorts of radical leaders, influenced by Moktada al-Sadr and Sheik Hassan Nasrallah. These leaders were hot, charismatic and divisive. They had no intellectual ties to the old 20th-century Arab nationalism, which was scorned as the model that failed.

Chaos spread as governments in Lebanon and Jordan collapsed. The Palestinian Authority fell into complete dysfunction as Hamas and Fatah waged a low-boiling civil war. Al Qaeda reveled in the bloodshed and spread it with rapturous fury. The spreading disorder vindicated an observation that the historian Michael Oren had once made: that there are really only three nations in the Muslim Middle East: Iran, Turkey and Egypt. The other nations are make-believe. The borders are arbitrary and the governments are artificial.

The surviving governments scrambled to stay in front of their radicalized populations and meddled ceaselessly in the wars around them. Turkey meddled in Kurdistan. Iran meddled everywhere through Hezbollah and a legion of mini-Hezbollahs. The Saudis tried to buy their enemies off, but only ended up financing them. Egyptians spread out everywhere as foot soldiers and assassins, especially after the end of the Mubarak era.

Westerners had a great deal of trouble understanding the ever-shifting conflicts among sects they didn't understand and tribes they'd never heard of. Early in the war, Americans engaged in a moronic debate about whether Iraq was in civil war, which illustrated that American vocabularies were trapped in the nation-state paradigm, and how unprepared Americans were to understand the non-nation-state world.

Parallels were made, some apt, some inapt, to the first Thirty Years' War, which decimated Europe in the 17th century. That, too, was a spasmodic constellation of conflicts not among nation-states, but among faiths, tribes and local groupings.

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This second version of that war produced a Middle East that looked medieval and postmodern at the same time. The core weakness of Middle Eastern nations was that over centuries Arab society had developed intricate social organizations based on family, tribe and faith. Loyalty to these superseded national bonds. Notions of federalism, subsidiarity and impersonal administration — the underpinnings of the nation-state — had trouble flourishing in these sands.

The Middle East's weak national ties were ripped apart by the rising forces of the 21st century: religious fundamentalism, global terrorism, economic globalization and transnational communications networks. Efforts to do nation-building without security faced long odds. Efforts to exhort Iraqi and other leaders to behave "responsibly" — as defined by Western nationalist categories — were doomed to failure. The American defeat sealed the deal.

It was a terrible era for those brave patriots fighting for national unity. There was horrific turmoil, and the emergence of sociopolitical organizations whose likes the world had never seen.

Meanwhile, Reality In Iraq (WP)

By Jim Hoagland

The Washington Post, December 10, 2006

LONDON -- President Bush has finally heard some realistic, even brutal, ideas about finding a path out of Iraq. But few of them came from the politically interesting but strategically flawed Iraq Study Group's report.

The future of Iraq came calling at the White House three times during an extraordinary 72-hour period last week. History (or perhaps White House chief of staff and visit-scheduler Josh Bolten) was taking no chances: It was announcing clearly to Bush a last chance to salvage some advantage and honor out of this administration's error-riddled occupation of Iraq.

As often occurs when history-warping moments compete for attention, the most important event was the least conspicuous one. A visit to the White House on Monday by Abdul Aziz al-Hakim, the single most powerful Shiite political leader in Iraq, was quickly eclipsed by the manufactured drama of the release of the policy study headed by Jim Baker and Lee Hamilton on Wednesday.

Their 79 recommendations turned out to be a mixed bag of good intentions (Hamilton's strength) and profound, manipulative cynicism (a Baker talent) that Bush cannot find congenial. By blanketing a withering silence over the concept and term, the report even rejects Bush's contention that Iraq is the central front in the "global war on terrorism."

The value of the report lies not in what it says about Iraq and certainly not in the insincere scheme the group hatched -- without seriously consulting Israel -- to have Israel hand the Golan Heights back to Syria as part of an American-led "New Diplomatic Offensive." Instead, the report's value lies in what it says about, and to, America. It makes pertinent recommendations on reorganizing key activities and relationships of the Pentagon, the State Department and Congress that should be pursued.

But on Iraq, the study group repeats the fundamental error that this administration has made since overthrowing Saddam Hussein. That is to refuse to anticipate and then accept the logical -- in fact, inescapable -- consequences of U.S. actions.

Having empowered the formerly persecuted Shiite majority in Iraq through regime change and democratic elections, Bush repeatedly has found its exercise of power suspect or unacceptable, primarily because of Shiite links to Iran.

And both the commission and Bush shrink from directly acknowledging that the struggle in Iraq is now the center of a much broader civil war -- a civil war within Islam that pits Shiites against Sunnis and moderates against extremists in both sects. American actions are not designed to give one religious group advantage over another. But they inevitably do and inevitably are judged in that light by the Iraqis and their neighbors. Again, the United States seems oblivious to the consequences for others of American choices.

This broader context made Hakim's soft words on Iraq's harsh realities the most important suggestions the president heard last week. As offered by the black-turbaned cleric in a series of public appearances in Washington and as supplemented by his aides, his view goes like this:

U.S. forces and the feeble central government do too little to protect Shiites. We can do that job ourselves if your troops get out of the way. That will clear the way for U.S. withdrawals while leading to the informal division of Iraq into three distinct autonomous regions. That is the only acceptable alternative to a strong central government controlled by the Shiites, which may no longer be in reach.

The Baker-Hamilton study group ruled out partition in any form. But the report trails events on the ground, as Bush is likely to have heard in his third high-level meeting on Iraq when he hosted British Prime Minister Tony Blair on Thursday.

In recent weeks British commanders have reported to London that Hakim's Shiite political party, the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, has completed a gradual takeover of Iraq's south. That leaves British forces with little ability to influence events -- or reason to stay on much longer in any large numbers -- the commanders add pointedly.

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Nationally, Hakim has watched patiently as his Shiite rivals in Prime Minister Nouri al-Maliki's Dawa party and in Moqtada al-Sadr's organization have been chewed up in the meat grinder of Baghdad's barbaric sectarian conflicts, rampant corruption and U.S. inconsistency.

Hakim gave the impression in Washington of a man riding a wave carrying him inexorably toward where he wants to go. No one could say that about Bush during his crucible week.

Our "Messianic Impulse" (WP)

By Robert Kagan

The Washington Post, December 10, 2006

As Americans struggle to find an answer to the serious problems in Iraq, larger and broader questions beckon. How did we wind up in Iraq in the first place? Some argue that we were too aggressive and self-righteous in promoting our principles, too meddlesome, too arrogant in seeking to transform the world, too quick to intervene militarily in crises far from our shores and remote from our interests. If the United States would only change its approach to the world, if it understood the virtues of limits, modesty and humility, we could avoid foreign policy debacles and the world would be a safer place.

This is actually a very old debate, which Americans have thrashed out in every generation. The expansive, idealistic, interventionist approach to the world has deep roots in the American character, going back to the nation's founding and the universal principles of liberalism embedded in the Declaration of Independence. As George Will once put it, the "messianic impulse" has been "a constant of America's national character, and a component of American patriotism."

But no less constant has been opposition to this grand vision, which critics since the nation's founding era have regarded as a recipe for endless war abroad and the undoing of American democracy at home.

The fight began at the beginning, in the ratification debates over the Constitution. Supporters such as George Washington, Alexander Hamilton, Benjamin Franklin and James Madison insisted that a strong central government was vital if the United States was to become a world power capable of shouldering its international responsibilities. The young United States was the "embryo of a great empire," Hamilton proclaimed. Patrick Henry, in turn, accused supporters of the Constitution of trying to "convert this country into a powerful and mighty empire," thereby betraying the nation's purpose. "When the American spirit was in its youth, the language of America was different: liberty, sir, was then the primary object."

John Quincy Adams took both sides of the struggle, warning in 1821 against idealistic ventures abroad "in search of monsters to destroy" but a few years later insisting Americans had a duty "to take a conspicuous and leading" role in the world on behalf of their "principles and morals."

In the last decades of the 19th century, Lincoln's Republican Party widened this expansive and interventionist view, celebrating "the future greatness and destiny of the United States" and its pivotal role "in the improvement of the world." Democrat Grover Cleveland's secretary of state, Walter Q. Gresham, in response, warned against the nation's natural "impulse to rush into difficulties that do not concern it, except in a highly imaginary way." To restrain this "indulgence" was "a duty we owe to the world as an example of the strength, the moderation, and the beneficence of popular government."

Robert A. Taft continued the battle against the ambitious, world-transforming policies of FDR, Harry Truman and Dean Acheson. "We should not undertake to defend the ideals of democracy in foreign countries," the influential Republican senator cautioned, lest the United States become a "meddlesome Mattie" with "our fingers in every pie." He warned against the arrogance and temptations of dominant power, for such power "over other nations, however benevolent its purpose, leads inevitably to imperialism." Truman and Acheson rejected this advice and instead pursued a preponderance of global power, "situations of strength" around the globe, and an ideology-laden strategy of containment that theoretically could lead America to war anywhere on the planet, as it did in Vietnam.

Today Taft is in bad odor in polite society, but his arguments against American overseas adventurism have been picked up again by the latest critics of our expansive foreign policy tradition. The old argument continues.

The problem for those who have tried to steer the United States away from its long history of expansiveness, then and now, is that Americans' belief in the possibility of global transformation -- the "messianic" impulse -- is and always has been the more dominant strain in the nation's character. It is rooted in the nation's founding principles and is the hearty offspring of the marriage between Americans' driving ambitions and their overpowering sense of righteousness.

Critics have occasionally succeeded in checking these tendencies, temporarily. Failures of world-transforming efforts overseas have also had their effect, but only briefly. Five years after the end of the Vietnam War, which seemed to many to presage the rejection of Achesonian principles of power and ideological triumphalism, Americans elected Ronald Reagan, who took up those principles again with a vengeance.

Today many hope and believe that the difficulties in Iraq will turn Americans once and for all against ambition and messianism in the world. History is not on their side.

DOJ_NMG_0104849

Robert Kagan writes a monthly column for The Post. His most recent book is "Dangerous Nation," a history of American foreign policy.

Iraq's Biggest Failing: There Is No Iraq (NYT)

By Roger Cohen

The New York Times, December 10, 2006

WAR spews words. They make up its fog. Washington was awash in them last week as the damage control exercise called the Iraq Study Group culminated with a proposal to extract all American combat brigades by early 2008, leaving a few tens of thousands of troops to train the Iraqi Army or protect the trainers. As befits a bipartisan report on what looks like a lose-lose situation, it was a fudge.

But beyond the words — from President Bush's chagrin at "the pace of success" to the report's "grave and deteriorating" situation — lie people, the millions of Iraqis who have to get their kids up in the morning, those dimly discernible objects of the myriad political contortions. One of them, a 32-year-old Iraqi engineer encountered earlier this year in Baghdad, had this to say in a desperate e-mail message:

"I am facing the most difficult times of my life here in Baghdad. Since I am a Sunni, I became a target to be killed. You know that our army and police are Shia, so every checkpoint represents a serious threat to Sunnis. During the last three weeks, two of my friends were killed at check points belonging to the police. They first asked to show IDs and when they saw the Sunni family name, they killed them."

There, in plain enough English, you have it. The Iraqi Army and police whose proposed reinforcement lies at the center of the Iraq Study Group's plan for American extraction are often less neutral institutions supporting the nation than a flimsy camouflage for Shia to settle accounts with Sunnis, while the Kurds bide their time and hope the child of chaos will be an independent Kurdistan.

The Iraqi Army and police are indeed overwhelmingly — but not exclusively — Shia. Most recruitment took place at a time when Sunnis had opted out of the new Iraq. Much has been made of the American error in disbanding Saddam Hussein's army. More might have been made of the errors committed in creating the new force.

Contacted in Baghdad, Lt. Gen. Peter W. Chiarelli, who commands American forces in Iraq, described the Iraqi Army as "fragile." He said Sunni officers and soldiers "have to believe the government is using force in a fair and evenhanded manner." As for the police, he said, "it is clear there are some sectarian elements," but "forceful action" by the Interior Ministry was now addressing the problem.

Are these the bulwarks of an Iraq that can "govern itself, sustain itself and defend itself" within 15 months, letting the bulk of American troops go home? Perhaps, the report seems to say, as it urges Prime Minister Nuri Kamal al-Maliki to get with the program — through rapid provincial elections, fairer distribution of oil revenue, the reintegration of Baathists and constitutional reform.

But it's hard to escape the conclusion that the report treats Iraq as an existing country needing a quick fix in the name of resurgent American realism, rather than a still-to-be-born country that needs to be ushered into being in the name of American idealism.

Iraq, in short, needs Iraqis — citizens of a nation rather than of a tribe — and that, after decades of disorienting dictatorship, is a generational undertaking scarcely amenable to American electoral timetables.

Right now, Sunnis, Shiites and Kurds see "freedom" more as the opportunity to be free of one another than to forge a liberal democracy. That's how subjugated peoples, from the Soviet Union to Yugoslavia, tend to react to the lifting of tyranny. Iraqi behavior is not especially strange.

But it has been hugely destructive — an estimated 3,000 Iraqi civilians are dying every month — and it presents President Bush with a choice between the stick-with-it idealism that has been the mainstay of his narrative of Iraqi freedom catalyzing a Middle Eastern transformation, and the ease-out realism thrust in his face by his father's secretary of state, James A. Baker III.

"The report is a devastating critique and an official certification of a failed policy, but its recommendations are a weak compromise," said Richard Holbrooke, the former United States ambassador to the United Nations. "So the question remains: what will the president do? Most people want an exit timetable, a few want a troop increase and Bush appears unready for either. He seems likely to pass this mess on to his successor."

Certainly Mr. Bush's instincts, and his post-report language, suggest he will not embrace a 15-month timetable for large-scale withdrawal, even as a figure weakened by his party's midterm electoral defeat. The realists, and the angry left, would then be further incensed. There's no doubt that the administration's ideology and scant planning, sold as idealism, have done great damage in Iraq. But realism too has its limits.

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It was realism, Mr. Baker would say, that made him urge Yugoslavia to stick together days before its disintegration, and realism that later led him to wave away the Balkans with the lapidary phrase: "We don't have a dog in that fight." That was before the avenging dog of Bosnian mass killing finally outraged American moral principles and drew the country in.

The fact is Iraq was unmade while Mr. Baker was back in Texas, unmade in pursuit of a new Middle Eastern beginning. A state that had known only despotic rule, inhabited by disoriented victims of terror, was asked to govern itself through some form of democracy.

Remaking the unmade, in this case the fragmenting state of Iraq, is time-consuming, and, as Miroslav Hroch, the Czech political theorist, has observed, ethnic or religious nationalism easily becomes the "substitute for factors of integration in a disintegrating society."

Adel is the name of the young engineer who has been writing to me; to give his full name would put his life and that of his family at risk. He knows all about the death of the old Iraq and the agony of the new.

In 2004 he got a job with Washington Group International, a building contractor.

"Now," he writes, "I am working at a WGI site and live there because it is safe inside but when I go to my home the danger surrounds me. The police sometimes search the houses, and now the Shia militia force the Sunnis to leave their houses. The majority of the area is Shia. They want it to be completely Shia."

He concedes that the same abuses "took place in the Sunni areas too." But, he says, "the Sunnis are 20 percent only while the Shia are 70 percent and the police and army are Shia, so they are able to carry weapons officially."

The study group lists all sorts of things the Iraqi Army lacks — leadership, equipment, personnel, logistical support. But it does not identify the most fundamental: absence of sufficient belief in the nation.

It seems highly improbable that this can be forged in 15 months. An American officer, Col. Mark Meadows, told me earlier this year in Baghdad that the Iraqi brigade he was training was overwhelmingly Shia, which was a problem.

"They're where we were in early World War II," Colonel Meadows said. "We went from the black-only units of that time to Truman's integrated Army of the 1950s. The Army led the way in the breakthrough from a divided society. That has to happen here, too."

But, the colonel added, "If we try to go too fast, if we take a short-sighted view, if we expect instant gratification, it won't work."

As for the police, it is, in the view of General Chiarelli, in far worse shape than the army. "The year of the police," as 2006 was billed, has turned into the year of police abuse. The report suggests transferring a large part of the police from the Interior Ministry control to the Defense Ministry to improve discipline.

Quite what that would achieve is unclear. Both ministries have been infested with sectarianism and corruption. The Interior Ministry is now led by a Shiite, Defense by a Sunni, but both forces, police and military are still overwhelmingly Shiite, which is where the fundamental difficulty lies.

Adel, as a Sunni, has suffered directly from that. Now, even as he seeks ways to leave, he believes "that we are not completely lost."

"If the invasion was the only solution to make Saddam quit," he writes, "so it was the right choice."

The problem, he adds, is "not with the invasion itself" but with "how to select the suitable men to take the responsibility of ruling Iraq, because most of those we have now are not devoted to this country."

Iraq has to survive, not because it's lovely, or within sight of peace, but because it's the least bad solution. Its breakup would entail unfathomable horror: one quarter of the population is in mixed Baghdad, and Sunni Anbar province is an oil-free desert suitable only for Al Qaeda central. To have a future, Iraq almost certainly needs a broad federalism of a kind not endorsed in the report, and it needs the likes of Adel.

He's scared, but not without a frail hope: the hope that Iraq can inspire love of itself in its citizens, beyond religious and ethnic lines. To that lingering aspiration, after the loss of almost 3,000 American lives and the spending of $400 billion in treasure, the United States appears to have an enduring responsibility.

Even If We Leave Now, We'll Be Back (WP)

By David Rothkopf

The Washington Post, December 10, 2006

Strategic redeployment. Phased drawdown. Exit strategy. However one phrases it, Washington seems to be turning a page in the story of Iraq. The midterm elections, the subsequent resignation of Defense Secretary Donald H. Rumsfeld and the release of the Iraq Study Group's report last week all suggest that the transformational objectives that led U.S. forces into Iraq are being supplanted by an unmistakable and bipartisan desire to bring troops home, end this mess and move on.

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That impulse, while understandable, reflects the national narcissism that dogs much of U.S. foreign policy. We think Iraq is about us. We made it happen and we can undo it. But one-sided solutions for ending the Iraq war are as unrealistic as the one-sided impulses that started it. Even as we seek to remake history, it is remaking us.

The economic and political forces that drew the United States into Iraq -- quite different from the reasons the Bush administration gave for the invasion -- remain powerful, exerting a pull that will be hard to resist. Oil, of course, is foremost among them. But also important are the threats and tensions linked to oil: Washington's decades-old rivalry with Iran, the growing dangers posed by the proliferation of weapons of mass destruction, and the fear that the Middle East's simmering conflicts will erupt into a broader, bloodier and far more costly war.

To its credit, the Iraq Study Group recognized many of these dimensions. But, however we may try to extricate ourselves from Iraq today, the best we can hope for is an end to only this latest chapter of U.S. military involvement in the region. There is no getting out of the Middle East. Even if we leave now, we'll be back.

In future history books, this war may be known as the Second Gulf War, or perhaps this period will be remembered as the era of The Gulf Wars. Just as today we look back on extended and episodic conflicts such as the Thirty Years' War or the Hundred Years' War, historians may regard today's clash as only another battle in a much longer war. U.S. actions in this Gulf war have dramatically increased the likelihood of future conflicts. We have inflamed tensions in the Middle East, undercut our regional influence and eroded the nation's political will to remain actively engaged in this critical part of the world.

The forces pulling us back are so strong that it doesn't matter which party controls Congress or occupies the White House. In fact, given the political shifts that this increasingly unpopular conflict has triggered, it seems quite possible that a Democratic president may be the one compelled to wage the Third Gulf War.

The United States's interests in the Middle East date to the post-World War I years, around the time when the British redrew the Middle East map and created nation-states, such as Iraq, cobbled together from disparate Sunni, Shiite and Kurdish pieces. A rising industrial power, the United States could not ignore the promise of oil identified in the Persian Gulf in the 1920s. With the drilling contracts awarded to Standard Oil of California and Texaco in 1933 and 1936, respectively, the United States in effect committed itself to an ever growing involvement in (and dependence on) this region.

But it was after World War II, when an energy-hungry United States took on the task of forging a new global order, that the Middle East became a central priority for U.S. foreign policy. Not only did the demand for oil grow precipitously, but Washington was entering a Cold War against a Soviet adversary that also coveted the Middle East's energy resources. Immediately after the war, the Russians refused to leave Iran as they had promised at the Yalta Conference in 1945; it took action by the U.N. Security Council to force their withdrawal. This ultimately led the United States to seek a reliable ally in Tehran, in turn leading presidents from Dwight D. Eisenhower to Jimmy Carter to embrace the shah.

At the same time, the situation in the region was immeasurably complicated by the creation of the state of Israel in 1948 and President Harry S. Truman's support for the new entity. This new U.S.-Israeli bond created an instant tension with the countries upon which the United States depended for oil, thus defining a balancing act that to this day remains the trickiest in U.S. foreign policy.

Over time, this picture grew even more complex, as much the result of the United States' victories as its fumbles and defeats. The abuses of the shah's regime led to popular rebellion in Iran and the rise of Ayatollah Khomeini's theocracy -- a geopolitical defeat compounded by a humiliating hostage crisis. And after the Soviet Union pushed into Afghanistan in 1979, the United States responded on two fronts: It attempted to push back against Soviet forces in Afghanistan by supporting mujaheddin resistance fighters led by the likes of Osama bin Laden, and sought to offset Iran's influence by supporting the leadership bid of Iraqi military strongman Saddam Hussein. In both cases, the results would prove haunting.

The fall of the Soviet enemy eliminated a certain coherence and organizing principle to U.S. interests in the Middle East, one that had seemed above and beyond mere oil interests. But then that former U.S. ally, Hussein, apparently estimating that Washington needed him more than he needed Washington, invaded Kuwait in 1990, threatening U.S. allies in the Gulf region. With Saudi cooperation, the administration of President George H.W. Bush and its allies turned him back. But Bush resisted marching on Baghdad to depose him, perhaps fearing a new power vacuum in the Middle East, one that could have been filled by Iran, which had supplanted the Soviet Union as the United States's chief regional rival. As one prominent Arab political scientist observed to me, "The secret most Americans won't admit is that this most recent war is not about terrorism. It is part of a quarter-century-old geopolitical tug of war with Iran for regional hegemony."

Today, as King Abdullah of Jordan has observed, the region is verging on three civil wars -- in Iraq, in Lebanon and in the Palestinian territories -- all of which somehow involve Iran, the United States or their proxies. Embroiled in Gulf War II, the United States faces a growing roster of additional threats: Iran's acquisition of nuclear weapons technology; a resurgent Taliban in Afghanistan; increasing anti-American radicalism across the Muslim world and the threat that such passions pose to moderate leaders atop potentially fragile regimes in Egypt, Jordan, Pakistan and Saudi Arabia; and Washington's growing alienation from

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allies who would normally share U.S. interests. Sadly, the invasion of Iraq in this most recent Gulf war has only exacerbated these situations.

What plausible scenarios could draw even a war-weary United States back into the Middle East, into a Gulf War III?

Clearly, the confrontation with Iran -- over its regional policies, support of terrorists and desire to acquire nuclear weapons -- tops the list. One need only recall the prewar debate over Iraq to understand that the international community considers the proliferation of WMD an acceptable justification for war. The Iranian threat is magnified because it could trigger an arms race for a "Sunni bomb" to offset the "Shiite bomb." Meanwhile, Israel is unlikely to long tolerate a nuclear capability in a government that has called for its destruction, and in the Arab world, any action by Israel would be regarded as an action on behalf of the United States.

As the Iraq Study Group has recommended, this or a future administration might seek to stabilize Iraq by reaching out to regional players such as Iran and Syria -- two nations traditionally hostile to Israel. In so doing, Washington might also push for an accelerated transfer of the Golan Heights or the accelerated establishment of a sustainable Palestinian state, as the commission's report also suggests. While such diplomatic overtures may prove sensible, they could also be interpreted as a weakening of U.S. support for Israel. This could tempt more radical elements, such as the military wing of Hamas or Hezbollah, to push harder against Israel in an attempt to win further concessions or test the viability of an Israeli government operating with a less supportive U.S. ally. In all such scenarios, Washington must avoid the appearance of weakness or the perception that it has wavered from its core commitments in the region; any concessions by the United States or its allies must always be perceived as flowing from positions of strength.

Other developments in the Middle East could elicit a U.S. military response, even if a reluctant one. What if Jordan, Pakistan or Saudi Arabia fell into fundamentalist hands? The perception of the threat, the impact on world energy prices, the reaction of regional rivals -- these elements could quickly put the U.S. military on alert, especially if U.S. troops, citizens or bases in the region came under threat. Or what if Iranian troops entered Iraq? Or if another terrorist attack against the American homeland (or U.S. assets anywhere in the world) could be traced to forces in the region? The response probably would not be a Rumsfeldian "shock and awe" affair. Instead, given the scope and interconnectedness of these threats and the desire to avoid the mistakes made this time around, a Third Gulf War probably would be larger, in terms of troop commitments, than the second.

Now, as Gulf War II enters a new phase, the Vietnam War offers an important lesson, as well as an important distinction. The lesson is that leaving a country is often much more complicated than entering it. After the U.S. election of 1968 confirmed the public's desire to withdraw from Vietnam, the war dragged on for seven more years and claimed as many lives as it had during the period of escalation. The distinction, however, is that even leaving Vietnam probably will prove much simpler than leaving Iraq or the surrounding region.

The Middle East today is infinitely more dangerous than at the start of Gulf War II. Now, the Bush administration must do what it did not do before invading Iraq: Plan for the likely and possible futures, not just the one it hopes to face. While a long-term U.S. military presence in the region may further stoke anti-American passions, it may also make good and prudent strategic sense. The American people will need to assess such options based on the country's overarching interests -- which include reducing the likelihood of yet another war in the region -- rather than the short-term, feel-good option of bringing the troops home and retreating into a state of semi-isolationism.

Only the Iraqis can resolve their political troubles and sectarian violence. The United States can help by empowering Iraqi soldiers and police -- not with weapons that may one day be used against U.S. troops, but with body armor, transport vehicles, crowd-control tools, information technology, training and the other assets that can help them assume greater responsibility for their own security in the months ahead. The United States must also restore its own hollowed-out military and determine how a war such as the one in Iraq could ever have stretched U.S. forces so thin.

Over the long-term, one reasonable approach in the Middle East could be called "parallel containment:" The United States must contain the complex threats it faces in the region, and at the same time try to limit our vital interests there. On the first score, Hezbollah and Hamas must know that the United States is present and stands ready to take action. Iran must know that it will not be allowed to develop nuclear weapons, period. Moderates in the region must know that we will stand by them, with economic aid and political support, helping to restore U.S. moral authority in the Middle East. And everyone must know that an attack against Israel will always be considered an attack against America. On the second score, we must embark on the long-term but critical task of reducing our energy dependence on the Middle East. No strategy in any Gulf war could produce more lasting change in the region than a prolonged fall in oil prices. The only dependable formula for ultimate victory in the Gulf wars will come through innovation and conservation right here at home.

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Iraq 2013 (NYT)

By James Traub

The New York Times Magazine, December 10, 2006

Scholars and diplomats who have closely studied civil wars describe them almost as forces of nature, grinding on until the parties exhaust themselves, shredding bonds that cannot be stitched back together even long years after the killing stops. In Bosnia and Herzegovina, the United Nations and other international actors have spent a decade trying to undo the psychic as well as the physical destruction of four years of intramural mayhem. There's not a great deal to show for it. David Harland, the head of a small policy team inside the U.N. peacekeeping department, points out that "on the eve of the war, Sarajevo was 40 percent Muslim and 60 percent everything else. Now it's 90 percent Muslim, and of the remaining 10 percent, most are mixed marriages or the elderly. You can't reverse ethnic cleansing."

And you generally can't stop it either, as we are now learning in Iraq. The question of whether Iraq has descended into civil war has, of course, become an obsessive issue, if basically a semantic one. President Bush insists that it has not, though American military officials concede that sectarian violence now poses a greater threat to Iraq than does the (largely Sunni) insurgency. In October, according to a U.N. report, Iraqi civilian deaths reached a record 3,709, though the real number is almost certainly higher. One hundred thousand Iraqis are now fleeing abroad every month, in addition to vast numbers internally displaced. Experts have no trouble describing what they're seeing. In Congressional testimony this past September, James D. Fearon, an expert on civil conflict at Stanford University, said that "by any reasonable definition, Iraq is in the midst of a civil war."

The White House's steadfast refusal to call this conflict a civil war feels more like denial than delusion; President Bush understands that using the term would force him to concede that the defining act of his presidency had ended in ruin. Americans will not continue to send their sons and daughters into the Iraqi maelstrom in order to defend Iraqi factions from one another. What's more, civil wars rarely have the kind of equitable conclusion that the Bush administration has envisioned in Iraq. Fearon testified that the 54 such conflicts he studied typically lasted more than 10 years and normally ended with decisive military victory rather than power-sharing agreements. History, he said, indicates that the current administration strategy "is highly unlikely to succeed, whether the U.S. stays in Iraq for six more months or six more years (or more)."

In many respects, Iraq feels less like Bosnia than like Lebanon, where militias representing Christians, Shiites, Sunnis and secular leftists fought one another from 1975 to 1990, killing or wounding 5 percent of the country's population and uprooting half. Paul Salem, an authority on Lebanon at the Carnegie Endowment for International Peace, points out that in the early part of the war, the various parties kept fighting so long as they believed they could tip the existing balance of power. By 1984 or so, he says, "the domestic players got tired and realized that none of them would win" and only then prepared to negotiate. In Iraq, Salem laments, the "pent-up rage" from decades of repression seems to have scarcely spent itself.

Lebanon typifies the fundamentally sectarian or ethnic character of modern civil wars. In his recently published "War of the World," the historian Niall Ferguson argues that the collapse of multiethnic empires in the late 19th and early 20th centuries gave free rein to rivalries that had been constrained by imperial power. Ferguson observes that many nation-states that emerged out of the wreckage of the Ottoman Empire, from Yugoslavia to Iraq, were able to contain those conflicts by ruthless repression. Centripetal energies often exploded once the dictator died or was toppled. Lacking, in most cases, any tradition of power sharing, such states prove "far too multiethnic to function as democracies," Ferguson maintains. Minority groups are bound to conclude that they have more to gain by fighting than by submitting to the will of an unleashed majority. Ferguson, a onetime supporter of the Iraq war, has argued that "trying to get democracy in a rush in conditions of economic and political instability" is a formula for disaster.

For this administration, so ready to deploy the tools of American power, the conclusion that it is helpless to stem the avalanche it has set off may be even harder to accept than the fact that it has made a terrible mistake. If only for that reason, President Bush may grudgingly accept at least some of the advice he receives from the panel headed by James Baker, the family consigliere, and the former representative Lee Hamilton. But it may already be too late for some of the measures that Baker and others propose to do much good.

When the sectarian combatants finally do exhaust themselves, Iraq will need a great deal of outside help, though not the kind it has received so far. Civil wars liquidate the trust among parties that makes settlements possible; outsiders must act as guarantors and, usually, peacekeepers. And they have to be prepared to make a major commitment: NATO put 60,000 troops in Bosnia, with a population less than one-sixth that of Iraq, to police the Dayton Accords that ended the war. Today 1,900 soldiers from the European Union are sufficient to do the job. Croats, Serbs and Muslims have reached a wary standoff, which leads David Harland to posit a second world-weary hypothesis: "If you apply enough force, you can get people to live adjacent to one another." That's a long, long way from the trailblazing Middle Eastern democracy around which the Bush administration wove

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such glittering fantasies. Still, the Bosnians are not killing one another and don't seem likely to start. And in today's Iraq, that would be a consummation devoutly to be wished.

79 Steps To Victory In Iraq? (NYT)

The New York Times, December 10, 2006

President Bush says the Iraq Study Group report "did a good job of showing what is possible." Prime Minister Tony Blair of Britain said, "It offers a strong way forward." The New York Post called it the work of "surrender monkeys." There is no shortage of opinions. Here are a dozen worth considering.

Democracy Defeated (NYT)

By Richard Perle

The New York Times, December 10, 2006

THINGS that start badly seldom end well. And the Baker-Hamilton findings start badly, with the commission's wholly unproven assertion that Iran and Syria have an "interest in avoiding chaos in Iraq."

It is astonishing that not a shred of evidence is advanced to support this seminal statement. That may be because all the evidence is to the contrary: from the beginning, Iran and Syria have been undermining American and Iraqi efforts to bring order and stability to Iraq.

The matter is important, because an approach to the dictators in Iran and Syria would be seen throughout the region, and especially in Iraq itself, as a sign of American weakness and resignation. A hat-in-hand plea for help from our adversaries will only confirm their belief that a policy of fueling the insurgency with weapons, money, intelligence and foreign fighters is working.

Missing from the report is any serious reflection on the president's goal of encouraging the development of representative government in the despotic Arab world, an objective that would be scuttled by the report's proposed "diplomatic offensive."

President Bush has said to the world, "If you stand for freedom, we stand with you." In pushing for deals with the dictators in Iran and Syria, the study group has said to Mr. Bush, as James Baker once shamefully said to those pleading for intervention in Bosnia to stop the genocide of defenseless Muslims, "We don't have a dog in that fight."

— RICHARD PERLE, fellow at the American Enterprise Institute.

The Last War (NYT)

By Fouad Ajami

The New York Times, December 10, 2006

A ND the mountain brought forth mice: We should have known that James Baker and Lee Hamilton would take us back to the past, for they are men of the past. Consider this, the oldest of Middle Eastern props: "The United States cannot achieve its goals in the Middle East unless it deals directly with the Arab-Israeli conflict and regional instability."

The ground burns in Iraq, the center of gravity in Arab life has shifted away from the Mediterranean and toward the Persian Gulf. But Mr. Baker knows his old brief, where he was steward of American diplomacy when he left office in 1992. A big war had been fought against Saddam Hussein in 1991, the Shiites and Kurds had been abandoned to the tender mercy of the despot. But Mr. Baker headed straight to the Madrid peace conference to use the prestige won in Iraq and the gulf to force concessions out of Israel.

Mr. Baker returns untutored in the ways of that region. A new, deadly struggle has erupted between American power and the forces of terrorism in the Islamic world. A "wise man" who proposes to fix Iraq by returning the Golan Heights to Syria has missed the meaning of Iraq. This report describes a long-vanished Arab world: Its poverty is given away in its banal language, in that familiar assertion that all of history yields to the fixer's touch. — FOUAD AJAMI, professor of Middle Eastern studies at Johns Hopkins and the author of "The Foreigner's Gift."

Why Play A Weak Hand? (NYT)

By Josef Joffe

The New York Times, December 10, 2006

JAMES BAKER is a consummate diplomatist; recall how he rounded up dozens of allies in the first war against Saddam Hussein. But his panel's suggestion to "engage" Iran and Syria to extricate the United States from the current Iraqi morass reflects a grievous misreading of those nations' ambitions and America's options.

Rule No. 1: Never negotiate from weakness, unless you intend to capitulate. Back in April 2003, Iran was quaking, and Syria's Bashar al-Assad was a living corpse. Now, both are on a roll while the Bush administration is looking at a triple rout: in

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Iraq, in Afghanistan and in Congress. So the mightiest nation on earth has no sticks — be it a doubling of the troops in Iraq or a strike against Iran's nuclear installations.

What about carrots? Washington can hold out only two deals that might elicit cooperation on Iraq. One is to accept precisely what America has fought for decades: Damascus's rule over that part of "Greater Syria" we call Lebanon. As for Tehran, the price would be higher still: a tacit "yes" to the bomb, and Iran's hegemony over much of the Middle East. If that is the price of engagement, Washington might just as well skip the tedium of talking and disengage from the world's most critical strategic arena here and now.

— JOSEF JOFFE, publisher-editor of the German weekly Die Zeit and author of "Überpower: The Imperial Temptation of America"

Invite The Neighbors (NYT)

By Jeremy Greenstock

The New York Times, December 10, 2006

THE Iraq Study Group's recommendations set a formidable but necessary agenda for the coalition in Iraq. Restoring internal stability will not be possible without outside help. The report points to Washington's failure to confront the neighbors of Iraq with the consequences of a complete breakdown of the rule of law there. The risk of regional destabilization is very real. With a continuing stalemate in the Middle East peace process and the potential for miscalculation by Iran over the nuclear question, the dangers for the whole region look greater than at any stage since the 1940's.

We cannot turn things around in Iraq without involving the entire region. Iran would be foolish to risk the emergence of a new autocracy in Iraq. Syria, only a secondary player in Iraq, has other priorities: the return of the Golan Heights within a decade.

America need not address either nation directly if the right conference format is designed. Saudi Arabia, Turkey, Jordan and Kuwait all need a unified Iraq as one of the foundations of their national security.

This set of compelling interests requires a table to talk around and where superpower diplomacy is properly brought to bear. What we need now is not a staged retreat, but a move into a higher gear. Under the guidance of the study group's commendable recommendations, the driving force must be diplomatic, not military. It's worth the inevitable cost.

— JEREMY GREENSTOCK, former British special representative to Iraq and the director of the Ditchley Foundation.

Don't Get Sectarian (NYT)

By Madeleine Albright

The New York Times, December 10, 2006

IN the spirit of the Iraq Study Group recommendations, the administration should make clear to Muslims throughout the Middle East that America will not take sides in the millennium-old Sunni-Shiite split. American forces are not in Iraq to engage in sectarian warfare; our policy in Lebanon is not based on a preference for the adherents of one faith over any other; our concerns about Iran are unrelated to that country's status as a leader of Shiite Islam.

The conventional wisdom is not to take sides in a civil war, but when you do, to pick the winner. In Iraq, there are some who say we should back the Shiites because they are the majority. But they are not the majority in the persian gulf. It would be an error to align ourselves with the Shiites (because Al Qaeda is Sunni) or the Sunnis (because Iraq's worst militias and Hezbollah are Shiite). We must be mindful of the interests of all factions and willing to talk to all sides, but our message should not vary.

We should promise help to all — Sunni, Shiite, Christian, Druze, Jew, Arab, Kurd, Persian — who observe territorial borders, honor human rights, obey the rule of law, respect holy places and seek to live in peace.

— MADELEINE ALBRIGHT, former secretary of state.

Find New Allies (NYT)

By Leslie H. Gelb

The New York Times, December 10, 2006

FOR all its deftness and honesty, the Iraq Study Group report flees the hardest choices and leaves us without a credible strategy. It calls for getting American troops out of Iraq, but says we'll be there for a long time. It calls for more training of Iraqi forces, but doesn't explain how to make it happen this time. It insists on reconciliation among warring sects, but offers no realistic political power-sharing plan to achieve it. Instead, the group's gloomy assessment of the situation should have led it to a clear strategy aimed at limiting damage:

First, try for a federal or decentralized Iraq with oil-revenue sharing, as its Constitution provides. Only federalism can prevent partition, though everything's a long shot now.

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Second, provide means, protection and funds for Iraqis wanting to relocate for safety. It's the only way to stop ethnic cleansing.

Third, make common cause with Iraqi Sunni Baathists, Saudis and others to crush the terrorists in central Iraq. Once our troops start to leave, we can establish this clear common interest, and the Baathists will do a better job than we.

Fourth, ally diplomatically and economically with Iraqi Shiites, who are, after all, Iraqis and Arabs, not Iranians and Persians, and who don't want to be ruled from Teheran.

This damage-limiting approach fits the facts on the ground described by the group, and may be the only way to avoid a failed Bush policy becoming a strategic defeat.

— LESLIE H. GELB, president emeritus, Council on Foreign Relations.

Have Faith In Maliki (NYT)

By Rory Stewart

The New York Times, December 10, 2006

THE Baker report is refreshingly honest in its description of Iraq. But its recommendations are less reliable and in some cases dangerous. It states, "If the Iraqi government does not make substantial progress toward the achievement of milestones on national reconciliation, security and governance, the United States should reduce its political, military or economic support."

This is back to front. Prime Minister Nuri Kamal al-Maliki will fail to meet those milestones, but we should support him nonetheless. He is the democratically elected head of a sovereign state, with a better understanding of his own country than the coalition. Our attempts to manipulate and control Iraqi politicians have historically undermined their authority, frustrated their political compromises and strengthened opposition. Empowering Mr. Maliki, though necessary, will be unpleasant: the militias and Iran will remain strong and the security forces weak.

But progress will come only if we provide almost unconditional economic and political support to the elected president and allow him to rebuild his state in his own way.

— RORY STEWART, former British Foreign Service officer in Iraq and the author of "The Places in Between."

Police States (NYT)

By Bing West

The New York Times, December 10, 2006

THE Iraq report recommended the withdrawal of American troops by the spring of 2008, balanced in part by the infusion of 20,000 advisers. Without advisers, the Iraqi forces will pull out of the tough areas. With advisers, the army and police — a mix of Sunnis and Shiites — may hold the country together.

But the police are in wretched shape, intimidated and poorly led. More police advisers are essential, together with tough leaders from local tribes. The police, who can identify the killers hiding among the people, must be allowed to imprison extremists. The Abu Ghraib abuses led to such kid-glove handling of killers that our troops refer to "the catch and release program." If that continues, stability is doomed.

Sadly, Iraqi soldiers trust American advisers more than their own government. The advisers demand steady performance, and in exchange extract pay and logistics from recalcitrant ministries in Baghdad. Prime Minister Nuri al-Maliki has demanded operational control of all Iraqi forces. To prevent the appointment of sectarian loyalists, President Bush must insist upon a joint American-Iraqi military board that will approve all key Iraqi military and police assignments. Without this board, we must not commit a single adviser.

— BING WEST, former assistant secretary of defense and a correspondent for The Atlantic.

Endangered Advisers (NYT)

By Andrew Exum

The New York Times, December 10, 2006

T HE fates of 26 million Iraqis and the 141,000 American troops in Iraq have long been intertwined. Wednesday, their shared fate was inexorably altered by the report put out by the Iraq Study Group, a panel made up of nine lawyers and a mathematician.

Some of the recommendations are sensible, but a few of the military suggestions could spell disaster.

The recommendation to increase the number of soldiers training the Iraqi military is, in general, a good one. Officers serving in Iraq have told me in recent days that the efforts to train and equip the Iraqi Army have not proceeded with the sense of urgency they deserve. The military understands this and last summer established a school in Fort Riley, Kan., where the Army's foremost counterinsurgency expert is training more advisers to be sent to Iraq.

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But to increase the number of advisers while simultaneously decreasing the number of combat brigades is a recipe for disaster. The adviser teams embedded with Iraqi units will become increasingly vulnerable, and a smaller force left behind in Iraq will find itself called upon to fight the inevitable worsening of violence with far fewer troops.

Given that the panel consulted with five times as many politicians as military officers, such oversights shouldn't come as a surprise. But the mathematician on the panel, former Secretary of Defense William Perry, should have known better.

— ANDREW EXUM, the leader of a platoon of Army Rangers in Iraq in 2003 and now a visiting fellow at the Washington Institute for Near East Policy.

We Can Watch Iraq From The Sea (NYT)

By Robert Pape

The New York Times, December 10, 2006

GETTING American combat forces out of Iraq is imperative. From Lebanon to Sri Lanka to the West Bank to New York, more than 95 percent of all suicide terrorist attacks around the world since 1980 have been caused by the presence of foreign combat forces on territory the terrorists value. Since 9/11, American combat soldiers stationed on the Arabian Peninsula have increased from 12,000 to more than 150,000. And suicide terrorism both in Iraq and by Al Qaeda has escalated simultaneously.

But leaving is not enough. If Iraq explodes while Americans withdraw, the resulting chaos would be a strategic and humanitarian nightmare. To contain violence, the Iraq Study Group suggests expanding the role of American advisers embedded in the Iraqi security forces. The value of this idea, however, is contradicted by the group itself, which reports only "fitful progress" building the Iraqi Army with embedded advisers. More embeds only means more potential hostages.

Here's a better idea: Move a large fraction of all American forces into staging areas outside Baghdad so that, within hours, tremendous air and ground power could suppress any major escalation in attacks against civilians. Over the next year, American ground troops should gradually pull back and their mission should evolve into a longer term, off-shore balancing strategy using naval and air forces and allies.

This would not end violence in Iraq. But it would head off the worst and buy time for international economic and political assistance to help stabilize the Iraqi government.

— ROBERT PAPE, a professor of political science at the University of Chicago and the author of "Dying to Win."

Close The Bases (NYT)

By Larry Diamond

The New York Times, December 10, 2006

A MONG the 79 recommendations of the report is one addressed explicitly to President Bush: He "should state that the United States does not seek permanent military bases in Iraq." Why is this so important? Since May 2003, a growing number of Iraqis and most of the Sunni minority have felt their country was under American occupation. This has been one of two factors driving the vicious Sunni insurgency.

To arrest the slide to civil war, international mediators must negotiate directly with the elements of the Sunni insurgency (secular nationalists and more tactical Islamists) that have been seeking talks with the United States for three years. If we press all the components of the study group's approach to "national reconciliation" — like amnesty, a rollback of de-Baathification and a new bargain on oil and federalism — while renouncing permanent military bases and clearly signaling our intent to withdraw militarily from Iraq over the next few years, it is possible that a deal can be had with a critical mass of the insurgency. — LARRY DIAMOND, senior fellow at the Hoover Institution and the author of "Squandered Victory."

Give Amnesty, But Not To All (NYT)

By Nathaniel Fick

The New York Times, December 10, 2006

THE Iraq Study Group report points to a lack of national reconciliation as the "fundamental cause of violence in Iraq." It concludes that the Iraqi government must find "ways and means to reconcile with former bitter enemies" and that "Iraqi amnesty proposals must not be undercut in Washington."

Amnesty is a hard sell in Iraq, where the Shiite-dominated government is loath to forgive its Sunni opposition, and also in the United States, where many view it as condoning attacks on American troops. I fought against some of those who would be pardoned. They killed my comrades. But stubborn opposition to reconciliation will only harm more Americans, Iraqis and the cause we're fighting for. There's no sense in fighting to the finish against anyone who might otherwise be coerced into quitting. That said, three conditions must be enforced:

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Amnesty must be offered only after United States forces have shifted their priority from conventional operations to an advisory role. It cannot occur with 141,000 potential targets in Iraq.

Amnesty must forgive only past attacks, and cannot appear to sanction or legitimize future ones.

Amnesty applies only to Iraqis. Foreign fighters, with no legal standing in Iraq, cannot be eligible.

— NATHANIEL FICK, Marine infantry officer in Iraq and Afghanistan and the author of "One Bullet Away."

New Taliban Rules Target Afghan Teachers (AP)

By Jason Straziuso, Associated Press Writer

AP, December 10, 2006

The Taliban gunmen who murdered two teachers in eastern Afghanistan early Saturday were only following their rules: Teachers receive a warning, then a beating, and if they continue to teach must be killed.

The new list of 30 rules, decided on during a high Taliban meeting in September or October and since circulated over the Internet, span from the organizational — no jihad equipment may be used for personal means — to the health conscious — militants are not supposed to smoke.

They also contain a grave warning for aid workers and educators.

Rule No. 24 forbids anyone to work as a teacher "under the current puppet regime, because this strengthens the system of the infidels." One rule later, No. 25, says teachers who ignore Taliban warnings will be killed.

Taliban militants early Saturday broke into a house in the eastern province of Kunar, killing a family of five, including two sisters who were teachers.

The women had been warned in a letter to quit teaching, said Gulam Ullah Wekar, the provincial education director. Their mother, grandmother and a male relative were also slain in the attack.

The two sisters brought to 20 the number of teachers killed in Taliban attacks this year, said Education Ministry spokesman Zuhur Afghan. He said 198 schools have been burned down this year, up from about 150 last year.

The 30 Taliban rules also spell out opposition to development projects from aid organizations, including clinics, roads and schools.

"If a school fails a warning to close, it must be burned. But all religious books must be secured beforehand," rule No. 26 says.

An addendum to the rules said they were distributed initially at a meeting of top Taliban leaders during Ramadan this year. The rules were signed by Mullah Omar, the fugitive Taliban leader and "the highest leader of the Islamic Emirates of Afghanistan," according to the document.

A purported Taliban spokesman, Qari Yousef Ahmadi, confirmed the authenticity of the rules. He said aid organizations were not working for the Afghan people but for the policies of occupying countries. "If they won't stop their work we will target them, like we've targeted them in the past," he said.

Mohammad Hashim Mayar, the deputy direct of ACBAR — the Agency Coordinating Body for Afghan Relief — an oversight body for almost 100 aid organizations in Afghanistan, said the rules are no surprise.

"They've been practicing this in the past," Mayar said. "We already knew when they were burning schools, when they were killing people, we said that they were against education, and they are well aware of the importance of education."

The rules confirm a Taliban policy of undermining all forms of development that benefit ordinary Afghans and seem to sanction the targeting of civilians, said Maj. Luke Knittig, a spokesman for NATO's International Security Assistance Force.

"The rules likely represent an attempt at indirect leadership by the Taliban in the face of increasingly hindered ability to lead directly and visibly," said Knittig, who said officials had no reason to doubt the authenticity of the rules, which are being circulated on various Web sites.

Other edicts focus inward on the Taliban command structure:

· No. 9: Taliban may not use jihad equipment or property for personal ends.

· No. 10: Every Talib is accountable to his superiors in matters of money spending and equipment usage.

· No. 12: A group of mujahedeen may not take in mujahedeen from another group to increase their own power.

Other rules appear focused on not having ordinary Afghans turn against the Taliban. Rule No. 16 says it is "strictly forbidden" to search houses or confiscate weapons without a commander's permission. No. 17 says militants have no right to confiscate money or possessions from civilians.

No. 18 says fighters "should refrain from smoking cigarettes."

Rule 19 says that mujahedeen may not take young boys without facial hair onto the battlefield — or into their private quarters, an attempt to stamp out the sexual abuse of young boys, a problem that is widely known in southern Afghanistan but seldom discussed.

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"The rule regarding behavior toward young boys shows this has been a problem," Knittig said.

Associated Press reporter Nimatullah Karyab in Ghwando, Afghanistan, contributed to this report.

DOJ:

Senate Confirms U.S. Attorney For Minnesota (AP)

AP, December 10, 2006

MINNEAPOLIS - The U.S. Senate unanimously confirmed Rachel Paulose as the U.S. Attorney for Minnesota early Saturday.

The 33-year-old Paulose, of Eagan, had been acting U.S. attorney for about nine months. President Bush nominated her for the permanent job about four months ago.

Sen. Norm Coleman, R-Minn., said in a news release that he urged the Senate Judiciary Committee to allow full a Senate vote on Paulose before the Senate adjourned early Saturday.

Paulose met Wednesday with outgoing Sen. Mark Dayton, D-Minn., and got his support. However, it appeared that the Senate session would end before it took up her confirmation.

"It would have been a shame to see such a capable, experienced nominee fail to get a chance for confirmation, and I am very excited we were able to get her nomination through the Senate before adjournment," Coleman said a news release.

The U.S. Attorney's office did not respond to messages left there Saturday.

Paulose was a federal prosecutor in Minnesota from 1999 to 2002 and then worked in private practice for the Dorsey & Whitney law firm in Minneapolis.

Before 1999, she worked in the Justice Department as an attorney general's honors program trial attorney for the Civil Rights Division.

Paulose succeeds Tom Heffelfinger. She is the youngest current U.S. attorney and Minnesota's first woman confirmed to the post.

She's also a graduate of Yale Law School and the University of Minnesota.

CORPORATE SCANDALS:

Poisoned By Scandal, Craving An Antidote (NYT)

By Charles Duhigg

The New York Times, December 10, 2006

NEAR midnight on a Friday in 2000, William E. Morgenstern, the chief executive of Rent-Way, one of the nation's largest rent-to-own retailers, was preparing for bed when a woman called to warn him that the company he had built from scratch was about to fall apart.

In the days before that call, Mr. Morgenstern had been scrambling to reconcile discrepancies he had discovered in Rent-Way's books. He had much at stake. Since its founding in 1981 in Erie, Pa., Rent-Way had grown into a national powerhouse by renting furniture and electronics to low-income consumers through more than 1,100 stores.

The stock price had tripled since its initial offering in 1993, making Mr. Morgenstern a Wall Street darling and propelling dozens of Erie families who had invested in the company to sudden wealth.

When he discovered the accounting problems, Mr. Morgenstern initially hoped for a quick explanation. But interviews with executives led to more questions. Then came the midnight phone call: a weeping employee told him that for three years Mr. Morgenstern's top deputies had forced her to cook Rent-Way's books.

Mr. Morgenstern then called the company's lawyer in a panic. What, he asked, should they do?

Over the following years, similar dilemmas would arise at Enron, WorldCom, Tyco and dozens of other companies. Today, hundreds of executives are anxiously discussing how hard they should look for evidence of options backdating or other accounting problems.

At companies where far lesser frauds or malfeasance emerge, executives face an even more ticklish quandary: Should they reveal everything, and then confront the hazards of bad publicity and outside investigations, or clean things up and hope that the problems will evaporate unnoticed? Rent-Way's own journey, which came to a head last month, offers a chilling lesson: Even the most virtuous decisions have unforeseen, often damaging, consequences, and full disclosure may create as many problems as it solves.

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"It was the darkest moment of my life," said Mr. Morgenstern, who stepped down as Rent-Way's chief executive last year, retaining the chairman's post. "I started this company at 22 after three years of college. It represented all of my wealth. I tried to make the right decision at every juncture, but we had to pay a terrible price."

Rent-Way's board made a decision within days of detecting the fraud — Mr. Morgenstern called the Securities and Exchange Commission and revealed everything. The company would turn over documents typically protected by attorney-client privilege, he said. He then invited the S.E.C. to set up an office at Rent-Way's headquarters to conduct an on-site investigation.

"There was a stunned silence from the regulators," said one participant in the call. "Then the S.E.C. attorney said, 'Can you say that again?' "

The S.E.C. had good reason for surprise. Rent-Way's openness was unusual, especially in an era when other companies actively masked glaring frauds or covered up problems to avoid the legal and financial complications they might incur.

"There's a huge amount of pressure to fight," said Lanny J. Davis, a lawyer who has advised many besieged executives, including the HealthSouth founder Richard M. Scrushy, the former White House occupant Bill Clinton, and, for a period, Mr. Morgenstern. "If you let regulators in, you lose control of everything. Suddenly, they start exposing problems you didn't know existed. Some say the safest route is to fight and hope regulators won't be able to make their case."

Enron, WorldCom and Tyco, for instance, battled regulators and investors when accounting questions arose. More recently, during the options backdating scandals, companies such as UnitedHealth Group, Altera, CNet Networks and Affiliated Computer Services have tried to complete internal investigations before opening their books to outsiders. Such resistance is understandable, some say.

"People get scared, and that makes them crave control," said Roderick M. Hills, a former S.E.C. chairman who helped clean up fraud-damaged organizations as a director at Waste Management, Sunbeam-Oster and Drexel Burnham Lambert. "There's an instinct to hope your crimes will just slip through the cracks. When you hand everything over, it can feel like you're handing your enemies a gun."

But at Rent-Way, executives hoped that openness would contain the damage. The company had experience confronting criticism. For years, consumer advocates had attacked the rent-to-own industry as predatory, complaining that the business's rough-and-tumble practices focused on low-income, unsophisticated customers and included exorbitant fees to rent appliances.

The board fired three executives who had overseen the fraud, and hired an outside investigator. Everything was shared with regulators and investors as soon as it was compiled.

"We were committed to not letting this company be brought down by a small group of people engaged in criminal activity," said William Lerner, a Rent-Way director and former S.E.C. official. "We were determined to do everything as morally and ethically as we could."

Initially, Rent-Way's open-door strategy had little effect. When its stock began trading after the fraud was revealed, shares plummeted 75 percent within hours. Law firms began encouraging investors to file class-action suits. The company eventually issued a $127 million financial restatement — turning a cumulative $45 million profit from 1998 to 2000 into a $35 million loss.

Although the adjustment represented only 8 percent of Rent-Way's revenue and primarily involved arcana like depreciation rates, the news pushed Rent-Way's stock into a free fall. By December, just over a month after the fraud's detection, the stock price bottomed at $3.25 a share, down from more than $30 two months before.

Some board members raised the possibility of the company's declaring bankruptcy, a tack taken later by larger and more infamous companies such as WorldCom, Refco and Adelphia Communications. Others suggested selling the company to a private equity group, an option that had allowed other scandal-plagued companies to escape public scrutiny and quietly rebuild.

Those paths became more attractive as anger mounted in Erie toward Rent-Way. Walking through a local supermarket, a shopper confronted Mr. Morgenstern and shouted that he could not afford groceries because his portfolio had disappeared. Anonymous callers made threatening phone calls to Mr. Morgenstern's home. His children asked to stay home from school because teachers told them that their father was a crook, he said. Mr. Morgenstern and his wife, meanwhile, spent most of their time locked in their home, afraid to venture outside.

"Bill was a basket case," Mr. Davis said. "He ceased to have a life outside of his office. We sat down for dinner one night and he broke into tears just describing what each day was like."

EVEN so, Mr. Morgenstern fought suggestions to sell.

"Our employees had invested their entire life savings and would have been wiped out," he said in an interview. "If I ran away, I would have regretted it for the rest of my life."

And small glimmers of hope were beginning to emerge. At Rent-Way's annual convention in Las Vegas, four months after the fraud was revealed, Mr. Morgenstern appeared before thousands of employees and told them that he knew they were concerned. He knew that they read the newspapers and were worried that their paychecks would disappear. Alone on the stage, he promised that the company would survive and would emerge stronger than ever. The room erupted into cheers.

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"Most of our managers aren't college graduates," said Mr. Lerner, who attended the speech. "We count on people who live paycheck to paycheck to make these stores work. So when Bill told them that everything was fine, it was like a wave of electricity moved through the room. Everybody believed in him."

Indeed, most of the company's stores were still profitable. From a revenue perspective, Rent-Way was stronger than ever. Unlike scandals at Enron and Tyco, where fraud disguised huge losses, Rent-Way's deceptions exaggerated growth. Real expansion continued after the Internet bubble popped and more consumers started renting rather than buying appliances. A year after the fraud emerged, revenue had rebounded, increasing by 10 percent.

Little of that showed up in the company's stock price, however. The taint of scandal had frightened away stockbrokers and individual investors, and institutional shareholders were leery of trusting its books.

More threatening were the company's debt woes. The fraud had caused Rent-Way to violate covenants with many lenders, requiring the company to refinance. But banks looked at the restated earnings and pending lawsuits and demanded interest rates up to six percentage points higher than the norm.

Even as revenue grew, Rent-Way had to use more and more income to pay interest. In the two years after the fraud's detection, the company paid down over $100 million in debt, leaving $215 million outstanding, but interest still consumed an amount roughly equal to 40 cents a share.

Executives hoped that the additional costs would be temporary: If the stock's price rebounded, it would allow them to erase debt more quickly by selling rising shares.

So Rent-Way executives issued glowing press releases announcing that investigations had ended and that auditors had given the company a clean bill. The board found Mr. Morgenstern innocent of any wrongdoing. The S.E.C., citing Rent-Way's cooperation, said the company would escape without sanction or fine.

The United States attorney's office in Erie, which successfully prosecuted three Rent-Way executives for criminal fraud, commended Mr. Morgenstern's openness as "a good example of how a company can alleviate" the consequences of misconduct "by fully and openly cooperating with the government."

Despite the good words from the law enforcement authorities, the financial markets continued to batter Rent-Way. Its interest payments consumed more and more cash, and the stock price refused to budge.

According to board members and advisers, some directors began wondering whether they should replace Mr. Morgenstern as chairman and chief executive. Some argued that he was responsible for allowing a culture of fraud to flourish, regardless of his lack of involvement.

They said Mr. Morgenstern — who had attended church alongside the corrupt executives — was too trusting of his deputies. Mr. Morgenstern himself often wondered aloud if his staff had mistakenly construed his relentless cheerleading about beating stock market expectations as encouragement to break the law.

A new chief executive — such as a high-profile business leader from outside — would give Rent-Way a new image, some board members said. Indeed, crisis experts say a leadership change is essential at any company where fraud is exposed.

"You have to get new people in place right away, and recruit outsiders who Wall Street respects to show that the company has changed," said Mr. Hills, the former S.E.C. chairman. "If the same faces represent the company before and after the fraud, you have to wonder how they've fixed the problem."

Many companies caught up in the current options backdating scandals have replaced senior executives, even when it has been unclear how much they knew. Leaders at Affiliated Computer Services, Altera, the Apollo Group, the Boston Communications Group, McAfee, CNet Networks, Cyberonics, Trident Microsystems and dozens of other companies have resigned in the last year, despite assertions that many were unaware backdating had occurred.

Nonetheless, Rent-Way's board, which had united to confront the crisis, ultimately could not bring itself to oust Mr. Morgenstern. "We should have recruited someone who could send a message to Wall Street," Mr. Lerner said. "We knew it at the time. But it would have hurt Bill so much, after he had put so much into saving the company. It just seemed impossibly cruel."

In 2003, when two of the Rent-Way executives responsible for the fraud were sentenced to prison, the company began selling stores to reduce its crippling debt. Almost 300 locations were sold to Rent-A-Center, its biggest rival. Rent-Way announced a $25 million settlement of lawsuits stemming from the fraud, but still the stock price did not improve.

SO, in 2004, four years after the fraud was detected, Rent-Way revealed a new strategy: the company would open one new store a week over two years. Although the plan would require more debt, executives hoped that investors would rediscover Rent-Way and treat it like a growth company deserving a higher stock price. As the stock's value increased, the company could refinance its debt at better rates.

The plan worked. Rent-Way opened 54 new stores in 2005, and income grew. The stock price began to inch higher; it would climb 18 percent in six months. Mr. Morgenstern appointed a new chief executive from within the company while retaining his position as chairman.

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Then, outside forces intervened. Hurricane damage temporarily closed 25 percent of Rent-Way's stores in the Southeast. An increase in gas prices made it harder for low-income customers to spend on televisions and sofas. The overall economy began to slow, and Rent-Way's stock began to slide again.

"We were finally getting out of survival mode, and then it all came apart," said William Short, who replaced Mr. Morgenstern as the C.E.O. "If everything had held out for just one more year, the company would have survived. But because of a relatively small mistake five years earlier, we had no margin of error."

This year, despite increasing its operating revenue by more than 300 percent since the fraud was revealed, Rent-Way discreetly put out word that the company was for sale.

In November, Rent-A-Center acquired Rent-Way for $567 million, or $10.65 a share. Any investor who bought Rent-Way stock one day before the accounting fraud was announced received just 35 cents for every dollar of shares held six years later — despite the company's hauling in $2.5 billion in revenue during the same period. An investor who bought Rent-A-Center stock six years ago would have nearly doubled his money by today.

The sale, the stock losses, the damaged reputations and the shattered careers and lives, Rent-Way insiders say, can be traced to the accounting scandal despite everything that has happened since.

"We were never able to get over the taint of damaged goods," said Mr. Lerner, who said the board had a fiduciary duty to accept the 31 percent premium to its stock price that Rent-A-Center offered. "There's a real sadness over this sale."

Crisis consultants say the lessons from Rent-Way's experiences are troubling.

"This company did the right thing in letting the S.E.C. and the public know about the fraud as quickly as possible," said Ron Hartwig, a crisis communications expert now with the J. Paul Getty Trust. "But when you're besieged by lawyers and reporters and shareholders, it's easy to lose control. If executives don't appear to have a plan, if they don't seem to know all the answers, everything begins to slip away. Sometimes being honest and forthright isn't enough."

For Mr. Morgenstern, who now lives in North Carolina and is seeking new business opportunities, that has been the hardest lesson of all.

"I did everything that I thought was right, but in some ways it didn't matter," he said. "This wasn't a broken company. And when I found illegal activity, I exposed it. But that shouldn't have ended a great company. I don't know what else we should have done."

CRIMINAL LAW:

Study: Fewer Inmates On Death Row In '05 (AP)

AP, December 9, 2006

WASHINGTON (AP) — Fewer prison inmates were moved to death row in 2005, according to a federal study that shows one more person was executed than in the year before.

Four states — California, Texas, Florida and Pennsylvania — held half of the 3,254 inmates awaiting execution at the end of 2005, the study by the Bureau of Justice Statistics showed. There were 37 death row inmates in federal prisons at that time.

Sixteen states executed 60 prisoners last year, one more inmate than in 2004

Overall, however, the number of inmates on death row on Dec. 31, 2005, or the number of inmates moved there during the year dipped.

Among the findings by the Justice Department agency:

·128 inmates were moved to death row in 2005, the third consecutive year with a decline in year-long totals. It was the lowest number of prisoners put on death row since 1973.

·Sixty-six fewer inmates were on death row at the end of 2005 than in 2004. That was a decrease for the fifth straight year and about a 10% drop since Dec. 31, 2000, when there were 3,601 death row prisoners nationwide.

The Justice Department data, the most recent available, confirmed similar trends over the past five years as identified by Amnesty International USA, which opposes the death penalty.

Sue Gunawardena-Vaughn, director of the group's Program to Abolish the Death Penalty, said the drop in part reflects the public's squeamishness in approving executions for people who ultimately may be found innocent.

Since 1973, when watchdog groups began keeping track, 123 death row inmates have been cleared of crimes that had earned them death sentences.

Juries "don't want to be culpable for possibly putting an innocent person to death," Gunawardena-Vaughn said.

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Moreover, because of lengthy trials and inevitable years of appeals in capital murder cases, the death penalty is expensive and "dilutes very, very crucial resources — many of which could be put toward more policing or mental health programs," she said.

As of the beginning of this month, 52 inmates have been executed so far in 2006, according to data provided by the Washington-based Death Penalty Information Center.

Thirty-eight states and the federal government allow juries to consider the death penalty in the most heinous criminal cases. All states except Nebraska allow lethal injection in executions. Inmates in Nebraska and eight other states can be electrocuted. Additionally, three states allow death by hanging, another three by firing squad and four by lethal gas.

At the end of last year, 56% of death row inmates were white and 42% were black, the Justice Department study reported. Women accounted for 2% of those people facing execution.

Witnessing Execution A Matter Of Duty, Choice (WP)

By Candace Rondeaux

The Washington Post, December 10, 2006

They couldn't take their eyes off the electric chair. They took it in piece by piece as they filed into the witness room: The leather restraints on the giant oak armrests. A long electrical cord coiling from the bottom across the slate gray death chamber floor.

The candle shop owner grabbed one of the white plastic lawn chairs in front of the plate glass window that would soon separate the living from the dead. Next to her, the social worker nervously smoothed her hair as she took a seat with a direct view of the chair. The investigator climbed the wood risers and took a seat behind them.

The clock's second hand swept over the 12. It was 9 p.m. -- time for the execution to begin.

Later, they would remember how the air in the room seemed to compress at that moment. How the electric chair seemed to dwarf everything else. How the condemned man, one of the rare few to choose electrocution, looked right through them before he died. But at that moment, all they could think was that they were about to watch a man die.

It's been 70 years since executions in the United States were open to the public. But in Virginia, there is always someone watching, turning what is for most people a distinctly private moment into a very public end. One of more than a dozen death penalty states that require ordinary citizens to witness executions, Virginia has enlisted hundreds of volunteers for the task.

They come from every corner and every quarter: A Richmond school bus driver, a South Hill bookkeeper, a Prince William County police officer, an Ashburn computer specialist, a Lynchburg brass works fabricator. All have visited the Greensville Correctional Center in Jarratt.

Candy Couch, the candle shop owner, had seen other men put to death, but they had been flat on their backs, feet facing her, arms splayed on a gurney, waiting for the needle. She rarely saw their eyes before the life drained out of them. But this man, her fourth, stared her down as he walked to the electric chair.

"He's staring at me," Couch said. "Oh my God, he's looking right at me."

For nearly 100 years, broad public support for capital punishment has helped the Virginia Department of Corrections maintain a rotating list of about 20 to 30 volunteers, although only six are required to witness each execution. Some come only once. Others repeatedly return. One man, a paint store salesman from Emporia, has seen 15 men executed.

Witnesses aren't paid. No special skills are needed. The death house doesn't require much from volunteers beyond state residency, a basic criminal background check and an ability to sum up in three lines or less on a written application why they want to watch convicted killers die. Some say it's their civic duty to watch; that it's no different than sitting on a jury or voting. Others say they're just curious to see whether death equals justice.

Couch, 36, doesn't remember what reason she gave on her application. When she first signed up, she told friends she wanted to see whether watching someone be executed is anything like in the movies. A retired sheriff's deputy, she never knew any of the men she saw executed. But when she volunteered for her first death-by-lethal-injection three years ago, she vowed she would keep going back until she saw an electrocution.

Couch snorts when she reads about defense lawyers who claim lethal injection is cruel and unusual punishment. She is not religious, but she believes in God and Old Testament eye-for-an-eye justice.

"I think they need to feel some kind of pain. I know it's horrible to say, but they did horrible things to people," Couch said.The Decision to Watch

Emily Rosson was jittery all day. A few hours before she arrived at the death chamber for Brandon Hedrick's electrocution, she had scoured her closet looking for the right outfit. She had dressed casually that day for her job as a social worker at a jail in Stafford County. At the last minute, she decided to go home and change. She thought she should wear something respectful, the kind of thing you'd wear to church or a big day at work.

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"I was like, 'What the hell do you wear to someone's execution?' " said Rosson, 27.

She settled on a conservative button-down linen shirt, khaki capri pants and a pair of dressy sandals. After an hour-long road trip from her home in Glen Allen, her brief fashion crisis was long forgotten. As she pulled up to the meeting point for witnesses in Emporia, she remembered instead her father's warning about the intensity of what she was about to see. Years ago, he had visited the death house to witness an electrocution, at the time the sole method of execution in Virginia. It was, her father said, a matter of civic duty and a chance to witness history.

"I was like, 'Eeew, gross. Why would you ever want to do that?' " Rosson said. "He said, now is a good time to go because the electric chair was on the way out. Afterward, he always told me it was something I would never forget seeing."

Before she volunteered, Rosson talked it over with her husband. She had mixed feelings about the death penalty; maybe this would help her decide, she said. He said he wouldn't have the stomach for it, but he could understand why she wanted to go.

Rosson has never been a crime victim, but she's learned a lot about criminals as a jailhouse social worker. Most of the inmates are often short on intelligence and long on bad deeds -- a lot, she said, like Hedrick.

It made her "a little uneasy" when she heard that Hedrick had an IQ of 76, Rosson said. That meant that he was right on the line of being mentally retarded (and ineligible for execution). He might not know what was coming next, she said.

She felt even more unsettled when she first caught sight of the death chamber. The huge oak chair looked as big as a throne and seemed to swallow the whole room.

"It takes a lot of courage to watch people die," she said. "It's not for the weak of heart. It takes a lot of courage to actually go and keep your eyes open the whole time. I think there were some people in that room who closed their eyes."Witness With a Purpose

Steve Corbally peered impatiently out of the van window as it pulled toward the prison entrance. He tried to tune out the chatter of the other witnesses on the ride to the prison. In no mood to talk, he kept silent. He wasn't eager to tell anyone why he was there.

When Corbally had looked Hedrick's case up earlier that day, he thought there might be a chance the execution would be halted. Hedrick, 27, was convicted of the abduction, rape and killing of a young single mother, who begged for her life before Hedrick shot her with a 12-gauge shotgun.

Corbally, 47, had encountered worse cases during his two years as an investigator for the Regional Capital Defender Office in Manassas. After spending day after day chasing down alibis and witnesses that might keep his clients off death row, Corbally figured he knew a good case for clemency when he saw one.

Corbally volunteered to be a witness despite his boss's objection. A few days earlier, a Harrisonburg jury had sent a 27-year-old client of Corbally's to death row for his role in a murder-for-hire scheme. But Corbally, now a first-year law student in New Orleans, reasoned that seeing someone put to death would enable him to give future clients a first-hand account of what they might face if they're sentenced to death.

"Now I can sit them down and say: 'Let me tell you something. It is not pretty, what happens in there. If you get a chance to plead guilty and save your life, you should do it,' " Corbally said.An Execution Expert

David Bass began looking for signs of fear the moment the witnesses arrived. He had seen it many times before. Bass, a regional manager with the Virginia Department of Corrections, had escorted scores of witnesses to more than 80 executions in his 15 years as the de facto death-house tour guide.

"I spend more time watching witnesses than I do the actual executions," Bass said.

The night Hedrick, the first death row inmate to be electrocuted in the United States in more than two years, was to be executed, Bass constantly sized up his witnesses for signs of distress. A former high school math teacher, he understood well the power of group psychology and the way one little thing could set off a chain reaction. His job was to make sure nothing disrupted the process.

The July breeze was cool and light as dusk fell over the sprawling prison grounds, but Bass could feel a sticky kind of tension in the air. Normally, witnesses keep to themselves, he said. But as they lined up for the ride, they seemed to be chattier than usual.

"There seems to be more nervousness, more questions," Bass said. "I can't say what they're thinking, but there is a difference, and there is definitely electricity in the air."

Bass greeted each witness with a warm handshake. He checked their names off on his clipboard, then handed each of them a square, orange I.D. badge.

"I try to make things as low-key as possible and as casual as possible," he said. "I try to keep them talking. If you let things get real quiet, then things tend to tense up."

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Bass rattled off facts and figures with the ease of a game show host: More than 330 executions in Virginia since 1908. Virginia, second only to Texas in the number of executions since the death penalty was reinstated in 1976, lets inmates choose between the chair and lethal injection. Only three, including Hedrick, have chosen electrocution in the past decade.

Bass warned the witnesses that they might hear some shouting from other inmates as they enter the death chamber. The condemned man might drool as about 2,000 volts of electricity arced across his body. There could be a little blood. They might notice an odor of burning flesh.

The inmate's body, he explained, forms a circuit. Small sponges dipped in briny water affixed to the inmate's shaved right leg and head help ensure that the electricity flows. After the condemned man's last words, the warden inserts a key to activate the system.

"It's like turning the ignition key in your car," Bass said.'The Worst Part'

The witness room looked like a black box theater. Inside, a dozen white plastic chairs were neatly arranged on battleship-gray risers. Couch grabbed a front-row seat next to Rosson with a perfect view of the electric chair. Corbally settled into the row behind them.

A microphone in the witness room crackled to life as prison officials approached Hedrick with a hand-held tape recorder. He clenched his fists tighter until his knuckles turned white. He fixed his look hard on the people who had come to watch him die. Then his muffled voice sputtered and echoed in the tiny witness room.

"I pray for the people who believe in Jesus Christ in heaven, and I pray for the unsaved, for they know not what they do," Hedrick said. "I'm ready to go now and be free."

The brown leather hood came down over his eyes and nose. There was a dull thud as the first wave of electricity passed through his body, then another. Then came the interminable five-minute wait before a doctor verified that Hedrick was dead.

"That was the worst part," Rosson said. "We all have to sit here waiting five minutes so the man can finish dying. You think of dying as something personal, and it was just a really horrible, public and invasive way to die. I would not want to see that again."

No one in the witness room said a word as they stood to exit. The guard at the door thanked them for coming and bid them goodnight. One by one, the witnesses climbed back into the van.

Rosson heard someone in the van sobbing as it pulled away. Someone in the front asked Bass if inmates are given sedatives before the execution. Yes, he said, but it's not something corrections officials like to publicize. A man in the back, one of the death house regulars, piped up. That's not fair, he said. After all, he said, Hedrick hadn't given his victim a sedative before he shot her in the face.

Everyone fell silent.

DNA Gatherers Hit Snag: Tribes Don't Trust Them (NYT)

By Amy Harmon

The New York Times, December 10, 2006

SOUTH NAKNEK, Alaska — The National Geographic Society's multimillion-dollar research project to collect DNA from indigenous groups around the world in the hopes of reconstructing humanity's ancient migrations has come to a standstill on its home turf in North America.

Billed as the "moon shot of anthropology," the Genographic Project intends to collect 100,000 indigenous DNA samples. But for four months, the project has been on hold here as it scrambles to address questions raised by a group that oversees research involving Alaska natives.

At issue is whether scientists who need DNA from aboriginal populations to fashion a window on the past are underselling the risks to present-day donors. Geographic origin stories told by DNA can clash with long-held beliefs, threatening a world view some indigenous leaders see as vital to preserving their culture.

They argue that genetic ancestry information could also jeopardize land rights and other benefits that are based on the notion that their people have lived in a place since the beginning of time.

"What if it turns out you're really Siberian and then, oops, your health care is gone?" said Dr. David Barrett, a co-chairman of the Alaska Area Institutional Review Board, which is sponsored by the Indian Health Service, a federal agency. "Did anyone explain that to them?"

Such situations have not come up, and officials with the Genographic Project discount them as unlikely. Spencer Wells, the population geneticist who directs the project, says it is paternalistic to imply that indigenous groups need to be kept from the knowledge that genetics might offer.

"I don't think humans at their core are ostriches," Dr. Wells said. "Everyone has an interest in where they came from, and indigenous people have more of an interest in their ancestry because it is so important to them."

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But indigenous leaders point to centuries of broken promises to explain why they believe their fears are not far-fetched. Scientific evidence that American Indians or other aboriginal groups came from elsewhere, they say, could undermine their moral basis for sovereignty and chip away at their collective legal claims.

"It's a benefit to science, probably," said Dr. Mic LaRoque, the Alaska board's other co-chairman and a member of the Turtle Mountain Chippewa Tribe of North Dakota. "But I'm not convinced it's a benefit to the tribes."

The pursuit of indigenous DNA is driven by a desire to shed light on questions for which the archeological evidence is scant. How did descendants of the hunter-gatherers who first left humanity's birthplace in east Africa some 65,000 years ago come to inhabit every corner of the Earth? What routes did they take? Who got where, and when?

As early humans split off in different directions, distinct mutations accumulated in the DNA of each population. Like bread crumbs, these genetic markers, passed on intact for millennia, can reveal the trail of the original pioneers. All non-Africans share a mutation that arose in the ancestors of the first people to leave the continent, for instance. But the descendants of those who headed north and lingered in the Middle East carry a different marker from those who went southeast toward Asia.

Most of the world's six billion people, however, are too far removed from wherever their ancestors originally put down roots to be useful to population geneticists. The Genographic Project is focusing on DNA from people still living in their ancestral homelands because they provide the crucial geographic link between genetic markers found today and routes traveled long ago.

In its first 18 months, the project's scientists have had considerable success, persuading more than 18,000 people in off-the-grid places like the east African island of Pemba and the Tibesti Mountains of Chad to donate their DNA. When the North American team arrived in southwestern Alaska, they found volunteers offering cheek swabs and family histories for all sorts of reasons.

The council members of the Native Village of Georgetown, for instance, thought the project could bolster a sense of cultural pride.

Glenn Fredericks, president of the Georgetown tribe, was eager for proof of an ancient unity between his people and American Indians elsewhere that might create greater political power. "They practice the same stuff, the lower-48 natives, as we do," Mr. Fredericks said. "Did we exchange people? It would be good to know."

Others said the test would finally force an acknowledgment that they were here first, undermining those who see the government as having "given" them their land.

Still others were interested in the mechanics of migration: "Were the lands all combined? Did they get here by boat?" For many nonindigenous Americans who feel disconnected from their roots, the project has also struck a chord: nearly 150,000 have scraped cells from their cheek and sent them to the society with $100 to learn what scientists know so far about how and where their individual forebears lived beyond the mists of prehistory.

By giving the broader public a way to participate, though it is likely to generate little scientific payoff, the project has created an unusual set of stakeholders with a personal interest in its success. More details, the project explains in the ancestral sketches it gives individuals, will come only with more indigenous DNA.

"I think you have to be sensitive to these cultures," said Jesse R. Sweeney, 32, a bankruptcy lawyer in Detroit who hopes the millennia-size gaps in his own ancestors' story will eventually be filled in. "But hopefully they will change their mind and contribute to the research."

Mr. Sweeney's DNA places his maternal ancestors in the Middle East about 50,000 year ago. After that, they may have gone north. Or maybe south: "This is where the genetic clues get murky and your DNA trail goes cold," read the conclusion to his test results on the project's Web site. "By working together with indigenous peoples around the globe, we are learning more about these ancient migrations."

The first large effort to collect indigenous DNA since federal financing was withdrawn from a similar proposal amid indigenous opposition in the mid-1990s, the Genographic Project has drawn quiet applause from many geneticists for resurrecting scientific ambitions that have grown more pressing. As indigenous groups intermarry and disperse at an ever-accelerating pace, many scientists believe the chance to capture human history is fast disappearing.

"Everyone else had given up," said Mark Stoneking, a professor at the Max Planck Institute for Evolutionary Anthropology. "If they get even a fraction of what they are trying for, it will be very useful."

Unlike the earlier Human Genome Diversity Project, condemned by some groups as "biocolonialism" because scientists may have profited from genetic data that could have been used to develop drugs, the Genographic Project promises to patent nothing and to avoid collecting medical information. The project has designated half the proceeds from the sale of kits to the public for programs designed to preserve traditional cultures and language.

In May, project officials held a stormy meeting in New York with the indigenous rights group Cultural Survival while protestors carried signs reading "National Geographic Sucks Indigenous Blood." Shortly after, the United Nations Permanent Forum on Indigenous Issues recommended suspending the project.

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On the ground, every region has its challenges. To make scientific progress, the project's geneticists are finding they must first navigate an unfamiliar tangle of political, religious and personal misgivings.

Pierre Zalloua, the project director in the Middle East, faces suspicion that he is an emissary of an opposing camp trying to prove their lineages are not important. Himla Soodyall, the project's South African director, finds herself trying to explain to people who worship their ancestors what more her research could add. In Australia, some aboriginal groups have refused to cooperate.

But among the 10 geneticists the society has given the task of collecting 10,000 samples each by the spring of 2010, Theodore G. Schurr, the project's North American director, is in last place. Fewer than 100 vials of DNA occupy a small plastic box in his laboratory's large freezer at the University of Pennsylvania, where he is an assistant professor of anthropology. And at the request of the Alaska review board, he has sent back the 50 or so samples that he collected in Alaska to be stored in a specimen bank under its care until he can satisfy their concerns.

American Indians, Dr. Schurr says, hold the answer to one of the more notable gaps in the prehistoric migration map. Although most scientists accept that the first Americans came across the Bering Strait land bridge that connected Siberia and Alaska some 20,000 years ago, there is no proof of precisely where those travelers came from, and the route they took south once they arrived.

Comparing the DNA of large numbers of American Indians might reveal whether their ancestors were from a single founding population, and when they reached the Americas. And knowing the routes and timing of migrations within the Americas would provide a foundation for studying how people came to be so different so quickly.

But almost every federally recognized tribe in North America has declined or ignored Dr. Schurr's invitation to take part. "What the scientists are trying to prove is that we're the same as the Pilgrims except we came over several thousand years before," said Maurice Foxx, chairman of the Massachusetts Commission on Indian Affairs and a member of the Mashpee Wampanoag. "Why should we give them that openly?"

Some American Indians trace their suspicions to the experience of the Havasupai Tribe, whose members gave DNA for a diabetes study that University of Arizona researchers later used to link the tribe's ancestors to Asia. To tribe members raised to believe the Grand Canyon is humanity's birthplace, the suggestion that their own DNA says otherwise was deeply disturbing.

When Dr. Schurr was finally invited to a handful of villages in Alaska, he eagerly accepted. But by the time he reached South Naknek, a tiny native village on the Alaska Peninsula, to report his analysis of the DNA he had taken on an earlier mission, the Alaska review board had complained to his university supervisors.

The consent form all volunteers must sign, the Alaska board said, should contain greater detail about the risks, including the fact that the DNA would be stored in a database linked to tribal information.

Dr. Schurr's latest attempt at a revised form is to be reviewed this month by the board in Alaska and the by University of Pennsylvania board supervising the project.

In the meantime, his early results have surprised some of the Alaskans who gave him their DNA. In South Naknek, Lorianne Rawson, 42, found out her DNA contradicted what she had always believed. She was not descended from the Aleuts, her test results suggested, but from their one-time enemies, the Yup'ik Eskimos.

The link to the Yup'iks, Ms. Rawson said, only made her more curious. "We want them to do more research," she added, offering Dr. Schurr more relatives to be tested.

But she will have to wait.

Subpoena May Signal A Wider Corruption (ANCHDN)

By Richard Mauer

Anchorage Daily News, December 10, 2006

GRAND JURY: Head of seine group says records touch Ben Stevens, marketing board.

The director of a Juneau-based salmon fishing group said last week he has been ordered by a federal grand jury investigating Alaska corruption to turn over lobbying and consulting records involving state Senate President Ben Stevens and former congressional aide Trevor McCabe, an Anchorage lawyer.

The grand jury subpoena, issued last month, also seeks records on the Alaska Fisheries Marketing Board, a nonprofit federal-grant distribution corporation set up by Ben Stevens' father, U.S. Sen. Ted Stevens.

The executive director of the Juneau salmon group responding to the subpoena, Robert Thorstenson Jr., serves on the marketing board. Thorstenson said he and a partner, Juneau and Seattle lawyer Rob Zuanich, rent space to the board for its Juneau office.

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In a telephone interview Thursday from Seattle, Thorstenson said the subpoena to Southeast Alaska Seiners Association arrived last month after he was contacted by agents from the FBI and the National Marine Fisheries Service. The subpoena said the grand jury was investigating felony crimes, Thorstenson said.

The subpoena appears to document a widening of the federal corruption investigation in Alaska, which burst into public view in August with dramatic raids of the offices of six legislators, including Ben Stevens. Agents returned to search Stevens' offices Sept. 18.

On Wednesday, a federal grand jury indicted Rep. Tom Anderson, R-Anchorage, on seven counts charging extortion, bribery, conspiracy and money laundering. The charges describe a scheme in which money was allegedly funneled to Anderson through a shell company in 2004 in exchange for actions he took as a legislator to benefit a private prison company. He pleaded not guilty Friday.

In the August legislative office searches, subpoenas and search warrants indicated the government's focus was on the relationships between legislators, oil and gas legislation, and the politically active oil field service and construction company Veco and its chairman, Bill Allen.

The material seized from Stevens in September, including documents related to the seiners association and the marketing board, suggested a widening of the probe into his lucrative fishing consulting business, though the government has not cited any specific crimes it is investigating.

Both the marketing board's creation and the seiner organization lobbying directly involve earmarks inserted into federal legislation by Ted Stevens. There is no indication that agents are investigating Ted Stevens, the senior Republican in the U.S. Senate. Stevens himself has declined to comment on the investigation.

Ben Stevens was the board's initial chairman when it was created in 2003 until he resigned April 19, and McCabe, Ted Stevens' former legislative director, has served on its board of directors also since its creation. The board has distributed millions of dollars of federal funds to fishery companies, including several that paid consulting fees to Ben Stevens. Stevens was recently fined $300 by the Alaska Public Offices Commission for failing to disclose his membership on the commission for two years.

Ben Stevens has reported receiving $775,435 from nine fishing companies and associations since he was appointed to a vacant state Senate seat in 2001. Except to describe his services as those of a business consultant, he has never publicly said what he has done for the money.

That total doesn't include money from the Southeast Seiners. The Alaska Public Offices Commission is investigating a complaint brought by former state legislator Ray Metcalfe accusing Ben Stevens of breaking disclosure law by failing to report income from the group. The matter is on the commission's Jan. 11 agenda.

WORKING ON BUYBACK

Zuanich, Thorstenson's real estate partner and Southeast Seiners' attorney, said in an e-mail to the Sitka Borough Assembly last month that the fishing group paid $56,500 over 19 months for consulting and lobbying on a buyback of commercial fishing permits for Southeast Alaska. The money was paid to Advance North LLC, an Anchorage company owned 50-50 by Ben Stevens and McCabe.

Zuanich wrote that in June 2004, the association began paying Advance North "to provide consulting and lobbying services relating to this proposed legislation" for the buyback. He told the Sitka officials that he has provided documents and sworn testimony on the matter under subpoena from the Public Offices Commission.

The Sitka assembly was evaluating an unrelated application by Zuanich and other partners for a local $350,000 economic development grant.

The Southeast salmon fleet has been devastated by low prices. In 2002, Gov. Tony Knowles declared an economic emergency and directed state government to assist Southeast fishing families. The proposed buyback was part of the effort by the fishermen themselves to increase prices by reducing the number of fishing boats on the water.

In September 2004, three months after the seiners began paying Stevens and McCabe, a federal loan program to reduce the seine fleet passed as a $20 million earmark to a Senate appropriations bill while Ted Stevens was chairman of the Appropriations Committee. When the final version of the appropriations bill passed Congress in December of that year, the buyback measure had expanded to a $50 million program.

Thorstenson said the terms of the loan program, as passed by Congress, were too unfavorable for fishermen to afford. The organization is lobbying now for a smaller total loan package coupled with a grant of about $7 million.

According to state corporation records, McCabe took over Ben Stevens' half of Advance North Oct. 1, 2005. Neither he nor Stevens has disclosed the terms of the takeover. Thorstenson said the organization contracts solely with McCabe now.

Stevens has told the public offices commission he wasn't required to disclose the amount of money he received from the fishermen because he didn't have a controlling interest in Advance North. In a ruling on a related complaint from Metcalfe in

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September, the commission appeared to agree with Stevens, though it had not sought records from Advance North that might indicate how control was shared by the two owners, according to commission director Brooke Miles.

Thorstenson said duties under the Advance North contract were supposed to be split, with Stevens consulting on how to arrange, manage and promote the buyback among fishermen, and McCabe, a registered congressional lobbyist, talking to Ted Stevens' staff. Thorstenson said he had no idea how the pair divided the fees.

McCabe didn't respond to e-mails or phone calls seeking comment for this story. Ben Stevens' lawyer, John Wolf of Seattle, said, "In light of the investigation currently being conducted by the U.S. attorney's office for Alaska, we are not going to comment on any subject material that might be within the scope of the investigation."

Metcalfe's complaints cited affidavits by former Southeast salmon fisherman Victor Smith, an occasional contributor to fishing journals and blogs. In one sworn statement, Smith said the fishing association clearly planned to hire Ben Stevens, not McCabe, to get the buyback. He cited conversations he had, including some that were recorded, with members and directors of the seiners group. He also said he heard Zuanich talk publicly during a 2003 meeting in Lynnwood, Wash., of the Purse Seine Vessel Owners Association, a group with many of the same members as the seiners', about using "a little convoluted accounting" to get funds to Ben Stevens. Smith is a member of the owners association and Zuanich is its director.

Smith said he met with federal agents in a Seattle hotel Nov. 13.

A CALL FROM THE FEDS

Thorstenson got the call from the FBI and the fisheries agent two days later. When he received the subpoena, he said, "I'm like, 'Wow man, I guess this is like, real.' "

Thorstenson said he was initially directed to provide the material by Dec. 1, but he won a reprieve until Jan. 9 because of the amount of material. He said he has packed 16 boxes of documents in response to the subpoena.

The government sought e-mails, board minutes, contracts, and tax and other financial records related to the buyback, Stevens, McCabe, Advance North, the fisheries marketing board and Ben Stevens' personal consulting firm, Stevens and Associates, Thorstenson said.

Thorstenson said that he doesn't believe any wrongdoing occurred and that he would defend the actions of Stevens and McCabe.

Zuanich wouldn't answer a reporter's questions, saying the APOC was the proper forum for the issue. Thorstenson said Zuanich told him he never made the statement attributed to him by Victor Smith.

Thorstenson said he never portrayed Ben Stevens as the group's lobbyist to Congress, but he can understand why some of his board members might have thought that was the arrangement. Ben Stevens is much better known than McCabe, even though McCabe, as Ted Stevens' fisheries aide, was largely responsible for one of the most significant federal fisheries bills in the last decade, the American Fisheries Act of 1998, Thorstenson said.

Thorstenson, who is also president of United Fishermen of Alaska, a coalition of several dozen fishing groups, said many fishermen were aware of Ben Stevens' consulting work on the Bering Sea Crab Effort Reduction Fund, a heavily subsidized $100 million boat buyout pushed through Congress by Ted Stevens in 2000. The program, using grants and loans, was designed to eliminate about 25 percent of the vessels in the fleet, leaving more crab for the remaining ones. The crabbers paid Ben Stevens a consulting fee of $42,500 in 2000. A spokesman for the crabbers said at the time that Ben Stevens was hired to plan the strategy for the buyout, not to lobby his father.

"With Advance North, I figured more (board members) believed in Ben. 'Ben Stevens, he'll save the day,' " Thorstenson said.

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Federal authorities have said little about the ongoing investigation into corruption involving Alaska lawmakers. But some aspects are clearly known. Other aspects, including how or whether different events or parts of the investigation are connected, aren't clear.

· Summer 2004: FBI records conversations between a lobbyist working for a private prison company and another man working for the same company as they talk about making payments to Rep. Tom Anderson in exchange for actions benefiting the company. The lobbyist and Anderson didn't know it, but the other man was working as a confidential source for the FBI, according to the indictment issued last week against Anderson.

· Aug. 31, 2006: Teams of federal agents execute some 20 search warrants in Anchorage, Juneau, Wasilla, Eagle River and Girdwood, including at legislative offices and the oil services company Veco. Offices of six Alaska legislators -- 10 percent of the Legislature -- are raided. One of the warrants, released to news media by a lawmaker, seeks materials showing contact with Veco executives and documents concerning the proposed natural gas pipeline and petroleum production tax. A warrant to another lawmaker seeks information on corrections issues and an Anchorage developer. Lawmakers searched were Sens. John

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Cowdery, Donny Olson and Ben Stevens, and Reps. Vic Kohring, Pete Kott and Bruce Weyhrauch. Officials say the investigation is being run by the FBI and prosecutors from the U.S. Justice Department's Public Integrity Section.

· Sept. 1, 2006: Agents conduct additional searches in Anchorage and Willow, and interview current and former state lawmakers and others.

· Mid-September: Agents return to Sen. Ben Stevens' office seeking additional material. Among the items taken: information on the Alaska Fisheries Marketing Board, a memo from Stevens to Veco president Pete Leathard, computer hard drives and phone logs.

· November: Federal grand jury issues subpoena to Robert Thorstenson Jr.

· December: State Rep. Tom Anderson, who represents East Anchorage, is indicted on seven counts of corruption, including an accusation he took $12,000 in bribes. Anderson pleaded not guilty. FBI corruption investigation: a timeline

Religion For A Captive Audience, Paid For By Taxes (NYT)

By Diana B. Henriques, Andrew Lehren

The New York Times, December 10, 2006

Life was different in Unit E at the state prison outside Newton, Iowa.

The toilets and sinks — white porcelain ones, like at home — were in a separate bathroom with partitions for privacy. In many Iowa prisons, metal toilet-and-sink combinations squat beside the bunks, to be used without privacy, a few feet from cellmates.

The cells in Unit E had real wooden doors and doorknobs, with locks. More books and computers were available, and inmates were kept busy with classes, chores, music practice and discussions. There were occasional movies and events with live bands and real-world food, like pizza or sandwiches from Subway. Best of all, there were opportunities to see loved ones in an environment quieter and more intimate than the typical visiting rooms.

But the only way an inmate could qualify for this kinder mutation of prison life was to enter an intensely religious rehabilitation program and satisfy the evangelical Christians running it that he was making acceptable spiritual progress. The program — which grew from a project started in 1997 at a Texas prison with the support of George W. Bush, who was governor at the time — says on its Web site that it seeks "to 'cure' prisoners by identifying sin as the root of their problems" and showing inmates "how God can heal them permanently, if they turn from their sinful past."

One Roman Catholic inmate, Michael A. Bauer, left the program after a year, mostly because he felt the program staff and volunteers were hostile toward his faith.

"My No. 1 reason for leaving the program was that I personally felt spiritually crushed," he testified at a court hearing last year. "I just didn't feel good about where I was and what was going on."

For Robert W. Pratt, chief judge of the federal courts in the Southern District of Iowa, this all added up to an unconstitutional use of taxpayer money for religious indoctrination, as he ruled in June in a lawsuit challenging the arrangement.

The Iowa prison program is not unique. Since 2000, courts have cited more than a dozen programs for having unconstitutionally used taxpayer money to pay for religious activities or evangelism aimed at prisoners, recovering addicts, job seekers, teenagers and children.

Nevertheless, the programs are proliferating. For example, the Corrections Corporation of America, the nation's largest prison management company, with 65 facilities and 71,000 inmates under its control, is substantially expanding its religion-based curriculum and now has 22 institutions offering residential programs similar to the one in Iowa. And the federal Bureau of Prisons, which runs at least five multifaith programs at its facilities, is preparing to seek bids for a single-faith prison program as well.

Government agencies have been repeatedly cited by judges and government auditors for not doing enough to guard against taxpayer-financed evangelism. But some constitutional lawyers say new federal rules may bar the government from imposing any special requirements for how faith-based programs are audited.

And, typically, the only penalty imposed when constitutional violations are detected is the cancellation of future financing — with no requirement that money improperly used for religious purposes be repaid.

But in a move that some constitutional lawyers found surprising, Judge Pratt ordered the prison ministry in the Iowa case to repay more than $1.5 million in government money, saying the constitutional violations were serious and clearly foreseeable.

His decision has been appealed by the prison ministry to a federal appeals court and fiercely protested by the attorneys general of nine states and lawyers for a number of groups advocating greater government accommodation of religious groups. The ministry's allies in court include the Bush administration, which argued that the repayment order could derail its efforts to draw more religious groups into taxpayer-financed programs.

Officials of the Iowa program said that any anti-Catholic comments made to inmates did not reflect the program's philosophy, and are not condoned by its leadership.

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Jay Hein, director of the White House Office of Faith-Based and Community Initiatives, said the Iowa decision was unfair to the ministry and reflects an "overreaching" at odds with legal developments that increasingly "show favor to religion in the public square."

And while he acknowledged the need for vigilance, he said he did not think the constitutional risks outweighed the benefits of inviting "faith-infused" ministries, like the one in Iowa, to provide government-financed services to "people of faith who seek to be served in this 'full-person' concept."

Crossing a Bright Line

Over the last two decades, legislatures, government agencies and the courts have provided religious organizations with a widening range of regulatory and tax exemptions. And in the last decade religious institutions have also been granted access to public money once denied on constitutional grounds, including historic preservation grants and emergency reconstruction funds.

In 2002, the Supreme Court ruled that public money could be used for religious instruction or indoctrination, but only when the intended beneficiaries made the choice themselves between religious and secular programs — as when parents decide whether to use tuition vouchers at religious schools or secular ones. The court emphasized the difference between such "indirect" financing, in which the money flows through beneficiaries who choose that program, and "direct" funding, where the government chooses the programs that receive money.

But even in today's more accommodating environment, constitutional scholars agree that one line between church and state has remained fairly bright: The government cannot directly finance or support religious evangelism or indoctrination. That restriction typically has not loomed large when public money goes to religious charities providing essentially secular services, like job training, after-school tutoring, child care or food banks. In such cases, the beneficiaries need not accept the charity's religious beliefs to get the secular benefits the government is financing.

The courts have taken a different view, however, when public money goes directly to groups, like the Iowa ministry, whose method of helping others is to introduce them to a specific set of religious beliefs — and whose success depends on the beneficiary accepting those core beliefs. In those cases, most of the challenged grants have been struck down as unconstitutional.

Those who see faith-based groups as exceptionally effective allies in the battle against criminal recidivism, teen pregnancy, addiction and other social ills say these cases are rare, compared with the number of programs receiving funds, and should not tarnish the concept of bringing more religious groups into publicly financed programs, so long as any direct financing is used only for secular expenses.

That concept has been embodied most prominently since 2001 in the Bush administration's Faith-Based and Community Initiative, a high-profile effort to encourage religious and community groups to participate in government programs. More than 100 cities and 33 states have established similar initiatives, according to Mr. Hein.

The basic architecture of these initiatives has so far withstood constitutional challenge, although the Supreme Court agreed on Dec. 1 to consider a case on whether taxpayers have legal standing to bring such challenges against the Bush administration's program.

Defenders of these initiatives say they are necessary to eliminate longstanding government policies that discriminated against religious groups — to provide a level playing field, as one White House study put it.

But critics say the "level playing field" argument ignores the fact that giving public money directly to ministries that aim at religious conversion poses constitutional problems that simply do not arise when the money goes elsewhere.

Converting Young People

Those constitutional problems sharpen when young people are the intended beneficiaries of these transformational ministries. In recent years, several judges have concluded that children and teenagers, like prisoners, have too few options and too little power to make the voluntary choices the Supreme Court requires when public money flows to programs involving religious instruction or indoctrination.

That was the conclusion last year of a federal judge in Michigan, in a case filed by Teen Ranch, a nonprofit Christian facility that provides residential care for troubled or abused children ages 11 to 17.

In 2003, state officials imposed a moratorium on placements of children there, primarily because of its intensively religious programming. Lawyers for the ranch went to court to challenge that moratorium.

"Teen Ranch acknowledges that it is overtly and unapologetically a Christian facility with a Christian worldview that hopes to touch and improve the lives of the youth served by encouraging their conversion to faith in Christ, or assisting them in deepening their pre-existing Christian faith," observed a United States District judge, Robert Holmes Bell, in a decision released in September 2005.

Although youngsters in state custody could not choose where to be placed, they could refuse to go to the ranch if they objected to its religious character. As a result, the ranch's lawyers argued, the state money was constitutionally permissible.

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The state contended that the children in its care were "too young, vulnerable and traumatized" to make genuine choices. The ranch disputed that and added that the children had case workers and other adults to guide them. Judge Bell rejected Teen Ranch's arguments. "Regardless of whether state wards are particularly vulnerable, they are children," he wrote.

The ranch in Michigan has discontinued operations pending the outcome of its appeal, said Mitchell E. Koster, who was its chief operating officer. "We are confident that our argument will win," Mr. Koster said. "It's just a question of at what level."

In another case early last year, a federal judge struck down a federal grant in 2003 to MentorKids USA, a ministry based in Phoenix, to provide mentors for the children of prisoners. In a case filed by the Freedom From Religion Foundation in Madison, Wis., the judge noted that the exclusively Christian mentors had to regularly assess whether the young people in their care seemed "to be progressing in relationship with God." In a program newsletter offered as evidence, its director said, "Our goal is to see every young adult choose Christ."

The federal government had been clearly informed in advance of the nature of the MentorKids ministry, said John Gibson, chairman of the group's board. "The court's decision meant that there were 50 kids we could have served that we were not able to serve."

In another case, more than $1 million in federal funds went to the Alaska Christian College in Soldotna, Alaska, which says it provides "a theologically based post-secondary education" to teenage Native Americans from isolated villages. But an investigator from the Education Department who visited the school last year found a first-year curriculum "that is almost entirely religious in nature."

The Freedom From Religion Foundation sued to block the financing. The school promised to use government money only for secular expenses, and federal financing resumed last May, according to Derek Gaubatz, of the Becket Fund for Religious Liberty, which represents the college.

A number of government grants to finance sexual abstinence education have been successfully challenged. For example, the Louisiana Governor's Program on Abstinence gave federal money to several religious groups that used it for clearly unconstitutional purposes, a federal judge ruled in 2002, in a case filed by the American Civil Liberties Union.

One grant went to a theater company that toured high schools performing a skit called "Just Say Whoa." The script contained many religious references including one in which a character called Bible Guy tells teenagers in the cast: "As Christians, our bodies belong to the Lord, not to us."

The federal judge said the grants were so poorly monitored that the state missed other clear signs of unconstitutional activity — as when one Catholic diocese sent monthly reports showing that it had used federal money "to support prayer at abortion clinics, pro-life marches and pro-life rallies." Gail Dignam, director of the abstinence program, said that state contracts now emphasize more clearly that no grant money may be used for religious activities.

The Programs in Prisons

Programs like the one at the Iowa prison are a rare ray of hope for American prisoners, and governments should encourage them, their supporters say.

"We have 2.3 million Americans in prison today; 700,000 of them will get out of prison this coming year," said Mark L. Earley, a former attorney general of Virginia. Many inmates come out of prison "much more antisocial than when they came in," he added. He said he saw faith-based groups as essential partners in any effective rehabilitation efforts.

Mr. Earley is the president and chief executive of Prison Fellowship Ministries, based in Lansdowne, Va. With almost $56 million a year in revenue, the ministry oversees the InnerChange Freedom Initiative, which operates the Iowa program.

Since its birth in 1976, Prison Fellowship has been most closely associated with one of its founders, Charles W. Colson, who said in a 2002 newsletter that the InnerChange program demonstrates "that Christ changes lives, and that changing prisoners from the inside out is the only crime-prevention program that really works."

In early 2003, Americans United for Separation of Church and State joined with a group of Iowa taxpayers and inmates to challenge the InnerChange program in federal court.

In ruling on that case, Judge Pratt noted that the born-again Christian staff was the sole judge of an inmate's spiritual transformation. If an inmate did not join in the religious activities that were part of his "treatment," the staff could write up disciplinary reports, generating demerits the inmate's parole board might see. Or they could expel the inmate.

And while the program was supposedly open to all, in practice its content was "a substantial disincentive" for inmates of other faiths to join, the judge noted. Although the ministry itself does not condone hostility toward Catholics, Roman Catholic inmates heard their faith criticized by staff members and volunteers from local evangelical churches, the judge found. And Jews and Muslims in the program would have been required to participate in Christian worship services even if that deeply offended their own religious beliefs.

Mr. Earley said Judge Pratt's decision was sharply inconsistent with current law and his standard for separating secular from religious expenses was so extreme that it would disqualify almost any faith-based program. He acknowledged that inmates,

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whatever their own faith, are required to participate in all program activities, including worship, but he insisted that a religious conversion is not required for success. InnerChange uses biblical references only to illustrate a set of universal values, such as integrity and responsibility, and not to exclude those of other faiths, he said, adding that it was "unfortunate" if any inmates felt the program denigrated Catholicism or any other Christian faith. Corrections officials in Iowa declined to comment on the case.

Not all programs in prisons are so narrowly focused. Florida now has three prisons that offer inmates, who must ask to be housed there, more than two dozen offerings ranging from various Christian denominations to Orthodox Judaism to Scientology. But at Newton, Judge Pratt found, there were few options — and no equivalent programs — without religious indoctrination.

"The state has literally established an Evangelical Christian congregation within the walls of one of its penal institutions, giving the leaders of that congregation, i.e., InnerChange employees, authority to control the spiritual, emotional and physical lives of hundreds of Iowa inmates," Judge Pratt wrote. "There are no adequate safeguards present, nor could there be, to ensure that state funds are not being directly spent to indoctrinate Iowa inmates."

InnerChange, which has been widely praised by corrections officials and politicians, operates similar programs at prisons in Texas, Minnesota, Kansas, Arkansas and, by next spring, Missouri. Officials in those states are monitoring the Iowa case, but several said they believed their programs were sufficiently different to survive a similar challenge.

A government-financed religious education program at a county jail in Fort Worth was struck down by the Texas Supreme Court more than five years ago, and more lawsuits are pending. Corrections Corporation was among those sued last year by the Freedom From Religion Foundation, which is challenging a Christian residential program at a women's prison in Grant, N.M. The foundation has also sued the federal Bureau of Prisons over its faith-based rehabilitation programs. And Americans United, the Iowa plaintiff, and the American Civil Liberties Union have sued a job-training program run by a religious group at the Bradford County Jail near Troy, Pa.

Prison Fellowship Ministries is one of about a half-dozen Christian groups that operate programs at jails and prisons run by the Corrections Corporation. The company's lawyers are studying the Iowa decision, said a spokeswoman, Louise Grant. "But we are not, at this time, changing or altering any of our programming based on that, or any other ruling."

Inadequate Monitoring

Government agencies have been criticized repeatedly for inadequately watching these programs. Besides the criticism in various court decisions, the Government Accountability Office has twice raised questions about cloudy guidelines and inadequate safeguards against government-financed evangelism.

In its most recent audit released in June, the G.A.O., which examined faith-based organizations in four states, found that some were violating federal rules against proselytizing and that government agencies did not have adequate safeguards against such violations.

The problem is not that none of these programs are audited. Every group that gets a federal grant worth more than $500,000 has to pay a private auditor to examine its books and report to the government. Many federal programs, like those that provide Medicaid services or help the government allocate arts grants, require additional audits.

But no supplemental audits are required under the faith-based initiative — indeed, it would probably violate the Bush administration's new regulations to do so, said Robert W. Tuttle, a professor of law and religion at George Washington University and co-director of legal research, along with Ira C. Lupu, for the Roundtable on Religion and Social Welfare Policy, a project of the Rockefeller Institute.

"The rules can be read to prohibit special audit requirements because that would be considered a stigma, which would be discriminatory," Professor Tuttle said. "But that flies in the face of constitutional logic, because religion is special, and that special quality has to be reflected in program guidelines and audit rules."

The G.A.O. also says the government cannot easily or accurately track either how much money is flowing to groups or whether they are using the funds in unconstitutional ways.

The Bush administration is already studying whether these constitutional problems can be resolved by reshaping many government grants into voucher programs under which the beneficiary decides where the money goes. But vouchers are a limited solution because most social service agencies need to know that a certain amount of money is assured before they can begin operations.

Mr. Hein, the White House official, agreed that vouchers could clarify the legal landscape. But even where they are not practical, he said, the Bush administration remains committed to keeping the doors to government financing open for as many religious groups as possible.

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ANTITRUST:

American Steel's Hot (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, December 10, 2006

Sparrows Point and Weirton, W.Va., mills might attract bids by foreign steelmakers eager to get a foothold in the U.S. market

Five years ago, there would have been few takers for the steel plants in Sparrows Point and Weirton, W.Va.

Bethlehem Steel Corp., which owned Sparrows Point at the time and was once the largest steelmaker in the world, was in its death throes, joining the list of Rust Belt companies that buckled under the weight of high costs and fierce competition.

But if either plant goes up for sale early next year, there could be multiple bids for each. And there's a good chance the buyer won't be American.

After years of bankruptcy and rampant consolidation, American steel is suddenly hot. Foreign companies have the cash, and are looking to get a foothold in the American market, where they can charge a premium for their product.

It started with Mittal Steel Co. NV chief executive Lakshmi N. Mittal's quest to build the largest steelmaker in the world. Two years ago, he bought International Steel Group, which itself had been built on the carcasses of defunct companies, including Bethlehem's Sparrows Point complex and Weirton. This year, Netherlands-based Mittal successfully waged a hostile takeover of the world's second-largest steel company, Luxembourg-based Arcelor SA.

The combined company, Arcelor Mittal, will control 10 percent of the world's steel production, with more than 110 million tons this year. The $33.5 billion deal, which is expected to be completed in the spring, is the largest to date.

Following Mittal's lead, steel companies from Europe, Russia, South America and Asia in recent weeks have been circling U.S. companies.

"Arcelor Mittal is not an aberration, it's just the beginning," said steel analyst John Anton, with Washington-based Global Insight.

In the past, foreigners stayed away from American companies because they had higher costs and unionized work forces.

But now, after an industry shakeout, American steel companies are more efficient than ever. For example, Sparrows Point's nearly 2,500 workers produce 3 million tons of steel a year. That's more output per worker than in 1969, when 26,500 workers produced 5 million tons a year.

And, many no longer carry "legacy costs," having shed their health care and pension obligations for retirees during bankruptcy, as was the case with Bethlehem Steel.

Companies in Russia, India and Brazil have access to iron ore at home, where labor is cheaper. They want entry to the American market, where they can charge customers in the auto, construction and appliance industries a premium for finished products.

"The United States is one of the most attractive markets in the world," said steel analyst Christopher Plummer. "[Foreigners] are looking to these companies to lock in this market."

Look elsewhere They can't go as easily to China, the world's biggest consumer of steel and largest exporter, because the country prevents foreigners from taking a controlling stake in its companies.

"They've all got ambitious growth plans in their region and have gone as far as they can," Plummer said. "They need to look elsewhere."

Late last month, Luxembourg-based Evraz Group SA, the largest domestic steelmaker in Russia, signed a deal to buy Oregon Steel Mills in Portland for $2.3 billion.

Russian-owned OAO Severstal made a play for Arcelor but ultimately was beaten out by Mittal. It owns Rouge Steel in the Detroit area and is building a plant in Mississippi.

A Moscow newspaper has reported that Severstal is interested in Weirton and in Pittsburgh-based U.S. Steel Corp.

Cash offer CSN Brazil wanted Wheeling-Pittsburgh Steel Corp., but appears to have been outgunned by Chicago-based Esmark Inc., which won a proxy battle to install a board of directors that favors a merger with the American company. Esmark has said it would make a cash offer for Weirton, if the Justice Department allows Mittal to sell it.

German steelmaker Thyssen Krupp AG is still pining for Dofasco, Mittal's Canadian subsidiary. Mittal promised to sell it to ThyssenKrupp to settle U.S. Justice Department antitrust concerns about tin production in North America, if its merger with Arcelor succeeded. But a Dutch trust that controls Dofasco has blocked a deal. If that holds, the Justice Department will force Mittal to sell Sparrows Point or Weirton, and it will decide which one will be sold and to whom.

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One way or the other, the German steelmaker is determined to get into the market here. It has said it will spend $2.9 billion to build two plants in the South if it is unable to buy Dofasco, though steel analyst Charles Bradford of New York City-based Bradford Research Inc. believes Thyssen Krupp may consider buying an existing steel mill because to do so is cheaper.

The company is building a mill in Brazil capable of churning out 4.4 million tons of steel annually beginning in 2008, and intends to ship the slab to North America and Europe for finishing. Sparrows Point's location on the East Coast led some to speculate that the Germans might be interested, especially after ThyssenKrupp officials toured the Sparrows Point plant in May. But the company declined to comment on it.

While just a few hundred miles apart, Sparrows Point and Weirton are quite different. Sparrows Point produces steel slabs and galvanized sheet for appliance manufacturers and the construction industry. Weirton is a niche manufacturer of tin plate for the food industry. Each has its strengths, but they probably wouldn't attract the same type of buyer, said Plummer, who as managing director of Metal Strategies Inc. in West Chester, Pa., has evaluated both plants for clients.

Sparrows Point has the biggest, most efficient blast furnace in North America, Plummer said, while Weirton has the most expensive, which is why Mittal shut it down shortly after buying the company. Unlike landlocked Weirton, the Baltimore County plant is the only integrated steel plant with ocean access, which would make it attractive for foreign companies looking to ship cheap iron ore, coal or slab for finishing. Yet it is located far from quality customers, such as automakers and appliance manufacturers, which are predominantly in the Midwest, he said.

And, Plummer said it would be a difficult decision for someone to turn Sparrows Point into a finishing mill and idle its blast furnace when it performs so well -- which is what CSN Brazil determined five years ago, he said, when that company looked at it.

"You need to make the plant lower-cost and more efficient than it was before you bought it," he said.

Plummer said both plants have failed to attract serious interest in the past 20 years, but the dynamics of the steel industry have changed. Weirton would be an attractive purchase for an investor group or an American company looking to expand its offerings to include tin, he said. Sparrows Point could be a flagship for a foreign company looking for an American portal.

In a presentation this summer, Mittal said it had identified 10 potential buyers for Weirton if the government gives the nod. It's something the workers fully support, after Mittal shut down the company's steelmaking operations and let 1,000 workers go.

"Normally when companies consolidate, there are synergies between them," said Mark Glyptis, president of the Independent Steelworkers Union, which represents workers at Weirton. "But we haven't seen any benefit to it."

Glyptis hopes a buyer will invest in the plant and bring the workers back. A former International Steel Group executive has reportedly expressed interest in Weirton, but Glyptis said he does not know if the investor, Mitchell Hecht, has had serious talks with Mittal.

Sparrows Point has fared far better under Mittal, which pits its plants against each other to compete for work and, ultimately, jobs.

Weirton lost such a competition to Sparrows Point last year. Mittal idled Weirton's blast furnace and sent the hot work to the Baltimore County plant.

Sparrows Point has been profitable, and the union avoided mass layoffs by working with management to scale back production through market downturns using voluntary layoffs.

No big investments Bethlehem spent more than $600 million to build a cold mill there and relined the huge blast furnace two years before its bankruptcy filing in 2001. But Mittal isn't likely to put significant money into Sparrows Point. General Manager Thomas Russo said this year that Mittal had no plans to make investments in the plant, other than for a couple of environmental upgrades to comply with government regulations.

Anton, the Global Insight analyst, doubts that any American steelmaker would be a buyer for the Sparrows Point plant. "People like picking up these things on the cheap, and Sparrows Point will not be cheap," he said.

Last week, Lakshmi Mittal painted a rosy picture for 2007, with strong demand and increased profit. He said prices will recover and consolidation will continue.

Unlike during Bethlehem's waning days, there is no shortage of interested investors who see the empire Mittal has built and want their own.

Target mills Bradford said he has identified 13 American companies -- mostly smaller, privately owned mills -- that are acquisition targets. And he said potential buyers include private equity firms, which believe they can pick up American steel mills cheap and make money off them, similar to what Wilbur Ross did when he bought the assets of Bethlehem Steel and sold them a year later to Mittal for a $267 million profit.

Bradford points to Claymont, Del., where a Miami-based investment group bought CitiSteel USA Inc. last year for almost $75 million. Less than three months later, H.I.G. Capital LLC paid itself back -- plus a $109 million dividend to shareholders -- by refinancing the company's debt. In August, the investor group filed to go public with the intention of paying off most of the debt.

"When you see people making money, it's going to attract a lot of interest," Bradford said.

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EU Begins Antitrust Probe Of Universal-BMG Deal (AP)

By Aoife White, Associated Press

AP, December 10, 2006

NEW YORK -- EU regulators have opened an antitrust probe of Universal Music Group's plans to buy BMG Music Publishing for about $2.1 billion, saying the deal could damage "the already concentrated music publishing market."

Officials in Brussels said Friday that they would issue a final decision about whether to block or allow the deal by April 27.

BMG - owned by German media company Bertelsmann AG - has the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Coldplay, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers.

Paris-based Vivendi SA's Universal Music Group is the world's largest music company. Its publishing arm controls the rights to songs by artists such as 50 Cent, Mary J. Blige and Chamillionaire.

If approved, the deal would combine the No. 3 and No. 4 music publishing catalogs, giving them a 22 percent market share and scraping ahead of current market leader EMI.

European Union approval was the last hurdle for the deal, which the Federal Trade Commission and the Justice Department in the United States cleared last month.

The EU rarely blocks deals, but it can, and often does, demand that companies under investigation sell units or make binding promises to change the way they do business.

New York-based Universal said it believed the EU would eventually bless the deal.

"We understand why, in the current environment, the European Commission has sought more time for its review," it said.

The company was referring to a July court ruling that said EU regulators were not careful enough when they cleared a 2004 deal between the music units of Sony Corp. and Bertelsmann AG. The Sony-BMG deal must now be re-examined.

Bertelsmann spokeswoman Liz Younge refused to comment.

But independent record label group Impala said its 2,500 members believed that regulators will identify more problems and refuse to clear the deal.

"These mergers are bad news for artists and music," said Martin Mills, chairman of Impala and the British record company Beggars Group.

Augusta Frets Airline Future (AJC)

By Dave Hirschman, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 10, 2006

A marriage of Delta Air Lines and US Airways would be a setback for Augusta, say business and civic leaders who fear putting all local airline service in the hands of a single carrier.

"Limited competition is better than no competition," said Diane Johnson, marketing director at Augusta Regional Airport. "When you have no competition, fares rise and reliability goes down the tubes."

Augusta, along with Fayetteville, Wilmington and Jacksonville, N.C.; Lynchburg, Va.; Wilmington, Del., and Florence, S.C., could go from two airlines to one if US Airways succeeds in its $8.4 billion bid to acquire Delta.

Augusta, a historic city on the South Carolina border, has five daily flights to Atlanta on a Delta regional partner and six to Charlotte on US Airways Express.

US Airways plans a 10 percent capacity cut and $1.6 billion in annual savings if it gets creditor and regulatory approval to merge the airlines, but it hasn't identified which routes, if any, will be cut. Industry officials say there would be little reason for the combined airline to operate two Southeastern hubs, however, and Charlotte flights could shrink dramatically.

Even if Augusta routes were maintained, business leaders there say the absence of competition would allow the airline to raise fares with impunity —- a move they say would push Augusta residents to drive to airports in Columbia or Atlanta.

"People like having a choice," said Cedric Johnson, chairman of the Augusta airport commission. "We want to give our citizens the broadest possible choice in air service. ... A single airline would be a step in the wrong direction."

Delta first flew to Augusta in 1934, and regional partner ASA currently flies there in 50-seat regional jets.

Continental Express began flying between Augusta and its hubs in Newark and Houston in 2003 but pulled out the next year when fares and passenger traffic fell below projections. Augusta officials have tried to recruit other airlines, but have consistently come up empty.

Charles F. "Rick" Rule, an anti-trust lawyer for US Airways, said Augusta and other cities that would be served by a combined Delta/US Airways have nothing to fear.

"These carriers intend to continue to serve all the cities they're currently serving," he said.

The number of flights and the size of the planes might change, Rule said, but passengers would still be able to conveniently reach the same destinations.

"[The airline] can rationalize networks, take out extra seats and provide the same level of service more efficiently," he said. "This transaction poses no threat to competition."

Augusta officials are in the midst of a $30 million airport terminal construction project that they say will continue regardless of an airline merger.

Columbus, Brunswick and Albany are the Georgia cities served by a single air carrier, and officials there say that, although they're glad to have airline service, the situation is hardly optimal.

"We've had as many as five airlines serving this area," said Mike Gaymon, president of the Greater Columbus Chamber of Commerce. "I don't think there's any question that competition helps."

Southern Airways flew nonstop from Columbus to Washington in the early 1970s, and Eastern and others made regular stops. But airline service was steadily pared through bankruptcies and mergers, leaving only ASA in the market.

Gaymon said having a single carrier can harm business recruitment. "When we're competing with cities that are served by multiple airlines, the frequency and reliability of air service can be crucial."

Scott McGregor, vice president of the Augusta Metro Chamber of Commerce, said local officials are considering a direct appeal to the Justice Department.

"Monopoly airline service doesn't sound like a positive to us," he said.

US Airways' Takeover Of Delta Still Up In The Air (AZDS)

By Donna Hogan

Arizona Daily Star, December 10, 2006

If Tempe-based US Airways is successful in executing its proposed $8.7 billion hostile takeover of bankrupt Delta Air Lines, it will become the largest U.S. airline and one of the biggest in the world.

It's a big "if."

Delta, first of all, doesn't want to be acquired — at least its chief executive officer and its pilots don't. Its creditors — at least the biggest ones — haven't weighed in yet.

And we haven't yet heard from U.S. regulators, US Airways shareholders and politicians, who together or separately can make or break the deal.

While US Airways Chairman Doug Parker stunned everyone from Wall Street analysts to Delta officials when he announced the proposed merger Nov. 15, the company had clearly been plotting it for some time.

Parker had already lined up financial backing and answers for all the concerns. And once the news was out, he quickly tried to line up supporters among those who have a stake, if not a say, in whether the merger happens.

There is no consensus about whether the merger could happen or should happen, but most agree on the big issues that need to be addressed: antitrust concerns; employees and jobs; financing; headquarters and air hubs; and any impact on passengers.

Easiest to tackle is the timing. Some dates already set in stone have forced US Airways to rush a process that might otherwise have taken much longer, said airline industry consultant Michael Boyd, president of The Boyd Group.

A Feb. 15 U.S. Bankruptcy Court deadline for Delta to come up with its own plan to emerge from Chapter 11 is a key factor. Delta's stated intention to do so even earlier compelled its would-be buyer to move even faster.

Parker has frequently said that the concessions a bankrupt airline gets are key to making such a merger profitable. A bankrupt carrier can dump unprofitable routes, vendor contracts and airplane orders. It can shed debts, get court-ordered employee wage and benefit concessions and trim any fat that led to unprofitablity.

Take two trimmed-down airlines and add cost efficiencies from combining administrative and overhead functions, and the whole is worth more than the sum of the parts.

It's a theory Parker proved works in his barely year-old merger of America West Airlines and US Airways, said industry expert Bob Mann, of R.W. Mann & Co.

But because Delta's bankrupt status is key, Mann said, Parker had to offer his alternative to Delta Chairman Gerald Grinstein's go-it-alone stance well before the court deadline so stakeholders could consider it. The ball is rolling.

"There will be six to eight weeks of public jousting, then everybody will go into (seclusion)," Mann said.

By mid-January, creditors should have decided on a preferred direction. Mann said that could include Delta teaming up with other suitors. They may pop up in the coming weeks, he said, but likely none would have Parker's clout.

If Parker's plan pleases creditors, the proposal goes to bankruptcy court as an option, then federal regulators get to mull it over, and US Airways shareholders vote.

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They won't need convincing, Boyd said. "They'll approve this in a New York second, because of Doug Parker's track record." Regulators won't be as hasty. The U.S. Justice Department has a big say in potential mergers, aiming to make sure no single company dominates a market enough to limit competition. In the case of an airline combo, there are two concerns — the overall control of U.S. skies and dominance in specific markets. .

Dairy Industry Crushed Innovator Who Bested Price-Control System (WP)

By Dan Morgan, Sarah Cohen, Gilbert M. Gaul

The Washington Post, December 10, 2006

In the summer of 2003, shoppers in Southern California began getting a break on the price of milk.

A maverick dairyman named Hein Hettinga started bottling his own milk and selling it for as much as 20 cents a gallon less than the competition, exercising his right to work outside the rigid system that has controlled U.S. milk production for almost 70 years. Soon the effects were rippling through the state, helping to hold down retail prices at supermarkets and warehouse stores.

That was when a coalition of giant milk companies and dairies, along with their congressional allies, decided to crush Hettinga's initiative. For three years, the milk lobby spent millions of dollars on lobbying and campaign contributions and made deals with lawmakers, including incoming Senate Majority Leader Harry M. Reid (D-Nev.).

Last March, Congress passed a law reshaping the Western milk market and essentially ending Hettinga's experiment -- all without a single congressional hearing.

"They wanted to make sure there would be no more Heins," said Mary Keough Ledman, a dairy economist who observed the battle.

Hettinga, who ran a big business and was no political innocent, fought back with his own lobbyists and alliances with lawmakers. But he found he was no match for the dairy lobby.

"I had an awakening," the 64-year-old Dutch-born dairyman said. "It's not totally free enterprise in the United States."

Most U.S. dairy farmers work within a government system set up in the 1930s to give thousands of small dairies a guaranteed market for their milk and to even out prices for consumers. Farmers who participate in regional pools operated by the federal government or the states deliver raw milk to cooperatives or food processors. They get a guaranteed price, whether the milk ends up in a gallon jug, cheese, butter or ice cream. In Arizona and other federally regulated regions, the Agriculture Department uses a formula to set the price processors pay for raw milk, issuing "milk marketing orders."

Developed for a bygone era of small dairies and decentralized milk plants, the system lives on when 3,000-cow dairies are not uncommon and huge cooperatives and food companies dominate the business.

Business groups, fiscal conservatives and some dairy organizations have called for Congress to overhaul the complex system of protections and subsidies, which they say is costly to taxpayers and consumers. A recent USDA study acknowledged that "dairy programs raise the retail price" of milk. The watchdog group Citizens Against Government Waste estimates that the programs cost U.S. consumers at least $1.5 billion a year.

The 1937 law allowed "producer-handlers" -- dairy farmers who bottle milk from only their own cows -- to operate outside the pools. But it was risky for a farm to do this because it might end up with more milk than it could sell. Most of these outsiders were small.

Hettinga started out as a hired hand in the Dutch American dairies of Southern California, where his family emigrated after World War II. He soon figured out he could buy cows with injured hooves, then fix and sell them at a profit that exceeded his weekly paycheck.

By the early 1990s, Hettinga was working with partners and relatives and had half a dozen dairies in Arizona and California. Then he decided to build his own bottling plant in Yuma, Ariz.

His first customers were in Mexico. Later he made a deal with a chain of Arizona stores catering to the fast-growing Hispanic population. In 2002, he and his son began building a second Yuma plant to supply Costco stores in Southern California.

For Costco shoppers, it was a good deal, according to an e-mail sent last year to Reid's office by Joel Benoliel, Costco Wholesale Corp.'s senior vice president. The arrangement lowered the average price of milk "by 20 cents a gallon overnight and it stayed that way for three years," Benoliel wrote in the e-mail, made available to The Washington Post. "Milk suppliers in southern California were gouging the public on price (20 cents a gallon higher than N. California) for years and were unresponsive to our call for lower prices. It was a brazen case of price gouging and profiteering by the strongest, largest market suppliers simply because they could."

In Arizona, Hettinga was competing for retail sales against Arizona's biggest milk company, Shamrock Foods Co. of Phoenix. He "wasn't by any stretch a more cost-effective operator than we are. He just didn't have the same rules apply," said Shamrock's general manager, Michael A. Krueger.

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United Dairymen of Arizona, a cooperative that handles 85 percent of the state's milk, complained that by keeping his milk outside the Arizona pool, Hettinga was affecting the USDA price-setting formula, lowering returns for other dairies.

In California, the Hettingas were taking on the two biggest players in the U.S. milk industry: Dean Foods Co., the largest processor of dairy products, with $10 billion in annual sales and five California plants, and Dairy Farmers of America, a co-op that controls nearly a third of the nation's liquid milk.

In Southern California, the co-op sells to Dean Foods, which in turn sells to retailers. As Hettinga's milk began reaching Costco stores, there was a snowball effect as other milk suppliers were forced to lower their prices, Costco's Benoliel said.

Dean Foods recently said that Hettinga was unfairly exploiting a "regulatory loophole" and that his actions led to lower milk prices for California dairies.

Hettinga's operation was "damaging to the marketplace," said Elvin Hollon, director of economic analysis for Dairy Farmers of America. "Nobody ever envisioned there would be such large handlers" outside the pool.

"So," Hollon said, "the regulations had to change."Political Education

The first challenge to Hettinga came in late 2001, when Sen. Jon Kyl (R-Ariz.) proposed a measure that would have forced Hettinga to pay in to the pool that Shamrock was governed by.

Shamrock's chairman, Norman P. McClelland, had contributed thousands of dollars to Kyl, beginning with Kyl's first House campaign, in 1986.

Hettinga fought back by printing labels saying that Kyl wanted to "limit competition and raise the cost of milk to the Arizona consumer" and putting them on 50,000 gallons of milk shipped around Arizona.

In the House, Devin Nunes, a new Republican member from California's Central Valley, introduced a bill to close what he called the "regulatory loophole" that let Hettinga ship unregulated milk into California. Nunes's district is No. 1 in milk production in the nation. Nunes and Sons dairy, located a few miles north of Tulare, was started by Nunes's grandfather and was still in the family.

In Nunes's first run for Congress, in 2002, he pulled in $130,000 from dairy interests, second only to President Bush among federal candidates, election records show.

Nunes's bill and Kyl's amendment initially went nowhere. So Kyl, a conservative Republican, found an unlikely ally in Reid, then the Senate's fiercely partisan Democratic whip.

Reid was no newcomer to dairy issues. Nevada's population was growing faster than its dairies could supply milk, so prices tended to be high. Milk plants that had to import milk from far away thought they could get it cheaper if they did not have to pay regulated prices. In 1999, Reid helped them out. He slipped an amendment into a spending bill exempting milk plants in the Las Vegas area from federal pricing rules.

David Coon, vice president of Anderson Dairy Inc., then the area's largest milk plant, hailed Reid's amendment as a "good example of the good we feel he has done fighting for our state." Reid later listed Anderson as one of 51 "soft money" donors to his Searchlight Leadership Fund, which funds Democratic candidates in Nevada.

The 1999 provision still left the Las Vegas area subject to some federal milk regulations. By 2003, fixing that had become a pressing concern as Dean Foods began construction on a $40 million, state-of-the-art milk plant outside town.

That year, Reid and Kyl saw they could make a deal. Kyl agreed to back removing all of Nevada from federal milk regulation, and Reid agreed to support legislation cracking down on Hettinga and protecting Arizona dairies from competition from low-priced Nevada milk. In 2003, the senators co-sponsored an amendment with both provisions. In effect, Nevada bottlers would get some of the same rights that were being taken away from Hettinga. Under this arrangement, the money the Yuma dairyman would save by operating outside the federal system would have to be paid in to the pool.Getting Around Lewis

In 2003, Hettinga still looked the part of a hard-working dairy farmer. He wore jeans, lunched on fried chicken and salad at the Hometown Buffet in Yuma, and seldom took a vacation. But he was no longer a little guy. He owned a private plane and kept a pilot on standby. His 16 dairies stretched from Texas to California, and his company, Sarah Farms, supplied nearly a fifth of Arizona's liquid milk.

As Kyl and Reid were putting together their deal, a milk-industry friend put Hettinga in touch with a Washington lobbyist, former representative Raymond J. McGrath (R-N.Y.). McGrath, who was president of the National Republican Club of Capitol Hill, had retained good connections in GOP circles.

During a swing through Capitol Hill with McGrath, Hettinga pitched his cause to House Appropriations Committee Chairman Jerry Lewis (R-Calif.).

Lewis's district was home to some large dairies, including a Hettinga dairy in San Jacinto. The two men had never before met or talked, according to Lewis's spokesman. But Lewis was sympathetic. "This is not right, taking a rifle shot at one individual," Hettinga recalls Lewis saying.

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A few months later, Lewis used his power to kill the Kyl-Reid measure. "Congressman Lewis did it strictly on behalf of a constituent and because he thought Hein's deal was good for consumers," said Lewis's deputy chief of staff, Jim Specht.

Hettinga said that at Lewis's request he chipped in $2,000 to the Bush-Cheney campaign later that year. He also gave $4,000 to Lewis's campaign war chest between 2003 and 2006, records show.

But the big milk producers and dairy trade groups were already at work in Washington. Through its employees and political action committee, Dean Foods, with nearly 100 plants around the country, spent more than $600,000 on political contributions in 2005 and 2006, including $5,000 to Kyl and $3,000 to Nunes. Reid got $5,000 in 2004.

Eight groups with an interest in the legislation reported overall lobbying spending of more than $5 million in 2005 and the first half of 2006. Dean Foods reported spending almost $2.5 million, including $500,000 for outside lobbyists. One was Charles M. "Chip" English Jr. of Thelen Reid & Priest. English also represented Shamrock Foods, United Dairymen of Arizona and the Dairy Institute of California.

During 2005, English fine-tuned the language in the milk bill. "My hand can be seen throughout the bill," he said in an interview. Pick a paragraph in the legislation, he said, and "either I wrote it or I commented on it."

Among others in the lobbying effort were the International Dairy Foods Association, the National Milk Producers Federation and the Western United Dairymen. Dairy Farmers of America, with members in 47 states, mobilized a grass-roots campaign for the legislation.

At every turn, Lewis's office was "barraged by calls and faxes from dairy owners," recalled Specht, Lewis's aide. "It seemed clear that all the skids had been greased for this legislation."An Angry Meeting

On the evening of Nov. 2, 2005, lawmakers and several dozen lobbyists squeezed into the conference room of Sen. Dianne Feinstein (D-Calif.) to seek common ground in the milk dispute. Lewis brought Hettinga and McGrath. Reid came with Anderson's Coon. Shamrock Foods' McClelland was with Kyl.

"Jerry, if it wasn't for you, we'd have taken care of this a long time ago," Reid said, according to several participants.

Lewis bridled. It seemed as if Reid was calling him a "liar," he said. If that was so, he might as well leave, he added.

Hettinga told the group how he had built his plants, arguing that the other dairy farmers "didn't pay me when I started the business, why should I start paying them when the business is successful?"

At the end, participants said, Reid was plainly exasperated. "I'm not listening to any more of this," he said. "I'm out of here."

Reid made his move on Dec. 16, with the Senate chamber nearly empty. He brought up the milk bill, which passed a few minutes later by "unanimous consent," a procedure that requires no debate or roll call vote if both political parties agree. Reid and Kyl said in recent statements that their goal was to level the playing field for milk producers.

That set the stage for a bitter battle in the House, pitting Nunes, the new California-dairy-district congressman, against Lewis, then a 14-term veteran with friends on both sides of the aisle.

Lewis used the muscle of his 66-member Appropriations Committee, the dispenser of billions of dollars a year in spending. But he faced the nearly unified front of the dairy lobby and its friends. Virginia dairy farmers had helped win the key support of Robert W. Goodlatte (R-Va.), chairman of the Agriculture Committee, convincing him that if Hettinga were brought into line, the threat "would be less likely to show up back here," said lobbyist Charles Garrison. Nunes was a protege of House Ways and Means Committee Chairman Bill Thomas (R-Calif.). And he had recently backed John A. Boehner (R-Ohio) in his successful campaign for majority leader.

In late March, Boehner placed the bill on a special docket usually reserved for uncontroversial measures such as naming post offices. Under that docket, bills require a two-thirds majority for passage. But the parliamentary procedure also meant that no one could offer an amendment to slow the bill down.

McGrath, Hettinga's lobbyist, watched the vote from the Capitol Hill Club. After Lewis came up 13 votes short and the bill passed, McGrath recalled, a large contingent of dairy lobbyists arrived, some trading high-fives. Lewis was to have had dinner at the club with his wife, but when he showed up and saw the lobbyists celebrating, he turned and left.

In an interview later, Nunes called the milk legislation a victory for "every dairy farmer in America except those who were gaming the system." He added, "People out there were making millions of dollars a year off the backs of America's dairy farmers . . . that was a wrong that was finally righted."

The next morning, lawmakers in dairy districts who voted against the dairy groups got an e-mail from a lobbyist expressing "disappointment on behalf of the members of the International Dairy Foods Association for your vote." It added: "We will be letting our member companies and their employees know of the outcome."

Hettinga vowed to keep supplying his customers in Arizona and California even though the new law required him to pay the Arizona pool what he said was a "crippling" sum of up to $400,000 a month.

"The irony is that Hein is paying his competitors," said Alfred W. Ricciardi, Hettinga's Phoenix lawyer.

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Hettinga and his relatives gave nearly $20,000 to Kyl's Democratic challenger this year. Kyl won handily and got his own dairy industry support: A few weeks before Senate action on the milk bill, 11 officials of Shamrock contributed $14,800.

Hettinga also turned to the courts. In October, he filed a lawsuit charging that the milk bill was unconstitutional because it was aimed at penalizing a single individual.

"I still think this is a great country," Hettinga said. "In Mexico, they would have just shot me."

ENVIRONMENT:

Global Warming, Local Initiatives (LAT)

By Stephanie Simon

The Los Angeles Times, December 10, 2006

BOULDER, COLO. — Frustrated with the federal response to global warming, hundreds of cities, suburbs and rural communities across the nation have taken bold steps to slash their energy consumption and reduce emissions of the pollutants that cause climate change.

This outdoorsy college town recently adopted the nation's first "climate tax" — an extra fee for electricity use, with all proceeds going to fight global warming. Seattle has imposed a new parking tax, and the mayor hopes to charge tolls on major roads in an effort to discourage driving — a leading source of greenhouse gas pollution.

Cities not typically associated with liberal causes have also jumped on board. In Fargo, N.D., Mayor Dennis Walaker swapped out every traffic-light bulb for a light-emitting diode, or LED, which uses 80% less energy. In Carmel, Ind., a suburb of Indianapolis, Mayor James Brainard is switching the entire city fleet to hybrids and vehicles that run on biofuels (made from plant products rather than petroleum).

"It's quite incredible, the number of things cities are beginning to do. It's very heartening," said Tom Kelly, who directs a national environmental group called Kyoto USA.

Boulder Mayor Mark Ruzzin says skeptics often ask why global warming must be a local priority. He responds by acknowledging the obvious: "Even if Boulder could somehow wish away all of our greenhouse gas emissions, that wouldn't be a drop in the bucket. It would be a drop within a drop."

Then he argues that the city must try anyway — if only to prove to larger communities that they, too, can reduce pollutants without spending huge sums or slowing economic growth.

"Every one of us has the ability, small as it may be, to make change," Ruzzin tells his residents, asking them to substitute a push mower for a gas mower, or at least to turn out the lights when they leave a room. "No one's going to be able to escape the responsibility."

The movement began nearly two years ago, when Seattle Mayor Greg Nickels announced that his city would strive to meet the targets of the Kyoto Protocol, an international treaty that aims to control global warming. The treaty requires industrialized nations to cut emissions of carbon dioxide and other pollutants that hover in the lower atmosphere. In what is known as a greenhouse effect, these pollutants create an invisible shield that keeps the sun's rays from dissipating. Many of the trapped rays are reflected back to Earth, raising temperatures.

Greenhouse gases are directly tied to energy use, because the process of burning fossil fuels emits carbon dioxide. So any measures to conserve energy can indirectly cut greenhouse emissions.

Planting trees can also help, because they absorb carbon dioxide — and several cities have launched campaigns to take advantage of that fact. Denver, for instance, plans to plant an average of 140 trees a day for the next 20 years, while Los Angeles is replacing its famed fan palms with more leafy sycamores and oaks. Chicago encourages the planting of lush rooftop gardens, which have the added effect of cooling buildings, reducing the need for air conditioning.

Fargo acts on climate change more directly by trapping the methane that normally wafts out of its landfill as a byproduct of rotting garbage. The methane — a potent greenhouse gas — is then sold to a soybean processing plant, which uses it in its boilers.

"All these cities are like little laboratories, experimenting with what works. Then we learn from each other," Brainard said.

President Bush rejected the goals of the Kyoto treaty soon after he took office, calling it ineffective and unfair because developing countries such as China and India are exempt. He also argued that it would be enormously expensive for the U.S. to comply.

Determined to prove him wrong, Nickels challenged his fellow mayors to adopt Kyoto's targets at the local level. He has received more than 330 pledges from mayors representing 54 million people. All have vowed to reduce their cities' emissions below 1990 levels within the next several years.

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The nation's biggest urban areas have made the pledge: Los Angeles, San Francisco, New York, Miami, Dallas, Denver. So have Turtle River, Minn. (population 79) and North Pole, Alaska (population 1,778).

Meridian, Miss., where nearly 30% of residents live in poverty, has signed on to the Kyoto goals. So have Sugar Land, Texas; Dubuque, Iowa; and Norman, Okla. Scores of blue-state coastal cities are on the list, including Berkeley and Cambridge, Mass. The industrial Rust Belt town of Gary, Ind., is also taking part.

Some of the cities that made the pledge have since lost interest. Topeka, Kan., is on the list, but that's because a former mayor signed up. The current mayor, Bill Bunten, has other priorities: "Our environmental problems in this city are just trying to make it clean and attractive."

But enough cities remain active in the program that the U.S. Conference of Mayors this fall hosted a climate summit. Also this fall, actor Robert Redford invited several dozen mayors to his ranch in Sundance, Utah, to talk global warming. There's even a new website — http://www.coolmayors.org — where city officials can exchange policy ideas.

The 70 cities that reported statistics last year reduced carbon dioxide emissions by an aggregate total of 23 million tons. That's not a huge sum considering that the U.S. would have to eliminate more than 1.6 billion tons to meet the Kyoto targets.

But those working on the issue expect the numbers to pick up dramatically in the coming years. More than 100 mayors have found the reforms so painless that they've set far more ambitious targets than those laid out in Kyoto, according to Michelle Wyman, executive director of ICLEI, a nonprofit working with local governments on climate change.

Governors, too, are joining the effort. At least 20 states, including California, have laws requiring a certain percentage of electrical power to come from solar, wind and other renewable sources. Just last week, former Vice President Al Gore announced a grass-roots campaign to encourage communities to hold emissions of greenhouse gases at their current levels rather than let them rise year after year as energy consumption increases.

Here in Boulder, even a skeptical Chamber of Commerce decided to back the climate tax, reasoning it would give the city's image a boost and attract progressive businesses. The tax, which will cost the average homeowner less than $2 a month, won approval in November from 59% of voters. City officials will use the money for conservation education, including subsidized energy audits.

On a recent morning, Kathie Joyner opened her modest bungalow to just such an audit. Inspector Michael Broussard prowled every cranny, looking for drafts, leaks and wasted energy.

Broussard, who runs a private company that contracts with a local nonprofit for the audits, urged Joyner to add weather stripping here and caulking there, to insulate her water pipes and consider a fiberglass front door instead of wood. He even suggested she trade in her desktop computer for a more energy-efficient laptop.

If Joyner implements every suggestion — which could cost her $4,000 — Broussard said her utility bills should drop by at least a third and she would reduce emissions of greenhouse gases by 9,000 pounds a year.

Taking careful notes, Joyner promised to get to work. "I used to think it would be a drop in the bucket; what could it possibly mean?" she said. "But there are lots of local governments taking steps to make a difference. It pushes the country along."

Mr. Inhofe's Last Hearing (WP)

The Washington Post, December 10, 2006

THE LAST hearing on global climate change chaired by Sen. James M. Inhofe provided an excellent and public tutorial on why Americans should be grateful that it was, in fact, his last. The departing chairman of the Senate Environment and Public Works Committee has occupied a unique perch from which to take action on climate change. Instead, he has used his time at the committee's helm to cast spurious doubts on the problem even as the scientific consensus about its reality and severity has gelled. Last week, the Oklahoma Republican held a hearing to denounce the real villain in the debate: the media.

The press, it was claimed, has hyped climate change hysterically. It has ignored dissenting scientific voices. And it has sought to advocate for climate-change policy, instead of just reporting on the science. And this is the grave national problem -- not rising sea levels, melting ice caps, loss of habitats or shifts in oceanic currents -- that warrants the attention of the senator's committee.

Mr. Inhofe's complaints are meritless. If anything, media coverage of global warming has tended toward excessive caution. Scientific alarm at the concentration of greenhouse gases predates the current media attention to the subject. Many media organizations, in a quest for balance, have given climate-change skeptics far more ink and air time than justified by the support their position carries among reputable climatologists. But even debating the merits of Mr. Inhofe's charge acquiesces to changing the subject -- which all along should have been how to craft reasonable policy to reduce greenhouse emissions.

Democratic leadership on this issue should bring a welcome change. While some Republicans support strong action on climate change, they have been stymied by the White House and by congressional leadership that has insisted on debating

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basic science that is no longer the subject of serious dispute. It's a little like debating the future of the space program by holding hearings on whether the earth is actually round. It's long past time to move on to something useful.

IMMIGRATION:

Towns Struggling With Flow Of Illegals (NSL)

By Brian Donohue, Star-Ledger Staff

Newark Star-Ledger (NJ), December 10, 2006

Laws are often challenged, and defeated in the courts

With Congress deadlocked over how to handle illegal immigration, a growing number of towns and cities are taking matters into their own hands, using local laws to crack down on the problems associated with a massive underground population.

In New Jersey, some towns have toughened traffic laws to deter contractors from picking up day laborers on city streets. Others have tried to ban workers from gathering on street corners to wait for work. Several have launched housing code crackdowns to combat overcrowding. One has banned illegal immigrants from renting apartments altogether.

And few, if any, are having much success.

In a growing number of towns, local crackdowns are faltering amid court challenges, political opposition or other hurdles.

Consider:

The Borough of Bound Brook launched a series of housing raids to address rampant overcrowding in homes rented mostly by Latino immigrants in the late 1990s. But the U.S. Justice Department sued the town for illegally targeting Hispanics, resulting in a 2004 consent decree requiring the town to repay victims $425,000, hire a bilingual housing coordinator and make dramatic changes to its housing and zoning practices.

Freehold Borough's housing crackdown and an effort to shut down a day laborer gathering area were challenged in a lawsuit filed by immigrant rights groups. In a settlement last month, the borough agreed to pay $278,000, change its housing inspection procedures and allow laborers to gather on public property.

In July, the Township of Riverside in Burlington County passed a law fining employers and landlords who hire or rent apartments to illegal immigrants. In local elections last month, the Republican mayor and council member who pushed the measure were swept from office. With legal fees mounting from a pair of lawsuits challenging the law, Mayor Charles Hilton -- the man who proposed the law -- is calling for its repeal.

The trend has left local officials increasingly frustrated as they attempt to address complaints from residents about problems like "stacking" -- the housing of more people in a dwelling than is allowed by law.

"There's such a high level of frustration, and there's a reaction, if not an overreaction by officials based on that frustration," said Christopher Cotter, city administrator of the City of Summit, which toughened parking rules to keep contractors from blocking streets as they pick up day laborers.

"I think elected officials are being pressed by constituents just do something, do anything, and we're seeing the result of that in some cases," Cotter said.

The legal troubles encountered by some towns have convinced several municipalities that had been considering their own crackdowns to back off.

In both Newton and Keyport, for example, officials introduced ordinances similar to Riverside's housing and hiring ban to their governing bodies, but did not pass them.

The trend has emboldened immigrant advocates, who say towns must try a more cooperative approach, such as setting up designated hiring sites for day laborers, or programs to educate tenants on housing laws.

"When little towns try to take federal law in their hands, they fail," said Mahonrry Hidalgo, chairman of the NJ Hispanic Leadership Alliance Immigrant Committee. "So now everybody needs to try and change their approach to the solution and accept that we have to work together as one community."

Muzaffar Chishti, director of the Migration Policy Institute at the New York University School of Law, is tracking the efforts by a growing number of towns across the country to pass laws banning the hiring and housing of illegals, like the one passed by Riverside.

Of the 49 towns and cities where such ordinances were introduced, he said, 28 passed and 21 were defeated. Many of the 21 towns that passed the laws, including Riverside, are now facing lawsuits by civil rights groups.

In addition, efforts to combat immigration problems with traffic, housing or loitering laws have consistently failed when challenged in court, he said. Most efforts die for one of two reasons: They are either ruled unconstitutional, or judges rule that immigration enforcement is solely the job of the federal government.

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"Populist as they are, they are highly suspect legally," Chishti said of such measures.

Steve Camarota, Director of Research at the Center for Immigration Studies, a Washington, D.C., think tank calling for lower immigration levels, says local communities have been "left holding the bag" by the government's failure to enforce immigration laws.

When they try to use local laws to combat immigration problems, he said, they square off against civil rights and immigrant advocate groups that are better prepared, and often better funded, than attorneys hired by small towns.

"There's a whole cottage industry of people, from the ACLU to MALDEF (the Mexican American Legal Defense and Education Fund (MALDEF) whose sole purpose, as part of their day job, is to intimidate anyone who wants to enforce immigration laws," Camarota said.

As Bound Brook learned, the U.S. Department of Justice can also present challenges.

While the town has strictly followed the rules laid out in its consent decree, Mayor Frank Ryan says the town still has problems with overcrowding. He remains frustrated that federal officials who sued the town gave little credence to the problems caused by an influx of immigrants, many of them illegal.

In one house, Ryan said, a couple were living in an attic on a mattress, using candles for light.

"The people from the Justice Department didn't see that," he said. "You get criticized for going after people this way, but what would happen if you had a fire and you had 12 people burned to death? You would get criticized for not inspecting these places."

There are an estimated 11 million to 12 million illegal immigrants living in the United States, with as many as 425,000 living in New Jersey, according to a recent study by the Pew Hispanic Center.

Competing immigration reform bills have stalled in both houses of Congress.

A bipartisan measure passed by the Senate would combine a new guest worker program with tougher enforcement of immigration laws. A Republican-sponsored bill passed by the House of Representatives includes only tougher enforcement provisions.

Both immigrant advocates and restrictionists agree the struggles of towns to tackle the problem on their own make it all the more urgent for Congress to deal with the issue.

"Good, bad or indifferent, local towns can't enforce federal immigration law," Chishti said. "The most they can do is put political pressure on Congress to make the change happen."

Brian Donohue covers immigration issues. He may be reached at bdonohue@starledger.com or (973) 392-1543.

Long Hours, Low Pay In Mexico Heightens Lure Of Opportunity In U.S. (AR)

By Chris Hawley

The Arizona Republic, December 10, 2006

Reynaldo Patiño makes $18 a day.

It's a normal wage for Mexico. And that is exactly the problem.

Patiño gets up at 5 a.m. in a one-room shack in a poor suburb where he lives with his wife, daughter and niece. He works 11 hours a day cooking corn tortillas at a shop in central Mexico City. He gets home at 8 p.m.

The next morning, he does it all over again. Six days a week. No vacations. Ever.

Patiño has no health insurance and no car. After paying for rent, food, utilities and bus fare, he is lucky to have a few dollars left.

Welcome to a typical life in Mexico: a world of long hours, low pay and prices that are much higher than in the United States. It is those economic pressures that drive Mexicans to the United States and that lie at the heart of the illegal immigration problem.

Mexicans do not come to the United States because they can't find jobs at home. In fact, unemployment in Mexico is currently lower than in the United States, at about 3.6 percent. Some 95 percent of newly arrived Mexican migrants had jobs before they came to the United States, according to a 2005 survey by the Pew Hispanic Center.

But in Mexico, having a job does not necessarily mean being paid well or even being paid well enough to make ends meet.

The average Mexican household earns $7,297 a year in wages, according to the government.

But because 39 percent of Mexico's wealth is concentrated in 10 percent of the population, most people actually earn less than the national average. In fact, 82 percent of Mexicans earn less than $21 per workday. Just like Patiño.

The working poor

Until the sun comes up, the view from Patiño's neighborhood is magical. From his house, the lights of the valley sparkle between rugged hills left by ancient volcanoes. To the south, the world's second-biggest metropolis, Mexico City, radiates an orange light across the night sky.

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Then dawn breaks, and the neighborhood is revealed for what it is: a gritty expanse of unpainted, cinder-block huts covering the countryside like a gray tide. Stray dogs wander the dirt streets, eating garbage. A high-tension electrical line above the neighborhood makes a loud, menacing buzz all day long.

Patiño's house is one room. He pays $59 a month in rent. He and his wife, María de los Angeles Piña, sleep in a twin bed. Their 8-year-old daughter, Ana Laura, shares a single bed with their 16-year-old niece, Abigail. There are two bare light bulbs.

The room's only luxuries are a television, a stereo, a collection of cheap animal figurines and a plastic Christmas tree. The floor and walls are bare concrete, and there is no heater to fight the 40-degree chill on December nights.

"I would like to live in a better house, maybe have a bit of luxury," Patiño said. "But we don't have the money."

Patiño is typical of Mexico's vast population of working poor. He lives in the Mexico City area, home to one of every five Mexicans. He has a wife and one daughter, a reflection of Mexico's trend toward smaller families.

He earns $5,672 a year, one-seventh the income of an average American household. At the same time, however, he and his family are paying close to U.S. prices for many necessities. Milk costs around $3.30 a gallon in most parts of Mexico, and regular unleaded gasoline is $2.32 a gallon.

Electricity is twice as expensive as in the United States. Electronics are 30 percent more expensive, one study found. Even mailing a letter is more, at 59 cents.

Keep costs down

Most Mexicans live much more simply than their American neighbors. They eat out less, rely on staple foods and live in small houses. But even with the cost-cutting, Mexicans spend a bigger percentage of their wages than Americans do to feed, clothe and house their families: about 66 percent.

Pressures like that are what drive Mexicans to the United States, where they can earn seven or eight times as much for performing similar work.

Patiño's older brother did just that a year ago, abandoning the tortilla shop for a new life in Los Angeles. Patiño has not followed him. But, he says, the idea is tempting.

"I've thought about it," he said. "I've thought about it a lot."

The daily, costly grind

At 5:30 a.m., Patiño and his niece catch the first of two buses for the 90-minute commute into the city. The second bus is a rolling sardine can, with commuters packed so tight it is hard to move.

By 7 a.m., Patiño is firing up the tortilla machine at the Lisboa Tortilla Shop in downtown Mexico City. He started working there at age 15. That was 12 years ago; he is now the manager. His sister-in-law, Patricia Piña, also works at the shop. She mixes cornmeal with water and a bit of lime powder and begins feeding the dough into the squeaking, rattling machine.

Corn tortillas are the staple food in central Mexico, as common as bread is to Americans. Soon customers are lining up at the door, and orders are streaming in from restaurants and taco stands. A steaming tortilla pops off the conveyor belt every second. It is hot, exhausting work.

No time for lunch

When Patiño isn't snatching tortillas from the machine, he is answering the phone, weighing out purchases or delivering orders by bicycle. There is no time for a lunch break. Instead, the three workers share two large meatballs heated up on the tortilla machine.

Patiño gets paid in cash every Saturday by the shop's owner. He does not pay income taxes.

For each 11-hour workday, he earns 200 pesos, or $18. That equates to $1.64 an hour. Patiño has to work an hour and a half just to cover his $2.45 bus fare.

The low wages and high cost of living in Mexico have fueled angry protests and become a rallying point for opposition lawmakers in the wake of the July 2 presidential election.

Last month, protesters demonstrated outside the Economy Department after officials raised the cost of government-subsidized milk by 29 percent and the cost of gasoline by 4 percent.

Mexico City was considering a 50 percent rise in subway fares but quickly abandoned the idea following a public outcry.

During a rally in downtown Mexico City, the opposition Democratic Revolutionary Party issued a study showing that Mexicans pay more than Americans for everything from credit cards to cable TV.

Consider electricity: The average Arizona family used 1,034 kilowatt-hours a month last year and paid a monthly bill of $91.94, according to the U.S. Department of Energy. The same usage in central Mexico would cost $187.01.

Fed up with the high rates, millions of Mexicans opt to steal electricity with clandestine lines known as diablitos, or "little devils." The theft drives rates even higher.

Inflation factor

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Mexico's inflation rate is lower than it has been in years, at about 4 percent. But the yearly increases add up. Housing expenses increased more than 20 percent, health care expenses went up 19 percent and clothing costs rose 12 percent between 2000 and 2005, according to Mexico's census bureau.

Educational expenses, especially, are a major burden for many Mexicans.

Schools in Mexico provide free textbooks only through junior high. There is an annual enrollment fee and often another fee to cover janitorial costs. Uniforms are mandatory, there are no free school buses, and school supplies are about the same price as in the United States.

Zeroed out

It is Saturday morning, and María, Reynaldo Patiño's wife, is making her daily walk to the market. The air is filled with techno music and the smell of fresh produce as she and her daughter thread their way past vendors selling a variety of wares, from pirated CDs to cups of Jell-O.

María winces and holds her abdomen as she steps off a curb. A few days ago, she had some minor surgery. The operation cost 2,800 pesos, or about $250.

Like 40 percent of Mexicans, the family lacks health insurance. So Reynaldo had to ask his boss for a loan.

María stops at the butcher's counter and checks the prices. Ground beef is selling for $2.06 a pound, slightly more than Phoenix shoppers pay at Safeway. María orders 2 pounds of suadero, or breastbone meat, for $1.65 a pound.

Then she picks up a pound of green tomatoes, a half-pound of chiles and heads home.

María spends about $10 a day, half of Reynaldo's pay, on food for the family. She also buys at least one 2-liter bottle of Coca-Cola at $1.36. Like many Mexican families in poor areas, the Patiños drink soda instead of water because local water supplies are unsafe.

After paying for gas, electricity, school supplies, bus fare and other necessities, little money remains. The family has no bank account and no savings. "At the end of the day, there's usually nothing left," María said. "We're zeroed out."

How Green Was My Rally (NYT)

By Lawrence Downes

The New York Times, December 10, 2006

To roars and applause and whistles so loud and shrill they stabbed the ears even more than his double-bagpipe escort, Senator Charles Schumer swept into the packed church auditorium, levitating on a cloud of affection. For another entrance as grand, you'd probably have to go back to Groucho Marx in "Animal Crackers," borne in on a litter by bare-chested natives and multiple choruses of "Hooray for Captain Spaulding."

This happy moment was a rally by Irish immigrants the other night at St. Barnabas Church in the Woodlawn section of the Bronx. Mr. Schumer wore a green tie and that grin of his, so wide you could drive on it from Galway to Dublin. He was there to announce the miraculous rebirth of immigration reform, courtesy of the new Democratic Congress. But first he did what politicians always do before a throng of happy Hibernians. After a few courteous preliminaries and a line from St. Matthew's Gospel, he committed Irish identity theft.

"My sister's name," he let slip in a lusty roar, "is Fran ... Schumer ... McNULTY!"

Cheers and more cheers.

"Up Mayo!" the senator cried. "Up Leitrim!"

He was just getting started. He introduced an aide, the one who named his daughters Siobhan, Fiona, Maeve and Nora. The love spilled over, like foam on a Guinness.

"The more Irish there are in America, the better we all are!" Mr. Schumer declared, repeating a line he had caught some flak about a few months before. Some non-Irish immigrants had grumbled about how unlikely it would be to hear another group's name tucked into that equation. They had a point about ethnic favoritism, though Mr. Schumer, who sweet-talks everybody, was perhaps not the best example of it.

Mr. Schumer's final bit of stagecraft was in Gaelic. "Tiocfaidh ar la!" he bellowed. It means "our day will come" and is pronounced, to the senator's evident gratitude, "Chucky-AR-LA." With that he tied the ribbon on the gift wrap of his speech. The wave of cheers crested and fell, and Mr. Schumer departed into the windy night.

It's now a regular thing for big-ticket politicians to go to Woodlawn, where the Irish pubs and delis have been struggling as people go back home to ride the Celtic Tiger, as Ireland's resurgent economy is known. With Irish-American neighborhoods in decline, Irish illegal immigrants have rallied urgently to the cause of friendlier immigration laws. They are a drop of 50,000 in a bucket of 12 million illegal immigrants, but as Mr. Schumer's special blessing showed, they command attention.

He is far from the only politician to be drawn to the white, English-speaking sliver of the immigration problem. That fondness for Irish audiences helps reinforce the odd sense of solipsism surrounding the Irish immigrant lobby. When you hear

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the chairman of the Irish Lobby for Immigration Reform, Niall O'Dowd, vow to fight "to get what is rightfully ours" — more visas for the Irish — you can't help wondering how quickly such words would get a Latino banished to the militant fringe.

"We Are America" is the Latinos' and Asians' cry. The well-organized Irish don't feel the need to say that. Their slogan, on T-shirts and the Irish Lobby's Web site, is blunt: "Legalize the Irish."

The Irish have a just cause, but I only wish they and their many friends would preach the gospel of immigration reform in a bigger tent. It is, after all, every immigrant group's fate to start out in this country unloved, as the Irish are only too eager to remind us.

TAX:

Praise For The Tax Man (LAT)

The Los Angeles Times, December 10, 2006

IT'S ALMOST A no-brainer. State number-crunchers are going to go over your tax return anyway, calculating whether you sent in too much or too little. What if they did their figuring beforehand and sent you a return already completed except for your signature? If you don't like what they came up with, or you don't trust them, you can throw it out and file the old-fashioned way, no questions asked.

But if you have relatively simple finances and the state's calculation looks right to you, you could take advantage of ReadyReturn, a service of the Franchise Tax Board. You still have to pay your taxes, but you can file in less time and with fewer headaches. You can even do the job by e-mail.

Imagine: the government using technology to lighten the burden on taxpayers. That's one program everyone can get behind.

OK, not everyone. The Legislature killed the pilot program this year after intense pressure from Intuit Inc., maker of TurboTax, and other companies selling tax-preparation software and services. Thanks to them, there will be no ReadyReturn for the 2006 tax year. The companies followed up their victory by spending $1 million trying to defeat John Chiang, who supported ReadyReturn as a member of the Board of Equalization, in his campaign for state controller.

Fortunately, they failed, and Chiang on Monday joined with other members of the Franchise Tax Board to revive ReadyReturn for the 2007 tax year. Now it's up to the Legislature to do, well, nothing. This is a case in which lawmakers should stay out of the way while bureaucrats make life a tiny bit easier for taxpayers.

The arguments for blocking the program are bizarre. According to opponents, the enhanced state service unfairly competes with private businesses, which apparently favor a more burdensome and complex government in order to fatten the market for services that will help residents cut through all that complexity. What's next: Stop the DMV from renewing car registration on the Internet so entrepreneurs can make a living standing in line for drivers? Add more red tape to the permitting process to keep the lawyers and professional facilitators happy?

Come on. Market solutions are always worth considering, but it's the government's job to bill taxpayers. Filing returns is a taxpayer's burden, although a necessary one, and government's all-too-rare efforts to minimize that burden are welcome. ReadyReturn is a step in the right direction.

CONGRESS-ADMINISTRATION:

Leahy Relishing Rise To Power (RUTHER)

By Darren M. Allen, Vermont Press Bureau

Rutland (VT) Herald, December 10, 2006

MONTPELIER – Sen. Patrick Leahy is about to begin his 33rd year as the only Democrat to represent Vermont in the U.S. Senate, but it might as well be his first.

Even after a long day in the halls of Congress, Leahy couldn't contain his excitement over returning to work in a chamber dominated, for the fourth time in his career, by his party.

"I see the Senate getting back to where it's supposed to be – the conscience of the nation," Leahy said in a phone interview. "The nation has not been helped by being a rubber stamp."

Leahy, other Democrats and some stalwarts of the GOP have accused the Republican-controlled 109th Congress of being a rubber stamp for the president's agenda, ultimately allowing Bush to run afoul of the Constitution with impunity.

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But even under these circumstances, the Vermont senator has commanded power and attention. And that's due in part to his longevity in office. Leahy, a former Chittenden County prosecutor, won the 1974 election at age 34 and became the youngest Vermonter and the only mem-ber of his party ever elected to the U.S. Senate. Over the years, he has been a member of the minority periodically, from 1981 to 1987, again from 1995 to 2001, then from 2003 until last week.

Leahy is seventh on the Senate's seniority list, and he is considered to be among the top 10 most influential people on Capitol Hill.

And he's about to become more powerful. When Congress meets next month, Leahy will – for the second time – become chairman of the Senate Judiciary Committee, where he will control the flow and tenor of hearings over matters ranging from federal judicial appointments to oversight of the FBI and the Justice Department.

He also will become chairman of the foreign operations subcommittee of the Appropriations Committee, a post from which he will have significant oversight over a slew of controversial national security issues.

And, in a committee assignment of particular interest to Vermonters, he will be the No. 2 Democrat on the Agriculture Committee, where he will be able to look out for the state's farmers, as well as steer conservation measures.

Through the appropriations and agriculture assignments, Leahy will continue to direct millions of dollars of federal money and contracts back home, as he has now for more than a decade.

And while serving his state's financial interests is a key component of the work Leahy – or any senator for that matter – does, it is his self-described role as overseer of the nation's civil liberties that he's most excited about.

Leahy hasn't officially laid out his agenda for the next two years, but anyone paying attention to last week's Judiciary Committee hearing on FBI oversight would be hard pressed to have missed where the senator is going.

"The recent revelation that the Bush administration, since 9/11, has been compiling secret dossiers on millions of unwitting, law-abiding Americans who travel across our borders, highlights the importance of congressional oversight," he said. "It is simply incredible that the administration is willing to share this sensitive information with foreign governments and even private employers, while refusing to allow U.S. citizens to see or challenge the so-called terror score that the government has assigned them based on their travel habits and schedules.

"This administration has gone to unprecedented lengths to hide its own activities from the public, while at the same time collecting and compiling unprecedented amounts of information about every citizen."

In a phone interview a day after the hearing, Leahy also said he had serious concerns about domestic eavesdropping, the interrogation of detainees and other "national security" activities conducted by the Bush administration.

"How far is this going to go?" Leahy said. "How many more ways are we going to be cross-checked? J. Edgar Hoover would be salivating to have this kind of power," he added, referring to the longtime former FBI director who compiled vast stores of information on millions of Americans.

"But none of this – none of this – is making us safer."

Leahy does not take national security lightly, but he said to force Americans to choose security over the loss of civil liberties is a false and unnecessary choice.

His position is shared by the American Civil Liberties Union.

"Leahy has been probably about the strongest voice for civil liberties in the Senate for a number of years, although that voice was certainly muted during the time the Democrats were the minority party in Congress," said Allen Gilbert, the executive director of the ACLU's Vermont office. "I think that Senator Leahy is different from a lot of civil liberties activists in Congress because he understands that protecting civil liberties leads to better government and better security for citizens.

"It's not always comfortable and it's not always convenient and it's not always popular, but Leahy gets it. He knows that civil liberties are not just window dressing or something nice to talk about on national holidays."

Not everyone agrees that the nation's recently instituted security measures violate civil liberties – the rights of privacy, equality, due process and, fundamentally, to be left alone. The president has defended his record on terrorism, and many conservative commentators have suggested that the additional measures employed by the administration have lead to a greater degree of safety.

"Since the Sept. 11 attacks, America is safer, but we are not yet safe," the president's National Strategy for Combating Terrorism concluded. "We have done much to degrade Al Qaida and its affiliates. …We have transformed our governmental institutions and framework to wage a generational struggle."

It is that institutional transformation that concerns Leahy. In short, he said, allowing a president of any party to do whatever he or she pleases with the consent of Congress is dangerous.

"We are in serious danger of becoming a government of men and not of laws," Leahy said. "And that is always bad."

In addition to restoring regular oversight over the Justice Department, Leahy will use the chairmanship of the Judiciary Committee to scrutinize President Bush's judicial nominees.

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Not that the outgoing chairman – Leahy's friend of many years, Pennsylvania Republican Sen. Arlen Specter – routinely gave the president his way. In fact, Leahy has regularly praised Specter's screening of judicial nominees, and he, far more often than not, was consulted on nominations.

"Ideologues will not get through," Leahy said. "I don't want the federal judiciary to be an arm of the Republican Party or the Democratic Party. An independent court system is one of the greatest safeguards we have."

And it's been the only check on executive-branch power in recent years, at least according to Cheryl Hanna, a Vermont Law School professor and constitutional law scholar.

"It is important that the Senate approve judges who are moderate and respect constitutional principles on civil liberties," Hanna said. "Since Sept. 11, Congress and the president independently and together have taken actions that have curtailed civil liberties, and it has taken the Supreme Court to step in.

"The attitude about civil liberties in recent years has been undermined by the false dichotomy that we have to trade some liberty for security."

Leahy isn't shy about stating his opinions or being in the limelight. And it's because of his outspokenness on key issues that the Bush administration sees Leahy as an antagonist.

Two years ago, Vice President Dick Cheney lashed out at the senator, telling him to "f— yourself."

Leahy never repeated the comment publicly, but many observers saw it as an illustration of just how frustrated the administration gets with the senior senator from Vermont.

The senator, for his part, seems to make a point of couching stinging remarks with a gentlemanly polity. Even when he savages the president's policy decisions, he does so with a smile and his trademark soft, gravely voice and piercing eyes.

As one political Web site put it recently, "Leahy's white hair and soft voice belie the tenaciousness with which he latches onto an issue or a witness, and doesn't let go. A former prosecutor, Leahy approaches issues with an organized and commanding knowledge of the facts."

And with a wry, Vermont sense of humor.

His first official act in the new Congress will be to escort the state's newly elected junior senator, Rep. Bernard Sanders, down the aisle to the well of the Senate, where he will be sworn in.

By Cheney.

"When it comes to the vice president," Leahy said, "it's always better to be sworn in than to be sworn at."

Dems Vow Change As Congress Ends Session (AP)

AP, December 9, 2006

WASHINGTON (AP) — The 109th session of Congress, frustrated by partisanship and criticized for its meager record of accomplishment, ended with flurry of bill-passing and promises of change when Democrats take over the House and Senate in January.

Before the predawn finish Saturday, departing House Speaker Dennis Hastert acknowledged that after eight years, the longest stretch for a Republican in the job, he will welcome a return to the rank and file. "On Jan. 4, I will be privileged to rejoin you on these benches where my heart is," he said,

The Illinois Republican will be succeeded on that day by Rep. Nancy Pelosi, D-Calif. She becomes the first female speaker and the first Democrat in the post since Newt Gingrich of Georgia led the Republicans to power in 1995.

Pelosi is promising that the new Democratic era will get off to a quick start with votes to raise the federal minimum wage for the first time in a decade, enact lobbying and ethics reform and lower Medicare prescription drug costs.

As often is the case in the waning hours, the congressional session ended with a mad rush to deal with untended business.

In the long final day, ending around 4:40 a.m. ET in the Senate, the two chambers passed a massive tax and trade bill, prevented the government from shutting down and approved dozens of other bills. They included an important fisheries management measure; a bill allowing civilian nuclear technology transfers to India; and bills to fund programs to combat AIDS, pandemic diseases and premature births.

Lawmakers ready to return home also were reminded of the corruption and scandal problems that helped sweep Democrats to power in the November elections.

The House ethics committee, in a report Friday, admonished Republicans for turning a blind eye for years to the inappropriate conduct of former Rep. Mark Foley, R-Fla. He resigned in September after it was revealed he had sent salacious electronic messages to former teenage pages.

The tax measure revived some 20 tax breaks, at a cost of $38 billion over five years, and a dozen credits promoting alternative and efficient uses of energy.

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It extended through the end of 2007 a deduction for research and development initiatives, and renewed a deductions of up to $4,000 for higher education costs. There were breaks for teachers who pay for supplies out of their own pocket and for taxpayers in nine states with no income taxes — allowing them to deduct state and local sales taxes.

"All Americans should be treated equally and given the opportunity to deduct their state taxes, regardless of how those levies are assessed," said GOP Sen. Kay Bailey Hutchison of Texas. In her state, which lacks a state income tax, sales tax deductions are worth some $1 billion.

The popular tax breaks became a magnet for contentious and expensive bills. The package included legislation to open up 8.3 million acres in the Gulf of Mexico to oil and gas drilling and to prevent a 5% cut in Medicare payments to doctors from taking effect Jan. 1. The GOP-crafted solution to the problem was criticized as an accounting gimmick because it would double the cost of fixing the problem again next year.

The legislation also contained measures to permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti. The Haiti act was the toughest to swallow for some lawmakers from the South; they said it would further erode jobs in their states' textile industries.

The bill also renewed, with increased federal contributions, a program dealing with abandoned coal mines and the health issues of former miners.

Senate Budget Committee Chairman Judd Gregg, R-N.H., said the legislation would shift $4 billion in health care costs from the coal companies to the taxpayers, and criticized his own party for failing to check indiscriminate federal spending. "We're supposed to be the party of fiscal discipline and we haven't been," he said.

As one of its final acts, Congress approved a stopgap measure keeping federal programs running at or slightly below current levels through Feb. 15. President Bush quickly signed it on Saturday.

The action was necessary because lawmakers failed to pass the annual spending bills covering the budget year that began Oct. 1, except those dealing with defense and homeland security.

Rep. David Obey, D-Wis., who will become House Appropriations Committee chairman when the Democrats take over, said the bill was "a blatant admission of abject failure by the most useless Congress in modern times."

Democrats also pointed out that the House met only 102 days this session, fewer than the 110 days of the maligned "do-nothing" Congress of the Truman presidency.

The next House majority leader, Rep. Steny Hoyer, D-Md., says there will be a return to five-day workweeks. In the Senate, incoming Majority Leader Harry Reid, D-Nev., said he and new Republican leader, Sen. Mitch McConnell, R-Ky., have agreed that all 100 senators will hold a private session on Jan. 4 to kick off what they hope will be a new era of civility and less partisanship.

Republicans claim some major accomplishments this year: passing a pension overhaul; renewing the Patriot Act; enacting a port security bill; and endorsing Bush's plans to create military commissions to prosecute suspected terrorists.

But this Congress could not move ahead on promised lobbying and ethics changes; failed to reach a consensus on the administration's warrantless eavesdropping program; and did not develop a plan to deal with the 12 million illegal immigrants in the country.

GOP Laments Mixed Results As Control Of Congress Ends (WP)

By Jonathan Weisman

The Washington Post, December 10, 2006

Demoralized Republicans adjourned the 109th Congress at 5 a.m. yesterday with a near-empty Capitol, closing the door on a dozen years of nearly unbroken GOP control by spending more time in the final days lamenting their failures -- to rein in government, tame the deficit and temper their own lust for power -- than reliving their successes.

Still reeling from their electoral defeat Nov. 7, Republicans capped an era of conservative ascendance with the passage of business tax break extensions, a package of trade measures, and legislation to stave off physician-payment cuts they once trumpeted in their budget-cutting drive.

While GOP leaders touted their handiwork, it was a far cry from 12 years ago when the Republicans swept to power with the zeal of self-described revolutionaries and a mission to shrink the size of government, limit its reach, strengthen the nation's security and end an era of a privileged, imperial Congress.

"Together, we reformed welfare. We cut taxes, and small businesses grew all over the nation," House Speaker J. Dennis Hastert (R-Ill.) said in a late-night farewell address. "We promised to protect this nation from further attack, and by grace of God and with the leadership of President Bush, we have been successful."

But beyond Hastert's speech, a conclusion punctuated by the release of a scathing House ethics committee report on the Mark Foley-House page scandal and last-minute budget squabbles yielded more recriminations than congratulations.

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"You know, the American people took the reins of government away from the Republican Party . . . in this last election. They did so, I think, in large part because they were tired of our hypocrisy," fumed Sen. Judd Gregg (R-N.H.) from the Senate floor. "Our leadership and some of our members grew arrogant in their own power, and with arrogance comes corruption," said Rep. Zach Wamp (R-Tenn.), a member of the class of 1994.

"We came to change Washington, and Washington changed us," said Sen. John McCain (R-Ariz.).

As they grapple with defeat, Republicans seem to have difficulty taking stock of their 12 years in power, but those years had enormous impact. Republican Congresses fundamentally changed the welfare system, cut taxes time and again, expanded the powers of the government to combat terrorism in the wake of the Sept. 11, 2001, attacks, and added a prescription drug benefit to Medicare.

Combing through the fine print of the 1994 "Contract With America" campaign manifesto, one finds goals that Americans now largely take for granted. Congressional committee chairmen, who once built empires from inviolable perches, are now term limited. The contract anticipated a lucrative tax credit for each child, the end of a tax penalty on marriage, federal incentives for adoption, the easing of limits on the amount seniors could earn and still receive their Social Security benefits and some curbs on civil litigation. The overriding political fear of tax increases, still evident as Democrats move to resume control, can be seen as a conservative victory, as can a federal minimum wage that has grown increasingly irrelevant after nearly a decade without change.

Yet measured against the ambitions of 1994, not much has changed. The House Merchant Marine and Fisheries Committee might be no more, but the departments of commerce, education and energy, once slated for the chopping block, are still very much alive, as are the National Endowment for the Arts and the Corporation for Public Broadcasting.

Compared with the size of the economy, government discretionary spending has grown. The vision of a term-limited Congress of everymen, rotating through Washington after short stints, has all but vanished. And government programs such as Medicare and federal education bureaucracies are larger and more pervasive.

"It's a mixed bag," said former House speaker Newt Gingrich (R-Ga.), the architect of the 1994 revolution. "In a three-year period, we changed things fairly dramatically. We, candidly, then failed."

Democrats were harsher -- but only by degrees. Former Senate majority leader Thomas A. Daschle (S.D.) pointed with disdain to former president Bill Clinton's impeachment, the Iraq war, the yawning federal debt, "a complete breakdown on oversight as well as civility," corruption and a "willingness to cede most of their authority as an equal branch of government" to the Bush administration.

"One would have to search long and hard through history to find a dozen years more disastrous than that," Daschle said.

Compared with the liberal ascendancy, which ran from Franklin D. Roosevelt's New Deal to Lyndon B. Johnson's Great Society and arguably Ronald Reagan's election, the conservative era has been brief and relatively inconsequential, said Julian Zelizer, a Boston University congressional historian. Nothing in the past 12 years compares with the creation of Social Security or Medicare, the voting rights and civil rights acts, the Marshall Plan or Dwight D. Eisenhower's interstate highway system. Nor were any of those big-government achievements fundamentally altered.

Far from ending an imperial Congress, Republicans centralized power in their leadership to an unprecedented level.

Even some successes -- such as a balanced budget and the diminution of farm subsidies -- proved short-lived, GOP lawmakers and former leaders conceded.

Republicans did take pride in a few achievements. In numerous interviews, virtually every lawmaker pointed to the 1996 welfare overhaul as the pinnacle of Republican achievement, followed closely by the 1997 balanced-budget agreement, which introduced private-sector competition to Medicare and helped yield a federal budget surplus the next year. In a memo to fellow Republicans, House Majority Leader John A. Boehner (Ohio) pointed to lower tax rates on income and investments, education laws that expanded parental school choice and targeted funding to schools that succeed, the expansion of free trade, the confirmation of conservative judges and Supreme Court justices, and laws to help pursue terrorists and strengthen the military.

"The common thread through all of these achievements is the Republican commitment to individual freedom, personal responsibility, and accountable government," Boehner wrote.

But in general, Republicans were in no mood to cheer. Instead, they took turns trying to pinpoint where things went wrong. Sen. Lindsey O. Graham (R-S.C.), who came to the House in the class of 1994, pointed to setting supposedly strict spending caps in the 1997 budget deal, only to break them in 1998. Former House majority leader Richard K. Armey (R-Tex.) took the same vein when he fingered the summer of 1997 and the first emergency spending bill that was not offset with equivalent spending cuts.

"That was the day we said: 'Discipline is too hard, too demanding. It makes people mad that have volatile tempers, and we're just not going to do it anymore,' " Armey said.

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Wamp had his specific moment, June 27, 2003, when emissaries from the GOP leadership woke him in the middle of the night, pleading with him to change his vote against the Medicare prescription drug bill, the largest entitlement expansion since the creation of Medicare. House leaders kept the vote open more than an hour, setting a record as they twisted arms, threatened and even told one member that political support for his son was at stake.

"It looked like we were in the back pockets of the prescription drug companies, and some of us were," Wamp said, concluding that Republican leaders had forgotten about conservative principals and cared only for the preservation of power.

Referring to the former House majority leader, Wamp recalled: "If Tom DeLay said it one time, he said it 15 times: 'The most important thing we can do for the American people is keep our Republican majority.' That was just wrong, and it had to catch up to us in the end."

The leaders of the revolution agreed that the past 12 years hardly cemented the conservative visions of Barry Goldwater, Ronald Reagan and the class of 1994. But Armey said that it is far too early to close the books on a conservative era.

"I still expect to see a fourth golden moment in my lifetime," he said. "We've got a bit of a setback here, but we're going to be like Arnold Schwarzenegger. We'll be back."

Congress's Last Acts Include Tax Breaks (WP)

By Jonathan Weisman, Stephen Barr

The Washington Post, December 10, 2006

The rancorous 109th Congress adjourned yesterday morning with final passage of measures to expand civilian nuclear trade with India, establish permanent trade relations with Vietnam and extend a bevy of expiring business tax breaks.

Legislation that would overhaul the U.S. Postal Service for the first time since 1970 and could hold down the cost of mailing letters also cleared the Congress and was sent to the president. A presidential commission and the Government Accountability Office had called for changes in how the Postal Service operates as Americans increasingly communicate and do business through e-mail and the Internet.

But last-minute Republican budget squabbles marred the final hours of a Congress already tainted by scandal, indictments and resignations, and ushered out Republican control on a discordant note. The 109th Congress ended having logged fewer days of legislative activity than even the infamous "Do-Nothing Congress" of 1948.

"You know, it's sort of that old Pogo line, 'We've met the enemy, and he is us,' " fumed Senate Budget Committee Chairman Judd Gregg (R-N.H.), as the Republican-controlled Congress moved toward final passage of tax cuts and spending measures that would expand the budget deficit.

Senate Majority Leader Bill Frist (R-Tenn.) ended his own Senate career and called the Congress adjourned at 4:35 a.m., telling a near-empty Capitol, "I will truly miss each and every one of you."

The centerpiece of the closing hours' work was a tax-and-trade bill. The measure temporarily extended expiring tax breaks for business research and development and for hiring people off the welfare rolls, a partial college tuition deduction, and energy conservation incentives. It extended a generous deduction for state and local sales taxes that was slipped into a business tax law in 2004 as a temporary measure to win votes in states without income taxes but is taking on an air of permanence.

The huge package also contained measures to permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti. The Haiti provision was strongly challenged by some Southern lawmakers, who said it would further erode jobs in their states' textile industries.

The U.S.-India nuclear cooperation deal set aside years of U.S. nonproliferation policy that forbids the trade of nuclear-reactor technologies to nations that refused to sign the international nuclear Non-Proliferation Treaty, such as India. A strong bipartisan majority argued that the policy was an impediment to improved relations between the world's largest democracies. President Bush hailed the action as a means of enabling India and the United States to work together to promote energy production without polluting the atmosphere or contributing to global warming.

Democrats secured a provision blocking an automatic pay raise for Congress until Feb. 16, when a stopgap spending measure to keep the government operating is set to expire. Democratic leaders had argued that Congress should not get a pay hike until lawmakers approve the first increase in the minimum wage since 1997, a measure they hope to pass well before mid-February.

But debate that stretched into the morning yesterday centered on the fiscal stewardship of a Republican Congress that saw record budget surpluses turn into record deficits. Gregg and a handful of other Republican budget hawks held up passage of the tax-and-trade bill because the measure's 10-year, $50 billion price tag would void deficit-control measures. Ultimately, the Senate overrode those objections.

The Postal Service measure has been in negotiation for the past three years. The Postal Service is a linchpin of the economy, touching more than 9 million jobs and about $900 billion in commerce.

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Sen. Susan Collins (R-Maine), a chief sponsor, called the bill "great news for the future of an institution that is critical to our economy and will ensure the continuation of universal postal service at an affordable rate."

The legislation would replace the lengthy and litigious process used to raise the price of stamps and some other postal rates with a price cap, limiting rate increases to the rate of inflation for a 10-year period. The change would inject more predictability into postal increases, especially for the magazine industry and other large mailers. It also would permit the Postal Service to more quickly offer discounts for its services, such as promotional rates to attract business in holiday seasons.

The Postal Service also gets billions of dollars in financial relief under the bill. Costs for military pensions earned by postal workers during their time in the armed forces would be shifted from the Postal Service to the Treasury, the practice for most federal agencies. The bill also would release money from an escrow fund to cover postal retiree health-care liabilities.

The legislation would replace a rate-review commission with a more powerful Postal Regulatory Commission, which could set some postal rates and examine postal financial management practices.

Postmaster General John E. Potter congratulated House and Senate negotiators "for making reform a reality" and said the agency looks forward to implementing the changes.

"Over the long run, the whole postal system will, I believe, experience higher-quality service and lower cost than it would have," said Michael J. Critelli, chairman of the Mailing Industry CEO Council.

After Flurry Of Votes Stretching Into Morning, Lawmakers Head Home (NYT)

By Carl Hulse

The New York Times, December 10, 2006

WASHINGTON, Dec. 9 — Republicans relinquished their political grip on Capitol Hill early Saturday as the 109th Congress adjourned after a final spurt of legislation and accusation.

In one of their last acts in the majority, Republican leaders forced through a broad tax and trade bill packed with provisions that drew substantial bipartisan support after harsh opposition that melted away when it became obvious the legislation was headed to the president and lawmakers were ready to head home after a difficult year.

“I recognize I am going to lose,” said Senator Judd Gregg, Republican of New Hampshire, in making a final, futile procedural attack against the measure, which was approved on a 79-to-9 vote just before 2 a.m. The House had passed the provisions in two separate packages.

With the conclusion of the Congress, four years of full Republican control over the apparatus of Washington came to an end because of election gains that will install Democrats in the House and Senate majorities when Congress reconvenes Jan. 4. The election also interrupted 12 straight years of Republican reign in the House, where Democrats were steamrolled for years.

Reactions to the looming transfer of power depended on whether a “D” or an “R” followed a lawmaker’s name.

Senator Charles E. Schumer, the New York Democrat who was instrumental in engineering the Democratic takeover of the Senate, beamed as he left the chamber. “Not a bad year,” Mr. Schumer said.

But Republicans were subdued, with some who were defeated in November saying goodbye to colleagues and staff members and lingering a few extra minutes on the floor after casting their last votes.

In the House, Representative J. Dennis Hastert of Illinois made his final speech as speaker and received a hug and a kiss on the cheek from the incoming speaker, Representative Nancy Pelosi, Democrat of California, a frequent target of Republican attacks.

“Those of us on this side of the aisle will become the loyal opposition, and the gentle lady from California, Mrs. Pelosi, will assume the duties as our speaker,” Mr. Hastert said. “I know she will do so with skill and grace and that she will bring honor to this institution.”

The trade measure, a compendium of last-minute priorities sent to President Bush, was the chief legislative accomplishment of the final hours. It restored $38 billion in popular tax breaks; established normal trade relations with Vietnam and granted trade benefits to Haiti and four South American countries; and blocked a cut in Medicare payments to doctors. The measure also fulfilled a long-sought objective of Gulf Coast lawmakers and the oil industry by expanding offshore drilling opportunities in the eastern Gulf of Mexico and directing hundreds of millions of dollars in new royalties to the region.

“Just when everyone bet against us, Republicans put together a broad package of energy, tax, trade and health care measures,” said Senator Bill Frist of Tennessee, whose four-year tenure as majority leader concluded with the final gavel in the Senate at 4:40 a.m.

Hours earlier, just minutes before a midnight deadline, the Senate approved a stopgap measure to maintain financing for government agencies at current or lower levels through Feb. 15 — a temporary fix required because Congress had failed to pass 9 of the 11 routine spending bills that were due Oct. 1.

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That collapse raised complaints from Democrats that Republicans were irresponsibly leaving them with major unfinished business to take care of next year. Some Republicans were pointing fingers as well.

"The breakdown of regular order this cycle — indeed the failure to get our bills done — should be squarely placed at the feet of the departing Senate majority leader who failed to schedule floor time for the consideration of appropriations bills," Representative Jerry Lewis, Republican of California and the departing chairman of the Appropriations Committee, said in an unusual public attack on a fellow Republican.

As they plowed through legislation in the early morning, Congress also whisked through a package of three major health care initiatives that continued a program for H.I.V. and AIDS that will provide more than $6 billion for care over three years, created an agency to centralize efforts against bioterrorism and restructured the National Institutes of Health.

"Tonight, Congress put partisanship aside to do the right thing for the health of millions of Americans," said Senator Edward M. Kennedy, Democrat of Massachusetts, who helped squeeze through the health legislation.

With approval by the House before it adjourned at 3:15 a.m., Congress also gave the first overhaul in years to fisheries laws, trying to limit overfishing of certain species. "By passing this bill, Congress has agreed that the threats facing our oceans are too great to wait another year," Matt Rand of the National Environmental Trust said.

Congress also adopted a measure intended to strengthen the ability to predict tsunamis. Lawmakers approved the first reorganization of the Postal Service in more than 30 years and sent Mr. Bush an agreement allowing the United States to share civilian nuclear technology with India. And Congress passed a bill to make obtaining personal telephone records without permission a federal crime.

Mr. Bush, who signed the stopgap spending legislation early Saturday, praised Congress for delivering the last batch of bills, singling out the oil drilling, AIDS assistance and fisheries legislation, as well as the nuclear agreement with India and the elevated trade status for Vietnam.

"The American people welcome the remarkable transformation and economic progress in Vietnam, and we will continue to work together to strengthen our ties," said Mr. Bush, who made his first visit to Vietnam last month.

But even as he complimented the old Congress, the president may have to brace for a different relationship with the new one.

In the Democratic radio address broadcast Saturday, Representative Silvestre Reyes of Texas, who will be the chairman of the Select Committee on Intelligence in January, promised intense scrutiny of the president's policies regarding Iraq.

"I intend to focus on oversight, holding administration officials accountable to the American people," Mr. Reyes said. "Oversight need not be partisan, and under my leadership, it won't be. It will be bipartisan, focused and serious."

Even though Republicans took all the Congressional losses in November, conservative Republicans helped block a proposal to pay a total of about $10 million in severance to hundreds of senior committee and leadership aides who will lose their jobs when the changeover shrinks the Republican payroll. Critics said the severance was too generous.

Lawmakers will return to a changed world in January, and they acknowledge it will take some getting used to.

"John McCain told me they don't know they've lost yet and we don't know we've won," Senator Kennedy said.

But as he left the Senate chamber in the early morning, Senator Mel Martinez, Republican of Florida, appeared to know who was up and who was down, acknowledging a greeting as "Mr. Chairman," reflecting his new position leading the Republican National Committee.

"I'm the only guy who is going to be called that next year in my caucus," Mr. Martinez said, because the top Congressional committee posts will soon be in the hands of Democrats.

House Approves Overhaul Of Rules For Fisheries (WP)

By Juliet Eilperin

The Washington Post, December 10, 2006

Congress yesterday passed the broadest overhaul of the rules that govern the U.S. fishing industry in a decade, with provisions instructing fishery managers to adhere strictly to scientific advice so as not to deplete the ocean.

The final language of the Magnuson-Stevens Act, which passed the Senate on Thursday and the House early yesterday, was a compromise between environmentalists and fishing interests. The measure mandates an end to overfishing of depleted species within 2 1/2 years and allows the selling and trading of shares in a fishery to promote conservation.

"This clearly acknowledges the problems we face and reflects a realization by lawmakers that we can't continue to postpone dealing with overfishing and the destruction of marine habitat," said Josh Reichert, head of the Pew Charitable Trust's environmental program.

Commercial fishing interests, Bush administration officials and GOP lawmakers also praised the legislation.

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"Fishermen and conservationists are all getting something they can be proud of in this bill, and they can rest assured that this bill maintains a critical balance in fisheries management," said House Resources Committee Chairman Richard W. Pombo (R-Calif.). "While it is important to protect our nation's fish stocks, it's equally important to protect our nation's vital and deep-rooted fishing communities. This bill does just that."

Jim Gilmore, spokesman for the At-Sea Processors Association, said the bill "has important conservation measures for promoting sustainable fisheries nationwide," adding: "For us it's a great thing to have catch limits in every fishery." The organization represents Alaska pollock and Pacific whiting fishermen who land 20 percent of the U.S. catch.

Lawmakers cut some deals to pass the measure, including language that will extend a 10-year rebuilding plan for summer flounder in the Northeast to 13 years, which will allow recreational and commercial fishermen to catch more flounder. Federal officials had set the 2007 summer flounder catch at 5 million pounds; under the new law, next year's catch will be 17.1 million pounds.

"This is a big help," said Rep. Jim Saxton (R-N.J.), whose state boasts a major summer flounder fishery. Saxton said lawmakers were able to make last-minute concessions because they were eager to reach agreement before Congress adjourned for the year. "We knew some economic hardships were unnecessarily going to take place if we didn't accomplish this."

But those compromises angered Michael Hirschfeld, chief scientist for the advocacy group Oceana.

"We're disappointed because we really do see this as an opportunity missed," Hirschfeld said, adding that he hopes federal officials will manage fish "in a way to make sure that there's enough resources for the whole ecosystem, not just us."

While much of the bill focuses on tightening the 30-year-old fisheries law, it also endorses for the first time creation of "limited access privilege programs" allowing groups or individuals to trade shares of a fishery's overall catch.

"It's a groundbreaking piece of legislation that gives an unambiguous green light for a cap-and-trade program for fish," said David Festa, who directs the oceans program for the advocacy group Environmental Defense.

Bush, who vowed earlier this year to end overfishing before leaving office, is prepared to sign the bill into law.

"We believe that this legislation is an important step for the United States to rebuild our nation's fisheries and will allow our fishers to utilize all of the tools that are available so their fishing businesses can operate safely and economically," said Bill Hogarth, director of the National Marine Fisheries Service.

Bush Lauds Bill To Overhaul Fisheries (AP)

By Matthew Daly

AP, December 9, 2006

WASHINGTON -- President Bush said Saturday the country is committed to ensuring strong commercial and recreational fishing, praising legislation that overhauls management of marine fisheries and strengthens protections against further depleting dwindling stocks.

The measure passed early Saturday requires the use of annual catch limits and enhances the authority of eight regional fishery management councils.

The bill reauthorizes the Magnuson-Stevens Fishery Conservation and Management Act through 2013. The 30-year-old law is the main law guiding fishery management in waters between three miles and 200 miles offshore.

"This bill embraces my priorities of ending overfishing and rebuilding our nation's fish stocks through more effective, market-based management and tougher enforcement," Bush said in a statement Saturday.

He said the measure offers stronger tools "to achieve progress internationally to ensure healthy fish stocks, promote better management, and halt destructive fishing practices based on sound science."

Supporters said the bill would strengthen current law by requiring an end to overfishing, science-based management of U.S. fisheries and penalties for illegal fishing in international waters.

"Our oceans are in serious trouble and this legislation will help to reverse their decline," said Sarah Chasis, director of the Oceans Initiative for the Natural Resources Defense Council.

She and other environmentalists hailed a provision that sets overall limits on the number of fish that can be caught, while allowing fishermen flexibility in how they divide up shares of the total catch.

"We are pleased that the bill includes provisions to strengthen the use of science in the fishery management process, end overfishing and rebuild overfished stocks," said David Hoskins, vice president of The Ocean Conservancy.

Sen. Olympia Snowe, R-Maine, who heads the subcommittee that oversees the nation's fisheries, said the bill would provide an economic lifeline to fishermen while ensuring a secure supply of fish.

"This legislation is not a perfect solution, but I believe we have struck an appropriate balance between preserving the marine resources of our coastal communities with these fisheries management tools," she said.

Bush said the U.S. "is committed to maintaining our thriving commercial and recreational fishing communities."

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Sen. Ted Stevens, R-Alaska, who led efforts to update the law that bears his name, said lawmakers had heeded a call by Bush to end overfishing. Bush, in a speech this fall, urged Congress to reauthorize the fishing law and called overfishing harmful to the United States and the world.

"This legislation is important to sustaining and conserving our nation's fisheries for generations to come," Stevens said.

At the insistence of West Coast lawmakers, the bill includes language to speed recovery of Klamath River salmon stocks in California and Oregon. For fishermen adversely affected by recent closures aimed at protecting threatened fish, there would be disaster relief programs.

Congress Wraps Up With A Barrage Of Bills (LAT/AP)

The Los Angeles Times, December 10, 2006

WASHINGTON — The 109th session of Congress, frustrated by partisanship and criticized for its meager record of accomplishment, ended with a flurry of bill passings early Saturday.

In the long final day, ending about 4:40 a.m. in the Senate, the two chambers passed a massive tax and trade bill, prevented the government from shutting down and approved dozens of other bills.

They included an important fisheries management measure; a bill allowing civilian nuclear technology transfers to India; and bills to fund programs to combat AIDS, pandemic diseases and premature births.

The fisheries measure reauthorizes the Magnuson-Stevens Fishery Conservation and Management Act through 2013. The 30-year-old law is the main law guiding fishery management in waters between three miles and 200 miles offshore.

In a statement Saturday, President Bush said the legislation offered stronger tools "to achieve progress internationally to ensure healthy fish stocks, promote better management and halt destructive fishing practices based on sound science."

The tax measure revived some 20 tax breaks, at a cost of $38 billion over five years, and a dozen credits promoting alternative and efficient uses of energy.

It extended through 2007 a deduction for research and development initiatives, and renewed deductions of up to $4,000 for higher-education costs. There were breaks for teachers who pay for supplies out of pocket and for taxpayers in nine states with no income taxes — allowing them to deduct state and local sales taxes.

The popular tax breaks became a magnet for contentious and expensive bills. The package included legislation to open up 8.3 million acres in the Gulf of Mexico to oil and gas drilling and to prevent a 5% cut in Medicare payments to doctors from taking effect Jan. 1. The GOP-crafted solution to the problem was criticized as an accounting gimmick because it would double the cost of fixing the problem again next year.

The legislation also contained measures to permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti. The Haiti act was the toughest to swallow for some lawmakers from the South; they said it would further erode jobs in their states' textile industries.

As one of its final acts, Congress approved a stopgap measure keeping federal programs running at or slightly below current levels through Feb. 15. Bush signed it Saturday.

The action was necessary because lawmakers failed to pass the annual spending bills covering the budget year that began Oct. 1, except those dealing with defense and homeland security.

Democrats, who will be in the majority when the new session of Congress convenes in January, pointed out that the House met 102 days this session, fewer than the 110 days of the maligned "do-nothing" Congress of the Truman presidency.

Texans Win With Congress' Tax Bill (HC)

By David Ivanovich, Michelle Mittelstadt

Houston Chronicle, December 10, 2006

WASHINGTON — Lawmakers closed the curtain on the 109th Congress early today, but not before helping Texans avoid some pain on April 15 and granting oil and gas companies access to new areas of the Gulf of Mexico.

In a final, marathon session, the Republican-led Senate, by a vote of 79-9, signed off on a broad tax and trade package which extends a popular deduction for Texas taxpayers and opened some 8.3 million acres of the eastern Gulf for exploration.

"Just when everyone bet against us, Republicans put together a broad package of energy, tax, trade and health care measures," said outgoing Senate Majority Leader Bill Frist, R-Tenn.

The $38 billion tax package will save Texans an estimated $1 billion this year, by allowing them to continue deducting local and state sales taxes on their federal returns.

Overcoming a flurry of last-minute objections from lawmakers over textiles and timber imports, the bill extends a tax break for school teachers and halts a scheduled cut in reimbursement rates for doctors who treat Medicare patients.

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For residents in Texas and six other states without state income taxes, the bill ensures taxpayers who itemize will be able to deduct state and local sales taxes on their federal income tax forms, for tax years 2006 and 2007.

The tax break, which will cost the Treasury $5.5 billion, will allow Texans to keep $2 billion over the next two years.

This provision was an effort to approximate the benefit enjoyed by taxpayers in other states, who can deduct their state income taxes.

"All Americans should be treated equally and given the opportunity to deduct their state taxes, regardless of how those levies are assessed," Texas Sen. Kay Bailey Hutchison said.

The bill also tries to address concerns about high fuel and home heating bills by opening up an area believed to hold upwards of 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas.

That volume of crude is comparable to half the nation's annual domestic production, supporter say, while the natural gas being made available could heat and cool 6 million homes for 15 years.

The GOP-controlled House had favored a more expansive offshore drilling plan but Friday adopted this language for fear the measure would die in the Senate.

Just last year, lawmakers passed — and President Bush signed into law — a massive energy bill, but critics complained it did little to give oil and gas producers access to more domestic resources.

Industry groups have long complained high natural gas prices have not only been hurting consumers but also sending manufacturing jobs overseas, where gas prices are lower.

"For the first time, we've passed a production-oriented bill," said Sen. Pete Domenici, R-N.M., adding: "We've done something to produce natural gas and hold the price of natural gas where it is — or reduce it — because of the new supply.

"This one's a good one," Domenici said.

Bush, who is expected to sign the legislation, praised lawmakers for encouraging further drilling language.

"Developing these reliable domestic domestic resources in an environmentally sound manner will help address high energy prices, strengthen our energy security and protect manufacturing jobs," he said.

Chemical makers, who use vast quantities of natural gas to churn out plastics and petrochemicals, have been especially hard-hit.

"Today's historic action is an enormous victory in the fight against a six-year-old natural gas crisis that's been killing American jobs, making the United States less competitive with other nations and costing households across the nation more for home heating and electricity," Jack Gerard, president of the American Chemistry Council, said in a prepared statement.

Environmental groups, however, fear continued drilling will harm the nation's coastline and exacerbate the nation's dependence on fossil fuels.

"Unfortunately, passing a bill that benefits the oil and gas industry is a fitting way to close the door on this Congress," Sierra Club Executive Director Carl Pope said in a statement. "Let's hope this is Congress' one last fling with Big Oil and that we can make a fresh start to achieving true energy security with the new year and the new Congress. "

Democrats will take control of Capitol Hill next year and already have signaled little interest in promoting further oil and drilling.

The bill also will compensate Texas and other Gulf producing states for bearing the brunt of the nation's offshore drilling activity by providing new money for coastal restoration projects.

The legislation calls for turning over 37.5 percent of federal revenues generated by production in these new areas. Then, in 2017, the four Gulf producing states would collect 37.5 percent of the revenues from all new leases in the Gulf.

Texas is expected to collect somewhere between $25 million and $64 million over the next years from this revenue-sharing formula, according to staffers with Sen. Mary Landrieu, D-La., the champion of the provision.

Democrats Have Plans, But They'll Need To Pay (LAT)

By Joel Havemann

The Los Angeles Times, December 10, 2006

WASHINGTON — After being out of power for 12 years, Democrats will take control of Congress next month with a wish list of new programs, including more money for college student aid, the No Child Left Behind schools initiative and Medicare prescription drug benefits — plus tax relief for middle-income Americans.

But there's a hitch: The Democrats also have promised to restore fiscal responsibility and not increase the federal deficit.

"The debt is spiraling out of control," Sen. Kent Conrad (D-N.D.), incoming chairman of the Senate Budget Committee, said last month. "The needs and wants are limitless, but our power to meet them is highly limited."

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Democrats' expansive vision of the government's role in American life is on a collision course with budget deficits that are already running about $250 billion a year. The Concord Coalition, a lobby for fiscal responsibility, warns that the deficit could reach $800 billion in 10 years if Congress enacts all the programs its members are talking about.

In the education budget, for example, some leading Democrats have discussed cutting the interest rate on federally subsidized student loans in half — boosting the federal interest subsidy by an estimated $18 billion over five years — plus increasing Pell Grants for college students by 25% and raising funding for the No Child Left Behind program by as much as $16 billion.

Among all the spending initiatives being discussed on Capitol Hill, perhaps none would cost so much so soon as closing the "doughnut hole" in the new Medicare prescription drug program. This refers to the fact that after beneficiaries buy $2,250 worth of drugs a year with federal help, they get no more subsidy until they have spent another $2,850 out of their own pockets. Having the federal government pick up those expenses would cost the Treasury an estimated $50 billion a year for the first 10 years.

Lawmakers of both parties want to provide relief to the growing number of middle-income taxpayers subject to the alternative minimum tax, designed in the 1960s to prevent the wealthiest taxpayers from paying next to no income taxes. Raising the income thresholds for the alternative tax would exempt more middle-income taxpayers, but could also cost the Treasury an estimated $40 billion to $80 billion a year over the next 10 years.

"The question is, which will win out — the people with political agendas or those with budget discipline," said Robert Bixby, the Concord Coalition's executive director. "In my experience, fiscal discipline usually comes out second.

"What is different this year," he added, "is that the Democrats made a big deal out of budget discipline. They'll look pretty silly if they abandon it."

Here are some of the options Congress has:

Pay-as-you-go

The foremost money-saver proposed by Rep. Nancy Pelosi of San Francisco, the next Speaker of the House, is a "pay-as-you-go" rule requiring that any legislation to cut taxes or increase spending include offsets that would keep the deficit from growing. "Offsets" is a neutral way of saying tax increases or spending cuts. A form of paygo, as pay-as-you-go is known, was the law from 1990 through 2002. Every year the White House toted up the impact of legislation on the deficit; if the effect had been to make the deficit larger, compensating across-the-board spending cuts would have been ordered.

The drawback: The problem with paygo is that it is easily circumvented, which is exactly what has happened in the past. In the last three years of the Clinton administration — an era of budget surpluses — appropriations bills that would have violated paygo carried provisions exempting them. In 2001, when the first round of President Bush's tax cuts would have required huge spending cuts, Congress again waived paygo's strictures.

Put a cap on spending

Congress could also impose caps on spending for programs over which it exercises year-to-year control. The Senate used spending caps in concert with paygo until it expired in 2002. The cap was usually a single dollar amount that limited all "discretionary" spending in annual appropriations bills for a host of programs, including abandoned mine reclamation and the Yucca Mountain nuclear waste repository.

Democratic leaders have not decided whether to support such caps, but the moderate-to-conservative Blue Dog Democrats, who hold the balance of power in the House, are in favor of them.

The drawback: Spending caps don't apply to giant benefit programs such as Social Security and Medicare, and so they cover only about one-third of all federal spending, limiting their impact on the overall budget. Under spending caps, Congress would have to focus its "discipline" on the non-defense, discretionary portion of the budget.

While non-defense discretionary spending has risen by only about 4% a year during the Bush presidency after adjustment for inflation, defense spending has increased by about 10% a year. Outlays for Social Security and Medicare have grown by more than 5% a year and are on course to grow much faster as the baby boom generation reaches retirement age.

Collect taxes owed

One revenue-raising scheme that enjoys bipartisan support is closing the "tax gap" — the taxes that Americans owe but don't pay on time, if at all. The IRS estimated this year that the tax gap in 2001 — even after late payments, many resulting from IRS audits — was a breathtaking $290 billion, more than the entire federal deficit.

"Closing the tax gap has got to be one of our top priorities," said Conrad, who plans to hold hearings on how to narrow the budget deficit.

The drawback: Collecting overdue taxes may be easier said than done. For one, some of that money is owed by people who have no resources to pay it.

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And a large share — nearly half — represents taxes owed on business income, which is difficult for the IRS to identify, much less collect. That's because, unlike wage income, which is reported to the IRS by the taxpayer's employer, the government gets no independent confirmation of much business income.

Raise taxes

The more direct way to pay for new programs is simply to raise tax rates or end tax breaks.

Pelosi's agenda includes scaling back the federal subsidies and tax breaks enjoyed by the big oil companies at a time when the sector's profits quadrupled between 2002 and 2005. And she would correct an Interior Department oversight in the late 1990s that allows the oil companies to drill for oil offshore without paying royalties to the government no matter how high the price of oil rises.

At the top of Sen. Edward M. Kennedy's (D-Mass.) list are millionaires, who he says have benefited disproportionately from the Bush tax cuts. When asked by reporters how he would pay for his wish list of social programs, he said he would leave the middle class alone but could support a millionaires' tax.

The drawback: Any proposed tax increase is both an economic and political risk. Republicans — and some Democrats — can be expected to resist mightily; the Bush administration argues that any tax hike would jeopardize the economic growth that began when the 2001 recession ended. More than that, raising taxes could alienate voters.

Save on Medicare drugs

Democrats have called for changes in Medicare that would allow it to negotiate lower prices with the manufacturers of the prescription drugs subsidized by Medicare's new drug program. Kennedy said Medicare could save $140 billion over 10 years if it negotiated drug prices the way the Veterans Affairs Department does.

The drawback: Some question whether that much savings could be carved out of Medicare drug purchases. The Bush administration notes that the insurance companies that operate the drug program already negotiate low prices with the drug makers.

And the comparison with the VA may not apply because Medicare offers a much greater choice of drugs than the VA does, forcing its costs higher.

Democrats May Give Alternative Energy A New Push (NYT)

By Norm Alster

The New York Times, December 10, 2006

THE fortunes of alternative energy companies have been linked to two factors outside their control: oil prices and politics.

Rising oil prices have moved in the companies' favor over the last few years, making the price of producing energy from wind, solar, geothermal or organic sources more competitive.

Now some analysts and money managers are hoping the imminent Democratic takeover of Congress will also be bullish for alternative energy stocks by improving prospects for favorable legislation for the industry.

One likely initiative, known as a national renewable portfolio standard, would require utilities to derive 10 percent of their electricity output from renewable sources by 2020. Currently, less than 3 percent of electricity is generated from such sources. Senator Jeff Bingaman, Democrat of New Mexico, the presumptive chairman of the Senate Energy and Natural Resources Committee, says he hopes to pass "some version" of a renewable portfolio standard in the next Congress.

The details of such legislation — as well as whether it would be approved by Congress and signed by President Bush — are very much uncertain. But that hasn't stopped investors from placing their bets.

Democrats may be in the forefront, but they aren't the only ones to jump on the alternative energy bandwagon, said Randy Gwirtzman, a research analyst at Baron Capital, which is based in New York. "Both sides of the aisle have shown they're in favor of alternative energy sources," he said.

Senator Jeff Sessions, Republican of Alabama, for example, is concerned about the nation's reliance on imported oil. "With the surging prices of oil," he said, "there's a strong feeling among Republicans that our economy and national security can be damaged if we don't decrease our dependency."

Mr. Gwirtzman recommends shares of SunPower, which he said has a highly competitive solar-cell product line that is well positioned to benefit from a more sympathetic Congress. Stuart Bush, technology analyst at RBC Capital Markets based in Austin, Tex., also likes SunPower, which is a spin-off of Cypress Semiconductor. Mr. Bush says SunPower solar cells are more efficient than the industry average in converting solar energy into electricity. Unlike many other alternative energy companies, SunPower already generates a small profit, and its revenue could reach $600 million next year and $1 billion in 2008, Mr. Bush said.

A renewable portfolio standard should help alternative energy move closer to parity with traditional energy sources, Mr. Bush said. "Each technology individually is on a path to reducing costs and achieving parity with traditional energy sources,

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some very dramatically. The wind industry is probably closest to achieving economic viability without any support" from the federal government.

One company he favors is Zoltek, which makes lightweight carbon-fiber blades for wind turbines.

Zoltek could also be helped by a longer extension of federal renewable energy tax credits, a legislative goal of wind-energy lobbyists. The production tax credits, which reward electricity producers for each kilowatt of energy they generate from renewable sources, are scheduled to expire next year. In the past, the credits have typically been extended for two years at a time, which the wind-energy industry maintains is too short a period to stimulate long-term investment.

Democrats will support a longer extension, Senator Bingaman said. "Clearly, we do need to extend those tax credits that relate to renewable energy, and we need to do so for a longer period," he said.

A consensus on alternative energy is perhaps closest in biofuels, which have the support of many Republicans, particularly from farm belt and southern states. "I do think we need to increase the use of biofuels as much and as quickly as possible," Senator Sessions said.

He said he favors increased research support for cellulosic ethanol — ethanol produced from plant matter — along with government aid to test production of the fuel. The Bush administration is soon expected to outline a plan to aid cellulosic development.

Matthew W. Patsky, co-portfolio manager of the Winslow Green Growth fund in Boston, said that of all the alternative energy technologies, "cellulosic ethanol has the greatest upside." But he added that it was hard to identify worthwhile investments. "I don't know who's going to win," he said, because, at the moment, it is too costly to producing cellulosic ethanol.

In the meantime, most ethanol in the United States will be derived from corn, and Democrats in Congress plan several initiatives that would help the growing roster of publicly traded corn ethanol producers like Archer Daniels Midland, Aventine Renewable Energy, The Andersons, VeraSun Energy and Pacific Ethanol.

In a position paper on energy, the Democrats set a goal of having ethanol available at 10 percent of domestic gas stations by 2015, along with a mandate that would require automakers to increase production of vehicles that can run on either gasoline or an 85 percent ethanol mix. Such a mandate is necessary to push major oil companies that own many gas stations to install ethanol pumps, said Senator Charles E. Schumer, Democrat of New York. "We believe we have to push the country into alternative fuels whether the oil companies like it or not," he said.

But corn ethanol investments are risky because producers remain hostage to both rising corn prices and falling gas prices. A "sliding credit" that increases ethanol subsidies as gas prices fall "is the type of thing that has to be looked at," Senator Schumer said.

Still, oil and gas prices are likely to rise over the long term, with increased demand from China, India and other developing countries, he added. "Even if oil goes down $10, the price is still high enough for alternative energy to compete," he said. "Alternative fuels are viable with oil at $50 a barrel."

Senator Bingaman said he hopes to tighten standards on carbon emissions from coal-burning utilities by instituting a nationwide cap, along with "a market-based system for emitters to buy allowances to emit and trade allowances to emit."

Headwaters, a company based in South Jordan, Utah, that has technologies that treat coal to reduce sulfur, nitrous oxide and mercury emissions, stands to benefit from caps, Mr. Bush of RBC Capital said. He has a "high 30s" target for Headwaters shares, which now trade at around $24. The White House has opposed strict emission caps in the past, but opposition may be more muted this time around, the RBC Capital analyst said.

INVESTORS in alternative energy may also get help from the states. New Democratic governors in Massachusetts and Ohio are expected to join an alliance of Northeastern states that has pushed to tighten emission standards for coal-fired plants, Mr. Patsky said. One beneficiary might be Fuel Tech, which sells systems that reduce such emissions, he said. The stock is up more than 170 percent this year. It closed on Friday at $24.90, but Mr. Patsky said it could rise to $35 or $40 within a year.

Some states may also move to impose "green" building standards, Mr. Patsky said. Beneficiaries may include Interface, which makes synthetic carpets from recycled plastics, and Herman Miller, which makes extensive use of recycled materials in its office furniture.

The re-election of Gov. Arnold Schwarzenegger of California on an enthusiastically pro-environment platform could encourage other states to pass green legislation, Mr. Patsky said. "That single state alone could have tremendous impact."

Open Up (WP)

The Washington Post, December 10, 2006

MEMBERS OF the newly elected Prince George's County Board of Education should be commended for aiming to be agreeable and cooperative. It's similarly encouraging that incoming Senate Majority Leader Harry M. Reid (D-Nev.) wants to

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minimize "partisanship and gridlock." But if the only way these officials know to make nice is to do it in secret, they're missing the point.

Consider the charade that constituted the school board's election of officers last week. As reported by The Post's Nelson Hernandez, the elevation to chairman and vice chairman of R. Owen Johnson Jr. (District 5) and Verjeana M. Jacobs (At Large) was worked out behind closed doors hours before the public vote. Instead of debate and discussion, the public was presented with a done deal.

Mr. Johnson and Ms. Jacobs are proven leaders, and it's encouraging that this board is mindful of the history of acrimony that made the last elected school board so ineffective, ultimately leading to its abolition. But good government rests on the public's ability to witness how public business is conducted. In this case, the people of Prince George's were entitled to hear why these two officials were deemed best suited to lead the board in the coming year and to hear any contrary arguments.

Mr. Reid says he plans to open the 110th Congress with a closed gathering of all 100 senators. We're all for senators getting to know each other. But when they meet as the Senate, it should be in public. Reducing gridlock depends on more senators putting the public good ahead of the two-year electoral cycle, not on cooking up more deals behind closed doors.

The excuses for secrecy aren't always the same. Mr. Reid seems to be worried that the inflamed bases of each party might not tolerate public displays of bipartisanship. Prince George's officials, like D.C. Council members who have bottled up a badly needed open-meetings law, worry that public discussion becomes disingenuous and policymaking is cramped. But openness is hardly a revolutionary concept. A lot of jurisdictions across this country have opened their processes to public review. Maybe officials choose their words with a little more care, but there is still debate and compromise, disagreement and agreement, and government goes on. Anything less is an admission that public officials really can't be believed when they are in the public eye.

Incoming D.C. Council Chair Vincent C. Gray (D) is now mulling his council priorities; bringing sunshine to the decisions and deliberations of D.C. government should be at the top of his list. The Prince George's school board shouldn't be embarrassed to thrash out its disagreements before its employers -- the public, that is. And Mr. Reid ought to set a better example. As Lucy Dalglish of the Reporters Committee for Freedom of the Press said, "the only way to restore public trust in what the Congress is up to is have more transparency," not less.

Poor Bush Had A Week That Reeked (NYDN)

By Thomas M. DeFrank

New York Daily News, December 10, 2006

WASHINGTON - For a wounded President locked in a lethal downward spiral ever since his reelection, it was the cruelest week of all.

Not since Bill Clinton forlornly insisted that "the President is still relevant" after being trounced in the 1994 mid-term elections has a President struggled so hard to salvage his political traction.

In 72 hours last week, a bipartisan commission harshly repudiated Bush's Iraq policy. Incoming Secretary of Defense Robert Gates told senators the U.S. isn't winning the war. Then a British journalist snarkily asked at a White House press conference if Bush weren't "in denial" about Iraq.

For good measure, a new poll found only 27% of Americans back his Iraq policy, a new low. And a moderate GOP senator termed the policy "absurd" and possibly criminal.

"He'll be fine but he can't be doing very good," said a well-placed Bush source who talks with the President often. "It's been a terrible year, and it keeps getting worse."

Yet Bush is described by another recent visitor as still resolutely defiant, convinced history will ultimately vindicate him.

"I'll be dead when they get it right," he said during an Oval Office meeting last week.

Another Bush confidant, however, says the President reluctantly understands an Iraq course correction is mandatory:

"He is determined not to let Iraq go up in smoke and start a slaughter. But he knows something's got to give here. It just has to. We're going to start a pullout. The only question is when."

Despite the Democratic takeover of Capitol Hill and the steady cavalcade of grim news from Iraq, White House chief of staff Josh Bolten and political guru Karl Rove are busily overseeing Bush's State of the Union address, scheduled for Jan. 23.

Outside Republican sources report that except for isolated pockets of realism, the West Wing bunker hasn't yet absorbed Bush's diminished power.

"The White House is totally constipated," a former aide complained. "There's not enough adult leadership, and the 30-year-olds still think it's 2000 and they're riding high."

One White House assistant insisted to a friend last week that the election was merely a repudiation of Bush's execution, not his policies.

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"They don't get it," a GOP mandarin snapped. "The Iraq report was their brass ring to pivot and salvage the last two years, and they didn't grab it."

Even if the chaos in Iraq subsides, prospects for other Bush accomplishments in the twilight of his term are difficult at best.

"Short of doing something on Iraq, there's not much good he can do anymore," a key Bush adviser conceded.

A senior Republican official who enjoys excellent relations with the White House was even more downbeat.

"We will get an immigration bill, and the President will make a valiant but doomed attempt at entitlement reform," he said. "But we are looking at two frustrating years of gridlock and several foreign policy failures."

Disputed Nominee Myers Has An Abramoff Problem (LAT)

By Henry Weinstein

The Los Angeles Times, December 10, 2006

Five years ago, high-powered Washington lobbyist Jack Abramoff went to a dinner with top officials of the Interior Department, representatives of the White House and leaders of the National Mining Assn.

That Georgetown dinner has now come back to haunt one of the guests — William G. Myers III, who was the Interior Department's top lawyer at the time and for the last three years one of President Bush's most controversial nominees for a federal judgeship.

Last week, Myers was asked to explain why he testified earlier to the Senate Judiciary Committee that he had never met Abramoff.

Virtually every major environmental group in the country as well as civil rights, women's, labor and American Indian organizations have vigorously opposed Myers' nomination to the U.S. 9th Circuit Court of Appeals. Senate Democrats have succeeded in blocking his appointment, saying they feared Myers, who has spent much of his career as a lawyer and lobbyist for mining and grazing interests, would be an anti-environmental activist on the bench.

Myers' backers counter that he would bring balance to the 9th Circuit, which they maintain is too liberal.

Immediately after the November midterm election, Bush announced his intention to renominate Myers — who now practices law in Boise, Idaho — to the San Francisco-based court.

In recent days though, questions have arisen about Myers' March 2005 response to a query by Sen. Patrick J. Leahy of Vermont, the ranking Democratic on the judiciary committee. Leahy asked Myers whether he had ever had any contact with Abramoff, then the subject of intense federal investigations who later pleaded guilty to conspiracy and wire fraud and is serving 70 months in prison.

"I have searched my memory and files," Myers responded. "To the best of my recollection, I have never had any contact with Mr. Abramoff. I do not recall ever meeting him, speaking to him by phone, corresponding with him at any time, or otherwise having any contact with Mr. Abramoff."

A week ago, however, the Denver Post published a story based on information obtained under the Freedom of Information Act showing that Myers was among two dozen people attending the dinner on Sept. 24, 2001, with Abramoff. Sponsored by the Council of Republicans for Environmental Advocacy, the event was held at the home of Republican fundraiser Julie Finley.

On Tuesday, Leahy asked Myers in writing to explain the "discrepancy between your testimony to the Judiciary Committee and the documents obtained by the Denver Post."

Myers sent a written response to Sen. Arlen Specter (R-Pa.), outgoing chairman of the judiciary committee, saying, "I simply have no recollection of encountering Mr. Abramoff at the event. I did not know him or who he was. Nor do I have any recollection of meeting him after the event."

On Friday, Leahy said on the Senate floor that the Post story remained "unrefuted and unexplained." Leahy, who is set to become chairman of the judiciary committee in January, said Bush had "squandered an opportunity to fill Idaho's vacancy on the 9th Circuit" by renominating Myers.

Sen. Dianne Feinstein (D-Calif.), who has opposed Myers' bid for a judgeship on the grounds that he lacks the necessary qualifications and independence, was more pointed. "The revelation that Mr. Myers gave seemingly misleading responses to the judiciary committee about his contact with Jack Abramoff raises yet another question about his nomination," Feinstein said.

"In light of the many concerns about Mr. Myers' fitness to serve on the second highest court in the nation and the bipartisan Senate opposition to Mr. Myers' nomination, I hope that the president will choose not to renominate Mr. Myers in the 110th Congress," Feinstein added.

But Blair Jones, a White House spokesman, said the president had no intention of withdrawing the nomination. "We believe that Mr. Myers is well-qualified, and we look forward to his confirmation," Jones said Friday afternoon

Representatives of environmental groups and Indian tribes said the latest revelations heightened their concerns about Myers.

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Among their earlier concerns: Myers' role in promoting a proposed 1,600-acre open-pit gold mine that would be adjacent to federally designated wilderness in Imperial County. The area contains 55 recorded historic properties eligible for listing on the National Register of Historic Places, as well as religious sites, including prayer circles, ceremonial places, shrines and petroglyphs. While serving as the top lawyer at the Interior Department, Myers supported development of the mining operation by Glamis Gold Ltd. of Canada.

Attorney Courtney A. Coyle, who represents the Quechan tribe, said in a telephone interview last week that the new documents showed that Myers was at the Sept. 24, 2001, dinner — whose guests included Interior Secretary Gale A. Norton and top leaders of the National Mining Assn. who supported the Glamis project — and that he met the next day with Interior Department lawyers to discuss the project.

In October 2001, Myers reversed his predecessor's opinion to block the Glamis project and allowed it to move forward.

Two years later, a federal judge in Washington, D.C., ruled that Myers had "misconstrued the clear mandate" of the Federal Lands Policy Management Act, which "by its plain terms, vests the secretary of the Interior with the authority — and indeed the obligation — to disapprove" mines that "would unduly harm or degrade the public land."

Cardin Is Learning The Ropes, His Role (WP)

By Matthew Mosk

The Washington Post, December 10, 2006

Congressman Benjamin L. Cardin had only just stepped onto the U.S. Senate floor this month -- his first visit to the august chamber since this fall's election -- when he instinctively pulled out his cellphone.

Before it reached his ear, Cardin says he felt a sharp jab from Sen. Barbara A. Mikulski (D-Md.), who snapped, "Don't you dare!"

After 20 years in the nation's lower chamber, and 20 more as speaker of the Maryland House of Delegates, Cardin (D) is still adjusting to the peculiar customs of his new job. But in the unmarked basement warren of transition offices for new members, the soon-to-be junior senator from Maryland said he is brimming with plans.

"I'm not coming to the Senate to retire," said Cardin, 63, when asked about the charge that his Republican opponent, Lt. Gov. Michael S. Steele, frequently leveled during a year of campaigning. "I'm going to be very busy. And I won't waste a minute."

The man who once advised freshman House members to zero in on one or two subject areas and develop a specialty, quickly discovered that he would have to abandon that approach after two decades as one of the House's experts on health-care and pension matters. He served on one panel: the powerful Ways and Means Committee.

When Harry M. Reid (D-Nev.), who will become Senate majority leader next month, called Cardin shortly before the election to ask what committees might interest him, Cardin said his answer was Finance, where such matters are often deliberated.

"He said, 'Not gonna happen,' " Cardin said, laughing.

Instead, Cardin will find himself in the thick of deliberations over the Iraq war as a member of the Foreign Relations Committee and will serve on panels that deal with the budget, the environment, minority business and judicial appointments. When he rattled off the list of committees during an interview last week, Cardin paused at the thought of it. "I'm wondering how I'm going to be on five committees," he mused.

James A. Thurber, director of the Center for Congressional and Presidential Studies at American University, said Cardin will see a "significant difference" as he switches chambers. Serving on all those committees means that he will be able to range across a wide area, which he is likely to find liberating.

What he is not likely to be, Thurber said, is a headline-grabber -- perhaps in contrast with his Democratic colleague across the Potomac in Virginia, Sen.-elect James Webb, who quickly made waves.

Cardin said he didn't see the exchange between Webb and President Bush at a White House reception for freshman members of Congress. Bush asked, "How's your boy?" referring to Webb's son, a Marine serving in Iraq. After a brief exchange, Webb replied, "That's between me and my boy, Mr. President."

Cardin's exchange with the president that evening was "very friendly," he said. Bush ribbed him about his tough campaign against Steele, the GOP's candidate.

In the end, Maryland political observers from both parties said last week, Cardin is likely to become a natural successor to the man whose seat he will take, retiring Sen. Paul S. Sarbanes (D), a workhorse who shapes policy and legislation without much attention.

"He's a legislative workman," Steny H. Hoyer (D-Md.), who will soon be House majority leader, said of Cardin. "When Ben hears a problem and hears testimony, he knows how to turn that into a legislative solution. In the Senate, that legislative skill, that problem-solving skill, will really be valued."

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Big Names, Big Dollars In Bush Library Bid (HC)

By Thomas Korosec

Houston Chronicle, December 10, 2006

DALLAS — For a president, it's a place where his legacy is polished and set on display for posterity.

For the host town, a presidential library can mean an instant tourist attraction and a shot of economic vitality.

Three Texas universities are hoping to land the George W. Bush presidential library, and each is calling in its own heavy hitters and Bush backers to try to make the case.

Baylor touts its location, Southern Methodist University its personal ties and the University of Dallas its spacious site.

The president's library site-selection committee, which has been working entirely in private, could choose a winner among the three finalists as early as next month.

SMU, Laura Bush's alma mater, has been widely considered the frontrunner since the first lady told the Houston Chronicle in a 2005 interview that the school is her sentimental favorite.

The president's wife, who sits on the SMU board, also indicated the Bushes are likely to re-establish a home in the Dallas area, where they lived before moving to Austin in 1995 when he became governor.

Giving the school another edge, White House counsel Harriet Miers, another SMU graduate, is among the close friends and advisers of the president who have been said to be participants in the decision.

Attempting perhaps to level the field, Baylor and the University of Dallas have enlisted their own prominent Bush supporters to make their pitches.

Houston Astros owner Drayton McLane, a Bush friend and Baylor alumnus, was recruited to head the school's presidential library steering committee.

The University of Dallas, meanwhile, brought along Bush supporter Nancy Cain Marcus when it presented the school's proposal to the selection committee in Washington last fall.

Big financial supportSMU has had some deep-pockets help as well. Dallas oilman Ray Hunt gave the school $35 million to buy a shopping center at a corner of the campus as a potential library site.

"You have all the key supporters lined up behind their pick of the three schools," said James "Skip" Rutherford, head of the William Jefferson Clinton Foundation and a key player in the building of the Clinton library in Little Rock, Ark.

"When one is picked, my sense is that they'll coalesce around whatever site President Bush decides on."

Presidential libraries are built by private donations but are run by the National Archives and Records Administration.

The bulk of private donations, which can be unlimited in size, typically comes from a president's loyal supporters, foundations and foreign governments, Rutherford said.

Bush's library, which could cost $200 million or more, is expected to include a library housing the president's papers and archives, a museum and a public policy think tank.

The institute, on the order of Stanford University's Hoover Institution, would perpetuate — some say burnish — Bush's legacy and promote his policies beyond his presidency.

Three strong proposalsRutherford, who has visited the three sites and consulted with the committee and schools, said all three proposals have strengths — and supporters who are ready to step in to make up for their possible weaknesses.

"It's truly a three-way contest," he said. "I told (Bush adviser) Karl Rove he has three good choices."

At Baylor in Waco, he said, the library would have the advantage of being "a big fish in a little pond" and the "top draw in the city."

The $165 million Clinton library drew 500,000 visitors in its first year and transformed a formerly rundown warehouse district in Little Rock by anchoring about $1 billion in new development, he said.

Waco, a city of 120,000, could be similarly transformed, Rutherford said.

Baylor and SMU didn't wait for the Bush committee's request for proposals before they began working to land the project. Both schools wrote letters of interest in hosting the library even before Bush won election in November 2000.

Tommy Lou Davis, Baylor's director of the library project, said the school is offering a 150-acre site "of naturally beautiful land on the banks of the Brazos River."

More than 30 million people a year pass by the location on Interstate 35, she said.

The school is pitching its proximity to the George H.W. Bush and Lyndon Johnson libraries in College Station and Austin, respectively, and the fact that the site is just 20 minutes from the president's ranch west of the city.

Davis said the city's civic and political establishment is lined up behind the school's bid. A local businessman, Clifton Robinson, has offered to finance the $6 million public share of a $35 million four-star hotel near the Bush complex if Baylor is selected.

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New image wantedThe city's small size and its association with events such as the Branch Davidian siege and the 1953 tornado that devastated its downtown have tended to crop up in media accounts of the school's bid.

And in Waco, the unflattering portrayals rankle residents.

"I wish people would give us a break," Davis said. "I don't see anyone remembering that JFK was shot in Dallas, and that was after the tornado in Waco — if we're going to start drumming up all these old things."

SMU, whose staid Georgian-style campus takes up the southeast corner of wealthy University Park, has declined to make public any details of its library bid, including where on campus the library would be.

"We have presented options to the selection committee and not specified in public where those options are," said Brad Cheves, SMU's vice president for development and external affairs. "Of course, there is speculation."

Shopping center purchasedMost of the speculation centers on the southeastern portion of the campus, where the university has been buying property and where the Hunt gift was used to purchase the 4-acre Park Cities Plaza shopping center.

It is also adjacent to Central Expressway, which is the only access to the campus that does not involve Park Cities' already overburdened two-lane residential streets.

The university has been feverishly trying to remove obstacles to acquiring all the land in the densely developed area. It cleared one hurdle Friday when a federal judge ruled the university has proper title to a condominium it purchased last year.

Two condo owners who have refused to move out accused the university in civil lawsuits of using fraud and intimidation to take their property for what they said is clearly the library site.

"We think the lawsuit is without merit," Cheves said, adding that it has had no bearing on the university's proposal or a decision by the Bush site committee. "It is unrelated to the proposal process."

The university still must buy several other properties in the area. And acquisition of a strip of parkland behind the shopping center will require approval by University Park voters.

Some Dallas officials, including Mayor Laura Miller, have expressed concern that a heavily visited library at SMU will cause traffic nightmares in an already crowded area.

The university says those concerns are overstated.

"SMU has been in its location for more than 100 years, and we're accustomed to having special events and community activities," Cheves said. "This would be no different."

By contrast, the University of Dallas, which is west of the city in Irving, is offering the most spacious site.

Its hilly, wooded 300-acre site off Texas 114 has a view of downtown Dallas and easy access to the area's two commercial airports.

The city of Irving has proposed committing $50 million in hotel/motel taxes to construction of the library, which would be near Texas Stadium.

City officials expect the stadium to be torn down and the site redeveloped after the Dallas Cowboys move to Arlington in 2009.

With approximately 3,000 students, though, the Catholic liberal arts university has a much lower profile than its two bigger rivals.

Rutherford said vacationers traveling by car make up the bulk of visitors to the Clinton library and other presidential libraries across the country. The three finalists are all close to interstate highways, he pointed out.

Big crowds expectedGeneral attendance tends to spike in the opening year, and again upon the president's death, according to National Archives figures.

The Ronald Reagan hilltop library museum, which is in Simi Valley, Calif., west of Los Angeles, broke that mold when it added an Air Force One exhibit and attendance shot up to 440,000 in the 12 months ending in October, archives records show.

Regardless of which site is picked, Rutherford said he expects the Bush library will be a big draw.

"So much has happened during his presidency that people are going to want to know about," he said. "9/11, that was this generation's Pearl Harbor. There are so many major events: the Iraq war, Katrina, the tsunami. People will want to come to this library."

Discovery Takes Off On A Complex Mission (NYT)

By John Schwartz

The New York Times, December 10, 2006

CAPE CANAVERAL, Fla., Dec. 9 — Night became day on Saturday as the shuttle Discovery muscled its way off of the launching pad with a shuddering roar on a mission to rewire the International Space Station.

With a blinding streak of yellow flame that left a mark on the retina and a lump in the throat, the shuttle and its crew of seven astronauts lifted off at 8:47 p.m. in the program's first nighttime launching in more than four years.

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It was the second launching attempt for the Discovery. Weather concerns forced mission managers to scrub on Thursday, and on Friday the forecast was even worse. Early Saturday, there were high crosswinds here at the John F. Kennedy Space Center landing strip.

But the winds died and the weather improved as the evening progressed, and the mission management team ultimately gave approval for launching.

Just before beginning the final countdown, the shuttle launching director, Michael D. Leinbach, polled his team and then called to the Discovery's commander, Mark L. Polansky, using his nickname.

"O.K., Roman, 48 hours makes a tremendous difference," Mr. Leinbach said. "The weather is outstanding, the vehicle is in great shape, so we wish you all good luck, Godspeed, and we'll see you back here in 12 days."

After liftoff, the firing room erupted in cheers and applause, and Mr. Leinbach said, "Calm down now, we've got eight minutes to orbit."

Those eight minutes passed with exceeding smoothness. The crew and the launching team calmly communicated the milestones of reaching orbit: the "go at throttle up" call about a minute into flight as the shuttle passed through the zone of maximum turbulence; the separation of the solid rocket boosters; the main engine cutoff; and the separation of the external tank. Discovery was well on its way to catching up with the space station on Monday.

Since the loss of the shuttle Columbia in 2003, liftoffs have taken place during the day so NASA analysts can look for the kind of liftoff debris that doomed that shuttle and its crew. This nighttime launching made it harder to make out any debris in the images from the camera on the shuttle's external fuel tank, but those images and data from radar and other sensors will be scrutinized for signs of damage to the craft. "We'll have lots of looks at it," said LeRoy Cain, the head of the launching mission management team.

The 12-day mission promises to be one of the most complex in the history of the shuttle program. The astronauts are to install a stubby extension to the station's structure and reconfigure its electrical system to receive power from new solar arrays.

The mission also includes a tricky effort to coax a solar array that has been standing atop the station for six years to fold itself into a more compact form, out of the way so that the new array can rotate to face the sun continuously.

The work will prepare the station to generate the power it will need for the next rounds of construction and expansion, and to meet the needs of a crew that will eventually double to six from three. Spacewalkers will unplug and reattach 112 power connectors in the process.

The rewiring is risky. Half of the space station's electrical system will be powered down as its wiring is reconfigured, and then brought up again. Then, in another spacewalk, the astronauts will shut down the other half of the station's electrical system. Crucial systems will remain online, since they can receive power from either power network. But some lights, communications systems and other components will be turned off during each of the two rewiring spacewalks, and mission managers have fretted about what might happen if those do not come back online.

Then, after the power procedure is complete, the astronauts must start cooling pumps that will control the temperature of the circuit control boxes. The pumps have not been used in four years, and that, too, has managers sweating.

Just two members of the Discovery's crew — Commander Polansky, a former Air Force test pilot, and Capt. Robert L. Curbeam Jr. of the Navy — have been to space before. The rest of the crew members will be taking their first trip, including the pilot, Cmdr. William A. Oefelein of the Navy; Cmdr. Sunita L. Williams of the Navy; Nicholas J. M. Patrick; Joan E. Higginbotham; and Christer Fuglesang, the first Swedish astronaut and a representative of the European Space Agency.

Commander Williams will remain on the space station for six-months, and Thomas Reiter of the European Space Agency, who has been living on the station, will climb aboard the shuttle for his ride back to earth.

In the post-liftoff briefing on Saturday night, the NASA administrator, Michael D. Griffin, said the shuttle and the station were now part of a larger effort to return to the work of sending humans to explore the Moon and the planets.

"We have to learn to live on other planetary surfaces," Mr. Griffin said, "and use what we find there and bend it to our will — just as the pilgrims did when they came to what is now New England."

It is part of what it takes "to become a space-faring nation," he said, adding that it is up to NASA to make that happen.

"Sometimes we stumble," Mr. Griffin said. "Today, we didn't stumble."

Shuttle Discovery Climbs Into Night Sky (LAT)

By John Johnson Jr., Times Staff Writer

The Los Angeles Times, December 10, 2006

The launch is the first after dark since the Columbia disaster.

The shuttle Discovery roared into space Saturday night on a 12-day mission to continue construction of the International Space Station and reconfigure the station's electrical system.

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It was the third launch in the last five months and the first nighttime launch in more than four years as the American space agency continues its recovery from the 2003 Columbia disaster.

"We look forward to lighting up the night sky and rewiring the ISS," shuttle Commander Mark Polansky said just before the shuttle's engines ignited at 8:47 p.m. EST at Kennedy Space Center in Florida.

The three main engines and two solid rocket boosters, providing 7 million pounds of thrust, propelled the shuttle from a standing start to its orbiting speed of 17,400 mph as it made its eight-minute climb to space.

Early reports from ground safety officers indicated that the launch appeared clean.

Launch Director Mike Leinbach said the successful launch was the best sign yet that NASA had fully recovered from the Columbia disaster.

"We're getting back in the groove. We're getting back in business," Leinbach said.

NASA Administrator Michael D. Griffin said the launch marked another milestone in finishing the space station and going beyond.

"The space station is on the footpath toward becoming a space-faring nation," Griffin said, referring to plans to return to the moon and then head on to Mars.

Navigating space is one of the most technologically difficult tasks mankind has faced, he said.

"We do it as well as we can. Sometimes we stumble. Today, we didn't stumble," Griffin said.

Several days of analysis of radar images from the ground and an on-orbit inspection by the shuttle crew will be required to make sure there were no problems, such as the one that doomed Columbia. A piece of foam insulation flaked off the external fuel tank during Columbia's launch and hit the left wing, tearing a hole in it.

NASA ground managers and the crew were unaware of the problem until the shuttle attempted to land, and atmospheric forces widened the damage and finally destroyed the shuttle.

The seven-person crew of Discovery has three major tasks.

It will deliver a replacement crew member to the space station, Sunita Williams, to replace European astronaut Thomas Reiter, who has been at the station since July.

Discovery will also deliver a 2-ton truss as NASA continues assembling the backbone of the station. The final task is the most challenging: to take the station off the temporary power grid it has been using for the last six years and bring online the giant set of solar arrays that were delivered by the last shuttle mission.

Power will be routed through four Main Bus Switching Units on the central truss attached in April 2002. These units have never been activated and were last checked in December 2002.

Three spacewalks will be required to complete the work. To minimize the danger of something going wrong and leaving the station without power, the spacewalkers will shut down only half of the station at a time.

The new truss section will be attached on the fourth day of the flight. The power and thermal reconfiguration will take place on Day 6 of the 12-day mission. The second half will take place during the third spacewalk on the eighth day of the mission.

NASA had required daylight launches for the first three missions after Columbia so the space agency could obtain good daytime photos of the fuel tank. NASA now believes it understands the foam problem well enough to launch at night, relying on radar to spot any debris flaking off the fuel tank.

Nighttime launches are necessary for NASA to stick to its announced schedule of completing construction of the station and retiring the shuttle fleet by 2010.

Another reason to get the flight in before the end of the year is that shuttle computers are not designed to make the changeover from the 365th day of the year to the first day of a new year.

NASA managers think they have a solution but are reluctant to try it if they don't have to.

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Discovery Lights Up Night (HC)

By Mark Carreau, Houston Chronicle

Houston Chronicle, December 10, 2006

Shuttle heads to space station for 12-day mission

CAPE CANAVERAL, FLA. — The shuttle Discovery thundered into the darkness with seven astronauts late Saturday, lighting up a wintry sky along the East Coast of the United States with a fiery fury.

Discovery soared toward a rendezvous with the international space station, where the shuttle crew plans to expand the electrical power-distribution grid.

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The liftoff from NASA's Kennedy Space Center was the first in darkness for a shuttle in four years. Discovery's 12-day mission will mark the third shuttle flight this year, the most the space agency has attempted since the fatal 2003 Columbia accident.

All will have flown in the past six months, establishing a launch pace that should enable the space agency to finish the construction of the half-built orbital base before the shuttle is retired in 2010, said NASA Administrator Michael Griffin.

"We are trying to get back to a normal operating tempo in the program to finish the space station," Griffin said. "On average we want to fly every two months."

Overcast skies forced a scrub of the first launch attempt Thursday night.

Discovery blasted off at 7:47 p.m. CST, with rockets igniting in a burst of billowing orange exhaust. The spacecraft climbed steeply on a northerly course, trailing a dagger of fire.

"Forty-eight hours makes a tremendous difference," Griffin said. "The weather is outstanding. The vehicle is in great shape."

NASA launch director Mike Leinbach radioed Discovery commander Mark Polansky as the shuttle astronauts were cleared to lift off.

"We look forward to lighting up the night sky," Polansky responded.

Discovery's departure placed the shuttle crew on course to dock with the space station shortly after 4 p.m. CST on Monday.

On Polansky's crew are pilot Bill Oefelein, flight engineer Robert Curbeam and four mission specialists — Christer Fuglesang of the European Space Agency, the first Swedish astronaut, Joan Higginbotham, Nick Patrick and Sunita Williams.

Curbeam, a veteran of two previous missions, will lead the mission's three spacewalks, joined on the first two by Fuglesang and on the last by Williams.

Williams has trained to remain aboard the space station until mid-2007, joining the outpost's current commander, Mike Lopez-Alegria, and Russian cosmonaut Mikhail Tyurin. Williams will replace European Space Agency astronaut Thomas Reiter of Germany.

This is considered among the most difficult of the 19 assembly missions NASA has flown to the space station so far.

The astronauts will spend today inspecting the wings and nose of Discovery for damage to the heatshield from flying launch debris. Though tracked by cameras and radar, Discovery's nighttime departure was expected to limit detection of damage.

Columbia's disintegration was traced to undetected wing damage from falling foam fuel-tank insulation. After three daytime liftoffs in the accident's aftermath, shuttle managers were ready to resume the night launches.

Discovery carries an $11 million, 11-foot-long extension for the station's growing solar power-generation system.

"Many of us consider this the most challenging space station flight we've done since we began the assembly effort," Mike Suffredini, NASA space-station program manager, said this week. "When the shuttle leaves (the space station) will not look much different than when Discovery got there, but it will be a dramatically different vehicle inside."

The current power system is adequate for the station's U.S. laboratory. The changes will rewire the system to distribute power from the solar power module delivered by Atlantis in September and two more modules due next year and in 2008. The added power will accommodate European and Japanese research modules and the life-support gear for more resident astronauts.

The six-hour spacewalks, which get under way in the mid-afternoon, are scheduled for Tuesday, Thursday and Saturday.

The astronauts are due to return Dec. 21.

Shuttle Launches At Night To Rewire Station (WP)

By William Harwood, Special To The Washington Post

The Washington Post, December 10, 2006

CAPE CANAVERAL, Dec. 9 -- The space shuttle Discovery, briefly turning night into day, streaked into space Saturday evening and set off after the international space station to rewire the outpost and activate its main power system.

With Cmdr. Mark L. Polansky and Pilot William A. Oefelein at the controls, Discovery climbed away from the Kennedy Space Center at 8:47 p.m., two days late because of low clouds and high winds.

Discovery put on a spectacular show as it thundered aloft atop 5,000-degree plumes of flame from its solid-fuel boosters. It was NASA's first night launch since the 2003 Columbia disaster, the result of increased confidence in the shuttle's redesigned external fuel tank.

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The brilliant light of the takeoff illuminated the shuttle's heat shield in the first two minutes of flight. But engineers will not be able to assess the health of the protective tiles until a detailed inspection Sunday by the astronauts and again during final approach to the space station Monday.

Discovery's mission is considered the most complex station assembly flight yet attempted and one of the most complicated in manned spaceflight history.

The astronauts will switch the space station from an interim power system, used during initial assembly, to an permanent setup, featuring new solar arrays installed in September and others set for launch next year. The station's two major power circuits must be powered down, one at a time, and then reconnected, leaving some critical systems without backups until the switchover is complete.

During two of three planned spacewalks, crew members Robert L. Curbeam, Sunita L. Williams and Swedish astronaut Christer Fuglesang will unplug and replug dozens of power lines and then stand by while ground controllers send hundreds of commands to reroute electrical power and activate the station's ammonia cooling system.

Without cooling, the main components in the electrical switching system will overheat. The cooling system is powered by the same switching units, so quick activation of two ammonia pumps is crucial.

Before any of that work can begin, however, the astronauts first must retract one of the solar arrays powering the interim system to provide the clearance needed to begin rotating the newly installed panels so they can track the sun.

The array that needs to be retracted has been fully extended for six years, and no one knows whether the huge panel will, in fact, fold up as required. In addition, the pumps needed to drive ammonia through the cooling system have never been powered up in space.

Williams will remain aboard the station, and German astronaut Thomas Reiter, launched to the space station in July, will return to Earth aboard Discovery in her place. Other crew members aboard the shuttle are Joan E. Higginbotham and Nicholas J.M. Patrick.

If all goes well, Discovery will return to Earth on Dec. 21.

Don't Colonize The Moon (LAT)

The Los Angeles Times, December 10, 2006

A manned moon mission doesn't make sense. Robots are better -- just look at their success on Mars.

WHEN IT COMES TO poetic vision, "Fly Me to the Moon" has it all over "Global Precipitation Mission." But the prosaic and twice-delayed NASA meteorology project would conduct a useful scientific study of Earth weather. A return to the moon is a romantic but expensive mission in search of a purpose.

NASA's announcement last week that it would erect a permanent moon station by 2020 as a sort of scientific way station to Mars was dramatic but not unexpected — especially not after President Bush gave a speech two years ago calling on the space agency to return astronauts to the moon and from there to Mars. NASA officials enthused about the international partners for the moon project and the savings they would achieve by using existing technologies. What they didn't say is how much it would cost — and more important, why do it in the first place except to recapture a wrinkled sense of glory.

Even NASA's "Why the Moon?" website doesn't really explain it. It's full of oddly cheerful videos ("We're going back to the moon … this time to stay!") suggesting that people might like to colonize the moon as a new home (not until the surf's up at the Sea of Tranquillity) and vowing that this will enable new scientific studies, encourage global cooperation and inspire children. These are laudable goals, all of which could be managed without a manned moon station and a 12-figure price tag. The U.S. and India already are working together on an unmanned space mission.

Manned moon flight may appeal to baby boomers, but it makes little scientific sense for most space missions these days. Robots can now perform, or be developed to perform, most of the tasks people would do at a moon station. And even if the world shares the goal of landing astronauts on Mars, this is a roundabout way to achieve it. Why re-create the old technologies for going to the moon when they are of no use to get to Mars?

For too long, NASA has been overspending on manned flight and under-funding scientific study. Vital missions to study the Earth's climate, for example, have been delayed for years or indefinitely. An unmanned scientific mission to scan for Earth-like planets in nearby solar systems, scheduled to launch in 2011, has been postponed until 2015.

Frank Sinatra recorded the song "Fly Me to the Moon" in 1964, five years before Neil Armstrong got there. These days, it makes more sense to have robots do the flying. Just last week, scientists announced they'd found evidence of water flowing on Mars — a possible harbinger of Martian life. The discoverer of this exciting news? The unmanned Mars Global Surveyor.

A Missile Defense System Is Taking Shape In Alaska (NYT)

By William Yardley

DOJ_NMG_0104910

The New York Times, December 10, 2006

FORT GREELY, Alaska, Dec. 4 — Snow fences help keep drifts from piling up on the missile silos. Heat-sensing security devices that monitor the edges of this 800-acre installation are sometimes set off by wayward moose.

And the soldiers here, members of the 3-year-old 49th Missile Defense Battalion of the Alaska National Guard, were just selected to help field test for the Army the third generation of the Extended Cold Weather Clothing System, seven layers of synthetic meant to resist the brutal winds that rip past the snow-clad peaks of the Alaska Range.

Four years after President Bush ordered a limited missile defense system to be built and nearly a quarter century after Ronald Reagan first proposed the Strategic Defense Initiative, this sub-Arctic outpost, once a cold war training site and still a cold-weather training site, is where progress on the long-embattled missile system is perhaps most evident, military officials say.

Eleven interceptor missiles are installed in underground silos here, buried beneath the snow and a former forest of black spruce. This summer, when North Korea signaled that it planned to fire an intercontinental ballistic missile, Fort Greely, which has never fired a test missile, was put on alert status, ostensibly ready to respond if necessary.

After the test either failed or was aborted, "there was a little bit of a letdown" at the base, said Lt. Col Edward E. Hildreth III, commander of the 49th, "because we were prepared."

That assertion, echoed by other commanders at Fort Greely during a limited tour of the base this week, comes a little more than three months after Secretary of Defense Donald H. Rumsfeld visited Fort Greely and expressed caution about the program's readiness. Critics have noted that tests on some parts of the system have failed and a recent successful missile test — in California, shortly after Mr. Rumsfeld's visit to Fort Greely — lacked decoys and was unrealistic.

Even as questions persist about capability, the missile defense program is pushing forward at a cost of at least $9 billion a year. About a third of that goes to the kind of operation that is based at Fort Greely, called Ground-Based Midcourse Defense, which is intended to shoot down enemy missiles while they travel through space. Vandenberg Air Force Base in California also houses two interceptors, but military experts say Fort Greely is better situated to interrupt the likely flight path of a missile from Asia or the Middle East.

Just a few years after being shut down, Fort Greely, about 100 miles southeast of Fairbanks, is now the destination of about 1,700 people, including some 200 soldiers, and the rest defense contractors and family members. The base's Brownie troop is at 16 girls and growing — Monday night they made root beer floats — just as the number of interceptors installed at the base is expected to expand to as many as 38.

Now, in a region with barely four hours of daylight in December, there is a new espresso shop on base and an expanded PX that sells flat-screen televisions.

Sgt. Jack W. Carlson III, an intelligence analyst, said he was assigned to Fort Greely before the Pentagon officials created the 49th Missile Defense Battalion. "We didn't have a name," Sergeant Carlson said. "We didn't have patches. We just called ourselves G.M.D.," for Ground-Based Midcourse Defense.

Sergeant Carlson married another soldier and has bought a house in nearby Delta Junction, population 840. He said he heated his house mostly with wood salvaged from the spruce left after a wildfire.

Before Fort Greely, he had been stationed in the Virgin Islands. He learned of openings in the missile defense program through an online posting, he said. "I'd been on the beach all my life, and it was time to see the snow."

Alaska has been crucial to American military interests since long before it became a state in 1959. Now, Adak, in the Aleutian Islands, is scheduled to become the home port of the Sea-Based X-band Radar, a long-delayed system built on a converted oil rig that is critical to the ground-based system's ability to track enemy missiles.

While the 49th is an Alaska National Guard unit, Colonel Hildreth reports to Col. Michael L. Yowell, commander of the 100th Missile Defense Brigade, based in Colorado.

Colonel Hildreth said he was well aware of criticism that missile defense was far from a perfected program. He said Fort Greely operated in a balance between operational mode and construction.

"We build a little, test a little," he said. "It's fluid."

A 12th interceptor will be installed this month. Last summer, however, when American intelligence learned that North Korea might be preparing to launch an intercontinental missile, much of the bustle of contractors on the site stopped. Fort Greely went on alert. The system that had struggled through tests faced the possibility of firing a live missile.

"It got quiet," said Col. Thomas M. Besch, director of Ground-Based Midcourse Defense for the Missile Defense Agency. "And all of a sudden no developmental activity occurred. You could feel in the atmosphere that people were on edge and ready. You were kind of waiting for something to happen, and it didn't."

Top Air Force Lawyer Had Been Disbarred (WP)

By Thomas E. Ricks

The Washington Post, December 10, 2006

A top Air Force lawyer who served at the White House and in a senior position in Iraq turns out to have been practicing law for 23 years without a license.

Col. Michael D. Murphy was most recently commander of the Air Force Legal Operations Agency at Bolling Air Force Base in the District.

He was the general counsel for the White House Military Office from December 2001 to January 2003, and from August 2003 to January 2005. In between those tours, he was the legal adviser to the reconstruction effort in Iraq, an Air Force spokesman said.

Murphy later served in 2005 as commandant of the Air Force Judge Advocate General's School at Maxwell Air Force Base in Montgomery, Ala.

He was relieved of his command at Bolling on Nov. 30 after the Air Force learned that he had been disbarred for professional misconduct in Texas in 1984 but hadn't informed his superiors, according to Air Force Times, an independent newspaper that first reported the action. It said that his status was discovered in the course of an unrelated review.

Murphy could not be reached for comment yesterday. Don Manuszewski, an Air Force spokesman, said that it would be inappropriate to comment because the matter is under investigation.

Murphy's exposure is the second major embarrassment to Air Force lawyers in recent years. In 2005, Maj. Gen. Thomas J. Fiscus, then the service's top lawyer, was demoted to colonel and subsequently retired after he was found to be having inappropriate relationships with subordinates.

OTHER NEWS:

Jefferson Overcomes Scandal, Wins Reelection (WP/AP)

By Cain Burdeau

The Washington Post, December 10, 2006

NEW ORLEANS, Dec. 9 -- Voters looked past a federal bribery investigation of Rep. William J. Jefferson (D-La.) and reelected the eight-term congressman in a runoff election Saturday.

Jefferson grabbed a commanding lead over state Rep. Karen Carter, a fellow Democrat, almost as soon as the polls closed in the New Orleans district. With 44 percent of the precincts reporting, Jefferson, had 61 percent of the vote.

Louisiana's 2nd District was one of the nation's last unresolved midterm races, and the runoff election put Jefferson in danger of becoming the only Democratic incumbent to lose this election year.

In her concession speech, Carter embraced family members and pledged to work with Jefferson, particularly on the area's recovery from Hurricane Katrina.

"I guess the people are happy with the status quo," she said.

Jefferson, Louisiana's first black congressman since Reconstruction, has been the target of a wide-ranging investigation into allegations that he took bribes -- including $90,000 allegedly found in his freezer during an FBI raid -- from a company seeking lucrative contracts in the Nigerian telecommunications market. He has not been charged with any crime and denies any wrongdoing.

He described his win as "a great moment and I thank almighty God for making it possible."

The scandal turned the campaign into a debate largely divided along racial lines, an age-old dynamic in this city that has intensified since Katrina displaced large numbers of blacks and upended their demographic and political dominance.

In the Nov. 7 election, whites overwhelmingly voted for Carter, 37, and were her most enthusiastic financial backers, while Jefferson, 59, drew widespread support among blacks.

Carter raised nearly five times as much money as Jefferson, but she was largely outflanked in endorsements as Jefferson picked up the backing of Mayor C. Ray Nagin and other prominent black politicians.

The endorsements spoke to Jefferson's solid footing in New Orleans politics. He arrived here in the 1970s as a Harvard-educated lawyer from rural north Louisiana, the sixth of 10 children brought up in a three-room country home. By 1980, he represented New Orleans in the state Senate.

Jefferson Swarms Back To Win Re-election (NOTP)

New Orleans Times-Picayune, December 10, 2006

Confounding political pundits and a slew of rivals who had become confident of his defeat, U.S. Rep. William Jefferson, D-New Orleans, neatly sidestepped a roiling federal corruption probe to win re-election on Saturday to his ninth term in Congress.

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Guilty pleas by aides and associates who admitted to bribing the congressman and the revelation in court documents that FBI agents had found $90,000 in marked bills stuffed into Jefferson's freezer had put the scent of blood in political waters.

A field of a dozen candidates began circling Jefferson in the primary. He

finished first, but with only 30 percent of the vote, inspiring conjecture that his performance amounted to repudiation of an incumbent and that he would surely lose the runoff against state Rep. Karen Carter, D-New Orleans.

Instead, Jefferson, 59, scored a dramatic upset by racking up huge pluralities in African African-dominated precincts in Orleans, and winning outright in Jefferson Parish, where Sheriff Harry Lee had spent his campaign.

The final margin for Jefferson in Jefferson Parish was 71% to 39% - a margin that can be attributed to Sheriff Lee's furious political assault in the closing days of the campaign. Lee not only endorsed to Jefferson, but in the final days, urged Jefferson Parish residents to stay home and not vote. The final tally shows that while 28% of registered voters cast ballots in the primary, only 15% voted Saturday.

Jefferson's victory was even more confounding because the Second Congressional District race was missing all the advantages that usually come

with incumbency. Carter had the edge in funding raising, including from business interests that had backed Jefferson in the past. Most of the high-profile endorsements - including those by two former Louisiana senators - went to her, as well.

Jefferson seemed to have secured his upset victory not in public debates or increasingly vicious ad campaigns but in grassroots campaign efforts that carried him to dozens of African-American churches, and, although he isn't a drinker, to many a Second District bar.

Despite the surprise win, Jefferson's problems are far from over. The federal corruption probe, which began on March 15, 2005, continues, and the congressman has all but said he anticipates an indictment.

Rep. Jefferson Holds On To His Seat In Louisiana (LAT)

By Ann M. Simmons

The Los Angeles Times, December 10, 2006

NEW ORLEANS — U.S. Rep. William J. Jefferson, the beleaguered congressman at the center of a federal bribery investigation, pulled off what many had believed would be impossible: He won reelection Saturday to Louisiana's 2nd Congressional District seat.

Jefferson, plagued by more than a year of scandal, received 57% of the vote in complete but unofficial returns. His challenger in the runoff election, Democratic state Rep. Karen Carter, had 43%.

Voter turnout was only about 16% on what turned out to be a cold and windy election day.

At a victory celebration, Jefferson called for unity "on the East Bank, on the West Bank, [between] black and white, rich and poor, with one objective: to recover this wonderful city."

In conceding, Carter told supporters that she had called Jefferson and offered to work with him because "we certainly can't do this alone."

Political analysts said voters in the district, which spans most of New Orleans and the West Bank of neighboring Jefferson Parish, were more concerned with maintaining the status quo than with change.

"It's a vote for continuity," Brian Brox, a political scientist at Tulane University in New Orleans, said of the results.

Jefferson trounced Carter among African Americans and had a strong showing in Jefferson Parish, according to a preliminary analysis by Greg Rigamer of GCR & Associates Inc. More whites voted for Jefferson than blacks did for Carter, according to the analysis. Both Jefferson and Carter are black.

Analysts believe that Carter's fate might also have been sealed by her failure to garner enough votes in Jefferson Parish, where Sheriff Harry Lee mailed out fliers during the final week of the campaign urging parish residents not to vote for her.

Lee and other Jefferson officials were outraged over comments Carter made in a recent Spike Lee documentary, criticizing Jefferson law enforcement officials for blocking Katrina evacuees from crossing a bridge to safety in their parish in the aftermath of the storm.

Jefferson, 59, has held his congressional seat for 16 years and rarely faced a serious challenge for it. The climate changed this year as a federal bribery probe unfolded. He was ousted from the House Ways and Means Committee after agents in an FBI raid said they found $90,000 stashed in a freezer of his Washington home.

Jefferson has not been charged with any crime, and insisted he was innocent.

Many voters believed him.

"I think they lied on him," Curtis Mimms, 82, said as he arrived to cast his ballot at the New Orleans Baptist Theological Seminary in the city's Gentilly neighborhood. "I think he can do the job."

When the congressman dropped by the seminary Saturday he was greeted with hugs, handshakes and smiles.

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Alfreda Baker, 55, said she voted for Jefferson because residents needed someone tough to ensure a break in the logjam in disbursing funds so homeowners could rebuild.

"It's ridiculous. It's been so long. We're taxpayers," said Baker, a retired educator. "Jefferson has proven that he knows who to go to. [Carter's] a new person. She's still just feeling her way."

Perrilyn White, 48, said Jefferson had "been consistent in his dedication to our city regardless of what he's done for himself." Since Katrina, Jefferson has introduced numerous pieces of legislation in Congress to help residents and businesses rebound.

The son of sharecroppers who went on to earn three university degrees and walk the halls of power, Jefferson's story has inspired many supporters.

Many voters said they respected Carter — a seven-year state legislator from a politically active family — but still considered her "a new kid on the block." Carter, 37, had run on a platform of restoring "credibility and respect to political service" and had argued that Jefferson's legal troubles prevented him from offering effective leadership.

"His election might not necessarily translate into an important position [within Congress]," said Brox, the political scientist. And, he said, Carter supporters might argue "what difference is your election going to make if you're not going to be on any important committees?"

Commentators said low temperatures and brisk winds, holiday shopping sales, and distraction over home rebuilding and other recovery activities usually tackled on weekends contributed to low voter turnout.

Many polling stations stood empty for large parts of the day.

"It's nothing particular against Jefferson or Carter," Brox said. "It is just a really bad time to hold an election."

Jefferson Appears Headed To Victory (RC)

By Josh Kurtz

Roll Call, December 10, 2006

Scandal-plagued Rep. William Jefferson (D-La.) appeared headed to an improbable re-election late Saturday night.

With 68 percent of the precincts reporting in the New Orleans-based 2nd district, Jefferson had 23,978 votes for 59 percent, while state Rep. Karen Carter (D) had 16,985 votes for 41 percent. Two New Orleans TV stations have projected that the nine-term Congressman will be the winner.

Jefferson won despite being the target of a yearlong FBI corruption probe. An ex-Jefferson aide and one of the Congressman's former business associates have already pleaded guilty in the case, and law enforcement authorities raided Jefferson's Capitol Hill office earlier this year.

Jefferson took just 30 percent of the vote in the crowded all-party primary that took place on Nov. 7, and Carter, fueled by the support of prominent Louisiana politicians such as former Sens. John Breaux and J. Bennett Johnston, placed second.

But New Orleans voters appear loyal to their embattled incumbents: Mayor Ray Nagin was elected earlier this year despite being criticized for the way he handled the Hurricane Katrina disaster in 2005. While Carter had significant white support, she evidently could not cut into Jefferson's advantage among the district's black voters.

Saturday's runoff marks the end of Louisiana's unusual election system of holding all-party primaries when the rest of the national holds its general election, and then holding runoffs a month later. Beginning with the 2007 gubernatorial race, party nominees will be chosen in closed primaries, and general election voters will go to the polls on November Election Day.

Candidates Woo Bush Donors For "Invisible Primary" (WP)

By Chris Cillizza, Michael A. Fletcher

The Washington Post, December 10, 2006

Last month, a group of Republican royalty gathered to be wined and dined by Gov. Mitt Romney in Boston. On Friday night, they ate at Copia, a pricey Mediterranean steakhouse. On Saturday, they had breakfast at the Four Seasons and then lunched at Fenway Park.

Key Romney advisers made presentations about the path to the presidential nomination they see for the Massachusetts governor. Others walked attendees through how a race would be financed.

Among the 160 or so wealthy Republicans the Romney campaign had invited for the weekend was a particularly important group of potential supporters -- the 40 or so men and women who were "Rangers" or "Pioneers" in the 2000 and 2004 campaigns of President Bush.

These Rangers, who raised $200,000 or more for Bush in 2004, and Pioneers, who each collected more than $100,000 as part of campaigns that redefined modern political fundraising, are being intensely courted by GOP presidential aspirants across the country, both in large gatherings such as the one in Boston and one-on-one.

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Bush's 2000 campaign forever changed the fundraising dynamic for presidential races, showing that an enormous early financial advantage was the same as winning an "invisible primary." In that race, there are no voters, elections or overt campaigning -- just the wooing of fabulously rich people with the rewards of insider status, complete with fancy titles.

So far, Romney and Arizona Sen. John McCain are well ahead among the Republican contenders, though neither yet has come up with monikers like "Pioneer" or "Ranger" to flatter the biggest donors.

The competition for these donors is one of the most important contests within the larger presidential race, serving as an early measure of a candidate's viability on the national stage, particularly because neutral observers peg the price of winning the 2008 presidential nomination at as much as $100 million.

In this new world of presidential fundraising, finding a wealthy person and persuading him or her to write a check is not the gold standard. Instead, the goal is to identify individuals who not only can contribute the federal limit of $2,000 but also can persuade 100 or so of their friends and business associates to do the same.

"It's important, because in the invisible-primary phase, elected officials who have their own organizations and their own power to endorse pay attention to who the big fundraisers are coalescing around," said Wayne Berman, a Bush Ranger in 2004 and a backer of McCain in the 2008 race.

Bush developed the Pioneer program while he was governor of Texas and preparing for his 2000 White House run. His early fundraising helped ensure that he was viewed as the inevitable GOP nominee and helped reduce the competition for the nomination.

The genius of the program was twofold: It let the fundraising team showily quantify its efforts, and it got donors involved in the day-to-day operations and planning of the campaign, according to Alex Vogel, a senior adviser to outgoing Senate Majority Leader Bill Frist (R-Tenn.).

"The relationship did not start or end when they wrote a check," Vogel said. "They were not just donors but part of the organization."

The big donors received top-level strategy briefings and were feted at campaign events. Many received appointments to the transition team after Bush was elected, and many others received ambassadorships, including Ron Weiser to Slovakia and Howard Leach to France.

Both Romney and McCain now count more than two dozen Pioneers and Rangers as supporters and have sought commitments from many others.

Former New York mayor Rudolph W. Giuliani has on staff Anne Dickerson, who ran the high-dollar program for the Bush campaign in 2004, and he has the backing of a handful of Bush Pioneers and Rangers. Other potential 2008 GOP candidates, including former House speaker Newt Gingrich (Ga.), Arkansas Gov. Mike Huckabee, and Sens. Sam Brownback (Kan.) and Chuck Hagel (Neb.), are far behind in the pursuit of these fundraising big shots.

Although Democrats do not have an equivalent for the Rangers and Pioneers, their leading candidates have already begun making the rounds of wealthy donors.

Last week, Sen. Barack Obama (Ill.) ventured to New York to meet with a group of potential donors assembled by liberal philanthropist George Soros.

And Sen. Hillary Rodham Clinton (N.Y.) has spent much of the past two years building a fundraising infrastructure that raised nearly $50 million for her lopsided reelection campaign. The donors who contributed to that campaign can give again, should she run for president in 2008.

Ed Rogers, a Republican lobbyist not affiliated with a potential presidential candidate, said that with just 14 months remaining before the first ballots are cast, any candidate not knee-deep in conversations with Rangers and Pioneers is already falling behind.

"We are going to have a nominee by February 6th," 2008, Rogers said. "You have to have all of your money at the opening gun."

McCain and Romney are mimicking the Bush model not only in terms of the individuals they are courting but also in the approach they are taking to their pitch: a heavy emphasis on personal attention, meeting one-on-one with prospective donors, inviting them on trips and even soliciting them in that old K Street favorite: at sporting events.

Sig Rogich, a Las Vegas image consultant who has worked for presidents Ronald Reagan and George H.W. Bush, said he first discussed becoming a major fundraiser for McCain nearly two years ago when the two men were ringside at a boxing match featuring former champion Oscar De La Hoya.

"I told him that if the time came that he became a candidate, I'd be there for him," Rogich said.

Ron Kaufman, who is supporting Romney, made up his mind on a flight with the Massachusetts governor over South Carolina not long ago.

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Kaufman, political director in the George H.W. Bush White House, had picked up a copy of Thomas L. Friedman's "The World Is Flat" and planned to give it to Romney. "Before I could even mention the book, he waxed eloquently in a soliloquy that I call 'The World Is Flat: The Oral Edition,' " Kaufman recounted. That episode about Friedman's treatise on globalization "cinched" his support for Romney, he said.

Anne Dunsmore, a California fundraiser, got to know Romney during his work as chairman of the Republican Governors Association and was impressed by what she called his sense of optimism. Although he never asked, Dunsmore decided that she would plug Romney into her well-cultivated network of political contributors, should he decide to run for president.

"It was an easy choice being part of this family, no matter what he chooses to do," said Dunsmore, a Bush Ranger who has worked on five presidential campaigns.

Although most Rangers and Pioneers expect and demand personal contact with the candidates seeking their help, their decisions on whom to support are often shaped more by a desire to be on the winning team than by a sense of friendship.

"It's much more like a professional recruitment than it is a romance," Berman said. "A lot of it has to do with discussions about how the campaign's fundraising is going to work, the team, what the candidate's approach on fundraising is going to be."

Rogich put it more bluntly. "At the end of the season, there is a column with an 'L' and one with a 'W.' I want to be in the 'W' column," he said.

Romney Pledged In '94 To Seek Gay Rights (WP/AP)

The Washington Post, December 10, 2006

BOSTON, Dec. 9 -- Massachusetts Gov. Mitt Romney (R) is facing new questions about his beliefs on gay issues after the emergence of a letter he wrote during his 1994 U.S. Senate run, in which he promised to be a stronger advocate for gays than Sen. Edward M. Kennedy (D).

The Massachusetts governor has emphasized his opposition to same-sex marriage in recent months as he positions himself for an expected 2008 run for the Republican presidential nomination.

The 1994 letter was written to the Log Cabin Club of Massachusetts, a gay Republican group, when Romney was courting gay voters during his unsuccessful campaign against Kennedy.

Citing Kennedy's record of advocacy for gays and lesbians, Romney wrote: "For some voters, it might be enough to simply match my opponent's record in this area. But I believe we can and must do better. If we are to achieve the goals we share, we must make equality for gays and lesbians a mainstream concern. My opponent cannot do this. I can and will."

A gay-oriented Massachusetts newspaper, Bay Windows, has also released a transcript of a 1994 interview with Romney during the Senate race.

"I think the gay community needs more support from the Republican Party, and I would be a voice in the Republican Party to foster anti-discrimination efforts," Romney said, according to the transcript.

Tony Perkins, president of the conservative Family Research Council, said Romney's comments were "quite disturbing."

"This is going to create a lot of problems for Governor Romney," Perkins told the New York Times. "He is going to have a hard time overcoming this."

Conservative activist Paul M. Weyrich told the Times, "Unless he comes out with an abject repudiation of this, I think it makes him out to be a hypocrite."

Romney was wrapping up a week-long trip to Asia on Saturday and could not be reached for comment.

In an e-mailed statement, Romney spokesman Eric Fehrnstrom said that, as governor, Romney has supported "traditional marriage" and "the needs of children."

The Pattern May Change, If... (NYT)

By Adam Nagourney

The New York Times, December 10, 2006

AFTER a 217-year march of major presidential nominees who were, without exception, white and male, the 2008 campaign may offer voters a novel choice.

But as Barack Obama, the senator from Illinois whose father is from Kenya, spends this weekend exploring a presidential bid in New Hampshire, and Hillary Rodham Clinton, the first woman to represent New York in the Senate, calls potential supporters in Iowa, the question remains: are Americans prepared to elect an African-American or a woman as president?

Or, to look at it from the view of Democrats hungry for victory in 2008, is the nation more likely to vote for a woman or an African-American for president?

Without question, women and blacks have made significant progress in winning office. The new Congress will include 71 women — one of whom will be the first female speaker of the House — compared with 25 when Representative Geraldine

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Ferraro, a Queens Democrat, became the first woman to run as a major-party vice presidential candidate in 1984. There will be 43 blacks in the new Congress, compared with 13 when the Congressional Black Caucus was formed in 1969. A Gallup Poll in September showed a steady rise in the number of people who expect the nation to elect a woman or an African-American as president one day: Americans, it seems, are much more open to these choices than, say, someone who is an atheist or who is gay.

Times are indeed changing. But how much?

Over the past of the past eight years, in the view of analysts from both parties, the country has shifted markedly on the issue of gender, to the point where they say voters could very well be open to electing a woman in 2008. That is reflected, they say, in polling data and in the continued success of women running for office, in red and blue states alike. "The country is ready," said Senator Elizabeth Dole, the North Carolina Republican, who ran unsuccessfully for president in 2000. "I'm not saying it's going to happen in '08. But the country is ready."

By contrast, for all the excitement stirred by Mr. Obama, it is much less certain that an African-American could win a presidential election. Not as many blacks have been elected to prominent positions as women. Some high-profile black candidates — Harold Ford Jr., a Democrat running for the Senate in Tennessee, and Michael Steele, a Republican Senate candidate in Maryland — lost in November. And demographics might be an obstacle as well: black Americans are concentrated in about 25 states — typically blue ones, like New York and California. While black candidates cannot assume automatic support from black voters, they would at least provide a base. In states without big black populations, the candidate's crossover appeal must be huge.

"All evidence is that a white female has an advantage over a black male — for reasons of our cultural heritage," said the Rev. Jesse L. Jackson, the civil rights leader who ran for president in 1984 and 1988. Still, he said, for African-American and female candidates, "It's easier — emphatically so."

Ms. Ferraro offered a similar sentiment. "I think it's more realistic for a woman than it is for an African-American," said Ms. Ferraro. "There is a certain amount of racism that exists in the United States — whether it's conscious or not it's true."

"Women are 51 percent of the population," she added.

Many analysts suggested that changing voter attitudes can best be measured in choices for governors, since they, like presidents, are judged as chief executives, rather than legislators. There will be one black governor next year — Deval L. Patrick in Massachusetts, the second in the nation since Reconstruction.

By contrast, women will be governors of nine states, including Washington, Arizona and Michigan, all potential battleground states in 2008, a fact that is no doubt viewed favorably by advisers to Mrs. Clinton.

"Voters are getting more comfortable with seeing governors as C.E.O.'s of states," said Gov. Kathleen Sebelius, a Kansas Democrat. Gov. Jennifer M. Granholm, a Michigan Democrat who won a second term last month, said in an interview that when she first ran, she had to work harder. "Not this time," she said in an interview. "They are used to a woman being governor."

Of course, governors don't have to handle national security. And Mrs. Clinton has used her six years in the Senate to try to counter the stereotype that women would not be as strong on the issue, especially with the nation at war. Mrs. Clinton won a seat on the Armed Services Committee, and was an early supporter of the war in Iraq.

Mr. Obama is in many ways an unusual African-American politician, and that is why many Democrats, and Republicans, view him as so viable.

Mr. Obama is a member of a post-civil-rights generation of black politicians and is not identified with leaders like Mr. Jackson and the Rev. Al Sharpton of New York, who are polarizing to many white voters. He has a warm and commanding campaign presence that, as he showed in Illinois, cut across color lines.

Donna Brazile, a prominent Democratic strategist who is black, said that she had been deluged with e-mail messages from people looking to volunteer for Mr. Obama — and that most of the requests were from white voters.

Moreover, there is abundant evidence that attitudes toward black candidates are changing among white voters. In Tennessee, Mr. Ford lost his bid to become the state's first black senator since Reconstruction, but by only three percentage points.

Surveys of voters leaving the polls showed that 40 percent of white voters supported Mr. Ford, compared with 95 percent of black voters. More intriguing, the final result was the same as what the exit polls had suggested. Before this, in many races involving black candidates, the polls predicted that they would do better than they actually did — presumably because voters were reluctant to tell questioners they did not support the African-American.

That said, Mr. Ford lost his race after Republicans aired an advertisement that Democrats said was explicitly racist. Many Democrats said a lesson of the loss was that racial appeals still have force, particularly in the South.

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Race and gender are big issues in American politics, but they are not the only ones, particularly in the coming race. Mr. Obama, should he run, may find his lack of experience will be far more troublesome to voters than his color. He is 45 and serving his first term as senator.

Mr. Obama said that many black voters he spoke with have serious questions about whether America is ready to elect an African-American president.

"I think there is a protectiveness and a skepticism within the African-American community that is grounded in their experiences," Mr. Obama said in an interview. "But the skepticism doesn't mean there's a lack of support."

David A. Bositis, senior political analyst with the Joint Center for Political and Economic Studies, a nonpartisan Washington group that studies black issues, said that it would certainly be hard, but not impossible for an African-American candidate to win.

"I certainly felt in the '90s that if Colin Powell had been nominated on a major party ticket, he would have had a very good chance to win," Mr. Bositis said. "If it's the right black candidate, I do think there is propensity to elect a black. But it has to be the right black candidate."

Road To The White House May Be Lined With Books (WP)

By Zachary A. Goldfarb

The Washington Post, December 10, 2006

Can you write your way into the White House?

A number of prospective 2008 presidential candidates are betting that the free publicity that comes with the release of a book can't hurt.

Sen. Hillary Rodham Clinton (D-N.Y.) will re-release her book, "It Takes a Village," on Tuesday, 10 years after she published the book as first lady. She will do a limited amount of media promotion in the next week for the book, in which Clinton argues that collective effort is needed to protect and defend children. In a newly written introduction, Clinton "reflects on how our village has changed over the last decade -- from the impact of the Internet to new research in early child development and education," according to her publisher, Simon & Schuster. Clinton also discusses such issues as security, the environment and the national debt.

Other prospective Democratic candidates have been on aggressive book-publishing schedules. Sen. Barack Obama (D-Ill.) has been actively promoting his new book, "The Audacity of Hope." Former North Carolina senator and 2004 vice presidential candidate John Edwards has traveled to early primary states to sell his new tome, "Home."

Sen. John McCain (R-Ariz.) and his chief of staff, Mark Salter, will release their fifth book in August, according to the National Journal Web log. The book, tentatively titled "Hard Call," will explore historic decisions in politics, history, science and other endeavors. According to the Web log, McCain and Salter have identified six key principles that separate success and failure: awareness, timing, confidence, foresight, humility and inspiration.

Al Gore, who has kept the door to a presidential run slightly ajar, next year will publish "The Assault on Reason" -- an examination of how "the public arena has grown more hostile to reason." Gore is well known for promoting his candidacy through his causes. In 1992, as a vice presidential candidate, he published a cautionary tale on the environment, "Earth in the Balance."

Tackling that subject area next will be Sen. John F. Kerry (Mass.), the 2004 Democratic presidential nominee, who is releasing a so-far-untitled book on the environment in March with his wife, Teresa. According to PublicAffairs, his publisher, the book describes the work of the senator and his wife on promoting the environment from the San Juan Basin to the South Bronx. In an author's note, Kerry writes that "we are sliding dangerously backwards in almost every sector of environmental concern. . . . We share a sense of urgency about the need to reinvigorate grassroots action which takes these concerns into the ballot box."

Massachusetts Gov. Mitt Romney (R), has no plans for a book in the next few years. Another possible GOP presidential hopeful, former New York mayor Rudolph W. Giuliani, also has no book plans, though his post-Sept. 11 tome, "Leadership," was a huge success.Sen. Clinton vs. Sen. McCain?

National Journal's well-regarded survey of Washington insiders shows that nearly 69 percent believe that Clinton will be the Democratic nominee, while 73 percent believe that McCain will be the Republican nominee.

Notably, Republicans believe that Clinton is a much stronger candidate than the Democrats give her credit for. More than half of Republicans say she is the strongest candidate. But only a quarter of Democrats believe the same of her. Both Republicans and Democrats agree that Obama is the second strongest.

More than half of Republicans, meanwhile, believe that McCain is the strongest candidate, while 70 percent of Democrats do. Republicans believe that Romney is the second strongest, but Democrats say that Giuliani is No. 2.

The 2008 election could yield the first female (Clinton), black (Obama) or Mormon (Romney) president. The insiders did not believe, generally, that religion or gender would hurt or help the candidates. But nearly half of Democrats and 40 percent of Republicans believed that Obama's race could hurt him in the campaign.The State of Finances

DOJ_NMG_0104918

Campaign finance filings last week gave a picture of the financial state of the parties' six campaign committees.

The Republican National Committee had $6 million on hand and received a $12 million transfer in late October from Bush's 2004 reelection campaign committee. The National Republican Congressional Committee had $1.3 million on hand with more than $13 million in debt, while the Republican National Senatorial Committee had $500,000 with $200,000 in debt.

The Democratic National Committee had $4.7 million in cash and $4 million in debt, while the Democratic Congressional Campaign Committee had $2.2 million in cash and $10 million in debt. The Democratic Senatorial Campaign Committee had $2.3 million in cash and $5.4 million in debt.

Crist Cancels Inaugural Ball, Saying Big Party Didn't Feel Right (AP)

AP, December 9, 2006

Gov.-elect Charlie Crist has decided to cancel his inaugural ball, saying Saturday that he didn't feel right about an expensive party when many people are struggling with higher insurance and property tax bills.

Other free events, including a prayer breakfast, parade, the swearing-in ceremony and tours of the governor's mansion will still continue.

"It's a difficult time for a lot of Floridians and there's no need to have a big party," Crist said. "Many times it's your natural inclination to follow tradition, but then you start to reflect and you realize what the circumstances are for many Floridians."

The ball was to be a $100-a-ticket celebration and concert at the Tallahassee-Leon County Civic Center.

Crist said he had been thinking about canceling the event over the past week.

"It was a mistake to want to go forward to honor that tradition just for tradition's sake," Crist said.

Other inaugural events will precede the Jan. 2 swearing in, beginning Wednesday with an inaugural breakfast at Miami's Parrot Jungle Island and followed by a kickoff barbecue Dec. 17 at the New York Yankees' spring training site in Tampa.

Crist's inaugural committee is also returning all donations it's received, including $100,000 from Trigeant Air LLC; $50,000 each from GEO Group Inc. and U.S. Sugar Corp.; and $25,000 each from Colodny, Fass, Talenfeld, Kalinsky & Abate and A. Duda and Sons Inc.

The committee won't take any donations above what previous administrations have accepted. Once it determines that figure, it will set a limit on donations and begin accepting them again.

Gov. Jeb Bush raised more than $2 million for the governor's inaugural festivities in 2002, including $10,000 donations from several companies.

Any money left over after costs are covered will be given to Derrick Brooks Charities, the Jessica Marie Lunsford Foundation and the National Center for Missing & Exploited Children.

Bone-weary Haulers Raise Risks On Road (CHIT)

By Stephen Franklin, Darnell Little

Chicago Tribune, December 10, 2006

Hurtling down a darkened Indiana highway, Roger Kobernick pulls his 75-foot long rig into a truck stop just long enough to grab his one meal of the day, a thin bologna and cheese sandwich that he gulps down with a huge mug of black coffee.

He has several more hours of driving ahead this night to reach a warehouse in Walton, Ky., where he wants to be the first in line so he can get quickly unloaded and back on the road.

The next morning, after his truck is emptied, he sets off without breakfast or even washing up. Hours later, as he falls in with a truck caravan snaking along a stretch of North Carolina's Smoky Mountains, he relaxes and his worries spill out.

"I'm 42 years old," he says. "And what am I going to do? Give it up? No, you gotta go out and pay the bills. You gotta keep plugging at it. I don't foresee me ever retiring. My dad worked 'til the day he died and I foresee that being me."

Truckers like Kobernick are travelers adrift in a tumultuous sea.

Spurred by a global economy that demands that goods be delivered on time and at low prices, business has never been so brisk and so cutthroat. Paid by the delivery, not the hour, the country's 350,000 independent truckers like Kobernick are lashed to punishing schedules that practically force them to live in their rigs. Counting all their time on the job, some earn as little as $8 an hour.

Long hours, chaotic schedules and exhausting work conditions make for a potentially lethal formula--for truck drivers and everyone else on the road.

Nearly a decade ago, the government vowed to significantly reduce the number of fatalities from truck crashes, but the results have been mixed. Nationally the death toll fell until 2002 and then started climbing. In the three most heavily traveled states, California, Texas and Florida, deaths involving large truck crashes have steadily climbed.

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Over 5,000 people die and 116,000 are injured yearly in truck-related accidents, according to the Federal Motor Carrier Safety Administration.

Most often the victims are in passenger cars.

Take the night last April when trucker Robert Spencer, 37, of Canton Township, Mich., was headed north on Interstate 69 in Indiana at close to 70 miles an hour, according to a sworn statement from an investigator.

His truck crossed the highway's divide and slammed into a southbound van carrying nine people from the Ft. Wayne campus of Taylor University. Five were killed, four of them students in their early 20s, and the rest were injured.

"Did I hit something? What happened? Who did this?" Spencer said at the scene. Besides five counts of reckless homicide, Spencer also was charged with filing a false logbook, concealing that he had driven 9½ hours beyond the 11-hour daily maximum allowed by law.

Truckers do not escape being victims; 930 were killed in the U.S. while working last year, up 33 percent from 1992. And while they made up only 2 percent of the workforce last year they accounted for more than 16 percent of fatal workplace injuries.

Last week the health of truck drivers was taken up by the U.S. Appeals Court in Washington, D.C. It heard the latest arguments in a long battle that has pitted trucking companies against groups concerned with driver safety. Companies are pushing to increase the time drivers can be behind the wheel; critics contend that extending truckers' workdays is aimed at increasing corporate profits at drivers' expense.

Ongoing regulation battle

The faceoff began more than a decade ago. It started when Congress, alarmed by the growing toll of highway crashes, asked for new rules to protect truckers' health.

After much political wrangling, the Federal Motor Carrier Safety Administration in 2003 responded by issuing a rule that among other steps, expanded truckers' daily driving time to 11 hours from 10. Safety groups challenged the rule, a federal appeals court upheld their complaint and ordered the agency to revise the rule.

The federal agency last year came back with its revision, but safety groups and others challenged it, too, saying it reflected trucking firms' interests in cutting costs.

The National Institute for Occupational Safety and Health, the federal government's workplace health research arm, backed the opponents, saying that expanding driving time would lead to even more driver fatigue.

In reply, federal officials said an 11th hour would allow some truckers the flexibility to finish work without laying over. Added to the new rule was a 14-hour cap on a trucker's workday and a 34-hour break after a week's work. Both changes, the officials said, were aimed at normalizing truckers' lives.

Critics contended, however, that a 14-hour cap would mean drivers will be able to work nearly 40 percent more than before.

"You have drivers who are already working almost twice the normal 40-hour week," says LaMont Byrd, the Teamsters' Health and Safety director.

Dave Osieke, head of safety for the American Trucking Association, said the fact that fatality rates had fallen until only recently is evidence "that safety has improved."

One reason fatality rates haven't fallen faster, adds Ian Grossman, a spokesman at the Federal Motor Carrier Safety Administration, is that highways are more congested and more truckers are on the road. Since 1996 trucking mileage has soared by 43 billion miles, up 24 percent. Considering such dramatic changes, the death toll increase is quite low, he says.

Taking the surge in trucking mileage into account, the number of fatalities has fallen in the last 30 years.

In 1975, there were 5.51 fatalities per 100 million vehicle miles traveled; that number had dropped to 2.81 by 1996, and was 2.29 in 2004, according to the Federal Motor Carrier Safety Administration.

Waiting, for nothing

Kobernick started working around trucks at age 16 at the same La Crosse, Wis., company that employed his late father, LaVern. Nine years ago Kobernick became an independent trucker. And every other week for the last few years he has made runs to and from Florida from points in Wisconsin and Minneapolis.

On this particular day he had a good-paying load: more than 20 tons of fish, nuts, cheese, mustards and horseradish.

But going home with a profitable load is usually more difficult. Competition going north is so stiff that Kobernick sometimes barely breaks even or waits for days for better-paying loads. Time spent waiting is money lost because independents are not paid for sitting idle.

"Hopefully I will catch up one day here down the road," he says wistfully, early on a southern run as he steers through a clogged stretch of I-90 near Chicago.

Photographs of his family are stuck above the door beside him in the cab, and he calls home morning and night, asking his wife about their two young girls, and what's going on back home in La Crosse.

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Because he cannot afford health care, he relies on state-sponsored coverage for himself and his family. They are qualified to receive food stamps, but pride stops them from doing so. In his best year he earned $40,000, but last year he made only $9,000.

Much has gone wrong for him in the last few years, and he partly blames it on freight rates that have barely gone up while fuel and other costs have soared and eaten away at his profits.

He also has made some financial missteps, among them expecting tax write-offs for his rig to help his bottom line. Instead, he owes $15,000 in state and federal taxes.

And 25 years behind the wheel have taken its toll. Last summer, barely able to bend his back, he had surgery. One doctor had turned him away, saying surgery would be foolish since he would return to truck driving.

The surgery put him out of work for four months. Without savings, he took out a home equity loan to pay bills, then sold his truck's trailer and bought a less costly model.

He also has decided to sell his two-year-old $140,000 truck because the $2,000 monthly payments are killing him. To attract potential buyers Kobernick has had to steadily lower the asking price.

Once back to work, he initially drove his 18-wheel, 80,000-pound behemoth practically anywhere, as long as it brought in needed cash.

Now he focuses on the Florida run. Without looking at a map, Kobernick knows all the weigh stations, and the truck stops where there's room for the night--a growing problem for truckers.

"I haven't had a vacation in 12 years. I have no dental. No pension. No savings," he says as the sun's dying rays filter through pine trees in South Carolina. "Hopefully, I'll catch up one day here down the line. But right now that isn't going to happen any time soon."

Union dominance disappears

When did the dream of being a trucker turn sour?

It began after the government deregulated the industry in 1980, says Mike Belzer, a one-time Chicago trucker now a Wayne State University professor and trucking industry expert. Ever since, he says, it has been a "race to the bottom."

Before 1980, nearly 9 out of 10 over-the-road drivers were union members, he says. Today, 1 out of 10 carry a union card. That shift ushered in lower pay, fewer benefits and tougher working conditions.

It also made the highways far more dangerous as inexperienced and lower-paid drivers push themselves to earn more, Belzer adds.

"You get what you pay for," Belzer explains. It is a matter of choosing between a "skilled professional" and someone "from the soup line," he says.

New drivers' inexperience worries Kobernick too. Schmoozing at a warehouse in northern Kentucky, Kobernick swaps stories about new drivers with fellow trucker Jerry Knoy, 52, of Salem, Ind.

"I met a guy two weeks ago who said, `Hey, can you back my truck in for me,'

" Knoy says.

`Sweatshop on wheels'

By the late 1990s much of the industry was transformed into a "sweatshop on wheels," Belzer claims. Truckers' income, when adjusted for inflation, dropped steadily as the market was flooded with new companies, new drivers, and pressures from shippers and manufacturers to keep freight costs down.

Figures from the American Trucking Association show that between 1980 and 2005, the number of interstate trucking companies soared from 20,000 to 564,000. But nearly 90 percent operate six trucks or less, according to the industry group.

The result is a highly fragmented industry with "low profit margins," according to an association study.

Out of an estimated 3.3 million truckers, about 1.3 million haul freight. Of these, about 350,000 are independent drivers. Most own their trucks but lease them to companies. Or, in Kobernick's case, they work for whoever has goods for them to carry.

Some Teamsters members earn as much as $70,000 yearly, and industry experts say the salaries of drivers for large, non-union fleets are close. Overall, the average pay is about $35,000 a year.

The average independent driver earns about $40,000 a year, according to the Owner-Operator Independent Drivers Association, a Missouri-based group that represents about 140,000 drivers.

"But to make that $40,000, you've got to work about 120 hours" a week, says John Siebert, an official with the group.

Both mental and physical health can be impacted, he says.

Several years ago, when glancing through members' obituaries, Siebert discovered that their average age at death was 55. In his research, he also found a higher-than-average suicide rate for members and turned his findings over to NIOSH, which has been examining truckers' health for the last few years.

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Siebert believes such problems are linked to difficult lives and financial stress. He ticks off organization surveys that show that nearly 9 out of 10 of its members are obese or overweight and nearly two-thirds expect to rely solely upon Social Security when they retire.

He especially worries about produce haulers like Kobernick who have highly unpredictable work schedules. If anything goes wrong, or their schedule is too tight, they lose out financially, and their health often is neglected as they push to work longer hours.

"These guys are working 100 to 120 hours a week, and their sleep patterns are all over the clock," he says.

Hard to stay positive

Kobernick is first in line in the morning outside the warehouse in Jacksonville, Fla. But he didn't have a definite time slot and workers say they can't unload him. That's it, a clerk coolly says and returns to her paperwork.

He phones the shipper, who tells him to leave the goods in a warehouse in Orlando.

That will mean two to three hours of lost time, and lost money spent on fuel and tolls--cash he didn't plan on spending.

Moreover, Kobernick is not sure he can make his next delivery on time in Pompano, and that unsettles him. He calls the warehouse and politely asks if they can stay open a little bit late. They say they can, but not much.

As he wheels his truck, the sunlight is blinding and Jacksonville's morning traffic seems glued to the road. He doesn't talk much this morning and unloads the truck himself in Orlando in order to get back on the road. There is no time for a break.

Luckily traffic is not bad, and he arrives with time to spare at a warehouse on a small side street in Pompano. Late in the afternoon he takes his day's first break at a farmer's market in Pompano, where truckers gather.

The banter is gloomy. Shipping rates are low, the truckers say. Some have been waiting days for a good load. Others are just tired of waiting and wondering about whether they can eke out a decent living.

The business, they say, is not what it used to be.

"There's no way a driver can go by the law," says a tired-looking, middle-age trucker. The group nods in agreement. They also complain about truckers who accept low rates that undercut others.

"There are guys sitting around here who'll take 75 cents a mile to get out of here. I need $1.50 just to make ends meet," grumbles Steve Hinton, 63, of Atlantic, Iowa.

Kobernick doesn't have time to kill. He rolls on to a warehouse west of Ft. Lauderdale, almost in the Everglades. He parks at the entrance to the warehouse, and just before 10 p.m. falls asleep in seconds.

By 5 a.m. he is already anxiously waiting for the warehouse to open. He has taken only one shower in four days and there's no place to wash up or go to the bathroom.

He has no idea whether he will have a good load going home. Time spent sitting is simply lost money because independent truckers are only paid by a share of the shipping costs or by mileage, not their time on the job.

"Every day something seems to come along to put us out of commission. But you just gotta keep that positive attitude," he says in the warm, lonely darkness.

Making The Highways Less Safe (NYT)

The New York Times, December 10, 2006

To describe the Bush administration's policy toward the trucking industry as deregulation is farcical. The word empowerment is so much more fitting for the array of trucking executives the White House appointed to be the ranking regulators of their own industry. While avowing professionalism, this cadre of political contributors and industry insiders has brazenly relaxed federal standards for truck safety over the last six years. Rather than tightening drivers' hours as safety specialists advised, the political powers at the truck safety agency have actually loosened them — increasing the maximum driving hours to 77 from 60 over seven days, and to 88 hours from 70 over eight consecutive days on the road.

The industry's deep-pocketed lobbyists made sure the Republican-controlled Congress remained as passive as any glassy-eyed driver involved in the annual toll of 5,000 truck-related fatalities. A detailed report in The Times by Stephen Labaton has laid bare the administration's shameful policy of industry pandering as the worst in a generation. Rather than fulfilling the standard set a decade ago to halve the death rate by now, the administration has let the industry continue as the nation's most treacherous. The accident fatality rate is nearly double that involving only cars.

The list of highway foxes embedded in the regulatory henhouse highlights the Bush era's anointment of big industry across the spectrum of public and worker safety, from mines to Interstates. The head of the government truck safety agency, Joseph Clapp, was a trucking executive who led a foundation that produced research ludicrously discounting driver fatigue as a factor in accidents. David Addington, a trucking industry force for loosened regulations, eventually became chief of staff to Vice President Dick Cheney — and a zealot for overweening executive power.

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Reprimanded in court rulings for ignoring its own experts' findings about driver fatigue, the truck safety agency responded by reissuing the same faulty controls. These evade such obvious needs as stronger training and reliable electronic trip logs in place of "comic books," as grizzled long-haulers call their paper logs. Safety specialists point out there would be a national uproar if airline regulators dared to tolerate a fatality rate of 5,000 a year.

The Reliable Source (WP)

By Amy Argetsinger, Roxanne Roberts

The Washington Post, December 10, 2006

The Salamander Queen's Quest for Newt Markets

Never mind that Sheila Johnson's uber-luxe Salamander resort won't be opening in Middleburg until the summer of 2009 -- a few years behind schedule owing to zoning difficulties and environmental concerns.

She's keeping her signature lizard logo -- which already gave its name to her hunt-country farm, gourmet markets in Middleburg and Palm Beach and a line of pricey linens -- visible on a new jewelry collection launched Thursday night in Middleburg. About 100 friends and neighbors (and husband of 15 months, Judge William Newman) dropped by Mystique jewelry store, where basketball player Alana Beard of Johnson's Washington Mystics modeled a silver double-salamander necklace and earrings. (The Crowned Salamander Collection, which sells for $150 to $10,000, also includes cuff links, money clips, pendants and pearl necklaces.)

"Oh, man, I just have to cross market -- my team, my jewelry," Johnson told The Post's Annie Groer. "This is all part of the branding experience for the Salamander spirit."

The savvy billionaire is keeping busy while she navigates the tricky approval process for a 120-room hotel and spa on 340 acres located on the outskirts of Middleburg. On Wednesday, with Gov. Tim Kaine at her side (she was one of his largest donors in last year's campaign), Johnson announced a $5 million donation to the University of Virginia for preschool education. She's also dipping her toe into the District, exploring development of a hotel in a Northeast warehouse district.

The jewelry launch was accompanied with jazz and steak tartare, smoked salmon and crab cakes catered by (you have to ask?) Johnson's Market Salamander down the street. No, she doesn't miss a trick.

UPDATE

Reports from sick bay:

-- Chris Matthews is out of the hospital and ready to start interrupting people again. The "Hardball" host was sidelined by complications from diabetes, which caused him to miss more than a week behind the mike. As of press time he hadn't called back to let us know how he's doing.

-- Roberta McCain is heading to her son's home in Arizona after cracking her hip. The 94-year-old mother of Sen. John McCain was leaving her son's holiday party at the Corcoran Gallery of Art on Monday when she caught her heel on the curb and fell. "I feel fine," said the party-hearty gal (who stayed at the Kennedy Center Honors until after midnight the night before.) No surgery, but doctors have ordered McCain to stay off her feet for 10 weeks, which means she had to cancel trips to California and Ireland, and that the GOP presidential aspirant will have to wait on his mom. "Boy, I'll eat that up," she told us.QUOTED

"Jessica is so great that one day they will probably honor her. If I were fortunate to be asked to perform for her, I would probably forget my wig!"

-- Dolly Parton, covering for Jessica Simpson's weepy onstage freakout at the Kennedy Center Honors after Simpson forgot some lyrics to "9 to 5." Sweet of you, Dolly, but we're buying none of it.

READERS TELL US . . .

Our story last Wednesday breaking the news that Dick Cheney's openly gay daughter, Mary, is pregnant drew scads of comments. One reader chastised us for a headline suggesting Cheney and longtime partner Heather Poe"are about to be moms" -- "Heather is more accurately a stepmom." And no matter how many times we stressed the couple has not disclosed the technical details on how this pregnancy happened, about, oh, a million people demanded, "Who's the father???" Why, what a great question -- never occurred to us to ask! An online reader writes: Where's the reporting on Jane Doe from rural Virginia or Jane Doe from Baltimore City having a baby? Who cares, other than the Cheney family, that the Cheney daughter is having a baby? You are only helping in this whole "putting celebrities up on a pedestal" world we live in. It's the same as giving a drug addict their next fix as opposed to getting them into rehab to help their problem. Gossip doesn't help further this country or the world but I guess it pays the bills.

Yep, sure does. We'd answer the rest of your question but -- well, guess you aren't here reading this, are you? The rest of you, though, send your questions, comments and story tips to reliablesource@washpost.com.

N.Korean Nuclear Talks To Resume Dec. 18 (AP)

DOJ_NMG_0104923

By Anne Gearan
AP, December 10, 2006

A long-delayed round of international talks aimed at ending North Korea's nuclear weapons program is scheduled for later this month, a senior U.S. official said Saturday.

Talks are expected to reconvene Dec. 18 in Beijing and continue for three to five days, the official said. The official spoke on condition of anonymity because host China had not announced final plans.

North Korea has stayed away from the six-nation talks for more than a year, but agreed in principle this fall to resume negotiations. U.S. diplomats have been preparing for a new round, which would be aimed at implementing a moribund agreement by the North to renounce weapons and their development, but the date was uncertain.

The disarmament talks carry greater weight now that North Korea has exploded a nuclear device and tested a long-range missile earlier this year. Pyongyang ignored warnings against both actions from ally China and much of the rest of the world.

Secretary of State Condoleezza Rice said last month North Korea must come to new talks ready to deal, or there is no point in holding them. It is not clear whether the North has made specific promises for the outcome of the new talks. But the U.S. official said China has promised the sessions will produce results.

The six nations — the United States, North and South Korea, China, Japan and Russia — signed a statement of principles in September 2005 outlining the assistance Pyongyang would receive in exchange for dismantling its nuclear weapons facilities. In addition to economic and energy benefits, the statement contains security guarantees for North Korea.

The United States announced Friday a series of sanctions against North Korea triggered by the official finding that it had triggered a nuclear device in the October test. Although the United States quickly decided Pyongyang had conducted a test, Bush signed an official presidential determination only Thursday.

With that determination, the United States was required to bar nuclear cooperation under the Atomic Energy Act and financial assistance under the Export-Import Bank. The United States provides neither to North Korea. The determination also requires a wide range of economic sanctions that already are in place.

The White House said the finding did not affect humanitarian aid.

Iran Expands Uranium Enrichment Program (AP)

By Ali Akbar Dareini, Associated Press Writer
AP, December 10, 2006

Iran has begun installing 3,000 centrifuges in an expansion of its uranium enrichment program that brings the Islamic nation significantly closer to large-scale production of nuclear fuel, the president said Saturday.

President Mahmoud Ahmadinejad also claimed that the international community was caving in to Tehran's demands to continue its nuclear program.

"Resistance of the Iranian nation in the past year forced them to retreat tens of steps over the Iran's nuclear issue," the semi-official Fars agency quoted Ahmadinejad as saying. Fars is considered to be close to Iran's elite Revolutionary Guards.

Iran has been locked in a standoff with the West over its nuclear program. The U.S. alleges that Tehran is secretly trying to develop atomic weapons, but Iran contends its program is for peaceful purposes including generating electricity.

Iran said earlier this year that it intends to move toward large-scale uranium enrichment involving 3,000 centrifuges by late 2006, and then expand the program to 54,000 centrifuges, which spin uranium gas into enriched material to produce nuclear fuel.

Uranium enrichment at low levels can be used to produce fuel to generate electricity but at higher levels can be use to make atomic bombs.

"We have started installing 3,000 centrifuges" at a plant in central Iran, Ahmadinejad told a group of students in Tehran on Saturday, according to Fars. He said the move, at a plant in central Iran, marks the "first step toward industrial production.

"We will be able to produce our nuclear fuel once we install 60,000 centrifuges," he said.

Iranian nuclear officials say 54,000 centrifuges would produce enough enriched uranium to fuel a 1,000-megawatt reactor, such as the one Iran has built with Russian assistance at Bushehr, southern Iran. The reactor is due to come on stream next year.

The United States and its European allies have been seeking a U.N. Security Council resolution to impose sanctions on Tehran for refusing to suspend enrichment. But Russia and China have opposed tough action advocated by the U.S., Britain, Germany and France and the Security Council appears to have reached a standstill on the issue.

Iran announced for the first time in February that it had enriched uranium using 164 centrifuges, and it confirmed last month that it has stepped up uranium enrichment by injecting gas into a second network of centrifuges.

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"When we built these centrifuges, they (the U.S. and its European allies) said Iran won't be able to assemble them. ... Now, a month has passed since we launched the second cascade," Ahmadinejad was quoted as saying.issue.

Ahmadinejad boasted last month that Iran would soon celebrate, probably in February, the completion of its nuclear fuel cycle program — from mining uranium ore to enriching it.

On Friday, key European nations circulated a revised U.N. resolution that narrowed the proposed sanctions on Iran in a bid to win Russian and Chinese support. The new draft would ban the supply of materials and technology that could contribute to Iran's program, but it gave much greater detail on what items would be prohibited.

Iran has said it will never give up its right under the Nuclear Nonproliferation Treaty to enrich uranium and produce nuclear fuel. Officials have said they plan to generate 20,000 megawatts of electricity through nuclear energy in the next two decade

Interests Drive U.S. To Back A Nuclear India (NYT)

By Somini Sengupta

The New York Times, December 10, 2006

NEW DELHI, Dec. 9 — Ask the champions of the landmark nuclear deal with India that President Bush is expected to sign into law next week why only that country will be allowed into the world's nuclear club while others are denied, and a common reason you will hear is this: unlike those others, India will be a responsible nuclear citizen.

But beyond simple good will, unique commercial and strategic imperatives have driven a bipartisan swell of support for the deal, even though New Delhi steadfastly rejects the global nonproliferation treaty and advances a nuclear weapons program.

The nuclear accord opens the door, for the first time in more than 30 years, for New Delhi to buy fuel, reactors and other technology to expand its civilian nuclear program.

R. Nicholas Burns, the United States under secretary of state for political affairs, called it the "symbolic center" of a sweeping new relationship with India. K. Subrahmanyam, a foreign policy analyst and one of the best-known Indian advocates of the nuclear partnership, called it a "litmus test for the future of India-U.S. relations."

The economic incentives for the United States are huge.

As India gradually opens its vast market, American companies stand to make a great many gains, from investments in Indian real estate to selling soybean oil and fighter planes. There is also New Delhi's growing strategic value in a rapidly changing Asia.

"We see India as important for both intrinsic and extrinsic reasons," said Ashley Tellis, senior associate at the Carnegie Endowment for International Peace and a former adviser to Mr. Burns. "Intrinsic because it's a large country growing very rapidly, it's a market for American goods, and a country with which we share common values. Extrinsically, India is a growing power in the context of where Asia is evolving."

That a contentious bill has enjoyed so much bipartisan support is revealing. Neither Democrats nor Republicans, it seems, think that the opportunity can be passed up.

"India can be an important partner on a range of issues, from combating the threat of terrorism and proliferation to promoting democracy and regional security," Senator John Kerry, Democrat of Massachusetts, said by e-mail late Friday from Washington. "Cooperation on the civilian nuclear front can move this essential partnership forward."

The Heritage Foundation, a conservative research group, described India as "a vibrant democracy with a rapidly growing economy," and predicted that good relations with New Delhi "will provide a stabilizing influence in Asia."

The two countries are poised to expand their range of counterterrorism operations. Just this year, in two major military deals unthinkable a few years ago, India bought a used American naval vessel and six military helicopters; together they are worth nearly $90 million.

India is also in the market to buy as many as 126 new fighter planes, and American manufacturers are eager to fill the order — a deal that could total as much as $6 billion. If they win the contract, the United States could well supplant Russia and Israel as India's biggest military supplier.

Senator Joseph R. Biden Jr., a Delaware Democrat set to take over the Senate Foreign Relations Committee next month, described the nuclear bill as implicit recognition of India's long-term value to the United States.

"We can talk about the various aspects of India's importance in the coming decades — as a counterweight to China, as a rising military power, as an energy consumer, as an economic force, as a bulwark against terrorism and extremism, as a cultural beacon throughout Asia and the world," he wrote by e-mail. "We can parse the various ways in which India will be vitally important — but we can't seriously question that India will be vitally important, and that's why I've been saying for years that there's no bilateral relationship more important than the one between the U.S. and India."

With the Indian economy growing at a steady clip of up to 8 percent in recent years, India last month hosted the largest American trade delegation to any single country, including vendors of nuclear equipment.

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Wal-Mart recently announced its long-awaited entry into the Indian retail market. And Boeing has an $11 billion contract for 68 commercial airplanes for India's booming airline industry.

The Americans are nudging India to relax rules on foreign investment, notably in the banking sector. The U.S.-India Business Council, a lobby group, predicted in a news release that the nuclear law would "yield a bounty of opportunity for both our countries."

Many in India are already celebrating. On Saturday, the Hindustan Times, an English-language daily newspaper, boasted in a headline stretching across its front page: "India gets to have its nuclear cake and eat it, too."

Generally prickly about any perceived slights to its sovereignty, the Indian government had worried that Congress would attach conditions to the nuclear bill that would influence Indian foreign policy or emasculate its nuclear weapons program. One of those conditions, though not binding on New Delhi, calls for Indian cooperation to contain Iran's nuclear weapons buildup.

The Indian foreign ministry, in a statement Friday, welcomed the bill but made note of what it called "extraneous" requirements. "No legislation enacted in a foreign country can take away from us the sovereign right to conduct foreign policy determined solely by our national interests," it said.

India and the United States have yet to see eye-to-eye on a host of foreign policy issues, and they continue to have their own reasons to cozy up to each other's foes.

India, for instance, has cultivated closer ties to the military junta in Myanmar, or Burma, which Washington has consistently sought to isolate. Human Rights Watch earlier this week said that New Delhi had offered arms and counterinsurgency training to Myanmar.

The Indians say they reserve the right to cultivate the relationships they choose, and they naturally point to American affection for the government in Pakistan.

"There has to be a certain amount of understanding. If you have got some compulsions about Pakistan, we have got some compulsions about Myanmar," said Mr. Subrahmanyam, who is chairman of the Indian government's Task Force on Global Strategic Developments. "We are living in a very complex world, in which your interests and our interests are, at present, different. It will take time for it to be harmonized. All we can say is the door has opened."

Abbas Ponders Call For Early Elections (WP)

By Scott Wilson

The Washington Post, December 10, 2006

JERUSALEM, Dec. 9 -- Palestinian Authority President Mahmoud Abbas is inclined to call early elections, including for his own office, to end the political and economic crisis in the territories, Palestinian officials said Saturday.

The officials spoke after a meeting of the executive committee of the Palestine Liberation Organization that presented him with 17 options to end the months-long stalemate with the governing Hamas movement, whose leaders immediately rejected the proposed early elections. Abbas heads the influential panel, which is dominated by his Fatah party.

The proposals also included one to continue talks with Hamas over the formation of a power-sharing government acceptable to international donors, who cut aid to the Palestinian Authority following the radical Islamic movement's victory nearly 11 months ago in parliamentary elections.

Hamas, whose leaders reiterated as recently as this week their vow never to recognize Israel's right to exist, is classified as a terrorist organization by the United States, the European Union and Israel. Hamas is not a member of the PLO, which is recognized by Israel as the legitimate representative of the Palestinian people.

Abbas, a relative moderate, is expected to give a national address next week on how he intends to end the crisis that has battered the economy and increased partisan strife in the territories. He is under pressure from his own party to move decisively at a time when talks over a unity government have foundered again.

"After hearing all of the options, the president is leaning toward going back to the people with early elections for the presidency and parliament," said Saeb Erekat, the chief Palestinian negotiator and a member of the PLO's executive committee, who attended the meeting in the West Bank city of Ramallah.

Erekat said Abbas dismissed the option that he continue talks with Hamas, which ended Fatah's long monopoly on political power with its January election victory and has day-to-day control of the Palestinian government.

"He said, 'That's it, there will be no more talking,' " Erekat said.

Calling for early elections would mark an uncharacteristically bold gesture by Abbas, a cautious veteran of the Palestinian national movement who has long favored consensus over confrontation, even in his dealings with Israel.

For months, he has declined to exercise his authority to dissolve the Hamas-led cabinet, fearing that doing so would inflame partisan tensions. Both Hamas and his secular Fatah party have armed wings that have engaged in deadly clashes this year.

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Elected to a four-year term in January 2005 after the death of Yasser Arafat, Abbas could sidestep legal questions over his ability to call early parliamentary elections if he also appears on the ballot. Palestinian election law is unclear on this point. But his aides say the president is allowed to dissolve parliament if he also submits to the vote, which polls show would not necessarily favor his party.

"The only exit from this crisis is a national unity government," said Ismail Radwan, a Hamas official in Gaza, adding that the movement would not submit to early elections. "Any other choice will not resolve it."

After the meeting, PLO officials said Abbas intended to call early elections while making clear in his address that he will continue talking with Hamas about a unity government up until the day of the election. His aides said he has not set a timeline for the election.

The negotiations over a unity government have stalled in recent weeks over disagreement about the government's platform and which party would control the important interior and finance ministries.

Demonstrations over unpaid wages, common during the international donors' boycott of the Hamas-led government, continued Saturday in Gaza and the West Bank. About 2,500 policemen stormed the parliament building in Gaza City, while several dozen parents protested with their children in West Bank health clinics against the Hamas government.

Abbas May Call Palestinian Vote, But Hamas Says He Lacks The Power (NYT)

By Steven Erlanger

The New York Times, December 10, 2006

JERUSALEM, Dec. 9 — The Palestinian Authority president, Mahmoud Abbas, was said Saturday to be leaning toward calling early parliamentary and presidential elections, according to officials of his Fatah faction who have been pressing him to break a governing stalemate with the militant faction Hamas.

Mr. Abbas has been trying for months to negotiate with Hamas to create a Palestinian unity government that can meet international requirements, including recognizing Israel's right to exist, and receive money to help pay employees.

But Hamas, which humiliated Fatah in January's elections, has been unwilling to meet Mr. Abbas's terms or to give Fatah crucial ministries like Interior and Finance.

So Mr. Abbas has been stuck, with top Fatah officials urging him to fire the prime minister, Ismail Haniya of Hamas, and to call new elections. Ten days ago, Mr. Abbas announced that negotiations with Hamas were over.

On Saturday, according to Fatah officials who met him, Mr. Abbas said he would address Palestinians soon. One official who refused to be quoted by name said that Mr. Abbas saw no alternative but to call early elections, and that he was not closing to the door to dialogue with Hamas, but would not take part.

Saeb Erekat, the senior Palestinian negotiator, who was also at the meeting, said, "My understanding from Abbas's words today is that he is leaning toward calling for early presidential and parliamentary elections."

Hamas spokesmen on Saturday called any new parliamentary elections an attempted coup, and said that Mr. Abbas did not have the power to call them. Mr. Abbas can call new presidential elections by resigning, and can fire the prime minister.

But any new prime minister and government must be approved by Parliament, which is controlled by Hamas. The law does not give Mr. Abbas the power to dissolve Parliament without its consent or to call early parliamentary elections.

Some aides have argued to him that his powers are implicit, or that he could call a referendum on new elections, circumventing the basic law. Mr. Abbas is said to be skeptical and worried about new clashes between the factions, but also believes that Hamas opposes a unity government.

Abbas May Call Early Palestinian Elections (LAT)

By Richard Boudreaux, Maher Abukhater

The Los Angeles Times, December 10, 2006

RAMALLAH, WEST BANK — Palestinian Authority President Mahmoud Abbas said Saturday that he planned to call early presidential and parliamentary elections, a risky move aimed at replacing the Hamas-led government and clearing the way for peace talks with Israel.

Hamas warned that any such step would be illegal and meet with resistance, raising the stakes in a months-long and often violent conflict over control of the Palestinian Authority.

"We will not allow any coup against this government," Hamas spokesman Ismail Radwan said.

Under pressure at home and abroad to take decisive action, Abbas revealed his intention to a closed session here of the Palestine Liberation Organization's executive committee, participants in the meeting said. But he withheld a formal announcement until later this week.

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He left the door open to compromise with Hamas, saying there was still time for the Iranian-backed Islamic movement to hand power voluntarily to a multiparty "unity government" acceptable to Israel and the West. But he said he would no longer take part in negotiations with Hamas on the issue, which broke off early this month.

Hamas won control of the parliament and Cabinet by unseating the Fatah Party of the more moderate Abbas in January elections. That triggered economic sanctions by Israel and Western nations, including the United States, which demanded that Hamas renounce violence and recognize Israel's right to exist.

As economic hardship worsened in the West Bank and Gaza Strip, Abbas began pressing Hamas six months ago to give way to a unity government. The sanctions have left the Palestinian Authority unable to pay full salaries to its 165,000 employees, leading to frequent labor strikes and armed clashes between Fatah and Hamas.

On Saturday, at least 1,400 Palestinian policemen demanding their paychecks stormed the grounds of the parliament building in Gaza City and exchanged gunfire with a Hamas-led contingent of guards. Two guards were slightly wounded.

In the West Bank city of Hebron, dozens of parents carrying infants broke into a mother-and-child clinic that had been closed by a health workers strike.

The conflict has frustrated a recent push by the Bush administration to revive peace talks between Israel and the Palestinians after a six-year hiatus. Israeli Prime Minister Ehud Olmert offered last month to hold talks with Abbas if the Palestinians installed a government that recognized the Jewish state and freed a captive Israeli soldier.

But Abbas told U.S. Secretary of State Condoleezza Rice last month that efforts to form a unity government had hit a dead end because Hamas insisted on keeping control of the police and the treasury.

Abbas summoned the PLO committee, an advisory group, to guide his next steps. Participants in the meeting Saturday said he accepted its recommendation to call parliamentary elections early next year, three years ahead of schedule, and decided after lengthy debate to put his own job on the line as well. Abbas was elected in 2005 to a four-year presidential term.

"I have done my part, and the status quo cannot be maintained," several aides quoted Abbas as saying. "I see no choice but to go back to the people."

Palestinian officials say it would take at least three months to organize elections once Abbas formally calls them.

The move would be a gamble for Abbas because it is far from certain that he and his party could win elections, or even conduct them if Hamas is violently opposed.

Hamas' popularity has slipped since it took office, but Fatah, which dominated Palestinian politics for four decades, remains divided and tarnished by corruption during the late Yasser Arafat's rule.

Two respected polls taken in September gave Fatah small leads over Hamas in voter preference.

In its initial reaction to Saturday's decision, Hamas indicated it would boycott any new elections. Hamas spokesmen contended that Abbas has no authority to call elections early; aides to the president said that because Palestinian law does not address the issue, he is free to do so.

Saeb Erekat, a veteran Palestinian negotiator who took part in the meeting, said Abbas believed it would be "difficult for Hamas to resist going back to the electorate."

An aide to Prime Minister Ismail Haniyeh said Saturday that Hamas preferred to resume negotiations on a unity government. "The door is still open because this is the best and safe alternative for all of us," the aide, Ahmed Yousef, told the Arabic satellite television channel Al Jazeera.

On Friday, Haniyeh reiterated that Hamas would never recognize Israel or any Arab peace agreements with the Jewish state.

Early Election Talk Angers Hamas (BBC)

BBC.com, December 9, 2006

The Palestine Liberation Organisation's executive committee has backed early elections to end the deadlock over forming a national unity government.

The Hamas group, in power since winning January's parliamentary polls, reacted by condemning the suggestion.

PLO officials said after meeting President Mahmoud Abbas that he would have their support for early polls.

The Palestinian Authority has been under a Western financial boycott since Hamas's victory.

Mr Abbas is expected to announce his decision in the coming week.

Speaking to the BBC, one of his top officials said he believed the president was minded to call parliamentary and presidential polls.

"The status quo cannot be continued - it is a disaster on the Palestinians," said Saeb Erekat.

Palestinians, he added, had to choose between the approach of Mr Abbas and his Fatah faction and that of Hamas.

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The current Hamas-led administration has been denied direct Western aid because it refuses to renounce violence, recognise Israel or accept previous Israeli-Palestinian agreements.

'Coup'

Palestinian Prime Minister Ismail Haniya condemned the idea of early elections, saying they would accentuate "crisis and tensions".

"I think that the invitation to carry out the elections in this way is disrespectful to the Palestinian people," he told Iranian television, in an interview dubbed into Persian.

A Hamas spokesman in Ramallah, Ismail Rudwan, described the PLO committee's statement as a threat to democracy.

Lebanon's Shiites Grapple With New Feeling Of Power (WP)

By Anthony Shadid

The Washington Post, December 10, 2006

BEIRUT, Dec. 9 -- As morning clouds hovered overhead Saturday, Fadil Ayyash wiped eyes that were bleary from just two hours of sleep over two days in the city-within-a-city that Hezbollah's protests in downtown Beirut have become.

The mood in his tent, set alongside a site for luxury apartments, was playful. The first order of business was stoking a water pipe. Under two yellow Hezbollah flags, with a hint of mischief, he and his friends unveiled their makeshift fireplace, charred cinderblocks stacked on a sidewalk still warm from a campfire the night before. But they spoke bluntly -- of frustration and protest, of politics and power -- the vocabulary of a moment the young Shiite Muslim men feel they are defining.

"How is this democracy?" Ayyash asked, pointing to the colonnaded government headquarters known as the Serail, standing like a citadel atop a hill. "The majority is here," he said, waving his hand across rows of protesters' tents.

His friends nodded, sprawled in brown plastic chairs.

"These days," he said, "we have to seize our opportunity."

Once the country's most downtrodden, entrenched in feudal misery, Lebanon's Shiites stand today on the verge of their greatest political power in the history of a diverse country defined by its fractious religious communities: Sunni and Shiite Muslims, Druze and Christians. But their ascent is a story of contradictions: Now at the peak of that power, confident of victory, the community is still shaped by its own sense of vulnerability and weakness.

Its leaders rely on age-old notions of backroom, under-the-table Lebanese politics replete with patronage, a cult of leadership and the influence money buys. But they may be reshaped by leaving a legacy of turning to the street with populist demands. And in pursuit of power, through the protests that began Dec. 1, the Shiites, the country's single-largest community, may end up breaking a system that appears to be buckling under the stress of Lebanon's most acute crisis since the 15-year civil war ended in 1990.

The drama unfolding here draws on a long history of persecution, both real and perceived, but is propelled by the most recent events in Lebanon, as Shiites try to shape the country following the Syrian withdrawal last year and, as important, the war with Israel this summer.

"The battle has already begun," said Mona Fayad, a Shiite professor of psychology whose criticism of Hezbollah in an article published this summer in the Lebanese newspaper al-Nahar made her a cause celebre here. "They've opened the gates of hell. This is how I've felt the past few days."

"It's like a snowball, and it's now so hard to stop," she said. Her voice was slow and weary. "Even if they stop it now before anything else happens, we're still going to have a lot of trouble. And if they don't?"

She left the question unanswered.Forging an Identity

In the southern village of Khiam, along hills green from winter rains, Zeinab al-Sheikh Ali sat in a house within sight of the Israeli border. Two pictures of Hasan Nasrallah, the leader of Hezbollah, were posted at the entrance. "Victory from God," one read in Arabic, Hezbollah's slogan for this summer's 33-day war with Israel. "Divine Victory," another said in French. But, shaking her head, Ali, the 70-year-old matriarch, remembered a more distant time.

"The days of our grandfathers," she called it.

There is a joke heard in Khiam and elsewhere in Lebanon, itself a bitter critique of the days when the community was rural, marginalized and illiterate, dominated by a traditional elite of reactionary clergy and landowners with feudal Ottoman-era titles. Shiite peasants went to the home of a prominent Shiite clan leader and asked him to build a school. He looked at them, confused and a little surprised. His reply: Wasn't it enough that his own son was going to school and getting an education?

The community's fortunes began to change in the 1960s after the arrival of Musa al-Sadr, a cleric born in Qom, Iran, as a religious leader. In time, he bridged gaps between Shiites in the south and the Bekaa Valley, undermined the influence of clans and inculcated the Shiite community's sense of itself. His charisma was so great that young Lebanese clerics began imitating his

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Iranian-accented Arabic. But in 1978, he disappeared while on an official visit to Libya, never to be heard from again. The Iranian revolution followed a year later, and after the 1982 Israeli invasion of Lebanon, Iran helped found Hezbollah.

Lebanon's civil war forced the Shiite community, like others, to defend itself as a group amid growing anarchy. By the end of the war, it was newly emboldened, its power was bolstered in the government and the community entered the civil service in force. The government sent billions of dollars to the south, tangled in staggering corruption, and money poured back into Lebanon from Shiite expatriates in Africa.

Within the community, Hezbollah grew stronger, as it fought the Israeli occupation that ended in 2000. In the guerrilla war, the group honed its military arm, with elaborate recruitment and the building of an arsenal supplied by Iran and conveyed through Syria. It weathered Israeli offensives in 1993 and 1996.

Today, in power and influence, Hezbollah has eclipsed its rival, the Amal movement of Parliament speaker Nabih Berri. Its social infrastructure of schools, hospitals and orphanages sprawls across the south; it prides itself on incorruptibility. And with its ascent are a culture and language steeped in the resistance to Israel it celebrates, along with an arsenal that, while many Shiites are reluctant to state it publicly, delivers the community confidence.

"Without the weapons, we'd get slapped across the shoulder," said Imad Abu Mehdi, a shop owner in Khiam.

To its followers, Hezbollah's appeal is reflected most powerfully in the personality of Nasrallah, sometimes simply called the sayyid, perhaps the most compelling figure the community has had since Sadr's disappearance nearly 30 years ago.

"Tell them that we are stronger than tiredness, stronger than hunger, stronger than cold, stronger than weariness, stronger than bombardment and, of course, stronger than attacking us with words," Nasrallah said in a fiery speech broadcast to the protest Thursday.

"He was talking golden, the words were precious," said Ali, the matriarch in Khiam.

Ali sat with her sister-in-law, Zeinab Ismail, whose son, Ahmed, was killed in this summer's war with Israel. Ismail fled the conflict for the relative safety of the Bekaa Valley in the north. When she returned, the doors of her home were blown out, its windows shattered. The homes of two sons were destroyed. Ahmed had spent nearly two years in the Israeli-run jail in Khiam in the late 1990s. Red worry beads he fashioned while there are now draped over his portrait, his stern visage glaring down from its perch above the door.

"No one has sacrificed more than the Shiites," Ismail said.

Ismail and Ali talked about past and present, the two often intersecting seamlessly in a narrative replete with suffering and martyrdom that stretches to the 7th century. Their conversation was punctuated, as it often is in southern Lebanon, with the rhetoric of class and disenfranchisement and the symbolism of martial sacrifice: the language of Nasrallah. For every ill, they blamed a government they said was rife with corruption and bent on preserving its power, neglecting the people in the south.

Without Hezbollah, Ali said, sipping a glass of lemon-flavored tea, "we'd only have God."Questioning Hezbollah

The words of Fayad's article, published before this summer's war ended, were blunt, even polemical. In language that was straightforward and at times simplistic, the psychologist questioned the very tenets of Hezbollah's ideology: notions of sacrifice, resistance and honor.

"What does it mean to be a Shiite?" she asked.

"To be a Shiite means that you do not question the meaning of victory," she wrote. "To be a Shiite means that you do not question the meaning of resistance and pride." She went on: "To be a Shiite is to accept that your country be destroyed before your very eyes -- unsurprised eyes, that is -- and that it comes tumbling down on your head, and that your family be displaced and dispersed and become refugees and that you accept standing up to the enemy without a word of complaint."

"You see," she wrote, "we are a nation of heroes that knows nothing but sacrifice."

By her estimate, the article prompted 30 more in response. She received hundreds of calls and 300 e-mails. She said many were supportive; others were indignant that someone would write in such a way while the country was under Israeli attack; "pathetic," one person scolded her.

Dressed in a sports jacket and wearing wire-rimmed glasses, Fayad, 55, sat at her home on an overcast day. She was bleak: She already sees the shadows of a civil war, as Hezbollah mobilizes its Shiite constituency and the government stages almost daily shows of solidarity among Sunni Muslims and others. She feels her life is in danger. And she wants to leave Lebanon.

"It is unacceptable I pass my life from war to war, for the sake of others," she said. "What kind of craziness is this?"

No one knows with certainty what percentage of the Shiite community Hezbollah represents. Critics such as Fayad and others suggest it is about a third. But she and other intellectuals who bristle at its dominance over Shiite politics illustrate, in a way, the group's power: Hezbollah and, to a far lesser extent, Amal represent the only organized Shiite voices in a system defined by communal politics. As a result, their ambitions become the community's ambitions, their tactics become its tactics.

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"They can't speak in the name of the Shia," said Mohammad Mattar, a lawyer with a fondness for Cuban cigars. "It's very simple. They cannot." Mattar talks in the precise, logical language of a legal brief. At times, he opens the window to air his sleek downtown office of smoke.

"Lebanon will cease to exist if one party monopolizes power or becomes all too strong," he said, his voice matter-of-fact. "A lot of people like me are very worried that the delicate Lebanese policy might disintegrate if this goes on."

The Shiites "were poor, and they were left to fend for themselves for 40 years of Lebanon's independence," Mattar said, staring from underneath his thick, black-rimmed glasses. "But this is not an excuse to do what you are doing."

The critique of Mattar and Fayad and others runs from the question of representation (unaccountable, in Mattar's view) to Hezbollah's ties to Iran and Syria (an instrument of their foreign policy, he said) to the very culture of resistance to Israel.

At a deeper level, their critique illustrates the contradictions of Lebanese politics: In the grammar of sectarianism, where Sunni, Shiite and Druze communities have coalesced around leaders, each claiming an effective right of veto, national identity has become second. As the Shiite community reaches for its greatest power ever, there is little debate within the community -- beyond articles, statements by dissident clerics and vestigial influence of clans -- over how to use that power.

"We are stranded. We can neither go here nor there," Mattar said. "People like me are left on our own."'They Became Something'

In some ways, Hossam Yassine represents the changing fortunes of Lebanon's Shiites. Yassine is college-educated, back from a job in the Persian Gulf. And every day this week, he has gone to the festival-like protests, in part for the party, in part because Hezbollah wants him to and in part because he believes.

"Hezbollah came and made something for the Shia, that we are here," the 22-year-old said.

He pulled his black leather jacked around his shoulders. His cheerful face was lined with the trace of a goatee.

"They were nothing, and they became something."

He walked past rickety stands selling date-filled cookies, bread with melted cheese and popcorn. A banner-size cartoon of two men hung to the side: "Are you a Christian or Muslim?" one asked. "I'm hungry," the other replied. Flags, shirts and caps were for sale -- yellow for Hezbollah, orange for its Christian ally, former general Michel Aoun. A little ways down, another placard asked, "What's more beautiful than living with dignity?"

"In two weeks," Yassine said, smiling, "they're going to have to pay the people to get them to leave."

He walked through the sleek downtown, its upscale offices and pricey condominiums at the heart of the vision of a new Beirut downtown promoted by former prime minister Rafiq al-Hariri, a Sunni Muslim billionaire killed last year in a car-bomb assassination.

"There are a lot of places in Beirut where people are building homes no better than tents. They flood in the winter. Why don't they take care of these people?" Yassine asked. "Why only here, in this small spot of land?"

He shook his head, more resigned than angry. "This wasn't built for us."

Yassine walked past campsites. "No to the pourers of tea," slogans read on the sides of tents, a reference to Lebanese police who served tea to Israeli soldiers this summer as they occupied the southern town of Marjayoun.

He read them, then furrowed his brow. For the first time, his voice took on an edge.

"If I'm a man, 60 years old, I've fought 25 years, 30 years, until now for one aim, to expel the Israelis and to keep the Americans away. I've lost a lot of things -- my father, my brother, my good life, and I sit at my home watching the Israelis get in peace what they couldn't get in war? Watching, just watching. Put yourself in the same situation. You would feel angry."

In a way, the protests today are a microcosm of the currents swirling through the Shiite community, promoted by Hezbollah with its intuitive feel for the sentiments of its rank and file. They are the equivalent of a new kind of politics in Lebanon, drawing on the street, roiled by populist demands: a protest over government corruption, a denunciation of the United States and Israel, a celebration of the war this summer, tinted with a sense of betrayal at the hands of other Lebanese, and a call for change, however ill-defined it might be.

To Yassine, it is a world view that rarely, if ever, intersects with that offered by the government's supporters; it pits righteousness against wrong, and victory, however long it might take, is inevitable. He said he couldn't envision an alternative.

"From the beginning we weren't treated well. Not just now. From the previous government and the government before that," Yassine said. "The people aren't going here because what Sayyid Hasan said. Sure, they'll do what he says. They love him. But they're going here because they're unhappy. I'll go not one night, two nights or three nights. I'll go for a year or two years."

As the protests wound down, he got into his car, driving back to the Dahiya and its densely populated warrens, where electricity is cut for hours every day. Armored personnel carriers were parked every so often, and knots of soldiers hung around intersections along streets that divided Sunni and Shiite neighborhoods. "It's like a border," he said. Along one road, six armored personnel carriers drove by, followed by three jeeps. A little ways down, he was stopped briefly at a checkpoint.

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"Where are you coming from?" the soldier asked. "Downtown," he said, and drove on.

His mood turned a little bleak, a little less optimistic than at the protests.

"They can't let any fight get big," Yassine said. "If a small fight gets big, Lebanon is gone."

Leading Lebanon From A Gilded Cage (LAT)

By Megan K. Stack

The Los Angeles Times, December 10, 2006

BEIRUT — In the palace on the hill, the chants and curses from the street below are easy to hear.

The voices float up through the clear wintry air, wisps of tension rising from the roiling anti-government demonstrations. Weary ministers listen to the heart-pounding bass beat of Hezbollah fighters' anthems, the political speeches screamed into microphones, the roar of the crowd. After sunset, the glare of floodlights arches like a gigantic halo over the tent city that's cropped up in the upscale shopping districts of downtown.

Inside the Grand Serail, what remains of Prime Minister Fouad Siniora's government toils away, trying to ignore the thousands upon thousands of people massed at its gate. The people outside describe the government leaders as unwanted and illegitimate, pawns of U.S. interests.

"We hear their voices, but we feel no compassion for them," said Fouad Saad, a lawmaker and former Cabinet minister who, in his neat suit, lingered between meetings under the glittering chandeliers of a cavernous reception room. "These people have received orders from Syria and Iran…. They are trying to drag us backward many years."

This is the kernel of a dangerous political standoff. The government stays put, refusing to regard the raucous calls from the protesters for its officials' resignations. Instead, they say, foreign powers are scheming to take over the country.

The Grand Serail is a hulking sprawl of an Ottoman-style palace that was ravaged by civil war and reconstructed as a proud icon of a nation's rebirth. It now stands isolated behind snarls of razor wire and layers of soldiers and security forces.

In the shabby maze of tents below, the mood is stoical and confident. The demonstrators seem convinced that the government will, inevitably, collapse, that Siniora and his allies cannot stay in place with so many people on the streets.

"When this stuff happens in other countries, the government falls," said Sami Harb, a 21-year-old computer communications student.

Tough talk on both sides

On a cold night, Harb paced the pavement near the line where demonstrators' tents were pitched next to the tanks and soldiers that seal off the main road to the palace. He turned up the hill, and waved an arm in disgust.

"Here somebody died," he said, referring to a young Shiite Muslim man shot and killed in sectarian-tinged street fighting, "and Siniora is still sitting right up there."

Organizers insist that the demonstration will remain peaceful. Still, some protesters speak of overrunning the palace if the government doesn't leave.

But in a tough-talking interview last week at his heavily fortified home in Beirut, Saad Hariri said that his allies would never be driven from office by the Hezbollah-led demonstrations. Hariri, the head of the Sunni Muslim community and leader of the parliament's majority bloc, said that to give up would be akin to handing Lebanon over to Iran and Syria.

Even if fighting erupts, even if stability is shaken, the government will stay, Hariri said.

"You're not preserving stability, you're killing your democracy," he said of resignation. "It's about putting Lebanon in the hands of Syria and Iran."

Pro-government parties are planning counter-demonstrations in coming days, he said, adding that he was having a hard time keeping his supporters off the streets. In Sunni neighborhoods, men speak openly of their thirst for revenge.

"You have no clue how many people call us: 'We want weapons, we want this,' " Hariri said. "We have to be the Gandhis of Lebanon. We have to stand in their faces and say no."

In the meantime, the army has swarmed and cut off every road that leads to the Grand Serail. The surrounding neighborhood has been swallowed in an expanded security zone. Visitors have to pass through an army checkpoint, then walk along a once-bustling street now rendered ghostly, footsteps echoing off closed shops.

Soldiers sprawl on the steps of a church. Perhaps out of desperation or optimism, a lone merchant has kept his interior decorating shop open for customers who can't get there.

Inside the Grand Serail, many of the Cabinet ministers have been living, almost on top of one another, in the guest quarters. They have been there since one of their number, Pierre Gemayel, a Christian, was gunned down in November. They are afraid that if they leave, the same will happen to them.

A recent visit found Youth and Sports Minister Ahmed Fatfat drying his socks on a radiator and chatting with his visiting wife.

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What the ministers know about events in the tent city below they mostly get from television.

The other night, the ministers huddled together before a television set to hear Hezbollah chief Sheik Hassan Nasrallah insult them.

They heard Nasrallah, arguably the most popular political leader in Lebanon, refer to "what remains of this falling government in the Serail."

He called them a "government of one color and a despotism of one group," a "dead end," "the government of the American ambassador." They heard him say that he would keep his people at the gates until the government fell. And they heard the crowd scream with the throaty abandon of a rock concert, hoisting their toddlers on their shoulders, chanting, "God preserve Nasrallah!"

When the Hezbollah chief finished speaking, the sky thundered with fireworks and celebratory gunfire.

Support by the busload

The ministers woke up the next morning and pressed on with business. These days, "business" seems to involve accepting moral support and doing work that will be moot if the government falls.

Day after day, the buses rattle into town from the mountains in the north, the cities of the south, the Bekaa Valley. One day it's a delegation of Bedouin tribes, another day the Druze, or supporters from Sidon, the southern port that's home to the powerful Hariri family and Siniora.

A swarm of visitors from Sidon was ushered through the grand stone hallways and sleepy courtyards last week, and packed into a hall where they staged a tiny counter-demonstration. They stood on their chairs, waved pictures of Lebanon's Sunni leaders and sang the national anthem.

"Today it's the turn of the people of Sidon to come," said Omar Hariri, a 50-year-old engineer. "You have to chose a side, to be on one side or the other."

"What's happening outside is disgusting," added Maher Chamma, also 50.

When a pale, weary-looking Siniora swept to the front of the room, borne along on a swift current of bodyguards, the cheers rang off the high ceiling. "May God bless you," the people cried. "With our blood and our souls, we will redeem you, Siniora."

Siniora launched into a speech deriding Hezbollah. Then he told them, "Sitting with you gives me a lot of comfort."

But when it was over, the visitors were packed back into buses and driven off through the back entrance, out of sight of the demonstrators.

Passing through a courtyard where pigeons splashed lazily in a fountain, Social Affairs Minister Nayla Mouawad said she had just finished writing a request for international money to help Lebanon rebuild from the summer war between Israel and Hezbollah.

"We are working much better and more efficiently than before," she said, her tone defiant. "You can concentrate here. You don't have the house, you don't have the children."

But moods shift fast. A moment later, Mouawad said she felt physically threatened. She fretted about rumors that demonstrators might try to take the palace by force.

Both sides insist they are open to negotiation. But at the same time, Nasrallah said his party would be wary of wasting time. And Hariri, too, seemed pessimistic.

"My only concern is, do they have the authority to negotiate?" Hariri said. "Because their authority comes from outside, from Iran and Syria.

"We did not create the problem," he added. "They created the problem."

Poisoning Inquiry Extends To Germany, Where Radiation Is Found (WP)

By Peter Finn, Mary Jordan

The Washington Post, December 10, 2006

MOSCOW, Dec. 9 -- German police said Saturday that they had found traces of radiation in two apartments in the Hamburg area connected to a Russian businessman who met with Alexander Litvinenko, a former Russian intelligence officer who died after being exposed to a deadly radioactive isotope.

German authorities said that the businessman, Dmitry Kovtun, had visited the two apartments, which belong to his ex-wife and former mother-in-law. Kovtun is reportedly seriously ill in a Moscow hospital.

Police said they had not found traces of radiation in Kovtun's own apartment in Hamburg.

The poisonous and politically charged trail of the radioactive polonium-210 that killed Litvinenko on Nov. 23 has now touched three countries in a case that brings fresh twists every day without yet revealing its source.

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The budget airline carrier Germanwings said Saturday that it had taken out of service the plane that carried Kovtun from Hamburg to London on Nov. 1, but tests at the Cologne-Bonn airport later turned up no signs of radioactive contamination.

If Kovtun left the radioactive trail in Germany after meeting Litvinenko, he could have picked it up from Litvinenko, a scenario strengthened by the fact that no traces were found on his inbound flight to London.

Traces left before Nov. 1, the day Litvinenko fell ill, could lead police to its source.

Critics of Russian President Vladimir Putin, including Litvinenko, have accused the Kremlin of being behind the killing in an effort to publicly squash a vocal detractor; the Kremlin rejects those accusations as absurd and says Putin enemies desperate to tarnish the president are more likely candidates for suspicion.

Kovtun, 43, a Russian business consultant who has spent years living in Germany, is emerging as a key figure in the investigation. While there are conflicting reports about his condition, the Russian news agency Interfax has reported that Kovtun is in serious condition and experiencing problems with major organ functions as a result of the poisoning.

Kovtun and another Russian businessman, Andrei Lugovoy, met with Litvinenko in the Pine Bar at the Millennium Hotel in London on Nov. 1, the day Litvinenko began feeling sick. A third Russian, Vyacheslav Sokolenko, said he also briefly met with Litvinenko at the hotel, which is located in central London on the same square as the U.S. Embassy.

Lugovoy has also tested positive for radiation poisoning but is reportedly still in good health, though meetings between him, Russian investigators and Scotland Yard detectives have been repeatedly postponed.

Lugovoy, a former KGB agent, and Kovtun attended the same military academy in Moscow in the 1980s. Both men have denied any involvement in the poisoning and say they are victims of a conspiracy.

Damien Wood, a manager of the luxury Millennium Hotel, said that despite the notoriety, the hotel remains "very busy. We are fully booked tonight." He said the Pine Bar, where Litvinenko met Lugovoy and Kovtun, remains shut indefinitely.

The British Health Protection Agency said this week that seven employees of the Pine Bar had tested positive for small traces of polonium-210. Wood said all of them continue to work at the hotel. On Saturday evening, a police van was parked outside the hotel, and a lone officer stood guard in front of the closed bar.

In a recent interview with Echo Moskvy radio, Kovtun said he was a business consultant who had lived in Germany for 12 years but had also set up a business in Moscow. He said he spoke with Litvinenko, whom he first met at another meeting in London on Oct. 16 to discuss possible business deals with British companies interested in investing in Russia and looking for expert advice.

Police in Hamburg stressed that Kovtun was not a suspect.

Russian prosecutors this week opened a criminal investigation into the attempted murder of Kovtun after he was found to be contaminated with radiation.

Russian authorities, who have said they will lead the interrogations and have essentially consigned British detectives to the role of observers in Moscow, told the Associated Press on Saturday that they intend to send their own investigators to London.

That has caused some consternation among emigres who were close to Litvinenko, many of whom are fierce critics of Putin. Two of Litvinenko's associates, exiled tycoon Boris Berezovsky and Chechen separatist Akhmed Zakayev, are wanted by the Russian authorities on various charges. British courts refused to extradite them, accepting their arguments that the charges against them were politically motivated.

The idea of Russian investigators coming to London "adds insult to injury," said Alex Goldfarb, who has been acting as a spokesman for the Litvinenko family. He said Putin had created an "authoritarian government" that controls the judiciary and prosecutors. "It cannot be taken seriously . . . the Russians are playing a game."

In an interview, however, Goldfarb added, "If British police believe this is the only way to get access to real suspects in Moscow, then we have no choice but to play in this unseemly game."

He said Berezovsky and Litvinenko's widow, Marina, reacted with the same "ironic comment: They would only talk to Russian investigators if they were tested first for carrying polonium-210."

German Police Detect Traces Of Radiation At Two Sites Linked To Litvinenko Contact (AP)

AP, December 9, 2006

HAMBURG, Germany (AP) — German police said Saturday that they had found traces of radiation at two sites in and near Hamburg linked to a contact of poisoned former Russian spy Alexander Litvinenko.

Police said they found traces of alpha radiation at the Hamburg apartment of the ex-wife of Dmitry Kovtun, who met Litvinenko in London on Nov. 1, the day the former spy is believed to have fallen ill.

They also said an initial scan had shown contamination at the home in Haselau, west of the port city, of his ex-wife's mother.

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Meanwhile, tests have shown no trace of the radioactive substance polonium-210 on a plane used by a contact of Litvinenko to fly to London, German airline Germanwings said Saturday.

Authorities carried out tests at Cologne-Bonn airport after determining that Dmitry Kovtun flew to London from Hamburg on the Airbus A319 on Nov. 1. Kovtun met with Litvinenko later that day.

Airline spokesman Heinz-Joachim Schoettes said the plane was taken out of service at Cologne-Bonn airport after authorities informed the company that Kovtun flew to London from Hamburg aboard the aircraft on Nov. 1.

Reports that Kovtun flew to London from Hamburg prompted police in the northern port city to begin their checks.

Kovtun, one of two Russians who met Litvinenko at London's Millennium Hotel, is reportedly being treated in Moscow, also for radiation poisoning.

Specialists found no trace of polonium-210 at the apartment of Kovtun himself in the Hamburg district of Ottensen.

However, police said in a statement Saturday they found radioactive "contamination that makes a fine examination necessary" at two locations in an apartment in the same building used by Kovtun's ex-wife.

They said during the night they had found indications that there had been a source of radiation in the apartment, but added that they had not found the source.

Police later sealed off the ex-wife's mother's home in Haselau, outside Hamburg, for further tests after finding traces of contamination there.

The traces were found in the bathroom and living room of the Hamburg apartment, and on a bed and a chair at the Haselau property.

Further tests were to determine whether the contamination was linked to polonium-210. Police spokeswoman Ulrike Sweden said they could last as long as two days.

Kovtun's ex-wife and her mother were questioned by police. Authorities did not identify the 31-year-old ex-wife.

Sweden said early Saturday that it was unclear whether Kovtun had returned to Hamburg after meeting Litvinenko.

She said it was possible that either a person or an object could have been the source of radiation in the Hamburg apartment.

While German authorities were in contact with British police, the search was "purely protective" and not part of any investigation against Kovtun, Sweden said.

Police have said the traces found so far represent no health risk to local residents. However, they said that about 30 people who live in the Hamburg apartment building would have to vacate it while tests continue.

A German Twist In Poisoning Trail (LAT)

By Jeffrey Fleishman

The Los Angeles Times, December 10, 2006

BERLIN — The mystery surrounding the poisoning death of a former Russian spy has veered to Germany, where investigators Saturday found traces of radiation in an apartment connected with a businessman who met the ex-KGB agent on the day he fell ill.

Police said "hints" of radiation were detected in the Hamburg apartment of Dmitry Kovtun's former wife. Traces were also discovered in the nearby suburban home of the ex-wife's mother. Kovtun met with ex-KGB agent Alexander Litvinenko on Nov. 1 in London, where police suspect he was exposed to the radioactive polonium-210 that killed him three weeks later.

Kovtun, a Russian businessman, is reportedly ill in a Moscow hospital.

Authorities said although contamination was detected, they did not find a radiation source in either building.

Police discounted media reports suggesting that Kovtun, who reportedly lived in Germany for 12 years, planned Litvinenko's assassination in Hamburg. No traces of radiation were discovered in Kovtun's apartment, which is in the same building as his ex-wife's in the northern port city's Ottensen neighborhood.

"At the moment, this man has not been accused," police spokeswoman Ulrike Sweden told German radio.

The airline Germanwings said that one of its planes was being tested for polonium-210. A spokesman told reporters that Kovtun flew on the plane from Hamburg to Britain the day he met Litvinenko. Media reports said no contamination was found. Police are investigating whether Kovtun returned to Hamburg after the meeting at London's Millennium Hotel.

The murder investigation has skipped across the continent and led to allegations by Litvinenko's family that intelligence services connected with the Kremlin were behind the plot.

Moscow has begun its own investigation. Russian authorities are expected to question Andrei Lugovoy, a businessman and former KGB colonel who was with Kovtun at the meeting with Litvinenko. He also is ill.

About 30 people were evacuated from Kovtun's building. Police told tenants there was no contamination danger, but asked them to "move out during the time of investigation."

Spy Widow Points Finger At Russia (BBC)

BBC.com, December 10, 2006

The widow of former KGB agent Alexander Litvinenko has said she believes the Russian authorities could have been behind his murder.

Marina Litvinenko, 44, told the Mail on Sunday: "Obviously it was not Putin himself, of course not."

But she said what President Putin "does around him in Russia makes it possible to kill a British person" in Britain.

She said she had confidence UK police would find her husband's killer, but would not help Russia's planned probe.

Mrs Litvinenko told the paper Russian authorities had not yet been in touch with her.

"I do not think I will help them with their investigations," she said.

"I can't believe that they will tell the truth. I can't believe if they ask about evidence they will use it in the proper way."

Traces of a radioactive substance, polonium-210, were found in Mr Litvinenko's body.

Two of the 26 police officers closely involved in the Litvinenko inquiry have tested positive for traces of that radioactive substance.

The Metropolitan Police said the polonium traces were "relatively small" and were "below defined safety limits".

Both officers are being monitored by health specialists.

Mr Litvinenko's widow denied he had ever been a spy

Mrs Litvinenko also told the Mail on Sunday her husband's last words to her last month before he died of suspected polonium-210 poisoning were: "Marina, I love you so much."

She also said she would do everything she could for "Sasha", as her husband was known to family and friends.

"Even until the last day, and the day before when he became unconscious, I thought he would be okay. We were both completely sure he would recover, " she told the newspaper.

"We had been talking about bone-marrow transplants and looking to the future."

Mrs Litvinenko said the couple's 12-year-old son had found his father's death "very difficult", but he had been trying to comfort his mother.

Friends of Mr Litvinenko believe he was poisoned because of his criticisms of the Russian government, but the Kremlin has dismissed suggestions it was involved in any way as "sheer nonsense".

'Speaking out'

His widow told the Sunday Times she had decided to speak out after some "completely untrue" reports suggested her husband was a man of dubious character.

She told the paper he had been an honest man and a crime fighter rather than a spy.

Mrs Litvinenko also told the Sunday Times: "Everybody tries to write about Sasha like he was an ex-spy, but it's completely untrue. He never was a spy."

She said her husband's public claims about his former employers at the FSB, Russia's secret police, had alienated them, the paper reported.

She said Mr Litvinenko knew "you can never escape from the FSB and he was starting to speak openly about crime."

She added: "I can't say (it was) these people but I'm absolutely sure they didn't forgive him for what he did."

When An Ex-K.G.B. Man Says They're Out To Get Him... (NYT)

By Scott Shane

The New York Times, December 10, 2006

I CALLED Alexander Litvinenko in London to ask him about poison and the K.G.B., and he was glad to oblige. Yes, he said in that interview two years ago, he believed that the Russian security agency was behind the dioxin poisoning of Viktor Yushchenko, who was running for president of Ukraine.

The view inside the K.G.B. and its successor, the F.S.B., where he had worked for a decade, "was that poison is just a weapon, like a pistol," Mr. Litvinenko said. He even gave the Moscow address of what he said was an F.S.B. poison laboratory. "I was told there were 11 poisons for different uses," he said, and added one more prescient detail. The same laboratory, he said, worked on "radioactive items."

Today, the British police are following the radioactive trail of Mr. Litvinenko's killer from London to Moscow, where two Russian associates of his are reported to be sick, possibly from radiation. Mr. Litvinenko's slow and agonizing death last month from ingestion of polonium 210 is an act of radiological terrorism that has not been solved. But its grisly exoticism — targeting a British citizen in his adopted country — seemed almost a throwback to the ruthlessness of the Stalin era, when it was part of the code of the K.G.B. to kill its apostates where it found them.

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In the interview, which seemed hysteria-tinged at the time, Mr. Litvinenko said that Russian authorities had marked him for assassination. He e-mailed me a photograph of the charred wall of his London apartment, damaged by a Molotov cocktail. He sent the manuscript of his book, "Blowing Up Russia," which charged that apartment bombings in Russia, officially blamed on Chechen rebels, were in fact the work of the F.S.B.

Neither the book nor Mr. Litvinenko's writings at Chechenpress.org were subtle. In one posting last year, he imagined enraged Russians storming the Kremlin, to "crack this citadel of barbarity and violence" and "murder the main security officer Putin and his assistants in the Kremlin toilet."

If Mr. Litvinenko's killing was a response to such verbal attacks, it would mark the distance Russia has traveled from the late 1980s, when K.G.B. leaders were grilled by the first elected Parliament and a K.G.B.-led coup crumbled. In 1989, addressing that Parliament, Yuri P. Vlasov, who had earned celebrity as an Olympic weightlifting champion, denounced the K.G.B. on live television as "a real underground empire" responsible for "millions of people murdered."

The next year, a retired K.G.B. major general, Oleg D. Kalugin, joined the nascent reform alliance Democratic Russia and became the first insider to denounce the security service on its own turf. Mr. Kalugin ran for Parliament himself, and then participated in the East-West spy thaw that seemed to consign the cold war to history. In 1996, he even co-starred with a former Central Intelligence Agency director, William E. Colby, in a computer game called "Spycraft."

But meanwhile the K.G.B., divided into the domestic F.S.B. and the Foreign Intelligence Service, or S.V.R., bided its time. President Boris N. Yeltsin considered dismantling the K.G.B. but "decided it was too dangerous," said Michael McFaul, a Russia specialist at Stanford University.

In the seven-year rule of President Vladimir V. Putin, the security service has returned to prestige and power. "All the most important jobs in Russia today," Mr. McFaul said, "are held by K.G.B. or former K.G.B. officers, in every ministry, in every industry."

Mr. Kalugin, facing increasing hostility at home, settled for good in the United States. In 2002, the onetime rising star of Russian democracy was convicted of treason by a Moscow court and sentenced in absentia to 15 years in prison. For decades, he said, any K.G.B. officer who defected was automatically tried and sentenced to death, and officers overseas were expected to carry out the sentences. In the late 1960s, when Yuri Andropov became K.G.B. chief, the practice faded. "He never formally ended it, but he found reasons not to give the orders," said Mr. Kalugin, who knew Mr. Andropov well.

Now the practice may be back and playing out in a world where former K.G.B. officers, with murky continuing relations with the successor agency, are found in many countries. Mr. McFaul said that whoever killed Mr. Litvinenko chose the gruesome murder weapon to deter others who would openly break with the F.S.B. and the regime. "The message is: Be afraid. Be very afraid," he said.

Message received, said Alex Konanykhin, a former Russian banker who fled to the United States in 1992 after former K.G.B. officers muscled him out of his own business. After he discussed Mr. Litvinenko's death on CNN, anxious friends called both from Russia and the United States to urge him to keep quiet.

"They say, 'What are you thinking? It's too dangerous," ' said Mr. Konanykhin, who runs a computer company and recently published an autobiography, "Defiance." He has continued to speak out, but he acknowledges, "It's chilling."

Mr. Kalugin, now living near Washington, says he regularly receives threats. Russian press reports since Mr. Litvinenko's death have quoted hardliners as saying that Mr. Kalugin is now first on the list of turncoats targeted for death.

Does he fear assassination?

Mr. Kalugin replied with a humorless laugh that was neither a yes nor a no. "I've led a good and interesting and honest life," he said.

U.S. And Foreign Regulators Consider Tightening Controls On Deadly Polonium 210 (NYT)

By William J. Broad

The New York Times, December 10, 2006

Nuclear regulators in Washington and abroad are studying whether to tighten security on polonium 210 in case terrorists seek the deadly material for so-called dirty bombs that spew radioactivity, officials and diplomats said in recent interviews.

The evaluation is based on longstanding fears about the possible terrorist threat as well as the polonium 210 poisoning that on Nov. 23 killed a former Russian spy living in exile in Britain and stirred public unease. British authorities traced the risk of radioactive contamination to a dozen sites around London and commercial jets carrying more than 33,000 people. The poisoning was an apparent first that caught the authorities by surprise.

Groups considering tighter controls include the Nuclear Regulatory Commission in the United States and the International Atomic Energy Agency in Vienna, which sets global standards for radiation safety. "There are no sirens wailing," said a senior

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European diplomat familiar with the agency's polonium 210 reassessment. "But there's a sense that we need to rethink how it is categorized," and thus controlled.

Officials and diplomats, some of whom spoke on the condition of anonymity because of the delicacy of the deliberations, said the agencies were carefully monitoring developments in London and Moscow. Meanwhile, private experts called tighter controls a potentially important step for public safety.

"It's very wise to put fairly strict limits on the commercially available amounts of polonium," said Thomas S. Tenforde, president of the National Council on Radiation Protection and Measurements, a Congressionally chartered group in Bethesda, Md., that advises the federal government on radiation safety.

Dr. Tenforde called the amounts of polonium 210 now available on the commercial market "not trivial" and said the contemplation of tighter controls was prudent given the risk of terrorists using polonium 210, a radioactive material, in urban attacks meant to sow disease and death. "It's a very nasty isotope," he said, "to put it mildly."

Commercially, polonium 210 is used to make static eliminators that remove dust from film, lenses and laboratory balances, as well as from paper and textile plants. The radioactive material is sealed tightly to make it hard to remove.

A dirty bomb, unlike a true nuclear weapon, uses ordinary explosives in its core and radioactive materials on the outside. If detonated in a city, it would scatter radioactive dust and debris which, in the worst case, might kill hundreds and sicken thousands of people. Nuclear experts call polonium 210 one of the most toxic materials known to science. A tiny speck can kill.

Even so, experts initially saw the highly radioactive material as a poor candidate for dirty bombs because skin or paper can easily stop its distinctive rays. It must be inhaled, injected or ingested to do harm. Moreover, its short half-life, just 138 days, means it loses potency relatively fast. On the other hand, its rays are hard to detect compared with those of most other radioactive materials, making it difficult to track.

After the terrorist attacks of Sept. 11, 2001, Washington looked anew at the deadliness of polonium 210 and decided that the material warranted more scrutiny as a potential weapon of terrorists.

In May 2003, a team from the Energy Department, which runs the nation's nuclear arms complex, and the Nuclear Regulatory Commission issued a lengthy dirty-bomb report that called polonium 210 one of 10 radioactive materials "of greatest concern." The 10, the report said, "should be given first priority for consideration of increased security measures."

In November 2003, the Nuclear Regulatory Commission began an interim effort to track the sources. But it took three more years, until Nov. 8, before the commission issued a final rule spelling out the workings of its program, officially called "National Source Tracking of Sealed Sources." The rule is to take effect early next year.

In theory, the system can track polonium 210 sources. But in interviews, commission officials said the reporting threshold was so high — 16 curies, which translates in standard risk estimates into more than 5,000 lethal doses — that it exceeded all known industry sources and products.

"We have not seen any polonium sources over 16 curies," said William R. Ward, a safety manager at the commission. "The rule will have no impact."

Other officials said the commission was monitoring the polonium drama overseas and evaluating the need for tighter controls. "Things are still unfolding," said Timothy E. Harris, a commission chief for radioactive source safety and security.

After he spoke, health authorities in London and Moscow raised the total number of people known to be contaminated by the polonium to at least 10 beyond the doomed spy, Alexander V. Litvinenko.

A senior commission official, who spoke on the condition of anonymity, said his agency was considering lowering the threshold for tracking polonium by a factor of 10, to 1.6 curies. But its first priority, he added, was to get better reporting and security for materials even more dangerous for dirty bombs than polonium.

Russia's Poisoned Democracy (LAT)

The Los Angeles Times, December 10, 2006

THE RADIOACTIVE poisoning death of former KGB spy Alexander Litvinenko is mushrooming into a tale of intrigue that is mesmerizing and confusing in equal measures. But the cloak-and-dagger theatrics threaten to obscure an urgent danger at the story's heart — journalists in President Vladimir V. Putin's Russia are increasingly being attacked and killed.

The latest Litvinenko news is the stuff of a John Le Carre novel: Two Russian businessmen, one of them a former KGB colonel, and an Italian investigator — all of whom who met with Litvinenko just before he fell ill — have also suffered poisoning from polonium-210.

Traces of the material were also found in employees of the London bar where Litvinenko and the Russians met and on aircraft that flew between Moscow and London. Meanwhile, former Russian Prime Minister Yegor T. Gaidar fell severely ill in Dublin and also claims to have been poisoned, though not with polonium and, he insists, not by the Kremlin.

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We may never find out whodunit or who ordered it done, but we know what Litvinenko was investigating at the time of his death: the killing of decorated Russian journalist Anna Politkovskaya, who had been exposing alleged Russian misdeeds in Chechnya.

Were the killings of Politkovskaya and Litvinenko isolated incidents, the Kremlin's protests that it suffers most from the bad international publicity would be more worthy of sympathy. But Politkovskaya was at least the 21st Russian journalist to be killed since Putin was elected in 2000, according to Reporters Without Borders. Two others have disappeared and are presumed dead, and there have been 320 assaults.

This would be alarming in any country, but it comes during a period in which the Russian government has nationalized private TV stations that had been critical of the regime, backed the takeover of independent media by political allies, arrested media executives or forced them into exile and repeatedly brought criminal charges against journalists. The human rights group Freedom House ranks Russia as simply "not free" when it comes to the media.

The result has been de facto impunity for those who would enforce public silence — be they corrupt government officials, sleazy businessmen, gangsters or any others who fear exposure or debate. That some news outlets have accepted payment to print or withhold sensitive information in the anarchic post-Soviet marketplace certainly complicates the picture.

But the pattern of censorship, intimidation and deadly violence against the Kremlin's fiercest critics makes it increasingly difficult to give Putin the benefit of the doubt.

Politkovskaya, one of the bravest reporters of her generation, was gunned down Oct. 7 in what many suspect was a contract killing. She is the third journalist from her newspaper, Novaya Gazeta — one of the last Russian publications that dares do investigative reporting — to die.

Last month, two other Novaya Gazeta reporters received death threats; one was investigating Politkovskaya's slaying. While the newspaper's staff risks their lives to shed light on the inner workings of Putin's Russia, the West has a moral obligation to insist that the Russian government protect them.

Taiwan Leader's Party Wins In Mayoral Vote, But Recount Is Sought (NYT)

By Keith Bradsher

The New York Times, December 10, 2006

KAOHSIUNG, Taiwan, Dec. 9 — President Chen Shui-bian's Democratic Progressive Party eked out the narrowest victory in Taiwanese political history in crucial mayoral elections here on Saturday, but the opposition Nationalist Party quickly said it would seek a recount.

The Central Election Commission in Taipei announced that with all ballots counted, the Democratic Progressive Party candidate in Kaohsiung had won by 1,120 votes out of more than 760,000 cast, a victory margin of about one seventh of a percent. On an island with already deep political divisions, the paper-thin margin and the possibility of a court fight are likely to cause further political friction in the weeks ahead.

Joanna Lei, a senior Nationalist lawmaker, said that party officials would ask the municipal election commission here to conduct a recount. Municipal election commissions have the discretion to order recounts when the outcome is decided by less than 1 percent of the vote.

Taiwan's legislature discussed whether to require recounts in close elections after President Chen narrowly won re-election in 2004, but never acted on the idea.

Both parties also threatened to sue each other in district court here on Monday, and began demanding that all ballot papers and other records be sealed at the courthouse.

Democratic Progressive Party officials accused the Nationalists on Friday and Saturday of paying people to attend a rally on Friday night; the Nationalists accused the Democratic Progressive Party of violating a law that bars parties from making any statements that may influence the election outcome after 10 p.m. the night before the polls open.

Even before the polls closed, the authorities here prepared for a close election by assembling a dozen busloads of riot police and heavy steel barriers fringed with barbed wire to defend the courthouse, where ballots are sent after an initial count in polling districts. Kaohsiung has a history of violent street protests.

But local Nationalists appeared more stunned than angry, and the streets around the courthouse were quiet on Saturday evening. Police officers at the courthouse sat on the pavement next to their riot shields or snoozed on the nearby buses.

The Nationalist Party had sought to turn mayoral elections here and in Taipei on Saturday into an informal referendum on President Chen, who has been dogged by allegations that he and his family have committed financial impropriety.

A Nationalist Party candidate, Hau Lung-bin, won the election in Taipei by a wide margin. That had been expected because northern Taiwan, including Taipei, tends to support Nationalist candidates while southern Taiwan, including Kaohsiung, more often votes for Democratic Progressive Party candidates.

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While Saturday's vote represented a reprieve of sorts for President Chen, it may have also strengthened the Nationalist Party, which favors closer relations with mainland China. James Soong, a former Nationalist who split with the party and set up a rival party, the People First Party, ran as an independent in the Taipei mayoral race but attracted just 4 percent of the vote.

Mr. Soong announced after the count that he would leave politics, which could clear the way for the People First Party to combine with the Nationalists, a move the two parties have been negotiating off and on for at least three years.

The vote count here showed Chen Chu, the Democratic Progressive Party candidate, with 379,417 votes, compared to 378,297 for Huang Chun-ying, the Nationalist candidate.

Taiwan Rival Parties Split Mayoral Wins (AP)

By Stephan Grauwels, Associated Press Writer

AP, December 10, 2006

Taiwan's ruling party narrowly won a crucial mayoral election in one southern city Saturday, while the opposition candidate won comfortably in the capital of Taipei in a pair of votes seen by many as a referendum on President Chen Shui-bian.

Chen Chu of the Democratic Progressive Party bested Nationalist Party candidate Huang Jun-ying by slightly more than 1,100 votes in Kaohsiung — a result likely to boost the position of the corruption-tainted president.

Huang said Sunday he had requested a recount of the nearly 800,000 ballots cast in the southern industrial city. The Kaohsiung District Court decided to seal off ballot boxes from all the city's polling stations to prepare for a recount, Judge Chen Chia-hui said.

In Taipei, the Nationalists' Hau Lung-bin beat the DPP's Frank Hsieh by about 13 percentage points with all the votes counted.

Chen Chu's victory in Kaohsiung — albeit by the narrowest of margins — seems likely to take pressure off of the president, who has been on the defensive for more than six months over allegations his family and inner circle benefited financially from their proximity to him.

The two Chens are not related.

On Nov. 3, prosecutors indicted Chen's wife and three former aides on charges of embezzling $450,000 from a special fund under presidential control. They said Chen could face the same charges when his presidential immunity from prosecution lapses after his term ends in 2008.

Allegations of vote-buying marred the election in Kaohsiung, long a DPP stronghold. The DPP claimed Huang's campaign workers handed envelopes containing $31 to people on a bus returning from his final election rally late Friday.

Huang on Sunday accused the ruling DPP of violating election law by making a false accusation against him on the eve of the election.

Voting took place without major problems in Taipei, where polls had shown Hau as a strong favorite. Hsieh's relatively robust showing — he garnered almost 41 percent of the vote, far higher than the DPP's expectations — is likely to put him in a good position to contest the party's 2008 presidential nomination.

While the corruption allegations against Chen Shui-bian played a major part in both the Taipei and Kaohsiung campaigns, candidates from the opposing parties also emphasized their positions on Taiwan's relations with mainland China, from which the island split amid civil war in 1949.

Hau and Huang support expanded Taiwanese trade ties with Beijing, reflecting the Nationalists' platform in favor of eventual unification with China.

By contrast, Chen Chu and Hsieh support strengthening Taiwan's de facto independence and play down the importance of expanded trade with the mainland.

Taiwan's Ruling Party Dodges An Electoral Bullet (LAT)

By Mark Magnier, Tsai Ting-i

The Los Angeles Times, December 10, 2006

TAIPEI — Taiwan's ruling party defied expectations that it would be trounced in local elections Saturday, handing President Chen Shui-bian some breathing room after months of fighting off scandals. But the mixed results probably will result in continued political infighting at least through the 2008 presidential election, analysts said.

In the two most closely watched races, the ruling Democratic Progressive Party narrowly won the mayoral race in the city of Kaohsiung and the opposition Nationalists won handily in Taipei.

The elections were seen as a referendum on Chen, who has been battling corruption-related allegations for six months. Chen's wife and three former aides were indicted last month on charges of embezzling $450,000 from a national affairs fund

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under presidential control. The prosecutor said Chen could face the same charges when his term — and presidential immunity — ends.

The Kaohsiung victory boosted morale in the president's office: Pundits and opinion polls had predicted a humiliating loss for candidate Chen Chu. The results also bolstered the party's reputation for running excellent grass-roots campaigns.

"This has been the most difficult election for the DPP," party Chairman Yu Shyi-kun said. "Nobody believed we could win."

But the narrow victory margin could prompt a recount. Chen Chu (not related to the president) won the mayor's seat by just 1,120 of 800,000 votes cast.

The Kaohsiung race was marred by voting fraud allegations, which are not unusual in local Taiwan elections, though both parties have tried to clean up the process in recent years.

The ruling party claimed that campaign workers for the Nationalists distributed envelopes containing the equivalent of $31 to bus passengers returning from an election rally late Friday. The Nationalists have denied wrongdoing.

In Taipei, Hau Lung-bin of the Nationalists defeated his ruling-party rival by about 13 percentage points.

"I voted for the Nationalists because the ruling party has been too corrupt," said cosmetologist Hsu Yen-ling, 44. "It's time to bring the opposition back into power."

But Nationalists' defeat in Kaohsiung denied their party the sort of mandate they had hoped for heading into legislative elections in 2007 and the presidential race. Party Chairman Ma Ying-jeou, Nationalists' expected presidential candidate, has pledged to shake 7,000 voters' hands a day, and reportedly had assistants count them, perhaps as practice for 2008.

"Ma campaigned very hard, but it is obvious his style is not appreciated by voters here in the south," said Liao Da-chi, a political science professor at Kaohsiung-based National Sun Yat-sen University.

Analysts said a lame-duck president and a divided electorate almost guaranteed that Taiwan would continue to muddle along politically for the foreseeable future.

"There isn't enough pressure on the president to step down, so the current situation will continue," said Philip Y.M. Yang, a political science professor at National Taiwan University. "We probably won't see much getting done in the next one or two years."

HK Voters Begin Choosing A Leader (BBC)

BBC.com, December 10, 2006

Voters in Hong Kong are electing the members of a committee that will choose the territory's next leader.

Pro-democracy groups are hoping to win enough representation on the 800-seat committee to enter a candidate in next March's chief executive contest.

There are 427 seats being contested, with the rest already allocated.

Candidates will need the backing of at least 100 members if they want to challenge the incumbent, Donald Tsang, who is backed by China.

Mr Tsang is expected to win re-election when he final vote is held.

Beijing 'worried'

The BBC's Vaudine England, in Hong Kong, says that the democrats already admit that their chosen potential candidate, lawyer Alan Leong, has no chance of beating Mr Tsang.

But for the first time since Hong Kong was handed back to China by the UK in 1997, the democrat groups now say they feel that it is worth taking part in the contest.

Atmosphere

Sunday's election is not expected to make a wide impact in Hong Kong, where just over 200,000 people from a population of 7.2 million are eligible to vote.

The electorate is drawn from a selection of political organisations and business and professional communities.

"The atmosphere so far is no good, ordinary citizens have no idea there is an important election," said James Sung, a political scientist at Hong Kong's City University.

Of the 373 seats already allocated, 96 are assigned to members of Hong Kong's assembly, or to Hong Kong members of the National People's Congress in Beijing.

Other members are appointed through their professions or through political appointment.

S. American Leaders Aim For EU-like Body (AP)

By Dan Keane, Associated Press Writer

AP, December 10, 2006

DOJ_NMG_0104941

South American leaders agreed Saturday to create a high-level commission to study the idea of forming a continent-wide community similar to the European Union.

The presidents and envoys of 12 nations wrapped up a two-day summit of the South American Community of Nations, hosted by Bolivian President Evo Morales in Cochabamba, a city tucked between the Andes and the Amazon in the heart of the continent.

"We seek that South America be forever a region of peace that works to solve the economic problems of its historically abandoned majority," Morales said.

The leaders agreed to form a study group in Rio de Janeiro to look at the possibility of creating a continent-wide union, and even a South American parliament.

Brazilian President Luiz Inacio Lula da Silva, a former metalworker who was re-elected in October, assured his fellow leaders that the group could rise above its historical divisions to unite the continent — though the process would not be easy.

"We must have patience, and try to solve these issues with delicacy," Silva said. "The solutions are difficult. We're not just simple workers talking about a strike at the factory."

The result left fiery Venezuelan President Hugo Chavez, long an agitator for the region taking a greater role on the world stage, pleased but impatient.

"We need a political Viagra," Chavez said. "Look, we make decisions and we don't have the power to execute them. They're stuck in these pyramids of paper."

The discussion over South American unity likely will continue later this month when the leaders of Brazil, Argentina, Venezuela, Paraguay and Uruguay gather in Brazil for the semiannual meeting of the Mercosur trading bloc.

Morales opened Saturday's round-table discussion calling for the leaders to close "the open veins of Latin America," referring to Eduardo Galeano's famous 1971 book decrying foreign capitalist exploitation. But how to staunch the economic bleeding was a matter of debate.

Chile's Socialist President Michelle Bachelet, whose country has a free trade agreement with the U.S., said globalization had "two faces" — one "potentially very destructive" but another that presented a "historic opportunity for societies like ours."

She urged South American leaders to take advantage of the world economy while minimizing the impact of open trade on the poor.

Chavez, however, expressed blunt opposition to Washington-backed free market prescriptions and boasted that leftists in the region have "buried" U.S. hopes of a hemispheric free trade agreement, an effort launched a decade ago.

He joked that nations signing a free trade pact with the U.S. are subsequently "flooded with chickens' hind quarters."

Though the two did not meet one-on-one, Chavez and Peruvian President Alan Garcia took advantage of the summit to bury the hatchet after exchanging personal insults during Garcia's presidential campaign earlier this year.

In Saturday's forum, Chavez enthusiastically seconded Garcia's call for a continentwide effort to improve education — despite the Peruvian leader's subtle dig at Chavez's ambitious proposal to build a natural gas pipeline across the length of the continent.

"If we don't teach a faith in this integration, all is lost," Garcia said, adding that education reforms would "cost much less building an aqueduct or a great big highway to integrate our countries."

Ecuadorean President-elect Rafael Correa has proposed a land-and-river trade route linking Brazil's Amazon rain forest to Ecuador's Pacific coast, saying it could be an alternative to the Panama Canal.

Chavez also said he was offering his oil-rich nation's refining capacity to Ecuador to help the country slash high energy costs. He said Venezuela would charge only the cost of refining as part of the deal, which is similar to those extended to other nations in the hemisphere.

Correa had no immediate comment on the offer.

Chavez also has extended a hand to close ally Morales. On Sunday, the two presidents will celebrate the groundbreaking of a gas separation plant in Bolivia's gas-rich Chaco region, a joint venture between Petroleos de Venezuela SA, or PDVSA, and Bolivia's state energy company.

Chavez, a fierce critic of President Bush, has used Venezuela's petrodollar wealth to counter U.S. influence in the region. Venezuela is the only Latin American member of OPEC and has the largest proven oil reserves outside the Middle East.

Associated Press Writer Edison Lopez contributed to this report.

The Best Of Both Dictators (WP)

By Michael Shifter

The Washington Post, December 10, 2006

DOJ_NMG_0104942

The parallels are striking: Two ruthless dictators who sacrificed human rights for political aims. Two men idolized by their followers and despised by the exiles they drove away. Two archetypes of the Latin American strongman, one in dark sunglasses, the other with that ever-present cigar. For the past half-century, no two leaders have so defined Latin America's political scene as Cuba's Fidel Castro and Chile's Gen. Augusto Pinochet.

They ruled from opposite ends of the spectrum -- Castro on the far left, Pinochet on the hard right -- their regimes similar only in their harshness and in the intense passions they evoked. Today, as the two ailing men take their final bows, their repressive political models are rightfully repudiated in most of Latin America, giving way to more democratic governments. Yet the legacies of Castro and Pinochet will loom large, and will long outlive them. They have been tyrants in life, but after their deaths, they will still shape the Latin America they leave behind.

For all their faults, both men tapped into the basic reality of the region and forged responses that will mold Latin America's political and social agenda for generations. Castro recognized the fundamental social inequities that mar the region, the most unequal in the world; Pinochet embraced the market and its power to lift an economy. And the new governments of the region are drawing on both those veins in their quest to better their citizens' political and economic futures.

The human rights records of both men are undeniably dismal. Since the Cuban revolution of 1959, Castro, now 80, has overseen extensive human rights violations, including thousands of executions, especially in the first years after he took power. Repression and tight government control continue to this day. Castro has long justified the tyranny on grounds that it was essential to creating a communist Cuba that emphasizes universal education and free health care, as well as to shielding the island from the constant threat of Washington-engineered regime change. Because of his self-styled image as a defender of the downtrodden and as an underdog standing up to the United States, he remains a hero to many not only throughout Latin America, but worldwide.

Pinochet, in contrast, has few fans outside Chile -- and even there the number of supporters has substantially dropped off. He upended Chile's democratic tradition with a military coup in 1973 and ruled for 17 years before leaving office in 1990. With the abduction, torture and killing of thousands of opponents -- in the name of ridding the country of Marxist influence and creating order out of chaos -- his regime helped turn the word "disappear" into a transitive verb. Only now, at 91, has Pinochet accepted responsibility for what happened during his rule. Small consolation for the families of all those victims.

Fortunately, no government in Latin America today practices the sort of politics that will be forever linked to Castro and Pinochet. The closest heir to either is newly re-elected Venezuelan President Hugo Ch?vez, who would like to assume the mantle of leader of Latin America's left when Castro dies. Some Venezuelans fear that, emboldened by his recent landslide victory, Ch?vez will now make a strong push to implant the Cuba model in their country. But circumstances have changed too dramatically since the 1960s for that to happen.

Castro put his finger on Latin America's fundamental grievance -- the social injustice and inequality that prevails there. Recent elections in Bolivia, Brazil, Costa Rica, Ecuador, Mexico, Nicaragua and Peru have highlighted the renewed importance and urgency of the social agenda. Over the next year, incoming governments of varying ideological hues are likely to put even more emphasis on social programs that respond to widespread frustration and mounting expectations. New leaders will thus sound many of the same egalitarian notes long sounded by Castro.

Yet in practice, many of these governments will carry out some of the same economic policies espoused by Pinochet, relying primarily on the market in pursuit of their social goals. Even Ch?vez relies on the oil market to finance his social programs. In the 1970s, the Pinochet regime, influenced by the late economist Milton Friedman, pioneered the embrace of market reforms in Latin America, including privatizing state enterprises and liberalizing trade. The country went through a tough period in the early 1980s, but Pinochet's economic prescriptions eventually set it on a path that has made it Latin America's best economic performer in recent decades.

Despite the meager fruits of market reform elsewhere, and the corruption wrought by privatization efforts (recent revelations that Pinochet stashed millions of dollars in secret accounts in the former Riggs Bank in Washington have further tarnished his reputation), polls show that most Latin Americans still favor such changes-- albeit carried out honestly, and accompanied by stronger social support programs. Today's ruling coalition government in Chile exemplifies this new current in Latin American politics. Economic performance in the 17 years of democratic rule has been superior to that under Pinochet. And poverty levels have declined from more than 40 percent in 1990 to below 18 percent in 2005.

In Latin America today, the public wants the market-driven growth that draws on the Pinochet experience and the focus on social equality inspired by Castro -- but in a democratic context, without the terror and autocratic rule that marked the two regimes.

It wants, in short, the best of both.

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DOJ_NMG_0104943

Michael Shifter, vice president for policy at the Inter-American Dialogue, teaches Latin American politics at Georgetown University.

Fiji Coup Leader Runs Want Ads For Cabinet Posts (AP)

AP, December 9, 2006

SUVA, Fiji (AP) — Fiji's coup leader ran want ads in local newspapers Saturday to fill vacant Cabinet jobs, trying to piece together a new government for the south Pacific country.

Army chief Frank Bainimarama has removed a swath of senior civil servants, including top police officers, saying he is weeding out corruption entrenched in the administration of ousted Prime Minister Laisenia Qarase.

"Applicants must be of outstanding character and without any criminal records," the advertisements noted, asking aspirants to submit applications at military headquarters by Tuesday. "Each must not have been declared bankrupt."

"The deadline indicates the urgency in trying to get qualified people in to help in the running of the affairs of the state," Maj. Neumi Leweni, a military spokesman, told state-owned Fiji One News television. He added that the posts of finance and foreign affairs ministers would not be advertised.

Bainimarama's hand-picked interim leader, Maj. Jona Senilagakali, took over the prime minister's office for the first time Friday, arriving with an armed military guard. Some top government officials have been reappointed, the Fiji Times newspapers reported, including the chief executive officers for tourism and agriculture.

An aide for Qarase, meanwhile, said the ousted prime minister would return to the capital of Suva within days despite the risk of arrest.

"We know we will have a reception party at the other end," Sakeasi Ditoka told The Associated Press, referring to troops Qarase expects to meet him at Suva's airport.

"We know what's going to happen. But we need to come back for everybody's sake," Ditoka said. "The people want their leader among them."

Qarase fled the capital to his home island in the Pacific archipelago's north after Bainimarama seized power Tuesday and declared himself president.

Bainimarama has received signs of support from a key opposition leader and the country's powerful tribal chiefs, but has faced a wave of international repudiation.

The 53-nation British Commonwealth suspended Fiji on Friday, a decision Leweni said had been expected. It was the third time in 20 years that the Commonwealth suspended the country following a coup.

Qarase told Australia's Nine Network television the decision was "a very positive move." The U.N. Security Council and the European Union have also condemned the coup — Fiji's fourth in nearly two decades.

The coup was the culmination of a long impasse between Bainimarama and Qarase over legislation offering pardons to conspirators in a 2000 coup and handing lucrative coastal land ownership to indigenous Fijians. Bainimarama said the bills were racist.

Czech Leader Still Hunts For Government (NYT)

By Craig S. Smith

The New York Times, December 10, 2006

PRAGUE, Dec. 8 — It was St. Nicholas Day, Dec. 6, and Mirek Topolanek, this country's prime minister, was on his way to see the president for his lump of coal.

For six long months, the Czech Republic has waited with increasing impatience for Mr. Topolanek to form a government that can win a vote of confidence from a Parliament perfectly split along partisan lines.

He had promised President Vaclav Klaus that he would present a winning cabinet by the holiday, when St. Nicholas and the Devil make their rounds to distribute candy to the good children and coal to the bad.

But he had no cabinet ready.

"Next week," Mr. Topolanek said with evident exasperation before leaving his office in the town's Parliament building.

This small Central European country, which nearly 17 years ago slid so softly from Communism to capitalism that its transition was called the Velvet Revolution, is suddenly finding democracy something of a puzzle. The combination of a backstabbing political culture and a parliamentary system that provides no tie-breaker in the case of an evenly divided legislature has left the country on autopilot since national elections in June.

The crisis shows how far the region's post-Communist political culture has to go before it is mature, but it also indicates that the area's political systems are remarkably secure.

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"You would expect, after six months with no stable government, that the politicians would talk about the country, but they only talk about strategic moves and how to get more votes," said Jiri Pehe, a political analyst here.

But not even the Communist Party, he added, is antidemocratic. "The Constitutional framework and the underlying institutions are strong enough for the country to keep running without a government," he said.

The problem began as parliamentary campaigning for national elections came down to the wire in June. The left-wing Czech Social Democratic Party, which had led a governing coalition for the previous eight years, looked as if it could win again.

Then, four days before the voting, a police report packed with dark allegations about the party was leaked to the news media. None of the claims, from pedophilia to murder, have proved true, but the report dominated front pages. Mr. Topolanek's center-right Civic Democratic Party swept the election, winning 81 of Parliament's 200 seats and leaving the Social Democrats with 74.

The ruckus over the report left both sides bruised and angry. Mr. Topolanek's Civic Democrats huddled in his corner with two allied parties, vowing never to form a coalition with the Social Democrats. The Social Democrats, for their part, closed ranks with the Communists, and promised to block any government they weren't part of. Each camp had 100 seats on its side, setting up the stalemate that continues to this day.

The departing Social Democratic Party prime minister, Jiri Paroubek, and his ministers sat in their offices for months waiting for Mr. Topolanek to form a new government.

Mr. Topolanek finally did so in September, allowing him to take Mr. Paroubek's place and install ministers of his own. But his government could not win the necessary parliamentary vote of confidence required for it to stay.

President Klaus sent Mr. Topolanek back to the drawing board. In the meantime, the country waits.

Periodically, Adriena Mrazova, the mayor of Ricany, a small town near the Czech capital, calls the Ministry of Labor and Social Affairs to find out who will pay for the new workers she needs to hire as local governments take over social services previously administered by the state. But no one is home.

Even if she does reach someone, no one is willing to make any decisions, she said. "They tell us, 'We may not be here in two weeks.' "

The Czech Republic's mostly privatized economy is continuing to do well: the economy is growing, unemployment is falling, and inflation is under control. But many people worry that the long pause in government action, particularly on badly needed health care and pension reforms, will hurt the economy later on.

The delay could mean that the country will not be able to reduce its budget deficit to the required 3 percent in time to adopt the euro by 2010, as previously hoped.

Mr. Topolanek's progress has been slowed by a series of party congresses, each promising to alter the political map enough to color his options. While waiting, he has concentrated on trying to split one or two legislators from the opposing camp in order to break the deadlock — to no avail.

Though Mr. Topolanek missed his self-imposed deadline, the Social Democrats have given him another: he has until Dec. 15 to negotiate their participation in a government. After that, Mr. Paroubek said, Mr. Topolanek can form a government on his own and risk another parliamentary no-confidence vote.

If Mr. Topolanek's next attempt at forming a government fails, the speaker of the Czech Parliament's lower chamber — not the president — will appoint a new prime minister for a third try. The speaker is now a Social Democrat and while he has agreed to step down, electing a new speaker will itself be a challenge with a divided Parliament.

Were a third government to fail a vote of confidence, the president would call new elections and the process would start all over again.

Years After War In Kosovo, Land Mines Scar Albania (WP)

By Barbara Frye

The Washington Post, December 10, 2006

DOBRUNA, Albania -- Seven years after the Kosovo conflict ended, NATO bombs continued to explode this fall in the mountains of northern Albania.

This time, however, it was a reassuring sound. Up in the hills, men in protective gear were setting off bomblets that alliance warplanes scattered along the Kosovo border during the 78 days of hostilities.

Within earshot but miles away, men and women combed other hillsides, inch by inch, on hands and knees, searching for land mines planted by combatants in the ground war between Serb forces and Kosovo's ethnic Albanian separatists.

For isolated villages such as Dobruna, it's been seven years of death, amputations, shrapnel wounds and blown-up farm animals, seven years of blocked-off grazing lands, forests and water supplies. The explosives have choked off any hope of development here, denying more than 25,000 people access to parts of their land, according to government estimates.

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"Before the war, we used to depend on growing crops and raising animals, but without being afraid of losing our lives," said Dan Mynxyra, the 54-year-old village leader, elected by Dobruna's 36 households. He was sitting on a grassy plot while several other residents looked on. Above, the ash- and oak-covered hillsides had turned a brilliant mix of pumpkin, canary and pale green.

According to Mynxyra, most residents fled the day that NATO began bombing Kosovo, March 24, 1999, in a campaign to halt attacks by Serb forces on ethnic Albanians in the breakaway province. They returned to a familiar landscape made lethal by land mines and booby traps. Dobruna had become one of the border's most explosives-contaminated villages.

The terrain here is more vertical than horizontal, and planting and grazing land is so precious that before organized de-mining began, some residents tried to clear fields and paths on their own, often with tragic results. Thirteen of the village's 290 residents have been injured by land mines, some planted within yards of their houses.

In addition, between 200 and 300 of Dobruna's cows have fallen prey to mines in the past five years, according to Jonuz Kola, who runs a private group that assists mine victims. Kola has tried to dissuade villagers from following stray animals into suspected minefields, with limited success -- loss of a cow is a catastrophe for a poor family.

Sitting on the ground next to Mynxyra, Kola laid out his warning once again. An onlooker yelled out: "If your cow goes into the minefield, you have to go and take it out." Kola smiled and sighed.

A few steps away, the women of the Mula family stood in their yard amid beehives and dried husks, preparing corn to be ground for the winter. Neighbors' chickens wandered in, bees buzzed around and a young cow relaxed on the floor of a small barn.

Jashar Mula emerged from the house with a photo of his 24-year-old son, Korob, sitting on what appeared to be a hospital bed, one leg and both arms reduced to bandaged stumps. His parents said he stepped on a mine and then fell on another while shepherding a flock six years ago.

While his wife, Jose, looked on in distress, Jashar Mula called the day of Korob's accident the worst of his life. "If someone can help me in America, if possible," he said, "send me and my son to the U.S. I will give my hand to Korob, keeping one only to eat."

Korob is one of 272 people wounded or killed by mines and bombs littering a 75-mile stretch of border between Kosovo and Albania. Since 2000, workers have cleared about four-fifths of the area, recovering almost 16,000 explosives.

The work has focused on ground that villagers deem to be high and medium priority: grazing and crop land, roads, areas near water sources. This fall, those and other useful areas along the length of the border were finally declared free of explosives, but it will probably be 2010 before nearly all the explosives along the border are gone.

NATO has acknowledged that some of its warplanes' bombs intended for Serb targets in Kosovo landed on Albanian soil. "NATO never intended to drop any bombs in Albania," said acting NATO spokesman Robert Pszczel. Those that did fall there tend to be within a few yards of the border.

As for mines, at least one account has them being laid by Kosovo Liberation Army rebels to prevent Serb soldiers from following them across the border into Albania, where, as ethnic Albanians, the guerrillas enjoyed widespread support from the population.

But some villagers photographed Serb soldiers laying them, according to Shefqet Bruka, a community liaison for the Albanian Mine Action Executive, a government agency.

A 2004 NATO report states: "In an attempt to deter NATO, Albanian and Kosovo Liberation Army forces from entering Kosovo, Serb forces had planted an extensive network of anti-personnel mines along the northern border of Albania. A significant number of mines have also been found well into Albanian territory."

"They can't admit that they laid mines on the Albanian side" because of the possible legal and financial consequences, said Veri Dogjani, mine awareness and victim assistance officer at the mine action executive. Albanians have been asking for maps of the minefields, "but they say, 'No, we are not aware of what you're talking about.' "

The Serbian Defense Ministry did not respond to repeated requests for comment. But according to the International Campaign to Ban Landmines, Col. Dusan Stanizan of the Yugoslav army's general staff wrote in a Serbian military magazine in January 2000 that "the Yugoslav Army's mining of some routes from Albania into Kosovo had prevented KLA soldiers from breaking through."

Unlike Kosovo, which has been under administration by the United Nations since the war ended in June 1999, northern Albania has received little international aid to repair damage it suffered in the conflict. The region remains desperately poor -- average per capita gross domestic product is $1,564. Many houses along the border lack indoor plumbing and electricity, unemployment hovers around 30 percent, and some villages have lost almost 40 percent of their population since Albanians got the right a decade and a half ago to move freely around the country.

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The few roads here tend to be harsh, car-eating gullies, where even walking is difficult. Under communism, cars were banned in Albania, and many villagers still get by with horses and donkeys.

A January 2005 survey by aid organizations determined that road construction was a crying need, as were new irrigation systems, schools, health centers and better access to drinking water. Most projects, however, still await funding.

Jonuz Kola's group, the Victims of Mines and Weapons Association, has helped train local medical professionals and assisted the injured in getting care in the Albanian capital, Tirana, and abroad. It provides interest-free loans of roughly $1,550 to mine victims and their families. So far the program has helped 63 people buy 104 cows.

"They have more milk and they have something like $800 to $1,000 more per year just because of the cows," Kola says.

Kola estimates that it will take at least 10 years for northern Albania to develop what would appear to be a boundless potential for tourism -- its mix of rocky peaks and blue-green rivers make for a walker's paradise.

Before that happens, of course, the mines must go, but even their final removal will be a mixed blessing.

DanChurchAid, the last organization de-mining along the border, provides some of the few jobs to be had here, paying people about $520 a month to find and clear the explosives.

When asked what they would do when de-mining work ended with the arrival of cold weather, people replied with a vague smile or a shrug. "We don't have any jobs in Kosovo. It's impossible to find a job," said Fishik Mamusha, an economics student from Kosovo who was working as a de-miner.

Without the roads, clinics, schools and bridges that the villages seek -- and, in truth, without the mines -- this region could go back to being a forgotten island of poverty on a wealthy continent.

On The Run As War Crosses Another Line In Africa (NYT)

By Lydia Polgreen

The New York Times, December 10, 2006

KALANDAO, Central African Republic — The rumble of engines, any engines, is the signal for the villagers here to flee, leaving behind smoldering pots of wild roots and leaves, a meager afternoon meal.

Their haste was so great on a recent afternoon that they left something else behind — a little girl in a filthy white shirt. She wailed as she sat, utterly alone, struggling to stand, much less flee, on slender, uncertain legs.

The Central African Republic — so important as a potential bulwark against the chaos and misery of its neighbors in Chad and the Darfur region of Sudan — is being dragged right into the dangerous and ever-expanding conflict that has begun to engulf central Africa.

So porous are its borders and ungoverned are parts of its territory that foreign rebels are using the Central African Republic as a staging ground to mount attacks over the border, spreading what the United Nations has called the world's "gravest humanitarian crisis."

The situation is so bad in some places that 50,000 residents have fled the Central African Republic to find refuge in Chad, of all places, while starvation threatens hundreds of thousands who remain.

"This is the soft belly of Africa," said Jerome Chevallier, a World Bank official who is trying to help stabilize the Central African Republic. "It has little protection from whatever might strike it."

A visit to Kalandao underscores the point. The residents here had fled their country's own army, which has been burning villages to smoke out a homegrown rebel movement bent on overthrowing the government. Once the villagers, including the girl's family, realized the approaching vehicles were from the United Nations World Food Program, they trickled back to tell their story.

"We are living in the bush like animals," Leontine Makanzi said. "Our children are dying. We are eating nothing. We have no security." Central African Republic, one of the poorest places on earth, has suffered through a series of coups and countercoups in the last decade and sits almost at the bottom of the United Nations development index. In few places do people live so short a lifespan, bury so many of their young children or succumb to more treatable disease.

But its vulnerability has only grown in recent months. On its northeast border with Sudan, Chadian rebels supported by the Sudanese government have built a base, according to government officials and diplomats, to bolster their bid to overthrow Chad's president, Idriss Déby. Now the Central African Republic government says these foreign fighters have teamed up with local rebels to overthrow it as well, making it increasingly hard to separate one conflict in the region from another.

"The world must act now to prevent an even graver crisis here," said Jean-Charles Dei, country director for the United Nations World Food Program, which is feeding 250,000 people in the Central African Republic, one of just a handful of organizations offering any aid at all here. "The international community must act to protect these vulnerable people or risk that they will be consumed by the crisis in the region."

To stem the tide of destruction in this morass of cross-border enmity, the United Nations is examining the possibility of placing international troops to protect the borders of Chad, Sudan and the Central African Republic.

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The hope is to avoid a broad, multicountry conflict like the one that swept Congo after the fall of Mobutu Sese Seko. That war, which followed the Rwandan genocide and pulled in fighters from Uganda, Angola and Rwanda, among others, killed four million people, mostly from hunger and disease, and its aftermath continues to kill 1,200 people a day.

"As long as the problem of Darfur is not solved, you will not have peace in Ndjamena or Bangui," said Lamine Cisse, the top United Nations official in Central African Republic, referring to the capitals of Chad and Central African Republic. "The conflicts are all linked, and solving one requires solving all."

The Central African Republic is a former French colony of four million people sprinkled in tiny villages across a tangle of jungle about the size of Texas. Across generous swaths of fertile soil, villagers scrape together a living using techniques as old as the Bible — hoes, water cans, human muscle and bone. The labor required for mere survival is so strenuous that the most common operation performed by doctors at a rural hospital in the northwest is for hernias.

On a continent where cellphone towers and fiber optic cables are finally snaking their way across the land, much of life here is lived as though the last few centuries never happened — as though the march of history halted at its wild frontiers.

"It is as though the whole world has simply forgotten these people," said Sister Desiree, a Burundian nun working at a Roman Catholic mission in Ndim, a small provincial town in northwest Central African Republic. "I always ask myself, why does no one besides us come to help these people? But I find no answer."

The four nuns at the mission, along with four nurses, some teachers and a handful of others, run a school, clinic and feeding program in Ndim, handing out food donated by the World Food Program.

Most of the people in Ndim are not actually displaced, but the isolation the conflict has caused, as well as the general poverty of the area, has left them perpetually malnourished and hungry.

"Outside of a famine situation I have never seen people in such terrible shape," said Jean-Pierre Cebron, the top official for the World Food Program for the central African region. "In terms of weight, in terms of height, in terms of health, the population is really in rough condition."

Hundreds of families lined up at the mission to receive biweekly rations — a few scoops of fortified flour, lentils, salt and sugar. Some were so poor they did not even have bowls — they used ragged pieces of cloth to carry their food home.

In neighboring countries, aid organizations feed, clothe and shelter the impoverished, but here there are comparatively few people to help. Here in the northwest, Doctors Without Borders; Coopi, an Italian aid organization; the International Committee of the Red Cross and the World Food Program are trying to help the estimated 150,000 displaced, but they are overstretched and hampered in their work by security problems and government constraints.

Aid organizations in Paoua, a provincial town at the epicenter of the crisis in the northwest, were instructed by the military in November to suspend activities for security reasons, so more than 50 tons of food for displaced people sat in a warehouse, undistributed.

Just outside of Paoua, the remains of village after village lie in charred heaps. In one such village, behind the destroyed mud huts, deep in the forest, villagers were living beneath plastic tarps a mile away from their homes.

"They came last month to give us these shelters, but they don't come again," said Pauline Koibe, who had been living in the open, sleeping under trees, since January. "It is like they have forgotten us."

People here refer only elliptically to the perpetual crises that have enveloped their nation. Its troubles are referred to as "les événements," or the events. It is a passive phrase that carries the inevitability and randomness of a tornado or an earthquake — an unpredictable, destructive happening that has no author and for which no one really can be blamed.

The problems began even before independence, when the man who should have been the country's first president, Barthélémy Boganda, died in a mysterious plane crash in 1958. They continued with the rise of Jean-Bédel Bokassa, a ruthless military dictator whose excesses were rumored to include cannibalism. He declared himself emperor of this tiny country in 1976, crowning himself in a lavish ceremony that cost $20 million.

Democracy arrived in the 1990s, with the election of Ange-Félix Patassé, but his rule was marked by corruption and mismanagement that only deepened the despair. He was overthrown in 2002 by Gen. François Bozizé, who eventually was elected president in 2005 in an election that was judged free and fair by international observers.

The rebellion in the northeast is led by allies of Mr. Patassé, the former president, along with Chadian rebels, who seek to overthrow Chad's president, a close ally of Mr. Bozizé.

Like so many countries in Africa, the Central African Republic has the potential of vast wealth in its natural resources — diamonds, timber, hydroelectric power and commercial farming. But over the years its economy has shriveled. A decade ago there were more than 200 private companies working here, according to the World Bank. Today, only about 20 remain. In the past decade, disease and hunger have slashed life expectancy by 10 years, to about 40.

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"Since independence our country has never known stability," said Lea Koyassoum-Doumta, a top adviser to the government. "We have plenty of problems of our own. We don't need these problems from outside, in Sudan and Chad, making things worse for us. We need peace so we can finally have some development and progress."

Chadian Rebels Claim To Have Killed 100 Government Soldiers (AP)

AP, December 9, 2006

N'DJAMENA, Chad (AP) — Rebels fought back a Chadian army attack on Saturday outside an eastern Chad town, killing 100 soldiers and injuring an unknown number of others, a rebel spokesman said.

Soldiers attacked a rebel position just outside the eastern Chad town of Biltine at about 6:30 a.m. (0530GMT) and after three hours of fighting, rebels of the Union of Forces for Democracy and Development, known by the French acronym UFDD, repulsed them, said Ali Moussa Izzo, spokesman of the group.

He said that Gen. Mas-Oud Diresse led the government forces that consisted of three columns made up of 250 vehicles.

"Many of the combatants of (President Idriss) Deby have joined while others ran away," Izzo said in a statement posted on a Chadian opposition website.

This week, Biltine has become a major battleground with rebels seizing it and then being fought off by the army, only for the rebels to recapture it, according to Izzo's statement.

"Our mobile columns are in full control of the situation and putting in place checks around Biltine up to the airport where dead and injured soldiers are being collected," Izzo said.

It was not possible to independently confirm the rebels' claims and government officials were not immediately available for comment.

Chadian rebels aiming to topple Deby have clashed sporadically with government forces since 2005. The competition for power in the central African nation has become more intense since Chad began exporting oil in 2003.

There are also fears that Chad's conflict is being worsened by a spillover of the violence in Sudan's western region of Darfur.

Madagascar's President Wins Re-election (AP)

By Jonny Hogg, Associated Press Writer

AP, December 10, 2006

Madagascar's president has been re-elected in the Indian Ocean island country, officials said Saturday, as authorities raided a former president's home searching for the leader of a failed coup.

President Marc Ravalomanana, a charismatic dairy tycoon known as the "The Milkman," won 55 percent of the Dec. 3 vote to beat 13 challengers, election officials said. He needed to win at least 50 percent of the vote to avoid a run-off.

He has promised a five-year development plan to reduce poverty, the dominant issue in a country were 70 percent of the island's 17 million people live on less than $1 a day.

Earlier this week, representatives for Lahiniriko Jean, the former head of the National Assembly, who trailed with 11 percent of the vote, said they would not accept a first-round victory for Ravalomanana because of problems with voter registration and the electoral list.

Election observers said this year's ballot had gone well, but raised concerns about the country's system of requiring candidates to print their own ballots. The government, for the first time, took responsibility for the delivering ballots to polling stations.

Many hoped there would not be a repeat of the fighting that followed the December 2001 elections, when former President Didier Ratsiraka refused to accept defeat to Ravalomanana. Ratsiraka fled to France after months of rival governments in two capitals.

Meanwhile, police searched the property of former President Albert Zafy on Friday as part of an ongoing investigation into the whereabouts of Gen. Randrianafidisoa and opposition politician Pety Rakotoniaina.

Randrianafidisoa, who uses one name only and is known as Gen. Fidy, had called for a coup on Nov. 17, but the attempt failed to garner much support. The general has since been on the run, and authorities are offering $50,000 for information or assistance leading to his arrest.

Randrianafidisoa had been supported by Rakotoniaina, a staunch critic of the government who is wanted in connection with organized car theft and holding an illegal demonstration the day before the election.

Madagascar's L'Expresse newspaper reported that political documents had been seized from Zafy's home, and quoted the former leader as saying he had been informed the raid was in the interests of national security.

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"I reject the gesture," Zafy was quoted as saying. "I do not recognize Ravalomanana as president and have not since 2001."

Zafy defeated Ratsiraka to become president in 1993, then was impeached three years later amid accusations of corruption. He ran again in November 1996, losing this time to Ratsiraka.

The Next Horror In Somalia (LAT)

By Garrett Jones

The Los Angeles Times, December 10, 2006

TO MOST Americans, Somalia is the place where "Black Hawk Down" happened, or the place with the pictures of the starving African children, or, for some, the biblical land of Punt. (Scholars quibble about locating Punt.) Americans tend to confuse African countries with one another except when our soldiers are dying there, and the violence in Sudan, Uganda, Congo or Zimbabwe can seem indistinguishable. But the anarchy in Somalia, which straddles the strategic Horn of Africa, is in a class by itself.

For more than 16 years, Somalia has existed without the pretense of a central government, surviving largely on foreign aid and remittances from its overseas diaspora, the best and brightest young Somalis. With the fading of the seasonal rains in December, the Somalis are preparing once again to inflict their intra-clan squabbling on their neighbors. Meanwhile, the neighbors are preparing a proxy war, and they plan to fight one another to the last Somali.

Experts call Somalia a failed state. This is a sophism. Somalia was a failed state in 1990 under the last central government of the mildly insane Mohamed Siad Barre. Nowadays, one could call Somalia a space between countries. Or simply a feral nation. This is the place that perfected the practice of extorting cash from international aid organizations in return for allowing the aid groups the privilege of feeding other starving Somalis. (Gangsters R Us, with Third World panache.) When the United Nations tried to intervene and establish a central government in 1993 (an admittedly naive effort), the Somalis united just long enough to drive off the foreigners and resume their embrace of warlords and clans.

I was there in 1993, running covert operations in Mogadishu for the CIA when the U.N. effort was wrecked. President George H.W. Bush had sent the Marines into Somalia to feed the starving children, and President Clinton was attempting to install a Jeffersonian democracy in a medieval culture. The Clinton theory was that the U.N. would use its peacemaking powers to force the Somali factions into a political accord, and then peace would break out.

Unfortunately, nobody told the Somalis. They viewed the U.N. and the U.S. as foreign invaders bent on Christianizing their Muslim culture while destroying the power of the clans and warlords. This dispute spawned a series of attacks that cumulated in the Battle of Mogadishu between the U.S. Task Force Ranger and Somali clan fighters, as portrayed in the film "Black Hawk Down." After losing 17 elite troops to an African mob in a single night, Clinton lost all stomach for further "nation building" involving U.S. casualties, and the U.N. effort collapsed. After that, the world largely went back to ignoring the Somalis.

Now the Somalis are poised to insist that the international community tune back in while they commit an auto-da-fe on CNN. Somali Islamists, modeling themselves on the Taliban, have taken control of most of the country, driving the warlords out of the cities and into the bush. The internationally recognized Somali interim government (an effort by neighboring countries to get the clans and factions to agree to some sort of consensus government with which the world can interact) is surrounded in the provincial city of Baidoa, about 160 miles northwest of the capital. When the roads are dry enough to allow military operations, the Islamists will swiftly overwhelm the interim government unless outside help arrives at the last minute.

Already, a team of Al Qaeda-style suicide bombers have blasted Baidoa. The Islamists make no bones about their plans to install a fundamentalist government and to begin "rescuing" their brethren in neighboring countries (read all of East Africa) from the oppressive rule of the Christian Crusaders. Somalia's neighbors are bracing for a regional war, and the U.S. State Department says 10 countries are taking sides in some fashion. Ethiopia, which has a restive Muslim south and a history of being a target for Somali brigandage whenever the Somalis pause in their intra-clan feuding, is sending troops to back up the interim government and oppose the Islamists.

The Eritreans, led by an increasingly paranoid, sociopathic president, are the sworn blood enemies of the Ethiopians. Seeing a chance to weaken their bigger neighbor, they are flying in arms and instructors to the Islamists.

Across the Red Sea in Saudi Arabia, the Wahhabi fundamentalists see the Christian Ethiopians embarking on a "crusade" to crush Islam. In response, they are providing cash through Wahhabi charities to their Islamic comrades, frightening and infuriating Washington.

Kenya's kleptocratic government, overwhelmed by an influx of refugees, is wringing its hands while endless talks take place in Nairobi hotels between irrelevant Somali politicians and clueless U.N. diplomats in search of a peace plan. The Islamists want no part of the talks; they are winning.

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When the big, ugly regional war breaks out, the Islamists, with the help of Eritrean advisors, are likely to hold their own. Now add in your odd Somali warlord, drug-crazed clan gunmen and the Somali history of atrocities and you have a real mess in the Horn of Africa. Fighting will probably spill into Kenya, and destitute refugees will surge across East Africa. Bottom line: It is likely by this time next year that the Horn of Africa will host its own little Taliban wannabe, more or less in control of Somalia and at war with its neighbors. Along the way, there will be a lot of dead people and suffering refugees.

Although this is far away, and may not happen to anyone you know personally, it is going to become a concern of the U.S. soon. An Islamic fundamentalist haven on the Horn of Africa is more than a tragedy for the long-suffering Africans; it is a threat to the oil routes that fuel the West and pass just offshore. Recent domestic terrorist attacks have already shaken the House of Saud's iron grip on its population; a sanctuary where its fundamentalist enemies can regroup only a few hours across the Red Sea would be a dagger at its heart.

A terrorist Somalia would be difficult to contain. Most African governments have little ability to find, let alone effectively police, their own borders. If the Islamic fundamentalists establish a haven in Somalia, they could infiltrate or threaten the many weak secular governments in surrounding countries.

It simply is not prudent to ignore what is going on in Somalia, but everyone agrees the last thing the U.S. wants now is to embark on another adventure in East Africa. The only practical option is to interest the Islamists in talking. Right now, they do not need to talk; they are getting everything they want on the battlefield. If they suffer a military setback, talk may look more appealing.

To improve the odds of such an Islamist setback, the U.S. should provide training and equipment to Somalia's neighbors. Frankly, the track record is poor; in the past, most military aid has been used to suppress domestic critics rather than fight foreign enemies. And it's certainly true that the one thing Africa does not need is more guns. But it looks like it's getting them anyway, according to a November U.N. report on weapons smuggling.

Washington should also lean hard on the government of Saudi Arabia to crack down on the Wahhabi charity money that fuels the Somali Islamist war machine. If the Saudis don't want those petrodollars coming back at them in a few years as RPGs fired by antiroyalist fundamentalists based in Somalia, it behooves them to overcome the reservations they have shown about squeezing fellow Wahhabists.

However, even our best efforts will not stop a long, bloody conflict. Get ready for more pictures of starving African babies. Film at 11, death and suffering around the clock.

Garrett Jones is a retired CIA case officer who has served in the Middle East, Africa and Europe.

Nobel Peace Prize Winner Will Urge Banks To Lend To The Poor (NYT)

By Walter Gibbs

The New York Times, December 10, 2006

OSLO, Dec. 9 — Bangladesh's "banker to the poor," Muhammad Yunus, said he would use his newfound celebrity as the recipient of this year's Nobel Peace Prize to urge bankers everywhere to make small business loans to the poorest people they can find.

"This is a movement that is going around the world," he said at a news conference here on Saturday, a day before the ceremony to award the prize to him and the bank he founded, Grameen Bank.

Mr. Yunus, 66, is credited with inventing microfinance, the practice of lending small amounts of money to destitute people, 30 years ago. The idea is for borrowers — almost all of them women — to start or expand money-making enterprises like weaving, rope-making, vegetable farming and holding livestock.

He said Bangladesh, with its population of 145 million, was en route to halving the number of people classified as extremely poor by 2015, thanks in part to the availability of microloans as small as $12 and averaging $200. "If Bangladesh can do it, anyone can do it," he said.

The prize is to be awarded in equal parts to Dr. Yunus and the Dhaka-based bank, 90 percent of which is owned cooperatively by the 6.7 million people who owe it money. The bank's half of the prize will be given to board member Mosammat Taslima Begum, who said Saturday that she first borrowed money from Grameen to buy a goat, then borrowed more to buy three goats. Now she owns land with an income-producing mango patch.

Mr. Yunus urged the United States to recalibrate its strategy for fighting terrorism and to address what he said were its "root causes" — poverty and injustice. "Poverty is a threat to peace," said Mr. Yunus, a native Bangladeshi with a Ph.D. in economics from Vanderbilt University in Tennessee. "This has been talked about before but never in such a resounding manner."

In the 30 years since he started lending money to the poor, more than 3,000 other institutions have emerged to provide similar loans. Grameen Bank requires no collateral of its borrowers, but charges most of them interest of about 30 percent per year.

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The Muslim Stereotype (NYT)

By Nicholas D. Kristof

The New York Times, December 10, 2006

Whatever happens in Iraq, we may be inching closer to a "clash of civilizations" between Islam and the West.

There's a fatigue in the West with an Arab world that sometimes seems to put its creative juices mostly into building better bombs. Even open-minded people in the West sometimes feel a sense of resignation that maybe the bigots are right: maybe Islam just is intrinsically backward, misogynistic and violent.

After I wrote recently about reform elements in Islam, I received a long note from a 24-year-old Chicagoan, Paul Williams, who ventured what many people feel: "I went to school in Macalester College and the whole time there I wrote paper after paper defending Islam," he told me. Now, he says, after reading the Koran cover to cover and living in Turkey, he has lapsed into political incorrectness: "The more I'm here the more I'm beginning to think that there's just something wrong with Islam."

That's a common view, shaped partly by the way we in the news business focus on violence in the Islamic world. So let me step up and say that I find the common American stereotypes of Islam profoundly warped.

Those stereotypes are largely derived from the less than 20 percent of Muslims who are Arabs, with Persians and Pashtuns thrown in as well. But the great majority of the world's Muslims live not in the Middle East but here in Asia, where religion has mostly been milder.

At the moment I'm in Brunei, a Muslim country nestled in Southeast Asia. At the University of Brunei, women outnumber men. Women here drive, fill senior offices in government and the private sector, serve as ambassadors and are pilots for the national airline. "Young women have equal opportunities now — it's up to your capability," said Lisa Ibrahim, president of the Young Entrepreneurs Association of Brunei.

Brunei has gold-domed mosques in its skyline, and the sultan has two wives. But Brunei is also home to churches and Hindu temples serving a multiethnic society. Young people flirt together in the cafes, and non-Muslims are allowed to drink alcohol.

Anwar Ibrahim, the former Malaysian deputy prime minister, says he reminds Americans that the most populous Muslim country (Indonesia) is a democracy whose elections run more smoothly than Florida's.

Yes, Islamists are a threat in Asia, and many imams are more scandalized by female flesh than by honor killings or illiteracy. Indonesia has tried the editor of the local edition of Playboy magazine, and a state in Malaysia has threatened to fine women who wear miniskirts. But Indonesia has had a woman as president, while Bangladesh has had two female prime ministers and has more girls in high school than boys.

"We tend to be more tolerant," Yusof Halim, a prominent lawyer in Brunei, said of Asian Muslims. He then confided: "My honest opinion is that Arabs are male chauvinists."

Meanwhile, many Muslims are as disenchanted with us as we are with them. They complain about hypocritical Americans who parrot slogans about human rights but brutalize Muslims at Guantánamo and supply the weaponry that kills Muslim children in Gaza and Lebanon.

The Koran and Bible alike have passages that make 21st-century readers flinch; most Christians just ignore sections on slavery or admonitions to kill a disobedient child. Likewise, some Muslims are reinterpreting Koranic passages on polygamy and amputations, saying they were restricted to particular circumstances that no longer apply.

Frankly, I don't see that any religion's influence is intrinsically peaceful or violent. Christianity inspired both Mother Teresa and pogroms. Hinduism nurtured Gandhi and also the pioneers of suicide bombings.

These days, ferocious anti-Semitism thrives in some Muslim countries, but in the Dreyfus affair a century ago Muslims sided with a Jew persecuted by anti-Semitic Christians. And the biggest sectarian slaughter in Europe in modern times involved Christians massacring Muslims at Srebrenica.

The plain fact is that some Muslim societies do have a real problem with violence, with the subjugation of women, with tolerance. But the mosaic of Islam is vast and contains many more hopeful glimpses of the future.

There is a historic dichotomy between desert Islam — the austere fundamentalism of countries like Saudi Arabia — and riverine or coastal Islam, more outward-looking, flexible and tolerant. Desert Muslims grab the headlines, but my bet is that in the struggle for the soul of Islam, maritime Muslims have the edge.

DOJ_NMG_0104952

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Sent:	Monday, December 11, 2006 8:48 AM
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Subject:	Attorney General's News Briefing for Saturday, December 09, 2006
Attachments:	agnb061209.pdf; agnb061209.doc

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 9, 2006 7:45 AM EST

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TERRORISM NEWS:

Former Detainees Seek Right To Sue US. The New York Times (12/9, A9, Von Zielbauer, 1.16M) reports, "Lawyers for former detainees in Iraq and Afghanistan argued in federal court on Friday that Defense Secretary Donald H. Rumsfeld was personally responsible, and thus legally liable, for acts of torture inflicted on their clients by American military interrogators." The nine plaintiffs endured "beatings, mock executions and painful physical restraints, their lawyers said in court papers. All were eventually released without being charged with crimes." However, "the hearing concerned only questions of jurisdiction and did not delve into whether Mr. Rumsfeld, because he personally approved certain interrogation techniques in 2002 like the use of 'stress positions,' was legally responsible for specific acts of torture committed in overseas military prisons."

US Denies Liability In Torture Case. The Washington Post/AP (12/9, Smith) reports, "The Bush administration asserted in federal court [Friday] that Defense Secretary Donald H. Rumsfeld and three former military officials cannot be held liable for the alleged torture of nine Afghans and Iraqis in U.S. military detention camps because the detainees have no standing to sue in U.S. courts. Deputy Assistant Attorney General C. Frederick Beckner III also argued that a decision by the court to let a trial proceed would amount to an infringement by the judiciary on the president's power to wage war and would open the door to new litigation in U.S. courts by foreign nationals who feel aggrieved by U.S. government policies."

Judge Weighs Torture Claim Against Rumsfeld. The AP (12/8, Apuzzo) reports about Judge Hogan, "A federal judge on Friday appeared reluctant to give Donald H. Rumsfeld immunity from torture allegations, yet said it would be unprecedented to let the departing defense secretary face a civil trial." The AP states, "Foreigners outside the United States are not normally afforded the same protections as U.S. citizens, and Hogan said he was wary about extending the Constitution across the globe." However, he also "questioned the scope of [government] immunity. He said freedom from torture is a basic right accepted by the United States and all civilized nations."

The Los Angeles Times (12/9, Schmitt, 850K) reports, "The suit is believed to be the first to try to hold U.S. officials accountable for the abuse at prisons." Judge Hogan "himself cited the case of Johnson vs. Eisentrager, decided by the Supreme Court in 1950, which held that enemy aliens being held by military authorities outside the U.S. had no rights under the U.S. Constitution to challenge their detention in civilian court."

Newsday (12/9, Brune) also reports the hearing, saying that the biggest "hurdle" for the plaintiffs is to show that the defendants "knowingly violated laws against torture."

HOMELAND RESPONSE:

Muslim Convert Allegedly Planned To Attack Illinois Mall. ABC World News (12/8, story 5, 0:10, Gibson) reported, "The FBI charged a young Illinois man, today, with plotting a terrorist-style attack. Allegedly, he planned to attack a shopping mall, with hand grenades exploding trash cans and shooting people as they fled." NBC Nightly News (12/8, story 4, 1:20, Pete Williams) reported, "His target was this shopping center in Rockford in northern Illinois. Today prosecutors charged Derrick Sharieef of planning on setting off hand grenades in garbage cans." Robert Grant, FBI: "He fixed on the date of December 22, on a Friday which he picked because it was the Friday before Christmas and thought that would be the highest concentration of shoppers that he could kill and injure." Pete Williams: "Investigators said he say he met with an undercover agent hoping to trade stereo speakers for grenades and guns. Late last week he twice visited the mall to plan the attack and made a martyrdom video. Offenses say he was not connected to any terror group but they are looking at whether he might have been talking with others in Illinois about other possible attacks, Brian."

The Washington Post (12/9, A20, Eggen) reports Shareef "was arrested Wednesday in Rockford, Ill…after meeting with an undercover federal agent in a store parking lot and trading a set of stereo speakers for four hand grenades, a handgun and bullets, according to an FBI affidavit." The Chicago Tribune (12/9, Bush, Coen) reports, "federal agents and an undercover informant followed him from the plot's outset, U.S. Atty. Patrick Fitzgerald said Friday. Authorities didn't specify how they originally learned of

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Shareef. … Throughout the plot, he never had any weapons or the money to obtain them, Fitzgerald said."

The AP (12/8) reports, "Authorities said Shareef had been under investigation since September, when he told an acquaintance that 'he wanted to commit acts of violent jihad against targets in the United States as well as commit other crimes.' The acquaintance immediately informed the FBI, officials said."

CNN, MSNBC and Fox News all aired Grant's statement at the Friday press conference live, and all three stations reported the story of Shareef's arrest throughout the day on Saturday. Those reports also included clips of Grant describing Shareef's alleged plot, as well as Grant emphasizing that Shareef was acting alone and had no connections to any known terrorists.

The Chicago Tribune (12/9, Bush, Coen) reported that "federal agents and an undercover informant followed him from the plot's outset, U.S. Atty. Patrick Fitzgerald said Friday. Authorities didn't specify how they originally learned of Shareef. … Throughout the plot, Shareef was recorded spewing hatred for Jewish people and the American justice system, authorities allege." The Chicago Sun-Times (12/9, Korecki) noted, "Should he die before the attack, Shareef made a videotape statement to explain his actions. 'I am from America, and this tape is to let you guys know, who disbelieve in Allah, to let the enemies of Islam know, and to let the Muslims alike know that the time for jihad is now...be strong, oh Mujahideen...May Allah protect me on this mission we conduct...so do not cry, do not mourn for me,' he said, according to the FBI affidavit."

In a widely-distributed story, the AP (12/9) reported, "The FBI says it was tipped by an acquaintance of Derrick Shareef, then recorded the 22-year-old planning to use hand grenades to blow garbage cans into clouds of flying shrapnel in a crowded mall the Friday before Christmas. 'This is a warning to those who disbelieve,' he said, according to an FBI affidavit." The AP added that Grant said in his statement Friday, "He fixed on a day of December 22nd on Friday...because it was the Friday before Christmas and thought that would be the highest concentration of shoppers that he could kill and injure."

Local Officials Miffed At Lack Of Information. The Rockford (IL) Register-Star (12/9, Wiser) reports, "Everyone was glad — unnerved a little, maybe, but glad — that a man with an apparent jihad complex and a fixation on the Rockford area was discovered and in custody before he could do any damage." The Register-Star continues, "Local officials praised the Justice Department for stopping what federal prosecutors say was a 22-year-old's plan to use hand grenades to bomb CherryVale Mall or local government buildings. … But not everyone was happy with how the notoriously tight-lipped U.S. attorney's office in northern Illinois, led by Patrick Fitzgerald, let everyone else in on the news. … 'This morning I'm getting a call from a reporter and on the other line I have the chief of police saying he just had a briefing with the FBI,' Mayor Larry Morrissey said. … 'If we're all supposed to combat terrorism in cities like New York, Chicago and Rockford ... they need to share information with local law enforcement that this was going on.'" The Register-Star adds, "Morrissey said he was 'extremely disappointed' that local law enforcement was kept out of the loop even though the feds were monitoring Derrick Shareef for months. He added that he is going to try and get some answers from Fitzgerald's office on how things could work differently in the future. … Police Chief Chet Epperson said he got a call Wednesday that the FBI was involved in something in the Rockford area, but he said he didn't know any of the specifics until Friday, just as the news was breaking across the country."

DHS Accused Of Violating Congressional Ban On Traveler Risk Analysis. The Washington Post (12/9, A2, Hsu, Nakashima) reports the Department of Homeland Security "violated a congressional funding ban when it continued to develop a computerized program that creates risk assessments of travelers entering and leaving the United States, according to lawmakers and privacy advocates. Although congressional testimony shows that department officials apparently disclosed some important elements of the controversial Automated Targeting System program to lawmakers in recent months, several key members of Congress said that they were in the dark about the program and that it violated their intentions. … Privacy advocates and members of Congress expressed growing skepticism this week about the legality, scope and effectiveness of the massive data-mining program -- particularly the creation of risk assessments on Americans that would be retained for up to 40 years -- whose existence was first disclosed in detail in a Nov. 2 notice in the Federal Register."

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Planned Demolition Of New Orleans Public Housing Complexes Sparks Outrage. NBC Nightly News (12/8, story 8, 2:00, Williams) reported, "Now we turn to New Orleans where thousands of people who live in public housing there are facing the prospect of being forced from their homes again. The city's housing authority is planning to demolish that city's four largest public housing complexes, saying Hurricane Katrina made them so damaged and unsafe they're not worth repairing." NBC (Savidge): "New Orleans' four largest public housing complex were built over half a century ago and have never been renovated. Unless you count Hurricane Katrina. Officials say it will cost $130 million to repair them. Instead the government wants to spend $681 million to replace them. With something like this. River Gardens. A mixed income housing development built in the city a few years ago. So why is that triggering this? At recent hearings the issue has sparked outrage. … Many low-income residents see the move as an obvious attempt to limit the number of poor African Americans who can return to the city."

Judge Again Orders FEMA To Restart Katrina Payments. The AP (12/8) reports, "For the second time in eight days, a judge ordered the Bush administration to immediately resume making housing payments to thousands of families whose homes were damaged by Hurricane Katrina." The AP continues, "U.S. District Judge Richard J. Leon said last week that the confusing, often contradictory letters to hurricane victims from the Federal Emergency Management Agency didn't explain why rental payments were cut off. He said that violated the Constitution and he ordered the agency to restart the program immediately." The AP adds, "FEMA appealed that ruling and asked Leon not to force the agency to restart the program while that case plays out. Leon refused Friday to do so. .. .He ordered FEMA to come to court Wednesday to discuss how many evacuees are due housing payments and how the funding will be restored."

Chertoff Says "FEMA Has To Be In DHS." DHS Secretary Michael Chertoff said during a CNN (12/8, Phillips) interview that "FEMA has to be in DHS, because we have to be able to integrate the full spectrum of prevention, protection and response so that we can provide seamless activity in an emergency. What I suggested, which is what the White House raised, is the possibility that when you move from emergency to long-term recovery, years of social services, whether those particular functions ought to perhaps be in hands of a department like HUD or HHS where they basically do social services work. So that wouldn't be removing FEMA, it would be focusing FEMA on its core mission, which is emergency, rather than the long-term recovery issue."

WAR NEWS:

Bush Weighs Options For Iraq After Meeting With Congressional Leaders. Coverage of President Bush's meeting with congressional leaders Friday focuses on the Iraq Study Group report, the options the White House is weighing, and the pressure being put on the President by Democrats and others to make a decisive shift in Iraq policy in line with the ISG recommendations. None of the three broadcast networks led with the story; CBS and NBC opted to open with the Mark Foley scandal, while ABC led with the E. coli outbreak.

NBC Nightly News (12/8, story 5, 2:45, Williams, 9.87M) reported that "the topic, no surprise," of the meeting "was Iraq, and it will dominate the President's schedule again next week as it did this one. The White House now says the President will address the nation on his new plans for Iraq sometime before Christmas. They say most likely the week of December 18."

ABC World News (12/8, story 3, 3:00, Gibson, 8.78M) reported that Bush "met today with congressional leaders, as part of his deliberations about what to do now in Iraq." He "has received the Baker-Hamilton Report; still to come are recommendations from the nation's top military commanders." ABC (Karl) added, "The Pentagon has not completed its review of Iraq strategy yet. But sources familiar with the review tell ABC News that the military is likely to recommend that the President change the primary mission of US forces in Iraq from combating insurgents to training and supporting Iraqi troops. The plan for the US forces seems to mirror the one suggested by the Iraqi Study Group. But there's a big difference. Under the Iraqi Study Group plan, combat troops now in Iraq would start coming home. Under the Pentagon plan, those combat troops would remain in Iraq but with a new mission. Entire companies of US combat forces, units of about 150 troops, would be embedded in Iraqi army and police battalions."

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The Administration's focus on options coming from the various reports gets front-page coverage from the Washington Post (12/9, Wright, Baker, 690K). The Post says the White House "is groping for a viable new strategy for the president to unveil by Christmas, with deliberations now focused on three main options to redefine the U.S. military and political engagement, according to officials familiar with the debate. The major alternatives include a short-term surge of 15,000 to 30,000 additional U.S. troops to secure Baghdad and accelerate the training of Iraqi forces. Another strategy would redirect the U.S. military away from the internal strife to focus mainly on hunting terrorists affiliated with al-Qaeda. And the third would concentrate political attention on supporting the majority Shiites and abandon U.S. efforts to reach out to Sunni insurgents."

The New York Times (12/9, A9, Rutenberg, Hulse, 1.16M) also reports that President Bush is pursuing "a flurry of conspicuous consultation" next week, but puts the story inside the A section, not on the front page. The White House "continued to face questions about how it planned to address 79 recommendations for Iraq proposed by the Iraq Study Group, whose bipartisan report included a grim analysis of the president's approach to the war."

The Los Angeles Times (12/9, McManus, Barnes, 850K) says the President "said Friday that he's willing to change U.S. 'tactics' in Iraq once he hears recommendations from his military and diplomatic advisors, but he doesn't intend to scale back his basic goals." Both the Los Angeles Times and the New York Times quote incoming Senate Majority Whip Richard Durbin as being "disappointed" that Bush was contemplating "changing some tactics."

AFP (12/8, Collinson) also says "pressure is building on Bush," and the President "will likely "announce the strategy before Christmas."

ISG Report Urges US To Engage Unfriendly Shiite Clerics. The AP (12/8, Hendawi) reports in a skeptical article, "The Iraq Study Group is urging Washington to push for direct contacts with two key Shiite clerics who have made clear they want nothing to do with the United States. Grand Ayatollah Ali al-Sistani and Muqtada al-Sadr, who have vast influence among Iraq's majority Shiites, would lose credibility if they talk to the Americans." The report's recommendation of US discussion with the clerics "appeared to pay little heed to the fine line the clerics must tread to avoid falling victim to the political treachery of today's Iraq, where something as inconsequential as a casual greeting to a U.S. soldier can sometimes mean death at the hands of insurgents."

Kurds Call ISG Report "Unrealistic." BBC.com (12/9) reports, "The leader of Iraq's Kurdish region says the US Iraq Study Group report is 'unrealistic and inappropriate'. Massoud Barzani expressed skepticism about "plans to involve Iraq's neighbours in peace efforts, and for any weakening down of the Kurds' effective autonomy." Jalal Talabani, "Iraq's Kurdish president," then "said he agreed with Mr Barzani."

Brownback Praises Work Of ISG. Sen. Sam Brownback said on MSNBC's Hardball (12/8, Barnicle), "I think the Baker-Hamilton commission gives us a starting point to put together a bipartisan approach that hopefully both political parties in this country -- and that can gather global support, particularly important regional support. … I also think you're going to have to look somewhere down the road to get to a political equilibrium in Iraq. You're going to have to have dominant probably Shiite, Sunni, and Kurdish areas. … It's not cut and run. It's not stay the course. It is that before we face the electorate again in 2008 there is a substantially different situation and it's conveyed to the Iraqis, look, we're not in this forever."

FT Calls Baker "Candid Friend" Of Bush Family. The Financial Times (12/8, Luce) reports in a positively nuanced article on James Baker, "Mr Baker was the obvious choice to advise George W. Bush on ways out of the Iraqi morass. Among Democrats, Mr Baker's reputation as a skilled diplomat in an era where diplomacy has been sidelined gave him credibility." The "core message" of the report "was uncomplimentary to [Bush's] most cherished principles, even if it was rendered with bipartisan civility." The Financial Times says that Bush's "complex motivations for invading Iraq reportedly comprised a burning desire to complete his father's – and Mr Baker's – unfinished business from the first Gulf war in 1991. It was also driven by the goal of democratising the broader region." Baker's report has been criticized, but "praise for Mr Baker's report still outweighs criticism."

Dowd Imagines Bush Family "Intervention." In her New York Times (12/9, A19, 1.16M) column, Maureen Dowd imagines an argument among George H. W. Bush, President Bush, James Baker, and others: "Junior is trying to wriggle away completely, offering a decidedly cool response to the attempt to yank him into the reality-based community. He is loath to give up his gunslinger pose to go all diplo. He cleaves

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to the neocon complaint that it is the realists who are now being unrealistic.

Noonan Sees Anguish Over War In Tears Of Elder Bush. In her column for the Wall Street Journal (12/9, 2.04M), Peggy Noonan writes of former President Bush's tears during a speech honoring Florida Gov. Jeb Bush, "Think of what a loaded moment in history it was for Bush the elder. ... To know his son George had (with the best of intentions!) been wrong in the great decision of his presidency -- stop at Afghanistan or move on to Iraq? -- and was now suffering a defeat made clear by the report; to love that son, and love your country, to hold these thoughts, to have them collide and come together -- this would bring not only tears, but more than tears."

Iraqis, US Differ On Identity Of Those Killed In Raids. The New York Times (12/9, A8, Tavernise, 1.16M) gives equal weight in its lead to the US and Iraqi version of casualties, saying, "The only thing that was clear from the accounts of Friday's airstrike by American forces north of Baghdad was that at least 20 Iraqis had been killed. But typical of the fog of war here, American and Iraqi officials disagreed on just about every other point." The US identified the dead as "all ... Al Qaeda," while Iraqi officials "said that the deceased were two extended families that included as many as 10 children." Instead of the US total of 20, the Iraqis gave numbers ranging from 22 to 32. The Times adds, "As the situation in Iraq deteriorates, counting deaths and the numbers of attacks here has become a difficult — and politically charged — business."

The Washington Post (12/9, Trejos, 690K) puts the US military's account in the lead sentence, saying, "U.S.-led coalition forces killed 20 suspected insurgents during a raid targeting al-Qaeda in Iraq fighters northwest of Baghdad on Friday morning, the U.S. military said. Two women were among the suspects killed, the military said. ... Amir Alwan, mayor of Ishaqi, disputed the military's account, saying that 10 men, 4 women and 10 children in his village were killed. News agencies published what they said were photos of dead children at the site. The military denied that civilians and children were killed." The Post adds, "This is not the first time residents of Ishaqi have accused American troops of misconduct. This spring, a U.S. military investigation cleared U.S. soldiers of killing 11 civilians before calling for an airstrike in a March 15 raid on a suspected insurgent hideout."

The AP (12/8, Gamel) places the US and Iraqi version in successive sentences, saying, "U.S.-led coalition forces killed 20 insurgents, including two women, Friday in fighting and airstrikes that targeted al-Qaeda in Iraq militants northwest of Baghdad, the military said. The mayor of the village, which was the site of a U.S. raid earlier this year, said 19 civilians were killed, including seven women and eight children." The AP adds, like the Washington Post, that "a U.S. military investigation cleared American soldiers of misconduct in a March 15 raid" in the same village.

Troops In Iraq Caught Between Sects. ABC World News (12/8, story 4, 2:45, Gibson, 8.78M) reported, "The debate in Washington about future strategy for Iraq has overshadowed for the President, the operations going on day-to-day in Iraq. For US troops in the country, the mission doesn't change, for now." ABC (Harris): "The 11-hour sweep started at 3:00 a.m. With targeted raids on the homes of suspected insurgents. These soldiers have no idea what they're going to find on the other side of the door. ... This man, crying, told me the Shiite Mahdi militia had killed his wife and son just days earlier. ... They say Iraq is grave and deteriorating. Does that jibe with what you're seeing?" Michael Robinson, Sgt 1st Class, US Army: "It is bad. But personally, I don't believe now it's not unrecoverable. I still see people with lights in their eyes, the hope."

Zarqawi Allegedly Believed Shiites Were More Dangerous Than US Forces. The AP (12/8, Sinan) reports, "The slain terror leader Abu Musab al-Zarqawi purportedly believed that Iraq's Shiite Muslims were more dangerous than U.S. forces and more evil than dictator Saddam Hussein, according to a posthumous interview published Friday on the Internet." The 33-page statement "could not be immediately authenticated. It was posted on a Web site known to be a clearing-house for al-Qaida material." The site "did not explain why the terror group had decided to release it six months after his death." Zarqawi "is quoted as saying the leader of Iraq's Shiites, Grand Ayatollah Ali al-Sistani, is a 'satan' who publicly tells Shiites to stay above the violence but secretly tells them to attack."

Sunni Clerics' Group Will Boycott Reconciliation Talks. AFP (12/9) reports, "Iraq's leading Sunni clerics' organization will boycott a national reconciliation conference called by Shiite Prime Minister Nuri al-Maliki to end sectarian bloodletting, it has said. The Muslim Scholars' Association said it had not received an invitation to the meeting, which is

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to be held on December 16," but a spokesman added, "We have seen in the past more than once that the government signs some agreements and later goes back on it." AFP adds, "The head of the association, Sheikh Hareth al-Dhari, is currently outside Iraq. The government has opened a criminal investigation against him for allegedly inciting sectarian violence against Iraq's Shiite majority."

Coalition Forces Arrest Al Sadr Aide. AFP (12/9) reports, "US and Iraqi forces arrested Shiite radical leader Moqtada al-Sadr's representative in the central city of Kut and seven of his guards, a security official and a Sadr spokesman has said." The arrestee was "Sheikh Yahya Ahmed al-Khafaji, the head of Sadr's movement in Kut, 175 kilometres (110 miles) southeast of Baghdad." AFP reports that the US "has often targeted supporters of Sadr, whose Mahdi Army militia is accused of killing Sunni Arab civilians amid the sectarian bloodshed gripping Iraq."

Smith Turns Against Bush Policy On Iraq. CNN's The Situation Room (12/8, Blitzer) reported, "President Bush has been getting attacked by Iraq critics on numerous fronts, from anti-war Democrats to the bipartisan Study Group that issued its stinging report this week. And now a Republican senator has done an about-face and has unleashed a powerful rebuke of Mr. Bush's Iraq policy." CNN (Crowley) added, "Since the beginning of the Iraq War up to now, President Bush has been able to rely on a fairly big base of Republican lawmakers to support him. He no longer can. The Republican senator from Oregon described himself as a quiet supporter of the Iraq War. He is neither any longer." Sen. Gordon Smith: "I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs, day after day. That is absurd. It may even be criminal." Crowley: "Et tu, Gordon Smith. It happened quietly, in the early evening, just before the year end recess. Smith, who has a reputation for bringing passion to the Senate floor, brought that in an unblinking brutal assessment about the situation on the ground, prewar intelligence and the President. … It is the first defection from what has been a reliable roster of Republicans supporting the Iraq War. … Aides say that a dozen of the Senate's Republican colleagues have approached him with positive responses, including, they say, one extremely conservative senator who told Smith: 'That's how I feel.'"

The Washington Post (12/9, A12, Ricks) reports that Smith, "who has shown some maverick tendencies in the past, such as when he blocked the 2005 budget resolution until his GOP colleagues agreed to add billions of dollars to Medicaid, said that he had 'tried to be a good soldier. … I have tried to support our president.' He said that Bush 'is not guilty of perfidy, but I do believe he is guilty of believing bad intelligence and giving us the same.' He said he would not have voted in favor of invading Iraq had he known what he knows now."

Durbin Says Smith Speech "Came From The Heart." Sen. Richard Durbin said on CNN's The Situation Room (12/8, Blitzer) that Smith "is widely respected. He's a thoughtful man. He's an independent thinker. I know that what he read on the Senate floor is something he personally wrote. I actually went up to him ahead of time, I didn't know the topic of the speech, and I saw that he'd written it out in his own hand. It came from the heart. And when he says that he believes this must come to an end, I know it's heartfelt. And when he says that it's gone beyond limit of making a bad policy decision, I think he's right."

Car Bomb Kills Five In Karbala. AFP (12/9) reports, "A powerful car bomb has killed at least five people and wounded dozens more close to one of Iraq's holiest Shiite shrines in the central city of Karbala. .... The attack will probably be blamed on Sunni extremists and came hot on the heels of a call by Shiite Prime Minister Nuri al-Maliki for a reconciliation conference to stem raging sectarian violence." In addition to a Sunni group's planned boycott of the December 16 reconciliation conference, "Shiite leaders have also warned that they will not attend if figures linked to the Baath party of ousted president Saddam Hussein -- some of whom have roles in the insurgency -- are invited."

UK, Danish Troops Stage Largest Raid In Basra "Since War Began." The Los Angeles Times (12/9, Fiske, 850K) reports, "About 1,000 British and Danish troops staged a major raid Friday in Basra, Iraq's second-largest city, detaining five tribal leaders with ties to Shiite militias, British officials said." The raid "was the largest in Basra since the 2003 U.S.-led invasion that toppled Saddam Hussein's government," according to a UK spokesman. It was "was part of an effort by the British ... to suppress fighting among Shiite groups and tribes in the area." The Times states, "British troops in the region, who number

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about 7,300, usually conduct raids in smaller, more nimble groups of about 250 ... This time, the 1,000 soldiers split up into groups to seize the five men simultaneously at their homes, preventing them from alerting one another and going into hiding for weeks."

Engaging Damascus Could Aid US In Iraq, But Hurt Ties To Israel. Continuing reporting on the Iraq Study Group's recommendations, the Wall Street Journal (12/9, A4, Dreazen, King, 2.04M) says that "Iraq's civil war is sparking calls for the U.S. to reach out to Syria, raising the possibility of a U.S. policy shift that could put Washington on a collision course with Israel." The Baker-Hamilton Commission said "it is critical for the U.S. to find a way of persuading Syria to abandon its close ties with Iran and drop its support for Hezbollah and other militants," suggesting Washington should "offer Damascus a series of economic and political incentives, including America's help in pressuring Israel to relinquish the disputed Golan Heights. The approach would be a high-stakes turnaround for the Bush administration that would be certain to anger Washington's closest ally in the Middle East," however, some experts "argue that there may be no other choice. They say a decision by Syria to use its influence over Iraq's Sunni population to help calm the situation there -- paired with Syrian moves to end support to Islamic-militant groups like Hamas -- could significantly improve conditions in Iraq and across the region."

An AP (12/9, Gearan) piece reports Secretary of State Condoleezza Rice "voiced skepticism on Friday over [the] recommendation that the United States seek Iran and Syria's help to stabilize Iraq, saying they should want to take such steps on their own." She is quoted saying, "Let's remember that the issue here is behavior. Can you change the behavior of these states?" The AP continues, "Of the Baker-Hamilton report, Rice said it was 'a very good report by people that I admire. I think they have done a great service in pointing out, through analysis and recommendations, how they see the situation in Iraq.'"

Iraq Watchdog Agency Survives. The New York Times (12/9, A10, Glanz, 1.16M) reports, "After weeks of legislative maneuvering, the House passed a bill on Friday extending the life of a federal oversight agency that will now have the authority to examine $32 billion in American taxpayer expenditures on reconstruction in Iraq through approximately 2008." A White House spokeswoman "said President Bush intended to sign the bill." The Times reports, "In a provision backed by Representative Duncan Hunter, Republican of California, the office would have been forced to begin shutting down soon and handing its duties over to offices at the Pentagon and the State Department. Opponents of that move doubted that Bush administration agencies would be sufficiently motivated to investigate themselves, a contention that Pentagon and State officials dismissed. But after the bipartisan Iraq Study Group recommended Wednesday that the special inspector general be maintained for as long as American financial assistance was flowing to Iraq, there was swift action on the new House and Senate bills."

Iraqi Violence Targets Schools. CBS Evening News (12/8, story 3, 2:45, Couric, 7.66M) reported, "In Iraq today, coalition forces staged a deadly raid northwest of Baghdad. They traded gunfire with alleged Al Qaeda members in a residential neighborhood then called in airstrikes. More than 20 people were killed. But these days, much of the violence involves Iraqis killing other Iraqis. And ... terrorists have new targets: schools." CBS (Palmer): "These are just some of the death threat notices distributed by Sunni insurgents to school and universities across Baghdad. They warn that students and professors will be assassinated. But they go further. They say that taxi drivers and bus drivers who even carry student passengers will be killed, too. The threats have dramatically cut down on class sizes at Baghdad University. But they haven't scared all the students. 'Most of our professors still show up' says this woman. 'So I'm determined to finish my year.'"

Iraqis Near Deal On Oil Revenue Split. The New York Times (12/9, A1, Wong, 1.16M) reports, "Iraqi officials are near agreement on a national oil law that would give the central government the power to distribute current and future oil revenues to the provinces or regions, based on their population, Iraqi and American officials say." The measure "could help resolve a highly divisive issue that has consistently blocked efforts to reconcile the country's feuding ethnic and sectarian factions. Sunni Arabs, who lead the insurgency, have opposed the idea of regional autonomy for fear that they would be deprived of a fair share of the country's oil wealth, which is concentrated in the Shiite south and Kurdish north." However, "Officials cautioned that this was only a draft agreement, and that it could still be undermined

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by the ethnic and sectarian squabbling that has jeopardized other political talks," saying that the key obstacle was "the issuing of contracts for developing future oil fields."

Prosecutors Of Oil For Food Violators Are Called "Lazy." The Financial Times (12/9, Williamson, Jones) reports, "State prosecutors are dragging their feet investigating corruption in the Iraq oil-for-food programme, according to one of the authors of last year's United Nations report on one of the world's largest bribery scandals." Mark Pieth "told the Financial Times that prosecutors in many countries were too career-minded, too unwilling to enter new legal terrain "and sometimes simply lazy'." The FT adds, "Prosecutors in various countries have complained of the unclear legal basis for prosecuting the 2,200 companies named as law-breakers in the Volcker report. But Mr Pieth said the investigations were 'straightforward legal work'."

Iraqis Line Up To Execute Saddam. The New York Times (12/9, Semple, 1.16M) reports in a front page article, "The death sentence against Mr. Hussein is still under review by an appeals court, but hundreds of people have already started lobbying the prime minister's office for the position" of Saddam's executioner. They "have sent messages through cabinet officials and their assistants, and by way of government guards and clerical workers."

Medic Killed In Iraq Profiled. ABC World News (12/8, story 9, 3:30, Gibson, 8.78M) reported, "Finally tonight, our 'Person of the Week,' a US medic in Iraq, doing what medics do. Only in this case, he turned his military mission into a humanitarian one, using his skills to save a young girl who had no other hope." Maureen Walsh, Chris Walsh's mother: "He was always looking for life's journey, his life work, and he said, "I think I found what I want to do." he said, "when I come home, I'm going to turn around and go right back." Gibson: "Navy Corpsman Chris Walsh was a medic assigned to a Marine weapons company. ... The baby, just 2 months old, called Mariam, had been born with a rare intestinal abnormality, vital organs exposed outside of her tiny body. ... Walsh asked the platoon to make Mariam's cause their mission -- to find her medical help in the United States. ... Then on September 4th, on another routine patrol of Fallujah, another hidden bomb exploded. Chris Walsh and two of the Marines with him were killed instantly. ... Doctors at Mass General in Boston volunteered their services. And Mariam's surgery was a success. Chris' mother knew she had to be there, for Chris."

Afghan War Nears "Tipping Point." The Los Angeles Times (12/9, King, Holley, 850K) reports in a pessimistic article, "The conflict in Afghanistan has entered a dangerous phase, and the next three to six months could prove crucial in determining whether the United States and its NATO partners can suppress a revitalized enemy — or will be dragged into another drawn-out and costly fight with an Islamic insurgency, according to senior military and security officials and diplomats." An anonymous diplomat said that a "tipping point" was approaching. The Times says bleakly, "Popular support for the central government is faltering, and Western military allies are deeply divided over how best to combat the insurgency. On the other side of the fight, the Taliban has regained the strength to dominate large swaths of Afghanistan; government control is tenuous at best in at least 20% of the country, according to several Western diplomats and Afghan officials."

CORPORATE SCANDALS:

Senate Approves Criminal Penalties For "Pretexting." The New York Times (12/9, Stone, Richtel) reported, "The Senate passed legislation last night that would make it a federal crime to obtain a person's telephone records without permission, an act known as pretexting. The measure, which was approved by unanimous consent last night and is similar to a bill passed earlier in the House, imposes a fine of up to $250,000 and imprisonment of up to 10 years for duping telephone companies into divulging the calling records of private individuals. The penalties can go up under special circumstances, like cases involving domestic abuse." It "includes penalties and a prison sentence of up to 10 years for individuals who sell or buy phone records knowing the lists were obtained through deceptive means. Passage, which came just days before the conclusion of the Republican-led Congress, is a victory for privacy advocates and regular phone users concerned about the confidentiality of their records."

HP Agreed To Fund Future Pretexting Investigations In Settlement. In his "Morning Brief" on the Web site of the Wall Street Journal (12/8) Joseph Schuman wrote, "Hewlett-Packard may have admitted no wrongdoing, but the technology giant's settlement with the state of

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California is all about recognizing the unscrupulous nature of pretexting. To settle the state's civil suit over its use of investigators to improperly obtain the phone records of board members, some employees and journalists, H-P agreed to pay $14.5 million -- and $13.5 million of that goes to fund state and local investigations of similar fraudulent practices, as the San Jose Mercury News reports

Investors "Shrugged Off" HP Spying Scandal. The AP (12/8, Robertson) reported, "Investors have largely shrugged off Hewlett-Packard Co.'s boardroom spying scandal, dismissing the brouhaha surrounding the company as immaterial to its day-to-day operations and stellar earnings growth in recent months. That was true again on Thursday, when HP's stock price remained largely unmoved after the company and the state Attorney General Bill Lockyer announced that HP would pay $14.5 million to settle a civil claim centered on the dicey tactics used in the investigation. … Analysts said the penalty was relatively minor and would go a long way toward assuaging fears among skittish investors."

Microsoft, HP, Other Companies To Press For Data-Privacy Laws. The AP (12/8) reported, "Microsoft Corp. (MSFT), Hewlett-Packard Co. (HPQ) and other high-tech companies are preparing to push for data-privacy legislation next year to replace what they consider an outdated patchwork of state and federal laws that are inconsistent and burdensome. … Several recent high-profile breaches of consumers' personal information have made consideration of privacy proposals more likely, [Microsoft lawyer Ira] Rubinstein said. The Social Security numbers and medical data of approximately 930,000 people were compromised this June, for example, when computer equipment belonging to insurance provider American International Group Inc. was stolen."

Plaintiffs Dealt Setbacks In Two Securities Cases. The Wall Street Journal (12/9, B3, Hudson) reports, "The plaintiffs' securities bar was dealt several blows in the past few days. … Tuesday, plaintiff's attorneys were thwarted in their efforts to win class-action status in a suit alleging fraud among investment banks in underwriting new stock offerings. … Then on Thursday the Supreme Court agreed to consider overturning a plaintiff-friendly ruling out of the New York appeals court that Wall Street underwriters could be subject to private antitrust lawsuits." The Journal continues, "The court cases are related: Both involve allegations of bad behavior in IPOs during the dot-com bubble. The Tuesday case accuses 55 Wall Street firms of requiring investors who got shares of hot IPOs to buy more shares once trading began. The practice allegedly inflated stock prices of more than 300 companies, mainly tech outfits." The Journal adds, "The Thursday antitrust case takes issue with some of the same public offerings and alleges investment banks and institutional investors conspired to inflate stock prices in secondary-market trading. … Neither of these decisions was good news for Milberg Weiss Bershad & Schulman LLP. Melvyn Weiss leads the six-firm plaintiffs executive committee in the IPO securities litigation and serves as vice-chair of the executive committee in the IPO antitrust litigation. Early in the week, Mr. Weiss said he would appeal the ruling in the securities case. As for the antitrust issue, he voiced disappointment that the Supreme Court decided to review it."

SEC's Sarbanes-Oxley Amendment To Refocus Section 404 On "Big Issues." The Wall Street Journal (12/9, Scannell) reported on two upcoming changes that the Securities and Exchange Commission is expected to unveil Wednesday. One of the proposals "will tweak the rules that firms must follow to obey a provision in Sarbanes-Oxley, the 2002 law passed in response to corporate-accounting scandals. SEC Chairman Christopher Cox, a former Republican congressman from California, has fought attempts by lawmakers to alter the law itself. But he has promised ;significant changes' to Section 404, which sets standards for internal corporate controls, with the goal of reducing compliance costs while enhancing the benefit of review. … Mr. Cox says the commission's guidance and a new accounting standard (due Dec. 19 from the Public Company Accounting Oversight Board, the accounting industry's overseer) will make 404 more focused on big issues than tiny ones."

Specter Bill Would Ban DOJ Waivers Of Attorney-Client Privilege. The Pittsburgh Post-Gazette (12/9, Sherman) reports, "U.S. Sen. Arlen Specter yesterday introduced legislation that would prohibit the Justice Department from pressuring companies and their employees to waive their attorney-client privileges during government investigations." The Post-Gazette continues, "His bill has support from a wide range of groups, including the U.S. Chamber of Commerce, the American Civil Liberties

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Union, and the American Bar Association. They fear that the federal government has become too aggressive in its prosecutions of corporate wrongdoing following scandals at Enron and WorldCom." The Post-Gazette adds, "In 2003, then-Deputy Attorney General Larry Thompson issued a memorandum that gave federal prosecutors the option of taking a softer approach with companies that reveal information on internal discussions between attorneys and executives. But the memo prompted outcries among companies and legal groups who feared a dilution of a basic constitutional right. … 'It's a very, very chilling effect,' Mr. Specter said yesterday. 'If you can't talk freely to your lawyer, you're in deep trouble.'" The Post-Gazette notes, "He was joined by Dick Thornburgh, a former U.S. attorney general and Pennsylvania governor, who was representing the American Bar Association. … 'The attorney-client privilege is one of the oldest privileges in the law. It dates back to Elizabethan times,' he said. He argued that the Justice Department's policy may unintentionally weaken federal prosecutions of corporate crime by dissuading employees from seeking confidential legal advice. … Brian Roehrkasse, a spokesman for the Justice Department, said the department's strategies had netted more than 1,100 corporate fraud convictions in the last four years. He emphasized that federal prosecutors take the preservation of the attorney-client privilege seriously. … 'We have met with a number of individuals and organizations who have raised concerns or suggestions about our current guidance for investigating corporate fraud,' he said in an e-mail message. 'We are also reviewing the newly introduced legislation. Currently, we have not made any final decisions to amend our guidance.'"

SEC To Offer Initiatives Designed To Increase US Competitiveness. The Wall Street Journal (12/9, A2, Scannell) says that "amid cries from Wall Street, the Treasury and business executives that onerous regulations are blunting the U.S.'s competitive edge," the SEC "is poised to unveil Wednesday two initiatives aimed at easing those fears. The moves aren't likely to be the last." One change "will tweak the rules that firms must follow to obey a provision in Sarbanes-Oxley," Section 404, which "sets standards for internal corporate controls, with the goal of reducing compliance costs while enhancing the benefit of review." A second change "will make it easier for foreign companies whose stocks and bonds trade here to 'deregister' from U.S. reporting requirements."

SEC Has Investigated Possible Leak To Lobbyists On Frist Speech. The Washington Post (12/9, D1, Birnbaum, Johnson) reports the SEC "has looked into whether lobbyists provided hedge funds with potentially market-moving information about a pending congressional speech." Earlier this year, the SEC questioned the office of Senate Majority Leader Bill Frist "about a possible insider leak to lobbyists about a speech Frist was to give on asbestos legislation." The SEC also "looked informally into whether hedge funds, in turn, bought shares in companies that would be affected if Congress approved the bill, which would have settled asbestos civil suits. But the SEC officials said that no charges were imminent and that it was unclear whether providing congressional information could be considered improper or illegal under insider trading laws."

CRIMINAL LAW:

Police Chief's Letter To Jeffs Leads To Misconduct Allegation. The AP (12/9) reports, "The chief law enforcer in two Utah-Arizona border towns is accused of misconduct for pledging allegiance to the leader of a polygamous sect who was on the FBI's most wanted list. … 'I love you and ... know that you have the right to rule in all aspects of my life,' Fred Barlow wrote in an October 2005 letter to Warren Jeffs. 'Without priesthood I am nothing.'" The AP continues, "Barlow warmly addressed Jeffs as 'Uncle Warren' and closed the letter by referring to himself as Jeffs' 'servant.' … Barlow is the police chief of a joint department serving Colorado City, Arizona, and Hildale, Utah. Jeffs is the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, which has 10,000 followers in those two towns." The AP adds, "The FLDS church practices polygamy and congregants revere Jeffs as a prophet and are taught to be obedient, including marrying at his behest. .. .Jeffs was arrested near Las Vegas on August 28. A judge will decide next Thursday whether he will stand trial in Utah on charges of rape as an accomplice for forcing a teenage girl to marry an older cousin. He also faces similar charges in Arizona. … The Arizona Peace Officer Standards and Training Board is using the letter as evidence in one of three misconduct charges against Barlow, who could lose his certification. The Salt Lake Tribune obtained the letter and published it Friday."

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Alaska Lawmaker Charged With Seven Counts Of Corruption. The Anchorage Daily News (12/9, Mauer, Demer, Kizzia) reports, "State Rep. Tom Anderson pleaded not guilty Friday to a series of federal charges accusing him of selling his legislative office for $12,828 in bribes from a lobbyist representing private prison interests." The News continues, "Anderson, a 39-year-old Republican who has represented Muldoon's District 19 since he was elected in 2002, was ordered freed Friday by U.S. Magistrate Judge John Roberts on an unsecured $10,000 bond after his arrest Thursday by FBI agents. Roberts said Anderson could travel to Mexico on a previously scheduled vacation next week with his wife, Republican state Rep. Lesil McGuire, who was elected to the state Senate in November, and their infant son." The News adds, "The 18-page indictment against Anderson said the lobbyist was secretly recorded July 21, 2004, boasting that for a price, Anderson would be 'our boy in Juneau.' … A week later, the same lobbyist was recorded telling a confidential informant, 'If I was a Soviet spy and I was looking for a legislator to recruit, (Anderson) would be the one I'd get.' Anderson 'needs the money,' the lobbyist said. … The government didn't charge the lobbyist. He is identified only by the letter 'A,' but the facts in the case point to Bill Bobrick of Anchorage, who represented Cornell Companies, a private prison firm Outside. … Anderson, who did not seek re-election this year and formally leaves office next month, is the first legislator charged with corruption in office since two state senators faced charges in the early 1980s. One, George Hohman, was convicted of bribery in 1981, while the other, Ed Dankworth, successfully appealed his 1982 conflict-of-interest charges and never faced trial."

The Washington Times (12/9, Seper) reports, "Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said the seven-count indictment returned Wednesday charges Mr. Anderson with two counts of extortion, one count of bribery, one count of conspiracy, and three counts of money laundering in connection with the use of a sham corporation to hide the source of the bribery payments." The Times adds, "The indictment also said that from July 2004 to March 2005, Mr. Anderson, along with another person identified as 'Lobbyist A,' solicited and received $26,000 in payments from an FBI confidential source, in exchange for Mr. Anderson's agreement to take official acts as a member of the Alaska Legislature. … According to the indictment, Mr. Anderson and Lobbyist A participated in the creation of a sham corporation to conceal the existence and true origin of the payments, and used the sham corporation to funnel a portion of the $26,000 to Mr. Anderson. … The indictment said the FBI confidential source was a consultant for a private corrections company located outside the state of Alaska, and Mr. Anderson and Lobbyist A initiated contact with the FBI confidential source in order to solicit bribery payments."

Anderson's Wife, Newly-Elected To Senate, Maintains His Innocence. The Anchorage Daily News (12/9) reported, "Anchorage Sen.-elect Lesil McGuire said Friday that her husband is innocent of bribery and other charges, while noting the things he's accused of happened before they married. 'I am not and have not been a target of any investigation,' she said in a statement issued to the media." The Daily News added, "In her written statement to the media, she asked that the public withhold judgment of her indicted husband 'until the judicial process has run its course.'"

Jury Convicts Former Teamsters Leader Of Rigging Election, Kickback. The Houston Chronicle (12/9, Rice) reports, "A federal jury convicted on Friday a former president of Houston's largest Teamsters local on all counts alleging that he rigged a union election and accepted a kickback from a vendor." The Chronicle continues, "Charles 'Chuck' Crawley was taken from the downtown courtroom immediately after the verdict was announced. … U.S. District Judge Melinda Harmon scheduled a March 23 hearing, when Crawley could be sentenced up to 30 years in prison." The Chronicle adds, "Jurors had heard four days of testimony in Crawley's trial on one count of mail fraud, two counts of embezzlement and one count of falsifying records. He is the fourth Teamsters president in Houston to be convicted on federal charges since 1992, Assistant U.S. Attorney Edward Gallagher said. … Crawley was elected as a reformer in 1997 after his predecessor, Richard Hammond, was removed by a trustee from the international union in 1995. Hammond was sentenced to four years in federal prison in 1998 after his conviction for embezzling union funds. … Assistant U.S. Attorney Michael Wright said Friday that Crawley betrayed union members' trust for his own gain. … The verdict came after a prosecutor told jurors in closing arguments that Crawley had assured a union vendor that he would have the winning bid in return for a $20,000 kickback."

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Tennessee Man Pleads Guilty To Child Porn Charges. The Clarksville (TN) Leaf-Chronicle (12/9, Hogan) reports, "A Clarksville man who hosted an Internet chat room called 'Kiddiepics & Kiddievids' that was at the center of an international child pornography investigation pleaded guilty in federal court Thursday." The Leaf-Chronicle continues, "Royal Raymond Weller, 49, who lived in Hunter Chase Apartments on Madison Street at the time of his arrest, admitted to eight counts of conspiracy to distribute child pornography, distribution of child pornography, receipt of child pornography and possession of child pornography." The Leaf-Chronicle adds, "After making his plea in U.S. District Court in Nashville Thursday, Weller now faces between 5 and 150 years in federal prison and will be sentenced in March. … According to a news release from the Justice Department, Weller, under the user name 'G.O.D.,' hosted chats shaped around users' preferences and included promoting the trade of child pornography and evading detection by law enforcement."

The AP (12/9) reports, "He was arrested in March after an investigation involving the Immigration and Customs Enforcement Agency and law enforcement officers in other countries. … He was one of 27 people charged in the ring operating in 10 states and Canada, Australia and Great Britain. … The U.S. Justice Department said Weller had about 10,000 child pornography files on his computer and hard drives."

McCain Bill Would Require Reporting Of Illegal Images. The CNET News (12/9, McCullagh) reports, "Millions of commercial Web sites and personal blogs would be required to report illegal images or videos posted by their users or pay fines of up to $300,000, if a new proposal in the U.S. Senate came into law." CNET continues, "The legislation, drafted by Sen. John McCain and obtained by CNET News.com, would also require Web sites that offer user profiles to delete pages posted by sex offenders." CNET adds, "In a speech on the Senate floor this week, the Arizona Republican and former presidential candidate warned that 'technology has contributed to the greater distribution and availability, and, some believe, desire for child pornography.' … After child pornography or some forms of 'obscenity' are found and reported, the Web site must retain any 'information relating to the facts or circumstances' of the incident for at least six months. Webmasters would be immune from civil and criminal liability if they followed the specified procedures exactly." CNET notes, "McCain's proposal, called the 'Stop the Online Exploitation of Our Children Act', requires that reports be submitted to the National Center for Missing and Exploited Children, which in turn will forward to the relevant police agency. (The organization received $32.6 million in tax dollars in 2005, according to its financial disclosure documents.) … Internet service providers already must follow those reporting requirements. But McCain's proposal is liable to be controversial because it levies the same regulatory scheme--and even stiffer penalties--on even individual bloggers who offer discussion areas on their Web sites. … McCain's proposal comes as concern about protecting children online has reached nearly a fever pitch in Washington. Attorney General Alberto Gonzales gave two speeches this week on the topic, including one on Friday in which he said 'we must do all that we can to protect our children from these cowardly villains who hide in the shadows of the Internet.' … But the reporting rules could prove problematic for individuals and smaller Web sites because the definitions of child pornography have become relatively broad."

CIVIL RIGHTS:

Osceola, FL, Ready To Accept Order On Voting Districts. The Orlando Sentinel (12/9, Pino) reports, "After spending nearly a year and a half and about $2 million fighting a federal voting-rights suit, Osceola County commissioners appear ready to abide by a federal judge's order Friday that will implement single-member voting in pending elections." The Sentinel continues, "If commissioners vote to accept the ruling, a special election for two commission seats could be held this spring. A private strategy meeting is expected early next week, commissioners said." The Sentinel adds, "Two commissioners questioned the wisdom of continuing the fight Friday, and two others expressed doubts about an appeal but wanted to wait to hear from the county's attorneys. A fifth commissioner did not return phone calls. … 'I don't see much effort in doing that,' Commissioner Tom Franklin said of an appeal. 'At one point or another, you have to decide if it is worth the battle. It is something we have no control over. You don't keep fighting against windmills.' .. U.S. District Judge Gregory A. Presnell tossed out an Osceola proposal that would have created a hybrid system with five single-member and two at-large commission seats. … The judge accepted district

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boundaries drawn by the U.S. Department of Justice and approved by the county earlier this week. He also accepted a proposal for which seats would be on the ballot and how elections would proceed."

Former DEA Agent Wins Bias Ruling Against US. The Miami Herald (12/9, Weaver) reports, "A former high-ranking federal drug agent in Miami said a 'great feeling' swelled up inside him on Friday when he won a 4-year-old discrimination lawsuit against the U.S. government." The Herald continues, "A federal jury in Miami found the Drug Enforcement Administration discriminated against Sandalio Gonzalez, the former second-in-command of the DEA's South Florida field office, by retaliating against him with a transfer to another management job in Texas in 2001. … The racially mixed, nine-person jury awarded $85,000 in damages to Gonzalez, 55, of Doral, who had been the DEA's top-ranking Cuban-American administrator. The victory under U.S. law allows his attorneys to obtain legal fees, which could total hundreds of thousands of dollars." The Herald adds, "For Gonzalez -- who stirred controversy in 2000 when he blew the whistle on a Miami drug bust in which 10 kilos of cocaine went missing -- the court triumph was sweet vindication. He had stood up for not only himself, but also other Hispanic and black DEA agents in the Miami field office over issues of discrimination, his lawyers said. … The Department of Justice, named as a defendant in the suit, could appeal the verdict. " The Herald notes, "Gonzalez was among 16 top-level agency executives sent transfer orders on Jan. 18, 2001 -- just before a four-month freeze on such moves was instituted by President George W. Bush's incoming administration. Gonzalez, who supervised about 300 agents in Miami, was ordered to move to El Paso, Texas, where he was the top DEA administrator in charge of 150 agents. Gonzalez, who made $142,000 annually, retired last year and returned to Miami. … Top DEA officials, who testified at the week-long trial before U.S. District Judge Federico Moreno, described the transfer as a 'promotion.' .. But Gonzalez and several others on the transfer list had complained that DEA Administrator Donnie R. Marshall's actions were meant to punish perceived troublemakers and reward his friends before his successor was appointed by the Bush administration."

ANTITRUST:

FCC Commissioner Cleared To Vote On Telecom Deal. The AP (12/9, Dunbar) reports, "The Federal Communications Commission's top lawyer on Friday authorized one of its members to vote on the proposed buyout of BellSouth by AT&T, despite an apparent conflict of interest. The move could break a deadlock on the deal." The AP continues, "The decision came a week after FCC Chairman Kevin Martin declared an impasse in the proceeding and asked General Counsel Sam Feder to determine whether Commissioner Robert McDowell, a former lobbyist, should be allowed to vote on the $84 billion acquisition. … The deal would be the biggest in U.S. telecommunications history." The AP adds, "Feder's action increases the likelihood that AT&T, the biggest U.S. telephone company, will win conditional approval from the FCC within the next two months and overcome the acquisition's final regulatory hurdle, said Paul Glenchur, an analyst at Stanford Washington Research Group. … McDowell, one of three Republicans on the five-member commission, has sat out of negotiations because of his past work as a lobbyist." The AP notes, "The next open meeting for the agency is Dec. 20, but Martin said Friday night that he does not anticipate putting the issue up for a vote then. It would not give McDowell enough time to get 'up to speed' on the issues, Martin said. … In Feder's eight-page opinion, he argued that McDowell should be allowed to vote because he had not participated in the merger proceeding as a lobbyist, did not stand to gain financially from his vote, and that it would be impossible for someone else to take his place in the proceeding. … But Feder was also clearly torn, noting that Robert Cusick, director of the Office of Government Ethics, had said the decision was a close call on which reasonable people could differ and that Cusick said he would decide against authorization but that 'the FCC could reasonably come out the other way.' … Martin and AT&T are betting that McDowell, despite his history, will vote to approve the merger."

WSJournal Blames "Protectionism" For Inaction On Airline Ownership Proposal. The Wall Street Journal (12/9, A8), in an editorial, writes that the Transportation Department "announced this week that it's giving up its effort to liberalize the antiquated laws governing ownership of U.S. airlines. Congressional protectionism, 1;

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common sense 0. For more than 60 years, U.S. law has barred foreign entities from owning more than 49% of an American carrier, and has restricted foreign 'control' to 25%. In theory this keeps a national-security asset in American hands. In practice it stifles investment and competition at a time when American carriers are experiencing heavy turbulence. Enter former Transportation Secretary Norm Mineta, who proposed allowing foreign investors more latitude to guide fleet composition, route structure and marketing even while safety and security would still rest with American citizens. Alas, 'twas not to be, thanks to a little labor activism and a lot of Congressional territory-marking. Mr. Mineta's successor, Mary Peters, has thrown in the towel."

ENVIRONMENT:

House Passes Offshore Drilling Expansion. The San Francisco Chronicle (12/9, A1, Coile) reports the House "approved a bill Friday to open 8.3 million acres of federal waters west of the Florida coast to oil and gas drilling, a victory for business interests who lobbied for the bill and four Gulf Coast states that would receive billions in new oil and gas royalties. But even drilling supporters admitted it was just a tiny fraction of the publicly owned area they had hoped to open during 12 years of Republican rule of Congress. Efforts to drill in Alaska's Arctic National Wildlife Refuge and off the Pacific and Atlantic coasts were defeated and are likely to be mothballed in the new Democratic Congress." The bill "narrowly survived. The House, on a 207-205 vote, rejected an amendment by Rep. Ed Markey, D-Mass., to require oil companies to repay royalties owed on leases from the 1990s before they could bid on any new leases. The Senate has no time to change it, so the change would have killed the drilling provision."

E. Coli Outbreak Spreading. ABC World News (12/8, lead story, 2:55, Gibson) reported, "Good evening. The most recent outbreak of E. coli food poisoning is spreading. Originally confined in the northeast, it has now spread to other states across the country. So far, there are 293 confirmed or suspected cases in 6 states. All thought to be people who ate at taco bell restaurants. It is a reminder that the nation's food supply knows no boundaries. For the raw scallions suspected to be at fault, were grown in California, but shipped across the country." The CBS Evening News (12/8, story 4, 2:00, Blackstone) and NBC Nightly News (12/8, story 2, 2:00, Williams) ran similar reports.

NYTimes Calls For Stricter Regulation Of Fresh Produce. The New York Times (12/9, A18) editorializes, "The expanding outbreak of E. coli poisonings in New York, New Jersey and several other states underscores the need for more rigorous regulation of the whole supply chain for fresh produce, from the growing fields to the customer."

FBI/DEA/ATF/USMS:

Mueller Awards Meritorious Achievement Medal To Italian Police Chief. The AP (12/9, Jordan) reported, "The FBI gave one of its highest honors Friday to Italy's national police chief for working a quarter-century with the U.S. to bring down an estimated 1,000 Mafia and other organized crime leaders in both countries." Italian National Police Chief Giovanni De Gennaro, "who at times put sandbags on his windows to shield his family from snipers and whose organized crime officers slept at police stations to remain safe, was awarded the FBI Medal for Meritorious Achievement. The ceremony at FBI headquarters marked the first time the honor was given to an official outside of the FBI's ranks." De Gennaro "said he worked so closely with the FBI and federal prosecutors that 'sometimes I even woke up wondering if I was in Rome or in New York,'" and "he said such international cooperation was valuable to help law enforcement face down threats 'whether it appeared as a mobster or as a terrorist.'"

The New York Post (12/9, Cornell) reported, "FBI Director Robert Mueller credited Giovanni De Gennaro…with forging a bond with the United States that grew into a worldwide intelligence network now used to combat terrorism. De Gennaro first teamed up with the FBI in the 1980s to crack a massive mob-run heroin-trafficking operation involving Sicilian gangsters and their American Bonanno counterparts, who used pizza parlors as fronts. … More than 20 years later the mob has been devastated by thousands of arrests that De Gennaro said came out of 'a deep feeling of friendship [with the FBI] and commitment to fight a common enemy, whether he appeared as a mobster or a terrorist.'"

WPost Urges Bush To Commute Drug Sentence. The Washington Post (12/9, A18) editorializes, "The Supreme Court this week declined to review the case of

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Weldon Angelos, leaving in place his obscene sentence of 55 years in prison for small-time marijuana and gun charges. The high court's move is no surprise; the justices have tended to uphold draconian sentences against constitutional challenge. But it confronts President Bush with a question he will have to address: Is there any sentence so unfair that he would exert himself to correct it? So far, Mr. Bush hasn't found one. He has commuted only two sentences, both of inmates who were about to be released anyway." US District Judge Paul Cassell, a Bush appointee, "explicitly called on Mr. Bush to use his clemency powers to offer what he as a judge could not: justice."

TAX:

Snipes Pleads Not Guilty To Tax Fraud Charges. The New York Times (12/9, Times) reports, "The actor Wesley Snipes, a fugitive for the last two months while shooting a movie in Namibia, surrendered to federal officials in Florida yesterday and pleaded not guilty to charges of tax fraud and conspiracy." The Times continues, "According to his indictment, by a federal grand jury in Tampa, Fla., Mr. Snipes, 44, failed to file tax returns from 1999 to 2004, and falsely claimed almost $12 million in refunds for 1996 and 1997." The Times adds, "He arrived in Orlando, Fla., yesterday and was arraigned in Ocala, according to the office of the United States attorney for Central Florida. … Mr. Snipes was freed on $1 million in bail. Magistrate Judge Gary R. Jones ordered him released pending trial, and gave him permission to return to Africa to finish his new movie, 'Gallowwalker.' A trial is set for March, and Mr. Snipes is required to return to the United States and surrender his passport by Jan. 10."

The AP (12/9) reports, "Snipes, 44, was charged in October with fraudulently claiming refunds totaling nearly $12 million in 1996 and 1997 on income taxes already paid. He was also charged with failure to file returns from 1999 through 2004." The AP adds, "He will be allowed to return to Namibia to finish his film, but he must return to his home in California on or before Jan. 10, U.S. Magistrate Gary Jones ruled. .. .After that, Snipes will be required to surrender his U.S. passport." The AP notes, "According to the indictment, Snipes had his taxes prepared by accountants with a history of filing false returns to reap payments for their clients. The firm American Rights Litigators would receive 20 percent of refunds from clients, according to the indictment. … Snipes has said he is a scapegoat and was unfairly targeted by prosecutors, and has suggested he was taken advantage of."

CONGRESS-ADMINISTRATION:

Bush Job Approval At "All-Time Low" Of 30% In Zogby Poll. A Zogby International poll of 982 likely voters nationwide conducted December 5-8 (+/- 3.2%) shows that the "national job approval rating of President Bush has plummeted to 30%, an all-time low" in the poll. Bush's job approval is down from 36% in late October. Among Republicans, "just 60% gave him a positive job rating, while 39% gave him negative marks. Just 9% of Democrats and 22% of political independents gave him good marks for his work." The survey "showed that Bush's troubles clearly stem from trouble with the war in Iraq. Just 24% give him positive marks for his handling of the war, down from 39% who gave him a positive rating six months ago for his handling the way. Even among Republicans, a minority -- 47% -- think he has handled the war well (52% of Republicans gave him negative marks for his leadership on the war in Iraq)."

AP-Ipsos Poll Shows 71% Disapproval Of Bush Handling Of Iraq. The New York Daily News (12/9, Bazinet) reports that an AP-Ipsos poll shows that "more Americans than ever say President Bush is doing a pitiful job with the war, and an almost equally overwhelming number of people think Iraq won't turn out to be a stable democracy. … A whopping 71% of Americans disapprove of Bush's handling of the war, while only 27% say he's done a good job. … Just 9% of Americans believe the U.S. will end up with a clear-cut victory in Iraq, the poll indicated, while 63% said they don't think the country will become a stable democracy."

Cheney Called "Forgotten Man" Of Bush Administration. On the US News and World Report (12/8), John Mashek writes in a "Capital View" piece that Vice President Cheney is the "forgotten man" in the Bush Administration, and "he brought most of it on himself. His standing is plunging with members of Congress as a whole, Democrats, some Republicans, and even zealots on the Christian right. For the next two years, it appears he will be struggling to play any kind of significant role in Bush's lame-duck term. He has burned too many bridges to be really effective as a voice in Washington." Cheney is not seeking the presidency in 2008, his "influence in the public domain has hit rock bottom in the past few months," and "his voice on

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the war in Iraq lacks credibility." Mashek writes that for "reporters who covered the Ford administration, as I did, we are puzzled and even dismayed at the change in Cheney. As the top presidential aide to President Ford, he was a hardworking, helpful, and even cheerful individual. He was a big asset to a struggling, accidental president. With Cheney's help, Ford almost pulled an upset in his race with Jimmy Carter. That man no longer exists."

Rumsfeld Gets Emotional Sendoff At Pentagon. The last Pentagon town hall appearance of Secretary Rumsfeld received extensive coverage. Emphasis was given to its emotional nature, the ovations he received, and his selection of the best and worst days of his tenure. For ABC World News (12/8, story 3, 3:00, Gibson, 8.78M), Jonathan Karl reported, "Today, in an emotional farewell to Pentagon employees, outgoing defense secretary, Donald Rumsfeld, said it will take patience to win in Iraq and Afghanistan." His departure was the second story for CBS. CBS Evening News (12/8, story 2, 2:10, Couric, 7.66M) reported, "Meanwhile, at the Pentagon, one of the architects of the war said good-bye. Defense Secretary Donald Rumsfeld may be leaving, but he hasn't changed his views on Iraq or the press." CBS (Martin): "Ever since 9/11 when he helped pull the wounded from the rubble, Donald Rumsfeld has been Secretary of the war against terror. But for him, the worst day of that war had nothing to do with anything the enemy did." Rumsfeld: "The worst day was Abu Ghraib and seeing that... What went on there and feeling so deeply sorry that that happened." Martin: "The self-inflicted wound of prisoner abuse at Abu Ghraib became a disaster for America's image and a symbol of a mismanaged war."

Fox Special Report (12/8, story 7, Angle) reported, "The only person to have served as US Defense Secretary twice bid a sometimes emotional farewell to workers at the Pentagon. He said that today's town hall meeting will be one of his last public appearances before leaving the post in 10 days. And he wasn't shy about offering last-minute opinions."

CNN's The Situation Room (12/8, Blitzer) reported, "It was candid and emotional. The outgoing Defense Secretary Donald Rumsfeld saying good-bye to Pentagon employees in a town hall meeting today. He spoke of both his highs and lows and the troubled war that led to his resignation." CNN (McIntyre) added, "Rumsfeld's formal farewell will be a week from today, complete with all the military honors one would expect. But today was his chance to say goodbye to Pentagon employees and for them to say goodbye to him. … Rumsfeld was greeted with a standing ovation as he entered the Pentagon auditorium for his swan song, and he exits the stage unbowed and unapologetic for what critics say were serious missteps and misjudgments, particularly about Iraq. … When he leaves office, Rumsfeld will be about two weeks shy of being the longest serving defense secretary ever, a distinction that will remain with Robert McNamara, who, like Rumsfeld, also left office after presiding over an increasingly unpopular war.

The Washington Post (12/9, Tyson, 690K) reports, "In his final town hall meeting with Pentagon employees, Rumsfeld ranged from serious and emotional to humorous and sarcastic as he mused about his legacy as one of the nation's longest-serving defense secretaries." His ranking of Abu Ghraib as his worst moment is reported, as is his joke that his best day will come "later this month when he leaves office." The Washington Post (12/9, 690K) also carries the CQ transcript of Rumsfeld's remarks.

The Washington Post (12/9, Branigin, 690K) reports that his farewell speech "became emotional at times" and quotes him listing accomplishments during his tenure, such as the creation of Northcom. Like the other Post article, it notes his stated dismay over Abu Ghraib, quoting a paragraph from his remarks about discovering the situation. The town hall meeting "reflected none of the criticism that has been directed at Rumsfeld during his term, notably over his handling of the war in Iraq." Ret. Maj. Gen. John Batiste had "described Rumsfeld as 'arrogant' and 'abusive' and said he disregarded 10 years of war planning on Iraq by the U.S. Central Command before the March 2003 invasion."

The New York Times (12/9, Stout, 1.16M) reports that he "bade farewell ... in his familiar style." He "has a unique place in Pentagon history. He is the only person to have been defense secretary twice. ... The questions from department employees at today's 'town hall' session were gentle ones, in contrast to the news conferences at which Mr. Rumsfeld never bothered to hide his disdain for interrogators he considered ill-informed, cynical, or naïve."

The Los Angeles Times (12/9, Barnes, 850K) reports in a nostalgic vein, "For much of the last six years, a question-and-answer session with Donald H. Rumsfeld was the best show in town." His last town hall is called a "greatest hits collection." On Friday Rumsfeld "used the stage to plead for more time in Iraq," a "regular theme" of his for "much of this year." The LA Times theorizes that his popularity began to

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decline when he said, on December 8, 2004, "As you know, you go to war with the Army you have. They're not the Army you might want or wish to have at a later time."

The AP (12/8, Burns) reports on his "emotional" farewell, at which he "choked up briefly" recalling a woman who gave him a bracelet "as a reminder of the sacrifices by soldiers of the Army's 172nd Stryker Brigade." He "strode into the room to a cascade of applause and a few approving yelps." More than 140 sites carried the story.

AFP (12/8, Mannion) reports, "An overflow crowd of several hundred people packed a Pentagon auditorium and gave him a standing ovation." He received 'friendly questions" about his tenure. The AFP leads with his urge to listeners to avoid a "precipitous" withdrawal from Iraq.

Rumsfeld Still Serving; Extent Of Clout Unclear. The New York Times (12/9, Cloud, 1.16M) reports in a "Pentagon Memo" that, despite the confirmation of Robert Gates, "when President Bush comes to the Pentagon on Wednesday, Mr. Rumsfeld will preside in the secure conference room known as 'the Tank.'" Gates's swearing is "scheduled" for December 18; "How much influence Mr. Rumsfeld is exerting in the interim is somewhat unclear. Two of his top aides, Peter W. Rodman and Stephen A. Cambone, have already announced their resignations."

House Passes Spending Bill, Tax Cuts, Trade Package. The Wall Street Journal (12/9, A3, Rogers) reports, "Major tax and trade bills neared final passage as Republicans began turning out the lights on the 109th Congress and 12 years of their party's dominance in the Capitol. Working past midnight, departing lawmakers sent President Bush a third, stopgap spending bill required to keep the government operating through Feb. 15. … The $45.1 billion tax cut measure, which includes provisions benefiting oil, coal and health-care interests, passed the House 367-45 late Friday after Democrats narrowly failed 207-205 in a last attempt to disrupt passage with an amendment to the oil provisions. The intricate trade package, which most impacts Vietnam, Haiti and developing nations in Africa and South America, cleared the House hours later 212-184 with prominent Democrats joining in support. The Senate next took up both measures as a single package, and eager to go home, senators agreed to expedite debate in hopes of sending the tax and trade provisions Mr. Bush for his signature."

The AP (12/8) reports, "Rejected by voters and limping off stage, the Republican-led House on Friday passed a sweeping bill reviving expired tax breaks and protecting doctors from a big cut in Medicare payments. But they dumped an unfinished budget on the Democrats about to take power, passing by a 320-70 vote a stopgap spending bill putting the government on autopilot until Feb. 15. … The failure to pass budget bills for domestic agencies, said Rep. David Obey, D-Wis., amounted to 'a blatant admission of abject failure by the most useless Congress in modern times.'"

The Washington Post (12/9, A4, Montgomery) reports, "Throughout the day yesterday, negotiations over the tax-and-trade package consumed lawmakers, particularly in the Senate. With the trade measures under assault, House leaders delayed a vote on that portion of the package and focused first on the more popular tax provisions. … They include a credit for research and development critical to many businesses, a reward for employers that hire former welfare recipients and a deduction for state and local sales taxes paid by people in states without income taxes. If Congress had left town without extending the breaks, more than 19 million taxpayers would have faced higher taxes when they filed in April, said Senate Finance Committee Chairman Charles E. Grassley."

The Los Angeles Times (12/9, Simon) reports, "Lawmakers worked several healthcare measures into the tax bill, including legislation to cancel a scheduled 5% cut in payments to doctors who treat elderly Medicare recipients, and changes that would allow individuals to put more money into tax-sheltered health savings accounts, a new type of medical insurance favored by many Republicans. Separately, the tax bill also addressed some unintended consequences of legislation that Congress passed last year to keep illegal immigrants from getting healthcare benefits through the Medicaid program for the poor. Hundreds of thousands of people who were legally entitled to benefits were inadvertently subjected to new requirements that they provide documents proving their citizenship. Some were frail seniors who had never been issued a birth certificate. The changes will exempt several groups from the documentation rule, including federally assisted foster children, certain disabled people waiting for the starting date of their Medicare coverage and individuals receiving low-income Social Security assistance."

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The New York Times (12/9, A14, Hulse) reports, "The failure to dispose of the most basic Congressional work sparked recriminations over who was to blame as leaders of the House Appropriations Committee lashed out at the Senate. … As a result of the spending impasse, Democrats will be forced to deal with the leftover money issues as soon as the new Congress convenes in January." The Times adds, "Some frustrated lawmakers said the chaotic ending of the session was fitting, with major legislation assembled behind closed doors by senior lawmakers and then rushed to the floor. That was typical, they said, of how business had been done in a highly partisan atmosphere."

Gregg Claims GOP Is Responsible For "Biggest Budget Buster In The History Of Congress." The Wall Street Journal (12/9, A3, Rogers) reports Sen. Judd Gregg "took the floor and warned his party it was ignoring the lesson of Republican losses in the midterm elections last month." Gregg is quoted as saying, "You just have to ask yourself how we as a party got to this point, where we have a leadership that is going to ram down the throats of our party the under Republican leadership." The AP (12/8) reports Gregg "gave an extraordinary floor speech lambasting his party for losing its way on fiscal discipline and his leadership for jamming it past rank-and-file Republicans opposing the massive measure." Roll Call (12/8, Stanton) reports on its web site that Gregg "tore into his GOP colleagues Friday, accusing the party of being hypocritical when it claims the mantle of fiscal responsibility. Gregg's angry floor speech came after a decision by House and Senate leaders to move a $39 billion tax package using procedural tactics that will shield it from a filibuster. In the speech, Gregg accused Senate GOP leaders of using procedural rules 'against the Republican membership' to block criticism of the bill and efforts by conservatives to change it. … Because of the procedural move, the Senate will likely now remain in session until at least Sunday, though Gregg could force the Senate to remain in town until late Monday or Tuesday if he does not agree to allowing the bill to move forward." The Washington Post also notes Gregg's criticism.

Democrats Block Congressional Pay Raise. The Dallas Morning News (12/9, Gillman) reports Democrats "stalled a congressional pay raise Friday, demanding a minimum wage hike first – a move derided even by Texas Republicans willing to freeze lawmakers' salaries. 'I have voted for some, and I've voted against some. I would be inclined to vote against it this year,' said Sen. John Cornyn, R-Texas, expressing annoyance that Democrats were trying to link the issues. 'I think they are politically posturing.' House and Senate Democratic leaders threatened to block a last-minute flurry of legislation unless both chambers agreed to avert a 2 percent raise that would take effect Jan. 1.

GOP Accused Of Leaving Spending "Time Bomb" For Democrats. The Boston Globe (12/9, Klein) reports, "The outgoing Republican Congress has placed a political time bomb for incoming Democrats: Nearly all domestic programs paid for by the federal government are level funded through mid-February with no adjustments for inflation, a situation that probably will trigger cuts or reductions in such popular areas as veterans' affairs, children's healthcare, housing vouchers, and low-income fuel assistance." Democrats "will therefore have to immediately choose between restoring any lost services and their campaign pledge to control government spending. The clash could expose tensions within the party in the crucial first weeks of Democrats' leadership -- and the party's agenda could get sidetracked in a pitched battle over spending priorities."

Congress's Final Days Seen As Evidence Of GOP's Disorder. The New York Times (12/9, A14, Kornblut, Zeleny) reports, "In bursts of giddiness and remorse, members of Congress went through not just the end of the 109th Congress this week, but also 12 years of Republican control. It was the end of an era, and Republicans left Capitol Hill with spasms of amusement, anger and humiliation, at times visibly stunned that power and its trappings had vanished so fast. … They tried — rather unsuccessfully — to wrap up business, displaying a lack of legislative discipline that was a sharp contrast to the machinelike efficiency of their early years in charge." House Republicans "failed to pass an antiabortion measure, struggled to approve a package extending popular tax breaks and decided not even to bother trying to find a solution for the spending bills."

Ethics Committee Wraps Up Foley Probe.

The Washington Post (12/9, A1, Weisman) reports the House ethics committee "concluded yesterday that House Speaker J. Dennis Hastert and his top staff probably knew for months, if not years, of then-Rep. Mark Foley's inappropriate contact with former House pages but did nothing to protect the teenagers. Top GOP House leaders also 'failed to exercise appropriate diligence' in the matter, the committee's report found, and tried 'to remain willfully ignorant of the potential consequences of Foley's conduct.' … The report speculated

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that some officials were reluctant to act too aggressively for fear of exposing Foley's homosexuality or for political reasons. But the ethics panel, officially known as the Committee on Standards of Official Conduct, decided against taking any action against the leaders, aides or House officials involved in the saga, declining even to describe their actions as bringing ill repute on the House."

ABC World News (12/8, story 2, 2:00, Tapper) reported, "After nine weeks of investigating the Mark Foley page scandal, the House Ethics Committee concluded that no staffers violated the House code of conduct." Rep. Judy Biggert, Standards of Official Conduct Committee: "I think we found the truth. We answered the questions that we had to answer." Tapper: "The committee, which conducted more than 50 interviews and depositions, did find a pattern of conduct was exhibited among many individuals to remain willfully ignorant of Congressman Mark Foley's behavior with pages."

The CBS Evening News (12/8, lead story, 2:30, Couric) led with the story, saying "the page scandal may not have cost Republicans control of Congress, but it sure didn't help. And in any case, the House Ethics Committee says they have only themselves to blame. An investigation concluded today that the Republicans had plenty of warning about then-Florida Congressman Mark Foley's inappropriate behavior with male pages. But the panel says they did little about it for political reasons."

NBC Nightly News (12/8, lead story, 2:55, Reid) reported. "The report also says the Chairman of the Page Board, John Shimkus, was told by a staffer last year that Foley was a 'ticking time bomb.' … The Ethics Committee says no House rules were broken and no disciplinary actions are warranted … Foley himself is still under criminal investigation but much to the chagrin of Congressional watchdogs here on Capitol Hill, it appears to be over."

CNN's The Situation Room (12/8, Blitzer) reported, "This report does go into detail in trying to make the case that just because they're not reprimanding anyone, it should not be seen as an idea that staffers acted properly, or even members of Congress."

The Los Angeles Times (12/9, Levey) reports, "In a coda to a year of political disasters for Republicans, the House Ethics Committee said Friday that GOP lawmakers and staff members for years remained 'willfully ignorant' that…Foley was making sexual advances toward male congressional pages. Driven by political considerations and fear of exposing Foley's homosexuality, they failed in their duty to protect the teenagers, the committee concluded in its report on the scandal. And, the panel said, congressional officials ignored evidence of predatory behavior by the Florida Republican that began emerging more than 10 years ago."

The New York Times (12/9, A14, Zeleny) reports, "The members of the investigating subcommittee, two Republicans and two Democrats, declined to take questions on Friday or respond to critics who said the case of Mr. Foley…underscored a need to reform how Congress policed itself. The findings were presented in a two-inch-thick document, including volumes of sexually graphic instant messages Mr. Foley sent to former pages. Mr. Foley refused to testify, the report said, citing pending criminal investigations against him in Florida as well as his right not to incriminate himself. … The committee said it could not conclusively say why Republicans failed to address Mr. Foley's conduct. But the investigation found that Republicans 'may have been concerned that raising the issue too aggressively might have risked exposing Representative Foley's homosexuality, which could have adversely affected him both personally and politically.'"

Committee Suggests Hastert And His Staff Mislead Investigators. Roll Call (12/8, Bresnahan, Davis) reports Speaker Hastert "emphasized that the panel concluded that no House Member or staffer was aware of the more sexually explicit messages that surfaced after the Foley scandal became public." Hastert "told the investigative subcommittee that he could not recall being told by House Majority Leader John Boehner (R-Ohio) and Rep. Tom Reynolds (R-N.Y.) about inappropriate e-mails. … The investigative subcommittee 'finds that the weight of evidence supports the conclusion that Speaker Hastert was told, at least in passing, about the e-mails' by both Boehner and Reynolds, the report stated. 'Neither the Majority Leader nor Rep. Reynolds asked the Speaker to take any action in response to the information each provided to him, and there is no evidence that the Speaker took any action.'" The ethics committee "apparently did not believe" Hastert chief of staff Scott Palmer's "denial of any knowledge of the Foley e-mails, and it disputed Palmer's claim that he did not meet privately with Foley or his former chief of staff, Kirk Fordham, to discuss the matter. 'The weight of evidence supports a conclusion that Kirk Fordham talked to Scott Palmer about Fordham's concerns about Rep. Foley's conduct, and that Palmer later talked to Rep. Foley,' the report stated."

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The Chicago Tribune (12/9, Dorning, Parsons) reports the panel "cast doubt on Hastert's public insistence that he was unaware of a complaint about inappropriate e-mail messages Foley sent to a former page last year. … The panel blasted another senior Hastert aide, counsel Ted Van Der Meid, for 'an inexplicable lack of interest' when he received a complaint about the Foley e-mails. Van Der Meid had been repeatedly warned previously of inappropriate contacts with pages, including at least one of Foley's visits to the page dorm, the panel found."

Kolbe Said To Have Lied About His Knowledge Of Foley's Behavior. The Washington Post (12/9, A1, Weisman) reports that "perhaps the biggest revelations involved" Rep. Jim Kolbe. The Washington Post "reported in October that one of his former pages had received a sexually explicit instant message from Foley, which the former page had shown to Kolbe as long ago as 2000. After the story appeared, Kolbe said that the contact was with his staff, not him, that he did not see it and that he was unaware it was explicit. Kolbe's assistant, Patrick Baugh, told the committee that the former page had contacted Kolbe directly and that the former page revealed the explicit nature of the message. Moreover, after the Foley matter exploded in the media, the former page contacted Kolbe again to ask whether he should divulge the instant message. He testified that Kolbe responded: 'It is best that you don't even bring this up with anybody. … There is no good that can come from it if you actually talk about this.'"

WPost, NYTimes Assail Committee Over Its Inaction. The Washington Post (12/9, A18), in an editorial, writes, "What, one has to wonder, would it take for the House ethics committee to hold a lawmaker or a staff member accountable? … In a report released yesterday, the panel did a good job laying out the disturbing facts of the case…then, all too characteristically, the committee declined to hold even a single individual responsible for any misstep."

The New York Times (12/9) editorializes, "Watching our elected leaders in action, it's not surprising that Americans wonder if there is any limit to the crass misbehavior that members of Congress are willing to tolerate from their colleagues to protect their privileges and hold on to their own jobs. The House ethics committee answered that question yesterday with a resounding 'No.'"

Reid, McConnell Schedule Closed-Door Meeting Of All 100 Senators. The Washington Post (12/9, A3, Babington) reports Senate Democrats, "who campaigned on a pledge of more openness in government, will kick off the 110th Congress with a closed meeting of all 100 senators in the Capitol." Sen. Harry Reid "announced yesterday 'a joint caucus meeting' for senators only, to be held that morning in the old Senate chamber, a cozy, seldom-used room. The gathering 'will allow senators an opportunity to meet before the Senate is in session and before any official legislative business is considered,' Reid's office said." Sen. Mitch McConnell "endorsed the plan." Roll Call.com (12/8, Stanton, Billings) reports, "Although Reid and McConnell came up with the idea of a bipartisan caucus meeting as a way to bring about a greater sense of bipartisanship in the Senate, it has raised questions about the appropriateness of barring the press from a meeting of the entire Senate during which lawmakers could essentially map out the year's legislative activities for the year in advance.

The AP (12/8, Kellman) reports, "Spokesmen for the lawmakers said the meeting would not amount to a closed session of the Senate under the chamber's rules. However, any meeting of 100 senators with rules of any kind is by definition a meeting of the Senate, said Brian Darling, director of Senate relations for The Heritage Foundation. 'It would be a de facto meeting of the Senate and although they want to call it something else, it is,' Darling said. 'To set up something and to plan something between the leaders is very unusual and should be subject to open government rules,' he added. 'Their intentions are good, but the results of what they're doing will be not good for the American people.'"

Filner To Chair House Veterans' Committee. On its web site, Roll Call (12/8, Yachnin) reports, "After successfully beating back a challenge from Rep. Mike Michaud (D-Maine) on Friday, Rep. Bob Filner (D-Calif.) will become chairman of the Veterans' Affairs Committee in the 110th Congress. The full Democratic Caucus confirmed Filner to the post in a 112-69 vote following a brief meeting in the House Rayburn Office Building. The Democratic Steering and Policy Committee heard from both lawmakers Thursday and voted 24-20 in favor of Filner. But the close split allowed for the full Caucus, which must ratify Steering's recommendations, to nominate candidates from the floor."

VA Health Care Records Success Stories. CBS Evening News (12/8, story 6, Couric, 7.66M) reported, "For decades, politicians have been calling for a comprehensive government plan to make quality health care

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available and affordable. Well, it turns out that the government already has a system in place that delivers great care at low cost. It's not for everyone, just for those who have served our country." Unidentified doctor: "Good to see you! How are you?" CBS (Andrews): "Eighty-eight-year-old George Sack can go anywhere he wants for health care, but he chooses to go to the VA. ... If his choice surprises you, it does not surprise the experts. In studies, including one by Harvard and in six straight years of patient satisfaction surveys, the VA earned the highest health care quality rating in the country. It is also the least expensive. It's a remarkable turnaround from the old VA."

McKinney Bill Calls For Bush's Impeachment. The AP (12/8) reports, "In what was likely her final legislative act in Congress, outgoing Georgia Rep. Cynthia McKinney announced a bill Friday to impeach President Bush. The legislation has no chance of passing and serves as a symbolic parting shot not only at Bush but also at Democratic leaders. Incoming House Speaker Nancy Pelosi has made clear that she will not entertain proposals to sanction Bush and has warned the liberal wing of her party against making political hay of impeachment."

Coast Guard Stumbles In Remaking Itself. The New York Times (12/9, A1, Lipton, 1.16M) reports, "Four years after the Coast Guard began an effort to replace nearly its entire fleet of ships, planes and helicopters, the modernization program heralded as a model of government innovation is foundering. ... The problems have helped swell the costs of the fleet-building program to a projected $24 billion, from $17 billion, and delayed the arrival of any new ships or aircraft. That has compromised the Coast Guard's ability to fulfill its mission, which greatly expanded after the 2001 attacks to include guarding the nation's shores against terrorists. The service has been forced to cut back on patrols and, at times, ignore tips from other federal agencies about drug smugglers."

Treasury Report Expected To Show Little Progress In Deficit Reduction. The Wall Street Journal (12/9, A2, Solomon) reports, "Bush administration officials have begun grappling with one of the toughest tasks they face over the next two years: How to both protect the president's tax cuts and put the federal budget deficit on a sustainable path." On Tuesday, the Treasury Department "releases its latest budget tally. The numbers likely will show little progress in shrinking the deficit despite a growing economy. For the first two months of the fiscal year that began Oct. 1, the government is expected to show a deficit of about $122 billion -- $9 billion less than the same period last year." Showing progress on the deficit "is crucial as the White House heads toward early February," when the fiscal year 2008 budget plan will be released.

Strong Hiring, Low Unemployment Give Fuel To Optimism On Economy. NBC Nightly News (12/8, story 6, 2:30, Williams) reported, "The Labor Department reported today that employers added 132,000 jobs to their payrolls last month. At the same time the unemployment rate ticked up a notch to 4.5% as more people got into the labor market to look for work. The economy is creating jobs in some unlikely places."

The Wall Street Journal (12/9, A3, Conkey) reports that "solid hiring and an unemployment rate still near a five-year low reinforced the upbeat view of optimists, including the Federal Reserve, that the economy is weathering the downturn in the housing and automotive sectors. … The unemployment rate edged up slightly to 4.5% in November from 4.4%. Unrounded, the increase was even smaller: from 4.42% to 4.47%." But as the Washington Post (12/9, D1, Henderson) writes, "Sometimes, an uptick in unemployment can be good news." The slight increase was "not primarily because of layoffs. The rate rose as hundreds of thousands of Americans who had previously dropped out of the labor force poured back in, drawn by brightening employment prospects. Most of them found work." The Financial Times (12/9, Guha, Callan, Tassell) says Fed chief Ben Bernanke's "optimism that the US economy is heading for a soft landing received a lift" with the reports.

Crude Oil Down Slightly After Early Jump. The Wall Street Journal (12/9, B1, McKay) reports crude oil futures "jumped $1.16 in morning trading" Friday in New York, "but finished the day off 46 cents, or 0.7%, at $62.03 a barrel, up 1.6% on the year."

Automotive Writer Says US Gasoline Prices Comparatively Low. The "Free Speech" feature on the CBS Evening News (12/8, story 7, Couric) focused on US gasoline prices, with automotive writer Mike Rutherford arguing that "if you believe you're paying too much for the fuel you're paying for your automobiles, you're not living in the real world. In the States you're enjoying pump prices that are among the lowest on the planet."

Lindsey Group's Sumerlin Gives Bernanke "A" For First Year. In a Wall Street Journal (12/9, A8) op-ed, Lindsey

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Group Managing Director Mark Sumerlin writes, "Ben Bernanke deserves an A for his first year as chairman of the Federal Reserve. The Bernanke Fed hasn't always been graceful or elegant, but it has been mostly right."

FDA Panel Concludes Stents May Be Unsafe. ABC World News (12/8, story 7, 2:20, Gibson) reported, "Leading heart doctors concluded two-day assessment of drug-coated stents. More than 1 million Americans had them implanted just last year. But there are concerns that drug-coated stents may increase the occurrence of blood clots that cause heart attacks." NBC Nightly News (12/8, story 3, 1:30, Bazell) said a special FDA panel said "doctors and patients need to know that when the devices are used that way they can cause blood clots, lead to heart attacks or deaths and said patients need to be on blood-thinning medication for at least a year."

On its front page, the Washington Post (12/9, Stein) reports the panel has concluded that "new drug-oozing stents widely used to prop open clogged arteries are associated with an increased risk of blood clots, heart attacks and death for the majority of patients receiving the devices." The Wall Street Journal (12/9, Winslow, Mathews), also on its front page, says that "the vast majority of patients who have a coated stent won't experience a problem. But in recent months, long-term studies and real-world experience have yielded evidence that in rare instances the newer devices may trigger potentially fatal blood clots, years after they are implanted." The New York Times (12/9, A11, Feder) says the FDA's Daniel Schult "said it was too soon to discuss what specific actions the F.D.A. might take."

NIH Scientist Admits Violating Conflict-Of-Interest Rules. The Washington Post (12/9, B2, Rich) reports, "A senior government scientist who was a focus of a congressional probe into conflicts of interest in medical research admitted in federal court yesterday that he improperly failed to disclose payments of $285,000 he received as a consultant for the pharmaceutical manufacturer Pfizer Inc. Pearson 'Trey' Sunderland III, who was chief of the Geriatric Psychiatry Branch of the National Institute of Mental Health, pleaded guilty in Baltimore to a misdemeanor charge of violating conflict-of-interest rules." Sunderland "was paid as a consultant on two projects in which his department was collaborating with Pfizer on research to identify chemical warning signs of Alzheimer's disease."

NASA Administrator Calls Decision To Build Shuttle "A Policy Mistake." The New York Times (12/9, A16, Schwartz, 1.16M) reports NASA Administrator Michael Griffin "says the current period of space exploration will come to be seen as a mistake. 'Viewed from the point of history several decades out,' he said in an interview, 'the period where the United States retreated from the Moon and quite deliberately focused only on low Earth orbit will be seen, to me, a mistake.' The Times notes that Griffin has made similar comments before and that "this time, his remarks came as he waited for Thursday's down-to-the-wire effort to launch the shuttle on a 12-day mission to rewire the International Space Station. The liftoff was scrubbed at the last minute because of weather concerns."

NYTimes Cautions Against Lunar Base Costs. The New York Times (12/9, 1.16M) editorializes that NASA this week "announced plans to establish a permanent base on the Moon by 2024, explained why we should want to send astronauts back to a world they visited repeatedly more than three decades ago, and described what they might do when they get there." But "what's worrisome about the new plans is their lack of focus. The agency cites six major reasons for returning to the Moon. The most persuasive is to use the Moon as a base to test technologies and operating techniques to be used on future missions to Mars, a more compelling target." The Times concludes, "Our main concern is that the political proponents of the Moon-Mars adventure will not provide money commensurate with the task. NASA's crowning scientific achievements have come from its unmanned probes to distant worlds and its orbiting observatories. It would be a shame if an underfinanced program to return to the Moon on a permanent basis and then venture on to Mars forced reductions in research programs of higher scientific value."

Man Stabs Himself Outside Longworth House Office Building. On its web site, Roll Call (12/8, McArdle, Bresnahan) reports, "At 12:55 p.m. today, a 19-year-old man walked up to the main entrance of the Longworth House Office Building and proceeded to stab himself at least once in the chest in front of Capitol Police officers. After arresting the man, officers found something in a backpack he was carrying that led them to shut down streets

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near Union Station to search for a suspicious package that he had mailed earlier in the day. By 5:30 p.m., the package had been found and was deemed safe by Capitol Police and Metropolitan Police, and investigators and the man remained at George Washington Hospital under police arrest."

SMU Wins Property Dispute Involving Bush Library Bid. The AP (12/8) reports Southern Methodist University "has won a court ruling that could boost its bid to host the George W. Bush Presidential Library. Federal District Judge Jerry Buchmeyer ruled Thursday that SMU has clear title to a condominium complex that university officials have considered for the library. SMU and two other colleges are bidding for the library. Leon Bennett, SMU's vice president for legal affairs, said the university plans to evict the remaining residents this month and begin tearing down the condominiums."

White House Releases New Barney Christmas Video. The AP (12/8) reports, "Just in time for the holidays, America's best-known Scottish terrier is back with a new video on the White House Web site. It's 'Barney's Holiday Extravaganza,' a production that follows Barney around the White House as he plans a holiday show, runs into trouble developing a plot and then wrangles over his budget with Treasury Secretary Henry Paulson and Budget Director Rob Portman."

LATimes Urges Bush To Avoid Recess Appointments. The Los Angeles Times (12/9) editorializes that President Bush "and his would-be successors — Democratic and Republican — should resolve that [John] Bolton is the last major official to serve under this disability" – a recess appiointment. Recess appointments "are allowed by the letter of the Constitution, but they violate its spirit. … With a new Democratic majority in the Senate capable of sustaining a filibuster, Bush may be tempted to resort to recess appointments — perhaps even to the Supreme Court — as payback for what he would see as obstructionism. He should resist the temptation."

OTHER NEWS:

Jefferson Goes On Offensive In Runoff Campaign. The Washington Post (12/9, A2, Murray, Lengel) reports Rep. William J. Jefferson "was given up for dead politically after the FBI found $90,000 in alleged bribe money in his freezer, and he barely survived a Nov. 7 primary election, garnering 30 percent of the vote in a crowded field of 12 challengers. Now he is locked in a tough runoff with a well-funded Democratic challenger who is using poetry and schoolchildren to highlight Jefferson's ethical woes. Many of Jefferson's House colleagues are privately rooting for him to lose today so his troubles do not tarnish the new Democratic-controlled Congress." Jefferson "has scooped up high-profile endorsements from New Orleans Mayor C. Ray Nagin and state Sen. Derrick Shepherd, who finished third in the primary, while attacking opponent Karen Carter, who finished second with 22 percent of the vote, as too liberal. In one ad, Jefferson declares 'I have never taken a bribe' and dismisses Carter, a 37-year-old lawyer and state representative, as 'an ambitious young woman.'" Jefferson "has attempted to portray Carter as a left-wing fringe figure who supports late-term abortions, same-sex marriage and human cloning."

Romney Draws Fire From Conservatives Over 1994 Letter On Gay Rights. The New York Times (12/9, A11, Nagourney, Kirkpatrick) reports Gov. Mitt Romney, who has "built a presidential campaign on a broad appeal for conservative support, is drawing sharply increased criticism from conservative activists for his advocacy of gay rights in a 1994 letter." Romney's "standing among conservatives is being hurt by a letter he sent to the Log Cabin Club of Massachusetts saying that he would be a stronger advocate for gay rights" than Sen. Edward Kennedy, whom he challenged that year. The "circulation of the letter by gay rights groups in recent weeks has set off a storm of outrage among social conservatives, and by Friday was looming as a serious complication to Mr. Romney's hopes." The "breadth of the letter's language and the specificity of many of the pledges stunned conservative leaders. Many of them had turned to Mr. Romney as a conservative alternative" to Sen. John McCain, "whose position on issues like abortion had been considered suspect."

Edsall Says Romney "Trying To Forcibly Reinvent Himself." In his New York Times (12/9, A19) column, Thomas B. Edsall writes that the "most significant development at this stage" of the GOP presidential nomination race "is the failure of any G.O.P. candidate to emerge as the consensus conservative, uniting white evangelicals, family-values traditionalists, defense hawks, and opponents of the tax and regulatory state. … The two

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Republican candidates leading in polls, John McCain and Rudy Giuliani, both fail the consensus test. Each stands to the left of the party -- well to the left in Giuliani's case -- on the 'traditional values' issues: sexual mores, family structure, reproductive choice, gay rights, embryonic stem cell research, and so forth." Romney "is trying to forcibly reinvent himself from his incarnation as a Massachusetts governor who favored abortion rights and gay rights — almost as hard a history to surmount in the G.O.P. as the multiple marriages and divorces of McCain, Giuliani, and Newt Gingrich."

Brownback Discusses McCain, Giuliani, And His Own Chances. Asked on MSNBC's Hardball (12/8, Barnicle) if either Sen. John McCain or Rudy Giuliani can win the GOP presidential nomination, Sen. Sam Brownback said, "That's the beauty about the process. It's a lengthy campaign and people examine the positions and then they decide. And don't think you can judge that question at this point in time. They are both great Americans, they're great heroes in this country, but elections are about ideas and the future and that's what I hope to present." On his own bid, he said, "We're in the exploratory phase. We haven't moved this on forward past that yet, but I'm going to be traveling and presenting a lot of ideas and I love the battle and the competition of ideas."

Pataki Suggests He Can Overcome "Obstacles" To GOP Nomination. Gov. George Pataki was asked about his presidential ambitions during an interview with Fox News (12/8, Skinner). Pataki said, "I still have a little over three weeks left as governor. That's what I'm focusing on right now. … Once this year is over, once I am a private citizen, I'll take a look and make a decision." Asked about polls showing him at "two percent or so" among Republican primary voters, Pataki said, "If you did the same type of poll in New York state in 1993 asking about the possible candidates for governor, I doubt if I would have gotten two percent. … But when you have a vision, when you have the ability to articulate and implement that vision, and you work hard, I think I've shown in New York that you can overcome those obstacles."

Some Republicans Second-Guessing Final NRSC Moves. The New York Times (12/9, A13, Kirkpatrick) reports campaign finance reports submitted this week "have led to second-guessing about whether the National Republican Senatorial Committee borrowed too little for its final all-out push for its candidates. At least two Republican Senate candidates lost by just a few thousand votes." The final figures and low debts "left some Republicans grumbling privately" that NRSC leader Elizabeth Dole "had failed to give it her all."

Allen Faults "Distractions" For Turning Virginia Race Against Him. The Washington Post (12/9, B1, Shear) interviews outgoing Sen. George Allen, who says "distractions" helped turn his Virginia reelection race against him. Allen "declined to talk specifically about the controversies that turned what was supposed to be his warm-up for a presidential campaign into a losing bid to hold on to his Senate seat. 'You can't brood and dwell' on the loss, he said. But it's clear -- especially from the football analogies he uses frequently to describe the sudden turn in his political life -- that Allen regrets the mistakes he and his campaign staff made during the past several months." Allen said, "In the event that you lost a game by three or four touchdowns, people say, 'Gosh, it's a blowout.' If you lose by one point in a game, you can look back on every single play of the game." Allen "politely declines to discuss any political future he might have in Virginia," though "friends and political observers" say Allen is "likely to bide his time before attempting a possible comeback, perhaps as governor in 2009."

Kilroy Still Refusing To Concede In OH15. CNN's The Situation Room (12/8, Blitzer) reported that in OH15, "a hand recount is over, and Republican Congresswoman Deborah Pryce still has a 1,055-vote lead over Democrat Mary Jo Kilroy. But Kilroy still is refusing to concede. The rest of the recount will be conducted by electronic machines. Election officials say the final results…should be known next week."

Sekula-Gibbs Leaves "Legacy Mainly Of C-SPAN Video." The Houston Chronicle (12/9, Kim) profiles Rep. Shelley Sekula-Gibbs of TX22, who took office on November 13 and who spent "her last official day on the Hill" Friday. Sekula-Gibbs "spent the past week…delivering one speech after another on the House floor. Her soliloquies, aimed at the House television camera as the chamber was virtually deserted, could have been judged plentiful even in a place where performance art often passes for good politics." She "leaves a legacy mainly of C-SPAN video."

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Large Majority Supports Letting Government Negotiate Drug Prices. The Washington Post (12/9, A3, Lee) reports a Kaiser Family Foundation survey finds that the "overwhelming majority of Americans favor allowing the government to negotiate prescription drug prices for the Medicare program, suggesting there will be considerable political pressure on the next Congress to do so." Of the 1,867 adults polled, 85% "said they favored such negotiations, including majorities of Republicans, Democrats and independents."

Jeane Kirkpatrick Dies At 80. CNN's The Situation Room (12/8, Blitzer) reported, "A pioneer for women with political influence has died. Jeane Kirkpatrick was the first female US ambassador to the UN, and she was an unabashed advocate of Reagan-era conservatism, after beginning her public life as a Democrat. Her assistant says Kirkpatrick died in her sleep at her Bethesda, Maryland, home last night. She was 80 years old."

ABC World News (12/8, story 8, 0:45, Gibson), the CBS Evening News (12/8, story 5, 0:10, Couric), and NBC Nightly News (12/8, story 9, 0:45, Williams) all briefly reported on Kirkpatrick's death.

The New York Times (12/9, A1, Weiner) reports that in March 2003, President Bush "recalled Ambassador Kirkpatrick to active duty and sent her to Geneva, said Alan Gerson, who had served as her general counsel at the United Nations. The secret mission, previously undisclosed, was to head off a diplomatic uprising against the imminent war against Iraq."

The Washington Post (12/9, A1, Holley) reports, "For many years a Cold War liberal…Kirkpatrick became a neoconservative in the 1970s and then a Republican Party stalwart. An academic and a public intellectual who never held elective office, she briefly considered seeking the Republican presidential nomination in 1988." The AP (12/8) reports, "She stopped that process short, however, retreating to the position that she would accept the No. 2 slot if asked. She had played a leading role at the party's convention four years earlier — at a time when she was still a Democrat."

WSJournal Remembers Kirkpatrick. The Wall Street Journal (12/9, A8), in an editorial, writes, "The mind's eye recalls the televised image in the early 1980s of Ambassador Kirkpatrick, a Democrat then, seated at the U.N. Security Council table and publicly defending U.S. interests against the Soviet Union with an articulate, no-nonsense bluntness that makes Mr. Bolton sound like Little Bo-Peep by comparison. That style -- American interests made perfectly clear -- will be missed."

WPost Blames Conservatives For Virginia GOP's Woes. The Washington Post (12/9, A18) editorializes, "Virginia Republicans gathered at a handsome resort the other day to lick their wounds and plot their future. Or rather, some Virginia Republicans did -- namely, the party's right-wing, anti-tax ideologues, who have contributed mightily to devastating back-to-back losses in races for the governorship last year and the U.S. Senate this year. Virginia's more pragmatic Republicans, who are more interested in addressing the state's problems than in upholding the true faith of anti-tax doctrine, did not bother to show up."

WSJournal Sees New York Transfat Ban As Boon For Plaintiff's Bar. The Wall Street Journal (12/9, A8) editorializes that New York City's "concern for the health of residents is understandable, but trans fats are not E. coli (or even secondhand smoke), and the federal Food and Drug Administration still considers these chemically modified food ingredients perfectly safe for consumption. Could it be that Mayor Mike has been taken in by activist Gotham health czars and national Naderite 'watchdog' outfits like Michael Jacobson's Center for Science in the Public Interest, among others pushing a larger agenda? … The ultimate goal of these so-called consumer advocates is to persuade the FDA to turn on trans fats, a move that would serve the food industry up as the next entree on the plaintiff bar's menu. Don't be surprised if the new Democrat Congress helps them pursue this goal, just like Mayor Bloomberg, on the dubious assumption that people can't decide for themselves what and what not to eat."

Internet Technologies Said To Have Benefited Democratic Candidates. The Washington Post (12/9, A19) Raul Fernandez, chief executive of the software firm ObjectVideo, writes, "Technology won the 2006 elections for the Democrats. … The Internet…changed the balance of power in the House and Senate." Fernandez notes, "Search 'Conrad Burns' on YouTube.com and you get more than 130 videos, most of them unflattering. The most popular is 'Conrad Burns' Naptime,' set to 'Happy Trails.' No fancy production values here -- just a straight-on camera shot of the senator falling asleep during a congressional hearing

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important to Montana. That video alone received more than 100,000 views. Dozens of other anti-Burns videos, detailing such things as 'pay-to-play' allegations and key gaffes, were seen by many thousands of viewers. In a race that was lost by about 3,000 votes, those YouTube creations had an impact."

US Opponents Said To Coalesce Into "Resistance" Movement. In a 3,200-word piece on its front page, the Wall Street Journal (12/9, Higgins, 2.04M) describes in detail "the unlikely coalition of the U.S.' sworn enemies," including communists, radical Islamists and Latin American populists. The Journal says post-Cold War assumptions of America's "triumph" are "now under strain as secular rebels, antiglobalization militants and other strains of revolt rally to the banner of 'resistance' offered by Islamist groups such as Hezbollah." Religion "has become a great mobilizing force -- even for zealous atheists. The phenomenon extends beyond the Middle East to Europe, Latin America and Africa, too. Causes that a few years ago seemed moribund or at least passé -- socialism, Third World solidarity, strident anti-Americanism -- have been injected with the fervor, though rarely the actual faith, of Islamic radicalism."

Rice Cites "Freedom Deficit" As "Core Problem" In Middle East. The AP (12/9, Schweid) notes Secretary of State Condoleezza Rice said yesterday that "a lack of democracy -- a 'freedom deficit' -- is the core problem in the Middle East. But Rice also said despite a divide between moderates and extremists in the area, she thinks the Bush Administration can begin to deliver on its promise of a Palestinian state living in peace alongside Israel." Appearing with German Foreign Minister Franz-Walter Steinmeier, Rice "made it clear the administration would continue to focus on spreading democracy and steering clear of extremists while pursuing an Arab-Israeli settlement." The AP notes that Assistant Secretary McCormack earlier this week "said Rice intends to devote a lot of time on the Middle East and would make a trip to the region early next year to try to promote Mideast peacemaking." Rice plans to meet today with Israeli Foreign Minister Tzipi Livni, and AFP (12/9) reports Livni "has rejected suggestions by influential US policymakers that the Israeli-Palestinian conflict lies at the heart of a broader Middle East crisis."

UN Security Council Will Consider Revised Iran Resolution Monday. The New York Times (12/9, Hoge, 1.16M) reports London, Paris and Berlin "produced a revised draft of [an UNSCR] on Iran on Friday, and said they would formally introduce it on Monday in the hope of obtaining a speedy vote on much-delayed action to curb Tehran's nuclear program." The revised draft "is aimed at meeting persistent objections from China and Russia. The revised language narrows the scope of prohibition and punishment to activities that are clearly associated with making a nuclear weapon," and "also removes restrictions in earlier drafts on the construction, supplying and operation of an $800 million light-water reactor that Russia is building at Bushehr in southern Iran." Travel bans, asset freezes and proliferation curbs remain in the draft. Assistant Secretary McCormack "said that he sensed that the differences over the resolution 'were starting to narrow.'"

The Financial Times (12/9, Turner) says the three European powers "launched a new United Nations drive to impose sanctions on Iran, calling all countries to prevent the supply of goods that could help its nuclear enrichment and reprocessing programmes, or the development of nuclear weapon delivery systems." Experts said the latest draft "represented a conceptual reversal from earlier proposals that had called for a blanket ban on nuclear-related goods unless specifically exempted."

The AP (12/9, Gearan) notes Washington "suggested Friday that a deal on imposing United Nations sanctions on Iran is near despite a disappointing round of talks among world powers earlier this week." McCormack "indicated the United States does not have unlimited patience for what have already been drawn-out negotiations among the [UNSC's] permanent members and Germany over Tehran's nuclear program." The AP says Iran "was on the agenda for a meeting between" Rice and Russian National Security Advisor Igor Ivanov yesterday. A separate AP (12/9, Lederer) piece says the latest draft is "narrowing sanctions on Iran," but notes the UNSCR "still would ban the supply of materials and technology that could contribute to Iran's nuclear and missile programs" and that "it spells out in much greater detail exactly what items are prohibited."

BBC.com (12/8) adds the "draft details which materials Iran would be banned from acquiring under possible Security Council sanctions. It also threatens Iran with unspecified actions if it does not suspend its enrichment of uranium, but is narrower in scope than previous drafts."

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Lebanese PM Directly Blasts Hezbollah Chief In Public Address. The New York Times (12/9, Bakri, Slackman, 1.16M) notes Lebanese Prime Minister Fouad Siniora "lashed out Friday at Hezbollah's leader, Sheik Hassan Nasrallah, in a deeply personal attack in which he dismissed the sheik's political ultimatums for more power, saying, 'You are not our Lord and your party is not our Lord.'" The Times says Siniora's "decision to go head to head with Sheik Nasrallah in a televised address was a risky strategy [because his] local and regional standing is nowhere near the outsized image that the Hezbollah leader enjoys. But it also reflected how Lebanon's political crisis had spread beyond the bounds of political differences and entered the highly combustible realm of personal animosities between leaders." The Times adds, "In striking back, the prime minister challenged the credibility of Sheik Nasrallah and Hezbollah — or the Party of God — a strategy that would have been unheard of in the early days after the war with Israel… But Lebanon is now divided and angry, and its leaders talk about promoting dialogue — while ratcheting up a heated confrontation."

The AP (12/9, Karam) says Siniora "accused Hezbollah's leader of threatening a coup in an unusually harsh exchange between the two rivals that stoked tensions as the Shiite guerrilla group escalated its attempts to oust the government." He is quoted saying Nasrallah "is threatening a coup and his statements carry all the seeds of dissension and threat." Siniora also reiterated that ongoing Hezbollah rallies "would not force his resignation."

Six-Party North Korea Talks To Resume Next Weekend. The Washington Post (12/9, A16, Kessler, 690K) reports the six-party talks on North Korea "will begin next Saturday morning in Beijing, two months after Pyongyang defied international pressure and conducted its first nuclear test. Such talks have been stalled for more than a year." Assistant Secretary of State Chris Hill "said China, the host of the talks, will make a formal announcement this weekend. The first session is expected to last a few days, then take a break before Christmas." Administration "officials said all sides have agreed that the talks will seek to implement the joint 'statement of principles' issued on Sept. 19, 2005, which was designed to lay out a negotiating road map." The Post says that Hill "has indicated a clear sense of urgency in implementing the agreement. Some Asian diplomats reported that he sought a timeline as short as 18 months, before President Bush completes his term. A U.S. official said Hill and the North Koreans have discussed in general terms how long it would take to implement the 2005 statement."

House, Senate Pass India Nuclear Deal. The AP (12/9, Rosenberg) reports "officials hailed" the House of Representatives' approval of the US-India nuclear cooperation agreement "as the symbol of a broad shift in relations between the two countries. But the deal also highlights some of the limits of the emerging strategic partnership." Undersecretary Burns called the agreement "a major, historic step forward for both our countries," and said it "is the symbolic center of this new strategic partnership between India and the United States." The AP adds, "While the new partnership could further open up a huge market for American companies and give India the energy it needs, it is far more fraught politically." The Senate was to vote on the deal late Friday.

The Wall Street Journal (12/9, A4, Solomon) says Congressional approval of the deal "could open a torrent of U.S. high-tech trade with the subcontinent." The Administration sees the deal "as underpinning an evolving Washington-New Delhi alliance that could help counter China's emergence as a global economic and military power. American companies are set to benefit from potential nuclear-energy deals, worth billions of dollars, and other trade opportunities that are likely to open in the wake of the initiative." The Journal notes that, "if the bill passes, it's likely to be at least another six months before American companies can begin selling nuclear technologies." Both nations "still need to agree to parameters for the types of technologies to be included," and India must negotiation a safeguards deal with the IAEA.

The New York Times (12/9, A6, Mazzetti) says the House "voted overwhelmingly on Friday to cement closer ties between the United States and India, endorsing President Bush's plan to allow American shipments of civilian nuclear reactors and fuel to India over criticisms that the plan could spark a regional arms race." The "landslide vote handed the White House a major victory at a time when the Bush administration's foreign policy is under fire on multiple fronts, and it was another signal that American lawmakers are looking for concrete steps to counter China's growing influence in Asia."

The Los Angeles Times (12/9, Gerstenzang) notes, "Reversing three decades of U.S. policies intended to halt the

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spread of nuclear weapons, Congress early today approved a long-stalled agreement giving India access to American nuclear technology with limited safeguards to discourage possible proliferation." The Senate "voted unanimously in favor of the deal shortly before 3 a.m. President Bush, who finalized the terms of the agreement during a visit to India in March, is expected to sign it quickly."

The Financial Times (12/9, Johnson) notes the Congressional votes mark "an important milestone in" the two nations' "journey towards a new strategic partnership." A final deal "will end a technology-denial regime imposed on India in the wake of its 1974 nuclear test; mark an abrupt shift in US counter-proliferation policy; and open the door to a wide range of commercial opportunities." The Times adds, "After investing political capital to secure the vexatious agreement, bitterly criticised by non-proliferation campaigners as a reward to a nuclear pariah state outside the Non-Proliferation Treaty, the Bush administration is expected to drive to secure some commercial objectives in India." While the Administration "has not disguised its desire to ramp up military and defence collaboration," the "painful history of US sanctions, which saw supplies of spares abruptly terminated, has left a legacy of mistrust in the Indian defence establishment that is only slowly dissolving."

Indian Finance Minister Eyes Double-Digit Annual Growth. The Wall Street Journal (12/9, A4, Bellman) notes remarks by Indian Finance Minister P. Chidambaram that "India's economic expansion could accelerate to more than 10% annually in the next five years," a "trajectory that puts India on a similar growth path as Asia's other star performer: China." Chidambaram told the Journal that his nation "could see growth climb into the double digits during the period covered by the government's next five-year economic plan, which starts April 1." His "comments echo those of other Indian leaders, who say double-digit growth is within reach, as long as the economy continues to open to private and foreign investment." Chidambaram "welcomed a recent slowdown in inflation. He said that while he would like to see inflation lower, it is in part a result of India's robust growth and still much lower than it used to be." He also pledged that "India will continue along the path of revamping its economy."

House Passes Vietnam, Haiti Trade Measures. BBC.com (12/9) reports the House of Representatives "has passed landmark legislation normalising trade relations with Vietnam." The last-minute "deal also expanded trade relations with Haiti, and tweaked Washington's trade preferences with several states in Latin America and beyond." BBC says the "Congress' failure to pass the bill normalising trade relations with Hanoi" before President Bush's November trip to Vietnam "was seen as an embarrassment" for him.

At Home And Abroad, Chinese Leaders Embrace New Role. A lengthy piece on the New York Times (12/9, A1, Kahn)'s front page today reports, "China's Communist Party has a new agenda: it is encouraging people to discuss what it means to be a major world power and has largely stopped denying that China intends to become one soon." China "has long followed a dictum laid down by Deng Xiaoping" that the nation should "hide its ambitions and disguise its claws," that "China needed to devote its energy to developing economically and should not seek to play a leadership role abroad." China's "tradition of modesty has begun to fade, replaced by a growing confidence that China's rise is not fleeting and that the country needs to do more to define its objectives." The Journal says Chinese "leaders are acting as if they intend to start exercising more power abroad rather than just protecting their political power at home." Internally, "officials and leading scholars are becoming a bit less hesitant to discuss what this all might mean."

Taiwan Mayoral Elections Could Showcase Chen's Unpopularity. The New York Times (12/9, A6, Bradsher) previews today's municipal elections in Taiwan. Noting that President Chen Shui-bian has longed enjoyed popular support in the southern metropolis of Kaohsiung, the Times reports, "So it is a measure of the troubles of President Chen and his party that [the] mayoral race" there "is at least a tossup." Some polls are forecasting "a crushing victory for the Nationalist candidate in the Taipei mayoral election," and, taken with "the hard-fought Kaohsiung race," the results may imply "a significant shift in Taiwan's politics."

Chavez Victory May Bolster Raul Castro's Hand In Cuban Transition. The Financial Times (12/9, Frank) reports Venezuelan President Hugo Chavez's "sweeping victory in" his nation's presidential election "could help to ensure political cover and economic support for the emerging leadership in Cuba as Fidel Castro fights for his life

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somewhere in Havana." The Times says Venezuela and Cuba "have found a strong synergy, playing off each country's strength since Mr. Chávez won his first election in 1998." Essentially, "Venezuela is using its vast oil wealth and Cuba its human capital to push their anti-US vision of a united, more socially-oriented Latin America at a time of growing restlessness among the region's poor." In Cuba, "the steady oil supply [from Chavez] and billions in revenues from the export of professional services are fuelling an economic boom after more than a decade of crisis." The Times adds that Castro's regime is "now able to point to a way out of the ideological and political debacle that followed European communism's collapse. The lights are back on, decrepit waterworks and transport are being gradually upgraded, new housing built, consumer goods replaced and there is more food on the table."

Mexican Federal Authorities Raid Oaxaca Prosecutor's Office. The New York Times (12/9, A5, McKinley) reports Mexican "federal agents raided the prosecutor's office and state police headquarters on Friday in" Oaxaca state, "where state law-enforcement authorities have failed to arrest anyone in the killings of at least 11 antigovernment protesters and a New York City journalist." Those agents seized "police weapons to determine whether they had been used against protesters in recent months."

Litvinenko Poisoning Continues To Stir Controversy. Continuing its coverage of the radioactive poisoning of former KGB spy Alexander Litvinenko, the Washington Post (12/9, A1, Jordan, Finn) reports Boris Berezovsky, a wealthy opponent of Russian President Vladimir Putin, "is now a central figure in the" case, "the most sensational case of international intrigue since the Cold War." While "detectives pursue the murder case in Moscow and London, Berezovsky is saying he believes Putin is behind it, while Kremlin supporters see dark emigre conspiracies to smear Russia's reputation by engineering a spectacular murder." Berezovsky was a friend and supporter of Litvinenko, and police have uncovered in Berezoksky's office trace amounts of the radioactive substance that killed Litvinenko. The Post adds, "As the investigation widens, the feud between the president and the billionaire remains a prominent story line in the mystery."

The Financial Times (12/9) notes UK authorities investigating Litvinenko's death "postponed interviewing a key witness in Moscow on Friday amid signs that they are struggling to unravel the mystery of who may have been responsible for his murder." That individual is former KGB agent Andrei Lugovoi, who at one time worked for Berezovsky and who this week was hospitalized in Moscow for radiation sickness. Scotland Yard "played down suggestions of an imminent breakthrough last night," and the Times says "the investigation is focused on the meetings Mr. Litvinenko held in a London hotel the day he fell ill."

The New York Times (12/9, A3, Fisher) focuses its reporting on Mario Scaramella, who had lunch with Livinenko on the day he was poisoned and who was released this week from a London hospital after overcoming radiation poisoning. "A slew of news reports about him and his career [in Italy] — which included trying to prove that top Italian politicians in the center-left, including Prime Minister Romano Prodi, are Russian spies — have invariably included unflattering adjectives. They include: 'incurable liar,' 'wannabe 007,' 'braggart,' 'bumbler' and 'swindler,' not to mention 'fool' and 'mental case.'"

The Los Angeles Times (12/9, Murphy) keys on a health department statement that it believes Litvinenko "was poisoned at the bar of a [London hotel] where he met with two other Russians, both of whom now are in hospitals showing symptoms of radiation sickness." The initial focus on the Piccadilly Circus sushi restaurant "has been shaken by medical evidence that seven people who worked at the bar of the Millennium Hotel in London's upscale Mayfair district also have been exposed. The bar has been placed under quarantine."

Incoming UN Secretary-General Profiled As "Courtly And Deliberate." This week's "Saturday Interview" in the New York Times (12/9, A14, Hoge) is incoming U.N. Secretary-General Ban Ki-moon. Ban explains that a professional "misstep" in 2001 led indirectly to him becoming the chief of staff to the President of the U.N. General Assembly. "Courtly and deliberate, with an easy smile, Mr. Ban, 62, is an unknown at the United Nations, particularly compared with the high-profile, globetrotting diplomat he is succeeding. With the exception of his misstep in 2001, Mr. Ban has been almost surpassingly unassuming and inoffensive — noticed, when he is, for his steady record of incremental achievement at the South Korean Foreign Ministry, where he has spent his entire 37-year career." Saying Ban's "elusiveness may be intended," the Times calls

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him "a loyal and dependable company man" and adds that his "penchant for not stepping on toes and his repeated public expressions of humility during the months that he was campaigning for secretary general have raised doubts about his suitability for the job."

Annan Blasts UN For "Failing" In Darfur. The Washington Post (12/9, A14, Lynch) reports U.N. Secretary-General "Kofi Annan scolded governments Friday for failing to halt mass murder in Darfur, saying that the world has not learned the lessons of Rwanda and Srebrenica, where genocidal killings in the early 1990s defied the global ability to stop it." In his final human rights address, Annan "said the failure to protect civilians in the Sudanese region marked a low point in recent U.N. history. In a speech organized by Human Rights Watch in honor of International Human Rights Day, he faulted the 'shameful passivity of most governments' in the face of a government-backed military campaign that has driven more than 2 million people from their homes and killed hundreds of thousands." He "provided a gloomy assessment of the organization's performance in confronting abusers of human rights during his 10-year tenure. He charged that the U.S.-led fight against terrorism has helped erode human rights standards. He said the United Nations needs to pursue an 'an anti-terrorism strategy that does not merely pay lip service to the defense of human rights but is built on it.'" Annan "reserved some of his harshest criticism for Third World governments that, he said, have mischaracterized the U.N. human rights agenda as 'a conspiracy by imperialist powers to take back the hard-won national sovereignty of formerly colonized people.' He also took an indirect swipe at China and Islamic governments that have defended Sudan." The Post adds that while Annan is credited "with advocating human rights more aggressively than any of his predecessors," his own "legacy has been clouded by his own failure, as the head of the U.N. peacekeeping department, to promote a tougher response to the mass killings in Rwanda and Srebrenica."

The Los Angeles Times (12/9, Farley) says Annan offered "a sober assessment Friday of his own shortcomings as he prepared to leave office at the end of the year, and accused the United States of violating human rights in its war on terror. He also warned Sudan's leaders that they would be held accountable if they didn't halt the violence in Darfur, and urged countries with commercial interests in Sudan to pressure the government in Khartoum."

NYTimes Implores African Leaders To Confront Mugabe. In an editorial, the New York Times (12/9, A18) details the "agonies" facing Zimbabwe. The nation "is under economic sanctions by the United States and the European Union and few tourists go there, so the suffering of its people is largely out of sight and out of mind. Yet things are truly terrible." The "culprit" for these problems is President Robert Mugabe, "a master at the blame game, accusing the West of colonialism and racism when it criticizes his scheme to redistribute white-owned commercial farms among blacks, or the cruel expulsion of 750,000 slum dwellers from cities, or whatever else he does." While the West may be out of options in dealing with him, "Africans could make a difference, if they joined in condemning Mr. Mugabe. For understandable reasons, African leaders have been reluctant to publicly criticize fellow Africans." However, the Times concludes, "The suffering Zimbabwean people are in desperate need of protection, the sooner the better."

Columnist Notes Connections Between Foreign Aid, Remittances To El Salvador. In her Washington Post (12/9, A19) column, Marcela Sanchez highlights the interplay between the Millennium Challenge Corporation's grant to El Salvador and the remittances sent there by Salvadorans working in the U.S. "Salvadoran immigrants are frustrated that their cash isn't reaping more development rewards back home. Although remittances have proved to be a lifeline for thousands of families in extreme poverty, immigrant Salvadorans fear that the money is creating a culture of dependency in the home country." Sanchez agrees with the World Bank that remittances "are 'neither manna from heaven nor a substitute for sound development policies.'" She laments the lack of a "direct connection between the new development plan and the current flow of help," and notes the efforts of Salvadorans in the U.S. to have the MCC dovetail its aid with remittances.

Authors Laud Harper For Seeking Answer To Quebec Question. In the New York Times (12/9, A19), Jean-Benoit Nadeau and Julie Barlow say Quebec separatism has "monopolized Canadian politics for the last 50 years," and note the unanswered question, "What does Quebec want?" With his "nation" resolution, Prime Minister Stephen Harper "has created new ambiguity in the question — all the more interesting since he probably thought he was clarifying things." They add that "French Canadians tend to

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see Canada as a country made up of two nations, while the English tend to think that 'country' and 'nation' are one and the same." The authors believe "that Mr. Harper has come up with a promising formulation. Most people in Quebec, apart from hard-line separatists, will probably be satisfied by the word nation." Harper "Harper has created either a new basis for talks about Quebec's status or contributed a new weapon to a nastier debate. No one has quite figured out which it will be."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Congress OKs Nuclear Pact With India"
"Drop Out? Not An Option"
"S. Africa, Told In A Pony's Tale"
"Up Against The IRS, Snipes Surrenders"
"Afghanistan War Nears 'Tipping Point'"
"Ethics Panel Faults GOP Leaders In Foley Case"

New York Times:

"Iraqis Near Deal On Distribution Of Oil Revenues"
"Billions Later, Plan To Remake The Coast Guard Fleet Stumbles"
"China, Shy Giant, Shows Signs Of Shedding Its False Modesty"
"Iraqis Line Up To Put Hussein In The Noose"
"Jeane Kirkpatrick, Reagan's Forceful Envoy, Dies"
"Poachers In West Hunt Big Antlers To Feed Big Egos"
"Panel Urges Caution Concerning Coated Stents"
"Report Finds Negligence In Foley Case"
"E. Coli Fears Inspire A Call For Oversight"
"Democrats Plan Oil Royalties Inquiry"
"Romney's Gay Rights Stance Draws Ire"

Washington Post:

"House Panel Says GOP Left Foley Unchecked"
"Iraq Strategy Focusing On Three Main Options"
"For Some, Laptops Don't Compute"
"FDA Panel Seeks Warning That Stents May Be Unsafe"
"Jeane J. Kirkpatrick, 1926-2006"
"Bitter Feud A Plot Line In Fatal Poisoning Case"

Atlanta Journal-Constitution:

"Carter Defends His New Book"
"1 Dead In Rush-Hour Gunplay"
"McKinney Seeks Impeachment"
"Gwinnett's Hog-Gone Church"
"Concrete Collapse Injures 17"
"Rumsfeld Torture Suit Weighed"
"45 Die In Moscow Hospital Fire"

Dallas Morning News:

"DA Wants Prisoner's Freedom"
"Boy Holds Up Convenience Store For $1 Candy"
"Democrats Thwart Congressional Raise"
"Guards Kill 3 During Prison Riot In Cancun"
"Three Slain At Chicago Office"
"Fire In Moscow Drug Treatment Hospital Kills 42"
"Police: String Of Attacks 'Scares Us To Death'"
"Weekend Preview: Speaking In Tongues, Big Tuck, More"

Houston Chronicle:

"Republicans Push Tax Bill Through Congress"
"Iran Says It Expands Uranium Enrichment Program"
"Sekula-Gibbs' Main House Legacy Is C-Span Video"
"Chances For Tonight's Shuttle Launch Look Grim"
"Jurors Weep, Find Teen Guilty In Spring Pipe Attack"
"Gates Says Goodbye To 'Aggie Family'"
"White House Sessions On Iraq Focus On 3 Options"
"Houston Rescue Group Saves Homeless Cats, Dogs"
"Guadalupe Explores Faith That Transcends Religion"

Story Lineup From Last Night's Network News:

ABC: E. Coli Outbreak; Foley Report; ISG Report; Mission In Iraq; Potential Terrorist Attack Stopped; Nigerian E-Mail Scams; Stents; Death Of Kirkpatrick; Person Of The Week Chris Walsh.

CBS: Foley Report; Rumsfeld's Exit; Iraqi Violence Targets Schools; E. Coli Outbreak; Death Of Kirkpatrick; VA Healthcare Success Story; Free Speech-Gasoline.

NBC: Foley Report; E. Coli Outbreak; Stents; Potential Terrorist Attack Stopped; Iraq War Analysis; In Depth-Economic Report; James Kim; New Orleans Housing Controversy; Death Of Kirkpatrick.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: In session and working toward adjournment early today.

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US House: Not in session.

Other: LABOR SUMMIT _ The AFL-CIO holds a major organizing summit. Contacts: Katrina Blondahl, 202-637-3921

SUMMIT ON THE STATES _ The Center for Policy Alternatives holds a three-day Summit on the States Conference with progressive state legislators nationwide. :Location: Capital Hilton, 16th and K Sts. NW. Contacts: Bernie Horn, 202-956-5135

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DOJ_NMG_0104987

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 9, 2006 7:45 AM EST

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TERRORISM NEWS:

Former Detainees Seek Right To Sue US. The New York Times (12/9, A9, Von Zielbauer, 1.16M) reports, "Lawyers for former detainees in Iraq and Afghanistan argued in federal court on Friday that Defense Secretary Donald H. Rumsfeld was personally responsible, and thus legally liable, for acts of torture inflicted on their clients by American military interrogators." The nine plaintiffs endured "beatings, mock executions and painful physical restraints, their lawyers said in court papers. All were eventually released without being charged with crimes." However, "the hearing concerned only questions of jurisdiction and did not delve into whether Mr. Rumsfeld, because he personally approved certain interrogation techniques in 2002 like the use of 'stress positions,' was legally responsible for specific acts of torture committed in overseas military prisons."

US Denies Liability In Torture Case. The Washington Post/AP (12/9, Smith) reports, "The Bush administration asserted in federal court [Friday] that Defense Secretary Donald H. Rumsfeld and three former military officials cannot be held liable for the alleged torture of nine Afghans and Iraqis in U.S. military detention camps because the detainees have no standing to sue in U.S. courts. Deputy Assistant Attorney General C. Frederick Beckner III also argued that a decision by the court to let a trial proceed would amount to an infringement by the judiciary on the president's power to wage war and would open the door to new litigation in U.S. courts by foreign nationals who feel aggrieved by U.S. government policies."

Judge Weighs Torture Claim Against Rumsfeld. The AP (12/8, Apuzzo) reports about Judge Hogan, "A federal judge on Friday appeared reluctant to give Donald H. Rumsfeld immunity from torture allegations, yet said it would be unprecedented to let the departing defense secretary face a civil trial." The AP states, "Foreigners outside the United States are not normally afforded the same protections as U.S. citizens, and Hogan said he was wary about extending the Constitution across the globe." However, he also "questioned the scope of [government] immunity. He said freedom from torture is a basic right accepted by the United States and all civilized nations."

The Los Angeles Times (12/9, Schmitt, 850K) reports, "The suit is believed to be the first to try to hold U.S. officials accountable for the abuse at prisons." Judge Hogan "himself cited the case of Johnson vs. Eisentrager, decided by the Supreme Court in 1950, which held that enemy aliens being held by military authorities outside the U.S. had no rights under the U.S. Constitution to challenge their detention in civilian court."

Newsday (12/9, Brune) also reports the hearing, saying that the biggest "hurdle" for the plaintiffs is to show that the defendants "knowingly violated laws against torture."

HOMELAND RESPONSE:

Muslim Convert Allegedly Planned To Attack Illinois Mall. ABC World News (12/8, story 5, 0:10, Gibson) reported, "The FBI charged a young Illinois man, today, with plotting a terrorist-style attack. Allegedly, he planned to attack a shopping mall, with hand grenades exploding trash cans and shooting people as they fled." NBC Nightly News (12/8, story 4, 1:20, Pete Williams) reported, "His target was this shopping center in Rockford in northern Illinois. Today prosecutors charged Derrick Sharieef of planning on setting off hand grenades in garbage cans." Robert Grant, FBI: "He fixed on the date of December 22, on a Friday which he picked because it was the Friday before Christmas and thought that would be the highest concentration of shoppers that he could kill and injure." Pete Williams: "Investigators said he say he met with an undercover agent hoping to trade stereo speakers for grenades and guns. Late last week he twice visited the mall to plan the attack and made a martyrdom video. Offenses say he was not connected to any terror group but they are looking at whether he might have been talking with others in Illinois about other possible attacks, Brian."

The Washington Post (12/9, A20, Eggen) reports Shareef "was arrested Wednesday in Rockford, Ill…after meeting with an undercover federal agent in a store parking lot and trading a set of stereo speakers for four hand grenades, a handgun and bullets, according to an FBI affidavit." The Chicago Tribune (12/9, Bush, Coen) reports, "federal agents and an undercover informant followed him from the plot's outset, U.S. Atty. Patrick Fitzgerald said Friday. Authorities didn't specify how they originally learned of Shareef. … Throughout the plot, he never had any weapons or the money to obtain them, Fitzgerald said."

The AP (12/8) reports, "Authorities said Shareef had been under investigation since September, when he told an acquaintance that 'he wanted to commit acts of violent jihad against targets in the United States as well as commit other crimes.' The acquaintance immediately informed the FBI, officials said."

CNN, MSNBC and Fox News all aired Grant's statement at the Friday press conference live, and all three stations reported the story of Shareef's arrest throughout the day on Saturday. Those reports also included clips of Grant

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describing Shareef's alleged plot, as well as Grant emphasizing that Shareef was acting alone and had no connections to any known terrorists.

The Chicago Tribune (12/9, Bush, Coen) reported that "federal agents and an undercover informant followed him from the plot's outset, U.S. Atty. Patrick Fitzgerald said Friday. Authorities didn't specify how they originally learned of Shareef. … Throughout the plot, Shareef was recorded spewing hatred for Jewish people and the American justice system, authorities allege." The Chicago Sun-Times (12/9, Korecki) noted, "Should he die before the attack, Shareef made a videotape statement to explain his actions. 'I am from America, and this tape is to let you guys know, who disbelieve in Allah, to let the enemies of Islam know, and to let the Muslims alike know that the time for jihad is now...be strong, oh Mujahideen...May Allah protect me on this mission we conduct...so do not cry, do not mourn for me,' he said, according to the FBI affidavit."

In a widely-distributed story, the AP (12/9) reported, "The FBI says it was tipped by an acquaintance of Derrick Shareef, then recorded the 22-year-old planning to use hand grenades to blow garbage cans into clouds of flying shrapnel in a crowded mall the Friday before Christmas. 'This is a warning to those who disbelieve,' he said, according to an FBI affidavit." The AP added that Grant said in his statement Friday, "He fixed on a day of December 22nd on Friday...because it was the Friday before Christmas and thought that would be the highest concentration of shoppers that he could kill and injure."

Local Officials Miffed At Lack Of Information. The Rockford (IL) Register-Star (12/9, Wiser) reports, "Everyone was glad — unnerved a little, maybe, but glad — that a man with an apparent jihad complex and a fixation on the Rockford area was discovered and in custody before he could do any damage." The Register-Star continues, "Local officials praised the Justice Department for stopping what federal prosecutors say was a 22-year-old's plan to use hand grenades to bomb CherryVale Mall or local government buildings. … But not everyone was happy with how the notoriously tight-lipped U.S. attorney's office in northern Illinois, led by Patrick Fitzgerald, let everyone else in on the news. … 'This morning I'm getting a call from a reporter and on the other line I have the chief of police saying he just had a briefing with the FBI,' Mayor Larry Morrissey said. … 'If we're all supposed to combat terrorism in cities like New York, Chicago and Rockford ... they need to share information with local law enforcement that this was going on.'" The Register-Star adds, "Morrissey said he was 'extremely disappointed' that local law enforcement was kept out of the loop even though the feds were monitoring Derrick Shareef for months. He added that he is going to try and get some answers from Fitzgerald's office on how things could work differently in the future. … Police Chief Chet Epperson said he got a call Wednesday that the FBI was involved in something in the Rockford area, but he said he didn't know any of the specifics until Friday, just as the news was breaking across the country."

DHS Accused Of Violating Congressional Ban On Traveler Risk Analysis. The Washington Post (12/9, A2, Hsu, Nakashima) reports the Department of Homeland Security "violated a congressional funding ban when it continued to develop a computerized program that creates risk assessments of travelers entering and leaving the United States, according to lawmakers and privacy advocates. Although congressional testimony shows that department officials apparently disclosed some important elements of the controversial Automated Targeting System program to lawmakers in recent months, several key members of Congress said that they were in the dark about the program and that it violated their intentions. … Privacy advocates and members of Congress expressed growing skepticism this week about the legality, scope and effectiveness of the massive data-mining program -- particularly the creation of risk assessments on Americans that would be retained for up to 40 years -- whose existence was first disclosed in detail in a Nov. 2 notice in the Federal Register."

Planned Demolition Of New Orleans Public Housing Complexes Sparks Outrage. NBC Nightly News (12/8, story 8, 2:00, Williams) reported, "Now we turn to New Orleans where thousands of people who live in public housing there are facing the prospect of being forced from their homes again. The city's housing authority is planning to demolish that city's four largest public housing complexes, saying Hurricane Katrina made them so damaged and unsafe they're not worth repairing." NBC (Savidge): "New Orleans' four largest public housing complex were built over half a century ago and have never been renovated. Unless you count Hurricane Katrina. Officials say it will cost $130 million to repair them. Instead the government wants to spend $681 million to replace them. With something like this. River Gardens. A mixed income housing development built in the city a few years ago. So why is that triggering this? At recent hearings the issue has sparked outrage. … Many low-income residents see the move as an obvious attempt to limit the number of poor African Americans who can return to the city."

Judge Again Orders FEMA To Restart Katrina Payments. The AP (12/8) reports, "For the second time in eight days, a judge ordered the Bush administration to immediately resume making housing payments to thousands of families whose homes were damaged by Hurricane

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Katrina." The AP continues, "U.S. District Judge Richard J. Leon said last week that the confusing, often contradictory letters to hurricane victims from the Federal Emergency Management Agency didn't explain why rental payments were cut off. He said that violated the Constitution and he ordered the agency to restart the program immediately." The AP adds, "FEMA appealed that ruling and asked Leon not to force the agency to restart the program while that case plays out. Leon refused Friday to do so. .. .He ordered FEMA to come to court Wednesday to discuss how many evacuees are due housing payments and how the funding will be restored."

Chertoff Says "FEMA Has To Be In DHS." DHS Secretary Michael Chertoff said during a CNN (12/8, Phillips) interview that "FEMA has to be in DHS, because we have to be able to integrate the full spectrum of prevention, protection and response so that we can provide seamless activity in an emergency. What I suggested, which is what the White House raised, is the possibility that when you move from emergency to long-term recovery, years of social services, whether those particular functions ought to perhaps be in hands of a department like HUD or HHS where they basically do social services work. So that wouldn't be removing FEMA, it would be focusing FEMA on its core mission, which is emergency, rather than the long-term recovery issue."

WAR NEWS:

Bush Weighs Options For Iraq After Meeting With Congressional Leaders. Coverage of President Bush's meeting with congressional leaders Friday focuses on the Iraq Study Group report, the options the White House is weighing, and the pressure being put on the President by Democrats and others to make a decisive shift in Iraq policy in line with the ISG recommendations. None of the three broadcast networks led with the story; CBS and NBC opted to open with the Mark Foley scandal, while ABC led with the E. coli outbreak.

NBC Nightly News (12/8, story 5, 2:45, Williams, 9.87M) reported that "the topic, no surprise," of the meeting "was Iraq, and it will dominate the President's schedule again next week as it did this one. The White House now says the President will address the nation on his new plans for Iraq sometime before Christmas. They say most likely the week of December 18."

ABC World News (12/8, story 3, 3:00, Gibson, 8.78M) reported that Bush "met today with congressional leaders, as part of his deliberations about what to do now in Iraq." He "has received the Baker-Hamilton Report; still to come are recommendations from the nation's top military commanders." ABC (Karl) added, "The Pentagon has not completed its review of Iraq strategy yet. But sources familiar with the review tell ABC News that the military is likely to recommend that the President change the primary mission of US forces in Iraq from combating insurgents to training and supporting Iraqi troops. The plan for the US forces seems to mirror the one suggested by the Iraqi Study Group. But there's a big difference. Under the Iraqi Study Group plan, combat troops now in Iraq would start coming home. Under the Pentagon plan, those combat troops would remain in Iraq but with a new mission. Entire companies of US combat forces, units of about 150 troops, would be embedded in Iraqi army and police battalions."

The Administration's focus on options coming from the various reports gets front-page coverage from the Washington Post (12/9, Wright, Baker, 690K). The Post says the White House "is groping for a viable new strategy for the president to unveil by Christmas, with deliberations now focused on three main options to redefine the U.S. military and political engagement, according to officials familiar with the debate. The major alternatives include a short-term surge of 15,000 to 30,000 additional U.S. troops to secure Baghdad and accelerate the training of Iraqi forces. Another strategy would redirect the U.S. military away from the internal strife to focus mainly on hunting terrorists affiliated with al-Qaeda. And the third would concentrate political attention on supporting the majority Shiites and abandon U.S. efforts to reach out to Sunni insurgents."

The New York Times (12/9, A9, Rutenberg, Hulse, 1.16M) also reports that President Bush is pursuing "a flurry of conspicuous consultation" next week, but puts the story inside the A section, not on the front page. The White House "continued to face questions about how it planned to address 79 recommendations for Iraq proposed by the Iraq Study Group, whose bipartisan report included a grim analysis of the president's approach to the war."

The Los Angeles Times (12/9, McManus, Barnes, 850K) says the President "said Friday that he's willing to change U.S. 'tactics' in Iraq once he hears recommendations from his military and diplomatic advisors, but he doesn't intend to scale back his basic goals." Both the Los Angeles Times and the New York Times quote incoming Senate Majority Whip Richard Durbin as being "disappointed" that Bush was contemplating "changing some tactics."

AFP (12/8, Collinson) also says "pressure is building on Bush," and the President "will likely "announce the strategy before Christmas."

ISG Report Urges US To Engage Unfriendly Shiite Clerics. The AP (12/8, Hendawi) reports in a skeptical article, "The Iraq Study Group is urging Washington to push for direct contacts with two key Shiite clerics who have made clear they want nothing to do with the United States. Grand Ayatollah Ali al-Sistani and Muqtada al-Sadr, who have vast influence among Iraq's majority Shiites, would lose credibility

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if they talk to the Americans." The report's recommendation of US discussion with the clerics "appeared to pay little heed to the fine line the clerics must tread to avoid falling victim to the political treachery of today's Iraq, where something as inconsequential as a casual greeting to a U.S. soldier can sometimes mean death at the hands of insurgents."

Kurds Call ISG Report "Unrealistic." BBC.com (12/9) reports, "The leader of Iraq's Kurdish region says the US Iraq Study Group report is 'unrealistic and inappropriate'. Massoud Barzani expressed skepticism about "plans to involve Iraq's neighbours in peace efforts, and for any weakening down of the Kurds' effective autonomy." Jalal Talabani, "Iraq's Kurdish president," then "said he agreed with Mr Barzani."

Brownback Praises Work Of ISG. Sen. Sam Brownback said on MSNBC's Hardball (12/8, Barnicle), "I think the Baker-Hamilton commission gives us a starting point to put together a bipartisan approach that hopefully both political parties in this country -- and that can gather global support, particularly important regional support. … I also think you're going to have to look somewhere down the road to get to a political equilibrium in Iraq. You're going to have to have dominant probably Shiite, Sunni, and Kurdish areas. … It's not cut and run. It's not stay the course. It is that before we face the electorate again in 2008 there is a substantially different situation and it's conveyed to the Iraqis, look, we're not in this forever."

FT Calls Baker "Candid Friend" Of Bush Family. The Financial Times (12/8, Luce) reports in a positively nuanced article on James Baker, "Mr Baker was the obvious choice to advise George W. Bush on ways out of the Iraqi morass. Among Democrats, Mr Baker's reputation as a skilled diplomat in an era where diplomacy has been sidelined gave him credibility." The "core message" of the report "was uncomplimentary to [Bush's] most cherished principles, even if it was rendered with bipartisan civility." The Financial Times says that Bush's "complex motivations for invading Iraq reportedly comprised a burning desire to complete his father's – and Mr Baker's – unfinished business from the first Gulf war in 1991. It was also driven by the goal of democratising the broader region." Baker's report has been criticized, but "praise for Mr Baker's report still outweighs criticism."

Dowd Imagines Bush Family "Intervention." In her New York Times (12/9, A19, 1.16M) column, Maureen Dowd imagines an argument among George H. W. Bush, President Bush, James Baker, and others: "Junior is trying to wriggle away completely, offering a decidedly cool response to the attempt to yank him into the reality-based community. He is loath to give up his gunslinger pose to go all diplo. He cleaves to the neocon complaint that it is the realists who are now being unrealistic.

Noonan Sees Anguish Over War In Tears Of Elder Bush. In her column for the Wall Street Journal (12/9, 2.04M), Peggy Noonan writes of former President Bush's tears during a speech honoring Florida Gov. Jeb Bush, "Think of what a loaded moment in history it was for Bush the elder. ... To know his son George had (with the best of intentions!) been wrong in the great decision of his presidency -- stop at Afghanistan or move on to Iraq? -- and was now suffering a defeat made clear by the report; to love that son, and love your country, to hold these thoughts, to have them collide and come together -- this would bring not only tears, but more than tears."

Iraqis, US Differ On Identity Of Those Killed In Raids. The New York Times (12/9, A8, Tavernise, 1.16M) gives equal weight in its lead to the US and Iraqi version of casualties, saying, "The only thing that was clear from the accounts of Friday's airstrike by American forces north of Baghdad was that at least 20 Iraqis had been killed. But typical of the fog of war here, American and Iraqi officials disagreed on just about every other point." The US identified the dead as "all ... Al Qaeda," while Iraqi officials "said that the deceased were two extended families that included as many as 10 children." Instead of the US total of 20, the Iraqis gave numbers ranging from 22 to 32. The Times adds, "As the situation in Iraq deteriorates, counting deaths and the numbers of attacks here has become a difficult — and politically charged — business."

The Washington Post (12/9, Trejos, 690K) puts the US military's account in the lead sentence, saying, "U.S.-led coalition forces killed 20 suspected insurgents during a raid targeting al-Qaeda in Iraq fighters northwest of Baghdad on Friday morning, the U.S. military said. Two women were among the suspects killed, the military said. ... Amir Alwan, mayor of Ishaqi, disputed the military's account, saying that 10 men, 4 women and 10 children in his village were killed. News agencies published what they said were photos of dead children at the site. The military denied that civilians and children were killed." The Post adds, "This is not the first time residents of Ishaqi have accused American troops of misconduct. This spring, a U.S. military investigation cleared U.S. soldiers of killing 11 civilians before calling for an airstrike in a March 15 raid on a suspected insurgent hideout."

The AP (12/8, Gamel) places the US and Iraqi version in successive sentences, saying, "U.S.-led coalition forces killed 20 insurgents, including two women, Friday in fighting and airstrikes that targeted al-Qaeda in Iraq militants northwest of Baghdad, the military said. The mayor of the village, which was the site of a U.S. raid earlier this year, said 19 civilians were killed, including seven women and eight children." The AP adds, like the Washington Post, that "a

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U.S. military investigation cleared American soldiers of misconduct in a March 15 raid" in the same village.

Troops In Iraq Caught Between Sects. ABC World News (12/8, story 4, 2:45, Gibson, 8.78M) reported, "The debate in Washington about future strategy for Iraq has overshadowed for the President, the operations going on day-to-day in Iraq. For US troops in the country, the mission doesn't change, for now." ABC (Harris): "The 11-hour sweep started at 3:00 a.m. With targeted raids on the homes of suspected insurgents. These soldiers have no idea what they're going to find on the other side of the door. ... This man, crying, told me the Shiite Mahdi militia had killed his wife and son just days earlier. ... They say Iraq is grave and deteriorating. Does that jibe with what you're seeing?" Michael Robinson, Sgt 1st Class, US Army: "It is bad. But personally, I don't believe now it's not unrecoverable. I still see people with lights in their eyes, the hope."

Zarqawi Allegedly Believed Shiites Were More Dangerous Than US Forces. The AP (12/8, Sinan) reports, "The slain terror leader Abu Musab al-Zarqawi purportedly believed that Iraq's Shiite Muslims were more dangerous than U.S. forces and more evil than dictator Saddam Hussein, according to a posthumous interview published Friday on the Internet." The 33-page statement "could not be immediately authenticated. It was posted on a Web site known to be a clearing-house for al-Qaida material." The site "did not explain why the terror group had decided to release it six months after his death." Zarqawi "is quoted as saying the leader of Iraq's Shiites, Grand Ayatollah Ali al-Sistani, is a 'satan' who publicly tells Shiites to stay above the violence but secretly tells them to attack."

Sunni Clerics' Group Will Boycott Reconciliation Talks. AFP (12/9) reports, "Iraq's leading Sunni clerics' organization will boycott a national reconciliation conference called by Shiite Prime Minister Nuri al-Maliki to end sectarian bloodletting, it has said. The Muslim Scholars' Association said it had not received an invitation to the meeting, which is to be held on December 16," but a spokesman added, "We have seen in the past more than once that the government signs some agreements and later goes back on it." AFP adds, "The head of the association, Sheikh Hareth al-Dhari, is currently outside Iraq. The government has opened a criminal investigation against him for allegedly inciting sectarian violence against Iraq's Shiite majority."

Coalition Forces Arrest Al Sadr Aide. AFP (12/9) reports, "US and Iraqi forces arrested Shiite radical leader Moqtada al-Sadr's representative in the central city of Kut and seven of his guards, a security official and a Sadr spokesman has said." The arrestee was "Sheikh Yahya Ahmed al-Khafaji, the head of Sadr's movement in Kut, 175 kilometres (110 miles) southeast of Baghdad." AFP reports that the US "has often targeted supporters of Sadr, whose Mahdi Army militia is accused of killing Sunni Arab civilians amid the sectarian bloodshed gripping Iraq."

Smith Turns Against Bush Policy On Iraq. CNN's The Situation Room (12/8, Blitzer) reported, "President Bush has been getting attacked by Iraq critics on numerous fronts, from anti-war Democrats to the bipartisan Study Group that issued its stinging report this week. And now a Republican senator has done an about-face and has unleashed a powerful rebuke of Mr. Bush's Iraq policy." CNN (Crowley) added, "Since the beginning of the Iraq War up to now, President Bush has been able to rely on a fairly big base of Republican lawmakers to support him. He no longer can. The Republican senator from Oregon described himself as a quiet supporter of the Iraq War. He is neither any longer." Sen. Gordon Smith: "I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs, day after day. That is absurd. It may even be criminal." Crowley: "Et tu, Gordon Smith. It happened quietly, in the early evening, just before the year end recess. Smith, who has a reputation for bringing passion to the Senate floor, brought that in an unblinking brutal assessment about the situation on the ground, prewar intelligence and the President. … It is the first defection from what has been a reliable roster of Republicans supporting the Iraq War. … Aides say that a dozen of the Senate's Republican colleagues have approached him with positive responses, including, they say, one extremely conservative senator who told Smith: 'That's how I feel.'"

The Washington Post (12/9, A12, Ricks) reports that Smith, "who has shown some maverick tendencies in the past, such as when he blocked the 2005 budget resolution until his GOP colleagues agreed to add billions of dollars to Medicaid, said that he had 'tried to be a good soldier. … I have tried to support our president.' He said that Bush 'is not guilty of perfidy, but I do believe he is guilty of believing bad intelligence and giving us the same.' He said he would not have voted in favor of invading Iraq had he known what he knows now."

Durbin Says Smith Speech "Came From The Heart." Sen. Richard Durbin said on CNN's The Situation Room (12/8, Blitzer) that Smith "is widely respected. He's a thoughtful man. He's an independent thinker. I know that what he read on the Senate floor is something he personally wrote. I actually went up to him ahead of time, I didn't know the topic of the speech, and I saw that he'd written it out in his own hand. It came from the heart. And when he says that he believes this must come to an end, I know it's heartfelt. And when he says that it's gone beyond limit of making a bad policy decision, I think he's right."

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Car Bomb Kills Five In Karbala. AFP (12/9) reports, "A powerful car bomb has killed at least five people and wounded dozens more close to one of Iraq's holiest Shiite shrines in the central city of Karbala. .... The attack will probably be blamed on Sunni extremists and came hot on the heels of a call by Shiite Prime Minister Nuri al-Maliki for a reconciliation conference to stem raging sectarian violence." In addition to a Sunni group's planned boycott of the December 16 reconciliation conference, "Shiite leaders have also warned that they will not attend if figures linked to the Baath party of ousted president Saddam Hussein -- some of whom have roles in the insurgency -- are invited."

UK, Danish Troops Stage Largest Raid In Basra "Since War Began." The Los Angeles Times (12/9, Fiske, 850K) reports, "About 1,000 British and Danish troops staged a major raid Friday in Basra, Iraq's second-largest city, detaining five tribal leaders with ties to Shiite militias, British officials said." The raid "was the largest in Basra since the 2003 U.S.-led invasion that toppled Saddam Hussein's government," according to a UK spokesman. It was "was part of an effort by the British ... to suppress fighting among Shiite groups and tribes in the area." The Times states, "British troops in the region, who number about 7,300, usually conduct raids in smaller, more nimble groups of about 250 ... This time, the 1,000 soldiers split up into groups to seize the five men simultaneously at their homes, preventing them from alerting one another and going into hiding for weeks."

Engaging Damascus Could Aid US In Iraq, But Hurt Ties To Israel. Continuing reporting on the Iraq Study Group's recommendations, the Wall Street Journal (12/9, A4, Dreazen, King, 2.04M) says that "Iraq's civil war is sparking calls for the U.S. to reach out to Syria, raising the possibility of a U.S. policy shift that could put Washington on a collision course with Israel." The Baker-Hamilton Commission said "it is critical for the U.S. to find a way of persuading Syria to abandon its close ties with Iran and drop its support for Hezbollah and other militants," suggesting Washington should "offer Damascus a series of economic and political incentives, including America's help in pressuring Israel to relinquish the disputed Golan Heights. The approach would be a high-stakes turnaround for the Bush administration that would be certain to anger Washington's closest ally in the Middle East," however, some experts "argue that there may be no other choice. They say a decision by Syria to use its influence over Iraq's Sunni population to help calm the situation there -- paired with Syrian moves to end support to Islamic-militant groups like Hamas -- could significantly improve conditions in Iraq and across the region."

An AP (12/9, Gearan) piece reports Secretary of State Condoleezza Rice "voiced skepticism on Friday over [the] recommendation that the United States seek Iran and Syria's help to stabilize Iraq, saying they should want to take such steps on their own." She is quoted saying, "Let's remember that the issue here is behavior. Can you change the behavior of these states?" The AP continues, "Of the Baker-Hamilton report, Rice said it was 'a very good report by people that I admire. I think they have done a great service in pointing out, through analysis and recommendations, how they see the situation in Iraq.'"

Iraq Watchdog Agency Survives. The New York Times (12/9, A10, Glanz, 1.16M) reports, "After weeks of legislative maneuvering, the House passed a bill on Friday extending the life of a federal oversight agency that will now have the authority to examine $32 billion in American taxpayer expenditures on reconstruction in Iraq through approximately 2008." A White House spokeswoman "said President Bush intended to sign the bill." The Times reports, "In a provision backed by Representative Duncan Hunter, Republican of California, the office would have been forced to begin shutting down soon and handing its duties over to offices at the Pentagon and the State Department. Opponents of that move doubted that Bush administration agencies would be sufficiently motivated to investigate themselves, a contention that Pentagon and State officials dismissed. But after the bipartisan Iraq Study Group recommended Wednesday that the special inspector general be maintained for as long as American financial assistance was flowing to Iraq, there was swift action on the new House and Senate bills."

Iraqi Violence Targets Schools. CBS Evening News (12/8, story 3, 2:45, Couric, 7.66M) reported, "In Iraq today, coalition forces staged a deadly raid northwest of Baghdad. They traded gunfire with alleged Al Qaeda members in a residential neighborhood then called in airstrikes. More than 20 people were killed. But these days, much of the violence involves Iraqis killing other Iraqis. And ... terrorists have new targets: schools." CBS (Palmer): "These are just some of the death threat notices distributed by Sunni insurgents to school and universities across Baghdad. They warn that students and professors will be assassinated. But they go further. They say that taxi drivers and bus drivers who even carry student passengers will be killed, too. The threats have dramatically cut down on class sizes at Baghdad University. But they haven't scared all the students. 'Most of our professors still show up' says this woman. 'So I'm determined to finish my year.'"

Iraqis Near Deal On Oil Revenue Split. The New York Times (12/9, A1, Wong, 1.16M) reports, "Iraqi officials

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are near agreement on a national oil law that would give the central government the power to distribute current and future oil revenues to the provinces or regions, based on their population, Iraqi and American officials say." The measure "could help resolve a highly divisive issue that has consistently blocked efforts to reconcile the country's feuding ethnic and sectarian factions. Sunni Arabs, who lead the insurgency, have opposed the idea of regional autonomy for fear that they would be deprived of a fair share of the country's oil wealth, which is concentrated in the Shiite south and Kurdish north." However, "Officials cautioned that this was only a draft agreement, and that it could still be undermined by the ethnic and sectarian squabbling that has jeopardized other political talks," saying that the key obstacle was "the issuing of contracts for developing future oil fields."

Prosecutors Of Oil For Food Violators Are Called "Lazy." The Financial Times (12/9, Williamson, Jones) reports, "State prosecutors are dragging their feet investigating corruption in the Iraq oil-for-food programme, according to one of the authors of last year's United Nations report on one of the world's largest bribery scandals." Mark Pieth "told the Financial Times that prosecutors in many countries were too career-minded, too unwilling to enter new legal terrain "and sometimes simply lazy'." The FT adds, "Prosecutors in various countries have complained of the unclear legal basis for prosecuting the 2,200 companies named as law-breakers in the Volcker report. But Mr Pieth said the investigations were 'straightforward legal work'."

Iraqis Line Up To Execute Saddam. The New York Times (12/9, Semple, 1.16M) reports in a front page article, "The death sentence against Mr. Hussein is still under review by an appeals court, but hundreds of people have already started lobbying the prime minister's office for the position" of Saddam's executioner. They "have sent messages through cabinet officials and their assistants, and by way of government guards and clerical workers."

Medic Killed In Iraq Profiled. ABC World News (12/8, story 9, 3:30, Gibson, 8.78M) reported, "Finally tonight, our 'Person of the Week,' a US medic in Iraq, doing what medics do. Only in this case, he turned his military mission into a humanitarian one, using his skills to save a young girl who had no other hope." Maureen Walsh, Chris Walsh's mother: "He was always looking for life's journey, his life work, and he said, "I think I found what I want to do." he said, "when I come home, I'm going to turn around and go right back." Gibson: "Navy Corpsman Chris Walsh was a medic assigned to a Marine weapons company. ... The baby, just 2 months old, called Mariam, had been born with a rare intestinal abnormality, vital organs exposed outside of her tiny body. ... Walsh asked the platoon to make Mariam's cause their mission -- to find her medical help in the United States. ... Then on September 4th, on another routine patrol of Fallujah, another hidden bomb exploded. Chris Walsh and two of the Marines with him were killed instantly. ... Doctors at Mass General in Boston volunteered their services. And Mariam's surgery was a success. Chris' mother knew she had to be there, for Chris."

Afghan War Nears "Tipping Point." The Los Angeles Times (12/9, King, Holley, 850K) reports in a pessimistic article, "The conflict in Afghanistan has entered a dangerous phase, and the next three to six months could prove crucial in determining whether the United States and its NATO partners can suppress a revitalized enemy — or will be dragged into another drawn-out and costly fight with an Islamic insurgency, according to senior military and security officials and diplomats." An anonymous diplomat said that a "tipping point" was approaching. The Times says bleakly, "Popular support for the central government is faltering, and Western military allies are deeply divided over how best to combat the insurgency. On the other side of the fight, the Taliban has regained the strength to dominate large swaths of Afghanistan; government control is tenuous at best in at least 20% of the country, according to several Western diplomats and Afghan officials."

CORPORATE SCANDALS:

Senate Approves Criminal Penalties For "Pretexting." The New York Times (12/9, Stone, Richtel) reported, "The Senate passed legislation last night that would make it a federal crime to obtain a person's telephone records without permission, an act known as pretexting. The measure, which was approved by unanimous consent last night and is similar to a bill passed earlier in the House, imposes a fine of up to $250,000 and imprisonment of up to 10 years for duping telephone companies into divulging the calling records of private individuals. The penalties can go up under special circumstances, like cases involving domestic abuse." It "includes penalties and a prison sentence of up to 10 years for individuals who sell or buy phone records knowing the lists were obtained through deceptive means. Passage, which came just days before the conclusion of the Republican-led Congress, is a victory for privacy advocates and regular phone users concerned about the confidentiality of their records."

HP Agreed To Fund Future Pretexting Investigations In Settlement. In his "Morning Brief" on the Web site of the Wall Street Journal (12/8) Joseph Schuman wrote, "Hewlett-Packard may have admitted no wrongdoing, but the technology giant's settlement with the state of California is all about recognizing the unscrupulous nature of

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pretexting. To settle the state's civil suit over its use of investigators to improperly obtain the phone records of board members, some employees and journalists, H-P agreed to pay $14.5 million -- and $13.5 million of that goes to fund state and local investigations of similar fraudulent practices, as the San Jose Mercury News reports

Investors "Shrugged Off" HP Spying Scandal. The AP (12/8, Robertson) reported, "Investors have largely shrugged off Hewlett-Packard Co.'s boardroom spying scandal, dismissing the brouhaha surrounding the company as immaterial to its day-to-day operations and stellar earnings growth in recent months. That was true again on Thursday, when HP's stock price remained largely unmoved after the company and the state Attorney General Bill Lockyer announced that HP would pay $14.5 million to settle a civil claim centered on the dicey tactics used in the investigation. … Analysts said the penalty was relatively minor and would go a long way toward assuaging fears among skittish investors."

Microsoft, HP, Other Companies To Press For Data-Privacy Laws. The AP (12/8) reported, "Microsoft Corp. (MSFT), Hewlett-Packard Co. (HPQ) and other high-tech companies are preparing to push for data-privacy legislation next year to replace what they consider an outdated patchwork of state and federal laws that are inconsistent and burdensome. … Several recent high-profile breaches of consumers' personal information have made consideration of privacy proposals more likely, [Microsoft lawyer Ira] Rubinstein said. The Social Security numbers and medical data of approximately 930,000 people were compromised this June, for example, when computer equipment belonging to insurance provider American International Group Inc. was stolen."

Plaintiffs Dealt Setbacks In Two Securities Cases. The Wall Street Journal (12/9, B3, Hudson) reports, "The plaintiffs' securities bar was dealt several blows in the past few days. … Tuesday, plaintiff's attorneys were thwarted in their efforts to win class-action status in a suit alleging fraud among investment banks in underwriting new stock offerings. … Then on Thursday the Supreme Court agreed to consider overturning a plaintiff-friendly ruling out of the New York appeals court that Wall Street underwriters could be subject to private antitrust lawsuits." The Journal continues, "The court cases are related: Both involve allegations of bad behavior in IPOs during the dot-com bubble. The Tuesday case accuses 55 Wall Street firms of requiring investors who got shares of hot IPOs to buy more shares once trading began. The practice allegedly inflated stock prices of more than 300 companies, mainly tech outfits." The Journal adds, "The Thursday antitrust case takes issue with some of the same public offerings and alleges investment banks and institutional investors conspired to inflate stock prices in secondary-market trading. … Neither of these decisions was good news for Milberg Weiss Bershad & Schulman LLP. Melvyn Weiss leads the six-firm plaintiffs executive committee in the IPO securities litigation and serves as vice-chair of the executive committee in the IPO antitrust litigation. Early in the week, Mr. Weiss said he would appeal the ruling in the securities case. As for the antitrust issue, he voiced disappointment that the Supreme Court decided to review it."

SEC's Sarbanes-Oxley Amendment To Refocus Section 404 On "Big Issues." The Wall Street Journal (12/9, Scannell) reported on two upcoming changes that the Securities and Exchange Commission is expected to unveil Wednesday. One of the proposals "will tweak the rules that firms must follow to obey a provision in Sarbanes-Oxley, the 2002 law passed in response to corporate-accounting scandals. SEC Chairman Christopher Cox, a former Republican congressman from California, has fought attempts by lawmakers to alter the law itself. But he has promised ;significant changes' to Section 404, which sets standards for internal corporate controls, with the goal of reducing compliance costs while enhancing the benefit of review. … Mr. Cox says the commission's guidance and a new accounting standard (due Dec. 19 from the Public Company Accounting Oversight Board, the accounting industry's overseer) will make 404 more focused on big issues than tiny ones."

Specter Bill Would Ban DOJ Waivers Of Attorney-Client Privilege. The Pittsburgh Post-Gazette (12/9, Sherman) reports, "U.S. Sen. Arlen Specter yesterday introduced legislation that would prohibit the Justice Department from pressuring companies and their employees to waive their attorney-client privileges during government investigations." The Post-Gazette continues, "His bill has support from a wide range of groups, including the U.S. Chamber of Commerce, the American Civil Liberties Union, and the American Bar Association. They fear that the federal government has become too aggressive in its prosecutions of corporate wrongdoing following scandals at Enron and WorldCom." The Post-Gazette adds, "In 2003, then-Deputy Attorney General Larry Thompson issued a memorandum that gave federal prosecutors the option of taking a softer approach with companies that reveal information on internal discussions between attorneys and executives. But the memo prompted outcries among companies and legal groups who feared a dilution of a basic constitutional right. … 'It's a very, very chilling effect,' Mr. Specter said yesterday. 'If you can't talk freely to your lawyer, you're in deep trouble.'" The Post-Gazette notes, "He was joined by Dick Thornburgh, a former U.S. attorney general

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and Pennsylvania governor, who was representing the American Bar Association. … 'The attorney-client privilege is one of the oldest privileges in the law. It dates back to Elizabethan times,' he said. He argued that the Justice Department's policy may unintentionally weaken federal prosecutions of corporate crime by dissuading employees from seeking confidential legal advice. … Brian Roehrkasse, a spokesman for the Justice Department, said the department's strategies had netted more than 1,100 corporate fraud convictions in the last four years. He emphasized that federal prosecutors take the preservation of the attorney-client privilege seriously. … 'We have met with a number of individuals and organizations who have raised concerns or suggestions about our current guidance for investigating corporate fraud,' he said in an e-mail message. 'We are also reviewing the newly introduced legislation. Currently, we have not made any final decisions to amend our guidance.'"

SEC To Offer Initiatives Designed To Increase US Competitiveness. The Wall Street Journal (12/9, A2, Scannell) says that "amid cries from Wall Street, the Treasury and business executives that onerous regulations are blunting the U.S.'s competitive edge," the SEC "is poised to unveil Wednesday two initiatives aimed at easing those fears. The moves aren't likely to be the last." One change "will tweak the rules that firms must follow to obey a provision in Sarbanes-Oxley," Section 404, which "sets standards for internal corporate controls, with the goal of reducing compliance costs while enhancing the benefit of review." A second change "will make it easier for foreign companies whose stocks and bonds trade here to 'deregister' from U.S. reporting requirements."

SEC Has Investigated Possible Leak To Lobbyists On Frist Speech. The Washington Post (12/9, D1, Birnbaum, Johnson) reports the SEC "has looked into whether lobbyists provided hedge funds with potentially market-moving information about a pending congressional speech." Earlier this year, the SEC questioned the office of Senate Majority Leader Bill Frist "about a possible insider leak to lobbyists about a speech Frist was to give on asbestos legislation." The SEC also "looked informally into whether hedge funds, in turn, bought shares in companies that would be affected if Congress approved the bill, which would have settled asbestos civil suits. But the SEC officials said that no charges were imminent and that it was unclear whether providing congressional information could be considered improper or illegal under insider trading laws."

CRIMINAL LAW:

Police Chief's Letter To Jeffs Leads To Misconduct Allegation. The AP (12/9) reports, "The chief law enforcer in two Utah-Arizona border towns is accused of misconduct for pledging allegiance to the leader of a polygamous sect who was on the FBI's most wanted list. … 'I love you and ... know that you have the right to rule in all aspects of my life,' Fred Barlow wrote in an October 2005 letter to Warren Jeffs. 'Without priesthood I am nothing.'" The AP continues, "Barlow warmly addressed Jeffs as 'Uncle Warren' and closed the letter by referring to himself as Jeffs' 'servant.' … Barlow is the police chief of a joint department serving Colorado City, Arizona, and Hildale, Utah. Jeffs is the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, which has 10,000 followers in those two towns." The AP adds, "The FLDS church practices polygamy and congregants revere Jeffs as a prophet and are taught to be obedient, including marrying at his behest. .. .Jeffs was arrested near Las Vegas on August 28. A judge will decide next Thursday whether he will stand trial in Utah on charges of rape as an accomplice for forcing a teenage girl to marry an older cousin. He also faces similar charges in Arizona. … The Arizona Peace Officer Standards and Training Board is using the letter as evidence in one of three misconduct charges against Barlow, who could lose his certification. The Salt Lake Tribune obtained the letter and published it Friday."

Alaska Lawmaker Charged With Seven Counts Of Corruption. The Anchorage Daily News (12/9, Mauer, Demer, Kizzia) reports, "State Rep. Tom Anderson pleaded not guilty Friday to a series of federal charges accusing him of selling his legislative office for $12,828 in bribes from a lobbyist representing private prison interests." The News continues, "Anderson, a 39-year-old Republican who has represented Muldoon's District 19 since he was elected in 2002, was ordered freed Friday by U.S. Magistrate Judge John Roberts on an unsecured $10,000 bond after his arrest Thursday by FBI agents. Roberts said Anderson could travel to Mexico on a previously scheduled vacation next week with his wife, Republican state Rep. Lesil McGuire, who was elected to the state Senate in November, and their infant son." The News adds, "The 18-page indictment against Anderson said the lobbyist was secretly recorded July 21, 2004, boasting that for a price, Anderson would be 'our boy in Juneau.' … A week later, the same lobbyist was recorded telling a confidential informant, 'If I was a Soviet spy and I was looking for a legislator to recruit, (Anderson) would be the one I'd get.' Anderson 'needs the money,' the lobbyist said. … The government didn't charge the lobbyist. He is identified only by the letter 'A,' but the facts in the case point

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to Bill Bobrick of Anchorage, who represented Cornell Companies, a private prison firm Outside. … Anderson, who did not seek re-election this year and formally leaves office next month, is the first legislator charged with corruption in office since two state senators faced charges in the early 1980s. One, George Hohman, was convicted of bribery in 1981, while the other, Ed Dankworth, successfully appealed his 1982 conflict-of-interest charges and never faced trial."

The Washington Times (12/9, Seper) reports, "Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said the seven-count indictment returned Wednesday charges Mr. Anderson with two counts of extortion, one count of bribery, one count of conspiracy, and three counts of money laundering in connection with the use of a sham corporation to hide the source of the bribery payments." The Times adds, "The indictment also said that from July 2004 to March 2005, Mr. Anderson, along with another person identified as 'Lobbyist A,' solicited and received $26,000 in payments from an FBI confidential source, in exchange for Mr. Anderson's agreement to take official acts as a member of the Alaska Legislature. … According to the indictment, Mr. Anderson and Lobbyist A participated in the creation of a sham corporation to conceal the existence and true origin of the payments, and used the sham corporation to funnel a portion of the $26,000 to Mr. Anderson. … The indictment said the FBI confidential source was a consultant for a private corrections company located outside the state of Alaska, and Mr. Anderson and Lobbyist A initiated contact with the FBI confidential source in order to solicit bribery payments."

Anderson's Wife, Newly-Elected To Senate, Maintains His Innocence. The Anchorage Daily News (12/9) reported, "Anchorage Sen.-elect Lesil McGuire said Friday that her husband is innocent of bribery and other charges, while noting the things he's accused of happened before they married. 'I am not and have not been a target of any investigation,' she said in a statement issued to the media." The Daily News added, "In her written statement to the media, she asked that the public withhold judgment of her indicted husband 'until the judicial process has run its course.'"

Jury Convicts Former Teamsters Leader Of Rigging Election, Kickback. The Houston Chronicle (12/9, Rice) reports, "A federal jury convicted on Friday a former president of Houston's largest Teamsters local on all counts alleging that he rigged a union election and accepted a kickback from a vendor." The Chronicle continues, "Charles 'Chuck' Crawley was taken from the downtown courtroom immediately after the verdict was announced. … U.S. District Judge Melinda Harmon scheduled a March 23 hearing, when Crawley could be sentenced up to 30 years in prison." The Chronicle adds, "Jurors had heard four days of testimony in Crawley's trial on one count of mail fraud, two counts of embezzlement and one count of falsifying records. He is the fourth Teamsters president in Houston to be convicted on federal charges since 1992, Assistant U.S. Attorney Edward Gallagher said. … Crawley was elected as a reformer in 1997 after his predecessor, Richard Hammond, was removed by a trustee from the international union in 1995. Hammond was sentenced to four years in federal prison in 1998 after his conviction for embezzling union funds. … Assistant U.S. Attorney Michael Wright said Friday that Crawley betrayed union members' trust for his own gain. … The verdict came after a prosecutor told jurors in closing arguments that Crawley had assured a union vendor that he would have the winning bid in return for a $20,000 kickback."

Tennessee Man Pleads Guilty To Child Porn Charges. The Clarksville (TN) Leaf-Chronicle (12/9, Hogan) reports, "A Clarksville man who hosted an Internet chat room called 'Kiddiepics & Kiddievids' that was at the center of an international child pornography investigation pleaded guilty in federal court Thursday." The Leaf-Chronicle continues, "Royal Raymond Weller, 49, who lived in Hunter Chase Apartments on Madison Street at the time of his arrest, admitted to eight counts of conspiracy to distribute child pornography, distribution of child pornography, receipt of child pornography and possession of child pornography." The Leaf-Chronicle adds, "After making his plea in U.S. District Court in Nashville Thursday, Weller now faces between 5 and 150 years in federal prison and will be sentenced in March. … According to a news release from the Justice Department, Weller, under the user name 'G.O.D.,' hosted chats shaped around users' preferences and included promoting the trade of child pornography and evading detection by law enforcement."

The AP (12/9) reports, "He was arrested in March after an investigation involving the Immigration and Customs Enforcement Agency and law enforcement officers in other countries. … He was one of 27 people charged in the ring operating in 10 states and Canada, Australia and Great Britain. … The U.S. Justice Department said Weller had about 10,000 child pornography files on his computer and hard drives."

McCain Bill Would Require Reporting Of Illegal Images. The CNET News (12/9, McCullagh) reports, "Millions of commercial Web sites and personal blogs would be required to report illegal images or videos posted by their users or pay fines of up to $300,000, if a new proposal in the U.S. Senate came into law." CNET continues, "The legislation, drafted by Sen. John McCain and obtained by CNET News.com, would also require Web sites that offer

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user profiles to delete pages posted by sex offenders." CNET adds, "In a speech on the Senate floor this week, the Arizona Republican and former presidential candidate warned that 'technology has contributed to the greater distribution and availability, and, some believe, desire for child pornography.' … After child pornography or some forms of 'obscenity' are found and reported, the Web site must retain any 'information relating to the facts or circumstances' of the incident for at least six months. Webmasters would be immune from civil and criminal liability if they followed the specified procedures exactly." CNET notes, "McCain's proposal, called the 'Stop the Online Exploitation of Our Children Act', requires that reports be submitted to the National Center for Missing and Exploited Children, which in turn will forward to the relevant police agency. (The organization received $32.6 million in tax dollars in 2005, according to its financial disclosure documents.) … Internet service providers already must follow those reporting requirements. But McCain's proposal is liable to be controversial because it levies the same regulatory scheme--and even stiffer penalties--on even individual bloggers who offer discussion areas on their Web sites. … McCain's proposal comes as concern about protecting children online has reached nearly a fever pitch in Washington. Attorney General Alberto Gonzales gave two speeches this week on the topic, including one on Friday in which he said 'we must do all that we can to protect our children from these cowardly villains who hide in the shadows of the Internet.' … But the reporting rules could prove problematic for individuals and smaller Web sites because the definitions of child pornography have become relatively broad."

CIVIL RIGHTS:

Osceola, FL, Ready To Accept Order On Voting Districts. The Orlando Sentinel (12/9, Pino) reports, "After spending nearly a year and a half and about $2 million fighting a federal voting-rights suit, Osceola County commissioners appear ready to abide by a federal judge's order Friday that will implement single-member voting in pending elections." The Sentinel continues, "If commissioners vote to accept the ruling, a special election for two commission seats could be held this spring. A private strategy meeting is expected early next week, commissioners said." The Sentinel adds, "Two commissioners questioned the wisdom of continuing the fight Friday, and two others expressed doubts about an appeal but wanted to wait to hear from the county's attorneys. A fifth commissioner did not return phone calls. … 'I don't see much effort in doing that,' Commissioner Tom Franklin said of an appeal. 'At one point or another, you have to decide if it is worth the battle. It is something we have no control over. You don't keep fighting against windmills.' .. U.S. District Judge Gregory A. Presnell tossed out an Osceola proposal that would have created a hybrid system with five single-member and two at-large commission seats. … The judge accepted district boundaries drawn by the U.S. Department of Justice and approved by the county earlier this week. He also accepted a proposal for which seats would be on the ballot and how elections would proceed."

Former DEA Agent Wins Bias Ruling Against US. The Miami Herald (12/9, Weaver) reports, "A former high-ranking federal drug agent in Miami said a 'great feeling' swelled up inside him on Friday when he won a 4-year-old discrimination lawsuit against the U.S. government." The Herald continues, "A federal jury in Miami found the Drug Enforcement Administration discriminated against Sandalio Gonzalez, the former second-in-command of the DEA's South Florida field office, by retaliating against him with a transfer to another management job in Texas in 2001. … The racially mixed, nine-person jury awarded $85,000 in damages to Gonzalez, 55, of Doral, who had been the DEA's top-ranking Cuban-American administrator. The victory under U.S. law allows his attorneys to obtain legal fees, which could total hundreds of thousands of dollars." The Herald adds, "For Gonzalez -- who stirred controversy in 2000 when he blew the whistle on a Miami drug bust in which 10 kilos of cocaine went missing -- the court triumph was sweet vindication. He had stood up for not only himself, but also other Hispanic and black DEA agents in the Miami field office over issues of discrimination, his lawyers said. … The Department of Justice, named as a defendant in the suit, could appeal the verdict. " The Herald notes, "Gonzalez was among 16 top-level agency executives sent transfer orders on Jan. 18, 2001 -- just before a four-month freeze on such moves was instituted by President George W. Bush's incoming administration. Gonzalez, who supervised about 300 agents in Miami, was ordered to move to El Paso, Texas, where he was the top DEA administrator in charge of 150 agents. Gonzalez, who made $142,000 annually, retired last year and returned to Miami. … Top DEA officials, who testified at the week-long trial before U.S. District Judge Federico Moreno, described the transfer as a 'promotion.' .. But Gonzalez and several others on the transfer list had complained that DEA Administrator Donnie R. Marshall's actions were meant to punish perceived troublemakers and reward his friends before his successor was appointed by the Bush administration."

ANTITRUST:

FCC Commissioner Cleared To Vote On Telecom Deal. The AP (12/9, Dunbar) reports, "The

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Federal Communications Commission's top lawyer on Friday authorized one of its members to vote on the proposed buyout of BellSouth by AT&T, despite an apparent conflict of interest. The move could break a deadlock on the deal." The AP continues, "The decision came a week after FCC Chairman Kevin Martin declared an impasse in the proceeding and asked General Counsel Sam Feder to determine whether Commissioner Robert McDowell, a former lobbyist, should be allowed to vote on the $84 billion acquisition. … The deal would be the biggest in U.S. telecommunications history." The AP adds, "Feder's action increases the likelihood that AT&T, the biggest U.S. telephone company, will win conditional approval from the FCC within the next two months and overcome the acquisition's final regulatory hurdle, said Paul Glenchur, an analyst at Stanford Washington Research Group. … McDowell, one of three Republicans on the five-member commission, has sat out of negotiations because of his past work as a lobbyist." The AP notes, "The next open meeting for the agency is Dec. 20, but Martin said Friday night that he does not anticipate putting the issue up for a vote then. It would not give McDowell enough time to get 'up to speed' on the issues, Martin said. … In Feder's eight-page opinion, he argued that McDowell should be allowed to vote because he had not participated in the merger proceeding as a lobbyist, did not stand to gain financially from his vote, and that it would be impossible for someone else to take his place in the proceeding. … But Feder was also clearly torn, noting that Robert Cusick, director of the Office of Government Ethics, had said the decision was a close call on which reasonable people could differ and that Cusick said he would decide against authorization but that 'the FCC could reasonably come out the other way.' … Martin and AT&T are betting that McDowell, despite his history, will vote to approve the merger."

WSJournal Blames "Protectionism" For Inaction On Airline Ownership Proposal. The Wall Street Journal (12/9, A8), in an editorial, writes that the Transportation Department "announced this week that it's giving up its effort to liberalize the antiquated laws governing ownership of U.S. airlines. Congressional protectionism, 1; common sense 0. For more than 60 years, U.S. law has barred foreign entities from owning more than 49% of an American carrier, and has restricted foreign 'control' to 25%. In theory this keeps a national-security asset in American hands. In practice it stifles investment and competition at a time when American carriers are experiencing heavy turbulence. Enter former Transportation Secretary Norm Mineta, who proposed allowing foreign investors more latitude to guide fleet composition, route structure and marketing even while safety and security would still rest with American citizens. Alas, 'twas not to be, thanks to a little labor activism and a lot of Congressional territory-marking. Mr. Mineta's successor, Mary Peters, has thrown in the towel."

ENVIRONMENT:

House Passes Offshore Drilling Expansion. The San Francisco Chronicle (12/9, A1, Coile) reports the House "approved a bill Friday to open 8.3 million acres of federal waters west of the Florida coast to oil and gas drilling, a victory for business interests who lobbied for the bill and four Gulf Coast states that would receive billions in new oil and gas royalties. But even drilling supporters admitted it was just a tiny fraction of the publicly owned area they had hoped to open during 12 years of Republican rule of Congress. Efforts to drill in Alaska's Arctic National Wildlife Refuge and off the Pacific and Atlantic coasts were defeated and are likely to be mothballed in the new Democratic Congress." The bill "narrowly survived. The House, on a 207-205 vote, rejected an amendment by Rep. Ed Markey, D-Mass., to require oil companies to repay royalties owed on leases from the 1990s before they could bid on any new leases. The Senate has no time to change it, so the change would have killed the drilling provision."

E. Coli Outbreak Spreading. ABC World News (12/8, lead story, 2:55, Gibson) reported, "Good evening. The most recent outbreak of E. coli food poisoning is spreading. Originally confined in the northeast, it has now spread to other states across the country. So far, there are 293 confirmed or suspected cases in 6 states. All thought to be people who ate at taco bell restaurants. It is a reminder that the nation's food supply knows no boundaries. For the raw scallions suspected to be at fault, were grown in California, but shipped across the country." The CBS Evening News (12/8, story 4, 2:00, Blackstone) and NBC Nightly News (12/8, story 2, 2:00, Williams) ran similar reports.

NYTimes Calls For Stricter Regulation Of Fresh Produce. The New York Times (12/9, A18) editorializes, "The expanding outbreak of E. coli poisonings in New York, New Jersey and several other states underscores the need for more rigorous regulation of the whole supply chain for fresh produce, from the growing fields to the customer."

FBI/DEA/ATF/USMS:

Mueller Awards Meritorious Achievement Medal To Italian Police Chief. The AP (12/9, Jordan) reported, "The FBI gave one of its highest honors Friday to Italy's national police chief for working a quarter-century with

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the U.S. to bring down an estimated 1,000 Mafia and other organized crime leaders in both countries." Italian National Police Chief Giovanni De Gennaro, "who at times put sandbags on his windows to shield his family from snipers and whose organized crime officers slept at police stations to remain safe, was awarded the FBI Medal for Meritorious Achievement. The ceremony at FBI headquarters marked the first time the honor was given to an official outside of the FBI's ranks." De Gennaro "said he worked so closely with the FBI and federal prosecutors that 'sometimes I even woke up wondering if I was in Rome or in New York,'" and "he said such international cooperation was valuable to help law enforcement face down threats 'whether it appeared as a mobster or as a terrorist.'"

The New York Post (12/9, Cornell) reported, "FBI Director Robert Mueller credited Giovanni De Gennaro…with forging a bond with the United States that grew into a worldwide intelligence network now used to combat terrorism. De Gennaro first teamed up with the FBI in the 1980s to crack a massive mob-run heroin-trafficking operation involving Sicilian gangsters and their American Bonanno counterparts, who used pizza parlors as fronts. … More than 20 years later the mob has been devastated by thousands of arrests that De Gennaro said came out of 'a deep feeling of friendship [with the FBI] and commitment to fight a common enemy, whether he appeared as a mobster or a terrorist.'"

WPost Urges Bush To Commute Drug Sentence. The Washington Post (12/9, A18) editorializes, "The Supreme Court this week declined to review the case of Weldon Angelos, leaving in place his obscene sentence of 55 years in prison for small-time marijuana and gun charges. The high court's move is no surprise; the justices have tended to uphold draconian sentences against constitutional challenge. But it confronts President Bush with a question he will have to address: Is there any sentence so unfair that he would exert himself to correct it? So far, Mr. Bush hasn't found one. He has commuted only two sentences, both of inmates who were about to be released anyway." US District Judge Paul Cassell, a Bush appointee, "explicitly called on Mr. Bush to use his clemency powers to offer what he as a judge could not: justice."

TAX:

Snipes Pleads Not Guilty To Tax Fraud Charges. The New York Times (12/9, Times) reports, "The actor Wesley Snipes, a fugitive for the last two months while shooting a movie in Namibia, surrendered to federal officials in Florida yesterday and pleaded not guilty to charges of tax fraud and conspiracy." The Times continues, "According to his indictment, by a federal grand jury in Tampa, Fla., Mr. Snipes, 44, failed to file tax returns from 1999 to 2004, and falsely claimed almost $12 million in refunds for 1996 and 1997." The Times adds, "He arrived in Orlando, Fla., yesterday and was arraigned in Ocala, according to the office of the United States attorney for Central Florida. … Mr. Snipes was freed on $1 million in bail. Magistrate Judge Gary R. Jones ordered him released pending trial, and gave him permission to return to Africa to finish his new movie, 'Gallowwalker.' A trial is set for March, and Mr. Snipes is required to return to the United States and surrender his passport by Jan. 10."

The AP (12/9) reports, "Snipes, 44, was charged in October with fraudulently claiming refunds totaling nearly $12 million in 1996 and 1997 on income taxes already paid. He was also charged with failure to file returns from 1999 through 2004." The AP adds, "He will be allowed to return to Namibia to finish his film, but he must return to his home in California on or before Jan. 10, U.S. Magistrate Gary Jones ruled. .. .After that, Snipes will be required to surrender his U.S. passport." The AP notes, "According to the indictment, Snipes had his taxes prepared by accountants with a history of filing false returns to reap payments for their clients. The firm American Rights Litigators would receive 20 percent of refunds from clients, according to the indictment. … Snipes has said he is a scapegoat and was unfairly targeted by prosecutors, and has suggested he was taken advantage of."

CONGRESS-ADMINISTRATION:

Bush Job Approval At "All-Time Low" Of 30% In Zogby Poll. A Zogby International poll of 982 likely voters nationwide conducted December 5-8 (+/- 3.2%) shows that the "national job approval rating of President Bush has plummeted to 30%, an all-time low" in the poll. Bush's job approval is down from 36% in late October. Among Republicans, "just 60% gave him a positive job rating, while 39% gave him negative marks. Just 9% of Democrats and 22% of political independents gave him good marks for his work." The survey "showed that Bush's troubles clearly stem from trouble with the war in Iraq. Just 24% give him positive marks for his handling of the war, down from 39% who gave him a positive rating six months ago for his handling the way. Even among Republicans, a minority -- 47% -- think he has handled the war well (52% of Republicans gave him negative marks for his leadership on the war in Iraq)."

AP-Ipsos Poll Shows 71% Disapproval Of Bush Handling Of Iraq. The New York Daily News (12/9, Bazinet) reports that an AP-Ipsos poll shows that "more Americans than ever say President Bush is doing a pitiful job with the war, and an almost equally overwhelming number of people think Iraq won't turn out to be a stable democracy. … A whopping 71% of Americans disapprove of Bush's handling

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of the war, while only 27% say he's done a good job. … Just 9% of Americans believe the U.S. will end up with a clear-cut victory in Iraq, the poll indicated, while 63% said they don't think the country will become a stable democracy."

Cheney Called "Forgotten Man" Of Bush Administration. On the US News and World Report (12/8), John Mashek writes in a "Capital View" piece that Vice President Cheney is the "forgotten man" in the Bush Administration, and "he brought most of it on himself. His standing is plunging with members of Congress as a whole, Democrats, some Republicans, and even zealots on the Christian right. For the next two years, it appears he will be struggling to play any kind of significant role in Bush's lame-duck term. He has burned too many bridges to be really effective as a voice in Washington." Cheney is not seeking the presidency in 2008, his "influence in the public domain has hit rock bottom in the past few months," and "his voice on the war in Iraq lacks credibility." Mashek writes that for "reporters who covered the Ford administration, as I did, we are puzzled and even dismayed at the change in Cheney. As the top presidential aide to President Ford, he was a hardworking, helpful, and even cheerful individual. He was a big asset to a struggling, accidental president. With Cheney's help, Ford almost pulled an upset in his race with Jimmy Carter. That man no longer exists."

Rumsfeld Gets Emotional Sendoff At Pentagon. The last Pentagon town hall appearance of Secretary Rumsfeld received extensive coverage. Emphasis was given to its emotional nature, the ovations he received, and his selection of the best and worst days of his tenure. For ABC World News (12/8, story 3, 3:00, Gibson, 8.78M), Jonathan Karl reported, "Today, in an emotional farewell to Pentagon employees, outgoing defense secretary, Donald Rumsfeld, said it will take patience to win in Iraq and Afghanistan." His departure was the second story for CBS. CBS Evening News (12/8, story 2, 2:10, Couric, 7.66M) reported, "Meanwhile, at the Pentagon, one of the architects of the war said good-bye. Defense Secretary Donald Rumsfeld may be leaving, but he hasn't changed his views on Iraq or the press." CBS (Martin): "Ever since 9/11 when he helped pull the wounded from the rubble, Donald Rumsfeld has been Secretary of the war against terror. But for him, the worst day of that war had nothing to do with anything the enemy did." Rumsfeld: "The worst day was Abu Ghraib and seeing that... What went on there and feeling so deeply sorry that that happened." Martin: "The self-inflicted wound of prisoner abuse at Abu Ghraib became a disaster for America's image and a symbol of a mismanaged war."

Fox Special Report (12/8, story 7, Angle) reported, "The only person to have served as US Defense Secretary twice bid a sometimes emotional farewell to workers at the Pentagon. He said that today's town hall meeting will be one of his last public appearances before leaving the post in 10 days. And he wasn't shy about offering last-minute opinions."

CNN's The Situation Room (12/8, Blitzer) reported, "It was candid and emotional. The outgoing Defense Secretary Donald Rumsfeld saying good-bye to Pentagon employees in a town hall meeting today. He spoke of both his highs and lows and the troubled war that led to his resignation." CNN (McIntyre) added, "Rumsfeld's formal farewell will be a week from today, complete with all the military honors one would expect. But today was his chance to say goodbye to Pentagon employees and for them to say goodbye to him. … Rumsfeld was greeted with a standing ovation as he entered the Pentagon auditorium for his swan song, and he exits the stage unbowed and unapologetic for what critics say were serious missteps and misjudgments, particularly about Iraq. … When he leaves office, Rumsfeld will be about two weeks shy of being the longest serving defense secretary ever, a distinction that will remain with Robert McNamara, who, like Rumsfeld, also left office after presiding over an increasingly unpopular war.

The Washington Post (12/9, Tyson, 690K) reports, "In his final town hall meeting with Pentagon employees, Rumsfeld ranged from serious and emotional to humorous and sarcastic as he mused about his legacy as one of the nation's longest-serving defense secretaries." His ranking of Abu Ghraib as his worst moment is reported, as is his joke that his best day will come "later this month when he leaves office." The Washington Post (12/9, 690K) also carries the CQ transcript of Rumsfeld's remarks.

The Washington Post (12/9, Branigin, 690K) reports that his farewell speech "became emotional at times" and quotes him listing accomplishments during his tenure, such as the creation of Northcom. Like the other Post article, it notes his stated dismay over Abu Ghraib, quoting a paragraph from his remarks about discovering the situation. The town hall meeting "reflected none of the criticism that has been directed at Rumsfeld during his term, notably over his handling of the war in Iraq." Ret. Maj. Gen. John Batiste had "described Rumsfeld as 'arrogant' and 'abusive' and said he disregarded 10 years of war planning on Iraq by the U.S. Central Command before the March 2003 invasion."

The New York Times (12/9, Stout, 1.16M) reports that he "bade farewell ... in his familiar style." He "has a unique place in Pentagon history. He is the only person to have been defense secretary twice. ... The questions from department employees at today's 'town hall' session were gentle ones, in contrast to the news conferences at which Mr. Rumsfeld never bothered to hide his disdain for interrogators he considered ill-informed, cynical, or naïve."

The Los Angeles Times (12/9, Barnes, 850K) reports in a nostalgic vein, "For much of the last six years, a question-and-answer session with Donald H. Rumsfeld was the best

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show in town." His last town hall is called a "greatest hits collection." On Friday Rumsfeld "used the stage to plead for more time in Iraq," a "regular theme" of his for "much of this year." The LA Times theorizes that his popularity began to decline when he said, on December 8, 2004, "As you know, you go to war with the Army you have. They're not the Army you might want or wish to have at a later time."

The AP (12/8, Burns) reports on his "emotional" farewell, at which he "choked up briefly" recalling a woman who gave him a bracelet "as a reminder of the sacrifices by soldiers of the Army's 172nd Stryker Brigade." He "strode into the room to a cascade of applause and a few approving yelps." More than 140 sites carried the story.

AFP (12/8, Mannion) reports, "An overflow crowd of several hundred people packed a Pentagon auditorium and gave him a standing ovation." He received 'friendly questions" about his tenure. The AFP leads with his urge to listeners to avoid a "precipitous" withdrawal from Iraq.

Rumsfeld Still Serving; Extent Of Clout Unclear. The New York Times (12/9, Cloud, 1.16M) reports in a "Pentagon Memo" that, despite the confirmation of Robert Gates, "when President Bush comes to the Pentagon on Wednesday, Mr. Rumsfeld will preside in the secure conference room known as 'the Tank.'" Gates's swearing is "scheduled" for December 18; "How much influence Mr. Rumsfeld is exerting in the interim is somewhat unclear. Two of his top aides, Peter W. Rodman and Stephen A. Cambone, have already announced their resignations."

House Passes Spending Bill, Tax Cuts, Trade Package. The Wall Street Journal (12/9, A3, Rogers) reports, "Major tax and trade bills neared final passage as Republicans began turning out the lights on the 109th Congress and 12 years of their party's dominance in the Capitol. Working past midnight, departing lawmakers sent President Bush a third, stopgap spending bill required to keep the government operating through Feb. 15. … The $45.1 billion tax cut measure, which includes provisions benefiting oil, coal and health-care interests, passed the House 367-45 late Friday after Democrats narrowly failed 207-205 in a last attempt to disrupt passage with an amendment to the oil provisions. The intricate trade package, which most impacts Vietnam, Haiti and developing nations in Africa and South America, cleared the House hours later 212-184 with prominent Democrats joining in support. The Senate next took up both measures as a single package, and eager to go home, senators agreed to expedite debate in hopes of sending the tax and trade provisions Mr. Bush for his signature."

The AP (12/8) reports, "Rejected by voters and limping off stage, the Republican-led House on Friday passed a sweeping bill reviving expired tax breaks and protecting doctors from a big cut in Medicare payments. But they dumped an unfinished budget on the Democrats about to take power, passing by a 320-70 vote a stopgap spending bill putting the government on autopilot until Feb. 15. … The failure to pass budget bills for domestic agencies, said Rep. David Obey, D-Wis., amounted to 'a blatant admission of abject failure by the most useless Congress in modern times.'"

The Washington Post (12/9, A4, Montgomery) reports, "Throughout the day yesterday, negotiations over the tax-and-trade package consumed lawmakers, particularly in the Senate. With the trade measures under assault, House leaders delayed a vote on that portion of the package and focused first on the more popular tax provisions. … They include a credit for research and development critical to many businesses, a reward for employers that hire former welfare recipients and a deduction for state and local sales taxes paid by people in states without income taxes. If Congress had left town without extending the breaks, more than 19 million taxpayers would have faced higher taxes when they filed in April, said Senate Finance Committee Chairman Charles E. Grassley."

The Los Angeles Times (12/9, Simon) reports, "Lawmakers worked several healthcare measures into the tax bill, including legislation to cancel a scheduled 5% cut in payments to doctors who treat elderly Medicare recipients, and changes that would allow individuals to put more money into tax-sheltered health savings accounts, a new type of medical insurance favored by many Republicans. Separately, the tax bill also addressed some unintended consequences of legislation that Congress passed last year to keep illegal immigrants from getting healthcare benefits through the Medicaid program for the poor. Hundreds of thousands of people who were legally entitled to benefits were inadvertently subjected to new requirements that they provide documents proving their citizenship. Some were frail seniors who had never been issued a birth certificate. The changes will exempt several groups from the documentation rule, including federally assisted foster children, certain disabled people waiting for the starting date of their Medicare coverage and individuals receiving low-income Social Security assistance."

The New York Times (12/9, A14, Hulse) reports, "The failure to dispose of the most basic Congressional work sparked recriminations over who was to blame as leaders of the House Appropriations Committee lashed out at the Senate. … As a result of the spending impasse, Democrats will be forced to deal with the leftover money issues as soon as the new Congress convenes in January." The Times adds, "Some frustrated lawmakers said the chaotic ending of the session was fitting, with major legislation assembled behind closed doors by senior lawmakers and then rushed to

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the floor. That was typical, they said, of how business had been done in a highly partisan atmosphere."

Gregg Claims GOP Is Responsible For "Biggest Budget Buster In The History Of Congress." The Wall Street Journal (12/9, A3, Rogers) reports Sen. Judd Gregg "took the floor and warned his party it was ignoring the lesson of Republican losses in the midterm elections last month." Gregg is quoted as saying, "You just have to ask yourself how we as a party got to this point, where we have a leadership that is going to ram down the throats of our party the under Republican leadership." The AP (12/8) reports Gregg "gave an extraordinary floor speech lambasting his party for losing its way on fiscal discipline and his leadership for jamming it past rank-and-file Republicans opposing the massive measure." Roll Call (12/8, Stanton) reports on its web site that Gregg "tore into his GOP colleagues Friday, accusing the party of being hypocritical when it claims the mantle of fiscal responsibility. Gregg's angry floor speech came after a decision by House and Senate leaders to move a $39 billion tax package using procedural tactics that will shield it from a filibuster. In the speech, Gregg accused Senate GOP leaders of using procedural rules 'against the Republican membership' to block criticism of the bill and efforts by conservatives to change it. … Because of the procedural move, the Senate will likely now remain in session until at least Sunday, though Gregg could force the Senate to remain in town until late Monday or Tuesday if he does not agree to allowing the bill to move forward." The Washington Post also notes Gregg's criticism.

Democrats Block Congressional Pay Raise. The Dallas Morning News (12/9, Gillman) reports Democrats "stalled a congressional pay raise Friday, demanding a minimum wage hike first – a move derided even by Texas Republicans willing to freeze lawmakers' salaries. 'I have voted for some, and I've voted against some. I would be inclined to vote against it this year,' said Sen. John Cornyn, R-Texas, expressing annoyance that Democrats were trying to link the issues. 'I think they are politically posturing.' House and Senate Democratic leaders threatened to block a last-minute flurry of legislation unless both chambers agreed to avert a 2 percent raise that would take effect Jan. 1.

GOP Accused Of Leaving Spending "Time Bomb" For Democrats. The Boston Globe (12/9, Klein) reports, "The outgoing Republican Congress has placed a political time bomb for incoming Democrats: Nearly all domestic programs paid for by the federal government are level funded through mid-February with no adjustments for inflation, a situation that probably will trigger cuts or reductions in such popular areas as veterans' affairs, children's healthcare, housing vouchers, and low-income fuel assistance." Democrats "will therefore have to immediately choose between restoring any lost services and their campaign pledge to control government spending. The clash could expose tensions within the party in the crucial first weeks of Democrats' leadership -- and the party's agenda could get sidetracked in a pitched battle over spending priorities."

Congress's Final Days Seen As Evidence Of GOP's Disorder. The New York Times (12/9, A14, Kornblut, Zeleny) reports, "In bursts of giddiness and remorse, members of Congress went through not just the end of the 109th Congress this week, but also 12 years of Republican control. It was the end of an era, and Republicans left Capitol Hill with spasms of amusement, anger and humiliation, at times visibly stunned that power and its trappings had vanished so fast. … They tried — rather unsuccessfully — to wrap up business, displaying a lack of legislative discipline that was a sharp contrast to the machinelike efficiency of their early years in charge." House Republicans "failed to pass an antiabortion measure, struggled to approve a package extending popular tax breaks and decided not even to bother trying to find a solution for the spending bills."

Ethics Committee Wraps Up Foley Probe. The Washington Post (12/9, A1, Weisman) reports the House ethics committee "concluded yesterday that House Speaker J. Dennis Hastert and his top staff probably knew for months, if not years, of then-Rep. Mark Foley's inappropriate contact with former House pages but did nothing to protect the teenagers. Top GOP House leaders also 'failed to exercise appropriate diligence' in the matter, the committee's report found, and tried 'to remain willfully ignorant of the potential consequences of Foley's conduct.' … The report speculated that some officials were reluctant to act too aggressively for fear of exposing Foley's homosexuality or for political reasons. But the ethics panel, officially known as the Committee on Standards of Official Conduct, decided against taking any action against the leaders, aides or House officials involved in the saga, declining even to describe their actions as bringing ill repute on the House."

ABC World News (12/8, story 2, 2:00, Tapper) reported, "After nine weeks of investigating the Mark Foley page scandal, the House Ethics Committee concluded that no staffers violated the House code of conduct." Rep. Judy Biggert, Standards of Official Conduct Committee: "I think we found the truth. We answered the questions that we had to answer." Tapper: "The committee, which conducted more than 50 interviews and depositions, did find a pattern of conduct was exhibited among many individuals to remain willfully ignorant of Congressman Mark Foley's behavior with pages."

The CBS Evening News (12/8, lead story, 2:30, Couric) led with the story, saying "the page scandal may not have cost Republicans control of Congress, but it sure didn't help. And in any case, the House Ethics Committee says they have only themselves to blame. An investigation concluded today that the Republicans had plenty of warning about then-Florida

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Congressman Mark Foley's inappropriate behavior with male pages. But the panel says they did little about it for political reasons."

NBC Nightly News (12/8, lead story, 2:55, Reid) reported. "The report also says the Chairman of the Page Board, John Shimkus, was told by a staffer last year that Foley was a 'ticking time bomb.' … The Ethics Committee says no House rules were broken and no disciplinary actions are warranted … Foley himself is still under criminal investigation but much to the chagrin of Congressional watchdogs here on Capitol Hill, it appears to be over."

CNN's The Situation Room (12/8, Blitzer) reported, "This report does go into detail in trying to make the case that just because they're not reprimanding anyone, it should not be seen as an idea that staffers acted properly, or even members of Congress."

The Los Angeles Times (12/9, Levey) reports, "In a coda to a year of political disasters for Republicans, the House Ethics Committee said Friday that GOP lawmakers and staff members for years remained 'willfully ignorant' that…Foley was making sexual advances toward male congressional pages. Driven by political considerations and fear of exposing Foley's homosexuality, they failed in their duty to protect the teenagers, the committee concluded in its report on the scandal. And, the panel said, congressional officials ignored evidence of predatory behavior by the Florida Republican that began emerging more than 10 years ago."

The New York Times (12/9, A14, Zeleny) reports, "The members of the investigating subcommittee, two Republicans and two Democrats, declined to take questions on Friday or respond to critics who said the case of Mr. Foley…underscored a need to reform how Congress policed itself. The findings were presented in a two-inch-thick document, including volumes of sexually graphic instant messages Mr. Foley sent to former pages. Mr. Foley refused to testify, the report said, citing pending criminal investigations against him in Florida as well as his right not to incriminate himself. … The committee said it could not conclusively say why Republicans failed to address Mr. Foley's conduct. But the investigation found that Republicans 'may have been concerned that raising the issue too aggressively might have risked exposing Representative Foley's homosexuality, which could have adversely affected him both personally and politically.'"

Committee Suggests Hastert And His Staff Mislead Investigators. Roll Call (12/8, Bresnahan, Davis) reports Speaker Hastert "emphasized that the panel concluded that no House Member or staffer was aware of the more sexually explicit messages that surfaced after the Foley scandal became public." Hastert "told the investigative subcommittee that he could not recall being told by House Majority Leader John Boehner (R-Ohio) and Rep. Tom Reynolds (R-N.Y.) about inappropriate e-mails. … The investigative subcommittee 'finds that the weight of evidence supports the conclusion that Speaker Hastert was told, at least in passing, about the e-mails' by both Boehner and Reynolds, the report stated. 'Neither the Majority Leader nor Rep. Reynolds asked the Speaker to take any action in response to the information each provided to him, and there is no evidence that the Speaker took any action.'" The ethics committee "apparently did not believe" Hastert chief of staff Scott Palmer's "denial of any knowledge of the Foley e-mails, and it disputed Palmer's claim that he did not meet privately with Foley or his former chief of staff, Kirk Fordham, to discuss the matter. 'The weight of evidence supports a conclusion that Kirk Fordham talked to Scott Palmer about Fordham's concerns about Rep. Foley's conduct, and that Palmer later talked to Rep. Foley,' the report stated."

The Chicago Tribune (12/9, Dorning, Parsons) reports the panel "cast doubt on Hastert's public insistence that he was unaware of a complaint about inappropriate e-mail messages Foley sent to a former page last year. … The panel blasted another senior Hastert aide, counsel Ted Van Der Meid, for 'an inexplicable lack of interest' when he received a complaint about the Foley e-mails. Van Der Meid had been repeatedly warned previously of inappropriate contacts with pages, including at least one of Foley's visits to the page dorm, the panel found."

Kolbe Said To Have Lied About His Knowledge Of Foley's Behavior. The Washington Post (12/9, A1, Weisman) reports that "perhaps the biggest revelations involved" Rep. Jim Kolbe. The Washington Post "reported in October that one of his former pages had received a sexually explicit instant message from Foley, which the former page had shown to Kolbe as long ago as 2000. After the story appeared, Kolbe said that the contact was with his staff, not him, that he did not see it and that he was unaware it was explicit. Kolbe's assistant, Patrick Baugh, told the committee that the former page had contacted Kolbe directly and that the former page revealed the explicit nature of the message. Moreover, after the Foley matter exploded in the media, the former page contacted Kolbe again to ask whether he should divulge the instant message. He testified that Kolbe responded: 'It is best that you don't even bring this up with anybody. … There is no good that can come from it if you actually talk about this.'"

WPost, NYTimes Assail Committee Over Its Inaction. The Washington Post (12/9, A18), in an editorial, writes, "What, one has to wonder, would it take for the House ethics committee to hold a lawmaker or a staff member accountable? … In a report released yesterday, the panel did a good job laying out the disturbing facts of the case…then, all too characteristically, the committee declined to hold even a single individual responsible for any misstep."

The New York Times (12/9) editorializes, "Watching our elected leaders in action, it's not surprising that Americans

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wonder if there is any limit to the crass misbehavior that members of Congress are willing to tolerate from their colleagues to protect their privileges and hold on to their own jobs. The House ethics committee answered that question yesterday with a resounding 'No.'"

Reid, McConnell Schedule Closed-Door Meeting Of All 100 Senators. The Washington Post (12/9, A3, Babington) reports Senate Democrats, "who campaigned on a pledge of more openness in government, will kick off the 110th Congress with a closed meeting of all 100 senators in the Capitol." Sen. Harry Reid "announced yesterday 'a joint caucus meeting' for senators only, to be held that morning in the old Senate chamber, a cozy, seldom-used room. The gathering 'will allow senators an opportunity to meet before the Senate is in session and before any official legislative business is considered,' Reid's office said." Sen. Mitch McConnell "endorsed the plan." Roll Call.com (12/8, Stanton, Billings) reports, "Although Reid and McConnell came up with the idea of a bipartisan caucus meeting as a way to bring about a greater sense of bipartisanship in the Senate, it has raised questions about the appropriateness of barring the press from a meeting of the entire Senate during which lawmakers could essentially map out the year's legislative activities for the year in advance.

The AP (12/8, Kellman) reports, "Spokesmen for the lawmakers said the meeting would not amount to a closed session of the Senate under the chamber's rules. However, any meeting of 100 senators with rules of any kind is by definition a meeting of the Senate, said Brian Darling, director of Senate relations for The Heritage Foundation. 'It would be a de facto meeting of the Senate and although they want to call it something else, it is,' Darling said. 'To set up something and to plan something between the leaders is very unusual and should be subject to open government rules,' he added. 'Their intentions are good, but the results of what they're doing will be not good for the American people.'"

Filner To Chair House Veterans' Committee. On its web site, Roll Call (12/8, Yachnin) reports, "After successfully beating back a challenge from Rep. Mike Michaud (D-Maine) on Friday, Rep. Bob Filner (D-Calif.) will become chairman of the Veterans' Affairs Committee in the 110th Congress. The full Democratic Caucus confirmed Filner to the post in a 112-69 vote following a brief meeting in the House Rayburn Office Building. The Democratic Steering and Policy Committee heard from both lawmakers Thursday and voted 24-20 in favor of Filner. But the close split allowed for the full Caucus, which must ratify Steering's recommendations, to nominate candidates from the floor."

VA Health Care Records Success Stories. CBS Evening News (12/8, story 6, Couric, 7.66M) reported, "For decades, politicians have been calling for a comprehensive government plan to make quality health care available and affordable. Well, it turns out that the government already has a system in place that delivers great care at low cost. It's not for everyone, just for those who have served our country." Unidentified doctor: "Good to see you! How are you?" CBS (Andrews): "Eighty-eight-year-old George Sack can go anywhere he wants for health care, but he chooses to go to the VA. ... If his choice surprises you, it does not surprise the experts. In studies, including one by Harvard and in six straight years of patient satisfaction surveys, the VA earned the highest health care quality rating in the country. It is also the least expensive. It's a remarkable turnaround from the old VA."

McKinney Bill Calls For Bush's Impeachment. The AP (12/8) reports, "In what was likely her final legislative act in Congress, outgoing Georgia Rep. Cynthia McKinney announced a bill Friday to impeach President Bush. The legislation has no chance of passing and serves as a symbolic parting shot not only at Bush but also at Democratic leaders. Incoming House Speaker Nancy Pelosi has made clear that she will not entertain proposals to sanction Bush and has warned the liberal wing of her party against making political hay of impeachment."

Coast Guard Stumbles In Remaking Itself. The New York Times (12/9, A1, Lipton, 1.16M) reports, "Four years after the Coast Guard began an effort to replace nearly its entire fleet of ships, planes and helicopters, the modernization program heralded as a model of government innovation is foundering. ... The problems have helped swell the costs of the fleet-building program to a projected $24 billion, from $17 billion, and delayed the arrival of any new ships or aircraft. That has compromised the Coast Guard's ability to fulfill its mission, which greatly expanded after the 2001 attacks to include guarding the nation's shores against terrorists. The service has been forced to cut back on patrols and, at times, ignore tips from other federal agencies about drug smugglers."

Treasury Report Expected To Show Little Progress In Deficit Reduction. The Wall Street Journal (12/9, A2, Solomon) reports, "Bush administration officials have begun grappling with one of the toughest tasks they face over the next two years: How to both protect the president's tax cuts and put the federal budget deficit on a sustainable path." On Tuesday, the Treasury Department "releases its latest budget tally. The numbers likely will show little progress in shrinking the deficit despite a growing economy. For the first two months of the fiscal year that began Oct. 1, the government is expected to show a deficit of about $122 billion -- $9 billion less than the same period last

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year." Showing progress on the deficit "is crucial as the White House heads toward early February," when the fiscal year 2008 budget plan will be released.

Strong Hiring, Low Unemployment Give Fuel To Optimism On Economy. NBC Nightly News (12/8, story 6, 2:30, Williams) reported, "The Labor Department reported today that employers added 132,000 jobs to their payrolls last month. At the same time the unemployment rate ticked up a notch to 4.5% as more people got into the labor market to look for work. The economy is creating jobs in some unlikely places."

The Wall Street Journal (12/9, A3, Conkey) reports that "solid hiring and an unemployment rate still near a five-year low reinforced the upbeat view of optimists, including the Federal Reserve, that the economy is weathering the downturn in the housing and automotive sectors. … The unemployment rate edged up slightly to 4.5% in November from 4.4%. Unrounded, the increase was even smaller: from 4.42% to 4.47%." But as the Washington Post (12/9, D1, Henderson) writes, "Sometimes, an uptick in unemployment can be good news." The slight increase was "not primarily because of layoffs. The rate rose as hundreds of thousands of Americans who had previously dropped out of the labor force poured back in, drawn by brightening employment prospects. Most of them found work." The Financial Times (12/9, Guha, Callan, Tassell) says Fed chief Ben Bernanke's "optimism that the US economy is heading for a soft landing received a lift" with the reports.

Crude Oil Down Slightly After Early Jump. The Wall Street Journal (12/9, B1, McKay) reports crude oil futures "jumped $1.16 in morning trading" Friday in New York, "but finished the day off 46 cents, or 0.7%, at $62.03 a barrel, up 1.6% on the year."

Automotive Writer Says US Gasoline Prices Comparatively Low. The "Free Speech" feature on the CBS Evening News (12/8, story 7, Couric) focused on US gasoline prices, with automotive writer Mike Rutherford arguing that "if you believe you're paying too much for the fuel you're paying for your automobiles, you're not living in the real world. In the States you're enjoying pump prices that are among the lowest on the planet."

Lindsey Group's Sumerlin Gives Bernanke "A" For First Year. In a Wall Street Journal (12/9, A8) op-ed, Lindsey Group Managing Director Mark Sumerlin writes, "Ben Bernanke deserves an A for his first year as chairman of the Federal Reserve. The Bernanke Fed hasn't always been graceful or elegant, but it has been mostly right."

FDA Panel Concludes Stents May Be Unsafe. ABC World News (12/8, story 7, 2:20, Gibson) reported, "Leading heart doctors concluded two-day assessment of drug-coated stents. More than 1 million Americans had them implanted just last year. But there are concerns that drug-coated stents may increase the occurrence of blood clots that cause heart attacks." NBC Nightly News (12/8, story 3, 1:30, Bazell) said a special FDA panel said "doctors and patients need to know that when the devices are used that way they can cause blood clots, lead to heart attacks or deaths and said patients need to be on blood-thinning medication for at least a year."

On its front page, the Washington Post (12/9, Stein) reports the panel has concluded that "new drug-oozing stents widely used to prop open clogged arteries are associated with an increased risk of blood clots, heart attacks and death for the majority of patients receiving the devices." The Wall Street Journal (12/9, Winslow, Mathews), also on its front page, says that "the vast majority of patients who have a coated stent won't experience a problem. But in recent months, long-term studies and real-world experience have yielded evidence that in rare instances the newer devices may trigger potentially fatal blood clots, years after they are implanted." The New York Times (12/9, A11, Feder) says the FDA's Daniel Schult "said it was too soon to discuss what specific actions the F.D.A. might take."

NIH Scientist Admits Violating Conflict-Of-Interest Rules. The Washington Post (12/9, B2, Rich) reports, "A senior government scientist who was a focus of a congressional probe into conflicts of interest in medical research admitted in federal court yesterday that he improperly failed to disclose payments of $285,000 he received as a consultant for the pharmaceutical manufacturer Pfizer Inc. Pearson 'Trey' Sunderland III, who was chief of the Geriatric Psychiatry Branch of the National Institute of Mental Health, pleaded guilty in Baltimore to a misdemeanor charge of violating conflict-of-interest rules." Sunderland "was paid as a consultant on two projects in which his department was collaborating with Pfizer on research to identify chemical warning signs of Alzheimer's disease."

NASA Administrator Calls Decision To Build Shuttle "A Policy Mistake." The New York Times (12/9, A16, Schwartz, 1.16M) reports NASA Administrator Michael Griffin "says the current period of space exploration will come to be seen as a mistake. 'Viewed from the point of history several decades out,' he said in an interview, 'the period where the United States retreated from the Moon and quite deliberately focused only on low Earth orbit will be seen, to me, a mistake.' The Times notes that Griffin has made similar comments before and that "this time, his remarks came as he waited for Thursday's down-to-the-wire effort to launch the shuttle on a 12-day mission to rewire the International Space Station. The liftoff was scrubbed at the last minute because of weather concerns."

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NYTimes Cautions Against Lunar Base Costs. The New York Times (12/9, 1.16M) editorializes that NASA this week "announced plans to establish a permanent base on the Moon by 2024, explained why we should want to send astronauts back to a world they visited repeatedly more than three decades ago, and described what they might do when they get there." But "what's worrisome about the new plans is their lack of focus. The agency cites six major reasons for returning to the Moon. The most persuasive is to use the Moon as a base to test technologies and operating techniques to be used on future missions to Mars, a more compelling target." The Times concludes, "Our main concern is that the political proponents of the Moon-Mars adventure will not provide money commensurate with the task. NASA's crowning scientific achievements have come from its unmanned probes to distant worlds and its orbiting observatories. It would be a shame if an underfinanced program to return to the Moon on a permanent basis and then venture on to Mars forced reductions in research programs of higher scientific value."

Man Stabs Himself Outside Longworth House Office Building. On its web site, Roll Call (12/8, McArdle, Bresnahan) reports, "At 12:55 p.m. today, a 19-year-old man walked up to the main entrance of the Longworth House Office Building and proceeded to stab himself at least once in the chest in front of Capitol Police officers. After arresting the man, officers found something in a backpack he was carrying that led them to shut down streets near Union Station to search for a suspicious package that he had mailed earlier in the day. By 5:30 p.m., the package had been found and was deemed safe by Capitol Police and Metropolitan Police, and investigators and the man remained at George Washington Hospital under police arrest."

SMU Wins Property Dispute Involving Bush Library Bid. The AP (12/8) reports Southern Methodist University "has won a court ruling that could boost its bid to host the George W. Bush Presidential Library. Federal District Judge Jerry Buchmeyer ruled Thursday that SMU has clear title to a condominium complex that university officials have considered for the library. SMU and two other colleges are bidding for the library. Leon Bennett, SMU's vice president for legal affairs, said the university plans to evict the remaining residents this month and begin tearing down the condominiums."

White House Releases New Barney Christmas Video. The AP (12/8) reports, "Just in time for the holidays, America's best-known Scottish terrier is back with a new video on the White House Web site. It's 'Barney's Holiday Extravaganza,' a production that follows Barney around the White House as he plans a holiday show, runs into trouble developing a plot and then wrangles over his budget with Treasury Secretary Henry Paulson and Budget Director Rob Portman."

LATimes Urges Bush To Avoid Recess Appointments. The Los Angeles Times (12/9) editorializes that President Bush "and his would-be successors — Democratic and Republican — should resolve that [John] Bolton is the last major official to serve under this disability" – a recess appiointment. Recess appointments "are allowed by the letter of the Constitution, but they violate its spirit. … With a new Democratic majority in the Senate capable of sustaining a filibuster, Bush may be tempted to resort to recess appointments — perhaps even to the Supreme Court — as payback for what he would see as obstructionism. He should resist the temptation."

OTHER NEWS:

Jefferson Goes On Offensive In Runoff Campaign. The Washington Post (12/9, A2, Murray, Lengel) reports Rep. William J. Jefferson "was given up for dead politically after the FBI found $90,000 in alleged bribe money in his freezer, and he barely survived a Nov. 7 primary election, garnering 30 percent of the vote in a crowded field of 12 challengers. Now he is locked in a tough runoff with a well-funded Democratic challenger who is using poetry and schoolchildren to highlight Jefferson's ethical woes. Many of Jefferson's House colleagues are privately rooting for him to lose today so his troubles do not tarnish the new Democratic-controlled Congress." Jefferson "has scooped up high-profile endorsements from New Orleans Mayor C. Ray Nagin and state Sen. Derrick Shepherd, who finished third in the primary, while attacking opponent Karen Carter, who finished second with 22 percent of the vote, as too liberal. In one ad, Jefferson declares 'I have never taken a bribe' and dismisses Carter, a 37-year-old lawyer and state representative, as 'an ambitious young woman.'" Jefferson "has attempted to portray Carter as a left-wing fringe figure who supports late-term abortions, same-sex marriage and human cloning."

Romney Draws Fire From Conservatives Over 1994 Letter On Gay Rights. The New York Times (12/9, A11, Nagourney, Kirkpatrick) reports Gov. Mitt Romney, who has "built a presidential campaign on a broad appeal for conservative support, is drawing sharply increased criticism from conservative activists for his advocacy of gay rights in a 1994 letter." Romney's "standing among conservatives is being hurt by a letter he sent to the Log Cabin Club of Massachusetts saying that he would be a

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stronger advocate for gay rights" than Sen. Edward Kennedy, whom he challenged that year. The "circulation of the letter by gay rights groups in recent weeks has set off a storm of outrage among social conservatives, and by Friday was looming as a serious complication to Mr. Romney's hopes." The "breadth of the letter's language and the specificity of many of the pledges stunned conservative leaders. Many of them had turned to Mr. Romney as a conservative alternative" to Sen. John McCain, "whose position on issues like abortion had been considered suspect."

Edsall Says Romney "Trying To Forcibly Reinvent Himself." In his New York Times (12/9, A19) column, Thomas B. Edsall writes that the "most significant development at this stage" of the GOP presidential nomination race "is the failure of any G.O.P. candidate to emerge as the consensus conservative, uniting white evangelicals, family-values traditionalists, defense hawks, and opponents of the tax and regulatory state. … The two Republican candidates leading in polls, John McCain and Rudy Giuliani, both fail the consensus test. Each stands to the left of the party -- well to the left in Giuliani's case -- on the 'traditional values' issues: sexual mores, family structure, reproductive choice, gay rights, embryonic stem cell research, and so forth." Romney "is trying to forcibly reinvent himself from his incarnation as a Massachusetts governor who favored abortion rights and gay rights — almost as hard a history to surmount in the G.O.P. as the multiple marriages and divorces of McCain, Giuliani, and Newt Gingrich."

Brownback Discusses McCain, Giuliani, And His Own Chances. Asked on MSNBC's Hardball (12/8, Barnicle) if either Sen. John McCain or Rudy Giuliani can win the GOP presidential nomination, Sen. Sam Brownback said, "That's the beauty about the process. It's a lengthy campaign and people examine the positions and then they decide. And don't think you can judge that question at this point in time. They are both great Americans, they're great heroes in this country, but elections are about ideas and the future and that's what I hope to present." On his own bid, he said, "We're in the exploratory phase. We haven't moved this on forward past that yet, but I'm going to be traveling and presenting a lot of ideas and I love the battle and the competition of ideas."

Pataki Suggests He Can Overcome "Obstacles" To GOP Nomination. Gov. George Pataki was asked about his presidential ambitions during an interview with Fox News (12/8, Skinner). Pataki said, "I still have a little over three weeks left as governor. That's what I'm focusing on right now. … Once this year is over, once I am a private citizen, I'll take a look and make a decision." Asked about polls showing him at "two percent or so" among Republican primary voters, Pataki said, "If you did the same type of poll in New York state in 1993 asking about the possible candidates for governor, I doubt if I would have gotten two percent. … But when you have a vision, when you have the ability to articulate and implement that vision, and you work hard, I think I've shown in New York that you can overcome those obstacles."

Some Republicans Second-Guessing Final NRSC Moves. The New York Times (12/9, A13, Kirkpatrick) reports campaign finance reports submitted this week "have led to second-guessing about whether the National Republican Senatorial Committee borrowed too little for its final all-out push for its candidates. At least two Republican Senate candidates lost by just a few thousand votes." The final figures and low debts "left some Republicans grumbling privately" that NRSC leader Elizabeth Dole "had failed to give it her all."

Allen Faults "Distractions" For Turning Virginia Race Against Him. The Washington Post (12/9, B1, Shear) interviews outgoing Sen. George Allen, who says "distractions" helped turn his Virginia reelection race against him. Allen "declined to talk specifically about the controversies that turned what was supposed to be his warm-up for a presidential campaign into a losing bid to hold on to his Senate seat. 'You can't brood and dwell' on the loss, he said. But it's clear -- especially from the football analogies he uses frequently to describe the sudden turn in his political life -- that Allen regrets the mistakes he and his campaign staff made during the past several months." Allen said, "In the event that you lost a game by three or four touchdowns, people say, 'Gosh, it's a blowout.' If you lose by one point in a game, you can look back on every single play of the game." Allen "politely declines to discuss any political future he might have in Virginia," though "friends and political observers" say Allen is "likely to bide his time before attempting a possible comeback, perhaps as governor in 2009."

Kilroy Still Refusing To Concede In OH15. CNN's The Situation Room (12/8, Blitzer) reported that in OH15, "a hand recount is over, and Republican Congresswoman Deborah Pryce still has a 1,055-vote lead over Democrat Mary Jo Kilroy. But Kilroy still is refusing to concede. The rest of the recount will be conducted by electronic machines. Election officials say the final results…should be known next week."

Sekula-Gibbs Leaves "Legacy Mainly Of C-SPAN Video." The Houston Chronicle (12/9, Kim) profiles Rep. Shelley Sekula-Gibbs of TX22, who took office on November 13 and who spent "her last official day on the Hill" Friday. Sekula-Gibbs "spent the past week…delivering one

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speech after another on the House floor. Her soliloquies, aimed at the House television camera as the chamber was virtually deserted, could have been judged plentiful even in a place where performance art often passes for good politics." She "leaves a legacy mainly of C-SPAN video."

Large Majority Supports Letting Government Negotiate Drug Prices. The Washington Post (12/9, A3, Lee) reports a Kaiser Family Foundation survey finds that the "overwhelming majority of Americans favor allowing the government to negotiate prescription drug prices for the Medicare program, suggesting there will be considerable political pressure on the next Congress to do so." Of the 1,867 adults polled, 85% "said they favored such negotiations, including majorities of Republicans, Democrats and independents."

Jeane Kirkpatrick Dies At 80. CNN's The Situation Room (12/8, Blitzer) reported, "A pioneer for women with political influence has died. Jeane Kirkpatrick was the first female US ambassador to the UN, and she was an unabashed advocate of Reagan-era conservatism, after beginning her public life as a Democrat. Her assistant says Kirkpatrick died in her sleep at her Bethesda, Maryland, home last night. She was 80 years old."

ABC World News (12/8, story 8, 0:45, Gibson), the CBS Evening News (12/8, story 5, 0:10, Couric), and NBC Nightly News (12/8, story 9, 0:45, Williams) all briefly reported on Kirkpatrick's death.

The New York Times (12/9, A1, Weiner) reports that in March 2003, President Bush "recalled Ambassador Kirkpatrick to active duty and sent her to Geneva, said Alan Gerson, who had served as her general counsel at the United Nations. The secret mission, previously undisclosed, was to head off a diplomatic uprising against the imminent war against Iraq."

The Washington Post (12/9, A1, Holley) reports, "For many years a Cold War liberal…Kirkpatrick became a neoconservative in the 1970s and then a Republican Party stalwart. An academic and a public intellectual who never held elective office, she briefly considered seeking the Republican presidential nomination in 1988." The AP (12/8) reports, "She stopped that process short, however, retreating to the position that she would accept the No. 2 slot if asked. She had played a leading role at the party's convention four years earlier — at a time when she was still a Democrat."

WSJournal Remembers Kirkpatrick. The Wall Street Journal (12/9, A8), in an editorial, writes, "The mind's eye recalls the televised image in the early 1980s of Ambassador Kirkpatrick, a Democrat then, seated at the U.N. Security Council table and publicly defending U.S. interests against the Soviet Union with an articulate, no-nonsense bluntness that makes Mr. Bolton sound like Little Bo-Peep by comparison. That style -- American interests made perfectly clear -- will be missed."

WPost Blames Conservatives For Virginia GOP's Woes. The Washington Post (12/9, A18) editorializes, "Virginia Republicans gathered at a handsome resort the other day to lick their wounds and plot their future. Or rather, some Virginia Republicans did -- namely, the party's right-wing, anti-tax ideologues, who have contributed mightily to devastating back-to-back losses in races for the governorship last year and the U.S. Senate this year. Virginia's more pragmatic Republicans, who are more interested in addressing the state's problems than in upholding the true faith of anti-tax doctrine, did not bother to show up."

WSJournal Sees New York Transfat Ban As Boon For Plaintiff's Bar. The Wall Street Journal (12/9, A8) editorializes that New York City's "concern for the health of residents is understandable, but trans fats are not E. coli (or even secondhand smoke), and the federal Food and Drug Administration still considers these chemically modified food ingredients perfectly safe for consumption. Could it be that Mayor Mike has been taken in by activist Gotham health czars and national Naderite 'watchdog' outfits like Michael Jacobson's Center for Science in the Public Interest, among others pushing a larger agenda? … The ultimate goal of these so-called consumer advocates is to persuade the FDA to turn on trans fats, a move that would serve the food industry up as the next entree on the plaintiff bar's menu. Don't be surprised if the new Democrat Congress helps them pursue this goal, just like Mayor Bloomberg, on the dubious assumption that people can't decide for themselves what and what not to eat."

Internet Technologies Said To Have Benefited Democratic Candidates. The Washington Post (12/9, A19) Raul Fernandez, chief executive of the software firm ObjectVideo, writes, "Technology won the 2006 elections for the Democrats. … The Internet…changed the balance of power in the House and Senate." Fernandez notes, "Search 'Conrad Burns' on YouTube.com and you get more than 130 videos, most of them unflattering. The most popular is 'Conrad Burns' Naptime,' set to 'Happy Trails.' No fancy production values here -- just a straight-on camera shot of the senator falling asleep during a congressional hearing important to Montana. That video alone received more than 100,000 views. Dozens of other anti-Burns videos, detailing such things as 'pay-to-play' allegations and key gaffes, were seen by many thousands of viewers. In a race that was lost by about 3,000 votes, those YouTube creations had an impact."

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US Opponents Said To Coalesce Into "Resistance" Movement. In a 3,200-word piece on its front page, the Wall Street Journal (12/9, Higgins, 2.04M) describes in detail "the unlikely coalition of the U.S.' sworn enemies," including communists, radical Islamists and Latin American populists. The Journal says post-Cold War assumptions of America's "triumph" are "now under strain as secular rebels, antiglobalization militants and other strains of revolt rally to the banner of 'resistance' offered by Islamist groups such as Hezbollah." Religion "has become a great mobilizing force -- even for zealous atheists. The phenomenon extends beyond the Middle East to Europe, Latin America and Africa, too. Causes that a few years ago seemed moribund or at least passé -- socialism, Third World solidarity, strident anti-Americanism -- have been injected with the fervor, though rarely the actual faith, of Islamic radicalism."

Rice Cites "Freedom Deficit" As "Core Problem" In Middle East. The AP (12/9, Schweid) notes Secretary of State Condoleezza Rice said yesterday that "a lack of democracy -- a 'freedom deficit' -- is the core problem in the Middle East. But Rice also said despite a divide between moderates and extremists in the area, she thinks the Bush Administration can begin to deliver on its promise of a Palestinian state living in peace alongside Israel." Appearing with German Foreign Minister Franz-Walter Steinmeier, Rice "made it clear the administration would continue to focus on spreading democracy and steering clear of extremists while pursuing an Arab-Israeli settlement." The AP notes that Assistant Secretary McCormack earlier this week "said Rice intends to devote a lot of time on the Middle East and would make a trip to the region early next year to try to promote Mideast peacemaking." Rice plans to meet today with Israeli Foreign Minister Tzipi Livni, and AFP (12/9) reports Livni "has rejected suggestions by influential US policymakers that the Israeli-Palestinian conflict lies at the heart of a broader Middle East crisis."

UN Security Council Will Consider Revised Iran Resolution Monday. The New York Times (12/9, Hoge, 1.16M) reports London, Paris and Berlin "produced a revised draft of [an UNSCR] on Iran on Friday, and said they would formally introduce it on Monday in the hope of obtaining a speedy vote on much-delayed action to curb Tehran's nuclear program." The revised draft "is aimed at meeting persistent objections from China and Russia. The revised language narrows the scope of prohibition and punishment to activities that are clearly associated with making a nuclear weapon," and "also removes restrictions in earlier drafts on the construction, supplying and operation of an $800 million light-water reactor that Russia is building at Bushehr in southern Iran." Travel bans, asset freezes and proliferation curbs remain in the draft. Assistant Secretary McCormack "said that he sensed that the differences over the resolution 'were starting to narrow.'"

The Financial Times (12/9, Turner) says the three European powers "launched a new United Nations drive to impose sanctions on Iran, calling all countries to prevent the supply of goods that could help its nuclear enrichment and reprocessing programmes, or the development of nuclear weapon delivery systems." Experts said the latest draft "represented a conceptual reversal from earlier proposals that had called for a blanket ban on nuclear-related goods unless specifically exempted."

The AP (12/9, Gearan) notes Washington "suggested Friday that a deal on imposing United Nations sanctions on Iran is near despite a disappointing round of talks among world powers earlier this week." McCormack "indicated the United States does not have unlimited patience for what have already been drawn-out negotiations among the [UNSC's] permanent members and Germany over Tehran's nuclear program." The AP says Iran "was on the agenda for a meeting between" Rice and Russian National Security Advisor Igor Ivanov yesterday. A separate AP (12/9, Lederer) piece says the latest draft is "narrowing sanctions on Iran," but notes the UNSCR "still would ban the supply of materials and technology that could contribute to Iran's nuclear and missile programs" and that "it spells out in much greater detail exactly what items are prohibited."

BBC.com (12/8) adds the "draft details which materials Iran would be banned from acquiring under possible Security Council sanctions. It also threatens Iran with unspecified actions if it does not suspend its enrichment of uranium, but is narrower in scope than previous drafts."

Lebanese PM Directly Blasts Hezbollah Chief In Public Address. The New York Times (12/9, Bakri, Slackman, 1.16M) notes Lebanese Prime Minister Fouad Siniora "lashed out Friday at Hezbollah's leader, Sheik Hassan Nasrallah, in a deeply personal attack in which he dismissed the sheik's political ultimatums for more power, saying, 'You are not our Lord and your party is not our Lord.'" The Times says Siniora's "decision to go head to head with Sheik Nasrallah in a televised address was a risky strategy [because his] local and regional standing is nowhere near the outsized image that the Hezbollah leader enjoys. But it also reflected how Lebanon's political crisis had spread beyond the bounds of political differences and entered the highly combustible realm of personal animosities between leaders." The Times adds, "In striking back, the prime minister challenged the credibility of Sheik Nasrallah and Hezbollah — or the Party of God — a strategy that would have been

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unheard of in the early days after the war with Israel… But Lebanon is now divided and angry, and its leaders talk about promoting dialogue — while ratcheting up a heated confrontation."

The AP (12/9, Karam) says Siniora "accused Hezbollah's leader of threatening a coup in an unusually harsh exchange between the two rivals that stoked tensions as the Shiite guerrilla group escalated its attempts to oust the government." He is quoted saying Nasrallah "is threatening a coup and his statements carry all the seeds of dissension and threat." Siniora also reiterated that ongoing Hezbollah rallies "would not force his resignation."

Six-Party North Korea Talks To Resume Next Weekend. The Washington Post (12/9, A16, Kessler, 690K) reports the six-party talks on North Korea "will begin next Saturday morning in Beijing, two months after Pyongyang defied international pressure and conducted its first nuclear test. Such talks have been stalled for more than a year." Assistant Secretary of State Chris Hill "said China, the host of the talks, will make a formal announcement this weekend. The first session is expected to last a few days, then take a break before Christmas." Administration "officials said all sides have agreed that the talks will seek to implement the joint 'statement of principles' issued on Sept. 19, 2005, which was designed to lay out a negotiating road map." The Post says that Hill "has indicated a clear sense of urgency in implementing the agreement. Some Asian diplomats reported that he sought a timeline as short as 18 months, before President Bush completes his term. A U.S. official said Hill and the North Koreans have discussed in general terms how long it would take to implement the 2005 statement."

House, Senate Pass India Nuclear Deal. The AP (12/9, Rosenberg) reports "officials hailed" the House of Representatives' approval of the US-India nuclear cooperation agreement "as the symbol of a broad shift in relations between the two countries. But the deal also highlights some of the limits of the emerging strategic partnership." Undersecretary Burns called the agreement "a major, historic step forward for both our countries," and said it "is the symbolic center of this new strategic partnership between India and the United States." The AP adds, "While the new partnership could further open up a huge market for American companies and give India the energy it needs, it is far more fraught politically." The Senate was to vote on the deal late Friday.

The Wall Street Journal (12/9, A4, Solomon) says Congressional approval of the deal "could open a torrent of U.S. high-tech trade with the subcontinent." The Administration sees the deal "as underpinning an evolving Washington-New Delhi alliance that could help counter China's emergence as a global economic and military power. American companies are set to benefit from potential nuclear-energy deals, worth billions of dollars, and other trade opportunities that are likely to open in the wake of the initiative." The Journal notes that, "if the bill passes, it's likely to be at least another six months before American companies can begin selling nuclear technologies." Both nations "still need to agree to parameters for the types of technologies to be included," and India must negotiation a safeguards deal with the IAEA.

The New York Times (12/9, A6, Mazzetti) says the House "voted overwhelmingly on Friday to cement closer ties between the United States and India, endorsing President Bush's plan to allow American shipments of civilian nuclear reactors and fuel to India over criticisms that the plan could spark a regional arms race." The "landslide vote handed the White House a major victory at a time when the Bush administration's foreign policy is under fire on multiple fronts, and it was another signal that American lawmakers are looking for concrete steps to counter China's growing influence in Asia."

The Los Angeles Times (12/9, Gerstenzang) notes, "Reversing three decades of U.S. policies intended to halt the spread of nuclear weapons, Congress early today approved a long-stalled agreement giving India access to American nuclear technology with limited safeguards to discourage possible proliferation." The Senate "voted unanimously in favor of the deal shortly before 3 a.m. President Bush, who finalized the terms of the agreement during a visit to India in March, is expected to sign it quickly."

The Financial Times (12/9, Johnson) notes the Congressional votes mark "an important milestone in" the two nations' "journey towards a new strategic partnership." A final deal "will end a technology-denial regime imposed on India in the wake of its 1974 nuclear test; mark an abrupt shift in US counter-proliferation policy; and open the door to a wide range of commercial opportunities." The Times adds, "After investing political capital to secure the vexatious agreement, bitterly criticised by non-proliferation campaigners as a reward to a nuclear pariah state outside the Non-Proliferation Treaty, the Bush administration is expected to drive to secure some commercial objectives in India." While the Administration "has not disguised its desire to ramp up military and defence collaboration," the "painful history of US sanctions, which saw supplies of spares abruptly terminated, has left a legacy of mistrust in the Indian defence establishment that is only slowly dissolving."

Indian Finance Minister Eyes Double-Digit Annual Growth. The Wall Street Journal (12/9, A4, Bellman) notes remarks by Indian Finance Minister P. Chidambaram that "India's economic expansion could

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accelerate to more than 10% annually in the next five years," a "trajectory that puts India on a similar growth path as Asia's other star performer: China." Chidambaram told the Journal that his nation "could see growth climb into the double digits during the period covered by the government's next five-year economic plan, which starts April 1." His "comments echo those of other Indian leaders, who say double-digit growth is within reach, as long as the economy continues to open to private and foreign investment." Chidambaram "welcomed a recent slowdown in inflation. He said that while he would like to see inflation lower, it is in part a result of India's robust growth and still much lower than it used to be." He also pledged that "India will continue along the path of revamping its economy."

House Passes Vietnam, Haiti Trade Measures. BBC.com (12/9) reports the House of Representatives "has passed landmark legislation normalising trade relations with Vietnam." The last-minute "deal also expanded trade relations with Haiti, and tweaked Washington's trade preferences with several states in Latin America and beyond." BBC says the "Congress' failure to pass the bill normalising trade relations with Hanoi" before President Bush's November trip to Vietnam "was seen as an embarrassment" for him.

At Home And Abroad, Chinese Leaders Embrace New Role. A lengthy piece on the New York Times (12/9, A1, Kahn)'s front page today reports, "China's Communist Party has a new agenda: it is encouraging people to discuss what it means to be a major world power and has largely stopped denying that China intends to become one soon." China "has long followed a dictum laid down by Deng Xiaoping" that the nation should "hide its ambitions and disguise its claws," that "China needed to devote its energy to developing economically and should not seek to play a leadership role abroad." China's "tradition of modesty has begun to fade, replaced by a growing confidence that China's rise is not fleeting and that the country needs to do more to define its objectives." The Journal says Chinese "leaders are acting as if they intend to start exercising more power abroad rather than just protecting their political power at home." Internally, "officials and leading scholars are becoming a bit less hesitant to discuss what this all might mean."

Taiwan Mayoral Elections Could Showcase Chen's Unpopularity. The New York Times (12/9, A6, Bradsher) previews today's municipal elections in Taiwan. Noting that President Chen Shui-bian has longed enjoyed popular support in the southern metropolis of Kaohsiung, the Times reports, "So it is a measure of the troubles of President Chen and his party that [the] mayoral race" there "is at least a tossup." Some polls are forecasting "a crushing victory for the Nationalist candidate in the Taipei mayoral election," and, taken with "the hard-fought Kaohsiung race," the results may imply "a significant shift in Taiwan's politics."

Chavez Victory May Bolster Raul Castro's Hand In Cuban Transition. The Financial Times (12/9, Frank) reports Venezuelan President Hugo Chavez's "sweeping victory in" his nation's presidential election "could help to ensure political cover and economic support for the emerging leadership in Cuba as Fidel Castro fights for his life somewhere in Havana." The Times says Venezuela and Cuba "have found a strong synergy, playing off each country's strength since Mr. Chávez won his first election in 1998." Essentially, "Venezuela is using its vast oil wealth and Cuba its human capital to push their anti-US vision of a united, more socially-oriented Latin America at a time of growing restlessness among the region's poor." In Cuba, "the steady oil supply [from Chavez] and billions in revenues from the export of professional services are fuelling an economic boom after more than a decade of crisis." The Times adds that Castro's regime is "now able to point to a way out of the ideological and political debacle that followed European communism's collapse. The lights are back on, decrepit waterworks and transport are being gradually upgraded, new housing built, consumer goods replaced and there is more food on the table."

Mexican Federal Authorities Raid Oaxaca Prosecutor's Office. The New York Times (12/9, A5, McKinley) reports Mexican "federal agents raided the prosecutor's office and state police headquarters on Friday in" Oaxaca state, "where state law-enforcement authorities have failed to arrest anyone in the killings of at least 11 antigovernment protesters and a New York City journalist." Those agents seized "police weapons to determine whether they had been used against protesters in recent months."

Litvinenko Poisoning Continues To Stir Controversy. Continuing its coverage of the radioactive poisoning of former KGB spy Alexander Litvinenko, the Washington Post (12/9, A1, Jordan, Finn) reports Boris Berezovsky, a wealthy opponent of Russian President Vladimir Putin, "is now a central figure in the" case, "the most sensational case of international intrigue since the Cold War." While "detectives pursue the murder case in Moscow and London, Berezovsky is saying he believes Putin is behind it, while Kremlin supporters see dark emigre conspiracies to smear Russia's reputation by engineering a spectacular murder." Berezovsky was a friend and supporter of Litvinenko, and police have uncovered in Berezoksky's office trace amounts of the radioactive substance that killed Litvinenko. The Post adds, "As the investigation widens, the

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feud between the president and the billionaire remains a prominent story line in the mystery."

The Financial Times (12/9) notes UK authorities investigating Litvinenko's death "postponed interviewing a key witness in Moscow on Friday amid signs that they are struggling to unravel the mystery of who may have been responsible for his murder." That individual is former KGB agent Andrei Lugovoi, who at one time worked for Berezovsky and who this week was hospitalized in Moscow for radiation sickness. Scotland Yard "played down suggestions of an imminent breakthrough last night," and the Times says "the investigation is focused on the meetings Mr. Litvinenko held in a London hotel the day he fell ill."

The New York Times (12/9, A3, Fisher) focuses its reporting on Mario Scaramella, who had lunch with Livinenko on the day he was poisoned and who was released this week from a London hospital after overcoming radiation poisoning. "A slew of news reports about him and his career [in Italy] — which included trying to prove that top Italian politicians in the center-left, including Prime Minister Romano Prodi, are Russian spies — have invariably included unflattering adjectives. They include: 'incurable liar,' 'wannabe 007,' 'braggart,' 'bumbler' and 'swindler,' not to mention 'fool' and 'mental case.'"

The Los Angeles Times (12/9, Murphy) keys on a health department statement that it believes Litvinenko "was poisoned at the bar of a [London hotel] where he met with two other Russians, both of whom now are in hospitals showing symptoms of radiation sickness." The initial focus on the Piccadilly Circus sushi restaurant "has been shaken by medical evidence that seven people who worked at the bar of the Millennium Hotel in London's upscale Mayfair district also have been exposed. The bar has been placed under quarantine."

Incoming UN Secretary-General Profiled As "Courtly And Deliberate." This week's "Saturday Interview" in the New York Times (12/9, A14, Hoge) is incoming U.N. Secretary-General Ban Ki-moon. Ban explains that a professional "misstep" in 2001 led indirectly to him becoming the chief of staff to the President of the U.N. General Assembly. "Courtly and deliberate, with an easy smile, Mr. Ban, 62, is an unknown at the United Nations, particularly compared with the high-profile, globetrotting diplomat he is succeeding. With the exception of his misstep in 2001, Mr. Ban has been almost surpassingly unassuming and inoffensive — noticed, when he is, for his steady record of incremental achievement at the South Korean Foreign Ministry, where he has spent his entire 37-year career." Saying Ban's "elusiveness may be intended," the Times calls him "a loyal and dependable company man" and adds that his "penchant for not stepping on toes and his repeated public expressions of humility during the months that he was campaigning for secretary general have raised doubts about his suitability for the job."

Annan Blasts UN For "Failing" In Darfur. The Washington Post (12/9, A14, Lynch) reports U.N. Secretary-General "Kofi Annan scolded governments Friday for failing to halt mass murder in Darfur, saying that the world has not learned the lessons of Rwanda and Srebrenica, where genocidal killings in the early 1990s defied the global ability to stop it." In his final human rights address, Annan "said the failure to protect civilians in the Sudanese region marked a low point in recent U.N. history. In a speech organized by Human Rights Watch in honor of International Human Rights Day, he faulted the 'shameful passivity of most governments' in the face of a government-backed military campaign that has driven more than 2 million people from their homes and killed hundreds of thousands." He "provided a gloomy assessment of the organization's performance in confronting abusers of human rights during his 10-year tenure. He charged that the U.S.-led fight against terrorism has helped erode human rights standards. He said the United Nations needs to pursue an 'an anti-terrorism strategy that does not merely pay lip service to the defense of human rights but is built on it.'" Annan "reserved some of his harshest criticism for Third World governments that, he said, have mischaracterized the U.N. human rights agenda as 'a conspiracy by imperialist powers to take back the hard-won national sovereignty of formerly colonized people.' He also took an indirect swipe at China and Islamic governments that have defended Sudan." The Post adds that while Annan is credited "with advocating human rights more aggressively than any of his predecessors," his own "legacy has been clouded by his own failure, as the head of the U.N. peacekeeping department, to promote a tougher response to the mass killings in Rwanda and Srebrenica."

The Los Angeles Times (12/9, Farley) says Annan offered "a sober assessment Friday of his own shortcomings as he prepared to leave office at the end of the year, and accused the United States of violating human rights in its war on terror. He also warned Sudan's leaders that they would be held accountable if they didn't halt the violence in Darfur, and urged countries with commercial interests in Sudan to pressure the government in Khartoum."

NYTimes Implores African Leaders To Confront Mugabe. In an editorial, the New York Times (12/9, A18) details the "agonies" facing Zimbabwe. The nation "is under economic sanctions by the United States and the European Union and few tourists go there, so the suffering of its people is largely out of sight and out of mind. Yet things are truly terrible." The "culprit" for these problems is President Robert Mugabe, "a master at the blame game, accusing the West of

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colonialism and racism when it criticizes his scheme to redistribute white-owned commercial farms among blacks, or the cruel expulsion of 750,000 slum dwellers from cities, or whatever else he does." While the West may be out of options in dealing with him, "Africans could make a difference, if they joined in condemning Mr. Mugabe. For understandable reasons, African leaders have been reluctant to publicly criticize fellow Africans." However, the Times concludes, "The suffering Zimbabwean people are in desperate need of protection, the sooner the better."

Columnist Notes Connections Between Foreign Aid, Remittances To El Salvador. In her Washington Post (12/9, A19) column, Marcela Sanchez highlights the interplay between the Millennium Challenge Corporation's grant to El Salvador and the remittances sent there by Salvadorans working in the U.S. "Salvadoran immigrants are frustrated that their cash isn't reaping more development rewards back home. Although remittances have proved to be a lifeline for thousands of families in extreme poverty, immigrant Salvadorans fear that the money is creating a culture of dependency in the home country." Sanchez agrees with the World Bank that remittances "are 'neither manna from heaven nor a substitute for sound development policies.'" She laments the lack of a "direct connection between the new development plan and the current flow of help," and notes the efforts of Salvadorans in the U.S. to have the MCC dovetail its aid with remittances.

Authors Laud Harper For Seeking Answer To Quebec Question. In the New York Times (12/9, A19), Jean-Benoit Nadeau and Julie Barlow say Quebec separatism has "monopolized Canadian politics for the last 50 years," and note the unanswered question, "What does Quebec want?" With his "nation" resolution, Prime Minister Stephen Harper "has created new ambiguity in the question — all the more interesting since he probably thought he was clarifying things." They add that "French Canadians tend to see Canada as a country made up of two nations, while the English tend to think that 'country' and 'nation' are one and the same." The authors believe "that Mr. Harper has come up with a promising formulation. Most people in Quebec, apart from hard-line separatists, will probably be satisfied by the word nation." Harper "Harper has created either a new basis for talks about Quebec's status or contributed a new weapon to a nastier debate. No one has quite figured out which it will be."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Congress OKs Nuclear Pact With India"
"Drop Out? Not An Option"
"S. Africa, Told In A Pony's Tale"
"Up Against The IRS, Snipes Surrenders"
"Afghanistan War Nears 'Tipping Point'"
"Ethics Panel Faults GOP Leaders In Foley Case"

New York Times:
"Iraqis Near Deal On Distribution Of Oil Revenues"
"Billions Later, Plan To Remake The Coast Guard Fleet Stumbles"
"China, Shy Giant, Shows Signs Of Shedding Its False Modesty"
"Iraqis Line Up To Put Hussein In The Noose"
"Jeane Kirkpatrick, Reagan's Forceful Envoy, Dies"
"Poachers In West Hunt Big Antlers To Feed Big Egos"
"Panel Urges Caution Concerning Coated Stents"
"Report Finds Negligence In Foley Case"
"E. Coli Fears Inspire A Call For Oversight"
"Democrats Plan Oil Royalties Inquiry"
"Romney's Gay Rights Stance Draws Ire"

Washington Post:
"House Panel Says GOP Left Foley Unchecked"
"Iraq Strategy Focusing On Three Main Options"
"For Some, Laptops Don't Compute"
"FDA Panel Seeks Warning That Stents May Be Unsafe"
"Jeane J. Kirkpatrick, 1926-2006"
"Bitter Feud A Plot Line In Fatal Poisoning Case"

Atlanta Journal-Constitution:
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"1 Dead In Rush-Hour Gunplay"
"McKinney Seeks Impeachment"
"Gwinnett's Hog-Gone Church"
"Concrete Collapse Injures 17"
"Rumsfeld Torture Suit Weighed"
"45 Die In Moscow Hospital Fire"

Dallas Morning News:
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"Boy Holds Up Convenience Store For $1 Candy"
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"Three Slain At Chicago Office"
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"Weekend Preview: Speaking In Tongues, Big Tuck, More"

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"Iran Says It Expands Uranium Enrichment Program"
"Sekula-Gibbs' Main House Legacy Is C-Span Video"
"Chances For Tonight's Shuttle Launch Look Grim"
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"Gates Says Goodbye To 'Aggie Family'"
"White House Sessions On Iraq Focus On 3 Options"
"Houston Rescue Group Saves Homeless Cats, Dogs"
"Guadalupe Explores Faith That Transcends Religion"

Story Lineup From Last Night's Network News:
ABC: E. Coli Outbreak; Foley Report; ISG Report; Mission In Iraq; Potential Terrorist Attack Stopped; Nigerian E-Mail Scams; Stents; Death Of Kirkpatrick; Person Of The Week Chris Walsh.
CBS: Foley Report; Rumsfeld's Exit; Iraqi Violence Targets Schools; E. Coli Outbreak; Death Of Kirkpatrick; VA Healthcare Success Story; Free Speech-Gasoline.
NBC: Foley Report; E. Coli Outbreak; Stents; Potential Terrorist Attack Stopped; Iraq War Analysis; In Depth-Economic Report; James Kim; New Orleans Housing Controversy; Death Of Kirkpatrick.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: In session and working toward adjournment early today.

US House: Not in session.

Other: LABOR SUMMIT _ The AFL-CIO holds a major organizing summit. Contacts: Katrina Blondahl, 202-637-3921

SUMMIT ON THE STATES _ The Center for Policy Alternatives holds a three-day Summit on the States Conference with progressive state legislators nationwide. :Location: Capital Hilton, 16th and K Sts. NW. Contacts: Bernie Horn, 202-956-5135

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 9, 2006 7:45 AM EST

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TERRORISM NEWS:

Former Detainees Argue For Right To Sue Rumsfeld Over Torture (NYT)

By Paul Von Zielbauer

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Lawyers for former detainees in Iraq and Afghanistan argued in federal court on Friday that Defense Secretary Donald H. Rumsfeld was personally responsible, and thus legally liable, for acts of torture inflicted on their clients by American military interrogators.

The nine plaintiffs, Iraqi and Afghan men held at American-run prisons, endured an array of physical and psychological abuse during their confinements in 2003 and 2004, including beatings, mock executions and painful physical restraints, their lawyers said in court papers. All were eventually released without being charged with crimes.

The hearing Friday, before Chief Judge Thomas F. Hogan in Federal District Court in Washington, was the first time a federal court had considered whether top administration officials could be liable for the torture of detainees in Iraq and Afghanistan.

But the hearing concerned only questions of jurisdiction and did not delve into whether Mr. Rumsfeld, because he personally approved certain interrogation techniques in 2002 like the use of “stress positions,” was legally responsible for specific acts of torture committed in overseas military prisons.

Instead, lawyers from each side argued over whether noncitizens confined in prisons outside the United States had legal standing to sue Mr. Rumsfeld and other American military officials for constitutional violations.

The suit, filed on behalf of the nine plaintiffs last year by the American Civil Liberties Union and Human Rights First, also names as defendants three officials responsible for running military prisons in Iraq and Afghanistan: Lt. Gen. Ricardo S. Sanchez,

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the former top commander in Iraq; Col. Thomas M. Pappas, who was the top military intelligence officer at Abu Ghraib, the American-run prison in Iraq; and a former brigadier general, Col. Janis L. Karpinski, who before her demotion to colonel was the military police commander at Abu Ghraib. She was relieved of her command and demoted after abuses at Abu Ghraib came to light.

During the two-and-a-half-hour hearing, Judge Hogan took turns questioning the lawyers. He repeatedly asked lawyers for the former detainees to cite precedents in law that would allow foreigners to sue American officials for what in the United States would be violations of their civil rights.

"How can this work, this theory that nonresident aliens have a right to sue to prevent being tortured?" Judge Hogan asked Lucas Guttentag, the plaintiffs' lead lawyer in the case. What would prevent Osama bin Laden, the judge asked Mr. Guttentag, from taking President Bush to court for authorizing the military to kill him?

Mr. Guttentag, citing several Supreme Court decisions, said that American laws prohibiting torture should apply to foreign civilians under exclusively American control and jurisdiction overseas. He also noted that in Iraq, American military personnel were immune from prosecution under Iraqi laws. "Iraqi law cannot govern, and unless the United States does, nothing else applies."

Rick Beckner, a deputy assistant attorney general representing Mr. Rumsfeld, argued that foreigners held in an American-run prison in foreign territory had no legal standing to sue. "There's never been any finding that the Constitution applies to these plaintiffs," he told Judge Hogan.

Judge Hogan, clearly skeptical of the plaintiffs' attempt to open federal officials to legal liability for actions by troops overseas, said he hoped to make a decision quickly to dismiss the case or allow some or all claims to proceed.

But in his closing remarks, the judge also acknowledged being disturbed by the allegations of detainee abuse and torture. "It is unfortunate, to say the least, that there has to be an argument" about whether the American military tortures foreign citizens.

The Oval Intervention (NYT)

By Maureen Dowd

The New York Times, December 9, 2006

It is not a happy mood in the Oval Office.

Poppy is sobbing, his face in his hands, slumped in one of the yellow-and-blue striped chairs. Laura is screaming the words "Oscar de la Renta" and "rendition" into her cellphone, still seeing red after showing up at a White House gala in the same $8,400 red gown as three other women who did not happen to be first lady.

Bob Gates is grim-faced, but not as grim-faced as Barbara, whose look could freeze not only the Potomac but the Tigris and the Euphrates. Scowcroft is over on the couch, trying to nap while Kissinger drones softly in his ear.

And, of course, there is the Deprogrammer for the Decider, James Baker, perfectly suited in bright green tie and suited perfectly for his spot behind the president's desk.

The Council of Elders had hoped this Apocalypto moment wouldn't be necessary. They had assumed that the scorching Iraq Study Group report would have the same effect on Junior as the bucket of cold water that Mr. Baker's strict father, a lawyer known as "the Warden," used to throw on his face to wake him up as a boy.

But Junior is trying to wriggle away completely, offering a decidedly cool response to the attempt to yank him into the reality-based community. He rallied his last two allies — his English poodle and his Scottish terrier, Blair and Barney.

He is loath to give up his gunslinger pose to go all diplo. He cleaves to the neocon complaint that it is the realists who are now being unrealistic, thinking the administration can bargain with Syria and Iran, or that the Army can train Iraqi security forces (or, as they are known there, death squads) in a matter of months when they haven't been able to do it in years.

The Velvet Hammer is undeterred. He's doing an all-out intervention, locking Junior and Barney in the little study next to the Oval. To stress the seriousness of the situation, they don't give the president his feather pillow.

The group gathers at the door of the study. "My boy," his dad tells him between sobs. "We love you. We're here for you. We're worried about you. You're not just hurting yourself, you're hurting others. This is a safe place. No one's judging you ..."

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"What are you talking about, Dad?" Junior snaps. "I just actually read 96 pages of your friends' judging me in that cowpie report." Barney woofs in support.

Barbara can be heard muttering from across the room. "We were right about Jebbie."

Henry the K lumbers up to the door and in a low Teutonic rumble says: "It's time we stopped taking care of you and started caring about you. Would you like a peanut butter and jelly sandwich?"

Junior is getting even more furious. "You all think you're so realist. But you're unrealist. I'm realist. Are you sitting at my desk, Baker? Get out of there! Everyone says you're so Mr. Ride to the Rescue, but none of your surrender monkey ideas would work. Talk about Pretend Land — Israel giving up the Golan Heights? Yeah, right. And they call me delusional."

Baker glides up to the door and says, in his most satiny drawl, "Son, I just threw a few D.O.A. ones in there for you to reject so you could preserve your manhood."

There are sounds of feet stomping. "You say I can't stay the course but I can too stay the course!" Junior yells. "I can! I can! You say I have to put the two trillion dollar war cost in the budget, but I don't! You say we have to cuddle up to evildoers in Iran and Syria. Why do you hate the troops? Where's Condi? I want my Condi!"

Realizing the president is getting hysterical, the group looks at Laura, hoping she can calm him down.

She approaches the door and coos in a soft voice: "Bushie? Listen, now, this is important. How do you get someone audited? Can't we send Oscar de la Loser to Gitmo?"

Baker gently nudges Laura aside. "Now son, hear me out. We've disabled your enablers. Rummy has written his last self-serving memo. Dick's got his hands full explaining his darlin' new grandchild's Two Mommies. Don't bother calling for Condi. She's at the bottom of Foggy Bottom. You've got to know when to hold 'em, know when to fold 'em."

It's not sinking in. "We must achieve our objective," Junior sputters. "Our objective is success. To succeed we must have success. If we don't win, we lose. We are the winners. We can't let the ... we're in an ideological struggle and that's why we have a strategy ... AL QAEDA! We must help democracy in Iraq succeed because ... ISLAMOFASCISTS! ... that is the objective of a successful ..."

Barney scratches at the door, trying to cut and run.

Judge Weighs Torture Claim Vs. Rumsfeld (AP)

By Matt Apuzzo,

AP, December 9, 2006

A federal judge on Friday appeared reluctant to give Donald H. Rumsfeld immunity from torture allegations, yet said it would be unprecedented to let the departing defense secretary face a civil trial.

"What you're asking for has never been done before," U.S. District Judge Thomas F. Hogan told lawyers for the American Civil Liberties Union.

The group is suing on behalf of nine former prisoners in Iraq and Afghanistan. The lawsuit contends the men were beaten, suspended upside down from the ceiling by chains, urinated on, shocked, sexually humiliated, burned, locked inside boxes and subjected to mock executions.

If the suit were to go forward, it could force Rumsfeld and the Pentagon to disclose what officials knew about abuses at prisons such as Abu Ghraib prison in Iraq and what was done to stop it.

Rumsfeld, who leaves the Defense Department on Dec. 18, told Pentagon employees and reporters Friday that the day he learned about abuses at Abu Ghraib was his worst day in office.

"I remember being stunned by the news of the abuse at Abu Ghraib," Rumsfeld said. "And then watching so many determined people spend so many months trying to figure out exactly how in the world something like that could have happened, and how to make it right."

Lawyers for the ACLU and Human Rights First, however, argue that Rumsfeld and top military officials disregarded warnings about the abuse and authorized the use of illegal interrogation tactics that violated the constitutional rights of prisoners.

Foreigners outside the United States are not normally afforded the same protections as U.S. citizens, and Hogan said he was wary about extending the Constitution across the globe.

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Doing so, he said, might subject government officials to all sorts of political suits. Osama bin Laden could sue, Hogan said, claiming two American presidents threatened to have him murdered.

"How do you control that?" Hogan asked. "Where does it stop? Does it stop at the secretary of defense? Does it stop at the president? How does this work?"

The Justice Department argues that is exactly why government officials generally are immune from suits related to their jobs. By allowing the case to proceed, Hogan would make all future military operations subject to second-guessing by the courts, the government contends.

"We cannot have courts interfering with core military functions," Deputy Assistant Attorney General C. Frederick Beckner III said.

Hogan questioned the scope of that immunity. He said freedom from torture is a basic right accepted by the United States and all civilized nations.

"Would you take the same policy if the argument was one of genocide?" Hogan asked. "Are you saying there could be no inquiry done?"

Beckner said abuse claims should be handled by the military, which has prosecuted more than 100 such cases. In his farewell speech Friday, Rumsfeld said such prosecutions demonstrated "how our democracy deals openly and decisively with such egregious wrongdoing."

Lawyers for the civil rights groups, which have criticized the military's prosecution record, said the government is trying to operate a "rights-free" zone overseas.

"The defendants had a duty to deter and punish acts of torture and they did 180 degrees opposite of that: They encouraged and directed that torture," lawyer Paul Hoffman said.

Hogan said torture is a crime against mankind, but he did not see how the Constitution applied to foreigners held in overseas military prisons.

Hogan said he would rule quickly on whether to dismiss the case; he did not make a decision Friday.

The other officials named in the suit are: retired Lt. Gen. Ricardo S. Sanchez, former Brig. Gen. Janis L. Karpinski and Col. Thomas M. Pappas.

Karpinski, whose Army Reserve unit was in charge of the Abu Ghraib prison, was demoted last year and is the highest-ranking officer punished in the scandal. Sanchez, who commanded U.S. forces in Iraq, retired from the Army last month, calling his career a casualty of the prison scandal.

Pappas, the former top-ranking intelligence officer at Abu Ghraib, was granted immunity from prosecution in exchange for testimony about the abuse.

Ex-detainees Seek Right To Sue Rumsfeld In Abuse Case (LAT)

By Richard B. Schmitt

The Los Angeles Times, December 9, 2006

WASHINGTON — The debate over abuses in U.S. military prisons in Iraq and Afghanistan flared again Friday, with nine former detainees seeking the right to sue outgoing Defense Secretary Donald H. Rumsfeld and three senior Army leaders for alleged torture.

In U.S. District Court, lawyers for Iraqi and Afghan civilians said that Rumsfeld and the officers, two of whom have retired, violated U.S. and international law and should be held personally responsible for the abuse they say their clients suffered.

The suit is believed to be the first to try to hold U.S. officials accountable for the abuse at prisons. The scandal triggered worldwide outcry and forced an overhaul of U.S. interrogation rules.

U.S. District Judge Thomas F. Hogan indicated he was sympathetic to the former detainees' plight, but he questioned whether they had the right under the U.S. Constitution to sue.

"It's unfortunate, to say the least, that there has to be an argument that U.S. military officials tortured citizens of another country," Hogan said. "That being said, there is substantial difficulty in recognizing claims of noncitizens held in other countries."

The ex-prisoners said in the suit that they were beaten to the point of unconsciousness, mutilated, stabbed and urinated on, and endured mock executions, among other abuses.

They were among the thousands of prisoners held by the U.S. military at Abu Ghraib and other locations in Iraq and Afghanistan, including detention facilities in Kandahar and Bagram.

They asked the court to award unspecified monetary damages and to declare their treatment illegal.

Government lawyers argued that the suit should be dismissed because Rumsfeld was immune from being sued for acting within the course of his official duties. (Rumsfeld has resigned; he gave his farewell speech to Pentagon employees Friday.) The lawyers also said the suit would expand foreign citizens' rights to file lawsuits in U.S. courts far beyond what the Supreme Court has allowed.

The judge himself cited the case of Johnson vs. Eisentrager, decided by the Supreme Court in 1950, which held that enemy aliens being held by military authorities outside the U.S. had no rights under the U.S. Constitution to challenge their detention in civilian court.

"Given Eisentrager, I don't see how the 5th Amendment extends to these individuals," Hogan told an ACLU lawyer, referring to the constitutional right to due process.

Hogan said he was concerned that this suit would open the door to foreigners to file all kinds of lawsuits. "Where does it stop?" he asked.

Lucas Guttentag of the American Civil Liberties Union, lead counsel for the ex-detainees, responded that the case was special because of the United States' unequivocal prohibition on torture and because of an extensive paper trail showing that Rumsfeld and the senior Army officials knew or should have known their policies were leading to torture.

He also said U.S. officials should be held responsible because Iraqi law had been suspended after the U.S. invasion. If officials cannot be held responsible under U.S. law for their actions, he said, the detainees have no legal recourse.

"You have a rights-free zone," Guttentag said. "There is nothing that applies."

"You agree what you're asking for has never been decided by a court before?" Hogan said. Guttentag responded that there had never been allegations of such abuse before either.

The suit alleges not only constitutional violations but also violations of the Geneva Convention's ban on torture.

Hogan questioned whether individuals had the right to sue for violations of their rights under the treaty. He expressed concern that such an interpretation would allow "individuals around the world to sue here in the U.S." for a range of injuries not limited to torture.

Hogan asked the lawyers for Rumsfeld and the other officials whether the immunity they sought was absolute. "Would you take the same position if the claim was one of genocide?" he asked C. Frederick Beckner III, a deputy assistant attorney general.

Beckner acknowledged the seriousness of torture and genocide but said that allowing suits by victims of either one would have the effect of disrupting and "potentially chilling" the military's ability to conduct wartime operations.

He said the military took abuse claims seriously and had prosecuted more than 100 misconduct cases.

Besides Rumsfeld, the suit names as defendants retired Lt. Gen. Ricardo S. Sanchez, the one-time commander of U.S. forces in Iraq; former Army Reserve Brig. Gen. Janis Karpinski, the commander of military police at Abu Ghraib, who was demoted to colonel before retiring; and Col. Thomas M. Pappas, the officer in charge of military intelligence at Abu Ghraib.

Court Mulls Torture Lawsuit As Rumsfeld Bids Farewell (NSDY)

By Tom Brune, Newsday Washington Bureau

Long Island Newsday, December 9, 2006

WASHINGTON -- As Defense Secretary Donald Rumsfeld bid farewell at a Pentagon town hall meeting Friday, human rights attorneys argued in a D.C. federal court that he and three senior Army officers should be held personally responsible for the alleged torture of Afghani and Iraqi detainees.

In a hearing before D.C. District Court Chief Judge Thomas Hogan, attorneys from the American Civil Liberties Union and Human Rights First argued their suit should go forward because records show Rumsfeld tacitly approved of the abuse and didn't try to stop it when he learned it was going on.

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Justice Department attorneys argued for dismissal, saying public officials are immune from such lawsuits, the case would extend U.S. constitutional rights to foreigners, and courts usually defer to the executive on wartime issues.

Hogan questioned both sides about the limits of their positions and arguments.

He told the human rights lawyers their request had never been made before, and asked where it would lead -- to a lawsuit by Osama bin Laden?

And he questioned the scope of the immunity for Rumsfeld. "Would you take the same policy if the argument was one of genocide?" the judge asked. He said he would rule quickly.

For Rumsfeld, a week before he officially leaves, the well-documented abuse was on his mind. "Clearly the worst day was Abu Ghraib," he said in response to a question.

Yet after photos of the abuse were disclosed, he said the department "demonstrated to the world how our democracy deals openly and decisively with such egregious wrongdoing."

Lawyers filed a brief that said reported abuse resulted in more than 10 courts-martial, seven of them for Abu Ghraib.

But the ACLU's Lucas Guttentag said, "There must be legal accountability in a court of law for high-ranking government officials who order or allow torture."

The lawsuit, filed in March 2005, seeks damages for five Iraqis and four Afghanis detained and released without charges from 2002 to 2004. The suit says they suffered beatings, sexual humiliation, sleep and sensory deprivation, mock executions and death threats.

In addition to Rumsfeld, the lawsuit names retired Lt. Gen. Ricardo S. Sanchez, former Brig. Gen. Janis L. Karpinski and Col. Thomas M. Pappas.

The lawsuit's biggest hurdle is to show that they knowingly violated laws against torture.

"The question is whether he was pushing the envelope or breaking it," said Hofstra law professor Eric Freedman.

This story was supplemented with Associated Press reports.

HOMELAND RESPONSE:

Illinois Man Charged With Plot To Wage "Jihad" In Mall (WP)

By Dan Eggen

The Washington Post, December 9, 2006

An Illinois man was charged yesterday with planning to set off hand grenades in a shopping mall during the holiday rush, part of a professed desire to wage "violent jihad" on U.S. targets, according to a federal criminal complaint filed in Chicago.

Derrick Shareef, 22, was arrested Wednesday in Rockford, Ill., about 90 miles west of Chicago, after meeting with an undercover federal agent in a store parking lot and trading a set of stereo speakers for four hand grenades, a handgun and bullets, according to an FBI affidavit.

Shareef -- a U.S. citizen who converted to Islam several years ago -- allegedly prepared for an attack on Rockford's CherryVale Mall by making a "martyrdom" videotape in which he declared that "the time for jihad is now" and that he was "ready to give my life" in the mission.

Authorities said Shareef has no apparent ties to any terrorist group and is believed to have been acting alone. He was charged with attempting to damage or destroy a building by fire or explosion and attempting to use a weapon of mass destruction.

The case is the latest terrorism-related sting involving undercover FBI informants and agents to become public. Some of those involved have played active roles in guiding the direction of the cases.

In Shareef's case, for example, the investigation began after an informant told the FBI in September that Shareef had talked about his desire to wage "violent jihad" on U.S. targets. It was the FBI informant who suggested that it might be better to "hit the mall" as a target, after a conversation in which Shareef focused on attacking government buildings instead, according to the affidavit.

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Civil liberties advocates and some lawmakers have raised questions about FBI tactics in such cases, including the prosecution of an alleged terror cell in Miami whose members said they wanted to blow up the Sears Tower in Chicago but had no apparent means to do so.

But Daniel L. Byman, director of the Security Studies Program at Georgetown University, said a case like Shareef's "can actually be seen as effective counterterrorism."

"This is a good-news, good-news story: It shows the low capabilities of domestic jihadists and that the FBI appears to be on top of it," he said.

The FBI's affidavit alleges that Shareef decided to carry out the attack during the holiday shopping period because crowds would be larger and to place grenades in garbage cans to maximize injuries from shrapnel. Shareef had also considered attacks on synagogues, a city hall and courthouses, saying at one point that he wanted to "smoke a judge," according to tape-recorded conversations recounted by the FBI.

The FBI recorded Shareef's conversations and trailed him as he accompanied the informant on scouting trips through the CherryVale mall. Shareef was arrested Wednesday after he took possession of a lockbox containing the grenades and a 9mm pistol, the affidavit says.

The grenades and ammunition were not operative, and the public was never in any serious danger, officials said. "While these are very serious charges, at no time was the public in any imminent peril as a result of the defendant's activities," U.S. Attorney Patrick J. Fitzgerald said in a news release.

Rockford Man Charged In Alleged Terror Plot (CHIT)

By Rudolph Bush And Jeff Coen, Tribune Staff Reporters

Chicago Tribune, December 9, 2006

Video: Terror plot arrest

A 22-year-old man's alleged plot to stage a deadly terrorist attack in Rockford days before Christmas was marked by violent intentions but no chance of success, according to federal charges released Friday.

A Muslim convert intent on "jihad," Derrick Shareef plotted to use hand grenades and a pistol to kill shoppers at the CherryVale Shopping Center outside of Rockford, authorities charged.

But federal agents and an undercover informant followed him from the plot's outset, U.S. Atty. Patrick Fitzgerald said Friday. Authorities didn't specify how they originally learned of Shareef.

Many elements of Shareef's alleged plot, including the idea to attack the mall, came from the informant, according to the charges.

Shareef acted alone, and the public was never in any danger, authorities said.

Throughout the plot, he never had any weapons or the money to obtain them, Fitzgerald said.

But he did have violent intent, authorities said.

In a recorded conversation with the informant on Nov. 29, Shareef discussed attacking a courthouse in DeKalb County, according to the complaint.

"I just want to smoke a judge," he allegedly said.

The next day, the informant suggested the mall become the target.

"I mean, all right, we gotta look at it this way, we want to disrupt Christmas," the informant is quoted as saying in the criminal complaint.

Shareef allegedly responded: "Oh hell yeah, the mall is where it's at."

Throughout the plot, Shareef was recorded spewing hatred for Jewish people and the American justice system, authorities allege.

His plan reached its apex when he tried to trade an undercover federal agent a set of stereo speakers for grenades to attack the mall, authorities said.

The exchange, which included dud grenades, took place Wednesday in a store parking lot on Walton Road in Rockford, authorities said.

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Shareef was arrested without incident after the exchange and appeared in federal court in Chicago on Friday. His attorney did not issue a statement but said Shareef was aware of his rights and understood the proceedings.

He was held without bail on charges of attempting to use a weapon of mass destruction and damage or destroy a building. Under the law, grenades are considered weapons of mass destruction.

If convicted, he faces up to life in prison.

Muslim leaders in Rockford urged the public not to associate the alleged incident with the Islam faith.

"We know of no one who pursues this type of violence," said Imam Shpendim Nadzaku. "This is not what we believe."

Tribune staff reporters Charles Sheehan and Sara Olkon contributed to this report.

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Feds: Man Planned To Blow Up Chicago Mall (AP)

AP, December 8, 2006

CHICAGO (AP) — A Muslim convert who talked about his desire to wage jihad against civilians was charged Friday in a plot to set off hand grenades at a shopping mall at the height of the Christmas rush, authorities said.

Investigators said Derrick Shareef, 22, an American citizen from Rockford, was acting alone and never actually obtained any grenades. He was arrested Wednesday when he met with an undercover agent in a parking lot to trade a set of stereo speakers for four hand grenades and a gun, authorities said.

"He fixed on a day of December 22nd on Friday ... because it was the Friday before Christmas and thought that would be the highest concentration of shoppers that he could kill and injure," said Robert Grant, the agent in charge of the Chicago FBI office.

Authorities said Shareef had been under investigation since September, when he told an acquaintance that "he wanted to commit acts of violent jihad against targets in the United States as well as commit other crimes."

The acquaintance immediately informed the FBI, officials said.

Federal officials said Shareef planned to set off four hand grenades in garbage cans at the CherryVale shopping mall in Rockford, about 90 miles northwest of Chicago.

Other potential targets that Shareef allegedly discussed included government facilities such as courthouses and city hall, authorities said.

An affidavit quoted him as saying: "I just want to smoke a judge."

Shareef was born in the United States and converted to Islam, officials said. They believe he might have learned about jihad through videos and websites.

"While these are very serious charges, at no time was the public in any imminent peril," U.S. Attorney Patrick Fitzgerald said in a statement.

A spiritual leader of Rockford-area Muslims commended authorities for intercepting the alleged plot and reiterated "the Muslim community's condemnation of terrorism in the name of Islam," said Shpendim Nadzaku, imam of the Muslim Association of Greater Rockford.

Asked if he had ever met Shareef, Nadzaku said: "No one in the community has any clue as to who this person is — he's completely anonymous."

The door of a Genoa town home that is the last known address for Shareef went unanswered Friday although a female inside was seen turning off a light as a reporter stood outside.

Shareef appeared briefly before a judge Friday and was ordered held without bond. He was charged with one count of attempting to damage or destroy a building by fire or explosion and one count of attempting to use a weapon of mass destruction.

Defense attorney Michael Mann declined to comment on the charges.

Shareef and his acquaintance cased the mall on Nov. 30, discussing the layout and spots where they might set off several grenades simultaneously to create more pandemonium, according to an FBI affidavit.

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A spokeswoman for the mall said officials were cooperating with the investigation but referred all other questions to the U.S. attorney's office.

Mall customers expressed a mixture of anger and indifference Friday evening.

"I don't think anything is going to stop people from coming to this mall now. It's Christmas," said 27-year-old shopper Jaclyn Gonzalez of Rockford. "You're not going to keep from doing what you have to do just because someone is making ignorant comments."

Feds Arrest Man On Terrorism-related Charges (CHIST)

By Natasha Korecki

Chicago Sun-Times, December 9, 2006

A Rockford man allegedly planned to set off hand grenades in garbage cans at a shopping mall near Rockford as part of his plot to let the world know "the time for jihad is now."

Derrick Shareef, 22, targeted the Cherry Vale shopping mall, which has about 130 retail stores. But in recorded conversations he said the mall was "just one potential place," and that he hoped to one day "smoke a judge," according to the federal charges.

Should he die before the attack, Shareef made a videotape statement to explain his actions.

"I am from America, and this tape is to let you guys know, who disbelieve in Allah, to let the enemies of Islam know, and to let the Muslims alike know that the time for jihad is now...be strong, oh Mujahideen...May Allah protect me on this mission we conduct...so do not cry, do not mourn for me," he said, according to the FBI affidavit.

Shareef was arrested Wednesday by the Chicago Joint Terrorism Task Force after he met an undercover agent in the mall parking lot and traded a set of stereo speakers for four hand grenades and a hand gun, according to charges. He's also known as Talib Abu Salam Ibn Shareef, court papers say.

Shareef allegedly discussed targeting other local government facilities. He was charged with one count of attempting to damage or destroy a building by fire or explosion and one count of attempting to use a weapon of mass destruction.

Shareef's alleged plot was foiled after he shared his plans with a friend, who cooperated with the FBI. Shareef told the person he wanted to commit "acts of violent jihad" against people and other crimes to obtain funds to further his goals.

He at one point told the informant he wanted to target government facilities.

"I want some type of city hall-type stuff now, federal court houses," Shareef was caught on tape saying, according to an FBI affidavit. "I just want to smoke a judge."

"Once the threat Shareef posed was detected by the Joint Terrorism Task Force, his activities and movements were under constant surveillance and there was no imminent risk to the public," Chicago FBI chief Robert Grant said in a prepared statement.

Shareef is expected to have his initial appearance later today in federal court.

Mall Bomb Suspect Wanted To Warn 'Disbelievers,' FBI Says (AP)

AP, December 9, 2006

CHICAGO - A Muslim convert is in custody accused of trying to trade two stereo speakers for a 9 mm pistol and the grenades authorities say he wanted to carry out an attack on holiday shoppers.

The FBI says it was tipped by an acquaintance of Derrick Shareef, then recorded the 22-year-old planning to use hand grenades to blow garbage cans into clouds of flying shrapnel in a crowded mall the Friday before Christmas.

"This is a warning to those who disbelieve," he said, according to an FBI affidavit.

Authorities said he was arrested Wednesday when he tried to make the trade with an undercover agent in a Rockford parking lot. Shareef was charged Friday with crimes that could send him to prison for the rest of his life, and was ordered held without bail.

"He fixed on a day of December 22nd on Friday ... because it was the Friday before Christmas and thought that would be the highest concentration of shoppers that he could kill and injure," said Robert Grant, the agent in charge of the Chicago FBI office.

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However, authorities said no one was in danger.

"While these are very serious charges, at no time was the public in any imminent peril," U.S. Attorney Patrick J. Fitzgerald said in a news release.

Defense attorney Michael B. Mann declined to comment.

According to the affidavit, Shareef had been under investigation since September, when he told an acquaintance "he wanted to commit acts of violent jihad against targets in the United States as well as commit other crimes."

The acquaintance immediately informed the FBI, officials said.

Officials said Shareef planned to set off four hand grenades in garbage cans at the CherryVale shopping mall in Rockford, about 90 miles northwest of Chicago, and discussed other potential targets including government facilities such as courthouses and Rockford City Hall.

Rockford Mayor Lawrence Morrissey said Friday that officials would discuss whether security needed to be increased.

The affidavit quoted Shareef as saying: "I just want to smoke a judge."

Shareef and his acquaintance cased the mall Nov. 30, discussing the layout and spots where they might set off several grenades simultaneously to create pandemonium, according to the affidavit.

Shareef was born in the United States and converted to Islam, officials said.

The imam of the Muslim Association of Greater Rockford, Shpendim Nadzaku, commended authorities for intercepting the alleged plot and reiterated "the Muslim community's condemnation of terrorism in the name of Islam."

"No one in the community has any clue as to who this person is -- he's completely anonymous," Nadzaku said.

No one answered a knock at the door Friday at a town house in Genoa, between Chicago and Rockford, that is the last known address for Shareef. A female inside was seen turning off a light as a reporter stood outside.

Shareef was charged with one count of attempting to damage or destroy a building by fire or explosion and one count of attempting to use a weapon of mass destruction. The latter charge carries a maximum sentence of life in prison.

Local Officials Feel Left Out Of Information Loop (ROCKRS)

By Mike Wiser, ROCKFORD REGISTER STAR

Rockford (IL) Register-Star, December 9, 2006

Mayor and others say they learned of Shareef's alleged plans at the same time everyone else did.

ROCKFORD — Everyone was glad — unnerved a little, maybe, but glad — that a man with an apparent jihad complex and a fixation on the Rockford area was discovered and in custody before he could do any damage.

Local officials praised the Justice Department for stopping what federal prosecutors say was a 22-year-old's plan to use hand grenades to bomb CherryVale Mall or local government buildings.

But not everyone was happy with how the notoriously tight-lipped U.S. attorney's office in northern Illinois, led by Patrick Fitzgerald, let everyone else in on the news.

"This morning I'm getting a call from a reporter and on the other line I have the chief of police saying he just had a briefing with the FBI," Mayor Larry Morrissey said.

"If we're all supposed to combat terrorism in cities like New York, Chicago and Rockford ... they need to share information with local law enforcement that this was going on."

Morrissey said he was "extremely disappointed" that local law enforcement was kept out of the loop even though the feds were monitoring Derrick Shareef for months. He added that he is going to try and get some answers from Fitzgerald's office on how things could work differently in the future.

"I'm going to decline comments on his comment," Assistant U.S. Attorney Randall Samborn said.

Police Chief Chet Epperson said he got a call Wednesday that the FBI was involved in something in the Rockford area, but he said he didn't know any of the specifics until Friday, just as the news was breaking across the country.

"I would be disappointed if they had some information about this building and didn't tell me," said Charlie Jackson, head of security for the Winnebago County Courthouse.

Although Shareef's plans specifically identified the CherryVale Mall and the DeKalb County Courthouse, it does not appear they mentioned the Winnebago County Courthouse.

He did, however, want to attack "stuff like courthouses, city hall, government places, government facilities," according to an affidavit attached to the federal complaint.

"At least tell the command staff so they can pass it down to us with a description of someone or what to look out for," Jackson said.

Chief Deputy Kevin Hickey of the DeKalb County Sheriff's Department said his office had no problems with the information it got from the FBI and specifically identified the head of the Rockford office, G.B. Jones, as one who helped keep the lines of communication going.

"He kept us aware and updated as developments arose," Hickey said, although he was not sure when the department and the FBI started talking. "They assured us that there was never an imminent threat."

Cherry Valley Police Chief Gary Maitland said he was first contacted by federal authorities when Shareef was arrested Wednesday, and he didn't get the details until everyone else did Friday.

"I can understand why things like this have to be kept quiet," he said.

Staff writer Mike Wiser can be reached at 815-987-1377 or mwiser@rrstar.com.

Traveler Data Program Defied Ban, Critics Say (WP)

By Spencer S. Hsu, Ellen Nakashima

The Washington Post, December 9, 2006

The Department of Homeland Security violated a congressional funding ban when it continued to develop a computerized program that creates risk assessments of travelers entering and leaving the United States, according to lawmakers and privacy advocates.

Although congressional testimony shows that department officials apparently disclosed some important elements of the controversial Automated Targeting System program to lawmakers in recent months, several key members of Congress said that they were in the dark about the program and that it violated their intentions.

"Clearly the law prohibits testing or development" of such computer programs, said Rep. Martin O. Sabo (D-Minn.), who wrote the three-year-old prohibition into homeland security funding legislation. "And if they are saying that they just took some system, used it and therefore did not test or develop it, they clearly were not upfront about saying it."

Privacy advocates and members of Congress expressed growing skepticism this week about the legality, scope and effectiveness of the massive data-mining program -- particularly the creation of risk assessments on Americans that would be retained for up to 40 years -- whose existence was first disclosed in detail in a Nov. 2 notice in the Federal Register.

The department announced yesterday that after receiving more than 50 objections to the program, it has extended a public comment period for ATS from Dec. 4 to Dec. 29. Sen. Joseph I. Lieberman (D-Conn.) and Rep. Bennie Thompson (D-Miss.), incoming chairmen of the Senate and House homeland security committees, and others have questioned the effort and called for hearings or additional administration briefings.

Developed to help customs inspectors target narcotics and other contraband, ATS began scrutinizing air travelers entering and leaving the United States in the mid-1990s, said Jayson P. Ahern, assistant commissioner of U.S. Customs and Border Protection. After the 2001 terrorist attacks, it was used to assign risk assessments to cargo and passengers, officials' testimony and a February 2005 DHS report to Congress show.

Two years ago, it was expanded again to a limited but growing number of land border crossers, according to the report and Ahern. About 309 million land crossings and 87 million air crossings of U.S. borders are made each year.

Travelers are not allowed to see their risk assessments and must file Freedom of Information Act requests to view the original records on which the assessment is based.

The Center for Democracy and Technology said the program violated the 1974 Privacy Act because customs officials targeted U.S. travelers and shared their data with other agencies without notifying the public. Homeland Security officials say that notice was implicit in an announcement in 2001 about an older program.

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"The lack of a notice at all was clearly illegal for however many years they claim this was in operation," said David Sobel, Electronic Frontier Foundation senior counsel.

"This is everybody's worst nightmare," said Kevin Mitchell, chairman of the Business Travel Coalition, who was angered by the revelation that profiles were being kept without travelers' knowledge.

Homeland Security officials said the funding ban applied only to successor programs to its aborted attempt in 2004 to use commercial databases to assign risk to domestic air passengers -- then known as CAPPS II and renamed Secure Flight -- not to preexisting programs.

Homeland Security Secretary Michael Chertoff acknowledged that the November notice was an attempt "to be even more transparent and write, in even clearer English, about what we were going to do." But in an interview with the National Journal, he expressed frustration with critics' surprise.

"Otherwise, why are we collecting the data?" he asked. "Just to have it to sit around?"

DHS leaders have described in speeches and congressional hearings their efforts over the years to process data from manifests and airline passenger records on U.S.-bound international flights to "detect anomalies and 'red flags' " for high-risk individuals.

DHS has been more explicit recently about ATS data mining and risk profiling, saying computer algorithms were used to "produce potential matches" of inbound and outbound travelers with "potential . . . connections to terrorist risk factors."

But senior Homeland Security officials made only a few short references in 2004 and 2005 to using the program to assess land travelers. At the time, they cited it only as a future possibility.

"Funding will allow us to develop and implement a version of ATS that, for the first time, will be able to identify potentially high-risk travelers in passenger vehicles," then-Customs and Border Protection Commissioner Robert C. Bonner told Congress.

FEMA Ordered To Restart Katrina Payments (AP)

AP, December 8, 2006

WASHINGTON (AP) — For the second time in eight days, a judge ordered the Bush administration to immediately resume making housing payments to thousands of families whose homes were damaged by Hurricane Katrina.

U.S. District Judge Richard J. Leon said last week that the confusing, often contradictory letters to hurricane victims from the Federal Emergency Management Agency didn't explain why rental payments were cut off. He said that violated the Constitution and he ordered the agency to restart the program immediately.

FEMA appealed that ruling and asked Leon not to force the agency to restart the program while that case plays out. Leon refused Friday to do so.

He ordered FEMA to come to court Wednesday to discuss how many evacuees are due housing payments and how the funding will be restored.

The Association of Community Organizations for Reform Now, which won last week's ruling, said more than 11,000 families are affected by the case.

Homeland Security Secretary Michael Chertoff, in an interview with CNN, said Friday that FEMA wanted to ensure only eligible people received aid.

"Obviously, we are going to pursue the legal questions where they have to be pursued, but we also want to make sure we're doing the right thing," Chertoff said. "We don't want to have deserving people kicked out, but we also don't want to have people ripping off the program."

FEMA did not immediately respond to a request for comment. The Justice Department had no immediate response to the order.

WAR NEWS:

Iraq Strategy Talks Focusing On Three Main Options (WP)

By Robin Wright, Peter Baker

DOJ_NMG_0105032

The Washington Post, December 9, 2006

As pressure mounts for a change of course in Iraq, the Bush administration is groping for a viable new strategy for the president to unveil by Christmas, with deliberations now focused on three main options to redefine the U.S. military and political engagement, according to officials familiar with the debate.

The major alternatives include a short-term surge of 15,000 to 30,000 additional U.S. troops to secure Baghdad and accelerate the training of Iraqi forces. Another strategy would redirect the U.S. military away from the internal strife to focus mainly on hunting terrorists affiliated with al-Qaeda. And the third would concentrate political attention on supporting the majority Shiites and abandon U.S. efforts to reach out to Sunni insurgents.

As President Bush and his advisers rush to complete their crash review and craft a new formula in the next two weeks, some close to the process said the major goal seems to be to stake out alternatives to the plan presented this week by the bipartisan Iraq Study Group. The White House denied trying to brush off the study group's report and said those recommendations are being considered alongside internal reviews.

But the growing undercurrent of discussions within the administration is shifting responsibility for Iraq's problems to Iraqis. Sources familiar with the deliberations describe fatigue, frustration and a growing desire to disengage from Iraq. The sources spoke on the condition of anonymity because of the sensitive nature of the deliberations.

"None of us see the situation in Iraq as favorable. We all see it as extremely difficult," Secretary of State Condoleezza Rice said yesterday.

Bush will devote most of next week to his Iraq review. He plans to visit the State Department on Monday to consult with his foreign policy team, then he will host independent Iraq experts in the Oval Office. The next day, he will hold a videoconference with U.S. military commanders and U.S. Ambassador Zalmay Khalilzad in Iraq. He will travel to the Pentagon for more consultations on Wednesday.

The crash White House review -- which involves the State Department, the National Security Council, the CIA and the Pentagon -- is tentatively expected to lead to a speech to the nation the week of Dec. 18, officials say.

While one of the options involves a surge of U.S. troops, there is no agreement on what the mission of those forces would be, sources say. Discussions center on accelerating the training of Iraqi forces and helping secure Baghdad before turning it over to the Iraqis. The goal generally could be to improve Iraq's defense capabilities so U.S. combat troops could begin to withdraw faster.

The second idea is the "al-Qaeda option," which would transform the U.S. mission to focus on fighting terrorism and would disengage forces from domestic aspects of the multisided conflict. U.S. troops would take a backseat on the Shiite-Sunni conflict and instead hunt down al-Qaeda operatives, the sources say.

On the ground, for example, that could mean a shift away from operations in Baghdad's volatile Sadr City slum, or from efforts to stop car bombs and sectarian attacks. The administration is increasingly resigned to the fact that it can neither prevent nor intervene in Iraq's sectarian war, which has begun to supersede both the Sunni insurgency and al-Qaeda's operations, the sources say.

The two military options are not necessarily linked. Some in the interagency discussions favor both, while others support the al-Qaeda option but not a military surge, the sources say.

On the political front, the administration is focusing increasingly on variations of a "Shiite tilt," sometimes called an "80 percent solution," that would bolster the political center of Iraq and effectively leave in charge the Shiite and Kurdish parties that account for 80 percent of Iraq's 26 million people and that won elections a year ago.

Vice President Cheney's office has most vigorously argued for the "80 percent solution," in terms of both realities on the ground and the history of U.S. engagement with the Shiites, sources say. A source familiar with the discussions said Cheney argued this week that the United States could not again be seen to abandon the Shiites, Iraq's largest population group, after calling in 1991 for them to rise up against then-President Saddam Hussein and then failing to support them when they did. Thousands were killed in a huge crackdown.

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Of the major proposals under discussion, only the "al-Qaeda option" is reflected in the Iraq Study Group's report. Recommendation 43 calls for the United States to shift priority to "the training, equipping, advising, and support mission and to counterterrorism operations."

The study group says it could support a short-term troop surge but notes that "past experience indicates that the violence would simply rekindle as soon as U.S. forces are moved to another area." The report does not, in the end, recommend more troops.

Senior administration officials caution that the review process is still fluid. "I don't think we're at the stage where we're coalescing around an option," said a top official who declined to speak on the record about internal deliberations. "These are everything's-on-the-table kinds of discussions."

Yet as it changes course, the administration is still struggling to resolve central issues, including how much it trusts Iraqi Prime Minister Nouri al-Maliki to tackle the two issues basic to stability: reconciliation and the militias that are fueling the sectarian violence. Despite Bush's public endorsement of Maliki after their meeting in Amman last week, U.S. officials have not yet decided whether he has the will or the capability to take on his brethren Shiites in the name of national reconciliation -- either by dismantling their militias or getting them to embrace the Sunni minority.

Bush aides said the president has been misinterpreted by those who believe he is giving the back of his hand to the Iraq Study Group, led by former congressman Lee H. Hamilton (D-Ind.) and former secretary of state James A. Baker III, and they insist that the report's ideas are now part of the administration's review. "There's not a purpose to distinguish or make a distinction from the Baker-Hamilton commission," the senior official said. "In fact, many of their proposals are being seriously considered."

If anything, the official argued, the commission gave Bush some running room by rejecting a rapid troop withdrawal, something some Democrats have advocated. "Nobody's going to go below what they said," the official said, meaning that because the study group set a goal of pulling out combat units by early 2008, that is now the earliest that troops could be withdrawn.

But the stature of commission members means that the White House will have to justify any deviations from their plan. "The onus will be on us to explain why we are doing something they recommended or why not," the official said. "They can't just be jettisoned. They have to be dealt with."

The president, who met yesterday with congressional leaders, vowed to work with Democrats to forge a common strategy. "We talked about the need for a new way forward in Iraq," Bush told reporters. "And we talked about the need to work together on this important subject."

With 3 Iraq Reports To Come, Bush Plans Week Of Scrutiny (NYT)

By Jim Rutenberg, Carl Hulse

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — President Bush will take part in high-visibility deliberations on Iraq next week, making visits to the Pentagon and State Department as they take part in an administrationwide effort to chart a new course in the war.

Mr. Bush will also meet with a group of academic and policy experts about Iraq on Monday, officials said, and will hold a video teleconference with senior military commanders.

The flurry of conspicuous consultation, officials said, is part of Mr. Bush's effort to come up with a new approach in Iraq under intense pressure to bring the violence there under control or begin reducing the United States' military commitment.

Officials said it was uncertain when the president would present to the nation what he has repeatedly called "a new way forward" in Iraq, though, they said, he still hoped to do so by Christmas.

The White House announced the series of meetings as it continued to face questions about how it planned to address 79 recommendations for Iraq proposed by the Iraq Study Group, whose bipartisan report included a grim analysis of the president's approach to the war.

Tony Snow, the White House press secretary, said Mr. Bush was still awaiting results of three major reviews on Iraq policy from within the administration before announcing his plans — one at the State Department, one at the Department of Defense and one at the National Security Council.

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Addressing growing anticipation in Washington for the president's new Iraq policy, Mr. Snow warned reporters on Friday, "What you look for may not be splashiness or boldness, as you may call it, but what you look for is a serious proposal that addresses the real concerns of many Americans about, are we pursuing victory, and if so, how?"

After a meeting with Mr. Bush on Friday, several Democratic leaders said they remained skeptical that he was ready to embrace a substantially different approach.

"Someone has to get the message to this man that there has to be significant changes," said Senator Harry Reid of Nevada, the incoming Democratic majority leader. He said Mr. Bush, through his comments and demeanor at the session, indicated that he was not receptive to the report, which Mr. Reid said was not the work of "do-gooders" but was written by "Democrats and Republicans with wide-ranging experience."

Mr. Reid's top deputy in the Senate starting next year, Senator Richard J. Durbin of Illinois, said Mr. Bush had compared himself in the meeting to President Truman at the start of the cold war. But Mr. Durbin noted that Truman was working with a broad range of NATO allies at the time while keeping negotiations open with the Soviet Union and others — a jab at the administration's decision so far against including Syria and Iran in talks on Iraq.

Mr. Snow said Mr. Bush did indeed refer to Truman in his meeting with the Democrat, but, Mr. Snow said, "The president was really not trying to compare himself to Harry Truman so much as to talk about the duration and nature of the struggle."

The administration has so far preferred to work with allies in the region like Saudi Arabia, Jordan and Turkey, as Mr. Bush showed again Friday by speaking by telephone with the Turkish prime minister, Recep Tayyip Erdogan.

After the meeting, attended by leaders of both parties, Mr. Bush pledged to continue to consult with Congress as "we fashion a new — a new way forward in Iraq."

But Mr. Snow indicated later that in pledging bipartisanship Mr. Bush was only willing to go so far.

"What the president said clearly was that he intends to consult with Congress, and that he — the door is open," Mr. Snow said.

"There's a flip side to that question," Mr. Snow added, "Which is whether those who say, 'Mr. President, as commander in chief, we listen to you,' bend to support him."

Flexing their own muscles, Democratic leaders promised heightened scrutiny of a forthcoming request from the administration for as much as $150 billion in new emergency spending for the war. The Republican majorities in the House and Senate have generally approved the administration's previous requests, though they enforced some changes.

Given the increasing number of employees working for private contractors in Iraq and the federal money flowing to Halliburton, a company Mr. Reid described as the "poster child for what is bad about this war," Mr. Reid said the new Congress would not simply sign off on the request.

Bush Plans "Policy Adjustments" In Iraq (LAT)

By Doyle McManus, Julian E. Barnes

The Los Angeles Times, December 9, 2006

WASHINGTON — President Bush said Friday that he's willing to change U.S. "tactics" in Iraq once he hears recommendations from his military and diplomatic advisors, but he doesn't intend to scale back his basic goals, his spokesman said.

Bush met Friday morning with Republican and Democratic congressional leaders and said the nation needs "a new way forward in Iraq." Aides said the president will receive proposals from the Defense and State departments next week and plans to propose a set of "policy adjustments" in a speech the week before Christmas.

One of the Democrats who met with Bush, Sen. Richard J. Durbin (D-Ill.), said he was disappointed.

"When he talked about his approach to Iraq, there was no indication of a change in basic strategy," Durbin said. "He talked about changing some tactics."

White House spokesman Tony Snow acknowledged that the changes Bush was considering would be limited.

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"What the president has said is: 'We need new tactics,' " Snow told reporters. "Now what he will not change is … the goal, stated by the president: an Iraq that can govern itself, sustain itself and defend itself. What is important and is open for wide-ranging reviews is: What's the best way to do it?"

Snow and other senior officials refused to discuss the proposals that would be presented to Bush next week.

"I've been doing some deep thinking on Iraq — which, if you don't mind, I'll share first with the president," said Secretary of State Condoleezza Rice, who is scheduled to discuss the issues with Bush on Monday.

Still, in responding to the recommendations of a bipartisan commission on Iraq this week, officials have suggested the rough outlines of at least some of the measures they are considering.

In some respects, the administration's thinking comes close to the recommendations of the commission led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.); in others, it conflicts.

For example, Pentagon planners have long agreed with the Baker-Hamilton panel that American troops should increasingly focus on training and advising Iraqi units, and gradually withdraw from direct combat in Baghdad and other Iraqi cities.

"As we transition to Iraqi control and as I hope that we'll see us moving out of some of the major metropolitan areas … I think we could [increase training] a lot faster than many people would believe," Lt. Gen. Peter W. Chiarelli, commander of U.S. and allied ground forces in Iraq, said in a briefing.

U.S. officials have also sought for months to pressure Prime Minister Nouri Maliki to work on reconciliation among Iraq's Sunni Arab, Shiite Arab and Kurdish communities, including long-stalled measures to strengthen the Iraqi constitution's protection of minority rights and to work out a formula for sharing the country's oil revenue.

The Baker-Hamilton commission proposed that if the Iraqis do not make faster progress, "the United States should reduce its political, military or economic support for the Iraqi government." In public, the Bush administration has refused to deliver a warning that stark, fearing that it could backfire by convincing the Iraqis that U.S. troops are on their way out. But U.S. officials increasingly have talked openly about subjecting the Iraqi government to clear deadlines and benchmarks for achieving political reforms.

"I think that if we set up a series of goals, goals that are tied to dates, of certain critical things that have to be done to make all the Iraqi people believe that this is a government of national unity, that we could regain their confidence," Chiarelli said.

As for the Baker-Hamilton panel's proposal that the United States bring Iran and Syria into discussions of the future of Iraq, administration officials said they still doubt such contacts would do much good. But they said they were open to the idea of Iran and Syria participating in international conferences if the Baghdad government wanted to invite them.

"The Iraqis are very engaged with their neighbors; we will support their diplomacy in ways that they find useful and that we find useful," Rice said, but added: "In both Syria and Iran, you have states that have chosen to be on the side of the divide that is fueling extremism, not moderation. And that is the essential problem."

Putting an unusual spotlight on a normally closed-door process, the White House announced Bush's schedule of policy briefings next week and said he would make public remarks after at least one of the sessions.

National Security Council spokesman Gordon D. Johndroe said Bush would go to the State Department to be briefed by Rice and her aides Monday, would consult with U.S. military commanders in Iraq by videoconference on Tuesday, and would go to the Pentagon to hear the results of a review commissioned by the chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, on Wednesday.

The public show of deliberation appeared aimed at making the point that Bush is actively leading the search for new ideas on Iraq, not merely reacting to recommendations from outsiders — or "outsourcing" presidential decisions, as Snow put it.

A major debate in the Pentagon, apparently unresolved, is whether to propose a short-term increase or "surge" in troop strength in Iraq to make one last try at stabilizing Baghdad, as Sen. John McCain (R-Ariz.) and some others have urged.

Gen. John P. Abizaid, commander of U.S. forces in the Middle East, and some other military officers have argued that while such a surge is possible, it would be costly — and, in any case, that political reforms in Iraq would be more important to achieve.

"I definitely think that this is winnable, but we've got to … convince the Iraqis that it's not just the military alone that will solve the problems that face them," Chiarelli said.

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Many military officers say they believe U.S. forces can still quell Iraq's insurgency and ease the sectarian violence, but only if the United States is willing to contribute more troops, more time, more money or all three.

"I think there will be some [troop increases]," said William Nash, a retired major general and analyst at the Council on Foreign Relations. "You can increase the troops by altering the way you rotate troops. You can do it for a little while, but you cannot do it for long."

The easiest way to boost the number of troops, officers said, is to alter their rotation schedule. Although the military has been looking for ways to increase the brigades' time at home to improve their training, it could speed up their deployments.

One of the most likely candidates is the 3rd Infantry Division, which served in Iraq in 2003 and 2005. The division is set to return in 2007, and its deployment conceivably could be moved up.

The military also could draw troops from Asia — Marines in Okinawa or soldiers in South Korea. However, recent threats from North Korea, which has conducted missile tests and nuclear weapons in the past five months, could dissuade generals from considering the move as their first choice.

Still, such temporary increases have caused problems. For substantial, long-term troop increases, the military would need to remobilize the National Guard, experts said — a politically unpopular move for any president. However, Chiarelli signaled commanders are willing to offer tough advice.

"I know I am leaving Iraq in a more uncertain and somewhat more tumultuous state than the last time I left," said Chiarelli, who is reaching the end of his second tour in Iraq. "We should not give in to the defeatist mood that I sometimes see displayed. This mission is the most critical and significant that we've undertaken in perhaps 50 years, and failure, in my opinion, is not an option."

Bush Targets Iraq Policy Change By Christmas (AFP)

By Stephen Collinson

AFP, December 9, 2006

President George W. Bush will work on a new approach to Iraq in meetings with top advisors next week, and could announce the strategy before Christmas, the White House said.

Pressure is building on Bush after he distanced himself from several key recommendations put forward by a top bipartisan commission this week, which called for a complete overhaul of US policy to avert Iraq's slide into chaos.

He will frame his decision in talks with his secretaries of state and defense, military commanders and US ambassador to Iraq Zalmay Khalilzad, as well as outside experts.

The White House says Bush carefully studied the Iraq Study Group report, and is awaiting results of several key internal reviews of Iraq policy.

"He's going to take all that information ... and boil that down," for the "new way forward that he wants to have in Iraq, because he knows that that's necessary," said White House deputy spokeswoman Dana Perino.

The goal is for Bush "to be able to give a speech before Christmas (December 25), but it's not set in stone," Perino said.

The Iraq Study Group report, which warns that the situation in Iraq is "grave and deteriorating," called for most US combat troops to be withdrawn by early 2008, talks with Iran and Syria, and for a new Middle East peace effort.

Bush, who admitted on Thursday that "we need a new approach" in Iraq, also discussed the situation there with top congressional leaders Friday.

"We talked about the need for a new way forward in Iraq, and we talked about the need to work together on this important subject," Bush said.

But incoming Democratic speaker of the House of Representatives Nancy Pelosi, was more combative, saying: "the time for change is now and it is apparent to the American people ... hopefully the president has got the message."

The president will visit the State Department on Monday then convene top outside experts on Iraq in the Oval Office. On Tuesday, he will have a video-conference with military commanders and Khalilzad.

Wednesday will see Bush at the Pentagon, Perino said.

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Bush has already said that even the commission did not expect him to agree with every recommendation, amid signs that the White House may pick-and-choose ideas which suit it from each review of the conflict.

But James Baker, the former US secretary of state who co-chaired the study group, said Thursday that the report should not be cherry-picked.

"I hope we don't treat this like a fruit salad and say 'I like this, but I don't like that, I like this, but I don't like that,'" Baker said.

"This is a comprehensive strategy designed to deal with this problem we're facing in Iraq."

But White House spokesman Tony Snow said: "Members of the Baker-Hamilton commission made it clear that they don't expect everybody to agree with each and every jot and tittle."

"But also that we do respect the fact that a lot of these issues are interconnected, and ought to be taken seriously as such."

Bush was cool on two key commission proposals -- talks with Iran and Syria, and withdrawing most US combat troops by early 2008.

"I've always said we'd like our troops out as fast as possible," he said, while insisting on the need to be "flexible and realistic" and tying any change in troop level to advice from US military commanders, as he has in the past.

Outgoing US Defense Secretary Donald Rumsfeld warned Friday that a precipitous withdrawal from Iraq would be a "terrible mistake" which would threaten the stability not only of Iraq but the region.

US military commander Lieutenant General Peter Chiarelli, meanwhile said an exit for most combat troops by early 2008 could be possible, if the Iraqi government embraces reconciliation.

"I think that's possible if in fact you have interim steps that are agreed upon and with timelines that are basically going to move us toward reconciliation," he told reporters here via video link from Baghdad.

Bush said Thursday that Damascus and Tehran might be welcome for talks if they renounced support for extremists and pledged support for Baghdad's fledgling government, otherwise "they shouldn't bother to show up."

Bush also reiterated his longstanding condition that Iran freeze sensitive nuclear work before any direct talks.

U.S. Urged To Engage Shiite Clerics (AP)

By Hamza Hendawi,

AP, December 9, 2006

The Iraq Study Group is urging Washington to push for direct contacts with two key Shiite clerics who have made clear they want nothing to do with the United States.

Grand Ayatollah Ali al-Sistani and Muqtada al-Sadr, who have vast influence among Iraq's majority Shiites, would lose credibility if they talk to the Americans.

Al-Sistani has steadfastly refused to meet with American officials, but has been a major source of moderation in a country engulfed by violence since 2003. While suspicious of U.S. intentions, he is credited with keeping most Shiites from taking up arms against the Americans.

In contrast, al-Sadr is a tireless advocate of the withdrawal of U.S. troops from Iraq and runs a militia that fought American forces in Baghdad and across central and southern Iraq in 2004. His Mahdi Army militia also is blamed for much of the sectarian violence in Iraq.

The bipartisan U.S. report said the Bush administration "must try to talk directly" to al-Sistani and al-Sadr, as well as militia and insurgent leaders.

But the recommendation appeared to pay little heed to the fine line the clerics must tread to avoid falling victim to the political treachery of today's Iraq, where something as inconsequential as a casual greeting to a U.S. soldier can sometimes mean death at the hands of insurgents.

Iraqis close to both clerics rejected the idea.

"It is impossible, not even in dreams," said Bahaa al-Araji, one of 30 lawmakers loyal to al-Sadr. "We see the Americans as an occupation force."

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While the Iranian-born al-Sistani represents the ancient Shiite clerical establishment in the holy city of Najaf, al-Sadr is a revolutionary leader and a master of street politics. Al-Sadr is at odds with al-Sistani and other top clerics over what he sees as their acquiescence to the United States.

The elder cleric, maligned by some Sunni Arabs for his Iranian origins, must strike a delicate balance between his opposition to violence and the deep anti-U.S. sentiments widespread among Shiites and Sunnis alike. Talking directly to Washington would go a long way to disrupt that.

Al-Sistani has been powerless to prevent Shiite death squads targeting Sunni Arabs since a revered Shiite shrine was destroyed by suspected Sunni militants in February. He has appealed for an end to the violence, but that did not stop Sunnis and moderate Shiites from accusing him of not doing enough to stop the bloodshed.

The stakes are even higher for al-Sadr, whose relatively young age and lack of academic pedigree leave his family name and uncompromising anti-U.S. stand among his main assets.

The teachings of his late father, Ayatollah Mohammed Sadiq al-Sadr, remain the ideological mainstay of the Sadrist movement and the basis of the son's following.

The late al-Sadr, assassinated in 1999 by suspected Saddam agents, routinely began his Friday sermons with the chant "No, no to America" — a cry repeated by worshippers today.

Vali Nasr, an expert on Shiite affairs with the New York-based Council on Foreign Relations, said the proposal for a U.S. dialogue with al-Sistani would be beneficial to the Americans.

"Direct contact with him ... would benefit the U.S. by giving the impression to Shiites that their most senior spiritual leader is shoring up American authority in Iraq," Nasr said. "But openly meeting Americans will hurt al-Sistani's stature by giving the impression that he is legitimating U.S. policies, and more generally, that he is openly meddling in politics."

An Iraqi in regular contact with al-Sistani in Najaf said the spiritual leader, who played a key role in charting Iraq's post-Saddam Hussein political course, remained opposed to any dialogue with the United States, adding that he held Washington responsible for much of Iraq's present problems.

"Perhaps when the Americans change their Iraq strategy. Until then, there will be no contact with them, directly or indirectly," said the official, who spoke to The Associated Press on condition of anonymity because he was not authorized to speak to the media.

While al-Araji, the Sadrist lawmaker, was categorical in his dismissal of the suggestion of direct contact between al-Sadr and the U.S. government, a top al-Sadr aide in Baghdad would not rule it out in the future.

Sheik Abdul-Zahra al-Suwaidaie, a leader of the Sadrist movement in the capital's Shiite stronghold of Sadr City, suggested that any future contacts would only take place if the United States announced a timetable for the withdrawal of its troops.

Al-Sadr "will not abandon the principle of no dialogue with the Americans," he said. "But if the Americans place a timetable for the withdrawal of their troops on the table, then our representatives could be ready to talk."

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AP writer Qassim Abdul-Zahra in Baghdad contributed to this report.

Kurds Brand Report "Unrealistic" (BBC)

BBC.com, December 9, 2006

The leader of Iraq's Kurdish region says the US Iraq Study Group report is "unrealistic and inappropriate".

Massoud Barzani was sceptical of plans to involve Iraq's neighbours in peace efforts, and for any weakening down of the Kurds' effective autonomy.

His comments were then echoed by Iraq's Kurdish president, Jalal Talabani, who said he agreed with Mr Barzani.

Earlier, the head of US forces in Iraq said most troops could be withdrawn by early 2008, as recommended.

But the commander, Lt Gen Peter Chiarelli, said such a pullout would only be realistic if Iraq first took significant steps towards political reconciliation.

US President George W Bush has publicly admitted the need for a "new approach" to the conflict in Iraq in the two days since the report was published.

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But the president has hinted that he may not accept all of the report's key recommendations.

In the first Kurdish reaction to the Iraq Study Group (ISG) report, Mr Barzani said the Iraq's Kurds were not committed to the report "in any way".

Members of the ISG did not visit Kurdish regions of northern Iraq while compiling their report, Mr Barzani said, calling that a "huge shortcoming".

He was critical of the report's emphasis on strengthening Iraq's central government, apparently "in contrast to the principles of federalism and the constitution, on which the new Iraq is built".

Calling the recommendations "inappropriate", Mr Barzani said: "We do not accept anything that opposes the constitution and the interests of the Iraqi and Kurdistan people."

His stance was backed up shortly afterwards by Iraq's President, Jalal Talabani.

"President Jalal Talabani supports the stand of the president of the Kurdistan region Massoud Barzani on the report," his office said, suggesting some of the reports recommendations ran contrary to Iraqi government policy.

A Family's Candid Friend (FT)

By Edward Luce

Financial Times, December 9, 2006

The day after publication of the Iraq Study Group's report this week, James Baker was asked whether the positive coverage would last. The septuagenarian Texan held up a tabloid front page that screamed "Surrender Monkeys" against a picture of Mr Baker and Lee Hamilton, his co-chairman.

Almost four years into the war, Mr Baker's response struck a rare chord of self-deprecation in a debate that has been dominated by unbending certitudes. On Wednesday, Americans had -reason to hope those bitter divisions might start to narrow with the release of the ISG report.

Whether that transpires, few would dispute Mr Baker was its chief architect. As secretary of state under George H.W. Bush, and as the Bush family's most loyal friend – often described as its consigliere – Mr Baker was the obvious choice to advise George W. Bush on ways out of the Iraqi morass.

Among Democrats, Mr Baker's reputation as a skilled diplomat in an era where diplomacy has been sidelined gave him credibility as someone who could bridge the gap between those who wanted to "stay the course" and those who preferred to "cut and run".

The outcome was unflattering to Mr Baker's best friend's son. Although Mr Bush said the report's 79 recommendations merited "serious consideration", its core message was uncomplimentary to his most cherished principles, even if it was rendered with bipartisan civility.

As Mr Baker, who descends from a line of Houston country club lawyers, wrote in his recent memoirs: "Rank partisanship is undignified. The best way to persuade someone to see things your way is to start by trying to see things his way." The question now is whether he can persuade the US president to see things his way.

Perhaps the toughest advice for Mr Bush would be to talk to America's adversaries, particularly Iran and Syria, which he insists would reward bad behaviour – a view Mr Baker, who talked frequently to Soviet officials, dismisses. "If it doesn't work, you don't lose a darned thing," he said.

Nobody knows better than Mr Baker the frustrations of engaging with the Middle East's authoritarian regimes. Prior to the launch of the Arab-Israeli peace process in late 1991, Mr Baker travelled to Syria 15 times. He showed equal tenacity in helping pave the way for German reunification. Mr Baker was lauded for his ability to make deals.

"While the rest of us would be going into meetings with talking points setting out what would be desirable, Baker would go in thinking: 'What is doable?' " said James Dobbins a former US diplomat. "He is always on the look out for the deal."

Although Mr Baker's latest role has been portrayed as the return of Bush senior's people to the scene, he has been providing advice to Bush junior since before he became president. In 2000, Mr Baker played a ruthlessly successful role as Mr Bush's lawyer in the controversial Florida recount following the close presidential election.

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In 2004, Mr Baker was Mr Bush's negotiator with John Kerry's Democratic campaign over the terms of the presidential debate and he also negotiated on behalf of Dick Cheney – himself a leading figure in Bush senior's administration. George W. Bush also sent Jim Baker as an envoy to the former Soviet state of Georgia.

"The idea that Jim's Iraq role is a proxy for the sudden return of Bush elder is misleading," said an old associate. "Jim was never far away." Congress set up the ISG. But Mr Baker only agreed to lead it after he was asked to do so by the president. Likewise, Mr Baker resisted pressure to publish before last month's mid-term congressional elections, which the Republicans subsequently lost.

Yet there is no disguising that much of the report will be deeply unpalatable to the US president, whose complex motivations for invading Iraq reportedly comprised a burning desire to complete his father's – and Mr Baker's – unfinished business from the first Gulf war in 1991.

It was also driven by the goal of democratising the broader region: "The road to Jerusalem goes through Baghdad," as the saying went. On Wednesday, Mr Baker suggested the opposite when he urged Mr Bush to launch an Arab-Israeli peace effort to help garner support for a stable Iraq.

Nor has Mr Baker made it easy for Mr Bush to ignore his advice, insisting it is not a "fruit salad" from which you can choose the bits you like. Yet changing events on the ground have given Mr Bush greater leeway to cherry-pick – a habit he allegedly got into with intelligence reports.

"The water is now so muddied no one knows where they are," said an associate of Mr Baker. But Mr Baker's report has not received the unmixed acclaim some had expected. The weakest element is perhaps its insistence that Mr Bush should apply strict conditions on future assis- tance to the Iraq government.

Critics say this confuses Baghdad's lack of capacity with lack of will. "It is illogical to shackle a man, throw him into turbulent waters and then tell him to save himself from drowning," says Mohsin Al-Hakim, son of Abdul Al-Hakim, one of Iraq's Shia leaders. Anthony Cordesman, a leading Iraq analyst, says it is like blaming the shop owner for the china the [American] bull has smashed.

Mr Baker has also come under fire for recommending a sharp rise in the number of US trainers "embedded" with Iraqi forces while simultaneously withdrawing combat troops.

This could expose US trainers and risk boosting the sectarian militias that control much of the Iraqi army. "It is easy to teach a soldier how to shoot," says a former official. "But shouldn't you be sure he will shoot the right people?"

Nevertheless, praise for Mr Baker's report still outweighs criticism; and whether Mr Bush agrees with the advice, it suits his purposes to appear to.

As for Mr Baker, his role might not be over. "I don't answer hypothetical questions," he said when asked whether he would become Mr Bush's envoy to lead a Middle East diplomatic offensive.

Were Mr Bush to embrace his advice on the Middle East, Mr Baker would be the obvious person to execute it. "It is impossible to think of anybody better qualified," said Brent Scowcroft, a senior official in Bush elder's administration. The odds must still be against it. Yet as Mr Baker, who has been called upon time and again to pull the Bush family's chestnuts out of the fire, has often observed: "You lose nothing by trying."

A Father's Tears (WSJ)

By Peggy Noonan

The Wall Street Journal, December 9, 2006

He stood there at the podium, the kind of podium he'd stood at 5,000 times in a long political life, and talked to the kind of audience he knew well: supporters and loyalists, old friends and new. He knew how to play them, how to use the old jokes and have fun. And suddenly he was sobbing.

He had referred to his son Jeb's first campaign for governor. He had seen some "unfair stuff," but Jeb "didn't whine about it, he didn't complain." The old president began to weep. "The true measure of a man," he then said, "is how you handle victory, and also defeat." And here a sob tore out of him and he could not continue.

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It is not fully right, or fully fair, to guess about another's emotions. But no one who knows George H.W. Bush thinks that moment was only about Jeb. It wasn't only about some small defeat a dozen years ago. It would more likely have been about a number of things, and another son, and more than him.

Age exposes us, if we're lucky enough to be given it. Some say it makes you softer, some tougher, some a mix of both. Some say it just leaves you more so -- whatever you were, you are, only more. I thought of that the other day after I saw the news reports of 41's speech. I went to a private dinner at the old Bush White House once, and the president, as he sprinkled pepper on his food, began to speak of his son Neil and "the pounding" he was taking in congressional investigations on the savings-and-loan scandal. He felt Neil was being abused for political reasons. Tears came to the president's eyes, sudden and unbidden.

Afterwards I thought about the two presidents I had known. Ronald Reagan was emotionally moved by American history and the Founders, by the long sweep of history. Personal issues and relations left him more dry-eyed. His successor was enormously moved by personal relations, by his love for his children and parents and friends. But to him the sweep of history was more abstract; it didn't capture his imagination in the same way. It left him dry-eyed.

Different strokes, different folks.

From what I have seen, growing older can leave you more exposed to the force of whatever it is you're feeling. Defenses erode like a fence worn by time. But what you feel can surprise you.

You're thinking about what was, and suddenly apprehending for the first time how important it was. You think of your son, age 3, on the lawn when you drove up that time. Once that memory touched you in some way you don't fully understand, but now it makes your throat constrict because you realize that of all the things that ever happened to you, none was as important as how he looked on the lawn when you drove up that time.

Age reorders. The order is expressed by the mysterious force of a fragment of a moment. And there you are at the podium, mugged by a memory.

Maybe there was some of those things in what happened the other day at the podium. But think of what a loaded moment in history it was for Bush the elder. Barely more than a day after he spoke, the Iraq Study Group's report would be issued. It was chaired by his old friend, the one with whom he'd discussed serious things years ago only after the kids, George and Jeb and the others, left the room.

Surely Mr. Bush knew -- surely he was first on James Baker's call list -- that the report would not, could not, offer a way out of a national calamity, but only suggestions, hopes, on ways through it. To know his son George had (with the best of intentions!) been wrong in the great decision of his presidency -- stop at Afghanistan or move on to Iraq? -- and was now suffering a defeat made clear by the report; to love that son, and love your country, to hold these thoughts, to have them collide and come together -- this would bring not only tears, but more than tears.

And the younger President Bush, what of his inner world? He has been shorn of much -- his place in the winner's circle, old advisers. A man who worked for Richard Nixon reminded me the other night that when Nixon fired Haldeman and Ehrlichman, "he lost his asbestos suit." He lost his primary protectors and loyalists. President Bush is now without a similar layer. Old staffers gone, Rumsfeld gone, Cheney marginalized, Condi and Karen off representing. And the ISG. And the loss of Congress.

And yet the president presents himself each day in his chesty way, with what seems a jarring peppiness. A person who saw him in the White House a few days ago described him as "perky, seemed happy." At the modest dinner for outgoing U.N. head Kofi Annan -- one participant called it "stinting" -- the president joshingly approached a guest. "I don't see many friendly faces here!" he said, leaving the guest deadpanning later, "He mistook me for a friendly face."

Unlike anguished wartime presidents of old, he seems resolutely un-anguished. Think of the shattered Lincoln of the last Mathew Brady photographs, taken just weeks before he was assassinated. He'd gone from a bounding man of young middle age who awed his secretaries by his ability to hold a heavy ax from his fully outstretched arm, to, four years later, "the old tycoon." Or anguished Lyndon B. Johnson sitting in the cabinet room by himself, literally with his head in his hands. History takes a toll.

But George W. Bush seems, in the day to day, the same as he was. It is part of the Bush conundrum -- a supernal serenity or a confidence born of cluelessness? You decide. Where you stand on the war will likely determine your answer. But I'll tell you, I wonder about it and do not understand it, either what it is or what it means. I'd ask someone in the White House, but they're still

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stuck in Rote Talking Point Land: The president of course has moments of weariness but is sustained by his knowledge of the ultimate rightness of his course...

If he suffers, they might tell us; it would make him seem more normal, which is always a heartening thing to see in a president.

But maybe there is no suffering.

Maybe he outsources suffering. Maybe he leaves it to his father.

U.S. And Iraqi Accounts Vary Concerning Airstrike That Kills At Least 20 (NYT)

By Sabrina Tavernise

The New York Times, December 9, 2006

BAGHDAD, Dec. 8 — The only thing that was clear from the accounts of Friday's airstrike by American forces north of Baghdad was that at least 20 Iraqis had been killed.

But typical of the fog of war here, American and Iraqi officials disagreed on just about every other point.

The United States military said that 20 people had been killed, including 2 women, and that they were all insurgents tied to Al Qaeda. Iraqi officials gave death tolls that ranged from 22 to 32, and said that the deceased were two extended families that included as many as 10 children.

As the situation in Iraq deteriorates, counting deaths and the numbers of attacks here has become a difficult — and politically charged — business. The Iraqi government temporarily banned the release of casualty figures this fall, and the Iraq Study Group, which issued a report on the war this week in Washington, criticized the American military for what it said was a chronic undercounting of attacks.

But an average day of violence shows just how difficult counting can be here, particularly in rural areas that are hard to reach like the site of Friday's strike, which occurred in Salahuddin, a predominantly Sunni province north of Baghdad.

In a Defense Department teleconference from Iraq, Lt. Gen. Peter W. Chiarelli, the second highest-ranking military commander in Iraq, said that 2007 would be "absolutely critical" for Iraqis and that an improvement in the situation could be achieved only by giving more Iraqis jobs and getting political leaders to reconcile.

"I happen to believe that we have done everything militarily we possibly can," he said. "I really believe the key to this conflict is to understand that it's going to take more than military action to solve the problems that face Iraq and to pull people together."

When asked about the proposal by the bipartisan Iraq Study Group that American troops be drawn down by early 2008, General Chiarelli said he thought it would be possible as long as Iraqis and their political leaders were able to follow a set schedule for reconciliation.

In a nod to American urgings, Iraq's Ministry of National Dialogue said on Friday that a national reconciliation conference, one in a series that began earlier this year, would take place in Baghdad on Dec. 16, Ali Mufeed, a spokesman for the ministry said.

The American military described Friday's attack this way: The strike occurred before dawn, shortly after American soldiers came under fire as they searched buildings. Soldiers fired back, killing two gunmen, but the shooting did not stop, and the Americans called in "close air support," which fired down on the area, killing 18 people. Two of those killed were women.

"Al Qaeda in Iraq has both men and women supporting and facilitating their operations, unfortunately," the military said in a statement. American soldiers found a weapons cache that included machines guns, suicide vests and rocket-propelled grenades, the military said.

A military spokesman, Sgt. Sky Laron, declined to give the name of the village where the battle occurred but said it was 15 miles south of Samarra and 30 miles west of Balad.

That description matches the location of the town of Ishaqi, where local police officials earlier this year accused American soldiers of killing civilians then covering it up with an airstrike. The military investigated and later cleared the soldiers.

Two Iraqi officials — the governor of the province and an official from the administration of the town of Ishaqi — said that the strike had taken place in a village near Ishaqi, and that it had killed members of the extended families of two brothers, Muhammad Hussein al-Jalmood and Mahmood Hussein al-Jalmood.

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A senior official in the Salahuddin governor's office said that six children had been killed. Amer Alwan, the official from Ishaqi, put the number at 10.

Lt. Col. Christopher Garver, a military spokesman, said that American forces had entered the site after the strike and that they counted 20 bodies. None of them were children, he said.

An Iraqi satellite channel, Sharqiya, broadcast images from what it said was the scene of the strike, showing the twisted body of one child, who looked to be about 10. It also showed people digging in the rubble of a destroyed building and women crying next to corpses wrapped in colored blankets.

The official in the Salahuddin governor's office acknowledged that a fight appeared to have taken place, as investigators found empty bullet casings sprinkled near the site of the strike. Mr. Alwan said nothing of a battle and contended that all those who were killed were civilians.

"I call on the Americans to protect the lives of the civilians," Hamid al-Qaisi, the governor of the province, said by telephone. He put the death toll at 22.

The American command has tightened the rules by which forces operate in the past year.

General Chiarelli, who championed the changes, said of the strike, "I can promise you that in every one of these incidents that occurs, that it will be fully investigated."

In southern Iraq, the British military said that more than 1,000 British and Danish troops raided villages north of Basra and arrested four Iraqis whom a spokesman identified as members of the Mahdi Army, a Shiite militia.

Three American soldiers were killed on Thursday, and two marines were wounded, the United States military said. Iraqi authorities said that 18 bodies were found across Baghdad on Friday.

U.S.-Led Forces Kill 20 Insurgents In Iraq (WP)

By Nancy Trejos

The Washington Post, December 9, 2006

BAGHDAD, Dec. 8 -- U.S.-led coalition forces killed 20 suspected insurgents during a raid targeting al-Qaeda in Iraq fighters northwest of Baghdad on Friday morning, the U.S. military said. Two women were among the suspects killed, the military said.

Acting on intelligence reports, ground forces were searching buildings in a village near Tharthar Lake in Salahuddin province when insurgents fired machine guns at them. The troops fired back, killing two suspects, the military said in a statement. Under attack, the troops called for an airstrike, which killed 18 more suspects, the military said.

Amir Alwan, mayor of Ishaqi, disputed the military's account, saying that 10 men, 4 women and 10 children in his village were killed. News agencies published what they said were photos of dead children at the site. The military denied that civilians and children were killed.

In another raid Friday morning, coalition forces captured seven suspected insurgents near the city of Fallujah in Anbar province and destroyed a building containing a weapons cache, according to the military. Most of the cache, which included materials for making improvised explosive devices, was buried in the floors of the house.

The raids were part of stepped-up U.S. efforts to capture insurgents and their weapons. Much of the focus has been on Baghdad, but fighting continues in Anbar province, another deadly place for American troops.

"We see al-Qaeda conducting operations to kill civilians, and it starts the cycle of sectarian violence all over again," said Lt. Christopher C. Garver, a U.S. military spokesman.

The military announced Friday that two U.S. soldiers were killed the day before by a roadside bomb as they patrolled an area south of Baghdad. Two soldiers were wounded in the attack.

A roadside bomb killed another U.S. soldier in western Baghdad on Thursday, the military said.

A mortar attack Friday evening in the Nahrawan neighborhood of southeast Baghdad killed 12 people and wounded 11, according to an Interior Ministry spokesman, Abdul Karim al-Kinani.

A suicide bomber detonated explosives in his car at an Iraqi army checkpoint in the northern town of Tall Afar, killing 3 civilians and injuring 15, including some Iraqi soldiers, said the city's mayor, Brig. Najim Abdullah.

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Controversy erupted over the Tharthar raid.

Ishaqi police Capt. Mohammed Faisal said that two houses belonging to two brothers were destroyed in the bombing. Khalaf Muhammad, 41, a farmer in the Tharthar area, also said that two houses were bombed and that 18 people lived in them. He said neighbors found the bodies of women and children in the rubble.

The Associated Press released a photo of a man holding a dead child at the bombing site. Another news agency, Agence-France Presse, also showed photographs of dead children.

Asked about the photos, Garver said coalition forces who conducted the raid reported that they had found no children.

"We didn't see anything in those photos that specifically link the children to the airstrike," he said. "We weren't sure from these photos what was what."

Garver said that the two women whom troops reported killing were suspected insurgents. "There's nothing to indicate they were non-combatants," he said.

The troops also found AK-47 assault rifles, machine guns, rocket-propelled grenades, anti-personnel mines, explosives, blasting caps and suicide vests at the site, the military said.

This is not the first time residents of Ishaqi have accused American troops of misconduct. This spring, a U.S. military investigation cleared U.S. soldiers of killing 11 civilians before calling for an airstrike in a March 15 raid on a suspected insurgent hideout.

The military would not disclose the nationalities of the coalition forces involved in Friday's raid, but U.S. troops make up the largest contingent of forces in the country.

Raids also occurred in southern Iraq on Friday, with 1,000 British and Danish troops conducting a pre-dawn sweep of houses to arrest suspects in murders, kidnappings and attacks on coalition forces, according to a statement from the British military. Several suspects were arrested, the military said.

Iraqis Allege Civilians Killed In Raids (AP)

By Kim Gamel,

AP, December 9, 2006

The U.S. military said 20 insurgents, including two women, were killed in a raid and subsequent airstrike Friday on a predominantly Sunni village northwest of Baghdad, but local officials alleged the dead were civilians — including eight children.

In southern Iraq, British and Danish forces hunted rogue Shiite militiamen blamed for recent attacks, conducting a pre-dawn raid that was described by coalition officials as the largest offensive in the area since the war began.

In the northern battle, U.S.-led coalition forces said they were searching several buildings near Lake Tharthar in Salahuddin province when al-Qaida-linked militants launched an attack. Coalition troops returned fire, killing two insurgents, the U.S. military said.

As the firefight continued, the troops called in airstrikes that killed 18 more fighters, the military said, including two women. "Al-Qaida in Iraq has both men and women supporting and facilitating their operations unfortunately," the U.S. command's statement said.

Amir Fayadh, mayor of the village of Ishaqi east of the lake, and local police disputed the claim that the strike only killed insurgents. The mayor said that 19 civilians were among the dead, including seven women and eight children.

An Associated Press photo showed an Iraqi man in blue garb holding up the dusty head of a boy of about 10, identified by villagers as killed in the attack. The boy lay on a floral print quilt, and his right hand poked out from under a piece of fabric, his fingers curled.

The twin raids capped another bloody week of sectarian violence in Iraq, and came as Washington debated a report urging the gradual shift of coalition forces out of combat and into training roles. The report said this would prepare Iraqi forces to take over security and allow American troops to go home.

Underscoring the deadly nature of the conflict, the military said two soldiers were killed and two were wounded in an explosion south of Baghdad after they left their vehicles to examine a suspected roadside bomb.

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In a separate incident, a third U.S. soldier was killed by a roadside bomb Thursday as his patrol conducted joint operations with the Iraqi army in western Baghdad.

At least 2,928 members of the U.S. military have died since the beginning of the Iraq war in March 2003, according to an AP count. The figure includes seven military civilians. At least 2,356 died as a result of hostile action, according to the military's numbers.

At least 47 Iraqis, meanwhile, were killed or found dead Friday, including 25 who died when mortar shells landed in a poor Shiite neighborhood on the outskirts of the capital.

In the clashes near Lake Tharthar, coalition forces say they found and destroyed several weapons caches. The arsenals included AK-47s, machine guns, rocket-propelled grenades, anti-personnel mines, explosives, blasting caps and suicide vests, the command said.

In Ishaqi in the north, AP Television News gathered horrific video of the scene. The images show more than a dozen charred and bloody bodies, some of which appeared almost mummified. In the video, villagers pulled back colorful wool blankets to reveal several bodies. In some cases, it seemed impossible to guess the sex or age of the dead.

The mayor of Ishaqi initially reported that more than 19 civilians had died, before he lowered the figure. He said he was initially mistaken because a group of visitors had left the area just before the air strike.

This spring, a U.S. military investigation cleared American soldiers of misconduct in a March 15 raid in Ishaqi in which Air Force planes destroyed a building where al-Qaida in Iraq insurgents were thought to be hiding. Villagers claimed the soldiers killed 11 Iraqi civilians before calling for the airstrike.

In southern Iraq on Friday, more than 800 British forces and 200 Danish troops clashed with militia fighters during the large-scale raid in the Hartha area on the outskirts of Basra, coalition officials said.

British Maj. Charlie Burbridge, a spokesman for the coalition in southern Iraq, said five Iraqis were detained. He described them as members of a "rogue, breakaway element" of one of the area's many Shiite militias, and said the suspects were directly involved in several local attacks.

Burbridge called it the largest search and detention operation that coalition forces have conducted in southern Iraq since the war began in March 2003. The coalition said the raid consisted of multiple missions that occurred at the same time.

The Danish soldiers arrived from the north, while British armored vehicles drove in from the south, Burbridge said. Other British forces rode boats to the confluence of the Garmat Ali River and the Shatt al-Arab waterway. The operation was also supported by helicopters and jets, he said.

One of the houses searched is near two large mosques, but the raid ended long before the main Friday services, said Capt. Tane Dunlop, another spokesman for multinational forces in Basra.

In one house, he said, raiders found Katyusha rockets, roadside bombs, rifles and rocket-propelled grenades.

Hans Vedholm, spokesman for Army Operational Command Denmark, said coalition troops were tracking militants believed to be behind attacks on coalition forces. He called the operation a "huge success because no one was harmed."

British troops made the arrests while the Danes served as guides, he said, because the Danes were not allowed to detain people under their mandate in Iraq.

"They found some weapons and small arms, and also heavy weapons and roadside bombs," Vedholm said. Some British reserve forces were attacked by small arms fire, he added, but no casualties were reported.

"It was very calm. They went into the houses, they arrested five people," he said. "We have some evidence against them. It will now be used and they will put on trial in Iraq."

Elsewhere in Iraq on Friday:

• Several mortar rounds struck about seven houses in the Nahrawan area in southeastern Baghdad, killing 25 people and wounding 22, including men, women and children.

• A suicide car bomber hit an Iraqi army checkpoint, killing three people and wounding 15, including five children, in Tal Afar. In March, President Bush called the city near the Syrian border an example of progress in securing Iraq.

• A sniper shot to death an Iraqi translator who worked with U.S. troops in Karmah, 50 miles west of Baghdad.

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• Police found 18 bullet-riddled bodies in Baghdad neighborhoods. Some were bound, blindfolded and bore evidence of torture.

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Associated Press writers Thomas Wagner and Sameer N. Yacoub in Baghdad and Karl Ritter in Stockholm, Sweden, contributed to this report.

Al-Zarqawi Said Shiites Most Dangerous (AP)

By Omar Sinan,

AP, December 9, 2006

The slain terror leader Abu Musab al-Zarqawi purportedly believed that Iraq's Shiite Muslims were more dangerous than U.S. forces and more evil than dictator Saddam Hussein, according to a posthumous interview published Friday on the Internet.

The 33-page interview, conducted sometime before a U.S. fighter bomber killed the former al-Qaida in Iraq leader in June, could not be immediately authenticated. It was posted on a Web site known to be a clearing-house for al-Qaida material.

The posting, which comes amid ongoing sectarian violence in Iraq, said the interview had been kept in al-Qaida's archive but did not explain why the terror group had decided to release it six months after his death.

In the interview, al-Zarqawi is quoted as saying the leader of Iraq's Shiites, Grand Ayatollah Ali al-Sistani, is a "satan" who publicly tells Shiites to stay above the violence but secretly tells them to attack.

"Al-Sistani has ordered his followers not to fight the Americans ... and yet they hit Sunnis with assassinations, forcing them to flee their homes and attacking their mosques," said al-Zarqawi, a Sunni from Jordan. "For us, the Shiites are far more dangerous than the Americans."

"The mass graves that Saddam perpetrated, and all his other crimes over the past decades, do not amount to one-tenth of what the Shiites have done in the last three years," al-Zarqawi is quoted as saying.

Earlier this week, a bipartisan commission in the United States warned "the situation in Iraq is grave and deteriorating" and recommended fundamentally different U.S. policies to combat the sectarian violence roiling the country.

The Iraq Study Group report also concluded that al-Qaida in Iraq is now largely made up of Sunni Arabs. Some 1,300 foreign fighters are believed to support the group or be available to carry out suicide bombings, the study found.

In the interview, Al-Zarqawi condemns the attacks of Iraq's Shiite Muslim militiamen on the country's Sunni Muslim community. Yet it was al-Zarqawi who had fomented Shiite-Sunni strife as the best way to scuttle the U.S. plans to rebuild Iraq as a democratic state after Saddam's overthrow.

Al-Zarqawi, whose real name was Ahmad Fadhil Nazzal al-Khalayleh, was responsible for the most vicious of the wave of attacks that occurred in the first years of the Iraqi insurgency. He is believed to have personally beheaded at least two American hostages. The U.S. had put a $25 million bounty on his head, the same amount as for al-Qaida leader Osama bin Laden.

In the interview, al-Zarqawi also rails against the leader of the Lebanese Shiite militant group Hezbollah, implicitly accusing Sheik Hassan Nasrallah of being in league with Israel.

Al-Zarqawi accuses Nasrallah of being two-faced in his opposition to Israel and suggests it is not an accident that Israeli aircraft have not killed him as they have killed several leaders of the Palestinian militant group Hamas.

"Hassan Nasrallah sits for hours at a military parade and Israeli aircraft don't bomb him. Who is he kidding?" al-Zarqawi is quoted as saying.

Iraq Sunni Clerics To Boycott Reconciliation Talks (AFP)

AFP, December 9, 2006

Iraq's leading Sunni clerics' organization will boycott a national reconciliation conference called by Shiite Prime Minister Nuri al-Maliki to end sectarian bloodletting, it has said.

The Muslim Scholars' Association said it had not received an invitation to the meeting, which is to be held on December 16.

"The association will not participate in the reconciliation conference as proposed by the government," said Sheikh Mohammed Bashar al-Faidhi, spokesman of the association, arguing that previous talks had failed.

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"We have seen in the past more than once that the government signs some agreements and later goes back on it," he told AFP Saturday, referring to a peace conference in Cairo last year.

"In any case, we have not been invited to the conference," he added.

The head of the association, Sheikh Hareth al-Dhari, is currently outside Iraq. The government has opened a criminal investigation against him for allegedly inciting sectarian violence against Iraq's Shiite majority.

The conference was first due to take place in early 2006 but had been postponed due to an upsurge in the violence plaguing Iraq. On Friday, officials announced it would take place next week.

Iraq's warring Shiite and Sunni communities are locked in brutal tit-for-tat sectarian violence that has left thousands dead since February when a revered Shiite shrine was bombed by Sunni militants.

US, Iraqi Forces Detain Aide Of Shiite Radical Leader (AFP)

AFP, December 9, 2006

US and Iraqi forces arrested Shiite radical leader Moqtada al-Sadr's representative in the central city of Kut and seven of his guards, a security official and a Sadr spokesman has said.

Sheikh Yahya Ahmed al-Khafaji, the head of Sadr's movement in Kut, 175 kilometres (110 miles) southeast of Baghdad, was seized in an early morning swoop on his office, an Iraqi security official said on condition of anonymity.

A Sadr spokesman in Baghdad confirmed the raid.

"We have information that US and Iraqi forces arrested the chief of our office in Kut and his seven guards early today. They also took away office equipment such as computers and other papers," said Sheikh Saleh Hassan Saturday.

He said the Sadr group was planning a protest in front of the provincial governor's office in Kut to demand their release.

"If occupation forces are so active and capable, they should target terrorist hideouts and not escalate violence in peaceful regions like Kut," said Hassan, who is also a member of the Iraqi parliament.

The raid was also confirmed by another Sadr aide from the cleric's main office in the Shiite holy city of Najaf.

The US military has often targeted supporters of Sadr, whose Mahdi Army militia is accused of killing Sunni Arab civilians amid the sectarian bloodshed gripping Iraq.

GOP Senator Calls Iraq Policy "Absurd," Urges Pullout (WP)

By Thomas E. Ricks

The Washington Post, December 9, 2006

Sen. Gordon Smith, a moderate Oregon Republican, broke sharply with the Bush administration over the war in Iraq in an emotional speech on the Senate floor Thursday night in which he called for a U.S. pullout.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," he said. "That is absurd. It may even be criminal. I cannot support that anymore."

Smith, who has shown some maverick tendencies in the past, such as when he blocked the 2005 budget resolution until his GOP colleagues agreed to add billions of dollars to Medicaid, said that he had "tried to be a good soldier. . . . I have tried to support our president."

He said that Bush "is not guilty of perfidy, but I do believe he is guilty of believing bad intelligence and giving us the same." He said he would not have voted in favor of invading Iraq had he known what he knows now.

The positive events in Iraq, such as its elections and the toppling of the statue of Saddam Hussein, "now . . . seem much like ashes to me."

Speaking to a largely empty Senate chamber, Smith rejected the Iraq Study Group's key recommendation that the U.S. military reshape its approach to Iraq and focus less on combat operations and more on training and advising Iraqi forces. He said it seemed to him to be a "recipe for retreat," not an immediate withdrawal but rather "cut and walk."

He said he doubts that the bipartisan commission's approach is wise if it would simply delay the inevitable. The U.S. government, he said, should find a way to either "win or bring our troops home."

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Car Bomb Kills Five Near Iraq Shiite Shrine (AFP)

AFP, December 9, 2006

A powerful car bomb has killed at least five people and wounded dozens more close to one of Iraq's holiest Shiite shrines in the central city of Karbala.

Salim Khadum, spokesman for Karbala's health department, said that five people had been killed and 44 wounded in the attack, according to an initial toll. A security official confirmed these figures Saturday.

The blast erupted at 11:00 am (0800 GMT) in Al-Abbas street, a few hundred metres (yards) from the Imam al-Abbas mausoleum, the final resting place of the son of the founder of Shiite Islam and one of the sect's early leaders.

Several civilian cars and a row of shops caught fire.

Despite thick smoke and flames, crowds of bystanders converged on the scene but were driven back by police, fearful of a follow-up blasts, a hallmark of attacks by Iraq's insurgent car bomb cells.

Karbala city authorities ordered roads into the city closed to traffic from other towns, allowing only residents to circulate in the popular Shiite pilgrimage destination until the sitaution stabilises.

The attack will probably be blamed on Sunni extremists and came hot on the heels of a call by Shiite Prime Minister Nuri al-Maliki for a reconciliation conference to stem raging sectarian violence.

Bomb attacks on Shiite shrines and civilians have been one of the major motors driving the cycle of sectarian revenge attacks which have brought the country to the brink of civil war.

More than 100 Iraqis are killed every day in insurgent and sectarian violence and this week a major report into US strategy described the situation as "grave and deteriorating" and warned it could trigger a regional war.

Maliki has summoned the leaders of Iraq's factions to a national peace conference on December 16 but already on Saturday at least one major Sunni group vowed to stay away.

Shiite leaders have also warned that they will not attend if figures linked to the Baath party of ousted president Saddam Hussein -- some of whom have roles in the insurgency -- are invited.

Tribal Leaders Detained In Southern Iraqi City (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 9, 2006

BAGHDAD — About 1,000 British and Danish troops staged a major raid Friday in Basra, Iraq's second-largest city, detaining five tribal leaders with ties to Shiite militias, British officials said.

The operation was the largest in Basra since the 2003 U.S.-led invasion that toppled Saddam Hussein's government, said Maj. Charlie Burbridge, a spokesman for British forces in Basra.

The move was part of an effort by the British, who are in charge of security in Basra, to suppress fighting among Shiite groups and tribes in the area.

Tribes in the Hartha district of Basra, where the Tigris and Euphrates rivers meet, have been clashing for decades, ever since Hussein's draining of the marshy area created disputed territory and simmering "blood feuds," Burbridge said.

Shiite groups, meanwhile, are vying for control of the local government. Basra's political leadership is almost evenly split between the Supreme Council for Islamic Revolution in Iraq, or SCIRI, which has affiliates in Iran, and Al Fadila al Islamiya, a homegrown party.

The area is also home to a large group of Shiites loyal to Muqtada Sadr, a radical anti-U.S. cleric, and his Al Mahdi army.

'Part of a network'

Burbridge said the five men arrested Friday belong to "a rogue breakaway element of a Shiite militia … part of a network that's operating in Basra." A Sadr official in Basra said at least one of the men was allied with the cleric's army.

The raid began at 3 a.m., with Royal Marine amphibious assault teams creeping up from the river, 800 British troops closing in from the south, 200 Danish troops arriving from the north, and helicopters and jets hovering overhead, Burbridge said.

British troops in the region, who number about 7,300, usually conduct raids in smaller, more nimble groups of about 250, Burbridge said. This time, the 1,000 soldiers split up into groups to seize the five men simultaneously at their homes, preventing

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them from alerting one another and going into hiding for weeks, said Capt. Tane Dunlop, also a spokesman for the south's multinational forces.

"These are people who are involved in planning and carrying out terrorist acts in the area," Dunlop said.

British and U.S. authorities would not disclose the detainees' names, but Khalil Maliki, who heads Sadr's Basra office, said they include Kadhum Abid Ali, the mayor of Hartha, who is allied with Sadr's followers.

A witness to the raid, retiree Sami Halfi, 58, said he saw the mayor arrested at his home at dawn. Four months ago, he said, the mayor's son was also detained by British forces.

No civilians or troops were injured in the raid, Burbridge said, and Iraqi army and police forces were not involved, although soldiers from the Iraqi army's 10th Division patrolled the streets afterward.

Friday morning, gunmen from the Garamsha and Shaghanba tribes protested the operation, blocking the main road to Baghdad, said Maliki, the Sadr official. By afternoon, they had sent a letter to British regional commanders demanding the release of the five leaders and threatening to overthrow the local government.

The gunmen withdrew at 3 p.m. at the urging of tribal leaders, who are negotiating with city officials to exert pressure on the British to win the detainees' release, Iraqi police Lt. Basim Abdul Nabi said.

At local mosques, clerics used their Friday sermons to appeal for the leaders' release.

"If the British forces don't release the five detainees, then the tribes will break into the governorate [building], since the local government is not being able to protect its own people," said Shiite cleric Abdul Kareem Enzi, who is associated with Sadr.

Ali Khanani, who leads the SCIRI political bureau in Basra, said British troops should let the Iraqi army and police secure the city, rather than "use violence and violation in their raids."

"The best thing the multinational troops could do at this point is hand over security to the Iraqis," he said.

On Friday, at least 29 people died in violence nationwide. During the preceding 24 hours, 18 bodies were found in Baghdad, some shot execution-style.

The U.S. military announced that a roadside bomb killed an American soldier Thursday during a joint patrol with the Iraqi army in west Baghdad, bringing the number of U.S. troops killed this month to 37.

North of Baghdad

Elsewhere in Iraq, U.S. forces conducted a raid north of Baghdad, killing 20 people. Military officials said the dead, including two women, were all armed insurgents with ties to the group Al Qaeda in Iraq. Residents said civilians had been targeted and killed.

The raid began at 12:30 a.m. Friday in the village of Jazeera in the Ishaqi farming region, about 50 miles north of Baghdad. Troops searched homes and traded fire with residents before calling in planes to bomb the area, the military said in a statement.

Eighteen men and two women were killed, two of them during the initial fighting, the military said. Soldiers also destroyed several weapons caches, containing AK-47s, machine guns, rocket-propelled grenades, antipersonnel mines, explosives, blasting caps and suicide vests, it said.

The Interior Ministry said the raid killed 19 — 10 children, five women and four men — and that no weapons were found in the area. Mayor Amer Alwan said troops killed four women, six children and 15 men, all execution-style. Witnesses identified the owners of the two homes targeted as brothers Mohammed and Mahmood Jalmood.

"The American sources say that they were terrorists, but they were a family of two brothers and among them were children and women," said Hamad Kaisi, governor of surrounding Salahuddin province.

Residents later displayed the bodies of five children, wrapped in blankets.

Photographs taken at the bombing site Friday afternoon show a man wrapping a child's bloodied body in a blanket, rows of wrapped bodies, and a gray, rubble-filled crater the size of a small house.

It was the second major raid by U.S. forces on Ishaqi this year. In March, soldiers looking for insurgents fired into the home of a schoolteacher, killing 11 people, including five children.

Military investigators later cleared the soldiers of wrongdoing but acknowledged nine civilian casualties, six more than originally reported.

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How Syria May Hold Key To Iraq (WSJ)

By Yochi J. Dreazen, Neil King

The Wall Street Journal, December 9, 2006

WASHINGTON -- The Bush administration has spent the past six years shaking its fist at Syria because of Damascus's ties to Islamic extremists across the Middle East. But now Iraq's civil war is sparking calls for the U.S. to reach out to Syria, raising the possibility of a U.S. policy shift that could put Washington on a collision course with Israel.

Members of the Baker-Hamilton commission, backed quietly by a number of senior Bush administration officials, say it is critical for the U.S. to find a way of persuading Syria to abandon its close ties with Iran and drop its support for Hezbollah and other militants. They want the White House to offer Damascus a series of economic and political incentives, including America's help in pressuring Israel to relinquish the disputed Golan Heights.

The approach would be a high-stakes turnaround for the Bush administration that would be certain to anger Washington's closest ally in the Middle East; senior Israeli officials are already publicly objecting to the possibility of new U.S. overtures to Syria. But advocates of greater engagement with Syria argue that there may be no other choice. They say a decision by Syria to use its influence over Iraq's Sunni population to help calm the situation there -- paired with Syrian moves to end support to Islamic-militant groups like Hamas -- could significantly improve conditions in Iraq and across the region.

Securing Syrian assistance would come at a high cost, and so far the Bush administration has reacted coolly to the idea. Senior administration officials question both the intentions and the capabilities of Syrian President Bashar al-Assad, whom they deride as weak and untrustworthy.

These officials argue that Mr. Assad -- who took power in 2000 after the death of his father, strongman leader Hafez -- is unable to control his government or military firmly enough to ensure that a formal Syrian commitment to cut ties to Hezbollah or Hamas would be honored. "He's not his father," one senior official said.

The calls to engage Syria are alarming many Israeli officials, who fear Washington's need to extricate itself from the morass in Iraq may result in new American pressure for Israeli territorial concessions.

Israeli Prime Minister Ehud Olmert this past week said that his government disagrees with the "attempt to create linkage between the Iraqi issue and the Mideast issue" and that it would be premature to resume peace talks with Syria. Israeli Foreign Minister Tzipi Livni was scheduled to meet with U.S. Secretary of State Condoleezza Rice Saturday to relay her government's concerns, Israeli officials said.

Edward Djerejian, a former U.S. ambassador to Syria who drafted a good portion of the Baker-Hamilton commission's report, said that Syria is the key to the regional puzzle and that the U.S. can ill afford to ignore it. The panel, a congressionally funded group of five prominent Democrats and five leading Republicans, said in the report issued this past week that the administration's Iraq policy is failing and called for most U.S. combat troops to leave the country by early 2008.

In an interview, Mr. Djerejian said the aim of any future U.S. negotiations with Syria should be to persuade Damascus to cut off its aid and trans-shipment of Iranian arms to Hezbollah in Lebanon and Hamas in the Palestinian territories. In addition, Syria should be pressured to cajole Hamas into recognizing Israel's right to exist, a move -- however unlikely -- that could rejuvenate the stalled peace talks between Israel and the Palestinians.

Mr. Djerejian said talks with Syria would have a second, important goal: driving a wedge between Damascus and Tehran, whose growing political and military alliance is sparking fears of an Iranian-dominated "Shiite crescent" stretching from Iran to Lebanon. The U.S. is already making a broad push to enlist traditional Sunni Arab powers like Egypt in a coalition to offset Shiite Iran's growing regional power, but Mr. Djerejian said the effort is doomed to fail without Syrian involvement. Syria is controlled by members of its Allawite minority, a form of Shiism that is rejected as heretical by some Sunnis.

The heated debate over Syria reflects growing concern in Washington over the dire situation in Iraq, where a civil war has left tens of thousands of Iraqis dead, along with nearly 3,000 American military personnel. The chaos there has sparked fears of a wider, regional conflagration.

When the U.S. invaded Iraq in March 2003, President Bush argued that getting rid of Saddam Hussein was the best way to boost the chances for a settlement of the Arab-Israeli conflict. Now, the Iraq Study Group is arguing the reverse: that ending the

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Arab-Israeli conflict, particularly the long-running dispute between Israel and Syria, would do much to improve the odds for success in Iraq.

Critics in the U.S., in Israel and among some Arab allies have questioned that assertion. They say the approach recommended by the commission co-chairmen, former Secretary of State James Baker III and former Democratic Rep. Lee Hamilton, risks further empowering Damascus and Tehran, with slim chance of getting anything in return.

Dennis Ross, a former Mideast envoy in the Clinton and first Bush administrations, said he favors greater engagement with Syria provided that Washington first tells the Assad government that it would pay a price for choosing not to cooperate. He said the administration could threaten to fully enforce the Syria Accountability Act, legislation enacted in 2003 that imposes travel and economic sanctions on the country, or impose other punitive measures. The U.S. could also make clear that it could make a new push for a Syrian-Israeli peace accord if Damascus drops its support for Hamas and Hezbollah.

"It's important to not convince Syria that we need them more than they need us," Mr. Ross said. "You have to concentrate their minds with what they will lose by not cooperating before you can get them to change their behavior."

Israeli officials and their congressional supporters question the Iran Study Group's recommendation that the U.S. convene a new round of Mideast peace talks with an eye toward cajoling Israel to return the Golan Heights to Syria. The group said in its report that the strategically important plateau, which Israel seized in the 1967 Six Day War, is the biggest incentive that could be offered to Syria. The Clinton administration during its last year in office tried to broker an Israeli withdrawal from the Golan Heights in exchange for security guarantees and a full peace accord with Syria, but the talks broke down in 2000 and haven't resumed.

Dore Gold, a former Israeli ambassador to the United Nations, said in a critique of the Baker report that "it is particularly disturbing" that the panel "does not call for the complete dismantling of international terrorist organizations in Syria as a precondition for the Israeli-Syrian agreement it foresees."

Messrs. Baker and Hamilton have said they are hopeful that Syria might be open to cooperating over Iraq, a confidence they don't share vis-à-vis Iran.

Mr. Baker said he isn't making Israel a pawn in a plan to rescue the U.S. in Iraq. "The road to peace in Iraq lies through Baghdad," he said this past week. "The road to Arab-Israeli peace lies through Jerusalem. We are not linking the two, but there is a relationship."

Rice Wary Of Seeking Iran, Syria's Help (AP)

By Anne Gearan

AP, December 9, 2006

Secretary of State Condoleezza Rice voiced skepticism on Friday over a bipartisan panel's recommendation that the United States seek Iran and Syria's help to stabilize Iraq, saying they should want to take such steps on their own.

If those two nations truly want to help, "they will act on that because it's in their interest," Rice said.

"Let's remember that the issue here is behavior. Can you change the behavior of these states?" she asked at a news conference at the State Department with the German foreign minister.

Rice also said the United States is making progress toward a deal on imposing United Nations sanctions on Iran over its nuclear program although "we're not there yet" after a disappointing round of talks among world powers this week.

Rice was asked about recommendations issued on Wednesday by a panel headed by Republican James A. Baker III and Democrat Lee Hamilton calling for withdrawal of most U.S. combat troops from Iraq by early 2008. The panel also called for overtures to Iran and Syria, a course the Bush administration has thus far rejected.

The report cited a grave and deteriorating situation in Iraq.

"None of us see the situation in Iraq as favorable. We all see it as extremely difficult," Rice said.

She said the situation in Iraq and the broader Middle East was high on the agenda of her talks with German Foreign Minister Frank-Walter Steinmeier.

As to the effort to impose sanctions on Iran for refusing to abandon the enrichment of uranium, Rice said, "I think we're making some progress on the resolution in the Security Council. We're not there yet, but I do think we're making some progress."

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Of the Baker-Hamilton report, Rice said it was "a very good report by people that I admire. I think they have done a great service in pointing out, through analysis and recommendations, how they see the situation in Iraq."

She said the U.S. needs to give Iraq "better tools, particularly on the security side," as the report suggests.

"I've been doing some deep thinking on Iraq, which if you don't mind I'll share first with the president as he begins to think about what new course we need," Rice said.

President Bush is expected to deliver a speech outlining his latest strategy proposal for Iraq before Christmas. He has said he will draw not only from the Baker-Hamilton report, but from ongoing studies by the Pentagon, the National Security Agency and the State Department.

Rice said that if Iran and Syria, which the United States accuses of fomenting terrorism in the Middle East, really wanted to help bring peace to Iraq, they would do so.

She noted that the Iraqi government has contacts with both countries and is capable of engaging in its own diplomacy.

She added that if Iran and Syria are "looking for compensation to stop helping destabilize Iraq, that's another matter altogether."

The Bush administration is leery of contacts with Iran that would allow the Shiite clerical leaders to try to avoid or lessen U.N. punishment in return for help in Iraq. Iran has influence among Iraqi Shiites, and the two countries share both a complicated history and a porous border.

The U.S. and Europeans are pushing for a U.N. sanctions resolution by the end of the year. The West accuses Iran of hiding plans to build a bomb while developing what it claims is a peaceful program to produce nuclear power.

Iran was on the agenda for a meeting Rice held earlier Friday with Russian national security adviser Igor Ivanov, whose nation has resisted strong sanctions for months.

Germany, France and Britain led failed talks with Iran last year that European powers had hoped would avert U.N. sanctions. Europe joined the United States in seeking sanctions early this year, but the process has bogged down repeatedly over objections from Russia and China. Both nations are permanent, veto-holding members of the U.N. Security Council that have trade and other ties to Iran.

Watchdog Agency For Iraq Projects Survives (NYT)

By James Glanz

The New York Times, December 9, 2006

BAGHDAD, Dec. 8 — After weeks of legislative maneuvering, the House passed a bill on Friday extending the life of a federal oversight agency that will now have the authority to examine $32 billion in American taxpayer expenditures on reconstruction in Iraq through approximately 2008.

A spokeswoman at the White House, Emily A. Lawrimore, said President Bush intended to sign the bill, which had been introduced in the House by Representative Ike Skelton, Democrat of Missouri. On Wednesday, the Senate passed an identical bill, sponsored by Senator Susan Collins, a Maine Republican, and by a bipartisan group of legislative allies.

Mr. Skelton suggested that after Congress reconvened in January, he might seek to expand the authority still further, possibly going beyond physical and institutional reconstruction projects to money being used to train and equip Iraqi security forces.

“More work must be done to ensure the oversight of all taxpayer dollars invested in Iraq,” Mr. Skelton said in a statement.

The financial authority of the oversight agency, called the Office of the Special Inspector General for Iraq Reconstruction, had already been expanded in October. But in a provision backed by Representative Duncan Hunter, Republican of California, the office would have been forced to begin shutting down soon and handing its duties over to offices at the Pentagon and the State Department.

Opponents of that move doubted that Bush administration agencies would be sufficiently motivated to investigate themselves, a contention that Pentagon and State officials dismissed. But after the bipartisan Iraq Study Group recommended Wednesday that the special inspector general be maintained for as long as American financial assistance was flowing to Iraq, there was swift action on the new House and Senate bills.

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The special inspector general's office, run by Stuart W. Bowen Jr., also has the authority to look at about $20 billion in reconstruction directed by American officials but paid for with Iraqi oil proceeds and assets seized from Saddam Hussein's government. That authority is unchanged by the new legislation.

Iraqis Near Deal On Distribution Of Oil Revenues (NYT)

By Edward Wong

The New York Times, December 9, 2006

BAGHDAD, Dec. 8 — Iraqi officials are near agreement on a national oil law that would give the central government the power to distribute current and future oil revenues to the provinces or regions, based on their population, Iraqi and American officials say.

If enacted, the measure, drafted by a committee of politicians and ministers, could help resolve a highly divisive issue that has consistently blocked efforts to reconcile the country's feuding ethnic and sectarian factions. Sunni Arabs, who lead the insurgency, have opposed the idea of regional autonomy for fear that they would be deprived of a fair share of the country's oil wealth, which is concentrated in the Shiite south and Kurdish north.

The Iraq Study Group report stressed that an oil law guaranteeing an equitable distribution of revenues was crucial to the process of national reconciliation, and thus to ending the war.

Without such a law, it would also be impossible for Iraq to attract the foreign investment it desperately needs to bolster its oil industry.

Officials cautioned that this was only a draft agreement, and that it could still be undermined by the ethnic and sectarian squabbling that has jeopardized other political talks. The Iraqi Constitution, for example, was stalled for weeks over small wording conflicts, and its measures are often meaningless in the chaos and violence in Iraq today.

But a deal on the oil law could be reached within days, according to officials involved in the drafting. It would then go to the cabinet and Parliament for approval.

The major remaining stumbling block, officials said, concerns the issuing of contracts for developing future oil fields. The Kurds are insisting that the regions reserve final approval over such contracts, fearing that if that power were given to a Shiite-dominated central government, it could ignore proposed contracts in the Kurdish north while permitting them in the Shiite south, American and Iraqi officials said.

The national oil law lies at the heart of debates about the future of Iraq, particularly the issue of a strong central government versus robust regional governments. The oil question has also inflamed ethnic and sectarian tensions. Sunni Arabs, who preside over areas of the country that apparently have little or no oil, are adamant about the equitable distribution of oil revenues by the central government.

On the drafting committee, Sunni Arabs have allied with the Shiites against the Kurds, who have sought to maintain as much regional control as possible over the oil industry in their autonomous northern enclave. Iraqi Kurdistan has enjoyed de facto independence since 1991, when the American military established a no-flight zone above the mountainous region to prevent raids by Saddam Hussein.

Gen. George W. Casey Jr., the senior American commander here, and Zalmay Khalilzad, the American ambassador, have urged Iraqi politicians to put the oil law at the top of their agendas, saying it must be passed before the year's end.

The drafting committee is made up of ministers and politicians from the main Shiite, Sunni Arab and Kurdish blocs in government. They began talks months ago, but the pace picked up recently, said an American official tracking the negotiations, who spoke on condition of anonymity because he did not want to give the appearance of Western interference in sovereign Iraqi matters.

At the start of the talks, the Kurds fought to ensure that regional governments have the power to collect and distribute revenues from future fields, Iraqi and American officials said. They also proposed that revenues be shared among the regions based on both population and crimes committed against the people under Mr. Hussein's rule. That would have given the Kurds and Shiites a share of the oil wealth larger than the proportions of their populations.

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But the Kurds dropped those demands, said Barham Salih, a deputy prime minister who is a Kurd and the chairman of the committee.

"Revenue sharing is an accepted principle by all the constituent elements of the Iraqi government, including the Kurds, and that is the unifying element that we're all hoping for in the oil law," Mr. Salih said in an interview.

The American official said the Kurds were willing to make concessions because a national oil law could attract more foreign oil companies to exploration and development in Kurdistan. A large foreign oil company would have more confidence in signing a contract with the Kurds if it were to operate under the law of a sovereign country rather than just the law of an autonomous region.

Some Kurdish leaders also believe that the concessions are a worthwhile price to pay for having a stake in the much larger revenue pool of the country's oil industry, the American official said. The southern fields accounted for 85 percent of total Iraqi crude production last year, partly because northern production was hampered by insurgent sabotage. The south has an estimated 65 percent of the country's 115 billion barrels of proven reserves.

But the Kurds are still holding out on the issue of oil contracts, arguing that the Constitution guarantees the regions absolute rights in those matters. The Kurds recently discovered two new oil fields after signing exploration contracts with a Turkish company and a Norwegian company.

"There are those among us who say we cannot go back to the former days of centralization, which were not conducive to good business practice and to the idea of federalism that is enshrined in the Constitution," Mr. Salih said.

In its recommendations released Wednesday, the Iraq Study Group took the opposite tack, to the anger of the Kurds. The report said that "no formula that gives control over revenues from future fields to the regions or gives control of oil fields to the regions is compatible with national reconciliation." Though the Kurds have ceded their position on the issue of future revenues, they are fighting for control over the development of future fields.

The drafting committee met Thursday night to try to resolve the contract issue, but could not reach an agreement.

Distributing revenues by population could be a difficult matter without a reliable census, which Iraq lacks. Sunni Arabs often claim they are at least 60 percent of the population, not the 20 percent that is commonly cited. The Shiites are generally estimated to be 60 percent of the population, and the Kurds 20 percent. The American official said a national census expected to be taken next year should determine the share of revenue that goes to each province or region.

If doing a census next year is too politically fraught, or if security conditions prevent it, then revenues could be distributed to provincial or regional governments according to the household counts used by Mr. Hussein's government to distribute rations in the 1990s.

The Kurds have insisted that revenues collected by the central government should be put into an account that automatically redistributes the money into sub-accounts dedicated to the provinces or regions. This approach could be written into the national oil law or into a separate law, the American official said.

The working draft of the oil law re-establishes the state-run Iraq National Oil Company, which was founded in 1964 to oversee oil production but was shut down by Mr. Hussein in 1987. The company would operate using a business model and not through a government budget process. Iraqi and American officials say that would make management of oil production more efficient and separate it from the Oil Ministry, which has been rife with corruption.

The North and South Oil Companies, which currently manage production in their regions, would fall under the umbrella of the Iraq National Oil Company. Any exports would still be sold through a state marketing company.

The law also sets production thresholds for creating new regional companies. A province or region, for example, might have to show it can produce 100,000 barrels a day before a company can be created there. Officials in Maysan Province in the south have already said they want to start a company.

Iraq Bribe Prosecutors Criticised As "lazy" (FT)

By Hugh Williamson, Adam Jones

Financial Times, December 9, 2006

DOJ_NMG_0105055

State prosecutors are dragging their feet investigating corruption in the Iraq oil-for-food programme, according to one of the authors of last year's United Nations report on one of the world's largest bribery scandals.

Mark Pieth, a Switzerland-based lawyer who wrote the report with Paul Volcker, former chairman of the US Federal Reserve, told the Financial Times that prosecutors in many countries were too career-minded, too unwilling to enter new legal terrain "and sometimes simply lazy".

In spite of high-profile investigations in Australia, France and elsewhere, few cases have led to charges being laid in the 13 months since the report was published. Mr Pieth said he was "astonished" the report's conclusions had not led to organisational changes in the UN, which was accused of mishandling the oil-for-food programme.

He welcomed the October decision by a Paris judge working on the oil-for-food scandal to charge with corruption Christophe de Margerie, head of exploration and production at Total, the French oil and gas group.

Mr Pieth said the "spectacular" case meant there were "many doubts" that Mr de Margerie, would, as planned, become chief executive next year. He added that this relatively rare breakthrough was because of France's handful of "very stubborn" anti-graft prosecutors. Total said yesterday Mr de Margerie would take up the post as planned in February. It has previously denied violating the UN embargo in place against Iraq until 2002.

Prosecutors in various countries have complained of the unclear legal basis for prosecuting the 2,200 companies named as law-breakers in the Volcker report. But Mr Pieth said the investigations were "straightforward legal work".

"As a prosecutor you rarely get promoted for such work, so many are not interested in it," said Mr Pieth, chair of the Basel Institute on Governance and adviser to the Organisation for Economic Co-operation and Development.

He accused governments of failing to provide enough support to identify companies that allegedly paid kickbacks to Saddam Hussein's regime to gain contracts.

Mr Pieth said an Australian inquiry that last month confirmed evidence of corruption in the Australian Wheat Board's involvement in the UN programme was important because it showed "the AWB knew even more [about corruption in Iraq] than it was willing to admit" to the Volcker inquiry.

Iraqis Line Up To Put Hussein In The Noose (NYT)

By Kirk Semple

The New York Times, December 9, 2006

BAGHDAD, Dec. 8 — One of the most coveted jobs in Iraq does not yet exist: the executioner for Saddam Hussein. The death sentence against Mr. Hussein is still under review by an appeals court, but hundreds of people have already started lobbying the prime minister's office for the position.

They have sent messages through cabinet officials and their assistants, and by way of government guards and clerical workers. One candidate, an Iraqi Shiite living in London whose brother was killed by Mr. Hussein, telephoned an aide to the prime minister to say he was prepared to drop everything and fly to Baghdad to execute the former ruler.

"One of the hardest tasks will be to determine who gets to be the hangman because so many people want revenge for the loss of their loved ones," said Basam Ridha, an adviser to Prime Minister Nuri Kamal al-Maliki.

Mr. Hussein and two of his top associates, Barzan Ibrahim al-Tikriti and Awad al-Bandar, were sentenced to "death by hanging" on Nov. 5 for their involvement in the arrest and killings of 148 men and boys after an assassination attempt against him in the town of Dujail in 1982. The nine-judge appeals bench has no time limit to issue its ruling, but if it upholds the death sentence, Mr. Hussein's execution must be carried out within 30 days.

Iraqi judicial officials said they expected that the appeals process would be completed in a matter of weeks and, if the sentence is upheld, that Mr. Hussein's hanging would take place between mid-January and mid-March.

The Shiite-led government has argued for a swift execution, saying that as long as Mr. Hussein is alive, he remains a powerful source of motivation for elements of the Sunni Arab insurgency fighting to restore him to power.

There are other critical issues the government will need to decide should the appeals court uphold the death sentence against Mr. Hussein, including where he will be executed.

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Officials have considered staging a public hanging in Baghdad's largest sports arena, Shaab Stadium, and filling the place with tens of thousands of spectators, according to a high-ranking government official involved in the executions process, who agreed to discuss the subject on condition of anonymity because he was not authorized to speak about it on the record.

But while such a spectacle might satisfy a communal need for closure, the authorities have rejected the idea for security reasons. A target that big, they say, would be highly vulnerable to attack by Sunni insurgents who might try to lob a few mortar shells into the crowd or ambush spectators on their way to and from the event.

Government hangings are now conducted in a prison complex in eastern Baghdad. Mr. Hussein, who is being held at Camp Cropper, an American military prison near Baghdad International Airport, could be transported to those gallows by helicopter. But officials worry that the trip would present an unnecessary opportunity for a rescue attempt by his sympathizers.

Most likely, officials say, Mr. Hussein will be hanged at gallows specially built for him at Camp Cropper.

The death penalty in Iraq, which applies to a range of crimes including terrorism and certain categories of murder, was suspended in 2003 by the American occupation authorities but reinstated in August 2004. Since then, 51 people — men and several women — have been hanged and about 170 are currently on death row awaiting execution or the outcome of their appeal, according to Hashim al-Shibli, Iraq's justice minister.

Those are the official numbers. The high-ranking government official involved in the executions process said the actual number of hangings was far higher, though fewer than 100, because of three sets of hangings that took place between December 2005 and March 2006 and were never publicized.

Human rights groups have questioned the transparency of the criminal justice system in Iraq and the ability of defendants to get a fair trial. And the United Nations has requested that the Iraqi government commute the sentences of all the prisoners on Iraq's death row. But Iraqi leaders have rebuffed calls for the abolishment of the death penalty, arguing that it serves as a deterrent to crimes.

"Maliki wants to show decisiveness that people should be punished," said Mr. Ridha, Mr. Maliki's adviser. "He is very anxious that these executions take place in a timely manner." He added, "The number of executions that have taken place is not a great number compared to the number of insurgents in the country."

The gallows are in a concrete building within a heavily guarded prison complex in eastern Baghdad, near the headquarters of the Interior Ministry. Two scaffolds made of steel sit side by side in an otherwise unadorned room, according to the high-ranking government official, who has attended hangings there. (The Justice Ministry and the Maliki administration denied requests to visit the prison and, citing security concerns, refused to give the precise location of the site.)

The government prefers to conduct several hangings in a day for the sake of efficiency. Men condemned to death are held on Iraq's death row — a wing of rudimentary cells, separated from other inmates in the prison compound. Condemned women are held at a women's prison in Khadamiya, a neighborhood in northern Baghdad.

The prisoners are told they will be hanged on the morning of their executions, officials said. They are led out of their cells in single file, dressed in orange jumpsuits, their ankles and wrists manacled, and taken to a room off the gallows chambers, where they are allowed to sit on floor cushions. There, they are permitted to pray. They can eat a last meal if they request it, or smoke a cigarette. They are given an opportunity to compose a last will and testament. Then, two by two and hooded, they are taken to the gallows.

The victims are led up a set of steel stairs to a platform, about 15 feet above the ground, and nooses fashioned from one-and-a-quarter-inch-thick hemp ropes are slipped over their necks. The executioners are different each time, drawn from among employees of the Justice Ministry who volunteer for the job. Many have lost relatives or friends in insurgent attacks, officials said.

With a tug of two large levers, the steel trapdoors drop open and the victims fall through. The doors make a loud clanging sound as they slam against the apparatus, according to people who have witnessed hangings. The jarring noise echoes off the cold, unadorned concrete walls.

Death is supposed to come instantly — a doctor is on hand to certify it — and the bodies are removed to a cooler where they are held before being handed over to the victims' families. The entire process is recorded by a photographer and a video cameraman and the images are stored in a government archive.

But the hangings have not always gone smoothly.

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Until the new gallows were built, the Iraqi government used an apparatus and an old rope left over from Mr. Hussein's government, said the high-ranking government official. The rope had become so elastic that it would sometimes take as much as eight minutes to kill the convicted person.

On Sept. 6, the Iraqi authorities planned to hang 27 people. On the 13th hanging, according to an official who was there, the rope snapped and the convicted man plummeted 15 feet through the trap door onto the concrete floor. "God saved me!" the man cried. "God is great! I did not deserve this!" For an hour, he lay on the ground praying and shouting while prison guards and the executioner debated whether this constituted divine intervention and, if so, whether the man's life should be spared. Once a new rope was rigged, however, the man was forced up the stairs once again and successfully hanged. The incident was first reported in Time magazine of Nov. 20.

The executions are conducted in secrecy to avert insurgent attacks. On March 9, a government convoy carrying a representative from the administration of Prime Minister Ibrahim al-Jaafari was ambushed on its way to the gallows. It was an unsuccessful effort to stop the representative from observing the day's hangings, including the execution of Shukair Farid, a murderous former police officer whom the government had nicknamed "the butcher of Mosul."

On another execution day, word leaked out and insurgents pelted the prison facility with mortar shells. The Iraqi subcontractors who built the new gallows, under the auspices of an American contractor, were forced to interrupt work several times because of threats by insurgents, officials said.

The current hanging procedures are an improvement over the methods used by Mr. Hussein, who conducted mass executions in a hangarlike building at Abu Ghraib prison. According to human rights groups, hundreds of prisoners were executed in a span of a few weeks in the 1990s to address prison overcrowding.

Mr. Hussein himself asked the court to execute him by firing squad, the method used for soldiers sentenced to death. He said it was his right because he was commander in chief of Iraq's armed forces at the time of the events in Dujail. His request was denied.

The protocols for his hanging have not yet been determined, including who will get to attend, Maliki administration officials said. In a standard Iraqi hanging, the attendance is limited to representatives from the Justice Ministry, the Interior Ministry and the prime minister's office, and a doctor. Mr. Shibli, the justice minister, said the convict's lawyer was allowed to attend, as well as a member of the clergy of the victim's choice, though in practice they rarely do.

The usual videographer and photographer will probably be on hand, as well, to record the hanging, officials said, and excerpts of the event may be shown later on national television. Mr. Ridha says the Iraqi people will want to see it.

Afghanistan War Nears "Tipping Point" (LAT)

By Laura King, David Holley

The Los Angeles Times, December 9, 2006

KABUL, AFGHANISTAN — The conflict in Afghanistan has entered a dangerous phase, and the next three to six months could prove crucial in determining whether the United States and its NATO partners can suppress a revitalized enemy — or will be dragged into another drawn-out and costly fight with an Islamic insurgency, according to senior military and security officials and diplomats.

"I think we are approaching a tipping point, perhaps early in the new year," said a Western diplomat in the region, speaking on condition of anonymity because he was not authorized to discuss the situation publicly.

Popular support for the central government is faltering, and Western military allies are deeply divided over how best to combat the insurgency.

On the other side of the fight, the Taliban has regained the strength to dominate large swaths of Afghanistan; government control is tenuous at best in at least 20% of the country, according to several Western diplomats and Afghan officials.

Militants have built a network of bases in the tribal hinterlands that straddle the frontier with Pakistan. Over the last year, a growing number of mobile encampments on the Afghan side of the border have given the insurgents greater self-sufficiency, military officials say, although the guerrillas still draw heavily on logistical support and weaponry funneled from the Pakistani side.

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"They can come and go pretty much undetected," acknowledged U.S. Army Brig. Gen. Michael T. Harrison Sr., who is overseeing the training and equipping of the struggling Afghan national army.

Observers point to an inexorable upward trend in violence that includes suicide attacks, roadside bombs and border clashes. "We have a bona fide war going on," Harrison said.

A widely cited recent report by the Joint Coordination and Monitoring Board, a panel of Afghan and foreign officials, said such attacks had increased fourfold from last year, killing at least 3,700 people so far in 2006.

A military spokesman in Kabul, the capital, for NATO's International Security Assistance Force, U.S. Army Maj. Luke Knittig, said he did not believe the report accurately reflected long-term trends. But a number of outside experts tracking the trajectory of the conflict supported the panel's assessment of a growing threat.

At stake for the U.S. and its allies with the North Atlantic Treaty Organization is not an outright battlefield defeat by the Taliban and other insurgent groups.

"We should be careful that we don't overstate this militarily unconventional challenge," U.S. Marine Gen. James L. Jones, NATO's supreme allied commander, told reporters last week in Riga, Latvia, where the alliance's leaders were meeting. "We will not be defeated militarily by the Taliban." NATO has 32,000 troops in the country, backed by formidable airpower.

But the patchwork of militant groups battling the Western allies has its own arsenal of strengths.

Insurgent attacks, whose low-tech tactics echo those used against U.S. forces in Iraq, are often ineffectual. But inevitably, some hit home. On Wednesday, for example, two American civilian contractors were killed in a suicide bombing in Kandahar, the sixth such attack in 10 days. Nearly 180 NATO and allied troops have been killed in fighting this year in Afghanistan.

The number of casualties has been enough to ignite public debate over the Afghan mission in several NATO countries, including Canada, which has more than 2,000 troops deployed, mostly in the violent south, the traditional seat of Taliban power.

Within Afghanistan, civilians increasingly bear the brunt not only of insurgent attacks, but NATO's offensive against the militants. In October, a NATO airstrike in the south killed more than 30 civilians, most thought to be nomadic herders. Civilian deaths account for about one-quarter of the fatalities this year and heighten Afghans' resentment of the foreign military forces while feeding a gnawing sense of insecurity.

In terms of casualties, the conflict is a lopsided one. The number of insurgent fatalities over the last year could be as high as 7,000, according to some independent estimates. But the Taliban and its allies draw on what appears to be an almost inexhaustible supply of potential foot soldiers.

"Recruitment is not a problem for them — not a problem at all," said Ayesha Siddiqa, an independent security analyst in Pakistan.

The allies are well aware that simply killing large numbers of insurgents will not constitute a victory. Western officials say they need to prevent the militants from seizing and holding more territory, establish reasonably secure conditions in the capital and the hinterlands, choke off infiltration across the porous Pakistani border and mend fences with restive tribal leaders.

All those tasks are proving difficult.

The insurgents include remnants of the Taliban, the austere Islamist movement that ruled Afghanistan for five years and gave shelter to Osama bin Laden and other members of his Al Qaeda terrorist network. The volatile brew also includes competing warlords, part-time fighters, recruits from the growing ranks of the poor and unemployed, and disaffected youth, often graduates of Talibaninspired religious seminaries.

Viktor Korgun, an analyst with the Russian Academy of Sciences who has had long experience in Afghan affairs, describes the insurgents as "a fresh new generation … copying the skills and ways of the armed resistance groups in Iraq."

"Their support network has improved, and in some areas they've been able to operate and control roads and villages and the like," said Seth Jones, a counterinsurgency expert at the Rand Corp. who was recently in Afghanistan for field research. "The Taliban have created a shadow government in a number of provinces — people going to Taliban governors rather than centrally appointed governors on rule-of-law issues."

The Taliban holds sway in much of the border province of Zabol, several Afghan and Western officials say. And in other provinces, including Kandahar and Helmand, the insurgents operate freely outside major cities and towns.

A number of interlocking factors have contributed to the insurgent comeback:

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The U.S.-backed government of President Hamid Karzai has been slow in asserting itself throughout the country.

Afghanistan's drug trade has also revived at an explosive rate. Opium cultivation rose this year by nearly 60%, according to the United Nations drug agency and the World Bank, and officials say drug money has become a driving force behind the insurgency.

In much of the country, the lack of security has severely stunted development projects, which in turn has fostered widespread disillusionment. Particularly in dirt-poor rural areas, many Afghans believe their daily lot has improved little since Taliban times, and tend to cast the blame on the same Americans they once hailed as liberators.

"People previously were repelled by the fanaticism of the Taliban, but anger at Americans is growing," said Talat Masood, a retired Pakistani general who is now an independent analyst. "And ultimately, they would prefer that their lives be secure. It's a survival instinct."

A European security official, speaking on condition of anonymity, said that for insurgents, fomenting even low-level instability carries big payoffs.

"People have lived through 20-odd years of war at varying levels of intensity. Frankly, they're not going to get fazed … by a few IEDs," or improvised explosive devices, he said. "But they are concerned that the base level of their lives is not improved, and that's the challenge that the insurgency provides — delaying the ability of the government to be able to deliver, by keeping certain areas unstable."

Senior NATO generals have publicly aired disagreements over battle tactics, troop strength and rules that largely exempt some member countries' troops from the most dangerous duty. But the alliance's political leadership appears in agreement that the Afghanistan fight is one the West cannot afford to lose. British Prime Minister Tony Blair declared in advance of the Riga meeting that "NATO's credibility is at stake," and President Bush called Afghanistan "NATO's most important military operation."

In recent weeks, senior U.S. officials have spoken more frankly about the alliance's attempts to come to terms with an unexpectedly resilient foe.

"There's certainly concern … about the fact that they've been able to come out this year with more intensity, more organization than we might have expected," U.S. Assistant Secretary of State Richard Boucher recently told reporters in New Delhi.

"You do have to understand, there are people that are bound and determined to kill us," he said.

"For those people, we're going to have to shoot back."

CORPORATE SCANDALS:

Senate Passes Bill To Criminalize Pretexting (NYT)

By Brad Stone And Matt Richtel

The New York Times, December 11, 2006

The Senate passed legislation last night that would make it a federal crime to obtain a person's telephone records without permission, an act known as pretexting.

The measure, which was approved by unanimous consent last night and is similar to a bill passed earlier in the House, imposes a fine of up to $250,000 and imprisonment of up to 10 years for duping telephone companies into divulging the calling records of private individuals. The penalties can go up under special circumstances, like cases involving domestic abuse.

The support for the legislation comes in the aftermath of the spying scandal at Hewlett-Packard, the computer giant. The company, eager to ferret out purported leaks to journalists from within its board, used private detective firms to retrieve phone records of directors, managers and journalists.

Companies convicted under the Senate legislation face fines of up to $500,000.

The legislation includes penalties and a prison sentence of up to 10 years for individuals who sell or buy phone records knowing the lists were obtained through deceptive means. Passage, which came just days before the conclusion of the Republican-led Congress, is a victory for privacy advocates and regular phone users concerned about the confidentiality of their records.

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"The fraudulent acquisition of phone records is now clearly and unequivocally illegal," said Jon Leibowitz, a commissioner at the Federal Trade Commission, an agency charged with combating unfair and deceptive business practices, including pretexting.

"Just having the statute on the books will help reduce the number of bad actors out there," Mr. Leibowitz said.

But some privacy advocates say the legislation does not go far enough.

"Given the amount of attention Congress has given to this issue, we should have a better bill," said Marc Rotenberg, the executive director of the Electronic Privacy Information Center.

Mr. Rotenberg said he would like to see Congress force companies to protect their customers' personal information. Mr. Rotenberg also expressed concern over an exemption in the legislation for law enforcement agencies that could allow them to hire private detectives or others to obtain individuals' calling records.

The bill passed the House on a unanimous 409-0 vote in April. But it remained stalled in the Senate Judiciary Committee for months, largely because of competition with a more complex pretexting bill in the Senate Commerce Committee, which would have required phone companies to ensure that personal records were being given only to the appropriate person.

After the Hewlett-Packard pretexting scandal made national headlines, House Republicans sent a letter to the Senate majority leader, Bill Frist, invoking the saga and urging prompt action on the stronger bill pending in the judiciary committee.

Consumer advocates plan to propose broader legislation in a session of Congress next year that would also make it illegal to try to fraudulently obtain other kinds of personal information, like utility, TV and Internet service provider records.

At Hewlett-Packard, regulatory filings this summer revealed that the company chairwoman, Patricia C. Dunn, had authorized a broad investigation into the source of embarrassing boardroom leaks to the news media. On Thursday, the company said it would pay $14.5 million to settle a civil lawsuit brought by the California attorney general, Bill Lockyer.

Detectives hired by the company employed pretexting techniques to obtain the phone records of company board members, employees and at least nine journalists who covered the company.

Ms. Dunn resigned from the company in September and in October was charged by Mr. Lockyer with identity theft and conspiracy. Privacy advocates say that even before the new law was passed, the attention the case was getting was pushing pretexters further underground.

Rob Douglas, who testified about pretexting on Capitol Hill and runs the Web site PrivacyToday.com, says the major test will be whether federal prosecutors back up the bill with aggressive enforcement. "If the Department of Justice doesn't take the issue seriously and prosecute individuals," he said, "it will be taken by the underground information community that they have carte blanche to continue the practice."

H-P Agrees To Fund Future Pretexting Probes (WSJ)

The Wall Street Journal, December 9, 2006

The Morning Brief, a look at the day's biggest news, is emailed to subscribers by 7 a.m. every business day. Sign up for the e-mail here1.

Hewlett-Packard may have admitted no wrongdoing, but the technology giant's settlement with the state of California is all about recognizing the unscrupulous nature of pretexting.

To settle the state's civil suit over its use of investigators to improperly obtain the phone records of board members, some employees and journalists, H-P agreed to pay $14.5 million -- and $13.5 million of that goes to fund state and local investigations2 of similar fraudulent practices, as the San Jose Mercury News reports. The attorney general's office will get $350,000 as reimbursement for its investigative costs in the case, and actual civil penalties from the suit come to just $650 ,000. By comparison, H-P has reported $91.7 billion in revenue for the 2006 fiscal year, as the New York Times points out, meaning the settlement is the equivalent of what H-P brings in about every 83 minutes3. California Attorney General Bill Lockyer, whose aggressive pursuit of the company brought him national prominence and may have helped get him elected as state treasurer last month, said the company deserves credit for not stonewalling. "Fortunately, H-P is not Enron," he said.

H-P now looks set to avoid criminal prosecution for the pretexting -- the practice of calling a phone company to get a customer's information under the pretext of representing that customer. What the settlement doesn't do is help the five H-P

executives and alleged outside abettors charged with identity theft and various forms of fraud for the pretexting, including ousted Chairman Patricia Dunn. And H-P could still face civil claims from people whose privacy was violated4, the Los Angeles Times notes. Still, the accord goes a long way toward helping H-P put the scandal behind it. H-P has already taken steps to comply with the ethical strictures placed on the company by the settlement, including the designation of an independent director "responsible for reviewing and reporting to the board H-P's legal and ethical requirements5 as it relates to future investigations," as The Wall Street Journal notes.

* * *

BofA's Possible Courtship of Barclays

Merrill Lynch has issued a research report saying Bank of America is "very interested" in buying the U.K. bank Barclays, provoking a 1.2% increase in Barclays stock6 during midmorning trading in London. Barclays would bring the huge American lender a large international presence in bond investment and trading operations, derivatives activities and the leading U.K. credit-card business, as well as other assets, Merrill points out. And "Bank of America has previously indicated that the next phase of its expansion is to become a leading global commercial and investment bank," Merrill says, according to MarketWatch. "In order to achieve that goal, we believe Bank of America is very interested in acquiring Barclays."

* * *

Mystery Deepens Over Russian Spy Death

Former Kremlin spy Alexander Litvinenko was buried yesterday, and news emerged that Dmitry Kovtun, one of the Russian businessmen he met in London on the day he is believed to have been poisoned, may have fallen into a coma. The increasingly mysterious events surrounding Mr. Litvinenko's death now center on the Pine Bar in the Millennium Hotel, where Mr. Litvinenko met Mr. Kovtun, and Andrei Lugovoy, a former KGB colonel, on Nov. 1. All seven bar staff have tested positive7 for polonium-210, the rare radioactive poison that killed Mr. Litvinenko, and an official at the U.K. Health Protection Agency said there was no short-term danger to the bar staff, but acknowledged there was a "very small" long-term risk of cancer, the Times of London reports. Officials are now trying to contact 250 customers who visited the bar on the same day. Results by the HPA also suggest that the polonium-210 may have been smuggled into the U.K. as early as two weeks before the poisoning, and it could have been dissolved in liquid before being slipped to Mr. Litvinenko8. "If it was some sort of liquid, it could have been -- as in James Bond -- a little magic capsule," Dr. Michael Clark of the HPA tells the Guardian. As technicians follow the "radioactive trail" left by the poison across London and Moscow, as the Washington Post calls it, attention is focusing on Mr. Lugovoy. He was scheduled to speak with U.K. and Russian investigators yesterday, but the meeting was postponed9 for what Russian investigators tell state media were "technical reasons," the Post adds.

Mr. Litvinenko was a Kremlin critic investigating the death of journalist Anna Politkovskaya, who herself was a fierce Putin critic. Ms. Politkovskaya, who was shot dead two months ago, was the third journalist at Russian newspaper Novaya Gazeta to die mysteriously in the past six years. And The Wall Street Journal notes that if Russia is one of the most dangerous places in the world to be a journalist, Novaya -- one of the last outposts of free speech left in the country -- may be the most dangerous media outlet to work for10.

* * *

Also of Note…

New York Times: The Environmental Protection Agency has changed the way it sets standards to control dangerous air pollutants like lead, ozone and tiny particles of soot, enhancing the role of the agency's political appointees in scientific assessments11 and postponing the required review by independent scientific experts, in a move that largely tracks the suggestions of the American Petroleum Institute.

Wall Street Journal: Eager to adjourn, Republicans are pressing for quick congressional approval of a $45.1 billion tax-and-trade package12 after late-night bargaining affecting timber, energy and health-care industries. The House today considers the massive package in two pieces, one focused on the trade provisions and the second dealing with taxes, offshore oil drilling and an adjustment in payment rates for physicians under Medicare.

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Washington Post: Despite an intensified campaign against poverty, World Bank programs have failed to lift incomes13 in many poor countries over the past decade, leaving tens of millions of people suffering stagnating or declining living standards, according to a report released Thursday by the bank's autonomous assessment arm.

BBC: The leader of Hezbollah has vowed to continue mass protests calling for Lebanon's Western-backed government, led by Fouad Siniora, to resign. Thousands of Hezbollah followers have been protesting14 in central Beirut for a week, with sporadic clashes between government and antigovernment supporters.

Legal Times: In an attempt to pressure the Justice Department to alter the way it investigates corporate fraud, a key member of the Senate Judiciary Committee formally introduced legislation aimed at preventing prosecutors from forcing companies15 to waive the attorney-client privilege in order to avoid indictment.

Ad Age: Wal-Mart Stores will reopen bidding for its $580 million creative-advertising and media account16 following the ouster of Julie Roehm, the Wal-Mart executive in charge of the recent decision to make DraftFCB the company's agency of record last month. And DraftFCB won't be eligible this time around.

Atlanta Journal-Constitution: Coca-Cola promoted Muhtar Kent17, a man known as a take-charge global operator and masterful diplomat, to its second-highest post, filling a critical job that has been vacant for two years.

Nature: A controversial theory of how we smell, which claims that our fine sense of odor depends on quantum mechanics, has been given the thumbs up by a team of physicists, which showed that the idea that we smell odor molecules by sensing their molecular vibrations18 makes sense in terms of the physics involved.

Times of London: Gunther Verheugen, vice president of the European Commission and the commissioner for Enterprise and Industry, was fighting to save his political career19 after German media published pictures showing him naked on a beach with his newly promoted chief of staff.

* * *

Quotes of the Day

"Some reports are issued and just gather dust. And truth of the matter is, a lot of reports in Washington are never read by anybody. To show you how important this one is, I read it, and our guest read it. The prime minister read -- read a report prepared by a commission. And this is important. And there are some -- I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation20. I expect them -- I think -- I know they expect us to consider every recommendation, Jim. We ought to pay close attention to what they advise. And I told them yesterday at our meeting that we would pay close attention, and would seriously consider every recommendation. We've discussed some of their recommendations here at this press conference. And we are -- we will spend a lot of time on it," President Bush said yesterday during an appearance with British Prime Minister Tony Blair, when asked how much consideration he would give to the Iraq Study Group's report. Asked if in light of the report he would admit to making failed decisions in the past, Mr. Bush acknowledged that "I thought we would succeed quicker than we did, and I am disappointed by the pace of success."

"I hope we don't treat this like a fruit salad and say, 'I like this, but I don't like that. I like this, but I don't like that.' This is a comprehensive strategy designed to deal with this problem we're facing in Iraq, but also designed to deal with other problems that we face in the region, and to restore America's standing and credibility in that part of the world," Mr. Baker told the Senate Armed Services Committee when asked how the ISG recommendations should be treated.

"They start from completely different places. … Baker approaches everything with a negotiator's mindset. That doesn't mean every negotiation leads to a deal, but you engage your adversaries and use your leverage to change their behavior. This administration has never had a negotiator's mind-set. It divides the world into friends and foes21, and the foes are incorrigible and not redeemable. There has been more of an instinct toward regime change than to changing regime behavior," Dennis Ross, a State Department point man for the Middle East during the Clinton and first Bush presidency who left the government early in the current Bush administration, tells the New York Times in seeking to explain the divergent points of view.

"Of course, the report had been written from the U.S. view, and we respect that. But it does not represent our own point of view22," Abdul-Aziz al-Hakim, one of the leading Shiite politicians in Iraq and a major power broker, tells the NewsHour with Jim Lehrer.

Barbara Chai contributed to this column.

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Write to Joseph Schuman at joseph.schuman@wsj.com23

HP Investors Unmoved By Spying Suit Deal (WP/AP)

By Jordan Robertson, The Associated Press

The Washington Post, December 9, 2006

SAN JOSE, Calif. -- Investors have largely shrugged off Hewlett-Packard Co.'s boardroom spying scandal, dismissing the brouhaha surrounding the company as immaterial to its day-to-day operations and stellar earnings growth in recent months.

That was true again on Thursday, when HP's stock price remained largely unmoved after the company and the state Attorney General Bill Lockyer announced that HP would pay $14.5 million to settle a civil claim centered on the dicey tactics used in the investigation.

HP's stock, which has actually gained around 9 percent since the probe was disclosed in a regulatory filing, fell just 24 cents to $39.62 in morning trading on the New York Stock Exchange on Friday. Details of the agreement were announced after the market closed.

Analysts said the penalty was relatively minor and would go a long way toward assuaging fears among skittish investors.

"It looks like they got off pretty easy, and that this is actually going to be a good thing for HP," said Roger Kay, who follows the company as president of market research firm Endpoint Technologies Associates. "It looks like they're in control of their destiny and have put at least some of this behind them."

The lawsuit accused the company of unfair business practices in its crusade to unmask the source of boardroom leaks to the news media.

The vast majority of the settlement _ $13.5 million _ will fund state and local investigations into privacy rights and intellectual property violations, according to the lawsuit and settlement filed simultaneously in Santa Clara County Superior Court.

The lawsuit marks the first civil case brought by authorities against Palo Alto-based HP for the scandal that erupted in September and led to criminal charges against former chairwoman Patricia Dunn and four others.

"Fortunately, Hewlett-Packard is not Enron," Lockyer said. "I commend the firm for cooperating instead of stonewalling, for taking instead of shirking responsibility, and for working with my office to expeditiously craft a creative resolution."

The state likely would have recovered far less if the case were taken to court, based on the limited penalties it could claim for each phone number that was illegally accessed during the leak probe, Lockyer said in an interview with The Associated Press.

"It's a good example of the HP that we all grew up with, the old HP of Hewlett and Packard, the ethics and principles of corporate responsibility and good management practices," he said. "We see those re-emerging in the way they dealt with this matter."

The remainder of the settlement amount consists of $650,000 in civil penalties and $350,000 to cover the state's investigation and other costs.

HP has also agreed to various governance reforms to be in place for five years, which Lockyer said will help protect privacy rights during any future HP investigations. Some of those reforms include the appointment of an independent director to monitor HP's compliance with privacy guidelines, and additional training for investigative staff.

HP CEO Mark Hurd said in a statement that the company is "committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility." The agreement did not include a finding of liability against HP.

Prosecutors said the company hired outside detectives who tricked phone companies into disclosing the private phone records of directors, journalists and others so the company could track the source of news leaks.

Those spied on included Hurd, various directors including former board member George Keyworth II, who was identified as the anonymous source in a CNet story, along with HP staffers and journalists.

Revelations of the probe, disclosed in a regulatory filing, led to an exodus from the board, criminal charges, a congressional investigation, and ongoing federal probes by the FBI, the Securities and Exchange Commission, federal prosecutors and other agencies.

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Dunn, who was ousted over the incident, former ethics chief Kevin Hunsaker and three outside investigators, Ronald DeLia, Matthew DePante and Bryan Wagner, have pleaded not guilty in Santa Clara County Superior Court to charges of identity theft and fraud for their roles.

The company's stock price has been relatively unaffected by the scandal, buoyed by strong earnings growth under CEO Mark Hurd and the belief that the turmoil had little affect on operations.

Cos Seek Federal Privacy Law;Privacy Groups See It As Weak (WSJ/DJ)

Wall Street Journal/Dow Jones, December 9, 2006

WASHINGTON (AP)--Microsoft Corp. (MSFT), Hewlett-Packard Co. (HPQ) and other high-tech companies are preparing to push for data-privacy legislation next year to replace what they consider an outdated patchwork of state and federal laws that are inconsistent and burdensome.

"We think the time has come for a comprehensive privacy bill that would protect consumers' personal information while still allowing the flow of information needed for commerce online," Ira Rubinstein, a Microsoft lawyer, said this week.

Several recent high-profile breaches of consumers' personal information have made consideration of privacy proposals more likely, Rubinstein said. The Social Security numbers and medical data of approximately 930,000 people were compromised this June, for example, when computer equipment belonging to insurance provider American International Group Inc. was stolen.

Microsoft, H-P and eBay Inc. (EBAY) earlier this year formed the Consumer Privacy Legislative Forum to lobby for privacy legislation. Google Inc. (GOOG), Intel Corp. (INTC), Oracle Corp. (ORCL) and other companies later joined.

The forum supports legislation that would set standards for what notice must be given to consumers about personal information collected on them and how it will be used, Rubinstein said. The companies are aiming for a law that would override any existing state laws and standardize privacy rules across industries.

The group's efforts will likely face some opposition, however.

Marc Rotenberg, executive director of the Electronic Privacy Information Center, a consumer advocacy group, said the proposals, if adopted, would amount to an industry drafting its own regulations.

Rotenberg also argued that the notices to consumers preferred by Microsoft and other companies are insufficient to protect online privacy. Instead, consumers should have access to the data that companies have on them and have more control over how they are used, he said, similar to the way consumers can currently access their credit reports.

Rotenberg also opposes the pre-emption of state laws, which he said in many cases have better protections than federal rules. Many anti-spam experts complained when Congress in 2003 approved a measure that did not let individuals sue spammers and that pre-empted most state laws that did.

Meanwhile, Stuart Ingis, a partner at the law firm Venable LLP, said that a broad privacy measure is unnecessary.

"Comprehensive privacy legislation already exists in this country," he said, citing existing laws and regulations governing financial and health-care privacy.

Those rules took decades to develop and provide strong protections for consumers, said Ingis, whose firm represents several companies and trade groups that track privacy issues.

Although high-tech companies have been seeking comprehensive federal privacy legislation, Congress has focused on the steps companies should take to protect data and when companies should notify consumers of data security breaches.

But several data security bills failed to pass during the soon-to-end congressional session, largely because of jurisdictional struggles between different congressional committees, said Steve Adamske, spokesman for Rep. Barney Frank, D-Mass.

Frank, incoming chairman of the House Financial Services Committee, said Wednesday that he plans to consider the issue of data security next year. To avoid a repeat of the jurisdictional struggle, Frank says he plans to propose to incoming House Speaker Nancy Pelosi that she appoint a task force of members from committees with oversight on privacy matters to work on the issue.

Setbacks Hit Plaintiffs In Two Securities Cases (WSJ)

By Michael Hudson

DOJ_NMG_0105065

The Wall Street Journal, December 9, 2006

Fiji Yields Bargain Bonds After Political Discord

The plaintiffs' securities bar was dealt several blows in the past few days.

Tuesday, plaintiff's attorneys were thwarted in their efforts to win class-action status in a suit alleging fraud among investment banks in underwriting new stock offerings.

Then on Thursday the Supreme Court agreed to consider overturning a plaintiff-friendly ruling out of the New York appeals court that Wall Street underwriters could be subject to private antitrust lawsuits.

The court cases are related: Both involve allegations of bad behavior in IPOs during the dot-com bubble. The Tuesday case accuses 55 Wall Street firms of requiring investors who got shares of hot IPOs to buy more shares once trading began. The practice allegedly inflated stock prices of more than 300 companies, mainly tech outfits.

The Thursday antitrust case takes issue with some of the same public offerings and alleges investment banks and institutional investors conspired to inflate stock prices in secondary-market trading.

Neither of these decisions was good news for Milberg Weiss Bershad & Schulman LLP. Melvyn Weiss leads the six-firm plaintiffs executive committee in the IPO securities litigation and serves as vice-chair of the executive committee in the IPO antitrust litigation. Early in the week, Mr. Weiss said he would appeal the ruling in the securities case. As for the antitrust issue, he voiced disappointment that the Supreme Court decided to review it.

"We think that the [lower] court got it right," says Mr. Weiss.

Milberg Weiss had a rough week on other fronts.

Steven Schulman on Friday announced his resignation from Milberg Weiss. Mr. Schulman, along with Milberg partner David Bershad and the Milberg Weiss law firm, were indicted earlier this year on fraud charges based on allegations of improperly sharing legal fees with clients. The firm and the lawyers have pleaded not guilty and are fighting the charges. Mr. Bershad has been on a leave of absence from the firm. Starting Jan. 1, it will be called Milberg Weiss & Bershad LLP.

Going Tropical

Investors looking to escape wintry weather may want to visit Fiji: The islands feature tropical breezes, untouched beaches...and bargain bonds. At a recent conference held in New York for investors who focus on emerging-market debt, J.P. Morgan named Fiji as an "out of the box" pick for the asset class.

Careful newspaper readers may have noted that on Dec. 5, soldiers ousted the elected prime minister of the South Pacific nation (population: 900,000) in the country's fourth military coup of the past 20 years, which sent Fiji bonds plunging and their yields higher.

Earlier this year, the democratically elected government issued $150 million worth of bonds, due in 2011, with a coupon of 6.875% of the face value of the bonds. The issue was 10 times oversubscribed, according to the Reserve Bank of Fiji.

It's unclear if democracy may return to Fiji, or when. Joyce Chang, global head of emerging-markets research at J.P. Morgan, said her first reaction to the suggestion to "buy Fiji on the coup" was disbelief. Not anymore. "We actually have a pretty benign interpretation of the recent political events," she said. "We believe the bonds have been oversold and present a decent buying opportunity."

The bonds, which don't trade very often, yielded roughly 9% at last check.

Tasty Secrets

Judging from the way share prices and debt instruments have been moving before big deals have been announced, Wall Street doesn't seem to be doing a very good job of keeping secrets this year. But that hasn't stopped some investment bankers from cooking up surreptitious code names for their deals.

Consider the planned tie-up of Bank of New York Co. with Mellon Financial Corp., a $16.5 billion merger announced last month.

Investment bankers at Goldman Sachs working on the deal developed the code name "Project Cider" to keep the proposed deal secret.

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The logic behind the name? To make cider you need apples and some kind of liquid. Behind the scenes, Bank of New York was known as "Apple" since it is headquartered in the Big Apple...New York. The Pittsburgh-based Mellon was referred to as "Water-Mellon." Apple and water makes cider.

--With contributions from Nathan Koppel, Joanna Slater and Clint Riley

Regulation Loosening The Ties That Bind Wall Street (WSJ)

By Kara Scannell

The Wall Street Journal, December 9, 2006

Amid cries from Wall Street, the Treasury and business executives that onerous regulations are blunting the U.S.'s competitive edge in the face of threats from European and Asian financial markets, the Securities and Exchange Commission is poised to unveil Wednesday two initiatives aimed at easing those fears. The moves aren't likely to be the last.

The first change will tweak the rules that firms must follow to obey a provision in Sarbanes-Oxley, the 2002 law passed in response to corporate-accounting scandals. SEC Chairman Christopher Cox, a former Republican congressman from California, has fought attempts by lawmakers to alter the law itself. But he has promised "significant changes" to Section 404, which sets standards for internal corporate controls, with the goal of reducing compliance costs while enhancing the benefit of review.

Under Section 404, management must review internal controls, and outside auditors are required to test them, a step business complains is too expensive. Mr. Cox says the commission's guidance and a new accounting standard (due Dec. 19 from the Public Company Accounting Oversight Board, the accounting industry's overseer) will make 404 more focused on big issues than tiny ones.

The second initiative will make it easier for foreign companies whose stocks and bonds trade here to "deregister" from U.S. reporting requirements. Mr. Cox's idea is that, if there is an easier exit, foreign companies will be less wary of listing here -- an important consideration as U.S. exchanges have lost large foreign initial public offerings to other markets in recent years.

A year ago, the SEC said large non-U.S. companies could cease filing annual and quarterly reports if fewer than 10% of their shares were held by U.S. residents and trading volume in the U.S. was less than 5% of that in their home market. The SEC is now scrapping that standard in favor of an easier one that relies strictly on a yet-to-be-released percentage of trading volume.

Both steps are likely to be cheered by those worried about the competitiveness of U.S. capital markets, but the pressure won't abate. With a thick set of recommendations from a private commission already on the table, a McKinsey study commissioned by Sen. Charles Schumer of New York, a Democrat, and Republican New York City Mayor Michael Bloomberg coming soon, and Treasury Secretary Henry Paulson pushing the issue, the campaign to further ease regulation and make life better for Wall Street is sure to continue.

Specter Bill Would Ban Waiver On Attorney-client Privileges (PPG)

By Jerome L. Sherman, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 9, 2006

WASHINGTON -- U.S. Sen. Arlen Specter yesterday introduced legislation that would prohibit the Justice Department from pressuring companies and their employees to waive their attorney-client privileges during government investigations.

His bill has support from a wide range of groups, including the U.S. Chamber of Commerce, the American Civil Liberties Union, and the American Bar Association. They fear that the federal government has become too aggressive in its prosecutions of corporate wrongdoing following scandals at Enron and WorldCom.

In 2003, then-Deputy Attorney General Larry Thompson issued a memorandum that gave federal prosecutors the option of taking a softer approach with companies that reveal information on internal discussions between attorneys and executives. But the memo prompted outcries among companies and legal groups who feared a dilution of a basic constitutional right.

"It's a very, very chilling effect," Mr. Specter said yesterday. "If you can't talk freely to your lawyer, you're in deep trouble."

He was joined by Dick Thornburgh, a former U.S. attorney general and Pennsylvania governor, who was representing the American Bar Association.

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"The attorney-client privilege is one of the oldest privileges in the law. It dates back to Elizabethan times," he said. He argued that the Justice Department's policy may unintentionally weaken federal prosecutions of corporate crime by dissuading employees from seeking confidential legal advice.

Brian Roehrkasse, a spokesman for the Justice Department, said the department's strategies had netted more than 1,100 corporate fraud convictions in the last four years. He emphasized that federal prosecutors take the preservation of the attorney-client privilege seriously.

"We have met with a number of individuals and organizations who have raised concerns or suggestions about our current guidance for investigating corporate fraud," he said in an e-mail message. "We are also reviewing the newly introduced legislation. Currently, we have not made any final decisions to amend our guidance"

Mr. Specter said his legislation wouldn't prohibit companies from voluntarily coming forward with information .

He acknowledged that the provisions, if passed by Congress, could create some more work for prosecutors.

"The Department of Justice can handle it," he said. "That's a small price to pay for preserving a constitutional right."

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Both steps are likely to be cheered by those worried about the competitiveness of U.S. capital markets, but the pressure won't abate. With a thick set of recommendations from a private commission already on the table, a McKinsey study commissioned by Sen. Charles Schumer of New York, a Democrat, and Republican New York City Mayor Michael Bloomberg coming soon, and Treasury Secretary Henry Paulson pushing the issue, the campaign to further ease regulation and make life better for Wall Street is sure to continue.

Possible Leak To Lobbyists Gets Attention Of The SEC (WP)

By Jeffrey H. Birnbaum, Carrie Johnson

The Washington Post, December 9, 2006

The Securities and Exchange Commission has looked into whether lobbyists provided hedge funds with potentially market-moving information about a pending congressional speech.

The SEC earlier this year questioned the office of Senate Majority Leader Bill Frist (R-Tenn.) about a possible insider leak to lobbyists about a speech Frist was to give on asbestos legislation, a Frist spokeswoman said.

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SEC officials also said they had looked informally into whether hedge funds, in turn, bought shares in companies that would be affected if Congress approved the bill, which would have settled asbestos civil suits.

But the SEC officials said that no charges were imminent and that it was unclear whether providing congressional information could be considered improper or illegal under insider trading laws.

Employees of public companies are barred from disclosing material information about their companies' plans. But lawmakers and their staff in Congress do not face similar restrictions on the information they can provide about legislative actions. Congressional ethics rules prohibit such disclosures only when aides or lawmakers profit from the information.

Few lobbyists reached yesterday expressed worry that their information-sharing might be restricted anytime soon. But Paul A. Miller, president of the American League of Lobbyists, said he would think twice about taking on a hedge fund client until the SEC gave more guidance about the propriety of selling rarified information to hedge funds.

The Frist incident, which was first reported by the Wall Street Journal, points up a growing business among lobbyists: the selling of information and analysis to hedge funds. As hedge funds have proliferated, lobbyists have increasingly supplemented their incomes by advising these big-money investors about Washington trends as an adjunct to their basic task of trying to influence legislation and regulation.

"The advisory business to hedge funds has been growing," said Paul A. Equale, a prominent lobbyist. "But in my experience it is almost a benign exchange of ideas and perspectives. It's more explaining how Washington works."

Intelligence collecting and legislative prognostication has long been a staple of lobbyists. "Information gathering is part of the daily lifeblood of what lobbyists do for their clients," said Frederick D. McClure, a lobbyist with Sonnenschein Nath & Rosenthal.

In addition, various types of companies -- including lobbying/law firms and capital-based research organizations -- have long sold their best guesses about the Washington outlook to investment houses and their clients. Many investment houses have for years had their own Washington offices to churn out the same kinds of reports.

But the SEC was concerned enough about the upward movement of a few stocks prior to Frist's November 2005 speech, which pledged a Senate vote on the asbestos bill, that it posed some questions to the lawmaker's office. Those questions were referred to the Senate's legal counsel, a Frist spokeswoman said.

CRIMINAL LAW:

Police Chief's Letter To Polygamist Leader: I Love You (AP)

AP, December 9, 2006

SALT LAKE CITY, Utah (AP) -- The chief law enforcer in two Utah-Arizona border towns is accused of misconduct for pledging allegiance to the leader of a polygamous sect who was on the FBI's most wanted list.

"I love you and ... know that you have the right to rule in all aspects of my life," Fred Barlow wrote in an October 2005 letter to Warren Jeffs. "Without priesthood I am nothing."

Barlow warmly addressed Jeffs as "Uncle Warren" and closed the letter by referring to himself as Jeffs' "servant."

Barlow is the police chief of a joint department serving Colorado City, Arizona, and Hildale, Utah. Jeffs is the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, which has 10,000 followers in those two towns.

The FLDS church practices polygamy and congregants revere Jeffs as a prophet and are taught to be obedient, including marrying at his behest.

Jeffs was arrested near Las Vegas on August 28. A judge will decide next Thursday whether he will stand trial in Utah on charges of rape as an accomplice for forcing a teenage girl to marry an older cousin. He also faces similar charges in Arizona.

"I am praying for you to be protected and yearn to be with you again," Barlow wrote. "I and all of the other officers have expressed our desire to stand with you and the priesthood."

The Arizona Peace Officer Standards and Training Board is using the letter as evidence in one of three misconduct charges against Barlow, who could lose his certification. The Salt Lake Tribune obtained the letter and published it Friday.

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Separately, the Utah Peace Officer Standards and Training Council this week voted to conduct its own probe of the police force, whose officers are accused of being too loyal to Jeffs.

Barlow even consulted Jeffs on a personnel matter in the letter. He named a police academy graduate he planned to hire -- "unless you would like us to do something different."

Federal authorities obtained the missive on October 28, 2005, when Jeffs' brother, Seth Jeffs, was arrested in Colorado with correspondence, money and other supplies believed to be intended for Warren Jeffs.

Barlow did not immediately return a phone call seeking comment Friday. In an interview with Arizona regulators on August 10, Barlow said he does not get daily advice from Jeffs, but "we may ask for some advice on some things if we can get it."

Anderson Indicted On Seven Counts (ANCHDN)

By RICHARD MAUER, LISA DEMER And TOM KIZZIA, Anchorage Daily News

Anchorage Daily News, December 9, 2006

Federal bribery case centers on link to prison firm lobbyist

State Rep. Tom Anderson pleaded not guilty Friday to a series of federal charges accusing him of selling his legislative office for $12,828 in bribes from a lobbyist representing private prison interests.

Anderson, a 39-year-old Republican who has represented Muldoon's District 19 since he was elected in 2002, was ordered freed Friday by U.S. Magistrate Judge John Roberts on an unsecured $10,000 bond after his arrest Thursday by FBI agents. Roberts said Anderson could travel to Mexico on a previously scheduled vacation next week with his wife, Republican state Rep. Lesil McGuire, who was elected to the state Senate in November, and their infant son.

TWO YEARS IN THE MAKING

The 18-page indictment against Anderson said the lobbyist was secretly recorded July 21, 2004, boasting that for a price, Anderson would be "our boy in Juneau."

A week later, the same lobbyist was recorded telling a confidential informant, "If I was a Soviet spy and I was looking for a legislator to recruit, (Anderson) would be the one I'd get." Anderson "needs the money," the lobbyist said.

The government didn't charge the lobbyist. He is identified only by the letter "A," but the facts in the case point to Bill Bobrick of Anchorage, who represented Cornell Companies, a private prison firm Outside. Bobrick didn't return messages left on his home and cell phones Friday, and his business number wasn't working.

On Thursday, before Anderson's arrest, Bobrick said in an interview that he was getting out of the lobbying business and was in the process of handing off his clients. He cited "health issues" as the reason.

Anderson, who did not seek re-election this year and formally leaves office next month, is the first legislator charged with corruption in office since two state senators faced charges in the early 1980s. One, George Hohman, was convicted of bribery in 1981, while the other, Ed Dankworth, successfully appealed his 1982 conflict-of-interest charges and never faced trial.

Anderson's seven-count indictment accuses him of going into league with Lobbyist A to promote a private prison somewhere in Alaska and a private juvenile treatment facility in Anchorage.

In return for the money, it said Anderson got himself appointed to legislative committees with jurisdiction over prisons and treatment, lobbied other elected officials, agreed to align his votes with the correction company's interests, wrote letters and publicly spoke on behalf of company projects.

Anderson disguised the source of the money in his reports to the Alaska Public Offices Commission, the indictment charged.

A GOVERNMENT SOURCE

A second private prison advocate secretly worked with the government to record conversations of the lobbyist and Anderson. The informant, identified only as "CS-1," used money provided by the FBI in the payoffs.

The private prison company was identified only as "Corrections Company" in the charges, but the facts squarely match Cornell Companies Inc. of Houston, Texas, a publicly traded corporation with facilities in 17 states. Cornell operates six halfway houses in Alaska from its buyout of Anchorage-based Allvest Corp. With partners Veco and Allvest founder Bill Weimer, Cornell failed to win public support for private prison proposals in Anchorage, Delta Junction, Kenai and Whittier.

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The proposals were all highly controversial in the communities, though they often sailed through legislative committees. During a House Finance Committee hearing May 9, 2004, Rep. Eric Croft, D-Anchorage, said the effort was corrupting the state.

"What I see, over and over, is repeated sole-source, pre-arranged, heavy-money deals that go to specific contractors. ... It's never been a clean, competitive proposal," Croft said at the time, the only member of the committee to object. "We are going to see somebody indicted and probably imprisoned over this series of proposals."

A prepared statement from the Justice Department released Friday said the corrections company was never told about the payments to Anderson "due to the undercover nature of the operation." It said the company "was not implicated in the corrupt activities that are alleged in the indictment."

Christine Parker, a spokeswoman for Cornell in Houston, said, "There's nothing that we knew of, or were aware of, until this indictment was issued."

Anderson arrived for his arraignment in federal court Friday wearing a bright yellow jumpsuit with the word "PRISONER" across his back. His legs were shackled as he rose for the judge alongside his defense attorney, Jeffrey Feldman of Anchorage. The hearing lasted 19 minutes. His trial was set for Feb. 12.

If the government was making a point to other potential defendants in its ongoing investigation into corruption, the message was tough. Nicholas Marsh, a trial attorney from the Justice Department's Public Integrity Section in Washington, D.C., told the court the charges carried penalties ranging from a maximum of five years and a $250,000 fine for conspiracy to a maximum of 20 years and $500,000 for each of three money laundering charges. Anderson was also accused of two counts of extortion (20 years and $250,000) and one count of bribery (10 years and $250,000).

The activities alleged in the indictment took place long before the coordinated raids of Aug. 31, when the FBI searched the offices of 10 percent of the 60-member Legislature. Anderson's office wasn't among them, and it's unclear how his case is related. Marsh, assistant U.S. attorney Joseph Bottini and FBI agent Mary Beth Kepner, a leader of the corruption probe, left quickly after the arraignment and declined to answer questions.

CALLS WERE RECORDED

The conspiracy alleged in the indictment began in July 2004 and continued through the following March. It said that Lobbyist A set up a shell company called Pacific Publishing that existed solely to launder money to Anderson. The company would pay Anderson to write articles about politics that would be published on its Web site, but Anderson was paid without ever scribbling a line.

CS-1 paid Lobbyist A $24,000 in three payments. The cover story was that the money was for advertising on the Web site, but they agreed the money was really for Anderson's pocket, with "A" taking a sizable cut.

The indictment said CS-1 had worked for the corrections company as a lobbyist "at various times." The identity closely matches Frank Prewitt, a former Alaska corrections commissioner appointed by Gov. Wally Hickel and who later went to work for Cornell.

In an e-mail exchange with the Daily News on Friday, Prewitt suggested he was the source, though he stopped short of confirming it.

"At this time it is inappropriate for me to talk about the voluntary role that I and others may have played in the Anderson investigation," Prewitt wrote. "Over the next year I believe you will find that this was only the beginning of the end of a sad, but healthy chapter in Alaska history. My prayers are with Representative Anderson and his family during this difficult time for all."

The first recorded conversation cited in the indictment occurred July 16, 2004, when the lobbyist suggested to the confidential source that they "try with (Cornell) to help out Tom Anderson." Five days later, the lobbyist told the source that Cornell should hire Anderson through him.

Rather than report Cornell, with its interest in legislation and other government action, as the source of the money, Anderson said he was paid for writing for the Pacific Publishing Web site.

Anderson himself was recorded Aug. 17, 2004, telling the confidential source: "APOC only needs to know (Bobrick) pays me and then we're all safe."

The source paid the lobbyist the first $8,000 Aug. 19, 2004, the indictment charged. Out of that, Anderson received $3,328, which he deposited Aug. 23 into the account of his personal consulting firm, Alaska Strategic Consultants.

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In a recorded call Oct. 20, 2004, the source told Anderson he had prepared the next $8,000 payment and planned to pass it on to the lobbyist.

"Awesome. Awesome. I appreciate it," Anderson is quoted as saying.

Anderson received a $3,500 advance from that payment, the indictment charged.

The source made his last $8,000 payment on Dec. 21, 2004. Anderson got $4,000.

But late in the scheme, the indictment alleged, Anderson was showing signs of unhappiness over splitting the money with the lobbyist. According to excerpts of recordings, the confidential source appeared at first to encourage the disaffection, saying it wasn't the lobbyist who was speaking out and voting for Cornell, but rather Anderson.

"I know," Anderson said.

But then the source suggested the lobbyist might become "estranged" if he were cut out of the deal. The source thought that he could make a separate payment direct to Anderson.

"If there's a way you can think of that, that would be nice," Anderson replied.

The source obliged, handing Anderson a $2,000 check Dec. 21, 2004. The indictment said the check was made payable to Tom Anderson.

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U.S. Indicts Alaska Lawmaker In Bribery (WT)

By Jerry Seper, THE WASHINGTON TIMES

The Washington Times, December 9, 2006

A federal grand jury in Alaska yesterday indicted Thomas T. Anderson, a member of the Alaska State House of Representatives, on charges of extortion, conspiracy, bribery and money laundering.

The indictment, handed up in U.S. District Court in Anchorage, accuses Mr. Anderson of soliciting and receiving money from an FBI confidential source in exchange for his agreement to perform official acts to further the source's business interest.

Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said the seven-count indictment returned Wednesday charges Mr. Anderson with two counts of extortion, one count of bribery, one count of conspiracy, and three counts of money laundering in connection with the use of a sham corporation to hide the source of the bribery payments.

The indictment also said that from July 2004 to March 2005, Mr. Anderson, along with another person identified as "Lobbyist A," solicited and received $26,000 in payments from an FBI confidential source, in exchange for Mr. Anderson's agreement to take official acts as a member of the Alaska Legislature.

According to the indictment, Mr. Anderson and Lobbyist A participated in the creation of a sham corporation to conceal the existence and true origin of the payments, and used the sham corporation to funnel a portion of the $26,000 to Mr. Anderson.

The indictment said the FBI confidential source was a consultant for a private corrections company located outside the state of Alaska, and Mr. Anderson and Lobbyist A initiated contact with the FBI confidential source in order to solicit bribery payments.

The FBI confidential source, however, never communicated those solicitations or any other information to the corrections company because of the undercover nature of the operation, the indictment said. The corrections company was not implicated in the corrupt activities that are charged in the indictment.

If convicted, Mr. Anderson faces a maximum penalty of 20 years and a $250,000 fine on the extortion counts; a maximum penalty of 20 years and a $500,000 fine on each of the money-laundering counts; a maximum penalty of 10 years and a $250,000 fine on the bribery count; and a maximum penalty of five years and a $250,000 fine on the conspiracy count.

The case is being prosecuted by trial attorneys Nicholas A. Marsh and Edward P. Sullivan of the Justice Department's Public Integrity Section, which is headed by Acting Chief Edward C. Nucci, as well as Assistant U.S. Attorneys Joseph W. Bottini and James A. Goeke in Alaska.

McGuire Defends Her Husband (ANCHDN)

Anchorage Daily News, December 9, 2006

Anchorage Sen.-elect Lesil McGuire said Friday that her husband is innocent of bribery and other charges, while noting the things he's accused of happened before they married.

"I am not and have not been a target of any investigation," she said in a statement issued to the media.

McGuire, a state representative from South Anchorage who was recently elected to the Senate, married Rep. Tom Anderson more than a year ago.

"He is a good man," McGuire told The Associated Press. "I've been beside him through many battles in the Legislature and have watched him. I'm devastated."

McGuire told The AP that the accusations against her husband don't involve her at all and that Anderson has stopped working as a lobbyist before the city. Anderson did not run for re-election and his term is about to run out.

McGuire did not return repeated calls from the Daily News on Friday.

In her written statement to the media, she asked that the public withhold judgment of her indicted husband "until the judicial process has run its course."

"As you can imagine, my family and I are devastated by the events that occurred yesterday," she wrote.

Federal Jury Convicts Ex-Teamsters Leader (HC)

By Harvey Rice, Houston Chronicle

Houston Chronicle, December 9, 2006

Crawley is found guilty of rigging union election and accepting kickback

A federal jury convicted on Friday a former president of Houston's largest Teamsters local on all counts alleging that he rigged a union election and accepted a kickback from a vendor.

Charles "Chuck" Crawley was taken from the downtown courtroom immediately after the verdict was announced.

U.S. District Judge Melinda Harmon scheduled a March 23 hearing, when Crawley could be sentenced up to 30 years in prison.

"I think he's in shock," defense attorney Ned Barnett said.

He added that his client "was convicted on testimony of witnesses who have told a lot of lies in the past," referring to union officials who were given immunity in return for testimony.

Jurors had heard four days of testimony in Crawley's trial on one count of mail fraud, two counts of embezzlement and one count of falsifying records. He is the fourth Teamsters president in Houston to be convicted on federal charges since 1992, Assistant U.S. Attorney Edward Gallagher said.

Crawley was elected as a reformer in 1997 after his predecessor, Richard Hammond, was removed by a trustee from the international union in 1995. Hammond was sentenced to four years in federal prison in 1998 after his conviction for embezzling union funds.

Assistant U.S. Attorney Michael Wright said Friday that Crawley betrayed union members' trust for his own gain.

The verdict came after a prosecutor told jurors in closing arguments that Crawley had assured a union vendor that he would have the winning bid in return for a $20,000 kickback.

Justice Department trial attorney Vincent Falvo said Crawley told the vendor who installed the telephone system in a new union hall, "There will be no other bids. This is my union hall."

By convicting Crawley of accepting the kickback and rigging a 2002 union election, "You will tell Mr. Crawley, 'No, it is the members' union,' " Falvo told jurors.

Barnett countered that prosecutors unfairly targeted his client and that prosecution witnesses lied to save themselves or because they feared the government.

"They wanted Mr. Crawley. They had their minds made up" before evidence was gathered, Barnett said. "He's the prize. He's the trophy."

Wright called that allegation absurd.

Crawley, 56, was indicted in June after a three-year probe into allegations that he rigged the 2002 election to stay in office.

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An investigation by the International Brotherhood of Teamsters led to his ouster in 2003 as head of Local 988.

That same year, he gained national attention by using non-union labor to build the local's $1.7 million union hall, causing international President James P. Hoffa to cancel his appearance at the opening.

Crawley was accused of mailing 362 phony absentee ballots in the names of union members he thought would not vote.

But 36 did vote, raising suspicions that led to an investigation, prosecutors said.

Falvo said an FBI lab found Crawley's fingerprints on one of the phony ballots, and another union official testified that he helped Crawley stuff the phony ballots into envelopes.

A vendor testified that he offered to sell the union a phone system for $32,000, but Crawley asked him to add $20,000.

Child Porn Site Host Guilty (CLARKSLC)

By Thomya Hogan, The Leaf-Chronicle

Clarksville (TN) Leaf-Chronicle, December 9, 2006

Clarksville man makes plea, faces 5- to 150-year sentence

A Clarksville man who hosted an Internet chat room called "Kiddiepics & Kiddievids" that was at the center of an international child pornography investigation pleaded guilty in federal court Thursday.

Royal Raymond Weller, 49, who lived in Hunter Chase Apartments on Madison Street at the time of his arrest, admitted to eight counts of conspiracy to distribute child pornography, distribution of child pornography, receipt of child pornography and possession of child pornography.

After making his plea in U.S. District Court in Nashville Thursday, Weller now faces between 5 and 150 years in federal prison and will be sentenced in March.

According to a news release from the Justice Department, Weller, under the user name "G.O.D.," hosted chats shaped around users' preferences and included promoting the trade of child pornography and evading detection by law enforcement.

Many of the users and administrators of the site had conversations about their involvement in sexual molestation, and the chat included discussion of sexually explicit conduct involving prepubescent children, bondage and bestiality. Some of the children depicted were infants.

When sharing child pornography, Weller used a different identity, "Devil666" and often had more than 1,000 images and videos available for trade. The Justice Department said Weller also had about 10,000 child pornography files on his computer and hard drives.

Weller ran his chat rooms and traded child porn for at least 2 1/2 years. He admitted to being attracted to young girls going through puberty and told investigators he had secretly taken photographs of children in public locations.

"There are few if any crimes more revolting than those involving the sexual exploitation of vulnerable young children," said U.S. attorney Craig Morford in the release. "These crimes rob our children of their innocence and leave a wake of victims scarred, both physically and emotionally, for life. It is no accident that this defendant called himself 'Devil666' and it will take nothing short of a dedicated effort on the part of all segments of society — our communities, our schools, our families, our law enforcement agencies and our courts — to stop the spread of this cancer."

Weller's March 6 arrest and subsequent conviction were the result of an investigation that involved the Immigration and Customs Enforcement Agency and law enforcement officers in other countries. He was one of 27 people charged in a ring that spanned 10 states and Canada, Australia and Great Britain.

Thomya Hogan can be reached at 245-0282 or by e-mail at thomyahogan@theleafchronicle.com.

Clarksville Man Pleads Guilty To Child Porn Charges (AP)

AP, December 9, 2006

NASHVILLE, Tenn.- A Clarksville man pleaded guilty Friday to charges related to running an Internet chat room for child pornography that was shut down in international investigation.

Royal Raymond Weller, 49, an appliance repairman, was at the center of an international Internet child pornography chat room known as Kiddypics & Kiddyvids.

Weller pleaded guilty in U.S. District Court in Nashville to eight counts of conspiracy to distribute child pornography, distribution of child pornography, receipt of child pornography and possession of child pornography, The Leaf-Chronicle reported.

Weller will be sentenced in March and could face between five and 150 years in federal prison.

He was arrested in March after an investigation involving the Immigration and Customs Enforcement Agency and law enforcement officers in other countries.

He was one of 27 people charged in the ring operating in 10 states and Canada, Australia and Great Britain.

The U.S. Justice Department said Weller had about 10,000 child pornography files on his computer and hard drives.

Senator: Illegal Images Must Be Reported (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, December 9, 2006

John McCain proposes law to force Web sites to report unlawful activity and delete posts by sex offenders.

Millions of commercial Web sites and personal blogs would be required to report illegal images or videos posted by their users or pay fines of up to $300,000, if a new proposal in the U.S. Senate came into law.

The legislation, drafted by Sen. John McCain and obtained by CNET News.com, would also require Web sites that offer user profiles to delete pages posted by sex offenders.

In a speech on the Senate floor this week, the Arizona Republican and former presidential candidate warned that "technology has contributed to the greater distribution and availability, and, some believe, desire for child pornography." McCain scored 31 of 100 points on a 2006 election guide scoring technology-related votes.

After child pornography or some forms of "obscenity" are found and reported, the Web site must retain any "information relating to the facts or circumstances" of the incident for at least six months. Webmasters would be immune from civil and criminal liability if they followed the specified procedures exactly.

McCain's proposal, called the "Stop the Online Exploitation of Our Children Act" (click for PDF), requires that reports be submitted to the National Center for Missing and Exploited Children, which in turn will forward to the relevant police agency. (The organization received $32.6 million in tax dollars in 2005, according to its financial disclosure documents.)

Internet service providers already must follow those reporting requirements. But McCain's proposal is liable to be controversial because it levies the same regulatory scheme--and even stiffer penalties--on even individual bloggers who offer discussion areas on their Web sites.

"This constitutionally dubious proposal is being made apparently mostly based on fear or political considerations rather than on the facts," said Kevin Bankston, an attorney with the Electronic Frontier Foundation in San Francisco.

According to the proposed legislation, these types of individuals or businesses would be required to file reports: any Web site with a message board; any chat room; any social-networking site; any e-mail service; any instant-messaging service; any Internet content hosting service; any domain name registration service; any Internet search service; any electronic communication service; and any image or video-sharing service.

Kate Dean of the U.S. Internet Service Provider Association said her members appreciated McCain's efforts to rewrite the current procedures for reporting illegal images, which currently are less than clear.

McCain's proposal comes as concern about protecting children online has reached nearly a fever pitch in Washington. Attorney General Alberto Gonzales gave two speeches this week on the topic, including one on Friday in which he said "we must do all that we can to protect our children from these cowardly villains who hide in the shadows of the Internet."

But the reporting rules could prove problematic for individuals and smaller Web sites because the definitions of child pornography have become relatively broad.

The U.S. Justice Department, for instance, indicted an Alabama man named Jeff Pierson last week on child pornography charges because he took modeling photographs of clothed minors with their parents' consent. The images were overly "provocative," a prosecutor claimed.

Deleting sex offenders' posts

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The other section of McCain's legislation targets convicted sex offenders. It would create a federal registry of "any e-mail address, instant-message address, or other similar Internet identifier" they use, and punish sex offenders with up to 10 years in prison if they don't supply it.

Then, any social-networking site must take "effective measures" to remove any Web page that's "associated" with a sex offender.

Because "social-networking site" isn't defined, it could encompass far more than just MySpace.com, Friendster and similar sites. The list could include Slashdot, which permits public profiles; Amazon.com, which permits author profiles and personal lists; blogs like RedState.com that show public profiles. In addition, media companies like News.com publisher CNET Networks permit users to create profiles of favorite games, gadgets and music.

"I think there is an irrational hysteria surrounding these social-networking sites and the threat to youngsters on these sites, so I don't see these measures being justified," said EFF's Bankston.

A McCain aide, who did not want to be identified by name, said on Friday that the measure was targeted at any Web site that "you'd have to join up or become a member of to use." No payment would be necessary to qualify, the aide added.

In this political climate, members of Congress may not worry much about precise definitions. Another bill also vaguely targeting social-networking sites was approved by the U.S. House of Representatives in a 410-15 vote.

And in July, for instance, Congress overwhelmingly approved a bill that made it a federal felony for Webmasters to use innocent words like "Barbie" or "Furby" to trick minors into visiting their sites and viewing sexually explicit material.

Next year, Gonzales and the FBI are expected to resume their push for mandatory data retention, which will force Internet service providers to keep records on what their customers are doing online. An aide to Rep. Diana DeGette, a Colorado Democrat, said Friday that she's planning to introduce such legislation when the new Congress convenes.

Cathy Milhoan, an FBI spokeswoman, said on Friday that the FBI "continues to support data retention. We see it as crucial in advancing our cyber investigations to include online sexual exploitation of children."

In addition, Sen. Chuck Schumer, a New York Democrat, and McCain said this week that they'll introduce similar legislation dealing with sex offenders and social-networking sites in January.

CNET News.com's Anne Broache contributed to this report

CIVIL RIGHTS:

Osceola Poised To Accept Order On Voting Districts (ORS)

By Mark Pino, Sentinel Staff Writer

The Orlando Sentinel, December 9, 2006

After spending nearly a year and a half and about $2 million fighting a federal voting-rights suit, Osceola County commissioners appear ready to abide by a federal judge's order Friday that will implement single-member voting in pending elections.

If commissioners vote to accept the ruling, a special election for two commission seats could be held this spring. A private strategy meeting is expected early next week, commissioners said.

Two commissioners questioned the wisdom of continuing the fight Friday, and two others expressed doubts about an appeal but wanted to wait to hear from the county's attorneys. A fifth commissioner did not return phone calls.

"I don't see much effort in doing that," Commissioner Tom Franklin said of an appeal. "At one point or another, you have to decide if it is worth the battle. It is something we have no control over. You don't keep fighting against windmills."

U.S. District Judge Gregory A. Presnell tossed out an Osceola proposal that would have created a hybrid system with five single-member and two at-large commission seats.

"As this court has already found, Hispanics in Osceola County have no reasonable opportunity to elect members in an at-large election. Therefore, given the high degree of historically polarized voting, the extra two at-large seats are completely out of the reach of the Hispanic community," Presnell wrote in a ruling released less than 24 hours after a hearing Thursday.

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The judge accepted district boundaries drawn by the U.S. Department of Justice and approved by the county earlier this week. He also accepted a proposal for which seats would be on the ballot and how elections would proceed.

Under the plan, an open seat for a new Hispanic-majority district that includes Buenaventura Lakes will be up for election as well as a district seat for which Commissioner Ken Smith is the incumbent.

Commission Chairman Ken Shipley said an executive session was likely for Tuesday to discuss options. Like all commissioners contacted, he was disappointed with the ruling. But he said he thought the chances of a reversal on appeal were slim.

"I don't think it is winnable right now. It is only going to delay the inevitable," Shipley said. "I would have loved for it to be different. I think the board has done everything it could in protecting the charter and what voters voted on years ago," he added in reference to a 1996 referendum in which voters opted to switch back to countywide election of commissioners from a single-member-district format.

Presnell ruled in October that the "racially polarized" county's at-large voting system penalizes Hispanics in violation of the U.S. Voting Rights Act.

"Moving forward with elections next spring under a lawful plan is an important victory for all the residents of Osceola County," said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division, "and particularly for its Hispanic citizens who have been denied the right guaranteed by the Voting Rights Act to full and equal participation in the democratic process in county government."

About 38 percent of the county's population is Hispanic. Only one Hispanic has been elected to countywide office, but that was in 1996 during the county's brief experiment with single-member voting.

Commissioner Paul Owen thought expanding the board with two at-large seats was a fair compromise.

He said he was waiting for the meeting next week to decide whether an appeal was appropriate.

"I will definitely give weight to what our attorneys have to say on our chances of winning an appeal," Owen said.

Smith reiterated his firm belief in at-large voting, saying: "You should have a right to vote for anyone who has a say-so on taxing your property. I think having a county perspective as opposed to a district perspective is something that is needed."

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Jury Ruling Favors Ex-DEA Agent In Bias Suit (MH)

By Jay Weaver

The Miami Herald, December 9, 2006

A former high-ranking federal drug agent in Miami said a "great feeling" swelled up inside him on Friday when he won a 4-year-old discrimination lawsuit against the U.S. government.

A federal jury in Miami found the Drug Enforcement Administration discriminated against Sandalio Gonzalez, the former second-in-command of the DEA's South Florida field office, by retaliating against him with a transfer to another management job in Texas in 2001.

The racially mixed, nine-person jury awarded $85,000 in damages to Gonzalez, 55, of Doral, who had been the DEA's top-ranking Cuban-American administrator. The victory under U.S. law allows his attorneys to obtain legal fees, which could total hundreds of thousands of dollars.

For Gonzalez -- who stirred controversy in 2000 when he blew the whistle on a Miami drug bust in which 10 kilos of cocaine went missing -- the court triumph was sweet vindication. He had stood up for not only himself, but also other Hispanic and black DEA agents in the Miami field office over issues of discrimination, his lawyers said.

"I don't think it's sunk in yet," said the 27-year DEA veteran, now retired. ``It's just a great feeling to see the system work."

The Department of Justice, named as a defendant in the suit, could appeal the verdict. The Drug Enforcement Administration, which is part of the Justice Department, declined to comment Friday.

Gonzalez was among 16 top-level agency executives sent transfer orders on Jan. 18, 2001 -- just before a four-month freeze on such moves was instituted by President George W. Bush's incoming administration. Gonzalez, who supervised about

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300 agents in Miami, was ordered to move to El Paso, Texas, where he was the top DEA administrator in charge of 150 agents. Gonzalez, who made $142,000 annually, retired last year and returned to Miami.

Top DEA officials, who testified at the week-long trial before U.S. District Judge Federico Moreno, described the transfer as a ``promotion."

But Gonzalez and several others on the transfer list had complained that DEA Administrator Donnie R. Marshall's actions were meant to punish perceived troublemakers and reward his friends before his successor was appointed by the Bush administration.

"Believe me, this was the last thing I wanted to do," Gonzalez told The Miami Herald after filing a complaint to stop the transfer in March 2001. ``Of course I'm sad about it, but they have left me no choice."

Gonzalez accused Miami DEA agents, supervisors and high-level federal prosecutors of covering up the disappearance of 10 kilos of cocaine from a 1998 search of a drug suspect's stash house in Miami. Internal investigators found no wrongdoing.

Gonzalez alleged unfair treatment of Hispanic agents in the DEA's Miami field office -- a claim central to his discrimination suit.

His attorneys, Richard Diaz and Donald Appignani, rejoiced over the victory, saying their client showed courage in standing up to the government on such an important principle.

"While the amount of money awarded to Sandy does not match the harm the government did to him," Diaz said, ``what is more important is he has been vindicated after four years in the court system."

ANTITRUST:

Commissioner Cleared To Vote On AT&T-BellSouth Deal (AP)

By John Dunbar

AP, December 9, 2006

WASHINGTON — The Federal Communications Commission's (FCC) top lawyer on Friday authorized one of its members to vote on the proposed buyout of BellSouth by AT&T, despite an apparent conflict of interest. The move could break a deadlock on the deal.

The decision came a week after FCC Chairman Kevin Martin declared an impasse in the proceeding and asked General Counsel Sam Feder to determine whether Commissioner Robert McDowell, a former lobbyist, should be allowed to vote on the $84 billion acquisition.

The deal would be the biggest in U.S. telecommunications history.

Feder's action increases the likelihood that AT&T, the biggest U.S. telephone company, will win conditional approval from the FCC within the next two months and overcome the acquisition's final regulatory hurdle, said Paul Glenchur, an analyst at Stanford Washington Research Group.

McDowell, one of three Republicans on the five-member commission, has sat out of negotiations because of his past work as a lobbyist.

"There's still a decent chance it will be wrapped up this year," Glenchur said.

The next open meeting for the agency is Dec. 20, but Martin said Friday night that he does not anticipate putting the issue up for a vote then. It would not give McDowell enough time to get "up to speed" on the issues, Martin said.

In Feder's eight-page opinion, he argued that McDowell should be allowed to vote because he had not participated in the merger proceeding as a lobbyist, did not stand to gain financially from his vote, and that it would be impossible for someone else to take his place in the proceeding.

But Feder was also clearly torn, noting that Robert Cusick, director of the Office of Government Ethics, had said the decision was a close call on which reasonable people could differ and that Cusick said he would decide against authorization but that "the FCC could reasonably come out the other way."

Martin and AT&T are betting that McDowell, despite his history, will vote to approve the merger.

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In a statement, McDowell did not indicate whether he had made up his mind, saying only that he was reviewing Feder's opinion.

McDowell also noted that the incoming chairman of the House Energy and Commerce Committee, Rep. John Dingell, D-Mich., had written the commission posing questions about its precedents for recusals and other issues.

"I look forward to receiving a copy of Mr. Feder's response," McDowell said, adding that in the meantime he hoped the other four commissioners would resolve their differences and reach an agreement.

Dingell questioned the circumstances surrounding the decision, including the comments of the director of Office of Government Ethics, saying they raised "serious questions of both ethics and propriety."

McDowell is one of three Republicans on the five-member commission. He has not participated in the merger because he thinks a vote would violate conflict of interest rules.

Without McDowell, Martin has declined to schedule a vote because it has appeared the result would be a 2-2 deadlock, with Martin and another Republican appointee favoring the deal and the two Democrats opposing it.

Commissioners Michael Copps and Jonathan Adelstein have asked AT&T to agree to further concessions, including assurances the giant company would not discriminate against Internet traffic, an issue known as network neutrality.

Martin confirmed that the key sticking point revolved around the "network neutrality" issue.

The Antitrust Division of the Justice Department cleared the deal Oct. 11, declaring there were no competitive concerns and opting not to require the combined company to divest assets or make any other concessions.

The proposed takeover has been approved by regulators in 18 states, leaving the FCC as the final hurdle.

Last week, Martin wrote a letter to several members of Congress who oversee the FCC, saying in part: "Despite working for months to reach consensus with my colleagues, three attempts over the past six weeks to have this item considered at an open meeting, and countless hours of internal deliberations, the commission has reached an impasse."

Both Democrats criticized the move then.

Copps said allowing McDowell to vote would create more problems than it resolves. It also would "short-circuit discussions, and very likely shortchange consumers," he said. Adelstein echoed those comments.

McDowell once worked for the trade association Comptel, which represents companies that compete with AT&T and the other regional Bell phone companies.

Material from Bloomberg News is used in this report.

Another Flight Delay (WSJ)

The Wall Street Journal, December 9, 2006

Well, that's the end of that. The Transportation Department announced this week that it's giving up its effort to liberalize the antiquated laws governing ownership of U.S. airlines. Congressional protectionism, 1; common sense 0.

For more than 60 years, U.S. law has barred foreign entities from owning more than 49% of an American carrier, and has restricted foreign "control" to 25%. In theory this keeps a national-security asset in American hands. In practice it stifles investment and competition at a time when American carriers are experiencing heavy turbulence.

Enter former Transportation Secretary Norm Mineta, who proposed allowing foreign investors more latitude to guide fleet composition, route structure and marketing even while safety and security would still rest with American citizens. Alas, 'twas not to be, thanks to a little labor activism and a lot of Congressional territory-marking. Mr. Mineta's successor, Mary Peters, has thrown in the towel, saying the Department "needs to do more to inform the public, labor groups and Congress about the benefits" of the proposal.

Unions already know the benefits, but they fear that a little opening today might pave the way to more competition -- and less generous contracts for American workers -- tomorrow. Imagine Big Labor's delight, then, when feathers started to ruffle on Capitol Hill as Mr. Mineta opted to go the rule-making route instead of seeking legislation. Then the panic hit over a Dubai company investing in U.S. ports. Republicans were only too happy to seize the airline ownership rule as an opportunity to show their independence from the Bush Administration.

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It didn't help that some legacy airlines both at home and abroad viewed the proposal as a front in the broader battle of a U.S.-European Union open skies agreement. The EU had made easing the U.S. ownership rules a prerequisite for such an agreement. Carriers split in reaction to the ownership rule depending on whether they thought they'd win or lose from open skies. Continental Airlines, for example, opposed the ownership rule for fear that it would lose out in a new battle for access to London's Heathrow airport under the EU deal. Continental and other domestic carriers, incidentally, have also been trying to use the ownership rules to block an attempt by Richard Branson's Virgin brand to enter the U.S. market as a low-cost carrier.

The foreign ownership limits are a protectionist vestige from an age when airlines were treated like national totems. That day has long passed, and the rules now serve mainly to protect industry and labor special interests. With AFL-CIO favorite James Oberstar of Minnesota about to take over the House Transportation and Infrastructure Committee, change is even less likely. Air travelers out for better service and lower prices face yet another delay.

ENVIRONMENT:

House OKs Bill To Drill Off Florida (SFC)

By Zachary Coile

San Francisco Chronicle, December 9, 2006

Washington -- The House approved a bill Friday to open 8.3 million acres of federal waters west of the Florida coast to oil and gas drilling, a victory for business interests who lobbied for the bill and four Gulf Coast states that would receive billions in new oil and gas royalties.

But even drilling supporters admitted it was just a tiny fraction of the publicly owned area they had hoped to open during 12 years of Republican rule of Congress. Efforts to drill in Alaska's Arctic National Wildlife Refuge and off the Pacific and Atlantic coasts were defeated and are likely to be mothballed in the new Democratic Congress.

"When it comes to passing important legislation around here, you learn to shoot for the stars in the hope that you might land on the moon," Rep. John Peterson, R-Pa., a key drilling supporter, said after Friday's House vote. The measure still faced Senate consideration in a probable weekend session.

The oil and gas industry already is worried about Democrats' plans, shortly after they take control in the new Congress, to revoke billions of dollars in subsidies approved in recent years. Environmentalists will push for a permanent moratorium on offshore drilling for California and other coastal states that oppose development.

Another sign the winds are changing: The soon-to-be chairman of the House Resources Committee, Rep. Nick Rahall, D-W.Va., announced Friday he will change the name of his panel to the Natural Resources Committee -- the title it had before Republicans took power in 1994.

Rahall told reporters Friday that his agenda next year is "not to engage in the wholesale destruction of pristine federal lands, sacrificing them on the altar of energy development," but to "protect those resources which Americans cherish as places to recreate, hunt and fish."

The vote on offshore drilling was the end of a contentious debate sparked last year when the current House Resources Committee chairman, Rep. Richard Pombo, R-Tracy, introduced a bill to end the 25-year-old ban on drilling and offer states a share of oil and gas royalties if they agreed to allow oil and gas exploration off their shores. The bill also would have opened areas beyond 100 miles offshore to drilling regardless of whether states wanted it.

Pombo's drilling bill passed the House easily last June, but the Senate approved a much narrower measure to allow drilling only in an 8.3 million-acre swath of the Gulf of Mexico known as Lease Area 181, which Democratic President Bill Clinton had first proposed for oil and gas development. The Senate bill also created a "buffer zone" off the Florida coast where no drilling could occur, but only through the year 2022.

The election losses suffered by Republicans on Nov. 7 -- including Pombo's defeat -- reinforced the notion that the House drilling bill was dead.

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So industry groups, led by the National Association of Manufacturers, the American Chemistry Council and the American Gas Association, began pressuring the White House and Republican House leaders to accept the Senate bill to secure some new energy supplies before Democrats took power.

Gulf Coast lawmakers, especially Louisiana Democratic Sen. Mary Landrieu, who's been on a crusade to get more oil and gas revenue for her hurricane-stricken state, also aggressively pushed for the bill. She enlisted Senate Democratic leader Harry Reid to back her cause. Reid helped persuade House Speaker-to-be Nancy Pelosi of San Francisco not to whip up Democratic opposition to the drilling measure.

In the end, the measure narrowly survived. The House, on a 207-205 vote, rejected an amendment by Rep. Ed Markey, D-Mass., to require oil companies to repay royalties owed on leases from the 1990s before they could bid on any new leases. The Senate has no time to change it, so the change would have killed the drilling provision.

The offshore measure was ultimately passed as part of a 367-45 vote on a massive bill to extend $45 billion in popular tax breaks.

The clear winners in the bill -- should the Senate approve it as part of the overall tax measure -- are the states of Louisiana, Texas, Mississippi and Alabama, which soon would start collecting 37.5 percent of all federal royalties on oil and gas leases. Louisiana would get almost half of the new revenues. Together, the states would get several hundred million dollars a year as the pumping begins and tens of billions of dollars more once they start sharing in royalties from all Gulf of Mexico leases beginning in 2017.

Opponents said the measure would be a boondoggle for the Gulf Coast states, robbing as much as $170 billion over the next 60 years from the federal treasury, which could have paid for education, health care or cutting down the national debt.

"It's a great deal for these four states, and I can certainly understand why they would support it. But what I can't understand is why my colleagues from the other 46 states would agree to it," said Rep. Lois Capps, D-Santa Barbara. "This country has record deficits as far as the eye can see, and it's simply irresponsible to add billions more in new debt."

Environmentalists were disappointed by Friday's vote but still pleased they had prevented Pombo's bill from becoming law. They plan to go on the offense next year, pressuring their Democratic allies in key committee positions to permanently ban drilling off much or all of the West and East coasts.

"California's coastline remains at extreme risk until we are able to secure permanent protection," said Richard Charter, chairman of the National Outer Continental Shelf Coalition, a group opposing drilling. "The lesson we saw today was that even in the last 12 hours in the waning days of a lame-duck session, a state can lose its coastline in a heartbeat. That's what happened to much of the Florida coast today."

Sickened By Fresh Produce (NYT)

The New York Times, December 9, 2006

The expanding outbreak of E. coli poisonings in New York, New Jersey and several other states underscores the need for more rigorous regulation of the whole supply chain for fresh produce, from the growing fields to the customer. It is outrageous that fresh vegetables, typically deemed a vital component of a healthy diet, have become a menace because of contamination in their handling.

Although most of the victims had eaten at Taco Bell restaurants, where green onions, or scallions, were found to be contaminated, the real culprit probably lies farther up the supply chain, either at the growing farm or packaging plant or distribution warehouse. Investigators have yet to pinpoint the source, but suspicion seems to be pointing to a farm in California, whose green onions were also involved in a hepatitis outbreak in 2003. Only when the source of bacterial contamination is identified, if indeed it is ever identified, will we know better how this outbreak might have been prevented.

What's troubling is the recurrence of such outbreaks in recent years. Contaminated meat used to be deemed the big threat, but strict regulation and strong industrial efforts have reduced that risk considerably. Now produce has become a bigger problem than meat or poultry. There have been three multistate outbreaks from produce in the past three months, including an E. coli outbreak linked to spinach and a salmonella outbreak linked to tomatoes. Surely it is time to give government regulators the power and resources they need to ensure the safety of fresh fruits and vegetables.

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FBI/DEA/ATF/USMS:

Mafia Takedowns Win Italian Chief FBI Honors (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, December 9, 2006

WASHINGTON- The FBI gave one of its highest honors Friday to Italy's national police chief for working a quarter-century with the U.S. to bring down an estimated 1,000 Mafia and other organized crime leaders in both countries.

Prefetto Giovanni "Gianni" De Gennaro, who at times put sandbags on his windows to shield his family from snipers and whose organized crime officers slept at police stations to remain safe, was awarded the FBI Medal for Meritorious Achievement. The ceremony at FBI headquarters marked the first time the honor was given to an official outside of the FBI's ranks.

De Gennaro, chief of the Italian National Police, said he worked so closely with the FBI and federal prosecutors that "sometimes I even woke up wondering if i was in Rome or in New York," he told an auditorium packed with current and former top FBI and Justice Department officials.

He said such international cooperation was valuable to help law enforcement face down threats "whether it appeared as a mobster or as a terrorist."

Former FBI Director Louis Freeh, who as a federal prosecutor in New York worked closely with De Gennaro on a number of Mafia cases in the 1980s, said that the U.S-Italy investigative bond "has really changed the face of organized crime.

"It has allowed the law enforcement infrastructure in both counties to really dismantle the command and control of the Mafia," Freeh said.

GRAZIE TO ITALIAN 'PIZZA' COP (NYPOST)

By Kati Cornell

The New York Post, December 9, 2006

December 9, 2006 -- Italy's mob-busting chief of police was honored by the FBI yesterday for his "visionary" approach to international crime fighting that began with New York's famous "Pizza Connection" case.

FBI Director Robert Mueller credited Giovanni De Gennaro - the first foreign official to receive the Medal of Meritorious Achievement - with forging a bond with the United States that grew into a worldwide intelligence network now used to combat terrorism.

De Gennaro first teamed up with the FBI in the 1980s to crack a massive mob-run heroin-trafficking operation involving Sicilian gangsters and their American Bonanno counterparts, who used pizza parlors as fronts.

The probe led to a 17-month trial in Manhattan federal court beginning in 1987, during which one defendant was murdered and another shot before the jury could return its verdict.

More than 20 years later the mob has been devastated by thousands of arrests that De Gennaro said came out of "a deep feeling of friendship [with the FBI] and commitment to fight a common enemy, whether he appeared as a mobster or a terrorist."

kati.cornell@nypost.com

Commute This Sentence (WP)

The Washington Post, December 9, 2006

THE SUPREME Court this week declined to review the case of Weldon Angelos, leaving in place his obscene sentence of 55 years in prison for small-time marijuana and gun charges. The high court's move is no surprise; the justices have tended to uphold draconian sentences against constitutional challenge. But it confronts President Bush with a question he will have to address: Is there any sentence so unfair that he would exert himself to correct it?

So far, Mr. Bush hasn't found one. He has commuted only two sentences, both of inmates who were about to be released anyway. Mr. Angelos, by contrast, is a young man and a first-time offender who is now likely to spend the rest of his life in prison. His crime? He sold $350 in marijuana to a government informant three times -- and carried, but did not display, a gun on two of those occasions. Police found other guns and pot at his house. The U.S. district judge who sentenced him in Utah, Paul G.

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Cassell, declared the mandatory sentence in this case "unjust, cruel, and even irrational." He noted that it is "far in excess of the sentence imposed for such serious crimes as aircraft hijacking, second degree murder, espionage, kidnapping, aggravated assault, and rape." And in an extraordinary act, he explicitly called on Mr. Bush to use his clemency powers to offer what he as a judge could not: justice. Judge Cassell recommended that Mr. Bush commute the sentence to 18 years, which he described as "the average sentence recommended by the jury that heard this case."

Mr. Bush put Judge Cassell on the bench. As a law professor before that, he was a staunch advocate of tough justice; his chief claim to fame, in fact, was having pressed the Supreme Court to overturn its landmark Miranda decision requiring police to read criminal suspects their constitutional rights. His exceptional discomfort with this case -- and his passionate plea for presidential mercy -- ought to carry weight even with a president so disinclined to use the powers the Constitution gives him to remedy injustices.

TAX:

Actor Pleads Not Guilty In Tax Fraud Case (NYT)

By The New York Times

The New York Times, December 9, 2006

The actor Wesley Snipes, a fugitive for the last two months while shooting a movie in Namibia, surrendered to federal officials in Florida yesterday and pleaded not guilty to charges of tax fraud and conspiracy.

According to his indictment, by a federal grand jury in Tampa, Fla., Mr. Snipes, 44, failed to file tax returns from 1999 to 2004, and falsely claimed almost $12 million in refunds for 1996 and 1997.

He arrived in Orlando, Fla., yesterday and was arraigned in Ocala, according to the office of the United States attorney for Central Florida.

Mr. Snipes was freed on $1 million in bail. Magistrate Judge Gary R. Jones ordered him released pending trial, and gave him permission to return to Africa to finish his new movie, “Gallowwalker.” A trial is set for March, and Mr. Snipes is required to return to the United States and surrender his passport by Jan. 10.

“I look forward to clearing my name and resolving this issue posthaste,” he said after the hearing, The Associated Press reported.

A federal warrant was issued for Mr. Snipes’s arrest in October. Two Florida men, Eddie R. Kahn and Douglas P. Rosile, were indicted along with Mr. Snipes, on charges of conspiracy and of preparing fraudulent tax returns.

Wesley Snipes In Florida Court In Tax Fraud Case (FINDLAW/AP)

AP, December 9, 2006

(AP) - ORLANDO, Florida-Actor Wesley Snipes surrendered to authorities to face federal tax fraud charges and was released on $1 million (â‚¬750,000) bond Friday, two months after he was indicted in central Florida.

The actor in the "Blade" trilogy, "Major League" and "Jungle Fever" did not speak at a court appearance. He went there after arriving on a private jet Friday from the African nation of Namibia, where he was filming a cowboy movie called "Gallow Walker," his publicist said.

"I look forward to clearing my name and resolving this issue post haste," Snipes said after the hearing. He did not comment further on the case.

Snipes, 44, was charged in October with fraudulently claiming refunds totaling nearly $12 million in 1996 and 1997 on income taxes already paid. He was also charged with failure to file returns from 1999 through 2004.

He will be allowed to return to Namibia to finish his film, but he must return to his home in California on or before Jan. 10, U.S. Magistrate Gary Jones ruled.

After that, Snipes will be required to surrender his U.S. passport.

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According to the indictment, Snipes had his taxes prepared by accountants with a history of filing false returns to reap payments for their clients. The firm American Rights Litigators would receive 20 percent of refunds from clients, according to the indictment.

Snipes has said he is a scapegoat and was unfairly targeted by prosecutors, and has suggested he was taken advantage of.

"We believe the evidence in the case will show he has been the victim of unscrupulous tax advice. And this trial will help vindicate him," said Billy Martin, Snipes' lawyer.

If convicted, he faces up to 16 years in prison.

Martin said Snipes left the United States to film the movie long before the indictment.

"We want to make it clear that he did not avoid returning to the United States. He's always been ready to return," Martin said.

CONGRESS-ADMINISTRATION:

Bush Tanks On War (NYDN)

By Kenneth R. Bazinet

New York Daily News, December 9, 2006

WASHINGTON - More Americans than ever say President Bush is doing a pitiful job with the war, and an almost equally overwhelming number of people think Iraq won't turn out to be a stable democracy, a new poll showed yesterday.

A whopping 71% of Americans disapprove of Bush's handling of the war, while only 27% say he's done a good job, according to the AP-Ipsos poll.

Just 9% of Americans believe the U.S. will end up with a clear-cut victory in Iraq, the poll indicated, while 63% said they don't think the country will become a stable democracy.

The public opinion was so lousy that even Bush's go-to issue - the economy - took a hit in the latest poll. His oversight of the economy sank to a 38% approval rating from last month's 43%.

The cratering of support for Bush's conduct of the war was evident on the floor of the Senate, where an emotional Sen. Gordon Smith (R-Ore.) ripped the strategy and tactics in Iraq.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," Smith said.

"That is absurd. It may even be criminal," added Smith, who voted for the resolution to go to war but said he had changed course after some soul-searching.

Some lawmakers who spent time in meetings yesterday with Bush described him as being in denial and clueless about the American people's desire to see U.S. forces return home from Iraq.

"He has yet to get the message the American people sent him on Nov. 7," said Rep. Joe Crowley (D-Queens), referring to the watershed midterm elections that ended GOP control of Congress.

Crowley, one of eight centrist Democrats who met with Bush in the Oval Office, said the President is going to "cherry-pick" certain recommendations from the Iraq Study Group's report and ignore others.

Incoming Senate Democratic Whip Richard Durbin of Illinois said it was much of the same at an earlier meeting between Bush and the bipartisan leaders of Congress.

"The President did not endorse the Iraq Study Group at this meeting, and his statements leave me questioning whether or not he is ever going to support their conclusions," Durbin said.

Bush will have a series of briefings next week with Pentagon, State Department, National Security Council and outside experts. He is then expected to decide what steps he can take to try to reverse the deadly course that the Iraq war has taken for U.S. forces.

When Bush makes up his mind, he plans to deliver a speech to the nation before Christmas.

The Vanishing Veep (USNEWS)

DOJ_NMG_0105084

By John W. Mashek

US News and World Report, December 8, 2006

The forgotten man in the Bush administration is Vice President Cheney. He brought most of it on himself.

His standing is plunging with members of Congress as a whole, Democrats, some Republicans, and even zealots on the Christian right.

For the next two years, it appears he will be struggling to play any kind of significant role in Bush's lame-duck term. He has burned too many bridges to be really effective as a voice in Washington.

Consider these problems:

—Cheney is the first vice president in recent history who is not gearing up to succeed his president and run on his own. Think of Gore, Bush 41, Mondale, Humphrey–the list goes on. If Cheney reversed course, his candidacy would be laughable.

—Cheney's influence in the public domain has hit rock bottom in the past few months. He was unable to save buddy Don Rumsfeld's job as secretary of defense. He raised money for GOP candidates in the fall, but many of them lost.

—Cheney's lesbian daughter, Mary, is pregnant. That development is news only because Cheney's party is so outspoken against same-sex marriage or same-sex parents. In the 2000 campaign, the Bush-Cheney backers railed against same-sex marriage. No one doubts Cheney's sincere love for his daughter, but the Republican Party's hypocrisy here is unmistakable.

—Cheney's voice on the war in Iraq lacks credibility. He has been wrong on virtually all his predictions when he rarely ventures out for interviews. His penchant for being secretive has been evident for six years as aides shield him except for favored folks in the media.

For reporters who covered the Ford administration, as I did, we are puzzled and even dismayed at the change in Cheney. As the top presidential aide to President Ford, he was a hardworking, helpful, and even cheerful individual. He was a big asset to a struggling, accidental president. With Cheney's help, Ford almost pulled an upset in his race with Jimmy Carter.

That man no longer exists.

Cheney was picked as Bush's running mate in 2000 only after Cheney, who directed the selection process, didn't produce a name to the Texas governor's liking. The suspicion was that Bush's father was instrumental in finally going to Cheney.

A number of fellow GOP governors had come in fawning tribute to Bush in Austin, probably figuring they might land on the ticket. But Cheney got the nod, and most were delighted with the choice.

Cheney's downward slide has continued steadily since then.

Rumsfeld Discusses Successes, Failures (WP)

By Ann Scott Tyson

The Washington Post, December 9, 2006

Departing Defense Secretary Donald H. Rumsfeld said yesterday that his most difficult moment on the job was when he learned of the abuses at the Abu Ghraib prison. His best moment, he said, may come the day later this month when he leaves office.

In his final town hall meeting with Pentagon employees, Rumsfeld ranged from serious and emotional to humorous and sarcastic as he mused about his legacy as one of the nation's longest-serving defense secretaries.

On Iraq, Rumsfeld warned of "the dire consequences, were we to fail there," saying the divide between Sunni and Shiite Muslims could spill over into the entire Middle East. He said it would be "a terrible mistake" for the United States "to pull out precipitously and inject that instability into . . . that region."

"We have every chance in the world of succeeding" in Iraq and Afghanistan, "but only if we have the patience and only if we have the staying power," Rumsfeld said.

When asked about his best and worst days in office, Rumsfeld chose not to cite any missteps in Iraq or U.S. troop casualties. Instead, he pointed to his shock and disappointment over the events at Abu Ghraib.

"Clearly the worst day was Abu Ghraib and seeing what went on there and feeling so deeply sorry that that happened," Rumsfeld said of the abuse of Iraqi detainees by U.S. troops uncovered in early 2004. He said the news "stunned him," calling the mistreatment of Iraqi detainees "egregious wrongdoing."

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The incident prompted Rumsfeld twice to offer his resignation to President Bush -- the only times he has acknowledged doing so until Nov. 8, when Rumsfeld announced he was stepping down in the aftermath of Democrats winning Congress in the midterm elections.

"I guess my best day, I don't know, maybe a week from Monday," Rumsfeld quipped. Dec. 18 is when his successor, former CIA chief Robert M. Gates, will be sworn into office in a formal ceremony at the Pentagon.

Rumsfeld, 74, said he has met twice with Gates in preparation for the transition and has "every confidence that he will do a terrific job." Asked what advice he would offer his successor, Rumsfeld received some prodding from the chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, who stood beside him on the Pentagon stage.

Pace whispered something to Rumsfeld, who then told the crowd, "The advice should be: He should listen to the chairman."

Both men defended the defense secretary against an accusation lodged by several generals, both active-duty and retired, that Rumsfeld tended to brush aside their advice. Pace called Rumsfeld "demanding" but said he also took the blame for subordinates and was careful to present their dissenting viewpoints.

Rumsfeld pointed to his decision to set up a senior leadership group, including the Joint Chiefs of Staff and combatant commanders, to "engage them at the beginning of the process" of making decisions.

As for his legacy, Rumsfeld deflected some questions with humor, saying he hopes that history will judge him "better than the local press."

Over time, he said, he hopes that most of his decisions will turn out to have been "the right ones."

Rumsfeld gave the Pentagon moderately good marks on one of his top priorities, the transformation of the military from a Cold War organization to a more agile and adaptive force. While people's attitudes have changed markedly, he suggested, concrete progress has been harder to achieve.

But he gave the military and the government overall a "D-plus" in their efforts to counter extremist ideologies overseas. He defended the controversial decision of U.S. commanders in Iraq to pay a contractor to place positive news articles in Iraqi newspapers but acknowledged that "there's always that line where you begin to propagandize. And you have to be careful."

As he prepares to leave office, Rumsfeld sounded two of his deepest and most long-held beliefs, saying he feels much the same as he did upon leaving the Pentagon the last time, in 1977, after serving as the country's youngest defense secretary.

"America's leadership in the world is not just useful, but . . . urgently needed," he said, repeating a worldview he first embraced as a Princeton University student in the late 1950s. "Ours is a troubled and very dangerous world, and we must not forget it," he cautioned, citing another core belief. The Pentagon today, he said, is in the midst of the most challenging period of its 59-year history.

Rumsfeld did not divulge his future plans, but some people in the audience urged him to write a book. "I always thought I was too young to write a book. I can't use that anymore," he said, drawing laughter. "I might. I might."

Rumsfeld's Farewell Speech (WP)

Cq Transcripts Wire

The Washington Post, December 9, 2006

DECEMBER 8, 2006

SPEAKERS: DONALD H. RUMSFELD, U.S. SECRETARY OF DEFENSE

GENERAL PETER PACE (USMC), CHAIRMAN, JOINT CHIEFS OF STAFF

[*]

PACE: Mr. Secretary, and everyone in this audience, this is our last opportunity to get together (inaudible), so let me just take minute to thank you all for all you do and to wish you and your families a very blessed and peaceful holiday season. And thanks for all you do to bring peace around the world.

And second, as you know, this is our last town hall meeting with our secretary. And although I'll get a chance to say a few more words next Friday at the departure ceremony, I'd be remiss if I didn't take this opportunity, amongst our family, to say just a few things about Secretary Rumsfeld.

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PACE: This man's work ethic is incredible. Is he demanding? You bet.

RUMSFELD: No.

(LAUGHTER)

I've been on my best behavior.

PACE: If you don't have -- if you haven't done your homework when you walk into the secretary's office, you're not going to have a good day.

(LAUGHTER)

But he's most demanding on himself. And we have benefited enormously from the drive and energy that he has instilled in this organization from top to bottom, starting with his own daily work ethic and how he does his job.

Second, I have come, over almost 40 years now, to appreciate two kinds of courage. Courage number one is the kind we are most familiar with in the military, which is courage in combat. But in my five years, now, in Washington, I've also come to appreciate the courage it takes to speak your mind.

And in the meetings that our secretary attends, there are no shrinking violets. And everyone is -- correctly so -- a very special, unique, capable person. And I've watched many times when the conversations amongst groups have been going in a direction and the secretary has had the temerity to say, "I see it differently. Here is why," and to change the course of the conversation and quite literally the course that our country has taken.

That kind of courage is rare. And we who serve in the military and in this department have benefited enormously through the courage that our secretary has shown in those meetings.

PACE: Third, this is a man of very strong loyalty.

It's easy and correct and proper to be loyal up the chain. I am talking about a secretary of defense who is loyal down the chain to his family.

There are 2.4 million American service men and women, active, Guard and Reserve. At any given moment, some one of them is doing something stupid.

(LAUGHTER)

The rest are doing great things.

(LAUGHTER)

But somebody's out there doing something they shouldn't be doing, on occasion, that has had strategic negative impact. And it has been the result of things that the chain of command should have known and taken care of.

Not once -- not once -- when folks have laid at the feet of our secretary the blame for something that has gone wrong, not once has he done anything other than accept the responsibility. He has never tried to deflect that to any subordinate, even though it was a subordinate's responsibility.

Lastly, I admire his integrity. Not only does he speak his mind, but he has been particularly careful to ensure that, when he knew that what he was saying was different from what I or any of the chiefs or any of his subordinate commanders thought about the problem, he always made sure that he said, to whoever he was talking, "General So-and-So sees it differently; this is what he or she thinks," in a way that always had all the facets of the issue on the table.

It takes enormous integrity to have the kind of strength of conviction that the secretary has to drive to the conclusion that he believes is correct and, at the same time, ensure that the decision-maker has in front of him or her all of the information and all of the various ideas.

PACE: For those reasons and so many more, it is my distinct privilege to introduce once again to you our secretary of defense, Secretary Rumsfeld.

(APPLAUSE)

RUMSFELD: Thank you very much.

Pete, thank you.

It has really been a privilege to be able to work with this outstanding human being, the first Marine ever to serve as chairman of the Joint Chiefs of Staff.

I have valued your counsel. I have valued your candor. And I've enjoyed your sense of humor.

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And the American people are well-served by having this enormously talented individual willing to make a career in the military.

So thank you very much, Pete.

(APPLAUSE)

I'm told that we not only have the folks in this room, but we have a bunch of folks out in different locations with monitors, plus we have the Pentagon Channel that is carrying this town hall, I suppose, most way around the world.

Is that not right, Allison (ph)?

STAFF: That's correct.

RUMSFELD: Yes.

I'm also told that this is my 42nd town hall since I began this second tour as secretary of defense about six years ago. Thirteen of them have been here in the Pentagon and some 28 have been with troops stationed in countries all across the world.

RUMSFELD: These sessions, I suspect, are among the very few occasions when everybody -- civilian, military, contractor, folks from all branches of the services from all levels -- can gather with the senior leadership of the department with a microphone in your hand, ask a question and speak your mind.

It is a chance for everyone to be heard, to ask questions. And goodness knows there've been a great many questions asked over these 42 town halls.

I certainly remember the fellow who used to sit in the back over here somewhere and ask about whether we're going to move the Metro entrance.

(LAUGHTER)

Are you here today?

(LAUGHTER)

Stand up and be recognized.

(LAUGHTER)

Well, merry Christmas, wherever you are.

As we've seen, when you're willing to have an open exchange like this, every once in a while, a question gets asked or an answer is given that generates a bit of a fuss, depending on how it's reported.

That's happened. So be it.

I think each of you, and, indeed, all of the uniformed and civilian folks in the Department of Defense, deserve this opportunity.

So, I've done it an unprecedented 42 times. And I can tell you I have benefited from hearing your questions and hearing your views and I thank you for engaging as you have.

I suspect this will be among my last public remarks as secretary of defense, so I'd like to take a few minutes to talk a bit about our time together these past years.

Every day, in one way or another, I've seen the strength of men and women in uniform and the dedication of the many thousands who serve here, military and civilian, who do their jobs, knowing that theirs is the essential business of protecting a nation, protecting a people.

RUMSFELD: You do so knowing that you contribute directly to the safety of millions of Americans, people you'll never meet, whose names you'll never know.

And I leave office very proud to have served with you, inspired by your dedication, by your patriotism and by your sacrifice. And we recognize that sacrifice.

I also leave office proud to have served with you, and of the accomplishments that this institution's been able to achieve. I can't think of a more challenging period -- I'm sure there must have been -- but in the 59-year history of this department than these past years.

I have a few words to say about the Pentagon press corps.

(LAUGHTER)

No, it's not what you think.

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(LAUGHTER)

As a group, they may well be, year to year, the most professional press corps in the Washington, D.C., area. Now, considering the competition...

(LAUGHTER)

... I'll leave it to you to determine exactly what kind of a compliment that is.

(LAUGHTER)

But the Defense Department press corps is an important part of the fabric of this institution. Some braved the smoke and fire of September 11th. Some came back to work later that night and the next morning in a still-burning building. And a number have risked their lives to report from war zones. And to them, I say thank you for that.

As hard as it may be to believe, I even miss our press conferences. I think I will. The stakeouts, the briefings. I'm told it was something like 613 over six years, all across the globe.

Now, you know we've not always seen eye to eye, I haven't, with the press, but I still hold out hope that over time they'll get it close to right.

(LAUGHTER)

RUMSFELD: When I think about these past years, there are a number of moments that stand out.

I think of those proud Afghan girls that were sitting in the front row at President Karzai's inauguration in Kabul, when he became president -- the first president elected by the people in the 5,000-year history of that country.

They were standing there, and then they sang. And, of course, under the Taliban rule, it was against the law to sing.

And the reports of the Afghan children flying kites that day. And, of course, it had been against the law to fly kites.

I think of the Iraqis who, through it all, believe that their future is bright and who are working to forge something that they've never had before: a free country, a representative country.

And I do -- as Pete Pace suggested, I remember being stunned by the news of the abuse at Abu Ghraib. And then watching so many determined people spend so many months trying to figure out exactly how in the world something like that could have happened, and how to make it right. And then seeing how the department eventually demonstrated to the world how our democracy deals openly and decisively with such egregious wrongdoing.

And, yes, I remember the irresponsible comments by some who tried to sully the image of the courageous and dedicated men and women in uniform who keep the American people safe.

I remember the literally hundreds of military families I met in Alaska, and a gracious woman who at the end of the meeting came over and asked me to take a bracelet -- it's this green woven thing. And I told her I'd wear it until the 172nd Stryker Brigade came home. That was the group that we had to extend I think up to 120 days. After they had done a great job up north, they were heading to Kuwait and they were diverted into Baghdad, when General Casey determined that he needed additional assistance there.

And I of course remember the American heroes, the Medal of Honor recipients, Paul Ray Smith and, soon, Jason Dunham, and countless others whose names are now part of history.

RUMSFELD: If there's one thing I wish that could be more widely known, it's the miracles that the men and women of this department really perform every day.

Supporting the campaigns in Iraq and Afghanistan while putting pressure on terrorists all across the globe is an enormous challenge.

But at the same time, quite beyond that challenge -- and it is an enormous challenge -- the folks in this department have stepped forward to deliver aid to millions affected by the greatest national (sic) disasters in recent memory: the tsunami in the Indian Ocean, tragic earthquakes in Pakistan, here at home Hurricane Katrina.

They evacuated thousands of Americans from Lebanon -- literally the size of a city -- and doing it while a war was going on.

Training counterterrorism forces in the Philippines and in the Horn of Africa.

Put in place an initial missile defense system to protect the American people from rogue states.

Established the new Northern Command to better protect the homeland.

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Established a camp and stood guard in Guantanamo over some of the world's most dangerous terrorists, while suffering grossly uninformed and irresponsible charges in the media from almost every quarter.

GONZALES: Oversee the largest domestic base realignment and base closure in the history of this department.

Implement the most significant changes since World War II in our nation's global posture -- force posture across the globe, away from the static defensive orientation that was left over from the Cold War and toward arrangements that are much more appropriate to this 21st century.

Put in place a new civilian national security personnel system to provide the urgently needed flexibility in hiring and in assignments and with a linking of pay to performance.

Expand our very talented special operations forces to meet the new demands in this global struggle against violent extremists.

Transition from a division-based Army, the approach that dated back to World War I, to a considerably more agile, vastly more capable combat brigade force.

And so much more.

Each of you here in this room and listening through the Pentagon Channel have played a part in one or more of these accomplishments, these endeavors. And you can look at what you've done here this past period with great pride.

I wish I could say that everything we've done here has gone perfectly, but that's not how life works, regrettably. When thousands of people make dozens of difficult decisions on hundreds of pressing issues, for the most part matters that are new and unfamiliar, where there's no road map, no guidebook that says, "Here's exactly how you should do something," the hope has to be not perfection but that most decisions, with the perspective of time, will turn out to be the right ones and that the perspective of history will judge the overwhelming majority of those decisions favorably.

When we reflect back on these past years, each of you will likely have some different memories. Some memories will no doubt be of hard work and grueling times, working long days, months, even years on critical tasks that really are never noted in headline or in a news story -- at least never favorably noted.

(LAUGHTER)

But let there be no doubt, each of you and the future generations of Americans, as well as future generations of Iraqis and Afghans, will be able to look back on these past years as a time of enormous challenge, of historic consequence and of solid accomplishment.

Today's a time to look forward. The institution is important, well beyond those who temporarily serve here. We come and go. Some of us come and go more than once.

(LAUGHTER)

But what remains is this great institution's mission and its cause: the challenge of defending this nation and the ideals that this nation represents.

RUMSFELD: It's been three decades since I left the Pentagon at the end of my first tour.

Our country was then engaged in a long struggle, the Cold War, a conflict that seemed costly, and it was; that seemed unlimited in duration, and it was; and seemed unclear in its course and its outcome, which was the case.

In fact, many then believed and indeed acted as though it was the United States that was the cause of the world's troubles. We even see a little bit of that today.

And yet, despite the tumult of the times, I left this post in 1977 believing strongly that America was a force for good in the world, that the vast majority of the American people were wise and decent people, and that America would continue to be the principled leader in the free world.

That has been proven right. And I can say that as I leave at the end of my second and, the good Lord willing, my last...

(LAUGHTER)

... I do leave believing, as I did 30 years ago, that America is a truly great nation, that the American people are wise and decent, and that America's leadership in the world is not just useful, but that it is urgently needed.

And let there be no doubt: Despite the fact that we have been successful in preventing attacks since September 11th, years without an attack in this country, ours is a troubled and very dangerous world, and we must not forget it.

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I've been asked recently what I've taken away from public life over these, I guess, 50-plus years. I suppose what I feel most is gratitude.

Gratitude to the folks here in this department, the men and women in uniform, the civilians, the contractors.

Gratitude to the American people, who continue to serve as a guide for the dreams and the hopes and the aspirations of so many millions of people who live all across the globe, but who seek opportunity and a better life for themselves and see in what we've done in this country a model that they hope for and wish for.

RUMSFELD: Now, I'd be happy to respond to some questions. And as always, if they're too tough, Pete Pace is going to come up and join me.

(LAUGHTER)

Come on up here, Pete.

(LAUGHTER)

All right. There's some microphones around, I'm told. And there's a hand, though I still always worry about the first hand.

(LAUGHTER)

QUESTION: Mr. Secretary, I'm wondering what books you read while you were secretary that you found most useful and edifying.

RUMSFELD: Well, I've read a great many books. They're all history books; a number about the Revolutionary War and about George Washington and John Adams and others, Jefferson.

I started reading a number of books about the Civil War. And one particularly good one was a book on Ulysses S. Grant. But I stopped. I found the struggle going on -- gosh, those years, there were so many people killed and wounded, and they were all Americans, except for the foreign fighters who came over from Germany and Poland and elsewhere.

So I turned away from that and read a great deal about World War II. And that has been basically what I've been reading.

So that's where I ran across that quote by Winston Churchill that I mentioned in the Oval Office when we were announcing my departure.

RUMSFELD: I think Churchill said something to the effect that, "I have benefited greatly from the criticism I've received, and I've never suffered from a lack thereof."

(LAUGHTER)

QUESTION: Mr. Secretary, this is not a question. It's simply a chance to say thank you.

Three years ago, my daughter brought her performing troupe here on September 11th, 2003. You took the time to come over, not just to say howdy, but to actually talk to a group of young people.

These 30 young people -- of those 30, five of them are now members of the military. You have had a profound effect on the young members of that troupe and on our country.

And for that I thank you.

(APPLAUSE)

RUMSFELD: Thanks very much. And do thank that young lady and give her a merry Christmas.

QUESTION: Hello, Mr. Secretary. I certainly don't want to put you on the spot, but I'm going to...

RUMSFELD: Then why?

(LAUGHTER)

(CROSSTALK)

RUMSFELD: I mean, just suck it up and go home.

(LAUGHTER)

(APPLAUSE)

I'm just kidding. I want to hear what you have to say.

QUESTION: I'm still going to take advantage of this time...

(CROSSTALK)

RUMSFELD: ... accurate, though.

(LAUGHTER)

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QUESTION: ... and that is that I really am hoping that you plan on writing about your second tour in the Pentagon. Is there any chance that will happen?

RUMSFELD: Oh my gosh, my wife's after me to do that.

(LAUGHTER)

I suppose there is a chance. I've never written a book. I always thought I was too young to write a book.

(LAUGHTER)

I can't use that anymore.

I might. I might. I'll have to think about it.

But I've decided I'm not going to make any decisions about what I'll do next for a couple of months, and just let a little time go over it.

QUESTION: Mr. Secretary, how do you want history to remember you?

RUMSFELD: My goodness.

(LAUGHTER)

Better than the local press.

(LAUGHTER)

(APPLAUSE)

QUESTION: Hello, Mr. Secretary. Thank you for your leadership during this really difficult time in our country's history.

My question is, as the U.S. supports democracies throughout the world, one of the great things about democracy is that it brings freedom of intellectual exchange and technological developments.

QUESTION: While those two things bring about great things for humanity, it also brings about conflict within people. And you have a lot of dissent and people becoming enemies.

How do you think we can stop our world from becoming chaotic and just becoming a bunch of individuals and small groups who think of everyone else as being their enemy?

RUMSFELD: That's a tough, tough thing to answer. Except if one goes back through history and thinks of the deep divisions that can exist, the reality is that people, over time, observe and they see what works and what doesn't work.

And if we were able to be on Mars and look down on Earth, for example, we would find that those societies where conflict is continuous lose.

I have this wonderful picture of the Korean Peninsula on my desk. It shows the same people, North and South; the same resources North and South; but it shows the satellite shot at night and it shows all the electricity and the energy and the opportunity and the success south of the Demilitarized Zone.

They have a free political system and a free economic system. And now they are the 10th or 12th economy on the face of the Earth.

And in the North, there's no light except the pinprick of light in Pyongyang. The country in the North has a command economy that doesn't work and it has a repressive political system where people don't have free choice.

And if you look down from Mars on the world, you'd see that the countries that are succeeding and doing well, where the people have opportunity and are able to make free choice, indicates that free choice on the part of people in the economic realm and in the political realm works vastly better than the decisions by a few.

RUMSFELD: As Winston Churchill said, "Democracy is the worst form of government accept for every other that's ever been tried." And it is. It's untidy. And there's debate and partisanship and people make mistakes, but it works and it works very well, and it works better than any other form.

And I think that we have to have confidence in people that the -- that things that work will be seen by intelligent people and they'll gravitate to that. I mean, it's not an accident that people line up to come to this country every year to work, to visit and to live, because they see that here is a land of opportunity.

QUESTION: Mr. Secretary, with respect to your second tour of duty here in the Puzzle Palace, what are some of the things that you wish you could have accomplished -- like transformation items -- that you didn't get a chance to get to this time?

RUMSFELD: One day we were sitting in the Oval Office with the president and the president turned to Pete and to me and said, "Give me a report on how transformation's going." And before I could even think, out of General Pace's mouth he said something like, "With respect to attitude and culture, an 8 on a scale of 10. And with respect to progress, a 4."

Is that what you said?

(LAUGHTER)

PACE: Yes, sir.

RUMSFELD: Yes. And I think that was probably about right. That was about a year ago. I think I'd give it a 5 today.

But I think the important thing is that there have been -- there's been a change in people's approach, a recognition that in this 21st century the way we did things in the 20th century isn't good enough and we're simply going to have to be wiser and more agile and more skillful, and we're going to have to be able to do different things.

RUMSFELD: We're not engaged in major land battles or air battles or sea battles at the present time. We're being challenged asymmetrically by irregular warfare, by people who operate totally differently than the way people operated in World War II.

And that is a challenge. It's a task. And it's still not well understood in our country. It's unfamiliar.

But I think the major sign of progress is the fact that the senior people in this department today are overwhelmingly people who understand that and who are attracting people in their activities who also understand it, and that that energy and that impetus will give the prospects of continuing a transforming process -- is a better word than "transformation," I suppose; "transformation" leads you to believe you started untransformed and suddenly you're transformed, which isn't the case, because the world's not static, it's dynamic, it's changing. And we need to continue to transform as we go along.

And I think that Pete's 8 for that is important and indeed is the driver.

You know, when you think about words, I have felt just an enormous sense of urgency these years. Some of you may have noticed it.

(LAUGHTER)

I do.

Anyone who lives through September 11th, and then sees in their mind's eye the prospects of a September 11th times two or three or four, six months out, has to ask themselves, "What ought we be doing today to prevent that coming September 11th six months from now? What can we do to prevent it from happening? What can we do to mitigate its effects were it to happen?"

RUMSFELD: And so, I have felt a tremendous sense of urgency.

Conversely, if there's anything that the Cold War required, it was patience; just seemingly the opposite of urgency.

And this is a long struggle. This is not -- what we're engaged in today, this struggle against violent extremism, is going to take a long time. And that's going to require patience. And it's going to require perspective.

And I do hope people will read more history and understand and be able to help our fellow citizens have a perspective on what's taking place.

I read the other day somebody was comparing the length of time we've been in Iraq to the length of World War II, totally ignoring the period after World War II where the German government didn't even have a government, I don't think, until 1949.

And trying to compare what we're in today -- just take Iraq or Afghanistan. The military can't lose. They can't lose a battle, let alone a war over there.

But they also can't win, because it is not a conventional conflict. There isn't an army or a navy or an air force to go defeat.

It takes political and economic activity, and you need that three-legged stool for success to be achieved. And that takes patience. And we have to understand that as a society, as a people, and not be impatient.

I mean, I -- and I'll tell you that people over there in uniform get it. They really do.

I was in Walter Reed the other day, and a fellow had just come in with multiple wounds. And he was on his back. And he had a tube in his nose. And he looked up, and he said, "If only the American people will give us the time, we can do this. We're getting it done."

And it's a fact. It will take patience. And it will take understanding.

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And yet it takes that sense of urgency on the part of the people here, as we know, because we have such an important responsibility.

QUESTION: The needs are urgent. Leaders make decisions. Yet our national security apparatus, consisting of several departments and agencies, are very slow and unresponsive. And I'm just wondering, in a world war of significant duration, if we can continue to have the significant staffing levels we have. I think the numbers of people that we have, which are greater than several years ago, are part of the problem.

(LAUGHTER)

(APPLAUSE)

(CROSSTALK)

(LAUGHTER)

QUESTION: No pink slip.

PACE: No. This is great.

I think our government does a really good job of teeing up decisions for the national leadership.

But once the decisions are made, we tend to go back into our stovepipes: DOD takes our piece, State takes theirs, Treasury takes theirs, et cetera. And we go on about our business and try to do the best we can inside of our own stovepipes.

And we cannot continue to function that way and be successful against an enemy that is going to be moving much more quickly than that.

PACE: So we do need and we are looking at the -- our government's looking at as a government, the administration, the Congress is looking at and outsiders are looking at ways that we can take the national security apparatus and bring it into the 21st century and empower those below the president with the capacity and responsibility to make decisions inside of a chain that's responsive to the president's lead.

So we do need to do that much better and much more efficiently.

RUMSFELD: Pete's exactly right. That is a question that comes up every time we meet with the combatant commanders and the chiefs and the senior leadership of the department is a level of concern that the institutions that exist are basically 20th century institutions.

And that's true within our government. It's true in terms of the international institutions. Most of them were formed in the aftermath of World War II for a very different world and a very different set of circumstances.

This first conflict of the 21st century is so different, just enormously different from the World War II conflict. And yet the institutions, the committees of Congress, the subcommittee system in Congress, the turf fights over jurisdiction that exist and the micromanagement of the bureaucracy in so many instances leads to a situation where the bureaucracy can't respond.

We're well behind in Afghanistan and Iraq in terms of the development of the police in those two countries. Why? Well, because there was no line item for the Department of Defense to do anything about police. It was over in the State Department. And they didn't have the people to do it.

And the Congress didn't authorize the money to do it. And they're at least, what, two years behind -- the police from the military? And that's harmful. That's costly. And yet it's because the federal government has not had a Goldwater-Nichols, in a sense.

RUMSFELD: They haven't decided that, in this different era, we have to have different arrangements among the various departments and agencies, and greater flexibility to move rapidly to try to avoid problems rather than to wrestle with them well after the case.

We're still having trouble getting the kinds of funds and the kinds of support to build partner capacity on the part of other countries. And if you're trying to fight a war against people who are in countries that you're not at war with, your solution is to build their capacity, the capacity of those other countries, so that they can better govern their own space, so that they can better deal with their terrorist problems, and that terrorist aren't allowed safe havens to plan attacks against the United States and other nations.

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And the cost-benefit of investing money to build the military and anti/counterterrorism capability of other countries is so much cheaper than our doing it and our having to deploy people to do those things. And their language facility is vastly better. And their respect for their own sovereignty is not infringed on.

I mean, there's just every reason in the world for us to have that as a very high priority. And yet, as I say, even today it's difficult to get the Congress responsive to that. And it just takes time.

Question?

QUESTION: Mr. Secretary, thank you for your service, sir.

As you depart and Dr. Gates prepares to take on the next phase of his public service, what advice or guidance have you given him or would you like to give him as he takes over your responsibilities?

RUMSFELD: Pardon me?

PACE: Listen to the chairman, sir.

(LAUGHTER)

RUMSFELD: I said I liked his humor. Pete just whispered in my ear, "The advice should be: 'He should listen to the chairman'."

(LAUGHTER)

(APPLAUSE)

I've had two meetings with him, and we've had a good discussion on a variety of things. The senior folks in the department have been briefing him.

And, you know, each person is different. Each person comes in with various strengths or weaknesses. And he'll do a good job. He'll come in and he'll find a way to begin the process of serving as secretary of defense in a way that fits his background and the needs of the current time. And I've got every confidence that he'll do a terrific job.

But the short answer is, any advice I give him I'll give him in private.

(LAUGHTER)

(APPLAUSE)

QUESTION: Mr. Secretary, first of all I'd like to thank you for your leadership over the last six years. It's meant a lot to us to have a steady hand on the helm here.

But I'd like to ask you your thoughts on strategic communications, or what I might call that. We're fighting an enemy that is using the media as a weapon, and doing it very well. We don't to that. In a free society, we shouldn't. But we're losing the war on that front in my opinion, sir.

Can you give us your thoughts on how we might better attack that problem?

RUMSFELD: Well, thank you. It is a central question. If they don't have an army to go out and destroy or a navy or an air force, and they do exactly what you say, they're very skillful. They have media committees. They plan their attacks for their maximum of drama and impact, designed to weaken the will of their enemies.

We have to do better.

I was asked one day what kind of a grade I'd give us, and I guess I said D+, as to how well we are combating and engaging in that struggle for ideas.

And we have to do a better job to make everything for them more difficult. Harder for them to raise money. Harder for them to recruit people. Harder for them to talk people into becoming suicide bombers. Harder for them to get across borders. Everything has to be harder for them.

And a good deal of pressure has been put on around the globe with a 90-nation coalition. The dilemma, obviously is -- I mean, take General Casey. General Casey's getting people killed over there, every day.

And we all know that if people are positive and leaning forward to be helpful, that things are easier, and that's true in Iraq.

And to the extent people are friendly and feel positive about the coalition forces and the Iraqi security forces, they're more likely to give tips as to where the IEDs are being placed or where the caches are and call up the local police or the Iraqi army or the coalition forces and say: Look, there's some bad guys in this house, and you ought to do it, take care of them.

To the extent people are hostile, they don't do that. And Casey knows exactly all the things that are being done.

DOJ_NMG_0105095

RUMSFELD: My goodness, the stock market's open, their free press is there, they've got television, they've got radio, they've got schools that are open, the businesses are open, hospitals are open, there are new textbooks.

I mean, if you just watched what's happening every time there's a bomb going off in Baghdad, you'd think the whole country's aflame. But you fly over it, and that's just simply not the case. There are people out in the fields working, and there's cars in the gas lines waiting to get fuel.

Casey decided he wanted people to know that -- the truth, mind you. So he said, "Let's get that in the local papers." I don't know, there's over 100 papers in the new free press there. They didn't even have a free press before. Even the American folks who were over there were restricted in what they could do.

The first thing that happened is they did that. They gave some people some money and said, "Get this -- these true facts about hospitals and schools and goodness knows what else -- get them in the local papers. And, by golly, there'll be a more positive feeling if people are aware of that, because the lies from the enemy go on day after day after day."

He did it. And, of course, there was just a big outcry here in the United States, in the Congress, in the press. "Oh my goodness, isn't that terrible? He's trying to reduce the number of people getting killed over there by asking people to print the truth and paying them to do that."

Well, it goes right to the point you make. We've got to be careful. There are multiple audiences. And every time we invest our time and effort trying to do a better job communicating -- strategic communications, what's going on truthfully -- not only do the Iraqi people hear it, but so, too, do our people hear it.

And there's always that line where you begin to propagandize. And you have to be careful.

So it is a dilemma. We've not solved it.

RUMSFELD: We have to do better. And we've not made much progress.

QUESTION: I have two questions for you.

The first: For purposes of this question, if terrorism is the greatest threat against America today, what, in your opinion, is the second and the third greatest threats?

And, also, what was your greatest day or most satisfying day while in office and, opposite, your worst?

(LAUGHTER)

RUMSFELD: You plan to go in the media?

(LAUGHTER)

She'd fit right in.

(LAUGHTER)

I would not agree with the premise of your question in this sense: I don't think terrorism is the greatest threat.

I think that terrorism is a weapon of choice for violent extremists. And violent extremism is, in my view, the threat.

It is that conviction that they want to destabilize moderate, mainstream Muslim regimes and establish a caliphate and have a handful of clerics determine what everyone in that country can do, and then spread that across the globe, from Indonesia to the Middle East, through North Africa and southern Europe. This is what they say on the Internet. You can read it. That's their goal.

That's the threat.

And it can be manifested in a variety of ways. At present time, we've used the phrase "global war against terror," which I find not perfect.

I think that it is really a long struggle, as opposed to a war, which implies armies, navies, air forces and marines contesting each other.

It is irregular. It's asymmetric. And it is not against terrorism, per se, it is against these violent extremists who use terrorism, but they also could use other things.

RUMSFELD: And a second thing that I worry about is the kinds of damage that can be done to a society through weapons of mass destruction, even through cyberattacks, can be -- but I mean, a biological attack is something that could be -- it could be used to terrorize.

Of course, the purpose of terrorism is to terrorize. It's not to kill people, it's to alter people's behavior. And you can do that using a variety of different techniques.

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You know, clearly the worst day was Abu Ghraib and seeing what went on there and feeling so deeply sorry that that happened.

And I guess my best day, I don't know, maybe a week from Monday.

(LAUGHTER)

(APPLAUSE)

QUESTION: Sir, first off, again, let me say thank you.

And then, second, looking back over your time as secretary of defense, and if you can't be convinced to write the book, if there was one anecdote you could share that would, sort of, capture your time in office, what would it be?

RUMSFELD: Wouldn't you think that's what would sell my book?

(LAUGHTER)

My goodness gracious.

You know, the days are so full, and you feel so fortunate to be engaged in the challenges -- the enormously difficult challenges that our country faces, that I've been just really fortunate to feel each day that there was an opportunity to contribute, to serve and to learn, particularly from the folks here in this department who've invested much of their lives in these important subjects.

RUMSFELD: But I do; I think I'll save it for my book.

(LAUGHTER)

QUESTION: Good morning, Mr. Secretary. I guess I'm a little nervous.

(LAUGHTER)

I wanted to know, if you could walk away with one memory or one accomplishment during your second tour, what would that be and why?

RUMSFELD: Well, I suppose it'll sound strange and somewhat pedestrian, and I'd be interested in Pete's view, because there's practically nothing that I've done that I haven't -- unless you're a Mozart or an Einstein, who goes off in a room and does something brilliant and then comes out and reveals it, all the rest of us, at least this guy, anything we accomplish we do it with other people.

We do it through a process of talking and discussing and thinking and probing and trying and failing and trying and succeeding.

And this institution is so big and so complex that there isn't any way in the world anyone can lead it by command. It's led by persuasion, and it's led through a process of discussion and interaction.

And I think probably the thing that has been the most important, at least for me, not being an Einstein or a Mozart, is the fact that when I came in, we made a conscience decision that we would engage the military not at the end of a process, asking for their advice, but we would engage them at the beginning of the process.

And General Myers and General Shelton and General Pace have been involved in -- there is not a single important decision of any magnitude at all that the chairman and the Joint Staff and the combatant commanders, where appropriate, and the services, where appropriate, have not been involved. And they have not been involved, as I say, at the end; they've been involved at the beginning, and at every step along the way.

We created something called the Senior Level Review Group. It's call the SLRG.

(LAUGHTER)

Not very nice.

(LAUGHTER)

But it has the secretary and the deputy, the chairman and the vice, the undersecretaries and the service secretaries and the service chiefs.

We then expanded it and created a second group that included the combatant commanders for those things that were appropriate in that case.

There's almost nothing of any major importance that hasn't been thoroughly discussed, digested, masticated by the SLRG, and in many cases with the combatant commanders as well. They've chewed it, they've discussed it.

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We've gotten them to the point where they talk about not just their own service, which was the case when I arrived -- you go down in the tank and the service secretary, they wouldn't want -- service chief -- they'd want to talk about their service. They did not want to talk about the department and the joint efforts that are required here.

Today they do. Today they participate fully in everybody else's business.

Why? Because there isn't anyone smart enough to figure these things out. We simply have to do it that way.

And I would say, if there's anything that's been accomplished here, it is a monumental effort to try to knit together the services, to knit together the organize, train and equip group with the combatant commanders and the senior civilians in a way that they developed ownership, investment, they have an investment in the decision, because they all know of certain knowledge that they were involved in it, they had a chance to affect it.

RUMSFELD: And, by golly, this department isn't worth anything if all the services are going off in every different direction, working their own little projects and harming the other services.

And I've been around when that's happened in this department, where it wasn't joint, where people were working their own agendas and, "We're going to the contractors and getting the contractors to do such and so," and "We're going up to Capitol Hill and trying to get Capitol Hill to sabotage what was decided in the department," because they didn't agree with them, they didn't like it, they didn't feel they had a stake in it, they didn't feel they had a voice in it.

Well, by golly, (inaudible) there's no one at a senior level of this department who can say they haven't been involved in the decisions in this department, because they have.

And, as a result, we have had a period of a substantial degree of unity, where people are all pulling their oars in the same direction instead of popping around and going off in 18 directions and damaging themselves, damaging the department, damaging the men and women in uniform and damaging the country.

And that's not happened. And that's an enormous accomplishment.

Pete, you want to...

PACE: The only thing I would add to that, Mr. Secretary, is that the secretary and his team have spent an enormous amount of time in picking leaders, civilian and military, to be on this team, and with a special focus on 10, 15, 20 years from now, if you want to have a certain type of individual be a general or an admiral, how many of those kind of individuals do you have in your population right now?

So, if you want to have more women be admirals and generals, where's the population from which they're going to come? More minorities?

A lot of focus on, not only picking the right leaders for today, but for putting your seed corn where you need it to be able to grow and have available to the nation a diverse leadership population in the future.

STAFF: We have time for one last question, sir.

RUMSFELD: I'll decide if it's last.

(LAUGHTER)

(APPLAUSE)

It depends on how good it is.

(LAUGHTER)

QUESTION: Sir, (inaudible) on your book a bit. I think, for great Americans like yourself, sir, it is a duty, and you will cheat future generations if you don't provide...

(LAUGHTER)

(APPLAUSE)

... the experience, the background and the knowledge you've gained over the past years.

And to continue in that line a little bit, 10 other great Americans just recently wrote a book. I would like to know if you've read any excerpts from that or if you'd like to provide any of your impressions from that book, sir.

RUMSFELD: This is the commission...

QUESTION: Yes, sir.

RUMSFELD: ... the Iraq Study Group?

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I know all those folks pretty well. And you have to be appreciative of the fact that they invested their time and thought and experiences in undertaking that project.

I have not read the entire book. I do think that it would be helpful if I, kind of, explained where the president is on all of this, because I know there's been a lot in the press and so forth.

The president asked General Pace to work with the chiefs and put forward some views that they feel would be appropriate.

He asked me and General Pace to work with the combatant commander, John Abizaid and General Casey and the folks in CENTCOM, to put forward some views.

He asked the Baker-Hamilton commission to offer their ideas.

He's been meeting with outside academics and people, so-called experts, from time to time, I think as recently as earlier this week.

RUMSFELD: He just had a session with Tony Blair.

We have offered up our department's views that have been well scrubbed.

And what he plans to do is to take into account all of those things, including the Baker report, and then probably make some decisions with respect to it during this period between now and the end of the year.

I look at the problem this way. And I'd rather say what I think about the situation.

There is an impatience in the United States and in the Congress, and there's nobody who sees people being killed and wounded and doesn't feel a sense of urgency about getting it right and doing the right thing and seeing that their loss of life is as minimal as it possibly can be.

The other thing we have to think about, though, is the dire consequences were we to fail there.

And it is not just an Iraq problem, it is a regional problem. There is a major divide between the Shia and the Sunni community and that part of the world, and the risks to instability are significant. And that what's taking place in Iraq is, in effect, a microcosm of what's taking place in that region.

This power struggle, partly religious, partly economic, certainly political, for power, but in a very real sense, not terribly military in its nature.

Violence is not military necessarily. I mean, it doesn't seem -- I mean, I don't describe someone strapping on a suicide vest and going in and blowing up 20, 30, 40 civilians in Baghdad as a military operation myself. But that's the kind of thing that's taking place.

I think that our country has to be able to, obviously, constantly recognize that the situation's not static; it's dynamic. The enemies have a brain, they watch what we do, they make adjustments. We have to keep changing our tactics, our techniques, our procedures.

We have invested at whale of a lot in the Afghan situation and in the Iraqi situation. And those countries have made considerable strides toward governing themselves. They are not there yet.

And to pull out precipitously and inject that instability into the situation there in that country, in that region, I believe would be a terrible mistake.

And we simply, as a society, have to recognize that it's not the -- the military people are doing everything that can be done from a military standpoint.

But they can't "win" this, quote, unquote, militarily.

RUMSFELD: It has to be won by the Iraqi people. It has to be run through a reconciliation process and through a political process. And it is those diplomatic and economic and political things that have to move forward in that country.

And our goal is to keep training and equipping and preparing the Iraqi security forces so that they can create an environment within which that can happen.

And it makes a big difference to us, to our safety here in this country.

And I think that while everyone feels it's not going fast enough, everyone feels it's not going well enough, everyone's looking for the kinds of things that might be done to improve that process -- political process, economic process, diplomatic process.

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And there are some people who say, "Well, you should do this or that or the other thing." And I can tell you, I can't think of a thing that anyone's thought of that General Pace and General Abizaid and those folks have not been working on and analyzing and studying and adjusting to over time.

And we have every chance in the world of succeeding in both those countries, but only if we have the patience and only if we have the staying power.

There have been -- in every conflict in our country's history, there have been those who said, "Toss in the towel; it isn't working."

The Revolutionary War, by golly, George Washington almost got fired. He didn't win a battle that I can recall for a whale of a long time.

You think of the beginning of World War II and all the battles that were lost.

You think of the Cold War, when Euro-communism was in fashion and millions of people -- hundreds of thousands of people were demonstrating not against the Soviet Union, against the United States, saying we were the ones in the wrong.

But, by golly, something important isn't easy. And this isn't easy. And, by golly, it's important and we better do it right.

That is the last question. God bless you all.

(APPLAUSE)

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Rumsfeld Bids Farewell To Pentagon (WP)

By William Branigin,

The Washington Post, December 9, 2006

Defense Secretary Donald H. Rumsfeld, addressing Pentagon employees as he nears the end of his nearly six years in office, said today that the war in Iraq cannot be won "militarily," but he asserted that U.S. policy there can succeed "if we have the patience."

Speaking in a town hall-style meeting at the Pentagon, Rumsfeld warned that U.S. failure in Iraq would have "dire consequences" in that country and the broader Middle East, and he said pulling out U.S. troops "precipitously" would be "a terrible mistake."

In a farewell speech that became emotional at times, Rumsfeld, 74, listed a series of Defense Department accomplishments during his tenure, ranging from fighting "terrorists all across the globe" to aiding millions of victims of natural disasters. He said the Pentagon has established a new Northern Command and "an initial missile defense system," overseen the largest domestic base closure and realignment plan in U.S. history, implemented a transformation of U.S. forces away from a "static defensive" posture left over from the Cold War and moved the longstanding "division-based Army" toward a "more agile, vastly more capable combat brigade force."

Answering employees' questions after the speech, Rumsfeld said his worst day in office was when he learned in early 2004 of the prisoner abuse perpetrated by U.S. guards at the Abu Ghraib prison outside Baghdad. He said early last year that he had twice offered President Bush his resignation over the scandal but that Bush wanted him to stay on.

"You know, clearly the worst day was Abu Ghraib and seeing what went on there and feeling so deeply sorry that that happened," Rumsfeld said today.

As for his best day in office, he said, "I don't know, maybe a week from Monday." He referred to the day -- Dec. 18 -- when his successor, Robert M. Gates, is scheduled to take office. Bush announced Rumsfeld's resignation on Nov. 8, a day after midterm elections gave control of Congress to Democrats. Gates, a former CIA director, was confirmed by the Senate yesterday as the new defense secretary.

Asked in the question-and-answer session about a bipartisan panel's report outlining a "new approach" in Iraq, Rumsfeld said Bush has also asked him and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, to work with military commanders and other top officers to "put forward some views that they feel would be appropriate." Among those involved have been Gen. John P. Abizaid, the commander of U.S. forces in the Middle East; Gen. George W. Casey Jr., the top U.S. commander in Iraq; other officers at the Central Command and the chiefs of the military services, Rumsfeld said.

Bush plans to take into account the Pentagon's report, as well as studies by the bipartisan Iraq Study Group and other panels, "and then probably make some decisions with respect to it during this period between now and the end of the year," Rumsfeld said.

In his own view, he said, "There is an impatience in the United States and in the Congress, and there's nobody who sees people being killed and wounded and doesn't feel a sense of urgency about getting it right" and minimizing the loss of life.

"We have to keep changing our tactics, our techniques, our procedures," he said.

He added: "We have invested a whale of a lot in the Afghan situation and in the Iraqi situation, and those countries have made considerable strides towards governing themselves. They are not there yet, and to pull out precipitously and inject that instability into the situation there, in that country and in that region, I believe would be a terrible mistake."

Americans must recognize that "the military people are doing everything that can be done from a military standpoint. But they can't win this . . . 'militarily.' It has to be won by the Iraqi people. It has to be won through a reconciliation process and through a political process. . . ."

Although the process is "not going fast enough" or "well enough," Rumsfeld said, "we have every chance in the world of succeeding in both those countries, but only if we have the patience, and only if we have the staying power."

In Iraq and Afghanistan, he said, "The military can't lose. They can't lose a battle, let alone a war over there. But they also can't win, because it is not a conventional conflict. There isn't an army or a navy or an air force to go defeat. It takes political and economic activity. . . . And that takes patience. And we have to understand that as a society, as a people, and not be impatient."

Rumsfeld praised the Pentagon press corps as "an important part of the fabric of this institution," but he also took a few shots at the news media.

Among the Defense Department's accomplishments, he said, is that it "established a camp and stood guard in Guantanamo over some of the world's most dangerous terrorists, while suffering grossly uninformed and irresponsible charges in the media from almost every quarter."

He said later, "I remember being stunned by the news of the abuse at Abu Ghraib. And then watching so many determined people spend so many months trying to figure out exactly how in the world something like that could have happened, and how to make it right. And then seeing how the department eventually demonstrated to the world how our democracy deals openly and decisively with such egregious wrongdoing. And, yes, I remember the irresponsible comments by some who tried to sully the image of the courageous and dedicated men and women in uniform who keep the American people safe."

Rumsfeld said in response to a service member's question that he may write a book about his experiences at the Pentagon. "My wife's after me to do that," he said. "I suppose there is a chance. I've never written a book. I always thought I was too young to write a book. I can't use that anymore. . . . I'll have to think about it. But I've decided I'm not going to make any decisions about what I'll do next for a couple of months."

Asked how he wanted history to remember him, he said, "Better than the local press."

The meeting with Pentagon employees reflected none of the criticism that has been directed at Rumsfeld during his term, notably over his handling of the war in Iraq. Critics have charged that he ignored advice to send in a force large enough to pacify the country and assure security once the regime of Saddam Hussein was toppled, and that he failed to plan adequately for the occupation period. The result was rampant looting of government buildings and arms depots, followed soon afterward by the start of an insurgency.

Earlier this year, several retired generals called for Rumsfeld's resignation, charging that he was incompetent and intolerant of opposing views. One leading critic, retired Maj. Gen. John Batiste, who formerly commanded the Army's 1st Infantry Division in Iraq, described Rumsfeld as "arrogant" and "abusive" and said he disregarded 10 years of war planning on Iraq by the U.S. Central Command before the March 2003 invasion.

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Rumsfeld promptly dismissed his critics as "two or three or four retired people" out of "thousands and thousands of admirals and generals." He said that "if every time two or three people disagreed we changed the secretary of defense of the United States, it would be like a merry-go-round."

Pace strongly defended Rumsfeld at today's farewell gathering. "There are 2.4 million American service men and women, active, Guard and Reserve," the Marine general said. "At any given moment, some one of them is doing something stupid." Yet, whenever something has gone wrong and Rumsfeld has been blamed, "not once has he done anything other than accept the responsibility," Pace said. "He has never tried to deflect that to any subordinate, even though it was a subordinate's responsibility."

Said Rumsfeld, "I wish I could say that everything we've done here has gone perfectly, but that's not how life works, regrettably. When thousands of people make dozens of difficult decisions on hundreds of pressing issues, for the most part matters that are new and unfamiliar, where there's no road map, no guidebook . . . the hope has to be not perfection but that most decisions, with the perspective of time, will turn out to be the right ones. . . ."

Rumsfeld Bids Farewell To Pentagon (NYT)

By David Stout

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 -- Defense Secretary Donald H. Rumsfeld bade farewell to Pentagon employees today in his familiar style, fencing with his questioners and voicing deep faith in the American people.

"Every day, in one way or another, I've seen the strength of men and women in uniform, and the dedication of the many thousands who serve here, military and civilian, who do their jobs knowing that theirs is the essential business of protecting a nation and protecting a people," Mr. Rumsfeld said at what was probably his last meeting with Defense Department employees.

"You do so knowing that you contribute directly to the safety of millions of Americans — people you'll never meet, whose names you'll never know," Mr. Rumsfeld said. "I leave office very proud to have served with you, inspired by your dedication, by your patriotism, and by your sacrifice."

Mr. Rumsfeld, who will be succeeded by Robert M. Gates on Dec. 18, has a unique place in Pentagon history. He is the only person to have been defense secretary twice, having held the post for a little over a year under President Gerald R. Ford. He was the youngest defense secretary then, and now, at 74, he is the oldest.

"It's been three decades since I left the Pentagon at the end of my first tour," Mr. Rumsfeld said. "Our country was then engaged in a long struggle — the Cold War, a conflict that seemed costly, and it was. It seemed unlimited in duration, and it was, and seemed unclear in its course and its outcome, which was the case. In fact, many then believed and indeed acted as though it was the United States that was the cause of the world's troubles. We even see a little bit of that today.

"And yet despite the tumult of the times, I left this post in 1977 believing strongly that America was a force for good in the world, that the vast majority of the American people were wise and decent people, and that America would continue to be the principal leader in the free world. That has been proven right."

As he prepares to leave office again, Mr. Rumsfeld said he believes as he did three decades ago "that America is a truly great nation, that the American people are wise and decent, that America's leadership in the world is not just useful, but that it is urgently needed.

"And let there be no doubt, despite the fact that we have been successful in preventing attacks since Sept. 11, years without an attack in this country, ours is a troubled and very dangerous world, and we must not forget it."

Famous for his marathon work days and his demanding style, Mr. Rumsfeld came to the Pentagon in 2001 determined to streamline the military bureaucracy, and he said today he thought he and his aides had succeeded, up to a point.

"There's been a change in people's approach, a recognition that in this 21st century, the way we did things in the 20th century isn't good enough, and we're simply going to have to be wiser and more agile and more skillful, and we're going to have to be able to do different things," Mr. Rumsfeld said.

The questions from department employees at today's "town hall" session were gentle ones, in contrast to the news conferences at which Mr. Rumsfeld never bothered to hide his disdain for interrogators he considered ill-informed, cynical, or

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naïve. But even in today's friendly setting, Mr. Rumsfeld was in form. When asked what advice he had for Mr. Gates, he replied, "Any advice I give him, I'll give him in private."

Mr. Rumsfeld said he would miss his jousting with reporters. "I think I will," he said. "The stakeouts, the briefings. I'm told it was something like 613 over six years, all across the globe. Now, you know, we've not always seen eye to eye, I haven't, with the press, but I still hold out hope that over time, they'll get it close to right."

That line was one of several that drew laughter. But he closed on a serious note, offering his belief that the struggles in Iraq and Afghanistan will, in time, be worth it, and that the United States is on the right side of history in both theaters.

"God bless you all," he said, exiting to applause.

The Rumsfeld Show's Finale A Classic, By Golly (LAT)

By Julian E. Barnes

The Los Angeles Times, December 9, 2006

WASHINGTON — For much of the last six years, a question-and-answer session with Donald H. Rumsfeld was the best show in town. The combative Defense secretary's bristling self-assurance made the Pentagon Briefing Room one of the hottest seats in Washington.

The Bush administration's erstwhile rock star delivered his last major performance Friday, as feisty and quotable as when he began. At a Pentagon town hall, Rumsfeld delivered with style, gamely teasing questioners, popping off trademark "by gollys," and quoting Churchill, invoking George Washington and expounding on "eurocommunism" of the 1970s.

Although the Senate has confirmed Robert M. Gates — a decidedly more measured and reserved public speaker — to serve as the next secretary of Defense, he will not be sworn in for nine more days. For a little while yet, Rumsfeld remains in the building and in charge.

But he is not due to appear before Congress again, and his public affairs staff says there will be no goodbye news conferences. Rumsfeld said Friday's town hall, his 42nd such appearance answering questions from military personnel during his second Pentagon stint, would be one of his last public appearances.

In some respects his last town hall was a greatest-hits collection. Rumsfeld managed to riff on many of his favorite topics: the electricity supply in North Korea, the fashionableness of "eurocommunism," the near-sacking of George Washington, the media strategy of insurgents and the failure of the American press to chronicle the good news from Iraq.

As unrelated as those topics may seem, Rumsfeld routinely evokes them to defend the war in Iraq or his own leadership.

North Korea's lack of electric light, his favorite set piece, is his example of what happens to those who reject democracy. People who thought eurocommunism offered a good economic system during the Cold War, Rumsfeld suggests, were as misguided as opponents of Iraq policy.

Critics may question America's war leaders, but Rumsfeld wants people to remember they also questioned the father of the country at the beginning of the revolution. And when the news media report on insurgent attacks against civilians, it is — in the Pentagon's view — helping the enemy try to weaken the will of the American people.

The public's doubts about Iraq and the need for America to maintain its support for the war have been a regular theme of Rumsfeld's public appearances for much of this year. And Friday, he used the stage to plead for more time in Iraq. He said there was "an impatience in the United States and Congress." But, he said, the larger fight against violent extremism, in Iraq and elsewhere, was going to take patience and perspective.

"We have invested a whale of a lot in the Afghan situation and the Iraqi situation," he said. "And to pull out precipitously and inject that instability into the situation there, in that country and that region, I believe would be a terrible mistake."

By his own count, Rumsfeld has held 613 news conferences. And although on Friday he criticized coverage of Iraq, as usual, he also singled out the Pentagon reporters for praise.

"As hard as it may be to believe," Rumsfeld said Friday, "I even miss our press conferences."

Actually, it's not hard to believe at all. From the start, Rumsfeld seemed to relish his time in front of reporters. The news conferences during the beginning of the Afghanistan war, where Rumsfeld jumped all over any perceived skepticism in a question, made him a household name.

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But as the Iraq conflict evolved from a decisive march to Baghdad into a grinding civil war, more of the public began to view Rumsfeld's act as stale. To them, the unchecked confidence seemed ill-suited for an honest discussion of what was happening in Iraq — less a sign of strength than a signal that he did not want to listen to critics.

By the end, his piques at the press were often viewed as attacks on all war skeptics. On Oct. 26, his last formal Pentagon news briefing, Rumsfeld told a reporter asking about benchmarks for the Iraq government "to just back off, take a look at it, relax, understand that it's complicated, it's difficult."

A comment he made at one of the military town halls may have been the beginning of his decline in the public's eye. On Dec. 8, 2004, while addressing a group of soldiers in Kuwait preparing to deploy into Iraq, he was asked about the Pentagon's failure to provide armored vehicles. Rumsfeld said armor was being manufactured as quickly as possible. Then he added, "As you know, you go to war with the Army you have. They're not the Army you might want or wish to have at a later time."

It was a typical Rumsfeld construction: sharp, insightful and perhaps a touch callous.

For his part, Rumsfeld was not fessing up to many mistakes on Friday. He did say the abuses by American soldiers at Abu Ghraib had led to his worst day on the job. He avoided directly commenting on the Iraq Study Group and its dire assessment of the situation in Iraq, using one of his favorite tactics of claiming he had not read "the entire book."

As is his usual practice, Rumsfeld dodged an explicit question about how history would judge him. But he did, in his opening remarks, express hope that "the perspective of history" would view his choices of the last six years favorably.

"I wish I could say that everything we've done here has gone perfectly, but that is not how life works, regrettably," he said. "The hope has to be not perfection, but that most decisions, with the perspective of time, will turn out to be the right ones."

Rumsfeld Bids Farewell To Pentagon (AP)

By Robert Burns,

AP, December 9, 2006

In an emotional farewell at the Pentagon, Donald H. Rumsfeld said Friday the worst day of his nearly six years as secretary of defense occurred when he learned of the Abu Ghraib prisoner abuse.

Speaking to a gathering of employees 10 days before he is to leave office, Rumsfeld defended his record on Iraq and Afghanistan and warned of "dire consequences were we to fail" in the war.

He also said he might write a book about his tenure at the Pentagon, and he predicted that his successor, Robert Gates, would do a good job. He declined to say what advice he had offered Gates, who was confirmed by the Senate this week.

Rumsfeld choked up briefly while recalling a woman in Alaska giving him a bracelet last August as a reminder of the sacrifices by soldiers of the Army's 172nd Stryker Brigade, whose year-long tour in Iraq was extended by four months to help try to quell sectarian violence in Baghdad. Showing it on his wrist, Rumsfeld recalled that he told the woman he would wear the green bracelet until the 172nd came home.

In a question-and-answer session billed as a "town hall meeting," he was asked what were his best day and his worst day.

"Clearly, the worst day was Abu Ghraib, seeing what went on there and feeling so deeply sorry that that happened," he said without hesitation. The scandal in the spring of 2004 involving an Iraq prison triggered worldwide condemnation and prompted Rumsfeld to twice offer his resignation to President Bush. Bush rejected those offers.

"I guess my best day, I don't know, may be a week from Monday," he said with a grin, referring to the day Gates takes over.

Asked how he wants history to remember him, he said simply, "Better than the local press."

He spoke at length about his hopes that the United States not let Iraq and Afghanistan collapse.

"We have every chance in the world of succeeding in both those countries, but only if we have the patience and only if we have the staying power," he said. Asked about the bipartisan Iraq Study Group's recommendations for a change in approach to the Iraq war, Rumsfeld said none of the suggestions were new.

He said the Pentagon had sent its advice to the White House on possible new approaches in Iraq.

With troops from each military service and a few civilian Pentagon employees seated behind him on stage in the Pentagon's main auditorium, Rumsfeld spoke to an audience of several hundred people. With a big smile, he strode into the room to a cascade of applause and a few approving yelps.

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"I suspect this will be among my last public remarks as secretary of defense," he said. His last full day will be Dec. 17.

It was one of the few public appearances he has made since Bush announced on Nov. 8 at the White House that he was replacing Rumsfeld with Gates to get a "fresh perspective" on the Iraq war. Rumsfeld applauded the work and dedication of Pentagon employees and said he was proud to have been associated with them.

"Each of you and future generations of Americans, as well as future generations of Iraqis and Afghans, will be able to look on these past years as a time of enormous challenge and historic consequence," he said.

He was introduced by Gen. Peter Pace, chairman of the Joint Chiefs of Staff, who lauded Rumsfeld as a man of courage, integrity and vision.

"This man's work ethic is incredible," Pace said. "Is he demanding? You bet." Rumsfeld then interrupted, saying with a laugh, "No! I've been on my best behavior."

Rumsfeld, 74, is one of the longest-serving defense secretaries in U.S. history and is the only person to have held the position twice. His first stint was from November 1975 to January 1977, when he held the distinction of being the youngest defense secretary in history.

Rep. Ike Skelton, D-Mo., who will become chairman of the House Armed Services Committee when Congress returns in January, said Friday that the wars in Iraq and Afghanistan will define Rumsfeld's legacy.

"The early efforts in Afghanistan were very successful, and he should be given credit for that," Skelton said in an interview taped for C-SPAN's "Newsmakers" program. "He should also be remembered as one who attempted to transform or modernize the military. Of course, it's pretty hard to do that in the middle of two wars. But he did begin that effort."

Rumsfeld Warns Against Precipitous US Withdrawal From Iraq (AFP)

By Jim Mannion

AFP, December 9, 2006

US Defense Secretary Donald Rumsfeld warned that a precipitous US withdrawal from Iraq would be a "terrible mistake" which would threaten the stability not only of Iraq but the region.

Rumsfeld, in a farewell "town hall" meeting with Pentagon employees, urged Americans to show patience with the war in Iraq, saying there would be "dire consequences were we to fail here."

Iraq and Afghanistan have made considerable strides, he said, but "those countries are not there yet."

"To pull out precipitously and inject that instability into the situation there in that country, and in that region, I think would be a terrible mistake," he said.

His comments come in the midst of an intense debate over a new course in Iraq and recommendations by a bipartisan panel that the onus of security and political reconciliation be shifted to Iraqis.

The panel headed by former secretary of state James Baker and former representative Lee Hamilton said most US combat forces could be withdrawn from Iraq by early 2008 while shifting the US military's mission to one of training and advising Iraqis.

Rumsfeld was asked about the report but did not specifically address its recommendations.

Instead he emphasized the stakes involved for a region with a Sunni-Shia divide that mirrors the sides to the sectarian conflict in Iraq.

"And the risks to its stability are significant," he said.

Iraq, he said, "is in fact a microcosm of what is taking place in that region: power struggle -- partly religious, partly economic, certainly political, ... but in a very real sense not terribly military in its nature."

He said the US military was doing all it could, but the conflict in Iraq could only be "won" by Iraqis through political reconciliation.

Rumsfeld, who resigned last month after a Republic defeat in mid-term elections, also expressed concern about "impatience in the United States and in the Congress."

"We have every chance of the world of succeeding in both of those countries, but only if we have the patience, only if we have the staying power," he said.

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Rumsfeld's appearance was his last at an assembly of Pentagon employees before turning over the Defense Department to Robert Gates, the former CIA chief who replaces him December 18.

An overflow crowd of several hundred people packed a Pentagon auditorium and gave him a standing ovation as he entered the room with General Peter Pace, the chairman of the Joint Chiefs of Staff.

Peppered with friendly questions about his six year tenure, Rumsfeld defended his accomplishments, said he was thinking of writing a book, and hoped history would remember him "better than the local press."

"You know, clearly the worst day was Abu Ghraib and seeing what went on there and feeling so deeply sorry that that happened," he said.

Photographs of US soldiers abusing and sexually humiliating Iraqi prisoners touched off a devastating scandal that blackened the US image in the world and nearly cost Rumsfeld his job in 2004. He is still the target of lawsuits in the case accusing him of war crimes.

Asked his best day in office, Rumsfeld said, "I don't know, maybe a week from Monday" when he leaves office.

A Still-Serving Rumsfeld Is Set For Mustering Out (NYT)

By David S. Cloud

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — As Donald H. Rumsfeld might say, you change strategy in Iraq with the defense secretary you have, not the one you might like.

It was a month ago that Mr. Rumsfeld announced his resignation, cast out by the White House to signal a course correction in Iraq. His successor, Robert M. Gates, has already been overwhelmingly confirmed by the Senate.

Yet when President Bush comes to the Pentagon on Wednesday, Mr. Rumsfeld will preside in the secure conference room known as “the Tank” when he and the Joint Chiefs brief Mr. Bush on the department’s recommendations for a new way forward.

Mr. Gates is not scheduled to be sworn in until Dec. 18, though he has a temporary office on the Pentagon’s third floor, and administration officials said that he will be involved in meetings and consult on the strategy shift.

How much influence Mr. Rumsfeld is exerting in the interim is somewhat unclear. Two of his top aides, Peter W. Rodman and Stephen A. Cambone, have already announced their resignations. He has told other senior officials at the department that they should hold off any major decisions to give Mr. Gates a chance to review them after he takes office.

Aides say that Mr. Rumsfeld has remained on the job not from any desire to cling to power, but because President Bush specifically asked him to stay until his successor was in place. He has spoken with Mr. Gates twice, he said Friday.

It is the second time in his career that Mr. Rumsfeld, who also served as defense secretary during the Ford administration, has stepped down from the job, and he leaves 11 days shy of breaking Robert S. McNamara’s record as the longest serving defense secretary.

Taking questions Friday at an hourlong farewell to Pentagon employees, Mr. Rumsfeld became emotional and wiped his nose as he reviewed his tenure and accomplishments.

“I wish I could say that everything we have done here had gone perfectly, but that’s not how life works, regrettably,” he said.

In private, too, Mr. Rumsfeld has also seemed at times wistful about giving up the vast resources of his office. Shortly after announcing his resignation, the 73-year-old Mr. Rumsfeld, who dictated his memos into a recorder to be transcribed and disdained e-mail correspondence, told his aides: “I guess I’m going to have to get a computer.”

He was not surprised by President Bush’s decision to replace him the day after the midterm elections, several current and former aides said. He and Mr. Bush had talked several times about whether Mr. Rumsfeld could still operate effectively, especially if the Democrats took control of both the House and Senate, they said.

But the way the White House handled the departure remains a source of bitterness to some in Mr. Rumsfeld’s inner circle. The choice of Mr. Gates after Mr. Bush had said in the week before Election Day that he wanted Mr. Rumsfeld to stay until the end of his term made it seem as if the change had been made abruptly, one Rumsfeld adviser said.

And it led some Republicans, bitter over their losses in the election, to wonder why Mr. Bush had not replaced him before the election when it might have helped their fortunes, the Rumsfeld adviser said.

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"The way it was handled turned out to be unsatisfactory to all, except the Democrats," the adviser said.

As the disclosure this month of a memo Mr. Rumsfeld wrote outlining options for switching course in Iraq makes clear, the secretary has his own ideas about what should be done in Iraq.

Lawrence Di Rita, who served as a top Pentagon aide until resigning last year, said that the memo, which listed 21 options — many of them calling for reducing the American presence in Iraq — revealed Mr. Rumsfeld's willingness to offer up completely different ways of thinking. "Nothing was sacred to him," Mr. Di Rita said.

But when he met on Friday with employees at the Pentagon, Mr. Rumsfeld counseled patience in Iraq, warning that "to pull out precipitously and inject that instability into the situation there" would be "a terrible mistake."

The session also featured moments of vintage Rumsfeld, when he was not the battered figure who has become a symbol of a strategy gone wrong in Iraq, but the jaunty defense secretary whose verbal sparring once made his news conferences Washington's most entertaining show.

When a young military aide interrupted the proceedings to say there was time for one more question, Mr. Rumsfeld was having none of it. "I'll decide if it's the last question," he said.

In his final days, Mr. Rumsfeld still appears engaged, department officials say. He is still issuing "snowflakes," the memos that waft down to the bureaucracy from Mr. Rumsfeld himself and that are used to ask questions, stimulate debate and shape policy.

Nor has Mr. Rumsfeld given up on some of his favorite projects. Last week, his aides were still hoping to win White House approval to create a new regional command covering Africa, which is now under the purview of the United States European Command, based in Stuttgart, Germany.

Mr. Rumsfeld is still convening morning "roundtables," when a rotating cast of officials is called to his conference room to hash out issues. In the last week, he told a senior military officer that he was not satisfied with a briefing and told the officer to come back in January for another try.

Left unstated was that Mr. Rumsfeld would not be around to hear it.

His sometimes brusque treatment of high-ranking military officers accounts for the private glee with which some Pentagon officers view his departure.

Even the Iraq Study Group, the independent panel that issued recommendations for changing strategy in Iraq this week, felt compelled to call on Mr. Gates to create "an environment in which the senior military feel free to offer independent advice."

In a more jocular way, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, seemed to say much the same thing while standing next to Mr. Rumsfeld at the Pentagon forum on Friday.

When a questioner asked what advice Mr. Rumsfeld would have for his successor, General Pace immediately jumped in with his own answer. "Listen to the chairman," he said.

House Winds Down Session By Approving Tax-Cut And Trade Bills (WSJ)

By David Rogers

The Wall Street Journal, December 9, 2006

WASHINGTON -- Major tax and trade bills neared final passage as Republicans began turning out the lights on the 109th Congress and 12 years of their party's dominance in the Capitol.

Working past midnight, departing lawmakers sent President Bush a third, stopgap spending bill required to keep the government operating through Feb. 15. And spurred by the Hewlett-Packard Co. scandal, the Senate called up and quickly approved a House-passed bill that would make it a federal crime to obtain someone's telephone records without his or her approval.

"Stealing someone's private phone records is a criminal act that can now be prosecuted," said Sen. Charles Schumer (D., N.Y.) one of the leading proponents. "Phone information and call logs should be protected with the same safeguards as financial data or medical records." (See related story1.)

The $45.1 billion tax cut measure, which includes provisions benefiting oil, coal and health-care interests, passed the House 367-45 late Friday after Democrats narrowly failed 207-205 in a last attempt to disrupt passage with an amendment to the oil provisions.

The intricate trade package, which most impacts Vietnam, Haiti and developing nations in Africa and South America, cleared the House hours later 212-184 with prominent Democrats joining in support.

The Senate next took up both measures as a single package, and eager to go home, senators agreed to expedite debate in hopes of sending the tax and trade provisions Mr. Bush for his signature.

"God should be so good to the people of Haiti that their exports could be a threat to the United States of America. That's not going to happen," said Rep. Charles Rangel (D., N.Y.), the incoming chairman of the House Ways and Means Committee. And even among Southern Republicans allied with the textile industry, resistance appeared to be crumbling in the Senate.

The tax package itself renews scores of popular, non-controversial expired tax breaks, most notably a deduction for college tuition, a deduction for state and local sales taxes in states without income taxes, and the corporate tax credit for research. But fiscal conservatives complained bitterly of costly add-ons and the backroom horse-trading in which some departing leaders won concessions for their home-state interests. And the stopgap spending bill -- covering more than $463 billion in annual appropriation -- dramatizes a major collapse in the budget process for the current fiscal year.

"It is a blatant admission of abject failure by the most useless Congress in modern times," said Rep. David Obey (D., Wis.), the incoming chairman of the House Appropriations Committee. And the current chairman, Rep. Jerry Lewis (R., Cal.) was equally scathing in his personal criticism of Senate Majority Leader Bill Frist (R., Tenn.) for contributing to the failure.

Sen. Judd Gregg (R., N.H.), the departing chairman of the Senate Budget Committee, took the floor and warned his party it was ignoring the lesson of Republican losses in the midterm elections last month.

"The American people took the reins of government away from the Republican Congress," Mr. Gregg said, in large part because "they were tired of our hypocrisy as a party on the issue of fiscal responsibility."

"It would appear that their concerns are justified…You just have to ask yourself how we as a party got to this point, where we have a leadership that is going to ram down the throats of our party the biggest budget buster in the history of Congress under Republican leadership…The American people figured it out and I'm sorry we haven't figured it out yet."

Together with the tax-cut extensions, the $45.1 billion package opens millions of acres in the Gulf of Mexico to offshore oil and gas exploration, and includes a provision to prevent a 5% cut in payment rates to physicians under Medicare, the federal health-care program for the elderly and disabled.

Over Mr. Gregg's objections, coal-state senators won a $4.9 billion provision to lift federal spending for retired miners' health benefits and abandoned mine reclamation. At the same time, New York was a big loser when tax credits to help financing for a proposed rail connection between lower Manhattan and John F. Kennedy International Airport were killed, together with a $477 million tax break for the timber industry, important to companies like Weyerhaeuser Co.

New tax language was added to promote the use of health savings accounts, a priority for the departing Republican leadership seeking to give individuals more control over their health care.

And both Mr. Frist, who is retiring at the end of this Congress, and Speaker Dennis Hastert (R., Ill.), who will be giving up his speakership, used their position to win concessions for home-state interests in federal health programs.

Tennessee, for example, will benefit from an estimated $30 million payment under Medicaid to help support hospitals in the state that handle a large number of low-income patients. And Mr. Hastert added language expanding the enrollment period for private health plans, providing coverage within Medicare.

Chicago-based Aon Corp., which provides private fee-for-service coverage through its subsidiary Sterling Life Insurance Co., pushed for the change that would allow qualified plans to enroll beneficiaries all year if they aren't participating in the prescription drug benefit.

Mr. Hastert's office said the language mirrors past enrollment provisions that expired last summer and Aon declined to comment. But critics argued that the landscape has changed with the advent of the prescription drug benefit, and to create different enrollment rules for plans, based on whether they participate or not, introduces inequities.

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Before adopting the stopgap spending bill, Republicans made two modifications in a concession to critics. Lawmakers agreed to dock their own pay by delaying a planned cost-of-living increase -- due to take effect with the new year -- until Feb. 16, after the stopgap bill expires. And they gave the Veterans Administration expanded authority to move almost $684 million from other accounts in its budget to avoid a threatened shortfall in medical-care funds.

Opposition to the trade provisions has focused chiefly on those benefiting Haiti by allowing companies on the island to use fabric from third countries, such as China, in duty-free apparel destined for the American market.

A key force is Sen. Elizabeth Dole, the North Carolina Republican. Antitrade sentiments ran especially strong in her state in the 2006 congressional election, contributing to the defeat of one House Republican, Rep. Charles Taylor, and nearly knocking off another, Rep. Robin Hayes.

Republicans Push Tax Bill Through House (AP)

AP, December 8, 2006

WASHINGTON (AP) — Rejected by voters and limping off stage, the Republican-led House on Friday passed a sweeping bill reviving expired tax breaks and protecting doctors from a big cut in Medicare payments.

But they dumped an unfinished budget on the Democrats about to take power, passing by a 320-70 vote a stopgap spending bill putting the government on autopilot until Feb. 15. The Senate planned a pre-midnight vote to avoid a government shutdown.

The failure to pass budget bills for domestic agencies, said Rep. David Obey, D-Wis., amounted to "a blatant admission of abject failure by the most useless Congress in modern times."

Working into the night, the House also passed a package of trade bills and debated a measure to keep the government running into next February. Under a complicated procedural pirouette, the tax and trade legislation — along with a plan to open 8.3 million acres in the Gulf of Mexico to oil and gas drilling — was to be bundled together and sent to the Senate, where a handful of Republicans threatened delay.

A weekend Senate session loomed as Republican budget hawks bridled at the measure's cost and textile state senators objected to trade provisions benefiting Haiti. The House passed the trade bill by a 212-184 vote.

The 367-45 vote on the tax bill reflected widespread bipartisan support for extending expired tax breaks, including the research and development tax credit for businesses, sales tax deductions for people in states without income taxes, the tax deduction on college tuition, a tax credit for hiring welfare recipients and others facing difficulties finding jobs and tax credits for alternative energy producers and purchases of solar energy equipment by homeowners and businesses.

All told, the tax cuts would cost $38 billion over five years.

Also driving the massive bill forward was an effort to prevent a 5% cut in Medicare payments to doctors scheduled to take effect Jan. 1 under a complicated government funding formula. But the GOP-crafted solution to the problem was criticized as an accounting gimmick since it would double the cost of fixing the problem again next year.

Lawmakers faced a midnight deadline to send President Bush a bill to keep domestic federal agencies from shutting down. With work unfinished of nine of 11 spending bills, a stopgap funding bill would put 13 Cabinet departments on autopilot through Feb. 15 frozen at or slightly below current levels.

Democrats face difficult choices and weeks of work on the leftover budget mess, which totals $463 billion and must be passed at Bush's strict budget limits.

"They are leaving us with a tremendous mess," Senate Minority Leader Harry Reid, D-Nev., told reporters. "We have alternatives, none of which are very good."

Democrats made good on a promise to block an automatic congressional pay raise until the minimum wage is increased. Under pressure from future House Speaker Nancy Pelosi, D-Calif., and Reid, GOP leaders added language to the stopgap funding bill language stopping the pay raise slated for Jan. 1 until Feb. 16.

Now, if the pay raise goes into effect Feb. 16, members would lose some $320 of their anticipated $2,800 annual increase. That raise would be $3,300 if Congress acts to boost the cost-of-living allowances for all federal employees in 2007. Currently, rank-and-file members get $165,200.

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The House also approved, 330-59, an agreement to allow U.S. shipments of civilian nuclear fuel to India, an administration priority that is opposed by some because India, which has nuclear weapons, has not submitted to full international inspections.

The House approved by a voice vote a bill to keep open a special investigative office that has unearthed millions of dollars in waste and fraud in the rebuilding of Iraq. The office, which was set to end operations by October 2007, would stay open for an extra year under the bill, passed earlier by the Senate.

As is often the case at the end of the session, congressional leaders tried to lump popular items — extending the expired or expiring tax breaks — with other more contentious measures. Conservatives griped that the popular bills attracted costly add-ons benefiting retiring Republicans such as Majority Leader Bill Frist of Tennessee, who obtained $30 million in concessions for hospitals in his state that treat large numbers of low-income patients.

The trade portion establishes permanent normal trade relations with Vietnam, which is generally supported, with the extension of trade benefits for sub-Saharan Africa, Haiti and Andean nations. The Haiti provisions in particular raised red flags with lawmakers trying to protect home state textile industries.

Eight GOP senators from North and South Carolina, Georgia, Alabama and Kentucky on Thursday wrote congressional leaders saying 100,000 textile jobs in their region had already been lost due to trade agreements and they would oppose "as forcefully as possible" the Haiti measure.

Then there was Senate Budget Committee Chairman Judd Gregg, R-N.H., who gave an extraordinary floor speech lambasting his party for losing its way on fiscal discipline and his leadership for jamming it past rank-and-file Republicans opposing the massive measure.

Gregg particularly objected to a provision tucked into the tax bill to expand federal funding for the health benefits of retired coal miners at a cost of some $5 billion over 10 years.

"You just have to ask yourself how we, as a party, got to this point, where we have a leadership which is going to ram down the throats of our party the biggest budget buster in the history of the Congress under Republican leadership," Gregg said.

Congress Close To Approving Tax Package (WP)

By Lori Montgomery

The Washington Post, December 9, 2006

The House voted overwhelmingly to expand offshore oil drilling and preserve a variety of popular tax breaks for families and businesses, and the Senate was poised early this morning to approve the package after lawmakers angry about trade provisions and the bill's $50 billion cost agreed to let the measure move forward.

Eight senators from textile-manufacturing states had sent a letter to Senate leaders yesterday threatening to block the bill unless they removed a proposal to lift tariffs on clothing manufactured in Haiti. And Senate Budget Committee Chairman Judd Gregg (R-N.H) delivered a blistering condemnation of the decision by Republican leaders to push the unwieldy collection of tax, trade, health and energy measures through Congress as a single package at the last minute, with few opportunities for debate or objection.

In a speech on the Senate floor, Gregg blasted the package as "arguably the largest budget-buster ever brought forward by the Republican Congress."

But the objecting senators could only delay the bill; they did not have the votes to kill it. As midnight approached and the futility of their efforts became clear, they signaled their intention to give up and let their colleagues go home.

In both chambers, lawmakers rushed to finish critical business before calling the 109th Congress to a close. Among the most important pieces of legislation: a resolution that will keep the government running through Feb. 15, which won final approval just before midnight. Because the Republican Congress failed to pass nine of 11 spending bills needed to fund government operations, the unfinished budget will be dumped onto incoming Democratic leaders, who take control when the 110th Congress convenes in January.

At the request of incoming House speaker Nancy Pelosi (D-Calif.), the resolution contains a provision to end the long-standing tradition of granting lawmakers automatic pay raises.

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Throughout the day yesterday, negotiations over the tax-and-trade package consumed lawmakers, particularly in the Senate. With the trade measures under assault, House leaders delayed a vote on that portion of the package and focused first on the more popular tax provisions. By 367 to 45, the House voted to extend for two years nearly two dozen tax breaks, most of which expired in December 2005. They include a credit for research and development critical to many businesses, a reward for employers that hire former welfare recipients and a deduction for state and local sales taxes paid by people in states without income taxes.

If Congress had left town without extending the breaks, more than 19 million taxpayers would have faced higher taxes when they filed in April, said Senate Finance Committee Chairman Charles E. Grassley (R-Iowa).

The package also would repeal a $5,450 limit on contributions to health savings accounts, allowing taxpayers to shelter an unlimited amount of money as long as they choose certain insurance plans with high deductibles. It would stave off a scheduled 5.1 percent cut in payments to doctors who treat Medicare payments, and it would open 8.3 million acres in the Gulf of Mexico to oil and gas exploration.

The House approved the trade portion of the package by 212 to 184. That measure would grant permanent normal trading status to Vietnam and extend trade relations with some African and Andean countries, as well as some other developing nations. The measure also would allow some types of clothing made in Haiti to be imported duty-free. Supporters call the proposal a form of aid to one of the world's poorest countries, while opponents say it would destroy U.S. textile jobs by opening a tax-free door to Haitian goods manufactured with yarn and fabric from China.

Debate in the House was peppered with references to the imminent power shift in Congress. At one point, House Ways and Means Committee Chairman Bill Thomas (R-Calif.) complained that Rep. Charles B. Rangel (D-N.Y.) had not delivered a copy of a Democratic amendment on oil leases.

"You may not have received the amendment, but you received our best wishes on your birthday," Rangel said.

"That was two days ago. What have you done for me lately?" Thomas replied.

Rangel grinned. "We're saying goodbye."

Once through the House, the package was sent to the Senate, where an alarm briefly went up when Sen. Ted Stevens (R-Alaska) discovered that negotiators had failed to make good on a promise to include a provision that would save hundreds of Alaskan timber jobs. A separate bill was quickly drafted, approved by the Senate and shipped to the House.

Gregg made one last stand against the tax package, arguing that it does "grievous harm to the deficit." But he acknowledged that he did not have enough support to block the measure. Senate Majority Leader Bill Frist (R-Tenn) said the package was headed for a vote to halt debate and "ultimately, passage."

House And Senate Pass Tax And Trade Bill (LAT)

By Richard Simon

The Los Angeles Times, December 9, 2006

WASHINGTON — Nearing the end of an era of Republican rule, Congress early today sent to President Bush energy, tax and trade legislation as it prepared to hand over the reins of power to Democrats.

In a final burst of activity, lawmakers approved $38 billion in tax breaks and a Vietnam trade measure and voted to open a large section of the Gulf of Mexico to oil and gas drilling.

The House approved the measures Thursday night, and the Senate followed suit after midnight as the lame-duck session wound down.

But the GOP leadership was almost denied its last legislative victories, not by Democrats but by Republicans.

Some Senate Republicans objected to costly provisions of the tax bill, from a tax break for songwriters to funding for health benefits for former coal miners, saying they showed the party had yet to learn the lessons of the election that ousted it from power.

"The American people took the reins of government away from the Republican Party … because they were tired of our hypocrisy as a party on the issue of fiscal discipline," Senate Budget Committee Chairman Judd Gregg (R-N.H.) protested.

Sen. Charles E. Grassley (R-Iowa) warned colleagues that if they left town without renewing expired or expiring tax breaks, millions of taxpayers would face tax increases.

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"I never thought I'd hear a Republican advocating that we ought to have a tax increase," said Grassley, who is chairman of the tax-writing Senate Finance Committee.

The final hours of the lame-duck session were overshadowed by the release of an investigative report on the congressional page scandal — perhaps fitting, given that the 109th Congress may well be remembered for its political scandals.

The day was marked by partisan bickering. Democrats complained that Republicans were rushing through big and complex bills without giving lawmakers time to read them.

Later, however, the retiring speaker, J. Dennis Hastert (R-Ill.), received a hug on the House floor from the incoming speaker, Nancy Pelosi (D-San Francisco).

In a speech on the House floor, Hastert looked back on the GOP legacy and wished his Democratic successor well. Pelosi saluted the longest-serving Republican speaker and then joked "long may that record stand."

The tax bill that passed the House, 367-45, included a provision that would open to exploration about 8.3 million acres in the Gulf of Mexico, an area thought to contain more than 1.2 billion barrels of oil and 5.8 trillion cubic feet of natural gas.

Rep. Lois Capps (D-Santa Barbara), who opposed the drilling provision, warned that it would "bring the 25-year-old bipartisan moratorium against new drilling off America's coasts one step closer to an end."

But Rep. K. Michael Conaway (R-Texas), who supported the provision, argued that it would lead to "greater economic and national security."

The bill includes renewal of a number of popular tax breaks, including the research-and-development credit important to California's high-tech industry.

Lawmakers worked several healthcare measures into the tax bill, including legislation to cancel a scheduled 5% cut in payments to doctors who treat elderly Medicare recipients, and changes that would allow individuals to put more money into tax-sheltered health savings accounts, a new type of medical insurance favored by many Republicans.

Separately, the tax bill also addressed some unintended consequences of legislation that Congress passed last year to keep illegal immigrants from getting healthcare benefits through the Medicaid program for the poor. Hundreds of thousands of people who were legally entitled to benefits were inadvertently subjected to new requirements that they provide documents proving their citizenship. Some were frail seniors who had never been issued a birth certificate.

The changes will exempt several groups from the documentation rule, including federally assisted foster children, certain disabled people waiting for the starting date of their Medicare coverage and individuals receiving low-income Social Security assistance.

Rolling back the scheduled cut in doctors' fees had widespread bipartisan support. The cut had been called for under a budget formula that Congress had waived in past years. With time running out on the 109th Congress, the American Medical Assn. mounted an all-out lobbying campaign to head off the cuts.

Lawmakers instead agreed to freeze payments at this year's levels, while providing a modest increase for doctors who agree to participate in a new Medicare effort to improve the quality of clinical care.

However, Democrats bitterly criticized the provisions that would expand health-savings accounts. Many individuals use the tax-sheltered accounts to pay for routine bills while carrying low-cost "catastrophic" insurance for major medical problems.

Under the legislation, individuals would be able to contribute more money to the accounts, known as HSAs, and roll over limited amounts from Individual Retirement Accounts and other sources.

Some Democrats say the accounts provide a way for upper-income individuals to shelter more of their wealth from taxes and could undermine traditional insurance.

The trade bill, which included a Bush-backed provision establishing normal trade relations with Vietnam, passed the House, 212-184.

But the bill drew objections from Republican senators from Southern textile states because of a provision that would allow Haiti to export more apparel to the U.S.

Rep. Zoe Lofgren (D-San Jose) opposed the bill, saying it "does not do anything" to improve human rights conditions in Vietnam.

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But Ways and Means Committee Chairman Bill Thomas (R-Bakersfield), who helped draft the bill, said it represented a "significant milestone in our efforts to mend the wounds of one of the most divisive conflicts in our nation's history."

The tax and trade bills were combined into a single package after they left the House and won Senate approval on a vote of 79 to 9.

In a sign of the Democrats' new clout, the House and Senate voted to put off until at least Feb. 16 a congressional pay raise scheduled to take effect Jan. 1. Currently, rank-and-file lawmakers receive $165,200 a year.

Pelosi had said that lawmakers should not receive a pay raise until Congress votes to raise the federal minimum wage, set at $5.15 an hour since 1997.

The provision was contained in a stopgap measure funding the government through Feb. 15. That measure is necessary because Congress has yet to enact most of the spending bills for the fiscal year that began Oct. 1.

A number of Republicans described the mood among their members as somber.

Complaining about the raft of unfinished business, Rep. Jack Kingston (R-Ga.) said, "We're quietly going out of town on a bunt rather than a grand slam."

But Democrats were just as eager for the session to wrap up.

"Enough of this Congress," said Rep. Henry A. Waxman (D-Los Angeles). "I've had it."

As 109th Congress Expires, Jockeying Starts For 110th (NYT)

By Carl Hulse

The New York Times, December 9, 2006

WASHINGTON, Dec. 9 — The 109th Congress stumbled toward an angry close early Saturday as the Republican majority used its last hours of power to try to enact broad tax and trade legislation while Democrats accused Republicans of saddling them with a fiscal mess to clean up when they take control next month.

With minutes to spare before a midnight deadline on Friday, Congress approved a stop-gap measure to keep money flowing to federal agencies at current or reduced levels through Feb. 15, because this Congress has not passed regular annual spending bills.

The failure to dispose of the most basic Congressional work sparked recriminations over who was to blame as leaders of the House Appropriations Committee lashed out at the Senate. Representative David R. Obey of Wisconsin, the senior Democrat on the spending panel, called the temporary financing “a blatant admission of abject failure by the most useless Congress in modern times.”

As a result of the spending impasse, Democrats will be forced to deal with the leftover money issues as soon as the new Congress convenes in January.

“It is not just that they turned out the lights — they took the light bulb,” said Senator Patty Murray of Washington, who will join the Democratic leadership in the next Congress.

Even as the 109th Congress was expiring, the parties were maneuvering for the 110th. During the midterm election campaign, Democrats pounded Republicans for taking pay increases while not increasing the federal minimum wage, and they had planned to take action Friday to block the next Congressional raise. But Republicans added to the stop-gap measure a provision to block any Congressional raise until Feb. 15.

Throughout the day, House and Senate leaders put most of their energy behind legislation to normalize trade with Vietnam, grant trade benefits to Haiti and Andean countries, restore about $38 billion in popular tax breaks, block a cut in Medicare payments to doctors and open a stretch of the eastern Gulf of Mexico to oil and gas exploration.

While the House approved the tax and trade legislation, Senate opposition threatened speedy acceptance. A few critics raised objections to the Vietnam trade proposal, the prospect of cheaper textile imports from Haiti and the overall costs. The leadership was trying to ease those complaints and send lawmakers home.

Senator Judd Gregg, Republican of New Hampshire and the chairman of the Budget Committee, said the trade and tax measures represented the sort of fiscal management that caused voters to turn out Republicans in the House and the Senate in last month’s elections.

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"They did so, I think in large part, because they were tired of our hypocrisy as a party on the issue of fiscal responsibility," Mr. Gregg said, citing the inclusion of such special-interest provisions as more than $4 billion to clean up abandoned coal mines. "It would appear that their concerns are justified."

Some frustrated lawmakers said the chaotic ending of the session was fitting, with major legislation assembled behind closed doors by senior lawmakers and then rushed to the floor. That was typical, they said, of how business had been done in a highly partisan atmosphere. "This is another example of how not to legislate," said Representative Sander M. Levin, Democrat of Michigan.

The incoming Senate Democratic and Republican leaders said Friday that they would try to set a new tone, beginning the new session on Jan. 4 with a joint closed caucus to explore ways to work together.

"Senate Republicans intend to be as cooperative as possible to help the Senate get off to a good start next year," said Senator Mitch McConnell of Kentucky, the incoming Republican leader, who agreed to the meeting proposed by Senator Harry Reid of Nevada, the Democratic leader.

The legislation approved Friday was full of incentives to attract enough support to get it over the finish line. The tax measure, for instance, passed the House on a 367-45 vote. It extends a research and development tax credit sought by the business community, renews an income tax deduction for college tuition costs, allows taxpayers in states without income taxes to deduct sales taxes on their returns and allows teachers to deduct up to $250 for supplies bought with their own money.

The trade portion of the legislation drew more opposition in both the House and the Senate, particularly the push to establish normal trade relations with Vietnam and grant trade benefits for Haiti and the South American nations of Peru, Bolivia, Colombia and Ecuador. It passed the House on a 212-to-184 vote and was shipped to the Senate.

The Bush administration sought the normal trade status with Vietnam, saying it would allow American companies to take advantage of that nation's entry into the World Trade Organization and its booming economy. But some lawmakers questioned Vietnam's record on human rights and raised issues dating back to the Vietnam War.

Representative Nathan Deal, Republican of Georgia, said the trade recognition would reward the communist government of Vietnam, which he said continued to resist efforts by Americans to seek the remains of family members lost in the conflict. But Representative Rob Simmons, a Connecticut Republican and Vietnam veteran, said the trade pact could help improve relations.

Democrats and some Republicans said the stop-gap spending bill could potentially reduce government services by holding spending in many agencies at or below current levels. In response to criticism that veterans might have to wait for care, the legislation allows the Department of Veterans Affairs to shift up to $684 million within its budget to cover health care.

As the House moved toward adjournment, Speaker J. Dennis Hastert, the Illinois Republican who will lose his post when the Democrats take over, gave his farewell speech.

"On January 4, I will be privileged to rejoin you on these benches where my heart is, here on the floor of the House," Mr. Hastert said.

Gregg Rips GOP For "Hypocrisy" Over Tax Bill Maneuver (RC)

By John Stanton

Roll Call, December 8, 2006

Senate Budget Chairman Judd Gregg (R-N.H.) tore into his GOP colleagues Friday, accusing the party of being hypocritical when it claims the mantle of fiscal responsibility.

Gregg's angry floor speech came after a decision by House and Senate leaders to move a $39 billion tax package using procedural tactics that will shield it from a filibuster.

In the speech, Gregg accused Senate GOP leaders of using procedural rules "against the Republican membership" to block criticism of the bill and efforts by conservatives to change it.

Under a deal struck between House and Senate leaders on both sides of the aisle, the Senate this week included trade language and provisions to extend tax credits, among other things, as a "technical correction" to a House-passed tax bill that had not been moved. The House passed that package, then transmitted the new bill to the Senate as a "message." Doing so makes

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the measure "privileged" under the chamber's rules, essentially blocking Gregg and other conservatives from using budgetary points of order to filibuster the bill.

A senior GOP Senate aide said today that leaders decided to use the procedure last weekend when it became clear that there would not be enough time to move the bill under regular rules. The aide also explained that Senate Majority Leader Bill Frist (R-Tenn.) worked with Minority Leader Harry Reid (D-Nev.), who agreed to the move.

Because of the procedural move, the Senate will likely now remain in session until at least Sunday, though Gregg could force the Senate to remain in town until late Monday or Tuesday if he does not agree to allowing the bill to move forward.

Reciting a litany of tax cuts and extensions benefiting special interests or specific states, such as a cut for the music industry and other language that could benefit Frist's home state of Tennessee, Gregg launched a blistering attack on his party's leadership, accusing them of hypocrisy and of failing to learn the lessons of last month's election.

"The American people took the reins of government away from the Republican Party. ... They did so, I think, in large part because they were tired of our hypocrisy as a party on the issue of fiscal responsibility. And it would appear that their concerns are justified," Gregg said.

Gregg said this is the first time that Congress has used a "Message from the House" to move tax legislation. Although House and Senate leaders have said the tax measure would be narrow, it includes billions in additional provisions. Beyond the state-specific tax cuts and music industry provisions criticized by Gregg, the bill also includes ethanol tax provisions, as well as an extension on an ethanol tariff that is favored by corn-state lawmakers to protect farmers.

Gregg placed the blame squarely on the shoulders of his party's leaders in his floor speech.

"We have a leadership which is going to ram down the throats of our party the biggest budget-buster in the history of the Congress under Republican leadership. Well, anyway, the American people figured it out, and I'm sorry we haven't," Gregg said.

Democrats Thwart Congressional Raise (DMN)

By Todd J. Gillman

The Dallas Morning News, December 9, 2006

WASHINGTON – Democrats stalled a congressional pay raise Friday, demanding a minimum wage hike first – a move derided even by Texas Republicans willing to freeze lawmakers' salaries.

"I have voted for some, and I've voted against some. I would be inclined to vote against it this year," said Sen. John Cornyn, R-Texas, expressing annoyance that Democrats were trying to link the issues. "I think they are politically posturing."

House and Senate Democratic leaders threatened to block a last-minute flurry of legislation unless both chambers agreed to avert a 2 percent raise that would take effect Jan. 1. Republican leaders agreed to insert the provision in a stopgap budget that keeps the government running through Feb. 15.

Since 1989, Congress has gotten automatic raises pegged to inflation. A special vote is needed to block an annual raise. The next hike would have boosted pay $3,300, from $165,200 to $168,500.

Friday's move was largely symbolic. The freeze will expire with the stopgap budget – a six-week delay that will cost each lawmaker just $380, though the new Congress could vote to freeze pay for all of 2007.

"It is kind of a gimmick on their part," said Marc Short, spokesman for Sen. Kay Bailey Hutchison, R-Texas, adding that despite that, she also supported a pay freeze.

The temporary budget and pay freeze passed the House on Friday night. Senate action was expected by today.

Democrats argued that Congress doesn't deserve a raise because it hasn't been working hard enough, and because it's unfair until Congress boosts the minimum wage, which has been $5.15 per hour since 1997.

Democrats have vowed to raise that to $7.25 as soon as they take control in January.

Rep. Chet Edwards, D-Waco, dismissed Republican complaints, noting that inflation has left purchasing power at a 50-year low for minimum wage earners.

"I don't think it's just politics," he said. "I don't think Congress should be giving itself a $3,000-a-year pay raise when people working hard, moms and dads, for 10 years on minimum wage have not seen a single pay raise."

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But Rep. Jeb Hensarling, R-Dallas, the new chairman of a conservative bloc called the Republican Study Committee, noted that he's voted against every congressional pay raise in his four-year tenure, unlike incoming Democratic Speaker Nancy Pelosi. "She's a little late to the cause," he said.

That said, he added, "It's probably the hardest vote anybody has to make. ... Some of my colleagues contribute so little they are vastly overpaid and some on both sides of the aisle contribute so much to America they're vastly underpaid."

He conceded that lawmakers are well-paid but added that "Congress gets a bad rap on how many days you spend in Washington. Voting in Washington is no more important than me going to the Palestine Rotary Club and listening to how people would like me to vote."

Democrats have accused Republicans of running a "do-nothing Congress," deriding the GOP leadership for keeping them in session just 103 days. They underscored the point Friday by releasing the 2007 schedule, which will boost the typical House workweek from three days to five, and drastically cut vacation time. Assuming a 10-hour day, the 103-day year yields an hourly rate of about $160, though that hardly accounts for all the time lawmakers spend on the job.

"We work every day. We have plenty of committee meetings. We have to go to our districts. I don't know anybody that stays elected that isn't giving it all they can give," said Rep. Eddie Bernice Johnson, D-Dallas, who said she would happily defer a raise for a higher minimum wage.

Incoming Democrats Face Fiscal Minefield (BOS)

By Rick Klein

The Boston Globe, December 9, 2006

WASHINGTON -- The outgoing Republican Congress has placed a political time bomb for incoming Democrats: Nearly all domestic programs paid for by the federal government are level funded through mid-February with no adjustments for inflation, a situation that probably will trigger cuts or reductions in such popular areas as veterans' affairs, children's healthcare, housing vouchers, and low-income fuel assistance.

Democrats, who take control of Congress in January, will therefore have to immediately choose between restoring any lost services and their campaign pledge to control government spending. The clash could expose tensions within the party in the crucial first weeks of Democrats' leadership -- and the party's agenda could get sidetracked in a pitched battle over spending priorities.

"As the Republicans leave their control of Congress, they've decided to blow up the room," said Senator Richard J. Durbin of Illinois, the assistant Democratic leader. "They're leaving behind a disaster for us to deal with."

Republicans will adjourn the 2006 congressional term today without passing nine of the 11 annual appropriations bills, which cover thousands of government programs and nearly half a trillion dollars in domestic spending. Instead, Congress passed a stopgap measure that will keep government operating at a bare-bones level through mid-February -- more than a quarter of the way into fiscal 2007.

The minimum level is determined by picking the lowest of three budget figures for each agency: the amount the Senate or the House appropriated in separate votes or the amount the agency received last year. In most cases, that will be last year's budget for the program or agency.

The typical effects of level funding include delays in an agency's hiring or expansion plans, or inflation-related cuts in services. Democrats and social service groups predict a range of dire consequences: shuttered Social Security offices, a hiring freeze for FBI agents, thousands of children losing access to federally sponsored healthcare.

The Department of Veterans' Affairs budget will be particularly hard hit. The House and Senate budgeted $36.5 billion for the department in fiscal 2007, but Congress' failure to act on the spending bills will leave it funded at last year's level of $34.26 billion -- even as costs and the number of people it treats continues to rise.

That means thousands of battle-wounded soldiers returning from Iraq and Afghanistan may have to wait longer for VA medical treatment.

Advocates for social service programs are already sounding alarms and promise to lobby Democrats to fix what the Republicans left behind.

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"This is just intolerable, where things are right now," said Charles Loveless, legislative director for the American Federation of State, County, and Municipal Employees.

Republicans initially said they would complete work on the appropriations bills during the post election congressional session. But fiscal conservatives, opposed to the thousands of earmarked pet projects stuffed into the measures, stalled the bills, and efforts to dislodge the projects failed amid squabbling between GOP House and Senate leaders.

Conservative Republicans in the House and Senate cheered that result. On its way out the door, the GOP finally succeeded in restraining federal spending -- and did so in a way that will force Democrats to make politically tough budget choices or break their campaign promises, said Representative Jeff Flake, an Arizona Republican.

"We will know very quickly next year whether they were serious about their promises," Flake said. "This is hardly a starvation diet. Most agencies will be fine."

Yet some Democrats say they would not be shy about pushing for more funding. Representative James P. McGovern, a Worcester Democrat, said the public expects his party to recognize their constituents need such federal programs as Head Start and healthcare for veterans.

"We're going to try to fix the damage they're doing," McGovern said. "People expect government to provide for certain needs. . . . I'm not worried about being labeled as a big spender."

But other Democrats are. On the campaign trail before last month's elections, Democrats promised to reduce the budget deficit and institute "pay-as-you-go" budget rules -- that is, increase spending for a program only if lawmakers can find a way to pay for it. Those goals would have to be sidelined if Democrats seek to boost spending early next year.

Representative Mike Ross, an Arkansas Democrat, said voters placed Democrats in control of Congress in large part because of runaway spending and the proliferation of pet projects under Republican rule. Democrats must try to balance the budget, Ross said.

"We have to put the country on a path toward fiscal responsibility," said Ross, co chairman of the conservative Blue Dog Coalition. "It's about priorities. These are decisions we have to be prepared to make."

Republicans' failure to finish their work has Democrats seething as they anticipate difficult budget votes in January and February. Senator Harry Reid of Nevada, the incoming majority leader, called it a "tremendous mess" that leaves his party with few palatable options.

"We have alternatives -- none of which are very good," said Reid. "One could get mad, but I'm going to try not to."

Representative David R. Obey, who is set to become chairman of the House Appropriations Committee, declined to say how Democrats would handle the situation.

But he said that Republicans' foot dragging would hurt President Bush since Congress will have to spend time solving the problem, leaving legislators less time to review the president's upcoming budget proposal.

In the meantime, he said, Republicans cannot blame Democrats for anything they do with the fiscal 2007 budget, since the GOP failed to act.

"If the Republicans are not willing to exercise their responsibility while they are in control, they lose all right to criticize in any way, shape, or form the matter in which we go about trying to clean up their mess," said Obey, a Wisconsin Democrat.

But some Republicans said they have granted Democrats a golden opportunity to show voters their fiscal discipline and bipartisanship. If Democrats are serious about curbing earmarks and balancing the budget, they will find plenty of Republicans who want to help, said Senator Jim DeMint, a South Carolina Republican.

"I have a bunch of senators who would like to work with them on that," DeMint said. "I don't care if they get the credit for doing it or not, it just needs to get done."

Sentiment And Jokes At Farewells In The House (NYT)

By Anne E. Kornblut, Jeff Zeleny

The New York Times, December 9, 2006

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WASHINGTON, Dec. 8 — Representative Charles B. Rangel tried to do something graceful on Friday. He wished a very public happy birthday to his longtime nemesis, Representative Bill Thomas, the departing chairman of the House Ways and Means Committee.

In an exchange on the House floor, Mr. Thomas, Republican of California, informed Mr. Rangel, Democrat of New York, that his birthday was a few days ago and asked what Mr. Rangel had done for him lately.

"We're saying goodbye," Mr. Rangel said with a smile, drawing out his words and waving farewell.

In bursts of giddiness and remorse, members of Congress went through not just the end of the 109th Congress this week, but also 12 years of Republican control. It was the end of an era, and Republicans left Capitol Hill with spasms of amusement, anger and humiliation, at times visibly stunned that power and its trappings had vanished so fast.

They cleared out their belongings, leaving the hallways full of broken furniture and overflowing trash bins. They gave emotional farewell speeches on the floor.

They tried — rather unsuccessfully — to wrap up business, displaying a lack of legislative discipline that was a sharp contrast to the machinelike efficiency of their early years in charge.

Some lawmakers, like Senator Conrad Burns, Republican of Montana, walked off in a huff.

Representative Charles Bass, Republican of New Hampshire, paused to ruminate about his party's descent as he descended to the temporary quarters allocated to incumbents who lost on Nov. 7, a cluster of cubicles in the basement of a House office building.

"When I was elected in 1994, there were seven of us," Mr. Bass said, referring to the cadre of New England Republicans who long made up the moderate wing of his party. "It's been downhill ever since. And now we're down to one."

Indeed, the end of the current Congress means the departure of all House Republicans from New England except for Representative Christopher Shays of Connecticut. For the first time since 1976, there will be no one named Chafee representing Rhode Island in the Senate.

Nearly 12 Republican retirements and almost 24 defeats of incumbent means the loss of some of the best known, and most colorful, characters of recent decades.

Representative Henry J. Hyde of Illinois, the longtime House Judiciary Committee chairman, will be gone. So will Representative Katherine Harris, famous or infamous for her role as secretary of state in Florida in the 2000 presidential election. As will Representative J. D. Hayworth of Arizona, a formerly brazen member of the new Republican breed elected in 1994.

Representative Jim Leach of Iowa, a 30-year veteran of the House and a moderate Republican who lost his seat, lamented that "the great center of American politics" was no longer represented in Congress.

"If you think of American history, the best and the brightest gravitated to politics," Mr. Leach said recently after addressing the House. "Today, that is less the case."

He said he believed that he was leaving a Congress far more dysfunctional than when he arrived, adding, "The public swings from being slightly left of center to slightly right of center, but the politics are well to the right of center to well to the left of center."

The final moments of the week should have presented a last-dash opportunity for Republicans to consider core items of the conservative agenda, the chance to put in a parting word, however symbolic, on issues like abortion.

Instead, the 12 years of Republican discipline began to wither. House Republicans failed to pass an antiabortion measure, struggled to approve a package extending popular tax breaks and decided not even to bother trying to find a solution for the spending bills. Atmospherically, the place began to look like a sprawling rummage sale, as members departed and others swapped spaces.

A few dozen gold-embossed books, commemorating the Congressional tributes on Ronald Reagan's death in 2004, were tossed into the heap next to the office of E. Clay Shaw Jr., a Florida Republican who was defeated. When word spread about the books, young Republican aides began scooping them from the garbage.

Other scavengers, some with backpacks and some in business suits, traipsed up and down the hallways of the House office buildings. Cleaning crews moved from empty suite to empty suite, confronting years' worth of debris.

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In the basement of the Rayburn building, the more than 20 Republicans who involuntarily lost their seats crammed into a single office, for some of them the closest they would come to having space in the most vaunted House office building.

"I finally got a Rayburn office, but it's in the basement," said Representative Chris Chocola, Republican of Indiana. On the other side of the Capitol, Senator Rick Santorum of Pennsylvania met with his successor, Bob Casey, for nearly an hour on Thursday, their longest encounter apart from their televised debates.

But Mr. Santorum, a Republican whose once-steady rise in politics ended with a resounding defeat, refused to be photographed with Mr. Casey, and brushed past reporters in his closing days in the Capitol.

In a departing act as House majority leader, John A. Boehner of Ohio sent a memorandum to Republican members of Congress. He waxed nostalgic over the close of the session, saying the Contract With America had ended.

"Chastened and humbled by our defeat at the ballot box, Republicans have taken a critical look inward," Mr. Boehner wrote. "We've looked back at our greatest success, in search of lessons to guide us as we move ahead."

He warned members that life would change considerably.

"I'm not looking forward to serving in the minority during the next two years," Mr. Boehner said.

But he added that it would be a good lesson and motivation to regain control of the House in two years and end any feeling of complacency from their 12-year run.

"If such an entitlement mentality did creep in, it should now be dead and gone," Mr. Boehner wrote. "And the humbling conditions Republicans face during the first few months of 2007 will stamp out any trace that remains.

"The end of our Republican majority was not inevitable. Nor is the return of our majority two years from now. Our fate is in our own hands, and that of the American people we were elected to serve."

Committee Says GOP Left Foley Unchecked (WP)

By Jonathan Weisman

The Washington Post, December 9, 2006

The House ethics committee concluded yesterday that House Speaker J. Dennis Hastert (R-Ill.) and his top staff probably knew for months, if not years, of then-Rep. Mark Foley's inappropriate contact with former House pages but did nothing to protect the teenagers.

Top GOP House leaders also "failed to exercise appropriate diligence" in the matter, the committee's report found, and tried "to remain willfully ignorant of the potential consequences of Foley's conduct." The ensuing scandal contributed to the Republicans' losses in the midterm elections. The report speculated that some officials were reluctant to act too aggressively for fear of exposing Foley's homosexuality or for political reasons.

But the ethics panel, officially known as the Committee on Standards of Official Conduct, decided against taking any action against the leaders, aides or House officials involved in the saga, declining even to describe their actions as bringing ill repute on the House.

"The requirement that Members and staff act at all times in a manner that reflects creditably on the House does not mean that every error in judgment or failure to exercise appropriate oversight and sufficient diligence establishes a violation" of House rules, the long-awaited report concluded.

The committee's bipartisan probe was launched two months ago after reports by ABC News that Foley, a Florida Republican, had sent sexually explicit online messages to male former House pages. The 89-page report is sharply critical of Hastert and his chief of staff, Scott Palmer, and chief counsel, Ted Van Der Meid.

The report also chides House Majority Leader John A. Boehner (R-Ohio) for not showing sufficient curiosity in the matter, and retiring Rep. Jim Kolbe (R-Ariz.) is criticized for failing to divulge Foley's actions, both years before they were exposed and after they came to light.

Democratic aides are also criticized, for shopping around inappropriate Foley e-mails to media outlets as far back as November 2005, apparently for political gain.

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To critics of Congress, the report's release in the final hours of the session is a fitting end to a Congress tainted by scandal, indictments and resignations. Next month, Hastert will take a seat in a new, Democratic-controlled House as a back-bench member of the minority.

"It is unfathomable that the ethics committee has held no member or staff member individually accountable for the manner in which the Foley scandal was handled in the House," said Fred Wertheimer, president of Democracy 21, a watchdog group.

Two former pages whose revelations added to the scandal expressed disappointment with the committee's decision not to discipline those who knew about Foley's behavior. One of the pages, involved in providing the first questionable e-mails to the media, said, "I'm surprised they aren't doing anything, but it's not shocking, given the lack of real accountability we've seen in Congress in general."

The other former page, whom Foley propositioned after the boy had left the page program, said, "My fear is that by not holding anyone accountable it sets a precedent that political fallout is more important than young people's safety."

Committee members of both parties defended their conclusions. "This is not the jerry-rigged result of a series of compromises," said Rep. Howard L. Berman (Calif.), the committee's ranking Democrat.

Hastert issued a statement late yesterday stressing that the investigation had uncovered no evidence that any House member, officer or employee, or any member of the media, knew of the overtly sexual instant messages that led to Foley's sudden resignation.

Much about Foley's courting of male pages has been made public, but the committee's report breaks new ground. As far back as 1995, the year Foley took office as part of the Republican takeover, Jeff Trandahl, then assistant clerk of the House, saw Foley as a nuisance for lavishing inordinate attention on pages. Trandahl, who would be elected clerk in 1999, testified that he thought of Kolbe, an openly gay House Republican who is retiring this year, the same way.

Peggy Sampson, the Republicans' chief page supervisor, said Foley's behavior gave her a "creepy feeling" for years. Evidence emerged that on two separate occasions, Foley went to the page dormitory late at night. In the first incident, before 2000, he was suspected of being intoxicated and was turned away by Capitol Police. In another incident, in June 2000, he reportedly appeared in his convertible during the pages' end-of-semester "all-night party" and sped off with at least two pages before supervising staff could react.

Perhaps the biggest revelations involved Kolbe. The Washington Post reported in October that one of his former pages had received a sexually explicit instant message from Foley, which the former page had shown to Kolbe as long ago as 2000. After the story appeared, Kolbe said that the contact was with his staff, not him, that he did not see it and that he was unaware it was explicit.

Kolbe's assistant, Patrick Baugh, told the committee that the former page had contacted Kolbe directly and that the former page revealed the explicit nature of the message.

Moreover, after the Foley matter exploded in the media, the former page contacted Kolbe again to ask whether he should divulge the instant message. He testified that Kolbe responded: "It is best that you don't even bring this up with anybody. . . . There is no good that can come from it if you actually talk about this."

In a statement, Kolbe said, "The report demonstrates that members of my office and I took prompt action in 2001 to address the complaint," by a college student from his district who had previously served as a House page. "I did not review a copy of the communication Congressman Foley sent . . . and I never knew whether or not it was sexually explicit," Kolbe said. "The simple fact that Foley had made the student feel uncomfortable was enough for me to take action by, among other things, notifying the Clerk of the House."

Another incident was also brought to light in the report. After the Foley matter became public on Sept. 29, The Post quoted Boehner saying that he had told Hastert that spring of concerns about Foley and that Hastert had said the matter was being taken care of. When the story appeared on The Post's Web site that night, Palmer, Hastert's chief of staff, contacted Boehner's chief of staff to discuss what the report called "the perceived inconsistency" between Boehner's story and Hastert's statement denying all knowledge of the concerns.

That led to a late-night strategy session of House GOP leaders in Boehner's office, which some members at the time feared was inappropriate because the case had been referred to the ethics committee.

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Democrats receive their share of scrutiny in the report. In August 2005, a former page of Rep. Rodney Alexander (R-La.) sent Alexander aide Danielle Savoy e-mails he had received from Foley asking him for a picture and asking what he wanted for his birthday. Savoy passed them on to a friend, who showed them to her boyfriend, Justin Field, who worked for the House Democratic Caucus.

Democratic Caucus communications director Matt Miller saw the e-mails as inappropriate, but rather than taking them to authorities, he shopped them to the press, first to the Miami Herald and the St. Petersburg Times that November, then to the Capitol Hill newspaper Roll Call. He also gave the e-mails to the communications director of the Democratic Congressional Campaign Committee, a point apparently validating Republican charges that senior Democrats were behind the revelation of Foley's conduct.

On the central question of Hastert's involvement, the committee firmly sided with Trandahl and former Foley chief of staff Kirk Fordham, who testified that they brought Foley's behavior to the attention of Palmer and of Hastert counsel Van Der Meid years ago. Fordham also testified that Palmer assured him he had brought the issue directly to the speaker in late 2002 or early 2003.

Trandahl said Palmer had told him: "I've talked to Kirk Fordham. I understand the problem. I'm on it." He said he remembered it "vividly."

Palmer testified repeatedly that he remembered no such meeting, and Hastert said he did not remember learning anything of the Foley matter.

But the committee found "the weight of the evidence supports" Fordham and Trandahl. Moreover, "the weight of the evidence supports the conclusion that Speaker Hastert was told, at least in passing, about the e-mails" by Boehner and Reynolds in spring 2006.

Ethics Panel Faults GOP Leaders In Foley Case (LAT)

By Noam N. Levey

The Los Angeles Times, December 9, 2006

WASHINGTON — In a coda to a year of political disasters for Republicans, the House Ethics Committee said Friday that GOP lawmakers and staff members for years remained "willfully ignorant" that former Rep. Mark Foley was making sexual advances toward male congressional pages.

Driven by political considerations and fear of exposing Foley's homosexuality, they failed in their duty to protect the teenagers, the committee concluded in its report on the scandal. And, the panel said, congressional officials ignored evidence of predatory behavior by the Florida Republican that began emerging more than 10 years ago.

Despite these criticisms, the bipartisan ethics panel found that no House rules were broken in the handling of the Foley case. And though it noted that senior advisors to outgoing House Speaker J. Dennis Hastert (R-Ill.) were among those who were warned years ago of Foley's improprieties, the committee did not determine there had been a systematic cover-up of the matter.

The report's lack of sanctions drew quick condemnation from government reform groups, which characterized the committee's nine-week investigation as a sham.

"It's just unfathomable how you can reach the conclusion that wrongdoing occurred … but no one did it," said Fred Wertheimer, president of the independent watchdog group Democracy 21. "This is a classic demonstration of one of the fundamental ethics problems [in Congress]. They don't have a real system for enforcement."

Hastert issued a brief statement in which he praised the panel's work and said he was "glad the committee made clear that there was no violation of any House rules by any member or staff."

Nonetheless, the report's harsh critique was another black mark on the GOP, whose losses in last month's midterm election cost it control of the House and Senate and capped a period of scandals and failed legislative initiatives. Along with Foley, four GOP lawmakers — including onetime House Majority Leader Tom DeLay of Texas — have resigned amid scandal since 2005. On the legislative front, the party stalemated this year on a number of key issues, including immigration overhaul and controlling federal spending.

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Growing public discontent with the war in Iraq created an especially tough political environment for Republicans in this year's campaign. And in the eyes of many political experts and strategists in both parties, the Foley scandal was the final blow that crushed GOP hopes of retaining its congressional majorities.

The Ethics Committee probe began after news reports in late September of sexually explicit messages between Foley, 52, and a former House page, revelations that caused the 12-year House member to immediately resign his seat.

Although the committee did not call for any penalties against any of those linked to the controversy, it also did not find much honor in the way a succession of congressional officials responded as questions arose about Foley's actions.

As far back as the mid-1990s, the investigation found, House officials learned of warning signs that Foley had an inappropriate interest in pages.

Foley tried to visit the pages' residence hall after curfew on at least two occasions, once while he may have been intoxicated, according to the report.

In 2001, a former page who had been sponsored by Rep. Jim Kolbe (R-Ariz.) complained to Kolbe that Foley had sent him a sexually explicit message. And in 2002, Foley used frequent-flier miles to bring a former page to Washington to visit him.

But each time, officials who knew of Foley's behavior seemed to do little more than suggest to him that he be more careful.

The committee's report is particularly critical of Kolbe, who, according to the former page, later told the page not to share information about Foley's message. Kolbe denied to the committee that he tried to silence the former page.

Also pointedly criticized for their inaction were two of Hastert's chief lieutenants: his longtime chief of staff, Scott Palmer, and his chief counsel, Ted Van Der Meid.

Former House Clerk Jeff Trandahl — who told the committee that he confronted Foley about 10 times over the years about his behavior — said he repeatedly raised his concerns with Van Der Meid.

Trandahl and former Foley Chief of Staff Kirk Fordham said they brought their concerns to Palmer in 2002 or 2003. Yet no official action was taken. Palmer said he did not recall meeting with Fordham.

Even in 2005, when a series of suggestive e-mails from Foley to a former page in Louisiana prompted more complaints, House leaders did little but ask Foley to stop the communications, the committee found.

The committee reported that it could not "determine conclusively" why officials had not acted more aggressively.

"Some may have been concerned that raising the issue too aggressively might have risked exposing Rep. Foley's homosexuality, which could have adversely affected him both personally and politically," the panel concluded.

It also noted that "there is some evidence that political considerations played a role."

Although the committee did not detail what those may have been, the GOP's majority during its 12 years of controlling the House always has been relatively slim, and party leaders were focused on retaining seats.

Addressing conflicting reports about when Hastert was alerted to Foley's communications with the former Louisiana page, the committee wrote: "The weight of the evidence supports the conclusion that Speaker Hastert was told, at least in passing, about the e-mails" months before Foley resigned.

House Majority Leader John A. Boehner (R-Ohio) and Rep. Thomas M. Reynolds (R-N.Y.), head of the party's congressional campaign committee, contradicted Hastert's account. Boehner and Reynolds said they alerted Hastert early this year.

Rep. Howard L. Berman of Valley Village, the committee's ranking Democrat, said the investigation's "most important contribution" would be "to tell the story of what happened."

But the panel's decision not to recommend any punishment for any official threatens to weaken its effect at a time when Democrats are promising to treat ethics more seriously than did the departing GOP majority.

The committee could have officially rebuked those involved in the case. It also has the power to recommend expulsion of lawmakers. The full House would vote on such a recommendation.

The Justice Department is conducting a criminal probe into the handling of the Foley case.

The committee report was released just a few hours before Hastert took to the House floor to reflect fondly upon his service as speaker since 1999. His remarks were greeted with a standing ovation from Republicans and Democrats.

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Report Finds Negligence In Foley Case (NYT)

By Jeff Zeleny

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — The House ethics committee said Friday that a nine-week investigation into former Representative Mark Foley's conduct had found that Speaker J. Dennis Hastert and other Republican leaders were negligent in not shielding teenagers from inappropriate advances by Mr. Foley.

But the panel also concluded that neither Mr. Hastert nor other officers of the House had violated any House rules, and recommended no sanctions for their failure to stop Mr. Foley's conduct.

The bipartisan report, released in the waning hours of the Congressional session, concluded that "political considerations played a role" in some of the decisions made by lawmakers or their aides after learning about Mr. Foley's contacts with former Congressional pages.

"A pattern of conduct was exhibited among many individuals to remain willfully ignorant of the potential consequences" of Mr. Foley's untoward behavior, the report said. "The failure to exhaust all reasonable efforts to call attention to potential misconduct involving a member and House page is not merely the exercise of poor judgment, it is a present danger to House pages and to the integrity of the institution of the House."

The members of the investigating subcommittee, two Republicans and two Democrats, declined to take questions on Friday or respond to critics who said the case of Mr. Foley, a Florida Republican, underscored a need to reform how Congress policed itself. The findings were presented in a two-inch-thick document, including volumes of sexually graphic instant messages Mr. Foley sent to former pages.

Mr. Foley refused to testify, the report said, citing pending criminal investigations against him in Florida as well as his right not to incriminate himself. He has been beyond the jurisdiction of the House since resigning on Sept. 29. Had he remained in Congress, the report said, he "almost certainly" would have been disciplined.

The revelations about Mr. Foley shook the midterm election campaign, played a role in Republicans losing control of the House and damaged the political leadership of Mr. Hastert. The committee said "the weight of the evidence" showed that Mr. Hastert knew about e-mail messages Mr. Foley had sent a former page from Louisiana and that his circle of senior advisers for years had been aware of other concerns.

The committee found that there was "a disconcerting unwillingness to take responsibility for resolving issues regarding Representative Foley's conduct." Those in the chain of command, the report said, "did far too little, while attempting to pass the responsibility for acting to others."

The committee said it could not conclusively say why Republicans failed to address Mr. Foley's conduct. But the investigation found that Republicans "may have been concerned that raising the issue too aggressively might have risked exposing Representative Foley's homosexuality, which could have adversely affected him both personally and politically."

After his resignation, Mr. Foley checked himself into an alcohol treatment program and announced, through his lawyer, that he is gay. He has since been released from the program, but has not spoken publicly about his behavior.

After hearing testimony from more than 50 witnesses, the committee concluded that Mr. Foley employed a familiar pattern to become acquainted with pages. The report said the congressman would get page e-mail addresses at the end of their time in Washington, and begin contacting them with "messages that could be read as sexual solicitation."

"Such conduct is an abuse of power and an abuse of trust of the pages, their parents or guardians and the Congress itself," the report said. "Behavior of this kind cannot be excused or tolerated, as it undermines the integrity of the House."

In a written statement on Friday, Mr. Hastert noted that the investigation found no evidence that anyone knew about the sexually charged instant messages that led to Mr. Foley's resignation. "I am glad the committee made clear that there was no violation of any House rules by any member or staff," he added.

Still, the investigation concluded that the speaker's chief of staff, Scott Palmer, first learned of Mr. Foley's conduct with pages in 2002 or 2003. And the speaker's chief counsel, Ted Van Der Meid, had been aware of concerns about Mr. Foley's behavior for nearly a decade.

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The committee's findings validated the accounts of Kirk Fordham, Mr. Foley's former chief of staff, and Jeff Trandahl, then the House clerk, both of whom testified that they repeatedly warned the speaker's office about Mr. Foley, described in the report as a "ticking time bomb." The concerns heightened in November, 2005, when a former page sent e-mail messages he had received from Mr. Foley to the office of Representative Rodney Alexander, a Louisiana Republican. It was this exchange, in which Mr. Foley asked for the teenager's photograph, that prompted Republican leaders to confront Mr. Foley.

While there was much discussion about the initial e-mail messages, few people had seen transcripts. Republicans said the family of the Louisiana page was adamant about privacy and had objected to messages being disclosed, but the report released Friday said the page's father had testified that he had made no such request.

The demand for privacy became a "convenient justification for failing to pursue the matter," the report said. "The family's desire for privacy could have been accommodated while still investigating more aggressively."

The inquiry was led by Representative Doc Hastings, Republican of Washington, and Howard L. Berman, Democrat of California.

Foley Report Harshly Criticizes Hastert, Staff (RC)

By John Bresnahan, Susan Davis

Roll Call, December 8, 2006

After a nine-week investigation, the House ethics committee has concluded that Speaker Dennis Hastert (R-Ill.) and his top aides knew that former Rep. Mark Foley (R-Fla.) had inappropriate e-mail contacts with former House pages but failed to take adequate steps to stop those contacts, according to a report released by the panel on Friday.

The committee's findings — which did not include any formal violations of House ethics rules — are in direct contrast with public statements made by Hastert and Scott Palmer, his chief of staff. Both men denied being told by Members or staff of any concerns about Foley's behavior or speaking to the ex-lawmaker or Foley's staff about the matter. Ted Van Der Meid, Hastert's counsel, was slammed by the ethics panel for "an inexplicable lack of interest" in the Foley e-mails or attempts to resolve the matter.

Retiring Rep. Jim Kolbe (R-Ariz,), who is under investigation by federal authorities over his own interactions with House pages, also drew harsh criticism from the Committee on Standards of Official Conduct for failing to follow up concerns raised by an ex-page regarding a sexually explicit Foley e-mail. The committee said Kolbe should have done more in October 2001 to determine exactly what Foley had said to the former page.

But the ethics committee did not find that any current Member or aide had violated House rules or standards, and the panel will take no further action on the scandal, despite the failure by House GOP leaders and senior aides to address the Foley matter before it was revealed by ABC News in late September. Foley resigned from the House on Sept. 29, and he is under investigation by both federal and Florida officials over his dealings with the former pages, including sexually explicit electronic exchanges he had with several male teens.

An investigative subcommittee led by Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), chairman and ranking member of the full ethics committee, found "a significant number of instances where Members, officers or employees failed to exercise appropriate diligence and oversight, or should have exercised greater diligence and oversight, regarding issues arising from the interaction between former Rep. Mark Foley and current or former House pages."

In the panel's report, which was publicly released this afternoon, the committee also noted "a disconcerting unwillingness to take responsibility" for Foley's actions among lawmakers and staff or for stopping it once they were aware of the behavior.

"Rather than addressing the issues fully, some witnesses did far too little, while attempting to pass the responsibility for acting to others," the report stated. "Some relied on unreasonably fine distinctions regarding their defined responsibilities. Almost no one followed up adequately on the limited actions they did take."

The ethics panel blamed several factors for the GOP leadership's failure to rein in Foley, including the fact that Foley was gay but closeted, as well as the potential political fallout if that fact were publicly revealed.

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"Some may have been concerned that raising the issue too aggressively might have risked exposing Rep. Foley's homosexuality, ... which could have adversely affected him both personally and politically," the subcommittee found. "There is some evidence that political considerations played a role in decisions that were made by people in both political parties."

In a statement, Hastert emphasized that the panel concluded that no House Member or staffer was aware of the more sexually explicit messages that surfaced after the Foley scandal became public.

"I asked the Committee to do this tough job promptly, and they have," Hastert said. "I want to thank them for their diligent and hard work in preparing a thorough and final report. My staff and I voluntarily and fully cooperated with this investigation. I am glad the committee made clear that there was no violation of any House rules by any Member or staff."

Hastert told the investigative subcommittee that he could not recall being told by House Majority Leader John Boehner (R-Ohio) and Rep. Tom Reynolds (R-N.Y.) about inappropriate e-mails that Foley was sending to a former page. Both lawmakers testified that they had warned Hastert about the e-mails earlier this year.

The investigative subcommittee "finds that the weight of evidence supports the conclusion that Speaker Hastert was told, at least in passing, about the e-mails" by both Boehner and Reynolds, the report stated. "Neither the Majority Leader nor Rep. Reynolds asked the Speaker to to take any action in response to the information each provided to him, and there is no evidence that the Speaker took any action."

The ethics committee apparently did not believe Palmer's denial of any knowledge of the Foley e-mails, and it disputed Palmer's claim that he did not meet privately with Foley or his former chief of staff, Kirk Fordham, to discuss the matter.

"The weight of evidence supports a conclusion that Kirk Fordham talked to Scott Palmer about Fordham's concerns about Rep. Foley's conduct, and that Palmer later talked to Rep. Foley," the report stated.

Former House Clerk Jeff Trandahl, a key figure in the investigation, testified that he had been aware of Foley's behavior as early as the mid-1990s and had "repeatedly confronted" Foley personally about his behavior.

Trandahl said he raised the matter "a lot more than 10 times" with Fordham, who was Foley's chief of staff at the time. The report indicates that Trandahl and Fordham worked in conjunction over the years to curb Foley's interaction with pages and to warn him about the appearance of impropriety.

According to the report, Trandahl said he raised the issue with Van Der Meid on "a number of occasions." Van Der Meid testified that he never informed anyone else in the Speaker's office because he believed Trandahl and Fordham were in control of the matter. Trandahl "had never asked me to take any other action," Van Der Meid testified.

Trandahl offered key testimony contradicting Palmer's insistence that he has no recollection of a conversation that took place in late 2002 or early 2003 in which Trandahl and Fordham agreed to go to Palmer directly, and Fordham spoke with him directly. Palmer flatly denied any recollection or knowledge that such a meeting took place.

Trandahl said that over the years, he also raised the matter with Kolbe, and staff associated with the Page Board.

The committee concluded that Trandahl was not guilty of any misconduct and that his actions were "reasonable" in the Foley matter. "In fact, the evidence shows that both Fordham and Trandahl took steps to bring their concerns about Rep. Foley's conduct to the attention of others who they thoughts might be able to help address their concerns."

At a press conference Friday, Hastings and Berman declined to take questions regarding the investigation in order to "let the report speak for itself."

According to Hastings, the panel did more than 100 hours of interviews producing more than 3000 pages of written testimony. He said that while the panel originally authorized over four-dozen subpoenas, most individuals co-operated willingly and "only a handful" of subpoenas had to be served.

"We were pleased by the cooperation received by the overwhelming majority of those we interviewed both inside and outside the House," Hastings said.

Hastings and Berman maintained that the committee fulfilled its Oct. 5 commitment to a quick and thorough investigation. "Promise made, promise kept," Berman told reporters.

"I've never seen the process work better than it has on this particular occasion," Berman said, lauding the staff of the investigative panel but noting that the investigation saw rare and intense Member participation by the chairman and ranking

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member, as well as Reps. Judy Biggert (R-Ill.) and Rep. Stephanie Tubbs Jones (D-Ohio.), who also sat on the investigative subcommittee.

Speaking broadly to the Foley matter, Hastings took the opportunity to reiterate that "Members, officers and staff alike" have an obligation to "speak up and to seek appropriate action and then to follow up to ensure that the concern has been properly addressed."

Hastings added, "If there is a positive to take away from all of this, I hope there will be a renewed determination on the part of everyone here in the House to spare no Member when it comes to ensuring the safety of our young men and women who come from all over the country to serve us as our pages."

Panel: Republicans Negligent But Broke No Rules In Foley Case (CHIT)

By Mike Dorning, Christi Parsons

Chicago Tribune, December 9, 2006

WASHINGTON -- Republican congressional leaders and their staffs were "willfully ignorant" in responding to early warnings of improper advances toward underage male pages by then-Rep. Mark Foley of Florida but did not violate any House rules, the House ethics committee concluded Friday.

The committee's 89-page investigative report described numerous warning signs of inappropriate behavior stretching back more than a decade, including two nighttime visits by Foley to the dormitory where the high school-age House pages lived. On one occasion, the Republican congressman was turned away because it was after curfew and he appeared intoxicated. Another time, Foley sped off in his convertible with two male pages, the committee was told.

Though the panel did not reprimand or otherwise sanction House Speaker Dennis Hastert (R-Ill.) or any other member of Congress, it cast doubt on Hastert's public insistence that he was unaware of a complaint about inappropriate e-mail messages Foley sent to a former page last year.

The speaker declined to discuss the committee's findings on the scandal, which undermined public confidence in his leadership of the House and stoked criticism that Republican leaders were, at best, indifferent to abuses of power. Political analysts say the Foley scandal contributed to the Democrats winning control of Congress in last month's midterm elections.

"The committee did their work," Hastert said Friday. "We went through a process and stuck with the process. We have a report that addresses all of that."

Overall, the ethics panel found "a pattern of conduct ... among many individuals to remain willfully ignorant of the potential consequences" of Foley's conduct toward pages.

The committee's report also concluded that "the weight of the evidence does not support" denials from Hastert Chief of Staff Scott Palmer that Palmer was warned years earlier of alarming behavior by Foley. Efforts to reach Palmer were unsuccessful.

The panel blasted another senior Hastert aide, counsel Ted Van Der Meid, for "an inexplicable lack of interest" when he received a complaint about the Foley e-mails. Van Der Meid had been repeatedly warned previously of inappropriate contacts with pages, including at least one of Foley's visits to the page dorm, the panel found.

In the e-mail exchange with a 16-year-old former page from Louisiana, Foley requested a photo of the Louisiana boy, asked what he would like as a birthday gift and commented on the handsome physique of another former male page. Once that e-mail exchange was disclosed in September by ABC News, other former pages came forward with numerous sexually graphic electronic messages that Foley had sent to teenagers over the years. The congressman then resigned.

The ethics committee criticized the House Page Board chairman, Rep. John Shimkus (R-Ill.), who handled the complaint about the e-mails with a private warning to Foley to cease contact with pages; the panel said Shimkus failed to consult other members of the page board or investigate further. The House employee responsible for supervising the page program testified that he warned Shimkus at the time that Foley was "a ticking time bomb" who had been confronted a number of times about inappropriate behavior with pages.

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The other Republican member of the page board, Rep. Shelley Moore Capito of West Virginia, testified that Shimkus later told her he did not take the matter to the page board in part to avoid informing its Democratic member, Rep. Dale Kildee of Michigan. Capito said Shimkus told her he feared the matter "would be blown out of proportion" by Kildee.

Shimkus said Friday he takes the committee's rebuke seriously but maintained that he had acted in good faith. "I think I walk away from this maybe having made a bad decision," he said, "but with my integrity and my honor intact."

Rep. Judy Biggert (R-Ill.), a member of the ethics panel, defended the decision not to take disciplinary action.

Nonetheless, Biggert said it was "disappointing that people along the way didn't take it as seriously as they might have…. I think that has to do with the subject matter. People are uncomfortable talking about this kind of thing."

After a nine-week investigation, the ethics committee released its report on the closing day of the congressional session and the end of 12 years of Republican control of the House—controlwon and now lost in large part because of voter anger over abuses of congressional power.

The 1994 Republican Revolution led by former House Speaker Newt Gingrich wrested control of Congress from Democrats on promises to clean up the institution following scandals, including exposure of a cozy arrangement at the House Bank that allowed members to repeatedly bounce checks without penalty.

But the disclosure of Foley's electronic communications and the House leadership's slow-footed response to early warnings about the congressman culminated a series of recent Republican scandals that also included charges of bribery and influence-peddling against several members of Congress.

The ethics committee also showed that a Democratic political operative was instrumental in bringing to light the Louisiana boy's 2005 complaint about Foley's e-mails. Still, the report found no evidence that operatives for either party or anyone in Congress other than Foley were aware in advance of the sexually explicit communications.

The former page from Louisiana initially complained about the e-mails in August 2005 to a junior aide to the page's congressional sponsor, Rep. Rodney Alexander (R-La.). The aide was rebuffed when she raised the matter with a superior. She then forwarded the e-mail to a friend and the e-mail eventually reached a Democratic operative who passed it on to Florida newspapers. Alexander's office alerted Hastert's staff when reporters began to call in November 2005.

The ethics committee found numerous others ignored warnings about Foley's behavior that dated "from the beginning of his tenure" in the House in January 1995.

Former House Clerk Jeff Trandahl, who supervised the page program, became concerned by the mid-1990s. He said he confronted Foley "approximately 10 times" about his frequent fraternizing with pages and confronted Foley's chief of staff "a lot more than 10 times."

Trandahl also testified he raised the concerns "pretty often" with Hastert's counsel, Van Der Meid, who was his contact in the speaker's office.

The Buck Just Stops (WP)

The Washington Post, December 9, 2006

WHAT, ONE HAS to wonder, would it take for the House ethics committee to hold a lawmaker or a staff member accountable?

A special investigative subcommittee convened to examine responses to Mark Foley's inappropriate contacts with congressional pages found "a significant number of instances where Members, officers or employees failed to exercise appropriate diligence and oversight." It found "a disconcerting unwillingness to take responsibility for resolving issues regarding Rep. Foley's conduct." And it found "a pattern of conduct . . . among many individuals to remain willfully ignorant of the potential consequences of former Representative Foley's conduct with respect to House pages."

The sum total of disciplinary actions the panel is recommending as a result? Zero.

In a report released yesterday, the panel did a good job laying out the disturbing facts of the case: how the Florida Republican's inappropriate interest in pages manifested itself from his first days on the job and how lawmakers and staff failed to do nearly enough to find out about or fix the problem. It ably described the stakes involved: "The failure to exhaust all reasonable efforts to call attention to potential misconduct involving a Member and House page is not merely the exercise of poor judgment;

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it is a present danger to House pages and to the integrity of the institution of the House." Then, all too characteristically, the committee declined to hold even a single individual responsible for any misstep.

It's true, as the report said, that not "every error in judgment" is a violation of House rules. It's also true that those who failed to stop Mr. Foley weren't aware at the time of his most egregious conduct, the sexually explicit instant messages he sent to a former page. But if not every error in judgment is a violation, the ethics committee's approach seems to be that no error, however egregious, is.

The report chronicled errors of omission and commission -- and episodes of inexplicable forgetfulness -- that are widespread and bipartisan. It concluded that "the weight of the evidence" is that House Speaker J. Dennis Hastert (R-Ill.) was warned about Mr. Foley's "overly friendly" e-mails and that Mr. Hastert's chief of staff, Scott Palmer, his denials notwithstanding, had confronted Mr. Foley about his behavior years earlier. It described how Rep. Jim Kolbe (R-Ariz.) didn't respond forcefully enough when told by a former page in 2000 that Mr. Foley had sent the page a sexually graphic instant message; once the scandal broke and the page asked Mr. Kolbe what he should do if questioned by authorities, Mr. Kolbe told him that "it is best that you don't even bring this up."

The committee found that the e-mails were treated -- by operatives on both sides -- as a potential political issue, not as one of moral

responsibility. Assessing the conduct of Majority Leader John A. Boehner (R-Ohio) and House campaign committee chairman Thomas M. Reynolds (R-N.Y.), the panel found, "Like too many others, neither the Majority Leader nor Rep. Reynolds showed any curiosity regarding why a young former page would have been made uncomfortable by e-mails from Rep. Foley." And Democrats who obtained the e-mails, notably Democratic Caucus communications director Matt Miller, saw them as a political weapon, trying to sell the story to wary reporters.

The ethics committee concluded that none of this rose to the level of conduct that, in the words of the relevant rule, failed to reflect creditably on the House. This conclusion fails to reflect creditably on the ethics committee.

Desperately Seeking Ethics (NYT)

The New York Times, December 9, 2006

Watching our elected leaders in action, it's not surprising that Americans wonder if there is any limit to the crass misbehavior that members of Congress are willing to tolerate from their colleagues to protect their privileges and hold on to their own jobs. The House ethics committee answered that question yesterday with a resounding "No."

Sixty-four days after it promised to find out who knew about Representative Mark Foley's wildly inappropriate, sexually predatory behavior with teenage House pages, and why they failed to stop it, the bipartisan committee produced a report yesterday that was a 91-page exercise in cowardice.

The report's authors were clearly more concerned about protecting the members of the House than the young men and women under their charge in the page program. And they made absolutely no effort to define the high standard of behavior that should be required of all members of Congress and their staffs.

The report concludes that evidence of Mr. Foley's "creepy" interest in young male pages dated back to 1999. One woman who worked with the pages took to shadowing Mr. Foley when he was around them. The report makes clear that Mr. Foley's misconduct became known to an ever-widening circle of his colleagues and their aides, including Speaker Dennis Hastert. But no one made any serious attempt to stop Mr. Foley or reveal his misdeeds. A few urged him to cut it out, for political reasons, but did not follow up.

The committee concluded that other people preferred to remain willfully ignorant — to protect Mr. Foley's secret homosexuality, to avoid partisan embarrassment or for other political reasons.

But even after all that, the report said that none of this amounted to the sort of behavior that might discredit the House of Representatives and thus violate ethics rules. The committee, which never heard from Mr. Foley, did not call for disciplinary action against current members of the House or their staffs. The committee said those who have already left, like Mr. Foley, were no longer its problem.

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The panel's justification for inaction is a breathtaking exercise in sophistry: "the requirement that House members and staff act at all times in a manner that reflects creditably on the House does not mean that every error in judgment or failure to exercise greater oversight or diligence" is a violation.

No, not every error or failure should be a violation, but certainly the ones that lead to an elected official's sexually stalking teenage boys while his colleagues turn a blind eye or cover it up should be. We'd set the bar at least there. Apparently, it's too high for the House.

Senators To Gather In Closed Meeting (WP)

By Charles Babington

The Washington Post, December 9, 2006

Senate Democrats, who campaigned on a pledge of more openness in government, will kick off the 110th Congress with a closed meeting of all 100 senators in the Capitol.

Sen. Harry M. Reid (D-Nev.), who will be the majority leader when the new Congress convenes Jan. 4, announced yesterday "a joint caucus meeting" for senators only, to be held that morning in the old Senate chamber, a cozy, seldom-used room.

The gathering "will allow senators an opportunity to meet before the Senate is in session and before any official legislative business is considered," Reid's office said. "The American people made clear they are tired of partisanship and gridlock in Washington."

Sen. Mitch McConnell (R-Ky.), who will be the minority leader, endorsed the plan.

The Senate's Democratic and Republican caucuses often meet separately and in private for lunches and meetings throughout the congressional session. But meetings of the full Senate that exclude the news media and the public are relatively rare, and most often involve matters of national security or impeachments.

Last year, Senate Democrats used a parliamentary tactic to force a brief closed session to protest delays in the intelligence committee's report on the use of classified information leading to the Iraq war.

Reid's staff said that the planned joint caucus will not amount to a legislative session because no business will be conducted and that it will probably occur before the new Congress officially opens. But Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, called it a bad precedent.

"When you get all 100 members of the Senate in a room, that's no longer a caucus. That's the Senate," she said. "I think the American people will see through that. I think the only way to restore public trust in what the Congress is up to is to have more transparency than less."

In their fall campaigns, which resulted in the takeover of the House and the Senate, Democrats said Republicans were insufficiently transparent in their legislative activities, and they vowed to do better. "I think it's very important we have openness," Reid said on CBS News's "Face the Nation" on Nov. 12. He called for greater congressional oversight, which "means finding out what government is doing."

Reid spokesman Jim Manley said yesterday: "All we're trying to do is establish a dialogue as we start the next Congress. . . . It's obvious from recent years that the current system is not working. We need to foster some different ways to make this place work."

Dalglish said: "If they set a precedent, it becomes easier and easier. Then they say, 'If you want us to get along and be efficient, we have to meet in secret.' "

Bipartisan Caucus Proposal Raises Questions About Barring Press (RC)

By John Stanton, Erin P. Billings

Roll Call, December 8, 2006

Incoming Majority Leader Harry Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) have proposed opening the next session of Congress with an unprecedented "caucus" meeting of the entire Senate in order to discuss areas of common agreement and a renewed bipartisan spirit, but without the eye of the public or the press.

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Although Reid and McConnell came up with the idea of a bipartisan caucus meeting as a way to bring about a greater sense of bipartisanship in the Senate, it has raised questions about the appropriateness of barring the press from a meeting of the entire Senate during which lawmakers could essentially map out the year's legislative activities for the year in advance.

In recent years, Congressional leaders have come under scrutiny for putting pressure on their colleagues to vote a certain way or to drop their objections in informal meetings away from public watch — mostly notably the House Medicare vote during which GOP leaders arm-twisted conservatives on the House floor to back the bill during and the hours-long vote.

The proposed meeting appears to differ significantly from formal closed sessions of the Senate, according to two September Congressional Research Service reports. For instance, while closed-door meetings of the Senate generally occur in order to discuss either impeachment proceedings or national security issues, the bipartisan caucus meeting would involve a wide range of issues and could touch on virtually any aspect of next year's legislative work.

Additionally, closed-door sessions require that members and staff be sworn to secrecy — a requirement that spokesmen for McConnell and Reid both said would not be made during the Caucus meeting.

Reid spokesman Jim Manley rejected any possibility of impropriety and said that lawmakers would not engage in legislative negotiations. "All it is, is a chance for Members to discuss the hopes and desires to work on a bipartisan basis. Nothing more, nothing less," Manley said. He also rejected the notion that any effort to coordinate a pre-determined outcome to debates could occur during the meetings, saying, "Given the way Washington has worked in recent years, to it highly unlikely would be charitable. The fact is, it ain't going to happen."

A McConnell spokesman agreed, arguing that, "it's not an opportunity to craft legislation. It's an opportunity to get together and realize they don't all hate each other." The spokesman also pointed out that if Members were to attend a Senators-only dinner it is unlikely the same questions would be raised. "I don't think anybody would be concerned about them having a giant Senators-only dinner."

New Senate Schedules Closed Meeting (AP)

By Laurie Kellman

AP, December 8, 2006

WASHINGTON (AP) -- The first thing the new, Democratic-led Senate will do next year is meet in a closed "bipartisan caucus" to help set a more pleasant tone than the relentless backbiting of the Congress now heading home, party leaders said Friday.

Far from lawmakers conducting business in secret -- as open-government advocates warn -- the meeting would serve only to sweep away grudges and smooth the way for more action, the leaders said.

"We won't always agree but can sit down, side by side, and forge consensus on the issues important to the American people," incoming Majority Leader Harry Reid of Nevada said in a joint statement with his Republican counterpart, Mitch McConnell of Kentucky.

McConnell said, "Republicans intend to be as cooperative as possible to help the Senate get off to a good start next year."

Spokesmen for the lawmakers said the meeting would not amount to a closed session of the Senate under the chamber's rules.

However, any meeting of 100 senators with rules of any kind is by definition a meeting of the Senate, said Brian Darling, director of Senate relations for The Heritage Foundation.

"It would be a de facto meeting of the Senate and although they want to call it something else, it is," Darling said.

"To set up something and to plan something between the leaders is very unusual and should be subject to open government rules," he added. "Their intentions are good, but the results of what they're doing will be not good for the American people."

The Jan. 4 meeting, to be held in the hours before the new Democratic majority formally opens the 110th Congress, will take place in the Old Senate Chamber. It would be the first meeting of the full Senate in the historic room since President Clinton's 1999 impeachment trial.

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The plans were disclosed Friday, as a Congress still under Republican control was being accused by Democrats of being a "do-nothing" institution.

The gathering could establish a precedent expanding the kinds of "executive sessions" that up to now have been relatively rare.

Still, McConnell spokesman Don Stewart likened the proposal to closed weekly policy lunches that the Republican and Democratic caucuses hold separately.

"We won't be transacting legislative business," Stewart said.

The Senate met in private until 1794 in the belief that its role providing counsel to the executive branch compelled closed proceedings.

Since 1929, the Senate has held 54 closed sessions, generally for reasons of national security, according to a Sept. 27 report of the Congressional Research Service. Democrats last year forced a closed session of the Senate to discuss Iraq war intelligence.

Closed sessions of the Senate are held periodically to discuss specific, sensitive business, such as impeachment deliberations, matters of national security and sensitive communications from the president, according to the report by the Congressional Research Service.

Members and staff who attend the meetings have been prohibited from divulging details, and transcripts have not been published unless the chamber votes to release them.

Filner Captures Veterans' Affairs Gavel (RC)

By Jennifer Yachnin

Roll Call, December 8, 2006

After successfully beating back a challenge from Rep. Mike Michaud (D-Maine) on Friday, Rep. Bob Filner (D-Calif.) will become chairman of the Veterans' Affairs Committee in the 110th Congress.

The full Democratic Caucus confirmed Filner to the post in a 112-69 vote following a brief meeting in the House Rayburn Office Building.

The Democratic Steering and Policy Committee heard from both lawmakers Thursday and voted 24-20 in favor of Filner. But the close split allowed for the full Caucus, which must ratify Steering's recommendations, to nominate candidates from the floor.

Rep. Barbara Lee (D-Calif.), who seconded Filner's nomination, cited his long service on the Veterans' Affairs panel, where he has served since his election in 1992.

"He has a passion and a sense of justice for our veterans," Lee said.

As the second-most senior member of the committee, Filner had been widely considered the obvious choice to succeed retiring Rep. Lane Evans (D-Ill). Although the Steering panel considers a variety of factors when selecting chairmen, seniority is seen widely as playing a significant role in those decisions.

Democrats have elevated the majority of their current ranking members to chairmanships in the next Congress — only the Veterans' Affairs challenge prompted a formal competition — and incoming Speaker Nancy Pelosi (D-Calif.) is expected to name chairmen to the House Administration Committee, Committee on Standards of Official Conduct and the Joint Committee on Taxation next week.

McKinney's Parting Shot: Bill To Impeach Bush (AP)

AP, December 8, 2006

WASHINGTON (AP) -- In what was likely her final legislative act in Congress, outgoing Georgia Rep. Cynthia McKinney announced a bill Friday to impeach President Bush.

The legislation has no chance of passing and serves as a symbolic parting shot not only at Bush but also at Democratic leaders. Incoming House Speaker Nancy Pelosi, D-California, has made clear that she will not entertain proposals to sanction Bush and has warned the liberal wing of her party against making political hay of impeachment.

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McKinney, a Democrat who drew national headlines in March when she struck a Capitol police officer, has long said that Bush was never legitimately elected. In introducing her legislation in the final hours of the current Congress, she said Bush had violated his oath of office to defend the Constitution and the nation's laws.

In the bill, she accused Bush of misleading Congress on the war in Iraq and violating privacy laws with his domestic spying program.

McKinney has made no secret of her frustration with Democratic leaders since voters ousted her from office in the Democratic primary this summer. In a speech Monday at George Washington University, she accused party leaders of kowtowing to Republicans on the war in Iraq and on military mistreatment of prisoners.

McKinney, who has not discussed her career plans, has increasingly embraced her image as a controversial figure.

She has served as host for numerous panels on September 11 conspiracy theories and suggested that Bush had prior knowledge of the terrorist attacks but kept quiet about it to allow friends to profit from the aftermath. She introduced legislation to establish a permanent collection of rapper Tupac Shakur's recordings at the National Archives and calling for a federal investigation into his killing.

But it was her scuffle with a Capitol police officer that drew the most attention. McKinney struck the officer when he tried to stop her from entering a congressional office building. The officer did not recognize McKinney, who was not wearing her member lapel pin.

A grand jury in Washington declined to indict McKinney over the clash, but she eventually apologized before the House.

Billions Later, Plan To Remake The Coast Guard Fleet Stumbles (NYT)

By Eric Lipton

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Four years after the Coast Guard began an effort to replace nearly its entire fleet of ships, planes and helicopters, the modernization program heralded as a model of government innovation is foundering.

The initial venture — converting rusting 110-foot patrol boats, the workhorses of the Coast Guard, into more versatile 123-foot cutters — has been canceled after hull cracks and engine failures made the first eight boats unseaworthy.

Plans to build a new class of 147-foot ships with an innovative hull have been halted after the design was found to be flawed.

And the first completed new ship — a $564 million behemoth christened last month — has structural weaknesses that some Coast Guard engineers believe may threaten its safety and limit its life span, unless costly repairs are made.

The problems have helped swell the costs of the fleet-building program to a projected $24 billion, from $17 billion, and delayed the arrival of any new ships or aircraft.

That has compromised the Coast Guard's ability to fulfill its mission, which greatly expanded after the 2001 attacks to include guarding the nation's shores against terrorists. The service has been forced to cut back on patrols and, at times, ignore tips from other federal agencies about drug smugglers. The difficulties will only grow more acute in the next few years as old boats fail and replacements are not ready.

Adm. Thad W. Allen, who took over as Coast Guard commandant in May, acknowledged that the program had been troubled and said that he had begun to address the problems. "You will see changes shortly in the Coast Guard in our acquisition organization," Admiral Allen said. "It will be significantly different than we have done in the past."

The modernization effort was a bold experiment, called Deepwater, to build the equivalent of a modest navy — 91 new ships, 124 small boats, 195 new or rebuilt helicopters and planes and 49 unmanned aerial vehicles.

Instead of doing it piecemeal, the Coast Guard decided to package everything, in hopes that the fleet would be better integrated and its multibillion price would command attention from a Congress and White House traditionally more focused on other military branches. And instead of managing the project itself, the Coast Guard hired Lockheed Martin and Northrop Grumman, two of the nation's largest military contractors, to plan, supervise and deliver the new vessels and helicopters.

Many retired Coast Guard officials, former company executives and government auditors fault that privatization model, saying it allowed the contractors at times to put their interests ahead of the Guard's.

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"This is the fleecing of America," said Anthony D'Armiento, a systems engineer who has worked for Northrop and the Coast Guard on the project. "It is the worst contract arrangement I've seen in all my 20 plus years in naval engineering."

Insufficient oversight by the Coast Guard resulted in the service buying some equipment it did not want and ignoring repeated warnings from its own engineers that the boats and ships were poorly designed and perhaps unsafe, the agency acknowledged. The Deepwater program's few Congressional skeptics were outmatched by lawmakers who became enthusiastic supporters, mobilized by an aggressive lobbying campaign financed by Lockheed and Northrop.

And the contractors failed to fulfill their obligation to make sure the government got the best price, frequently steering work to their subsidiaries or business partners instead of competitors, according to government auditors and people affiliated with the program.

Even some of the smaller Deepwater projects raise questions about management. The radios placed in small, open boats were not waterproof and immediately shorted out, for example. Electronics equipment costing millions of dollars is still being installed in the new cutter, even though it will be ripped out because the Coast Guard does not want it. An order of eight small, inflatable boats cost an extra half-million dollars because the purchase passed through four layers of contractors.

For the Department of Homeland Security, which took over responsibility for the Coast Guard in 2003, Deepwater joins its already long list of troubled programs, including its airport checkpoint measures, its biodefense efforts and its widely condemned handling of the response to Hurricane Katrina.

The Homeland Security Department's inspector general has warned that the department cannot repeat this experience as it begins a $7 billion plan to tighten the border. The department is taking a similar management approach with that plan, relying on the Boeing Corporation to develop, supervise and execute the strategy.

Spokesmen for Northrop and Lockheed, and the partnership they formed to run Deepwater, declined repeated requests for interviews, saying they would leave it to the Coast Guard to discuss the project. The companies also declined to respond to written questions.

Admiral Allen said the Coast Guard engineers and procurement staff team would now play a much larger role in overseeing the project in an effort to rein in its private sector partners, adding that the mistakes made were unacceptable.

"Our people are demoralized by it, they don't deserve it, and it really impedes our ability to execute our mission," he said.

Early Warnings

On a clear, calm morning in Key West, Fla., one day last month — perfect weather for running drugs and migrants — six of the eight converted Coast Guard patrol boats were broken down or out of service. Their crews had little to do but shine the ships' already gleaming bells and clean its guns.

The Deepwater plan called for transforming the 110-foot boats into larger, more versatile cutters with rebuilt hulls, new communications and surveillance gear and a 13-foot extension to make room for a small boat launch ramp.

Even before the refurbishing began in 2003, though, Coast Guard engineers expressed doubts that the boats could bear the extra weight the changes would impose. "You could have buckling of the structure of the ship," Chris Cleary, of the Engineering Logistics Center at the Coast Guard, said he recalls pointing out. But Bollinger Shipyards, a business partner of Northrop and Lockheed, insisted the conversion would succeed.

As the work got under way, the Coast Guard provided only limited oversight. It did not fill dozens of its seats on joint management teams set up for the project. And the Coast Guard assigned seven inspectors to monitor the work, compared with 20 on a similar-size job.

"In theory, we were going drive a 110-foot cutter up to the pier, drop it off and come back in 34 weeks to pick up a 123-foot cutter," said Lt. Benjamin Fleming, the Coast Guard's representative at the shipyard in Lockport, La. "We were putting a lot of trust and faith in our partners."

Michael De Kort, a former Lockheed project manager, said the results quickly became apparent.

The VHF radio on the small launch would be exposed to the elements but was not waterproof, Mr. De Kort said. The classified communications equipment had not been properly shielded to protect messages from eavesdropping. Cameras intended to provide 360-degree surveillance had two large blind spots.

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Mr. De Kort said he had repeatedly warned his Lockheed supervisors of the problems, but was rebuffed. “We have an approved design and we aren’t going to change it,” Mr. De Kort said he was told. He was later laid off from the company. Lockheed officials declined to comment.

In September 2004, more serious flaws in the boat conversion program became obvious after the first one, the Matagorda, was launched. As it traveled in relatively heavy seas from Key West to Miami, large cracks appeared in the hull and deck.

Giant steel straps that looked like Band-Aids were affixed to the side of the boats, and the vessels were barred from venturing out in rough water. But cracks and bulges continued to scar the Matagorda and other converted ships, followed by a series of mechanical problems.

Bollinger, it turned out, had overestimated how much stress the modified boats could handle, a miscalculation it cannot fully explain. “The computer broke for some reason,” said T. R. Hamlin, a senior Bollinger manager. “Whether it was a power surge or something, who knows?” The cursory oversight by the Coast Guard meant the mistake was not caught in time.

After spending about $100 million on the first eight boats, the Coast Guard suspended the conversion plan. Last week, Admiral Allen ordered the boats taken out of service, citing concerns about crew safety.

Facing a shortage of patrol boats, the contractors and the Coast Guard decided to speed development of a larger ship, the Fast Response Cutter. The hull was to be built from glass-reinforced plastic, known as a composite, something never tried on a large American military ship.

While acknowledging that it might cost much more to build the 58 planned cutters with composite hulls instead of steel, Northrop and Lockheed claimed the boats would last longer and require less maintenance, saving money over the long run.

Coast Guard engineers again were doubtful that Northrop’s design would work, citing concerns about weight, hull shape and fuel consumption. The Coast Guard also found inconsistencies in the cost data Northrop used to justify the new hull.

One former Northrop executive said the company was pushing the plan not because it was in the best interest of the Coast Guard, but because Northrop had just spent $64 million to turn its shipyard in Gulfport, Miss., into the country’s first large-scale composite hull manufacturing plant for military ships.

“It was a pure business decision,” said the former executive, who disagreed with the plan and would speak only anonymously for fear of retribution. “And it was the wrong one.”

That became clear when a scale model of the Fast Response Cutter was placed in a tank of water — and flunked the test. After three years and $38 million, Northrop Grumman’s plan was suspended.

Financial Aid

The Coast Guard recognized from the start that it might need help financing a project as big as Deepwater, and that was part of the reason it turned to Lockheed and Northrop.

“They have armies of lobbyists, they can help get dollars to get the job done,” explained Jim McEntire, a retired captain who had served as a senior Coast Guard budget official. “The White House and Congress listen to big industrial concerns.”

That assistance would prove valuable. Just months after the contract was awarded in June 2002 through a competitive bidding process, the Coast Guard began to study whether the $17 billion Deepwater budget would be inadequate, given additional costs for antiterrorism equipment. In 2005, the service informed Congress that the program would cost $24 billion over 20 years and that the annual allocation would need to double, to $1 billion.

By then, though, the patrol boat conversion had been halted. Deepwater’s costs were ballooning, but the Coast Guard was having a hard time explaining exactly how it would spend more money. Government auditors were starting to churn out reports warning of serious management weaknesses.

That record disturbed some members of Congress. In May 2005, the House Appropriations Committee slashed the program’s annual budget request nearly in half to register its frustration.

At a hearing two months later, Representative Harold Rogers, a Kentucky Republican who oversees the Homeland Security budget, instructed the Coast Guard to fix its problems and restrain costs. “You simply took the most expensive, all-inclusive Cadillac Seville and we’re going to have to, with our limited funds, fit you into something a bit more appropriate,” Mr. Rogers said. “I hope it’s more than a Chevrolet.”

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To fight back, the Coast Guard and contractors relied on Congressional allies, led by Senator Olympia J. Snowe, Republican of Maine, Representative Frank A. LoBiondo, Republican of New Jersey, and Representative Gene Taylor, Democrat of Mississippi.

Mr. Taylor and Mr. LoBiondo had formed a group called the Congressional Coast Guard Caucus. It began in the late 1990s with 4 members and today has more than 75.

The enthusiasm of the three leaders for the Deepwater project was not simply about meeting the Coast Guard's needs. Maine is home to Bath Iron Works, a major ship builder that Ms. Snowe said might benefit from increased Deepwater spending. While that was a factor, she said it was not her primary motivation.

Ms. Snowe and Mr. LoBiondo, the leaders of the Senate and House panels that oversee the Coast Guard, said they pushed for more spending only after the service's leaders reassured them during hearings that they were addressing the program's problems. They both also said they were convinced that the Coast Guard desperately needed Deepwater because its helicopter engines were routinely breaking down and the hulls of old ships were failing.

"We don't want to waste money; we don't want ineffective programs," Ms. Snowe said in an interview. "At the same time, we can't allow the Coast Guard to languish."

Mr. Taylor's district is home to Northrop Grumman's shipyard in Pascagoula, Miss., which is building the Coast Guard's largest ship, and Northrop and its employees are one of his biggest sources of campaign contributions. He worked along with two key Republicans in Mississippi — Senator Trent Lott, whose father was once a pipe fitter at the Pascagoula shipyard, and Senator Thad Cochran, the chairman of the Senate appropriations committee — to win more money.

Mr. LoBiondo's district is home to the Coast Guard's national training center, and Lockheed Martin built its Deepwater equipment testing center just outside his district. He is also one of the top Congressional recipients of Lockheed contributions.

The contractors ran advertisements aimed at lawmakers in Washington publications, delivering ominous messages about the need to stop terrorists before they reach American shores. The Navy League, a nonprofit group partly financed by Lockheed and Northrop, orchestrated telephone calls, letters and visits to lawmakers, reminding them that hundreds of contractors across the country were already working as suppliers on the project.

And the Coast Guard got an important boost when it was widely praised for its helicopter rescues after Hurricane Katrina.

The lobbying effort paid off. In September 2005, Congress agreed to increase the annual financing for Deepwater to nearly $1 billion.

Late Scramble

If there was a single ship that could prove to skeptics that the Coast Guard and its contractors could get the job done right, it would be the National Security Cutter, a ship unlike anything the Coast Guard had ever built. Bigger than any existing cutter, it was more like a warship, designed to patrol with Navy vessels.

It would carry sophisticated weapons systems, surveillance equipment, a helicopter and two unmanned aerial vehicles, all vital in its effort to intercept boats suspected of carrying terrorists, drug dealers or illegal immigrants. It was designed to monitor 56,000 square miles a day, an area four times as large as that covered by any other Coast Guard ship.

Because the ship was so expensive — each was expected to cost about $300 million — the Coast Guard decided to build only 8 to replace its fleet of 12 large cutters.

There was just one catch. Even before the cutter began taking form at the Pascagoula shipyard on the Gulf of Mexico, familiar problems cropped up.

The Coast Guard's engineers believed the design proposed by Northrop and Lockheed had serious structural flaws that could result in the hull collapsing or premature cracking of the hull and deck, according to Mr. Cleary and his boss, Rubin Sheinberg, chief of the Coast Guard's naval architecture branch.

When they alerted the contractors and Coast Guard officials, they were largely brushed off, the men said. In March 2004, their supervisor protested, saying the Coast Guard should delay construction.

"Significant problems persist with the structural design," Rear Adm. Erroll M. Brown wrote to the Deepwater project director. "Several of these problems compromise the safety and the viability of the hull, possibly resulting in structural failure and unacceptable hull vibration."

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The Coast Guard decided to move ahead anyway, figuring it would be less disruptive to fix any problems later. As the shipbuilding progressed, other Coast Guard officials began to openly complain that some decisions by the contractors appeared to be motivated by a drive to increase profits, not to best serve the Coast Guard.

Lockheed, for example, ordered computerized consoles for the ship that it had developed for a Navy aircraft carrier. But they were too big for the cutter, said Jay A. Creech, a retired Coast Guard captain working as a contractor on Deepwater.

A consultant hired by the Coast Guard to review Northrop and Lockheed's purchasing decisions found that of $210 million worth of contracts awarded in 2004, just 30 percent involved a formal competitive process. Northrop in particular was faulted for failing to aggressively seek bids to ensure the best price.

Northrop and Lockheed "lack the independence needed to make objective decisions in the best interests of the Coast Guard," an August 2006 report by the Homeland Security inspector general said.

Others say that giving the contractors so much authority was a mistake from the start. "A contractor with a profit motive is never a trusted agent," said Joe Ryan, a Coast Guard consultant who has helped with the Deepwater project. "They are the vendor, and they are selling you something."

Problems began to accumulate elsewhere. In Texas, a prototype of the unmanned aerial vehicle that was to be placed on the ship's deck crashed this year. After the crash, the project, by Bell Helicopter, also faced a money crunch and was put on hold, pushing delivery back to at least 2013, six years after the first national security cutter is scheduled for active duty. Without the two aerial vehicles, the cutter's surveillance range is reduced by more than half.

By the time the ship was christened last month, its price had grown to $564 million, nearly twice its original cost. (The average price for the eight ships is expected to be $431 million.) And by then, Coast Guard officials had conceded that the ship had structural flaws. Navy experts had evaluated the ship and confirmed many of the earlier warnings.

Admiral Allen said he had been given assurances that the ship was not at risk of a catastrophic hull failure and would not pose a safety threat to its crew. But the Coast Guard has decided to make structural modifications to the vessel and require design changes for the third cutter. Work is too far along to change course on the second cutter.

Four years into the Deepwater project, the Coast Guard, according to its original plan, was supposed to have 26 new or rebuilt ships, 12 new planes and 8 unmanned vehicles, but none are available. Now, officials are scrambling to find an off-the-shelf design for a new cutter and make modest repairs to keep their aging patrol boats operable.

"We don't have the ships we need, and we don't have a way to get them anytime soon," said Representative David R. Obey, Democrat of Wisconsin, who will take over the House Appropriations Committee next month. "It's inexcusable."

The Coast Guard, which would not disclose the management fees it has paid Northrop and Lockheed, is renegotiating the contract to ensure that the companies honor a commitment to open the work to competition and deliver what they promise.

And Admiral Allen and other Coast Guard officials say the Coast Guard's engineers are being given more power to supervise the work. Admiral Allen is also creating a division to oversee the procurement and maintenance of its ships and airplanes. "That is the main gap that needs to be closed," he said.

The Deepwater experiment, one contracting expert said, underscores the need for the Coast Guard to be a smart buyer, even if it has hired high-priced advice.

"The government still needs to be in there so they know what decisions are being made and if the decisions are in their best interest," said Michele Mackin, an assistant director at the Government Accountability Office. "It is still their money. And they are going to be flying the planes and running the ships."

Federal Budget Tricky Checks And Balances (WSJ)

By Deborah Solomon

The Wall Street Journal, December 9, 2006

Bush administration officials have begun grappling with one of the toughest tasks they face over the next two years: How to both protect the president's tax cuts and put the federal budget deficit on a sustainable path.

They will get a new measure of just how hard that will be on Tuesday, when the Treasury Department releases its latest budget tally. The numbers likely will show little progress in shrinking the deficit despite a growing economy. For the first two

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months of the fiscal year that began Oct. 1, the government is expected to show a deficit of about $122 billion -- $9 billion less than the same period last year.

Showing progress on the deficit is crucial as the White House heads toward early February. That is when it is due to release the budget for fiscal-year 2008, which begins Oct. 1, 2007. Its big challenge will be to squeeze in spending for the wars in Iraq and Afghanistan, the rising costs of Medicare and the expanding, Bush-backed tax cuts -- without making the previously projected deficit of $188 billion for 2008 look worse.

With Democrats in control, President Bush is both on the defensive in making his tax cuts permanent and facing pressure from his fellow Republicans to show a path toward spending restraint. "This will be the tightest budget the president proposes, as well as the most difficult Congress he will face in passing a budget," says Brian Riedl of the conservative Heritage Foundation.

The White House has to decide which tax breaks to throw in the budget and which to leave out on the assumption that Congress will deal with them. The budget will assume that the tax cuts, which expire in 2009 and 2010, will become permanent, though nothing needs to happen during the crucial 2008 election year to ensure that. Extending tax breaks next year will be tougher than in the past if Democrats stick to their pledge to offset the cost with other tax increases or spending cuts.

Some moves have bipartisan support, such as preventing the alternative minimum tax -- a backstop designed to stop the rich from avoiding any taxes -- from taking ever-bigger bites out of the wallets of middle-class taxpayers. But the Bush budget likely will be silent, again, on how to resolve that permanently.

Spending on Iraq and Afghanistan is particularly thorny. So far, those costs haven't been part of the regular budget process, haven't been fully reflected in White House budgets or deficit projections and have been funded through special appropriations bills. But Democrats are expected to demand that Mr. Bush change that. They got a boost this past week from the report by the Baker-Hamilton commission, which said "the normal budget process should not be circumvented" and urged the White House to include Iraq funding in the 2008 budget.

"It's going to be tough for them," says Douglas Holtz-Eakin, a former Congressional Budget Office director who recently enlisted with Sen. John McCain's presidential campaign. But with Democrats in control, he notes, the White House also has the time-honored option of sending up a budget that would essentially be "dead on arrival."

Jobs Data Keep Economic Optimists Smiling (WSJ)

By Christopher Conkey

The Wall Street Journal, December 9, 2006

WASHINGTON -- Solid hiring and an unemployment rate still near a five-year low reinforced the upbeat view of optimists, including the Federal Reserve, that the economy is weathering the downturn in the housing and automotive sectors.

Payrolls outside agriculture rose by 132,000 jobs last month, and revisions added 42,000 jobs to previous payroll estimates for September and October, so monthly gains in the past three months have remained near this year's average of 149,000. The unemployment rate edged up slightly to 4.5% in November from 4.4%. Unrounded, the increase was even smaller: from 4.42% to 4.47%.

Layoffs in construction and manufacturing -- in particular, the auto industry -- were more than offset by gains in business services, health care and tourism, the Labor Department said.

"This just confirms what the Fed's been thinking," said Drew Matus, senior economist at Lehman Brothers in New York. "The economy is currently experiencing weakness in two specific sectors, and the weakness hasn't spread."

Mr. Matus expects the current slowdown, with economic growth of an annualized 2% to 3%, slightly below its normal range, to continue well into next year, as the housing and auto sectors slowly recover.

Futures markets have priced in a total of three-quarters of a percentage point in rate cuts in the next year on the view the Fed will have to come to the rescue of a weakening economy. But Joshua Shapiro, chief U.S. economist at MFR Inc., said Friday's "goldilocks" report would make the Fed "increasingly comfortable" with keeping the federal-funds rate at 5.25% -- charged on overnight loans between banks -- when it meets next week. Indeed, investors trimmed the odds of rate cuts a bit Friday.

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Until recently, economists widely assumed a normally expanding economy would need to create 150,000 jobs a month to keep up with the increase in the working-age population. Growth above that would push the unemployment rate lower, and growth below that would push it higher.

But with population growth slowing, the work force aging, and women entering the labor market at a slower pace, Fed economists now think monthly job growth of only about 110,000 is sufficient to keep unemployment stable.

Fed Chairman Ben Bernanke last month cited "tight" labor markets as a potential inflation threat. November's healthy job growth and an unemployment rate still below where Fed officials expected it to be at this point mean those concerns are unlikely to ease soon.

Indeed, a tight labor market is still pushing up wages. Average hourly earnings rose 0.2% in November, and were 4.1% higher than a year ago, giving a boost to "real," or inflation-adjusted, wages.

Roger Taylor, vice president of strategic staffing for insurer MetLife Inc., said wages of new hires in many auditing, actuarial and management positions are up between 8% and 10% from a year ago. "It's been a bit harder to find the quality of skills we're looking for in the available labor pool," Mr. Taylor said. "It's costing us more to get the talent we're looking for."

In recent years, Mr. Taylor said the company has typically hired around 4,000 people for nonsales positions. This year it is on track to bring on 5,000 new hires.

Business and professional services -- such as accountants, management consultants and architects -- added 43,000 jobs last month and more than 400,000 in the past year. The auditing firm Deloitte & Touche USA has added 10,000 workers in the past year, and plans to do the same in the year ahead. Among the positions it is filling are managers and senior managers for its consulting and tax practices.

By contrast, manufacturers cut 15,000 jobs last month, and construction companies pared 29,000 workers from their payrolls. Zoltan Pozsar, an economist with Moody's Economy.com, estimates that there have been roughly 126,000 housing-related jobs lost since June, but that the economy has added nearly one million nonhousing-related positions in that period.

Meanwhile, the University of Michigan's survey of consumer sentiment declined slightly to 90.2 in early December from 92.1 in November. Assessments of current conditions improved, but the outlook for the economy down the road worsened. Economists said they still expect consumers to keep spending enough to keep the economy expanding, particularly if the labor market continues to lift incomes.

Labor Pool Increases, Boosting Joblessness (WP)

By Nell Henderson

The Washington Post, December 9, 2006

Sometimes, an uptick in unemployment can be good news.

The jobless rate edged up to 4.5 percent in November from 4.4 percent in October -- but not primarily because of layoffs. The rate rose as hundreds of thousands of Americans who had previously dropped out of the labor force poured back in, drawn by brightening employment prospects. Most of them found work.

So the number of unemployed workers rose, but the number with jobs grew by more than twice as much, the Labor Department reported yesterday.

There was bad news last month for many workers. Home builders and manufacturers cut thousands of jobs, reflecting primarily the slumps in real estate and automobile production. But those losses were more than offset by the number of jobs gained in retailing, health care, education, finance and other service industries.

Employers added a net 132,000 workers to their payrolls last month, compared with a gain of 79,000 the month before. Wages for most workers rose modestly.

Yesterday's figures added to other recent signs that the economy is slowing because of the auto and housing industries, but their problems have not spilled over into other industries, analysts said. "The rest of the economy remains incredibly strong," said Eugenio J. AlemÃ¡n, senior economist at Wells Fargo.

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Other analysts were more skeptical, saying the labor market is bound to weaken as the economy slows. "The shake-out in housing-related employment is likely to get a lot worse in the coming months," said Paul Ashworth, senior economist with Capital Economics.

Stock prices rose yesterday on hopes that a solid job market will fuel steady increases in consumer spending and profits. The employment report also strengthened many investors' expectations that the Federal Reserve will leave short-term interest rates unchanged when policymakers meet Tuesday.

Fed Chairman Ben S. Bernanke said last month that the central bank remained concerned about rising labor costs and would consider raising interest rates again if necessary to tame inflation.

Bernanke's worries should ease somewhat. Workers' wages rose more slowly in November than in October, analysts said. Average hourly earnings rose 0.2 percent in November, to $16.94, and were 4.1 percent higher last month than a year earlier.

The combination of rising wages and plentiful jobs helped lure more people to the U.S. labor force last month. The labor force includes all those who hold jobs or who are actively looking for work.

That share of the adult population in the labor force -- called the participation rate -- rose in November to 66.3 percent, the highest since mid-2003. The record, 67.3 percent, was reached in early 2000, at the crest of the stock-market bubble.

The participation rate tends to rise in good times and fall in bad times, when workers get discouraged about their prospects and give up looking for work.

The unemployment rate -- the share of the labor force without jobs -- remains low by historical standards, but many analysts expect it to rise in coming months because of slowing economic growth.

US Jobs Data Support Bernanke's Optimism (FT)

By Krishna Guha, Eoin Callan, Tony Tassell

Financial Times, December 9, 2006

Ben Bernanke's optimism that the US economy is heading for a soft landing received a lift on Friday as data showing strong job creation last month forced more pessimistic bond investors into retreat.

The figures showed employers added more staff to payrolls than expected as 132,000 jobs were created, in spite of a slowdown in sectors such as construction.

The Fed thinks the market has over-reacted to recent negative data, and Friday's figures will encourage Mr Bernanke in his view that the economy overall remains reasonably robust, in spite of the drag from housing and some weakness in manufacturing.

Meanwhile, Hank Paulson hardened his rhetoric on China's currency ahead of leading a delegation of top US economic policymakers including Mr Bernanke to Beijing next week.

The Treasury secretary told CNBC "the rest of the world is not going to tolerate China taking too long to make the sort of adjustments in the currency that need to be made".

The dollar closed higher against the euro and the yen, with traders citing the strong jobs data and Mr Paulson's remarks on China.

The tougher talk from the Treasury secretary follows fresh pressure this week from Democrats in Congress and US manufacturers not to soft-pedal on the currency at next week's talks.

Mr Paulson advocates a long term strategic approach to dealing with China, but aides say he understands the need to show this approach is delivering results.

A Treasury official said on Friday that the currency would be a "key element" of next week's talks.

However, he said the dialogue would cover a wider range of long term issues relating to the rebalancing of China's economy and its integration with the world economy.

The official hinted that the summit could commission high-level bilateral working groups to look at issues such as energy security and the environment.

Intellectual property, financial sector liberalisation and cross-border investment flows will also be on the agenda, with China worried about opposition to its acquisition of US assets.

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Analysts said the US labour market data, which also gave some evidence of rising cost pressures, will prompt hawks on the Fed to argue that inflation remains a greater risk to the economy than a sharp slowdown.

The Fed is expected to keep interest rates on hold at its next policy meeting on Tuesday.

Bond markets have been pricing in a harder downturn than the Fed expects, betting it will be forced to cut rates in the first half of next year.

But more pessimistic investors scaled back their expectations of an imminent rate cut in the light of the new data. Futures markets were on Friday pricing in a 28 per cent chance of a quarter-point cut in the Fed funds rate by April, down from 45 per cent the day before.

Quincy Krosby, strategist for the Hartford financial services group, said the data shows "a gently slowing economy but not one that is falling off a cliff."

As Oil Stays High, Stocks Can't Get Going (WSJ)

By Peter A. McKay

The Wall Street Journal, December 9, 2006

As oil spigots flow freely, cash often pours into the stock market.

Both have dried up a bit lately. An October production cut by the Organization of Petroleum Exporting Countries has worked surprisingly well to prop up the commodity's price and stocks haven't moved ahead of recent highs.

The price of crude oil has jumped 5.2% since the Dow Jones Industrial Average hit a record on Nov. 17, as weekly reports from the federal Energy Information Administration have shown drawdowns in U.S. stockpiles of crude and fuels refined from it. On Friday, crude futures jumped $1.16 in morning trading, but finished the day off 46 cents, or 0.7%, at $62.03 a barrel, up 1.6% on the year at the New York Mercantile Exchange.

"A year ago, no one thought oil prices would be above $60 at this point," said energy analyst Fadel Gheit, of brokerage firm Oppenheimer & Co. "But what OPEC has done is demonstrate to the market that it is not bluffing, that it won't allow a repeat of 1998," when crude prices crashed.

Meanwhile, the Dow hasn't been able to push through its peak close, after setting a series of new records starting in early October. Although the blue-chip average rose 29.08 points, or 0.2% Friday, to 12307.49, it was hobbled in part by traders placing bets ahead of Thursday's meeting of the OPEC, which may announce another output cut. The Dow ended the week up 0.9%, but 35.07 points below its record.

With winter-energy demand likely to pick up in the U.S. and concerns lingering about war and political wrangling in major oil-producing countries, many commodity analysts don't see much room for prices to head significantly lower, as stock investors might hope. Higher energy prices tend to hurt stocks because higher costs for things like home heating oil and gasoline cut into consumers' purchasing power and, in turn, corporate profits.

Still, major market measures are up solidly for the year, with the Dow ahead nearly 15%, the S&P 500 up almost 13% and Nasdaq up nearly 11%. The broad Standard & Poor's 500-stock index gained 2.55 points, or 0.2% Friday, to end at 1409.84, up 0.9% on the week. The technology-heavy Nasdaq Composite Index rose 0.4%, or 9.67 points, to 2437.36, up 1% on the week.

Energy prices are an important piece of an economic puzzle that will help determine the Federal Reserve's next move on interest rates, something else stock investors are watching closely because higher borrowing costs hit both consumers and businesses. As investors have tried to guess the central bank's likelihood of raising its benchmark rate target to keep inflation in check or cutting it to encourage growth, they have been confounded lately by mixed data on economic growth and manufacturing activity.

Jobs data released by the Labor Department on Friday were surprisingly strong. For November, nonfarm payrolls rose by 132,000 jobs, exceeding Wall Street's expectation for a rise of 110,000 jobs. The unemployment rate rose to 4.5% from 4.4%, in line with expectations.

The data confirmed many investors' belief that while economic growth is slowing, the decline in growth is gradual, which will minimize trauma to everyday workers and consumers and could encourage the Fed to keep rates stable. The rise in unemployment, obviously, is bad news for most people. But the total increase in jobs was good news.

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Some think the economic data mean good news for stocks going forward. "There's still a lot of uncertainty about the economy ahead," said strategist Douglas Peta of investment-management firm J&W Seligman.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 1.4 billion shares, as 711 million advanced and 622 million declined.

Bond prices fell. The 10-year note fell 18/32 point, or $5.63 for each $1,000 invested, pushing the yield up to 4.56%. The 30-year bond fell 29/32 to yield 4.67%.

The dollar strengthened. It rose to 116.35 yen, compared with 115.25 yen Thursday. The euro fell to $1.3204 from $1.3286.

The Accidental Inflation Hawk (WSJ)

By Marc Sumerlin

The Wall Street Journal, December 9, 2006

There are no Gentlemen C's in central banking. The costs of monetary policy mistakes are so large that you tend to be right or wrong. With this in mind, Ben Bernanke deserves an A for his first year as chairman of the Federal Reserve. The Bernanke Fed hasn't always been graceful or elegant, but it has been mostly right.

Mr. Bernanke started off with a stumble last April, testifying awkwardly that he might choose to stop raising rates even if inflation were at risk of accelerating. This statement, combined with his past fretting about deflation, led markets to question his fortitude on preventing inflation. Long-term inflation expectations promptly rose by 20 basis points. The chairman regained his footing with a hawkish speech two weeks later and two more rate hikes on the Federal Funds rate in May and June, bringing the rate to 5.25%. The hike in June wasn't an obvious one given the fragility in global financial markets, which had lost $5 trillion in value over the preceding seven weeks, due in part to diminished confidence in the new Fed chairman. But markets digested the last rate hike with only a bit of consternation and no more genuine turmoil.

At this point, it would have been tempting to go for another rate hike in August. A legitimate strategy for a new chairman is to build up inflation-fighting capital early in his term so that he can spend it when needed. In fact, a risk-weighted analysis of Mr. Bernanke's personal survival would have argued for hiking in August and cutting later if needed. But Mr. Bernanke appears to make fact-based decisions rather than strategy-based decisions. In this, the facts were slightly on the side of a pause. A seasoned chairman with ample credibility would surely have taken a break to see how the lagged impact of past rate increases was working.

By the August FOMC meeting, it was clear that the housing sector had rolled over. It was also clear from the size of the housing bubble, from an examination of historic corrections, and from collecting anecdotes, that the housing slide was going to be with us for years not months. In effect, the desired growth slowdown had been accomplished, likely with the move to a 5% federal-funds rate in May. Mr. Bernanke had gone one further, but a modest overshoot is almost always needed from a practical standpoint.

Still, the decision to pause was not obvious. While economic growth was decelerating, there were no signs at that point that inflation was coming under control. In fact, wages were accelerating according to the available data, which usually gives a central bank more room to tighten. What is most amazing in retrospect is that the first Fed chairman ever to advocate inflation targeting was pausing as inflation was high and possibly accelerating. A key critique of inflation targeting -- one to which I still subscribe -- is that the target could in practice lessen the Fed's ability to look far down the road. But in this case, Mr. Bernanke was not a slave to the latest figures and bet that inflation would subside. So while a belief in inflation targeting has not added value to the decision-making process, it hasn't done any harm so far.

At the time, many bond market participants were not impressed with the pause and started to question Mr. Bernanke's resilience again. The behind-the-back whispers were perceptible. Then a curious and unpredictable thing happened. Inflation stopped accelerating. After four months of hot data, prices started to behave better. Spot oil prices plunged after a gratefully mundane hurricane season, taking some pressure off headline inflation. I'm not sure if Mr. Bernanke is also a skilled weather forecaster, but he may be the first person to simultaneously predict the weather and the economy accurately. It's still not clear why prices outside of energy stopped accelerating -- the tightness of the labor markets and other facts in early August pointed to

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continued inflation trouble. But whether Mr. Bernanke was lucky or not is now beside the point for workers and investors who benefited from his call. Global equities started another long rally that more than made up for the springtime losses.

The upcoming December FOMC meeting will mark the fourth straight gathering without a change in monetary policy. That is proof in and of itself that Mr. Bernanke's decision to pause was reasonable. It is not, however, proof that Fed policy is correctly calibrated going forward.

Since the August pause, the housing and domestic auto industries have fallen into recession, and importantly, wage gains have been revised down. The bond market, the stock market and the currency markets are all betting that the Fed's next rate move will be down, even though the Fed tries to tell markets at every chance that a hike is more likely. The disconnect with the bond market is so large that Mr. Bernanke could wrap up his first full year with as much as a 100-basis-point inversion in the yield curve. Yet the tightening of policy relative to reality has created a stance sufficiently hawkish to rebuild inflation-fighting capital -- a welcome strategic development. In a sense, Mr. Bernanke has become an accidental hawk. This fortuitously earned capital is especially timely with the economy below its long-run sustainable growth rate. After all, a central banker never knows when he will need to cash in some chips.

Mr. Sumerlin is managing director of the Lindsey Group.

FDA Panel Seeks Warning That Stents May Be Unsafe (WP)

By Rob Stein

The Washington Post, December 9, 2006

New drug-oozing stents widely used to prop open clogged arteries are associated with an increased risk of blood clots, heart attacks and death for the majority of patients receiving the devices, an expert panel concluded yesterday.

Based on the finding, the special 21-member Food and Drug Administration panel recommended that the agency issue new warnings to doctors and patients that the devices' safety has not been established except for relatively low-risk patients, for whom the stents were originally tested and approved.

"If you use the device outside that indication, you're going to have a higher incidence of complications," said William H. Maisel of the Beth Israel Deaconess Medical Center in Boston, who chaired the panel.

The panel stressed that the tiny metal-lattice struts, known as drug-eluting stents, offer advantages over older bare-metal versions for some patients, with the benefits outweighing the risks for the relatively healthy patients for whom the devices have been tested.

It remains unclear whether the devices are causing the complications in other patients; the side effects could be occurring because these patients tend to be sicker. But panel members concluded that until that question can be answered, doctors and patients should be alerted about the potential risks. Several members said they hoped that would make doctors more cautious about using the devices.

"Let's be more judicious about this. Let's be less indiscriminate," said Eric J. Topol of the Scripps Clinic in San Diego.

The panel also recommended that patients who have the stents take anti-clotting drugs for at least a year.

More than 6 million people worldwide have gotten the drug-coated devices, including perhaps 3 million in the United States. At least 800,000 new patients get them each year, making the stents the most common device used to treat heart disease and one of the most common medical procedures of any kind. The panel's recommendations apply to at least 60 percent of those patients.

The FDA is not bound to follow the recommendations, but an official said the agency would respond rapidly.

"There may be things that can be done relatively quickly," the FDA's Daniel G. Schultz said, noting that the warning could take the form of changes in the devices' labels and letters to doctors and patients.

The recommendations came on the second day of a sometimes contentious two-day meeting the FDA urgently convened to determine whether the risks of the devices outweigh the benefits.

The panel concluded that although the devices, compared with older bare-metal versions, may increase the risk of blood clots, drug-eluting stents do not appear to increase the overall risk of heart attacks and strokes when used in the kind of patients

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for whom they were originally intended. But a majority of patients get them "off-label," or not as intended, and tend to be sicker and have more-complicated conditions, such as diabetes, multiple blockages and blockages in narrower arteries.

In a packed hotel room in Gaithersburg yesterday, the panel listened to presentations from researchers from California, Illinois, North Carolina, Rhode Island, Washington and elsewhere who analyzed the latest data from large registries of patients who had received the stents since they were introduced three years ago. Although the results were mixed, several analyses found an increased risk of blood clots, deaths and heart attacks.

"Do we have evidence that the safety-efficacy balance might be different in the off-label? I think we've heard enough to suggest that that's the case," said Steven Nissen of the Cleveland Clinic.

More than 1 million U.S. heart patients undergo procedures every year to have blocked arteries opened with tiny balloons, after which stents are implanted to keep the vessels open. Scar tissue often grows around the stents, however, narrowing the arteries again and requiring patients to undergo the procedure repeatedly or to have bypass surgery.

The newer stents are coated with a polymer impregnated with drugs that are released slowly, inhibiting scar-tissue growth. Because the devices were shown to be highly effective, they were hailed as a major advance and quickly replaced bare-metal versions for most patients, though the newer stents were tested on and approved for only low-risk patients.

The FDA called for the meeting after studies looking at patients outside tightly controlled clinical trials indicated that a year or more after implantation, patients with drug-coated stents faced increased risks compared with those with bare-metal models. Some researchers have estimated the newer devices might be causing thousands of heart attacks and deaths a year.

Some researchers, along with Boston Scientific Corp. and Johnson & Johnson, which make the two drug-eluting stents sold domestically, say any risks from the devices are offset by the reduced need for repeated procedures and bypass surgery, which carry their own risks.

Patients who get the stents had been advised to take aspirin and the drug Plavix for three to six months to reduce the risk of blood clots. Recent studies have indicated that patients may need to take the drugs longer, perhaps indefinitely. But Plavix is expensive and increases the risk of serious bleeding.

How Doctors Are Rethinking Drug-Coated Stents (WSJ)

By Ron Winslow, Anna Wilde Mathews

The Wall Street Journal, December 9, 2006

Heart experts examining popular drug-coated stents in federal hearings this week concluded that safety concerns so far don't warrant restrictions in their use. But cardiologists already are changing the way they treat patients, rethinking when to use the devices and how to alter follow-up care.

Enthusiasm for the stents, small mesh tubes that prop open diseased arteries, was so immediate that within a year of their introduction in 2003, they had taken the place of their more-established bare-metal predecessors in 80% of an estimated one million stent patients. Unlike bare-metal stents, they prevent reclogging.

The vast majority of patients who have a coated stent won't experience a problem. But in recent months, long-term studies and real-world experience have yielded evidence that in rare instances the newer devices may trigger potentially fatal blood clots, years after they are implanted. That prompted the Food and Drug Administration to convene a panel of experts, which after two days of hearings stopped short of calling for major changes in how doctors use the devices.

It has become a common tension in medicine: New treatments -- especially those featuring advanced technology -- are rapidly adopted for their benefits before their risks are fully understood.

More doctors already say they are looking closer at heart patients, and in some cases going back to bare-metal stents, which are more likely to result in reclogged arteries that often require more stents or even bypass surgery. Doctors also are asking patients to take the blood-thinner Plavix for much longer than the three-to-six months currently recommended, in order to keep clots from forming in the weeks after the devices are implanted. But prolonged medication carries risks of its own.

"I wouldn't see necessarily a big shift away from using drug-eluting stents," said Christopher Cannon, a cardiologist at Brigham & Women's Hospital and Harvard Medical School in Boston. "But a more thoughtful and discriminate approach does seem useful."

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The FDA panel seemed satisfied after this week's hearings that, based on data available, the risk of heart attack and death with the drug-coated stents isn't significantly higher than with the bare-metal devices -- at least when used in accordance with their FDA-approved instructions. Those cover only patients with relatively simple conditions, involving a single arterial blockage without complications such as a heart attack.

Friday, the committee signaled far more concern about patients who don't fit that profile -- at least 60% of those receiving drug-coated stents, by the FDA's estimate. For these "off label" patients, with more complicated problems such as multiple blockages, several committee members said they worried there isn't enough evidence to be sure when the benefits of the stents outweighed their potential risks.

"I don't think we have enough data at all to say that the other [off-label] reasons for putting in a drug-eluting stent are safe and effective," said Norman Kato, a committee member who is a doctor in the Cardiac Care Medical Group in Encino, Calif.

Other committee members disagreed. Some called for stronger warning language against the wider use, and others, arguing there is no concrete reason to stop using the stents in particular types of patients, suggested milder options.

In a news conference concluding the two days of meetings, William Maisel, the panel's chairman and a doctor at Beth Israel Deaconess Medical Center in Boston, suggested the FDA should put language into the stents' labels warning that their use in such "off label" situations may be associated with a higher risk of clotting, heart attacks and death compared with the simpler, on-label situations.

The agency's next step isn't completely clear in this case because the panel's views on regulatory actions were vague and somewhat divided. Daniel Schultz, head of the agency's device center, said the FDA understands it needs "to do a better job...communicating to patients and communicating to doctors the best and the latest information that we know," but it isn't clear what combination of label changes, letters or other means it would use. The agency also will consider panel members' call for more-complete data on the stents in examining the designs of approval studies, he said.

Bare-metal stents transformed treatment of heart patients when they were introduced in 1994, but their tendency to reclog with scar tissue left 15% to 30% of patients needing additional procedures or even bypass surgery to relieve chest pain and help avoid heart attacks.

The two drug-coated versions in the U.S., marketed by Johnson & Johnson and Boston Scientific Corp., significantly stanch the growth of scar tissue and reduce the need for repeat procedures to less than 3% -- a result that led to their rapid adoption by cardiologists.

"Overall, the drug-eluting stents are very effective," says William O'Neill, executive dean for clinical affairs at University of Miami School of Medicine and an interventional cardiologist. "But there's no free lunch."

After the FDA panel's meeting, Boston Scientific Chief Medical and Scientific Officer Donald Baim said that while the company's data show "more adverse events in more complex patients," it believes the drug-coated stent "still compares favorably to alternative treatment options such as bypass surgery." Johnson & Johnson's Cordis unit said it believes the evidence it presented "supports the efficacy and safety" of its stent, and the company will continue to support clinical trials.

The FDA advisory panel stopped short of recommending extended use of Plavix and aspirin to 12 months or longer to prevent clots for routine cases but generally endorsed recommendations for that strategy for off-label uses.

Cardiologists say that making sure patients withstand or afford such a regimen for a year or longer is a critical factor in determining whether to treat them with a drug-coated stent.

"If you can't take [Plavix and aspirin] or if you can't pay for it, the bare-metal stent should be the chief option," said Robert Califf, head of Duke University's Duke Translational Medicine Institute in Durham, N.C. "That's abundantly clear."

It isn't clear how long patients need to stay on the drug to maintain protection against a clot, and there are other important concerns -- including the cost of the drug -- associated with its long-term use.

Kevin Graham, director of preventive cardiology at Minneapolis Heart Institute in Minnesota, said a patient in his practice stopped taking Plavix three-and-a-half years after getting a drug-coated stent and within a month, she had suffered a heart attack from a clot in the device.

A large observational study of nearly 4,700 patients, published online by the Journal of the American Medical Association this week, showed patients who got a drug-coated stent and stayed on Plavix had the lowest risk of death, heart attack or

procedures to clear obstructed arteries, while those with the drug-coated stent who stopped taking the drug had the highest risk. Patients with bare-metal stents came in the middle.

While the study has limitations and isn't definitive, it is enough to convince Dr. Califf, its principal author, that patients with drug-coated stents should stay on the Plavix indefinitely -- or until additional research offers better guidance.

Brigham & Women's Dr. Cannon says there are four categories of patients who should consider bare-metal rather than drug-coated stents: people who have a history or risk of bleeding, such as ulcers or hemorrhages; who aren't likely to be able to stay on Plavix indefinitely; who can't afford the medicine; and who already take other blood thinners to manage an irregular heart-beat condition called atrial fibrillation.

Last week, John Brush, a cardiologist in private practice in Norfolk, Va., used a bare-metal stent to treat a heart-attack patient. A couple of months ago, he says, he would have put in a drug-coated device, "but I got subtle signals the patient was noncompliant."

Another issue is cost. In Minneapolis, Dr. Graham said he recently saw an elderly woman who already had a drug-coated stent and was on Plavix, at $6 a day, and a host of other medicines typical of a regimen for heart patients. She told him her monthly prescription bill was $436, while her social-security check was just over $900. "She was literally crying," Dr. Graham says. She had hit the "donut hole," a gap in Medicare drug coverage when patients have to pay the full cost of their medications themselves.

He reluctantly took her off the drug, and so far, she is okay, he says. "In those scenarios, people have to decide whether to pay the rent, pay their lights bills, buy food or buy the drugs."

Another important issue is the need for other medical procedures. Dentists, surgeons and other doctors often ask patients to stop taking the blood thinner before undergoing dental surgery, colonoscopies or orthopedic procedures such as knee replacements. The University of Miami's Dr. O'Neill said he has had three patients end up in the emergency room with heart attacks because they temporarily stopped taking Plavix on the advice of other doctors.

"It's essential that patients not stop the Plavix unless they consult with the cardiologist that put the stent in," he said.

Many patients treated under the prevailing three-to-six-month guidelines for the blood thinner have been off the medicine for some time. At Duke, the recommendation is that patients discuss with their physicians whether they should resume taking the drug.

Elsewhere, doctors aren't convinced it is necessary. At the Ochsner Health System in New Orleans, J.P. Reilly, associate director of the cardiac catheterization laboratory, said he recently advised a patient not to go back on Plavix. "It's a difficult question to answer because of the costs associated with Plavix and the risks of bleeding," he says. But the patient's disease seemed well confined, a factor the doctor took into account in considering the question.

Then there is the surgery option. Drug-coated stents have prompted many cardiologists to take on patients who in previous years they would have referred to surgeons. At this week's hearing, some surgeons urged the FDA panel to prod patients and doctors to consider bypass surgery again.

These procedures are far more difficult than implanting a stent -- and they carry a higher risk of dying in the 30 days after treatment than procedures to implant stents. The surgeons argued they may be safer in the long term for certain patients with complicated problems such as blockages in multiple arteries.

Panel Urges Caution Concerning Coated Stents (NYT)

By Barnaby J. Feder

The New York Times, December 9, 2006

GAITHERSBURG, Md., Dec. 8 — A panel of experts recommended Friday that doctors and patients be given stronger warnings about the dangers associated with the use of drug-coated stents in high-risk patients.

The panelists also recommended that the Food and Drug Administration warn doctors that if possible, such patients should remain on aspirin and Plavix, an anticlotting drug, for at least a year after a drug-coated stent implant.

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The label on the Cypher stent, from Johnson & Johnson, approved for sale in the United States in 2003, calls for the anticlotting therapy for just three months. The label on the Taxus stent, from Boston Scientific, approved the next year, calls for six months on the drug.

At the end of the two-day hearing here, the panelists struggled to reach a consensus on most of the questions posed to it by the F.D.A. about whether it should restrict the use of the tiny devices, which are implanted to prop open heart arteries.

As the session ended, Daniel Schult, head of the drug agency's Center for Devices and Radiological Health, said it was too soon to discuss what specific actions the F.D.A. might take. "What I heard loud and clear is that we need to do a better job communicating to doctors and patients the best and latest information," Dr. Schult said.

The challenge the agency faces is that most of the stents — over 60 percent by the F.D.A.'s estimates — are being implanted in patients with more complex cardiovascular problems than those of the patients the devices were tested on.

The experts told F.D.A. officials that there was little reliable research comparing the risks associated with such "off label" use to the outcomes with drug treatment or surgery. And what research there is suggests that the risks of clotting, heart attack and death are higher for such high-risk patients than for those who were in clinical trial groups.

The stent market grew so explosively after the drug-coated devices were introduced in 2003 that regulators and consumers were caught with too little data. About one million Americans annually get stents — often more than one. Stents are implanted after tiny balloons have been inflated in clogged arteries to reopen blood flow, a procedure known as angioplasty.

The first stents were bare metal devices. The drug-coated products sharply reduced the frequency with which new blockages formed at the implant site, thus reducing the number of follow-up procedures. In the last year, though, it was discovered that the formation of potentially deadly clots long after implantation was slightly more common with the drug-coated stents than with bare-metal stents.

Doctors today commonly give the drug-coated stents without F.D.A. clearance to diabetics, people with weakened hearts or kidneys, and those with plaque blockages in three or more coronary arteries who hope the stenting will allow them to avoid bypass surgery.

Three medical societies, including the American Heart Association, have recommended that patients stay on anticlotting drugs for a year.

How the F.D.A. may address the issue is unclear. It cannot require the companies to recommend a drug program on their labels for an unapproved use of the device. And Bristol-Myers, which makes Plavix, is not allowed to market the drug for off-label stent use.

Many doctors are already recommending extended or even indefinite use of anticlotting drugs for stent patients. But the panelists pointed out Friday that no one knows the optimal length of time to take the drugs.

The anticlotting drugs can lead to excessive bleeding when a patient is in an accident and must be stopped if surgery or dental work is needed. Doctors also worry about whether patients will remember to take them every day and whether poorer patients can afford Plavix, which costs $1,400 annually for a daily dose.

"I haven't heard anything today that's going to change my practice when I go back to it Monday," said Dr. Christopher J. White, a cardiologist on the panel from the Ochsner Medical Center in New Orleans. After a moment's thought, though, he said he might cut back on the use of drug-coated stents where arteries branch since data showed clotting rates were higher where patients had overlapping stents.

Surgeons told the panel that a way to reduce risks was to cut back on the use of stents in most patients with blockages in three or more vessels or in the left main coronary artery — both cases in which data indicates survival rates are better for patients who undergo bypass surgery.

NIH Scientist Pleads Guilty In Accepting $285,000 From Pfizer (WP)

By Eric Rich

The Washington Post, December 9, 2006

DOJ_NMG_0105146

A senior government scientist who was a focus of a congressional probe into conflicts of interest in medical research admitted in federal court yesterday that he improperly failed to disclose payments of $285,000 he received as a consultant for the pharmaceutical manufacturer Pfizer Inc.

Pearson "Trey" Sunderland III, who was chief of the Geriatric Psychiatry Branch of the National Institute of Mental Health, pleaded guilty in Baltimore to a misdemeanor charge of violating conflict-of-interest rules.

Under the terms of the plea agreement, the Chevy Chase resident must forfeit $300,000 -- the payments plus expenses for which he was reimbursed. At the Dec. 22 sentencing, prosecutors have said that they will recommend that he be placed on probation for two years.

Sunderland, 55, admitted to entering consulting agreements with the drugmaker beginning in 1998 without receiving the required approval in advance or disclosing his income after the fact. Sunderland was paid as a consultant on two projects in which his department was collaborating with Pfizer on research to identify chemical warning signs of Alzheimer's disease.

The criminal prosecution of a researcher for violating conflict-of-interest rules is a rarity. But Sunderland's consulting arrangements, which first surfaced in 2004, were among the most egregious of the possible conflicts detailed during the probe by a congressional subcommittee.

U.S. Attorney Rod J. Rosenstein said the case should send a message to other government researchers. "Dr. Sunderland violated the fundamental rule that government employees cannot accept payment from interested private parties without the permission of their supervisors," Rosenstein said in a statement.

But members of Congress said yesterday that they found it disturbing that even after his guilty plea, Sunderland remains in his federal job, where he is a member of the Public Health Service Commissioned Corps.

"The question now becomes: Will the National Institutes of Health and the Commissioned Corps finally move to terminate Dr. Sunderland's assignment?" Rep. Bart Stupak (D-Mich.) asked in a statement. "Is a criminal guilty plea enough to, at long last, remove Dr. Sunderland from NIH?"

NIH spokesman Don Ralbovsky and Robert F. Muse, an attorney for Sunderland, declined to comment.

According to court documents, Sunderland initiated discussions with Pfizer in 1998 that led to his being paid as a consultant on a collaborative project involving Pfizer and NIMH. He was ultimately paid a $25,000 retainer each year for five years as well as $35,000 to attend 14 meetings at Pfizer locations. He negotiated similar terms later in 1998 as a consultant on a second effort.

In neither case did he disclose the income in annual reports, nor did he receive approval in advance from the U.S. Department of Health and Human Services, as required.

Adil E. Shamoo, founder and editor-in-chief of the journal Accountability in Research, which deals extensively with medical ethics, said he considered probation and the forfeiture to be appropriate punishment for Sunderland's misconduct.

"Pleading guilty in a court of law, a man of his caliber as a researcher -- it's really disappointing, and hopefully it will be a deterrent," Shamoo said. "It should be very embarrassing to him."

As a result of concerns over possible conflicts of interest, NIH officials began administrative actions against 34 scientists and referred 10 others, including Sunderland, to the Office of the Inspector General for possible prosecution. In August 2005, the NIH imposed rules that bar employees from working for, or owning stock in, drug companies.

NASA Official Questions Agency's Focus On The Shuttle (NYT)

By John Schwartz

The New York Times, December 9, 2006

CAPE CANAVERAL, Fla., Dec. 8 — NASA's administrator, Michael D. Griffin, says the current period of space exploration will come to be seen as a mistake.

"Viewed from the point of history several decades out," he said in an interview, "the period where the United States retreated from the Moon and quite deliberately focused only on low Earth orbit will be seen, to me, a mistake."

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Mr. Griffin has made similar comments before, notably a year ago in an interview with USA Today. This time, his remarks came as he waited for Thursday's down-to-the-wire effort to launch the shuttle on a 12-day mission to rewire the International Space Station. The liftoff was scrubbed at the last minute because of weather concerns.

Mission managers decided not to try to launch on Friday, when weather conditions were predicted to be too cloudy and windy for a safe launching. They expect to try again at 8:47 p.m. on Saturday, though the decision about whether to proceed will not be made until weather officers give their prediction early that morning.

Launching opportunities extend to Dec. 26, though space agency officials hope to get the shuttle to orbit long before then.

Mr. Griffin was appointed to head the National Aeronautics and Space Administration in 2005, a year after President Bush announced his "vision for space exploration," which calls for returning astronauts to the Moon by 2020 and then moving on to send humans to Mars. Mr. Griffin has from the start been an enthusiastic proponent of that plan.

But it has put him in a delicate situation, as he has shifted NASA financing to the Moon initiative, while moving to complete the space station and shut down the shuttle program by 2010, and cutting back on its science activities. And in doing so, he has occasionally expressed doubts about the wisdom underlying the nation's decision to build the shuttle and the station.

After his remarks a year ago, he issued an apologetic memorandum to NASA employees.

But if there was any discomfort in expressing such opinions once again at the Kennedy Space Center in the midst of preparations for launching, Mr. Griffin showed none. He said in the interview that his comments had been broadly misconstrued as a slap against the people who build and maintain the shuttle and space station, and emphasized that he admired the people of NASA who took on enormous challenges to create the shuttle and station.

The fault is not NASA's, he said, adding: "The space shuttle is a response to a policy mistake — it isn't the mistake. The mistake was tearing up all the infrastructure that we built for Apollo and saying, 'let's just focus on low Earth orbit.' "

The plan to return to the Moon by 2020 has been met with some skepticism, especially among those who doubt that the space agency can take on such a daunting project within its $17 billion annual budget. Dr. Griffin said that NASA could do the job — and could reach the moon even more quickly, with more money.

"I'm tempted to say, 'Why the skepticism?' " he said, adding, "but in fairness, NASA's recent history has not had the on-time, on-budget performance characteristic of the Apollo era. And I'm trying to restore that."

The fact that Democrats won the majority of seats in Congress in the November election, and other political changes that will occur over time, should have little effect on the plan, he said.

"Unless you believe that a future U.S. president or a future U.S. Congress actually wants to cancel the U.S. spaceflight program, then I actually do not perceive a big threat from changing administrations and changing Congresses," he said. "I think the country wants to have a manned spaceflight program, and a substantial one."

Roger D. Launius, the chairman of the division of space history at the Smithsonian National Air and Space Museum, expressed surprise that Mr. Griffin would repeat his statement about the judgment of history after the controversy that erupted a year ago.

"Here we've got a guy who speaks his mind," Mr. Launius said. "That's not always the case, certainly in Washington, and it certainly hasn't been the case at NASA."

Still, while some of the criticism is justified, Mr. Launius said, the shuttle "turned out better than it had any right to," and stands today as something of an engineering marvel.

Representative Bart Gordon, Democrat of Tennessee and the incoming head of the House Committee on Science, declined to address Mr. Griffin's comments about the history of the space effort, saying through a spokeswoman: "I would rather focus on where we go from here. I support human exploration beyond low Earth orbit. However, it's got to be paid for."

Back To The Moon, Permanently (NYT)

The New York Times, December 9, 2006

Three years after President Bush announced an ambitious long-term goal to return astronauts to the Moon and then send them on to Mars, the National Aeronautics and Space Administration has finally put some flesh on his nebulous aspirations. This week, the agency announced plans to establish a permanent base on the Moon by 2024, explained why we should want to send

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astronauts back to a world they visited repeatedly more than three decades ago, and described what they might do when they get there. It was belated justification for a decision that the Bush administration and Congress have already made. But the payoff is distant and the likely future costs very high, leaving it unclear how realistic these aspirations will prove to be.

The agency has done a commendably thorough job by consulting some 1,000 experts and 13 other space agencies in fashioning its plans. Such a costly and difficult venture should ideally be pursued cooperatively with other nations, to share the costs and the risks. It would be especially desirable to have multiple ways of reaching the Moon in case the American program runs into problems like those that grounded the shuttles.

What's worrisome about the new plans is their lack of focus. The agency cites six major reasons for returning to the Moon. The most persuasive is to use the Moon as a base to test technologies and operating techniques to be used on future missions to Mars, a more compelling target. It makes sense to first try "living off the land" on the Moon, where astronauts are only days away from home should something go wrong, before taking the long leap to Mars. The venture is also justified on scientific, economic, educational and global partnership grounds, and as a step toward eventual settlements on the Moon.

The wide sweep of these rationales is reminiscent of the extravagant promises for the space station, which was sold to Congress as a steppingstone to the planets, a scientific and economic bonanza, and a stimulus for students but is still limping along, half finished and far over budget, with greatly diminished expectations for what it can accomplish.

An even more expansive document — listing some 180 objectives that the astronauts might pursue on the Moon — is essentially a wish list compiled after consulting virtually every expert in the world who might have an opinion. The list puts the lie to criticisms that there is almost nothing useful to do on the Moon. But some of the objectives have a pie-in-the-sky quality, like exporting power from the Moon for use on Earth, while others, like observatories on the Moon, might not prove feasible or affordable for decades. The objectives will need to be winnowed and focused if they are to serve as useful guides in pursuing the program.

If this nation is to continue a human space flight program it makes sense to pick a more exciting destination than a space station circling endlessly in low Earth orbit. Our main concern is that the political proponents of the Moon-Mars adventure will not provide money commensurate with the task. NASA's crowning scientific achievements have come from its unmanned probes to distant worlds and its orbiting observatories. It would be a shame if an underfinanced program to return to the Moon on a permanent basis and then venture on to Mars forced reductions in research programs of higher scientific value.

Mans Stabs Himself In Front Of Longworth, Forces Temporary Shutdown Of Union Station Area (RC)

By John McArdle, John Bresnahan

Roll Call, December 8, 2006

At 12:55 p.m. today, a 19-year-old man walked up to the main entrance of the Longworth House Office Building and proceeded to stab himself at least once in the chest in front of Capitol Police officers.

After arresting the man, officers found something in a backpack he was carrying that led them to shut down streets near Union Station to search for a suspicious package that he had mailed earlier in the day.

By 5:30 p.m., the package had been found and was deemed safe by Capitol Police and Metropolitan Police, and investigators and the man remained at George Washington Hospital under police arrest.

A Capitol Police spokeswoman, Sgt. Kimberly Schneider, said Friday night that detectives were still investigating a motive for the incident.

Schneider said the man is not a D.C. resident and that he is not believed to be an employee of Congress.

She also noted that after the man was subdued and transported to the hospital, his belongings were taken to a Capitol Police facility in the Fairchild Building. Once inside, officers discovered a suspicious substance in the man's backpack and briefly evacuated the building. That substance later was deemed safe, but evidence in the backpack eventually led police to believe the man had mailed a package earlier in the day.

After shutting down the Union Station area for an hour and a half, officers eventually found that package inside a nearby postal service truck and deemed it safe.

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"It's to early to say what charges he will face or what his motive was, said Schneider. "We have a lot of investigating to do."

SMU Wins Court Decision Involving Land For Bush Library (AP)

AP, December 8, 2006

DALLAS — Southern Methodist University has won a court ruling that could boost its bid to host the George W. Bush Presidential Library.

Federal District Judge Jerry Buchmeyer ruled Thursday that SMU has clear title to a condominium complex that university officials have considered for the library. SMU and two other colleges are bidding for the library.

Leon Bennett, SMU's vice president for legal affairs, said the university plans to evict the remaining residents this month and begin tearing down the condominiums.

Two condo owners — a dentist who moved out and a lawyer who still lives there — claimed the university used unfair tactics to buy out owners at low prices.

The university denied the charges, and the judge wrote that the plaintiffs didn't prove SMU broke the University Gardens Condominiums bylaws.

The plaintiffs said they plan to appeal.

The two men filed the lawsuit last year in state court. The case was moved to federal court last month. It has been delayed many times, including when one of the plaintiffs filed for bankruptcy protection.

SMU officials have declined to discuss details of their bid for the presidential library, including its precise location.

SMU is considered a front-runner for the library. First lady Laura Bush graduated from the university and serves on its board of trustees, and the school's location near downtown Dallas is seen as a better draw for tourists.

The other bidders are Baylor University in Waco and the University of Dallas, which is in suburban Irving. Texas Tech University in Lubbock was eliminated. A decision is expected early next year.

Bush's Dog Barney Is Back With New Video (AP)

AP, December 8, 2006

WASHINGTON — Just in time for the holidays, America's best-known Scottish terrier is back with a new video on the White House Web site.

It's "Barney's Holiday Extravaganza," a production that follows Barney around the White House as he plans a holiday show, runs into trouble developing a plot and then wrangles over his budget with Treasury Secretary Henry Paulson and Budget Director Rob Portman.

The supporting cast includes President Bush, his wife, Laura, entertainer Dolly Parton, three-time Super Bowl champion and "Dancing with the Stars" winner Emmitt Smith, political strategist Karl Rove, Education Secretary Margaret Spellings, Press Secretary Tony Snow and others.

Miss Beazley, the Bushes' other Scottish terrier, and the first cat, Willie, also make appearances.

Ignore And Appoint (LAT)

The Los Angeles Times, December 9, 2006

WHATEVER YOU thought of Ambassador John R. Bolton as U.S. representative at the United Nations — and we thought he was too confrontational — his tenure was clouded from the beginning by the fact that his appointment was never confirmed by the Senate. President Bush installed him at the U.N. with a "recess appointment" while the Senate was out of session.

Bush and his would-be successors — Democratic and Republican — should resolve that Bolton is the last major official to serve under this disability. Recess appointments are allowed by the letter of the Constitution, but they violate its spirit.

Bolton, who resigned this week when it became clear that he couldn't be confirmed even by the lame-duck Republican Senate, served for 16 months in what is arguably the most important diplomatic post after secretary of State. Yet his appointment never received the "advice and consent" the Senate is authorized by the Constitution to bestow on — or withhold from — proposed "ambassadors, other public ministers and consuls, judges of the Supreme Court and all other officers of the United States."

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Bush installed Bolton under another part of the Constitution that empowers the president to "fill up all vacancies that may happen during the recess of the Senate, by granting commissions which shall expire at the end of their next session."

Unlike the requirement for advice and consent, this provision is not central to the constitutional balance of powers between the executive and legislative branches. Rather, it's a quaint vestige of the 18th century — an era of stagecoaches, when it could take weeks for enough senators to travel to Washington to fill a quorum.

Since the 1950s, presidents have refrained from making recess appointments to the Supreme Court. But both Bill Clinton and George W. Bush have made such appointments to federal appeals courts, as well as to important executive branch positions, such as Bolton's, that should be subject to Senate confirmation.

With a new Democratic majority in the Senate capable of sustaining a filibuster, Bush may be tempted to resort to recess appointments — perhaps even to the Supreme Court — as payback for what he would see as obstructionism. He should resist the temptation.

We would gladly do away with filibusters of judicial nominations (and of legislation, for that matter). But neither filibusters nor other procedural obstacles that senators may erect to the confirmation process justify the greater evil of judges and ambassadors who have not been confirmed by the Senate. The "way forward" on this issue is for Bush and his successors to honor the spirit as well as the letter of the Constitution.

OTHER NEWS:

Despite Probe, A Close Race (WP)

By Shailagh Murray, Allan Lengel

The Washington Post, December 9, 2006

Rep. William J. Jefferson (D-La.) was given up for dead politically after the FBI found $90,000 in alleged bribe money in his freezer, and he barely survived a Nov. 7 primary election, garnering 30 percent of the vote in a crowded field of 12 challengers.

Now he is locked in a tough runoff with a well-funded Democratic challenger who is using poetry and schoolchildren to highlight Jefferson's ethical woes. Many of Jefferson's House colleagues are privately rooting for him to lose today so his troubles do not tarnish the new Democratic-controlled Congress. But while scandals cost the GOP 12 House seats last month, the eight-term Democrat is proving surprisingly resilient, and experts say the special election could go either way.

Jefferson has scooped up high-profile endorsements from New Orleans Mayor C. Ray Nagin and state Sen. Derrick Shepherd, who finished third in the primary, while attacking opponent Karen Carter, who finished second with 22 percent of the vote, as too liberal. In one ad, Jefferson declares "I have never taken a bribe" and dismisses Carter, a 37-year-old lawyer and state representative, as "an ambitious young woman." The national Democratic Party has steered clear of the race.

Brian J. Brox, a political scientist at Tulane University, described the race as heated and hard to predict. "It looks like a fairly negative and nasty affair," he said.

A low-key lawmaker with a scholarly demeanor, Jefferson had his world turned upside down in August 2005, when federal investigators raided his homes in Washington and New Orleans as part of a corruption investigation related to African business activities. Sources familiar with the probe said Jefferson is certain to be indicted, probably sometime in the first half of 2007.

Jefferson has strongly denied engaging in illegal activity, and to the surprise and alarm of some of his Democratic colleagues, he has forged ahead with his reelection campaign. He argues that his flood-ravaged city needs an experienced hand in the House to usher through recovery-related legislation. "Now is not the time for an unproven person to go to Washington and try to fight for our recovery," he warned in one campaign ad.

But in June, House Minority Leader Nancy Pelosi (Calif.) and other leaders stripped Jefferson of his coveted seat on the Ways and Means Committee, a humiliating slap meant to send an election-year signal that Democrats do not tolerate ethical lapses. In October, the Louisiana Democratic Party voted to endorse Carter, who has matched Jefferson in fundraising. Both candidates have raised about $900,000, according to Federal Election Commission reports.

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Pelosi has had little to say about Jefferson's reelection bid. "It is up to the people of New Orleans to decide who they want to represent them," she said this week. A Pelosi spokeswoman noted that there is no guarantee Jefferson would secure a committee assignment in the new Congress, should he win reelection.

Throughout the campaign, Jefferson has attempted to portray Carter as a left-wing fringe figure who supports late-term abortions, same-sex marriage and human cloning. Carter has hit back; one of her ads shows a children's spelling bee in which contestants spell "hypocrite" and "corruption." A radio ad contrasts Carter's Katrina response with reports that Jefferson used a National Guard detail to survey damage to his home. The congressman has insisted that he was not allowed to enter the area unescorted.

The radio message is delivered in the poetic style of " 'Twas the Night Before Christmas":

Karen Carter made headlines, pleading for buses and gas

To help desperate people in the Dome and on the Claiborne overpass.

In the meantime, Bill Jefferson couldn't be found.

Oh, that's right, two Humvees and a chopper had taken him Uptown.

The FBI is also investigating Jefferson's wife and other family members. The probe began in March 2005 with an undercover sting spurred by a Northern Virginia woman, Lori Mody. She had approached the FBI, concerned that Jefferson and some of his business associates were trying to swindle her.

Two of Jefferson's associates pleaded guilty this year to bribing the congressman. Investigators are examining about a dozen business schemes in the United States and in Africa in which Jefferson allegedly used his official position in exchange for financial gain, according to court documents and sources, who spoke on the condition of anonymity because of the sensitivity of the case.

Given the volume of evidence that federal investigators are thought to possess, indictments in the case were expected months ago. But the probe has been slowed by legal wrangling over documents seized during a controversial FBI raid of Jefferson's House office in May.

Romney's Gay Rights Stance Draws Ire (NYT)

By Adam Nagourney, David D. Kirkpatrick

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Gov. Mitt Romney, the Massachusetts Republican who has built a presidential campaign on a broad appeal for conservative support, is drawing sharply increased criticism from conservative activists for his advocacy of gay rights in a 1994 letter.

Mr. Romney's standing among conservatives is being hurt by a letter he sent to the Log Cabin Club of Massachusetts saying that he would be a stronger advocate for gay rights than Senator Edward M. Kennedy, his opponent in a Senate race, in a position that stands in contrast to his current role as a champion of a state constitutional amendment banning same-sex marriage.

"We must make equality for gays and lesbians a mainstream concern," Mr. Romney wrote in a detailed plea for the support of the club, a gay Republican organization.

The circulation of the letter by gay rights groups in recent weeks has set off a storm of outrage among social conservatives, and by Friday was looming as a serious complication to Mr. Romney's hopes.

Aides to Mr. Romney, who did not dispute the letter's legitimacy, said that the governor's opinions on gay issues had not changed. They said Mr. Romney had always been an opponent of same-sex marriage, had always opposed discrimination against gay men and lesbians and had been consistent in his views about allowing them to serve in the military.

"Governor Romney believes Americans should be respectful of all people," said Eric Fehrnstrom, his spokesman. "However, over the past four years as governor, Mitt Romney has not advocated or supported any change in the military's policies and he has not implemented new or special rights in this area."

Mr. Fehrnstrom, echoing the language that Mr. Romney has frequently used on the campaign trail, said Mr. Romney had been "a champion of traditional marriage" and "fought the efforts of activist judges who seek to redefine marriage."

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Nonetheless, the breadth of the letter's language and the specificity of many of the pledges stunned conservative leaders. Many of them had turned to Mr. Romney as a conservative alternative to Senator John McCain, Republican of Arizona, whose position on issues like abortion had been considered suspect.

"This is quite disturbing," said Tony Perkins, president of the Family Research Council, who had praised Mr. Romney as a champion of traditional values at the group's conference in late September. "This type of information is going to create a lot of problems for Governor Romney. He is going to have a hard time overcoming this."

Paul Weyrich, a founder of the modern conservative movement, said: "Unless he comes out with an abject repudiation of this, I think it makes him out to be a hypocrite. And if he totally repudiates this, you have to ask, on what grounds?"

The letter, and Mr. Romney's effort to reconcile it with the way he had presented himself on the campaign trail, reflects what has been one of the central challenges facing him in his campaign: how to move from winning an election in one of the most liberal states in the union to becoming the presidential candidate of a party whose nominating process is dominated by social conservatives.

As it is, he has shifted his position on abortion rights. Last year, Mr. Romney wrote an op-ed article for The Boston Globe saying that his views had "evolved and deepened," and that he opposed abortion and thought decisions on its legality should be left to states.

The 1994 letter followed a meeting with the Log Cabin Club. Mr. Romney wrote, "I am not unaware of my opponent's considerable record in the area of civil rights.

"For some voters, it might be enough to simply match my opponent's record in this area," he said. "But I believe we can and must do better. If we are to achieve the goals we share, we must make equality for gays and lesbians a mainstream concern. My opponent cannot do this. I can and will."

Mr. Romney, recounting in the letter the promises he made in the meeting with the club, said he had agreed to help sponsor a bill barring discrimination against gay men and lesbians if he was elected to the Senate and to broaden it to include protections for housing and credit.

He said he supported the "don't ask, don't tell" military policy created by former President Bill Clinton, and described it as "the first in a number of steps that will ultimately lead to gays' and lesbians' being able to serve openly and honestly in our nation's military."

Rich Tafel, who was the executive director of the club at the time, said he was stunned by what he described as the contrast between how Mr. Romney came across in their meeting and how he appeared on the campaign trail now.

"I've never seen anybody change like this," he said. "It really does concern me."

Viewed from some angles, Mr. Romney's positions on gay rights seem consistent. He still says he opposes discrimination against gay men and lesbians and he always said he opposed same-sex marriage.

But his emphasis has shifted in the last two years. As he moves into this new phase of his career, Mr. Romney rarely talks about the need to protect gay men and lesbians from bias, instead presenting himself as a conservative stalwart in the fight against same-sex marriage, arguing that legally recognizing same-sex unions endangers the cultural support for heterosexual families.

The doubts being raised could improve the prospects of two fellow Republicans who have been seeking conservative support in bids for the presidential election: Gov. Mike Huckabee of Arkansas and Senator Sam Brownback of Kansas.

The Rascals On The Right (NYT)

By Thomas B. Edsall

The New York Times, December 9, 2006

Washington

The early jockeying for the Republican presidential nomination reveals a split in the G.O.P. between sociocultural conservatives and the economy/ national defense wing, a split likely either to expand Democratic opportunities in 2008 or to produce an exceptionally viable Republican nominee.

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The most significant development at this stage of the race is the failure of any G.O.P. candidate to emerge as the consensus conservative, uniting white evangelicals, family-values traditionalists, defense hawks, and opponents of the tax and regulatory state. "There is a vacuum in the field," says the Republican pollster Tony Fabrizio, "a big, gaping hole."

The two Republican candidates leading in polls, John McCain and Rudy Giuliani, both fail the consensus test. Each stands to the left of the party — well to the left in Giuliani's case — on the "traditional values" issues: sexual mores, family structure, reproductive choice, gay rights, embryonic stem cell research, and so forth.

While religious leaders and social conservatives have claimed veto power over Republican presidential candidates, there are at least three reasons to doubt this will take place:

First, the G.O.P. has a long history of sticking with front-runners. Second, socially conservative political activists in key primary and caucus states are under intense pressure to choose now, accepting the field as it is. McCain has picked up the support of one of Iowa's top Christian power brokers, Marlys Popma, despite his denunciation six years ago of Pat Robertson and Jerry Falwell as "agents of intolerance" who "shame our faith, our party and our country." Third, states such as Michigan, Florida, New Jersey and California are considering advancing their primaries to an early date, Feb. 5. This would weaken the leverage of religious and cultural conservatives who are strongest in the South, and would strengthen the hand of Republicans who are enthusiastic about right-libertarians like McCain and Giuliani.

Where once party leaders and institutional forces screened candidates for moral rectitude — or the semblance of it — the top four candidates in this Republican crop head into the race with nine marriages, five divorces and unknown numbers of extramarital affairs. Among them, only Mitt Romney is viewed as squeaky clean.

Public Opinion Strategies, a highly respected Republican polling firm, noted in an election post-mortem that the impact of personal scandal "on the Republican Party has been understated." Bill McInturff, a senior partner in the firm, presented data showing that in the closing weeks of the last election, Mark Foley, the Florida Republican who resigned after disclosures that he sent sexually suggestive messages to teenage House pages, had become a better-recognized figure than either Dennis Hastert, the former House speaker, or Nancy Pelosi, his Democratic successor. In October 2006, Foley achieved the dubious distinction of a 69 percent negative rating among respondents, seven points higher than O. J. Simpson and nearly as high as Yasir Arafat.

Although Romney has evidently led an uneventful private life, he is trying to forcibly reinvent himself from his incarnation as a Massachusetts governor who favored abortion rights and gay rights — almost as hard a history to surmount in the G.O.P. as the multiple marriages and divorces of McCain, Giuliani, and Newt Gingrich. (Gingrich set a new standard in nerviness by conducting an affair with a House staffer while leading the drive to impeach President Bill Clinton.)

Social-moral conflicts of the sort surfacing in the Republican Party should help the Democrats, if they choose a candidate who can capitalize on Republican disarray. Sexual mores aside, Democrats have been hampered by a long line of candidates who, no matter how virtuous (or not), have been perceived by swing voters as moralizing, elitist, egg-headed, puritanical, do-good scolds — from Adlai Stevenson to Walter Mondale to Michael Dukakis to Al Gore.

Unless the Democratic Party can suppress its inclination to pick such nominees, or can find a way to focus public attention on the opportunistic and grandstanding nature of its opponents, the weakness of social conservatives could turn out to be a Republican strength. The nomination of a McCain, or a Giuliani, could result in the selection of a candidate whose macho posture and rascal charm make for a viable general election nominee.

G.O.P. Draws Fire On Senate Race Spending (NYT)

By David D. Kirkpatrick

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Campaign finance reports filed this week have led to second-guessing about whether the National Republican Senatorial Committee borrowed too little for its final all-out push for its candidates.

At least two Republican Senate candidates lost by just a few thousand votes, and reversing just one defeat would have enabled the Republicans to hold the Senate.

As of Nov. 27, the Republican senatorial committee had raised $87 million since the election cycle began in 2005 and ended up about $1.2 million in debt.

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By comparison, the Democratic Senatorial Campaign Committee, which lacked the inherent fund-raising advantage of controlling the Senate, raised $119 million in this election cycle and ended up $5.4 million in debt.

Candidates and parties routinely borrow at the end of close races and then pay down the debt after the election. The final figures, and especially the low debts, left some Republicans grumbling privately that their Senate committee's leader, Senator Elizabeth Dole of North Carolina, had failed to give it her all.

"Obviously, Elizabeth Dole did not get great reviews for her performance at the committee," said Stuart Rothenberg, a nonpartisan political analyst. "Nobody is saying she did a great job. You would have to be in a coma not to realize that a $30 million fund-raising advantage for the Democratic Senatorial Campaign Committee is astounding."

But the staff of the Republican senatorial committee provided analysis to show that their candidates in close races had outspent Democrats but lost anyway. They were incumbents, who enjoyed a considerable fund-raising edge. What's more, the Republican Party raised and spent far more than the Democrats did.

Thanks in part to a $12 million transfer from President Bush's leftover campaign funds, the Republican Party raised more than $200 million since the beginning of 2005 and ended up $3 million "in deficit" because of spending commitments made during the campaign, said Tracey Schmitt, a spokeswoman for the party.

The party reported $6.2 million in cash on hand and no loans. Ms. Schmitt said it had $9.2 million in other obligations.

The Democratic Party raised about $129.3 million since the beginning of 2005, and ended November with about $4 million on hand and about $4.7 million in bank debt.

The National Republican Congressional Committee also outraised and outborrowed the Democratic Congressional Campaign Committee.

According to the filings, the Republican committee raised $176 million since the beginning of 2005 and ended November with $1.4 million in cash and $13 million in debt. Its Democratic counterpart raised $137 million and ended November with $2.3 million in cash and $10 million in debt.

Although both Congressional committees have deep debts, the Democrats will have an easier time repaying theirs because the election gave them control of the House, ensuring more donations from influence-seekers.

"People are going to be clamoring to give to the Democrats," Mr. Rothenberg said. "For the Republicans, it is going to be pulling teeth, especially with a presidential race coming up" and its competition for contributions, he said.

Of the main presidential contenders who filed reports this week, Senator Hillary Rodham Clinton of New York remains the best financed. Ms. Clinton's campaign reported $14.4 million in cash on hand and $1.2 million in debts.

Although she lacked a serious challenger, her campaign was one of the biggest fund-raisers and spenders. She raised about $50 million since the beginning of 2005 and spent more than $30 million on operating expenses.

Issues Overshadowed By "Distractions," Allen Says (WP)

By Michael D. Shear

The Washington Post, December 9, 2006

Sen. George Allen (R-Va.) calls them his "distractions."

They started when he called a Democratic aide "macaca" and continued throughout the fall, with allegations about his character and accusations that dated back to his days in high school, college and law school.

As Allen campaigned unsuccessfully for a second term in the U.S. Senate, the distractions formed a dark, unattractive narrative of his life that he said crowded out everything else he was trying to say.

"You have these cheap shots coming at you, but you still need to move forward," Allen said yesterday in one of his first interviews since losing to Democrat James Webb by 9,329 votes out of a total of 2.4 million cast last month. "Obviously, when people are spreading falsehoods and lying about your character and who you are, it's much more aggravating."

"It allowed the portrayal -- and this is what's frustrating -- portrayal of the campaign to be away from actual issues, real solutions that matter," Allen said.

He declined to talk specifically about the controversies that turned what was supposed to be his warm-up for a presidential campaign into a losing bid to hold on to his Senate seat. "You can't brood and dwell" on the loss, he said.

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But it's clear -- especially from the football analogies he uses frequently to describe the sudden turn in his political life -- that Allen regrets the mistakes he and his campaign staff made during the past several months.

"In the event that you lost a game by three or four touchdowns, people say, 'Gosh, it's a blowout,' " Allen said as movers packed up boxes and removed pictures from Room 204 in the Russell Senate Office Building. "If you lose by one point in a game, you can look back on every single play of the game."

Looking back, he continued, one "can say, 'gosh darn, if we only had made that block, if we only didn't jump off-sides, if we only had recovered that fumble, if we hadn't thrown that interception. If the referees didn't screw us on that play.' "

Who are the referees in that analogy? He doesn't say.

There's a lot that Allen won't talk about. He will not discuss his immediate plans, saying he is focused on "doing the people's business" until he leaves his Senate office Jan. 3. He will not say what job offers he is considering but says he has "some really exciting opportunities" to pursue.

And he politely declines to discuss any political future he might have in Virginia.

Advisers say he has abandoned any hope of running for president, a prospect that seemed all but certain this summer. Before the fall campaign, Allen was considered by Washington insiders to be a leading contender for the GOP presidential nomination.

Now, his friends and political observers say, Allen is likely to bide his time before attempting a possible comeback, perhaps as governor in 2009.

For his service as a state delegate, U.S. representative, governor and senator, Allen will receive about $35,000 a year in combined state and federal pensions once he reaches retirement age, aides and Virginia officials estimated.

As nearly two decades in elective office come to a close, Allen prefers to talk about what he predicts will be the legacies from his time in office.

He mentions the school standards and welfare reform he helped push through a Democratic General Assembly as governor in the mid-1990s. He talks with pride about abolishing the "lenient, dishonest sentencing system" of parole. "That's going to endure," he said.

Allen talks less about his six years in the Senate, reflecting the very public admission that he enjoyed being governor far more than being a senator.

"There's a great deal of worship of process," he says with disdain, echoing comments he made early this year that he was tired of the slow pace in the Senate. "It's too slow for me," he said then.

That comment, printed in the New York Times, was the first sign of danger for Allen. Democrats pounced, dubbing him "Bored George." But it wasn't until he was caught on tape calling a Democratic aide of Indian descent "macaca" in early August that his Senate seat was in any real jeopardy. Macaca is a genus of monkey and a racial slur in some cultures.

For Allen, the razor-thin margin of his loss to Webb calls up memories of nail-biter games between the Dallas Cowboys and his father's Washington Redskins.

But Allen is gracious when it comes to Webb, a former Navy secretary for President Ronald Reagan.

"I wish him well because I think it's good for the people of Virginia to have strong leadership for Virginia," he said.

Throughout the campaign, Allen and his pollsters saw data that suggested it would be a close race, in part because of the difficult environment for Republicans this year.

"I knew that, first and foremost, the national Democrats had no love for me. We needed to be prepared," he recalled.

Were they?

"You could throw that in," he said, with a shrug that seemed to acknowledge a certain complacency in his campaign. "Folks have brought that one up, too."

On election night, Allen said, Tampa Bay Buccaneers Coach Jon Gruden, a friend, called him as results were still coming in.

"He said, 'Did you do everything you could? Did you work as hard as you could?' I said, 'Oh, sure, gosh,' " Allen said.

He then added:

"Maybe not everything was perfect in it. That's for sure."

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Sekula-Gibbs Has Much To Say (HC)

By Eun Kyung Kim

Houston Chronicle, December 9, 2006

WASHINGTON — She marched into Congress determined to help cut taxes and reform immigration despite the fact that she was only serving out a lame-duck term.

But after two weeks of legislative business on Capitol Hill, Rep. Shelley Sekula-Gibbs learned what being a lame duck really means: She could give speeches but not deliver all of the goods.

The Houston Republican spent the past week — Friday was her last official day on the Hill — delivering one speech after another on the House floor.

Her soliloquies, aimed at the House television camera as the chamber was virtually deserted, could have been judged plentiful even in a place where performance art often passes for good politics.

Beside casting one of the 367 votes in favor of a tax bill that would, among other things, extend the sales-tax deduction on itemized federal income tax returns for Texans and residents of six other states, Sekula-Gibbs leaves a legacy mainly of C-SPAN video.

"District 22 had been without a representative for many months and it was important to have a voice on the floor of the House of Representatives again," she said.

She indeed held forth on Medicare and immigration (a subject that eluded agreement by Congress) but didn't confine herself to the major issues of the day. Among her other topics:

• A welcome to the first lady of Azerbaijan during her visit to Washington.

• Giving nonprofit athletic organizations immunity from being sued.

• Declaring the first week in April "Plan Ahead with an Advance Directive Week."

• Requiring abortion providers to give women the option of receiving anesthesia for the fetus.

Sekula-Gibbs started her term last month as little more than a political footnote.

Democrat Nick Lampson defeated her in the Nov. 7 election to succeed Rep. Tom DeLay, who resigned. She was forced to run as a write-in candidate after courts ruled that DeLay's resignation deprived the Republican Party of the right to select a replacement candidate on the ballot. Lampson takes office in January.

But Sekula-Gibbs won the election that day to finish the last two months of DeLay's term. Lampson was not on the ballot in that contest.

Sekula-Gibbs, a dermatologist and former Houston councilwoman, wasted no time making headlines.

The seven employees she inherited from DeLay resigned the day after she was sworn in, charging that she mistreated them. She denied it and then accused them of deleting files from office computers.

The House chief administrative office investigated, at her request. She said she has not received any findings yet.

Praise from a fellow TexanAfter the Thanksgiving holiday, Congress reconvened only for this week and Sekula-Gibbs instantly became a regular speaker on the House floor.

Ruby Cubley, outgoing president of Bay Area Republican Women, said Sekula-Gibbs did a good job raising her profile and the profile of her district.

"The best she could do was getting her name out there, on the board, if you will," Cubley said.

Rep. Kevin Brady, R-The Woodlands, applauded the way Sekula-Gibbs handled herself.

"It's been difficult just because of the briefness of the term and our transition to the minority and just the circumstances of how she got in," he said.

He acknowledged that though "the staff brouhaha is damaging," he fully expects Sekula-Gibbs to run for office again.

"She's determined to return to Congress (after the) next term," he said.

Sekula-Gibbs remains mum on the topic, although she has made it clear in the past that she plans to run again for the seat in 2008.

"My whole focus has to be on working for the district until I hand over the reins," she said.

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Sekula-Gibbs pointed out that although her time in the legislative session ended, she still has weeks left in her term, which she will finish from her district office.

Cubley said Republicans are intent on coming up with a candidate who can win back the seat from Lampson in 2008.

"I don't know who that person will be, but we will be backing whoever that candidate is," she said. "This is a Republican district, and we will take it back."

For her part, Sekula-Gibbs said she was satisfied with her congressional run.

"Everything has been incredibly valuable, very valuable," she said. "The opportunity to participate in Congress is an experience I'll value my entire life."

Americans Back Price Negotiations On Medicare Drugs (WP)

By Christopher Lee

The Washington Post, December 9, 2006

A new poll shows that the overwhelming majority of Americans favor allowing the government to negotiate prescription drug prices for the Medicare program, suggesting there will be considerable political pressure on the next Congress to do so.

Eight-five percent of the 1,867 adults polled in the Kaiser Family Foundation survey released yesterday said they favored such negotiations, including majorities of Republicans, Democrats and independents.

For weeks, House Democrats have pledged to use their majority control of the next Congress to repeal a provision in the 2003 Medicare drug benefit law that prevents the government from engaging in drug price negotiations. Yesterday, a top aide to House Speaker-elect Nancy Pelosi (Calif.) said Democrats would pass legislation in the first 100 hours directing the Bush administration to use its bargaining power. The White House opposes the move.

"Given the administration's opposition to doing anything, I think there was a feeling we had to go a little bit further," said Wendell Primus, Pelosi's adviser on health issues. "It will be very simple language. We do not think that Congress needs to hammer out all the details. There are a lot of smart people in the administration that can look at how we're buying drugs . . . and figure out the best way of negotiating better prices with drug companies."

Coming up with a more comprehensive plan for how negotiations would work will take more time, Primus said. Any plan would have to win approval by the Senate and President Bush.

Under the current program, which enrolled 22.5 million people this year, its first, dozens of private insurers offer Medicare drug plans in each state, competing on monthly premiums, choice of drugs and access to pharmacies. The financial pressure is on insurers, through their pharmacy benefit managers, to negotiate the best prices they can with drug companies and pharmacies, say proponents of the system.

Getting the government involved could be logistically difficult and would not necessarily lower drug prices, they argue. Because one way to win discounts is to favor some drugs over others, opponents add, beneficiaries could face a more limited choice of medications and lobbyists might influence which drugs are available. And if the government succeeds in holding down prices, the pharmaceutical industry has argued, that could discourage the development of new drugs.

Julie L. Goon, special assistant to Bush for economic policy, said that Medicare beneficiaries are saving an average of $1,200 a year on drugs and that the existing program is popular and efficient.

"The government doesn't do a particularly good job of negotiation," Goon said. "I think it would be a mistake to open up the political process to what particular prices are available for drugs."

Critics of the current system say the Department of Veterans Affairs, which by law receives a mandatory discount on drugs, also negotiates effectively to secure better prices for the 4.4 million veterans who use its drug benefit. They argue that, with a pool of as many as 43 million beneficiaries, Medicare would have considerable muscle to force price concessions.

Jeane Kirkpatrick, Reagan's Forceful Envoy, Dies (NYT)

By Tim Weiner

The New York Times, December 9, 2006

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Jeane J. Kirkpatrick, the Reagan administration's first United Nations ambassador and a beacon of neoconservative thought who helped guide American military, diplomatic and covert action from 1981 to 1985, died Thursday at her home in Bethesda, Md. She was 80.

Her death was announced yesterday by the American Enterprise Institute in Washington, where she was a senior fellow. The cause was congestive heart failure, said her personal assistant, Tammy Jagyur.

Ms. Kirkpatrick was the first American woman to serve as United Nations ambassador. She was the only woman, and the only Democrat, in President Ronald Reagan's National Security Council. No woman had ever been so close to the center of presidential power without actually residing in the White House.

"When she put her feet under the desk of the Oval Office, the president listened," said William P. Clark Jr., Mr. Reagan's national security adviser during 1982 and 1983. "And he usually agreed with her."

President Reagan brought her into his innermost foreign policy circle, the National Security Planning Group. There she weighed the risks and rewards of clandestine warfare in Central America, covert operations against Libya, the disastrous deployment of American marines in Lebanon, the invasion of Grenada and support for rebel forces in Afghanistan.

Her public diplomacy made her a national political figure. She was a star performer at the 1984 Republican national convention, deriding the Democrats as the "blame America first" party.

She changed her political affiliation after leaving the Reagan administration and thought hard about seeking the Republican nomination for president.

"So many people talked to me about it so much that they finally persuaded me to consider it," she said in October 1987. But she decided against it, fearing she would split the conservative vote and help elect Vice President George H. W. Bush. Though he won, she thought him too moderate to inherit the Reagan legacy.

Fifteen years later, in March 2003, President Bush recalled Ambassador Kirkpatrick to active duty and sent her to Geneva, said Alan Gerson, who had served as her general counsel at the United Nations. The secret mission, previously undisclosed, was to head off a diplomatic uprising against the imminent war against Iraq. Arab ministers wanted to condemn it as an act of aggression.

"The marching orders we received were to argue that pre-emptive war is legitimate," Mr. Gerson said. "She said: 'No one will buy it. If that's the position, count me out.' "

Instead, she argued that the attack was justified by Saddam Hussein's violations of United Nations resolutions dating from the 1991 war against Iraq. The foreign ministers found her position convincing and their resolve against the war faded, Mr. Gerson said.

Ms. Kirkpatrick was a political science professor with no diplomatic experience when she arrived at the United Nations in February 1981. Her mission was to wage rhetorical warfare against Moscow and its allies. She sought to restore the international standing of the United States after its defeat in Vietnam and the captivity of Americans in Iran.

Her high-profile performance at the United Nations made her President Reagan's favorite envoy. "You're taking off that big sign that we used to wear that said, 'Kick Me,' " the president told her. He admired her strong diplomatic stands and her undiplomatic language. In a letter to 40 third world ambassadors in October 1981, for example, she accused them of spreading "base lies" and making "malicious attacks upon the good name of the United States."

When nations opposed American foreign policy, she sent their voting records to Congress. The threat was tacit but clear: to stand against the United States meant to risk losing its foreign aid. Her deputy at the United Nations, Kenneth L. Adelman, said she enjoyed such close combat.

"We were like Davy Crockett at the Alamo," he said.

Said She Hated U.N. Job

She professed to detest the United Nations. She compared it to "death and taxes." But she endured it for four years.

At the United Nations, she defended Israel's invasion of Lebanon in 1982 and the American invasion of Grenada in 1983. She argued for El Salvador's right-wing junta and against Nicaragua's left-wing ruling council, the Sandinistas.

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In private, she supported American efforts to sustain the contras, the rebel group that tried to overthrow the Sandinistas with help from the Central Intelligence Agency She was a crucial participant in a March 1981 National Security Planning Group meeting that produced a $19 million covert action plan to make the contras a fighting force.

She was part of a national security team that was often at war with itself. Her relationship with Mr. Reagan's first secretary of state, the four-star general Alexander M. Haig Jr., "started off bad and got worse over time," Mr. Adelman said in an oral history of the Reagan years. She had something Mr. Haig found that he lacked: the president's ear.

Ms. Kirkpatrick first entered Mr. Reagan's inner circle on the strength of a 10,000-word article she published in the neoconservative magazine Commentary in November 1979. The article, "Dictatorships and Double Standards," drew a bright line between right-wing pro-American governments and left-wing anti-American ones.

"Traditional authoritarian governments," she argued, "are less repressive than revolutionary autocracies." She said it was an historic mistake for the United States to have shied away from dictators like the Somozas in Nicaragua and the Shah of Iran. If they served American interests, she asserted, they were defensible.

Mr. Reagan read the article closely. Richard V. Allen, who later became the first of his six national security advisers, introduced him to Ms. Kirkpatrick. They met at a February 1980 dinner party given by George F. Will, the syndicated columnist.

She recalled that she wondered aloud how she, a Democrat all her life, could join his team. Mr. Reagan confided, "I was a Democrat once, you know." He won her over. After his election a year later, Ms. Kirkpatrick became the United Nations ambassador and "Dictatorships and Double Standards" became an important part of the foreign policy of the United States.

At the United Nations, Ms. Kirkpatrick was the target of barbs and backstabbing. Sometimes she was aware of the source, sometimes not.

She knew she was "a kind of special target for the Soviets — disinformation target," she said at a 2003 foreign policy roundtable convened by the Miller Center of Public Affairs at the University of Virginia. In 1982, the K.G.B. forged a letter to discredit her and fobbed it off on the Washington correspondent for The New Statesman, a leftist British weekly, which reprinted it. The phony letter was a note of "best regards and gratitude" from the intelligence chief of the apartheid South African government.

"But I felt there was as much disinformation aimed at me from inside our own government, frankly, as from the Soviet Union," Ms. Kirkpatrick said. "That's a shocking thing to say, but it is no exaggeration."

Role as Adviser Blocked

In 1983, Ms. Kirkpatrick was a strong candidate to become President Reagan's third national security adviser. She had support from the director of central intelligence, William J. Casey, and Defense Secretary Caspar W. Weinberger. But her new boss, Secretary of State George P. Shultz, opposed her.

"I respected her intelligence, but she was not well suited to the job," Mr. Shultz wrote. "Her strength was in her capacity for passionate advocacy," and the post, he added, demanded a "dispassionate broker."

Ms. Kirkpatrick was at the June 1984 National Security Planning Group meeting that began the secret initiative that later became known as the Iran-contra affair. Congress had cut off funds for the contras. Mr. Casey wanted to obtain money from foreign countries in defiance of the ban.

Ms. Kirkpatrick was in favor. "We should make the maximum effort to find the money," she said. Mr. Shultz was opposed. "It is an impeachable offense," he said. President Reagan warned that if the story leaked, "we'll all be hanging by our thumbs in front of the White House."

Secret Arms Sales Exposed

Over the next two years, millions skimmed from secret arms sales to Iran went to the contras. The story did leak, as Mr. Reagan feared, and his Administration was shaken by Congressional investigations and criminal charges. Robert C. McFarlane, who had won the national security slot over Ms. Kirkpatrick, pleaded guilty to misinforming Congress.

Mr. McFarlane said he should have stood up against the secret initiative to support the contras. But "if I'd done that," he said, "Bill Casey, Jeane Kirkpatrick and Cap Weinberger would have said I was some kind of commie."

By then Ms. Kirkpatrick had left the government. She stuck to a vow to leave the United Nations at the end of Mr. Reagan's first term and resigned in April 1985. She was succeeded by Vernon A. Walters, a former deputy director of central intelligence.

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The next year, as the Iran-contra story began unfolding, Mr. Casey urged the president to make her secretary of state, but Mr. Reagan rejected the idea.

Ms. Kirkpatrick spent the rest of her career commenting on policy instead of making it. She remained among the most highly regarded members of the Republican establishment, and her voice remained one of the strongest echoes of the Reagan era.

Jeane Duane Jordan was born on Nov. 19, 1926, in Duncan, Okla., about 160 miles northwest of Dallas, the daughter of Welcher F. and Leona Jordan. Her father was an oil wildcatter who moved from town to town searching for a gusher that he never hit.

She attended Stephens College in Missouri for two years, then moved to New York, where she earned a bachelor's degree from Barnard College in 1948 and a master's degree from Columbia University in 1950. She went to Washington as a research analyst at the Intelligence and Research Bureau of the State Department, where she met her future husband, Evron Kirkpatrick. Fifteen years her senior, he was a veteran of the wartime Office of Strategic Services, and he soon became the head of the American Political Science Association. They married in 1955 and had three sons — Douglas Jordan, John Evron and Stuart Alan. Douglas died earlier this year. The other sons and five grandchildren survive her. Mr. Kirkpatrick died in 1995.

In 1967, before completing her doctoral dissertation, she was appointed associate professor at Georgetown University. The next year, she earned a doctorate in political science at Columbia University. Georgetown made her a full professor in 1973 and gave her the endowed Leavey Chair five years later.

Ms. Kirkpatrick supported Jimmy Carter in 1976 and came close to being chosen for an ambassadorship in his administration. But she had become deeply disenchanted with her party.

Swept In With 50 Others

She joined the vanguard of the neoconservative movement, the Committee on the Present Danger, which warned throughout the late 1970s of a disastrous downturn in every aspect of American strength, from nuclear warheads to national image. When Mr. Reagan came to office in 1981, 51 of the committee's members won positions of significant power in his administration.

Power, Ms. Kirkpatrick said in a 1996 interview, is based not merely on guns or money but on the strength of personal conviction.

"We were concerned about the weakening of Western will," she said. "We advocated rebuilding Western strength, and we did that with Ronald Reagan, if I may say so."

Jeane J. Kirkpatrick, 1926-2006: U.N. Ambassador Upheld Reagan Doctrine (WP)

By Joe Holley

The Washington Post, December 9, 2006

Jeane J. Kirkpatrick, 80, a Georgetown University political science professor who became the first woman to serve as U.S. ambassador to the United Nations and who was one of the chief architects of the muscular anti-Communist foreign policy that came to be known as the Reagan doctrine, died Dec. 7 at her home in Bethesda, where she was under hospice care.

Her assistant, Andrea Harrington, said she died in her sleep. The cause of death was not immediately known.

"She defended the cause of freedom at a pivotal time in world history," President Bush said yesterday. "Jeane's powerful intellect helped America win the Cold War."

Praising Kirkpatrick's "commitment to an effective United Nations," U.N. Secretary-General Kofi Annan said she was "always ardent and often provocative."

For many years a Cold War liberal, a Democrat in the tradition of senators Hubert H. Humphrey Jr. (Minn.) and Henry M. "Scoop" Jackson (Wash.), Kirkpatrick became a neoconservative in the 1970s and then a Republican Party stalwart. An academic and a public intellectual who never held elective office, she briefly considered seeking the Republican presidential nomination in 1988.

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She came to Ronald Reagan's attention in 1979, when he read an article she had written for the neoconservative magazine Commentary, "Dictatorships and Double Standards." In the article, she accused the Carter administration of abiding totalitarian enemies on the left while holding authoritarian allies in Latin America and elsewhere to a higher standard.

It was difficult, she wrote, to "democratize governments, any time, anywhere, under any circumstances" although "right-wing autocracies do sometimes evolve into democracies" but communist societies never do.

"This is incredible. Who is this person?" Reagan is said to have exclaimed.

The columnist George Will introduced the two at a dinner party at his Georgetown home in 1980, and Kirkpatrick eventually decided to endorse Reagan for president and to campaign for him. When he named her U.S. ambassador to the United Nations, she became the first Democrat to fill a Cabinet-level post in the administration. She was unanimously confirmed by the Senate.

She warned that she would not be "a ventriloquist's dummy" at the United Nations, mouthing administration policy, and there were times when her willingness to speak her mind ruffled feelings not only at the United Nations but within the administration.

Although she arrived at the United Nations with no diplomatic experience, she quickly assumed a high-profile role. Her fellow envoys may have considered her arrogant and condescending, but they knew she had Reagan's ear.

An influential voice in the development of administration policies toward Central America, Kirkpatrick supported the military junta in El Salvador and was an ardent supporter of anti-Sandinista rebels fighting the leftist Sandinista government of Nicaragua. She helped develop the covert plan to provide $19 million in aid to the contras.

She also defended Israel's invasion of Lebanon in 1982 and the American invasion of Grenada in 1983.

Kirkpatrick, the only woman in President Reagan's National Security Council, told Time magazine in 1982 that her gender could have been the cause of her difficulties with Secretary of State Alexander M. Haig and other administration officials. The author of "Political Women" (1974), a major study of the role of women in modern politics, she acknowledged that a woman in high office is "intrinsically controversial."

"Many people think a woman shouldn't be in high office," she told Time. "Kissinger is described as 'professorial.' I am described as 'schoolmarmish.' Brzezinski is called 'Doctor.' I am called "Mrs.' I am depicted as a witch or a scold in editorial cartoons -- and the speed with which these stereotypes have been used shows how close these feelings are to the surface. It is much worse than I ever dreamed it would be. My feelings are hurt."

With her closely cropped gray hair, utilitarian clothes and blunt speaking style, the public Jeane Kirkpatrick seemed humorless and austere. "Raised eyebrows give her an expression of sustained skepticism, as if she lives on the verge of some crucial debate the rest of us do not hear," James Conaway observed in a 1981 Washington Post Magazine article.

Friends of Kirkpatrick's told Conaway that she was much more charming in private; Peter Arnold, a former colleague at the American Enterprise Institute, said she had a "remarkable sense of humor." Her great passion, she once said, was listening to the pianist Glenn Gould play Bach.

In 1985, the Washington Post editorial page, describing Kirkpatrick as "a highly articulate and intellectual Democrat who cares deeply about ideas in politics," praised her for her plain speaking about the penchant of some Third World countries to blame Israel and the United States for everything.

She was born Jeane Duane Jordan in Duncan, Okla., the daughter of an oil field wildcatter who moved his family to a succession of small towns in Oklahoma and Illinois seeking the elusive big strike.

She received an associate's degree from Stephens College in Columbia, Mo., in 1946, and a bachelor's degree in 1950 from Barnard College, where she considered herself a socialist.

While working on a master's degree in political science from Columbia University, she became a resolute anti-Stalinist as a result of stories that had begun to emerge about the horrors of the Nazi and Soviet concentration camps.

After receiving a master's degree in 1950, Kirkpatrick worked briefly as a research analyst in the State Department and then did postgraduate work in 1952-53 at the Institut de Science Politique of the University of Paris.

She moved to Washington after marrying political scientist Evron Kirkpatrick, a deputy director of the State Department's Intelligence Research Bureau; worked on her dissertation; raised three boys and stayed involved in Democratic Party politics.

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After the 1972 Democratic National Convention, she became one of the charter members of the Coalition for a Democratic Majority, a group that included senators Humphrey, Jackson and Daniel Patrick Moynihan (N.Y.), Commentary editor Norman Podhoretz and his wife, neoconservative author Midge Decter. The aim of the CDC was to reclaim the Democratic Party from the McGovernites.

In 1962, she became an assistant professor of political science at Trinity College in the District and in 1967 associate professor of political science at Georgetown University. After finishing her dissertation, "Peronist Politics in Argentina," she received a doctorate from Columbia University in 1968. She became a full professor at Georgetown in 1973.

In 1978, she joined the American Enterprise Institute, which had become an intellectual home for many of her fellow CDC neoconservatives. Kirkpatrick, the only female scholar in residence, was a forceful advocate of American hegemony in a dangerous world.

She finally changed parties in 1985, registering as a Republican in Montgomery County after stepping down as U.N. ambassador. A year earlier, she had energized delegates to the 1984 Republican National Convention with her attacks on "the San Francisco Democrats." As she led delegates in a chant of "they always blame America first," she could look out over the throng and see a number of "Kemp-Kirkpatrick" buttons.

She explained her party conversion by saying she was "tired of swimming against the current in my own party." Democrats, she contended, no longer stood for "growth at home, strength abroad." She did, however, remain true to her Democratic Party heritage on organized labor and most social issues.

She remained active in public life after leaving the United Nations, although she was reportedly disappointed that Reagan did not offer her another Cabinet-level position in his second term.

Back at Georgetown University and at the American Enterprise Institute, she wrote articles and a syndicated column for the Los Angeles Times, spoke regularly on politics and public policy and was a frequent foreign policy adviser to Republicans.

Last year, she was one of seven former U.N. ambassadors who wrote a letter urging lawmakers not to withhold dues as a way to force reform.

Kirkpatrick's husband died in 1995. A son, Douglas Kirkpatrick, died this year.

Survivors include two sons, Stuart Kirkpatrick, known as Traktung Rinpoche, a Buddhist minister in Ann Arbor, Mich., and John Kirkpatrick, a lawyer in Miami.

Former U.N. Ambassador Kirkpatrick Dies (AP)

AP, December 8, 2006

WASHINGTON (AP) — Jeane Kirkpatrick, an unabashed apostle of Reagan era conservatism and the first woman U.S. ambassador to the United Nations, has died.

The death of the 80-year-old Kirkpatrick, who began her public life as a Hubert Humphrey Democrat, was announced Friday at the senior staff meeting of the U.S. mission to the United Nations.

Spokesman Richard Grenell said that Ambassador John Bolton asked for a moment of silence. An announcement of her death also was posted on the website of the American Enterprise Institute, a conservative-oriented think tank here where she was a senior fellow.

Kirkpatrick's assistant, Andrea Harrington, said that she died in her sleep at home in Bethesda, Md. late Thursday. She had been suffering from heart disease, but the cause of death was not immediately known.

Kirkpatrick's health had been in decline recently, Harrington said, adding that she was "basically confined to her house," going to work about once a week "and then less and less."

Senate Majority Leader Bill Frist, R-Tenn., said that Kirkpatrick, who had a reputation as a blunt and acerbic advocate, "stood up for the interests of America while at the U.N., lent a powerful moral voice to the Reagan foreign policy and has been a source of wise counsel to our nation since leaving the government two decades ago. She will be greatly missed."

Karlyn Bowman, a colleague of Kirkpatrick's at AEI, called her "always insightful. Always interesting. Very thoughtful about modern American politics and foreign policy. A wonderful colleague."

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Bowman also said that Kirkpatrick, who had been elevated to the U.N. post by President Reagan in 1981, had "served with great distinction" at the U.N. "She was a great patriot, a champion of freedom and we will certainly miss her at AEI and the country."

Kirkpatrick was known as a blunt and sometimes acerbic advocate for her causes. She remained involved in public issues even though she'd left government service two decades ago. She joined seven other former U.N. ambassadors in 2005 in writing a letter to Congress telling lawmakers that their plan to withhold dues to force reform at the world body was misguided and would "create resentment, build animosity and actually strengthen opponents of reform."

Kirkpatrick was a political science professor at Georgetown University from 1957 until her appointment to the U.N.

Like many conservatives, she wrote for Commentary Magazine, a liberal publication that gradually turned to conservatism amid liberals' criticism of Israel.

A pivotal article sought to draw a distinction between authoritarian governments and more extreme violators of human rights like the Soviet Union.

In the Reagan years she played a quiet role in cutting off U.S. aid to a leftist government in Nicaragua and supporting a military junta in El Salvador.

Her support for Israel, particularly at the United Nations where the Jewish state often is denounced, was steadfast.

Bill Bennett, a former secretary of education under Reagan, the nation's drug czar under the first President Bush and a leading conservative opinion-maker, called her "very forceful, very strong, a daughter of Oklahoma, great sense of humor. She held her own."

Bennett said the Iraq Study Group so prominently in the news "would have been better with Jeane Kirkpatrick on it ... She had no patience with tyrannies, said they had to be confronted, you couldn't deal with tyrannies, that there were some people you could work with — these people you couldn't."

Kirkpatrick once referred to herself as a "lifelong Democrat."

She actually switched to the GOP in early 1985, four years after Reagan sent her to New York for the U.N. job. She took with her a reputation as a hard-liner on foreign policy. Because of this, she often was a lightning rod for the opposition. In some respects, she was a controversial figure like Bolton, who recently decided to resign when it became clear the Senate would not approve him for the job on a full-time basis.

Said Bolton: "I think she spoke clearly for liberty in the world."

Kirkpatrick considered seeking the Republican presidential nomination that went to George H. W. Bush in 1988. She stopped that process short, however, retreating to the position that she would accept the No. 2 slot if asked. She had played a leading role at the party's convention four years earlier — at a time when she was still a Democrat.

Jeane Kirkpatrick (WSJ)

The Wall Street Journal, December 9, 2006

Jeane Kirkpatrick, who died yesterday at 80, was that rare thing -- a public intellectual and a public figure. She excelled at both.

Ms. Kirkpatrick is known to the public at large because Ronald Reagan, after defeating Jimmy Carter for the Presidency in 1980, appointed her U.S. Ambassador to the United Nations. It is worth mentioning in this context that earlier this week Senate Democrats succeeded finally in driving John Bolton from the U.N. ambassadorship. The mind's eye recalls the televised image in the early 1980s of Ambassador Kirkpatrick, a Democrat then, seated at the U.N. Security Council table and publicly defending U.S. interests against the Soviet Union with an articulate, no-nonsense bluntness that makes Mr. Bolton sound like Little Bo-Peep by comparison. That style -- American interests made perfectly clear -- will be missed.

She knew how to use words as weapons. Her most famous turn of phrase, at the 1984 GOP convention, was "San Francisco Democrats." Ms. Kirkpatrick's "Blame America First" speech marked her most public departure from the Democratic Party.

Explaining in an interview years later why she and other Democratic intellectuals -- yes, they were neoconservatives -- formed the anti-Soviet Committee for the Present Danger and aligned themselves with Ronald Reagan, Ms. Kirkpatrick said: "We

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were concerned about the weakening of Western will." Incidentally, the antipathy to "the neoconservatives" that one hears so often these days flows back directly to those years and the neocon battles with American liberals.

No one ever doubted Jeane Kirkpatrick's will or courage. Among those who most appreciated her determination to speak truth to totalitarian power was the celebrated Russian dissident Andrei Sakharov. Exiled by the Soviet government to Gorky, Sakharov said later how important it was to have a person of Jeane Kirkpatrick's stature publicly identify jailed Soviet dissidents by name. For the past 10 years she served on the board of the Center for a Free Cuba, which she helped found.

Jeane Kirkpatrick was born in Duncan, Oklahoma, in 1926. She was an ideologue, and her ideas would have come from Duncan. Their tenet was freedom for the human spirit. She dedicated a public life to protecting that freedom.

The Party Of "Nyet" (WP)

The Washington Post, December 9, 2006

VIRGINIA Republicans gathered at a handsome resort the other day to lick their wounds and plot their future. Or rather, some Virginia Republicans did -- namely, the party's right-wing, anti-tax ideologues, who have contributed mightily to devastating back-to-back losses in races for the governorship last year and the U.S. Senate this year. Virginia's more pragmatic Republicans, who are more interested in addressing the state's problems than in upholding the true faith of anti-tax doctrine, did not bother to show up.

And who can blame them? The moderates, although they control the state Senate, have so far failed to nudge their hard-line colleagues in the House of Delegates toward practical solutions for the state's most critical problem: its crumbling, inadequately funded transportation infrastructure. The likely result is further electoral setbacks for Republicans, particularly in Northern Virginia's well-educated, centrist suburbs, and a loosening of their control of the House. With all 140 seats in the General Assembly up for election next year, many in the party are already bracing for the worst.

Having spurned Gov. Timothy M. Kaine's proposals for new taxes to fund major improvements for the state's roads and rails, House Republicans are now warning that they will shoot down one of his signature proposals from his 2005 campaign: universal preschool for the state's 100,000 4-year-olds. Granted, Mr. Kaine has not yet bothered to divulge how he would go about paying for the initiative, which would be very expensive -- at least $300 million over four years to provide for the 80 percent of 4-year-olds who the governor figures would sign up. And there are legitimate reasons to question the wisdom and equity of providing an entitlement program for middle-class parents already willing and able to pay for preschool. But the GOP fundamentalists aren't interested in having that discussion or weighing the governor's ideas dispassionately. They would rather just be the Party of "Nyet" -- nyet to taxes, nyet to new roads, nyet to new preschools.

The new state GOP chairman, Ed Gillespie, is speaking soothing words to the party's warring factions, sensibly urging dialogue and compromise and warning against division. At the same time, though, one of the hard-liners, Del. L. Scott Lingamfelter, who represents Prince William and Fauquier counties, answered Mr. Gillespie with a cold splash of reality. Writing in the Richmond Times-Dispatch, Mr. Lingamfelter, who has voted to block new funding sources for transportation, warned of "liberals" seeking "to craft a socialist solution for you and me." It seems that the Virginia GOP's day of reconciliation is not yet upon us.

The Bloomberg Diet (WSJ)

The Wall Street Journal, December 9, 2006

"We're just trying to make food safer," said Mayor Bloomberg, who nixed smoking in bars a few years back. The city's concern for the health of residents is understandable, but trans fats are not E. coli (or even secondhand smoke), and the federal Food and Drug Administration still considers these chemically modified food ingredients perfectly safe for consumption. Could it be that Mayor Mike has been taken in by activist Gotham health czars and national Naderite "watchdog" outfits like Michael Jacobson's Center for Science in the Public Interest, among others pushing a larger agenda?

You wouldn't know it from the media coverage, but the science on the dangers of trans fats is still being debated, which helps explain FDA approval of the ingredient. It also explains why the American Heart Association, while no fan of trans fats, was critical of the New York proposal and fears it may backfire if food outlets revert to even less healthy alternatives.

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The food nannies insist that trans fats raise cholesterol and cause heart disease. The problem, says Steven Milloy of the Competitive Enterprise Institute, is that the studies purporting to show this link are inconclusive at best. "People cite lab studies that show transient changes in blood lipids when people consume trans fats, but that's a long way from heart attacks and heart disease," says Mr. Milloy.

Walter Willett of the Harvard School of Public Health is one of the nation's leading trans fat alarmists. Earlier this year he co-authored an article in the New England Journal of Medicine that said trans fats "appear to increase the risk of coronary heart disease more than any other macroingredient." As evidence the article cited three studies. One showed a statistically insignificant correlation between trans fats and heart disease when other risk factors are considered. The other two studies found a link between very high consumption of trans fats and heart trouble, but statistically the association was weak.

Before other cities decide to regulate diets absent a safety issue, they might also consider that some of the same people now pushing for a trans fat ban once recommended the ingredient as a substitute for another health scare: saturated fats. Twenty years ago, Mr. Jacobson's CSPI launched a public relations blitz against fast food joints for using palm oil to cook fries. The group claimed victory when restaurants started using partially hydrogenated oil instead. In 1988, a CSPI newsletter declared that "the charges against trans fat just don't hold up. And by extension, hydrogenated oils seem relatively innocent." Today, Mr. Jacobson is claiming trans fats kill 30,000 people a year. We wonder if he feels guilty.

The ultimate goal of these so-called consumer advocates is to persuade the FDA to turn on trans fats, a move that would serve the food industry up as the next entree on the plaintiff bar's menu. Don't be surprised if the new Democrat Congress helps them pursue this goal, just like Mayor Bloomberg, on the dubious assumption that people can't decide for themselves what and what not to eat.

Uploading American Politics (WP)

By Raul Fernandez

The Washington Post, December 9, 2006

Technology won the 2006 elections for the Democrats. No, not electronic voting machines, but the power of the Internet, fueled by innovative applications that let citizens create and publish their own content. The Internet not only changed the balance of power in the House and Senate, it also helped sack the secretary of defense. Welcome to viral democracy.

In 1994, the last time the House changed hands, the Internet was mainly a university and military application. AOL, with its first 1 million members, was an up-and-coming player in the emerging online world. Marc Andreessen was just leaving school to start Netscape. And Google, eBay and Amazon.com did not exist, even as business plans.

But in 12 short years the Internet has grown to include more than a billion users worldwide and has empowered ordinary citizens to become engaged, active and highly influential participants in democracy, instead of passive consumers of campaign rhetoric.

These empowered citizens made the difference in the November elections by producing compelling content and distributing it to hundreds of thousands of voters across the country -- almost always without the candidates' consent.

Blogs, YouTube, instant messaging and more played a critical role in many races. YouTube had a direct impact in two of the tight races that decided control of the Senate: Republican incumbent Conrad Burns vs. Democrat Jon Tester in Montana and GOP incumbent George Allen vs. Democrat James Webb in Virginia.

What type of impact? Search "Conrad Burns" on YouTube.com and you get more than 130 videos, most of them unflattering. The most popular is "Conrad Burns' Naptime," set to "Happy Trails." No fancy production values here -- just a straight-on camera shot of the senator falling asleep during a congressional hearing important to Montana. That video alone received more than 100,000 views.

Dozens of other anti-Burns videos, detailing such things as "pay-to-play" allegations and key gaffes, were seen by many thousands of viewers. In a race that was lost by about 3,000 votes, those YouTube creations had an impact. They may well have pushed Tester across the finish line first.

In Virginia, Allen, who lost by 9,000 or so votes, was the subject of more than 400 videos, 75 of which featured damaging remarks he made at a rally to an Indian American videographer working for Webb. Naturally, video of this "macaca" gaffe almost

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immediately found its way onto YouTube and the computer screens of people across the country, not to mention into headlines. The top video had nearly 300,000 views, while another, "Allen Staffer Attacks Man," had more than 180,000. Again, when the vote is that close, every impression can make a difference.

The immediate, viral nature of the Internet hurls these missteps onto the all-news networks and out to the world with such velocity that it outpaces a campaign's ability to do damage control. An official campaign response in some morning paper is often immediately undermined by additional discoveries that are researched, posted and disseminated by dozens of partisan bloggers who can have hundreds of thousands of daily visitors to their Web sites.

Instant messaging, another technology not widely available in 1994, brought us the graphic details of inappropriate chats between Rep. Mark Foley (R-Fla.) and male congressional pages. For many voters, these IMs personalized a growing list of morally corrupt members of Congress, stoking outrage nationally. And despite immediately resigning and checking himself into a rehab facility, Foley "starred" in more than 450 YouTube videos.

In modern American political history, perhaps only the coming of the television age has had as big an impact on our national elections as the Internet has. But the effect of the Internet may be better for the long-term health of our democracy. For while TV emphasizes perception, control and centralization, Internet-driven politics is about transparency, distribution of effort and, most important, empowerment and participation -- at whatever level of engagement the consumer wants.

It's unclear what the impact of technology on elections will be over the next 12 years. But one lesson should already be clear to politicians: In a world where cellphones are cameras and video recorders, every word that you utter (or text), and every nap you take, can and will be used against you on YouTube.

The writer is chief executive of the software firm ObjectVideo and co-owner of the Washington Capitals.

Anti-Americans On The March (WSJ)

By Andrew Higgins

The Wall Street Journal, December 9, 2006

AYTAROUN, LEBANON -- Ibrahim Sayid was raised a Muslim, but he put his faith in class struggle, not Allah. He joined the Lebanese Communist Party at the age of 16. As a medical student in the Soviet Union in the 1980s, he cursed Mikhail Gorbachev as a "traitor" for jettisoning Marxism.

Today, back in his home village just a few hundred yards from Israel, Dr. Sayid, 44, still has little time for Islam. He is married to a Christian and shuns the local mosque, badly damaged when Israeli troops stormed into Lebanon this summer.

Instead of communism, he has embraced a new cause: Hezbollah, the militia and social movement rooted in Shiite Islam. The Party of God, as it is translated into English, is led by turbaned clerics and aided by the Islamic Republic of Iran, which has ruthlessly persecuted communists.

"We all have the same goals," explains Dr. Sayid, who now works in a Hezbollah clinic. The first of these goals is "resistance" against Israel, which during the summer war battled Hezbollah militiamen just outside Dr. Sayid's village. He says resistance also has a broader target: America, its allies in the Arab world and beyond, and global capitalism.

When the Cold War ended a decade and a half ago with the collapse of the Soviet Union, Mr. Sayid and others like him around the world mourned the apparent triumph of U.S. military, economic and ideological might. Many Americans rejoiced, with some embracing the theory that the demise of Marxism marked "the end of history," a period when ideological conflicts would give way to a world united in acceptance of a model typified by the U.S.

Al Qaeda's attacks on New York and Washington in September 2001 didn't fundamentally alter this conviction. Political Islam was seen as a grave threat but seemed limited in its appeal by its dependence on religious zeal. Such assumptions are now under strain as secular rebels, antiglobalization militants and other strains of revolt rally to the banner of "resistance" offered by Islamist groups such as Hezbollah.

Religion, excoriated by Karl Marx as the "opiate of the masses," has become a great mobilizing force -- even for zealous atheists. The phenomenon extends beyond the Middle East to Europe, Latin America and Africa, too. Causes that a few years ago seemed moribund or at least passé -- socialism, Third World solidarity, strident anti-Americanism -- have been injected with the fervor, though rarely the actual faith, of Islamic radicalism.

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FELLOW TRAVELERS

Western leftists, rightists and secularists have had a long and checkered relationship with Islamists. See a timeline2 of historical highlights.

"We are all here to fight American hegemony," Naim Qassem, Hezbollah's deputy chief, told hundreds of secular activists from around the world who gathered last month in a Beirut conference center. They were there to celebrate his Islamic movement's "divine victory" over Israel this summer and cheer a broader battle against America's vision for the world. Mr. Qassem was dressed in flowing robes and a cleric's turban. Many in his audience wore T-shirts or badges featuring portraits of Che Guevara, clenched fists and other emblems of secular radical chic.

Adding to its revolutionary cachet, Hezbollah is now battling to oust Lebanon's pro-American government. Along with assorted allies, the Islamist group staged a huge peaceful rally in central Beirut Dec. 1 and is the driving force behind a mass sit-in near the offices of Prime Minister Fuad Siniora, a pro-business former banker. The protesters, encamped in tents for a week now, vow to stay until the government falls. Stoking fears the showdown may spiral into serious violence, Hezbollah has called for another mass demonstration Sunday.

Some of Hezbollah's biggest fans are in Europe. There, the hard left, demoralized by the collapse of communism, has found new energy, siding with Islamist militants in Lebanon, in Iraq and in a wider campaign against what they see as an American plot to impose unrestrained free-market capitalism.

"We are all Hezbollah now," read posters carried through London this summer during an antiwar protest march. Earlier, London Mayor Ken Livingston, once known as "Red Ken," invited a controversial Egyptian cleric to the British capital, arguing that his views have been distorted by the West.

In deeply Roman Catholic Latin America, Hugo Chávez of Venezuela has become the exemplar of a new populism that sees common cause with Iran and Hezbollah. Mr. Chávez, re-elected in a landslide last Sunday, has met Iranian President Mahmoud Ahmadinejad several times and this summer was given the Islamic Republic Medal, Iran's highest honor. Amid the rubble of Beirut's southern suburbs, a Hezbollah stronghold, portraits of Mr. Chávez now hang alongside pictures of Hezbollah leader Hassan Nasrallah. Hezbollah put them up after Mr. Chávez denounced President Bush as the devil in a September speech to the UN. "Gracias Chávez," they say.

Africa, too, is boarding the bandwagon. A summit of the 53-nation African Union this summer in Gambia featured two special guests: Mr. Chavez and Mr. Ahmadinejad. Back in Tehran, Mr. Ahmadinejad in November hosted Zimbabwe's authoritarian Prime Minister Robert Mugabe, an erstwhile devotee of Mao Zedong. Fulminating against President Bush and British Prime Minister Tony Blair, Mr. Mugabe said likeminded countries must "fight against these evil men and their evil systems."

In the U.S., the principal target for both Islamist and leftist anger, there has been little sign of any ideological realignment of the kind seen elsewhere. The anti-American movement overseas poses scant immediate threat to U.S. pre-eminence. Still, it could complicate American diplomacy, particularly in the Middle East, where the Iraq Study Group and others are urging Washington to reach out to Iran and Syria, both vocal foes. It also risks emboldening America's many critics in Europe and Latin America, aggravating friction on a host of issues from the Israel-Palestine dispute to trade.

With America's reputation badly blemished across much of the globe, widespread anger at Washington's foreign policy is fusing with local grievances in an unstable mix of discontent. The result is a motley assemblage rife with contradictions and competing agendas. The Islamist-led protest movement has none of the central organization once provided by the Comintern, the body set up by Vladimir Lenin to coordinate global communism. Nonetheless, it is giving voice and a sense of common cause to those opposed to America's plans.

Leading the way in embracing it are mostly fringe groups with names redolent of the 1960s: The Global Peace and Justice Coalition, The Socialist Workers Party, The League for the Fifth International. While such outfits are quirky, they "magnify trends in the mainstream," says Nick Cohen, a British writer who is publishing a book next year about the alliance between Islamists and leftists, "What's Left?" Karl Marx, he says, would be horrified.

"The sight of Godless communists in alliance with Islamo-fascists is one of the wonders of the modern world," Mr. Cohen says.

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Mainstream left-of-center parties still generally shun Islamists but chunks of their support base don't. Mr. Blair in Britain, for example, has come under fire within his own Labour Party for supporting President Bush's troubled Middle East policy, which critics say demonizes Islamist groups. In Spain, the socialist prime minister, José Luis Rodríguez Zapatero, has reached out to Muslims, propounding what he calls "an alliance of civilizations" and voicing sympathy for Hamas and Hezbollah. He has good relations with Mr. Chávez, Fidel Castro of Cuba and Bolivia's populist leader, Evo Morales.

At the Beirut conference last month, a Mexican Marxist denounced America for "colonizing" New Mexico. A South Korean foe of free trade raged against American beef. A Turk fumed about American military bases. A Frenchman denounced American genetically engineered foods and the North Atlantic Treaty Organization. There were even a few Americans. One thundered against big business, another against the Federal Bureau of Investigation.

A big part of Hezbollah's appeal is simply that, unlike other tarnished icons of revolt, it can point to successes. It has defied Israel's military, by far the region's most powerful. It prodded Israel to end its 18-year occupation of southern Lebanon in 2000 and unexpectedly bloodied Israeli troops in clashes this summer.

Hezbollah shows that "resistance," whether fuelled by religion or secular zeal, "can break governments and roll back the American project," says John Rees, a former editor of the journal International Socialism and a leader of Britain's anti-Iraq war movement. Hezbollah, he says, isn't a terrorist outfit but a social movement seeking better living conditions for its supporters. "It is better to think of it as an AFL-CIO with guns," he says.

An American who traveled to Beirut in November to cheer Hezbollah, who identified himself as Bill Cecil, summed up the appeal of Islamism to non-Muslims: "Your enemy is our enemy; your victory is our victory," he told a conference. Mr. Cecil, an activist for a radical group in New York, later appeared as a guest on the breakfast show of Hezbollah's television station, al-Manar. America, he told a veiled female presenter, is "not a democracy ... but a dictatorship of giant corporations." America "needs a government that provides for the people like Hezbollah helps people here."

Nowhere is the Islamist-leftist axis more potent than in Lebanon. The three-day Beirut jamboree, which featured fiery anti-American oratory and field trips to buildings bombed by Israel, was hosted jointly by Hezbollah and the Lebanese Communist Party, once-bitter enemies now united by what they proclaim as common goals.

Sitting beneath a portrait of Argentine revolutionary Che Guevara in his Beirut office, Khaled Hadadeh, the general secretary of the Lebanese communists, admits that Hezbollah and the Communist Party hated each other for years. "We started out in blood," says Mr. Hadadeh, a Sunni Muslim by birth but now a firm atheist. Che Guevara, he says, "is our symbol, like Jesus Christ or Mohammed."

Hostility to Israel and the U.S. now trumps past differences. The Communist Party disbanded its own armed wing at the end of Lebanon's civil war in 1990, but 12 of its members died fighting alongside Hezbollah this summer, Mr. Hadadeh says. Piled in the corner of his office are trophies of this summer's war: an Israeli army helmet, an Israeli rifle and a Hebrew newspaper.

Mr. Hadadeh says he has met Mr. Nasrallah 15 times and admires him greatly. At their most recent meeting in a secret location this fall, he says, they discussed not just the recent war with Israel but also the need to develop "a counter-project to the neo-liberal model," the free-market policies backed by Washington.

Responsible for working out what this might mean is Ali Fayad, a political science lecturer and head of Hezbollah's in-house think-tank, the Consultative Center for Studies and Documentation. Mr. Fayad, who joined Hezbollah in the 1980s while still a student, now sits on the politburo of an organization that mimics the rigidly hierarchical structure of the Soviet Communist Party. Israeli bombs destroyed Mr. Fayad's offices, so his center now works from new premises in a half-built apartment block. Well-versed in Western economic and political theory, he runs a staff of more than a dozen researchers and has led the militant group's outreach to foreign supporters.

Part of Hezbollah's appeal lies in its tactical flexibility. Unlike many Sunni Muslim radical groups such as al Qaeda, which denounce non-Muslims and even many fellow Muslims as heretics who must be shunned or punished, Hezbollah's Shiite leadership doesn't care if its allies include atheists, Mr. Fayad says. "That is their problem not ours," he says, so long as "we have the same political position."

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The friction between the two branches of Islam surfaced at the recent Beirut meeting. A Sunni Muslim from Jordan had to be ejected from the hall after he started cursing Iran -- Hezbollah's main sponsor -- for aiding Shiite militias in Iraq. Hezbollah's foreign fans watched in dismay as Shiite and Sunni attendees screamed at each other.

Despite such volatile tensions, Mr. Fayad still sees Islam derailing America's ambitions. Hezbollah's success in Lebanon, the debacle in Iraq and the victories of populist anti-American politicians in Latin America, he says, show that "it is now the end of 'the end of history.' " A recent article by Richard Haass, former director of policy planning at the U.S. State Department, has strengthened his conviction that America is in retreat, Mr. Fayed says. Writing in the U.S. foreign-policy journal Foreign Affairs, Mr. Haass declares that America's post-Cold War hopes for the Middle East have failed and that the region's "American era...has ended." Mr. Fayad is in no doubt about what comes next: "It is an Islamic era in the Middle East."

Among those grappling with this new perception of reality is Joseph Samaha, a secular Christian, former radical socialist and one of Lebanon's most-thoughtful intellectuals. Over the summer he became editor in chief of Al Akhbar, a new newspaper sympathetic to Hezbollah. He scoffs at Westerners who cheer radical Islam as "naïve." But he concedes that Islamists now represent the only viable alternative to corrupt, authoritarian regimes in Egypt, Saudi Arabia and elsewhere. "It is sad, but it is like that," he says.

The ideological reshuffling marks a curious reprise: Russia's early Bolshevik leaders, many of them Jewish, worked hard to cultivate Muslims, seeing them as a useful ally against Britain and other European colonial powers then ruling over large Muslim populations, notably in India and Indonesia. The alliance led to doctrinal gymnastics as Soviet theorists sought to reconcile atheism with the Quran. Some even argued that the Prophet Mohammed was a precursor of Karl Marx.

For much of the 20th century, however, the left and Islam were bitter enemies. Spain's right-wing dictator, Gen. Francisco Franco, recruited Moroccan Muslims to fight Soviet-backed foes in the Spanish Civil War in the 1930s. In 1962, Saudi Arabia, worried by Egypt's tilt toward Moscow, created the Muslim World League to rally Islam against communism. Three years later, Islamic groups in Indonesia joined in an army-led mass slaughter of communists. Anticommunist fervor reached its peak in the 1980s, when thousands of Muslims flocked to Afghanistan to battle the Soviet occupiers.

Much the same enmity existed in Lebanon. When Dr. Sayid, the surgeon, first joined the Lebanese Communist Party in the late 1970s, Mr. Nasrallah, now Hezbollah's leader, also was getting into politics -- partly out of disgust at the spread of atheistic communism.

In an autobiographical account of his early years published in an Iranian newspaper, Mr. Nasrallah recounts how his own village was "turning into an area for the activity of intellectuals, Marxists and especially supporters of the Lebanese Communist Party." He left the village and joined a group called Amal, a Shiite organization.

Iran's Islamic revolution of February 1979 and the Soviet invasion of Afghanistan at the end of that year soured communist-Islamist relations further, provoking often-bloody clashes in Lebanon and elsewhere.

Iran's new Islamic government launched a brutal crackdown on the Soviet-backed Tudeh party, a leftist group that had helped topple the American-backed Shah. And Iran sent Revolutionary Guard zealots to Lebanon to help set up Hezbollah and injected the new group with their own fierce enmity to atheism and communism.

Israel's invasion of Lebanon in 1982 accelerated the rise of Islamist groups. It uprooted Yasser Arafat's secular Palestine Liberation Organization, which had bases in Lebanon, and left Hezbollah as the main force of "resistance."

Dr. Sayid moved to Minsk in the then-Soviet republic of Belarus to study medicine. He says he went there as a true believer and was appalled when Mr. Gorbachev began his program of "perestroika," or economic restructuring, and the Soviet system started to unravel. The reforms, he says, were a "counter-revolution."

In Lebanon, meanwhile, a vicious civil war raged. Moscow put its weight behind the nominally socialist and mostly secular forces of Walid Jumblatt, leader of the country's small Druze sect, an offshoot of Islam. In Dr. Sayid's village and other areas of southern Lebanon, previously strong support for the Lebanese Communist Party wilted as Hezbollah became the dominant force. Hezbollah's reputation was boosted by its fierce resistance to Israel and its provision of medical care and other services.

In its first public manifesto issued in 1985, Hezbollah declared itself hostile to "both the USSR and the U.S., both capitalism and communism, for both are incapable of laying the foundations for a just society." Though focused on the struggle with Israel, the manifesto also sought a wider audience, addressed to "all the Oppressed of Lebanon and the World." Eventually the

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Lebanese Communists began cooperating with Hezbollah, attracted mainly by its power but also finding common cause in its emphasis on championing the poor.

Amid the unraveling of the Soviet Union, few outside Lebanon paid much attention to the global pretensions of Hezbollah. Then came the al Qaeda attacks on America of 2001. Washington, traumatized, launched a "war on terror" against what it viewed as a small group of homicidal religious zealots.

As anger at the U.S. mounted in 2003 ahead of the invasion in Iraq, the snowballing antiwar movement took on a curious aspect, particularly in Europe: an alliance of forces that previously loathed each other.

Mr. Rees, the British radical who attended last month's Beirut conference, played a big role, allying his own organization, the Socialist Workers Party, with the Muslim Association of Britain, a group that says it wants to bridge Muslim and non-Muslim communities yet is accused by critics of siding with radical Islamic groups. The two organizations spearheaded the antiwar campaign in Britain. Today, Mr. Rees says he has reservations about some of his Islamic allies' views, particularly those regarding women and homosexuals.

"If there were a level playing field, I might choose different allies," he says. But he says America's own policies left him with no choice: "I find myself on the same side as Hezbollah, as Chávez. I didn't choose them. America did."

At a big Islamic festival this summer supported by London's mayor, Mr. Livingston, Islamist activists and left-wing politicians declared their solidarity. "Muslims and the left must and can come together, because we face the same enemies -- imperialism, colonialism and racism," said Redmond O'Neill, a senior aide to Mr. Livingston.

In Aytaroun, the Lebanese village near the border with Israel, Dr. Sayid, the Soviet-trained physician, has abandoned the socialist dreams of his youth. Communism, he concedes, "is not going to take root in this soil."

He has quit the Communist Party and now serves Hezbollah, working at a Hezbollah hospital bedecked with Islamic inscriptions and portraits of Iranian ayatollahs. When the war started this summer, his wife, an Orthodox Christian from Belarus, and three children left for her homeland. Dr. Sayid stayed behind to treat the injured, including Hezbollah fighters.

On a recent afternoon, Dr. Sayid sat with a group of Hezbollah activists in the office of the local mayor, also of Hezbollah. The mayor was wounded in the leg during the war and Mr. Sayid has been treating him.

One of the group showed off pictures of Hezbollah's "divine victory" -- an Israeli tank on its side, an Israeli warship in flames. Dr. Sayid says he is "not fully in agreement" with Hezbollah. But he believes it can succeed where communism failed. "It is strong. People support it." Hezbollah, he says, "shows the world America is wrong."

Rice: 'Freedom Deficit' Harming Mideast (AP)

By Barry Schweid

AP, December 9, 2006

Secretary of State Condoleezza Rice said Friday a lack of democracy — a "freedom deficit" — is the core problem in the Middle East.

But Rice also said despite a divide between moderates and extremists in the area, she thinks the Bush administration can begin to deliver on its promise of a Palestinian state living in peace alongside Israel.

"No American president has ever dared to say it as a matter of policy," Rice said of President Bush's declaration in 2002 that he would support creation of a Palestinian state.

At a joint news conference with visiting German Foreign Minister Franz-Walter Steinmeier, Rice made it clear the administration would continue to focus on spreading demcoracy and steering clear of extremists while pursuing an Arab-Israeli settlement.

While Amr Moussa, the secretary-general of the Arab League, called on the United States on Thursday to resume the role of "honest broker" between Israel and the Palestinians, Steinmeier stressed peacemaking was a joint effort of the so-called Quartet — the United States, the United Nations, the European Union and Russia.

Having visited the region recently, the German foreign minister said Palestinian leader Mahmoud Abbas and Israeli Prime Minister Ehud Olmert "seem to have an interest in taking further steps."

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And Rice, similarly, said "the Israeli-Palestinian issue is one that has now, perhaps, an opportunity to move the process forward."

She said it was important to get it right in the troubled area.

"The Middle East has suffered for 60 years from a freedom deficit," she said. "It has suffered from the absence of legimitate channels for political expression."

On Thursday, Sean McCormack, the State Department spokesman, said Rice intends to devote a lot of time on the Middle East and would make a trip to the region early next year to try to promote Mideast peacemaking.

She plans to meet on Saturday with visiting Israeli Foreign Minister Tzipi Livni, who told the Saban Center, a private group that promotes Mideast amity, that "a normal, functioning Palestinian state is not only in the Palestinians' interest but in Israel's."

However, Livni said in a dinner speech, "We have to prevent a future Palestinian state from being a terorrist state" and that Israel could not allow Palestinian refugees to return to the Jewish homeland.

Livni said Israel must strengthen the hand of moderates, such as Abbas, and that the struggle in the region is not between Israel and Arabs but between moderates and extremists.

McCormack said Thursday the absence of a Palestinian partner for Israel to deal with remains a roadblock to a solution. He referred to Hamas, the Palestinian militia with whom Israel and the United States refuse to negotiate.

On Friday, on a visit to Iran, Ismail Haniyeh, the Palestinian prime minister and Hamas leader in Gaza, vowed the Hamas-led Palestinian government will never recognize Israel and will fight for Jerusalem.

Israeli FM Rejects Linking Palestinian Conflict To Wider Mideast Crises (AFP)

AFP, December 9, 2006

Israeli Foreign Minister Tzipi Livni has rejected suggestions by influential US policymakers that the Israeli-Palestinian conflict lies at the heart of a broader Middle East crisis.

Addressing a gathering of current and former US officials, Livni said Middle East tensions were fueled more by ideology than territory and that moderate Arab leaders had confided privately to her that the greatest threat they faced today was Iranian-backed extremism.

"There is an opportunity to find new alliances in the region" based on a common battle against these radicals, said Livni, who is also Israel's deputy prime minister.

Livni flew into Washington Friday to address the opening dinner of the third annual Saban Forum, a two day meeting of current and former US and Israeli policymakers organised by the Brookings Institution, an influential Washington think tank.

She was scheduled hold informal talks on Saturday with US Secretary of State Condoleezza Rice before heading back to Israel, an Israeli official said.

Her visit coincides with a major review of Middle East policy by the administration of President George W. Bush prompted by the worsening chaos in Iraq and the recent election setback for his Republican party.

A key element of the policy review was a report issued this week by a high-level bipartisan study group which told Bush that efforts to stabilize Iraq and eventually begin withdrawing the 140,000 US troops mired in the country had to include a new drive to break the deadlock in Israeli-Palestinian peace efforts.

The group, co-chaired by former Republican secretary of state James Baker, argued that Arab and Muslim frustration over the lack of progress towards creating an independent state for the Palestinian people was fueling Islamic extremism across the region and beyond.

Livni rejected the linkage.

"There is a common and mistaken assumption that the Israeli-Palestinian conflict is the core of the problems in the Middle East," Livni said. "This is wrong."

"The conflict in the Middle East is a consequence of, not a cause of, radicalism and terrorism," she told the group, which included the State Department's top Middle East official, David Welch, and several of his predecessors as well as members of Congress and other prominent policymakers.

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Livni described the main threat in the region as the radical regime in Iran, whose goal, she said, is to export its radical brand of Shia Islam across the region.

"I don't think there is anyone who thinks that if we can solve the Israeli-Palestinian problem, it will change Iran and they will put their ideological vision aside and live in a tranquil Middle East," she said.

Livni said the Palestinian Shiite movement Hamas, which won control of the Palestinian government in elections early this year and has been thwarting efforts by moderate Palestinian president Mahmud Abbas to resume negotiations with Israel, shared the same ideological goals.

"The real conflict in the region is no longer the Arab-Jewish conflict, but the conflict between moderates and extremists," she said.

The Israeli diplomat said she had heard the same message in private from moderate Arab leaders concerned at the growing influence of Iran and the dangers Shiite radicalism posed to their Sunni dominated countries.

"This is something they are willing to express behind closed doors, but unfortunately they are not willing to express it publicly" for fear of a public backlash, she said.

Europeans Limit Scope Of Iran Nuclear Resolution (NYT)

By Warren Hoge

The New York Times, December 9, 2006

UNITED NATIONS, Dec. 8 — Europeans produced a revised draft of a Security Council resolution on Iran on Friday, and said they would formally introduce it on Monday in the hope of obtaining a speedy vote on much-delayed action to curb Tehran's nuclear program.

The text was drawn up after weeks of meetings in European capitals among the three nations drafting the measure, Britain, France and Germany, in consultation with the United States. It is aimed at meeting persistent objections from China and Russia.

The revised language narrows the scope of prohibition and punishment to activities that are clearly associated with making a nuclear weapon. Iran has argued that it is pursuing nuclear power for peaceful purposes, while the United States and the Europeans have contended that Iran's real purpose is to build bombs.

It also removes restrictions in earlier drafts on the construction, supplying and operation of an $800 million light-water reactor that Russia is building at Bushehr in southern Iran.

Iran ignored an Aug. 31 United Nations deadline to suspend uranium enrichment, which can produce fuel for both nuclear plants and weapons. Since then, the United States and the Europeans have been pressing for sanctions, but China and Russia have stalled action, saying broad punishment would be counterproductive.

Iran has said that a sanctions resolution would be a threat to its national security. The proposed sanctions still include travel restrictions, an asset freeze and bans on providing nuclear program goods, but in the new text they are now more focused on people and material linked to suspected weapons-building activities.

"The new text has two goals," said one European diplomat involved in its preparation. "First, to keep it firm — I think it is a strong text — and at the same time to have the Chinese and Russians on board."

A second European diplomat was asked whether the Europeans planned to drive the matter to a vote, even if China and Russia, both veto-bearing permanent members, continued to object or threatened to abstain. "The intention and the wish is to remain unified and get this agreed," he said. "But it is three months since Iran ignored the deadline, and we are not saying unanimity at any price."

Neither diplomat would speak on the record before the text was officially presented to the members of the Council. In Washington, Sean McCormack, the State Department spokesman, said that he sensed that the differences over the resolution "were starting to narrow."

Fresh Drive For Sanctions On Iran (FT)

By Mark Turner

Financial Times, December 9, 2006

DOJ_NMG_0105173

France, Germany and the UK on Friday launched a new United Nations drive to impose sanctions on Iran, calling all countries to prevent the supply of goods that could help its nuclear enrichment and reprocessing programmes, or the development of nuclear weapon delivery systems.

European diplomats said a draft Security Council resolution, circulated to ambassadors late on Friday, represented a conceptual reversal from earlier proposals that had called for a blanket ban on nuclear-related goods unless specifically exempted.

To meet Russian concerns, the new approach was to specify "proliferation-sensitive" materials that are not allowed, with the implication that less sensitive nuclear trade, such as Russian support for Iran's Bushehr reactor, could continue.

A European diplomat said the text had been developed "in close consultation with the US, Russians and Chinese", and that "it reflects the facts that we have listened very carefully to what the Russians and Chinese have been saying".

The text will be formally introduced to the Security Council on Monday, followed by a meeting between the three European members, the US, Russia and China.

European diplomats say they hope for a decision before Christmas.

Sean McCormack, a spokesman US state department, said: "The sense is that any differences . . . over the text of the resolution are starting to narrow. We remain hopeful that, in the near future, we will be able to get a resolution that everybody can vote for."

But Iran's foreign minister, Manouchehr Mottaki, said this week that any sanctions would be considered "a threat to our national interests and security".

The proposal also calls for a travel ban and financial freeze on people engaged in nuclear proliferation, and for countries to "exercise vigilance and prevent specialised teaching" of Iranian nationals in disciplines that could help Iran develop a military nuclear capability.

It says if Iran suspends its activities and complies with International Atomic Energy Agency requirements, a "diplomatic, negotiated solution that guarantees Iran's nuclear programme is for exclusively peaceful purpose" could follow.

U.S. Hints Iran Sanctions Deal Is Near (AP)

By Anne Gearan

AP, December 9, 2006

The United States suggested Friday that a deal on imposing United Nations sanctions on Iran is near despite a disappointing round of talks among world powers earlier this week.

State Department spokesman Sean McCormack also indicated the United States does not have unlimited patience for what have already been drawn-out negotiations among the U.N. Security Council's permanent members and Germany over Tehran's nuclear program.

"The sense is that any differences ... over the text of the resolution are starting to narrow," McCormack said. "We remain hopeful that, in the near future we will be able to get a resolution that everybody can vote for — that we will be able to maintain unity on the Security Council."

The U.S. and Europeans are pushing for a resolution by the end of the year. The West accuses Iran of hiding plans to build a bomb while developing what it claims is a peaceful program to produce nuclear power.

Iran was on the agenda for a meeting between Secretary of State Condoleezza Rice and Russian national security adviser Igor Ivanov, whose nation has resisted strong sanctions for months. Rice was discussing strategy on Iran later Friday with German Foreign Minister Frank-Walter Steinmeier.

Germany, France and Britain led failed talks with Iran last year that European powers had hoped would avert U.N. sanctions. Europe joined the United States in seeking sanctions early this year, but the process has bogged down repeatedly over objections from Russia and China. Both nations are permanent, veto-holding members of the U.N. Security Council that have trade and other ties to Iran.

McCormack described a sanctions resolution with broad support as "the optimal solution."

"We would certainly want that in the best case, but it is also time to start working toward a vote," McCormack said.

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On Wednesday, French Foreign Minister Philippe Douste-Blazy predicted that Iran will face U.N. sanctions for refusing to halt its nuclear program but said major world powers remain divided over their extent.

"The question is about the scope of sanctions but there will be sanctions," he said on RTL radio.

His ministry said Tuesday that closed-door talks in Paris had made "substantive progress" but failed to reach an accord on a resolution to punish Iran for defying demands that it cease enriching uranium.

Iran's hard-line president threatened to downgrade relations with the 25-nation European Union if tough sanctions emerged from the talks among diplomats from the permanent Security Council members — the United States, Britain, China, France and Russia — as well as Germany and the EU.

After months of diplomatic wrangling, the United States and France had hoped Tuesday's talks would produce a resolution imposing sanctions on Iran for defying an Aug. 31 U.N. deadline to halt enrichment. Western powers accuse Iran of seeking nuclear bombs, while Tehran insists it only wants civilian nuclear energy.

European diplomats said Russia made some concessions at Tuesday's talks, agreeing to a measure prohibiting financial transfers to some Iranians linked to nuclear or ballistic missile programs.

Russia still opposes the broader asset freeze that Britain, France and Germany proposed in a draft U.N. resolution presented in October.

Europeans Circulate Revised Iran Draft (AP)

By Edith M. Lederer, Associated Press Writer

AP, December 9, 2006

In a fresh bid to win Russian and Chinese support, key European nations circulated a revised U.N. resolution Friday narrowing sanctions on Iran for refusing to suspend uranium enrichment and urging negotiations to resolve the standoff over its nuclear ambitions.

The new draft still would ban the supply of materials and technology that could contribute to Iran's nuclear and missile programs, but it spells out in much greater detail exactly what items are prohibited. Russia and China — both veto-wielding members of the U.N. Security Council — had complained that the proposed sanctions in the original draft were too broad.

But the new draft keeps a travel ban and asset freeze on companies, individuals and organizations involved in Iran's nuclear and missile programs, which Russia opposes.

Britain, France and Germany — who have led negotiations trying to rein in Iran's nuclear program — have been at odds with Russia and China for weeks over the scope of the sanctions. The United States has generally supported the Europeans, though it initially wanted a tougher text.

Russia proposed major changes to the original European text including limiting sanctions solely to measures that would keep Iran from developing nuclear weapons and missiles. Russia's proposed changes also eliminated any travel ban, asset freeze or mention of the nuclear facility being built by the Russians at Bushehr, Iran.

The new European draft drops all mention of Bushehr, which is projected to go on line in late 2007 and would be Iran's first atomic power plant.

But it keeps a range of sanctions and still would limit technical assistance to Iran by the International Atomic Energy Agency and urge countries to prevent Iranian students from studying nuclear-related disciplines.

Whether the new draft goes far enough to meet Russia's concerns remains to be seen. At a meeting in Paris on Tuesday, political directors from the five permanent members of the Security Council plus Germany failed to reach agreement though they reported "substantive progress."

Council diplomats said ambassadors from the six countries were expected to discuss the new draft early next week, possibly Monday.

Iran maintains its nuclear program is purely peaceful, aimed solely at producing nuclear energy, but the U.S. and the Europeans believe Tehran's enrichment activities are ultimately aimed at producing nuclear weapons.

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Iranian President Mahmoud Ahmadinejad vowed Tuesday to continue the nuclear program, and issued a new threat to downgrade relations with the European Union — Iran's largest trading partner — if European negotiators opted for tough sanctions.

Both Russia and China, which have major commercial ties with Iran, have continued to publicly push for dialogue instead of U.N. punishment, despite the collapse in October of an EU attempt to entice Iran into talks.

The new European draft emphasizes "the importance of political and diplomatic efforts to find a negotiated solution guaranteeing that Iran's nuclear program is exclusively for peaceful purposes."

It also encourages Iran "to engage" with the proposals put forward by the six countries in June. Their package offered economic incentives and political rewards if Iran agreed to consider a long-term moratorium on uranium enrichment and commit to a freeze on enrichment before talks on its nuclear program.

The European draft makes clear that Iran must "without further delay suspend proliferation sensitive nuclear activities" — specifically all enrichment and reprocessing including research and development, and construction of a research reactor moderated by heavy water.

It also increases pressure on Iran to fulfill requirements set by the IAEA board and would expand the powers of the U.N. nuclear watchdog agency to monitor Iran's nuclear program, which diplomats said Russia views as a "provocation" to Iran.

Council Given New Draft Over Iran (BBC)

BBC.com, December 8, 2006

France, Germany and the UK have drawn up a new draft of a proposed United Nations Security Council resolution aiming to curb Iran's nuclear efforts.

The draft details which materials Iran would be banned from acquiring under possible Security Council sanctions.

It also threatens Iran with unspecified actions if it does not suspend its enrichment of uranium, but is narrower in scope than previous drafts.

Russia and China both said early drafts were too restrictive on Tehran.

Earlier this week talks in Paris between diplomats from the five permanent UN Security Council members and Germany ended with no agreement.

But diplomats, including US Secretary of State Condoleezza Rice, have suggested that negotiations are making progress.

The new draft still would ban the supply of materials and technology that could contribute to Iran's nuclear and missile programs.

But it spells out in much greater detail exactly what items are prohibited.

It is said to retain a travel ban and the freezing of assets of individuals, companies and organizations involved with the Iranian programmes, a measure that was opposed by Russia.

Both Russia and China have direct financial concerns in Iran.

Russia is building a nuclear power station in the country and China has significant oil interests in Iran.

However, European diplomats hope to put this resolution to a vote by Christmas.

Iranian President Mahmoud Ahmadinejad has threatened to reconsider relations with those countries who support sanctions.

Lebanese Premier Lashes Out At Hezbollah Leader (NYT)

By Nada Bakri, Michael Slackman

The New York Times, December 9, 2006

BEIRUT, Lebanon, Dec. 8 — Lebanon's prime minister, Fouad Siniora, lashed out Friday at Hezbollah's leader, Sheik Hassan Nasrallah, in a deeply personal attack in which he dismissed the sheik's political ultimatums for more power, saying, "You are not our Lord and your party is not our Lord."

The prime minister's decision to go head to head with Sheik Nasrallah in a televised address was a risky strategy for Mr. Siniora, whose local and regional standing is nowhere near the outsized image that the Hezbollah leader enjoys. But it also

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reflected how Lebanon's political crisis had spread beyond the bounds of political differences and entered the highly combustible realm of personal animosities between leaders.

A day earlier, Sheik Nasrallah appeared in a live video feed on two large screens before thousands of protesters camped out in downtown Beirut, vowing to press on with street protests that have paralyzed the government and the capital city for more than a week. He threatened that if the governing coalition did not soon meet his demand to form what he called a national unity government — in which Hezbollah's alliance would have veto power over all decisions — he would force the collapse of the existing government, call for early parliamentary elections and select a new prime minister from among Hezbollah's allies.

"Sayed Nasrallah's speech was not aptly chosen," Mr. Siniora said in response on Friday, using a title that indicates that Sheik Nasrallah is a descendant of the Prophet Muhammad. "He was trying to stage a coup d'état, or at least threaten to make one."

In striking back, the prime minister challenged the credibility of Sheik Nasrallah and Hezbollah — or the Party of God — a strategy that would have been unheard of in the early days after the war with Israel, from which Hezbollah emerged emboldened and declared "divine victory." But Lebanon is now divided and angry, and its leaders talk about promoting dialogue — while ratcheting up a heated confrontation.

"His threatening rhetoric does not lead anywhere and is not beneficial for the Lebanese," the prime minister said. "It is one of the things that are making the resistance lose its popularity among Arabs and Muslims."

There are generally two sides in this battle. One, the Hezbollah alliance, backed by Iran and Syria, says that the sitting government is illegitimate because six Hezbollah-aligned ministers resigned. The other side, called the March 14 coalition, is backed by the United States and France, and says that Hezbollah and its allies are trying to stage what amounts to a coup.

Each side has accused the other of being an agent of foreign governments; each has accused the other of seeking one-party rule of Lebanon; each has accused the other of refusing to have a dialogue; each has vowed not to give into the other's demands; and with each day, the sides move further and further away from reconciliation.

Saniora Accuses Nasrallah Of Coup Threat (AP)

By Zeina Karam, Associated Press Writer

AP, December 9, 2006

Prime Minister Fuad Saniora on Friday accused Hezbollah's leader of threatening a coup in an unusually harsh exchange between the two rivals that stoked tensions as the Shiite guerrilla group escalated its attempts to oust the government.

Saniora spoke to hundreds of supporters in his fortified office, where he has lived for more than a week. Outside, pro-Hezbollah demonstrators in a nearby square replayed on loudspeakers a Thursday night speech in which their leader, Sheik Hassan Nasrallah, accused the prime minister of siding with Israel during the July-August war.

The prime minister said Nasrallah "is threatening a coup and his statements carry all the seeds of dissension and threat."

Saniora criticized the Hezbollah leader for his attitude in the speech, in which he accused the prime minister of being "stubborn" and said members of the government were responsible for the war, which began after Hezbollah seized two Israeli soldiers.

"Who appointed you to say 'I am right and all else is false'?" the prime minister asked.

Saniora, who has received strong Western and Arab support, repeated that Hezbollah's protests, now in their eighth day, would not force his resignation. The pro-Syrian Hezbollah and its opposition allies have called for a huge demonstration Sunday, saying it will mark an escalation in their attempts to oust the U.S.-backed premier.

Hezbollah and its allies began demonstrating after Saniora rejected their demands for a third of the Cabinet's seats — an effective veto.

Six pro-Hezbollah ministers resigned from the Cabinet last month over Saniora's refusal to accept the demand, depriving the government of any Shiite representation.

The political division has taken dangerous sectarian lines, with most Sunni Muslims supporting the Sunni prime minister and Shiites backing Hezbollah. Christian factions are split between the two camps.

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Egyptian President Hosni Mubarak warned Friday the protests could escalate to "very serious confrontations and even lead to the destruction of Lebanon."

"I fear the consequences," Mubarak said in a TV interview on a visit to Paris. "There is also the risk of foreign interference," he added in a veiled reference to Syria and Iran, the sponsors of Hezbollah.

Hezbollah has not said what it plans to do next, but some Lebanese believe it might call for civil disobedience or escalate street protests, disrupting vital utilities such as Beirut airport. So far, however, Nasrallah has stressed that his supporters must demonstrate peacefully.

On Friday, Hezbollah protesters in the square near Saniora's office released red, white and green balloons — the colors of the Lebanese flag — bearing the words "Saniora, out."

Elsewhere in central Beirut, the spiritual leader of Lebanon's Sunnis backed the government and told worshippers Hezbollah's demands would not be met.

"Bringing down the government and prime minister in the street is a red line which we will never allow," Sheik Mohammed Rashid Kabbani said in a sermon at a Sunni mosque.

But another Sunni cleric, Fathi Yakan, who supports Hezbollah, led opposition protesters in prayer in a city square.

"Your sit-in today, with God's help, will defeat the American project," Yakan said, accusing the U.S. of sowing division between Shiites and Sunnis in the Islamic world.

On Thursday, Nasrallah said government officials had asked American envoys to persuade Israel to destroy Hezbollah and claimed that Saniora had ordered the Lebanese army to deprive Hezbollah of weapons.

"Didn't the prime minister of Lebanon work to cut off the supply lines?" Nasrallah asked.

The Lebanese army said Friday that it had received no such orders from the government during the 34-day war, but that troops did confiscate Hezbollah ammunition at one checkpoint.

Hezbollah replied by saying the troops would not have seized the ammunition without a "political decision" and that the army was telling only "half the truth."

Despite the exchange, both leaders have stressed they are willing to negotiate.

"Our hand and heart is open," Saniora said Friday. "We won't dig trenches in Beirut streets, we will build bridges of love among the Lebanese, Christian and Muslim."

Nasrallah and Saniora have welcomed this week's proposal by Lebanon's Maronite Catholic Church to form a new government and hold early presidential elections, saying it could serve as the basis for a settlement.

President Emile Lahoud, a staunch pro-Syrian, has refused to resign. He issued a statement Friday that praised Nasrallah's speech as carrying "responsible and clear positions."

Six-Party Negotiations On N. Korea To Resume (WP)

By Glenn Kessler

The Washington Post, December 9, 2006

Six-nation talks on ending North Korea's nuclear program will begin next Saturday morning in Beijing, two months after Pyongyang defied international pressure and conducted its first nuclear test. Such talks have been stalled for more than a year.

"We're going back," Assistant Secretary of State Christopher R. Hill said in an interview. Hill, the chief U.S. negotiator, said China, the host of the talks, will make a formal announcement this weekend. The first session is expected to last a few days, then take a break before Christmas.

The talks have been stalled in part because of North Korean pique at a U.S. Treasury Department effort to crack down on North Korean counterfeiting. The United States has agreed to set up a working group at the talks to find ways to finalize a Treasury investigation of a Macau bank, provided North Korea takes steps to end its illicit activities.

U.S. officials said all sides have agreed that the talks will seek to implement the joint "statement of principles" issued on Sept. 19, 2005, which was designed to lay out a negotiating road map. That statement, which said North Korea would "abandon" its nuclear programs, is filled with diplomatic ambiguity, with no clear timeline for when the North would give up its programs, or

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how, or in what sequence. The statement said the steps would take place under the principle of "commitment for commitment, action for action," but now negotiators must agree on which steps will take place first.

In talks with the North Koreans, Hill has indicated a clear sense of urgency in implementing the agreement. Some Asian diplomats reported that he sought a timeline as short as 18 months, before President Bush completes his term. A U.S. official said Hill and the North Koreans have discussed in general terms how long it would take to implement the 2005 statement.

"There was a discussion about getting the September statement done in a reasonable amount of time," he said. "Eighteen months would be included in a definition of 'reasonable,' but there were lots of time frames given out."

The six-party talks, which also include Japan, South Korea and Russia, began in 2003, after North Korea restarted a nuclear reactor in Yongbyon that had been frozen under a 1994 deal and began to extract weapons-grade plutonium from spent fuel rods. The Bush administration cut off heavy-fuel deliveries promised under the deal after it accused Pyongyang of building a clandestine uranium-enrichment program. Since then the six-party talks have generally taken place only intermittently and have generally made little progress.

U.S. officials said Hill, in bilateral talks in Beijing with his North Korean counterpart on Oct. 31 and Nov. 28, did not offer any enhanced humanitarian or economic benefits if Pyongyang agreed to give up its programs. Instead, Hill reiterated long-standing U.S. proposals, such as joining in providing energy assistance, offering security assurances, outlining a path to negotiating a peace treaty to end the Korean War and normalizing relations.

U.S. officials do not expect North Korea to take any visible steps at the start of the talks, such as shutting down its nuclear reactor, but they want to seek evidence that North Korea is committed to speedy implementation of the 2005 statement.

"They have indicated they are interested in an end to what they call the U.S. 'hostile policy,' " Hill said. "We made very clear to them that we don't have a hostile policy to them. We have a hostile policy to their policies, including and especially their nuclear policies."

Asian diplomats said China believes that the stage is set for progress at the talks. Beijing was embarrassed when North Korea, a longtime client state, gave it only two hours' warning of its nuclear test, and Chinese officials have been eager to repair the diplomatic damage.

Many Korea experts, however, increasingly think that North Korea will never give up its nuclear weapons programs, or at least that the price for giving them up has increased significantly. A group of experts recently returned from meetings there and said they believe that Pyongyang is returning to the talks simply to placate China and has little interest in giving up its nuclear programs.

Officials Hail U.S.-India Nuke Fuel Deal (AP)

By Matthew Rosenberg, Associated Press Writer

AP, December 9, 2006

Officials hailed a U.S.-India civilian nuclear cooperation deal approved by the U.S. House of Representatives Friday as the symbol of a broad shift in relations between the two countries. But the deal also highlights some of the limits of the emerging strategic partnership between India and the United States, who have sought to overcome decades of mutual mistrust.

The bill, which allows the shipment of nuclear fuel and know-how to India, now goes to the U.S. Senate and then must be signed by President Bush. U.S. and Indian officials also need to work out a separate technical nuclear cooperation agreement, expected to be finalized next year.

The nuclear deal "is a major, historic step forward for both our countries," U.S. Undersecretary of State Nicholas Burns told reporters in New Delhi earlier in the day. It "is the symbolic center of this new strategic partnership between India and the United States."

While the new partnership could further open up a huge market for American companies and give India the energy it needs, it is far more fraught politically. India has long had close ties with countries shunned by the U.S., such as Iran and Myanmar. Washington, meanwhile, is tight with India's biggest rival, Pakistan.

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"The two countries will have to sit together and find out how they can promote their respective national interests and work together to promote global peace and security," said Gen. Ashok Mehta, a retired officer and military commentator. "It's not certain they can."

Those potential differences were highlighted in recent days by India's concerns over language in the bill that would require Bush and his successors to determine if New Delhi was cooperating with American efforts to confront Iran about its nuclear ambitions.

Indian officials say they can live with the weakened, nonbinding language that made it into the final bill.

But many here are rankled by suggestions from Washington that New Delhi should support American policy, be it on Iran or China, with whom India is also seeking closer ties.

"We're a sovereign nation — we don't need Washington to decide what is best for us," said one official who spoke on condition of anonymity because he needs to work with U.S. officials.

The bill carves out an exemption in American law to allow U.S. civilian nuclear trade with India in exchange for Indian safeguards and inspections at its 14 civilian nuclear plants; eight military plants would remain off-limits.

Congressional action was needed because U.S. law bars nuclear trade with countries such as India that have not submitted to full international inspections.

Critics say the cooperation plan, a deal which American officials insist will not be given to any other country, could boost India's nuclear arsenal and spark a nuclear arms race with Pakistan.

The deal "brings about the qualitative change in relations between India and Washington," said Talat Masood, a Pakistani defense analyst. It "will make Pakistan much more insecure."

Economically, the benefits for India and the U.S. could be huge.

Energy, or lack thereof, is the Achilles heel of India's fast growing economy, and officials here are looking to nuclear power as a potential solution.

But India lacks needed supplies of uranium, and the deal will pave the way for India to get access to the international nuclear fuel market, from which it has been excluded because of its refusal to sign the Nuclear Nonproliferation Treaty.

U.S. companies are hoping to cash in on the expected boom in nuclear energy in India — estimates for how much the Indian market could be worth range as a high as $100 billion.

Associated Press Writer Munir Ahmed in Islamabad, Pakistan contributed to this report.

Congress Nears Approval Of Nuclear Deal For India (WSJ)

By Jay Solomon

The Wall Street Journal, December 9, 2006

WASHINGTON -- Congress was set to approve a civilian nuclear deal for India late Friday, in a move that could open a torrent of U.S. high-tech trade with the subcontinent.

Both houses of Congress agreed Thursday on language of the bill, which would allow U.S. firms for the first time to sell nuclear technologies to India.

Bush administration officials view it as underpinning an evolving Washington-New Delhi alliance that could help counter China's emergence as a global economic and military power. American companies are set to benefit from potential nuclear-energy deals, worth billions of dollars, and other trade opportunities that are likely to open in the wake of the initiative.

This week, a delegation of more than 200 companies, including about 25 nuclear-oriented companies such as General Electric Co., Bechtel Group Inc. and Westinghouse Electric Co., traveled to New Delhi to learn about India's business regulations and meet with senior Indian officials. Those companies also held discussions with India's principal nuclear energy companies, Nuclear Power Corp. of India and National Thermal Power Corp.

Executives in the delegation said they are attracted to India's skyrocketing demands for energy, which are expected to come from both conventional and nuclear sources. Currently, India has the capacity to produce 3,500 megawatts of power from nuclear reactors, but the government wants to increase this to 60,000 megawatts by 2030.

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Many U.S. officials and business executives hope that progress in opening India's energy markets will translate into greater access to other sectors. India's economy grew more than 9% in the first half, and demand for everything from cellular phones to cars is soaring.

"The feedback we're getting is that India is looking forward to the collaboration" with American companies, said Ron Somers, who took part in the delegation as the president of the U.S.-India Business Council. "Across all the sectors of the Indian economy, the opportunities are limitless."

Some critics of the nuclear deal say it could fuel a broader arms race in South Asia and undermine the global system designed to contain the development of nuclear weapons. They are particularly concerned that India's rival, Pakistan, and other Islamic nations could seek to further develop their own nuclear arsenals in response to India's growing capabilities.

"It's an historic mistake," said Massachusetts Democratic Rep. Edward Markey, who fought the bill's passage Friday on the floor of the House. "The consequences, the domino effect, begin here today."

President Bush and Indian Prime Minister Manmohan Singh agreed at a July 2005 summit in Washington to develop a "strategic partnership" resting heavily on the U.S.'s ability to share nuclear technologies with India. Such actions required the Bush administration to amend decades-old laws that prohibit the U.S. from diverting such technologies to non-signatories of the Nuclear Nonproliferation Treaty.

Despite general bipartisan support for the deal, a number of stumbling blocks emerged in recent months. India wanted strict language that guarantees New Delhi would have alternative sources of nuclear fuel should Washington face limitations as a supplier. U.S. lawmakers sought explicit language in the bill that would guard against New Delhi supporting the nuclear programs of other countries, particularly Iran.

Indian officials voiced satisfaction with the final version, saying it is crucial to helping India meet its energy needs without impinging on New Delhi's sovereignty. "No legislation enacted in a foreign country can take away from the sovereign right to conduct foreign policy determined solely by our national interests," India's Foreign Minister spokesman said in a statement.

If the bill passes, it's likely to be at least another six months before American companies can begin selling nuclear technologies, said officials involved in the India initiative. Washington and New Delhi still need to agree to parameters for the types of technologies to be included. And India must reach a new safeguards agreement with the International Atomic Energy Agency, as well as an agreement with the Nuclear Suppliers Group, the global body controlling the trade of nuclear technologies.

House Passes Deal With India On Sale Of Nuclear Reactors (NYT)

By Mark Mazzetti

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — The House of Representatives voted overwhelmingly on Friday to cement closer ties between the United States and India, endorsing President Bush's plan to allow American shipments of civilian nuclear reactors and fuel to India over criticisms that the plan could spark a regional arms race.

The landslide vote handed the White House a major victory at a time when the Bush administration's foreign policy is under fire on multiple fronts, and it was another signal that American lawmakers are looking for concrete steps to counter China's growing influence in Asia.

The bill passed 330-59 in the House, and the Senate had yet to vote. The nuclear agreement, which was negotiated in March by President Bush and Prime Minister Manmohan Singh of India, would lift a decades-long ban on nuclear sales to India put in place, in part, because of the country's refusal to sign the Nuclear Nonproliferation Treaty.

The arrangement requires that the fuel shipments be for civilian use only, yet opponents of the bill said that the deliveries of nuclear fuel would free up India's domestic stocks of nuclear materials for its weapons program.

On Friday, Representative Edward J. Markey, a Massachusetts Democrat who has been one of the most vocal critics of the bill, called the plan a "historic mistake" that will "come back to haunt the United States and the world."

Mr. Markey said that proliferation experts estimate that the new arrangement would allow India to produce as many as 50 nuclear warheads each year.

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Congressional negotiators softened a provision that would have required American presidents to certify that India was participating in efforts to halt Iran's burgeoning nuclear program. New Delhi strongly opposed this provision. The bill now merely requires the president to report annually to Congress on what India is doing to end the Iranian program.

Even after President Bush signs the legislation, India must reach a separate agreement on nuclear inspections with the International Atomic Energy Agency, the United Nations' nuclear watchdog. The Nuclear Suppliers Group, a coalition of 45 nations that regulates nuclear trade, must also approve the deal.

Congress OKs Nuclear Pact With India (LAT)

By James Gerstenzang

The Los Angeles Times, December 9, 2006

WASHINGTON — Reversing three decades of U.S. policies intended to halt the spread of nuclear weapons, Congress early today approved a long-stalled agreement giving India access to American nuclear technology with limited safeguards to discourage possible proliferation.

The House of Representatives passed the measure, 330 to 59, Friday night, and senators voted unanimously in favor of the deal shortly before 3 a.m. President Bush, who finalized the terms of the agreement during a visit to India in March, is expected to sign it quickly.

The pact would lift a U.S. moratorium on nuclear cooperation with a nation that has developed atomic weapons and has not signed the Nuclear Nonproliferation Treaty of 1970. But Bush and supporters of the agreement argue that it marks a crucial advance in restricting nuclear weapons because it permits international inspectors to examine most of India's civilian nuclear reactors for the first time.

In addition, they say that opening India's nuclear industry to $100 billion in potential sales from abroad will help cement a relationship with a developing economic power that may also serve as a hedge against the growing clout of China in Asia.

Critics argued that by allowing India's nuclear arsenal to keep growing and keeping some of its facilities off-limits, the pact establishes a double standard and sets conditions under which treaty violations would be tolerated.

"Such a policy unravels years of successful U.S. diplomatic efforts to convince countries that the benefits of surrendering the right to develop nuclear weapons outweighed the risk of staying outside the treaty and pursuing a nuclear weapons option," said retired Army Lt. Gen. Robert G. Gard Jr., a senior military fellow at the Center for Arms Control and Non-Proliferation, a Washington think tank.

The deal now faces at least two additional hurdles. A treaty putting the provisions into effect will require Senate ratification, and the Nuclear Suppliers Group, 45 nations that control exports of nuclear materials, also must approve the pact.

The suppliers group was formed in 1974 after India conducted a nuclear test.

Over months of debate, the measure's proponents were able to turn back fears that the accord would fuel a nuclear arms race in South Asia and that the United States was weakening its hand in seeking to restrict nuclear weapons development in Iran and North Korea.

Though India has been a nuclear power since 1974, its rival, Pakistan, first tested nuclear weapons in 1998.

Pakistan's military said in a statement that it had successfully test-fired a new version of its short-range, nuclear-capable missile today, the Associated Press reported.

Supporters said that rather than fueling arms development, the agreement will promote economic growth in the U.S. and India by easing political tensions and encouraging trade.

"India is a state that should be at the very center of our foreign policy and our attention," Rep. Tom Lantos (D-San Mateo) said in House debate Friday.

Sanjay Puri, chairman of the U.S.-India Political Action Committee, said some estimates had placed the potential economic value of the deal at $30 billion in the United States and India alone, and that it could add 10,000 to 15,000 jobs in the U.S.

Alternatively, the failure of the deal would have "serious repercussions in terms of the political and economic relationship," he said.

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The issue of Iran's nuclear ambitions delayed the measure's consideration until the last days of the 109th Congress. Legislators wanted assurances that India would cooperate with U.S. efforts to punish Iran, with sanctions if necessary, for its nuclear program.

But Bush administration officials feared such provisions would alienate India and scuttle the deal.

Ultimately, the two sides agreed on a compromise under which the president would submit reports on India's actions regarding Iran.

Under the agreement passed by Congress, India would be allowed to expand its nuclear weapons arsenal, but for the first time it would allow international inspections of its civilian reactors. However, inspectors would have access only to 14 of 22 reactors. The others, at military installations, would remain off-limits.

At the heart of the debate was the impact the deal would have on the nonproliferation treaty, a cornerstone of U.S. nuclear weapons policy since 1970. The treaty, aimed at preventing nonnuclear nations from acquiring atomic arms, has been signed by more than 180 countries.

Critics of the U.S.-India deal said it would undermine the treaty, encourage violations and lead to the spread of nuclear weapons.

During the debate Friday, Rep. Edward J. Markey (D-Mass.), who had been among the most vocal opponents, said the U.S. was asking the United Nations to pressure Iran, a signatory to the treaty, "not to use civilian nuclear materials in order to create a military nuclear weapon."

At the same time, he said, India was on the verge of gaining U.S. approval of a nuclear fuel agreement although the Indian government had refused to sign the treaty and had engaged in a subcontinent nuclear arms race.

"We are going to provide the nuclear materials for their civilian nuclear program so that it will free up their domestic nuclear materials for their weapons program," he said.

Markey said that the accord would set off a "nuclear weapons domino effect" by encouraging other nations to ignore the nonproliferation treaty, and that Iran and North Korea would be at the top of the list.

Bush, in addition to focusing on the access inspectors would gain to Indian facilities, has argued that with a population of 1.1 billion and a growing economy, India needs to expand its nuclear energy facilities to lessen its need for conventional fuels.

Growing demand for oil and gas, he says, will put price pressure on the world's limited supplies.

Bush and Indian Prime Minister Manmohan Singh set the agreement in motion during a meeting in Washington in July 2005, but negotiators were unable to complete it until March.

Undersecretary of State R. Nicholas Burns, who is visiting India, said ahead of Congress' approval that the deal would lead to an expansion of joint ventures between the countries and accompany increases in mutual counter-terrorism efforts.

US-India Near End Of Nuclear Freeze (FT)

By Jo Johnson

Financial Times, December 9, 2006

The US and India were last night approaching an important milestone in their journey towards a new strategic partnership, with the US Congress poised to pass legislation to allow Washington to resume the sale of nuclear technology to New Delhi after a gap of 30 years.

The proposed changes to the US Atomic Energy Act will end a technology-denial regime imposed on India in the wake of its 1974 nuclear test; mark an abrupt shift in US counter-proliferation policy; and open the door to a wide range of commercial opportunities.

In New Delhi, Nicholas Burns, US under-secretary of state, said: “The civil nuclear agreement is in our eyes the symbolic centre of the new strategic partnership between India and the United States.

“We’ve broken with conventional wisdom of the last 30 years that India should be isolated and walled off from the international non-proliferation regime. We’ve made an effort to change our own law and international regulation so India can be welcomed into the non-proliferation regime for the first time in decades.”

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After investing political capital to secure the vexatious agreement, bitterly criticised by non-proliferation campaigners as a reward to a nuclear pariah state outside the Non-Proliferation Treaty, the Bush administration is expected to drive to secure some commercial objectives in India.

"We're doing this to build a long-term strategic partnership – but India opening up sectors such as financial services and retail would be extremely important to US companies," said an official.

The US has been strongly recommending that foreign direct investment ceilings in the Indian insurance sector should be increased from the 24 per cent permitted at present.

The US has not disguised its desire to ramp up military and defence collaboration between the two countries. It has pushed hard to secure a share of a $6bn order for 126 fighter jets for India.

The painful history of US sanctions, which saw supplies of spares abruptly terminated, has left a legacy of mistrust in the Indian defence establishment that is only slowly dissolving.

India is keen to diversify its sources of defence hardware. These have to date been dominated by Russian equipment. India has recently bought its first important naval platform from the US – the former USS Trenton, an amphibious transport ship.

US officials in Delhi on Friday disclosed India had in November agreed to buy six UH-3H Sikorsky Sea King helicopters for $38m, that will accompany the Trenton, bought in July for $48m, when it sails to India next month.

"People are looking at the relationship and saying: How do we take it beyond civil nuclear?" said a US official. He added that Washington hoped India would play a greater regional role in Afghanistan and west Asia.

Several more vital approvals – including those of the International Atomic Energy Agency and the 45-nation Nuclear Suppliers Group – are needed before the agreement can take effect. Several countries, notably China, have yet to show their cards. But the odds of a successful conclusion have increased.

Indian Finance Official Expects Pickup In Growth (WSJ)

By Eric Bellman

The Wall Street Journal, December 9, 2006

NEW DELHI -- India's economic expansion could accelerate to more than 10% annually in the next five years, said the country's finance minister, confirming a trajectory that puts India on a similar growth path as Asia's other star performer: China.

India -- which has clocked gross-domestic-product growth of 9.1% in the first half of this fiscal year -- could see growth climb into the double digits during the period covered by the government's next five-year economic plan, which starts April 1, Finance Minister P. Chidambaram told The Wall Street Journal in an interview.

"We would be happy if the next [five-year] plan started with 9% [growth] and then slowly took the growth up to 10%," he said. The comments echo those of other Indian leaders, who say double-digit growth is within reach, as long as the economy continues to open to private and foreign investment.

Along with China, India's economy has been one of the world's fastest growing recently, expanding an average of around 8% a year for the past three fiscal years. The country's central bank, the Reserve Bank of India, projects that the economy will expand around 8% this year, but some economists think growth could be 8.5% or higher. In comparison, China's GDP grew 10.7% in the January-September period compared with a year earlier.

India needs to expand even faster, though, if it wants to bring more of the hundreds of millions of its citizens out of poverty, economists said.

The finance minister welcomed a recent slowdown in inflation. He said that while he would like to see inflation lower, it is in part a result of India's robust growth and still much lower than it used to be. "We have some mastery over inflation" that the country didn't have 10 years ago, he said. "Only in the last four years the inflation rate has been less than the GDP" growth rate, he added.

Inflation will "moderate" over the next four months, he said, thanks to lower oil prices and government measures to lower the prices of essential commodities. India has restricted the export of sugar to bring down its price, for example, and is importing wheat from Australia to increase wheat supplies.

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In a move aimed at cooling India's growth and inflation rates, the central bank said Friday that it will increase the cash-reserve ratio requirement for banks. The higher requirements will pull about 135 billion rupees, or about $3 billion, out of the banking system, the Reserve Bank said.

India will continue along the path of revamping its economy, Mr. Chidambaram said. More foreign participation will be allowed in the insurance and banking industries, as well as increasing the convertibility of the rupee. He declined to outline what the next overhauls in these areas would be or when they might happen.

Many economists and executives complain that the government isn't going as far as it should to unshackle its economy from government control and ownership. While Mr. Chidambaram is viewed as a business-friendly minister, analysts say his hands are tied from pushing through the more controversial changes because the Congress Party's ruling coalition depends on the support of communist parties to stay in power.

US House Backs Trade With Vietnam (BBC)

BBC.com, December 9, 2006

The US House of Representatives has passed landmark legislation normalising trade relations with Vietnam.

The bill, which now needs to be backed by the Senate before becoming law, was defeated in November ahead of President George W Bush's first visit to Vietnam.

The deal also expanded trade relations with Haiti, and tweaked Washington's trade preferences with several states in Latin America and beyond.

The measures are the final tasks before the Republican-led Congress winds up.

A new-look Congress, with Democrat majorities in both the House and the Senate, will convene in the new year.

Congress' failure to pass the bill normalising trade relations with Hanoi was seen as an embarrassment for Mr Bush before he visited Vietnam for an economic summit in November.

"This legislation is about more than economics," Republican Rob Simmons, a Vietnam veteran, said during the debate.

"This legislation is about working together with Vietnam to heal the wounds of the war."

The trade package also allows the conflict-ridden Caribbean island nation of Haiti will be allowed to increase duty-free exports of clothing and textiles to the US, with some conditions.

Representatives said this should serve as a signal to other nations to trade with Haiti.

But there is opposition to the bill from some senators fearful that the textile deal with Haiti might cost American jobs.

The trade legislation also renews trade preferences with the Andean Community of Nations, namely Peru, Colombia, Bolivia and Ecuador.

But the deal, which is linked to fight against drugs, will be replaced by bilateral agreements from next year. Peru and Colombia have signed bilateral trade deals with the US, but Bolivia and Ecuador have not.

China, Shy Giant, Shows Signs Of Shedding Its False Modesty (NYT)

By Joseph Kahn

The New York Times, December 9, 2006

BEIJING, Dec. 8 — China's Communist Party has a new agenda: it is encouraging people to discuss what it means to be a major world power and has largely stopped denying that China intends to become one soon.

In the past several weeks China Central Television has broadcast a 12-part series describing the reasons nine nations rose to become great powers. The series was based on research by a team of elite Chinese historians, who also briefed the ruling Politburo about their findings.

Until recently China's rising power remained a delicate topic, and largely unspoken, inside China. Beijing has long followed a dictum laid down by Deng Xiaoping, the paramount leader who died in 1997: "tao guang yang hui," literally to hide its ambitions and disguise its claws.

The prescription was generally taken to mean that China needed to devote its energy to developing economically and should not seek to play a leadership role abroad.

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President Hu Jintao set off an internal squabble two years ago when he began using the term "peaceful rise" to describe his foreign policy goals. He dropped the term in favor of the tamer-sounding "peaceful development."

His use of "rise" risked stoking fears of a "China threat," especially in Japan and the United States, people told about the high-level debate said. Rise implies that others must decline, at least in a relative sense, while development suggests that China's advance can bring others along.

Yet this tradition of modesty has begun to fade, replaced by a growing confidence that China's rise is not fleeting and that the country needs to do more to define its objectives.

With its $1 trillion in foreign exchange reserves, surging military spending and diplomatic initiatives in Asia, Africa and the Middle East, Beijing has begun asserting its interests far beyond its borders. Chinese party leaders are acting as if they intend to start exercising more power abroad rather than just protecting their political power at home.

"Like it or not, China's rise is becoming a reality," says Jia Qingguo, associate dean of the Beijing University School of International Studies. "Wherever Chinese leaders go these days, people pay attention. And they can't just say, 'I don't want to get involved.' "

Itself a major recipient of foreign aid until recently, China this year promised to provide well over $10 billion in low-interest loans and debt relief to Asian, African and Latin American countries over the next two years. It invited 48 African countries to Beijing last month to a conference aimed at promoting closer cooperation and trade.

Beijing agreed to send 1,000 peacekeepers to Lebanon, its first such action in the Middle East. It has sought to become a more substantial player in a region where the United States traditionally holds far more sway.

At the United Nations Security Council, China cast aside its longstanding policy of opposing sanctions against other nations. It voted to impose penalties on North Korea, its neighbor and onetime ally, for testing nuclear weapons.

Officials and leading scholars are becoming a bit less hesitant to discuss what this all might mean. The documentary, on China's main national network, uses the word rise constantly, including its title, "Rise of the Great Powers." It endorses the idea that China should study the experiences of nations and empires it once condemned as aggressors bent on exploitation.

"Our China, the Chinese people, the Chinese race has become revitalized and is again stepping onto the world stage," Qian Chengdan, a professor at Beijing University and the intellectual father of the television series, said in an online dialogue about the documentary on Sina.com, a leading Web site.

"It is extremely important for today's China to be able to draw some lessons from the experiences of others," he said.

The series, which took three years to make, emanated from a Politburo study session in 2003. It is not a jingoistic call to arms. It mentions China only in passing, and it never explicitly addresses the reality that China has already become a big power.

Yet its version of history, which partly tracks the work done by Paul Kennedy in his 1980s bestseller, "The Rise and Fall of the Great Powers," differs markedly from that of the textbooks still in use in many schools.

Its stentorian narrator and epic soundtrack present the emergence of the nine countries, from Portugal in the 15th century to the United States in the 20th, and cites numerous achievements worthy of emulation: Spain had a risk-taking queen; Britain's nimble navy secured vital commodities overseas; the United States regulated markets and fought for national unity.

The documentary also emphasizes historical themes that coincide with policies Chinese leaders promote at home. Social stability, industrial investment, peaceful foreign relations and national unity are presented as more vital than, say, military strength, political liberalization or the rule of law.

In the 90 minutes devoted to examining the rise of the United States, Lincoln is accorded a prominent part for his efforts to "preserve national unity" during the Civil War. China has made reunification with Taiwan a top national priority. Franklin D. Roosevelt wins praise for creating a bigger role for the government in managing the market economy but gets less attention for his wartime leadership.

Government officials minimize the importance of the series. He Yafei, an assistant foreign minister, said in an interview that he had watched only "one or two episodes." He said the documentary should not signal changes in China's thinking about projecting power, saying that colonialism and exploitation "would go nowhere in today's world."

But Mr. He also hinted at a shifting official line. He emphasized China's status as a developing country. But he allowed that others may see things differently.

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"Whether a country is a regional or a world power, it is not for that country to decide alone," he said. "If you say we are a big power, then we are. But we are a responsible big country. We are a maintainer and builder of the international system."

China has in fact emerged as a major power without disrupting the international order, at least so far. It has accepted an invitation by the Bush administration to discuss becoming a "responsible stakeholder" in the American-dominated international system.

Beijing places importance on many world institutions, especially the United Nations, where it holds a veto in the Security Council. It professes a strong commitment to enforcing the Nuclear Nonproliferation Treaty.

Last month Margaret Chan of Hong Kong became the first Chinese to head a major United Nations agency, the World Health Organization. She vowed to build a "harmonious health world," echoing the slogan of harmony promoted by President Hu.

Yet critics say China is prepared to emerge in a less amicable fashion, if necessary. The Central Intelligence Agency says that China's military spending may be two or three times higher than it acknowledges and that it allocates more to its military than any other country except the United States.

Beijing has cultivated close ties to countries that provide it with commodities and raw materials, regardless of their human rights records. Sudan, Myanmar and Zimbabwe have all escaped international sanctions in large part because of Chinese protection.

China's increasing international engagement has also stimulated a more robust academic discussion about its global role and the potential for tensions with the United States.

Yan Xuetong, a foreign affairs specialist at Qinghua University in Beijing, argued in a scholarly journal this summer that China had already surpassed Japan, Russia, Britain, France, Germany and India in measures of its economic, military and political power. That leaves it second only to the United States, he said.

While the military gap between China and the United States may remain for some time, he argued, China's faster economic growth and increasing political strength may whittle down America's overall advantage.

"China will enjoy the status of a semi-superpower between the United States and the other major powers," Mr. Yan predicted in the article, which appeared in the China Journal of International Politics.

He added, "China's fast growth in political and economic power will dramatically narrow its power gap with the United States."

Taiwan Opposition Party Shows Strength In 2 Largest Cities (NYT)

By Keith Bradsher

The New York Times, December 9, 2006

KAOHSIUNG, Taiwan, Dec. 8 — Like the American South a generation ago, southern Taiwan has been dominated in recent years by a single party: the island's governing Democratic Progressive Party, which got its start here in Kaohsiung, an industrial city known for populism and pro-independence sentiment.

The city lies at the center of a region where protesters awakened Taiwan and the world in the 1970s and 1980s to the brutality and corruption of martial law under the Nationalist Party, sometimes paying with their lives.

Chen Shui-bian, now Taiwan's president, won fame as one of the lawyers who represented those protesters, and he built the Democratic Progressive Party into a force that spread across the island and brought democracy to Taiwan and an end to half a century of Nationalist rule.

So it is a measure of the troubles of President Chen and his party that a mayoral race on Saturday here in Taiwan's second-largest city is at least a tossup.

With some surveys even pointing to a Nationalist victory here, President Chen and Ma Ying-jeou, the popular Nationalist chairman and departing mayor of Taipei, the capital, both came here on Friday to address separate rallies consisting of small seas of flag-waving supporters.

Together with opinion polls predicting a crushing victory for the Nationalist candidate in the Taipei mayoral election, also on Saturday, the hard-fought Kaohsiung race suggests a significant shift in Taiwan's politics.

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Independent experts on Taiwan politics expect Yu Shyi-kun, the chairman of the Democratic Progressive Party, to resign if its candidate for mayor here, Chen Chu, loses. Some experts, like Jing Huang at the Brookings Institution in Washington, predict that Prime Minister Su Tseng-chang will resign as well if Chen Chu loses or even ekes out a narrow win.

Mr. Su is a moderate Democratic Progressive who has been leery of provoking the mainland with talk of independence for Taiwan.

By resigning, Mr. Su could prepare himself for Taiwan's next presidential election, in 2008, and distance himself from President Chen, whose unpopularity has crippled his party after corruption investigations into his activities and his family's.

"Even if they win Kaohsiung, the scare is still too great," for the party to continue in power without significant changes, Mr. Huang said.

The backdrop for the mayoral elections here and in Taipei lies in the larger struggle between Taiwan's two main political parties over relations with the mainland and economic globalization.

The Nationalists want closer relations with mainland China.

Chávez Win Bolsters Cuba Succession Hopes (FT)

By Marc Frank

Financial Times, December 9, 2006

Hugo Chávez's sweeping victory in the Venezuelan presidential election this week could help to ensure political cover and economic support for the emerging leadership in Cuba as Fidel Castro fights for his life somewhere in Havana.

"As long as oil prices stay high, subsidised and bartered oil from Venezuela to Cuba will remain a huge source of support to the island," said Julia Sweig, director of the Latin America programme at the Council of Foreign Relations in Washington. "And precisely because Venezuela is more strategically important to the US than Cuba, if the US-Venezuela relationship stays at its current high-pitch, Raúl Castro will be able to consolidate the succession in the shadow of the larger regional tension."

Fidel Castro said in a 68-word message of congratulations to Mr Chávez: "I shall be brief, lest emotion betrays me. The victory was re-sounding, crushing and without parallel in the history of our America.''

Mr Castro, after missing a military parade and other events in honour of his 80th birthday last week, also failed to meet visitors such as Bolivia's President Evo Morales, or call Mr Chávez after his victory, sparking fresh speculation that his health has deteriorated.

Venezuela and Cuba have found a strong synergy, playing off each country's strength since Mr Chávez won his first election in 1998. Venezuela received an in-stant free healthcare system from Cuba that would have taken years and tens of billions of dollars to build, and education resources to help Mr Chávez keep his promise to teach every citizen to read and write.

Cuba received preferentially-financed oil in return and, after signing an agreement with Venezuela in late 2004, payment for health and other technical assistance that had been provided free, according to Havana.

Cuba's imports totalled $5.5bn in 2004 and non-tourism service income was about $1.5bn, compared with an estimated $10bn (€7.5bn, £5.1bn) of goods imported this year and non-tourism service revenues of more than $5bn. The steady oil supply and billions in revenues from the export of professional services are fuelling an economic boom after more than a decade of crisis.

Most important, Cuba's leaders are now able to point to a way out of the ideological and political debacle that followed European communism's collapse. The lights are back on, decrepit waterworks and transport are being gradually upgraded, new housing built, consumer goods replaced and there is more food on the table.

"Chávez's election was key," a European diplomat said. "Cuba will now be at least partially protected from what happens outside the country as the succession takes place."

Venezuela is using its vast oil wealth and Cuba its human capital to push their anti-US vision of a united, more socially-oriented Latin America at a time of growing restlessness among the region's poor.

US allies in Bolivia, Ecuador and Nicaragua have lost at the polls to men who blame the US for the region's woes and favour a closer relationship with Venezuela, Cuba and their proposed model of local integration against US-centred trade pacts.

Venezuela provides the financing and Cuba the -professionals to jump-start each new leader's social -programmes.

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Thousands of Cuban doctors and other professionals are already at work throughout Bolivia. However, there is some evidence that Cuba's human resources – about 30,000 of 70,000 doctors work abroad – can no longer meet the demand, creating strain on health services and doctor shortages even in Venezuela. Venezuela and Cuba have launched a crash programme to train 100,000 doctors from the region over five years to fill the vacuum.

Most other Caribbean and Latin American countries, though more moderate, are under increasing domestic pressure to meet basic social needs and also favour a regional integration that includes Cuba, as it increasingly provides them with relatively cheap services and educates their youth.

But here the Venezuela relationship is crucial. "God, imagine what would have happened with Fidel sick if he [Mr Chávez] had lost," said a secretary at a Havana day care centre. "We have fewer doctors but, so far, the benefits are worth it."

Federal Raid On Offices In Troubled Mexican State (NYT)

By James C. McKinley

The New York Times, December 9, 2006

MEXICO CITY, Dec. 8 — Six days after President Felipe Calderón took office, federal agents raided the prosecutor's office and state police headquarters on Friday in the troubled southern state of Oaxaca, where state law-enforcement authorities have failed to arrest anyone in the killings of at least 11 antigovernment protesters and a New York City journalist.

Around 4:15 p.m., dozens of federal police officers flooded into the offices of the state prosecutor, Lizbeth Caña, and secured the arms cache used by the state judicial police responsible for investigating crimes, according to local news reports.

A police commander, Ardelio Vargas, told the newspaper La Reforma that the federal authorities intended to seize all the police weapons to determine whether they had been used against protesters in recent months. There have been widespread allegations that the local police and municipal officials had abused demonstrators and in some cases killed them.

Since May, Oaxaca has been the scene of an ugly, violent conflict between Gov. Ulises Ruiz and a coalition of left-wing and Indian organizations seeking his ouster. Over several months, protesters barricaded streets, took over the central square, seized radio stations, burned buses, scrawled graffiti and torched several landmark buildings.

The state police did nothing to restore order as the city drifted into anarchy, and pro-government thugs attacked protesters several times, usually at night. At least 13 people were shot to death, but local authorities made an arrest in only one case.

Among the victims was Bradley Roland Will, a 36-year-old independent journalist from New York City, who died of gunshot wounds he received while filming a riot on Oct. 27. That day, journalists photographed several off-duty municipal police and other officials shooting at the rioters. But state prosecutors say forensic evidence suggests that a protester, not the pro-government gunmen, shot Mr. Will at close range.

The next day, federal police invaded the city, dislodged the protesters and restored order. A month later, federal authorities arrested more than 130 protesters after another round of riots in which several landmarks were burned.

The takeover of the prosecutor's office came four days after Mr. Calderón approved the arrest of one of the protest movement's top leaders, Flavio Sosa.

Russian Billionaire's Bitter Feud With Putin A Plot Line In Poisoning (WP)

By Mary Jordan, Peter Finn

The Washington Post, December 9, 2006

LONDON, Dec. 8 -- No ordinary billionaire, Boris Berezovsky is a onetime mathematician who travels around London with a posse of bodyguards. He openly taunts Russian President Vladimir Putin and once wore a rubber cartoonish mask of his face. Accustomed to drama, he is now a central figure in the fatal poisoning of Alexander Litvinenko, the most sensational case of international intrigue since the Cold War.

Police found traces of the poison, radioactive polonium-210, in Berezovsky's office in elegant Mayfair in central London. He said Litvinenko came there Nov. 1, the day he began feeling ill.

Berezovsky, 60, had credited Litvinenko with saving him from assassination in the 1990s, and the billionaire helped Litvinenko financially after he fled Russia in 2000 and settled in London. Berezovsky visited the sickened man at the hospital shortly before he died last month and attended his burial Thursday.

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As detectives pursue the murder case in Moscow and London, Berezovsky is saying he believes Putin is behind it, while Kremlin supporters see dark emigre conspiracies to smear Russia's reputation by engineering a spectacular murder.

On Friday, Russian news media reported that a third person in the case was suffering radiation illness -- Andrei Lugovoy, a Russian businessman who had met Litvinenko at a London hotel Nov. 1. Like many people in the investigation, Lugovoy had a connection to Berezovsky; he was formerly chief of security at a television network once controlled by the billionaire.

As the investigation widens, the feud between the president and the billionaire remains a prominent story line in the mystery.

"They know each other personally. That adds to the animosity," said Alex Goldfarb, who runs the International Foundation for Civil Liberties, a New York-based organization funded by Berezovsky.

Goldfarb said Berezovsky helped Putin into office "on the assumption that he would continue the democratic reforms" of his predecessor, Boris Yeltsin. But Berezovsky has been horrified that "since Mr. Putin has come to power, there has been a systematic dismantling of democratic institutions," Goldfarb said. "His conflict with Putin has grown to Shakespearean proportions. . . . Mr. Putin hates him."

The stated aim of the civil liberties foundation is to fund democracy-building and civil rights causes in Russia and other former Soviet republics. Berezovsky's detractors say that even if it funds some worthy causes, it is a tool for a scheming Berezovsky with visions of ousting Putin and returning to Russia as a kingmaker.

Berezovsky, trained as a mathematician, became rich during the chaotic birth pangs of Russian capitalism following the breakup of the Soviet Union in 1991. Under Yeltsin, the first president of Russia, the state began selling off assets in often dubious privatization deals that left a few people with gigantic piles of cash.

Berezovsky got, among other things, major stakes in the oil company Sibneft, the TV station ORT and Aeroflot. He and other so-called oligarchs wielded enormous political power behind the scenes, and Berezovsky threw his support behind Putin's bid to become president in 2000.

But according to Putin's supporters, Berezovsky unhappily discovered that the new president would not be his puppet.

Sergei Markov, a political consultant with close ties to the Kremlin, said that when Putin took office, he told "all big businessmen that you can do business or you can do politics," not both, and said "that major political resources, such as television, should belong to the state." He added: "Berezovsky resisted, and as a result he began to fight the Kremlin. . . . He has continued this fight from London, and he believes he can overthrow Putin's team and return as an oligarch."

Markov described Berezovsky as a "world-class provocateur . . . a character from Dostoevski because he shows how intensive the dialogue can be between the human soul and the devil."

According to Goldfarb, Berezovsky "thinks of himself as a politician, not as a businessman," and is "a very rare combination of a passionate guy with a cool mind. He struggles between passion and reason." He called Berezovsky "outgoing, mercurial."

Tireless and fast-talking, Berezovsky has employed a well-connected public relations firm in London to handle questions for him. He declined an interview request for this article, although when Litvinenko was dying, Berezovsky said in a telephone interview that he had "no doubt" that his friend had been poisoned on the "order from President Putin."

Tim Bell, who was knighted after helping Britain's then-Prime Minister Margaret Thatcher win three elections, and his Bell Pottinger Group public relations firm have been handling inquiries about Berezovsky and lent help with the Litvinenko case. For example, it helped distribute the photo of a gaunt, bald Litvinenko in a hospital bed just before he died.

Some people in Moscow see Berezovsky's involvement as another campaign to ruin Putin's reputation internationally.

Litvinenko "had close contacts with some of the Russian oligarchs who fell from grace, including Boris Berezovsky, who lost the opportunity to buy off the authorities with his stolen money," Konstantin Kosachyov, chairman of the foreign affairs committee in the lower house of the Russian parliament, told reporters last month. "They did not want to put up with it and could have staged a deliberate action against Russia."

Prosecutors in Russia, meanwhile, had earlier accused Berezovsky of a host of crimes, including fraud and backing a violent overthrow of Putin's government. Berezovsky denies all the allegations.

To the annoyance of those who consider him an outlaw, Berezovsky has been photographed with Neil Bush, President Bush's brother. Bell, the public relations executive in London, said he introduced Berezovsky to Neil Bush in 2003. Berezovsky later became an investor in Ignite! Learning, Bush's educational software company.

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Britain has granted the Russian political asylum; a British judge turned down a Russian request to extradite him, agreeing with Berezovsky that the charges were politically motivated.

After one extradition court appearance in 2003, Berezovsky triumphantly donned a rubber mask of Putin, a gesture that was seen as mocking the man once called his protege. Putin has landed his own punches, too. At a 2001 news conference, when asked about Berezovsky, he replied, "Who's that?"

Litvinenko, a former member of the Federal Security Service, the domestic successor to the KGB, accused the agency of involvement in apartment building bombings in 1999 in which 300 people died. He also said the security service had ordered him to kill Berezovsky.

Litvinenko said at a Moscow news conference in 1998 that a superior told him "that I had not allowed patriots to kill the Jew who had robbed half the country," according to a transcript.

Litvinenko's warning led Berezovsky to credit him "with saving my life."

Before this threat and his feud with Putin, Berezovsky narrowly escaped assassination. In 1994, while he was in a Mercedes 600 sedan, behind his driver and bodyguard, a bomb concealed in a parked car exploded, decapitating the driver. The bodyguard lost an eye, and Berezovsky suffered burns.

Among the many theories floating around the Litvinenko poisoning case is that somebody used his agonizing death to send a message to Berezovsky.

A flower vendor in Mayfair who sees Berezovsky coming and going said that "I have no idea what that man does," but that he is the only one in London who appears to have tighter security than the royal family.

Litvinenko Police Delay Moscow Interview (FT)

Financial Times, December 9, 2006

British police investigating the death of Alexander Litvinenko postponed interviewing a key witness in Moscow on Friday amid signs that they are struggling to unravel the mystery of who may have been responsible for his murder.

More than two weeks after Mr Litvinenko died in a London hospital, Scotland Yard played down suggestions of an imminent breakthrough last night. The investigation is focused on the meetings Mr Litvinenko held in a London hotel the day he fell ill from radioactive poisoning.

“This is a inquiry that can change direction very quickly,” a Scotland Yard spokesman said.

The witness Andrei Lugovoi, a former KGB agent who works for the private sector, has been waiting to be interviewed by police since a team of investigators from Scotland Yard’s anti-terrorist SO15 squad arrived in Moscow at the beginning of the week, according to his lawyer.

Mr Lugovoi was one of at least three Russians who met Mr Litvinenko on November 1 in the Pine Bar of the Millennium Hotel in London, where it emerged this week that seven employees had tested positive for traces of radiation.

Since returning to Moscow Mr Lugovoi has professed his innocence. He claims he is being framed as a suspect in an attempt to distract police. Andrei Romashov, Mr Lugovoi’s lawyer, said he did not know why the interview with his client had been postponed. There was no explanation from the police. Mr Lugovoi, who was admitted to hospital earlier this week, told a news agency his condition was “stable”.

He said he was waiting for official results of tests into whether he was contaminated with radiation, and urged the media not to speculate on his health or that of Dmitri Kovtun, his business associate who also met Mr Litvinenko in London and who has also denied involvement in the former spy’s death.

Russian prosecutors revealed on Thursday that Mr Kovtun was also contaminated with a radioactive substance, and that they had opened a criminal case into his attempted murder – as well as their own criminal investigation of the Litvinenko case.

Within Whitehall and in western diplomatic circles, there is a growing perception that the police investigation faces formidable obstacles. The Litvin-enko case is embroiled in claims and counter-claims, reflecting the tensions of Russian politics and the murky world inhabited by former and current members of the country’s secret services.

Mr Litvinenko’s funeral in London this week was used by exiled Chechen separatists as a platform from which to point the finger at Moscow.

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Police sources say Moscow appears determined to push ahead with its own investigation into Mr Litvinenko's death, which the Kremlin has linked to a conspiracy organised by opponents of President Vladimir Putin.

Friends of Boris Berezovsky, the exiled London-based Russian billionaire, said they had no doubt that Moscow was preparing a fresh diplomatic offensive to have him extradited.

Yuri Chaika, Russia's prosecutor-general, earlier this week singled out Mr Lugovoi as someone British investigators visiting Moscow wanted to question.

In The Polonium Poison Mystery, An Odd Italian Footnote (NYT)

By Ian Fisher

The New York Times, December 9, 2006

ROME, Dec. 8 — Mario Scaramella first claimed to have been hit with five times the lethal dose of polonium 210, the radioactive substance that killed the former Russian spy Alexander V. Litvinenko. "I'm not in the best mood," he said in an interview with Italian television from his hospital bed in London last month.

Then two days ago, he walked out of the hospital with minute traces of radioactive poisoning but was otherwise perfectly fine.

It seemed a classic performance for Mr. Scaramella, 36, who has emerged as the oddest footnote in the mystery of Mr. Litvinenko's death.

There are a few sure facts about him. On Nov. 1, the day Mr. Litvinenko is believed to have been poisoned, Mr. Scaramella and the former spy met at a sushi bar in London. And at the moment, Mr. Scaramella is not considered a suspect. Beyond that, it is hard to square his words about himself with whatever the reality might be.

He has claimed to be a professor at the University of Naples, which claims never to have heard of him. He was caught on a tape bragging that Silvio Berlusconi, the former Italian prime minister, was considering him for a top job at the United Nations. He later had to admit that he had never met Mr. Berlusconi.

And so, a slew of news reports about him and his career here — which included trying to prove that top Italian politicians in the center-left, including Prime Minister Romano Prodi, are Russian spies — have invariably included unflattering adjectives. They include: "incurable liar," "wannabe 007," "braggart," "bumbler" and "swindler," not to mention "fool" and "mental case."

Those last two descriptions come from Oleg Gordievski, a high-ranking K.G.B. defector who has known Mr. Scaramella for years. His opinion of Mr. Scaramella is so low that he could not even consider him as a suspect in Mr. Litvinenko's poisoning, even after Mr. Litvinenko himself raised the possibility in a conversation with Mr. Gordievski.

"I said: 'Who poisoned you? Who did you have a meal with?' " Mr. Gordievski recalled in a telephone interview from Britain on Friday. "He said, 'I had a meal with Scaramella. He was very nervous. He was very strange, but he is always strange.'

"I said, 'Sasha, it could not be Scaramella because he has nothing to do with the K.G.B. business,' " Mr. Gordievski said.

He concluded: "He is just a soap bubble. He doesn't know anything."

Repeated attempts to reach Mr. Scaramella, who is still in London and is reportedly cooperating with investigators, were not successful.

He told CNN this week that he had urgently flown to London to warn that he had received e-mail messages from a "source" Mr. Litvinenko had introduced him to earlier, saying that both of them were "under the special attention of hostile people."

The trip seemed very much in character for Mr. Scaramella, who has for years cultivated a reputation as a man with shadowy contacts and friends in high places, with a particular interest in Italy's connection with Russian spying. Several years ago, he wrote a memo alleging that in 1970 a Soviet submarine left 20 nuclear mines in the Bay of Naples.

Though his academic career seems fuzzy, there is no question of his general activity between 2003 and 2006. He worked as a consultant to the Mitrokhin Commission, an Italian parliamentary body set up by center-right politicians to investigate ties between Russian intelligence and Italy. Publicly, the commission looked into a wide array of cases, including the kidnapping and killing of the former Prime Minister Aldo Moro in 1978 by the Communist militant group the Red Brigades, and the assassination attempt against Pope John Paul II in 1981.

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But transcripts of telephone calls between Mr. Scaramella and Senator Paolo Guzzanti, the commission chairman and a member of Mr. Berlusconi's Forza Italia party, show that much of the panel's effort was also spent trying to prove before this year's elections that Mr. Prodi was a K.G.B. agent.

One commission member, Senator Lucio Malan, also of Forza Italia, said there were good reasons to look into the allegations: many top politicians, though not Mr. Prodi, once belonged to Italy's Communist Party.

And Mr. Prodi does have an unusual tie to the Moro kidnapping. In 1978, he and other professors at the University of Bologna held a séance in which a Ouija board spelled the word "Gradoli," which turned out to be the street name in Rome of a Red Brigades safe house.

"There were strange things," Mr. Malan said. "Nothing is strange in receiving news if someone claimed to have it."

He said it was generally useful having someone like Mr. Scaramella as a consultant to the commission. Mr. Malan credited him with a tip that led to the arrest in 2005 of two Ukrainians, now on trial for smuggling two grenades into Italy allegedly to kill Mr. Guzzanti. But he said Mr. Scaramella's allegations were often stronger than his proof.

"He is somebody who is acquainted with this kind of world of double spies," Mr. Malan said. "So one can get much information, if not groundless, unproved. On the other hand, there might have been some information that is very important."

The interest in Mr. Prodi appears to have been the major tie between Mr. Scaramella and Mr. Litvinenko. Both Mr. Litvinenko and Mr. Gordievski have recounted in interviews Mr. Scaramella's deep interest in proving that Mr. Prodi was a K.G.B. agent. Accounts differ, but Mr. Gordievski said Friday that he was present when Mr. Litvinenko, who moved to Britain in 2000, recounted for members of the UK Independence Party a conversation with a sympathetic Russian general about where to go if he defected.

"He said, 'I was speaking to the deputy head of the K.G.B., General Such-and-Such,' " Mr. Gordievski recalled. "And he told me, 'If you intend to go to the West, don't go to Italy because it is full of our agents.' And he said, 'For example, Prodi is our man.' "

The transcripts between Mr. Scaramella and Mr. Guzzanti show a particular interest in this conversation, and Mr. Scaramella repeatedly pressed Mr. Gordievski and Mr. Litvinenko for any further information. Mr. Gordievski said he told Mr. Scaramella that he never heard anything about Mr. Prodi and the K.G.B. — but that Mr. Scaramella later said in an e-mail message that Mr. Gordievski had, in fact, confirmed a link.

"I nearly fell from my chair," he said. "He wrote it in that stupid e-mail to me. I didn't write it. He wrote it as mental aberration in him."

In a 2005 interview with La Repubblica, an Italian daily newspaper, Mr. Litvinenko recounted how he traveled to Naples in 2004 to give a deposition to the commission, taken by Mr. Scaramella, on K.G.B. activity in Italy.

"I said to Mario I had never heard Prodi spoken of," Mr. Litvinenko told La Repubblica.

At the end of several days of depositions, Mr. Litvinenko said, Mr. Scaramella put in his hand some stationery from his private business and several hundred euros.

"I felt humiliated," he told the newspaper. "I told him he was mistaken if he thought Colonel Litvinenko was reduced to selling his information."

Hotel Bar May Be Site Of Ex-spy's Poisoning (LAT)

By Kim Murphy

The Los Angeles Times, December 9, 2006

LONDON — Russian dissident Alexander Litvinenko probably was poisoned at the bar of a hotel here where he met with two other Russians, both of whom now are in hospitals showing symptoms of radiation sickness, health investigators said Friday.

For weeks, investigators had zeroed in on a different location, the Piccadilly Circus sushi restaurant where Litvinenko had lunch, believing that was a likely location for his mysterious poisoning with radioactive polonium-210.

But that theory has been shaken by medical evidence that seven people who worked at the bar of the Millennium Hotel in London's upscale Mayfair district also have been exposed. The bar has been placed under quarantine.

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Police have refused to say where they think the poisoning took place — a crucial question, because it may be the best clue to who did it, and why. One law enforcement official, speaking on condition of anonymity, said detectives had made no final judgment.

But the medical evidence suggests that the poisoning probably took place at the bar, Dr. Michael Clark of Britain's Health Protection Agency said Friday in an interview.

"The monitoring of the staff in the Millennium bar was done for public health purposes, but it obviously has implications for the police forensic analysis — implications of timing, and possible scenarios for the administration of polonium."

Clark emphasized that he was looking only at medical evidence and not at whatever the police investigation had turned up. But the fact that seven bar employees were exposed was significant, he said, especially since no sushi bar employees, and no hospital employees, have tested positive.

"Given that Mr. Litvinenko had a very significant quantity of polonium-210 administered in some way, there are obvious possibilities that small amounts of that could have been left on, for example, a glass or a table, that subsequently led to employees being exposed. But until there is a proper forensic examination, I really don't want to speculate on that," Clark said.

Contacts also sickened

On Nov. 1, Litvinenko met two Russians at the Millennium's Pine Bar: Andrei Lugovoy, a businessman and former KGB colonel, and a second businessman, Dmitry Kovtun. Russian news organizations reported Friday that Lugovoy, who was a friend of Litvinenko, was in a Russian hospital with apparent radiation damage to several organs. Kovtun is also reported to be seriously ill.

Later that day, Litvinenko went to a London hospital with symptoms of what doctors eventually determined was polonium poisoning. He died Nov. 23.

The former Russian security agent, who had become a critic of the Russian government, told friends he suspected the poisoner could have been one of the two Russians or the man he met at the sushi bar, Italian security consultant Mario Scaramella.

Scaramella also tested positive for exposure to polonium-210, but not in amounts sufficient to sicken him so far. He says he was meeting with Litvinenko to warn him of a possible attempt on his life.

Litvinenko also said he believed the perpetrator, whoever it was, was acting on behalf of the Russian government. Russia has denied that.

A crucial unanswered question is which came first — lunch at the sushi bar or tea at the hotel. Litvinenko told investigators that he went first to the sushi bar, then to the hotel, a law enforcement source told The Times.

Asked how Scaramella could have been exposed if the poisoning happened at the Pine Bar, some analysts said he could have hugged and kissed Litvinenko upon greeting him. That scenario makes sense only if Litvinenko had already been exposed when he went to the sushi restaurant.

But the contamination of the Pine Bar also could have taken place earlier, the law enforcement source said, pointing out that authorities have called on patrons to seek testing if they were in the bar not only on the day Litvinenko was there, but also the day before and the day after.

Lugovoy, who has been described in the Russian media as the main witness in the case, was reportedly a guest at the hotel before the Nov. 1 meeting.

Traces of polonium-210 have been found in guest rooms at the Millennium as well, the police source said. Investigators also have detected polonium on two British Airways jets, one of which, British press reports said, carried Lugovoy and Kovtun to London.

Timeline in question

Lugovoy, in an interview a week ago with Russia's Kommersant newspaper, suggested that Litvinenko could have been poisoned long before Nov. 1. He said he and Kovtun met with Litvinenko Oct. 17, in the London offices of the Erinys security company, one of several locations around London where traces of radiation have been found.

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"Localized reactive contamination" has also been found in "a couple of rooms" at the Parkes Hotel in London's Knightsbridge district, health authorities reported Friday. Lugovoy stayed there Oct. 16, and two other hotels where he has stayed have also shown traces of a radioactive substance, according to several British press reports.

Lugovoy, now considered the main witness in the case, told Interfax news agency in Moscow that his condition was satisfactory.

He also said he had doubts about earlier reports that Kovtun, his business partner, was in critical condition. Lugovoy is scheduled to be interviewed today by law enforcement agents, Interfax said.

Russian authorities pledged to cooperate with British investigators who are in Moscow to conduct the inquiry. Russia has opened its own investigation of Kovtun's poisoning.

Police sources in London said the Russians had not presented more than ordinary obstacles to conducting the investigation.

For New U.N. Chief, A Past Misstep Leads To Opportunity (NYT)

By Warren Hoge

The New York Times, December 9, 2006

BAN KI-MOON, the incoming secretary general of the United Nations, got his new job in an unlikely manner for a man known for head-of-the-class performance, devotion to duty and a relentless rise through the ranks.

He got fired.

"I was totally out of work for the first time in my life," Mr. Ban said.

Worse than that, the professional lapse that cost him his high-level position in the South Korean Foreign Ministry required a public apology from the president at the time, Kim Dae-jung. Mr. Ban had accidentally left a positive mention of the Anti-Ballistic Missile Treaty in a joint communiqué with Russia at a time when the Bush administration had decided to abandon it.

"You must understand the political impact in Asia that public apologies have," Mr. Ban said, wincing at the memory.

As it turned out, he survived thanks to another Asian cultural tradition. "I had what we call a 'jeon-hwa-we-bok' experience," he said. The maxim, well known to Koreans, means turning a misfortune into a blessing.

While waiting in Seoul to be shunted off to a remote embassy, as he expected, he was tapped by Han Seung-soo, the General Assembly president for 2001, to come to the United Nations to be his chief of staff.

"Had I been appointed to an ambassadorship somewhere, I simply wouldn't have had this opportunity to be selected secretary general," Mr. Ban said.

The full realization of this reversal of fortune comes this Thursday with his formal swearing-in as the eighth secretary general of the United Nations. He will assume the office on Jan. 1, replacing Kofi Annan, who completes his second five-year term on Dec. 31.

Courtly and deliberate, with an easy smile, Mr. Ban, 62, is an unknown at the United Nations, particularly compared with the high-profile, globetrotting diplomat he is succeeding.

With the exception of his misstep in 2001, Mr. Ban has been almost surpassingly unassuming and inoffensive — noticed, when he is, for his steady record of incremental achievement at the South Korean Foreign Ministry, where he has spent his entire 37-year career.

The elusiveness may be intended.

"When I was the foreign policy adviser to President Roh Moo-hyun, everybody was caught up in controversy with what they said to the media, but I avoided the tricky, sometimes nasty questions," he said. "The press people called me the 'slippery eel' because they could never grab me."

A loyal and dependable company man, he once wrote handwritten letters of apology to 120 Foreign Ministry officials after being promoted ahead of them. "They were very much grateful for my gesture," he said. "With that, I was able to lessen the sorry feelings of my senior colleagues."

His penchant for not stepping on toes and his repeated public expressions of humility during the months that he was campaigning for secretary general have raised doubts about his suitability for the job. How can someone with such a retiring

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manner lead an organization undergoing a hotly contested reformation, riddled with regional rivalries and subject to competing demands from the great powers and the nations of the developing world?

ADDRESSING this concern in his acceptance speech to the General Assembly on Oct. 13, he asked that people accept his modest mien as a cultural attribute and not misread it as lack of decisiveness or passion. "Modesty is about demeanor," he said, "not about vision and goals. It does not mean the lack of commitment or leadership."

In campaigning for the job, Mr. Ban presented himself as a "harmonizer and bridge builder" who would try to dispel the widespread mistrust of the United Nations.

With the choice of each secretary general, the question always arises about which part of that title the new person will inhabit. Given Mr. Ban's résumé and style, the prediction now is that he will be more a secretary, less a general.

But the same expectation greeted Mr. Annan 10 years ago, and, to the particular dismay of the Bush administration, he ended up being more general, less secretary.

John R. Bolton, the departing United States ambassador, left no doubt what the American hopes were for Mr. Ban, whom Washington backed vigorously. He repeatedly pointed out that the job of secretary general was described in the United Nations Charter as simply "chief administrative officer."

Mr. Ban was born on June 13, 1944, in Eumseong, a farm village in Japanese-occupied Korea, and raised in Chungju, a nearby town. His family lost its middle-class standard of living when his father's warehouse business went bankrupt, and Mr. Ban was to spend his early years as a diplomat deliberately picking posts where he could save money to send home.

When he was 6, his family had to flee to a remote mountainside to escape the fighting during the Korean War. "We were safe and in a place where neither the South Korean nor North Korean armies would come, but we were poor and hungry," he said. "I could see the fighter jets bombing the towns and cities nearby."

The experience led to his first sighting of Americans. "After the war, the American soldiers would throw biscuits and chocolates and chewing gum to us, and all our clothes were given to us by America," he said.

A later encounter with Western ways occurred when American technicians came to his town in the 1950s to help build a fertilizer factory, and he still recalls it with shock.

"I was startled one summer when I met for the first time one of the daughters, and she was sitting there with hot pants and her two legs stretched out in front of me, a young country boy," he said. "I didn't know where to place my eyes, where to focus. It would have been a matter of shame for any Korean lady at that time."

The eldest of six children, he was a standout student, applying himself with particular zeal to learning English. The method of study was arduous, with students required to write the same English sentences 10 times as a way of memorizing them.

IN 1962, he won an English competition sponsored by the Red Cross and got a chance to visit the United States. The high point of that trip was a meeting at the White House with President John F. Kennedy, which he said first inspired him to become a diplomat.

He married another high achiever, his school's student council president, Yoo Soon-taek, in 1971, a year after he had passed his diplomat's exam.

The couple have two daughters, Seon-yong, 34, who works in Seoul for the Korea Foundation, a nonprofit organization that promotes Korean culture, and Hyun-hee, 30, a field officer for Unicef in Nairobi, Kenya. They also have a son, Woo-hyun, 32, who is studying for an M.B.A. at the University of California, Los Angeles.

Mr. Ban is admittedly all work, no play.

"When you ask about hobbies, that's a question I have difficulty answering," he said. "I regret, looking back at my life, that I have not been able to cultivate any extracurricular activities like playing tennis or soccer or football. The only sport I do is golf, but in the last three or four years, I have played less than 10 times."

In 1956, Mr. Ban was picked by his class to address an appeal to Secretary General Dag Hammarskjold over the Hungarian uprising against the Russians. But whether there is an interesting historical footnote here, Mr. Ban cannot say. "I never found out if they ever sent it," he said.

Annan Decries Failure To Halt Darfur Killings (WP)

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By Colum Lynch

The Washington Post, December 9, 2006

UNITED NATIONS, Dec. 8 -- U.N. Secretary General Kofi Annan scolded governments Friday for failing to halt mass murder in Darfur, saying that the world has not learned the lessons of Rwanda and Srebrenica, where genocidal killings in the early 1990s defied the global ability to stop it.

"Sixty years after the liberation of the Nazi death camps, and 30 years after the Cambodian killing fields, the promise of 'never again' is ringing hollow," Annan said in his final speech on human rights as the U.N. leader.

Annan said the failure to protect civilians in the Sudanese region marked a low point in recent U.N. history. In a speech organized by Human Rights Watch in honor of International Human Rights Day, he faulted the "shameful passivity of most governments" in the face of a government-backed military campaign that has driven more than 2 million people from their homes and killed hundreds of thousands.

Annan provided a gloomy assessment of the organization's performance in confronting abusers of human rights during his 10-year tenure. He charged that the U.S.-led fight against terrorism has helped erode human rights standards. He said the United Nations needs to pursue an "an anti-terrorism strategy that does not merely pay lip service to the defense of human rights but is built on it."

Human rights activists have credited Annan, a Nobel Peace Prize laureate, with advocating human rights more aggressively than any of his predecessors. But his legacy has been clouded by his own failure, as the head of the U.N. peacekeeping department, to promote a tougher response to the mass killings in Rwanda and Srebrenica.

Annan said his tenure has been marked by some important innovations, citing the creation of war crimes courts in Rwanda, the former Yugoslavia, Sierra Leone and Cambodia, as well as the establishment of the International Criminal Court. The Hague-based court is preparing for the possible prosecution of Sudanese perpetrators of the Darfur killings.

But he said the initial work of the new Human Rights Council, established this year by the U.N. General Assembly to hold the world's tyrants and dictators to account, has been discouraging.

The Geneva-based rights body has focused almost all its attention on condemning Israel's human rights record while remaining silent about rights abuses in Darfur, Burma and elsewhere. Annan said he hopes the council will confront Sudan in a special session on Darfur.

"The United Nations has a special stake, and a special responsibility, in promoting respect for human rights worldwide," he said. "I don't need to tell you that the U.N. has often failed to live up to that responsibility."

Annan made clear that he believes the U.N. membership bears the chief responsibility. He reserved some of his harshest criticism for Third World governments that, he said, have mischaracterized the U.N. human rights agenda as "a conspiracy by imperialist powers to take back the hard-won national sovereignty of formerly colonized people."

He also took an indirect swipe at China and Islamic governments that have defended Sudan. China, which relies on Sudan for oil, has repeatedly blocked U.S.-backed efforts to punish Sudan for rights abuses.

"There is more than enough blame to go around," Annan said. "It can be shared among those who value abstract notions of sovereignty more than the lives of real families, those whose reflex of solidarity puts them on the side of governments and not of peoples, and those who fear that action to stop the slaughter would jeopardize their commercial interests."

Annan said two pillars of U.S. counterterrorism strategy -- clandestine prisons and the promotion of tougher interrogation methods -- are playing into the hands of terrorists and ceding the moral high ground. "Secret prisons have no place in our struggle against terrorism," he said.

A U.S. official, who spoke on the condition of anonymity, said the United States has an obligation to prosecute the fight against terrorism. "We are doing everything we can to make sure human rights are protected, always," the official said.

U.N. Chief Sees Little Progress On Rights (LAT)

By Maggie Farley

The Los Angeles Times, December 9, 2006

DOJ_NMG_0105197

NEW YORK — U.N. Secretary-General Kofi Annan gave a sober assessment Friday of his own shortcomings as he prepared to leave office at the end of the year, and accused the United States of violating human rights in its war on terror.

He also warned Sudan's leaders that they would be held accountable if they didn't halt the violence in Darfur, and urged countries with commercial interests in Sudan to pressure the government in Khartoum.

In an address to mark Human Rights Day, which is Sunday, Annan talked about whether the United Nations had become an effective defender of human rights during his decade as secretary-general.

"I'm not sure how far I have succeeded," he said. "To judge by what is happening in Darfur, our performance has not improved much since the disasters of Bosnia and Rwanda," Annan said.

"Sixty years after the liberation of the Nazi death camps, and 30 years after the Cambodian killing fields, the promise of 'never again' is ringing hollow," he said to an audience of about 500 people invited by Human Rights Watch.

He suggested several ways to improve, starting with living up to an agreement signed by world leaders last year that the world had the "responsibility to protect" people from crimes against humanity, even those perpetrated by their own government.

Darfur, the western region of Sudan, where about 2.5 million people have been displaced and more than 200,000 have died in three years of conflict, is a test case. But countries have not showed enough will to give up commercial interests in the oil-rich country or to overrule its obstinate government, he said.

"There is more than enough blame to go around," he said, referring to China's and Russia's reluctance to impose sanctions, his own impotence and Khartoum's intransigence.

Annan recently pushed Sudan's President Omar Hassan Ahmed Bashir to accept a U.N. peacekeeping force to protect civilians in Darfur, but Bashir would accept only a U.N.-funded African Union force. Sudan's leaders say that U.N. soldiers are a spearhead for imperialist powers that want to shatter Sudan and arrest its leaders.

Annan warned that if the Sudanese government did not protect its own people or allow international peacekeepers to do it, "then the government will have to be held accountable, both collectively and individually." The International Criminal Court is expected to announce arrest warrants this month for leaders of systematic killings of civilians.

Annan also sharply criticized the United States, without explicitly naming it, for detaining terrorism suspects in secret prisons and thus undermining its moral authority.

Nations cannot protect people from terrorism by "themselves violating human rights in the process."

"To do so means abandoning the moral high ground and playing into the hands of terrorists," he said. "That is why secret prisons have no place in our struggle against terrorism."

During his leadership of the U.N., Annan has rarely clashed publicly with the United States. But he drew Washington's wrath by calling the Iraq invasion illegal, urging the U.S. to try to co-opt insurgents rather than alienate them, and refusing to significantly commit U.N. agencies to help rebuild Iraq because of security concerns.

On Friday, he said that it was time for a new strategy on Iraq, and that the U.N. could organize a reconstruction conference for Iraq as it did after the Balkan wars and the invasion of Afghanistan.

The Iraq Study Group interviewed him for the report it released Wednesday, and Annan revealed that the panelists had asked him whether he would lead such a conference.

The Agonies Of Zimbabwe (NYT)

The New York Times, December 9, 2006

One problem with labeling states as pariahs is that it's all too easy to forget about them. Robert Mugabe's Zimbabwe is a prime example: it is under economic sanctions by the United States and the European Union and few tourists go there, so the suffering of its people is largely out of sight and out of mind. Yet things are truly terrible.

The latest indication comes in a United Nations-financed report by Zimbabwe's own social welfare ministry. More than 63 percent of the rural population, and 53 percent of the urban population, couldn't meet "basic food and non-food requirements" in 2003, the last year for which figures were available, and things have gotten far worse since. Malnutrition among children is up 35 percent, people without access to health care is up 35 percent, H.I.V./AIDS afflicts 18.1 percent of the population, unemployment is over 70 percent, life expectancy is down to 36.

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Mr. Mugabe's government blames sanctions, weather, former colonial rule, market conditions. Yet the real culprit is Mr. Mugabe, who has run Zimbabwe since 1980. Now 82, the president is a master at the blame game, accusing the West of colonialism and racism when it criticizes his scheme to redistribute white-owned commercial farms among blacks, or the cruel expulsion of 750,000 slum dwellers from cities, or whatever else he does.

There's not much the West can do; more sanctions would only bring more suffering. But Africans could make a difference, if they joined in condemning Mr. Mugabe. For understandable reasons, African leaders have been reluctant to publicly criticize fellow Africans. But as Kofi Annan, the United Nations secretary general, declared yesterday, "human rights are perhaps more in need of protection in Africa than in any other continent."

The suffering Zimbabwean people are in desperate need of protection, the sooner the better.

Putting Remittances To Work (WP)

By Marcela Sanchez

The Washington Post, December 9, 2006

El Salvador has become the first lower-middle-income country to secure a grant from the Millennium Challenge Corp., President Bush's foreign aid program designed to assist well-governed developing nations. With the $461 million grant, the agency is set to join Salvadoran immigrants in sending money south.

The grant might seem small relative to the $2.8 billion in remittances sent by immigrants last year, particularly since it will be spread over five years. But that doesn't mean Salvadorans in the United States don't have some suggestions for the Millennium Corp. and a hope that the program can help them change the way remittances affect their country.

Salvadoran immigrants are frustrated that their cash isn't reaping more development rewards back home. Although remittances have proved to be a lifeline for thousands of families in extreme poverty, immigrant Salvadorans fear that the money is creating a culture of dependency in the home country.

Carlos Castro, a Salvadoran community leader and owner of a Hispanic specialty supermarket in Northern Virginia, is dismayed that El Salvador now has to import workers from other Central American countries because some Salvadorans don't see a need to work and rely instead on monthly checks from relatives abroad. He further laments the consumerism that has Salvadoran immigrants working hard at tough jobs to pay for "a pair of the latest name-brand shoes" demanded by their kids back in El Salvador.

Salvadoran officials heard similar complaints of consumerism and dependency in meetings with Salvadorans across the United States as part of the consultation process to gain public support for their Millennium proposal. According to their records, there was a general sense that "it is time to put an end to that paternalistic mentality" and that their support should generate work, not just money to spend.

In other words, remittances are "neither 'manna from heaven' nor a substitute for sound development policies," a recently released World Bank report concluded. In "Close to Home: The Development Impact of Remittances in Latin America," the World Bank found that if aid flows are consumed rather than invested, they have no impact on economic growth. This is certainly true for El Salvador -- it is the largest per capita recipient of remittances in Central America and has had the region's lowest economic growth for at least four years.

To reverse this trend, governments in recipient countries should, according to the World Bank, provide incentives for investment and promote the development of human capital. The Millennium plan for El Salvador appears to follow this model, aiming to increase incomes in El Salvador's lagging northern zone -- the area of origin for most Salvadorans in this country -- through a combination of investments in education, public services, enterprise development and transportation infrastructure.

What's missing in this equation, say some critics, is a direct connection between the new development plan and the current flow of help. This seems to be a serious oversight and opportunity missed. The $461 million grant will have an effect, to be sure, but imagine the impact if the Millennium Corp. could help leverage the billions sent annually from immigrants in the United States.

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According to Manuel Orozco, a remittance expert for the Inter-American Dialogue, a Washington-based think tank, the Millennium-sponsored plan might have created investment portfolios for small-scale projects back home that immigrants could contribute to.

To a small degree, this investment has already begun. Such collective or community initiatives, organized through hometown associations, are investing about $3 million annually, mostly in educational and health projects.

Yet some members of hometown associations suspect that Salvadoran officials intentionally locked them out of the Millennium plan. Jaime PeÃ±ate of Comunidades, which represents hometown associations formed by Salvadoran immigrants living in the Los Angeles area, said he was among the dozens invited by the Salvadoran government to hear about the Millennium effort. But then he discovered that other Salvadoran officials were meeting in another room with big investors.

Nevertheless, some Salvadorans here aren't giving up on trying to tap Millennium funds. Luis Felipe Romero, executive director of Comunidades Unidas SalvadoreÃ±as, the Washington area's equivalent of PeÃ±ate's L.A. group, said he reached out to the Salvadoran Foreign Ministry with a proposal to use some Millennium funding to launch a pilot program and is awaiting an answer. "We are going to continue working for El Salvador," he said. "If they take advantage of the opportunity to work with us we will welcome it."

Words Fail Them (NYT)

By Jean-Benoit Nadeau, Julie Barlow

The New York Times, December 9, 2006

STEPHEN HARPER, the prime minister of Canada, stunned the country last month when he proposed a resolution recognizing that the seven million "Québécois form a nation within a united Canada." Anyone who has traveled to Montreal or Quebec City will recognize that Mr. Harper was merely stating the obvious, at least where the term "nation" is concerned. But for Canadians, Mr. Harper's words reopened a long, tortured debate over national identity, and recast it in stronger terms than ever.

The background to his declaration is, of course, Quebec's secessionist movement — strong enough to have monopolized Canadian politics for the last 50 years, but not quite strong enough to actually win a referendum on independence. The struggle has largely been a war of words.

Since the 1940s, Canadians have been looking for the right word — some say formula — to answer the question: "What does Quebec want?" For the last 20 years, the thinking has been to give Quebec some kind of recognition.

In 1990, many believed the Meech Lake accord held the answer to this riddle. Promising constitutional protection for Quebec's efforts to preserve its French language and culture, the accord was an attempt to re-integrate Quebec into the constitutional family (although Canada's Constitution was repatriated from Britain in 1982, making Canada a fully independent country, Quebec has still not signed it). The accord, however, got stuck when a debate started over the significance of two words, "distinct society," a phrase intended to satisfy Quebecers' desire for recognition without alienating everyone else.

When a significant segment of the Canadian population disapproved of the accord, arguing that it gave French Canadians too much power, some provincial governments refused to ratify it, and Canada nearly broke up. In 1995, the separatist Parti Québécois, which controlled Quebec at the time, came up with its own solution: a provincial referendum on separation based on perhaps the wordiest — and most ambiguous — question ever formulated. Separatists lost the vote by only a narrow margin.

In 2000, the national Liberal government rebounded with the Clarity Act, which it thought was a foolproof formula to prevent separatists from taking advantage of an ambiguously worded question to win an independence referendum.

But now, Stephen Harper has created new ambiguity in the question — all the more interesting since he probably thought he was clarifying things. And he was so hasty in pulling this rabbit out of his hat that he didn't even consult his minister of intergovernmental affairs, who later resigned over the issue. Yet Parliament voted resoundingly in favor of his resolution.

This suddenness had a lot more to do with political maneuvering than an awakening to Quebec's aspirations for statehood. Mr. Harper, a Conservative, saw a good opportunity to steal some thunder from the separatist parties and to increase his popularity in Quebec — much reduced by his opposition to same-sex marriage, his refusal to respect the Kyoto accord and his support for Israel during the war in Lebanon last summer.

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Since the “nation” declaration, politicians and columnists have been dissecting and debating the word, and they probably will for decades to come, since French Canadians tend to see Canada as a country made up of two nations, while the English tend to think that “country” and “nation” are one and the same. Mr. Harper used the French term Québécois rather than Quebecer in the English version of the resolution, and everyone is puzzled by the choice and hesitant about its possible implications.

Some critics wonder if the federal government has unwittingly created a new ethnic category. Others point out that if the Scots or the Catalans can be called a nation within Britain or Spain, why not the people of Quebec?

Meanwhile, the Quebec government, led by the very federalist (that is, anti-separatist) Jean Charest, maintains that the territory of Quebec (not Quebecers) constitutes a nation, thereby refusing to associate “nation” with ethnicity. Tribunals, politicians and voters will be called on many times to answer these questions.

Nonetheless, as people living in Quebec, we feel that Mr. Harper has come up with a promising formulation. Most people in Quebec, apart from hard-line separatists, will probably be satisfied by the word nation.

And English Canadians ought to be, too, despite their resistance to the idea that Canada has two founding cultures. The problem is, ever since 1990 English Canadians have been traumatized by the failed attempts to make the Constitution acceptable to Quebec, so they are hesitating, as polls show.

Stephen Harper has created either a new basis for talks about Quebec’s status or contributed a new weapon to a nastier debate. No one has quite figured out which it will be.

DOJ_NMG_0105201

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 9, 2006 7:45 AM EST

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TERRORISM NEWS:

Former Detainees Argue For Right To Sue Rumsfeld Over Torture (NYT)

By Paul Von Zielbauer

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Lawyers for former detainees in Iraq and Afghanistan argued in federal court on Friday that Defense Secretary Donald H. Rumsfeld was personally responsible, and thus legally liable, for acts of torture inflicted on their clients by American military interrogators.

The nine plaintiffs, Iraqi and Afghan men held at American-run prisons, endured an array of physical and psychological abuse during their confinements in 2003 and 2004, including beatings, mock executions and painful physical restraints, their lawyers said in court papers. All were eventually released without being charged with crimes.

The hearing Friday, before Chief Judge Thomas F. Hogan in Federal District Court in Washington, was the first time a federal court had considered whether top administration officials could be liable for the torture of detainees in Iraq and Afghanistan.

But the hearing concerned only questions of jurisdiction and did not delve into whether Mr. Rumsfeld, because he personally approved certain interrogation techniques in 2002 like the use of "stress positions," was legally responsible for specific acts of torture committed in overseas military prisons.

Instead, lawyers from each side argued over whether noncitizens confined in prisons outside the United States had legal standing to sue Mr. Rumsfeld and other American military officials for constitutional violations.

The suit, filed on behalf of the nine plaintiffs last year by the American Civil Liberties Union and Human Rights First, also names as defendants three officials responsible for running military prisons in Iraq and Afghanistan: Lt. Gen. Ricardo S. Sanchez, the former top commander in Iraq; Col. Thomas M. Pappas, who was the top military intelligence officer at Abu Ghraib, the American-run prison in Iraq; and a former brigadier general, Col. Janis L. Karpinski, who before her demotion to colonel was the military police commander at Abu Ghraib. She was relieved of her command and demoted after abuses at Abu Ghraib came to light.

During the two-and-a-half-hour hearing, Judge Hogan took turns questioning the lawyers. He repeatedly asked lawyers for the former detainees to cite precedents in law that would allow foreigners to sue American officials for what in the United States would be violations of their civil rights.

"How can this work, this theory that nonresident aliens have a right to sue to prevent being tortured?" Judge Hogan asked Lucas Guttentag, the plaintiffs' lead lawyer in the case. What would prevent Osama bin Laden, the judge asked Mr. Guttentag, from taking President Bush to court for authorizing the military to kill him?

Mr. Guttentag, citing several Supreme Court decisions, said that American laws prohibiting torture should apply to foreign civilians under exclusively American control and jurisdiction overseas. He also noted that in Iraq, American military personnel were immune from prosecution under Iraqi laws. "Iraqi law cannot govern, and unless the United States does, nothing else applies."

Rick Beckner, a deputy assistant attorney general representing Mr. Rumsfeld, argued that foreigners held in an American-run prison in foreign territory had no legal standing to sue. "There's never been any finding that the Constitution applies to these plaintiffs," he told Judge Hogan.

Judge Hogan, clearly skeptical of the plaintiffs' attempt to open federal officials to legal liability for actions by troops overseas, said he hoped to make a decision quickly to dismiss the case or allow some or all claims to proceed.

But in his closing remarks, the judge also acknowledged being disturbed by the allegations of detainee abuse and torture. "It is unfortunate, to say the least, that there has to be an argument" about whether the American military tortures foreign citizens.

The Oval Intervention (NYT)

By Maureen Dowd

DOJ_NMG_0105204

The New York Times, December 9, 2006

It is not a happy mood in the Oval Office.

Poppy is sobbing, his face in his hands, slumped in one of the yellow-and-blue striped chairs. Laura is screaming the words "Oscar de la Renta" and "rendition" into her cellphone, still seeing red after showing up at a White House gala in the same $8,400 red gown as three other women who did not happen to be first lady.

Bob Gates is grim-faced, but not as grim-faced as Barbara, whose look could freeze not only the Potomac but the Tigris and the Euphrates. Scowcroft is over on the couch, trying to nap while Kissinger drones softly in his ear.

And, of course, there is the Deprogrammer for the Decider, James Baker, perfectly suited in bright green tie and suited perfectly for his spot behind the president's desk.

The Council of Elders had hoped this Apocalypto moment wouldn't be necessary. They had assumed that the scorching Iraq Study Group report would have the same effect on Junior as the bucket of cold water that Mr. Baker's strict father, a lawyer known as "the Warden," used to throw on his face to wake him up as a boy.

But Junior is trying to wriggle away completely, offering a decidedly cool response to the attempt to yank him into the reality-based community. He rallied his last two allies — his English poodle and his Scottish terrier, Blair and Barney.

He is loath to give up his gunslinger pose to go all diplo. He cleaves to the neocon complaint that it is the realists who are now being unrealistic, thinking the administration can bargain with Syria and Iran, or that the Army can train Iraqi security forces (or, as they are known there, death squads) in a matter of months when they haven't been able to do it in years.

The Velvet Hammer is undeterred. He's doing an all-out intervention, locking Junior and Barney in the little study next to the Oval. To stress the seriousness of the situation, they don't give the president his feather pillow.

The group gathers at the door of the study. "My boy," his dad tells him between sobs. "We love you. We're here for you. We're worried about you. You're not just hurting yourself, you're hurting others. This is a safe place. No one's judging you ..."

"What are you talking about, Dad?" Junior snaps. "I just actually read 96 pages of your friends' judging me in that cowpie report." Barney woofs in support.

Barbara can be heard muttering from across the room. "We were right about Jebbie."

Henry the K lumbers up to the door and in a low Teutonic rumble says: "It's time we stopped taking care of you and started caring about you. Would you like a peanut butter and jelly sandwich?"

Junior is getting even more furious. "You all think you're so realist. But you're unrealist. I'm realist. Are you sitting at my desk, Baker? Get out of there! Everyone says you're so Mr. Ride to the Rescue, but none of your surrender monkey ideas would work. Talk about Pretend Land — Israel giving up the Golan Heights? Yeah, right. And they call me delusional."

Baker glides up to the door and says, in his most satiny drawl, "Son, I just threw a few D.O.A. ones in there for you to reject so you could preserve your manhood."

There are sounds of feet stomping. "You say I can't stay the course but I can too stay the course!" Junior yells. "I can! I can! You say I have to put the two trillion dollar war cost in the budget, but I don't! You say we have to cuddle up to evildoers in Iran and Syria. Why do you hate the troops? Where's Condi? I want my Condi!"

Realizing the president is getting hysterical, the group looks at Laura, hoping she can calm him down.

She approaches the door and coos in a soft voice: "Bushie? Listen, now, this is important. How do you get someone audited? Can't we send Oscar de la Loser to Gitmo?"

Baker gently nudges Laura aside. "Now son, hear me out. We've disabled your enablers. Rummy has written his last self-serving memo. Dick's got his hands full explaining his darlin' new grandchild's Two Mommies. Don't bother calling for Condi. She's at the bottom of Foggy Bottom. You've got to know when to hold 'em, know when to fold 'em."

It's not sinking in. "We must achieve our objective," Junior sputters. "Our objective is success. To succeed we must have success. If we don't win, we lose. We are the winners. We can't let the ... we're in an ideological struggle and that's why we have a strategy ... AL QAEDA! We must help democracy in Iraq succeed because ... ISLAMOFASCISTS! ... that is the objective of a successful ..."

Barney scratches at the door, trying to cut and run.

Judge Weighs Torture Claim Vs. Rumsfeld (AP)

By Matt Apuzzo,

AP, December 9, 2006

A federal judge on Friday appeared reluctant to give Donald H. Rumsfeld immunity from torture allegations, yet said it would be unprecedented to let the departing defense secretary face a civil trial.

"What you're asking for has never been done before," U.S. District Judge Thomas F. Hogan told lawyers for the American Civil Liberties Union.

The group is suing on behalf of nine former prisoners in Iraq and Afghanistan. The lawsuit contends the men were beaten, suspended upside down from the ceiling by chains, urinated on, shocked, sexually humiliated, burned, locked inside boxes and subjected to mock executions.

If the suit were to go forward, it could force Rumsfeld and the Pentagon to disclose what officials knew about abuses at prisons such as Abu Ghraib prison in Iraq and what was done to stop it.

Rumsfeld, who leaves the Defense Department on Dec. 18, told Pentagon employees and reporters Friday that the day he learned about abuses at Abu Ghraib was his worst day in office.

"I remember being stunned by the news of the abuse at Abu Ghraib," Rumsfeld said. "And then watching so many determined people spend so many months trying to figure out exactly how in the world something like that could have happened, and how to make it right."

Lawyers for the ACLU and Human Rights First, however, argue that Rumsfeld and top military officials disregarded warnings about the abuse and authorized the use of illegal interrogation tactics that violated the constitutional rights of prisoners.

Foreigners outside the United States are not normally afforded the same protections as U.S. citizens, and Hogan said he was wary about extending the Constitution across the globe.

Doing so, he said, might subject government officials to all sorts of political suits. Osama bin Laden could sue, Hogan said, claiming two American presidents threatened to have him murdered.

"How do you control that?" Hogan asked. "Where does it stop? Does it stop at the secretary of defense? Does it stop at the president? How does this work?"

The Justice Department argues that is exactly why government officials generally are immune from suits related to their jobs. By allowing the case to proceed, Hogan would make all future military operations subject to second-guessing by the courts, the government contends.

"We cannot have courts interfering with core military functions," Deputy Assistant Attorney General C. Frederick Beckner III said.

Hogan questioned the scope of that immunity. He said freedom from torture is a basic right accepted by the United States and all civilized nations.

"Would you take the same policy if the argument was one of genocide?" Hogan asked. "Are you saying there could be no inquiry done?"

Beckner said abuse claims should be handled by the military, which has prosecuted more than 100 such cases. In his farewell speech Friday, Rumsfeld said such prosecutions demonstrated "how our democracy deals openly and decisively with such egregious wrongdoing."

Lawyers for the civil rights groups, which have criticized the military's prosecution record, said the government is trying to operate a "rights-free" zone overseas.

"The defendants had a duty to deter and punish acts of torture and they did 180 degrees opposite of that: They encouraged and directed that torture," lawyer Paul Hoffman said.

Hogan said torture is a crime against mankind, but he did not see how the Constitution applied to foreigners held in overseas military prisons.

Hogan said he would rule quickly on whether to dismiss the case; he did not make a decision Friday.

The other officials named in the suit are: retired Lt. Gen. Ricardo S. Sanchez, former Brig. Gen. Janis L. Karpinski and Col. Thomas M. Pappas.

Karpinski, whose Army Reserve unit was in charge of the Abu Ghraib prison, was demoted last year and is the highest-ranking officer punished in the scandal. Sanchez, who commanded U.S. forces in Iraq, retired from the Army last month, calling his career a casualty of the prison scandal.

Pappas, the former top-ranking intelligence officer at Abu Ghraib, was granted immunity from prosecution in exchange for testimony about the abuse.

Ex-detainees Seek Right To Sue Rumsfeld In Abuse Case (LAT)

By Richard B. Schmitt

The Los Angeles Times, December 9, 2006

WASHINGTON — The debate over abuses in U.S. military prisons in Iraq and Afghanistan flared again Friday, with nine former detainees seeking the right to sue outgoing Defense Secretary Donald H. Rumsfeld and three senior Army leaders for alleged torture.

In U.S. District Court, lawyers for Iraqi and Afghan civilians said that Rumsfeld and the officers, two of whom have retired, violated U.S. and international law and should be held personally responsible for the abuse they say their clients suffered.

The suit is believed to be the first to try to hold U.S. officials accountable for the abuse at prisons. The scandal triggered worldwide outcry and forced an overhaul of U.S. interrogation rules.

U.S. District Judge Thomas F. Hogan indicated he was sympathetic to the former detainees' plight, but he questioned whether they had the right under the U.S. Constitution to sue.

"It's unfortunate, to say the least, that there has to be an argument that U.S. military officials tortured citizens of another country," Hogan said. "That being said, there is substantial difficulty in recognizing claims of noncitizens held in other countries."

The ex-prisoners said in the suit that they were beaten to the point of unconsciousness, mutilated, stabbed and urinated on, and endured mock executions, among other abuses.

They were among the thousands of prisoners held by the U.S. military at Abu Ghraib and other locations in Iraq and Afghanistan, including detention facilities in Kandahar and Bagram.

They asked the court to award unspecified monetary damages and to declare their treatment illegal.

Government lawyers argued that the suit should be dismissed because Rumsfeld was immune from being sued for acting within the course of his official duties. (Rumsfeld has resigned; he gave his farewell speech to Pentagon employees Friday.) The lawyers also said the suit would expand foreign citizens' rights to file lawsuits in U.S. courts far beyond what the Supreme Court has allowed.

The judge himself cited the case of Johnson vs. Eisentrager, decided by the Supreme Court in 1950, which held that enemy aliens being held by military authorities outside the U.S. had no rights under the U.S. Constitution to challenge their detention in civilian court.

"Given Eisentrager, I don't see how the 5th Amendment extends to these individuals," Hogan told an ACLU lawyer, referring to the constitutional right to due process.

Hogan said he was concerned that this suit would open the door to foreigners to file all kinds of lawsuits. "Where does it stop?" he asked.

Lucas Guttentag of the American Civil Liberties Union, lead counsel for the ex-detainees, responded that the case was special because of the United States' unequivocal prohibition on torture and because of an extensive paper trail showing that Rumsfeld and the senior Army officials knew or should have known their policies were leading to torture.

He also said U.S. officials should be held responsible because Iraqi law had been suspended after the U.S. invasion. If officials cannot be held responsible under U.S. law for their actions, he said, the detainees have no legal recourse.

"You have a rights-free zone," Guttentag said. "There is nothing that applies."

"You agree what you're asking for has never been decided by a court before?" Hogan said. Guttentag responded that there had never been allegations of such abuse before either.

The suit alleges not only constitutional violations but also violations of the Geneva Convention's ban on torture.

Hogan questioned whether individuals had the right to sue for violations of their rights under the treaty. He expressed concern that such an interpretation would allow "individuals around the world to sue here in the U.S." for a range of injuries not limited to torture.

Hogan asked the lawyers for Rumsfeld and the other officials whether the immunity they sought was absolute. "Would you take the same position if the claim was one of genocide?" he asked C. Frederick Beckner III, a deputy assistant attorney general.

Beckner acknowledged the seriousness of torture and genocide but said that allowing suits by victims of either one would have the effect of disrupting and "potentially chilling" the military's ability to conduct wartime operations.

He said the military took abuse claims seriously and had prosecuted more than 100 misconduct cases.

Besides Rumsfeld, the suit names as defendants retired Lt. Gen. Ricardo S. Sanchez, the one-time commander of U.S. forces in Iraq; former Army Reserve Brig. Gen. Janis Karpinski, the commander of military police at Abu Ghraib, who was demoted to colonel before retiring; and Col. Thomas M. Pappas, the officer in charge of military intelligence at Abu Ghraib.

Court Mulls Torture Lawsuit As Rumsfeld Bids Farewell (NSDY)

By Tom Brune, Newsday Washington Bureau

Long Island Newsday, December 9, 2006

WASHINGTON -- As Defense Secretary Donald Rumsfeld bid farewell at a Pentagon town hall meeting Friday, human rights attorneys argued in a D.C. federal court that he and three senior Army officers should be held personally responsible for the alleged torture of Afghani and Iraqi detainees.

In a hearing before D.C. District Court Chief Judge Thomas Hogan, attorneys from the American Civil Liberties Union and Human Rights First argued their suit should go forward because records show Rumsfeld tacitly approved of the abuse and didn't try to stop it when he learned it was going on.

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Justice Department attorneys argued for dismissal, saying public officials are immune from such lawsuits, the case would extend U.S. constitutional rights to foreigners, and courts usually defer to the executive on wartime issues.

Hogan questioned both sides about the limits of their positions and arguments.

He told the human rights lawyers their request had never been made before, and asked where it would lead -- to a lawsuit by Osama bin Laden?

And he questioned the scope of the immunity for Rumsfeld. "Would you take the same policy if the argument was one of genocide?" the judge asked. He said he would rule quickly.

For Rumsfeld, a week before he officially leaves, the well-documented abuse was on his mind. "Clearly the worst day was Abu Ghraib," he said in response to a question.

Yet after photos of the abuse were disclosed, he said the department "demonstrated to the world how our democracy deals openly and decisively with such egregious wrongdoing."

Lawyers filed a brief that said reported abuse resulted in more than 10 courts-martial, seven of them for Abu Ghraib.

But the ACLU's Lucas Guttentag said, "There must be legal accountability in a court of law for high-ranking government officials who order or allow torture."

The lawsuit, filed in March 2005, seeks damages for five Iraqis and four Afghanis detained and released without charges from 2002 to 2004. The suit says they suffered beatings, sexual humiliation, sleep and sensory deprivation, mock executions and death threats.

In addition to Rumsfeld, the lawsuit names retired Lt. Gen. Ricardo S. Sanchez, former Brig. Gen. Janis L. Karpinski and Col. Thomas M. Pappas.

The lawsuit's biggest hurdle is to show that they knowingly violated laws against torture.

"The question is whether he was pushing the envelope or breaking it," said Hofstra law professor Eric Freedman.

This story was supplemented with Associated Press reports.

HOMELAND RESPONSE:

Illinois Man Charged With Plot To Wage "Jihad" In Mall (WP)

By Dan Eggen

The Washington Post, December 9, 2006

An Illinois man was charged yesterday with planning to set off hand grenades in a shopping mall during the holiday rush, part of a professed desire to wage "violent jihad" on U.S. targets, according to a federal criminal complaint filed in Chicago.

Derrick Shareef, 22, was arrested Wednesday in Rockford, Ill., about 90 miles west of Chicago, after meeting with an undercover federal agent in a store parking lot and trading a set of stereo speakers for four hand grenades, a handgun and bullets, according to an FBI affidavit.

Shareef -- a U.S. citizen who converted to Islam several years ago -- allegedly prepared for an attack on Rockford's CherryVale Mall by making a "martyrdom" videotape in which he declared that "the time for jihad is now" and that he was "ready to give my life" in the mission.

Authorities said Shareef has no apparent ties to any terrorist group and is believed to have been acting alone. He was charged with attempting to damage or destroy a building by fire or explosion and attempting to use a weapon of mass destruction.

The case is the latest terrorism-related sting involving undercover FBI informants and agents to become public. Some of those involved have played active roles in guiding the direction of the cases.

In Shareef's case, for example, the investigation began after an informant told the FBI in September that Shareef had talked about his desire to wage "violent jihad" on U.S. targets. It was the FBI informant who suggested that it might be better to "hit the mall" as a target, after a conversation in which Shareef focused on attacking government buildings instead, according to the affidavit.

Civil liberties advocates and some lawmakers have raised questions about FBI tactics in such cases, including the prosecution of an alleged terror cell in Miami whose members said they wanted to blow up the Sears Tower in Chicago but had no apparent means to do so.

But Daniel L. Byman, director of the Security Studies Program at Georgetown University, said a case like Shareef's "can actually be seen as effective counterterrorism."

"This is a good-news, good-news story: It shows the low capabilities of domestic jihadists and that the FBI appears to be on top of it," he said.

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The FBI's affidavit alleges that Shareef decided to carry out the attack during the holiday shopping period because crowds would be larger and to place grenades in garbage cans to maximize injuries from shrapnel. Shareef had also considered attacks on synagogues, a city hall and courthouses, saying at one point that he wanted to "smoke a judge," according to tape-recorded conversations recounted by the FBI.

The FBI recorded Shareef's conversations and trailed him as he accompanied the informant on scouting trips through the CherryVale mall. Shareef was arrested Wednesday after he took possession of a lockbox containing the grenades and a 9mm pistol, the affidavit says.

The grenades and ammunition were not operative, and the public was never in any serious danger, officials said. "While these are very serious charges, at no time was the public in any imminent peril as a result of the defendant's activities," U.S. Attorney Patrick J. Fitzgerald said in a news release.

Rockford Man Charged In Alleged Terror Plot (CHIT)

By Rudolph Bush And Jeff Coen, Tribune Staff Reporters

Chicago Tribune, December 9, 2006

Video: Terror plot arrest

A 22-year-old man's alleged plot to stage a deadly terrorist attack in Rockford days before Christmas was marked by violent intentions but no chance of success, according to federal charges released Friday.

A Muslim convert intent on "jihad," Derrick Shareef plotted to use hand grenades and a pistol to kill shoppers at the CherryVale Shopping Center outside of Rockford, authorities charged.

But federal agents and an undercover informant followed him from the plot's outset, U.S. Atty. Patrick Fitzgerald said Friday. Authorities didn't specify how they originally learned of Shareef.

Many elements of Shareef's alleged plot, including the idea to attack the mall, came from the informant, according to the charges.

Shareef acted alone, and the public was never in any danger, authorities said.

Throughout the plot, he never had any weapons or the money to obtain them, Fitzgerald said.

But he did have violent intent, authorities said.

In a recorded conversation with the informant on Nov. 29, Shareef discussed attacking a courthouse in DeKalb County, according to the complaint.

"I just want to smoke a judge," he allegedly said.

The next day, the informant suggested the mall become the target.

"I mean, all right, we gotta look at it this way, we want to disrupt Christmas," the informant is quoted as saying in the criminal complaint.

Shareef allegedly responded: "Oh hell yeah, the mall is where it's at."

Throughout the plot, Shareef was recorded spewing hatred for Jewish people and the American justice system, authorities allege.

His plan reached its apex when he tried to trade an undercover federal agent a set of stereo speakers for grenades to attack the mall, authorities said.

The exchange, which included dud grenades, took place Wednesday in a store parking lot on Walton Road in Rockford, authorities said.

Shareef was arrested without incident after the exchange and appeared in federal court in Chicago on Friday. His attorney did not issue a statement but said Shareef was aware of his rights and understood the proceedings.

He was held without bail on charges of attempting to use a weapon of mass destruction and damage or destroy a building. Under the law, grenades are considered weapons of mass destruction.

If convicted, he faces up to life in prison.

Muslim leaders in Rockford urged the public not to associate the alleged incident with the Islam faith.

"We know of no one who pursues this type of violence," said Imam Shpendim Nadzaku. "This is not what we believe."

Tribune staff reporters Charles Sheehan and Sara Olkon contributed to this report.

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Feds: Man Planned To Blow Up Chicago Mall (AP)

AP, December 8, 2006

DOJ_NMG_0105209

CHICAGO (AP) — A Muslim convert who talked about his desire to wage jihad against civilians was charged Friday in a plot to set off hand grenades at a shopping mall at the height of the Christmas rush, authorities said.

Investigators said Derrick Shareef, 22, an American citizen from Rockford, was acting alone and never actually obtained any grenades. He was arrested Wednesday when he met with an undercover agent in a parking lot to trade a set of stereo speakers for four hand grenades and a gun, authorities said.

"He fixed on a day of December 22nd on Friday ... because it was the Friday before Christmas and thought that would be the highest concentration of shoppers that he could kill and injure," said Robert Grant, the agent in charge of the Chicago FBI office.

Authorities said Shareef had been under investigation since September, when he told an acquaintance that "he wanted to commit acts of violent jihad against targets in the United States as well as commit other crimes."

The acquaintance immediately informed the FBI, officials said.

Federal officials said Shareef planned to set off four hand grenades in garbage cans at the CherryVale shopping mall in Rockford, about 90 miles northwest of Chicago.

Other potential targets that Shareef allegedly discussed included government facilities such as courthouses and city hall, authorities said.

An affidavit quoted him as saying: "I just want to smoke a judge."

Shareef was born in the United States and converted to Islam, officials said. They believe he might have learned about jihad through videos and websites.

"While these are very serious charges, at no time was the public in any imminent peril," U.S. Attorney Patrick Fitzgerald said in a statement.

A spiritual leader of Rockford-area Muslims commended authorities for intercepting the alleged plot and reiterated "the Muslim community's condemnation of terrorism in the name of Islam," said Shpendim Nadzaku, imam of the Muslim Association of Greater Rockford.

Asked if he had ever met Shareef, Nadzaku said: "No one in the community has any clue as to who this person is — he's completely anonymous."

The door of a Genoa town home that is the last known address for Shareef went unanswered Friday although a female inside was seen turning off a light as a reporter stood outside.

Shareef appeared briefly before a judge Friday and was ordered held without bond. He was charged with one count of attempting to damage or destroy a building by fire or explosion and one count of attempting to use a weapon of mass destruction.

Defense attorney Michael Mann declined to comment on the charges.

Shareef and his acquaintance cased the mall on Nov. 30, discussing the layout and spots where they might set off several grenades simultaneously to create more pandemonium, according to an FBI affidavit.

A spokeswoman for the mall said officials were cooperating with the investigation but referred all other questions to the U.S. attorney's office.

Mall customers expressed a mixture of anger and indifference Friday evening.

"I don't think anything is going to stop people from coming to this mall now. It's Christmas," said 27-year-old shopper Jaclyn Gonzalez of Rockford. "You're not going to keep from doing what you have to do just because someone is making ignorant comments."

Feds Arrest Man On Terrorism-related Charges (CHIST)

By Natasha Korecki

Chicago Sun-Times, December 9, 2006

A Rockford man allegedly planned to set off hand grenades in garbage cans at a shopping mall near Rockford as part of his plot to let the world know “the time for jihad is now.”

Derrick Shareef, 22, targeted the Cherry Vale shopping mall, which has about 130 retail stores. But in recorded conversations he said the mall was “just one potential place,” and that he hoped to one day “smoke a judge,” according to the federal charges.

Should he die before the attack, Shareef made a videotape statement to explain his actions.

“I am from America, and this tape is to let you guys know, who disbelieve in Allah, to let the enemies of Islam know, and to let the Muslims alike know that the time for jihad is now...be strong, oh Mujahideen...May Allah protect me on this mission we conduct...so do not cry, do not mourn for me,” he said, according to the FBI affidavit.

DOJ_NMG_0105210

Shareef was arrested Wednesday by the Chicago Joint Terrorism Task Force after he met an undercover agent in the mall parking lot and traded a set of stereo speakers for four hand grenades and a hand gun, according to charges. He's also known as Talib Abu Salam Ibn Shareef, court papers say.

Shareef allegedly discussed targeting other local government facilities. He was charged with one count of attempting to damage or destroy a building by fire or explosion and one count of attempting to use a weapon of mass destruction.

Shareef's alleged plot was foiled after he shared his plans with a friend, who cooperated with the FBI. Shareef told the person he wanted to commit "acts of violent jihad" against people and other crimes to obtain funds to further his goals.

He at one point told the informant he wanted to target government facilities.

"I want some type of city hall-type stuff now, federal court houses," Shareef was caught on tape saying, according to an FBI affidavit. "I just want to smoke a judge."

"Once the threat Shareef posed was detected by the Joint Terrorism Task Force, his activities and movements were under constant surveillance and there was no imminent risk to the public," Chicago FBI chief Robert Grant said in a prepared statement.

Shareef is expected to have his initial appearance later today in federal court.

Mall Bomb Suspect Wanted To Warn 'Disbelievers,' FBI Says (AP)

AP, December 9, 2006

CHICAGO - A Muslim convert is in custody accused of trying to trade two stereo speakers for a 9 mm pistol and the grenades authorities say he wanted to carry out an attack on holiday shoppers.

The FBI says it was tipped by an acquaintance of Derrick Shareef, then recorded the 22-year-old planning to use hand grenades to blow garbage cans into clouds of flying shrapnel in a crowded mall the Friday before Christmas.

"This is a warning to those who disbelieve," he said, according to an FBI affidavit.

Authorities said he was arrested Wednesday when he tried to make the trade with an undercover agent in a Rockford parking lot. Shareef was charged Friday with crimes that could send him to prison for the rest of his life, and was ordered held without bail.

"He fixed on a day of December 22nd on Friday ... because it was the Friday before Christmas and thought that would be the highest concentration of shoppers that he could kill and injure," said Robert Grant, the agent in charge of the Chicago FBI office.

However, authorities said no one was in danger.

"While these are very serious charges, at no time was the public in any imminent peril," U.S. Attorney Patrick J. Fitzgerald said in a news release.

Defense attorney Michael B. Mann declined to comment.

According to the affidavit, Shareef had been under investigation since September, when he told an acquaintance "he wanted to commit acts of violent jihad against targets in the United States as well as commit other crimes."

The acquaintance immediately informed the FBI, officials said.

Officials said Shareef planned to set off four hand grenades in garbage cans at the CherryVale shopping mall in Rockford, about 90 miles northwest of Chicago, and discussed other potential targets including government facilities such as courthouses and Rockford City Hall.

Rockford Mayor Lawrence Morrissey said Friday that officials would discuss whether security needed to be increased.

The affidavit quoted Shareef as saying: "I just want to smoke a judge."

Shareef and his acquaintance cased the mall Nov. 30, discussing the layout and spots where they might set off several grenades simultaneously to create pandemonium, according to the affidavit.

Shareef was born in the United States and converted to Islam, officials said.

The imam of the Muslim Association of Greater Rockford, Shpendim Nadzaku, commended authorities for intercepting the alleged plot and reiterated "the Muslim community's condemnation of terrorism in the name of Islam."

"No one in the community has any clue as to who this person is -- he's completely anonymous," Nadzaku said.

No one answered a knock at the door Friday at a town house in Genoa, between Chicago and Rockford, that is the last known address for Shareef. A female inside was seen turning off a light as a reporter stood outside.

Shareef was charged with one count of attempting to damage or destroy a building by fire or explosion and one count of attempting to use a weapon of mass destruction. The latter charge carries a maximum sentence of life in prison.

Local Officials Feel Left Out Of Information Loop (ROCKRS)

By Mike Wiser, ROCKFORD REGISTER STAR

Rockford (IL) Register-Star, December 9, 2006

Mayor and others say they learned of Shareef's alleged plans at the same time everyone else did.

ROCKFORD — Everyone was glad — unnerved a little, maybe, but glad — that a man with an apparent jihad complex and a fixation on the Rockford area was discovered and in custody before he could do any damage.

Local officials praised the Justice Department for stopping what federal prosecutors say was a 22-year-old's plan to use hand grenades to bomb CherryVale Mall or local government buildings.

But not everyone was happy with how the notoriously tight-lipped U.S. attorney's office in northern Illinois, led by Patrick Fitzgerald, let everyone else in on the news.

"This morning I'm getting a call from a reporter and on the other line I have the chief of police saying he just had a briefing with the FBI," Mayor Larry Morrissey said.

"If we're all supposed to combat terrorism in cities like New York, Chicago and Rockford ... they need to share information with local law enforcement that this was going on."

Morrissey said he was "extremely disappointed" that local law enforcement was kept out of the loop even though the feds were monitoring Derrick Shareef for months. He added that he is going to try and get some answers from Fitzgerald's office on how things could work differently in the future.

"I'm going to decline comments on his comment," Assistant U.S. Attorney Randall Samborn said.

Police Chief Chet Epperson said he got a call Wednesday that the FBI was involved in something in the Rockford area, but he said he didn't know any of the specifics until Friday, just as the news was breaking across the country.

"I would be disappointed if they had some information about this building and didn't tell me," said Charlie Jackson, head of security for the Winnebago County Courthouse.

Although Shareef's plans specifically identified the CherryVale Mall and the DeKalb County Courthouse, it does not appear they mentioned the Winnebago County Courthouse.

He did, however, want to attack "stuff like courthouses, city hall, government places, government facilities," according to an affidavit attached to the federal complaint.

"At least tell the command staff so they can pass it down to us with a description of someone or what to look out for," Jackson said.

Chief Deputy Kevin Hickey of the DeKalb County Sheriff's Department said his office had no problems with the information it got from the FBI and specifically identified the head of the Rockford office, G.B. Jones, as one who helped keep the lines of communication going.

"He kept us aware and updated as developments arose," Hickey said, although he was not sure when the department and the FBI started talking. "They assured us that there was never an imminent threat."

Cherry Valley Police Chief Gary Maitland said he was first contacted by federal authorities when Shareef was arrested Wednesday, and he didn't get the details until everyone else did Friday.

"I can understand why things like this have to be kept quiet," he said.

Staff writer Mike Wiser can be reached at 815-987-1377 or mwiser@rrstar.com.

Traveler Data Program Defied Ban, Critics Say (WP)

By Spencer S. Hsu, Ellen Nakashima

The Washington Post, December 9, 2006

The Department of Homeland Security violated a congressional funding ban when it continued to develop a computerized program that creates risk assessments of travelers entering and leaving the United States, according to lawmakers and privacy advocates.

Although congressional testimony shows that department officials apparently disclosed some important elements of the controversial Automated Targeting System program to lawmakers in recent months, several key members of Congress said that they were in the dark about the program and that it violated their intentions.

"Clearly the law prohibits testing or development" of such computer programs, said Rep. Martin O. Sabo (D-Minn.), who wrote the three-year-old prohibition into homeland security funding legislation. "And if they are saying that they just took some system, used it and therefore did not test or develop it, they clearly were not upfront about saying it."

Privacy advocates and members of Congress expressed growing skepticism this week about the legality, scope and effectiveness of the massive data-mining program -- particularly the creation of risk assessments on Americans that would be retained for up to 40 years -- whose existence was first disclosed in detail in a Nov. 2 notice in the Federal Register.

The department announced yesterday that after receiving more than 50 objections to the program, it has extended a public comment period for ATS from Dec. 4 to Dec. 29. Sen. Joseph I. Lieberman (D-Conn.) and Rep. Bennie Thompson (D-Miss.),

incoming chairmen of the Senate and House homeland security committees, and others have questioned the effort and called for hearings or additional administration briefings.

Developed to help customs inspectors target narcotics and other contraband, ATS began scrutinizing air travelers entering and leaving the United States in the mid-1990s, said Jayson P. Ahern, assistant commissioner of U.S. Customs and Border Protection. After the 2001 terrorist attacks, it was used to assign risk assessments to cargo and passengers, officials' testimony and a February 2005 DHS report to Congress show.

Two years ago, it was expanded again to a limited but growing number of land border crossers, according to the report and Ahern. About 309 million land crossings and 87 million air crossings of U.S. borders are made each year.

Travelers are not allowed to see their risk assessments and must file Freedom of Information Act requests to view the original records on which the assessment is based.

The Center for Democracy and Technology said the program violated the 1974 Privacy Act because customs officials targeted U.S. travelers and shared their data with other agencies without notifying the public. Homeland Security officials say that notice was implicit in an announcement in 2001 about an older program.

"The lack of a notice at all was clearly illegal for however many years they claim this was in operation," said David Sobel, Electronic Frontier Foundation senior counsel.

"This is everybody's worst nightmare," said Kevin Mitchell, chairman of the Business Travel Coalition, who was angered by the revelation that profiles were being kept without travelers' knowledge.

Homeland Security officials said the funding ban applied only to successor programs to its aborted attempt in 2004 to use commercial databases to assign risk to domestic air passengers -- then known as CAPPS II and renamed Secure Flight -- not to preexisting programs.

Homeland Security Secretary Michael Chertoff acknowledged that the November notice was an attempt "to be even more transparent and write, in even clearer English, about what we were going to do." But in an interview with the National Journal, he expressed frustration with critics' surprise.

"Otherwise, why are we collecting the data?" he asked. "Just to have it to sit around?"

DHS leaders have described in speeches and congressional hearings their efforts over the years to process data from manifests and airline passenger records on U.S.-bound international flights to "detect anomalies and 'red flags' " for high-risk individuals.

DHS has been more explicit recently about ATS data mining and risk profiling, saying computer algorithms were used to "produce potential matches" of inbound and outbound travelers with "potential . . . connections to terrorist risk factors."

But senior Homeland Security officials made only a few short references in 2004 and 2005 to using the program to assess land travelers. At the time, they cited it only as a future possibility.

"Funding will allow us to develop and implement a version of ATS that, for the first time, will be able to identify potentially high-risk travelers in passenger vehicles," then-Customs and Border Protection Commissioner Robert C. Bonner told Congress.

FEMA Ordered To Restart Katrina Payments (AP)

AP, December 8, 2006

WASHINGTON (AP) — For the second time in eight days, a judge ordered the Bush administration to immediately resume making housing payments to thousands of families whose homes were damaged by Hurricane Katrina.

U.S. District Judge Richard J. Leon said last week that the confusing, often contradictory letters to hurricane victims from the Federal Emergency Management Agency didn't explain why rental payments were cut off. He said that violated the Constitution and he ordered the agency to restart the program immediately.

FEMA appealed that ruling and asked Leon not to force the agency to restart the program while that case plays out. Leon refused Friday to do so.

He ordered FEMA to come to court Wednesday to discuss how many evacuees are due housing payments and how the funding will be restored.

The Association of Community Organizations for Reform Now, which won last week's ruling, said more than 11,000 families are affected by the case.

Homeland Security Secretary Michael Chertoff, in an interview with CNN, said Friday that FEMA wanted to ensure only eligible people received aid.

"Obviously, we are going to pursue the legal questions where they have to be pursued, but we also want to make sure we're doing the right thing," Chertoff said. "We don't want to have deserving people kicked out, but we also don't want to have people ripping off the program."

DOJ_NMG_0105213

FEMA did not immediately respond to a request for comment. The Justice Department had no immediate response to the order.

WAR NEWS:

Iraq Strategy Talks Focusing On Three Main Options (WP)

By Robin Wright, Peter Baker

The Washington Post, December 9, 2006

As pressure mounts for a change of course in Iraq, the Bush administration is groping for a viable new strategy for the president to unveil by Christmas, with deliberations now focused on three main options to redefine the U.S. military and political engagement, according to officials familiar with the debate.

The major alternatives include a short-term surge of 15,000 to 30,000 additional U.S. troops to secure Baghdad and accelerate the training of Iraqi forces. Another strategy would redirect the U.S. military away from the internal strife to focus mainly on hunting terrorists affiliated with al-Qaeda. And the third would concentrate political attention on supporting the majority Shiites and abandon U.S. efforts to reach out to Sunni insurgents.

As President Bush and his advisers rush to complete their crash review and craft a new formula in the next two weeks, some close to the process said the major goal seems to be to stake out alternatives to the plan presented this week by the bipartisan Iraq Study Group. The White House denied trying to brush off the study group's report and said those recommendations are being considered alongside internal reviews.

But the growing undercurrent of discussions within the administration is shifting responsibility for Iraq's problems to Iraqis. Sources familiar with the deliberations describe fatigue, frustration and a growing desire to disengage from Iraq. The sources spoke on the condition of anonymity because of the sensitive nature of the deliberations.

"None of us see the situation in Iraq as favorable. We all see it as extremely difficult," Secretary of State Condoleezza Rice said yesterday.

Bush will devote most of next week to his Iraq review. He plans to visit the State Department on Monday to consult with his foreign policy team, then he will host independent Iraq experts in the Oval Office. The next day, he will hold a videoconference with U.S. military commanders and U.S. Ambassador Zalmay Khalilzad in Iraq. He will travel to the Pentagon for more consultations on Wednesday.

The crash White House review -- which involves the State Department, the National Security Council, the CIA and the Pentagon -- is tentatively expected to lead to a speech to the nation the week of Dec. 18, officials say.

While one of the options involves a surge of U.S. troops, there is no agreement on what the mission of those forces would be, sources say. Discussions center on accelerating the training of Iraqi forces and helping secure Baghdad before turning it over to the Iraqis. The goal generally could be to improve Iraq's defense capabilities so U.S. combat troops could begin to withdraw faster.

The second idea is the "al-Qaeda option," which would transform the U.S. mission to focus on fighting terrorism and would disengage forces from domestic aspects of the multisided conflict. U.S. troops would take a backseat on the Shiite-Sunni conflict and instead hunt down al-Qaeda operatives, the sources say.

On the ground, for example, that could mean a shift away from operations in Baghdad's volatile Sadr City slum, or from efforts to stop car bombs and sectarian attacks. The administration is increasingly resigned to the fact that it can neither prevent nor intervene in Iraq's sectarian war, which has begun to supersede both the Sunni insurgency and al-Qaeda's operations, the sources say.

The two military options are not necessarily linked. Some in the interagency discussions favor both, while others support the al-Qaeda option but not a military surge, the sources say.

On the political front, the administration is focusing increasingly on variations of a "Shiite tilt," sometimes called an "80 percent solution," that would bolster the political center of Iraq and effectively leave in charge the Shiite and Kurdish parties that account for 80 percent of Iraq's 26 million people and that won elections a year ago.

Vice President Cheney's office has most vigorously argued for the "80 percent solution," in terms of both realities on the ground and the history of U.S. engagement with the Shiites, sources say. A source familiar with the discussions said Cheney argued this week that the United States could not again be seen to abandon the Shiites, Iraq's largest population group, after calling in 1991 for them to rise up against then-President Saddam Hussein and then failing to support them when they did. Thousands were killed in a huge crackdown.

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Of the major proposals under discussion, only the "al-Qaeda option" is reflected in the Iraq Study Group's report. Recommendation 43 calls for the United States to shift priority to "the training, equipping, advising, and support mission and to counterterrorism operations."

The study group says it could support a short-term troop surge but notes that "past experience indicates that the violence would simply rekindle as soon as U.S. forces are moved to another area." The report does not, in the end, recommend more troops.

Senior administration officials caution that the review process is still fluid. "I don't think we're at the stage where we're coalescing around an option," said a top official who declined to speak on the record about internal deliberations. "These are everything's-on-the-table kinds of discussions."

Yet as it changes course, the administration is still struggling to resolve central issues, including how much it trusts Iraqi Prime Minister Nouri al-Maliki to tackle the two issues basic to stability: reconciliation and the militias that are fueling the sectarian violence. Despite Bush's public endorsement of Maliki after their meeting in Amman last week, U.S. officials have not yet decided whether he has the will or the capability to take on his brethren Shiites in the name of national reconciliation -- either by dismantling their militias or getting them to embrace the Sunni minority.

Bush aides said the president has been misinterpreted by those who believe he is giving the back of his hand to the Iraq Study Group, led by former congressman Lee H. Hamilton (D-Ind.) and former secretary of state James A. Baker III, and they insist that the report's ideas are now part of the administration's review. "There's not a purpose to distinguish or make a distinction from the Baker-Hamilton commission," the senior official said. "In fact, many of their proposals are being seriously considered."

If anything, the official argued, the commission gave Bush some running room by rejecting a rapid troop withdrawal, something some Democrats have advocated. "Nobody's going to go below what they said," the official said, meaning that because the study group set a goal of pulling out combat units by early 2008, that is now the earliest that troops could be withdrawn.

But the stature of commission members means that the White House will have to justify any deviations from their plan. "The onus will be on us to explain why we are doing something they recommended or why not," the official said. "They can't just be jettisoned. They have to be dealt with."

The president, who met yesterday with congressional leaders, vowed to work with Democrats to forge a common strategy. "We talked about the need for a new way forward in Iraq," Bush told reporters. "And we talked about the need to work together on this important subject."

With 3 Iraq Reports To Come, Bush Plans Week Of Scrutiny (NYT)

By Jim Rutenberg, Carl Hulse

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — President Bush will take part in high-visibility deliberations on Iraq next week, making visits to the Pentagon and State Department as they take part in an administrationwide effort to chart a new course in the war.

Mr. Bush will also meet with a group of academic and policy experts about Iraq on Monday, officials said, and will hold a video teleconference with senior military commanders.

The flurry of conspicuous consultation, officials said, is part of Mr. Bush's effort to come up with a new approach in Iraq under intense pressure to bring the violence there under control or begin reducing the United States' military commitment.

Officials said it was uncertain when the president would present to the nation what he has repeatedly called "a new way forward" in Iraq, though, they said, he still hoped to do so by Christmas.

The White House announced the series of meetings as it continued to face questions about how it planned to address 79 recommendations for Iraq proposed by the Iraq Study Group, whose bipartisan report included a grim analysis of the president's approach to the war.

Tony Snow, the White House press secretary, said Mr. Bush was still awaiting results of three major reviews on Iraq policy from within the administration before announcing his plans — one at the State Department, one at the Department of Defense and one at the National Security Council.

Addressing growing anticipation in Washington for the president's new Iraq policy, Mr. Snow warned reporters on Friday, "What you look for may not be splashiness or boldness, as you may call it, but what you look for is a serious proposal that addresses the real concerns of many Americans about, are we pursuing victory, and if so, how?"

After a meeting with Mr. Bush on Friday, several Democratic leaders said they remained skeptical that he was ready to embrace a substantially different approach.

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"Someone has to get the message to this man that there has to be significant changes," said Senator Harry Reid of Nevada, the incoming Democratic majority leader. He said Mr. Bush, through his comments and demeanor at the session, indicated that he was not receptive to the report, which Mr. Reid said was not the work of "do-gooders" but was written by "Democrats and Republicans with wide-ranging experience."

Mr. Reid's top deputy in the Senate starting next year, Senator Richard J. Durbin of Illinois, said Mr. Bush had compared himself in the meeting to President Truman at the start of the cold war. But Mr. Durbin noted that Truman was working with a broad range of NATO allies at the time while keeping negotiations open with the Soviet Union and others — a jab at the administration's decision so far against including Syria and Iran in talks on Iraq.

Mr. Snow said Mr. Bush did indeed refer to Truman in his meeting with the Democrat, but, Mr. Snow said, "The president was really not trying to compare himself to Harry Truman so much as to talk about the duration and nature of the struggle."

The administration has so far preferred to work with allies in the region like Saudi Arabia, Jordan and Turkey, as Mr. Bush showed again Friday by speaking by telephone with the Turkish prime minister, Recep Tayyip Erdogan.

After the meeting, attended by leaders of both parties, Mr. Bush pledged to continue to consult with Congress as "we fashion a new — a new way forward in Iraq."

But Mr. Snow indicated later that in pledging bipartisanship Mr. Bush was only willing to go so far.

"What the president said clearly was that he intends to consult with Congress, and that he — the door is open," Mr. Snow said.

"There's a flip side to that question," Mr. Snow added, "Which is whether those who say, 'Mr. President, as commander in chief, we listen to you,' bend to support him."

Flexing their own muscles, Democratic leaders promised heightened scrutiny of a forthcoming request from the administration for as much as $150 billion in new emergency spending for the war. The Republican majorities in the House and Senate have generally approved the administration's previous requests, though they enforced some changes.

Given the increasing number of employees working for private contractors in Iraq and the federal money flowing to Halliburton, a company Mr. Reid described as the "poster child for what is bad about this war," Mr. Reid said the new Congress would not simply sign off on the request.

Bush Plans "Policy Adjustments" In Iraq (LAT)

By Doyle McManus, Julian E. Barnes

The Los Angeles Times, December 9, 2006

WASHINGTON — President Bush said Friday that he's willing to change U.S. "tactics" in Iraq once he hears recommendations from his military and diplomatic advisors, but he doesn't intend to scale back his basic goals, his spokesman said.

Bush met Friday morning with Republican and Democratic congressional leaders and said the nation needs "a new way forward in Iraq." Aides said the president will receive proposals from the Defense and State departments next week and plans to propose a set of "policy adjustments" in a speech the week before Christmas.

One of the Democrats who met with Bush, Sen. Richard J. Durbin (D-Ill.), said he was disappointed.

"When he talked about his approach to Iraq, there was no indication of a change in basic strategy," Durbin said. "He talked about changing some tactics."

White House spokesman Tony Snow acknowledged that the changes Bush was considering would be limited.

"What the president has said is: 'We need new tactics,' " Snow told reporters. "Now what he will not change is … the goal, stated by the president: an Iraq that can govern itself, sustain itself and defend itself. What is important and is open for wide-ranging reviews is: What's the best way to do it?"

Snow and other senior officials refused to discuss the proposals that would be presented to Bush next week.

"I've been doing some deep thinking on Iraq — which, if you don't mind, I'll share first with the president," said Secretary of State Condoleezza Rice, who is scheduled to discuss the issues with Bush on Monday.

Still, in responding to the recommendations of a bipartisan commission on Iraq this week, officials have suggested the rough outlines of at least some of the measures they are considering.

In some respects, the administration's thinking comes close to the recommendations of the commission led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.); in others, it conflicts.

For example, Pentagon planners have long agreed with the Baker-Hamilton panel that American troops should increasingly focus on training and advising Iraqi units, and gradually withdraw from direct combat in Baghdad and other Iraqi cities.

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"As we transition to Iraqi control and as I hope that we'll see us moving out of some of the major metropolitan areas … I think we could [increase training] a lot faster than many people would believe," Lt. Gen. Peter W. Chiarelli, commander of U.S. and allied ground forces in Iraq, said in a briefing.

U.S. officials have also sought for months to pressure Prime Minister Nouri Maliki to work on reconciliation among Iraq's Sunni Arab, Shiite Arab and Kurdish communities, including long-stalled measures to strengthen the Iraqi constitution's protection of minority rights and to work out a formula for sharing the country's oil revenue.

The Baker-Hamilton commission proposed that if the Iraqis do not make faster progress, "the United States should reduce its political, military or economic support for the Iraqi government." In public, the Bush administration has refused to deliver a warning that stark, fearing that it could backfire by convincing the Iraqis that U.S. troops are on their way out. But U.S. officials increasingly have talked openly about subjecting the Iraqi government to clear deadlines and benchmarks for achieving political reforms.

"I think that if we set up a series of goals, goals that are tied to dates, of certain critical things that have to be done to make all the Iraqi people believe that this is a government of national unity, that we could regain their confidence," Chiarelli said.

As for the Baker-Hamilton panel's proposal that the United States bring Iran and Syria into discussions of the future of Iraq, administration officials said they still doubt such contacts would do much good. But they said they were open to the idea of Iran and Syria participating in international conferences if the Baghdad government wanted to invite them.

"The Iraqis are very engaged with their neighbors; we will support their diplomacy in ways that they find useful and that we find useful," Rice said, but added: "In both Syria and Iran, you have states that have chosen to be on the side of the divide that is fueling extremism, not moderation. And that is the essential problem."

Putting an unusual spotlight on a normally closed-door process, the White House announced Bush's schedule of policy briefings next week and said he would make public remarks after at least one of the sessions.

National Security Council spokesman Gordon D. Johndroe said Bush would go to the State Department to be briefed by Rice and her aides Monday, would consult with U.S. military commanders in Iraq by videoconference on Tuesday, and would go to the Pentagon to hear the results of a review commissioned by the chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, on Wednesday.

The public show of deliberation appeared aimed at making the point that Bush is actively leading the search for new ideas on Iraq, not merely reacting to recommendations from outsiders — or "outsourcing" presidential decisions, as Snow put it.

A major debate in the Pentagon, apparently unresolved, is whether to propose a short-term increase or "surge" in troop strength in Iraq to make one last try at stabilizing Baghdad, as Sen. John McCain (R-Ariz.) and some others have urged.

Gen. John P. Abizaid, commander of U.S. forces in the Middle East, and some other military officers have argued that while such a surge is possible, it would be costly — and, in any case, that political reforms in Iraq would be more important to achieve.

"I definitely think that this is winnable, but we've got to … convince the Iraqis that it's not just the military alone that will solve the problems that face them," Chiarelli said.

Many military officers say they believe U.S. forces can still quell Iraq's insurgency and ease the sectarian violence, but only if the United States is willing to contribute more troops, more time, more money or all three.

"I think there will be some [troop increases]," said William Nash, a retired major general and analyst at the Council on Foreign Relations. "You can increase the troops by altering the way you rotate troops. You can do it for a little while, but you cannot do it for long."

The easiest way to boost the number of troops, officers said, is to alter their rotation schedule. Although the military has been looking for ways to increase the brigades' time at home to improve their training, it could speed up their deployments.

One of the most likely candidates is the 3rd Infantry Division, which served in Iraq in 2003 and 2005. The division is set to return in 2007, and its deployment conceivably could be moved up.

The military also could draw troops from Asia — Marines in Okinawa or soldiers in South Korea. However, recent threats from North Korea, which has conducted missile tests and nuclear weapons in the past five months, could dissuade generals from considering the move as their first choice.

Still, such temporary increases have caused problems. For substantial, long-term troop increases, the military would need to remobilize the National Guard, experts said — a politically unpopular move for any president. However, Chiarelli signaled commanders are willing to offer tough advice.

"I know I am leaving Iraq in a more uncertain and somewhat more tumultuous state than the last time I left," said Chiarelli, who is reaching the end of his second tour in Iraq. "We should not give in to the defeatist mood that I sometimes see displayed. This mission is the most critical and significant that we've undertaken in perhaps 50 years, and failure, in my opinion, is not an option."

DOJ_NMG_0105217

Bush Targets Iraq Policy Change By Christmas (AFP)

By Stephen Collinson

AFP, December 9, 2006

President George W. Bush will work on a new approach to Iraq in meetings with top advisors next week, and could announce the strategy before Christmas, the White House said.

Pressure is building on Bush after he distanced himself from several key recommendations put forward by a top bipartisan commission this week, which called for a complete overhaul of US policy to avert Iraq's slide into chaos.

He will frame his decision in talks with his secretaries of state and defense, military commanders and US ambassador to Iraq Zalmay Khalilzad, as well as outside experts.

The White House says Bush carefully studied the Iraq Study Group report, and is awaiting results of several key internal reviews of Iraq policy.

"He's going to take all that information ... and boil that down," for the "new way forward that he wants to have in Iraq, because he knows that that's necessary," said White House deputy spokeswoman Dana Perino.

The goal is for Bush "to be able to give a speech before Christmas (December 25), but it's not set in stone," Perino said.

The Iraq Study Group report, which warns that the situation in Iraq is "grave and deteriorating," called for most US combat troops to be withdrawn by early 2008, talks with Iran and Syria, and for a new Middle East peace effort.

Bush, who admitted on Thursday that "we need a new approach" in Iraq, also discussed the situation there with top congressional leaders Friday.

"We talked about the need for a new way forward in Iraq, and we talked about the need to work together on this important subject," Bush said.

But incoming Democratic speaker of the House of Representatives Nancy Pelosi, was more combative, saying: "the time for change is now and it is apparent to the American people ... hopefully the president has got the message."

The president will visit the State Department on Monday then convene top outside experts on Iraq in the Oval Office. On Tuesday, he will have a video-conference with military commanders and Khalilzad.

Wednesday will see Bush at the Pentagon, Perino said.

Bush has already said that even the commission did not expect him to agree with every recommendation, amid signs that the White House may pick-and-choose ideas which suit it from each review of the conflict.

But James Baker, the former US secretary of state who co-chaired the study group, said Thursday that the report should not be cherry-picked.

"I hope we don't treat this like a fruit salad and say 'I like this, but I don't like that, I like this, but I don't like that,'" Baker said.

"This is a comprehensive strategy designed to deal with this problem we're facing in Iraq."

But White House spokesman Tony Snow said: "Members of the Baker-Hamilton commission made it clear that they don't expect everybody to agree with each and every jot and tittle."

"But also that we do respect the fact that a lot of these issues are interconnected, and ought to be taken seriously as such."

Bush was cool on two key commission proposals -- talks with Iran and Syria, and withdrawing most US combat troops by early 2008.

"I've always said we'd like our troops out as fast as possible," he said, while insisting on the need to be "flexible and realistic" and tying any change in troop level to advice from US military commanders, as he has in the past.

Outgoing US Defense Secretary Donald Rumsfeld warned Friday that a precipitous withdrawal from Iraq would be a "terrible mistake" which would threaten the stability not only of Iraq but the region.

US military commander Lieutenant General Peter Chiarelli, meanwhile said an exit for most combat troops by early 2008 could be possible, if the Iraqi government embraces reconciliation.

"I think that's possible if in fact you have interim steps that are agreed upon and with timelines that are basically going to move us toward reconciliation," he told reporters here via video link from Baghdad.

Bush said Thursday that Damascus and Tehran might be welcome for talks if they renounced support for extremists and pledged support for Baghdad's fledgling government, otherwise "they shouldn't bother to show up."

Bush also reiterated his longstanding condition that Iran freeze sensitive nuclear work before any direct talks.

U.S. Urged To Engage Shiite Clerics (AP)

By Hamza Hendawi,

AP, December 9, 2006

DOJ_NMG_0105218

The Iraq Study Group is urging Washington to push for direct contacts with two key Shiite clerics who have made clear they want nothing to do with the United States.

Grand Ayatollah Ali al-Sistani and Muqtada al-Sadr, who have vast influence among Iraq's majority Shiites, would lose credibility if they talk to the Americans.

Al-Sistani has steadfastly refused to meet with American officials, but has been a major source of moderation in a country engulfed by violence since 2003. While suspicious of U.S. intentions, he is credited with keeping most Shiites from taking up arms against the Americans.

In contrast, al-Sadr is a tireless advocate of the withdrawal of U.S. troops from Iraq and runs a militia that fought American forces in Baghdad and across central and southern Iraq in 2004. His Mahdi Army militia also is blamed for much of the sectarian violence in Iraq.

The bipartisan U.S. report said the Bush administration "must try to talk directly" to al-Sistani and al-Sadr, as well as militia and insurgent leaders.

But the recommendation appeared to pay little heed to the fine line the clerics must tread to avoid falling victim to the political treachery of today's Iraq, where something as inconsequential as a casual greeting to a U.S. soldier can sometimes mean death at the hands of insurgents.

Iraqis close to both clerics rejected the idea.

"It is impossible, not even in dreams," said Bahaa al-Araji, one of 30 lawmakers loyal to al-Sadr. "We see the Americans as an occupation force."

While the Iranian-born al-Sistani represents the ancient Shiite clerical establishment in the holy city of Najaf, al-Sadr is a revolutionary leader and a master of street politics. Al-Sadr is at odds with al-Sistani and other top clerics over what he sees as their acquiescence to the United States.

The elder cleric, maligned by some Sunni Arabs for his Iranian origins, must strike a delicate balance between his opposition to violence and the deep anti-U.S. sentiments widespread among Shiites and Sunnis alike. Talking directly to Washington would go a long way to disrupt that.

Al-Sistani has been powerless to prevent Shiite death squads targeting Sunni Arabs since a revered Shiite shrine was destroyed by suspected Sunni militants in February. He has appealed for an end to the violence, but that did not stop Sunnis and moderate Shiites from accusing him of not doing enough to stop the bloodshed.

The stakes are even higher for al-Sadr, whose relatively young age and lack of academic pedigree leave his family name and uncompromising anti-U.S. stand among his main assets.

The teachings of his late father, Ayatollah Mohammed Sadiq al-Sadr, remain the ideological mainstay of the Sadrist movement and the basis of the son's following.

The late al-Sadr, assassinated in 1999 by suspected Saddam agents, routinely began his Friday sermons with the chant "No, no to America" — a cry repeated by worshippers today.

Vali Nasr, an expert on Shiite affairs with the New York-based Council on Foreign Relations, said the proposal for a U.S. dialogue with al-Sistani would be beneficial to the Americans.

"Direct contact with him ... would benefit the U.S. by giving the impression to Shiites that their most senior spiritual leader is shoring up American authority in Iraq," Nasr said. "But openly meeting Americans will hurt al-Sistani's stature by giving the impression that he is legitimating U.S. policies, and more generally, that he is openly meddling in politics."

An Iraqi in regular contact with al-Sistani in Najaf said the spiritual leader, who played a key role in charting Iraq's post-Saddam Hussein political course, remained opposed to any dialogue with the United States, adding that he held Washington responsible for much of Iraq's present problems.

"Perhaps when the Americans change their Iraq strategy. Until then, there will be no contact with them, directly or indirectly," said the official, who spoke to The Associated Press on condition of anonymity because he was not authorized to speak to the media.

While al-Araji, the Sadrist lawmaker, was categorical in his dismissal of the suggestion of direct contact between al-Sadr and the U.S. government, a top al-Sadr aide in Baghdad would not rule it out in the future.

Sheik Abdul-Zahra al-Suwaidaie, a leader of the Sadrist movement in the capital's Shiite stronghold of Sadr City, suggested that any future contacts would only take place if the United States announced a timetable for the withdrawal of its troops.

Al-Sadr "will not abandon the principle of no dialogue with the Americans," he said. "But if the Americans place a timetable for the withdrawal of their troops on the table, then our representatives could be ready to talk."

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AP writer Qassim Abdul-Zahra in Baghdad contributed to this report.

DOJ_NMG_0105219

Kurds Brand Report "Unrealistic" (BBC)

BBC.com, December 9, 2006

The leader of Iraq's Kurdish region says the US Iraq Study Group report is "unrealistic and inappropriate".

Massoud Barzani was sceptical of plans to involve Iraq's neighbours in peace efforts, and for any weakening down of the Kurds' effective autonomy.

His comments were then echoed by Iraq's Kurdish president, Jalal Talabani, who said he agreed with Mr Barzani.

Earlier, the head of US forces in Iraq said most troops could be withdrawn by early 2008, as recommended.

But the commander, Lt Gen Peter Chiarelli, said such a pullout would only be realistic if Iraq first took significant steps towards political reconciliation.

US President George W Bush has publicly admitted the need for a "new approach" to the conflict in Iraq in the two days since the report was published.

But the president has hinted that he may not accept all of the report's key recommendations.

In the first Kurdish reaction to the Iraq Study Group (ISG) report, Mr Barzani said the Iraq's Kurds were not committed to the report "in any way".

Members of the ISG did not visit Kurdish regions of northern Iraq while compiling their report, Mr Barzani said, calling that a "huge shortcoming".

He was critical of the report's emphasis on strengthening Iraq's central government, apparently "in contrast to the principles of federalism and the constitution, on which the new Iraq is built".

Calling the recommendations "inappropriate", Mr Barzani said: "We do not accept anything that opposes the constitution and the interests of the Iraqi and Kurdistan people."

His stance was backed up shortly afterwards by Iraq's President, Jalal Talabani.

"President Jalal Talabani supports the stand of the president of the Kurdistan region Massoud Barzani on the report," his office said, suggesting some of the reports recommendations ran contrary to Iraqi government policy.

A Family's Candid Friend (FT)

By Edward Luce

Financial Times, December 9, 2006

The day after publication of the Iraq Study Group's report this week, James Baker was asked whether the positive coverage would last. The septuagenarian Texan held up a tabloid front page that screamed "Surrender Monkeys" against a picture of Mr Baker and Lee Hamilton, his co-chairman.

Almost four years into the war, Mr Baker's response struck a rare chord of self-deprecation in a debate that has been dominated by unbending certitudes. On Wednesday, Americans had -reason to hope those bitter divisions might start to narrow with the release of the ISG report.

Whether that transpires, few would dispute Mr Baker was its chief architect. As secretary of state under George H.W. Bush, and as the Bush family's most loyal friend – often described as its consigliere – Mr Baker was the obvious choice to advise George W. Bush on ways out of the Iraqi morass.

Among Democrats, Mr Baker's reputation as a skilled diplomat in an era where diplomacy has been sidelined gave him credibility as someone who could bridge the gap between those who wanted to "stay the course" and those who preferred to "cut and run".

The outcome was unflattering to Mr Baker's best friend's son. Although Mr Bush said the report's 79 recommendations merited "serious consideration", its core message was uncomplimentary to his most cherished principles, even if it was rendered with bipartisan civility.

As Mr Baker, who descends from a line of Houston country club lawyers, wrote in his recent memoirs: "Rank partisanship is undignified. The best way to persuade someone to see things your way is to start by trying to see things his way." The question now is whether he can persuade the US president to see things his way.

Perhaps the toughest advice for Mr Bush would be to talk to America's adversaries, particularly Iran and Syria, which he insists would reward bad behaviour – a view Mr Baker, who talked frequently to Soviet officials, dismisses. "If it doesn't work, you don't lose a darned thing," he said.

Nobody knows better than Mr Baker the frustrations of engaging with the Middle East's authoritarian regimes. Prior to the launch of the Arab-Israeli peace process in late 1991, Mr Baker travelled to Syria 15 times. He showed equal tenacity in helping pave the way for German reunification. Mr Baker was lauded for his ability to make deals.

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"While the rest of us would be going into meetings with talking points setting out what would be desirable, Baker would go in thinking: 'What is doable?' " said James Dobbins a former US diplomat. "He is always on the look out for the deal."

Although Mr Baker's latest role has been portrayed as the return of Bush senior's people to the scene, he has been providing advice to Bush junior since before he became president. In 2000, Mr Baker played a ruthlessly successful role as Mr Bush's lawyer in the controversial Florida recount following the close presidential election.

In 2004, Mr Baker was Mr Bush's negotiator with John Kerry's Democratic campaign over the terms of the presidential debate and he also negotiated on behalf of Dick Cheney – himself a leading figure in Bush senior's administration. George W. Bush also sent Jim Baker as an envoy to the former Soviet state of Georgia.

"The idea that Jim's Iraq role is a proxy for the sudden return of Bush elder is misleading," said an old associate. "Jim was never far away." Congress set up the ISG. But Mr Baker only agreed to lead it after he was asked to do so by the president. Likewise, Mr Baker resisted pressure to publish before last month's mid-term congressional elections, which the Republicans subsequently lost.

Yet there is no disguising that much of the report will be deeply unpalatable to the US president, whose complex motivations for invading Iraq reportedly comprised a burning desire to complete his father's – and Mr Baker's – unfinished business from the first Gulf war in 1991.

It was also driven by the goal of democratising the broader region: "The road to Jerusalem goes through Baghdad," as the saying went. On Wednesday, Mr Baker suggested the opposite when he urged Mr Bush to launch an Arab-Israeli peace effort to help garner support for a stable Iraq.

Nor has Mr Baker made it easy for Mr Bush to ignore his advice, insisting it is not a "fruit salad" from which you can choose the bits you like. Yet changing events on the ground have given Mr Bush greater leeway to cherry-pick – a habit he allegedly got into with intelligence reports.

"The water is now so muddied no one knows where they are," said an associate of Mr Baker. But Mr Baker's report has not received the unmixed acclaim some had expected. The weakest element is perhaps its insistence that Mr Bush should apply strict conditions on future assis- tance to the Iraq government.

Critics say this confuses Baghdad's lack of capacity with lack of will. "It is illogical to shackle a man, throw him into turbulent waters and then tell him to save himself from drowning," says Mohsin Al-Hakim, son of Abdul Al-Hakim, one of Iraq's Shia leaders. Anthony Cordesman, a leading Iraq analyst, says it is like blaming the shop owner for the china the [American] bull has smashed.

Mr Baker has also come under fire for recommending a sharp rise in the number of US trainers "embedded" with Iraqi forces while simultaneously withdrawing combat troops.

This could expose US trainers and risk boosting the sectarian militias that control much of the Iraqi army. "It is easy to teach a soldier how to shoot," says a former official. "But shouldn't you be sure he will shoot the right people?"

Nevertheless, praise for Mr Baker's report still outweighs criticism; and whether Mr Bush agrees with the advice, it suits his purposes to appear to.

As for Mr Baker, his role might not be over. "I don't answer hypothetical questions," he said when asked whether he would become Mr Bush's envoy to lead a Middle East diplomatic offensive.

Were Mr Bush to embrace his advice on the Middle East, Mr Baker would be the obvious person to execute it. "It is impossible to think of anybody better qualified," said Brent Scowcroft, a senior official in Bush elder's administration. The odds must still be against it. Yet as Mr Baker, who has been called upon time and again to pull the Bush family's chestnuts out of the fire, has often observed: "You lose nothing by trying."

A Father's Tears (WSJ)

By Peggy Noonan

The Wall Street Journal, December 9, 2006

He stood there at the podium, the kind of podium he'd stood at 5,000 times in a long political life, and talked to the kind of audience he knew well: supporters and loyalists, old friends and new. He knew how to play them, how to use the old jokes and have fun. And suddenly he was sobbing.

He had referred to his son Jeb's first campaign for governor. He had seen some "unfair stuff," but Jeb "didn't whine about it, he didn't complain." The old president began to weep. "The true measure of a man," he then said, "is how you handle victory, and also defeat." And here a sob tore out of him and he could not continue.

It is not fully right, or fully fair, to guess about another's emotions. But no one who knows George H.W. Bush thinks that moment was only about Jeb. It wasn't only about some small defeat a dozen years ago. It would more likely have been about a number of things, and another son, and more than him.

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Age exposes us, if we're lucky enough to be given it. Some say it makes you softer, some tougher, some a mix of both. Some say it just leaves you more so -- whatever you were, you are, only more. I thought of that the other day after I saw the news reports of 41's speech. I went to a private dinner at the old Bush White House once, and the president, as he sprinkled pepper on his food, began to speak of his son Neil and "the pounding" he was taking in congressional investigations on the savings-and-loan scandal. He felt Neil was being abused for political reasons. Tears came to the president's eyes, sudden and unbidden.

Afterwards I thought about the two presidents I had known. Ronald Reagan was emotionally moved by American history and the Founders, by the long sweep of history. Personal issues and relations left him more dry-eyed. His successor was enormously moved by personal relations, by his love for his children and parents and friends. But to him the sweep of history was more abstract; it didn't capture his imagination in the same way. It left him dry-eyed.

Different strokes, different folks.

From what I have seen, growing older can leave you more exposed to the force of whatever it is you're feeling. Defenses erode like a fence worn by time. But what you feel can surprise you.

You're thinking about what was, and suddenly apprehending for the first time how important it was. You think of your son, age 3, on the lawn when you drove up that time. Once that memory touched you in some way you don't fully understand, but now it makes your throat constrict because you realize that of all the things that ever happened to you, none was as important as how he looked on the lawn when you drove up that time.

Age reorders. The order is expressed by the mysterious force of a fragment of a moment. And there you are at the podium, mugged by a memory.

Maybe there was some of those things in what happened the other day at the podium. But think of what a loaded moment in history it was for Bush the elder. Barely more than a day after he spoke, the Iraq Study Group's report would be issued. It was chaired by his old friend, the one with whom he'd discussed serious things years ago only after the kids, George and Jeb and the others, left the room.

Surely Mr. Bush knew -- surely he was first on James Baker's call list -- that the report would not, could not, offer a way out of a national calamity, but only suggestions, hopes, on ways through it. To know his son George had (with the best of intentions!) been wrong in the great decision of his presidency -- stop at Afghanistan or move on to Iraq? -- and was now suffering a defeat made clear by the report; to love that son, and love your country, to hold these thoughts, to have them collide and come together -- this would bring not only tears, but more than tears.

And the younger President Bush, what of his inner world? He has been shorn of much -- his place in the winner's circle, old advisers. A man who worked for Richard Nixon reminded me the other night that when Nixon fired Haldeman and Ehrlichman, "he lost his asbestos suit." He lost his primary protectors and loyalists. President Bush is now without a similar layer. Old staffers gone, Rumsfeld gone, Cheney marginalized, Condi and Karen off representing. And the ISG. And the loss of Congress.

And yet the president presents himself each day in his chesty way, with what seems a jarring peppiness. A person who saw him in the White House a few days ago described him as "perky, seemed happy." At the modest dinner for outgoing U.N. head Kofi Annan -- one participant called it "stinting" -- the president joshingly approached a guest. "I don't see many friendly faces here!" he said, leaving the guest deadpanning later, "He mistook me for a friendly face."

Unlike anguished wartime presidents of old, he seems resolutely un-anguished. Think of the shattered Lincoln of the last Mathew Brady photographs, taken just weeks before he was assassinated. He'd gone from a bounding man of young middle age who awed his secretaries by his ability to hold a heavy ax from his fully outstretched arm, to, four years later, "the old tycoon." Or anguished Lyndon B. Johnson sitting in the cabinet room by himself, literally with his head in his hands. History takes a toll.

But George W. Bush seems, in the day to day, the same as he was. It is part of the Bush conundrum -- a supernal serenity or a confidence born of cluelessness? You decide. Where you stand on the war will likely determine your answer. But I'll tell you, I wonder about it and do not understand it, either what it is or what it means. I'd ask someone in the White House, but they're still stuck in Rote Talking Point Land: The president of course has moments of weariness but is sustained by his knowledge of the ultimate rightness of his course...

If he suffers, they might tell us; it would make him seem more normal, which is always a heartening thing to see in a president.

But maybe there is no suffering.

Maybe he outsources suffering. Maybe he leaves it to his father.

U.S. And Iraqi Accounts Vary Concerning Airstrike That Kills At Least 20 (NYT)

By Sabrina Tavernise

DOJ_NMG_0105222

The New York Times, December 9, 2006

BAGHDAD, Dec. 8 — The only thing that was clear from the accounts of Friday's airstrike by American forces north of Baghdad was that at least 20 Iraqis had been killed.

But typical of the fog of war here, American and Iraqi officials disagreed on just about every other point.

The United States military said that 20 people had been killed, including 2 women, and that they were all insurgents tied to Al Qaeda. Iraqi officials gave death tolls that ranged from 22 to 32, and said that the deceased were two extended families that included as many as 10 children.

As the situation in Iraq deteriorates, counting deaths and the numbers of attacks here has become a difficult — and politically charged — business. The Iraqi government temporarily banned the release of casualty figures this fall, and the Iraq Study Group, which issued a report on the war this week in Washington, criticized the American military for what it said was a chronic undercounting of attacks.

But an average day of violence shows just how difficult counting can be here, particularly in rural areas that are hard to reach like the site of Friday's strike, which occurred in Salahuddin, a predominantly Sunni province north of Baghdad.

In a Defense Department teleconference from Iraq, Lt. Gen. Peter W. Chiarelli, the second highest-ranking military commander in Iraq, said that 2007 would be "absolutely critical" for Iraqis and that an improvement in the situation could be achieved only by giving more Iraqis jobs and getting political leaders to reconcile.

"I happen to believe that we have done everything militarily we possibly can," he said. "I really believe the key to this conflict is to understand that it's going to take more than military action to solve the problems that face Iraq and to pull people together."

When asked about the proposal by the bipartisan Iraq Study Group that American troops be drawn down by early 2008, General Chiarelli said he thought it would be possible as long as Iraqis and their political leaders were able to follow a set schedule for reconciliation.

In a nod to American urgings, Iraq's Ministry of National Dialogue said on Friday that a national reconciliation conference, one in a series that began earlier this year, would take place in Baghdad on Dec. 16, Ali Mufeed, a spokesman for the ministry said.

The American military described Friday's attack this way: The strike occurred before dawn, shortly after American soldiers came under fire as they searched buildings. Soldiers fired back, killing two gunmen, but the shooting did not stop, and the Americans called in "close air support," which fired down on the area, killing 18 people. Two of those killed were women.

"Al Qaeda in Iraq has both men and women supporting and facilitating their operations, unfortunately," the military said in a statement. American soldiers found a weapons cache that included machines guns, suicide vests and rocket-propelled grenades, the military said.

A military spokesman, Sgt. Sky Laron, declined to give the name of the village where the battle occurred but said it was 15 miles south of Samarra and 30 miles west of Balad.

That description matches the location of the town of Ishaqi, where local police officials earlier this year accused American soldiers of killing civilians then covering it up with an airstrike. The military investigated and later cleared the soldiers.

Two Iraqi officials — the governor of the province and an official from the administration of the town of Ishaqi — said that the strike had taken place in a village near Ishaqi, and that it had killed members of the extended families of two brothers, Muhammad Hussein al-Jalmood and Mahmood Hussein al-Jalmood.

A senior official in the Salahuddin governor's office said that six children had been killed. Amer Alwan, the official from Ishaqi, put the number at 10.

Lt. Col. Christopher Garver, a military spokesman, said that American forces had entered the site after the strike and that they counted 20 bodies. None of them were children, he said.

An Iraqi satellite channel, Sharqiya, broadcast images from what it said was the scene of the strike, showing the twisted body of one child, who looked to be about 10. It also showed people digging in the rubble of a destroyed building and women crying next to corpses wrapped in colored blankets.

The official in the Salahuddin governor's office acknowledged that a fight appeared to have taken place, as investigators found empty bullet casings sprinkled near the site of the strike. Mr. Alwan said nothing of a battle and contended that all those who were killed were civilians.

"I call on the Americans to protect the lives of the civilians," Hamid al-Qaisi, the governor of the province, said by telephone. He put the death toll at 22.

The American command has tightened the rules by which forces operate in the past year.

General Chiarelli, who championed the changes, said of the strike, "I can promise you that in every one of these incidents that occurs, that it will be fully investigated."

In southern Iraq, the British military said that more than 1,000 British and Danish troops raided villages north of Basra and arrested four Iraqis whom a spokesman identified as members of the Mahdi Army, a Shiite militia.

Three American soldiers were killed on Thursday, and two marines were wounded, the United States military said. Iraqi authorities said that 18 bodies were found across Baghdad on Friday.

U.S.-Led Forces Kill 20 Insurgents In Iraq (WP)

By Nancy Trejos

The Washington Post, December 9, 2006

BAGHDAD, Dec. 8 -- U.S.-led coalition forces killed 20 suspected insurgents during a raid targeting al-Qaeda in Iraq fighters northwest of Baghdad on Friday morning, the U.S. military said. Two women were among the suspects killed, the military said.

Acting on intelligence reports, ground forces were searching buildings in a village near Tharthar Lake in Salahuddin province when insurgents fired machine guns at them. The troops fired back, killing two suspects, the military said in a statement. Under attack, the troops called for an airstrike, which killed 18 more suspects, the military said.

Amir Alwan, mayor of Ishaqi, disputed the military's account, saying that 10 men, 4 women and 10 children in his village were killed. News agencies published what they said were photos of dead children at the site. The military denied that civilians and children were killed.

In another raid Friday morning, coalition forces captured seven suspected insurgents near the city of Fallujah in Anbar province and destroyed a building containing a weapons cache, according to the military. Most of the cache, which included materials for making improvised explosive devices, was buried in the floors of the house.

The raids were part of stepped-up U.S. efforts to capture insurgents and their weapons. Much of the focus has been on Baghdad, but fighting continues in Anbar province, another deadly place for American troops.

"We see al-Qaeda conducting operations to kill civilians, and it starts the cycle of sectarian violence all over again," said Lt. Christopher C. Garver, a U.S. military spokesman.

The military announced Friday that two U.S. soldiers were killed the day before by a roadside bomb as they patrolled an area south of Baghdad. Two soldiers were wounded in the attack.

A roadside bomb killed another U.S. soldier in western Baghdad on Thursday, the military said.

A mortar attack Friday evening in the Nahrawan neighborhood of southeast Baghdad killed 12 people and wounded 11, according to an Interior Ministry spokesman, Abdul Karim al-Kinani.

A suicide bomber detonated explosives in his car at an Iraqi army checkpoint in the northern town of Tall Afar, killing 3 civilians and injuring 15, including some Iraqi soldiers, said the city's mayor, Brig. Najim Abdullah.

Controversy erupted over the Tharthar raid.

Ishaqi police Capt. Mohammed Faisal said that two houses belonging to two brothers were destroyed in the bombing. Khalaf Muhammad, 41, a farmer in the Tharthar area, also said that two houses were bombed and that 18 people lived in them. He said neighbors found the bodies of women and children in the rubble.

The Associated Press released a photo of a man holding a dead child at the bombing site. Another news agency, Agence-France Presse, also showed photographs of dead children.

Asked about the photos, Garver said coalition forces who conducted the raid reported that they had found no children.

"We didn't see anything in those photos that specifically link the children to the airstrike," he said. "We weren't sure from these photos what was what."

Garver said that the two women whom troops reported killing were suspected insurgents. "There's nothing to indicate they were non-combatants," he said.

The troops also found AK-47 assault rifles, machine guns, rocket-propelled grenades, anti-personnel mines, explosives, blasting caps and suicide vests at the site, the military said.

This is not the first time residents of Ishaqi have accused American troops of misconduct. This spring, a U.S. military investigation cleared U.S. soldiers of killing 11 civilians before calling for an airstrike in a March 15 raid on a suspected insurgent hideout.

The military would not disclose the nationalities of the coalition forces involved in Friday's raid, but U.S. troops make up the largest contingent of forces in the country.

Raids also occurred in southern Iraq on Friday, with 1,000 British and Danish troops conducting a pre-dawn sweep of houses to arrest suspects in murders, kidnappings and attacks on coalition forces, according to a statement from the British military. Several suspects were arrested, the military said.

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Iraqis Allege Civilians Killed In Raids (AP)

By Kim Gamel,

AP, December 9, 2006

The U.S. military said 20 insurgents, including two women, were killed in a raid and subsequent airstrike Friday on a predominantly Sunni village northwest of Baghdad, but local officials alleged the dead were civilians — including eight children.

In southern Iraq, British and Danish forces hunted rogue Shiite militiamen blamed for recent attacks, conducting a pre-dawn raid that was described by coalition officials as the largest offensive in the area since the war began.

In the northern battle, U.S.-led coalition forces said they were searching several buildings near Lake Tharthar in Salahuddin province when al-Qaida-linked militants launched an attack. Coalition troops returned fire, killing two insurgents, the U.S. military said.

As the firefight continued, the troops called in airstrikes that killed 18 more fighters, the military said, including two women. "Al-Qaida in Iraq has both men and women supporting and facilitating their operations unfortunately," the U.S. command's statement said.

Amir Fayadh, mayor of the village of Ishaqi east of the lake, and local police disputed the claim that the strike only killed insurgents. The mayor said that 19 civilians were among the dead, including seven women and eight children.

An Associated Press photo showed an Iraqi man in blue garb holding up the dusty head of a boy of about 10, identified by villagers as killed in the attack. The boy lay on a floral print quilt, and his right hand poked out from under a piece of fabric, his fingers curled.

The twin raids capped another bloody week of sectarian violence in Iraq, and came as Washington debated a report urging the gradual shift of coalition forces out of combat and into training roles. The report said this would prepare Iraqi forces to take over security and allow American troops to go home.

Underscoring the deadly nature of the conflict, the military said two soldiers were killed and two were wounded in an explosion south of Baghdad after they left their vehicles to examine a suspected roadside bomb.

In a separate incident, a third U.S. soldier was killed by a roadside bomb Thursday as his patrol conducted joint operations with the Iraqi army in western Baghdad.

At least 2,928 members of the U.S. military have died since the beginning of the Iraq war in March 2003, according to an AP count. The figure includes seven military civilians. At least 2,356 died as a result of hostile action, according to the military's numbers.

At least 47 Iraqis, meanwhile, were killed or found dead Friday, including 25 who died when mortar shells landed in a poor Shiite neighborhood on the outskirts of the capital.

In the clashes near Lake Tharthar, coalition forces say they found and destroyed several weapons caches. The arsenals included AK-47s, machine guns, rocket-propelled grenades, anti-personnel mines, explosives, blasting caps and suicide vests, the command said.

In Ishaqi in the north, AP Television News gathered horrific video of the scene. The images show more than a dozen charred and bloody bodies, some of which appeared almost mummified. In the video, villagers pulled back colorful wool blankets to reveal several bodies. In some cases, it seemed impossible to guess the sex or age of the dead.

The mayor of Ishaqi initially reported that more than 19 civilians had died, before he lowered the figure. He said he was initially mistaken because a group of visitors had left the area just before the air strike.

This spring, a U.S. military investigation cleared American soldiers of misconduct in a March 15 raid in Ishaqi in which Air Force planes destroyed a building where al-Qaida in Iraq insurgents were thought to be hiding. Villagers claimed the soldiers killed 11 Iraqi civilians before calling for the airstrike.

In southern Iraq on Friday, more than 800 British forces and 200 Danish troops clashed with militia fighters during the large-scale raid in the Hartha area on the outskirts of Basra, coalition officials said.

British Maj. Charlie Burbridge, a spokesman for the coalition in southern Iraq, said five Iraqis were detained. He described them as members of a "rogue, breakaway element" of one of the area's many Shiite militias, and said the suspects were directly involved in several local attacks.

Burbridge called it the largest search and detention operation that coalition forces have conducted in southern Iraq since the war began in March 2003. The coalition said the raid consisted of multiple missions that occurred at the same time.

The Danish soldiers arrived from the north, while British armored vehicles drove in from the south, Burbridge said. Other British forces rode boats to the confluence of the Garmat Ali River and the Shatt al-Arab waterway. The operation was also supported by helicopters and jets, he said.

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One of the houses searched is near two large mosques, but the raid ended long before the main Friday services, said Capt. Tane Dunlop, another spokesman for multinational forces in Basra.

In one house, he said, raiders found Katyusha rockets, roadside bombs, rifles and rocket-propelled grenades.

Hans Vedholm, spokesman for Army Operational Command Denmark, said coalition troops were tracking militants believed to be behind attacks on coalition forces. He called the operation a "huge success because no one was harmed."

British troops made the arrests while the Danes served as guides, he said, because the Danes were not allowed to detain people under their mandate in Iraq.

"They found some weapons and small arms, and also heavy weapons and roadside bombs," Vedholm said. Some British reserve forces were attacked by small arms fire, he added, but no casualties were reported.

"It was very calm. They went into the houses, they arrested five people," he said. "We have some evidence against them. It will now be used and they will put on trial in Iraq."

Elsewhere in Iraq on Friday:

· Several mortar rounds struck about seven houses in the Nahrawan area in southeastern Baghdad, killing 25 people and wounding 22, including men, women and children.

· A suicide car bomber hit an Iraqi army checkpoint, killing three people and wounding 15, including five children, in Tal Afar. In March, President Bush called the city near the Syrian border an example of progress in securing Iraq.

· A sniper shot to death an Iraqi translator who worked with U.S. troops in Karmah, 50 miles west of Baghdad.

· Police found 18 bullet-riddled bodies in Baghdad neighborhoods. Some were bound, blindfolded and bore evidence of torture.

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Associated Press writers Thomas Wagner and Sameer N. Yacoub in Baghdad and Karl Ritter in Stockholm, Sweden, contributed to this report.

Al-Zarqawi Said Shiites Most Dangerous (AP)

By Omar Sinan,

AP, December 9, 2006

The slain terror leader Abu Musab al-Zarqawi purportedly believed that Iraq's Shiite Muslims were more dangerous than U.S. forces and more evil than dictator Saddam Hussein, according to a posthumous interview published Friday on the Internet.

The 33-page interview, conducted sometime before a U.S. fighter bomber killed the former al-Qaida in Iraq leader in June, could not be immediately authenticated. It was posted on a Web site known to be a clearing-house for al-Qaida material.

The posting, which comes amid ongoing sectarian violence in Iraq, said the interview had been kept in al-Qaida's archive but did not explain why the terror group had decided to release it six months after his death.

In the interview, al-Zarqawi is quoted as saying the leader of Iraq's Shiites, Grand Ayatollah Ali al-Sistani, is a "satan" who publicly tells Shiites to stay above the violence but secretly tells them to attack.

"Al-Sistani has ordered his followers not to fight the Americans ... and yet they hit Sunnis with assassinations, forcing them to flee their homes and attacking their mosques," said al-Zarqawi, a Sunni from Jordan. "For us, the Shiites are far more dangerous than the Americans."

"The mass graves that Saddam perpetrated, and all his other crimes over the past decades, do not amount to one-tenth of what the Shiites have done in the last three years," al-Zarqawi is quoted as saying.

Earlier this week, a bipartisan commission in the United States warned "the situation in Iraq is grave and deteriorating" and recommended fundamentally different U.S. policies to combat the sectarian violence roiling the country.

The Iraq Study Group report also concluded that al-Qaida in Iraq is now largely made up of Sunni Arabs. Some 1,300 foreign fighters are believed to support the group or be available to carry out suicide bombings, the study found.

In the interview, Al-Zarqawi condemns the attacks of Iraq's Shiite Muslim militiamen on the country's Sunni Muslim community. Yet it was al-Zarqawi who had fomented Shiite-Sunni strife as the best way to scuttle the U.S. plans to rebuild Iraq as a democratic state after Saddam's overthrow.

Al-Zarqawi, whose real name was Ahmad Fadhil Nazzal al-Khalayleh, was responsible for the most vicious of the wave of attacks that occurred in the first years of the Iraqi insurgency. He is believed to have personally beheaded at least two American hostages. The U.S. had put a $25 million bounty on his head, the same amount as for al-Qaida leader Osama bin Laden.

In the interview, al-Zarqawi also rails against the leader of the Lebanese Shiite militant group Hezbollah, implicitly accusing Sheik Hassan Nasrallah of being in league with Israel.

Al-Zarqawi accuses Nasrallah of being two-faced in his opposition to Israel and suggests it is not an accident that Israeli aircraft have not killed him as they have killed several leaders of the Palestinian militant group Hamas.

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"Hassan Nasrallah sits for hours at a military parade and Israeli aircraft don't bomb him. Who is he kidding?" al-Zarqawi is quoted as saying.

Iraq Sunni Clerics To Boycott Reconciliation Talks (AFP)

AFP, December 9, 2006

Iraq's leading Sunni clerics' organization will boycott a national reconciliation conference called by Shiite Prime Minister Nuri al-Maliki to end sectarian bloodletting, it has said.

The Muslim Scholars' Association said it had not received an invitation to the meeting, which is to be held on December 16.

"The association will not participate in the reconciliation conference as proposed by the government," said Sheikh Mohammed Bashar al-Faidhi, spokesman of the association, arguing that previous talks had failed.

"We have seen in the past more than once that the government signs some agreements and later goes back on it," he told AFP Saturday, referring to a peace conference in Cairo last year.

"In any case, we have not been invited to the conference," he added.

The head of the association, Sheikh Hareth al-Dhari, is currently outside Iraq. The government has opened a criminal investigation against him for allegedly inciting sectarian violence against Iraq's Shiite majority.

The conference was first due to take place in early 2006 but had been postponed due to an upsurge in the violence plaguing Iraq. On Friday, officials announced it would take place next week.

Iraq's warring Shiite and Sunni communities are locked in brutal tit-for-tat sectarian violence that has left thousands dead since February when a revered Shiite shrine was bombed by Sunni militants.

US, Iraqi Forces Detain Aide Of Shiite Radical Leader (AFP)

AFP, December 9, 2006

US and Iraqi forces arrested Shiite radical leader Moqtada al-Sadr's representative in the central city of Kut and seven of his guards, a security official and a Sadr spokesman has said.

Sheikh Yahya Ahmed al-Khafaji, the head of Sadr's movement in Kut, 175 kilometres (110 miles) southeast of Baghdad, was seized in an early morning swoop on his office, an Iraqi security official said on condition of anonymity.

A Sadr spokesman in Baghdad confirmed the raid.

"We have information that US and Iraqi forces arrested the chief of our office in Kut and his seven guards early today. They also took away office equipment such as computers and other papers," said Sheikh Saleh Hassan Saturday.

He said the Sadr group was planning a protest in front of the provincial governor's office in Kut to demand their release.

"If occupation forces are so active and capable, they should target terrorist hideouts and not escalate violence in peaceful regions like Kut," said Hassan, who is also a member of the Iraqi parliament.

The raid was also confirmed by another Sadr aide from the cleric's main office in the Shiite holy city of Najaf.

The US military has often targeted supporters of Sadr, whose Mahdi Army militia is accused of killing Sunni Arab civilians amid the sectarian bloodshed gripping Iraq.

GOP Senator Calls Iraq Policy "Absurd," Urges Pullout (WP)

By Thomas E. Ricks

The Washington Post, December 9, 2006

Sen. Gordon Smith, a moderate Oregon Republican, broke sharply with the Bush administration over the war in Iraq in an emotional speech on the Senate floor Thursday night in which he called for a U.S. pullout.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," he said. "That is absurd. It may even be criminal. I cannot support that anymore."

Smith, who has shown some maverick tendencies in the past, such as when he blocked the 2005 budget resolution until his GOP colleagues agreed to add billions of dollars to Medicaid, said that he had "tried to be a good soldier. . . . I have tried to support our president."

He said that Bush "is not guilty of perfidy, but I do believe he is guilty of believing bad intelligence and giving us the same." He said he would not have voted in favor of invading Iraq had he known what he knows now.

The positive events in Iraq, such as its elections and the toppling of the statue of Saddam Hussein, "now . . . seem much like ashes to me."

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Speaking to a largely empty Senate chamber, Smith rejected the Iraq Study Group's key recommendation that the U.S. military reshape its approach to Iraq and focus less on combat operations and more on training and advising Iraqi forces. He said it seemed to him to be a "recipe for retreat," not an immediate withdrawal but rather "cut and walk."

He said he doubts that the bipartisan commission's approach is wise if it would simply delay the inevitable. The U.S. government, he said, should find a way to either "win or bring our troops home."

Car Bomb Kills Five Near Iraq Shiite Shrine (AFP)

AFP, December 9, 2006

A powerful car bomb has killed at least five people and wounded dozens more close to one of Iraq's holiest Shiite shrines in the central city of Karbala.

Salim Khadum, spokesman for Karbala's health department, said that five people had been killed and 44 wounded in the attack, according to an initial toll. A security official confirmed these figures Saturday.

The blast erupted at 11:00 am (0800 GMT) in Al-Abbas street, a few hundred metres (yards) from the Imam al-Abbas mausoleum, the final resting place of the son of the founder of Shiite Islam and one of the sect's early leaders.

Several civilian cars and a row of shops caught fire.

Despite thick smoke and flames, crowds of bystanders converged on the scene but were driven back by police, fearful of a follow-up blasts, a hallmark of attacks by Iraq's insurgent car bomb cells.

Karbala city authorities ordered roads into the city closed to traffic from other towns, allowing only residents to circulate in the popular Shiite pilgrimage destination until the sitaution stabilises.

The attack will probably be blamed on Sunni extremists and came hot on the heels of a call by Shiite Prime Minister Nuri al-Maliki for a reconciliation conference to stem raging sectarian violence.

Bomb attacks on Shiite shrines and civilians have been one of the major motors driving the cycle of sectarian revenge attacks which have brought the country to the brink of civil war.

More than 100 Iraqis are killed every day in insurgent and sectarian violence and this week a major report into US strategy described the situation as "grave and deteriorating" and warned it could trigger a regional war.

Maliki has summoned the leaders of Iraq's factions to a national peace conference on December 16 but already on Saturday at least one major Sunni group vowed to stay away.

Shiite leaders have also warned that they will not attend if figures linked to the Baath party of ousted president Saddam Hussein -- some of whom have roles in the insurgency -- are invited.

Tribal Leaders Detained In Southern Iraqi City (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 9, 2006

BAGHDAD — About 1,000 British and Danish troops staged a major raid Friday in Basra, Iraq's second-largest city, detaining five tribal leaders with ties to Shiite militias, British officials said.

The operation was the largest in Basra since the 2003 U.S.-led invasion that toppled Saddam Hussein's government, said Maj. Charlie Burbridge, a spokesman for British forces in Basra.

The move was part of an effort by the British, who are in charge of security in Basra, to suppress fighting among Shiite groups and tribes in the area.

Tribes in the Hartha district of Basra, where the Tigris and Euphrates rivers meet, have been clashing for decades, ever since Hussein's draining of the marshy area created disputed territory and simmering "blood feuds," Burbridge said.

Shiite groups, meanwhile, are vying for control of the local government. Basra's political leadership is almost evenly split between the Supreme Council for Islamic Revolution in Iraq, or SCIRI, which has affiliates in Iran, and Al Fadila al Islamiya, a homegrown party.

The area is also home to a large group of Shiites loyal to Muqtada Sadr, a radical anti-U.S. cleric, and his Al Mahdi army.

'Part of a network'

Burbridge said the five men arrested Friday belong to "a rogue breakaway element of a Shiite militia … part of a network that's operating in Basra." A Sadr official in Basra said at least one of the men was allied with the cleric's army.

The raid began at 3 a.m., with Royal Marine amphibious assault teams creeping up from the river, 800 British troops closing in from the south, 200 Danish troops arriving from the north, and helicopters and jets hovering overhead, Burbridge said.

British troops in the region, who number about 7,300, usually conduct raids in smaller, more nimble groups of about 250, Burbridge said. This time, the 1,000 soldiers split up into groups to seize the five men simultaneously at their homes, preventing

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them from alerting one another and going into hiding for weeks, said Capt. Tane Dunlop, also a spokesman for the south's multinational forces.

"These are people who are involved in planning and carrying out terrorist acts in the area," Dunlop said.

British and U.S. authorities would not disclose the detainees' names, but Khalil Maliki, who heads Sadr's Basra office, said they include Kadhum Abid Ali, the mayor of Hartha, who is allied with Sadr's followers.

A witness to the raid, retiree Sami Halfi, 58, said he saw the mayor arrested at his home at dawn. Four months ago, he said, the mayor's son was also detained by British forces.

No civilians or troops were injured in the raid, Burbridge said, and Iraqi army and police forces were not involved, although soldiers from the Iraqi army's 10th Division patrolled the streets afterward.

Friday morning, gunmen from the Garamsha and Shaghanba tribes protested the operation, blocking the main road to Baghdad, said Maliki, the Sadr official. By afternoon, they had sent a letter to British regional commanders demanding the release of the five leaders and threatening to overthrow the local government.

The gunmen withdrew at 3 p.m. at the urging of tribal leaders, who are negotiating with city officials to exert pressure on the British to win the detainees' release, Iraqi police Lt. Basim Abdul Nabi said.

At local mosques, clerics used their Friday sermons to appeal for the leaders' release.

"If the British forces don't release the five detainees, then the tribes will break into the governorate [building], since the local government is not being able to protect its own people," said Shiite cleric Abdul Kareem Enzi, who is associated with Sadr.

Ali Khanani, who leads the SCIRI political bureau in Basra, said British troops should let the Iraqi army and police secure the city, rather than "use violence and violation in their raids."

"The best thing the multinational troops could do at this point is hand over security to the Iraqis," he said.

On Friday, at least 29 people died in violence nationwide. During the preceding 24 hours, 18 bodies were found in Baghdad, some shot execution-style.

The U.S. military announced that a roadside bomb killed an American soldier Thursday during a joint patrol with the Iraqi army in west Baghdad, bringing the number of U.S. troops killed this month to 37.

North of Baghdad

Elsewhere in Iraq, U.S. forces conducted a raid north of Baghdad, killing 20 people. Military officials said the dead, including two women, were all armed insurgents with ties to the group Al Qaeda in Iraq. Residents said civilians had been targeted and killed.

The raid began at 12:30 a.m. Friday in the village of Jazeera in the Ishaqi farming region, about 50 miles north of Baghdad. Troops searched homes and traded fire with residents before calling in planes to bomb the area, the military said in a statement.

Eighteen men and two women were killed, two of them during the initial fighting, the military said. Soldiers also destroyed several weapons caches, containing AK-47s, machine guns, rocket-propelled grenades, antipersonnel mines, explosives, blasting caps and suicide vests, it said.

The Interior Ministry said the raid killed 19 — 10 children, five women and four men — and that no weapons were found in the area. Mayor Amer Alwan said troops killed four women, six children and 15 men, all execution-style. Witnesses identified the owners of the two homes targeted as brothers Mohammed and Mahmood Jalmood.

"The American sources say that they were terrorists, but they were a family of two brothers and among them were children and women," said Hamad Kaisi, governor of surrounding Salahuddin province.

Residents later displayed the bodies of five children, wrapped in blankets.

Photographs taken at the bombing site Friday afternoon show a man wrapping a child's bloodied body in a blanket, rows of wrapped bodies, and a gray, rubble-filled crater the size of a small house.

It was the second major raid by U.S. forces on Ishaqi this year. In March, soldiers looking for insurgents fired into the home of a schoolteacher, killing 11 people, including five children.

Military investigators later cleared the soldiers of wrongdoing but acknowledged nine civilian casualties, six more than originally reported.

How Syria May Hold Key To Iraq (WSJ)

By Yochi J. Dreazen, Neil King

The Wall Street Journal, December 9, 2006

WASHINGTON -- The Bush administration has spent the past six years shaking its fist at Syria because of Damascus's ties to Islamic extremists across the Middle East. But now Iraq's civil war is sparking calls for the U.S. to reach out to Syria, raising the possibility of a U.S. policy shift that could put Washington on a collision course with Israel.

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Members of the Baker-Hamilton commission, backed quietly by a number of senior Bush administration officials, say it is critical for the U.S. to find a way of persuading Syria to abandon its close ties with Iran and drop its support for Hezbollah and other militants. They want the White House to offer Damascus a series of economic and political incentives, including America's help in pressuring Israel to relinquish the disputed Golan Heights.

The approach would be a high-stakes turnaround for the Bush administration that would be certain to anger Washington's closest ally in the Middle East; senior Israeli officials are already publicly objecting to the possibility of new U.S. overtures to Syria. But advocates of greater engagement with Syria argue that there may be no other choice. They say a decision by Syria to use its influence over Iraq's Sunni population to help calm the situation there -- paired with Syrian moves to end support to Islamic-militant groups like Hamas -- could significantly improve conditions in Iraq and across the region.

Securing Syrian assistance would come at a high cost, and so far the Bush administration has reacted coolly to the idea. Senior administration officials question both the intentions and the capabilities of Syrian President Bashar al-Assad, whom they deride as weak and untrustworthy.

These officials argue that Mr. Assad -- who took power in 2000 after the death of his father, strongman leader Hafez -- is unable to control his government or military firmly enough to ensure that a formal Syrian commitment to cut ties to Hezbollah or Hamas would be honored. "He's not his father," one senior official said.

The calls to engage Syria are alarming many Israeli officials, who fear Washington's need to extricate itself from the morass in Iraq may result in new American pressure for Israeli territorial concessions.

Israeli Prime Minister Ehud Olmert this past week said that his government disagrees with the "attempt to create linkage between the Iraqi issue and the Mideast issue" and that it would be premature to resume peace talks with Syria. Israeli Foreign Minister Tzipi Livni was scheduled to meet with U.S. Secretary of State Condoleezza Rice Saturday to relay her government's concerns, Israeli officials said.

Edward Djerejian, a former U.S. ambassador to Syria who drafted a good portion of the Baker-Hamilton commission's report, said that Syria is the key to the regional puzzle and that the U.S. can ill afford to ignore it. The panel, a congressionally funded group of five prominent Democrats and five leading Republicans, said in the report issued this past week that the administration's Iraq policy is failing and called for most U.S. combat troops to leave the country by early 2008.

In an interview, Mr. Djerejian said the aim of any future U.S. negotiations with Syria should be to persuade Damascus to cut off its aid and trans-shipment of Iranian arms to Hezbollah in Lebanon and Hamas in the Palestinian territories. In addition, Syria should be pressured to cajole Hamas into recognizing Israel's right to exist, a move -- however unlikely -- that could rejuvenate the stalled peace talks between Israel and the Palestinians.

Mr. Djerejian said talks with Syria would have a second, important goal: driving a wedge between Damascus and Tehran, whose growing political and military alliance is sparking fears of an Iranian-dominated "Shiite crescent" stretching from Iran to Lebanon. The U.S. is already making a broad push to enlist traditional Sunni Arab powers like Egypt in a coalition to offset Shiite Iran's growing regional power, but Mr. Djerejian said the effort is doomed to fail without Syrian involvement. Syria is controlled by members of its Allawite minority, a form of Shiism that is rejected as heretical by some Sunnis.

The heated debate over Syria reflects growing concern in Washington over the dire situation in Iraq, where a civil war has left tens of thousands of Iraqis dead, along with nearly 3,000 American military personnel. The chaos there has sparked fears of a wider, regional conflagration.

When the U.S. invaded Iraq in March 2003, President Bush argued that getting rid of Saddam Hussein was the best way to boost the chances for a settlement of the Arab-Israeli conflict. Now, the Iraq Study Group is arguing the reverse: that ending the Arab-Israeli conflict, particularly the long-running dispute between Israel and Syria, would do much to improve the odds for success in Iraq.

Critics in the U.S., in Israel and among some Arab allies have questioned that assertion. They say the approach recommended by the commission co-chairmen, former Secretary of State James Baker III and former Democratic Rep. Lee Hamilton, risks further empowering Damascus and Tehran, with slim chance of getting anything in return.

Dennis Ross, a former Mideast envoy in the Clinton and first Bush administrations, said he favors greater engagement with Syria provided that Washington first tells the Assad government that it would pay a price for choosing not to cooperate. He said the administration could threaten to fully enforce the Syria Accountability Act, legislation enacted in 2003 that imposes travel and economic sanctions on the country, or impose other punitive measures. The U.S. could also make clear that it could make a new push for a Syrian-Israeli peace accord if Damascus drops its support for Hamas and Hezbollah.

"It's important to not convince Syria that we need them more than they need us," Mr. Ross said. "You have to concentrate their minds with what they will lose by not cooperating before you can get them to change their behavior."

Israeli officials and their congressional supporters question the Iran Study Group's recommendation that the U.S. convene a new round of Mideast peace talks with an eye toward cajoling Israel to return the Golan Heights to Syria. The group said in its

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report that the strategically important plateau, which Israel seized in the 1967 Six Day War, is the biggest incentive that could be offered to Syria. The Clinton administration during its last year in office tried to broker an Israeli withdrawal from the Golan Heights in exchange for security guarantees and a full peace accord with Syria, but the talks broke down in 2000 and haven't resumed.

Dore Gold, a former Israeli ambassador to the United Nations, said in a critique of the Baker report that "it is particularly disturbing" that the panel "does not call for the complete dismantling of international terrorist organizations in Syria as a precondition for the Israeli-Syrian agreement it foresees."

Messrs. Baker and Hamilton have said they are hopeful that Syria might be open to cooperating over Iraq, a confidence they don't share vis-à-vis Iran.

Mr. Baker said he isn't making Israel a pawn in a plan to rescue the U.S. in Iraq. "The road to peace in Iraq lies through Baghdad," he said this past week. "The road to Arab-Israeli peace lies through Jerusalem. We are not linking the two, but there is a relationship."

Rice Wary Of Seeking Iran, Syria's Help (AP)

By Anne Gearan

AP, December 9, 2006

Secretary of State Condoleezza Rice voiced skepticism on Friday over a bipartisan panel's recommendation that the United States seek Iran and Syria's help to stabilize Iraq, saying they should want to take such steps on their own.

If those two nations truly want to help, "they will act on that because it's in their interest," Rice said.

"Let's remember that the issue here is behavior. Can you change the behavior of these states?" she asked at a news conference at the State Department with the German foreign minister.

Rice also said the United States is making progress toward a deal on imposing United Nations sanctions on Iran over its nuclear program although "we're not there yet" after a disappointing round of talks among world powers this week.

Rice was asked about recommendations issued on Wednesday by a panel headed by Republican James A. Baker III and Democrat Lee Hamilton calling for withdrawal of most U.S. combat troops from Iraq by early 2008. The panel also called for overtures to Iran and Syria, a course the Bush administration has thus far rejected.

The report cited a grave and deteriorating situation in Iraq.

"None of us see the situation in Iraq as favorable. We all see it as extremely difficult," Rice said.

She said the situation in Iraq and the broader Middle East was high on the agenda of her talks with German Foreign Minister Frank-Walter Steinmeier.

As to the effort to impose sanctions on Iran for refusing to abandon the enrichment of uranium, Rice said, "I think we're making some progress on the resolution in the Security Council. We're not there yet, but I do think we're making some progress."

Of the Baker-Hamilton report, Rice said it was "a very good report by people that I admire. I think they have done a great service in pointing out, through analysis and recommendations, how they see the situation in Iraq."

She said the U.S. needs to give Iraq "better tools, particularly on the security side," as the report suggests.

"I've been doing some deep thinking on Iraq, which if you don't mind I'll share first with the president as he begins to think about what new course we need," Rice said.

President Bush is expected to deliver a speech outlining his latest strategy proposal for Iraq before Christmas. He has said he will draw not only from the Baker-Hamilton report, but from ongoing studies by the Pentagon, the National Security Agency and the State Department.

Rice said that if Iran and Syria, which the United States accuses of fomenting terrorism in the Middle East, really wanted to help bring peace to Iraq, they would do so.

She noted that the Iraqi government has contacts with both countries and is capable of engaging in its own diplomacy.

She added that if Iran and Syria are "looking for compensation to stop helping destabilize Iraq, that's another matter altogether."

The Bush administration is leery of contacts with Iran that would allow the Shiite clerical leaders to try to avoid or lessen U.N. punishment in return for help in Iraq. Iran has influence among Iraqi Shiites, and the two countries share both a complicated history and a porous border.

The U.S. and Europeans are pushing for a U.N. sanctions resolution by the end of the year. The West accuses Iran of hiding plans to build a bomb while developing what it claims is a peaceful program to produce nuclear power.

Iran was on the agenda for a meeting Rice held earlier Friday with Russian national security adviser Igor Ivanov, whose nation has resisted strong sanctions for months.

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Germany, France and Britain led failed talks with Iran last year that European powers had hoped would avert U.N. sanctions. Europe joined the United States in seeking sanctions early this year, but the process has bogged down repeatedly over objections from Russia and China. Both nations are permanent, veto-holding members of the U.N. Security Council that have trade and other ties to Iran.

Watchdog Agency For Iraq Projects Survives (NYT)

By James Glanz

The New York Times, December 9, 2006

BAGHDAD, Dec. 8 — After weeks of legislative maneuvering, the House passed a bill on Friday extending the life of a federal oversight agency that will now have the authority to examine $32 billion in American taxpayer expenditures on reconstruction in Iraq through approximately 2008.

A spokeswoman at the White House, Emily A. Lawrimore, said President Bush intended to sign the bill, which had been introduced in the House by Representative Ike Skelton, Democrat of Missouri. On Wednesday, the Senate passed an identical bill, sponsored by Senator Susan Collins, a Maine Republican, and by a bipartisan group of legislative allies.

Mr. Skelton suggested that after Congress reconvened in January, he might seek to expand the authority still further, possibly going beyond physical and institutional reconstruction projects to money being used to train and equip Iraqi security forces.

"More work must be done to ensure the oversight of all taxpayer dollars invested in Iraq," Mr. Skelton said in a statement.

The financial authority of the oversight agency, called the Office of the Special Inspector General for Iraq Reconstruction, had already been expanded in October. But in a provision backed by Representative Duncan Hunter, Republican of California, the office would have been forced to begin shutting down soon and handing its duties over to offices at the Pentagon and the State Department.

Opponents of that move doubted that Bush administration agencies would be sufficiently motivated to investigate themselves, a contention that Pentagon and State officials dismissed. But after the bipartisan Iraq Study Group recommended Wednesday that the special inspector general be maintained for as long as American financial assistance was flowing to Iraq, there was swift action on the new House and Senate bills.

The special inspector general's office, run by Stuart W. Bowen Jr., also has the authority to look at about $20 billion in reconstruction directed by American officials but paid for with Iraqi oil proceeds and assets seized from Saddam Hussein's government. That authority is unchanged by the new legislation.

Iraqis Near Deal On Distribution Of Oil Revenues (NYT)

By Edward Wong

The New York Times, December 9, 2006

BAGHDAD, Dec. 8 — Iraqi officials are near agreement on a national oil law that would give the central government the power to distribute current and future oil revenues to the provinces or regions, based on their population, Iraqi and American officials say.

If enacted, the measure, drafted by a committee of politicians and ministers, could help resolve a highly divisive issue that has consistently blocked efforts to reconcile the country's feuding ethnic and sectarian factions. Sunni Arabs, who lead the insurgency, have opposed the idea of regional autonomy for fear that they would be deprived of a fair share of the country's oil wealth, which is concentrated in the Shiite south and Kurdish north.

The Iraq Study Group report stressed that an oil law guaranteeing an equitable distribution of revenues was crucial to the process of national reconciliation, and thus to ending the war.

Without such a law, it would also be impossible for Iraq to attract the foreign investment it desperately needs to bolster its oil industry.

Officials cautioned that this was only a draft agreement, and that it could still be undermined by the ethnic and sectarian squabbling that has jeopardized other political talks. The Iraqi Constitution, for example, was stalled for weeks over small wording conflicts, and its measures are often meaningless in the chaos and violence in Iraq today.

But a deal on the oil law could be reached within days, according to officials involved in the drafting. It would then go to the cabinet and Parliament for approval.

The major remaining stumbling block, officials said, concerns the issuing of contracts for developing future oil fields. The Kurds are insisting that the regions reserve final approval over such contracts, fearing that if that power were given to a Shiite-dominated central government, it could ignore proposed contracts in the Kurdish north while permitting them in the Shiite south, American and Iraqi officials said.

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The national oil law lies at the heart of debates about the future of Iraq, particularly the issue of a strong central government versus robust regional governments. The oil question has also inflamed ethnic and sectarian tensions. Sunni Arabs, who preside over areas of the country that apparently have little or no oil, are adamant about the equitable distribution of oil revenues by the central government.

On the drafting committee, Sunni Arabs have allied with the Shiites against the Kurds, who have sought to maintain as much regional control as possible over the oil industry in their autonomous northern enclave. Iraqi Kurdistan has enjoyed de facto independence since 1991, when the American military established a no-flight zone above the mountainous region to prevent raids by Saddam Hussein.

Gen. George W. Casey Jr., the senior American commander here, and Zalmay Khalilzad, the American ambassador, have urged Iraqi politicians to put the oil law at the top of their agendas, saying it must be passed before the year's end.

The drafting committee is made up of ministers and politicians from the main Shiite, Sunni Arab and Kurdish blocs in government. They began talks months ago, but the pace picked up recently, said an American official tracking the negotiations, who spoke on condition of anonymity because he did not want to give the appearance of Western interference in sovereign Iraqi matters.

At the start of the talks, the Kurds fought to ensure that regional governments have the power to collect and distribute revenues from future fields, Iraqi and American officials said. They also proposed that revenues be shared among the regions based on both population and crimes committed against the people under Mr. Hussein's rule. That would have given the Kurds and Shiites a share of the oil wealth larger than the proportions of their populations.

But the Kurds dropped those demands, said Barham Salih, a deputy prime minister who is a Kurd and the chairman of the committee.

"Revenue sharing is an accepted principle by all the constituent elements of the Iraqi government, including the Kurds, and that is the unifying element that we're all hoping for in the oil law," Mr. Salih said in an interview.

The American official said the Kurds were willing to make concessions because a national oil law could attract more foreign oil companies to exploration and development in Kurdistan. A large foreign oil company would have more confidence in signing a contract with the Kurds if it were to operate under the law of a sovereign country rather than just the law of an autonomous region.

Some Kurdish leaders also believe that the concessions are a worthwhile price to pay for having a stake in the much larger revenue pool of the country's oil industry, the American official said. The southern fields accounted for 85 percent of total Iraqi crude production last year, partly because northern production was hampered by insurgent sabotage. The south has an estimated 65 percent of the country's 115 billion barrels of proven reserves.

But the Kurds are still holding out on the issue of oil contracts, arguing that the Constitution guarantees the regions absolute rights in those matters. The Kurds recently discovered two new oil fields after signing exploration contracts with a Turkish company and a Norwegian company.

"There are those among us who say we cannot go back to the former days of centralization, which were not conducive to good business practice and to the idea of federalism that is enshrined in the Constitution," Mr. Salih said.

In its recommendations released Wednesday, the Iraq Study Group took the opposite tack, to the anger of the Kurds. The report said that "no formula that gives control over revenues from future fields to the regions or gives control of oil fields to the regions is compatible with national reconciliation." Though the Kurds have ceded their position on the issue of future revenues, they are fighting for control over the development of future fields.

The drafting committee met Thursday night to try to resolve the contract issue, but could not reach an agreement.

Distributing revenues by population could be a difficult matter without a reliable census, which Iraq lacks. Sunni Arabs often claim they are at least 60 percent of the population, not the 20 percent that is commonly cited. The Shiites are generally estimated to be 60 percent of the population, and the Kurds 20 percent. The American official said a national census expected to be taken next year should determine the share of revenue that goes to each province or region.

If doing a census next year is too politically fraught, or if security conditions prevent it, then revenues could be distributed to provincial or regional governments according to the household counts used by Mr. Hussein's government to distribute rations in the 1990s.

The Kurds have insisted that revenues collected by the central government should be put into an account that automatically redistributes the money into sub-accounts dedicated to the provinces or regions. This approach could be written into the national oil law or into a separate law, the American official said.

The working draft of the oil law re-establishes the state-run Iraq National Oil Company, which was founded in 1964 to oversee oil production but was shut down by Mr. Hussein in 1987. The company would operate using a business model and not

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through a government budget process. Iraqi and American officials say that would make management of oil production more efficient and separate it from the Oil Ministry, which has been rife with corruption.

The North and South Oil Companies, which currently manage production in their regions, would fall under the umbrella of the Iraq National Oil Company. Any exports would still be sold through a state marketing company.

The law also sets production thresholds for creating new regional companies. A province or region, for example, might have to show it can produce 100,000 barrels a day before a company can be created there. Officials in Maysan Province in the south have already said they want to start a company.

Iraq Bribe Prosecutors Criticised As "lazy" (FT)

By Hugh Williamson, Adam Jones

Financial Times, December 9, 2006

State prosecutors are dragging their feet investigating corruption in the Iraq oil-for-food programme, according to one of the authors of last year's United Nations report on one of the world's largest bribery scandals.

Mark Pieth, a Switzerland-based lawyer who wrote the report with Paul Volcker, former chairman of the US Federal Reserve, told the Financial Times that prosecutors in many countries were too career-minded, too unwilling to enter new legal terrain "and sometimes simply lazy".

In spite of high-profile investigations in Australia, France and elsewhere, few cases have led to charges being laid in the 13 months since the report was published. Mr Pieth said he was "astonished" the report's conclusions had not led to organisational changes in the UN, which was accused of mishandling the oil-for-food programme.

He welcomed the October decision by a Paris judge working on the oil-for-food scandal to charge with corruption Christophe de Margerie, head of exploration and production at Total, the French oil and gas group.

Mr Pieth said the "spectacular" case meant there were "many doubts" that Mr de Margerie, would, as planned, become chief executive next year. He added that this relatively rare breakthrough was because of France's handful of "very stubborn" anti-graft prosecutors. Total said yesterday Mr de Margerie would take up the post as planned in February. It has previously denied violating the UN embargo in place against Iraq until 2002.

Prosecutors in various countries have complained of the unclear legal basis for prosecuting the 2,200 companies named as law-breakers in the Volcker report. But Mr Pieth said the investigations were "straightforward legal work".

"As a prosecutor you rarely get promoted for such work, so many are not interested in it," said Mr Pieth, chair of the Basel Institute on Governance and adviser to the Organisation for Economic Co-operation and Development.

He accused governments of failing to provide enough support to identify companies that allegedly paid kickbacks to Saddam Hussein's regime to gain contracts.

Mr Pieth said an Australian inquiry that last month confirmed evidence of corruption in the Australian Wheat Board's involvement in the UN programme was important because it showed "the AWB knew even more [about corruption in Iraq] than it was willing to admit" to the Volcker inquiry.

Iraqis Line Up To Put Hussein In The Noose (NYT)

By Kirk Semple

The New York Times, December 9, 2006

BAGHDAD, Dec. 8 — One of the most coveted jobs in Iraq does not yet exist: the executioner for Saddam Hussein. The death sentence against Mr. Hussein is still under review by an appeals court, but hundreds of people have already started lobbying the prime minister's office for the position.

They have sent messages through cabinet officials and their assistants, and by way of government guards and clerical workers. One candidate, an Iraqi Shiite living in London whose brother was killed by Mr. Hussein, telephoned an aide to the prime minister to say he was prepared to drop everything and fly to Baghdad to execute the former ruler.

"One of the hardest tasks will be to determine who gets to be the hangman because so many people want revenge for the loss of their loved ones," said Basam Ridha, an adviser to Prime Minister Nuri Kamal al-Maliki.

Mr. Hussein and two of his top associates, Barzan Ibrahim al-Tikriti and Awad al-Bandar, were sentenced to "death by hanging" on Nov. 5 for their involvement in the arrest and killings of 148 men and boys after an assassination attempt against him in the town of Dujail in 1982. The nine-judge appeals bench has no time limit to issue its ruling, but if it upholds the death sentence, Mr. Hussein's execution must be carried out within 30 days.

Iraqi judicial officials said they expected that the appeals process would be completed in a matter of weeks and, if the sentence is upheld, that Mr. Hussein's hanging would take place between mid-January and mid-March.

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The Shiite-led government has argued for a swift execution, saying that as long as Mr. Hussein is alive, he remains a powerful source of motivation for elements of the Sunni Arab insurgency fighting to restore him to power.

There are other critical issues the government will need to decide should the appeals court uphold the death sentence against Mr. Hussein, including where he will be executed.

Officials have considered staging a public hanging in Baghdad's largest sports arena, Shaab Stadium, and filling the place with tens of thousands of spectators, according to a high-ranking government official involved in the executions process, who agreed to discuss the subject on condition of anonymity because he was not authorized to speak about it on the record.

But while such a spectacle might satisfy a communal need for closure, the authorities have rejected the idea for security reasons. A target that big, they say, would be highly vulnerable to attack by Sunni insurgents who might try to lob a few mortar shells into the crowd or ambush spectators on their way to and from the event.

Government hangings are now conducted in a prison complex in eastern Baghdad. Mr. Hussein, who is being held at Camp Cropper, an American military prison near Baghdad International Airport, could be transported to those gallows by helicopter. But officials worry that the trip would present an unnecessary opportunity for a rescue attempt by his sympathizers.

Most likely, officials say, Mr. Hussein will be hanged at gallows specially built for him at Camp Cropper.

The death penalty in Iraq, which applies to a range of crimes including terrorism and certain categories of murder, was suspended in 2003 by the American occupation authorities but reinstated in August 2004. Since then, 51 people — men and several women — have been hanged and about 170 are currently on death row awaiting execution or the outcome of their appeal, according to Hashim al-Shibli, Iraq's justice minister.

Those are the official numbers. The high-ranking government official involved in the executions process said the actual number of hangings was far higher, though fewer than 100, because of three sets of hangings that took place between December 2005 and March 2006 and were never publicized.

Human rights groups have questioned the transparency of the criminal justice system in Iraq and the ability of defendants to get a fair trial. And the United Nations has requested that the Iraqi government commute the sentences of all the prisoners on Iraq's death row. But Iraqi leaders have rebuffed calls for the abolishment of the death penalty, arguing that it serves as a deterrent to crimes.

"Maliki wants to show decisiveness that people should be punished," said Mr. Ridha, Mr. Maliki's adviser. "He is very anxious that these executions take place in a timely manner." He added, "The number of executions that have taken place is not a great number compared to the number of insurgents in the country."

The gallows are in a concrete building within a heavily guarded prison complex in eastern Baghdad, near the headquarters of the Interior Ministry. Two scaffolds made of steel sit side by side in an otherwise unadorned room, according to the high-ranking government official, who has attended hangings there. (The Justice Ministry and the Maliki administration denied requests to visit the prison and, citing security concerns, refused to give the precise location of the site.)

The government prefers to conduct several hangings in a day for the sake of efficiency. Men condemned to death are held on Iraq's death row — a wing of rudimentary cells, separated from other inmates in the prison compound. Condemned women are held at a women's prison in Khadamiya, a neighborhood in northern Baghdad.

The prisoners are told they will be hanged on the morning of their executions, officials said. They are led out of their cells in single file, dressed in orange jumpsuits, their ankles and wrists manacled, and taken to a room off the gallows chambers, where they are allowed to sit on floor cushions. There, they are permitted to pray. They can eat a last meal if they request it, or smoke a cigarette. They are given an opportunity to compose a last will and testament. Then, two by two and hooded, they are taken to the gallows.

The victims are led up a set of steel stairs to a platform, about 15 feet above the ground, and nooses fashioned from one-and-a-quarter-inch-thick hemp ropes are slipped over their necks. The executioners are different each time, drawn from among employees of the Justice Ministry who volunteer for the job. Many have lost relatives or friends in insurgent attacks, officials said.

With a tug of two large levers, the steel trapdoors drop open and the victims fall through. The doors make a loud clanging sound as they slam against the apparatus, according to people who have witnessed hangings. The jarring noise echoes off the cold, unadorned concrete walls.

Death is supposed to come instantly — a doctor is on hand to certify it — and the bodies are removed to a cooler where they are held before being handed over to the victims' families. The entire process is recorded by a photographer and a video cameraman and the images are stored in a government archive.

But the hangings have not always gone smoothly.

Until the new gallows were built, the Iraqi government used an apparatus and an old rope left over from Mr. Hussein's government, said the high-ranking government official. The rope had become so elastic that it would sometimes take as much as eight minutes to kill the convicted person.

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On Sept. 6, the Iraqi authorities planned to hang 27 people. On the 13th hanging, according to an official who was there, the rope snapped and the convicted man plummeted 15 feet through the trap door onto the concrete floor. “God saved me!” the man cried. “God is great! I did not deserve this!” For an hour, he lay on the ground praying and shouting while prison guards and the executioner debated whether this constituted divine intervention and, if so, whether the man’s life should be spared. Once a new rope was rigged, however, the man was forced up the stairs once again and successfully hanged. The incident was first reported in Time magazine of Nov. 20.

The executions are conducted in secrecy to avert insurgent attacks. On March 9, a government convoy carrying a representative from the administration of Prime Minister Ibrahim al-Jaafari was ambushed on its way to the gallows. It was an unsuccessful effort to stop the representative from observing the day’s hangings, including the execution of Shukair Farid, a murderous former police officer whom the government had nicknamed “the butcher of Mosul.”

On another execution day, word leaked out and insurgents pelted the prison facility with mortar shells. The Iraqi subcontractors who built the new gallows, under the auspices of an American contractor, were forced to interrupt work several times because of threats by insurgents, officials said.

The current hanging procedures are an improvement over the methods used by Mr. Hussein, who conducted mass executions in a hangarlike building at Abu Ghraib prison. According to human rights groups, hundreds of prisoners were executed in a span of a few weeks in the 1990s to address prison overcrowding.

Mr. Hussein himself asked the court to execute him by firing squad, the method used for soldiers sentenced to death. He said it was his right because he was commander in chief of Iraq’s armed forces at the time of the events in Dujail. His request was denied.

The protocols for his hanging have not yet been determined, including who will get to attend, Maliki administration officials said. In a standard Iraqi hanging, the attendance is limited to representatives from the Justice Ministry, the Interior Ministry and the prime minister’s office, and a doctor. Mr. Shibli, the justice minister, said the convict’s lawyer was allowed to attend, as well as a member of the clergy of the victim’s choice, though in practice they rarely do.

The usual videographer and photographer will probably be on hand, as well, to record the hanging, officials said, and excerpts of the event may be shown later on national television. Mr. Ridha says the Iraqi people will want to see it.

Afghanistan War Nears "Tipping Point" (LAT)

By Laura King, David Holley

The Los Angeles Times, December 9, 2006

KABUL, AFGHANISTAN — The conflict in Afghanistan has entered a dangerous phase, and the next three to six months could prove crucial in determining whether the United States and its NATO partners can suppress a revitalized enemy — or will be dragged into another drawn-out and costly fight with an Islamic insurgency, according to senior military and security officials and diplomats.

"I think we are approaching a tipping point, perhaps early in the new year," said a Western diplomat in the region, speaking on condition of anonymity because he was not authorized to discuss the situation publicly.

Popular support for the central government is faltering, and Western military allies are deeply divided over how best to combat the insurgency.

On the other side of the fight, the Taliban has regained the strength to dominate large swaths of Afghanistan; government control is tenuous at best in at least 20% of the country, according to several Western diplomats and Afghan officials.

Militants have built a network of bases in the tribal hinterlands that straddle the frontier with Pakistan. Over the last year, a growing number of mobile encampments on the Afghan side of the border have given the insurgents greater self-sufficiency, military officials say, although the guerrillas still draw heavily on logistical support and weaponry funneled from the Pakistani side.

"They can come and go pretty much undetected," acknowledged U.S. Army Brig. Gen. Michael T. Harrison Sr., who is overseeing the training and equipping of the struggling Afghan national army.

Observers point to an inexorable upward trend in violence that includes suicide attacks, roadside bombs and border clashes. "We have a bona fide war going on," Harrison said.

A widely cited recent report by the Joint Coordination and Monitoring Board, a panel of Afghan and foreign officials, said such attacks had increased fourfold from last year, killing at least 3,700 people so far in 2006.

A military spokesman in Kabul, the capital, for NATO's International Security Assistance Force, U.S. Army Maj. Luke Knittig, said he did not believe the report accurately reflected long-term trends. But a number of outside experts tracking the trajectory of the conflict supported the panel's assessment of a growing threat.

At stake for the U.S. and its allies with the North Atlantic Treaty Organization is not an outright battlefield defeat by the Taliban and other insurgent groups.

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"We should be careful that we don't overstate this militarily unconventional challenge," U.S. Marine Gen. James L. Jones, NATO's supreme allied commander, told reporters last week in Riga, Latvia, where the alliance's leaders were meeting. "We will not be defeated militarily by the Taliban." NATO has 32,000 troops in the country, backed by formidable airpower.

But the patchwork of militant groups battling the Western allies has its own arsenal of strengths.

Insurgent attacks, whose low-tech tactics echo those used against U.S. forces in Iraq, are often ineffectual. But inevitably, some hit home. On Wednesday, for example, two American civilian contractors were killed in a suicide bombing in Kandahar, the sixth such attack in 10 days. Nearly 180 NATO and allied troops have been killed in fighting this year in Afghanistan.

The number of casualties has been enough to ignite public debate over the Afghan mission in several NATO countries, including Canada, which has more than 2,000 troops deployed, mostly in the violent south, the traditional seat of Taliban power.

Within Afghanistan, civilians increasingly bear the brunt not only of insurgent attacks, but NATO's offensive against the militants. In October, a NATO airstrike in the south killed more than 30 civilians, most thought to be nomadic herders. Civilian deaths account for about one-quarter of the fatalities this year and heighten Afghans' resentment of the foreign military forces while feeding a gnawing sense of insecurity.

In terms of casualties, the conflict is a lopsided one. The number of insurgent fatalities over the last year could be as high as 7,000, according to some independent estimates. But the Taliban and its allies draw on what appears to be an almost inexhaustible supply of potential foot soldiers.

"Recruitment is not a problem for them — not a problem at all," said Ayesha Siddiqa, an independent security analyst in Pakistan.

The allies are well aware that simply killing large numbers of insurgents will not constitute a victory. Western officials say they need to prevent the militants from seizing and holding more territory, establish reasonably secure conditions in the capital and the hinterlands, choke off infiltration across the porous Pakistani border and mend fences with restive tribal leaders.

All those tasks are proving difficult.

The insurgents include remnants of the Taliban, the austere Islamist movement that ruled Afghanistan for five years and gave shelter to Osama bin Laden and other members of his Al Qaeda terrorist network. The volatile brew also includes competing warlords, part-time fighters, recruits from the growing ranks of the poor and unemployed, and disaffected youth, often graduates of Talibaninspired religious seminaries.

Viktor Korgun, an analyst with the Russian Academy of Sciences who has had long experience in Afghan affairs, describes the insurgents as "a fresh new generation … copying the skills and ways of the armed resistance groups in Iraq."

"Their support network has improved, and in some areas they've been able to operate and control roads and villages and the like," said Seth Jones, a counterinsurgency expert at the Rand Corp. who was recently in Afghanistan for field research. "The Taliban have created a shadow government in a number of provinces — people going to Taliban governors rather than centrally appointed governors on rule-of-law issues."

The Taliban holds sway in much of the border province of Zabol, several Afghan and Western officials say. And in other provinces, including Kandahar and Helmand, the insurgents operate freely outside major cities and towns.

A number of interlocking factors have contributed to the insurgent comeback:

The U.S.-backed government of President Hamid Karzai has been slow in asserting itself throughout the country.

Afghanistan's drug trade has also revived at an explosive rate. Opium cultivation rose this year by nearly 60%, according to the United Nations drug agency and the World Bank, and officials say drug money has become a driving force behind the insurgency.

In much of the country, the lack of security has severely stunted development projects, which in turn has fostered widespread disillusionment. Particularly in dirt-poor rural areas, many Afghans believe their daily lot has improved little since Taliban times, and tend to cast the blame on the same Americans they once hailed as liberators.

"People previously were repelled by the fanaticism of the Taliban, but anger at Americans is growing," said Talat Masood, a retired Pakistani general who is now an independent analyst. "And ultimately, they would prefer that their lives be secure. It's a survival instinct."

A European security official, speaking on condition of anonymity, said that for insurgents, fomenting even low-level instability carries big payoffs.

"People have lived through 20-odd years of war at varying levels of intensity. Frankly, they're not going to get fazed … by a few IEDs," or improvised explosive devices, he said. "But they are concerned that the base level of their lives is not improved, and that's the challenge that the insurgency provides — delaying the ability of the government to be able to deliver, by keeping certain areas unstable."

Senior NATO generals have publicly aired disagreements over battle tactics, troop strength and rules that largely exempt some member countries' troops from the most dangerous duty. But the alliance's political leadership appears in agreement that

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the Afghanistan fight is one the West cannot afford to lose. British Prime Minister Tony Blair declared in advance of the Riga meeting that "NATO's credibility is at stake," and President Bush called Afghanistan "NATO's most important military operation."

In recent weeks, senior U.S. officials have spoken more frankly about the alliance's attempts to come to terms with an unexpectedly resilient foe.

"There's certainly concern … about the fact that they've been able to come out this year with more intensity, more organization than we might have expected," U.S. Assistant Secretary of State Richard Boucher recently told reporters in New Delhi.

"You do have to understand, there are people that are bound and determined to kill us," he said.

"For those people, we're going to have to shoot back."

CORPORATE SCANDALS:

Senate Passes Bill To Criminalize Pretexting (NYT)

By Brad Stone And Matt Richtel

The New York Times, December 11, 2006

The Senate passed legislation last night that would make it a federal crime to obtain a person's telephone records without permission, an act known as pretexting.

The measure, which was approved by unanimous consent last night and is similar to a bill passed earlier in the House, imposes a fine of up to $250,000 and imprisonment of up to 10 years for duping telephone companies into divulging the calling records of private individuals. The penalties can go up under special circumstances, like cases involving domestic abuse.

The support for the legislation comes in the aftermath of the spying scandal at Hewlett-Packard, the computer giant. The company, eager to ferret out purported leaks to journalists from within its board, used private detective firms to retrieve phone records of directors, managers and journalists.

Companies convicted under the Senate legislation face fines of up to $500,000.

The legislation includes penalties and a prison sentence of up to 10 years for individuals who sell or buy phone records knowing the lists were obtained through deceptive means. Passage, which came just days before the conclusion of the Republican-led Congress, is a victory for privacy advocates and regular phone users concerned about the confidentiality of their records.

"The fraudulent acquisition of phone records is now clearly and unequivocally illegal," said Jon Leibowitz, a commissioner at the Federal Trade Commission, an agency charged with combating unfair and deceptive business practices, including pretexting.

"Just having the statute on the books will help reduce the number of bad actors out there," Mr. Leibowitz said.

But some privacy advocates say the legislation does not go far enough.

"Given the amount of attention Congress has given to this issue, we should have a better bill," said Marc Rotenberg, the executive director of the Electronic Privacy Information Center.

Mr. Rotenberg said he would like to see Congress force companies to protect their customers' personal information. Mr. Rotenberg also expressed concern over an exemption in the legislation for law enforcement agencies that could allow them to hire private detectives or others to obtain individuals' calling records.

The bill passed the House on a unanimous 409-0 vote in April. But it remained stalled in the Senate Judiciary Committee for months, largely because of competition with a more complex pretexting bill in the Senate Commerce Committee, which would have required phone companies to ensure that personal records were being given only to the appropriate person.

After the Hewlett-Packard pretexting scandal made national headlines, House Republicans sent a letter to the Senate majority leader, Bill Frist, invoking the saga and urging prompt action on the stronger bill pending in the judiciary committee.

Consumer advocates plan to propose broader legislation in a session of Congress next year that would also make it illegal to try to fraudulently obtain other kinds of personal information, like utility, TV and Internet service provider records.

At Hewlett-Packard, regulatory filings this summer revealed that the company chairwoman, Patricia C. Dunn, had authorized a broad investigation into the source of embarrassing boardroom leaks to the news media. On Thursday, the company said it would pay $14.5 million to settle a civil lawsuit brought by the California attorney general, Bill Lockyer.

Detectives hired by the company employed pretexting techniques to obtain the phone records of company board members, employees and at least nine journalists who covered the company.

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Ms. Dunn resigned from the company in September and in October was charged by Mr. Lockyer with identity theft and conspiracy. Privacy advocates say that even before the new law was passed, the attention the case was getting was pushing pretexters further underground.

Rob Douglas, who testified about pretexting on Capitol Hill and runs the Web site PrivacyToday.com, says the major test will be whether federal prosecutors back up the bill with aggressive enforcement. “If the Department of Justice doesn’t take the issue seriously and prosecute individuals,” he said, “it will be taken by the underground information community that they have carte blanche to continue the practice.”

H-P Agrees To Fund Future Pretexting Probes (WSJ)

The Wall Street Journal, December 9, 2006

The Morning Brief, a look at the day's biggest news, is emailed to subscribers by 7 a.m. every business day. Sign up for the e-mail here1.

Hewlett-Packard may have admitted no wrongdoing, but the technology giant's settlement with the state of California is all about recognizing the unscrupulous nature of pretexting.

To settle the state's civil suit over its use of investigators to improperly obtain the phone records of board members, some employees and journalists, H-P agreed to pay $14.5 million -- and $13.5 million of that goes to fund state and local investigations2 of similar fraudulent practices, as the San Jose Mercury News reports. The attorney general's office will get $350,000 as reimbursement for its investigative costs in the case, and actual civil penalties from the suit come to just $650,000. By comparison, H-P has reported $91.7 billion in revenue for the 2006 fiscal year, as the New York Times points out, meaning the settlement is the equivalent of what H-P brings in about every 83 minutes3. California Attorney General Bill Lockyer, whose aggressive pursuit of the company brought him national prominence and may have helped get him elected as state treasurer last month, said the company deserves credit for not stonewalling. "Fortunately, H-P is not Enron," he said.

H-P now looks set to avoid criminal prosecution for the pretexting -- the practice of calling a phone company to get a customer's information under the pretext of representing that customer. What the settlement doesn't do is help the five H-P executives and alleged outside abettors charged with identity theft and various forms of fraud for the pretexting, including ousted Chairman Patricia Dunn. And H-P could still face civil claims from people whose privacy was violated4, the Los Angeles Times notes. Still, the accord goes a long way toward helping H-P put the scandal behind it. H-P has already taken steps to comply with the ethical strictures placed on the company by the settlement, including the designation of an independent director "responsible for reviewing and reporting to the board H-P's legal and ethical requirements5 as it relates to future investigations," as The Wall Street Journal notes.

* * *

BofA's Possible Courtship of Barclays

Merrill Lynch has issued a research report saying Bank of America is "very interested" in buying the U.K. bank Barclays, provoking a 1.2% increase in Barclays stock6 during midmorning trading in London. Barclays would bring the huge American lender a large international presence in bond investment and trading operations, derivatives activities and the leading U.K. credit-card business, as well as other assets, Merrill points out. And "Bank of America has previously indicated that the next phase of its expansion is to become a leading global commercial and investment bank," Merrill says, according to MarketWatch. "In order to achieve that goal, we believe Bank of America is very interested in acquiring Barclays."

* * *

Mystery Deepens Over Russian Spy Death

Former Kremlin spy Alexander Litvinenko was buried yesterday, and news emerged that Dmitry Kovtun, one of the Russian businessmen he met in London on the day he is believed to have been poisoned, may have fallen into a coma. The increasingly mysterious events surrounding Mr. Litvinenko's death now center on the Pine Bar in the Millennium Hotel, where Mr. Litvinenko met Mr. Kovtun, and Andrei Lugovoy, a former KGB colonel, on Nov. 1. All seven bar staff have tested positive7 for polonium-210, the rare radioactive poison that killed Mr. Litvinenko, and an official at the U.K. Health Protection Agency said there was no short-term danger to the bar staff, but acknowledged there was a "very small" long-term risk of cancer, the Times of London reports. Officials are now trying to contact 250 customers who visited the bar on the same day. Results by the HPA also suggest that the polonium-210 may have been smuggled into the U.K. as early as two weeks before the poisoning, and it could have been dissolved in liquid before being slipped to Mr. Litvinenko8. "If it was some sort of liquid, it could have been -- as in James Bond -- a little magic capsule," Dr. Michael Clark of the HPA tells the Guardian. As technicians follow the "radioactive trail" left by the poison across London and Moscow, as the Washington Post calls it, attention is focusing on Mr. Lugovoy. He was scheduled to speak with U.K. and Russian investigators yesterday, but the meeting was postponed9 for what Russian investigators tell state media were "technical reasons," the Post adds.

Mr. Litvinenko was a Kremlin critic investigating the death of journalist Anna Politkovskaya, who herself was a fierce Putin critic. Ms. Politkovskaya, who was shot dead two months ago, was the third journalist at Russian newspaper Novaya Gazeta to die mysteriously in the past six years. And The Wall Street Journal notes that if Russia is one of the most dangerous places in the world to be a journalist, Novaya -- one of the last outposts of free speech left in the country -- may be the most dangerous media outlet to work for10.

* * *

Also of Note…

New York Times: The Environmental Protection Agency has changed the way it sets standards to control dangerous air pollutants like lead, ozone and tiny particles of soot, enhancing the role of the agency's political appointees in scientific assessments11 and postponing the required review by independent scientific experts, in a move that largely tracks the suggestions of the American Petroleum Institute.

Wall Street Journal: Eager to adjourn, Republicans are pressing for quick congressional approval of a $45.1 billion tax-and-trade package12 after late-night bargaining affecting timber, energy and health-care industries. The House today considers the massive package in two pieces, one focused on the trade provisions and the second dealing with taxes, offshore oil drilling and an adjustment in payment rates for physicians under Medicare.

Washington Post: Despite an intensified campaign against poverty, World Bank programs have failed to lift incomes13 in many poor countries over the past decade, leaving tens of millions of people suffering stagnating or declining living standards, according to a report released Thursday by the bank's autonomous assessment arm.

BBC: The leader of Hezbollah has vowed to continue mass protests calling for Lebanon's Western-backed government, led by Fouad Siniora, to resign. Thousands of Hezbollah followers have been protesting14 in central Beirut for a week, with sporadic clashes between government and antigovernment supporters.

Legal Times: In an attempt to pressure the Justice Department to alter the way it investigates corporate fraud, a key member of the Senate Judiciary Committee formally introduced legislation aimed at preventing prosecutors from forcing companies15 to waive the attorney-client privilege in order to avoid indictment.

Ad Age: Wal-Mart Stores will reopen bidding for its $580 million creative-advertising and media account16 following the ouster of Julie Roehm, the Wal-Mart executive in charge of the recent decision to make DraftFCB the company's agency of record last month. And DraftFCB won't be eligible this time around.

Atlanta Journal-Constitution: Coca-Cola promoted Muhtar Kent17, a man known as a take-charge global operator and masterful diplomat, to its second-highest post, filling a critical job that has been vacant for two years.

Nature: A controversial theory of how we smell, which claims that our fine sense of odor depends on quantum mechanics, has been given the thumbs up by a team of physicists, which showed that the idea that we smell odor molecules by sensing their molecular vibrations18 makes sense in terms of the physics involved.

Times of London: Gunther Verheugen, vice president of the European Commission and the commissioner for Enterprise and Industry, was fighting to save his political career19 after German media published pictures showing him naked on a beach with his newly promoted chief of staff.

* * *

Quotes of the Day

"Some reports are issued and just gather dust. And truth of the matter is, a lot of reports in Washington are never read by anybody. To show you how important this one is, I read it, and our guest read it. The prime minister read -- read a report prepared by a commission. And this is important. And there are some -- I don't think Jim Baker and Lee Hamilton expect us to accept every recommendation20. I expect them -- I think -- I know they expect us to consider every recommendation, Jim. We ought to pay close attention to what they advise. And I told them yesterday at our meeting that we would pay close attention, and would seriously consider every recommendation. We've discussed some of their recommendations here at this press conference. And we are -- we will spend a lot of time on it," President Bush said yesterday during an appearance with British Prime Minister Tony Blair, when asked how much consideration he would give to the Iraq Study Group's report. Asked if in light of the report he would admit to making failed decisions in the past, Mr. Bush acknowledged that "I thought we would succeed quicker than we did, and I am disappointed by the pace of success."

"I hope we don't treat this like a fruit salad and say, 'I like this, but I don't like that. I like this, but I don't like that.' This is a comprehensive strategy designed to deal with this problem we're facing in Iraq, but also designed to deal with other problems that we face in the region, and to restore America's standing and credibility in that part of the world," Mr. Baker told the Senate Armed Services Committee when asked how the ISG recommendations should be treated.

"They start from completely different places. … Baker approaches everything with a negotiator's mindset. That doesn't mean every negotiation leads to a deal, but you engage your adversaries and use your leverage to change their behavior. This

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administration has never had a negotiator's mind-set. It divides the world into friends and foes21, and the foes are incorrigible and not redeemable. There has been more of an instinct toward regime change than to changing regime behavior," Dennis Ross, a State Department point man for the Middle East during the Clinton and first Bush presidency who left the government early in the current Bush administration, tells the New York Times in seeking to explain the divergent points of view.

"Of course, the report had been written from the U.S. view, and we respect that. But it does not represent our own point of view22," Abdul-Aziz al-Hakim, one of the leading Shiite politicians in Iraq and a major power broker, tells the NewsHour with Jim Lehrer.

Barbara Chai contributed to this column.

Write to Joseph Schuman at joseph.schuman@wsj.com23

HP Investors Unmoved By Spying Suit Deal (WP/AP)

By Jordan Robertson, The Associated Press

The Washington Post, December 9, 2006

SAN JOSE, Calif. -- Investors have largely shrugged off Hewlett-Packard Co.'s boardroom spying scandal, dismissing the brouhaha surrounding the company as immaterial to its day-to-day operations and stellar earnings growth in recent months.

That was true again on Thursday, when HP's stock price remained largely unmoved after the company and the state Attorney General Bill Lockyer announced that HP would pay $14.5 million to settle a civil claim centered on the dicey tactics used in the investigation.

HP's stock, which has actually gained around 9 percent since the probe was disclosed in a regulatory filing, fell just 24 cents to $39.62 in morning trading on the New York Stock Exchange on Friday. Details of the agreement were announced after the market closed.

Analysts said the penalty was relatively minor and would go a long way toward assuaging fears among skittish investors.

"It looks like they got off pretty easy, and that this is actually going to be a good thing for HP," said Roger Kay, who follows the company as president of market research firm Endpoint Technologies Associates. "It looks like they're in control of their destiny and have put at least some of this behind them."

The lawsuit accused the company of unfair business practices in its crusade to unmask the source of boardroom leaks to the news media.

The vast majority of the settlement _ $13.5 million _ will fund state and local investigations into privacy rights and intellectual property violations, according to the lawsuit and settlement filed simultaneously in Santa Clara County Superior Court.

The lawsuit marks the first civil case brought by authorities against Palo Alto-based HP for the scandal that erupted in September and led to criminal charges against former chairwoman Patricia Dunn and four others.

"Fortunately, Hewlett-Packard is not Enron," Lockyer said. "I commend the firm for cooperating instead of stonewalling, for taking instead of shirking responsibility, and for working with my office to expeditiously craft a creative resolution."

The state likely would have recovered far less if the case were taken to court, based on the limited penalties it could claim for each phone number that was illegally accessed during the leak probe, Lockyer said in an interview with The Associated Press.

"It's a good example of the HP that we all grew up with, the old HP of Hewlett and Packard, the ethics and principles of corporate responsibility and good management practices," he said. "We see those re-emerging in the way they dealt with this matter."

The remainder of the settlement amount consists of $650,000 in civil penalties and $350,000 to cover the state's investigation and other costs.

HP has also agreed to various governance reforms to be in place for five years, which Lockyer said will help protect privacy rights during any future HP investigations. Some of those reforms include the appointment of an independent director to monitor HP's compliance with privacy guidelines, and additional training for investigative staff.

HP CEO Mark Hurd said in a statement that the company is "committed to ensuring that HP regains its standing as a global leader in corporate ethics and responsibility." The agreement did not include a finding of liability against HP.

Prosecutors said the company hired outside detectives who tricked phone companies into disclosing the private phone records of directors, journalists and others so the company could track the source of news leaks.

Those spied on included Hurd, various directors including former board member George Keyworth II, who was identified as the anonymous source in a CNet story, along with HP staffers and journalists.

Revelations of the probe, disclosed in a regulatory filing, led to an exodus from the board, criminal charges, a congressional investigation, and ongoing federal probes by the FBI, the Securities and Exchange Commission, federal prosecutors and other agencies.

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Dunn, who was ousted over the incident, former ethics chief Kevin Hunsaker and three outside investigators, Ronald DeLia, Matthew DePante and Bryan Wagner, have pleaded not guilty in Santa Clara County Superior Court to charges of identity theft and fraud for their roles.

The company's stock price has been relatively unaffected by the scandal, buoyed by strong earnings growth under CEO Mark Hurd and the belief that the turmoil had little affect on operations.

Cos Seek Federal Privacy Law;Privacy Groups See It As Weak (WSJ/DJ)

Wall Street Journal/Dow Jones, December 9, 2006

WASHINGTON (AP)--Microsoft Corp. (MSFT), Hewlett-Packard Co. (HPQ) and other high-tech companies are preparing to push for data-privacy legislation next year to replace what they consider an outdated patchwork of state and federal laws that are inconsistent and burdensome.

"We think the time has come for a comprehensive privacy bill that would protect consumers' personal information while still allowing the flow of information needed for commerce online," Ira Rubinstein, a Microsoft lawyer, said this week.

Several recent high-profile breaches of consumers' personal information have made consideration of privacy proposals more likely, Rubinstein said. The Social Security numbers and medical data of approximately 930,000 people were compromised this June, for example, when computer equipment belonging to insurance provider American International Group Inc. was stolen.

Microsoft, H-P and eBay Inc. (EBAY) earlier this year formed the Consumer Privacy Legislative Forum to lobby for privacy legislation. Google Inc. (GOOG), Intel Corp. (INTC), Oracle Corp. (ORCL) and other companies later joined.

The forum supports legislation that would set standards for what notice must be given to consumers about personal information collected on them and how it will be used, Rubinstein said. The companies are aiming for a law that would override any existing state laws and standardize privacy rules across industries.

The group's efforts will likely face some opposition, however.

Marc Rotenberg, executive director of the Electronic Privacy Information Center, a consumer advocacy group, said the proposals, if adopted, would amount to an industry drafting its own regulations.

Rotenberg also argued that the notices to consumers preferred by Microsoft and other companies are insufficient to protect online privacy. Instead, consumers should have access to the data that companies have on them and have more control over how they are used, he said, similar to the way consumers can currently access their credit reports.

Rotenberg also opposes the pre-emption of state laws, which he said in many cases have better protections than federal rules. Many anti-spam experts complained when Congress in 2003 approved a measure that did not let individuals sue spammers and that pre-empted most state laws that did.

Meanwhile, Stuart Ingis, a partner at the law firm Venable LLP, said that a broad privacy measure is unnecessary.

"Comprehensive privacy legislation already exists in this country," he said, citing existing laws and regulations governing financial and health-care privacy.

Those rules took decades to develop and provide strong protections for consumers, said Ingis, whose firm represents several companies and trade groups that track privacy issues.

Although high-tech companies have been seeking comprehensive federal privacy legislation, Congress has focused on the steps companies should take to protect data and when companies should notify consumers of data security breaches.

But several data security bills failed to pass during the soon-to-end congressional session, largely because of jurisdictional struggles between different congressional committees, said Steve Adamske, spokesman for Rep. Barney Frank, D-Mass.

Frank, incoming chairman of the House Financial Services Committee, said Wednesday that he plans to consider the issue of data security next year. To avoid a repeat of the jurisdictional struggle, Frank says he plans to propose to incoming House Speaker Nancy Pelosi that she appoint a task force of members from committees with oversight on privacy matters to work on the issue.

Setbacks Hit Plaintiffs In Two Securities Cases (WSJ)

By Michael Hudson

The Wall Street Journal, December 9, 2006

Fiji Yields Bargain Bonds After Political Discord

The plaintiffs' securities bar was dealt several blows in the past few days.

Tuesday, plaintiff's attorneys were thwarted in their efforts to win class-action status in a suit alleging fraud among investment banks in underwriting new stock offerings.

Then on Thursday the Supreme Court agreed to consider overturning a plaintiff-friendly ruling out of the New York appeals court that Wall Street underwriters could be subject to private antitrust lawsuits.

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The court cases are related: Both involve allegations of bad behavior in IPOs during the dot-com bubble. The Tuesday case accuses 55 Wall Street firms of requiring investors who got shares of hot IPOs to buy more shares once trading began. The practice allegedly inflated stock prices of more than 300 companies, mainly tech outfits.

The Thursday antitrust case takes issue with some of the same public offerings and alleges investment banks and institutional investors conspired to inflate stock prices in secondary-market trading.

Neither of these decisions was good news for Milberg Weiss Bershad & Schulman LLP. Melvyn Weiss leads the six-firm plaintiffs executive committee in the IPO securities litigation and serves as vice-chair of the executive committee in the IPO antitrust litigation. Early in the week, Mr. Weiss said he would appeal the ruling in the securities case. As for the antitrust issue, he voiced disappointment that the Supreme Court decided to review it.

"We think that the [lower] court got it right," says Mr. Weiss.

Milberg Weiss had a rough week on other fronts.

Steven Schulman on Friday announced his resignation from Milberg Weiss. Mr. Schulman, along with Milberg partner David Bershad and the Milberg Weiss law firm, were indicted earlier this year on fraud charges based on allegations of improperly sharing legal fees with clients. The firm and the lawyers have pleaded not guilty and are fighting the charges. Mr. Bershad has been on a leave of absence from the firm. Starting Jan. 1, it will be called Milberg Weiss & Bershad LLP.

Going Tropical

Investors looking to escape wintry weather may want to visit Fiji: The islands feature tropical breezes, untouched beaches...and bargain bonds. At a recent conference held in New York for investors who focus on emerging-market debt, J.P. Morgan named Fiji as an "out of the box" pick for the asset class.

Careful newspaper readers may have noted that on Dec. 5, soldiers ousted the elected prime minister of the South Pacific nation (population: 900,000) in the country's fourth military coup of the past 20 years, which sent Fiji bonds plunging and their yields higher.

Earlier this year, the democratically elected government issued $150 million worth of bonds, due in 2011, with a coupon of 6.875% of the face value of the bonds. The issue was 10 times oversubscribed, according to the Reserve Bank of Fiji.

It's unclear if democracy may return to Fiji, or when. Joyce Chang, global head of emerging-markets research at J.P. Morgan, said her first reaction to the suggestion to "buy Fiji on the coup" was disbelief. Not anymore. "We actually have a pretty benign interpretation of the recent political events," she said. "We believe the bonds have been oversold and present a decent buying opportunity."

The bonds, which don't trade very often, yielded roughly 9% at last check.

Tasty Secrets

Judging from the way share prices and debt instruments have been moving before big deals have been announced, Wall Street doesn't seem to be doing a very good job of keeping secrets this year. But that hasn't stopped some investment bankers from cooking up surreptitious code names for their deals.

Consider the planned tie-up of Bank of New York Co. with Mellon Financial Corp., a $16.5 billion merger announced last month.

Investment bankers at Goldman Sachs working on the deal developed the code name "Project Cider" to keep the proposed deal secret.

The logic behind the name? To make cider you need apples and some kind of liquid. Behind the scenes, Bank of New York was known as "Apple" since it is headquartered in the Big Apple...New York. The Pittsburgh-based Mellon was referred to as "Water-Mellon." Apple and water makes cider.

--With contributions from Nathan Koppel, Joanna Slater and Clint Riley

Regulation Loosening The Ties That Bind Wall Street (WSJ)

By Kara Scannell

The Wall Street Journal, December 9, 2006

Amid cries from Wall Street, the Treasury and business executives that onerous regulations are blunting the U.S.'s competitive edge in the face of threats from European and Asian financial markets, the Securities and Exchange Commission is poised to unveil Wednesday two initiatives aimed at easing those fears. The moves aren't likely to be the last.

The first change will tweak the rules that firms must follow to obey a provision in Sarbanes-Oxley, the 2002 law passed in response to corporate-accounting scandals. SEC Chairman Christopher Cox, a former Republican congressman from California, has fought attempts by lawmakers to alter the law itself. But he has promised "significant changes" to Section 404, which sets standards for internal corporate controls, with the goal of reducing compliance costs while enhancing the benefit of review.

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Under Section 404, management must review internal controls, and outside auditors are required to test them, a step business complains is too expensive. Mr. Cox says the commission's guidance and a new accounting standard (due Dec. 19 from the Public Company Accounting Oversight Board, the accounting industry's overseer) will make 404 more focused on big issues than tiny ones.

The second initiative will make it easier for foreign companies whose stocks and bonds trade here to "deregister" from U.S. reporting requirements. Mr. Cox's idea is that, if there is an easier exit, foreign companies will be less wary of listing here -- an important consideration as U.S. exchanges have lost large foreign initial public offerings to other markets in recent years.

A year ago, the SEC said large non-U.S. companies could cease filing annual and quarterly reports if fewer than 10% of their shares were held by U.S. residents and trading volume in the U.S. was less than 5% of that in their home market. The SEC is now scrapping that standard in favor of an easier one that relies strictly on a yet-to-be-released percentage of trading volume.

Both steps are likely to be cheered by those worried about the competitiveness of U.S. capital markets, but the pressure won't abate. With a thick set of recommendations from a private commission already on the table, a McKinsey study commissioned by Sen. Charles Schumer of New York, a Democrat, and Republican New York City Mayor Michael Bloomberg coming soon, and Treasury Secretary Henry Paulson pushing the issue, the campaign to further ease regulation and make life better for Wall Street is sure to continue.

Specter Bill Would Ban Waiver On Attorney-client Privileges (PPG)

By Jerome L. Sherman, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 9, 2006

WASHINGTON -- U.S. Sen. Arlen Specter yesterday introduced legislation that would prohibit the Justice Department from pressuring companies and their employees to waive their attorney-client privileges during government investigations.

His bill has support from a wide range of groups, including the U.S. Chamber of Commerce, the American Civil Liberties Union, and the American Bar Association. They fear that the federal government has become too aggressive in its prosecutions of corporate wrongdoing following scandals at Enron and WorldCom.

In 2003, then-Deputy Attorney General Larry Thompson issued a memorandum that gave federal prosecutors the option of taking a softer approach with companies that reveal information on internal discussions between attorneys and executives. But the memo prompted outcries among companies and legal groups who feared a dilution of a basic constitutional right.

"It's a very, very chilling effect," Mr. Specter said yesterday. "If you can't talk freely to your lawyer, you're in deep trouble."

He was joined by Dick Thornburgh, a former U.S. attorney general and Pennsylvania governor, who was representing the American Bar Association.

"The attorney-client privilege is one of the oldest privileges in the law. It dates back to Elizabethan times," he said. He argued that the Justice Department's policy may unintentionally weaken federal prosecutions of corporate crime by dissuading employees from seeking confidential legal advice.

Brian Roehrkasse, a spokesman for the Justice Department, said the department's strategies had netted more than 1,100 corporate fraud convictions in the last four years. He emphasized that federal prosecutors take the preservation of the attorney-client privilege seriously.

"We have met with a number of individuals and organizations who have raised concerns or suggestions about our current guidance for investigating corporate fraud," he said in an e-mail message. "We are also reviewing the newly introduced legislation. Currently, we have not made any final decisions to amend our guidance"

Mr. Specter said his legislation wouldn't prohibit companies from voluntarily coming forward with information .

He acknowledged that the provisions, if passed by Congress, could create some more work for prosecutors.

"The Department of Justice can handle it," he said. "That's a small price to pay for preserving a constitutional right."

Regulation Loosening The Ties That Bind Wall Street (WSJ)

By Kara Scannell

The Wall Street Journal, December 9, 2006

Amid cries from Wall Street, the Treasury and business executives that onerous regulations are blunting the U.S.'s competitive edge in the face of threats from European and Asian financial markets, the Securities and Exchange Commission is poised to unveil Wednesday two initiatives aimed at easing those fears. The moves aren't likely to be the last.

The first change will tweak the rules that firms must follow to obey a provision in Sarbanes-Oxley, the 2002 law passed in response to corporate-accounting scandals. SEC Chairman Christopher Cox, a former Republican congressman from California, has fought attempts by lawmakers to alter the law itself. But he has promised "significant changes" to Section 404, which sets standards for internal corporate controls, with the goal of reducing compliance costs while enhancing the benefit of review.

Under Section 404, management must review internal controls, and outside auditors are required to test them, a step business complains is too expensive. Mr. Cox says the commission's guidance and a new accounting standard (due Dec. 19 from the Public Company Accounting Oversight Board, the accounting industry's overseer) will make 404 more focused on big issues than tiny ones.

The second initiative will make it easier for foreign companies whose stocks and bonds trade here to "deregister" from U.S. reporting requirements. Mr. Cox's idea is that, if there is an easier exit, foreign companies will be less wary of listing here -- an important consideration as U.S. exchanges have lost large foreign initial public offerings to other markets in recent years.

A year ago, the SEC said large non-U.S. companies could cease filing annual and quarterly reports if fewer than 10% of their shares were held by U.S. residents and trading volume in the U.S. was less than 5% of that in their home market. The SEC is now scrapping that standard in favor of an easier one that relies strictly on a yet-to-be-released percentage of trading volume.

Both steps are likely to be cheered by those worried about the competitiveness of U.S. capital markets, but the pressure won't abate. With a thick set of recommendations from a private commission already on the table, a McKinsey study commissioned by Sen. Charles Schumer of New York, a Democrat, and Republican New York City Mayor Michael Bloomberg coming soon, and Treasury Secretary Henry Paulson pushing the issue, the campaign to further ease regulation and make life better for Wall Street is sure to continue.

Possible Leak To Lobbyists Gets Attention Of The SEC (WP)

By Jeffrey H. Birnbaum, Carrie Johnson

The Washington Post, December 9, 2006

The Securities and Exchange Commission has looked into whether lobbyists provided hedge funds with potentially market-moving information about a pending congressional speech.

The SEC earlier this year questioned the office of Senate Majority Leader Bill Frist (R-Tenn.) about a possible insider leak to lobbyists about a speech Frist was to give on asbestos legislation, a Frist spokeswoman said.

SEC officials also said they had looked informally into whether hedge funds, in turn, bought shares in companies that would be affected if Congress approved the bill, which would have settled asbestos civil suits.

But the SEC officials said that no charges were imminent and that it was unclear whether providing congressional information could be considered improper or illegal under insider trading laws.

Employees of public companies are barred from disclosing material information about their companies' plans. But lawmakers and their staff in Congress do not face similar restrictions on the information they can provide about legislative actions. Congressional ethics rules prohibit such disclosures only when aides or lawmakers profit from the information.

Few lobbyists reached yesterday expressed worry that their information-sharing might be restricted anytime soon. But Paul A. Miller, president of the American League of Lobbyists, said he would think twice about taking on a hedge fund client until the SEC gave more guidance about the propriety of selling rarified information to hedge funds.

The Frist incident, which was first reported by the Wall Street Journal, points up a growing business among lobbyists: the selling of information and analysis to hedge funds. As hedge funds have proliferated, lobbyists have increasingly supplemented their incomes by advising these big-money investors about Washington trends as an adjunct to their basic task of trying to influence legislation and regulation.

"The advisory business to hedge funds has been growing," said Paul A. Equale, a prominent lobbyist. "But in my experience it is almost a benign exchange of ideas and perspectives. It's more explaining how Washington works."

Intelligence collecting and legislative prognostication has long been a staple of lobbyists. "Information gathering is part of the daily lifeblood of what lobbyists do for their clients," said Frederick D. McClure, a lobbyist with Sonnenschein Nath & Rosenthal.

In addition, various types of companies -- including lobbying/law firms and capital-based research organizations -- have long sold their best guesses about the Washington outlook to investment houses and their clients. Many investment houses have for years had their own Washington offices to churn out the same kinds of reports.

But the SEC was concerned enough about the upward movement of a few stocks prior to Frist's November 2005 speech, which pledged a Senate vote on the asbestos bill, that it posed some questions to the lawmaker's office. Those questions were referred to the Senate's legal counsel, a Frist spokeswoman said.

CRIMINAL LAW:

Police Chief's Letter To Polygamist Leader: I Love You (AP)

DOJ_NMG_0105245

AP, December 9, 2006

SALT LAKE CITY, Utah (AP) -- The chief law enforcer in two Utah-Arizona border towns is accused of misconduct for pledging allegiance to the leader of a polygamous sect who was on the FBI's most wanted list.

"I love you and ... know that you have the right to rule in all aspects of my life," Fred Barlow wrote in an October 2005 letter to Warren Jeffs. "Without priesthood I am nothing."

Barlow warmly addressed Jeffs as "Uncle Warren" and closed the letter by referring to himself as Jeffs' "servant."

Barlow is the police chief of a joint department serving Colorado City, Arizona, and Hildale, Utah. Jeffs is the leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints, which has 10,000 followers in those two towns.

The FLDS church practices polygamy and congregants revere Jeffs as a prophet and are taught to be obedient, including marrying at his behest.

Jeffs was arrested near Las Vegas on August 28. A judge will decide next Thursday whether he will stand trial in Utah on charges of rape as an accomplice for forcing a teenage girl to marry an older cousin. He also faces similar charges in Arizona.

"I am praying for you to be protected and yearn to be with you again," Barlow wrote. "I and all of the other officers have expressed our desire to stand with you and the priesthood."

The Arizona Peace Officer Standards and Training Board is using the letter as evidence in one of three misconduct charges against Barlow, who could lose his certification. The Salt Lake Tribune obtained the letter and published it Friday.

Separately, the Utah Peace Officer Standards and Training Council this week voted to conduct its own probe of the police force, whose officers are accused of being too loyal to Jeffs.

Barlow even consulted Jeffs on a personnel matter in the letter. He named a police academy graduate he planned to hire -- "unless you would like us to do something different."

Federal authorities obtained the missive on October 28, 2005, when Jeffs' brother, Seth Jeffs, was arrested in Colorado with correspondence, money and other supplies believed to be intended for Warren Jeffs.

Barlow did not immediately return a phone call seeking comment Friday. In an interview with Arizona regulators on August 10, Barlow said he does not get daily advice from Jeffs, but "we may ask for some advice on some things if we can get it."

Anderson Indicted On Seven Counts (ANCHDN)

By RICHARD MAUER, LISA DEMER And TOM KIZZIA, Anchorage Daily News

Anchorage Daily News, December 9, 2006

Federal bribery case centers on link to prison firm lobbyist

State Rep. Tom Anderson pleaded not guilty Friday to a series of federal charges accusing him of selling his legislative office for $12,828 in bribes from a lobbyist representing private prison interests.

Anderson, a 39-year-old Republican who has represented Muldoon's District 19 since he was elected in 2002, was ordered freed Friday by U.S. Magistrate Judge John Roberts on an unsecured $10,000 bond after his arrest Thursday by FBI agents. Roberts said Anderson could travel to Mexico on a previously scheduled vacation next week with his wife, Republican state Rep. Lesil McGuire, who was elected to the state Senate in November, and their infant son.

TWO YEARS IN THE MAKING

The 18-page indictment against Anderson said the lobbyist was secretly recorded July 21, 2004, boasting that for a price, Anderson would be "our boy in Juneau."

A week later, the same lobbyist was recorded telling a confidential informant, "If I was a Soviet spy and I was looking for a legislator to recruit, (Anderson) would be the one I'd get." Anderson "needs the money," the lobbyist said.

The government didn't charge the lobbyist. He is identified only by the letter "A," but the facts in the case point to Bill Bobrick of Anchorage, who represented Cornell Companies, a private prison firm Outside. Bobrick didn't return messages left on his home and cell phones Friday, and his business number wasn't working.

On Thursday, before Anderson's arrest, Bobrick said in an interview that he was getting out of the lobbying business and was in the process of handing off his clients. He cited "health issues" as the reason.

Anderson, who did not seek re-election this year and formally leaves office next month, is the first legislator charged with corruption in office since two state senators faced charges in the early 1980s. One, George Hohman, was convicted of bribery in 1981, while the other, Ed Dankworth, successfully appealed his 1982 conflict-of-interest charges and never faced trial.

Anderson's seven-count indictment accuses him of going into league with Lobbyist A to promote a private prison somewhere in Alaska and a private juvenile treatment facility in Anchorage.

In return for the money, it said Anderson got himself appointed to legislative committees with jurisdiction over prisons and treatment, lobbied other elected officials, agreed to align his votes with the correction company's interests, wrote letters and publicly spoke on behalf of company projects.

Anderson disguised the source of the money in his reports to the Alaska Public Offices Commission, the indictment charged.

A GOVERNMENT SOURCE

A second private prison advocate secretly worked with the government to record conversations of the lobbyist and Anderson. The informant, identified only as "CS-1," used money provided by the FBI in the payoffs.

The private prison company was identified only as "Corrections Company" in the charges, but the facts squarely match Cornell Companies Inc. of Houston, Texas, a publicly traded corporation with facilities in 17 states. Cornell operates six halfway houses in Alaska from its buyout of Anchorage-based Allvest Corp. With partners Veco and Allvest founder Bill Weimer, Cornell failed to win public support for private prison proposals in Anchorage, Delta Junction, Kenai and Whittier.

The proposals were all highly controversial in the communities, though they often sailed through legislative committees. During a House Finance Committee hearing May 9, 2004, Rep. Eric Croft, D-Anchorage, said the effort was corrupting the state.

"What I see, over and over, is repeated sole-source, pre-arranged, heavy-money deals that go to specific contractors. ... It's never been a clean, competitive proposal," Croft said at the time, the only member of the committee to object. "We are going to see somebody indicted and probably imprisoned over this series of proposals."

A prepared statement from the Justice Department released Friday said the corrections company was never told about the payments to Anderson "due to the undercover nature of the operation." It said the company "was not implicated in the corrupt activities that are alleged in the indictment."

Christine Parker, a spokeswoman for Cornell in Houston, said, "There's nothing that we knew of, or were aware of, until this indictment was issued."

Anderson arrived for his arraignment in federal court Friday wearing a bright yellow jumpsuit with the word "PRISONER" across his back. His legs were shackled as he rose for the judge alongside his defense attorney, Jeffrey Feldman of Anchorage. The hearing lasted 19 minutes. His trial was set for Feb. 12.

If the government was making a point to other potential defendants in its ongoing investigation into corruption, the message was tough. Nicholas Marsh, a trial attorney from the Justice Department's Public Integrity Section in Washington, D.C., told the court the charges carried penalties ranging from a maximum of five years and a $250,000 fine for conspiracy to a maximum of 20 years and $500,000 for each of three money laundering charges. Anderson was also accused of two counts of extortion (20 years and $250,000) and one count of bribery (10 years and $250,000).

The activities alleged in the indictment took place long before the coordinated raids of Aug. 31, when the FBI searched the offices of 10 percent of the 60-member Legislature. Anderson's office wasn't among them, and it's unclear how his case is related. Marsh, assistant U.S. attorney Joseph Bottini and FBI agent Mary Beth Kepner, a leader of the corruption probe, left quickly after the arraignment and declined to answer questions.

CALLS WERE RECORDED

The conspiracy alleged in the indictment began in July 2004 and continued through the following March. It said that Lobbyist A set up a shell company called Pacific Publishing that existed solely to launder money to Anderson. The company would pay Anderson to write articles about politics that would be published on its Web site, but Anderson was paid without ever scribbling a line.

CS-1 paid Lobbyist A $24,000 in three payments. The cover story was that the money was for advertising on the Web site, but they agreed the money was really for Anderson's pocket, with "A" taking a sizable cut.

The indictment said CS-1 had worked for the corrections company as a lobbyist "at various times." The identity closely matches Frank Prewitt, a former Alaska corrections commissioner appointed by Gov. Wally Hickel and who later went to work for Cornell.

In an e-mail exchange with the Daily News on Friday, Prewitt suggested he was the source, though he stopped short of confirming it.

"At this time it is inappropriate for me to talk about the voluntary role that I and others may have played in the Anderson investigation," Prewitt wrote. "Over the next year I believe you will find that this was only the beginning of the end of a sad, but healthy chapter in Alaska history. My prayers are with Representative Anderson and his family during this difficult time for all."

The first recorded conversation cited in the indictment occurred July 16, 2004, when the lobbyist suggested to the confidential source that they "try with (Cornell) to help out Tom Anderson." Five days later, the lobbyist told the source that Cornell should hire Anderson through him.

Rather than report Cornell, with its interest in legislation and other government action, as the source of the money, Anderson said he was paid for writing for the Pacific Publishing Web site.

Anderson himself was recorded Aug. 17, 2004, telling the confidential source: "APOC only needs to know (Bobrick) pays me and then we're all safe."

DOJ_NMG_0105247

The source paid the lobbyist the first $8,000 Aug. 19, 2004, the indictment charged. Out of that, Anderson received $3,328, which he deposited Aug. 23 into the account of his personal consulting firm, Alaska Strategic Consultants.

In a recorded call Oct. 20, 2004, the source told Anderson he had prepared the next $8,000 payment and planned to pass it on to the lobbyist.

"Awesome. Awesome. I appreciate it," Anderson is quoted as saying.

Anderson received a $3,500 advance from that payment, the indictment charged.

The source made his last $8,000 payment on Dec. 21, 2004. Anderson got $4,000.

But late in the scheme, the indictment alleged, Anderson was showing signs of unhappiness over splitting the money with the lobbyist. According to excerpts of recordings, the confidential source appeared at first to encourage the disaffection, saying it wasn't the lobbyist who was speaking out and voting for Cornell, but rather Anderson.

"I know," Anderson said.

But then the source suggested the lobbyist might become "estranged" if he were cut out of the deal. The source thought that he could make a separate payment direct to Anderson.

"If there's a way you can think of that, that would be nice," Anderson replied.

The source obliged, handing Anderson a $2,000 check Dec. 21, 2004. The indictment said the check was made payable to Tom Anderson.

Daily News reporter Richard Mauer can be reached at rmauer@adn.com or 257-4345. Reporter Lisa Demer can be reached at ldemer@adn.com. Reporter Tom Kizzia can be reached at tkizzia@adn.com.

U.S. Indicts Alaska Lawmaker In Bribery (WT)

By Jerry Seper, THE WASHINGTON TIMES

The Washington Times, December 9, 2006

A federal grand jury in Alaska yesterday indicted Thomas T. Anderson, a member of the Alaska State House of Representatives, on charges of extortion, conspiracy, bribery and money laundering.

The indictment, handed up in U.S. District Court in Anchorage, accuses Mr. Anderson of soliciting and receiving money from an FBI confidential source in exchange for his agreement to perform official acts to further the source's business interest.

Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said the seven-count indictment returned Wednesday charges Mr. Anderson with two counts of extortion, one count of bribery, one count of conspiracy, and three counts of money laundering in connection with the use of a sham corporation to hide the source of the bribery payments.

The indictment also said that from July 2004 to March 2005, Mr. Anderson, along with another person identified as "Lobbyist A," solicited and received $26,000 in payments from an FBI confidential source, in exchange for Mr. Anderson's agreement to take official acts as a member of the Alaska Legislature.

According to the indictment, Mr. Anderson and Lobbyist A participated in the creation of a sham corporation to conceal the existence and true origin of the payments, and used the sham corporation to funnel a portion of the $26,000 to Mr. Anderson.

The indictment said the FBI confidential source was a consultant for a private corrections company located outside the state of Alaska, and Mr. Anderson and Lobbyist A initiated contact with the FBI confidential source in order to solicit bribery payments.

The FBI confidential source, however, never communicated those solicitations or any other information to the corrections company because of the undercover nature of the operation, the indictment said. The corrections company was not implicated in the corrupt activities that are charged in the indictment.

If convicted, Mr. Anderson faces a maximum penalty of 20 years and a $250,000 fine on the extortion counts; a maximum penalty of 20 years and a $500,000 fine on each of the money-laundering counts; a maximum penalty of 10 years and a $250,000 fine on the bribery count; and a maximum penalty of five years and a $250,000 fine on the conspiracy count.

The case is being prosecuted by trial attorneys Nicholas A. Marsh and Edward P. Sullivan of the Justice Department's Public Integrity Section, which is headed by Acting Chief Edward C. Nucci, as well as Assistant U.S. Attorneys Joseph W. Bottini and James A. Goeke in Alaska.

McGuire Defends Her Husband (ANCHDN)

Anchorage Daily News, December 9, 2006

Anchorage Sen.-elect Lesil McGuire said Friday that her husband is innocent of bribery and other charges, while noting the things he's accused of happened before they married.

"I am not and have not been a target of any investigation," she said in a statement issued to the media.

McGuire, a state representative from South Anchorage who was recently elected to the Senate, married Rep. Tom Anderson more than a year ago.

"He is a good man," McGuire told The Associated Press. "I've been beside him through many battles in the Legislature and have watched him. I'm devastated."

McGuire told The AP that the accusations against her husband don't involve her at all and that Anderson has stopped working as a lobbyist before the city. Anderson did not run for re-election and his term is about to run out.

McGuire did not return repeated calls from the Daily News on Friday.

In her written statement to the media, she asked that the public withhold judgment of her indicted husband "until the judicial process has run its course."

"As you can imagine, my family and I are devastated by the events that occurred yesterday," she wrote.

Federal Jury Convicts Ex-Teamsters Leader (HC)

By Harvey Rice, Houston Chronicle

Houston Chronicle, December 9, 2006

Crawley is found guilty of rigging union election and accepting kickback

A federal jury convicted on Friday a former president of Houston's largest Teamsters local on all counts alleging that he rigged a union election and accepted a kickback from a vendor.

Charles "Chuck" Crawley was taken from the downtown courtroom immediately after the verdict was announced.

U.S. District Judge Melinda Harmon scheduled a March 23 hearing, when Crawley could be sentenced up to 30 years in prison.

"I think he's in shock," defense attorney Ned Barnett said.

He added that his client "was convicted on testimony of witnesses who have told a lot of lies in the past," referring to union officials who were given immunity in return for testimony.

Jurors had heard four days of testimony in Crawley's trial on one count of mail fraud, two counts of embezzlement and one count of falsifying records. He is the fourth Teamsters president in Houston to be convicted on federal charges since 1992, Assistant U.S. Attorney Edward Gallagher said.

Crawley was elected as a reformer in 1997 after his predecessor, Richard Hammond, was removed by a trustee from the international union in 1995. Hammond was sentenced to four years in federal prison in 1998 after his conviction for embezzling union funds.

Assistant U.S. Attorney Michael Wright said Friday that Crawley betrayed union members' trust for his own gain.

The verdict came after a prosecutor told jurors in closing arguments that Crawley had assured a union vendor that he would have the winning bid in return for a $20,000 kickback.

Justice Department trial attorney Vincent Falvo said Crawley told the vendor who installed the telephone system in a new union hall, "There will be no other bids. This is my union hall."

By convicting Crawley of accepting the kickback and rigging a 2002 union election, "You will tell Mr. Crawley, 'No, it is the members' union,' " Falvo told jurors.

Barnett countered that prosecutors unfairly targeted his client and that prosecution witnesses lied to save themselves or because they feared the government.

"They wanted Mr. Crawley. They had their minds made up" before evidence was gathered, Barnett said. "He's the prize. He's the trophy."

Wright called that allegation absurd.

Crawley, 56, was indicted in June after a three-year probe into allegations that he rigged the 2002 election to stay in office.

An investigation by the International Brotherhood of Teamsters led to his ouster in 2003 as head of Local 988.

That same year, he gained national attention by using non-union labor to build the local's $1.7 million union hall, causing international President James P. Hoffa to cancel his appearance at the opening.

Crawley was accused of mailing 362 phony absentee ballots in the names of union members he thought would not vote.

But 36 did vote, raising suspicions that led to an investigation, prosecutors said.

Falvo said an FBI lab found Crawley's fingerprints on one of the phony ballots, and another union official testified that he helped Crawley stuff the phony ballots into envelopes.

A vendor testified that he offered to sell the union a phone system for $32,000, but Crawley asked him to add $20,000.

Child Porn Site Host Guilty (CLARKSLC)

By Thomya Hogan, The Leaf-Chronicle

Clarksville (TN) Leaf-Chronicle, December 9, 2006

Clarksville man makes plea, faces 5- to 150-year sentence

A Clarksville man who hosted an Internet chat room called "Kiddiepics & Kiddievids" that was at the center of an international child pornography investigation pleaded guilty in federal court Thursday.

Royal Raymond Weller, 49, who lived in Hunter Chase Apartments on Madison Street at the time of his arrest, admitted to eight counts of conspiracy to distribute child pornography, distribution of child pornography, receipt of child pornography and possession of child pornography.

After making his plea in U.S. District Court in Nashville Thursday, Weller now faces between 5 and 150 years in federal prison and will be sentenced in March.

According to a news release from the Justice Department, Weller, under the user name "G.O.D.," hosted chats shaped around users' preferences and included promoting the trade of child pornography and evading detection by law enforcement.

Many of the users and administrators of the site had conversations about their involvement in sexual molestation, and the chat included discussion of sexually explicit conduct involving prepubescent children, bondage and bestiality. Some of the children depicted were infants.

When sharing child pornography, Weller used a different identity, "Devil666" and often had more than 1,000 images and videos available for trade. The Justice Department said Weller also had about 10,000 child pornography files on his computer and hard drives.

Weller ran his chat rooms and traded child porn for at least 2 1/2 years. He admitted to being attracted to young girls going through puberty and told investigators he had secretly taken photographs of children in public locations.

"There are few if any crimes more revolting than those involving the sexual exploitation of vulnerable young children," said U.S. attorney Craig Morford in the release. "These crimes rob our children of their innocence and leave a wake of victims scarred, both physically and emotionally, for life. It is no accident that this defendant called himself 'Devil666' and it will take nothing short of a dedicated effort on the part of all segments of society — our communities, our schools, our families, our law enforcement agencies and our courts — to stop the spread of this cancer."

Weller's March 6 arrest and subsequent conviction were the result of an investigation that involved the Immigration and Customs Enforcement Agency and law enforcement officers in other countries. He was one of 27 people charged in a ring that spanned 10 states and Canada, Australia and Great Britain.

Thomya Hogan can be reached at 245-0282 or by e-mail at thomyahogan@theleafchronicle.com.

Clarksville Man Pleads Guilty To Child Porn Charges (AP)

AP, December 9, 2006

NASHVILLE, Tenn.- A Clarksville man pleaded guilty Friday to charges related to running an Internet chat room for child pornography that was shut down in international investigation.

Royal Raymond Weller, 49, an appliance repairman, was at the center of an international Internet child pornography chat room known as Kiddypics & Kiddyvids.

Weller pleaded guilty in U.S. District Court in Nashville to eight counts of conspiracy to distribute child pornography, distribution of child pornography, receipt of child pornography and possession of child pornography, The Leaf-Chronicle reported.

Weller will be sentenced in March and could face between five and 150 years in federal prison.

He was arrested in March after an investigation involving the Immigration and Customs Enforcement Agency and law enforcement officers in other countries.

He was one of 27 people charged in the ring operating in 10 states and Canada, Australia and Great Britain.

The U.S. Justice Department said Weller had about 10,000 child pornography files on his computer and hard drives.

Senator: Illegal Images Must Be Reported (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, December 9, 2006

John McCain proposes law to force Web sites to report unlawful activity and delete posts by sex offenders.

Millions of commercial Web sites and personal blogs would be required to report illegal images or videos posted by their users or pay fines of up to $300,000, if a new proposal in the U.S. Senate came into law.

The legislation, drafted by Sen. John McCain and obtained by CNET News.com, would also require Web sites that offer user profiles to delete pages posted by sex offenders.

In a speech on the Senate floor this week, the Arizona Republican and former presidential candidate warned that "technology has contributed to the greater distribution and availability, and, some believe, desire for child pornography." McCain scored 31 of 100 points on a 2006 election guide scoring technology-related votes.

After child pornography or some forms of "obscenity" are found and reported, the Web site must retain any "information relating to the facts or circumstances" of the incident for at least six months. Webmasters would be immune from civil and criminal liability if they followed the specified procedures exactly.

McCain's proposal, called the "Stop the Online Exploitation of Our Children Act" (click for PDF), requires that reports be submitted to the National Center for Missing and Exploited Children, which in turn will forward to the relevant police agency. (The organization received $32.6 million in tax dollars in 2005, according to its financial disclosure documents.)

Internet service providers already must follow those reporting requirements. But McCain's proposal is liable to be controversial because it levies the same regulatory scheme--and even stiffer penalties--on even individual bloggers who offer discussion areas on their Web sites.

"This constitutionally dubious proposal is being made apparently mostly based on fear or political considerations rather than on the facts," said Kevin Bankston, an attorney with the Electronic Frontier Foundation in San Francisco.

According to the proposed legislation, these types of individuals or businesses would be required to file reports: any Web site with a message board; any chat room; any social-networking site; any e-mail service; any instant-messaging service; any Internet content hosting service; any domain name registration service; any Internet search service; any electronic communication service; and any image or video-sharing service.

Kate Dean of the U.S. Internet Service Provider Association said her members appreciated McCain's efforts to rewrite the current procedures for reporting illegal images, which currently are less than clear.

McCain's proposal comes as concern about protecting children online has reached nearly a fever pitch in Washington. Attorney General Alberto Gonzales gave two speeches this week on the topic, including one on Friday in which he said "we must do all that we can to protect our children from these cowardly villains who hide in the shadows of the Internet."

But the reporting rules could prove problematic for individuals and smaller Web sites because the definitions of child pornography have become relatively broad.

The U.S. Justice Department, for instance, indicted an Alabama man named Jeff Pierson last week on child pornography charges because he took modeling photographs of clothed minors with their parents' consent. The images were overly "provocative," a prosecutor claimed.

Deleting sex offenders' posts

The other section of McCain's legislation targets convicted sex offenders. It would create a federal registry of "any e-mail address, instant-message address, or other similar Internet identifier" they use, and punish sex offenders with up to 10 years in prison if they don't supply it.

Then, any social-networking site must take "effective measures" to remove any Web page that's "associated" with a sex offender.

Because "social-networking site" isn't defined, it could encompass far more than just MySpace.com, Friendster and similar sites. The list could include Slashdot, which permits public profiles; Amazon.com, which permits author profiles and personal lists; blogs like RedState.com that show public profiles. In addition, media companies like News.com publisher CNET Networks permit users to create profiles of favorite games, gadgets and music.

"I think there is an irrational hysteria surrounding these social-networking sites and the threat to youngsters on these sites, so I don't see these measures being justified," said EFF's Bankston.

A McCain aide, who did not want to be identified by name, said on Friday that the measure was targeted at any Web site that "you'd have to join up or become a member of to use." No payment would be necessary to qualify, the aide added.

In this political climate, members of Congress may not worry much about precise definitions. Another bill also vaguely targeting social-networking sites was approved by the U.S. House of Representatives in a 410-15 vote.

And in July, for instance, Congress overwhelmingly approved a bill that made it a federal felony for Webmasters to use innocent words like "Barbie" or "Furby" to trick minors into visiting their sites and viewing sexually explicit material.

Next year, Gonzales and the FBI are expected to resume their push for mandatory data retention, which will force Internet service providers to keep records on what their customers are doing online. An aide to Rep. Diana DeGette, a Colorado Democrat, said Friday that she's planning to introduce such legislation when the new Congress convenes.

Cathy Milhoan, an FBI spokeswoman, said on Friday that the FBI "continues to support data retention. We see it as crucial in advancing our cyber investigations to include online sexual exploitation of children."

In addition, Sen. Chuck Schumer, a New York Democrat, and McCain said this week that they'll introduce similar legislation dealing with sex offenders and social-networking sites in January.

CNET News.com's Anne Broache contributed to this report

CIVIL RIGHTS:

Osceola Poised To Accept Order On Voting Districts (ORS)

By Mark Pino, Sentinel Staff Writer

The Orlando Sentinel, December 9, 2006

After spending nearly a year and a half and about $2 million fighting a federal voting-rights suit, Osceola County commissioners appear ready to abide by a federal judge's order Friday that will implement single-member voting in pending elections.

If commissioners vote to accept the ruling, a special election for two commission seats could be held this spring. A private strategy meeting is expected early next week, commissioners said.

Two commissioners questioned the wisdom of continuing the fight Friday, and two others expressed doubts about an appeal but wanted to wait to hear from the county's attorneys. A fifth commissioner did not return phone calls.

"I don't see much effort in doing that," Commissioner Tom Franklin said of an appeal. "At one point or another, you have to decide if it is worth the battle. It is something we have no control over. You don't keep fighting against windmills."

U.S. District Judge Gregory A. Presnell tossed out an Osceola proposal that would have created a hybrid system with five single-member and two at-large commission seats.

"As this court has already found, Hispanics in Osceola County have no reasonable opportunity to elect members in an at-large election. Therefore, given the high degree of historically polarized voting, the extra two at-large seats are completely out of the reach of the Hispanic community," Presnell wrote in a ruling released less than 24 hours after a hearing Thursday.

The judge accepted district boundaries drawn by the U.S. Department of Justice and approved by the county earlier this week. He also accepted a proposal for which seats would be on the ballot and how elections would proceed.

Under the plan, an open seat for a new Hispanic-majority district that includes Buenaventura Lakes will be up for election as well as a district seat for which Commissioner Ken Smith is the incumbent.

Commission Chairman Ken Shipley said an executive session was likely for Tuesday to discuss options. Like all commissioners contacted, he was disappointed with the ruling. But he said he thought the chances of a reversal on appeal were slim.

"I don't think it is winnable right now. It is only going to delay the inevitable," Shipley said. "I would have loved for it to be different. I think the board has done everything it could in protecting the charter and what voters voted on years ago," he added in reference to a 1996 referendum in which voters opted to switch back to countywide election of commissioners from a single-member-district format.

Presnell ruled in October that the "racially polarized" county's at-large voting system penalizes Hispanics in violation of the U.S. Voting Rights Act.

"Moving forward with elections next spring under a lawful plan is an important victory for all the residents of Osceola County," said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division, "and particularly for its Hispanic citizens who have been denied the right guaranteed by the Voting Rights Act to full and equal participation in the democratic process in county government."

About 38 percent of the county's population is Hispanic. Only one Hispanic has been elected to countywide office, but that was in 1996 during the county's brief experiment with single-member voting.

Commissioner Paul Owen thought expanding the board with two at-large seats was a fair compromise.

He said he was waiting for the meeting next week to decide whether an appeal was appropriate.

"I will definitely give weight to what our attorneys have to say on our chances of winning an appeal," Owen said.

Smith reiterated his firm belief in at-large voting, saying: "You should have a right to vote for anyone who has a say-so on taxing your property. I think having a county perspective as opposed to a district perspective is something that is needed."

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Jury Ruling Favors Ex-DEA Agent In Bias Suit (MH)

By Jay Weaver

The Miami Herald, December 9, 2006

A former high-ranking federal drug agent in Miami said a "great feeling" swelled up inside him on Friday when he won a 4-year-old discrimination lawsuit against the U.S. government.

DOJ_NMG_0105252

A federal jury in Miami found the Drug Enforcement Administration discriminated against Sandalio Gonzalez, the former second-in-command of the DEA's South Florida field office, by retaliating against him with a transfer to another management job in Texas in 2001.

The racially mixed, nine-person jury awarded $85,000 in damages to Gonzalez, 55, of Doral, who had been the DEA's top-ranking Cuban-American administrator. The victory under U.S. law allows his attorneys to obtain legal fees, which could total hundreds of thousands of dollars.

For Gonzalez -- who stirred controversy in 2000 when he blew the whistle on a Miami drug bust in which 10 kilos of cocaine went missing -- the court triumph was sweet vindication. He had stood up for not only himself, but also other Hispanic and black DEA agents in the Miami field office over issues of discrimination, his lawyers said.

"I don't think it's sunk in yet," said the 27-year DEA veteran, now retired. ``It's just a great feeling to see the system work."

The Department of Justice, named as a defendant in the suit, could appeal the verdict. The Drug Enforcement Administration, which is part of the Justice Department, declined to comment Friday.

Gonzalez was among 16 top-level agency executives sent transfer orders on Jan. 18, 2001 -- just before a four-month freeze on such moves was instituted by President George W. Bush's incoming administration. Gonzalez, who supervised about 300 agents in Miami, was ordered to move to El Paso, Texas, where he was the top DEA administrator in charge of 150 agents. Gonzalez, who made $142,000 annually, retired last year and returned to Miami.

Top DEA officials, who testified at the week-long trial before U.S. District Judge Federico Moreno, described the transfer as a ``promotion."

But Gonzalez and several others on the transfer list had complained that DEA Administrator Donnie R. Marshall's actions were meant to punish perceived troublemakers and reward his friends before his successor was appointed by the Bush administration.

"Believe me, this was the last thing I wanted to do," Gonzalez told The Miami Herald after filing a complaint to stop the transfer in March 2001. ``Of course I'm sad about it, but they have left me no choice."

Gonzalez accused Miami DEA agents, supervisors and high-level federal prosecutors of covering up the disappearance of 10 kilos of cocaine from a 1998 search of a drug suspect's stash house in Miami. Internal investigators found no wrongdoing.

Gonzalez alleged unfair treatment of Hispanic agents in the DEA's Miami field office -- a claim central to his discrimination suit.

His attorneys, Richard Diaz and Donald Appignani, rejoiced over the victory, saying their client showed courage in standing up to the government on such an important principle.

"While the amount of money awarded to Sandy does not match the harm the government did to him," Diaz said, ``what is more important is he has been vindicated after four years in the court system."

ANTITRUST:

Commissioner Cleared To Vote On AT&T-BellSouth Deal (AP)

By John Dunbar

AP, December 9, 2006

WASHINGTON — The Federal Communications Commission's (FCC) top lawyer on Friday authorized one of its members to vote on the proposed buyout of BellSouth by AT&T, despite an apparent conflict of interest. The move could break a deadlock on the deal.

The decision came a week after FCC Chairman Kevin Martin declared an impasse in the proceeding and asked General Counsel Sam Feder to determine whether Commissioner Robert McDowell, a former lobbyist, should be allowed to vote on the $84 billion acquisition.

The deal would be the biggest in U.S. telecommunications history.

Feder's action increases the likelihood that AT&T, the biggest U.S. telephone company, will win conditional approval from the FCC within the next two months and overcome the acquisition's final regulatory hurdle, said Paul Glenchur, an analyst at Stanford Washington Research Group.

McDowell, one of three Republicans on the five-member commission, has sat out of negotiations because of his past work as a lobbyist.

"There's still a decent chance it will be wrapped up this year," Glenchur said.

The next open meeting for the agency is Dec. 20, but Martin said Friday night that he does not anticipate putting the issue up for a vote then. It would not give McDowell enough time to get "up to speed" on the issues, Martin said.

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In Feder's eight-page opinion, he argued that McDowell should be allowed to vote because he had not participated in the merger proceeding as a lobbyist, did not stand to gain financially from his vote, and that it would be impossible for someone else to take his place in the proceeding.

But Feder was also clearly torn, noting that Robert Cusick, director of the Office of Government Ethics, had said the decision was a close call on which reasonable people could differ and that Cusick said he would decide against authorization but that "the FCC could reasonably come out the other way."

Martin and AT&T are betting that McDowell, despite his history, will vote to approve the merger.

In a statement, McDowell did not indicate whether he had made up his mind, saying only that he was reviewing Feder's opinion.

McDowell also noted that the incoming chairman of the House Energy and Commerce Committee, Rep. John Dingell, D-Mich., had written the commission posing questions about its precedents for recusals and other issues.

"I look forward to receiving a copy of Mr. Feder's response," McDowell said, adding that in the meantime he hoped the other four commissioners would resolve their differences and reach an agreement.

Dingell questioned the circumstances surrounding the decision, including the comments of the director of Office of Government Ethics, saying they raised "serious questions of both ethics and propriety."

McDowell is one of three Republicans on the five-member commission. He has not participated in the merger because he thinks a vote would violate conflict of interest rules.

Without McDowell, Martin has declined to schedule a vote because it has appeared the result would be a 2-2 deadlock, with Martin and another Republican appointee favoring the deal and the two Democrats opposing it.

Commissioners Michael Copps and Jonathan Adelstein have asked AT&T to agree to further concessions, including assurances the giant company would not discriminate against Internet traffic, an issue known as network neutrality.

Martin confirmed that the key sticking point revolved around the "network neutrality" issue.

The Antitrust Division of the Justice Department cleared the deal Oct. 11, declaring there were no competitive concerns and opting not to require the combined company to divest assets or make any other concessions.

The proposed takeover has been approved by regulators in 18 states, leaving the FCC as the final hurdle.

Last week, Martin wrote a letter to several members of Congress who oversee the FCC, saying in part: "Despite working for months to reach consensus with my colleagues, three attempts over the past six weeks to have this item considered at an open meeting, and countless hours of internal deliberations, the commission has reached an impasse."

Both Democrats criticized the move then.

Copps said allowing McDowell to vote would create more problems than it resolves. It also would "short-circuit discussions, and very likely shortchange consumers," he said. Adelstein echoed those comments.

McDowell once worked for the trade association Comptel, which represents companies that compete with AT&T and the other regional Bell phone companies.

Material from Bloomberg News is used in this report.

Another Flight Delay (WSJ)

The Wall Street Journal, December 9, 2006

Well, that's the end of that. The Transportation Department announced this week that it's giving up its effort to liberalize the antiquated laws governing ownership of U.S. airlines. Congressional protectionism, 1; common sense 0.

For more than 60 years, U.S. law has barred foreign entities from owning more than 49% of an American carrier, and has restricted foreign "control" to 25%. In theory this keeps a national-security asset in American hands. In practice it stifles investment and competition at a time when American carriers are experiencing heavy turbulence.

Enter former Transportation Secretary Norm Mineta, who proposed allowing foreign investors more latitude to guide fleet composition, route structure and marketing even while safety and security would still rest with American citizens. Alas, 'twas not to be, thanks to a little labor activism and a lot of Congressional territory-marking. Mr. Mineta's successor, Mary Peters, has thrown in the towel, saying the Department "needs to do more to inform the public, labor groups and Congress about the benefits" of the proposal.

Unions already know the benefits, but they fear that a little opening today might pave the way to more competition -- and less generous contracts for American workers -- tomorrow. Imagine Big Labor's delight, then, when feathers started to ruffle on Capitol Hill as Mr. Mineta opted to go the rule-making route instead of seeking legislation. Then the panic hit over a Dubai company investing in U.S. ports. Republicans were only too happy to seize the airline ownership rule as an opportunity to show their independence from the Bush Administration.

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It didn't help that some legacy airlines both at home and abroad viewed the proposal as a front in the broader battle of a U.S.-European Union open skies agreement. The EU had made easing the U.S. ownership rules a prerequisite for such an agreement. Carriers split in reaction to the ownership rule depending on whether they thought they'd win or lose from open skies. Continental Airlines, for example, opposed the ownership rule for fear that it would lose out in a new battle for access to London's Heathrow airport under the EU deal. Continental and other domestic carriers, incidentally, have also been trying to use the ownership rules to block an attempt by Richard Branson's Virgin brand to enter the U.S. market as a low-cost carrier.

The foreign ownership limits are a protectionist vestige from an age when airlines were treated like national totems. That day has long passed, and the rules now serve mainly to protect industry and labor special interests. With AFL-CIO favorite James Oberstar of Minnesota about to take over the House Transportation and Infrastructure Committee, change is even less likely. Air travelers out for better service and lower prices face yet another delay.

ENVIRONMENT:

House OKs Bill To Drill Off Florida (SFC)

By Zachary Coile

San Francisco Chronicle, December 9, 2006

Washington -- The House approved a bill Friday to open 8.3 million acres of federal waters west of the Florida coast to oil and gas drilling, a victory for business interests who lobbied for the bill and four Gulf Coast states that would receive billions in new oil and gas royalties.

But even drilling supporters admitted it was just a tiny fraction of the publicly owned area they had hoped to open during 12 years of Republican rule of Congress. Efforts to drill in Alaska's Arctic National Wildlife Refuge and off the Pacific and Atlantic coasts were defeated and are likely to be mothballed in the new Democratic Congress.

"When it comes to passing important legislation around here, you learn to shoot for the stars in the hope that you might land on the moon," Rep. John Peterson, R-Pa., a key drilling supporter, said after Friday's House vote. The measure still faced Senate consideration in a probable weekend session.

The oil and gas industry already is worried about Democrats' plans, shortly after they take control in the new Congress, to revoke billions of dollars in subsidies approved in recent years. Environmentalists will push for a permanent moratorium on offshore drilling for California and other coastal states that oppose development.

Another sign the winds are changing: The soon-to-be chairman of the House Resources Committee, Rep. Nick Rahall, D-W.Va., announced Friday he will change the name of his panel to the Natural Resources Committee -- the title it had before Republicans took power in 1994.

Rahall told reporters Friday that his agenda next year is "not to engage in the wholesale destruction of pristine federal lands, sacrificing them on the altar of energy development," but to "protect those resources which Americans cherish as places to recreate, hunt and fish."

The vote on offshore drilling was the end of a contentious debate sparked last year when the current House Resources Committee chairman, Rep. Richard Pombo, R-Tracy, introduced a bill to end the 25-year-old ban on drilling and offer states a share of oil and gas royalties if they agreed to allow oil and gas exploration off their shores. The bill also would have opened areas beyond 100 miles offshore to drilling regardless of whether states wanted it.

Pombo's drilling bill passed the House easily last June, but the Senate approved a much narrower measure to allow drilling only in an 8.3 million-acre swath of the Gulf of Mexico known as Lease Area 181, which Democratic President Bill Clinton had first proposed for oil and gas development. The Senate bill also created a "buffer zone" off the Florida coast where no drilling could occur, but only through the year 2022.

The election losses suffered by Republicans on Nov. 7 -- including Pombo's defeat -- reinforced the notion that the House drilling bill was dead.

So industry groups, led by the National Association of Manufacturers, the American Chemistry Council and the American Gas Association, began pressuring the White House and Republican House leaders to accept the Senate bill to secure some new energy supplies before Democrats took power.

Gulf Coast lawmakers, especially Louisiana Democratic Sen. Mary Landrieu, who's been on a crusade to get more oil and gas revenue for her hurricane-stricken state, also aggressively pushed for the bill. She enlisted Senate Democratic leader Harry Reid to back her cause. Reid helped persuade House Speaker-to-be Nancy Pelosi of San Francisco not to whip up Democratic opposition to the drilling measure.

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In the end, the measure narrowly survived. The House, on a 207-205 vote, rejected an amendment by Rep. Ed Markey, D-Mass., to require oil companies to repay royalties owed on leases from the 1990s before they could bid on any new leases. The Senate has no time to change it, so the change would have killed the drilling provision.

The offshore measure was ultimately passed as part of a 367-45 vote on a massive bill to extend $45 billion in popular tax breaks.

The clear winners in the bill -- should the Senate approve it as part of the overall tax measure -- are the states of Louisiana, Texas, Mississippi and Alabama, which soon would start collecting 37.5 percent of all federal royalties on oil and gas leases. Louisiana would get almost half of the new revenues. Together, the states would get several hundred million dollars a year as the pumping begins and tens of billions of dollars more once they start sharing in royalties from all Gulf of Mexico leases beginning in 2017.

Opponents said the measure would be a boondoggle for the Gulf Coast states, robbing as much as $170 billion over the next 60 years from the federal treasury, which could have paid for education, health care or cutting down the national debt.

"It's a great deal for these four states, and I can certainly understand why they would support it. But what I can't understand is why my colleagues from the other 46 states would agree to it," said Rep. Lois Capps, D-Santa Barbara. "This country has record deficits as far as the eye can see, and it's simply irresponsible to add billions more in new debt."

Environmentalists were disappointed by Friday's vote but still pleased they had prevented Pombo's bill from becoming law. They plan to go on the offense next year, pressuring their Democratic allies in key committee positions to permanently ban drilling off much or all of the West and East coasts.

"California's coastline remains at extreme risk until we are able to secure permanent protection," said Richard Charter, chairman of the National Outer Continental Shelf Coalition, a group opposing drilling. "The lesson we saw today was that even in the last 12 hours in the waning days of a lame-duck session, a state can lose its coastline in a heartbeat. That's what happened to much of the Florida coast today."

Sickened By Fresh Produce (NYT)

The New York Times, December 9, 2006

The expanding outbreak of E. coli poisonings in New York, New Jersey and several other states underscores the need for more rigorous regulation of the whole supply chain for fresh produce, from the growing fields to the customer. It is outrageous that fresh vegetables, typically deemed a vital component of a healthy diet, have become a menace because of contamination in their handling.

Although most of the victims had eaten at Taco Bell restaurants, where green onions, or scallions, were found to be contaminated, the real culprit probably lies farther up the supply chain, either at the growing farm or packaging plant or distribution warehouse. Investigators have yet to pinpoint the source, but suspicion seems to be pointing to a farm in California, whose green onions were also involved in a hepatitis outbreak in 2003. Only when the source of bacterial contamination is identified, if indeed it is ever identified, will we know better how this outbreak might have been prevented.

What’s troubling is the recurrence of such outbreaks in recent years. Contaminated meat used to be deemed the big threat, but strict regulation and strong industrial efforts have reduced that risk considerably. Now produce has become a bigger problem than meat or poultry. There have been three multistate outbreaks from produce in the past three months, including an E. coli outbreak linked to spinach and a salmonella outbreak linked to tomatoes. Surely it is time to give government regulators the power and resources they need to ensure the safety of fresh fruits and vegetables.

FBI/DEA/ATF/USMS:

Mafia Takedowns Win Italian Chief FBI Honors (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, December 9, 2006

WASHINGTON- The FBI gave one of its highest honors Friday to Italy's national police chief for working a quarter-century with the U.S. to bring down an estimated 1,000 Mafia and other organized crime leaders in both countries.

Prefetto Giovanni "Gianni" De Gennaro, who at times put sandbags on his windows to shield his family from snipers and whose organized crime officers slept at police stations to remain safe, was awarded the FBI Medal for Meritorious Achievement. The ceremony at FBI headquarters marked the first time the honor was given to an official outside of the FBI's ranks.

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De Gennaro, chief of the Italian National Police, said he worked so closely with the FBI and federal prosecutors that "sometimes I even woke up wondering if i was in Rome or in New York," he told an auditorium packed with current and former top FBI and Justice Department officials.

He said such international cooperation was valuable to help law enforcement face down threats "whether it appeared as a mobster or as a terrorist."

Former FBI Director Louis Freeh, who as a federal prosecutor in New York worked closely with De Gennaro on a number of Mafia cases in the 1980s, said that the U.S-Italy investigative bond "has really changed the face of organized crime.

"It has allowed the law enforcement infrastructure in both counties to really dismantle the command and control of the Mafia," Freeh said.

GRAZIE TO ITALIAN 'PIZZA' COP (NYPOST)

By Kati Cornell

The New York Post, December 9, 2006

December 9, 2006 -- Italy's mob-busting chief of police was honored by the FBI yesterday for his "visionary" approach to international crime fighting that began with New York's famous "Pizza Connection" case.

FBI Director Robert Mueller credited Giovanni De Gennaro - the first foreign official to receive the Medal of Meritorious Achievement - with forging a bond with the United States that grew into a worldwide intelligence network now used to combat terrorism.

De Gennaro first teamed up with the FBI in the 1980s to crack a massive mob-run heroin-trafficking operation involving Sicilian gangsters and their American Bonanno counterparts, who used pizza parlors as fronts.

The probe led to a 17-month trial in Manhattan federal court beginning in 1987, during which one defendant was murdered and another shot before the jury could return its verdict.

More than 20 years later the mob has been devastated by thousands of arrests that De Gennaro said came out of "a deep feeling of friendship [with the FBI] and commitment to fight a common enemy, whether he appeared as a mobster or a terrorist."

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Commute This Sentence (WP)

The Washington Post, December 9, 2006

THE SUPREME Court this week declined to review the case of Weldon Angelos, leaving in place his obscene sentence of 55 years in prison for small-time marijuana and gun charges. The high court's move is no surprise; the justices have tended to uphold draconian sentences against constitutional challenge. But it confronts President Bush with a question he will have to address: Is there any sentence so unfair that he would exert himself to correct it?

So far, Mr. Bush hasn't found one. He has commuted only two sentences, both of inmates who were about to be released anyway. Mr. Angelos, by contrast, is a young man and a first-time offender who is now likely to spend the rest of his life in prison. His crime? He sold $350 in marijuana to a government informant three times -- and carried, but did not display, a gun on two of those occasions. Police found other guns and pot at his house. The U.S. district judge who sentenced him in Utah, Paul G. Cassell, declared the mandatory sentence in this case "unjust, cruel, and even irrational." He noted that it is "far in excess of the sentence imposed for such serious crimes as aircraft hijacking, second degree murder, espionage, kidnapping, aggravated assault, and rape." And in an extraordinary act, he explicitly called on Mr. Bush to use his clemency powers to offer what he as a judge could not: justice. Judge Cassell recommended that Mr. Bush commute the sentence to 18 years, which he described as "the average sentence recommended by the jury that heard this case."

Mr. Bush put Judge Cassell on the bench. As a law professor before that, he was a staunch advocate of tough justice; his chief claim to fame, in fact, was having pressed the Supreme Court to overturn its landmark Miranda decision requiring police to read criminal suspects their constitutional rights. His exceptional discomfort with this case -- and his passionate plea for presidential mercy -- ought to carry weight even with a president so disinclined to use the powers the Constitution gives him to remedy injustices.

TAX:

Actor Pleads Not Guilty In Tax Fraud Case (NYT)

By The New York Times

The New York Times, December 9, 2006

DOJ_NMG_0105257

The actor Wesley Snipes, a fugitive for the last two months while shooting a movie in Namibia, surrendered to federal officials in Florida yesterday and pleaded not guilty to charges of tax fraud and conspiracy.

According to his indictment, by a federal grand jury in Tampa, Fla., Mr. Snipes, 44, failed to file tax returns from 1999 to 2004, and falsely claimed almost $12 million in refunds for 1996 and 1997.

He arrived in Orlando, Fla., yesterday and was arraigned in Ocala, according to the office of the United States attorney for Central Florida.

Mr. Snipes was freed on $1 million in bail. Magistrate Judge Gary R. Jones ordered him released pending trial, and gave him permission to return to Africa to finish his new movie, “Gallowwalker.” A trial is set for March, and Mr. Snipes is required to return to the United States and surrender his passport by Jan. 10.

“I look forward to clearing my name and resolving this issue posthaste,” he said after the hearing, The Associated Press reported.

A federal warrant was issued for Mr. Snipes’s arrest in October. Two Florida men, Eddie R. Kahn and Douglas P. Rosile, were indicted along with Mr. Snipes, on charges of conspiracy and of preparing fraudulent tax returns.

Wesley Snipes In Florida Court In Tax Fraud Case (FINDLAW/AP)

AP, December 9, 2006

(AP) - ORLANDO, Florida-Actor Wesley Snipes surrendered to authorities to face federal tax fraud charges and was released on $1 million (â‚¬750,000) bond Friday, two months after he was indicted in central Florida.

The actor in the "Blade" trilogy, "Major League" and "Jungle Fever" did not speak at a court appearance. He went there after arriving on a private jet Friday from the African nation of Namibia, where he was filming a cowboy movie called "Gallow Walker," his publicist said.

"I look forward to clearing my name and resolving this issue post haste," Snipes said after the hearing. He did not comment further on the case.

Snipes, 44, was charged in October with fraudulently claiming refunds totaling nearly $12 million in 1996 and 1997 on income taxes already paid. He was also charged with failure to file returns from 1999 through 2004.

He will be allowed to return to Namibia to finish his film, but he must return to his home in California on or before Jan. 10, U.S. Magistrate Gary Jones ruled.

After that, Snipes will be required to surrender his U.S. passport.

According to the indictment, Snipes had his taxes prepared by accountants with a history of filing false returns to reap payments for their clients. The firm American Rights Litigators would receive 20 percent of refunds from clients, according to the indictment.

Snipes has said he is a scapegoat and was unfairly targeted by prosecutors, and has suggested he was taken advantage of.

"We believe the evidence in the case will show he has been the victim of unscrupulous tax advice. And this trial will help vindicate him," said Billy Martin, Snipes' lawyer.

If convicted, he faces up to 16 years in prison.

Martin said Snipes left the United States to film the movie long before the indictment.

"We want to make it clear that he did not avoid returning to the United States. He's always been ready to return," Martin said.

CONGRESS-ADMINISTRATION:

Bush Tanks On War (NYDN)

By Kenneth R. Bazinet

New York Daily News, December 9, 2006

WASHINGTON - More Americans than ever say President Bush is doing a pitiful job with the war, and an almost equally overwhelming number of people think Iraq won't turn out to be a stable democracy, a new poll showed yesterday.

A whopping 71% of Americans disapprove of Bush's handling of the war, while only 27% say he's done a good job, according to the AP-Ipsos poll.

Just 9% of Americans believe the U.S. will end up with a clear-cut victory in Iraq, the poll indicated, while 63% said they don't think the country will become a stable democracy.

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The public opinion was so lousy that even Bush's go-to issue - the economy - took a hit in the latest poll. His oversight of the economy sank to a 38% approval rating from last month's 43%.

The cratering of support for Bush's conduct of the war was evident on the floor of the Senate, where an emotional Sen. Gordon Smith (R-Ore.) ripped the strategy and tactics in Iraq.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," Smith said.

"That is absurd. It may even be criminal," added Smith, who voted for the resolution to go to war but said he had changed course after some soul-searching.

Some lawmakers who spent time in meetings yesterday with Bush described him as being in denial and clueless about the American people's desire to see U.S. forces return home from Iraq.

"He has yet to get the message the American people sent him on Nov. 7," said Rep. Joe Crowley (D-Queens), referring to the watershed midterm elections that ended GOP control of Congress.

Crowley, one of eight centrist Democrats who met with Bush in the Oval Office, said the President is going to "cherry-pick" certain recommendations from the Iraq Study Group's report and ignore others.

Incoming Senate Democratic Whip Richard Durbin of Illinois said it was much of the same at an earlier meeting between Bush and the bipartisan leaders of Congress.

"The President did not endorse the Iraq Study Group at this meeting, and his statements leave me questioning whether or not he is ever going to support their conclusions," Durbin said.

Bush will have a series of briefings next week with Pentagon, State Department, National Security Council and outside experts. He is then expected to decide what steps he can take to try to reverse the deadly course that the Iraq war has taken for U.S. forces.

When Bush makes up his mind, he plans to deliver a speech to the nation before Christmas.

The Vanishing Veep (USNEWS)

By John W. Mashek

US News and World Report, December 8, 2006

The forgotten man in the Bush administration is Vice President Cheney. He brought most of it on himself.

His standing is plunging with members of Congress as a whole, Democrats, some Republicans, and even zealots on the Christian right.

For the next two years, it appears he will be struggling to play any kind of significant role in Bush's lame-duck term. He has burned too many bridges to be really effective as a voice in Washington.

Consider these problems:

—Cheney is the first vice president in recent history who is not gearing up to succeed his president and run on his own. Think of Gore, Bush 41, Mondale, Humphrey–the list goes on. If Cheney reversed course, his candidacy would be laughable.

—Cheney's influence in the public domain has hit rock bottom in the past few months. He was unable to save buddy Don Rumsfeld's job as secretary of defense. He raised money for GOP candidates in the fall, but many of them lost.

—Cheney's lesbian daughter, Mary, is pregnant. That development is news only because Cheney's party is so outspoken against same-sex marriage or same-sex parents. In the 2000 campaign, the Bush-Cheney backers railed against same-sex marriage. No one doubts Cheney's sincere love for his daughter, but the Republican Party's hypocrisy here is unmistakable.

—Cheney's voice on the war in Iraq lacks credibility. He has been wrong on virtually all his predictions when he rarely ventures out for interviews. His penchant for being secretive has been evident for six years as aides shield him except for favored folks in the media.

For reporters who covered the Ford administration, as I did, we are puzzled and even dismayed at the change in Cheney. As the top presidential aide to President Ford, he was a hardworking, helpful, and even cheerful individual. He was a big asset to a struggling, accidental president. With Cheney's help, Ford almost pulled an upset in his race with Jimmy Carter.

That man no longer exists.

Cheney was picked as Bush's running mate in 2000 only after Cheney, who directed the selection process, didn't produce a name to the Texas governor's liking. The suspicion was that Bush's father was instrumental in finally going to Cheney.

A number of fellow GOP governors had come in fawning tribute to Bush in Austin, probably figuring they might land on the ticket. But Cheney got the nod, and most were delighted with the choice.

Cheney's downward slide has continued steadily since then.

Rumsfeld Discusses Successes, Failures (WP)

DOJ_NMG_0105259

By Ann Scott Tyson
The Washington Post, December 9, 2006

Departing Defense Secretary Donald H. Rumsfeld said yesterday that his most difficult moment on the job was when he learned of the abuses at the Abu Ghraib prison. His best moment, he said, may come the day later this month when he leaves office.

In his final town hall meeting with Pentagon employees, Rumsfeld ranged from serious and emotional to humorous and sarcastic as he mused about his legacy as one of the nation's longest-serving defense secretaries.

On Iraq, Rumsfeld warned of "the dire consequences, were we to fail there," saying the divide between Sunni and Shiite Muslims could spill over into the entire Middle East. He said it would be "a terrible mistake" for the United States "to pull out precipitously and inject that instability into . . . that region."

"We have every chance in the world of succeeding" in Iraq and Afghanistan, "but only if we have the patience and only if we have the staying power," Rumsfeld said.

When asked about his best and worst days in office, Rumsfeld chose not to cite any missteps in Iraq or U.S. troop casualties. Instead, he pointed to his shock and disappointment over the events at Abu Ghraib.

"Clearly the worst day was Abu Ghraib and seeing what went on there and feeling so deeply sorry that that happened," Rumsfeld said of the abuse of Iraqi detainees by U.S. troops uncovered in early 2004. He said the news "stunned him," calling the mistreatment of Iraqi detainees "egregious wrongdoing."

The incident prompted Rumsfeld twice to offer his resignation to President Bush -- the only times he has acknowledged doing so until Nov. 8, when Rumsfeld announced he was stepping down in the aftermath of Democrats winning Congress in the midterm elections.

"I guess my best day, I don't know, maybe a week from Monday," Rumsfeld quipped. Dec. 18 is when his successor, former CIA chief Robert M. Gates, will be sworn into office in a formal ceremony at the Pentagon.

Rumsfeld, 74, said he has met twice with Gates in preparation for the transition and has "every confidence that he will do a terrific job." Asked what advice he would offer his successor, Rumsfeld received some prodding from the chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, who stood beside him on the Pentagon stage.

Pace whispered something to Rumsfeld, who then told the crowd, "The advice should be: He should listen to the chairman."

Both men defended the defense secretary against an accusation lodged by several generals, both active-duty and retired, that Rumsfeld tended to brush aside their advice. Pace called Rumsfeld "demanding" but said he also took the blame for subordinates and was careful to present their dissenting viewpoints.

Rumsfeld pointed to his decision to set up a senior leadership group, including the Joint Chiefs of Staff and combatant commanders, to "engage them at the beginning of the process" of making decisions.

As for his legacy, Rumsfeld deflected some questions with humor, saying he hopes that history will judge him "better than the local press."

Over time, he said, he hopes that most of his decisions will turn out to have been "the right ones."

Rumsfeld gave the Pentagon moderately good marks on one of his top priorities, the transformation of the military from a Cold War organization to a more agile and adaptive force. While people's attitudes have changed markedly, he suggested, concrete progress has been harder to achieve.

But he gave the military and the government overall a "D-plus" in their efforts to counter extremist ideologies overseas. He defended the controversial decision of U.S. commanders in Iraq to pay a contractor to place positive news articles in Iraqi newspapers but acknowledged that "there's always that line where you begin to propagandize. And you have to be careful."

As he prepares to leave office, Rumsfeld sounded two of his deepest and most long-held beliefs, saying he feels much the same as he did upon leaving the Pentagon the last time, in 1977, after serving as the country's youngest defense secretary.

"America's leadership in the world is not just useful, but . . . urgently needed," he said, repeating a worldview he first embraced as a Princeton University student in the late 1950s. "Ours is a troubled and very dangerous world, and we must not forget it," he cautioned, citing another core belief. The Pentagon today, he said, is in the midst of the most challenging period of its 59-year history.

Rumsfeld did not divulge his future plans, but some people in the audience urged him to write a book. "I always thought I was too young to write a book. I can't use that anymore," he said, drawing laughter. "I might. I might."

Rumsfeld's Farewell Speech (WP)

Cq Transcripts Wire
The Washington Post, December 9, 2006

DOJ_NMG_0105260

DECEMBER 8, 2006
SPEAKERS: DONALD H. RUMSFELD, U.S. SECRETARY OF DEFENSE
GENERAL PETER PACE (USMC), CHAIRMAN, JOINT CHIEFS OF STAFF
[*]

PACE: Mr. Secretary, and everyone in this audience, this is our last opportunity to get together (inaudible), so let me just take minute to thank you all for all you do and to wish you and your families a very blessed and peaceful holiday season. And thanks for all you do to bring peace around the world.

And second, as you know, this is our last town hall meeting with our secretary. And although I'll get a chance to say a few more words next Friday at the departure ceremony, I'd be remiss if I didn't take this opportunity, amongst our family, to say just a few things about Secretary Rumsfeld.

PACE: This man's work ethic is incredible. Is he demanding? You bet.

RUMSFELD: No.

(LAUGHTER)

I've been on my best behavior.

PACE: If you don't have -- if you haven't done your homework when you walk into the secretary's office, you're not going to have a good day.

(LAUGHTER)

But he's most demanding on himself. And we have benefited enormously from the drive and energy that he has instilled in this organization from top to bottom, starting with his own daily work ethic and how he does his job.

Second, I have come, over almost 40 years now, to appreciate two kinds of courage. Courage number one is the kind we are most familiar with in the military, which is courage in combat. But in my five years, now, in Washington, I've also come to appreciate the courage it takes to speak your mind.

And in the meetings that our secretary attends, there are no shrinking violets. And everyone is -- correctly so -- a very special, unique, capable person. And I've watched many times when the conversations amongst groups have been going in a direction and the secretary has had the temerity to say, "I see it differently. Here is why," and to change the course of the conversation and quite literally the course that our country has taken.

That kind of courage is rare. And we who serve in the military and in this department have benefited enormously through the courage that our secretary has shown in those meetings.

PACE: Third, this is a man of very strong loyalty.

It's easy and correct and proper to be loyal up the chain. I am talking about a secretary of defense who is loyal down the chain to his family.

There are 2.4 million American service men and women, active, Guard and Reserve. At any given moment, some one of them is doing something stupid.

(LAUGHTER)

The rest are doing great things.

(LAUGHTER)

But somebody's out there doing something they shouldn't be doing, on occasion, that has had strategic negative impact. And it has been the result of things that the chain of command should have known and taken care of.

Not once -- not once -- when folks have laid at the feet of our secretary the blame for something that has gone wrong, not once has he done anything other than accept the responsibility. He has never tried to deflect that to any subordinate, even though it was a subordinate's responsibility.

Lastly, I admire his integrity. Not only does he speak his mind, but he has been particularly careful to ensure that, when he knew that what he was saying was different from what I or any of the chiefs or any of his subordinate commanders thought about the problem, he always made sure that he said, to whoever he was talking, "General So-and-So sees it differently; this is what he or she thinks," in a way that always had all the facets of the issue on the table.

It takes enormous integrity to have the kind of strength of conviction that the secretary has to drive to the conclusion that he believes is correct and, at the same time, ensure that the decision- maker has in front of him or her all of the information and all of the various ideas.

PACE: For those reasons and so many more, it is my distinct privilege to introduce once again to you our secretary of defense, Secretary Rumsfeld.

(APPLAUSE)

RUMSFELD: Thank you very much.

Pete, thank you.

It has really been a privilege to be able to work with this outstanding human being, the first Marine ever to serve as chairman of the Joint Chiefs of Staff.

I have valued your counsel. I have valued your candor. And I've enjoyed your sense of humor.

And the American people are well-served by having this enormously talented individual willing to make a career in the military.

So thank you very much, Pete.

(APPLAUSE)

I'm told that we not only have the folks in this room, but we have a bunch of folks out in different locations with monitors, plus we have the Pentagon Channel that is carrying this town hall, I suppose, most way around the world.

Is that not right, Allison (ph)?

STAFF: That's correct.

RUMSFELD: Yes.

I'm also told that this is my 42nd town hall since I began this second tour as secretary of defense about six years ago. Thirteen of them have been here in the Pentagon and some 28 have been with troops stationed in countries all across the world.

RUMSFELD: These sessions, I suspect, are among the very few occasions when everybody -- civilian, military, contractor, folks from all branches of the services from all levels -- can gather with the senior leadership of the department with a microphone in your hand, ask a question and speak your mind.

It is a chance for everyone to be heard, to ask questions. And goodness knows there've been a great many questions asked over these 42 town halls.

I certainly remember the fellow who used to sit in the back over here somewhere and ask about whether we're going to move the Metro entrance.

(LAUGHTER)

Are you here today?

(LAUGHTER)

Stand up and be recognized.

(LAUGHTER)

Well, merry Christmas, wherever you are.

As we've seen, when you're willing to have an open exchange like this, every once in a while, a question gets asked or an answer is given that generates a bit of a fuss, depending on how it's reported.

That's happened. So be it.

I think each of you, and, indeed, all of the uniformed and civilian folks in the Department of Defense, deserve this opportunity.

So, I've done it an unprecedented 42 times. And I can tell you I have benefited from hearing your questions and hearing your views and I thank you for engaging as you have.

I suspect this will be among my last public remarks as secretary of defense, so I'd like to take a few minutes to talk a bit about our time together these past years.

Every day, in one way or another, I've seen the strength of men and women in uniform and the dedication of the many thousands who serve here, military and civilian, who do their jobs, knowing that theirs is the essential business of protecting a nation, protecting a people.

RUMSFELD: You do so knowing that you contribute directly to the safety of millions of Americans, people you'll never meet, whose names you'll never know.

And I leave office very proud to have served with you, inspired by your dedication, by your patriotism and by your sacrifice. And we recognize that sacrifice.

I also leave office proud to have served with you, and of the accomplishments that this institution's been able to achieve. I can't think of a more challenging period -- I'm sure there must have been -- but in the 59-year history of this department than these past years.

I have a few words to say about the Pentagon press corps.

(LAUGHTER)

No, it's not what you think.

(LAUGHTER)

As a group, they may well be, year to year, the most professional press corps in the Washington, D.C., area. Now, considering the competition...

(LAUGHTER)

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... I'll leave it to you to determine exactly what kind of a compliment that is.

(LAUGHTER)

But the Defense Department press corps is an important part of the fabric of this institution. Some braved the smoke and fire of September 11th. Some came back to work later that night and the next morning in a still-burning building. And a number have risked their lives to report from war zones. And to them, I say thank you for that.

As hard as it may be to believe, I even miss our press conferences. I think I will. The stakeouts, the briefings. I'm told it was something like 613 over six years, all across the globe.

Now, you know we've not always seen eye to eye, I haven't, with the press, but I still hold out hope that over time they'll get it close to right.

(LAUGHTER)

RUMSFELD: When I think about these past years, there are a number of moments that stand out.

I think of those proud Afghan girls that were sitting in the front row at President Karzai's inauguration in Kabul, when he became president -- the first president elected by the people in the 5,000- year history of that country.

They were standing there, and then they sang. And, of course, under the Taliban rule, it was against the law to sing.

And the reports of the Afghan children flying kites that day. And, of course, it had been against the law to fly kites.

I think of the Iraqis who, through it all, believe that their future is bright and who are working to forge something that they've never had before: a free country, a representative country.

And I do -- as Pete Pace suggested, I remember being stunned by the news of the abuse at Abu Ghraib. And then watching so many determined people spend so many months trying to figure out exactly how in the world something like that could have happened, and how to make it right. And then seeing how the department eventually demonstrated to the world how our democracy deals openly and decisively with such egregious wrongdoing.

And, yes, I remember the irresponsible comments by some who tried to sully the image of the courageous and dedicated men and women in uniform who keep the American people safe.

I remember the literally hundreds of military families I met in Alaska, and a gracious woman who at the end of the meeting came over and asked me to take a bracelet -- it's this green woven thing. And I told her I'd wear it until the 172nd Stryker Brigade came home. That was the group that we had to extend I think up to 120 days. After they had done a great job up north, they were heading to Kuwait and they were diverted into Baghdad, when General Casey determined that he needed additional assistance there.

And I of course remember the American heroes, the Medal of Honor recipients, Paul Ray Smith and, soon, Jason Dunham, and countless others whose names are now part of history.

RUMSFELD: If there's one thing I wish that could be more widely known, it's the miracles that the men and women of this department really perform every day.

Supporting the campaigns in Iraq and Afghanistan while putting pressure on terrorists all across the globe is an enormous challenge.

But at the same time, quite beyond that challenge -- and it is an enormous challenge -- the folks in this department have stepped forward to deliver aid to millions affected by the greatest national (sic) disasters in recent memory: the tsunami in the Indian Ocean, tragic earthquakes in Pakistan, here at home Hurricane Katrina.

They evacuated thousands of Americans from Lebanon -- literally the size of a city -- and doing it while a war was going on.

Training counterterrorism forces in the Philippines and in the Horn of Africa.

Put in place an initial missile defense system to protect the American people from rogue states.

Established the new Northern Command to better protect the homeland.

Established a camp and stood guard in Guantanamo over some of the world's most dangerous terrorists, while suffering grossly uninformed and irresponsible charges in the media from almost every quarter.

GONZALES: Oversee the largest domestic base realignment and base closure in the history of this department.

Implement the most significant changes since World War II in our nation's global posture -- force posture across the globe, away from the static defensive orientation that was left over from the Cold War and toward arrangements that are much more appropriate to this 21st century.

Put in place a new civilian national security personnel system to provide the urgently needed flexibility in hiring and in assignments and with a linking of pay to performance.

Expand our very talented special operations forces to meet the new demands in this global struggle against violent extremists.

Transition from a division-based Army, the approach that dated back to World War I, to a considerably more agile, vastly more capable combat brigade force.

And so much more.

Each of you here in this room and listening through the Pentagon Channel have played a part in one or more of these accomplishments, these endeavors. And you can look at what you've done here this past period with great pride.

I wish I could say that everything we've done here has gone perfectly, but that's not how life works, regrettably. When thousands of people make dozens of difficult decisions on hundreds of pressing issues, for the most part matters that are new and unfamiliar, where there's no road map, no guidebook that says, "Here's exactly how you should do something," the hope has to be not perfection but that most decisions, with the perspective of time, will turn out to be the right ones and that the perspective of history will judge the overwhelming majority of those decisions favorably.

When we reflect back on these past years, each of you will likely have some different memories. Some memories will no doubt be of hard work and grueling times, working long days, months, even years on critical tasks that really are never noted in headline or in a news story -- at least never favorably noted.

(LAUGHTER)

But let there be no doubt, each of you and the future generations of Americans, as well as future generations of Iraqis and Afghans, will be able to look back on these past years as a time of enormous challenge, of historic consequence and of solid accomplishment.

Today's a time to look forward. The institution is important, well beyond those who temporarily serve here. We come and go. Some of us come and go more than once.

(LAUGHTER)

But what remains is this great institution's mission and its cause: the challenge of defending this nation and the ideals that this nation represents.

RUMSFELD: It's been three decades since I left the Pentagon at the end of my first tour.

Our country was then engaged in a long struggle, the Cold War, a conflict that seemed costly, and it was; that seemed unlimited in duration, and it was; and seemed unclear in its course and its outcome, which was the case.

In fact, many then believed and indeed acted as though it was the United States that was the cause of the world's troubles. We even see a little bit of that today.

And yet, despite the tumult of the times, I left this post in 1977 believing strongly that America was a force for good in the world, that the vast majority of the American people were wise and decent people, and that America would continue to be the principled leader in the free world.

That has been proven right. And I can say that as I leave at the end of my second and, the good Lord willing, my last...

(LAUGHTER)

... I do leave believing, as I did 30 years ago, that America is a truly great nation, that the American people are wise and decent, and that America's leadership in the world is not just useful, but that it is urgently needed.

And let there be no doubt: Despite the fact that we have been successful in preventing attacks since September 11th, years without an attack in this country, ours is a troubled and very dangerous world, and we must not forget it.

I've been asked recently what I've taken away from public life over these, I guess, 50-plus years. I suppose what I feel most is gratitude.

Gratitude to the folks here in this department, the men and women in uniform, the civilians, the contractors.

Gratitude to the American people, who continue to serve as a guide for the dreams and the hopes and the aspirations of so many millions of people who live all across the globe, but who seek opportunity and a better life for themselves and see in what we've done in this country a model that they hope for and wish for.

RUMSFELD: Now, I'd be happy to respond to some questions. And as always, if they're too tough, Pete Pace is going to come up and join me.

(LAUGHTER)

Come on up here, Pete.

(LAUGHTER)

All right. There's some microphones around, I'm told. And there's a hand, though I still always worry about the first hand.

(LAUGHTER)

QUESTION: Mr. Secretary, I'm wondering what books you read while you were secretary that you found most useful and edifying.

RUMSFELD: Well, I've read a great many books. They're all history books; a number about the Revolutionary War and about George Washington and John Adams and others, Jefferson.

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I started reading a number of books about the Civil War. And one particularly good one was a book on Ulysses S. Grant. But I stopped. I found the struggle going on -- gosh, those years, there were so many people killed and wounded, and they were all Americans, except for the foreign fighters who came over from Germany and Poland and elsewhere.

So I turned away from that and read a great deal about World War II. And that has been basically what I've been reading.

So that's where I ran across that quote by Winston Churchill that I mentioned in the Oval Office when we were announcing my departure.

RUMSFELD: I think Churchill said something to the effect that, "I have benefited greatly from the criticism I've received, and I've never suffered from a lack thereof."

(LAUGHTER)

QUESTION: Mr. Secretary, this is not a question. It's simply a chance to say thank you.

Three years ago, my daughter brought her performing troupe here on September 11th, 2003. You took the time to come over, not just to say howdy, but to actually talk to a group of young people.

These 30 young people -- of those 30, five of them are now members of the military. You have had a profound effect on the young members of that troupe and on our country.

And for that I thank you.

(APPLAUSE)

RUMSFELD: Thanks very much. And do thank that young lady and give her a merry Christmas.

QUESTION: Hello, Mr. Secretary. I certainly don't want to put you on the spot, but I'm going to...

RUMSFELD: Then why?

(LAUGHTER)

(CROSSTALK)

RUMSFELD: I mean, just suck it up and go home.

(LAUGHTER)

(APPLAUSE)

I'm just kidding. I want to hear what you have to say.

QUESTION: I'm still going to take advantage of this time...

(CROSSTALK)

RUMSFELD: ... accurate, though.

(LAUGHTER)

QUESTION: ... and that is that I really am hoping that you plan on writing about your second tour in the Pentagon. Is there any chance that will happen?

RUMSFELD: Oh my gosh, my wife's after me to do that.

(LAUGHTER)

I suppose there is a chance. I've never written a book. I always thought I was too young to write a book.

(LAUGHTER)

I can't use that anymore.

I might. I might. I'll have to think about it.

But I've decided I'm not going to make any decisions about what I'll do next for a couple of months, and just let a little time go over it.

QUESTION: Mr. Secretary, how do you want history to remember you?

RUMSFELD: My goodness.

(LAUGHTER)

Better than the local press.

(LAUGHTER)

(APPLAUSE)

QUESTION: Hello, Mr. Secretary. Thank you for your leadership during this really difficult time in our country's history.

My question is, as the U.S. supports democracies throughout the world, one of the great things about democracy is that it brings freedom of intellectual exchange and technological developments.

QUESTION: While those two things bring about great things for humanity, it also brings about conflict within people. And you have a lot of dissent and people becoming enemies.

How do you think we can stop our world from becoming chaotic and just becoming a bunch of individuals and small groups who think of everyone else as being their enemy?

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RUMSFELD: That's a tough, tough thing to answer. Except if one goes back through history and thinks of the deep divisions that can exist, the reality is that people, over time, observe and they see what works and what doesn't work.

And if we were able to be on Mars and look down on Earth, for example, we would find that those societies where conflict is continuous lose.

I have this wonderful picture of the Korean Peninsula on my desk. It shows the same people, North and South; the same resources North and South; but it shows the satellite shot at night and it shows all the electricity and the energy and the opportunity and the success south of the Demilitarized Zone.

They have a free political system and a free economic system. And now they are the 10th or 12th economy on the face of the Earth.

And in the North, there's no light except the pinprick of light in Pyongyang. The country in the North has a command economy that doesn't work and it has a repressive political system where people don't have free choice.

And if you look down from Mars on the world, you'd see that the countries that are succeeding and doing well, where the people have opportunity and are able to make free choice, indicates that free choice on the part of people in the economic realm and in the political realm works vastly better than the decisions by a few.

RUMSFELD: As Winston Churchill said, "Democracy is the worst form of government accept for every other that's ever been tried." And it is. It's untidy. And there's debate and partisanship and people make mistakes, but it works and it works very well, and it works better than any other form.

And I think that we have to have confidence in people that the -- that things that work will be seen by intelligent people and they'll gravitate to that. I mean, it's not an accident that people line up to come to this country every year to work, to visit and to live, because they see that here is a land of opportunity.

QUESTION: Mr. Secretary, with respect to your second tour of duty here in the Puzzle Palace, what are some of the things that you wish you could have accomplished -- like transformation items -- that you didn't get a chance to get to this time?

RUMSFELD: One day we were sitting in the Oval Office with the president and the president turned to Pete and to me and said, "Give me a report on how transformation's going." And before I could even think, out of General Pace's mouth he said something like, "With respect to attitude and culture, an 8 on a scale of 10. And with respect to progress, a 4."

Is that what you said?

(LAUGHTER)

PACE: Yes, sir.

RUMSFELD: Yes. And I think that was probably about right. That was about a year ago. I think I'd give it a 5 today.

But I think the important thing is that there have been -- there's been a change in people's approach, a recognition that in this 21st century the way we did things in the 20th century isn't good enough and we're simply going to have to be wiser and more agile and more skillful, and we're going to have to be able to do different things.

RUMSFELD: We're not engaged in major land battles or air battles or sea battles at the present time. We're being challenged asymmetrically by irregular warfare, by people who operate totally differently than the way people operated in World War II.

And that is a challenge. It's a task. And it's still not well understood in our country. It's unfamiliar.

But I think the major sign of progress is the fact that the senior people in this department today are overwhelmingly people who understand that and who are attracting people in their activities who also understand it, and that that energy and that impetus will give the prospects of continuing a transforming process -- is a better word than "transformation," I suppose; "transformation" leads you to believe you started untransformed and suddenly you're transformed, which isn't the case, because the world's not static, it's dynamic, it's changing. And we need to continue to transform as we go along.

And I think that Pete's 8 for that is important and indeed is the driver.

You know, when you think about words, I have felt just an enormous sense of urgency these years. Some of you may have noticed it.

(LAUGHTER)

I do.

Anyone who lives through September 11th, and then sees in their mind's eye the prospects of a September 11th times two or three or four, six months out, has to ask themselves, "What ought we be doing today to prevent that coming September 11th six months from now? What can we do to prevent it from happening? What can we do to mitigate its effects were it to happen?"

RUMSFELD: And so, I have felt a tremendous sense of urgency.

Conversely, if there's anything that the Cold War required, it was patience; just seemingly the opposite of urgency.

And this is a long struggle. This is not -- what we're engaged in today, this struggle against violent extremism, is going to take a long time. And that's going to require patience. And it's going to require perspective.

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And I do hope people will read more history and understand and be able to help our fellow citizens have a perspective on what's taking place.

I read the other day somebody was comparing the length of time we've been in Iraq to the length of World War II, totally ignoring the period after World War II where the German government didn't even have a government, I don't think, until 1949.

And trying to compare what we're in today -- just take Iraq or Afghanistan. The military can't lose. They can't lose a battle, let alone a war over there.

But they also can't win, because it is not a conventional conflict. There isn't an army or a navy or an air force to go defeat.

It takes political and economic activity, and you need that three-legged stool for success to be achieved. And that takes patience. And we have to understand that as a society, as a people, and not be impatient.

I mean, I -- and I'll tell you that people over there in uniform get it. They really do.

I was in Walter Reed the other day, and a fellow had just come in with multiple wounds. And he was on his back. And he had a tube in his nose. And he looked up, and he said, "If only the American people will give us the time, we can do this. We're getting it done."

And it's a fact. It will take patience. And it will take understanding.

And yet it takes that sense of urgency on the part of the people here, as we know, because we have such an important responsibility.

QUESTION: The needs are urgent. Leaders make decisions. Yet our national security apparatus, consisting of several departments and agencies, are very slow and unresponsive. And I'm just wondering, in a world war of significant duration, if we can continue to have the significant staffing levels we have. I think the numbers of people that we have, which are greater than several years ago, are part of the problem.

(LAUGHTER)

(APPLAUSE)

(CROSSTALK)

(LAUGHTER)

QUESTION: No pink slip.

PACE: No. This is great.

I think our government does a really good job of teeing up decisions for the national leadership.

But once the decisions are made, we tend to go back into our stovepipes: DOD takes our piece, State takes theirs, Treasury takes theirs, et cetera. And we go on about our business and try to do the best we can inside of our own stovepipes.

And we cannot continue to function that way and be successful against an enemy that is going to be moving much more quickly than that.

PACE: So we do need and we are looking at the -- our government's looking at as a government, the administration, the Congress is looking at and outsiders are looking at ways that we can take the national security apparatus and bring it into the 21st century and empower those below the president with the capacity and responsibility to make decisions inside of a chain that's responsive to the president's lead.

So we do need to do that much better and much more efficiently.

RUMSFELD: Pete's exactly right. That is a question that comes up every time we meet with the combatant commanders and the chiefs and the senior leadership of the department is a level of concern that the institutions that exist are basically 20th century institutions.

And that's true within our government. It's true in terms of the international institutions. Most of them were formed in the aftermath of World War II for a very different world and a very different set of circumstances.

This first conflict of the 21st century is so different, just enormously different from the World War II conflict. And yet the institutions, the committees of Congress, the subcommittee system in Congress, the turf fights over jurisdiction that exist and the micromanagement of the bureaucracy in so many instances leads to a situation where the bureaucracy can't respond.

We're well behind in Afghanistan and Iraq in terms of the development of the police in those two countries. Why? Well, because there was no line item for the Department of Defense to do anything about police. It was over in the State Department. And they didn't have the people to do it.

And the Congress didn't authorize the money to do it. And they're at least, what, two years behind -- the police from the military? And that's harmful. That's costly. And yet it's because the federal government has not had a Goldwater-Nichols, in a sense.

RUMSFELD: They haven't decided that, in this different era, we have to have different arrangements among the various departments and agencies, and greater flexibility to move rapidly to try to avoid problems rather than to wrestle with them well after the case.

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We're still having trouble getting the kinds of funds and the kinds of support to build partner capacity on the part of other countries. And if you're trying to fight a war against people who are in countries that you're not at war with, your solution is to build their capacity, the capacity of those other countries, so that they can better govern their own space, so that they can better deal with their terrorist problems, and that terrorist aren't allowed safe havens to plan attacks against the United States and other nations.

And the cost-benefit of investing money to build the military and anti/counterterrorism capability of other countries is so much cheaper than our doing it and our having to deploy people to do those things. And their language facility is vastly better. And their respect for their own sovereignty is not infringed on.

I mean, there's just every reason in the world for us to have that as a very high priority. And yet, as I say, even today it's difficult to get the Congress responsive to that. And it just takes time.

Question?

QUESTION: Mr. Secretary, thank you for your service, sir.

As you depart and Dr. Gates prepares to take on the next phase of his public service, what advice or guidance have you given him or would you like to give him as he takes over your responsibilities?

RUMSFELD: Pardon me?

PACE: Listen to the chairman, sir.

(LAUGHTER)

RUMSFELD: I said I liked his humor. Pete just whispered in my ear, "The advice should be: 'He should listen to the chairman'."

(LAUGHTER)

(APPLAUSE)

I've had two meetings with him, and we've had a good discussion on a variety of things. The senior folks in the department have been briefing him.

And, you know, each person is different. Each person comes in with various strengths or weaknesses. And he'll do a good job. He'll come in and he'll find a way to begin the process of serving as secretary of defense in a way that fits his background and the needs of the current time. And I've got every confidence that he'll do a terrific job.

But the short answer is, any advice I give him I'll give him in private.

(LAUGHTER)

(APPLAUSE)

QUESTION: Mr. Secretary, first of all I'd like to thank you for your leadership over the last six years. It's meant a lot to us to have a steady hand on the helm here.

But I'd like to ask you your thoughts on strategic communications, or what I might call that. We're fighting an enemy that is using the media as a weapon, and doing it very well. We don't to that. In a free society, we shouldn't. But we're losing the war on that front in my opinion, sir.

Can you give us your thoughts on how we might better attack that problem?

RUMSFELD: Well, thank you. It is a central question. If they don't have an army to go out and destroy or a navy or an air force, and they do exactly what you say, they're very skillful. They have media committees. They plan their attacks for their maximum of drama and impact, designed to weaken the will of their enemies.

We have to do better.

I was asked one day what kind of a grade I'd give us, and I guess I said D+, as to how well we are combating and engaging in that struggle for ideas.

And we have to do a better job to make everything for them more difficult. Harder for them to raise money. Harder for them to recruit people. Harder for them to talk people into becoming suicide bombers. Harder for them to get across borders. Everything has to be harder for them.

And a good deal of pressure has been put on around the globe with a 90-nation coalition. The dilemma, obviously is -- I mean, take General Casey. General Casey's getting people killed over there, every day.

And we all know that if people are positive and leaning forward to be helpful, that things are easier, and that's true in Iraq.

And to the extent people are friendly and feel positive about the coalition forces and the Iraqi security forces, they're more likely to give tips as to where the IEDs are being placed or where the caches are and call up the local police or the Iraqi army or the coalition forces and say: Look, there's some bad guys in this house, and you ought to do it, take care of them.

To the extent people are hostile, they don't do that. And Casey knows exactly all the things that are being done.

RUMSFELD: My goodness, the stock market's open, their free press is there, they've got television, they've got radio, they've got schools that are open, the businesses are open, hospitals are open, there are new textbooks.

I mean, if you just watched what's happening every time there's a bomb going off in Baghdad, you'd think the whole country's aflame. But you fly over it, and that's just simply not the case. There are people out in the fields working, and there's cars in the gas lines waiting to get fuel.

Casey decided he wanted people to know that -- the truth, mind you. So he said, "Let's get that in the local papers." I don't know, there's over 100 papers in the new free press there. They didn't even have a free press before. Even the American folks who were over there were restricted in what they could do.

The first thing that happened is they did that. They gave some people some money and said, "Get this -- these true facts about hospitals and schools and goodness knows what else -- get them in the local papers. And, by golly, there'll be a more positive feeling if people are aware of that, because the lies from the enemy go on day after day after day."

He did it. And, of course, there was just a big outcry here in the United States, in the Congress, in the press. "Oh my goodness, isn't that terrible? He's trying to reduce the number of people getting killed over there by asking people to print the truth and paying them to do that."

Well, it goes right to the point you make. We've got to be careful. There are multiple audiences. And every time we invest our time and effort trying to do a better job communicating -- strategic communications, what's going on truthfully -- not only do the Iraqi people hear it, but so, too, do our people hear it.

And there's always that line where you begin to propagandize. And you have to be careful.

So it is a dilemma. We've not solved it.

RUMSFELD: We have to do better. And we've not made much progress.

QUESTION: I have two questions for you.

The first: For purposes of this question, if terrorism is the greatest threat against America today, what, in your opinion, is the second and the third greatest threats?

And, also, what was your greatest day or most satisfying day while in office and, opposite, your worst?

(LAUGHTER)

RUMSFELD: You plan to go in the media?

(LAUGHTER)

She'd fit right in.

(LAUGHTER)

I would not agree with the premise of your question in this sense: I don't think terrorism is the greatest threat.

I think that terrorism is a weapon of choice for violent extremists. And violent extremism is, in my view, the threat.

It is that conviction that they want to destabilize moderate, mainstream Muslim regimes and establish a caliphate and have a handful of clerics determine what everyone in that country can do, and then spread that across the globe, from Indonesia to the Middle East, through North Africa and southern Europe. This is what they say on the Internet. You can read it. That's their goal.

That's the threat.

And it can be manifested in a variety of ways. At present time, we've used the phrase "global war against terror," which I find not perfect.

I think that it is really a long struggle, as opposed to a war, which implies armies, navies, air forces and marines contesting each other.

It is irregular. It's asymmetric. And it is not against terrorism, per se, it is against these violent extremists who use terrorism, but they also could use other things.

RUMSFELD: And a second thing that I worry about is the kinds of damage that can be done to a society through weapons of mass destruction, even through cyberattacks, can be -- but I mean, a biological attack is something that could be -- it could be used to terrorize.

Of course, the purpose of terrorism is to terrorize. It's not to kill people, it's to alter people's behavior. And you can do that using a variety of different techniques.

You know, clearly the worst day was Abu Ghraib and seeing what went on there and feeling so deeply sorry that that happened.

And I guess my best day, I don't know, maybe a week from Monday.

(LAUGHTER)

(APPLAUSE)

QUESTION: Sir, first off, again, let me say thank you.

And then, second, looking back over your time as secretary of defense, and if you can't be convinced to write the book, if there was one anecdote you could share that would, sort of, capture your time in office, what would it be?

RUMSFELD: Wouldn't you think that's what would sell my book?

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(LAUGHTER)

My goodness gracious.

You know, the days are so full, and you feel so fortunate to be engaged in the challenges -- the enormously difficult challenges that our country faces, that I've been just really fortunate to feel each day that there was an opportunity to contribute, to serve and to learn, particularly from the folks here in this department who've invested much of their lives in these important subjects.

RUMSFELD: But I do; I think I'll save it for my book.

(LAUGHTER)

QUESTION: Good morning, Mr. Secretary. I guess I'm a little nervous.

(LAUGHTER)

I wanted to know, if you could walk away with one memory or one accomplishment during your second tour, what would that be and why?

RUMSFELD: Well, I suppose it'll sound strange and somewhat pedestrian, and I'd be interested in Pete's view, because there's practically nothing that I've done that I haven't -- unless you're a Mozart or an Einstein, who goes off in a room and does something brilliant and then comes out and reveals it, all the rest of us, at least this guy, anything we accomplish we do it with other people.

We do it through a process of talking and discussing and thinking and probing and trying and failing and trying and succeeding.

And this institution is so big and so complex that there isn't any way in the world anyone can lead it by command. It's led by persuasion, and it's led through a process of discussion and interaction.

And I think probably the thing that has been the most important, at least for me, not being an Einstein or a Mozart, is the fact that when I came in, we made a conscience decision that we would engage the military not at the end of a process, asking for their advice, but we would engage them at the beginning of the process.

And General Myers and General Shelton and General Pace have been involved in -- there is not a single important decision of any magnitude at all that the chairman and the Joint Staff and the combatant commanders, where appropriate, and the services, where appropriate, have not been involved. And they have not been involved, as I say, at the end; they've been involved at the beginning, and at every step along the way.

We created something called the Senior Level Review Group. It's call the SLRG.

(LAUGHTER)

Not very nice.

(LAUGHTER)

But it has the secretary and the deputy, the chairman and the vice, the undersecretaries and the service secretaries and the service chiefs.

We then expanded it and created a second group that included the combatant commanders for those things that were appropriate in that case.

There's almost nothing of any major importance that hasn't been thoroughly discussed, digested, masticated by the SLRG, and in many cases with the combatant commanders as well. They've chewed it, they've discussed it.

We've gotten them to the point where they talk about not just their own service, which was the case when I arrived -- you go down in the tank and the service secretary, they wouldn't want -- service chief -- they'd want to talk about their service. They did not want to talk about the department and the joint efforts that are required here.

Today they do. Today they participate fully in everybody else's business.

Why? Because there isn't anyone smart enough to figure these things out. We simply have to do it that way.

And I would say, if there's anything that's been accomplished here, it is a monumental effort to try to knit together the services, to knit together the organize, train and equip group with the combatant commanders and the senior civilians in a way that they developed ownership, investment, they have an investment in the decision, because they all know of certain knowledge that they were involved in it, they had a chance to affect it.

RUMSFELD: And, by golly, this department isn't worth anything if all the services are going off in every different direction, working their own little projects and harming the other services.

And I've been around when that's happened in this department, where it wasn't joint, where people were working their own agendas and, "We're going to the contractors and getting the contractors to do such and so," and "We're going up to Capitol Hill and trying to get Capitol Hill to sabotage what was decided in the department," because they didn't agree with them, they didn't like it, they didn't feel they had a stake in it, they didn't feel they had a voice in it.

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Well, by golly, (inaudible) there's no one at a senior level of this department who can say they haven't been involved in the decisions in this department, because they have.

And, as a result, we have had a period of a substantial degree of unity, where people are all pulling their oars in the same direction instead of popping around and going off in 18 directions and damaging themselves, damaging the department, damaging the men and women in uniform and damaging the country.

And that's not happened. And that's an enormous accomplishment.

Pete, you want to...

PACE: The only thing I would add to that, Mr. Secretary, is that the secretary and his team have spent an enormous amount of time in picking leaders, civilian and military, to be on this team, and with a special focus on 10, 15, 20 years from now, if you want to have a certain type of individual be a general or an admiral, how many of those kind of individuals do you have in your population right now?

So, if you want to have more women be admirals and generals, where's the population from which they're going to come? More minorities?

A lot of focus on, not only picking the right leaders for today, but for putting your seed corn where you need it to be able to grow and have available to the nation a diverse leadership population in the future.

STAFF: We have time for one last question, sir.

RUMSFELD: I'll decide if it's last.

(LAUGHTER)

(APPLAUSE)

It depends on how good it is.

(LAUGHTER)

QUESTION: Sir, (inaudible) on your book a bit. I think, for great Americans like yourself, sir, it is a duty, and you will cheat future generations if you don't provide...

(LAUGHTER)

(APPLAUSE)

... the experience, the background and the knowledge you've gained over the past years.

And to continue in that line a little bit, 10 other great Americans just recently wrote a book. I would like to know if you've read any excerpts from that or if you'd like to provide any of your impressions from that book, sir.

RUMSFELD: This is the commission...

QUESTION: Yes, sir.

RUMSFELD: ... the Iraq Study Group?

I know all those folks pretty well. And you have to be appreciative of the fact that they invested their time and thought and experiences in undertaking that project.

I have not read the entire book. I do think that it would be helpful if I, kind of, explained where the president is on all of this, because I know there's been a lot in the press and so forth.

The president asked General Pace to work with the chiefs and put forward some views that they feel would be appropriate.

He asked me and General Pace to work with the combatant commander, John Abizaid and General Casey and the folks in CENTCOM, to put forward some views.

He asked the Baker-Hamilton commission to offer their ideas.

He's been meeting with outside academics and people, so-called experts, from time to time, I think as recently as earlier this week.

RUMSFELD: He just had a session with Tony Blair.

We have offered up our department's views that have been well scrubbed.

And what he plans to do is to take into account all of those things, including the Baker report, and then probably make some decisions with respect to it during this period between now and the end of the year.

I look at the problem this way. And I'd rather say what I think about the situation.

There is an impatience in the United States and in the Congress, and there's nobody who sees people being killed and wounded and doesn't feel a sense of urgency about getting it right and doing the right thing and seeing that their loss of life is as minimal as it possibly can be.

The other thing we have to think about, though, is the dire consequences were we to fail there.

And it is not just an Iraq problem, it is a regional problem. There is a major divide between the Shia and the Sunni community and that part of the world, and the risks to instability are significant. And that what's taking place in Iraq is, in effect, a microcosm of what's taking place in that region.

This power struggle, partly religious, partly economic, certainly political, for power, but in a very real sense, not terribly military in its nature.

Violence is not military necessarily. I mean, it doesn't seem -- I mean, I don't describe someone strapping on a suicide vest and going in and blowing up 20, 30, 40 civilians in Baghdad as a military operation myself. But that's the kind of thing that's taking place.

I think that our country has to be able to, obviously, constantly recognize that the situation's not static; it's dynamic. The enemies have a brain, they watch what we do, they make adjustments. We have to keep changing our tactics, our techniques, our procedures.

We have invested at whale of a lot in the Afghan situation and in the Iraqi situation. And those countries have made considerable strides toward governing themselves. They are not there yet.

And to pull out precipitously and inject that instability into the situation there in that country, in that region, I believe would be a terrible mistake.

And we simply, as a society, have to recognize that it's not the -- the military people are doing everything that can be done from a military standpoint.

But they can't "win" this, quote, unquote, militarily.

RUMSFELD: It has to be won by the Iraqi people. It has to be run through a reconciliation process and through a political process. And it is those diplomatic and economic and political things that have to move forward in that country.

And our goal is to keep training and equipping and preparing the Iraqi security forces so that they can create an environment within which that can happen.

And it makes a big difference to us, to our safety here in this country.

And I think that while everyone feels it's not going fast enough, everyone feels it's not going well enough, everyone's looking for the kinds of things that might be done to improve that process -- political process, economic process, diplomatic process.

And there are some people who say, "Well, you should do this or that or the other thing." And I can tell you, I can't think of a thing that anyone's thought of that General Pace and General Abizaid and those folks have not been working on and analyzing and studying and adjusting to over time.

And we have every chance in the world of succeeding in both those countries, but only if we have the patience and only if we have the staying power.

There have been -- in every conflict in our country's history, there have been those who said, "Toss in the towel; it isn't working."

The Revolutionary War, by golly, George Washington almost got fired. He didn't win a battle that I can recall for a whale of a long time.

You think of the beginning of World War II and all the battles that were lost.

You think of the Cold War, when Euro-communism was in fashion and millions of people -- hundreds of thousands of people were demonstrating not against the Soviet Union, against the United States, saying we were the ones in the wrong.

But, by golly, something important isn't easy. And this isn't easy. And, by golly, it's important and we better do it right.

That is the last question. God bless you all.

(APPLAUSE)

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Rumsfeld Bids Farewell To Pentagon (WP)

By William Branigin,

The Washington Post, December 9, 2006

Defense Secretary Donald H. Rumsfeld, addressing Pentagon employees as he nears the end of his nearly six years in office, said today that the war in Iraq cannot be won "militarily," but he asserted that U.S. policy there can succeed "if we have the patience."

Speaking in a town hall-style meeting at the Pentagon, Rumsfeld warned that U.S. failure in Iraq would have "dire consequences" in that country and the broader Middle East, and he said pulling out U.S. troops "precipitously" would be "a terrible mistake."

In a farewell speech that became emotional at times, Rumsfeld, 74, listed a series of Defense Department accomplishments during his tenure, ranging from fighting "terrorists all across the globe" to aiding millions of victims of natural disasters. He said the Pentagon has established a new Northern Command and "an initial missile defense system," overseen the largest domestic base closure and realignment plan in U.S. history, implemented a transformation of U.S. forces away from a "static defensive" posture left over from the Cold War and moved the longstanding "division-based Army" toward a "more agile, vastly more capable combat brigade force."

Answering employees' questions after the speech, Rumsfeld said his worst day in office was when he learned in early 2004 of the prisoner abuse perpetrated by U.S. guards at the Abu Ghraib prison outside Baghdad. He said early last year that he had twice offered President Bush his resignation over the scandal but that Bush wanted him to stay on.

"You know, clearly the worst day was Abu Ghraib and seeing what went on there and feeling so deeply sorry that that happened," Rumsfeld said today.

As for his best day in office, he said, "I don't know, maybe a week from Monday." He referred to the day -- Dec. 18 -- when his successor, Robert M. Gates, is scheduled to take office. Bush announced Rumsfeld's resignation on Nov. 8, a day after midterm elections gave control of Congress to Democrats. Gates, a former CIA director, was confirmed by the Senate yesterday as the new defense secretary.

Asked in the question-and-answer session about a bipartisan panel's report outlining a "new approach" in Iraq, Rumsfeld said Bush has also asked him and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, to work with military commanders and other top officers to "put forward some views that they feel would be appropriate." Among those involved have been Gen. John P. Abizaid, the commander of U.S. forces in the Middle East; Gen. George W. Casey Jr., the top U.S. commander in Iraq; other officers at the Central Command and the chiefs of the military services, Rumsfeld said.

Bush plans to take into account the Pentagon's report, as well as studies by the bipartisan Iraq Study Group and other panels, "and then probably make some decisions with respect to it during this period between now and the end of the year," Rumsfeld said.

In his own view, he said, "There is an impatience in the United States and in the Congress, and there's nobody who sees people being killed and wounded and doesn't feel a sense of urgency about getting it right" and minimizing the loss of life.

"We have to keep changing our tactics, our techniques, our procedures," he said.

He added: "We have invested a whale of a lot in the Afghan situation and in the Iraqi situation, and those countries have made considerable strides towards governing themselves. They are not there yet, and to pull out precipitously and inject that instability into the situation there, in that country and in that region, I believe would be a terrible mistake."

Americans must recognize that "the military people are doing everything that can be done from a military standpoint. But they can't win this . . . 'militarily.' It has to be won by the Iraqi people. It has to be won through a reconciliation process and through a political process. . . ."

Although the process is "not going fast enough" or "well enough," Rumsfeld said, "we have every chance in the world of succeeding in both those countries, but only if we have the patience, and only if we have the staying power."

In Iraq and Afghanistan, he said, "The military can't lose. They can't lose a battle, let alone a war over there. But they also can't win, because it is not a conventional conflict. There isn't an army or a navy or an air force to go defeat. It takes political and economic activity. . . . And that takes patience. And we have to understand that as a society, as a people, and not be impatient."

Rumsfeld praised the Pentagon press corps as "an important part of the fabric of this institution," but he also took a few shots at the news media.

Among the Defense Department's accomplishments, he said, is that it "established a camp and stood guard in Guantanamo over some of the world's most dangerous terrorists, while suffering grossly uninformed and irresponsible charges in the media from almost every quarter."

He said later, "I remember being stunned by the news of the abuse at Abu Ghraib. And then watching so many determined people spend so many months trying to figure out exactly how in the world something like that could have happened, and how to make it right. And then seeing how the department eventually demonstrated to the world how our democracy deals openly and decisively with such egregious wrongdoing. And, yes, I remember the irresponsible comments by some who tried to sully the image of the courageous and dedicated men and women in uniform who keep the American people safe."

Rumsfeld said in response to a service member's question that he may write a book about his experiences at the Pentagon. "My wife's after me to do that," he said. "I suppose there is a chance. I've never written a book. I always thought I was too young to write a book. I can't use that anymore. . . . I'll have to think about it. But I've decided I'm not going to make any decisions about what I'll do next for a couple of months."

Asked how he wanted history to remember him, he said, "Better than the local press."

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The meeting with Pentagon employees reflected none of the criticism that has been directed at Rumsfeld during his term, notably over his handling of the war in Iraq. Critics have charged that he ignored advice to send in a force large enough to pacify the country and assure security once the regime of Saddam Hussein was toppled, and that he failed to plan adequately for the occupation period. The result was rampant looting of government buildings and arms depots, followed soon afterward by the start of an insurgency.

Earlier this year, several retired generals called for Rumsfeld's resignation, charging that he was incompetent and intolerant of opposing views. One leading critic, retired Maj. Gen. John Batiste, who formerly commanded the Army's 1st Infantry Division in Iraq, described Rumsfeld as "arrogant" and "abusive" and said he disregarded 10 years of war planning on Iraq by the U.S. Central Command before the March 2003 invasion.

Rumsfeld promptly dismissed his critics as "two or three or four retired people" out of "thousands and thousands of admirals and generals." He said that "if every time two or three people disagreed we changed the secretary of defense of the United States, it would be like a merry-go-round."

Pace strongly defended Rumsfeld at today's farewell gathering. "There are 2.4 million American service men and women, active, Guard and Reserve," the Marine general said. "At any given moment, some one of them is doing something stupid." Yet, whenever something has gone wrong and Rumsfeld has been blamed, "not once has he done anything other than accept the responsibility," Pace said. "He has never tried to deflect that to any subordinate, even though it was a subordinate's responsibility."

Said Rumsfeld, "I wish I could say that everything we've done here has gone perfectly, but that's not how life works, regrettably. When thousands of people make dozens of difficult decisions on hundreds of pressing issues, for the most part matters that are new and unfamiliar, where there's no road map, no guidebook . . . the hope has to be not perfection but that most decisions, with the perspective of time, will turn out to be the right ones. . . ."

Rumsfeld Bids Farewell To Pentagon (NYT)

By David Stout

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 -- Defense Secretary Donald H. Rumsfeld bade farewell to Pentagon employees today in his familiar style, fencing with his questioners and voicing deep faith in the American people.

“Every day, in one way or another, I’ve seen the strength of men and women in uniform, and the dedication of the many thousands who serve here, military and civilian, who do their jobs knowing that theirs is the essential business of protecting a nation and protecting a people,” Mr. Rumsfeld said at what was probably his last meeting with Defense Department employees.

“You do so knowing that you contribute directly to the safety of millions of Americans — people you’ll never meet, whose names you’ll never know,” Mr. Rumsfeld said. “I leave office very proud to have served with you, inspired by your dedication, by your patriotism, and by your sacrifice.”

Mr. Rumsfeld, who will be succeeded by Robert M. Gates on Dec. 18, has a unique place in Pentagon history. He is the only person to have been defense secretary twice, having held the post for a little over a year under President Gerald R. Ford. He was the youngest defense secretary then, and now, at 74, he is the oldest.

“It’s been three decades since I left the Pentagon at the end of my first tour,” Mr. Rumsfeld said. “Our country was then engaged in a long struggle — the Cold War, a conflict that seemed costly, and it was. It seemed unlimited in duration, and it was, and seemed unclear in its course and its outcome, which was the case. In fact, many then believed and indeed acted as though it was the United States that was the cause of the world’s troubles. We even see a little bit of that today.

“And yet despite the tumult of the times, I left this post in 1977 believing strongly that America was a force for good in the world, that the vast majority of the American people were wise and decent people, and that America would continue to be the principal leader in the free world. That has been proven right.”

As he prepares to leave office again, Mr. Rumsfeld said he believes as he did three decades ago “that America is a truly great nation, that the American people are wise and decent, that America’s leadership in the world is not just useful, but that it is urgently needed.

“And let there be no doubt, despite the fact that we have been successful in preventing attacks since Sept. 11, years without an attack in this country, ours is a troubled and very dangerous world, and we must not forget it.”

Famous for his marathon work days and his demanding style, Mr. Rumsfeld came to the Pentagon in 2001 determined to streamline the military bureaucracy, and he said today he thought he and his aides had succeeded, up to a point.

“There’s been a change in people’s approach, a recognition that in this 21st century, the way we did things in the 20th century isn’t good enough, and we’re simply going to have to be wiser and more agile and more skillful, and we’re going to have to be able to do different things,” Mr. Rumsfeld said.

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The questions from department employees at today's "town hall" session were gentle ones, in contrast to the news conferences at which Mr. Rumsfeld never bothered to hide his disdain for interrogators he considered ill-informed, cynical, or naïve. But even in today's friendly setting, Mr. Rumsfeld was in form. When asked what advice he had for Mr. Gates, he replied, "Any advice I give him, I'll give him in private."

Mr. Rumsfeld said he would miss his jousting with reporters. "I think I will," he said. "The stakeouts, the briefings. I'm told it was something like 613 over six years, all across the globe. Now, you know, we've not always seen eye to eye, I haven't, with the press, but I still hold out hope that over time, they'll get it close to right."

That line was one of several that drew laughter. But he closed on a serious note, offering his belief that the struggles in Iraq and Afghanistan will, in time, be worth it, and that the United States is on the right side of history in both theaters.

"God bless you all," he said, exiting to applause.

The Rumsfeld Show's Finale A Classic, By Golly (LAT)

By Julian E. Barnes

The Los Angeles Times, December 9, 2006

WASHINGTON — For much of the last six years, a question-and-answer session with Donald H. Rumsfeld was the best show in town. The combative Defense secretary's bristling self-assurance made the Pentagon Briefing Room one of the hottest seats in Washington.

The Bush administration's erstwhile rock star delivered his last major performance Friday, as feisty and quotable as when he began. At a Pentagon town hall, Rumsfeld delivered with style, gamely teasing questioners, popping off trademark "by gollys," and quoting Churchill, invoking George Washington and expounding on "eurocommunism" of the 1970s.

Although the Senate has confirmed Robert M. Gates — a decidedly more measured and reserved public speaker — to serve as the next secretary of Defense, he will not be sworn in for nine more days. For a little while yet, Rumsfeld remains in the building and in charge.

But he is not due to appear before Congress again, and his public affairs staff says there will be no goodbye news conferences. Rumsfeld said Friday's town hall, his 42nd such appearance answering questions from military personnel during his second Pentagon stint, would be one of his last public appearances.

In some respects his last town hall was a greatest-hits collection. Rumsfeld managed to riff on many of his favorite topics: the electricity supply in North Korea, the fashionableness of "eurocommunism," the near-sacking of George Washington, the media strategy of insurgents and the failure of the American press to chronicle the good news from Iraq.

As unrelated as those topics may seem, Rumsfeld routinely evokes them to defend the war in Iraq or his own leadership.

North Korea's lack of electric light, his favorite set piece, is his example of what happens to those who reject democracy. People who thought eurocommunism offered a good economic system during the Cold War, Rumsfeld suggests, were as misguided as opponents of Iraq policy.

Critics may question America's war leaders, but Rumsfeld wants people to remember they also questioned the father of the country at the beginning of the revolution. And when the news media report on insurgent attacks against civilians, it is — in the Pentagon's view — helping the enemy try to weaken the will of the American people.

The public's doubts about Iraq and the need for America to maintain its support for the war have been a regular theme of Rumsfeld's public appearances for much of this year. And Friday, he used the stage to plead for more time in Iraq. He said there was "an impatience in the United States and Congress." But, he said, the larger fight against violent extremism, in Iraq and elsewhere, was going to take patience and perspective.

"We have invested a whale of a lot in the Afghan situation and the Iraqi situation," he said. "And to pull out precipitously and inject that instability into the situation there, in that country and that region, I believe would be a terrible mistake."

By his own count, Rumsfeld has held 613 news conferences. And although on Friday he criticized coverage of Iraq, as usual, he also singled out the Pentagon reporters for praise.

"As hard as it may be to believe," Rumsfeld said Friday, "I even miss our press conferences."

Actually, it's not hard to believe at all. From the start, Rumsfeld seemed to relish his time in front of reporters. The news conferences during the beginning of the Afghanistan war, where Rumsfeld jumped all over any perceived skepticism in a question, made him a household name.

But as the Iraq conflict evolved from a decisive march to Baghdad into a grinding civil war, more of the public began to view Rumsfeld's act as stale. To them, the unchecked confidence seemed ill-suited for an honest discussion of what was happening in Iraq — less a sign of strength than a signal that he did not want to listen to critics.

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By the end, his piques at the press were often viewed as attacks on all war skeptics. On Oct. 26, his last formal Pentagon news briefing, Rumsfeld told a reporter asking about benchmarks for the Iraq government "to just back off, take a look at it, relax, understand that it's complicated, it's difficult."

A comment he made at one of the military town halls may have been the beginning of his decline in the public's eye. On Dec. 8, 2004, while addressing a group of soldiers in Kuwait preparing to deploy into Iraq, he was asked about the Pentagon's failure to provide armored vehicles. Rumsfeld said armor was being manufactured as quickly as possible. Then he added, "As you know, you go to war with the Army you have. They're not the Army you might want or wish to have at a later time."

It was a typical Rumsfeld construction: sharp, insightful and perhaps a touch callous.

For his part, Rumsfeld was not fessing up to many mistakes on Friday. He did say the abuses by American soldiers at Abu Ghraib had led to his worst day on the job. He avoided directly commenting on the Iraq Study Group and its dire assessment of the situation in Iraq, using one of his favorite tactics of claiming he had not read "the entire book."

As is his usual practice, Rumsfeld dodged an explicit question about how history would judge him. But he did, in his opening remarks, express hope that "the perspective of history" would view his choices of the last six years favorably.

"I wish I could say that everything we've done here has gone perfectly, but that is not how life works, regrettably," he said. "The hope has to be not perfection, but that most decisions, with the perspective of time, will turn out to be the right ones."

Rumsfeld Bids Farewell To Pentagon (AP)

By Robert Burns,

AP, December 9, 2006

In an emotional farewell at the Pentagon, Donald H. Rumsfeld said Friday the worst day of his nearly six years as secretary of defense occurred when he learned of the Abu Ghraib prisoner abuse.

Speaking to a gathering of employees 10 days before he is to leave office, Rumsfeld defended his record on Iraq and Afghanistan and warned of "dire consequences were we to fail" in the war.

He also said he might write a book about his tenure at the Pentagon, and he predicted that his successor, Robert Gates, would do a good job. He declined to say what advice he had offered Gates, who was confirmed by the Senate this week.

Rumsfeld choked up briefly while recalling a woman in Alaska giving him a bracelet last August as a reminder of the sacrifices by soldiers of the Army's 172nd Stryker Brigade, whose year-long tour in Iraq was extended by four months to help try to quell sectarian violence in Baghdad. Showing it on his wrist, Rumsfeld recalled that he told the woman he would wear the green bracelet until the 172nd came home.

In a question-and-answer session billed as a "town hall meeting," he was asked what were his best day and his worst day.

"Clearly, the worst day was Abu Ghraib, seeing what went on there and feeling so deeply sorry that that happened," he said without hesitation. The scandal in the spring of 2004 involving an Iraq prison triggered worldwide condemnation and prompted Rumsfeld to twice offer his resignation to President Bush. Bush rejected those offers.

"I guess my best day, I don't know, may be a week from Monday," he said with a grin, referring to the day Gates takes over.

Asked how he wants history to remember him, he said simply, "Better than the local press."

He spoke at length about his hopes that the United States not let Iraq and Afghanistan collapse.

"We have every chance in the world of succeeding in both those countries, but only if we have the patience and only if we have the staying power," he said. Asked about the bipartisan Iraq Study Group's recommendations for a change in approach to the Iraq war, Rumsfeld said none of the suggestions were new.

He said the Pentagon had sent its advice to the White House on possible new approaches in Iraq.

With troops from each military service and a few civilian Pentagon employees seated behind him on stage in the Pentagon's main auditorium, Rumsfeld spoke to an audience of several hundred people. With a big smile, he strode into the room to a cascade of applause and a few approving yelps.

"I suspect this will be among my last public remarks as secretary of defense," he said. His last full day will be Dec. 17.

It was one of the few public appearances he has made since Bush announced on Nov. 8 at the White House that he was replacing Rumsfeld with Gates to get a "fresh perspective" on the Iraq war. Rumsfeld applauded the work and dedication of Pentagon employees and said he was proud to have been associated with them.

"Each of you and future generations of Americans, as well as future generations of Iraqis and Afghans, will be able to look on these past years as a time of enormous challenge and historic consequence," he said.

He was introduced by Gen. Peter Pace, chairman of the Joint Chiefs of Staff, who lauded Rumsfeld as a man of courage, integrity and vision.

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"This man's work ethic is incredible," Pace said. "Is he demanding? You bet." Rumsfeld then interrupted, saying with a laugh, "No! I've been on my best behavior."

Rumsfeld, 74, is one of the longest-serving defense secretaries in U.S. history and is the only person to have held the position twice. His first stint was from November 1975 to January 1977, when he held the distinction of being the youngest defense secretary in history.

Rep. Ike Skelton, D-Mo., who will become chairman of the House Armed Services Committee when Congress returns in January, said Friday that the wars in Iraq and Afghanistan will define Rumsfeld's legacy.

"The early efforts in Afghanistan were very successful, and he should be given credit for that," Skelton said in an interview taped for C-SPAN's "Newsmakers" program. "He should also be remembered as one who attempted to transform or modernize the military. Of course, it's pretty hard to do that in the middle of two wars. But he did begin that effort."

Rumsfeld Warns Against Precipitous US Withdrawal From Iraq (AFP)

By Jim Mannion

AFP, December 9, 2006

US Defense Secretary Donald Rumsfeld warned that a precipitous US withdrawal from Iraq would be a "terrible mistake" which would threaten the stability not only of Iraq but the region.

Rumsfeld, in a farewell "town hall" meeting with Pentagon employees, urged Americans to show patience with the war in Iraq, saying there would be "dire consequences were we to fail here."

Iraq and Afghanistan have made considerable strides, he said, but "those countries are not there yet."

"To pull out precipitously and inject that instability into the situation there in that country, and in that region, I think would be a terrible mistake," he said.

His comments come in the midst of an intense debate over a new course in Iraq and recommendations by a bipartisan panel that the onus of security and political reconciliation be shifted to Iraqis.

The panel headed by former secretary of state James Baker and former representative Lee Hamilton said most US combat forces could be withdrawn from Iraq by early 2008 while shifting the US military's mission to one of training and advising Iraqis.

Rumsfeld was asked about the report but did not specifically address its recommendations.

Instead he emphasized the stakes involved for a region with a Sunni-Shia divide that mirrors the sides to the sectarian conflict in Iraq.

"And the risks to its stability are significant," he said.

Iraq, he said, "is in fact a microcosm of what is taking place in that region: power struggle -- partly religious, partly economic, certainly political, ... but in a very real sense not terribly military in its nature."

He said the US military was doing all it could, but the conflict in Iraq could only be "won" by Iraqis through political reconciliation.

Rumsfeld, who resigned last month after a Republic defeat in mid-term elections, also expressed concern about "impatience in the United States and in the Congress."

"We have every chance of the world of succeeding in both of those countries, but only if we have the patience, only if we have the staying power," he said.

Rumsfeld's appearance was his last at an assembly of Pentagon employees before turning over the Defense Department to Robert Gates, the former CIA chief who replaces him December 18.

An overflow crowd of several hundred people packed a Pentagon auditorium and gave him a standing ovation as he entered the room with General Peter Pace, the chairman of the Joint Chiefs of Staff.

Peppered with friendly questions about his six year tenure, Rumsfeld defended his accomplishments, said he was thinking of writing a book, and hoped history would remember him "better than the local press."

"You know, clearly the worst day was Abu Ghraib and seeing what went on there and feeling so deeply sorry that that happened," he said.

Photographs of US soldiers abusing and sexually humiliating Iraqi prisoners touched off a devastating scandal that blackened the US image in the world and nearly cost Rumsfeld his job in 2004. He is still the target of lawsuits in the case accusing him of war crimes.

Asked his best day in office, Rumsfeld said, "I don't know, maybe a week from Monday" when he leaves office.

A Still-Serving Rumsfeld Is Set For Mustering Out (NYT)

By David S. Cloud

The New York Times, December 9, 2006

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WASHINGTON, Dec. 8 — As Donald H. Rumsfeld might say, you change strategy in Iraq with the defense secretary you have, not the one you might like.

It was a month ago that Mr. Rumsfeld announced his resignation, cast out by the White House to signal a course correction in Iraq. His successor, Robert M. Gates, has already been overwhelmingly confirmed by the Senate.

Yet when President Bush comes to the Pentagon on Wednesday, Mr. Rumsfeld will preside in the secure conference room known as "the Tank" when he and the Joint Chiefs brief Mr. Bush on the department's recommendations for a new way forward.

Mr. Gates is not scheduled to be sworn in until Dec. 18, though he has a temporary office on the Pentagon's third floor, and administration officials said that he will be involved in meetings and consult on the strategy shift.

How much influence Mr. Rumsfeld is exerting in the interim is somewhat unclear. Two of his top aides, Peter W. Rodman and Stephen A. Cambone, have already announced their resignations. He has told other senior officials at the department that they should hold off any major decisions to give Mr. Gates a chance to review them after he takes office.

Aides say that Mr. Rumsfeld has remained on the job not from any desire to cling to power, but because President Bush specifically asked him to stay until his successor was in place. He has spoken with Mr. Gates twice, he said Friday.

It is the second time in his career that Mr. Rumsfeld, who also served as defense secretary during the Ford administration, has stepped down from the job, and he leaves 11 days shy of breaking Robert S. McNamara's record as the longest serving defense secretary.

Taking questions Friday at an hourlong farewell to Pentagon employees, Mr. Rumsfeld became emotional and wiped his nose as he reviewed his tenure and accomplishments.

"I wish I could say that everything we have done here had gone perfectly, but that's not how life works, regrettably," he said.

In private, too, Mr. Rumsfeld has also seemed at times wistful about giving up the vast resources of his office. Shortly after announcing his resignation, the 73-year-old Mr. Rumsfeld, who dictated his memos into a recorder to be transcribed and disdained e-mail correspondence, told his aides: "I guess I'm going to have to get a computer."

He was not surprised by President Bush's decision to replace him the day after the midterm elections, several current and former aides said. He and Mr. Bush had talked several times about whether Mr. Rumsfeld could still operate effectively, especially if the Democrats took control of both the House and Senate, they said.

But the way the White House handled the departure remains a source of bitterness to some in Mr. Rumsfeld's inner circle. The choice of Mr. Gates after Mr. Bush had said in the week before Election Day that he wanted Mr. Rumsfeld to stay until the end of his term made it seem as if the change had been made abruptly, one Rumsfeld adviser said.

And it led some Republicans, bitter over their losses in the election, to wonder why Mr. Bush had not replaced him before the election when it might have helped their fortunes, the Rumsfeld adviser said.

"The way it was handled turned out to be unsatisfactory to all, except the Democrats," the adviser said.

As the disclosure this month of a memo Mr. Rumsfeld wrote outlining options for switching course in Iraq makes clear, the secretary has his own ideas about what should be done in Iraq.

Lawrence Di Rita, who served as a top Pentagon aide until resigning last year, said that the memo, which listed 21 options — many of them calling for reducing the American presence in Iraq — revealed Mr. Rumsfeld's willingness to offer up completely different ways of thinking. "Nothing was sacred to him," Mr. Di Rita said.

But when he met on Friday with employees at the Pentagon, Mr. Rumsfeld counseled patience in Iraq, warning that "to pull out precipitously and inject that instability into the situation there" would be "a terrible mistake."

The session also featured moments of vintage Rumsfeld, when he was not the battered figure who has become a symbol of a strategy gone wrong in Iraq, but the jaunty defense secretary whose verbal sparring once made his news conferences Washington's most entertaining show.

When a young military aide interrupted the proceedings to say there was time for one more question, Mr. Rumsfeld was having none of it. "I'll decide if it's the last question," he said.

In his final days, Mr. Rumsfeld still appears engaged, department officials say. He is still issuing "snowflakes," the memos that waft down to the bureaucracy from Mr. Rumsfeld himself and that are used to ask questions, stimulate debate and shape policy.

Nor has Mr. Rumsfeld given up on some of his favorite projects. Last week, his aides were still hoping to win White House approval to create a new regional command covering Africa, which is now under the purview of the United States European Command, based in Stuttgart, Germany.

Mr. Rumsfeld is still convening morning "roundtables," when a rotating cast of officials is called to his conference room to hash out issues. In the last week, he told a senior military officer that he was not satisfied with a briefing and told the officer to come back in January for another try.

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Left unstated was that Mr. Rumsfeld would not be around to hear it.

His sometimes brusque treatment of high-ranking military officers accounts for the private glee with which some Pentagon officers view his departure.

Even the Iraq Study Group, the independent panel that issued recommendations for changing strategy in Iraq this week, felt compelled to call on Mr. Gates to create "an environment in which the senior military feel free to offer independent advice."

In a more jocular way, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, seemed to say much the same thing while standing next to Mr. Rumsfeld at the Pentagon forum on Friday.

When a questioner asked what advice Mr. Rumsfeld would have for his successor, General Pace immediately jumped in with his own answer. "Listen to the chairman," he said.

House Winds Down Session By Approving Tax-Cut And Trade Bills (WSJ)

By David Rogers

The Wall Street Journal, December 9, 2006

WASHINGTON -- Major tax and trade bills neared final passage as Republicans began turning out the lights on the 109th Congress and 12 years of their party's dominance in the Capitol.

Working past midnight, departing lawmakers sent President Bush a third, stopgap spending bill required to keep the government operating through Feb. 15. And spurred by the Hewlett-Packard Co. scandal, the Senate called up and quickly approved a House-passed bill that would make it a federal crime to obtain someone's telephone records without his or her approval.

"Stealing someone's private phone records is a criminal act that can now be prosecuted," said Sen. Charles Schumer (D., N.Y.) one of the leading proponents. "Phone information and call logs should be protected with the same safeguards as financial data or medical records." (See related story1.)

The $45.1 billion tax cut measure, which includes provisions benefiting oil, coal and health-care interests, passed the House 367-45 late Friday after Democrats narrowly failed 207-205 in a last attempt to disrupt passage with an amendment to the oil provisions.

The intricate trade package, which most impacts Vietnam, Haiti and developing nations in Africa and South America, cleared the House hours later 212-184 with prominent Democrats joining in support.

The Senate next took up both measures as a single package, and eager to go home, senators agreed to expedite debate in hopes of sending the tax and trade provisions Mr. Bush for his signature.

"God should be so good to the people of Haiti that their exports could be a threat to the United States of America. That's not going to happen," said Rep. Charles Rangel (D., N.Y.), the incoming chairman of the House Ways and Means Committee. And even among Southern Republicans allied with the textile industry, resistance appeared to be crumbling in the Senate.

The tax package itself renews scores of popular, non-controversial expired tax breaks, most notably a deduction for college tuition, a deduction for state and local sales taxes in states without income taxes, and the corporate tax credit for research. But fiscal conservatives complained bitterly of costly add-ons and the backroom horse-trading in which some departing leaders won concessions for their home-state interests. And the stopgap spending bill -- covering more than $463 billion in annual appropriation -- dramatizes a major collapse in the budget process for the current fiscal year.

"It is a blatant admission of abject failure by the most useless Congress in modern times," said Rep. David Obey (D., Wis.), the incoming chairman of the House Appropriations Committee. And the current chairman, Rep. Jerry Lewis (R., Cal.) was equally scathing in his personal criticism of Senate Majority Leader Bill Frist (R., Tenn.) for contributing to the failure.

Sen. Judd Gregg (R., N.H.), the departing chairman of the Senate Budget Committee, took the floor and warned his party it was ignoring the lesson of Republican losses in the midterm elections last month.

"The American people took the reins of government away from the Republican Congress," Mr. Gregg said, in large part because "they were tired of our hypocrisy as a party on the issue of fiscal responsibility."

"It would appear that their concerns are justified…You just have to ask yourself how we as a party got to this point, where we have a leadership that is going to ram down the throats of our party the biggest budget buster in the history of Congress under Republican leadership…The American people figured it out and I'm sorry we haven't figured it out yet."

Together with the tax-cut extensions, the $45.1 billion package opens millions of acres in the Gulf of Mexico to offshore oil and gas exploration, and includes a provision to prevent a 5% cut in payment rates to physicians under Medicare, the federal health-care program for the elderly and disabled.

Over Mr. Gregg's objections, coal-state senators won a $4.9 billion provision to lift federal spending for retired miners' health benefits and abandoned mine reclamation. At the same time, New York was a big loser when tax credits to help financing

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for a proposed rail connection between lower Manhattan and John F. Kennedy International Airport were killed, together with a $477 million tax break for the timber industry, important to companies like Weyerhaeuser Co.

New tax language was added to promote the use of health savings accounts, a priority for the departing Republican leadership seeking to give individuals more control over their health care.

And both Mr. Frist, who is retiring at the end of this Congress, and Speaker Dennis Hastert (R., Ill.), who will be giving up his speakership, used their position to win concessions for home-state interests in federal health programs.

Tennessee, for example, will benefit from an estimated $30 million payment under Medicaid to help support hospitals in the state that handle a large number of low-income patients. And Mr. Hastert added language expanding the enrollment period for private health plans, providing coverage within Medicare.

Chicago-based Aon Corp., which provides private fee-for-service coverage through its subsidiary Sterling Life Insurance Co., pushed for the change that would allow qualified plans to enroll beneficiaries all year if they aren't participating in the prescription drug benefit.

Mr. Hastert's office said the language mirrors past enrollment provisions that expired last summer and Aon declined to comment. But critics argued that the landscape has changed with the advent of the prescription drug benefit, and to create different enrollment rules for plans, based on whether they participate or not, introduces inequities.

Before adopting the stopgap spending bill, Republicans made two modifications in a concession to critics. Lawmakers agreed to dock their own pay by delaying a planned cost-of-living increase -- due to take effect with the new year -- until Feb. 16, after the stopgap bill expires. And they gave the Veterans Administration expanded authority to move almost $684 million from other accounts in its budget to avoid a threatened shortfall in medical-care funds.

Opposition to the trade provisions has focused chiefly on those benefiting Haiti by allowing companies on the island to use fabric from third countries, such as China, in duty-free apparel destined for the American market.

A key force is Sen. Elizabeth Dole, the North Carolina Republican. Antitrade sentiments ran especially strong in her state in the 2006 congressional election, contributing to the defeat of one House Republican, Rep. Charles Taylor, and nearly knocking off another, Rep. Robin Hayes.

Republicans Push Tax Bill Through House (AP)

AP, December 8, 2006

WASHINGTON (AP) — Rejected by voters and limping off stage, the Republican-led House on Friday passed a sweeping bill reviving expired tax breaks and protecting doctors from a big cut in Medicare payments.

But they dumped an unfinished budget on the Democrats about to take power, passing by a 320-70 vote a stopgap spending bill putting the government on autopilot until Feb. 15. The Senate planned a pre-midnight vote to avoid a government shutdown.

The failure to pass budget bills for domestic agencies, said Rep. David Obey, D-Wis., amounted to "a blatant admission of abject failure by the most useless Congress in modern times."

Working into the night, the House also passed a package of trade bills and debated a measure to keep the government running into next February. Under a complicated procedural pirouette, the tax and trade legislation — along with a plan to open 8.3 million acres in the Gulf of Mexico to oil and gas drilling — was to be bundled together and sent to the Senate, where a handful of Republicans threatened delay.

A weekend Senate session loomed as Republican budget hawks bridled at the measure's cost and textile state senators objected to trade provisions benefiting Haiti. The House passed the trade bill by a 212-184 vote.

The 367-45 vote on the tax bill reflected widespread bipartisan support for extending expired tax breaks, including the research and development tax credit for businesses, sales tax deductions for people in states without income taxes, the tax deduction on college tuition, a tax credit for hiring welfare recipients and others facing difficulties finding jobs and tax credits for alternative energy producers and purchases of solar energy equipment by homeowners and businesses.

All told, the tax cuts would cost $38 billion over five years.

Also driving the massive bill forward was an effort to prevent a 5% cut in Medicare payments to doctors scheduled to take effect Jan. 1 under a complicated government funding formula. But the GOP-crafted solution to the problem was criticized as an accounting gimmick since it would double the cost of fixing the problem again next year.

Lawmakers faced a midnight deadline to send President Bush a bill to keep domestic federal agencies from shutting down. With work unfinished of nine of 11 spending bills, a stopgap funding bill would put 13 Cabinet departments on autopilot through Feb. 15 frozen at or slightly below current levels.

Democrats face difficult choices and weeks of work on the leftover budget mess, which totals $463 billion and must be passed at Bush's strict budget limits.

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"They are leaving us with a tremendous mess," Senate Minority Leader Harry Reid, D-Nev., told reporters. "We have alternatives, none of which are very good."

Democrats made good on a promise to block an automatic congressional pay raise until the minimum wage is increased. Under pressure from future House Speaker Nancy Pelosi, D-Calif., and Reid, GOP leaders added language to the stopgap funding bill language stopping the pay raise slated for Jan. 1 until Feb. 16.

Now, if the pay raise goes into effect Feb. 16, members would lose some $320 of their anticipated $2,800 annual increase. That raise would be $3,300 if Congress acts to boost the cost-of-living allowances for all federal employees in 2007. Currently, rank-and-file members get $165,200.

The House also approved, 330-59, an agreement to allow U.S. shipments of civilian nuclear fuel to India, an administration priority that is opposed by some because India, which has nuclear weapons, has not submitted to full international inspections.

The House approved by a voice vote a bill to keep open a special investigative office that has unearthed millions of dollars in waste and fraud in the rebuilding of Iraq. The office, which was set to end operations by October 2007, would stay open for an extra year under the bill, passed earlier by the Senate.

As is often the case at the end of the session, congressional leaders tried to lump popular items — extending the expired or expiring tax breaks — with other more contentious measures. Conservatives griped that the popular bills attracted costly add-ons benefiting retiring Republicans such as Majority Leader Bill Frist of Tennessee, who obtained $30 million in concessions for hospitals in his state that treat large numbers of low-income patients.

The trade portion establishes permanent normal trade relations with Vietnam, which is generally supported, with the extension of trade benefits for sub-Saharan Africa, Haiti and Andean nations. The Haiti provisions in particular raised red flags with lawmakers trying to protect home state textile industries.

Eight GOP senators from North and South Carolina, Georgia, Alabama and Kentucky on Thursday wrote congressional leaders saying 100,000 textile jobs in their region had already been lost due to trade agreements and they would oppose "as forcefully as possible" the Haiti measure.

Then there was Senate Budget Committee Chairman Judd Gregg, R-N.H., who gave an extraordinary floor speech lambasting his party for losing its way on fiscal discipline and his leadership for jamming it past rank-and-file Republicans opposing the massive measure.

Gregg particularly objected to a provision tucked into the tax bill to expand federal funding for the health benefits of retired coal miners at a cost of some $5 billion over 10 years.

"You just have to ask yourself how we, as a party, got to this point, where we have a leadership which is going to ram down the throats of our party the biggest budget buster in the history of the Congress under Republican leadership," Gregg said.

Congress Close To Approving Tax Package (WP)

By Lori Montgomery

The Washington Post, December 9, 2006

The House voted overwhelmingly to expand offshore oil drilling and preserve a variety of popular tax breaks for families and businesses, and the Senate was poised early this morning to approve the package after lawmakers angry about trade provisions and the bill's $50 billion cost agreed to let the measure move forward.

Eight senators from textile-manufacturing states had sent a letter to Senate leaders yesterday threatening to block the bill unless they removed a proposal to lift tariffs on clothing manufactured in Haiti. And Senate Budget Committee Chairman Judd Gregg (R-N.H) delivered a blistering condemnation of the decision by Republican leaders to push the unwieldy collection of tax, trade, health and energy measures through Congress as a single package at the last minute, with few opportunities for debate or objection.

In a speech on the Senate floor, Gregg blasted the package as "arguably the largest budget-buster ever brought forward by the Republican Congress."

But the objecting senators could only delay the bill; they did not have the votes to kill it. As midnight approached and the futility of their efforts became clear, they signaled their intention to give up and let their colleagues go home.

In both chambers, lawmakers rushed to finish critical business before calling the 109th Congress to a close. Among the most important pieces of legislation: a resolution that will keep the government running through Feb. 15, which won final approval just before midnight. Because the Republican Congress failed to pass nine of 11 spending bills needed to fund government operations, the unfinished budget will be dumped onto incoming Democratic leaders, who take control when the 110th Congress convenes in January.

At the request of incoming House speaker Nancy Pelosi (D-Calif.), the resolution contains a provision to end the long-standing tradition of granting lawmakers automatic pay raises.

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Throughout the day yesterday, negotiations over the tax-and-trade package consumed lawmakers, particularly in the Senate. With the trade measures under assault, House leaders delayed a vote on that portion of the package and focused first on the more popular tax provisions. By 367 to 45, the House voted to extend for two years nearly two dozen tax breaks, most of which expired in December 2005. They include a credit for research and development critical to many businesses, a reward for employers that hire former welfare recipients and a deduction for state and local sales taxes paid by people in states without income taxes.

If Congress had left town without extending the breaks, more than 19 million taxpayers would have faced higher taxes when they filed in April, said Senate Finance Committee Chairman Charles E. Grassley (R-Iowa).

The package also would repeal a $5,450 limit on contributions to health savings accounts, allowing taxpayers to shelter an unlimited amount of money as long as they choose certain insurance plans with high deductibles. It would stave off a scheduled 5.1 percent cut in payments to doctors who treat Medicare payments, and it would open 8.3 million acres in the Gulf of Mexico to oil and gas exploration.

The House approved the trade portion of the package by 212 to 184. That measure would grant permanent normal trading status to Vietnam and extend trade relations with some African and Andean countries, as well as some other developing nations. The measure also would allow some types of clothing made in Haiti to be imported duty-free. Supporters call the proposal a form of aid to one of the world's poorest countries, while opponents say it would destroy U.S. textile jobs by opening a tax-free door to Haitian goods manufactured with yarn and fabric from China.

Debate in the House was peppered with references to the imminent power shift in Congress. At one point, House Ways and Means Committee Chairman Bill Thomas (R-Calif.) complained that Rep. Charles B. Rangel (D-N.Y.) had not delivered a copy of a Democratic amendment on oil leases.

"You may not have received the amendment, but you received our best wishes on your birthday," Rangel said.

"That was two days ago. What have you done for me lately?" Thomas replied.

Rangel grinned. "We're saying goodbye."

Once through the House, the package was sent to the Senate, where an alarm briefly went up when Sen. Ted Stevens (R-Alaska) discovered that negotiators had failed to make good on a promise to include a provision that would save hundreds of Alaskan timber jobs. A separate bill was quickly drafted, approved by the Senate and shipped to the House.

Gregg made one last stand against the tax package, arguing that it does "grievous harm to the deficit." But he acknowledged that he did not have enough support to block the measure. Senate Majority Leader Bill Frist (R-Tenn) said the package was headed for a vote to halt debate and "ultimately, passage."

House And Senate Pass Tax And Trade Bill (LAT)

By Richard Simon

The Los Angeles Times, December 9, 2006

WASHINGTON — Nearing the end of an era of Republican rule, Congress early today sent to President Bush energy, tax and trade legislation as it prepared to hand over the reins of power to Democrats.

In a final burst of activity, lawmakers approved $38 billion in tax breaks and a Vietnam trade measure and voted to open a large section of the Gulf of Mexico to oil and gas drilling.

The House approved the measures Thursday night, and the Senate followed suit after midnight as the lame-duck session wound down.

But the GOP leadership was almost denied its last legislative victories, not by Democrats but by Republicans.

Some Senate Republicans objected to costly provisions of the tax bill, from a tax break for songwriters to funding for health benefits for former coal miners, saying they showed the party had yet to learn the lessons of the election that ousted it from power.

"The American people took the reins of government away from the Republican Party … because they were tired of our hypocrisy as a party on the issue of fiscal discipline," Senate Budget Committee Chairman Judd Gregg (R-N.H.) protested.

Sen. Charles E. Grassley (R-Iowa) warned colleagues that if they left town without renewing expired or expiring tax breaks, millions of taxpayers would face tax increases.

"I never thought I'd hear a Republican advocating that we ought to have a tax increase," said Grassley, who is chairman of the tax-writing Senate Finance Committee.

The final hours of the lame-duck session were overshadowed by the release of an investigative report on the congressional page scandal — perhaps fitting, given that the 109th Congress may well be remembered for its political scandals.

The day was marked by partisan bickering. Democrats complained that Republicans were rushing through big and complex bills without giving lawmakers time to read them.

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Later, however, the retiring speaker, J. Dennis Hastert (R-Ill.), received a hug on the House floor from the incoming speaker, Nancy Pelosi (D-San Francisco).

In a speech on the House floor, Hastert looked back on the GOP legacy and wished his Democratic successor well. Pelosi saluted the longest-serving Republican speaker and then joked "long may that record stand."

The tax bill that passed the House, 367-45, included a provision that would open to exploration about 8.3 million acres in the Gulf of Mexico, an area thought to contain more than 1.2 billion barrels of oil and 5.8 trillion cubic feet of natural gas.

Rep. Lois Capps (D-Santa Barbara), who opposed the drilling provision, warned that it would "bring the 25-year-old bipartisan moratorium against new drilling off America's coasts one step closer to an end."

But Rep. K. Michael Conaway (R-Texas), who supported the provision, argued that it would lead to "greater economic and national security."

The bill includes renewal of a number of popular tax breaks, including the research-and-development credit important to California's high-tech industry.

Lawmakers worked several healthcare measures into the tax bill, including legislation to cancel a scheduled 5% cut in payments to doctors who treat elderly Medicare recipients, and changes that would allow individuals to put more money into tax-sheltered health savings accounts, a new type of medical insurance favored by many Republicans.

Separately, the tax bill also addressed some unintended consequences of legislation that Congress passed last year to keep illegal immigrants from getting healthcare benefits through the Medicaid program for the poor. Hundreds of thousands of people who were legally entitled to benefits were inadvertently subjected to new requirements that they provide documents proving their citizenship. Some were frail seniors who had never been issued a birth certificate.

The changes will exempt several groups from the documentation rule, including federally assisted foster children, certain disabled people waiting for the starting date of their Medicare coverage and individuals receiving low-income Social Security assistance.

Rolling back the scheduled cut in doctors' fees had widespread bipartisan support. The cut had been called for under a budget formula that Congress had waived in past years. With time running out on the 109th Congress, the American Medical Assn. mounted an all-out lobbying campaign to head off the cuts.

Lawmakers instead agreed to freeze payments at this year's levels, while providing a modest increase for doctors who agree to participate in a new Medicare effort to improve the quality of clinical care.

However, Democrats bitterly criticized the provisions that would expand health-savings accounts. Many individuals use the tax-sheltered accounts to pay for routine bills while carrying low-cost "catastrophic" insurance for major medical problems.

Under the legislation, individuals would be able to contribute more money to the accounts, known as HSAs, and roll over limited amounts from Individual Retirement Accounts and other sources.

Some Democrats say the accounts provide a way for upper-income individuals to shelter more of their wealth from taxes and could undermine traditional insurance.

The trade bill, which included a Bush-backed provision establishing normal trade relations with Vietnam, passed the House, 212-184.

But the bill drew objections from Republican senators from Southern textile states because of a provision that would allow Haiti to export more apparel to the U.S.

Rep. Zoe Lofgren (D-San Jose) opposed the bill, saying it "does not do anything" to improve human rights conditions in Vietnam.

But Ways and Means Committee Chairman Bill Thomas (R-Bakersfield), who helped draft the bill, said it represented a "significant milestone in our efforts to mend the wounds of one of the most divisive conflicts in our nation's history."

The tax and trade bills were combined into a single package after they left the House and won Senate approval on a vote of 79 to 9.

In a sign of the Democrats' new clout, the House and Senate voted to put off until at least Feb. 16 a congressional pay raise scheduled to take effect Jan. 1. Currently, rank-and-file lawmakers receive $165,200 a year.

Pelosi had said that lawmakers should not receive a pay raise until Congress votes to raise the federal minimum wage, set at $5.15 an hour since 1997.

The provision was contained in a stopgap measure funding the government through Feb. 15. That measure is necessary because Congress has yet to enact most of the spending bills for the fiscal year that began Oct. 1.

A number of Republicans described the mood among their members as somber.

Complaining about the raft of unfinished business, Rep. Jack Kingston (R-Ga.) said, "We're quietly going out of town on a bunt rather than a grand slam."

But Democrats were just as eager for the session to wrap up.

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"Enough of this Congress," said Rep. Henry A. Waxman (D-Los Angeles). "I've had it."

As 109th Congress Expires, Jockeying Starts For 110th (NYT)

By Carl Hulse

The New York Times, December 9, 2006

WASHINGTON, Dec. 9 — The 109th Congress stumbled toward an angry close early Saturday as the Republican majority used its last hours of power to try to enact broad tax and trade legislation while Democrats accused Republicans of saddling them with a fiscal mess to clean up when they take control next month.

With minutes to spare before a midnight deadline on Friday, Congress approved a stop-gap measure to keep money flowing to federal agencies at current or reduced levels through Feb. 15, because this Congress has not passed regular annual spending bills.

The failure to dispose of the most basic Congressional work sparked recriminations over who was to blame as leaders of the House Appropriations Committee lashed out at the Senate. Representative David R. Obey of Wisconsin, the senior Democrat on the spending panel, called the temporary financing "a blatant admission of abject failure by the most useless Congress in modern times."

As a result of the spending impasse, Democrats will be forced to deal with the leftover money issues as soon as the new Congress convenes in January.

"It is not just that they turned out the lights — they took the light bulb," said Senator Patty Murray of Washington, who will join the Democratic leadership in the next Congress.

Even as the 109th Congress was expiring, the parties were maneuvering for the 110th. During the midterm election campaign, Democrats pounded Republicans for taking pay increases while not increasing the federal minimum wage, and they had planned to take action Friday to block the next Congressional raise. But Republicans added to the stop-gap measure a provision to block any Congressional raise until Feb. 15.

Throughout the day, House and Senate leaders put most of their energy behind legislation to normalize trade with Vietnam, grant trade benefits to Haiti and Andean countries, restore about $38 billion in popular tax breaks, block a cut in Medicare payments to doctors and open a stretch of the eastern Gulf of Mexico to oil and gas exploration.

While the House approved the tax and trade legislation, Senate opposition threatened speedy acceptance. A few critics raised objections to the Vietnam trade proposal, the prospect of cheaper textile imports from Haiti and the overall costs. The leadership was trying to ease those complaints and send lawmakers home.

Senator Judd Gregg, Republican of New Hampshire and the chairman of the Budget Committee, said the trade and tax measures represented the sort of fiscal management that caused voters to turn out Republicans in the House and the Senate in last month's elections.

"They did so, I think in large part, because they were tired of our hypocrisy as a party on the issue of fiscal responsibility," Mr. Gregg said, citing the inclusion of such special-interest provisions as more than $4 billion to clean up abandoned coal mines. "It would appear that their concerns are justified."

Some frustrated lawmakers said the chaotic ending of the session was fitting, with major legislation assembled behind closed doors by senior lawmakers and then rushed to the floor. That was typical, they said, of how business had been done in a highly partisan atmosphere. "This is another example of how not to legislate," said Representative Sander M. Levin, Democrat of Michigan.

The incoming Senate Democratic and Republican leaders said Friday that they would try to set a new tone, beginning the new session on Jan. 4 with a joint closed caucus to explore ways to work together.

"Senate Republicans intend to be as cooperative as possible to help the Senate get off to a good start next year," said Senator Mitch McConnell of Kentucky, the incoming Republican leader, who agreed to the meeting proposed by Senator Harry Reid of Nevada, the Democratic leader.

The legislation approved Friday was full of incentives to attract enough support to get it over the finish line. The tax measure, for instance, passed the House on a 367-45 vote. It extends a research and development tax credit sought by the business community, renews an income tax deduction for college tuition costs, allows taxpayers in states without income taxes to deduct sales taxes on their returns and allows teachers to deduct up to $250 for supplies bought with their own money.

The trade portion of the legislation drew more opposition in both the House and the Senate, particularly the push to establish normal trade relations with Vietnam and grant trade benefits for Haiti and the South American nations of Peru, Bolivia, Colombia and Ecuador. It passed the House on a 212-to-184 vote and was shipped to the Senate.

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The Bush administration sought the normal trade status with Vietnam, saying it would allow American companies to take advantage of that nation's entry into the World Trade Organization and its booming economy. But some lawmakers questioned Vietnam's record on human rights and raised issues dating back to the Vietnam War.

Representative Nathan Deal, Republican of Georgia, said the trade recognition would reward the communist government of Vietnam, which he said continued to resist efforts by Americans to seek the remains of family members lost in the conflict. But Representative Rob Simmons, a Connecticut Republican and Vietnam veteran, said the trade pact could help improve relations.

Democrats and some Republicans said the stop-gap spending bill could potentially reduce government services by holding spending in many agencies at or below current levels. In response to criticism that veterans might have to wait for care, the legislation allows the Department of Veterans Affairs to shift up to $684 million within its budget to cover health care.

As the House moved toward adjournment, Speaker J. Dennis Hastert, the Illinois Republican who will lose his post when the Democrats take over, gave his farewell speech.

"On January 4, I will be privileged to rejoin you on these benches where my heart is, here on the floor of the House," Mr. Hastert said.

Gregg Rips GOP For "Hypocrisy" Over Tax Bill Maneuver (RC)

By John Stanton

Roll Call, December 8, 2006

Senate Budget Chairman Judd Gregg (R-N.H.) tore into his GOP colleagues Friday, accusing the party of being hypocritical when it claims the mantle of fiscal responsibility.

Gregg's angry floor speech came after a decision by House and Senate leaders to move a $39 billion tax package using procedural tactics that will shield it from a filibuster.

In the speech, Gregg accused Senate GOP leaders of using procedural rules "against the Republican membership" to block criticism of the bill and efforts by conservatives to change it.

Under a deal struck between House and Senate leaders on both sides of the aisle, the Senate this week included trade language and provisions to extend tax credits, among other things, as a "technical correction" to a House-passed tax bill that had not been moved. The House passed that package, then transmitted the new bill to the Senate as a "message." Doing so makes the measure "privileged" under the chamber's rules, essentially blocking Gregg and other conservatives from using budgetary points of order to filibuster the bill.

A senior GOP Senate aide said today that leaders decided to use the procedure last weekend when it became clear that there would not be enough time to move the bill under regular rules. The aide also explained that Senate Majority Leader Bill Frist (R-Tenn.) worked with Minority Leader Harry Reid (D-Nev.), who agreed to the move.

Because of the procedural move, the Senate will likely now remain in session until at least Sunday, though Gregg could force the Senate to remain in town until late Monday or Tuesday if he does not agree to allowing the bill to move forward.

Reciting a litany of tax cuts and extensions benefiting special interests or specific states, such as a cut for the music industry and other language that could benefit Frist's home state of Tennessee, Gregg launched a blistering attack on his party's leadership, accusing them of hypocrisy and of failing to learn the lessons of last month's election.

"The American people took the reins of government away from the Republican Party. ... They did so, I think, in large part because they were tired of our hypocrisy as a party on the issue of fiscal responsibility. And it would appear that their concerns are justified," Gregg said.

Gregg said this is the first time that Congress has used a "Message from the House" to move tax legislation. Although House and Senate leaders have said the tax measure would be narrow, it includes billions in additional provisions. Beyond the state-specific tax cuts and music industry provisions criticized by Gregg, the bill also includes ethanol tax provisions, as well as an extension on an ethanol tariff that is favored by corn-state lawmakers to protect farmers.

Gregg placed the blame squarely on the shoulders of his party's leaders in his floor speech.

"We have a leadership which is going to ram down the throats of our party the biggest budget-buster in the history of the Congress under Republican leadership. Well, anyway, the American people figured it out, and I'm sorry we haven't," Gregg said.

Democrats Thwart Congressional Raise (DMN)

By Todd J. Gillman

The Dallas Morning News, December 9, 2006

WASHINGTON – Democrats stalled a congressional pay raise Friday, demanding a minimum wage hike first – a move derided even by Texas Republicans willing to freeze lawmakers' salaries.

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"I have voted for some, and I've voted against some. I would be inclined to vote against it this year," said Sen. John Cornyn, R-Texas, expressing annoyance that Democrats were trying to link the issues. "I think they are politically posturing."

House and Senate Democratic leaders threatened to block a last-minute flurry of legislation unless both chambers agreed to avert a 2 percent raise that would take effect Jan. 1. Republican leaders agreed to insert the provision in a stopgap budget that keeps the government running through Feb. 15.

Since 1989, Congress has gotten automatic raises pegged to inflation. A special vote is needed to block an annual raise. The next hike would have boosted pay $3,300, from $165,200 to $168,500.

Friday's move was largely symbolic. The freeze will expire with the stopgap budget – a six-week delay that will cost each lawmaker just $380, though the new Congress could vote to freeze pay for all of 2007.

"It is kind of a gimmick on their part," said Marc Short, spokesman for Sen. Kay Bailey Hutchison, R-Texas, adding that despite that, she also supported a pay freeze.

The temporary budget and pay freeze passed the House on Friday night. Senate action was expected by today.

Democrats argued that Congress doesn't deserve a raise because it hasn't been working hard enough, and because it's unfair until Congress boosts the minimum wage, which has been $5.15 per hour since 1997.

Democrats have vowed to raise that to $7.25 as soon as they take control in January.

Rep. Chet Edwards, D-Waco, dismissed Republican complaints, noting that inflation has left purchasing power at a 50-year low for minimum wage earners.

"I don't think it's just politics," he said. "I don't think Congress should be giving itself a $3,000-a-year pay raise when people working hard, moms and dads, for 10 years on minimum wage have not seen a single pay raise."

But Rep. Jeb Hensarling, R-Dallas, the new chairman of a conservative bloc called the Republican Study Committee, noted that he's voted against every congressional pay raise in his four-year tenure, unlike incoming Democratic Speaker Nancy Pelosi. "She's a little late to the cause," he said.

That said, he added, "It's probably the hardest vote anybody has to make. ... Some of my colleagues contribute so little they are vastly overpaid and some on both sides of the aisle contribute so much to America they're vastly underpaid."

He conceded that lawmakers are well-paid but added that "Congress gets a bad rap on how many days you spend in Washington. Voting in Washington is no more important than me going to the Palestine Rotary Club and listening to how people would like me to vote."

Democrats have accused Republicans of running a "do-nothing Congress," deriding the GOP leadership for keeping them in session just 103 days. They underscored the point Friday by releasing the 2007 schedule, which will boost the typical House workweek from three days to five, and drastically cut vacation time. Assuming a 10-hour day, the 103-day year yields an hourly rate of about $160, though that hardly accounts for all the time lawmakers spend on the job.

"We work every day. We have plenty of committee meetings. We have to go to our districts. I don't know anybody that stays elected that isn't giving it all they can give," said Rep. Eddie Bernice Johnson, D-Dallas, who said she would happily defer a raise for a higher minimum wage.

Incoming Democrats Face Fiscal Minefield (BOS)

By Rick Klein

The Boston Globe, December 9, 2006

WASHINGTON -- The outgoing Republican Congress has placed a political time bomb for incoming Democrats: Nearly all domestic programs paid for by the federal government are level funded through mid-February with no adjustments for inflation, a situation that probably will trigger cuts or reductions in such popular areas as veterans' affairs, children's healthcare, housing vouchers, and low-income fuel assistance.

Democrats, who take control of Congress in January, will therefore have to immediately choose between restoring any lost services and their campaign pledge to control government spending. The clash could expose tensions within the party in the crucial first weeks of Democrats' leadership -- and the party's agenda could get sidetracked in a pitched battle over spending priorities.

"As the Republicans leave their control of Congress, they've decided to blow up the room," said Senator Richard J. Durbin of Illinois, the assistant Democratic leader. "They're leaving behind a disaster for us to deal with."

Republicans will adjourn the 2006 congressional term today without passing nine of the 11 annual appropriations bills, which cover thousands of government programs and nearly half a trillion dollars in domestic spending. Instead, Congress passed a stopgap measure that will keep government operating at a bare-bones level through mid-February -- more than a quarter of the way into fiscal 2007.

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The minimum level is determined by picking the lowest of three budget figures for each agency: the amount the Senate or the House appropriated in separate votes or the amount the agency received last year. In most cases, that will be last year's budget for the program or agency.

The typical effects of level funding include delays in an agency's hiring or expansion plans, or inflation-related cuts in services. Democrats and social service groups predict a range of dire consequences: shuttered Social Security offices, a hiring freeze for FBI agents, thousands of children losing access to federally sponsored healthcare.

The Department of Veterans' Affairs budget will be particularly hard hit. The House and Senate budgeted $36.5 billion for the department in fiscal 2007, but Congress' failure to act on the spending bills will leave it funded at last year's level of $34.26 billion -- even as costs and the number of people it treats continues to rise.

That means thousands of battle-wounded soldiers returning from Iraq and Afghanistan may have to wait longer for VA medical treatment.

Advocates for social service programs are already sounding alarms and promise to lobby Democrats to fix what the Republicans left behind.

"This is just intolerable, where things are right now," said Charles Loveless, legislative director for the American Federation of State, County, and Municipal Employees.

Republicans initially said they would complete work on the appropriations bills during the post election congressional session. But fiscal conservatives, opposed to the thousands of earmarked pet projects stuffed into the measures, stalled the bills, and efforts to dislodge the projects failed amid squabbling between GOP House and Senate leaders.

Conservative Republicans in the House and Senate cheered that result. On its way out the door, the GOP finally succeeded in restraining federal spending -- and did so in a way that will force Democrats to make politically tough budget choices or break their campaign promises, said Representative Jeff Flake, an Arizona Republican.

"We will know very quickly next year whether they were serious about their promises," Flake said. "This is hardly a starvation diet. Most agencies will be fine."

Yet some Democrats say they would not be shy about pushing for more funding. Representative James P. McGovern, a Worcester Democrat, said the public expects his party to recognize their constituents need such federal programs as Head Start and healthcare for veterans.

"We're going to try to fix the damage they're doing," McGovern said. "People expect government to provide for certain needs. . . . I'm not worried about being labeled as a big spender."

But other Democrats are. On the campaign trail before last month's elections, Democrats promised to reduce the budget deficit and institute "pay-as-you-go" budget rules -- that is, increase spending for a program only if lawmakers can find a way to pay for it. Those goals would have to be sidelined if Democrats seek to boost spending early next year.

Representative Mike Ross, an Arkansas Democrat, said voters placed Democrats in control of Congress in large part because of runaway spending and the proliferation of pet projects under Republican rule. Democrats must try to balance the budget, Ross said.

"We have to put the country on a path toward fiscal responsibility," said Ross, co chairman of the conservative Blue Dog Coalition. "It's about priorities. These are decisions we have to be prepared to make."

Republicans' failure to finish their work has Democrats seething as they anticipate difficult budget votes in January and February. Senator Harry Reid of Nevada, the incoming majority leader, called it a "tremendous mess" that leaves his party with few palatable options.

"We have alternatives -- none of which are very good," said Reid. "One could get mad, but I'm going to try not to."

Representative David R. Obey, who is set to become chairman of the House Appropriations Committee, declined to say how Democrats would handle the situation.

But he said that Republicans' foot dragging would hurt President Bush since Congress will have to spend time solving the problem, leaving legislators less time to review the president's upcoming budget proposal.

In the meantime, he said, Republicans cannot blame Democrats for anything they do with the fiscal 2007 budget, since the GOP failed to act.

"If the Republicans are not willing to exercise their responsibility while they are in control, they lose all right to criticize in any way, shape, or form the matter in which we go about trying to clean up their mess," said Obey, a Wisconsin Democrat.

But some Republicans said they have granted Democrats a golden opportunity to show voters their fiscal discipline and bipartisanship. If Democrats are serious about curbing earmarks and balancing the budget, they will find plenty of Republicans who want to help, said Senator Jim DeMint, a South Carolina Republican.

"I have a bunch of senators who would like to work with them on that," DeMint said. "I don't care if they get the credit for doing it or not, it just needs to get done."

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Sentiment And Jokes At Farewells In The House (NYT)

By Anne E. Kornblut, Jeff Zeleny

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Representative Charles B. Rangel tried to do something graceful on Friday. He wished a very public happy birthday to his longtime nemesis, Representative Bill Thomas, the departing chairman of the House Ways and Means Committee.

In an exchange on the House floor, Mr. Thomas, Republican of California, informed Mr. Rangel, Democrat of New York, that his birthday was a few days ago and asked what Mr. Rangel had done for him lately.

"We're saying goodbye," Mr. Rangel said with a smile, drawing out his words and waving farewell.

In bursts of giddiness and remorse, members of Congress went through not just the end of the 109th Congress this week, but also 12 years of Republican control. It was the end of an era, and Republicans left Capitol Hill with spasms of amusement, anger and humiliation, at times visibly stunned that power and its trappings had vanished so fast.

They cleared out their belongings, leaving the hallways full of broken furniture and overflowing trash bins. They gave emotional farewell speeches on the floor.

They tried — rather unsuccessfully — to wrap up business, displaying a lack of legislative discipline that was a sharp contrast to the machinelike efficiency of their early years in charge.

Some lawmakers, like Senator Conrad Burns, Republican of Montana, walked off in a huff.

Representative Charles Bass, Republican of New Hampshire, paused to ruminate about his party's descent as he descended to the temporary quarters allocated to incumbents who lost on Nov. 7, a cluster of cubicles in the basement of a House office building.

"When I was elected in 1994, there were seven of us," Mr. Bass said, referring to the cadre of New England Republicans who long made up the moderate wing of his party. "It's been downhill ever since. And now we're down to one."

Indeed, the end of the current Congress means the departure of all House Republicans from New England except for Representative Christopher Shays of Connecticut. For the first time since 1976, there will be no one named Chafee representing Rhode Island in the Senate.

Nearly 12 Republican retirements and almost 24 defeats of incumbent means the loss of some of the best known, and most colorful, characters of recent decades.

Representative Henry J. Hyde of Illinois, the longtime House Judiciary Committee chairman, will be gone. So will Representative Katherine Harris, famous or infamous for her role as secretary of state in Florida in the 2000 presidential election. As will Representative J. D. Hayworth of Arizona, a formerly brazen member of the new Republican breed elected in 1994.

Representative Jim Leach of Iowa, a 30-year veteran of the House and a moderate Republican who lost his seat, lamented that "the great center of American politics" was no longer represented in Congress.

"If you think of American history, the best and the brightest gravitated to politics," Mr. Leach said recently after addressing the House. "Today, that is less the case."

He said he believed that he was leaving a Congress far more dysfunctional than when he arrived, adding, "The public swings from being slightly left of center to slightly right of center, but the politics are well to the right of center to well to the left of center."

The final moments of the week should have presented a last-dash opportunity for Republicans to consider core items of the conservative agenda, the chance to put in a parting word, however symbolic, on issues like abortion.

Instead, the 12 years of Republican discipline began to wither. House Republicans failed to pass an antiabortion measure, struggled to approve a package extending popular tax breaks and decided not even to bother trying to find a solution for the spending bills. Atmospherically, the place began to look like a sprawling rummage sale, as members departed and others swapped spaces.

A few dozen gold-embossed books, commemorating the Congressional tributes on Ronald Reagan's death in 2004, were tossed into the heap next to the office of E. Clay Shaw Jr., a Florida Republican who was defeated. When word spread about the books, young Republican aides began scooping them from the garbage.

Other scavengers, some with backpacks and some in business suits, traipsed up and down the hallways of the House office buildings. Cleaning crews moved from empty suite to empty suite, confronting years' worth of debris.

In the basement of the Rayburn building, the more than 20 Republicans who involuntarily lost their seats crammed into a single office, for some of them the closest they would come to having space in the most vaunted House office building.

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"I finally got a Rayburn office, but it's in the basement," said Representative Chris Chocola, Republican of Indiana. On the other side of the Capitol, Senator Rick Santorum of Pennsylvania met with his successor, Bob Casey, for nearly an hour on Thursday, their longest encounter apart from their televised debates.

But Mr. Santorum, a Republican whose once-steady rise in politics ended with a resounding defeat, refused to be photographed with Mr. Casey, and brushed past reporters in his closing days in the Capitol.

In a departing act as House majority leader, John A. Boehner of Ohio sent a memorandum to Republican members of Congress. He waxed nostalgic over the close of the session, saying the Contract With America had ended.

"Chastened and humbled by our defeat at the ballot box, Republicans have taken a critical look inward," Mr. Boehner wrote. "We've looked back at our greatest success, in search of lessons to guide us as we move ahead."

He warned members that life would change considerably.

"I'm not looking forward to serving in the minority during the next two years," Mr. Boehner said.

But he added that it would be a good lesson and motivation to regain control of the House in two years and end any feeling of complacency from their 12-year run.

"If such an entitlement mentality did creep in, it should now be dead and gone," Mr. Boehner wrote. "And the humbling conditions Republicans face during the first few months of 2007 will stamp out any trace that remains.

"The end of our Republican majority was not inevitable. Nor is the return of our majority two years from now. Our fate is in our own hands, and that of the American people we were elected to serve."

Committee Says GOP Left Foley Unchecked (WP)

By Jonathan Weisman

The Washington Post, December 9, 2006

The House ethics committee concluded yesterday that House Speaker J. Dennis Hastert (R-Ill.) and his top staff probably knew for months, if not years, of then-Rep. Mark Foley's inappropriate contact with former House pages but did nothing to protect the teenagers.

Top GOP House leaders also "failed to exercise appropriate diligence" in the matter, the committee's report found, and tried "to remain willfully ignorant of the potential consequences of Foley's conduct." The ensuing scandal contributed to the Republicans' losses in the midterm elections. The report speculated that some officials were reluctant to act too aggressively for fear of exposing Foley's homosexuality or for political reasons.

But the ethics panel, officially known as the Committee on Standards of Official Conduct, decided against taking any action against the leaders, aides or House officials involved in the saga, declining even to describe their actions as bringing ill repute on the House.

"The requirement that Members and staff act at all times in a manner that reflects creditably on the House does not mean that every error in judgment or failure to exercise appropriate oversight and sufficient diligence establishes a violation" of House rules, the long-awaited report concluded.

The committee's bipartisan probe was launched two months ago after reports by ABC News that Foley, a Florida Republican, had sent sexually explicit online messages to male former House pages. The 89-page report is sharply critical of Hastert and his chief of staff, Scott Palmer, and chief counsel, Ted Van Der Meid.

The report also chides House Majority Leader John A. Boehner (R-Ohio) for not showing sufficient curiosity in the matter, and retiring Rep. Jim Kolbe (R-Ariz.) is criticized for failing to divulge Foley's actions, both years before they were exposed and after they came to light.

Democratic aides are also criticized, for shopping around inappropriate Foley e-mails to media outlets as far back as November 2005, apparently for political gain.

To critics of Congress, the report's release in the final hours of the session is a fitting end to a Congress tainted by scandal, indictments and resignations. Next month, Hastert will take a seat in a new, Democratic-controlled House as a back-bench member of the minority.

"It is unfathomable that the ethics committee has held no member or staff member individually accountable for the manner in which the Foley scandal was handled in the House," said Fred Wertheimer, president of Democracy 21, a watchdog group.

Two former pages whose revelations added to the scandal expressed disappointment with the committee's decision not to discipline those who knew about Foley's behavior. One of the pages, involved in providing the first questionable e-mails to the media, said, "I'm surprised they aren't doing anything, but it's not shocking, given the lack of real accountability we've seen in Congress in general."

The other former page, whom Foley propositioned after the boy had left the page program, said, "My fear is that by not holding anyone accountable it sets a precedent that political fallout is more important than young people's safety."

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Committee members of both parties defended their conclusions. "This is not the jerry-rigged result of a series of compromises," said Rep. Howard L. Berman (Calif.), the committee's ranking Democrat.

Hastert issued a statement late yesterday stressing that the investigation had uncovered no evidence that any House member, officer or employee, or any member of the media, knew of the overtly sexual instant messages that led to Foley's sudden resignation.

Much about Foley's courting of male pages has been made public, but the committee's report breaks new ground. As far back as 1995, the year Foley took office as part of the Republican takeover, Jeff Trandahl, then assistant clerk of the House, saw Foley as a nuisance for lavishing inordinate attention on pages. Trandahl, who would be elected clerk in 1999, testified that he thought of Kolbe, an openly gay House Republican who is retiring this year, the same way.

Peggy Sampson, the Republicans' chief page supervisor, said Foley's behavior gave her a "creepy feeling" for years. Evidence emerged that on two separate occasions, Foley went to the page dormitory late at night. In the first incident, before 2000, he was suspected of being intoxicated and was turned away by Capitol Police. In another incident, in June 2000, he reportedly appeared in his convertible during the pages' end-of-semester "all-night party" and sped off with at least two pages before supervising staff could react.

Perhaps the biggest revelations involved Kolbe. The Washington Post reported in October that one of his former pages had received a sexually explicit instant message from Foley, which the former page had shown to Kolbe as long ago as 2000. After the story appeared, Kolbe said that the contact was with his staff, not him, that he did not see it and that he was unaware it was explicit.

Kolbe's assistant, Patrick Baugh, told the committee that the former page had contacted Kolbe directly and that the former page revealed the explicit nature of the message.

Moreover, after the Foley matter exploded in the media, the former page contacted Kolbe again to ask whether he should divulge the instant message. He testified that Kolbe responded: "It is best that you don't even bring this up with anybody. . . . There is no good that can come from it if you actually talk about this."

In a statement, Kolbe said, "The report demonstrates that members of my office and I took prompt action in 2001 to address the complaint," by a college student from his district who had previously served as a House page. "I did not review a copy of the communication Congressman Foley sent . . . and I never knew whether or not it was sexually explicit," Kolbe said. "The simple fact that Foley had made the student feel uncomfortable was enough for me to take action by, among other things, notifying the Clerk of the House."

Another incident was also brought to light in the report. After the Foley matter became public on Sept. 29, The Post quoted Boehner saying that he had told Hastert that spring of concerns about Foley and that Hastert had said the matter was being taken care of. When the story appeared on The Post's Web site that night, Palmer, Hastert's chief of staff, contacted Boehner's chief of staff to discuss what the report called "the perceived inconsistency" between Boehner's story and Hastert's statement denying all knowledge of the concerns.

That led to a late-night strategy session of House GOP leaders in Boehner's office, which some members at the time feared was inappropriate because the case had been referred to the ethics committee.

Democrats receive their share of scrutiny in the report. In August 2005, a former page of Rep. Rodney Alexander (R-La.) sent Alexander aide Danielle Savoy e-mails he had received from Foley asking him for a picture and asking what he wanted for his birthday. Savoy passed them on to a friend, who showed them to her boyfriend, Justin Field, who worked for the House Democratic Caucus.

Democratic Caucus communications director Matt Miller saw the e-mails as inappropriate, but rather than taking them to authorities, he shopped them to the press, first to the Miami Herald and the St. Petersburg Times that November, then to the Capitol Hill newspaper Roll Call. He also gave the e-mails to the communications director of the Democratic Congressional Campaign Committee, a point apparently validating Republican charges that senior Democrats were behind the revelation of Foley's conduct.

On the central question of Hastert's involvement, the committee firmly sided with Trandahl and former Foley chief of staff Kirk Fordham, who testified that they brought Foley's behavior to the attention of Palmer and of Hastert counsel Van Der Meid years ago. Fordham also testified that Palmer assured him he had brought the issue directly to the speaker in late 2002 or early 2003.

Trandahl said Palmer had told him: "I've talked to Kirk Fordham. I understand the problem. I'm on it." He said he remembered it "vividly."

Palmer testified repeatedly that he remembered no such meeting, and Hastert said he did not remember learning anything of the Foley matter.

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But the committee found "the weight of the evidence supports" Fordham and Trandahl. Moreover, "the weight of the evidence supports the conclusion that Speaker Hastert was told, at least in passing, about the e-mails" by Boehner and Reynolds in spring 2006.

Ethics Panel Faults GOP Leaders In Foley Case (LAT)

By Noam N. Levey

The Los Angeles Times, December 9, 2006

WASHINGTON — In a coda to a year of political disasters for Republicans, the House Ethics Committee said Friday that GOP lawmakers and staff members for years remained "willfully ignorant" that former Rep. Mark Foley was making sexual advances toward male congressional pages.

Driven by political considerations and fear of exposing Foley's homosexuality, they failed in their duty to protect the teenagers, the committee concluded in its report on the scandal. And, the panel said, congressional officials ignored evidence of predatory behavior by the Florida Republican that began emerging more than 10 years ago.

Despite these criticisms, the bipartisan ethics panel found that no House rules were broken in the handling of the Foley case. And though it noted that senior advisors to outgoing House Speaker J. Dennis Hastert (R-Ill.) were among those who were warned years ago of Foley's improprieties, the committee did not determine there had been a systematic cover-up of the matter.

The report's lack of sanctions drew quick condemnation from government reform groups, which characterized the committee's nine-week investigation as a sham.

"It's just unfathomable how you can reach the conclusion that wrongdoing occurred … but no one did it," said Fred Wertheimer, president of the independent watchdog group Democracy 21. "This is a classic demonstration of one of the fundamental ethics problems [in Congress]. They don't have a real system for enforcement."

Hastert issued a brief statement in which he praised the panel's work and said he was "glad the committee made clear that there was no violation of any House rules by any member or staff."

Nonetheless, the report's harsh critique was another black mark on the GOP, whose losses in last month's midterm election cost it control of the House and Senate and capped a period of scandals and failed legislative initiatives. Along with Foley, four GOP lawmakers — including onetime House Majority Leader Tom DeLay of Texas — have resigned amid scandal since 2005. On the legislative front, the party stalemated this year on a number of key issues, including immigration overhaul and controlling federal spending.

Growing public discontent with the war in Iraq created an especially tough political environment for Republicans in this year's campaign. And in the eyes of many political experts and strategists in both parties, the Foley scandal was the final blow that crushed GOP hopes of retaining its congressional majorities.

The Ethics Committee probe began after news reports in late September of sexually explicit messages between Foley, 52, and a former House page, revelations that caused the 12-year House member to immediately resign his seat.

Although the committee did not call for any penalties against any of those linked to the controversy, it also did not find much honor in the way a succession of congressional officials responded as questions arose about Foley's actions.

As far back as the mid-1990s, the investigation found, House officials learned of warning signs that Foley had an inappropriate interest in pages.

Foley tried to visit the pages' residence hall after curfew on at least two occasions, once while he may have been intoxicated, according to the report.

In 2001, a former page who had been sponsored by Rep. Jim Kolbe (R-Ariz.) complained to Kolbe that Foley had sent him a sexually explicit message. And in 2002, Foley used frequent-flier miles to bring a former page to Washington to visit him.

But each time, officials who knew of Foley's behavior seemed to do little more than suggest to him that he be more careful.

The committee's report is particularly critical of Kolbe, who, according to the former page, later told the page not to share information about Foley's message. Kolbe denied to the committee that he tried to silence the former page.

Also pointedly criticized for their inaction were two of Hastert's chief lieutenants: his longtime chief of staff, Scott Palmer, and his chief counsel, Ted Van Der Meid.

Former House Clerk Jeff Trandahl — who told the committee that he confronted Foley about 10 times over the years about his behavior — said he repeatedly raised his concerns with Van Der Meid.

Trandahl and former Foley Chief of Staff Kirk Fordham said they brought their concerns to Palmer in 2002 or 2003. Yet no official action was taken. Palmer said he did not recall meeting with Fordham.

Even in 2005, when a series of suggestive e-mails from Foley to a former page in Louisiana prompted more complaints, House leaders did little but ask Foley to stop the communications, the committee found.

The committee reported that it could not "determine conclusively" why officials had not acted more aggressively.

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"Some may have been concerned that raising the issue too aggressively might have risked exposing Rep. Foley's homosexuality, which could have adversely affected him both personally and politically," the panel concluded.

It also noted that "there is some evidence that political considerations played a role."

Although the committee did not detail what those may have been, the GOP's majority during its 12 years of controlling the House always has been relatively slim, and party leaders were focused on retaining seats.

Addressing conflicting reports about when Hastert was alerted to Foley's communications with the former Louisiana page, the committee wrote: "The weight of the evidence supports the conclusion that Speaker Hastert was told, at least in passing, about the e-mails" months before Foley resigned.

House Majority Leader John A. Boehner (R-Ohio) and Rep. Thomas M. Reynolds (R-N.Y.), head of the party's congressional campaign committee, contradicted Hastert's account. Boehner and Reynolds said they alerted Hastert early this year.

Rep. Howard L. Berman of Valley Village, the committee's ranking Democrat, said the investigation's "most important contribution" would be "to tell the story of what happened."

But the panel's decision not to recommend any punishment for any official threatens to weaken its effect at a time when Democrats are promising to treat ethics more seriously than did the departing GOP majority.

The committee could have officially rebuked those involved in the case. It also has the power to recommend expulsion of lawmakers. The full House would vote on such a recommendation.

The Justice Department is conducting a criminal probe into the handling of the Foley case.

The committee report was released just a few hours before Hastert took to the House floor to reflect fondly upon his service as speaker since 1999. His remarks were greeted with a standing ovation from Republicans and Democrats.

Report Finds Negligence In Foley Case (NYT)

By Jeff Zeleny

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — The House ethics committee said Friday that a nine-week investigation into former Representative Mark Foley's conduct had found that Speaker J. Dennis Hastert and other Republican leaders were negligent in not shielding teenagers from inappropriate advances by Mr. Foley.

But the panel also concluded that neither Mr. Hastert nor other officers of the House had violated any House rules, and recommended no sanctions for their failure to stop Mr. Foley's conduct.

The bipartisan report, released in the waning hours of the Congressional session, concluded that "political considerations played a role" in some of the decisions made by lawmakers or their aides after learning about Mr. Foley's contacts with former Congressional pages.

"A pattern of conduct was exhibited among many individuals to remain willfully ignorant of the potential consequences" of Mr. Foley's untoward behavior, the report said. "The failure to exhaust all reasonable efforts to call attention to potential misconduct involving a member and House page is not merely the exercise of poor judgment, it is a present danger to House pages and to the integrity of the institution of the House."

The members of the investigating subcommittee, two Republicans and two Democrats, declined to take questions on Friday or respond to critics who said the case of Mr. Foley, a Florida Republican, underscored a need to reform how Congress policed itself. The findings were presented in a two-inch-thick document, including volumes of sexually graphic instant messages Mr. Foley sent to former pages.

Mr. Foley refused to testify, the report said, citing pending criminal investigations against him in Florida as well as his right not to incriminate himself. He has been beyond the jurisdiction of the House since resigning on Sept. 29. Had he remained in Congress, the report said, he "almost certainly" would have been disciplined.

The revelations about Mr. Foley shook the midterm election campaign, played a role in Republicans losing control of the House and damaged the political leadership of Mr. Hastert. The committee said "the weight of the evidence" showed that Mr. Hastert knew about e-mail messages Mr. Foley had sent a former page from Louisiana and that his circle of senior advisers for years had been aware of other concerns.

The committee found that there was "a disconcerting unwillingness to take responsibility for resolving issues regarding Representative Foley's conduct." Those in the chain of command, the report said, "did far too little, while attempting to pass the responsibility for acting to others."

The committee said it could not conclusively say why Republicans failed to address Mr. Foley's conduct. But the investigation found that Republicans "may have been concerned that raising the issue too aggressively might have risked exposing Representative Foley's homosexuality, which could have adversely affected him both personally and politically."

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After his resignation, Mr. Foley checked himself into an alcohol treatment program and announced, through his lawyer, that he is gay. He has since been released from the program, but has not spoken publicly about his behavior.

After hearing testimony from more than 50 witnesses, the committee concluded that Mr. Foley employed a familiar pattern to become acquainted with pages. The report said the congressman would get page e-mail addresses at the end of their time in Washington, and begin contacting them with "messages that could be read as sexual solicitation."

"Such conduct is an abuse of power and an abuse of trust of the pages, their parents or guardians and the Congress itself," the report said. "Behavior of this kind cannot be excused or tolerated, as it undermines the integrity of the House."

In a written statement on Friday, Mr. Hastert noted that the investigation found no evidence that anyone knew about the sexually charged instant messages that led to Mr. Foley's resignation. "I am glad the committee made clear that there was no violation of any House rules by any member or staff," he added.

Still, the investigation concluded that the speaker's chief of staff, Scott Palmer, first learned of Mr. Foley's conduct with pages in 2002 or 2003. And the speaker's chief counsel, Ted Van Der Meid, had been aware of concerns about Mr. Foley's behavior for nearly a decade.

The committee's findings validated the accounts of Kirk Fordham, Mr. Foley's former chief of staff, and Jeff Trandahl, then the House clerk, both of whom testified that they repeatedly warned the speaker's office about Mr. Foley, described in the report as a "ticking time bomb." The concerns heightened in November, 2005, when a former page sent e-mail messages he had received from Mr. Foley to the office of Representative Rodney Alexander, a Louisiana Republican. It was this exchange, in which Mr. Foley asked for the teenager's photograph, that prompted Republican leaders to confront Mr. Foley.

While there was much discussion about the initial e-mail messages, few people had seen transcripts. Republicans said the family of the Louisiana page was adamant about privacy and had objected to messages being disclosed, but the report released Friday said the page's father had testified that he had made no such request.

The demand for privacy became a "convenient justification for failing to pursue the matter," the report said. "The family's desire for privacy could have been accommodated while still investigating more aggressively."

The inquiry was led by Representative Doc Hastings, Republican of Washington, and Howard L. Berman, Democrat of California.

Foley Report Harshly Criticizes Hastert, Staff (RC)

By John Bresnahan, Susan Davis

Roll Call, December 8, 2006

After a nine-week investigation, the House ethics committee has concluded that Speaker Dennis Hastert (R-Ill.) and his top aides knew that former Rep. Mark Foley (R-Fla.) had inappropriate e-mail contacts with former House pages but failed to take adequate steps to stop those contacts, according to a report released by the panel on Friday.

The committee's findings — which did not include any formal violations of House ethics rules — are in direct contrast with public statements made by Hastert and Scott Palmer, his chief of staff. Both men denied being told by Members or staff of any concerns about Foley's behavior or speaking to the ex-lawmaker or Foley's staff about the matter. Ted Van Der Meid, Hastert's counsel, was slammed by the ethics panel for "an inexplicable lack of interest" in the Foley e-mails or attempts to resolve the matter.

Retiring Rep. Jim Kolbe (R-Ariz,), who is under investigation by federal authorities over his own interactions with House pages, also drew harsh criticism from the Committee on Standards of Official Conduct for failing to follow up concerns raised by an ex-page regarding a sexually explicit Foley e-mail. The committee said Kolbe should have done more in October 2001 to determine exactly what Foley had said to the former page.

But the ethics committee did not find that any current Member or aide had violated House rules or standards, and the panel will take no further action on the scandal, despite the failure by House GOP leaders and senior aides to address the Foley matter before it was revealed by ABC News in late September. Foley resigned from the House on Sept. 29, and he is under investigation by both federal and Florida officials over his dealings with the former pages, including sexually explicit electronic exchanges he had with several male teens.

An investigative subcommittee led by Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), chairman and ranking member of the full ethics committee, found "a significant number of instances where Members, officers or employees failed to exercise appropriate diligence and oversight, or should have exercised greater diligence and oversight, regarding issues arising from the interaction between former Rep. Mark Foley and current or former House pages."

In the panel's report, which was publicly released this afternoon, the committee also noted "a disconcerting unwillingness to take responsibility" for Foley's actions among lawmakers and staff or for stopping it once they were aware of the behavior.

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"Rather than addressing the issues fully, some witnesses did far too little, while attempting to pass the responsibility for acting to others," the report stated. "Some relied on unreasonably fine distinctions regarding their defined responsibilities. Almost no one followed up adequately on the limited actions they did take."

The ethics panel blamed several factors for the GOP leadership's failure to rein in Foley, including the fact that Foley was gay but closeted, as well as the potential political fallout if that fact were publicly revealed.

"Some may have been concerned that raising the issue too aggressively might have risked exposing Rep. Foley's homosexuality, ... which could have adversely affected him both personally and politically," the subcommittee found. "There is some evidence that political considerations played a role in decisions that were made by people in both political parties."

In a statement, Hastert emphasized that the panel concluded that no House Member or staffer was aware of the more sexually explicit messages that surfaced after the Foley scandal became public.

"I asked the Committee to do this tough job promptly, and they have," Hastert said. "I want to thank them for their diligent and hard work in preparing a thorough and final report. My staff and I voluntarily and fully cooperated with this investigation. I am glad the committee made clear that there was no violation of any House rules by any Member or staff."

Hastert told the investigative subcommittee that he could not recall being told by House Majority Leader John Boehner (R-Ohio) and Rep. Tom Reynolds (R-N.Y.) about inappropriate e-mails that Foley was sending to a former page. Both lawmakers testified that they had warned Hastert about the e-mails earlier this year.

The investigative subcommittee "finds that the weight of evidence supports the conclusion that Speaker Hastert was told, at least in passing, about the e-mails" by both Boehner and Reynolds, the report stated. "Neither the Majority Leader nor Rep. Reynolds asked the Speaker to to take any action in response to the information each provided to him, and there is no evidence that the Speaker took any action."

The ethics committee apparently did not believe Palmer's denial of any knowledge of the Foley e-mails, and it disputed Palmer's claim that he did not meet privately with Foley or his former chief of staff, Kirk Fordham, to discuss the matter.

"The weight of evidence supports a conclusion that Kirk Fordham talked to Scott Palmer about Fordham's concerns about Rep. Foley's conduct, and that Palmer later talked to Rep. Foley," the report stated.

Former House Clerk Jeff Trandahl, a key figure in the investigation, testified that he had been aware of Foley's behavior as early as the mid-1990s and had "repeatedly confronted" Foley personally about his behavior.

Trandahl said he raised the matter "a lot more than 10 times" with Fordham, who was Foley's chief of staff at the time. The report indicates that Trandahl and Fordham worked in conjunction over the years to curb Foley's interaction with pages and to warn him about the appearance of impropriety.

According to the report, Trandahl said he raised the issue with Van Der Meid on "a number of occasions." Van Der Meid testified that he never informed anyone else in the Speaker's office because he believed Trandahl and Fordham were in control of the matter. Trandahl "had never asked me to take any other action," Van Der Meid testified.

Trandahl offered key testimony contradicting Palmer's insistence that he has no recollection of a conversation that took place in late 2002 or early 2003 in which Trandahl and Fordham agreed to go to Palmer directly, and Fordham spoke with him directly. Palmer flatly denied any recollection or knowledge that such a meeting took place.

Trandahl said that over the years, he also raised the matter with Kolbe, and staff associated with the Page Board.

The committee concluded that Trandahl was not guilty of any misconduct and that his actions were "reasonable" in the Foley matter. "In fact, the evidence shows that both Fordham and Trandahl took steps to bring their concerns about Rep. Foley's conduct to the attention of others who they thoughts might be able to help address their concerns."

At a press conference Friday, Hastings and Berman declined to take questions regarding the investigation in order to "let the report speak for itself."

According to Hastings, the panel did more than 100 hours of interviews producing more than 3000 pages of written testimony. He said that while the panel originally authorized over four-dozen subpoenas, most individuals co-operated willingly and "only a handful" of subpoenas had to be served.

"We were pleased by the cooperation received by the overwhelming majority of those we interviewed both inside and outside the House," Hastings said.

Hastings and Berman maintained that the committee fulfilled its Oct. 5 commitment to a quick and thorough investigation. "Promise made, promise kept," Berman told reporters.

"I've never seen the process work better than it has on this particular occasion," Berman said, lauding the staff of the investigative panel but noting that the investigation saw rare and intense Member participation by the chairman and ranking member, as well as Reps. Judy Biggert (R-Ill.) and Rep. Stephanie Tubbs Jones (D-Ohio.), who also sat on the investigative subcommittee.

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Speaking broadly to the Foley matter, Hastings took the opportunity to reiterate that "Members, officers and staff alike" have an obligation to "speak up and to seek appropriate action and then to follow up to ensure that the concern has been properly addressed."

Hastings added, "If there is a positive to take away from all of this, I hope there will be a renewed determination on the part of everyone here in the House to spare no Member when it comes to ensuring the safety of our young men and women who come from all over the country to serve us as our pages."

Panel: Republicans Negligent But Broke No Rules In Foley Case (CHIT)

By Mike Dorning, Christi Parsons

Chicago Tribune, December 9, 2006

WASHINGTON -- Republican congressional leaders and their staffs were "willfully ignorant" in responding to early warnings of improper advances toward underage male pages by then-Rep. Mark Foley of Florida but did not violate any House rules, the House ethics committee concluded Friday.

The committee's 89-page investigative report described numerous warning signs of inappropriate behavior stretching back more than a decade, including two nighttime visits by Foley to the dormitory where the high school-age House pages lived. On one occasion, the Republican congressman was turned away because it was after curfew and he appeared intoxicated. Another time, Foley sped off in his convertible with two male pages, the committee was told.

Though the panel did not reprimand or otherwise sanction House Speaker Dennis Hastert (R-Ill.) or any other member of Congress, it cast doubt on Hastert's public insistence that he was unaware of a complaint about inappropriate e-mail messages Foley sent to a former page last year.

The speaker declined to discuss the committee's findings on the scandal, which undermined public confidence in his leadership of the House and stoked criticism that Republican leaders were, at best, indifferent to abuses of power. Political analysts say the Foley scandal contributed to the Democrats winning control of Congress in last month's midterm elections.

"The committee did their work," Hastert said Friday. "We went through a process and stuck with the process. We have a report that addresses all of that."

Overall, the ethics panel found "a pattern of conduct ... among many individuals to remain willfully ignorant of the potential consequences" of Foley's conduct toward pages.

The committee's report also concluded that "the weight of the evidence does not support" denials from Hastert Chief of Staff Scott Palmer that Palmer was warned years earlier of alarming behavior by Foley. Efforts to reach Palmer were unsuccessful.

The panel blasted another senior Hastert aide, counsel Ted Van Der Meid, for "an inexplicable lack of interest" when he received a complaint about the Foley e-mails. Van Der Meid had been repeatedly warned previously of inappropriate contacts with pages, including at least one of Foley's visits to the page dorm, the panel found.

In the e-mail exchange with a 16-year-old former page from Louisiana, Foley requested a photo of the Louisiana boy, asked what he would like as a birthday gift and commented on the handsome physique of another former male page. Once that e-mail exchange was disclosed in September by ABC News, other former pages came forward with numerous sexually graphic electronic messages that Foley had sent to teenagers over the years. The congressman then resigned.

The ethics committee criticized the House Page Board chairman, Rep. John Shimkus (R-Ill.), who handled the complaint about the e-mails with a private warning to Foley to cease contact with pages; the panel said Shimkus failed to consult other members of the page board or investigate further. The House employee responsible for supervising the page program testified that he warned Shimkus at the time that Foley was "a ticking time bomb" who had been confronted a number of times about inappropriate behavior with pages.

The other Republican member of the page board, Rep. Shelley Moore Capito of West Virginia, testified that Shimkus later told her he did not take the matter to the page board in part to avoid informing its Democratic member, Rep. Dale Kildee of Michigan. Capito said Shimkus told her he feared the matter "would be blown out of proportion" by Kildee.

Shimkus said Friday he takes the committee's rebuke seriously but maintained that he had acted in good faith. "I think I walk away from this maybe having made a bad decision," he said, "but with my integrity and my honor intact."

Rep. Judy Biggert (R-Ill.), a member of the ethics panel, defended the decision not to take disciplinary action.

Nonetheless, Biggert said it was "disappointing that people along the way didn't take it as seriously as they might have…. I think that has to do with the subject matter. People are uncomfortable talking about this kind of thing."

After a nine-week investigation, the ethics committee released its report on the closing day of the congressional session and the end of 12 years of Republican control of the House—controlwon and now lost in large part because of voter anger over abuses of congressional power.

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The 1994 Republican Revolution led by former House Speaker Newt Gingrich wrested control of Congress from Democrats on promises to clean up the institution following scandals, including exposure of a cozy arrangement at the House Bank that allowed members to repeatedly bounce checks without penalty.

But the disclosure of Foley's electronic communications and the House leadership's slow-footed response to early warnings about the congressman culminated a series of recent Republican scandals that also included charges of bribery and influence-peddling against several members of Congress.

The ethics committee also showed that a Democratic political operative was instrumental in bringing to light the Louisiana boy's 2005 complaint about Foley's e-mails. Still, the report found no evidence that operatives for either party or anyone in Congress other than Foley were aware in advance of the sexually explicit communications.

The former page from Louisiana initially complained about the e-mails in August 2005 to a junior aide to the page's congressional sponsor, Rep. Rodney Alexander (R-La.). The aide was rebuffed when she raised the matter with a superior. She then forwarded the e-mail to a friend and the e-mail eventually reached a Democratic operative who passed it on to Florida newspapers. Alexander's office alerted Hastert's staff when reporters began to call in November 2005.

The ethics committee found numerous others ignored warnings about Foley's behavior that dated "from the beginning of his tenure" in the House in January 1995.

Former House Clerk Jeff Trandahl, who supervised the page program, became concerned by the mid-1990s. He said he confronted Foley "approximately 10 times" about his frequent fraternizing with pages and confronted Foley's chief of staff "a lot more than 10 times."

Trandahl also testified he raised the concerns "pretty often" with Hastert's counsel, Van Der Meid, who was his contact in the speaker's office.

The Buck Just Stops (WP)

The Washington Post, December 9, 2006

WHAT, ONE HAS to wonder, would it take for the House ethics committee to hold a lawmaker or a staff member accountable?

A special investigative subcommittee convened to examine responses to Mark Foley's inappropriate contacts with congressional pages found "a significant number of instances where Members, officers or employees failed to exercise appropriate diligence and oversight." It found "a disconcerting unwillingness to take responsibility for resolving issues regarding Rep. Foley's conduct." And it found "a pattern of conduct . . . among many individuals to remain willfully ignorant of the potential consequences of former Representative Foley's conduct with respect to House pages."

The sum total of disciplinary actions the panel is recommending as a result? Zero.

In a report released yesterday, the panel did a good job laying out the disturbing facts of the case: how the Florida Republican's inappropriate interest in pages manifested itself from his first days on the job and how lawmakers and staff failed to do nearly enough to find out about or fix the problem. It ably described the stakes involved: "The failure to exhaust all reasonable efforts to call attention to potential misconduct involving a Member and House page is not merely the exercise of poor judgment; it is a present danger to House pages and to the integrity of the institution of the House." Then, all too characteristically, the committee declined to hold even a single individual responsible for any misstep.

It's true, as the report said, that not "every error in judgment" is a violation of House rules. It's also true that those who failed to stop Mr. Foley weren't aware at the time of his most egregious conduct, the sexually explicit instant messages he sent to a former page. But if not every error in judgment is a violation, the ethics committee's approach seems to be that no error, however egregious, is.

The report chronicled errors of omission and commission -- and episodes of inexplicable forgetfulness -- that are widespread and bipartisan. It concluded that "the weight of the evidence" is that House Speaker J. Dennis Hastert (R-Ill.) was warned about Mr. Foley's "overly friendly" e-mails and that Mr. Hastert's chief of staff, Scott Palmer, his denials notwithstanding, had confronted Mr. Foley about his behavior years earlier. It described how Rep. Jim Kolbe (R-Ariz.) didn't respond forcefully enough when told by a former page in 2000 that Mr. Foley had sent the page a sexually graphic instant message; once the scandal broke and the page asked Mr. Kolbe what he should do if questioned by authorities, Mr. Kolbe told him that "it is best that you don't even bring this up."

The committee found that the e-mails were treated -- by operatives on both sides -- as a potential political issue, not as one of moral

responsibility. Assessing the conduct of Majority Leader John A. Boehner (R-Ohio) and House campaign committee chairman Thomas M. Reynolds (R-N.Y.), the panel found, "Like too many others, neither the Majority Leader nor Rep. Reynolds showed any curiosity regarding why a young former page would have been made uncomfortable by e-mails from Rep. Foley."

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And Democrats who obtained the e-mails, notably Democratic Caucus communications director Matt Miller, saw them as a political weapon, trying to sell the story to wary reporters.

The ethics committee concluded that none of this rose to the level of conduct that, in the words of the relevant rule, failed to reflect creditably on the House. This conclusion fails to reflect creditably on the ethics committee.

Desperately Seeking Ethics (NYT)

The New York Times, December 9, 2006

Watching our elected leaders in action, it's not surprising that Americans wonder if there is any limit to the crass misbehavior that members of Congress are willing to tolerate from their colleagues to protect their privileges and hold on to their own jobs. The House ethics committee answered that question yesterday with a resounding "No."

Sixty-four days after it promised to find out who knew about Representative Mark Foley's wildly inappropriate, sexually predatory behavior with teenage House pages, and why they failed to stop it, the bipartisan committee produced a report yesterday that was a 91-page exercise in cowardice.

The report's authors were clearly more concerned about protecting the members of the House than the young men and women under their charge in the page program. And they made absolutely no effort to define the high standard of behavior that should be required of all members of Congress and their staffs.

The report concludes that evidence of Mr. Foley's "creepy" interest in young male pages dated back to 1999. One woman who worked with the pages took to shadowing Mr. Foley when he was around them. The report makes clear that Mr. Foley's misconduct became known to an ever-widening circle of his colleagues and their aides, including Speaker Dennis Hastert. But no one made any serious attempt to stop Mr. Foley or reveal his misdeeds. A few urged him to cut it out, for political reasons, but did not follow up.

The committee concluded that other people preferred to remain willfully ignorant — to protect Mr. Foley's secret homosexuality, to avoid partisan embarrassment or for other political reasons.

But even after all that, the report said that none of this amounted to the sort of behavior that might discredit the House of Representatives and thus violate ethics rules. The committee, which never heard from Mr. Foley, did not call for disciplinary action against current members of the House or their staffs. The committee said those who have already left, like Mr. Foley, were no longer its problem.

The panel's justification for inaction is a breathtaking exercise in sophistry: "the requirement that House members and staff act at all times in a manner that reflects creditably on the House does not mean that every error in judgment or failure to exercise greater oversight or diligence" is a violation.

No, not every error or failure should be a violation, but certainly the ones that lead to an elected official's sexually stalking teenage boys while his colleagues turn a blind eye or cover it up should be. We'd set the bar at least there. Apparently, it's too high for the House.

Senators To Gather In Closed Meeting (WP)

By Charles Babington

The Washington Post, December 9, 2006

Senate Democrats, who campaigned on a pledge of more openness in government, will kick off the 110th Congress with a closed meeting of all 100 senators in the Capitol.

Sen. Harry M. Reid (D-Nev.), who will be the majority leader when the new Congress convenes Jan. 4, announced yesterday "a joint caucus meeting" for senators only, to be held that morning in the old Senate chamber, a cozy, seldom-used room.

The gathering "will allow senators an opportunity to meet before the Senate is in session and before any official legislative business is considered," Reid's office said. "The American people made clear they are tired of partisanship and gridlock in Washington."

Sen. Mitch McConnell (R-Ky.), who will be the minority leader, endorsed the plan.

The Senate's Democratic and Republican caucuses often meet separately and in private for lunches and meetings throughout the congressional session. But meetings of the full Senate that exclude the news media and the public are relatively rare, and most often involve matters of national security or impeachments.

Last year, Senate Democrats used a parliamentary tactic to force a brief closed session to protest delays in the intelligence committee's report on the use of classified information leading to the Iraq war.

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Reid's staff said that the planned joint caucus will not amount to a legislative session because no business will be conducted and that it will probably occur before the new Congress officially opens. But Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, called it a bad precedent.

"When you get all 100 members of the Senate in a room, that's no longer a caucus. That's the Senate," she said. "I think the American people will see through that. I think the only way to restore public trust in what the Congress is up to is to have more transparency than less."

In their fall campaigns, which resulted in the takeover of the House and the Senate, Democrats said Republicans were insufficiently transparent in their legislative activities, and they vowed to do better. "I think it's very important we have openness," Reid said on CBS News's "Face the Nation" on Nov. 12. He called for greater congressional oversight, which "means finding out what government is doing."

Reid spokesman Jim Manley said yesterday: "All we're trying to do is establish a dialogue as we start the next Congress. . . . It's obvious from recent years that the current system is not working. We need to foster some different ways to make this place work."

Dalglish said: "If they set a precedent, it becomes easier and easier. Then they say, 'If you want us to get along and be efficient, we have to meet in secret.' "

Bipartisan Caucus Proposal Raises Questions About Barring Press (RC)

By John Stanton, Erin P. Billings

Roll Call, December 8, 2006

Incoming Majority Leader Harry Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) have proposed opening the next session of Congress with an unprecedented "caucus" meeting of the entire Senate in order to discuss areas of common agreement and a renewed bipartisan spirit, but without the eye of the public or the press.

Although Reid and McConnell came up with the idea of a bipartisan caucus meeting as a way to bring about a greater sense of bipartisanship in the Senate, it has raised questions about the appropriateness of barring the press from a meeting of the entire Senate during which lawmakers could essentially map out the year's legislative activities for the year in advance.

In recent years, Congressional leaders have come under scrutiny for putting pressure on their colleagues to vote a certain way or to drop their objections in informal meetings away from public watch — mostly notably the House Medicare vote during which GOP leaders arm-twisted conservatives on the House floor to back the bill during and the hours-long vote.

The proposed meeting appears to differ significantly from formal closed sessions of the Senate, according to two September Congressional Research Service reports. For instance, while closed-door meetings of the Senate generally occur in order to discuss either impeachment proceedings or national security issues, the bipartisan caucus meeting would involve a wide range of issues and could touch on virtually any aspect of next year's legislative work.

Additionally, closed-door sessions require that members and staff be sworn to secrecy — a requirement that spokesmen for McConnell and Reid both said would not be made during the Caucus meeting.

Reid spokesman Jim Manley rejected any possibility of impropriety and said that lawmakers would not engage in legislative negotiations. "All it is, is a chance for Members to discuss the hopes and desires to work on a bipartisan basis. Nothing more, nothing less," Manley said. He also rejected the notion that any effort to coordinate a pre-determined outcome to debates could occur during the meetings, saying, "Given the way Washington has worked in recent years, to it highly unlikely would be charitable. The fact is, it ain't going to happen."

A McConnell spokesman agreed, arguing that, "it's not an opportunity to craft legislation. It's an opportunity to get together and realize they don't all hate each other." The spokesman also pointed out that if Members were to attend a Senators-only dinner it is unlikely the same questions would be raised. "I don't think anybody would be concerned about them having a giant Senators-only dinner."

New Senate Schedules Closed Meeting (AP)

By Laurie Kellman

AP, December 8, 2006

WASHINGTON (AP) -- The first thing the new, Democratic-led Senate will do next year is meet in a closed "bipartisan caucus" to help set a more pleasant tone than the relentless backbiting of the Congress now heading home, party leaders said Friday.

Far from lawmakers conducting business in secret -- as open-government advocates warn -- the meeting would serve only to sweep away grudges and smooth the way for more action, the leaders said.

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"We won't always agree but can sit down, side by side, and forge consensus on the issues important to the American people," incoming Majority Leader Harry Reid of Nevada said in a joint statement with his Republican counterpart, Mitch McConnell of Kentucky.

McConnell said, "Republicans intend to be as cooperative as possible to help the Senate get off to a good start next year."

Spokesmen for the lawmakers said the meeting would not amount to a closed session of the Senate under the chamber's rules.

However, any meeting of 100 senators with rules of any kind is by definition a meeting of the Senate, said Brian Darling, director of Senate relations for The Heritage Foundation.

"It would be a de facto meeting of the Senate and although they want to call it something else, it is," Darling said.

"To set up something and to plan something between the leaders is very unusual and should be subject to open government rules," he added. "Their intentions are good, but the results of what they're doing will be not good for the American people."

The Jan. 4 meeting, to be held in the hours before the new Democratic majority formally opens the 110th Congress, will take place in the Old Senate Chamber. It would be the first meeting of the full Senate in the historic room since President Clinton's 1999 impeachment trial.

The plans were disclosed Friday, as a Congress still under Republican control was being accused by Democrats of being a "do-nothing" institution.

The gathering could establish a precedent expanding the kinds of "executive sessions" that up to now have been relatively rare.

Still, McConnell spokesman Don Stewart likened the proposal to closed weekly policy lunches that the Republican and Democratic caucuses hold separately.

"We won't be transacting legislative business," Stewart said.

The Senate met in private until 1794 in the belief that its role providing counsel to the executive branch compelled closed proceedings.

Since 1929, the Senate has held 54 closed sessions, generally for reasons of national security, according to a Sept. 27 report of the Congressional Research Service. Democrats last year forced a closed session of the Senate to discuss Iraq war intelligence.

Closed sessions of the Senate are held periodically to discuss specific, sensitive business, such as impeachment deliberations, matters of national security and sensitive communications from the president, according to the report by the Congressional Research Service.

Members and staff who attend the meetings have been prohibited from divulging details, and transcripts have not been published unless the chamber votes to release them.

Filner Captures Veterans' Affairs Gavel (RC)

By Jennifer Yachnin

Roll Call, December 8, 2006

After successfully beating back a challenge from Rep. Mike Michaud (D-Maine) on Friday, Rep. Bob Filner (D-Calif.) will become chairman of the Veterans' Affairs Committee in the 110th Congress.

The full Democratic Caucus confirmed Filner to the post in a 112-69 vote following a brief meeting in the House Rayburn Office Building.

The Democratic Steering and Policy Committee heard from both lawmakers Thursday and voted 24-20 in favor of Filner. But the close split allowed for the full Caucus, which must ratify Steering's recommendations, to nominate candidates from the floor.

Rep. Barbara Lee (D-Calif.), who seconded Filner's nomination, cited his long service on the Veterans' Affairs panel, where he has served since his election in 1992.

"He has a passion and a sense of justice for our veterans," Lee said.

As the second-most senior member of the committee, Filner had been widely considered the obvious choice to succeed retiring Rep. Lane Evans (D-Ill). Although the Steering panel considers a variety of factors when selecting chairmen, seniority is seen widely as playing a significant role in those decisions.

Democrats have elevated the majority of their current ranking members to chairmanships in the next Congress — only the Veterans' Affairs challenge prompted a formal competition — and incoming Speaker Nancy Pelosi (D-Calif.) is expected to name chairmen to the House Administration Committee, Committee on Standards of Official Conduct and the Joint Committee on Taxation next week.

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McKinney's Parting Shot: Bill To Impeach Bush (AP)

AP, December 8, 2006

WASHINGTON (AP) -- In what was likely her final legislative act in Congress, outgoing Georgia Rep. Cynthia McKinney announced a bill Friday to impeach President Bush.

The legislation has no chance of passing and serves as a symbolic parting shot not only at Bush but also at Democratic leaders. Incoming House Speaker Nancy Pelosi, D-California, has made clear that she will not entertain proposals to sanction Bush and has warned the liberal wing of her party against making political hay of impeachment.

McKinney, a Democrat who drew national headlines in March when she struck a Capitol police officer, has long said that Bush was never legitimately elected. In introducing her legislation in the final hours of the current Congress, she said Bush had violated his oath of office to defend the Constitution and the nation's laws.

In the bill, she accused Bush of misleading Congress on the war in Iraq and violating privacy laws with his domestic spying program.

McKinney has made no secret of her frustration with Democratic leaders since voters ousted her from office in the Democratic primary this summer. In a speech Monday at George Washington University, she accused party leaders of kowtowing to Republicans on the war in Iraq and on military mistreatment of prisoners.

McKinney, who has not discussed her career plans, has increasingly embraced her image as a controversial figure.

She has served as host for numerous panels on September 11 conspiracy theories and suggested that Bush had prior knowledge of the terrorist attacks but kept quiet about it to allow friends to profit from the aftermath. She introduced legislation to establish a permanent collection of rapper Tupac Shakur's recordings at the National Archives and calling for a federal investigation into his killing.

But it was her scuffle with a Capitol police officer that drew the most attention. McKinney struck the officer when he tried to stop her from entering a congressional office building. The officer did not recognize McKinney, who was not wearing her member lapel pin.

A grand jury in Washington declined to indict McKinney over the clash, but she eventually apologized before the House.

Billions Later, Plan To Remake The Coast Guard Fleet Stumbles (NYT)

By Eric Lipton

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Four years after the Coast Guard began an effort to replace nearly its entire fleet of ships, planes and helicopters, the modernization program heralded as a model of government innovation is foundering.

The initial venture — converting rusting 110-foot patrol boats, the workhorses of the Coast Guard, into more versatile 123-foot cutters — has been canceled after hull cracks and engine failures made the first eight boats unseaworthy.

Plans to build a new class of 147-foot ships with an innovative hull have been halted after the design was found to be flawed.

And the first completed new ship — a $564 million behemoth christened last month — has structural weaknesses that some Coast Guard engineers believe may threaten its safety and limit its life span, unless costly repairs are made.

The problems have helped swell the costs of the fleet-building program to a projected $24 billion, from $17 billion, and delayed the arrival of any new ships or aircraft.

That has compromised the Coast Guard's ability to fulfill its mission, which greatly expanded after the 2001 attacks to include guarding the nation's shores against terrorists. The service has been forced to cut back on patrols and, at times, ignore tips from other federal agencies about drug smugglers. The difficulties will only grow more acute in the next few years as old boats fail and replacements are not ready.

Adm. Thad W. Allen, who took over as Coast Guard commandant in May, acknowledged that the program had been troubled and said that he had begun to address the problems. "You will see changes shortly in the Coast Guard in our acquisition organization," Admiral Allen said. "It will be significantly different than we have done in the past."

The modernization effort was a bold experiment, called Deepwater, to build the equivalent of a modest navy — 91 new ships, 124 small boats, 195 new or rebuilt helicopters and planes and 49 unmanned aerial vehicles.

Instead of doing it piecemeal, the Coast Guard decided to package everything, in hopes that the fleet would be better integrated and its multibillion price would command attention from a Congress and White House traditionally more focused on other military branches. And instead of managing the project itself, the Coast Guard hired Lockheed Martin and Northrop Grumman, two of the nation's largest military contractors, to plan, supervise and deliver the new vessels and helicopters.

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Many retired Coast Guard officials, former company executives and government auditors fault that privatization model, saying it allowed the contractors at times to put their interests ahead of the Guard's.

"This is the fleecing of America," said Anthony D'Armiento, a systems engineer who has worked for Northrop and the Coast Guard on the project. "It is the worst contract arrangement I've seen in all my 20 plus years in naval engineering."

Insufficient oversight by the Coast Guard resulted in the service buying some equipment it did not want and ignoring repeated warnings from its own engineers that the boats and ships were poorly designed and perhaps unsafe, the agency acknowledged. The Deepwater program's few Congressional skeptics were outmatched by lawmakers who became enthusiastic supporters, mobilized by an aggressive lobbying campaign financed by Lockheed and Northrop.

And the contractors failed to fulfill their obligation to make sure the government got the best price, frequently steering work to their subsidiaries or business partners instead of competitors, according to government auditors and people affiliated with the program.

Even some of the smaller Deepwater projects raise questions about management. The radios placed in small, open boats were not waterproof and immediately shorted out, for example. Electronics equipment costing millions of dollars is still being installed in the new cutter, even though it will be ripped out because the Coast Guard does not want it. An order of eight small, inflatable boats cost an extra half-million dollars because the purchase passed through four layers of contractors.

For the Department of Homeland Security, which took over responsibility for the Coast Guard in 2003, Deepwater joins its already long list of troubled programs, including its airport checkpoint measures, its biodefense efforts and its widely condemned handling of the response to Hurricane Katrina.

The Homeland Security Department's inspector general has warned that the department cannot repeat this experience as it begins a $7 billion plan to tighten the border. The department is taking a similar management approach with that plan, relying on the Boeing Corporation to develop, supervise and execute the strategy.

Spokesmen for Northrop and Lockheed, and the partnership they formed to run Deepwater, declined repeated requests for interviews, saying they would leave it to the Coast Guard to discuss the project. The companies also declined to respond to written questions.

Admiral Allen said the Coast Guard engineers and procurement staff team would now play a much larger role in overseeing the project in an effort to rein in its private sector partners, adding that the mistakes made were unacceptable.

"Our people are demoralized by it, they don't deserve it, and it really impedes our ability to execute our mission," he said.

Early Warnings

On a clear, calm morning in Key West, Fla., one day last month — perfect weather for running drugs and migrants — six of the eight converted Coast Guard patrol boats were broken down or out of service. Their crews had little to do but shine the ships' already gleaming bells and clean its guns.

The Deepwater plan called for transforming the 110-foot boats into larger, more versatile cutters with rebuilt hulls, new communications and surveillance gear and a 13-foot extension to make room for a small boat launch ramp.

Even before the refurbishing began in 2003, though, Coast Guard engineers expressed doubts that the boats could bear the extra weight the changes would impose. "You could have buckling of the structure of the ship," Chris Cleary, of the Engineering Logistics Center at the Coast Guard, said he recalls pointing out. But Bollinger Shipyards, a business partner of Northrop and Lockheed, insisted the conversion would succeed.

As the work got under way, the Coast Guard provided only limited oversight. It did not fill dozens of its seats on joint management teams set up for the project. And the Coast Guard assigned seven inspectors to monitor the work, compared with 20 on a similar-size job.

"In theory, we were going drive a 110-foot cutter up to the pier, drop it off and come back in 34 weeks to pick up a 123-foot cutter," said Lt. Benjamin Fleming, the Coast Guard's representative at the shipyard in Lockport, La. "We were putting a lot of trust and faith in our partners."

Michael De Kort, a former Lockheed project manager, said the results quickly became apparent.

The VHF radio on the small launch would be exposed to the elements but was not waterproof, Mr. De Kort said. The classified communications equipment had not been properly shielded to protect messages from eavesdropping. Cameras intended to provide 360-degree surveillance had two large blind spots.

Mr. De Kort said he had repeatedly warned his Lockheed supervisors of the problems, but was rebuffed. "We have an approved design and we aren't going to change it," Mr. De Kort said he was told. He was later laid off from the company. Lockheed officials declined to comment.

In September 2004, more serious flaws in the boat conversion program became obvious after the first one, the Matagorda, was launched. As it traveled in relatively heavy seas from Key West to Miami, large cracks appeared in the hull and deck.

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Giant steel straps that looked like Band-Aids were affixed to the side of the boats, and the vessels were barred from venturing out in rough water. But cracks and bulges continued to scar the Matagorda and other converted ships, followed by a series of mechanical problems.

Bollinger, it turned out, had overestimated how much stress the modified boats could handle, a miscalculation it cannot fully explain. “The computer broke for some reason,” said T. R. Hamlin, a senior Bollinger manager. “Whether it was a power surge or something, who knows?” The cursory oversight by the Coast Guard meant the mistake was not caught in time.

After spending about $100 million on the first eight boats, the Coast Guard suspended the conversion plan. Last week, Admiral Allen ordered the boats taken out of service, citing concerns about crew safety.

Facing a shortage of patrol boats, the contractors and the Coast Guard decided to speed development of a larger ship, the Fast Response Cutter. The hull was to be built from glass-reinforced plastic, known as a composite, something never tried on a large American military ship.

While acknowledging that it might cost much more to build the 58 planned cutters with composite hulls instead of steel, Northrop and Lockheed claimed the boats would last longer and require less maintenance, saving money over the long run.

Coast Guard engineers again were doubtful that Northrop’s design would work, citing concerns about weight, hull shape and fuel consumption. The Coast Guard also found inconsistencies in the cost data Northrop used to justify the new hull.

One former Northrop executive said the company was pushing the plan not because it was in the best interest of the Coast Guard, but because Northrop had just spent $64 million to turn its shipyard in Gulfport, Miss., into the country’s first large-scale composite hull manufacturing plant for military ships.

“It was a pure business decision,” said the former executive, who disagreed with the plan and would speak only anonymously for fear of retribution. “And it was the wrong one.”

That became clear when a scale model of the Fast Response Cutter was placed in a tank of water — and flunked the test. After three years and $38 million, Northrop Grumman’s plan was suspended.

Financial Aid

The Coast Guard recognized from the start that it might need help financing a project as big as Deepwater, and that was part of the reason it turned to Lockheed and Northrop.

“They have armies of lobbyists, they can help get dollars to get the job done,” explained Jim McEntire, a retired captain who had served as a senior Coast Guard budget official. “The White House and Congress listen to big industrial concerns.”

That assistance would prove valuable. Just months after the contract was awarded in June 2002 through a competitive bidding process, the Coast Guard began to study whether the $17 billion Deepwater budget would be inadequate, given additional costs for antiterrorism equipment. In 2005, the service informed Congress that the program would cost $24 billion over 20 years and that the annual allocation would need to double, to $1 billion.

By then, though, the patrol boat conversion had been halted. Deepwater’s costs were ballooning, but the Coast Guard was having a hard time explaining exactly how it would spend more money. Government auditors were starting to churn out reports warning of serious management weaknesses.

That record disturbed some members of Congress. In May 2005, the House Appropriations Committee slashed the program’s annual budget request nearly in half to register its frustration.

At a hearing two months later, Representative Harold Rogers, a Kentucky Republican who oversees the Homeland Security budget, instructed the Coast Guard to fix its problems and restrain costs. “You simply took the most expensive, all-inclusive Cadillac Seville and we’re going to have to, with our limited funds, fit you into something a bit more appropriate,” Mr. Rogers said. “I hope it’s more than a Chevrolet.”

To fight back, the Coast Guard and contractors relied on Congressional allies, led by Senator Olympia J. Snowe, Republican of Maine, Representative Frank A. LoBiondo, Republican of New Jersey, and Representative Gene Taylor, Democrat of Mississippi.

Mr. Taylor and Mr. LoBiondo had formed a group called the Congressional Coast Guard Caucus. It began in the late 1990s with 4 members and today has more than 75.

The enthusiasm of the three leaders for the Deepwater project was not simply about meeting the Coast Guard’s needs. Maine is home to Bath Iron Works, a major ship builder that Ms. Snowe said might benefit from increased Deepwater spending. While that was a factor, she said it was not her primary motivation.

Ms. Snowe and Mr. LoBiondo, the leaders of the Senate and House panels that oversee the Coast Guard, said they pushed for more spending only after the service’s leaders reassured them during hearings that they were addressing the program’s problems. They both also said they were convinced that the Coast Guard desperately needed Deepwater because its helicopter engines were routinely breaking down and the hulls of old ships were failing.

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"We don't want to waste money; we don't want ineffective programs," Ms. Snowe said in an interview. "At the same time, we can't allow the Coast Guard to languish."

Mr. Taylor's district is home to Northrop Grumman's shipyard in Pascagoula, Miss., which is building the Coast Guard's largest ship, and Northrop and its employees are one of his biggest sources of campaign contributions. He worked along with two key Republicans in Mississippi — Senator Trent Lott, whose father was once a pipe fitter at the Pascagoula shipyard, and Senator Thad Cochran, the chairman of the Senate appropriations committee — to win more money.

Mr. LoBiondo's district is home to the Coast Guard's national training center, and Lockheed Martin built its Deepwater equipment testing center just outside his district. He is also one of the top Congressional recipients of Lockheed contributions.

The contractors ran advertisements aimed at lawmakers in Washington publications, delivering ominous messages about the need to stop terrorists before they reach American shores. The Navy League, a nonprofit group partly financed by Lockheed and Northrop, orchestrated telephone calls, letters and visits to lawmakers, reminding them that hundreds of contractors across the country were already working as suppliers on the project.

And the Coast Guard got an important boost when it was widely praised for its helicopter rescues after Hurricane Katrina.

The lobbying effort paid off. In September 2005, Congress agreed to increase the annual financing for Deepwater to nearly $1 billion.

Late Scramble

If there was a single ship that could prove to skeptics that the Coast Guard and its contractors could get the job done right, it would be the National Security Cutter, a ship unlike anything the Coast Guard had ever built. Bigger than any existing cutter, it was more like a warship, designed to patrol with Navy vessels.

It would carry sophisticated weapons systems, surveillance equipment, a helicopter and two unmanned aerial vehicles, all vital in its effort to intercept boats suspected of carrying terrorists, drug dealers or illegal immigrants. It was designed to monitor 56,000 square miles a day, an area four times as large as that covered by any other Coast Guard ship.

Because the ship was so expensive — each was expected to cost about $300 million — the Coast Guard decided to build only 8 to replace its fleet of 12 large cutters.

There was just one catch. Even before the cutter began taking form at the Pascagoula shipyard on the Gulf of Mexico, familiar problems cropped up.

The Coast Guard's engineers believed the design proposed by Northrop and Lockheed had serious structural flaws that could result in the hull collapsing or premature cracking of the hull and deck, according to Mr. Cleary and his boss, Rubin Sheinberg, chief of the Coast Guard's naval architecture branch.

When they alerted the contractors and Coast Guard officials, they were largely brushed off, the men said. In March 2004, their supervisor protested, saying the Coast Guard should delay construction.

"Significant problems persist with the structural design," Rear Adm. Erroll M. Brown wrote to the Deepwater project director. "Several of these problems compromise the safety and the viability of the hull, possibly resulting in structural failure and unacceptable hull vibration."

The Coast Guard decided to move ahead anyway, figuring it would be less disruptive to fix any problems later. As the shipbuilding progressed, other Coast Guard officials began to openly complain that some decisions by the contractors appeared to be motivated by a drive to increase profits, not to best serve the Coast Guard.

Lockheed, for example, ordered computerized consoles for the ship that it had developed for a Navy aircraft carrier. But they were too big for the cutter, said Jay A. Creech, a retired Coast Guard captain working as a contractor on Deepwater.

A consultant hired by the Coast Guard to review Northrop and Lockheed's purchasing decisions found that of $210 million worth of contracts awarded in 2004, just 30 percent involved a formal competitive process. Northrop in particular was faulted for failing to aggressively seek bids to ensure the best price.

Northrop and Lockheed "lack the independence needed to make objective decisions in the best interests of the Coast Guard," an August 2006 report by the Homeland Security inspector general said.

Others say that giving the contractors so much authority was a mistake from the start. "A contractor with a profit motive is never a trusted agent," said Joe Ryan, a Coast Guard consultant who has helped with the Deepwater project. "They are the vendor, and they are selling you something."

Problems began to accumulate elsewhere. In Texas, a prototype of the unmanned aerial vehicle that was to be placed on the ship's deck crashed this year. After the crash, the project, by Bell Helicopter, also faced a money crunch and was put on hold, pushing delivery back to at least 2013, six years after the first national security cutter is scheduled for active duty. Without the two aerial vehicles, the cutter's surveillance range is reduced by more than half.

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By the time the ship was christened last month, its price had grown to $564 million, nearly twice its original cost. (The average price for the eight ships is expected to be $431 million.) And by then, Coast Guard officials had conceded that the ship had structural flaws. Navy experts had evaluated the ship and confirmed many of the earlier warnings.

Admiral Allen said he had been given assurances that the ship was not at risk of a catastrophic hull failure and would not pose a safety threat to its crew. But the Coast Guard has decided to make structural modifications to the vessel and require design changes for the third cutter. Work is too far along to change course on the second cutter.

Four years into the Deepwater project, the Coast Guard, according to its original plan, was supposed to have 26 new or rebuilt ships, 12 new planes and 8 unmanned vehicles, but none are available. Now, officials are scrambling to find an off-the-shelf design for a new cutter and make modest repairs to keep their aging patrol boats operable.

"We don't have the ships we need, and we don't have a way to get them anytime soon," said Representative David R. Obey, Democrat of Wisconsin, who will take over the House Appropriations Committee next month. "It's inexcusable."

The Coast Guard, which would not disclose the management fees it has paid Northrop and Lockheed, is renegotiating the contract to ensure that the companies honor a commitment to open the work to competition and deliver what they promise.

And Admiral Allen and other Coast Guard officials say the Coast Guard's engineers are being given more power to supervise the work. Admiral Allen is also creating a division to oversee the procurement and maintenance of its ships and airplanes. "That is the main gap that needs to be closed," he said.

The Deepwater experiment, one contracting expert said, underscores the need for the Coast Guard to be a smart buyer, even if it has hired high-priced advice.

"The government still needs to be in there so they know what decisions are being made and if the decisions are in their best interest," said Michele Mackin, an assistant director at the Government Accountability Office. "It is still their money. And they are going to be flying the planes and running the ships."

Federal Budget Tricky Checks And Balances (WSJ)

By Deborah Solomon

The Wall Street Journal, December 9, 2006

Bush administration officials have begun grappling with one of the toughest tasks they face over the next two years: How to both protect the president's tax cuts and put the federal budget deficit on a sustainable path.

They will get a new measure of just how hard that will be on Tuesday, when the Treasury Department releases its latest budget tally. The numbers likely will show little progress in shrinking the deficit despite a growing economy. For the first two months of the fiscal year that began Oct. 1, the government is expected to show a deficit of about $122 billion -- $9 billion less than the same period last year.

Showing progress on the deficit is crucial as the White House heads toward early February. That is when it is due to release the budget for fiscal-year 2008, which begins Oct. 1, 2007. Its big challenge will be to squeeze in spending for the wars in Iraq and Afghanistan, the rising costs of Medicare and the expanding, Bush-backed tax cuts -- without making the previously projected deficit of $188 billion for 2008 look worse.

With Democrats in control, President Bush is both on the defensive in making his tax cuts permanent and facing pressure from his fellow Republicans to show a path toward spending restraint. "This will be the tightest budget the president proposes, as well as the most difficult Congress he will face in passing a budget," says Brian Riedl of the conservative Heritage Foundation.

The White House has to decide which tax breaks to throw in the budget and which to leave out on the assumption that Congress will deal with them. The budget will assume that the tax cuts, which expire in 2009 and 2010, will become permanent, though nothing needs to happen during the crucial 2008 election year to ensure that. Extending tax breaks next year will be tougher than in the past if Democrats stick to their pledge to offset the cost with other tax increases or spending cuts.

Some moves have bipartisan support, such as preventing the alternative minimum tax -- a backstop designed to stop the rich from avoiding any taxes -- from taking ever-bigger bites out of the wallets of middle-class taxpayers. But the Bush budget likely will be silent, again, on how to resolve that permanently.

Spending on Iraq and Afghanistan is particularly thorny. So far, those costs haven't been part of the regular budget process, haven't been fully reflected in White House budgets or deficit projections and have been funded through special appropriations bills. But Democrats are expected to demand that Mr. Bush change that. They got a boost this past week from the report by the Baker-Hamilton commission, which said "the normal budget process should not be circumvented" and urged the White House to include Iraq funding in the 2008 budget.

"It's going to be tough for them," says Douglas Holtz-Eakin, a former Congressional Budget Office director who recently enlisted with Sen. John McCain's presidential campaign. But with Democrats in control, he notes, the White House also has the time-honored option of sending up a budget that would essentially be "dead on arrival."

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Jobs Data Keep Economic Optimists Smiling (WSJ)

By Christopher Conkey

The Wall Street Journal, December 9, 2006

WASHINGTON -- Solid hiring and an unemployment rate still near a five-year low reinforced the upbeat view of optimists, including the Federal Reserve, that the economy is weathering the downturn in the housing and automotive sectors.

Payrolls outside agriculture rose by 132,000 jobs last month, and revisions added 42,000 jobs to previous payroll estimates for September and October, so monthly gains in the past three months have remained near this year's average of 149,000. The unemployment rate edged up slightly to 4.5% in November from 4.4%. Unrounded, the increase was even smaller: from 4.42% to 4.47%.

Layoffs in construction and manufacturing -- in particular, the auto industry -- were more than offset by gains in business services, health care and tourism, the Labor Department said.

"This just confirms what the Fed's been thinking," said Drew Matus, senior economist at Lehman Brothers in New York. "The economy is currently experiencing weakness in two specific sectors, and the weakness hasn't spread."

Mr. Matus expects the current slowdown, with economic growth of an annualized 2% to 3%, slightly below its normal range, to continue well into next year, as the housing and auto sectors slowly recover.

Futures markets have priced in a total of three-quarters of a percentage point in rate cuts in the next year on the view the Fed will have to come to the rescue of a weakening economy. But Joshua Shapiro, chief U.S. economist at MFR Inc., said Friday's "goldilocks" report would make the Fed "increasingly comfortable" with keeping the federal-funds rate at 5.25% -- charged on overnight loans between banks -- when it meets next week. Indeed, investors trimmed the odds of rate cuts a bit Friday.

Until recently, economists widely assumed a normally expanding economy would need to create 150,000 jobs a month to keep up with the increase in the working-age population. Growth above that would push the unemployment rate lower, and growth below that would push it higher.

But with population growth slowing, the work force aging, and women entering the labor market at a slower pace, Fed economists now think monthly job growth of only about 110,000 is sufficient to keep unemployment stable.

Fed Chairman Ben Bernanke last month cited "tight" labor markets as a potential inflation threat. November's healthy job growth and an unemployment rate still below where Fed officials expected it to be at this point mean those concerns are unlikely to ease soon.

Indeed, a tight labor market is still pushing up wages. Average hourly earnings rose 0.2% in November, and were 4.1% higher than a year ago, giving a boost to "real," or inflation-adjusted, wages.

Roger Taylor, vice president of strategic staffing for insurer MetLife Inc., said wages of new hires in many auditing, actuarial and management positions are up between 8% and 10% from a year ago. "It's been a bit harder to find the quality of skills we're looking for in the available labor pool," Mr. Taylor said. "It's costing us more to get the talent we're looking for."

In recent years, Mr. Taylor said the company has typically hired around 4,000 people for nonsales positions. This year it is on track to bring on 5,000 new hires.

Business and professional services -- such as accountants, management consultants and architects -- added 43,000 jobs last month and more than 400,000 in the past year. The auditing firm Deloitte & Touche USA has added 10,000 workers in the past year, and plans to do the same in the year ahead. Among the positions it is filling are managers and senior managers for its consulting and tax practices.

By contrast, manufacturers cut 15,000 jobs last month, and construction companies pared 29,000 workers from their payrolls. Zoltan Pozsar, an economist with Moody's Economy.com, estimates that there have been roughly 126,000 housing-related jobs lost since June, but that the economy has added nearly one million nonhousing-related positions in that period.

Meanwhile, the University of Michigan's survey of consumer sentiment declined slightly to 90.2 in early December from 92.1 in November. Assessments of current conditions improved, but the outlook for the economy down the road worsened. Economists said they still expect consumers to keep spending enough to keep the economy expanding, particularly if the labor market continues to lift incomes.

Labor Pool Increases, Boosting Joblessness (WP)

By Nell Henderson

The Washington Post, December 9, 2006

Sometimes, an uptick in unemployment can be good news.

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The jobless rate edged up to 4.5 percent in November from 4.4 percent in October -- but not primarily because of layoffs. The rate rose as hundreds of thousands of Americans who had previously dropped out of the labor force poured back in, drawn by brightening employment prospects. Most of them found work.

So the number of unemployed workers rose, but the number with jobs grew by more than twice as much, the Labor Department reported yesterday.

There was bad news last month for many workers. Home builders and manufacturers cut thousands of jobs, reflecting primarily the slumps in real estate and automobile production. But those losses were more than offset by the number of jobs gained in retailing, health care, education, finance and other service industries.

Employers added a net 132,000 workers to their payrolls last month, compared with a gain of 79,000 the month before. Wages for most workers rose modestly.

Yesterday's figures added to other recent signs that the economy is slowing because of the auto and housing industries, but their problems have not spilled over into other industries, analysts said. "The rest of the economy remains incredibly strong," said Eugenio J. AlemÃ¡n, senior economist at Wells Fargo.

Other analysts were more skeptical, saying the labor market is bound to weaken as the economy slows. "The shake-out in housing-related employment is likely to get a lot worse in the coming months," said Paul Ashworth, senior economist with Capital Economics.

Stock prices rose yesterday on hopes that a solid job market will fuel steady increases in consumer spending and profits. The employment report also strengthened many investors' expectations that the Federal Reserve will leave short-term interest rates unchanged when policymakers meet Tuesday.

Fed Chairman Ben S. Bernanke said last month that the central bank remained concerned about rising labor costs and would consider raising interest rates again if necessary to tame inflation.

Bernanke's worries should ease somewhat. Workers' wages rose more slowly in November than in October, analysts said. Average hourly earnings rose 0.2 percent in November, to $16.94, and were 4.1 percent higher last month than a year earlier.

The combination of rising wages and plentiful jobs helped lure more people to the U.S. labor force last month. The labor force includes all those who hold jobs or who are actively looking for work.

That share of the adult population in the labor force -- called the participation rate -- rose in November to 66.3 percent, the highest since mid-2003. The record, 67.3 percent, was reached in early 2000, at the crest of the stock-market bubble.

The participation rate tends to rise in good times and fall in bad times, when workers get discouraged about their prospects and give up looking for work.

The unemployment rate -- the share of the labor force without jobs -- remains low by historical standards, but many analysts expect it to rise in coming months because of slowing economic growth.

US Jobs Data Support Bernanke's Optimism (FT)

By Krishna Guha, Eoin Callan, Tony Tassell

Financial Times, December 9, 2006

Ben Bernanke's optimism that the US economy is heading for a soft landing received a lift on Friday as data showing strong job creation last month forced more pessimistic bond investors into retreat.

The figures showed employers added more staff to payrolls than expected as 132,000 jobs were created, in spite of a slowdown in sectors such as construction.

The Fed thinks the market has over-reacted to recent negative data, and Friday's figures will encourage Mr Bernanke in his view that the economy overall remains reasonably robust, in spite of the drag from housing and some weakness in manufacturing.

Meanwhile, Hank Paulson hardened his rhetoric on China's currency ahead of leading a delegation of top US economic policymakers including Mr Bernanke to Beijing next week.

The Treasury secretary told CNBC "the rest of the world is not going to tolerate China taking too long to make the sort of adjustments in the currency that need to be made".

The dollar closed higher against the euro and the yen, with traders citing the strong jobs data and Mr Paulson's remarks on China.

The tougher talk from the Treasury secretary follows fresh pressure this week from Democrats in Congress and US manufacturers not to soft-pedal on the currency at next week's talks.

Mr Paulson advocates a long term strategic approach to dealing with China, but aides say he understands the need to show this approach is delivering results.

A Treasury official said on Friday that the currency would be a "key element" of next week's talks.

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However, he said the dialogue would cover a wider range of long term issues relating to the rebalancing of China's economy and its integration with the world economy.

The official hinted that the summit could commission high-level bilateral working groups to look at issues such as energy security and the environment.

Intellectual property, financial sector liberalisation and cross-border investment flows will also be on the agenda, with China worried about opposition to its acquisition of US assets.

Analysts said the US labour market data, which also gave some evidence of rising cost pressures, will prompt hawks on the Fed to argue that inflation remains a greater risk to the economy than a sharp slowdown.

The Fed is expected to keep interest rates on hold at its next policy meeting on Tuesday.

Bond markets have been pricing in a harder downturn than the Fed expects, betting it will be forced to cut rates in the first half of next year.

But more pessimistic investors scaled back their expectations of an imminent rate cut in the light of the new data. Futures markets were on Friday pricing in a 28 per cent chance of a quarter-point cut in the Fed funds rate by April, down from 45 per cent the day before.

Quincy Krosby, strategist for the Hartford financial services group, said the data shows "a gently slowing economy but not one that is falling off a cliff."

As Oil Stays High, Stocks Can't Get Going (WSJ)

By Peter A. McKay

The Wall Street Journal, December 9, 2006

As oil spigots flow freely, cash often pours into the stock market.

Both have dried up a bit lately. An October production cut by the Organization of Petroleum Exporting Countries has worked surprisingly well to prop up the commodity's price and stocks haven't moved ahead of recent highs.

The price of crude oil has jumped 5.2% since the Dow Jones Industrial Average hit a record on Nov. 17, as weekly reports from the federal Energy Information Administration have shown drawdowns in U.S. stockpiles of crude and fuels refined from it. On Friday, crude futures jumped $1.16 in morning trading, but finished the day off 46 cents, or 0.7%, at $62.03 a barrel, up 1.6% on the year at the New York Mercantile Exchange.

"A year ago, no one thought oil prices would be above $60 at this point," said energy analyst Fadel Gheit, of brokerage firm Oppenheimer & Co. "But what OPEC has done is demonstrate to the market that it is not bluffing, that it won't allow a repeat of 1998," when crude prices crashed.

Meanwhile, the Dow hasn't been able to push through its peak close, after setting a series of new records starting in early October. Although the blue-chip average rose 29.08 points, or 0.2% Friday, to 12307.49, it was hobbled in part by traders placing bets ahead of Thursday's meeting of the OPEC, which may announce another output cut. The Dow ended the week up 0.9%, but 35.07 points below its record.

With winter-energy demand likely to pick up in the U.S. and concerns lingering about war and political wrangling in major oil-producing countries, many commodity analysts don't see much room for prices to head significantly lower, as stock investors might hope. Higher energy prices tend to hurt stocks because higher costs for things like home heating oil and gasoline cut into consumers' purchasing power and, in turn, corporate profits.

Still, major market measures are up solidly for the year, with the Dow ahead nearly 15%, the S&P 500 up almost 13% and Nasdaq up nearly 11%. The broad Standard & Poor's 500-stock index gained 2.55 points, or 0.2% Friday, to end at 1409.84, up 0.9% on the week. The technology-heavy Nasdaq Composite Index rose 0.4%, or 9.67 points, to 2437.36, up 1% on the week.

Energy prices are an important piece of an economic puzzle that will help determine the Federal Reserve's next move on interest rates, something else stock investors are watching closely because higher borrowing costs hit both consumers and businesses. As investors have tried to guess the central bank's likelihood of raising its benchmark rate target to keep inflation in check or cutting it to encourage growth, they have been confounded lately by mixed data on economic growth and manufacturing activity.

Jobs data released by the Labor Department on Friday were surprisingly strong. For November, nonfarm payrolls rose by 132,000 jobs, exceeding Wall Street's expectation for a rise of 110,000 jobs. The unemployment rate rose to 4.5% from 4.4%, in line with expectations.

The data confirmed many investors' belief that while economic growth is slowing, the decline in growth is gradual, which will minimize trauma to everyday workers and consumers and could encourage the Fed to keep rates stable. The rise in unemployment, obviously, is bad news for most people. But the total increase in jobs was good news.

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Some think the economic data mean good news for stocks going forward. "There's still a lot of uncertainty about the economy ahead," said strategist Douglas Peta of investment-management firm J&W Seligman.

In major U.S. market action:

Stocks rose. Total trading volume for stocks listed on the New York Stock Exchange was 1.4 billion shares, as 711 million advanced and 622 million declined.

Bond prices fell. The 10-year note fell 18/32 point, or $5.63 for each $1,000 invested, pushing the yield up to 4.56%. The 30-year bond fell 29/32 to yield 4.67%.

The dollar strengthened. It rose to 116.35 yen, compared with 115.25 yen Thursday. The euro fell to $1.3204 from $1.3286.

The Accidental Inflation Hawk (WSJ)

By Marc Sumerlin

The Wall Street Journal, December 9, 2006

There are no Gentlemen C's in central banking. The costs of monetary policy mistakes are so large that you tend to be right or wrong. With this in mind, Ben Bernanke deserves an A for his first year as chairman of the Federal Reserve. The Bernanke Fed hasn't always been graceful or elegant, but it has been mostly right.

Mr. Bernanke started off with a stumble last April, testifying awkwardly that he might choose to stop raising rates even if inflation were at risk of accelerating. This statement, combined with his past fretting about deflation, led markets to question his fortitude on preventing inflation. Long-term inflation expectations promptly rose by 20 basis points. The chairman regained his footing with a hawkish speech two weeks later and two more rate hikes on the Federal Funds rate in May and June, bringing the rate to 5.25%. The hike in June wasn't an obvious one given the fragility in global financial markets, which had lost $5 trillion in value over the preceding seven weeks, due in part to diminished confidence in the new Fed chairman. But markets digested the last rate hike with only a bit of consternation and no more genuine turmoil.

At this point, it would have been tempting to go for another rate hike in August. A legitimate strategy for a new chairman is to build up inflation-fighting capital early in his term so that he can spend it when needed. In fact, a risk-weighted analysis of Mr. Bernanke's personal survival would have argued for hiking in August and cutting later if needed. But Mr. Bernanke appears to make fact-based decisions rather than strategy-based decisions. In this, the facts were slightly on the side of a pause. A seasoned chairman with ample credibility would surely have taken a break to see how the lagged impact of past rate increases was working.

By the August FOMC meeting, it was clear that the housing sector had rolled over. It was also clear from the size of the housing bubble, from an examination of historic corrections, and from collecting anecdotes, that the housing slide was going to be with us for years not months. In effect, the desired growth slowdown had been accomplished, likely with the move to a 5% federal-funds rate in May. Mr. Bernanke had gone one further, but a modest overshoot is almost always needed from a practical standpoint.

Still, the decision to pause was not obvious. While economic growth was decelerating, there were no signs at that point that inflation was coming under control. In fact, wages were accelerating according to the available data, which usually gives a central bank more room to tighten. What is most amazing in retrospect is that the first Fed chairman ever to advocate inflation targeting was pausing as inflation was high and possibly accelerating. A key critique of inflation targeting -- one to which I still subscribe -- is that the target could in practice lessen the Fed's ability to look far down the road. But in this case, Mr. Bernanke was not a slave to the latest figures and bet that inflation would subside. So while a belief in inflation targeting has not added value to the decision-making process, it hasn't done any harm so far.

At the time, many bond market participants were not impressed with the pause and started to question Mr. Bernanke's resilience again. The behind-the-back whispers were perceptible. Then a curious and unpredictable thing happened. Inflation stopped accelerating. After four months of hot data, prices started to behave better. Spot oil prices plunged after a gratefully mundane hurricane season, taking some pressure off headline inflation. I'm not sure if Mr. Bernanke is also a skilled weather forecaster, but he may be the first person to simultaneously predict the weather and the economy accurately. It's still not clear why prices outside of energy stopped accelerating -- the tightness of the labor markets and other facts in early August pointed to continued inflation trouble. But whether Mr. Bernanke was lucky or not is now beside the point for workers and investors who benefited from his call. Global equities started another long rally that more than made up for the springtime losses.

The upcoming December FOMC meeting will mark the fourth straight gathering without a change in monetary policy. That is proof in and of itself that Mr. Bernanke's decision to pause was reasonable. It is not, however, proof that Fed policy is correctly calibrated going forward.

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Since the August pause, the housing and domestic auto industries have fallen into recession, and importantly, wage gains have been revised down. The bond market, the stock market and the currency markets are all betting that the Fed's next rate move will be down, even though the Fed tries to tell markets at every chance that a hike is more likely. The disconnect with the bond market is so large that Mr. Bernanke could wrap up his first full year with as much as a 100-basis-point inversion in the yield curve. Yet the tightening of policy relative to reality has created a stance sufficiently hawkish to rebuild inflation-fighting capital -- a welcome strategic development. In a sense, Mr. Bernanke has become an accidental hawk. This fortuitously earned capital is especially timely with the economy below its long-run sustainable growth rate. After all, a central banker never knows when he will need to cash in some chips.

Mr. Sumerlin is managing director of the Lindsey Group.

FDA Panel Seeks Warning That Stents May Be Unsafe (WP)

By Rob Stein

The Washington Post, December 9, 2006

New drug-oozing stents widely used to prop open clogged arteries are associated with an increased risk of blood clots, heart attacks and death for the majority of patients receiving the devices, an expert panel concluded yesterday.

Based on the finding, the special 21-member Food and Drug Administration panel recommended that the agency issue new warnings to doctors and patients that the devices' safety has not been established except for relatively low-risk patients, for whom the stents were originally tested and approved.

"If you use the device outside that indication, you're going to have a higher incidence of complications," said William H. Maisel of the Beth Israel Deaconess Medical Center in Boston, who chaired the panel.

The panel stressed that the tiny metal-lattice struts, known as drug-eluting stents, offer advantages over older bare-metal versions for some patients, with the benefits outweighing the risks for the relatively healthy patients for whom the devices have been tested.

It remains unclear whether the devices are causing the complications in other patients; the side effects could be occurring because these patients tend to be sicker. But panel members concluded that until that question can be answered, doctors and patients should be alerted about the potential risks. Several members said they hoped that would make doctors more cautious about using the devices.

"Let's be more judicious about this. Let's be less indiscriminate," said Eric J. Topol of the Scripps Clinic in San Diego.

The panel also recommended that patients who have the stents take anti-clotting drugs for at least a year.

More than 6 million people worldwide have gotten the drug-coated devices, including perhaps 3 million in the United States. At least 800,000 new patients get them each year, making the stents the most common device used to treat heart disease and one of the most common medical procedures of any kind. The panel's recommendations apply to at least 60 percent of those patients.

The FDA is not bound to follow the recommendations, but an official said the agency would respond rapidly.

"There may be things that can be done relatively quickly," the FDA's Daniel G. Schultz said, noting that the warning could take the form of changes in the devices' labels and letters to doctors and patients.

The recommendations came on the second day of a sometimes contentious two-day meeting the FDA urgently convened to determine whether the risks of the devices outweigh the benefits.

The panel concluded that although the devices, compared with older bare-metal versions, may increase the risk of blood clots, drug-eluting stents do not appear to increase the overall risk of heart attacks and strokes when used in the kind of patients for whom they were originally intended. But a majority of patients get them "off-label," or not as intended, and tend to be sicker and have more-complicated conditions, such as diabetes, multiple blockages and blockages in narrower arteries.

In a packed hotel room in Gaithersburg yesterday, the panel listened to presentations from researchers from California, Illinois, North Carolina, Rhode Island, Washington and elsewhere who analyzed the latest data from large registries of patients who had received the stents since they were introduced three years ago. Although the results were mixed, several analyses found an increased risk of blood clots, deaths and heart attacks.

"Do we have evidence that the safety-efficacy balance might be different in the off-label? I think we've heard enough to suggest that that's the case," said Steven Nissen of the Cleveland Clinic.

More than 1 million U.S. heart patients undergo procedures every year to have blocked arteries opened with tiny balloons, after which stents are implanted to keep the vessels open. Scar tissue often grows around the stents, however, narrowing the arteries again and requiring patients to undergo the procedure repeatedly or to have bypass surgery.

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The newer stents are coated with a polymer impregnated with drugs that are released slowly, inhibiting scar-tissue growth. Because the devices were shown to be highly effective, they were hailed as a major advance and quickly replaced bare-metal versions for most patients, though the newer stents were tested on and approved for only low-risk patients.

The FDA called for the meeting after studies looking at patients outside tightly controlled clinical trials indicated that a year or more after implantation, patients with drug-coated stents faced increased risks compared with those with bare-metal models. Some researchers have estimated the newer devices might be causing thousands of heart attacks and deaths a year.

Some researchers, along with Boston Scientific Corp. and Johnson & Johnson, which make the two drug-eluting stents sold domestically, say any risks from the devices are offset by the reduced need for repeated procedures and bypass surgery, which carry their own risks.

Patients who get the stents had been advised to take aspirin and the drug Plavix for three to six months to reduce the risk of blood clots. Recent studies have indicated that patients may need to take the drugs longer, perhaps indefinitely. But Plavix is expensive and increases the risk of serious bleeding.

How Doctors Are Rethinking Drug-Coated Stents (WSJ)

By Ron Winslow, Anna Wilde Mathews

The Wall Street Journal, December 9, 2006

Heart experts examining popular drug-coated stents in federal hearings this week concluded that safety concerns so far don't warrant restrictions in their use. But cardiologists already are changing the way they treat patients, rethinking when to use the devices and how to alter follow-up care.

Enthusiasm for the stents, small mesh tubes that prop open diseased arteries, was so immediate that within a year of their introduction in 2003, they had taken the place of their more-established bare-metal predecessors in 80% of an estimated one million stent patients. Unlike bare-metal stents, they prevent reclogging.

The vast majority of patients who have a coated stent won't experience a problem. But in recent months, long-term studies and real-world experience have yielded evidence that in rare instances the newer devices may trigger potentially fatal blood clots, years after they are implanted. That prompted the Food and Drug Administration to convene a panel of experts, which after two days of hearings stopped short of calling for major changes in how doctors use the devices.

It has become a common tension in medicine: New treatments -- especially those featuring advanced technology -- are rapidly adopted for their benefits before their risks are fully understood.

More doctors already say they are looking closer at heart patients, and in some cases going back to bare-metal stents, which are more likely to result in reclogged arteries that often require more stents or even bypass surgery. Doctors also are asking patients to take the blood-thinner Plavix for much longer than the three-to-six months currently recommended, in order to keep clots from forming in the weeks after the devices are implanted. But prolonged medication carries risks of its own.

"I wouldn't see necessarily a big shift away from using drug-eluting stents," said Christopher Cannon, a cardiologist at Brigham & Women's Hospital and Harvard Medical School in Boston. "But a more thoughtful and discriminate approach does seem useful."

The FDA panel seemed satisfied after this week's hearings that, based on data available, the risk of heart attack and death with the drug-coated stents isn't significantly higher than with the bare-metal devices -- at least when used in accordance with their FDA-approved instructions. Those cover only patients with relatively simple conditions, involving a single arterial blockage without complications such as a heart attack.

Friday, the committee signaled far more concern about patients who don't fit that profile -- at least 60% of those receiving drug-coated stents, by the FDA's estimate. For these "off label" patients, with more complicated problems such as multiple blockages, several committee members said they worried there isn't enough evidence to be sure when the benefits of the stents outweighed their potential risks.

"I don't think we have enough data at all to say that the other [off-label] reasons for putting in a drug-eluting stent are safe and effective," said Norman Kato, a committee member who is a doctor in the Cardiac Care Medical Group in Encino, Calif.

Other committee members disagreed. Some called for stronger warning language against the wider use, and others, arguing there is no concrete reason to stop using the stents in particular types of patients, suggested milder options.

In a news conference concluding the two days of meetings, William Maisel, the panel's chairman and a doctor at Beth Israel Deaconess Medical Center in Boston, suggested the FDA should put language into the stents' labels warning that their use in such "off label" situations may be associated with a higher risk of clotting, heart attacks and death compared with the simpler, on-label situations.

The agency's next step isn't completely clear in this case because the panel's views on regulatory actions were vague and somewhat divided. Daniel Schultz, head of the agency's device center, said the FDA understands it needs "to do a better

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job...communicating to patients and communicating to doctors the best and the latest information that we know," but it isn't clear what combination of label changes, letters or other means it would use. The agency also will consider panel members' call for more-complete data on the stents in examining the designs of approval studies, he said.

Bare-metal stents transformed treatment of heart patients when they were introduced in 1994, but their tendency to reclog with scar tissue left 15% to 30% of patients needing additional procedures or even bypass surgery to relieve chest pain and help avoid heart attacks.

The two drug-coated versions in the U.S., marketed by Johnson & Johnson and Boston Scientific Corp., significantly stanch the growth of scar tissue and reduce the need for repeat procedures to less than 3% -- a result that led to their rapid adoption by cardiologists.

"Overall, the drug-eluting stents are very effective," says William O'Neill, executive dean for clinical affairs at University of Miami School of Medicine and an interventional cardiologist. "But there's no free lunch."

After the FDA panel's meeting, Boston Scientific Chief Medical and Scientific Officer Donald Baim said that while the company's data show "more adverse events in more complex patients," it believes the drug-coated stent "still compares favorably to alternative treatment options such as bypass surgery." Johnson & Johnson's Cordis unit said it believes the evidence it presented "supports the efficacy and safety" of its stent, and the company will continue to support clinical trials.

The FDA advisory panel stopped short of recommending extended use of Plavix and aspirin to 12 months or longer to prevent clots for routine cases but generally endorsed recommendations for that strategy for off-label uses.

Cardiologists say that making sure patients withstand or afford such a regimen for a year or longer is a critical factor in determining whether to treat them with a drug-coated stent.

"If you can't take [Plavix and aspirin] or if you can't pay for it, the bare-metal stent should be the chief option," said Robert Califf, head of Duke University's Duke Translational Medicine Institute in Durham, N.C. "That's abundantly clear."

It isn't clear how long patients need to stay on the drug to maintain protection against a clot, and there are other important concerns -- including the cost of the drug -- associated with its long-term use.

Kevin Graham, director of preventive cardiology at Minneapolis Heart Institute in Minnesota, said a patient in his practice stopped taking Plavix three-and-a-half years after getting a drug-coated stent and within a month, she had suffered a heart attack from a clot in the device.

A large observational study of nearly 4,700 patients, published online by the Journal of the American Medical Association this week, showed patients who got a drug-coated stent and stayed on Plavix had the lowest risk of death, heart attack or procedures to clear obstructed arteries, while those with the drug-coated stent who stopped taking the drug had the highest risk. Patients with bare-metal stents came in the middle.

While the study has limitations and isn't definitive, it is enough to convince Dr. Califf, its principal author, that patients with drug-coated stents should stay on the Plavix indefinitely -- or until additional research offers better guidance.

Brigham & Women's Dr. Cannon says there are four categories of patients who should consider bare-metal rather than drug-coated stents: people who have a history or risk of bleeding, such as ulcers or hemorrhages; who aren't likely to be able to stay on Plavix indefinitely; who can't afford the medicine; and who already take other blood thinners to manage an irregular heart-beat condition called atrial fibrillation.

Last week, John Brush, a cardiologist in private practice in Norfolk, Va., used a bare-metal stent to treat a heart-attack patient. A couple of months ago, he says, he would have put in a drug-coated device, "but I got subtle signals the patient was noncompliant."

Another issue is cost. In Minneapolis, Dr. Graham said he recently saw an elderly woman who already had a drug-coated stent and was on Plavix, at $6 a day, and a host of other medicines typical of a regimen for heart patients. She told him her monthly prescription bill was $436, while her social-security check was just over $900. "She was literally crying," Dr. Graham says. She had hit the "donut hole," a gap in Medicare drug coverage when patients have to pay the full cost of their medications themselves.

He reluctantly took her off the drug, and so far, she is okay, he says. "In those scenarios, people have to decide whether to pay the rent, pay their lights bills, buy food or buy the drugs."

Another important issue is the need for other medical procedures. Dentists, surgeons and other doctors often ask patients to stop taking the blood thinner before undergoing dental surgery, colonoscopies or orthopedic procedures such as knee replacements. The University of Miami's Dr. O'Neill said he has had three patients end up in the emergency room with heart attacks because they temporarily stopped taking Plavix on the advice of other doctors.

"It's essential that patients not stop the Plavix unless they consult with the cardiologist that put the stent in," he said.

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Many patients treated under the prevailing three-to-six-month guidelines for the blood thinner have been off the medicine for some time. At Duke, the recommendation is that patients discuss with their physicians whether they should resume taking the drug.

Elsewhere, doctors aren't convinced it is necessary. At the Ochsner Health System in New Orleans, J.P. Reilly, associate director of the cardiac catheterization laboratory, said he recently advised a patient not to go back on Plavix. "It's a difficult question to answer because of the costs associated with Plavix and the risks of bleeding," he says. But the patient's disease seemed well confined, a factor the doctor took into account in considering the question.

Then there is the surgery option. Drug-coated stents have prompted many cardiologists to take on patients who in previous years they would have referred to surgeons. At this week's hearing, some surgeons urged the FDA panel to prod patients and doctors to consider bypass surgery again.

These procedures are far more difficult than implanting a stent -- and they carry a higher risk of dying in the 30 days after treatment than procedures to implant stents. The surgeons argued they may be safer in the long term for certain patients with complicated problems such as blockages in multiple arteries.

Panel Urges Caution Concerning Coated Stents (NYT)

By Barnaby J. Feder

The New York Times, December 9, 2006

GAITHERSBURG, Md., Dec. 8 — A panel of experts recommended Friday that doctors and patients be given stronger warnings about the dangers associated with the use of drug-coated stents in high-risk patients.

The panelists also recommended that the Food and Drug Administration warn doctors that if possible, such patients should remain on aspirin and Plavix, an anticlotting drug, for at least a year after a drug-coated stent implant.

The label on the Cypher stent, from Johnson & Johnson, approved for sale in the United States in 2003, calls for the anticlotting therapy for just three months. The label on the Taxus stent, from Boston Scientific, approved the next year, calls for six months on the drug.

At the end of the two-day hearing here, the panelists struggled to reach a consensus on most of the questions posed to it by the F.D.A. about whether it should restrict the use of the tiny devices, which are implanted to prop open heart arteries.

As the session ended, Daniel Schult, head of the drug agency's Center for Devices and Radiological Health, said it was too soon to discuss what specific actions the F.D.A. might take. "What I heard loud and clear is that we need to do a better job communicating to doctors and patients the best and latest information," Dr. Schult said.

The challenge the agency faces is that most of the stents — over 60 percent by the F.D.A.'s estimates — are being implanted in patients with more complex cardiovascular problems than those of the patients the devices were tested on.

The experts told F.D.A. officials that there was little reliable research comparing the risks associated with such "off label" use to the outcomes with drug treatment or surgery. And what research there is suggests that the risks of clotting, heart attack and death are higher for such high-risk patients than for those who were in clinical trial groups.

The stent market grew so explosively after the drug-coated devices were introduced in 2003 that regulators and consumers were caught with too little data. About one million Americans annually get stents — often more than one. Stents are implanted after tiny balloons have been inflated in clogged arteries to reopen blood flow, a procedure known as angioplasty.

The first stents were bare metal devices. The drug-coated products sharply reduced the frequency with which new blockages formed at the implant site, thus reducing the number of follow-up procedures. In the last year, though, it was discovered that the formation of potentially deadly clots long after implantation was slightly more common with the drug-coated stents than with bare-metal stents.

Doctors today commonly give the drug-coated stents without F.D.A. clearance to diabetics, people with weakened hearts or kidneys, and those with plaque blockages in three or more coronary arteries who hope the stenting will allow them to avoid bypass surgery.

Three medical societies, including the American Heart Association, have recommended that patients stay on anticlotting drugs for a year.

How the F.D.A. may address the issue is unclear. It cannot require the companies to recommend a drug program on their labels for an unapproved use of the device. And Bristol-Myers, which makes Plavix, is not allowed to market the drug for off-label stent use.

Many doctors are already recommending extended or even indefinite use of anticlotting drugs for stent patients. But the panelists pointed out Friday that no one knows the optimal length of time to take the drugs.

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The anticlotting drugs can lead to excessive bleeding when a patient is in an accident and must be stopped if surgery or dental work is needed. Doctors also worry about whether patients will remember to take them every day and whether poorer patients can afford Plavix, which costs $1,400 annually for a daily dose.

"I haven't heard anything today that's going to change my practice when I go back to it Monday," said Dr. Christopher J. White, a cardiologist on the panel from the Ochsner Medical Center in New Orleans. After a moment's thought, though, he said he might cut back on the use of drug-coated stents where arteries branch since data showed clotting rates were higher where patients had overlapping stents.

Surgeons told the panel that a way to reduce risks was to cut back on the use of stents in most patients with blockages in three or more vessels or in the left main coronary artery — both cases in which data indicates survival rates are better for patients who undergo bypass surgery.

NIH Scientist Pleads Guilty In Accepting $285,000 From Pfizer (WP)

By Eric Rich

The Washington Post, December 9, 2006

A senior government scientist who was a focus of a congressional probe into conflicts of interest in medical research admitted in federal court yesterday that he improperly failed to disclose payments of $285,000 he received as a consultant for the pharmaceutical manufacturer Pfizer Inc.

Pearson "Trey" Sunderland III, who was chief of the Geriatric Psychiatry Branch of the National Institute of Mental Health, pleaded guilty in Baltimore to a misdemeanor charge of violating conflict-of-interest rules.

Under the terms of the plea agreement, the Chevy Chase resident must forfeit $300,000 -- the payments plus expenses for which he was reimbursed. At the Dec. 22 sentencing, prosecutors have said that they will recommend that he be placed on probation for two years.

Sunderland, 55, admitted to entering consulting agreements with the drugmaker beginning in 1998 without receiving the required approval in advance or disclosing his income after the fact. Sunderland was paid as a consultant on two projects in which his department was collaborating with Pfizer on research to identify chemical warning signs of Alzheimer's disease.

The criminal prosecution of a researcher for violating conflict-of-interest rules is a rarity. But Sunderland's consulting arrangements, which first surfaced in 2004, were among the most egregious of the possible conflicts detailed during the probe by a congressional subcommittee.

U.S. Attorney Rod J. Rosenstein said the case should send a message to other government researchers. "Dr. Sunderland violated the fundamental rule that government employees cannot accept payment from interested private parties without the permission of their supervisors," Rosenstein said in a statement.

But members of Congress said yesterday that they found it disturbing that even after his guilty plea, Sunderland remains in his federal job, where he is a member of the Public Health Service Commissioned Corps.

"The question now becomes: Will the National Institutes of Health and the Commissioned Corps finally move to terminate Dr. Sunderland's assignment?" Rep. Bart Stupak (D-Mich.) asked in a statement. "Is a criminal guilty plea enough to, at long last, remove Dr. Sunderland from NIH?"

NIH spokesman Don Ralbovsky and Robert F. Muse, an attorney for Sunderland, declined to comment.

According to court documents, Sunderland initiated discussions with Pfizer in 1998 that led to his being paid as a consultant on a collaborative project involving Pfizer and NIMH. He was ultimately paid a $25,000 retainer each year for five years as well as $35,000 to attend 14 meetings at Pfizer locations. He negotiated similar terms later in 1998 as a consultant on a second effort.

In neither case did he disclose the income in annual reports, nor did he receive approval in advance from the U.S. Department of Health and Human Services, as required.

Adil E. Shamoo, founder and editor-in-chief of the journal Accountability in Research, which deals extensively with medical ethics, said he considered probation and the forfeiture to be appropriate punishment for Sunderland's misconduct.

"Pleading guilty in a court of law, a man of his caliber as a researcher -- it's really disappointing, and hopefully it will be a deterrent," Shamoo said. "It should be very embarrassing to him."

As a result of concerns over possible conflicts of interest, NIH officials began administrative actions against 34 scientists and referred 10 others, including Sunderland, to the Office of the Inspector General for possible prosecution. In August 2005, the NIH imposed rules that bar employees from working for, or owning stock in, drug companies.

NASA Official Questions Agency's Focus On The Shuttle (NYT)

By John Schwartz

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The New York Times, December 9, 2006

CAPE CANAVERAL, Fla., Dec. 8 — NASA's administrator, Michael D. Griffin, says the current period of space exploration will come to be seen as a mistake.

"Viewed from the point of history several decades out," he said in an interview, "the period where the United States retreated from the Moon and quite deliberately focused only on low Earth orbit will be seen, to me, a mistake."

Mr. Griffin has made similar comments before, notably a year ago in an interview with USA Today. This time, his remarks came as he waited for Thursday's down-to-the-wire effort to launch the shuttle on a 12-day mission to rewire the International Space Station. The liftoff was scrubbed at the last minute because of weather concerns.

Mission managers decided not to try to launch on Friday, when weather conditions were predicted to be too cloudy and windy for a safe launching. They expect to try again at 8:47 p.m. on Saturday, though the decision about whether to proceed will not be made until weather officers give their prediction early that morning.

Launching opportunities extend to Dec. 26, though space agency officials hope to get the shuttle to orbit long before then.

Mr. Griffin was appointed to head the National Aeronautics and Space Administration in 2005, a year after President Bush announced his "vision for space exploration," which calls for returning astronauts to the Moon by 2020 and then moving on to send humans to Mars. Mr. Griffin has from the start been an enthusiastic proponent of that plan.

But it has put him in a delicate situation, as he has shifted NASA financing to the Moon initiative, while moving to complete the space station and shut down the shuttle program by 2010, and cutting back on its science activities. And in doing so, he has occasionally expressed doubts about the wisdom underlying the nation's decision to build the shuttle and the station.

After his remarks a year ago, he issued an apologetic memorandum to NASA employees.

But if there was any discomfort in expressing such opinions once again at the Kennedy Space Center in the midst of preparations for launching, Mr. Griffin showed none. He said in the interview that his comments had been broadly misconstrued as a slap against the people who build and maintain the shuttle and space station, and emphasized that he admired the people of NASA who took on enormous challenges to create the shuttle and station.

The fault is not NASA's, he said, adding: "The space shuttle is a response to a policy mistake — it isn't the mistake. The mistake was tearing up all the infrastructure that we built for Apollo and saying, 'let's just focus on low Earth orbit.' "

The plan to return to the Moon by 2020 has been met with some skepticism, especially among those who doubt that the space agency can take on such a daunting project within its $17 billion annual budget. Dr. Griffin said that NASA could do the job — and could reach the moon even more quickly, with more money.

"I'm tempted to say, 'Why the skepticism?' " he said, adding, "but in fairness, NASA's recent history has not had the on-time, on-budget performance characteristic of the Apollo era. And I'm trying to restore that."

The fact that Democrats won the majority of seats in Congress in the November election, and other political changes that will occur over time, should have little effect on the plan, he said.

"Unless you believe that a future U.S. president or a future U.S. Congress actually wants to cancel the U.S. spaceflight program, then I actually do not perceive a big threat from changing administrations and changing Congresses," he said. "I think the country wants to have a manned spaceflight program, and a substantial one."

Roger D. Launius, the chairman of the division of space history at the Smithsonian National Air and Space Museum, expressed surprise that Mr. Griffin would repeat his statement about the judgment of history after the controversy that erupted a year ago.

"Here we've got a guy who speaks his mind," Mr. Launius said. "That's not always the case, certainly in Washington, and it certainly hasn't been the case at NASA."

Still, while some of the criticism is justified, Mr. Launius said, the shuttle "turned out better than it had any right to," and stands today as something of an engineering marvel.

Representative Bart Gordon, Democrat of Tennessee and the incoming head of the House Committee on Science, declined to address Mr. Griffin's comments about the history of the space effort, saying through a spokeswoman: "I would rather focus on where we go from here. I support human exploration beyond low Earth orbit. However, it's got to be paid for."

Back To The Moon, Permanently (NYT)

The New York Times, December 9, 2006

Three years after President Bush announced an ambitious long-term goal to return astronauts to the Moon and then send them on to Mars, the National Aeronautics and Space Administration has finally put some flesh on his nebulous aspirations. This week, the agency announced plans to establish a permanent base on the Moon by 2024, explained why we should want to send astronauts back to a world they visited repeatedly more than three decades ago, and described what they might do when they

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get there. It was belated justification for a decision that the Bush administration and Congress have already made. But the payoff is distant and the likely future costs very high, leaving it unclear how realistic these aspirations will prove to be.

The agency has done a commendably thorough job by consulting some 1,000 experts and 13 other space agencies in fashioning its plans. Such a costly and difficult venture should ideally be pursued cooperatively with other nations, to share the costs and the risks. It would be especially desirable to have multiple ways of reaching the Moon in case the American program runs into problems like those that grounded the shuttles.

What's worrisome about the new plans is their lack of focus. The agency cites six major reasons for returning to the Moon. The most persuasive is to use the Moon as a base to test technologies and operating techniques to be used on future missions to Mars, a more compelling target. It makes sense to first try "living off the land" on the Moon, where astronauts are only days away from home should something go wrong, before taking the long leap to Mars. The venture is also justified on scientific, economic, educational and global partnership grounds, and as a step toward eventual settlements on the Moon.

The wide sweep of these rationales is reminiscent of the extravagant promises for the space station, which was sold to Congress as a steppingstone to the planets, a scientific and economic bonanza, and a stimulus for students but is still limping along, half finished and far over budget, with greatly diminished expectations for what it can accomplish.

An even more expansive document — listing some 180 objectives that the astronauts might pursue on the Moon — is essentially a wish list compiled after consulting virtually every expert in the world who might have an opinion. The list puts the lie to criticisms that there is almost nothing useful to do on the Moon. But some of the objectives have a pie-in-the-sky quality, like exporting power from the Moon for use on Earth, while others, like observatories on the Moon, might not prove feasible or affordable for decades. The objectives will need to be winnowed and focused if they are to serve as useful guides in pursuing the program.

If this nation is to continue a human space flight program it makes sense to pick a more exciting destination than a space station circling endlessly in low Earth orbit. Our main concern is that the political proponents of the Moon-Mars adventure will not provide money commensurate with the task. NASA's crowning scientific achievements have come from its unmanned probes to distant worlds and its orbiting observatories. It would be a shame if an underfinanced program to return to the Moon on a permanent basis and then venture on to Mars forced reductions in research programs of higher scientific value.

Mans Stabs Himself In Front Of Longworth, Forces Temporary Shutdown Of Union Station Area (RC)

By John McArdle, John Bresnahan

Roll Call, December 8, 2006

At 12:55 p.m. today, a 19-year-old man walked up to the main entrance of the Longworth House Office Building and proceeded to stab himself at least once in the chest in front of Capitol Police officers.

After arresting the man, officers found something in a backpack he was carrying that led them to shut down streets near Union Station to search for a suspicious package that he had mailed earlier in the day.

By 5:30 p.m., the package had been found and was deemed safe by Capitol Police and Metropolitan Police, and investigators and the man remained at George Washington Hospital under police arrest.

A Capitol Police spokeswoman, Sgt. Kimberly Schneider, said Friday night that detectives were still investigating a motive for the incident.

Schneider said the man is not a D.C. resident and that he is not believed to be an employee of Congress.

She also noted that after the man was subdued and transported to the hospital, his belongings were taken to a Capitol Police facility in the Fairchild Building. Once inside, officers discovered a suspicious substance in the man's backpack and briefly evacuated the building. That substance later was deemed safe, but evidence in the backpack eventually led police to believe the man had mailed a package earlier in the day.

After shutting down the Union Station area for an hour and a half, officers eventually found that package inside a nearby postal service truck and deemed it safe.

"It's to early to say what charges he will face or what his motive was, said Schneider. "We have a lot of investigating to do."

SMU Wins Court Decision Involving Land For Bush Library (AP)

AP, December 8, 2006

DALLAS — Southern Methodist University has won a court ruling that could boost its bid to host the George W. Bush Presidential Library.

Federal District Judge Jerry Buchmeyer ruled Thursday that SMU has clear title to a condominium complex that university officials have considered for the library. SMU and two other colleges are bidding for the library.

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Leon Bennett, SMU's vice president for legal affairs, said the university plans to evict the remaining residents this month and begin tearing down the condominiums.

Two condo owners — a dentist who moved out and a lawyer who still lives there — claimed the university used unfair tactics to buy out owners at low prices.

The university denied the charges, and the judge wrote that the plaintiffs didn't prove SMU broke the University Gardens Condominiums bylaws.

The plaintiffs said they plan to appeal.

The two men filed the lawsuit last year in state court. The case was moved to federal court last month. It has been delayed many times, including when one of the plaintiffs filed for bankruptcy protection.

SMU officials have declined to discuss details of their bid for the presidential library, including its precise location.

SMU is considered a front-runner for the library. First lady Laura Bush graduated from the university and serves on its board of trustees, and the school's location near downtown Dallas is seen as a better draw for tourists.

The other bidders are Baylor University in Waco and the University of Dallas, which is in suburban Irving. Texas Tech University in Lubbock was eliminated. A decision is expected early next year.

Bush's Dog Barney Is Back With New Video (AP)

AP, December 8, 2006

WASHINGTON — Just in time for the holidays, America's best-known Scottish terrier is back with a new video on the White House Web site.

It's "Barney's Holiday Extravaganza," a production that follows Barney around the White House as he plans a holiday show, runs into trouble developing a plot and then wrangles over his budget with Treasury Secretary Henry Paulson and Budget Director Rob Portman.

The supporting cast includes President Bush, his wife, Laura, entertainer Dolly Parton, three-time Super Bowl champion and "Dancing with the Stars" winner Emmitt Smith, political strategist Karl Rove, Education Secretary Margaret Spellings, Press Secretary Tony Snow and others.

Miss Beazley, the Bushes' other Scottish terrier, and the first cat, Willie, also make appearances.

Ignore And Appoint (LAT)

The Los Angeles Times, December 9, 2006

WHATEVER YOU thought of Ambassador John R. Bolton as U.S. representative at the United Nations — and we thought he was too confrontational — his tenure was clouded from the beginning by the fact that his appointment was never confirmed by the Senate. President Bush installed him at the U.N. with a "recess appointment" while the Senate was out of session.

Bush and his would-be successors — Democratic and Republican — should resolve that Bolton is the last major official to serve under this disability. Recess appointments are allowed by the letter of the Constitution, but they violate its spirit.

Bolton, who resigned this week when it became clear that he couldn't be confirmed even by the lame-duck Republican Senate, served for 16 months in what is arguably the most important diplomatic post after secretary of State. Yet his appointment never received the "advice and consent" the Senate is authorized by the Constitution to bestow on — or withhold from — proposed "ambassadors, other public ministers and consuls, judges of the Supreme Court and all other officers of the United States."

Bush installed Bolton under another part of the Constitution that empowers the president to "fill up all vacancies that may happen during the recess of the Senate, by granting commissions which shall expire at the end of their next session."

Unlike the requirement for advice and consent, this provision is not central to the constitutional balance of powers between the executive and legislative branches. Rather, it's a quaint vestige of the 18th century — an era of stagecoaches, when it could take weeks for enough senators to travel to Washington to fill a quorum.

Since the 1950s, presidents have refrained from making recess appointments to the Supreme Court. But both Bill Clinton and George W. Bush have made such appointments to federal appeals courts, as well as to important executive branch positions, such as Bolton's, that should be subject to Senate confirmation.

With a new Democratic majority in the Senate capable of sustaining a filibuster, Bush may be tempted to resort to recess appointments — perhaps even to the Supreme Court — as payback for what he would see as obstructionism. He should resist the temptation.

We would gladly do away with filibusters of judicial nominations (and of legislation, for that matter). But neither filibusters nor other procedural obstacles that senators may erect to the confirmation process justify the greater evil of judges and

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ambassadors who have not been confirmed by the Senate. The "way forward" on this issue is for Bush and his successors to honor the spirit as well as the letter of the Constitution.

OTHER NEWS:

Despite Probe, A Close Race (WP)

By Shailagh Murray, Allan Lengel

The Washington Post, December 9, 2006

Rep. William J. Jefferson (D-La.) was given up for dead politically after the FBI found $90,000 in alleged bribe money in his freezer, and he barely survived a Nov. 7 primary election, garnering 30 percent of the vote in a crowded field of 12 challengers.

Now he is locked in a tough runoff with a well-funded Democratic challenger who is using poetry and schoolchildren to highlight Jefferson's ethical woes. Many of Jefferson's House colleagues are privately rooting for him to lose today so his troubles do not tarnish the new Democratic-controlled Congress. But while scandals cost the GOP 12 House seats last month, the eight-term Democrat is proving surprisingly resilient, and experts say the special election could go either way.

Jefferson has scooped up high-profile endorsements from New Orleans Mayor C. Ray Nagin and state Sen. Derrick Shepherd, who finished third in the primary, while attacking opponent Karen Carter, who finished second with 22 percent of the vote, as too liberal. In one ad, Jefferson declares "I have never taken a bribe" and dismisses Carter, a 37-year-old lawyer and state representative, as "an ambitious young woman." The national Democratic Party has steered clear of the race.

Brian J. Brox, a political scientist at Tulane University, described the race as heated and hard to predict. "It looks like a fairly negative and nasty affair," he said.

A low-key lawmaker with a scholarly demeanor, Jefferson had his world turned upside down in August 2005, when federal investigators raided his homes in Washington and New Orleans as part of a corruption investigation related to African business activities. Sources familiar with the probe said Jefferson is certain to be indicted, probably sometime in the first half of 2007.

Jefferson has strongly denied engaging in illegal activity, and to the surprise and alarm of some of his Democratic colleagues, he has forged ahead with his reelection campaign. He argues that his flood-ravaged city needs an experienced hand in the House to usher through recovery-related legislation. "Now is not the time for an unproven person to go to Washington and try to fight for our recovery," he warned in one campaign ad.

But in June, House Minority Leader Nancy Pelosi (Calif.) and other leaders stripped Jefferson of his coveted seat on the Ways and Means Committee, a humiliating slap meant to send an election-year signal that Democrats do not tolerate ethical lapses. In October, the Louisiana Democratic Party voted to endorse Carter, who has matched Jefferson in fundraising. Both candidates have raised about $900,000, according to Federal Election Commission reports.

Pelosi has had little to say about Jefferson's reelection bid. "It is up to the people of New Orleans to decide who they want to represent them," she said this week. A Pelosi spokeswoman noted that there is no guarantee Jefferson would secure a committee assignment in the new Congress, should he win reelection.

Throughout the campaign, Jefferson has attempted to portray Carter as a left-wing fringe figure who supports late-term abortions, same-sex marriage and human cloning. Carter has hit back; one of her ads shows a children's spelling bee in which contestants spell "hypocrite" and "corruption." A radio ad contrasts Carter's Katrina response with reports that Jefferson used a National Guard detail to survey damage to his home. The congressman has insisted that he was not allowed to enter the area unescorted.

The radio message is delivered in the poetic style of " 'Twas the Night Before Christmas":

Karen Carter made headlines, pleading for buses and gas

To help desperate people in the Dome and on the Claiborne overpass.

In the meantime, Bill Jefferson couldn't be found.

Oh, that's right, two Humvees and a chopper had taken him Uptown.

The FBI is also investigating Jefferson's wife and other family members. The probe began in March 2005 with an undercover sting spurred by a Northern Virginia woman, Lori Mody. She had approached the FBI, concerned that Jefferson and some of his business associates were trying to swindle her.

Two of Jefferson's associates pleaded guilty this year to bribing the congressman. Investigators are examining about a dozen business schemes in the United States and in Africa in which Jefferson allegedly used his official position in exchange for financial gain, according to court documents and sources, who spoke on the condition of anonymity because of the sensitivity of the case.

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Given the volume of evidence that federal investigators are thought to possess, indictments in the case were expected months ago. But the probe has been slowed by legal wrangling over documents seized during a controversial FBI raid of Jefferson's House office in May.

Romney's Gay Rights Stance Draws Ire (NYT)

By Adam Nagourney, David D. Kirkpatrick

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Gov. Mitt Romney, the Massachusetts Republican who has built a presidential campaign on a broad appeal for conservative support, is drawing sharply increased criticism from conservative activists for his advocacy of gay rights in a 1994 letter.

Mr. Romney's standing among conservatives is being hurt by a letter he sent to the Log Cabin Club of Massachusetts saying that he would be a stronger advocate for gay rights than Senator Edward M. Kennedy, his opponent in a Senate race, in a position that stands in contrast to his current role as a champion of a state constitutional amendment banning same-sex marriage.

"We must make equality for gays and lesbians a mainstream concern," Mr. Romney wrote in a detailed plea for the support of the club, a gay Republican organization.

The circulation of the letter by gay rights groups in recent weeks has set off a storm of outrage among social conservatives, and by Friday was looming as a serious complication to Mr. Romney's hopes.

Aides to Mr. Romney, who did not dispute the letter's legitimacy, said that the governor's opinions on gay issues had not changed. They said Mr. Romney had always been an opponent of same-sex marriage, had always opposed discrimination against gay men and lesbians and had been consistent in his views about allowing them to serve in the military.

"Governor Romney believes Americans should be respectful of all people," said Eric Fehrnstrom, his spokesman. "However, over the past four years as governor, Mitt Romney has not advocated or supported any change in the military's policies and he has not implemented new or special rights in this area."

Mr. Fehrnstrom, echoing the language that Mr. Romney has frequently used on the campaign trail, said Mr. Romney had been "a champion of traditional marriage" and "fought the efforts of activist judges who seek to redefine marriage."

Nonetheless, the breadth of the letter's language and the specificity of many of the pledges stunned conservative leaders. Many of them had turned to Mr. Romney as a conservative alternative to Senator John McCain, Republican of Arizona, whose position on issues like abortion had been considered suspect.

"This is quite disturbing," said Tony Perkins, president of the Family Research Council, who had praised Mr. Romney as a champion of traditional values at the group's conference in late September. "This type of information is going to create a lot of problems for Governor Romney. He is going to have a hard time overcoming this."

Paul Weyrich, a founder of the modern conservative movement, said: "Unless he comes out with an abject repudiation of this, I think it makes him out to be a hypocrite. And if he totally repudiates this, you have to ask, on what grounds?"

The letter, and Mr. Romney's effort to reconcile it with the way he had presented himself on the campaign trail, reflects what has been one of the central challenges facing him in his campaign: how to move from winning an election in one of the most liberal states in the union to becoming the presidential candidate of a party whose nominating process is dominated by social conservatives.

As it is, he has shifted his position on abortion rights. Last year, Mr. Romney wrote an op-ed article for The Boston Globe saying that his views had "evolved and deepened," and that he opposed abortion and thought decisions on its legality should be left to states.

The 1994 letter followed a meeting with the Log Cabin Club. Mr. Romney wrote, "I am not unaware of my opponent's considerable record in the area of civil rights.

"For some voters, it might be enough to simply match my opponent's record in this area," he said. "But I believe we can and must do better. If we are to achieve the goals we share, we must make equality for gays and lesbians a mainstream concern. My opponent cannot do this. I can and will."

Mr. Romney, recounting in the letter the promises he made in the meeting with the club, said he had agreed to help sponsor a bill barring discrimination against gay men and lesbians if he was elected to the Senate and to broaden it to include protections for housing and credit.

He said he supported the "don't ask, don't tell" military policy created by former President Bill Clinton, and described it as "the first in a number of steps that will ultimately lead to gays' and lesbians' being able to serve openly and honestly in our nation's military."

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Rich Tafel, who was the executive director of the club at the time, said he was stunned by what he described as the contrast between how Mr. Romney came across in their meeting and how he appeared on the campaign trail now.

"I've never seen anybody change like this," he said. "It really does concern me."

Viewed from some angles, Mr. Romney's positions on gay rights seem consistent. He still says he opposes discrimination against gay men and lesbians and he always said he opposed same-sex marriage.

But his emphasis has shifted in the last two years. As he moves into this new phase of his career, Mr. Romney rarely talks about the need to protect gay men and lesbians from bias, instead presenting himself as a conservative stalwart in the fight against same-sex marriage, arguing that legally recognizing same-sex unions endangers the cultural support for heterosexual families.

The doubts being raised could improve the prospects of two fellow Republicans who have been seeking conservative support in bids for the presidential election: Gov. Mike Huckabee of Arkansas and Senator Sam Brownback of Kansas.

The Rascals On The Right (NYT)

By Thomas B. Edsall

The New York Times, December 9, 2006

Washington

The early jockeying for the Republican presidential nomination reveals a split in the G.O.P. between sociocultural conservatives and the economy/ national defense wing, a split likely either to expand Democratic opportunities in 2008 or to produce an exceptionally viable Republican nominee.

The most significant development at this stage of the race is the failure of any G.O.P. candidate to emerge as the consensus conservative, uniting white evangelicals, family-values traditionalists, defense hawks, and opponents of the tax and regulatory state. "There is a vacuum in the field," says the Republican pollster Tony Fabrizio, "a big, gaping hole."

The two Republican candidates leading in polls, John McCain and Rudy Giuliani, both fail the consensus test. Each stands to the left of the party — well to the left in Giuliani's case — on the "traditional values" issues: sexual mores, family structure, reproductive choice, gay rights, embryonic stem cell research, and so forth.

While religious leaders and social conservatives have claimed veto power over Republican presidential candidates, there are at least three reasons to doubt this will take place:

First, the G.O.P. has a long history of sticking with front-runners. Second, socially conservative political activists in key primary and caucus states are under intense pressure to choose now, accepting the field as it is. McCain has picked up the support of one of Iowa's top Christian power brokers, Marlys Popma, despite his denunciation six years ago of Pat Robertson and Jerry Falwell as "agents of intolerance" who "shame our faith, our party and our country." Third, states such as Michigan, Florida, New Jersey and California are considering advancing their primaries to an early date, Feb. 5. This would weaken the leverage of religious and cultural conservatives who are strongest in the South, and would strengthen the hand of Republicans who are enthusiastic about right-libertarians like McCain and Giuliani.

Where once party leaders and institutional forces screened candidates for moral rectitude — or the semblance of it — the top four candidates in this Republican crop head into the race with nine marriages, five divorces and unknown numbers of extramarital affairs. Among them, only Mitt Romney is viewed as squeaky clean.

Public Opinion Strategies, a highly respected Republican polling firm, noted in an election post-mortem that the impact of personal scandal "on the Republican Party has been understated." Bill McInturff, a senior partner in the firm, presented data showing that in the closing weeks of the last election, Mark Foley, the Florida Republican who resigned after disclosures that he sent sexually suggestive messages to teenage House pages, had become a better-recognized figure than either Dennis Hastert, the former House speaker, or Nancy Pelosi, his Democratic successor. In October 2006, Foley achieved the dubious distinction of a 69 percent negative rating among respondents, seven points higher than O. J. Simpson and nearly as high as Yasir Arafat.

Although Romney has evidently led an uneventful private life, he is trying to forcibly reinvent himself from his incarnation as a Massachusetts governor who favored abortion rights and gay rights — almost as hard a history to surmount in the G.O.P. as the multiple marriages and divorces of McCain, Giuliani, and Newt Gingrich. (Gingrich set a new standard in nerviness by conducting an affair with a House staffer while leading the drive to impeach President Bill Clinton.)

Social-moral conflicts of the sort surfacing in the Republican Party should help the Democrats, if they choose a candidate who can capitalize on Republican disarray. Sexual mores aside, Democrats have been hampered by a long line of candidates who, no matter how virtuous (or not), have been perceived by swing voters as moralizing, elitist, egg-headed, puritanical, do-good scolds — from Adlai Stevenson to Walter Mondale to Michael Dukakis to Al Gore.

Unless the Democratic Party can suppress its inclination to pick such nominees, or can find a way to focus public attention on the opportunistic and grandstanding nature of its opponents, the weakness of social conservatives could turn out to be a

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Republican strength. The nomination of a McCain, or a Giuliani, could result in the selection of a candidate whose macho posture and rascal charm make for a viable general election nominee.

G.O.P. Draws Fire On Senate Race Spending (NYT)

By David D. Kirkpatrick

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — Campaign finance reports filed this week have led to second-guessing about whether the National Republican Senatorial Committee borrowed too little for its final all-out push for its candidates.

At least two Republican Senate candidates lost by just a few thousand votes, and reversing just one defeat would have enabled the Republicans to hold the Senate.

As of Nov. 27, the Republican senatorial committee had raised $87 million since the election cycle began in 2005 and ended up about $1.2 million in debt.

By comparison, the Democratic Senatorial Campaign Committee, which lacked the inherent fund-raising advantage of controlling the Senate, raised $119 million in this election cycle and ended up $5.4 million in debt.

Candidates and parties routinely borrow at the end of close races and then pay down the debt after the election. The final figures, and especially the low debts, left some Republicans grumbling privately that their Senate committee's leader, Senator Elizabeth Dole of North Carolina, had failed to give it her all.

"Obviously, Elizabeth Dole did not get great reviews for her performance at the committee," said Stuart Rothenberg, a nonpartisan political analyst. "Nobody is saying she did a great job. You would have to be in a coma not to realize that a $30 million fund-raising advantage for the Democratic Senatorial Campaign Committee is astounding."

But the staff of the Republican senatorial committee provided analysis to show that their candidates in close races had outspent Democrats but lost anyway. They were incumbents, who enjoyed a considerable fund-raising edge. What's more, the Republican Party raised and spent far more than the Democrats did.

Thanks in part to a $12 million transfer from President Bush's leftover campaign funds, the Republican Party raised more than $200 million since the beginning of 2005 and ended up $3 million "in deficit" because of spending commitments made during the campaign, said Tracey Schmitt, a spokeswoman for the party.

The party reported $6.2 million in cash on hand and no loans. Ms. Schmitt said it had $9.2 million in other obligations.

The Democratic Party raised about $129.3 million since the beginning of 2005, and ended November with about $4 million on hand and about $4.7 million in bank debt.

The National Republican Congressional Committee also outraised and outborrowed the Democratic Congressional Campaign Committee.

According to the filings, the Republican committee raised $176 million since the beginning of 2005 and ended November with $1.4 million in cash and $13 million in debt. Its Democratic counterpart raised $137 million and ended November with $2.3 million in cash and $10 million in debt.

Although both Congressional committees have deep debts, the Democrats will have an easier time repaying theirs because the election gave them control of the House, ensuring more donations from influence-seekers.

"People are going to be clamoring to give to the Democrats," Mr. Rothenberg said. "For the Republicans, it is going to be pulling teeth, especially with a presidential race coming up" and its competition for contributions, he said.

Of the main presidential contenders who filed reports this week, Senator Hillary Rodham Clinton of New York remains the best financed. Ms. Clinton's campaign reported $14.4 million in cash on hand and $1.2 million in debts.

Although she lacked a serious challenger, her campaign was one of the biggest fund-raisers and spenders. She raised about $50 million since the beginning of 2005 and spent more than $30 million on operating expenses.

Issues Overshadowed By "Distractions," Allen Says (WP)

By Michael D. Shear

The Washington Post, December 9, 2006

Sen. George Allen (R-Va.) calls them his "distractions."

They started when he called a Democratic aide "macaca" and continued throughout the fall, with allegations about his character and accusations that dated back to his days in high school, college and law school.

As Allen campaigned unsuccessfully for a second term in the U.S. Senate, the distractions formed a dark, unattractive narrative of his life that he said crowded out everything else he was trying to say.

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"You have these cheap shots coming at you, but you still need to move forward," Allen said yesterday in one of his first interviews since losing to Democrat James Webb by 9,329 votes out of a total of 2.4 million cast last month. "Obviously, when people are spreading falsehoods and lying about your character and who you are, it's much more aggravating."

"It allowed the portrayal -- and this is what's frustrating -- portrayal of the campaign to be away from actual issues, real solutions that matter," Allen said.

He declined to talk specifically about the controversies that turned what was supposed to be his warm-up for a presidential campaign into a losing bid to hold on to his Senate seat. "You can't brood and dwell" on the loss, he said.

But it's clear -- especially from the football analogies he uses frequently to describe the sudden turn in his political life -- that Allen regrets the mistakes he and his campaign staff made during the past several months.

"In the event that you lost a game by three or four touchdowns, people say, 'Gosh, it's a blowout,' " Allen said as movers packed up boxes and removed pictures from Room 204 in the Russell Senate Office Building. "If you lose by one point in a game, you can look back on every single play of the game."

Looking back, he continued, one "can say, 'gosh darn, if we only had made that block, if we only didn't jump off-sides, if we only had recovered that fumble, if we hadn't thrown that interception. If the referees didn't screw us on that play.' "

Who are the referees in that analogy? He doesn't say.

There's a lot that Allen won't talk about. He will not discuss his immediate plans, saying he is focused on "doing the people's business" until he leaves his Senate office Jan. 3. He will not say what job offers he is considering but says he has "some really exciting opportunities" to pursue.

And he politely declines to discuss any political future he might have in Virginia.

Advisers say he has abandoned any hope of running for president, a prospect that seemed all but certain this summer. Before the fall campaign, Allen was considered by Washington insiders to be a leading contender for the GOP presidential nomination.

Now, his friends and political observers say, Allen is likely to bide his time before attempting a possible comeback, perhaps as governor in 2009.

For his service as a state delegate, U.S. representative, governor and senator, Allen will receive about $35,000 a year in combined state and federal pensions once he reaches retirement age, aides and Virginia officials estimated.

As nearly two decades in elective office come to a close, Allen prefers to talk about what he predicts will be the legacies from his time in office.

He mentions the school standards and welfare reform he helped push through a Democratic General Assembly as governor in the mid-1990s. He talks with pride about abolishing the "lenient, dishonest sentencing system" of parole. "That's going to endure," he said.

Allen talks less about his six years in the Senate, reflecting the very public admission that he enjoyed being governor far more than being a senator.

"There's a great deal of worship of process," he says with disdain, echoing comments he made early this year that he was tired of the slow pace in the Senate. "It's too slow for me," he said then.

That comment, printed in the New York Times, was the first sign of danger for Allen. Democrats pounced, dubbing him "Bored George." But it wasn't until he was caught on tape calling a Democratic aide of Indian descent "macaca" in early August that his Senate seat was in any real jeopardy. Macaca is a genus of monkey and a racial slur in some cultures.

For Allen, the razor-thin margin of his loss to Webb calls up memories of nail-biter games between the Dallas Cowboys and his father's Washington Redskins.

But Allen is gracious when it comes to Webb, a former Navy secretary for President Ronald Reagan.

"I wish him well because I think it's good for the people of Virginia to have strong leadership for Virginia," he said.

Throughout the campaign, Allen and his pollsters saw data that suggested it would be a close race, in part because of the difficult environment for Republicans this year.

"I knew that, first and foremost, the national Democrats had no love for me. We needed to be prepared," he recalled.

Were they?

"You could throw that in," he said, with a shrug that seemed to acknowledge a certain complacency in his campaign. "Folks have brought that one up, too."

On election night, Allen said, Tampa Bay Buccaneers Coach Jon Gruden, a friend, called him as results were still coming in.

"He said, 'Did you do everything you could? Did you work as hard as you could?' I said, 'Oh, sure, gosh,' " Allen said.

He then added:

"Maybe not everything was perfect in it. That's for sure."

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Sekula-Gibbs Has Much To Say (HC)

By Eun Kyung Kim

Houston Chronicle, December 9, 2006

WASHINGTON — She marched into Congress determined to help cut taxes and reform immigration despite the fact that she was only serving out a lame-duck term.

But after two weeks of legislative business on Capitol Hill, Rep. Shelley Sekula-Gibbs learned what being a lame duck really means: She could give speeches but not deliver all of the goods.

The Houston Republican spent the past week — Friday was her last official day on the Hill — delivering one speech after another on the House floor.

Her soliloquies, aimed at the House television camera as the chamber was virtually deserted, could have been judged plentiful even in a place where performance art often passes for good politics.

Beside casting one of the 367 votes in favor of a tax bill that would, among other things, extend the sales-tax deduction on itemized federal income tax returns for Texans and residents of six other states, Sekula-Gibbs leaves a legacy mainly of C-SPAN video.

"District 22 had been without a representative for many months and it was important to have a voice on the floor of the House of Representatives again," she said.

She indeed held forth on Medicare and immigration (a subject that eluded agreement by Congress) but didn't confine herself to the major issues of the day. Among her other topics:

· A welcome to the first lady of Azerbaijan during her visit to Washington.

· Giving nonprofit athletic organizations immunity from being sued.

· Declaring the first week in April "Plan Ahead with an Advance Directive Week."

· Requiring abortion providers to give women the option of receiving anesthesia for the fetus.

Sekula-Gibbs started her term last month as little more than a political footnote.

Democrat Nick Lampson defeated her in the Nov. 7 election to succeed Rep. Tom DeLay, who resigned. She was forced to run as a write-in candidate after courts ruled that DeLay's resignation deprived the Republican Party of the right to select a replacement candidate on the ballot. Lampson takes office in January.

But Sekula-Gibbs won the election that day to finish the last two months of DeLay's term. Lampson was not on the ballot in that contest.

Sekula-Gibbs, a dermatologist and former Houston councilwoman, wasted no time making headlines.

The seven employees she inherited from DeLay resigned the day after she was sworn in, charging that she mistreated them. She denied it and then accused them of deleting files from office computers.

The House chief administrative office investigated, at her request. She said she has not received any findings yet.

Praise from a fellow TexanAfter the Thanksgiving holiday, Congress reconvened only for this week and Sekula-Gibbs instantly became a regular speaker on the House floor.

Ruby Cubley, outgoing president of Bay Area Republican Women, said Sekula-Gibbs did a good job raising her profile and the profile of her district.

"The best she could do was getting her name out there, on the board, if you will," Cubley said.

Rep. Kevin Brady, R-The Woodlands, applauded the way Sekula-Gibbs handled herself.

"It's been difficult just because of the briefness of the term and our transition to the minority and just the circumstances of how she got in," he said.

He acknowledged that though "the staff brouhaha is damaging," he fully expects Sekula-Gibbs to run for office again.

"She's determined to return to Congress (after the) next term," he said.

Sekula-Gibbs remains mum on the topic, although she has made it clear in the past that she plans to run again for the seat in 2008.

"My whole focus has to be on working for the district until I hand over the reins," she said.

Sekula-Gibbs pointed out that although her time in the legislative session ended, she still has weeks left in her term, which she will finish from her district office.

Cubley said Republicans are intent on coming up with a candidate who can win back the seat from Lampson in 2008.

"I don't know who that person will be, but we will be backing whoever that candidate is," she said. "This is a Republican district, and we will take it back."

For her part, Sekula-Gibbs said she was satisfied with her congressional run.

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"Everything has been incredibly valuable, very valuable," she said. "The opportunity to participate in Congress is an experience I'll value my entire life."

Americans Back Price Negotiations On Medicare Drugs (WP)

By Christopher Lee

The Washington Post, December 9, 2006

A new poll shows that the overwhelming majority of Americans favor allowing the government to negotiate prescription drug prices for the Medicare program, suggesting there will be considerable political pressure on the next Congress to do so.

Eight-five percent of the 1,867 adults polled in the Kaiser Family Foundation survey released yesterday said they favored such negotiations, including majorities of Republicans, Democrats and independents.

For weeks, House Democrats have pledged to use their majority control of the next Congress to repeal a provision in the 2003 Medicare drug benefit law that prevents the government from engaging in drug price negotiations. Yesterday, a top aide to House Speaker-elect Nancy Pelosi (Calif.) said Democrats would pass legislation in the first 100 hours directing the Bush administration to use its bargaining power. The White House opposes the move.

"Given the administration's opposition to doing anything, I think there was a feeling we had to go a little bit further," said Wendell Primus, Pelosi's adviser on health issues. "It will be very simple language. We do not think that Congress needs to hammer out all the details. There are a lot of smart people in the administration that can look at how we're buying drugs . . . and figure out the best way of negotiating better prices with drug companies."

Coming up with a more comprehensive plan for how negotiations would work will take more time, Primus said. Any plan would have to win approval by the Senate and President Bush.

Under the current program, which enrolled 22.5 million people this year, its first, dozens of private insurers offer Medicare drug plans in each state, competing on monthly premiums, choice of drugs and access to pharmacies. The financial pressure is on insurers, through their pharmacy benefit managers, to negotiate the best prices they can with drug companies and pharmacies, say proponents of the system.

Getting the government involved could be logistically difficult and would not necessarily lower drug prices, they argue. Because one way to win discounts is to favor some drugs over others, opponents add, beneficiaries could face a more limited choice of medications and lobbyists might influence which drugs are available. And if the government succeeds in holding down prices, the pharmaceutical industry has argued, that could discourage the development of new drugs.

Julie L. Goon, special assistant to Bush for economic policy, said that Medicare beneficiaries are saving an average of $1,200 a year on drugs and that the existing program is popular and efficient.

"The government doesn't do a particularly good job of negotiation," Goon said. "I think it would be a mistake to open up the political process to what particular prices are available for drugs."

Critics of the current system say the Department of Veterans Affairs, which by law receives a mandatory discount on drugs, also negotiates effectively to secure better prices for the 4.4 million veterans who use its drug benefit. They argue that, with a pool of as many as 43 million beneficiaries, Medicare would have considerable muscle to force price concessions.

Jeane Kirkpatrick, Reagan's Forceful Envoy, Dies (NYT)

By Tim Weiner

The New York Times, December 9, 2006

Jeane J. Kirkpatrick, the Reagan administration's first United Nations ambassador and a beacon of neoconservative thought who helped guide American military, diplomatic and covert action from 1981 to 1985, died Thursday at her home in Bethesda, Md. She was 80.

Her death was announced yesterday by the American Enterprise Institute in Washington, where she was a senior fellow. The cause was congestive heart failure, said her personal assistant, Tammy Jagyur.

Ms. Kirkpatrick was the first American woman to serve as United Nations ambassador. She was the only woman, and the only Democrat, in President Ronald Reagan's National Security Council. No woman had ever been so close to the center of presidential power without actually residing in the White House.

"When she put her feet under the desk of the Oval Office, the president listened," said William P. Clark Jr., Mr. Reagan's national security adviser during 1982 and 1983. "And he usually agreed with her."

President Reagan brought her into his innermost foreign policy circle, the National Security Planning Group. There she weighed the risks and rewards of clandestine warfare in Central America, covert operations against Libya, the disastrous deployment of American marines in Lebanon, the invasion of Grenada and support for rebel forces in Afghanistan.

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Her public diplomacy made her a national political figure. She was a star performer at the 1984 Republican national convention, deriding the Democrats as the "blame America first" party.

She changed her political affiliation after leaving the Reagan administration and thought hard about seeking the Republican nomination for president.

"So many people talked to me about it so much that they finally persuaded me to consider it," she said in October 1987. But she decided against it, fearing she would split the conservative vote and help elect Vice President George H. W. Bush. Though he won, she thought him too moderate to inherit the Reagan legacy.

Fifteen years later, in March 2003, President Bush recalled Ambassador Kirkpatrick to active duty and sent her to Geneva, said Alan Gerson, who had served as her general counsel at the United Nations. The secret mission, previously undisclosed, was to head off a diplomatic uprising against the imminent war against Iraq. Arab ministers wanted to condemn it as an act of aggression.

"The marching orders we received were to argue that pre-emptive war is legitimate," Mr. Gerson said. "She said: 'No one will buy it. If that's the position, count me out.' "

Instead, she argued that the attack was justified by Saddam Hussein's violations of United Nations resolutions dating from the 1991 war against Iraq. The foreign ministers found her position convincing and their resolve against the war faded, Mr. Gerson said.

Ms. Kirkpatrick was a political science professor with no diplomatic experience when she arrived at the United Nations in February 1981. Her mission was to wage rhetorical warfare against Moscow and its allies. She sought to restore the international standing of the United States after its defeat in Vietnam and the captivity of Americans in Iran.

Her high-profile performance at the United Nations made her President Reagan's favorite envoy. "You're taking off that big sign that we used to wear that said, 'Kick Me,' " the president told her. He admired her strong diplomatic stands and her undiplomatic language. In a letter to 40 third world ambassadors in October 1981, for example, she accused them of spreading "base lies" and making "malicious attacks upon the good name of the United States."

When nations opposed American foreign policy, she sent their voting records to Congress. The threat was tacit but clear: to stand against the United States meant to risk losing its foreign aid. Her deputy at the United Nations, Kenneth L. Adelman, said she enjoyed such close combat.

"We were like Davy Crockett at the Alamo," he said.

Said She Hated U.N. Job

She professed to detest the United Nations. She compared it to "death and taxes." But she endured it for four years.

At the United Nations, she defended Israel's invasion of Lebanon in 1982 and the American invasion of Grenada in 1983. She argued for El Salvador's right-wing junta and against Nicaragua's left-wing ruling council, the Sandinistas.

In private, she supported American efforts to sustain the contras, the rebel group that tried to overthrow the Sandinistas with help from the Central Intelligence Agency She was a crucial participant in a March 1981 National Security Planning Group meeting that produced a $19 million covert action plan to make the contras a fighting force.

She was part of a national security team that was often at war with itself. Her relationship with Mr. Reagan's first secretary of state, the four-star general Alexander M. Haig Jr., "started off bad and got worse over time," Mr. Adelman said in an oral history of the Reagan years. She had something Mr. Haig found that he lacked: the president's ear.

Ms. Kirkpatrick first entered Mr. Reagan's inner circle on the strength of a 10,000-word article she published in the neoconservative magazine Commentary in November 1979. The article, "Dictatorships and Double Standards," drew a bright line between right-wing pro-American governments and left-wing anti-American ones.

"Traditional authoritarian governments," she argued, "are less repressive than revolutionary autocracies." She said it was an historic mistake for the United States to have shied away from dictators like the Somozas in Nicaragua and the Shah of Iran. If they served American interests, she asserted, they were defensible.

Mr. Reagan read the article closely. Richard V. Allen, who later became the first of his six national security advisers, introduced him to Ms. Kirkpatrick. They met at a February 1980 dinner party given by George F. Will, the syndicated columnist.

She recalled that she wondered aloud how she, a Democrat all her life, could join his team. Mr. Reagan confided, "I was a Democrat once, you know." He won her over. After his election a year later, Ms. Kirkpatrick became the United Nations ambassador and "Dictatorships and Double Standards" became an important part of the foreign policy of the United States.

At the United Nations, Ms. Kirkpatrick was the target of barbs and backstabbing. Sometimes she was aware of the source, sometimes not.

She knew she was "a kind of special target for the Soviets — disinformation target," she said at a 2003 foreign policy roundtable convened by the Miller Center of Public Affairs at the University of Virginia. In 1982, the K.G.B. forged a letter to discredit her and fobbed it off on the Washington correspondent for The New Statesman, a leftist British weekly, which reprinted

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it. The phony letter was a note of "best regards and gratitude" from the intelligence chief of the apartheid South African government.

"But I felt there was as much disinformation aimed at me from inside our own government, frankly, as from the Soviet Union," Ms. Kirkpatrick said. "That's a shocking thing to say, but it is no exaggeration."

Role as Adviser Blocked

In 1983, Ms. Kirkpatrick was a strong candidate to become President Reagan's third national security adviser. She had support from the director of central intelligence, William J. Casey, and Defense Secretary Caspar W. Weinberger. But her new boss, Secretary of State George P. Shultz, opposed her.

"I respected her intelligence, but she was not well suited to the job," Mr. Shultz wrote. "Her strength was in her capacity for passionate advocacy," and the post, he added, demanded a "dispassionate broker."

Ms. Kirkpatrick was at the June 1984 National Security Planning Group meeting that began the secret initiative that later became known as the Iran-contra affair. Congress had cut off funds for the contras. Mr. Casey wanted to obtain money from foreign countries in defiance of the ban.

Ms. Kirkpatrick was in favor. "We should make the maximum effort to find the money," she said. Mr. Shultz was opposed. "It is an impeachable offense," he said. President Reagan warned that if the story leaked, "we'll all be hanging by our thumbs in front of the White House."

Secret Arms Sales Exposed

Over the next two years, millions skimmed from secret arms sales to Iran went to the contras. The story did leak, as Mr. Reagan feared, and his Administration was shaken by Congressional investigations and criminal charges. Robert C. McFarlane, who had won the national security slot over Ms. Kirkpatrick, pleaded guilty to misinforming Congress.

Mr. McFarlane said he should have stood up against the secret initiative to support the contras. But "if I'd done that," he said, "Bill Casey, Jeane Kirkpatrick and Cap Weinberger would have said I was some kind of commie."

By then Ms. Kirkpatrick had left the government. She stuck to a vow to leave the United Nations at the end of Mr. Reagan's first term and resigned in April 1985. She was succeeded by Vernon A. Walters, a former deputy director of central intelligence. The next year, as the Iran-contra story began unfolding, Mr. Casey urged the president to make her secretary of state, but Mr. Reagan rejected the idea.

Ms. Kirkpatrick spent the rest of her career commenting on policy instead of making it. She remained among the most highly regarded members of the Republican establishment, and her voice remained one of the strongest echoes of the Reagan era.

Jeane Duane Jordan was born on Nov. 19, 1926, in Duncan, Okla., about 160 miles northwest of Dallas, the daughter of Welcher F. and Leona Jordan. Her father was an oil wildcatter who moved from town to town searching for a gusher that he never hit.

She attended Stephens College in Missouri for two years, then moved to New York, where she earned a bachelor's degree from Barnard College in 1948 and a master's degree from Columbia University in 1950. She went to Washington as a research analyst at the Intelligence and Research Bureau of the State Department, where she met her future husband, Evron Kirkpatrick. Fifteen years her senior, he was a veteran of the wartime Office of Strategic Services, and he soon became the head of the American Political Science Association. They married in 1955 and had three sons — Douglas Jordan, John Evron and Stuart Alan. Douglas died earlier this year. The other sons and five grandchildren survive her. Mr. Kirkpatrick died in 1995.

In 1967, before completing her doctoral dissertation, she was appointed associate professor at Georgetown University. The next year, she earned a doctorate in political science at Columbia University. Georgetown made her a full professor in 1973 and gave her the endowed Leavey Chair five years later.

Ms. Kirkpatrick supported Jimmy Carter in 1976 and came close to being chosen for an ambassadorship in his administration. But she had become deeply disenchanted with her party.

Swept In With 50 Others

She joined the vanguard of the neoconservative movement, the Committee on the Present Danger, which warned throughout the late 1970s of a disastrous downturn in every aspect of American strength, from nuclear warheads to national image. When Mr. Reagan came to office in 1981, 51 of the committee's members won positions of significant power in his administration.

Power, Ms. Kirkpatrick said in a 1996 interview, is based not merely on guns or money but on the strength of personal conviction.

"We were concerned about the weakening of Western will," she said. "We advocated rebuilding Western strength, and we did that with Ronald Reagan, if I may say so."

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Jeane J. Kirkpatrick, 1926-2006: U.N. Ambassador Upheld Reagan Doctrine (WP)

By Joe Holley

The Washington Post, December 9, 2006

Jeane J. Kirkpatrick, 80, a Georgetown University political science professor who became the first woman to serve as U.S. ambassador to the United Nations and who was one of the chief architects of the muscular anti-Communist foreign policy that came to be known as the Reagan doctrine, died Dec. 7 at her home in Bethesda, where she was under hospice care.

Her assistant, Andrea Harrington, said she died in her sleep. The cause of death was not immediately known.

"She defended the cause of freedom at a pivotal time in world history," President Bush said yesterday. "Jeane's powerful intellect helped America win the Cold War."

Praising Kirkpatrick's "commitment to an effective United Nations," U.N. Secretary-General Kofi Annan said she was "always ardent and often provocative."

For many years a Cold War liberal, a Democrat in the tradition of senators Hubert H. Humphrey Jr. (Minn.) and Henry M. "Scoop" Jackson (Wash.), Kirkpatrick became a neoconservative in the 1970s and then a Republican Party stalwart. An academic and a public intellectual who never held elective office, she briefly considered seeking the Republican presidential nomination in 1988.

She came to Ronald Reagan's attention in 1979, when he read an article she had written for the neoconservative magazine Commentary, "Dictatorships and Double Standards." In the article, she accused the Carter administration of abiding totalitarian enemies on the left while holding authoritarian allies in Latin America and elsewhere to a higher standard.

It was difficult, she wrote, to "democratize governments, any time, anywhere, under any circumstances" although "right-wing autocracies do sometimes evolve into democracies" but communist societies never do.

"This is incredible. Who is this person?" Reagan is said to have exclaimed.

The columnist George Will introduced the two at a dinner party at his Georgetown home in 1980, and Kirkpatrick eventually decided to endorse Reagan for president and to campaign for him. When he named her U.S. ambassador to the United Nations, she became the first Democrat to fill a Cabinet-level post in the administration. She was unanimously confirmed by the Senate.

She warned that she would not be "a ventriloquist's dummy" at the United Nations, mouthing administration policy, and there were times when her willingness to speak her mind ruffled feelings not only at the United Nations but within the administration.

Although she arrived at the United Nations with no diplomatic experience, she quickly assumed a high-profile role. Her fellow envoys may have considered her arrogant and condescending, but they knew she had Reagan's ear.

An influential voice in the development of administration policies toward Central America, Kirkpatrick supported the military junta in El Salvador and was an ardent supporter of anti-Sandinista rebels fighting the leftist Sandinista government of Nicaragua. She helped develop the covert plan to provide $19 million in aid to the contras.

She also defended Israel's invasion of Lebanon in 1982 and the American invasion of Grenada in 1983.

Kirkpatrick, the only woman in President Reagan's National Security Council, told Time magazine in 1982 that her gender could have been the cause of her difficulties with Secretary of State Alexander M. Haig and other administration officials. The author of "Political Women" (1974), a major study of the role of women in modern politics, she acknowledged that a woman in high office is "intrinsically controversial."

"Many people think a woman shouldn't be in high office," she told Time. "Kissinger is described as 'professorial.' I am described as 'schoolmarmish.' Brzezinski is called 'Doctor.' I am called "Mrs.' I am depicted as a witch or a scold in editorial cartoons -- and the speed with which these stereotypes have been used shows how close these feelings are to the surface. It is much worse than I ever dreamed it would be. My feelings are hurt."

With her closely cropped gray hair, utilitarian clothes and blunt speaking style, the public Jeane Kirkpatrick seemed humorless and austere. "Raised eyebrows give her an expression of sustained skepticism, as if she lives on the verge of some crucial debate the rest of us do not hear," James Conaway observed in a 1981 Washington Post Magazine article.

Friends of Kirkpatrick's told Conaway that she was much more charming in private; Peter Arnold, a former colleague at the American Enterprise Institute, said she had a "remarkable sense of humor." Her great passion, she once said, was listening to the pianist Glenn Gould play Bach.

In 1985, the Washington Post editorial page, describing Kirkpatrick as "a highly articulate and intellectual Democrat who cares deeply about ideas in politics," praised her for her plain speaking about the penchant of some Third World countries to blame Israel and the United States for everything.

She was born Jeane Duane Jordan in Duncan, Okla., the daughter of an oil field wildcatter who moved his family to a succession of small towns in Oklahoma and Illinois seeking the elusive big strike.

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She received an associate's degree from Stephens College in Columbia, Mo., in 1946, and a bachelor's degree in 1950 from Barnard College, where she considered herself a socialist.

While working on a master's degree in political science from Columbia University, she became a resolute anti-Stalinist as a result of stories that had begun to emerge about the horrors of the Nazi and Soviet concentration camps.

After receiving a master's degree in 1950, Kirkpatrick worked briefly as a research analyst in the State Department and then did postgraduate work in 1952-53 at the Institut de Science Politique of the University of Paris.

She moved to Washington after marrying political scientist Evron Kirkpatrick, a deputy director of the State Department's Intelligence Research Bureau; worked on her dissertation; raised three boys and stayed involved in Democratic Party politics.

After the 1972 Democratic National Convention, she became one of the charter members of the Coalition for a Democratic Majority, a group that included senators Humphrey, Jackson and Daniel Patrick Moynihan (N.Y.), Commentary editor Norman Podhoretz and his wife, neoconservative author Midge Decter. The aim of the CDC was to reclaim the Democratic Party from the McGovernites.

In 1962, she became an assistant professor of political science at Trinity College in the District and in 1967 associate professor of political science at Georgetown University. After finishing her dissertation, "Peronist Politics in Argentina," she received a doctorate from Columbia University in 1968. She became a full professor at Georgetown in 1973.

In 1978, she joined the American Enterprise Institute, which had become an intellectual home for many of her fellow CDC neoconservatives. Kirkpatrick, the only female scholar in residence, was a forceful advocate of American hegemony in a dangerous world.

She finally changed parties in 1985, registering as a Republican in Montgomery County after stepping down as U.N. ambassador. A year earlier, she had energized delegates to the 1984 Republican National Convention with her attacks on "the San Francisco Democrats." As she led delegates in a chant of "they always blame America first," she could look out over the throng and see a number of "Kemp-Kirkpatrick" buttons.

She explained her party conversion by saying she was "tired of swimming against the current in my own party." Democrats, she contended, no longer stood for "growth at home, strength abroad." She did, however, remain true to her Democratic Party heritage on organized labor and most social issues.

She remained active in public life after leaving the United Nations, although she was reportedly disappointed that Reagan did not offer her another Cabinet-level position in his second term.

Back at Georgetown University and at the American Enterprise Institute, she wrote articles and a syndicated column for the Los Angeles Times, spoke regularly on politics and public policy and was a frequent foreign policy adviser to Republicans.

Last year, she was one of seven former U.N. ambassadors who wrote a letter urging lawmakers not to withhold dues as a way to force reform.

Kirkpatrick's husband died in 1995. A son, Douglas Kirkpatrick, died this year.

Survivors include two sons, Stuart Kirkpatrick, known as Traktung Rinpoche, a Buddhist minister in Ann Arbor, Mich., and John Kirkpatrick, a lawyer in Miami.

Former U.N. Ambassador Kirkpatrick Dies (AP)

AP, December 8, 2006

WASHINGTON (AP) — Jeane Kirkpatrick, an unabashed apostle of Reagan era conservatism and the first woman U.S. ambassador to the United Nations, has died.

The death of the 80-year-old Kirkpatrick, who began her public life as a Hubert Humphrey Democrat, was announced Friday at the senior staff meeting of the U.S. mission to the United Nations.

Spokesman Richard Grenell said that Ambassador John Bolton asked for a moment of silence. An announcement of her death also was posted on the website of the American Enterprise Institute, a conservative-oriented think tank here where she was a senior fellow.

Kirkpatrick's assistant, Andrea Harrington, said that she died in her sleep at home in Bethesda, Md. late Thursday. She had been suffering from heart disease, but the cause of death was not immediately known.

Kirkpatrick's health had been in decline recently, Harrington said, adding that she was "basically confined to her house," going to work about once a week "and then less and less."

Senate Majority Leader Bill Frist, R-Tenn., said that Kirkpatrick, who had a reputation as a blunt and acerbic advocate, "stood up for the interests of America while at the U.N., lent a powerful moral voice to the Reagan foreign policy and has been a source of wise counsel to our nation since leaving the government two decades ago. She will be greatly missed."

Karlyn Bowman, a colleague of Kirkpatrick's at AEI, called her "always insightful. Always interesting. Very thoughtful about modern American politics and foreign policy. A wonderful colleague."

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Bowman also said that Kirkpatrick, who had been elevated to the U.N. post by President Reagan in 1981, had "served with great distinction" at the U.N. "She was a great patriot, a champion of freedom and we will certainly miss her at AEI and the country."

Kirkpatrick was known as a blunt and sometimes acerbic advocate for her causes. She remained involved in public issues even though she'd left government service two decades ago. She joined seven other former U.N. ambassadors in 2005 in writing a letter to Congress telling lawmakers that their plan to withhold dues to force reform at the world body was misguided and would "create resentment, build animosity and actually strengthen opponents of reform."

Kirkpatrick was a political science professor at Georgetown University from 1957 until her appointment to the U.N.

Like many conservatives, she wrote for Commentary Magazine, a liberal publication that gradually turned to conservatism amid liberals' criticism of Israel.

A pivotal article sought to draw a distinction between authoritarian governments and more extreme violators of human rights like the Soviet Union.

In the Reagan years she played a quiet role in cutting off U.S. aid to a leftist government in Nicaragua and supporting a military junta in El Salvador.

Her support for Israel, particularly at the United Nations where the Jewish state often is denounced, was steadfast.

Bill Bennett, a former secretary of education under Reagan, the nation's drug czar under the first President Bush and a leading conservative opinion-maker, called her "very forceful, very strong, a daughter of Oklahoma, great sense of humor. She held her own."

Bennett said the Iraq Study Group so prominently in the news "would have been better with Jeane Kirkpatrick on it ... She had no patience with tyrannies, said they had to be confronted, you couldn't deal with tyrannies, that there were some people you could work with — these people you couldn't."

Kirkpatrick once referred to herself as a "lifelong Democrat."

She actually switched to the GOP in early 1985, four years after Reagan sent her to New York for the U.N. job. She took with her a reputation as a hard-liner on foreign policy. Because of this, she often was a lightning rod for the opposition. In some respects, she was a controversial figure like Bolton, who recently decided to resign when it became clear the Senate would not approve him for the job on a full-time basis.

Said Bolton: "I think she spoke clearly for liberty in the world."

Kirkpatrick considered seeking the Republican presidential nomination that went to George H. W. Bush in 1988. She stopped that process short, however, retreating to the position that she would accept the No. 2 slot if asked. She had played a leading role at the party's convention four years earlier — at a time when she was still a Democrat.

Jeane Kirkpatrick (WSJ)

The Wall Street Journal, December 9, 2006

Jeane Kirkpatrick, who died yesterday at 80, was that rare thing -- a public intellectual and a public figure. She excelled at both.

Ms. Kirkpatrick is known to the public at large because Ronald Reagan, after defeating Jimmy Carter for the Presidency in 1980, appointed her U.S. Ambassador to the United Nations. It is worth mentioning in this context that earlier this week Senate Democrats succeeded finally in driving John Bolton from the U.N. ambassadorship. The mind's eye recalls the televised image in the early 1980s of Ambassador Kirkpatrick, a Democrat then, seated at the U.N. Security Council table and publicly defending U.S. interests against the Soviet Union with an articulate, no-nonsense bluntness that makes Mr. Bolton sound like Little Bo-Peep by comparison. That style -- American interests made perfectly clear -- will be missed.

She knew how to use words as weapons. Her most famous turn of phrase, at the 1984 GOP convention, was "San Francisco Democrats." Ms. Kirkpatrick's "Blame America First" speech marked her most public departure from the Democratic Party.

Explaining in an interview years later why she and other Democratic intellectuals -- yes, they were neoconservatives -- formed the anti-Soviet Committee for the Present Danger and aligned themselves with Ronald Reagan, Ms. Kirkpatrick said: "We were concerned about the weakening of Western will." Incidentally, the antipathy to "the neoconservatives" that one hears so often these days flows back directly to those years and the neocon battles with American liberals.

No one ever doubted Jeane Kirkpatrick's will or courage. Among those who most appreciated her determination to speak truth to totalitarian power was the celebrated Russian dissident Andrei Sakharov. Exiled by the Soviet government to Gorky, Sakharov said later how important it was to have a person of Jeane Kirkpatrick's stature publicly identify jailed Soviet dissidents by name. For the past 10 years she served on the board of the Center for a Free Cuba, which she helped found.

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Jeane Kirkpatrick was born in Duncan, Oklahoma, in 1926. She was an ideologue, and her ideas would have come from Duncan. Their tenet was freedom for the human spirit. She dedicated a public life to protecting that freedom.

The Party Of "Nyet" (WP)

The Washington Post, December 9, 2006

VIRGINIA Republicans gathered at a handsome resort the other day to lick their wounds and plot their future. Or rather, some Virginia Republicans did -- namely, the party's right-wing, anti-tax ideologues, who have contributed mightily to devastating back-to-back losses in races for the governorship last year and the U.S. Senate this year. Virginia's more pragmatic Republicans, who are more interested in addressing the state's problems than in upholding the true faith of anti-tax doctrine, did not bother to show up.

And who can blame them? The moderates, although they control the state Senate, have so far failed to nudge their hard-line colleagues in the House of Delegates toward practical solutions for the state's most critical problem: its crumbling, inadequately funded transportation infrastructure. The likely result is further electoral setbacks for Republicans, particularly in Northern Virginia's well-educated, centrist suburbs, and a loosening of their control of the House. With all 140 seats in the General Assembly up for election next year, many in the party are already bracing for the worst.

Having spurned Gov. Timothy M. Kaine's proposals for new taxes to fund major improvements for the state's roads and rails, House Republicans are now warning that they will shoot down one of his signature proposals from his 2005 campaign: universal preschool for the state's 100,000 4-year-olds. Granted, Mr. Kaine has not yet bothered to divulge how he would go about paying for the initiative, which would be very expensive -- at least $300 million over four years to provide for the 80 percent of 4-year-olds who the governor figures would sign up. And there are legitimate reasons to question the wisdom and equity of providing an entitlement program for middle-class parents already willing and able to pay for preschool. But the GOP fundamentalists aren't interested in having that discussion or weighing the governor's ideas dispassionately. They would rather just be the Party of "Nyet" -- nyet to taxes, nyet to new roads, nyet to new preschools.

The new state GOP chairman, Ed Gillespie, is speaking soothing words to the party's warring factions, sensibly urging dialogue and compromise and warning against division. At the same time, though, one of the hard-liners, Del. L. Scott Lingamfelter, who represents Prince William and Fauquier counties, answered Mr. Gillespie with a cold splash of reality. Writing in the Richmond Times-Dispatch, Mr. Lingamfelter, who has voted to block new funding sources for transportation, warned of "liberals" seeking "to craft a socialist solution for you and me." It seems that the Virginia GOP's day of reconciliation is not yet upon us.

The Bloomberg Diet (WSJ)

The Wall Street Journal, December 9, 2006

"We're just trying to make food safer," said Mayor Bloomberg, who nixed smoking in bars a few years back. The city's concern for the health of residents is understandable, but trans fats are not E. coli (or even secondhand smoke), and the federal Food and Drug Administration still considers these chemically modified food ingredients perfectly safe for consumption. Could it be that Mayor Mike has been taken in by activist Gotham health czars and national Naderite "watchdog" outfits like Michael Jacobson's Center for Science in the Public Interest, among others pushing a larger agenda?

You wouldn't know it from the media coverage, but the science on the dangers of trans fats is still being debated, which helps explain FDA approval of the ingredient. It also explains why the American Heart Association, while no fan of trans fats, was critical of the New York proposal and fears it may backfire if food outlets revert to even less healthy alternatives.

The food nannies insist that trans fats raise cholesterol and cause heart disease. The problem, says Steven Milloy of the Competitive Enterprise Institute, is that the studies purporting to show this link are inconclusive at best. "People cite lab studies that show transient changes in blood lipids when people consume trans fats, but that's a long way from heart attacks and heart disease," says Mr. Milloy.

Walter Willett of the Harvard School of Public Health is one of the nation's leading trans fat alarmists. Earlier this year he co-authored an article in the New England Journal of Medicine that said trans fats "appear to increase the risk of coronary heart disease more than any other macroingredient." As evidence the article cited three studies. One showed a statistically insignificant correlation between trans fats and heart disease when other risk factors are considered. The other two studies found a link between very high consumption of trans fats and heart trouble, but statistically the association was weak.

Before other cities decide to regulate diets absent a safety issue, they might also consider that some of the same people now pushing for a trans fat ban once recommended the ingredient as a substitute for another health scare: saturated fats. Twenty years ago, Mr. Jacobson's CSPI launched a public relations blitz against fast food joints for using palm oil to cook fries. The group claimed victory when restaurants started using partially hydrogenated oil instead. In 1988, a CSPI newsletter declared

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that "the charges against trans fat just don't hold up. And by extension, hydrogenated oils seem relatively innocent." Today, Mr. Jacobson is claiming trans fats kill 30,000 people a year. We wonder if he feels guilty.

The ultimate goal of these so-called consumer advocates is to persuade the FDA to turn on trans fats, a move that would serve the food industry up as the next entree on the plaintiff bar's menu. Don't be surprised if the new Democrat Congress helps them pursue this goal, just like Mayor Bloomberg, on the dubious assumption that people can't decide for themselves what and what not to eat.

Uploading American Politics (WP)

By Raul Fernandez

The Washington Post, December 9, 2006

Technology won the 2006 elections for the Democrats. No, not electronic voting machines, but the power of the Internet, fueled by innovative applications that let citizens create and publish their own content. The Internet not only changed the balance of power in the House and Senate, it also helped sack the secretary of defense. Welcome to viral democracy.

In 1994, the last time the House changed hands, the Internet was mainly a university and military application. AOL, with its first 1 million members, was an up-and-coming player in the emerging online world. Marc Andreessen was just leaving school to start Netscape. And Google, eBay and Amazon.com did not exist, even as business plans.

But in 12 short years the Internet has grown to include more than a billion users worldwide and has empowered ordinary citizens to become engaged, active and highly influential participants in democracy, instead of passive consumers of campaign rhetoric.

These empowered citizens made the difference in the November elections by producing compelling content and distributing it to hundreds of thousands of voters across the country -- almost always without the candidates' consent.

Blogs, YouTube, instant messaging and more played a critical role in many races. YouTube had a direct impact in two of the tight races that decided control of the Senate: Republican incumbent Conrad Burns vs. Democrat Jon Tester in Montana and GOP incumbent George Allen vs. Democrat James Webb in Virginia.

What type of impact? Search "Conrad Burns" on YouTube.com and you get more than 130 videos, most of them unflattering. The most popular is "Conrad Burns' Naptime," set to "Happy Trails." No fancy production values here -- just a straight-on camera shot of the senator falling asleep during a congressional hearing important to Montana. That video alone received more than 100,000 views.

Dozens of other anti-Burns videos, detailing such things as "pay-to-play" allegations and key gaffes, were seen by many thousands of viewers. In a race that was lost by about 3,000 votes, those YouTube creations had an impact. They may well have pushed Tester across the finish line first.

In Virginia, Allen, who lost by 9,000 or so votes, was the subject of more than 400 videos, 75 of which featured damaging remarks he made at a rally to an Indian American videographer working for Webb. Naturally, video of this "macaca" gaffe almost immediately found its way onto YouTube and the computer screens of people across the country, not to mention into headlines. The top video had nearly 300,000 views, while another, "Allen Staffer Attacks Man," had more than 180,000. Again, when the vote is that close, every impression can make a difference.

The immediate, viral nature of the Internet hurls these missteps onto the all-news networks and out to the world with such velocity that it outpaces a campaign's ability to do damage control. An official campaign response in some morning paper is often immediately undermined by additional discoveries that are researched, posted and disseminated by dozens of partisan bloggers who can have hundreds of thousands of daily visitors to their Web sites.

Instant messaging, another technology not widely available in 1994, brought us the graphic details of inappropriate chats between Rep. Mark Foley (R-Fla.) and male congressional pages. For many voters, these IMs personalized a growing list of morally corrupt members of Congress, stoking outrage nationally. And despite immediately resigning and checking himself into a rehab facility, Foley "starred" in more than 450 YouTube videos.

In modern American political history, perhaps only the coming of the television age has had as big an impact on our national elections as the Internet has. But the effect of the Internet may be better for the long-term health of our democracy. For while TV emphasizes perception, control and centralization, Internet-driven politics is about transparency, distribution of effort and, most important, empowerment and participation -- at whatever level of engagement the consumer wants.

It's unclear what the impact of technology on elections will be over the next 12 years. But one lesson should already be clear to politicians: In a world where cellphones are cameras and video recorders, every word that you utter (or text), and every nap you take, can and will be used against you on YouTube.

The writer is chief executive of the software firm ObjectVideo and co-owner of the Washington Capitals.

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Anti-Americans On The March (WSJ)

By Andrew Higgins

The Wall Street Journal, December 9, 2006

AYTAROUN, LEBANON -- Ibrahim Sayid was raised a Muslim, but he put his faith in class struggle, not Allah. He joined the Lebanese Communist Party at the age of 16. As a medical student in the Soviet Union in the 1980s, he cursed Mikhail Gorbachev as a "traitor" for jettisoning Marxism.

Today, back in his home village just a few hundred yards from Israel, Dr. Sayid, 44, still has little time for Islam. He is married to a Christian and shuns the local mosque, badly damaged when Israeli troops stormed into Lebanon this summer.

Instead of communism, he has embraced a new cause: Hezbollah, the militia and social movement rooted in Shiite Islam. The Party of God, as it is translated into English, is led by turbaned clerics and aided by the Islamic Republic of Iran, which has ruthlessly persecuted communists.

"We all have the same goals," explains Dr. Sayid, who now works in a Hezbollah clinic. The first of these goals is "resistance" against Israel, which during the summer war battled Hezbollah militiamen just outside Dr. Sayid's village. He says resistance also has a broader target: America, its allies in the Arab world and beyond, and global capitalism.

When the Cold War ended a decade and a half ago with the collapse of the Soviet Union, Mr. Sayid and others like him around the world mourned the apparent triumph of U.S. military, economic and ideological might. Many Americans rejoiced, with some embracing the theory that the demise of Marxism marked "the end of history," a period when ideological conflicts would give way to a world united in acceptance of a model typified by the U.S.

Al Qaeda's attacks on New York and Washington in September 2001 didn't fundamentally alter this conviction. Political Islam was seen as a grave threat but seemed limited in its appeal by its dependence on religious zeal. Such assumptions are now under strain as secular rebels, antiglobalization militants and other strains of revolt rally to the banner of "resistance" offered by Islamist groups such as Hezbollah.

Religion, excoriated by Karl Marx as the "opiate of the masses," has become a great mobilizing force -- even for zealous atheists. The phenomenon extends beyond the Middle East to Europe, Latin America and Africa, too. Causes that a few years ago seemed moribund or at least passé -- socialism, Third World solidarity, strident anti-Americanism -- have been injected with the fervor, though rarely the actual faith, of Islamic radicalism.

FELLOW TRAVELERS

Western leftists, rightists and secularists have had a long and checkered relationship with Islamists. See a timeline2 of historical highlights.

"We are all here to fight American hegemony," Naim Qassem, Hezbollah's deputy chief, told hundreds of secular activists from around the world who gathered last month in a Beirut conference center. They were there to celebrate his Islamic movement's "divine victory" over Israel this summer and cheer a broader battle against America's vision for the world. Mr. Qassem was dressed in flowing robes and a cleric's turban. Many in his audience wore T-shirts or badges featuring portraits of Che Guevara, clenched fists and other emblems of secular radical chic.

Adding to its revolutionary cachet, Hezbollah is now battling to oust Lebanon's pro-American government. Along with assorted allies, the Islamist group staged a huge peaceful rally in central Beirut Dec. 1 and is the driving force behind a mass sit-in near the offices of Prime Minister Fuad Siniora, a pro-business former banker. The protesters, encamped in tents for a week now, vow to stay until the government falls. Stoking fears the showdown may spiral into serious violence, Hezbollah has called for another mass demonstration Sunday.

Some of Hezbollah's biggest fans are in Europe. There, the hard left, demoralized by the collapse of communism, has found new energy, siding with Islamist militants in Lebanon, in Iraq and in a wider campaign against what they see as an American plot to impose unrestrained free-market capitalism.

"We are all Hezbollah now," read posters carried through London this summer during an antiwar protest march. Earlier, London Mayor Ken Livingston, once known as "Red Ken," invited a controversial Egyptian cleric to the British capital, arguing that his views have been distorted by the West.

In deeply Roman Catholic Latin America, Hugo Chávez of Venezuela has become the exemplar of a new populism that sees common cause with Iran and Hezbollah. Mr. Chávez, re-elected in a landslide last Sunday, has met Iranian President Mahmoud Ahmadinejad several times and this summer was given the Islamic Republic Medal, Iran's highest honor. Amid the rubble of Beirut's southern suburbs, a Hezbollah stronghold, portraits of Mr. Chávez now hang alongside pictures of Hezbollah leader Hassan Nasrallah. Hezbollah put them up after Mr. Chávez denounced President Bush as the devil in a September speech to the UN. "Gracias Chávez," they say.

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Africa, too, is boarding the bandwagon. A summit of the 53-nation African Union this summer in Gambia featured two special guests: Mr. Chavez and Mr. Ahmadinejad. Back in Tehran, Mr. Ahmadinejad in November hosted Zimbabwe's authoritarian Prime Minister Robert Mugabe, an erstwhile devotee of Mao Zedong. Fulminating against President Bush and British Prime Minister Tony Blair, Mr. Mugabe said likeminded countries must "fight against these evil men and their evil systems."

In the U.S., the principal target for both Islamist and leftist anger, there has been little sign of any ideological realignment of the kind seen elsewhere. The anti-American movement overseas poses scant immediate threat to U.S. pre-eminence. Still, it could complicate American diplomacy, particularly in the Middle East, where the Iraq Study Group and others are urging Washington to reach out to Iran and Syria, both vocal foes. It also risks emboldening America's many critics in Europe and Latin America, aggravating friction on a host of issues from the Israel-Palestine dispute to trade.

With America's reputation badly blemished across much of the globe, widespread anger at Washington's foreign policy is fusing with local grievances in an unstable mix of discontent. The result is a motley assemblage rife with contradictions and competing agendas. The Islamist-led protest movement has none of the central organization once provided by the Comintern, the body set up by Vladimir Lenin to coordinate global communism. Nonetheless, it is giving voice and a sense of common cause to those opposed to America's plans.

Leading the way in embracing it are mostly fringe groups with names redolent of the 1960s: The Global Peace and Justice Coalition, The Socialist Workers Party, The League for the Fifth International. While such outfits are quirky, they "magnify trends in the mainstream," says Nick Cohen, a British writer who is publishing a book next year about the alliance between Islamists and leftists, "What's Left?" Karl Marx, he says, would be horrified.

"The sight of Godless communists in alliance with Islamo-fascists is one of the wonders of the modern world," Mr. Cohen says.

Mainstream left-of-center parties still generally shun Islamists but chunks of their support base don't. Mr. Blair in Britain, for example, has come under fire within his own Labour Party for supporting President Bush's troubled Middle East policy, which critics say demonizes Islamist groups. In Spain, the socialist prime minister, José Luis Rodríguez Zapatero, has reached out to Muslims, propounding what he calls "an alliance of civilizations" and voicing sympathy for Hamas and Hezbollah. He has good relations with Mr. Chávez, Fidel Castro of Cuba and Bolivia's populist leader, Evo Morales.

At the Beirut conference last month, a Mexican Marxist denounced America for "colonizing" New Mexico. A South Korean foe of free trade raged against American beef. A Turk fumed about American military bases. A Frenchman denounced American genetically engineered foods and the North Atlantic Treaty Organization. There were even a few Americans. One thundered against big business, another against the Federal Bureau of Investigation.

A big part of Hezbollah's appeal is simply that, unlike other tarnished icons of revolt, it can point to successes. It has defied Israel's military, by far the region's most powerful. It prodded Israel to end its 18-year occupation of southern Lebanon in 2000 and unexpectedly bloodied Israeli troops in clashes this summer.

Hezbollah shows that "resistance," whether fuelled by religion or secular zeal, "can break governments and roll back the American project," says John Rees, a former editor of the journal International Socialism and a leader of Britain's anti-Iraq war movement. Hezbollah, he says, isn't a terrorist outfit but a social movement seeking better living conditions for its supporters. "It is better to think of it as an AFL-CIO with guns," he says.

An American who traveled to Beirut in November to cheer Hezbollah, who identified himself as Bill Cecil, summed up the appeal of Islamism to non-Muslims: "Your enemy is our enemy; your victory is our victory," he told a conference. Mr. Cecil, an activist for a radical group in New York, later appeared as a guest on the breakfast show of Hezbollah's television station, al-Manar. America, he told a veiled female presenter, is "not a democracy ... but a dictatorship of giant corporations." America "needs a government that provides for the people like Hezbollah helps people here."

Nowhere is the Islamist-leftist axis more potent than in Lebanon. The three-day Beirut jamboree, which featured fiery anti-American oratory and field trips to buildings bombed by Israel, was hosted jointly by Hezbollah and the Lebanese Communist Party, once-bitter enemies now united by what they proclaim as common goals.

Sitting beneath a portrait of Argentine revolutionary Che Guevara in his Beirut office, Khaled Hadadeh, the general secretary of the Lebanese communists, admits that Hezbollah and the Communist Party hated each other for years. "We started out in blood," says Mr. Hadadeh, a Sunni Muslim by birth but now a firm atheist. Che Guevara, he says, "is our symbol, like Jesus Christ or Mohammed."

Hostility to Israel and the U.S. now trumps past differences. The Communist Party disbanded its own armed wing at the end of Lebanon's civil war in 1990, but 12 of its members died fighting alongside Hezbollah this summer, Mr. Hadadeh says. Piled in the corner of his office are trophies of this summer's war: an Israeli army helmet, an Israeli rifle and a Hebrew newspaper.

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Mr. Hadadeh says he has met Mr. Nasrallah 15 times and admires him greatly. At their most recent meeting in a secret location this fall, he says, they discussed not just the recent war with Israel but also the need to develop "a counter-project to the neo-liberal model," the free-market policies backed by Washington.

Responsible for working out what this might mean is Ali Fayad, a political science lecturer and head of Hezbollah's in-house think-tank, the Consultative Center for Studies and Documentation. Mr. Fayad, who joined Hezbollah in the 1980s while still a student, now sits on the politburo of an organization that mimics the rigidly hierarchical structure of the Soviet Communist Party. Israeli bombs destroyed Mr. Fayad's offices, so his center now works from new premises in a half-built apartment block. Well-versed in Western economic and political theory, he runs a staff of more than a dozen researchers and has led the militant group's outreach to foreign supporters.

Part of Hezbollah's appeal lies in its tactical flexibility. Unlike many Sunni Muslim radical groups such as al Qaeda, which denounce non-Muslims and even many fellow Muslims as heretics who must be shunned or punished, Hezbollah's Shiite leadership doesn't care if its allies include atheists, Mr. Fayad says. "That is their problem not ours," he says, so long as "we have the same political position."

The friction between the two branches of Islam surfaced at the recent Beirut meeting. A Sunni Muslim from Jordan had to be ejected from the hall after he started cursing Iran -- Hezbollah's main sponsor -- for aiding Shiite militias in Iraq. Hezbollah's foreign fans watched in dismay as Shiite and Sunni attendees screamed at each other.

Despite such volatile tensions, Mr. Fayad still sees Islam derailing America's ambitions. Hezbollah's success in Lebanon, the debacle in Iraq and the victories of populist anti-American politicians in Latin America, he says, show that "it is now the end of 'the end of history.' " A recent article by Richard Haass, former director of policy planning at the U.S. State Department, has strengthened his conviction that America is in retreat, Mr. Fayed says. Writing in the U.S. foreign-policy journal Foreign Affairs, Mr. Haass declares that America's post-Cold War hopes for the Middle East have failed and that the region's "American era...has ended." Mr. Fayad is in no doubt about what comes next: "It is an Islamic era in the Middle East."

Among those grappling with this new perception of reality is Joseph Samaha, a secular Christian, former radical socialist and one of Lebanon's most-thoughtful intellectuals. Over the summer he became editor in chief of Al Akhbar, a new newspaper sympathetic to Hezbollah. He scoffs at Westerners who cheer radical Islam as "naïve." But he concedes that Islamists now represent the only viable alternative to corrupt, authoritarian regimes in Egypt, Saudi Arabia and elsewhere. "It is sad, but it is like that," he says.

The ideological reshuffling marks a curious reprise: Russia's early Bolshevik leaders, many of them Jewish, worked hard to cultivate Muslims, seeing them as a useful ally against Britain and other European colonial powers then ruling over large Muslim populations, notably in India and Indonesia. The alliance led to doctrinal gymnastics as Soviet theorists sought to reconcile atheism with the Quran. Some even argued that the Prophet Mohammed was a precursor of Karl Marx.

For much of the 20th century, however, the left and Islam were bitter enemies. Spain's right-wing dictator, Gen. Francisco Franco, recruited Moroccan Muslims to fight Soviet-backed foes in the Spanish Civil War in the 1930s. In 1962, Saudi Arabia, worried by Egypt's tilt toward Moscow, created the Muslim World League to rally Islam against communism. Three years later, Islamic groups in Indonesia joined in an army-led mass slaughter of communists. Anticommunist fervor reached its peak in the 1980s, when thousands of Muslims flocked to Afghanistan to battle the Soviet occupiers.

Much the same enmity existed in Lebanon. When Dr. Sayid, the surgeon, first joined the Lebanese Communist Party in the late 1970s, Mr. Nasrallah, now Hezbollah's leader, also was getting into politics -- partly out of disgust at the spread of atheistic communism.

In an autobiographical account of his early years published in an Iranian newspaper, Mr. Nasrallah recounts how his own village was "turning into an area for the activity of intellectuals, Marxists and especially supporters of the Lebanese Communist Party." He left the village and joined a group called Amal, a Shiite organization.

Iran's Islamic revolution of February 1979 and the Soviet invasion of Afghanistan at the end of that year soured communist-Islamist relations further, provoking often-bloody clashes in Lebanon and elsewhere.

Iran's new Islamic government launched a brutal crackdown on the Soviet-backed Tudeh party, a leftist group that had helped topple the American-backed Shah. And Iran sent Revolutionary Guard zealots to Lebanon to help set up Hezbollah and injected the new group with their own fierce enmity to atheism and communism.

Israel's invasion of Lebanon in 1982 accelerated the rise of Islamist groups. It uprooted Yasser Arafat's secular Palestine Liberation Organization, which had bases in Lebanon, and left Hezbollah as the main force of "resistance."

Dr. Sayid moved to Minsk in the then-Soviet republic of Belarus to study medicine. He says he went there as a true believer and was appalled when Mr. Gorbachev began his program of "perestroika," or economic restructuring, and the Soviet system started to unravel. The reforms, he says, were a "counter-revolution."

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In Lebanon, meanwhile, a vicious civil war raged. Moscow put its weight behind the nominally socialist and mostly secular forces of Walid Jumblatt, leader of the country's small Druze sect, an offshoot of Islam. In Dr. Sayid's village and other areas of southern Lebanon, previously strong support for the Lebanese Communist Party wilted as Hezbollah became the dominant force. Hezbollah's reputation was boosted by its fierce resistance to Israel and its provision of medical care and other services.

In its first public manifesto issued in 1985, Hezbollah declared itself hostile to "both the USSR and the U.S., both capitalism and communism, for both are incapable of laying the foundations for a just society." Though focused on the struggle with Israel, the manifesto also sought a wider audience, addressed to "all the Oppressed of Lebanon and the World." Eventually the Lebanese Communists began cooperating with Hezbollah, attracted mainly by its power but also finding common cause in its emphasis on championing the poor.

Amid the unraveling of the Soviet Union, few outside Lebanon paid much attention to the global pretensions of Hezbollah. Then came the al Qaeda attacks on America of 2001. Washington, traumatized, launched a "war on terror" against what it viewed as a small group of homicidal religious zealots.

As anger at the U.S. mounted in 2003 ahead of the invasion in Iraq, the snowballing antiwar movement took on a curious aspect, particularly in Europe: an alliance of forces that previously loathed each other.

Mr. Rees, the British radical who attended last month's Beirut conference, played a big role, allying his own organization, the Socialist Workers Party, with the Muslim Association of Britain, a group that says it wants to bridge Muslim and non-Muslim communities yet is accused by critics of siding with radical Islamic groups. The two organizations spearheaded the antiwar campaign in Britain. Today, Mr. Rees says he has reservations about some of his Islamic allies' views, particularly those regarding women and homosexuals.

"If there were a level playing field, I might choose different allies," he says. But he says America's own policies left him with no choice: "I find myself on the same side as Hezbollah, as Chávez. I didn't choose them. America did."

At a big Islamic festival this summer supported by London's mayor, Mr. Livingston, Islamist activists and left-wing politicians declared their solidarity. "Muslims and the left must and can come together, because we face the same enemies -- imperialism, colonialism and racism," said Redmond O'Neill, a senior aide to Mr. Livingston.

In Aytaroun, the Lebanese village near the border with Israel, Dr. Sayid, the Soviet-trained physician, has abandoned the socialist dreams of his youth. Communism, he concedes, "is not going to take root in this soil."

He has quit the Communist Party and now serves Hezbollah, working at a Hezbollah hospital bedecked with Islamic inscriptions and portraits of Iranian ayatollahs. When the war started this summer, his wife, an Orthodox Christian from Belarus, and three children left for her homeland. Dr. Sayid stayed behind to treat the injured, including Hezbollah fighters.

On a recent afternoon, Dr. Sayid sat with a group of Hezbollah activists in the office of the local mayor, also of Hezbollah. The mayor was wounded in the leg during the war and Mr. Sayid has been treating him.

One of the group showed off pictures of Hezbollah's "divine victory" -- an Israeli tank on its side, an Israeli warship in flames. Dr. Sayid says he is "not fully in agreement" with Hezbollah. But he believes it can succeed where communism failed. "It is strong. People support it." Hezbollah, he says, "shows the world America is wrong."

Rice: 'Freedom Deficit' Harming Mideast (AP)

By Barry Schweid

AP, December 9, 2006

Secretary of State Condoleezza Rice said Friday a lack of democracy — a "freedom deficit" — is the core problem in the Middle East.

But Rice also said despite a divide between moderates and extremists in the area, she thinks the Bush administration can begin to deliver on its promise of a Palestinian state living in peace alongside Israel.

"No American president has ever dared to say it as a matter of policy," Rice said of President Bush's declaration in 2002 that he would support creation of a Palestinian state.

At a joint news conference with visiting German Foreign Minister Franz-Walter Steinmeier, Rice made it clear the administration would continue to focus on spreading demcoracy and steering clear of extremists while pursuing an Arab-Israeli settlement.

While Amr Moussa, the secretary-general of the Arab League, called on the United States on Thursday to resume the role of "honest broker" between Israel and the Palestinians, Steinmeier stressed peacemaking was a joint effort of the so-called Quartet — the United States, the United Nations, the European Union and Russia.

Having visited the region recently, the German foreign minister said Palestinian leader Mahmoud Abbas and Israeli Prime Minister Ehud Olmert "seem to have an interest in taking further steps."

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And Rice, similarly, said "the Israeli-Palestinian issue is one that has now, perhaps, an opportunity to move the process forward."

She said it was important to get it right in the troubled area.

"The Middle East has suffered for 60 years from a freedom deficit," she said. "It has suffered from the absence of legimitate channels for political expression."

On Thursday, Sean McCormack, the State Department spokesman, said Rice intends to devote a lot of time on the Middle East and would make a trip to the region early next year to try to promote Mideast peacemaking.

She plans to meet on Saturday with visiting Israeli Foreign Minister Tzipi Livni, who told the Saban Center, a private group that promotes Mideast amity, that "a normal, functioning Palestinian state is not only in the Palestinians' interest but in Israel's."

However, Livni said in a dinner speech, "We have to prevent a future Palestinian state from being a terorrist state" and that Israel could not allow Palestinian refugees to return to the Jewish homeland.

Livni said Israel must strengthen the hand of moderates, such as Abbas, and that the struggle in the region is not between Israel and Arabs but between moderates and extremists.

McCormack said Thursday the absence of a Palestinian partner for Israel to deal with remains a roadblock to a solution. He referred to Hamas, the Palestinian militia with whom Israel and the United States refuse to negotiate.

On Friday, on a visit to Iran, Ismail Haniyeh, the Palestinian prime minister and Hamas leader in Gaza, vowed the Hamas-led Palestinian government will never recognize Israel and will fight for Jerusalem.

Israeli FM Rejects Linking Palestinian Conflict To Wider Mideast Crises (AFP)

AFP, December 9, 2006

Israeli Foreign Minister Tzipi Livni has rejected suggestions by influential US policymakers that the Israeli-Palestinian conflict lies at the heart of a broader Middle East crisis.

Addressing a gathering of current and former US officials, Livni said Middle East tensions were fueled more by ideology than territory and that moderate Arab leaders had confided privately to her that the greatest threat they faced today was Iranian-backed extremism.

"There is an opportunity to find new alliances in the region" based on a common battle against these radicals, said Livni, who is also Israel's deputy prime minister.

Livni flew into Washington Friday to address the opening dinner of the third annual Saban Forum, a two day meeting of current and former US and Israeli policymakers organised by the Brookings Institution, an influential Washington think tank.

She was scheduled hold informal talks on Saturday with US Secretary of State Condoleezza Rice before heading back to Israel, an Israeli official said.

Her visit coincides with a major review of Middle East policy by the administration of President George W. Bush prompted by the worsening chaos in Iraq and the recent election setback for his Republican party.

A key element of the policy review was a report issued this week by a high-level bipartisan study group which told Bush that efforts to stabilize Iraq and eventually begin withdrawing the 140,000 US troops mired in the country had to include a new drive to break the deadlock in Israeli-Palestinian peace efforts.

The group, co-chaired by former Republican secretary of state James Baker, argued that Arab and Muslim frustration over the lack of progress towards creating an independent state for the Palestinian people was fueling Islamic extremism across the region and beyond.

Livni rejected the linkage.

"There is a common and mistaken assumption that the Israeli-Palestinian conflict is the core of the problems in the Middle East," Livni said. "This is wrong."

"The conflict in the Middle East is a consequence of, not a cause of, radicalism and terrorism," she told the group, which included the State Department's top Middle East official, David Welch, and several of his predecessors as well as members of Congress and other prominent policymakers.

Livni described the main threat in the region as the radical regime in Iran, whose goal, she said, is to export its radical brand of Shia Islam across the region.

"I don't think there is anyone who thinks that if we can solve the Israeli-Palestinian problem, it will change Iran and they will put their ideological vision aside and live in a tranquil Middle East," she said.

Livni said the Palestinian Shiite movement Hamas, which won control of the Palestinian government in elections early this year and has been thwarting efforts by moderate Palestinian president Mahmud Abbas to resume negotiations with Israel, shared the same ideological goals.

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"The real conflict in the region is no longer the Arab-Jewish conflict, but the conflict between moderates and extremists," she said.

The Israeli diplomat said she had heard the same message in private from moderate Arab leaders concerned at the growing influence of Iran and the dangers Shiite radicalism posed to their Sunni dominated countries.

"This is something they are willing to express behind closed doors, but unfortunately they are not willing to express it publicly" for fear of a public backlash, she said.

Europeans Limit Scope Of Iran Nuclear Resolution (NYT)

By Warren Hoge

The New York Times, December 9, 2006

UNITED NATIONS, Dec. 8 — Europeans produced a revised draft of a Security Council resolution on Iran on Friday, and said they would formally introduce it on Monday in the hope of obtaining a speedy vote on much-delayed action to curb Tehran's nuclear program.

The text was drawn up after weeks of meetings in European capitals among the three nations drafting the measure, Britain, France and Germany, in consultation with the United States. It is aimed at meeting persistent objections from China and Russia.

The revised language narrows the scope of prohibition and punishment to activities that are clearly associated with making a nuclear weapon. Iran has argued that it is pursuing nuclear power for peaceful purposes, while the United States and the Europeans have contended that Iran's real purpose is to build bombs.

It also removes restrictions in earlier drafts on the construction, supplying and operation of an $800 million light-water reactor that Russia is building at Bushehr in southern Iran.

Iran ignored an Aug. 31 United Nations deadline to suspend uranium enrichment, which can produce fuel for both nuclear plants and weapons. Since then, the United States and the Europeans have been pressing for sanctions, but China and Russia have stalled action, saying broad punishment would be counterproductive.

Iran has said that a sanctions resolution would be a threat to its national security. The proposed sanctions still include travel restrictions, an asset freeze and bans on providing nuclear program goods, but in the new text they are now more focused on people and material linked to suspected weapons-building activities.

"The new text has two goals," said one European diplomat involved in its preparation. "First, to keep it firm — I think it is a strong text — and at the same time to have the Chinese and Russians on board."

A second European diplomat was asked whether the Europeans planned to drive the matter to a vote, even if China and Russia, both veto-bearing permanent members, continued to object or threatened to abstain. "The intention and the wish is to remain unified and get this agreed," he said. "But it is three months since Iran ignored the deadline, and we are not saying unanimity at any price."

Neither diplomat would speak on the record before the text was officially presented to the members of the Council. In Washington, Sean McCormack, the State Department spokesman, said that he sensed that the differences over the resolution "were starting to narrow."

Fresh Drive For Sanctions On Iran (FT)

By Mark Turner

Financial Times, December 9, 2006

France, Germany and the UK on Friday launched a new United Nations drive to impose sanctions on Iran, calling all countries to prevent the supply of goods that could help its nuclear enrichment and reprocessing programmes, or the development of nuclear weapon delivery systems.

European diplomats said a draft Security Council resolution, circulated to ambassadors late on Friday, represented a conceptual reversal from earlier proposals that had called for a blanket ban on nuclear-related goods unless specifically exempted.

To meet Russian concerns, the new approach was to specify "proliferation-sensitive" materials that are not allowed, with the implication that less sensitive nuclear trade, such as Russian support for Iran's Bushehr reactor, could continue.

A European diplomat said the text had been developed "in close consultation with the US, Russians and Chinese", and that "it reflects the facts that we have listened very carefully to what the Russians and Chinese have been saying".

The text will be formally introduced to the Security Council on Monday, followed by a meeting between the three European members, the US, Russia and China.

European diplomats say they hope for a decision before Christmas.

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Sean McCormack, a spokesman US state department, said: “The sense is that any differences . . . over the text of the resolution are starting to narrow. We remain hopeful that, in the near future, we will be able to get a resolution that everybody can vote for.”

But Iran’s foreign minister, Manouchehr Mottaki, said this week that any sanctions would be considered “a threat to our national interests and security”.

The proposal also calls for a travel ban and financial freeze on people engaged in nuclear proliferation, and for countries to “exercise vigilance and prevent specialised teaching” of Iranian nationals in disciplines that could help Iran develop a military nuclear capability.

It says if Iran suspends its activities and complies with International Atomic Energy Agency requirements, a “diplomatic, negotiated solution that guarantees Iran’s nuclear programme is for exclusively peaceful purpose” could follow.

U.S. Hints Iran Sanctions Deal Is Near (AP)

By Anne Gearan

AP, December 9, 2006

The United States suggested Friday that a deal on imposing United Nations sanctions on Iran is near despite a disappointing round of talks among world powers earlier this week.

State Department spokesman Sean McCormack also indicated the United States does not have unlimited patience for what have already been drawn-out negotiations among the U.N. Security Council's permanent members and Germany over Tehran's nuclear program.

"The sense is that any differences ... over the text of the resolution are starting to narrow," McCormack said. "We remain hopeful that, in the near future we will be able to get a resolution that everybody can vote for — that we will be able to maintain unity on the Security Council."

The U.S. and Europeans are pushing for a resolution by the end of the year. The West accuses Iran of hiding plans to build a bomb while developing what it claims is a peaceful program to produce nuclear power.

Iran was on the agenda for a meeting between Secretary of State Condoleezza Rice and Russian national security adviser Igor Ivanov, whose nation has resisted strong sanctions for months. Rice was discussing strategy on Iran later Friday with German Foreign Minister Frank-Walter Steinmeier.

Germany, France and Britain led failed talks with Iran last year that European powers had hoped would avert U.N. sanctions. Europe joined the United States in seeking sanctions early this year, but the process has bogged down repeatedly over objections from Russia and China. Both nations are permanent, veto-holding members of the U.N. Security Council that have trade and other ties to Iran.

McCormack described a sanctions resolution with broad support as "the optimal solution."

"We would certainly want that in the best case, but it is also time to start working toward a vote," McCormack said.

On Wednesday, French Foreign Minister Philippe Douste-Blazy predicted that Iran will face U.N. sanctions for refusing to halt its nuclear program but said major world powers remain divided over their extent.

"The question is about the scope of sanctions but there will be sanctions," he said on RTL radio.

His ministry said Tuesday that closed-door talks in Paris had made "substantive progress" but failed to reach an accord on a resolution to punish Iran for defying demands that it cease enriching uranium.

Iran's hard-line president threatened to downgrade relations with the 25-nation European Union if tough sanctions emerged from the talks among diplomats from the permanent Security Council members — the United States, Britain, China, France and Russia — as well as Germany and the EU.

After months of diplomatic wrangling, the United States and France had hoped Tuesday's talks would produce a resolution imposing sanctions on Iran for defying an Aug. 31 U.N. deadline to halt enrichment. Western powers accuse Iran of seeking nuclear bombs, while Tehran insists it only wants civilian nuclear energy.

European diplomats said Russia made some concessions at Tuesday's talks, agreeing to a measure prohibiting financial transfers to some Iranians linked to nuclear or ballistic missile programs.

Russia still opposes the broader asset freeze that Britain, France and Germany proposed in a draft U.N. resolution presented in October.

Europeans Circulate Revised Iran Draft (AP)

By Edith M. Lederer, Associated Press Writer

AP, December 9, 2006

DOJ_NMG_0105337

In a fresh bid to win Russian and Chinese support, key European nations circulated a revised U.N. resolution Friday narrowing sanctions on Iran for refusing to suspend uranium enrichment and urging negotiations to resolve the standoff over its nuclear ambitions.

The new draft still would ban the supply of materials and technology that could contribute to Iran's nuclear and missile programs, but it spells out in much greater detail exactly what items are prohibited. Russia and China — both veto-wielding members of the U.N. Security Council — had complained that the proposed sanctions in the original draft were too broad.

But the new draft keeps a travel ban and asset freeze on companies, individuals and organizations involved in Iran's nuclear and missile programs, which Russia opposes.

Britain, France and Germany — who have led negotiations trying to rein in Iran's nuclear program — have been at odds with Russia and China for weeks over the scope of the sanctions. The United States has generally supported the Europeans, though it initially wanted a tougher text.

Russia proposed major changes to the original European text including limiting sanctions solely to measures that would keep Iran from developing nuclear weapons and missiles. Russia's proposed changes also eliminated any travel ban, asset freeze or mention of the nuclear facility being built by the Russians at Bushehr, Iran.

The new European draft drops all mention of Bushehr, which is projected to go on line in late 2007 and would be Iran's first atomic power plant.

But it keeps a range of sanctions and still would limit technical assistance to Iran by the International Atomic Energy Agency and urge countries to prevent Iranian students from studying nuclear-related disciplines.

Whether the new draft goes far enough to meet Russia's concerns remains to be seen. At a meeting in Paris on Tuesday, political directors from the five permanent members of the Security Council plus Germany failed to reach agreement though they reported "substantive progress."

Council diplomats said ambassadors from the six countries were expected to discuss the new draft early next week, possibly Monday.

Iran maintains its nuclear program is purely peaceful, aimed solely at producing nuclear energy, but the U.S. and the Europeans believe Tehran's enrichment activities are ultimately aimed at producing nuclear weapons.

Iranian President Mahmoud Ahmadinejad vowed Tuesday to continue the nuclear program, and issued a new threat to downgrade relations with the European Union — Iran's largest trading partner — if European negotiators opted for tough sanctions.

Both Russia and China, which have major commercial ties with Iran, have continued to publicly push for dialogue instead of U.N. punishment, despite the collapse in October of an EU attempt to entice Iran into talks.

The new European draft emphasizes "the importance of political and diplomatic efforts to find a negotiated solution guaranteeing that Iran's nuclear program is exclusively for peaceful purposes."

It also encourages Iran "to engage" with the proposals put forward by the six countries in June. Their package offered economic incentives and political rewards if Iran agreed to consider a long-term moratorium on uranium enrichment and commit to a freeze on enrichment before talks on its nuclear program.

The European draft makes clear that Iran must "without further delay suspend proliferation sensitive nuclear activities" — specifically all enrichment and reprocessing including research and development, and construction of a research reactor moderated by heavy water.

It also increases pressure on Iran to fulfill requirements set by the IAEA board and would expand the powers of the U.N. nuclear watchdog agency to monitor Iran's nuclear program, which diplomats said Russia views as a "provocation" to Iran.

Council Given New Draft Over Iran (BBC)

BBC.com, December 8, 2006

France, Germany and the UK have drawn up a new draft of a proposed United Nations Security Council resolution aiming to curb Iran's nuclear efforts.

The draft details which materials Iran would be banned from acquiring under possible Security Council sanctions.

It also threatens Iran with unspecified actions if it does not suspend its enrichment of uranium, but is narrower in scope than previous drafts.

Russia and China both said early drafts were too restrictive on Tehran.

Earlier this week talks in Paris between diplomats from the five permanent UN Security Council members and Germany ended with no agreement.

But diplomats, including US Secretary of State Condoleezza Rice, have suggested that negotiations are making progress.

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The new draft still would ban the supply of materials and technology that could contribute to Iran's nuclear and missile programs.

But it spells out in much greater detail exactly what items are prohibited.

It is said to retain a travel ban and the freezing of assets of individuals, companies and organizations involved with the Iranian programmes, a measure that was opposed by Russia.

Both Russia and China have direct financial concerns in Iran.

Russia is building a nuclear power station in the country and China has significant oil interests in Iran.

However, European diplomats hope to put this resolution to a vote by Christmas.

Iranian President Mahmoud Ahmadinejad has threatened to reconsider relations with those countries who support sanctions.

Lebanese Premier Lashes Out At Hezbollah Leader (NYT)

By Nada Bakri, Michael Slackman

The New York Times, December 9, 2006

BEIRUT, Lebanon, Dec. 8 — Lebanon's prime minister, Fouad Siniora, lashed out Friday at Hezbollah's leader, Sheik Hassan Nasrallah, in a deeply personal attack in which he dismissed the sheik's political ultimatums for more power, saying, "You are not our Lord and your party is not our Lord."

The prime minister's decision to go head to head with Sheik Nasrallah in a televised address was a risky strategy for Mr. Siniora, whose local and regional standing is nowhere near the outsized image that the Hezbollah leader enjoys. But it also reflected how Lebanon's political crisis had spread beyond the bounds of political differences and entered the highly combustible realm of personal animosities between leaders.

A day earlier, Sheik Nasrallah appeared in a live video feed on two large screens before thousands of protesters camped out in downtown Beirut, vowing to press on with street protests that have paralyzed the government and the capital city for more than a week. He threatened that if the governing coalition did not soon meet his demand to form what he called a national unity government — in which Hezbollah's alliance would have veto power over all decisions — he would force the collapse of the existing government, call for early parliamentary elections and select a new prime minister from among Hezbollah's allies.

"Sayed Nasrallah's speech was not aptly chosen," Mr. Siniora said in response on Friday, using a title that indicates that Sheik Nasrallah is a descendant of the Prophet Muhammad. "He was trying to stage a coup d'état, or at least threaten to make one."

In striking back, the prime minister challenged the credibility of Sheik Nasrallah and Hezbollah — or the Party of God — a strategy that would have been unheard of in the early days after the war with Israel, from which Hezbollah emerged emboldened and declared "divine victory." But Lebanon is now divided and angry, and its leaders talk about promoting dialogue — while ratcheting up a heated confrontation.

"His threatening rhetoric does not lead anywhere and is not beneficial for the Lebanese," the prime minister said. "It is one of the things that are making the resistance lose its popularity among Arabs and Muslims."

There are generally two sides in this battle. One, the Hezbollah alliance, backed by Iran and Syria, says that the sitting government is illegitimate because six Hezbollah-aligned ministers resigned. The other side, called the March 14 coalition, is backed by the United States and France, and says that Hezbollah and its allies are trying to stage what amounts to a coup.

Each side has accused the other of being an agent of foreign governments; each has accused the other of seeking one-party rule of Lebanon; each has accused the other of refusing to have a dialogue; each has vowed not to give into the other's demands; and with each day, the sides move further and further away from reconciliation.

Saniora Accuses Nasrallah Of Coup Threat (AP)

By Zeina Karam, Associated Press Writer

AP, December 9, 2006

Prime Minister Fuad Saniora on Friday accused Hezbollah's leader of threatening a coup in an unusually harsh exchange between the two rivals that stoked tensions as the Shiite guerrilla group escalated its attempts to oust the government.

Saniora spoke to hundreds of supporters in his fortified office, where he has lived for more than a week. Outside, pro-Hezbollah demonstrators in a nearby square replayed on loudspeakers a Thursday night speech in which their leader, Sheik Hassan Nasrallah, accused the prime minister of siding with Israel during the July-August war.

The prime minister said Nasrallah "is threatening a coup and his statements carry all the seeds of dissension and threat."

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Saniora criticized the Hezbollah leader for his attitude in the speech, in which he accused the prime minister of being "stubborn" and said members of the government were responsible for the war, which began after Hezbollah seized two Israeli soldiers.

"Who appointed you to say 'I am right and all else is false'?" the prime minister asked.

Saniora, who has received strong Western and Arab support, repeated that Hezbollah's protests, now in their eighth day, would not force his resignation. The pro-Syrian Hezbollah and its opposition allies have called for a huge demonstration Sunday, saying it will mark an escalation in their attempts to oust the U.S.-backed premier.

Hezbollah and its allies began demonstrating after Saniora rejected their demands for a third of the Cabinet's seats — an effective veto.

Six pro-Hezbollah ministers resigned from the Cabinet last month over Saniora's refusal to accept the demand, depriving the government of any Shiite representation.

The political division has taken dangerous sectarian lines, with most Sunni Muslims supporting the Sunni prime minister and Shiites backing Hezbollah. Christian factions are split between the two camps.

Egyptian President Hosni Mubarak warned Friday the protests could escalate to "very serious confrontations and even lead to the destruction of Lebanon."

"I fear the consequences," Mubarak said in a TV interview on a visit to Paris. "There is also the risk of foreign interference," he added in a veiled reference to Syria and Iran, the sponsors of Hezbollah.

Hezbollah has not said what it plans to do next, but some Lebanese believe it might call for civil disobedience or escalate street protests, disrupting vital utilities such as Beirut airport. So far, however, Nasrallah has stressed that his supporters must demonstrate peacefully.

On Friday, Hezbollah protesters in the square near Saniora's office released red, white and green balloons — the colors of the Lebanese flag — bearing the words "Saniora, out."

Elsewhere in central Beirut, the spiritual leader of Lebanon's Sunnis backed the government and told worshippers Hezbollah's demands would not be met.

"Bringing down the government and prime minister in the street is a red line which we will never allow," Sheik Mohammed Rashid Kabbani said in a sermon at a Sunni mosque.

But another Sunni cleric, Fathi Yakan, who supports Hezbollah, led opposition protesters in prayer in a city square.

"Your sit-in today, with God's help, will defeat the American project," Yakan said, accusing the U.S. of sowing division between Shiites and Sunnis in the Islamic world.

On Thursday, Nasrallah said government officials had asked American envoys to persuade Israel to destroy Hezbollah and claimed that Saniora had ordered the Lebanese army to deprive Hezbollah of weapons.

"Didn't the prime minister of Lebanon work to cut off the supply lines?" Nasrallah asked.

The Lebanese army said Friday that it had received no such orders from the government during the 34-day war, but that troops did confiscate Hezbollah ammunition at one checkpoint.

Hezbollah replied by saying the troops would not have seized the ammunition without a "political decision" and that the army was telling only "half the truth."

Despite the exchange, both leaders have stressed they are willing to negotiate.

"Our hand and heart is open," Saniora said Friday. "We won't dig trenches in Beirut streets, we will build bridges of love among the Lebanese, Christian and Muslim."

Nasrallah and Saniora have welcomed this week's proposal by Lebanon's Maronite Catholic Church to form a new government and hold early presidential elections, saying it could serve as the basis for a settlement.

President Emile Lahoud, a staunch pro-Syrian, has refused to resign. He issued a statement Friday that praised Nasrallah's speech as carrying "responsible and clear positions."

Six-Party Negotiations On N. Korea To Resume (WP)

By Glenn Kessler

The Washington Post, December 9, 2006

Six-nation talks on ending North Korea's nuclear program will begin next Saturday morning in Beijing, two months after Pyongyang defied international pressure and conducted its first nuclear test. Such talks have been stalled for more than a year.

"We're going back," Assistant Secretary of State Christopher R. Hill said in an interview. Hill, the chief U.S. negotiator, said China, the host of the talks, will make a formal announcement this weekend. The first session is expected to last a few days, then take a break before Christmas.

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The talks have been stalled in part because of North Korean pique at a U.S. Treasury Department effort to crack down on North Korean counterfeiting. The United States has agreed to set up a working group at the talks to find ways to finalize a Treasury investigation of a Macau bank, provided North Korea takes steps to end its illicit activities.

U.S. officials said all sides have agreed that the talks will seek to implement the joint "statement of principles" issued on Sept. 19, 2005, which was designed to lay out a negotiating road map. That statement, which said North Korea would "abandon" its nuclear programs, is filled with diplomatic ambiguity, with no clear timeline for when the North would give up its programs, or how, or in what sequence. The statement said the steps would take place under the principle of "commitment for commitment, action for action," but now negotiators must agree on which steps will take place first.

In talks with the North Koreans, Hill has indicated a clear sense of urgency in implementing the agreement. Some Asian diplomats reported that he sought a timeline as short as 18 months, before President Bush completes his term. A U.S. official said Hill and the North Koreans have discussed in general terms how long it would take to implement the 2005 statement.

"There was a discussion about getting the September statement done in a reasonable amount of time," he said. "Eighteen months would be included in a definition of 'reasonable,' but there were lots of time frames given out."

The six-party talks, which also include Japan, South Korea and Russia, began in 2003, after North Korea restarted a nuclear reactor in Yongbyon that had been frozen under a 1994 deal and began to extract weapons-grade plutonium from spent fuel rods. The Bush administration cut off heavy-fuel deliveries promised under the deal after it accused Pyongyang of building a clandestine uranium-enrichment program. Since then the six-party talks have generally taken place only intermittently and have generally made little progress.

U.S. officials said Hill, in bilateral talks in Beijing with his North Korean counterpart on Oct. 31 and Nov. 28, did not offer any enhanced humanitarian or economic benefits if Pyongyang agreed to give up its programs. Instead, Hill reiterated long-standing U.S. proposals, such as joining in providing energy assistance, offering security assurances, outlining a path to negotiating a peace treaty to end the Korean War and normalizing relations.

U.S. officials do not expect North Korea to take any visible steps at the start of the talks, such as shutting down its nuclear reactor, but they want to seek evidence that North Korea is committed to speedy implementation of the 2005 statement.

"They have indicated they are interested in an end to what they call the U.S. 'hostile policy,' " Hill said. "We made very clear to them that we don't have a hostile policy to them. We have a hostile policy to their policies, including and especially their nuclear policies."

Asian diplomats said China believes that the stage is set for progress at the talks. Beijing was embarrassed when North Korea, a longtime client state, gave it only two hours' warning of its nuclear test, and Chinese officials have been eager to repair the diplomatic damage.

Many Korea experts, however, increasingly think that North Korea will never give up its nuclear weapons programs, or at least that the price for giving them up has increased significantly. A group of experts recently returned from meetings there and said they believe that Pyongyang is returning to the talks simply to placate China and has little interest in giving up its nuclear programs.

Officials Hail U.S.-India Nuke Fuel Deal (AP)

By Matthew Rosenberg, Associated Press Writer

AP, December 9, 2006

Officials hailed a U.S.-India civilian nuclear cooperation deal approved by the U.S. House of Representatives Friday as the symbol of a broad shift in relations between the two countries. But the deal also highlights some of the limits of the emerging strategic partnership between India and the United States, who have sought to overcome decades of mutual mistrust.

The bill, which allows the shipment of nuclear fuel and know-how to India, now goes to the U.S. Senate and then must be signed by President Bush. U.S. and Indian officials also need to work out a separate technical nuclear cooperation agreement, expected to be finalized next year.

The nuclear deal "is a major, historic step forward for both our countries," U.S. Undersecretary of State Nicholas Burns told reporters in New Delhi earlier in the day. It "is the symbolic center of this new strategic partnership between India and the United States."

While the new partnership could further open up a huge market for American companies and give India the energy it needs, it is far more fraught politically. India has long had close ties with countries shunned by the U.S., such as Iran and Myanmar. Washington, meanwhile, is tight with India's biggest rival, Pakistan.

"The two countries will have to sit together and find out how they can promote their respective national interests and work together to promote global peace and security," said Gen. Ashok Mehta, a retired officer and military commentator. "It's not certain they can."

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Those potential differences were highlighted in recent days by India's concerns over language in the bill that would require Bush and his successors to determine if New Delhi was cooperating with American efforts to confront Iran about its nuclear ambitions.

Indian officials say they can live with the weakened, nonbinding language that made it into the final bill.

But many here are rankled by suggestions from Washington that New Delhi should support American policy, be it on Iran or China, with whom India is also seeking closer ties.

"We're a sovereign nation — we don't need Washington to decide what is best for us," said one official who spoke on condition of anonymity because he needs to work with U.S. officials.

The bill carves out an exemption in American law to allow U.S. civilian nuclear trade with India in exchange for Indian safeguards and inspections at its 14 civilian nuclear plants; eight military plants would remain off-limits.

Congressional action was needed because U.S. law bars nuclear trade with countries such as India that have not submitted to full international inspections.

Critics say the cooperation plan, a deal which American officials insist will not be given to any other country, could boost India's nuclear arsenal and spark a nuclear arms race with Pakistan.

The deal "brings about the qualitative change in relations between India and Washington," said Talat Masood, a Pakistani defense analyst. It "will make Pakistan much more insecure."

Economically, the benefits for India and the U.S. could be huge.

Energy, or lack thereof, is the Achilles heel of India's fast growing economy, and officials here are looking to nuclear power as a potential solution.

But India lacks needed supplies of uranium, and the deal will pave the way for India to get access to the international nuclear fuel market, from which it has been excluded because of its refusal to sign the Nuclear Nonproliferation Treaty.

U.S. companies are hoping to cash in on the expected boom in nuclear energy in India — estimates for how much the Indian market could be worth range as a high as $100 billion.

Associated Press Writer Munir Ahmed in Islamabad, Pakistan contributed to this report.

Congress Nears Approval Of Nuclear Deal For India (WSJ)

By Jay Solomon

The Wall Street Journal, December 9, 2006

WASHINGTON -- Congress was set to approve a civilian nuclear deal for India late Friday, in a move that could open a torrent of U.S. high-tech trade with the subcontinent.

Both houses of Congress agreed Thursday on language of the bill, which would allow U.S. firms for the first time to sell nuclear technologies to India.

Bush administration officials view it as underpinning an evolving Washington-New Delhi alliance that could help counter China's emergence as a global economic and military power. American companies are set to benefit from potential nuclear-energy deals, worth billions of dollars, and other trade opportunities that are likely to open in the wake of the initiative.

This week, a delegation of more than 200 companies, including about 25 nuclear-oriented companies such as General Electric Co., Bechtel Group Inc. and Westinghouse Electric Co., traveled to New Delhi to learn about India's business regulations and meet with senior Indian officials. Those companies also held discussions with India's principal nuclear energy companies, Nuclear Power Corp. of India and National Thermal Power Corp.

Executives in the delegation said they are attracted to India's skyrocketing demands for energy, which are expected to come from both conventional and nuclear sources. Currently, India has the capacity to produce 3,500 megawatts of power from nuclear reactors, but the government wants to increase this to 60,000 megawatts by 2030.

Many U.S. officials and business executives hope that progress in opening India's energy markets will translate into greater access to other sectors. India's economy grew more than 9% in the first half, and demand for everything from cellular phones to cars is soaring.

"The feedback we're getting is that India is looking forward to the collaboration" with American companies, said Ron Somers, who took part in the delegation as the president of the U.S.-India Business Council. "Across all the sectors of the Indian economy, the opportunities are limitless."

Some critics of the nuclear deal say it could fuel a broader arms race in South Asia and undermine the global system designed to contain the development of nuclear weapons. They are particularly concerned that India's rival, Pakistan, and other Islamic nations could seek to further develop their own nuclear arsenals in response to India's growing capabilities.

"It's an historic mistake," said Massachusetts Democratic Rep. Edward Markey, who fought the bill's passage Friday on the floor of the House. "The consequences, the domino effect, begin here today."

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President Bush and Indian Prime Minister Manmohan Singh agreed at a July 2005 summit in Washington to develop a "strategic partnership" resting heavily on the U.S.'s ability to share nuclear technologies with India. Such actions required the Bush administration to amend decades-old laws that prohibit the U.S. from diverting such technologies to non-signatories of the Nuclear Nonproliferation Treaty.

Despite general bipartisan support for the deal, a number of stumbling blocks emerged in recent months. India wanted strict language that guarantees New Delhi would have alternative sources of nuclear fuel should Washington face limitations as a supplier. U.S. lawmakers sought explicit language in the bill that would guard against New Delhi supporting the nuclear programs of other countries, particularly Iran.

Indian officials voiced satisfaction with the final version, saying it is crucial to helping India meet its energy needs without impinging on New Delhi's sovereignty. "No legislation enacted in a foreign country can take away from the sovereign right to conduct foreign policy determined solely by our national interests," India's Foreign Minister spokesman said in a statement.

If the bill passes, it's likely to be at least another six months before American companies can begin selling nuclear technologies, said officials involved in the India initiative. Washington and New Delhi still need to agree to parameters for the types of technologies to be included. And India must reach a new safeguards agreement with the International Atomic Energy Agency, as well as an agreement with the Nuclear Suppliers Group, the global body controlling the trade of nuclear technologies.

House Passes Deal With India On Sale Of Nuclear Reactors (NYT)

By Mark Mazzetti

The New York Times, December 9, 2006

WASHINGTON, Dec. 8 — The House of Representatives voted overwhelmingly on Friday to cement closer ties between the United States and India, endorsing President Bush's plan to allow American shipments of civilian nuclear reactors and fuel to India over criticisms that the plan could spark a regional arms race.

The landslide vote handed the White House a major victory at a time when the Bush administration's foreign policy is under fire on multiple fronts, and it was another signal that American lawmakers are looking for concrete steps to counter China's growing influence in Asia.

The bill passed 330-59 in the House, and the Senate had yet to vote. The nuclear agreement, which was negotiated in March by President Bush and Prime Minister Manmohan Singh of India, would lift a decades-long ban on nuclear sales to India put in place, in part, because of the country's refusal to sign the Nuclear Nonproliferation Treaty.

The arrangement requires that the fuel shipments be for civilian use only, yet opponents of the bill said that the deliveries of nuclear fuel would free up India's domestic stocks of nuclear materials for its weapons program.

On Friday, Representative Edward J. Markey, a Massachusetts Democrat who has been one of the most vocal critics of the bill, called the plan a "historic mistake" that will "come back to haunt the United States and the world."

Mr. Markey said that proliferation experts estimate that the new arrangement would allow India to produce as many as 50 nuclear warheads each year.

Congressional negotiators softened a provision that would have required American presidents to certify that India was participating in efforts to halt Iran's burgeoning nuclear program. New Delhi strongly opposed this provision. The bill now merely requires the president to report annually to Congress on what India is doing to end the Iranian program.

Even after President Bush signs the legislation, India must reach a separate agreement on nuclear inspections with the International Atomic Energy Agency, the United Nations' nuclear watchdog. The Nuclear Suppliers Group, a coalition of 45 nations that regulates nuclear trade, must also approve the deal.

Congress OKs Nuclear Pact With India (LAT)

By James Gerstenzang

The Los Angeles Times, December 9, 2006

WASHINGTON — Reversing three decades of U.S. policies intended to halt the spread of nuclear weapons, Congress early today approved a long-stalled agreement giving India access to American nuclear technology with limited safeguards to discourage possible proliferation.

The House of Representatives passed the measure, 330 to 59, Friday night, and senators voted unanimously in favor of the deal shortly before 3 a.m. President Bush, who finalized the terms of the agreement during a visit to India in March, is expected to sign it quickly.

The pact would lift a U.S. moratorium on nuclear cooperation with a nation that has developed atomic weapons and has not signed the Nuclear Nonproliferation Treaty of 1970. But Bush and supporters of the agreement argue that it marks a crucial

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advance in restricting nuclear weapons because it permits international inspectors to examine most of India's civilian nuclear reactors for the first time.

In addition, they say that opening India's nuclear industry to $100 billion in potential sales from abroad will help cement a relationship with a developing economic power that may also serve as a hedge against the growing clout of China in Asia.

Critics argued that by allowing India's nuclear arsenal to keep growing and keeping some of its facilities off-limits, the pact establishes a double standard and sets conditions under which treaty violations would be tolerated.

"Such a policy unravels years of successful U.S. diplomatic efforts to convince countries that the benefits of surrendering the right to develop nuclear weapons outweighed the risk of staying outside the treaty and pursuing a nuclear weapons option," said retired Army Lt. Gen. Robert G. Gard Jr., a senior military fellow at the Center for Arms Control and Non-Proliferation, a Washington think tank.

The deal now faces at least two additional hurdles. A treaty putting the provisions into effect will require Senate ratification, and the Nuclear Suppliers Group, 45 nations that control exports of nuclear materials, also must approve the pact.

The suppliers group was formed in 1974 after India conducted a nuclear test.

Over months of debate, the measure's proponents were able to turn back fears that the accord would fuel a nuclear arms race in South Asia and that the United States was weakening its hand in seeking to restrict nuclear weapons development in Iran and North Korea.

Though India has been a nuclear power since 1974, its rival, Pakistan, first tested nuclear weapons in 1998.

Pakistan's military said in a statement that it had successfully test-fired a new version of its short-range, nuclear-capable missile today, the Associated Press reported.

Supporters said that rather than fueling arms development, the agreement will promote economic growth in the U.S. and India by easing political tensions and encouraging trade.

"India is a state that should be at the very center of our foreign policy and our attention," Rep. Tom Lantos (D-San Mateo) said in House debate Friday.

Sanjay Puri, chairman of the U.S.-India Political Action Committee, said some estimates had placed the potential economic value of the deal at $30 billion in the United States and India alone, and that it could add 10,000 to 15,000 jobs in the U.S.

Alternatively, the failure of the deal would have "serious repercussions in terms of the political and economic relationship," he said.

The issue of Iran's nuclear ambitions delayed the measure's consideration until the last days of the 109th Congress. Legislators wanted assurances that India would cooperate with U.S. efforts to punish Iran, with sanctions if necessary, for its nuclear program.

But Bush administration officials feared such provisions would alienate India and scuttle the deal.

Ultimately, the two sides agreed on a compromise under which the president would submit reports on India's actions regarding Iran.

Under the agreement passed by Congress, India would be allowed to expand its nuclear weapons arsenal, but for the first time it would allow international inspections of its civilian reactors. However, inspectors would have access only to 14 of 22 reactors. The others, at military installations, would remain off-limits.

At the heart of the debate was the impact the deal would have on the nonproliferation treaty, a cornerstone of U.S. nuclear weapons policy since 1970. The treaty, aimed at preventing nonnuclear nations from acquiring atomic arms, has been signed by more than 180 countries.

Critics of the U.S.-India deal said it would undermine the treaty, encourage violations and lead to the spread of nuclear weapons.

During the debate Friday, Rep. Edward J. Markey (D-Mass.), who had been among the most vocal opponents, said the U.S. was asking the United Nations to pressure Iran, a signatory to the treaty, "not to use civilian nuclear materials in order to create a military nuclear weapon."

At the same time, he said, India was on the verge of gaining U.S. approval of a nuclear fuel agreement although the Indian government had refused to sign the treaty and had engaged in a subcontinent nuclear arms race.

"We are going to provide the nuclear materials for their civilian nuclear program so that it will free up their domestic nuclear materials for their weapons program," he said.

Markey said that the accord would set off a "nuclear weapons domino effect" by encouraging other nations to ignore the nonproliferation treaty, and that Iran and North Korea would be at the top of the list.

Bush, in addition to focusing on the access inspectors would gain to Indian facilities, has argued that with a population of 1.1 billion and a growing economy, India needs to expand its nuclear energy facilities to lessen its need for conventional fuels.

Growing demand for oil and gas, he says, will put price pressure on the world's limited supplies.

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Bush and Indian Prime Minister Manmohan Singh set the agreement in motion during a meeting in Washington in July 2005, but negotiators were unable to complete it until March.

Undersecretary of State R. Nicholas Burns, who is visiting India, said ahead of Congress' approval that the deal would lead to an expansion of joint ventures between the countries and accompany increases in mutual counter-terrorism efforts.

US-India Near End Of Nuclear Freeze (FT)

By Jo Johnson

Financial Times, December 9, 2006

The US and India were last night approaching an important milestone in their journey towards a new strategic partnership, with the US Congress poised to pass legislation to allow Washington to resume the sale of nuclear technology to New Delhi after a gap of 30 years.

The proposed changes to the US Atomic Energy Act will end a technology-denial regime imposed on India in the wake of its 1974 nuclear test; mark an abrupt shift in US counter-proliferation policy; and open the door to a wide range of commercial opportunities.

In New Delhi, Nicholas Burns, US under-secretary of state, said: "The civil nuclear agreement is in our eyes the symbolic centre of the new strategic partnership between India and the United States.

"We've broken with conventional wisdom of the last 30 years that India should be isolated and walled off from the international non-proliferation regime. We've made an effort to change our own law and international regulation so India can be welcomed into the non-proliferation regime for the first time in decades."

After investing political capital to secure the vexatious agreement, bitterly criticised by non-proliferation campaigners as a reward to a nuclear pariah state outside the Non-Proliferation Treaty, the Bush administration is expected to drive to secure some commercial objectives in India.

"We're doing this to build a long-term strategic partnership – but India opening up sectors such as financial services and retail would be extremely important to US companies," said an official.

The US has been strongly recommending that foreign direct investment ceilings in the Indian insurance sector should be increased from the 24 per cent permitted at present.

The US has not disguised its desire to ramp up military and defence collaboration between the two countries. It has pushed hard to secure a share of a $6bn order for 126 fighter jets for India.

The painful history of US sanctions, which saw supplies of spares abruptly terminated, has left a legacy of mistrust in the Indian defence establishment that is only slowly dissolving.

India is keen to diversify its sources of defence hardware. These have to date been dominated by Russian equipment. India has recently bought its first important naval platform from the US – the former USS Trenton, an amphibious transport ship.

US officials in Delhi on Friday disclosed India had in November agreed to buy six UH-3H Sikorsky Sea King helicopters for $38m, that will accompany the Trenton, bought in July for $48m, when it sails to India next month.

"People are looking at the relationship and saying: How do we take it beyond civil nuclear?" said a US official. He added that Washington hoped India would play a greater regional role in Afghanistan and west Asia.

Several more vital approvals – including those of the International Atomic Energy Agency and the 45-nation Nuclear Suppliers Group – are needed before the agreement can take effect. Several countries, notably China, have yet to show their cards. But the odds of a successful conclusion have increased.

Indian Finance Official Expects Pickup In Growth (WSJ)

By Eric Bellman

The Wall Street Journal, December 9, 2006

NEW DELHI -- India's economic expansion could accelerate to more than 10% annually in the next five years, said the country's finance minister, confirming a trajectory that puts India on a similar growth path as Asia's other star performer: China.

India -- which has clocked gross-domestic-product growth of 9.1% in the first half of this fiscal year -- could see growth climb into the double digits during the period covered by the government's next five-year economic plan, which starts April 1, Finance Minister P. Chidambaram told The Wall Street Journal in an interview.

"We would be happy if the next [five-year] plan started with 9% [growth] and then slowly took the growth up to 10%," he said. The comments echo those of other Indian leaders, who say double-digit growth is within reach, as long as the economy continues to open to private and foreign investment.

Along with China, India's economy has been one of the world's fastest growing recently, expanding an average of around 8% a year for the past three fiscal years. The country's central bank, the Reserve Bank of India, projects that the economy will

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expand around 8% this year, but some economists think growth could be 8.5% or higher. In comparison, China's GDP grew 10.7% in the January-September period compared with a year earlier.

India needs to expand even faster, though, if it wants to bring more of the hundreds of millions of its citizens out of poverty, economists said.

The finance minister welcomed a recent slowdown in inflation. He said that while he would like to see inflation lower, it is in part a result of India's robust growth and still much lower than it used to be. "We have some mastery over inflation" that the country didn't have 10 years ago, he said. "Only in the last four years the inflation rate has been less than the GDP" growth rate, he added.

Inflation will "moderate" over the next four months, he said, thanks to lower oil prices and government measures to lower the prices of essential commodities. India has restricted the export of sugar to bring down its price, for example, and is importing wheat from Australia to increase wheat supplies.

In a move aimed at cooling India's growth and inflation rates, the central bank said Friday that it will increase the cash-reserve ratio requirement for banks. The higher requirements will pull about 135 billion rupees, or about $3 billion, out of the banking system, the Reserve Bank said.

India will continue along the path of revamping its economy, Mr. Chidambaram said. More foreign participation will be allowed in the insurance and banking industries, as well as increasing the convertibility of the rupee. He declined to outline what the next overhauls in these areas would be or when they might happen.

Many economists and executives complain that the government isn't going as far as it should to unshackle its economy from government control and ownership. While Mr. Chidambaram is viewed as a business-friendly minister, analysts say his hands are tied from pushing through the more controversial changes because the Congress Party's ruling coalition depends on the support of communist parties to stay in power.

US House Backs Trade With Vietnam (BBC)

BBC.com, December 9, 2006

The US House of Representatives has passed landmark legislation normalising trade relations with Vietnam.

The bill, which now needs to be backed by the Senate before becoming law, was defeated in November ahead of President George W Bush's first visit to Vietnam.

The deal also expanded trade relations with Haiti, and tweaked Washington's trade preferences with several states in Latin America and beyond.

The measures are the final tasks before the Republican-led Congress winds up.

A new-look Congress, with Democrat majorities in both the House and the Senate, will convene in the new year.

Congress' failure to pass the bill normalising trade relations with Hanoi was seen as an embarrassment for Mr Bush before he visited Vietnam for an economic summit in November.

"This legislation is about more than economics," Republican Rob Simmons, a Vietnam veteran, said during the debate.

"This legislation is about working together with Vietnam to heal the wounds of the war."

The trade package also allows the conflict-ridden Caribbean island nation of Haiti will be allowed to increase duty-free exports of clothing and textiles to the US, with some conditions.

Representatives said this should serve as a signal to other nations to trade with Haiti.

But there is opposition to the bill from some senators fearful that the textile deal with Haiti might cost American jobs.

The trade legislation also renews trade preferences with the Andean Community of Nations, namely Peru, Colombia, Bolivia and Ecuador.

But the deal, which is linked to fight against drugs, will be replaced by bilateral agreements from next year. Peru and Colombia have signed bilateral trade deals with the US, but Bolivia and Ecuador have not.

China, Shy Giant, Shows Signs Of Shedding Its False Modesty (NYT)

By Joseph Kahn

The New York Times, December 9, 2006

BEIJING, Dec. 8 — China's Communist Party has a new agenda: it is encouraging people to discuss what it means to be a major world power and has largely stopped denying that China intends to become one soon.

In the past several weeks China Central Television has broadcast a 12-part series describing the reasons nine nations rose to become great powers. The series was based on research by a team of elite Chinese historians, who also briefed the ruling Politburo about their findings.

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Until recently China's rising power remained a delicate topic, and largely unspoken, inside China. Beijing has long followed a dictum laid down by Deng Xiaoping, the paramount leader who died in 1997: "tao guang yang hui," literally to hide its ambitions and disguise its claws.

The prescription was generally taken to mean that China needed to devote its energy to developing economically and should not seek to play a leadership role abroad.

President Hu Jintao set off an internal squabble two years ago when he began using the term "peaceful rise" to describe his foreign policy goals. He dropped the term in favor of the tamer-sounding "peaceful development."

His use of "rise" risked stoking fears of a "China threat," especially in Japan and the United States, people told about the high-level debate said. Rise implies that others must decline, at least in a relative sense, while development suggests that China's advance can bring others along.

Yet this tradition of modesty has begun to fade, replaced by a growing confidence that China's rise is not fleeting and that the country needs to do more to define its objectives.

With its $1 trillion in foreign exchange reserves, surging military spending and diplomatic initiatives in Asia, Africa and the Middle East, Beijing has begun asserting its interests far beyond its borders. Chinese party leaders are acting as if they intend to start exercising more power abroad rather than just protecting their political power at home.

"Like it or not, China's rise is becoming a reality," says Jia Qingguo, associate dean of the Beijing University School of International Studies. "Wherever Chinese leaders go these days, people pay attention. And they can't just say, 'I don't want to get involved.' "

Itself a major recipient of foreign aid until recently, China this year promised to provide well over $10 billion in low-interest loans and debt relief to Asian, African and Latin American countries over the next two years. It invited 48 African countries to Beijing last month to a conference aimed at promoting closer cooperation and trade.

Beijing agreed to send 1,000 peacekeepers to Lebanon, its first such action in the Middle East. It has sought to become a more substantial player in a region where the United States traditionally holds far more sway.

At the United Nations Security Council, China cast aside its longstanding policy of opposing sanctions against other nations. It voted to impose penalties on North Korea, its neighbor and onetime ally, for testing nuclear weapons.

Officials and leading scholars are becoming a bit less hesitant to discuss what this all might mean. The documentary, on China's main national network, uses the word rise constantly, including its title, "Rise of the Great Powers." It endorses the idea that China should study the experiences of nations and empires it once condemned as aggressors bent on exploitation.

"Our China, the Chinese people, the Chinese race has become revitalized and is again stepping onto the world stage," Qian Chengdan, a professor at Beijing University and the intellectual father of the television series, said in an online dialogue about the documentary on Sina.com, a leading Web site.

"It is extremely important for today's China to be able to draw some lessons from the experiences of others," he said.

The series, which took three years to make, emanated from a Politburo study session in 2003. It is not a jingoistic call to arms. It mentions China only in passing, and it never explicitly addresses the reality that China has already become a big power.

Yet its version of history, which partly tracks the work done by Paul Kennedy in his 1980s bestseller, "The Rise and Fall of the Great Powers," differs markedly from that of the textbooks still in use in many schools.

Its stentorian narrator and epic soundtrack present the emergence of the nine countries, from Portugal in the 15th century to the United States in the 20th, and cites numerous achievements worthy of emulation: Spain had a risk-taking queen; Britain's nimble navy secured vital commodities overseas; the United States regulated markets and fought for national unity.

The documentary also emphasizes historical themes that coincide with policies Chinese leaders promote at home. Social stability, industrial investment, peaceful foreign relations and national unity are presented as more vital than, say, military strength, political liberalization or the rule of law.

In the 90 minutes devoted to examining the rise of the United States, Lincoln is accorded a prominent part for his efforts to "preserve national unity" during the Civil War. China has made reunification with Taiwan a top national priority. Franklin D. Roosevelt wins praise for creating a bigger role for the government in managing the market economy but gets less attention for his wartime leadership.

Government officials minimize the importance of the series. He Yafei, an assistant foreign minister, said in an interview that he had watched only "one or two episodes." He said the documentary should not signal changes in China's thinking about projecting power, saying that colonialism and exploitation "would go nowhere in today's world."

But Mr. He also hinted at a shifting official line. He emphasized China's status as a developing country. But he allowed that others may see things differently.

"Whether a country is a regional or a world power, it is not for that country to decide alone," he said. "If you say we are a big power, then we are. But we are a responsible big country. We are a maintainer and builder of the international system."

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China has in fact emerged as a major power without disrupting the international order, at least so far. It has accepted an invitation by the Bush administration to discuss becoming a "responsible stakeholder" in the American-dominated international system.

Beijing places importance on many world institutions, especially the United Nations, where it holds a veto in the Security Council. It professes a strong commitment to enforcing the Nuclear Nonproliferation Treaty.

Last month Margaret Chan of Hong Kong became the first Chinese to head a major United Nations agency, the World Health Organization. She vowed to build a "harmonious health world," echoing the slogan of harmony promoted by President Hu.

Yet critics say China is prepared to emerge in a less amicable fashion, if necessary. The Central Intelligence Agency says that China's military spending may be two or three times higher than it acknowledges and that it allocates more to its military than any other country except the United States.

Beijing has cultivated close ties to countries that provide it with commodities and raw materials, regardless of their human rights records. Sudan, Myanmar and Zimbabwe have all escaped international sanctions in large part because of Chinese protection.

China's increasing international engagement has also stimulated a more robust academic discussion about its global role and the potential for tensions with the United States.

Yan Xuetong, a foreign affairs specialist at Qinghua University in Beijing, argued in a scholarly journal this summer that China had already surpassed Japan, Russia, Britain, France, Germany and India in measures of its economic, military and political power. That leaves it second only to the United States, he said.

While the military gap between China and the United States may remain for some time, he argued, China's faster economic growth and increasing political strength may whittle down America's overall advantage.

"China will enjoy the status of a semi-superpower between the United States and the other major powers," Mr. Yan predicted in the article, which appeared in the China Journal of International Politics.

He added, "China's fast growth in political and economic power will dramatically narrow its power gap with the United States."

Taiwan Opposition Party Shows Strength In 2 Largest Cities (NYT)

By Keith Bradsher

The New York Times, December 9, 2006

KAOHSIUNG, Taiwan, Dec. 8 — Like the American South a generation ago, southern Taiwan has been dominated in recent years by a single party: the island's governing Democratic Progressive Party, which got its start here in Kaohsiung, an industrial city known for populism and pro-independence sentiment.

The city lies at the center of a region where protesters awakened Taiwan and the world in the 1970s and 1980s to the brutality and corruption of martial law under the Nationalist Party, sometimes paying with their lives.

Chen Shui-bian, now Taiwan's president, won fame as one of the lawyers who represented those protesters, and he built the Democratic Progressive Party into a force that spread across the island and brought democracy to Taiwan and an end to half a century of Nationalist rule.

So it is a measure of the troubles of President Chen and his party that a mayoral race on Saturday here in Taiwan's second-largest city is at least a tossup.

With some surveys even pointing to a Nationalist victory here, President Chen and Ma Ying-jeou, the popular Nationalist chairman and departing mayor of Taipei, the capital, both came here on Friday to address separate rallies consisting of small seas of flag-waving supporters.

Together with opinion polls predicting a crushing victory for the Nationalist candidate in the Taipei mayoral election, also on Saturday, the hard-fought Kaohsiung race suggests a significant shift in Taiwan's politics.

Independent experts on Taiwan politics expect Yu Shyi-kun, the chairman of the Democratic Progressive Party, to resign if its candidate for mayor here, Chen Chu, loses. Some experts, like Jing Huang at the Brookings Institution in Washington, predict that Prime Minister Su Tseng-chang will resign as well if Chen Chu loses or even ekes out a narrow win.

Mr. Su is a moderate Democratic Progressive who has been leery of provoking the mainland with talk of independence for Taiwan.

By resigning, Mr. Su could prepare himself for Taiwan's next presidential election, in 2008, and distance himself from President Chen, whose unpopularity has crippled his party after corruption investigations into his activities and his family's.

"Even if they win Kaohsiung, the scare is still too great," for the party to continue in power without significant changes, Mr. Huang said.

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The backdrop for the mayoral elections here and in Taipei lies in the larger struggle between Taiwan's two main political parties over relations with the mainland and economic globalization.

The Nationalists want closer relations with mainland China.

Chávez Win Bolsters Cuba Succession Hopes (FT)

By Marc Frank

Financial Times, December 9, 2006

Hugo Chávez's sweeping victory in the Venezuelan presidential election this week could help to ensure political cover and economic support for the emerging leadership in Cuba as Fidel Castro fights for his life somewhere in Havana.

"As long as oil prices stay high, subsidised and bartered oil from Venezuela to Cuba will remain a huge source of support to the island," said Julia Sweig, director of the Latin America programme at the Council of Foreign Relations in Washington. "And precisely because Venezuela is more strategically important to the US than Cuba, if the US-Venezuela relationship stays at its current high-pitch, Raúl Castro will be able to consolidate the succession in the shadow of the larger regional tension."

Fidel Castro said in a 68-word message of congratulations to Mr Chávez: "I shall be brief, lest emotion betrays me. The victory was re-sounding, crushing and without parallel in the history of our America.''

Mr Castro, after missing a military parade and other events in honour of his 80th birthday last week, also failed to meet visitors such as Bolivia's President Evo Morales, or call Mr Chávez after his victory, sparking fresh speculation that his health has deteriorated.

Venezuela and Cuba have found a strong synergy, playing off each country's strength since Mr Chávez won his first election in 1998. Venezuela received an in-stant free healthcare system from Cuba that would have taken years and tens of billions of dollars to build, and education resources to help Mr Chávez keep his promise to teach every citizen to read and write.

Cuba received preferentially-financed oil in return and, after signing an agreement with Venezuela in late 2004, payment for health and other technical assistance that had been provided free, according to Havana.

Cuba's imports totalled $5.5bn in 2004 and non-tourism service income was about $1.5bn, compared with an estimated $10bn (€7.5bn, £5.1bn) of goods imported this year and non-tourism service revenues of more than $5bn. The steady oil supply and billions in revenues from the export of professional services are fuelling an economic boom after more than a decade of crisis.

Most important, Cuba's leaders are now able to point to a way out of the ideological and political debacle that followed European communism's collapse. The lights are back on, decrepit waterworks and transport are being gradually upgraded, new housing built, consumer goods replaced and there is more food on the table.

"Chávez's election was key," a European diplomat said. "Cuba will now be at least partially protected from what happens outside the country as the succession takes place."

Venezuela is using its vast oil wealth and Cuba its human capital to push their anti-US vision of a united, more socially-oriented Latin America at a time of growing restlessness among the region's poor.

US allies in Bolivia, Ecuador and Nicaragua have lost at the polls to men who blame the US for the region's woes and favour a closer relationship with Venezuela, Cuba and their proposed model of local integration against US-centred trade pacts.

Venezuela provides the financing and Cuba the -professionals to jump-start each new leader's social -programmes.

Thousands of Cuban doctors and other professionals are already at work throughout Bolivia. However, there is some evidence that Cuba's human resources – about 30,000 of 70,000 doctors work abroad – can no longer meet the demand, creating strain on health services and doctor shortages even in Venezuela. Venezuela and Cuba have launched a crash programme to train 100,000 doctors from the region over five years to fill the vacuum.

Most other Caribbean and Latin American countries, though more moderate, are under increasing domestic pressure to meet basic social needs and also favour a regional integration that includes Cuba, as it increasingly provides them with relatively cheap services and educates their youth.

But here the Venezuela relationship is crucial. "God, imagine what would have happened with Fidel sick if he [Mr Chávez] had lost," said a secretary at a Havana day care centre. "We have fewer doctors but, so far, the benefits are worth it."

Federal Raid On Offices In Troubled Mexican State (NYT)

By James C. McKinley

The New York Times, December 9, 2006

MEXICO CITY, Dec. 8 — Six days after President Felipe Calderón took office, federal agents raided the prosecutor's office and state police headquarters on Friday in the troubled southern state of Oaxaca, where state law-enforcement authorities have failed to arrest anyone in the killings of at least 11 antigovernment protesters and a New York City journalist.

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Around 4:15 p.m., dozens of federal police officers flooded into the offices of the state prosecutor, Lizbeth Caña, and secured the arms cache used by the state judicial police responsible for investigating crimes, according to local news reports.

A police commander, Ardelio Vargas, told the newspaper La Reforma that the federal authorities intended to seize all the police weapons to determine whether they had been used against protesters in recent months. There have been widespread allegations that the local police and municipal officials had abused demonstrators and in some cases killed them.

Since May, Oaxaca has been the scene of an ugly, violent conflict between Gov. Ulises Ruiz and a coalition of left-wing and Indian organizations seeking his ouster. Over several months, protesters barricaded streets, took over the central square, seized radio stations, burned buses, scrawled graffiti and torched several landmark buildings.

The state police did nothing to restore order as the city drifted into anarchy, and pro-government thugs attacked protesters several times, usually at night. At least 13 people were shot to death, but local authorities made an arrest in only one case.

Among the victims was Bradley Roland Will, a 36-year-old independent journalist from New York City, who died of gunshot wounds he received while filming a riot on Oct. 27. That day, journalists photographed several off-duty municipal police and other officials shooting at the rioters. But state prosecutors say forensic evidence suggests that a protester, not the pro-government gunmen, shot Mr. Will at close range.

The next day, federal police invaded the city, dislodged the protesters and restored order. A month later, federal authorities arrested more than 130 protesters after another round of riots in which several landmarks were burned.

The takeover of the prosecutor's office came four days after Mr. Calderón approved the arrest of one of the protest movement's top leaders, Flavio Sosa.

Russian Billionaire's Bitter Feud With Putin A Plot Line In Poisoning (WP)

By Mary Jordan, Peter Finn

The Washington Post, December 9, 2006

LONDON, Dec. 8 -- No ordinary billionaire, Boris Berezovsky is a onetime mathematician who travels around London with a posse of bodyguards. He openly taunts Russian President Vladimir Putin and once wore a rubber cartoonish mask of his face. Accustomed to drama, he is now a central figure in the fatal poisoning of Alexander Litvinenko, the most sensational case of international intrigue since the Cold War.

Police found traces of the poison, radioactive polonium-210, in Berezovsky's office in elegant Mayfair in central London. He said Litvinenko came there Nov. 1, the day he began feeling ill.

Berezovsky, 60, had credited Litvinenko with saving him from assassination in the 1990s, and the billionaire helped Litvinenko financially after he fled Russia in 2000 and settled in London. Berezovsky visited the sickened man at the hospital shortly before he died last month and attended his burial Thursday.

As detectives pursue the murder case in Moscow and London, Berezovsky is saying he believes Putin is behind it, while Kremlin supporters see dark emigre conspiracies to smear Russia's reputation by engineering a spectacular murder.

On Friday, Russian news media reported that a third person in the case was suffering radiation illness -- Andrei Lugovoy, a Russian businessman who had met Litvinenko at a London hotel Nov. 1. Like many people in the investigation, Lugovoy had a connection to Berezovsky; he was formerly chief of security at a television network once controlled by the billionaire.

As the investigation widens, the feud between the president and the billionaire remains a prominent story line in the mystery.

"They know each other personally. That adds to the animosity," said Alex Goldfarb, who runs the International Foundation for Civil Liberties, a New York-based organization funded by Berezovsky.

Goldfarb said Berezovsky helped Putin into office "on the assumption that he would continue the democratic reforms" of his predecessor, Boris Yeltsin. But Berezovsky has been horrified that "since Mr. Putin has come to power, there has been a systematic dismantling of democratic institutions," Goldfarb said. "His conflict with Putin has grown to Shakespearean proportions. . . . Mr. Putin hates him."

The stated aim of the civil liberties foundation is to fund democracy-building and civil rights causes in Russia and other former Soviet republics. Berezovsky's detractors say that even if it funds some worthy causes, it is a tool for a scheming Berezovsky with visions of ousting Putin and returning to Russia as a kingmaker.

Berezovsky, trained as a mathematician, became rich during the chaotic birth pangs of Russian capitalism following the breakup of the Soviet Union in 1991. Under Yeltsin, the first president of Russia, the state began selling off assets in often dubious privatization deals that left a few people with gigantic piles of cash.

Berezovsky got, among other things, major stakes in the oil company Sibneft, the TV station ORT and Aeroflot. He and other so-called oligarchs wielded enormous political power behind the scenes, and Berezovsky threw his support behind Putin's bid to become president in 2000.

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But according to Putin's supporters, Berezovsky unhappily discovered that the new president would not be his puppet.

Sergei Markov, a political consultant with close ties to the Kremlin, said that when Putin took office, he told "all big businessmen that you can do business or you can do politics," not both, and said "that major political resources, such as television, should belong to the state." He added: "Berezovsky resisted, and as a result he began to fight the Kremlin. . . . He has continued this fight from London, and he believes he can overthrow Putin's team and return as an oligarch."

Markov described Berezovsky as a "world-class provocateur . . . a character from Dostoevski because he shows how intensive the dialogue can be between the human soul and the devil."

According to Goldfarb, Berezovsky "thinks of himself as a politician, not as a businessman," and is "a very rare combination of a passionate guy with a cool mind. He struggles between passion and reason." He called Berezovsky "outgoing, mercurial."

Tireless and fast-talking, Berezovsky has employed a well-connected public relations firm in London to handle questions for him. He declined an interview request for this article, although when Litvinenko was dying, Berezovsky said in a telephone interview that he had "no doubt" that his friend had been poisoned on the "order from President Putin."

Tim Bell, who was knighted after helping Britain's then-Prime Minister Margaret Thatcher win three elections, and his Bell Pottinger Group public relations firm have been handling inquiries about Berezovsky and lent help with the Litvinenko case. For example, it helped distribute the photo of a gaunt, bald Litvinenko in a hospital bed just before he died.

Some people in Moscow see Berezovsky's involvement as another campaign to ruin Putin's reputation internationally.

Litvinenko "had close contacts with some of the Russian oligarchs who fell from grace, including Boris Berezovsky, who lost the opportunity to buy off the authorities with his stolen money," Konstantin Kosachyov, chairman of the foreign affairs committee in the lower house of the Russian parliament, told reporters last month. "They did not want to put up with it and could have staged a deliberate action against Russia."

Prosecutors in Russia, meanwhile, had earlier accused Berezovsky of a host of crimes, including fraud and backing a violent overthrow of Putin's government. Berezovsky denies all the allegations.

To the annoyance of those who consider him an outlaw, Berezovsky has been photographed with Neil Bush, President Bush's brother. Bell, the public relations executive in London, said he introduced Berezovsky to Neil Bush in 2003. Berezovsky later became an investor in Ignite! Learning, Bush's educational software company.

Britain has granted the Russian political asylum; a British judge turned down a Russian request to extradite him, agreeing with Berezovsky that the charges were politically motivated.

After one extradition court appearance in 2003, Berezovsky triumphantly donned a rubber mask of Putin, a gesture that was seen as mocking the man once called his protege. Putin has landed his own punches, too. At a 2001 news conference, when asked about Berezovsky, he replied, "Who's that?"

Litvinenko, a former member of the Federal Security Service, the domestic successor to the KGB, accused the agency of involvement in apartment building bombings in 1999 in which 300 people died. He also said the security service had ordered him to kill Berezovsky.

Litvinenko said at a Moscow news conference in 1998 that a superior told him "that I had not allowed patriots to kill the Jew who had robbed half the country," according to a transcript.

Litvinenko's warning led Berezovsky to credit him "with saving my life."

Before this threat and his feud with Putin, Berezovsky narrowly escaped assassination. In 1994, while he was in a Mercedes 600 sedan, behind his driver and bodyguard, a bomb concealed in a parked car exploded, decapitating the driver. The bodyguard lost an eye, and Berezovsky suffered burns.

Among the many theories floating around the Litvinenko poisoning case is that somebody used his agonizing death to send a message to Berezovsky.

A flower vendor in Mayfair who sees Berezovsky coming and going said that "I have no idea what that man does," but that he is the only one in London who appears to have tighter security than the royal family.

Litvinenko Police Delay Moscow Interview (FT)

Financial Times, December 9, 2006

British police investigating the death of Alexander Litvinenko postponed interviewing a key witness in Moscow on Friday amid signs that they are struggling to unravel the mystery of who may have been responsible for his murder.

More than two weeks after Mr Litvinenko died in a London hospital, Scotland Yard played down suggestions of an imminent breakthrough last night. The investigation is focused on the meetings Mr Litvinenko held in a London hotel the day he fell ill from radioactive poisoning.

“This is a inquiry that can change direction very quickly,” a Scotland Yard spokesman said.

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The witness Andrei Lugovoi, a former KGB agent who works for the private sector, has been waiting to be interviewed by police since a team of investigators from Scotland Yard's anti-terrorist SO15 squad arrived in Moscow at the beginning of the week, according to his lawyer.

Mr Lugovoi was one of at least three Russians who met Mr Litvinenko on November 1 in the Pine Bar of the Millennium Hotel in London, where it emerged this week that seven employees had tested positive for traces of radiation.

Since returning to Moscow Mr Lugovoi has professed his innocence. He claims he is being framed as a suspect in an attempt to distract police. Andrei Romashov, Mr Lugovoi's lawyer, said he did not know why the interview with his client had been postponed. There was no explanation from the police. Mr Lugovoi, who was admitted to hospital earlier this week, told a news agency his condition was "stable".

He said he was waiting for official results of tests into whether he was contaminated with radiation, and urged the media not to speculate on his health or that of Dmitri Kovtun, his business associate who also met Mr Litvinenko in London and who has also denied involvement in the former spy's death.

Russian prosecutors revealed on Thursday that Mr Kovtun was also contaminated with a radioactive substance, and that they had opened a criminal case into his attempted murder – as well as their own criminal investigation of the Litvinenko case.

Within Whitehall and in western diplomatic circles, there is a growing perception that the police investigation faces formidable obstacles. The Litvin-enko case is embroiled in claims and counter-claims, reflecting the tensions of Russian politics and the murky world inhabited by former and current members of the country's secret services.

Mr Litvinenko's funeral in London this week was used by exiled Chechen separatists as a platform from which to point the finger at Moscow.

Police sources say Moscow appears determined to push ahead with its own investigation into Mr Litvinenko's death, which the Kremlin has linked to a conspiracy organised by opponents of President Vladimir Putin.

Friends of Boris Berezovsky, the exiled London-based Russian billionaire, said they had no doubt that Moscow was preparing a fresh diplomatic offensive to have him extradited.

Yuri Chaika, Russia's prosecutor-general, earlier this week singled out Mr Lugovoi as someone British investigators visiting Moscow wanted to question.

In The Polonium Poison Mystery, An Odd Italian Footnote (NYT)

By Ian Fisher

The New York Times, December 9, 2006

ROME, Dec. 8 — Mario Scaramella first claimed to have been hit with five times the lethal dose of polonium 210, the radioactive substance that killed the former Russian spy Alexander V. Litvinenko. "I'm not in the best mood," he said in an interview with Italian television from his hospital bed in London last month.

Then two days ago, he walked out of the hospital with minute traces of radioactive poisoning but was otherwise perfectly fine.

It seemed a classic performance for Mr. Scaramella, 36, who has emerged as the oddest footnote in the mystery of Mr. Litvinenko's death.

There are a few sure facts about him. On Nov. 1, the day Mr. Litvinenko is believed to have been poisoned, Mr. Scaramella and the former spy met at a sushi bar in London. And at the moment, Mr. Scaramella is not considered a suspect. Beyond that, it is hard to square his words about himself with whatever the reality might be.

He has claimed to be a professor at the University of Naples, which claims never to have heard of him. He was caught on a tape bragging that Silvio Berlusconi, the former Italian prime minister, was considering him for a top job at the United Nations. He later had to admit that he had never met Mr. Berlusconi.

And so, a slew of news reports about him and his career here — which included trying to prove that top Italian politicians in the center-left, including Prime Minister Romano Prodi, are Russian spies — have invariably included unflattering adjectives. They include: "incurable liar," "wannabe 007," "braggart," "bumbler" and "swindler," not to mention "fool" and "mental case."

Those last two descriptions come from Oleg Gordievski, a high-ranking K.G.B. defector who has known Mr. Scaramella for years. His opinion of Mr. Scaramella is so low that he could not even consider him as a suspect in Mr. Litvinenko's poisoning, even after Mr. Litvinenko himself raised the possibility in a conversation with Mr. Gordievski.

"I said: 'Who poisoned you? Who did you have a meal with?' " Mr. Gordievski recalled in a telephone interview from Britain on Friday. "He said, 'I had a meal with Scaramella. He was very nervous. He was very strange, but he is always strange.'

"I said, 'Sasha, it could not be Scaramella because he has nothing to do with the K.G.B. business,' " Mr. Gordievski said.

He concluded: "He is just a soap bubble. He doesn't know anything."

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Repeated attempts to reach Mr. Scaramella, who is still in London and is reportedly cooperating with investigators, were not successful.

He told CNN this week that he had urgently flown to London to warn that he had received e-mail messages from a "source" Mr. Litvinenko had introduced him to earlier, saying that both of them were "under the special attention of hostile people."

The trip seemed very much in character for Mr. Scaramella, who has for years cultivated a reputation as a man with shadowy contacts and friends in high places, with a particular interest in Italy's connection with Russian spying. Several years ago, he wrote a memo alleging that in 1970 a Soviet submarine left 20 nuclear mines in the Bay of Naples.

Though his academic career seems fuzzy, there is no question of his general activity between 2003 and 2006. He worked as a consultant to the Mitrokhin Commission, an Italian parliamentary body set up by center-right politicians to investigate ties between Russian intelligence and Italy. Publicly, the commission looked into a wide array of cases, including the kidnapping and killing of the former Prime Minister Aldo Moro in 1978 by the Communist militant group the Red Brigades, and the assassination attempt against Pope John Paul II in 1981.

But transcripts of telephone calls between Mr. Scaramella and Senator Paolo Guzzanti, the commission chairman and a member of Mr. Berlusconi's Forza Italia party, show that much of the panel's effort was also spent trying to prove before this year's elections that Mr. Prodi was a K.G.B. agent.

One commission member, Senator Lucio Malan, also of Forza Italia, said there were good reasons to look into the allegations: many top politicians, though not Mr. Prodi, once belonged to Italy's Communist Party.

And Mr. Prodi does have an unusual tie to the Moro kidnapping. In 1978, he and other professors at the University of Bologna held a séance in which a Ouija board spelled the word "Gradoli," which turned out to be the street name in Rome of a Red Brigades safe house.

"There were strange things," Mr. Malan said. "Nothing is strange in receiving news if someone claimed to have it."

He said it was generally useful having someone like Mr. Scaramella as a consultant to the commission. Mr. Malan credited him with a tip that led to the arrest in 2005 of two Ukrainians, now on trial for smuggling two grenades into Italy allegedly to kill Mr. Guzzanti. But he said Mr. Scaramella's allegations were often stronger than his proof.

"He is somebody who is acquainted with this kind of world of double spies," Mr. Malan said. "So one can get much information, if not groundless, unproved. On the other hand, there might have been some information that is very important."

The interest in Mr. Prodi appears to have been the major tie between Mr. Scaramella and Mr. Litvinenko. Both Mr. Litvinenko and Mr. Gordievski have recounted in interviews Mr. Scaramella's deep interest in proving that Mr. Prodi was a K.G.B. agent. Accounts differ, but Mr. Gordievski said Friday that he was present when Mr. Litvinenko, who moved to Britain in 2000, recounted for members of the UK Independence Party a conversation with a sympathetic Russian general about where to go if he defected.

"He said, 'I was speaking to the deputy head of the K.G.B., General Such-and-Such,' " Mr. Gordievski recalled. "And he told me, 'If you intend to go to the West, don't go to Italy because it is full of our agents.' And he said, 'For example, Prodi is our man.' "

The transcripts between Mr. Scaramella and Mr. Guzzanti show a particular interest in this conversation, and Mr. Scaramella repeatedly pressed Mr. Gordievski and Mr. Litvinenko for any further information. Mr. Gordievski said he told Mr. Scaramella that he never heard anything about Mr. Prodi and the K.G.B. — but that Mr. Scaramella later said in an e-mail message that Mr. Gordievski had, in fact, confirmed a link.

"I nearly fell from my chair," he said. "He wrote it in that stupid e-mail to me. I didn't write it. He wrote it as mental aberration in him."

In a 2005 interview with La Repubblica, an Italian daily newspaper, Mr. Litvinenko recounted how he traveled to Naples in 2004 to give a deposition to the commission, taken by Mr. Scaramella, on K.G.B. activity in Italy.

"I said to Mario I had never heard Prodi spoken of," Mr. Litvinenko told La Repubblica.

At the end of several days of depositions, Mr. Litvinenko said, Mr. Scaramella put in his hand some stationery from his private business and several hundred euros.

"I felt humiliated," he told the newspaper. "I told him he was mistaken if he thought Colonel Litvinenko was reduced to selling his information."

Hotel Bar May Be Site Of Ex-spy's Poisoning (LAT)

By Kim Murphy

The Los Angeles Times, December 9, 2006

LONDON — Russian dissident Alexander Litvinenko probably was poisoned at the bar of a hotel here where he met with two other Russians, both of whom now are in hospitals showing symptoms of radiation sickness, health investigators said Friday.

For weeks, investigators had zeroed in on a different location, the Piccadilly Circus sushi restaurant where Litvinenko had lunch, believing that was a likely location for his mysterious poisoning with radioactive polonium-210.

But that theory has been shaken by medical evidence that seven people who worked at the bar of the Millennium Hotel in London's upscale Mayfair district also have been exposed. The bar has been placed under quarantine.

Police have refused to say where they think the poisoning took place — a crucial question, because it may be the best clue to who did it, and why. One law enforcement official, speaking on condition of anonymity, said detectives had made no final judgment.

But the medical evidence suggests that the poisoning probably took place at the bar, Dr. Michael Clark of Britain's Health Protection Agency said Friday in an interview.

"The monitoring of the staff in the Millennium bar was done for public health purposes, but it obviously has implications for the police forensic analysis — implications of timing, and possible scenarios for the administration of polonium."

Clark emphasized that he was looking only at medical evidence and not at whatever the police investigation had turned up. But the fact that seven bar employees were exposed was significant, he said, especially since no sushi bar employees, and no hospital employees, have tested positive.

"Given that Mr. Litvinenko had a very significant quantity of polonium-210 administered in some way, there are obvious possibilities that small amounts of that could have been left on, for example, a glass or a table, that subsequently led to employees being exposed. But until there is a proper forensic examination, I really don't want to speculate on that," Clark said.

Contacts also sickened

On Nov. 1, Litvinenko met two Russians at the Millennium's Pine Bar: Andrei Lugovoy, a businessman and former KGB colonel, and a second businessman, Dmitry Kovtun. Russian news organizations reported Friday that Lugovoy, who was a friend of Litvinenko, was in a Russian hospital with apparent radiation damage to several organs. Kovtun is also reported to be seriously ill.

Later that day, Litvinenko went to a London hospital with symptoms of what doctors eventually determined was polonium poisoning. He died Nov. 23.

The former Russian security agent, who had become a critic of the Russian government, told friends he suspected the poisoner could have been one of the two Russians or the man he met at the sushi bar, Italian security consultant Mario Scaramella.

Scaramella also tested positive for exposure to polonium-210, but not in amounts sufficient to sicken him so far. He says he was meeting with Litvinenko to warn him of a possible attempt on his life.

Litvinenko also said he believed the perpetrator, whoever it was, was acting on behalf of the Russian government. Russia has denied that.

A crucial unanswered question is which came first — lunch at the sushi bar or tea at the hotel. Litvinenko told investigators that he went first to the sushi bar, then to the hotel, a law enforcement source told The Times.

Asked how Scaramella could have been exposed if the poisoning happened at the Pine Bar, some analysts said he could have hugged and kissed Litvinenko upon greeting him. That scenario makes sense only if Litvinenko had already been exposed when he went to the sushi restaurant.

But the contamination of the Pine Bar also could have taken place earlier, the law enforcement source said, pointing out that authorities have called on patrons to seek testing if they were in the bar not only on the day Litvinenko was there, but also the day before and the day after.

Lugovoy, who has been described in the Russian media as the main witness in the case, was reportedly a guest at the hotel before the Nov. 1 meeting.

Traces of polonium-210 have been found in guest rooms at the Millennium as well, the police source said. Investigators also have detected polonium on two British Airways jets, one of which, British press reports said, carried Lugovoy and Kovtun to London.

Timeline in question

Lugovoy, in an interview a week ago with Russia's Kommersant newspaper, suggested that Litvinenko could have been poisoned long before Nov. 1. He said he and Kovtun met with Litvinenko Oct. 17, in the London offices of the Erinys security company, one of several locations around London where traces of radiation have been found.

"Localized reactive contamination" has also been found in "a couple of rooms" at the Parkes Hotel in London's Knightsbridge district, health authorities reported Friday. Lugovoy stayed there Oct. 16, and two other hotels where he has stayed have also shown traces of a radioactive substance, according to several British press reports.

Lugovoy, now considered the main witness in the case, told Interfax news agency in Moscow that his condition was satisfactory.

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He also said he had doubts about earlier reports that Kovtun, his business partner, was in critical condition. Lugovoy is scheduled to be interviewed today by law enforcement agents, Interfax said.

Russian authorities pledged to cooperate with British investigators who are in Moscow to conduct the inquiry. Russia has opened its own investigation of Kovtun's poisoning.

Police sources in London said the Russians had not presented more than ordinary obstacles to conducting the investigation.

For New U.N. Chief, A Past Misstep Leads To Opportunity (NYT)

By Warren Hoge

The New York Times, December 9, 2006

BAN KI-MOON, the incoming secretary general of the United Nations, got his new job in an unlikely manner for a man known for head-of-the-class performance, devotion to duty and a relentless rise through the ranks.

He got fired.

"I was totally out of work for the first time in my life," Mr. Ban said.

Worse than that, the professional lapse that cost him his high-level position in the South Korean Foreign Ministry required a public apology from the president at the time, Kim Dae-jung. Mr. Ban had accidentally left a positive mention of the Anti-Ballistic Missile Treaty in a joint communiqué with Russia at a time when the Bush administration had decided to abandon it.

"You must understand the political impact in Asia that public apologies have," Mr. Ban said, wincing at the memory.

As it turned out, he survived thanks to another Asian cultural tradition. "I had what we call a 'jeon-hwa-we-bok' experience," he said. The maxim, well known to Koreans, means turning a misfortune into a blessing.

While waiting in Seoul to be shunted off to a remote embassy, as he expected, he was tapped by Han Seung-soo, the General Assembly president for 2001, to come to the United Nations to be his chief of staff.

"Had I been appointed to an ambassadorship somewhere, I simply wouldn't have had this opportunity to be selected secretary general," Mr. Ban said.

The full realization of this reversal of fortune comes this Thursday with his formal swearing-in as the eighth secretary general of the United Nations. He will assume the office on Jan. 1, replacing Kofi Annan, who completes his second five-year term on Dec. 31.

Courtly and deliberate, with an easy smile, Mr. Ban, 62, is an unknown at the United Nations, particularly compared with the high-profile, globetrotting diplomat he is succeeding.

With the exception of his misstep in 2001, Mr. Ban has been almost surpassingly unassuming and inoffensive — noticed, when he is, for his steady record of incremental achievement at the South Korean Foreign Ministry, where he has spent his entire 37-year career.

The elusiveness may be intended.

"When I was the foreign policy adviser to President Roh Moo-hyun, everybody was caught up in controversy with what they said to the media, but I avoided the tricky, sometimes nasty questions," he said. "The press people called me the 'slippery eel' because they could never grab me."

A loyal and dependable company man, he once wrote handwritten letters of apology to 120 Foreign Ministry officials after being promoted ahead of them. "They were very much grateful for my gesture," he said. "With that, I was able to lessen the sorry feelings of my senior colleagues."

His penchant for not stepping on toes and his repeated public expressions of humility during the months that he was campaigning for secretary general have raised doubts about his suitability for the job. How can someone with such a retiring manner lead an organization undergoing a hotly contested reformation, riddled with regional rivalries and subject to competing demands from the great powers and the nations of the developing world?

ADDRESSING this concern in his acceptance speech to the General Assembly on Oct. 13, he asked that people accept his modest mien as a cultural attribute and not misread it as lack of decisiveness or passion. "Modesty is about demeanor," he said, "not about vision and goals. It does not mean the lack of commitment or leadership."

In campaigning for the job, Mr. Ban presented himself as a "harmonizer and bridge builder" who would try to dispel the widespread mistrust of the United Nations.

With the choice of each secretary general, the question always arises about which part of that title the new person will inhabit. Given Mr. Ban's résumé and style, the prediction now is that he will be more a secretary, less a general.

But the same expectation greeted Mr. Annan 10 years ago, and, to the particular dismay of the Bush administration, he ended up being more general, less secretary.

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John R. Bolton, the departing United States ambassador, left no doubt what the American hopes were for Mr. Ban, whom Washington backed vigorously. He repeatedly pointed out that the job of secretary general was described in the United Nations Charter as simply "chief administrative officer."

Mr. Ban was born on June 13, 1944, in Eumseong, a farm village in Japanese-occupied Korea, and raised in Chungju, a nearby town. His family lost its middle-class standard of living when his father's warehouse business went bankrupt, and Mr. Ban was to spend his early years as a diplomat deliberately picking posts where he could save money to send home.

When he was 6, his family had to flee to a remote mountainside to escape the fighting during the Korean War. "We were safe and in a place where neither the South Korean nor North Korean armies would come, but we were poor and hungry," he said. "I could see the fighter jets bombing the towns and cities nearby."

The experience led to his first sighting of Americans. "After the war, the American soldiers would throw biscuits and chocolates and chewing gum to us, and all our clothes were given to us by America," he said.

A later encounter with Western ways occurred when American technicians came to his town in the 1950s to help build a fertilizer factory, and he still recalls it with shock.

"I was startled one summer when I met for the first time one of the daughters, and she was sitting there with hot pants and her two legs stretched out in front of me, a young country boy," he said. "I didn't know where to place my eyes, where to focus. It would have been a matter of shame for any Korean lady at that time."

The eldest of six children, he was a standout student, applying himself with particular zeal to learning English. The method of study was arduous, with students required to write the same English sentences 10 times as a way of memorizing them.

IN 1962, he won an English competition sponsored by the Red Cross and got a chance to visit the United States. The high point of that trip was a meeting at the White House with President John F. Kennedy, which he said first inspired him to become a diplomat.

He married another high achiever, his school's student council president, Yoo Soon-taek, in 1971, a year after he had passed his diplomat's exam.

The couple have two daughters, Seon-yong, 34, who works in Seoul for the Korea Foundation, a nonprofit organization that promotes Korean culture, and Hyun-hee, 30, a field officer for Unicef in Nairobi, Kenya. They also have a son, Woo-hyun, 32, who is studying for an M.B.A. at the University of California, Los Angeles.

Mr. Ban is admittedly all work, no play.

"When you ask about hobbies, that's a question I have difficulty answering," he said. "I regret, looking back at my life, that I have not been able to cultivate any extracurricular activities like playing tennis or soccer or football. The only sport I do is golf, but in the last three or four years, I have played less than 10 times."

In 1956, Mr. Ban was picked by his class to address an appeal to Secretary General Dag Hammarskjold over the Hungarian uprising against the Russians. But whether there is an interesting historical footnote here, Mr. Ban cannot say. "I never found out if they ever sent it," he said.

Annan Decries Failure To Halt Darfur Killings (WP)

By Colum Lynch

The Washington Post, December 9, 2006

UNITED NATIONS, Dec. 8 -- U.N. Secretary General Kofi Annan scolded governments Friday for failing to halt mass murder in Darfur, saying that the world has not learned the lessons of Rwanda and Srebrenica, where genocidal killings in the early 1990s defied the global ability to stop it.

"Sixty years after the liberation of the Nazi death camps, and 30 years after the Cambodian killing fields, the promise of 'never again' is ringing hollow," Annan said in his final speech on human rights as the U.N. leader.

Annan said the failure to protect civilians in the Sudanese region marked a low point in recent U.N. history. In a speech organized by Human Rights Watch in honor of International Human Rights Day, he faulted the "shameful passivity of most governments" in the face of a government-backed military campaign that has driven more than 2 million people from their homes and killed hundreds of thousands.

Annan provided a gloomy assessment of the organization's performance in confronting abusers of human rights during his 10-year tenure. He charged that the U.S.-led fight against terrorism has helped erode human rights standards. He said the United Nations needs to pursue an "an anti-terrorism strategy that does not merely pay lip service to the defense of human rights but is built on it."

Human rights activists have credited Annan, a Nobel Peace Prize laureate, with advocating human rights more aggressively than any of his predecessors. But his legacy has been clouded by his own failure, as the head of the U.N. peacekeeping department, to promote a tougher response to the mass killings in Rwanda and Srebrenica.

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Annan said his tenure has been marked by some important innovations, citing the creation of war crimes courts in Rwanda, the former Yugoslavia, Sierra Leone and Cambodia, as well as the establishment of the International Criminal Court. The Hague-based court is preparing for the possible prosecution of Sudanese perpetrators of the Darfur killings.

But he said the initial work of the new Human Rights Council, established this year by the U.N. General Assembly to hold the world's tyrants and dictators to account, has been discouraging.

The Geneva-based rights body has focused almost all its attention on condemning Israel's human rights record while remaining silent about rights abuses in Darfur, Burma and elsewhere. Annan said he hopes the council will confront Sudan in a special session on Darfur.

"The United Nations has a special stake, and a special responsibility, in promoting respect for human rights worldwide," he said. "I don't need to tell you that the U.N. has often failed to live up to that responsibility."

Annan made clear that he believes the U.N. membership bears the chief responsibility. He reserved some of his harshest criticism for Third World governments that, he said, have mischaracterized the U.N. human rights agenda as "a conspiracy by imperialist powers to take back the hard-won national sovereignty of formerly colonized people."

He also took an indirect swipe at China and Islamic governments that have defended Sudan. China, which relies on Sudan for oil, has repeatedly blocked U.S.-backed efforts to punish Sudan for rights abuses.

"There is more than enough blame to go around," Annan said. "It can be shared among those who value abstract notions of sovereignty more than the lives of real families, those whose reflex of solidarity puts them on the side of governments and not of peoples, and those who fear that action to stop the slaughter would jeopardize their commercial interests."

Annan said two pillars of U.S. counterterrorism strategy -- clandestine prisons and the promotion of tougher interrogation methods -- are playing into the hands of terrorists and ceding the moral high ground. "Secret prisons have no place in our struggle against terrorism," he said.

A U.S. official, who spoke on the condition of anonymity, said the United States has an obligation to prosecute the fight against terrorism. "We are doing everything we can to make sure human rights are protected, always," the official said.

U.N. Chief Sees Little Progress On Rights (LAT)

By Maggie Farley

The Los Angeles Times, December 9, 2006

NEW YORK — U.N. Secretary-General Kofi Annan gave a sober assessment Friday of his own shortcomings as he prepared to leave office at the end of the year, and accused the United States of violating human rights in its war on terror.

He also warned Sudan's leaders that they would be held accountable if they didn't halt the violence in Darfur, and urged countries with commercial interests in Sudan to pressure the government in Khartoum.

In an address to mark Human Rights Day, which is Sunday, Annan talked about whether the United Nations had become an effective defender of human rights during his decade as secretary-general.

"I'm not sure how far I have succeeded," he said. "To judge by what is happening in Darfur, our performance has not improved much since the disasters of Bosnia and Rwanda," Annan said.

"Sixty years after the liberation of the Nazi death camps, and 30 years after the Cambodian killing fields, the promise of 'never again' is ringing hollow," he said to an audience of about 500 people invited by Human Rights Watch.

He suggested several ways to improve, starting with living up to an agreement signed by world leaders last year that the world had the "responsibility to protect" people from crimes against humanity, even those perpetrated by their own government.

Darfur, the western region of Sudan, where about 2.5 million people have been displaced and more than 200,000 have died in three years of conflict, is a test case. But countries have not showed enough will to give up commercial interests in the oil-rich country or to overrule its obstinate government, he said.

"There is more than enough blame to go around," he said, referring to China's and Russia's reluctance to impose sanctions, his own impotence and Khartoum's intransigence.

Annan recently pushed Sudan's President Omar Hassan Ahmed Bashir to accept a U.N. peacekeeping force to protect civilians in Darfur, but Bashir would accept only a U.N.-funded African Union force. Sudan's leaders say that U.N. soldiers are a spearhead for imperialist powers that want to shatter Sudan and arrest its leaders.

Annan warned that if the Sudanese government did not protect its own people or allow international peacekeepers to do it, "then the government will have to be held accountable, both collectively and individually." The International Criminal Court is expected to announce arrest warrants this month for leaders of systematic killings of civilians.

Annan also sharply criticized the United States, without explicitly naming it, for detaining terrorism suspects in secret prisons and thus undermining its moral authority.

Nations cannot protect people from terrorism by "themselves violating human rights in the process."

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"To do so means abandoning the moral high ground and playing into the hands of terrorists," he said. "That is why secret prisons have no place in our struggle against terrorism."

During his leadership of the U.N., Annan has rarely clashed publicly with the United States. But he drew Washington's wrath by calling the Iraq invasion illegal, urging the U.S. to try to co-opt insurgents rather than alienate them, and refusing to significantly commit U.N. agencies to help rebuild Iraq because of security concerns.

On Friday, he said that it was time for a new strategy on Iraq, and that the U.N. could organize a reconstruction conference for Iraq as it did after the Balkan wars and the invasion of Afghanistan.

The Iraq Study Group interviewed him for the report it released Wednesday, and Annan revealed that the panelists had asked him whether he would lead such a conference.

The Agonies Of Zimbabwe (NYT)

The New York Times, December 9, 2006

One problem with labeling states as pariahs is that it's all too easy to forget about them. Robert Mugabe's Zimbabwe is a prime example: it is under economic sanctions by the United States and the European Union and few tourists go there, so the suffering of its people is largely out of sight and out of mind. Yet things are truly terrible.

The latest indication comes in a United Nations-financed report by Zimbabwe's own social welfare ministry. More than 63 percent of the rural population, and 53 percent of the urban population, couldn't meet "basic food and non-food requirements" in 2003, the last year for which figures were available, and things have gotten far worse since. Malnutrition among children is up 35 percent, people without access to health care is up 35 percent, H.I.V./AIDS afflicts 18.1 percent of the population, unemployment is over 70 percent, life expectancy is down to 36.

Mr. Mugabe's government blames sanctions, weather, former colonial rule, market conditions. Yet the real culprit is Mr. Mugabe, who has run Zimbabwe since 1980. Now 82, the president is a master at the blame game, accusing the West of colonialism and racism when it criticizes his scheme to redistribute white-owned commercial farms among blacks, or the cruel expulsion of 750,000 slum dwellers from cities, or whatever else he does.

There's not much the West can do; more sanctions would only bring more suffering. But Africans could make a difference, if they joined in condemning Mr. Mugabe. For understandable reasons, African leaders have been reluctant to publicly criticize fellow Africans. But as Kofi Annan, the United Nations secretary general, declared yesterday, "human rights are perhaps more in need of protection in Africa than in any other continent."

The suffering Zimbabwean people are in desperate need of protection, the sooner the better.

Putting Remittances To Work (WP)

By Marcela Sanchez

The Washington Post, December 9, 2006

El Salvador has become the first lower-middle-income country to secure a grant from the Millennium Challenge Corp., President Bush's foreign aid program designed to assist well-governed developing nations. With the $461 million grant, the agency is set to join Salvadoran immigrants in sending money south.

The grant might seem small relative to the $2.8 billion in remittances sent by immigrants last year, particularly since it will be spread over five years. But that doesn't mean Salvadorans in the United States don't have some suggestions for the Millennium Corp. and a hope that the program can help them change the way remittances affect their country.

Salvadoran immigrants are frustrated that their cash isn't reaping more development rewards back home. Although remittances have proved to be a lifeline for thousands of families in extreme poverty, immigrant Salvadorans fear that the money is creating a culture of dependency in the home country.

Carlos Castro, a Salvadoran community leader and owner of a Hispanic specialty supermarket in Northern Virginia, is dismayed that El Salvador now has to import workers from other Central American countries because some Salvadorans don't see a need to work and rely instead on monthly checks from relatives abroad. He further laments the consumerism that has Salvadoran immigrants working hard at tough jobs to pay for "a pair of the latest name-brand shoes" demanded by their kids back in El Salvador.

Salvadoran officials heard similar complaints of consumerism and dependency in meetings with Salvadorans across the United States as part of the consultation process to gain public support for their Millennium proposal. According to their records, there was a general sense that "it is time to put an end to that paternalistic mentality" and that their support should generate work, not just money to spend.

In other words, remittances are "neither 'manna from heaven' nor a substitute for sound development policies," a recently released World Bank report concluded. In "Close to Home: The Development Impact of Remittances in Latin America," the World

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Bank found that if aid flows are consumed rather than invested, they have no impact on economic growth. This is certainly true for El Salvador -- it is the largest per capita recipient of remittances in Central America and has had the region's lowest economic growth for at least four years.

To reverse this trend, governments in recipient countries should, according to the World Bank, provide incentives for investment and promote the development of human capital. The Millennium plan for El Salvador appears to follow this model, aiming to increase incomes in El Salvador's lagging northern zone -- the area of origin for most Salvadorans in this country -- through a combination of investments in education, public services, enterprise development and transportation infrastructure.

What's missing in this equation, say some critics, is a direct connection between the new development plan and the current flow of help. This seems to be a serious oversight and opportunity missed. The $461 million grant will have an effect, to be sure, but imagine the impact if the Millennium Corp. could help leverage the billions sent annually from immigrants in the United States.

According to Manuel Orozco, a remittance expert for the Inter-American Dialogue, a Washington-based think tank, the Millennium-sponsored plan might have created investment portfolios for small-scale projects back home that immigrants could contribute to.

To a small degree, this investment has already begun. Such collective or community initiatives, organized through hometown associations, are investing about $3 million annually, mostly in educational and health projects.

Yet some members of hometown associations suspect that Salvadoran officials intentionally locked them out of the Millennium plan. Jaime PeÃ±ate of Comunidades, which represents hometown associations formed by Salvadoran immigrants living in the Los Angeles area, said he was among the dozens invited by the Salvadoran government to hear about the Millennium effort. But then he discovered that other Salvadoran officials were meeting in another room with big investors.

Nevertheless, some Salvadorans here aren't giving up on trying to tap Millennium funds. Luis Felipe Romero, executive director of Comunidades Unidas SalvadoreÃ±as, the Washington area's equivalent of PeÃ±ate's L.A. group, said he reached out to the Salvadoran Foreign Ministry with a proposal to use some Millennium funding to launch a pilot program and is awaiting an answer. "We are going to continue working for El Salvador," he said. "If they take advantage of the opportunity to work with us we will welcome it."

Words Fail Them (NYT)

By Jean-Benoit Nadeau, Julie Barlow

The New York Times, December 9, 2006

STEPHEN HARPER, the prime minister of Canada, stunned the country last month when he proposed a resolution recognizing that the seven million "Québécois form a nation within a united Canada." Anyone who has traveled to Montreal or Quebec City will recognize that Mr. Harper was merely stating the obvious, at least where the term "nation" is concerned. But for Canadians, Mr. Harper's words reopened a long, tortured debate over national identity, and recast it in stronger terms than ever.

The background to his declaration is, of course, Quebec's secessionist movement — strong enough to have monopolized Canadian politics for the last 50 years, but not quite strong enough to actually win a referendum on independence. The struggle has largely been a war of words.

Since the 1940s, Canadians have been looking for the right word — some say formula — to answer the question: "What does Quebec want?" For the last 20 years, the thinking has been to give Quebec some kind of recognition.

In 1990, many believed the Meech Lake accord held the answer to this riddle. Promising constitutional protection for Quebec's efforts to preserve its French language and culture, the accord was an attempt to re-integrate Quebec into the constitutional family (although Canada's Constitution was repatriated from Britain in 1982, making Canada a fully independent country, Quebec has still not signed it). The accord, however, got stuck when a debate started over the significance of two words, "distinct society," a phrase intended to satisfy Quebecers' desire for recognition without alienating everyone else.

When a significant segment of the Canadian population disapproved of the accord, arguing that it gave French Canadians too much power, some provincial governments refused to ratify it, and Canada nearly broke up. In 1995, the separatist Parti Québécois, which controlled Quebec at the time, came up with its own solution: a provincial referendum on separation based on perhaps the wordiest — and most ambiguous — question ever formulated. Separatists lost the vote by only a narrow margin.

In 2000, the national Liberal government rebounded with the Clarity Act, which it thought was a foolproof formula to prevent separatists from taking advantage of an ambiguously worded question to win an independence referendum.

But now, Stephen Harper has created new ambiguity in the question — all the more interesting since he probably thought he was clarifying things. And he was so hasty in pulling this rabbit out of his hat that he didn't even consult his minister of intergovernmental affairs, who later resigned over the issue. Yet Parliament voted resoundingly in favor of his resolution.

DOJ_NMG_0105359

This suddenness had a lot more to do with political maneuvering than an awakening to Quebec's aspirations for statehood. Mr. Harper, a Conservative, saw a good opportunity to steal some thunder from the separatist parties and to increase his popularity in Quebec — much reduced by his opposition to same-sex marriage, his refusal to respect the Kyoto accord and his support for Israel during the war in Lebanon last summer.

Since the "nation" declaration, politicians and columnists have been dissecting and debating the word, and they probably will for decades to come, since French Canadians tend to see Canada as a country made up of two nations, while the English tend to think that "country" and "nation" are one and the same. Mr. Harper used the French term Québécois rather than Quebecer in the English version of the resolution, and everyone is puzzled by the choice and hesitant about its possible implications.

Some critics wonder if the federal government has unwittingly created a new ethnic category. Others point out that if the Scots or the Catalans can be called a nation within Britain or Spain, why not the people of Quebec?

Meanwhile, the Quebec government, led by the very federalist (that is, anti-separatist) Jean Charest, maintains that the territory of Quebec (not Quebecers) constitutes a nation, thereby refusing to associate "nation" with ethnicity. Tribunals, politicians and voters will be called on many times to answer these questions.

Nonetheless, as people living in Quebec, we feel that Mr. Harper has come up with a promising formulation. Most people in Quebec, apart from hard-line separatists, will probably be satisfied by the word nation.

And English Canadians ought to be, too, despite their resistance to the idea that Canada has two founding cultures. The problem is, ever since 1990 English Canadians have been traumatized by the failed attempts to make the Constitution acceptable to Quebec, so they are hesitating, as polls show.

Stephen Harper has created either a new basis for talks about Quebec's status or contributed a new weapon to a nastier debate. No one has quite figured out which it will be.

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Miller, Charles S

From: Miller, Charles S
Sent: Monday, December 11, 2006 10:52 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 12/11/06 Civil Division News

Former Detainees Argue for Right to Sue Rumsfeld Over Torture

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A fight for freedom: Iranian couple struggled to clear name

Did DEA Administrator Tandy duck day in court over House of Death?

Editorial: Court ruling on paper money not best way to help blind; Policy makers - not a federal judge - should decide whether paper currency should change

New York Times

December 9, 2006

Former Detainees Argue for Right to Sue Rumsfeld Over Torture

By PAUL von ZIELBAUER

WASHINGTON, Dec. 8 — Lawyers for former detainees in Iraq and Afghanistan argued in federal court on Friday that Defense Secretary Donald H. Rumsfeld was personally responsible, and thus legally liable, for acts of torture inflicted on their clients by American military interrogators.

The nine plaintiffs, Iraqi and Afghan men held at American-run prisons, endured an array of physical and psychological abuse during their confinements in 2003 and 2004, including beatings, mock executions and painful physical restraints, their lawyers said in court papers. All were eventually released without being charged with crimes.

The hearing Friday, before Chief Judge Thomas F. Hogan in Federal District Court in Washington, was the first time a federal court had considered whether top administration officials could be liable for the torture of detainees in Iraq and Afghanistan.

But the hearing concerned only questions of jurisdiction and did not delve into whether Mr. Rumsfeld, because he personally approved certain interrogation techniques in 2002 like the use of "stress positions," was legally responsible for specific acts of torture committed in overseas military prisons.

Instead, lawyers from each side argued over whether noncitizens confined in prisons outside the United States had legal standing to sue Mr. Rumsfeld and other American military officials for constitutional violations.

The suit, filed on behalf of the nine plaintiffs last year by the American Civil Liberties Union and Human Rights First, also names as defendants three officials responsible for running military prisons in Iraq and Afghanistan: Lt. Gen. Ricardo S. Sanchez, the former top commander in Iraq; Col. Thomas M. Pappas, who was the top military intelligence officer at Abu Ghraib, the American-run prison in Iraq; and a former brigadier general, Col. Janis L. Karpinski, who before her demotion to colonel was the military police commander at Abu Ghraib. She was relieved of her command and demoted after abuses at Abu Ghraib came to light.

During the two-and-a-half-hour hearing, Judge Hogan took turns questioning the lawyers. He repeatedly asked lawyers for the former detainees to cite precedents in law that would allow foreigners to sue American officials for what in the United States would be violations of their civil rights.

"How can this work, this theory that nonresident aliens have a right to sue to prevent being tortured?" Judge Hogan asked Lucas Guttentag, the plaintiffs' lead lawyer in the case. What would prevent Osama bin Laden, the judge asked Mr. Guttentag, from taking President Bush to court for authorizing the military to kill him?

Mr. Guttentag, citing several Supreme Court decisions, said that American laws prohibiting torture should apply to foreign civilians under exclusively American control and jurisdiction overseas. He also noted that in Iraq, American military personnel were immune from prosecution under Iraqi laws. "Iraqi law cannot govern, and unless the United States does, nothing else applies."

Rick Beckner, a deputy assistant attorney general representing Mr. Rumsfeld, argued that foreigners held in an American-run prison in foreign territory had no legal standing to sue. "There's never been any finding that the Constitution applies to these plaintiffs," he told Judge Hogan.

Judge Hogan, clearly skeptical of the plaintiffs' attempt to open federal officials to legal liability for actions by troops overseas, said he hoped to make a decision quickly to dismiss the case or allow some or all claims to proceed.

But in his closing remarks, the judge also acknowledged being disturbed by the allegations of detainee

abuse and torture. “It is unfortunate, to say the least, that there has to be an argument” about whether the American military tortures foreign citizens.

END

Advertiser (Australia)

December 11, 2006

DAVID HICKS Father says he holds no false hope `Put Ruddock, governments, on trial instead'

KARA PHILLIPS, POLITICAL REPORTER

THE father of terrorist suspect David Hicks remains sceptical formal charges would be brought against his son early next year, accusing the Federal Government of yet more ``political spin''.

Terry Hicks's comments came as a second rally in Adelaide in as many days was held yesterday to call for his son's release from a maximum security prison at Guantanamo Bay in Cuba.

Hundreds of people wearing orange T-shirts converged on Parliament House to mark Human Rights Day.

The march followed news that Hicks, from South Australia and detained since 2001, was likely to be charged early next year.

Hicks' father yesterday said dates had been set before and he no longer trusted the Australian Government.

``Mr Ruddock has been no help to David's cause - the American and Australian governments should be the ones facing court,'' Mr Hicks said.

``He should be brought home and charged and tried or be set free. Mr Ruddock needs to pin down an exact date, otherwise it's just the same old political spin.'' Attorney General Philip Ruddock said Hicks was likely to be charged sometime after January 17, when new regulations for the U.S. military commission, expected to try him, come into effect.

Unlike other military tribunals, the new commission allows the right of appeal to a civilian court.

Amnesty International Australia spokeswoman Katie Wood said Human Rights Day commemorated the day the United Nations General Assembly adopted the Universal Declaration of Human Rights in 1948.

``We are calling on the Australian Government to bring David home and let him face an Australian court,'' she said.

Saturday marked the fifth anniversary of Hicks's detention after he was captured in Afghanistan in late 2001.

The Muslim convert had pleaded not guilty to charges of conspiracy, attempted murder and aiding the enemy.

However, the charges were dropped after the U.S. Supreme Court in June declared the military tribunals set up to try Hicks and other inmates were illegal.

He remains in detention without charge.

END

SctousBlog

Friday, December 08, 2006

Government wants Hamdan case dismissed

Posted by Lyle Denniston at 07:58 PM

This is another in a continuing series of reports on the lower court impact of the Supreme Court's ruling last June in Hamdan v. Rumsfeld, striking down the Bush Administration's initial plan for war crimes tribunals of detainees at the war-on-terrorism camp at Guantanamo Bay, Cuba.

The Justice Department on Friday urged a federal judge in Washington, D.C., to put an end to a habeas challenge by a Yemeni national, Salim Ahmed Hamdan, and to wipe out an earlier order that barred his trial by a U.S. military war crimes tribunal. Arguing that Hamdan has no constitutional rights he can assert in federal court, the Department suggested that he could pursue a limited appeal in D.C. Circuit Court if he is ever convicted of war crimes by a "military commission" or an even more limited challenge there to his detention.

The government's 56-page brief, found here, sets the stage for the first -- or one of the first -- federal court rulings on the constitutionality of the new Military Commissions Act. Congress passed that measure (Public Law 109-366) in October in the wake of the Supreme Court's decision in Hamdan's case last Term. Hamdan's lawyers have raised a variety of constitutional challenges to his detention and to his potential trial before a military tribunal. The briefing is now completed on those arguments, as well as on the government's move to dismiss Hamdan's case altogether, and thus U.S. District Judge James Robertson could rule at any time. In yesterday's brief, the Justice Department sought to refute every one of Hamdan's constitutional claims, and suggested that he had no right (no "standing:) to raise most of them.

Most of the same challenges to U.S. policies of detention of foreign nationals during the war on terrorism are also being weighed now by the D.C.Circuit Court. While briefing is also complete there, there is no indication when it will rule. The government, by implication, urged Robertson to hold off until after the Circuit Court acts, since it said the coming ruling there would impact Hamdan's case, too. But, in the meantime, the government contended that Robertson should wipe out his November 8, 2004, order that barred a military commission trial of Hamdan on a conspiracy charge.

The 2004 order, the federal brief said, only applied to the militiary commission system that existed before it was nullified by the Supreme Court. The new system authorized by Congress in October is not yet operating, and Hamdan has not been charged anew, the brief noted. Thus, his claims against a military war crimes trial are premature. At most, it suggested, Judge Robertson should transfer Hamdan's case to the D.C. Circuit Court to weigh his claim that he has not been properly designated as an "enemy combatant" by a military status tribunal at Guantanamo.

Aside from comments the government brief made specific to Hamdan's case, its legal arguments closely paralleled those it has made in several other pending detainee cases: the detainees have no constitutional rights to assert in U.S. courts, Congress has taken away any right they had before to challenge their detention or potential prosecution, that withdrawal does not viiolate the Constitution's bar on suspending habeas because Congress has set up an adequate review alternative in D.C. Circuit, and that there is no merit in the argument of detainees' lawyers that Congress did not intend in its October legislation to keep alive any pending habeas cases.

END

Houston Chronicle

December 9, 2006

FEMA loses bid to withhold payments / Agency must tell judge how it will resume housing aid for some evacuees

MIKE SNYDER

A judge ordered the Federal Emergency Management Agency on Friday to explain how it intends to comply with his ruling that the agency must resume paying rent and make back payments to thousands of evacuees from hurricanes Katrina and Rita.

U.S. District Judge Richard J. Leon in Washington denied FEMA's request for a stay of his Nov. 29 order. He instructed lawyers for FEMA and for the Association of Community Organizations for Reform Now, which sued the federal agency, to answer a series of questions and attend a conference in his courtroom Wednesday to discuss compliance plans.

Notices were called vague

Robert Doggett, an attorney with Texas RioGrande Legal Aid in Austin representing evacuees, said Friday's order shows that "the judge has not changed his mind and is insisting that FEMA comply."

Leon ruled that notices FEMA sent to evacuees it deemed ineligible for continued housing assistance were so vague and confusing that they provided no basis for the families to appeal the denials or correct the problems that made the families ineligible.

He ordered the agency to immediately resume paying rent for an estimated 11,000 households around the country, including about 2,600 in Houston, and to pay these families three months of back rent.

FEMA appealed the decision on Tuesday. Representatives of the agency did not respond to a request for comment on Friday. Doggett said he expects FEMA to ask an appeals court for the stay that Leon denied. But it's unlikely the court would act before Wednesday's conference with Leon, Doggett said.

FEMA warns of `burden'

In its motion asking Leon to stay his order pending the appeal, FEMA argued that Leon had granted relief to an entire class of people even though the lawsuit was not a class action.

The federal law authorizing the housing assistance, FEMA's lawyers said, grants the agency "absolute discretion" over how to administer it.

"The time, expense, and administrative burden that FEMA will be put through if it has to comply with the order will substantially interfere with its ability to carry out the emergency assistance duties that are its primary function during major disasters," the motion states.

END

Federal Times

Court to hear appeals Monday on ruling against Pentagon personnel rules

By Tim Kauffman_

Government and union lawyers will argue before an appeals court Monday in a case that could decide whether the Defense Department can proceed with contentious changes to personnel rules affecting 650,000 employees.

Thirteen federal employee unions will defend their joint lawsuit against the Pentagon's National Security Personnel System (NSPS), filed in November 2005, arguing chiefly that the new system fails to protect employees' rights to bargain collectively.

Lawyers representing the department likely will attempt to distance NSPS from the Homeland Security Department's failed personnel reforms, which were struck down by the same appeals court in June. Based on arguments filed in advance of Monday's hearing, federal lawyers will contend that the law authorizing NSPS gave the Pentagon greater authority than Homeland Security had to redefine collective bargaining.

The 2003 law authorizing the creation of NSPS "makes clear that the agencies must 'ensure' collective bargaining, only insofar as the collective bargaining system does not conflict with other authorities granted to DoD," federal attorneys wrote in an August brief to the appeals court.

Unions refuted this claim in their own September brief to the court, saying the law essentially gave the Pentagon the same authority as Homeland Security to waive portions of Title 5 governing labor relations. As the court held in the Homeland Security case, the ability to waive those rules "does not include the power to rewrite the core meaning of collective bargaining," the unions said.

The unions will argue before the appeals court that NSPS should be struck down for the same reasons Homeland Security's personnel system was deemed illegal, said Mark Roth, general counsel for the American Federation of Government Employees, a member of the union coalition that brought the lawsuit.

"Our position has been clear from day one," Roth said. "The [DoD and DHS] statutes are much more similar than they are different."

The appeals court hearing follows a ruling in February by Judge Emmett Sullivan of the U.S. District Court for the District of Columbia, who ruled against the Pentagon. Sullivan said NSPS infringes on employees' collective bargaining rights, fails to provide an independent third-party review of labor-management disputes, and lacks a fair process to resolve appeals of adverse management actions.

The government appealed the ruling to the U.S. Court of Appeals for the District of Columbia Circuit, where a three-judge panel will hear oral arguments from both sides Monday.

Attorneys from both sides will have 20 minutes to present their arguments. The appeals court decision is expected sometime in the spring.

END

AP

December 10, 2006

FBI files about '75 shootout sought; Lawyers hope information will clear Indian activist Leonard Peltier

BY PAT MILTON
Associated Press

Attorneys for an American Indian activist convicted of killing two FBI agents in a shootout on a South Dakota reservation in 1975 are taking their fight to free the imprisoned man to a court in New York.

The attorneys for Leonard Peltier argued last week for the release of all FBI files stemming from the three-decade-old case. Appearing before a three-judge panel of the U.S. Appeals Court in Manhattan, they contended the documents should have been turned over to them for the 1977 trial.

They are now seeking release of the documents under the Freedom of Information Act, hoping the withheld information will lead to Peltier's exoneration.

"The FBI cannot use exemptions under FOIA to shield unauthorized, illegal tactics in this case," Peltier's attorney, Michael Kuzma, told the panel. Kuzma claimed investigators coerced witnesses and withheld evidence in building a case against Peltier.

Justice Department attorney H. Thomas Byron III told the court that unfettered release of the documents would compromise confidentiality of witnesses. He said the witnesses were guaranteed confidentiality, either expressed or implied.

"The circumstances of this case make it clear that anyone who provided information would have reason to have concern for their well-being," Byron argued.

The FBI in Buffalo, N.Y., released 797 pages of material in 2004. But it withheld some 15 pages and redacted large portions of the released pages, citing exemptions allowed under FOIA for national security concerns and to protect the identity of agents, witnesses and informants.

The judges reserved a decision on whether to overturn a Buffalo federal court's ruling last February and order the release of the 15 withheld documents and grant unfettered access to those with redactions. The federal court in Buffalo had found the FBI could keep the handful of documents secret.

Peltier, 60, is serving two life sentences at the federal penitentiary in Lewisburg, Pa.

He was a leader of the American Indian Movement in the 1970s and convicted in 1977 in North Dakota of the killings of the two agents during a shootout on the Pine Ridge Indian Reservation in South Dakota. His supporters have been trying to get his conviction overturned for years, saying he was wrongfully targeted because of his activism.

Kuzma said outside court that any ruling against Peltier would be appealed to the U.S. Supreme Court.

Kuzma said the defense team is seeking more than 140,000 pages of FBI documents from field offices nationwide.

More than two dozen Peltier supporters filled rear benches in the courtroom during the 30-minute hearing.

"They needed someone to blame for the crime and they got him," said Peltier supporter Jerry Sevitz, of Manhattan.

END

AP

December 10, 2006

Haitian immigrant stripped of U.S. citizenship is man without a country

By JENNIFER KAY

Associated Press Writer

MIAMI_Lionel Jean-Baptiste waits on a bench at a federal detention center with his legs outstretched, the last three digits of his detainee number scrawled on the toes of his slip-on shoes.

His orange uniform further identifies him as the responsibility of U.S. immigration officials. They want to deport the former Miami restaurant owner convicted of federal drug trafficking charges after he became an American citizen, but are having trouble finding a place to send him because he is, in effect, a man without a country.

An immigration judge revoked his citizenship and ordered him deported in September _ the first time since 1962 that the U.S. government ordered a naturalized citizen deported after a drug conviction. But this is only the latest example of applying toughter standards on immigrants following the terrorist attacks of Sept. 11, 2001.

Jean-Baptiste served seven years in prison on a conviction for conspiring to distribute crack cocaine _ a crime he still denies he committed. But his lawyer, Andre Pierre, says Jean-Baptiste has given up fighting U.S. Immigration and Customs Enforcement over his citizenship because prolonging the battle could lead to his spending more time in detention.

His current legal tactic is waiting out the agency, pending an administrative review of his case, scheduled for Tuesday. One factor in his favor could be a U.S. Supreme Court ruling that foreigners who cannot be deported cannot be held indefinitely, and set a six-month detention maximum. Jean-Baptiste has been held at Krome Detention Center in Miami since June.

Pierre has suggested his client may be freed and escape deportation because no nation will take Jean-Baptiste, who is no longer a citizen of any country. His native Haiti refused to take him because he gave up his citizenship there a decade ago to become an American; France has declined on grounds he never lived in France.

"They have nothing really to hold him but his criminal record. The guy has been a model citizen for the last 25 years," said Pierre.

Government attorneys have disagreed, arguing he did not have "good moral character" before he became a citizen. That determination allows officials to strip naturalized Americans of their citizenship.

The 11th U.S. Circuit Court of Appeals concurred in January 2005, ruling that while the conviction alone was not enough to revoke his citizenship, committing a crime showed he lacked the required good character. The Supreme Court declined to hear Jean-Baptiste's appeal 10 months later.

"The case is still under review. Our obligation as a law enforcement agency is to carry out orders of removal as issued by immigration judges," Immigration and Customs Enforcement spokeswoman Barbara Gonzalez said in a statement.

Late last month in a spare computer room at Krome, Jean-Baptiste, 59, could only shrug at his attempts to get the government to hear his side of the story. "The government is an elephant and my lawyer is a little cat. He does whatever he can," he said.

Jean-Baptiste became a U.S. citizen in April 1996, after answering no to questions about whether he had ever been arrested, charged, fined or convicted for breaking any law except traffic violations. What apparently never came up was the day in March 1995 when he says a woman walked into his Little Haiti restaurant and asked if he could sell her 2 ounces of crack cocaine.

Federal authorities at the time alleged that Jean-Baptiste was an upper-level manager of a crack cocaine ring in the impoverished Miami neighborhood.

Jean-Baptiste has persistently denied the allegations. He says he told the woman, an undercover police officer, that drugs were not sold in his restaurant but added _ just to be helpful _ that they would probably not be hard to find up the street.

He was indicted in October 1996 on charges of possessing, selling and conspiring to sell crack cocaine; he was only convicted of conspiracy. The undercover officer testified that Jean-Baptiste specifically directed her to his supplier _ a claim she could not substantiate with a recording because her wire had failed to pick up their conversation.

Jean-Baptiste could have fought deportation on grounds that naturalized immigrants cannot be deported for convictions while they are citizens, Pierre said, but feared he'd have to spend years in detention during an appeal.

Some immigrant advocates ask why so many federal resources have been spent prosecuting Jean-Baptiste.

"It does seem like in this case the government is going through quite a lot of expense for someone convicted of a crime that is relatively common," said Kerri Sherlock, a director for the Washington-based Rights Working Group.

Sherlock said immigrants get punished twice, in criminal and immigration court, with no regard for their long-standing ties to the community.

"They deserve to be treated with dignity and fairness and have the same basic rights as other Americans and shouldn't be punished over and over again for minor offenses," she said.

Federal prosecutors have said in court filings that no extenuating circumstances in Jean-Baptiste's life offset his criminal record and establish good moral character.

He arrived in the U.S. after being rescued from an overloaded wooden boat sinking off Florida's coast and was detained at Krome for several weeks in 1980. He went on to gain permanent residency and worked odd jobs until he earned enough to buy his restaurant, then the building and two other properties. He brought his wife and three sons from Port-au-Prince, Haiti; two daughters were born here.

Jean-Baptiste punctuates his story with terse exclamations of "Why?"

"When you do something, you have to pay for it. When you don't do nothing, you have to be angry," he said.

"Why it happen to me? Because I'm from the Caribbean, or what? Because I'm black?" he said. "If they find something in my past that wasn't in my records, they can revoke my citizenship. Or if I conspire against the United States, they can revoke my citizenship. I didn't do nothing like that."

END

Deseret Morning News

December 11, 2006

Judge dismisses couple's federal peyote suit

Associated Press

A federal judge has dismissed a lawsuit filed by a Utah County couple who claimed the government infringed on their constitutional right to use peyote in religious ceremonies.

U.S. District Judge David Sam ruled that James "Flaming Eagle" Mooney and Linda Mooney have no basis to sue Utah County. The judge also threw out the Mooneys' claims against the United States and the state of Utah.

The Mooneys are the leaders of the Oklevueha Earth Walks Native American Church of Utah.

James Mooney said he was repeatedly prosecuted for violating drug laws by providing peyote to worshippers in the church he founded. He and his wife filed the federal lawsuit in May.

The couple pleaded not guilty to charges of distributing the hallucinogen drug and claimed they only used it in American Indian religious services. Federal prosecutors claimed Mooney broke federal laws by fraudulently claiming to be a member of an American Indian tribe.

In February, federal prosecutors dropped charges of illegally distributing peyote that had been filed against the couple last year. The U.S. Supreme Court ruled the day before in an unrelated case involving a hallucinogenic tea. The ruling said the government cannot hinder religious practices without proof of a "compelling" need to do so.

The federal charges were brought after the Mooneys' convictions in state court were voided. They were charged in 2000 in Utah's 4th District Court for providing peyote to non-Indians visiting the church.

The Mooneys sued last spring, alleging the conduct of state and federal prosecutors interfered with their religious practices.

In a ruling issued this past week, Sam wrote that "there is no fact from which this court could infer or find that Utah County has an official policy that infringes upon plaintiffs' right to use peyote, as that right has been explicitly defined by the Utah Supreme Court."

Sam also ruled that the United States and the state of Utah have sovereign immunity against the lawsuit.

END

Charleston, WV, Gazette

December 10, 2006

A fight for freedom: Iranian couple struggled to clear name

By Scott Finn
Staff writer

MORGANTOWN — For 18 years, Ali and Shahla Afshari did everything America asks immigrants to do. The couple educated themselves and their three children. They served their new country through research to prevent workplace diseases.

None of that mattered on May 5, 2004 — what Ali Afshari calls “the worst day of our lives.” With no

warning or explanation, both were fired from their positions at the National Institute for Occupational Safety and Health in Morgantown.

Afshari remembers being escorted out of the building on that day. His wife already was standing next to their car, crying uncontrollably. Inside his chest rose a feeling of humiliation, rage and powerlessness.

“It’s my fault,” he told her. “I’m sorry I ever brought you here.”

More than two years later, the Iranian natives say they still don’t know why they were fired from the jobs they had held for years, except that they “failed to pass a background check.”

But since then, they’ve learned some things, thanks to a lawsuit filed by Morgantown lawyer Al Karlin and several others:

A government official has recanted her sworn testimony about the couple. The official once said she received a briefing from security officials and then recommended their termination. Now, she says that her earlier sworn testimony was “not consistent” with her current “recollection of matters.” Long before they were fired, the Federal Bureau of Investigation had conducted a routine check on the couple, decided they were not a security threat and closed their file. The government officials in Atlanta who recommended their firing never interviewed their neighbors, co-workers or supervisors in Morgantown.

The Afsharis’ work had nothing to do with state secrets or national security. For example, Ali Afshari helped design experiments to test how asphalt fumes hurt the lungs.

The Afsharis are asking to be reinstated to their jobs. They are seeking damages to cover attorneys’ fees and more than two years of lost income. Karlin said he was hopeful that the federal government would settle the lawsuit soon.

But no settlement could make up for what they have suffered, Ali Afshari says. That day shook the family to its very core, he said. It shook their faith in themselves and in the United States but did not destroy it, he said. For even as the U.S. government fought them in court, they decided to start the process to become permanent citizens.

“The foundation of this country is strong,” he said. “What a few individuals did, that does not undermine what this country is.

“Freedom is not an easy thing,” he added. “Sometimes we must fight for it.”

All-American family

Spend some time with the Afshari family and you’ll understand why so many people have come to their defense.

Ali Afshari is gregarious and enthusiastic, whether he is talking about the U.S. Constitution or his work as an industrial engineer.

When scientists at NIOSH want to test an idea, they turn to him. He has designed laboratories to measure the effects of cotton dust and asphalt fumes on workers. He has built a “cough machine” that can tell what disease a person has by the sound of their cough.

Shahla Afshari is more reserved than her husband, but equally passionate about her work and her family. She speaks English fluently with only a hint of an accent. At NIOSH, she helped conduct research on sensitivity to chemicals in the workplace.

They live in an attractive subdivision outside Morgantown. Their younger son, 14-year-old Amin, loves basketball and is already 6-foot-3. He once spotted a fire in a neighbor’s house, called 911, and went knocking on his neighbor’s doors to warn them. Later, the family helped raise money for their burned-out neighbor.

Their other two children are recent West Virginia University graduates and self-described Mountaineers. Their older son Hamed, 23, and daughter Azadeh, 24, each served as president of the student health advisory board.

Azadeh Afshari was a member of WVU's homecoming court. Hamed was a residence hall adviser on campus, where younger students described him as being "like a father" to them.

All three children speak flawless Farsi, the language spoken by most Iranians, as well as English, which is no surprise. Amin was born in Morgantown, while Hamed and Azadeh have lived there since they were toddlers.

Ali and Shahla Afshari came to America in 1986 to complete their education. They had lived through the horrific Iran-Iraq war, which killed hundreds of thousands on both sides. Ali Afshari's brother was killed by mustard gas during the fighting.

"Some people don't have legs, they cannot walk, so I wanted to study how to help the handicapped," he said.

He began working on developing better prosthetic limbs for amputees, and then moved on to working on holograms that can replace the need for expensive X-rays on injured patients.

At first they lived in Los Angeles, but the couple wanted to raise their family someplace safer and quieter. That's why they moved to Morgantown in 1987.

In the early 1990s, Ali Afshari started to work at NIOSH. His wife started there in 1997. They both became "service fellows," part of a program for foreign nationals to help with research.

'Hit with a big stone'

The first sign that anything was wrong came in the spring of 2004. Their daughter Azadeh was a senior at WVU completing an internship at the NIOSH wellness clinic.

On April 15, 2004, she was barred from entering the NIOSH building. She was never told why, though the family now believes that a NIOSH official realized that she was a foreign national and may have barred her for that reason alone. Before that, she had been asked for her passport by a security guard, and later she provided them with something she thought was better, her "green card."

Two weeks later, Ali Afshari tried to enter his workplace, but his swipe card no longer worked. He was concerned, but his co-workers said it was probably a computer error.

"I remember joking with them. I said, 'The way things are going nowadays, I wouldn't be surprised if I was told not to come to work,'" Ali Afshari said. Everyone laughed.

On May 5, 2004, he and his wife were pulled separately from their offices. A supervisor read them a faxed statement from the Atlanta headquarters of the Centers for Disease Control and Prevention, the parent agency of NIOSH.

The letter said they were fired because they failed to "satisfactorily pass a required background investigation."

They were escorted out of the building. Guards followed them as they gathered their personal belongings and went to their car.

"It's like being hit in the head with a big stone," Shahla Afshari said. "For a couple of days, I was not sure what I was thinking. I was numb, angry. I could not stop crying."

Their co-workers were stunned, too. In the days after the incident, two dozen of them wrote letters backing the couple.

But not everyone was supportive. Azadeh Afshari was forwarded an instant message from a fellow student who she thought was a friend. The message said that the Afsharis must have been guilty of something or they wouldn't have been fired.

Azadeh Afshari says she can't blame her friend entirely. Before this happened to her family, she might have believed the same thing.

"I never thought this could happen. I thought that if something like this happened, the government would have to be sure," she said.

Ali Afshari could not find work when he told prospective employers he had been fired for security reasons. The only offer he received was from an oil company in a violence-torn part of Nigeria. His family begged him not to go, so he didn't.

They quickly burned through their savings. Shahla Afshari began going to dental school, in part to occupy herself, and in part because the student loans helped pay the bills.

Azadeh Afshari was going to dental school also, but had to repeat her first year because of the stress of her job and the uncertainty surrounding her parents.

Ali Afshari also worried about his family's safety. What if some vigilante decided to strike out at them?

So, unbeknownst to his family, the engineer rigged up a security system that would alert him if someone came onto their property.

'The beauty of America'

They also worried about being arrested or deported.

It was that fear that led them to Karlin, not any desire for money, Ali Afshari said. Karlin has been joined by others: Sophia Zdatny from Karlin's law firm, WVU law professor Bob Bastress and a lawyer from the American Civil Liberties Union.

Their federal lawsuit pried information from the federal government about the Afsharis' dismissal. The details are still murky, but Karlin said he believes a series of innocent connections may have led an overzealous federal official to overreact:

The Afsharis took their children to an Iranian cultural program in Washington. Ali Afshari went to visit an Iranian student in detention who had overstayed his visa after dropping out of West Virginia University. He says he was just trying to help. The FBI had opened a case on Ali Afshari in the 1990s, not because he did anything himself but because he was mentioned in a conversation with another FBI source who was Iranian.

The FBI had closed its file on Ali Afshari before officials at the CDC and NIOSH decided to fire the couple, according to a deposition by FBI agent Gary Stoops and a redacted copy of Ali Afshari's FBI file obtained by their lawyers.

Many of the government officials involved in the Afsharis' case never saw the supposed evidence against them. One man who did and who recommended their termination was William Porter, director of the Office of Security and Emergency Preparedness at the CDC in Atlanta.

His wife is Diane Porter, who was deputy director for management at NIOSH. At first, Diane Porter said she was very involved in the decision to fire the Afsharis. In a sworn statement, she said she recommended to NIOSH Director John Howard that they be terminated.

Howard himself did not have the security clearance to see the information being used to justify their firing, so he testified that he relied on Diane Porter's advice.

But in a later sworn statement to the court, Diane Porter took back much of her previous testimony. She said that she couldn't remember whether she had that conversation with Howard.

When asked for an explanation, CDC spokesman Tom Skinner declined to answer questions about the case and referred a reporter to the lawsuit.

The Afsharis and their lawyers don't want to dwell on how the couple was fired. They want them to be reinstated to their old jobs so they can regain their reputation.

Ali Afshari may continue his work at NIOSH, although Shahla plans to complete dental school.

In the meantime, Ali, Shahla, Azadeh and Hamed are applying for U.S. citizenship. After 20 years in the country, they are finally eligible to take that last step.

Azadeh Afshari said this experience has been a test of the best ideals of America. If her family can receive justice, then she will believe ideals such as due process and freedom of religion are more than just words on a piece of paper.

Ali Afshari remains hopeful about the future of his adopted country. He said his family's ordeal has led him to appreciate the true strength of America.

"The beauty of this country is not its land. The beauty of this country is not its wealth," he said. "The beauty of America is our Constitution and the laws we have."

END

Narco News
December 11, 2006

Did DEA Administrator Tandy duck day in court over House of Death?

Karen Tandy, the administrator of the DEA, was a no-show in federal court earlier this week in Miami where she had been slated to testify in the employment discrimination trial of DEA whistleblower Sandalio Gonzalez.

Tandy had earlier provided a deposition in Gonzalez' lawsuit, but also was scheduled to testify at the trial itself, which got underway on Monday, Dec. 4. But at the last minute, she decided not to show up to testify.

Gonzalez, former special agent in charge of DEA's El Paso field division, in February 2004 wrote a heartfelt letter to his counterpart at U.S. Immigration and Customs Enforcement (ICE) in El Paso. In that letter, Gonzalez expressed his outrage at the role ICE and a U.S. prosecutor in El Paso had played in enabling a government informant to participate in multiple murders at the House of Death in Ciudad Juarez.

Gonzalez claimed in his pleadings in his legal case that DEA had retaliated against him for a variety of reasons, including his participation in activities exposing DEA's discrimination against Hispanics within its ranks, for his letter exposing the House of Death cover-up and for an earlier act of whistleblowing on his part in which he raised too many questions about a missing 10 kilos of cocaine.

All of those areas would have been fair game in Tandy's scheduled appearance at the Miami trial that concluded earlier this week, except, importantly, for the House of Death, since the judge had earlier ordered that all matters related to the Juarez murders could not be introduced at the trial.

But did Tandy know something that the judge and Gonzalez's attorneys did not know? Was it possible that Tandy had reason to fear that if she took the stand, under oath, that she might be forced to disclose

the “whole truth and nothing but the truth” about the House of Death mass murder?

Missing coke

Gonzalez’ problems at DEA date back to the late 1990s, when he demanded that agency officials tell the truth about the Bover case.

Following a November 1998 search of a suburban Miami house, a joint DEA/Miami-Dade Police team came up short on a stash of cocaine. Prior surveillance of the house indicated there should have been about 32 kilograms of cocaine on the premises, but the total amount accounted for after the search fell 10 kilos short of that mark.

Enrique Bover and his wife, Gisel, who each had prior drug convictions, were the targets of the raid. After their arrest, the Bovers agreed to become confidential informants in a play for leniency in their case. Their cooperation did lead to several arrests.

The Bovers assert that they informed DEA agents about the missing cocaine immediately after their arrest and that the information was ignored. Months later, the Bovers found themselves being accused of taking the 10 kilos of coke.

However, Gonzalez, who was then associate special agent in charge of DEA’s Miami field office, suspected a set-up. He says the same Miami-Dade Police team involved in the Bover raid was responsible for “compromising three prior drug cases.”

“I took a stand on the missing 10 kilos of cocaine, and insisted that that they (DEA) do an investigation,” Gonzalez told Narco News in an earlier interview about the case. “And that was it.

“…The missing cocaine is definitely the catalyst of my problems,” he added. “The cover-up [since then] has been amazing. They [Gonzalez’ superiors] look at you blank-face and then look the other way.”

In the wake of that incident, Gonzalez was transferred in 2001 to a less-prestigious post in the much smaller DEA outpost in El Paso. After that, until he retired in 2005, DEA refused all his requests for transfer or promotions, which Gonzalez claimed in his litigation was retaliation for his acts of exposing the alleged wrongdoing in the Bover and House of Death cases.

Tandy came into the picture in July 2003, when she was confirmed as the administrator of DEA. At that point, Gonzalez had been on the job in El Paso for 27 months, and again let it be known through the chain of command that he was interested in being transferred to a new post within DEA.

END

PORTLAND, ME, PRESS HERALD

December 11, 2006

Editorial: Court ruling on paper money not best way to help blind; Policy makers - not a federal judge - should decide whether paper currency should change.

It might be good public policy for the U.S. government to come up with a way to help people who are blind be able to tell a $20 bill from a dollar bill. It's just that a recent court decision mandating that Treasury Department do that is not the best way to go about it.

A U.S . District Court judge ordered the government to make changes in the nation's paper money - alterations in its size or texture, for example - so that the visually impaired can tell various bills apart.

The judge said the paper bills violate the federal Rehabilitation Act, which prohibits discrimination based on disability in government programs. However, the judge's ruling goes beyond the "reasonable accommodation" standard in these types of laws.

It would be better to have Congress or the government explore authorizing changes in paper money as a matter of public policy.

The judge made some good points. "Of the more than 180 countries that issue paper currency, only the United States prints bills that are identical in size and color in all their denominations," he wrote. He said more than 100 countries vary the size of their bills, and "every other issuer includes at least some features that help the visually impaired."

Blind people testified that electronic aids to distinguish bills are slow, costly and unreliable. Instead, they must resort to folding their money in complex ways to differentiate bills and trust that they are being handed the right change.

The government argued that changing the size or texture of bills could make counterfeiting easier. Perhaps other methods could be used, such as adding a raised number to bills.

Such a change would add less than 5 percent to the cost of printing bills over the last decade, the judge said. It could be a wise public investment as baby boomers age and increasingly face vision problems.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, December 12, 2006 8:05 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, December 12, 2006
Attachments:	agnb061212.pdf; agnb061212.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 12, 2006 7:45 AM EST

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TERRORISM NEWS:

Muslim Charity Sues Treasury Seeking Dismissal Of Terrorism Charges. The New York Times (12/12, MacFarquhar) reports from San Francisco, "In a new challenge to Washington over its closing several American Muslim charities that it has accused of aiding terrorism, the largest such group sued on Monday seeking dismissal of many of the charges." The Times continues, "Lawyers for the group, the Holy Land Foundation of Richardson, Tex., filed suit in Federal District Court in Dallas two weeks after a federal judge in California called into question a crucial provision in designating terrorist supporters. Since December 2001, the Treasury Department has designated Holy Land and five other Muslim charities in the United States as terrorist supporters, seizing millions of dollars in assets and halting their activities. … No accused charity or any senior officer have been convicted on a charge of terrorism. Some charities have faced no criminal charges." The Times adds, "In a separate case against a Georgia man whom the prosecution identified as a fund-raiser for Holy Land, the defendant pleaded guilty this year to sending money to Hamas, the Islamist Palestinian political party that Washington first designated as a terrorist organization in 1995. … The foundation denies that the man had an official post." The Times notes, "The government has accused the foundation of having been the American fund-raising arm of Hamas. The charity and five officers are expected to go on trial in July on charges of financing a foreign terrorist organization, money laundering and tax fraud. … A spokesman for the Justice Department, Bryan Sierra, said he could not comment on the Holy Land motion because it was too new. As a matter of procedure, Mr. Sierra said, prosecution does not automatically follow the designation of a charity as a terrorist organization. … 'Not every case is a criminal case,' he said. 'It's a question of can you come up with enough evidence to prosecute based on a violation of the statutes of material support for terrorism.'"

LATimes Sees Little Likelihood Of Congressional Oversight Of NSA. The Los Angeles Times (12/12, 850K) editorializes, "Almost a year after President Bush confirmed that the National Security Agency had been eavesdropping on some Americans without a court order, expressions of outrage in Congress have yet to be translated into law. What little scrutiny the so-called Terrorist Surveillance Program has received has come from the Justice Department, whose inspector general is looking into how information gathered by the program has been used. Surely, you say, Congress will be more assertive under Democratic control. Don't count on it." The Times adds, "Democratic victories in midterm elections should mean that Congress will be more interested in regulating the NSA program. But inertia is a strong force. Moreover, many Democrats -- especially newcomers from Republican-leaning states -- will be reluctant to counter the administration's propagandistic argument that only Americans who regularly call Al Qaeda need to worry about the program."

PATRIOT ACT:

Bank's Closure Of Charity's Account Draws Fire. The Detroit Free Press (12/12, Warikoo) reports, "The U.S. Department of Justice may defend the Patriot Act in a case involving Comerica Bank and a Muslim charity based in Southfield, according to court documents the department filed in Detroit." The Free Press continues, "Comerica officials have told Life for Relief and Development that it intends to close its accounts. … The bank's move came after the charity was raided by federal agents in September. The government has not said what the raid was about, but charity officials say it may be related to work the charity did in Iraq." The Free Press adds, "In response, the charity sued Comerica, saying the bank violated its civil rights. … The suit, filed last month, challenges the constitutionality of a section of the Patriot Act that allows financial institutions to share information about suspected money laundering or terrorist activity." The Free Press notes, "On Dec. 1, Justice Department attorneys filed a notice in U.S. District Court in Detroit that said it may 'intervene in this action to defend the constitutionality' of the section under question. … Some Arab Americans and Muslims charge the bank is discriminating against the charity because it is operated by Arab-American Muslims."

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HOMELAND RESPONSE:

New York Man Charged With Bomb Hoax To Protest US "Illegal Surveillance." The AP (12/12) reports Paul Cortina of Somers, N.Y., "was charged Monday with carrying out a bomb hoax to protest what he called the government's 'illegal surveillance,' federal prosecutors said. … He was arrested Nov. 29 after FBI agents seized what appeared to be a bomb from his home, U.S. Attorney Michael Garcia said. … The device, however, contained no explosive material." The AP notes, "In the e-mail to the AP, Cortina identified himself by name and gave his telephone number. The AP notified the FBI, and an agent called the number and visited Cortina at his home. He admitted sending the e-mail, the FBI said."

FBI Investigating Possible Link Between 2003 Ricin Letter, Recent Hoaxes. McClatchy (12/12, Douglas) reports, "Federal investigators are looking into a possible link between recent hoax letters, each containing a white powder and believed to have been sent by a Texas prison inmate, to determine whether they are related to a small shipment of the poison ricin to a mailing center in South Carolina in 2003. Someone calling himself the Fallen Angel signed at least one of the six recent letters…and the ricin letter…an FBI alert said. The high priority alert, dated late last month, said the U.S. Clerk's Office in Buffalo on Nov. 20 received one of the letters, which was signed 'Fallen Angel' and contained a nontoxic powder." McClatchy notes, "The earlier letter, the alert said, made reference to the Department of Transportation and was signed, 'Fallen Angel.' Lori Bailey, spokeswoman for the FBI in Dallas, declined to comment."

DPW To Sell US Port Operations. The AP (12/12, Barrett) reports, "Dubai Ports World, the company whose planned takeover of major US port operations ignited a political firestorm earlier this year, has agreed to sell those operations to AIG Global Investment Group." BP "announced the deal Monday. The US operations at six major U.S. seaports in New York/New Jersey, Philadelphia, Baltimore, Miami, Tampa and New Orleans were valued at approximately $700 million, but DP World did not disclose the sales price." The deal also "involves stevedoring operations in 16 locations along the eastern seaboard and Gulf Coast and a passenger terminal in New York City." The AP adds, "One of the loudest critics of the original deal said he was pleased and expected the deal to clear the few regulatory hurdles that remain. 'This is an appropriate final chapter to the book on the Dubai Ports World deal,' said Sen. Charles Schumer, D-N.Y. 'This is very likely to receive broad support in Washington and throughout America.'" The Wall Street Journal (12/12, King, Hitt, 2.04M), among other newspapers, also reports the story.

Panel Reviews Foreign Business Deals With Eye Toward Security. The AP (12/12, Bridis) reports, "In the same year that public furor derailed a Dubai-owned company's plans to buy and run operations at major American ports, the number of foreign business deals reviewed by the Bush administration for U.S. security risks surged to nearly 100, up from 65 reviews last year." The AP continues, "A few anxious companies in deals pending with foreigners have sought the Bush administration's approval even for sales that do not raise obvious security questions, said lawyers and federal officials involved in these cases. … They attributed the jump largely to a busy year for international mergers and broader awareness of such reviews after the political uproar that scuttled the Dubai ports deal. The government's reviews included the $11.6 billion sale of Lucent Technologies Inc. to Alcatel SA of France; Toshiba Corp.'s $5.4 billion purchase of nuclear power-plant manufacturer Westinghouse Electric Co.; and smaller deals involving seismic surveys, a gas utility, military parts, voting machines and even anti-hacker software. … 'The numbers are up. A company will file even though they don't think it's a national security concern,' said Clay Lowery, an assistant secretary at the Treasury Department." The AP adds, "Most of the reviews this year, however, raised legitimate concerns, said Christopher Padilla, an assistant secretary at the Commerce Department. 'Of the increases we've seen, only one or two cases didn't have national security issues that needed to be raised,' he said. 'These transactions are getting the scrutiny that's called for.'" The AP notes, "The secretive panel that conducted nearly 100 reviews also completed seven full-blown investigations this year reflecting broader concerns over proposed deals. That is equal to the combined number over the previous five years. … The 12-member Committee on Foreign Investment in the United States is led by the Treasury Department. It hired a new deputy to oversee reviews; tripled to six the number of people who work on such reviews; and now requires deals to be approved by one of the department's presidential appointees."

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WPost Notes DHS Work With DPW. In an editorial, the Washington Post (12/12, A26, 690K) writes about "a depressing outbreak of anti-Arab hysteria in Congress and elsewhere" which "doomed an effort by a company called Dubai Ports World to take over the management of some American ports." The Post adds, " Last week, the Department of Homeland Security announced that it will work with several port authorities abroad to scan cargo before it is loaded onto ships bound for the United States. Among the facilities identified to host this Secure Freight Initiative is Britain's bustling Southampton seaport, operated by, yes, Dubai Ports World. So far, even the loudest objectors in Congress to the earlier deal haven't publicly questioned Homeland Security's choice to inaugurate a major security initiative in a facility operated by the once-controversial United Arab Emirates-based firm. That's encouraging as well as telling. … A successful partnership would…demonstrate that Americans have little to fear from Dubai Ports World and firms like it -- and that they shouldn't single out Arab-owned companies for suspicion without good reason."

BioShield Revamp Legislation Ready For Bush's Signature. The Washington Post (12/12, A15, Merle, 690K) reports the House and Senate have passed legislation to revamp "the two-year-old Project BioShield, which has been marked by delays and operational problems." Sen. Richard Burr, one of the bill's "principal backers," said he thinks it has "already made a difference. We have more people, more companies, more academic institutions, that have looked at this legislation and planned how they can plug into it." The Post added that the legislation, which President Bush intends to sign, "allocates $1 billion over three years for research not funded by a Project BioShield contract or the National Institutes of Health and attempts to pump more government money into the private sector sooner."

New Orleans Courts Reviewing Cases Lost In Wake Of Katrina. The Los Angeles Times (12/12, Simmons, 850K) reports New Orleans' indigent defense system, long "plagued by negligent attorneys who provide haphazard and deficient representation," spun "into chaos" in the months following Hurricane Katrina: "Funding plummeted; 15 lawyers quit the already thin legal staff; documents and evidence were lost or destroyed." Pamela R. Metzger, director of Tulane University's Criminal Law Clinic, "has helped to form the Katrina-Gideon Interview Project, a national coalition of law students and law professors" who "are reviewing about 1,800 pre- and post-Katrina cases. They include people who have been imprisoned well beyond any sentence they might receive for such charges as probation violation, failure to pay a fine or prostitution."

WAR NEWS:

Bush Meets With State Officials, Says "Success" In Iraq Crucial To US Security. The AP (12/12, Ben Feller) notes that President Bush yesterday met with Secretary Rice "and her senior advisers on Iraq, and with diplomats who serve as leaders of US joint civilian-military units called provincial reconstruction teams." Ambassador Khalilzad also participated by videoconference. Afterwards, Assistant Secretary McCormack said the meeting was "a good give and take," noting that "the president had questions throughout the entire set of briefings."

The Los Angeles Times (12/12, Gerstenzang, 850K) says the President, launching his " highly visible round of consultations…reiterated Monday that 'success' there was crucial to the long-term protection of the United States and said Iraq's regional neighbors have a responsibility to help the country's fledgling government." The Times adds, "In the aftermath of last week's sharply critical report by the Iraq Study Group, the White House is eager to draw the spotlight to other ideas and options more in keeping with Bush's goals." Fox News' Special Report (Baier) noted the President said "success…is an Iraq that can sustain, defend and govern itself and is an ally in the war on terror." But CNN's Lou Dobbs Tonight (12/11, Dobbs) said Bush "did not use the word victory, a word he has used frequently in the past. The President's consultations come amid signs the Iraqi government is rapidly losing support among its own supporters."

CNN's Lou Dobbs Tonight (12/11, Rirchits) later reported that in remarks yesterday, the President called Iraq "a central component, instead of what he has said over and over, the central front in the war on terror. A White House spokesman Tony Snow quickly insisted it was not a change, raising questions about whether the President has a dramatic new approach or are these internal reviews by the State and Defense departments really just an attempt to give him political cover, to ignore the recommendations of the bipartisan Iraq Study Group?" The White House, added CNN, "did not sound ready for big change." Likewise, NBC Nightly

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News (12/11, lead story, 2:55, Williams, 9.87M) reported the White House's "message" yesterday "seemed to be, 'Don't expect much of a change.'" NBC (Gregory) added, "And yet all this raises expectations for a major change in policy toward Iraq. At the same time it is becoming clear that the White House is not about to embrace the Baker-Hamilton study recommendations." A similar piece in today's Newsday (12/12, Gordon) reports that Bush's "early comments suggest he is in no mood for the sweeping changes sought by the study group."

All three networks led with Bush's meetings – which were presented as a White House PR effort to help him regain his footing on the Iraq issue after the release of the Iraq Study Group's report. The CBS Evening News (12/11, lead story, 2:45, Axelrod, 7.66M) reported, "Today's trip to the State Department was a highly public visit designed to show the President's at least listening to other opinions about a new course." Bush was shown saying, "Like most Americans, this Administration wants to succeed in Iraq."

ABC World News (12/11, lead story, 2:40, Raddatz, 8.78M) reported "the President has spent the last year talking over and over again about his strategy for victory in Iraq. But this week, he says, he's listening." Yesterday afternoon, after his meetings at State, "a panel of five scholars and retired generals briefed the President for more than an hour. … What the people in the room were known for is their withering criticism of the Baker/Hamilton report released last week." Michael Green, former National Security Council aide, told ABC News, "By meeting with them, it's a clear demonstration from the White House, that the Iraq study group is part of this conversation. But not the answer in itself."

NBC Nightly News (12/11, lead story, 2:55, Gregory, 9.87M) reported, "The President's optimistic talk of success and democracy in Iraq appeared to be an attempt to rebut the Baker-Hamilton report's grim conclusions that the situation is 'grave and deteriorating.' Mr. Bush may be emboldened by a new round of attacks on the Iraq study group by conservative supporters of the war." David Frum, conservative activist: "I think the report throughout has a complete failure of imagination about what an American failure in Iraq would look like." Conservative "hawks lampooned Baker and Hamilton as 'surrender monkeys' in the 'New York Post.' Others have dismissed the call for a new diplomatic offensive and pushed for more, not fewer troops in Iraq to salvage victory." At the White House, the President also "consulted some military and foreign affairs experts who have been critical of the report."

Under the headline "Experts Advise Bush Not To Reduce Troops," the Washington Post (12/12, A1, Fletcher, Ricks, 690K) reports Bush heard "a blunt and dismal assessment of his handling of Iraq from a group of military experts yesterday, but the advisers shared the White House's skeptical view of the recommendations made last week by the bipartisan Iraq Study Group, sources said." The three retired generals and two academics "disagreed in particular with the study group's plans to reduce the number of US combat troops in Iraq and to reach out for help to Iran and Syria, according to sources familiar with the meeting."

NBC Nightly News (12/11, story 2, 2:55, Williams, 9.87M) interviewed retired US Army Generals and NBC News military analysts Barry McCaffrey and Wayne Downing." Asked, "What did the President ask of you," McCaffrey said, "I think each one of these people were asked to give their own view point. They were widely divergent. Clearly the big issues are -- should we reinforce with more US combat units? I think my answer clearly is no. I argued for economic reconstruction aid, $10 billion a year for clearly downplaying the direct US combat role. Get US troops out of the city in the coming two years and the second issue was, how about embedded trainers? Do we actually want 20,000 US Sergeants and captains at company level in Iraqi army police? I argued no. You want less people who speak Arabic who are Special Forces who come from elite active duty units. This isn't numbers, it's quality." Williams: "And General Downing, same question. Were these mostly points that have been brought to the public debate as a result of the Iraq Study Group?" General Wayne Downing: "I think they were. They were widely divergent. I made the point of no more US forces but I also believed that the key to this thing is going to be the Iraqi security forces. My comment to the President was, we've got to look at this long war on terrorism, this ideological struggle we're in, with Al Qaeda, radical Islam through the prism of Iraq. We can't just look at Iraq and Afghanistan. We've got to look beyond that. And the last point I made was the perception of the American people."

The Wall Street Journal (12/12, Pulizzi, 2.04M) reports Bush also said yesterday, "We believe that most of the countries understand that a mainstream society, a society that is a functioning democracy, is in their interests. … And it's up to us to help focus their attention and focus their efforts on helping the Iraqis succeed." The President "didn't name any

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countries, however, one of the Iraq Study Group's main proposals was for enhanced regional engagement, including with Syria and Iran."

The New York Times (12/12, A14, Rutenberg, 1.16M) reports that Monday's meeting with Rice was part of Bush's "listening tour" and mentions that Vice President Cheney also attended the meeting. After the meeting, Bush "said they had discussed the roles Iraq's neighbors could play in stabilizing Iraq. … But Mr. Bush continued to make it clear he did not believe Syria or Iran would play such roles."

USA Today (12/12, Jackson, 2.27M) notes "scheduled today: an Oval Office meeting with Tariq al-Hashemi, a Sunni vice president in Iraq's coalition government." Tomorrow, Bush "will go to the Pentagon to meet with military officials about the increasingly unpopular war, which helped cost Republicans control of Congress in the elections in November." White House spokesman Tony Snow "said Bush hopes to outline his Iraq plans before Christmas, but 'it's not locked down.'" Added Snow, "It's something we would like to see, but I'm not going to promise it,."

Polls Show Record Disapproval Of Bush On Iraq. The CBS Evening News (12/11, lead story, 2:45, Couric, 7.66M) reported, "In a CBS News poll out tonight, a record 71% said the war is going badly. More than half say it's unlikely the United States will win. And a record number say the war is the most pressing problem America is facing right now." CBS (Axelrod) added "an all-time high of 75% now disapprove of the President's handling of Iraq and despite this and despite last week's high-profile push from the Baker-Hamilton commission, the President still is not ready to announce a policy shift on Iraq." CBS also reported that "by a margin of almost to one, those polled say they trust Democrats in Congress more than the President to make the right decisions in Iraq."

On the CBS Evening News (12/11, story 2, 2:35, 7.66M), Bob Schieffer said, "if you were George Bush, I have to say it just does not get any worse than this and the more you get into this poll, the more you understand just how deeply this opposition to the war is now running. Only 21% now approve of the President's handling of the war, but look at why: Because he is now losing his own base, Republicans and conservatives. Just last month, even after the election that cost them control of Congress, 70% of Republicans still approved the President's handling of the war. Now that has dropped 23 points in a month. This is opposition that is taking on historic proportions."

USA Today (12/12, Page, 2.27M) reports on a USA TODAY/Gallup Poll taken Friday through Sunday. By 76%-22%, "those surveyed say Iraq is in a civil war. The White House disputes that characterization, calling the conflict part of a global battle against terrorism. … While 55% of Americans want most U.S. troops withdrawn within a year, only 18% think that will happen. More than 4 in 10 predict American troops will be deployed in Iraq for more than two years, though just 14% endorse that idea." USA Today adds, "In a question asked of a half-sample, a record high 62% of Americans say the war in Iraq isn't 'worth it,' and a record low 16% say the United States is winning. That's less than half the 40% who held that view a year ago. Now, nearly two-thirds say neither side is winning. … Looking ahead, 35% predict the United States eventually will win the war, also a new low. … On the long-term consequences of the war in Iraq: 38%, of those surveyed predict people in Iraq will be better off because of the war; 35% say they will be worse off." In an analysis piece, USA Today (12/12, Page, Risser, 2.27M) says "most Americans are convinced of two things: It's important that the United States succeed in Iraq. Eight in 10 of those surveyed in a USA TODAY/Gallup Poll over the weekend agree with President Bush about that. Important, perhaps, but not worth the price. By nearly 2-1, they also say the costs of succeeding in Iraq outweigh the benefits."

Rumsfeld Questions Diplomacy With Iran. On Fox News' Hannity & Colmes (12/11, Hannity), Defense Secretary Donald Rumsfeld said he hadn't read the Iraq Study Group report in detail, but on the subject of diplomacy with Iran, he said, "They have been contributing to the violence in Iraq. They have been unhelpful.. They have agents operating and they're using funding in this country to not allow it to be successful. We are one to decide they want to talk to somebody -- they must first understand, why is it that we would want to talk to them? Is there some reason that they would want to have commonality of interest?"

DeLay Derides "Iraq Surrender Group." On MSNBC's Hardball (12/11, Barnicle), former House Majority Leader Tom DeLay opined that the Iraq Study Group should be called the "Iraq Surrender Group" and panned the Iraq Study Group's world view, saying, "[I]t's the same world view that had the attitude that the enemy of my enemy is my friend, and back when they were negotiating with Saddam Hussein against Iran, empowered him. He invaded Kuwait, we had to go to war. We didn't finish that war because of diplomatic issues, the same group that went and negotiated with Syria,

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empowered Assad to go into Lebanon and killed thousands of people in Lebanon, the same group that considered Arafat their partner in peace. I mean, sometime you have to understand that the enemy of my enemy just might be my enemy."

Republicans Criticize Bush Iraq Strategy. Fox News' Special Report (12/11, Hume) noted recent comments by Oregon Sen. Gordon Smith (R), who said he was "at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets, in the same way, being blown up by the same bombs day after day, that is obscured," and Kansas Sen. Sam Brownback (R), who said, "[T]he country has been pretty patient on Iraq, but now it's time to move things forward." NPR contributor Mara Liasson said, "I think it's possible this could be the beginning of something more if the president's Iraq policy, whatever it turns into after his speech, before Christmas, doesn't begin to show results. I think that's the impatience and frustration that Gordon Smith and Sam Brownback are voicing, not that they're ready to get out in four to six months, as some Democrats say, but just that that they feel that this either has to show results, look like it's succeeding or else they're through." Fred Barnes, Weekly Standard: "Brownback said he wasn't bailing out on Bush, but that's exactly what he was doing, bailing out, completely. You know, so there are just a lot of Republicans who don't want to defend this war anymore. On the other hand the same hand there are -- actually on the same hand, there area Republicans who are deeply resentful of Bush for harming them, they blame Bush because of the war, and that's why they lost these seats."

More Commentary. GOP consultant Mike Murphy writes in the Los Angeles Times (12/12, 850K), "Bush should spend less time worrying about the tangled politics of Iraq and more time mastering the equally fractured politics of Washington. The war in Iraq has become partisan -- and partisan wars are impossible to fight successfully." The "chief result of last week's report from" the ISG report "has been to corner an already weakened president by proposing a general strategy of retreat and withdrawal." Bush "likes to move boldly and preemptively. He would be well advised to do so right now by adopting a strategy that he would find immensely painful but that is the best option he has. He should trump the Baker commission by extending its bipartisan spirit to make the Democrats an offer no patriot can refuse: He should establish a bipartisan war council made up of his national security team and the Democratic leaders of the key national security committees in Congress. Under the president's leadership, this council would conduct the Iraq war, becoming the key coordinating vehicle for Iraqi policy. The president would not cede his authority as commander in chief, but he would work with this group -- which would include such leaders as Sens. Joseph R. Biden Jr. (D-Del.) and Carl Levin (D-Mich.) and Reps. Ike Skelton (D-Mo.) and Silvestre Reyes (D-Texas) -- to develop a consensus policy for Iraq." The Times adds, "The president could, in one statesmanlike gesture, end the paralysis in Washington, force Democratic maturity, reestablish his leadership and show our enemies American unity and resolve at a critical time for our nation. The public would reward it, and the national interest demands it."

Bret Stephens writes in the Wall Street Journal (12/12, 2.04M), "What matters more than the fate of the ISG report…are the political symptoms it betrays. The report is surely right that there is 'no magic formula to solve the problems of Iraq.' Yet if the US faces a terror problem today, it is not because it is an obnoxious hyperpower or a rapacious globalizer, but because of the deep suspicion that it is not too ashamed to betray its friends or cut a deal with its enemies -- in short, that it lacks a sense of honor. In this sense, the Iraq Study Group has already inflicted its damage, no matter where it goes from here."

DeWayne Wickham, in USA Today (12/12, 21A, 2.27M), "Refusing to hold direct talks with its most troubling adversaries is a defining principle of Bush's foreign policy. It is one that might make his administration the most impolitic since this country took a commanding position on the world stage -- and the most dangerous. … With two years left in his presidency, Bush still has time to open a meaningful dialogue with the leaders of the nations he has refused to talk to. He still has time to realize that talking directly to his adversaries is a sign of strength -- not weakness."

Eugene Gholz, a professor of public affairs at the University of Texas, and Daryl G. Press and Benjamin Valentino, who teach government at Dartmouth, write in the New York Times (12/12, 1.16M), "The Iraq Study Group's recommendation that the United States withdraw its combat forces from Iraq reflects a growing national consensus that our military cannot quell the violence there and may even be making matters worse. Although many are hailing this recommendation as a bold new course, it is not bold enough. America will best serve its interests in the Persian Gulf by withdrawing its ground-based military forces not only from

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Iraq, but from the entire region." The Iraq war "is now a painful failure for the United States."

In the Financial Times (12/12) columnist Edward Luce contends, "As…Bush agonises over [the ISG report], another consensus is emerging in Washington on how to handle the situation: blame the Iraqis. ... Leading Republican and Democratic politicians in the US are increasingly blaming the friable coalition government of Nouri al-Maliki, Iraqi prime minister, for a lack of progress. ... But it is not a view that is widely shared by those with extensive direct experience of Iraq."

Rumsfeld Defends White House Conduct Of War On Terror. On Fox News' Hannity & Colmes (12/11, Hannity), Defense Secretary Donald Rumsfeld said, "I think that history has to look at this period as a period that is new, where there is no roadmap, no guidebook that said, 'This is how you do this,' and an awful lot of right decisions were made." He added, "There is no way to defend every location against every conceivable technique. It cannot be done. You have no choice but to go after them where they are. You cannot wait to be hit. That concept is central to the present position and it is the right one."

Democrats To Circulate "Phase Two" Portion Of Report On Prewar Intelligence. The Hill (12/12, Schor) reports that West Virginia Sen. Jay Rockefeller, who will chair the Senate Intelligence Committee, told The Hill that the "three unreleased sections of the Senate Intelligence Committee's controversial 'Phase Two' report on the Bush administration's use of prewar intelligence are headed for circulation next year." The Hill adds, "Democrats have repeatedly protested the lack of progress on the Phase Two investigation, which was split by outgoing Chairman Pat Roberts (R-Kan.) to allow some portions to become public before the midterm elections. Democrats pulled the Senate into a rare closed session in November 2005 to revive the inquiry, which began in 2003 with Phase One's look at the intelligence community and was later expanded."

Annan Takes "Parting Shot" At Bush, US Policies. Multiple major outlets are reporting that in a speech at the Truman Center in Independence, Missouri, departing UN Secretary-General Kofi Annan criticized the Bush administration's unilateralism and its policies in Iraq. USA Today (12/12, Slavin, 2.27M) calls the speech "unusual for a UN secretary-general concluding his tenure." The AP (12/12, Stafford) notes that after the speech, the secretary-general "said he was appealing for cooperation and leadership, not criticizing the United States."

ABC World News (12/11, story 3, 0:40, Gibson, 8.78M) reported, "The outgoing United Nations Secretary General Kofi Annan took a parting shot at President Bush today. In his final speech before stepping down, Annan said the US must not sacrifice its principles in the name of fighting terrorism." Kofi Annan, United Nations Secretary General: "This country has historically been in the vanguard of global human rights movement. When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused."

The New York Times (12/12, Hoge, 1.16M) reports, "The Bush administration had a subdued reaction to the speech. 'We work well with Secretary General Annan on a number of different issues,' said Sean McCormack, the State Department spokesman. 'There are some issues on which we disagree. That is to be expected.'"

Fox News' Special Report (12/11, Rosin) reported, "Kofi Annan told a crowd at the Truman library the world is in a sorry state and suggested, without naming names, that the Bush Administration is partly to blame. First, Annan noted the US has historically maintained a lead in human rights. … Seconds later, Annan seemed to suggest the invasion of Iraq was unlawful." Fox News added, "Released ahead of time, his remarks were widely seen as an attack on the Bush administration, but fielding questions after his speech, Annan said nothing could be further from the truth."

Meanwhile, commentators appearing on Fox News were critical of Annan's speech. On Fox News' Your World (12/11, Cavuto), syndicated columnist Claudia Rosett said, "The real question here is how much is Kofi Annan going to collect for his future ventures from anti-American well-heeled characters who wanted that speech, who love that speech. And I make of it that it's of a piece with his administration. And the fact that a man whose own performance after a career as a manager at the U.N. was judged substandard, mediocre, in fact desperately lacking even by the U.N.'s own investigation into oil-for- food, makes it really laughable that he is there now lecturing the American people on principles and governance." Also on Fox News Your World (12/11, Cavuto), former House Speaker Newt Gingrich said, "There are many things he could say about member states, a number of whom,

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frankly, should have their membership suspended, starting with Iran. … But he's not going to say any of those things. And the fascinating problem…is that politeness allows hypocrisy, corruption and, frankly, sometimes evil to parade in front of the world with legitimacy and authority. … I think tragic in the case of Annan who was a failure, but who is treated as though he is a success, because, after all, it would be so impolite to treat him as the failure that he's been."

USA Today (12/12, Slavin, 2.27M) reports, "In a farewell speech on U.S. soil today, retiring United Nations Secretary-General Kofi Annan delivered a tough critique of President Bush's policies. He accused the administration of trying to secure the United States from terrorism in part by dominating other nations through force, committing what he termed human rights abuses and taking military action without broad international support." USA Today characterizes the Annan's speech as "among his toughest" and "unusual for a UN secretary-general concluding his tenure." USA Today elucidates, "In the 61-year history of the U.N., no secretary-general has ended his tenure by criticizing U.S. policies so sharply, said Stanley Meisler, a historian of the United Nations and author of a new biography of Annan."

The AP (12/12, Stafford) reports, "In the hometown of President Harry Truman, who helped found the United Nations, Annan said 'human rights and the rule of law are vital to global security and prosperity.' When the U.S. 'appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused,' Annan told a packed audience at the Truman Presidential Museum and Library." The AP notes, "Annan never mentioned President Bush by name in his speech but drew clear contrasts with the Truman administration."

The New York Times (12/12, Hoge, 1.16M) reports, "Having infuriated the Bush administration two years ago by labeling the Iraq war 'illegal,' [Annan] said that while observing international law could be "inconvenient," it was essential. In a clear reference to the lack of international support for the American action in Iraq, he said: 'No state can make its own actions legitimate in the eyes of others. When power, especially military force, is used, the world will consider it legitimate only when convinced that it is being used for the right purpose — for broadly shared aims — in accordance with broadly accepted norms.'

In a report that was also syndicated to other McClatchy newspapers, The Kansas City (MO) Star (12/12, Burnes) reports, "In his farewell address on Monday in front of about 200 invited guests and reporters at the Truman Museum in Independence, Annan emphasized the U.N.'s importance, saying that 'more than ever today, Americans, like the rest of humanity, need a functioning global system through which the world's peoples can face global challenges together.'" The Star adds, "The future success of the United Nations depends on America's appropriate use of that power, he said, along with the organization's adherence to five core principles: shared responsibility, global prosperity, rule of law, mutual accountability and multilateralism." In a separate editorial, the Kansas City (MO) Star (12/12) opines, "Annan's address betrayed little recognition that on his watch, the U.N.'s stature sank.. … [I]t was a bit jarring to hear Annan once again focus on U.S. faults"

The Guardian (UK) (12/12, Goldenberg) reports, "After three years of increasingly vocal opposition to the war on Iraq, Mr Annan's speech yesterday amounted to a broad condemnation of the neoconservative ideology guiding America's foreign policy under George Bush - a clear break with protocol for a departing UN chief. … The broadside is merely the latest sign of Mr Annan's anger at the administration since US forces invaded Iraq in March 2003 without the approval of the security council."

Iraqi Politicians Seek Coalition To Counter Sadr Influence. The New York Times (12/12, Wong, 1.16M) reports, "After discussions with the Bush administration, several of Iraq's major political parties," including the "two main Kurdish groups, the most influential Sunni Arab party and an Iranian-backed Shiite party that has long sought to lead the government," are now "in talks to form a coalition whose aim is to break the powerful influence of the radical Shiite cleric Moktada al-Sadr within the government, senior Iraqi officials say." The Times adds, "The Americans, frustrated with Mr. Maliki's political dependence on Mr. Sadr, appear to be working hard to help build the new coalition. President Bush met last week in the White House with Abdul Aziz al-Hakim, the leader of the Iranian-backed Shiite party, and is to meet on Tuesday with Tariq al-Hashemi, leader of the Sunni Arab party."

Pentagon Task Force Looks To Create Jobs In Iraq. The Washington Post (12/12, A1, White, Witte, 690K) reports, "Members of a small Pentagon task force have gone to the most dangerous areas of Iraq over the past six months to bring life to nearly 200 state-owned factories

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abandoned by the Coalition Provisional Authority after the U.S.-led invasion in 2003. Their goal is to employ tens of thousands of Iraqis in coming months, part of a plan to reduce soaring unemployment and lessen the violence that has crippled progress." The Post adds, "The CPA initially hoped private investors would buy or lease the state factories, but that did not happen as security faltered and much of Iraq became inaccessible. As privatization hopes failed, the factories languished; some were in pristine form and others had been looted when the Pentagon task force examined them this fall."

2 Bombs Kill 57 In Baghdad. The AP (12/12, Bashir) reports, "Suspected insurgents set off two bombs in a main square of central Baghdad where scores of Iraqis were waiting for jobs as day laborers on Tuesday, killing at least 57 people and wounding 151, police said." The "carefully coordinated" bombing "involved a parked car bomb and a suicide attacker who drove up in a minibus." The bomb site, "Tayaran Square, is located near several government ministries and a bridge that crosses the Tigris River to the heavily fortified Green Zone."

Shiite, Sunni Families Suffer Similar Fates In Violence. The Washington Post (12/12, A20, Trejos, 690K) reports, "Twenty armed men entered the Subhi family home in southern Kirkuk at dawn Monday, killing a 12-year-old boy, his 13-year-old sister and their pregnant mother, police said. The al-Jubori family met a similar fate on Sunday when gunmen opened fire on their minibus in Muqdadiyah, northeast of Baghdad. ... The Subhi family is Shiite. The Jubori family is Sunni. Both families were warned by their neighbors to leave their homes because they were not of the desired sect, according to police. The Jubori family left. The Subhi family did not." After "last month's car bombings in the Shiite stronghold of Sadr City and this past weekend's purging of Sunnis from the Baghdad neighborhood of Hurriyah, members of both sects say they are gripped by fear."

Marines Contend With Fallujah's Challenges. The Christian Science Monitor (12/12, Peterson, 59K) reports in a bleak article, "The wariness that greeted this [Marine] civil affairs unit two weeks ago points to the difficulty faced by US forces as they search for a balance between rebuilding and bringing security to a city where insurgent attacks are on the rise. ... For two years, strategic rebuilding has been complicated by frequent rotation of Marine units. Today, it is made more difficult by increasing violence and insurgent numbers - Iraqi contractors and workers are frequently killed - and a Marine presence that has shrunk to less than 300. ... the challenge is to spread US money in Fallujah to win goodwill in a way that does not further endanger Iraqis willing to help." Meanwhile, "lavishing funds on cities like Fallujah drew criticism from outgoing Secretary of Defense Donald Rumsfeld in a memo dated Nov. 6, two days before his resignation."

Taliban Regroups In Pakistan. Following yesterday's New York Times account of growing Taliban strength in northern Pakistan, the AP (12/12, Pennington) reports, "A peace deal between Pakistan's government and Islamic militants in the northwestern tribal region of North Waziristan has created a virtual Taliban mini-state where mullahs dispense justice and fighters are launching cross-border attacks into neighboring Afghanistan, a think tank reported Monday." The International Crisis Group cited "reports of pro-Taliban militants attacking music, video and CD stores, closing barber shops, imposing taxes and establishing courts to impose summary justice" in North Waziristan. Its "grim assessment came against the backdrop of an alarming surge in violence in southern and eastern Afghanistan this year that has killed close to 4,000 people." The Pakistani government rejected the ICG's "baseless allegations."

US Expresses "Concern" Over Taliban Havens In Waziristan. AFP (12/12) reports, "The United States said it was concerned over safe havens being established by Islamic militants in northern Pakistan's tribal areas bordering Afghanistan. The concerns stemmed from reports [by the New York Times] Monday that Pakistan's peace deals with militants in its tribal areas are helping to fuel Taliban's regrouping." State Department spokesman Eric McCormack said, "Having safe havens and areas where these extremists can operate from is a real concern for us."

UK Officials To Stop Using Phrase "War On Terror." CNN's Lou Dobbs Tonight (12/11, Dobbs) reported, "The British government tonight is apparently dropping the phrase 'the war on terror.' the British foreign office has reportedly told government officials to stop using the expression because it believes the phrase could anger Muslims. However, many radical Islamists in Britain have no hesitation about their support of terrorism. A top British official

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yesterday said the security services are monitoring 30 conspiracies and a terrorist attack in Britain over the Christmas holiday is, according to the British government officials, highly likely."

CORPORATE SCANDALS:

DOJ To Announce Changes To Corporate Probe Policy. The Financial Times (12/12, Masters) reports, "The US Department of Justice will announce Tuesday that it plans to make it easier for companies under investigation to cooperate with prosecutors and avoid criminal indictment, the Financial Times has learned. … Specifically, field prosecutors will no longer have blanket authority to demand that a company waive its attorney-client confidentiality privileges and instead will have to seek higher-level approval in Washington before making such a request, according to a Department of Justice official who asked not to be identified." The Times continues, "The new policy, to be announced by Deputy Attorney General Paul McNulty, also addresses the controversial practice of requiring companies to cease paying legal fees for employees implicated in matters under investigation." The Times adds, "The revisions come after months of criticism from defense attorneys, the business community and some members of Congress of the cooperation policy set forth in a 2003 memo by Larry Thompson, then the deputy attorney general. Critics of the Thompson memo have argued that prosecutors gained too much power after the collapse of Enron and WorldCom and needed to be reined in. … Senator Arlen Specter has introduced legislation that would prevent prosecutors from requiring waiver of attorney-client privilege. A federal judge in New York hearing a major tax fraud case has harshly criticized the Justice Department for requiring accounting firm KPMG to stop paying attorneys fees for its former employees as part of its cooperation agreement. The judge, Lewis Kaplan, ordered KPMG in June to resume paying the fees. That case is on appeal."

No End In Sight For Federal Stock Option Probes. The AP (12/12, Gordon) reports, "Eighteen CEOs swept out. More than a hundred public companies under federal investigation and over $5 billion in profits erased by restatements. Indictments so far: five former top executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc." The AP continues, "The toll of the stock options timing affair -- corporate America's scandal of the year -- has been heavy. Federal officials say more prosecutions will be brought in 2007 over manipulation of the timing of stock option grants to enrich top company executives." The AP adds, "Nearly every business day, more companies report federal or internal investigations. New lawsuits by shareholders are filed. More businesses disclose that because past option grants may have distorted their financial results, they may have to restate earnings. Next year could well bring more restatements, and companies' stock could be stripped from public trading because reviews of options grants made them late in filing their quarterly financial reports. … The Justice Department will 'continue to be engaged for perhaps years to come, as we work these cases out,' U.S. Attorney Kevin Ryan, who heads a task force in northern California pursuing options timing cases, said recently at a gathering of attorneys. 'The final chapter hasn't been written yet.'" The AP notes, "Many of the companies ensnared in the scandal are in Silicon Valley's high-tech industry, where stock options for employees created legions of millionaires in the dot-com era. The prized perks allow executives and employees to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price -- and pocket the difference. … Among the wide swath of companies caught up in internal or government investigations: Apple Computer Inc., Barnes & Noble Inc., Caremark Rx Inc., Costco Wholesale Corp., Gap Inc., The Home Depot Inc., McAfee Inc., Monster Worldwide Inc., Restoration Hardware Inc., Staples Inc. and UnitedHealth Group Inc."

Backdated Options Can Yield Hefty Tax Bills. The Wall Street Journal (12/12, B1, Francis) reports, "Many of the hundred-plus companies under investigation over backdated stock options -- and the individuals who received those options -- are scrambling to protect themselves from another potential consequence: stiff tax bills. For individuals, the tax bill and penalties could prove steep, even if the shares become worthless. Companies, too, could face a hefty bill and potential penalties for unpaid income and payroll taxes." The Journal continues, "Options generally give an employee a future right to buy an employer's shares at a specified price. If the stock rises, the employee makes money. And if the company cheats, backdating an option grant to a period when the stock was lower than the day it was actually granted,

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the recipient benefits financially even more." The Journal adds, "Ordinarily, top executives owe income taxes on any gains from exercising their options at the time of exercise. Lower-level employees often receive another kind of stock option that is typically taxed only when the underlying shares are actually sold (although they can be taxed sooner under the Alternative Minimum Tax). But under tax rules for deferred compensation adopted in 2004, improperly priced options of either kind can trigger a 20% surtax on top of ordinary income tax -- totaling as much as 60% of any gain, once state and local taxes are taken into account. … Moreover, under the 2004 rules, the taxes and penalties come due in the year an executive is first allowed to exercise the options -- in other words, when the options vest -- even if he or she exercises them later. Tax experts say taxes are still due if the option subsequently loses value before exercise or even goes unexercised. In addition, more taxes are due if the underlying shares continue to gain value before the options are exercised. (On the flip side, options that expire while under water can't be used to offset other taxable income, tax experts say.) The IRS also charges penalty interest -- currently about 9% -- for late payment."

5th Circuit Delays Skilling's Prison Check-In Pending Bail Ruling. The Wall Street Journal (12/12, A12, Emshwiller) reports, "Former Enron Corp. President Jeffrey Skilling's decades-long date with a prison cell, scheduled to start today, has been temporarily delayed by a federal appeals court." The Journal continues, "Late yesterday, Mr. Skilling's lead criminal defense attorney, Daniel Petrocelli, said he received notice that the Fifth Circuit Court of Appeals had ordered a delay in his client's scheduled report date to a federal prison in Waseca, Minn., where he was to begin serving a more-than-24-year prison sentence. Mr. Skilling received that sentence as the result of being convicted earlier this year in a Houston federal court on 19 criminal counts, including conspiracy and fraud, arising from Enron's December 2001 collapse into bankruptcy. Mr. Skilling, who has consistently maintained his innocence, had been planning to fly to Minnesota this morning to report to the prison, Mr. Petrocelli said."

The Washington Post (12/12, D1, Johnson) reports, "Skilling, 53, had been preparing to turn himself in today and begin serving a prison term of 24 years and six months at a federal facility in Waseca, Minn. But a brief order from the U.S. Court of Appeals for the 5th Circuit, issued yesterday evening, means the brash former corporate executive will enjoy at least a few more days of freedom." The Post adds, "Skilling's lawyers are attacking a theory that the appeals court had invalidated last summer in another case tied to the Houston energy trading company. The appeals court ruling granted Skilling an undetermined delay "solely to allow this court to give careful consideration to the request for bail pending appeal," the order said." The Post notes, "Legal analysts said the court could ultimately force Skilling to report to the 1,070-inmate prison 75 miles south of Minneapolis within days -- or the judges could take even more time to consider the issue. To stay free pending a months- or years-long appeal, Skilling would need to show a substantial chance that he would succeed."

The Houston Chronicle (12/12, Hays, Fowler) reports, "The last-minute reprieve was a possibility up to Skilling's deadline of 2 p.m. Tuesday to report to the prison in Waseca, about 75 miles south of Minneapolis. Skilling will await word from the 5th Circuit on whether he can pursue his appeal inside or outside of prison. His appeal is expected to be filed next month." The Chronicle adds, "The appellate court's decision is somewhat unusual, said Brian Wice, a Houston lawyer who specializes in appeals. … 'It's rare to see a panel decide to stay a prison sentence so they can carefully consider his motion to remain free. Usually it's just a one-sentence summary denial,' Wice said." Bloomberg (12/12) also reports this story.

Federal Prosecutors Lay Out Case Against Conrad Black. Bloomberg (12/12, Harris) reports, "Former Hollinger International Inc. Chairman Conrad Black, indicted for fraud and accused of abusing company perks, compared himself to embattled French nobility in defending his actions, according to U.S. prosecutors in a filing." Bloomberg continues, "The 81-page document, filed today, lays out the prosecutors' case against Black, Peter Atkinson, a former Hollinger vice president and general counsel, and two other defendants. … 'I am not prepared to re-enact the French Revolutionary renunciation of the rights of nobility,' Black told Atkinson in a 2002 e-mail, according to the filing." Bloomberg adds, "Black, Atkinson, former Hollinger Chief Financial Officer John Boultbee, and ex-general counsel Mark Kipnis were each indicted last year on charges that they stripped Hollinger of its U.S. holdings while reaping millions for themselves through unauthorized non-competition agreements. … Black's Toronto lawyer, Edward Greenspan,

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said he had read the filing but wasn't prepared to comment on it immediately, citing the document's length. … Jury selection for the trial of Black and the other defendants is set for March 7. Black, Atkinson, Boultbee and Kipnis have pleaded innocent. Former Chicago Sun-Times publisher F. David Radler, who was also indicted, pleaded guilty last year and is cooperating with authorities."

SEC Sanctions Two Over PNC Accounting Problems. The AP (12/12) reports, "An accounting executive at PNC Financial Services Group Inc. and an outside auditor were sanctioned by federal regulators Monday for their alleged roles in the regional bank's faulty accounting in 2001, said to have inflated earnings by concealing $762 million in potential liabilities." The AP continues, "The Securities and Exchange Commission announced the settlements with Thomas Garbe, who was PNC's director of accounting policy at the time, and Michael Joseph, a former partner with the major accounting firm Ernst & Young, which reviewed the transaction at issue. Garbe and Joseph neither admitted nor denied the SEC's allegations but agreed to refrain from future violations of the securities laws. … In addition, Joseph was barred for three years from acting as an accountant for any public company. … Garbe 'failed to inquire adequately about facts and circumstances, and was a cause of PNC's violations of the ... federal securities laws,' the SEC said in its order." The AP adds, "The agency had previously alleged that Pittsburgh-based PNC tried to conceal $762 million in sour corporate loans in 2001 by selling them to three partnerships it created expressly for that purpose with insurance giant American International Group Inc."

Bloomberg (12/12, Bilodeau) reports, "American International Group Inc., the world's biggest insurer, hired Joseph to help develop and market a financing arrangement that PNC used to shift $762 million in bad loans and investments off its books in 2001, according to the SEC. Ernst & Young, the second-biggest U.S. accounting firm, also was the auditor that year for PNC, a Pittsburgh-based bank. … Joseph, a 'nationally recognized expert' on accounting for off-balance-sheet financing, drafted an expert-opinion letter for AIG approving the transaction, the SEC in its order today. Then Joseph gave the same letter to the Ernst & Young team auditing the way PNC accounted for it. The Ernst & Young auditors adopted Joseph's guidance letter 'virtually verbatim,' the SEC said. … 'Joseph was invested both financially and reputationally in the success' of the arrangement, the regulator said. As a result, he had a conflict of interest when he 'evaluated' PNC's accounting for a product he had helped create. 'Joseph was on both sides of the PNC transactions,' the SEC said."

CRIMINAL LAW:

Judge Resolves Dispute Over Classified Information For Libby. The AP (12/12, Apuzzo) reports US District Judge Reggie B. Walton "all but resolved the protracted legal fight over classified information in the CIA leak case Monday, helping ensure the dispute would not derail former White House aide I. Lewis 'Scooter' Libby's perjury and obstruction trial." Libby is "accused of lying to investigators about his conversations with reporters regarding a CIA operative. He says he had more pressing issues on his mind and wants to discuss classified intelligence about terrorist threats and foreign nuclear programs to bolster that argument." Walton, "who rankled Special Prosecutor Patrick Fitzgerald last month by ruling that Libby must be allowed to discuss intelligence on Iraq, Iran, Pakistan, terrorism and other issues at trial, accepted Fitzgerald's proposal to limit the details Libby and his attorneys can discuss. The details of those limitations are sealed but, because it was Fitzgerald's proposal, it's unlikely he would come back to court later this month and argue that the limitations did not go far enough to protect government secrecy."

FBI Affidavit Unsealed In Prince George's Bribery Probe. Under the headline "FBI Tape Shows Hornsby Accepting Money," the Washington Post (12/12, B2, Rich, 690K) reports, "As soon as he walked into the hotel room, Andre J. Hornsby talked to his longtime associate about the possibility he had been followed. … They talked about purging Hornsby's e-mails from school system computers, and then the associate -- who was secretly cooperating in an investigation of Hornsby -- handed over $1,000." The Post adds, "Details of the videotaped meeting at the end of 2004 were among the key disclosures in an FBI affidavit unsealed yesterday at U.S. District Court in Greenbelt. The affidavit and related documents contain a raft of new information about the corruption case prosecutors have assembled against Hornsby," the former Prince George's County schools superintendent.

The AP (12/12) also notes that the affidavit "claims Hornsby took great pains to conceal his schemes…checking

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for possible phone taps, and trying to shake what he correctly suspected were FBI agents following him. Hornsby was indicted in August and pleaded not guilty to charges of mail fraud, wire fraud, witness and evidence tampering, and obstruction of justice. His attorney, Robert Bonsib says he expects the matter to go to court and be hard fought."

New York Federal Prosecutors Suffer Through Losing Streak. The AP (12/12, Neumeister) reports, "These are happy times for defense lawyers in Manhattan federal court. … A string of recent acquittals, in cases involving everything from organized crime to Wall Street misdeeds to terrorism, has eroded the patina of invincibility from prosecutors in an office where high-profile convictions once seemed inevitable." The AP continues, "The defeats -- just two years after the government successfully prosecuted home maven Martha Stewart -- were capped off when prosecutors announced just before Thanksgiving that they were dropping one-third of the 15 cases brought against floor specialists at the New York Stock Exchange." The AP adds, "The prosecution, meant to show specialists were cheating investors by improperly trading for their companies ahead of orders for their customers, had already suffered huge hits with two acquittals and dropped charges in two cases -- although they did notch five convictions. … The latest charges were dropped just days after a jury acquitted a California man on charges that he lied about his association with one of the Sept. 11, 2001, hijackers, ending a case the government relentlessly pursued for five years. … Just weeks earlier, a third jury deadlocked on racketeering charges against John A. 'Junior' Gotti, leading prosecutors to abandon their case against the admitted one-time Gambino crime family boss. … And that came only weeks after prosecutors agreed to drop charges against technology banker Frank Quattrone, letting him resume a career that once paid him as much as $120 million a year." The AP notes, "In civil and criminal cases, prosecutors in Manhattan's U.S. District Court have endured a variety of setbacks -- including decisions forcing them to divulge the identities of detainees at Guantanamo Bay, Cuba, and to turn over pictures of prisoner abuse in Iraq. … Even a big victory _ the conviction of lawyer Lynne Stewart on a charge of providing material support to terrorists _ soured when a judge sentenced her to a little over two years in prison rather than the 30 years the government had sought. … U.S. Attorney Michael Garcia, who took the job last year when the soon-to-be stymied prosecutions were already in full swing, told The Associated Press that the setbacks were cyclical. … The results, he said, can happen when 'the stars line up badly in a bunch of cases ... It's crazy to say that it's the quality of the lawyering here.' Garcia said prosecutors stream to his office after a win or a loss -- and the losses hit hard. … He said losses attract more attention than the vast majority of criminal cases that end in convictions. He cited the successful prosecution of South Korean businessman Tongsun Park, who was convicted by a jury that took only hours to find he conspired to accept at least $2 million to act as a secret Iraqi agent to influence the United Nations' oil-for-food program."

Judge Seeks Answers On Internal DOJ Probe Of Mafia Case Prosecutor. The Boston Globe (12/12, Mishra, Murphy) reports, "The chief federal judge in Boston is urging the US Justice Department to find out and tell him what happened to an internal investigation of a federal prosecutor accused of withholding evidence in a high-profile Mafia case." The Globe continues, "The unusual request, which was filed in court yesterday, stems from a botched racketeering case in which two reputed mobsters were released early from prison after Chief US District Judge Mark L. Wolf determined that prosecutor Jeffrey Auerhahn improperly and possibly illegally manipulated evidence." The Globe adds, "Three years ago, US Attorney Michael J. Sullivan told Wolf that he would get to the bottom of the alleged misconduct. But in a letter sent Friday to Sullivan's boss, Attorney General Alberto R. Gonzales, Wolf wrote that 'no information on the status or any results' of the investigation into Auerhahn had been reported to him. … 'The apparent inaction of the Department of Justice regarding Mr. Auerhahn has generated considerable concern about the administration of justice in the District of Massachusetts,' Wolf wrote." The Globe notes, "Citing Justice Department rules protecting employees' privacy, Sullivan said yesterday he could not comment on the results of the investigation of Auerhahn or whether any action had been taken against him. … Sullivan said he would look into whether prosecutors could somehow share the results of the investigation with Wolf without violating Auerhahn's privacy. … 'Obviously the court has raised some legitimate concerns as it relates to a matter that was before the court, and there should be an avenue to be able to respond to the court on the outcome of any inquiry that was launched as a result of the court's findings or conclusions,' Sullivan said."

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Probe Of Amtrak Legal Procedures Gathers Steam. The Legal Times (12/12, Palmer) reports, "A House committee broadened its investigation into government-subsidized train operator Amtrak's legal department and its outside legal counsel last week, calling for the Justice Department to investigate possible illegal activities." The Times continues, "In a Dec. 4 letter obtained by Legal Times, outgoing House Transportation and Infrastructure Committee Chairman Don Young, R-Alaska, and committee member Rep. John Mica, R-Fla., requested that Attorney General Alberto Gonzales review 'what may constitute unlawful conduct' between Amtrak's legal team and outside law firms. It's the second letter the lawmakers have sent regarding potential mismanagement on the part of Amtrak and its outside law firms." The Times adds, "In a separate letter sent Nov. 17 to Amtrak Inspector General Fred Weiderhold Jr., the congressmen singled out Manatt, Phelps & Phillips for its billing of support staff and expenses. The letter asked Weiderhold to review specific instances regarding Manatt's work on the Northeast Corridor electrification project to see if they were 'appropriate, justified, documented, and accurate.' … 'The Times notes, "The lawmakers' overtures come after a recent probe into Amtrak's legal department by the Department of Transportation's inspector general and Weiderhold, which came at the request of the transportation committee. The investigation found that Amtrak mismanaged more than $100 million in legal fees from June 2002 to June 2005. The inspector generals' report, released in October, found that Amtrak's outside legal counsel rarely turned in receipts and used block billing, the term for billing different tasks under one invoice entry, which is prohibited by Amtrak's guidelines for dealing with outside counsel. … The letter to the Justice Department, which does not name any specific law firms, addresses four areas in which Amtrak employees and outside legal counsel may have broken federal law by bill padding and possible collusion among Amtrak's legal department and outside counsel to use side agreements benefiting the outside law firms."

Raids In Five Cities Nab 19 Bosnian Serbs Charged With War Crimes. Long Island Newsday (12/12, Mcallester) reports from Tampa, FL, "Federal agents raided homes in five cities Monday, arresting 19 Bosnian Serbs whose units allegedly participated in the Bosnian war's Srebrenica massacre, sources told Newsday. …. The murder of more than 7,000 Bosnian Muslims at Srebrenica was the worst war crime in Europe since World War II." Newsday continues, "Monday's arrests follow one in Milwaukee during the weekend. The investigation is continuing, the sources said, and is expected to net more Srebrenica suspects than any other operation to date worldwide. … The total number of Srebrenica suspects arrested in the past two years on immigration violations in the United States is approaching 50. At least three have been deported to Bosnia from Arizona and two are in custody in Sarajevo as prosecutors there investigate them for war crimes." Newsday adds, "Agents from Immigration and Customs Enforcement arrested eight men in Tampa Monday. Others were arrested in nearby Orlando and in Denver, Detroit and Chicago. The government alleges that all of them lied on their immigration applications, deliberately omitting mention of their service in the Bosnian Serb Army." Newsday notes, "At the federal courthouse in downtown Tampa Monday afternoon, five of the men arrested Monday were arraigned before Judge Thomas McCoun. … While investigators and prosecutors do not consider any of the men a present danger, the underlying theme of the operation that led to their arrest is that they were, not so long ago, a mortal danger to thousands."

Sheehan Convicted Of Trespassing At UN. The AP (12/12, Maull) reports, "Peace activist Cindy Sheehan and three other women were convicted of trespassing Monday for trying to deliver an anti-Iraq war petition to the U.S. Mission to the United Nations." A Manhattan Criminal Court judge "sentenced them immediately to conditional discharge, which means they could face some form of penalty if they are arrested in the next six months, and ordered them to pay $95 in court surcharges." Sheehan and "about 100 other members of a group called Global Exchange were rebuffed last March when they attempted to take a petition with some 72,000 signatures to the U.S. Mission's headquarters across a street from the United Nations. After Monday's sentencing, the women returned to the Mission; this time, their petition was accepted."

In 9-0 Decision, Supreme Court Reinstates Murder Conviction. The Los Angeles Times (12/12, Savage, 850K) reports, "The Supreme Court reversed the U.S. 9th Circuit Court of Appeals today and restored a California murder conviction that had been thrown out because a small photo of the victim had been worn by his

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family during the trial. In a 9-0 decision, the justices said the appeals court had overstepped its bounds when it held that this display violated the defendant's right to a fair trial."

USA Today (12/12, Biskupic, 2.27M) reports, "The justices did not rule on whether the display of such buttons should be permitted at trials. Rather, they said in a unanimous decision that a lower court was wrong to find that the buttons may have prejudiced the jury and that the defendant should be able to make his case to a federal judge." However, "in an opinion by Justice Clarence Thomas, the high court said it had no precedent against such conduct by spectators, so the 9th Circuit should not have ruled that the defendant, Mathew Musladin, could make a claim in federal court. The fundamental question in the case focused on the standards state prisoners must meet to challenge their cases in federal court." The New York Times (12/12, Stout, 1.16M) also says the ruling "was hardly an endorsement of personal, emotional expressions in a trial courtroom. On the contrary, the key issue was whether the Ninth Circuit went too far."

The Legal Times (12/12, Mauro) reports, "When Mathew Musladin went on trial in Santa Clara, Calif., for the 1994 murder of Tom Studer, his estranged wife's fiance, the victim's family showed support for Studer in an unusual way. … Sitting silently near the jury, family members wore buttons bearing a photo of Studer's face every day of the trial. Musladin's lawyer asked the trial judge to order the buttons removed, asserting they would prejudice the jury against his client. The judge denied the motion." The Times continues, "On Monday the Supreme Court ruled in Carey v. Musladin that the Studer family's actions did not violate any firmly established federal rule and there was thus no reason to reverse Musladin's conviction. … The unanimous ruling did not endorse the practice, and Justice David Souter wrote separately that spectators wearing buttons 'can raise a risk of improper considerations.' But under federal habeas corpus rules, a state conviction can be reversed only if the state court's ruling upholding the conviction misapplies 'clearly established federal law as determined by the Supreme Court.' … Justice Clarence Thomas, writing for the Court, said it is clearly established by Court precedent that certain actions by the state at trial -- such as forcing a defendant to wear prison garb or surrounding the defendant with uniformed state troopers -- are inherently prejudicial enough to cause the reversal of convictions."

The AP (12/12, Yost) reports, "It was the first time the justices had ruled on whether the conduct of courtroom spectators deprived a defendant of a fair trial, which in this instance resulted in a conviction that an appeals court reversed."

LATimes Criticizes 9th Circuit Court. In an editorial, the Los Angeles Times (12/12, 850K) says "critics of the US 9th Circuit Court of Appeals, such as outgoing California Atty. Gen. Bill Lockyer, are celebrating that liberal-leaning court's latest rebuff by the Supreme Court. … This page, which strongly opposes capital punishment, is nevertheless glad to see the 9th Circuit's wrist slapped for improperly applying the law as it is written." The Times says the High Court's ruling "might seem like a technical argument between courts, but it points to something more pervasive and troubling: that the 9th Circuit seems predisposed to second-guess state courts, especially in death penalty cases -- even to the point of usurping the high court's role. The 9th Circuit's image problem is easy grist for conservatives, but it should be troubling to liberals and moderates as well."

Oregon Doctor Sentenced To 18 Months In Prison For Botox Scam. KGW-TV Portland (12/11) reported on its Web site, "A doctor who injected cosmetic patients in Tigard and Salem with a Botox substitute was sentenced to 18 months in Federal prison Monday. Dr. Jerome Lentini was also ordered, along with his office nurse Catherine Garcia, to pay restitution of $330,306.76. … Federal officials think Lentini and Garcia injected more than 800 patients with unapproved drugs in a 13-month span, according to records." KGW noted, "Two of Lentini's employees, knowing of the Florida cases, became concerned when they witnessed Lentini drawing on what they believed to be large stocks of a non-FDA approved drug. One of the employees contacted the Oregon Board of Medical Examiners and the FBI, triggering the investigation." The Salem Statesman Journal (12/12) and Tigard Times (12/12) also report on the sentence.

Oregon Lawyer Sentenced To Year In Prison For Loan Fraud. The Salem Statesman-Journal (12/8, Liao) reported, "Thomas Knapp, a former Salem lawyer who pleaded guilty this year to a money-laundering charge, was sentenced Thursday to a year in federal prison and ordered to pay about $313,000 restitution, officials said. Knapp was involved in an international loan scam from September 2000

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and February 2005, said Assistant U.S. Attorney Chris Cardani. Knapp bought a Mercedes and financed a building on Commercial Street SE where he ran his law practice using money from the scam."

Three Convicted Of Defrauding Microsoft In Discount Software Scam. Bay City Newswire (12/8) reported, "The U.S. attorney's office reported that three people have been convicted of devising a scheme to defraud Microsoft Corp. by obtaining discounted software under false pretenses. Prosecutors say the scheme involved buying more than $29 million worth of software that was steeply discounted for academic institutions, and selling it to non-academic entities, in violation of the Microsoft agreement. Microsoft estimates that it lost more than $60 million as a result of the defendants' criminal acts, according to prosecutors." BCN noted, "The convictions resulted from 'Operation Cyberstorm,' a two-year undercover investigation into software piracy and related crimes conducted by agents from Federal Bureau of Investigation, the Internal Revenue Service's criminal investigation unit and the REACT Task Force."

Puget Sound Business Journal (12/8) added, "According to the U.S. Department of Justice, Mirza Ali, his wife, Sameena Ali, and Keith Griffen were convicted on Nov. 28 for trying to defraud the Redmond software giant by 'obtaining discounted software under false pretenses.' … Microsoft said it estimates it lost more than $60 million in the scheme that investigators called 'Operation Cyberstorm.' 'Microsoft applauds the...conviction of three individuals involved. The conviction of these individuals is a significant victory for the software industry, its partners and customers, and all who value fair and ethical business practices,' said Bonnie MacNaughton, senior attorney for Microsoft, in a statement."

Results Are Mixed On Banks' Efforts To Identity Theft Victims. The Wall Street Journal (12/12, D2, Mincer) reports, "A small but increasing number of banks now offer to protect clients when an identity thief has been snooping around. … The institutions offer help from generic advice on correcting credit records to personalized help when someone has misused a client's account. MetLife Bank, a unit of MetLife Inc., announced last week that it would provide customers free assistance even if the identity theft doesn't involve a MetLife account." The Journal continues, "Unlike credit-card theft, which consumers can resolve with a quick call and, at most, a $50 expense, repairing damage after someone has used your personal information to take over or open bank and other consumer accounts could involve thousands of dollars in personal losses and months of effort. … In 2005, there were 8.9 million identity-fraud victims in the U.S., costing $56.6 billion, according to Javelin Strategy & Research, an independent research firm in Pleasanton, Calif. The average fraud amount per victim was $6,383; the average consumer cost was $422. On average, resolving the problem took 40 hours. The median time for resolution -- meaning half of the incidents took longer and half took less time -- was five hours." The Journal adds, "Financial institutions are concerned not only because of the cost but also because their customers are worried about becoming victims. … While banks are responsible for helping customers to investigate activity on an account at that institution, some are providing assistance on accounts outside."

The New York Times (12/12, Dash) reports, "Melody Millett was shocked when her car loan company asked her if she was the wife of Abundio Perez, who had applied for 26 credit cards, financed several cars and taken out a home mortgage using a Social Security number belonging to her actual husband. … Beyond her shock, Mrs. Millett was angry. Five months earlier, the Milletts had subscribed to a $79.99-a-year service from Equifax, a big financial data warehouse, that promised to monitor any access to her credit records. But it never reported the credit activity that might have signaled that they were victims of identity theft. … 'I feel like the whole thing is a sham,' said Mrs. Millett, a 37-year-old information-technology manager from Overland Park, Kan. 'You feel completely violated because here are the people who know the industry. They hold all the data.' The services, she contends, are oversold." The Times continues, "It is not just criminals who are profiting from identity theft; financial institutions are making money, too. Fear of identity theft has helped give rise to a nearly billion-dollar business in credit-monitoring services sold by the major credit bureaus — companies like Equifax, Experian and TransUnion — as well as direct marketers and banks. … Javelin Strategy and Research, which analyzes the credit-monitoring market, says more than 12 million Americans are now subscribers. The services alert them when lenders have requested their credit files, usually an indication a credit application has been made in their name." The Times notes, "Credit monitoring has quickly gained traction with consumers through aggressive advertising that often promotes its value in

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protecting against identity theft. But its abilities are far more limited than is commonly perceived. .. .In the meantime, measures that could stem fraud from identity theft — like legislation empowering consumers to block access to their credit records, making it impossible to extend new credit — have faced stiff resistance from industry groups."

Ameriprise Settles With Massachusetts Over Loss Of Company's Laptop. The Wall Street Journal (12/12, Levitz) reports, "In what may be the first regulatory action against a company for losing sensitive customer data, Massachusetts securities regulators reached a settlement with Ameriprise Financial Inc. over the company's loss of a laptop computer last year." The Journal continues, "Under an agreement with the office of Massachusetts Secretary of State William Galvin, Ameriprise agreed to hire an independent consultant within 60 days to review its policies and procedures for employees' and contractors' use of laptop computers that contain personal or financial information on Ameriprise customers. … The Minneapolis-based financial-advisory firm didn't admit any wrongdoing or liability under the settlement." The Journal adds, "The regulatory action is unusual, said Beth Givens, director of the Privacy Rights Clearinghouse, a San Diego consumer group. More typically when companies lose laptops, customers are typically told to monitor their credit for a certain period. … Over the past nine months, Ms. Givens's organization has cited more than 60 cases of security breaches involving missing laptops at companies, universities, and government agencies. … Ameriprise disclosed in January that it had notified thousands of people that their names and other personal data were stored on a laptop that was stolen from an employee's car on Christmas Eve 2005 while the employee was on vacation in the Midwest. The laptop contained the names and account numbers of 158,000 Ameriprise clients, and the names and Social Security numbers of 67,000 current and former financial advisers. The lost data included information on thousands of Massachusetts residents, among others."

Hackers Access Personal Data Of 800,00 UCLA Employees, Students, Alumni. The Los Angeles Times (12/12, Trounson, 850K) reports, "In what appears to be one of the largest computer security breaches ever at an American university, one or more hackers have gained access to a UCLA database containing personal information on about 800,000 of the university's current and former students, faculty and staff members, among others. UCLA officials said the attack on a central campus database exposed records containing the names, Social Security numbers and birth dates…for at least some of those affected. The attempts to break into the database began in October 2005 and ended Nov. 21, when the suspicious activity was detected and blocked, the officials said." Acting Chancellor Norman Abrams said that "the university had no evidence that any of the information had been misused." The Times notes, "Laura Eimiller, spokeswoman for the FBI's Los Angeles office, said the agency was investigating the breach, but said she could not comment further."

Small Stores Account For Most Food Stamp Fraud. USA Today (12/12, 2A, Leinwand, 2.27M) reports efforts to "reduce the illegal use of food stamps have kept millions of dollars in benefits from going to waste during the past five years, but small convenience and grocery stores in low-income areas continue to be hotbeds for fraud, according to the Government Accountability Office." The GAO is "recommending that the Department of Agriculture intensify its focus on finding stores that violate federal rules and increase penalties for trafficking in misused stamps. The GAO's recommendations, in a report released in October, come as Congress is preparing to revisit the $29 billion-a-year food stamp program next year as part of a giant farm bill." The GAO "is urging the Food and Nutrition Service (FNS) — the agency within the Agriculture Department that runs the food stamp program — to review the 160,000 stores authorized to receive stamps to determine which are most likely to engage in fraud and to target them for enforcement."

NYTimes Says Drug Companies Must Increase Efforts To Combat Fraud. The New York Times (12/12, 1.16M) says in an editorial, "Tempted to buy cheap medicines from a pharmacy Web site? Think twice. If the Web site shows no verifiable street address for the pharmacy, there is a 50 percent chance the drugs are counterfeit." The WHO has "recently set up a task force that brings together many groups that work on counterfeit drugs. It is a start. Multinational drug companies — which have been reluctant to report fakes lest they erode consumer confidence in all drugs — need to do more. An international convention is also needed to establish stiffer penalties for counterfeiting drugs, and marshal more funds and support to fight this deadly crime."

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CIVIL LAW:

DC Circuit Hears Appeal Of DOD Labor Relations Rules. Government Executive (12/12, Rutzick) reports, "A panel of appeals court judges heard arguments Monday over the legality of the Defense Department's proposed labor relations system for civilian employees." GE continues, "After losing in a lower court in February -- and following two losses for the Homeland Security Department's similar system -- government lawyers continued to argue that Congress gave the Pentagon authority to make far-reaching changes to collective bargaining. … In the 2004 Defense authorization bill, Congress granted the department authority to create a new human resources system, based on the notion that the current system was too rigid and outdated to allow the department to respond with agility to modern threats of terrorism." GE adds, "Pentagon officials said they have the authority to override collective bargaining agreements after they are reached and the ability to narrow the items that can be bargained over as much as they want. But a coalition of federal labor unions sued the department to say the rules effectively eliminate collective bargaining."

The Federal Times (12/12, Kauffman) reports, "Three years ago, Congress gave the Defense Department authority to craft a new labor relations system outside existing rules governing collective bargaining. At the same time, Congress said the department couldn't remove an employee's right to organize and bargain collectively. … These two seemingly contradictory statements are at the heart of a legal dispute that could decide whether the department can proceed with changes to personnel rules affecting 650,000 civilian employees. … 'The question is: Has the department reasonably interpreted the phrase 'collective bargaining'?' Judge David Tatel said Dec. 11, effectively summarizing the case before the U.S. Court of Appeals for the District of Columbia Circuit." The Times continues, "The answer is up to Tatel and two other appellate judges to decide. … The three-judge panel heard oral arguments Dec. 11 from attorneys representing the government and unions, who sued the department in November 2005 for creating a system that failed to protect employees' rights to bargain collectively. … The hearing lasted twice as long as the 40 minutes initially set aside for arguments, as the judges peppered the lawyers with detailed questions concerning what specific sections of the 2003 law meant." The Times notes, "Joe Goldberg, the attorney who argued on behalf of the 13 federal employee unions that filed the lawsuit, said provisions allowing the department to create a labor relations system outside Chapter 71 apply only to the mechanics of creating the system, not what is bargained under the system. … William Kanter, a Justice Department attorney who argued the NSPS case on behalf of the government, said that unlike with Homeland Security, Congress gave the Pentagon specific authority to craft a labor relations system outside Title 5 rules."

In his "Federal Diary" column for the Washington Post (12/12), Stephen Barr writes, "At times yesterday, the courtroom debate about the law that created a new civil service system for the Defense Department sounded like the judges and lawyers were playing Battleship, the game where opponents use a grid to target and sink ships. … The debate, before a three-judge federal appeals panel, focused on seemingly conflicting provisions in the 2003 law that permitted the Pentagon to issue regulations aimed at overhauling workplace rules and installing a pay-for-performance system." Barr continues, "William Kanter a Justice Department lawyer representing the Pentagon, contended that Congress defined what issues had to be put on the table for bargaining with unions, put limits on those rights and gave power to the defense secretary to throw out contracts. Certain phrases in the NSPS law makes it different from the Homeland Security statute and the rules blocked by the courts, he argued. … Joseph Goldberg, a lawyer with the American Federation of Government Employees, disagreed, saying that no matter how the government reads various provisions, it must take into account that the law provides for collective bargaining, as guaranteed in current law, and does not clearly eliminate the right of unions to bargain over the 'impact and implementation' of management decisions."

Massachusetts DA Testifies At Wrongful Prosecution Civil Trial. The Boston Globe (12/ Murphy, 413K) reports, "Jack I. Zalkind thought he did everything he could to make sure that Mafia hitman Joseph 'The Animal' Barboza was telling the truth when he implicated six men in a 1965 gangland killing, the former assistant Suffolk district attorney testified yesterday. But Zalkind said he prosecuted the case without knowing that the FBI had secret reports that indicated Barboza was lying and had falsely implicated four of the six. … Yesterday, Zalkind was the first live witness to testify in a federal civil trial that

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began last month, seeking more than $100 million in damages from the federal government." The Globe notes, "Two other men convicted in Deegan's slaying were not exonerated. Ronald Cassesso died in prison and Wilfred Roy French was later released. Yesterday, Cassesso's lawyer, Ronald J. Chisholm, testified that FBI agent H. Paul Rico had promised Cassesso that he would not do prison time for Deegan's slaying if he agreed to testify against the others and back up Barboza's version of events. But, Chisholm said, Cassesso told him he had rejected Rico's offer, telling the agent, 'I'm not going to frame innocent men.'"

CIVIL RIGHTS:

Report Offers Details Of New York City Police Shooting. The AP (12/12) reports, "Witnesses interviewed for a preliminary report on the police shooting of three men - including a groom on his wedding day - did not mention a fourth, possibly armed man who police say may have been present before officers opened fire, a newspaper reported Monday." The AP continues, "The New York Times obtained a copy of the police department's 23-page preliminary report of the shooting, a detailed look at what happened on Nov. 25 when Sean Bell, 23, and his two friends were caught in a barrage of 50 bullets after a bachelor party at a strip club in Queens. Bell's friends were wounded; all three men were unarmed." The AP adds, "Police have suggested a fourth man may have had a gun and fled when the plainclothes officers opened fire, but the report made no mention of such a man, whom the surviving victims have said does not exist. Some in the community claim the officers invented the man to justify the shooting. … The report also contains no indication that police were searching after the shooting for a fourth man, the paper said."

The New York Times (12/11, Rashbaum, Baker) reports, "When the shooting stopped, the police lieutenant edged toward the gray Nissan Altima with his gun drawn. He ordered the men inside to show their hands. The lieutenant had not fired his weapon, and as he neared the car, according to police records, one of the bloodied men inside complied and stuck his hands out the window. The other did not move. … A police sergeant who arrived seconds later described the scene this way: The Nissan had crashed into a van in the middle of the street. Smoke was coming from its radiator. The man in the driver's seat was slumped back. His passenger was lying across his lap with his arms hanging outside the driver's window." The Times continues, "The sergeant, Michael Wheeler, later told investigators that both men appeared seriously injured and likely to die, according to the records. A plainclothes officer stood close by, his pistol still trained on the two men in the car. A third man lay on the street nearby. … Minutes later, the shooting scene on Liverpool Street in Jamaica, Queens, was choked with patrol cars and the scrum of officials that follows a police shooting. A captain ordered another uniformed sergeant, Donald Kipp, to locate and inspect the weapons of the men involved in the shooting. In all, five plainclothes officers had fired a total of 50 bullets. .. .But one after another, in conversations with Sergeant Kipp or Sergeant Wheeler, the men said they could not say how many shots they had fired. Two said they were unsure whether they had even fired at all, including a detective who investigators later learned had fired 31 shots, emptying his 9-millimeter Sig Sauer pistol, reloading and emptying it again during the frenzied barrage." The Times notes, "The accounts of the lieutenant and the two sergeants are included in the Police Department's preliminary report of the shooting early on Nov. 25 that left the car's driver, Sean Bell, 23, dead on his wedding day and two of his friends wounded, one seriously. The men were part of a larger group that had just attended Mr. Bell's bachelor party in a strip club down the block. … The 23-page document prepared in the days after the shooting, and obtained by The New York Times, does not include the accounts of the four detectives and one police officer who fired their weapons. They are the subjects of an investigation by the office of the Queens district attorney, Richard A. Brown, and it is not clear if they will submit to interviews with prosecutors or testify before a grand jury."

Diallo Case May Offer Prosecutorial Blueprint. The AP (12/12, Hays) reports, "Before there were 50 shots and Sean Bell, there were 41 shots and Amadou Diallo. … The deadly 41-shot barrage fired by four police officers at the unarmed Diallo seven years ago sparked angry demands that the shooters face criminal charges - a scene replayed in the recent police shooting of Bell in a hail of 50 bullets." The AP continues, "Firepower and community outrage aside, the Diallo case serves as a reminder of the hard realities of prosecuting officers who are paid to carry guns and sometimes use them in dangerous situations. It also suggests the ultimate result of the latest case could be a civil settlement for the victims' families and a quiet demise of the careers of the officers involved. … 'Police officers are

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privileged to use deadly force,' said Ian Weinstein, a criminal law professor at Fordham Law School. 'The case will turn on whether the officers reasonably believed their lives were in danger, or that deadly force was justified.'" The AP adds, "Lawyers say the officers in the Bell case will have to decide - probably after Christmas - whether to tell a grand jury their side of the story in a bid to dissuade jurors from voting to indict them. The lawyer for the undercover officer has said his client is eager to testify; another defense attorney on the case, Stephen Worth, was noncommittal. … In the Diallo case, the officers chose not to go before a grand jury - a decision prosecutors said left them with no choice but to pursue charges of intentional murder, rather than manslaughter or criminally negligent homicide."

Federal Judge Gives California Six Months To Fix Prison Overcrowding. The AP (12/12, Thompson) reports, "A federal judge on Monday gave California officials six months to ease crowding in the state's overstuffed prison system, warning that potential remedies include capping the inmate population and releasing some prisoners early." The AP continues, "The state is scrambling to find solutions for a prison system that houses 173,000 inmates, 70 percent more than its capacity. Officials with Gov. Arnold Schwarzenegger's administration and inmate attorneys agree the crowding is causing myriad problems, including inmate deaths and dangerous conditions for guards. … 'Common sense suggests the state is being overwhelmed by the numbers,' U.S. District Judge Lawrence Karlton said." The AP adds, "Schwarzenegger declared a state of emergency in October after failing to persuade state lawmakers to spend billions on a prison building program. He is now seeking to transfer 2,260 inmates to other states as a partial solution. … California sent 80 inmates to a private prison in Tennessee in early November and plans more transfers this month to private prisons in Arizona, Indiana, Oklahoma and Tennessee. … Even if the transfers survive pending court challenges, officials predict California's prisons will run out of room by spring 2008." The AP notes, "Federal law permits early release of inmates only if a three-judge panel determines that all other options have been exhausted. That hasn't happened in any state since the law took effect 10 years ago, said Elizabeth Alexander, director of the American Civil Liberties Union's National Prison Project."

Louisiana School Board Sues To Cancel September Election. The Baton Rouge Advocate (12/12, Lussier) reports, "The Baker School Board filed a lawsuit in federal court Monday that seeks to cancel the Sept. 30 election in which District 1 voters ousted incumbent President Elaine Davis." The Advocate continues, "The lawsuit covers some of the same ground as Davis' already rejected election challenge, filed in state court. There, Davis unsuccessfully sought to overturn the vote that she lost to challenger Pam Malveaux by 20 votes. … Also listed as plaintiffs in the new federal lawsuit are three board members, Davis, Calvin Dees and Dana Carpenter." The Advocate adds, "Those three voted 3-2 last month to file the litigation, saying the school district's precise boundaries need to be established clearly. They did so over the objections of members George Gallman and Jane Freudenberger, neither of whom are listed individually as defendants. The School Board hired the Metairie law firm, Leblanc Butler LLC, to handle the case. … The lawsuit names as defendants the City of Baker, the East Baton Rouge Parish School Board, as well as parish Registrar of Voters Elaine Lamb and the parish's board of election supervisors." The Advocate notes, "n the state case, Davis, wife of former Baker Mayor Leroy Davis, challenged the votes of 21 voters, most of them living in Oak Glen Terrace trailer park on Thomas Road. … The new federal case alleges that up to 100 people voted improperly. … As evidence, the lawsuit claims that 'on information and belief' the children of these improper voters do not attend Baker public schools, but rather attend East Baton Rouge Parish public schools. … The crux of the litigation is that a small number of voters who live within the city limits of Baker, but not within the boundaries of the school district were illegally allowed to vote Sept. 30. … At issue are a couple of areas, including the Oak Glen Terrace trailer park, which the city annexed before June 1997, but for which the city did not receive approval, or preclearance, from the U.S. Justice Department until later. State courts found that the late date of these preclearances did not matter and that those contested areas are part of the Baker school district."

Christian Group Says DOD Gave Permission For Officers' Video. USA Today/AP (12/12, 11A) reports an evangelical Christian group, "under fire for a promotional video featuring active-duty military officers praising the organization, said Monday that the Defense Department gave it permission to record the video." The

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video "prompted a religious freedom watchdog group to ask the Pentagon to investigate whether the tape violated regulations and possibly the Constitution." Robert Varney, "executive director of the Christian Embassy, which produced the video, said the group is adding a note to tell viewers that the content does not represent the military or any government agency." Service regulations "in general prohibit active-duty officers from lobbying for political causes while on duty or wearing uniforms. The issue of religion is trickier."

ANTITRUST:

DOJ Takes Municipal Bond Probe To Grand Jury. Bloomberg (12/12, Hurtado) reports, "Prosecutors investigating bid-rigging in the municipal bond market have brought their case to a federal grand jury in New York, a person with knowledge of the case said." Bloomberg continues, "Ralph Giordano, chief of the New York office of the U.S. Justice Department's Antitrust Division, and Rebecca Meiklejohn, a trial attorney, are leading the criminal investigation, the person said. Also participating in the probe are agents from the Federal Bureau of Investigation's New York office as well as the Internal Revenue Service, according to the person." Bloomberg adds, "Giordano, 69, and his staff won the conviction of former Sotheby's Holdings Inc. Chairman A. Alfred Taubman, found guilty in 2001 of plotting with archrival Christie's International Plc to fix sellers' fees. Meiklejohn has prosecuted anti-competitive practices in the advertising industry. .. .'It's a very big deal that this is now a criminal investigation, it ratchets up the stakes,' said David Gourevitch, a former U.S. Securities and Exchange Commission enforcement attorney who now has his own practice in New York." Bloomberg notes, "Prosecutors are probing whether banks, financial firms and brokers conspired to rig bids on contracts bought by local governments when they invest money from bond sales. The municipalities invest the money until it is needed to pay for schools, roads and other projects. … The investigation grew out of an IRS inquiry that found dozens of municipal bond deals failed to pay $100 million in taxes. It is the broadest criminal probe of the industry. The Justice Department has subpoenaed more than a dozen banks and insurers and raided three brokers in a search for evidence of bid rigging in the market where state and local governments nationwide raised more than $400 billion last year."

Critics Urge Close DOJ Review Of Monsanto Deal. The AP (12/12, Leonard) reports, "Congress will press federal regulators to closely scrutinize Monsanto Co.'s plan to buy cottonseed king Delta & Pine Land Co., but analysts and investors don't seem worried the deal will fall through." The AP continues, "U.S. Rep. Bob Inglis, R-S.C., plans to send a letter to the U.S. Justice Department asking for a careful review of the deal to make sure it complies with antitrust laws. … Inglis said he's not opposed to the deal. But he thinks it deserves a close look because it would give Monsanto more control over the U.S. seed market." The AP adds, "Monsanto agreed to purchase Scott, Miss.-based Delta & Pine Land in August for $1.5 billion in cash. The deal is already under Justice Department investigation to make sure it doesn't violate antitrust law. If approved, the sale should close early next year. … Analysts estimate the deal would give Monsanto control of about 60 percent of the U.S. cottonseed market. .. .That could be bad news for Monsanto's competitors in the multibillion dollar market for genetically engineered seeds. Monsanto has had a corner on the technology since introducing biotech corn and soybean seeds in the 1990s. DuPont Co. and Syngenta AG are trying to catch up by developing their own strains. … DuPont Co. is also fueling opposition to the Delta & Pine Land acquisition."

Delta Board Mulls US Air Offer. The Wall Street Journal (12/12, A11, Dade, Trottman) reports, "The board of Delta Air Lines Inc. met by conference call to discuss US Airways Group Inc.'s $8.5 billion hostile bid, but the directors aren't expected to issue a formal position on the offer for several days, according to people familiar with the matter." The Journal continues, "The meeting came as executives at Delta and its major creditors prepared for a new round of talks regarding the US Airways bid scheduled for tomorrow in New York. US Airways presented details of its offer, consisting of $4 billion in cash and about $4.5 billion in stock, nearly two weeks ago, in a session marked by occasionally tense exchanges between executives from the airlines." The Journal adds, "Delta, which filed for Chapter 11 bankruptcy-court protection in September 2005, is expected to release early next week its reorganization plan for exiting from bankruptcy as a stand-alone company. Coming one month after US Airways launched the hostile offer, the Delta plan effectively will be the company's counterproposal aimed at persuading its creditors not to support the US Airways bid. .. The board vote is largely a formality, since there is nearly no

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possibility that Delta's board would endorse the US Airways offer, according to people familiar with the situation. Delta officials, including Chief Executive Gerald Grinstein, have made repeated public assertions that the deal isn't right for the Atlanta airline. Mr. Grinstein has insisted that Delta should emerge independently from bankruptcy early next year. He has resisted US Airways' request for access to Delta financial records to perform due diligence on the offer."

LG Philips Shares Suffer On News Of DOJ Probe Of LCD Industry. Bloomberg (12/12, Cho) reports, "Shares of LG.Philips LCD Co., the world's second-largest liquid-crystal display maker, fell after the company said it was questioned by officials in South Korea, the U.S. and Japan in an antitrust probe of the industry." Bloomberg continues, "Samsung Electronics Co., its bigger rival, was also subpoenaed by South Korea's Fair Trade Commission, company spokeswoman Cho Sung In said today. Officials from the Korean watchdog visited LG.Philips' Seoul headquarters on Dec. 8 because of 'possible anticompetitive conduct in the LCD industry,' the company said yesterday, without identifying the other companies." Bloomberg adds, "LG.Philips shares dropped as much as 7.6 percent, leading declines among LCD makers, on concern the investigation may damage earnings after the company posted two straight quarterly losses. A four-year U.S. federal probe into price fixing in the computer-memory chip market resulted in four companies, including Samsung Electronics, and 16 individuals being fined $731 million. … The investigation may be about price fixing in the industry, Maeil Business Newspaper reported today, citing unidentified industry officials. … Gina Talamona, a spokeswoman at the U.S. Department of Justice, declined to comment. The department issued a subpoena to LG.Philips' San Jose office, while Japan's Fair Trade Commission issued a notice to LG.Philips in Tokyo, according to yesterday's statement."

The Wall Street Journal/Dow Jones Newswires (12/12, B4) reports, "In a statement, the South Korea-based LCD maker said it received a subpoena from the U.S. Department of Justice last Friday. In addition, the company said officials from the Fair Trade Commission in Korea visited its headquarters while the Japanese Fair Trade Commission issued a notice to its offices in Tokyo. … 'LG.Philips LCD takes this matter very seriously and will cooperate fully with regulatory authorities,' the company said in the statement. 'While these investigations continue, LG.Philips LCD is committed to running its business as usual, supplying its global customer base.'"

Microsoft Lays Out Defense In Iowa Antitrust Trial. Bloomberg (12/12, Van Voris) reports, "Microsoft Corp. didn't overcharge Iowa consumers for Windows, Word and Excel, a lawyer told jurors in Des Moines, as the company outlined its defense in an antitrust trial. … 'No one in Iowa has been harmed by anything that the plaintiffs can show that Microsoft has done,' Microsoft lawyer David Tulchin told the Iowa state court jury of seven men and five women Monday afternoon. 'The evidence will show that the price was not too high, that there is no overcharge.'" Bloomberg continues, "Tulchin began Microsoft's opening statement in a class-action suit by Iowa consumers who claim they were overcharged by $329 million since 1994. Tulchin's statement began after a lawyer for the consumers concluded his side's opening statement after almost six days. … The lawsuit is one of only two similar cases Microsoft hasn't settled or persuaded judges to dismiss. Any jury award may be tripled under Iowa law." Bloomberg adds, "The Iowa case and one in Mississippi are the last of dozens filed by groups of consumers after an antitrust suit against Microsoft brought by the U.S. government and several states, including Iowa, in 1998. … Microsoft denies that it violated Iowa antitrust law."

ENVIRONMENT/INDIAN AFFAIRS:

Justices Rule Against BP In Royalties Case. The Wall Street Journal (12/12, 2.04M) reports, "The Supreme Court ruled against the oil and gas industry Monday in a dispute over how far back the government can reach to collect on leases for federal land. In a 7-0 decision, the court refused to limit the number of years the government can reach back to collect unpaid royalties." The case "involves two units of BP that had sued over lease royalties oil and gas companies must pay for coal bed methane removed from federal land. That dispute concerned questions of at what stage of production the levy should be paid."

The AP (12/12, Yost) reports, "At issue is whether a federal law imposing a six-year time limit for the government to file lawsuits based on federal contracts also applies to administrative orders. … Ten years ago, the Interior Department's Minerals Management Service ordered BP America Production Co. and ARCO to pay $4.1 million and

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$780,000 respectively to cover royalty deficiencies on coalbed methane. The companies pumped the natural gas from wells in the San Juan Basin, which is in northwest New Mexico and southwest Colorado. … The government's administrative claim was based on royalties allegedly owed going back more than eight years from the time the Interior Department demanded the money. BP and ARCO say the limit should be six years, which would reduce the amount of royalties the Interior Department is able to claim."

Review Finds BP Officials Worried Cost Cutting Led To Fatal Blast. The Wall Street Journal (12/12, A3, Cummins) reports, "Some top BP PLC executives worried that cost cutting at a Texas refinery may have contributed to the plant's poor state of safety and equipment, according to an internal BP review that is likely to turn up the heat on the company over a deadly explosion at the site." The Journal continues, "Documents reviewed by The Wall Street Journal also quote a former senior BP safety executive saying that BP Chief Executive John Browne 'showed little interest' in safety issues." The Journal adds, "The March 2005 accident at BP's Texas City, Texas, refinery killed 15 people and injured 180. BP faces a criminal probe into the accident as well as civil claims from victims. The accident, along with a series of other safety and environmental incidents, has undercut BP's efforts to promote itself as a socially responsible energy company that is 'Beyond Petroleum.' High profits from surging oil and gasoline prices over the past three years have added to public pressure. … BP officials have said they believe budgetary decisions didn't play a critical role in the accident, caused when workers restarted a small gasoline-processing unit. A BP spokesman defended Lord Browne's safety record and repeated yesterday that the company determined in its own investigations into the accident that spending wasn't an issue in the blast. … In a series of internal interviews, however, BP executives painted a more complicated picture. Their thinking is laid out in notes and interview summaries that were collected this year as part of an internal BP review of the refinery accident. The interviews were conducted as part of a wide-ranging 'accountability' review, designed to determine what led to the accident, according to a BP spokesman."

California Oil Company Charged With Pollution. The Lompoc (CA) Record (12/12, Yale) reports, "An energy company with local operations is facing more trouble. .. The state attorney general's office has filed four misdemeanor counts of state water pollution against Greka Oil and Gas Inc." The Record continues, "The alleged violations of the California Fish and Game Code were filed in Santa Barbara County Superior Court in Santa Maria Wednesday. The Department of Fish and Game was the investigating agency, according to the attorney general's office. … The complaint alleged that Greka 'unlawfully deposited in, or permitted petroleum or other deleterious substance to pass into, the state waters of California.' … Greka allegedly committed these violations Dec. 7, 2005, at 5017 Zaca Station Road in Los Olivos; May 4 and May 16 at 3851 Telephone Road in Santa Maria; and Aug. 10 at 6572 Dominion Road in Santa Maria, according to the complaint." The Record adds, "According to reports from the Governor's Office of Emergency Services, the Los Olivos incident was caused by tank failure, and the spill went into an unnamed seasonal creek before it was contained. … The Santa Maria spill on May 4 was a pipeline leak, according to the report, and the petroleum went into an unnamed dry creek. The May 16 spill at the same location was reported by a caller as caused by a ruptured flow line, but it did not go into a waterway." The Record notes, "The corporation settled last month the remainder of a civil lawsuit filed in 2004 by the Santa Barbara County District Attorney's Office, which accused it of more than 100 safety and environmental violations. Greka agreed to pay a total $675,000 to the county and the county Air Pollution Control District in the settlements, according to a prosecutor in that case. … The U.S. Attorney's office began an investigation late last year into possible criminal acts committed by Greka, but there have been no public developments in that investigation since it began, U.S. Justice Department spokesman Thom Mrozek said Monday."

Opponents Say Offshore Drilling Legislation Gives Too Much To Gulf States. The Washington Post (12/12, D1, Mufson, 690K) reports that the last bill passed by the 109th Congress "opens about 8 million acres in the Gulf of Mexico to oil and gas drilling, and U.S. industrial consumers of natural gas hope it will boost supplies and moderate prices. But the bill's landmark aspect was a deal that diverts 37.5 percent of federal royalties from future drilling to the four Gulf of Mexico states." The "accord could ultimately be worth $650 million a year for Louisiana, the biggest beneficiary." The Post adds, "Foes of the legislation fear it will lure states opposed to offshore drilling such as California, Virginia, Florida and North and South Carolina into

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supporting exploration off their shorelines in return for a gusher of new revenue." Moreover, "[o]pponents of the bill call it fiscally irresponsible and say that any royalties from drilling in federal waters, which begin three miles from shore and extend up to 200 miles out, belong to the federal government."

Proposals For Carbon Dioxide Limits Gather Momentum. The New York Times (12/12, Lohr, 1.16M) reports that "James E. Rogers, chief executive of Duke Energy, a coal-burning utility in the Midwest and the Southeast, has emerged as an unexpected advocate of federal regulation that would for the first time impose a cost for emitting carbon dioxide." His stance "is far from universal within the power industry, but it has surprising support, particularly from those, like him, who also produce electricity from carbon-free nuclear reactors. And despite the Bush administration's adamant opposition to any limits on fossil fuel emissions, the idea is beginning to pick up momentum in the American political arena as well." The Times analyses possible measures to curb warming, including a federal tax on carbon dioxide waste and a 'cap and trade' regulatory system.

USA Today (12/12, 3B, Davidson, 2.27M) reports, "The rising temperature of Earth's atmosphere may be breeding growing distress and sparking sales of hybrid cars, but most utility executives aren't exactly losing sleep over the problem. In fact, many electric companies are forging ahead with plans for traditional coal-fired power plants,...despite expectations that federal limits will eventually be placed on carbon dioxide emissions. That prospect grows more likely with Congress' new Democratic majority." USA Today adds, "Uncertainty about how restrictive any limits might be has left utilities with a dilemma: build traditional coal plants that are cheaper and generally deemed more reliable or 'clean-coal' facilities that may be less expensive in the long run?"

Highly-Efficient Superconductors Breaking Into Commercial Market. The Christian Science Monitor (12/12, Clayton, 59K) reports, "Twenty years after their much ballyhooed discovery, high-tech materials capable of delivering 150 times the electricity of conventional wire are starting to push into the commercial market. They promise to make generators, industrial motors, and even power lines far more efficient as the technology becomes more affordable." The Monitor adds, "At least eight new cable projects already are under way in the United States, Europe, China, South Korea, Japan, and Mexico. This month, a leading US innovator in the field will shove out the factory door its first commercial product using the technology, which will help the Tennessee Valley Authority (TVA) keep its grid stable."

Fuel Economy Ratings To Drop Under New EPA Testing Procedures. USA Today (12/11, Healey, 2.27M) reports, "Fuel economy ratings of cars and trucks will drop significantly starting with 2008 models, some of which will go on sale early next year. The declines are because the Environmental Protection Agency is using more-realistic conditions to estimate the mileage cars and trucks will get." USA Today adds, "Fuel-saving gasoline electric hybrids will see the biggest drops in the mileage numbers posted on their window stickers — as much as 30% worse in city driving, 20% worse on the highway, the EPA said after issuing new testing procedures." The new tests do not affect calculations for CAFÉ, which "is overseen by the Department of Transportation, not by EPA."

The New York Times (12/12, Wald, 1.16M) says the EPA "rewrote one of the great fictions of American life on Monday by changing the formula for calculating miles-per-gallon numbers on the window stickers of new cars, to take account of higher speeds, more aggressive driving, more air-conditioning use and other factors not in the old system." Congress "ordered the change 18 months ago because of widespread dissatisfaction with the accuracy of the old numbers."

The AP (12/12, Thomas) says, "Highly fuel-efficient vehicles are expected to see the largest slide, with ratings for city driving dropping by as much as 30 percent and highway driving estimates falling 25 percent from current levels." The "changes respond to consumer complaints that fuel economy estimates are frequently less than advertised."

LATimes Says Administration Politicizing Science At EPA. The Los Angeles Times (12/12, 850K) says in an editorial, "The Environmental Protection Agency has been rightly criticized under the Bush administration for repeatedly allowing political appointees to run roughshod over scientists, ignoring their findings and crafting regulations that please industry but fail to protect the public. Now the agency is making the practice official." Under a "new policy announced last week, scientists will be shuffled to the margins when the agency resets its all-important air-quality standards. Up to now, the process of drawing up new

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standards began with two sets of scientists — EPA staffers and an independent panel — conducting reviews of how pollution affects public health, then making recommendations to agency managers. Now the managers, who are usually political appointees, will work with staff scientists from the start, and the first review paper will be about policy, not science." Normally, the Administration "has broad leeway to interpret law into regulations. But when it changes the process to subvert the law's protective intent, Congress should reluctantly step in to spell out the obvious: Environmental policy is, first and foremost, about science."

FWS Pulls Bison Range Management Agreement With Tribes. The Missoula (MT) Missoulian (12/12, Backus) reports, "The U.S. Fish and Wildlife Service officially pulled its controversial agreement with the Confederated Salish and Kootenai Tribes for shared management of the National Bison Range on Monday, saying the tribes have failed to live up to their responsibilities and have created an unacceptable workplace environment." The Missoulian continues, "Tribal officials said the announcement was unexpected and denied the allegations contained in FWS Regional Director Mitch King's letter. … 'It's taken us off guard. We were in the middle of something and trying to make it work,' said CSKT Tribal Council Chairman James Steele Jr." The Missoulian adds, "King's letter said the agency was terminating negotiations for future annual funding agreements. … The letter ordered the tribes to immediately stop performing any activities at the Bison Range, return all FWS equipment, and withdraw all CSKT employees, contractors and volunteers from the refuge by the end of the workday Tuesday." The Missoulian notes, "The decision marked the end of months of negotiations between the tribes and the Fish and Wildlife Service over future management of the National Bison Range. … The two entered into an agreement in 2004 that split management duties beginning in 2006. King's letter said the FWS wanted to continue that agreement into 2007 with some minor revisions, but the tribes argued for more management control. … After the 2006 agreement expired Sept. 30, the FWS agreed to extend it while negotiations continued. … The tribes sought a phased takeover of the refuge, which sits in the heart of the Flathead Indian Reservation, under provisions of the Indian Self-Determination and Education Assistance Act. The legislation allows tribes to apply to manage certain federal public lands where they can show a cultural, historical or geographic connection."

US Joins Chippewa Tribe In Land Suit Against Michigan. The AP (12/12) reports from Bay City, MI, "The U.S. Justice Department has joined a lawsuit filed by the Saginaw Chippewa Indian Tribe against the state that seeks sovereignty over parts of central Michigan's Isabella County, based on treaties from 1855 and 1864." The AP continues, "Court documents show the federal government joined the lawsuit in U.S. District Court in Bay City as an additional plaintiff on Nov. 29, the Morning Sun of Mount Pleasant reported Monday. … The tribe sued in 2005, asking a federal judge to declare that all or part of seven townships in Isabella County are Indian country as defined by federal law." The AP adds, "Earlier this year, the tribe amended its complaint to ask for an injunction to bar the governor, attorney general and state treasurer from exerting criminal or civil jurisdiction over the tribe or its members "in a manner not allowed in Indian country." … In the filing, Assistant U.S. Attorney General Sue Ellen Wooldridge noted that the federal government has exclusive jurisdiction to prosecute major crimes committed on the reservation, and has other relationships with the tribe." The AP notes, "In response, Michigan Assistant Attorney General Todd Adams said the predecessors to the Saginaw Chippewas gave up all their land in a series of treaties, ending with the 1836 Treaty of Saginaw. … He said the 1855 and 1864 treaties 'merely provided a designated area from which they could choose land like any other individual citizen of Michigan and the United States pursuant to United States law.'"

FBI/DEA/ATF/USMS:

Alleged Mexican Drug Cartel Leader May Face Federal Death Penalty. The San Diego Union-Tribune (12/12, Soto) reports, "New charges are expected to be filed this week that could lead to the death penalty against the man prosecutors say is the leader of the Arellano Félix Mexican drug cartel." The Union-Tribune continues, "The charges against Francisco Javier Arellano Félix, who was captured at sea in August, will accuse him of additional criminal activity over the past three years, prosecutors said. … Their comments came during a brief hearing before San Diego federal judge Larry Alan Burns set a May 15 trial date for Arellano, though prosecutors and

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defense lawyers said they didn't think they could be ready by then. … 'This is far too soon to be going to trial,' said defense lawyer Mark Adams." The Union-Tribune adds, "Arellano is accused of racketeering, drug trafficking and money laundering in a decades-long conspiracy that prosecutors say moved tons of drugs into the United States and that resulted in numerous killings on both sides of the border. … The charges, originally filed in 1997, were last updated in 2003. The evidence includes tens of thousands of pages of case files and more than 550,000 intercepted radio transmissions. … Burns said he would consider rescheduling the trial once the new indictment is unsealed but only under extraordinary circumstances. He also suggested that the case be split into two parts so some of it could go to trial quickly." The Union-Tribune notes, "The new indictment would be the formal start of a death-penalty process that typically takes about four months and leads to Attorney General Alberto Gonzales announcing whether prosecutors will seek a defendant's execution. … Authorities say the new indictment also will include charges against another man, Manuel Arturo Villarreal Heredia, who was captured aboard Arellano's fishing boat by the U.S. Coast Guard off Baja California Sur. He is accused of being a member of the cartel."

DEA Agent Says Mexican Drug Cartels Bringing More Potent Meth Into Tennessee. The Knoxville (TN) News Sentinel (12/12, Satterfield) reports there are fewer makeshift meth labs in East Tennessee. However, Mexican drug cartels "have stepped in to fill the void with an even more potent version of the addictive drug. U.S. Drug Enforcement Administration agent Michael Templeton offered that assessment of the state of the meth scourge on Monday during testimony against Richard 'Dairy Man' Milburn." Milburn "is the lone defendant left standing in a massive marijuana and methamphetamine case involving more than 13 suspects, some eight tons of drugs, tractor-trailers, a dairy farm, horseback-riding buddies and Rubbermaid containers stuffed with cash. … The trial continues today."

Nine Plead Guilty To Roles In Drug-Trafficking Organization. The West Fargo Pioneer (12/11) reported nine Minnesota and North Dakota defendants "pleaded guilty for their participation in a drug-trafficking enterprise. … Assistant United States Attorney Chris Myers said this organization was involved in the distribution of more than 50 kilograms (100 lbs.) of cocaine, 10 kilograms (20 lbs.) of methamphetamine and nearly a ton (200 lbs.) of marijuana. The drugs were transported from the Laredo, Texas, area to the Fargo-Moorhead and Grafton area." The Pioneer notes the DEA's involvement in the investigation.

Personal Trainer In Maryland Accused Of Importing Illicit Muscle Enhancers. The AP (12/11) reported federal authorities "say a personal trainer at a Glen Burnie fitness club imported thousands of vials and tablets of illicit muscle enhancers from overseas and sold them throughout the Baltimore region and on the Internet. Michael Schlanger, 47, of Catonsville, was indicted in federal court in September on conspiracy to distribute to distribute anabolic steroids." Court documents "allege Schlanger, an employee at Bally Total Fitness in Glen Burnie, imported tens of thousands of vials and tablets of the muscle-building drugs through the mail for resale. The conspiracy came to light in July when customs agents at John F. Kennedy Airport in New York intercepted packages of steroids addressed to 'County Crafts.' One package was from China, another was from Great Britain."

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Mexico's New President Takes Action Against Drug Gangs. The AP (12/12) reports Mexico's new government "announced Monday that it was sending more than 6,500 soldiers, marines and federal police to the western state of Michoacan to crack down on a wave of execution-style killings and beheadings that have left hundreds dead. The operation is the first major offensive against drug gangs by President Felipe Calderon, who was

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sworn in on Dec. 1 after narrowly winning election on a law-and-order platform. … Federal investigators say the violence in Michoacan, Calderon's home state, stems from a turf war between a local gang called Los Valencia and the northern Mexico Gulf cartel, whose bloody enforcers are known as the Zetas, a group of ex-Mexican army operatives turned hit men." Investigators "say about half of Michoacan's more than 500 killings this year are linked to the turf war."

The Washington Post (12/12, A23, Roig-Franzia) reports more than 5,000 Mexican soldiers and federal police officers "swept into the troubled state of Michoacan on Monday hoping to quell a long, barbaric war between rival drug cartels. … Federal forces, backed by dozens of military aircraft, arrested at least 13 alleged drug traffickers in the first hours of the operation and discovered more than 1,000 marijuana plants." Officials "have been under increasing pressure from the United States to contain cartels whose influence stretches across the border." Mexican forces also "are investigating whether Oaxacan police officers may be responsible for the killings of more than a dozen protesters and Brad Will, an American freelance journalist and activist."

ATF Cannot Trace Gun In Fatal New York Shooting. The New York Journal News (12/12, Golding) reports from New Castle, NY, "Federal authorities were unable to trace a handgun found near the reported scene of an unsolved roadside shooting that killed a neighbor of Bill and Hillary Clinton's." The News continues, "Jim Needles of the U.S. Bureau of Alcohol, Tobacco and Firearms said there was no serial number on the weapon, which meant it was probably manufactured before 1968, when gun makers began marking their products with identifying numbers. .. .Needles, assistant special agent in charge of the ATF's New York Field Division, said U.S. Justice Department regulations prohibited him from releasing any details about the handgun, although he said that because of its age it was most likely a revolver." The News adds, "State police found the gun while searching Echo Lake after the Nov. 18 shootings of Carlos and Peggy Perez-Olivo of Chappqua, who live three doors away from the Clintons' home. … Peggy Perez-Olivo, an elementary teacher's assistant, was shot in the head and died two days later. Carlos Perez-Olivo, a disbarred criminal defense lawyer, was shot in the side but survived."

Former Mayor Of Missouri Town Faces Federal Arson Charge. The AP (12/12) reports from St. Louis, "The former mayor of Kirksville (MO) has been indicted on federal arson charges for a fire that damaged a restaurant and bar she owned in the northeast Missouri town, U.S. Attorney Catherine Hanaway said Monday." The AP continues, "Deborah Masten, 52, could face up to 20 years in prison and a $250,000 fine if convicted. She did not have a listed telephone number. … Masten and her husband, Steve, owned Too Talls Two Eatery and Spirits when the fire broke out early New Year's Day 2005. The Missouri State Highway Patrol and state fire marshal's office determined the blaze was suspicious, prompting an investigation by the Bureau of Alcohol, Tobacco and Firearms. … 'Despite the sadness of having to announce an indictment against a former public official, ATF is pleased to have been able to lend its investigative expertise with arson to this case,' ATF special agent Michael Boxler said." The AP adds, "The fire was reported at 2:23 a.m. Jan. 1, 2005. Investigators announced a few weeks later it was intentionally set. The Kirksville Daily Express reported that investigators found a pile of trash out of place, and an accelerant had been used. The Mastens offered a $5,000 reward for information leading to the arrest and conviction of the person responsible for the fire. … But on March 3, 2005, ATF investigators named Deborah Masten as the suspect in the fire, the Daily Express reported. She maintained her innocence."

Marshals Nab Fugitive At Philadelphia Library Computer. The Philadelphia Inquirer (12/12, Lipka) reports, "The man in the Donovan McNabb jersey got to the Philadelphia Free Library's main branch at 9 a.m., as usual, and was seated at a public computer terminal, tapping away at his MySpace.com page, as usual. … So he did not notice that 15 armed officers were quietly converging on him." The Inquirer continues, "That, authorities say, is how a fugitive wanted in Georgia and Massachusetts was captured last Thursday without a fight. They say they figured out that he had been going to the library regularly to update his MySpace page. … Darren Bates, 35, was using one of the library's computers about 9:15 a.m. Thursday when 15 plainclothes members of a fugitive task force converged on him as other patrons tapped away on nearby keyboards, officials said yesterday. … 'He was busy on the computer and we were able to walk right up to him from several directions without him seeing us,' said John Patrignani, supervisory deputy of the U.S. Marshals Service Violent Crimes Fugitive Task Force. 'He was very much surprised.'" The Inquirer adds,

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"Bates, who was wearing a McNabb jersey, was taken into custody without incident, Patrignani said. He was being held yesterday in a city jail cell pending extradition to Georgia. … Patrignani said task force members in Massachusetts had determined Bates was going to the Central Library at 1901 Vine St. about the same time every day - when the library opened at 9."

Arlington, VA, Awarded DOJ Grant To Fight Gang Activity. The Arlington (VA) Connection (12/11, Rosen) reports, "The Justice Department has given a $172,000 grant to three Arlington nonprofit organizations to continue funding a series of programs that aim to keep students out of gangs." The Connection continues, "The initiatives — administered by the Hispanic Committe of Virginia and run by Barrios Unidos and the Greenbrier Learning Center — provide leadership training, mentoring services and tutoring to mostly Latino middle and high school students. Up to 400 Arlington teenagers are expected to participate in at least one of the programs this school year." The Connection adds, "Providing students with a plethora of after-school activities and positive role models is the best way to ensure they will not fall prey to the lure of gang life, said U.S. Rep. Jim Moran, who helped secure the grant from the Justice Department. … These programs 'are a great way to help our children avoid the pitfalls of violence and gang activity, and attain the American dream of prosperity and a life free of fear,' Moran said during a Dec. 4 press conference in the Arlington County Board room. … The Greenbrier Learning Center will use the federal funding to continue to operate its after-school tutoring sessions at Kenmore Middle School. Every weekday counselors help students who are having trouble at school, or have been identified as vulnerable to joining a gang, complete their homework assignments."

TAX:

Former Ohio Major Charged With Tax, Mail Fraud. The Akron Beacon Journal (12/12, Armon, 125K) reports, "The former mayor of Ravenna was charged in federal court Monday with tax and mail fraud for allegedly concealing his role in running a local lawn care and snow removal business, authorities said. Paul Jones, who abruptly resigned in midterm a year ago and moved to Florida, is accused of not disclosing the family-owned business in state ethics forms and filing false tax returns." Ravenna City Councilman Joseph Bica praised the indictment and "said he hopes the investigation continues." The Beacon Journal notes, "FBI spokesman Scott Wilson declined to talk about the case, including when or how it began. … 'We continue to focus on this case closely right now,' Wilson said when asked if the probe was continuing. 'We'll take a look at any other transactions while (Jones) was mayor in the city of Ravenna.'"

DOJ Seeks To Ban California Accountant's Tax Scheme. The North Platte (NE) Bulletin (12/5, Graham) reports, "The alleged tax fraud scheme of a California accountant and numerous North Platte doctors and other medical personnel is unraveling with the latest court filing." The Bulletin continues, "U.S. Attorney Jacqueline Brown is seeking an immediate injunction against Lowell Baisden to prevent him from promoting an unlawful tax avoidance scheme and from preparing federal tax returns for others. … Brown filed the motion for an injunction in U.S. District Court in California Dec. 1." The Bulletin adds, "The U.S. Attorney's office and the IRS claim that Baisden set up dummy corporations in Nevada and Wyoming for doctors and other professionals in Nebraska and California. … Baisden's customers were the doctors and other professionals. … Baisden funneled his customer's personal income through the corporation to allegedly hide it from tax liability. The sham corporations then paid each customer a small salary and the rest of their living expenses through corporate accounts. … Baisden's customers paid him a monthly fee for the various money laundering transactions and he prepared both their corporate and individual tax returns." The Bulletin notes, "The scheme, which is now being investigated by the Justice Department and the IRS, has allegedly been going on for at least seven years, since 1999, and could involve as many as eight North Platte doctors, according to court records."

IRS Paid At Least $200 Million In Bogus Refunds Due To Computer Failure. ABC World News (12/11, story 8, 2:40, Gibson, 8.78M) reported on what one "what one report called one of the most embarrassing episodes in the recent history of the Internal Revenue Service. First, the IRS paid hundreds of millions of dollars in refunds to those who did not deserve them. And then, the agency found, they cannot get the money back. And it's 'Your Money.'" ABC (Cochran) added, "At the Internal Revenue Service there are a lot of red faces after they admitted that they paid out $200 million in bogus refunds." Sen. Charles Grassley: "They

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royally screwed up. And it's going to cost the honest taxpayer a lot of money." Cochran: "Treasury investigators say the amount lost is actually more than $300 million." Michael Phillips, Deputy Inspector General, Treasury Department: "It was sort of the worst-case scenario. What could go wrong did go wrong. And yes, some money is lost and cannot be regained." Cochran: "All because the IRS paid $20 million for a new computer system that failed, big-time." Peter Sepp, National Taxpayers Union: "The IRS and computers mix like oil and water. You can put them together, but eventually, everything falls apart." Cochran: "The IRS hoped the new computers would easily spot tax frauds. People, for example, who claim suspiciously high deductions for things like gifts to charity and medical expenses. But last year the company developing the new system warned the IRS, it might not be ready come tax season. And sure enough, it wasn't. And to make matters worse, the IRS had shut down its backup system."

Federal Judges Get Tax Break On Stocks Sold Because Of Conflicts. The Wall Street Journal (12/12, A6, 2.04M) reports Federal judges "received a long-sought break when Congress extended to them the same exemption from capital-gains taxes that executive-branch officials receive when selling stock for conflict-of-interest reasons." Under ethics rules, judges "are disqualified from ruling in matters where they have a financial interest, such as owning stock in a company that is party to a lawsuit. The issue typically comes up in complex litigation, when, months or years into a case, a judge could suddenly find himself or herself conflicted because of the late joining of a party or a merger of a party into a company where he or she owns shares." That has "forced some judges either to step aside from a case or sell stock that potentially could bring a big capital- gains-tax bill." But Congress "turned a deaf ear to the judges' request for a pay raise."

CONGRESS-ADMINISTRATION:

Democrats Plan Streamlined Omnibus Spending Bill. The Wall Street Journal (12/12, A2, Rogers, 2.04M) reports the "new Democratic majority in Congress wants to keep the government operating under a streamlined funding resolution for the rest of the fiscal year and not attempt to complete the individual spending bills abandoned by the outgoing Republican leadership." Democrats, "fearing a political trap…want to avoid becoming bogged down and sacrificing their own agenda by devoting weeks to passing an omnibus measure combining the unfinished bills. The path outlined now offers a speedier alternative, but never in modern memory has it been attempted on such a large scale." The announcement "was made last night by the incoming chairmen of the House and Senate Appropriations Committees," Rep. David Obey and Sen. Robert Byrd, " who also said they would impose a moratorium on new congressional earmarks, targeted appropriations for special projects in members' home districts. None would be part of the proposed funding resolution, killing hundreds that are pending in the unfinished spending bills." House and Senate Democratic leaders "gave their endorsement, but the White House, which could be the big loser, is clearly uncomfortable."

The Hill (12/12, Schor) reports Byrd and Obey "issued a statement yesterday laying blame at the feet of departing GOP leaders for failing to pass nine of the 11 fiscal year 2007 appropriations bills, a criticism leveled by several Republicans in the waning days of the lame-duck session." Democrats "faced an already crowded winter schedule, headlined by the president's budget in early February and a hefty war supplemental expected to approach $150 billion for the military operations in Iraq and Afghanistan, that made even an omnibus nearly impossible to achieve on time. Producing a continuing resolution scrubbed of earmarks is likely to present its own partisan pitfalls for the new leadership, as members on both sides of the aisle grapple with district projects planned for but no longer paid for."

The Washington Post (12/12, A3, Murray, Weisman, 690K) reports Democratic leaders "declared a temporary moratorium on special-interest provisions known as earmarks as they attempt to cope with a budget crisis left by the outgoing Republican-led 109th Congress." The "unfinished bills account for about $463 billion in annual spending and include just about every domestic program other than defense and homeland security. The announcement appears to be a victory for conservative budget reformers, such as Reps. Mike Pence (R-Ind.) and Tom Price (R-Ga.), who circulated a petition last week calling for a resolution that would extend funding through the rest of the year, but without earmarks." That petition, "however, called for all domestic programs to be funded at the lowest levels called for in either the House or Senate versions." In contrast, Obey and Byrd "indicated that they would seek adjustments in spending

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levels to satisfy Democrats and moderate Republicans who were upset by the austere funding bills passed by the House Appropriations Committee. In particular, the measure to fund labor, health and education programs fell billions of dollars short of the Senate-approved levels, and the levels that even many House Republicans said were acceptable."

The New York Times (12/12, Hulse, 1.16M) reports the "unfinished bills loomed as a potential major distraction for Democrats as they prepare to take power in January, a fact not lost on the Republicans who chose not to try to complete the work." Rep. Obey and Sen. Byrd "made clear that they would rather concentrate on the first budget under their party's leadership while giving close scrutiny to the president's own spending plan and his request for war spending."

House Democrats To Push For Government-Negotiated Drug Prices. The AP (12/12, Werner) reports Rep. Pete Stark said House Democrats will "take the middle ground on the Medicare drug benefit, pushing for government-negotiated prices but stopping short of creating a federal plan to compete with private insurers." Stark said "a government-run plan would save money but is too ambitious for immediate action." Stark, the "liberal in line to chair the House Ways and Means Committee's health subcommittee," said, "That might draw a veto and then get us accused — which I don't mind, but most of my colleagues do — of price-setting and all that. ... There's a hesitancy to seem too radical." The AP adds incoming House Speaker Nancy Pelosi "has included Medicare drug negotiation in her agenda for the party's first 100 legislative hours, but she hasn't offered many details."

Congress Links Doctors' Medicare Pay, Performance. The New York Times (12/12, Pear, 1.16M) reports that after "years of trying to rein in the runaway cost of the Medicare program, Congress has decided to use a carrot instead of a stick to change doctors' behavior." Doctors had been "fearing a pay cut under Medicare, the health care program for 43 million elderly and disabled, but Congress instead has offered doctors a small bonus with big strings attached. To get the money, doctors will have to report how often they provide quality care, as defined by the government." Lawmakers "approved the change as one of their final acts before adjourning early Saturday morning, and proponents said it would improve the quality of medical care. But the plan immediately raised concerns among some doctors and lawmakers who specialize in health issues." The critics "said they worried that it could be a step toward cookbook medicine and could erode the professional autonomy of doctors." Doctors had "been facing a 5 percent cut in Medicare payments in 2007," but the now "can qualify for a 1.5 percent bonus in the second half of 2007 if they report data on the quality of their care, using measures specified by the government."

Congress Raises Income Limit On DC Voucher Program. The Washington Post (12/12, B4, Haynes, 690K) reports, "Congress has increased the income guidelines for" students first "enrolled in the District's federally funded school voucher program" in 2004-2005 from "200 to 300 percent of the federal poverty line" in "an effort aimed at preventing hundreds of students from being forced out of the program before it is evaluated." It is estimated that "more than 300" of the 1,800 enrolled "would have been forced out of the program under the original income guidelines."

Pelosi Pledges Additional Protection For House Pages. The AP (12/12, Abrams) reports incoming Speaker Nancy Pelosi "said Monday she will take legislative steps to better protect House pages after the scandal involving a congressman sending salacious e-mails to former male pages." Pelosi "said legislation would be introduced early in the new Congress to increase oversight of the page program, require regular meetings of the page board and add a parent of a current and a former page on that board."

Report Suggests Hastert Was Told Of Questionable Foley Emails. The Hill (12/12, Cusack) reports the House ethics committee "report on the page scandal, released on Friday, did not come to any definitive conclusions on whether House Speaker Dennis Hastert (R-Ill.) was informed of the questionable e-mails that former Rep. Mark Foley (R-Fla.) sent to pages." But lawmakers "on the ethics committee suggested that they believe Hastert was told about them. Reps. John Boehner (R-Ohio) and Tom Reynolds (R-N.Y.) testified that they informed the Speaker of the e-mails, but Hastert said he has no recollection of those conversations."

Ethics Scandals Erode Regard For Members Of Congress. USA Today (12/12, Koch, 2.27M) reports

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only "15% of 1,009 adults in a USA TODAY/Gallup Poll taken Friday through Sunday gave US senators high or very high marks for honesty and ethical standards. Only 14% did so for U.S. representatives." Members of both houses "are down from 25% in 2001, when members of Congress got their best score since the survey began in 1976." Frank Newport, editor in chief of the Gallup Poll, said, "Congressmen can take heart. They're a few points higher than car salesmen."

Reports Show Americans Don't Trust Government To Spend Funds Wisely. USA Today (12/12, 10A, Wolf, 2.27M) reports, "Americans are open to tax increases and benefit cuts to preserve Social Security and Medicare, but they don't trust the government to spend their money wisely, two reports being released today show." The reports "contend that Americans would consider such measures as scaling back end-of-life care and extending the retirement age as ways to avoid bankrupting the Social Security and Medicare systems. Their mistrust of government is so deep, however, that political leaders must convince them their money won't be wasted." Stuart Butler of the Heritage Foundation said, "They really are very skeptical about what happens when you send money to Washington. They think that money is going to be stolen by somebody to build a bridge somewhere." USA adds those "are the major findings of the reports by Public Agenda and Viewpoint Learning. Those two public policy groups, left- and right-leaning think tanks and groups favoring deficit reduction have spent the past year working to educate the public and seek feedback about the nation's fiscal condition."

House Panel Says McDermott Violated Ethics Standards. The AP (12/12, Daly) reports the House ethics committee said Rep. Jim McDermott, D-Wash., "violated ethics standards by giving reporters access to an illegally taped telephone call involving Republican leaders a decade ago." McDermott, who "at the time was the panel's senior Democrat, failed to meet his obligations as a committee leader, said a report released two days after Congress adjourned for the year. The panel took no action other than the report." The ethics complaint "stems from a tape recording made by a Florida couple, who gave it to McDermott in January 1997. The tape recorded then-Speaker Gingrich, R-Ga., in a December 1996 conference call with GOP leaders regarding a separate ethics investigation of Gingrich." McDermott "leaked the tape to The Atlanta Journal-Constitution and The New York Times, which published stories on the case in January 1997." A "three-judge panel of the U.S. Circuit Court of Appeals for the District of Columbia ruled against McDermott in a related civil case in March. The 2-1 opinion upheld a lower court ruling that McDermott had violated the rights of Rep. John Boehner, R-Ohio, who was heard on the 1996 call. Boehner, then a Gingrich lieutenant, is now House majority leader." The "full nine-member appeals court vacated the three-judge ruling this spring and heard new arguments in the case in October. A ruling is expected next year."

The Hill (12/12, Crabtree) reports the House ethics committee found that Rep. McDermott's "1997 leaking of a secretly taped phone call to the media" was "'inconsistent with the spirit of the applicable [House] rules.' The panel, however, did not punish McDermott."

California Republican Said To Mix Public Actions, Private Business. The Los Angeles Times (12/12, Heisel, 850K) reports that in 2000, Republican Rep. Gary Miller "implored Monrovia City Council members to purchase 165 acres he owned in the foothills and turn the land into a wilderness preserve. Earlier that day, Miller asked one of his staff members to find a way to place one of the councilmen -- a pawnshop owner with no parks experience -- on the National Park System Advisory Board. The aide was told to 'make it a priority.'" But even after "staff members warned him that trying to secure the park board seat for the councilman could appear to be a bribe attempt, Miller continued to push for the councilman's appointment, according to internal memos, interviews with former Miller staff members and official correspondence reviewed by the Los Angeles Times." The move "was one of many that Miller has made over the years in which he brought his congressional muscle to bear on personal and private business matters, according to the staffers and correspondence from Miller's office -- hand-written notes, letters on Miller's congressional letterhead and e-mails."

Mollahan Under Investigation For Real Estate Deal. CNN's Lou Dobbs Tonight (12/11, Sylvester) reported, "[W]we saw former Congressman Bob Ney and former congressman Duke Cunningham -- both lawmakers are now disgraced and out of office. But it's not just Republicans. Now there are allegations of wrongdoing involving a Democrat from West Virginia." CNN reported that WV1 Alan Mollohan (D) and a staffer, Laura Kuhms, "bought

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real estate investments along the Carolina coast.." Then, Mollohan "tapped the same congressional aide to head up one of five nonprofit organizations he set up in his West Virginia district. In the last five years, Mollohan, who sits on the Appropriations Committee, helped channel more than $150 million in taxpayer money to keep these economic development nonprofits thriving. The National Legal and Policy Center filed a 500-page complaint with the Justice Department this year detailing Mollohan's business arrangements. But in a strange twist, Mollohan may end up chairing the very subcommittee that has jurisdiction over the Justice Department's budget." CNN added, "A spokesman for Mollohan said, 'The allegations and suggestions of wrongdoing made by the NLPC are utterly false,' and added that the congressman made his fortune from an inheritance that he reinvested in a booming real estate market."

House Democratic Leaders May Assign Jefferson To Lesser Committee. The Washington Post (12/12, A6, Babington, Lengel, 690K) reports House Democratic leaders, "who have vowed to run a more ethical Congress, are struggling with how to respond to the reelection of Rep. William J. Jefferson, the Louisiana Democrat whose Washington home freezer once held $90,000 in alleged bribe money." Incoming Speaker Nancy Pelosi "stripped Jefferson of his seat on the influential Ways and Means Committee in June and has hinted that she may place him on no committee when the 110th Congress convenes next month. But a source close to Pelosi said yesterday that she is more likely to place him on a lower-profile committee and hope the controversy dies down." The source "familiar with Pelosi's thinking said that the incoming speaker wants to distance herself and her caucus from Jefferson and legal problems but that she thinks she cannot ignore that voters returned him to office when details of the investigation were well known." Sources "familiar with the probe said Jefferson will be indicted, probably in the first half of 2007. The sources, who spoke on the condition of anonymity because of the sensitivity of the case, said investigators have been looking at about a dozen business deals in the United States and Africa in which Jefferson allegedly used his official position for financial gain."

CBC To Press For Jefferson's Reinstatement To Ways And Means. The Hill (12/12, Bolton) reports the Congressional Black Caucus is "planning to press Democratic leaders to reinstate Rep. William Jefferson (D-La.) to the Ways and Means Committee, raising the thorny question of how leaders will handle the fate of Rep. Alan Mollohan (D-W.Va.), who has also come under ethical scrutiny." If Pelosi "and fellow leaders decide to keep Jefferson off Ways and Means, they could open themselves to charges of following a double standard by allowing Mollohan to become chairman of an Appropriations subcommittee, as he is now poised to do." Top Democrats are "dealing with questions regarding what to do about Jefferson and Mollohan at the same time that they must decide how to reward lawmakers who have raised tens of thousands of dollars for the party but find themselves with less seniority than stingier colleagues on subcommittees."

Portman Will Be Key White House Link To Congressional Democrats. The Washington Post (12/12, A25, Montgomery, 690K) reports, "Hired in the spring of 2006 to direct the Office of Management and Budget," former Rep. Rob Portman "was hailed as a man who could improve ties between a sometimes imperial president and an increasingly cranky Congress, then in Republican hands. On Nov. 7, his job changed dramatically. Now the six-term congressman from Ohio has to sell the fiscal policies of a weakened and unpopular president to a bunch of bitter and distrustful Democrats." The Post adds that in "many ways, Bush could not have picked a better person for the job. The boyish and earnest Portman seems to be as widely admired among his former Democratic colleagues as he is by Republicans." House Democrats "describe him as a reasonable guy, a committed problem-solver and an honest broker. After six years of presidential neglect, Democrats say Portman is one of the few members of the administration who has established a record of trust with the newly empowered Democratic Party." But "just because Democrats return Portman's phone calls does not mean they are ready to help him tame the projected growth of Social Security and federal health-care programs, which serve millions of Americans and threaten to consume a sharply escalating share of the nation's economic output as the population ages."

Reid Seen As Tenacious Opponent For Bush, GOP. USA Today (12/12, Welch, 2.27M) reports Sen. Harry Reid "takes over as majority leader in January and becomes the man" President Bush "will have to deal with if he hopes to win legislation in his remaining two years in office. The Republicans' 49-seat minority leaves them with power to

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block Democratic initiatives, but his majority will allow Reid to control what issues the Senate considers — and determine whether Bush's proposals and nominations even get an airing." In Reid, "Bush and his party face an opposition leader who has earned a reputation for toughness." Reid "sometimes seems an oddity, a quiet, soft-spoken Mormon who represents gambling and a city, Las Vegas, that has become a world-class destination by marketing sin. He doesn't gamble, he says." In the "aftermath of last month's elections, which propelled Reid into the majority, Bush told Reid he wanted to work together." Reid said, "I said, 'Mr. President, that's what you said two years ago. I hope it works out better.'" USA adds Reid "hasn't talked with Bush since their White House meeting in early November, but he is encouraged by contacts from Bush's top aides." Reid said, "The president has to realize he has 25% of his presidency left. That's it. The first 75% has been squandered. And I would hope he realizes, as I do, that if he's getting anything accomplished he has to work with me. If I'm getting anything done, I have to work with him."

Supreme Court Library Closed For Renovations. USA Today (12/12, Biskupic) reports, "For the past 18 months, the elaborate oak-paneled library at the (US Supreme Court) has been closed to the public. It's a casualty of a protracted, $122 million overall modernization project at the marble-columned building across the street from the U.S. Capitol. … Most of the library's 600,000 volumes are being stored in offices five blocks away." USA continues," The library, with its looming arches, intricate carvings and glass chandeliers, was scheduled to reopen to the public this fall. However, construction delays have led the court to put off its reopening until at least 2008. … Lawyers who are members of the Supreme Court bar still can work in the magnificent reading room, but their access to the volumes comes only through a twice-daily courier service to the library's temporary storage facility at a nearby office building named after the late Justice Thurgood Marshall. … 'We regret any inconvenience to the public,' court spokeswoman Kathy Arberg says, 'but when the library reopens, researchers will find better working facilities and improved access to the records and briefs.'" USA adds, "The overall renovation project — which included replacing the original electrical and mechanical systems in the 71-year-old building — initially was projected for completion in summer 2008. The target date now is December 2009, Arberg says. … The delays have been caused by a series of unforeseen situations, she says." USA notes, "All the commotion, however, has created an unusual sense of disorder at the normally dignified structure that houses the nation's highest court. The nine justices have been able to stay in their chambers, but news reporters and clerks and other administrative personnel have been uprooted from their offices by the construction. They are working in trailers. … In a grand, Corinthian-style building rife with architectural detail, the library stands out. Elaborate woodcarvings fill every nook and cranny, reflecting traits such as wisdom and depicting ancient lawgivers such as Justinian. … 'It's calming, yet inspiring,' says Washington lawyer Seth Waxman, a former U.S. solicitor general, who says he has found refuge in the library for more than 20 years. 'I personally find that working there helps give me a sense of the majesty … of judicial review.'"

State Department Seeks To Overhaul Foreign Service Exam. The Washington Post (12/12, A1, Williamson, 690K) reports, "In a proposed overhaul of its hiring process slated for next year and to be announced to employees in coming days, the State Department would weigh resumes, references and intangibles such as 'team-building skills' in choosing who represents the United States abroad, according to three people involved in the process." The written test would "survive, but in a shortened form that would not be treated as the key first hurdle it has been for more than 70 years." State Department Director General George M. Staples said the goal of the new "Total Candidate" approach -- which "has the support of Secretary…Rice" -- is to 'improve our ability to find the best...compete more effectively with the private sector to attract the best, and…make our process faster in hiring the best," according to a draft cable to employees. However, "some career officers and foreign policy types worry that the new hiring process could dumb down or politicize the Foreign Service, whose reputation for selectivity helps make it one of government's most desirable career paths." According to the Post, the revamp is "slated for next year, if the department secures the money needed to pursue it."

New SNL Cast Member Portrays Bush. The New York Times (12/12, Rutenberg, 1.16M) reports Washington is "watching closely to see whether President Bush will change much when he faces a new, Democratic Congress. But his character on 'Saturday Night Live' already

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has." Previously played "by Will Forte, Mr. Bush is now being played by Jason Sudeikis. Lorne Michaels, the NBC television show's executive producer, said that where Mr. Forte played Mr. Bush as whiny and beleaguered, Mr. Sudeikis, below, is playing him as having 'absolute confidence and buoyancy.' But in a sign that the world is starting to look past Mr. Bush's tenure, Mr. Michaels said he was freeing up Mr. Forte to play a new political role eventually: that of one of the 2008 contenders."

NYTimes Says Congress Should Give FDA More Funding For Produce Inspection. The New York Times (12/12, 1.16M) says in an editorial, "The linkage is troubling. There are sharp cuts in the budget and staff for the federal agency charged with keeping the nation's supply of fresh produce safe — and soon we are faced with repeated cases of food poisoning from vegetables and fruits." The outbreaks of "bacterial poisoning from fresh produce…raise doubts about the Food and Drug Administration's ability to inspect and monitor conditions on the nation's farms and in the plants that package and process their produce." At "a minimum, Congress needs to provide the F.D.A. with more money and more inspectors to monitor the safety of fresh produce all the way from field to consumer."

OTHER NEWS:

Fed Expected To Keep Rates Steady. The Financial Times (12/12, Guha) reports, "With the Federal Reserve almost certain to keep interest rates on hold at 5.25 per cent at its policy meeting on Tuesday, attention will focus on whether its statement concedes any ground to the market's belief that the outlook for growth has deteriorated and interest rate cuts will ultimately have to follow. … While there are some signs that the level of mortgage applications and home sale turnover may be levelling out, high levels of unsold homes suggest that there remain downside risks to home construction and house prices." The economy "as a whole still seems to be in reasonable shape, with activity in the services sector buoyant and continued strong employment gains. Weakness in manufacturing may be no more than an inventory correction that will unwind early next year."

Survey Finds Worsening Job Picture In US. The Financial Times (12/12, Cameron) reports, "US employers are expected to tighten their hiring plans in key sectors, such as finance and durable goods, for the second consecutive quarter, according to the latest survey by Manpower, the world's largest temporary employment group. The quarterly review, out on Tuesday, reveals accelerated hiring plans in most of Europe and Asia, including the most buoyant expectations in Germany and Japan since the survey started and will add weight to hopes of a soft landing for the US -economy." Jeff Joerres, Manpower's chairman and chief executive, "said there had been a 'subtle downward shift' in the US in spite of two years of steady expansion that had seen about 150,000 staff added to payrolls a month."

Number Of Homes For Sale Decline In Top Metro Areas. The Wall Street Journal (12/12, D2, Hagerty, 2.04M) reports, "The number of homes listed for sale in 18 major US metropolitan areas at the end of November was down 4% from a month earlier, according to data compiled by ZipRealty Inc., a national real-estate brokerage firm in Emeryville, Calif." The decline is "an encouraging sign for home sellers. Prices have been falling in recent months in many areas, largely because of a glut of unsold homes, and are unlikely to rise again until inventories come down." The Journal adds, "Inventories of previously occupied homes typically decline modestly in November in most parts of the country, as the approach of the holidays prompts some sellers to take their homes off the market until the new year. During the past 20 years, national inventories have declined by an average of about 2% in November from October, according to Credit Suisse Group."

Stocks Up Yesterday. NBC Nightly News (12/11, story 6, 0:10, Williams, 9.87M) reported, "On Wall Street today stocks finished on the upside. The Dow gained a just under 21 points [to close at 12,328.48]. NASDAQ was up 5 and a half points [to close at 2,442.86] on the day." USA Today (12/12, 5B, Krantz, 2.27M) notes "the Standard & Poor's 500 index added 3.20 points to 1413.04, extending its gains last week." The Wall Street Journal (12/12, C1, McKay, 2.04M), among other newspapers, also reports the stock numbers.

NYTimes Says "Income Inequality" Threatens US Economy. In an editorial, the New York Times (12/12, 1.16M) writes, "Conservative economists often argue that wage stagnation and income inequality are not as big a threat to Americans' standard of living as they've been made out to be. In their view, how much one buys -- rather than how much one makes -- is a better measure of economic well-being. … Why make a fuss over other grim economic statistics if everyone manages to keep buying things? Here's

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why. The assertion -- that the middle class has out-consumed the 'upper crust' during the Bush years -- is false, the result of rosy assumptions that turned out to be wrong. …. It would be nice if by some magic Americans could spend their way out of today's economic woes. But the gathering evidence shows that growing income inequality has fostered consumption inequality as well. It's time for policy makers to acknowledge that such inequality is an economic and social ill -- and to start finding cures."

Plagiarism Case Against Novelist Examined.

In an op-ed in the Wall Street Journal (12/12, A18), UCLA law professor Eugene Volokh writes, "Two nurses, both aspiring novelists, helped tend British soldiers during World War II. Briony, the protagonist of Ian McEwan's award-winning novel 'Atonement,' is fictional. The late Lucilla Andrews is real: She became an author, pioneering romantic 'hospital fiction,' and also wrote a memoir of her war years. Therein lies the latest plagiarism scandalette to hit the news, sparked by an article in the British press. To be a credible character in a historical novel, Briony had to do the things wartime nurses did, and see the things they saw. It is no surprise that Mr. McEwan read Andrews's book when researching his own; and several passages from his book strongly resemble passages from her memoir. … Plagiarism? Legally actionable? Ethically reprehensible? Bad manners? Or good research, needed to produce accurate historical fiction?" Volokh continues, "Plagiarism is easy to condemn but often hard to define. This is partly because the legal rules differ sharply from the ethical ones, and the ethical rules in scholarship, journalism and fiction differ from each other. And it is partly because the rules for using the facts uncovered by writers of history -- whether memoirists, historians or contemporaneous journalists -- must be different from the rules for using the original phrases that the writers created." Volokh adds, "Novelists are similar to journalists, but they do have space at the end of the book to briefly acknowledge the historical works on which they rely, without distracting from the novel's flow. If you've relied substantially on another's work, acknowledging this is the kind thing to do. Omitting the acknowledgment probably isn't unethical; it's not a lie, or the denial of the credit needed for success in the original author's profession. But it isn't very nice. … Yet what about copying not just facts, but also another author's words, either literally or in a close paraphrase? Would a general acknowledgment at the end of the book be enough to justify this? Or is such copying impermissible, at least unless you expressly note it using quotation marks, or by writing 'as Lucilla Andrews said'? In academic work, the answer is simple: Quote the original, and insert a footnote at the place you quote it. But what about a novel?" Volokh concludes, "So where does this leave Mr. McEwan? Likely not guilty on any of the counts, if the account in the newspaper that first broke the story (the Nov. 26 Daily Mail) is thorough. Mr. McEwan borrowed facts, and those words that accurately described the facts. He is not guilty of copyright infringement, or of taking another's original expression without specific notation. And while he did rely on Andrews's autobiography, his acknowledgments page noted being 'indebted' to Andrews and her book. Any such acknowledgment could always be made more prominent; but it appears to have been prominent enough."

Recount Confirms Pryce Victory In OH15.

The AP (12/12, Smyth) reports the Ohio 15th CD race, which was "so close it triggered an automatic recount…finally wrapped up Monday with officials confirming Republican Rep. Deborah Pryce had won." Pryce "ended Election Night 1,055 votes ahead of Democrat Mary Jo Kilroy, but the difference was within a half-percentage point, which requires an automatic recount under Ohio law." The recount numbers, "released Monday, showed Pryce had gained 7 more votes, to win with 110,739 votes to 109,677 for Kilroy." The "close margin of victory was not lost on Pryce. She said that, while she was gratified to retain the seat, she got a clear message from her constituents." Pryce said, "There was a lot of disenchantment with government as it was. We all went through this election process. We'll take that message back."

Obama's New Hampshire Visit Continues To Make Waves.

Barack Obama's trip to New Hampshire over the weekend continued to reverberate on Monday, with each of the networks running full segments on the significance of the Illinois Senator's possible bid for the Democratic nomination in 2008. The phenomenon – labeled by some commentators as "Obama-mania" – also drew coverage in a variety of cable and print sources, and comparisons with another photogenic Democratic Senator and later President, John F. Kennedy. The commentary on and analysis of Obama's prospects also continued to draw largely favorable comparisons with those of Sen. Hillary Clinton's.

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NBC Nightly News (12/11, story 5, 2:50, Williams, 9.87M) reported, "Barack Obama is officially testing the water, as they say, and in doing so, he packed the house this weekend with citizens, with news media and the next thing we knew, one New Hampshire legislator said he hasn't seen anything like what happened there this weekend since John F. Kennedy. And all of this is forcing some other presidential hopefuls to change there strategy." NBC (Reid) added that "on his first trip to New Hampshire," Obama "was adored and mobbed. A phenomenon that insiders call Obama-mania." Sen. Evan Bayh of Indiana "was also in New Hampshire this weekend but the national media barely noticed, too busy tracking Obama's every move. Analysts say even front-runner Hillary Clinton is feeling the Obama effect, accelerating the pace, though today she insists she's still undecided."

ABC World News (12/11, story 6, 2:45, Gibson, 8.78M) reported, "For some time, many have thought Hillary Clinton to be a prohibitive favorite for the Democratic nomination. Then, came the prospect of a Barack Obama candidacy, a prospect that seemed ever more likely when the Illinois Senator traveled to New Hamphsire this weekend. It is high political drama in the making." ABC (Tapper) added, "Capping off his whirlwind tour of New Hampshire, Senator Barack Obama tonight will appear in the opening of ESPN's 'Monday Night Football.'" Sen. Barack Obama: "Tonight, I would like to put all the doubts to rest. I would like to announce to my hometown of Chicago and all of America that I am ready. For the Bears to go all the way, baby!" Tapper: "Obama's potential candidacy may affect Clinton more than anyone. A big reason for that -- she has such strong support among black voters who are key in Democratic primaries." Rep. Charles Rangel: "There is a sense of racial pride in having an African-American candidate. The same way, I assume, the Irish were overwhelmed when Jack Kennedy was a candidate."

The CBS Evening News (12/11, story 8, 2:55, Borger, 7.66M) reported, "Maybe the Democrats are just looking for a fresh face. Only two years ago, Obama was an Illinois state senator who had just won his first term in the US Senate. He's short on national security credentials, although some Democrats like that fact that he was against the war in Iraq early on. His newest message: The politics of inclusion." But "maybe most of all, Obama is not Hillary Clinton, whom some Democrats worry is just too much of a lightning rod to win the election."

Fox News Special Report (12/11, Hume) reported the "hoopla" surrounding Obama's recent visit to New Hampshire "has nearly overshadowed speculation about Hillary Clinton's plans." Fox News (Cameron) noted Clinton (D) "has kept her husband's political machine at a distance for six years , but this weekend reached out to the original leaders" of former President Clinton's "comeback kid" New Hampshire campaign in 1992." Meanwhile, Obama "brought Obamamania" to New Hampshire in an "unprecedented appearance" that "literally stopped traffic."

The Christian Science Monitor (12/12, Chaddock, 59K) reports, "So what's driving Obama-mania? It isn't a single set of issues such as the war or the economy. Rather, the attraction seems to be a mix of Obama's own compelling personal narrative and many voters' desire for a less caustic brand of politics." Ross Baker, a political scientist at Rutgers University, said, "It's the sense that you're in the presence of someone who is touched with the gift of grace." Baker adds Obama "exemplifies the hope that there's some way to triumph over the intense polarization of American politics."

Buchanan Says Obama Should Prepare For Scrutiny. On MSNBC's Tucker (12/11, Carlson), commentator Pat Buchanan said Illinois Sen. Barack Obama (D) "has virtually put himself into this race. And I hope he is prepared for what is coming, because Hillary has been vetted to a T. There is nothing more we can learn about her. We don't know anything about this guy."

Liasson Calls Obama Appearance "Extraordinary." On Fox News' Special Report (12/11, Hume), NPR contributor Mara Liasson, who was in New Hampshire during Obama's visit, said, "They sold 1,500 tickets and then had to open up another room so they could shoehorn 200 more people. So he was speaking to 2,200 people. You heard the Kennedyesque flourishes in the speeches, and that's how people -- oh, many people made the association. I haven't felt this since John F. Kennedy. People just went ga-ga over him. I mean, it was really extraordinary."

Obama Visit Shows Granite State Retains Clout In Race For White House. CQ Politics (12/12, Blinkhorn) reports, "The New Hampshire primary campaign appears undiminished as a rite of passage for presidential candidates, despite a breakthrough by political activists in other states who have long sought to water down the Granite State's influence as host of the first-in-the-nation primary. This was underscored Sunday, when" Obama "appeared as guest

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speaker at what amounted to a victory rally for the resurgent New Hampshire Democratic Party." Obama's "appearance raised the tally to at least 58 visits to New Hampshire by 13 official, exploring and thinking-about-it Democratic presidential candidates since June 2005."

"Seismic Shift" Forecast If Obama Or Clinton Wins. Fox News' Big Story (12/11, Kennedy) reported, "Americans have elected 43 chief executives. … And not one has been a woman, or anything other than white. Historians agree, if Hillary or Barack's going to become the nation's top dog, it will be with a seismic shift."

Clinton Plans Announcement After New Year. The AP (12/12, Humbert) reports Sen. Hillary Rodham Clinton "said Monday she won't make a decision about running for president until after the first of the year." During a visit "to an aircraft maintenance facility at the former Griffiss Air Base, Clinton confirmed she is talking to people in New York and across the country about a possible run for president in 2008. It was the first time Clinton publicly confirmed what her aides and fellow Democrats have been saying about a possible presidential run." Clinton said, "I'm talking to people who have opinions about what our country needs to do going forward and whether or not I make any decisions, I can't really confront until after the first of the year." The AP adds Clinton "said she had not yet decided whether to form a presidential exploratory committee, but that technical requirements of federal election law might require her to do so if she continues to consider a presidential run." Regarding Sen. Barack Obama, "a possible rival for the Democratic nomination, Clinton said the warm reception Obama has been getting around the country, including a stop in New Hampshire on Sunday, is 'terrific.'"

In his New York Times column (12/12), Thomas Edsall says Clinton is "the Democratic establishment's anti-establishment candidate. She is simultaneously an insurgent, seeking to end a 220-year reign of men, and the heir apparent — dominant in cash ($14.4 million in the bank), in the polls and in the colossal reach of her machine." Clinton's "most visible challenger, Barack Obama, is similarly an insurgent, but without the former first lady's resources. He is seeking to capitalize on his ranking as an underdog, entering the fray as David battling the Clinton Goliath."

Obama Challenge Seen As Positive For Clinton. In his Washington Post column (12/12, A27), E.J. Dionne says Sen. Clinton "faces a maddening challenge. Many of the people who like and admire her, who believe she has good values and would make an excellent president, are not sure they are for her because they don't think she can win. Many of these same people, as one prominent Democrat told me, actually feel guilty that they harbor these doubts, partly because the specter that haunts Clinton has little to do with anything she has said or done herself." The doubters "are ashamed to say what really worries them: that Americans don't want to relive the supposed psychodramas of the Bill Clinton years; that her association with her husband will mobilize his enemies more than it will energize his friends; that their relationship is just too complex for those critical swing voters to understand or accept." No matter "how unfair, misguided or even dimwitted Sen. Clinton's supporters may find the catalogue of doubts, she will have to deal with them if she is to win over all the guilt-ridden skeptics." And that "is why the prospect of Barack Obama's presidential candidacy is not only good for the Democratic Party but also good for Clinton herself. Without Obama in the race, the Democratic primaries would boil down to Hillary and those vying to be the anti-Hillary. She might well win a battle of attrition, but without quelling the doubts." A "Clinton-Obama contest would require Clinton to shed some of her caution. It would create enormous popular interest in the Democratic Party. And if she were to beat Obama -- this assumes, as I expect, that Obama will look just as formidable a year from now as he does today -- Clinton would prove her mettle, which might finally put the doubts to rest."

Kucinich To Announce Bid For White House In Cleveland Tuesday. Fox News Special Report (12/11, Cameron) reported, "The politics of an Obama-Clinton rivalry in this race may discourage some candidates from ultimately getting in, but not so Ohio Congressman Dennis Kucinich. He ran in 2004, and tomorrow, in his hometown of Cleveland, he will announce that he is going to try again in 2008. Look out Hillary and Barack Obama."

The AP (12/12, Mabin) reports, "The liberal, anti-war congressman said he was inspired to run because he disagrees with the way some of his fellow Democrats are handling the war, including approval of a proposal to spend $160 billion more on the conflict. 'Democrats were swept into power on Nov. 7 because of widespread voter discontent with the war in Iraq,' Kucinich said. 'Instead of heeding those concerns and responding with a strong and immediate change in policies and direction, the Democratic

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congressional leadership seems inclined to continue funding the perpetuation of the war.'

The New York Times (12/12, Leibovich, 1.16M) reports, "In the midst of a brief chat in his office last week," Kucinich "mentioned that, oh, by the way, he planned to run for president again in 2008. 'Yes, I am,' Mr. Kucinich…said in response to a reporter's question about a possible encore to his bid in 2004. Mr. Kucinich's wife, Elizabeth Harper, who was seated next to him, arched her eyebrows in apparent surprise. Asked if he had told anyone this yet, Mr. Kucinich said no. 'You just happened to ask,' he said. Then he walked out of his office and informed his press aide. The news from Mr. Kucinich…underscores the 'What the heck?' sensibility that seems to be governing some entries into what may be the most crowded presidential field in history."

The Hill (12/12, Blake) notes that Kucinich "garnered 1 to 2 percent in most early states in 2004, going on to take 16 percent in Maine, 17 percent in Minnesota and 26 percent in Hawaii and Alaska."

Vilsack Says Democrats Need To Reach Out To Pro-Life Community. The AP (12/12, Humbert) reports Iowa Gov. Tom Vilsack "said Monday that while he's a pro-choice Democrat, members of his party need to promote life by encouraging adoption and providing programs for prenatal care and family planning." Vilsack said, "When you phrase it that way, you send a message to the life community that you respect but don't necessarily always agree with their position. And you begin to have a conversation about issues where there might be consensus as opposed to division." The AP adds Vilsack "spoke to a group of about 100 Democrats in Florida, a critical swing state in the election."

Kennedy Says He Won't Wait "Indefinitely" For Kerry Decision On Presidential Bid. The Boston Globe (12/12, Klein, 413K) reports that Massachusetts Sen. Ted Kennedy (D) on Monday "dropped his public commitment to support" fellow Massachusetts Sen. John Kerry (D) "in a 2008 presidential race, saying that he won't wait 'indefinitely' for Kerry to declare his intentions while the Democratic primary field takes shape. Hours later, Kerry aides promised that the senator would make a decision 'shortly after the turn of the year,' despite recent signals that Kerry could wait until late spring before deciding. A Kennedy spokeswoman said Kennedy would continue to support Kerry if the junior senator jumps into the race on that time line." However, Kennedy, in an interview "offered strong praise for two of Kerry's possible presidential rivals: senators Barack Obama of Illinois and Hillary Rodham Clinton of New York, calling them 'formidable figures' who are connecting with rank-and-file Democrats. Kennedy said his oft-stated commitment to support Kerry -- made repeatedly after the 2004 election -- was based on the assumption that Kerry would state his intentions by early 2007. Since Kerry pushed back his decision following an election-eve 'botched joke' that damaged his public standing, Kennedy said he has informed Kerry that he may get behind another Democrat for president. 'I was under more of the impression before that he was going to run and was waiting in time [to declare his candidacy], but now he's deferred that decision,' Kennedy said. 'I have no plans of supporting anyone else at this juncture. I'm also not going to just wait indefinitely until he's made a judgment or a decision.'"

Gingrich Decision On 2008 To Come In September. On Fox News' Your World (12/11, Cavuto), former House Speaker Newt Gingrich (R) said, "I'll tell you in September what I decide to do but, for the moment, we're looking for American solutions that we're going to work with members of both parties to try to actually solve problems for the coming year." After Neil Cavuto pressed him for more information, Gingrich responded, "John F. Kennedy announced on January 30, in the election year. Ronald Reagan announced in late November of 1975. We are a long, long way from serious, normal people being involved in politics."

Romney Hired Elizabeth Smart For Fundraiser. The AP (12/12, Humbert) reports Gov. Mitt Romney "paid $500 to Elizabeth Smart, the Utah teen who survived a kidnapping by a religious zealot, after she played harp at one of his fundraisers, according to a campaign finance report that highlights his preparations for a likely presidential run." Smart, "a fellow Mormon who was freed in 2003 after a nine-month abduction, received the money in April, according to the 166-page report, which outlines donations and expenditures through Nov. 27 for Romney's Commonwealth PAC. Romney has been using the political action committee to travel and build chits for a campaign, which he is expected to announce early next year."

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Lesser-Known Conservatives See Chance To Make Splash In '08 GOP Race. The New York Times (12/12, Nagourney, 1.16M) reports, "The blast of conservative criticism aimed at Gov. Mitt Romney of Massachusetts for backing gay rights in 1994 has shaken his position as the social conservatives' favored challenger to" Arizona Sen. John McCain (R) for the GOP "presidential nomination. … The two immediate beneficiaries? Gov. Mike Huckabee of Arkansas and Senator Sam Brownback of Kansas. 'The governor of Massachusetts is going to have a problem explaining the variety of positions he's taken on various issues,' said Rob Wasinger, the chairman of Mr. Brownback's exploratory committee." Huckabee, meanwhile, referring to outgoing Sens. Bill Frist (R) and George Allen (R), who had been viewed as potential '08 presidential candidates, "said, 'There is going to be a real look for a fresh face now.' Whether or not these two men have the skills to take advantage of it, the opening is there. 'Social conservatives have some reason to be a little skeptical of the four top-tier candidates: Romney, McCain, Giuliani and Gingrich,' said Rich Lowry, editor of National Review, the conservative magazine."

Daley Launches Campaign For Sixth Term As Chicago Mayor. USA Today/AP (12/12, 8A, Bellandi) reports, "Mayor Richard Daley announced Monday he will run for a sixth term, a move that could put him in office longer than his legendary father." The mayor "will be facing some tough questions this time around, including dealing with the fallout from federal investigations into allegations of illegal political patronage and payoffs at City Hall." Daley "has not been accused of any wrongdoing. His former patronage chief, however, faces almost four years in prison for engineering a scheme to hide politics-based hiring by city offices. Other city workers have been caught up in bid-rigging and bribery scandals."

The Chicago Tribune (12/12, Washburn, Mihalopoulos, 617K) says "things are a little different this time around for the mayor. Since the 2003 election, the mayor's loyal political street organizations have suffered at the hands of an ongoing federal investigation into illegal hiring that rewarded campaign workers." Still, "polls have shown that Daley's popularity is high despite City Hall scandals, and most political experts consider him the clear favorite to win re-election."

The New York Times (12/12, Saulny, 1.16M) reports that yesterday, Daley "briefly acknowledged concerns about the abuse of power on his watch, highlighting new fund-raising rules for his campaign and a reworking of the city's hiring and contracting systems. 'The best way to show responsibility is to address the problems directly, so the mistakes of the past won't be repeated,' he said. 'And that's what I've tried to do.'"

DeLay Launches New Venture As Blogger. USA Today (12/12, Kiely, 2.27M) reports former House Majority Leader Tom DeLay is "re-entering the political fray, this time as an Internet commentator and community organizer." DeLay, whose "outspoken conservatism and take-no-prisoners legislative style made him a favorite target of Democrats before he resigned from the House in June, launched himself in the blogosphere Monday. He said he hopes to use his new website, www.tomdelay.com, to create a grassroots political organization for conservatives." DeLay said, "Over time and the long term, we hope to drive legislation through Congress. I know how to do that." USA adds that as a House leader, DeLay "helped push much of President Bush's agenda through Congress, including tax cuts, energy bills and the Medicare prescription-drug plan. He named some of his chief goals as ending abortion, supporting Israel and winning the war on terrorism." DeLay's "reinvention of himself, a month after his party lost its House majority, elicited sharply polarized responses. Comments on his first blog entry were largely ecstatic, although DeLay admitted editing out 'vulgar' posts, which he said came from Democrats. Longtime political opponents were acerbic."

The Hill (12/12, Kucinich) reports DeLay "began the long haul to restore the GOP to power and to repair his personal reputation following a year of scandal and bruising electoral defeat. His vehicle for both is a blog and grassroots political organization hosted at www.tomdelay.com." DeLay said, "I've got the election behind me and I'm looking forward to the future and I'm very excited about the opportunities that having a Democratic majority offers to conservatives." The Hill adds, "Sitting forward in an attitude of calm determination, in a conference room adorned with mementos and pictures from his tenure in Congress, DeLay explained how his blog was aimed at improving Internet communication between conservatives. And he acknowledged that Democrats were well ahead in this area."

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DeLay Complains Of "Rogue District Attorney." On MSNBC's Hardball (12/11, Barnicle), former House Majority Leader Tom DeLay said, 'I still have that rogue district attorney in Texas, Ronnie Earle, who's using the process to drag this on. I'm trying to get to trial. I want to go to trial. I've been wanting to go to trial the day I was indicted. … I've been indicted on laws that don't exist in Texas. Yes."

New York Congregation To Demolish Church, Build Senior Apartments. The Christian Science Monitor (12/12, Marks, 59K) reports that in 1922, "when the First Presbyterian Church of Astoria moved to the wilderness that is now Queens, it was on the cutting edge of community development. Today, the congregation is leading a new kind of church renewal, one that entails downsizing physically as it expands its mission spiritually." Today, "like many urban churches, Astoria's First Presbyterian has a dwindling number of parishioners - less than 50 on the books. The church operates in the red, its grand buildings are decaying, and the Rev. Donald Olinger spends much time just figuring out how to keep the doors open." Rev. Olinger and "his flock knew it was time for something radical. In an emotional decision, they have agreed to tear down the elegant old buildings and replace them with more than 90 units of affordable housing for senior citizens." The church "will end up with a sanctuary room in the new building for its Sunday services, as well as a $4 million endowment that it can use to expand its spiritual mission."

Both Clintons To Attend Book Parities For McAuliffe. The New York Times (12/12, Leibovich, 1.16M) reports it "may not go down as a literary classic, but the coming memoir from Terry McAuliffe, the former chairman of the Democratic National Committee, will come with a one-two wallop of book parties that few first-time authors can match." McAuliffe, "whose proficiency as a Democratic fund-raiser is rivaled only by his allegiance to Bill and Hillary Rodham Clinton, will see his devotion repaid with not one, but two parties given by the former first couple early next year. Befitting their shuttle marriage, Mr. Clinton will have his party in New York (Jan. 22, the Four Seasons restaurant) and Mrs. Clinton will hold hers in Washington (Feb. 8, Park Hyatt Hotel)."

Rice Seeks Denuclearized North Korea Within 24 Months. In an exclusive interview with AFP (12/12), Secretary of State Condoleezza Rice said Monday that she "wanted quick results in North Korean disarmament talks that resume next week, setting a two-year time frame to dismantle Pyongyang's nuclear weapons program." Rice told AFP she was "delighted the talks are going to start again, but they have to start to show results pretty soon." The Secretary said Washington was "ready to offer North Korea economic aid, energy assistance and improved political relations" if it abandon the development of nuclear weapons. However, she "declined to provide details of specific incentives being put on the table by Washington ahead of the talks." Meanwhile, Rice said, "I think that everyone is looking, in the next round or so, for the North Koreans to do something that demonstrates that they are in fact committed to denuclearization." Rice said her goal was to have Pyongyang complete irreversible steps to dismantle its nuclear arms program before the end of President George W. Bush's term in January 2009.

Rice, Gates To Participate In Security Talks With Japan. The AP (12/12) reports Secretary of State Condoleezza Rice and Defense Secretary-designate Robert Gates will meet with Japanese officials on Jan. 13 "to bolster cooperation in missile defense and discuss the ongoing realignment of US troops in Japan." The nation's Kyodo News agency reported that Japanese Foreign Minister Taro Aso and Defense Agency chief Fumio Kyuma will meet Rice and Gates in Washington.

Rice Says Washington Backs New European Resolution On Iran Sanctions. In an exclusive interview with AFP (12/12), Secretary of State Condoleezza Rice said Monday that Washington "has finally signed on to a European draft resolution imposing sanctions on Iran over its nuclear program and is optimistic it will quickly pass" through the UNSC. Speaking after the revised draft was submitted to the UN, Rice said it is "a good resolution" and that she was "optimistic" it would pass soon, "though she stopped short of predicting a final vote before the end of the year." The Secretary said the latest version "would make very clear to the Iranians that they are not going to be able to pursue this program and remain integrated into the international system and I would hope would give them pause so they might consider coming back to negotiations."

Russian Concerns About Iran Resolution Eased. The Washington Post (12/12, A22, Lynch, 690K) reports

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senior Russian officials Monday said that European negotiators have "overcome many of their objections" to the draft resolution and that an agreement "may be in sight." Russian Foreign Minister Sergei Lavrov "praised" the draft, saying it echoed Moscow's preference for pursuing a diplomatic strategy that encourages Iran "to sit down at the negotiating table." He said it was "carefully" drafted to ban "only those sensitive nuclear activities, including the enrichment and reprocessing of uranium, that the council was seeking to stop," and "does not provide for blanket sanctions." The AP (12/12, Bergman) notes that Russia's U.N. ambassador also "praised" the draft resolution, saying his country's concerns "had been taken into account as negotiators met behind closed doors Monday to discuss the text."

McCain Says Iran Threatens Israel's Existence. The AP (12/12, Humbert) reports that in New York, "Israel and the world are threatened by a 'possibly deranged and surely dangerous regime' in Iran, White House hopeful Sen. John McCain told a Jewish audience." As the "world's 'chief state sponsor of international terrorism,' Iran defines itself by its hostility to the Jewish state and its chief ally, the United States, the Arizona Republican said in a speech for a Hanukkah dinner at Yeshiva University on Sunday." He "noted that Iranian President Mahmoud Ahmadinejad has called the Holocaust a 'myth,' urged that Israel be 'wiped off the map' and defied international demands and incentives to end a drive to gain nuclear weapons capability."

Iranian Students Protest Ahmadinejad Speech. ABC World News (12/11, story 4, 0:20, Gibson, 8.78M) reported, "In Iran, today, an extraordinary sight: a demonstration against President Mahmoud Ahmadinejad. Dozens of students shouted 'death to the dictator' as he spoke at a university. They burned photographs of the president. His supporters shouted down the demonstrators. There were no reports of arrests."

The New York Times (12/12, A3, Fathi, 1.16M) says the protests "disrupted" a speech by Ahmadinejad "at a major university in Tehran," marking "the first major public protest" against Ahmadinejad since his election more than a year ago. The students also "demanded the resignation of Alireza Rahai, a conservative and the chancellor of the institution, Amirkabir University," the Iranian Student News Agency reported. The AP (12/12, Karimi) says Ahmadinejad "responded calmly" to the demonstration.

Iran Hosts Conference On Holocaust. NBC Nightly News (12/11, story 3, 2:35, Williams, 9.87M) reported, "An unusual gathering got underway today in Tehran in Iran where those who question, and even outright deny that the Nazi Holocaust ever took place, are getting together to discuss their theories on whether six million Jews really were killed by Hitler's followers." NBC (Mitchell) added, "Iran's President Ahmadinejad, who has long called the Holocaust a myth, organized today's conference, challenging one of history's most documented events." NBC noted that the "fringe group included white supremacist David Duke, who praised Iran's President for his courage," and "a radical group of Orthodox Jews were among delegates from 30 countries."

The Financial Times (12/12, Smyth) says the event "has been billed as an objective examination of historical fact, although interest has fed off the international furor sparked by president Mahmoud Ahmadinejad's verbal attacks on Israel by and his questioning of the Holocaust." For his part, Israeli Prime Minister Ehud Olmert said the conference showed "the depth of hatred and the radical fundamentalism within the Iranian government," while a State Department spokesman said the conference was "yet another disgraceful act on this particular subject by the regime in Tehran."

The New York Times (12/12, A3, Fathi, 1.16M) notes that "among those representing the United States was the former Ku Klux Klan leader David Duke, whose prepared remarks, issued by the Iranian Foreign Ministry, said the gas chambers in which millions perished actually did not exist." Duke also suggested that "depicting Jews as the overwhelming victims of the Holocaust gave the moral high ground to the Allies as victors of the war and allowed Jews to establish a state on the occupied land of Palestine."

Columnist Says Conference Shows Importance Of Holocaust Education. Washington Post (12/12, A27, 690K) Anne Applebaum writes that in response, "Europe, the United States and Israel expressed official outrage. The German government, to its credit, organized a counter-conference. Still, many have held their distance, refusing to be shocked or even especially interested." Applebaum notes that although "we all know what happened," Iran's denial "is serious -- or at least Iran's president, Mahmoud Ahmadinejad, is deadly serious: Holocaust denial is his personal passion, not just a way of taunting Israel, and it's based on his personal interpretation of history." Therefore, she says that "it seems the archives, the photographs and the endless rebuttals will

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go on being necessary, long beyond the lifetime of the last survivor."

Iran's Jewish Community Fears Worsening Conditions. In a report on Iran's Jewish community, the CBS Evening News (12/11, story 9, 2:45, Palmer, 7.66M) reported that since the Iranian revolution "half of Iran's Jews fled the country. Now those who stayed behind hope they're not heading for a new crisis. But the signs are ominous. Iran's hard-line President has denied Hitler's Holocaust and said Israel should be wiped off the map. And Israel refuses to rule out a strike on Iran's nuclear installations."

Iranian Opposition Group Cites Importance Of Resistance Movement. In a letter to the editor of the Wall Street Journal (12/12, A19, 2.04M), Shahin Gobadi, a spokesman for the National Council of Resistance of Iran, writes that the Journal's front page article, "Iranian Imbroglio Gives New Boost to Odd Exile Group," (Nov. 29) "asserted that most American officials dispute claims of the People's Mojahedin Organization of Iran," the main Iranian resistance movement, of "having a mass following in Iran, stressing that many Iranians despise the organization." However, Gobadi says "believing this would lead one to wonder why a 'terrorist' labeling of such an 'isolated' organization should be such a big deal for the clerical regime." Gobadi notes that the Washington-based Iran Policy Committee established in a 2006 study that Tehran "paid five times more attention to the PMOI than to all other internal and external opposition groups combined." He also notes that the AP reported last week that the Iranian regime has blocked access to YouTube.com "mainly because videos from the PMOI have been posted on this site."

Rice Warns Syria, Iran Over Lebanon. In an exclusive interview with AFP (12/12), Secretary of State Condoleezza Rice on Monday "warned" Syria and Iran that the "future of Lebanon is not an issue for negotiation." Rice also "rejected mounting calls to deal directly with Damascus and Tehran as part of efforts to end the crisis in Iraq and said the two states should have no doubts about Washington's commitment to the embattled government of Lebanon." The Secretary told AFP, "In no way is the US going to get into a situation where it is even a conceivable notion on the part of Syria or Iran that the future of Lebanon would somehow be compromised for other interests of the US." Rice said she wanted to "make it very clear that the future of Lebanon is not an issue for negotiation with anybody."

Ignatius Says White House Has Done Little To Back Siniora. Washington Post (12/12, A27, 690K) columnist David Ignatius writes that Washington's response to the protests against Lebanese Prime Minister Fouad Siniora's government "unfortunately has been as feckless here as elsewhere in the region. Despite American promises to bolster Siniora by getting a map of Israeli land mines in southern Lebanon, or exploring Lebanese claims to a disputed, Israeli-occupied territory known as Shebaa Farms, the Bush administration has done little."

Olmert Appears To Confirm Israel Has Nuclear Arsenal. The New York Times (12/12, A5, Myre, 1.16M) reports Israeli Prime Minister Ehud Olmert "appeared to acknowledge inadvertently during a TV interview shown Monday that Israel has nuclear weapons, an issue on which the Jewish state has sought to maintain ambiguity for decades." However, Olmert's aides said later that there was "no change in Israel's policy of refusing to confirm or deny whether it has nuclear weapons." In an interview with the N24 cable news channel in Germany, Olmert said, "Iran openly, explicitly and publicly threatens to wipe Israel off the map. Can you say that this is the same level, when they are aspiring to have nuclear weapons as America, France, Israel, Russia?"

Israel Boosts Warplanes' Range In Response To "Distant Threats." USA Today (12/12, 16A, For, 2.27M) reports Israel's air force plans to "enhance its air-refueling capabilities, increasing the range of its warplanes," as Iran "emerges as an increasing threat." Air Force Brig. Gen. Yohanan Loker has said the program would help Israel meet "emerging distant threats," though he did not mention Iran by name. One option the Israeli air force is considering is "the purchase and development of drones, or unmanned aerial vehicles, to serve as refueling tankers for attack jets and other aircraft used in long-range missions."

Kinsley Criticizes Carter's Use Of "Apartheid." Washington Post (12/12, A27, 690K) columnist Michael Kinsley writes that former President Jimmy Carter, in his new book "Palestine: Peace Not Apartheid," does not make "clear what he means by using the loaded word 'apartheid,'…but the only reasonable interpretation is that Carter is comparing Israel to the former white racist government of South Africa." Kinsley calls this "a foolish and unfair comparison, unworthy of the man who won -- and deserved -- the Nobel Peace Prize for bringing Israel and Egypt together in the Camp David

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Accords, and who has lent such luster to the imaginary office of former president."

Killing Of Three Palestinian Children Could Spark Civil War. ABC World News (12/11, story 5, 2:15, Gibson, 8.78M) reported that "in Gaza, where there has been so much violence over the years, an attack today that stood out for its savagery. Gunmen killed three young boys, ages three, six, and nine years old, whose father helped to crack down on Hamas militants a decade ago. Tonight, there are fears the killings could trigger new violence between Palestinian factions." ABC (Sciutto) added, "Today's attack was the latest and most brutal in an escalating struggle between the main political factions here, Fatah and Hamas. … For all the real concern about the conflict between the Palestinians and Israelis, the worsening infighting between Fatah and Hamas is raising the frightening prospect of civil war."

NBC Nightly News (12/11, story 4, 0:25, Williams, 9.87M) called the killings "a shocking act of murder" in "a part of the world where violence is common, but not like this." The New York Times (12/12, A14, Myre, 1.16M) says the killings "further inflamed an already tense situation among Palestinian factions locked in a political power struggle." Although no group claimed responsibility for the shooting, their father Baha Balousha, a colonel in the General Intelligence service, was "regarded as one of the figures involved in a Palestinian Authority crackdown on Hamas members a decade ago and has long been at odds with the group, Palestinians said." The Times notes that "while Palestinian factions have frequently battled in recent years," the deaths of the three boys "outraged many Palestinians and heightened fears that they could cause revenge attacks."

The AP (12/12, Lavie) says the killings are "threatening to ignite a Palestinian civil war" and have "jeopardized Israeli Prime Minister Ehud Olmert's efforts to restart long-stalled peace talks." The Washington Post (12/12, A22, Wilson, 690K) and Financial Times (12/12, Devi) also report briefly on the killings.

Iran Pledges $250 Million In Aid To Palestinians. The AP (12/12, El Deeb) reports Iran has pledged $250 million in aid "to the cash-strapped Hamas-led Palestinian government, the latest sign of increasingly close ties between the Islamic group and Tehran," Palestinian Prime Minister Ismail Haniyeh said Monday. Haniyeh's office announced the donation at the end of a four-day visit by the prime minister to Tehran. Also Monday, the European Commission "proposed a three-month extension of a special aid deal for the Palestinians that bypasses the government."

Saudi Ambassador Abruptly Resigns, Leaves Washington. The Washington Post (12/12, A23, Wright, 690K) reports Saudi Ambassador Prince Turki al-Faisal "flew out of Washington yesterday after informing Secretary of State Condoleezza Rice and his staff that he would be leaving the post after only 15 months on the job, according to US officials and foreign envoys." The Post notes that the ambassador's exit -- "without the fanfare, parties and tributes that normally accompany a leading envoy's departure, much less a public statement -- comes as his brother, Prince Saud al-Faisal, the highly influential Saudi foreign minister, is ailing." As Saud's health has declined, Turki has "increasingly been rumored as a possible replacement for his older brother," it notes.

Somali Islamic Militiamen Advancing On Ethiopian Border. The AP (12/12, Hassan) reports Islamic militiamen "were moving on an Ethiopian border town to try to seal the 1,000-mile frontier and keep out any advancing Ethiopian troops while trapping those already in Somalia," an Islamic movement official said Monday. Mohamed Ibrahim Bilaal, an Islamic movement official, told the AP by telephone that forces will "go to all border towns in our country to deprive our enemy of a route to enter into our country. Also we don't want the enemy inside Somalia to get an exit route to flee from it when the jihad starts." The latest military buildup "further raises fears of intensified conflict in Somalia," the AP notes.

The Christian Science Monitor (12/12, Baldauf, 59K) reports, "A new front in the global struggle for Islamist rule is emerging in Africa. And there are worrisome signs that battles between Somalia's rising Union of Islamic Courts (IUC) and the country's foundering Western-backed government might soon engulf the entire Horn of Africa in a regional war. ... neighboring Ethiopia isn't waiting for the UN. As the Islamists continue to take town after town away from Somalia's transitional government, and to march closer to its border, Ethiopia is gearing up for all-out war. Meanwhile, Eritrea, Djibouti, and Sudan are eyeing the conflict and taking sides." The Monitor continues, "Many Ethiopian officials and experts say that they have no choice but to fight. The looming war in Somalia is part of the unfinished business of Ethiopia's two-

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year border war with Eritrea, which ended in exhaustion rather than a negotiated peace treaty. Ethiopian officials allege that the rise of Somalia's Islamists was made possible by Eritrean logistical support, and a UN Monitoring Group report has charged that Eritrea, Egypt, Djibouti, Iran, Saudi Arabia, Yemen, Libya, and Sudan have all contributed funds, arms, and technical support to help Somalia's Islamists take control."

Somali Floods Heighten National Crisis. The New York Times (12/12, A6, Gettleman, 1.16M) reports the people of Somali are suffering after floodwaters "drowned their animals, submerged their crops and swept away their homes." The Times says they "are slowly starving, unable to sustain themselves on unripe fruit and filthy water." The floods here are "yet another installment of a nation in crisis. At a time when Somalia seems inexorably close to an all-out war with Ethiopia, with a destructive potential that could dwarf the countless deaths from the last 15 years of anarchy, a deluge has arrived, plunging Somalia's breadbasket underwater, creating the conditions for an extended famine and taking the area's woes to a whole new level."

Congressional Study Finds Continuing Delays In Delivering Darfur Aid. The AP (12/12, Flaherty) reports US humanitarian aid to Darfur "continues to be hampered by a lack of security in the region, restrictions by the Sudanese government and delays in international aid," according to a report released Monday by the Government Accountability Office. The office said in its report that the "nearly $1 billion in US aid and efforts by the international community have helped improve a dire situation," but "nongovernmental organizations and the UN still face serious problems in aiding the nearly 4 million people who require assistance, including frequent attacks on aid convoys."

US, UK Move Toward Resolving Fighter Jet Dispute. The Wall Street Journal (12/12, A8, Karp, Michaels, 2.04M) reports that as Lockheed Martin Corp. "prepares its newest fighter jet for its maiden flight this week, the US and Britain are moving toward resolving disputes, raising the likelihood Britain will stay in the $276 billion program, a person familiar with the matter said." A formal agreement committing Britain to buy the jet, known as the Joint Strike Fighter, "could be announced as soon as today after Pentagon talks between senior US and British defense officials," the source said. An agreement with Britain would remove "a shadow over" the program, which has been in development for a decade and is billed as "a model of international cooperation."

UK Nuclear Plans Highlight "Urgent Need" To Reform Global Framework. The Christian Science Monitor (12/12, Rice-Oxley, 59K) reports that British Prime Minister Tony Blair's announcement last week that Britain plans to spend around £20 billion ($39 billion) to replace its submarine-based missile deterrent known as Trident "has divided opinion, but experts on both sides agree that the decision highlights the urgent need to revive some form of global nuclear weapons framework." The alternative, they say, is "to risk a new arms race with many more powers than before and a heightened risk that a warhead might actually be used." The Monitor says that "for a few years, it seemed that all five recognized nuclear powers - Russia, the US, France, China, and Britain - would embrace the new spirit of disarmament," but "now, major nuclear deals like the Non-Proliferation Treaty (NPT) appear to be coming apart at the seams."

Anti-Nuclear Protest Staged In House Of Commons. AFP (12/12) reports "two anti-nuclear campaigners were ejected from the House of Commons and 28 were arrested elsewhere as protesters voiced anger at government plans to renew Britain's nuclear deterrent."

Western Companies Embrace Turkey. The Washington Post (12/12, A24, Moore, 690K) reports, "While opposition to Turkey's proposed membership in the European Union is growing among governments and voters in Europe, Western businesses…are embracing a nation of eager consumers armed with newly accessible credit cards. … Across the hills of the city once known as Constantinople, sleek new office towers are rising as rapidly as the slender spires of new mosques in a country where both Western capitalism and Islamic sentiments are on the march." The Post also reports, "At a time when European relations with the Muslim world are at a low, Western governments are becoming increasingly estranged from the country that has long been considered a political bridge between the secular democracies of the West and the Islamic nations of the East."

US Report Delivers "Rebuke" To China Ahead Of Officials' Visit. The New York Times (12/12, Weisman, 1.16M) reports, "In a rebuke to China on the eve of a high-level visit by American officials, the Bush

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administration formally accused Chinese leaders on Monday of failing to meet commitments to open the nation's economy and crack down on piracy of foreign goods." The criticism came in a 100-page report to Congress by USTR Susan Schwab. While "praising" China for "making progress in some areas," the report said that the country's efforts in 'other crucial areas had recently stalled, despite repeated promises from Beijing." It cited continued limits by China on sales of financial services by foreign banks, including credit cards, and limits on some sales of farm goods. It also accused China of "engaging in counterfeiting or piracy of software, videos, pharmaceuticals and other goods, sometimes with open encouragement of Chinese officials, and of failing to stiffen punishments on those engaging in these practices." The Times says the report was "likely to roil the atmosphere this week as Treasury Secretary Henry M. Paulson Jr. engages in a high-level effort to get China to cooperate on these issues."

Under the headline "US Vocal In Run Up To China Trade Talks," the Financial Times (12/12, McGregor, Guha) reports, "For a forum meant to allow Washington and Beijing quietly to sort out long-term problems, the run-up to the first US-China Strategic Economic Dialogue starting on Thursday has already featured some traditional high-decibel diplomacy." In recent days Treasury Secretary Paulson and USTR Schwab have "both made statements admonishing China over its trade, economic and currency policies." According to the Times, the Chinese "have so far been much more restrained, in public at least." However, it notes that "despite the tenor of some of the US statements, the planned twice-yearly dialogue, as presently structured, will not be anything like a bilateral trade negotiation," noting that "just the size of the US delegation…makes this encounter different."

China's Impact On US Economy Noted. USA Today (12/12, 1B, Lynch, 2.27M) reports, "China's WTO membership sparked far-reaching domestic reforms in the still-nominally-communist nation, leading to an economic flowering as well as greater personal freedom for individual Chinese. It's also meant hefty profits for U.S. corporations operating in China, such as General Motors." But "marrying 1.3 billion Chinese to the global economy" also "has left its mark on the United States. Tens of thousands of jobs in textile plants in states such as North Carolina have been wiped out by low-age Chinese competition even as US consumers enjoy lower-priced clothes, toys and furniture made in Chinese factories. Through massive purchases of US Treasury bonds, the Chinese government effectively finances Americans' consumption-heavy lifestyles."

More Commentary. In an editorial, the Wall Street Journal (12/12, A18, 2.04M) writes, "This week's trip to Beijing by Treasury Secretary Hank Paulson is being hyped as the biggest economic expedition since Marco Polo's. We suspect that's a tad oversold, but in the meantime it's too bad Mr. Paulson cajoled Federal Reserve Chairman Ben Bernanke into risking his credibility by joining him." Paulson's trip "is transparently political, with the goal most leaked to the press being to persuade China to let the yuan appreciate further against the dollar. … This is supposed to appease U.S. mercantilists, both political and commercial, and thus give the former Goldman Sachs executive his first big political win. This is at best a risky exercise, so why is Mr. Bernanke going along for the ride?" Bernanke "is or ought to be politically independent, and the perception of that independence is crucial to his credibility."

Author Andy Kessler writes in the Wall Street Journal (12/12, A18, 2.04M) that Paulson, Bernanke "and other polished cabinetry are visiting China later this week. They'll see fields of skyscrapers, traffic jams of new cars and designer couture replacing the old Maoist uniform with five buttons and too-long sleeves. In other words, we've got the Chinese right where we want 'em. … Adolescents eventually grow up. China is growing in spurts. They've got jobs and piles of debt. They need to keep working to pay it off. I actually think the US, with its immense wealth, is the main banker, not the Chinese floating our hopefully shrinking budget deficits. We are the ones with the leverage. S tick with the currency peg and make China open up their markets to competition and real outside financial scrutiny."

Administration Seeks To Revive Momentum For Doha Trade Deal. The Wall Street Journal (12/12, A4, Hitt, 2.04M) reports the Doha round of "global trade talks stalled after hitting numerous roadblocks over the summer. Now the White House is working to revive negotiations, even as a new barrier looms: a Congress much more skeptical of free trade." Administration officials have "stepped up the campaign to win support for its plan," and US Trade Representative Susan Schwab, "who spent years as an aide on Capitol Hill, is wooing the incoming trade czars of the new Democratic Congress." Treasury Secretary Henry Paulson "is rallying support for Doha around the globe. In London, he said Doha remains the administration's 'top trade priority,'

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even with the change in control of Congress next year." The Administration is "banking that all the political maneuvering will help inject some momentum back into the talks by the spring. The goal isn't necessarily to finish a deal then, but to show enough progress to persuade skeptics in Congress to extend the president's trade-negotiating authority beyond June, when it is set to expire."

AFL-CIO President Says Trade Deals Must Account For Human Rights, US Workers. In a USA Today op-ed (12/12, 20A), John J. Sweeney, president of the AFL-CIO, says, "The new Congress will face a daunting array of challenges and choices with respect to trade policy when it convenes in January. Our country is running an annual trade deficit of almost $800 billion, real wages are stagnant or falling for most American workers, the number of people in poverty is growing, the manufacturing sector is in recession, and our health care and retirement security systems are eroding rapidly." The "only way the Bush administration is going to begin negotiating fair agreements is if Congress takes a stand against these flawed deals, starting with Peru and Colombia. We face enormous challenges, but politically viable solutions are within reach. No single action will get us out of the hole we're in, but we can start by rejecting the failed trade policies of the past and charting a new course, one that puts human rights, good jobs and sustainable development at the center of our trade policy."

Probe Of Litvinenko Poisoning Leads To Hamburg. The CBS Evening News (12/11, story 3, 2:40, Couric, 7.66M) reported on "the poisoning death of the former Russian spy Alexander Litvinenko. From London to Moscow, the radiation trail has now led investigators to Hamburg, Germany." CBS (Roth) added, "While German police were following the latest tracks in the radioactive trail of poison polonium, British investigators were at a Moscow hospital spending three hours with Andrei Lugovoi, a key figure in the case of the poisoned spy. He's one of the Russians who met former KGB agent Alexander Litvinenko at a London hotel November 1. Within hours, Alexander Litvinenko was ill. Three weeks later he was dead. Officials now think polonium that killed him may have been put in his tea cup. But who put it there and where it came from are part of a mystery mapped out in radioactive hot spots still to be connected. From London where Litvinenko or his Russian contacts left traces of radiation in at least a dozen places to British airways jets at Heathrow Airport and to Moscow. The radiation just found in Hamburg, though, might fill in some blanks in the chain of events. It was left by Dmitry Kovtun, who stopped in Hamburg before joining the London meeting with Livinenko and who's now hospitalized in Moscow with radiation poisoning."

The Los Angeles Times (12/12, Holley, Fleishman, 850K) reports German police "said Kovtun is under criminal investigation for bringing the radioactive element into the country. 'He appeared to have been in contact with polonium. We are considering him as a suspect,' Hamburg state prosecutor Martin Koehnke said. 'We have to establish whether he was poisoned himself or carried the polonium into the country." He added that there was a "reasonable basis for suspicion that he may not just be a victim but could also be a perpetrator.'" The New York Times (12/12, Landler, Myers, 1.16M) says "four people who had contact here with a business associate of…Litvinenko were hospitalized Monday, on suspicion they had been contaminated by polonium 210." The Washington Post (12/12, A16, Jordan, Smiley, 690K) runs a similar story.

WSJournal Calls Kremlin Move Against Shell "Economic Version Of Polonium 210." The Wall Street Journal (12/12, A18, 2.04M) editorializes, "The authoritarian drift of Russia continues apace. Yesterday the Kremlin managed to pull the rug out from under the largest foreign investment in the country, Royal Dutch Shell's $20 billion oil and gas project off the Pacific island of Sakhalin. You might call it the economic version of Polonium 210." It "is a measure of the West's fatalism about Russia that the Kremlin-engineered campaign to force Shell to hand Sakhalin to state-owned Gazprom came as no surprise. KGB man Vladimir Putin has been anything but subtle in his mission to put natural resources in the hands of his cronies." The Journal concludes by asking, "what's [Russia] doing in the G-8 club of the world's leading industrialized democracies?"

Role Of FSB Expanding Under Putin. The Washington Post (12/12, A1, Finn, 690K) reports in a front page article that Russia's Federal Security Service, known by its Russian initials FSB, "has emerged as one of the country's most powerful and secretive forces, with an increasingly international mission." According to the Post, the "widening reach of Russia's national security apparatus is part of the general centralization of power under [Russian President Vladimir] Putin and a more assertive and self-confident foreign policy backed by vast energy resources." A spokesman for the FSB declined to discuss its functions, but

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"in interviews with the Russian news media, senior FSB officials have defended the agency's increasing power as a necessary and natural response to a terrorist threat." However, critics say that heightened state security, "while ostensibly a response to terrorism, is also seen by the Putin establishment as essential to its own political preservation."

Eastern Europe Struggles To Purge Soviet-Era Security Services. On its front page, the New York Times (12/12, A1, Smith, 1.16M) reports, "Communism is gone and democracy is well implanted in the countries of the old Warsaw Pact, but the Soviet era's security services are still sending shudders through the region nearly two decades after the fall of the Berlin Wall." Some members of the Soviet-era secret police "remain in place," while "others took advantage of the state-asset fire sale that came with the dismantling of centrally planned economies and are now quietly powerful players." However, the Times says "a renewed effort is under way across the former Soviet bloc to expose the continued role of the security services and to root out former police agents and collaborators."

Pinochet's Death Reopens Chilean Wounds.

The New York Times (12/12, Rohter, 1.16M) reports, "Chile seemed calmer on Monday, with the general's few remaining admirers filing by his coffin at the military academy here and the rest of the country going about its normal workday activities. But the timing of his death has not only brought back to the surface many of the divisions he created but has also left a host of troubling legal and political questions unresolved." The Times adds, "Victims of the general's human rights abuses, for instance, expressed frustration that he had died 'without paying his enormous debt to justice' or even standing trial, in the words of Lorena Pizarro, director of the Relatives of the Detained and Disappeared Group. … Human rights advocates want those cases to proceed, if only to undermine the more extravagant claims of the general's apologists and make the historical record clear." The Washington Post (12/12, C1, Constable, 690K) runs a long "Essay" titled "Chile's Gen. Pinochet, The Strongman Who Tore Apart His Country."

The Washington Post (12/12, 690K) editorializes, "It's hard not to notice, however, that the evil dictator leaves behind the most successful country in Latin America. ... Like it or not, Mr. Pinochet had something to do with this success. ... By way of contrast, Fidel Castro ... will leave behind an economically ruined and freedomless country with his approaching death. ... [Jeane] Kirkpatrick argued that right-wing dictators such as Mr. Pinochet were ultimately less malign than communist rulers, in part because their regimes were more likely to pave the way for liberal democracies. ... by now it should be obvious: She was right." Eugene Robinson, also in the Washington Post (12/12, A27, 690K), writes, "I'll leave it to others to 'balance' the commentary on Gen. Augusto Pinochet's death with praise for his free-market economic reforms." Pinochet "was a despot, a murderer and a fraud."

The Wall Street Journal (12/12, 2.04M) editorializes, "Pinochet's legacy is a paradox -- a long string of them. He took power in a coup in 1973, but ultimately he created an environment where democratic institutions would prevail. He is responsible for the death and torture that occurred on his watch, but had Salvador Allende succeeded in turning Chile into another Cuba, many more might have died. ... Pinochet proved the truth of Jeane Kirkpatrick's Cold War distinction between authoritarian and totalitarian regimes, with the former far more likely to evolve into freer places."

Novelist Maria Vargas Llosa, meanwhile, compares Pinochet and Fidel Castro in the Wall Street Journal (12/12, A18, 2.04M), "The difference between the two men," he writes, "is that Castro, who has been in power almost three times longer than Pinochet and has committed even more crimes, continues to have some supporters around the world while Pinochet was one of the most reviled men on Earth. Why was Pinochet more hated than every other dictator? Probably because he gave a bad conscience to almost everybody across the political spectrum. For the left, he symbolized the tragic consequences of the Third World's socialist utopia. For the right, he embodied the diabolical temptation to dispose with the rule of law when the political institutions of democracy are tested to the limit. For Latin American democrats of the left and of the right, he was a walking reminder of their own failure to bring about economic prosperity."

Author Ariel Dorfman, in the New York Times (12/12, 1.16M), writes, "Though there can be no doubt that his body has been proven to indeed be mortal, I fear that his spirit may live on interminably in the Chile he misruled from 1973 to 1990 and then continued to terrorize as commander in chief of the army for eight more years. In order to truly exorcise him from our existence it would have been necessary that he stand trial, that he defend himself from the accusations of murder and torture, kidnapping and grand larceny, which

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have been brought against him in innumerable court cases in Santiago."

NSA Denies Monitoring Princess Diana's Calls. The CBS Evening News (12/11, story 4, 2:40, MacVicar, 7.66M) reported, "An official British investigation into Diana's death has found that when she walked through the door of the Ritz hotel in the last night of her life, she was under surveillance by a US intelligence agency. British newspaper reports now say that on the night she died, Diana was being bugged by the US without the approval of British security services. The US has refused to release the files, but investigators have been told the highly classified documents shed no new light on her death." However, NBC Nightly News (12/11, story 9, 2:30, Williams, 9.87M) reported, "US intelligence sources tell NBC News Diana's phone was not tapped."

The Washington Post (12/12, A22, Sullivan, Pincus, 690K) notes that "in a rare public comment on its intelligence operations," the NSA said Monday that it "had 39 documents containing references to the late Princess Diana but had never targeted her telephone communications for monitoring." The officials have reportedly "assured Scotland Yard investigators working on a pending report that 39 classified documents about her final conversations revealed no sign that her death was anything but an accident."

Kristof Urges Bush To Make Issue Of Child Slavery. New York Times (12/12, 1.16M) columnist Nicholas Kristof writes about child slavery in Cambodia, which he says "President Bush has done a much better job than his predecessors in pressing this issue; his State Department office on trafficking is one of his few diplomatic successes. And the issue enjoys bipartisan support, with leadership coming from conservative Republicans like Senator Sam Brownback and liberal Democrats like Representative Carolyn Maloney." However, Nicholas urges President Bush to use his "last two years to make this issue an international priority." A "nudge" in Bush's next State of the Union address "could jump-start a new Abolitionist movement, so as to free children now dying slowly from rape and AIDS because they did something as simple as accepting ice cream from a neighbor."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Ex-aides Allege Abuse Of Power."
"Does This Debase Debate?"
"Killings Put Gaza On Edge."
"Justice On Katrina Time."
"Major Breach of UCLA's Computer Files."
"Vehicle Mileage Estimates Get Real."

USA Today:

"Poll: Rising pessimism on Iraq war."
"Long hospital shifts, lack of sleep can kill, study says."
"To The Point Of Nodding Off."
"Need A Parking Place? Good Luck."

New York Times:

"A Dead Indian Language Is Brought Back to Life."
"Iraqis Consider Ways to Reduce Power of Cleric."
"In Twist on Tuition Game, Popularity Rises With Price."
"Eastern Europe Struggles to Purge Security Services."
"Protectors, Too, Gather Profits From ID Theft."
"Gay and Evangelical, Seeking Paths of Acceptance."
"Medicare Links Doctors' Pay to Practices."

Washington Post:

"Experts Advise Bush Not To Reduce Troops."
"To Stem Iraqi Violence, U.S. Aims To Create Jobs."
"Mega churches Are Migrating To Charles."
"In Russia, A Secretive Force Widens."
"Foreign Service Hiring Gets A Re-Exam."
"A Dead Indian Language Is Brought Back to Life."

Detroit Free Press:

"Buyout Offers Swirl At Ford."
"Universities Want Some More Time On Prop 2."
"New Lead In Child Deaths."
"Downtown Winter Blast Coming Back."
"Inmate Finds Peace: 'I'm Ready To Die'."

Atlanta Journal-Constitution:

"Marta Train Traffic Jumps."
"Hope Drives Jon Benet's Dad To Forge New Life But Slowly."
"Timely Push To take The Bottle Home."
"Lawmaker Vote To Pad Allowance."
"DeKalb Ready To Overhaul School District."

Houston Chronicle:

"90-Year Sentence For Pipe Assault."

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"No Vince, Few Wins And Even Less Hope."
"Skilling Prison date Postponed."
"E. Coli Cases Defy Federal Assurances."
"Iraq Parties May Unite To Reduce Al-Sadr's Clout."

Story Lineup From Last Night's Network News:

ABC: Bush Meets With Advisors; Iraq's Future; Kofi Annan Speech; Protest In Iran; Fatah & Hamas Violence; Campaign 2008; Child Labor-Congo; IRS Screw Up; Space Shuttle Docks; Holiday Decoration Wars.

CBS: Bush Meets With Advisors; Bush Poll Numbers-Analysis; Litvinenko Investigation; Diana Bugging Investigation; Security Breach; Sago Mine Explosion; Cruise Ship In Port; Obama Visits New Hampshire; Jews In Iran; Blood Diamond Trade; Space Shuttle Docks.

NBC: Bush Meets With Advisors; Bush Meetings-Analysis; Iran & Jews; Fatah & Hamas Violence; Campaign 2008; Stock Market; Alzheimer's Hits The Young; Space Shuttle Docks; Diana Investigation; Baby Boom Advertisements.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Baghdad-Suicide Car Bombing; Bush-Iraq Meetings; NC-Missing Couple Found Dead In Car; Seattle-Tacoma International Airport-Christmas Trees Put Back Up; Wall Street; OR-Missing Climbers; Online Holiday Shopping-Discounts Offered; Hot Selling Christmas Gifts; Grinch Musical; Survey-Many Companies Plan On Hiring In New Year.

CBS: Baghdad-Suicide Car Bombing; CBS Poll-Bush's Approval, Support For Iraq War Down; OR-Missing Climbers; Space Shuttle Docks At Space Station; Atlantic Records Founder in Coma.

NPR: Baghdad-Suicide Car Bombing; Bush-Iraq Meetings; Space Shuttle Docks At Space Station; Kucinich To Run For Presidency Again In 2008; Tokyo Stock Market; Roman Catholic Archdiocese of Portland Reaches Settlement In Sexual Abuse Case; FDA-Taco Bell E. Coli Outbreak; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a video teleconference with military commanders and the Ambassador to Iraq, Roosevelt Room, closed press; meets with the Vice President of Iraq, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ACCOUNTANTS-SEC _ The American Institute of Certified Public Accountants holds its 2006 AICPA National Conference on Current Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB) Developments. Highlights: 9:50 a.m. FASB Chairman's Address, Robert H. Herz, Norwalk, Conn. 10:20 a.m. FASB Vice Chairman's Address, Michael Crooch, Norwalk, Conn. Location: Marriott Wardman Park, 2660 Woodley Road NW.

NO CHILD LEFT BEHIND _ 8 a.m. - 5 p.m. The Fordham Institute holds a symposium on the compression of school curricula in the No Child Left Behind law into little more than math and reading and maybe some science. Participants include Dana Gioia, Chairman, National Endowment for the Arts; Kati Haycock, Director, Education Trust; Diane Ravitch, Brookings Institution; E.D. Hirsch, Jr., Chairman, Core Knowledge Foundation; Sidney Harman, CEO, Harman International Industries, Inc.; Toni Cortese, Executive Vice President, American Federation of Teachers. Location: Hotel Washington, 515 15th St. NW.

RACE-INEQUALITY _ 8:30 a.m. - 6:30 p.m. The Eisenhower Foundation holds a forum with columnists, academies and journalists on media coverage of race, inequality and the impact on the policy discussion. Participants include: Ray Suarez, Terrence Smith The NewsHour with Jim Lehrer; Washington Post columnists Eugene Robinson, Colby King , Harold Meyerson (American Prospect Magazine); Newsweek columnist Ellis Cose; Amy Goodman, Democracy Now!; Shaila Dewan, The New York Times; Gary Younge, The Guardian; Gregory Kane, The Baltimore Sun; Gregory Stanford, The Milwaukee Journal-Sentinel; DeWayne Wickham, USA Today; Washington Post reporters Kevin Merida, Mike Fletcher. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

ALTERNATIVE FUELS _ 9 a.m. The Center for Strategic and International Studies holds a discussion on carbon to liquid technologies that allow solid fuels to be used in the transportation sector. Location: B-1 conference level, 1800 K St. NW.

IRAN ELECTIONS _ 9 a.m. - 10:30 a.m. The American Enterprise Institute hosts a panel, ``Elections in Iran."

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Panelists: Mohebat Ahdiyyih, Open Source Center; Mehdi Khalaji, Washington Institute for Near East Policy; and A. William Samii, Radio Free Europe/Radio Liberty. Moderator: Danielle Pletka, AEI. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

NATIONAL FINANCES _ 9:30 a.m. The Concord Coalition holds a briefing to release two new polls on the public's attitudes toward the nation's long term fiscal challenges. Location: National Press Club.

AMNESTY INTERNATIONAL _ 10 a.m. Amnesty International (AIUSA) sponsors a breakfast briefing to discuss crises in Sri Lanka, Iran and the Democratic Republic of the Congo, written about in the just-released Winter 06 Amnesty International magazine. Location: National Press Club, Zenger Room.

CLIMATE CONFERENCE _ 10 a.m. Platts Energy Podium hosts Dr. Harlan Watson, senior climate negotiator at the State Department, discussing the recent UN climate conference in Nairobi. Location: Platts, 10th floor, 1200 G St. NW.

RENTAL HOUSING _ 10 a.m. The National Low Income Housing Coalition holds a telephone briefing to release its annual report, which shows affordable rental housing father out of reach in 2006, with Rep. Barney Frank, NLIHC President Sheila Crowley, others. Notes: Callin number: 877-811-4716; passcode: 3837558.

ROLLOVER CRASHES _ 10 a.m. Press conference to showcase the newly developed Jordan Rollover System, a test device for analyzing rollover crash protection under dynamic conditions, with Public Citizen President Joan Claybrook, Clarence Ditlow of the Center for Auto Safety, others. Location: Morton Auditorium, 805 21st St. NW.

TERRORISM PREPAREDNESS _ 10 a.m. Trust for America's Health organization holds a telephone briefing to release a report on the preparedness of states for bioterror, bird flu and other health emergencies. Contacts: Nicole Speulda, 202-223-9870 ext 273.

ARABS/MUSLIMS-IRAQ _ 10 a.m. - 11:30 a.m. The Council on American-Islamic Relations (CAIR) will host a panel discussion to give the Arab and Muslim perspective on recommendations contained in the report issued this week by the Iraq Study Group. Panelists: Imad Moustapha, Ambassador of the Syrian Arab Republic; Shibley Telhami, Anwar Sadat Professor at the University of Maryland; Senator Larry Shaw, North Carolina General Assembly; and Parvez Ahmed, CAIR Board Chairman. Location: National Press Club Ballroom.

HARKIN-AGRICULTURE _ 10:30 a.m. Sen. Tom Harkin, D-Iowa, incoming Chairman of the Senate Agriculture, Nutrition and Forestry Committee; and Secretary of Agriculture Mike Johanns hold a media availability to discuss their plans to work together to move Americas agriculture and rural communities forward during the 110th Congress. Location: Room 328, Russell Senate Office Building.

TURKEY _ 10:30 a.m. The Economic Policy Institute and the Global Policy Network hold a briefing with Turkish economist Erinc Yeldan on the challenges to Turkey's economy. Location: EPI offices, 3rd floor, East Tower, 1333 H St. NW.

MALARIA SUMMIT _ 11 a.m. The White House holds an off-camera, on-the-record briefing on the White House Summit on Malaria. Location: Room 450, Eisenhower EOB. Notes: Media should gather on the driveway in front of the Brady Briefing Room at 10:40 a.m. for an escort.

PLANNED PARENTHOOD _ 11 a.m. The Family Research Council holds an event with author Chuck Donovan on the social history of Planned Parenthood. Location: 801 G St. NW.

US-AUSTRALIA _ 11 a.m. Deputy Secretary of Defense Gordon England will attend the US- Australian Ministerial Meetings at the State Department. He and Minister of Defense Nelson of Australia will sign the Joint Strike Fighter Memorandum of Understanding. Location: Treaty Room, State Department. Notes: Media may attend, but the event is a photo-op only. At 2:45 p.m., Secretary of State Rice and her counterpart, Minister Downer, will hold a media availability. England and Nelson also will be in attendance.

CEO ECONOMIC OUTLOOK _ 12 p.m. The Business Roundtable, an association of 160 CEOs of leading US companies, holds a teleconference to release the results of its fourth Quarter CEO Economic Outlook Survey. Contacts: Jennifer Handt, 202-496-3288. Notes: Dial-in telephone number is 800-553-0318. Host: Business Roundtable. Callers will be asked for their name and media outlet before being admitted to the call. If you encounter any problems, please call 202-872-1260.

TRADE _ 12:15 p.m. Customs and Border Protection Commissioner Ralph Basham gives keynote remarks at the Trade Support Network Conference. Location: Westin Arlington Gateway, 801 N. Glebe Rd., Arlington.

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CHILDREN'S INSURANCE _ 1 p.m. Organizations representing pediatricians, children's hospitals and consumers release recommendations for strengthening the State Children's Health Insurance Program. Location: National Press Club.

MILLER-EDUCATION COMMITTEE _ 1 p.m. Incoming House Education and the Workforce Committee Chairman George Miller holds a news conference to discuss the committee's agenda in the 110th Congress. Location: Room 2175, Rayburn.

TERRORIST FINANCING _ 3:15 p.m. Deputy Assistant Treasury Secretary Daniel Glaser participates in a panel discussion on U.S. policy toward defeating terrorism and insurgencies. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

DEFENSE DEPARTMENT-ENERGY _ 6 p.m. - 8:30 p.m. The Department of Defense Under Secretary for Acquisition, Technology and Logistics and the Office of Force Transformation hosts ``Energy: A Conversation About Our National Addiction: Winning the Oil End Game," featuring Amory Lovins, whose latest book, latest book, ``Winning the Oil End Game" offers a strategy for ending U.S. oil dependence through proven technologies by 2040. The conversation will be the ninth such gathering where experts in their respective fields meet to learn, share, and collaborate in creating an energy future free from our dependence on fossil fuels. Location: Doubletree Hotel, 300 Army Navy Drive, Arlinton, Va.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 12, 2006 7:45 AM EST

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TERRORISM NEWS:

Muslim Charity Sues Treasury Seeking Dismissal Of Terrorism Charges. The New York Times (12/12, MacFarquhar) reports from San Francisco, "In a new challenge to Washington over its closing several American Muslim charities that it has accused of aiding terrorism, the largest such group sued on Monday seeking dismissal of many of the charges." The Times continues, "Lawyers for the group, the Holy Land Foundation of Richardson, Tex., filed suit in Federal District Court in Dallas two weeks after a federal judge in California called into question a crucial provision in designating terrorist supporters. Since December 2001, the Treasury Department has designated Holy Land and five other Muslim charities in the United States as terrorist supporters, seizing millions of dollars in assets and halting their activities. … No accused charity or any senior officer have been convicted on a charge of terrorism. Some charities have faced no criminal charges." The Times adds, "In a separate case against a Georgia man whom the prosecution identified as a fund-raiser for Holy Land, the defendant pleaded guilty this year to sending money to Hamas, the Islamist Palestinian political party that Washington first designated as a terrorist organization in 1995. … The foundation denies that the man had an official post." The Times notes, "The government has accused the foundation of having been the American fund-raising arm of Hamas. The charity and five officers are expected to go on trial in July on charges of financing a foreign terrorist organization, money laundering and tax fraud. … A spokesman for the Justice Department, Bryan Sierra, said he could not comment on the Holy Land motion because it was too new. As a matter of procedure, Mr. Sierra said, prosecution does not automatically follow the designation of a charity as a terrorist organization. … 'Not every case is a criminal case,' he said. 'It's a question of can you come up with enough evidence to prosecute based on a violation of the statutes of material support for terrorism.'"

LATimes Sees Little Likelihood Of Congressional Oversight Of NSA. The Los Angeles Times (12/12, 850K) editorializes, "Almost a year after President Bush confirmed that the National Security Agency had been eavesdropping on some Americans without a court order, expressions of outrage in Congress have yet to be translated into law. What little scrutiny the so-called Terrorist Surveillance Program has received has come from the Justice Department, whose inspector general is looking into how information gathered by the program has been used. Surely, you say, Congress will be more assertive under Democratic control. Don't count on it." The Times adds, "Democratic victories in midterm elections should mean that Congress will be more interested in regulating the NSA program. But inertia is a strong force. Moreover, many Democrats -- especially newcomers from Republican-leaning states -- will be reluctant to counter the administration's propagandistic argument that only Americans who regularly call Al Qaeda need to worry about the program."

PATRIOT ACT:

Bank's Closure Of Charity's Account Draws Fire. The Detroit Free Press (12/12, Warikoo) reports, "The U.S. Department of Justice may defend the Patriot Act in a case involving Comerica Bank and a Muslim charity based in Southfield, according to court documents the department filed in Detroit." The Free Press continues, "Comerica officials have told Life for Relief and Development that it intends to close its accounts. … The bank's move came after the charity was raided by federal agents in September. The government has not said what the raid was about, but charity officials say it may be related to work the charity did in Iraq." The Free Press adds, "In response, the charity sued Comerica, saying the bank violated its civil rights. … The suit, filed last month, challenges the constitutionality of a section of the Patriot Act that allows financial institutions to share information about suspected money laundering or terrorist activity." The Free Press notes, "On Dec. 1, Justice Department attorneys filed a notice in U.S. District Court in Detroit that said it may 'intervene in this action to defend the constitutionality' of the section under question. … Some Arab Americans and Muslims charge the bank is discriminating against the charity because it is operated by Arab-American Muslims."

HOMELAND RESPONSE:

New York Man Charged With Bomb Hoax To Protest US "Illegal Surveillance." The AP (12/12) reports Paul Cortina of Somers, N.Y., "was charged Monday with carrying out a bomb hoax to protest what he called the government's 'illegal surveillance,' federal prosecutors said. … He was arrested Nov. 29 after FBI agents seized what appeared to be a bomb from his home, U.S. Attorney Michael Garcia said. … The device, however, contained no explosive material." The AP notes, "In the e-mail to the AP, Cortina identified himself by name and gave his telephone number. The AP notified the FBI, and an agent called the number and

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visited Cortina at his home. He admitted sending the e-mail, the FBI said."

FBI Investigating Possible Link Between 2003 Ricin Letter, Recent Hoaxes. McClatchy (12/12, Douglas) reports, "Federal investigators are looking into a possible link between recent hoax letters, each containing a white powder and believed to have been sent by a Texas prison inmate, to determine whether they are related to a small shipment of the poison ricin to a mailing center in South Carolina in 2003. Someone calling himself the Fallen Angel signed at least one of the six recent letters…and the ricin letter…an FBI alert said. The high priority alert, dated late last month, said the U.S. Clerk's Office in Buffalo on Nov. 20 received one of the letters, which was signed 'Fallen Angel' and contained a nontoxic powder." McClatchy notes, "The earlier letter, the alert said, made reference to the Department of Transportation and was signed, 'Fallen Angel.' Lori Bailey, spokeswoman for the FBI in Dallas, declined to comment."

DPW To Sell US Port Operations. The AP (12/12, Barrett) reports, "Dubai Ports World, the company whose planned takeover of major US port operations ignited a political firestorm earlier this year, has agreed to sell those operations to AIG Global Investment Group." BP "announced the deal Monday. The US operations at six major U.S. seaports in New York/New Jersey, Philadelphia, Baltimore, Miami, Tampa and New Orleans were valued at approximately $700 million, but DP World did not disclose the sales price." The deal also "involves stevedoring operations in 16 locations along the eastern seaboard and Gulf Coast and a passenger terminal in New York City." The AP adds, "One of the loudest critics of the original deal said he was pleased and expected the deal to clear the few regulatory hurdles that remain. 'This is an appropriate final chapter to the book on the Dubai Ports World deal,' said Sen. Charles Schumer, D-N.Y. 'This is very likely to receive broad support in Washington and throughout America.'" The Wall Street Journal (12/12, King, Hitt, 2.04M), among other newspapers, also reports the story.

Panel Reviews Foreign Business Deals With Eye Toward Security. The AP (12/12, Bridis) reports, "In the same year that public furor derailed a Dubai-owned company's plans to buy and run operations at major American ports, the number of foreign business deals reviewed by the Bush administration for U.S. security risks surged to nearly 100, up from 65 reviews last year." The AP continues, "A few anxious companies in deals pending with foreigners have sought the Bush administration's approval even for sales that do not raise obvious security questions, said lawyers and federal officials involved in these cases. … They attributed the jump largely to a busy year for international mergers and broader awareness of such reviews after the political uproar that scuttled the Dubai ports deal. The government's reviews included the $11.6 billion sale of Lucent Technologies Inc. to Alcatel SA of France; Toshiba Corp.'s $5.4 billion purchase of nuclear power-plant manufacturer Westinghouse Electric Co.; and smaller deals involving seismic surveys, a gas utility, military parts, voting machines and even anti-hacker software. … 'The numbers are up. A company will file even though they don't think it's a national security concern,' said Clay Lowery, an assistant secretary at the Treasury Department." The AP adds, "Most of the reviews this year, however, raised legitimate concerns, said Christopher Padilla, an assistant secretary at the Commerce Department. 'Of the increases we've seen, only one or two cases didn't have national security issues that needed to be raised,' he said. 'These transactions are getting the scrutiny that's called for.'" The AP notes, "The secretive panel that conducted nearly 100 reviews also completed seven full-blown investigations this year reflecting broader concerns over proposed deals. That is equal to the combined number over the previous five years. … The 12-member Committee on Foreign Investment in the United States is led by the Treasury Department. It hired a new deputy to oversee reviews; tripled to six the number of people who work on such reviews; and now requires deals to be approved by one of the department's presidential appointees."

WPost Notes DHS Work With DPW. In an editorial, the Washington Post (12/12, A26, 690K) writes about "a depressing outbreak of anti-Arab hysteria in Congress and elsewhere" which "doomed an effort by a company called Dubai Ports World to take over the management of some American ports." The Post adds, " Last week, the Department of Homeland Security announced that it will work with several port authorities abroad to scan cargo before it is loaded onto ships bound for the United States. Among the facilities identified to host this Secure Freight Initiative is Britain's bustling Southampton seaport, operated by, yes, Dubai Ports World. So far, even the loudest objectors in Congress to the earlier deal haven't publicly questioned Homeland Security's choice to inaugurate a major security initiative in a facility operated by the once-controversial United Arab Emirates-based firm. That's encouraging as well as telling. … A successful partnership would…demonstrate that Americans have little to fear from Dubai Ports World and firms like it -- and that they shouldn't single out Arab-owned companies for suspicion without good reason."

BioShield Revamp Legislation Ready For Bush's Signature. The Washington Post (12/12, A15, Merle, 690K) reports the House and Senate have passed legislation to revamp "the two-year-old Project BioShield, which has been marked by delays and operational problems."

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Sen. Richard Burr, one of the bill's "principal backers," said he thinks it has "already made a difference. We have more people, more companies, more academic institutions, that have looked at this legislation and planned how they can plug into it." The Post added that the legislation, which President Bush intends to sign, "allocates $1 billion over three years for research not funded by a Project BioShield contract or the National Institutes of Health and attempts to pump more government money into the private sector sooner."

New Orleans Courts Reviewing Cases Lost In Wake Of Katrina. The Los Angeles Times (12/12, Simmons, 850K) reports New Orleans' indigent defense system, long "plagued by negligent attorneys who provide haphazard and deficient representation," spun "into chaos" in the months following Hurricane Katrina: "Funding plummeted; 15 lawyers quit the already thin legal staff; documents and evidence were lost or destroyed." Pamela R. Metzger, director of Tulane University's Criminal Law Clinic, "has helped to form the Katrina-Gideon Interview Project, a national coalition of law students and law professors" who "are reviewing about 1,800 pre- and post-Katrina cases. They include people who have been imprisoned well beyond any sentence they might receive for such charges as probation violation, failure to pay a fine or prostitution."

WAR NEWS:

Bush Meets With State Officials, Says "Success" In Iraq Crucial To US Security. The AP (12/12, Ben Feller) notes that President Bush yesterday met with Secretary Rice "and her senior advisers on Iraq, and with diplomats who serve as leaders of US joint civilian-military units called provincial reconstruction teams." Ambassador Khalilzad also participated by videoconference. Afterwards, Assistant Secretary McCormack said the meeting was "a good give and take," noting that "the president had questions throughout the entire set of briefings."

The Los Angeles Times (12/12, Gerstenzang, 850K) says the President, launching his " highly visible round of consultations…reiterated Monday that 'success' there was crucial to the long-term protection of the United States and said Iraq's regional neighbors have a responsibility to help the country's fledgling government." The Times adds, "In the aftermath of last week's sharply critical report by the Iraq Study Group, the White House is eager to draw the spotlight to other ideas and options more in keeping with Bush's goals." Fox News' Special Report (Baier) noted the President said "success…is an Iraq that can sustain, defend and govern itself and is an ally in the war on terror." But CNN's Lou Dobbs Tonight (12/11, Dobbs) said Bush "did not use the word victory, a word he has used frequently in the past. The President's consultations come amid signs the Iraqi government is rapidly losing support among its own supporters."

CNN's Lou Dobbs Tonight (12/11, Rirchits) later reported that in remarks yesterday, the President called Iraq "a central component, instead of what he has said over and over, the central front in the war on terror. A White House spokesman Tony Snow quickly insisted it was not a change, raising questions about whether the President has a dramatic new approach or are these internal reviews by the State and Defense departments really just an attempt to give him political cover, to ignore the recommendations of the bipartisan Iraq Study Group?" The White House, added CNN, "did not sound ready for big change." Likewise, NBC Nightly News (12/11, lead story, 2:55, Williams, 9.87M) reported the White House's "message" yesterday "seemed to be, 'Don't expect much of a change.'" NBC (Gregory) added, "And yet all this raises expectations for a major change in policy toward Iraq. At the same time it is becoming clear that the White House is not about to embrace the Baker-Hamilton study recommendations." A similar piece in today's Newsday (12/12, Gordon) reports that Bush's "early comments suggest he is in no mood for the sweeping changes sought by the study group."

All three networks led with Bush's meetings – which were presented as a White House PR effort to help him regain his footing on the Iraq issue after the release of the Iraq Study Group's report. The CBS Evening News (12/11, lead story, 2:45, Axelrod, 7.66M) reported, "Today's trip to the State Department was a highly public visit designed to show the President's at least listening to other opinions about a new course." Bush was shown saying, "Like most Americans, this Administration wants to succeed in Iraq."

ABC World News (12/11, lead story, 2:40, Raddatz, 8.78M) reported "the President has spent the last year talking over and over again about his strategy for victory in Iraq. But this week, he says, he's listening." Yesterday afternoon, after his meetings at State, "a panel of five scholars and retired generals briefed the President for more than an hour. … What the people in the room were known for is their withering criticism of the Baker/Hamilton report released last week." Michael Green, former National Security Council aide, told ABC News, "By meeting with them, it's a clear demonstration from the White House, that the Iraq study group is part of this conversation. But not the answer in itself."

NBC Nightly News (12/11, lead story, 2:55, Gregory, 9.87M) reported, "The President's optimistic talk of success and democracy in Iraq appeared to be an attempt to rebut the Baker-Hamilton report's grim conclusions that the situation is 'grave and deteriorating.' Mr. Bush may be emboldened by a new round of attacks on the Iraq study group by conservative supporters of the war." David Frum, conservative activist: "I think the report throughout has a complete failure of

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imagination about what an American failure in Iraq would look like." Conservative "hawks lampooned Baker and Hamilton as 'surrender monkeys' in the 'New York Post.' Others have dismissed the call for a new diplomatic offensive and pushed for more, not fewer troops in Iraq to salvage victory." At the White House, the President also "consulted some military and foreign affairs experts who have been critical of the report."

Under the headline "Experts Advise Bush Not To Reduce Troops," the Washington Post (12/12, A1, Fletcher, Ricks, 690K) reports Bush heard "a blunt and dismal assessment of his handling of Iraq from a group of military experts yesterday, but the advisers shared the White House's skeptical view of the recommendations made last week by the bipartisan Iraq Study Group, sources said." The three retired generals and two academics "disagreed in particular with the study group's plans to reduce the number of US combat troops in Iraq and to reach out for help to Iran and Syria, according to sources familiar with the meeting."

NBC Nightly News (12/11, story 2, 2:55, Williams, 9.87M) interviewed retired US Army Generals and NBC News military analysts Barry McCaffrey and Wayne Downing." Asked, "What did the President ask of you," McCaffrey said, "I think each one of these people were asked to give their own view point. They were widely divergent. Clearly the big issues are -- should we reinforce with more US combat units? I think my answer clearly is no. I argued for economic reconstruction aid, $10 billion a year for clearly downplaying the direct US combat role. Get US troops out of the city in the coming two years and the second issue was, how about embedded trainers? Do we actually want 20,000 US Sergeants and captains at company level in Iraqi army police? I argued no. You want less people who speak Arabic who are Special Forces who come from elite active duty units. This isn't numbers, it's quality." Williams: "And General Downing, same question. Were these mostly points that have been brought to the public debate as a result of the Iraq Study Group?" General Wayne Downing: "I think they were. They were widely divergent. I made the point of no more US forces but I also believed that the key to this thing is going to be the Iraqi security forces. My comment to the President was, we've got to look at this long war on terrorism, this ideological struggle we're in, with Al Qaeda, radical Islam through the prism of Iraq. We can't just look at Iraq and Afghanistan. We've got to look beyond that. And the last point I made was the perception of the American people."

The Wall Street Journal (12/12, Pulizzi, 2.04M) reports Bush also said yesterday, "We believe that most of the countries understand that a mainstream society, a society that is a functioning democracy, is in their interests. … And it's up to us to help focus their attention and focus their efforts on helping the Iraqis succeed." The President "didn't name any countries, however, one of the Iraq Study Group's main proposals was for enhanced regional engagement, including with Syria and Iran."

The New York Times (12/12, A14, Rutenberg, 1.16M) reports that Monday's meeting with Rice was part of Bush's "listening tour" and mentions that Vice President Cheney also attended the meeting. After the meeting, Bush "said they had discussed the roles Iraq's neighbors could play in stabilizing Iraq. … But Mr. Bush continued to make it clear he did not believe Syria or Iran would play such roles."

USA Today (12/12, Jackson, 2.27M) notes "scheduled today: an Oval Office meeting with Tariq al-Hashemi, a Sunni vice president in Iraq's coalition government." Tomorrow, Bush "will go to the Pentagon to meet with military officials about the increasingly unpopular war, which helped cost Republicans control of Congress in the elections in November." White House spokesman Tony Snow "said Bush hopes to outline his Iraq plans before Christmas, but 'it's not locked down.'" Added Snow, "It's something we would like to see, but I'm not going to promise it,."

Polls Show Record Disapproval Of Bush On Iraq. The CBS Evening News (12/11, lead story, 2:45, Couric, 7.66M) reported, "In a CBS News poll out tonight, a record 71% said the war is going badly. More than half say it's unlikely the United States will win. And a record number say the war is the most pressing problem America is facing right now." CBS (Axelrod) added "an all-time high of 75% now disapprove of the President's handling of Iraq and despite this and despite last week's high-profile push from the Baker-Hamilton commission, the President still is not ready to announce a policy shift on Iraq." CBS also reported that "by a margin of almost to one, those polled say they trust Democrats in Congress more than the President to make the right decisions in Iraq."

On the CBS Evening News (12/11, story 2, 2:35, 7.66M), Bob Schieffer said, "if you were George Bush, I have to say it just does not get any worse than this and the more you get into this poll, the more you understand just how deeply this opposition to the war is now running. Only 21% now approve of the President's handling of the war, but look at why: Because he is now losing his own base, Republicans and conservatives. Just last month, even after the election that cost them control of Congress, 70% of Republicans still approved the President's handling of the war. Now that has dropped 23 points in a month. This is opposition that is taking on historic proportions."

USA Today (12/12, Page, 2.27M) reports on a USA TODAY/Gallup Poll taken Friday through Sunday. By 76%-22%, "those surveyed say Iraq is in a civil war. The White House disputes that characterization, calling the conflict part of a global battle against terrorism. … While 55% of Americans want most U.S. troops withdrawn within a year, only 18% think that will happen. More than 4 in 10 predict American troops will be deployed in Iraq for more than two

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years, though just 14% endorse that idea." USA Today adds, "In a question asked of a half-sample, a record high 62% of Americans say the war in Iraq isn't 'worth it,' and a record low 16% say the United States is winning. That's less than half the 40% who held that view a year ago. Now, nearly two-thirds say neither side is winning. … Looking ahead, 35% predict the United States eventually will win the war, also a new low. … On the long-term consequences of the war in Iraq: 38%, of those surveyed predict people in Iraq will be better off because of the war; 35% say they will be worse off." In an analysis piece, USA Today (12/12, Page, Risser, 2.27M) says "most Americans are convinced of two things: It's important that the United States succeed in Iraq. Eight in 10 of those surveyed in a USA TODAY/Gallup Poll over the weekend agree with President Bush about that. Important, perhaps, but not worth the price. By nearly 2-1, they also say the costs of succeeding in Iraq outweigh the benefits."

Rumsfeld Questions Diplomacy With Iran. On Fox News' Hannity & Colmes (12/11, Hannity), Defense Secretary Donald Rumsfeld said he hadn't read the Iraq Study Group report in detail, but on the subject of diplomacy with Iran, he said, "They have been contributing to the violence in Iraq. They have been unhelpful.. They have agents operating and they're using funding in this country to not allow it to be successful. We are one to decide they want to talk to somebody -- they must first understand, why is it that we would want to talk to them? Is there some reason that they would want to have commonality of interest?"

DeLay Derides "Iraq Surrender Group." On MSNBC's Hardball (12/11, Barnicle), former House Majority Leader Tom DeLay opined that the Iraq Study Group should be called the "Iraq Surrender Group" and panned the Iraq Study Group's world view, saying, "[I]t's the same world view that had the attitude that the enemy of my enemy is my friend, and back when they were negotiating with Saddam Hussein against Iran, empowered him. He invaded Kuwait, we had to go to war. We didn't finish that war because of diplomatic issues, the same group that went and negotiated with Syria, empowered Assad to go into Lebanon and killed thousands of people in Lebanon, the same group that considered Arafat their partner in peace. I mean, sometime you have to understand that the enemy of my enemy just might be my enemy."

Republicans Criticize Bush Iraq Strategy. Fox News' Special Report (12/11, Hume) noted recent comments by Oregon Sen. Gordon Smith (R), who said he was "at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets, in the same way, being blown up by the same bombs day after day, that is obscured," and Kansas Sen. Sam Brownback (R), who said, "[T]he country has been pretty patient on Iraq, but now it's time to move things forward." NPR contributor Mara Liasson said, "I think it's possible this could be the beginning of something more if the president's Iraq policy, whatever it turns into after his speech, before Christmas, doesn't begin to show results. I think that's the impatience and frustration that Gordon Smith and Sam Brownback are voicing, not that they're ready to get out in four to six months, as some Democrats say, but just that that they feel that this either has to show results, look like it's succeeding or else they're through." Fred Barnes, Weekly Standard: "Brownback said he wasn't bailing out on Bush, but that's exactly what he was doing, bailing out, completely. You know, so there are just a lot of Republicans who don't want to defend this war anymore. On the other hand the same hand there are -- actually on the same hand, there area Republicans who are deeply resentful of Bush for harming them, they blame Bush because of the war, and that's why they lost these seats."

More Commentary. GOP consultant Mike Murphy writes in the Los Angeles Times (12/12, 850K), "Bush should spend less time worrying about the tangled politics of Iraq and more time mastering the equally fractured politics of Washington. The war in Iraq has become partisan -- and partisan wars are impossible to fight successfully." The "chief result of last week's report from" the ISG report "has been to corner an already weakened president by proposing a general strategy of retreat and withdrawal." Bush "likes to move boldly and preemptively. He would be well advised to do so right now by adopting a strategy that he would find immensely painful but that is the best option he has. He should trump the Baker commission by extending its bipartisan spirit to make the Democrats an offer no patriot can refuse: He should establish a bipartisan war council made up of his national security team and the Democratic leaders of the key national security committees in Congress. Under the president's leadership, this council would conduct the Iraq war, becoming the key coordinating vehicle for Iraqi policy. The president would not cede his authority as commander in chief, but he would work with this group -- which would include such leaders as Sens. Joseph R. Biden Jr. (D-Del.) and Carl Levin (D-Mich.) and Reps. Ike Skelton (D-Mo.) and Silvestre Reyes (D-Texas) -- to develop a consensus policy for Iraq." The Times adds, "The president could, in one statesmanlike gesture, end the paralysis in Washington, force Democratic maturity, reestablish his leadership and show our enemies American unity and resolve at a critical time for our nation. The public would reward it, and the national interest demands it."

Bret Stephens writes in the Wall Street Journal (12/12, 2.04M), "What matters more than the fate of the ISG report…are the political symptoms it betrays. The report is surely right that there is 'no magic formula to solve the problems of Iraq.' Yet if the US faces a terror problem today, it is not because it is an obnoxious hyperpower or a rapacious globalizer, but because of the deep suspicion that it is not too ashamed to betray its friends or cut a deal with its enemies --

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in short, that it lacks a sense of honor. In this sense, the Iraq Study Group has already inflicted its damage, no matter where it goes from here."

DeWayne Wickham, in USA Today (12/12, 21A, 2.27M), "Refusing to hold direct talks with its most troubling adversaries is a defining principle of Bush's foreign policy. It is one that might make his administration the most impolitic since this country took a commanding position on the world stage -- and the most dangerous. … With two years left in his presidency, Bush still has time to open a meaningful dialogue with the leaders of the nations he has refused to talk to. He still has time to realize that talking directly to his adversaries is a sign of strength -- not weakness."

Eugene Gholz, a professor of public affairs at the University of Texas, and Daryl G. Press and Benjamin Valentino, who teach government at Dartmouth, write in the New York Times (12/12, 1.16M), "The Iraq Study Group's recommendation that the United States withdraw its combat forces from Iraq reflects a growing national consensus that our military cannot quell the violence there and may even be making matters worse. Although many are hailing this recommendation as a bold new course, it is not bold enough. America will best serve its interests in the Persian Gulf by withdrawing its ground-based military forces not only from Iraq, but from the entire region." The Iraq war "is now a painful failure for the United States."

In the Financial Times (12/12) columnist Edward Luce contends, "As…Bush agonises over [the ISG report], another consensus is emerging in Washington on how to handle the situation: blame the Iraqis. ... Leading Republican and Democratic politicians in the US are increasingly blaming the friable coalition government of Nouri al-Maliki, Iraqi prime minister, for a lack of progress. ... But it is not a view that is widely shared by those with extensive direct experience of Iraq."

Rumsfeld Defends White House Conduct Of War On Terror. On Fox News' Hannity & Colmes (12/11, Hannity), Defense Secretary Donald Rumsfeld said, "I think that history has to look at this period as a period that is new, where there is no roadmap, no guidebook that said, 'This is how you do this,' and an awful lot of right decisions were made." He added, "There is no way to defend every location against every conceivable technique. It cannot be done. You have no choice but to go after them where they are. You cannot wait to be hit. That concept is central to the present position and it is the right one."

Democrats To Circulate "Phase Two" Portion Of Report On Prewar Intelligence. The Hill (12/12, Schor) reports that West Virginia Sen. Jay Rockefeller, who will chair the Senate Intelligence Committee, told The Hill that the "three unreleased sections of the Senate Intelligence Committee's controversial 'Phase Two' report on the Bush administration's use of prewar intelligence are headed for circulation next year." The Hill adds, "Democrats have repeatedly protested the lack of progress on the Phase Two investigation, which was split by outgoing Chairman Pat Roberts (R-Kan.) to allow some portions to become public before the midterm elections. Democrats pulled the Senate into a rare closed session in November 2005 to revive the inquiry, which began in 2003 with Phase One's look at the intelligence community and was later expanded."

Annan Takes "Parting Shot" At Bush, US Policies. Multiple major outlets are reporting that in a speech at the Truman Center in Independence, Missouri, departing UN Secretary-General Kofi Annan criticized the Bush administration's unilateralism and its policies in Iraq. USA Today (12/12, Slavin, 2.27M) calls the speech "unusual for a UN secretary-general concluding his tenure." The AP (12/12, Stafford) notes that after the speech, the secretary-general "said he was appealing for cooperation and leadership, not criticizing the United States."

ABC World News (12/11, story 3, 0:40, Gibson, 8.78M) reported, "The outgoing United Nations Secretary General Kofi Annan took a parting shot at President Bush today. In his final speech before stepping down, Annan said the US must not sacrifice its principles in the name of fighting terrorism." Kofi Annan, United Nations Secretary General: "This country has historically been in the vanguard of global human rights movement. When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused."

The New York Times (12/12, Hoge, 1.16M) reports, "The Bush administration had a subdued reaction to the speech. 'We work well with Secretary General Annan on a number of different issues,' said Sean McCormack, the State Department spokesman. 'There are some issues on which we disagree. That is to be expected.'"

Fox News' Special Report (12/11, Rosin) reported, "Kofi Annan told a crowd at the Truman library the world is in a sorry state and suggested, without naming names, that the Bush Administration is partly to blame. First, Annan noted the US has historically maintained a lead in human rights. … Seconds later, Annan seemed to suggest the invasion of Iraq was unlawful." Fox News added, "Released ahead of time, his remarks were widely seen as an attack on the Bush administration, but fielding questions after his speech, Annan said nothing could be further from the truth."

Meanwhile, commentators appearing on Fox News were critical of Annan's speech. On Fox News' Your World (12/11, Cavuto), syndicated columnist Claudia Rosett said, "The real question here is how much is Kofi Annan going to

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collect for his future ventures from anti-American well-heeled characters who wanted that speech, who love that speech. And I make of it that it's of a piece with his administration. And the fact that a man whose own performance after a career as a manager at the U.N. was judged substandard, mediocre, in fact desperately lacking even by the U.N.'s own investigation into oil-for- food, makes it really laughable that he is there now lecturing the American people on principles and governance." Also on Fox News Your World (12/11, Cavuto), former House Speaker Newt Gingrich said, "There are many things he could say about member states, a number of whom, frankly, should have their membership suspended, starting with Iran. … But he's not going to say any of those things. And the fascinating problem…is that politeness allows hypocrisy, corruption and, frankly, sometimes evil to parade in front of the world with legitimacy and authority. … I think tragic in the case of Annan who was a failure, but who is treated as though he is a success, because, after all, it would be so impolite to treat him as the failure that he's been."

USA Today (12/12, Slavin, 2.27M) reports, "In a farewell speech on U.S. soil today, retiring United Nations Secretary-General Kofi Annan delivered a tough critique of President Bush's policies. He accused the administration of trying to secure the United States from terrorism in part by dominating other nations through force, committing what he termed human rights abuses and taking military action without broad international support." USA Today characterizes the Annan's speech as "among his toughest" and "unusual for a UN secretary-general concluding his tenure." USA Today elucidates, "In the 61-year history of the U.N., no secretary-general has ended his tenure by criticizing U.S. policies so sharply, said Stanley Meisler, a historian of the United Nations and author of a new biography of Annan."

The AP (12/12, Stafford) reports, "In the hometown of President Harry Truman, who helped found the United Nations, Annan said 'human rights and the rule of law are vital to global security and prosperity.' When the U.S. 'appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused,' Annan told a packed audience at the Truman Presidential Museum and Library." The AP notes, "Annan never mentioned President Bush by name in his speech but drew clear contrasts with the Truman administration."

The New York Times (12/12, Hoge, 1.16M) reports, "Having infuriated the Bush administration two years ago by labeling the Iraq war 'illegal,' [Annan] said that while observing international law could be "inconvenient," it was essential. In a clear reference to the lack of international support for the American action in Iraq, he said: 'No state can make its own actions legitimate in the eyes of others. When power, especially military force, is used, the world will consider it legitimate only when convinced that it is being used for the right purpose — for broadly shared aims — in accordance with broadly accepted norms.'

In a report that was also syndicated to other McClatchy newspapers, The Kansas City (MO) Star (12/12, Burnes) reports, "In his farewell address on Monday in front of about 200 invited guests and reporters at the Truman Museum in Independence, Annan emphasized the U.N.'s importance, saying that 'more than ever today, Americans, like the rest of humanity, need a functioning global system through which the world's peoples can face global challenges together.'" The Star adds, "The future success of the United Nations depends on America's appropriate use of that power, he said, along with the organization's adherence to five core principles: shared responsibility, global prosperity, rule of law, mutual accountability and multilateralism." In a separate editorial, the Kansas City (MO) Star (12/12) opines, "Annan's address betrayed little recognition that on his watch, the U.N.'s stature sank.. … [I]t was a bit jarring to hear Annan once again focus on U.S. faults"

The Guardian (UK) (12/12, Goldenberg) reports, "After three years of increasingly vocal opposition to the war on Iraq, Mr Annan's speech yesterday amounted to a broad condemnation of the neoconservative ideology guiding America's foreign policy under George Bush - a clear break with protocol for a departing UN chief. … The broadside is merely the latest sign of Mr Annan's anger at the administration since US forces invaded Iraq in March 2003 without the approval of the security council."

Iraqi Politicians Seek Coalition To Counter Sadr Influence. The New York Times (12/12, Wong, 1.16M) reports, "After discussions with the Bush administration, several of Iraq's major political parties," including the "two main Kurdish groups, the most influential Sunni Arab party and an Iranian-backed Shiite party that has long sought to lead the government," are now "in talks to form a coalition whose aim is to break the powerful influence of the radical Shiite cleric Moktada al-Sadr within the government, senior Iraqi officials say." The Times adds, "The Americans, frustrated with Mr. Maliki's political dependence on Mr. Sadr, appear to be working hard to help build the new coalition. President Bush met last week in the White House with Abdul Aziz al-Hakim, the leader of the Iranian-backed Shiite party, and is to meet on Tuesday with Tariq al-Hashemi, leader of the Sunni Arab party."

Pentagon Task Force Looks To Create Jobs In Iraq. The Washington Post (12/12, A1, White, Witte, 690K) reports, "Members of a small Pentagon task force have gone to the most dangerous areas of Iraq over the past six months to bring life to nearly 200 state-owned factories abandoned by the Coalition Provisional Authority after the U.S.-led invasion

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in 2003. Their goal is to employ tens of thousands of Iraqis in coming months, part of a plan to reduce soaring unemployment and lessen the violence that has crippled progress." The Post adds, "The CPA initially hoped private investors would buy or lease the state factories, but that did not happen as security faltered and much of Iraq became inaccessible. As privatization hopes failed, the factories languished; some were in pristine form and others had been looted when the Pentagon task force examined them this fall."

2 Bombs Kill 57 In Baghdad. The AP (12/12, Bashir) reports, "Suspected insurgents set off two bombs in a main square of central Baghdad where scores of Iraqis were waiting for jobs as day laborers on Tuesday, killing at least 57 people and wounding 151, police said." The "carefully coordinated" bombing "involved a parked car bomb and a suicide attacker who drove up in a minibus." The bomb site, "Tayaran Square, is located near several government ministries and a bridge that crosses the Tigris River to the heavily fortified Green Zone."

Shiite, Sunni Families Suffer Similar Fates In Violence. The Washington Post (12/12, A20, Trejos, 690K) reports, "Twenty armed men entered the Subhi family home in southern Kirkuk at dawn Monday, killing a 12-year-old boy, his 13-year-old sister and their pregnant mother, police said. The al-Jubori family met a similar fate on Sunday when gunmen opened fire on their minibus in Muqdadiyah, northeast of Baghdad. ... The Subhi family is Shiite. The Jubori family is Sunni. Both families were warned by their neighbors to leave their homes because they were not of the desired sect, according to police. The Jubori family left. The Subhi family did not." After "last month's car bombings in the Shiite stronghold of Sadr City and this past weekend's purging of Sunnis from the Baghdad neighborhood of Hurriyah, members of both sects say they are gripped by fear."

Marines Contend With Fallujah's Challenges. The Christian Science Monitor (12/12, Peterson, 59K) reports in a bleak article, "The wariness that greeted this [Marine] civil affairs unit two weeks ago points to the difficulty faced by US forces as they search for a balance between rebuilding and bringing security to a city where insurgent attacks are on the rise. ... For two years, strategic rebuilding has been complicated by frequent rotation of Marine units. Today, it is made more difficult by increasing violence and insurgent numbers - Iraqi contractors and workers are frequently killed - and a Marine presence that has shrunk to less than 300. ... the challenge is to spread US money in Fallujah to win goodwill in a way that does not further endanger Iraqis willing to help." Meanwhile, "lavishing funds on cities like Fallujah drew criticism from outgoing Secretary of Defense Donald Rumsfeld in a memo dated Nov. 6, two days before his resignation."

Taliban Regroups In Pakistan. Following yesterday's New York Times account of growing Taliban strength in northern Pakistan, the AP (12/12, Pennington) reports, "A peace deal between Pakistan's government and Islamic militants in the northwestern tribal region of North Waziristan has created a virtual Taliban mini-state where mullahs dispense justice and fighters are launching cross-border attacks into neighboring Afghanistan, a think tank reported Monday." The International Crisis Group cited "reports of pro-Taliban militants attacking music, video and CD stores, closing barber shops, imposing taxes and establishing courts to impose summary justice" in North Waziristan. Its "grim assessment came against the backdrop of an alarming surge in violence in southern and eastern Afghanistan this year that has killed close to 4,000 people." The Pakistani government rejected the ICG's "baseless allegations."

US Expresses "Concern" Over Taliban Havens In Waziristan. AFP (12/12) reports, "The United States said it was concerned over safe havens being established by Islamic militants in northern Pakistan's tribal areas bordering Afghanistan. The concerns stemmed from reports [by the New York Times] Monday that Pakistan's peace deals with militants in its tribal areas are helping to fuel Taliban's regrouping." State Department spokesman Eric McCormack said, "Having safe havens and areas where these extremists can operate from is a real concern for us."

UK Officials To Stop Using Phrase "War On Terror." CNN's Lou Dobbs Tonight (12/11, Dobbs) reported, "The British government tonight is apparently dropping the phrase 'the war on terror.' the British foreign office has reportedly told government officials to stop using the expression because it believes the phrase could anger Muslims. However, many radical Islamists in Britain have no hesitation about their support of terrorism. A top British official yesterday said the security services are monitoring 30 conspiracies and a terrorist attack in Britain over the Christmas holiday is, according to the British government officials, highly likely."

CORPORATE SCANDALS:

DOJ To Announce Changes To Corporate Probe Policy. The Financial Times (12/12, Masters) reports, "The US Department of Justice will announce Tuesday that it plans to make it easier for companies under investigation to cooperate with prosecutors and avoid criminal indictment, the Financial Times has learned. … Specifically,

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field prosecutors will no longer have blanket authority to demand that a company waive its attorney-client confidentiality privileges and instead will have to seek higher-level approval in Washington before making such a request, according to a Department of Justice official who asked not to be identified." The Times continues, "The new policy, to be announced by Deputy Attorney General Paul McNulty, also addresses the controversial practice of requiring companies to cease paying legal fees for employees implicated in matters under investigation." The Times adds, "The revisions come after months of criticism from defense attorneys, the business community and some members of Congress of the cooperation policy set forth in a 2003 memo by Larry Thompson, then the deputy attorney general. Critics of the Thompson memo have argued that prosecutors gained too much power after the collapse of Enron and WorldCom and needed to be reined in. … Senator Arlen Specter has introduced legislation that would prevent prosecutors from requiring waiver of attorney-client privilege. A federal judge in New York hearing a major tax fraud case has harshly criticized the Justice Department for requiring accounting firm KPMG to stop paying attorneys fees for its former employees as part of its cooperation agreement. The judge, Lewis Kaplan, ordered KPMG in June to resume paying the fees. That case is on appeal."

No End In Sight For Federal Stock Option Probes. The AP (12/12, Gordon) reports, "Eighteen CEOs swept out. More than a hundred public companies under federal investigation and over $5 billion in profits erased by restatements. Indictments so far: five former top executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc." The AP continues, "The toll of the stock options timing affair -- corporate America's scandal of the year -- has been heavy. Federal officials say more prosecutions will be brought in 2007 over manipulation of the timing of stock option grants to enrich top company executives." The AP adds, "Nearly every business day, more companies report federal or internal investigations. New lawsuits by shareholders are filed. More businesses disclose that because past option grants may have distorted their financial results, they may have to restate earnings. Next year could well bring more restatements, and companies' stock could be stripped from public trading because reviews of options grants made them late in filing their quarterly financial reports. … The Justice Department will 'continue to be engaged for perhaps years to come, as we work these cases out,' U.S. Attorney Kevin Ryan, who heads a task force in northern California pursuing options timing cases, said recently at a gathering of attorneys. 'The final chapter hasn't been written yet.'" The AP notes, "Many of the companies ensnared in the scandal are in Silicon Valley's high-tech industry, where stock options for employees created legions of millionaires in the dot-com era. The prized perks allow executives and employees to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price -- and pocket the difference. … Among the wide swath of companies caught up in internal or government investigations: Apple Computer Inc., Barnes & Noble Inc., Caremark Rx Inc., Costco Wholesale Corp., Gap Inc., The Home Depot Inc., McAfee Inc., Monster Worldwide Inc., Restoration Hardware Inc., Staples Inc. and UnitedHealth Group Inc."

Backdated Options Can Yield Hefty Tax Bills. The Wall Street Journal (12/12, B1, Francis) reports, "Many of the hundred-plus companies under investigation over backdated stock options -- and the individuals who received those options -- are scrambling to protect themselves from another potential consequence: stiff tax bills. For individuals, the tax bill and penalties could prove steep, even if the shares become worthless. Companies, too, could face a hefty bill and potential penalties for unpaid income and payroll taxes." The Journal continues, "Options generally give an employee a future right to buy an employer's shares at a specified price. If the stock rises, the employee makes money. And if the company cheats, backdating an option grant to a period when the stock was lower than the day it was actually granted, the recipient benefits financially even more." The Journal adds, "Ordinarily, top executives owe income taxes on any gains from exercising their options at the time of exercise. Lower-level employees often receive another kind of stock option that is typically taxed only when the underlying shares are actually sold (although they can be taxed sooner under the Alternative Minimum Tax). But under tax rules for deferred compensation adopted in 2004, improperly priced options of either kind can trigger a 20% surtax on top of ordinary income tax -- totaling as much as 60% of any gain, once state and local taxes are taken into account. … Moreover, under the 2004 rules, the taxes and penalties come due in the year an executive is first allowed to exercise the options -- in other words, when the options vest -- even if he or she exercises them later. Tax experts say taxes are still due if the option subsequently loses value before exercise or even goes unexercised. In addition, more taxes are due if the underlying shares continue to gain value before the options are exercised. (On the flip side, options that expire while under water can't be used to offset other taxable income, tax experts say.) The IRS also charges penalty interest -- currently about 9% -- for late payment."

5th Circuit Delays Skilling's Prison Check-In Pending Bail Ruling. The Wall Street Journal (12/12,

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A12, Emshwiller) reports, "Former Enron Corp. President Jeffrey Skilling's decades-long date with a prison cell, scheduled to start today, has been temporarily delayed by a federal appeals court." The Journal continues, "Late yesterday, Mr. Skilling's lead criminal defense attorney, Daniel Petrocelli, said he received notice that the Fifth Circuit Court of Appeals had ordered a delay in his client's scheduled report date to a federal prison in Waseca, Minn., where he was to begin serving a more-than-24-year prison sentence. Mr. Skilling received that sentence as the result of being convicted earlier this year in a Houston federal court on 19 criminal counts, including conspiracy and fraud, arising from Enron's December 2001 collapse into bankruptcy. Mr. Skilling, who has consistently maintained his innocence, had been planning to fly to Minnesota this morning to report to the prison, Mr. Petrocelli said."

The Washington Post (12/12, D1, Johnson) reports, "Skilling, 53, had been preparing to turn himself in today and begin serving a prison term of 24 years and six months at a federal facility in Waseca, Minn. But a brief order from the U.S. Court of Appeals for the 5th Circuit, issued yesterday evening, means the brash former corporate executive will enjoy at least a few more days of freedom." The Post adds, "Skilling's lawyers are attacking a theory that the appeals court had invalidated last summer in another case tied to the Houston energy trading company. The appeals court ruling granted Skilling an undetermined delay "solely to allow this court to give careful consideration to the request for bail pending appeal," the order said." The Post notes, "Legal analysts said the court could ultimately force Skilling to report to the 1,070-inmate prison 75 miles south of Minneapolis within days -- or the judges could take even more time to consider the issue. To stay free pending a months- or years-long appeal, Skilling would need to show a substantial chance that he would succeed."

The Houston Chronicle (12/12, Hays, Fowler) reports, "The last-minute reprieve was a possibility up to Skilling's deadline of 2 p.m. Tuesday to report to the prison in Waseca, about 75 miles south of Minneapolis. Skilling will await word from the 5th Circuit on whether he can pursue his appeal inside or outside of prison. His appeal is expected to be filed next month." The Chronicle adds, "The appellate court's decision is somewhat unusual, said Brian Wice, a Houston lawyer who specializes in appeals. … 'It's rare to see a panel decide to stay a prison sentence so they can carefully consider his motion to remain free. Usually it's just a one-sentence summary denial,' Wice said." Bloomberg (12/12) also reports this story.

Federal Prosecutors Lay Out Case Against Conrad Black. Bloomberg (12/12, Harris) reports, "Former Hollinger International Inc. Chairman Conrad Black, indicted for fraud and accused of abusing company perks, compared himself to embattled French nobility in defending his actions, according to U.S. prosecutors in a filing." Bloomberg continues, "The 81-page document, filed today, lays out the prosecutors' case against Black, Peter Atkinson, a former Hollinger vice president and general counsel, and two other defendants. … 'I am not prepared to re-enact the French Revolutionary renunciation of the rights of nobility,' Black told Atkinson in a 2002 e-mail, according to the filing." Bloomberg adds, "Black, Atkinson, former Hollinger Chief Financial Officer John Boultbee, and ex-general counsel Mark Kipnis were each indicted last year on charges that they stripped Hollinger of its U.S. holdings while reaping millions for themselves through unauthorized non-competition agreements. … Black's Toronto lawyer, Edward Greenspan, said he had read the filing but wasn't prepared to comment on it immediately, citing the document's length. … Jury selection for the trial of Black and the other defendants is set for March 7. Black, Atkinson, Boultbee and Kipnis have pleaded innocent. Former Chicago Sun-Times publisher F. David Radler, who was also indicted, pleaded guilty last year and is cooperating with authorities."

SEC Sanctions Two Over PNC Accounting Problems. The AP (12/12) reports, "An accounting executive at PNC Financial Services Group Inc. and an outside auditor were sanctioned by federal regulators Monday for their alleged roles in the regional bank's faulty accounting in 2001, said to have inflated earnings by concealing $762 million in potential liabilities." The AP continues, "The Securities and Exchange Commission announced the settlements with Thomas Garbe, who was PNC's director of accounting policy at the time, and Michael Joseph, a former partner with the major accounting firm Ernst & Young, which reviewed the transaction at issue. Garbe and Joseph neither admitted nor denied the SEC's allegations but agreed to refrain from future violations of the securities laws. … In addition, Joseph was barred for three years from acting as an accountant for any public company. … Garbe 'failed to inquire adequately about facts and circumstances, and was a cause of PNC's violations of the ... federal securities laws,' the SEC said in its order." The AP adds, "The agency had previously alleged that Pittsburgh-based PNC tried to conceal $762 million in sour corporate loans in 2001 by selling them to three partnerships it created expressly for that purpose with insurance giant American International Group Inc."

Bloomberg (12/12, Bilodeau) reports, "American International Group Inc., the world's biggest insurer, hired Joseph to help develop and market a financing arrangement that PNC used to shift $762 million in bad loans and investments off its books in 2001, according to the SEC. Ernst & Young, the second-biggest U.S. accounting firm, also

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was the auditor that year for PNC, a Pittsburgh-based bank. … Joseph, a 'nationally recognized expert' on accounting for off-balance-sheet financing, drafted an expert-opinion letter for AIG approving the transaction, the SEC in its order today. Then Joseph gave the same letter to the Ernst & Young team auditing the way PNC accounted for it. The Ernst & Young auditors adopted Joseph's guidance letter 'virtually verbatim,' the SEC said. … 'Joseph was invested both financially and reputationally in the success' of the arrangement, the regulator said. As a result, he had a conflict of interest when he 'evaluated' PNC's accounting for a product he had helped create. 'Joseph was on both sides of the PNC transactions,' the SEC said."

CRIMINAL LAW:

Judge Resolves Dispute Over Classified Information For Libby. The AP (12/12, Apuzzo) reports US District Judge Reggie B. Walton "all but resolved the protracted legal fight over classified information in the CIA leak case Monday, helping ensure the dispute would not derail former White House aide I. Lewis 'Scooter' Libby's perjury and obstruction trial." Libby is "accused of lying to investigators about his conversations with reporters regarding a CIA operative. He says he had more pressing issues on his mind and wants to discuss classified intelligence about terrorist threats and foreign nuclear programs to bolster that argument." Walton, "who rankled Special Prosecutor Patrick Fitzgerald last month by ruling that Libby must be allowed to discuss intelligence on Iraq, Iran, Pakistan, terrorism and other issues at trial, accepted Fitzgerald's proposal to limit the details Libby and his attorneys can discuss. The details of those limitations are sealed but, because it was Fitzgerald's proposal, it's unlikely he would come back to court later this month and argue that the limitations did not go far enough to protect government secrecy."

FBI Affidavit Unsealed In Prince George's Bribery Probe. Under the headline "FBI Tape Shows Hornsby Accepting Money," the Washington Post (12/12, B2, Rich, 690K) reports, "As soon as he walked into the hotel room, Andre J. Hornsby talked to his longtime associate about the possibility he had been followed. … They talked about purging Hornsby's e-mails from school system computers, and then the associate -- who was secretly cooperating in an investigation of Hornsby -- handed over $1,000." The Post adds, "Details of the videotaped meeting at the end of 2004 were among the key disclosures in an FBI affidavit unsealed yesterday at U.S. District Court in Greenbelt. The affidavit and related documents contain a raft of new information about the corruption case prosecutors have assembled against Hornsby," the former Prince George's County schools superintendent.

The AP (12/12) also notes that the affidavit "claims Hornsby took great pains to conceal his schemes…checking for possible phone taps, and trying to shake what he correctly suspected were FBI agents following him. Hornsby was indicted in August and pleaded not guilty to charges of mail fraud, wire fraud, witness and evidence tampering, and obstruction of justice. His attorney, Robert Bonsib says he expects the matter to go to court and be hard fought."

New York Federal Prosecutors Suffer Through Losing Streak. The AP (12/12, Neumeister) reports, "These are happy times for defense lawyers in Manhattan federal court. … A string of recent acquittals, in cases involving everything from organized crime to Wall Street misdeeds to terrorism, has eroded the patina of invincibility from prosecutors in an office where high-profile convictions once seemed inevitable." The AP continues, "The defeats -- just two years after the government successfully prosecuted home maven Martha Stewart -- were capped off when prosecutors announced just before Thanksgiving that they were dropping one-third of the 15 cases brought against floor specialists at the New York Stock Exchange." The AP adds, "The prosecution, meant to show specialists were cheating investors by improperly trading for their companies ahead of orders for their customers, had already suffered huge hits with two acquittals and dropped charges in two cases -- although they did notch five convictions. … The latest charges were dropped just days after a jury acquitted a California man on charges that he lied about his association with one of the Sept. 11, 2001, hijackers, ending a case the government relentlessly pursued for five years. … Just weeks earlier, a third jury deadlocked on racketeering charges against John A. 'Junior' Gotti, leading prosecutors to abandon their case against the admitted one-time Gambino crime family boss. … And that came only weeks after prosecutors agreed to drop charges against technology banker Frank Quattrone, letting him resume a career that once paid him as much as $120 million a year." The AP notes, "In civil and criminal cases, prosecutors in Manhattan's U.S. District Court have endured a variety of setbacks -- including decisions forcing them to divulge the identities of detainees at Guantanamo Bay, Cuba, and to turn over pictures of prisoner abuse in Iraq. … Even a big victory _ the conviction of lawyer Lynne Stewart on a charge of providing material support to terrorists _ soured when a judge sentenced her to a little over two years in prison rather than the 30 years the government had sought. … U.S. Attorney Michael Garcia, who took the job last year when the soon-to-be stymied prosecutions were already in full swing, told The Associated Press that the setbacks were cyclical. … The results, he said, can happen

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when 'the stars line up badly in a bunch of cases ... It's crazy to say that it's the quality of the lawyering here.' Garcia said prosecutors stream to his office after a win or a loss -- and the losses hit hard. … He said losses attract more attention than the vast majority of criminal cases that end in convictions. He cited the successful prosecution of South Korean businessman Tongsun Park, who was convicted by a jury that took only hours to find he conspired to accept at least $2 million to act as a secret Iraqi agent to influence the United Nations' oil-for-food program."

Judge Seeks Answers On Internal DOJ Probe Of Mafia Case Prosecutor. The Boston Globe (12/12, Mishra, Murphy) reports, "The chief federal judge in Boston is urging the US Justice Department to find out and tell him what happened to an internal investigation of a federal prosecutor accused of withholding evidence in a high-profile Mafia case." The Globe continues, "The unusual request, which was filed in court yesterday, stems from a botched racketeering case in which two reputed mobsters were released early from prison after Chief US District Judge Mark L. Wolf determined that prosecutor Jeffrey Auerhahn improperly and possibly illegally manipulated evidence." The Globe adds, "Three years ago, US Attorney Michael J. Sullivan told Wolf that he would get to the bottom of the alleged misconduct. But in a letter sent Friday to Sullivan's boss, Attorney General Alberto R. Gonzales, Wolf wrote that 'no information on the status or any results' of the investigation into Auerhahn had been reported to him. … 'The apparent inaction of the Department of Justice regarding Mr. Auerhahn has generated considerable concern about the administration of justice in the District of Massachusetts,' Wolf wrote." The Globe notes, "Citing Justice Department rules protecting employees' privacy, Sullivan said yesterday he could not comment on the results of the investigation of Auerhahn or whether any action had been taken against him. … Sullivan said he would look into whether prosecutors could somehow share the results of the investigation with Wolf without violating Auerhahn's privacy. … 'Obviously the court has raised some legitimate concerns as it relates to a matter that was before the court, and there should be an avenue to be able to respond to the court on the outcome of any inquiry that was launched as a result of the court's findings or conclusions,' Sullivan said."

Probe Of Amtrak Legal Procedures Gathers Steam. The Legal Times (12/12, Palmer) reports, "A House committee broadened its investigation into government-subsidized train operator Amtrak's legal department and its outside legal counsel last week, calling for the Justice Department to investigate possible illegal activities." The Times continues, "In a Dec. 4 letter obtained by Legal Times, outgoing House Transportation and Infrastructure Committee Chairman Don Young, R-Alaska, and committee member Rep. John Mica, R-Fla., requested that Attorney General Alberto Gonzales review 'what may constitute unlawful conduct' between Amtrak's legal team and outside law firms. It's the second letter the lawmakers have sent regarding potential mismanagement on the part of Amtrak and its outside law firms." The Times adds, "In a separate letter sent Nov. 17 to Amtrak Inspector General Fred Weiderhold Jr., the congressmen singled out Manatt, Phelps & Phillips for its billing of support staff and expenses. The letter asked Weiderhold to review specific instances regarding Manatt's work on the Northeast Corridor electrification project to see if they were 'appropriate, justified, documented, and accurate.' … 'The Times notes, "The lawmakers' overtures come after a recent probe into Amtrak's legal department by the Department of Transportation's inspector general and Weiderhold, which came at the request of the transportation committee. The investigation found that Amtrak mismanaged more than $100 million in legal fees from June 2002 to June 2005. The inspector generals' report, released in October, found that Amtrak's outside legal counsel rarely turned in receipts and used block billing, the term for billing different tasks under one invoice entry, which is prohibited by Amtrak's guidelines for dealing with outside counsel. … The letter to the Justice Department, which does not name any specific law firms, addresses four areas in which Amtrak employees and outside legal counsel may have broken federal law by bill padding and possible collusion among Amtrak's legal department and outside counsel to use side agreements benefiting the outside law firms."

Raids In Five Cities Nab 19 Bosnian Serbs Charged With War Crimes. Long Island Newsday (12/12, Mcallester) reports from Tampa, FL, "Federal agents raided homes in five cities Monday, arresting 19 Bosnian Serbs whose units allegedly participated in the Bosnian war's Srebrenica massacre, sources told Newsday. …. The murder of more than 7,000 Bosnian Muslims at Srebrenica was the worst war crime in Europe since World War II." Newsday continues, "Monday's arrests follow one in Milwaukee during the weekend. The investigation is continuing, the sources said, and is expected to net more Srebrenica suspects than any other operation to date worldwide. … The total number of Srebrenica suspects arrested in the past two years on immigration violations in the United States is approaching 50. At least three have been deported to Bosnia from Arizona and two are in custody in Sarajevo as prosecutors there investigate them for war crimes." Newsday adds, "Agents from Immigration and Customs Enforcement arrested eight men in Tampa Monday. Others were arrested in nearby Orlando and in Denver, Detroit and Chicago. The government

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alleges that all of them lied on their immigration applications, deliberately omitting mention of their service in the Bosnian Serb Army." Newsday notes, "At the federal courthouse in downtown Tampa Monday afternoon, five of the men arrested Monday were arraigned before Judge Thomas McCoun. … While investigators and prosecutors do not consider any of the men a present danger, the underlying theme of the operation that led to their arrest is that they were, not so long ago, a mortal danger to thousands."

Sheehan Convicted Of Trespassing At UN. The AP (12/12, Maull) reports, "Peace activist Cindy Sheehan and three other women were convicted of trespassing Monday for trying to deliver an anti-Iraq war petition to the U.S. Mission to the United Nations." A Manhattan Criminal Court judge "sentenced them immediately to conditional discharge, which means they could face some form of penalty if they are arrested in the next six months, and ordered them to pay $95 in court surcharges." Sheehan and "about 100 other members of a group called Global Exchange were rebuffed last March when they attempted to take a petition with some 72,000 signatures to the U.S. Mission's headquarters across a street from the United Nations. After Monday's sentencing, the women returned to the Mission; this time, their petition was accepted."

In 9-0 Decision, Supreme Court Reinstates Murder Conviction. The Los Angeles Times (12/12, Savage, 850K) reports, "The Supreme Court reversed the U.S. 9th Circuit Court of Appeals today and restored a California murder conviction that had been thrown out because a small photo of the victim had been worn by his family during the trial. In a 9-0 decision, the justices said the appeals court had overstepped its bounds when it held that this display violated the defendant's right to a fair trial."

USA Today (12/12, Biskupic, 2.27M) reports, "The justices did not rule on whether the display of such buttons should be permitted at trials. Rather, they said in a unanimous decision that a lower court was wrong to find that the buttons may have prejudiced the jury and that the defendant should be able to make his case to a federal judge." However, "in an opinion by Justice Clarence Thomas, the high court said it had no precedent against such conduct by spectators, so the 9th Circuit should not have ruled that the defendant, Mathew Musladin, could make a claim in federal court. The fundamental question in the case focused on the standards state prisoners must meet to challenge their cases in federal court." The New York Times (12/12, Stout, 1.16M) also says the ruling "was hardly an endorsement of personal, emotional expressions in a trial courtroom. On the contrary, the key issue was whether the Ninth Circuit went too far."

The Legal Times (12/12, Mauro) reports, "When Mathew Musladin went on trial in Santa Clara, Calif., for the 1994 murder of Tom Studer, his estranged wife's fiance, the victim's family showed support for Studer in an unusual way. … Sitting silently near the jury, family members wore buttons bearing a photo of Studer's face every day of the trial. Musladin's lawyer asked the trial judge to order the buttons removed, asserting they would prejudice the jury against his client. The judge denied the motion." The Times continues, "On Monday the Supreme Court ruled in Carey v. Musladin that the Studer family's actions did not violate any firmly established federal rule and there was thus no reason to reverse Musladin's conviction. … The unanimous ruling did not endorse the practice, and Justice David Souter wrote separately that spectators wearing buttons 'can raise a risk of improper considerations.' But under federal habeas corpus rules, a state conviction can be reversed only if the state court's ruling upholding the conviction misapplies 'clearly established federal law as determined by the Supreme Court.' … Justice Clarence Thomas, writing for the Court, said it is clearly established by Court precedent that certain actions by the state at trial -- such as forcing a defendant to wear prison garb or surrounding the defendant with uniformed state troopers -- are inherently prejudicial enough to cause the reversal of convictions."

The AP (12/12, Yost) reports, "It was the first time the justices had ruled on whether the conduct of courtroom spectators deprived a defendant of a fair trial, which in this instance resulted in a conviction that an appeals court reversed."

LATimes Criticizes 9th Circuit Court. In an editorial, the Los Angeles Times (12/12, 850K) says "critics of the US 9th Circuit Court of Appeals, such as outgoing California Atty. Gen. Bill Lockyer, are celebrating that liberal-leaning court's latest rebuff by the Supreme Court. … This page, which strongly opposes capital punishment, is nevertheless glad to see the 9th Circuit's wrist slapped for improperly applying the law as it is written." The Times says the High Court's ruling "might seem like a technical argument between courts, but it points to something more pervasive and troubling: that the 9th Circuit seems predisposed to second-guess state courts, especially in death penalty cases -- even to the point of usurping the high court's role. The 9th Circuit's image problem is easy grist for conservatives, but it should be troubling to liberals and moderates as well."

Oregon Doctor Sentenced To 18 Months In Prison For Botox Scam. KGW-TV Portland (12/11) reported on its Web site, "A doctor who injected cosmetic patients in Tigard and Salem with a Botox substitute was sentenced to 18 months in Federal prison Monday. Dr. Jerome Lentini was also ordered, along with his office nurse

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Catherine Garcia, to pay restitution of $330,306.76. … Federal officials think Lentini and Garcia injected more than 800 patients with unapproved drugs in a 13-month span, according to records." KGW noted, "Two of Lentini's employees, knowing of the Florida cases, became concerned when they witnessed Lentini drawing on what they believed to be large stocks of a non-FDA approved drug. One of the employees contacted the Oregon Board of Medical Examiners and the FBI, triggering the investigation." The Salem Statesman Journal (12/12) and Tigard Times (12/12) also report on the sentence.

Oregon Lawyer Sentenced To Year In Prison For Loan Fraud. The Salem Statesman-Journal (12/8, Liao) reported, "Thomas Knapp, a former Salem lawyer who pleaded guilty this year to a money-laundering charge, was sentenced Thursday to a year in federal prison and ordered to pay about $313,000 restitution, officials said. Knapp was involved in an international loan scam from September 2000 and February 2005, said Assistant U.S. Attorney Chris Cardani. Knapp bought a Mercedes and financed a building on Commercial Street SE where he ran his law practice using money from the scam."

Three Convicted Of Defrauding Microsoft In Discount Software Scam. Bay City Newswire (12/8) reported, "The U.S. attorney's office reported that three people have been convicted of devising a scheme to defraud Microsoft Corp. by obtaining discounted software under false pretenses. Prosecutors say the scheme involved buying more than $29 million worth of software that was steeply discounted for academic institutions, and selling it to non-academic entities, in violation of the Microsoft agreement. Microsoft estimates that it lost more than $60 million as a result of the defendants' criminal acts, according to prosecutors." BCN noted, "The convictions resulted from 'Operation Cyberstorm,' a two-year undercover investigation into software piracy and related crimes conducted by agents from Federal Bureau of Investigation, the Internal Revenue Service's criminal investigation unit and the REACT Task Force."

Puget Sound Business Journal (12/8) added, "According to the U.S. Department of Justice, Mirza Ali, his wife, Sameena Ali, and Keith Griffen were convicted on Nov. 28 for trying to defraud the Redmond software giant by 'obtaining discounted software under false pretenses.' … Microsoft said it estimates it lost more than $60 million in the scheme that investigators called 'Operation Cyberstorm.' 'Microsoft applauds the...conviction of three individuals involved. The conviction of these individuals is a significant victory for the software industry, its partners and customers, and all who value fair and ethical business practices,' said Bonnie MacNaughton, senior attorney for Microsoft, in a statement."

Results Are Mixed On Banks' Efforts To Identity Theft Victims. The Wall Street Journal (12/12, D2, Mincer) reports, "A small but increasing number of banks now offer to protect clients when an identity thief has been snooping around. … The institutions offer help from generic advice on correcting credit records to personalized help when someone has misused a client's account. MetLife Bank, a unit of MetLife Inc., announced last week that it would provide customers free assistance even if the identity theft doesn't involve a MetLife account." The Journal continues, "Unlike credit-card theft, which consumers can resolve with a quick call and, at most, a $50 expense, repairing damage after someone has used your personal information to take over or open bank and other consumer accounts could involve thousands of dollars in personal losses and months of effort. … In 2005, there were 8.9 million identity-fraud victims in the U.S., costing $56.6 billion, according to Javelin Strategy & Research, an independent research firm in Pleasanton, Calif. The average fraud amount per victim was $6,383; the average consumer cost was $422. On average, resolving the problem took 40 hours. The median time for resolution -- meaning half of the incidents took longer and half took less time -- was five hours." The Journal adds, "Financial institutions are concerned not only because of the cost but also because their customers are worried about becoming victims. … While banks are responsible for helping customers to investigate activity on an account at that institution, some are providing assistance on accounts outside."

The New York Times (12/12, Dash) reports, "Melody Millett was shocked when her car loan company asked her if she was the wife of Abundio Perez, who had applied for 26 credit cards, financed several cars and taken out a home mortgage using a Social Security number belonging to her actual husband. … Beyond her shock, Mrs. Millett was angry. Five months earlier, the Milletts had subscribed to a $79.99-a-year service from Equifax, a big financial data warehouse, that promised to monitor any access to her credit records. But it never reported the credit activity that might have signaled that they were victims of identity theft. … 'I feel like the whole thing is a sham,' said Mrs. Millett, a 37-year-old information-technology manager from Overland Park, Kan. 'You feel completely violated because here are the people who know the industry. They hold all the data.' The services, she contends, are oversold." The Times continues, "It is not just criminals who are profiting from identity theft; financial institutions are making money, too. Fear of identity theft has helped give rise to a nearly billion-dollar business in credit-monitoring services sold by the major credit bureaus — companies like Equifax, Experian and TransUnion — as well

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as direct marketers and banks. … Javelin Strategy and Research, which analyzes the credit-monitoring market, says more than 12 million Americans are now subscribers. The services alert them when lenders have requested their credit files, usually an indication a credit application has been made in their name." The Times notes, "Credit monitoring has quickly gained traction with consumers through aggressive advertising that often promotes its value in protecting against identity theft. But its abilities are far more limited than is commonly perceived. .. .In the meantime, measures that could stem fraud from identity theft — like legislation empowering consumers to block access to their credit records, making it impossible to extend new credit — have faced stiff resistance from industry groups."

Ameriprise Settles With Massachusetts Over Loss Of Company's Laptop. The Wall Street Journal (12/12, Levitz) reports, "In what may be the first regulatory action against a company for losing sensitive customer data, Massachusetts securities regulators reached a settlement with Ameriprise Financial Inc. over the company's loss of a laptop computer last year." The Journal continues, "Under an agreement with the office of Massachusetts Secretary of State William Galvin, Ameriprise agreed to hire an independent consultant within 60 days to review its policies and procedures for employees' and contractors' use of laptop computers that contain personal or financial information on Ameriprise customers. … The Minneapolis-based financial-advisory firm didn't admit any wrongdoing or liability under the settlement." The Journal adds, "The regulatory action is unusual, said Beth Givens, director of the Privacy Rights Clearinghouse, a San Diego consumer group. More typically when companies lose laptops, customers are typically told to monitor their credit for a certain period. … Over the past nine months, Ms. Givens's organization has cited more than 60 cases of security breaches involving missing laptops at companies, universities, and government agencies. … Ameriprise disclosed in January that it had notified thousands of people that their names and other personal data were stored on a laptop that was stolen from an employee's car on Christmas Eve 2005 while the employee was on vacation in the Midwest. The laptop contained the names and account numbers of 158,000 Ameriprise clients, and the names and Social Security numbers of 67,000 current and former financial advisers. The lost data included information on thousands of Massachusetts residents, among others."

Hackers Access Personal Data Of 800,00 UCLA Employees, Students, Alumni. The Los Angeles Times (12/12, Trounson, 850K) reports, "In what appears to be one of the largest computer security breaches ever at an American university, one or more hackers have gained access to a UCLA database containing personal information on about 800,000 of the university's current and former students, faculty and staff members, among others. UCLA officials said the attack on a central campus database exposed records containing the names, Social Security numbers and birth dates…for at least some of those affected. The attempts to break into the database began in October 2005 and ended Nov. 21, when the suspicious activity was detected and blocked, the officials said." Acting Chancellor Norman Abrams said that "the university had no evidence that any of the information had been misused." The Times notes, "Laura Eimiller, spokeswoman for the FBI's Los Angeles office, said the agency was investigating the breach, but said she could not comment further."

Small Stores Account For Most Food Stamp Fraud. USA Today (12/12, 2A, Leinwand, 2.27M) reports efforts to "reduce the illegal use of food stamps have kept millions of dollars in benefits from going to waste during the past five years, but small convenience and grocery stores in low-income areas continue to be hotbeds for fraud, according to the Government Accountability Office." The GAO is "recommending that the Department of Agriculture intensify its focus on finding stores that violate federal rules and increase penalties for trafficking in misused stamps. The GAO's recommendations, in a report released in October, come as Congress is preparing to revisit the $29 billion-a-year food stamp program next year as part of a giant farm bill." The GAO "is urging the Food and Nutrition Service (FNS) — the agency within the Agriculture Department that runs the food stamp program — to review the 160,000 stores authorized to receive stamps to determine which are most likely to engage in fraud and to target them for enforcement."

NYTimes Says Drug Companies Must Increase Efforts To Combat Fraud. The New York Times (12/12, 1.16M) says in an editorial, "Tempted to buy cheap medicines from a pharmacy Web site? Think twice. If the Web site shows no verifiable street address for the pharmacy, there is a 50 percent chance the drugs are counterfeit." The WHO has "recently set up a task force that brings together many groups that work on counterfeit drugs. It is a start. Multinational drug companies — which have been reluctant to report fakes lest they erode consumer confidence in all drugs — need to do more. An international convention is also needed to establish stiffer penalties for counterfeiting drugs, and marshal more funds and support to fight this deadly crime."

CIVIL LAW:

DC Circuit Hears Appeal Of DOD Labor Relations Rules. Government Executive (12/12, Rutzick) reports, "A panel of appeals court judges heard arguments

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Monday over the legality of the Defense Department's proposed labor relations system for civilian employees." GE continues, "After losing in a lower court in February -- and following two losses for the Homeland Security Department's similar system -- government lawyers continued to argue that Congress gave the Pentagon authority to make far-reaching changes to collective bargaining. … In the 2004 Defense authorization bill, Congress granted the department authority to create a new human resources system, based on the notion that the current system was too rigid and outdated to allow the department to respond with agility to modern threats of terrorism." GE adds, "Pentagon officials said they have the authority to override collective bargaining agreements after they are reached and the ability to narrow the items that can be bargained over as much as they want. But a coalition of federal labor unions sued the department to say the rules effectively eliminate collective bargaining."

The Federal Times (12/12, Kauffman) reports, "Three years ago, Congress gave the Defense Department authority to craft a new labor relations system outside existing rules governing collective bargaining. At the same time, Congress said the department couldn't remove an employee's right to organize and bargain collectively. … These two seemingly contradictory statements are at the heart of a legal dispute that could decide whether the department can proceed with changes to personnel rules affecting 650,000 civilian employees. … 'The question is: Has the department reasonably interpreted the phrase 'collective bargaining'?' Judge David Tatel said Dec. 11, effectively summarizing the case before the U.S. Court of Appeals for the District of Columbia Circuit." The Times continues, "The answer is up to Tatel and two other appellate judges to decide. … The three-judge panel heard oral arguments Dec. 11 from attorneys representing the government and unions, who sued the department in November 2005 for creating a system that failed to protect employees' rights to bargain collectively. … The hearing lasted twice as long as the 40 minutes initially set aside for arguments, as the judges peppered the lawyers with detailed questions concerning what specific sections of the 2003 law meant." The Times notes, "Joe Goldberg, the attorney who argued on behalf of the 13 federal employee unions that filed the lawsuit, said provisions allowing the department to create a labor relations system outside Chapter 71 apply only to the mechanics of creating the system, not what is bargained under the system. … William Kanter, a Justice Department attorney who argued the NSPS case on behalf of the government, said that unlike with Homeland Security, Congress gave the Pentagon specific authority to craft a labor relations system outside Title 5 rules."

In his "Federal Diary" column for the Washington Post (12/12), Stephen Barr writes, "At times yesterday, the courtroom debate about the law that created a new civil service system for the Defense Department sounded like the judges and lawyers were playing Battleship, the game where opponents use a grid to target and sink ships. … The debate, before a three-judge federal appeals panel, focused on seemingly conflicting provisions in the 2003 law that permitted the Pentagon to issue regulations aimed at overhauling workplace rules and installing a pay-for-performance system." Barr continues, "William Kanter a Justice Department lawyer representing the Pentagon, contended that Congress defined what issues had to be put on the table for bargaining with unions, put limits on those rights and gave power to the defense secretary to throw out contracts. Certain phrases in the NSPS law makes it different from the Homeland Security statute and the rules blocked by the courts, he argued. … Joseph Goldberg, a lawyer with the American Federation of Government Employees, disagreed, saying that no matter how the government reads various provisions, it must take into account that the law provides for collective bargaining, as guaranteed in current law, and does not clearly eliminate the right of unions to bargain over the 'impact and implementation' of management decisions."

Massachusetts DA Testifies At Wrongful Prosecution Civil Trial. The Boston Globe (12/ Murphy, 413K) reports, "Jack I. Zalkind thought he did everything he could to make sure that Mafia hitman Joseph 'The Animal' Barboza was telling the truth when he implicated six men in a 1965 gangland killing, the former assistant Suffolk district attorney testified yesterday. But Zalkind said he prosecuted the case without knowing that the FBI had secret reports that indicated Barboza was lying and had falsely implicated four of the six. … Yesterday, Zalkind was the first live witness to testify in a federal civil trial that began last month, seeking more than $100 million in damages from the federal government." The Globe notes, "Two other men convicted in Deegan's slaying were not exonerated. Ronald Cassesso died in prison and Wilfred Roy French was later released. Yesterday, Cassesso's lawyer, Ronald J. Chisholm, testified that FBI agent H. Paul Rico had promised Cassesso that he would not do prison time for Deegan's slaying if he agreed to testify against the others and back up Barboza's version of events. But, Chisholm said, Cassesso told him he had rejected Rico's offer, telling the agent, 'I'm not going to frame innocent men.'"

CIVIL RIGHTS:

Report Offers Details Of New York City Police Shooting. The AP (12/12) reports, "Witnesses interviewed for a preliminary report on the police shooting of three men - including a groom on his wedding day - did not mention a fourth, possibly armed man who police say may have been

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present before officers opened fire, a newspaper reported Monday." The AP continues, "The New York Times obtained a copy of the police department's 23-page preliminary report of the shooting, a detailed look at what happened on Nov. 25 when Sean Bell, 23, and his two friends were caught in a barrage of 50 bullets after a bachelor party at a strip club in Queens. Bell's friends were wounded; all three men were unarmed." The AP adds, "Police have suggested a fourth man may have had a gun and fled when the plainclothes officers opened fire, but the report made no mention of such a man, whom the surviving victims have said does not exist. Some in the community claim the officers invented the man to justify the shooting. … The report also contains no indication that police were searching after the shooting for a fourth man, the paper said."

The New York Times (12/11, Rashbaum, Baker) reports, "When the shooting stopped, the police lieutenant edged toward the gray Nissan Altima with his gun drawn. He ordered the men inside to show their hands. The lieutenant had not fired his weapon, and as he neared the car, according to police records, one of the bloodied men inside complied and stuck his hands out the window. The other did not move. … A police sergeant who arrived seconds later described the scene this way: The Nissan had crashed into a van in the middle of the street. Smoke was coming from its radiator. The man in the driver's seat was slumped back. His passenger was lying across his lap with his arms hanging outside the driver's window." The Times continues, "The sergeant, Michael Wheeler, later told investigators that both men appeared seriously injured and likely to die, according to the records. A plainclothes officer stood close by, his pistol still trained on the two men in the car. A third man lay on the street nearby. … Minutes later, the shooting scene on Liverpool Street in Jamaica, Queens, was choked with patrol cars and the scrum of officials that follows a police shooting. A captain ordered another uniformed sergeant, Donald Kipp, to locate and inspect the weapons of the men involved in the shooting. In all, five plainclothes officers had fired a total of 50 bullets. .. .But one after another, in conversations with Sergeant Kipp or Sergeant Wheeler, the men said they could not say how many shots they had fired. Two said they were unsure whether they had even fired at all, including a detective who investigators later learned had fired 31 shots, emptying his 9-millimeter Sig Sauer pistol, reloading and emptying it again during the frenzied barrage." The Times notes, "The accounts of the lieutenant and the two sergeants are included in the Police Department's preliminary report of the shooting early on Nov. 25 that left the car's driver, Sean Bell, 23, dead on his wedding day and two of his friends wounded, one seriously. The men were part of a larger group that had just attended Mr. Bell's bachelor party in a strip club down the block. … The 23-page document prepared in the days after the shooting, and obtained by The New York Times, does not include the accounts of the four detectives and one police officer who fired their weapons. They are the subjects of an investigation by the office of the Queens district attorney, Richard A. Brown, and it is not clear if they will submit to interviews with prosecutors or testify before a grand jury."

Diallo Case May Offer Prosecutorial Blueprint. The AP (12/12, Hays) reports, "Before there were 50 shots and Sean Bell, there were 41 shots and Amadou Diallo. … The deadly 41-shot barrage fired by four police officers at the unarmed Diallo seven years ago sparked angry demands that the shooters face criminal charges - a scene replayed in the recent police shooting of Bell in a hail of 50 bullets." The AP continues, "Firepower and community outrage aside, the Diallo case serves as a reminder of the hard realities of prosecuting officers who are paid to carry guns and sometimes use them in dangerous situations. It also suggests the ultimate result of the latest case could be a civil settlement for the victims' families and a quiet demise of the careers of the officers involved. … 'Police officers are privileged to use deadly force,' said Ian Weinstein, a criminal law professor at Fordham Law School. 'The case will turn on whether the officers reasonably believed their lives were in danger, or that deadly force was justified.'" The AP adds, "Lawyers say the officers in the Bell case will have to decide - probably after Christmas - whether to tell a grand jury their side of the story in a bid to dissuade jurors from voting to indict them. The lawyer for the undercover officer has said his client is eager to testify; another defense attorney on the case, Stephen Worth, was noncommittal. … In the Diallo case, the officers chose not to go before a grand jury - a decision prosecutors said left them with no choice but to pursue charges of intentional murder, rather than manslaughter or criminally negligent homicide."

Federal Judge Gives California Six Months To Fix Prison Overcrowding. The AP (12/12, Thompson) reports, "A federal judge on Monday gave California officials six months to ease crowding in the state's overstuffed prison system, warning that potential remedies include capping the inmate population and releasing some prisoners early." The AP continues, "The state is scrambling to find solutions for a prison system that houses 173,000 inmates, 70 percent more than its capacity. Officials with Gov. Arnold Schwarzenegger's administration and inmate attorneys agree the crowding is causing myriad problems, including inmate deaths and dangerous conditions for guards. … 'Common sense suggests the state is being overwhelmed by the numbers,' U.S. District Judge Lawrence Karlton said." The AP adds, "Schwarzenegger declared a state of emergency in October after failing to persuade state lawmakers to spend billions on a prison building program. He is now seeking to

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transfer 2,260 inmates to other states as a partial solution. … California sent 80 inmates to a private prison in Tennessee in early November and plans more transfers this month to private prisons in Arizona, Indiana, Oklahoma and Tennessee. … Even if the transfers survive pending court challenges, officials predict California's prisons will run out of room by spring 2008." The AP notes, "Federal law permits early release of inmates only if a three-judge panel determines that all other options have been exhausted. That hasn't happened in any state since the law took effect 10 years ago, said Elizabeth Alexander, director of the American Civil Liberties Union's National Prison Project."

Louisiana School Board Sues To Cancel September Election. The Baton Rouge Advocate (12/12, Lussier) reports, "The Baker School Board filed a lawsuit in federal court Monday that seeks to cancel the Sept. 30 election in which District 1 voters ousted incumbent President Elaine Davis." The Advocate continues, "The lawsuit covers some of the same ground as Davis' already rejected election challenge, filed in state court. There, Davis unsuccessfully sought to overturn the vote that she lost to challenger Pam Malveaux by 20 votes. … Also listed as plaintiffs in the new federal lawsuit are three board members, Davis, Calvin Dees and Dana Carpenter." The Advocate adds, "Those three voted 3-2 last month to file the litigation, saying the school district's precise boundaries need to be established clearly. They did so over the objections of members George Gallman and Jane Freudenberger, neither of whom are listed individually as defendants. The School Board hired the Metairie law firm, Leblanc Butler LLC, to handle the case. … The lawsuit names as defendants the City of Baker, the East Baton Rouge Parish School Board, as well as parish Registrar of Voters Elaine Lamb and the parish's board of election supervisors." The Advocate notes, "n the state case, Davis, wife of former Baker Mayor Leroy Davis, challenged the votes of 21 voters, most of them living in Oak Glen Terrace trailer park on Thomas Road. … The new federal case alleges that up to 100 people voted improperly. … As evidence, the lawsuit claims that 'on information and belief' the children of these improper voters do not attend Baker public schools, but rather attend East Baton Rouge Parish public schools. … The crux of the litigation is that a small number of voters who live within the city limits of Baker, but not within the boundaries of the school district were illegally allowed to vote Sept. 30. … At issue are a couple of areas, including the Oak Glen Terrace trailer park, which the city annexed before June 1997, but for which the city did not receive approval, or preclearance, from the U.S. Justice Department until later. State courts found that the late date of these preclearances did not matter and that those contested areas are part of the Baker school district."

Christian Group Says DOD Gave Permission For Officers' Video. USA Today/AP (12/12, 11A) reports an evangelical Christian group, "under fire for a promotional video featuring active-duty military officers praising the organization, said Monday that the Defense Department gave it permission to record the video." The video "prompted a religious freedom watchdog group to ask the Pentagon to investigate whether the tape violated regulations and possibly the Constitution." Robert Varney, "executive director of the Christian Embassy, which produced the video, said the group is adding a note to tell viewers that the content does not represent the military or any government agency." Service regulations "in general prohibit active-duty officers from lobbying for political causes while on duty or wearing uniforms. The issue of religion is trickier."

ANTITRUST:

DOJ Takes Municipal Bond Probe To Grand Jury. Bloomberg (12/12, Hurtado) reports, "Prosecutors investigating bid-rigging in the municipal bond market have brought their case to a federal grand jury in New York, a person with knowledge of the case said." Bloomberg continues, "Ralph Giordano, chief of the New York office of the U.S. Justice Department's Antitrust Division, and Rebecca Meiklejohn, a trial attorney, are leading the criminal investigation, the person said. Also participating in the probe are agents from the Federal Bureau of Investigation's New York office as well as the Internal Revenue Service, according to the person." Bloomberg adds, "Giordano, 69, and his staff won the conviction of former Sotheby's Holdings Inc. Chairman A. Alfred Taubman, found guilty in 2001 of plotting with archrival Christie's International Plc to fix sellers' fees. Meiklejohn has prosecuted anti-competitive practices in the advertising industry. .. .'It's a very big deal that this is now a criminal investigation, it ratchets up the stakes,' said David Gourevitch, a former U.S. Securities and Exchange Commission enforcement attorney who now has his own practice in New York." Bloomberg notes, "Prosecutors are probing whether banks, financial firms and brokers conspired to rig bids on contracts bought by local governments when they invest money from bond sales. The municipalities invest the money until it is needed to pay for schools, roads and other projects. … The investigation grew out of an IRS inquiry that found dozens of municipal bond deals failed to pay $100 million in taxes. It is the broadest criminal probe of the industry. The Justice Department has subpoenaed more than a dozen banks and insurers and raided three brokers in a search for evidence of bid rigging in the market where state and local governments nationwide raised more than $400 billion last year."

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Critics Urge Close DOJ Review Of Monsanto Deal. The AP (12/12, Leonard) reports, "Congress will press federal regulators to closely scrutinize Monsanto Co.'s plan to buy cottonseed king Delta & Pine Land Co., but analysts and investors don't seem worried the deal will fall through." The AP continues, "U.S. Rep. Bob Inglis, R-S.C., plans to send a letter to the U.S. Justice Department asking for a careful review of the deal to make sure it complies with antitrust laws. … Inglis said he's not opposed to the deal. But he thinks it deserves a close look because it would give Monsanto more control over the U.S. seed market." The AP adds, "Monsanto agreed to purchase Scott, Miss.-based Delta & Pine Land in August for $1.5 billion in cash. The deal is already under Justice Department investigation to make sure it doesn't violate antitrust law. If approved, the sale should close early next year. … Analysts estimate the deal would give Monsanto control of about 60 percent of the U.S. cottonseed market. .. .That could be bad news for Monsanto's competitors in the multibillion dollar market for genetically engineered seeds. Monsanto has had a corner on the technology since introducing biotech corn and soybean seeds in the 1990s. DuPont Co. and Syngenta AG are trying to catch up by developing their own strains. … DuPont Co. is also fueling opposition to the Delta & Pine Land acquisition."

Delta Board Mulls US Air Offer. The Wall Street Journal (12/12, A11, Dade, Trottman) reports, "The board of Delta Air Lines Inc. met by conference call to discuss US Airways Group Inc.'s $8.5 billion hostile bid, but the directors aren't expected to issue a formal position on the offer for several days, according to people familiar with the matter." The Journal continues, "The meeting came as executives at Delta and its major creditors prepared for a new round of talks regarding the US Airways bid scheduled for tomorrow in New York. US Airways presented details of its offer, consisting of $4 billion in cash and about $4.5 billion in stock, nearly two weeks ago, in a session marked by occasionally tense exchanges between executives from the airlines." The Journal adds, "Delta, which filed for Chapter 11 bankruptcy-court protection in September 2005, is expected to release early next week its reorganization plan for exiting from bankruptcy as a stand-alone company. Coming one month after US Airways launched the hostile offer, the Delta plan effectively will be the company's counterproposal aimed at persuading its creditors not to support the US Airways bid. .. The board vote is largely a formality, since there is nearly no possibility that Delta's board would endorse the US Airways offer, according to people familiar with the situation. Delta officials, including Chief Executive Gerald Grinstein, have made repeated public assertions that the deal isn't right for the Atlanta airline. Mr. Grinstein has insisted that Delta should emerge independently from bankruptcy early next year. He has resisted US Airways' request for access to Delta financial records to perform due diligence on the offer."

LG Philips Shares Suffer On News Of DOJ Probe Of LCD Industry. Bloomberg (12/12, Cho) reports, "Shares of LG.Philips LCD Co., the world's second-largest liquid-crystal display maker, fell after the company said it was questioned by officials in South Korea, the U.S. and Japan in an antitrust probe of the industry." Bloomberg continues, "Samsung Electronics Co., its bigger rival, was also subpoenaed by South Korea's Fair Trade Commission, company spokeswoman Cho Sung In said today. Officials from the Korean watchdog visited LG.Philips' Seoul headquarters on Dec. 8 because of 'possible anticompetitive conduct in the LCD industry,' the company said yesterday, without identifying the other companies." Bloomberg adds, "LG.Philips shares dropped as much as 7.6 percent, leading declines among LCD makers, on concern the investigation may damage earnings after the company posted two straight quarterly losses. A four-year U.S. federal probe into price fixing in the computer-memory chip market resulted in four companies, including Samsung Electronics, and 16 individuals being fined $731 million. … The investigation may be about price fixing in the industry, Maeil Business Newspaper reported today, citing unidentified industry officials. … Gina Talamona, a spokeswoman at the U.S. Department of Justice, declined to comment. The department issued a subpoena to LG.Philips' San Jose office, while Japan's Fair Trade Commission issued a notice to LG.Philips in Tokyo, according to yesterday's statement."

The Wall Street Journal/Dow Jones Newswires (12/12, B4) reports, "In a statement, the South Korea-based LCD maker said it received a subpoena from the U.S. Department of Justice last Friday. In addition, the company said officials from the Fair Trade Commission in Korea visited its headquarters while the Japanese Fair Trade Commission issued a notice to its offices in Tokyo. … 'LG.Philips LCD takes this matter very seriously and will cooperate fully with regulatory authorities,' the company said in the statement. 'While these investigations continue, LG.Philips LCD is committed to running its business as usual, supplying its global customer base.'"

Microsoft Lays Out Defense In Iowa Antitrust Trial. Bloomberg (12/12, Van Voris) reports, "Microsoft Corp. didn't overcharge Iowa consumers for Windows, Word and Excel, a lawyer told jurors in Des Moines, as the company outlined its defense in an antitrust trial. … 'No one in Iowa has been harmed by anything that the plaintiffs can show that Microsoft has done,' Microsoft lawyer David Tulchin told the Iowa state court jury of seven men and five women Monday afternoon. 'The evidence will show that the price was

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not too high, that there is no overcharge.'" Bloomberg continues, "Tulchin began Microsoft's opening statement in a class-action suit by Iowa consumers who claim they were overcharged by $329 million since 1994. Tulchin's statement began after a lawyer for the consumers concluded his side's opening statement after almost six days. … The lawsuit is one of only two similar cases Microsoft hasn't settled or persuaded judges to dismiss. Any jury award may be tripled under Iowa law." Bloomberg adds, "The Iowa case and one in Mississippi are the last of dozens filed by groups of consumers after an antitrust suit against Microsoft brought by the U.S. government and several states, including Iowa, in 1998. … Microsoft denies that it violated Iowa antitrust law."

ENVIRONMENT/INDIAN AFFAIRS:

Justices Rule Against BP In Royalties Case. The Wall Street Journal (12/12, 2.04M) reports, "The Supreme Court ruled against the oil and gas industry Monday in a dispute over how far back the government can reach to collect on leases for federal land. In a 7-0 decision, the court refused to limit the number of years the government can reach back to collect unpaid royalties." The case "involves two units of BP that had sued over lease royalties oil and gas companies must pay for coal bed methane removed from federal land. That dispute concerned questions of at what stage of production the levy should be paid."

The AP (12/12, Yost) reports, "At issue is whether a federal law imposing a six-year time limit for the government to file lawsuits based on federal contracts also applies to administrative orders. … Ten years ago, the Interior Department's Minerals Management Service ordered BP America Production Co. and ARCO to pay $4.1 million and $780,000 respectively to cover royalty deficiencies on coalbed methane. The companies pumped the natural gas from wells in the San Juan Basin, which is in northwest New Mexico and southwest Colorado. … The government's administrative claim was based on royalties allegedly owed going back more than eight years from the time the Interior Department demanded the money. BP and ARCO say the limit should be six years, which would reduce the amount of royalties the Interior Department is able to claim."

Review Finds BP Officials Worried Cost Cutting Led To Fatal Blast. The Wall Street Journal (12/12, A3, Cummins) reports, "Some top BP PLC executives worried that cost cutting at a Texas refinery may have contributed to the plant's poor state of safety and equipment, according to an internal BP review that is likely to turn up the heat on the company over a deadly explosion at the site." The Journal continues, "Documents reviewed by The Wall Street Journal also quote a former senior BP safety executive saying that BP Chief Executive John Browne 'showed little interest' in safety issues." The Journal adds, "The March 2005 accident at BP's Texas City, Texas, refinery killed 15 people and injured 180. BP faces a criminal probe into the accident as well as civil claims from victims. The accident, along with a series of other safety and environmental incidents, has undercut BP's efforts to promote itself as a socially responsible energy company that is 'Beyond Petroleum.' High profits from surging oil and gasoline prices over the past three years have added to public pressure. … BP officials have said they believe budgetary decisions didn't play a critical role in the accident, caused when workers restarted a small gasoline-processing unit. A BP spokesman defended Lord Browne's safety record and repeated yesterday that the company determined in its own investigations into the accident that spending wasn't an issue in the blast. … In a series of internal interviews, however, BP executives painted a more complicated picture. Their thinking is laid out in notes and interview summaries that were collected this year as part of an internal BP review of the refinery accident. The interviews were conducted as part of a wide-ranging 'accountability' review, designed to determine what led to the accident, according to a BP spokesman."

California Oil Company Charged With Pollution. The Lompoc (CA) Record (12/12, Yale) reports, "An energy company with local operations is facing more trouble. .. The state attorney general's office has filed four misdemeanor counts of state water pollution against Greka Oil and Gas Inc." The Record continues, "The alleged violations of the California Fish and Game Code were filed in Santa Barbara County Superior Court in Santa Maria Wednesday. The Department of Fish and Game was the investigating agency, according to the attorney general's office. … The complaint alleged that Greka 'unlawfully deposited in, or permitted petroleum or other deleterious substance to pass into, the state waters of California.' … Greka allegedly committed these violations Dec. 7, 2005, at 5017 Zaca Station Road in Los Olivos; May 4 and May 16 at 3851 Telephone Road in Santa Maria; and Aug. 10 at 6572 Dominion Road in Santa Maria, according to the complaint." The Record adds, "According to reports from the Governor's Office of Emergency Services, the Los Olivos incident was caused by tank failure, and the spill went into an unnamed seasonal creek before it was contained. … The Santa Maria spill on May 4 was a pipeline leak, according to the report, and the petroleum went into an unnamed dry creek. The May 16 spill at the same location was reported by a caller as caused by a ruptured flow line, but it did not go into a waterway." The Record notes, "The corporation settled last month the remainder of a civil lawsuit filed in 2004 by the Santa Barbara County District Attorney's Office, which accused it of more than 100 safety and environmental violations. Greka agreed to pay a total $675,000 to the county and the county Air

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Pollution Control District in the settlements, according to a prosecutor in that case. … The U.S. Attorney's office began an investigation late last year into possible criminal acts committed by Greka, but there have been no public developments in that investigation since it began, U.S. Justice Department spokesman Thom Mrozek said Monday."

Opponents Say Offshore Drilling Legislation Gives Too Much To Gulf States. The Washington Post (12/12, D1, Mufson, 690K) reports that the last bill passed by the 109th Congress "opens about 8 million acres in the Gulf of Mexico to oil and gas drilling, and U.S. industrial consumers of natural gas hope it will boost supplies and moderate prices. But the bill's landmark aspect was a deal that diverts 37.5 percent of federal royalties from future drilling to the four Gulf of Mexico states." The "accord could ultimately be worth $650 million a year for Louisiana, the biggest beneficiary." The Post adds, "Foes of the legislation fear it will lure states opposed to offshore drilling such as California, Virginia, Florida and North and South Carolina into supporting exploration off their shorelines in return for a gusher of new revenue." Moreover, "[o]pponents of the bill call it fiscally irresponsible and say that any royalties from drilling in federal waters, which begin three miles from shore and extend up to 200 miles out, belong to the federal government."

Proposals For Carbon Dioxide Limits Gather Momentum. The New York Times (12/12, Lohr, 1.16M) reports that "James E. Rogers, chief executive of Duke Energy, a coal-burning utility in the Midwest and the Southeast, has emerged as an unexpected advocate of federal regulation that would for the first time impose a cost for emitting carbon dioxide." His stance "is far from universal within the power industry, but it has surprising support, particularly from those, like him, who also produce electricity from carbon-free nuclear reactors. And despite the Bush administration's adamant opposition to any limits on fossil fuel emissions, the idea is beginning to pick up momentum in the American political arena as well." The Times analyses possible measures to curb warming, including a federal tax on carbon dioxide waste and a 'cap and trade' regulatory system.

USA Today (12/12, 3B, Davidson, 2.27M) reports, "The rising temperature of Earth's atmosphere may be breeding growing distress and sparking sales of hybrid cars, but most utility executives aren't exactly losing sleep over the problem. In fact, many electric companies are forging ahead with plans for traditional coal-fired power plants,...despite expectations that federal limits will eventually be placed on carbon dioxide emissions. That prospect grows more likely with Congress' new Democratic majority." USA Today adds, "Uncertainty about how restrictive any limits might be has left utilities with a dilemma: build traditional coal plants that are cheaper and generally deemed more reliable or 'clean-coal' facilities that may be less expensive in the long run?"

Highly-Efficient Superconductors Breaking Into Commercial Market. The Christian Science Monitor (12/12, Clayton, 59K) reports, "Twenty years after their much ballyhooed discovery, high-tech materials capable of delivering 150 times the electricity of conventional wire are starting to push into the commercial market. They promise to make generators, industrial motors, and even power lines far more efficient as the technology becomes more affordable." The Monitor adds, "At least eight new cable projects already are under way in the United States, Europe, China, South Korea, Japan, and Mexico. This month, a leading US innovator in the field will shove out the factory door its first commercial product using the technology, which will help the Tennessee Valley Authority (TVA) keep its grid stable."

Fuel Economy Ratings To Drop Under New EPA Testing Procedures. USA Today (12/11, Healey, 2.27M) reports, "Fuel economy ratings of cars and trucks will drop significantly starting with 2008 models, some of which will go on sale early next year. The declines are because the Environmental Protection Agency is using more-realistic conditions to estimate the mileage cars and trucks will get." USA Today adds, "Fuel-saving gasoline electric hybrids will see the biggest drops in the mileage numbers posted on their window stickers — as much as 30% worse in city driving, 20% worse on the highway, the EPA said after issuing new testing procedures." The new tests do not affect calculations for CAFÉ, which "is overseen by the Department of Transportation, not by EPA."

The New York Times (12/12, Wald, 1.16M) says the EPA "rewrote one of the great fictions of American life on Monday by changing the formula for calculating miles-per-gallon numbers on the window stickers of new cars, to take account of higher speeds, more aggressive driving, more air-conditioning use and other factors not in the old system." Congress "ordered the change 18 months ago because of widespread dissatisfaction with the accuracy of the old numbers."

The AP (12/12, Thomas) says, "Highly fuel-efficient vehicles are expected to see the largest slide, with ratings for city driving dropping by as much as 30 percent and highway driving estimates falling 25 percent from current levels." The "changes respond to consumer complaints that fuel economy estimates are frequently less than advertised."

LATimes Says Administration Politicizing Science At EPA. The Los Angeles Times (12/12, 850K) says in an editorial, "The Environmental Protection Agency

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has been rightly criticized under the Bush administration for repeatedly allowing political appointees to run roughshod over scientists, ignoring their findings and crafting regulations that please industry but fail to protect the public. Now the agency is making the practice official." Under a "new policy announced last week, scientists will be shuffled to the margins when the agency resets its all-important air-quality standards. Up to now, the process of drawing up new standards began with two sets of scientists — EPA staffers and an independent panel — conducting reviews of how pollution affects public health, then making recommendations to agency managers. Now the managers, who are usually political appointees, will work with staff scientists from the start, and the first review paper will be about policy, not science." Normally, the Administration "has broad leeway to interpret law into regulations. But when it changes the process to subvert the law's protective intent, Congress should reluctantly step in to spell out the obvious: Environmental policy is, first and foremost, about science."

FWS Pulls Bison Range Management Agreement With Tribes. The Missoula (MT) Missoulian (12/12, Backus) reports, "The U.S. Fish and Wildlife Service officially pulled its controversial agreement with the Confederated Salish and Kootenai Tribes for shared management of the National Bison Range on Monday, saying the tribes have failed to live up to their responsibilities and have created an unacceptable workplace environment." The Missoulian continues, "Tribal officials said the announcement was unexpected and denied the allegations contained in FWS Regional Director Mitch King's letter. … 'It's taken us off guard. We were in the middle of something and trying to make it work,' said CSKT Tribal Council Chairman James Steele Jr." The Missoulian adds, "King's letter said the agency was terminating negotiations for future annual funding agreements. … The letter ordered the tribes to immediately stop performing any activities at the Bison Range, return all FWS equipment, and withdraw all CSKT employees, contractors and volunteers from the refuge by the end of the workday Tuesday." The Missoulian notes, "The decision marked the end of months of negotiations between the tribes and the Fish and Wildlife Service over future management of the National Bison Range. … The two entered into an agreement in 2004 that split management duties beginning in 2006. King's letter said the FWS wanted to continue that agreement into 2007 with some minor revisions, but the tribes argued for more management control. … After the 2006 agreement expired Sept. 30, the FWS agreed to extend it while negotiations continued. … The tribes sought a phased takeover of the refuge, which sits in the heart of the Flathead Indian Reservation, under provisions of the Indian Self-Determination and Education Assistance Act. The legislation allows tribes to apply to manage certain federal public lands where they can show a cultural, historical or geographic connection."

US Joins Chippewa Tribe In Land Suit Against Michigan. The AP (12/12) reports from Bay City, MI, "The U.S. Justice Department has joined a lawsuit filed by the Saginaw Chippewa Indian Tribe against the state that seeks sovereignty over parts of central Michigan's Isabella County, based on treaties from 1855 and 1864." The AP continues, "Court documents show the federal government joined the lawsuit in U.S. District Court in Bay City as an additional plaintiff on Nov. 29, the Morning Sun of Mount Pleasant reported Monday. … The tribe sued in 2005, asking a federal judge to declare that all or part of seven townships in Isabella County are Indian country as defined by federal law." The AP adds, "Earlier this year, the tribe amended its complaint to ask for an injunction to bar the governor, attorney general and state treasurer from exerting criminal or civil jurisdiction over the tribe or its members "in a manner not allowed in Indian country." … In the filing, Assistant U.S. Attorney General Sue Ellen Wooldridge noted that the federal government has exclusive jurisdiction to prosecute major crimes committed on the reservation, and has other relationships with the tribe." The AP notes, "In response, Michigan Assistant Attorney General Todd Adams said the predecessors to the Saginaw Chippewas gave up all their land in a series of treaties, ending with the 1836 Treaty of Saginaw. … He said the 1855 and 1864 treaties 'merely provided a designated area from which they could choose land like any other individual citizen of Michigan and the United States pursuant to United States law.'"

FBI/DEA/ATF/USMS:

Alleged Mexican Drug Cartel Leader May Face Federal Death Penalty. The San Diego Union-Tribune (12/12, Soto) reports, "New charges are expected to be filed this week that could lead to the death penalty against the man prosecutors say is the leader of the Arellano Félix Mexican drug cartel." The Union-Tribune continues, "The charges against Francisco Javier Arellano Félix, who was captured at sea in August, will accuse him of additional criminal activity over the past three years, prosecutors said. … Their comments came during a brief hearing before San Diego federal judge Larry Alan Burns set a May 15 trial date for Arellano, though prosecutors and defense lawyers said they didn't think they could be ready by then. … 'This is far too soon to be going to trial,' said defense lawyer Mark Adams." The Union-Tribune adds, "Arellano is accused of racketeering, drug trafficking and money laundering in a decades-long conspiracy that prosecutors say moved tons of

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drugs into the United States and that resulted in numerous killings on both sides of the border. … The charges, originally filed in 1997, were last updated in 2003. The evidence includes tens of thousands of pages of case files and more than 550,000 intercepted radio transmissions. … Burns said he would consider rescheduling the trial once the new indictment is unsealed but only under extraordinary circumstances. He also suggested that the case be split into two parts so some of it could go to trial quickly." The Union-Tribune notes, "The new indictment would be the formal start of a death-penalty process that typically takes about four months and leads to Attorney General Alberto Gonzales announcing whether prosecutors will seek a defendant's execution. … Authorities say the new indictment also will include charges against another man, Manuel Arturo Villarreal Heredia, who was captured aboard Arellano's fishing boat by the U.S. Coast Guard off Baja California Sur. He is accused of being a member of the cartel."

DEA Agent Says Mexican Drug Cartels Bringing More Potent Meth Into Tennessee. The Knoxville (TN) News Sentinel (12/12, Satterfield) reports there are fewer makeshift meth labs in East Tennessee. However, Mexican drug cartels "have stepped in to fill the void with an even more potent version of the addictive drug. U.S. Drug Enforcement Administration agent Michael Templeton offered that assessment of the state of the meth scourge on Monday during testimony against Richard 'Dairy Man' Milburn." Milburn "is the lone defendant left standing in a massive marijuana and methamphetamine case involving more than 13 suspects, some eight tons of drugs, tractor-trailers, a dairy farm, horseback-riding buddies and Rubbermaid containers stuffed with cash. … The trial continues today."

Nine Plead Guilty To Roles In Drug-Trafficking Organization. The West Fargo Pioneer (12/11) reported nine Minnesota and North Dakota defendants "pleaded guilty for their participation in a drug-trafficking enterprise. … Assistant United States Attorney Chris Myers said this organization was involved in the distribution of more than 50 kilograms (100 lbs.) of cocaine, 10 kilograms (20 lbs.) of methamphetamine and nearly a ton (200 lbs.) of marijuana. The drugs were transported from the Laredo, Texas, area to the Fargo-Moorhead and Grafton area." The Pioneer notes the DEA's involvement in the investigation.

Personal Trainer In Maryland Accused Of Importing Illicit Muscle Enhancers. The AP (12/11) reported federal authorities "say a personal trainer at a Glen Burnie fitness club imported thousands of vials and tablets of illicit muscle enhancers from overseas and sold them throughout the Baltimore region and on the Internet. Michael Schlanger, 47, of Catonsville, was indicted in federal court in September on conspiracy to distribute to distribute anabolic steroids." Court documents "allege Schlanger, an employee at Bally Total Fitness in Glen Burnie, imported tens of thousands of vials and tablets of the muscle-building drugs through the mail for resale. The conspiracy came to light in July when customs agents at John F. Kennedy Airport in New York intercepted packages of steroids addressed to 'County Crafts.' One package was from China, another was from Great Britain."

DEA Agent Says Mexican Drug Cartels Bringing More Potent Meth Into Tennessee. The Knoxville (TN) News Sentinel (12/12, Satterfield) reports there are fewer makeshift meth labs in East Tennessee. However, Mexican drug cartels "have stepped in to fill the void with an even more potent version of the addictive drug. U.S. Drug Enforcement Administration agent Michael Templeton offered that assessment of the state of the meth scourge on Monday during testimony against Richard 'Dairy Man' Milburn." Milburn "is the lone defendant left standing in a massive marijuana and methamphetamine case involving more than 13 suspects, some eight tons of drugs, tractor-trailers, a dairy farm, horseback-riding buddies and Rubbermaid containers stuffed with cash. … The trial continues today."

Mexico's New President Takes Action Against Drug Gangs. The AP (12/12) reports Mexico's new government "announced Monday that it was sending more than 6,500 soldiers, marines and federal police to the western state of Michoacan to crack down on a wave of execution-style killings and beheadings that have left hundreds dead. The operation is the first major offensive against drug gangs by President Felipe Calderon, who was sworn in on Dec. 1 after narrowly winning election on a law-and-order platform. … Federal investigators say the violence in Michoacan, Calderon's home state, stems from a turf war between a local gang called Los Valencia and the northern Mexico Gulf cartel, whose bloody enforcers are known as the Zetas, a group of ex-Mexican army operatives turned hit men." Investigators "say about half of Michoacan's more than 500 killings this year are linked to the turf war."

The Washington Post (12/12, A23, Roig-Franzia) reports more than 5,000 Mexican soldiers and federal police officers "swept into the troubled state of Michoacan on Monday hoping to quell a long, barbaric war between rival drug cartels. … Federal forces, backed by dozens of military aircraft, arrested at least 13 alleged drug traffickers in the first hours of the operation and discovered more than 1,000 marijuana plants." Officials "have been under increasing pressure from the United States to contain cartels whose influence stretches across the border." Mexican forces also "are investigating whether Oaxacan police officers may be

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responsible for the killings of more than a dozen protesters and Brad Will, an American freelance journalist and activist."

ATF Cannot Trace Gun In Fatal New York Shooting. The New York Journal News (12/12, Golding) reports from New Castle, NY, "Federal authorities were unable to trace a handgun found near the reported scene of an unsolved roadside shooting that killed a neighbor of Bill and Hillary Clinton's." The News continues, "Jim Needles of the U.S. Bureau of Alcohol, Tobacco and Firearms said there was no serial number on the weapon, which meant it was probably manufactured before 1968, when gun makers began marking their products with identifying numbers. .. .Needles, assistant special agent in charge of the ATF's New York Field Division, said U.S. Justice Department regulations prohibited him from releasing any details about the handgun, although he said that because of its age it was most likely a revolver." The News adds, "State police found the gun while searching Echo Lake after the Nov. 18 shootings of Carlos and Peggy Perez-Olivo of Chappqua, who live three doors away from the Clintons' home. … Peggy Perez-Olivo, an elementary teacher's assistant, was shot in the head and died two days later. Carlos Perez-Olivo, a disbarred criminal defense lawyer, was shot in the side but survived."

Former Mayor Of Missouri Town Faces Federal Arson Charge. The AP (12/12) reports from St. Louis, "The former mayor of Kirksville (MO) has been indicted on federal arson charges for a fire that damaged a restaurant and bar she owned in the northeast Missouri town, U.S. Attorney Catherine Hanaway said Monday." The AP continues, "Deborah Masten, 52, could face up to 20 years in prison and a $250,000 fine if convicted. She did not have a listed telephone number. … Masten and her husband, Steve, owned Too Talls Two Eatery and Spirits when the fire broke out early New Year's Day 2005. The Missouri State Highway Patrol and state fire marshal's office determined the blaze was suspicious, prompting an investigation by the Bureau of Alcohol, Tobacco and Firearms. … 'Despite the sadness of having to announce an indictment against a former public official, ATF is pleased to have been able to lend its investigative expertise with arson to this case,' ATF special agent Michael Boxler said." The AP adds, "The fire was reported at 2:23 a.m. Jan. 1, 2005. Investigators announced a few weeks later it was intentionally set. The Kirksville Daily Express reported that investigators found a pile of trash out of place, and an accelerant had been used. The Mastens offered a $5,000 reward for information leading to the arrest and conviction of the person responsible for the fire. … But on March 3, 2005, ATF investigators named Deborah Masten as the suspect in the fire, the Daily Express reported. She maintained her innocence."

Marshals Nab Fugitive At Philadelphia Library Computer. The Philadelphia Inquirer (12/12, Lipka) reports, "The man in the Donovan McNabb jersey got to the Philadelphia Free Library's main branch at 9 a.m., as usual, and was seated at a public computer terminal, tapping away at his MySpace.com page, as usual. … So he did not notice that 15 armed officers were quietly converging on him." The Inquirer continues, "That, authorities say, is how a fugitive wanted in Georgia and Massachusetts was captured last Thursday without a fight. They say they figured out that he had been going to the library regularly to update his MySpace page. … Darren Bates, 35, was using one of the library's computers about 9:15 a.m. Thursday when 15 plainclothes members of a fugitive task force converged on him as other patrons tapped away on nearby keyboards, officials said yesterday. … 'He was busy on the computer and we were able to walk right up to him from several directions without him seeing us,' said John Patrignani, supervisory deputy of the U.S. Marshals Service Violent Crimes Fugitive Task Force. 'He was very much surprised.'" The Inquirer adds, "Bates, who was wearing a McNabb jersey, was taken into custody without incident, Patrignani said. He was being held yesterday in a city jail cell pending extradition to Georgia. … Patrignani said task force members in Massachusetts had determined Bates was going to the Central Library at 1901 Vine St. about the same time every day - when the library opened at 9."

Arlington, VA, Awarded DOJ Grant To Fight Gang Activity. The Arlington (VA) Connection (12/11, Rosen) reports, "The Justice Department has given a $172,000 grant to three Arlington nonprofit organizations to continue funding a series of programs that aim to keep students out of gangs." The Connection continues, "The initiatives — administered by the Hispanic Committe of Virginia and run by Barrios Unidos and the Greenbrier Learning Center — provide leadership training, mentoring services and tutoring to mostly Latino middle and high school students. Up to 400 Arlington teenagers are expected to participate in at least one of the programs this school year." The Connection adds, "Providing students with a plethora of after-school activities and positive role models is the best way to ensure they will not fall prey to the lure of gang life, said U.S. Rep. Jim Moran, who helped secure the grant from the Justice Department. … These programs 'are a great way to help our children avoid the pitfalls of violence and gang activity, and attain the American dream of prosperity and a life free of fear,' Moran said during a Dec. 4 press conference in the Arlington County Board room. … The Greenbrier Learning Center will use the federal funding to continue to operate its after-school tutoring sessions at Kenmore Middle School. Every weekday counselors help students who are

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having trouble at school, or have been identified as vulnerable to joining a gang, complete their homework assignments."

TAX:

Former Ohio Major Charged With Tax, Mail Fraud. The Akron Beacon Journal (12/12, Armon, 125K) reports, "The former mayor of Ravenna was charged in federal court Monday with tax and mail fraud for allegedly concealing his role in running a local lawn care and snow removal business, authorities said. Paul Jones, who abruptly resigned in midterm a year ago and moved to Florida, is accused of not disclosing the family-owned business in state ethics forms and filing false tax returns." Ravenna City Councilman Joseph Bica praised the indictment and "said he hopes the investigation continues." The Beacon Journal notes, "FBI spokesman Scott Wilson declined to talk about the case, including when or how it began. … 'We continue to focus on this case closely right now,' Wilson said when asked if the probe was continuing. 'We'll take a look at any other transactions while (Jones) was mayor in the city of Ravenna.'"

DOJ Seeks To Ban California Accountant's Tax Scheme. The North Platte (NE) Bulletin (12/5, Graham) reports, "The alleged tax fraud scheme of a California accountant and numerous North Platte doctors and other medical personnel is unraveling with the latest court filing." The Bulletin continues, "U.S. Attorney Jacqueline Brown is seeking an immediate injunction against Lowell Baisden to prevent him from promoting an unlawful tax avoidance scheme and from preparing federal tax returns for others. … Brown filed the motion for an injunction in U.S. District Court in California Dec. 1." The Bulletin adds, "The U.S. Attorney's office and the IRS claim that Baisden set up dummy corporations in Nevada and Wyoming for doctors and other professionals in Nebraska and California. … Baisden's customers were the doctors and other professionals. … Baisden funneled his customer's personal income through the corporation to allegedly hide it from tax liability. The sham corporations then paid each customer a small salary and the rest of their living expenses through corporate accounts. … Baisden's customers paid him a monthly fee for the various money laundering transactions and he prepared both their corporate and individual tax returns." The Bulletin notes, "The scheme, which is now being investigated by the Justice Department and the IRS, has allegedly been going on for at least seven years, since 1999, and could involve as many as eight North Platte doctors, according to court records."

IRS Paid At Least $200 Million In Bogus Refunds Due To Computer Failure. ABC World News (12/11, story 8, 2:40, Gibson, 8.78M) reported on what one "what one report called one of the most embarrassing episodes in the recent history of the Internal Revenue Service. First, the IRS paid hundreds of millions of dollars in refunds to those who did not deserve them. And then, the agency found, they cannot get the money back. And it's 'Your Money.'" ABC (Cochran) added, "At the Internal Revenue Service there are a lot of red faces after they admitted that they paid out $200 million in bogus refunds." Sen. Charles Grassley: "They royally screwed up. And it's going to cost the honest taxpayer a lot of money." Cochran: "Treasury investigators say the amount lost is actually more than $300 million." Michael Phillips, Deputy Inspector General, Treasury Department: "It was sort of the worst-case scenario. What could go wrong did go wrong. And yes, some money is lost and cannot be regained." Cochran: "All because the IRS paid $20 million for a new computer system that failed, big-time." Peter Sepp, National Taxpayers Union: "The IRS and computers mix like oil and water. You can put them together, but eventually, everything falls apart." Cochran: "The IRS hoped the new computers would easily spot tax frauds. People, for example, who claim suspiciously high deductions for things like gifts to charity and medical expenses. But last year the company developing the new system warned the IRS, it might not be ready come tax season. And sure enough, it wasn't. And to make matters worse, the IRS had shut down its backup system."

Federal Judges Get Tax Break On Stocks Sold Because Of Conflicts. The Wall Street Journal (12/12, A6, 2.04M) reports Federal judges "received a long-sought break when Congress extended to them the same exemption from capital-gains taxes that executive-branch officials receive when selling stock for conflict-of-interest reasons." Under ethics rules, judges "are disqualified from ruling in matters where they have a financial interest, such as owning stock in a company that is party to a lawsuit. The issue typically comes up in complex litigation, when, months or years into a case, a judge could suddenly find himself or herself conflicted because of the late joining of a party or a merger of a party into a company where he or she owns shares." That has "forced some judges either to step aside from a case or sell stock that potentially could bring a big capital- gains-tax bill." But Congress "turned a deaf ear to the judges' request for a pay raise."

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CONGRESS-ADMINISTRATION:

Democrats Plan Streamlined Omnibus Spending Bill. The Wall Street Journal (12/12, A2, Rogers, 2.04M) reports the "new Democratic majority in Congress wants to keep the government operating under a streamlined funding resolution for the rest of the fiscal year and not attempt to complete the individual spending bills abandoned by the outgoing Republican leadership." Democrats, "fearing a political trap…want to avoid becoming bogged down and sacrificing their own agenda by devoting weeks to passing an omnibus measure combining the unfinished bills. The path outlined now offers a speedier alternative, but never in modern memory has it been attempted on such a large scale." The announcement "was made last night by the incoming chairmen of the House and Senate Appropriations Committees," Rep. David Obey and Sen. Robert Byrd, " who also said they would impose a moratorium on new congressional earmarks, targeted appropriations for special projects in members' home districts. None would be part of the proposed funding resolution, killing hundreds that are pending in the unfinished spending bills." House and Senate Democratic leaders "gave their endorsement, but the White House, which could be the big loser, is clearly uncomfortable."

The Hill (12/12, Schor) reports Byrd and Obey "issued a statement yesterday laying blame at the feet of departing GOP leaders for failing to pass nine of the 11 fiscal year 2007 appropriations bills, a criticism leveled by several Republicans in the waning days of the lame-duck session." Democrats "faced an already crowded winter schedule, headlined by the president's budget in early February and a hefty war supplemental expected to approach $150 billion for the military operations in Iraq and Afghanistan, that made even an omnibus nearly impossible to achieve on time. Producing a continuing resolution scrubbed of earmarks is likely to present its own partisan pitfalls for the new leadership, as members on both sides of the aisle grapple with district projects planned for but no longer paid for."

The Washington Post (12/12, A3, Murray, Weisman, 690K) reports Democratic leaders "declared a temporary moratorium on special-interest provisions known as earmarks as they attempt to cope with a budget crisis left by the outgoing Republican-led 109th Congress." The "unfinished bills account for about $463 billion in annual spending and include just about every domestic program other than defense and homeland security. The announcement appears to be a victory for conservative budget reformers, such as Reps. Mike Pence (R-Ind.) and Tom Price (R-Ga.), who circulated a petition last week calling for a resolution that would extend funding through the rest of the year, but without earmarks." That petition, "however, called for all domestic programs to be funded at the lowest levels called for in either the House or Senate versions." In contrast, Obey and Byrd "indicated that they would seek adjustments in spending levels to satisfy Democrats and moderate Republicans who were upset by the austere funding bills passed by the House Appropriations Committee. In particular, the measure to fund labor, health and education programs fell billions of dollars short of the Senate-approved levels, and the levels that even many House Republicans said were acceptable."

The New York Times (12/12, Hulse, 1.16M) reports the "unfinished bills loomed as a potential major distraction for Democrats as they prepare to take power in January, a fact not lost on the Republicans who chose not to try to complete the work." Rep. Obey and Sen. Byrd "made clear that they would rather concentrate on the first budget under their party's leadership while giving close scrutiny to the president's own spending plan and his request for war spending."

House Democrats To Push For Government-Negotiated Drug Prices. The AP (12/12, Werner) reports Rep. Pete Stark said House Democrats will "take the middle ground on the Medicare drug benefit, pushing for government-negotiated prices but stopping short of creating a federal plan to compete with private insurers." Stark said "a government-run plan would save money but is too ambitious for immediate action." Stark, the "liberal in line to chair the House Ways and Means Committee's health subcommittee," said, "That might draw a veto and then get us accused — which I don't mind, but most of my colleagues do — of price-setting and all that. ... There's a hesitancy to seem too radical." The AP adds incoming House Speaker Nancy Pelosi "has included Medicare drug negotiation in her agenda for the party's first 100 legislative hours, but she hasn't offered many details."

Congress Links Doctors' Medicare Pay, Performance. The New York Times (12/12, Pear, 1.16M) reports that after "years of trying to rein in the runaway cost of the Medicare program, Congress has decided to use a carrot instead of a stick to change doctors' behavior." Doctors had been "fearing a pay cut under Medicare, the health care program for 43 million elderly and disabled, but Congress instead has offered doctors a small bonus with big strings attached. To get the money, doctors will have to report how often they provide quality care, as defined by the government." Lawmakers "approved the change as one of their final acts before adjourning early Saturday morning, and proponents said it would improve the quality of medical care. But the plan immediately raised concerns among some doctors and lawmakers who specialize in health issues." The

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critics "said they worried that it could be a step toward cookbook medicine and could erode the professional autonomy of doctors." Doctors had "been facing a 5 percent cut in Medicare payments in 2007," but the now "can qualify for a 1.5 percent bonus in the second half of 2007 if they report data on the quality of their care, using measures specified by the government."

Congress Raises Income Limit On DC Voucher Program. The Washington Post (12/12, B4, Haynes, 690K) reports, "Congress has increased the income guidelines for" students first "enrolled in the District's federally funded school voucher program" in 2004-2005 from "200 to 300 percent of the federal poverty line" in "an effort aimed at preventing hundreds of students from being forced out of the program before it is evaluated." It is estimated that "more than 300" of the 1,800 enrolled "would have been forced out of the program under the original income guidelines."

Pelosi Pledges Additional Protection For House Pages. The AP (12/12, Abrams) reports incoming Speaker Nancy Pelosi "said Monday she will take legislative steps to better protect House pages after the scandal involving a congressman sending salacious e-mails to former male pages." Pelosi "said legislation would be introduced early in the new Congress to increase oversight of the page program, require regular meetings of the page board and add a parent of a current and a former page on that board."

Report Suggests Hastert Was Told Of Questionable Foley Emails. The Hill (12/12, Cusack) reports the House ethics committee "report on the page scandal, released on Friday, did not come to any definitive conclusions on whether House Speaker Dennis Hastert (R-Ill.) was informed of the questionable e-mails that former Rep. Mark Foley (R-Fla.) sent to pages." But lawmakers "on the ethics committee suggested that they believe Hastert was told about them. Reps. John Boehner (R-Ohio) and Tom Reynolds (R-N.Y.) testified that they informed the Speaker of the e-mails, but Hastert said he has no recollection of those conversations."

Ethics Scandals Erode Regard For Members Of Congress. USA Today (12/12, Koch, 2.27M) reports only "15% of 1,009 adults in a USA TODAY/Gallup Poll taken Friday through Sunday gave US senators high or very high marks for honesty and ethical standards. Only 14% did so for U.S. representatives." Members of both houses "are down from 25% in 2001, when members of Congress got their best score since the survey began in 1976." Frank Newport, editor in chief of the Gallup Poll, said, "Congressmen can take heart. They're a few points higher than car salesmen."

Reports Show Americans Don't Trust Government To Spend Funds Wisely. USA Today (12/12, 10A, Wolf, 2.27M) reports, "Americans are open to tax increases and benefit cuts to preserve Social Security and Medicare, but they don't trust the government to spend their money wisely, two reports being released today show." The reports "contend that Americans would consider such measures as scaling back end-of-life care and extending the retirement age as ways to avoid bankrupting the Social Security and Medicare systems. Their mistrust of government is so deep, however, that political leaders must convince them their money won't be wasted." Stuart Butler of the Heritage Foundation said, "They really are very skeptical about what happens when you send money to Washington. They think that money is going to be stolen by somebody to build a bridge somewhere." USA adds those "are the major findings of the reports by Public Agenda and Viewpoint Learning. Those two public policy groups, left- and right-leaning think tanks and groups favoring deficit reduction have spent the past year working to educate the public and seek feedback about the nation's fiscal condition."

House Panel Says McDermott Violated Ethics Standards. The AP (12/12, Daly) reports the House ethics committee said Rep. Jim McDermott, D-Wash., "violated ethics standards by giving reporters access to an illegally taped telephone call involving Republican leaders a decade ago." McDermott, who "at the time was the panel's senior Democrat, failed to meet his obligations as a committee leader, said a report released two days after Congress adjourned for the year. The panel took no action other than the report." The ethics complaint "stems from a tape recording made by a Florida couple, who gave it to McDermott in January 1997. The tape recorded then-Speaker Gingrich, R-Ga., in a December 1996 conference call with GOP leaders regarding a separate ethics investigation of Gingrich." McDermott "leaked the tape to The Atlanta Journal-Constitution and The New York Times, which published stories on the case in January 1997." A "three-judge panel of the U.S. Circuit Court of Appeals for the District of Columbia ruled against McDermott in a related civil case in March. The 2-1 opinion upheld a lower court ruling that McDermott had violated the rights of Rep. John Boehner, R-Ohio, who was heard on the 1996 call. Boehner, then a Gingrich lieutenant, is now House majority leader." The "full nine-member appeals court vacated the three-judge ruling this spring and heard new arguments in the case in October. A ruling is expected next year."

The Hill (12/12, Crabtree) reports the House ethics committee found that Rep. McDermott's "1997 leaking of a secretly taped phone call to the media" was "'inconsistent with the spirit of the applicable [House] rules.' The panel, however, did not punish McDermott."

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California Republican Said To Mix Public Actions, Private Business. The Los Angeles Times (12/12, Heisel, 850K) reports that in 2000, Republican Rep. Gary Miller "implored Monrovia City Council members to purchase 165 acres he owned in the foothills and turn the land into a wilderness preserve. Earlier that day, Miller asked one of his staff members to find a way to place one of the councilmen -- a pawnshop owner with no parks experience -- on the National Park System Advisory Board. The aide was told to 'make it a priority.'" But even after "staff members warned him that trying to secure the park board seat for the councilman could appear to be a bribe attempt, Miller continued to push for the councilman's appointment, according to internal memos, interviews with former Miller staff members and official correspondence reviewed by the Los Angeles Times." The move "was one of many that Miller has made over the years in which he brought his congressional muscle to bear on personal and private business matters, according to the staffers and correspondence from Miller's office -- hand-written notes, letters on Miller's congressional letterhead and e-mails."

Mollahan Under Investigation For Real Estate Deal. CNN's Lou Dobbs Tonight (12/11, Sylvester) reported, "[W]we saw former Congressman Bob Ney and former congressman Duke Cunningham -- both lawmakers are now disgraced and out of office. But it's not just Republicans. Now there are allegations of wrongdoing involving a Democrat from West Virginia." CNN reported that WV1 Alan Mollohan (D) and a staffer, Laura Kuhms, "bought real estate investments along the Carolina coast.." Then, Mollohan "tapped the same congressional aide to head up one of five nonprofit organizations he set up in his West Virginia district. In the last five years, Mollohan, who sits on the Appropriations Committee, helped channel more than $150 million in taxpayer money to keep these economic development nonprofits thriving. The National Legal and Policy Center filed a 500-page complaint with the Justice Department this year detailing Mollohan's business arrangements. But in a strange twist, Mollohan may end up chairing the very subcommittee that has jurisdiction over the Justice Department's budget." CNN added, "A spokesman for Mollohan said, 'The allegations and suggestions of wrongdoing made by the NLPC are utterly false,' and added that the congressman made his fortune from an inheritance that he reinvested in a booming real estate market."

House Democratic Leaders May Assign Jefferson To Lesser Committee. The Washington Post (12/12, A6, Babington, Lengel, 690K) reports House Democratic leaders, "who have vowed to run a more ethical Congress, are struggling with how to respond to the reelection of Rep. William J. Jefferson, the Louisiana Democrat whose Washington home freezer once held $90,000 in alleged bribe money." Incoming Speaker Nancy Pelosi "stripped Jefferson of his seat on the influential Ways and Means Committee in June and has hinted that she may place him on no committee when the 110th Congress convenes next month. But a source close to Pelosi said yesterday that she is more likely to place him on a lower-profile committee and hope the controversy dies down." The source "familiar with Pelosi's thinking said that the incoming speaker wants to distance herself and her caucus from Jefferson and legal problems but that she thinks she cannot ignore that voters returned him to office when details of the investigation were well known." Sources "familiar with the probe said Jefferson will be indicted, probably in the first half of 2007. The sources, who spoke on the condition of anonymity because of the sensitivity of the case, said investigators have been looking at about a dozen business deals in the United States and Africa in which Jefferson allegedly used his official position for financial gain."

CBC To Press For Jefferson's Reinstatement To Ways And Means. The Hill (12/12, Bolton) reports the Congressional Black Caucus is "planning to press Democratic leaders to reinstate Rep. William Jefferson (D-La.) to the Ways and Means Committee, raising the thorny question of how leaders will handle the fate of Rep. Alan Mollohan (D-W.Va.), who has also come under ethical scrutiny." If Pelosi "and fellow leaders decide to keep Jefferson off Ways and Means, they could open themselves to charges of following a double standard by allowing Mollohan to become chairman of an Appropriations subcommittee, as he is now poised to do." Top Democrats are "dealing with questions regarding what to do about Jefferson and Mollohan at the same time that they must decide how to reward lawmakers who have raised tens of thousands of dollars for the party but find themselves with less seniority than stingier colleagues on subcommittees."

Portman Will Be Key White House Link To Congressional Democrats. The Washington Post (12/12, A25, Montgomery, 690K) reports, "Hired in the spring of 2006 to direct the Office of Management and Budget," former Rep. Rob Portman "was hailed as a man who could improve ties between a sometimes imperial president and an increasingly cranky Congress, then in Republican hands. On Nov. 7, his job changed dramatically. Now the six-term congressman from Ohio has to sell the fiscal policies of a weakened and unpopular president to a bunch of bitter and distrustful Democrats." The Post adds that in "many ways, Bush could not have picked a better person for the job. The boyish and earnest Portman seems to be as widely admired among his former Democratic colleagues as he is by

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Republicans." House Democrats "describe him as a reasonable guy, a committed problem-solver and an honest broker. After six years of presidential neglect, Democrats say Portman is one of the few members of the administration who has established a record of trust with the newly empowered Democratic Party." But "just because Democrats return Portman's phone calls does not mean they are ready to help him tame the projected growth of Social Security and federal health-care programs, which serve millions of Americans and threaten to consume a sharply escalating share of the nation's economic output as the population ages."

Reid Seen As Tenacious Opponent For Bush, GOP. USA Today (12/12, Welch, 2.27M) reports Sen. Harry Reid "takes over as majority leader in January and becomes the man" President Bush "will have to deal with if he hopes to win legislation in his remaining two years in office. The Republicans' 49-seat minority leaves them with power to block Democratic initiatives, but his majority will allow Reid to control what issues the Senate considers — and determine whether Bush's proposals and nominations even get an airing." In Reid, "Bush and his party face an opposition leader who has earned a reputation for toughness." Reid "sometimes seems an oddity, a quiet, soft-spoken Mormon who represents gambling and a city, Las Vegas, that has become a world-class destination by marketing sin. He doesn't gamble, he says." In the "aftermath of last month's elections, which propelled Reid into the majority, Bush told Reid he wanted to work together." Reid said, "I said, 'Mr. President, that's what you said two years ago. I hope it works out better.'" USA adds Reid "hasn't talked with Bush since their White House meeting in early November, but he is encouraged by contacts from Bush's top aides." Reid said, "The president has to realize he has 25% of his presidency left. That's it. The first 75% has been squandered. And I would hope he realizes, as I do, that if he's getting anything accomplished he has to work with me. If I'm getting anything done, I have to work with him."

Supreme Court Library Closed For Renovations. USA Today (12/12, Biskupic) reports, "For the past 18 months, the elaborate oak-paneled library at the (US Supreme Court) has been closed to the public. It's a casualty of a protracted, $122 million overall modernization project at the marble-columned building across the street from the U.S. Capitol. … Most of the library's 600,000 volumes are being stored in offices five blocks away." USA continues," The library, with its looming arches, intricate carvings and glass chandeliers, was scheduled to reopen to the public this fall. However, construction delays have led the court to put off its reopening until at least 2008. … Lawyers who are members of the Supreme Court bar still can work in the magnificent reading room, but their access to the volumes comes only through a twice-daily courier service to the library's temporary storage facility at a nearby office building named after the late Justice Thurgood Marshall. … 'We regret any inconvenience to the public,' court spokeswoman Kathy Arberg says, 'but when the library reopens, researchers will find better working facilities and improved access to the records and briefs.'" USA adds, "The overall renovation project — which included replacing the original electrical and mechanical systems in the 71-year-old building — initially was projected for completion in summer 2008. The target date now is December 2009, Arberg says. … The delays have been caused by a series of unforeseen situations, she says." USA notes, "All the commotion, however, has created an unusual sense of disorder at the normally dignified structure that houses the nation's highest court. The nine justices have been able to stay in their chambers, but news reporters and clerks and other administrative personnel have been uprooted from their offices by the construction. They are working in trailers. … In a grand, Corinthian-style building rife with architectural detail, the library stands out. Elaborate woodcarvings fill every nook and cranny, reflecting traits such as wisdom and depicting ancient lawgivers such as Justinian. … 'It's calming, yet inspiring,' says Washington lawyer Seth Waxman, a former U.S. solicitor general, who says he has found refuge in the library for more than 20 years. 'I personally find that working there helps give me a sense of the majesty … of judicial review.'"

State Department Seeks To Overhaul Foreign Service Exam. The Washington Post (12/12, A1, Williamson, 690K) reports, "In a proposed overhaul of its hiring process slated for next year and to be announced to employees in coming days, the State Department would weigh resumes, references and intangibles such as 'team-building skills' in choosing who represents the United States abroad, according to three people involved in the process." The written test would "survive, but in a shortened form that would not be treated as the key first hurdle it has been for more than 70 years." State Department Director General George M. Staples said the goal of the new "Total Candidate" approach -- which "has the support of Secretary…Rice" -- is to 'improve our ability to find the best...compete more effectively with the private sector to attract the best, and…make our process faster in hiring the best," according to a draft cable to employees. However, "some career officers and foreign policy types worry that the new hiring process could dumb down or politicize the Foreign Service, whose reputation for selectivity helps make it one of government's most desirable career paths." According to the Post, the

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revamp is "slated for next year, if the department secures the money needed to pursue it."

New SNL Cast Member Portrays Bush. The New York Times (12/12, Rutenberg, 1.16M) reports Washington is "watching closely to see whether President Bush will change much when he faces a new, Democratic Congress. But his character on 'Saturday Night Live' already has." Previously played "by Will Forte, Mr. Bush is now being played by Jason Sudeikis. Lorne Michaels, the NBC television show's executive producer, said that where Mr. Forte played Mr. Bush as whiny and beleaguered, Mr. Sudeikis, below, is playing him as having 'absolute confidence and buoyancy.' But in a sign that the world is starting to look past Mr. Bush's tenure, Mr. Michaels said he was freeing up Mr. Forte to play a new political role eventually: that of one of the 2008 contenders."

NYTimes Says Congress Should Give FDA More Funding For Produce Inspection. The New York Times (12/12, 1.16M) says in an editorial, "The linkage is troubling. There are sharp cuts in the budget and staff for the federal agency charged with keeping the nation's supply of fresh produce safe — and soon we are faced with repeated cases of food poisoning from vegetables and fruits." The outbreaks of "bacterial poisoning from fresh produce…raise doubts about the Food and Drug Administration's ability to inspect and monitor conditions on the nation's farms and in the plants that package and process their produce." At "a minimum, Congress needs to provide the F.D.A. with more money and more inspectors to monitor the safety of fresh produce all the way from field to consumer."

OTHER NEWS:

Fed Expected To Keep Rates Steady. The Financial Times (12/12, Guha) reports, "With the Federal Reserve almost certain to keep interest rates on hold at 5.25 per cent at its policy meeting on Tuesday, attention will focus on whether its statement concedes any ground to the market's belief that the outlook for growth has deteriorated and interest rate cuts will ultimately have to follow. … While there are some signs that the level of mortgage applications and home sale turnover may be levelling out, high levels of unsold homes suggest that there remain downside risks to home construction and house prices." The economy "as a whole still seems to be in reasonable shape, with activity in the services sector buoyant and continued strong employment gains. Weakness in manufacturing may be no more than an inventory correction that will unwind early next year."

Survey Finds Worsening Job Picture In US. The Financial Times (12/12, Cameron) reports, "US employers are expected to tighten their hiring plans in key sectors, such as finance and durable goods, for the second consecutive quarter, according to the latest survey by Manpower, the world's largest temporary employment group. The quarterly review, out on Tuesday, reveals accelerated hiring plans in most of Europe and Asia, including the most buoyant expectations in Germany and Japan since the survey started and will add weight to hopes of a soft landing for the US -economy." Jeff Joerres, Manpower's chairman and chief executive, "said there had been a 'subtle downward shift' in the US in spite of two years of steady expansion that had seen about 150,000 staff added to payrolls a month."

Number Of Homes For Sale Decline In Top Metro Areas. The Wall Street Journal (12/12, D2, Hagerty, 2.04M) reports, "The number of homes listed for sale in 18 major US metropolitan areas at the end of November was down 4% from a month earlier, according to data compiled by ZipRealty Inc., a national real-estate brokerage firm in Emeryville, Calif." The decline is "an encouraging sign for home sellers. Prices have been falling in recent months in many areas, largely because of a glut of unsold homes, and are unlikely to rise again until inventories come down." The Journal adds, "Inventories of previously occupied homes typically decline modestly in November in most parts of the country, as the approach of the holidays prompts some sellers to take their homes off the market until the new year. During the past 20 years, national inventories have declined by an average of about 2% in November from October, according to Credit Suisse Group."

Stocks Up Yesterday. NBC Nightly News (12/11, story 6, 0:10, Williams, 9.87M) reported, "On Wall Street today stocks finished on the upside. The Dow gained a just under 21 points [to close at 12,328.48]. NASDAQ was up 5 and a half points [to close at 2,442.86] on the day." USA Today (12/12, 5B, Krantz, 2.27M) notes "the Standard & Poor's 500 index added 3.20 points to 1413.04, extending its gains last week." The Wall Street Journal (12/12, C1, McKay, 2.04M), among other newspapers, also reports the stock numbers.

NYTimes Says "Income Inequality" Threatens US Economy. In an editorial, the New York Times (12/12, 1.16M) writes, "Conservative economists often argue that wage stagnation and income inequality are not as big a threat to Americans' standard of living as they've been made out to be. In their view, how much one buys -- rather than how much one makes -- is a better measure of economic well-being. … Why make a fuss over other grim economic statistics if everyone manages to keep buying things? Here's why. The assertion -- that the middle class has out-consumed the 'upper crust' during the Bush years -- is false, the result of

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rosy assumptions that turned out to be wrong. …. It would be nice if by some magic Americans could spend their way out of today's economic woes. But the gathering evidence shows that growing income inequality has fostered consumption inequality as well. It's time for policy makers to acknowledge that such inequality is an economic and social ill -- and to start finding cures."

Plagiarism Case Against Novelist Examined. In an op-ed in the Wall Street Journal (12/12, A18), UCLA law professor Eugene Volokh writes, "Two nurses, both aspiring novelists, helped tend British soldiers during World War II. Briony, the protagonist of Ian McEwan's award-winning novel 'Atonement,' is fictional. The late Lucilla Andrews is real: She became an author, pioneering romantic 'hospital fiction,' and also wrote a memoir of her war years. Therein lies the latest plagiarism scandalette to hit the news, sparked by an article in the British press. To be a credible character in a historical novel, Briony had to do the things wartime nurses did, and see the things they saw. It is no surprise that Mr. McEwan read Andrews's book when researching his own; and several passages from his book strongly resemble passages from her memoir. … Plagiarism? Legally actionable? Ethically reprehensible? Bad manners? Or good research, needed to produce accurate historical fiction?" Volokh continues, "Plagiarism is easy to condemn but often hard to define. This is partly because the legal rules differ sharply from the ethical ones, and the ethical rules in scholarship, journalism and fiction differ from each other. And it is partly because the rules for using the facts uncovered by writers of history -- whether memoirists, historians or contemporaneous journalists -- must be different from the rules for using the original phrases that the writers created." Volokh adds, "Novelists are similar to journalists, but they do have space at the end of the book to briefly acknowledge the historical works on which they rely, without distracting from the novel's flow. If you've relied substantially on another's work, acknowledging this is the kind thing to do. Omitting the acknowledgment probably isn't unethical; it's not a lie, or the denial of the credit needed for success in the original author's profession. But it isn't very nice. … Yet what about copying not just facts, but also another author's words, either literally or in a close paraphrase? Would a general acknowledgment at the end of the book be enough to justify this? Or is such copying impermissible, at least unless you expressly note it using quotation marks, or by writing 'as Lucilla Andrews said'? In academic work, the answer is simple: Quote the original, and insert a footnote at the place you quote it. But what about a novel?" Volokh concludes, "So where does this leave Mr. McEwan? Likely not guilty on any of the counts, if the account in the newspaper that first broke the story (the Nov. 26 Daily Mail) is thorough. Mr. McEwan borrowed facts, and those words that accurately described the facts. He is not guilty of copyright infringement, or of taking another's original expression without specific notation. And while he did rely on Andrews's autobiography, his acknowledgments page noted being 'indebted' to Andrews and her book. Any such acknowledgment could always be made more prominent; but it appears to have been prominent enough."

Recount Confirms Pryce Victory In OH15. The AP (12/12, Smyth) reports the Ohio 15th CD race, which was "so close it triggered an automatic recount…finally wrapped up Monday with officials confirming Republican Rep. Deborah Pryce had won." Pryce "ended Election Night 1,055 votes ahead of Democrat Mary Jo Kilroy, but the difference was within a half-percentage point, which requires an automatic recount under Ohio law." The recount numbers, "released Monday, showed Pryce had gained 7 more votes, to win with 110,739 votes to 109,677 for Kilroy." The "close margin of victory was not lost on Pryce. She said that, while she was gratified to retain the seat, she got a clear message from her constituents." Pryce said, "There was a lot of disenchantment with government as it was. We all went through this election process. We'll take that message back."

Obama's New Hampshire Visit Continues To Make Waves. Barack Obama's trip to New Hampshire over the weekend continued to reverberate on Monday, with each of the networks running full segments on the significance of the Illinois Senator's possible bid for the Democratic nomination in 2008. The phenomenon – labeled by some commentators as "Obama-mania" – also drew coverage in a variety of cable and print sources, and comparisons with another photogenic Democratic Senator and later President, John F. Kennedy. The commentary on and analysis of Obama's prospects also continued to draw largely favorable comparisons with those of Sen. Hillary Clinton's.

NBC Nightly News (12/11, story 5, 2:50, Williams, 9.87M) reported, "Barack Obama is officially testing the water, as they say, and in doing so, he packed the house this weekend with citizens, with news media and the next thing we knew, one New Hampshire legislator said he hasn't seen anything like what happened there this weekend since John F. Kennedy. And all of this is forcing some other presidential hopefuls to change there strategy." NBC (Reid) added that "on his first trip to New Hampshire," Obama "was adored and mobbed. A phenomenon that insiders call Obama-mania." Sen. Evan Bayh of Indiana "was also in New Hampshire this weekend but the national media barely noticed, too busy tracking Obama's every move. Analysts say even front-runner Hillary Clinton is feeling the Obama effect, accelerating the pace, though today she insists she's still undecided."

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ABC World News (12/11, story 6, 2:45, Gibson, 8.78M) reported, "For some time, many have thought Hillary Clinton to be a prohibitive favorite for the Democratic nomination. Then, came the prospect of a Barack Obama candidacy, a prospect that seemed ever more likely when the Illinois Senator traveled to New Hamphsire this weekend. It is high political drama in the making." ABC (Tapper) added, "Capping off his whirlwind tour of New Hampshire, Senator Barack Obama tonight will appear in the opening of ESPN's 'Monday Night Football.'" Sen. Barack Obama: "Tonight, I would like to put all the doubts to rest. I would like to announce to my hometown of Chicago and all of America that I am ready. For the Bears to go all the way, baby!" Tapper: "Obama's potential candidacy may affect Clinton more than anyone. A big reason for that -- she has such strong support among black voters who are key in Democratic primaries." Rep. Charles Rangel: "There is a sense of racial pride in having an African-American candidate. The same way, I assume, the Irish were overwhelmed when Jack Kennedy was a candidate."

The CBS Evening News (12/11, story 8, 2:55, Borger, 7.66M) reported, "Maybe the Democrats are just looking for a fresh face. Only two years ago, Obama was an Illinois state senator who had just won his first term in the US Senate. He's short on national security credentials, although some Democrats like that fact that he was against the war in Iraq early on. His newest message: The politics of inclusion." But "maybe most of all, Obama is not Hillary Clinton, whom some Democrats worry is just too much of a lightning rod to win the election."

Fox News Special Report (12/11, Hume) reported the "hoopla" surrounding Obama's recent visit to New Hampshire "has nearly overshadowed speculation about Hillary Clinton's plans." Fox News (Cameron) noted Clinton (D) "has kept her husband's political machine at a distance for six years , but this weekend reached out to the original leaders" of former President Clinton's "comeback kid" New Hampshire campaign in 1992." Meanwhile, Obama "brought Obamamania" to New Hampshire in an "unprecedented appearance" that "literally stopped traffic."

The Christian Science Monitor (12/12, Chaddock, 59K) reports, "So what's driving Obama-mania? It isn't a single set of issues such as the war or the economy. Rather, the attraction seems to be a mix of Obama's own compelling personal narrative and many voters' desire for a less caustic brand of politics." Ross Baker, a political scientist at Rutgers University, said, "It's the sense that you're in the presence of someone who is touched with the gift of grace." Baker adds Obama "exemplifies the hope that there's some way to triumph over the intense polarization of American politics."

Buchanan Says Obama Should Prepare For Scrutiny. On MSNBC's Tucker (12/11, Carlson), commentator Pat Buchanan said Illinois Sen. Barack Obama (D) "has virtually put himself into this race. And I hope he is prepared for what is coming, because Hillary has been vetted to a T. There is nothing more we can learn about her. We don't know anything about this guy."

Liasson Calls Obama Appearance "Extraordinary." On Fox News' Special Report (12/11, Hume), NPR contributor Mara Liasson, who was in New Hampshire during Obama's visit, said, "They sold 1,500 tickets and then had to open up another room so they could shoehorn 200 more people. So he was speaking to 2,200 people. You heard the Kennedyesque flourishes in the speeches, and that's how people -- oh, many people made the association. I haven't felt this since John F. Kennedy. People just went ga-ga over him. I mean, it was really extraordinary."

Obama Visit Shows Granite State Retains Clout In Race For White House. CQ Politics (12/12, Blinkhorn) reports, "The New Hampshire primary campaign appears undiminished as a rite of passage for presidential candidates, despite a breakthrough by political activists in other states who have long sought to water down the Granite State's influence as host of the first-in-the-nation primary. This was underscored Sunday, when" Obama "appeared as guest speaker at what amounted to a victory rally for the resurgent New Hampshire Democratic Party." Obama's "appearance raised the tally to at least 58 visits to New Hampshire by 13 official, exploring and thinking-about-it Democratic presidential candidates since June 2005."

"Seismic Shift" Forecast If Obama Or Clinton Wins. Fox News' Big Story (12/11, Kennedy) reported, "Americans have elected 43 chief executives. … And not one has been a woman, or anything other than white. Historians agree, if Hillary or Barack's going to become the nation's top dog, it will be with a seismic shift."

Clinton Plans Announcement After New Year.

The AP (12/12, Humbert) reports Sen. Hillary Rodham Clinton "said Monday she won't make a decision about running for president until after the first of the year." During a visit "to an aircraft maintenance facility at the former Griffiss Air Base, Clinton confirmed she is talking to people in New York and across the country about a possible run for president in 2008. It was the first time Clinton publicly confirmed what her aides and fellow Democrats have been saying about a possible presidential run." Clinton said, "I'm talking to people who have opinions about what our country needs to do going forward and whether or not I make any decisions, I can't really confront until after the first of the year." The AP adds Clinton "said she had not yet decided whether to form a presidential exploratory committee, but that technical requirements of federal election law might require her to do so if she continues to consider a presidential run." Regarding Sen. Barack Obama, "a possible rival for the Democratic nomination, Clinton said the warm reception

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Obama has been getting around the country, including a stop in New Hampshire on Sunday, is 'terrific.'"

In his New York Times column (12/12), Thomas Edsall says Clinton is "the Democratic establishment's anti-establishment candidate. She is simultaneously an insurgent, seeking to end a 220-year reign of men, and the heir apparent — dominant in cash ($14.4 million in the bank), in the polls and in the colossal reach of her machine." Clinton's "most visible challenger, Barack Obama, is similarly an insurgent, but without the former first lady's resources. He is seeking to capitalize on his ranking as an underdog, entering the fray as David battling the Clinton Goliath."

Obama Challenge Seen As Positive For Clinton. In his Washington Post column (12/12, A27), E.J. Dionne says Sen. Clinton "faces a maddening challenge. Many of the people who like and admire her, who believe she has good values and would make an excellent president, are not sure they are for her because they don't think she can win. Many of these same people, as one prominent Democrat told me, actually feel guilty that they harbor these doubts, partly because the specter that haunts Clinton has little to do with anything she has said or done herself." The doubters "are ashamed to say what really worries them: that Americans don't want to relive the supposed psychodramas of the Bill Clinton years; that her association with her husband will mobilize his enemies more than it will energize his friends; that their relationship is just too complex for those critical swing voters to understand or accept." No matter "how unfair, misguided or even dimwitted Sen. Clinton's supporters may find the catalogue of doubts, she will have to deal with them if she is to win over all the guilt-ridden skeptics." And that "is why the prospect of Barack Obama's presidential candidacy is not only good for the Democratic Party but also good for Clinton herself. Without Obama in the race, the Democratic primaries would boil down to Hillary and those vying to be the anti-Hillary. She might well win a battle of attrition, but without quelling the doubts." A "Clinton-Obama contest would require Clinton to shed some of her caution. It would create enormous popular interest in the Democratic Party. And if she were to beat Obama -- this assumes, as I expect, that Obama will look just as formidable a year from now as he does today -- Clinton would prove her mettle, which might finally put the doubts to rest."

Kucinich To Announce Bid For White House In Cleveland Tuesday. Fox News Special Report (12/11, Cameron) reported, "The politics of an Obama-Clinton rivalry in this race may discourage some candidates from ultimately getting in, but not so Ohio Congressman Dennis Kucinich. He ran in 2004, and tomorrow, in his hometown of Cleveland, he will announce that he is going to try again in 2008. Look out Hillary and Barack Obama."

The AP (12/12, Mabin) reports, "The liberal, anti-war congressman said he was inspired to run because he disagrees with the way some of his fellow Democrats are handling the war, including approval of a proposal to spend $160 billion more on the conflict. 'Democrats were swept into power on Nov. 7 because of widespread voter discontent with the war in Iraq,' Kucinich said. 'Instead of heeding those concerns and responding with a strong and immediate change in policies and direction, the Democratic congressional leadership seems inclined to continue funding the perpetuation of the war.'

The New York Times (12/12, Leibovich, 1.16M) reports, "In the midst of a brief chat in his office last week," Kucinich "mentioned that, oh, by the way, he planned to run for president again in 2008. 'Yes, I am,' Mr. Kucinich…said in response to a reporter's question about a possible encore to his bid in 2004. Mr. Kucinich's wife, Elizabeth Harper, who was seated next to him, arched her eyebrows in apparent surprise. Asked if he had told anyone this yet, Mr. Kucinich said no. 'You just happened to ask,' he said. Then he walked out of his office and informed his press aide. The news from Mr. Kucinich…underscores the 'What the heck?' sensibility that seems to be governing some entries into what may be the most crowded presidential field in history."

The Hill (12/12, Blake) notes that Kucinich "garnered 1 to 2 percent in most early states in 2004, going on to take 16 percent in Maine, 17 percent in Minnesota and 26 percent in Hawaii and Alaska."

Vilsack Says Democrats Need To Reach Out To Pro-Life Community. The AP (12/12, Humbert) reports Iowa Gov. Tom Vilsack "said Monday that while he's a pro-choice Democrat, members of his party need to promote life by encouraging adoption and providing programs for prenatal care and family planning." Vilsack said, "When you phrase it that way, you send a message to the life community that you respect but don't necessarily always agree with their position. And you begin to have a conversation about issues where there might be consensus as opposed to division." The AP adds Vilsack "spoke to a group of about 100 Democrats in Florida, a critical swing state in the election."

Kennedy Says He Won't Wait "Indefinitely" For Kerry Decision On Presidential Bid. The Boston Globe (12/12, Klein, 413K) reports that Massachusetts Sen. Ted Kennedy (D) on Monday "dropped his public commitment to support" fellow Massachusetts Sen. John Kerry (D) "in a 2008 presidential race, saying that he won't wait 'indefinitely' for Kerry to declare his intentions while the Democratic primary field takes shape. Hours later, Kerry aides promised that the senator would make a decision 'shortly after the turn of the year,' despite recent signals that Kerry could wait until

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late spring before deciding. A Kennedy spokeswoman said Kennedy would continue to support Kerry if the junior senator jumps into the race on that time line." However, Kennedy, in an interview "offered strong praise for two of Kerry's possible presidential rivals: senators Barack Obama of Illinois and Hillary Rodham Clinton of New York, calling them 'formidable figures' who are connecting with rank-and-file Democrats. Kennedy said his oft-stated commitment to support Kerry -- made repeatedly after the 2004 election -- was based on the assumption that Kerry would state his intentions by early 2007. Since Kerry pushed back his decision following an election-eve 'botched joke' that damaged his public standing, Kennedy said he has informed Kerry that he may get behind another Democrat for president. 'I was under more of the impression before that he was going to run and was waiting in time [to declare his candidacy], but now he's deferred that decision,' Kennedy said. 'I have no plans of supporting anyone else at this juncture. I'm also not going to just wait indefinitely until he's made a judgment or a decision.'"

Gingrich Decision On 2008 To Come In September. On Fox News' Your World (12/11, Cavuto), former House Speaker Newt Gingrich (R) said, "I'll tell you in September what I decide to do but, for the moment, we're looking for American solutions that we're going to work with members of both parties to try to actually solve problems for the coming year." After Neil Cavuto pressed him for more information, Gingrich responded, "John F. Kennedy announced on January 30, in the election year. Ronald Reagan announced in late November of 1975. We are a long, long way from serious, normal people being involved in politics."

Romney Hired Elizabeth Smart For Fundraiser. The AP (12/12, Humbert) reports Gov. Mitt Romney "paid $500 to Elizabeth Smart, the Utah teen who survived a kidnapping by a religious zealot, after she played harp at one of his fundraisers, according to a campaign finance report that highlights his preparations for a likely presidential run." Smart, "a fellow Mormon who was freed in 2003 after a nine-month abduction, received the money in April, according to the 166-page report, which outlines donations and expenditures through Nov. 27 for Romney's Commonwealth PAC. Romney has been using the political action committee to travel and build chits for a campaign, which he is expected to announce early next year."

Lesser-Known Conservatives See Chance To Make Splash In '08 GOP Race. The New York Times (12/12, Nagourney, 1.16M) reports, "The blast of conservative criticism aimed at Gov. Mitt Romney of Massachusetts for backing gay rights in 1994 has shaken his position as the social conservatives' favored challenger to" Arizona Sen. John McCain (R) for the GOP "presidential nomination. … The two immediate beneficiaries? Gov. Mike Huckabee of Arkansas and Senator Sam Brownback of Kansas. 'The governor of Massachusetts is going to have a problem explaining the variety of positions he's taken on various issues,' said Rob Wasinger, the chairman of Mr. Brownback's exploratory committee." Huckabee, meanwhile, referring to outgoing Sens. Bill Frist (R) and George Allen (R), who had been viewed as potential '08 presidential candidates, "said, 'There is going to be a real look for a fresh face now.' Whether or not these two men have the skills to take advantage of it, the opening is there. 'Social conservatives have some reason to be a little skeptical of the four top-tier candidates: Romney, McCain, Giuliani and Gingrich,' said Rich Lowry, editor of National Review, the conservative magazine."

Daley Launches Campaign For Sixth Term As Chicago Mayor. USA Today/AP (12/12, 8A, Bellandi) reports, "Mayor Richard Daley announced Monday he will run for a sixth term, a move that could put him in office longer than his legendary father." The mayor "will be facing some tough questions this time around, including dealing with the fallout from federal investigations into allegations of illegal political patronage and payoffs at City Hall." Daley "has not been accused of any wrongdoing. His former patronage chief, however, faces almost four years in prison for engineering a scheme to hide politics-based hiring by city offices. Other city workers have been caught up in bid-rigging and bribery scandals."

The Chicago Tribune (12/12, Washburn, Mihalopoulos, 617K) says "things are a little different this time around for the mayor. Since the 2003 election, the mayor's loyal political street organizations have suffered at the hands of an ongoing federal investigation into illegal hiring that rewarded campaign workers." Still, "polls have shown that Daley's popularity is high despite City Hall scandals, and most political experts consider him the clear favorite to win re-election."

The New York Times (12/12, Saulny, 1.16M) reports that yesterday, Daley "briefly acknowledged concerns about the abuse of power on his watch, highlighting new fund-raising rules for his campaign and a reworking of the city's hiring and contracting systems. 'The best way to show responsibility is to address the problems directly, so the mistakes of the past won't be repeated,' he said. 'And that's what I've tried to do.'"

DeLay Launches New Venture As Blogger. USA Today (12/12, Kiely, 2.27M) reports former House Majority Leader Tom DeLay is "re-entering the political fray, this time as an Internet commentator and community organizer." DeLay, whose "outspoken conservatism and take-no-prisoners legislative style made him a favorite target of

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Democrats before he resigned from the House in June, launched himself in the blogosphere Monday. He said he hopes to use his new website, www.tomdelay.com, to create a grassroots political organization for conservatives." DeLay said, "Over time and the long term, we hope to drive legislation through Congress. I know how to do that." USA adds that as a House leader, DeLay "helped push much of President Bush's agenda through Congress, including tax cuts, energy bills and the Medicare prescription-drug plan. He named some of his chief goals as ending abortion, supporting Israel and winning the war on terrorism." DeLay's "reinvention of himself, a month after his party lost its House majority, elicited sharply polarized responses. Comments on his first blog entry were largely ecstatic, although DeLay admitted editing out 'vulgar' posts, which he said came from Democrats. Longtime political opponents were acerbic."

The Hill (12/12, Kucinich) reports DeLay "began the long haul to restore the GOP to power and to repair his personal reputation following a year of scandal and bruising electoral defeat. His vehicle for both is a blog and grassroots political organization hosted at www.tomdelay.com." DeLay said, "I've got the election behind me and I'm looking forward to the future and I'm very excited about the opportunities that having a Democratic majority offers to conservatives." The Hill adds, "Sitting forward in an attitude of calm determination, in a conference room adorned with mementos and pictures from his tenure in Congress, DeLay explained how his blog was aimed at improving Internet communication between conservatives. And he acknowledged that Democrats were well ahead in this area."

DeLay Complains Of "Rogue District Attorney." On MSNBC's Hardball (12/11, Barnicle), former House Majority Leader Tom DeLay said, 'I still have that rogue district attorney in Texas, Ronnie Earle, who's using the process to drag this on. I'm trying to get to trial. I want to go to trial. I've been wanting to go to trial the day I was indicted. … I've been indicted on laws that don't exist in Texas. Yes."

New York Congregation To Demolish Church, Build Senior Apartments. The Christian Science Monitor (12/12, Marks, 59K) reports that in 1922, "when the First Presbyterian Church of Astoria moved to the wilderness that is now Queens, it was on the cutting edge of community development. Today, the congregation is leading a new kind of church renewal, one that entails downsizing physically as it expands its mission spiritually." Today, "like many urban churches, Astoria's First Presbyterian has a dwindling number of parishioners - less than 50 on the books. The church operates in the red, its grand buildings are decaying, and the Rev. Donald Olinger spends much time just figuring out how to keep the doors open." Rev. Olinger and "his flock knew it was time for something radical. In an emotional decision, they have agreed to tear down the elegant old buildings and replace them with more than 90 units of affordable housing for senior citizens." The church "will end up with a sanctuary room in the new building for its Sunday services, as well as a $4 million endowment that it can use to expand its spiritual mission."

Both Clintons To Attend Book Parities For McAuliffe. The New York Times (12/12, Leibovich, 1.16M) reports it "may not go down as a literary classic, but the coming memoir from Terry McAuliffe, the former chairman of the Democratic National Committee, will come with a one-two wallop of book parties that few first-time authors can match." McAuliffe, "whose proficiency as a Democratic fund-raiser is rivaled only by his allegiance to Bill and Hillary Rodham Clinton, will see his devotion repaid with not one, but two parties given by the former first couple early next year. Befitting their shuttle marriage, Mr. Clinton will have his party in New York (Jan. 22, the Four Seasons restaurant) and Mrs. Clinton will hold hers in Washington (Feb. 8, Park Hyatt Hotel)."

Rice Seeks Denuclearized North Korea Within 24 Months. In an exclusive interview with AFP (12/12), Secretary of State Condoleezza Rice said Monday that she "wanted quick results in North Korean disarmament talks that resume next week, setting a two-year time frame to dismantle Pyongyang's nuclear weapons program." Rice told AFP she was "delighted the talks are going to start again, but they have to start to show results pretty soon." The Secretary said Washington was "ready to offer North Korea economic aid, energy assistance and improved political relations" if it abandon the development of nuclear weapons. However, she "declined to provide details of specific incentives being put on the table by Washington ahead of the talks." Meanwhile, Rice said, "I think that everyone is looking, in the next round or so, for the North Koreans to do something that demonstrates that they are in fact committed to denuclearization." Rice said her goal was to have Pyongyang complete irreversible steps to dismantle its nuclear arms program before the end of President George W. Bush's term in January 2009.

Rice, Gates To Participate In Security Talks With Japan. The AP (12/12) reports Secretary of State Condoleezza Rice and Defense Secretary-designate Robert Gates will meet with Japanese officials on Jan. 13 "to bolster cooperation in missile defense and discuss the ongoing realignment of US troops in Japan." The nation's Kyodo News agency reported that Japanese Foreign Minister Taro Aso and Defense Agency chief Fumio Kyuma will meet Rice and Gates in Washington.

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Rice Says Washington Backs New European Resolution On Iran Sanctions. In an exclusive interview with AFP (12/12), Secretary of State Condoleezza Rice said Monday that Washington "has finally signed on to a European draft resolution imposing sanctions on Iran over its nuclear program and is optimistic it will quickly pass" through the UNSC. Speaking after the revised draft was submitted to the UN, Rice said it is "a good resolution" and that she was "optimistic" it would pass soon, "though she stopped short of predicting a final vote before the end of the year." The Secretary said the latest version "would make very clear to the Iranians that they are not going to be able to pursue this program and remain integrated into the international system and I would hope would give them pause so they might consider coming back to negotiations."

Russian Concerns About Iran Resolution Eased. The Washington Post (12/12, A22, Lynch, 690K) reports senior Russian officials Monday said that European negotiators have "overcome many of their objections" to the draft resolution and that an agreement "may be in sight." Russian Foreign Minister Sergei Lavrov "praised" the draft, saying it echoed Moscow's preference for pursuing a diplomatic strategy that encourages Iran "to sit down at the negotiating table." He said it was "carefully" drafted to ban "only those sensitive nuclear activities, including the enrichment and reprocessing of uranium, that the council was seeking to stop," and "does not provide for blanket sanctions." The AP (12/12, Bergman) notes that Russia's U.N. ambassador also "praised" the draft resolution, saying his country's concerns "had been taken into account as negotiators met behind closed doors Monday to discuss the text."

McCain Says Iran Threatens Israel's Existence. The AP (12/12, Humbert) reports that in New York, "Israel and the world are threatened by a 'possibly deranged and surely dangerous regime' in Iran, White House hopeful Sen. John McCain told a Jewish audience." As the "world's 'chief state sponsor of international terrorism,' Iran defines itself by its hostility to the Jewish state and its chief ally, the United States, the Arizona Republican said in a speech for a Hanukkah dinner at Yeshiva University on Sunday." He "noted that Iranian President Mahmoud Ahmadinejad has called the Holocaust a 'myth,' urged that Israel be 'wiped off the map' and defied international demands and incentives to end a drive to gain nuclear weapons capability."

Iranian Students Protest Ahmadinejad Speech. ABC World News (12/11, story 4, 0:20, Gibson, 8.78M) reported, "In Iran, today, an extraordinary sight: a demonstration against President Mahmoud Ahmadinejad. Dozens of students shouted 'death to the dictator' as he spoke at a university. They burned photographs of the president. His supporters shouted down the demonstrators. There were no reports of arrests."

The New York Times (12/12, A3, Fathi, 1.16M) says the protests "disrupted" a speech by Ahmadinejad "at a major university in Tehran," marking "the first major public protest" against Ahmadinejad since his election more than a year ago. The students also "demanded the resignation of Alireza Rahai, a conservative and the chancellor of the institution, Amirkabir University," the Iranian Student News Agency reported. The AP (12/12, Karimi) says Ahmadinejad "responded calmly" to the demonstration.

Iran Hosts Conference On Holocaust. NBC Nightly News (12/11, story 3, 2:35, Williams, 9.87M) reported, "An unusual gathering got underway today in Tehran in Iran where those who question, and even outright deny that the Nazi Holocaust ever took place, are getting together to discuss their theories on whether six million Jews really were killed by Hitler's followers." NBC (Mitchell) added, "Iran's President Ahmadinejad, who has long called the Holocaust a myth, organized today's conference, challenging one of history's most documented events." NBC noted that the "fringe group included white supremacist David Duke, who praised Iran's President for his courage," and "a radical group of Orthodox Jews were among delegates from 30 countries."

The Financial Times (12/12, Smyth) says the event "has been billed as an objective examination of historical fact, although interest has fed off the international furor sparked by president Mahmoud Ahmadinejad's verbal attacks on Israel by and his questioning of the Holocaust." For his part, Israeli Prime Minister Ehud Olmert said the conference showed "the depth of hatred and the radical fundamentalism within the Iranian government," while a State Department spokesman said the conference was "yet another disgraceful act on this particular subject by the regime in Tehran."

The New York Times (12/12, A3, Fathi, 1.16M) notes that "among those representing the United States was the former Ku Klux Klan leader David Duke, whose prepared remarks, issued by the Iranian Foreign Ministry, said the gas chambers in which millions perished actually did not exist." Duke also suggested that "depicting Jews as the overwhelming victims of the Holocaust gave the moral high ground to the Allies as victors of the war and allowed Jews to establish a state on the occupied land of Palestine."

Columnist Says Conference Shows Importance Of Holocaust Education. Washington Post (12/12, A27, 690K) Anne Applebaum writes that in response, "Europe, the United States and Israel expressed official outrage. The German government, to its credit, organized a counter-conference. Still, many have held their distance, refusing to be shocked or even especially interested." Applebaum notes that although "we all know what happened," Iran's denial "is serious -- or at least Iran's president, Mahmoud Ahmadinejad, is deadly

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serious: Holocaust denial is his personal passion, not just a way of taunting Israel, and it's based on his personal interpretation of history." Therefore, she says that "it seems the archives, the photographs and the endless rebuttals will go on being necessary, long beyond the lifetime of the last survivor."

Iran's Jewish Community Fears Worsening Conditions. In a report on Iran's Jewish community, the CBS Evening News (12/11, story 9, 2:45, Palmer, 7.66M) reported that since the Iranian revolution "half of Iran's Jews fled the country. Now those who stayed behind hope they're not heading for a new crisis. But the signs are ominous. Iran's hard-line President has denied Hitler's Holocaust and said Israel should be wiped off the map. And Israel refuses to rule out a strike on Iran's nuclear installations."

Iranian Opposition Group Cites Importance Of Resistance Movement. In a letter to the editor of the Wall Street Journal (12/12, A19, 2.04M), Shahin Gobadi, a spokesman for the National Council of Resistance of Iran, writes that the Journal's front page article, "Iranian Imbroglio Gives New Boost to Odd Exile Group," (Nov. 29) "asserted that most American officials dispute claims of the People's Mojahedin Organization of Iran," the main Iranian resistance movement, of "having a mass following in Iran, stressing that many Iranians despise the organization." However, Gobadi says "believing this would lead one to wonder why a 'terrorist' labeling of such an 'isolated' organization should be such a big deal for the clerical regime." Gobadi notes that the Washington-based Iran Policy Committee established in a 2006 study that Tehran "paid five times more attention to the PMOI than to all other internal and external opposition groups combined." He also notes that the AP reported last week that the Iranian regime has blocked access to YouTube.com "mainly because videos from the PMOI have been posted on this site."

Rice Warns Syria, Iran Over Lebanon. In an exclusive interview with AFP (12/12), Secretary of State Condoleezza Rice on Monday "warned" Syria and Iran that the "future of Lebanon is not an issue for negotiation." Rice also "rejected mounting calls to deal directly with Damascus and Tehran as part of efforts to end the crisis in Iraq and said the two states should have no doubts about Washington's commitment to the embattled government of Lebanon." The Secretary told AFP, "In no way is the US going to get into a situation where it is even a conceivable notion on the part of Syria or Iran that the future of Lebanon would somehow be compromised for other interests of the US." Rice said she wanted to "make it very clear that the future of Lebanon is not an issue for negotiation with anybody."

Ignatius Says White House Has Done Little To Back Siniora. Washington Post (12/12, A27, 690K) columnist David Ignatius writes that Washington's response to the protests against Lebanese Prime Minister Fouad Siniora's government "unfortunately has been as feckless here as elsewhere in the region. Despite American promises to bolster Siniora by getting a map of Israeli land mines in southern Lebanon, or exploring Lebanese claims to a disputed, Israeli-occupied territory known as Shebaa Farms, the Bush administration has done little."

Olmert Appears To Confirm Israel Has Nuclear Arsenal. The New York Times (12/12, A5, Myre, 1.16M) reports Israeli Prime Minister Ehud Olmert "appeared to acknowledge inadvertently during a TV interview shown Monday that Israel has nuclear weapons, an issue on which the Jewish state has sought to maintain ambiguity for decades." However, Olmert's aides said later that there was "no change in Israel's policy of refusing to confirm or deny whether it has nuclear weapons." In an interview with the N24 cable news channel in Germany, Olmert said, "Iran openly, explicitly and publicly threatens to wipe Israel off the map. Can you say that this is the same level, when they are aspiring to have nuclear weapons as America, France, Israel, Russia?"

Israel Boosts Warplanes' Range In Response To "Distant Threats." USA Today (12/12, 16A, For, 2.27M) reports Israel's air force plans to "enhance its air-refueling capabilities, increasing the range of its warplanes," as Iran "emerges as an increasing threat." Air Force Brig. Gen. Yohanan Loker has said the program would help Israel meet "emerging distant threats," though he did not mention Iran by name. One option the Israeli air force is considering is "the purchase and development of drones, or unmanned aerial vehicles, to serve as refueling tankers for attack jets and other aircraft used in long-range missions."

Kinsley Criticizes Carter's Use Of "Apartheid." Washington Post (12/12, A27, 690K) columnist Michael Kinsley writes that former President Jimmy Carter, in his new book "Palestine: Peace Not Apartheid," does not make "clear what he means by using the loaded word 'apartheid,'…but the only reasonable interpretation is that Carter is comparing Israel to the former white racist government of South Africa." Kinsley calls this "a foolish and unfair comparison, unworthy of the man who won -- and deserved -- the Nobel Peace Prize for bringing Israel and Egypt together in the Camp David Accords, and who has lent such luster to the imaginary office of former president."

Killing Of Three Palestinian Children Could Spark Civil War. ABC World News (12/11, story 5, 2:15, Gibson, 8.78M) reported that "in Gaza, where there has been so much violence over the years, an attack today that stood out for its savagery. Gunmen killed three young boys, ages three, six, and nine years old, whose father helped to crack

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down on Hamas militants a decade ago. Tonight, there are fears the killings could trigger new violence between Palestinian factions." ABC (Sciutto) added, "Today's attack was the latest and most brutal in an escalating struggle between the main political factions here, Fatah and Hamas. … For all the real concern about the conflict between the Palestinians and Israelis, the worsening infighting between Fatah and Hamas is raising the frightening prospect of civil war."

NBC Nightly News (12/11, story 4, 0:25, Williams, 9.87M) called the killings "a shocking act of murder" in "a part of the world where violence is common, but not like this." The New York Times (12/12, A14, Myre, 1.16M) says the killings "further inflamed an already tense situation among Palestinian factions locked in a political power struggle." Although no group claimed responsibility for the shooting, their father Baha Balousha, a colonel in the General Intelligence service, was "regarded as one of the figures involved in a Palestinian Authority crackdown on Hamas members a decade ago and has long been at odds with the group, Palestinians said." The Times notes that "while Palestinian factions have frequently battled in recent years," the deaths of the three boys "outraged many Palestinians and heightened fears that they could cause revenge attacks."

The AP (12/12, Lavie) says the killings are "threatening to ignite a Palestinian civil war" and have "jeopardized Israeli Prime Minister Ehud Olmert's efforts to restart long-stalled peace talks." The Washington Post (12/12, A22, Wilson, 690K) and Financial Times (12/12, Devi) also report briefly on the killings.

Iran Pledges $250 Million In Aid To Palestinians. The AP (12/12, El Deeb) reports Iran has pledged $250 million in aid "to the cash-strapped Hamas-led Palestinian government, the latest sign of increasingly close ties between the Islamic group and Tehran," Palestinian Prime Minister Ismail Haniyeh said Monday. Haniyeh's office announced the donation at the end of a four-day visit by the prime minister to Tehran. Also Monday, the European Commission "proposed a three-month extension of a special aid deal for the Palestinians that bypasses the government."

Saudi Ambassador Abruptly Resigns, Leaves Washington. The Washington Post (12/12, A23, Wright, 690K) reports Saudi Ambassador Prince Turki al-Faisal "flew out of Washington yesterday after informing Secretary of State Condoleezza Rice and his staff that he would be leaving the post after only 15 months on the job, according to US officials and foreign envoys." The Post notes that the ambassador's exit -- "without the fanfare, parties and tributes that normally accompany a leading envoy's departure, much less a public statement -- comes as his brother, Prince Saud al-Faisal, the highly influential Saudi foreign minister, is ailing." As Saud's health has declined, Turki has "increasingly been rumored as a possible replacement for his older brother," it notes.

Somali Islamic Militiamen Advancing On Ethiopian Border. The AP (12/12, Hassan) reports Islamic militiamen "were moving on an Ethiopian border town to try to seal the 1,000-mile frontier and keep out any advancing Ethiopian troops while trapping those already in Somalia," an Islamic movement official said Monday. Mohamed Ibrahim Bilaal, an Islamic movement official, told the AP by telephone that forces will "go to all border towns in our country to deprive our enemy of a route to enter into our country. Also we don't want the enemy inside Somalia to get an exit route to flee from it when the jihad starts." The latest military buildup "further raises fears of intensified conflict in Somalia," the AP notes.

The Christian Science Monitor (12/12, Baldauf, 59K) reports, "A new front in the global struggle for Islamist rule is emerging in Africa. And there are worrisome signs that battles between Somalia's rising Union of Islamic Courts (IUC) and the country's foundering Western-backed government might soon engulf the entire Horn of Africa in a regional war. ... neighboring Ethiopia isn't waiting for the UN. As the Islamists continue to take town after town away from Somalia's transitional government, and to march closer to its border, Ethiopia is gearing up for all-out war. Meanwhile, Eritrea, Djibouti, and Sudan are eyeing the conflict and taking sides." The Monitor continues, "Many Ethiopian officials and experts say that they have no choice but to fight. The looming war in Somalia is part of the unfinished business of Ethiopia's two-year border war with Eritrea, which ended in exhaustion rather than a negotiated peace treaty. Ethiopian officials allege that the rise of Somalia's Islamists was made possible by Eritrean logistical support, and a UN Monitoring Group report has charged that Eritrea, Egypt, Djibouti, Iran, Saudi Arabia, Yemen, Libya, and Sudan have all contributed funds, arms, and technical support to help Somalia's Islamists take control."

Somali Floods Heighten National Crisis. The New York Times (12/12, A6, Gettleman, 1.16M) reports the people of Somali are suffering after floodwaters "drowned their animals, submerged their crops and swept away their homes." The Times says they "are slowly starving, unable to sustain themselves on unripe fruit and filthy water." The floods here are "yet another installment of a nation in crisis. At a time when Somalia seems inexorably close to an all-out war with Ethiopia, with a destructive potential that could dwarf the countless deaths from the last 15 years of anarchy, a deluge has arrived, plunging Somalia's breadbasket underwater, creating the conditions for an extended famine and taking the area's woes to a whole new level."

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Congressional Study Finds Continuing Delays In Delivering Darfur Aid. The AP (12/12, Flaherty) reports US humanitarian aid to Darfur "continues to be hampered by a lack of security in the region, restrictions by the Sudanese government and delays in international aid," according to a report released Monday by the Government Accountability Office. The office said in its report that the "nearly $1 billion in US aid and efforts by the international community have helped improve a dire situation," but "nongovernmental organizations and the UN still face serious problems in aiding the nearly 4 million people who require assistance, including frequent attacks on aid convoys."

US, UK Move Toward Resolving Fighter Jet Dispute. The Wall Street Journal (12/12, A8, Karp, Michaels, 2.04M) reports that as Lockheed Martin Corp. "prepares its newest fighter jet for its maiden flight this week, the US and Britain are moving toward resolving disputes, raising the likelihood Britain will stay in the $276 billion program, a person familiar with the matter said." A formal agreement committing Britain to buy the jet, known as the Joint Strike Fighter, "could be announced as soon as today after Pentagon talks between senior US and British defense officials," the source said. An agreement with Britain would remove "a shadow over" the program, which has been in development for a decade and is billed as "a model of international cooperation."

UK Nuclear Plans Highlight "Urgent Need" To Reform Global Framework. The Christian Science Monitor (12/12, Rice-Oxley, 59K) reports that British Prime Minister Tony Blair's announcement last week that Britain plans to spend around £20 billion ($39 billion) to replace its submarine-based missile deterrent known as Trident "has divided opinion, but experts on both sides agree that the decision highlights the urgent need to revive some form of global nuclear weapons framework." The alternative, they say, is "to risk a new arms race with many more powers than before and a heightened risk that a warhead might actually be used." The Monitor says that "for a few years, it seemed that all five recognized nuclear powers - Russia, the US, France, China, and Britain - would embrace the new spirit of disarmament," but "now, major nuclear deals like the Non-Proliferation Treaty (NPT) appear to be coming apart at the seams."

Anti-Nuclear Protest Staged In House Of Commons. AFP (12/12) reports "two anti-nuclear campaigners were ejected from the House of Commons and 28 were arrested elsewhere as protesters voiced anger at government plans to renew Britain's nuclear deterrent."

Western Companies Embrace Turkey. The Washington Post (12/12, A24, Moore, 690K) reports, "While opposition to Turkey's proposed membership in the European Union is growing among governments and voters in Europe, Western businesses…are embracing a nation of eager consumers armed with newly accessible credit cards. … Across the hills of the city once known as Constantinople, sleek new office towers are rising as rapidly as the slender spires of new mosques in a country where both Western capitalism and Islamic sentiments are on the march." The Post also reports, "At a time when European relations with the Muslim world are at a low, Western governments are becoming increasingly estranged from the country that has long been considered a political bridge between the secular democracies of the West and the Islamic nations of the East."

US Report Delivers "Rebuke" To China Ahead Of Officials' Visit. The New York Times (12/12, Weisman, 1.16M) reports, "In a rebuke to China on the eve of a high-level visit by American officials, the Bush administration formally accused Chinese leaders on Monday of failing to meet commitments to open the nation's economy and crack down on piracy of foreign goods." The criticism came in a 100-page report to Congress by USTR Susan Schwab. While "praising" China for "making progress in some areas," the report said that the country's efforts in 'other crucial areas had recently stalled, despite repeated promises from Beijing." It cited continued limits by China on sales of financial services by foreign banks, including credit cards, and limits on some sales of farm goods. It also accused China of "engaging in counterfeiting or piracy of software, videos, pharmaceuticals and other goods, sometimes with open encouragement of Chinese officials, and of failing to stiffen punishments on those engaging in these practices." The Times says the report was "likely to roil the atmosphere this week as Treasury Secretary Henry M. Paulson Jr. engages in a high-level effort to get China to cooperate on these issues."

Under the headline "US Vocal In Run Up To China Trade Talks," the Financial Times (12/12, McGregor, Guha) reports, "For a forum meant to allow Washington and Beijing quietly to sort out long-term problems, the run-up to the first US-China Strategic Economic Dialogue starting on Thursday has already featured some traditional high-decibel diplomacy." In recent days Treasury Secretary Paulson and USTR Schwab have "both made statements admonishing China over its trade, economic and currency policies." According to the Times, the Chinese "have so far been much more restrained, in public at least." However, it notes that "despite the tenor of some of the US statements, the planned twice-yearly dialogue, as presently structured, will not be

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anything like a bilateral trade negotiation," noting that "just the size of the US delegation…makes this encounter different."

China's Impact On US Economy Noted. USA Today (12/12, 1B, Lynch, 2.27M) reports, "China's WTO membership sparked far-reaching domestic reforms in the still-nominally-communist nation, leading to an economic flowering as well as greater personal freedom for individual Chinese. It's also meant hefty profits for U.S. corporations operating in China, such as General Motors." But "marrying 1.3 billion Chinese to the global economy" also "has left its mark on the United States. Tens of thousands of jobs in textile plants in states such as North Carolina have been wiped out by low-age Chinese competition even as US consumers enjoy lower-priced clothes, toys and furniture made in Chinese factories. Through massive purchases of US Treasury bonds, the Chinese government effectively finances Americans' consumption-heavy lifestyles."

More Commentary. In an editorial, the Wall Street Journal (12/12, A18, 2.04M) writes, "This week's trip to Beijing by Treasury Secretary Hank Paulson is being hyped as the biggest economic expedition since Marco Polo's. We suspect that's a tad oversold, but in the meantime it's too bad Mr. Paulson cajoled Federal Reserve Chairman Ben Bernanke into risking his credibility by joining him." Paulson's trip "is transparently political, with the goal most leaked to the press being to persuade China to let the yuan appreciate further against the dollar. … This is supposed to appease U.S. mercantilists, both political and commercial, and thus give the former Goldman Sachs executive his first big political win. This is at best a risky exercise, so why is Mr. Bernanke going along for the ride?" Bernanke "is or ought to be politically independent, and the perception of that independence is crucial to his credibility."

Author Andy Kessler writes in the Wall Street Journal (12/12, A18, 2.04M) that Paulson, Bernanke "and other polished cabinetry are visiting China later this week. They'll see fields of skyscrapers, traffic jams of new cars and designer couture replacing the old Maoist uniform with five buttons and too-long sleeves. In other words, we've got the Chinese right where we want 'em. … Adolescents eventually grow up. China is growing in spurts. They've got jobs and piles of debt. They need to keep working to pay it off. I actually think the US, with its immense wealth, is the main banker, not the Chinese floating our hopefully shrinking budget deficits. We are the ones with the leverage. S tick with the currency peg and make China open up their markets to competition and real outside financial scrutiny."

Administration Seeks To Revive Momentum For Doha Trade Deal. The Wall Street Journal (12/12, A4, Hitt, 2.04M) reports the Doha round of "global trade talks stalled after hitting numerous roadblocks over the summer. Now the White House is working to revive negotiations, even as a new barrier looms: a Congress much more skeptical of free trade." Administration officials have "stepped up the campaign to win support for its plan," and US Trade Representative Susan Schwab, "who spent years as an aide on Capitol Hill, is wooing the incoming trade czars of the new Democratic Congress." Treasury Secretary Henry Paulson "is rallying support for Doha around the globe. In London, he said Doha remains the administration's 'top trade priority,' even with the change in control of Congress next year." The Administration is "banking that all the political maneuvering will help inject some momentum back into the talks by the spring. The goal isn't necessarily to finish a deal then, but to show enough progress to persuade skeptics in Congress to extend the president's trade-negotiating authority beyond June, when it is set to expire."

AFL-CIO President Says Trade Deals Must Account For Human Rights, US Workers. In a USA Today op-ed (12/12, 20A), John J. Sweeney, president of the AFL-CIO, says, "The new Congress will face a daunting array of challenges and choices with respect to trade policy when it convenes in January. Our country is running an annual trade deficit of almost $800 billion, real wages are stagnant or falling for most American workers, the number of people in poverty is growing, the manufacturing sector is in recession, and our health care and retirement security systems are eroding rapidly." The "only way the Bush administration is going to begin negotiating fair agreements is if Congress takes a stand against these flawed deals, starting with Peru and Colombia. We face enormous challenges, but politically viable solutions are within reach. No single action will get us out of the hole we're in, but we can start by rejecting the failed trade policies of the past and charting a new course, one that puts human rights, good jobs and sustainable development at the center of our trade policy."

Probe Of Litvinenko Poisoning Leads To Hamburg. The CBS Evening News (12/11, story 3, 2:40, Couric, 7.66M) reported on "the poisoning death of the former Russian spy Alexander Litvinenko. From London to Moscow, the radiation trail has now led investigators to Hamburg, Germany." CBS (Roth) added, "While German police were following the latest tracks in the radioactive trail of poison polonium, British investigators were at a Moscow hospital spending three hours with Andrei Lugovoi, a key figure in the case of the poisoned spy. He's one of the Russians who met former KGB agent Alexander Litvinenko at a London hotel November 1. Within hours, Alexander Litvinenko was ill. Three weeks later he was dead. Officials now think polonium that killed him may have been put in his tea cup. But who put it there and where it came from are part of a mystery mapped out in radioactive hot spots still to be connected. From

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London where Litvinenko or his Russian contacts left traces of radiation in at least a dozen places to British airways jets at Heathrow Airport and to Moscow. The radiation just found in Hamburg, though, might fill in some blanks in the chain of events. It was left by Dmitry Kovtun, who stopped in Hamburg before joining the London meeting with Livinenko and who's now hospitalized in Moscow with radiation poisoning."

The Los Angeles Times (12/12, Holley, Fleishman, 850K) reports German police "said Kovtun is under criminal investigation for bringing the radioactive element into the country. 'He appeared to have been in contact with polonium. We are considering him as a suspect,' Hamburg state prosecutor Martin Koehnke said. 'We have to establish whether he was poisoned himself or carried the polonium into the country." He added that there was a "reasonable basis for suspicion that he may not just be a victim but could also be a perpetrator.'" The New York Times (12/12, Landler, Myers, 1.16M) says "four people who had contact here with a business associate of…Litvinenko were hospitalized Monday, on suspicion they had been contaminated by polonium 210." The Washington Post (12/12, A16, Jordan, Smiley, 690K) runs a similar story.

WSJournal Calls Kremlin Move Against Shell "Economic Version Of Polonium 210." The Wall Street Journal (12/12, A18, 2.04M) editorializes, "The authoritarian drift of Russia continues apace. Yesterday the Kremlin managed to pull the rug out from under the largest foreign investment in the country, Royal Dutch Shell's $20 billion oil and gas project off the Pacific island of Sakhalin. You might call it the economic version of Polonium 210." It "is a measure of the West's fatalism about Russia that the Kremlin-engineered campaign to force Shell to hand Sakhalin to state-owned Gazprom came as no surprise. KGB man Vladimir Putin has been anything but subtle in his mission to put natural resources in the hands of his cronies." The Journal concludes by asking, "what's [Russia] doing in the G-8 club of the world's leading industrialized democracies?"

Role Of FSB Expanding Under Putin. The Washington Post (12/12, A1, Finn, 690K) reports in a front page article that Russia's Federal Security Service, known by its Russian initials FSB, "has emerged as one of the country's most powerful and secretive forces, with an increasingly international mission." According to the Post, the "widening reach of Russia's national security apparatus is part of the general centralization of power under [Russian President Vladimir] Putin and a more assertive and self-confident foreign policy backed by vast energy resources." A spokesman for the FSB declined to discuss its functions, but "in interviews with the Russian news media, senior FSB officials have defended the agency's increasing power as a necessary and natural response to a terrorist threat." However, critics say that heightened state security, "while ostensibly a response to terrorism, is also seen by the Putin establishment as essential to its own political preservation."

Eastern Europe Struggles To Purge Soviet-Era Security Services. On its front page, the New York Times (12/12, A1, Smith, 1.16M) reports, "Communism is gone and democracy is well implanted in the countries of the old Warsaw Pact, but the Soviet era's security services are still sending shudders through the region nearly two decades after the fall of the Berlin Wall." Some members of the Soviet-era secret police "remain in place," while "others took advantage of the state-asset fire sale that came with the dismantling of centrally planned economies and are now quietly powerful players." However, the Times says "a renewed effort is under way across the former Soviet bloc to expose the continued role of the security services and to root out former police agents and collaborators."

Pinochet's Death Reopens Chilean Wounds. The New York Times (12/12, Rohter, 1.16M) reports, "Chile seemed calmer on Monday, with the general's few remaining admirers filing by his coffin at the military academy here and the rest of the country going about its normal workday activities. But the timing of his death has not only brought back to the surface many of the divisions he created but has also left a host of troubling legal and political questions unresolved." The Times adds, "Victims of the general's human rights abuses, for instance, expressed frustration that he had died 'without paying his enormous debt to justice' or even standing trial, in the words of Lorena Pizarro, director of the Relatives of the Detained and Disappeared Group. … Human rights advocates want those cases to proceed, if only to undermine the more extravagant claims of the general's apologists and make the historical record clear." The Washington Post (12/12, C1, Constable, 690K) runs a long "Essay" titled "Chile's Gen. Pinochet, The Strongman Who Tore Apart His Country."

The Washington Post (12/12, 690K) editorializes, "It's hard not to notice, however, that the evil dictator leaves behind the most successful country in Latin America. ... Like it or not, Mr. Pinochet had something to do with this success. ... By way of contrast, Fidel Castro ... will leave behind an economically ruined and freedomless country with his approaching death. ... [Jeane] Kirkpatrick argued that right-wing dictators such as Mr. Pinochet were ultimately less malign than communist rulers, in part because their regimes were more likely to pave the way for liberal democracies. ... by now it should be obvious: She was right." Eugene Robinson, also in the Washington Post (12/12, A27, 690K), writes, "I'll leave it to others to 'balance' the commentary on Gen. Augusto Pinochet's death with praise for his free-market economic reforms." Pinochet "was a despot, a murderer and a fraud."

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The Wall Street Journal (12/12, 2.04M) editorializes, "Pinochet's legacy is a paradox -- a long string of them. He took power in a coup in 1973, but ultimately he created an environment where democratic institutions would prevail. He is responsible for the death and torture that occurred on his watch, but had Salvador Allende succeeded in turning Chile into another Cuba, many more might have died. ... Pinochet proved the truth of Jeane Kirkpatrick's Cold War distinction between authoritarian and totalitarian regimes, with the former far more likely to evolve into freer places."

Novelist Maria Vargas Llosa, meanwhile, compares Pinochet and Fidel Castro in the Wall Street Journal (12/12, A18, 2.04M), "The difference between the two men," he writes, "is that Castro, who has been in power almost three times longer than Pinochet and has committed even more crimes, continues to have some supporters around the world while Pinochet was one of the most reviled men on Earth. Why was Pinochet more hated than every other dictator? Probably because he gave a bad conscience to almost everybody across the political spectrum. For the left, he symbolized the tragic consequences of the Third World's socialist utopia. For the right, he embodied the diabolical temptation to dispose with the rule of law when the political institutions of democracy are tested to the limit. For Latin American democrats of the left and of the right, he was a walking reminder of their own failure to bring about economic prosperity."

Author Ariel Dorfman, in the New York Times (12/12, 1.16M), writes, "Though there can be no doubt that his body has been proven to indeed be mortal, I fear that his spirit may live on interminably in the Chile he misruled from 1973 to 1990 and then continued to terrorize as commander in chief of the army for eight more years. In order to truly exorcise him from our existence it would have been necessary that he stand trial, that he defend himself from the accusations of murder and torture, kidnapping and grand larceny, which have been brought against him in innumerable court cases in Santiago."

NSA Denies Monitoring Princess Diana's Calls. The CBS Evening News (12/11, story 4, 2:40, MacVicar, 7.66M) reported, "An official British investigation into Diana's death has found that when she walked through the door of the Ritz hotel in the last night of her life, she was under surveillance by a US intelligence agency. British newspaper reports now say that on the night she died, Diana was being bugged by the US without the approval of British security services. The US has refused to release the files, but investigators have been told the highly classified documents shed no new light on her death." However, NBC Nightly News (12/11, story 9, 2:30, Williams, 9.87M) reported, "US intelligence sources tell NBC News Diana's phone was not tapped."

The Washington Post (12/12, A22, Sullivan, Pincus, 690K) notes that "in a rare public comment on its intelligence operations," the NSA said Monday that it "had 39 documents containing references to the late Princess Diana but had never targeted her telephone communications for monitoring." The officials have reportedly "assured Scotland Yard investigators working on a pending report that 39 classified documents about her final conversations revealed no sign that her death was anything but an accident."

Kristof Urges Bush To Make Issue Of Child Slavery. New York Times (12/12, 1.16M) columnist Nicholas Kristof writes about child slavery in Cambodia, which he says "President Bush has done a much better job than his predecessors in pressing this issue; his State Department office on trafficking is one of his few diplomatic successes. And the issue enjoys bipartisan support, with leadership coming from conservative Republicans like Senator Sam Brownback and liberal Democrats like Representative Carolyn Maloney." However, Nicholas urges President Bush to use his "last two years to make this issue an international priority." A "nudge" in Bush's next State of the Union address "could jump-start a new Abolitionist movement, so as to free children now dying slowly from rape and AIDS because they did something as simple as accepting ice cream from a neighbor."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Ex-aides Allege Abuse Of Power."
"Does This Debase Debate?"
"Killings Put Gaza On Edge."
"Justice On Katrina Time."
"Major Breach of UCLA's Computer Files."
"Vehicle Mileage Estimates Get Real."

USA Today:
"Poll: Rising pessimism on Iraq war."
"Long hospital shifts, lack of sleep can kill, study says."
"To The Point Of Nodding Off."
"Need A Parking Place? Good Luck."

New York Times:
"A Dead Indian Language Is Brought Back to Life."
"Iraqis Consider Ways to Reduce Power of Cleric."
"In Twist on Tuition Game, Popularity Rises With Price."
"Eastern Europe Struggles to Purge Security Services."
"Protectors, Too, Gather Profits From ID Theft."
"Gay and Evangelical, Seeking Paths of Acceptance."
"Medicare Links Doctors' Pay to Practices."

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Washington Post:
"Experts Advise Bush Not To Reduce Troops."
"To Stem Iraqi Violence, U.S. Aims To Create Jobs."
"Mega churches Are Migrating To Charles."
"In Russia, A Secretive Force Widens."
"Foreign Service Hiring Gets A Re-Exam."
"A Dead Indian Language Is Brought Back to Life."

Detroit Free Press:
"Buyout Offers Swirl At Ford."
"Universities Want Some More Time On Prop 2."
"New Lead In Child Deaths."
"Downtown Winter Blast Coming Back."
"Inmate Finds Peace: 'I'm Ready To Die'."

Atlanta Journal-Constitution:
"Marta Train Traffic Jumps."
"Hope Drives Jon Benet's Dad To Forge New Life But Slowly."
"Timely Push To take The Bottle Home."
"Lawmaker Vote To Pad Allowance."
"DeKalb Ready To Overhaul School District."

Houston Chronicle:
"90-Year Sentence For Pipe Assault."
"No Vince, Few Wins And Even Less Hope."
"Skilling Prison date Postponed."
"E. Coli Cases Defy Federal Assurances."
"Iraq Parties May Unite To Reduce Al-Sadr's Clout."

Story Lineup From Last Night's Network News:
ABC: Bush Meets With Advisors; Iraq's Future; Kofi Annan Speech; Protest In Iran; Fatah & Hamas Violence; Campaign 2008; Child Labor-Congo; IRS Screw Up; Space Shuttle Docks; Holiday Decoration Wars.
CBS: Bush Meets With Advisors; Bush Poll Numbers-Analysis; Litvinenko Investigation; Diana Bugging Investigation; Security Breach; Sago Mine Explosion; Cruise Ship In Port; Obama Visits New Hampshire; Jews In Iran; Blood Diamond Trade; Space Shuttle Docks.
NBC: Bush Meets With Advisors; Bush Meetings-Analysis; Iran & Jews; Fatah & Hamas Violence; Campaign 2008; Stock Market; Alzheimer's Hits The Young; Space Shuttle Docks; Diana Investigation; Baby Boom Advertisements.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Baghdad-Suicide Car Bombing; Bush-Iraq Meetings; NC-Missing Couple Found Dead In Car; Seattle-Tacoma International Airport-Christmas Trees Put Back Up; Wall Street; OR-Missing Climbers; Online Holiday Shopping-Discounts Offered; Hot Selling Christmas Gifts; Grinch Musical; Survey-Many Companies Plan On Hiring In New Year.
CBS: Baghdad-Suicide Car Bombing; CBS Poll-Bush's Approval, Support For Iraq War Down; OR-Missing Climbers; Space Shuttle Docks At Space Station; Atlantic Records Founder in Coma.
NPR: Baghdad-Suicide Car Bombing; Bush-Iraq Meetings; Space Shuttle Docks At Space Station; Kucinich To Run For Presidency Again In 2008; Tokyo Stock Market; Roman Catholic Archdiocese of Portland Reaches Settlement In Sexual Abuse Case; FDA-Taco Bell E. Coli Outbreak; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a video teleconference with military commanders and the Ambassador to Iraq, Roosevelt Room, closed press; meets with the Vice President of Iraq, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: ACCOUNTANTS-SEC _ The American Institute of Certified Public Accountants holds its 2006 AICPA National Conference on Current Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB) Developments. Highlights: 9:50 a.m. FASB Chairman's Address, Robert H. Herz, Norwalk, Conn. 10:20 a.m. FASB Vice Chairman's Address, Michael Crooch, Norwalk, Conn. Location: Marriott Wardman Park, 2660 Woodley Road NW.

NO CHILD LEFT BEHIND _ 8 a.m. - 5 p.m. The Fordham Institute holds a symposium on the compression of school curricula in the No Child Left Behind law into little more than math and reading and maybe some science. Participants include Dana Gioia, Chairman, National Endowment for the Arts; Kati Haycock, Director, Education Trust; Diane Ravitch, Brookings Institution; E.D. Hirsch, Jr., Chairman, Core Knowledge Foundation; Sidney Harman, CEO, Harman International Industries, Inc.; Toni Cortese, Executive Vice President, American Federation of Teachers. Location: Hotel Washington, 515 15th St. NW.

RACE-INEQUALITY _ 8:30 a.m. - 6:30 p.m. The Eisenhower Foundation holds a forum with columnists, academies and journalists on media coverage of race, inequality and the impact on the policy discussion. Participants include: Ray Suarez, Terrence Smith The NewsHour with Jim Lehrer; Washington Post columnists Eugene Robinson, Colby King , Harold Meyerson (American Prospect Magazine); Newsweek columnist Ellis Cose; Amy Goodman, Democracy Now!; Shaila Dewan, The New York Times; Gary Younge, The Guardian; Gregory Kane, The Baltimore Sun; Gregory Stanford, The Milwaukee Journal-

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Sentinel; DeWayne Wickham, USA Today; Washington Post reporters Kevin Merida, Mike Fletcher. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

ALTERNATIVE FUELS _ 9 a.m. The Center for Strategic and International Studies holds a discussion on carbon to liquid technologies that allow solid fuels to be used in the transportation sector. Location: B-1 conference level, 1800 K St. NW.

IRAN ELECTIONS _ 9 a.m. - 10:30 a.m. The American Enterprise Institute hosts a panel, ``Elections in Iran.'' Panelists: Mohebat Ahdiyyih, Open Source Center; Mehdi Khalaji, Washington Institute for Near East Policy; and A. William Samii, Radio Free Europe/Radio Liberty. Moderator: Danielle Pletka, AEI. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

NATIONAL FINANCES _ 9:30 a.m. The Concord Coalition holds a briefing to release two new polls on the public's attitudes toward the nation's long term fiscal challenges. Location: National Press Club.

AMNESTY INTERNATIONAL _ 10 a.m. Amnesty International (AIUSA) sponsors a breakfast briefing to discuss crises in Sri Lanka, Iran and the Democratic Republic of the Congo, written about in the just-released Winter 06 Amnesty International magazine. Location: National Press Club, Zenger Room.

CLIMATE CONFERENCE _ 10 a.m. Platts Energy Podium hosts Dr. Harlan Watson, senior climate negotiator at the State Department, discussing the recent UN climate conference in Nairobi. Location: Platts, 10th floor, 1200 G St. NW.

RENTAL HOUSING _ 10 a.m. The National Low Income Housing Coalition holds a telephone briefing to release its annual report, which shows affordable rental housing father out of reach in 2006, with Rep. Barney Frank, NLIHC President Sheila Crowley, others. Notes: Callin number: 877-811-4716; passcode: 3837558.

ROLLOVER CRASHES _ 10 a.m. Press conference to showcase the newly developed Jordan Rollover System, a test device for analyzing rollover crash protection under dynamic conditions, with Public Citizen President Joan Claybrook, Clarence Ditlow of the Center for Auto Safety, others. Location: Morton Auditorium, 805 21st St. NW.

TERRORISM PREPAREDNESS _ 10 a.m. Trust for America's Health organization holds a telephone briefing to release a report on the preparedness of states for bioterror, bird flu and other health emergencies. Contacts: Nicole Speulda, 202-223-9870 ext 273.

ARABS/MUSLIMS-IRAQ _ 10 a.m. - 11:30 a.m. The Council on American-Islamic Relations (CAIR) will host a panel discussion to give the Arab and Muslim perspective on recommendations contained in the report issued this week by the Iraq Study Group. Panelists: Imad Moustapha, Ambassador of the Syrian Arab Republic; Shibley Telhami, Anwar Sadat Professor at the University of Maryland; Senator Larry Shaw, North Carolina General Assembly; and Parvez Ahmed, CAIR Board Chairman. Location: National Press Club Ballroom.

HARKIN-AGRICULTURE _ 10:30 a.m. Sen. Tom Harkin, D-Iowa, incoming Chairman of the Senate Agriculture, Nutrition and Forestry Committee; and Secretary of Agriculture Mike Johanns hold a media availability to discuss their plans to work together to move Americas agriculture and rural communities forward during the 110th Congress. Location: Room 328, Russell Senate Office Building.

TURKEY _ 10:30 a.m. The Economic Policy Institute and the Global Policy Network hold a briefing with Turkish economist Erinc Yeldan on the challenges to Turkey's economy. Location: EPI offices, 3rd floor, East Tower, 1333 H St. NW.

MALARIA SUMMIT _ 11 a.m. The White House holds an off-camera, on-the-record briefing on the White House Summit on Malaria. Location: Room 450, Eisenhower EOB. Notes: Media should gather on the driveway in front of the Brady Briefing Room at 10:40 a.m. for an escort.

PLANNED PARENTHOOD _ 11 a.m. The Family Research Council holds an event with author Chuck Donovan on the social history of Planned Parenthood. Location: 801 G St. NW.

US-AUSTRALIA _ 11 a.m. Deputy Secretary of Defense Gordon England will attend the US- Australian Ministerial Meetings at the State Department. He and Minister of Defense Nelson of Australia will sign the Joint Strike Fighter Memorandum of Understanding. Location: Treaty Room, State Department. Notes: Media may attend, but the event is a photo-op only. At 2:45 p.m., Secretary of State Rice and her counterpart, Minister Downer, will hold a media availability. England and Nelson also will be in attendance.

CEO ECONOMIC OUTLOOK _ 12 p.m. The Business Roundtable, an association of 160 CEOs of leading US companies, holds a teleconference to release the results of its fourth Quarter CEO Economic Outlook Survey. Contacts: Jennifer Handt, 202-496-3288. Notes: Dial-in telephone number is 800-553-0318. Host: Business Roundtable. Callers will be asked for their name and media outlet before being admitted to the call. If you encounter any problems, please call 202-872-1260.

TRADE _ 12:15 p.m. Customs and Border Protection Commissioner Ralph Basham gives keynote remarks at the Trade Support Network Conference. Location: Westin Arlington Gateway, 801 N. Glebe Rd., Arlington.

CHILDREN'S INSURANCE _ 1 p.m. Organizations representing pediatricians, children's hospitals and consumers release recommendations for strengthening the State Children's Health Insurance Program. Location: National Press Club.

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MILLER-EDUCATION COMMITTEE _ 1 p.m. Incoming House Education and the Workforce Committee Chairman George Miller holds a news conference to discuss the committee's agenda in the 110th Congress. Location: Room 2175, Rayburn.

TERRORIST FINANCING _ 3:15 p.m. Deputy Assistant Treasury Secretary Daniel Glaser participates in a panel discussion on U.S. policy toward defeating terrorism and insurgencies. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

DEFENSE DEPARTMENT-ENERGY _ 6 p.m. - 8:30 p.m. The Department of Defense Under Secretary for Acquisition, Technology and Logistics and the Office of Force Transformation hosts ``Energy: A Conversation About Our National Addiction: Winning the Oil End Game," featuring Amory Lovins, whose latest book, latest book, ``Winning the Oil End Game" offers a strategy for ending U.S. oil dependence through proven technologies by 2040. The conversation will be the ninth such gathering where experts in their respective fields meet to learn, share, and collaborate in creating an energy future free from our dependence on fossil fuels. Location: Doubletree Hotel, 300 Army Navy Drive, Arlinton, Va.

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From:	USDOJ- Office of Public Affairs
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To:	USDOJ- Office of Public Affairs
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Attachments:	dojclips061212.pdf; dojclips061212.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 12, 2006 7:45 AM EST

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TERRORISM NEWS:

Muslim Charity Sues Treasury Dept. And Seeks Dismissal Of Charges Of Terrorism (NYT)

By Neil Macfarquhar
The New York Times, December 12, 2006

SAN FRANCISCO, Dec. 11 — In a new challenge to Washington over its closing several American Muslim charities that it has accused of aiding terrorism, the largest such group sued on Monday seeking dismissal of many of the charges.

Lawyers for the group, the Holy Land Foundation of Richardson, Tex., filed suit in Federal District Court in Dallas two weeks after a federal judge in California called into question a crucial provision in designating terrorist supporters. Since December 2001, the Treasury Department has designated Holy Land and five other Muslim charities in the United States as terrorist supporters, seizing millions of dollars in assets and halting their activities.

No accused charity or any senior officer have been convicted on a charge of terrorism. Some charities have faced no criminal charges.

In a separate case against a Georgia man whom the prosecution identified as a fund-raiser for Holy Land, the defendant pleaded guilty this year to sending money to Hamas, the Islamist Palestinian political party that Washington first designated as a terrorist organization in 1995.

The foundation denies that the man had an official post.

The government has accused the foundation of having been the American fund-raising arm of Hamas. The charity and five officers are expected to go on trial in July on charges of financing a foreign terrorist organization, money laundering and tax fraud.

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In October, Ghassan Elashi, a founder and former chairman of the charity, was sentenced to more than six years in prison after he and four brothers were convicted of violating export laws by shipping computers to Syria and Libya, both once on the United States list of terrorism sponsors. Libya was removed this year.

Last year, Mr. Elashi and two brothers were convicted of helping a Hamas leader launder money.

The Treasury Department's repeated refusal to unfreeze charities' assets so they can be sent abroad has provoked alarm and frustration in the philanthropic world.

"The question is not whether the individual nonprofits are guilty as organizations," said Kay Guinane of OMB Watch, a Washington group advocating government transparency.

"The issue is whether there is a fair process to determine that and how to protect the charitable dollars so they are used for the intended purposes," Ms. Guinane said. "What Treasury has done is treat charities the same way they treat the criminal process. It has really hurt the U.S. image in the places where the aid was expected and where people were depending on it."

Early last month, philanthropic groups from across the nation sent Treasury Secretary Henry M. Paulsen Jr. a letter asking that he find a way to release the assets to their intended recipients. Mr. Paulsen has not responded, Ms. Guinane said.

A spokeswoman for the department, Molly Millerwise, said courts, citing national security, had repeatedly upheld the government's use of secret evidence to freeze assets of charitable organizations.

"These institutions have been designated because they are financing terrorism," Ms. Millerwise said. "We have to make sure that the money is kept in place and does not go to illicit ends."

Critics say the law prevents the airing of secret evidence in such cases. "When Treasury says the courts have upheld its action, they are saying the courts found its action was not arbitrary and capricious," Ms. Guinane said. "Not that the court made any kind of independent determination of the merits or factual accuracy."

A spokesman for the Justice Department, Bryan Sierra, said he could not comment on the Holy Land motion because it was too new. As a matter of procedure, Mr. Sierra said, prosecution does not automatically follow the designation of a charity as a terrorist organization.

"Not every case is a criminal case," he said. "It's a question of can you come up with enough evidence to prosecute based on a violation of the statutes of material support for terrorism."

Charitable giving is one of the five pillars of Islam, and the closing of Muslim charities has become a major source of American Muslims' distrust of the federal government.

Many American Muslims accuse the government of, at best, acting out of fear and ignorance to tamp contributions. At worst, they say the Bush administration focuses on Arab and Muslim groups critical of United States policy in the Middle East, particularly charities that aid poor Palestinians in the territories occupied by Israel.

"That was a valve that does not put the Palestinian population under pressure," Hatem Bazian, a professor of Near Eastern studies at the University of California, Berkeley, said. "If you starve them, they will take the deal the least acceptable to them."

The government says just Muslim charities have been designated because they are the ones that terrorist groups have penetrated.

"The sad truth is that we have seen groups like Hamas and Al Qaeda infiltrate the charitable community, and specifically the Arab and Muslim charitable community," Ms. Millerwise said. "When we do find evidence that any group is providing material or financial support, we have a responsibility to act against them and designate them and put the world on notice that this group is facilitating terrorists."

Holy Land was once the largest American Muslim charity, receiving more than $57 million in contributions, gifts and grants from 1992 to 2001, the indictment says. It seeks to have more than half the charges in the 42-count indictment dismissed, based on the ruling last month by Judge Audrey B. Collins in Federal District Court in Los Angeles.

Judge Collins said an executive order used to identify organizations and individuals as "specially designated global terrorists" violated the Constitution because it was too vague. Other districts are not bound by the ruling. Congress has largely ignored the question.

Lawyers for two other charities said they expected to file similar motions. Lawyers for two others said they were defunct, left bankrupt by challenging terrorism designations.

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American Muslim organizations acknowledge that Islamic charities overseas funneled money and arms to support Al Qaeda and other terrorist groups. But they say guilt by association rather than hard evidence has become a judicial standard for them in the United States.

"The government's claim of national security is a way to conceal government misconduct rather than state secrets," said Matthew J. Piers, the lawyer for the Benevolence International Foundation, a defunct charity that had been in Illinois.

Charity officials say the United States is shooting itself in the foot. Rather than spending millions on failed advertising to improve its image, the officials say, Washington should let the charities work where it is not welcome.

"People are saying that this is not about this or that charity, it's about Islam," said Khalil Jassemm, who helped found Life for Relief and Development, a charity in Michigan. "We could be a humanitarian bridge to the Muslim world, but nobody thinks about that."

NSA Still Needs More Oversight (LAT)

The Los Angeles Times, December 12, 2006

ALMOST A YEAR after President Bush confirmed that the National Security Agency had been eavesdropping on some Americans without a court order, expressions of outrage in Congress have yet to be translated into law. What little scrutiny the so-called Terrorist Surveillance Program has received has come from the Justice Department, whose inspector general is looking into how information gathered by the program has been used.

Surely, you say, Congress will be more assertive under Democratic control. Don't count on it.

True, Sen. Patrick J. Leahy (D-Vt.) warned FBI Director Robert S. Mueller III the other day that the new Congress will take a fresh look at the administration's surveillance programs, which he said the White House had gone to "unprecedented lengths" to hide from the public. But Sen. Arlen Specter (R-Pa.), who will hand over the Judiciary Committee gavel to Leahy, is pessimistic that a change of party control will make a big difference. Specter, who has sponsored no fewer than three bills to provide a legal framework for the program, said last month he had "grave reservations" that any legislation will be approved. The impediment, he said, was less a lack of consensus in Congress than the White House's unwillingness to share "secrets" about how the NSA program operates.

Of the three Specter-endorsed bills, the best is a measure he co-sponsored with Sen. Dianne Feinstein (D-Calif.). It would reaffirm that NSA surveillance is covered by the 1978 Foreign Intelligence Surveillance Act, which requires an order from a special court before electronic surveillance may be conducted on a U.S. citizen. But it would make it easier for surveillance to be conducted without a warrant in a terrorist emergency.

Feinstein, a member of the Intelligence Committee as well as the Judiciary Committee, has been briefed on the NSA program, as has incoming House Speaker Nancy Pelosi (D-San Francisco). Unfortunately, Feinstein must ask colleagues to take on faith her assurances that the program's objectives can be accomplished within a slightly relaxed FISA framework.

The administration hasn't made Feinstein's job any easier by refusing to offer a meaningful explanation of why it felt it necessary to bypass FISA in the first place. That made it difficult to win support in the Senate for any of Specter's proposals.

Democratic victories in midterm elections should mean that Congress will be more interested in regulating the NSA program. But inertia is a strong force. Moreover, many Democrats — especially newcomers from Republican-leaning states — will be reluctant to counter the administration's propagandistic argument that only Americans who regularly call Al Qaeda need to worry about the program. In fact, one of the main purposes of judicial oversight would be to ensure that this claim is true.

Overcoming that inertia — with the help of Republicans like Specter — should be at the top of the new majority's agenda.

PATRIOT ACT:

Furor Grows Over Bank Closure Of Charity Account (FREEP)

By Niraj Warikoo, Free Press Staff Writer

Detroit Free Press, December 12, 2006

DOJ_NMG_0105485

The U.S. Department of Justice may defend the Patriot Act in a case involving Comerica Bank and a Muslim charity based in Southfield, according to court documents the department filed in Detroit.

Comerica officials have told Life for Relief and Development that it intends to close its accounts.

The bank's move came after the charity was raided by federal agents in September. The government has not said what the raid was about, but charity officials say it may be related to work the charity did in Iraq.

In response, the charity sued Comerica, saying the bank violated its civil rights.

The suit, filed last month, challenges the constitutionality of a section of the Patriot Act that allows financial institutions to share information about suspected money laundering or terrorist activity.

On Dec. 1, Justice Department attorneys filed a notice in U.S. District Court in Detroit that said it may "intervene in this action to defend the constitutionality" of the section under question.

Some Arab Americans and Muslims charge the bank is discriminating against the charity because it is operated by Arab-American Muslims.

Protests are planned for Friday and Saturday outside Comerica branches in Dearborn, Detroit, Canton and Ann Arbor.

Organized as the Charity Without Fear Coalition, groups against the bank's move include the American-Arab Anti-Discrimination Committee, the Muslim American Society and the Council on American-Islamic Relations.

Some Arab Americans and Muslims say they plan to close their accounts with Comerica in protest.

"People see this as an example that could be repeated," said Imad Hamad, regional director of the committee, who plans to close his account.

Kathy Pitton, a vice president with Comerica Bank, said in an e-mail Monday that the bank "has had a strong partnership with the Arab-American community for many years" and has a "record of supporting the Arab-American community."

HOMELAND RESPONSE:

NY Man Charged In Federal Court With Carrying Out Bomb Hoax (AP)

The AP, December 11, 2006

NEW YORK (AP) _ A man was charged Monday with carrying out a bomb hoax to protest what he called the government's "illegal surveillance," federal prosecutors said.

Paul Cortina, 33, of Somers, N.Y., was charged in U.S. District Court with making a false bomb threat after he allegedly sent an e-mail to The Associated Press in late November claiming he had built "a bomb to protest the government's involvement in illegal surveillance."

He was arrested Nov. 29 after FBI agents seized what appeared to be a bomb from his home, U.S. Attorney Michael Garcia said.

Prosecutors said it was later revealed in court documents and proceedings that Cortina had placed a grenade shell inside a backpack and run wires from the pin of the grenade shell to the backpack's zipper. The device, however, contained no explosive material.

Prosecutors said Cortina admitted he used the Internet to obtain instructions on how to build a bomb.

In the e-mail to the AP, Cortina identified himself by name and gave his telephone number. The AP notified the FBI, and an agent called the number and visited Cortina at his home. He admitted sending the e-mail, the FBI said.

If convicted, he could face up to five years in prison.

Richard Boulware, a lawyer for Cortina, did not immediately return a telephone message for comment.

Cortina is out on $100,000 bail with electronic monitoring and a requirement that he not use the Internet.

Link Sought Between Hoax Letters And Ricin (MACT/MCT)

By Jack Douglas Jr.

The Macon Telegraph, December 12, 2006

DOJ_NMG_0105486

WASHINGTON - Federal investigators are looking into a possible link between recent hoax letters, each containing a white powder and believed to have been sent by a Texas prison inmate, to determine whether they are related to a small shipment of the poison ricin to a mailing center in South Carolina in 2003.

Someone calling himself the Fallen Angel signed at least one of the six recent letters - sent to government officials in Washington, Baltimore and Buffalo, N.Y. - and the ricin letter, which was received at a mail-processing facility in Greenville, S.C., in October 2003, an FBI alert said.

The high priority alert, dated late last month, said the U.S. Clerk's Office in Buffalo on Nov. 20 received one of the letters, which was signed "Fallen Angel" and contained a nontoxic powder.

The letter "included references to anthrax and threats to the President," and its sender is believed to be an inmate who is serving life in prison for "use of weapons of mass destruction," the alert said.

The prisoner, who was not identified, is at the Montford state prison unit in Lubbock, Texas, and will be transferred to a federal prison, the alert said.

"This particular inmate has a history of sending threatening hoax letters to public officials using the names and inmate numbers of other inmates at his prison," the alert said. "Letters similar to the one sent to Buffalo were also mailed from the same prison to public offices and officials in the Washington, D.C., and Baltimore areas within the last three months."

While the white powder in the recent letters all tested negative for toxins, the alert said their sender may have a connection to the ricin delivery to the South Carolina mailing center six years ago.

The earlier letter, the alert said, made reference to the Department of Transportation and was signed, "Fallen Angel."

Lori Bailey, spokeswoman for the FBI in Dallas, declined to comment.

DP World To Sell U.S. Port Operations (AP)

By Devlin Barrett

AP, December 12, 2006

Dubai Ports World, the company whose planned takeover of major U.S. port operations ignited a political firestorm earlier this year, has agreed to sell those operations to AIG Global Investment Group.

The company announced the deal Monday. The U.S. operations at six major U.S. seaports in New York/New Jersey, Philadelphia, Baltimore, Miami, Tampa and New Orleans were valued at approximately $700 million, but DP World did not disclose the sales price.

The deal also involves stevedoring operations in 16 locations along the eastern seaboard and Gulf Coast and a passenger terminal in New York City.

"While we are disappointed to be exiting the U.S. market, the price we received was fair," Sultan Ahmed Bin Sulayem, the chairman of DP World, said in a statement announcing the deal.

One of the loudest critics of the original deal said he was pleased and expected the deal to clear the few regulatory hurdles that remain.

"This is an appropriate final chapter to the book on the Dubai Ports World deal," said Sen. Charles Schumer, D-N.Y. "This is very likely to receive broad support in Washington and throughout America."

AIG Global Investment Group is an asset management firm with more than $635 billion in assets. Its parent company is the New York-based insurance firm, American International Group Inc. AIG's managing director Christopher Lee said the company is "very committed to ensuring that it continues to be one of the industry leaders in setting standards for port security."

DP World is based in the United Arab Emirates and is the largest marine terminal operator with 51 terminals in 24 countries.

The sale still requires regulatory approval from several port authorities, including New York and New Jersey. The sale is expected to close in the next few months, DP World said.

The Bush administration had agreed last January to allow DP World to acquire the U.S. port operations, but as soon as the deal became public they were fiercely attacked by members of both political parties.

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Critics of DP World cited the UAE's history, noting that some of the money that financed the Sept. 11 terror attacks moved through their banking system, and the government's past support of Afghanistan's Taliban government before the 2001 attacks.

As a result of the public pressure, DP World ultimately agreed to sell off the U.S. assets.

The Department of Homeland Security, which had tried to defend the initial DP World acquisition, had no comment Monday, agency spokesman Russ Knocke said.

Massachusetts Democrat Ed Markey, who sits on the House Homeland Security Committee, pledged his party would keep a closer eye on such deals in the future by conducting "the type of oversight that has been completely absent during the Republican Congress."

Dubai Ports World Sells U.S. Assets (WSJ)

By Neil King Jr. And Greg Hitt

The Wall Street Journal, December 12, 2006

WASHINGTON -- As Democrats pledged to reconsider rules governing foreign acquisition of certain U.S. assets, a sale Monday resolved the transaction that sparked a furor on the subject.

The Dubai-based ports company that gave rise to debate over foreign investment and national security earlier this year sold its U.S. assets to a unit of American International Group Inc.

Dubai Ports World sold the port contracts for an undisclosed sum to AIG Global Investment Group, a New York-based asset management company with $683 billion in assets but no experience in port operations. The new owner said it plans to run the ports of New York/New Jersey, Philadelphia, Baltimore, Miami, Tampa and New Orleans at arms length and will make no changes in day-to-day operations.

"The people who are running the ports now will continue to run them," said AIG spokesman Chris Winans.

Mohammed Sharaf, chief executive of Dubai Ports World, declined to disclose the price of the sale, but said in an interview Monday that the overall terms were "compelling." The sale covers the six marine terminal concessions on the Atlantic and Gulf coasts, several stevedoring operations at other locations and a passenger terminal facility in New York City.

DP World, which is owned by the Persian Gulf emirate of Dubai in the United Arab Emirates, took over the facilities when it acquired Britain's Peninsular & Oriental Steam Navigation Co. in February, becoming the world's third-largest container-port operator.

Though the transaction won approval from the interagency Committee on Foreign Investment in the U.S., it provoked a bipartisan outcry on Capitol Hill. Lawmakers raised alarms about the potential security risks of giving an Arab-owned company access to U.S. port facilities. With Congress poised to nullify the deal, DP World agreed in March to voluntarily shed the controversial assets.

The backlash against the deal in Congress and across the U.S. provoked concern in the Arab world and among investors elsewhere that the U.S. was turning against foreign investment, especially in sectors that involved security concerns. "There is a risk that the Cfius process can discourage foreign investment and really chill the foreign investor community," said Daniel Price, who heads the international practice at law firm Sidley Austin LLP.

Mr. Sharaf said there were "no bitter feelings" over the thwarted purchase, but acknowledged regrets. "It is sad that we aren't there anymore and couldn't be there. It has been a difficult experience for everyone," he said. Mr. Sharaf said DP World would like to return to the U.S. market once Congress and the Bush administration work out modifications to foreign-investment rules.

The furor over the DP World deal led to pushes in Congress to tighten the rules governing foreign acquisitions of U.S. assets in sensitive sectors. But legislation didn't win approval during the last session of Congress. A number of Democrats say they plan to push through revised legislation when they take over next month.

Secretive U.S. Panel Busy Reviewing Foreign Business Deals (FINDLAW/AP)

By Ted Bridis, Associated Press Writer

AP, December 12, 2006

DOJ_NMG_0105488

(AP) - WASHINGTON-In the same year that public furor derailed a Dubai-owned company's plans to buy and run operations at major American ports, the number of foreign business deals reviewed by the Bush administration for U.S. security risks surged to nearly 100, up from 65 reviews last year.

A few anxious companies in deals pending with foreigners have sought the Bush administration's approval even for sales that do not raise obvious security questions, said lawyers and federal officials involved in these cases.

They attributed the jump largely to a busy year for international mergers and broader awareness of such reviews after the political uproar that scuttled the Dubai ports deal. The government's reviews included the $11.6 billion (â‚¬8.74 billion) sale of Lucent Technologies Inc. to Alcatel SA of France; Toshiba Corp.'s $5.4 billion (â‚¬4.07 billion) purchase of nuclear power-plant manufacturer Westinghouse Electric Co.; and smaller deals involving seismic surveys, a gas utility, military parts, voting machines and even anti-hacker software.

"The numbers are up. A company will file even though they don't think it's a national security concern," said Clay Lowery, an assistant secretary at the Treasury Department.

Most of the reviews this year, however, raised legitimate concerns, said Christopher Padilla, an assistant secretary at the Commerce Department. "Of the increases we've seen, only one or two cases didn't have national security issues that needed to be raised," he said. "These transactions are getting the scrutiny that's called for."

The secretive panel that conducted nearly 100 reviews also completed seven full-blown investigations this year reflecting broader concerns over proposed deals. That is equal to the combined number over the previous five years.

Foreign companies announced plans to buy 909 U.S. businesses this year for a value of $198 billion (â‚¬149.14 billion), a slight drop in sales from 2005 but up significantly from 2003 and 2004, according to Dealogic Holdings, a British company that tracks global mergers.

"There are definitely more filings by clients who feel the political environment is so uncertain that they are uncomfortable not filing," said John B. Reynolds, a Washington lawyer who regularly negotiates business deals with the U.S. panel.

Congress ended its work for the year without making promised changes to how the government reviews deals.

Lawmakers' reluctance to send a bill to President George W. Bush contrasts markedly with their attention to the subject after the administration in February approved Dubai-based DP World's takeover of significant operations at six major U.S. seaports.

The company abandoned the effort weeks later amid intense national criticism and is nearly finished selling all $700 million (â‚¬527.27 million) worth of its U.S. port operations to an American buyer.

The political uproar over the ports deal ranked among political stories that generated the most news interest in the last two decades, according to a poll by the Pew Research Center for the People & the Press.

In oversight hearings, lawmakers complained that such deals deserved more scrutiny and they promised to rewrite government rules for considering when investments by foreigners may threaten U.S. security.

The administration said it has changed how it conducts such reviews. It has added employees to investigate deals, imposed more conditions on companies and sought approval for deals at higher levels within government agencies.

Meetings among senior officials who consider such deals were once scheduled every few months now occur weekly.

The 12-member Committee on Foreign Investment in the United States is led by the Treasury Department. It hired a new deputy to oversee reviews; tripled to six the number of people who work on such reviews; and now requires deals to be approved by one of the department's presidential appointees.

The Homeland Security Department also hired a new director to oversee reviews and increased the number of employees who work on such cases to 12. It has imposed conditions in 12 deals so far this year, such as requiring companies to keep sensitive equipment or business records inside the United States even after the sale.

"Congress started out quite determined to make a lot of changes," said Stewart Baker, the department's assistant secretary who helped negotiate approval for the Dubai ports deal. "The administration took very seriously the criticism, and we've launched a number of reforms."

In the aftermath of the ports dispute, lawmakers introduced more than 20 bills to block the Dubai sale or change how such deals are reviewed. None passed both the House and Senate.

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A House bill that passed 424-0 in July would have broadened the types of deals reviewed to include those affecting homeland security and would have covered sales involving power and water plants.

It would have made it tougher for companies to withdraw proposed business deals from government scrutiny. Also, the president or members of the review panel could have reinvestigated cases if companies failed to obey conditions the government had set to approve a deal.

The Senate bill, which passed by voice vote the same day as the House version, would have required the administration to tell Congress within 10 days about each business deal it was reviewing; forced foreign governments to seek U.S. approval to buy American companies; and made it tougher for companies to withdraw from pending scrutiny.

On the Net:

Committee on Foreign Investments in the United States: http://www.treas.gov/offices/international-affairs/exon-florio/

After Opportunism (WP)

The Washington Post, December 12, 2006

EARLIER THIS year a depressing outbreak of anti-Arab hysteria in Congress and elsewhere doomed an effort by a company called Dubai Ports World to take over the management of some American ports. Last week, the Department of Homeland Security announced that it will work with several port authorities abroad to scan cargo before it is loaded onto ships bound for the United States. Among the facilities identified to host this Secure Freight Initiative is Britain's bustling Southampton seaport, operated by, yes, Dubai Ports World.

So far, even the loudest objectors in Congress to the earlier deal haven't publicly questioned Homeland Security's choice to inaugurate a major security initiative in a facility operated by the once-controversial United Arab Emirates-based firm. That's encouraging as well as telling.

The program aims to identify dangerous materials before they have a chance to reach U.S. soil, where, eventually, another layer of scans and checks would stop anything that slips through that initial screen. The plan isn't perfect -- Homeland Security should prepare to rapidly replace the scanners it sends to foreign ports once better technology becomes widely available, for example. But if Homeland Security manages to start the program on schedule (a fair question given its past performance on ports), it could be a relatively inexpensive way to reduce the danger of nuclear or radiological weapons entering the country in a container otherwise filled with T-shirts or tennis shoes.

A successful partnership would also demonstrate that Americans have little to fear from Dubai Ports World and firms like it -- and that they shouldn't single out Arab-owned companies for suspicion without good reason. As the world, particularly the world of business, becomes more interconnected across borders, companies owned in part or in full by foreigners face many of the same pressures, incentives and regulations that American companies do. They will therefore behave in similar ways, and in most cases they should be judged by the same metrics. Giving in to unwarranted fears stoked by opportunist politicians will only discourage foreign firms from doing business in the United States, complicate the sorts of relationships the Department of Homeland Security is attempting to forge and alienate foreigners whose friendship this nation sorely needs.

Law Passes Retooling Effort On Bioterror (WP)

By Renae Merle

The Washington Post, December 12, 2006

The House and Senate have passed legislation that will revamp the Bush administration's $5.6 billion effort to counter bioterrorism threats, reorganizing management of the program and providing struggling companies with periodic cash infusions to help fund their research and testing.

"It's a relief," Sen. Richard Burr (R-N.C.), one of the measure's principal backers, said yesterday. "We're a little further ahead of the fear of bioterrorism and pandemic because we've got a solid plan in place."

The House passed the legislation early Saturday morning and it passed the Senate last Tuesday. President Bush intends to sign the legislation, but a date has not been set, according to the White House.

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More than a year in the making, the legislation was considered by many to be an effort to salvage the two-year-old Project BioShield, which has been marked by delays and operational problems. Sen. Harry M. Reid (D-Nev.), the incoming majority leader, listed it among his priorities for Congress's lame-duck session.

"I think it's already made a difference," Burr said of the legislation, which was also pushed by Sen. Edward M. Kennedy (D-Mass.). "We have more people, more companies, more academic institutions, that have looked at this legislation and planned how they can plug into it. It has brought more people to the table interested" in the program.

The legislation creates the Biomedical Advanced Research and Development Authority, within the Health and Human Services Department, to manage the effort. It also allocates $1 billion over three years for research not funded by a Project BioShield contract or the National Institutes of Health and attempts to pump more government money into the private sector sooner.

Under current law, participating companies are not paid until they deliver the drugs. The legislation would speed up the development cycle by allowing Health and Human Services to pay companies up to 5 percent of their contract's value when they reach certain milestones.

The legislation "complements important work that HHS has already begun to improve the BioShield program," Christina Pearson, an HHS spokeswoman, said in a statement. "Passage [of] this bipartisan legislation supports much needed late-stage research-and-development funding. . . . It also supports our efforts to improve coordination of preparedness and response programs across the department."

The program's most significant investment, a nearly $1 billion effort by VaxGen to develop an anthrax vaccine, has been in limbo since the Food and Drug Administration held up human testing last month because of concerns about the drug's reliability. After threatening to end its contract, HHS gave the firm until Dec. 18 to resolve the concerns and begin human testing.

"It is regrettable that we have been unable to engage HHS in a productive discussion regarding how to ensure that this program moves forward," said Lance Ignon, VaxGen's vice president for corporate affairs. "We need to engage in a true partnership or we risk losing all the work on this vaccine and undermining our nation's biodefense programs."

Post-Katrina Justice In Slow Motion (LAT)

By Ann M. Simmons

The Los Angeles Times, December 12, 2006

In October 2005, less than two months after Hurricane Katrina struck, Pedro Parra-Sanchez was arrested for allegedly stabbing a man with a broken bottle during a fight. With the city's prison damaged by flooding, he was taken to a makeshift jail at the Greyhound bus station, then transferred to a correctional facility some 70 miles away, and later to a prison in southwest Louisiana.

That's where Parra-Sanchez sat for more than a year — never seeing a lawyer or setting foot in a courtroom. At the time of the fight, he had been in New Orleans only six days: He'd left his family in Bakersfield, Calif., and come to help with the storm clean-up effort.

By law, the district attorney should have brought Parra-Sanchez to court to formally charge him within 60 days. Instead, "he disappeared," said Pamela R. Metzger, director of Tulane University's Criminal Law Clinic. "The system failed."

Parra-Sanchez's case is not unique in post-Katrina New Orleans. An untold number of people got "lost" in the prison system in the weeks immediately after the storm, Metzger said. Many are still among the 3,000 active criminal court cases. At least 85% of them qualify for representation by a public defender from the Orleans Parish Indigent Defender program.

The city's indigent defense system has long been plagued by negligent attorneys who provide haphazard and deficient representation. But in the months after Katrina struck the Gulf Coast, the program spiraled into chaos: Funding plummeted; 15 lawyers quit the already thin legal staff; documents and evidence were lost or destroyed.

"None of the functioning institutions of government were there," Metzger said. Now, "the public defenders office is dealing with a massive influx of new arrests, and cannot go back to other cases."

Parra-Sanchez at least should have had access to a lawyer from the public defenders office, Metzger said.

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She has helped to form the Katrina-Gideon Interview Project, a national coalition of law students and law professors. Led by the Tulane law clinic and the Student Hurricane Network, the project aims to free indigent "Katrina prisoners" — people who have served time but remain in jail because they haven't had legal representation.

The students and lawyers are reviewing about 1,800 pre- and post-Katrina cases. They include people who have been imprisoned well beyond any sentence they might receive for such charges as probation violation, failure to pay a fine or prostitution.

Tulane law clinic students helped indigent clients without attorneys before Katrina, but since the storm they've gone into overdrive. The Katrina-Gideon team's permanent members consist of Metzger, another full-time attorney and three law students. Attorneys from around the country have come to do pro bono stints.

They learned of Parra-Sanchez's case from other inmates: His name didn't appear on the sheriff's list of prisoners in custody because of a booking error.

Katrina-Gideon team member and student lawyer Sara Johnson, 23, says she sometimes becomes so outraged over the system's inefficiencies, and the treatment of indigent clients, that "some days, you want to throw something ... you want to go into the jail and just leave with them."

Leah Shaver, a woman in her 50s, is another of the team's cases. She has been in jail since July 2005 on prostitution and drug-possession charges. She was arraigned a week after her arrest. Two status hearings were called in her case earlier this year, but no public defender brought her to court until May — nine months after her arrest. She is still incarcerated.

Iben O'Neal was charged with possession of heroin in October 2004 and was out on bail until spring 2005, when the court revoked his bond in error. In June of that year, O'Neal had a pretrial hearing. An August 2005 trial date came and went. His case was scheduled on the court calendar several times, but he was never brought to court. Instead, he spent another 14 months in jail without seeing a lawyer or a judge.

The public defenders office had no file on O'Neal, Metzger said, "not a scrap of paper" since 2004. Her team secured O'Neal's release on Oct. 31, 16 months after his last court appearance.

The first time Parra-Sanchez spoke with a lawyer was on Nov. 17, when Metzger interviewed him in jail.

Parra-Sanchez, a legal U.S. resident from Mexico, initially had volunteered with a hurricane-relief effort sponsored by his church, according to court documents. But his limited English skills disqualified him for volunteer work; instead, he signed on as a paid laborer with a tree-removal company. Less than a week later, he was in jail.

Johnson and fellow Tulane law senior Alex Wells wrote the motion for Parra-Sanchez's arraignment..

Before the hearing, Wells, a 29-year-old former political consultant turned attorney, Johnson, Metzger, Parra-Sanchez and the court-appointed interpreter rehearsed and did role-playing in the hallway outside the courtroom of Judge Darryl Derbigny. Then Wells took his place at Metzger's side to question Parra-Sanchez about what he described as "a human tragedy."

Speaking through the courtroom interpreter, Parra-Sanchez said he repeatedly asked prison guards and a prison psychologist when he would be brought to trial. His wife, Alma, tried to call the public defender, but the office phone was not working, Wells said.

When Parra-Sanchez did not show up in court for arraignment in May, Derbigny issued a warrant for his arrest, even though he was already in jail.

The father of four wept as he spoke of the hardships his imprisonment had had on his family.

His wife was forced to move from a rented house to a trailer park. She sold her husband's tools to pay bills and depleted the family's savings. The bank repossessed Parra-Sanchez's truck. And his eldest daughter left home to help alleviate some of the family's financial burden.

"It was very difficult mentally," Parra-Sanchez told the court as he dabbed his eyes with a tissue.

"I asked for help, but nobody would give me" any, he added in later testimony.

Assistant Dist. Atty. Greg Thompson called the Parra-Sanchez case "a snafu" and, during the defendant's arraignment, formally apologized on behalf of the state for his "prolonged incarceration."

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A judge freed Parra-Sanchez the Friday before Thanksgiving. His arraignment finally took place on Nov. 28, and a local synagogue donated money for Parra-Sanchez's train journey home to Bakersfield on Nov. 29. He has since consulted Bakersfield attorney Daniel Rodriguez about possible civil rights litigation against law enforcement agencies in New Orleans.

Later this month, Derbigny will hear a defense motion to drop Parra-Sanchez's case, on the grounds that his constitutional right to a speedy trial has been violated.

"I have no idea whether this man is guilty or innocent," said Metzger. "What I do know for sure is that the state is guilty for depriving this man of his bill of rights for the last 13 months."

Stephen Singer, a professor at Loyola University New Orleans law school and the lead trial counsel for the public defenders office, said his agency welcomes input from the Katrina-Gideon group because "we can use all the help we can get." But he said indigent defense needs more than the spot treatment the Katrina team provides.

"That helps individual clients, but it doesn't help us solve the problem," Singer said. "What we really need to do is fix the public defenders office."

WAR NEWS:

Bush Reviews Options On Iraq Policy (AP)

By Ben Feller

AP, December 12, 2006

President Bush, eager to show he can take advice on Iraq, embarked on a round of public outreach Monday and promised Americans the unpopular war eventually would make their lives safer.

Preparing for a major speech on the war's future, Bush took the short trip to the State Department to review options with advisers there, then hosted a handful of experts on Iraq policy in the Oval Office.

"Like most Americans, this administration wants to succeed in Iraq because we understand success in Iraq would help protect the United States in the long run," Bush said after his State Department briefing.

The White House remained tightlipped on how Bush is likely to change strategy, saying the president is awaiting reports from his national security team before announcing a plan to the nation. That is expected to happen before Christmas.

The president said his aim is to coordinate advice from his diplomatic and military advisers "so that when I do speak to the American people, they will know that I've listened to all aspects of government."

Indeed, the administration's "new way forward" includes a visible attempt to show an openness to ideas.

On Tuesday, Bush will meet via video conference with senior military commanders, then talk with Iraqi Vice President Tariq al-Hashemi, a Sunni leader, in the Oval Office. Bush met last week with the leader of the largest Shiite bloc in Iraq's parliament, Abdul-Aziz al-Hakim.

On Wednesday, Bush will confer with senior defense officials at the Pentagon.

Since the election, lawmakers of both parties have been to the White House to discuss the war with Bush.

White House spokesman Tony Snow said he saw no "gigantic difference" in the pace of public strategy sessions on the president's schedule. But he added that Bush's travels to the State Department and the Pentagon sent a message.

"It's important that the American people be aware both of his consultation and his level of concern about getting it right," Snow said.

More than 2,900 U.S. military members have died in Iraq. The war has weighed down the Bush presidency and helped shift control of Congress to the Democrats, who have long accused Bush of being stubborn and isolated.

The administration has rejected calls for troop withdrawals until Iraq can govern and defend itself, warning that retreat could create a haven for terrorists and kill a fledgling democracy.

"I don't think he's looking for an easy answer. He's looking for the right answer. And the right answer isn't one person's idea," said Republican strategist Ron Kaufman, who worked in the White House under Bush's father.

"If some retired general or some historian can add to the final solution, then he's doing the right thing," Kaufman said.

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At the State Department, Bush met with Secretary of State Condoleezza Rice and her senior advisers on Iraq, and with diplomats who serve as leaders of U.S. joint civilian-military units called provincial reconstruction teams.

The U.S. ambassador, Zalmay Khalilzad, participated by videoconference. "It was a good give and take," State Department spokesman Sean McCormack said. "The president had questions throughout the entire set of briefings."

Afterward, Bush delivered a statement but took no questions in the Treaty Room, with Rice and Vice President Dick Cheney standing behind him. Looming behind them all were portraits of two former secretaries of state, James A. Baker III and Lawrence Eagleburger — both members of a bipartisan commission that has bluntly told Bush his Iraq policy is not working.

Bush's public remarks echoed his previous statements and gave no indication of any change of strategy.

Later, he sought advice from Stephen Biddle of the Council of Foreign Relations, Eliot Cohen of the School of Advanced International Studies and three retired Army generals: Wayne Downing, Jack Keane and Barry McCaffrey.

Snow said Bush hoped to be able to announce his decisions by Christmas but that the timing could slip. "It's something that we would like to see, but I'm not going to promise it," Snow said.

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AP Diplomatic Writer Anne Gearan contributed to this story.

Bush Prepares To Launch New Iraq Strategy (LAT)

By James Gerstenzang

The Los Angeles Times, December 12, 2006

WASHINGTON — Launching a highly visible round of consultations as he seeks to reshape the U.S. role in Iraq, President Bush reiterated Monday that "success" there was crucial to the long-term protection of the United States and said Iraq's regional neighbors have a responsibility to help the country's fledgling government.

Bush met with Secretary of State Condoleezza Rice and State Department officials and then with three retired Army generals and two outside policy experts, opening a week of conferences before announcing a new direction in Iraq in 2007.

In the aftermath of last week's sharply critical report by the Iraq Study Group, the White House is eager to draw the spotlight to other ideas and options more in keeping with Bush's goals. The Iraq Study Group was led by former Secretary of State James A. Baker III, a Republican, and former Indiana Rep. Lee Hamilton, a Democrat.

Bush continues his policy review Tuesday and Wednesday, with meetings and teleconferences with U.S. military commanders and Iraqi officials, including Iraqi Vice President Tariq Hashimi, the head of the largest party representing Iraq's Sunni Arab minority, and a briefing at the Pentagon on military options.

The in-depth review follows the report by the Iraq Study Group, a commission originally blessed by the White House. The panel concluded that conditions in Iraq were "grave and deteriorating," recommending action to hand over more responsibilities to the Iraqis and withdraw most U.S. combat forces by 2008.

Bush last week voiced antipathy toward the key Iraq Study Group recommendations, which also included talks with Iran and Syria, and leaning on the Iraqi government to settle political squabbles. He then announced this week's battery of meetings as part of "extensive consultations" with experts inside and outside the government.

Speaking with reporters at the State Department after the meetings there, Bush said that he and the advisers talked about "the neighborhood -- the countries that surround Iraq and the responsibilities that they have." That group includes not only Kuwait, Jordan, Saudi Arabia and Turkey, but also Iran and Syria.

At lower levels, officials at the State Department are divided over whether talks with Iran and Syria could significantly stabilize Iraq, as the Baker-Hamilton panel argued. But at the top level, Rice and her aides are vigorously skeptical about the idea.

Friday, Rice told reporters: "In both Syria and Iran, you have states that have chosen to be on the side of the divide that is fueling extremism, not moderation. And that is the essential problem."

The Iraq Study Group recommended that the administration talk to Iran and Syria; Bush has opposed such a course.

Bush is aiming to outline a "way forward" in Iraq in a national address, possibly before Christmas, White House officials said.

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The president said the goal of this week's consultations was to assure the American people "that I've listened to all aspects of government" as he seeks to determine a route that will "achieve our objective: to succeed in Iraq."

White House Press Secretary Tony Snow said Bush and the State Department officials did not specifically discuss the recommendations of the Baker-Hamilton commission, and that the meetings the president is conducting this week were not "a reaction to Baker-Hamilton."

He also said the president, in describing Iraq as "a central component of defeating the extremists" -- not as "the central front" of the terror war -- was not shifting his view but rather varying "the phraseology."

During the afternoon, Bush met privately with five experts on Iraq and the military: Stephen Biddle, a former professor at the U.S. Army War College and fellow at the Council on Foreign Relations; Eliot A. Cohen, an expert on military strategy at the School for Advanced International Studies in Washington, and three retired Army generals: Wayne Downing, Jack Keane and Barry McCaffrey.

"There were a variety of views expressed, and they seemed very interested, it was an engaging session," Biddle said following the White House session. "The president asked lots of questions. Everybody got to make our pitch about what we needed to tell him and react to others and react to the president. It was fairly interactive."

Times staff writers Julian E. Barnes and Doyle McManus contributed to this report.

Bush Keeping All Options Open (NSDY)

By Craig Gordon, Newsday Washington Bureau

Long Island Newsday, December 12, 2006

After stiff-arming the Iraq Study Group report last week, President George W. Bush tried to retake the initiative Monday by launching three days of high-profile consultations to chart his own way forward.

WASHINGTON -- Now it's the president's turn.

After stiff-arming the Iraq Study Group report last week, President George W. Bush tried to retake the initiative Monday by launching three days of high-profile consultations to chart his own way forward.

Bush's message: There are a lot of voices out there, not just one blue-ribbon panel, and I'm listening to them all as I decide how much to change course.

Bush hopes to give a speech laying out his decision before Christmas, but his early comments suggest he is in no mood for the sweeping changes sought by the study group, which called for seeking talks with Iran and Syria and bringing combat troops out by early 2008.

Yet the stakes couldn't be higher, amid deepening public dissatisfaction with the war and Bush's handling of it. Facing growing violence and dwindling options, Bush is embarking on what could be his last major effort to turn around the war that will define his presidency.

His first stop Monday was at the State Department, where he said he would meld advice from top military and diplomatic officials "so that when I do speak to the American people, they will know that I've listened to all aspects of government."

"Like most Americans, this administration wants to succeed in Iraq, because we understand success in Iraq would help protect the United States in the long run," Bush said.

But Bush dropped his calls for victory and seemed to rely on the narrower version of the mission used by the Iraq Study Group in discussing his goals -- a free-standing Iraq that can survive largely free of U.S. help.

After the State Department, Bush heard from five outside experts, including several who criticized the Iraq Study Group findings. Eliot Cohen, a professor at the Johns Hopkins University School of Advanced International Studies, called some of the group's ideas "sheer fantasy."

Today, Bush consults with military commanders in Iraq by teleconference and hosts an Oval Office meeting with a Sunni vice president in the Iraqi government. Tomorrow, he travels to the Pentagon, where he will get a briefing by outgoing Defense Secretary Donald Rumsfeld, ousted the day after Democrats retook Congress.

Rumsfeld expressed disappointment to be leaving, telling Fox News Monday that "I hate to not be doing what I've been doing," but that he believed history would show "an awful lot of right decisions were made."

The one-two punch of a Democratic election sweep and the release of the Iraq report have forced Bush to confront previously rejected shifts in his strategy. In addition, a Newsweek poll out this week showed that the public supports setting a timeline for bringing troops home by almost 2-to-1 -- a move Bush has steadfastly resisted.

Spokesman Tony Snow said Bush is shooting for a pre-Christmas address to the nation but is awaiting the results of three in-house reviews, so the timing could slip until after the holidays.

Experts Advise Bush Not To Reduce Troops (WP)

By Michael A. Fletcher And Thomas E. Ricks

The Washington Post, December 12, 2006

President Bush heard a blunt and dismal assessment of his handling of Iraq from a group of military experts yesterday, but the advisers shared the White House's skeptical view of the recommendations made last week by the bipartisan Iraq Study Group, sources said.

The three retired generals and two academics disagreed in particular with the study group's plans to reduce the number of U.S. combat troops in Iraq and to reach out for help to Iran and Syria, according to sources familiar with the meeting, who spoke on the condition of anonymity because the session was private.

The White House gathering was part of a series of high-profile meetings Bush is holding to search for "a new way forward" amid the increasing chaos and carnage in Iraq. Earlier in the day, Bush met with Secretary of State Condoleezza Rice and other high-ranking officials at the State Department, where he was briefed on reconstruction and regional diplomatic efforts in Iraq.

The military experts met with Bush, Vice President Cheney and about a dozen aides for more than an hour. The visitors told the officials that the situation in Iraq is as dire as the study group had indicated but that alternative approaches must be considered, said one participant in the meeting. In addition, the experts agreed that the president should review his national security team, which several characterized as part of the problem.

"I don't think there is any doubt in his mind about how bad it is," the source said.

The group disagreed on the key issue of whether to send more troops to Iraq, with retired Gen. John M. Keane arguing that several thousand additional soldiers could be used to improve security in Baghdad, and others expressing doubt about that proposal, according to sources at the meeting. But the five agreed in telling Bush that the Army and Marine Corps both need to be bigger, and also need bigger budgets.

The group suggested the president shake up his national security team. "All of us said they have failed, that you need a new team," said one participant. That recommendation is likely to fuel Pentagon rumors that Bush and his new defense secretary, Robert M. Gates, may decide to replace Marine Gen. Peter Pace as chairman of the Joint Chiefs of Staff.

White House officials emphasized that although the experts gave a bleak assessment, they still believe the situation in Iraq is "winnable."

"I appreciate the advice I got from those folks in the field," Bush said after emerging from the morning session. "And that advice is . . . an important component of putting together a new way forward in Iraq."

The carefully choreographed meetings are coming on the heels of the release last week of the Iraq Study Group's report, which pronounced the situation in Iraq "grave" and recommended fundamental shifts in how the Bush administration handles the war. To stem the deteriorating situation in Iraq, the report said, the administration should shift the focus of its military mission from direct combat to training Iraqi troops, while pressing harder for a diplomatic solution by engaging Iran and Syria -- something Bush has pointedly refused to do.

Yesterday's meetings are to be followed today by a videoconference with military commanders before Bush receives Iraqi Vice President Tariq al-Hashemi at the White House. On Wednesday, Bush is scheduled to meet with his outgoing defense secretary, Donald H. Rumsfeld, and another group of military experts.

Coming amid growing public discontent with the war and the defeat of his party in last month's congressional elections, the president's very public review of his Iraq policy is expected to culminate in a major address in which he will lay out what the administration has billed as a "new way forward" in the nearly four-year-old conflict. Press secretary Tony Snow said the

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administration is hoping for the president to deliver the speech before Christmas, although he said the timing has not been nailed down.

Even as the president has been reviewing his approach to the war, he has not backed off his position that victory in Iraq is crucial to victory in a larger fight against terrorism. Bush also calls it essential for Iraq to be stabilized as a functioning democracy -- a sweeping goal on which the Iraq Study Group's report was notably silent.

"Iraq is a central component of defeating the extremists who want to establish safe haven in the Middle East, extremists who would use their safe haven from which to attack the United States," Bush said. "This is really the calling of our time, that is, to defeat the extremists and radicals."

When the White House review began, the interagency group debated whether to try to beat the Iraqi Study Group's report or let it play out and then look "bigger and better" by doing a report later, said an official familiar with the discussions. It was agreed to wait. But the emphasis throughout the month-long process has been to produce a strategy that would be deliberately distinct, the official added.

The White House review does not have the depth or scope of the Iraq Study Group's, according to officials familiar with the deliberations. "There's a lack of thinking on other big issues -- oil, the economy, infrastructure and jobs," said one source who was briefed on the interagency discussions and requested anonymity because talks are ongoing.

During yesterday's White House meeting, Bush asked all the questions, except for one at the end from Cheney, a source said. But Cheney took copious notes throughout, filling several pages, he said. "They didn't really reveal their own views" in their questions, said retired Army Gen. Barry McCaffrey, one of the five participants.

As a whole, the group of retired generals and academics who met Bush tend to be skeptical of the Iraq Study Group's proposals, and so were able to give him additional reasons to reject its recommendations.

The first to speak was Eliot A. Cohen, an expert in military strategy at Johns Hopkins University, who has criticized the study group's findings, particularly on engaging Iran and Syria and on decreasing combat troops. He was followed by Keane, McCaffrey and Wayne A. Downing, all retired four-star Army generals. Two have told friends they are skeptical of the study group's recommendation to cut U.S. combat forces over the next year while quadrupling the size of the training and advisory effort, which currently numbers around 4,000.

Staff writer Robin Wright contributed to this report.

Bush Urges Iraq's Neighbors To Help Bring Stability (WSJ)

By Henry J. Pulizzi

The Wall Street Journal, December 12, 2006

WASHINGTON – President Bush on Monday opened three days of intensive consultations on Iraq, saying the U.S. and countries across the Middle East have a vital stake in helping the government in Baghdad succeed.

"We believe that most of the countries understand that a mainstream society, a society that is a functioning democracy, is in their interests," Mr. Bush said after meeting with State Department officials on Iraq. "And it's up to us to help focus their attention and focus their efforts on helping the Iraqis succeed." (Bush statement1)

The president, flanked by Vice President Dick Cheney and Secretary of State Condoleezza Rice, didn't name any countries, however, one of the Iraq Study Group's main proposals was for enhanced regional engagement, including with Syria and Iran.

Mr. Bush's meeting at the State Department is one of many he is having this week in the process of weighing his strategy options on Iraq. In addition to the Iraq Study Group's recommendations, a series of internal administration reviews are in process. The president, who will meet with outside experts on Iraq later in the day, hopes to update the nation on his Iraq plans by the end of the year.

On Tuesday, Mr. Bush is scheduled to meet via video conference with senior military commanders and the U.S. ambassador to Iraq, Zalmay Khalilzad, and then host Iraqi Vice President Tariq al Hashemi in the Oval Office. On Wednesday, he meets with officials at the Pentagon.

"I am looking forward to continuing my deliberations with the military," Mr. Bush said at the State Department. "There's no question we have to make sure that the State Department and the Defense Department, the efforts and their recommendations,

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are closely coordinated so that when I do speak to the American people, they will know that I've listened to all aspects of government and that the way forward is the way forward to achieve our objective to succeed to Iraq."

Mr. Bush said he was briefed from Baghdad and by a civilian "provincial reconstruction team" leader in Washington. "I appreciate the advice I got from those folks in the field," he said. "That advice is an important component of putting together a new way forward in Iraq."

Administration officials are weighing options, including a short-term buildup of troops and a revamped approach to dealing with Iraq's warring factions. Heading toward the new year, Mr. Bush is awaiting reports from the Pentagon, the State Department and the National Security Council.

Last week, Bush met separately with Shiite political leader Abdul-Aziz al Hakim, members of the bipartisan Iraq Study Group, British Prime Minister Tony Blair, plus lawmakers from the armed services, intelligence and foreign relations committees.

In Advance Of Speech, Bush Seeks Iraq Advice (NYT)

By Jim Rutenberg

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — President Bush on Monday began an Iraq war listening tour that will last much of this week, as he and his war cabinet work urgently toward a new strategy he can present to the public before Christmas.

The internal administration debate is focusing acutely on whether — and how — the United States should press the Iraqi prime minister, Nuri Kamal al-Maliki, to take more aggressive steps to crack down on militias, among other issues, following a specified timeline.

That course was among those recommended last week by the bipartisan Iraq Study Group, which called on the United States to link continued political and military support for Mr. Maliki's government to benchmarks it would have to meet.

The administration has been generally opposed to putting overt pressure on Mr. Maliki, but on Monday Tony Snow, the White House spokesman, left open the possibility that the United States would seek a way to get Mr. Maliki's government to achieve stability faster and get American troops home.

"There are going to be the best efforts to succeed as quickly as possible," Mr. Snow said. "The president has made it clear to Iraqis and to the United States that we want to have this succeed, and we want it to succeed as quickly as possible."

Mr. Snow refused to say whether the president remained firmly opposed to establishing timetables for American withdrawal — which would presumably coincide with Iraqis' reaching certain benchmarks in securing the country. However, he indicated during his regular afternoon briefing with reporters that the president would address the issue during an expected speech laying out his plan. He later said he had meant to imply only that the president was open to various options.

The White House said Mr. Bush used meetings on Monday at the State Department with Secretary of State Condoleezza Rice in the morning and in the Oval Office with a group of military and Iraq policy experts in the afternoon to review political and military options in Iraq as he attempts to chart what he has called "a new way forward."

As the administration grapples with how to reconcile sparring Sunni and Shiite factions in Iraq, Mr. Bush is to meet Tuesday with the Iraqi vice president, Tariq al-Hashemi, the leader of the most powerful Sunni Arab party in Iraq. That meeting is to follow a video teleconference between Mr. Bush and several American commanders, the departing secretary of defense, Donald H. Rumsfeld, and Zalmay Khalilzad, the American ambassador to Iraq.

Aides said that through this week's meetings Mr. Bush was "approaching the conclusion" of his deliberations. But officials said the semipublic nature of the meetings — which were put on Mr. Bush's schedule last week — were also in part intended to show that he is urgently working on a solution to the worsening instability of Iraq at a time of heavy public pressure to show progress there.

That pressure has mounted from the incoming Democratic-led Congress, from some Republicans, and from the Iraq Study Group, whose report last week prescribed 79 recommendations to help reverse what it called a "grave and deteriorating" situation in Iraq.

A poll released by CBS News on Monday showed Mr. Bush had his lowest approval rating ever on the war, with just 21 percent of those surveyed saying they approve of his handling of Iraq.

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But after a weekend in which members of the neoconservative wing of his party blasted the report for proposing what they considered to be veiled retreat, and in which administration officials described some suggestions as unrealistic and impractical, the White House said the report did not play a large role in Monday's discussions.

Asked if the report came up at the State Department meeting, Mr. Snow said, "not really." And, he said, he did not expect the panel of experts to discuss it much during the Oval Office session either, saying they were not going to the White House to present "a book review."

In another indication that the White House is distancing itself from the report, four of the five experts at the Oval Office — retired four-star generals Barry McCaffrey and Jack Keane, and Eliot A. Cohen of Johns Hopkins University and Stephen Biddle of the Council on Foreign Relations — have already publicly questioned the practicality of certain suggestions by the study group.

Still, the administration's discussions center on many of the same issues the study group addressed. A senior official has said that among the most complicated questions facing the president is how to get Mr. Maliki, a Shiite, to move more aggressively against Shiite militias — including the one led by one of his most powerful patrons, Moktada al-Sadr — and to provide basic services more quickly.

The report has suggested threatening Mr. Maliki and his government with a loss of United States support should the prime minister fail to meet a set of milestones. That would differ from the president's fundamental resistance to bringing United States troops home before the Iraqi government can "sustain, govern and defend" itself.

Officials investigated reports from Baghdad that some of Mr. Maliki's fellow Shiites were plotting to push him from office and said that they were false.

And, after his meeting with Ms. Rice — which Vice President Dick Cheney attended as well — Mr. Bush said they had discussed the roles Iraq's neighbors could play in stabilizing Iraq, which is a central suggestion of the study group's report. But Mr. Bush continued to make it clear he did not believe Syria or Iran would play such roles.

"We believe that most of the countries understand that a mainstream society, a society that is a functioning democracy, is in their interests," Mr. Bush said.

President Discusses Strategy This Week With Military, Diplomatic, Iraqi Leaders (USAT)

By David Jackson

USA Today, December 12, 2006

WASHINGTON — President Bush holds a videoconference today with military leaders in Iraq, part of a series of high-level meetings to help him develop "a new way forward" on the war that could be announced as early as next week.

Bush's discussions about Iraq come after a bipartisan commission delivered its recommendations on the war last week, including a withdrawal of most U.S. combat troops by 2008, conditions permitting. The president opposes a timetable for withdrawal until the Iraqi government can sustain itself.

On Monday, Bush's version of an in-house listening tour began with a discussion of diplomatic initiatives at the State Department.

"When I do speak to the American people, they will know that I've listened to all aspects of government," Bush said after the meeting, which included Secretary of State Condoleezza Rice and Vice President Cheney.

Also scheduled today: an Oval Office meeting with Tariq al-Hashemi, a Sunni vice president in Iraq's coalition government.

On Wednesday, Bush will go to the Pentagon to meet with military officials about the increasingly unpopular war, which helped cost Republicans control of Congress in the elections in November.

White House spokesman Tony Snow said Bush hopes to outline his Iraq plans before Christmas, but "it's not locked down."

"It's something we would like to see, but I'm not going to promise it," Snow said.

Bush's meetings are part of an internal administration review of Iraq policy, Snow said. The National Security Council is coordinating the effort.

Bush repeated Monday that success in Iraq would "help protect the United States in the long run" by denying safe haven to "extremists and radicals." He defined success as a nation that governs and defends itself and "serves as an ally in this war on terror."

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Some of Bush's fellow Republicans have been offering their own ideas about Iraq.

Sen. John McCain, R-Ariz., a likely presidential candidate, wants to increase the number of troops in Iraq. Sen. Gordon Smith, R-Ore., who voted to give Bush the authority to invade Iraq, says he doesn't want U.S. troops caught in the middle of sectarian strife. He has suggested the United States "reposition" its forces to curb weapons that come into Iraq from Syria, Saudi Arabia and Iran.

Bush also met Monday in the Oval Office with three retired Army generals: Wayne Downing, Jack Keane and Barry McCaffrey. Also at the meeting were Stephen Biddle with the Council on Foreign Relations and Eliot Cohen, who teaches at Johns Hopkins University.

The Iraq Study Group, led by former secretary of State James Baker and former congressman Lee Hamilton of Indiana, recommended a new diplomatic offensive that includes talks with Iran and Syria. The Bush administration has declined to talk with either nation, citing Iran's uranium-enrichment program and Syria's efforts to destabilize the Lebanese government.

In his brief remarks at the State Department, Bush did not cite Iran and Syria by name. He said he discussed with Rice and other State officials "the neighborhood, the countries that surround Iraq and the responsibilities that they have to help this young Iraqi democracy survive."

USA More Pessimistic On Iraq War (USAT)

By Susan Page, Usa Today

USA Today, December 12, 2006

WASHINGTON — As President Bush weighs changing course in Iraq, Americans are increasingly pessimistic about the war and want most U.S. troops withdrawn within a year, a USA TODAY/Gallup Poll taken Friday through Sunday says. Three of four support the major recommendations unveiled by the Iraq Study Group last week.

Most predict the administration won't implement the bipartisan commission's proposals, however. And fewer than 1 in 5 have "a great deal" of trust in Bush to "recommend the right thing" for the United States to do in Iraq.

Confidence in Democratic congressional leaders to chart the proper course is even lower, at 14%.

"October and November were very bad months for casualties in Iraq, and people are asking, after so much sacrifice, why hasn't there been any progress?" says Richard Eichenberg, a political scientist at Tufts who studies public opinion toward war. He calls Americans' conclusion that Iraq is enmeshed in a civil war "a threshold event" that erodes backing for the mission.

"To the extent that the American people think they are defending themselves and their security, they're fairly supportive of using military force," Eichenberg says. In a civil war, though, the conflict is seen as an intractable one that demands a political solution, not a military one.

By 76%-22%, those surveyed say Iraq is in a civil war. The White House disputes that characterization, calling the conflict part of a global battle against terrorism.

STAY THE COURSE?: Most say costs outweigh benefits | Poll results

The public's impatience with developments in Iraq and its enthusiasm for the Iraq Study Group's plan doesn't ensure that Bush will take their advice, cautions Edward Walker, a former assistant secretary of State and U.S. ambassador to Israel and Egypt.

"There is very little leverage anyone has over presidents in a war-time situation," says Walker, who teaches global politics at Hamilton College in Clinton, N.Y. He sees some similarities to the Vietnam War, when Lyndon Johnson long resisted anti-war pressures and protests that eventually undermined his presidency.

Bush is making a round of consultations with Pentagon generals, State Department strategists and historians to chart a new direction in Iraq. He plans to deliver an address to the American people before Christmas about his plan.

While 55% of Americans want most U.S. troops withdrawn within a year, only 18% think that will happen. More than 4 in 10 predict American troops will be deployed in Iraq for more than two years, though just 14% endorse that idea.

The president's job-approval rating is 38%, up 5 percentage points from the survey taken immediately after congressional elections last month. Opposition to the war and Bush's leadership of it contributed to a Democratic takeover of the House and Senate.

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The poll's margin of error is +/—3 percentage points for full sample.

Among the findings:

• In a question asked of a half-sample, a record high 62% of Americans say the war in Iraq isn't "worth it," and a record low 16% say the United States is winning. That's less than half the 40% who held that view a year ago. Now, nearly two-thirds say neither side is winning.

Looking ahead, 35% predict the United States eventually will win the war, also a new low.

• About three of four support each of three major recommendations by the Iraq Study Group: Negotiating directly with Iran and Syria, jumpstarting peace talks aimed at resolving the Israel-Palestinian conflict, and withdrawing most U.S. combat troops by March 2008.

• On the long-term consequences of the war in Iraq: 38%, of those surveyed predict people in Iraq will be better off because of the war; 35% say they will be worse off.

However, pluralities say people in the USA will be worse off and that the war on terrorism and stability in the Middle East will be hurt. Sixty percent say the image of the United States around the world will be damaged.

Americans Conflicted About Iraq War's Course (USAT)

By Susan Page And William Risser, Usa Today

USA Today, December 12, 2006

WASHINGTON — Most Americans are convinced of two things: It's important that the United States succeed in Iraq. Eight in 10 of those surveyed in a USA TODAY/Gallup Poll over the weekend agree with President Bush about that.

Important, perhaps, but not worth the price. By nearly 2-1, they also say the costs of succeeding in Iraq outweigh the benefits. Eight in 10 want most U.S. troops withdrawn within two years. Nearly a third want them home within six months.

"There's got to be a change of direction," says Lorne Eustis, 79, a retired truck driver from Ogdensburg, N.Y., and a Republican who was among those surveyed. "I don't care what it is but something has got to be done. GI's are getting killed over there for nothing."

The poll of 1,009 adults, taken Friday through Sunday, finds an American public that is deeply conflicted. Most worry not only about the costs of staying in Iraq but also about the consequences of pulling out. While 60% say the United States could win the war, 61% say the United States won't.

"You don't find a majority support for immediate withdrawal, but they're definitely looking for a way out," says Steven Kull, director of the Program on International Policy Attitudes at the University of Maryland, which has surveyed American and Iraqi public opinion on the war. "They don't believe that you're going to leave an ideal 'City-on-the-Hill' democracy behind" but also think that pulling out amid chaos would create its own problems.

"They are looking for ways to mitigate the consequences of disengagement," Kull says.

The survey finds a sharp partisan divide on the war. Sixty-three percent of Republicans say the benefits of the war outweigh its costs, compared with 28% of independents of just 12% of Democrats.

"I think we've been there long enough and it's a mess," says Amy Lantz, 38, a homemaker from Wilmington, Del., and an independent voter. "I'd love to see them come home today," she says of U.S. troops, "but if we did pull out today it would just blow up. It just seems like complete chaos right now."

Most of those surveyed say they're following closely the recommendations of the Iraq Study Group, unveiled last week. While most say they don't know enough about the group's recommendations to judge whether the Bush administration should implement them, those with an opinion support the proposals by nearly 5 to 1.

"I don't know what it contained but it wouldn't hurt to look at it a different way because we're not getting anywhere right now," says Estel Aleshire, 76, a retired autoworker from Portage County, Ohio, who twice voted for Bush.

Americans overwhelmingly endorse specific proposals advanced by the commission.

Many support the idea of pushing Iraqis to take more responsibility for security operations and political progress. "Anything that takes responsibility off of us and puts it over there is fine with me," says Catherine Ostrowski, 32, of Amherst, N.Y. She wants Bush to "stop sending new troops over" and bring the troops there home within a year.

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Patti Nickels, 45, a Republican from Bristol, Pa., says negotiating with Iran and Syria just makes common sense. "Sure, husbands and wives don't get along, boyfriends and girlfriends don't get along," she says. "You have to have some type of communication."

She's not sure about the commission's recommendation that most U.S. combat troops withdraw by March 2008, though. "Finish the job," she says. "If we pull out now, what was the sense of us going over there in the first place?"

Robert Jondal, 59, of Two Harbors, Minn., wants most U.S. troops withdrawn sooner. A Democratic-leaning voter, he says the party's leaders aren't responding fast enough to the message sent in last month's elections. "I don't think we're going to do that much good sticking around longer," he says.

Tina Rinkert, 25, a Democrat from Taylorsville, Utah, agrees. "The sooner they get out of there, the better," she says. "I'd like there to be peace, but I'd also like them to be home with their families."

Draft Democrats To Help Run Iraq (LAT)

By Mike Murphy

The Los Angeles Times, December 12, 2006

PRESIDENT BUSH should spend less time worrying about the tangled politics of Iraq and more time mastering the equally fractured politics of Washington. The war in Iraq has become partisan — and partisan wars are impossible to fight successfully. The grim truth is that between the "thumping" his party took at the ballot box in November and the intrusive help of the Baker commission, the president has lost so much power at home that he can no longer maneuver successfully in Iraq.

How can he or his subordinates successfully negotiate with the bitter factions inside Iraq when his administration is seen as hobbled and when his ability to do much beyond withdrawing American forces is doubted? Indeed, the chief result of last week's report from former Secretary of State James A. Baker III and his squadron of wise men has been to corner an already weakened president by proposing a general strategy of retreat and withdrawal, while remaining maddeningly opaque about how to go about it without delivering Iraq into the hands of its many budding civil-war makers.

War, as we all know, is an extension of politics, and before he can achieve anything in Iraq, the president must first quickly reestablish his political authority in Washington. Otherwise, his position will decline even further as the Democrats attempt to seize more control of Iraq policy. The squabbling and paralysis that would ensue is certain to send a very dangerous message of American weakness to the exactly the wrong people — not just in Baghdad and Fallouja but in Tehran and Pyongyang as well.

Bush likes to move boldly and preemptively. He would be well advised to do so right now by adopting a strategy that he would find immensely painful but that is the best option he has. He should trump the Baker commission by extending its bipartisan spirit to make the Democrats an offer no patriot can refuse: He should establish a bipartisan war council made up of his national security team and the Democratic leaders of the key national security committees in Congress.

Under the president's leadership, this council would conduct the Iraq war, becoming the key coordinating vehicle for Iraqi policy. The president would not cede his authority as commander in chief, but he would work with this group — which would include such leaders as Sens. Joseph R. Biden Jr. (D-Del.) and Carl Levin (D-Mich.) and Reps. Ike Skelton (D-Mo.) and Silvestre Reyes (D-Texas) — to develop a consensus policy for Iraq.

Developing compromise inside such a war council would not be easy. The president would find ceding power a very bitter pill to swallow, and his Democratic critics would find that the Iraq war is much easier to criticize than to manage.

But only legitimate bipartisanship can give the president back the authority he needs to move diplomatically and militarily.

For example, most experts believe that the quickly deteriorating situation in Iraq needs to be immediately stabilized before a full-scale civil war overtakes events. Stabilization would probably require the direct application of military force against both Sunni insurgents and Shiite militia forces in a blunt assertion of U.S. power. It might even require a buildup of more U.S. troops in the short term. But undertaking any such offensive moves in Iraq would be impossible without at least some bipartisan support — and the Democrats are unlikely to grant that support without a true role in policymaking.

Some in the White House might argue that a power-sharing deal on Iraq with the Democrats is unnecessary. After all, the president — not the nagging Democrats on Capitol Hill — is the commander in chief. Winston Churchill, they might argue, would never have surrendered such control during the darkest days of World War II to shortsighted and defeatist critics.

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Perhaps. But it's worth remembering that Churchill, Britain's determined prime minister, ran his war with a coalition war cabinet made up of leaders from all parties. He knew that successful war-waging and partisanship cannot coexist.

If the situation in Iraq continues to decline and the Democrats, excluded from participation, are allowed instead to rage along in an irresponsible campaign mode, the destructive gridlock over Iraq will get even worse.

Promises made by the Democratic majorities in Congress that they will not interfere with war appropriations are meaningless. Democrats now have congressional power, and they will use it. Far better for Bush to demand a partnership in the national interest, even if painful concessions are the necessary price. Far better to force the Democrats to accept the sober responsibilities that come with power than to keep them on the sidelines and become engulfed in a domestic political civil war over Iraq that the president no longer has the power to win.

The president could, in one statesmanlike gesture, end the paralysis in Washington, force Democratic maturity, reestablish his leadership and show our enemies American unity and resolve at a critical time for our nation. The public would reward it, and the national interest demands it.

Honor Killing (WSJ)

By Bret Stephens

The Wall Street Journal, December 12, 2006

Alexis de Tocqueville observed that in America morals count for a lot while honor counts for relatively little. Reading the lamentable report of the Iraq Study Group, it shows.

The operative word in the ISG report is "should," which is what grammarians call a defective verb. The report easily contains more than 100 shoulds, varying tonally from hectoring to plaintive to nitpicking. The report's ninth recommendation, for instance, stresses that "Iran should be asked to assume its responsibility to participate in the Support Group" while the 23rd says "the President should restate that the United States does not seek to control Iraq's oil." Only rarely do the ISG authors employ different language, such as when they say "there must be a renewed and sustained commitment by the United States to a comprehensive Arab-Israeli peace." Like an editorial in the New York Times, this is an exercise in homiletics, not persuasion.

By contrast, the word "honor" appears just once: "We also honor the many Iraqis who have sacrificed on behalf of their country," write ISG co-chairmen James Baker and Lee Hamilton, who also put in a kind word for our Coalition allies.

But honor isn't simply a sentimental verb. It is a decisive principle of action in all foreign policy, never more so than in the honor-obsessed Middle East. It is not about good intentions, wisdom or virtue, but about appearances and perception: "Honor acts solely for the public eye," wrote Tocqueville. In practice, it means standing by one's friends and defying one's enemies, whatever the price. During the 1973 Yom Kippur War Richard Nixon ordered the military resupply of Israel in its hour of need not because he was sympathetic to Jews -- he wasn't -- but because he understood that the U.S. could not be seen to let a client down. Nine months later, he was accorded a ticker-tape parade through the streets of Cairo.

How does the ISG report meet the test of honor? Mainly by failing it. The report is chiefly notable for declaring in its first sentence that "the situation in Iraq is grave and deteriorating." This statement of fact is being celebrated by sundry commentators as a bold and necessary act of speaking truth to power. This may be true in Washington, but what does it actually achieve in Iraq? The invaluable translation service Memri offers a clue in the form of a response to the ISG report on Islamist Web sites connected to the Iraqi insurgents: "Now that its wager on the Shi'ite government [of Iraq] has failed [to pay off]," goes the message, "the American administration [is striving] to foil . . . any attempt to [establish] . . . an Islamic State in the form of a Caliphate in Iraq . . ."

Next there is the report's repeated calls for "national reconciliation," by which the authors mean that the Iraqi government "must send a clear signal to Sunnis that there is a place for them in national life." This is unobjectionable, insofar as it involves purely economic questions such as oil-revenue sharing, though this is itself highly controversial.

Yet the recommendation becomes something else entirely when it demands that the Iraqi government accommodate the very people who have been at the forefront of the insurgency's mass-murder campaign. That isn't likely to appease the Sunnis, whose track record of the past 40 months offers scant hope that they are seriously prepared to behave as a responsible minority in a predominantly Shiite country. But it is likely to alienate the one constituency the U.S. cannot afford to lose -- the government of

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Prime Minister Nouri al-Maliki and particularly President Jalal Talabani, who wasted no time denouncing the ISG report as "dangerous" and "an insult to the people of Iraq."

Having thus emboldened terrorists and alienated friends, the report proceeds to the suggestion that the U.S. seek the cooperation of Syria and Iran, its two principal enemies in the region, on the theory that neither country wants chaos on its border. It's an interesting idea, given that sowing chaos on their borders is precisely what both countries have been doing in Iraq, and elsewhere, for years.

But the larger question isn't whether Iran and Syria will cooperate in the "New Diplomatic Initiative" and "International Support Group" grandiosely envisaged by the report. It is what the announced willingness to parley says about America's long-term interests in, and intentions for, the region. The Bush administration overthrew the regime of Saddam Hussein largely as a way of "signaling" that it was no longer prepared to countenance a Middle East of terrorism-sponsoring regimes. Now the ISG announces that not only is the U.S. prepared to deal with those regimes, but that it will do the bidding of one of them, Syria, by again putting maximum pressure on Israel to abandon the Golan Heights. In this, at least, it does so on the plausible theory that unlike Iraq's Shiites our Israeli friends cannot betray us because they have nowhere else to turn.

All this can variously be described as wishful or foolish or wrong, and President Bush seems to have received it with a beady eye. With luck, it will find its place on the shelf between Kofi Annan's plan for U.N. reform and Robert Pozen's Social Security reform proposals.

What matters more than the fate of the ISG report, however, are the political symptoms it betrays. The report is surely right that there is "no magic formula to solve the problems of Iraq." Yet if the U.S. faces a terror problem today, it is not because it is an obnoxious hyperpower or a rapacious globalizer, but because of the deep suspicion that it is not too ashamed to betray its friends or cut a deal with its enemies -- in short, that it lacks a sense of honor. In this sense, the Iraq Study Group has already inflicted its damage, no matter where it goes from here.

Bush Can't Keep Giving Foes Silent Treatment (USAT)

By Dewayne Wickham

USA Today, December 12, 2006

Shortly before the Iraq Study Group called for direct talks between the Bush administration and the governments of Syria and Iran, Cuba extended an olive branch to the White House.

"We take this opportunity to once again state that we are willing to resolve at the negotiating table the long-standing dispute between the United States and Cuba," acting President Raul Castro said. It was an offer that José Miguel Insulza, secretary general of the Organization of American States, urged President Bush to accept.

But instead of treating the Cuban call for dialogue as a diplomatic breakthrough, the Bush administration saw it as an outrage.

State Department spokesman Sean McCormack said there will be no talks with the younger Castro, who became the island's acting president when his brother, long-time Cuban leader Fidel Castro, fell ill. The Bush administration doesn't want to talk to a "dictator-in-waiting," McCormack said.

Refusing to hold direct talks with its most troubling adversaries is a defining principle of Bush's foreign policy. It is one that might make his administration the most impolitic since this country took a commanding position on the world stage — and the most dangerous.

Less than a week after the State Department rebuffed Raul Castro's overture, Bush appeared to reject the Iraq Study Group's call for unconditional talks with Iran and Syria to help end the fighting in Iraq. That won't happen, he said during a news conference, unless Iran agrees to "verifiably" suspend its nuclear enrichment program and Syria stops "destabilizing" Lebanon's government.

"I hope he doesn't mean that. I hope he's just posturing," says Rep. Maxine Waters, D-Calif., who chairs the 73-member "Out of Iraq" congressional caucus.

"These are not little people that you can just stare at and frighten," Waters says of the leaders of North Korea, Iran, Syria and Cuba. "That's not the world we live in anymore."

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No, but it is the diplomatic world in which the Bush administration is stuck. The president doesn't seem to understand that it is not hawkish intransigence but steady diplomacy that has the best chance of keeping this nation out of shooting wars — or decades of political trench warfare, as is the case with Cuba.

Bush's characterization of North Korea, Iran and Iraq as an "axis of evil" — and the war he subsequently launched to topple Saddam Hussein — probably pushed Kim Jong Il's government to launch its first test of a nuclear weapon earlier this year. Since 2003, the Bush administration has taken part in six-party talks (with North Korea, China, Russia, Japan and South Korea) to reduce tensions on the Korean Peninsula. The next session is Saturday.

But those on-again, off-again talks are a poor substitute for the kind of focused discussions needed to normalize relations between the United States and North Korea, and broker a long-overdue peace treaty to replace the armistice that ended the Korean War.

"It's a stupid foreign policy," says Dennis Jett, dean of the University of Florida International Center. "The president is trapped by his own rhetoric when he goes around painting people as evil. It's not to say that they are nice people, but it isn't productive not to talk to them."

Jett is not surprised Syria, North Korea, Iran and Cuba have rejected the preconditions that Bush demands in return for bilateral talks. "He's effectively saying to them, 'If you capitulate, then we'll talk about negotiating the details of your capitulation,' " says Jett, a former career diplomat and ambassador to Peru and Mozambique.

That kind of gunboat diplomacy won't work. With two years left in his presidency, Bush still has time to open a meaningful dialogue with the leaders of the nations he has refused to talk to. He still has time to realize that talking directly to his adversaries is a sign of strength — not weakness.

DeWayne Wickham writes weekly for USA TODAY.

Time To Offshore Our Troops (NYT)

By Eugene Gholz, Daryl G. Press And Benjamin Valentino

The New York Times, December 12, 2006

THE Iraq Study Group's recommendation that the United States withdraw its combat forces from Iraq reflects a growing national consensus that our military cannot quell the violence there and may even be making matters worse. Although many are hailing this recommendation as a bold new course, it is not bold enough. America will best serve its interests in the Persian Gulf by withdrawing its ground-based military forces not only from Iraq, but from the entire region.

Critics of the report continue to debate the wisdom and details of a drawdown in Iraq, but there has been no debate about America's broader strategy in the gulf. Policymakers and analysts from across the political spectrum assume that the United States must maintain a robust military presence there.

The bipartisan authors of the report, for example, advocate maintaining "a considerable military presence in the region" including "powerful air, ground and naval deployments in Kuwait, Bahrain and Qatar" even after the last American combat troops leave Iraq. Others — including Donald Rumsfeld and Hillary Clinton — go further and consider strengthening our forces around the gulf by shifting some troops from Iraq to neighboring countries.

Maintaining a large military presence in the region has been the cornerstone of American policy since the 1991 Persian Gulf war, and remains so today. With the Iraq war, we now have tens of thousands of troops elsewhere in the neighborhood.

But this strategy is flawed. In fact, many of the same considerations that led the Iraq Study Group to call for withdrawal of combat forces from Iraq suggest that the United States should withdraw its troops from neighboring states as well — leaving only naval forces offshore in international waters. As in Iraq, a large United States military footprint on the ground undermines American interests more than it protects them.

Just as our troops on Iraqi streets have provided a rallying point for the insurgency, the United States military presence throughout the region has been a key element in Al Qaeda's recruitment campaign and propaganda. If America withdrew from Iraq but left behind substantial forces in neighboring states, Al Qaeda would refocus its attacks on American troops in those countries — remember the 1996 bombing of the Khobar Towers in Saudi Arabia?

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Worse, the continued presence of our military personnel across the region will continue to incite extremists to attack American cities. Osama bin Ladin repeatedly stated that the presence of American forces on the holy ground of the Arabian Peninsula was a primary reason for 9/11.

Our presence also destabilizes our important regional allies. Not only do American bases make these countries a target for terrorists, but many of their citizens bristle at the sight of United States bases on their soil. Indeed, the most serious near-term threat to our energy interests is the overthrow of friendly governments by domestic Islamic extremists, a danger that is increased by the presence of our troops.

The good news is that the United States does not need to station military forces on the ground in Persian Gulf countries to protect its allies or to secure its vital oil interests. For nearly 30 years, Pentagon planners have focused on two principal threats in the gulf: the conquest of major oil reserves (by the Soviet Union or a regional power like Iraq or Iran) and interference with shipping through Persian Gulf waters, particularly through the Strait of Hormuz. Forces stationed "over the horizon" — afloat in the Indian Ocean and at bases outside the Middle East — can address both threats.

By maintaining a strong naval presence in the Indian Ocean, along with some naval forces in the international waters of the Persian Gulf itself, the United States would be able to thwart an invasion of any gulf oil producer. Long-range American aircraft stationed at Diego Garcia, an island in the Indian Ocean, could contribute as well. Should more substantial threats arise, those air and naval forces would buy time for ground forces and land-based aircraft to return to bases in the region.

This is the same strategy that the United States used to defend the Persian Gulf during the later years of the cold war. It would be even more effective now. Today's adversaries have considerably less offensive military power than 15 years ago: the Soviet Union is gone; two wars with the United States have destroyed Iraq's offensive capacity; and Iran's poorly trained and ill-equippedground forces have grown even more obsolete.

While the threats have withered, new technology has vastly increased American military capabilities. Today, aircraft carrier strike groups can carry hundreds of precision land-attack cruise missiles in addition to their complement of aircraft (which also drop precision weapons). And long-range Air Force bombers are now far more lethal against ground targets, particularly targets advancing across highways and open desert.

Yes, there are limits to our military might. America's vast firepower is ill suited for policing the streets of Baghdad, or forcing Sunnis, Shiites and Kurds to get along in Iraq. But our modern weapons could easily halt an Iraqi or Iranian invasion in its tracks.

Protecting the flow of oil through narrow shipping lanes in the gulf is a more difficult mission. But responding to Iranian mines or cruise-missile attacks on oil tankers would not require ground forces or land-based aircraft to be stationed in the Persian Gulf during peacetime. In fact, in a war in the Strait of Hormuz, American operations would be carried out largely by submarines, surface ships and naval aircraft — all of which could be stationed in the Indian Ocean during peacetime.

There are, of course, other threats to American interests in the region. Terrorists could damage key oil fields and ports, or friendly governments in the gulf could be toppled by anti-American extremists. These concerns, however, do not justify peacetime forward deployment. United States allies play the primary role defending their own oil fields and safeguarding their internal security, and their forces are better suited for the job. If anything, the presence of "infidel" soldiers nearby increases the likelihood of terrorist attacks and political upheaval.

This does not mean the United States can withdraw all its military power from the region tomorrow. As the Iraq Study Group persuasively argued, forces will be needed in Iraq during a transition to train Iraqi troops, to guard against threats to topple the government in Baghdad, and to strike at any newly discovered Al Qaeda threats. But these missions can be conducted from a small number of temporary Iraqi bases in remote parts of the country, where the American soldiers would be less visible and less vulnerable.

The Iraq war is now a painful failure for the United States. One silver lining brightens that gray backdrop. The Iraq debacle creates an opportunity to reassess longstanding policies that would otherwise be too difficult to change and prompts us to rethink the premises of United States military policy toward the Persian Gulf region. The best way to increase our security and the stability of that troubled region is, paradoxically, to drastically reduce our military presence there.

Washington Looks To 'Blame Iraqis And Run' (FT)

DOJ_NMG_0105506

By Edward Luce In Washington

Financial Times, December 12, 2006

As George W. Bush agonises over which bits of last week's Baker-Hamilton re-port to adopt for his forthcoming "new way forward in Iraq" announcement, an-other consensus is emerging in Washington on how to handle the situation: blame the Iraqis.

Although informed observers say that the writ of the Iraqi government stops at the perimeter of the Green Zone - the heavily fortified enclave in the centre of Baghdad - leading Republican and Democratic politicians in the US are increasingly blaming the friable coalition government of Nouri al-Maliki, Iraqi prime minister, for a lack of progress.

It is a consensus that was crystallised last week by the Iraq Study Group, which called on Mr Bush to withhold US assistance from Baghdad unless it made progress on fulfilling a long list of US-imposed "milestones". It is also shared by many senior officials in the Bush administration, which had already drawn up an earlier list of milestones for Mr Maliki.

"You could call it 'blame and run' ", said Zbigniew Bzrezinski, a former national security adviser now at the Centre for Strategic and International Studies. "It is based on a pervasive illusion that there is such a thing as an Iraqi government.

"The more we blame it for doing things it cannot do, the more impotent it will become. 'Blame and run' is self-fulfilling."

Strobe Talbott, head of the bipartisan Brookings Institution, agrees. In a speech last week he criticised the view that Baghdad could be pressed to make changes such as disarming the sectarian militias by threatening to withhold military, political or economic aid. The ISG report states that Baghdad must prove that it "deserves" future aid.

"The logic of that pressure tactic - that is, why it should work with the Iraqis - is not clear, since most of them want us out [of Iraq]," said Mr Talbott. "The logic on our own side, however, is very clear indeed: having pre-emptively invaded their country, let's pre-emptively blame them for the mess we've made of it."

The breadth of support for such a line is striking. In a leaked memo last week, Donald Rumsfeld, the outgoing defence secretary, said the Iraqis needed "to pull their socks up".

In a recent speech, Senator Barack Obama, the Democratic presidential hopeful who opposed the Iraq invasion, implied that Baghdad was suffering from welfare dependency. "No more coddling, no more equivocation," he said.

"Our best hope for success is to pressure the Iraqi leadership to finally come to a political agreement between the warring factions that can create some sense of stability in the country and bring this conflict under control."

Likewise, Senator Hillary Clinton, the Democratic frontrunner, said America's credibility was being held hostage by the Iraqi government. "We need to press consistently, privately and publicly the Iraqis to become serious about achieving an in-ternal reconciliation and po--litical solution, and pre-sent real consequences for their failing to do so," she said.

But it is not a view that is widely shared by those with extensive direct experience of Iraq. Among the 10 members of the ISG, only Chuck Robb, a former Democratic senator, travelled outside the Green Zone when the group was in Baghdad last August. Among those who have travelled extensively around the country, there is a fear that blaming Baghdad for lack of progress will reduce its capacity to act even further.

"The more we blame the Iraqis, the less political space Mr Maliki will have to act," said a former senior administration official. "He cannot be seen to be implementing a long shopping list of items out of Washington."

On Sunday, Jalal Talabani, the president of Iraq and normally a moderate pro-western voice, bitterly at-tacked the ISG reportand said its criticisms of Baghdad were "unjust and unfair and contains some dangerous articles which reduce the sovereignty of Iraq and its constitution".

However, the ISG report is broadly in line with American public opinion. A poll conducted by Newsweek after the report's publication showed that 65 per cent of Americans agreed with its call for strict conditions on the disbursement of future aid to Baghdad.

Intelligence Panel's 'Phase Two' To Be Completed Next Year: Rockefeller (HILL)

By Elana Schor

The Hill, December 12, 2006

DOJ_NMG_0105507

The three unreleased sections of the Senate Intelligence Committee's controversial "Phase Two" report on the Bush administration's use of prewar intelligence are headed for circulation next year, incoming Chairman Jay Rockefeller (D-W.Va.) told The Hill late last week.

"One does not want to spend all one's time looking back, but the history of all this evolution of the war has to be brought to full accountability," Rockefeller said in a Friday interview.

Democrats have repeatedly protested the lack of progress on the Phase Two investigation, which was split by outgoing Chairman Pat Roberts (R-Kan.) to allow some portions to become public before the midterm elections. Democrats pulled the Senate into a rare closed session in November 2005 to revive the inquiry, which began in 2003 with Phase One's look at the intelligence community and was later expanded.

Rockefeller said much of the work is done on one of the three remaining elements of Phase Two, though he declined to reveal which section was close to completion. Still yet to receive a committee vote are sections dealing with prewar intelligence on the war's aftermath, whether existing intelligence backed up U.S. officials' public comments on Iraq, and the role of a Pentagon office headed by Undersecretary of Defense Douglas Feith.

Sen. Carl Levin (D-Mich.), who will keep his seat on Intelligence as he takes over as Armed Services chairman next year, said last month that completing Phase Two is a high priority for him, although any new movement "will be a Rockefeller decision."

The two portions of Phase Two already made public compared prewar data on Iraq's weapons capability with inspectors' postwar findings and examined the role of an Iraqi exile group in influencing U.S. intelligence. Roberts could step down from Intelligence when Senate Republican committee assignments are finalized this week.

Annan Blasts U.S. In Farewell (USAT)

By Barbara Slavin

USA Today, December 12, 2006

In a farewell speech on U.S. soil today, retiring United Nations Secretary-General Kofi Annan delivered a tough critique of President Bush's policies. He accused the administration of trying to secure the United States from terrorism in part by dominating other nations through force, committing what he termed human rights abuses and taking military action without broad international support.

ON DEADLINE: Read the speech, share your thoughts

Though Annan has long been a critic of the war in Iraq and other Bush foreign policies, the speech, delivered at the presidential library of the late Harry Truman in Independence, Mo., was among his toughest and was unusual for a U.N. secretary-general concluding his tenure.

Annan's remarks listed principles for international relations, among them "respect for human rights and the rule of law."

VOTE: Do you agree or disagree with Annan?

These ideas can be advanced only "if America remains true to its principles, including in the struggle against terrorism," Annan said. "When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused."

In the 61-year history of the U.N., no secretary-general has ended his tenure by criticizing U.S. policies so sharply, said Stanley Meisler, a historian of the United Nations and author of a new biography of Annan.

In his speech, Annan referred to the U.S.-led invasion of Iraq. When "military force is used, the world at large will consider it legitimate only when convinced that it is being used for the right purpose … in accordance with broadly accepted norms."

Annan continued that "governments must be accountable for their actions in the international arena, as well as in the domestic one."

The speech contrasted Truman's support for the United Nations with the Bush administration's unilateral actions.

Annan acknowledged terrorism and other global threats but cautions against nations acting alone. "Against such threats as these, no nation can make itself secure by seeking supremacy over all others," he said.

Annan leaves office Dec. 31 and will be replaced by former South Korean foreign minister Ban Ki Moon.

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Annan's predecessor, Boutros Boutros-Ghali, developed a personal hostility toward then-U.S. ambassador to the U.N. Madeleine Albright, but saved his anger for a book after he left office, Meisler said.

The United States supported Annan for the job 10 years ago, when it blocked Boutros-Ghali from serving a second five-year term. Annan has worked with the United States on a number of issues, including U.N. reform, said Lee Feinstein, a U.N. expert at the Council on Foreign Relations.

Critics of Annan in Congress, including Sen. Norm Coleman, R-Minn., faulted the Ghana-born, U.S.-educated diplomat for lax management of the $64 billion U.N. oil-for-food program. The 1996-2003 effort was tainted by $1.5 billion in kickbacks to the regime of Saddam Hussein.

"Annan's legacy will be one of missed opportunity and failed leadership," said Coleman, who urged Annan to resign last year.

No Kudos For Bush In Annan's Farewell (AP)

By Margaret Stafford, Associated Press Writer

AP, December 12, 2006

U.N. Secretary-General Kofi Annan took his criticism of the Bush administration to the nation's heartland Monday, saying America must not sacrifice its democratic ideals while waging war against terrorism.

In the hometown of President Harry Truman, who helped found the United Nations, Annan said "human rights and the rule of law are vital to global security and prosperity."

When the U.S. "appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused," Annan told a packed audience at the Truman Presidential Museum and Library.

Annan also said the U.N. Security Council should be expanded to better reflect today's world.

Annan, an increasingly vocal critic of the war in Iraq, leaves the United Nations on Dec. 31 after 10 years as secretary-general. He chose the Truman museum for his final major speech in part because it is dedicated to a president who was instrumental in the organization's founding.

In response to a question after his remarks, Annan said he was appealing for cooperation and leadership, not criticizing the United States.

"What I am saying here is that when the U.S. works with other countries in a multilateral system, we do extremely well," Annan said.

The U.S. has a special responsibility to the world because it continues to have extraordinary power, he said.

In Washington, the State Department was reserved in its reaction to Annan's remarks.

"There's no secretary general of the United Nations that's going to be in lockstep with the United States or any other country with regard to its policies," spokesman Sean McCormack said. "It's not that person's job."

Annan said last week's report by the Iraq Study Group clarified many issues, but he said the world first needs to find a way to get Iraqis to reconcile with one another.

"We need to be as active on the political front as we are on the military front," he said.

Annan said it was also important to get nearby countries, including Iran and Syria, involved in finding a solution to regional problems.

Annan never mentioned President Bush by name in his speech but drew clear contrasts with the Truman administration.

Truman "believed strongly that henceforth security must be collective and indivisible. That was why, for instance, that he insisted when faced with aggression by North Korea against the South in 1950, on bringing the issue to the United Nations," Annan said.

"Against such threats as these, no nation can make itself secure by seeking supremacy over all others," he added.

Annan also called for expanding the Security Council by adding members from parts of the world with less of a voice. He said today's makeup "still reflects the reality of 1945," when the United Nations was founded.

Annan Urges U.S. To Reject Unilateralism (NYT)

By Warren Hoge

DOJ_NMG_0105509

The New York Times, December 12, 2006

Kofi Annan, the departing secretary general of the United Nations, challenged the Bush administration yesterday to shun go-it-alone diplomacy and remain committed to observing human rights as it acts to forestall terrorism.

In a speech delivered at the Truman Presidential Museum and Library in Independence, Mo., billed as his last address to an American audience as secretary general, Mr. Annan said, "You Americans did so much, in the last century, to build an effective multilateral system, with the United Nations at its heart. Do you need it less today, and does it need you less than 60 years ago?"

Mr. Annan did not directly cite the Bush administration, with which he has had a fraught relationship, but he made his rebuke of current American foreign policy clear by urging a return to "far-sighted American leadership, in the Truman tradition."

President Harry S. Truman was instrumental in creating the United Nations after the death of President Franklin D. Roosevelt in 1945.

Mr. Annan noted that the United States was "in the vanguard of the global human rights movement," but said "that lead can only be maintained if America remains true to its principles, including in the struggle against terrorism."

"When it appears to abandon its own ideals and objectives," he added, "its friends abroad are naturally troubled and confused."

Mr. Annan will step down Dec. 31 after completing his second five-year term, to be succeeded by Ban Ki-moon of South Korea.

Mr. Annan has often been at odds with the Bush administration, particularly since the United States invaded Iraq in 2003 without obtaining a go-ahead from the United Nations.

Having infuriated the Bush administration two years ago by labeling the Iraq war "illegal," he said that while observing international law could be "inconvenient," it was essential.

In a clear reference to the lack of international support for the American action in Iraq, he said: "No state can make its own actions legitimate in the eyes of others. When power, especially military force, is used, the world will consider it legitimate only when convinced that it is being used for the right purpose — for broadly shared aims — in accordance with broadly accepted norms."

He said the United States was a model democracy "in which everyone, including the most powerful, is subject to legal restraint."

"Its current moment of world supremacy gives it a priceless opportunity to entrench the same principles at the global level," he continued.

He reminded his audience that Mr. Truman had once said, "We all have to recognize, no matter how great our strength, that we must deny ourselves the license to do always as we please."

Mr. Annan also cited President Truman's statement that "the responsibility of great states is to serve and not dominate the peoples of the world," and noted approvingly how Mr. Truman had used American power to face down a threat to international order during his administration.

"He believed strongly that henceforth security must be collective and indivisible," Mr. Annan said. "That was why, for instance, that he insisted, when faced with aggression by North Korea against the South in 1950, on bringing the issue to the United Nations and placing U.S. troops under the U.N. flag, at the head of a multinational force."

The Bush administration had a subdued reaction to the speech. "We work well with Secretary General Annan on a number of different issues," said Sean McCormack, the State Department spokesman. "There are some issues on which we disagree. That is to be expected."

Mr. Annan paid his final visit to Washington as secretary general last Tuesday when President Bush gave a dinner in his honor at the White House. One of the guests was John R. Bolton, the American ambassador who had frequently criticized the secretary general and who had announced the day before that he was resigning.

Asked the next morning at the United Nations whether he and Mr. Annan had made peace at the farewell event, Mr. Bolton said, "Nobody sang 'Kumbaya.' " The reference was to a song celebrating fellowship.

Told of Mr. Bolton's comment, Mr. Annan said, "But does he know how to sing it?"

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ANNAN URGES AMERICA TO USE POWER WISELY (KCS)

By Brian Burnes

The Kansas City Star, December 12, 2006

U.N. Secretary-General Kofi Annan challenged the United States to exercise international leadership much as it did when Harry Truman helped establish the United Nations following World War II.

In his farewell address on Monday in front of about 200 invited guests and reporters at the Truman Museum in Independence, Annan emphasized the U.N.'s importance, saying that "more than ever today, Americans, like the rest of humanity, need a functioning global system through which the world's peoples can face global challenges together.

"And, in order to function, the system still cries out for farsighted American leadership in the Truman tradition," he said. It was one of a dozen references to the 33rd president, including quoting Truman's belief that "the responsibility of the great states is to serve and not dominate the peoples of the world."

Annan's visit was his opportunity to reflect on a litany of challenges he and the U.N. faced during the 10 years of his leadership, which is to conclude at the end of the month. It was also a chance for Annan to restate key principles he believes must guide new leaders of the world body.

The United States shoulders a unique role in global affairs as the world's lone superpower, he said.

The future success of the United Nations depends on America's appropriate use of that power, he said, along with the organization's adherence to five core principles: shared responsibility, global prosperity, rule of law, mutual accountability and multilateralism.

He did not specifically address the war in Iraq, a topic that both U.S. Reps. Dennis Moore and Emanuel Cleaver pursued afterward in a question-and-answer session. Previously Annan has called the war illegal.

In reference to the recent report by the Iraq Study Group, Annan supported including Syria and Iran as possible players in future diplomatic efforts, saying both nations "should be made part of the solution."

"I was very pleased to hear that was something that he thought was not only appropriate but necessary," Cleaver said later. "That fits with the attitudes of many members of Congress, both Republican and Democrat."

In his speech, Annan said the United States had historically been in "the vanguard of the global human-rights movement." However, he added, "that lead can only be maintained if America remains true to its principles, including in the struggle against terrorism.

"When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused."

Annan disagreed with CNN correspondent Zain Verjee, who led off the question-and-answer session by suggesting that the speech represented an attack on American policies, as did some other broadcast and newspaper reports.

"Nothing could be further than the truth," Annan said, prompting applause.

Before the speech, John Ruggie, special representative of the secretary-general, characterized such descriptions of Annan's remarks as "considerable exaggeration." Advance copies of the speech were made available to some officials and news organizations.

"I think the secretary-general, being here at the Truman Library, wanted to refer back to the long tradition in American foreign policy of engagement with the world and engagement with the United Nations," he added. "In a sense, it was a tribute to Truman as much as it was anything else."

During a reception later in the museum's east lobby, some thought Annan's remarks represented subtle criticism.

"The speech implied that he was disappointed in American foreign policy," said Bryan Luttrell, a graduate student at the University of Kansas

But Bill Nelson, chairman of the George K. Baum asset-management group and chairman of the Truman Library Institute's board, heard the speech as an exhortation.

"Unlike some representations in the media, his speech was not an attack on the United States, but a challenge to us to re-engage with the rest of the world, particularly those parts of the world that disagree with us," Nelson said.

Cleaver thought he discerned a disconnect between the national media's portrayal of the speech and the way it was heard in the Truman Museum auditorium.

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"About 95 percent of the audience agreed with the secretary-general that there was nothing related to an attack in his words," said Cleaver.

In Washington, The Associated Press quoted a State Department spokesman as saying Annan "is entitled to his opinion.

"There's no secretary-general of the United Nations that's going to be in lockstep with the United States or any other country with regard to its policies," said Sean McCormack, the department spokesman. "It's not that person's job."

Ultimately, Annan's presence in Independence was a compliment to Truman's foresight, said Chris Elmore, faculty member and coordinator of Rockhurst High School's student United Nations program.

"I kept thinking of Winston Churchill coming to Westminster" College, said Elmore, referring to the 1946 "Iron Curtain" speech delivered by the former British prime minister in Fulton, Mo. "Annan was subtly reminding us of our own history."

Other portions of Annan's address resonated with audience members.

"I did appreciate how he included the concept of multilateralism," added Madhu Singh, a law student at the University of Kansas. Annan urged vigilance to the virtues of multilateralism, in which the weakest countries can add their voices to those of the strong, he said.

Another audience member listened for comments regarding reform of the U.N.'s most powerful body, the 15-member Security Council. Its membership, Annan said, "reflects the reality of 1945, not of today's world."

Kaori Wakabayashi, a Japanese student at Johnson County Community College, was pleased to hear that. Japan is not a current member of the Security Council.

"We lost in World War II, but we have contributed so much to the world since," she said.

Like Wakabayashi, Annan studied in the U.S. as a foreign student. In 1961 he graduated from Macalester College in St. Paul, Minn.; he is a native of Ghana.

Annan arrived at the Truman Museum about 10:45 a.m. After his speech, he walked to the library's research room, where he met board members of the library institute, the facility's nonprofit support group. From there, he went to the reception in the east lobby, standing for photographs in front of the oversized table on which the U.N. charter was signed in 1945.

He later sat down with Mike Wallace of CBS News, whose interview is scheduled to be broadcast Sunday, possibly as part of "60 Minutes."

The secretary-general left the museum about 3:45 p.m.

By early afternoon, about 15 protesters remained standing behind yellow police tape in an open field west of the Truman Museum. Although they shared the space, they did not share the same sentiments.

Some thought the United Nations not worthy of its headquarters in New York. "If there is no U.S., there would be no U.N.," said Jay Beyerink.

"The U.N. is no longer taking care of business, like the people in Darfur," he added.

Phil Lindsey of Independence, however, showed support for Annan.

"… I'm here to let Mr. Annan know that we appreciate him and that this is a fine place for him to end his career," he said.

ANNAN ON TRUMAN:

•"Truman's name will forever be associated with the memory of farsighted American leadership in a great global endeavor."

•"As Harry Truman said, 'We all have to recognize, no matter how great our strength, that we must deny ourselves the license to do always as we please.' "

United Nations Faltered Under Annan's Shortcomings (KCS)

The Kansas City Star, December 12, 2006

The farewell address of outgoing U.N. Secretary-General Kofi Annan was a plea for shared global values and multilateralism — sentiments with which few would quibble. Agreed: The world needs an effective world body to mitigate problems and negotiate disputes.

Annan's address drew welcome international attention to the Truman Presidential Museum and Library where it was delivered. Annan chose the library in Independence because of Truman's major role in the founding of the United Nations.

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President Bush was never mentioned in the secretary-general's text, but Truman was praised frequently for his far-sighted leadership and his attention to international concerns.

Yet Annan's address betrayed little recognition that on his watch, the U.N.'s stature sank.

In the face of major challenges such as terrorism, genocide in Sudan and the threat of nuclear-weapons development in Iran, Annan has been weak and inept. On his watch, even the U.N.'s own employee union adopted a resolution of no confidence in senior management.

He should have resigned for the management failures that allowed the massive oil-for-food scandal, by which Saddam Hussein corrupted a program aimed at providing Iraqis with food and medicine.

Annan mentioned perhaps the U.N.'s finest moment: When it authorized a military response to North Korea's invasion of the South. Yet that action took place only because the Soviet delegate was not present to cast the expected veto.

Russia remains a problem today as the international community tries to address concerns like dangerous Iranian weapons programs. China, France and other prominent members of the United Nations also routinely undermine effective international action.

So it was a bit jarring to hear Annan once again focus on U.S. faults. He said that when the United States "appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused." Answering questions later, he denied he was criticizing Washington, but the message was clear enough.

Annan leaves office Dec. 31 with the institution he served more tarnished than when he took the job. For the good of the U.N., it is to be hoped his successor, Ban Ki-moon of South Korea, enjoys far greater success.

Annan Bows Out Of UN With Attack On Bush (TG)

By Suzanne Goldenberg

Guardian, December 12, 2006

Kofi Annan yesterday used his final speech as the United Nations secretary general to deliver a parting shot at the Bush administration, accusing the US of committing human rights abuses in the name of fighting terror.

After three years of increasingly vocal opposition to the war on Iraq, Mr Annan's speech yesterday amounted to a broad condemnation of the neoconservative ideology guiding America's foreign policy under George Bush - a clear break with protocol for a departing UN chief.

Article continues

In his most explicit rebuke, Mr Annan said America had sacrificed its global leadership on human rights because of its methods in the war on terror. "When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused," Mr Annan said, according to a prepared text of his remarks released by the UN.

The broadside is merely the latest sign of Mr Annan's anger at the administration since US forces invaded Iraq in March 2003 without the approval of the security council. Earlier this month, he upset the White House by saying that many Iraqis believe they were better off under Saddam Hussein, and he has said he does not believe the country can rebuild on its own.

Mr Annan has also had an antagonistic relationship with the US ambassador, John Bolton, who has been a vociferous promoter of the idea that Washington should use the UN mainly to promote its national interests. Mr Bolton is also leaving his post, expecting that he would not be confirmed by a Democratic Congress.

Mr Annan hands over to the South Korean diplomat Ban Ki-moon on December 31 after 10 years at the UN, and his speech was a sermon on the importance of multilateral institutions. He offered his critique in the guise of a primer on international affairs, speaking on global responsibility, the rule of law, and mutual accountability for rich and poor nations.

The Mr Annan's speech was delivered during a visit at the Harry Truman presidential library in Independence, Missouri.

"When power, especially military force, is used, the world will consider it legitimate only when convinced that it is being used for the right purpose - for broadly shared aims in accordance with broadly accepted norms," Mr Annan said.

He said the security council was not a platform to act out national interests, but a management system for the world community, and said it was folly to believe security rested solely on military strength. "No nation can make itself secure by seeking supremacy over all others." He also called for expansion of the security council - which Washington opposes.

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It is unlikely that Mr Bush will take kindly to the advice. Although Mr Annan was given a farewell dinner at the White House last week, Mr Bolton told reporters that "nobody sang 'Kumbaya'".

Iraqis Consider Ways To Reduce Power Of Cleric (NYT)

By Edward Wong

The New York Times, December 12, 2006

BAGHDAD, Dec. 11 — After discussions with the Bush administration, several of Iraq's major political parties are in talks to form a coalition whose aim is to break the powerful influence of the radical Shiite cleric Moktada al-Sadr within the government, senior Iraqi officials say.

The talks are taking place among the two main Kurdish groups, the most influential Sunni Arab party and an Iranian-backed Shiite party that has long sought to lead the government. They have invited Prime Minister Nuri Kamal al-Maliki to join them. But Mr. Maliki, a conservative Shiite who has close ties to Mr. Sadr, has held back for fear that the parties might be seeking to oust him, a Shiite legislator close to Mr. Maliki said.

Officials involved in the talks say their aim is not to undermine Mr. Maliki, but to isolate Mr. Sadr as well as firebrand Sunni Arab politicians inside the government. Mr. Sadr controls a militia with an estimated 60,000 fighters that has rebelled twice against the American military and is accused of widening the sectarian war with reprisal killings of Sunni Arabs.

The Americans, frustrated with Mr. Maliki's political dependence on Mr. Sadr, appear to be working hard to help build the new coalition. President Bush met last week in the White House with Abdul Aziz al-Hakim, the leader of the Iranian-backed Shiite party, and is to meet on Tuesday with Tariq al-Hashemi, leader of the Sunni Arab party. In late November, Mr. Bush and his top aides met with leaders from Sunni countries in the Middle East to urge them to press moderate Sunni Arab Iraqis to support Mr. Maliki.

The White House visits by Mr. Hakim and Mr. Hashemi are directly related to their effort to form a new alliance, a senior Iraqi official said.

Last month, Mr. Bush's national security adviser, Stephen J. Hadley, wrote in a classified memo that the Americans should press Sunni Arab and Shiite leaders, especially Mr. Hakim, to support Mr. Maliki if he sought to build "an alternative political base." The memo noted that Americans could provide "monetary support to moderate groups."

Iraqi officials involved in the talks said they had conceived of the coalition themselves after growing frustrated with militant politicians.

"A number of key political parties, across the sectarian-ethnic divide, recognize the gravity of the situation and have become increasingly aware that their fate, and that of the country, cannot be held hostage by the whims of the extreme fringe within their communities," said Barham Salih, a deputy prime minister and senior member of one of the major Kurdish parties.

Mr. Sadr's relationship with Mr. Maliki has shown signs of strain. On Nov. 30, Mr. Sadr withdrew his 30 loyalists in Parliament and 6 cabinet ministers from the government. Mr. Maliki called for them to return, but they said they would do so only if Mr. Maliki and the Americans set a timetable for the withdrawal of American troops. Mr. Sadr reiterated the demand with a fiery message on Sunday.

Any plan to form a political alliance across sectarian lines that isolates Mr. Sadr and Sunni Arab extremists carries enormous risks. American and Iraqi officials have worked to try to persuade Mr. Sadr to use political power instead of force of arms to effect change. Though it is unclear whether Mr. Sadr has total control over his militia, if he thinks he is being marginalized within the government, he could ignite another rebellion like the two he led in 2004.

Some senior American commanders say that the efforts to make peace with Mr. Sadr through politics may have failed, and that a military assault on Sadr strongholds may be inevitable.

Falah Shanshal, a legislator aligned with Mr. Sadr, on Monday denounced the idea of a new coalition. "We're against any new bloc, new front or new alliance," he said. "We have to make unity between us, to be one front against terrorism and to liberate the country from the occupation."

Iraqi officials say that the other main risk is a potential backlash against the parties involved in the talks from other leaders in their own ethnic or sectarian populations.

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For Mr. Hakim and Mr. Maliki, any bid to join Sunni Arabs in an alliance against Mr. Sadr could invoke the wrath of Grand Ayatollah Ali al-Sistani, the most powerful Shiite cleric in Iraq. Since the toppling of Saddam Hussein, the ayatollah has worked hard to bring various feuding Shiite factions into one greater Shiite coalition to rule Iraq. That coalition, including Mr. Sadr's allies, is the dominant bloc in the 275-member Parliament.

Mr. Hashemi, the Sunni Arab leader, risks alienating other members of the main Sunni bloc in Parliament. Sunni Arab insurgents could also decide to step up violence against Mr. Hashemi and his Iraqi Islamic Party. Three of Mr. Hashemi's siblings have already been killed.

Sunni Arab politicians not involved in the talks said they were furious at the proposed alliance.

Because of those risks, Iraqi officials are still debating whether to try to create the alliance within Parliament or to do so outside Parliament, so that the existing coalitions would be preserved in name. An alliance formed outside Parliament might work with Mr. Maliki's cabinet to make policy and bypass the legislature on important decisions.

"There's no changing of blocs in the Parliament," said Sheik Jalaladin al-Saghir, a senior Shiite legislator and cleric who is one of Mr. Hakim's deputies. "We're talking about political forces rallying in the street to support the political process."

The parties involved in the talks fall short of being able to muster a two-thirds vote in Parliament to oust Mr. Maliki and install a new government, as required by the Constitution. If they pulled in other groups, like the centrist secular party headed by Ayad Allawi, the former prime minister, they might be able to get the required votes — a possibility, since they describe themselves as moderates.

If the parties move to replace Mr. Maliki as prime minister, one possible candidate would be Mr. Hakim's deputy, Adel Abdul Mehdi, who was favored by the White House last spring to take the top job. He lost out when Mr. Sadr, whose family has long feuded with Mr. Hakim's, threw his support behind Mr. Maliki's group, the Islamic Dawa Party, in a vote within the Shiite coalition.

The parties trying to form the new alliance approached Mr. Maliki a couple of days ago to ask him to join them, said the Shiite legislator who is close to the prime minister. Senior officials in the Islamic Dawa Party balked, saying that such a move would break the Shiite coalition, anger Ayatollah Sistani and possibly pave the way for Mr. Hakim to push Mr. Maliki from his job in favor of Mr. Abdul Mehdi.

"Everyone knows Hakim wants Adel to be prime minister; it's no secret," said the legislator, who spoke on the condition of anonymity because he was not authorized to discuss Mr. Maliki's deliberations. "Saying you want to pull Maliki away from the extremists might just be a beautiful cover for the real goal of dropping him."

The political jockeying unfolded as violence continued in Iraq. The country's largest oil refinery, in the town of Bayji, remained shut because of insurgent threats to workers. At least 46 bodies were discovered Monday across Baghdad, an Interior Ministry official said. At least eight Iraqis were killed and more than a dozen wounded in other violent incidents. The American military announced that three soldiers had been killed by a roadside bomb in Baghdad on Sunday.

Also in the capital, 20 gunmen wearing Iraqi Army uniforms robbed a bank truck carrying the equivalent of $1 million.

To Stem Iraqi Violence, U.S. Aims To Create Jobs (WP)

By Josh White And Griff Witte

The Washington Post, December 12, 2006

As Iraq descends further into violence and disarray, the Pentagon is turning to a weapon some believe should have been used years ago: jobs.

Members of a small Pentagon task force have gone to the most dangerous areas of Iraq over the past six months to bring life to nearly 200 state-owned factories abandoned by the Coalition Provisional Authority after the U.S.-led invasion in 2003. Their goal is to employ tens of thousands of Iraqis in coming months, part of a plan to reduce soaring unemployment and lessen the violence that has crippled progress.

Defense officials and military commanders say that festering unemployment -- at 70 percent in some areas -- is leading Iraqi men to take cash from insurgents to place bombs on roads or take shots at U.S. troops. Other Iraqis are joining sectarian attacks because their quality of life has slipped dramatically, officials say.

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Army Lt. Gen. Peter W. Chiarelli, the top U.S. field commander in Iraq, said that tackling unemployment could do far more good than adding U.S. combat troops or more aggressively pursuing an elusive enemy. He said the project to open the factories and stimulate local economies is long overdue and was born "of desperation."

"We need to put the angry young men to work," Chiarelli said in a phone interview from Baghdad. "One of the key hindrances to us establishing stability in Iraq is the failure to get the economy going. A relatively small decrease in unemployment would have a very serious effect on the level of sectarian killing going on."

The CPA initially hoped private investors would buy or lease the state factories, but that did not happen as security faltered and much of Iraq became inaccessible. As privatization hopes failed, the factories languished; some were in pristine form and others had been looted when the Pentagon task force examined them this fall. The tens of thousands of Iraqis who used to make them run -- the country's second-largest employment group, after the army -- remained out of work.

Pentagon officials say the vast majority of former Iraqi factory workers are still unemployed and are bringing in no pay. A small portion of the workforce receives government stipends, akin to welfare, but the pay system is badly flawed and provides about 20 percent of what the workers would make if fully employed, the officials said.

Economic development is a departure from the military's usual missions, but officials think the Defense Department's heft as a consumer of goods and services can boost the effort. The department has been reaching out to U.S. companies that can place large orders for products from Iraq.

Deputy Defense Secretary Gordon England set the task force in motion in June after Paul A. Brinkley, deputy undersecretary of defense, returned from a visit to Iraq the month before.

Brinkley, who returned last night from a trip to Iraq with his team, said thousands of Iraqis lost their jobs and the ability to support their families when CPA projections dimmed. Unrest followed the absence of work.

"After three years of unemployment in excess of 50 percent, there are no people in the world that wouldn't be undergoing violence and militias," Brinkley said. "That's human nature. And I think we have to do whatever we have to do to alleviate that problem if we are going to create stability."

So far, members of the task force have visited 26 factories in some of the worst areas of the country, traveling to Baghdad, Fallujah, Mosul, Najaf and Ramadi to inspect facilities that make cement, tile, rubber and textiles. They have identified 10 factories -- their "hot list" of facilities in both Sunni and Shiite areas -- that they think could be open and employing more than 11,000 Iraqis within the next month.

The task force hopes to have a rolling system of factory openings spanning 2007. Part of that effort, its members said, is to reevaluate how the Defense Department spends nearly $4 billion each year to support troops in Iraq.

Brinkley said he hopes that at least 25 percent of that total -- about $1 billion -- could be spent on orders from Iraqi companies that previously have gone to firms in neighboring countries, such as Jordan and Kuwait. "We're not seeking to invest in Iraq, but to buy from Iraq," Brinkley said.

Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, whose office has been critical of the rebuilding effort, said that defense officials are "right on target in pushing this."

"It's about stimulating interest and getting contracts going between U.S. firms and Iraqi firms. That's the goal," he said. "The solution in Iraq is not primarily a military one. It is primarily an economic and political solution."

Bowen said defense officials recently met with about two dozen key business leaders at the U.S. Chamber of Commerce to gauge private industry's interest in the program. He acknowledged that corruption and lack of security remain major obstacles to U.S. commercial investment in Iraq but said he is impressed that business leaders "recognize that and are still interested in moving forward."

Caterpillar Inc., a $36 billion construction equipment firm, is one of the first U.S. companies to show interest. Gerald L. Shaheen, a Caterpillar group president and chairman of the U.S. Chamber of Commerce, said he probably would be looking for low-tech supplies, such as hinges, but said the program dovetails with the company's interest in expanding opportunities in the Middle East.

"But I can't look at this solely as a business proposition. I've already got suppliers," Shaheen said. "I'm doing this because I think there's a social responsibility not only to the Iraqi people but to our troops."

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Dow Chemical Co., a $46 billion firm that sells plastics and other products in more than 175 countries, is also considering what supplies it can purchase from Iraq.

"We see this as a positive initiative and very much hope that we can find the appropriate opportunities to support business activity in the country," a Dow spokesman said.

U.S. businesses were looking at Iraq as a significant opportunity before the war began. With vast oil resources, an underserved population and a strategic location, that nation had all the markings of a place for U.S firms to expand. But few have found success there.

Major American companies that went into Iraq on U.S. government contracts, including Bechtel, Parsons and Halliburton subsidiary KBR, had hoped reconstruction work would serve as a natural bridge to private-sector deals in Iraq. Instead, they found rampant violence, with many U.S.-funded projects coming under attack and workers being targeted. The firms also received bad publicity when projects did not go as planned.

Now, with their contracts expiring, Parsons and Bechtel are closing up shop in Iraq and returning home. KBR is doing the same with its reconstruction work, though it continues to hold a major contract supporting the U.S. Army.

"We're pleading with the companies to give Iraq a second or third look," said retired Lt. Gen. Daniel Christman, senior vice president for international affairs at the Chamber of Commerce. "This is very different from asking that they go into Fallujah and build a plant. That's not the intent."

Rep. William D. Delahunt (D-Mass.), incoming chairman of the oversight and investigations subcommittee of the House International Relations Committee, said part of the CPA "disaster" was that obvious ideas, such as creating employment for Iraqis, were ignored.

"It's a concept that common sense would dictate to pursue," Delahunt said. "I think the key question is: Is it too late?"

Chiarelli said unemployment is daunting because many working Iraqis support up to 13 family members, meaning unemployment has exponential effects on the country.

"There's no doubt in my mind that it has the potential to turn the tide," he said. "I find it unbelievable after four years that we haven't come to that realization. . . . To me, it's huge. It's as important as just about any other part of the campaign plan."

Car Bomb Kills At Least 23 In Baghdad (AP)

AP, December 12, 2006

A suicide car bomb exploded in a main square of central Baghdad on Tuesday morning, killing at least 23 people and wounding 94, police said. The attack occurred in Tayaran Square at 7 a.m. and appeared to target a police patrol and a crowd of Iraqis gathering to apply for jobs as day laborers on construction sites, police Lt. Bilal Ali.

Gunfire could be heard right after the explosion, but it was not immediately clear if it involved police or insurgents involved in a carefully coordinated attack.

The square is located near several government ministries and a bridge that crosses the Tigris River to the heavily fortified Green Zone, where Iraq's parliament and the U.S. and British embassies are located.

Ali said at least 23 people were killed and 94 wounded, including policemen and civilians.

Two Families From Different Sects Meet Similar, Violent Fates In Iraq (WP)

By Nancy Trejos

The Washington Post, December 12, 2006

BAGHDAD, Dec. 11 -- Twenty armed men entered the Subhi family home in southern Kirkuk at dawn Monday, killing a 12-year-old boy, his 13-year-old sister and their pregnant mother, police said.

The al-Jubori family met a similar fate on Sunday when gunmen opened fire on their minibus in Muqdadiyah, northeast of Baghdad. Among the dead were two children, ages 3 and 4, police and two relatives said.

The Subhi family is Shiite. The Jubori family is Sunni.

Both families were warned by their neighbors to leave their homes because they were not of the desired sect, according to police. The Jubori family left. The Subhi family did not.

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In the wake of last month's car bombings in the Shiite stronghold of Sadr City and this past weekend's purging of Sunnis from the Baghdad neighborhood of Hurriyah, members of both sects say they are gripped by fear.

"We sacrificed everything," said Ghalib Ibrahim, 50, a retired army officer whose sister was one of the Sunnis attacked in Muqdadiyah. "We left the house and we left the town that we lived in all our lives just to stay away from troubles."

"Now since they are after us and they do not and will not leave us alone, now I'm going to look for them and I'm going to hold my gun and get revenge and kill those who killed my family," Ibrahim said.

The Iraqi government on Monday said it had achieved some success in thwarting sectarian violence. Iraqi army soldiers rescued 27 people snatched at a fake checkpoint in the mixed Ghazaliya district of western Baghdad, said Iraqi army Brig. Gen. Abdul Jalil Kalaf. The soldiers surrounded a house in which the kidnappers were hiding out, killed one, injured two and arrested four.

The U.S. military offered more details about the mission, but said 23 Iraqis had been kidnapped and six kidnappers arrested.

A military statement said that Iraqi soldiers followed a suspicious car to a house. A search of the car turned up two kidnapped Iraqis. They found 20 more hostages in the house.

Later on at a checkpoint, the Iraqi soldiers, with the help of American troops, saw suspected insurgents in two vehicles stop a bus and try to abduct its passengers. The soldiers killed one kidnapper in a car, wounded two, and found another hostage in the trunk, the statement said.

Elsewhere, the violence continued. In the mostly Sunni Mansour district in western Baghdad, a car bomb exploded near Mahmoun College Monday afternoon. The explosion killed three people and injured five, according to an Interior Ministry official.

National police patrols found five bodies across the capital, one of them beheaded, the official said.

North of Baghdad, the site of heavy sectarian fighting in October, four teachers at an elementary school in the Sunni district of Yathrib were kidnapped by armed men in two cars, a Balad police captain said. In retaliation, an armed group from the predominantly Shiite city of Balad kidnapped eight farmers. The captain added that tribal sheiks were trying to resolve the problem through negotiations.

In north Baghdad, a roadside bomb killed three U.S. soldiers and wounded two others Sunday as they conducted a late-night combat patrol, the U.S. military said Monday.

In western Anbar province, a Marine CH-53E Super Stallion helicopter assigned to the 3rd Marine Aircraft Wing made an emergency landing about noon while conducting a routine flight, the U.S. military said. Of the 21 people aboard, 18 were injured. Nine of them were treated for minor injuries and returned to duty. The military said the incident did not appear to be the result of enemy action.

The Jubori family lived in the Shiite town of Abu Sayda, northeast of Baqubah in Diyala province. After receiving threats from neighbors, the family decided to flee to Muqdadiyah, on the eastern fringe of the Sunni Triangle, relatives said.

On Monday, 10 members of the extended family loaded their furniture into a minibus for their journey. Five died and five were injured in the attack in Muqdadiyah, said a police lieutenant in Diyala province.

In the Sunni village of Yenja in southern Kirkuk, Abbas Subhi had received a letter last week saying he would be in danger if he did not leave the village, a Kirkuk police official said.

The gunmen killed his wife and two children and wounded two other daughters, but left him alive because they did not see him, the official said.

In a case that seemed less about sectarian violence and more about graft, armed men wearing police uniforms in cars resembling those used by the Interior Ministry intercepted a vehicle belonging to the Central Bank of Iraq and stole $1 million, the Interior Ministry official said.

Special correspondents Naseer Mehdawi and Naseer Nouri in Baghdad and other Washington Post staff in Iraq contributed to this report.

In Fallujah, Marines Bring Goodwill, But Trouble Can Follow (CSM)

By Scott Peterson

DOJ_NMG_0105518

The Christian Science Monitor, December 12, 2006

FALLUJAH, IRAQ

While their weapons were ready, this was a mission about charity. The US Marines weren't entering a hospital in downtown Fallujah to root out insurgents, they were going there simply to help.

But any interaction with American forces can prove deadly for Iraqis, and these marines received an uneasy welcome.

Death threats - and increasingly murder - are common against anyone seen to be cooperating with the US. And already, the presence of a Marine observation post, built adjacent to hospital grounds just days before the mission, had cut the number of patients coming to the hospital from 35 a day to just five.

The wariness that greeted this civil affairs unit two weeks ago points to the difficulty faced by US forces as they search for a balance between rebuilding and bringing security to a city where insurgent attacks are on the rise.

"Our being here today, will it cause trouble for you?" asks US Navy Capt. Lee White, there to get a list of any needed medical supplies.

"I am sorry to tell you, yes. I'm so sorry," says Talib al-Janabi, owner of the private hospital. When marines last entered here, a few months back, they had been hit by a roadside bomb not too far away. They broke hospital doors as they searched for suspects and later, Dr. Janabi says, rejected claims for compensation.

"We came here to help," says Marine Capt. Jason Brezler, head of the civil affairs team, sending a translator to check out the damage to assist with a new claim.

"I appreciate your situation, but for them," says Janabi, motioning toward a handful of patients struck silent by the military presence in the lobby. "There are too many kinds of trouble. Threats, and talking.... I'm in a bad situation. I am stuck in a sandwich."

Like most of the 300,000 or more people of Fallujah, who saw their city virtually razed in November 2004 by Marine-led US forces that sealed off the city to hunt down insurgents, the return of militant violence is creating a dangerous dilemma.

In a bid to convince the majority to side with coalition troops - as well as the fledgling local government and Iraqi Army and police units in the city - the US military has committed $200 million through more than 60 reconstruction projects.

This small civil-affairs team is on the sharp end of buying security, of finding those projects, paying the cash, and checking up on the work. The dangerous city has claimed 10 marines' lives in a month from snipers and roadside bombs.

"Reconstruction provides a way of influencing the population, of shaping the battlespace nonkinetically, so you don't have to put bullets down range," says Captain Brezler, a reservist from the Bronx whose usual job is New York firefighter.

In a daily ritual before moving into Fallujah, Brezler pulls from his pocket a thick piece of glass from the World Trade Center buildings, says a quick prayer, and passes it around to every member of the convoy. Rebuilding to build loyalty

Spending the money to rebuild Fallujah can be tricky business for a host of projects that range from a few thousand dollars for school and athletic supplies to complex multimillion-dollar electricity and sewer efforts.

For two years, strategic rebuilding has been complicated by frequent rotation of Marine units. Today, it is made more difficult by increasing violence and insurgent numbers - Iraqi contractors and workers are frequently killed - and a Marine presence that has shrunk to less than 300.

Still, orders since the 2004 offensive - the largest urban assault for the Marine Corps since the Vietnam War - have been to rebuild Fallujah to demonstrate the benefits to Iraqis of backing the coalition over the insurgents.

Col. Lawrence Nicholson spelled out the options of US help the first time he addressed the Fallujah City Council last February. It was a "tough love" speech, he says, that left their "eyes popping."

"We're not going to be here forever, so you have two choices," Colonel Nicholson recalls telling the council. "We can help you rebuild, and jumpstart your businesses. Or you can call us occupiers, and we call you terrorists, and we'll still leave and nothing will be done."

City elders have opted for rebuilding, and cash has flowed as projects and Iraqi contractors have been identified. Civil-affairs units host a weekly reconstruction meeting with engineers and contractors.

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But the challenge is to spread US money in Fallujah to win goodwill in a way that does not further endanger Iraqis willing to help. Several moderate imams have been assassinated after being seen to be working with the Americans; mosques in this Sunni city now are largely run by younger, more radical clerics.

This civil-affairs team still visits the worst parts of Fallujah, with Brezler speaking like a proud father as he does his rounds, checking out everything from a $150,000 project to build a wall around a large cemetery for a local mosque - with an eye toward easing anti-US rhetoric - to a large local clinic, completely rebuilt with $2 million from the US.

The clinic received a setback a few weeks ago when three trucks carrying medical equipment, all paid for by the US military, were attacked. One British and three Iraqi security contractors died.

"As marines pull out of the city, our [civil affairs] ability to move around will be limited," says Brezler, who is on his second Iraq tour. Beside running their own projects, with a $500,000 ceiling, his team from the 4th Civil Affairs Group, attached to the 1st Battalion 24th Marines, keeps an eye on the projects of the US Army Corps of Engineers, contracted out to Iraqis.

But little runs smoothly in Fallujah. Contractors can take off with the cash without paying subcontractors, or they are intimidated into stopping. Quality of work can be poor and delays are chronic. Any interest shown by the Americans can be a death sentence, to the point that, sometimes, marines pretend they are doing a security check on workers as they really check out progress on a project. Risk continues to rise

The agenda for one weekly contractors' meeting hosted by the Marines showed that two drivers of gravel trucks had been killed on Nov. 17. The next day, two brothers - both contractors - were taken from their home by men in a black BMW. As "consistently some of the best contractors" in Fallujah, the notes remarked, "their potential kidnapping or murder would have considerably adverse effects on reconstruction."

Grappling with such pitfalls is daily fare for civil-affairs officers in Fallujah, where the definition of success fluctuates with the violence. Trash cleanup contracts are awarded - three in one week - to clear the roads of garbage, and of easy places to hide bombs.

After a series of lethal blasts in previous weeks, some sections of unpaved roads are scheduled for repaving to once again minimize the risk to US and Iraqi forces of roadside bombs.

More unconventional steps are taken as well. Hoping to meet the imam of one mosque, where the cemetery wall was built, Brezler disarms, leaving his assault rifle and pistol with a marine translator at the gate. The imam is not there, so he meets the mosque manager.

He seems unaware that the Marines paid the contractor to build the cemetery wall and do tile work inside the mosque. He is grateful to learn the source of the money, but asks that the Americans limit their help to paying for projects and not giving cash.

"It's a very good project; all the people came out to help," says Haji Mohamed, at the mosque. But when asked who had paid, he said some "contractor from Baghdad."

"We wanted to put an Iraqi face on it, so the contractors could work free of intimidation," Brezler spells out.

"The imam is afraid to tell you everything," admits the mosque manager, about the likely dangers that stem even from this short visit. "I'm sure a lot of people are watching us and when they see you leave will come and ask what the Americans wanted here."

"Even if we can keep these people neutral, that's good enough for me," Brezler explains later. "If Friday prayers are not anti-coalition, then there will be greater tolerance, which helps us further secure the city." Rewarding bad behavior?

Despite the problems, the US continues to pump reconstruction funds into Fallujah. Congress approved funding in October for the next year for commanders' discretionary funds.

And after the 2004 invasion, the US State Department earmarked $98 million to rebuild houses and commercial property. So far, 78 percent of that - two disbursements out of three - has been paid. The Iraqi government in 2004 also pledged, and partially paid, tens of millions of dollars for rebuilding.

"We're trying to withdraw our security forces, but continue to inject reconstruction forces," says Lt. Col. Bryan Salas.

But lavishing funds on cities like Fallujah drew criticism from outgoing Secretary of Defense Donald Rumsfeld in a memo dated Nov. 6, two days before his resignation.

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Among new options in Iraq: "Stop rewarding bad behavior, as was done in Fallujah when they pushed in reconstruction funds, and start rewarding good behavior," Mr. Rumsfeld wrote. "No more reconstruction assistance in areas where there is violence."

After the invasion, angry residents returned to a wasteland, their hopes for the future pinned on promises from the US and Iraqi governments of a massive rebuilding effort. Today, many houses have been refurbished. But those freshly painted front walls and newly placed glass panes stand in stark contrast to the many houses and buildings that remain ruins.

And some larger projects may never be completed, officers say, as the Marines begin to withdraw. Finishing steps - such as connecting the sewer mains to houses - may also be beyond the capacity of local officials.

Marines aren't sure yet how much of what they are building will be sustainable, or how much the rising violence will poison their efforts.

"The fact of the matter is: These people are never going to like us. They are never going to want us here," Brezler tells his civil-affairs team, after a long day in Fallujah. "In terms of an embrace, they did that for five minutes in April 2003 [when US forces toppled Saddam Hussein], and that was it."

Report: Taliban Regrouping In Pakistan (AP)

By Matthew Pennington

AP, December 12, 2006

A peace deal between Pakistan's government and Islamic militants in the northwestern tribal region of North Waziristan has created a virtual Taliban mini-state where mullahs dispense justice and fighters are launching cross-border attacks into neighboring Afghanistan, a think tank reported Monday.

The U.S. military confirmed that attacks have risen sharply since the deal was reached earlier this year despite concerns it would give a freer hand to Taliban and al-Qaida-linked militants who fled to Pakistan after the fall of the hard-line regime in Afghanistan in 2001.

"Over the past five years, the (President Gen. Pervez) Musharraf government has tried first brute force, then appeasement. Both have failed," said Samina Ahmed of the International Crisis Group that published the report. "Islamabad's tactics have only emboldened the pro-Taliban militants."

That grim assessment came against the backdrop of an alarming surge in violence in southern and eastern Afghanistan this year that has killed close to 4,000 people, threatening the Western-backed project to rebuild the country and establish democracy.

Government policy has allowed militants "to establish a virtual mini-Taliban-style state," the Crisis Group said, citing reports of pro-Taliban militants attacking music, video and CD stores, closing barber shops, imposing taxes and establishing courts to impose summary justice.

The Pakistani government rejected the Brussels-based group's report as "baseless allegations" and described the violence across the border as Afghanistan's internal problem.

"There are no camps or centers where terrorists are being trained in the tribal areas," said Arbab Mohammed Arif Khan, secretary for law and order in Pakistan's semiautonomous tribal regions.

Pakistan, a key U.S. anti-terror ally, has deployed about 80,000 forces at the Afghan border and launched numerous military operations against al-Qaida-linked militants in the past five years, but with mixed results. In North Waziristan, heavy-handed offensives this year left hundreds dead and stoked local anger and support for pro-Taliban religious leaders.

The peace deal, inked in September after a June cease-fire, capped the fighting in Pakistan. But the Crisis Group reported "increasingly severe cross-border attacks on Afghan and international military personnel, with the support and active involvement of Pakistani militants." It said the ambivalent approach of the Musharraf government was "destabilizing Afghanistan."

A senior tribal elder confirmed the Taliban had gained sway in North Waziristan. Tribesmen were bypassing the government and traditional tribal leaders and approaching their pro-Taliban leaders in the towns of Miran Shah and Mir Ali to settle land and money disputes. Religious students were even helping to direct traffic, he told The Associated Press.

The elder requested anonymity because he had been threatened by militants for meeting government leaders.

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Access to the heavily Pashtun tribal regions, a possible hiding place for Osama bin Laden, is restricted. Foreign journalists are not permitted there unless under government or army escort, and reports of militant activities are often difficult to verify.

In Afghanistan, U.S. military spokesman Lt. Col. Paul Fitzpatrick said U.S. and Afghan security posts along the eastern border with Pakistan had seen a spike in attacks from 17 in May to 50 in August and 57 in October. Most of the attacks were in Paktika province, which lies opposite North and South Waziristan.

Attacks leveled off to about one a day in November, possibly because of winter weather settling in, Fitzpatrick said.

He said the data were not conclusive but that the increase could have been influenced by the North Waziristan peace deal or by U.S. military operations forcing more militants to operate close to the Pakistan border.

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Associated Press writers Jason Straziuso in Kabul, Afghanistan, and Riaz Khan in Peshawar, Pakistan, contributed to this report.

US Concerned Over "Extremist" Safe Havens In Pakistan (AFP)

AFP, December 12, 2006

The United States said it was concerned over safe havens being established by Islamic militants in northern Pakistan's tribal areas bordering Afghanistan.

The concerns stemmed from reports Monday that Pakistan's peace deals with militants in its tribal areas are helping to fuel Taliban's regrouping.

The militants are consolidating their hold in northern Pakistan and vastly expanding their training of suicide bombers and other recruits and fortifying alliances with Al-Qaeda and foreign fighters, the New York Times reported Monday.

Their new strength has led to "virtually a Taliban mini-state" and portends an "even bloodier year for Afghanistan in 2007," the report warned, quoting diplomats and intelligence officials from several nations.

Many Taliban guerillas fled to Pakistan's tribal zone after the US-led invasion of Afghanistan in the wake of the September 11, 2001 attacks. The Taliban's subsequent insurgency has spiked in 2006 with almost 4,000 deaths.

"Clearly, you still do have cross-border infiltration and I know that that is a concern for the Pakistanis and the Afghans," State Department spokesman Sean McCormack said, commenting on the Times report.

"But having safe havens and areas where these extremists can operate from is a real concern for us," he said.

The peace deals were signed by the Pakistani government in the semi-autonomous tribal regions of North Waziristan in September 2006 and neighbouring South Waziristan in April 2004.

Since the September accord, NATO officials say cross-border attacks by Pakistani and Afghan Taliban and their foreign allies have increased, the Times reported.

US President George W. Bush hosted talks between Pakistani President Pervez Musharraf and Afghanistan President Hamid Karzai at the White House in September to help ease the border tensions.

McCormack said Monday it was "too early to tell" whether the peace programs were succeeding.

But the International Crisis Group, a think tank, said in a report Monday that the peace deals had allowed the Taliban, once backed by Pakistan, to regroup and sparked increasingly deadly attacks on foreign troops in Afghanistan.

President Musharraf's policy of "appeasing" insurgents after the failure of army offensives has merely fuelled radicalism along the border and throughout Pakistan, it said.

"Using the region to regroup, reorganise and rearm, they are launching increasingly severe cross-border attacks on Afghan and international military personnel," the think tank report said.

"The Musharraf government's ambivalent approach and failure to take effective action is destabilising Afghanistan," it added.

Pakistan says it has 80,000 troops along the border tackling the problem.

NATO is battling a tough Taliban-led insurgency, particularly in southern Afghanistan, and it fears that if reconstruction does not happen quickly enough people may turn back to the fundamentalist militia.

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CORPORATE SCANDALS:

US DoJ To Announce New Policy On Probes (FT)

By Brooke Masters In New York

Financial Times, December 12, 2006

The US Department of Justice will announce Tuesday that it plans to make it easier for companies under investigation to cooperate with prosecutors and avoid criminal indictment, the Financial Times has learned.

Specifically, field prosecutors will no longer have blanket authority to demand that a company waive its attorney-client confidentiality privileges and instead will have to seek higher-level approval in Washington before making such a request, according to a Department of Justice official who asked not to be identified.

The new policy, to be announced by Deputy Attorney General Paul McNulty, also addresses the controversial practice of requiring companies to cease paying legal fees for employees implicated in matters under investigation.

The revisions come after months of criticism from defense attorneys, the business community and some members of Congress of the cooperation policy set forth in a 2003 memo by Larry Thompson, then the deputy attorney general. Critics of the Thompson memo have argued that prosecutors gained too much power after the collapse of Enron and WorldCom and needed to be reined in.

Senator Arlen Specter has introduced legislation that would prevent prosecutors from requiring waiver of attorney-client privilege. A federal judge in New York hearing a major tax fraud case has harshly criticized the Justice Department for requiring accounting firm KPMG to stop paying attorneys fees for its former employees as part of its cooperation agreement. The judge, Lewis Kaplan, ordered KPMG in June to resume paying the fees. That case is on appeal

The changes are not universally popular at DoJ and are seen by some line prosecutors as caving in to business interests.

Stock Option Scandal Will Go On In '07 (AP)

By Marcy Gordon, Ap Business Writer

AP, December 12, 2006

Toll of Options Timing Scandal Heavy in 2006; More Cases Expected Next Year

WASHINGTON (AP) -- Eighteen CEOs swept out. More than a hundred public companies under federal investigation and over $5 billion in profits erased by restatements. Indictments so far: five former top executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

The toll of the stock options timing affair -- corporate America's scandal of the year -- has been heavy. Federal officials say more prosecutions will be brought in 2007 over manipulation of the timing of stock option grants to enrich top company executives.

Nearly every business day, more companies report federal or internal investigations. New lawsuits by shareholders are filed. More businesses disclose that because past option grants may have distorted their financial results, they may have to restate earnings. Next year could well bring more restatements, and companies' stock could be stripped from public trading because reviews of options grants made them late in filing their quarterly financial reports.

The Justice Department will "continue to be engaged for perhaps years to come, as we work these cases out," U.S. Attorney Kevin Ryan, who heads a task force in northern California pursuing options timing cases, said recently at a gathering of attorneys. "The final chapter hasn't been written yet."

Many of the companies ensnared in the scandal are in Silicon Valley's high-tech industry, where stock options for employees created legions of millionaires in the dot-com era. The prized perks allow executives and employees to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price -- and pocket the difference.

Among the wide swath of companies caught up in internal or government investigations: Apple Computer Inc., Barnes & Noble Inc., Caremark Rx Inc., Costco Wholesale Corp., Gap Inc., The Home Depot Inc., McAfee Inc., Monster Worldwide Inc., Restoration Hardware Inc., Staples Inc. and UnitedHealth Group Inc.

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Some prominent executives at blue-chip companies have lost their jobs in the affair, including former UnitedHealth CEO William McGuire, who engineered the company's ascent from a regional health insurer into the nation's second-largest. A sort of guillotine for corporate executives has been set out in the public square, with the scandal claiming at least 59 senior executives or board directors at 32 companies so far.

Will there be more? Just over 2,000 public companies, or 29 percent of those in the United States that give stock options to executives, have timing issues, according to Erik Lie, an associate professor of finance at the University of Iowa, and Randall Heron, an Indiana University associate finance professor. Their research last year helped focus attention on a widespread pattern of conduct.

"I suspect the number of companies will continue to grow, but I don't expect at the end of the day we're going to see that many enforcement actions" by federal authorities, said Lynn Turner, a former chief accountant of the Securities and Exchange Commission. "You just can't do something this big with the same amount of resources."

SEC Chairman Christopher Cox has pledged vigorous pursuit of cases and said recently that new charges will be brought in the near future. The agency is focusing on cases of serious fraud, with elements such as deliberately lying or forging documents. Cox said there have been an "unprecedented" number of companies that have voluntarily reported irregularities -- cooperation that will be taken into account in determining sanctions.

Ryan, too, said: "We're trying to drill down on them and prioritize."

At the same time, officials at the Justice Department are discussing whether to ease some of its harsher guidelines for prosecuting companies, crafted in the aftermath of the corporate scandals that included Enron Corp. and WorldCom Inc. Some officials believe the guidelines may have led prosecutors to overreach when targeting some companies and pressuring them to cooperate in investigations of wrongdoing by executives.

Shareholders were hurt by an average loss in market value of 8 percent, or $500 million, for each affected company from the negative publicity of being under government investigation, researchers at the University of Michigan found in a study.

The potentially suspicious timing comes in with a practice known as backdating. Stock options are issued retroactively to coincide with low points in a company's share price, so recipients can sell their shares at higher market prices.

Some investor advocates and irate shareholders liken it to betting on a horse race after its finish, with top executives guaranteed to be "in the money." The University of Michigan study found that corporate executives gained an average of $600,000 a year each from backdating of stock options between 2000 and 2004.

If they aren't properly disclosed, backdated options can falsely inflate corporate profits and result in an underpayment of taxes.

The Internal Revenue Service is conducting its own investigation of companies for possible tax-law violations.

Backdating is at issue in many of the options investigations by federal prosecutors and the SEC. To date, at least 190 companies have disclosed Justice Department, SEC or internal inquiries, according to an Associated Press review.

Not all the backdating of options was illegal, and in some cases the evidence is insufficient for the government to make a case.

The scandal also shone a light on Silicon Valley's tightly knit network, where technology business leaders have long served on each other's boards and shared ideas. The unfortunate innovation of options backdating apparently spread like a virus in the market-boom late 1990s: At least 28 of the northern California companies with options timing issues share a common director with one other company wrestling a similar problem, according to a recent analysis.

AP Investigative Researcher Randy Herschaft contributed to this report from New York.

Justice Department: http://www.usdoj.gov

Securities and Exchange Commission: http://www.sec.gov

Another Consequence Of Backdated Options: Stiff Tax Bills (WSJ)

By Theo Francis

The Wall Street Journal, December 12, 2006

DOJ_NMG_0105524

Many of the hundred-plus companies under investigation over backdated stock options -- and the individuals who received those options -- are scrambling to protect themselves from another potential consequence: stiff tax bills. For individuals, the tax bill and penalties could prove steep, even if the shares become worthless. Companies, too, could face a hefty bill and potential penalties for unpaid income and payroll taxes.

"It's a mushroom cloud for the executives," says Robert Salwen, a compensation attorney in Scarsdale, N.Y.

Options generally give an employee a future right to buy an employer's shares at a specified price. If the stock rises, the employee makes money. And if the company cheats, backdating an option grant to a period when the stock was lower than the day it was actually granted, the recipient benefits financially even more.

MORE ON OPTIONS

• Options Scorecard: Companies under scrutiny1

• Perfect Payday: Complete coverage2

Ordinarily, top executives owe income taxes on any gains from exercising their options at the time of exercise. Lower-level employees often receive another kind of stock option that is typically taxed only when the underlying shares are actually sold (although they can be taxed sooner under the Alternative Minimum Tax). But under tax rules for deferred compensation adopted in 2004, improperly priced options of either kind can trigger a 20% surtax on top of ordinary income tax -- totaling as much as 60% of any gain, once state and local taxes are taken into account.

Moreover, under the 2004 rules, the taxes and penalties come due in the year an executive is first allowed to exercise the options -- in other words, when the options vest -- even if he or she exercises them later. Tax experts say taxes are still due if the option subsequently loses value before exercise or even goes unexercised. In addition, more taxes are due if the underlying shares continue to gain value before the options are exercised. (On the flip side, options that expire while under water can't be used to offset other taxable income, tax experts say.) The IRS also charges penalty interest -- currently about 9% -- for late payment.

Softening the blow, the new rules apply only to options that vested after 2004, and because the rules were new, the IRS waived penalties for 2005. Still, for top officers, the dollar amounts could be large.

For example, former UnitedHealth Group Inc. Chairman and Chief Executive William McGuire received a 650,000-share option grant in early 2002, with a quarter of the grant vesting each winter through January 2006. Tax and penalties on the shares vesting this year alone would total $13.7 million.

After an internal review, UnitedHealth concluded that many of the stock options it granted over more than a decade likely had been backdated. UnitedHealth, like other companies under scrutiny for options pricing, has suspended stock-option transactions until it restates its financials.

But some executives holding questionable options may be able to ease the sting if they act before year end. "There are ways to get out of this," says S. James DiBernardo, a partner at Morgan, Lewis & Bockius LLP specializing in compensation.

The Situation: Executives and companies could face stiff tax bills over backdated options.

The Background: More than a hundred companies face scrutiny over whether they fudged the grant date of options.

The Details: New deferred-compensation rules mean some executives could end up owing 60% of a grant's value, even before exercising the options.

The Remedy: The IRS offers two ways out, but a Dec. 31 deadline looms.

First, under the 2004 regulation's transition rules, companies can replace improperly priced options with properly priced ones. For top officers, this must be done by Dec. 31 at the latest; for other employees, companies have until year-end 2007.

This is essentially what Dr. McGuire has done. He earlier agreed to reprice options at the highest share price for the year in which they were granted. He has also said he would give up about $200 million of stock-option gains. A UnitedHealth spokesman said repricing the options removed the tax risk for Dr. McGuire.

Alternatively, executives can simply set a schedule for when they will exercise their options, specifying in advance how many to exercise in each year. That, too, will allow executives to escape the deferred-compensation penalties, tax experts say. However, these fixes apply only to unexercised options. For executives who have already exercised improperly priced options this

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year, "the $64 question" is whether there's a way to dodge the penalties at all, Mr. DiBernardo says. "No one is entirely clear as to how you fix that."

Companies, too, can be penalized for failing to withhold the executive's unpaid taxes. That carries interest of about 8% a year at current rates, plus a penalty of up to 15%, and an additional 20% penalty if the failure to withhold is negligent, Mr. Salwen says. For companies with clearcut backdating problems, "I think this is a case where it might be more than negligent -- that might be the position the [IRS] takes," Mr. Salwen adds. Plus, if executives can't pay their own tax bills, the IRS could collect from their employers instead.

Companies may have their own tax worries for some kinds of options, even if they aren't on the hook for their executives' tax bills. That's because federal law requires employers to collect payroll taxes -- chiefly a 2.9% tax for Medicare, evenly split between employee and employer -- if so-called incentive stock options don't meet certain conditions. And backdated options don't, says Rebecca Miller, a tax specialist at Minneapolis accounting firm McGladrey & Pullen. In this case, the tax is owed on the value of the options when they are exercised, rather than when they vest.

Here, companies have to pay the bill and then try to collect the employee's half from them if they choose, Ms. Miller says. What's more, unpaid Medicare taxes come with a stiff penalty: up to 100%, potentially doubling the cost to 5.8% of the executive's potential stock-option gains, she adds.

Skilling's Check-In To Prison Delayed Over Bail Request (WSJ)

By John R. Emshwiller

The Wall Street Journal, December 12, 2006

Former Enron Corp. President Jeffrey Skilling's decades-long date with a prison cell, scheduled to start today, has been temporarily delayed by a federal appeals court.

Late yesterday, Mr. Skilling's lead criminal defense attorney, Daniel Petrocelli, said he received notice that the Fifth Circuit Court of Appeals had ordered a delay in his client's scheduled report date to a federal prison in Waseca, Minn., where he was to begin serving a more-than-24-year prison sentence. Mr. Skilling received that sentence as the result of being convicted earlier this year in a Houston federal court on 19 criminal counts, including conspiracy and fraud, arising from Enron's December 2001 collapse into bankruptcy. Mr. Skilling, who has consistently maintained his innocence, had been planning to fly to Minnesota this morning to report to the prison, Mr. Petrocelli said.

The Skilling attorney said that the notice he received said that the appellate court had granted the stay "solely to allow this court to give careful consideration to the request for bail pending appeal." Granting bail would allow Mr. Skilling to stay out of prison pending his appeal, which could take a year or more for the appellate court to consider.

"We are heartened that the court of appeals is taking the time necessary to decide this important motion," said Mr. Petrocelli.

A Justice Department spokesman said he hadn't heard about the decision and couldn't comment.

Skilling's Arrival In Prison Delayed (WP)

By Carrie Johnson

The Washington Post, December 12, 2006

Former Enron chief executive Jeffrey K. Skilling received at least a brief reprieve from prison yesterday after a federal appeals court said it needed more time to consider whether he should remain free pending appeal.

Skilling, 53, had been preparing to turn himself in today and begin serving a prison term of 24 years and six months at a federal facility in Waseca, Minn. But a brief order from the U.S. Court of Appeals for the 5th Circuit, issued yesterday evening, means the brash former corporate executive will enjoy at least a few more days of freedom.

Skilling's lawyers are attacking a theory that the appeals court had invalidated last summer in another case tied to the Houston energy trading company. The appeals court ruling granted Skilling an undetermined delay "solely to allow this court to give careful consideration to the request for bail pending appeal," the order said.

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Legal analysts said the court could ultimately force Skilling to report to the 1,070-inmate prison 75 miles south of Minneapolis within days -- or the judges could take even more time to consider the issue. To stay free pending a months- or years-long appeal, Skilling would need to show a substantial chance that he would succeed.

Defense lawyers have criticized the trial judge's jury instructions and the decision to hold the trial in Houston, where thousands of people lost jobs and retirement savings when Enron sought bankruptcy protection five years ago.

"We are glad to hear that the court of appeals is taking the necessary time to consider this matter, which is vital to Jeff Skilling's immediate future," Skilling's lawyer, Daniel M. Petrocelli, said in a telephone interview yesterday.

A Houston jury convicted Skilling in May of 19 counts of conspiracy, making false statements, insider trading and securities fraud.

Under the legal theory the defense team has advanced, the conspiracy charge ultimately could be erased, perhaps along with the securities fraud convictions. But it is less clear that the charges of insider trading and making false statements to auditors would be affected, the legal experts said.

Barry Pollack, a defense lawyer at Kelley Drye Collier Shannon in the District, said Skilling should be "heartened" by the move.

"It at a minimum suggests the 5th Circuit thinks there are legitimate issues that shouldn't be given the back of the hand," said Pollack, who won acquittal for another Enron official earlier this year.

Skilling Prison Date Postponed (HC)

By Kristen Hays And Tom Fowler, Houston Chronicle

Houston Chronicle, December 12, 2006

5th Circuit asks time for 'careful consideration' of his bail request, sets no timetable

WASECA, MINN. — Jeff Skilling won't be calling this southern Minnesota town home just yet.

Late Monday, the U.S. 5th Circuit Court of Appeals issued an order postponing the ex-Enron CEO's Tuesday report date to a low-security federal prison until the panel gives "careful consideration" to his request for bail while he appeals his convictions on 19 criminal counts.

"This order is entered solely to allow this court to give careful consideration to the request for bail pending appeal," the court said.

The last-minute reprieve was a possibility up to Skilling's deadline of 2 p.m. Tuesday to report to the prison in Waseca, about 75 miles south of Minneapolis. Skilling will await word from the 5th Circuit on whether he can pursue his appeal inside or outside of prison. His appeal is expected to be filed next month.

"I am innocent of every one of these charges," Skilling told U.S. District Judge Sim Lake at his sentencing in October.

Lake rejected Skilling's request to remain free on bail pending appeal in October when he sentenced the ex-CEO to 24 years and four months in prison. Skilling challenged that order last month.

"We are heartened that the court is taking the necessary time to consider such an important matter," his attorney, Daniel Petrocelli, said Monday.

Bryan Sierra, a Justice Department spokesman, didn't return a call for comment.

The appellate court's decision is somewhat unusual, said Brian Wice, a Houston lawyer who specializes in appeals.

"It's rare to see a panel decide to stay a prison sentence so they can carefully consider his motion to remain free. Usually it's just a one-sentence summary denial," Wice said.

It doesn't carry the same weight as the court granting a request to remain free pending appeal, however. In the 5th Circuit, in particular, such a ruling is generally seen as a sign the court will overturn the case in favor of a defendant, Wice said.

That was the case with four former Merrill Lynch executives who were found guilty of fraud for helping Enron improperly boost its earnings in what was known as the Nigerian barge case.

In March, the 5th Circuit granted a former Merrill executive's motion to remain free pending appeal, while requests from two co-defendants were granted several months later.

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Not 'a walk-off home run'To meet the standard for release on bail pending appeal a defendant has to show there is a substantial chance of a reversal in the case. So it wasn't a surprise when in August, a three-judge panel of the appeals court overturned the convictions.

Skilling's win isn't quite as dramatic, but it keeps his hopes for a successful appeal alive, Wice said.

"When you're in a situation like Skilling, with hours left before you head off to jail it's always the bottom of the ninth," Wice said. "This isn't a walk-off home run, but at least it's a couple of men on base."

Houston trial lawyer David Berg called the 5th Circuit's decision "dramatic and unusual" and "somewhat encouraging" for Skilling.

"If they had been able to look at the issues in his appeal and dismiss them out of hand, as happens so often, they never would have made this order," Berg said.

Skilling, 53, was convicted last May of fraud, conspiracy, insider trading and lying to auditors and received the most severe punishment of anyone convicted of committing Enron-related crimes.

The ex-CEO staunchly maintains he is innocent.

Bad memories for retireesStill, Skilling's potential arrival in Waseca generated a lot of chatter earlier Monday at The Daily Grind, an upscale coffee shop along the old-fashioned downtown strip a few miles from the prison complex.

"It's been conversation A-1," said Carol Musel, an interior decorator in the town of nearly 10,000. "The majority of people are interested in how it unfolds from here."

For Dennis and Bette Friesen, a retired couple who once owned an industrial-machine repair business, the Skilling talk conjured memories of how they were victimized by a fraud.

Dennis Friesen said Monday that several years ago a man claiming to have investors in tow wanted to buy his business, which was in Iowa. The man, Andrew Armstrong, joined Friesen's business ostensibly to learn how it worked, but instead skimmed from the employee 401(k) retirement plan.

Armstrong is serving 6 1/2 years at a federal lockup in Texarkana for embezzlement and failure to account for and pay employment taxes.

"I guess we were just from the old school that a man's word is good," Dennis Friesen said. "It does sharpen your understanding of Enron. I'm sensitive to the people at Enron and what they lost."

The bureau opened the prison in 1996. Musel said she and many other residents have toured the prison at the bureau's invitation. She described the facility as clean and respectful of inmate needs. The prison offers a horticulture program and has a factory where 200 inmates make textiles such as uniforms and mattresses.

"If he's got it rough, it isn't here," Musel said.

Skilling Wins Delay Of Sentence (BLOOM)

By Bloomberg News

Bloomberg, December 12, 2006

Jeffrey K. Skilling, the former Enron chief executive who was sentenced to 24 years in prison for his role in a fraud that destroyed the company, won a last-minute delay of his sentence, scheduled to begin Tuesday.

The United States Court of Appeals in New Orleans issued on Monday a delay of the order requiring Mr. Skilling, 53, who was convicted in May of securities fraud and conspiracy, to report to federal prison, according to court records.

“This order is entered solely to allow court to give careful consideration to the request for bail pending appeal,” the court said. Mr. Skilling was to arrive at the low-security Federal Correctional Institution in Waseca, Minn., Tuesday afternoon. A Justice Department spokeswoman, Jaclyn Lesch, did not immediately return after-hours calls seeking comment.

Mr. Skilling, who said he was made a scapegoat, is seeking to remain free on bail while he appeals his conviction. Enron’s founder, Kenneth L. Lay, was convicted along with Mr. Skilling but died in July before he could be sentenced.

“We are glad the court is taking the necessary time to consider our motion,” Daniel Petrocelli, Mr. Skilling’s lead trial lawyer, said in an e-mail message.

Mr. Skilling is under house arrest in his 9,215-square-foot Mediterranean mansion in Houston’s River Oaks section.

The house, valued on tax rolls at more than $5 million, will be sold to help him pay $45 million in court-ordered restitution to his victims. He can give half the proceeds from the sale to his three children.

Black's Prosecutors Lay Out Case Against Him In 81-Page Filing (BLOOM)

By Andrew Harris

Bloomberg, December 12, 2006

Dec. 11 (Bloomberg) -- Former Hollinger International Inc. Chairman Conrad Black, indicted for fraud and accused of abusing company perks, compared himself to embattled French nobility in defending his actions, according to U.S. prosecutors in a filing.

The 81-page document, filed today, lays out the prosecutors' case against Black, Peter Atkinson, a former Hollinger vice president and general counsel, and two other defendants.

``I am not prepared to re-enact the French Revolutionary renunciation of the rights of nobility," Black told Atkinson in a 2002 e-mail, according to the filing.

Black, Atkinson, former Hollinger Chief Financial Officer John Boultbee, and ex-general counsel Mark Kipnis were each indicted last year on charges that they stripped Hollinger of its U.S. holdings while reaping millions for themselves through unauthorized non-competition agreements.

Black's Toronto lawyer, Edward Greenspan, said he had read the filing but wasn't prepared to comment on it immediately, citing the document's length.

``We're entitled to respond to the document in writing, and we will begin preparing the response tomorrow," he said in a telephone interview this evening.

Trial Date

Jury selection for the trial of Black and the other defendants is set for March 7. Black, Atkinson, Boultbee and Kipnis have pleaded innocent. Former Chicago Sun-Times publisher F. David Radler, who was also indicted, pleaded guilty last year and is cooperating with authorities.

Once one of the largest publishers of English-language newspapers, Black's companies produced the Sun-Times, Canada's National Post, the United Kingdom's Daily Telegraph, the Jerusalem Post and scores of smaller community newspapers.

Black, 62, led Hollinger International for eight years as chairman and chief executive officer before being forced from the latter post in 2003 and the former a year later. He also was chairman of Hollinger Inc., a position he relinquished in 2004 after 13 years.

Earlier this year, Hollinger International changed its name to the Sun-Times Media Group.

Non-Compete Agreements

Black in 1998 first raised the issue of receiving non- competition payments in connection with the sale of two magazines, American Trucker and Mine and Quarry Trader, which were owned by a Hollinger International affiliate, according to today's Justice Department filing.

From that sale, Black arranged for $2 million to be wired to Hollinger Inc., which held controlling interest in International and which, in turn, was controlled by Black and Boultbee's privately held Ravelston Corp Ltd. Within two years, Hollinger International sold off virtually all of its U.S. community newspapers, prosecutors said.

During this time, Black and Boultbee agreed that for each sale, Hollinger International would receive 75 percent of any non-competition payments, while Hollinger Inc., would receive 25 percent. This split would be ``the template for future deals," prosecutors said.

Black is also accused of charging the company for two-thirds of a $54,000 birthday party thrown for his wife, Barbara Amiel Black, at the Manhattan restaurant La Grenouille. He's also accused of using the Hollinger jet to fly the couple from Toronto, to Bora Bora, to Seattle for a Wagner opera, then back to Toronto at a cost of more than C$565,000 ($492,000), according to authorities.

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``We have to find a balance between an unfair taxation on the company and a reasonable treatment of the founder-builder-managers," Black reportedly told Atkinson after a company comptroller criticized Black's liberal use of Hollinger's corporate jet, according to today's filing.

``We are proprietors after all, beleaguered though we may be," according to the document.

The case is U.S. v. Black, 05cr727, in the Northern District of Illinois, Eastern Division (Chicago).

2 Sanctioned By SEC Over PNC Accounting (AP)

AP, December 12, 2006

PNC Executive, Outside Auditor Sanctioned by SEC Over 2001 Accounting

WASHINGTON (AP) -- An accounting executive at PNC Financial Services Group Inc. and an outside auditor were sanctioned by federal regulators Monday for their alleged roles in the regional bank's faulty accounting in 2001, said to have inflated earnings by concealing $762 million in potential liabilities.

The Securities and Exchange Commission announced the settlements with Thomas Garbe, who was PNC's director of accounting policy at the time, and Michael Joseph, a former partner with the major accounting firm Ernst & Young, which reviewed the transaction at issue. Garbe and Joseph neither admitted nor denied the SEC's allegations but agreed to refrain from future violations of the securities laws.

In addition, Joseph was barred for three years from acting as an accountant for any public company.

Garbe "failed to inquire adequately about facts and circumstances, and was a cause of PNC's violations of the ... federal securities laws," the SEC said in its order.

The agency had previously alleged that Pittsburgh-based PNC tried to conceal $762 million in sour corporate loans in 2001 by selling them to three partnerships it created expressly for that purpose with insurance giant American International Group Inc.

For a fee, AIG offered to establish special-purpose entities to which PNC could transfer the troubled assets, but there was no actual transfer of risk from the bank to the insurer, according to the SEC.

In a July 2002 settlement of the issue, PNC was not fined but agreed to give the SEC and the Federal Reserve Bank of Cleveland greater access to company records. New York-based AIG signed agreements with the SEC and the Justice Department in late 2004 in which it agreed to pay $126 million to settle allegations of aiding flawed accounting by PNC and Brightpoint Inc.

More recently, AIG agreed last February to pay a record $1.64 billion in a settlement with the SEC and New York state authorities, and apologized for having deceived investors and regulators with misleading accounting practices. AIG was alleged to have taken part in bid-rigging schemes, paid secret commissions to insurance brokers to steer business to it, used phony insurance deals to burnish its earnings and misstated the amounts of workers' compensation premiums it had collected.

Securities and Exchange Commission: http://www.sec.gov

PNC Financial Services Inc.: http://www.pncbank.com

SEC Bars Ex-Ernst & Young Partner For Role In PNC-AIG Fraud (BLOOM)

By Otis Bilodeau

Bloomberg, December 12, 2006

Dec. 11 (Bloomberg) -- The U.S. Securities and Exchange Commission sanctioned a former Ernst & Young LLP accountant for designing and then helping to audit a financial product PNC Financial Services Group Inc. used to overstate profit in 2001.

Michael Joseph, who left Ernst & Young last year, agreed to be barred from auditing public-company books and otherwise representing clients before the SEC for three years, the agency said in a statement today. Joseph, 55, didn't admit or deny wrongdoing.

American International Group Inc., the world's biggest insurer, hired Joseph to help develop and market a financing arrangement that PNC used to shift $762 million in bad loans and investments off its books in 2001, according to the SEC. Ernst & Young, the second-biggest U.S. accounting firm, also was the auditor that year for PNC, a Pittsburgh-based bank.

Joseph, a ``nationally recognized expert'' on accounting for off-balance-sheet financing, drafted an expert-opinion letter for AIG approving the transaction, the SEC in its order today. Then Joseph gave the same letter to the Ernst & Young team auditing the way PNC accounted for it. The Ernst & Young auditors adopted Joseph's guidance letter ``virtually verbatim,'' the SEC said.

``Joseph was invested both financially and reputationally in the success'' of the arrangement, the regulator said. As a result, he had a conflict of interest when he ``evaluated'' PNC's accounting for a product he had helped create. ``Joseph was on both sides of the PNC transactions,'' the SEC said.

Fed Order

The Federal Reserve in January 2002 ordered PNC to reverse the accounting, and PNC announced that month it would restate its financial statements from the prior year, cutting previously reported earnings.

New York-based AIG and PNC have since settled regulatory probes. AIG agreed in Nov. 2004 to pay $126 million to the SEC and Justice Department in connection with the case. As part of a $115 million settlement with Justice in 2003, a PNC subsidiary ``acknowledged'' that the transactions Joseph worked on violated accounting rules. Neither company admitted wrongdoing. Ernst & Young hasn't been accused of violating any rules in the case.

Joseph ``neither agreed nor disagreed with any of the SEC's allegations,'' according to his lawyer, Lawrence Robbins, of Robbins, Russell, Englert, Orseck & Untereiner in Washington. ``He is grateful for the opportunity to move on.''

The SEC today also faulted Thomas Garbe, the director of PNC's accounting policy department, for failing to question the propriety of the AIG transactions before signing off on them. The SEC ordered Garbe, 54, not to violate securities laws in the future. He didn't admit or deny wrongdoing. His lawyer, Peter Kolker of Zuckerman Spaeder in Washington, declined to comment.

Ernst & Young has faced SEC scrutiny over other potential conflicts. In April 2004, the agency banned the firm from accepting new public-company audit clients for six months, after finding it violated conflict-of-interest rules while auditing PeopleSoft Inc. Five months later, Ernst & Young told regulators it might also have broken rules while performing tax work in China for about 100 U.S. audit clients, including Sun Microsystems Inc.

Ernst & Young spokesman Charles Perkins declined to comment.

CRIMINAL LAW:

Judge Settles Fight Over Classified Info (AP)

By Matt Apuzzo

AP, December 12, 2006

A federal judge all but resolved the protracted legal fight over classified information in the CIA leak case Monday, helping ensure the dispute would not derail former White House aide I. Lewis "Scooter" Libby's perjury and obstruction trial.

Libby is accused of lying to investigators about his conversations with reporters regarding a CIA operative. He says he had more pressing issues on his mind and wants to discuss classified intelligence about terrorist threats and foreign nuclear programs to bolster that argument.

Prosecutors had accused Libby of demanding so much sensitive information that the government could not safely release it — leading to a dismissal — but U.S. District Judge Reggie B. Walton appears to have resolved that dispute.

Walton, who rankled Special Prosecutor Patrick Fitzgerald last month by ruling that Libby must be allowed to discuss intelligence on Iraq, Iran, Pakistan, terrorism and other issues at trial, accepted Fitzgerald's proposal to limit the details Libby and his attorneys can discuss.

The details of those limitations are sealed but, because it was Fitzgerald's proposal, it's unlikely he would come back to court later this month and argue that the limitations did not go far enough to protect government secrecy.

Neither Fitzgerald's office not Libby's attorneys would comment Monday.

The ruling helps keep the trial on track for next month. That could still be delayed, however, if Vice President Dick Cheney and Bush aide Karl Rove claim they cannot testify because of separation-of-powers issues.

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While the case hinges on whether Libby knowingly lied about his conversation regarding CIA operative Valerie Plame, testimony could offer a behind-the-scenes look at how the Bush administration handled intelligence and criticism in its march to war.

Plame believes the administration leaked her name to reporters as retribution for her husband's criticism of prewar intelligence. Nobody has been charged with the leak.

FBI Tape Shows Hornsby Accepting Money (WP)

By Eric Rich

The Washington Post, December 12, 2006

As soon as he walked into the hotel room, Andre J. Hornsby talked to his longtime associate about the possibility he had been followed. Hornsby, then the Prince George's County schools chief, said he had driven a circuitous route to shake any possible tail and had made a mental note of the make, model and color of cars in the parking lot.

They talked about purging Hornsby's e-mails from school system computers, and then the associate -- who was secretly cooperating in an investigation of Hornsby -- handed over $1,000. As FBI cameras rolled, Hornsby tucked the bills into his shirt pocket.

Details of the videotaped meeting at the end of 2004 were among the key disclosures in an FBI affidavit unsealed yesterday at U.S. District Court in Greenbelt. The affidavit and related documents contain a raft of new information about the corruption case prosecutors have assembled against Hornsby, who was removed from his post in Prince George's last year and indicted in August.

Hornsby's attorney, Robert C. Bonsib, declined to comment on the meeting or other specifics from the affidavit. "Dr. Hornsby maintains his innocence, and, as he has throughout, intends to vigorously defend against the allegations in a court of law," Bonsib said.

The indictment accuses Hornsby of steering a contract to a consulting company linked to the associate and of arranging for a $1 million purchase from the software company LeapFrog SchoolHouse, where his then-girlfriend was a saleswoman. In both cases, it alleges, Hornsby demanded and received kickbacks in return.

The former girlfriend, Sienna Owens, who was a sales representative for Virginia, has pleaded guilty to a tax offense and is cooperating with prosecutors. Owens said in court that she collected $20,000 from the commission on the purchase, a sum she said she split with Hornsby.

The affidavit, signed by FBI Special Agent John M. Sheridan, does not identify the female associate at the hotel, but in the context of the events it describes, she appears to be Cynthia Joffrion, who worked with Hornsby in Yonkers, N.Y., and in Houston before that. Joffrion has previously declined to comment and did not respond to a message left at her home yesterday.

According to the affidavit, the associate appears to have been a reluctant participant in Hornsby's alleged misconduct. In fact, Sheridan wrote, the associate approached the district attorney's office in Westchester County, N.Y., in 1999 to complain about Hornsby, triggering a previously undisclosed criminal investigation in which dozens of meetings or phone calls with Hornsby were taped.

A spokeswoman with the district attorney's office said the status of that investigation could not be quickly determined yesterday.

According to the associate, when Hornsby was negotiating with Apple Computer Inc. over a possible purchase by the Yonkers school system, he required the company to donate computers to the National Alliance of Black School Educators, of which he was president, for the deal to be consummated, Sheridan wrote. Two other vendors were also required to financially support the educators group to win contracts with Yonkers, the agent wrote.

The associate also said that Hornsby ordered her to send computers that belonged to the Yonkers school system to Hornsby's relatives and that he threatened to fire her if she did not do so, Sheridan wrote in the affidavit.

Hornsby hired the associate again after he arrived in Prince George's, Sheridan wrote, ultimately involving her in the consulting contract to help secure funds under a federal program known as E-Rate. Hornsby once told the associate that he expected a kickback of $150,000 in the arrangement, the affidavit says.

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In late 2004, in the weeks leading to the meeting at the Bowie hotel, Hornsby had a series of cryptic conversations -- on a recorded line -- with the associate, who by then had contacted the FBI, the affidavit says.

On Nov. 9, it says, several days after reports circulated that the FBI was investigating, Hornsby instructed the associate not to withdraw more than $4,000 at a time from a bank account and then said: "Let's not talk. Have you read the [news]papers?"

On Dec. 3, the associate asked how much money she should bring to pay him. Hornsby replied, "I like my birthday," in an apparent reference to the number seven, the date of his birth, meaning $7,000, Sheridan wrote.

They met at the hotel Dec. 20. At that videotaped meeting, the affidavit says, Hornsby and the associate decided that $144,000 with a down payment of $1,000 was appropriate payment to Hornsby for arranging for the contract award.

Court Documents Detail Alleged Hornsby Schemes (AP)

AP, December 12, 2006

COLLEGE PARK, Md. (AP) - New details about what federal officials say were carefully orchestrated plans by former Prince George's County school chief Andre Hornsby to reap roughly 150-thousand in kickbacks.

A search warrant affidavit unsealed today in U-S District Court also claims Hornsby took great pains to conceal his schemes, erasing computer and e-mail records, checking for possible phone taps, and trying to shake what he correctly suspected were F-B-I agents following him.

Hornsby was indicted in August and pleaded not guilty to charges of mail fraud, wire fraud, witness and evidence tampering, and obstruction of justice. His attorney, Robert Bonsib says he expects the matter to go to court and be hard fought.

N.Y. Federal Prosecutors Losing Cases (HC/AP)

By Larry Neumeister Associated Press Writer, The Associated Press

Houston Chronicle, December 12, 2006

NEW YORK — These are happy times for defense lawyers in Manhattan federal court.

A string of recent acquittals, in cases involving everything from organized crime to Wall Street misdeeds to terrorism, has eroded the patina of invincibility from prosecutors in an office where high-profile convictions once seemed inevitable.

The defeats _ just two years after the government successfully prosecuted home maven Martha Stewart _ were capped off when prosecutors announced just before Thanksgiving that they were dropping one-third of the 15 cases brought against floor specialists at the New York Stock Exchange.

The prosecution, meant to show specialists were cheating investors by improperly trading for their companies ahead of orders for their customers, had already suffered huge hits with two acquittals and dropped charges in two cases _ although they did notch five convictions.

The latest charges were dropped just days after a jury acquitted a California man on charges that he lied about his association with one of the Sept. 11, 2001, hijackers, ending a case the government relentlessly pursued for five years.

Just weeks earlier, a third jury deadlocked on racketeering charges against John A. "Junior" Gotti, leading prosecutors to abandon their case against the admitted one-time Gambino crime family boss.

And that came only weeks after prosecutors agreed to drop charges against technology banker Frank Quattrone, letting him resume a career that once paid him as much as $120 million a year.

In civil and criminal cases, prosecutors in Manhattan's U.S. District Court have endured a variety of setbacks _ including decisions forcing them to divulge the identities of detainees at Guantanamo Bay, Cuba, and to turn over pictures of prisoner abuse in Iraq.

Their prosecution of 19 people in what the government called the largest criminal tax case in U.S. history _ a tax shelter scheme for rich people _ became bogged down over claims the government pressured a company not to pay defense lawyers for its indicted employees.

Even a big victory _ the conviction of lawyer Lynne Stewart on a charge of providing material support to terrorists _ soured when a judge sentenced her to a little over two years in prison rather than the 30 years the government had sought.

U.S. Attorney Michael Garcia, who took the job last year when the soon-to-be stymied prosecutions were already in full swing, told The Associated Press that the setbacks were cyclical.

The results, he said, can happen when "the stars line up badly in a bunch of cases ... It's crazy to say that it's the quality of the lawyering here." Garcia said prosecutors stream to his office after a win or a loss _ and the losses hit hard.

"They're down because they've invested so much and you believe in what you're doing," he said. "It's a bad thing. You take it hard. But it can't last. ... I know they know they left it on the field, and win-loss record doesn't mean anything here."

He said losses attract more attention than the vast majority of criminal cases that end in convictions. He cited the successful prosecution of South Korean businessman Tongsun Park, who was convicted by a jury that took only hours to find he conspired to accept at least $2 million to act as a secret Iraqi agent to influence the United Nations' oil-for-food program.

He said prosecutors, who are aware "we sit right next door to Wall Street," raise novel legal issues to prosecute financial crimes just as he and others did in the early 1990s when they created new tactics to prosecute terrorists.

"With more novel legal issues, you might not be successful in a ratio people are used to seeing from this office," he said.

Some longtime defense lawyers, though, say there might be something behind the shift of luck in a courthouse where young prosecutors often sharpen their trial skills before taking lucrative jobs at some of the nation's most prestigious law firms.

"It's a different time than it was three or four years ago. People are not as enamored with the government and its view of things," said Gerald Lefcourt, past president of the National Association of Criminal Defense Attorneys.

"There's a general pendulum swing in the country which is obvious," said Lefcourt, who has defended clients ranging from actor Russell Crowe to the "Chicago Seven" _ seven Vietnam War protest leaders accused of conspiring to start a riot at the 1968 Democratic National Convention.

Lefcourt said defense lawyers are feeling good.

"There's not as much doom and gloom. I don't think that people perceive things as hopeless as they used to," he said

Carl Tobias, a professor of law at the University of Richmond, said prosecutors may be suffering the effects of their own aggressiveness, especially after the Sept. 11, 2001, terrorist attacks.

"Sometimes you can hardly blame the government because the last thing they want is another terrorist attack," Tobias said. "So they tend to pull out all the stops and a lot of people are sympathetic to that. Sometimes innocent people are caught in the crosshairs."

He said white collar prosecutions are sometimes difficult because wealthy defendants can hire the best attorneys, many of them former Manhattan federal prosecutors.

Marc Mukasey, who was a federal prosecutor in Manhattan until a year ago, said "the line between what's a crime and what isn't is grayer and foggier than it's ever been and therefore juries are demanding more proof and prosecutors are being put to the test."

Still, he said, the U.S. attorney's office in Manhattan remains "the gold standard for prosecutorial offices."

Judge Seeks Details On Probe Of Prosecutor In Botched Mafia Case (BOS)

By Raja Mishra And Shelley Murphy, Globe Staff

The Boston Globe, December 12, 2006

The chief federal judge in Boston is urging the US Justice Department to find out and tell him what happened to an internal investigation of a federal prosecutor accused of withholding evidence in a high-profile Mafia case.

The unusual request, which was filed in court yesterday, stems from a botched racketeering case in which two reputed mobsters were released early from prison after Chief US District Judge Mark L. Wolf determined that prosecutor Jeffrey Auerhahn improperly and possibly illegally manipulated evidence.

Three years ago, US Attorney Michael J. Sullivan told Wolf that he would get to the bottom of the alleged misconduct. But in a letter sent Friday to Sullivan's boss, Attorney General Alberto R. Gonzales, Wolf wrote that "no information on the status or any results" of the investigation into Auerhahn had been reported to him.

"The apparent inaction of the Department of Justice regarding Mr. Auerhahn has generated considerable concern about the administration of justice in the District of Massachusetts," Wolf wrote.

Auerhahn, who could not be reached for comment yesterday, currently works on antiterrorism cases and recently prosecuted a Bosnian war criminal.

Citing Justice Department rules protecting employees' privacy, Sullivan said yesterday he could not comment on the results of the investigation of Auerhahn or whether any action had been taken against him.

Sullivan said he would look into whether prosecutors could somehow share the results of the investigation with Wolf without violating Auerhahn's privacy.

"Obviously the court has raised some legitimate concerns as it relates to a matter that was before the court, and there should be an avenue to be able to respond to the court on the outcome of any inquiry that was launched as a result of the court's findings or conclusions," Sullivan said.

A Justice Department spokeswoman in Washington said the agency would not comment on the matter and would direct any response to Wolf.

In 2003, Wolf found that Auerhahn failed to tell defense lawyers that a key witness had recanted his testimony about the 1985 murder of Vincent Limoli in the North End. That led Wolf to release mobster Pasquale Barone and, two years later, to free Mafia captain Vincent Ferrara, whose convictions he deemed tainted.

"The misconduct by Mr. Auerhahn that resulted in the release of Barone and Ferrara was part of a pattern of similar misconduct by him," Wolf wrote Gonzales.

Earlier this year, a federal appeals court called Auerhahn's conduct "outrageous."

"No one can give Barone back the 10 years that he spent on an unlawful conviction," Bernard M. Grossberg, who represented Barone, said yesterday.

Wolf wrote that he thought Auerhahn's actions "may have been perjurious." He wrote that he held off on probing Auerhahn on his own because Sullivan "urged me" not to do so and that Sullivan promised a thorough probe.

Wolf compared Auerhahn's misconduct to an ongoing terrorism case in Detroit in which the federal government said a new trial against alleged members of a jihadist sleeper cell was necessary because a prosecutor withheld evidence. That prosecutor is now facing trial himself in the alleged misconduct.

Investigation Into Amtrak Law Department And Outside Counsel Builds Steam (LAW)

By Anna Palmer, Legal Times

Legal Times, December 12, 2006

A House committee broadened its investigation into government-subsidized train operator Amtrak's legal department and its outside legal counsel last week, calling for the Justice Department to investigate possible illegal activities.

In a Dec. 4 letter obtained by Legal Times, outgoing House Transportation and Infrastructure Committee Chairman Don Young, R-Alaska, and committee member Rep. John Mica, R-Fla., requested that Attorney General Alberto Gonzales review "what may constitute unlawful conduct" between Amtrak's legal team and outside law firms. It's the second letter the lawmakers have sent regarding potential mismanagement on the part of Amtrak and its outside law firms.

In a separate letter sent Nov. 17 to Amtrak Inspector General Fred Weiderhold Jr., the congressmen singled out Manatt, Phelps & Phillips for its billing of support staff and expenses. The letter asked Weiderhold to review specific instances regarding Manatt's work on the Northeast Corridor electrification project to see if they were "appropriate, justified, documented, and accurate."

"Manatt is proud of the work that we have done for Amtrak, and of the significant accomplishments that have resulted from that work," the firm said in a statement to Legal Times. "We have fully cooperated with the [inspector general's] review of Amtrak legal services. Any issue that has been brought to our attention has been addressed, and if there are further questions, we will provide any information requested."

The lawmakers' overtures come after a recent probe into Amtrak's legal department by the Department of Transportation's inspector general and Weiderhold, which came at the request of the transportation committee. The investigation found that Amtrak mismanaged more than $100 million in legal fees from June 2002 to June 2005. The inspector generals' report, released in October, found that Amtrak's outside legal counsel rarely turned in receipts and used block billing, the term for billing different tasks under one invoice entry, which is prohibited by Amtrak's guidelines for dealing with outside counsel.

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The letter to the Justice Department, which does not name any specific law firms, addresses four areas in which Amtrak employees and outside legal counsel may have broken federal law by bill padding and possible collusion among Amtrak's legal department and outside counsel to use side agreements benefiting the outside law firms. The letter also indicates that Amtrak's in-house lawyers and outside legal counsel may have offered or solicited improper gifts and travel in exchange for legal work. And the lawmakers point to possible false statements to investigators and backdating of documents by Amtrak in an attempt to obstruct the probe.

"We don't believe the allegations have merit or that they warrant review by the Justice Department, but we stand ready to cooperate and provide information as it is requested, as we have done with the committee," Amtrak spokesman Cliff Black said in an e-mail statement.

Mica and Young's offices did not return calls for comment.

One lawyer familiar with Amtrak's in-house legal department was surprised by the ongoing investigation.

"There was never an issue raised about the Amtrak law department by Congress when I was there," says James Lloyd, a former Amtrak general counsel who left in January 2002. "I really don't believe that the Amtrak law department would just turn lawyers loose. ... I don't think there is any more cost-conscious group of lawyers than I saw at Amtrak."

RAIL SPLITTING

Manatt first came under scrutiny in an unredacted copy of legal-audit expert John Toothman's report, obtained by Legal Times in early November. (A redacted copy was released by the committee in October). Toothman's report found that Manatt's billing was "overall, the worst observed, with heavy staffing, attempts to pass off clerical/overhead as billable, failure to follow basic guidelines and heavy expenses." The firm also benefited after one of its former partners, Marylin Milner, went to work in Amtrak's general counsel's office. As associate general counsel, she directly supervised her former firm's Amtrak work. Milner, now general counsel at petroleum company Gilbarco Veeder-Root, declined to comment.

Young and Mica's letter to Weiderhold specifies several discrepancies with Manatt's bills related to nonlegal work, miscellaneous billing and large copying expenses.

"Our office policy is not to confirm or deny any potential ongoing investigations," says Hamilton Peterson, the lead investigator for the legal audit by Amtrak's inspector general.

Audit expert Toothman says he had substantial concern about the use and timing of Manatt's side agreements and how legal work was transferred to the firm.

"Manatt also had some pretty unusual terms [for] expenses that they were not limited to actual cost on expenses, but whatever they defined as a standard expense," says Toothman.

For nine months of work by a paralegal between 2004 and 2005, Manatt billed Amtrak for "1,877 hours, or $313,000 billed for three-fourths of a year's work, with much of this work appearing to be clerical in nature or non-legal, construction work," according to the lawmakers' letter. In a different two-month sample of bills, the congressmen say their review found billings of $90,000 for 561 hours in two months in 2004, or what constitutes a billing pace of over 3,000 billable hours per year for the paralegal. In another two-month sample in 2003, the same paralegal billed $69,000 for 430 hours with "multiple double entries of time on the same date for the same work," according to the letter.

Manatt disputes the letter's allegations about billing a paralegal for clerical work, however. The firm says experts from both sides of an ongoing arbitration were required to be on the railroad 10 to 12 hours a day, monitoring the work of experts in order to create an evidentiary record in a foundation dispute involving the Northeast Corridor electrification project.

The lawmakers also want the inspector general to investigate Manatt's miscellaneous expenditures and copying costs. According to the letter, the committee's preliminary review of "four sample monthly invoices from 2003 and 2004" found about $14,000 in nonitemized miscellaneous expenses. It also noted a single $15,900 expense for copying.

Manatt, however, says the costs were justified because of the arbitration it was handling for Amtrak. The $14,000 in nonitemized bills were for hotel facilities, conference space, court transcripts and other related costs, according to the firm.

The firm also denies that the high copying costs were out of line because, it says, the firm was required to produce eight copies of every document for arbitration.

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With Democrats in control of Congress, the future of the Amtrak investigation is uncertain. Incoming Transportation Committee Chairman James Oberstar, D-Minn., takes a much different view of Amtrak from his predecessor Young. Historically, Oberstar has championed Amtrak successes and has called it "chronically underfunded." Rep. Corrine Brown, D-Fla., who is likely to head the Railroads Subcommittee, is also supportive of the passenger railroad.

A spokesman for Oberstar says the congressman hasn't yet set the committee's agenda for the next Congress.

But just because the Democrats will be running the show doesn't mean Rep. Mica won't keep the heat on Amtrak. Last week he was picked as ranking Republican member of the Transportation and Infrastructure Committee.

Raid On 19 Bosnian Serb War Criminals In U.S. (NSDY)

By Matthew Mcallester, Newsday Staff Correspondent

Long Island Newsday, December 12, 2006

TAMPA, Fla. -- Federal agents raided homes in five cities Monday, arresting 19 Bosnian Serbs whose units allegedly participated in the Bosnian war's Srebrenica massacre, sources told Newsday.

The murder of more than 7,000 Bosnian Muslims at Srebrenica was the worst war crime in Europe since World War II.

Monday's arrests follow one in Milwaukee during the weekend. The investigation is continuing, the sources said, and is expected to net more Srebrenica suspects than any other operation to date worldwide.

The total number of Srebrenica suspects arrested in the past two years on immigration violations in the United States is approaching 50. At least three have been deported to Bosnia from Arizona and two are in custody in Sarajevo as prosecutors there investigate them for war crimes.

Agents from Immigration and Customs Enforcement arrested eight men in Tampa Monday. Others were arrested in nearby Orlando and in Denver, Detroit and Chicago. The government alleges that all of them lied on their immigration applications, deliberately omitting mention of their service in the Bosnian Serb Army.

At the federal courthouse in downtown Tampa Monday afternoon, five of the men arrested Monday were arraigned before Judge Thomas McCoun.

Incredulous over arrests

"It's all nonsense," one of the men, Strahinja Krsmanovic, told one of two public defenders representing the men. He and the other four Bosnian Serbs sat in the dock with their ankles bound together by chains.

The men looked slightly stunned at the proceedings, shrugging and even laughing in incredulity when the question of their being at risk of flight, or a danger to the public, was raised.

While investigators and prosecutors do not consider any of the men a present danger, the underlying theme of the operation that led to their arrest is that they were, not so long ago, a mortal danger to thousands.

In July 1995, the Bosnian Serb Army's Bratunac and Zvornik Brigades took control of the besieged town of Srebrenica, a UN-designated "safe area" that was home to tens of thousands of Bosnian Muslims. Soldiers systematically separated men and boys from women and children. In various locations around Srebrenica, the Serb soldiers tortured and executed at least 7,000 men and boys over several days.

The Srebrenica investigation in the United States started when the UN tribunal for the former Yugoslavia in The Hague gave federal investigators a database of names of soldiers the tribunal's prosecutors believed participated in the Srebrenica massacre.

Living quietly in America

An analyst with Immigration and Customs Enforcement cross-referenced the data with immigration databases and has continually uncovered men -- and in at least one case, a woman -- living quiet American lives.

It is very common, investigators say, for the perpetrators of war crimes to enter the United States in the flow of refugees and immigrants who often come from countries wracked with war.

It is hard for prosecutors to prove what individual soldiers were doing during a period of several days more than a decade ago in a distant country.

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The only federal law that can really be used against people living in the United States who have committed war crimes overseas is the torture statute. Just last week prosecutors in Miami, with the approval of Attorney General Alberto Gonzales, brought the first torture case in U.S. history.

The paucity of strong war crimes laws in the United States leaves prosecutors with little option than to use immigration law to pursue suspects -- and ultimately deport them.

That is the fate that possibly awaits the five who appeared in court here Monday. They spoke mostly in Serbo-Croatian, with the aid of two interpreters, about their jobs and finances.

Most of the five seemed to have settled well in the United States, with jobs and homes that they own. Krsmanovic, for example, told the court he worked at a company called Compulink and owned a home. He makes $8.50 an hour, he told the judge, who was trying to decide if each man needed a public defender or could afford his own attorney.

McCoun set a hearing for today to determine terms of release for the men. Sources told Newsday at least four other Bosnian Serb suspects fled the country this month after immigration agents interviewed them.

'Peace Mom' Convicted Of Trespassing (AP)

By Samuel Maull

AP, December 12, 2006

Peace activist Cindy Sheehan and three other women were convicted of trespassing Monday for trying to deliver an anti-Iraq war petition to the U.S. Mission to the United Nations.

A Manhattan Criminal Court judge sentenced them immediately to conditional discharge, which means they could face some form of penalty if they are arrested in the next six months, and ordered them to pay $95 in court surcharges.

Sheehan and about 100 other members of a group called Global Exchange were rebuffed last March when they attempted to take a petition with some 72,000 signatures to the U.S. Mission's headquarters across a street from the United Nations.

After Monday's sentencing, the women returned to the Mission; this time, their petition was accepted.

Prosecutors said they were arrested in March after ignoring police orders to disperse.

The four were acquitted of disorderly conduct, resisting arrest and obstructing government administration. They had faced up to a year in jail if convicted of all counts.

"We should never have been on trial in the first place," Sheehan said in a statement after the verdict. "It's George Bush and his cronies who should be on trial, not peaceful women trying to stop this devastating war. This verdict, however, will not stop us from continuing to work tirelessly to bring our troops home."

Sheehan, 49, of Vacaville, Calif., lost her 24-year-old son Casey in Iraq on April 4, 2004. She has since emerged as one of the most vocal and high-profile opponents of the war, drawing international attention when she camped outside President Bush's Texas ranch to protest the war.

The women, calling their campaign "Women Say No To War," had hoped to give the petition to Peggy Kerry, the mission's liaison for non-governmental organizations and sister of Sen. John Kerry, D-Mass., as they had in 2005.

Kerry refused to meet with the women in the presence of Sheehan and the news media. She testified during the trial that the presentation seemed like a publicity stunt.

The women ignored police orders to leave and were reading it aloud on the sidewalk when officers arrested them. The women sat on the sidewalk and were carried to patrol wagons.

Following Monday's court session, the women returned to the U.S. Mission to ask for an apology and resubmit the petition.

They were met by Richard A. Grenell, the mission's director of external affairs, but didn't have the petitions with them. After obtaining copies of the petition, they went back a second time and handed them over to Kerry and Grenell in the building's lobby.

Grenell did not explain why the petitions were accepted this time.

Sheehan's co-defendants were Melissa Beattie, 57, of New York; Susan "Medea" Benjamin, 54, of San Francisco; and Patricia Ackerman, 48, of Nyack, N.Y.

Supreme Court Says Buttons Did Not Bias Jury Against Killer (LAT)

By David Savage

DOJ_NMG_0105538

The Los Angeles Times, December 12, 2006

WASHINGTON — The Supreme Court reversed the U.S. 9th Circuit Court of Appeals today and restored a California murder conviction that had been thrown out because a small photo of the victim had been worn by his family during the trial.

In a 9-0 decision, the justices said the appeals court had overstepped its bounds when it held that this display violated the defendant's right to a fair trial.

But the court's opinion dealt more with the powers of federal judges than with what spectators can say and do in the courtroom.

Under a 10-year-old law adopted by Congress, U.S. judges are authorized to reverse state criminal convictions only if they spot a violation of "clearly established federal law" as set by the high court.

The 9th Circuit pointed to that provision when it overturned the murder conviction of Mathew Musladin who, in 1994, shot and killed Tom Studer in the driveway of his estranged wife's home in San Jose.

Musladin admitted to shooting Studer, but said he acted in self-defense.

A jury did not believe Musladin and found him guilty of first-degree murder and attempted murder. His conviction was upheld by the California courts.

Two years ago, the 9th Circuit said the trial judge violated clearly established law when he permitted three members of Studer's family — his parents and his younger brother Jim — to wear a small, button-sized photo of the murder victim while sitting in the spectator section of the courtroom.

Judge Stephen Reinhardt said these photos "conveyed the message the defendant was guilty" and violated his right to a fair trial.

In today's opinion, the Supreme Court said it had never ruled that "spectator conduct" in the courtroom violated a defendant's right to a fair trial, except for an early 20th century case involving a "mob dominated" trial.

Justice Clarence Thomas pointed out that the court's only decisions in this area dealt with "government-sponsored practices," such as requiring the defendant to wear prison clothes at his trial. That is unfair and "inherently prejudicial," the justices said in 1976.

Because the high court had not set a clear rule against spectators wearing photos during a trial, the 9th Circuit had no basis for invoking such a rule, Thomas said in Carey vs. Musladin.

The decision was a victory for California Atty. Gen. Bill Lockyer and several victims rights groups that had urged the justices to reverse the 9th Circuit decision.

Murder Conviction Stands In Supreme Court Case (USAT)

By Joan Biskupic

USA Today, December 12, 2006

WASHINGTON — The Supreme Court restored a California man's murder conviction Monday, spurning arguments that his trial was unfair because spectators in the courtroom were allowed to wear buttons showing a picture of the victim.

The justices did not rule on whether the display of such buttons should be permitted at trials. Rather, they said in a unanimous decision that a lower court was wrong to find that the buttons may have prejudiced the jury and that the defendant should be able to make his case to a federal judge.

The U.S. Court of Appeals for the 9th Circuit had said the "message conveyed" by the buttons was that the defendant was guilty. The 9th Circuit concluded that prior rulings by the Supreme Court on unfair trials covered spectators' courtroom conduct.

However, in an opinion by Justice Clarence Thomas, the high court said it had no precedent against such conduct by spectators, so the 9th Circuit should not have ruled that the defendant, Mathew Musladin, could make a claim in federal court. The fundamental question in the case focused on the standards state prisoners must meet to challenge their cases in federal court.

Thomas, joined by five other justices, said there is nothing in existing law that would have made it improper for spectators at Musladin's trial to wear buttons displaying the face of Tom Studer, whom Musladin fatally shot. Thomas said the 9th Circuit

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wrongly had extended decisions related to "state-sponsored" courtroom practices, such as defendants being forced to wear prison garb, to the private spectators' buttons.

Three justices, John Paul Stevens, Anthony Kennedy and David Souter, joined only the bottom-line judgment and wrote concurring statements that raised concerns about the potential risks of allowing such buttons in the courtroom.

Questions involving spectator conduct often arise in state trials. In the mid-1990s, U.S. District Court Judge Richard Matsch, handling the Oklahoma City bombing cases of Timothy McVeigh and Terry Nichols, forbade the wearing in the courtroom of buttons, jewelry or other items connected to the fatal bombing.

Other trial judges have allowed buttons. Most appeals courts hearing such cases have let convictions stand, the justices noted.

Monday's case traced to 1994, when Musladin killed Studer, the fiancé of Musladin's estranged wife. Musladin claimed he did it in self-defense.

Relatives of Studer came to the trial wearing buttons depicting Studer's face and sat in the front row of the spectators' section.

Musladin's lawyer asked the trial judge to bar the buttons; the judge declined. A California appeals court upheld the murder conviction of Musladin, who was sentenced to 32 years to life in prison. The appeals court said wearing such buttons should be discouraged but said jurors in this case probably considered them merely a sign of grief.

Buttons At Trial Didn't Bias Jury, Justices Say (NYT)

By David Stout

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — The Supreme Court today unanimously upheld the conviction of a California man who had contended that he was denied a fair trial because people sitting in the courtroom were wearing pictures of the man he killed.

The justices ruled, in a case that addressed the relationship between federal and state courts as well as the conduct of courtroom spectators, that Mathew Musladin was not entitled to a new trial in the 1994 slaying of Tom Studer outside the San Jose home of Mr. Musladin's estranged wife, Pamela.

Mr. Musladin admitted that he shot Mr. Studer to death, but he claimed that he did so in self-defense. After a two-week trial in which some of Mr. Studer's relatives sat behind prosecutors while wearing small pictures of the victim, the jury found Mr. Musladin guilty. He was sentenced to more than 30 years in prison.

In today's ruling, the justices overturned a finding by the United States Court of Appeals for the Ninth Circuit, in San Francisco, which had held that the California state courts and a federal district court erred in rejecting Mr. Musladin's bid for a new trial. Today's ruling revolved around the 1996 Antiterrorism and Effective Death Penalty Act, by which Congress curbed the power of federal judges to grant habeas corpus petitions to review state court convictions.

But today's ruling was hardly an endorsement of personal, emotional expressions in a trial courtroom. On the contrary, the key issue was whether the Ninth Circuit went too far. Justice Clarence Thomas wrote for the Supreme Court that the circuit had indeed overreached in holding that the lower court decisions were contrary to, or unreasonably applied, "clearly established federal law."

While the Supreme Court has in years past handed down decisions addressing whether the rights of a defendant are prejudiced if he appears before the jury in handcuffs or shackles, or in the presence of several police officers, it had not ruled on whether a murder victim's relatives should be allowed to sit in court wearing buttons with the dead person's picture.

And today's decision may not be the last word on the issue of spectator conduct, to judge by the words of Justice David H. Souter, one of three justices who wrote separate opinions concurring in today's judgment. From a defendant's standpoint, Justice Souter wrote, it does not matter if the issue is official conduct — putting a defendant in shackles or prison garb, for instance — or personal behavior, like wearing pictures of the victim.

"Either way, the trial judge has an affirmative obligation to control the courtroom and keep it free of improper influence," Justice Souter wrote, adding that "one could not seriously deny that allowing spectators to wear visible buttons with the victim's photo can raise a risk of improper considerations."

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Justice Anthony M. Kennedy, who also wrote a separate opinion, recalled instances in which defendants' rights were compromised, notably the case of Dr. Samuel Sheppard, whose 1954 conviction in the killing of his wife was accompanied by a circus-like courtroom atmosphere.

But, Justice Kennedy wrote, "in the case before us there is no indication the atmosphere" of the trial was "one of coercion or intimidation to the severe extent demonstrated" in the Sheppard case and others.

Justice John Paul Stevens also wrote a separate concurring opinion.

Justice Thomas's opinion was joined by Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Ruth Bader Ginsburg, Stephen G. Breyer and Samuel A. Alito Jr.

The case was Carey v. Musladin, No. 05-785. Thomas L. Carey is the warden of a California state prison at Solano.

High Court Says Buttons Didn't Bias Jury In Murder Case (LAW)

By Tony Mauro, Legal Times

Legal Times, December 12, 2006

When Mathew Musladin went on trial in Santa Clara, Calif., for the 1994 murder of Tom Studer, his estranged wife's fiance, the victim's family showed support for Studer in an unusual way.

Sitting silently near the jury, family members wore buttons bearing a photo of Studer's face every day of the trial. Musladin's lawyer asked the trial judge to order the buttons removed, asserting they would prejudice the jury against his client. The judge denied the motion.

On Monday the Supreme Court ruled in Carey v. Musladin that the Studer family's actions did not violate any firmly established federal rule and there was thus no reason to reverse Musladin's conviction.

The unanimous ruling did not endorse the practice, and Justice David Souter wrote separately that spectators wearing buttons "can raise a risk of improper considerations." But under federal habeas corpus rules, a state conviction can be reversed only if the state court's ruling upholding the conviction misapplies "clearly established federal law as determined by the Supreme Court."

Justice Clarence Thomas, writing for the Court, said it is clearly established by Court precedent that certain actions by the state at trial -- such as forcing a defendant to wear prison garb or surrounding the defendant with uniformed state troopers -- are inherently prejudicial enough to cause the reversal of convictions.

But, Thomas said, the conduct at issue in Musladin's case was "spectator conduct" that is not covered by those precedents. "The Court has never addressed a claim that such private-actor courtroom conduct was so inherently prejudicial that it deprived a defendant of a fair trial," wrote Thomas.

Justice Anthony Kennedy wrote separately in disagreement with Thomas, noting that some Court precedents -- such as those that discouraged cameras in the courtroom -- cover prejudicial actions by nonstate actors. The 9th U.S. Circuit Court of Appeals, which was reversed Monday, had also found that high court precedent created a clear rule about spectators' courtroom conduct.

Kennedy said that someday, he could envision a general rule against wearing buttons "to preserve the calm and dignity of a court." But because no such rule exists, and because there was no showing that damage to Musladin's fair-trial rights was "severe," Kennedy agreed that his conviction should not be reversed.

Souter also pointed toward further development of rules on the issue, suggesting that the First Amendment rights of victims' families might also be involved. Justice John Paul Stevens countered in a separate writing that "there is no merit whatsoever" to Souter's suggestion that spectators might have a First Amendment right to engage in "actual or symbolic speech" during a trial.

Jonathan Hacker, who wrote a brief against the button display for the National Association of Criminal Defense Lawyers, said the decision should not be read as a license for trial judges to allow jurors to wear buttons or make other displays in support of victims in the future. "There are no expressed votes endorsing this practice," said Hacker, a partner at O'Melveny & Myers in D.C. "The justices want the lower courts to look closely at the issue and establish a rule."

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Hacker also criticized the high court decision for making a distinction between conduct by the state and by spectators that might affect the fairness of a trial. "The state provides the courtroom and is responsible for establishing the conditions of the trial," said Hacker. "I hope the lower courts will quickly realize that is not a valid distinction."

U.S. Supreme Court Says Buttons At Murder Trial Did Not Bias Jury Against Defendant (FINDLAW/AP)

By Pete Yost, Associated Press Writer

AP, December 12, 2006

(AP) - WASHINGTON-The U.S. Supreme Court, in a first-of-its-kind ruling, concluded unanimously Monday that murder trial spectators were free to wear buttons with a picture of the victim in front of the jury that convicted the defendant.

The justices ruled in favor of California prosecutors who said the buttons were a harmless expression of grief by family members at Mathew Musladin's trial.

It was the first time the justices had ruled on whether the conduct of courtroom spectators deprived a defendant of a fair trial, which in this instance resulted in a conviction that an appeals court reversed.

Musladin had successfully challenged his conviction in the 1994 shooting death of Tom Studer, the fiance of Musladin's estranged wife. Musladin is serving a sentence of 32 years to life in prison.

Justice Clarence Thomas, writing for five of his colleagues, said the buttons "did not deny (Musladin) his right to a fair trial," although he said the question remains open whether spectators' conduct could be prejudicial. The other three justices also concurred with the court's judgment but did not join Thomas' opinion.

Three members of Studer's family wore buttons with a photo of the victim throughout the trial over the objections of Musladin's lawyer. The request prior to trial to preclude the family members from wearing the buttons was rejected by the judge, who said he saw "no possible prejudice to the defendant."

But the 9th Circuit U.S. Court of Appeals ordered a new trial. The appeals panel said the buttons "essentially argue that Studer was the innocent party and that the defendant was necessarily guilty." The dissenting judge in the 2-1 decision said the buttons were a symbol of a family's grief.

The case turned on a 1996 law, the Antiterrorism and Effective Death Penalty Act, limiting the circumstances under which federal judges may grant habeas corpus petitions in state court cases.

In order for a federal judge to step in, says the law, the state court decision must be "contrary to" or an "unreasonable application" of clearly established federal law as determined by the Supreme Court.

The appeals court said the state court decision was contrary to Supreme Court holdings. But Thomas said, "We hold that it was not."

Justice David Souter, who wrote a concurring opinion, said there can be little doubt that allowing the buttons at a murder trial "can raise a risk of improper consideration." But he also said he could not conclude that the state court acted unreasonably.

The closest case to Musladin's came six years before the death penalty act, when the San Francisco-based appeals court tossed out a rape conviction on grounds that jurors might have been prejudiced because some trial observers wore pins that read "Women Against Rape."

The justices have ruled on prejudicial impact involving defendants, but never about spectators wearing buttons.

The court has forbidden the use of visible shackles for defendants in front of juries unless the use is justified by an essential state interest such as courtroom security. The court also has forbidden having defendants wear prison clothes in front of juries in most instances.

The state of California argued that Musladin's conviction did not violate clearly established law and was not an unreasonable application of the law.

The 9th Circuit's Deserved Slap (LAT)

The Los Angeles Times, December 12, 2006

DOJ_NMG_0105542

CRITICS OF THE U.S. 9th Circuit Court of Appeals, such as outgoing California Atty. Gen. Bill Lockyer, are celebrating that liberal-leaning court's latest rebuff by the Supreme Court. By a 9-0 vote, the justices on Monday overturned a finding by the 9th Circuit in a San Jose case that a convicted murderer had been denied a fair trial because relatives of the victim came to court wearing small buttons bearing the dead man's photograph.

This page, which strongly opposes capital punishment, is nevertheless glad to see the 9th Circuit's wrist slapped for improperly applying the law as it is written.

According to the Supreme Court, that is what the 9th Circuit did when it ruled that Mathew Musladin, who was convicted of killing his ex-wife's fiance in 1994, should be granted a new trial because three relatives of the victim, Tom Studer, displayed his image on buttons.

Strictly speaking, the Supreme Court did not rule that the display was harmless to Musladin's chances of a fair trial. Rather, the issue was whether the 9th Circuit was correct to conclude that a state court decision affirming Musladin's conviction involved an "unreasonable application" of federal law as defined by the U.S. Supreme Court.

In an opinion by Judge Stephen Reinhardt, the 9th Circuit found in 2005 that Musladin's conviction ran afoul of Supreme Court rulings that prejudicial displays by the prosecution — such as forcing a defendant to wear prison clothes and shackles in court — could jeopardize a fair trial. Reinhardt also cited a 9th Circuit precedent involving female spectators who wore "Women Against Rape" buttons, seeing it as a natural extension of the prison-garb decision.

Not so, said Justice Clarence Thomas in Monday's majority opinion. The Supreme Court's previous decisions about prejudicial displays concerned only "state-sponsored courtroom practices," not the conduct of spectators, which, Thomas said, was "an open question in our jurisprudence."

In a separate opinion, Justice Anthony M. Kennedy suggested that in the future the court might want to prohibit the wearing of buttons and similar symbols as "a preventative measure" even though, in this case, there was no indication that the buttons created an atmosphere of intimidation. But Kennedy agreed with Thomas — as did all four liberal justices — that the 9th Circuit essentially jumped the gun by acting as though the Supreme Court had settled the issue.

This might seem like a technical argument between courts, but it points to something more pervasive and troubling: that the 9th Circuit seems predisposed to second-guess state courts, especially in death penalty cases — even to the point of usurping the high court's role. The 9th Circuit's image problem is easy grist for conservatives, but it should be troubling to liberals and moderates as well.

Dr. Who Injected Fake Botox Imprisoned (KGW)

By Kgw.com And AP Staff

KGW-TV, December 12, 2006

A doctor who injected cosmetic patients in Tigard and Salem with a Botox substitute was sentenced to 18 months in Federal prison Monday.

Dr. Jerome Lentini was also ordered, along with his office nurse Catherine Garcia, to pay restitution of $330,306.76.

Lentini was ordered to turn himself in on January 25th, 2007. He was also sentenced to one year of post-prison supervision.

Lentini ran the "A Younger You" clinics until January of 2005, when FBI officials began investigating complaints.

A federal grand jury handed down an indictment last summer, charging Lentini and Garcia with more than 50 charges ranging from mail fraud to misbranding drugs.

According to the indictment, Lentini and Garcia injected patients with a form of botulinum toxin that has not been approved for use on humans by the federal Food and Drug Administration.

Federal officials think Lentini and Garcia injected more than 800 patients with unapproved drugs in a 13-month span, according to records.

"Lentini and Garcia made repeated material misrepresentations and omissions intended to mislead patients into believing they were being treated with an FDA-approved toxin when in fact they were being injected with non-FDA approved (drugs)," read the indictment. Four people in Florida who were injected with the unapproved drug in 2004 contracted botulism.

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Federal investigators in those cases concluded that the botulism was caused by the same nonapproved forms of drug allegedly used by Lentini.

In past statements, Lentini has said he stopped using the anti-wrinkle product because of its poor performance. He said he made that decision before the product was linked to the botulism cases in Florida. Lentini also claimed he did not know that the substitute had not been approved for use by the FDA.

The doctor said he started using the substitute after hearing it praised at a medical conference at the University of Kentucky Medical School.

Two of Lentini's employees, knowing of the Florida cases, became concerned when they witnessed Lentini drawing on what they believed to be large stocks of a non-FDA approved drug. One of the employees contacted the Oregon Board of Medical Examiners and the FBI, triggering the investigation.

Editors' Blog (SSJ)

Salem Statesman Journal, December 12, 2006

— Dr. Jerome Lentini, who ran Salem and Tigard cosmetic clinics called A Younger You, was sentenced in federal court Monday morning for selling the animal form of what patients thought was Botox. Lentini's nurse was sentenced to a year in prison earlier for her mislabeling the drug. State officials say they can't remember the last time a doctor was sent to prison for malpractice reasons.

Tigard Clinic Owner Dr. Jerome Lentini Sentenced (TIGTIMES)

Tigard Times, December 12, 2006

He must serve 18 months in jail and pay restitution to patients for injecting them with illegal drugs

Today in federal court, Dr. Jerome Nicholas Lentini was sentenced to 18 months imprisonment and ordered to pay restitution of approximately $330,000 to more than 800 victims.

Lentini pled guilty to injecting patients with drugs that had not been approved for use on humans by the Food and Drug Administration although he told patients that he was using an FDA-approved drug.

Lentini operated two clinics in Tigard and Salem that offered what Lentini called "anti-aging" treatments. Botulinum toxin injections, intended to smooth facial wrinkles, accounted for the bulk of the treatments provided by the clinics.

Lentini operated the clinics together with a nurse, Cathryn Lyn Garcia. Instead of using FDA-approved BOTOX Cosmetic, Lentini and Garcia used drugs manufactured in the Peoples Republic of China and research-grade drugs manufactured in the United States that were labeled, "Not for human use."

The investigation into Lentini was launched after four people were critically injured in Florida after ingesting non-FDA approved botulinum toxin. The evidence showed that even after learning of the injuries, Lentini and Garcia ordered more of the Chinese toxins from an Internet source based in Turkey.

The Honorable Ancer L. Haggerty, chief judge of the United States District Court for the District of Oregon in Portland sentenced Lentini.

Garcia, who was Lentini's co-defendant, was sentenced to 12 months imprisonment, which she is currently serving at Dublin Federal Correctional Institute in Dublin, Calif.

"Our relationship with our doctor is a relationship of trust," said Karin J. Immergut, United States attorney. "Dr. Lentini violated that trust and deserved severe punishment."

Agents from the Federal Bureau of Investigation and Food and Drug Administration conducted the investigation. Assistant United States Attorney Dwight C. Holton led the prosecution of Lentini.

Lawyer Gets Prison For Money Scam (SSJ)

By Ruth Liao

Salem Statesman-Journal, December 12, 2006

Thomas Knapp, a former Salem lawyer who pleaded guilty this year to a money-laundering charge, was sentenced Thursday to a year in federal prison and ordered to pay about $313,000 restitution, officials said.

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Knapp was involved in an international loan scam from September 2000 and February 2005, said Assistant U.S. Attorney Chris Cardani. Knapp bought a Mercedes and financed a building on Commercial Street SE where he ran his law practice using money from the scam.

Knapp has 90 days to report to prison. Knapp likely will serve his time at the federal prison in Sheridan, Cardani said.

East Bay Trio Convicted Of Defrauding Microsoft (BAYCN)

Bay City Newswire, December 12, 2006

The U.S. attorney's office reported that three people have been convicted of devising a scheme to defraud Microsoft Corp. by obtaining discounted software under false pretenses.

Prosecutors say the scheme involved buying more than $29 million worth of software that was steeply discounted for academic institutions, and selling it to non-academic entities, in violation of the Microsoft agreement.

Microsoft estimates that it lost more than $60 million as a result of the defendants' criminal acts, according to prosecutors.

In a statement, U.S. Attorney Kevin Ryan said, "The perpetrators of this scheme abused a program that offered deeply discounted software to academic institutions."

Ryan said, "These convictions, the result of a collaborative effort by federal and local investigators, show the consequences for engaging in schemes to defraud."

According to prosecutors, Mirza Ali, 59, and his wife, 52-year-old Sameena Ali, 52, both of Fremont, the former owners of Samtech Research Inc., were convicted in a non-jury trial that ended on Nov. 28 of 30 counts of conspiracy, mail fraud, wire fraud, and money laundering.

Keith Griffen, 55, of Oregon City, Ore., was convicted of nine counts of conspiracy, mail fraud and wire fraud.

According to the evidence in the case, the Alis and Griffen, in the names of others, bought small companies throughout the U.S. that held Microsoft Authorized Education Reseller (AER) licensing agreements and thereafter continued to purchase academic software products.

The AER program provides Microsoft software at steeply discounted prices for resale to academic institutions only.

Using the nominee entities, the Alis and their co-conspirators purchased more than $29 million worth of AER software from Microsoft and sold it to non-academic entities, in violation of their Microsoft agreement, prosecutors said.

The Alis were also convicted of laundering the proceeds of the scheme, including buying property in the name of their college age son and wiring more than $300,000 of the proceeds from the illegal sales of the Microsoft educational software to Pakistan, according to the U.S. attorney's office.

The convictions resulted from "Operation Cyberstorm," a two-year undercover investigation into software piracy and related crimes conducted by agents from Federal Bureau of Investigation, the Internal Revenue Service's criminal investigation unit and the REACT Task Force.

The Alis and Griffen are scheduled to be sentenced by U.S. District Court Judge Claudia Wilken on March 12.

Microsoft 'applauds' Fraud Convictions (PUGSBIZ)

Puget Sound Business Journal, December 12, 2006

Three people were convicted last week by a U.S. District Court judge in Oakland, Calif., for trying to defraud Microsoft Corp.

According to the U.S. Department of Justice, Mirza Ali, his wife, Sameena Ali, and Keith Griffen were convicted on Nov. 28 for trying to defraud the Redmond software giant (NASDAQ: MSFT) by "obtaining discounted software under false pretenses."

The government said that the Alis, of Fremont, Calif., were convicted of 30 counts of conspiracy, mail fraud, wire fraud and money laundering. Griffen, of Oregon City, Ore., was convicted on nine counts of conspiracy, mail fraud and wire fraud.

Justice Department officials said the three people formed corporations that bought $29 million in Microsoft software, which was supposed to be sold to schools and universities at deeply discounted prices. But instead of selling the software to schools, they sold the software to nonacademic entities, the officials said.

Microsoft said it estimates it lost more than $60 million in the scheme that investigators called "Operation Cyberstorm."

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"Microsoft applauds the ... conviction of three individuals involved. The conviction of these individuals is a significant victory for the software industry, its partners and customers, and all who value fair and ethical business practices," said Bonnie MacNaughton, senior attorney for Microsoft, in a statement.

The Alis and Griffen are scheduled to be sentenced in March by U.S. District Court Judge Claudia Wilkin.

Identity-Theft Protection Expands (WSJ)

By Jilian Mincer

The Wall Street Journal, December 12, 2006

A small but increasing number of banks now offer to protect clients when an identity thief has been snooping around.

The institutions offer help from generic advice on correcting credit records to personalized help when someone has misused a client's account. MetLife Bank, a unit of MetLife Inc., announced last week that it would provide customers free assistance even if the identity theft doesn't involve a MetLife account.

Unlike credit-card theft, which consumers can resolve with a quick call and, at most, a $50 expense, repairing damage after someone has used your personal information to take over or open bank and other consumer accounts could involve thousands of dollars in personal losses and months of effort.

In 2005, there were 8.9 million identity-fraud victims in the U.S., costing $56.6 billion, according to Javelin Strategy & Research, an independent research firm in Pleasanton, Calif. The average fraud amount per victim was $6,383; the average consumer cost was $422. On average, resolving the problem took 40 hours. The median time for resolution -- meaning half of the incidents took longer and half took less time -- was five hours.

Financial institutions are concerned not only because of the cost but also because their customers are worried about becoming victims. "People count on us to not only protect their cash but their personal information," said John Hall, an American Bankers Association spokesman.

While banks are responsible for helping customers to investigate activity on an account at that institution, some are providing assistance on accounts outside.

Citi Identity Theft Solutions, a unit of Citigroup Inc., provides free identity-theft support for Citi Cards and Citibank customers to recover their identity and to re-establish credit history, said Gina Doynow, an executive vice president at Citi Cards.

When necessary, she said, a specialist helps a customer contact the credit bureaus, put a "fraud alert" on files and close accounts at other financial institutions.

A number of financial institutions collaborated on the Identity Theft Assistance Center in Washington, D.C. Member businesses can refer clients who worry they may be identity-theft victims. ITAC helps customers pull their credit report and walks them through it to see whether they have accounts that have been tampered.

The center has served 11,000 individuals since opening in August 2004. About 60% of its clients are scammed by someone they know.

"It's a service that is valuable because the more we can solve, the more we can prosecute," said Stan Ommen, president and chief executive officer of State Farm Bank, an affiliated company within the State Farm Group that participates in the ITAC program. Part of the problem is that "a lot of personal information is readily available."

MetLife already offers free identity-theft-resolution services to insurance customers in states where it is approved. MetLife Bank said it decided to offer the service because client surveys indicated that the issue was important to them.

"Our customers told us what they fear most is dealing with identity fraud, and all it entails to get your good name back," said Joe Madden, a spokesman for MetLife Bank, based in Bridgewater, N.J. The online bank has grown to about $7.3 billion in assets since it opened in late 2002. The company contracts with Identity Theft 911 LLC, based in Scottsdale, Ariz., to help customers recover from identity theft.

Offering help to victims of identity theft is "a consumer-friendly move," said Tena Friery, research director at the Privacy Rights Clearinghouse, a nonprofit consumer organization in San Diego. "A lot of financial companies denied for years that there was identity theft at all."

Protectors, Too, Gather Profits From ID Theft (NYT)

By Eric Dash

The New York Times, December 12, 2006

Melody Millett was shocked when her car loan company asked her if she was the wife of Abundio Perez, who had applied for 26 credit cards, financed several cars and taken out a home mortgage using a Social Security number belonging to her actual husband.

Beyond her shock, Mrs. Millett was angry. Five months earlier, the Milletts had subscribed to a $79.99-a-year service from Equifax, a big financial data warehouse, that promised to monitor any access to her credit records. But it never reported the credit activity that might have signaled that they were victims of identity theft.

"I feel like the whole thing is a sham," said Mrs. Millett, a 37-year-old information-technology manager from Overland Park, Kan. "You feel completely violated because here are the people who know the industry. They hold all the data." The services, she contends, are oversold.

It is not just criminals who are profiting from identity theft; financial institutions are making money, too. Fear of identity theft has helped give rise to a nearly billion-dollar business in credit-monitoring services sold by the major credit bureaus — companies like Equifax, Experian and TransUnion — as well as direct marketers and banks.

Javelin Strategy and Research, which analyzes the credit-monitoring market, says more than 12 million Americans are now subscribers. The services alert them when lenders have requested their credit files, usually an indication a credit application has been made in their name.

Credit monitoring has quickly gained traction with consumers through aggressive advertising that often promotes its value in protecting against identity theft. But its abilities are far more limited than is commonly perceived.

In the meantime, measures that could stem fraud from identity theft — like legislation empowering consumers to block access to their credit records, making it impossible to extend new credit — have faced stiff resistance from industry groups.

"Identity theft has essentially become a business — not just for bad guys but for good guys, too," said Robert Gellman, a privacy consultant in Washington. "A lot of the people that are involved in profiting legally from identity theft are direct participants in the whole credit system that doesn't have the protections in place to prevent identity theft in the first place."

Some criticism has been aimed at banks, which tolerate a certain amount of fraud as a cost of doing business. But the biggest beneficiaries from identity theft have been the three credit bureaus.

Banks and other lenders have long bought information like a person's payment history or debt load to assess a loan's risk. But credit monitoring turned the system on its head and helped create a new, consumer-focused financial data industry.

In addition to selling files to lenders in bulk, the bureaus now market largely the same records to individuals, including entries that reflect applications for credit, new accounts or balance changes. While the data is sold to a big financial institution for 20 cents to $1 a report, according to analysts and industry executives, it can be repackaged and sold to consumers in the form of credit monitoring for $3 to $16 a month.

Persuading customers to sign up can be costly. But today, Wall Street analysts estimate credit monitoring alone to be a $900 million category, growing 20 percent a year or more.

"It's a pretty big market considering that 10 years ago it didn't exist," said J. Bradford Eichler, a consumer data company analyst at Stephens.

Peace of Mind, at a Price

Representatives of Equifax, Experian and TransUnion, whose consumer affiliates are being sued by the Milletts, would not comment on the couple's specific contentions because of the continuing litigation. But they say credit monitoring is a valuable tool.

"Our products give consumers an early warning system so they can limit the damage and take care of the problem right away," said John Danaher, president of TransUnion's online consumer services arm.

And indeed, many consumers speak glowingly of their experiences with credit monitoring. Wendy Barrington, a 36-year-old Houston woman, recalled the annoyance a friend faced for months after her financial information was stolen.

"I am not about to risk something I have worked so hard on," said Ms. Barrington, who pays about $15 a month for TransUnion's credit-monitoring service. "All it takes is one person stealing your information and you are in a world of hurt."

Still, some consumer advocates caution that people may be overpaying for that peace of mind.

For one thing, Americans can essentially create their own credit-monitoring service by taking advantage of a federal law that guarantees access to one free credit report a year from each of the three bureaus. And thanks to so-called zero liability policies, the cost of fraud is generally absorbed by the credit card companies, merchants and banks.

At the same time, credit monitoring may fail to detect that a credit request was even made. For example, a fraud artist may use someone else's personal identification information — like a Social Security number — but take out a loan in his or her own name. The data mismatch can cause the bureau's computer systems to route the loan request to a separate file so that a credit-monitoring service never picks it up.

That is what Melody and Steven Millett, the Kansas couple, say happened to them.

In late January 2003, Mrs. Millett found something was wrong when a Ford Motor Credit computer system refused to let her set up an online account to pay off an auto loan. When she called the lender, Mrs. Millett said, she was told that an account had already been set up with Mr. Millett's Social Security number but a different name: Abundio Perez.

She later learned of at least 26 cases in which Mr. Millett's personal information had been used in credit applications by Mr. Perez since 1989, according to a lawsuit filed by the Milletts against the credit bureaus, data providers and several creditors in June 2004 in federal court in Kansas City, Kan.

The previous August, Mrs. Millett had bought a credit-monitoring subscription from Equifax. Soon after the Ford Motor Credit incident, she also signed up for credit monitoring with Experian and TransUnion.

At least one credit application using Mr. Millett's Social Security number came after the Milletts obtained their credit-monitoring subscriptions, according to their lawyer, Joyce Yeager. But not once, Mrs. Millett said, did the couple receive notice of unusual access to their credit records or the misuse of Mr. Millett's data. Quite the contrary, the bureaus sent them a succession of reassuring e-mail messages suggesting that their information was safe and offering congratulations.

In their legal claims, which have been separated into several class-action lawsuits, the Milletts say that the bureaus' monitoring services do not work as advertised.

"The core identifier is your Social Security number," Mrs. Millett said in an interview. "You use it for work, for taxes. You would think that identifier would be covered by someone advertising they protect you from identity theft. To think that they are not is just flabbergasting."

Donald Girard, an Experian spokesman, acknowledged that his company's credit-monitoring products could not detect cases in which a credit applicant used someone else's Social Security number but his or her own name because those records were stored separately. He added, however, that in such cases consumers are "not harmed" financially.

Protection vs. Prevention

Initially, the credit bureaus sold monitoring as a way for consumers to understand and manage their credit scores before taking out big loans. But since a wave of data breaches in 2004 heightened consumer fears, a security message appears to have moved toward center stage.

"It is advertised as monitoring for identity-theft protection," said Michael R. Stanfield, chief executive of Intersections, a direct-marketing company that offers credit monitoring through big banks and card companies. But he said consumers hear protection "and don't understand if it is prevention or detection."

"What is needed in the marketplace are products that are going to help you protect your information, monitor it when it is in the process of getting used in a financial fraud, and catch those financial frauds when they are about to occur," he added.

Privacy advocates have suggested providing more fraud-prevention tools to consumers by allowing them to freeze access to credit records if they think they have been identity-theft victims — or as a precaution.

Beginning with California in 2003, such laws have passed in 26 states, including New York last month. But of roughly 148 million credit-eligible customers in those states, Experian estimates 30,000 have elected to freeze their files.

Financial and retailing lobbying groups have generally opposed such legislation at the state and federal levels since it could hinder a retailer in issuing a store-branded credit card — or a bank in extending a loan — to a legitimate customer, who must first unfreeze the credit file. It can also restrict the bureaus from selling consumer credit files.

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The big credit bureaus, after initially opposing tougher legislation, are taking a wait-and-see approach. “It may be that we evolve to that at some point,” said Maxine Sweet, Experian’s vice president for consumer education. “We have to make sure that we are not interfering with what is a very important part of the whole consumer credit economy.”

Such a freeze might not have helped the Milletts, since the problematic files were kept under another name. Mrs. Millett is still using a credit-monitoring service, but she would not recommend it to a friend.

“I still have credit monitoring because of the simple fact that it is the best tool available at this time,” she said. “It is not ideal, it is broken, and it is not as advertised.”

Ameriprise, Massachusetts Settle Over Company's Loss Of Laptop (WSJ)

By Jennifer Levitz

The Wall Street Journal, December 12, 2006

In what may be the first regulatory action against a company for losing sensitive customer data, Massachusetts securities regulators reached a settlement with Ameriprise Financial Inc. over the company's loss of a laptop computer last year.

Under an agreement with the office of Massachusetts Secretary of State William Galvin, Ameriprise agreed to hire an independent consultant within 60 days to review its policies and procedures for employees' and contractors' use of laptop computers that contain personal or financial information on Ameriprise customers.

The Minneapolis-based financial-advisory firm didn't admit any wrongdoing or liability under the settlement.

Steven Connolly, spokesman for Ameriprise, said: "We have been working closely with the commonwealth and are pleased to resolve this matter."

The regulatory action is unusual, said Beth Givens, director of the Privacy Rights Clearinghouse, a San Diego consumer group. More typically when companies lose laptops, customers are typically told to monitor their credit for a certain period. "That of course does not address the situation that existed in the company, that caused the breach to happen," she says.

Over the past nine months, Ms. Givens's organization has cited more than 60 cases of security breaches involving missing laptops at companies, universities, and government agencies.

Ameriprise disclosed in January that it had notified thousands of people that their names and other personal data were stored on a laptop that was stolen from an employee's car on Christmas Eve 2005 while the employee was on vacation in the Midwest. The laptop contained the names and account numbers of 158,000 Ameriprise clients, and the names and Social Security numbers of 67,000 current and former financial advisers. The lost data included information on thousands of Massachusetts residents, among others.

Mr. Galvin's office is also investigating a similar incident involving Fidelity Investments, said a person familiar with the matter. In March, a Fidelity employee left a laptop containing personal information, including Social Security numbers, on 196,000 current and former Hewlett-Packard Co. workers in a parked sport-utility vehicle in Palo Alto, Calif. The laptop was stolen. Fidelity reported the loss to customers.

Fidelity spokesman Vincent Loporchio says the company has cooperated fully with Massachusetts regulators. The company has also increased encryption of its data, he says. Encryption is a procedure through which data are encoded so they can be read only with a special code.

Major Breach Of UCLA's Computer Files (LAT)

By Rebecca Trounson, Times Staff Writer

The Los Angeles Times, December 12, 2006

Personal information on 800,000 students, alumni and others is exposed. Attacks lasted a year, the school says.

In what appears to be one of the largest computer security breaches ever at an American university, one or more hackers have gained access to a UCLA database containing personal information on about 800,000 of the university's current and former students, faculty and staff members, among others.

UCLA officials said the attack on a central campus database exposed records containing the names, Social Security numbers and birth dates — the key elements of identity theft — for at least some of those affected. The attempts to break into the database began in October 2005 and ended Nov. 21, when the suspicious activity was detected and blocked, the officials said.

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In a letter scheduled to be sent today to potential victims of the breach, acting Chancellor Norman Abrams said that although some Social Security numbers were obtained by the hackers, the university had no evidence that any of the information had been misused.

"We take our responsibility to safeguard personal information very seriously," Abrams said in the letter, which was scheduled to be mailed or e-mailed overnight to those whose records were compromised. "My primary concern is to make sure this does not happen again" and to provide information to try to minimize the risk of identity theft for those affected, he said.

Abrams urged those whose records might have been accessed to monitor their consumer credit files and consider fraud alerts and other precautions.

The UCLA incident is the latest in a series of computer security breaches affecting private organizations, financial institutions, government agencies and other large employers. Partly because of their tradition of openness, universities are proving to be a favorite — and often vulnerable — target, several experts in the field said Monday.

"Universities tend to have a lot of information floating around in a lot of different places," said Jay Foley, executive director of the Identity Theft Resource Center, a San Diego-based nonprofit. "They are places we send our children to share ideas, and it's hard to mix the open sharing of ideas with the need to tighten down on security."

In 2003, for example, a hacker at San Diego State used an outdated computer network in the drama department to find a way into the financial aid system. The Social Security numbers of more than 200,000 people were exposed.

Foley and others interviewed said that although there was no evidence of any fraudulent or illegal use of the information, the UCLA breach, in the sheer number of people affected, appeared to be among the largest at an American college or university.

"To my knowledge, it's absolutely one of the largest," said Rodney Petersen, security task force coordinator for Educause, a nonprofit higher education association that focuses on technology issues. He said most problems at universities have involved breaches of departmental or other, smaller databases.

Comprehensive statistics on computer break-ins at colleges do not exist. But in the first six months of this year alone, there were at least 29 security failures at colleges nationwide, jeopardizing the records of 845,000 people. Both private and public institutions have been hit. In 2005, a database at USC was hacked, exposing the records of 270,000 individuals.

Petersen said that in a survey released by Educause in October, about a quarter of 400 colleges said that over the previous 12 months, they had experienced a security incident in which confidential information was compromised.

At UCLA, officials said Monday that the targeted database included records for the university's current and former students, faculty and staff, in some cases dating to the early 1990s. Others potentially affected included some applicants during the last five years who did not enroll at the university, as well as some parents of students or applicants who had applied for financial aid.

About 3,200 of those being notified are current or former staff and faculty of UC Merced and current or former staff of UC's Oakland headquarters. UCLA handles administrative processing for both groups.

Besides names, Social Security numbers and birth dates of those affected, the database includes home addresses and contact information, officials said. It does not contain driver's license numbers or credit card or banking information.

Jim Davis, UCLA's associate vice chancellor for information technology, described the attack as sophisticated, saying it used a program designed to exploit a flaw in a single software application among the many hundreds used throughout the Westwood campus.

"An attacker found one small vulnerability and was able to exploit it, and then cover their tracks," Davis said.

He said the problem was spotted when computer security technicians noticed an unusually high number of suspicious queries to the database. It took several days for investigators to be sure that it was an attack and to learn that Social Security numbers were the target, he said.

Davis said the investigation was continuing, but that university officials had decided to notify potential victims now.

"UCLA and its community are the victims of this, and despite the great deal of effort we put into security, this really is a breach of trust with our community," he said. "Given that we saw intent in this, we needed to let people know."

UCLA has established a website to provide information and answer questions about the incident at http://www.identityalert.ucla.eduand a toll-free call center, (877) 533-8082.

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Laura Eimiller, spokeswoman for the FBI's Los Angeles office, said the agency was investigating the breach, but said she could not comment further.

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(INFOBOX BELOW)

Hacked files

Here are some large computer security breaches involving public agencies and U.S. companies:

CardSystems Solutions Inc.

Disclosed: June 2005

Number of records: 40 million

How: Hackers infiltrated computers at a credit card processing center.

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U.S. Department of Veterans Affairs

Disclosed: May 2006

Number of records: 26.5 million

How: A burglar stole electronic data on veterans from the home of a federal employee.

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Citigroup

Disclosed: June 2005

Number of records: 3.9 million

How: United Parcel Service lost computer tapes containing account and payment history data.

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DSW Shoe Warehouse

Disclosed: April 2005

Number of records: 1.4 million

How: Hackers accessed a database of customers and credit card numbers.

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Bank of America

Disclosed: February 2005

Number of records: 1.2 million

How: The company lost computer tapes containing personal information for credit cards used by federal employees.

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Ohio Secretary of State

Disclosed: April 2006

Number of records: "Millions"

How: The office distributed 20 copies of registered voter lists that accidentally included Social Security numbers.

Times research by Scott Wilson

Small Grocery Stores Hotbeds For Food Stamp Fraud (USAT)

By Donna Leinwand

USA Today, December 12, 2006

Efforts to reduce the illegal use of food stamps have kept millions of dollars in benefits from going to waste during the past five years, but small convenience and grocery stores in low-income areas continue to be hotbeds for fraud, according to the Government Accountability Office.

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The GAO is recommending that the Department of Agriculture intensify its focus on finding stores that violate federal rules and increase penalties for trafficking in misused stamps. The GAO's recommendations, in a report released in October, come as Congress is preparing to revisit the $29 billion-a-year food stamp program next year as part of a giant farm bill.

Among other things, the GAO is urging the Food and Nutrition Service (FNS) — the agency within the Agriculture Department that runs the food stamp program — to review the 160,000 stores authorized to receive stamps to determine which are most likely to engage in fraud and to target them for enforcement.

FNS Deputy Administrator Clarence Carter says the agency will take some cues from the GAO report when it proposes changes in the program to Congress.

Households qualify for food stamps if their gross monthly income is 130% or less of the federal poverty level, or less than about $1,799 a month for a family of three.

Food stamp recipients who want to use their benefits to buy something other than food have found many ways to get cash out of the system. Typically, a grocer or store owner willing to take part in such a scheme will pay a food stamp recipient about 50 cents in exchange for $1 in stamp payments, the GAO has found. The retailer then can claim that the $1 was used for groceries and seek reimbursement from the government.

Some small retailers intending to scam the government will stock only the minimum amount of food required to qualify for the program and may let their stock dwindle after they are accepted, figuring inspectors won't return, the GAO said.

The selling of food benefits for cash at small groceries and convenience stores is 38 times the rate of fraud at large supermarkets, where less than a penny per dollar is lost to fraud, the GAO found.

About $241 million in food stamp benefits were stolen in 2005, according to the FNS, which reported that small stores redeemed less than 15% of the food stamp benefits last year but accounted for $190 million of the fraud.

Despite the problems at smaller stores, FNS officials have told GAO investigators that they allow stores that stock a bare minimum of groceries to enter the food stamp program so that stamp clients in neighborhoods without supermarkets will have places to shop.

Carter says the FNS is intensifying its review of food stamp transactions and sending undercover agents to inspect stores.

"It's a stickier problem than with large supermarkets," he says. "The number of small convenience store retailers outnumbers the large retailers."

Groups that work to expand low-income residents' access to nutritional food say that while more enforcement is necessary, encouraging full-service supermarkets — and their relatively low fraud rates — to open more outlets in urban neighborhoods could be key to ending food stamp fraud.

"Folks would rather buy food than end up with 50 cents on the dollar," says Yael Lehmann, executive director of the The Food Trust in Philadelphia, which helps establish full-service supermarkets, farmers markets and other outlets for healthy food in low-income and inner-city areas. "If there is any solution, it really is on the access piece of this puzzle."

Many supermarket chains, however, are reluctant to build in urban areas, where large plots of land can be expensive and rare, Lehmann says. Buildings may be older and in need of costly renovations, she says, and security also may be a concern.

Giant Food LLC, which has built several full-service supermarkets in urban neighborhoods in Baltimore and Washington, D.C., needs at least 5 acres and $5 million to $7 million to build its standard store, says Barry Scher, Giant's vice president for public affairs.

"You don't go into the worst areas and just hope for the best," he says. "We have to make sure the population is going to produce a successful store."

The amount stolen from the food stamp program through fraud has declined dramatically since 1993, when the program lost about $812 million, according to the GAO. Increased enforcement has helped, as has the Electronic Benefits Transfer (EBT) system, which eliminated the easier-to-trade paper benefit coupons.

In 2002, food stamp recipients began receiving benefits through an electronic transfer into a personal account that can be accessed with an electronic debit card and a PIN number, much like an ATM card. Since then, food stamp fraud has decreased from 2.5 cents for every dollar of benefits to 1 cent per dollar, FNS says.

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"We are very pleased that there has been a pretty dramatic reduction" in trafficking, Carter says. "But we can never act as if we've solved the problem, because it's ongoing every single day."

Fraud cases based on analyzing the EBT data now account for more than half of the instances in which stores have been booted from the program, the GAO report said.

Even so, Carter acknowledges that more needs to be done to combat fraud at smaller stores. More fraud takes place in such stores because such businesses are run by individuals and they often do not have inventory control systems or multiple layers of management, the GAO found.

The government prosecutes dozens of cases of food stamp fraud each year and disqualified 841 retailers in 2005, but the GAO report said the civil penalties aren't tough enough to deter traffickers.

Criminal penalties for individuals convicted of food stamp fraud are more severe. A Dearborn, Mich., man pleaded guilty last month to committing more than $380,000 in food stamp fraud over 20 months. Wissam Salameh, 32, manager of a BP gas station and convenience store in Detroit, was convicted of trading cash for food stamp benefits. Salameh, who will be sentenced in February, faces a maximum sentence of 20 years in prison and a $250,000 fine.

Kate Coler, deputy undersecretary for USDA's Food, Nutrition and Consumer Services, says the 2007 farm bill "is the perfect opportunity" for Congress and the Bush administration to strengthen the anti-fraud provisions in the food stamp program.

Bush's 2007 budget plan calls for $160 million to fund the FNS office, $18 million more than 2006. The request includes a $4 million increase for "program integrity," which enforces food stamp rules, but it does not include a specific plan for attacking fraud at small grocers.

"One of the keys to addressing this problem will be more resources," says Tom Reynolds, spokesman for Sen. Tom Harkin, D-Iowa, who will become chairman of the Senate Agriculture Committee in January.

Fighting Drug Fakes (NYT)

The New York Times, December 12, 2006

Tempted to buy cheap medicines from a pharmacy Web site? Think twice. If the Web site shows no verifiable street address for the pharmacy, there is a 50 percent chance the drugs are counterfeit.

In rich countries, fake medicines mainly come from virtual stores. Elsewhere, they are on the pharmacy shelves. In much of the former Soviet Union, 20 percent of the drugs on sale are fakes. In parts of Africa, Asia and Latin America, 30 percent are counterfeit. The culprits range from mom-and-pop operations processing chalk in their garages to organized-crime networks that buy the complicity of regulators, customs officials and pharmacists.

In Panama, dozens of people died after taking counterfeit drugs made with an industrial solvent. Often counterfeiters put in real ingredients for their smell or taste, but heavily diluted. This has sped the emergence of resistant strains of infections, and is probably a big reason some malaria drugs and antibiotics have lost their power.

Drug counterfeiting can be fought. Five years ago, the majority of Nigeria's drugs were fakes, and the country was a major source of counterfeits abroad. When the Nigerian government donated 88,000 doses of meningitis vaccine to Niger during an epidemic in 1995, the vaccine turned out to be a fake — causing more than 2,500 children to die.

Now the possibility that a drug is fake in Nigeria has dropped to 17 percent, according to the World Health Organization. The country's drug control agency is informing people through radio and TV jingles about fake medicines. It has also fired corrupt officials, hired a fleet of inspectors to drop in on pharmacies, banned imports from some 30 companies, and begun prosecuting counterfeiters.

One of the problems Nigeria still faces is that the penalty for counterfeiting medicine is as little as a $70 fine — a small price to pay for a crime that can reap a fortune. All over the developing world, governments treat falsifying medicines as a mere copyright infringement, rather than potential murder.

The W.H.O. has recently set up a task force that brings together many groups that work on counterfeit drugs. It is a start. Multinational drug companies — which have been reluctant to report fakes lest they erode consumer confidence in all drugs — need to do more. An international convention is also needed to establish stiffer penalties for counterfeiting drugs, and marshal more funds and support to fight this deadly crime.

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CIVIL LAW:

Appeals Panel Hears Arguments On Defense Labor Relations Rules (GOVEXEC)

By Karen Rutzick

Government Executive, December 12, 2006

A panel of appeals court judges heard arguments Monday over the legality of the Defense Department's proposed labor relations system for civilian employees.

After losing in a lower court in February -- and following two losses for the Homeland Security Department's similar system -- government lawyers continued to argue that Congress gave the Pentagon authority to make far-reaching changes to collective bargaining.

In the 2004 Defense authorization bill, Congress granted the department authority to create a new human resources system, based on the notion that the current system was too rigid and outdated to allow the department to respond with agility to modern threats of terrorism.

Pentagon officials said they have the authority to override collective bargaining agreements after they are reached and the ability to narrow the items that can be bargained over as much as they want. But a coalition of federal labor unions sued the department to say the rules effectively eliminate collective bargaining.

Judges Brett Kavanaugh, David Tatel and Stephen Williams of the U.S. Court of Appeals for the District of Columbia heard an hour and a half of arguments Monday, but they could take until the summer to issue an opinion. Either side could then appeal to the full court of appeals, the Supreme Court or both.

Justice Department lawyer William Kanter, representing the Defense Department, argued that Congress included a sunset provision -- all labor relations changes revert to the old system in 2009 unless Congress actively votes to make them permanent -- to allow experimentation.

"It tells you that Congress knew it was charting a new course," Kanter said.

Tatel, a Clinton appointee and the lone Democrat on the panel, said, however, that there are many time-limited statutes that are decided on by the courts, and the sunset clause might not supersede the need for a system that is legal.

Congress said in its legislation that the Pentagon could remake labor relations rules, but had to ensure collective bargaining. Kanter argued that the Pentagon could define collective bargaining as it sees fit, but union lawyers asked the judges to look to the decision in the Homeland Security Department's case for a definition.

In that decision, appellate judge Harry Edwards said the proposed rules "effectively eliminate all meaningful bargaining over fundamental working conditions. In no sense can such a limited scope of bargaining be viewed as consistent with [Congress'] mandate that DHS 'ensure' collective bargaining rights for its employees."

Kavanaugh -- who President Bush appointed in May 2006 and who served in the White House as legal counsel and then staff secretary for Bush from 2001 until the president appointed him to his current position -- pushed union lawyer Joe Goldberg on the Pentagon's authority to create a new labor system.

Kavanaugh pointed out that Congress included a qualifier in the language that ensured collective bargaining: "subject to the provisions of this chapter and any exclusion from coverage or limitation on negotiability established pursuant to law." There is no qualifying language in the part of the law giving the secretary authority to create a new system to fit Defense's national security mission.

The judges also pressed Kanter on the department's proposal to create a new internal labor relations board, which would investigate and decide on labor-management disputes in place of the governmentwide Federal Labor Relations Authority.

The judges questioned whether the National Security Labor Relations Board, whose members would be appointed by the Defense secretary, would be sufficiently independent, as Congress required.

The third judge on the appeals panel, Williams, is a Reagan appointee who became a senior judge in 2001.

Court Hears Appeals On Ruling Against Pentagon Personnel System (FEDTIMES)

By Tim Kauffman

DOJ_NMG_0105554

Federal Times, December 12, 2006

Three years ago, Congress gave the Defense Department authority to craft a new labor relations system outside existing rules governing collective bargaining. At the same time, Congress said the department couldn't remove an employee's right to organize and bargain collectively.

These two seemingly contradictory statements are at the heart of a legal dispute that could decide whether the department can proceed with changes to personnel rules affecting 650,000 civilian employees.

"The question is: Has the department reasonably interpreted the phrase 'collective bargaining'?" Judge David Tatel said Dec. 11, effectively summarizing the case before the U.S. Court of Appeals for the District of Columbia Circuit.

The answer is up to Tatel and two other appellate judges to decide.

The three-judge panel heard oral arguments Dec. 11 from attorneys representing the government and unions, who sued the department in November 2005 for creating a system that failed to protect employees' rights to bargain collectively.

The hearing lasted twice as long as the 40 minutes initially set aside for arguments, as the judges peppered the lawyers with detailed questions concerning what specific sections of the 2003 law meant.

Judge Brett Kavanaugh said two provisions in the law authorizing the Pentagon's National Security Personnel System (NSPS) provide "strong support" to the union's arguments: one section that gives employees the right to organize and bargain collectively, and another section that prohibits the department from waiving Chapter 71 of Title 5 governing labor relations.

However, two other provisions seem to support the government's case: one section that allows the department to ignore Chapter 71 when writing personnel management rules, and another that allows the department to create a labor relations system without regard to Chapter 71.

Joe Goldberg, the attorney who argued on behalf of the 13 federal employee unions that filed the lawsuit, said provisions allowing the department to create a labor relations system outside Chapter 71 apply only to the mechanics of creating the system, not what is bargained under the system.

Goldberg, assistant general counsel at the American Federation of Government Employees, said Congress clearly required collective bargaining under NSPS. However, the department created a system that provided nothing close to collective bargaining, he argued.

It's "a classic case of rule-making overreach," Goldberg said.

A lower court agreed. In February, Judge Emmett Sullivan of the U.S. District Court for the District of Columbia said NSPS infringes on employees' collective bargaining rights, fails to provide an independent third-party review of labor-management disputes, and lacks a fair process to resolve appeals of adverse management actions.

The government appealed the ruling to the appeals court, which is expected to issue its decision this spring.

Judge Sullivan's ruling was rife with references to an earlier case involving the Homeland Security Department. In that case, the same appeals court currently debating NSPS ruled that Homeland Security's authority to waive portions of Title 5 governing labor relations "does not include the power to rewrite the core meaning of collective bargaining,"

William Kanter, a Justice Department attorney who argued the NSPS case on behalf of the government, said that unlike with Homeland Security, Congress gave the Pentagon specific authority to craft a labor relations system outside Title 5 rules.

There are other differences between the statutes related to Homeland Security and Defense, Kanter said. The collective bargaining system created under NSPS will expire in November 2009 unless Congress decides otherwise. If the new system expires, the department must revert to following the labor relations rules outlined in Chapter 71.

This sunset provision shows that Congress gave Defense much more latitude to deviate from existing collective bargaining rules than Homeland Security, where changes were more restrictive yet permanent, he said.

"This project is in essence akin to an experimental one," Kanter said.

Bolstering the government's case, Kavanaugh said the sunset provision seems to suggest that Congress didn't intend for Chapter 71 to apply to the collective bargaining system created under NSPS, since it specifically stated that Chapter 71 would apply if the NSPS system expires.

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But the sunset provision seemed to backfire on Kanter at one point, when the judges questioned the department's authority to use so-called implementing issuances to override collective bargaining agreements. In response, Kanter referred to the sunset clause.

"If we're not doing it right, Congress can tell us that in two years," Kanter said.

"You mean we should just wait for that to happen?" responded Tatel.

FEDERAL DIARY: The New Defense Work Rules, At War With One Another (WP)

By Stephen Barr

Washington Post, December 12, 2006

B-4, D-2, K-1, M-1, M-8.

At times yesterday, the courtroom debate about the law that created a new civil service system for the Defense Department sounded like the judges and lawyers were playing Battleship, the game where opponents use a grid to target and sink ships.

The debate, before a three-judge federal appeals panel, focused on seemingly conflicting provisions in the 2003 law that permitted the Pentagon to issue regulations aimed at overhauling workplace rules and installing a pay-for-performance system.

The law's B-4 provision, for example, ensures that Defense civil service employees may join unions and bargain over their working conditions, but the M-1 and M-8 provisions permit the secretary of defense to modify labor rules and override union contracts.

Congress gave the Pentagon a green light to overhaul the personnel rules that apply to Defense civil service employees after the Sept. 11, 2001, terrorist attacks. Pentagon officials said changes were needed to streamline labor relations and make the department more effective in the fight against terrorism. Unions have claimed that the rules were designed by the Bush administration to gut their rights rather than improve national security.

The courts have mostly sided with the unions, faulting those parts of the new National Security Personnel System that would permit the secretary of defense to put issues off limits for contract talks and break contracts normally considered to be binding on both parties.

In February, U.S. District Judge Emmet G. Sullivan blocked the Pentagon from launching the new NSPS workplace rules, finding that they failed to ensure collective-bargaining rights and did not provide for an independent, third-party review of labor-management disputes.

The government asked the appeals panel yesterday to reverse Sullivan and allow the NSPS labor rules to go forward. But the government's task has been made more difficult by a separate case involving the Department of Homeland Security. U.S. District Judge Rosemary M. Collyer faulted a similar plan for Homeland Security, and a subsequent appeal also went against the department. The Homeland Security rules are back on the drawing board.

With that backdrop, Judges David S. Tatel, Stephen F. Williams and Brett M. Kavanaugh, on the bench at the U.S. Court of Appeals for the District of Columbia, yesterday tried to sort out the NSPS law and how the government has interpreted it.

William Kanter a Justice Department lawyer representing the Pentagon, contended that Congress defined what issues had to be put on the table for bargaining with unions, put limits on those rights and gave power to the defense secretary to throw out contracts. Certain phrases in the NSPS law makes it different from the Homeland Security statute and the rules blocked by the courts, he argued.

Joseph Goldberg, a lawyer with the American Federation of Government Employees, disagreed, saying that no matter how the government reads various provisions, it must take into account that the law provides for collective bargaining, as guaranteed in current law, and does not clearly eliminate the right of unions to bargain over the "impact and implementation" of management decisions.

Kavanaugh, perhaps in an effort to cut through apparent conflicting provisions, pointed out that NSPS sections K and M -- which curb union rights -- were not passed by the House and Senate but came from closed-door negotiations among lawmakers.

In making that observation, he raised the notion that the addition of two provisions late in the legislative process could be a sign that Congress intended to cancel out other provisions in the NSPS law stipulating employee rights to bargain collectively.

DOJ_NMG_0105556

Former Assistant DA Testifies In Civil Trial (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, December 12, 2006

He was unaware of lie in slay case

Jack I. Zalkind thought he did everything he could to make sure that Mafia hitman Joseph "The Animal" Barboza was telling the truth when he implicated six men in a 1965 gangland killing, the former assistant Suffolk district attorney testified yesterday.

But Zalkind said he prosecuted the case without knowing that the FBI had secret reports that indicated Barboza was lying and had falsely implicated four of the six.

"I have no memory of seeing any FBI reports prior to the trial," said Zalkind, who helped convict Joseph Salvati, Peter Limone, Louis Greco, and Henry Tameleo for the slaying of petty thief Edward "Teddy" Deegan in a Chelsea alley.

All four men were exonerated when the FBI reports surfaced five years ago.

Yesterday, Zalkind was the first live witness to testify in a federal civil trial that began last month, seeking more than $100 million in damages from the federal government for Limone, 72, and Salvati, 74, who spent more than 30 years in prison each, and the families of Tameleo and Greco, who both died in prison.

Recounting Barboza's version of Deegan's slaying, Zalkind said the hitman-turned-government witness said that Limone offered him $7,500 to kill Deegan. Tameleo, the alleged second in command of the New England Mafia, had sanctioned the slaying. Barboza said Salvati and Greco helped carry out the murder.

Zalkind said he had warned Barboza, "God forbid if you're putting someone there who wasn't there," but he said Barboza insisted, "I'm not lying."

Zalkind said he also confronted Barboza about whether his close friend, Vincent "Jimmy" Flemmi, was one of the killers. But, he said Barboza's statement that he did not involve Flemmi because he used drugs and was hot-tempered "seemed rational to me."

The civil suit alleges that the FBI knew that Barboza was lying to protect Flemmi, who was an FBI informant and the brother of another FBI informant, Stephen "The Rifleman" Flemmi.

The FBI recruited Barboza as a witness and used him in an earlier trial.

But Zalkind testified that he did his own work to corroborate Barboza's testimony before the Deegan murder trial and said the FBI "had nothing to do with the preparation of the case."

Barboza, who admitted to participating in Deegan's slaying and was given leniency for his cooperation, was shot to death in 1976 in San Francisco.

Two other men convicted in Deegan's slaying were not exonerated. Ronald Cassesso died in prison and Wilfred Roy French was later released.

Yesterday, Cassesso's lawyer, Ronald J. Chisholm, testified that FBI agent H. Paul Rico had promised Cassesso that he would not do prison time for Deegan's slaying if he agreed to testify against the others and back up Barboza's version of events.

But, Chisholm said, Cassesso told him he had rejected Rico's offer, telling the agent, "I'm not going to frame innocent men."

CIVIL RIGHTS:

Report Details NYC Police Shooting (FINDLAW/AP)

AP, December 12, 2006

(AP) - NEW YORK-Witnesses interviewed for a preliminary report on the police shooting of three men - including a groom on his wedding day - did not mention a fourth, possibly armed man who police say may have been present before officers opened fire, a newspaper reported Monday.

The New York Times obtained a copy of the police department's 23-page preliminary report of the shooting, a detailed look at what happened on Nov. 25 when Sean Bell, 23, and his two friends were caught in a barrage of 50 bullets after a bachelor party at a strip club in Queens. Bell's friends were wounded; all three men were unarmed.

Police have suggested a fourth man may have had a gun and fled when the plainclothes officers opened fire, but the report made no mention of such a man, whom the surviving victims have said does not exist. Some in the community claim the officers invented the man to justify the shooting.

The report also contains no indication that police were searching after the shooting for a fourth man, the paper said.

The preliminary report includes summaries of interviews with Lt. Gary Napoli, who was supervising a team conducting an undercover operation at the strip club on the night of the shooting, two sergeants who responded after the gunfire began and 10 other officers, according to The Times. Also included are synopses of accounts by three civilian witnesses, including one of the victims, Trent Benefield.

Police investigators did not interview the five shooters in deference to an investigation by the Queens district attorney probe that could result in criminal charges.

In his statement to police, Benefield said Bell repeatedly drove forward and in reverse after officers opened fire, the newspaper reported. His account contradicts police statements that the detective opened fire after being hit by Bell's car.

The report reveals that none of the witnesses recalled hearing anything close to 50 rounds, The Times said. The sergeants who arrived after the shooting told investigators that two of the plainsclothes officers said they were unsure whether they had even fired at all, the newspaper reported.

The report also emphasizes that Napoli and his team were concerned that men outside the club could have been armed before the shooting, The Times said.

A police spokesman said early Monday no senior official would be available to comment on the report's findings until later in the day.

50 Bullets, One Dead, And Many Questions (NYT)

By William K. Rashbaum And Al Baker

The New York Times, December 12, 2006

When the shooting stopped, the police lieutenant edged toward the gray Nissan Altima with his gun drawn. He ordered the men inside to show their hands. The lieutenant had not fired his weapon, and as he neared the car, according to police records, one of the bloodied men inside complied and stuck his hands out the window. The other did not move.

A police sergeant who arrived seconds later described the scene this way: The Nissan had crashed into a van in the middle of the street. Smoke was coming from its radiator. The man in the driver's seat was slumped back. His passenger was lying across his lap with his arms hanging outside the driver's window.

The sergeant, Michael Wheeler, later told investigators that both men appeared seriously injured and likely to die, according to the records. A plainclothes officer stood close by, his pistol still trained on the two men in the car. A third man lay on the street nearby.

Minutes later, the shooting scene on Liverpool Street in Jamaica, Queens, was choked with patrol cars and the scrum of officials that follows a police shooting. A captain ordered another uniformed sergeant, Donald Kipp, to locate and inspect the weapons of the men involved in the shooting. In all, five plainclothes officers had fired a total of 50 bullets.

But one after another, in conversations with Sergeant Kipp or Sergeant Wheeler, the men said they could not say how many shots they had fired. Two said they were unsure whether they had even fired at all, including a detective who investigators later learned had fired 31 shots, emptying his 9-millimeter Sig Sauer pistol, reloading and emptying it again during the frenzied barrage.

The accounts of the lieutenant and the two sergeants are included in the Police Department's preliminary report of the shooting early on Nov. 25 that left the car's driver, Sean Bell, 23, dead on his wedding day and two of his friends wounded, one seriously. The men were part of a larger group that had just attended Mr. Bell's bachelor party in a strip club down the block.

The 23-page document prepared in the days after the shooting, and obtained by The New York Times, does not include the accounts of the four detectives and one police officer who fired their weapons. They are the subjects of an investigation by the office of the Queens district attorney, Richard A. Brown, and it is not clear if they will submit to interviews with prosecutors or testify before a grand jury.

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But the report provides the most detailed account, and the best chronology made public to date, of the shooting itself, the events that led up to it and what people saw and heard.

It summarizes the first interviews with the lieutenant, Gary Napoli, who was supervising the five members of the Club Enforcement Team who fired their weapons, the two sergeants who responded after the gunfire broke out, and 10 other officers — including three team members who were close by, but not present at the scene. It also includes synopses of the preliminary interviews of three civilian witnesses, including one of the victims, Trent Benefield.

Mr. Brown, who has said his investigation is in its earliest stages, has noted that the report raises as many questions as it answers and will serve simply as a starting point for his inquiry, in which he will present evidence to a grand jury, which will determine whether a crime was committed.

Yet the report undeniably provides insights into what happened that night. Among the notable aspects:

¶It includes no meaningful discussion of a fourth man, a mysterious figure who some in the Police Department have suggested may have been present along with the three men who were shot. None of the witnesses whose accounts are in the report speaks of someone who may have fled — perhaps possessing a gun — and there are no indications that the police at the time were seeking anyone who may have left the scene.

¶The undercover detective who fired the first shot — and fired a total of 11 rounds — emptied his gun, a Glock Model 26, which holds 10 rounds in the magazine and 1 in the chamber. He was not wearing his bulletproof vest or carrying his gun during the undercover operation; going without the vest and the gun is routine procedure. He retrieved his gun but did not put on his vest — as another detective did — and remained vulnerable as the group of officers scrambled to deal with what they feared was an imminent eruption of violence.

¶Mr. Bell, mortally wounded and not speaking, and Joseph Guzman, despite wounds from his head to his feet, were put in handcuffs after the gunfire ceased.

¶None of the witnesses — police or civilians — whose accounts are detailed in the report recall hearing anything close to 50 rounds. One detective says she heard eight shots fired with no pause. Another detective heard shots in three rapid successions, but the report includes no number. A third detective heard "numerous" shots. The report also refers to 31 "ear-witnesses" whose statements have been taken, but does not describe what they said. Mr. Benefield recalls eight or nine shots being fired.

¶Mr. Benefield said a man he had not seen before stood in front of Mr. Bell's car and simply opened fire, striking Mr. Guzman once, and that Mr. Bell then repeatedly drove forward and in reverse and collided with other vehicles in an attempt to drive away. His account differs from the accounts of some police officers that the detective opened fire after Mr. Bell's car had struck him, crashed into a police van, and then nearly hit him a second time.

¶The interviews make it clear that the officers were concerned about men with guns in the minutes leading up to the shooting. One man, they thought, had a gun inside the club. They came to suspect that another man standing outside the club might have had a gun. Yet another, identified as Mr. Guzman, shouted for someone to get his gun outside the club. The officers talked about their concerns over their cellphones, over their radios and, in at least one instance, among themselves as the undercover detective grabbed his weapon from an unmarked police car.

¶Lieutenant Napoli's account makes clear that he believed the men in Mr. Bell's car knew he was a police officer because he had made eye contact with one of them. The report says Lieutenant Napoli could not articulate why he believed that. Lawyers representing Mr. Guzman and Mr. Benefield have declared that they had no idea the men they encountered that night on Liverpool Street were the police.

¶The report lists the arrest records of the three men shot that night. Each had been arrested in crimes involving firearms, though no specifics of those crimes are given. Nor is the final disposition of those cases included in the report.

An Uneventful Start

The nine members of the team all started work that night about 9:30 p.m. They were well into a relatively uneventful eight-and-a-half-hour shift when they gathered in an office in a squat modern brick police building on Manhattan's Lower East Side.

The building, the Seventh Precinct station house, is also home to the department's Club Enforcement Initiative. There, about 11 p.m., Lieutenant Napoli, a 22-year veteran, led a meeting to map out their night's work.

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According to his own account, the lieutenant told the team of six men and two women, a racially mixed group drawn from narcotics and vice units, that their goal was to hit Club Kalua, a topless bar at 143-08 94th Avenue in Jamaica. The team had been working together since August, when the initiative began in response to the murder of a woman who was kidnapped and killed in July after leaving a club in Chelsea.

The Club Kalua was on the department's "problem list." The officers knew it because they had been there before: a week and a half earlier they had arrested two people inside on drug and prostitution charges. The lieutenant was looking for more arrests, according to the report, so the department could seek to close the club as a nuisance.

After the meeting, the team set out for Queens in three nondescript rental cars, a gray Toyota Camry, a green Mitsubishi Galant and a green Ford Freestar minivan.

When the team members arrived near Club Kalua, nestled on a street with several homes and another, far more prosperous-looking strip club just south of the Port Authority AirTrain terminal, they chose several strategic vantage points and parked their cars.

Getting Into Position

Lieutenant Napoli said he selected a spot in the AirTrain Terminal parking lot and maneuvered the Camry in so the car was directly across 94th Avenue from the club entrance, providing an observation post with an unobstructed view of the entrance for him and Detectives Paul Headley and Marc Cooper.

Detective Rasheda Edness, a female undercover detective, and two male undercover detectives were in the Mitsubishi and parked at 95th Avenue and Allendale Street. Detective Michael Oliver and Officer Michael Carey positioned the minivan — which they intended to use to transport anyone arrested in the operation — along 95th Avenue.

The operation, according to the lieutenant's account, began in earnest about 1 a.m., when the two male undercover detectives left the Mitsubishi and walked into the club, several minutes apart. They were followed about an hour later by Detective Cooper.

One of the undercover detectives was seeking to talk with women about sex for money, while the second undercover man and Detective Cooper served as "ghosts," shadowing the first undercover detective to provide backup and gather intelligence.

The undercover detectives and Detective Cooper stayed in touch with Lieutenant Napoli via cellphone, and the other members of the team were linked by radio, according to the report.

Over the next two and a half hours, the three officers mixed with about 40 patrons and drank beer to keep their cover, according to the report. The undercover detective serving as one of the ghosts had two Heinekens, according to his own account, but could not say what the other undercover officer or Detective Cooper drank, or how much. The crowd was rowdy, and several people were thrown out by club security, according to his account.

The officers made conversation with the topless dancers, trying to arrange sex for money — the kind of transactions that would lead to arrests. But their efforts failed and, in progress reports he made via cellphone to Lieutenant Napoli every half-hour, there were no reports of significant developments.

About 3:30 a.m., one undercover detective who had been serving as a ghost lost sight of the other undercover detective and Detective Cooper and presumed they had left the bar, according to his account.

He walked outside and found the other undercover man on the sidewalk. His colleague, a six-year veteran, told him that a man in the club wearing a white baseball cap with a White Sox insignia had gestured to his waistband in a way that led him to believe the man was armed, according to his account.

The other undercover detective said to his partner that he had told Lieutenant Napoli that the man might be armed. He then told his partner that he had retrieved his gun and shield from the Mitsubishi, where he had left them before going into the club. (Because bouncers were searching some patrons, the three men who went inside left their guns, shields and bulletproof vests in the cars, according to the report.)

According to the report, in the brief moment when he retrieved his gun and shield from the Mitsubishi's glove compartment, the undercover detective told the detectives in the car that there was a dispute in the club and that guns might be involved.

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At that time, Lieutenant Napoli relayed the information about the gun to the other members of his team. Detective Cooper got his gun and badge and sat in the lieutenant's car. The first undercover detective went back inside the club to look for the armed man, but he had no success and emerged about 15 or 20 minutes later, according to his own account.

Anger Outside the Club

When he reached the sidewalk outside, the scene was becoming volatile.

A group of about eight men stood on the sidewalk. They were arguing with a man dressed all in black standing next to a black truck with shiny, spinning rims, possibly a Lincoln Navigator, according to the undercover detective's account. The dispute was about a woman who had indicated she would not have sex with all the men. Tensions flared. The man dressed in black kept his right hand inside his jacket pocket, as if he were armed.

Mr. Guzman said, "Yo, get my gun, get my gun," and Mr. Bell told his friends they should beat up the man dressed in black, according to the undercover detective's account.

The eight men broke into two groups of four and started walking east along 94th Avenue, toward Liverpool Street, with Mr. Bell and Mr. Guzman in the trailing group. The second group then hesitated, walked back to the man dressed in black, argued some more and then turned and headed again toward Liverpool.

As he had several times that morning, the first undercover detective called Lieutenant Napoli, and handed the cellphone to the second undercover detective as he then followed Mr. Bell and his friends. The first undercover detective then struck up a conversation with a woman in a blue top who had left the club, apparently feeling the situation was under control enough for him to seek out a prostitution arrest. But his partner told the lieutenant it was, according to the report, "getting hot on Liverpool, for real; I think there's a gun."

The lieutenant got on the radio and told the team to move in and stop the group, shifting the team away from its earlier mission of making prostitution and drug arrests.

Mr. Bell got into the driver's side of his 1999 Nissan, with Mr. Guzman next to him and Mr. Benefield in the rear passenger seat. The Nissan faced north on the east side of Liverpool Street, about 60 feet from 94th Avenue.

Still on his cellphone, Lieutenant Napoli made eye contact with one of the men in the Nissan as he passed, and then his undercover detective, who nodded in the direction of Mr. Bell's car. This was the point in his interview when Lieutenant Napoli said he believed the men knew he was a police officer, though he did not give his rationale. Behind Lieutenant Napoli's Camry was the minivan carrying Detective Oliver and Officer Carey.

What happened in the next few seconds, and precisely how it occurred, remains unclear but for the outcome: 50 police bullets were fired. Mr. Bell was killed. Mr. Guzman was struck in the face, the shoulder, the buttocks, the thigh and the ankle. Mr. Benefield, hit in the leg and buttocks, scrambled out of the car and moved south on Liverpool Street, collapsing about half a block away.

Lieutenant Napoli crouched for safety, approaching the Nissan after the final shots.

One civilian witness, according to the report, was awakened by the shots — she thought there were 10 to 12 — and looked out her window. She saw one man pointing a handgun at a second man on Liverpool Street, saying, "I will kill you," according to the report. There were no more shots, and when the woman looked again, she saw one of the officers standing over Mr. Benefield.

A horde of police descended on the scene. They were met with adrenaline-filled confusion: Five officers had fired, but some were not even sure they had. There were conflicting reports about whether shields were displayed. And at least one of those who fired said he believed the men in the car, who turned out to be unarmed, were shooting at the police.

Four of the men who fired clustered down the block around Mr. Benefield. The fifth, Detective Cooper, was pointing his weapon at the men in the car, according to the report.

Sergeant Wheeler, a patrol supervisor at the 103rd Precinct, was one of the first uniformed officers to arrive, having heard radio reports of gunshots and officers in danger. He immediately ordered Detective Cooper to holster his weapon.

According to the sergeant's account, he called for an ambulance over his police radio and then tried to open the driver's side door of the Nissan, but could not. He directed another officer to put handcuffs on Mr. Guzman's outstretched hands.

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Sergeant Wheeler's driver that night, Officer Steven Muhlenbruck, said in his account that the sergeant also ordered Mr. Bell handcuffed.

When Sergeant Wheeler asked Detective Cooper if he was a police officer, the detective said he was, with a club enforcement team. Asked if he had fired his weapon, he said he had but could not say how many rounds. The sergeant asked about the rest of his team, and the detective pointed down the block, where the other men stood around Mr. Benefield. The sergeant helped one of the detectives handcuff Mr. Benefield, and then asked Detective Headley and the undercover detective if they had fired. Both said they had, but were unsure how many rounds.

The female undercover detective, who was not at the scene until after the gunfire had subsided, said in her account that once she arrived on the scene, she did not hear anyone make any statements about the shooting and that she did not "recall any members of her team displaying their shields."

But Police Officer Robert Maloney, who also arrived at the scene shortly after the shooting, said he saw a plainclothes black officer with his shield hanging around his neck who said, "They were shooting at us." His partner, Derek Braithwaite, also saw a black officer wearing a shield, but it was unclear who it was, and whether it was the same man cited by Officer Maloney.

The detective who had fired first, according to a person who has been briefed on his version, has said that he had his shield out, identified himself as a police officer and ordered the men in the car to show their hands before he fired.

Officer Maloney said he pulled Mr. Bell from the car and cuffed his bloody hands. He then escorted an ambulance that carried him to Jamaica Hospital Medical Center and stayed with Mr. Bell until he was relieved. Mr. Bell, who was pronounced dead at 4:56 a.m., never said a word, Officer Maloney said.

Diallo Case Could Be Road Map For DA (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, December 12, 2006

(AP) - NEW YORK-Before there were 50 shots and Sean Bell, there were 41 shots and Amadou Diallo.

The deadly 41-shot barrage fired by four police officers at the unarmed Diallo seven years ago sparked angry demands that the shooters face criminal charges - a scene replayed in the recent police shooting of Bell in a hail of 50 bullets.

Firepower and community outrage aside, the Diallo case serves as a reminder of the hard realities of prosecuting officers who are paid to carry guns and sometimes use them in dangerous situations. It also suggests the ultimate result of the latest case could be a civil settlement for the victims' families and a quiet demise of the careers of the officers involved.

"Police officers are privileged to use deadly force," said Ian Weinstein, a criminal law professor at Fordham Law School. "The case will turn on whether the officers reasonably believed their lives were in danger, or that deadly force was justified."

Bell, 23, was killed and two unarmed companions were wounded on Nov. 25 after a bachelor party at a strip club in Queens that police had targeted for an undercover operation.

The five shooters involved haven't spoken publicly about the incident now under investigation by the Queens district attorney. But statements by union officials and defense lawyers suggest a state-of-mind defense is in the works: The first officer to open fire, they say, was convinced there was a weapon in a car where none was found.

The officer, who had been posing as a club patron, became suspicious after overhearing one of Bell's companions talking about retrieving a gun to settle a dispute, police said. When the officer approached the men, they tried to flee in the car.

As the car bumped the officer and smashed into an unmarked police van, the officer said he spotted one of the companions make a sudden move before he began firing at the car at close range. A confusing chorus of gunfire followed.

Police have since investigated whether a fourth man may have fled the scene with a weapon - a theory the survivors deny. But the fact that so far no gun has been recovered doesn't mean the shooting was criminal, said attorney John Patten, who defended one of the officers in the Diallo case.

"My view on the whole thing is that, no matter how many shots, the benefit of the doubt should always go to the officers," he said. "It's just a terrible mistake."

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Lawyers say the officers in the Bell case will have to decide - probably after Christmas - whether to tell a grand jury their side of the story in a bid to dissuade jurors from voting to indict them. The lawyer for the undercover officer has said his client is eager to testify; another defense attorney on the case, Stephen Worth, was noncommittal.

"We'll watch the investigation closely and keep our options open," he said.

In the Diallo case, the officers chose not to go before a grand jury - a decision prosecutors said left them with no choice but to pursue charges of intentional murder, rather than manslaughter or criminally negligent homicide.

"Having exercised that right, they cannot then say, `We're police officers, therefore what we did was OK,'" District Attorney Robert Johnson said at the time.

Though indicted, the four Diallo defendants - Sean Carroll, Edward McMellon, Kenneth Boss and Richard Murphy - won a reprieve when an appeals court took the unusual step of moving the case to Albany. The court ruled that pretrial publicity had tainted the jury pool.

At trial in 2000, Carroll wept on the witness stand as he described the events of Feb. 4, 1999. He testified that he and the other plainclothes officers cornered Diallo in the vestibule of his Bronx apartment building, believing he fit the description of a wanted rapist.

Carroll told jurors he opened fire after seeing a black object emerge from the West African immigrant's pocket - an account backed by testimony of the other officers. Before they realized the object was a wallet, 19 bullets had struck the victim.

The jury acquitted the officers, but police officials never returned their guns or restored them to full duty. Boss remains on the payroll, but Carroll has retired; McMellon and Murphy both quit the force and became firefighters. Attempts to reach them were unsuccessful.

In 2004, the city agreed to pay $3 million to settle a lawsuit brought by Diallo's family.

Weinstein, the law professor, predicted indictments in the Bell case. Convictions, as the Diallo case shows, are another matter, he added.

"The Diallo case gave us one road map for this case - indictment, followed by a hard-fought trial in which prosecutors can't climb the very steep slope of proof beyond a reasonable doubt, followed by a very significant civil judgment," he said.

Federal Court Gives California Six Months To Fix Prison Crowding (AP)

By Don Thompson, Associated Press Writer

AP, December 12, 2006

SACRAMENTO -- A federal judge on Monday gave California officials six months to ease crowding in the state's overstuffed prison system, warning that potential remedies include capping the inmate population and releasing some prisoners early.

The state is scrambling to find solutions for a prison system that houses 173,000 inmates, 70 percent more than its capacity. Officials with Gov. Arnold Schwarzenegger's administration and inmate attorneys agree the crowding is causing myriad problems, including inmate deaths and dangerous conditions for guards.

"Common sense suggests the state is being overwhelmed by the numbers," U.S. District Judge Lawrence Karlton said.

Schwarzenegger declared a state of emergency in October after failing to persuade state lawmakers to spend billions on a prison building program. He is now seeking to transfer 2,260 inmates to other states as a partial solution.

California sent 80 inmates to a private prison in Tennessee in early November and plans more transfers this month to private prisons in Arizona, Indiana, Oklahoma and Tennessee.

Even if the transfers survive pending court challenges, officials predict California's prisons will run out of room by spring 2008.

Karlton can order creation of a three-judge panel that would recommend options. On Monday, he delayed that decision until June 4, saying he has seen progress during Schwarzenegger's tenure.

"The plaintiffs want the court to run the prison system, and that is too serious a step to be taken lightly," Karlton said.

Federal law permits early release of inmates only if a three-judge panel determines that all other options have been exhausted. That hasn't happened in any state since the law took effect 10 years ago, said Elizabeth Alexander, director of the American Civil Liberties Union's National Prison Project.

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"Waiting six months is just postponing the inevitable and causing more injury and death," said Donald Specter, director of the nonprofit San Francisco-based Prison Law Office, which wants Karlton to create the three-judge panel.

Specter and attorney Michael Bien said the state won't be able to ease crowding by June no matter how hard it tries.

The Prison Law Office and Bien's private law firm filed identical requests with two other federal judges in ongoing cases in which they represent inmates' interests. In each of the three cases, the attorneys argue that crowding is affecting inmates' well-being.

Hearings in the other two cases are set for Dec. 22 in Oakland and Jan. 8 in San Francisco.

Schwarzenegger convened a special session of the Legislature last summer to address prison overcrowding, in part proposing a $6 billion building program. The session ended with lawmakers taking no action on the governor's plan.

Schwarzenegger plans to introduce a similar proposal in January, said Bill Sessa, a spokesman for the California Department of Corrections and Rehabilitation. Solving overcrowding by adding more prison beds will take years, he said, leaving out-of-state inmate transfers as the only short-term solution.

"We are encouraged that the judge gave us time to carry out the plan," Sessa said.

The alternative, a population limit, "is certainly going to put people out on the street who don't belong there," he said.

School Board Files Lawsuit Over Election (BRADV)

By Charles Lussier, Advocate staff writer

Baton Rouge Advocate, December 12, 2006

The Baker School Board filed a lawsuit in federal court Monday that seeks to cancel the Sept. 30 election in which District 1 voters ousted incumbent President Elaine Davis.

The lawsuit covers some of the same ground as Davis' already rejected election challenge, filed in state court. There, Davis unsuccessfully sought to overturn the vote that she lost to challenger Pam Malveaux by 20 votes.

Also listed as plaintiffs in the new federal lawsuit are three board members, Davis, Calvin Dees and Dana Carpenter.

Those three voted 3-2 last month to file the litigation, saying the school district's precise boundaries need to be established clearly. They did so over the objections of members George Gallman and Jane Freudenberger, neither of whom are listed individually as defendants. The School Board hired the Metairie law firm, Leblanc Butler LLC, to handle the case.

The lawsuit names as defendants the City of Baker, the East Baton Rouge Parish School Board, as well as parish Registrar of Voters Elaine Lamb and the parish's board of election supervisors.

In the state case, Davis, wife of former Baker Mayor Leroy Davis, challenged the votes of 21 voters, most of them living in Oak Glen Terrace trailer park on Thomas Road.

The new federal case alleges that up to 100 people voted improperly.

As evidence, the lawsuit claims that "on information and belief" the children of these improper voters do not attend Baker public schools, but rather attend East Baton Rouge Parish public schools.

"Thus, the participation of ineligible voters directly and unfairly affected the outcome of the District 1 election," according to the suit.

Reached at home Monday, Baker Superintendent Lester Klotz said he has not seen what was filed Monday, but said he is most concerned about the children who may be, wrongly, attending schools outside Baker. For instance, children living in Oak Glen Terrace attend parish public schools, he said.

"They're not going to our schools and never have," Klotz said.

The crux of the litigation is that a small number of voters who live within the city limits of Baker, but not within the boundaries of the school district were illegally allowed to vote Sept. 30.

The school district boundaries mirror the city lines as of June 1, 1997.

Since then, the city has annexed new territory, while the school district, which finally began operating in 2003, has maintained its 1997 boundaries.

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At issue are a couple of areas, including the Oak Glen Terrace trailer park, which the city annexed before June 1997, but for which the city did not receive approval, or preclearance, from the U.S. Justice Department until later. State courts found that the late date of these preclearances did not matter and that those contested areas are part of the Baker school district.

Christian Group Says Pentagon OK'd Video (USAT/AP)

USA Today, December 12, 2006

WASHINGTON — An evangelical Christian group, under fire for a promotional video featuring active-duty military officers praising the organization, said Monday that the Defense Department gave it permission to record the video.

The video prompted a religious freedom watchdog group to ask the Pentagon to investigate whether the tape violated regulations and possibly the Constitution.

Robert Varney, executive director of the Christian Embassy, which produced the video, said the group is adding a note to tell viewers that the content does not represent the military or any government agency.

"We don't think we did anything in violation," Varney said. "The Pentagon gave us permission to film the video, and I don't think they'd give us permission if it were in violation of the regulations."

The Christian Embassy was established 31 years ago to promote prayer groups and Christian values among government officials.

The 10-minute video features military officers speaking on the group's behalf while in uniform. Much of it was recorded inside the Pentagon.

Service regulations in general prohibit active-duty officers from lobbying for political causes while on duty or wearing uniforms. The issue of religion is trickier. Regulations seek to uphold religious freedom and protect members from proselytizing.

In letters released Monday, the Military Religious Freedom Foundation asked that the Defense Department's inspector general investigate the matter and that any documents authorizing officers' involvement in the video be released.

Mikey Weinstein, founder of the group, said he hoped the footage would serve as "a testament to systemic problems of religious bias and constitutional neglect that continue to occur within the United States armed forces."

The Pentagon said it needs more time to determine whether the latest incident warrants an investigation. "The Department of Defense does not endorse any particular religious faith, but we do provide servicemembers with the ability to practice their religion," said a spokesman, Maj. Stewart Upton.

ANTITRUST:

Municipal Bond Antitrust Case Probed By Grand Jury (Update2) (BLOOM)

By Patricia Hurtado

Bloomberg, December 12, 2006

Dec. 11 (Bloomberg) -- Prosecutors investigating bid-rigging in the municipal bond market have brought their case to a federal grand jury in New York, a person with knowledge of the case said.

Ralph Giordano, chief of the New York office of the U.S. Justice Department's Antitrust Division, and Rebecca Meiklejohn, a trial attorney, are leading the criminal investigation, the person said. Also participating in the probe are agents from the Federal Bureau of Investigation's New York office as well as the Internal Revenue Service, according to the person.

Giordano, 69, and his staff won the conviction of former Sotheby's Holdings Inc. Chairman A. Alfred Taubman, found guilty in 2001 of plotting with archrival Christie's International Plc to fix sellers' fees. Meiklejohn has prosecuted anti-competitive practices in the advertising industry.

``It's a very big deal that this is now a criminal investigation, it ratchets up the stakes," said David Gourevitch, a former U.S. Securities and Exchange Commission enforcement attorney who now has his own practice in New York.

Prosecutors are probing whether banks, financial firms and brokers conspired to rig bids on contracts bought by local governments when they invest money from bond sales. The municipalities invest the money until it is needed to pay for schools, roads and other projects.

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Raising the Stakes

The investigation grew out of an IRS inquiry that found dozens of municipal bond deals failed to pay $100 million in taxes. It is the broadest criminal probe of the industry. The Justice Department has subpoenaed more than a dozen banks and insurers and raided three brokers in a search for evidence of bid rigging in the market where state and local governments nationwide raised more than $400 billion last year.

XL Capital Ltd., a Bermuda-based insurer, last month said a unit received a subpoena from a federal grand jury in New York's Southern District drafted by the Antitrust Division ``seeking documents in connection with an investigation into the municipal guaranteed investment contract market and related products."

Giordano declined comment, referring questions to Justice Department officials in Washington. Meiklejohn, 56, couldn't be reached for comment. Kathleen Blomquist, a Justice Department spokeswoman, would only say she is authorized to confirm the government is conducting an ``investigation of anticompetitive practices in the municipal bond industry."

Bid-Rigging in Advertising

Giordano and Meiklejohn are ``up to the job," said Gourevitch. ``At the end of the day, depending on the outcome of the prosecution, it may be a life-altering deal for some individual."

Taubman was convicted by a federal jury in New York and sentenced to serve a year and a day in jail and fined $7.5 million. His lawyers had asked the sentencing judge to spare him a prison term, saying he was in poor health. JPMorgan Chase & Co. banker Charles LeCroy was sentenced to three months in jail and fined $50,000 last year after pleading guilty to federal fraud charges in a municipal finance corruption scandal in Philadelphia.

Meiklejohn has prosecuted executives in the advertising industry for anti-competitive bidding in a federal probe that also involved the IRS and FBI.

She also led a case that delved into the relationship between some advertising agencies and printers. Mitchell Mosallem, a former executive with New York-based Grey Global Group Inc., and 10 others were convicted in 2003 in the investigation, which uncovered bid-rigging, bribery and fraud in the advertising, printing and graphics industry.

`Around for Awhile'

Meiklejohn also successfully prosecuted Michele Komack, a former executive at New York-based Home Box Office Inc. who pleaded guilty in 2004 to bid-rigging, antitrust-conspiracy and tax charges. In that case, Meiklejohn said Komack received about $439,000 in kickbacks from vendors to whom she steered business. Evidence showed Komack obtained free designer shoes, foreign trips and parties at the Plaza Hotel in Manhattan as part of the scheme.

George Stamboulidis, a former federal prosecutor who is monitoring Merrill Lynch & Co.'s and Bank of New York Co.'s compliance with U.S. government settlements, said the investigation is going to have long-lasting repercussions.

``It is something that's going to be around for awhile and affect a lot of firms and banks," said Stamboulidis, now a partner at Baker & Hostetler in New York. ``Banks are going to be scrutinizing more of their deals and there will be more scrutiny on all financial institutions. There are some serious allegations about a lack of transparency in the market."

Merrill Lynch is a passive minority investor in Bloomberg LP, the parent company of Bloomberg News.

Critics Decry Monsanto Deal, Analysts Think It Will Proceed (AP)

By Christopher Leonard

AP, December 12, 2006

ST. LOUIS - Congress will press federal regulators to closely scrutinize Monsanto Co.'s plan to buy cottonseed king Delta & Pine Land Co., but analysts and investors don't seem worried the deal will fall through.

U.S. Rep. Bob Inglis, R-S.C., plans to send a letter to the U.S. Justice Department asking for a careful review of the deal to make sure it complies with antitrust laws.

Inglis said he's not opposed to the deal. But he thinks it deserves a close look because it would give Monsanto more control over the U.S. seed market.

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Monsanto agreed to purchase Scott, Miss.-based Delta & Pine Land in August for $1.5 billion in cash. The deal is already under Justice Department investigation to make sure it doesn't violate antitrust law. If approved, the sale should close early next year.

Analysts estimate the deal would give Monsanto control of about 60 percent of the U.S. cottonseed market.

That could be bad news for Monsanto's competitors in the multibillion dollar market for genetically engineered seeds. Monsanto has had a corner on the technology since introducing biotech corn and soybean seeds in the 1990s. DuPont Co. and Syngenta AG are trying to catch up by developing their own strains.

DuPont Co. is also fueling opposition to the Delta & Pine Land acquisition.

Inglis said he first became aware of the deal when DuPont representatives visited his office with Tim Hutchinson, a former Arkansas senator. Inglis, who sits on the House Judiciary Committee, said he's circulating a letter to other House members urging close review of the deal and plans to send it to the Justice Department within days.

"We should make real sure that it's consistent with antitrust principles," Inglis said.

DuPont spokesman Doyle Karr, who works for the company's Pioneer Hi-Bred seed division, said the company opposes the deal.

"We think it's anticompetitive," Karr said. "We have concerns about what it will mean to farmers and their access to technology."

Monsanto spokeswoman Lori Fisher said the Justice Department review should go on without interference.

"We're disappointed that our competitors would use this kind of tactic to gin up the opposition," Fisher said.

The criticism isn't likely to have much bearing on whether the deal is approved by regulators, said Kevin McCarthy, an analyst with Bank of America in New York.

"When the MON-DLP deal was announced, we anticipated staunch opposition from competitors DuPont and Syngenta," McCarthy wrote in an e-mail, using Wall Street shorthand for Monsanto and Delta & Pine Land.

McCarthy said investors are betting chances of the deal going through are about 80 percent, with risks of failure reflected in the companies' stock prices. The odds haven't changed with DuPont and Syngenta's opposition, he said.

The deal is likely to be approved because it won't change the overall market concentration of cotton seed companies, Credit Suisse analyst William Young wrote in an August report.

If it buys Delta & Pine Land, Monsanto has agreed to sell off its own Stoneville cottonseed brand which controls about 14 percent of the market, Young wrote. That means Monsanto would only have the 50 percent to 55 percent market share that Delta & Pine Land already commands, he said.

Young noted there are also more competitors in the cottonseed market today than there were in 1998, when Monsanto signed its first agreement to buy Delta & Pine Land.

Monsanto backed out of that deal in 2000 and Delta & Pine Land sued over the breach of contract. The legal action is still tied up in court in Mississippi, but the current deal includes a clause to settle all legal disputes from the first merger attempts.

Monsanto faces a $600 million "break-up fee" if the current deal falls through, McCarthy said. That would translate to about $1.09 per share before taxes. The fee would prevent any further litigation.

Monsanto and Delta & Pine Land stocks didn't see any big movement during Monday trading.

Monsanto's stock dropped 28 cents, less than 1 percent, to close at $47.80 on the New York Stock Exchange. Delta & Pine Land dropped 25 cents, also less than 1 percent, to close at $40.39 on the New York Stock Exchange.

Delta's stock jumped 10 percent when the deal was announced in August, while Monsanto's stayed virtually unchanged.

Delta Board Weighs US Air's Offer (WSJ)

By Corey Dade And Melanie Trottman

The Wall Street Journal, December 12, 2006

Airline and Creditors to Meet On $8.5 Billion Hostile Bid; A Push for Financial Records

The board of Delta Air Lines Inc. met by conference call to discuss US Airways Group Inc.'s $8.5 billion hostile bid, but the directors aren't expected to issue a formal position on the offer for several days, according to people familiar with the matter.

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The meeting came as executives at Delta and its major creditors prepared for a new round of talks regarding the US Airways bid scheduled for tomorrow in New York. US Airways presented details of its offer, consisting of $4 billion in cash and about $4.5 billion in stock, nearly two weeks ago, in a session marked by occasionally tense exchanges between executives from the airlines.

Delta, which filed for Chapter 11 bankruptcy-court protection in September 2005, is expected to release early next week its reorganization plan for exiting from bankruptcy as a stand-alone company. Coming one month after US Airways launched the hostile offer, the Delta plan effectively will be the company's counterproposal aimed at persuading its creditors not to support the US Airways bid.

The board vote is largely a formality, since there is nearly no possibility that Delta's board would endorse the US Airways offer, according to people familiar with the situation. Delta officials, including Chief Executive Gerald Grinstein, have made repeated public assertions that the deal isn't right for the Atlanta airline. Mr. Grinstein has insisted that Delta should emerge independently from bankruptcy early next year. He has resisted US Airways' request for access to Delta financial records to perform due diligence on the offer.

Tomorrow's meeting of creditors could increase pressure on Delta to open its books. The group of nine major creditors, who represent unsecured-claim holders in Delta's bankruptcy-court proceedings, is scheduled to hear presentations from their own advisers hired to evaluate the US Airways bid and an analysis of the offer by Delta. Main topics include the deal's financial aspects, antitrust risks and labor implications, among other issues. No major Delta creditors have publicly embraced the US Airways bid, and one of the largest creditors, the Air Line Pilots Association unit that represents Delta pilots, has repeatedly attacked the proposal.

Despite long business relationships with Delta and its management, some major creditors such as Boeing Co., whose Boeing Capital Corp. unit leads the committee and holds claims in excess of $117.5 million, may feel obligated to insist on a full hearing of the offer, say people familiar with the situation. That could force the creditors committee to demand that Delta open its financial records and enter into full due diligence with US Airways, of Tempe, Ariz.

Delta has lobbied the Chicago aircraft maker for its support in warding off US Airways. People familiar with the discussions said Boeing has decided to remain neutral while the offer is being evaluated.

Separately, a federal judge upheld a bankruptcy judge's decision permitting Delta to terminate its pension plan for its pilots. A group of 223 retired pilots had appealed the bankruptcy-court decision issued in September. The Pension Benefit Guaranty Corp. now becomes trustee of the plan and reached a deal with Delta last week in which it receives a $2.2 billion unsecured claim against the airline and $225 million in unsecured notes.

Write to Corey Dade at corey.dade@wsj.com1 and Melanie Trottman at melanie.trottman@wsj.com2

LG.Philips Shares Fall On LCD Antitrust Investigation (Update3) (BLOOM)

By Kevin Cho

Bloomberg, December 12, 2006

Dec. 12 (Bloomberg) -- Shares of LG.Philips LCD Co., the world's second-largest liquid-crystal display maker, fell after the company said it was questioned by officials in South Korea, the U.S. and Japan in an antitrust probe of the industry.

Samsung Electronics Co., its bigger rival, was also subpoenaed by South Korea's Fair Trade Commission, company spokeswoman Cho Sung In said today. Officials from the Korean watchdog visited LG.Philips' Seoul headquarters on Dec. 8 because of ``possible anticompetitive conduct in the LCD industry,'' the company said yesterday, without identifying the other companies.

LG.Philips shares dropped as much as 7.6 percent, leading declines among LCD makers, on concern the investigation may damage earnings after the company posted two straight quarterly losses. A four-year U.S. federal probe into price fixing in the computer-memory chip market resulted in four companies, including Samsung Electronics, and 16 individuals being fined $731 million.

``The news is weakening people's sentiment on LG.Philips,'' said Kim Hyung Chan, who manages about $600 million in equities at KTB Asset Management Co. in Seoul. ``Earnings weren't showing signs of improving, and now this.''

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Shares of LG.Philips fell 4.6 percent to 25,750 as of 12:35 p.m. in Seoul. In Taiwan, AU Optronics Corp. declined 2.4 percent, Chi Mei Optoelectronics Corp. dropped 3.3 percent and Chunghwa Picture Tubes Ltd. slid 2.3 percent. Suwon, South Korea-based Samsung, which generates more than 90 percent of its operating profit from products other than LCDs, fell 0.2 percent.

AU Optronics spokeswoman Hsiao Ya-wen said she couldn't comment on whether the company is part of the LCD investigation.

LG.Philips units in Tokyo and San Jose, California are also being investigated, the company said. Spokesman Lee Bang Soo declined to comment beyond yesterday's statement.

Samsung's Cho also said that its overseas subsidiaries in the U.S. and Japan were also served similar subpoenas.

Price Fixing?

The investigation may be about price fixing in the industry, Maeil Business Newspaper reported today, citing unidentified industry officials.

Jeong Joong Weon, who heads the cartel policy team at Korea's Fair Trade Commission, confirmed the regulator is investigating LG.Philips. He declined to provide further details.

Gina Talamona, a spokeswoman at the U.S. Department of Justice, declined to comment. The department issued a subpoena to LG.Philips' San Jose office, while Japan's Fair Trade Commission issued a notice to LG.Philips in Tokyo, according to yesterday's statement.

``We are now investigating LG.Philips," Akinori Yamada, a director of management and planning at the Japanese antitrust commission, said in Tokyo today. ``We cannot comment on the names or number of the other companies involved in the probe."

Chips Probe

Price fixing of computer chips known as dynamic random access memory, or DRAM, led to top producer Samsung Electronics being fined $300 million, the second-largest criminal antitrust penalty in U.S. history. Korea's Hynix Semiconductor Inc. and Germany's Infineon Technologies AG agreed to pay a combined $345 million in fines because of the investigation.

LG.Philips, formed in 1999 as a venture between South Korea's LG Electronics Inc. and Royal Philips Electronics NV of the Netherlands, said last month that the company may continue posting losses until the second quarter of next year because of falling panel prices.

``The news is another blow to LG.Philips as this kind of probe was totally unexpected," said Jeff Kim, an analyst at Hyundai Securities Co. in Seoul, who has a ``market perform" rating on the stock.

LG.Philips LCD Gets Subpoena For Anticompetitive Practices (WSJ/DJ)

By Dow Jones Newswires

The Wall Street Journal, December 12, 2006

HONG KONG -- LG.Philips LCD Co. said Monday it is being investigated by authorities in the U.S., Korea and Japan for alleged anticompetitive practices in the liquid-crystal display market.

In a statement, the South Korea-based LCD maker said it received a subpoena from the U.S. Department of Justice last Friday. In addition, the company said officials from the Fair Trade Commission in Korea visited its headquarters while the Japanese Fair Trade Commission issued a notice to its offices in Tokyo.

"LG.Philips LCD takes this matter very seriously and will cooperate fully with regulatory authorities," the company said in the statement. "While these investigations continue, LG.Philips LCD is committed to running its business as usual, supplying its global customer base."

LG.Philips LCD spokesman Lee Bang Soo declined to comment further when asked about the details of the investigation.

Microsoft Lays Out Defense In Iowa Case (BLOOM)

By Bob Van Voris, BLOOMBERG NEWS

Bloomberg, December 12, 2006

Company didn't overcharge, lawyer says

Microsoft Corp. didn't overcharge Iowa consumers for Windows, Word and Excel, a lawyer told jurors in Des Moines, as the company outlined its defense in an antitrust trial.

"No one in Iowa has been harmed by anything that the plaintiffs can show that Microsoft has done," Microsoft lawyer David Tulchin told the Iowa state court jury of seven men and five women Monday afternoon. "The evidence will show that the price was not too high, that there is no overcharge."

Tulchin began Microsoft's opening statement in a class-action suit by Iowa consumers who claim they were overcharged by $329 million since 1994. Tulchin's statement began after a lawyer for the consumers concluded his side's opening statement after almost six days.

The lawsuit is one of only two similar cases Microsoft hasn't settled or persuaded judges to dismiss. Any jury award may be tripled under Iowa law.

The Iowa case and one in Mississippi are the last of dozens filed by groups of consumers after an antitrust suit against Microsoft brought by the U.S. government and several states, including Iowa, in 1998.

Microsoft denies that it violated Iowa antitrust law.

"Microsoft's success, in every case, is attributable to pro-competitive conduct," including good business decisions, good products and low prices, said Tulchin.

Earlier Monday, Minneapolis lawyer Richard Hagstrom outlined three different models he said an expert for the plaintiffs used to calculate the amount that Iowans paid for Microsoft products compared with the amount they would have paid in a competitive marketplace.

The consumers' opening statement began Dec. 1 when Des Moines lawyer Roxanne Conlin outlined claims that Microsoft used its monopoly position to manipulate prices and force competitors out of business.

The case was filed in 2000 by Joe Comes, a Des Moines businessman.

It was certified in 2003 as a class-action suit on behalf of indirect buyers of Microsoft software from May 1994 to June 2006 -- people and businesses that bought computers with Microsoft software already installed or that bought the programs from sources other than the company.

Lawyers said the trial may take six months.

The case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County (Des Moines).

ENVIRONMENT/INDIAN AFFAIRS:

Top Court Rules 7-0 Against BP In Case Over Lease Royalties (WSJ)

Wall Street Journal, December 12, 2006

WASHINGTON -- The Supreme Court ruled against the oil and gas industry Monday in a dispute over how far back the government can reach to collect on leases for federal land.

In a 7-0 decision, the court refused to limit the number of years the government can reach back to collect unpaid royalties.

The case involves two units of BP that had sued over lease royalties oil and gas companies must pay for coal bed methane removed from federal land. That dispute concerned questions of at what stage of production the levy should be paid.

Read the Supreme Court's opinions in Carey v. Musladin1 and BP America Production Co. v. Watson2, courtesy of FindLaw3.

The Department of the Interior had ordered the companies to pay a higher rate based on refinement of the methane before it is marketed and sold. The BP subsidiaries had argued that the government was entitled to royalties on the value of methane gas at the time it was extracted and before carbon dioxide is removed from the methane. Federal law generally requires lease payments be made on gas in a "marketable condition."

Justice Samuel Alito wrote the majority opinion, which said a 6-year statute-of-limitations cited by the companies applies to court proceedings and not agency administrative proceedings. The statute of limitations dispute arises from aspects of a 1996 law limiting government financial-damages suits.

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Last week the U.S. Minerals Management Service sent BP a $32 million bill for unpaid royalties in a separate case. The company at the time said the outcome of the Supreme Court's statute-of-limitations decision won't impact the size of that bill but could have an impact on separate royalty fee matters.

When the dispute between the Interior Department and the companies began a decade ago, it involved Amoco Production Co., Atlantic Richfield Co. and Vastar Resources, ARCO/Vastar, according to court papers filed in the case. In 2001, Amoco Production Co. and Vastar Resources Inc. merged and formed BP America Production Co. Atlantic Richfield Co. is wholly owned by BP America Inc.

Chief Justice John Roberts Jr. -- who had participated in the case when he was still a federal appeals court judge -- and Justice Stephen Breyer, recused themselves from the appeal.

Court Says Trial Spectators Can Wear Buttons

The Supreme Court, in a first-of-its-kind ruling, concluded unanimously Monday that murder trial spectators were free to wear buttons with a picture of the victim in front of the jury that convicted the defendant.

The justices ruled in favor of California prosecutors who said the buttons were a harmless expression of grief by family members at the trial of Mathew Musladin.

It was the first time the justices ruled on whether the conduct of courtroom spectators deprived a defendant of a fair trial, which in this instance resulted in a conviction that was reversed by an appeals court.

Mr. Musladin had successfully challenged his conviction in the 1994 shooting death of Tom Studer, the fiancé of Mr. Musladin's estranged wife. Mr. Musladin is serving a sentence of 32 years to life in prison.

Justice Clarence Thomas, writing for five of his colleagues, said the buttons "did not deny [Musladin] his right to a fair trial," although he said the question remains open whether spectators' conduct could be prejudicial. The other three justices also concurred with the court's judgment, but did not join Justice Thomas's opinion.

Three members of Mr. Studer's family wore a button with a photo of the victim throughout the trial over the objections of Mr. Musladin's lawyer. The request prior to trial to preclude the family members from wearing the buttons was rejected by the judge, who said he saw "no possible prejudice to the defendant."

But the 9th Circuit U.S. Court of Appeals ordered a new trial. The appeals panel said the buttons "essentially argue that Mr. Studer was the innocent party and that the defendant was necessarily guilty." The dissenting judge in the 2-1 decision said the buttons were a symbol of a family's grief.

The case turned on a 1996 law, the Antiterrorism and Effective Death Penalty Act, limiting the circumstances under which federal judges may grant habeas corpus petitions in state court cases. In order for a federal judge to step in, says the law, the state court decision must be "contrary to" or an "unreasonable application" of clearly established federal law as determined by the Supreme Court.

The appeals court said the state court decision was contrary to Supreme Court holdings. But Justice Thomas said, "We hold that it was not."

Justice David Souter, who wrote a concurring opinion, said there can be little doubt that allowing the buttons at a murder trial "can raise a risk of improper consideration." But he also said he could not conclude that the state court acted unreasonably.

The closest case to Mr. Musladin's came six years before the death penalty act, when the San Francisco-based appeals court tossed out a rape conviction on grounds that jurors might have been prejudiced because some trial observers wore pins that read "Women Against Rape."

The justices have ruled on prejudicial impact involving defendants, but never about spectators wearing buttons.

The court has forbidden the use of visible shackles for defendants in front of juries unless the use is justified by an essential state interest such as courtroom security. The court also has forbidden having defendants wear prison garb in front of juries in most instances.

The case is Carey v. Musladin.

Separately, the high court refused to consider a bankruptcy dispute between Wachovia Corp. and Eastman Kodak Co., a decision that allows the $30 million case to proceed in lower federal courts.

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At issue is whether Kodak can press a claim against Charlotte, N.C.-based Wachovia stemming from the bankruptcy of a camera retailer, Wolf Camera Inc., located in Atlanta, Ga. The fight stems from a $30 million loan Kodak make to Wolf Camera in March 2000, which required the approval of Wachovia, Wolf's leading creditor. Kodak later claimed that Wachovia encouraged Kodak to make the loan but did not disclose that Wolf would be required to use the $30 million to repay some of its debts to Wachovia. Kodak also said that Wachovia withheld Wolf's dire financial condition.

Kodak sued Wachovia in New York, seeking damages, while Wolf's bankruptcy proceeding was settled in a bankruptcy court in Georgia. Wachovia argued that Kodak should have pursued its claims in the bankruptcy court, and once the bankruptcy court reached a settlement between Wolf Camera and its creditors and resolved several other issues, further litigation should be barred.

With the Supreme Court's refusal to consider Wachovia's appeal, Kodak's case will now proceed in U.S. District Court in the Western District of New York.

The case is Wachovia Bank N.A. v. Eastman Kodak Co.

U.S. Supreme Court Rules Against Oil And Gas Industry In Royalties Case (FINDLAW/AP)

By Pete Yost, Associated Press Writer

AP, December 12, 2006

(AP) - WASHINGTON-The Supreme Court ruled against the oil and gas industry Monday in a dispute over how many years into the past the government can reach to collect money for leases on federal land.

In a 7-0 decision, the court refused to limit the number of years the government can reach back to collect unpaid royalties. The ruling applies to administrative proceedings the Interior Department brought against two companies.

At issue is whether a federal law imposing a six-year time limit for the government to file lawsuits based on federal contracts also applies to administrative orders.

Ten years ago, the Interior Department's Minerals Management Service ordered BP America Production Co. and ARCO to pay $4.1 million (â,¬3.1 million) and $780,000 (â,¬591,940) respectively to cover royalty deficiencies on coalbed methane. The companies pumped the natural gas from wells in the San Juan Basin, which is in northwest New Mexico and southwest Colorado.

The government's administrative claim was based on royalties allegedly owed going back more than eight years from the time the Interior Department demanded the money. BP and ARCO say the limit should be six years, which would reduce the amount of royalties the Interior Department is able to claim.

BP and ARCO say unfavorable rulings in lower courts on the issue would add hundreds of millions of dollars to the royalty obligations of the oil and gas industry over the life of existing leases.

The industry's arguments "are insufficient to overcome the plain meaning" of federal law, said the decision by Justice Samuel Alito.

The justices normally do not publicly disclose the reason for not participating in cases, though Chief Justice John Roberts participated in the case as a federal appeals court judge.

When the dispute between the Interior Department and the companies began a decade ago, it involved Amoco Production Co., Atlantic Richfield Co. and Vastar Resources, ARCO/Vastar, according to court papers filed in the case.

In 2001, Amoco Production Co. and Vastar Resources Inc. merged and formed BP America Production Co. Atlantic Richfield Co. is wholly owned by BP America Inc.

The case is BP America v. Watson, 05-669.

BP Review Of Blast Cites Worry Over Cost Cuts (WSJ)

By Chip Cummins

Wall Street Journal, December 12, 2006

Some Top Officers See Link To '05 Refinery Accident; Outside Report Is to Come

DOJ_NMG_0105572

Some top BP PLC executives worried that cost cutting at a Texas refinery may have contributed to the plant's poor state of safety and equipment, according to an internal BP review that is likely to turn up the heat on the company over a deadly explosion at the site.

Documents reviewed by The Wall Street Journal also quote a former senior BP safety executive saying that BP Chief Executive John Browne "showed little interest" in safety issues.

The March 2005 accident at BP's Texas City, Texas, refinery killed 15 people and injured 180. BP faces a criminal probe into the accident as well as civil claims from victims. The accident, along with a series of other safety and environmental incidents, has undercut BP's efforts to promote itself as a socially responsible energy company that is "Beyond Petroleum." High profits from surging oil and gasoline prices over the past three years have added to public pressure.

BP officials have said they believe budgetary decisions didn't play a critical role in the accident, caused when workers restarted a small gasoline-processing unit. A BP spokesman defended Lord Browne's safety record and repeated yesterday that the company determined in its own investigations into the accident that spending wasn't an issue in the blast.

In a series of internal interviews, however, BP executives painted a more complicated picture. Their thinking is laid out in notes and interview summaries that were collected this year as part of an internal BP review of the refinery accident. The interviews were conducted as part of a wide-ranging "accountability" review, designed to determine what led to the accident, according to a BP spokesman.

The documents, which haven't previously been made public, also show some BP executives laying blame for safety shortfalls with one another and with BP's management structure.

In several public reports, BP acknowledged wide-ranging safety and management shortfalls. It initially fired a handful of low-level workers and supervisors and reassigned the refinery manager, Don Parus. BP also restructured its health-and-safety organization and replaced the head of U.S. operations after the accident.

Current and former workers at the plant, in interviews with the Journal last year, blamed cost cutting for reducing safety and causing equipment problems at the refinery. In October, the U.S. Chemical Safety and Hazard Investigation Board said it believed cost cutting by senior managers contributed to the explosion. The federal agency cited a 25% cut in fixed costs at the plant between 1998 and 2000. BP bought the Texas City refinery as part of its 1998 acquisition of Amoco Corp.

Insight into the BP review comes as an independent panel of experts led by former Secretary of State James Baker III plans to release in coming weeks a report expected to detail problems with safety processes at BP's American refinery operations.

In a July interview as part of the accountability review, John Manzoni, BP's global chief executive of refining and marketing, said he agreed with another executive that "fixed-cost reduction" partly contributed to the "situation" at Texas City, according to notes from the interview. At one point in late 2005, after the accident, Mr. Manzoni said he questioned himself, according to the interview notes: "Have we been underspending?"

The BP spokesman said of Mr. Manzoni's comments, "It's a perfectly reasonable and common-sense question to have asked under the circumstance." But, he added, "The answer was, no, we didn't underspend." BP has said that from 2001 to 2004, it sharply increased spending at the plant, including more than doubling the annual average maintenance and turnaround spending at the refinery, to about $115 million a year in 2004 from $40 million a year in 2001.

However, Mr. Parus, who was relieved of his duties as refinery manager immediately after the accident, said he had been ordered to cut costs by 25% as recently as 2005, according to notes of an interview conducted Oct. 12.

He said he had given a slide show to Mr. Manzoni during a visit by the executive in July 2004 showing BP and Amoco had "underinvested" at Texas City for the previous 10 years, according to the interview notes. He said he pleaded for additional funds, citing problem areas such as the poor condition of equipment, and he said he had "exhausted every avenue he had to get the funds and it remained a no," according to the notes.

An attorney for Mr. Parus said his client stands by what he said in the interviews but wasn't available to comment.

Ross Pillari, who stepped down as chief executive of BP's U.S. operations this year, said Texas City had been neglected, according to a BP interview on April 27. Senior BP-Amoco executives at the time of the merger "tried to squeeze as much out of [Texas City], so maintenance was neglected. The directive was to keep expenditures low because of 10 years of lousy refinery

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margins," according to a summary of his interview. Refinery margins are an industry measure of profitability. Mr. Pillari declined to comment.

Some executives said they disagreed with the suggestion that cost cutting contributed to safety problems, according to the notes. Pat Gower, vice president of North American refining, told interviewers in April that he didn't think the accident occurred because of budget restraints. And Mike Hoffman, a vice president of global refining, told interviewers he had never heard a request for funds from Mr. Parus at Texas City: "Don can't claim that I held back money from him," he said, according to the notes.

The interview notes also paint a picture of uncertain reporting lines inside BP's North American operations. Some executives said in their interviews that contributed to a lack of accountability for Texas City's problems. The BP spokesman said yesterday that the plant's new management "has simplified the organization, clarified accountabilities."

In addition to BP's management structure, one executive also cited Lord Browne's attitude toward safety. In an interview conducted on June 21, Greg Coleman, who was vice president of BP's health, safety and environmental programs before he left the company, said Lord Browne "showed little interest" in safety and demonstrated "no passion, no curiosity, no interest" in safety issues, according to his interview notes.

Mr. Coleman couldn't be reached for comment.

The BP spokesman said: "It is certainly not true that Lord Browne showed little interest in safety. The safety of staff featured prominently in his many messages to the organization." Safety also was underscored in the company's code of conduct, the spokesman said.

"The company had achieved a 70% reduction in workplace injury rates at the plant," the spokesman said. "This significant fall led the company to believe that conditions at the refinery were improving."

Lord Browne transformed BP into an oil giant through a series of big acquisitions, including the Amoco purchase, in recent years. He also fostered a reputation as an environmental leader, becoming the first oil-industry chief to acknowledge the threat of global warming. BP's advertising campaign highlighted the company's alternative-energy projects, like solar and wind.

But BP has faced big setbacks in the U.S. Oil spills and wide-scale corrosion partly shut down BP's vast Alaska field at Prudhoe Bay over the summer and triggered a federal criminal probe. U.S. officials accused the company of manipulating propane markets, a charge the company denies. The company says it is cooperating with all investigations.

Separately, the Supreme Court ruled 7-0 against BP in a lease-royalty dispute with the government.

The case involves two units of BP that had sued over federal lease-royalty rates that oil and natural-gas companies must pay for coal-bed methane removed from federal land. At issue were whether Interior Department royalty calculations -- through administrative actions -- ordered the companies to pay a higher rate based on refinement of the methane before it is marketed and sold. The ruling determined that Interior Department royalty orders aren't subject to a statute of limitations.

(BP America Production Co. v. Watson)

Oil Company Charged With Pollution (LOMPOCR)

By Samantha Yale, staff writer

Lompoc (CA) Record, December 12, 2006

An energy company with local operations is facing more trouble.

The state attorney general's office has filed four misdemeanor counts of state water pollution against Greka Oil and Gas Inc.

The alleged violations of the California Fish and Game Code were filed in Santa Barbara County Superior Court in Santa Maria Wednesday. The Department of Fish and Game was the investigating agency, according to the attorney general's office.

The complaint alleged that Greka “unlawfully deposited in, or permitted petroleum or other deleterious substance to pass into, the state waters of California.”

Greka allegedly committed these violations Dec. 7, 2005, at 5017 Zaca Station Road in Los Olivos; May 4 and May 16 at 3851 Telephone Road in Santa Maria; and Aug. 10 at 6572 Dominion Road in Santa Maria, according to the complaint.

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According to reports from the Governor's Office of Emergency Services, the Los Olivos incident was caused by tank failure, and the spill went into an unnamed seasonal creek before it was contained.

The Santa Maria spill on May 4 was a pipeline leak, according to the report, and the petroleum went into an unnamed dry creek. The May 16 spill at the same location was reported by a caller as caused by a ruptured flow line, but it did not go into a waterway.

The Santa Maria spill Aug. 10 was due to old pipe repair and the petroleum went into a seasonal creek with a spring, according to the hazardous materials spill report.

In all but the May 16 Santa Maria incident, for which there is no indication either way, drinking water was not affected.

The case is due back in court Jan. 4.

The prosecutor in the case, Deputy Attorney General Christopher Crook, declined Monday to discuss the allegations.

Steve Martarano, spokesman for the Department of Fish and Game, said his department does not discuss cases they investigate once they are handed over to prosecutors.

The attorney representing Greka in the case, Steve Cochran, could not be reached for comment Monday.

Greka Energy is familiar with legal battles.

The corporation settled last month the remainder of a civil lawsuit filed in 2004 by the Santa Barbara County District Attorney's Office, which accused it of more than 100 safety and environmental violations. Greka agreed to pay a total $675,000 to the county and the county Air Pollution Control District in the settlements, according to a prosecutor in that case.

The U.S. Attorney's office began an investigation late last year into possible criminal acts committed by Greka, but there have been no public developments in that investigation since it began, U.S. Justice Department spokesman Thom Mrozek said Monday.

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Gulf States Hit Pay Dirt Offshore (WP)

By Steven Mufson

Washington Post, December 12, 2006

Back in June, former Louisiana senator John Breaux warned Sen. Mary Landrieu (D-La.) not to get greedy in lobbying to get their state a big chunk of oil and gas royalties from federal waters.

"Harry Truman offered us almost half, and we ended up with nothing," he said.

Breaux was recalling that in 1949, Gov. Earl Long was so determined to get all of the oil and gas royalties from drilling off his state's shores that he turned down an offer from Truman that would have put a portion of that revenue into Louisiana's coffers. Louisiana ended up with nothing, and since then the Treasury has collected $160 billion from offshore oil and gas production all over the United States.

The last bill passed by the 109th Congress, early Saturday morning, ended up giving Louisiana, Texas, Alabama and Mississippi a good bit of what was turned down half a century ago.

The legislation opens about 8 million acres in the Gulf of Mexico to oil and gas drilling, and U.S. industrial consumers of natural gas hope it will boost supplies and moderate prices.

But the bill's landmark aspect was a deal that diverts 37.5 percent of federal royalties from future drilling to the four Gulf of Mexico states -- the same percentage Truman offered Long. The accord could ultimately be worth $650 million a year for Louisiana, the biggest beneficiary.

"This was the best Christmas present I could ever, ever have gotten or that the state of Louisiana could have gotten," Landrieu said in an interview yesterday.

Foes of the legislation fear it will lure states opposed to offshore drilling such as California, Virginia, Florida and North and South Carolina into supporting exploration off their shorelines in return for a gusher of new revenue. "A lot of folks don't want the revenue sharing because they're afraid that people won't be as opposed" to offshore drilling, Breaux said in June.

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Landrieu says the legislation will help Louisiana restore coastal wetlands and take measures to protect such energy infrastructure as ports, pipelines and oil refineries. To ease congressional concerns that Louisiana will treat the royalties as a windfall for general spending, the state has amended its constitution to restrict use of the money to those purposes.

Unlike Long, who asserted state ownership over waters up to 37 miles from shore, Landrieu merely asserted state "partnership" with the federal government. While she initially sought half of federal royalties, she later agreed to put 12.5 percent of federal royalties into a conservation fund to be used for all 50 states, a move that was designed to blunt environmental objections to new drilling.

Opponents of the bill call it fiscally irresponsible and say that any royalties from drilling in federal waters, which begin three miles from shore and extend up to 200 miles out, belong to the federal government. Those are the boundaries Congress drew in 1953 and the Supreme Court affirmed. Given the size of the federal budget deficit and future Social Security and Medicare obligations, many lawmakers say the federal government is in no position to give away big revenue streams.

"According to estimates, the bill will drain $170 billion from the federal treasury over the next 60 years," said Rep. Lois Capps (D-Calif.), a member of the House Energy and Commerce Committee, during last week's floor debate. "This is a great deal for these four states, and I certainly understand why they support it. What I don't understand is why my colleagues from the other 46 states would agree to it."

Capps added that "the offshore waters of the Gulf Coast belong to all Americans, as do the Pacific and Atlantic oceans, the Great Lakes and other public lands. Mr. Speaker, we have record deficits as far as the eye can see, and it is simply irresponsible to add billions more in new debt through legislation like this."

Environmentalists have also fought the measure. "We believe that tying coastal restoration funding to money derived from new offshore drilling . . . would simply exacerbate the problem," said Carl Pope, executive director of the Sierra Club. "There is agreement that oil and gas drilling in the Gulf of Mexico has contributed to the destruction and loss of Louisiana wetlands. Thus, we don't see the logic in funding restoration when the trade-off is incentives for new drilling that would jeopardize other coastal areas."

In marshaling arguments for the legislation, Landrieu bridged the gap between proponents of unlimited offshore drilling and foes of all offshore drilling.

She noted that the federal government gives states 50 percent of royalties for minerals, oil and gas taken from federal land. And she argued that the Gulf Coast states suffered environmental degradation from serving as a base for the petroleum industry. After hurricanes Katrina and Rita hit the region in 2005, the Gulf Coast states were also able to tap into sympathy and concerns over the country's energy infrastructure.

Because of the way legislation is scored for budgetary purposes, the money diverted from the Treasury does not show up in the bill's cost estimates. Moreover, because the states get a share of future drilling revenue, their big payday doesn't come for more than 10 years, beyond the window used by congressional budgeteers.

Instead, because it opens up new areas for drilling, the measure is scored as a plus for federal revenue. That helped cover other giveaways in the tax extender bill the drilling measure was attached to. Some of those were energy-related. One example: the ability to depreciate 50 percent of the cost of a cellulosic ethanol plant in its first year of operation. Despite all the talk about this potential energy source, technological and financing issues remain. Judging from the scoring of this item -- $17 million over the next five years -- lawmakers don't expect more than one plant to be built before the end of 2012.

In the end, House and Senate Democratic leaders did not attempt to rally their party caucuses against the offshore drilling measure despite fiscal and environmental objections. That was, in part, out of deference to Landrieu, the only Democratic senator in Alabama, Mississippi, Louisiana or Texas.

"There were a lot of Democrats who voted against this," Landrieu conceded. But she said "millions" of jobs for middle-class Americans depended on continued natural gas supplies. She said party leaders realized "when there are places in the country willing to drill that Democrats should be in favor. It is not good to stick your head in the sand and pretend we don't need oil and gas."

The Cost Of An Overheated Planet (NYT)

DOJ_NMG_0105576

By Steve Lohr

New York Times, December 12, 2006

The iconic culprit in global warming is the coal-fired power plant. It burns the dirtiest, most carbon-laden of fuels, and its smokestacks belch millions of tons of carbon dioxide, the main global warming gas.

So it is something of a surprise that James E. Rogers, chief executive of Duke Energy, a coal-burning utility in the Midwest and the Southeast, has emerged as an unexpected advocate of federal regulation that would for the first time impose a cost for emitting carbon dioxide. But he has his reasons.

"Climate change is real, and we clearly believe we are on a route to mandatory controls on carbon dioxide," Mr. Rogers said. "And we need to start now because the longer we wait, the more difficult and expensive this is going to be."

Global warming is not only an environmental hazard, but also a great challenge for economic policy. Without economic incentives, analysts say, the needed investments in industrial cleanup, innovative low-carbon technologies, fuel-efficient cars and other ways of reducing energy waste will not occur.

Mr. Rogers's stance is far from universal within the power industry, but it has surprising support, particularly from those, like him, who also produce electricity from carbon-free nuclear reactors.

And despite the Bush administration's adamant opposition to any limits on fossil fuel emissions, the idea is beginning to pick up momentum in the American political arena as well. Already, California has adopted a policy aimed at reducing the state's contribution to global warming by 25 percent in the next 14 years.

In Washington, several influential lawmakers, including Senator John McCain, a leading Republican contender for president in 2008, have introduced legislation intended to limit the nation's carbon dioxide output.

But how would those goals be achieved? Global warming can be seen as a classic "market failure," and many economists, environmental experts and policy makers agree that the single largest cause of that failure is that in most of the world, there is no price placed on spewing carbon dioxide into the atmosphere.

Yet it is increasingly clear that there is a considerable cost to carbon dioxide emissions, especially to future generations, as climate specialists warn of declines in farm output in poor tropical countries, fiercer hurricanes and coastal floods that could make many people refugees.

Price List for Polluting

"Setting a real price on carbon emissions is the single most important policy step to take," said Robert N. Stavins, director of the environmental economics program at Harvard University. "Pricing is the way you get both the short-term gains through efficiency and the longer-term gains from investments in research and switching to cleaner fuels."

Some academics see an analogy between a global warming policy and the pursuit of national security in the cold war. In the late 1950s, American military spending reached as high as 10 percent of the gross domestic product and averaged about 4 percent, far higher than in any previous peacetime era. A Soviet nuclear attack was a danger but hardly a certainty, just as the predicted catastrophes from global warming are threats but not certainties.

"The issues are similar in that you pay now so things are less risky in the future — it's an insurance policy," said Richard Cooper, a Harvard economist. "And in the cold war, we taxed ourselves fairly highly to mitigate that threat."

What makes such a view more than a conceptual argument is that executives like Mr. Rogers, who is also chairman of the Edison Electric Institute, a utility trade group whose members provide 60 percent of the nation's electric power, are also pushing for a carbon dioxide-pricing policy to reduce the risk to their companies.

They say that only with some sort of federal policy in place — which would probably take the form of a tax on carbon dioxide waste from any source, or a "cap and trade" regulatory system — will it become clear what carbon cleanup or fuel-switching moves their companies may have to make, and on what sort of timetable.

Investors in alternative energy projects also emphasize the need to set policy priorities.

"We need a policy framework for the long term," said Vinod Khosla, a leading environment-oriented venture capitalist. "Fifteen years is the minimum horizon of stability that we need."

Beyond incentives for business, a national global warming policy should include increased federal spending on research on futuristic technologies to curb carbon emissions, advocates say.

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Combating global warming, they say, will require over-the-horizon breakthroughs involving safe nuclear energy, hydrogen power and advanced carbon sequestration — or technologies that have not yet been imagined.

But even today, there are sizable opportunities, by insisting on more efficient energy use, that are not being seized, according to the McKinsey Global Institute. In a new report, the institute, a business-oriented research group that is part of McKinsey & Company consultants, estimated that the yearly growth in worldwide energy demand could be cut by more than half through 2020 — to an annual rate of 0.6 percent from a forecast 2.2 percent, using current technology alone.

Available steps that would yield a more productive, and efficient, use of energy include compact fluorescent lighting, improved insulation on new buildings, reduced standby power requirements and an accelerated push for appliance-efficiency standards.

All these moves, McKinsey said, would save money for consumers and businesses. "We were really surprised by these huge straightforward opportunities that are not being taken," said Diana Farrell, the McKinsey Global Institute's director. "In some senses, there is a big market failure."

Energy efficiency can help slow the pace at which the risk from global warming risk increases, but it cannot reverse the trend alone. In the very long term, environmental experts say, the world's economy needs a technological transformation, from deriving 90 percent of its energy from fossil fuels today to being largely free of emissions from fossil fuels by 2100, through cleanup steps or alternative energy sources.

Science and Uncertainty

Given all the uncertainties, the scientists and economists who design and run simulations of global warming policy acknowledge that their work is at best a tool for thinking about climate change issues.

Still, they tend to agree that over the next 50 years, the cost of slowing and eventually reversing carbon emissions growth will be 1 to 2 percent of global economic output. They assume the focus over those years will be mainly on efficiency and cleaning up electricity generation.

In later years, their cost projections become more varied, ranging from 1 percent to as high as 16 percent of global output, depending on assumptions about how difficult it will be to wean the world's vehicle fleet from fossil fuels, and to make other technological leaps.

"Going past 2050, the cleverness really has to kick in," said John M. Reilly, an economist at the M.I.T. Joint Program on the Science and Policy of Global Change.

A global warming policy would be shaped first by science and social values, before economics. A sensible goal, according to many environmental specialists, is to try to avert a doubling or more of atmospheric concentrations of carbon dioxide in this century.

"This is not something that goes on inside a computer, but a grand political calculation," said Stephen H. Schneider, a climate expert at Stanford University.

Yet even in realms of social policy, where uncertainty is high, there is an implicit calculation of costs and benefits. In the case of global warming, the cost of society's insurance policy may well be worth it, measured in the damage averted.

But it will not be cheap. Take the experts' consensus estimate that curbing carbon dioxide emissions over the next 50 years will, on average, cost about 1 percent of global economic activity annually.

It seems a modest figure. Yet in today's terms, 1 percent of the United States economy is more than $120 billion a year, or $400 a person.

Put another way, $120 billion is about equal to the Bush administration's tax cuts in 2001; it is also roughly the amount spent on the Iraq and Afghanistan wars this year.

"There's no easy way around the fact that if global warming is a serious risk, there will be serious costs," said W. David Montgomery, an economist at Charles River Associates, a consulting group.

A price on carbon dioxide emissions, most economists agree, would be the most efficient way to combat global warming. And the price, they say, should start small to give industries time to adapt, then ratchet up over the years to encourage long-term investments in energy saving, carbon cleanup and new technology.

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The two methods of pricing carbon are to charge a tax on each ton of carbon dioxide emitted into the air, or to place a cap on total emissions and then let polluters trade permits to emit a ton of carbon dioxide.

Economists like William D. Nordhaus of Yale and Mr. Cooper of Harvard advocate a tax as the clearest price signal to the energy marketplace, and less susceptible to political tampering and market manipulation than a cap-and-trade system. It could also be used to raise revenue to offset other taxes.

In a recent paper, Mr. Cooper suggested an initial tax around $14 a ton of carbon dioxide emitted, which he calculated would translate roughly into a 100 percent tax on coal and add 12 cents to each gallon of gasoline. Such a tax would raise as much as $80 billion a year in the United States.

"There's nothing sacred about the number," he said, "but you need to get a significant price into the system to create the incentive for people to go out and look for solutions."

A Quota or a Tax?

Economically, a cap-and-trade system has the same goal as a tax, putting a price on carbon dioxide emissions, but goes about it differently. A limit would be placed on overall emissions, with polluters allocated permits. Then, companies able to go below their emission targets would be allowed to sell their unused "permits to pollute" to companies that could not.

A cap-and-trade system also has some political advantages. It can deflect the anger over higher costs and enable governments to use their allocations to essentially buy political support, since permits are the equivalent of cash. Big polluters, who will have to invest most to clean up, could be granted extra allowances in the early years of the program to subsidize their investments.

In the United States, caps and trading have a record of success in combating acid rain, which is caused by sulfur dioxide emissions from fossil fuel power plants.

"People said it was a crazy idea, too complicated and too regulatory," said Richard L. Schmalensee, an M.I.T. economist who was an economic adviser to the first President Bush when the sulfur emissions program was designed. "But the lesson learned was that a cap-and-trade system can work."

The global warming legislative proposals before Congress — including one sponsored by Senator McCain and Senator Joseph I. Lieberman of Connecticut, and another by Senator Jeff Bingaman of New Mexico — envision cap-and-trade systems.

But the challenge of controlling carbon emissions is far greater than sulfur. Carbon dioxide is a pervasive byproduct of the economy, and the polluters are many and varied. Once emitted, carbon dioxide is vexingly long-lived in the environment.

The early struggles of the European Union's carbon emission trading system, set up last year, point to the administrative and political difficulties. The European governments, responding to lobbying by domestic businesses, handed out permits that exceeded the emissions that most companies were already putting into the air. When that became clear in April, the market price of carbon dioxide emissions fell by half.

Senator Barbara Boxer of California, who will soon take the chair of the Senate environment committee, has pledged to push Congress to impose a price on carbon dioxide emissions, as the Europeans have done.

Yet without coordinated international action, even if the United States — the largest source of carbon emissions — reined them in, this would have only limited effect on global warming. China is on track to surpass the United States as the leading emitter of carbon dioxide by 2009, according to a recent report by the International Energy Agency.

"Unless China and India are brought in, it won't matter much what the developed world does," said Scott Barrett, a professor of environmental economics at the School of Advanced International Studies of Johns Hopkins University.

But developing nations like China and India, energy specialists say, would certainly avoid joining any international effort on global warming without an emphatic move by the United States.

"Every year we delay, we contribute to another year of delay in China, India and elsewhere," said Jason S. Grumet, executive director of the National Commission on Energy Policy, a bipartisan group of energy experts. "The ecological and economic imperative is to start now."

Utilities Stuck In Clean-air Quandary (USAT)

By Paul Davidson

DOJ_NMG_0105579

USA Today, December 12, 2006

Global warming? What global warming?

The rising temperature of Earth's atmosphere may be breeding growing distress and sparking sales of hybrid cars, but most utility executives aren't exactly losing sleep over the problem.

In fact, many electric companies are forging ahead with plans for traditional coal-fired power plants, the single biggest source of global warming, despite expectations that federal limits will eventually be placed on carbon dioxide emissions. That prospect grows more likely with Congress' new Democratic majority.

A much smaller group of utilities are building a new type of coal "gasification" plant that emits fewer pollutants and can be more easily retrofitted with equipment to trap carbon dioxide before it's released. Of roughly 150 coal-fired plants being proposed by utilities — what would be the biggest wave since the 1970s — only about a dozen are cleaner gasification plants.

Uncertainty about how restrictive any limits might be has left utilities with a dilemma: build traditional coal plants that are cheaper and generally deemed more reliable or "clean-coal" facilities that may be less expensive in the long run?

Traditional-coal proponents "are putting their head in the sand and saying (a carbon constraint) is not going to happen," says Peter Fusaro, chairman of consulting group Global Change Associates.

All agree new generation is needed. Power demand is projected to jump 19% over the next decade, yet generating capacity is slated to rise just 6%, says the North American Electric Reliability Council.

Coal remains the fuel of choice for most power companies, producing just over half of the USA's electricity. Natural gas prices are highly volatile. Nuclear plants, though gaining favor, still face public opposition. And wind turbines and solar panels operate too intermittently to constitute the bulk of a utility's portfolio.

Coal is cheap and plentiful. There's enough in the USA to meet demand for the next 250 years. Yet coal plants produce a third of U.S. carbon dioxide emissions, the main culprit in global warming, which is blamed for rising sea levels and more virulent hurricanes, floods and droughts. California Gov. Arnold Schwarzenegger last month signed legislation to reduce emissions of greenhouse gases to 1990 levels by 2020. And eight Northeastern states are taking part in a regional initiative to cap discharges.

Standard pulverized-coal plants turn coal into tiny bits that are burned in a boiler. The carbon dioxide produced is released through a smokestack. Technology to capture the carbon dioxide and store it underground — or use it to help extract more oil from existing reserves — would add up to 80% to the cost of the plant, says Ed Rubin, environmental engineering professor at Carnegie Mellon University.

Gasification plants turn coal into gases, filtering out carbon dioxide before the gases are burned, a much simpler process that also removes pollutants, such as sulfur and mercury, more efficiently. A gasification plant costs about 20% more to build than a typical $1 billion pulverized-coal plant. But it will be cheaper to add carbon-capture to gasification plants, Rubin says.

Bottom line: Gasification is about 20% cheaper than pulverized coal if both plants add carbon-capture. Equipment to trap and store carbon for both types of generators should be ready in five to 10 years.

Faced with hazy rules and technology, many utilities are sticking with pulverized coal. In Texas, TXU is spending $10 billion to build 11 pulverized-coal plants by 2010, citing population growth. If all are built, TXU would become the fourth-largest carbon emitter, up from No. 10, says environmental group Natural Resources Defense Council.

"We certainly understand the growing concern in society about carbon," says TXU spokeswoman Kimberly Morgan. "But the only absolute thing we know right now is that Texas needs more power, and we are offering up a solution."

She says gasification is unreliable, noting the country's only two gasification plants, operated by Tampa Electric in Florida and by PSI and Dynegy in Wabash, Ind., have been plagued by periodic shutdowns. Also, it's unclear if and when Congress will impose a cap on carbon dioxide emissions. "It would be awfully risky of us to base a $10 billion business decision on rules … that may or may not be in existence 10 or 20 years down the road," Morgan says.

Howard Herzog of MIT's energy lab agrees, saying, "It makes no sense" for utilities beholden to shareholders to build anything other than standard coal plants.

Another drawback, Morgan says, is that it's tough to get guarantees from equipment manufacturers for plants that use the kind of lower-grade coal prevalent in Western states, including Texas.

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But critics contend TXU and others are rushing to build an armada of old-style coal generators in the belief Congress will grandfather those underway before carbon caps are set. Under a cap-and-trade system, utilities would have to buy allowances to spew carbon, but older plants might get more free allowances.

"I'm a little leery about any strategy that appears to be racing to the finish to grandfather before carbon limits are set up," says Richard Sedano of the Regulatory Assistance Project, a consulting group. Morgan disputes the claim.

Daniel Lashof of the defense council predicts carbon limits will come "sooner rather than later," saddling utilities with huge allowance costs. Shareholder resolutions filed last week voice concerns about TXU's plans.

Others utilities, such as NRG and Duke Energy, mindful of possible carbon caps, are building gasification plants. American Electric Power, the nation's biggest consumer of coal, is planning two gasifiers in Ohio and West Virginia. And while AEP also plans two pulverized-coal facilities, CEO Mike Morris says, it will transition its stable of new coal plants to gasification.

"I think it's clear that you're going to have to address the global warming issue," he says.

Ohio let AEP recover from customers its preconstruction costs for the gasification facility. But Wisconsin nixed a proposed gasifier, declining to pass higher costs to consumers while there's no carbon cap. Morris says AEP will build the plants only in states that permit cost recovery.

Congress could settle the uncertainty by moving quickly to curb carbon emissions. Democrats' new majority increases the odds legislation will be passed in the next two years, Lashof says. But the party's narrow margin of control still makes passage an uphill climb, says Tim Vandenberg of Washington Analysis. And the White House opposes carbon caps, which likely wouldn't take effect for at least five years.

To muster Republican votes, Sen. Pete Domenici, R-N.M., who chairs the Energy committee, and incoming Chairman Sen. Jeff Bingaman, D-N.M., are proposing initially modest limits that would set emissions at 2013 levels by 2020 and allowances at $7 per ton of carbon — far below the $30 experts say is needed to coax utilities into cutting carbon discharges.

Electric Breakthrough Goes Commercial (CSM)

By Mark Clayton

Christian Science Monitor, December 12, 2006

WESTBOROUGH, MASS.

Twenty years after their much ballyhooed discovery, high-tech materials capable of delivering 150 times the electricity of conventional wire are starting to push into the commercial market.

They promise to make generators, industrial motors, and even power lines far more efficient as the technology becomes more affordable. At least eight new cable projects already are under way in the United States, Europe, China, South Korea, Japan, and Mexico. This month, a leading US innovator in the field will shove out the factory door its first commercial product using the technology, which will help the Tennessee Valley Authority (TVA) keep its grid stable.

"It's been a long time coming, a real marathon, but it's exciting because we're seeing the promise become reality," says the firm's president, Greg Yurek, of American Superconductor Corp. in Westborough, Mass.

Only about a dozen companies worldwide specialize in the technology - high-temperature superconductors (HTS) that can deliver electricity with nearly no resistance to the current. Besides ASC, two are based in the US: SuperPower Inc., a subsidiary of Royal Philips Electronics, and MetOx.

"It's not just R&D anymore," says Trudy Lehner, a spokeswoman for SuperPower. "It's clearly moving into a commercial stage."

This year, ASC has seen orders soar for its HTS wire. In September, a Korean research institute ordered 22,000 meters of it. Later this month, ASC will send the US Navy in Philadelphia a superconducting motor made with HTS wire for its newest warship - a motor less than half the size and one-third the weight of a copper-based motor.

"The market right now is much more poised for this type of technology than what we would have seen just a few years ago," says Neal Elliott, industrial program director for the American Council for an Energy Efficient Economy, a Washington advocacy group.

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Domestically, HTS wire has been featured in demonstration projects in Columbus, Ohio, and Albany, N.Y. In March, a half-mile of ASC's HTS wire is expected to be installed by the Long Island Power Authority. With the US electric-power industry poised for long-term growth, tens of billions of dollars will be spent to improve grid reliability - including more HTS products, industry analysts say.

Scientists have known since 1911 that some materials became superconductors when cooled to a certain temperature. But to gain such efficiencies, they had to cool them to nearly the lowest known temperature in the universe - hardly practical outside the lab. In 1986, two IBM researchers in Switzerland discovered a ceramic oxide material that was superconductive at much higher temperatures (a still chilly -395 degrees). The high-temperature superconductor was born.

Instead of requiring costly liquid helium for cooling, the breakthrough led to materials that could be cooled with far more common and cheaper liquid nitrogen. Superconductors moved out of the physics lab and into other applications.

Now Dr. Elliott and others say superconductors may be poised to finally leap from high-cost experimental projects into products with wide appeal to industry.

Driven by the use of computers, the Internet, and telecommunications, the nation is increasingly shifting toward electricity as its energy of choice. In 1970, it accounted for 25 percent of US power use; today, it accounts for 40 percent, says the Electric Power Research Institute.

At the same time, however, an increasingly creaky electric grid infrastructure has not kept up. After the Northeast blackout of Aug. 14, 2003, it was determined that high demand had drained a little known but critical element called "reactive power" from the grid, making it unstable.

ASC's new SuperVAR machine - which is being shipped to the TVA this month - is more efficient than traditional capacitors at smoothing out power surges and filling the demand for reactive power. The growth of wind power, which generates electricity intermittently depending on the wind, appears to be a hot growth market for superconducting voltage regulators.

"The future for superconductors is good, but really looks like more of a niche market in the utility industry," says Alison Silverstein, an independent utility industry consultant. "You're going to see these devices in specific applications, where reactive power is needed at substations, or in urban applications where utility tunnels are really crowded - or to help regulate wind power."

That may change if the economics improve. On the basis of cost per unit of power transmitted, first-generation HTS wire is twice to three times as expensive as copper cable, depending on the application. By 2010, Yurek claims ASC's second-generation wire should have roughly the same price performance as copper.

New-car Miles-per-gallon Estimates Will Drop Next Year (USAT)

By James R. Healey

USA Today, December 11, 2006

WASHINGTON — Fuel economy ratings of cars and trucks will drop significantly starting with 2008 models, some of which will go on sale early next year.

The declines are because the Environmental Protection Agency is using more-realistic conditions to estimate the mileage cars and trucks will get. The vehicles themselves, in most cases, haven't changed, only the formula used to assign fuel economy numbers.

Fuel-saving gasoline electric hybrids will see the biggest drops in the mileage numbers posted on their window stickers — as much as 30% worse in city driving, 20% worse on the highway, the EPA said after issuing new testing procedures.

Averaged over all vehicles of all types, city mileage ratings will drop 12% and highway numbers will fall 8%.

GREEN VEHICLE GUIDE: Find a fuel-effcient car.

Big changes to the 30-plus-year-old tests:

•Temperature: The new tests start with the car at 20 degrees Fahrenheit. The old tests started at 75 degrees. A cold vehicle uses more energy than a warm one. Cold temperatures are especially hard on the batteries that power hybrids, which is partly why those vehicles take such a big hit in the new ratings.

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•Speed: The new tests use a maximum speed of 80 mph during the highway cycle instead of 60 mph in the old test, and 55 mph during the city portion instead of 56 mph. The city test always has been and continues to be closer to suburban driving conditions than true stop-and-go urban conditions.

The new test includes hard acceleration. The old test used gentle acceleration.

That's another reason hybrids suffer. Hard acceleration requires full use of the gasoline engine and little or no participation by the fuel-saving electric engine. "It's not acting as a hybrid when you're accelerating like that," says Bill Wehrum, acting assistant administrator of EPA's office of air and radiation, the office in charge of the testing that generates the fuel economy numbers.

•Air conditioning: The new test assumes it is used 13% of the time. The old test didn't use air conditioning at all.

Air conditioning puts a drag on the engine and causes it to use more fuel. Wehrum says 13% is a high-enough figure because "some people don't use it at all."

The EPA and automakers refused to provide numbers for specific vehicles. But, for example, a 30% drop would cut the Toyota Prius hybrid's city rating to 42 miles per gallon from the current 60 mpg. A 20% drop would slice the highway number to 41 from today's 51.

If the Honda Civic hybrid was hit with the maximum decline, its city rating would fall to 34 mpg from the current 49 mpg, and highway mileage would drop to 41 mpg from today's 51 mpg.

Automakers will be allowed to include, through June, a line on the new window stickers saying what the mileage ratings would have been under the previous test.

In what could be helpful to pickup and SUV shoppers, the new EPA rules require fuel economy numbers to be posted on medium-duty vehicles — those with a gross vehicle weight rating of 8.500 to 10,000 pounds — starting with 2011 models. Such vehicles, also known as three-quarter-ton and one-ton models, aren't currently required to post mileage numbers.

The auto industry, through its Washington trade group the Alliance of Automobile Manufacturers, said: "The new mileage labels reflect how we drive today…but even with the new labels, your mileage will vary. In fact, EPA says how you drive is the most important factor."

The new fuel economy tests are a long time coming. Despite years of complaints that the EPA numbers were unrealistic, the agency didn't begin seriously considering a change until 2004, spurred by a petition filed in 2002 by the environmental group Bluewater Network of San Francisco, Calif. The group, part of the larger Friends of the Earth, normally concerns itself with marine issues. The mileage challenge was a detour for it.

Bluewater cheered the changes. "The era of inflated fuel mileage labeling is over. The EPA did an excellent job with these revisions, which will save motorists money while also reducing global warming pollution," Russell Long, Bluewater vice president, said in a statement.

Travel organization AAA also applauded. "Any time you provide consumers with more accurate information in their buying decisions, that's a positive thing," said Mantill Williams, spokesman in AAA's Washington, D.C., office.

EPA's Wehrum insisted the agency would have updated the tests even without complaints from motorists and the Bluewater petition: "Yes, definitely. The price of oil has gone up, the price of gas has gone up and people are more concerned than ever about fuel economy."

Ironically, EPA has for years been conducting tests along the lines of the new fuel economy tests. But it was doing so only to gather emissions information and wasn't sure it could simply use the data for fuel economy estimates without Congressional approval.

The new mileage tests don't affect calculations for what's known as CAFE, corporate average fuel economy, or the average mileage of all vehicles sold by an automaker. Averaged together, all cars an automaker sells must hit 27.5 miles per gallon or the car company has to pay a penalty to the government. Trucks must hit 21.6 mpg.

That program is overseen by the Department of Transportation, not by EPA, and it involves different calculations.

E.P.A. Revises Its Formula To Calculate Auto Mileage (NYT)

By Matthew L. Wald

DOJ_NMG_0105583

New York Times, December 12, 2006

WASHINGTON, Dec. 11 — The Environmental Protection Agency rewrote one of the great fictions of American life on Monday by changing the formula for calculating miles-per-gallon numbers on the window stickers of new cars, to take account of higher speeds, more aggressive driving, more air-conditioning use and other factors not in the old system.

The rules cover 2008 models, some of which will be on sale next month. It does not change the actual mileage, only the advice to consumers. Congress ordered the change 18 months ago because of widespread dissatisfaction with the accuracy of the old numbers.

The system was last adjusted in 1984, when the E.P.A. cut the city values by 10 percent and the highway values by 22 percent. This one cuts the estimate of highway mileage another 8 percent, on average, and city mileage up to another 25 percent beyond the 1984 cut. Generally, the new formula narrows the gap between small cars and bigger vehicles, with small-car fuel economy estimates falling by more than the estimates for sport utility vehicles and other larger vehicles.

Hybrid vehicles will take some of the biggest hits, according to the agency, because the new standards include use of heaters and air-conditioners. Most gas-electric hybrids shut down their engines at low speeds, and run on electric batteries, but if the vehicle occupants have turned on the air-conditioner or heater, the engine may not shut down.

At Consumers Union, the nonprofit group that publishes Consumer Reports, Ann Wright, a senior policy analyst, said the new stickers would move the government estimates closer to reality. Consumer Reports does road tests on vehicles and its mileage results are generally much lower than the E.P.A.'s.

At the Alliance of Automobile Manufacturers, a trade group, officials also praised the new standard and said it would cut fuel economy estimates by 8 to 10 percent on average. The alliance had fought to make sure that the formula was used only on the sticker, and not on the Corporate Average Fuel Economy standard, the one that manufacturers must meet or pay a penalty.

At the Bluewater Network, an environmental group that petitioned the E.P.A. in 2002 to recalculate the numbers, Russell Long, the executive director, said he had been told that the agency was also working on a new sticker for "flexfuel" vehicles, which can run on ethanol mixtures as high as 85 percent, known as E85. Those get about 30 percent fewer miles a gallon of E85 than on gasoline.

When the E.P.A. began estimating mileage in the 1970s, the test covered speeds up to 60 miles an hour, and it expected that when drivers wanted to go faster, they increased their speeds by 3.3 miles per hour each second. But about 28 percent of driving is done above 60 miles per hour, the agency said, and actual acceleration rates are often 10 or 12 miles per hour each second.

Earlier this year when it proposed the new standard, the E.P.A. said its test "omitted many critical driving modes."

The fuel economy rating system is an afterthought to treadmill tests done by the E.P.A. to measure pollutants that cause smog and acid rain.

The redesigned sticker puts the annual estimated fuel cost in big type in the center of the label, and locates the vehicle with an arrow on a horizontal bar, to show its position relative to competitors, as is done with refrigerators and air-conditioners.

For most of 2007, both stickers, and both formulas, will be in use, the new ones on the cars designated as 2008 models, and the old ones on the 2007 models.

Despite the changes, the EPA's label retains a phrase that has become a cliché: "Actual mileage will vary."

New Rules Will Lower Fuel Economy Estimates (AP)

By Ken Thomas

AP, December 12, 2006

WASHINGTON — Car buyers will be facing a new form of sticker shock when they browse dealer lots starting next year.

The Environmental Protection Agency today issued new testing procedures that will cause fuel economy estimates on the stickers of new vehicles to drop an average of 12 percent for city driving on most 2008 model year vehicles, and 8 percent for highway driving.

Highly fuel-efficient vehicles are expected to see the largest slide, with ratings for city driving dropping by as much as 30 percent and highway driving estimates falling 25 percent from current levels.

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Mileage estimates for gas-electric hybrids likely will be 20 percent to 30 percent lower for city driving and about 10 percent to 20 percent lower on the highway, the agency said.

The changes respond to consumer complaints that fuel economy estimates are frequently less than advertised. EPA's new system will take into account data from vehicle tests designed to more accurately assess high-speed driving, rapid acceleration, the use of air conditioning and driving in cold temperatures.

"EPA's new fuel economy sticker ensures American motorists won't be stuck with higher than anticipated charges at the pump," said EPA Administrator Stephen L. Johnson in a statement.

More Politicized Science At The EPA (LAT)

The Los Angeles Times, December 12, 2006

THE ENVIRONMENTAL Protection Agency has been rightly criticized under the Bush administration for repeatedly allowing political appointees to run roughshod over scientists, ignoring their findings and crafting regulations that please industry but fail to protect the public. Now the agency is making the practice official.

Under a new policy announced last week, scientists will be shuffled to the margins when the agency resets its all-important air-quality standards. Up to now, the process of drawing up new standards began with two sets of scientists — EPA staffers and an independent panel — conducting reviews of how pollution affects public health, then making recommendations to agency managers. Now the managers, who are usually political appointees, will work with staff scientists from the start, and the first review paper will be about policy, not science.

Only after the policy assessment is published in the Federal Register, when it is less likely to be changed significantly, will independent experts have any say at all.

The ostensible reason for the change is to streamline the regulatory process — a reasonable goal. Both industry and environmentalists have criticized the EPA for failing to meet legal deadlines for updating air standards. But there are better ways to make the EPA run more efficiently than by converting a scientific process into a political one.

In a way, the new policy is more honest — politicians were already brushing aside research that didn't fit their ideology. Last year, for example, the EPA's inspector general reported that the agency ignored scientific findings to come up with softer regulations on mercury, which is produced largely by coal-burning plants. Three years before, it held up the release of a report on mercury levels in women, for no good reason, until it was leaked nine months later. Now it won't have to pretend to pay much attention to scientists at all.

Normally, the administration has broad leeway to interpret law into regulations. But when it changes the process to subvert the law's protective intent, Congress should reluctantly step in to spell out the obvious: Environmental policy is, first and foremost, about science.

FWS Pulls National Bison Range Pact (MISSOUL)

By Perry Backus, of the Missoulian

Missoula (MT) Missoulian, December 12, 2006

The U.S. Fish and Wildlife Service officially pulled its controversial agreement with the Confederated Salish and Kootenai Tribes for shared management of the National Bison Range on Monday, saying the tribes have failed to live up to their responsibilities and have created an unacceptable workplace environment.

Tribal officials said the announcement was unexpected and denied the allegations contained in FWS Regional Director Mitch King's letter.

“It's taken us off guard. We were in the middle of something and trying to make it work,” said CSKT Tribal Council Chairman James Steele Jr.

King's letter said the agency was terminating negotiations for future annual funding agreements.

The letter ordered the tribes to immediately stop performing any activities at the Bison Range, return all FWS equipment, and withdraw all CSKT employees, contractors and volunteers from the refuge by the end of the workday Tuesday.

The decision marked the end of months of negotiations between the tribes and the Fish and Wildlife Service over future management of the National Bison Range.

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The two entered into an agreement in 2004 that split management duties beginning in 2006. King's letter said the FWS wanted to continue that agreement into 2007 with some minor revisions, but the tribes argued for more management control.

After the 2006 agreement expired Sept. 30, the FWS agreed to extend it while negotiations continued.

The tribes sought a phased takeover of the refuge, which sits in the heart of the Flathead Indian Reservation, under provisions of the Indian Self-Determination and Education Assistance Act. The legislation allows tribes to apply to manage certain federal public lands where they can show a cultural, historical or geographic connection.

Matt Kales, a regional FWS spokesperson from Denver, said the legislation allows the government to sign annual funding agreements with tribes to manage selected federal lands.

While there are similar arrangements in other parts of the country, this agreement was the most far reaching, he said.

A report last summer indicated the tribes weren't satisfactorily accomplishing the work that had been agreed upon. The tribes vehemently disagreed with that report.

Kales said the FWS attempted to provide some leeway because this was the first year of the program, but the situation at the refuge continued to deteriorate. After a lengthy review, Kales said the tribes were not meeting management obligations and were creating a hostile work environment for FWS employees.

King's letter said the work environment was characterized by "harassing, offensive, intimidating and oppressive behavior on the part of the employees of the CSKT, including obscenity, fighting words and threats of violence and retaliation directed at employees of the Service."

The decision was made at the "highest level" of the FWS that dual management of the refuge was not tenable, Kales said.

"This wasn't a hasty or whimsical decision," he said.

Steele said the tribes don't agree with the Fish and Wildlife Service's reasons for terminating the agreement. This was the first time that anyone in the tribes had seen some of the allegations in King's letter, he said.

The FWS should have attempted to work within the guidelines established in the annual funding agreement to address the management issues with the tribes, he said.

"The AFA spells out ways of doing that," Steele said. "There were ways to notify us and allow us to sit down and talk about these issues."

The tribes are in the process of putting together a response to the allegations, and will appeal the decision, Steele said. In the short term, the tribes will attempt to find other work for the employees displaced by the federal government's action.

Steele said it's ironic that the FWS has decided the tribes are unable to manage the bison at the National Bison Range since the herd is descended from the Pablo-Allard herd cared for 100 years ago by tribal members.

"For the Fish and Wildlife Service to say to us that the Salish and Kootenai people do not know how to handle bison is just an ironic statement," Steele said. "If it wasn't for the tribal connection, this herd likely wouldn't have been here in the first place."

Tribal council member Steve Lozar said he grew up in Dixon in the "shadow of the Bison Range. I was one of those little kids who went over to see Big Medicine (a famous white bison) after school. When I see what's happening here, it absolutely hurts my heart. It's just wrong."

The refuge management change was opposed by 129 refuge managers, by nearly 50 different environmental groups, and by Public Employees for Environmental Responsibility.

PEER's refuge keeper, Grady Hocutt, was a wildlife refuge manager for 30 years.

He says the agreement was a poor idea pushed by political appointees under duress and could have set a precedent harmful to the entire national wildlife refuge system.

Still, Hocutt didn't see the government's decision to pull the agreement as a victory. Too many people have been hurt, and it's going to take time for that to heal, he said.

There are other avenues for the tribes to be involved with management of those lands, including cooperative agreements and contracting, Hocutt said.

Reporter Perry Backus can be reached at 523-5259 or at pbackus@missoulian.com

U.S. Joins Chippewas In Suing Michigan (AP)

DOJ_NMG_0105586

By The Associated Press

AP, December 12, 2006

BAY CITY, Mich. -- The U.S. Justice Department has joined a lawsuit filed by the Saginaw Chippewa Indian Tribe against the state that seeks sovereignty over parts of central Michigan's Isabella County, based on treaties from 1855 and 1864.

Court documents show the federal government joined the lawsuit in U.S. District Court in Bay City as an additional plaintiff on Nov. 29, the Morning Sun of Mount Pleasant reported Monday.

The tribe sued in 2005, asking a federal judge to declare that all or part of seven townships in Isabella County are Indian country as defined by federal law.

Earlier this year, the tribe amended its complaint to ask for an injunction to bar the governor, attorney general and state treasurer from exerting criminal or civil jurisdiction over the tribe or its members "in a manner not allowed in Indian country."

In the filing, Assistant U.S. Attorney General Sue Ellen Wooldridge noted that the federal government has exclusive jurisdiction to prosecute major crimes committed on the reservation, and has other relationships with the tribe.

In response, Michigan Assistant Attorney General Todd Adams said the predecessors to the Saginaw Chippewas gave up all their land in a series of treaties, ending with the 1836 Treaty of Saginaw.

He said the 1855 and 1864 treaties "merely provided a designated area from which they could choose land like any other individual citizen of Michigan and the United States pursuant to United States law."

Adams said the only land that is truly Indian country is the little more than 800 acres held in trust for the Tribe by the federal government. The state said that even on that land, it had the right to enforce laws if activities there affected land outside of the reservation's boundaries.

FBI/DEA/ATF/USMS:

Arellano To Face Additional Charges (SDUT)

By Onell R. Soto, Staff Writer

The San Diego Union-Tribune, December 12, 2006

New charges are expected to be filed this week that could lead to the death penalty against the man prosecutors say is the leader of the Arellano Félix Mexican drug cartel.

The charges against Francisco Javier Arellano Félix, who was captured at sea in August, will accuse him of additional criminal activity over the past three years, prosecutors said.

Their comments came during a brief hearing before San Diego federal judge Larry Alan Burns set a May 15 trial date for Arellano, though prosecutors and defense lawyers said they didn't think they could be ready by then.

“This is far too soon to be going to trial,” said defense lawyer Mark Adams.

Arellano is accused of racketeering, drug trafficking and money laundering in a decades-long conspiracy that prosecutors say moved tons of drugs into the United States and that resulted in numerous killings on both sides of the border.

The charges, originally filed in 1997, were last updated in 2003. The evidence includes tens of thousands of pages of case files and more than 550,000 intercepted radio transmissions.

Burns said he would consider rescheduling the trial once the new indictment is unsealed but only under extraordinary circumstances. He also suggested that the case be split into two parts so some of it could go to trial quickly.

The new indictment would be the formal start of a death-penalty process that typically takes about four months and leads to Attorney General Alberto Gonzales announcing whether prosecutors will seek a defendant's execution.

Authorities say the new indictment also will include charges against another man, Manuel Arturo Villarreal Heredia, who was captured aboard Arellano's fishing boat by the U.S. Coast Guard off Baja California Sur. He is accused of being a member of the cartel.

Although Burns has found the case complex enough to let Arellano waive the right to a speedy trial, he said he wanted the trial to begin in the spring.

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Prosecutors said they were still evaluating evidence, and hadn't gotten all the case files on killings in Mexico that have been attributed to the cartel.

The judge told them he would not delay the trial only for that reason.

“Decide what evidence you're going to use,” he said. “This could go on forever.”

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DEA: Mom-and-pop Meth Lab Numbers Decreasing (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), December 12, 2006

But dairy farmer allegedly was getting crystal meth from growing drug cartels

GREENEVILLE - The good news is there are far fewer makeshift methamphetamine laboratories in East Tennessee.

The bad news is Mexican drug cartels have stepped in to fill the void with an even more potent version of the addictive drug.

U.S. Drug Enforcement Administration Agent Michael Templeton offered that assessment of the state of the meth scourge on Monday during testimony against Richard "Dairy Man" Milburn.

Milburn is the lone defendant left standing in a massive marijuana and methamphetamine case involving more than 13 suspects, some eight tons of drugs, tractor-trailers, a dairy farm, horseback-riding buddies and Rubbermaid containers stuffed with cash.

Milburn has twice been nabbed with a cache of meth and money, including a December 2005 sting overseen by Templeton in which the Greene County dairy farmer allegedly supplied more than $34,000 to buy two pounds of the powerful stimulant.

But this was no hotplate-version of meth, according to Templeton. The stuff admitted supplier Thomas Turner delivered to Milburn and his horseback-riding pal and admitted pot pusher Mark A. Saults was an icy-looking batch of stuff known as crystal meth.

It was produced in a warehouse somewhere in California and peddled by a Mexican drug cartel.

"Two years ago, predominantly in East Tennessee, you had a lot of amateur methamphetamine labs," Templeton said. "The final product of which would not be high in quality and the purity level would be low."

Then Tennessee, like many states grappling with a rash of homemade meth labs and rural users, passed a law regulating the key ingredient in the drug - ephedrine. Many over-the-counter medications contain ephedrine. Meth-makers bought it by the boxes.

Under the new law, buyers of ephedrine products could only buy a bit of the medication at a time and had to fill out a form identifying themselves. The law, Templeton testified, worked.

"Ever since Tennessee passed the law requiring stores to put ephedrine behind the counter, it has drastically reduced what we call mom-and-pop meth stores," Templeton said.

But that success came with a high price.

"Drug cartels fill that vacuum," he testified. "(Crystal meth) is high in purity."

Federal prosecutors Robert Reeves and Nancy Harr contend Milburn was no mild-mannered dairy farmer but was instead a major drug pusher who used his Greene County farm as a base of operation and routinely went armed.

"He had all the tools of the trade for a drug dealer," Reeves told jurors in U.S. District Court in a trial presided over by senior federal Judge Leon Jordan.

Defense attorney William Louis Ricker countered that Milburn was a farmer with a habit.

"What you will see and hear is Richard Milburn was a successful farmer," Ricker said, adding that Milburn was hurt when struck by a car while on horseback. "Richard Milburn used methamphetamine to ease the pain."

The trial continues today.

Jamie Satterfield may be reached at 865-342-6308.

Drug Traffickers Sentenced (WFP)

DOJ_NMG_0105588

West Fargo Pioneer, December 11, 2006

Nine Minnesota and North Dakota defendants pleaded guilty for their participation in a drug trafficking enterprise.

Jose "Pepe" Sanchez, 31, St. Thomas, N.D., pleaded guilty to continuing criminal enterprise and to being the organizer, leader and manager of the enterprise. He faces a minimum-mandatory 20 and up to life imprisonment.

Adan Martinez, 41, Grafton, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory 20 years and up to life imprisonment.

Abdon Sanchez, 41, Grafton, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory life sentence.

Catarino Surita, 31, Grafton, pleaded guilty to distributing controlled substances. He faces a minimum-mandatory five years and up to 40 years' imprisonment.

Reynaldo Garcia, Sr., 45, Glyndon, Minn., pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory 10 years and up to life imprisonment.

Reynaldo Garcia, Jr., 27, Glyndon, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory 20 years and up to life imprisonment.

Ricky Garcia, 23, Glydon, pleaded guilty to conspiracy to distribute controlled substances. He faces a maximum of 20 years' imprisonment.

Kraig Komrosky, 19, Moorhead, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory 15 years and up to life imprisonment.

William Satrang, 57, Fargo, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory five years up to 40 years imprisonment.

Assistant United States Attorney Chris Myers said this organization was involved in the distribution of more than 50 kilograms (100 lbs.) of cocaine, 10 kilograms (20 lbs.) of methamphetamine and nearly a ton (200 lbs.) of marijuana. The drugs were transported from the Laredo, Texas, area to the Fargo-Moorhead and Grafton area.

"This organization was dismantled by the superior undercover efforts of Special Agent Ron Wollever from the Minnesota Bureau of Criminal Apprehension. Special Agent Woolever made numerous undercover buys from members of the organization," he said.

The case was investigated by a number of agencies, including the Drug Enforcement Administration - Fargo, Minnesota Bureau of Criminal Apprehension, U.S. Immigration and Customs Enforcement, ND Bureau of Criminal Investigation, Grand Forks Narcotics Task Force, Glyndon, Moorhead, and Hallock, Minn., Police Departments, Fargo Police Department and the Kittson County, Minn., Sheriff's Office.

Authorities Uncover Steroid Drug Dealing Conspiracy (AP)

AP, December 11, 2006

CATONSVILLE, Md. -- Federal authorities say a personal trainer at a Glen Burnie fitness club imported thousands of vials and tablets of illicit muscle enhancers from overseas and sold them throughout the Baltimore region and on the Internet.

Michael Schlanger, 47, of Catonsville, was indicted in federal court in September on conspiracy to distribute to distribute anabolic steroids. Authorities said he could face up to five years in prison and $250,000 in fines if convicted.

The break in the case occurred this summer when officials seized shipments at John F. Kennedy Airport in New York and found a stash of about 40,000 vials and tablets of anabolic steroids from a storage locker in the suburban Baltimore.

Federal officials said the stash was one of the largest found in the region.

"It's unprecedented, as far as we're concerned," said Floyd Pond, deputy director of the Washington-Baltimore High Intensity Drug Trafficking Area task force program.

Ed Marcinko, a spokesman for the Drug Enforcement Administration in Baltimore, agreed.

Andrew Alperstein, Schlanger's defense lawyer, said Friday that he and his client had no comment on the charges. Schlanger has been released pending trial, Alperstein said. A trial date has not been set.

DOJ_NMG_0105589

Court documents allege Schlanger, an employee at Bally Total Fitness in Glen Burnie, imported tens of thousands of vials and tablets of the muscle-building drugs through the mail for resale.

The conspiracy came to light in July when customs agents at John F. Kennedy Airport in New York intercepted packages of steroids addressed to "County Crafts." One package was from China, another was from Great Britain.

Assisted by Anne Arundel County police, federal authorities set up a "controlled delivery" of the packages at a UPS store in Severna Park, arresting Pierre R. Gumucio and his girlfriend, Rachael Ann Martin when they arrived to retrieve the packages, officials said.

Inside their car were bags of clear glass vials of suspected steroids, orange pills and a book marked "ANABOLIC," court documents showed.

Gumucio told investigators that he worked for Schlanger, receiving two to three packages a week for him from China over the past couple of years and wiring overseas payments for the drugs on Schlanger's behalf, court documents said.

Mexico Cracking Down On Drug Violence (NYT/AP)

By The Associated Press

The New York Times, December 12, 2006

Filed at 10:31 p.m. ET

MEXICO CITY (AP) -- Mexico's new government announced Monday that it was sending more than 6,500 soldiers, marines and federal police to the western state of Michoacan to crack down on a wave of execution-style killings and beheadings that have left hundreds dead.

The operation is the first major offensive against drug gangs by President Felipe Calderon, who was sworn in on Dec. 1 after narrowly winning election on a law-and-order platform.

"The battle against organized crime has just begun," said Interior Secretary Francisco Ramirez Acuna, flanked by the attorney general and heads of the army, navy and federal police.

Federal investigators say the violence in Michoacan, Calderon's home state, stems from a turf war between a local gang called Los Valencia and the northern Mexico Gulf cartel, whose bloody enforcers are known as the Zetas, a group of ex-Mexican army operatives turned hit men.

About half of Michoacan's more than 500 killings this year are linked to the turf war, investigators say.

In apparent attempts to terrorize those that oppose them, the gangs have carried out a wave of decapitations, placing the severed heads on public display with threatening notes including one that read, "See. Hear. Shut Up. If you want to stay alive."

In the most gruesome case, gunmen burst into a nightclub and rolled five heads onto the dance floor. In another, a pair of heads were planted in front of a car dealership in Zitacuaro, a town best known until now as a nesting ground for monarch butterflies.

Security officials said police and soldiers will arrest drug traffickers, mount checkpoints and burn crops of marijuana and opium poppies grown in Michoacan's rugged mountains.

Naval ships also will seal off the state's small Pacific coast, along which smugglers carry drugs on their way north to the United States.

Across Mexico, there have been more than 2,000 drug-related killings this year, including several police chiefs, journalists, town mayors and at least one judge.

Many security experts say it will take more than just brute force to defeat the cartels, who are heavily armed and well financed, making billions of dollars smuggling marijuana, heroin, methamphetamine and cocaine into the United States.

Calderon's predecessor, Vicente Fox, promised the "mother of all battles" against organized crime, sending in thousands of soldiers and federal police to some drug embattled towns and arresting several major drug kingpins.

But the arrests appeared to spark more violence as up-and-coming gangsters battled to take over the smuggling routes of those killed or arrested.

Troops, Police Dispatched To Drug-Plagued Mexican State (WP)

By Manuel Roig-franzia

DOJ_NMG_0105590

The Washington Post, December 12, 2006

MEXICO CITY, Dec. 11 -- More than 5,000 Mexican soldiers and federal police officers swept into the troubled state of Michoacan on Monday hoping to quell a long, barbaric war between rival drug cartels.

The crackdown was ordered by new Mexican President Felipe CalderÃ³n, who took office Dec. 1 with promises that he would get tough on cartels suspected of more than 2,000 killings this year, including a series of gruesome beheadings in Michoacan, CalderÃ³n's home state.

Federal forces, backed by dozens of military aircraft, arrested at least 13 alleged drug traffickers in the first hours of the operation and discovered more than 1,000 marijuana plants.

"The battle against organized crime is just beginning," CalderÃ³n's interior minister, Francisco RamÃ-rez AcuÃ±a, said Monday during a news conference. "It is a fight that will take time."

The crackdown in the western state has been dubbed "Joint Operation Michoacan" because it involves federal police, troops from the Mexican navy and army, federal investigative agents and federal prosecutors.

Mexico's drug problems have risen to crisis levels as the country's cartels have grown in size and strength in the past five years. Officials here have been under increasing pressure from the United States to contain cartels whose influence stretches across the border. CalderÃ³n also is under pressure to restore order and the rule of law after several bombings in Mexico City and months of gridlock-producing protests organized by his election opponent, AndrÃ©s Manuel LÃ³pez Obrador, who has accused CalderÃ³n of electoral fraud.

The president is now waging two major military-style battles. In addition to the operation in Michoacan, he is overseeing the occupation of the southern city of Oaxaca, where protesters have been demanding the ouster of the state governor for the past six months.

CalderÃ³n's predecessor, Vicente Fox, sent federal police to Oaxaca in October. But CalderÃ³n has proved even more aggressive there. Last week, federal agents arrested the top protest leader, Flavio Sosa, a move that drew sharp criticism from human rights activists.

Mexican forces also have raided the offices of local police in Oaxaca. They are investigating whether Oaxacan police officers may be responsible for the killings of more than a dozen protesters and Brad Will, an American freelance journalist and activist.

Feds Unable To Trace Gun In Fatal Shooting (NYJN)

By Bruce Golding, THE JOURNAL NEWS

New York Journal News, December 12, 2006

NEW CASTLE - Federal authorities were unable to trace a handgun found near the reported scene of an unsolved roadside shooting that killed a neighbor of Bill and Hillary Clinton's.

Jim Needles of the U.S. Bureau of Alcohol, Tobacco and Firearms said there was no serial number on the weapon, which meant it was probably manufactured before 1968, when gun makers began marking their products with identifying numbers.

Needles, assistant special agent in charge of the ATF's New York Field Division, said U.S. Justice Department regulations prohibited him from releasing any details about the handgun, although he said that because of its age it was most likely a revolver.

State police found the gun while searching Echo Lake after the Nov. 18 shootings of Carlos and Peggy Perez-Olivo of Chappqua, who live three doors away from the Clintons' home.

Peggy Perez-Olivo, an elementary teacher's assistant, was shot in the head and died two days later. Carlos Perez-Olivo, a disbarred criminal defense lawyer, was shot in the side but survived.

Reach Bruce Golding at bgolding@lohud.com or 914-694-5012.

Former Kirksville Mayor Faces Federal Arson Charge (AP)

AP, December 12, 2006

ST. LOUIS (AP) -- The former mayor of Kirksville has been indicted on federal arson charges for a fire that damaged a restaurant and bar she owned in the northeast Missouri town, U.S. Attorney Catherine Hanaway said Monday.

Deborah Masten, 52, could face up to 20 years in prison and a $250,000 fine if convicted. She did not have a listed telephone number. Her attorney, Doug Forsyth, did not return a phone call seeking comment.

Masten and her husband, Steve, owned Too Talls Two Eatery and Spirits when the fire broke out early New Year's Day 2005. The Missouri State Highway Patrol and state fire marshal's office determined the blaze was suspicious, prompting an investigation by the Bureau of Alcohol, Tobacco and Firearms.

"Despite the sadness of having to announce an indictment against a former public official, ATF is pleased to have been able to lend its investigative expertise with arson to this case," ATF special agent Michael Boxler said.

The fire was reported at 2:23 a.m. Jan. 1, 2005. Investigators announced a few weeks later it was intentionally set. The Kirksville Daily Express reported that investigators found a pile of trash out of place, and an accelerant had been used. The Mastens offered a $5,000 reward for information leading to the arrest and conviction of the person responsible for the fire.

But on March 3, 2005, ATF investigators named Deborah Masten as the suspect in the fire, the Daily Express reported. She maintained her innocence.

The building was badly damaged, but the gathering place, popular among students at Truman State University, was able to reopen.

Masten sold the restaurant/bar and resigned as mayor in August 2005, saying she planned to move out of Kirksville to pursue other opportunities. Her term would have expired in April 2006.

Masten was elected to the city council in April 2003 and became mayor a year later in a 3-2 vote by the council. The town's city council selects the mayor each year from among its members.

Kirksville, with 17,000 residents, is about 180 miles northwest of St. Louis.

Fugitive Caught Updating MySpace (PHI)

By Mitch Lipka

The Philadelphia Inquirer, December 12, 2006

The man in the Donovan McNabb jersey got to the Philadelphia Free Library's main branch at 9 a.m., as usual, and was seated at a public computer terminal, tapping away at his MySpace.com page, as usual.

So he did not notice that 15 armed officers were quietly converging on him.

That, authorities say, is how a fugitive wanted in Georgia and Massachusetts was captured last Thursday without a fight. They say they figured out that he had been going to the library regularly to update his MySpace page.

Darren Bates, 35, was using one of the library's computers about 9:15 a.m. Thursday when 15 plainclothes members of a fugitive task force converged on him as other patrons tapped away on nearby keyboards, officials said yesterday.

"He was busy on the computer and we were able to walk right up to him from several directions without him seeing us," said John Patrignani, supervisory deputy of the U.S. Marshals Service Violent Crimes Fugitive Task Force. "He was very much surprised."

Bates, who was wearing a McNabb jersey, was taken into custody without incident, Patrignani said. He was being held yesterday in a city jail cell pending extradition to Georgia.

Patrignani said task force members in Massachusetts had determined Bates was going to the Central Library at 1901 Vine St. about the same time every day - when the library opened at 9.

He said marshals found Bates the first day they went to see if he was there visiting MySpace, a popular site for social networking.

MySpace officials could not immediately be reached for comment, and a spokeswoman for the library said she did not know what role the institution may have played in the arrest.

Various law enforcement officials said yesterday they either did not know or could not say how they had tracked Bates to the MySpace site or to the library.

Patrignani and a Georgia officer involved in pursuing Bates said they did not know what was on Bates' MySpace page. Marshals said he went by the name Anthony Watson on the site.

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Bates was being sought by police in two parts of rural Georgia. He is accused there of escaping from jail on an auto-theft charge in Hancock County and then going to nearby Baldwin County, where he allegedly broke into the home of an 88-year-old woman, beat her, and stole her car.

Bates already was being sought by police in New Bedford, Mass., for an alleged sexual assault.

"How he ended up in rural Hancock County, Georgia, I don't know," said Capt. Chris Spires of the Baldwin County, Ga., Sheriff's Department.

Baldwin County was particularly eager to catch up with Bates, who was the chief suspect in the home invasion and beating of the elderly woman.

In August, her stolen car turned up in Philadelphia. Authorities found Bates' fingerprints on it, and slowly began to close in.

Gang Prevention Programs Gain Federal Funding (ARLCONN)

By Seth Rosen

Arlington (VA) Connection, December 11, 2006

Justice Department awards $172,000 grant to three Arlington nonprofit organizations to fund gang prevention activities.

The Justice Department has given a $172,000 grant to three Arlington nonprofit organizations to continue funding a series of programs that aim to keep students out of gangs.

The initiatives — administered by the Hispanic Committe of Virginia and run by Barrios Unidos and the Greenbrier Learning Center — provide leadership training, mentoring services and tutoring to mostly Latino middle and high school students. Up to 400 Arlington teenagers are expected to participate in at least one of the programs this school year.

Providing students with a plethora of after-school activities and positive role models is the best way to ensure they will not fall prey to the lure of gang life, said U.S. Rep. Jim Moran, who helped secure the grant from the Justice Department.

These programs "are a great way to help our children avoid the pitfalls of violence and gang activity, and attain the American dream of prosperity and a life free of fear," Moran said during a Dec. 4 press conference in the Arlington County Board room.

The Greenbrier Learning Center will use the federal funding to continue to operate its after-school tutoring sessions at Kenmore Middle School. Every weekday counselors help students who are having trouble at school, or have been identified as vulnerable to joining a gang, complete their homework assignments.

"We provide a daily, safe alternative where the students can come, get help with their school work, spend time with friends and feel comfortable," said Erin Kliewer, Executive Director of the Greenbrier Learning Center.

Counselors also work one-on-one with students, focusing on improving their social skills, addressing behaviorial problems and boosting their self-esteem. Of the students who attend the program on a regular basis, 84 percent have increased their school attendance and 66 percent have improved their grades, Kliewer said.

Additionally, the center holds workshops on the dangers of becoming involved in gangs, and encourages older students to enroll in a 3-month internship program where they formulate anti-gang presentations and speak to other groups of students.

Having recreation centers and community groups that provide teenagers with a supervised place to interact is crucial to disuading them from becoming involved with gangs, said Robert Vilchez, the county's gang task force coordinator.

"Kids join gangs partially because of boredom," Vilchez said. "If we can get them more involved in experiences and programs like these," gangs will seem less alluring.

THIS IS EXACTLY what Barrios Unidos attempts to do with its group of mentors and outreach counselors. The organization also concentrates its efforts on "intervention" — working to get those flirting with gangs to change their behavior and social environment.

Kevin Sanchez, an outreach specialist with Barris Unidos and sophomore at George Mason University, said he strives to form a personal bond with teenagers in the program, getting to know their interests and "dreams."

From there he can begin to talk to them about his own experience with gangs and demonstrate the alternatives to a life of violence and gang-banging.

"I hang out with them and show them a different [path]" Sanchez said. "I expose them to leadership and other opportunities."

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But there is a limit to how many students organizations like Barrios Unidos and the Greenbrier Learning Center can reach. What is needed, those interviewed said, is greater participation from community leaders and businesses.

"Resolving the issues of gangs does not fall to one organization," said County Board member Walter Tejada. "There has to be a whole community involvement."

There also needs to be a larger outreach program to parents to educate them on ways to keep their children away from gangs. Vilchez said the members of the police department's gang task force are starting to give more lectures to schools and parents groups.

"Arlington parents definitely need to be more engaged with their kids and encourage them to be involved in these after-school programs," he said.

Because gangs are fluid networks, with members frequently joining and dropping out, it is difficult for police to identify the number of Arlington residents who are in involved in them.

In an interview earlier this year, Det. Rick Rodriguez estimated that there are between 250 and 300 core gang members in Arlington, and in 2005 there were 200 gang-related criminal incidents — ranging from destruction of property to assaults.

In recent years, the number of gang members in the county has declined, police said. Vilchez credits increased police surveillance, better enforcement policies and the success of suppression and intervention programs like those funded by the federal grant.

But officials warned that those who may have escaped the grasp of local gangs can easily fall back into their old habits if they are not supported by family and community organizations.

"We can't write off anyone who can become a constructive member of society," Rep. Moran warned.

TAX:

RAVENNA'S JONES ACCUSED OF HIDING LAWN-CARE INCOME (ABJ)

By Rick Armon

Akron Beacon Journal, December 12, 2006

CLEVELAND - The former mayor of Ravenna was charged in federal court Monday with tax and mail fraud for allegedly concealing his role in running a local lawn care and snow removal business, authorities said.

Paul Jones, who abruptly resigned in midterm a year ago and moved to Florida, is accused of not disclosing the family-owned business in state ethics forms and filing false tax returns.

Jones, 56, the longtime mayor and former six-term state representative, operated P.J. Jones Lawn Mowing Service, which had a contract with a local housing and economic development group that managed millions of dollars for the city government.

The nonprofit group, Neighborhood Development Services of Ravenna, paid Jones' business $262,068 from 2001 through 2005, authorities said.

Meanwhile, NDS earned $446,000 from several city contracts from 2001 to 2004, according to the charges. The mowing service was set up by Jones' son, Paul Jones Jr., but NDS and city officials have said the mayor ran the business at the end and even mowed grass and asked city workers to mow grass.

Jones is accused of reporting only some of the mowing income on his son's tax returns and failing to disclose the business in his annual filings mailed to the Ohio Ethics Commission, authorities said.

He also is accused of failing to report $162,687 in profit from 2001 to 2003 on his tax returns.

Overall, Jones is charged with five counts of mail fraud and three counts of tax fraud. He faces a possible maximum sentence of 34 years in prison if found guilty on all counts.

Lapse in filing

Jones' attorney, John F. McCaffrey, said it was well known in the community that Jones and his son worked for NDS.

``However, Paul Jones neglected to disclose his interest in P.J. Jones Mowing as required in his annual filing with the Ohio Ethics Commission," McCaffrey said in a prepared statement.

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``Importantly," the statement said, ``there are no allegations that lawn mowing or snowplow services were never provided or were provided at inflated rates. Paul Jones' failure to account for all the income paid to P.J. Jones Mowing for the years 2001 thru 2003 is a circumstance Mr. Jones regrets and he accepts complete responsibility for this oversight."

Paul Jones Jr. doesn't face any charges, Assistant U.S. Attorney Ann C. Rowland said.

The charges against the former mayor were filed directly with the federal court in Cleveland after Jones waived his right to have them heard before a grand jury, she said.

An arraignment date has not been set.

Jones has a lengthy political history. He was first elected mayor in 1975 at the age of 24.

He was elected to his first term in the Ohio House of Representatives in 1982. While serving in the legislature, he was involved in the pay-to-play scandal at the Statehouse and was reprimanded for ethics violations.

He lost a bid for re-election to a seventh term in 1994, but returned to the Ravenna mayor's post by winning election the following year. He also served as chairman of the Portage County Democratic Party.

Councilman pleased

``It's been a long time coming," Ravenna Councilman Joseph Bica Jr. said about the charges. ``It's good to see that the justice system has prevailed in bringing the truth out in regards to the former mayor."

He also said he hopes the investigation continues.

``I believe there is still political favoritism and corruption in the Portage County community that needs to be brought to the attention of the authorities," he said.

The arrangement between Jones, who would approve NDS contracts with the city, and NDS is ``a classic case of conflict of interest," said David Freel, executive director of the Ohio Ethics Commission. ``The commission was very disturbed by it."

The state agency helped with the investigation, which also involved the FBI, IRS and Portage County Prosecutor's Office.

FBI spokesman Scott Wilson declined to talk about the case, including when or how it began. The FBI and U.S. Attorney's Office confirmed in January that they were investigating possible corruption in Ravenna.

``We continue to focus on this case closely right now," Wilson said when asked if the probe was continuing. ``We'll take a look at any other transactions while (Jones) was mayor in the city of Ravenna."

Portage County Prosecutor Victor V. Vigluicci said he doesn't know if there will be any local charges. He said federal authorities have given him thousands of pages of documents.

``I will review it to see if there is anything additional to be done," he said.

Agency not accused

NDS legal counsel Bob Paoloni said the nonprofit agency has cooperated fully with the FBI and is pleased that no NDS workers have been accused of wrongdoing.

``We're glad that the investigation is coming to a rapid close," he said.

It's unclear how, or if, the charges filed against the former mayor are related to a questionable timber deal between a former city worker and NDS.

Former city property inspector Jeff Stone was fired earlier this year after it was discovered he was given approval to remove trees from land owned by the nonprofit.

Stone, who was responsible for inspecting NDS-owned properties, then cut separate deals with a lumber company and was paid $115,800 for the trees.

NDS has filed a lawsuit against Stone, saying it was defrauded.

Wilson declined to comment whether the tree deal is related to the charges announced Monday. Paoloni said he doesn't think there is a link.

Doctors' Tax Scheme Unravels With New Court Filings (NOPLBULL)

By Frank Graham

North Platte (NE) Bulletin, December 5, 2006

The alleged tax fraud scheme of a California accountant and numerous North Platte doctors and other medical personnel is unraveling with the latest court filing.

U.S. Attorney Jacqueline Brown is seeking an immediate injunction against Lowell Baisden to prevent him from promoting an unlawful tax avoidance scheme and from preparing federal tax returns for others.

Brown filed the motion for an injunction in U.S. District Court in California Dec. 1.

The U.S. Attorney's office and the IRS claim that Baisden set up dummy corporations in Nevada and Wyoming for doctors and other professionals in Nebraska and California.

Baisden's customers were the doctors and other professionals.

Baisden funneled his customer's personal income through the corporation to allegedly hide it from tax liability. The sham corporations then paid each customer a small salary and the rest of their living expenses through corporate accounts.

Baisden's customers paid him a monthly fee for the various money laundering transactions and he prepared both their corporate and individual tax returns.

The scheme, which is now being investigated by the Justice Department and the IRS, has allegedly been going on for at least seven years, since 1999, and could involve as many as eight North Platte doctors, according to court records.

Baisden was introduced to North Platte physicians and medical professionals by his brother-in-law, Dr. Michael Koning, a former anesthesiologist.

Koning ran a corporation called Anesthesia Consultants of Nebraska and contracted to provide exclusive anesthesia services to Great Plains Regional Medical Center

Koning was the medical chief of staff of GPRMC in 2002 and introduced Baisden to others in North Platte.

Baisden's scheme became common knowledge at GPRMC, according to a hospital source. While some doctors and others bought into the plan, most didn't.

Numerous physicians and other employees doubted it was legal.

Some took action.

One physician allegedly became upset when Koning approached a secretary at the hospital to get the address of a newly recruited doctor who had yet to move here just to pitch the scheme to him.

A lawsuit filed by Koning against his former employees says that in early 2003, Dr. Andrew Chontos – a former North Platte surgeon now living in Sioux City, Iowa, – called a criminal investigator with the IRS in Denver and accused Baisden and Koning of criminal wrongdoing.

Chontos then sent a letter to the U.S. Postal Service and various physicians at GPRMC claiming that Koning was engaging in "illegal activity," court records show.

Employees of Koning's, anesthetists Burt McKeag and Ron Bourne, also phoned the IRS to report suspected criminal wrongdoing by Baisden and Koning, according to the records.

Bob McChesney, a North Platte certified public accountant, sent a letter in January 2004 to the U.S. Postal Service and Dr. Michael Trierweiler along with other physicians accusing Baisden and Koning of illegal tax evasion schemes, court records show.

"The U.S. Supreme Court ruled against that type of scheme years ago," McChesney said Oct. 10. "That letter was to terminate relationships due to the scheme."

GPRMC terminated its contract with Koning, and many of Baisden's clients terminated their relationships with him, according to court records.

The scheme began to unravel

The U.S. Attorney's office and the U.S. Treasury Department began to investigate. At least four different IRS agents have been investigating since 2005.

Bruce Williams an IRS agent sent formal summonses to Dr. Michael Trierweiler, Drs. Walter and Deb Weaver, Evan Geilenkirchen and Kathryn Snoozy – requesting documents and testimony about their incomes for 2002 and 2003.

Williams said after delays caused by Baisden claiming hardships for the taxpayers, he was finally able to meet with Trierweiler, Snoozy and Geilenkirchen. He said he did not meet with the Weavers but that they sent documents to him.

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Williams said Baisden has instructed his customers not to comply with the IRS requests.

The IRS reports on the doctors:

Michael Koning

Michael Koning is an anesthesiologist who formally had a contract with Great Plains Regional Medical Center. company was called Anesthesia Consultants of Nebraska and he employed numerous employees.

Koning's corporation, set up by Baisden, was called Bioventures Inc., and was established in Las Vegas in 1999.

Koning funneled his salary and dividends from Anesthesia Consultants into Bioventures to avoid having to pay taxes, according to the IRS.

Koning and Baisden then used Bioventures corporate accounts to pay personal expenses including living expenses and the cost of Koning's residence.

Bioventures also paid Koning a small percentage back in salary.

The IRS says that from 1999 through 2001, Bioventures reported income of $379,557, $945,599 and $893,234 in each year respectively.

Baisden reported that Bioventures was in the forestry business but in reality the income was Koning's income from his anesthesia practice, Anesthesia Consultants.

Bioventures then reported $257,635, $830,231 and $856,077 in total deductions for those same years on their tax returns.

Koning reported that he owed less than $6,000 in taxes for 2000, 2001 and 2002, according to the IRS, even though he had an income exceeding $800,000 in each of those years.

The IRS estimated that Baisden and Koning underestimated Koning's tax liability by approximately $922,770 between 1999 and 2002.

William Hastings

William Hastings was the other owner of Anesthesia Consultants with Koning.

Hastings' corporation was called Amethyst Sands. Hastings income from Anesthesia Consultants was assigned to the corporation instead of paying Hastings directly.

In 2002, Baisden reported Hastings income as Amethyst Sands gross income, the IRS said. The corporation then paid many of Hastings personal expenses.

IRS Agent Peter Shepka said he did not classify Amethyst Sands as a sham entity but disallowed the claimed deductions.

Even though Baisden and Hastings had claimed a tax liability of $113,878 for Hastings in 2002, his liability was actually $253,648, the IRS said.

Michael Trierweiler

Trierweiler's corporation was called Red Desert Resources Corporation and was incorporated in Las Vegas in 2002, the IRS said.

Trierweiler is a partner in North Platte OB/GYN PC Inc.

For 2002 and 2003, Trierweiler's Red Desert Resources Corp. had gross income each year in excess of $300,000. The money was reportedly earned from real estate activity and totaled yearly deductions of more than $240,000, Williams said.

Red Desert claimed it owed only $14,990 in taxes in 2002 and declared it had no tax liability for 2003.

The vast amount of that money Baisden attributed to Red Desert was actually earned by Trierweiler individually, Williams said.

Trierweiler reported only $72,789 of gross income on his tax return for 2002 and $101,513 for 2003, according to the IRS. He claimed on his tax return that he owed only $1,929 in taxes for 2002 and $10,577 for 2003.

Williams said he met with Trierweiler and determined that Red Desert was another Baisden sham corporation. He said Red Desert's income was Trierweiler's income from his medical practice and that the corporation had not actually engaged in any business activity.

Williams said many of Red Desert's deductions were actually Trierweiler's non-deductible personal expenses.

Williams said Trierweiler actually owed more than $104,000 for each of the years 2002 through 2004 and that he and Baisden had underreported his liability by about $352,142 for the three years.

DOJ_NMG_0105597

Walter and Deborah Weaver

Walter and Deb Weaver, both physicians practicing in North Platte, also participated in the scheme, according to the IRS.

Walter Weaver is a partner in an OB/GYN clinic and Deb Weaver is an emergency room physician for Great Plains Regional Medical Center.

Williams said their corporation was called Axhandle Corporation, established in 2003 in Las Vegas and was reportedly in the real estate business though all the income into the corporation was from the Weaver's income as physicians.

Axhandle's 2003 tax return, prepared by Baisden, reported income of $330,362. The return reported improper business deductions of $259,366 and a total tax liability of only $12,765.

The IRS said Axhandle was engaged in no business activities and was only created to further Baisden's scheme to understate the Weaver's income and tax liability.

For the Weavers, Baisden reported their tax liability to be $44,825, Williams said. But he said he made a preliminary determination that their tax liability was understated by $134,647 for 2003.

Baisden did not prepare a tax return for the Weavers for 2004 but Williams said Walter Weaver owes $163,987 in taxes for that year on an income of approximately $559,000 and Deb owes approximately $8957 in unpaid taxes on an income of $246,000.

Baisden has not filed tax returns for the Weavers since 2003 though they still have Baisden listed as having their power of attorney, Williams said.

Kathyrn Snoozy

Kathryn Snoozy, a nurse anthesthetist, who formerly worked for Koning. Her husband Don is a North Platte High School teacher.

Snoozy was hired by Koning in 2002 and was classified as an independent contractor.

For Snoozy, Baisden set up Charpup Corporation which was incorporated in 2002, according to Williams.

Baisden also prepared Charpup's and Snoozy's tax returns, according to Williams.

In 2002, Snoozy's Charpup Corp. claimed gross income of $143,771 and total deductions of $137,301 based on purported business expenses.

Baisden reported a deduction of $76,800 for rent and that Charpup had a total tax liability of just $971.

Snoozy's individual tax return in 2002, also prepared by Baisden, showed a total wage income of $25,102 and rental income of $76,800 – the same amount claimed on Charpup's return as a business rent expense, according to Williams.

Baisden reported that Snoozy's tax liability was $8,108.

Williams said he met with Snoozy and determined that Charpup was a sham corporation. He said the entire $143,771 Baisden assigned to Snoozy's corporation was, in fact, her wage income and should have been claimed on her tax form.

All of that income was from her job with Koning, Williams said.

According to Williams, Snoozy's tax liability was $40,174, rather than the $8,108 she reported.

Williams said Baisden did not file income tax returns for Snoozy or her corporation Charpup for 2003 or 2004 but did file her individual income tax for 2005.

Snoozy is liable for $35,649 in taxes for 2003 for both her and her husband's income of approximately $115,624.

Snoozy also deferred some of her income to Arcturus Corp., another sham corporation set up by Baisden, the IRS said.

Evan Geilenkirchen

Evan Geilenkirchen, another nurse anthesthetist, was hired by Koning in 2002 also. He was also a contract employee though he now says he was actually an employee, according to Williams.

Geilenkirchen's corporation, set up by Baisden, was called PTWC Corp. It was incorporated in Las Vegas Nevada in 2003, court records show.

PTWC Corp. showed gross income of $176,164 in 2002 and deductions of $150,903, according to Williams. Baisden reported the corporation's tax liability was $7,789 for that year.

Williams said all of PTWC's income was actually Geilenkirchen's income, earned through his job with Koning.

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Geilenkirchen's tax return, prepared by Baisden, showed that he had no individual wage income for 2002, Williams said. Geilenkirchen only reported a royalty income of $45,250 – the same amount deducted from rent from his corporation, PTWC.

The tax returns show that PTWC claimed a tax liability of $3,789 and that Geilenkirchen claimed a tax liability of $6,880.

By 2006, according to Williams, Geilenkirchen agreed that the 2002 returns were "incorrect" and agreed that PTCW was a sham corporation "because it was not engaged in a legitimate business enterprise and had not earned the income reported on the tax returns he prepared."

Baisden did not prepare income tax returns for Geilenkirchen for 2003 or 2005 but Williams said Geilenkirchen now claims a tax liability of $26,293 and $27,918 for those two years.

In addition, Williams said, Geilenkirchen also agrees he is liable for $5,264 in FICA tax and an additional $25,713 in taxes and interest since the year 2002.

Geilenkirchen agreed that he understated his tax liability and that many of the claimed deductions were actually for personal expenses.

Williams said the Geilenkirchens have since filed their past due returns.

Geilenkirchen and his wife Jane filed a lawsuit against Baisden in Lincoln County Court earlier this year.

The lawsuit claims that Baisden enticed the Geilenkirchens to participate in the scheme to reduce tax liability for their income illegally by setting up a dummy corporation.

Their lawsuit says Baisden used "certain accounting practices and schemes which appear to have drawn the scrutiny of the IRS in the form of audits and further investigations," according to the lawsuit.

The IRS preliminary examinations indicate that Baisden understated the tax liability of the Snoozys by $67,655 for 2002 and 2003; for Geilenkirchen by $30,977 for 2002; for the Trierweilers by $352,142 for the years 2002, 2003 and 2004 and for the Weavers for $298,634 for 2003 and 2004.

Not all professionals believed in the scheme. Bert McKeag joined Anesthesia Consultants in 2002.

IRS Agent Thomas Cheung interviewed McKeag and said Baisden promised McKeag he could save him money on his federal income taxes. Baisden told McKeag all his personal expenses except food, clothing and his mortgage payments would be deductible.

Baisden set up a dummy Nevada corporation for McKeag in 2002 called Oceana Blue Corp., according to Cheung. Baisden also opened up a bank account in the corporation's name in Nevada.

Baisden then arranged for all of McKeag's income to go directly to Oceana Blue rather than McKeag personally.

Each month, according to Cheung, McKeag sent his receipts and cancelled checks for his personal expenses to Baisden, who then prepared his income tax return.

Baisden reported McKeag's income as gross income of the corporation, claimed that Oceana Blue was involved in real estate ventures and reported McKeag's non-deductible personal expenses as business expenses.

Baisden also prepared McKeag's individual income tax return reporting a large amount of McKeag's income as royalty income.

McKeag paid $6,000 to establish Oceana Blue and $1,000 per month for bookkeeping expenses.

But in 2003, McKeag consulted a new accountant who prepared an amended tax return for 2002 and corrected the false information Baisden had reported.

On the amended return, McKeag noted that Oceana Blue was an invalid entity and told the truth – that all the income Baisden had originally attributed to the corporation was actually McKeag's individual salary.

McKeag's actual tax liability was $28,540; not the $12,289 Baisden had reported.

Baisden also reported Oceana Blue only owed $764 in taxes, according to the IRS.

Dr. Michael Bianco, another OB/GYN in North Platte, described a meeting with Baisden in his declaration to the IRS. According to Bianco, Baisden told him that if he set up a Nevada corporation, he could deduct his personal residence, cars, telephones, travel expenses and his computer for business expenses because they would be using their home to run the corporation.

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Baisden told Bianco, in a three-hour meeting with him and his wife, that he would prepare their tax returns and charge them one-third of the amount they saved in taxes each month, according to Bianco's statement.

Bianco said Baisden estimated that amount to be about $2,500 a month.

Baisden also advised Bianco that he could create spin-off corporations that would be more difficult for the IRS to discover in the event of an audit, Bianco said.

According to Bianco, Baisden said the IRS would likely discover some discrepancies in any returns but that they would not likely inquire further into the validity of the returns Baisden prepared.

Bianco said he asked Baisden why other accountants did not similarly advocate his plan.

Baisden told Bianco that "other accountants didn't understand the tax laws and how to apply the plan," Bianco said. "Baisden said that very few of the tax laws are 'black and white' and that his plan takes advantage of the vagueness in many areas of the tax laws."

Bianco and his wife decided not to participate in Baisden's plan, according to Bianco's declaration.

In 2004, according to Williams, Baisden formed new corporations for Trierweiler and the Weavers in Wyoming to which he assigns their income.

Baisden has not filed any tax returns for these customer's new corporations, Williams said.

There may be more.

Williams said Baisden has also appeared as a power of attorney for another North Platte physician, Youngsik "Chris" Johng, a partner at North Platte OB/GYN PC, Inc.

Johng has not filed income tax returns since 2002, Williams said, so he requested that Johng submit them by May 2006.

In response to the request, Williams said, Baisden called him and told him that the tax returns were not filed because no returns are due.

Williams said Johng told him that "as long as he makes periodic deposits towards his income tax liability, he is not required to file tax returns."

"Baisden's advice is false," Williams said.

In fact, according to Williams, Baisden's customers owe significant taxes for the outstanding years because many of them are still employed with North Platte Anesthesiology Associates and North Platte OB/GYN PC, Inc., as nurse anthesthetists or physicians earning their income for which taxes are due.

Gains Exemption Extended To Judges In Conflict Cases (WSJ)

The Wall Street Journal, December 12, 2006

WASHINGTON -- Federal judges received a long-sought break when Congress extended to them the same exemption from capital-gains taxes that executive-branch officials receive when selling stock for conflict-of-interest reasons.

Under ethics rules, judges are disqualified from ruling in matters where they have a financial interest, such as owning stock in a company that is party to a lawsuit. The issue typically comes up in complex litigation, when, months or years into a case, a judge could suddenly find himself or herself conflicted because of the late joining of a party or a merger of a party into a company where he or she owns shares.

That has forced some judges either to step aside from a case or sell stock that potentially could bring a big capital- gains-tax bill. Similar ethics rules affect executive-branch officers, but since 1989 they have had an exemption that spares them the tax bite. New Treasury Secretary Henry Paulson, for one, used the provision to divest himself of hundreds of millions of dollars in stock, tax free, after leaving the chairmanship of Goldman Sachs to join the Bush administration.

Under the legislation, judges also can receive a tax-free rollover of capital gains on holdings sold to avoid conflicts of interest while in office. To avoid capital-gains taxes, beneficiaries must reinvest the gains in government securities or approved mutual funds within 60 days of divesting. Capital-gains taxes are then deferred until the beneficiary sells the rollover investment.

But Congress turned a deaf ear to the judges' request for a pay raise. Judicial salaries range from a district judge's $165,200 to the $212,100 earned by Chief Justice John Roberts. Although above the salary of a typical prosecutor or public defender, the life-tenured judges say that lawyers in big law firms -- including their former clerks -- take home much higher pay.

CONGRESS-ADMINISTRATION:

Democrats Seek To Freeze Most Federal Spending (WSJ)

By David Rogers

The Wall Street Journal, December 12, 2006

WASHINGTON -- The new Democratic majority in Congress wants to keep the government operating under a streamlined funding resolution for the rest of the fiscal year and not attempt to complete the individual spending bills abandoned by the outgoing Republican leadership.

The decision caps an extraordinary breakdown in the normal budget process this year, as Republicans adjourned Congress over the weekend and left virtually every domestic department dependent on a stop-gap spending bill due to expire Feb. 15.

Fearing a political trap, Democrats want to avoid becoming bogged down and sacrificing their own agenda by devoting weeks to passing an omnibus measure combining the unfinished bills. The path outlined now offers a speedier alternative, but never in modern memory has it been attempted on such a large scale. On an annual basis, the unfinished bills represent close to $463 billion discretionary spending, covering every corner of government but for Defense and Homeland Security.

Most agencies are expected to be frozen at last year's funding levels, but some adjustments will have to be made in crucial areas like veterans medical care.

The announcement was made last night by the incoming chairmen of the House and Senate Appropriations Committees, who also said they would impose a moratorium on new congressional earmarks, targeted appropriations for special projects in members' home districts. None would be part of the proposed funding resolution, killing hundreds that are pending in the unfinished spending bills.

"While the results will be far from ideal, this path provides the best way to dispose of the unfinished business quickly," said the chairmen, Wisconsin Rep. David Obey and Sen. Robert Byrd of West Virginia.

House and Senate Democratic leaders gave their endorsement, but the White House, which could be the big loser, is clearly uncomfortable. A key issue is how much discretion is given to the administration to move money between accounts, and Budget Director Rob Portman said the announcement is "disappointing because we want to work with the new Congress to finish this."

Neither Rep. Obey nor Sen. Byrd directly addressed the funding levels under their proposed resolution, but most agencies are expected to be held to no more than their spending rate in fiscal 2006, which ended last Sept. 30.

Democrats say that preliminary estimates show that this can be done -- with a few billion dollars to spare -- and still stay within the confines of the total discretionary spending allowed under the president's budget.

Such a formula is modestly more generous than the formula dictated under the Republican resolution sent to President Bush last Friday; under that bill, spending for individual accounts -- such as in the Justice Department -- are sometimes severely reduced below 2006 levels because of cuts approved by the House.

A simple freeze at 2006 spending rates is easier for agencies to adapt to, but over a full year it will certainly squeeze those with a large number of workers, because there will be no extra money to pay promised salary increases.

The simplicity of a fixed spending formula for so many different agencies, from the Securities and Exchange Commission to the Federal Bureau of Investigation, also means there is less recognition of different needs.

Dems Plan Joint Resolution, No Earmarks (HILL)

By Elana Schor

The Hill, December 12, 2006

House and Senate Democrats have decided to complete this year's unfinished appropriations process with a joint resolution keeping the government funded until the new fiscal year starts in October, vowing to ban all earmarks from the measure.

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Sen. Robert Byrd (D-W.Va.) and Rep. David Obey (D-Wis.), the incoming Appropriations Committee chairmen, issued a statement yesterday laying blame at the feet of departing GOP leaders for failing to pass nine of the 11 fiscal year 2007 appropriations bills, a criticism leveled by several Republicans in the waning days of the lame-duck session.

"After discussions with our colleagues, we have decided to dispose of the Republican budget leftovers by passing a year-long joint resolution," Byrd and Obey said, adding: "We will do our best to make whatever limited adjustments are possible within the confines of the Republican budget to address the nation's most important policy concerns."

Democrats had faced mounting pressure to forge a plan for completing the outstanding appropriations bills quickly, with several appropriators appearing inclined toward an omnibus that would combine versions of the spending bills already approved in committee. Yet members of the new majority acknowledged the difficult task of crafting an earmark-free omnibus that would avoid potential objections from conservatives and GOP appropriators.

"The thing is, one person's earmark, wasteful spending, [when] defined by the person who's proposing it, is neither pork nor wasteful," said Sen. Frank Lautenberg (D-N.J.), who will rejoin the Appropriations panel next year. "It's a question of how you define these things."

Sen. Barbara Mikulski (D-Md.), in line to take over the appropriations subcommittee in charge of the Justice and State departments, said last week that Democrats should apply principles of reform to whatever spending legislation they take up next year.

"I certainly think we should do an omnibus, within the context of ethics and special projects reform, that would also include the Finance Committee and Appropriations," Mikulski said.

Conservatives who argued that a post-election omnibus would be fiscally irresponsible ultimately convinced Republican leadership to pursue a continuing resolution that would keep the government running until Feb. 15, leaving Democrats the burden of finishing the job. As late as the last day of the 109th Congress, Republican appropriators were urging Democrats to do the procedurally improbable and try to take up the remaining bills individually.

"Democrats are going to have to work with us and do something to repair the situation … The pressure is going to be to pass free-standing appropriations bills," said Sen. Pete Domenici (R-N.M.), an appropriations subcommittee "cardinal" whose energy and water bill passed the full panel in June but did not get to the floor.

Domenici made an impassioned plea for the Democratic leadership to handle lawmakers critical of spending levels or earmarks by seeking cloture votes to shut off debate rather than negotiating behind the scenes.

"Make them fight on the floor instead of fight from a distance," he said. "No more 'I object.' Come to the floor and let's vote. They'll pretty soon find out they will lose. They will lose to the Senate."

But Democrats faced an already crowded winter schedule, headlined by the president's budget in early February and a hefty war supplemental expected to approach $150 billion for the military operations in Iraq and Afghanistan, that made even an omnibus nearly impossible to achieve on time. Producing a continuing resolution scrubbed of earmarks is likely to present its own partisan pitfalls for the new leadership, as members on both sides of the aisle grapple with district projects planned for but no longer paid for.

Byrd and Obey, in their statement, promised to work on a bipartisan basis to secure passage for the coming spending resolution. Earmarks in this year's appropriations bills will be candidates for inclusion during the 2008 process, they said, "subject to new standards for transparency and accountability."

Democrats have not hidden their frustration at the GOP's inaction on appropriations, with Senate leadership distributing a 15-page memo titled "The 110th Congress Will Be Left to Clean Up the 109th Congress' Mess" on Friday that charged Republicans had made it more difficult for the new majority to make early progress on its broad legislative agenda.

"One could get mad, but I'm going to try not to. I'm going to try to be patient," incoming Senate Majority Leader Harry Reid (D-Nev.) told reporters last week. He echoed Byrd and Obey's intentions to rein in the explosive growth of earmarks, which many Republicans believe shattered their fiscally conservative image.

The House passed an earmark disclosure resolution in September that required appropriations, tax and authorizing bills to identify the members requesting earmarks, though watchdog groups blasted the measure as defining the term too narrowly. The

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tax, trade and health omnibus that passed just before the 109th Congress adjourned contained three earmarks and two "probable earmarks," according to the House resolution, and two of those five were requested by Reid.

Reid spokesman Jim Manley said the new Senate leadership would work to pass an earmark transparency requirement quickly, as part of Democrats' broad ethics and lobbying reform package, and in time to apply to the 2008 appropriations bills.

Longtime House Appropriations Committee staff director Scott Lilly, now a senior fellow at the Center for American Progress, said none of the available options would have been preferable for Democrats.

"You're going to end up with something that's not good policy no matter what you do," he said. "But given the mess we're in, it's how you reduce the damage to public policy and not mortgage the future…"

The tax-writing committees, Finance and House Ways and Means, may extend earmark-like "special privileges" to companies seeking targeted breaks, although September's House resolution defined an earmark as a tax benefit aimed at a single entity. Senate Finance Committee Chairman Chuck Grassley (R-Iowa) said his panel has long operated under an informal rule against considering tax provisions affecting fewer than 10 companies, adding that incoming Chairman Max Baucus (D-Mont.) is likely to continue that guideline.

Democrats Freeze Earmarks For Now (WP)

By Shailagh Murray And Jonathan Weisman

The Washington Post, December 12, 2006

Democratic leaders declared a temporary moratorium on special-interest provisions known as earmarks as they attempt to cope with a budget crisis left by the outgoing Republican-led 109th Congress.

Congress adjourned early Saturday, having completed work on two of the 11 spending bills for the 2007 fiscal year that began Oct. 1. As a short-term fix, lawmakers extended current funding levels until Feb. 15. But the incoming Democratic chairmen of the House and Senate Appropriations committees announced yesterday that they would extend current levels until the 2008 fiscal year begins next Oct. 1.

The alternative was to attempt to finish work on the spending bills when the Democratic-led Congress convenes in January, a dreaded prospect that could have derailed Democratic legislative efforts and stirred up policy battles around the same time that President Bush is due to submit his fiscal 2008 budget to the Hill, along with a large supplemental spending request for the Iraq war.

The new chairmen, Rep. David R. Obey (Wis.) and Sen. Robert C. Byrd (W.Va.), said in a statement: "While the results will be far from ideal, this path provides the best way to dispose of the unfinished business quickly, and allow governors, state and local officials, and families to finally plan for the coming year with some knowledge of what the federal government is funding."

They also said they would place a moratorium on all earmarks until lobbying changes are enacted. Those special spending provisions included in the unfinished fiscal 2007 bills will be eligible for consideration next year, the chairmen said, subject to new standards.

"We will work to restore an accountable, above-board, transparent process for funding decisions and put an end to the abuses that have harmed the credibility of Congress," the chairmen said.

The unfinished bills account for about $463 billion in annual spending and include just about every domestic program other than defense and homeland security.

The announcement appears to be a victory for conservative budget reformers, such as Reps. Mike Pence (R-Ind.) and Tom Price (R-Ga.), who circulated a petition last week calling for a resolution that would extend funding through the rest of the year, but without earmarks. That petition, however, called for all domestic programs to be funded at the lowest levels called for in either the House or Senate versions.

In contrast, Obey and Byrd indicated that they would seek adjustments in spending levels to satisfy Democrats and moderate Republicans who were upset by the austere funding bills passed by the House Appropriations Committee. In particular, the measure to fund labor, health and education programs fell billions of dollars short of the Senate-approved levels, and the levels that even many House Republicans said were acceptable.

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The biggest victory would be for those lawmakers who have crusaded against earmarks, or home-district pet projects. Virtually all of the bills that pass the Senate and House appropriations committees contain such projects. For the fiscal year that began in October and will end Sept. 30, the slate will be wiped clean.

Obey and Byrd noted that the last time Congress passed all appropriation bills separately and on schedule, and got them signed by the president in time for the next fiscal year, was in 1994, the last year they both served as chairmen. In November 1994, a month after the 1995 fiscal year began, Republicans won control of Congress.

For more or less every year since the takeover, the GOP has struggled to produce a smooth succession of spending bills, creating strained relations between the more ideologically minded Republican leadership in both chambers and their more practical-minded appropriations colleagues. Most recently, the Senate has been the stubborn obstacle, with Majority Leader Bill Frist (R-Tenn.) refusing to advance spending bills during a hard-fought election year.

Those tensions bubbled to the surface on the House floor as lawmakers wrapped up their business early Saturday. "The breakdown of regular order this cycle, indeed the failure to get our bills done, should be fairly placed at the feet of the departing Senate majority leader," said Rep. Jerry Lewis (R-Calif.), the outgoing House Appropriations Committee chairman.

Lewis noted that his panel passed each of the 11 subcommittee bills out of the full committee by June 30, and, with the exception of a giant bill that funds health and education programs, all of the bills off the House floor by the July 4 break. The Senate also passed each of its bills out of the full committee, only to see them run aground on the Senate floor.

Democrats Decline To Take Up Unfinished Spending Bills (NYT)

By Carl Hulse

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — Congressional Democrats said Monday that they would not try to finish multiple spending bills left hanging by the departed Republican majority. Instead, they want to keep most government agencies operating under their current budgets until next fall.

In a joint statement, the incoming Democratic chairmen of the House and Senate Appropriations Committees said the urgency of new business and the administration's next spending request for the war in Iraq gave them little choice but to abandon efforts to pass the overdue bills.

"While the results will be far from ideal, this path provides the best way to dispose of the unfinished business quickly and allow governors, state and local officials, and families to finally plan for the coming year with some knowledge of what the federal government is funding," said the statement from the chairmen, Senator Robert C. Byrd of West Virginia and Representative David R. Obey of Wisconsin.

The Republican-led 109th Congress, which adjourned early Saturday, completed only 2 of 11 spending bills due Oct. 1. This was because of a variety of reasons, including Republican divisions over spending levels and a desire by the party leadership to spare lawmakers from tough votes before the Nov. 7 election.

Except for the Pentagon and the Department of Homeland Security, the government is being financed under a stopgap "continuing resolution" signed early Saturday by President Bush. It expires Feb. 15, and Democrats said they planned to extend a similar resolution through Sept. 30.

The unfinished bills loomed as a potential major distraction for Democrats as they prepare to take power in January, a fact not lost on the Republicans who chose not to try to complete the work. The two Democrats made clear that they would rather concentrate on the first budget under their party's leadership while giving close scrutiny to the president's own spending plan and his request for war spending.

"We, in the new Congress, have a responsibility to build the foundation for a better future," the Democratic chairmen said. "We cannot begin that work until we fix the problems left behind by the Republican Congress. So, we must turn the page on the Republican failures and work together in the best interests of the American people."

Some Republicans favored not finishing the bills because of automatic savings achieved by forgoing expected spending increases in any new measures. Both Democrats and Republicans say that operating under current budgets, in some cases with less money, can strap federal agencies and lead to lapses in service.

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While the Democratic chairmen suggested they would try to accommodate agencies that needed more money, they said the final spending resolution would not include any earmarks, the pet projects sought by lawmakers for their districts and supporters. As a result, if lawmakers revive earmarks included in the bills that stalled, those projects will face scrutiny under new rules that Democrats intend to adopt.

Congress has struggled in recent years to enact spending bills on time, and lawmakers have repeatedly ended up merging them into huge so-called omnibus measures or pushing them into the next calendar year. Mr. Byrd and Mr. Obey said the last time the measures were passed individually and signed on time by the president was 1994, when the same two lawmakers were chairmen of the spending panels.

Dems Take Middle Ground On Drug Plan (AP)

By Erica Werner

AP, December 12, 2006

House Democrats will take the middle ground on the Medicare drug benefit, pushing for government-negotiated prices but stopping short of creating a federal plan to compete with private insurers, a lawmaker said Monday.

Rep. Pete Stark, D-Calif., said a government-run plan would save money but is too ambitious for immediate action.

"That might draw a veto and then get us accused — which I don't mind, but most of my colleagues do — of price-setting and all that. ... There's a hesitancy to seem too radical," said Stark, a liberal in line to chair the House Ways and Means Committee's health subcommittee.

House Speaker-elect Nancy Pelosi, D-Calif., has included Medicare drug negotiation in her agenda for the party's first 100 legislative hours, but she hasn't offered many details.

"The leadership is going to propose the middle ground and I'm going to support it," Stark said.

About 22.5 million seniors and the disabled are now enrolled in private insurance plans subsidized by the federal government under the new Medicare drug benefit. The insurers negotiate with pharmaceutical companies over how much they'll pay for drugs covered by their plan.

Democrats believe that by virtue of its massive purchasing power the federal government could negotiate better prices.

Health and Human Services Secretary Mike Leavitt has criticized the idea as "a surrogate for a much larger issue, which is really government-run health care."

Leslie Norwalk, acting administrator for the Centers for Medicare and Medicaid Services, said recent figures showing the Medicare drug benefit is under budget this year shows the Democratic plan isn't needed.

"We appreciate that they have a solution, but we're trying to figure out exactly what the problem is they're going to solve," Norwalk said in an interview Monday. "We think the private market does this quite well."

Competition is one of the reasons for the savings this year, according to Medicare, but so is lower-than-expected enrollment and drug prices rising less than expected.

Stark said the party's plan would require the Health and Human Services secretary to report back to Congress on the results of his negotiations with drug companies, but he questioned how good the outcomes would actually be.

"He's not going to do it with any interest," Stark predicted. "If he says he's too dumb to do it, or incompetent, or incapable — I'll let him pick his reason for not doing it. But that's what we're going to say — go negotiate and report back to us your success in lowering the prices."

Stark said he also wanted to reduce the number of private plans available to seniors. There are now 40 or more plans operating in many markets; Stark would like to reduce that to 15 or 20. He also would like to give beneficiaries the ability to switch plans if their plan changes the drugs it is offering.

Medicare Links Doctors' Pay To Practices (NYT)

By Robert Pear

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — After years of trying to rein in the runaway cost of the Medicare program, Congress has decided to use a carrot instead of a stick to change doctors' behavior.

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Doctors had been fearing a pay cut under Medicare, the health care program for 43 million elderly and disabled, but Congress instead has offered doctors a small bonus with big strings attached. To get the money, doctors will have to report how often they provide quality care, as defined by the government.

Lawmakers approved the change as one of their final acts before adjourning early Saturday morning, and proponents said it would improve the quality of medical care.

But the plan immediately raised concerns among some doctors and lawmakers who specialize in health issues. They said they worried that it could be a step toward cookbook medicine and could erode the professional autonomy of doctors.

Doctors had been facing a 5 percent cut in Medicare payments in 2007. Congress deferred the cut, freezing doctors' payment rates instead.

Now, doctors can qualify for a 1.5 percent bonus in the second half of 2007 if they report data on the quality of their care, using measures specified by the government. For example, doctors could be asked to report how often they prescribe a particular drug after a heart attack or how well they control blood pressure in patients with diabetes.

With these statistics, Medicare officials say, they will , in the near future, be able to reward doctors who follow clinical guidelines and perhaps penalize those who flout such standards without justification.

For several years, Medicare officials have advocated a pay-for-performance system, noting wide regional variations in the practices of hospitals and medical specialists. The idea was supported by the Bush administration and by Senators Charles E. Grassley, Republican of Iowa, the chairman of the Finance Committee, and Max Baucus, the Montana Democrat who will be chairman next year.

"Medicare now pays the same amount regardless of quality," Mr. Grassley said. Indeed, he said, Medicare "rewards poor quality," paying doctors to treat complications caused by their own mistakes.

But some influential Democrats, and even some administration officials and Republicans who support the general idea of pay-for-performance, expressed concern with federal agencies setting benchmarks for care.

"This is a very significant step," Catherine G. Cohen, vice president of the American Academy of Ophthalmology, said Monday. "It's the first time Medicare has ever paid individual doctors a differential for reporting quality measures. It could impose a significant new burden on doctors' offices."

The legislation has created strange bedfellows.

Some doctors, health policy experts and politicians, including liberals like Representative Henry A. Waxman and conservatives like Robert E. Moffit, director of health policy studies at the Heritage Foundation, are apprehensive. Beyond broader questions about whether the government can accurately measure the quality of care, they are concerned about the feasibility of developing standards for hundreds of thousands of doctors within six months. The quality reporting system begins on July 1.

In an interview, Mr. Waxman, a California Democrat who has been working on health policy for more than three decades, said: "I am very skeptical of pay-for-performance. I'm not sure we can measure quality and performance that well."

Representative Pete Stark of California, who will become chairman of the Ways and Means Subcommittee on Health in January, said, "The entire concept of pay-for-performance is offensive." Doctors, Mr. Stark said, are supposed to provide "quality care" and should not be paid extra for doing so.

Moreover, he said, federal officials "do not have the capability, the understanding, the knowledge or the training" to set standards for the quality of care.

Representative Charlie Norwood, Republican of Georgia, led efforts to enact a "patients' bill of rights," saying insurance companies should not tell doctors how to practice medicine. He objects just as much to government efforts to define quality.

"When government bureaucrats determine what good medicine is, instead of patients and doctors, I get very suspicious," said Mr. Norwood, a dentist.

The administration says Medicare should not simply pay for more services, but should reward doctors for efficiency and high-quality care.

Representative Nancy L. Johnson, Republican of Connecticut, also championed the idea of pay-for-performance. But in an interview, Mrs. Johnson said she was disappointed that Congress had not gone further to ensure that doctors would develop the criteria for measuring quality. "Bureaucrats must never be allowed to dictate medical practice," she said.

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This concern is shared by some administration officials. In a recent speech to the American Medical Association, Dr. Scott Gottlieb, deputy commissioner of the Food and Drug Administration, said he worried about intrusions into the practice of medicine by federal agencies, including his own.

The original Medicare law, passed in 1965, said, "Nothing in this title shall be construed to authorize any federal officer or employee to exercise any supervision or control over the practice of medicine."

Mr. Moffit of the Heritage Foundation said the new initiative was "a backdoor attempt to repeal" this guarantee.

"It's pay for compliance, not pay for performance," Mr. Moffit said. "Doctors will be financially pressured to comply with government guidelines and standards. The integrity and independence of the medical profession could be compromised."

Dr. Stephen C. Albrecht, a family doctor in Olympia, Wash., said Monday: "Medicare has a good idea here, but has not put much money behind it. The 1.5 percent bonus does not justify the extra effort required to do the quality reporting that the government wants."

Some doctors, like anesthesiologists and thoracic surgeons, have been eager to develop their own quality measures.

Over the last 17 years, the Society of Thoracic Surgeons has collected demographic and clinical data on three million patients. Doctors say they have used the data to improve the quality of care.

Dr. Frederick L. Grover, president of the Society of Thoracic Surgeons, said, "We have provided feedback to doctors, comparing their performance with state and national benchmarks, and in this way we have significantly reduced mortality and complications."

When possible, Medicare officials are supposed to use "quality measures" that have been endorsed by the private sector.

Despite the move toward pay-for-performance, Medicare payments to doctors are unlikely to keep pace with inflation. Congress postponed for one year a cut in fees but did not change the Medicare law's formula for computing payments to doctors. They face an even bigger cut next year, in the range of 5 percent to 10 percent, ensuring that Congress will have to revisit the issue.

Representative Stark said, "Doctors and others who like pay-for-performance have to remember that it's a zero-sum game." As a result, he said, most doctors will have to accept lower fees if Medicare is to pay bonuses to the best performers.

Dr. Frank G. Opelka, a surgeon at the Louisiana State University School of Medicine in New Orleans, said: "We fully support the goal of enhancing the quality of care, but this is a new program. It will take some time to get broad acceptance by physicians."

Congress Lifts Income Limit For Students In Evaluation (WP)

By V. Dion Haynes

The Washington Post, December 12, 2006

Congress has increased the income guidelines for some of the students enrolled in the District's federally funded school voucher program, an effort aimed at preventing hundreds of students from being forced out of the program before it is evaluated.

The change allows the private school voucher program to increase the income ceiling from 200 to 300 percent of the federal poverty line for students who enrolled in 2004 and 2005, the first two years of the program, congressional aides said. The change was approved by the House of Representatives on Friday night and the Senate on Saturday morning.

The legislation covers 1,500 students who enrolled in the first two years and are involved in the study. Officials estimate that more than 300 students would have been forced out of the program under the original income guidelines.

Sally J. Sachar, president and chief executive of the Washington Scholarship Fund, which administers the voucher program, said the legislation will raise the income ceiling for a family of four from $40,000 to $60,000 a year. About 40 students left the program because household income exceeded the original guideline.

In 2004, Congress established the five-year experimental program to give low-income students in troubled D.C. public schools an opportunity to attend higher-performing private schools. With a $14 million annual federal allocation, the program covers tuition and other expenses for about 1,800 students, from kindergartners to high school seniors, attending 58 private schools.

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Next spring, the U.S. Education Department will release the results of the first in a series of studies to determine whether students who receive the $7,500 vouchers are performing better than their public school peers. Sachar said students in the study group will be evaluated even if they have returned to public schools. A large exodus of students from the program, therefore, would defeat the purpose of the evaluation.

"Enabling the students to stay in the [program] is a priority if it can be done in a way that allows the program overall to serve low-income families, which this change does," Sachar said yesterday.

But Del. Eleanor Holmes Norton (D-D.C.) objected to the legislation, which was attached to the Tax Relief and Health Care Act of 2006.

In statement issued yesterday, Norton said the changes destroy "the low-income rationale for the program."

Pelosi Promises Steps To Protect Pages (AP)

By Jim Abrams

AP, December 12, 2006

Speaker-to-be Nancy Pelosi said Monday she will take legislative steps to better protect House pages after the scandal involving a congressman sending salacious e-mails to former male pages.

Pelosi, D-Calif., said legislation would be introduced early in the new Congress to increase oversight of the page program, require regular meetings of the page board and add a parent of a current and a former page on that board.

"The Page School is a national treasure, and the young people who attend it and work in the Congress are our special trust," she said in a statement. "We must do all we can to protect them."

Rep. Mark Foley, R-Fla., resigned last September after it was revealed that he had sent e-mails and other electronic messages to male former pages with sexually graphic topics.

Last Friday the House ethics committee issued a report highly critical saying concerns about Foley's interactions with young male pages arose shortly after he took office in 1995, but that Republican lawmakers and aides had "failed to exercise appropriate diligence and oversight."

Pelosi said she had spoken with Rep. John Boehner, R-Ohio, who will be the Republican minority leader in the next Congress, and that they agreed they would move on the issue in a bipartisan way.

The history of congressional pages goes back more than 150 years. There are about 70 House pages and about 30 Senate pages. For a semester during high school they live in a Capitol Hill dormitory, attend classes at a page school in the morning and help out in Congress during the day, mainly as messengers.

In the House the program is run by the Office of the Clerk and supervised by a page board consisting of members as well as the clerk and the sergeant at arms.

Stumbling In September: Panel Reveals GOP Missteps (HILL)

By Bob Cusack

The Hill, December 12, 2006

The House ethics committee report on the page scandal, released on Friday, did not come to any definitive conclusions on whether House Speaker Dennis Hastert (R-Ill.) was informed of the questionable e-mails that former Rep. Mark Foley (R-Fla.) sent to pages.

But lawmakers on the ethics committee suggested that they believe Hastert was told about them. Reps. John Boehner (R-Ohio) and Tom Reynolds (R-N.Y.) testified that they informed the Speaker of the e-mails, but Hastert said he has no recollection of those conversations.

The following is a summary of key events leading up to the House page scandal and some that occurred in the aftermath, according to the House ethics committee report:

Sept. 25

•One day after the e-mails were posted on a weblog, Foley's staff asked the congressman whether "there was anything else out there." Foley said there wasn't.

Sept. 28

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•ABC News first reported on the e-mails. Foley directed staff to put together a legal team to consider a defamation suit against ABC. The media outlet later posted explicit IMs Foley sent to a page.

Sept. 29

•GOP aide Kirk Fordham asked Foley if the IMs were authentic. Foley responded, "Probably." Fordham suggested that Foley resign from Congress.

•Fordham walked to the National Republican Campaign Committee to address the matter.

•Page Board head Rep. John Shimkus (R-Ill.), Page Board member Rep. Shelley Moore Capito (R-W.Va.), and House Clerk Karen Haas visited the page dorm and reassured pages that "they were committed to their safety."

•House Speaker Dennis Hastert (R-Ill.) departed on a plane for Illinois.

•House Minority Leader Nancy Pelosi (D-Calif.) introduced an ethics measure on the Foley scandal, calling for an investigation.

•The Washington Post quoted Boehner telling Hastert of the e-mails.

•Hastert Chief of Staff Scott Palmer contacted Boehner Chief of Staff Paula Nowakowski about the quotes. Boehner said he believed he had spoken to Hastert but could not be certain. Boehner and his staff call the Post to state his position.

•Nowakowski later said Boehner was 99 percent certain he had talked to the Speaker. Boehner tells other media outlets he had discussed the matter with the Speaker.

•Before midnight, a meeting took place in Boehner's office. The report says among those present were Boehner, Shimkus, Reps. Deborah Pryce (R-Ohio), Rodney Alexander (R-La.), Roy Blunt (R-Mo.), Eric Cantor (R-Va.), Palmer and Nowakowski.

•Hastert later told the ethics committee that he doubts conversations with Boehner or Reynolds took place because he carries note cards with him all the time, adding, "Usually if I have something, I take it down. I wrote it down. I have never done that."

Sept. 30

•At about 2 or 3 a.m., Palmer directed one of the Speaker's attorneys to conduct an internal review of the matter.

Poll: Washington Scandals Eating Away Public Trust (USAT)

By Wendy Koch

USA Today, December 12, 2006

Members of Congress have never been the most trusted members of society, but they rated higher than lawyers and stockbrokers five years ago. Now, two months after an election that ousted dozens of incumbents, they're on par with insurance salespersons.

Only 15% of 1,009 adults in a USA TODAY/Gallup Poll taken Friday through Sunday gave U.S. senators high or very high marks for honesty and ethical standards. Only 14% did so for U.S. representatives.

A MATTER OF TRUST: See how public rates professions

Both are down from 25% in 2001, when members of Congress got their best score since the survey began in 1976.

"It's not surprising that in a year of huge scandals, people's faith in government has fallen," says Peggy Kerns, director of the Center for Ethics in Government at the National Conference of State Legislatures. "This is a big concern," she says, and makes some people less likely to seek office or even vote.

"There's a confluence of factors leading people to be dangerously cynical," says Michael Smith, professor of politics at the University of Virginia, citing the scandals and the slow federal response to Hurricane Katrina.

On Election Day, voter dismay led to the largest congressional upset since 1994. Democrats took control of the House and the Senate. Interviews with voters leaving polling places found them more concerned about ethics than any other issue.

Four Republicans resigned from Congress this year under clouds. Former House majority leader Tom DeLay of Texas has been indicted on charges of violating campaign finance law. Bob Ney of Ohio and Randy "Duke" Cunningham of California were convicted of bribery. Mark Foley of Florida quit after disclosure of sexually explicit e-mails he allegedly sent to former House pages.

Other members of Congress are under investigation.

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Fred Wertheimer, who runs Democracy 21, a group that aims to reduce the influence of money in politics, says the past two years have been the most scandal-prone in three decades.

"Congress did absolutely nothing to address the problems," Wertheimer says. He says partisan acrimony and deadlock have increased in recent years.

The latest numbers may not mean a big change in public attitudes, says Frank Newport, editor in chief of the Gallup Poll.

"Americans have been quite negative about Congress for more than a decade," Newport says. Usually, he says, less than one-fifth of people polled give lawmakers high ethical marks. That compares with about two-thirds who regard medical doctors and veterinarians favorably and four-fifths who trust nurses.

"Congressmen can take heart," Newport says. "They're a few points higher than car salesmen."

Taxpayers Distrust How The Government Spends Their Dollars, Reports Say (USAT)

By Richard Wolf

USA Today, December 12, 2006

WASHINGTON — Americans are open to tax increases and benefit cuts to preserve Social Security and Medicare, but they don't trust the government to spend their money wisely, two reports being released today show.

The reports contend that Americans would consider such measures as scaling back end-of-life care and extending the retirement age as ways to avoid bankrupting the Social Security and Medicare systems. Their mistrust of government is so deep, however, that political leaders must convince them their money won't be wasted.

"They really are very skeptical about what happens when you send money to Washington," says Stuart Butler of the Heritage Foundation, a conservative think tank. "They think that money is going to be stolen by somebody to build a bridge somewhere."

Those are the major findings of the reports by Public Agenda and Viewpoint Learning. Those two public policy groups, left- and right-leaning think tanks and groups favoring deficit reduction have spent the past year working to educate the public and seek feedback about the nation's fiscal condition.

Public Agenda held six focus groups across the country, each with 10 to 12 participants chosen to mirror the greater population. Viewpoint Learning held three discussions with 40 people each. At the same time, think tanks held a series of informational meetings.

The mistrust of government has gotten worse in recent years, the report's authors said. To resolve it, participants called for better ways to evaluate government programs, as well as stronger oversight.

"It's clear they're prepared to pay for the future they want," said Steven Rosell, president of Viewpoint Learning, which held day-long discussion groups in Philadelphia, Kansas City and San Diego. "The issue is, 'can we trust these guys?' "

Discussion participants generally agreed that the federal budget deficit should be reduced to spare future generations from heavy debts. They blamed the debt largely on wasteful spending by Congress.

On Medicare, most participants sided with Democrats' desire to have the government negotiate drug prices with manufacturers. On Social Security, a more narrow majority sided with President Bush in his effort to make individual accounts part of the government retirement program.

The Public Agenda report concludes that when it comes to deficits and debts, "much of the public's confusion and detachment are indicative of a leadership vacuum."

"Leaders could lead on this," said Ruth Wooden, the group's president. "They're not going to get punished."

Panel: Leaked Gingrich Call Broke Rules (AP)

By Matthew Daly

AP, December 12, 2006

Rep. Jim McDermott, D-Wash., violated ethics standards by giving reporters access to an illegally taped telephone call involving Republican leaders a decade ago, the House ethics committee said Monday.

McDermott, who at the time was the panel's senior Democrat, failed to meet his obligations as a committee leader, said a report released two days after Congress adjourned for the year. The panel took no action other than the report.

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"Rep. McDermott's secretive disclosures to the news media ... risked undermining the ethics process regarding" former House Speaker Newt Gingrich, the committee said. It said McDermott's actions "were not consistent with the spirit of the committee's rules."

The ethics complaint stems from a tape recording made by a Florida couple, who gave it to McDermott in January 1997. The tape recorded then-Speaker Gingrich, R-Ga., in a December 1996 conference call with GOP leaders regarding a separate ethics investigation of Gingrich.

McDermott leaked the tape to The Atlanta Journal-Constitution and The New York Times, which published stories on the case in January 1997.

Gingrich, who was heard on the call telling House Republicans how to react to the ethics charges against him, was later fined $300,000 and reprimanded by the House.

A three-judge panel of the U.S. Circuit Court of Appeals for the District of Columbia ruled against McDermott in a related civil case in March. The 2-1 opinion upheld a lower court ruling that McDermott had violated the rights of Rep. John Boehner, R-Ohio, who was heard on the 1996 call. Boehner, then a Gingrich lieutenant, is now House majority leader.

The full nine-member appeals court vacated the three-judge ruling this spring and heard new arguments in the case in October. A ruling is expected next year.

McDermott, in an e-mail to The Associated Press, said he was pleased the ethics panel had concluded he did not violate overall House rules.

"I am also pleased with the committee's acknowledgment that pending litigation in the federal court will decide the question of law over the First Amendment issues involved," he said.

Because of the pending civil case, McDermott said he would not offer additional comment.

Rep. David Hobson, R-Ohio, a former ethics committee member who filed a complaint against McDermott in November 2004, said he was disappointed the ethics panel did not sanction McDermott.

"I'm not sure this decision reflects well upon the House as a whole or the ethics process," Hobson said.

He said he might change his long-standing support for an internal ethics panel and consider replacing it with an independent inspector general to investigate House members.

Associated Press writer David Hammer contributed to this story.

McDermott Broke 'spirit' Of Rules But Faces No Punishment (HILL)

By Susan Crabtree

The Hill, December 12, 2006

The House ethics committee found that Rep. Jim McDermott's (D-Wash.) 1997 leaking of a secretly taped phone call to the media among House Republican leaders, including current Majority Leader John Boehner (R-Ohio) and former Speaker Newt Gingrich (R-Ga.), is "inconsistent with the spirit of the applicable [House] rules." The panel, however, did not punish McDermott.

The panel released the final report yesterday; it had been investigating the matter for more than two years.

It also found that McDermott's actions in leaking the contents of the December, 1996 call "represented a failure on his part to meet his obligations as Ranking Minority Member of the House Select Committee on Ethics."

In 1997, McDermott was ranking member of the House Select Committee on Ethics, and the contents of the call, which included strategies for dealing with an ethics case against Gingrich, was obtained illegally by a couple using a scanner.

Rule 9 of the ethics committee prohibits disclosure by a member of "any evidence relating to an investigation to any person or organization outside the Committee unless authorized the Committee."

"Representative McDermott's secretive disclosure to the news media as to the alleged conduct of Representative Gingrich risked undermining the ethics process regarding that member," the report states.

The committee further found that McDermott's excuse for the leak, namely that the public had the right to be informed, did not hold water.

"This is not a justification for potentially undermining the House ethics process," the report concluded.

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Boehner sued McDermott over the matter and earlier this year, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit, ruled against McDermott and ordered him to pay $60,000 in legal fees and cover Boehner's attorney fees.

McDermott is fighting the case on First Amendment grounds.

GOP House Member Muscles His Way To Success (LAT)

By William Heisel

The Los Angeles Times, December 12, 2006

LOS ANGELES — One winter night in 2000, U.S. Rep. Gary Miller, R-Calif., implored Monrovia City Council members to purchase 165 acres he owned in the foothills and turn the land into a wilderness preserve.

Earlier that day, Miller asked one of his staff members to find a way to place one of the councilmen -- a pawnshop owner with no parks experience -- on the National Park System Advisory Board. The aide was told to "make it a priority."

After staff members warned him that trying to secure the park board seat for the councilman could appear to be a bribe attempt, Miller continued to push for the councilman's appointment, according to internal memos, interviews with former Miller staff members and official correspondence reviewed by the Los Angeles Times.

The move was one of many that Miller has made over the years in which he brought his congressional muscle to bear on personal and private business matters, according to the staffers and correspondence from Miller's office -- hand-written notes, letters on Miller's congressional letterhead and e-mails.

"There was never a clear line in the office between what was congressional business and what was just business," one former aide said. "The expectation was that you would do both."

A real-estate developer and one of the wealthiest members of Congress, Miller, 58, routinely asked his staff to handle personal errands, such as helping his children with schoolwork, searching for concert tickets and sending flowers to family members and friends, according to documents. Federal law prohibits members of Congress from using their staff for anything other than official work.

"We taxpayers trust that our members of Congress will not turn their staff into butlers. That's not what they're paid for," said Gary Ruskin, director of the Congressional Accountability Project, a nonpartisan group. "It's a misuse of funds and an abuse of power."

Miller also has collected nearly $25,000 a year in rent from his campaign committee in each of the past three elections by using the office of his real-estate development firm in Diamond Bar, located in Los Angeles County, as his campaign office.

Federal election law prohibits such rent as self-enrichment unless a member can demonstrate that the private offices were used for legitimate campaign purposes. Miller said through spokesman Scott Toussaint that the rent payments complied with federal law. He declined further comment.

Robert Hammond, the Monrovia councilman for whom Miller sought the park board appointment, said last week that he raised the idea with Miller. Now Monrovia's mayor, Hammond said he saw no conflict, especially since the appointment never materialized.

As a council member, Hammond ultimately voted in favor of purchasing Miller's land for about $12 million. The deal was approved unanimously.

Miller represents a district that includes parts of Los Angeles, San Bernardino and Orange counties. He was re-elected this fall without opposition in a district that is about 50 percent Republican and 28 percent Democratic, one of the five highest percentages of Republicans in the state.

Miller has come under scrutiny in his district and in Washington for a series of recent votes and other maneuvers that public watchdogs said were ethically and legally questionable.

In August 2005, Miller helped allocate federal funds for street improvements near a development he co-owned in Diamond Bar. In the same bill, he helped insert a provision closing an airport in Rialto, in San Bernardino County, used by emergency medical personnel and private pilots, and opening up the land to development by one of his largest campaign contributors, Lewis Operating Corp.

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In August 2006, the Times reported that Miller had worked with Lewis to shelter an estimated $10 million in real-estate profits from capital gains taxes. In response, Citizens for Responsibility and Ethics in Washington, a nonpartisan watchdog group that earlier helped launch a federal probe of Rep. Jerry Lewis, R-Calif., of Redlands, filed a complaint with the IRS asking for an investigation of Miller.

Miller has said that his use of tax code provisions to avoid capital gains taxes -- including those owed on the 165 acres he sold in Monrovia -- was appropriate.

The Monrovia sale was closely monitored and managed by Miller's congressional staff, e-mails, letters and interviews with former staff members show.

"Everyone in the office knew that even though Monrovia was not in his district, you had to make Monrovia a priority," a former aide said.

Aides said they were asked to write letters and prepare documentation for Miller's meetings with city staff members. In one letter to Hammond, the Monrovia city councilman, the congressman took pains to point out that he was acting as a private citizen. The letter was written by an aide, one former staffer said, and signed by Miller.

That letter was dated Feb. 29, 2000.

That same day, Miller made his plea before the council to buy his land. After a decade of meetings and public hearings, he had all but given up on the idea of developing the property.

In 2000, Miller's reelection campaign raised and spent a half-million dollars to defeat a Democrat with little party support and only $74,000 in campaign contributions. Miller won with 59 percent of the vote.

A similar pattern emerged in each of his next three elections: He raised large sums of money to fend off token opposition and won by landslides.

The biggest recipient of the campaign money he raised from people in his district and big donors like the National Association of Homebuilders was Miller himself, according to campaign finance records.

Miller's corporate office, located in an office park, doubles as his campaign office. But the presence of campaign activity was impossible to discern from the front office. There were no posters, pictures or bumper stickers for constituents. There were no yard signs out front, no campaign volunteers calling people to get out the vote. On election day, Miller was out of the office, a secretary said.

Yet Miller has used campaign money to pay himself for the use of the building and its equipment -- nearly $25,000 a year for the past three elections.

Federal law allows members to rent office space to themselves for campaigning under three conditions: that the rent is paid with campaign donations; that the amount is typical for the area; and that the office is used for a campaign.

This fall, of the eight California Congress members who ran with little or no opposition, only two had campaign offices. The other one, U.S. Rep. Xavier Becerra, D-Calif., of Los Angeles, paid about $8,000 for rent on an office building.

Unlike other members of Congress who have faced little opposition and raised large sums for colleagues, Miller gave just $28,000 to other campaigns, including $12,000 to the National Republican Congressional Committee.

"Gary wants to leave early to get back home on the weekends, and he doesn't want to come back early on Mondays for votes, because he's focused on his business, and he'd rather be at home," one former aide said.

According to the Washington Post's database of congressional votes, Miller missed 65 votes during this session, putting him in the top quarter for the most votes missed in the House of Representatives.

His home life often blends into his congressional work, according to e-mails and receipts. Once, staffers were told to overnight him a copy of "House Mouse Senate Mouse," a children's book about the legislative process, because he had given his copy to his grandson.

They were asked to help his son register for college classes. They were asked to check his stock prices and put together a morning report for him. And they twice bought flowers for his wife for Valentine's Day.

Miller had flowers sent to so many of his friends, family members and constituents that his chief of staff finally sent out this message in August 2001 saying, "We should be careful with the flower orders! Therefore, no one should mention any death of any resident in the district to Gary -- let Gary bring it to our attention."

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Some of the most urgent e-mails reviewed by the Times focus on scoring tickets to concerts and sporting events.

Miller has, on several occasions, interrupted his staff's congressional obligations to send them hunting for concert tickets.

A die-hard Rolling Stones fan, Miller learned in May 2002 that the band was coming to Edison Field in Anaheim that October.

"Per his instructions, we are checking with city officials, Edison contacts, etc., to see what we can come up with," states an e-mail written by an aide to Miller's chief of staff.

A few days later, the chief of staff told them to look for tickets to a Staples Center concert as well. By May 29, a Miller staffer had prepared a memo outlining four options for getting tickets. The most promising was for the Edison Field Rolling Stones show.

"I spoke to Greg Smith, who handles tickets," the aide wrote to Miller. "He said for you not to worry, they would try and take care of you."

Miller even did a little legwork himself. Using congressional letterhead, he sent a fax to the head of Ticketmaster's public affairs office. The message was short: "I am requesting four (4) very good seats for the Rolling Stones concert on Thursday, Oct. 31, 2002, at the Staples Center in Los Angeles. Please contact me as soon as possible."

Pelosi May Give Jefferson A Lesser Committee Assignment (WP)

By Charles Babington And Allan Lengel

The Washington Post, December 12, 2006

House Democratic leaders, who have vowed to run a more ethical Congress, are struggling with how to respond to the reelection of Rep. William J. Jefferson, the Louisiana Democrat whose Washington home freezer once held $90,000 in alleged bribe money.

Nancy Pelosi (D-Calif.), poised to be the next speaker, stripped Jefferson of his seat on the influential Ways and Means Committee in June and has hinted that she may place him on no committee when the 110th Congress convenes next month. But a source close to Pelosi said yesterday that she is more likely to place him on a lower-profile committee and hope the controversy dies down.

Pelosi will decide after consulting with colleagues in coming days, said the source, who would speak about the matter only on background.

Jefferson, 59, surprised many in Washington on Saturday by comfortably winning a ninth term from his New Orleans-based district. He repeatedly notes that he has not been indicted, and he won endorsements from high-level politicians such as New Orleans Mayor C. Ray Nagin.

In August 2005, federal agents raided Jefferson's homes in Washington and New Orleans as part of a corruption investigation into business dealings in Africa. The $90,000 in cash was among their findings.

The source familiar with Pelosi's thinking said that the incoming speaker wants to distance herself and her caucus from Jefferson and legal problems but that she thinks she cannot ignore that voters returned him to office when details of the investigation were well known.

Sources familiar with the probe said Jefferson will be indicted, probably in the first half of 2007. The sources, who spoke on the condition of anonymity because of the sensitivity of the case, said investigators have been looking at about a dozen business deals in the United States and Africa in which Jefferson allegedly used his official position for financial gain.

An indictment has been delayed because of a protracted legal battle over documents the FBI seized from Jefferson's office in May, according to sources. U.S. District Judge Thomas F. Hogan, who signed the search warrant, later ruled that the raid was constitutional.

The U.S. Court of Appeals in Washington delayed matters further by ruling that Jefferson had a right to challenge the FBI from reviewing documents he felt were protected under the "speech or debate" clause. Recently, the Court of Appeals gave the FBI the go-ahead to begin reviewing materials that Jefferson had acknowledged were not privileged.

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The Court of Appeals will address the challenged documents early next year. The ruling leaves open the option for federal investigators to wait for all the seized documents before indicting, or to indict on some of the alleged schemes and return later with additional charges in what is called a superseding indictment, sources said.

Roscoe C. Howard Jr., a former U.S. attorney in Washington now with the law firm Troutman Sanders, said: "There's a lot of reasons for indicting and then going back with a superseding indictment. There's certain reasons for waiting."

One reason for seeking an indictment sooner than later, he said, is that Jefferson is a public servant "who answers to a public body and people want to know answers."

But Howard said that if the prosecutor hits Jefferson with a round of charges and then hammers him again in a superseding indictment, "you're going to end up with allegations of prosecutorial misconduct" from Jefferson, trying to put the government on the defensive.

Two Jefferson associates -- former congressional aide Brett Pfeffer and Vernon L. Jackson, owner of iGate, a Louisville-based high-tech company -- have pleaded guilty to charges they bribed Jefferson to use his political influence to push through a lucrative contract in Africa to sell technology for the Internet and cable television.

Jefferson's press secretary, Melanie Rousell, declined to address the likelihood of an indictment, saying: "The voters have elected him, and he is there to serve them and represent them, and that's what he will do."

CBC Wants Jefferson's Seat Restored (HILL)

By Alexander Bolton

Hill, December 12, 2006

The Congressional Black Caucus is planning to press Democratic leaders to reinstate Rep. William Jefferson (D-La.) to the Ways and Means Committee, raising the thorny question of how leaders will handle the fate of Rep. Alan Mollohan (D-W.Va.), who has also come under ethical scrutiny.

If incoming Speaker Nancy Pelosi (D-Calif.) and fellow leaders decide to keep Jefferson off Ways and Means, they could open themselves to charges of following a double standard by allowing Mollohan to become chairman of an Appropriations subcommittee, as he is now poised to do.

Top Democrats are dealing with questions regarding what to do about Jefferson and Mollohan at the same time that they must decide how to reward lawmakers who have raised tens of thousands of dollars for the party but find themselves with less seniority than stingier colleagues on subcommittees.

The House voted in June to strip Jefferson of his Ways and Means seat, an action precipitated by Pelosi, who wanted to distance her party from the scandal that had enveloped Jefferson after the FBI raided his home and found $90,000 in his freezer.

Although Jefferson has been under investigation for months and one of his former aides pleaded guilty in January to bribing him, he has yet to be indicted.

When Jefferson lost his seat, he called for Mollohan, who also faces ethics allegations, to step down from the ranking member slot on the Science, State, Justice and Commerce and Related Agencies Appropriations subcommittee.

The renewed debate over Jefferson's fate could also spark controversy over what happens to Mollohan. A conservative watchdog group has accused the lawmaker of using his senior position on the spending subcommittee to benefit his friends and himself financially.

Jefferson has said his ousting from the committee is unprecedented, arguing that it would unjustly punish his constituents.

Pelosi and other leaders may have quietly hoped that voters in Jefferson's district would spare them from having to decide his fate, but Jefferson defied months of negative media coverage to win a runoff election with 57 percent of the vote on Saturday.

Rep. Mel Watt (D-N.C.), the chairman of the black caucus, said in an interview yesterday that Jefferson should be reinstated.

"There is no historical standard or precedent for removing someone from a committee, and … to do so disadvantages the member's constituents; it doesn't punish the members," said Watt.

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"I'm sure we'll communicate our support anew, yes, and support his effort to be reinstated," said Watt. "It's appropriate for me as chair of CBC and for the CBC, in light of previous support, to express our opinion on the issue. I'm sure we'll do it timely and in an appropriate way."

A Pelosi spokesman said leaders would weigh the views of the black caucus this week.

"This is a question for the leadership and the Steering Committee when they meet this week," said Pelosi aide Drew Hammill. "As always, they will take all views into account."

Carl Tobias, a law professor at the University of Richmond who has closely followed the government's probe of Jefferson, said that federal prosecutors seem intent on indicting him.

"My sense is that the Justice Department may well indict him in the foreseeable future," he said, adding that action has likely been held up by legal wrangling over whether the government can use documents seized from Jefferson's congressional office.

This week, the House Democratic Steering Committee, which is made up of the Democratic leadership and the chairmen of the chamber's most powerful committees, will meet to decide the membership of the so-called exclusive committees. They are Appropriations, Ways and Means, Energy and Commerce, and Financial Services.

Democratic aides expect the assignments for the remaining non-exclusive committees, such as Armed Services and Transportation and Infrastructure, to be made over the next several weeks.

Once that process is completed, members of the various committees will meet in January to decide who will take over subcommittee gavels. One big issue Democrats will have to wrestle with is how to reward members who have been prolific fundraisers, as well as how to treat senior colleagues who have done much less to help the party win the majority.

After Republicans seized the House in the mid-'90s, they made fundraising prowess a major factor in selecting key panel and subpanel chairmen.

The Science, State, Justice, and Commerce Appropriations Subcommittee, which Mollohan is in line to chair, presents a difficult scenario for Democrats.

Mollohan gave just $50,000 to the Democratic Congressional Campaign Committee (DCCC) this election cycle, according to Federal Election Committee (FEC) records. That amount is paltry compared to top Democrats on other subcommittees, such as Rep. Norm Dicks (Wash.), the most senior Democrat on the Interior Environment and Related Agencies Appropriations Subcommittee, who gave $350,000 to the party committee.

Rep. Jose Serrano (D-N.Y.), who ranks behind Mollohan on Science, State, Justice, gave $150,000 in this cycle. Serrano gave $25,000 of that total a week before Election Day.

Serrano lost his post as an Appropriations subcommittee ranking member when Republican leaders restructured the panel two years ago and is now pressing for a gavel. Some of the pressure on Mollohan may be alleviated if one or two new subcommittees are created. Incoming House and Senate Appropriations chairmen Dave Obey (D-Wis.) and Robert Byrd (D-W.Va.) are negotiating the issue.

A similar quandary may arise on the Armed Services Committee. Rep. Gene Taylor (D-Miss.) is in line to become chairman of the Projection Forces subcommittee. But Taylor has not given any money to the House Democratic fundraising committee, according to FEC records.

Rep. Ellen Tauscher (D-Calif.), who ranks behind him on the subcommittee, transferred $100,000 in excess funds to the DCCC this election cycle.

On the Judiciary Committee, Rep. Sheila Jackson Lee (D-Texas) may be making a bid to chair the Crime, Terrorism and Homeland Security Committee. Rep. Robert "Bobby" Scott (D-Va.) is listed as the most senior Democrat on that panel but has given only $16,500 to party committee coffers, according to FEC records. Jackson Lee has given $200,000. She gave $50,000 to the DCCC four days before the election and another $25,000 the day before.

She would have to relinquish the immigration subcommittee if she jumped Scott.

Choosing the chairman for the Ways and Means Human Resources subcommittee poses another problem for Democrats. Rep. Jim McDermott (D-Wash.) is the most senior member of that panel but Rep. Xavier Becerra (D-Calif.), who ranks behind him, has raised $150,000 for the DCCC this cycle. McDermott has given nothing.

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Budget Chief Seeks Hill Allies (WP)

By Lori Montgomery

The Washington Post, December 12, 2006

Rob Portman was headed to Capitol Hill, eager to listen. Democrats had just won control of the House and Senate. Portman, the former Republican congressman who now leads the White House budget office, was diving right into the troubled waters of entitlement reform.

His mission: Persuade Democrats to help rein in the skyrocketing costs of Social Security, Medicare and Medicaid, one of President Bush's top fiscal priorities.

"First, we're going to listen. We're in a listening mode," Portman said as his SUV sped along Pennsylvania Avenue. "The president wants to listen. He wants to hear what the leaders on Capitol Hill think is the best way to go."

But when Portman arrived at the Capitol, Rep. John S. Tanner (D-Tenn.), an old friend from Portman's days on the House Ways and Means Committee, was not willing to do much talking.

"I told him to stay in touch," Tanner said of their mid-November meeting. "Whether or not we can get something concrete done in the next two years, I just don't know."

Hired in the spring of 2006 to direct the Office of Management and Budget, Portman was hailed as a man who could improve ties between a sometimes imperial president and an increasingly cranky Congress, then in Republican hands. On Nov. 7, his job changed dramatically. Now the six-term congressman from Ohio has to sell the fiscal policies of a weakened and unpopular president to a bunch of bitter and distrustful Democrats.

In many ways, Bush could not have picked a better person for the job. The boyish and earnest Portman seems to be as widely admired among his former Democratic colleagues as he is by Republicans. House Democrats describe him as a reasonable guy, a committed problem-solver and an honest broker. After six years of presidential neglect, Democrats say Portman is one of the few members of the administration who has established a record of trust with the newly empowered Democratic Party.

"Rob is a very competent, pleasant individual to deal with. I enjoy working with him," said Tanner, a founding member of the Blue Dog Coalition, a group of conservative Democrats. "There's a level of trust that is pretty comforting."

But just because Democrats return Portman's phone calls does not mean they are ready to help him tame the projected growth of Social Security and federal health-care programs, which serve millions of Americans and threaten to consume a sharply escalating share of the nation's economic output as the population ages.

"If he's given the ability to really negotiate, Democrats will feel comfortable negotiating," said Sen.-elect Benjamin L. Cardin (D-Md.), who teamed with Portman in the House to pass legislation that expanded tax incentives for retirement savings. But "there's got to be a give and take," he added. "Portman is willing to do that. The question is whether his boss is going to do that."

Bush's failed proposal to divert some Social Security taxes into private accounts "cannot be part of the solution," said Cardin, who come January will move into a seat on the Senate Budget Committee.

For now, Portman is optimistic. The coming year, he said, offers "a window of opportunity."

"We have a president who only has two years and is not running again, with a Congress that, I think, is increasingly recognizing the budget challenge," Portman said. "Before the election, there was not a strong interest in joining with the president on this kind of an issue because it, understandably, didn't seem like the right thing for [Democrats] to be doing. But I think that's changed."

Portman said that he and Treasury Secretary Henry M. Paulson Jr., Bush's point man on entitlement reform, have spoken since Nov. 7 to "all the key Democrats." Portman said he spent an hour with incoming House Budget Committee Chairman John M. Spratt Jr. (D-S.C.), talking about "everything from the alternative minimum tax to the president's tax cuts" to the budget implications of the Democrats' "Six in '06" policy agenda.

Portman also has sought advice from old friends such as Tanner and Cardin, along with other Democrats who are "not afraid to take on these retirement issues," including Sen. Thomas R. Carper (Del.) and Sen. Joseph I. Lieberman (Conn.), who won reelection as an independent.

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And Portman is finding ways to be nice. He said the White House hopes for the first time to give Congress its request for supplemental war spending along with the rest of the budget in February. And both Portman and Paulson have accepted an invitation from the incoming Ways and Means Committee chairman, Rep. Charles B. Rangel (D-N.Y.), to address members at a committee retreat early next year.

"I love Charlie. I'm happy to do that," Portman said. "I was honored he asked me."

In the view of some political analysts, Portman's job may be easier under divided government because Democrats now have an interest in making progress on entitlements. So far, Portman said, no one has flatly rejected his overtures.

Still, several Democrats said the administration has a long way to go to prove its goodwill and to establish a forum where they can share ideas without fear of suffering political consequences.

"We have a bit of an Alphonse-and-Gaston routine right now of who's going to go first," Tanner said, invoking the cartoon Frenchmen famously stymied by unctuous politeness. "We've got to figure out how to get a level of trust. This is radioactive in terms of political fallout."

In Reid, Bush Faces A Tenacious Force In The Senate (USAT)

By William M. Welch

USA Today, December 12, 2006

SEARCHLIGHT, Nev. — When President Bush invited the incoming Senate majority leader to the White House last month, three days after voters put Democrats in charge of Congress, he noted they have things in common that could help them cooperate.

"Sen. (Harry) Reid and I are both from the West," Bush said. "And we tend to speak the same language."

Out here in Reid's wind-blown patch of the Mojave Desert, the Democratic senator from Nevada says he doesn't feel much kinship with the Republican president, regional or otherwise.

"When I was growing up, I didn't go to Kennebunkport or Yale or anyplace like that," he says, referring to the Bush family vacation home in Maine and the president's Ivy League alma mater. "This is my home. This is where I grew up.

"I don't have much blue blood in me that's for sure."

Reid, 67, takes over as majority leader in January and becomes the man Bush will have to deal with if he hopes to win legislation in his remaining two years in office. The Republicans' 49-seat minority leaves them with power to block Democratic initiatives, but his majority will allow Reid to control what issues the Senate considers — and determine whether Bush's proposals and nominations even get an airing.

In Reid, Bush and his party face an opposition leader who has earned a reputation for toughness.

"He's plain spoken, no B.S., and has a sense of right and wrong like iron," says Reid's colleague, Sen. Charles Schumer, D-N.Y.

"He's very shrewd and very effective," says Nevada's other senator, Republican John Ensign. "Behind the scenes he is tenacious."

Born into a gold miner's family in this played-out mining town in 1939, Reid was raised in a home built of scavenged creosote-soaked railroad ties where drinking was the one constant. As a child he accompanied his father hundreds of feet underground to pick for ore that others had given up on. "I would go to keep him company," he says. "There wasn't much else to do."

His father dug graves at the town cemetery and suffered "powder headaches" from underground dynamiting. He shot himself to death at age 58.

After the eighth grade, school was over for Searchlight kids in the 1950s. Reid hitchhiked 43 miles each week to Henderson, where he stayed with local families, to go to high school. He was a Golden Glove middleweight boxer often called on to fill out the bill on fight night at Las Vegas casinos. He never was knocked out. "My nose is rubber," he laughs now.

When he graduated, local businessmen helped finance college in Utah. Reid worked his way through law school in Washington as a Capitol Police officer.

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He was elected lieutenant governor of Nevada at age 30. After losing his first Senate race in 1974, Reid was appointed to head the Nevada Gaming Commission. His job was to move casinos from an era of organized crime to corporate control. He and his family survived an attempt to bomb their car. In phone calls captured by FBI wiretaps a mobster derided Reid as "Mr. Clean."

Hometown's colorful past

From hard-scrabble beginnings here Reid has risen to become the most successful politician that conservative but unrepressed Nevada has ever produced.

His photograph hangs in the center of Terrible's, the casino, bar, service station and McDonald's under one roof at the center of modern Searchlight.

"I am the highest ranking official ever in the state of Nevada and people remind me of that all the time," Reid says.

He was elected to the Senate in 1986 and has been re-elected three times. In 1998 he won re-election over Ensign by just 428 votes out of more than 400,000 cast. The Republican won a seat two years later and since then the pair have become political partners of a sort for Nevada's gambling, tourism, mining and land interests.

"We just have an agreement to let each other do our jobs," Ensign says. "We don't criticize each other."

Reid may be the only Senate majority leader who can say he learned to swim at a brothel.

The El Rey was one of a dozen or so illegal houses of prostitution that were the main attraction in Searchlight from the 1930s, after gold mining had collapsed, to the 1960s, when a new sheriff shut down the trade. Legal prostitution exists in some parts of Nevada today though not in Searchlight or Las Vegas, 60 miles to the north. It is a local option, up to each county in Nevada, the only state where sex for pay is legal.

"Prostitution was the name of the game here," Reid recalls. "On military payday this town was hopping."

Reid has recounted much of this tiny town's colorful past in a book he wrote, Searchlight: The Camp That Didn't Fail, published in 1998 by the University of Nevada Press. He doesn't reveal much of his own experience in that book, but he recounted his past during an interview last weekend at the home he and his wife, Landra, built here, next to the double-wide trailer they once called home.

Willie Martello ran the El Rey and built a concrete swimming pool for his employees to use. "It was the high class bordello of town," Reid recalls. "One afternoon a week, that pool was ours. The kids of Searchlight came out and swam. Willie was very nice to us."

Only a vacant lot remains, just south of a one-story brick motel by the same name. Reid points it out on a tour of Searchlight.

It's a town where the population was just 572 in the 2000 Census, a gas stop between Las Vegas and Colorado River resorts to the southeast.

Reid was raised without any religion in his home. "It wasn't part of the deal," he says. He and Landra, who was Jewish, decided to become Mormons. Reid said the main attraction was that his Mormon friends were so nice to him when he was struggling to move beyond Searchlight.

Reid sometimes seems an oddity, a quiet, soft-spoken Mormon who represents gambling and a city, Las Vegas, that has become a world-class destination by marketing sin. He doesn't gamble, he says.

Reid has come under fire, however, for his handling of a 2004 sale of Las Vegas property that netted a $700,000 gain. The Associated Press reported this fall that Reid had "sold" the property to a limited liability corporation that he co-owned in 2001 with Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial and in other prior organized crime investigations.

Reid didn't tell Congress he had a stake in the company, the AP said. He had reported on Senate financial disclosure forms that he still owned the property and insists that legally he did. However, in October following the story Reid amended four years of ethics forms to include the corporation.

Reid says he did nothing wrong and dismisses the issue as a technical omission of the corporation on his disclosure forms.

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He also drew attention for another report that he had accepted a free seat at a Las Vegas boxing match. He said the state's boxing commission routinely provides credentials, with no price tag, to some guests, and that it had been cleared by the Senate ethics committee. But he says he's learned his lesson.

"No one ever suggested I did anything illegal or unethical. But it didn't look right for me sitting there," he says.

Working together

Reid plugs his iPod into his stereo and plays a Kinky Freidman country song for his visitor.

He has been harshly critical of Bush, calling him a "liar" during the campaign. He opposed invading Iraq and essentially shut down the Senate to force discussion of Bush's use of intelligence.

In the aftermath of last month's elections, which propelled Reid into the majority, Bush told Reid he wanted to work together.

"I said, 'Mr. President, that's what you said two years ago. I hope it works out better,' " Reid recalls.

He hasn't talked with Bush since their White House meeting in early November, but he is encouraged by contacts from Bush's top aides.

"The president has to realize he has 25% of his presidency left. That's it. The first 75% has been squandered. And I would hope he realizes, as I do, that if he's getting anything accomplished he has to work with me. If I'm getting anything done, I have to work with him."

High Court's Majestic Library Off Limits (USAT)

By Joan Biskupic

USA Today, December 12, 2006

WASHINGTON — "You could look it up," goes the adage.

These days at the Supreme Court, you can't — very easily, anyway.

For the past 18 months, the elaborate oak-paneled library at the court has been closed to the public. It's a casualty of a protracted, $122 million overall modernization project at the marble-columned building across the street from the U.S. Capitol.

Most of the library's 600,000 volumes are being stored in offices five blocks away.

The library, with its looming arches, intricate carvings and glass chandeliers, was scheduled to reopen to the public this fall. However, construction delays have led the court to put off its reopening until at least 2008.

Lawyers who are members of the Supreme Court bar still can work in the magnificent reading room, but their access to the volumes comes only through a twice-daily courier service to the library's temporary storage facility at a nearby office building named after the late Justice Thurgood Marshall.

"We regret any inconvenience to the public," court spokeswoman Kathy Arberg says, "but when the library reopens, researchers will find better working facilities and improved access to the records and briefs."

'It's calming, yet inspiring'

The overall renovation project — which included replacing the original electrical and mechanical systems in the 71-year-old building — initially was projected for completion in summer 2008. The target date now is December 2009, Arberg says.

The delays have been caused by a series of unforeseen situations, she says. Architectural drawings from 1935 did not fully show the details of the building. For example, once workers got into the ceiling area of the ground floor, Arberg says, they realized that the space was not as large as it appeared in designs. Ductwork and wiring had to be modified. Eva Malecki, a spokeswoman for the Architect of the Capitol, which is overseeing the project, says the entire undertaking remains within budget.

All the commotion, however, has created an unusual sense of disorder at the normally dignified structure that houses the nation's highest court. The nine justices have been able to stay in their chambers, but news reporters and clerks and other administrative personnel have been uprooted from their offices by the construction. They are working in trailers.

In a grand, Corinthian-style building rife with architectural detail, the library stands out. Elaborate woodcarvings fill every nook and cranny, reflecting traits such as wisdom and depicting ancient lawgivers such as Justinian.

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"It's calming, yet inspiring," says Washington lawyer Seth Waxman, a former U.S. solicitor general, who says he has found refuge in the library for more than 20 years. "I personally find that working there helps give me a sense of the majesty … of judicial review."

However, Waxman says he has not used the library much recently "because it is a little chaotic."

References old and new

The modernization efforts are taking place largely outside of public view. However, in the library, exhibit cases and tables have been moved around and sections of the plush crimson carpet are protected by tarps.

When the third-floor expanse is fully stocked, it holds 600,000 volumes and 200,000 microforms. It also is home to 23,000 historic books donated by Elbridge Gerry that helped start the collection. Gerry inherited the volumes from his grandfather of the same name, who was a governor of Massachusetts. The elder Gerry (1744-1814) allowed voting districts to be drawn along political lines, giving rise to the enduring term "gerrymander" to describe the dividing of districts to give one party an advantage.

Five blocks away, the Marshall building temporarily is housing most of the library's books and all of its microforms. The reference materials have remained available to the justices and lawyers who are members of the Supreme Court bar through the courier system.

Transcripts now online

Members of the public do not have such access to the law books. Before the renovation began, however, the public could look up case briefs, transcripts of oral arguments and other public records in the library.

Now, the only option for the public to view such records from past cases is the law library of the Library of Congress, two blocks from the high court. The Supreme Court also has begun posting transcripts of oral arguments on its Internet site (www.supremecourtus.gov).

It's unclear how many people have been inconvenienced by the library's scaled-back services; the staff did not count public visitors. However, even some lawyers who regularly have used the library have been surprised to find the books gone.

Richard Taranto, a Washington lawyer and former Supreme Court law clerk says that "one day I showed up to do some research, walked to the stacks at the back of the main reading room, and discovered three stories of empty metal stacks.

"I now head for the Library of Congress law library."

Foreign Service Hiring Gets A Re-Exam (WP)

By Elizabeth Williamson

The Washington Post, December 12, 2006

For generations, the United States has selected its diplomats through a two-stage test seen as a model of merit-based rigor. Pass hundreds of questions in a dozen subject areas and a day-long oral grilling by Foreign Service officers, and join the ranks. Fail, and find a different line of work.

No more. In a proposed overhaul of its hiring process slated for next year and to be announced to employees in coming days, the State Department would weigh r?sum?s, references and intangibles such as "team-building skills" in choosing who represents the United States abroad, according to three people involved in the process. The written test would survive, but in a shortened form that would not be treated as the key first hurdle it has been for more than 70 years.

State Department Director General George M. Staples said the goal of the new "Total Candidate" approach -- which has the support of Secretary of State Condoleezza Rice -- is to "improve our ability to find the best . . . compete more effectively with the private sector to attract the best, and . . . make our process faster in hiring the best," according to a draft cable to employees.

But some career officers and foreign policy types worry that the new hiring process could dumb down or politicize the Foreign Service, whose reputation for selectivity helps make it one of government's most desirable career paths.

"As long as these changes are done fairly, we have no problem," said Steve Kashkett, State Department vice president for the American Foreign Service Association, the department's labor union and professional association. "We would vigorously oppose any aspect of changes to the Foreign Service entry process that would allow for any politicization of the selection."

The revamp is slated for next year, if the department secures the money needed to pursue it. The decision comes as official Washington grapples with its biggest hiring challenge in decades: finding fresh faces to replace a tsunami of retiring baby

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boomers. Over the next decade, 60 percent of federal workers will reach retirement age, according to the Washington-based Partnership for Public Service. Yet most people between the ages of 18 and 29 feel the private sector offers more creativity and attracts the best minds, according to a new Gallup survey.

"The truth is, there is a war for talent," said one of those people planning the overhaul. Yet the State Department suffers less in that talent war than do many government agencies. State consistently is rated by civil servants as one of the best places to work in the federal government, according to the Partnership for Public Service. In a survey this year by BusinessWeek magazine, college undergraduates and career recruiters placed the State Department among the nation's top 10 employers for new graduates. The nine others on the list were private-sector companies, including Walt Disney, General Electric and Goldman Sachs.

Once every year, nearly 20,000 diplomatic hopefuls walk into a meeting room somewhere in the United States or abroad, are handed a blue essay book and a shot at a Foreign Service career. Over half a day, these applicants are tested on their knowledge of such topics as democratic philosophy, international law, world history and geography, along with math and English skills. The State Department warns that the only way to prepare is to "read widely," offering a study list of hundreds of texts.

Those who make the cut endure a half-day oral grilling by Foreign Service officers, meant to test qualities such as judgment and management skills. Each year, only a few hundred clear both hurdles and embark on a career abroad.

The proposed Total Candidate approach, born of a study by consultants McKinsey & Co., envisions a shorter, automated written test, offered several times a year at a commercial testing facility. It would be weighed along with a "structured" r?sum?, submitted online, that State Department examiners would use to gauge work experience and references, along with less traditional qualities of leadership and people skills. The oral exam would remain the final test for entry.

"Instead of just looking at how well somebody does on the test, there's an opportunity to look at all these factors," said the person involved in the plan. "It may be that we look at r?sum?s first and then at test scores. Both factors are going to be important."

The new approach would cut the hiring process roughly in half, to about six months, to better compete with companies that can offer promising candidates a job on the spot. The number of applicants is expected to decline, but to attract a greater range of experience and skills.

McKinsey acknowledged that the current hiring process is a proven predictor of candidate success. And for Foreign Service officers, the written test is a rite of passage, and source of pride.

"The sense that everybody passed this exam is important," said Richard C. Holbrooke, the former U.S. ambassador to the United Nations who brokered the Dayton peace accords, which ended the Bosnian war in 1995. Holbrooke entered the Foreign Service fresh out of Brown University, in 1962.

Holbrooke recalled that in addressing his Foreign Service class, then-Secretary of State Dean Rusk "made a big point of telling us that we had come in on our merit, and neither he nor anyone else could influence the process."

Set against that backdrop, "this looks like a lowering of the standards for entry . . . at a time when their focus ought to be on training diplomats for the real challenges of the 21st century," Holbrooke said.

It's A New Mr. Bush, At Least On TV (NYT)

By Jim Rutenberg

The New York Times, December 12, 2006

Washington is watching closely to see whether President Bush will change much when he faces a new, Democratic Congress. But his character on "Saturday Night Live" already has. Previously played by Will Forte, Mr. Bush is now being played by Jason Sudeikis. Lorne Michaels, the NBC television show's executive producer, said that where Mr. Forte played Mr. Bush as whiny and beleaguered, Mr. Sudeikis, below, is playing him as having "absolute confidence and buoyancy." But in a sign that the world is starting to look past Mr. Bush's tenure, Mr. Michaels said he was freeing up Mr. Forte to play a new political role eventually: that of one of the 2008 contenders.

Reckless With Food Safety (NYT)

The New York Times, December 12, 2006

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The linkage is troubling. There are sharp cuts in the budget and staff for the federal agency charged with keeping the nation's supply of fresh produce safe — and soon we are faced with repeated cases of food poisoning from vegetables and fruits.

Two outbreaks of bacterial poisoning from fresh produce over the past three months, and a possible third that is still under investigation, raise doubts about the Food and Drug Administration's ability to inspect and monitor conditions on the nation's farms and in the plants that package and process their produce.

After 9/11, the F.D.A. received a brief infusion of new money to bolster its inspections lest terrorists be able to contaminate the food supply. But that zeal soon wore off, and the Bush administration and Congress began reining in domestic spending to help pay for tax cuts for the wealthy and the war in Iraq. As Andrew Martin reported in Monday's Times, operating funds for the F.D.A.'s Center for Food Safety and Applied Nutrition have dropped from $48 million in 2003 to an estimated $25 million for next year. Over the same period, the number of full-time inspectors fell from about 2,200 to 1,962.

Although F.D.A. officials insist that funding constraints have not hampered its work, that seems hard to believe given that the number of inspections for food safety fell sharply from 2005 to 2006. Meanwhile, the agency's workload has been rising steadily as health-conscious Americans eat more fruit and vegetables.

The Agriculture Department, which regulates meat and poultry, has had success in recent years cutting the number of bacterial outbreaks. It has a food safety budget more than twice the size of the F.D.A.'s, and it has almost four times as many inspectors to monitor far fewer plants. While the Agriculture Department typically has inspectors sitting in meat processing plants — empowered to shut them down to correct safety problems — the understaffed F.D.A. infrequently inspects the plants that package or process fruits and vegetables, and almost never inspects the growing fields until after a crisis arises.

At a minimum, Congress needs to provide the F.D.A. with more money and more inspectors to monitor the safety of fresh produce all the way from field to consumer. It should also abandon the fiction that voluntary guidelines to ensure safe food production can do the job, and insist instead on some kind of mandatory regulation.

It is also time to revive the long-languishing notion that all of the government's disparate food regulation activities should be combined into a single, fully empowered agency. It is absurd that lettuce should be regulated more lightly than beefsteak.

OTHER NEWS:

Fed Expected To Keep Interest Rates On Hold (FT)

By Krishna Guha In Washington

Financial Times, December 12, 2006

With the Federal Reserve almost certain to keep interest rates on hold at 5.25 per cent at its policy meeting on Tuesday, attention will focus on whether its statement concedes any ground to the market's belief that the outlook for growth has deteriorated and interest rate cuts will ultimately have to follow.

Since the Fed's last policy meeting, in late October, the risks to growth appear to have increased a little, with greater evidence of a slowdown in manufacturing weighing in alongside the continued painful correction in the housing sector.

While there are some signs that the level of mortgage applications and home sale turnover may be levelling out, high levels of unsold homes suggest that there remain downside risks to home construction and house prices. Moreover, the risks to inflation may have diminished a little, with the first break in a relentless series of high core consumer price inflation reports, and downward revisions to the profile of labour costs earlier in the year.

The economy as a whole still seems to be in reasonable shape, with activity in the services sector buoyant and continued strong employment gains. Weakness in manufacturing may be no more than an inventory correction that will unwind early next year.

Although Fed policymakers see reduced risk of a further upward spike in inflation, they remain anxious to ensure that it continues to ebb, and does not get stuck at its present rate.

As Ben Bernanke, the Fed chairman, has often said, Fed policy is forward-looking, so it will not alter its stance in response to weakness in the current quarter unless this changes its sense of where the economy will be in the second half of 2007.

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Since the last Fed meeting, financial conditions have already eased noticeably, with long-term interest rates very low and a slide in the dollar. This acts as an automatic stabiliser for the economy, reducing the immediate pressure on the Fed to respond with policy actions.

While the Fed will base its statement on its sense of the economic outlook, it will be wary of making any changes that might further encourage the market to believe that rate cuts next year are a racing certainty.

There remains a small chance that the Fed will move to an even balance of risks statement today (putting equal weight on the risks to growth and inflation). This, though, could be misinterpreted as simply a precursor to rate cuts.

US Employers Set To Tighten Hiring Plans (FT)

By Doug Cameron In Chicago

Financial Times, December 12, 2006

US employers are expected to tighten their hiring plans in key sectors, such as finance and durable goods, for the second consecutive quarter, according to the latest survey by Manpower, the world's largest temporary employment group.

The quarterly review, out on Tuesday, reveals accelerated hiring plans in most of Europe and Asia, including the most buoyant expectations in Germany and Japan since the survey started and will add weight to hopes of a soft landing for the US -economy.

Jeff Joerres, Manpower's chairman and chief executive, said there had been a "subtle downward shift" in the US in spite of two years of steady expansion that had seen about 150,000 staff added to payrolls a month.

Mr Joerres said employers remained cautious about adding workers before new demand arrived, but there was a balancing between declines in employment in the car sector and gains in other manufacturing and service businesses.

Manpower's seasonally adjusted net employment outlook for the US – the percentage of companies anticipating increased hiring minus those expecting a decrease – fell to 19 for the three months to March 31, one point down on the previous quarter and the same period in 2006.

"What I'm seeing in the US is one of the first times we have seen a true soft landing," said Mr Joerres. "You can almost feel the economy come in without hitting the runway hard."

The survey of 50,000 employers in 27 countries has provided a useful leading indicator of hiring trends and economic activity, though the first quarter is traditionally slower because of the impact of the winter in the northern hemisphere.

Meanwhile, The US Federal Reserve is due to convene on Tuesday for its final policymaking meeting of the year. Better-than-expected employment reports have countered more pessimistic signals from consumer confidence and manufacturing data, and damped speculation that interest rates could be eased early next year in spite of continuing inflationary pressures.

Mr Joerres said employers in 20 of the 27 economies reported more robust hiring plans than a year ago.

The Organisation for Economic Co-operation and Development expects real gross domestic product growth in the US to slow from 3.3 per cent this year to 2.4 per cent in 2007, below the 2.5 per cent expectation for the OECD as a whole.

Homes For Sale In Metro Areas Fall (WSJ)

By James R. Hagerty

The Wall Street Journal, December 12, 2006

The number of homes listed for sale in 18 major U.S. metropolitan areas at the end of November was down 4% from a month earlier, according to data compiled by ZipRealty Inc., a national real-estate brokerage firm in Emeryville, Calif.

The decline is an encouraging sign for home sellers. Prices have been falling in recent months in many areas, largely because of a glut of unsold homes, and are unlikely to rise again until inventories come down.

The ZipRealty data cover listings of single-family homes, condominiums and town houses on local multiple-listing services.

Inventories of previously occupied homes typically decline modestly in November in most parts of the country, as the approach of the holidays prompts some sellers to take their homes off the market until the new year. During the past 20 years, national inventories have declined by an average of about 2% in November from October, according to Credit Suisse Group.

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The U.S. housing market generally has been cooling since mid-2005. Lately, the market has been sending mixed signals, fueling debate about how long the downturn will persist. The National Association of Realtors yesterday predicted sales of previously occupied homes will "rise gradually in 2007 from current levels."

The NAR quoted its chief economist, David Lereah, as saying: "Most of the correction in home prices is behind us, but general gains in value next year will be modest by historical standards." Some other economists expect downward pressure on prices to persist at least through 2007.

One positive sign is that an index of applications for home-purchase mortgages, reported weekly by the Mortgage Bankers Association, has trended upward after falling steeply in late 2005 and the first half of this year. Mortgage interest rates have been declining, making housing more affordable.

Arthur Frank, a mortgage strategist at Barclays Capital in New York, said in an interview that he believes average home prices will rise 2% to 3% next year, though prices probably will decline in some areas.

Richard Berner, an economist at Morgan Stanley & Co. in New York, cautioned in a report last week that signs of a bottoming out in the housing market "may be a false dawn." Buyers have an incentive to hold off in anticipation of price cuts from home builders caught with too many unsold houses, Mr. Berner wrote, and the house-buying frenzy of recent years has left little pent-up demand.

Wholesale Inventories Climb

U.S. wholesale inventories expanded more than expected during October as demand took another spill amid the economy's slowdown.

Wholesalers' inventories increased by 0.8% to a seasonally adjusted $392.92 billion, the Commerce Department said Monday. September inventories advanced by 0.7%, adjusted from a previously reported 0.8% climb. The 0.8% increase in October wholesale inventories exceeded Wall Street expectations for a 0.5% increase.

The report showed wholesale sales decreased by 0.5% in October to $327.78 billion. That followed a 1.5% drop in September, revised from the 1.2% decrease previously reported for that month. Year-to-year, wholesale inventories outpaced sales growth during October. Stocks were up 10.1%, while sales rose 5.9%.

Wholesalers in October had enough goods on hand to last 1.20 months, up from 1.18 in September and the highest level since 1.20 in June 2005. The inventory-to-sales ratio stood at 1.15 months in October 2005.

In its latest report on gross domestic product, released Nov. 29, the government revised GDP growth for the third quarter higher, partly because accumulation of inventories was stronger than first thought. Inventories of all types of businesses, including wholesalers, increased by $58.0 billion, instead of $50.7 billion as earlier estimated. While greater inventory accumulation adds to GDP, it also can cut into future production and, thus, lead to weaker economic growth.

Inventories of durable goods -- meant to last three or more years -- increased 0.7% in October. Durable goods sales declined 0.4%. Auto inventories climbed by 0.9% in October; sales in this sector rose 2.5%. Computer equipment stocks rose 2.3%. Electrical inventories advanced 2.8%.

Inventories of nondurable goods increased 0.9% in October, after going down 0.7% the previous month. Farm products stocks surged 23.2%. Petroleum stocks fell 1.0%. Nondurables sales decreased 0.6% in October, after dropping 2.3% the previous month. Petroleum sales were 5.1% lower.

Stocks Step Up On Eve Of Fed Meeting (USAT)

By Matt Krantz

USA Today, December 12, 2006

Stocks inched higher Monday on chatter regarding several buyouts and ahead of what's expected to be a uneventful Federal Reserve meeting today.

The Dow Jones industrial average gained 20.99 points to 12,328.48, inching closer to another record high this year. The measure of blue-chip stocks has gained 15% this year, making it the best performer among the three most-popular market measures.

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Meanwhile, the Standard & Poor's 500 index added 3.20 points to 1413.04, extending its gains last week. The S&P 500 is up 13.2% this year, lifted primarily by stocks in the steel, office REITs and metals and mining industries.

And the tech-heavy Nasdaq composite index rose 5.50 points to 2442.86, pushing it up 10.8% this year.

Investors are "chasing performance until the end of the year" now that they're convinced the Federal Reserve won't move short-term interest rates at today's meeting, says Todd Leone, trader at SG Cowen. "The market has a better tone."

There was also some buyout activity. American International Group gained 65 cents to $71 after its investment arm bought several U.S. port operations from Dubai Ports World for an undisclosed sum (story, 4B).

Meanwhile, hedge fund SAC Capital said it has taken more than a 5% stake in miner Phelps Dodge. SAC says it will oppose Phelps' pending acquisition by Freeport-McMoRan. Phelps Dodge fell 80 cents to $122.87, and Freeport-McMoRan lost 46 cents to $61.35.

There were some blowups too. Biotechs Nuvelo and NeoPharm sank $15.50 to $4.05 and $4.56 to $2.16, respectively, on disappointing drug trial results.

But the market's strong performance in December is justified, even after what's been a big rally this year, since inflation is tame and the Fed is largely sidelined for now, says Charles Mayer of money-management firm Pioneer Investments. Investment and private equity firms are eager to deploy uninvested cash by year's end. "Cash does not look so good on accounts," he says.

Investors are also relieved the economy appears to be slowing enough, but not too much, says David Joy of RiverSource Investments. "You have to give the good news the benefit of the doubt," he says.

But Joy still harbors worries investors may be too optimistic. "We've gone so long now without a correction. I'm always a little cautious," he says.

Consumption Gap (NYT)

The New York Times, December 12, 2006

Conservative economists often argue that wage stagnation and income inequality are not as big a threat to Americans' standard of living as they've been made out to be. In their view, how much one buys — rather than how much one makes — is a better measure of economic well-being.

In a recent article in The National Review, researchers at the American Enterprise Institute asserted just that, saying that when you look at how much the middle class is consuming, they're "even doing better than the upper crust."

Why make a fuss over other grim economic statistics if everyone manages to keep buying things?

Here's why. The assertion — that the middle class has out-consumed the "upper crust" during the Bush years — is false, the result of rosy assumptions that turned out to be wrong.

Researchers at two other think tanks, the Center on Budget and Policy Priorities and the Economic Policy Institute, reworked the figures, including newly available spending data for 2005. There is no dispute among the various researchers over the new findings. Over all, consumption is growing. But the growth is unbalanced, consistent with the wide disparity in wages and income that has characterized the Bush years.

Consumer spending by low-income households is way down since 2001. Over the same period, spending by high-income Americans has been robust, supported, in part, by generous tax cuts. In 2005, the top 20 percent of households made 39 percent of all consumer expenditures, the highest share since the government started keeping track in 1984.

The information on middle-income households is mixed, with some data showing a decline in their spending during the Bush era and some showing an increase. But there is no question that spending by the middle class has been weaker in the current economic expansion than in previous recoveries.

It would be nice if by some magic Americans could spend their way out of today's economic woes. But the gathering evidence shows that growing income inequality has fostered consumption inequality as well. It's time for policy makers to acknowledge that such inequality is an economic and social ill — and to start finding cures.

Plagiarism And 'Atonement' (WSJ)

By Eugene Volokh

The Wall Street Journal, December 12, 2006

DOJ_NMG_0105626

Two nurses, both aspiring novelists, helped tend British soldiers during World War II. Briony, the protagonist of Ian McEwan's award-winning novel "Atonement," is fictional. The late Lucilla Andrews is real: She became an author, pioneering romantic "hospital fiction," and also wrote a memoir of her war years. Therein lies the latest plagiarism scandalette to hit the news, sparked by an article in the British press. To be a credible character in a historical novel, Briony had to do the things wartime nurses did, and see the things they saw. It is no surprise that Mr. McEwan read Andrews's book when researching his own; and several passages from his book strongly resemble passages from her memoir.

"Our 'nursing' seldom involved more than dabbing gentian violet on ringworm, aquaflavine emulsion on cuts and scratches, lead lotion on bruises and sprains," wrote Andrews (to give one example). "In the way of medical treatments, she had already dabbed gentian violet on ringworm, aquaflavine emulsion on a cut, and painted lead lotion on a bruise. But mostly she was a maid," wrote Mr. McEwan.

Plagiarism? Legally actionable? Ethically reprehensible? Bad manners? Or good research, needed to produce accurate historical fiction?

Plagiarism is easy to condemn but often hard to define. This is partly because the legal rules differ sharply from the ethical ones, and the ethical rules in scholarship, journalism and fiction differ from each other. And it is partly because the rules for using the facts uncovered by writers of history -- whether memoirists, historians or contemporaneous journalists -- must be different from the rules for using the original phrases that the writers created.

Let's start with the law. It generally bans not plagiarism as such, but rather copyright infringement. (Trademark law might play a role in extreme plagiarism cases, but not in the typical ones.) And copyright infringement is both broader and narrower than what most people see as "plagiarism."

For instance, an author can be held liable under copyright law even when he credits the original source from which he copies. The law concerns itself more with protecting authors' ability to profit from their works than with ensuring credit where credit is due. So if I translate Mr. McEwan's novel into Russian without his permission, trumpeting Mr. McEwan's authorship and saying that I am merely the translator, I am a copyright infringer, though not a plagiarist.

On the other hand, an author is not liable for copying the facts that others have discovered, regardless of whether he gives credit. Copyright law doesn't give authors exclusive rights to facts, because such a monopoly would undermine debate, scholarship and literature. If I write a scholarly legal article that uses without attribution historical facts uncovered by another scholar, my failure to attribute is a serious ethical breach -- but not copyright infringement.

So on to professional ethics, which properly differs depending on the profession. Academics have the most stringent obligations. If I write an academic work using, without attribution, facts uncovered by another historian, I commit two sins: First, I falsely claim originality for my own work. Second, I wrongly deny a scholar credit that is important to the scholar's reputation. The academic must therefore scrupulously attribute those facts that others have uncovered, and the long and heavily footnoted format of academic books and articles makes this easy.

But the rules for newspaper articles that mention historical matters are different. Such articles usually don't claim originality of historical research; no reader would assume that snippets of history in an article about modern-day Iraq stem from the journalist's own archival research. The articles do not generally deny historians due professional credit: Scholars get professional respect chiefly based on other scholars' use of their work, not based on citations by reporters. And because space is short, and good journalism often relies on multiple historical sources, newspaper articles can't be expected to acknowledge each historian whose work the journalist used.

The rules for novels are in between. Novelists are similar to journalists, but they do have space at the end of the book to briefly acknowledge the historical works on which they rely, without distracting from the novel's flow. If you've relied substantially on another's work, acknowledging this is the kind thing to do. Omitting the acknowledgment probably isn't unethical; it's not a lie, or the denial of the credit needed for success in the original author's profession. But it isn't very nice.

Yet what about copying not just facts, but also another author's words, either literally or in a close paraphrase? Would a general acknowledgment at the end of the book be enough to justify this? Or is such copying impermissible, at least unless you expressly note it using quotation marks, or by writing "as Lucilla Andrews said"? In academic work, the answer is simple: Quote the original, and insert a footnote at the place you quote it. But what about a novel?

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A historical novel, to be accurate, must borrow those words needed to accurately reproduce the historical facts, even when the facts were uncovered by others. If nurses treated ringworm by dabbing gentian violet on it, that's what they did, and novelists must be able to say so. Nor can a novelist note the borrowing using quotation marks and footnotes, as they would interrupt the novel's flow. Writers who strive for factual accuracy must thus remain free to closely paraphrase the factual accounts of others.

On the other hand, when the historian or memoirist depicted the facts in a colorful way that she herself created, the particular words shouldn't be copied, at least without express acknowledgment. A historical novelist is responsible for creating his own colorful descriptions.

So where does this leave Mr. McEwan? Likely not guilty on any of the counts, if the account in the newspaper that first broke the story (the Nov. 26 Daily Mail) is thorough. Mr. McEwan borrowed facts, and those words that accurately described the facts. He is not guilty of copyright infringement, or of taking another's original expression without specific notation. And while he did rely on Andrews's autobiography, his acknowledgments page noted being "indebted" to Andrews and her book. Any such acknowledgment could always be made more prominent; but it appears to have been prominent enough.

More broadly, we should recognize that not all use of another's words requires detailed acknowledgment. Words represent facts; and facts, once revealed, are there to be used, including in novelists' unfootnoted prose.

Recount Confirms Pryce Won Re-election (AP)

By Julie Carr Smyth

AP, December 12, 2006

A congressional race that was so close it triggered an automatic recount finally wrapped up Monday with officials confirming Republican Rep. Deborah Pryce had won.

Pryce ended Election Night 1,055 votes ahead of Democrat Mary Jo Kilroy, but the difference was within a half-percentage point, which requires an automatic recount under Ohio law.

The recount numbers, released Monday, showed Pryce had gained 7 more votes, to win with 110,739 votes to 109,677 for Kilroy.

The close margin of victory was not lost on Pryce. She said that, while she was gratified to retain the seat, she got a clear message from her constituents.

"There was a lot of disenchantment with government as it was," she said. "We all went through this election process. We'll take that message back."

The two women waged one of the country's most closely watched races, with Pryce — as the House's No. 4 Republican leader — seen by national Democrats as vulnerable on the war on Iraq and her championing of President Bush's failed Social Security privatization plan.

Kilroy also sought to capitalize on Pryce's close relationship with former U.S. Rep. Mark Foley, whose sordid electronic messages to underage pages became a campaign issue in the final weeks.

The new totals will remain unofficial until the Franklin County Board of Elections meets later this week to confirm the results.

The recount was the largest nationally to match up electronic results against totals collected on voter-verified paper audit tapes on machines made by Election Systems & Software Inc., one of the primary vendors of electronic-voting technology. machines, Franklin County elections director Matthew Damschroder said.

The board exceeded state minimum requirements for the recount and tallied more than 10 percent of votes by hand, rather than the mandatory 3 percent, he said.

"It was important for us because of the closeness of the contest, the first time we were using this voting system, and actually looking at the notoriety of the contest nationally, for us to go above and beyond the requirements of the state to give that full proof of the accuracy," Damschroder said.

Don McTigue, a lawyer representing Kilroy, said she was on jury duty and unavailable by telephone Monday.

Nationally, one House race has yet to be decided: In Texas, GOP Rep. Henry Bonilla faces Democratic former Rep. Ciro Rodriguez in a runoff Tuesday.

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In Florida, Democrat Christine Jennings is contesting her election loss to Republican Vern Buchanan, who was certified the winner of a race to replace Rep. Katherine Harris.

Jennings, who trailed Buchanan by 369 votes after a manual recount, has argued that the machines malfunctioned in Sarasota County, where many voters attended a public hearing after the election to complain that their vote didn't properly register.

What's Driving Obama-mania? (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 12, 2006

MANCHESTER, N.H.

With standing room crowds chanting for the star to show, Sunday's Democratic fundraiser could have been a rock concert. But it was only Sen. Barack Obama's first visit to the nation's first primary state.

If Senator Obama should jump into the Democratic presidential primary, where he is now ranked just behind Sen. Hillary Rodham Clinton of New York in recent polls, Democrats in the land of retail politics wonder if there's a living room big enough to hold the throngs who'd come to hear him.

"Right now, he's a rock star. Getting 1,500 people out on a Sunday afternoon ... says something different is going on here," says Jim Craig, former Democratic leader in the New Hampshire House.

So what's driving Obama-mania?

It isn't a single set of issues such as the war or the economy. Rather, the attraction seems to be a mix of Obama's own compelling personal narrative and many voters' desire for a less caustic brand of politics.

"It's the sense that you're in the presence of someone who is touched with the gift of grace," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J. Obama, Illinois' junior senator, exemplifies the hope that there's some way to triumph over the intense polarization of American politics, he adds.

A barely known state lawmaker and community organizer in Chicago, Obama shot to superstar status after an electrifying speech at the 2004 Democratic national convention in Boston. With a father from Kenya and a mother from Kansas, he embodies two racial cultures deeply at odds in American history.

The buzz about Obama has only continued to grow. He was the most requested speaker on the 2006 campaign trail, appearing with candidates in more than 30 states. He has also sold more than 350,000 copies of his second bestseller, "The Audacity of Hope."

But the senator himself is suspicious of the hype. "I don't want to be driven into these decisions simply because of the opportunity," he said in a briefing with reporters before Sunday's event.

According to Obama, his popularity stems from an embrace of a new style of national politics: Rejecting attack ads and a politics of who's up and who's down.

"There's a certain tone I've taken in my career that seems to be resonating," he said at the briefing. "People are looking for something new, and I'm a stand-in for that desire on the part of voters. They want a common sense, nonideological, practical approach to the problems they face."

With Obama as the headliner, tickets for the New Hampshire Democrats election celebration sold out in the first three days.

State party activists had a lot to celebrate: They took back the House and Senate, reelected their governor with a record 74 percent of the vote, and sent two Democrats to Congress. "The last time Democrats took complete control in Concord was 1874," says former state party chair George Bruno.

Activists here say they are looking for a candidate who can carry the momentum of that victory through to the White House in 2008. New Hampshire is already well trampled ground for Democratic presidential hopefuls. Former ticket-mates John Kerry and John Edwards have been in the state nine times apiece since their 2004 run. A dozen other hopefuls have logged in some 40 visits. Senator Clinton has been sounding out leading activists in the state in recent days, but has yet to make an appearance.

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"I like Hillary, but I think she's too polarizing, and I don't think the country needs more polarizing. We need someone who can bring this country as close together as it possibly can be," says Anne Stowe, a high school teacher in Nashua. For her, Obama represents a capacity to "accept each other's diverse ideas and not hate each other in the process."

For Catherine Hackett, vice-chair of the Manchester Black Caucus, Obama's appeal is the hope of reconciliation across racial lines, especially after Katrina. She loves the fact that he draws diverse audiences in a state not known for them. "He isn't running on his race. I feel like he's bringing Americans together," she says.

"All politicians claim to be deciders, but we need an effective communicator," says Mark Fernald, a former Democratic gubernatorial candidate here in 2004. "Barack and Hillary will soak up all the oxygen in this state," he predicts. "People can't really keep track of more than two candidates."

His teenage daughter, Katie, also in the audience to hear Obama on Sunday, says she was taken with Obama when she watched his speech on television at the 2004 Democratic Convention. "It seemed like he was really smart and knew what he was doing," she says.

Should Obama opt for a presidential run, he'd still have to master the art of living-room politics, say longtime poll watchers here. "The real test for him in New Hampshire is whether he has the stamina to do the door-to-door, living-room-to-living room campaign that New Hampshire voters have come to expect," says Robin Marra, a political science professor at Franklin Pierce College in Rindge, N.H.

Obama says he's still vetting whether to take up a presidential run. "This is an office you can't run for just on the basis of ambition. You have to feel deep in your gut that you have a vision for the country that is sufficiently important that it needs to be out there," he says, adding that the needs of his family is a top concern.

In a speech in Manchester, he spoke about American history, mentioning the 13 "ragtag colonies who overthrew the greatest empire in the world," agitators for the vote for women, and immigrants who took the risk to come to America.

He also touched on climate change, energy independence, the war in Iraq, and the need for universal healthcare.

"This is our time, and I'm grateful to be a part of that," Obama told a rapt throng, as he exited the stage.

Obama Visit Shows All Eyes Are Still On New Hampshire (CQ)

By Laura Blinkhorn

Congressional Quarterly, December 12, 2006

The New Hampshire primary campaign appears undiminished as a rite of passage for presidential candidates, despite a breakthrough by political activists in other states who have long sought to water down the Granite State's influence as host of the first-in-the-nation primary.

This was underscored Sunday, when Illinois Sen. Barack Obama — who has had celebrity status within the Democratic ranks since he rocked the house with his keynote address at the party's 2004 presidential convention in Boston — appeared as guest speaker at what amounted to a victory rally for the resurgent New Hampshire Democratic Party. (C-SPAN will be airing the New Hampshire event on tape at 8 p.m Eastern time Monday night.)

Obama, who won a landslide Senate victory in 2004 and currently is the chamber's only African-American member, is considering a presidential bid for 2008 and says he will decide soon. And his appearance raised the tally to at least 58 visits to New Hampshire by 13 official, exploring and thinking-about-it Democratic presidential candidates since June 2005.

While Obama soaked up most of the attention, another would-be Democratic hopeful from the Midwest was in New Hampshire this weekend: Indiana Sen. Evan Bayh.

The most conspicuous absence so far: Hillary Rodham Clinton, who has not yet visited the state in the context of the 2008 presidential campaign. The former first lady, who is seen as the early front-runner for the Democratic nomination should she run, played down her presidential interests during a 2006 campaign in New York that delivered her a landslide victory for a second term in the Senate.

New Hampshire certainly will face more competition for attention in the 2008 White House sweepstakes, after more than a half-century of primacy as host of the first-in-the-nation presidential nominating primary and decades of being preceded only by the Iowa caucuses.

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The Democratic National Committee (DNC) is interjecting caucuses in Nevada between the Iowa and New Hampshire events, and programming a South Carolina primary shortly after New Hampshire has its say. Party officials are responding to complaints from other states that Iowa and New Hampshire, which have few minority-group residents, are too racially homogenous to represent all interests and viewpoints in the highly diverse party.

But Nevada, like Iowa, is going to be holding caucuses, which tend to draw limited turnout. That means New Hampshire is maintaining its station as the first mass voting event on the calendar, and the candidate pilgrimage continues.

That is also true, and maybe more so, on the Republican side. The Republican National Committee has not indicated whether it will go with the Democrats' more front-loaded schedule, or leave Iowa and New Hampshire alone at the top of the calendar.

But the Democratic contest may have more portent than usual. New Hampshire voters have tended to be more conservative than those in the rest of New England, and slower to shed its tradition of "Yankee Republicanism." But the Democrats, after slowly gaining some ground, scored big in 2006, enjoying what could well be described as their most successful year in more than a century.

"It is a great year to be a Democrat," says New Hampshire Democratic Party communications director Kathleen Strand. Her party won control of the state House and Senate from Republicans — the first time they took both chambers since 1874. Democratic Gov. John Lynch won a second term with a record-breaking 74 percent of the vote.

And, in one of the strongest reflections of the national shift against the Republican Party this year, New Hampshire voters kicked out moderate Republican House incumbents Jeb Bradley and Charlie Bass — both of whom entered their contests as strong favorites — and replaced them with Democrats Carol Shea-Porter and Paul Hodes.

This marked the first time since the 1912 election that New Hampshire gave both of its House seats to Democrats. Shea-Porter also is the first woman to be elected to Congress from New Hampshire.

Presidential hopefuls are already busy currying favor with these new party standard-bearers in New Hampshire.

Shea-Porter received campaign contributions from senators eying the White House, including Clinton, Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut; Dodd also attended a Shea-Porter campaign event. Wesley Clark — the former supreme commander of NATO troops in Europe who bid for the 2004 Democratic presidential nod and is considering a 2008 run — also made an appearance for Shea-Porter, who worked on his 2004 campaign. Sen. Russ Feingold of Wisconsin and Virginia Gov. Mark Warner campaigned for her before announcing they would forgo running for president.

Hodes received campaign contributions from Dodd, Clinton, Biden and two other Senate colleagues who are considering 2008 runs: Massachusetts' John Kerry, who lost as the Democrats' challenger to President Bush in 2004, and Bayh. Dodd and Biden campaigned for Hodes, according to Reid Cherlin, a spokesman for the congressman-elect.

Dante J. Scala, associate professor of politics at Saint Anselm College in Manchester, said the 2008 elections will be crucial in determining whether New Hampshire has become a Democratic stronghold or will remain a highly competitive battleground between between Democrats and Republicans. But Scala added that Democrats are going into the 2008 cycle "confident, aggressive and hopeful."

Obama certainly helped keep the party's buzz going. Strand described the Sunday event as "pretty phenomenal," with tickets selling out in a week. Lynch said Obama could sell more tickets than the Rolling Stones, and Hodes said, "Looking around this stage today, I can't think of anyone else I'd rather have on our team" leading up to 2008.

Speaking off the cuff, Obama played down his celebrity, saying, "I've become a symbol, for now, of a spirit that the last election in New Hampshire represented. It's a spirit that says, 'We are looking for something different.'" In his speech, Obama called for universal health care, more higher education loans, redeployment of the troops from Iraq and a policy to address global warming.

Scala said he had "never seen a candidate received as enthusiastically as early before." He described Obama's speech as "the most important event in the 2008 presidential elections" in New Hampshire so far, adding that "anything anyone does will be compared to Obama."

Even more than for most presidential contenders who have marched through New Hampshire, the state would provide a key test for Obama should he decide to run.

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One of the longstanding gripes about New Hampshire's primacy in the nominating process is its unrepresentative population: 95 percent white, 1 percent black. If Obama does well there in a bid to become the first African-American president, it could help him put aside some of the "electability" questions he faces. If he were to do poorly, despite his rock star status, it could be a bad sign for his appeal among white voters.

Sen. Clinton Delays Decision On 2008 Bid (AP)

By Marc Humbert

AP, December 12, 2006

Sen. Hillary Rodham Clinton said Monday she won't make a decision about running for president until after the first of the year.

During a visit to an aircraft maintenance facility at the former Griffiss Air Base, Clinton confirmed she is talking to people in New York and across the country about a possible run for president in 2008. It was the first time Clinton publicly confirmed what her aides and fellow Democrats have been saying about a possible presidential run.

"I'm talking to people who have opinions about what our country needs to do going forward and whether or not I make any decisions, I can't really confront until after the first of the year," Clinton said.

The former first lady said she had not yet decided whether to form a presidential exploratory committee, but that technical requirements of federal election law might require her to do so if she continues to consider a presidential run.

"I'm certainly interested in what happens to our country," she said when asked if she was interested in being president. "I'm looking at where our country is, where I would like to see it go, listening to people who think I might make a contribution to that."

Asked if she would make a good president, Clinton said, "obviously if I make a decision to pursue it, that would be one of the conclusions I reach."

Regarding Illinois Sen. Barack Obama, a possible rival for the Democratic nomination, Clinton said the warm reception Obama has been getting around the country, including a stop in New Hampshire on Sunday, is "terrific."

Clinton, however, wouldn't say whether she thought Obama should run for president.

"That's going to be up to everybody to make a decision," she said. Asked if Obama would make a good president, Clinton chuckled.

"We just have to take one day at a time right now," she said. "I'm just excited there's a lot of enthusiasm for Democrats around the country."

Clinton was in Rome for the announcement that the airline JetBlue will begin sending 20 percent of its planes to a maintenance facility located on the former air base.

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BOSTON (AP) — Gov. Mitt Romney paid $500 to Elizabeth Smart, the Utah teen who survived a kidnapping by a religious zealot, after she played harp at one of his fundraisers, according to a campaign finance report that highlights his preparations for a likely presidential run.

Smart, a fellow Mormon who was freed in 2003 after a nine-month abduction, received the money in April, according to the 166-page report, which outlines donations and expenditures through Nov. 27 for Romney's Commonwealth PAC. Romney has been using the political action committee to travel and build chits for a campaign, which he is expected to announce early next year.

The Massachusetts Republican visited California on Monday on another PAC-financed trip.

"Certainly, I would support him, but I would not read anything into it," Edward Smart, Elizabeth's father, said of the harp performance during a telephone interview. "One of the people on his staff called her up and asked her if she would come and play."

Romney reported raising $2.7 million and spending $2.2 million in his federal PAC during the past two years. He also took advantage of his status as a nonfederal officeholder to set up affiliated committees in Iowa, New Hampshire, South Carolina, Michigan and Alabama, allowing him to shower money on local candidates in those key electoral states.

Collectively, the state and federal PACs raised $8.75 million and gave away $1.3 million.

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WEST PALM BEACH, Fla. (AP) — Presidential candidate Tom Vilsack said Monday that while he's a pro-choice Democrat, members of his party need to promote life by encouraging adoption and providing programs for prenatal care and family planning.

"When you phrase it that way, you send a message to the life community that you respect but don't necessarily always agree with their position. And you begin to have a conversation about issues where there might be consensus as opposed to division," said the Iowa governor, who was adopted.

Vilsack spoke to a group of about 100 Democrats in Florida, a critical swing state in the election.

He railed against the federal deficit and debt.

"The tax that we ought to be reducing ... is the birth tax, that's what I call the deficit and the debt," he said. "Every single youngster born today in this community and across this great land is receiving a bill from Uncle George and Uncle Dick for about $30,000. It is going to compromise their future."

Vilsack also planned to attend private fundraisers in Orlando and Miami.

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NEW YORK (AP) — Israel and the world are threatened by a "possibly deranged and surely dangerous regime" in Iran, White House hopeful Sen. John McCain told a Jewish audience.

As the world's "chief state sponsor of international terrorism," Iran defines itself by its hostility to the Jewish state and its chief ally, the United States, the Arizona Republican said in a speech for a Hanukkah dinner at Yeshiva University on Sunday.

He noted that Iranian President Mahmoud Ahmadinejad has called the Holocaust a "myth," urged that Israel be "wiped off the map" and defied international demands and incentives to end a drive to gain nuclear weapons capability.

"It is simply tragic that millennia of proud Persian history have culminated in a government that today cannot be counted among the world's most civilized nations," McCain said.

The former Vietnam prisoner of war, who tried and failed to gain the GOP presidential nomination in 2000, is considered the probable front-runner for his party's 2008 nomination.

McCain made his speech during visit to the home turf of Sen. Hillary Rodham Clinton and ex-Mayor Rudy Giuliani, potential rivals in the 2008 presidential race

Ahmadinejad has denied that Iran seeks to build weapons, saying its nuclear program is for peaceful purposes and the country will not give up its right under the Nuclear Nonproliferation Treaty to enrich uranium and produce nuclear fuel. The United States and many European nations believe Iran's enrichment process is aimed at producing weapons.

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Associated Press Writers Glen Johnson in Boston, Brendan Farrington in West Palm Beach, Fla., and Richard Pyle in New York contributed to this report.

The Early Show (NYT)

By Thomas B. Edsall

The New York Times, December 12, 2006

Washington

Hillary Clinton is the Democratic establishment's anti-establishment candidate. She is simultaneously an insurgent, seeking to end a 220-year reign of men, and the heir apparent — dominant in cash ($14.4 million in the bank), in the polls and in the colossal reach of her machine.

Clinton's most visible challenger, Barack Obama, is similarly an insurgent, but without the former first lady's resources. He is seeking to capitalize on his ranking as an underdog, entering the fray as David battling the Clinton Goliath.

The head of the pack is a dangerous place for a Democrat to be. Democrats excel in cannibalizing their front-runners. Just ask those who were knocked out in the primary season (Lyndon Johnson, Ed Muskie and Howard Dean) or those who limped from the ring after 15 rounds (Walter Mondale and Al Gore).

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Republicans, by contrast, honor hierarchy. For four decades the G.O.P. has nominated the early favorite. Unlike Democrats, Republican voters have a long history of rejecting rebels and underdogs.

Clinton's position at the head of the pack — a 20-point lead over her competitors — forces her campaign to shoot down a barrage of hostile challenges: Will voters trust a woman at a time of terrorist threat? Will the military accept a woman as commander in chief?

Evaluations of men and women running for House seats in 2006 have turned up disturbing numbers. In the 42 top-tier "Red-to-Blue" races selected by the Democratic Congressional Campaign Committee for intensive financing and support, 25 of the candidates were male and 17 were female. In those contests, male candidates batted .800: 20 victories to five defeats. The women faced higher barriers: three won and 14 lost, batting .176.

This pattern was even more striking in the initial group of 'Red-to-Blue' candidates targeted as most promising by the campaign committee. Of the 11 men, nine, or 82 percent, won. Of the 11 women, 10, or 90.1 percent, lost.

Democratic officials are searching for explanations: a working hypothesis is that female candidates were more vulnerable on the issue of immigration, viewed as more generous with federal aid and amnesty.

One Democratic candidate, Tammy Duckworth of Illinois, was a Blackhawk helicopter pilot who lost both of her legs in Iraq. She was leading in pre-election surveys but was defeated, 51 percent to 49 percent, by Peter Roskam, a personal-injury lawyer who pounded her with ads charging that she would "give illegal aliens welfare and Social Security benefits" costing $50 billion, while "leaving taxpayers to foot the bill."

The Clinton team, aware of these grim results, is fighting back. The campaign released a memo with recent data showing that 68 percent of voters describe Hillary as "a strong leader," and that 92 percent say they would vote for a woman for president — up from 52 percent in a similar poll in 1955.

As the presidential contest goes into high gear, another Clinton vulnerability becomes salient. The New York senator is armed with a powerful but old machine. Key players — John Podesta, Mandy Grunwald, Mark Penn, Ann Lewis, Harold Ickes, Terry McAuliffe — were top advisers in Bill Clinton's two presidential races.

The Glover Park Group, Hillary Clinton's top consulting firm, is thoroughly embedded in the Washington nexus of politics and corporate interests — at a time when the electorate is acutely suspicious of cronyism. "From a presidential impeachment to a crippling antitrust action facing one of the nation's largest companies, we've been there to offer critical communications counsel," Glover boasts.

The Clinton leviathan provides a perfect foil for Obama. "I think to some degree I've become a short-hand or symbol or stand-in for a spirit that the last election in New Hampshire represented," he said last weekend on his maiden trip to the state. "It's a spirit that says we are looking for something different — we want something new."

The candidates not yet in the limelight — Evan Bayh, John Edwards, John Kerry, Al Gore, Tom Vilsak, Bill Richardson, Wes Clark, Chris Dodd, and Joe Biden — would like nothing better than to see Clinton and Obama split their shared constituency, leaving each other lifeless on the slaughterhouse floor. That would make Richardson, who is Hispanic, the sole exception in a field composed entirely of white men.

A Battle Hillary Clinton Should Relish (WP)

By E. J. Dionne Jr.

The Washington Post, December 12, 2006

Hillary Rodham Clinton faces a maddening challenge. Many of the people who like and admire her, who believe she has good values and would make an excellent president, are not sure they are for her because they don't think she can win.

Many of these same people, as one prominent Democrat told me, actually feel guilty that they harbor these doubts, partly because the specter that haunts Clinton has little to do with anything she has said or done herself.

In public, the doubts are dressed up as substantive concerns -- she's too cautious, she didn't stand up against the war in Iraq, she mishandled that health care reform in the 1990s, she's perceived as too liberal or she's not progressive enough.

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The doubters are ashamed to say what really worries them: that Americans don't want to relive the supposed psychodramas of the Bill Clinton years; that her association with her husband will mobilize his enemies more than it will energize his friends; that their relationship is just too complex for those critical swing voters to understand or accept.

Who can blame Sen. Clinton's supporters for being enraged by such a list? Would those who trumpet "family values" admire her more if she had just divorced the guy? Why should the sins of the husband be borne by the wife? Do her six effective and admired years in the Senate and her landslide reelection mean absolutely nothing? Has anyone even looked at her many serious policy speeches?

And if Bill is the real issue, doesn't his stewardship look awfully good now when compared with that of the current White House occupant?

Yet, no matter how unfair, misguided or even dimwitted Sen. Clinton's supporters may find the catalogue of doubts, she will have to deal with them if she is to win over all the guilt-ridden skeptics.

And that is why the prospect of Barack Obama's presidential candidacy is not only good for the Democratic Party but also good for Clinton herself. Without Obama in the race, the Democratic primaries would boil down to Hillary and those vying to be the anti-Hillary. She might well win a battle of attrition, but without quelling the doubts.

A Clinton-Obama contest would require Clinton to shed some of her caution. It would create enormous popular interest in the Democratic Party. And if she were to beat Obama -- this assumes, as I expect, that Obama will look just as formidable a year from now as he does today -- Clinton would prove her mettle, which might finally put the doubts to rest.

The most curious thing about the coming contest, if it happens, is that in certain respects the Obama candidacy of 2008 would bear an uncanny resemblance to Bill Clinton's candidacy in 1992. Youth is part of it. Clinton was 46 on Election Day in 1992. Obama will be 47 on Nov. 4, 2008. So are their parallel promises to break with the past and create a new kind of politics.

In 1991 Gov. Bill Clinton railed against politicians who "have divided us against each other, pitting rich against poor, playing for the emotions of the middle class, white against black, women against men, creating a country in which we no longer recognize that we are all in this together."

In his New Hampshire debut over the weekend, Obama said that we had "come to be consumed by" the "24-hour, slash-and-burn, negative-ad, bickering, small-minded politics that doesn't move us forward. . . . There's no sense that they are coming together in a common-sense, practical, non-ideological way to solve the problems that we face."

The most important passage in Obama's New Hampshire speech was this one: "America is ready to turn the page. America is ready for a new set of challenges. This is our time. A new generation is prepared to lead." In other words: Goodbye to both the Clinton era and the Bush years.

A discussion about who is best positioned to turn the page of history is precisely the one Hillary Clinton most needs to engage. Joining that dialogue will be essential for the other candidates, notably John Edwards and Evan Bayh, who cannot simply run as anti-Hillarys and will have to challenge the notion that this is a two-person battle.

However the contest turns out, the debate about the future that Obama is encouraging would be good for Clinton because, most of all, she needs to put the past behind her. Paradoxically, it might also help Democrats recover the best, most forward-looking aspects of Bill Clinton's legacy.

Democratic Congressman Plans Another Presidential Bid (CCT)

By Connie Mabin

The Contra Costa Times, December 12, 2006

CLEVELAND - U.S. Rep. Dennis Kucinich, an Ohio Democrat who unsuccessfully ran for president in 2004, said Monday he is planning to run again because his party isn't pushing hard enough to end the war in Iraq.

In a statement, Kucinich said he plans to formally announce his candidacy for 2008 on Tuesday at City Hall, where he served as mayor of his hometown in the 1970s.

The liberal, anti-war congressman said he was inspired to run because he disagrees with the way some of his fellow Democrats are handling the war, including approval of a proposal to spend $160 billion more on the conflict.

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"Democrats were swept into power on Nov. 7 because of widespread voter discontent with the war in Iraq," Kucinich said. "Instead of heeding those concerns and responding with a strong and immediate change in policies and direction, the Democratic congressional leadership seems inclined to continue funding the perpetuation of the war."

The anti-war message was also the cornerstone of Kucinich's 2004 bid, which drew support from some Hollywood celebrities such as actress Mimi Kennedy, formerly of the ABC comedy "Dharma and Greg."

Kucinich, 60, was re-elected last month to a sixth term in the U.S. House.

His previous presidential proposals have included a national peace department, canceling free trade policies he says hurt American jobs and a single-payer, universal health care system.

In an interview last week with The Associated Press, Kucinich said there's already enough money to safely bring the troops out of Iraq, but additional funding must be cut off to force President Bush's hand. He said Ohioans tell him they feel misled by Democrats.

"When I've talked to people back home and I explain to them that the Democratic leadership has said they will support up to $160 billion in funds to continue the war in Iraq, they're shocked and angry," Kucinich said.

Kucinich joins fellow Democrat Iowa Gov. Tom Vilsack in declaring his candidacy for the presidential nomination.

New York Sen. Hillary Rodham Clinton is considered the party's front-runner, closely followed by Illinois Sen. Barack Obama. Neither has announced runs.

While Kucinich forced focus on the Iraq war two years ago, he was not able to keep up with the fundraising of his competitors and never made a big dent in most polls. He ended his 2004 campaign just days before endorsing then-Democratic nominee Sen. John Kerry at the party's convention.

Elected in 1977, the 31-year-old "boy mayor" guided a city that two years later became the first since the Depression to go into default. He faced death threats, and was forced to wear a bulletproof vest when he threw out the first ball at a Cleveland Indians game.

He lost re-election and in the 1990s made a political comeback, winning a state Senate seat and eventually capturing a U.S. House seat in 1996.

Kucinich plans to make the Tuesday announcement with his new wife, Elizabeth Harper.

The couple's 2005 nuptials means the congressman's latest presidential campaign will be different in at least one way - he won't be able to celebrate bachelorhood.

His single status made headlines in 2004, when Kucinich told New Hampshire audiences during the campaign that he was seeking a mate. Women then vied for a date with him during a contest arranged by a New Hampshire political Web site, but nothing romantic evolved from Kucinich's breakfast with the winner.

He also appeared on "The Tonight Show with Jay Leno" to participate in a Dating Game-style skit.

Just Ask: Kucinich Answers, 'Yes, I Am' (NYT)

By Mark Leibovich

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — In the midst of a brief chat in his office last week, Representative Dennis J. Kucinich mentioned that, oh, by the way, he planned to run for president again in 2008.

"Yes, I am," Mr. Kucinich, Democrat of Ohio, said in response to a reporter's question about a possible encore to his bid in 2004.

Mr. Kucinich's wife, Elizabeth Harper, who was seated next to him, arched her eyebrows in apparent surprise.

Asked if he had told anyone this yet, Mr. Kucinich said no.

"You just happened to ask," he said.

Then he walked out of his office and informed his press aide.

The news from Mr. Kucinich, a six-term congressman, underscores the "What the heck?" sensibility that seems to be governing some entries into what may be the most crowded presidential field in history.

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Besides the possible Rudys, Hillarys and Baracks, the names on the Great List now seem to include every Tom, Dick or Sammy. That would be Gov. Tom Vilsack, Democrat of Iowa; former Representative Dick Armey, Republican of Texas; and Senator Sam Brownback, Republican of Kansas.

In recent weeks, Tommy G. Thompson, the Wisconsin Republican who was once Health and Human Services secretary, and Representative Duncan Hunter, Republican of California, have also thrown themselves into consideration.

So how about Mr. Kucinich?

Never mind that he did not come close to winning any primaries or caucuses in 2004. Mr. Kucinich, who plans to announce his candidacy formally on Tuesday in Cleveland, said he liked his chances.

"Why not?" he said, adding a horse-racing metaphor, "I run very well on a sloppy track."

He trotted out this line in 2004, too, for what it's worth.

While Mr. Kucinich was no thoroughbred in this or the last field, he gained the instant cachet that being a major-party presidential candidate confers.

"There is a level of intrigue that goes with being a potential presidential candidate," said former Senator Tom Daschle, a South Dakota Democrat who was a "potential presidential candidate" himself until he ruled out a run this month. Mr. Daschle said that he had been introduced thousands of times as a "potential presidential candidate" over the years, and that that had generally been a good thing.

Still, Mr. Daschle cautioned that the field could get unmanageable, saying, "I think, at a certain point, you'd need to become more discriminating about who's viable."

In many cases, potential candidates take themselves out of the running, as several have recently, including former Gov. Mark Warner, Democrat of Virginia; Senator Russell D. Feingold, Democrat of Wisconsin; and Senator Bill Frist, Republican of Tennessee.

"You're always going to have people who say they're exploring a campaign just to milk the attention," said William G. Mayer, a professor of political science at Northeastern University in Boston who has studied presidential nominating campaigns. "And then, in the end, they don't get in."

Mr. Kucinich will not be one of these. He said his early opposition to the war in Iraq, which he voiced strenuously in 2004, would make him more formidable in 2008.

"It's a totally different landscape this time around," he said, adding that he decided to enter the race last week when he came to believe that the new Democratic leadership in Congress was not committed enough to ending the war.

He says he plans to show up for every debate he is invited to — and even if not, he may show up anyway.

"This is where it comes in handy to be a vegan," Mr. Kucinich said. "I don't take up that much space."

Kucinich Runs Again (HILL)

By Aaron Blake

The Hill, December 12, 2006

Rep. Dennis Kucinich (D-Ohio) announced Monday that he will make his second run for president in 2008, citing the need to bring a voice for ending the war in Iraq into the Democratic debate.

Kucinich, who also ran in 2004, pointed to Democratic leaders' support for the recent $70 billion appropriation for the war and the projected $160 billion appropriation that will be handled by the next Congress.

"Democrats were swept into power on Nov. 7 because of widespread voter discontent with the war in Iraq," Kucinich said. "Instead of heeding those concerns and responding with a strong and immediate change in policies and direction, the Democratic congressional leadership seems inclined to continue funding the perpetuation of the war."

Kucinich will make his candidacy official on Tuesday at Cleveland City Hall.

He garnered 1 to 2 percent in most early states in 2004, going on to take 16 percent in Maine, 17 percent in Minnesota and 26 percent in Hawaii and Alaska.

Kennedy Wants Sign Of Kerry's Plans For '08 (BOS)

By Rick Klein

DOJ_NMG_0105637

The Boston Globe, December 12, 2006

WASHINGTON -- Senator Edward M. Kennedy yesterday dropped his public commitment to support Senator John F. Kerry in a 2008 presidential race, saying that he won't wait "indefinitely" for Kerry to declare his intentions while the Democratic primary field takes shape.

Hours later, Kerry aides promised that the senator would make a decision "shortly after the turn of the year," despite recent signals that Kerry could wait until late spring before deciding.

A Kennedy spokeswoman said Kennedy would continue to support Kerry if the junior senator jumps into the race on that time line.

But in an hourlong interview with Globe reporters and editors, Kennedy offered strong praise for two of Kerry's possible presidential rivals: senators Barack Obama of Illinois and Hillary Rodham Clinton of New York, calling them "formidable figures" who are connecting with rank-and-file Democrats.

Kennedy said his oft-stated commitment to support Kerry -- made repeatedly after the 2004 election -- was based on the assumption that Kerry would state his intentions by early 2007.

Since Kerry pushed back his decision following an election-eve "botched joke" that damaged his public standing, Kennedy said he has informed Kerry that he may get behind another Democrat for president.

"I was under more of the impression before that he was going to run and was waiting in time [to declare his candidacy], but now he's deferred that decision," Kennedy said. "I have no plans of supporting anyone else at this juncture. I'm also not going to just wait indefinitely until he's made a judgment or a decision."

Kennedy's comments mark the first public fissure between the two Massachusetts Democrats on Kerry's presidential aspirations. Kennedy had been one of Kerry's strongest supporters in the 2004 race against President Bush and in early discussions about the 2008 race.

In March 2005, when asked about a possible Clinton run on ABC's "This Week," Kennedy said, "My man is John Kerry." Kennedy endorsed Kerry again in an October interview with the Associated Press: "If he runs, I would support him."

David Wade, a Kerry spokesman, said Kerry values the senior senator's friendship and guidance. While Kerry won't set a specific deadline, Wade said, the senator realizes that he must decide soon.

"He has no intention of waiting too long, kicking the can down the road, or holding this decision in limbo," Wade said. "Senator Kerry remains very grateful for Senator Kennedy's ongoing counsel, friendship, and support as he makes this decision" and as they work together in the Senate.

Kennedy made his comments at a difficult time for Kerry. Early polls suggest that he is far behind the leading Democrats in potential presidential fields, and many party activists want Democrats to look for a fresh face in 2008.

Aides and associates said Kerry has been assessing the political fallout from his comment -- eight days before midterm elections -- suggesting that poor students "get stuck in Iraq." When Republicans blasted him for insulting the troops, Kerry apologized, calling it a "botched joke" intended to criticize Bush.

However, Kerry associates said the stinging public rebukes he got from Democrats revealed the deep skepticism he would face from his own party if he ran for president.

Losing Kennedy's support would be a huge psychological blow to Kerry's White House ambitions. Though their relationship has been testy at times over the years, Kennedy was instrumental in keeping Kerry's 2004 presidential candidacy alive, working tirelessly for him in Iowa when few believed he could prevail in the party caucuses.

Kennedy's praise for Obama and Clinton adds to the growing perception that the two are distinct front-runners for the Democrats' 2008 presidential nomination, with Kerry trailing along with a cluster of lesser-known governors and senators. If Kerry runs again, he would have to break through a crowded field of emerging contenders, Kennedy said.

"You'd have to say that there's a number of people who are out there -- Barack and Hillary, if Barack runs and Hillary runs -- they're obviously very formidable figures," said Kennedy.

The senator is set to become chairman of the Senate Health, Education, Labor, and Pensions Committee, a panel on which Obama and Clinton both serve.

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"They're obviously having a good deal of appeal, because I think that's what people want to hear about," he added. "They are ringing the bells, because they're talking about what people were, I think, concerned about during the course of the [congressional] election."

Obama and Clinton have not declared their intentions, but both have made moves in recent weeks that make presidential campaigns appear more likely.

In his first visit to New Hampshire, Obama sold out a 1,500-ticket event in Manchester on Sunday and was received enthusiastically, and Clinton has begun to connect with local party activists in early primary states.

Kennedy acknowledged that Kerry has more flexibility to decide than some of the other candidates, because he has wide name recognition and a campaign war chest of $13 million. But Kennedy, a presidential contender himself in 1980, demurred when asked what he would advise Kerry to do.

"I've known John long enough and been with him enough, and he's a good enough friend -- this is going to be something he's going to, you know, make up his own mind about," he said.

Assessing the chances of one of the leading Republican presidential contenders, Kennedy said Governor Mitt Romney's strategy of contrasting himself with his home state "has its minuses as well as its pluses."

He said the strategy invites comparisons between Romney's record and what he's said while running for office in Massachusetts, including Romney's recently revived 1994 promise to "provide more effective leadership" on gay rights than Kennedy himself, his opponent in that year's Senate race.

"People go back through his record and see what he's been and where he's been in terms of Massachusetts, and where he is now coming from," said Kennedy, who defeated Romney in that race for his Senate seat. "That has been increasingly, I would imagine, an issue of concern for him."

Low-Profile Republicans Sense Opportunity (NYT)

By Adam Nagourney

The New York Times, December 12, 2006

The blast of conservative criticism aimed at Gov. Mitt Romney of Massachusetts for backing gay rights in 1994 has shaken his position as the social conservatives' favored challenger to Senator John McCain of Arizona for the Republican presidential nomination. Mr. Romney's problems have come as two high-profile conservative candidates have fallen by the wayside: Senator Bill Frist of Tennessee said he would not run, and Senator George Allen of Virginia is viewed in Republican circles as unviable for 2008 after losing his re-election. The two immediate beneficiaries? Gov. Mike Huckabee of Arkansas and Senator Sam Brownback of Kansas.

"The governor of Massachusetts is going to have a problem explaining the variety of positions he's taken on various issues," said Rob Wasinger, the chairman of Mr. Brownback's exploratory committee. Mr. Huckabee, referring to the fading of Mr. Frist and Mr. Allen, said, "There is going to be a real look for a fresh face now." Whether or not these two men have the skills to take advantage of it, the opening is there. "Social conservatives have some reason to be a little skeptical of the four top-tier candidates: Romney, McCain, Giuliani and Gingrich," said Rich Lowry, editor of National Review, the conservative magazine. ADAM NAGOURNEY

Daley Announces He'll Seek 6th Term As Chicago's Mayor (USAT/AP)

By Deanna Bellandi

USA Today, December 12, 2006

CHICAGO — Mayor Richard Daley announced Monday he will run for a sixth term, a move that could put him in office longer than his legendary father.

"I'm proud of what we've accomplished together to improve the lives of the people of Chicago," Daley, 64, said in announcing his re-election bid.

The mayor will be facing some tough questions this time around, including dealing with the fallout from federal investigations into allegations of illegal political patronage and payoffs at City Hall.

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Daley has not been accused of any wrongdoing. His former patronage chief, however, faces almost four years in prison for engineering a scheme to hide politics-based hiring by city offices. Other city workers have been caught up in bid-rigging and bribery scandals.

Cook County Commissioner William Beavers, who was among the 200 people who attended the announcement, said he doesn't believe the scandal will hurt Daley. "You've always had scandal; you always will have scandal because everybody's not honest," he said.

Daley had been looking at two formidable opponents to his re-election bid: Democratic U.S. Reps. Luis Gutierrez and Jesse Jackson Jr. But after Democrats won control of Congress last month, the two congressmen chose to keep their positions in Washington.

Other candidates who have said they intend to run for mayor are Cook County Circuit Court Clerk Dorothy Brown and William "Dock" Walls, who was an aide to Chicago Mayor Harold Washington.

Daley was first elected mayor in 1989. If he wins re-election on Feb. 27 and serves the full term, he will become Chicago's longest-serving mayor. His father, also named Richard, served for 21 years before dying while in office.

Known as much for his quirky speech patterns as he is for major projects undertaken in the city, the younger Daley can remind voters of his list of accomplishments. Among them: taking over the Chicago Public Schools in 1995 and the Chicago Housing Authority a few years later.

Some of his projects have also drawn controversy.

There was the nighttime bulldozing of the runway at Meigs Field in order to close down the small lakefront airport so it could be turned into a park; a massive renovation of Soldier Field — the home of the Chicago Bears - that left some carping about its look; and the development of Millennium Park, a now-popular downtown destination that was beset by construction delays and a ballooning price tag.

Now, Daley is hoping to lure the Olympics to Chicago. If the U.S. Olympic Committee decides to advance a U.S. city, the International Olympic Committee won't pick the 2016 host until 2009.

Daley Says He Has 'More To Give' (CHIT)

By Gary Washburn And Dan Mihalopoulos

Chicago Tribune, December 12, 2006

On the surface it looked a lot like past campaigns for mayor, with Richard Daley touting his record in office and declaring his passion for the job and the city. But while Daley was talking Monday about seeking a sixth term, his aides were filing nominating petitions with fewer than 25,000 signatures.

That figure was far from the political power plays of the past, when Daley's campaign filed as many as 200,000 signatures.

It was a sign that things are a little different this time around for the mayor. Since the 2003 election, the mayor's loyal political street organizations have suffered at the hands of an ongoing federal investigation into illegal hiring that rewarded campaign workers.

"All this means is that he doesn't have as many street workers this time around," said Ald. Ricardo Munoz (22nd). "Four years ago, the federal government wasn't breathing down his neck."

Still, polls have shown that Daley's popularity is high despite City Hall scandals, and most political experts consider him the clear favorite to win re-election. Another four years would allow Daley to eclipse his father's record of almost 22 years in the job.

"With all that we have accomplished, am I satisfied?" Daley asked during his speech at the Comer Youth Center on the South Side. "Do I believe Chicago is the best it can be? ... Or do I have more to give our city?

"Today I am here to answer with all my heart and soul and compassion. And the answer is yes. I have more to give to keep Chicago moving forward."

But Daley felt the need to mention the scandals, saying he had "accepted responsibility for the things that have gone wrong" and taken steps to address them, such as changing hiring procedures.

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The mayor's former patronage chief, Robert Sorich, was sentenced to prison last month for his role in a long-running scheme to rig city hiring in favor of campaign workers for pro-Daley political groups. Witnesses in the Sorich trial said they owed their city jobs to their campaign work.

This fall, Daley's campaign required volunteers who circulated petitions to sign affidavits swearing they had not been offered public jobs or promotions for their help.

"There's nothing really for these guys to gain," said Ald. Brian Doherty (41st), whose campaign workers circulated petitions for the incumbent, although Doherty is a Republican. "No one will bust their tails except for the true believers."

Another sign of the times was a memo sent Friday to all Water Management Department employees by First Deputy Commissioner William Bresnahan.

"This is a reminder that political/campaign activities ... cannot be mingled with city work or resources," said the memo, obtained by the Tribune. "No employees can be forced to participate in a political campaign, including donations of time and money."

Terry Peterson, Daley's campaign manager, made no apologies for the small number of signatures. He noted that Daley only needs 12,500 valid signatures to get on the ballot.

Besides Democratic ward organizations, Daley's petitions were circulated by block club leaders, ministers and "just ordinary citizens [who] would walk into the campaign office and say, 'Terry, can I get a sheet to circulate for the mayor?'" Peterson said.

Absent from the effort this time, Peterson said, were the Hispanic Democratic Organization and other pro-Daley groups that have figured into the federal investigation.

One Democratic ward committeeman, who spoke on condition of anonymity, wondered whether the low number could be part of a Daley campaign strategy to avoid making a splash with his petitions.

But Daley's two announced challengers predicted the mayor was vulnerable.

"The mayor's organization has been weakened, and he isn't the mayor he used to be," said Bill "Dock" Walls, who presented 39,000 signatures.

Dorothy Brown, clerk of the Cook County Circuit Court, did not file her petitions for mayor Monday but held a news conference to state that "Mayor Daley is beatable."

Brown said she would end "17years of almost unprecedented graft and corruption" under the Daley administration.

Filing for city clerk Monday were Miguel del Valle, appointed by Daley recently to fill a vacancy in the office, and Jose Cerda, a former mayoral aide who is running without Daley's blessing. Stephanie Neely, appointed by the mayor recently to fill the vacant city treasurer's job, was the only candidate Monday to file for that office.

The dissolution of Daley's patronage armies was widely expected to encourage more competition for City Council seats, and 120 candidates filed for alderman Monday. At least 40 of the city's 50 aldermen will face challengers.

Scores of incumbents and their would-be replacements lined up at 69 W. Washington St. early Monday to file their nominating petitions. The filing deadline is 5 p.m. Monday.

Paul Stewart, an 18th Ward candidate, was the first aldermanic hopeful in line. He said being there so early has symbolic value because it shows voters his "true commitment" to the race.

Standing right behind him was Mazonne "Maze" Jackson, another candidate for the 18th Ward seat left open by Thomas Murphy's election as a Cook County judge.

But sources said Daley would soon appoint Lona Lane, a Murphy aide, to replace him. Lane also filed petitions Monday, as the mayor's office declined comment on the 18th Ward vacancy.

The 18th Ward campaign could become a proxy battle for several African-American leaders, with U.S. Rep. Jesse Jackson Jr. (D-Ill.) and Illinois Secretary of State Jesse White expected to back candidates there.

Ald. Burton Natarus (42nd), who has been on the council since 1971, filed for re-election just moments after Brendan Reilly joined the race. Reilly is a former aide to Illinois House Speaker Michael Madigan.

"I think I'll be OK," Natarus told reporters as Reilly stood a few feet away.

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The mayor's top ally in the council's Latino caucus, Ald. Daniel Solis (25th), has four opponents already and more appear poised to join the scrum. The hopefuls include former council members Ambrosio Medrano, who went to prison for corruption, and Juan Soliz.

Other challengers are local school council member Cuahutemoc Morfin and Aaron del Valle of the Hispanic Democratic Organization. HDO once supported Solis, but he has feuded with leaders of the once powerful pro-Daley group.

Another hotly contested campaign could be in the 2nd Ward, where three challengers filed Monday against 13-year incumbent Madeline Haithcock.

Although a candidate in the ward needs only 150 signatures to get on the ballot, lawyer Robert Fioretti filed more than 8,500.

Larry Doody, another 2nd Ward candidate, filed about 2,000 signatures and downplayed Fioretti's larger total. "Petitions don't win races," Doody said.

Vilma Colom, who lost her council spot four years ago to Ald. Rey Colon (35th), is seeking a rematch next year.

Former 1st Ward Ald. Jesse Granato also is attempting a comeback four years after voters dropped him from the council. This time, though, Granato is running in the 26th Ward, opposing Ald. Billy Ocasio.

Tribune staff reporters Mickey Ciokajlo and Todd Lighty contributed to this report.

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Daley, In Shadow Of Inquiry, Will Seek 6th Term As Mayor Of Chicago (NYT)

By Susan Saulny

The New York Times, December 12, 2006

CHICAGO, Dec. 11 — Mayor Richard M. Daley, one of America's longest serving big-city mayors, announced Monday that he will seek reelection to a sixth term in February. The decision comes as a federal inquiry into his administration's hiring practices has drawn closer to the mayor's office at City Hall.

Current and former top officials in city agencies and political organizations with close ties to Mr. Daley have been indicted, mainly on accusations that they helped unqualified candidates get city jobs in return for favors and support. Mr. Daley has not been charged with any crime, and he has repeatedly defended his nearly 18-year tenure.

In announcing his candidacy at a youth center on the city's South Side, Mr. Daley briefly acknowledged concerns about the abuse of power on his watch, highlighting new fund-raising rules for his campaign and a reworking of the city's hiring and contracting systems.

"The best way to show responsibility is to address the problems directly, so the mistakes of the past won't be repeated," he said. "And that's what I've tried to do."

Mr. Daley, a 64-year-old Democrat, begins his campaign without the worry of a serious opponent. The two congressmen considered most able to mount a formidable challenge, Jesse L. Jackson Jr. and Luis V. Gutierrez, have announced that they will not run.

If Mr. Daley wins re-election and serves a full term, he will surpass by one year the 21 years his father, Mayor Richard J. Daley, spent in office. Already, Mr. Daley, first elected in 1989, is called by his father's honorary title, "Mayor for Life." Together, father and son have done more to shape the modern political history of Chicago, the nation's third-largest city, than perhaps any other force.

At a morning news conference, Mr. Daley said he had asked himself a number of questions before deciding to run again.

"Do I believe Chicago is the best it can be?" he said. "Or can we be even better? And do I have more to give to our great city? Today, I'm here to answer with all my heart and soul. And the answer is yes, I have more to give to keep Chicago moving forward."

Mr. Daley pointed to new libraries and schools, the reduction in the rate of violent crime, the large-scale destruction of troubled public housing, and what he called the rebirth of downtown.

DeLay Taking On New Identity As Internet Blogger (USAT)

DOJ_NMG_0105642

By Kathy Kiely

USA Today, December 12, 2006

WASHINGTON — Former House majority leader Tom DeLay is re-entering the political fray, this time as an Internet commentator and community organizer.

DeLay, whose outspoken conservatism and take-no-prisoners legislative style made him a favorite target of Democrats before he resigned from the House in June, launched himself in the blogosphere Monday. He said he hopes to use his new website, www.tomdelay.com, to create a grassroots political organization for conservatives.

"Over time and the long term, we hope to drive legislation through Congress," said DeLay. "I know how to do that."

As a House leader, DeLay helped push much of President Bush's agenda through Congress, including tax cuts, energy bills and the Medicare prescription-drug plan.

He named some of his chief goals as ending abortion, supporting Israel and winning the war on terrorism.

DeLay is 25 pounds lighter than he was when he left Congress and just as feisty: He called the bipartisan Iraq Study Group, which recently recommended scaling back U.S. military involvement and regional talks that include Iran and Syria, "the Iraq Surrender Group."

The former Republican congressional power broker's reinvention of himself, a month after his party lost its House majority, elicited sharply polarized responses. Comments on his first blog entry were largely ecstatic, although DeLay admitted editing out "vulgar" posts, which he said came from Democrats. Longtime political opponents were acerbic.

"I sincerely hope he gets to spend some time as a guest of the federal government," said Martin Frost, a Democratic former congressman from Texas who lost his seat in part because of a redistricting that DeLay engineered in 2003. Frost's reference was to a Justice Department investigation of Jack Abramoff, a former Washington lobbyist and DeLay associate, who pleaded guilty to trying to buy influence on the Hill.

DeLay told USA TODAY he's not worried: "I have been told I am not a target."

In Texas, DeLay has been charged with illegally funneling corporate contributions into state legislative races. That indictment forced him to resign his House leadership post last year.

After he did not win a quick acquittal, and won the Republican primary in March by a narrower-than-expected margin, he resigned his seat in Congress. DeLay, who insists he's innocent, is still awaiting trial.

Democrat Nick Lampson won DeLay's seat in November after DeLay failed in his attempt to officially withdraw from the race — his name remained on the ballot — and a write-in campaign for a Republican candidate fell short. DeLay said he wishes he had resigned in time for the GOP to nominate a replacement "knowing what I know now."

Admittedly a novice blogger, DeLay said he was inspired by the "overwhelming" response to his election analysis posted on one conservative blog, www.redstate.com.

DeLay said he hopes to set up chapters of conservatives "in every congressional district" to back legislation and candidates but has no intention of running for office again.

A prolific fundraiser when he was in Congress, DeLay said it's harder to open wallets now. On the other hand, he doesn't have to follow Congress' financial-disclosure laws. Asked about his current donors, he said with a smile: "None of your business."

Tom DeLay Launches Comeback (HILL)

By Jackie Kucinich

The Hill, December 12, 2006

Former Majority Leader Tom DeLay (R-Texas) yesterday began the long haul to restore the GOP to power and to repair his personal reputation following a year of scandal and bruising electoral defeat.

His vehicle for both is a blog and grassroots political organization hosted at www.tomdelay.com.

“I’ve got the election behind me and I’m looking forward to the future and I’m very excited about the opportunities that having a Democratic majority offers to conservatives,” DeLay said in an interview with The Hill on Monday.

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Sitting forward in an attitude of calm determination, in a conference room adorned with mementos and pictures from his tenure in Congress, DeLay explained how his blog was aimed at improving Internet communication between conservatives. And he acknowledged that Democrats were well ahead in this area.

"I think I'm as responsible for this as anybody. We don't do communications very well, Republicans/conservatives; one of the real failures amongst many others during the campaign was the lack of communications," he said.

He hopes the blog will fill a void between Republican politicians and constituents, helping both communication and organization.

DeLay seemed unsure how his coalition-building would be affected by his past involvement with lobbyist Jack Abramoff, who is now in prison, and his continuing legal battle with Texas prosecutor Ronnie Earle.

"I have no idea. We are going to test the waters … I have been absolutely amazed at how supportive people have been," he said.

Not everyone, though. In the blog's first hour, it received 4,000 hits and about 100 hateful messages.

"Yesterday, we were up on the blog for just an hour and we had over 100 [comments] … that were mean, nasty … vulgar," he said. These comments were removed.

In addition to the blog, the site will also host a new organization, comparable to the left's MoveOn.org, called GAIN (Grassroots, Action, and Information Network).

"GAIN is gathering names [of people who] want to fight for conservative principles and then it will take those activists and develop strategies in the future," DeLay said. "The conservative voices have been present … but there are nowhere near as many conservative blogs as there are liberal blogs."

"We are sorely lacking in our ability to compete in that blogosphere. I wanted to show leadership by doing it myself, competing in the communication blogosphere and at the same time trying to build a national activist grassroots organization," DeLay said.

He said the blog would also be eventually used to express support for Israel.

"In making my decision it became very clear to me that what I should be doing is to advance the conservative cause and to support Israel," he said.

When asked about the 2006 midterms and the Republican Party losses, DeLay conceded that his indictment and retirement from Congress contributed to the defeat. But he does not believe it was responsible for a big part of the damage.

"Culture of corruption had nothing to do with any race except the ones that were involved directly. There was no culture of corruption," DeLay said. "If you look, we spotted them 10 races on culture of corruption, but those were in those particular districts."

DeLay said in other districts, such as those of Rep. Chris Chocola (R-Ind.), who lost to Democrat Joe Donnelly, and Rep. Richard Pombo (R-Calif.) who fell to Jerry McNerney (D), the Abramoff scandal and others made little difference.

"It beat Don Sherwood [R-Pa.]; it won my seat and [Bob] Ney's [R-Ohio[seat; we lost the [Mark] Foley [R-Fla.] seat," he said.

DeLay blamed campaign finance law introduced by Sens. John McCain (R-Ariz.) and Russ Feingold (D-Wis.) for much of the damage done to Republicans across the country.

"The thing that I was most impressed with is because of McCain-Feingold the Republicans were at a disadvantage and the Democrats were at an advantage," he said.

He used Pombo's race as an example of a well-coordinated campaign orchestrated by outside entities to unseat the seven-term incumbent.

He praised Democratic organization but offered blistering criticism for McCain, who is unofficially running for the Republican presidential nomination.

"I've never seen the organization of coalitions that were coordinating and specific campaigns like I saw in this last year. Thank you Mr. McCain and … what's his name, [Rep.] Chris Shays (R-Conn.)," DeLay said. "I'd say that those two had more to do with us being in the minority — than anybody."

DeLay attributed Republican losses also to members' failure to articulate their accomplishments of the last 12 years or to deflect criticism about the number of GOP bills that became law.

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“So what? Conservatives don’t go to pass laws. I count the fewer bills the better. ... They didn’t articulate a vision for the future.

If we don’t ourselves know where we are headed, where we have been, and where we want to go, it’s very hard to communicate it.

“And then if you are not aggressively participating in the communications game, no one is going to know who you are, what you are trying to do, and where you are taking the country,” he said.

Asked how President Bush should deal with Democratic congressional majorities, DeLay said he should not stop fighting. The former majority leader evidently is not planning to either.

A Congregation Tears Down Its Church To Expand Its Mission (CSM)

By Alexandra Marks

The Christian Science Monitor, December 12, 2006

NEW YORK

In 1922, when the First Presbyterian Church of Astoria moved to the wilderness that is now Queens, it was on the cutting edge of community development.

Today, the congregation is leading a new kind of church renewal, one that entails downsizing physically as it expands its mission spiritually.

By the 1950s, the church was thriving with more than 1,200 congregants. It even hosted a basketball league, as a dusty case of trophies attests.

But today, like many urban churches, Astoria's First Presbyterian has a dwindling number of parishioners - less than 50 on the books. The church operates in the red, its grand buildings are decaying, and the Rev. Donald Olinger spends much time just figuring out how to keep the doors open.

So he and his flock knew it was time for something radical. In an emotional decision, they have agreed to tear down the elegant old buildings and replace them with more than 90 units of affordable housing for senior citizens.

The church will end up with a sanctuary room in the new building for its Sunday services, as well as a $4 million endowment that it can use to expand its spiritual mission.

"It's kind of a bittersweet time because on the one hand, we're losing something very special to all of us," says Dr. Olinger. "On the other side, it's a very exciting time because we're getting to reinvent ourselves and to provide the type of church that can be appealing and meet the needs of today's world."

Many urban churches that have closed in the past few decades have been turned into affordable housing. What's unusual about this project - and 10 similar ones in the pipeline, mostly in New York City - is that the churches will remain open. With the income from the development and use of their land, they'll be able to focus more directly on serving the needs of their communities rather than their decaying buildings.

The idea came in part from Enterprise Community Partners, the nation's leading purveyor of knowledge about how to leverage financing to build affordable housing. Working in conjunction with the Faith Center, an ecumenical resource in New York for spiritually oriented community development, they're working to turn the First Presbyterian Church's experience into a national model.

"We're trying to formalize an initiative so if you're a church [congregation], no matter where you are, with excess property or obsolete facilities, and you think there might be development potential, we want Enterprise and the Faith Center to be the first place you think to call," says Kirk Goodrich, vice president of the Northeast Region at Enterprise. "The goal is to create a system that dispenses timely and trusted advice to churches no matter where they may be."

In New York, as in most other cities, the housing boom of the past decade has made it even harder to create more affordable housing. In the past, affordable-housing advocates were able to work with abandoned properties owned by the city. But that stock of land is mostly gone, and they have had to look for alternatives.

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Enterprise has found at least one with underutilized church facilities. But the organization, as well as New York City officials, are looking for a variety of new land sources, including decaying neighborhood libraries, underutilized transit authority parking lots and garages, and closed mental facilities and hospitals.

"It's critical to think about creative ways to come up with what is essentially new land, new opportunities for residential developments, because in cities like New York, the price pressure [on land] is so high" that it's extremely difficult to build affordable housing, says Ingrid Ellen, co-director of the Furman Center for Real Estate and Urban Policy at New York University.

Enterprise is hoping to go national with its program for church redevelopment because it believes there is a match between its mission and that of most churches.

"The advantage of church properties is that when you talk about affordable housing, oftentimes there's a match between our missions, which is to serve the community and to serve the least well-off in that community," says Jim Himes, director of Enterprise New York.

As word has spread about Enterprise's work and the Astoria project, more churches have begun calling and asking about the viability of transforming their facilities. That's in part because of a trust factor, says Bishop David Benke, president of the Atlantic District of the Lutheran Church, Missouri Synod.

"One peril [in the process] is greedy developers who will flip the properties, promise you the moon, and then be unable to deliver," says Bishop Benke. "So the more trusted partners there are, the more sense it makes for the local church [and] also the national church [to work with groups like Enterprise.]"

The financing of affordable housing is extremely complex, as Olinger and his congregation discovered. It requires a mix of federal grants, tax credits, and other sophisticated financing mechanisms. Enterprise has helped them navigate the financial terrain. But one of the most difficult parts of the process was the decision itself. Parishioners were baptized here, were married, and raised their children in these pews. Several decided they'd rather leave the church than lose the building.

But with an estimated $3 million of needed repairs, and a huge deficit looming, the majority of the congregation decided it was best to lose the buildings.

Brian O'Donnell is a parishioner who was married here. He says he does have an emotional attachment to the building, but also says a church is something more than its four walls, no matter how elegant they are.

"The church is not a physical structure. It's not the stained-glass windows; it's not these pews," he says. "It's the people in the church. It's our mission, and it's our potential to do good in the community through this project and our potential to expand our spiritual work through this project."

A Book Tour Unlike Any Other (NYT)

By Mark Leibovich

The New York Times, December 12, 2006

It may not go down as a literary classic, but the coming memoir from Terry McAuliffe, the former chairman of the Democratic National Committee, will come with a one-two wallop of book parties that few first-time authors can match. Mr. McAuliffe, whose proficiency as a Democratic fund-raiser is rivaled only by his allegiance to Bill and Hillary Rodham Clinton, will see his devotion repaid with not one, but two parties given by the former first couple early next year. Befitting their shuttle marriage, Mr. Clinton will have his party in New York (Jan. 22, the Four Seasons restaurant) and Mrs. Clinton will hold hers in Washington (Feb. 8, Park Hyatt Hotel).

It is not clear if Mr. Clinton will attend Mrs. Clinton's party, or vice versa, but Mr. McAuliffe will certainly be at both. The book, to be released next month, is aptly titled "What a Party."

US Backs New European Resolution On Iran Sanctions (AFP)

AFP, December 12, 2006

The US has finally signed on to a European draft resolution imposing sanctions on Iran over its nuclear program and is optimistic it will quickly pass through the UN Security Council, Secretary of State Condoleezza Rice told AFP in an exclusive interview.

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"It's a good resolution," Rice said after the revised draft was submitted to the full Security Council at UN headquarters in New York earlier Monday.

Rice said she was "optimistic" the resolution aimed at convincing Iran to suspend its nuclear enrichment program, would pass soon, though she stopped short of predicting a final vote before the end of the year.

"It has to be voted soon. I think this has gone on long enough," she said.

The six major powers dealing with the issue -- Britain, China, France, Russia, the United States and Germany, have been negotiating for weeks over the terms of a sanctions resolution.

But agreement proved elusive as Russia and China objected to an earlier European draft as too harsh, while Washington felt it did not go far enough.

But Rice said on Monday that she was satisfied with the latest version, notably because it will be voted under Chapter 7 of the UN charter, which makes the measures mandatory for all UN members.

"It establishes Chapter 7, which to my mind is the most important element here," she said.

"It would make very clear to the Iranians that they are not going to be able to pursue this program and remain integrated into the international system and I would hope would give them pause so they might consider coming back to negotiations," she said.

The text, a copy of which was obtained by AFP, would mandate a ban on trade with Iran on goods related to its nuclear and ballistic missile programs and impose financial and travel restrictions on persons and entities involved.

Despite Russian objections, it includes a list of a dozen Iranian officials directly involved in their country's nuclear and ballistic programs who would be targeted for UN sanctions.

The list includes officials associated with the Natanz nuclear fuel processing facility and with the heavy-water reactor Iran is building in Arak as well as Iran's Revolutionary Guards chief General Yahya Rahim Safavi.

Tehran has consistently rejected UN demands that it halt uranium enrichment, a process which can provide fuel for nuclear reactors but, also in highly refined form, material for the core of a nuclear bomb.

The West claims Iran is running a secret nuclear military program parallel to its civilian one, an allegation strongly denied by Tehran which says its nuclear ambitions are entirely peaceful and aimed at producing electricity.

Report: Japan, US To Hold Security Talks (AP)

AP, December 12, 2006

Japan and the United States will meet Jan. 13 to bolster cooperation in missile defense and discuss the ongoing realignment of U.S. troops in Japan, a news report said.

Japanese Foreign Minister Taro Aso and Defense Agency chief Fumio Kyuma will meet Secretary of State Condoleezza Rice and Defense Secretary-designate Robert Gates in Washington, Kyodo News agency reported, citing unidentified government officials.

Foreign and defense officials in Tokyo declined to confirm the report.

A Pentagon spokesman, Maj. David Smith, said there is interest in arranging one of these so-called "two-plus-two" meetings in which the defense and foreign ministers of each country meet to discuss a range of issues, but that no date has been set and no agenda has been agreed to.

The two countries are in the midst of a sweeping reorganization of the 50,000 U.S. soldiers based in Japan.

Officials from both sides say the deal will streamline U.S. forces in Japan and alleviate some of the grievances of people in Okinawa, a cramped southern island that hosts U.S. troops.

Japan and the United States have also stepped up efforts to build a joint missile defense system following North Korea's nuclear test in October.

Russian Concerns About Iran Resolution Eased (WP)

By Colum Lynch

The Washington Post, December 12, 2006

DOJ_NMG_0105647

UNITED NATIONS, Dec. 11 -- Senior Russian officials said on Monday that European negotiators have overcome many of their objections to a draft U.N. Security Council resolution barring Iran's trade in sensitive nuclear materials and ballistic missiles, and that an agreement may be in sight.

But Moscow's and Beijing's U.N. envoys sought to eliminate, or at least water down, some of the resolution's toughest provisions. They include an asset freeze and a travel ban on 23 entities and people linked to Iran's nuclear and missile programs.

"We are still uncertain that as a matter of principle this travel ban should be included" in the resolution, Russia's ambassador, Vitaly I. Churkin, told reporters after two closed-door meetings of the five permanent council members and Germany.

Churkin expressed concern that financial sanctions on people and entities linked to Iran's nuclear programs could hamper Iran's legal nuclear energy work. "We need to make sure it's clear those financial actions don't impede those activities," he said.

Still, Russian Foreign Minister Sergei Lavrov praised the revised draft presented on Friday by Britain, France and Germany, saying it echoed Moscow's preference for pursuing a diplomatic strategy that encourages Iran "to sit down at the negotiating table." He said it was carefully drafted to ban only those sensitive nuclear activities, including the enrichment and reprocessing of uranium, that the council was seeking to stop.

"The new draft does not provide for blanket sanctions," Lavrov said, according to a report by Russian news agency Itar-Tass.

"It contains a concrete list of steps aimed at not allowing supplies of technology which causes concerns in the International Atomic Energy Agency," he said, referring to the Vienna-based U.N. nuclear watchdog.

The new initiative comes nearly nine months after the Security Council first called on Iran to halt its enrichment of uranium, citing concerns that it might be diverted to a clandestine nuclear weapons program.

Tehran has repeatedly ignored the 15-nation council's demands to suspend its enrichment activities, asserting that it is seeking to produce nuclear energy, not weapons.

Russia opposed an earlier European resolution on Iran, saying it would have prevented Tehran from pursuing a peaceful nuclear energy program. It also objected to a provision exempting a Russian deal to build an $800 million reactor at Bushehr, in southern Iran.

Russia maintains that Iran has the right, under the nuclear Non-Proliferation Treaty, to produce nuclear power at the Bushehr site, and that there is no reason to refer to it in the resolution.

The Bush administration had pressed for a broader ban on imports of nuclear and ballistic materials, citing concerns that Iran would use Bushehr and other facilities as a cover for diverting equipment and materials for production of nuclear weapons. The current European draft would ban trade only in those materials that can be linked to enrichment and reprocessing of uranium and construction of a heavy-water nuclear power reactor, which produces plutonium.

"We are focusing on what is really dangerous," said French Ambassador Jean-Marc de La Sabliere. He added that the council would lift sanctions if Iran suspends its most controversial nuclear activities.

Russian Envoy Praises U.N. Iran Draft (AP)

By Justin Bergman

AP, December 12, 2006

Russia's U.N. ambassador praised a Security Council draft resolution on Iran's nuclear program, saying his country's concerns had been taken into account as negotiators met behind closed doors Monday to discuss the text.

U.N. diplomats said negotiators wanted to move swiftly on the draft, which would impose sanctions against Iran for refusing to suspend uranium enrichment and urge it to negotiate over its nuclear program. They said they anticipate a Security Council vote before the end of the year.

The draft resolution, which was circulated to Security Council members Friday, has been reworked to try to satisfy changes sought by Russia — an Iranian ally and a veto-wielding member of the Security Council.

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The new draft specifies in greater detail exactly what materials and technology would be prohibited from being supplied to Iran for possible use in its nuclear and missile programs. The Russians and Chinese had previously complained that proposed sanctions were too broad.

The draft also removes reference to a nuclear facility being built by the Russians at Bushehr, Iran — another demand by Russia. The facility, expected to go on line in late 2007, would be Iran's first atomic power plant.

Diplomats from the permanent Security Council members plus Germany met behind closed doors earlier Monday to discuss the new draft.

Russia's U.N. Ambassador, Vitaly Churkin, said afterward he was pleased with the direction of the talks.

"One important issue for us ... has been that we feel strongly that the Bushehr project has nothing to do with the subject matter of this resolution so now it's out of the draft and this is certainly an important development," he said.

Potential roadblocks remain in the text that could prevent Russia from supporting it. The new draft keeps a travel ban and asset freeze on companies, individuals and organizations involved in Iran's nuclear and missile programs, which Russia opposes.

A European diplomat said the draft likely would be introduced at Security Council consultations later in the day, but no vote was scheduled. He spoke on condition of anonymity because he was not authorized to speak to the media.

U.S. Ambassador John Bolton, who submitted his resignation last week, did not participate in Monday's negotiations.

Iran maintains its nuclear program is purely peaceful, aimed solely at producing nuclear energy, but the U.S. and its allies believe Tehran's enrichment activities are ultimately aimed at producing nuclear weapons.

Both Russia and China, which have major commercial ties with Iran, have continued to publicly push for dialogue instead of U.N. punishment, despite the collapse in October of European Union attempt to entire Iran into talks.

Students Cry 'Death To The Dictator' As Iranian Leader Speaks (NYT)

By Nazila Fathi

The New York Times, December 12, 2006

TEHRAN, Dec. 11 — Students disrupted a speech by President Mahmoud Ahmadinejad on Monday at a major university in Tehran, setting fire to photographs of him and throwing firecrackers.

The protesters chanted "death to the dictator" and demanded the resignation of Alireza Rahai, a conservative and the chancellor of the institution, Amirkabir University, the Iranian Student News Agency reported.

Mr. Rahai was appointed to the post after Mr. Ahmadinejad was elected. Amirkabir, a polytechnic university in downtown Tehran, has been a center of student dissent.

It was the first major public protest against Mr. Ahmadinejad since his election more than a year ago.

Mr. Ahmadinejad cut his speech short and left as his security guards tried to stop angry students, who kicked at the car that carried him away, witnesses said. The guards did not remove the students or use force to stop the protests.

Since Mr. Ahmadinejad took office, government pressure has increased on Iranians who have actively promoted changes to create a more open society. As part of the crackdown, dozens of university students around the country have been barred from taking classes this year, and a substantial number of professors have been demoted or forced to resign.

A major reformist newspaper, Shargh, was shut down in September and several of its veteran journalists were barred from working. The government has blocked thousands of news Web sites and blogs in an effort to limit the access of Internet users to independent news outlets.

Over the summer, Mr. Rahai, the university chancellor, had the office of a reformist student group, the Islamic Association, leveled by a bulldozer.

In his speech on Monday, responding to the protests, Mr. Ahmadinejad said, "Everyone should know that Ahmadinejad is prepared to be burned in the path of defending freedom and truth."

When the students chanted, "death to the dictator," he said, "Today, the worst type of dictatorship in the world is the American dictatorship, which has been clothed in human rights."

He added, "Our students are free and they fight and die but do not accept the foreigners' mission or bend to them."

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The student news agency reported that one reformist student complained to Mr. Ahmadinejad that the president's supporters in the audience, who clashed with the protesters, had been bused in from other places. Another student was quoted as saying to him that the security apparatus at the university would probably be busy in the next few days dealing with the protesting students.

In a statement carried on the students' Web site, advarnews.com, they announced that they had been protesting the growing political pressure under Mr. Ahmadinejad, also accusing him of corruption, mismanagement and discrimination.

"The students showed that despite vast propaganda, the president has not been able to deceive academia," the statement added.

About 1,000 students at Amirkabir also protested Sunday to denounce the increasing pressure on the reformist group at the university, newspapers reported Monday.

Last week, 2,000 students protested at Tehran University on the country's annual student day, with speakers saying there had been a crackdown on dissent at universities since Mr. Ahmadinejad was elected.

Iran Students Disrupt President's Speech (AP)

By Nasser Karimi

AP, December 12, 2006

Iranian students staged a rare demonstration Monday against President Mahmoud Ahmadinejad, lighting a firecracker and burning his photograph as he delivered a speech at their university, the state news agency reported.

The hard-line leader responded calmly when a small group of students in a crowded hall at Amir Kabir Technical University started chanting "Death to the dictator!" the Islamic Republic News Agency reported.

"We have resisted dictatorship for many years — from before the 1979 Islamic Revolution," Ahmadinejad said, according to the agency. "Nobody can bring back a dictatorship even in the name of freedom."

Anti-government protests have been extremely rare since Ahmadinejad was elected in 2005 — even in universities which were once a stronghold of the pro-reform movement. Reformists had already been deeply demoralized before his victory, pushed out of power by hard-liners in Iran's cleric-led government.

The disturbances began when a group of students started chanting during the speech. One held up a poster that read: "Fascist president, the Polytechnic is not a place for you."

They held an Ahmadinejad picture up and set it alight, then a student set off a firecracker.

Ahmadinejad supporters in the audience began to chant in response, silencing the protesters. The president then continued his speech.

No arrests were reported.

Ahmadinejad has moved to squeeze out liberal and secular university professors and has threatened an outright purge. He named a cleric to head Tehran University for the first time, and dozens of liberal professors were sent into retirement in the past year, though many still remain in their positions.

Last week, hundreds of opposition students in University of Tehran staged a short demonstration, demanding more freedoms.

Iran's reform movement peaked in the late 1990s after pro-reform President Mohammad Khatami was elected and his supporters swept parliament. But hard-liners who control the judiciary, security forces and powerful unelected bodies in the government stymied attempts to ease social and political restrictions.

Numerous pro-reform newspapers were shut down, and since Ahmadinejad's election those that remain have been muted in their criticism, fearing closure. A few months ago the government banned a newspaper that had satirized Ahmadinejad in a cartoon.

Iran Conference Questions Holocaust (FT)

By Gareth Smyth

Financial Times, December 12, 2006

Iran and the west re-opened their war of words on Monday as a two-day conference on the Holocaust opened in Tehran.

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The event has been billed as an objective examination of historical fact, although interest has fed off the international furore sparked by president Mahmoud Ahmadi-Nejad's verbal attacks on Israel by and his questioning of the Holocaust.

Manouchehr Mottaki, foreign minister, told delegates there was "no reason to be against a scientific conference". But he did not explain why invitees included David Duke, a former leader of the Ku Klux Klan, the militant white supremacist group better known for lynchings and arson than scientific endeavour.

Ahmad Zeidabadi, a reformist journalist who specialises in the Israeli-Palestinian conflict, said the conference was part of Mr Ahmadi-Nejad's efforts to court popularity among "the masses in the Islamic world".

"It also helps satisfy his radical supporters who have seen their president fail to deliver on promises like fighting poverty, corruption, prostitution, inflation and unemployment," added Mr Zeidabadi, who was jailed in 2000 and 2003 for his journalism.

To highlight Europe's prosecution of Holocaust-deniers, the foreign ministry invited Georges Thiel, who has been imprisoned in France for distributing denial literature.

Mr Thiel duly told the conference the widely accepted version of the Holocaust was "an enormous lie". "Jewish people have been persecuted, that is true, they have been deported, that is true, but there was no machinery of murder in any camp - no gas chambers," he said.

Also in attendance was Ahron Cohen, a British Orthodox rabbi from the anti-Zionist Neturei Karta movement. He said there had "certainly" been a Holocaust, but this could "in no way ... be used as a justification for perpetuating unjust acts against the Palestinians".

Mr Mottaki took up the theme that the Jewish holocaust had been used by Zionist Jews to create and justify the state of Israel.

"If, during this review, it is proved the holocaust was a historical reality, then why have the Muslim people of the region and the Palestinians had to pay the cost of the Nazis' crimes?" he asked.

The event was attacked by Morris Motamed, who represents Iran's 20,000-30,000 Jews in Tehran's parliament. The event "hurts all Jews ... who are very sensitive about this red line in their history, the biggest human catastrophe ever", he said.

Ehud Olmert, the Israeli prime minister, said the conference showed "the depth of hatred and the radical fundamentalism within the Iranian government" and the official Holocaust memorial Yad Vashem said it attempted to "paint [an] extremist agenda with a scholarly brush".

Germany summoned Iran's charge d'affaires to rebuke "any attempt, in the past or in the future, to give a forum to those who relativise or question the holocaust". A US state department spokesman said the conference was "yet another disgraceful act on this particular subject by the regime in Tehran".

While the conference grabbed western attention, few people questioned by the FT in a Tehran bazaar had heard of it. "I read something about it a while ago in Shargh [a reformist newspaper], but I turned quickly to the 'Ideas' page, which is my favourite," said a man in his 60s.

Ismail Haniya, prime minister of the Palestinian Authority, also appeared uninterested, ending his four-day official visit to Iran on Sunday, a day before the conference opened.

Rather than attend the conference, Mr Ahmadi-Nejad went on Monday to address students at the Amir Kabir university, where he received a lively reception on a campus known for protest.

After some students burned his picture in front of him and heckled him as "a dictator", the president told his audience that "dictator" was only one of 16 labels given him by the western media, including "terrorist" and "executioner".

"Everyone knows the big dictator is the US," he said, "and that Ahmadi-Nejad is a [simple] student and will remain so."

Mr Ahmadi-Nejad faces an important test of his popularity on Friday, when his sister Parvin heads one of three main lists contesting the election for Tehran's city council.

Iran Opens Conference On Holocaust (NYT)

By Nazila Fathi

The New York Times, December 12, 2006

DOJ_NMG_0105651

TEHRAN, Dec. 11 — Iran held a gathering that included Holocaust deniers, discredited scholars and white supremacists from around the world on Monday under the guise of a conference to "debate" the Nazi annihilation of six million Jews.

Among those representing the United States was the former Ku Klux Klan leader David Duke, whose prepared remarks, issued by the Iranian Foreign Ministry, said the gas chambers in which millions perished actually did not exist.

Robert Faurisson, an academic from France, said in his speech that the Holocaust was a myth created to justify the occupation of Palestine, meaning the creation of Israel.

That is what Iran's president, Mahmoud Ahmadinejad, has frequently claimed, and it was Mr. Ahmadinejad's statements that inspired the Foreign Ministry to hold the conference. The ministry said 67 people from 30 countries were participating in the two days of meetings.

In a welcoming speech, Rasoul Mousavi, head of the Foreign Ministry's Institute for Political and International Studies, said the session would provide an opportunity to discuss the Holocaust "away from Western taboos and the restriction imposed on them in Europe." In several European countries, denial of the Holocaust is a crime.

An accompanying exhibition also denied the Holocaust. One poster with three photographs showed dead bodies and described accounts of their gassing as a myth. Signs pointed to smiling prisoners freed at the end of the war with the label "truth."

New captions in Persian on other pictures of corpses described them as victims of a typhus epidemic in Europe, not of the Nazi death machine.

Speakers at the conference praised Mr. Ahmadinejad's comments about the Holocaust.

Bendikt Frings, 48, a psychologist from Germany, said he believed that Mr. Ahmadinejad was "an honest, direct man." He said he had come to the conference to thank the president for what he had initiated.

"We are forbidden to have such a conference in Germany," he said. "All my childhood, we waited for something like this."

Frederick Toben, from Australia, said Mr. Ahmadinejad had opened an issue "which is morally and intellectually crippling the Western society."

"People are imprisoned in Germany for denying the Holocaust," he added. Mr. Toben said that he was jailed for six months in 1999 for his ideas and that there was a court order in Germany to arrest him if he again spoke against the Holocaust.

Mr. Duke's speech argued that inventions about what happened to Europe's Jews were part of a plot. He said, "Depicting Jews as the overwhelming victims of the Holocaust gave the moral high ground to the Allies as victors of the war and allowed Jews to establish a state on the occupied land of Palestine."

There were also members of anti-Zionist ultra-Orthodox Jewish sects in attendance. One Jewish participant in a long black coat and hat wore a badge saying: "A Jew, not a Zionist."

A 2004 book by an American author, Michael Collins Piper, "The New Jerusalem: Zionist Power in America," was on sale for $20.

It was not clear how the speakers were assembled. The institute's Web site invited scholars and researchers to submit their papers in advance. The Foreign Ministry provided little information about the participants, saying that it feared they would be prosecuted by their countries.

The organizers said they planned for "both sides" to be heard, but none of the speeches collected in the ministry's book or any of the exhibitions spoke of the reality of the Nazi killing. A CD with the stories of 12 Holocaust survivors was said to be available.

The event has sparked outrage in the West.

Germany summoned the Iranian chargé d'affaires to express its anger, and the French foreign minister, Philippe Douste-Blazy, has condemned the conference.

Last summer, Iran created a contest for cartoons about the Holocaust in reaction to the controversy over Danish cartoons lampooning the Prophet Muhammad.

The Iranian Jewish community reacted angrily to Mr. Ahmadinejad's comments last year and said his words had spread fear among them.

"We consider the Holocaust as a fact and a disgrace for humanity," the head of the community, Haround Yashayai, said Monday.

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Tehran's Holocaust Lesson (WP)

By Anne Applebaum

The Washington Post, December 12, 2006

Yesterday the Iranian Foreign Ministry held an international conference. Nothing unusual in that: Foreign ministries hold conferences, mostly dull ones, all the time. But this one was different. For one, "Review of the Holocaust: Global Vision" dealt with history, not current politics. Instead of the usual suspects -- deputy ministers and the like -- the invitees seem to have included David Duke, a former Ku Klux Klan leader; Georges Theil, a Frenchman who has called the Holocaust "an enormous lie"; and Fredrick Toeben, a German-born Australian whose specialty is the denial of Nazi gas chambers.

The guest list was selective: No one with any academic eminence, or indeed any scholarly credentials, was invited. One Palestinian scholar, Khaled Kasab Mahameed, was asked to come but then barred because he holds an Israeli passport -- and also perhaps because he, unlike other guests, believes that the Holocaust really did happen.

In response, Europe, the United States and Israel expressed official outrage. The German government, to its credit, organized a counter-conference. Still, many have held their distance, refusing to be shocked or even especially interested. After all, the Holocaust ended more than six decades ago. Since then, victims of the Holocaust have written hundreds of books, and scholarship on the Holocaust has run into billions of words. There are films, photographs, documents, indeed whole archives dedicated to the history of the Nazi regime. We all know what happened. Surely Iran's denial cannot be serious.

Unfortunately, Iran is serious -- or at least Iran's president, Mahmoud Ahmadinejad, is deadly serious: Holocaust denial is his personal passion, not just a way of taunting Israel, and it's based on his personal interpretation of history. Earlier this year, in a distinctly eerie open letter to the German chancellor, Angela Merkel, he lauded the great achievements of German culture and lamented that "the propaganda machinery after World War II has been so colossal that [it] has caused some people to believe that they are the guilty party."

Such views hark back to the 1930s, when the then-shah of Iran was an admirer of Hitler's notion of the "Aryan master race," to which Persians were said to belong. Ahmadinejad himself counts as a mentor an early Muslim revolutionary who was heavily influenced by wartime Nazi propaganda. It shows.

Of course, Holocaust denial also has broader roots and many more adherents in the Middle East, which may be part of the point, too: Questioning the reality of the Holocaust has long been another means of questioning the legitimacy of the state of Israel, which was indeed created by the United Nations in response to the Holocaust, and which has indeed incorporated Holocaust history into its national identity. If the Shiite Iranians are looking for friends, particularly among Sunni Arabs, Holocaust denial isn't a bad way to find them.

But this week's event has some new elements too. This is, after all, an international conference, with foreign participants, formal themes (example: "How did the Zionists collaborate with Hitler?") and a purpose that goes well beyond a mere denunciation of Israel. Because some countries once under Nazi rule have postwar laws prohibiting Holocaust denial, Iran has declared this "an opportunity for thinkers who cannot express their views freely in Europe about the Holocaust." If the West is going to shelter Iranian dissidents, then Iran will shelter David Duke. If the West is going to pretend to support freedom of speech, then so will Iran.

Heckled for the first time in many months by demonstrators at a rally yesterday, Ahmadinejad responded by calling the hecklers paid American agents: "Today the worst type of dictatorship in the world is the American dictatorship, which has been clothed in human rights." The American dictatorship, clothed in human rights and spouting falsified history: It's the kind of argument you can hear quite often nowadays, in Iran as well as in Russia and Venezuela, not to mention the United States.

All of which is a roundabout way of saying that this particular brand of historical revisionism is no joke, and we shouldn't be tempted to treat it that way. Yes, we think we know this story already; we think we've institutionalized this memory; we think this particular European horror has been put to rest, and it is time to move on. I've sometimes thought that myself: There is so much other history to learn, after all. The 20th century was not lacking in tragedy.

And yet -- the near-destruction of the European Jews, in a very brief span of time, by a sophisticated European nation using the best technology available was, it seems, an event that requires constant reexplanation, not least because it really did shape

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subsequent European and world history in untold ways. For that reason alone it seems the archives, the photographs and the endless rebuttals will go on being necessary, long beyond the lifetime of the last survivor.

Iranian Resistance Group Worries Tehran Officials (WSJ)

The Wall Street Journal, December 12, 2006

The article "Iranian Imbroglio Gives New Boost to Odd Exile Group" (page one, Nov. 29) asserted that most American officials dispute claims of the People's Mojahedin Organization of Iran, the main Iranian resistance movement, of "having a mass following in Iran, stressing that many Iranians despise the organization." Believing this would lead one to wonder why a "terrorist" labeling of such an "isolated" organization should be such a big deal for the clerical regime, as has been underscored by Martin Indyk, the assistant secretary of state for Near East Affairs at the time, who stated in the article that the Khatami government "considered it a pretty big deal."

The Washington-based Iran Policy Committee, in a study of the regime's official media, established in 2006 that Tehran paid five times more attention to the PMOI than to all other internal and external opposition groups combined. The Associated Press reported from Tehran on Dec. 5 that the Iranian regime has blocked access to YouTube.com mainly because videos from the PMOI have been posted on this site.

In reference to the assertion that the organization received help from the former Iraqi government, the article leaves unanswered one simple question: Four years into the downfall of the former Iraqi government, who finances the expenses of this elaborate resistance that operates inside and outside of Iran so extensively? Answer: The very same Iranian people who have been the sole source of support for the past 27 years.

Shahin Gobadi
Press Spokesman
National Council of Resistance of Iran
London

Siniora Stands Fast (WP)

By David Ignatius

The Washington Post, December 12, 2006

BEIRUT -- The Lebanese not so long ago liked to refer to their gaudy capital as "the Paris of the Orient." But on Sunday afternoon, with more than a half-million pro-Hezbollah demonstrators chanting "Death to America!" and "Death to Israel!" in the heart of downtown, the Lebanese capital seemed more like a vision of Tehran.

The very incongruity of this scene, in the most Westernized city in the Arab world, makes me wonder if Hezbollah is overplaying its hand in its campaign to oust the pro-American government of Prime Minister Fouad Siniora. America isn't very popular here, after its ally Israel bombed the country's infrastructure last summer in reprisal for Hezbollah's kidnapping of two Israeli soldiers. But for all their anger at America and Israel, the Lebanese aren't likely to defect to the Iranian camp.

Watching the demonstrations with seeming serenity is Siniora himself, the man the Hezbollah protesters are targeting. When I visited him Monday, he had been holed up in his office for 10 days, surrounded by Lebanese soldiers and acres of barbed wire. During our discussion he was the picture of calm and confidence. That's been his tactic as the protests have mounted: The louder Hezbollah's leader, Hasan Nasrallah, has called for his head, the quieter has been Siniora's response.

Siniora hasn't yet found a way out of the impasse, and the crisis is giving the country a serious case of the jitters. But he did seem to strike a chord with many Lebanese when he said last Friday, after an especially feverish speech by Nasrallah: "You are not our lord. . . . Who made you a judge over us to decide who is a traitor or a nationalist?" He said Nasrallah's supporters were attempting a coup d'etat.

The Lebanese prime minister continued his measured tone in his conversation with me Monday. "I think Nasrallah has become very much tense," he said. "He is between a rock and a hard place. Everybody knows the influence being exercised on Hezbollah by Iran and Syria." He said at another point of Nasrallah, "He has lost the battle."

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"We all have to realize we have Iran on our borders," Siniora explains. "But Iran has to understand it cannot impose things on the Arabs. This is not helpful to them." When I asked Siniora if he thought the Iranians had gotten this message, he answered: "Not yet."

Siniora said he is looking for a compromise -- he used the Arabic word taswiyah, which means an arrangement short of a final settlement -- that will defuse the crisis before it explodes into open sectarian conflict. He said there are various formulas, short of a paralyzing veto, for giving the opposition a stronger voice in the government. He used the phrase "the majority" to describe the pro-government coalition of Sunni Muslims, Druze and some Christians and "the minority" to describe Nasrallah's coalition of Shiite Muslims and Christians led by former general Michel Aoun.

The prime minister's apparent confidence isn't widely shared in the Lebanese capital, which is bracing for another escalation of Hezbollah's tactics. Beirut isn't on the edge of civil war, but there are some spooky precursors. A Shiite friend tells me he is beginning to feel unsafe living in a Sunni neighborhood. When you drive home at night, he says, "the watchers are out."

The hard edge of Siniora's strategy, hidden behind his lawyerly calm, is that he is prepared to play the sectarian game, too. An ominous sign of the dangers ahead was a huge counter-rally Sunday in support of the government by angry Sunnis in the northern city of Tripoli. "They don't have the numbers," Siniora said of the Hezbollah-Aoun alliance. "The majority can send to the street more than what the opposition can send."

The Sunni trump card is rarely discussed but universally understood: Syria, a crucial ally of Hezbollah, is an overwhelmingly Sunni country. If the Syrian-Iranian alliance squeezes the Sunnis in Lebanon too hard, there is likely to be a backlash inside Syria. Here's the way Siniora delicately phrased it to me: "The Syrian position is what it is. It has to be part of the Arab world, not the Iranian overall plans in the region."

And what of America, whose supposed mastery of Lebanon enrages the demonstrators outside Siniora's office? Its diplomacy unfortunately has been as feckless here as elsewhere in the region. Despite American promises to bolster Siniora by getting a map of Israeli land mines in southern Lebanon, or exploring Lebanese claims to a disputed, Israeli-occupied territory known as Shebaa Farms, the Bush administration has done little. "America gives us letters of support," says Siniora. "We get tons of paper, which can't be recycled."

In A Slip, Israel's Leader Seems To Confirm Its Nuclear Arsenal (NYT)

By Greg Myre

New York Times, December 12, 2006

JERUSALEM, Dec. 11 — Israel's prime minister, Ehud Olmert, appeared to acknowledge inadvertently during a TV interview shown Monday that Israel has nuclear weapons, an issue on which the Jewish state has sought to maintain ambiguity for decades.

However, Mr. Olmert's aides said later that there was no change in Israel's policy of refusing to confirm or deny whether it has nuclear weapons.

In an interview with the N24 cable news channel in Germany, Mr. Olmert was asked about Iran's nuclear program. He gave a lengthy response, saying that the United States, France, Britain and Russia had nuclear weapons, and were "civilized countries that do not threaten the foundations of the world."

Mr. Olmert then added: "Iran openly, explicitly and publicly threatens to wipe Israel off the map. Can you say that this is the same level, when they are aspiring to have nuclear weapons as America, France, Israel, Russia?"

The interview was held Friday in Israel but shown Monday, timed to coincide with Mr. Olmert's visit to Germany.

Mr. Olmert's spokeswoman, Miri Eisin, said by telephone, "Israel's policy has not changed." The prime minister and other officials have consistently said that Israel would not be the first country to introduce nuclear weapons in the Middle East.

For decades, Israel has refused to say whether or not it has nuclear weapons despite the seemingly universal belief that it possesses them.

While Israel prefers not to discuss the nuclear issue at all, the policy of intentional ambiguity is seen as a way of creating a deterrent, without making it explicit, a position that could invite sanctions or encourage an arms race in the Middle East.

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Avner Cohen, an Israeli who has written about Israel's nuclear program, said that "Israel's ambiguity policy has become so anachronistic."

"The world has taken Israel as a nuclear weapons state for about 40 years," said Mr. Cohen, a senior research fellow at the University of Maryland.

He said that in the 1970s, an Israeli president, Ephraim Katzir, caused a stir when he accidentally acknowledged that Israel had nuclear capability. "An older generation of leaders had a real taboo about talking about this," Mr. Cohen said. But Mr. Olmert, he added, is of a younger generation that "treats the issue much more normally."

Last week, Robert M. Gates also seemed to acknowledge an Israeli nuclear arsenal, at his Senate confirmation hearing to become secretary of defense. Of Iran, he said, "They are surrounded by powers with nuclear weapons: Pakistan to their east, the Russians to the north, the Israelis to the west and us in the Persian Gulf."

'Distant Threats' Push Israel To Boost Warplanes' Range (USAT)

By Yaakov Katz Special For

USA Today, December 12, 2006

TEL AVIV — Israel's air force plans to enhance its air-refueling capabilities, increasing the range of its warplanes. The changes come as Iran emerges as an increasing threat.

Air Force Brig. Gen. Yohanan Loker has said the program would help Israel meet "emerging distant threats," though he did not mention Iran.

Iran's border is more than 700 miles from Israel. The range of Israeli F-16s without refueling is about 1,300 miles.

One option the air force is considering is the purchase and development of drones, or unmanned aerial vehicles, to serve as refueling tankers for attack jets and other aircraft used in long-range missions.

The air force also could modernize its refueling fleet and convert U.S.-manufactured executive jets, such as the Gulfstream G550, into airborne fuel tankers.

"If you have fuel, you can reach distant targets, better utilize your assets and carry larger amounts of weapons," Loker has said.

Israel has reached distant targets before. In 1981, eight F-16 fighters escorted by six F-15s flew nearly 650 miles each way to bomb the Osirak reactor in Iraq, just south of Baghdad. The attack eliminated Saddam Hussein's nuclear program at the time.

Aerial-refueling aircraft were not used in the Osirak strike. The F-16s were fitted with extra fuel tanks, so the planes had to carry less ammunition.

In 1976, Israeli air force C-130 transport planes carried commandos 2,500 miles to the Entebbe Airport in Uganda and rescued 248 hostages taken captive aboard an Air France flight.

If Israel attacked Iran's nuclear sites, it would be primarily an airstrike, said retired brigadier general Asaf Agmon, a former Israeli air force commander now at the Fisher Brothers Institute for Air and Space Strategic Studies near Tel Aviv.

Israeli planes could reach Iranian airspace, but extra fuel would be needed to allow planes to spend time over a target before returning.

Iran's nuclear program is dispersed among a number of locations.

The planes might also be forced to use more fuel if neighboring countries, such as Jordan and Iraq, refused to allow them into their airspace.

"Osirak was a quick airstrike and was only one target," said Yiftah Shapir, a former air force intelligence officer and an analyst with the Jaffee Center for Strategic Studies. "Iran's nuclear program includes dozens of targets that would all need to be completely destroyed."

The quickest route to Iran would be over Jordan and Iraq. But that way would be diplomatically tricky, Agmon said. "Israel has a peace agreement with Jordan and cannot just violate their airspace," he said.

The advantage of unmanned refueling tankers is that they would minimize the risk to pilots and would be harder for enemy radar to spot because they are relatively small. They would also be able to spend extended periods in the air — some can stay airborne for 24 hours — without the need to refuel or land to switch pilots.

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"The UAVs can add tremendous capabilities to the piloted fighter jets," Agmon said, referring to unmanned aerial vehicles.

Israel would be the first country to develop drone refuelers, Agmon said.

Israel's current refueling fleet consists of three Boeing 707 air-refueling aircraft and three KC-130 tankers. All were purchased in the 1970s.

The Israeli air force inaugurated in September its first AWACS (Airborne Warning and Control System) flight in 14 years.

AWACS planes are equipped with advanced radar systems and serve as a substitute to land-based command-and-control stations in long-range operations.

The aircraft provide fighter pilots with a picture of enemy radar and anti-air weapons before they reach the targets.

It's Not Apartheid (WP)

By Michael Kinsley

The Washington Post, December 12, 2006

In the six decades since the founding of Israel, there have been about one and a half new ideas for solving the most intractable problem on the map of the world. In fact, ever since Britain's Balfour Declaration (1917) made incompatible promises to Jews and Arabs struggling over the same tiny plot of land, most would-be solutions have counted on an outbreak of goodwill among the Middle East's warring parties. This tradition continues in the Iraq Study Group report, which declared: "There must be a renewed and sustained commitment by the United States to a comprehensive Arab-Israeli peace on all fronts" as a small warm-up for tackling the problem of Iraq.

What a good idea! And then we'll cure cancer, to pave the way for health care reform. Why, of course all of humanity should put down its weapons and learn to live together in harmony and siblinghood -- most especially in the Holy Land, birthplace of three great religions (so far). In fact it is downright inexplicable that peace and goodwill have not broken out spontaneously in the Middle East, even though this has never happened anywhere else either.

This is what special commissions are for, although this agreeably tough-sounding demand for comprehensiveness directly conflicts with the half of an idea mentioned above, which went by the name of "road map." It was only half an idea, let's call it a notion, because this notion still depended on something close to a change in human nature. But the road map made this seem more plausible. The notion was that abandoning the melodrama of a comprehensive settlement and settling for a series of smaller steps over many years might help the parties to develop mutual trust. Or at least this was a better bet than expecting each side to make a leap of faith into the arms of the other.

Meanwhile, the one full new idea in the Israel-Arab conflict came from Ariel Sharon, of all people. This oafish former general, who supervised the Sabra and Shatila massacres of Palestinians in Lebanon back in 1982, as prime minister more recently took up the philosophy in that Robert Frost poem: "Good fences make good neighbors." Rather than wait a few million years for evolution to purge Israelis and Arabs of their animosity, just keep them apart with a fence or a wall and related rules. Yes, of course, the walls and the rules favored Israel and were a far greater burden on Arabs than Israelis. But that is the kind of thing you can negotiate.

Comes now former president Jimmy Carter with a new best-selling book, "Palestine: Peace Not Apartheid." It's not clear what he means by using the loaded word "apartheid," since the book makes no attempt to explain it, but the only reasonable interpretation is that Carter is comparing Israel to the former white racist government of South Africa. That is a foolish and unfair comparison, unworthy of the man who won -- and deserved -- the Nobel Peace Prize for bringing Israel and Egypt together in the Camp David Accords, and who has lent such luster to the imaginary office of former president.

I mean, what's the parallel? Apartheid had a philosophical component and a practical one, both quite bizarre. Philosophically, it was committed to the notion of racial superiority. No doubt many Israelis have racist attitudes toward Arabs, but the official philosophy of the government is quite the opposite, and sincere efforts are made to, for example, instill humanitarian and egalitarian attitudes in children. That is not true, of course, in Arab countries, where hatred of Jews is a standard part of the curriculum.

The practical component of apartheid involved the creation of phony nations called "Bantustans." Black South Africans would be stripped of their citizenship and assigned to far-away Bantustans, where often they had never set foot. The goal was a

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racially pure white South Africa, though the contradiction with the need for black labor was never resolved. Here might be a parallel with Israel, which needs the labor of the Arabs it is trying to keep out.

But in other ways, the implied comparison is backward. To start with, no one has yet thought to accuse Israel of creating a phony country in finally acquiescing to the creation of a Palestinian state. Palestine is no Bantustan. Or if it is, it is the creation of Arabs, not Jews. Furthermore, Israel has always had Arab citizens. They are a bit on display, like black conservatives at a Republican convention. No doubt they suffer discrimination. Nevertheless, they are citizens with the right to vote and so on.

There used to be Jews living in Arab nations, but they also fled, in 1948 and subsequent years -- in numbers roughly equivalent to the Arabs who fled Israel. Now there are virtually no Jews in Arab countries -- even in a moderate Arab country such as Jordan. How many Jews do you think there will be in the new state of Palestine when its flag flies over a sovereign nation?

And the most tragic difference: Apartheid ended peacefully. This is largely thanks to Nelson Mandela, who turned out to be miraculously forgiving. If Israel is white South Africa and the Palestinians are supposed to be the blacks, where is their Mandela?

Killing Of 3 Young Children Worsens Palestinian Tension (NYT)

By Greg Myre

The New York Times, December 12, 2006

JERUSALEM, Dec. 11 — Gunmen sprayed a car with bullets Monday morning in Gaza City, killing three young brothers, ages 3 to 9, who were the sons of a senior Palestinian security officer. The shootings further inflamed an already tense situation among Palestinian factions locked in a political power struggle.

No group claimed responsibility for shooting the brothers, though their father is a member of Fatah, the secular faction that long dominated Palestinian politics and is now in an escalating confrontation with Hamas, the militant Islamic group that currently heads the government.

While Palestinian factions have frequently battled in recent years, the fighting has not spiraled entirely out of control. However, the deaths of the three boys outraged many Palestinians and heightened fears that they could cause revenge attacks.

The boys' father, Baha Balousha, a colonel in the General Intelligence service, was regarded as one of the figures involved in a Palestinian Authority crackdown on Hamas members a decade ago and has long been at odds with the group, Palestinians said.

In a large, unruly funeral for the boys on Monday afternoon, Fatah members fired their guns into the air as the procession wound its way through the dusty streets of Gaza City. Fatah supporters also set tires ablaze, blocking main streets, and many stores and schools closed.

The Palestinian Authority president and Fatah leader, Mahmoud Abbas, speaking in the West Bank city of Ramallah, called the shooting "an ugly and inhuman crime perpetrated by a bunch of lowlifes."

The attack began as three masked gunmen emerged from two cars and opened fire with automatic rifles, pumping bullets into the white sedan that was carrying the boys from their home to a private school in the Rimal neighborhood of Gaza City. The bullets killed Osama Balousha, 9, and his brothers Ahmed, 6, and Salam, 3. The car was pocked with dozens of bullets, and the seats and schoolbags inside were drenched with blood.

Mr. Balousha, who was at home but usually travels in the car, may have been the intended target. The car had darkened windows, making it difficult to determine who was inside. Mr. Balousha escaped an attack by gunmen in September.

His driver and bodyguard use the car to take the children to school each day before returning for him, family members said. The bodyguard was killed and the driver seriously wounded in the shooting on Monday, Shifa Hospital said.

Mr. Balousha said people whom he did not identify, who want the Palestinian presidency and its intelligence services to fail, were responsible for the killings. In recent months, Palestinian gunmen have carried out several shootings against Fatah members in the General Intelligence service, which deals with a range of security issues.

While security officials have been targets, it is highly unusual for their family members to come under attack. Also, Gaza's lawlessness is not limited to the rival political factions. Criminal gangs and powerful clans have also been involved in violence in many instances, making it difficult to determine who is behind many of the attacks.

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Just a day earlier, unidentified gunmen fired on a convoy of cars carrying the Palestinian interior minister, Siad Siam, but no one was hurt. He is responsible for many of the Palestinian security agencies, but his authority is limited because he is a Hamas member, while most security agencies are led by longtime Fatah loyalists.

Fatah members of Parliament issued a statement calling on the president to dismiss the Hamas government, saying the group was "pushing us with its policies and programs to civil war."

Hamas denounced the killings.

"This is a gruesome crime," said Mahmoud Zahar, the Palestinian foreign minister and a Hamas leader. "Those who committed this crime have no conscience and are using it for political goals."

The factions have been holding talks to try to form a national unity government, but Mr. Abbas says those talks are at a dead end. He is expected to make an announcement soon on how he intends to break the deadlock, and associates say he is leaning toward new elections for both the presidency and the legislature.

However, Hamas is challenging his authority to call an early parliamentary ballot, saying such a move would amount to an attempted coup.

The Israeli newspaper Haartez reported Monday that Mr. Abbas was offering the job of national security adviser to Muhammad Dahlan, a former Gaza security chief and a prominent Fatah member who has a long-running rivalry with Hamas. Palestinian officials have not commented on the report.

When the Palestinian Authority was established in 1994, the Palestinian leader at the time, Yasir Arafat, created multiple security agencies and packed them with Fatah members. Hamas refused to take part in the Palestinian Authority, and few of its loyalists took government positions or joined the security forces.

But since Hamas won Palestinian parliamentary elections in January, the group has been feuding with Fatah over control of the security forces.

Under the Palestinian system, the president, the prime minister and the interior minister are supposed to share authority over the security agencies, and all belong to the National Security Council.

However, the prime minister, Ismail Haniya, of Hamas, and the interior minister, Mr. Siam, have established little control. Fatah members still dominate the security agencies, and with Israel and Western countries cutting off money to the Hamas-led government, security force members and other government workers have been paid only sporadically this year.

The Hamas government has effectively created its own security agency, the Executive Force, which consists of several thousand members. Most either belong to Hamas or are closely aligned with it.

Deaths Of 3 Children Threaten Gaza Peace (AP)

By Mark Lavie

AP, December 12, 2006

By threatening to ignite a Palestinian civil war, the killing of three children in the Gaza Strip on Monday has jeopardized Israeli Prime Minister Ehud Olmert's efforts to restart long-stalled peace talks.

As violence between the two main Palestinian factions has intensified, hopes are fading for a Palestinian national unity government — seen as a precondition for renewed negotiations with Israel. Olmert is offering the Palestinians far-reaching concessions and a state of their own if they choose the path of peace talks.

"It's one of those situations where all Israel can do is wait it out," said Shmuel Sandler, a professor of political science at Bar Ilan University outside Tel Aviv.

The apparent target of the drive-by shooting in Gaza City was Baha Balousheh, a top Palestinian security officer and Fatah loyalist. He blamed the rival Hamas, although the Islamic movement denied responsibility and denounced the killings.

Balousheh's three children — 3-year-old Salam, 6-year-old Ahmed and 9-year-old Osama — were in the family car on their way to school when gunmen opened fire from two vehicles. The three were killed along with their driver. Doctors said one of the boys was hit by 10 bullets to the head.

Since January elections in which the radical Hamas ousted Fatah, the traditional dominant force in Palestinian politics, there have been periodic flare-ups of violence between the two sides.

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The West, labeling Hamas a terror group, cut off aid to the Palestinian government in March, insisting it must recognize Israel, renounce violence and accept previous peace pacts.

Hamas refuses to take any of those steps, so President Mahmoud Abbas, a moderate who was elected separately, has been trying to create a new government with his Fatah party and Hamas in joint control — to no avail.

Another round of violence, triggered by the killing of the children, would contribute to the "chaos that dominates the Gaza scene," said Ron Pundak, director of the Peres Peace Center and one of the authors of the first Israel-Palestinian partial peace agreement in 1993.

In a Nov. 27 policy speech, Olmert appealed to the Palestinians to accept the international conditions and re-enter peace negotiations. If they do, they "will be able to establish an independent and viable Palestinian state, with territorial contiguity in Judea and Samaria, a state with full sovereignty and defined borders," Olmert said, referring to the West Bank by its biblical name.

But Israeli observers said that's unlikely if the internal Palestinian violence continues and the Hamas-led government does not moderate its policies or allow installation of a new, more moderate government.

Analyst Dore Gold, who served as an adviser to former Prime Minister Ariel Sharon, said that despite Olmert's offers, the Palestinians are not ready for peace talks.

"Until there is orderly government that takes seriously the security commitments the Palestinians undertook in the past and recognizes Israel's right to exist, negotiations might make nice photo opportunities, but would yield no positive results whatsoever," he said.

However, Pundak said Israel and the West can still save the situation by giving the Palestinians some hope, "not just a declaration of two states, but a clear picture of where it's going — and secondly, a feeling of a quick economic boost."

Then, Pundak said, the Palestinians would take steps to stabilize their internal situation. "When the Palestinians feel it is in their interest, they know how to control the situation. The current cease-fire is an example," he said, referring to a two-week-old truce that has ended five months of Israel-Palestinian violence in Gaza.

Three Children Of Palestinian Intelligence Official Slain (WP)

By Scott Wilson

The Washington Post, December 12, 2006

JERUSALEM, Dec. 11 -- Gunmen in Gaza City opened fire Monday on the car of a senior Palestinian intelligence official, killing his three children as they were being dropped off at school.

The intelligence officer, Baha Balousha, was not in the car during the morning attack. He is closely identified with the Fatah party of Palestinian Authority President Mahmoud Abbas and participated in a crackdown in the 1990s against members of the rival Hamas movement in Gaza.

The incident came a day after gunmen fired on the convoy of Interior Minister Saed Siyam, a powerful Hamas official. He was not injured in the shooting.

Taken together, the incidents raised the prospect of renewed partisan fighting in Gaza after several months of relative calm between the armed wings of Fatah and Hamas.

The flare-up comes as Abbas and officials of Hamas, which refuses to recognize Israel, have reached an impasse in talks to form a power-sharing government acceptable to foreign donors, who cut off aid to the Palestinian Authority after the radical Islamic movement's victory in January parliamentary elections.

Prime Minister Ismail Haniyeh announced in Tehran on Monday that Iran's government had pledged to give $250 million to the Hamas-led government next year. Iran this year committed $120 million to the Palestinians, the Associated Press reported.

Abbas is now considering calling early general elections to resolve the crisis.

Witnesses of Monday's shooting said the gunmen fired dozens of rounds, causing panic at the school, and were chased away by Hamas policeman who returned fire. Balousha's three sons ranged in age from 6 to 9. A man was also killed, and two other children were wounded.

Fatah Official's Sons Shot Dead In Gaza (FT)

DOJ_NMG_0105660

By Sharmila Devi In Jerusalem

Financial Times, December 12, 2006

Palestinian gunmen killed the three young sons of a senior intelligence official close to President Mahmoud Abbas in the Gaza Strip on Monday, reigniting fears of an escalation in factional clashes.

There was no claim of responsibility for the attack but officials from Mr Abbas' Fatah party blamed Hamas, which runs the Palestinian Authority.

Fatah's parliamentary faction issued a statement urging Mr Abbas to dismiss the Hamas government, "which is pushing us with its policies and programmes to civil war".

Masked gunmen attacked a car carrying the children to school with some 60 bullets, killing the three boys aged between three and nine and their driver.

Colonel Baha Balousha, the boys' father who was not in the car, was a leading interrogator during a Fatah crackdown on Hamas in the late 1990s.

Mohammed Dahlan, another former Fatah security official, said at the funerals on Monday: "This is not an assassination, it's a massacre. We are not pointing our fingers at anyone, especially in this massacre. But the criminals behind dozens of previous crimes are known and the [Hamas-run] Interior Ministry has not acted against them."

Mr Dahlan, who commands the loyalty of Fatah's armed factions in Gaza, has previously accused Hamas of assassinating political rivals since the Islamic movement took power in March. In recent days he has been tipped to head a new Palestinian National Security Council being created by Mr Abbas, a move likely to be fiercely opposed by Hamas.

Fawzi Barhoum, a Hamas spokesman, called the attack an "awful, ugly crime against innocent children", saying it was aimed at undermining Palestinian unity by creating confusion.

In the chaos of Gaza, it is often difficult for security forces to disentangle criminal motives from political aims. But the latest attack comes amid increased political tension.

Aides to Mr Abbas said at the weekend the president was close to dismissing the government run by Hamas, which has been the target of a western aid boycott leading to sharp poverty in the occupied territories.

But it was unclear whether Mr Abbas had the legal powers to dismiss the government as urged to do so by the west. Although he has repeatedly stated his desire to prevent civil war, months of negotiations on a national unity government have floundered.

In Brussels, the European Commission on Monday proposed a three-month extension of a special aid mechanism created to bypass Hamas. European Union foreign ministers were expected to urge again the formation of a national unity government.

¦ Desmond Tutu, the South African Nobel laureate, said on Monday that Israel had refused him permission to lead a fact-finding mission to investigate Israeli-Palestinian violence.

He was supposed to lead a six-member team on behalf of the United Nations Human Rights Council investigating the killing of 19 civilians by Israeli artillery in Gaza last month.

Haniyeh: Iran Pledges $250M In Aid (AP)

By Sarah El Deeb

AP, December 12, 2006

Iran has pledged $250 million in aid to the cash-strapped Hamas-led Palestinian government, the latest sign of increasingly close ties between the Islamic group and Tehran, Prime Minister Ismail Haniyeh said Monday.

Haniyeh's office announced the donation at the end of a four-day visit by the prime minister to the Iranian capital. He then traveled to Sudan.

Also on Monday, the European Commission proposed a three-month extension of a special aid deal for the Palestinians that bypasses the government.

Western donors cut off hundreds of millions of dollars in aid to the Palestinian government after Hamas won parliamentary elections last January. The donors have demanded that Hamas renounce violence and recognize Israel's right to exist.

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The government, heavily in debt, has been unable to pay the salaries to its 165,000 employees. Despite widespread hardship in the West Bank and Gaza Strip, Hamas has refused to accept the conditions. Instead, it has turned to Iran and other Muslim countries for help.

Iran already has pledged $120 million to the Hamas-led government this year.

Haniyeh said the new donations would come next year. "The total amount of financial aid from Iran will reach around a quarter-billion dollars," Haniyeh told Hamas' Web site.

Buoyed by the help from Iran, the Hamas-led government has managed to stay afloat, but the money is not enough to cover a deficit totaling hundreds of millions of dollars.

Hamas also has struggled to bring money into the Palestinian areas. International banks have refused to transfer money to the Palestinian government, fearing U.S. anti-terrorism laws.

Palestinian Finance Ministry officials say only half of the money pledged by Iran this year has reached the government. Much of the money has been hand-delivered to the Gaza Strip in the suitcases of Hamas officials returning from trips abroad.

A temporary World Bank-supervised alternative for the European Union that bypasses the Hamas government expires at year's end and "it is highly important" it is extended by another three months, said EU External Relations Commissioner Benita Ferrero-Waldner.

"We see that the situation in the Palestinian territories deteriorates," she said.

Her request to extend the special aid scheme for another three months was expected to be endorsed by the 25 EU leaders at a two-day summit opening Thursday, diplomats said. It took effect in July and has already been extended once.

Since the start of the year, the European Union has provided some $863 million in aid for Palestinians. Of this, $266 million has gone through the emergency aid program guaranteeing 1.3 million Palestinians access to water, sanitation and health care and providing income support payments to about 1 million Palestinians left destitute by their government's financial crisis, including may public service employees who have gone unpaid.

The EU foreign ministers were expected to issue another plea for Palestinians to form a government of national unity — an issue that has been under debate for weeks.

Palestinian President Mahmoud Abbas has been at pains to form a broader-based government that would to bring in his more moderate Fatah party to govern alongside Hamas, which has refused international calls to renounce violence, recognize Israel and honor existing Israeli-Palestinian agreements.

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Associated Press writer Robert Wielaard contributed to this report from Brussels, Belgium.

Saudi Ambassador Abruptly Resigns, Leaves Washington (WP)

By Robin Wright

The Washington Post, December 12, 2006

Prince Turki al-Faisal, Saudi Arabia's ambassador to the United States, flew out of Washington yesterday after informing Secretary of State Condoleezza Rice and his staff that he would be leaving the post after only 15 months on the job, according to U.S. officials and foreign envoys. There has been no formal announcement from the kingdom.

The abrupt departure is particularly striking because his predecessor, Prince Bandar bin Sultan, spent 22 years on the job. The Saudi ambassador is one of the most influential diplomatic positions in Washington and is arguably the most important overseas post for the oil-rich desert kingdom.

Turki, a long-serving former intelligence chief, told his staff yesterday afternoon that he wanted to spend more time with his family, according to Arab diplomats. Colleagues said they were shocked at the decision.

The exit -- without the fanfare, parties and tributes that normally accompany a leading envoy's departure, much less a public statement -- comes as his brother, Prince Saud al-Faisal, the highly influential Saudi foreign minister, is ailing.

Saud, who was appointed in 1975, has held the position of foreign minister longer than any of his counterparts anywhere in the world -- dating back to Henry Kissinger's tenure as secretary of state.

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Saudi officials have not commented on Saud's condition, but he has suffered from tremors for years. Last year, he slipped in the shower and fractured a shoulder. After attending the opening of the U.N. General Assembly in September, he flew to Los Angeles for surgery and quietly remained in the United States until shortly before Thanksgiving, according to an Arab official.

As Saud's health has declined, Turki has increasingly been rumored as a possible replacement for his older brother. He would symbolize continuity in Saudi foreign policy at a moment of tension over Iraq between Riyadh and Washington, two long-standing allies in forging common political and economic policy in the Middle East. King Abdullah summoned Vice President Cheney after Thanksgiving for talks on Iraq and other Middle East flashpoints.

Turki has been the subject of both high praise and controversy. In the 1980s, while he was intelligence chief, he reportedly met al-Qaeda leader Osama bin Laden several times during the U.S.- and Saudi-backed support of mujaheddin fighting the Soviet occupation of Afghanistan. He subsequently denounced bin Laden.

Turki later served as ambassador to Britain. "He was regarded as being one of the most effective ambassadors from any country and was held in very high regard," a British diplomat said yesterday.

Saudi Arabia, the guardian of Islam's holiest sites and a predominantly Sunni country, has been deeply concerned about the change in the balance of power in Iraq, with which it shares a 500-mile border. Riyadh has been alarmed by the rise of the Shiite majority in Iraq and the marginalization of the traditional Sunni elite. Young Saudi men have joined the Sunni insurgency as foreign fighters, while there have been persistent reports that Saudi citizens have provided financial aid to the Sunni insurgency.

The kingdom announced earlier this year that it will build an elaborate barrier along the remote desert frontier, with ultraviolet night-vision cameras, underground sensor cables and command posts.

Turki, a 1968 graduate of Georgetown University, will return briefly in January after the Hajj pilgrimage, the busiest time of the year in the kingdom, to say formal goodbyes, according to an Arab official.

Islamic Militiamen Said Advancing (AP)

By Mohamed Olad Hassan

AP, December 12, 2006

Islamic militiamen were moving on an Ethiopian border town to try to seal the 1,000-mile frontier and keep out any advancing Ethiopian troops while trapping those already in Somalia, an Islamic movement official said Monday.

"Our fighters, with a large number of battle wagons, are now advancing on Tiyeglow," said Mohamed Ibrahim Bilaal, an Islamic movement official.

"We will go to all border towns in our country to deprive our enemy of a route to enter into our country. Also we don't want the enemy inside Somalia to get an exit route to flee from it when the jihad starts," Bilaal told The Associated Press by telephone.

Somalia's transitional government, which is backed by Ethiopia against the growing threat posed by the Islamic movement, has sent about 700 troops to defend Tiyeglow, said Mohamed Ali Gaboobe, a government militia commander.

The latest military buildup further raises fears of intensified conflict in Somalia. The Council of Islamic Courts, which controls the Islamic militiamen, already has hundreds of combatants within striking distance of the transitional government in southern and central Somalia.

Tiyeglow is about 90 miles northeast of Baidoa, the only town the government controls. Tiyeglow, on the potholed main road between the Ethiopian border and Baidoa, is believed to be one of the towns through which Ethiopian troops have entered Somalia and may be on their supply route.

Both the transitional government and Ethiopia have consistently denied there are Ethiopian troops in Somalia, with Ethiopia saying it only has a few hundred military advisers helping the transitional government form a national army.

A confidential U.N. report obtained by the AP in October said that there are 2,000 soldiers from Eritrea inside Somalia backing the Islamic movement, in addition to 6,000-8,000 Ethiopian troops in Somalia or along the border backing the government. Eritrea denies having any troops in Somalia.

A Somali human rights group said Sunday it feared renewed fighting could lead to a repeat of past human rights violations, such as rape, torture, kidnapping and looting.

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Somalia has not had an effective central government since warlords overthrew longtime dictator Mohamed Siad Barre in 1991 and then turned on each other.

A transitional government was formed two years but it has been unable to assert its authority over the country. Since June, the Council of Islamic Courts has seized Mogadishu and taken control of much of southern Somalia.

Global Jihad's New Front In Africa (CSM)

By Scott Baldauf

The Christian Science Monitor, December 12, 2006

ADDIS ABABA, ETHIOPIA

A new front in the global struggle for Islamist rule is emerging in Africa. And there are worrisome signs that battles between Somalia's rising Union of Islamic Courts (IUC) and the country's foundering Western-backed government might soon engulf the entire Horn of Africa in a regional war.

Last week, the UN Security Council voted to send peacekeeping forces to Somalia, a move the Islamists say would be met with holy war. But neighboring Ethiopia isn't waiting for the UN. As the Islamists continue to take town after town away from Somalia's transitional government, and to march closer to its border, Ethiopia is gearing up for all-out war. Meanwhile, Eritrea, Djibouti, and Sudan are eyeing the conflict and taking sides.

"The fact that the UN resolution was backed by the US suggests that it puts Somalia into the global war on terror, and that has the potential to mobilize a lot of countries and groups that have been divorced from Somalia thus far," says Matt Bryden a consultant with the Brussels-based International Crisis Group.

Ethiopia has been sending troops across the border for months and its parliament last week approved a resolution of self-defense against Somalia in the event of war.

"We have said, OK, the Islamic Courts are a fact in Somalia, so let's sit down and negotiate," says a senior Ethiopian diplomat, speaking on condition of anonymity. "But the UIC is not interested in solving this matter peacefully. Whenever we negotiate with them, before the ink is dry, they are taking more territory."

"We are not in a hurry to engage in fighting in Somalia, but if we are forced, we will defend ourselves," he says.

This weekend, Somalia saw the fiercest fighting yet between forces of the UIC and the Ethiopian-backed Transitional Federal Government.

A senior military official of the transitional government confirmed the fighting, without giving numbers for casualties, but UIC vice chairman Sheikh Sharif immediately claimed that his nation was under attack by foreign forces, and reaffirmed the UIC's call for a jihad, or religious struggle, to remove them. "We have inflicted harm on Ethiopian troops. Let us fight against the Ethiopians." Fertile ground for proxy wars

As a country with no central government for more than 15 years, Somalia has become a dangerous playground for other people's wars. Neighboring countries, such as Eritrea and Ethiopia, use Somalia as a proxy war to fight each other, placing their own troops in Somalia supporting opposing sides of the internal civil war. Ethiopian separatist groups such as the Ogaden National Liberation Front and the Oromo Liberation Front use Somalia as a base to fight for independence from Ethiopia. Most worrisome to the Western world, however, is that the lack of central control has allowed extremist groups to bring their pro-Al Qaeda agenda into Africa.

But the increasingly open movements of Ethiopian troops in Somalia are fast becoming an emotional unifying force for the Islamists, who are calling on Somalis to defend their national sovereignty. Debate over sending peacekeepers

"I think in its present form, a foreign peacekeeping mission is more likely to exacerbate the problem," says Mr. Bryden. Small groups of foreign forces will have difficulty holding their own against Somali fighters, who specialize in hit-and-run attacks with their truck-mounted machine guns, he says.

But more troublesome is that foreign troops will play into the hands of the Islamists.

In any case, many Ethiopian officials and experts say that they have no choice but to fight. The looming war in Somalia is part of the unfinished business of Ethiopia's two-year border war with Eritrea, which ended in exhaustion rather than a negotiated peace treaty. Ethiopian officials allege that the rise of Somalia's Islamists was made possible by Eritrean logistical support, and a

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UN Monitoring Group report has charged that Eritrea, Egypt, Djibouti, Iran, Saudi Arabia, Yemen, Libya, and Sudan have all contributed funds, arms, and technical support to help Somalia's Islamists take control.

Medhane Tadesse, an Ethiopian historian, says that Ethiopia has been forced into a corner by its neighbors, and will have to come out fighting.

"The idea of Eritrea is to get back at Ethiopia. The Arab bloc are doing this as part of a global Islamic issue," says Mr. Tadesse, director of the Center for Policy Research and Dialogue in Addis Ababa.

Tadesse says Ethiopia must fight, and the sooner the better. "The Islamists consider themselves revolutionaries, and somebody should stop them. Unless you do that, the Islamists may go short of targets before they go short of bullets," he says.

Abdikarim Farah, ambassador of the Somali transitional government, welcomed last week's UN resolution to arm his government and provide peacekeepers. "Whether this is a proxy war or not, it will happen, and if the Islamists succeed, it is going to be a regional conflict," he says.

But in a country that was once predominantly Christian, but is now 50 percent Muslim, all eyes are turning toward what Ethiopian Muslims would do if war was declared on another Muslim country.

Sheikh Sayeed Hassan, an ethnic Somali who runs a khat beit, where men come to chew khat, a leaf chewed for its stimulating effects, says that Ethiopia's Muslim community is hoping that war can be averted.

"People inside Somalia, they are saying that we have been fighting among ourselves for 60 years, but now, when the Islamic Courts are uniting the country, why do the foreign governments want to intervene?" says Sheikh Sayeed. "I think if foreign troops come, the Somali people will react."

He sighs. "Every day we expect war, but so far, there is no serious fighting. So we hope the government [of Ethiopia] will change its mind."

Perils Of Somali Flood: Hunger And Beasts (NYT)

By Jeffrey Gettleman

The New York Times, December 12, 2006

YAGLOO, Somalia, Dec. 5 — This is a village of growling stomachs and sharp cheekbones.

The people here are surrounded by floodwaters that have drowned their animals, submerged their crops and swept away their homes. They are slowly starving, unable to sustain themselves on unripe fruit and filthy water.

At the faintest hum of an outboard engine, some 200 villagers, essentially the entire mobile population of Yagloo, run to the banks of the swollen Shabelle River with empty baskets and expectant eyes, hoping for powdered milk, a few handfuls of grain, some malaria pills, anything.

“You! You! You!” they yelled at a passing boat, which unfortunately on this Tuesday morning was carrying only journalists. “Don’t forget us.”

They held up mud-streaked palms and pointed to a darkening sky. More rain was on its way.

The floods here are yet another installment of a nation in crisis. At a time when Somalia seems inexorably close to an all-out war with Ethiopia, with a destructive potential that could dwarf the countless deaths from the last 15 years of anarchy, a deluge has arrived, plunging Somalia’s breadbasket underwater, creating the conditions for an extended famine and taking the area’s woes to a whole new level.

Experts say this has been the worst flood season in East Africa in 50 years, and hundreds of people have already drowned, starved, succumbed to waterborne diseases like cholera and malaria, or been eaten by crocodiles.

The other day, not far from where Yagloo’s children played on the riverbank, a set of unblinking yellow eyes hung just above the surface of the water. “They are hungry, too,” said Muhammad Ali Gnani, a local aid worker.

He later pointed out a huge crocodile carcass rotting in the bush, sizzling with flies, that his guards shot after it had eaten a boy. Crocodile attacks have been a problem across East Africa, as the drenching rains have driven hundreds of thousands of people from their homes and left them exposed in rising river waters teeming with wild animals.

Some people have refused to be rescued, like a group of herders in Ethiopia who were trapped on shrinking pieces of high land. They said they would rather die next to their cattle than live without them. Ethiopia alone has lost approximately 500 people

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to the rains. Many climatologists blame global warming for the erratic weather, which brought drought last year and left the earth as hard as concrete — and as impervious. When the rains began to lash down, the water just pooled.

In Yagloo, which is about 30 miles north of the Somali capital, Mogadishu, villagers are stranded on a thin spit of mud between the overflowing Shabelle and the lake where their homes used to be.

The water, which is the creamy brown color of tea with milk, is so deep that in some places all you can see are the pointy tops of straw huts sticking out. A few flip-flops and plastic bags float by. When it starts to pour, people duck under plastic tarps, if they have them, or huddle in shivering groups beneath banana trees. Dinner is typically green bananas or boiled mangos. When it comes time to sleep, families curl up together in soggy blankets.

The other day, two elders sat around talking about a way to persuade God to spare them more rain.

"If only we could sacrifice an animal," said Ahmed Mahmoud.

Finishing the thought, Hussein Hassan said, "But all our animals have drowned. His shoulder blades were so sharp that they nearly poked through the thin, wet shirt clinging to his back.

The floods have already pushed people on the wobbly edge of survival past the point of no return. Yagloo's cornfields, part of Somalia's crucial Shabelle agricultural belt, are marinating in stinking water, which means no crops to eat, much less to sell, next year. In neighboring villages, it is the same, with piles of melons stacked alongside submerged roads, the fruit cracking open with rot and a crust of fuzzy white mold creeping out.

"No doubt about it," said Muhammad Fuje, an official with the World Health Organization in Somalia. "Next year, there will be famine."

This is not purely a natural disaster. Somalia has not had a functioning government since 1991, and one result has been a shamelessly neglected infrastructure. That includes a dam near the Shabelle that recently burst, unleashing a cascade that swept through villages and carried off several children in a swirl of brown murkiness.

Few aid agencies have come to the rescue. Southern Somalia's reputation for chaos and bloodshed has scared off most foreign aid workers, leaving the bulk of relief efforts in the hands of a new Islamic administration that is increasingly distracted by the prospects of war with Ethiopia, its larger and more powerful neighbor. After the Islamists came to power in June, Ethiopia stepped up its support of a rival group of Somali leaders in Baidoa, a city farther inland. Recently, the two sides have been building up their armies.

"We're doing our best to help the flood people," said Abdulrahim Ali Modei, the Islamic courts information minister. "But we need some help from God."

So far it does not appear to have come. The rains started in September. They were supposed to stop by November, the end of a normal rainy season. But this year they are predicted to drum on through January.

All this water has fed a wild beauty along the river. Huge mango trees lean over the water. Herons skim to a landing in the swamps. The light changes dramatically by the minute, shifting between intense sunshine and sudden, stormy darkness, as if a fickle someone controlled the whole sky with a dimmer switch.

At the close of another long, wet day, a little boy with a hard round belly and no pants stood on Yagloo's riverbank fishing with a bare hook.

"The fish nibble," said one woman watching him. "But they don't bite."

Study: Security, Delays Slow Darfur Aid (AP)

By Anne Plummer Flaherty

AP, December 12, 2006

U.S. humanitarian aid to Darfur continues to be hampered by a lack of security in the region, restrictions by the Sudanese government and delays in international aid, according to a congressional report Monday.

The Government Accountability Office, the research arm of Congress, said in its report that the nearly $1 billion in U.S. aid and efforts by the international community have helped improve a dire situation. In 2004 and 2005, malnutrition and mortality rates dropped.

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But nongovernmental organizations and the U.N. still face serious problems in aiding the nearly 4 million people who require assistance, including frequent attacks on aid convoys, the report states.

Since 2003, Darfur, the western region of Sudan, has been embroiled in war between armed militias and the government. The conflict is deemed one of the world's worst humanitarian disasters. The Sudanese government has refused to allow a U.N. peacekeeping force in the region, and it has restricted access by private groups.

According to GAO, the Sudanese government's restrictions and delays in international funds have hurt humanitarian efforts. More than half of the U.S. money for food this year was not provided until recently, prompting the U.N. to cut food rations dramatically.

To improve the security situation, GAO recommended the State Department press the African Union to allow for a NATO-led review of its security operations in Darfur. According to the report, NATO's offer to conduct such an assessment was accepted last summer but no actions have been taken.

"The fact that the violence in Darfur has not abated, and has even worsened in some instances, indicates the region's need for continued assistance," the report states.

A separate report released by GAO urged the State Department to release more data on its death count in Darfur.

The State Department reported that some 98,000 to 181,000 people died from the conflict in less than two years, between March 2003 and January 2005. Independent researchers have estimated the death count as much higher — as much as 400,000 deaths between February 2003 and August 2005.

According to both reports, the State Department agreed in general with the studies and their recommendations.

U.S., U.K. Are Likely To End Clash That's Marred Fighter-Jet Project (WSJ)

By Jonathan Karp And Daniel Michaels

The Wall Street Journal, December 12, 2006

As Lockheed Martin Corp. prepares its newest fighter jet for its maiden flight this week, the U.S. and Britain are moving toward resolving disputes, raising the likelihood Britain will stay in the $276 billion program, a person familiar with the matter said.

A formal agreement committing Britain to buy the jet, known as the Joint Strike Fighter, could be announced as soon as today after Pentagon talks between senior U.S. and British defense officials, the person said. London has threatened to pull out of the nine-nation JSF program unless Washington shared classified information about the plane's stealth technology and computer-software codes. Britain, which already has invested $2 billion in the JSF, has said it needs access to these technologies in order to operate and maintain the JSF without U.S. help.

An agreement with Britain would remove a shadow over the JSF, which has been in development for a decade and is billed as a model of international cooperation. A withdrawal by Washington's closest ally would have tarnished the program and scotched billions of dollars in sales, since Britain has been expected to be the plane's biggest foreign buyer.

Months of brinkmanship are culminating because the program faces a year-end deadline for completing a memorandum of understanding in which each country declares how many planes it will buy and signs a long-term agreement for maintaining and upgrading the aircraft. The Netherlands and Canada have signed the memorandum. Australia is to sign it today in Washington, a JSF program spokeswoman said. Italy, Turkey, Norway and Denmark haven't set dates. Deputy Defense Secretary Gordon England today is to meet British Minister for Defence Procurement Paul Drayson, who this year aired London's grievances while testifying at a Senate Armed Services Committee hearing.

A Pentagon spokesman would only confirm today's meeting. Tom Jurkowsky, spokesman for Lockheed, the prime contractor for the JSF, said the company "believes that the U.S. and British governments have made excellent progress with respect to technology-transfer issues since President Bush and Prime Minister Blair met on this issue earlier this year. The two governments continue to work this issue very closely, and we remain confident we will reach a positive resolution."

In addition to the technology-transfer hurdle, Britain was upset when the Pentagon cut funding for a backup engine for the JSF, which was to have been built by Rolls-Royce Group PLC and General Electric Co. Congress restored the funding, for now. Britain's BAE Systems PLC is a main subcontractor on the program.

Why Britain Wants New Nukes (CSM)

DOJ_NMG_0105667

By Mark Rice-Oxley

Christian Science Monitor, December 12, 2006

LONDON

When Ronald Reagan and Mikhail Gorbachev first put their nuclear weapons on the negotiating table 20 years ago, it heralded a new era of disarmament and the hope - however faint - of a nuclear-free world.

That hope, already overshadowed by the proliferation of nuclear weapons to four new countries, dimmed further last week after Britain unveiled plans to spend around £20 billion ($39 billion) to replace its submarine-based missile deterrent known as Trident. The system, British Prime Minister Tony Blair said, would provide crucial "insurance" against threats in a changing world.

The move has divided opinion, but experts on both sides agree that the decision highlights the urgent need to revive some form of global nuclear weapons framework. The alternative is to risk a new arms race with many more powers than before and a heightened risk that a warhead might actually be used.

"When the cold war was over there was a hope, even an assumption, that the main reason for having nuclear weapons would disappear and they would be negotiated away," recalls Frank Barnaby, a nuclear physicist who witnessed a test more than 50 years ago, and opposes nuclear weapons. "That hasn't happened."

For a few years, it seemed that all five recognized nuclear powers - Russia, the US, France, China, and Britain - would embrace the new spirit of disarmament. The US and Russia negotiated down their stockpiles. Hollywood stopped making nuclear holocaust movies. The brinkmanship of mutually assured destruction (MAD) appeared more incongruous than ever. Nuclear was to defense what the sting is to the bee: pyrrhic.

But now, major nuclear deals like the Non-Proliferation Treaty (NPT) appear to be coming apart at the seams: On Friday, the US Congress passed a bill that reversed a 30-year policy that opposed nuclear cooperation with India because it is not an NPT signatory. Besides India, Pakistan, Israel, and North Korea also have atomic capabilities - not to mention Iran's nuclear pretension - and the "big five" are updating their systems, setting a poor example to powers who have thus far desisted.

"You can't have it both ways," says Dr. Barnaby. "It won't work [rearming and] telling others to disarm. You either get rid of nuclear weapons, or nuclear power will increase and with it the danger that nuclear weapons will one day be used."

In its defense, Britain points out that it is cutting its number of warheads from 200 to 160, leaving it with less than 1 percent of the world's warheads. Proponents argue that Britain's updated program will enable it be a "force for good." And it will keep recalcitrant enemies at bay, whoever they may be in 10, 20, or 40 years.

"Given the uncertainties around the world it would be a strange time to get out of the business," says Michael Quinlan, a former top official at Britain's Defence Ministry.

Opponents - which include nearly two-thirds of Britons, according to a recent survey - counter that nuclear weapons do not address current threats like climate change or terrorism.

"Quite apart from the morality of being willing to kill hundreds of thousands of people, security is not being enhanced, it's being reduced," says Bruce Kent, vice president of the Campaign for Nuclear Disarmament. "We are sending the message to anyone who feels like it that they should have the same security."

That much has been made clear by big nonnuclear powers in recent weeks. A top official from South Africa, the first power to voluntarily give up its nuclear missile capability, said there were double standards at play akin to smokers telling the rest of the world not to smoke because it was bad for them.

Germany's foreign minister, Frank Walter Steinmeier, recently warned that disarmament and proliferation were two sides of the same coin, the inference being that without nuclear powers disarming, others would be reluctant to forswear atomic programs.

The grand bargain of the 1968 NPT treaty, sharpened by a 1996 International Court of Justice ruling, was that the nuclear five were obliged to advance nuclear disarmament. That hasn't happened. A review is due in 2010 and experts are calling for intensified global cooperation.

"The NPT review in 2010 needs to be a world summit," says Dan Plesch, an antinuclear defense analyst. He adds that the 2009 expiration date on the original Moscow-Washington arms reduction treaty START is "going to concentrate US minds."

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Lee Willett, head of the maritime studies program at London's Royal United Services Institute, says that with nine nuclear powers and another five or six looking to go nuclear, "the nuclear genie is out of the bottle. The only way to put it back is through a multilateral framework."

Failure to do so, he adds, will mean that "with nine nuclear powers out there the chances of someone using one of these things becomes less unlikely."

Not everyone, however, believes that a nuclear world is a bad thing. Mr. Quinlan, who was the Defence Ministry policy director in the late 1970s when the first Trident decision was taken, says atomic weapons have "kept us free from certain forms of war for 61 years, in which time they haven't killed anyone."

"With every year that goes by without them being used the taboo [of using them] becomes more and more powerful," he adds. "I hope we can get to a world where we can manage without these things, but that will need a lot of political change."

Two Ejected From Parliament, 28 Arrested In British Anti-nuke Protest (AFP)

AFP, December 12, 2006

Two anti-nuclear campaigners were ejected from the House of Commons and 28 were arrested elsewhere as protesters voiced anger at government plans to renew Britain's nuclear deterrent.

Freelance photographer Martin Wyness, 49, and his 13-year-old daughter Sophie unfurled a banner from the public gallery of the lower house of parliament, saying: "Sane Government, Not More Missiles."

They were escorted out by security soon afterwards.

Blair announced plans last Monday for a new generation of nuclear submarines at a cost of up to 20 billion pounds (39.5 billion dollars) to replace the current fleet that will become obsolete in the 2020s.

He argued that getting rid of the US-built Trident system was "unwise and dangerous" in an uncertain world of new terrorist threats and proliferation by countries like North Korea and Iran.

As well as the London protest, 21 people were arrested at the Royal Navy's Faslane base in western Scotland, while seven were detained outside the Aldermaston Atomic Weapons Establishment in southern England, police told AFP.

Both Faslane, where the Vanguard class submarines that carry the missiles are based, and Aldermaston, which builds the warheads, are the scene of regular protests.

The anti-nuclear lobby argues the deterrent is no longer needed and a majority of Britons are against it, while the money could be spent better elsewhere. A parliamentary vote on the plans is due in March next year.

A protest inside the House of Commons marks a new departure.

Wyness said before his protest: "Government on all sides has shown that it does not have the nous to choose better services and education over hateful missiles that do not have a target.

"I feel so strongly, especially after Iraq, that they can't make the right decisions. It's a criminal waste of money."

His daughter, who had taken the day off school to come to London, added: "I have come today because I think the government should be spending its money on fixing education, not on horrible nuclear weapons."

Five protesters also managed to get into the Commons chamber itself in September 2004 as lawmakers discussed a ban on hunting with dogs.

In May the same year, fathers' rights protesters threw a condom filled with purple flour at Prime Minister Tony Blair during his weekly question and answer session.

That led to a glass security screen being erected between the public gallery and the chamber.

Western Businesses Embrace Turkey As E.U.'s Resistance Grows (WP)

By Molly Moore

The Washington Post, December 12, 2006

ISTANBUL -- Markus Lehto's Turkey is a futuristic shopping complex with aerial bridges linking skinny-jeans shops to designer bag boutiques. In the attached apartment building, a pied-Ã -terre designed for the global jet-setter can cost up to $2 million.

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While opposition to Turkey's proposed membership in the European Union is growing among governments and voters in Europe, Western businesses -- from Starbucks to Harvey Nichols to Louis Vuitton -- are embracing a nation of eager consumers armed with newly accessible credit cards.

"Turkey has been trapped between different worlds," said Lehto, the 33-year-old Canadian manager of Kanyon, the city's most extravagant new urban community. "Old Istanbul has nothing to do with modern Istanbul."

Across the hills of the city once known as Constantinople, sleek new office towers are rising as rapidly as the slender spires of new mosques in a country where both Western capitalism and Islamic sentiments are on the march.

In busy Taksim Square, teenage girls in miniskirts and winter tights share sidewalks with women draped in head scarves and ankle-grazing coats. On the European side of the Bosporus Strait, packed nightclubs blare music that carries to the Asian shore, where some religiously conservative communities have banned the sale of alcohol.

At a time when European relations with the Muslim world are at a low, Western governments are becoming increasingly estranged from the country that has long been considered a political bridge between the secular democracies of the West and the Islamic nations of the East.

On Monday, European Union foreign ministers meeting in Brussels reached a compromise over how to respond to Turkey's failure to open its ports and airports to traffic from the ethnic Greek zone of Cyprus. The E.U. wants that step as a show of good faith on Turkey's part.

The ministers agreed to slow down but not end talks over Turkey's efforts to become the first Muslim country to join the bloc. The process was already widely forecast to take another decade to complete, so Monday's decision to delay discussions on eight of 35 policy issues ranks as a relatively mild reprimand. Even so, an increasing number of Europeans and Turks believe Turkey will never become a member.

In recent days, Turkey has indicated that it will open one port and one airport to traffic from the southern zone of Cyprus. The island has been divided since Turkish troops invaded in 1974 after Greek Cypriots staged an attempted coup with backing from Greece. Cyprus was admitted to the E.U. in 2004, represented by the Greek Cypriot government. E.U. ministers on Monday agreed in principle to end the economic isolation of the Turkish zone, but delayed any specific action until next year.

"It's important to send this double signal that on the one hand, there should be no train crash," Spain's foreign minister, Miguel Ãngel Moratinos, said after Monday's closed-door meeting. But, he added, "there should be a slowdown."

The schism between Turkey, the only Muslim country in the NATO military alliance, and European nations comes as the countries on both sides of the divide struggle to define their national identities amid turbulent social and cultural change.

Some of the European governments most opposed to Turkey's entry into the E.U., such as France, are straining to cope with restive, growing Muslim populations. Turkey, meanwhile, is struggling to maintain a staunchly secular state even as its predominantly Muslim population is becoming more religious.

It is not so much European bureaucrats who want to torpedo Turkey's membership. Many of them believe Turkey could play a crucial role in making peace between the Muslim world and secular Europe.

Rather, the opposition comes from vulnerable political leaders who are responding to suspicious electorates, according to analysts and diplomats. European citizens increasingly fear a new influx of Muslim immigrants with the admission of a Muslim nation that would become the largest member of the E.U.

"If you polled the foreign ministries of Europe, every one would say they want Turkey in the E.U.," said one U.S. diplomat based in Europe. "If you polled the people, they would all say keep them out."

Last week, on the same day that President Bush rejected the Iraq Study Group's proposal to open talks with Iran and Syria to try to calm crises across the Middle East, Turkish Prime Minister Recep Tayyip Erdogan had just returned from talks in Tehran and Damascus and was preparing to board a plane for a return visit to Damascus.

"This is not to show that, 'Hey, we have options,' " said Mehmet Ali Birand, a prominent Turkish political analyst. "As long as he's having a bad temper from Europe, he's trying to concentrate on the Middle East more than ever. He fears Iraq, he fears Iran, and he's starting to move on those issues."

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Birand and others fear that Europe's rejection of Turkey's membership request could strengthen a trend toward deeper Islamic sentiments in the country. In a poll conducted this past summer by the Turkish Economic and Social Studies Foundation, 46.5 percent of Turks surveyed described themselves as "quite religious," compared with 25 percent in 1999.

But the survey also showed that the number of women wearing head scarves dropped from 53 percent to 49 percent and that the percentage of Turks who favor Islamic rule in the country dropped from 21 percent to 9 percent.

Last month, tens of thousands of mourners marched in the funeral of five-time prime minister Bulent Ecevit, chanting, "Turkey is secular and will remain secular," a slogan that opposition political leaders said was aimed at Erdogan and his ruling Justice and Development Party. The party has attempted, largely unsuccessfully, to abolish some of the country's more secular laws, including one that bans women from wearing head scarves at universities or in government jobs.

Ihsan Aknur, an Istanbul taxi driver-turned-entrepreneur who uses a Web site to attract foreign tourists to his guide services, said Europe should recognize the paradoxes in Turkish society. "As long as the economy is good, Turks look toward the West," Aknur said, navigating traffic on a clogged city street. "But if the economy becomes bad, they turn to prayer, then become more religious."

Turks are increasingly angry with the growing anti-Turkish sentiment in Europe. That is fueling support for religious leaders who oppose E.U. membership.

"Turkey is used by the West, the West isn't sincere," said Saadettin Ustaosmanoglu, editor of Yeni Furkan, an Islamic magazine. "Since Turkey is a bridge between East and the West, according to the Western mind, Turkey can play an important role to smooth the waters when the time comes for the West to account for its wrongdoings against the East."

Before Visit To China, A Rebuke (NYT)

By Steven R. Weisman

The New York Times, December 12, 2006

BEIJING, Tuesday, Dec. 12 — In a rebuke to China on the eve of a high-level visit by American officials, the Bush administration formally accused Chinese leaders on Monday of failing to meet commitments to open the nation's economy and crack down on piracy of foreign goods.

The criticism came in a 100-page report to Congress by Susan C. Schwab, the United States trade representative. The report, issued in Washington, was required by American law on the fifth anniversary of China's joining the World Trade Organization.

While praising China for making progress in some areas, the report said that the country's efforts in other crucial areas had recently stalled, despite repeated promises from Beijing. It cited continued limits by China on sales of financial services by foreign banks, including credit cards, and limits on some sales of farm goods.

It also accused China of engaging in counterfeiting or piracy of software, videos, pharmaceuticals and other goods, sometimes with open encouragement of Chinese officials, and of failing to stiffen punishments on those engaging in these practices.

The report said that "some Chinese government agencies and officials have not yet fully embraced the key W.T.O. principles of market access, nondiscrimination, national treatment and transparency."

China announced Monday that it would begin to take formal steps to allow foreign banks to offer some retail banking services, like credit cards, and to buy shares in domestic banks. But the announcement came too late to affect the report's overall conclusion that the Chinese have fallen short in meeting their trade promises.

Much of the report echoed criticisms of China's trade and economic practices long heard from Bush administration officials and even more loudly in Congress. But the report was likely to roil the atmosphere this week as Treasury Secretary Henry M. Paulson Jr. engages in a high-level effort to get China to cooperate on these issues.

Mr. Paulson is due to arrive Wednesday in Beijing with a team of six Cabinet members and Ben S. Bernanke, chairman of the Federal Reserve, for what is billed as a "strategic economic dialogue" to bring about cooperation with China and convince Congress not to pass anti-Chinese protectionist measures.

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Trade officials maintained that Congress required that the report be issued when it approved China's accession to the trade organization in 2000, and that it was not timed to coincide with the Paulson mission. A senior trade official said he did not think the report would disrupt Mr. Paulson's efforts.

"I think the message in this report is consistent with our messages previously," he said, adding that its contents would not surprise the Chinese or adversely affect the talks later this week.

But at the Treasury Department, officials were holding back a separate Congressionally mandated report that was also due at this time and that is expected to fault China for its failure to allow its currency to float in open markets. The delay in the release of that report appeared intended to improve the atmosphere for Mr. Paulson's trip.

Besides Mr. Paulson, Mr. Bernanke and Ms. Schwab, the American delegation will include Commerce Secretary Carlos M. Gutierrez, Energy Secretary Samuel W. Bodman, Health and Human Services Secretary Michael O. Leavitt, Labor Secretary Elaine L. Chao and Stephen L. Johnson, head of the Environmental Protection Agency.

As for what the Bush administration intended to do to get China to correct its practices — whether, specifically, the United States would commence specific legal actions under the World Trade Organization — the report said the United States would "continue to seek cooperative and pragmatic resolutions through bilateral dialogue with China."

If dialogue fails, however, the United States "will not hesitate to exercise its W.T.O. rights" to settle disputes "as it would with any other mature trading partner," it said. American officials indicated that such a step would be a last resort and was not likely to happen while the "strategic economic dialogue" was under way.

The Bush administration has, however, filed for relief with the trade organization for some items, including automobile parts. The United States charges that the Chinese have kept foreign auto parts out of their markets.

In addition, the United States has charged that China is deliberately overproducing highly subsidized steel to employ vast numbers of workers emigrating from the countryside. That has led to "dumping" of inexpensive steel in American markets, the United States contends, damaging the steel industry.

In a speech earlier this fall, Ms. Schwab made clear that "if we are not able to succeed using dialogue" in resolving trade disputes with China, "then we can and we must and we will resort to dispute resolution" under the World Trade Organization as the United States did in the auto parts issue.

"We have this continuum of options," Ms. Schwab said in a speech to the National Committee on U.S.-China Relations, a private group that sponsored the first visit of Chinese ping-pong players in 1972. "We will, as the Chinese do, quite frankly, take that tool which is most likely to resolve the problem," Ms. Schwab added.

The report by Ms. Schwab's office on Monday said the Bush administration would continue to use "a dual-track approach."

"The administration remains committed to working cooperatively and pragmatically with China," the document said. "When bilateral dialogue is not successful, however, the administration will not hesitate to employ the full range of enforcement tools available as a result of China's accession to the W.T.O., whether it be the dispute settlement procedures at the W.T.O. or the strict enforcement of U.S. trade laws to ensure that U.S. interests are not harmed by unfair trade practices."

The report cited myriad cases in which it said China had fallen short on its commitments. Trade officials said China had actually "backslided" and "stalled" in its efforts in recent months.

For example, it said that China had promised to open its banking sector to allow foreign banks to provide credit cards and bank accounts in Chinese currency to customers in China. Recently, China issued regulations intended to end discrimination against foreign banks in these services, but American officials say they fall short of that goal.

As for pirated goods, the report said that a substantial percentage of counterfeit or pirated goods seized by United States Customs officials were of Chinese origin. In the past, trade officials have said these included designer labels and high-technology goods.

The report also said that foreign companies found it harder to distribute wholesale and retail petroleum and petroleum products in China than domestic companies.

US Vocal In Run Up To China Trade Talks (FT)

By Richard McGregor And Krishna Guha

DOJ_NMG_0105672

Financial Times, December 12, 2006

For a forum meant to allow Washington and Beijing quietly to sort out long-term problems, the run-up to the first US-China Strategic Economic Dialogue starting on Thursday has already featured some traditional high-decibel diplomacy.

In recent days Hank Paulson, the US Treasury secretary, and Susan Schwab, the US trade representative, have both made statements admonishing China over its trade, economic and currency policies.

The Chinese have so far been much more restrained, in public at least. "This is a very important strategic dialogue and probably it's good for policy co-ordination and also for trade imbalances and many other issues," said Zhou Xiaochuan, the governor of the People's Bank of China, the central bank, in Beijing on Monday. "I think that Hank Paulson raised the requirement to have an economic dialogue. We are prepared to give a very positive and active response to that."

Despite the tenor of some of the US statements, the planned twice-yearly dialogue, as presently structured, will not be anything like a bilateral trade negotiation. Just the size of the US delegation, which includes seven cabinet-level officials and Ben Bernanke, the chairman of the Federal Reserve, makes this encounter different. US officials have been scratching their heads ahead of the meeting, wondering whether Washington has ever sent such a senior delegation to bilateral talks in recent memory.

The format, too, is distinct. Rather than splitting into multiple meetings, both the US and Chinese delegations will sit together in a single meeting room for 1½ days. Both sides will make seminar-like presentations on a range of issues, with the central focus on global imbalances and the Chinese economic growth model.

The US delegation is then scheduled to meet Hu Jintao and Wen Jiabao, the president and premier respectively, while Mr Bernanke makes a speech to a Beijing think-tank.

The dialogue has been established to oversee a large and complex relationship, simultaneously underpinned and undermined by swelling trade ties, with a huge and growing surplus in China's favour. "Overall, the relationship is good, probably better than it has been for some time," said Shi Yinhong, of People's University in Beijing. "But Chinese leaders understand that pressure is accumulating over economic issues."

Mr Shi said he expected China to stick to the "old strategy" in defusing tensions for the moment, "making some concessions, changing some behaviour, but resisting what in Chinese eyes are excessive demands".

In Washington, advocates of a more strategic approach to dealing with China were pleasantly surprised by the way that anti-China sentiment in Congress appeared to ebb even before Mr Paulson's September trip establishing the dialogue, culminating in the withdrawal of a bill threatening sanctions on Chinese imports.

Pressure has been building up ahead of this week's two-day meeting however. US manufacturers are urging Mr Paulson to get tough with China on the renminbi.

Aides to Mr Paulson play down expectations of any big breakthroughs in Beijing, while hinting there will be some "deliverables" on trade irritants. A Treasury official said the US saw three main pillars to the talks: first, helping China reduce both its external and internal imbalances and shift towards a more balanced and sustainable model of growth.

The US also wants China to remove obstacles to the two-way flow of trade and investment and lastly, to agree to co-operate in areas such as energy security and the environment.

For its part, China will have its own demands – for the US to remove bans on the export of certain high-technology goods, which Beijing has sought for years, and to be granted "market-economy status", which would help it fend off anti-dumping cases.

China also wants some certainty for itself for its own outward investment plans following the rejection of the bid by one of its state-owned oil majors for Unocal. The Treasury official said the US was open to investment capital from China and was prepared to work with China to address these fears.

So intertwined have the US and China become that the dialogue is one of about 40 to 50 bilateral forums covering a host of issues, about half of them economic. One US official said the Chinese had made it clear they wanted no new forums. Nearly 50, Beijing reckoned, should be more than enough.

Force Of China's Impact Grows In USA (USAT)

By David J. Lynch

USA Today, December 12, 2006

DOJ_NMG_0105673

Smack in the center of the country, more than a thousand miles from the Pacific Ocean, Oklahoma isn't a place most people regard as a hotbed of China fever.

So when China scholar Peter Gries flew to the University of Oklahoma for a job interview this spring, he wasn't sure what he would find other than cowboys and oil wells.

What he discovered was a state energetically retooling for a globalized economy bearing an ever more distinct "made-in-China" label.

"I was shocked they had this massive China initiative going on. … What I discovered really did blow me away," says Gries, who was hired to head the university's new Institute for US-China Issues.

The 3-month-old institute, deep in tumbleweed country, illustrates the widening impact China's rise is having on the United States. In the five years since China embraced global integration by joining the World Trade Organization, bilateral trade has almost tripled. The volume of goods flowing between the two countries this year is running at an annual rate of $328 billion — 10 times the level in 1992.

China's WTO membership sparked far-reaching domestic reforms in the still-nominally-communist nation, leading to an economic flowering as well as greater personal freedom for individual Chinese. It's also meant hefty profits for U.S. corporations operating in China, such as General Motors.

Marrying 1.3 billion Chinese to the global economy, however, has left its mark on the United States. Tens of thousands of jobs in textile plants in states such as North Carolina have been wiped out by low-wage Chinese competition even as U.S. consumers enjoy lower-priced clothes, toys and furniture made in Chinese factories. Through massive purchases of U.S. Treasury bonds, the Chinese government effectively finances Americans' consumption-heavy lifestyles.

In recognition of China's growing importance to the U.S. economy, Treasury Secretary Henry Paulson flies to Beijing today for the first session of a new "strategic economic dialogue" between the U.S. and Chinese governments. Paulson will head an unusually high-powered delegation including Federal Reserve Chairman Ben Bernanke and six Cabinet colleagues.

Financial waves from China's rise already have spread beyond traditionally international cities such as New York, Washington and Los Angeles to reshape life in the heartland. Children in Chicago's public schools study Mandarin. A regional bank in Ohio is scrambling to keep pace with business customers obsessed with the Chinese market. And a struggling iron ore mine in northern Minnesota enjoys new life thanks to China's ravenous appetite for raw materials.

Surging interest in all things Chinese can be seen in the trade delegations from San Bernardino, Calif., and San Antonio flocking to Beijing as well as the stream of popular books with titles such as China Shakes the World, Chinese Lessons and China, Inc.

Paulson's trip reflects the relentless political controversy that has accompanied China's commercial rise. In joining the WTO, China committed itself to follow international trading rules, including lowering tariffs on imported products and lifting requirements for import licenses and quotas.

Tariffs have been slashed. But critics in the U.S. business community, and in the new Democratic-led Congress, complain that the Chinese have flouted other commitments, notably on protecting the intellectual property of foreign copyright holders. Pirated movies, music and software remain widely available in China despite repeated vows of government crackdowns.

U.S. manufacturers also have grown hoarse griping that the Chinese unfairly subsidize their exports through cut-rate financing from state banks and a currency whose value is kept artificially low.

Monday, Susan Schwab, the U.S. trade representative, told Congress that China's record on WTO compliance is "decidedly mixed." In a 100-page report, Schwab said China has made good progress implementing required reforms, but "excessive Chinese government intervention" in the economy blocks smoother trade ties and forward momentum has stalled.

Some industry representatives want the U.S. to formally complain to the WTO about China's subsidies and currency policy. Frank Vargo, vice president for international economic affairs at the National Association of Manufacturers, who was among the business executives meeting with Paulson last week, calls China's approach to its trade commitments "too cute by half."

Paulson's Beijing foray comes as both China and the United States face economic challenges. There are increasing signs the U.S. economy is slowing, and some economists even warn of a possible recession next year.

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Meanwhile, China, which has grown at an average annual rate of 10% since 1991, is attempting a complicated transition from export-led growth to an economy fueled by domestic consumption. The shift, intended to stabilize an economy flirting with dangerous excesses, would result in larger purchases of foreign-made goods, including from the USA, thus potentially defusing rising protectionist sentiment in Congress.

Gries' new institute, which conducts policy research and promotes public education about China, is driven by the same broad understanding that motivates Paulson's high-level diplomatic effort: However remarkable China's rise has been to date, the Middle Kingdom will only be more consequential tomorrow.

The past 15 years, China's per capita output has more than quadrupled, vaulting it to the world's No. 4 economy behind the U.S., Japan and Germany. But there's more to come: This year, China for the first time overtook Japan to become the second-largest investor in research and development behind the U.S., according to the Paris-based Organisation for Economic Co-operation and Development.

In Oklahoma, China's rising profile includes construction next year of an auto assembly plant in Ardmore, population 34,000, a town in the southern part of the state. The plant will assemble cars under the MG brand, which was acquired last year by Nanjing Automobile.

If Gries has his way, it won't be the last China-related business attracted to Oklahoma. Last month, he accompanied a local chamber of commerce delegation on a prospecting trip to China. He's also working to upgrade the undergraduate curriculum so students get a better understanding of Chinese language, history and culture.

"I want to put OU on the map as a place for Chinese studies and also put Oklahoma on the map as an excellent place for businesses interested in China," he says.

American companies have long found the lure of China's 1.3-billion-person market seductive. At National City, a Cleveland-based regional bank, trade specialist Alfred Ho says China's growth is proving irresistible for local exporters. "It's not a question of whether or not they should do business in China, it's almost a matter of necessity," says Ho, a bank vice president.

Three-quarters of the bank's business customers inquire about selling to China. Since China entered the WTO five years ago, National City has recorded a 210% increase in the value of letters of credit it provides to underwrite exports to China.

As National City's clients have expanded their involvement with China, the bank has gone beyond traditional banking services. Last month, National City — which operates in Ohio, Illinois, Indiana, Kentucky, Michigan, Missouri and Pennsylvania — unveiled a China consulting service that offers would-be exporters a network of China-based experts in supply-chain management, labor and brand management.

In a hint of what's ahead for the Sino-U.S. relationship, a 70-member Chinese delegation looking for investment opportunities visited Cleveland last week. Ho says inward investment from China will pose a fundamental question for many American businesses: "Will you be putting your company up for sale to Chinese interests?" he says.

Chinese buyers already have acquired a number of U.S. companies. Wanxiang Group owns an auto parts maker in Rockford, Ill., while computer-maker Lenovo purchased IBM's laptop business for $1.25 billion in 2004.

Chinese investment ignited political controversy last year when a state-owned oil company, CNOOC, sought to purchase Unocal, a second-tier U.S. oil company. The bid ultimately collapsed amid furious congressional opposition.

But with China now sitting on more than $1 trillion in reserves, the bulk of it held in U.S. dollars, future acquisition attempts are virtually inevitable. And any broad effort to block them would cost the U.S.

Similar deals are threatened by the rise of protectionist sentiment in both the USA and China. In the past two years, according to Morgan Stanley, members of Congress introduced 27 separate pieces of legislation cracking down on trade with China. When Paulson sits down with Chinese leaders this week, one topic should be finding ways to smooth the way for future cross-border investments, says Jeffrey Bader, former head of Asian affairs on the National Security Council.

"They're going to be looking for equity investments and acquisitions of the sort that Japan and the Europeans have done for years, and there's no reason they shouldn't," says Bader, director of The Brookings Institution's China initiative.

Exhibit A in that argument is an aging iron ore mine in Minnesota's northern Iron Range, where Chinese cash helped save about 500 jobs. After several tough years, the mine, then known as Eveleth Taconite, filed for Chapter 11 bankruptcy in May 2003.

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The closure idled several hundred workers until the end of that year, when a 70/30 partnership between Cleveland-Cliffs and Laiwu Steel acquired the firm's assets at auction for $3 million in cash and the assumption of $40 million in environmental liabilities.

China's ravenous appetite for ore to feed its steel mills was behind Laiwu's interest. From 2002 to 2005, Chinese consumption accounted for 54% of the global growth in steel demand, according to the International Monetary Fund.

"Perhaps we wouldn't have gone ahead and pulled the trigger (without Laiwu)," says Donald Gallagher, president of North American operations for Cleveland-Cliffs. "They were key to making the deal and getting it done."

Bernanke In Beijing (WSJ)

The Wall Street Journal, December 12, 2006

This week's trip to Beijing by Treasury Secretary Hank Paulson is being hyped as the biggest economic expedition since Marco Polo's. We suspect that's a tad oversold, but in the meantime it's too bad Mr. Paulson cajoled Federal Reserve Chairman Ben Bernanke into risking his credibility by joining him.

Mr. Paulson's trip is transparently political, with the goal most leaked to the press being to persuade China to let the yuan appreciate further against the dollar. Treasury insists that the agenda is broader than the currency issue, and we hope so. The yuan's peg to the greenback has been a source of prosperity for both countries, and a stronger yuan won't affect the trade balance all that much. China needs to liberalize its financial markets and ease its capital controls for its own domestic growth and prosperity; if Mr. Paulson can assist Beijing's reformers on that count, then the trip might do some good.

Nonetheless, someone in the Bush Administration keeps whispering to the financial press that Mr. Paulson has promised Capitol Hill that he'll make progress on the exchange rate. This is supposed to appease U.S. mercantilists, both political and commercial, and thus give the former Goldman Sachs executive his first big political win. This is at best a risky exercise, so why is Mr. Bernanke going along for the ride?

As Fed Chairman, he is or ought to be politically independent, and the perception of that independence is crucial to his credibility. The dollar has been weak enough already and inflation remains higher than Fed targets, notwithstanding Mr. Bernanke's public comments that the Fed has no intention of letting inflation accelerate. No doubt the Fed will repeat that message after its Open Market Committee meeting today.

However, markets watch what Fed Governors do more than what they say, and traveling to Beijing on a trip perceived as a plea for a weaker greenback is a misstep. Unlike Alan Greenspan, who took a similar trip under very different circumstances, Mr. Bernanke is still trying to establish his strong-dollar credentials.

Mr. Bernanke is well aware of the dicey symbolism of being in Mr. Paulson's entourage. So while the Treasury Secretary is taking a gaggle of Cabinet secretaries on a government plane, Mr. Bernanke is traveling separately to Beijing via United. He's also giving a speech apart from the Treasury group. He is, however, also joining the Treasury at a joint U.S.-China Strategic Economic Dialogue for most of Thursday, and the Chinese can be forgiven if they infer that the Fed chief is part of the lobbying effort.

Perhaps most troubling is the tin ear shown by Mr. Paulson in asking Mr. Bernanke to join him. Mr. Paulson is saying the right things about the dollar. But investors are also testing his credibility amid general dollar weakness and commodity prices that remain sky-high. We'd have thought Mr. Paulson would have learned from his Wall Street years that Fed independence is an asset. He may have to call on it in a crisis.

We should add that the New York Fed recently hired William Dudley, the former chief economist at Goldman Sachs, to run its Markets Group. Mr. Dudley has long been one of Wall Street's leading cheerleaders for a weaker dollar to reduce the U.S. trade deficit. That the economy has continued to do very well for decades despite a strong dollar and large trade deficit would suggest that this is not the best advice for Mr. Paulson to follow. In any event, a Fed Chairman doesn't make his own job any easier by joining what so many perceive as a weaker-dollar expedition.

Beijing Duck (WSJ)

By Andy Kessler

The Wall Street Journal, December 12, 2006

DOJ_NMG_0105676

Treasury Secretary Henry Paulson, Federal Reserve Chairman Ben Bernanke and other polished cabinetry are visiting China later this week. They'll see fields of skyscrapers, traffic jams of new cars and designer couture replacing the old Maoist uniform with five buttons and too-long sleeves. In other words, we've got the Chinese right where we want 'em.

Sure, the China Miracle is impressive -- double-digit economic growth, exports up 30%, a $150-billion trade surplus and a trillion dollars of foreign currency in their treasury as reserves. The prevailing opinion is that at any moment, China can stop funding U.S. budget deficits by not buying our bonds -- so Messrs. Paulson and Bernanke should come hat in hand and beg for indulgence. Don't believe it.

Your hotel will probably be on a street that didn't exist two years ago. The traffic jam getting you there? It's from the 1.4 million new family car drivers in Beijing, now just learning how to drive -- and not too well. Think of China as a bunch of high school kids (albeit with strict parents) with new driver's licenses and you won't be far off. Don't give them the keys to anything. Be a little coy. From the consumers to the government, they are simply adolescents.

China consumes one-eighth of the world's energy, one in four tons of steel and aluminum, and almost half of the world's cement. According to Stephen Roach at Morgan Stanley, half of China's GDP is fixed investment. They pay for this with loans from Chinese banks backed by our dollars. Like a teenager who stole Grandma's checkbook, the Miracle seems to be based on writing bad checks.

They can't handle our dollars. Every time the Fed increases money supply and you and I buy shirts and toys, dollars end up in China. As modern gold, these dollars are used as collateral for banks to write loans against. Each way you look in Shanghai, you see the equivalent of the Houston skyline, marble facades on tall postmodern glass and steel buildings. As far as I could tell, over half these buildings are still empty. In fact, I noticed families living in the rubble of the lobbies in many of these buildings. Yet even more skyscrapers are under construction at every point of the compass. China is looking more and more like bad Japanese flashback.

Call it Communist Cronyism. Nonperforming loans are an anchor on this system. More than once, China has dipped into its reserves to bail out its banks. A rising yuan has attracted investment funds; Mr. Paulson's old firm Goldman Sachs and the rest of Wall Street are busy recapitalizing Chinese banks, whose bad loans have been moved off to other entities. One bank yet to recap is AgBank, with a reputed $90 billion in bad loans. This is real money -- a giant black hole that needs to be dealt with very carefully.

At the same time, the U.S. National Association of Manufacturers -- wow, we still have manufacturers in the U.S.? -- has been lobbying this travel group hard for the Chinese yuan to float higher and the dollar to weaken. If it moves 20%, China's labor becomes uncompetitive and will be toast, as crispy as Peking Duck. Why the U.S. would want to give up cheap shoes and electronics is beyond me -- a dollar drop is a consumption tax on Wal-Mart and upscale shoppers alike. Chinese workers make $1.80 an hour, including all benefits. Unless the dollar drops by half, I doubt a single new manufacturing job in the U.S. will be created.

Their stock market could help. China is filled with entrepreneurs who build companies, not buildings. I spent 10 days in China this month meeting with investors. They are smart and hungry but crippled with Enron accounting. On Jan. 1, listed companies must start releasing two sets of numbers -- Chinese earnings and then calculated again using international standards. Many will start to show losses. Ouch. China is scared to open up because the first move might be to short the whole damn country. George Soros has been sniffing around, and they won't let him in. Outsiders need to be licensed as Qualified Foreign Institutional Investor with a quota -- currently less than 1% of total capitalization. Doesn't sound like a market economy to me. The total value of U.S. stocks is 20 times as large for a reason.

Adolescents eventually grow up. China is growing in spurts. They've got jobs and piles of debt. They need to keep working to pay it off. I actually think the U.S., with its immense wealth, is the main banker, not the Chinese floating our hopefully shrinking budget deficits. We are the ones with the leverage. Stick with the currency peg and make China open up their markets to competition and real outside financial scrutiny.

Mr. Kessler is author of "The End of Medicine" (HarperCollins, 2006).

If Revived, Doha Talks Face Higher Bar (WSJ)

DOJ_NMG_0105677

By Greg Hitt

The Wall Street Journal, December 12, 2006

WASHINGTON -- The Doha round of global trade talks stalled after hitting numerous roadblocks over the summer. Now the White House is working to revive negotiations, even as a new barrier looms: a Congress much more skeptical of free trade.

Administration officials have stepped up the campaign to win support for its plan. Trade Representative Susan Schwab, who spent years as an aide on Capitol Hill, is wooing the incoming trade czars of the new Democratic Congress. Speaking recently to the U.S. Chamber of Commerce, she urged cooperation on trade and Doha. "We cannot let a strong, potential Doha deal slip through our fingers," she said.

Treasury Secretary Henry Paulson is rallying support for Doha around the globe. In London, he said Doha remains the administration's "top trade priority," even with the change in control of Congress next year. In Geneva, U.S. negotiators, after months on the sidelines, are taking part in fresh talks with trading partners on thorny issues, such as cutting farm supports.

The administration is banking that all the political maneuvering will help inject some momentum back into the talks by the spring. The goal isn't necessarily to finish a deal then, but to show enough progress to persuade skeptics in Congress to extend the president's trade-negotiating authority beyond June, when it is set to expire. That authority lets the president negotiate deals with other countries, and put them to Congress for an up-or-down vote -- without amendment. As a practical matter, nations generally don't like to sign deals that could be changed in Congress, so extending that authority would buy U.S. negotiators some extra time to seal a Doha deal.

Whether the Bush administration is able to restart the Doha talks could serve as a measure of the muscle behind critics of free trade in the U.S. And if the impasse on Doha becomes permanent, it could herald the closing of the era of global economic integration that began after World War II.

"A failure of Doha really would signal a crisis of confidence in the multilateral trading system," said C. Fred Bergsten, director of the Peter G. Peterson Institute for International Economics, a free-market think tank in Washington. "The WTO would continue to exist. But there would be a big loss of its standing and its credibility."

The Doha Round was launched in 2001 under the World Trade Organization in Doha, Qatar, with the aim of lowering global barriers to trade in manufacturing, services and farm products. The U.S. and other major trading nations hoped the round, opened after the Sept. 11 terrorist attacks on America, would give a lift to the world economy and reinforce multilateral alliances at a time of global tensions. To get the talks off the ground, the U.S. and European Union promised that the final deal would work for poor countries as well as wealthy ones.

Other WTO parties welcome signs of greater Bush administration engagement on Doha, after the congressional-election outcome damped expectations about what the White House can achieve on trade over the next two years. "Our clear sense is that there is a basis of a deal there," said Peter Power, spokesman for Peter Mandelson, the EU's trade negotiator who has also been seeking to build support for the talks.

The Doha round has been tough going from the start. By July, when WTO chief Pascal Lamy suspended discussions, a trans-Atlantic row had erupted over trade-distorting farm policies. The U.S. wanted Europe to accept deep tariff cuts aimed at opening new markets for American farm products, while Europe demanded a more aggressive U.S. effort to end subsidies paid to American farmers. At the same time, Brazil and India dug in against proposals by the U.S. and Europe that developing countries should cut tariffs on manufactured goods.

Many of the issues under discussion, like agricultural trade, are more sensitive than those tackled during past talks. The field of players who must reach consensus, meanwhile, has expanded from a small club of wealthy nations led by the U.S. to about 150 with the expected entry soon of Vietnam.

That's where Mr. Paulson comes in. Treasury secretaries traditionally have stayed out of the trade arena. But Bush aides hope to capitalize on Mr. Paulson's credibility as a former chairman of Goldman Sachs to sharpen attention on Doha at the highest political levels in Europe and Asia.

The Paulson-led effort will build on the economic diplomacy of Ms. Schwab. Just back from Asia, where Doha dominated her agenda, the U.S. trade representative is set to travel abroad again early next year, including possible visits to Brazil and Europe. The emphasis is on "quiet talks" about key issues, one administration official said.

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In Geneva, lower-levels officials from the U.S. and other countries began talking last month to try to break the impasse. American officials suggest the U.S. could embrace deeper cuts in domestic subsidies paid to farmers than those put on the table several months ago. But U.S. officials are unwilling to proceed without other players, like Europe and India, showing they are ready to bargain in earnest.

Ms. Schwab has also begun to reach out to a critical player in Washington: the Democrats. More critics of globalization and free trade are expected among new rank-and-file lawmakers arriving next month. The administration will likely have to weigh Democratic priorities like labor and environmental protection more seriously to keep the president's trade agenda on track.

Some old-line Democrats, such as Rep. Charles Rangel of New York and Montana Sen. Max Baucus, could emerge as allies of the administration and its free-trade agenda. The two lawmakers, who will take over the House Ways and Means Committee and the Senate Finance Committee, respectively, share traditional Democratic concerns, but have records that support free trade. This past weekend, they joined Republicans to rally support in Congress for a Bush-backed trade package, which included legislation lifting Cold War-era economic restrictions on Vietnam.

"The Democrats in Congress want to be full partners in the process," said Bill Frymoyer, who advised former House Minority Leader Richard Gephardt on trade policy. "The door is open."

It remains unclear how much sway Messrs. Rangel and Baucus will have in shaping the direction of their party on trade issues, and whether Democrats, more broadly, will cooperate with the White House.

Congress is set to vote in the spring on pending trade pacts with Colombia and Peru, and those votes could set the tone for mid-year action on renewing trade-promotion authority.

"Ideally, you get a breakthrough on Doha, which gives you traction to get renewal" of the president's trade-promotion authority, Ms. Schwab said.

Another potential factor is how the new Congress will handle the looming expiration of U.S. farm programs, which provide an array of support for domestic producers. If lawmakers move to beef up that program, that would make it harder to close a deal in Doha, and possibly threaten already settled issues, such as a commitment to end all export subsidies for farm products.

The administration's fresh focus on Doha hasn't necessarily won the same level of attention from its chief executive. Joining visiting South African President Mbeki in the Oval Office Friday, President Bush told reporters that the two talked about "the necessity of trade."

"We talked about, interestingly enough, the Darfur round," Mr. Bush said, apparently confusing the Qatar city with the Sudanese region beset by violence.

Reject Flawed Trade Deals (USAT)

By John J. Sweeney

USA Today, December 12, 2006

The new Congress will face a daunting array of challenges and choices with respect to trade policy when it convenes in January.

Our country is running an annual trade deficit of almost $800 billion, real wages are stagnant or falling for most American workers, the number of people in poverty is growing, the manufacturing sector is in recession, and our health care and retirement security systems are eroding rapidly.

The AFL-CIO is looking forward to working closely with the new Congress to:

•Ensure that bilateral trade agreements (such as those with Peru and Colombia) include enforceable protections for core workers' rights.

•End tax breaks for companies that send jobs offshore.

•Insist that the Chinese government stop manipulating its currency and take concrete steps to improve workers' rights.

•Invest in cutting-edge education, training, infrastructure and research to give American workers and producers the tools to compete successfully in the global economy.

This is not the end of free trade, but a much-needed correction in course. Without dramatic changes in trade policy, we will continue to hemorrhage good jobs, while corporations take advantage of workers whose basic human rights are violated daily.

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Linking core international workers' rights to market access does three important things: It empowers workers and gives them a fighting chance to bargain for their fair share of the wealth they create; helps to build a middle class, so that workers can buy more of the goods they produce; and puts a leash on multinational corporations, by taking the profit out of exploitation.

The only way the Bush administration is going to begin negotiating fair agreements is if Congress takes a stand against these flawed deals, starting with Peru and Colombia.

We face enormous challenges, but politically viable solutions are within reach.

No single action will get us out of the hole we're in, but we can start by rejecting the failed trade policies of the past and charting a new course, one that puts human rights, good jobs and sustainable development at the center of our trade policy.

Without these deep reforms, the Bush trade agenda will be deservedly stalled.

More Tested For Exposure As Poisoning Probe Narrows (LAT)

By David Holley And Jeffrey Fleishman

The Los Angeles Times, December 12, 2006

MOSCOW -- Investigators here questioned a key witness Monday in the radioactive poisoning death of former KGB agent Alexander Litvinenko, as four more possible victims of contamination were hospitalized for tests -- this time in Germany.

The latest potential victims of radioactive polonium-210 were the former wife of Russian businessman Dmitry Kovtun, her boyfriend and her two children, ages 1 and 3. Kovtun and a second Russian, Andrei Lugovoy, met with Litvinenko in London hours before he fell ill Nov. 1 and have emerged as central figures in the investigation.

German police have followed a trail of polonium Kovtun left in Hamburg in the days before he flew to Britain for his meeting with Litvinenko. Officials say they have discovered traces of polonium-210 in the passenger seat of the BMW that picked up Kovtun when he arrived in Hamburg on Oct. 28; on a couch in the ex-wife's apartment, where he spent the night Oct. 30; in her mother's home; and on a document Kovtun signed at the immigration office to update his residency. Monday they said they had found traces of radioactive elements on the clothing of the ex-wife's boyfriend.

Police said Kovtun is under criminal investigation for bringing the radioactive element into the country. "He appeared to have been in contact with polonium. We are considering him as a suspect," Hamburg state prosecutor Martin Koehnke said. "We have to establish whether he was poisoned himself or carried the polonium into the country." He added that there was a "reasonable basis for suspicion that he may not just be a victim but could also be a perpetrator."

Authorities said one theory could be that Kovtun was exposed while packaging the polonium-210 before his meeting with Litvinenko.

"We assume he had polonium-210 in his body" when he arrived in Germany, said Elmar Lillpopp, an investigator with the German Federal Police. Kovtun is not believed to have returned to Germany once he left Nov. 1.

Detectives from Scotland Yard arrived in Hamburg on Monday to work with German authorities. German authorities have dubbed their task force in the case "The Third Man," an allusion to the Graham Greene intrigue novel of the same name and a reference to Kovtun's being the third person at the London meeting, which took place at the bar of the Millennium Hotel in London's expensive Mayfair district.

In Moscow, investigators questioned Lugovoy, the other Russian present at the meeting.

"I was questioned by representatives of the Russian Prosecutor General's Office in the presence of Scotland Yard detectives," Lugovoy told the Russian news agency Interfax. "I gave full answers to all questions asked by the investigators. I am ready to meet with Russian Prosecutor's Office representatives and Scotland Yard detectives again."

Both Lugovoy and Kovtun are reported to be at a hospital in Moscow suffering from the effects of radiation exposure. Kovtun is believed to be more seriously ill, but there have been conflicting reports about whether he is in critical condition.

Andrei Piontkovsky, director of the Center for Strategic Studies, a Moscow think tank, said that "given all the emerging evidence, it seems quite clear that Kovtun and Lugovoy brought polonium-210 to London."

"Now they are hidden from the world behind the walls of a highly secure medical establishment," Piontkovsky said. "Now the fate of these people is being decided in a Kremlin consumed with panic as to what to do next in the face of the growing heap of hard evidence."

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When Litvinenko died, he left behind a written statement blaming Russian President Vladimir V. Putin for his impending death. The Kremlin vehemently has dismissed the allegation and suggested that exiled opponents of Putin were responsible for the murder.

Holley reported from Moscow and Fleishman from Berlin. Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Hospitalizations In Hamburg Tied To Radiation (NYT)

By Mark Landler And Steven Lee Myers

The New York Times, December 12, 2006

HAMBURG, Germany, Dec. 11 — Four people who had contact here with a business associate of the former Russian agent Alexander V. Litvinenko were hospitalized Monday, on suspicion they had been contaminated by polonium 210.

The business associate, Dmitri V. Kovtun, spent four days in Hamburg in October before flying to London, where he met with Mr. Litvinenko on Nov. 1, the day Mr. Litvinenko became ill from the radiation poisoning that killed him three weeks later.

While in Hamburg, Mr. Kovtun slept for two nights in the apartment of his former wife. The police said they had detected radioactive traces on a child's car seat and in two bedrooms, suggesting that the ex-wife, Marina, her two children and her boyfriend had been contaminated.

The four people in the apartment were not showing signs of radiation sickness, according to a police spokeswoman, Ulrike Sweden, and it will take a few days of tests to determine whether they ingested the substance. She said there was no public health danger.

The police confirmed Monday that evidence of polonium was found on a seat in a BMW that met Mr. Kovtun at the Hamburg airport on Oct. 28. There were also traces in a second car he had used.

Mr. Kovtun spread a wide trail of radiation during his brief stopover in this northern German port city. His movements here have become central to solving Mr. Litvinenko's death.

German prosecutors have begun a criminal investigation of Mr. Kovtun, who is reported to be in a hospital in Moscow, saying there was evidence that he might have illegally handled the polonium 210. He could also, however, have left traces of it after being contaminated himself, the police said.

The Hamburg police are pressing the Russian authorities for details on Mr. Kovtun's health, with conflicting reports suggesting that he was in a coma, seriously ill or not outwardly ill at all.

Germany's deepening entanglement in the case could strain relations between Berlin and Moscow, which are close but have changed in tone under a new German chancellor, Angela Merkel.

In an interview scheduled to be broadcast on German television Monday night, Mrs. Merkel said of the deaths of Mr. Litvinenko and a journalist, Anna Politkovskaya, "It is not a good sign; it needs to change."

She called on the Russian authorities to investigate both deaths aggressively, and said President Vladimir V. Putin had assured her that they would. Ms. Sweden, however, said Russian officials still had not answered questions from the Hamburg police about Mr. Kovtun.

British officials have complained that Russia is hampering their investigation of Mr. Litvinenko's death. On Monday, the Russian prosecutor general, Yuri Y. Chaika, met with Britain's ambassador to Moscow, Anthony Brenton, to discuss the case.

Mr. Kovtun, a 41-year-old Russian, was a student in the 1980s at the Supreme Soviet Higher Military Command School, many of whose students went on to serve in the K.G.B.

If, as the Germans suspect, Mr. Kovtun handled polonium, it would raise the question of how it got to Germany. According to officials here, he flew from Moscow to Hamburg on Oct. 28 aboard an Aeroflot flight. Aeroflot's deputy chief spokesman, Viktor F. Sokolov, said no requests had been made to examine any of the company's aircraft.

He said that all Aeroflot planes arriving at the Moscow airport operated by the airline Sheremetyevo were routinely inspected and that none had shown signs of radiation. Authorities also found no traces in a Germanwings plane that Mr. Kovtun took to London on Nov. 1.

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In the Hamburg neighborhood where Mr. Kovtun once lived, radiation specialists went in and out of his ex-wife's apartment building, hauling luggage, steel cases and objects in sealed plastic bags.

In Russia, no officials commented publicly on the disclosures involving Mr. Kovtun. But Russia's ambassador to Germany, Vladimir V. Kotenev, rejected claims that his county was not cooperating. "We also have an interest in finding out the truth," he said on German television.

Russian and British investigators did begin interviewing Andrei K. Lugovoi, who along with Mr. Kovtun, met with Mr. Litvinenko on Nov. 1 in London. An aide to Mr. Lugovoi, reached by telephone, declined to discuss the meeting, but confirmed remarks that he had made to Russian news agencies.

"I was giving evidence purely as a witness," he said, according to Itar-Tass. He added that the meeting lasted a little longer than three hours and that he "gave exhaustive answers to all the questions."

Investigators from Russia and Britain also interviewed Mr. Kovtun over three days last week. Afterward, the prosecutor general announced that it had opened its own investigation and that Mr. Kovtun was ill with symptoms of radiation poisoning. He did not answer his telephone.

A third Russian who accompanied Mr. Lugovoi and Mr. Kovtun during their trip to London, Vyacheslav G. Sokolenko, declined in a telephone interview to discuss the new disclosures, saying he could speak only for himself. He said he had been tested and found to have no exposure to radiation.

Four Hospitalized In Germany As Part Of Radiation Inquiry (WP)

By Mary Jordan And Shannon Smiley

The Washington Post, December 12, 2006

LONDON -- Police said four people in Germany were hospitalized Monday after showing signs that they may be contaminated by polonium-210, the poison that killed former Russian intelligence officer Alexander Litvinenko. All four are connected to Dmitry Kovtun, a Russian businessman who met Litvinenko in London the day he became ill.

German police said they are investigating Kovtun, 41, on suspicion that he illegally handled a radioactive substance. They said he left a radioactive trail in Germany, after arriving there from Moscow on Oct. 28 and before flying to London on Nov. 1. Litvinenko began feeling sick Nov. 1, so the discovery of a trail of the deadly substance before that date is a significant development because it could lead police to its source.

According to Russian news reports, Kovtun is now apparently ill in a Russian hospital. But just as he emerges as a central figure in the case, his whereabouts and condition have been shrouded in mystery. German officials said Monday that they had no information on Kovtun's "current location or his state of health."

Kovtun's 31-year-old former wife, her 27-year-old boyfriend and her two children, ages 1 and 3, were sent to a Hamburg hospital Monday for further tests on "suspicion" of being contaminated, Hamburg police said. German news reports said polonium-210 was found in the bedrooms of the ex-wife's home, on the children and on the family's clothes.

German officials said Sunday that Kovtun spent the night of Oct. 28 at his ex-wife's apartment and that they had found polonium-210 on the couch where he slept. They also said traces of polonium-210 were found in a BMW that Kovtun rode in from the airport after flying in from Moscow earlier that day.

Officials said Monday that they had found traces in a second car, a Chrysler, which he rode in twice between Oct. 28 and Nov. 1. Police are also seeking to find the taxi driver who drove Kovtun to the airport for a 6:40 a.m. Germanwings flight to London on Nov. 1.

In Moscow on Monday, British detectives talked with businessman and former KGB officer Andrei Lugovoy, who with Kovtun met Litvinenko on Nov. 1 at the Millennium Hotel in London. Seven employees of the hotel's Pine Bar, where the Russians met, have tested positive for traces of polonium-210. The bar remains closed.

Kovtun spoke with British and Russian investigators last week, and afterward Russian officials said he had been found to be contaminated with a radioactive substance. Russian news reports said he is believed to be in the same Moscow hospital as Lugovoy, who is also being tested for radiation.

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Lugovoy told the Russian news agency Interfax that he was questioned by representatives of the Russian prosecutors office "in the presence of Scotland Yard detectives" for three hours and that he had given "full answers to all questions asked."

Tension has developed between Scotland Yard and Russian prosecutors, who have restricted British detectives in Russia, opened their own probe of the case and said they may come to London to investigate. Litvinenko's family and friends have said they believe that Russian authorities were involved in his death; Litvinenko was an outspoken critic of Russian President Vladimir Putin and his superiors in the Federal Security Service, the domestic successor to the KGB. Kremlin officials have rejected those allegations.

German Chancellor Angela Merkel, in a television interview Monday night, urged Russia to cooperate with the investigation. Discussing unsolved murder cases in Russia, Merkel said, "That's not a good sign; it must change."

Smiley reported from Berlin.

Shell Gets Poloniumed (WSJ)

The Wall Street Journal, December 12, 2006

The authoritarian drift of Russia continues apace. Yesterday the Kremlin managed to pull the rug out from under the largest foreign investment in the country, Royal Dutch Shell's $20 billion oil and gas project off the Pacific island of Sakhalin. You might call it the economic version of Polonium 210.

Connoisseurs of Russian black humor can appreciate the methods used to wrest control of the Sakhalin-2 project from the Dutch-British energy giant. In recent months, local authorities went after the company for "unauthorized tree felling" and other environmental and labor violations -- finding about 100 in all. Last week, the Natural Resources Ministry threatened to pull permits needed to proceed with the exploration work over allegedly misused water permits. This is the same Russia whose environmental record includes Chernobyl and the dry Aral Sea, among other offenses.

It is a measure of the West's fatalism about Russia that the Kremlin-engineered campaign to force Shell to hand Sakhalin to state-owned Gazprom came as no surprise. KGB man Vladimir Putin has been anything but subtle in his mission to put natural resources in the hands of his cronies.

Last year, the country's top private oil concern, Yukos, was forcibly handed to state-run Rosneft, and Yukos's boss, Mikhail Khodorkovsky, was exiled to Siberia. Foreign companies are barred from taking majority stakes in oil, gas or mineral exploration projects or from challenging Gazprom's monopoly on gas exports. To get around the roadblocks put in its way, Shell yesterday offered to cede majority control of Sakhalin to Gazprom, retaining a minority stake. Watch for its "environmental" problems to be quickly resolved. Other existing exploration deals with BP, ExxonMobil and Total are also in the Kremlin sights.

Mr. Putin finds no shortage of defenders. After all, goes the refrain, Venezuela, Saudi Arabia, Mexico and other developing countries keep their oil and gas resources tightly held in state hands, too. Vladimir Putin's Russia certainly belongs in that company. So, please remind us, what's the country doing in the G-8 club of the world's leading industrialized democracies?

In Russia, A Secretive Force Widens (WP)

By Peter Finn

Washington Post, December 12, 2006

MOSCOW -- On Nov. 15, the Russian Interior Ministry and Gazprom, the state-controlled energy giant, announced three new senior appointments. Oleg Safonov was named a deputy head of the ministry. Yevgeny Shkolov became head of its economic security department. And Valery Golubev was appointed a deputy chief executive at Gazprom.

All three men had something important in common beyond the timing of their promotions: backgrounds as KGB officers and experience working directly with President Vladimir Putin when he was a KGB operative himself in Germany or later, when he was a rising presence in the local government of St. Petersburg, his home town.

Russia's intertwined political and business elites are increasingly populated with people like them, former intelligence agents who have personally proved themselves to the president. At the same time, Putin has spearheaded the regrouping and strengthening of the country's security services, which had splintered into a host of agencies after the Soviet Union's dissolution in 1991.

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In particular, the Federal Security Service, known by its Russian initials FSB, has emerged as one of the country's most powerful and secretive forces, with an increasingly international mission. Putin headed the agency in the 1990s.

"If in the Soviet period and the first post-Soviet period, the KGB and FSB [people] were mainly involved in security issues, now half are still involved in security but the other half are involved in business, political parties, NGOs, regional governments, even culture," said Olga Kryshtanovskaya, director of the Moscow-based Center for the Study of Elites. "They started to use all political institutions."

Kryshtanovskaya recently analyzed the official biographies of 1,016 leading political figures -- departmental heads of the presidential administration, all members of the government, all deputies of both houses of parliament, the heads of federal units and the heads of regional executive and legislative branches. She found that 26 percent had reported serving in the KGB or its successor agencies.

A more microscopic look at the biographies, she said -- examining unexplained gaps in r?sum?s, unlikely career paths or service in organizations affiliated with the KGB -- suggests the startling figure of 78 percent.

The widening reach of Russia's national security apparatus is part of the general centralization of power under Putin and a more assertive and self-confident foreign policy backed by vast energy resources.

A spokesman for the FSB declined to discuss its functions, saying the topics raised in a series of faxed questions touched on classified material. But in interviews with the Russian news media, senior FSB officials have defended the agency's increasing power as a necessary and natural response to a terrorist threat.

"Western countries condemn Russia for encroaching on democracy but invest in their own special and police services nearly unrestricted powers that encroach on the rights and freedoms of their citizens," Yuri Gorbunov, deputy director of the FSB, said in an interview in July with the official newspaper Rossiiskaya Gazeta. "Why? Because they know what a danger terrorism poses."

Russian critics of the FSB's expanding powers contend that after the Sept. 11, 2001, attacks in the United States, Putin's government essentially entered the slipstream of American policies justifying the extraordinary rendition or targeted killing of terrorism suspects and domestic programs such as warrantless surveillance of citizens.

The critics say that heightened state security, while ostensibly a response to terrorism, is also seen by the Putin establishment as essential to its own political preservation.

"The FSB can take action against any kind of danger that it sees -- not just terrorism but political and economic dangers," said Andrei Soldatov, editor of Agentura.Ru, an Internet publication that monitors the security services. "Now the FSB is more powerful than the KGB was."

The FSB's multiple briefs include intelligence, counterintelligence, counterterrorism, economic crime, electronic espionage, border control, social monitoring and, some observers claim, responsibility for the country's computerized election system.

Many outsiders have also asserted that the agency plays a key role in crafting some of the legislation the government submits to parliament on a broad range of subjects, including a measure this year that increased state monitoring of the nongovernmental sector and that gives the state the power to limit or ban foreign funding of political activities it regards as subversive.

The legislation was a reaction to popular revolts in the former Soviet republics of Georgia and Ukraine, where the Kremlin believed foreign-funded activists played an important part in mobilizing street demonstrations following flawed elections.

The FSB's budget continues to grow rapidly, jumping nearly 40 percent in 2006, according to the newspaper Kommersant. The exact figure remains a state secret, as does the number of FSB personnel.

In 2003, on Putin's order, the FSB absorbed the border guard service and assumed some of the powers of the former Federal Agency for Government Communications and Information, or FAPSI, which handles electronic eavesdropping. After a prolonged bureaucratic fight with the FSB, FAPSI was broken up and its functions distributed among various governmental agencies.

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"According to persistent reports, the FSB is responsible for running the computerized system that processes and reports elections results," wrote Mikhail Tsypkin, an associate professor at the Naval Postgraduate School, in the July issue of the Journal of Democracy. Control of the computerized election system had been a FAPSI function.

Members of parliament said in recent interviews that the FSB will also help determine the fitness of minority investors in industries that the state deems strategic. The FSB has also played a lead role in prosecuting Russian scientists and researchers accused of leaking state secrets to foreign governments, NGOs and companies, a campaign that the New York-based advocacy group Human Rights Watch has called "spy mania."

The FSB's pursuit of suspected traitors has chilled the academic community here. In a recent interview, a Russian physicist speaking on condition of anonymity said he had begun to consult the FSB on potential publications and academic symposiums to preclude accusations of divulging classified information.

"There are more and more issues which you cannot decide without the resolution of the FSB," said Ivan Safranchuk, Moscow director of the World Security Institute, a research organization. The agency's powers, he said, extend into signing off on business development in border areas and making decisions on the release of information about reserves of raw materials such as platinum, which was declassified only with the FSB's permission.

The agency's governing legislation states that the FSB also has an intelligence function, but what role it plays abroad and how it works with the official foreign intelligence wing of the government is largely unknown, according to Soldatov, the Agentura editor.

This summer, Russia's security services, including the FSB, were given the legal power to hunt down and kill terrorism suspects overseas if ordered to do so by the president.

"This is a preventive measure," said Anatoly Kulikov, deputy chairman of the security committee in the lower house of parliament, after the passage in July of legislation giving Putin the right to deploy stealth forces against enemies of the state. "This should cool down, at the very least, people who are nurturing their own ideology of force and other such intentions. They must know what they can expect."

Allies of Alexander Litvinenko, the former FSB officer who was fatally poisoned in London last month, link the passage of this law with the killing. "Litvinenko's death was not unexpected, because according to this law Russian special services can eliminate political opponents on blacklists," Akhmed Zakayev, a Chechen separatist and friend of Litvinenko's who was granted asylum in London, said in a phone interview.

The Kremlin has dismissed allegations of state involvement in the killing as absurd and noted that the charges emanate from a circle of people around exiled tycoon Boris Berezovsky, who has long waged a campaign to demonize and undermine Putin.

In July, Russian legislators stressed that the law was designed to target terrorists hiding in failed states and that in other situations the security services would work with foreign intelligence services to pursue their goals.

Eastern Europe Struggles To Purge Security Services (NYT)

By Craig S. Smith

The New York Times, December 12, 2006

BUCHAREST, Romania — Communism is gone and democracy is well implanted in the countries of the old Warsaw Pact, but the Soviet era's security services are still sending shudders through the region nearly two decades after the fall of the Berlin Wall.

The case of Alexander V. Litvinenko, the former K.G.B. agent who was poisoned in London in November, would not seem out of place here, where a death threat in Romania, a suicide in Bulgaria and unbroken silence on several unsolved murders provide clues to the continued presence of the secret services today.

Some members of the secret police remain in place. Others took advantage of the state-asset fire sale that came with the dismantling of centrally planned economies and are now quietly powerful players.

"In '89, only Communism was killed, but the former state security and Communist Party chiefs took the economic power," said Marius Oprea, president of the Institute for the Investigation of the Crimes of Communism, a Romanian government group.

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As a result, the files that documented many of the era's darkest deeds, from blackmail to torture to assassination, have remained closed — and few of the agents and informers whose reports fattened the folders of the services have ever been identified.

But that is changing with the advent of new governments that have displaced those more closely associated with the old Communists, and with pressure from the European Union. A renewed effort is under way across the former Soviet bloc to expose the continued role of the security services and to root out former police agents and collaborators.

The effort is not without risks. In November, Bozhidar Doychev, the man who oversaw Bulgaria's most sensitive secret service archives, was found dead at his desk, with a bullet in his head from his own handgun.

His death was ruled a suicide, but many people have linked it to efforts by some in the government to identify public figures who worked with the country's former Committee for State Security.

Mr. Oprea, a friend of Mr. Litvinenko's, has experienced the threat up close.

On a Romanian street in his hometown, Brazov, a man approached him last year and warned that his toddler son could come to harm if he continued to "push things."

"They are not happy when you start to dig into what happened after 1989," said Mr. Oprea, who sent his family to live in Germany after the man's warning.

Most of Central and Eastern Europe's former Communist countries tried to purge their societies of Soviet-era secret police and informers in the aftermath of Communism's collapse. But the closer they were to Russia, the less effective their purges were.

While many of the region's new political leaders look decisively to the West for their future, some former Communists and the secret services that served them are drawn to the revitalized power of Russian President Vladimir V. Putin and his F.S.B., the successor to the K.G.B.

East Germany and the Czech Republic were the most successful with their purges after 1989, opening secret police files and screening public figures for past collaboration with the intelligence services. Poland screened tens of thousands of people in the early 1990s, but the process lost steam — until the nationalist Law and Justice Party came to power last year and revived it.

Bulgaria is only now beginning to confront the past of its secret police, who have been implicated in plots ranging from the murder of a Bulgarian dissident, Georgi I. Markov, with a poison-tipped umbrella on Waterloo Bridge in London in 1978 to an attempted assassination of Pope John Paul II in 1981.

But nowhere has the struggle between the former secret services and the forces for change been as intense as in Romania, now poised to join the European Union.

Before 1989, Romania's Securitate was one of the Eastern bloc's largest secret police forces in proportion to its population. Under the oppressive regime of Nicolae Ceausescu, it was also among the most brutal. An estimated 11,000 agents and a half-million informers watched millions of Romanian citizens, hundreds of thousands of whom were imprisoned for political reasons. Some were killed.

While the heads of the secret services have been changed and the services have been reorganized, much of the rank and file remains, now with ties to a powerful business elite.

Earlier this year, for example, the Justice Ministry disbanded its secret service, the General Directorate for Protection and Anti-Corruption. The organization had been wiretapping judges and gathering other information, "which we do not really know ended up where or with whom," the justice minister, Monica Macovei, told local newspapers.

The service was set up in 2001 by Marian Ureche, a former Securitate colonel who resigned in 2003 after the local news media disclosed his secret police past. He was one of 1,600 former Securitate officers "who continued to hold key posts in the intelligence services established after 1989," according to an anonymous 2002 report published by Romania's Ziua newspaper and never challenged by the security services.

Many of the most powerful businessmen in Romania have links to the Securitate, even if they deny having benefited from such relationships — something that is, by its nature, difficult to prove.

Silvian Ionescu, the country's top environmental official, was a former high-ranking Securitate officer who became wealthy after Communism's fall through various business deals.

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Dan Voiculescu, a media mogul and president of the Conservative Party, denied for years that he had Securitate ties and successfully sued several journalists for suggesting otherwise. But earlier this year, the National Council for the Study of the Securitate Archives, a government group that is checking the pasts of elected officials, civil servants and members of civil society, announced that Mr. Voiculescu had indeed acted as a secret police informer under the code name Felix.

Mr. Voiculescu has since admitted that he collaborated, though only "two or three times for economic espionage." He said others involved with the Securitate stole assets or used their connections in other ways to accumulate wealth.

The first government not closely linked to the former Communists came to power in 1996 and passed a law requiring that the secret police archives be opened. But the government changed hands and lustration, as the process of exposing past Communist agents is called, stalled.

After years of delays, the security services are starting to turn over files to the National Council.

Those records under the council's control fill about 10 miles of shelf space — roughly 1.8 million individual files. Romanians can request a copy of their file, if it exists, allowing them a sometimes cathartic look into the work of their tormentors.

In the city of Ploeste, Vasile Paraschiv, a 78-year-old former factory worker, holds up a six-inch stack of photocopies. The papers document the Securitate's efforts to have him permanently committed to a psychiatric hospital because of his political views.

"I didn't want to be a Communist Party member anymore," he explained.

Mr. Paraschiv managed to win a court case in 1977 that allowed him to receive treatment at home, though he was sent to psychiatric hospitals on other occasions and forced to take antipsychotic drugs for years.

But the security services have not yet turned over all of the files, and there is widespread suspicion that the most important ones are being withheld.

"We don't have any idea how many there are," said Claudiu-Octavian Secasiu, president of the National Council. He thinks there are hundreds of thousands of files still in the hands of the secret services, based on an intelligence report from 1994.

The security services have until the end of the year to finish transferring the files, but confidence in the process is very low.

Vladimir Tismaneanu, a professor of politics at the University of Maryland who was appointed by President Traian Basescu to head a commission looking into Romania's Communist past, complains that "there are still institutions, primarily the secret services, that hold back despite presidential intervention and will not deliver files in their possession."

Mr. Tismaneanu said that despite presidential support, he has failed to get information on several Communist-era deaths blamed on the Securitate, including two possible poisonings of Radio Free Europe directors with radioactive thalium in the 1980s and the shooting of a Ceausescu critic in Chicago in 1991.

"We were told the files didn't exist," Mr. Tismaneanu said. "I don't believe it."

The council has succeeded in turning up a handful of informers among public figures, but most were minor players who, some say, lacked the clout to keep their files hidden or were victims of political sabotage.

The case that has drawn the most attention is that of former culture minister and Parliament member Mona Musca, who was thrown out of the Liberal Party after it was revealed that she had worked for the Securitate monitoring foreign students at the University of Timisoara, beginning in 1977. She says she was targeted because she was a popular politician and a potential rival of the country's prime minister.

The file of Mr. Voiculescu of the Conservative Party was found just after he was nominated to become deputy prime minister. The news blocked his move and his party recently withdrew from the governing coalition.

"Instead of opening the files in the 1990s, the people in power kept them because they could be used for blackmail," Mr. Voiculescu said, adding that as long as there are files in the secret services hands, "that can go on forever."

It may be impossible to clarify the past until all interested parties have disappeared from the field.

Corneliu Turianu, a Communist-era judge who is one of the council's 11 members, flips through a thick stack of paper at his Bucharest home, running his finger down the lists of vetted names, looking for his own.

"There are always new files appearing," he said, pausing to pour a visitor a glass of Scotch with shaking hands. He said the process will continue until those who were adults before 1989 are dead. "Then," he said, "nature will take its course."

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A Bitter Legacy Of Division Survives Pinochet (NYT)

By Larry Rohter

The New York Times, December 12, 2006

SANTIAGO, Chile, Dec. 11 — On Chilean television Sunday afternoon, supporters of Gen. Augusto Pinochet were pummeling demonstrators celebrating the death of the former dictator. "Look at that," complained the manager of a car rental agency in the southern town of Pucón. "Even now that he's dead, Pinochet continues to perturb this country."

Chile seemed calmer on Monday, with the general's few remaining admirers filing by his coffin at the military academy here and the rest of the country going about its normal workday activities. But the timing of his death has not only brought back to the surface many of the divisions he created but has also left a host of troubling legal and political questions unresolved.

Victims of the general's human rights abuses, for instance, expressed frustration that he had died "without paying his enormous debt to justice" or even standing trial, in the words of Lorena Pizarro, director of the Relatives of the Detained and Disappeared Group.

Questions were also raised about what would happen now to the numerous criminal cases opened against him and his subalterns.

"The big question is whether this will give an impetus to those prosecutions or have the reverse effect," said Sebastián Brett, the Chile representative of Human Rights Watch Americas. "Some might be tempted to ask, 'The old boy's gone, so what's the point of going on?' But I wonder if some of the military officers who have basically held to a pact of silence will begin to talk as a way of cutting their losses now that Pinochet's rather terrifying influence will have gone."

Human rights advocates want those cases to proceed, if only to undermine the more extravagant claims of the general's apologists and make the historical record clear.

Outside the military academy this morning, for instance, Iván Moreira, a right-wing congressman, was arguing to all who would listen that General Pinochet was not a brutal executioner but "a great statesman and liberator, the man who saved Chile from Marxism and avoided a war."

Most of the murder, kidnapping and torture accusations against the general also involve other officials and so will not lapse. In addition, his wife and some of his five children were indicted along with him on fraud or tax evasion charges stemming from the disclosure by the United States Senate in 2004 that he had clandestinely accumulated an illicit fortune, now estimated at $28 million, in bank accounts abroad.

General Pinochet ceased to be an important player in Chilean politics even before then, as a result of his detention in Britain in 1998 for human rights abuses. But politics here have continued to revolve around him and his legacy, and his demise promises to affect the country's two major political alliances.

As one of the great villains of modern history, he has been a boon to the coalition of Socialists and Christian Democrats that has been in power since his dictatorship ended in 1990. The parties were often at odds before he subjected them to the unifying traumas of murder, torture and exile, and some differences between them on social issues and economic policies have recently intensified.

"It is going to be a huge challenge for the coalition to find common ground and build a platform for future elections," said Patricio Navia, a professor of political science at Diego Portales University here and at New York University.

"They came together to oppose Pinochet and lead the restoration of democracy," Professor Navia said, "and now that Pinochet is gone, the fear that old Chilean politics and old divisions may return should not be discarded."

For the two main rightist opposition parties, in contrast, General Pinochet's death comes as a relief and an opportunity. They have been stained by their close association with him and his dictatorship, their efforts to reach out to moderate voters blunted and their democratic credentials repeatedly questioned as a result of their reluctance to criticize his human rights abuses.

They have already begun distancing themselves from those links, as evidenced by the Pinochet family's complaints that certain party leaders failed to visit the general in his last days. But once his funeral is over and the year-end holidays and Southern Hemisphere summer vacation push the news aside, the right will be free to accelerate the process of selective disengagement.

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"With Pinochet's disappearance, that political weight will now drop off," said Juan Bustos, a Socialist member of Congress who is the sponsor of a bill to undo the Pinochet-era amnesty law that has prevented prosecution of human rights offenders. "So there is a certain advantage for them in all of this."

The former dictator's death has also forced President Michelle Bachelet into a delicate political minuet. The president is not only a Socialist and a physician like Salvador Allende, whom General Pinochet overthrew with Washington's support on Sept. 11, 1973, but is also a former exile and political prisoner and the daughter of a general who died in prison after being tortured.

Because of her past, Ms. Bachelet, also a former defense minister, has to be careful not to take actions that seem vindictive or spiteful. She has decided that General Pinochet will not have the official funeral normally accorded a former head of state and has not decreed a period of official mourning, but has allowed the Chilean flag to fly at half-staff at military installations and authorized her defense minister to attend the funeral. One of the general's sons, Marco Antonio, asked in a radio interview that the government not send a representative.

In what was interpreted as a sign of her difficulty, Ms. Bachelet wore a black dress to work on Monday but said nothing specific about General Pinochet's passing. That silence encouraged directly opposing interpretations: either that she was discreetly seeking to avoid offending his partisans or that she was expressing sympathy for the thousands of victims of his brutal rule.

"It must be difficult for the president to separate her subjective response to the figure of Pinochet from her duties as head of state," said Carlos Peña González, a prominent lawyer and author. "Her life is intimately tied to Pinochet's, but her role requires her to maintain her composure and neither mourn nor celebrate, to repress and moderate her feelings and thus seize the opportunity to relaunch the project of the governing alliance."

Chile's Gen. Pinochet, The Strongman Who Tore Apart His Country (WP)

By Pamela Constable

The Washington Post, December 12, 2006

The streets of Santiago were slick from fire-hose spray, and the acrid scent of tear gas lingered in the crisp air. It was the autumn of 1985, and the tempo of protest against Chile's military dictatorship was building steadily. Diplomats and politicians were demanding change. Students and labor activists filled the streets, ducking police batons and chanting gleefully, "It's going to fall! It's going to fall! The military dictatorship is going to fall!"

But Gen. Augusto Pinochet, ensconced in his heavily guarded palace after more than a decade in power, seemed as immovable as a tank. On his 70th birthday, he called the capital's press corps to his suburban mansion. As cameras whirred, he lifted weights, performed sit-ups and jogged around his driveway in a sky-blue track suit. Pinochet's wordless message of robust defiance was unmistakable. The old soldier was still strong and he had no intention of calling a retreat.

I spent much of that year living in Santiago, and I visited Chile as a newspaper correspondent repeatedly between 1983 and 1990, when the Pinochet regime finally gave way to elected civilian rule.

Pinochet, who died Sunday at age 91, was a man with a mission. He genuinely believed he was doing the right thing, carrying out a grim duty in order to save his country from evil. In every speech and interview, the strongman of Santiago returned to the same theme: his sacred, patriotic calling to rid Chile of communism, whatever the cost.

"I am a man fighting for a just cause; the fight between Christianity and spiritualism on the one hand, and Marxism and materialism on the other," he told a magazine interviewer in 1984. "I get my strength from God."

He was stern, insecure and humorless, except when in the company of his grandchildren. In a region of cronyish despots, Pinochet cultivated the image of a disciplined Prussian commander. He was so sensitive to suggestions of impropriety or autocracy that when a news magazine ran a cartoon of him as a bewigged Louis XIV, he had every copy confiscated from newsstands across the capital.

Yet the longer he remained in power, the more he came to revel in its titles and trappings. He traveled in a convoy of gold Mercedes Benzes, changing their order so assassins could not target him. He promoted himself to captain general after removing all other senior army officers who approached that rank. In public, his peaked cap, dark glasses and swishing gray cape made him look like a giant bird of prey.

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He was scornful of politicians, viewing them as a selfish and bickering class that had led Chile into the clutches of communism. At his rare news conferences, he was impatient and brusque, feigning ignorance of human rights abuses and insisting his regime had nothing in common with the Nazis or the Inquisition.

But when Pinochet spoke of the need to "extirpate" communism from Chilean soil, it sent chills down my spine. As victims emerged from secret prisons, we learned what that verb really meant: fingernails pulled out, electric shocks applied to genitals, mock-rape by dogs. To this day, I remember the faces and the voices of weeping men, ashamed to confide the terrible things that had been done to them.

An equally tragic legacy of Pinochet's rule was that it exacerbated the divisions that had split Chilean society during the presidency of socialist Salvador Allende, whose revolutionary ideals inspired the young and poor -- and horrified the old and wealthy.

Instead of healing those wounds, Pinochet rubbed them raw. Instead of restoring civilian rule after overthowing Allende in 1973, he shut down Chile's democratic institutions. Military rule created a nation of sycophants and cowards, where neighbors did not speak for years, where office workers looked away as people were dragged into unmarked cars, where elegant housewives held pro-military parades and teenage slum-dwellers were tear-gassed.

While researching a book about Pinochet's rule, I interviewed hundreds of people. Many were ordinary civilians whose dignity had been stolen by a combination of economic and political oppression: the black-listed carpenter who had to sell his family wedding rings, the bookkeeper whose father's library of history and philosophy books was burned by a squad of soldiers.

In addition to wiping out communism in his country, Pinochet implemented radical free-market economic reforms that threw tens of thousands of people out of work but eventually put Chile on a path of growth that is the envy of Latin America today.

Now, years later, this reformist image has been sullied by revelations about Pinochet's secret bank accounts in Washington and elsewhere. In his final years, he stooped to mafioso-like assertions of senility to escape prosecution for human rights abuses. He died a free if diminished man, publicly unrepentant and convinced he had saved Chile from becoming another Cuba.

But while the old general was lifting weights and running laps in his protected palaces, determined to prove he could out-tough his critics, the society outside those walls was flailing and divided.

Even this week, many Chileans reacted to Pinochet's death with the same extremes of adoration and hatred that were common when he was still in power. Perhaps only now that he is gone, and one of his regime's torture victims, Michelle Bachelet, occupies the presidential palace, can the reknitting of Chile's social fabric finally begin.

Constable, an editor and reporter at The Post, is co-author of "A Nation of Enemies: Chile Under Pinochet."

A Dictator's Double Standard (WP)

The Washington Post, December 12, 2006

AUGUSTO PINOCHET, who died Sunday at the age of 91, has been vilified for three decades in and outside of Chile, the South American country he ruled for 17 years. For some he was the epitome of an evil dictator. That was partly because he helped to overthrow, with U.S. support, an elected president considered saintly by the international left: socialist Salvador Allende, whose responsibility for creating the conditions for the 1973 coup is usually overlooked. Mr. Pinochet was brutal: More than 3,000 people were killed by his government and tens of thousands tortured, mostly in his first three years. Thousands of others spent years in exile.

One prominent opponent, Orlando Letelier, was assassinated by a car bomb on Washington's Sheridan Circle in 1976 -- one of the most notable acts of terrorism in this city's history. Mr. Pinochet, meanwhile, enriched himself, stashing millions in foreign bank accounts -- including Riggs Bank, a Washington institution that was brought down, in part, by the revelation of that business. His death forestalled a belated but richly deserved trial in Chile.

It's hard not to notice, however, that the evil dictator leaves behind the most successful country in Latin America. In the past 15 years, Chile's economy has grown at twice the regional average, and its poverty rate has been halved. It's leaving behind the developing world, where all of its neighbors remain mired. It also has a vibrant democracy. Earlier this year it elected another socialist president, Michelle Bachelet, who suffered persecution during the Pinochet years.

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Like it or not, Mr. Pinochet had something to do with this success. To the dismay of every economic minister in Latin America, he introduced the free-market policies that produced the Chilean economic miracle -- and that not even Allende's socialist successors have dared reverse. He also accepted a transition to democracy, stepping down peacefully in 1990 after losing a referendum.

By way of contrast, Fidel Castro -- Mr. Pinochet's nemesis and a hero to many in Latin America and beyond -- will leave behind an economically ruined and freedomless country with his approaching death. Mr. Castro also killed and exiled thousands. But even when it became obvious that his communist economic system had impoverished his country, he refused to abandon that system: He spent the last years of his rule reversing a partial liberalization. To the end he also imprisoned or persecuted anyone who suggested Cubans could benefit from freedom of speech or the right to vote.

The contrast between Cuba and Chile more than 30 years after Mr. Pinochet's coup is a reminder of a famous essay written by Jeane J. Kirkpatrick, the provocative and energetic scholar and U.S. ambassador to the United Nations who died Thursday. In "Dictatorships and Double Standards," a work that caught the eye of President Ronald Reagan, Ms. Kirkpatrick argued that right-wing dictators such as Mr. Pinochet were ultimately less malign than communist rulers, in part because their regimes were more likely to pave the way for liberal democracies. She, too, was vilified by the left. Yet by now it should be obvious: She was right.

Thief Of State (WP)

By Eugene Robinson

The Washington Post, December 12, 2006

I'll leave it to others to "balance" the commentary on Gen. Augusto Pinochet's death with praise for his free-market economic reforms. Pinochet was a despot, a murderer and a fraud. He cheated death until 91, finally succumbing on Sunday as loving family members stood at his bedside and caring doctors did all they could to ease his pain. His regime exterminated more than 3,200 human beings for their political views, and most of them had to die young, alone and in agony.

About 29,000 victims were tortured during Pinochet's 17-year dictatorship, and an estimated 200,000 Chileans were forced into exile. The dictator's final public statement -- on his 91st birthday last month, he took "political responsibility for everything that was done" -- was a typical evasion. What is "political responsibility" supposed to mean? Pinochet dodged personal and moral responsibility for his atrocities to the bitter end.

One of the most remarkable stories I have ever covered was the beginning of Pinochet's downfall. In 1988, in accord with a new constitution the dictator had imposed, Chile held a plebiscite on Pinochet's continued rule. He never would have allowed such a thing unless he were confident of winning; this was supposed to be a semblance of democracy, not the substance.

But 15 years had passed since Pinochet seized power in a bloody coup that overthrew the elected government of socialist President Salvador Allende. Centrist political forces had come to rue their initial acquiescence in the coup, and now they joined with the left in a grand coalition to say no to Pinochet.

Along with other foreign correspondents, I spent weeks at a time in the somewhat lugubrious Hotel Carrera in downtown Santiago, overlooking the presidential palace, La Moneda. Allende had committed suicide there during the coup as fighter jets strafed the building and assault troops fought their way inside.

To his chagrin, Pinochet actually had to go out and campaign. To show the dictator's enduring popularity, the government arranged buses to take correspondents to a pro-Pinochet rally in Vina del Mar, a coastal resort. The wildly enthusiastic crowd, which greeted Pinochet as if he were the second coming of Elvis, turned out to consist mainly of wealthy women and their maids. When the elegant, bejeweled housewives weren't looking, the maids would give reporters a wink or a quick thumbs-down to make clear that while they might be compelled to cheer, they were going to vote no.

Anti-Pinochet rallies, meanwhile, drew hundreds of thousands of people to working-class neighborhoods in Santiago. Ad hoc street demonstrations downtown usually ended with the appearance of armored police vehicles that were specially designed to spray a particularly noxious type of tear gas.

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In the end, the vote wasn't even close -- Pinochet lost, and was compelled by his own constitution to allow full and fair elections two years later. When he finally had to surrender his presidential powers to a civilian government in 1990, he kept his post as head of the army and brazenly warned against any attempt to bring military officials to justice for their abuses.

Pinochet was never fully held accountable for his crimes, which almost certainly include an outrageous act of state-sponsored terrorism here in Washington -- the 1976 car-bomb murder near Embassy Row of Orlando Letelier, who was Chile's foreign minister under Allende, and Letelier's assistant, Ronni Moffitt. The old general did have to endure an embarrassing interlude of house arrest in England, as well as a string of other accusations back home in Chile that threatened his luxurious retirement. But his failing health -- along with the not-so-veiled threat of military retaliation if the civilian government touched a hair on the old man's head -- kept him a free man.

Pinochet remained a hero to many in the Chilean right, who saw him as the noble citizen-soldier who had saved a grateful nation from Marxist ruin and laid the groundwork for an economic miracle. A few acolytes still see him this way, but even for many who once were fervent supporters, this myth of selfless patriotism has been thoroughly exposed as a lie.

Authorities discovered that Pinochet, having spent his adult life drawing a public servant's modest salary, somehow had squirreled away more than $27 million in offshore bank accounts. Other members of his family also mysteriously came into great wealth. And in October, Chilean investigators said they had found 10 tons of gold in a Hong Kong bank under Pinochet's name.

It may be small solace to those he tortured and the survivors of those he killed. But at least the world knows that Augusto Pinochet wasn't just a tyrant. He was also a common thief.

The Pinochet Paradox (WSJ)

The Wall Street Journal, December 12, 2006

Augusto Pinochet died on Sunday at the age of 91, more than 18 years after he agreed to a 1988 plebiscite that turned him out of power. The standard Pinochet narrative is to emphasize the loss of liberty during the 17 years he ruled the country as a military dictator. The real story is more complicated.

Though General Pinochet became a devil symbol of the international left, he was a far more complex figure and cannot be understood apart from the global Cold War conflict of which he and his country were a part. Pinochet's legacy is a paradox -- a long string of them.

He took power in a coup in 1973, but ultimately he created an environment where democratic institutions would prevail. He is responsible for the death and torture that occurred on his watch, but had Salvador Allende succeeded in turning Chile into another Cuba, many more might have died.

Late in life it emerged that he had probably stashed millions in personal bank accounts. But he also supported the free-market reforms that have made Chile prosperous and the envy of its neighbors. Finally, his legacy includes a Chile that is democratic, that truly belongs to the Chilean people; it exists in stark contrast to the nearly five decades of personal (and soon to be fraternal) dictatorship that Fidel Castro is leaving in Cuba.

Pinochet proved the truth of Jeane Kirkpatrick's Cold War distinction between authoritarian and totalitarian regimes, with the former far more likely to evolve into freer places. That the international left still gives Castro higher marks is something for democrats everywhere to ponder. The popular notion that the U.S. sanctioned the coup or condoned Pinochet's torture also hasn't held up under historical scrutiny. In particular, his behavior can't be understood without considering the behavior of the Allende government he deposed.

Contrary to mythology, Allende was never a popular figure in Chile. He garnered only 36% of the vote in the 1970 election. His path to the presidency had to run through Chile's congress. Reluctantly, the Christian Democrats agreed to let him go forward only after he promised to accept a "Statute of Guarantees" supporting the rule of law. In office, he moved fast and hard to the left.

Government threats to jail journalists in 1972 brought condemnation from the Inter-American Press Association and the International Press Institute. That same year, shortages and spiraling inflation sent Chilean housewives to the streets banging pots and pans. In the first days of 1973, Allende proclaimed government rationing.

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In March, he tried to further accelerate the state's unlawful assault on private property through expropriation. In May the 14 members of the Supreme Court denounced "an open and willful contempt of judicial decisions [by the executive]" that threatened an "imminent breakdown of legality." Throughout 1973 street violence escalated. The coup came in September.

The official death toll of the Pinochet dictatorship is some 3,197. An estimated 2,796 of those died in the first two weeks of fighting between the army and the Allende-armed militias. The balance died in the next 17 years. The Pinochet dictatorship was fraught with illegality. Civil liberties were lost and opponents tortured. But over time, with the return of private property, the rule of law and a freer economy, democratic institutions also returned. An economic crisis in 1982 led to even more economic liberalization.

Let no one doubt that, for the peoples of many nations, the Cold War years were dark times. Like Spain's Franco, Pinochet was an authoritarian who resisted the Communists and created the foundation of what would become a democratic transition. What remains is a Chile that has the healthiest economy in Latin America, a free press and a competitive political system that has allowed Socialists to come to power.

Pinochet (WSJ)

By Alvaro Vargas Llosa

The Wall Street Journal, December 12, 2006

In 1971, Fidel Castro visited Chile, where the left-wing government of Salvador Allende was under pressure from the second most powerful Marxist movement in the Western Hemisphere to speed up the revolutionary process. The president provided the Cuban visitor with a military escort. His name was Augusto Pinochet Ugarte -- the same man who in 1973 overthrew Allende to prevent what he called "a second Cuba."

Thirty-five years later, the two aging men who embodied the competing strands of Latin American authoritarianism saw their health deteriorate irreversibly. Pinochet seemed to be escorting Castro once again, this time on the way to the afterlife. In the last few months, Latin Americans had been asking themselves: Who will go first? Last Sunday, the escort decided to go first. They sometimes do.

The difference between the two men is that Castro, who has been in power almost three times longer than Pinochet and has committed even more crimes, continues to have some supporters around the world while Pinochet was one of the most reviled men on Earth. Why was Pinochet more hated than every other dictator?

Probably because he gave a bad conscience to almost everybody across the political spectrum. For the left, he symbolized the tragic consequences of the Third World's socialist utopia. For the right, he embodied the diabolical temptation to dispose with the rule of law when the political institutions of democracy are tested to the limit. For Latin American democrats of the left and of the right, he was a walking reminder of their own failure to bring about economic prosperity. For free marketers, he was that ugly example of economic success and political repression that used to make it so hard to defend free markets without appearing to condone torture and mass murder. And for human-rights groups, he was, until the discovery of his hidden fortune in 2004, the "ethical" dictator who could be accused of many things but not corruption.

The Pinochet saga did not start with the bloody coup in 1973. It started with the class struggle unleashed by the Marxist left when it tried to push Allende toward all-out revolution. Allende had only won a third of the popular vote and, according to Chile's constitution, Congress was able to declare him president over his center-right opponent after making a commitment to respect the rule of law. The left's responsibility in the erosion of the rule of law and the establishment of a 17-year military government that brought about human-rights atrocities and the interruption of a democratic tradition in that country is a matter of historical truth. Today, Chile's Socialist government is the antithesis of the Allende government precisely because of that truth. The left feels very uncomfortable with the humiliating lesson of history.

But the center-right, represented by the Christian Democrats in Chile, also had reasons to feel guilty. They voted for Allende in Congress after he failed to win victory outright and they openly called for a coup d'état when his government turned into chaos. They soon realized that Pinochet did not intend to restore democratic rule and was determined to establish a permanent autocracy that he eventually sought to institutionalize through a custom-made constitution in 1980. Christian Democrats in Chile and around the world never quite got over that feeling of guilt. That is probably one of the reasons why they continue to be allied

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with the Socialists in the governing coalition known as the "Concertación," even though they have much in common with Chile's conservative parties.

Democrats in the developing world were also uneasy knowing that a soldier with very limited intellectual acumen was able to preside over an economic transformation. The Pinochet reforms came about almost fortuitously when, given the devastation of the country's economy, the general hired a coterie of young economists familiar with the ideas of one Milton Friedman, whom Pinochet had never heard of. Because free markets tend to bring about prosperity regardless of the moral nature of the regime that opens a country's economy, Chile prospered. We also know that dictatorships don't last very long once they open the economy because the middle class tends to expand and develop a desire for political and civic participation. That is why Pinochet lost the referendum in 1988 and why Fidel Castro, who toyed with limited markets in the 1990s, quickly reversed course.

Some free marketers argued that free-market reforms opened the way to democracy to justify his regime. But the reforms could easily have been implemented without killing 3,197 people, torturing some 29,000, and sending thousands more into exile -- the horrendous human rights violations exposed by the National Commission for Truth and Reconciliation in 1991. In fact, Pinochet probably contributed to postponing the cause of free markets in Latin America because most governments feared being associated with his regime. The fact that the Chilean conservative opposition distanced itself publicly from Pinochet in the 1999 and the 2005 elections -- and that its former presidential candidates stayed away from the military hospital where the general died on Sunday -- suggests the wish to break the awkward connection once and for all.

Finally, human rights groups were frustrated for years with the image of Pinochet as the austere dictator who never stole one peso. That image provided the Chilean courts with a cover for not acting against the general until his detention in London in 1998 made it impossible to avoid prosecuting him at home. If Chileans had known that he had stashed millions in foreign bank accounts, it would have been almost impossible not to try him for embezzlement; that, in turn, would have led to human-rights prosecutions. In the absence of that information, the argument against prosecuting him was always that Chile's transition might be imperiled. Pinochet's image changed when in 2004 a U.S. Senate investigation stumbled upon the evidence that the general had stored millions of dollars in the former Riggs Bank and other financial entities using a dozen false identities. After that, an endless stream of revelations did away with the idea that there can be such a thing as a dictatorship without corruption. By then it was too late. Although he could not avoid having his immunity lifted a total of 14 times and suffering house arrest, Pinochet managed to escape being sentenced or physically taken to prison by alleging old age and mental incapacity.

When he learned of Pinochet's death last Sunday, a well-known left-wing Uruguayan writer said: "Death beat Justice." Actually, it was the other way around: The old dictator died knowing that he had given enough people a bad conscience to make him one of the world's most reviled figures. There is some poetic justice in that.

Mr. Vargas Llosa is the director of the Center on Global Prosperity at the Independent Institute.

The Half-Life Of A Despot (NYT)

By Ariel Dorfman

The New York Times, December 12, 2006

Santiago, Chile

IS Gen. Augusto Pinochet, Chile's former dictator, really dead?

Though there can be no doubt that his body has been proven to indeed be mortal, I fear that his spirit may live on interminably in the Chile he misruled from 1973 to 1990 and then continued to terrorize as commander in chief of the army for eight more years. In order to truly exorcise him from our existence it would have been necessary that he stand trial, that he defend himself from the accusations of murder and torture, kidnapping and grand larceny, which have been brought against him in innumerable court cases in Santiago.

In order to cleanse his image from our land, we would have had to witness him looking into the face of each and every one of his victims, the mothers whose children he disappeared, the wives whose husbands he massacred, the sons who were persecuted and exiled. In order to be rid of his dire influence, we should have left the job of mourning him to his family and few close friends. Instead we must watch the sad spectacle of one-third of the country lamenting his departure, one-third of Chile still

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silent accomplices to his crimes, still justifying his crimes, still rejoicing that the general overthrew Salvador Allende, the constitutional president of Chile.

And the even sadder spectacle of the minister of defense of the democratic government of Chile being sent to the tyrant's funeral rites today by President Michelle Bachelet, a woman who was herself imprisoned and tortured by the secret police of the man she is now honoring, a woman whose own father, Alberto Bachelet, was tortured and died in one of General Pinochet's prisons. Military honors, young cadets marching by, rifles fired off, for a man who has been branded an international terrorist, who ordered the assassination of Orlando Letelier, Allende's former minister of defense, in the streets of Washington in 1976. Only a country still full of fear would dare to stoop so low, pay public homage to such a despot.

And yet, in spite of all these signs of General Pinochet's continuing dominance from beyond death, I feel that something has in fact changed quite categorically with his demise. What convinced me were the thousands upon thousands of Chileans who spontaneously poured into the streets here to celebrate the news of his extinction. I tend to be wary of any attempt to turn the death of anyone, no matter how despicable, into an occasion for joy, but I realized that in this case it was not one man's death that was being welcomed but rather the birth of a new nation.

Dancing under the mountains of Santiago there was one word they repeated over and over and it was the word shadow. "La sombra de Pinochet se fue," one woman said, his shadow is gone, we have come out from under the general's shadow. As if the demons of a thousand plagues had been washed from this land, as if we were never again to be afraid, never again the helicopter in the night, never again the air polluted by sorrow and violence.

For those who were celebrating (most of them young), it was as if something had been definitely, gloriously shattered when Augusto Pinochet's bleak and unrepentant heart ceased beating. They had spent their lives, as I had spent mine, awaiting this moment, this day when the darkness receded, this December when our country would be purged, ready to start over again. This moment when we need to grow up and stop blaming General Pinochet for everything that goes wrong, everything that went wrong, this moment when he disappears from our horizon.

Has the general really died? Will he ever stop contaminating every schizophrenic mirror of our life? Will Chile ever cease to be a divided nation? Or is she right, that future mother, seven months pregnant, who jumped for joy in the center of Santiago, was she right when she shouted to the seven winds that from now on everything would be different, that her child would be born in a Chile from which Augusto Pinochet had forever vanished?

The battle for the soul of this country has just begun.

NSA Denies Monitoring Calls Of Princess Diana (WP)

By Kevin Sullivan And Walter Pincus

The Washington Post, December 12, 2006

LONDON, Dec. 11 -- In a rare public comment on its intelligence operations, the National Security Agency said Monday that it had 39 documents containing references to the late Princess Diana but had never targeted her telephone communications for monitoring.

The statement came in response to British media reports that U.S. intelligence officials had intercepted Diana's calls on the day she died in a car crash in Paris in 1997. According to the reports, the officials had assured Scotland Yard investigators working on a pending report that 39 classified documents about her final conversations revealed no sign that her death was anything but an accident.

In its statement Monday, the agency said it had released information about the documents earlier. "The 39 NSA-originated and NSA-controlled documents referenced in a response to a Freedom of Information Act request in 1998 only contained references to the Princess, and she was never the communicant," the statement said. "NSA did not target Princess Diana's communications."

The agency declined further comment pending release of the Scotland Yard report, which is due out Thursday. "NSA has cooperated with the investigations into this tragic incident to the full extent of the law," it said.

CIA spokesman Tom Crispell dismissed as "rubbish" any suggestions that his agency had eavesdropped on Diana.

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The newspaper reports produced a flurry of comment in London, in particular because of claims that monitoring had proceeded without the approval of the British government.

"I'm sure the queen would be furious if this were proved to be the case," said Robert Lacey, a royal biographer. "I'm sure, if all this proves to be true, that some very tough questions will be asked in very high places."

The Observer, Evening Standard and Daily Mirror newspapers said they based their reports on leaks from the Scotland Yard inquiry. According to the Observer, the monitoring targeted Diana's calls at the Ritz Hotel in Paris, where she was staying.

The police report, which took nearly three years to complete at a cost of more than $5 million, will conclude that Diana, 36, died because Henri Paul, the driver of the vehicle in which she was a passenger, was driving at excessive speeds while under the influence of alcohol, according to the newspapers. It will conclude that her death and those of Paul and her companion, Dodi Fayed, 42, were accidental.

That would mirror the findings of an earlier French investigation, which did little to end speculation that Diana and Fayed were victims of a murder conspiracy. A chief proponent of such theories is Fayed's father, Mohamed al-Fayed.

The report will serve as a basis for the long-delayed coroner's inquest scheduled to begin in January. Such government investigations are standard after a British citizen dies abroad. The inquest for Diana was delayed by the Scotland Yard report, which was ordered in 2004 to examine the various conspiracy theories swirling around her death.

The Evening Standard reported that U.S. officials were "monitoring Diana's friendship" with U.S. billionaire Theodore J. Forstmann and others of "her closest associates."

Wall Street financier Forstmann, 66, met Diana at an October 1994 dinner at the Georgetown home of the late Washington Post Co. chairman, Katharine Graham, according to a person familiar with the situation who asked not to be identified because of the sensitive nature of the matter.

The two "really hit it off" that night and became close friends, but there was never a romantic relationship between them, the source said. They talked regularly by phone and Diana called Forstmann during her separation and divorce from Prince Charles, the source said.

In the spring of 1997, Diana called Forstmann to ask about renting a house in the Hamptons, the Long Island resort community, during the summer, and Forstmann put her in touch with a local broker, the source said.

Sometime later, Diana called back to say that British security officials would not let her bring her sons, Prince William and Prince Harry, because of a "security problem." The source said Diana did not specify the nature of the problem.

Lacey said Diana was required to bring royal family security agents with her whenever she traveled with her sons, although she often traveled without security when she was alone.

Forstmann, an investment banker who formerly owned Gulfstream Aerospace Corp., occasionally let Diana use his private plane, the source said. Although Forstmann had no idea whether officials were monitoring his phone calls with Diana, the source said, he had heard rumors that someone had planted listening devices in his plane to listen to the princess.

The source added, "If they were listening to her calls, it was because of her, not him."

Pincus reported from Washington.

A Cambodian Girl's Tragedy: Being Young And Pretty (NYT)

By Nicholas D. Kristof

The New York Times, December 12, 2006

PAILIN, Cambodia

Slavery seems like a remote part of history, until you see scholarly estimates that the slave trade in the 21st century — forced work in prostitution and some kinds of manual labor — is probably larger than it was in the 18th or 19th centuries.

Or until you take a rutted dirt path in northwestern Cambodia to a hut between a rice paddy and a river, and meet a teenage girl named Noy Han. The girl, nicknamed Kahan, suffered the calamitous misfortune of being pretty.

Kahan's village is isolated, accessible most of the year only by boat. There is no school, so she never attended a day of class.

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One woman in the village, Khort Chan, had left as a girl and then reappeared years later. One day last year, when Kahan was 16 or 17 (ages are fuzzy here), she ate ice cream that Ms. Khort Chan gave her — and passed out.

Ms. Khort Chan took the unconscious girl away in a boat and disappeared. Kahan's parents sounded the alarm, and the police quickly found Kahan being held upriver in the hut of Ms. Khort Chan's grandmother. "Chan was planning to traffic her to Pailin," a brothel center near the Thai border, said Leang Chantha, the police officer who found her.

Typically, a girl like Kahan would be imprisoned in a trafficker's house, tied up and beaten if she resisted, inspected by a doctor to certify her virginity, and sold for hundreds of dollars to a Cambodian or Thai businessman. Virgins are in particular demand by men with AIDS because of a legend that they can be cured by having sex with a virgin.

Afterward, Kahan would have been locked up in a brothel in Pailin, and sold for $10 a session for the first couple of months. The price eventually would drop to $1.50, and by then she would be given greater freedom.

By being rescued, Kahan was spared all that — but she had suffered an overdose of the drugs. "Kahan seemed like a dead person," said her mother, Sang Kha. "Her eyes were rolling, she was drooling."

Even weeks later, Kahan's face remained partially paralyzed, she could not speak, and she was weak and sickly. Desperate to get medical treatment, Ms. Sang Kha borrowed $200 from usurious money lenders charging 20 percent per month, and the girl's uncle mortgaged his home to help pay for treatment.

But the family is now broke and heavily indebted, and Kahan still can only mumble. "I'm still very weak," was all I could coax out of her.

The police had released Ms. Khort Chan after two days, and I was unable to track her down. But neighbors at two of her former houses said she had fled after apparently trafficking her own sister.

Some of the neighbors added a layer of complexity to her story: They believe that Ms. Khort Chan herself had been sold to a brothel as a young woman. She escaped or worked her way out, and then became a slave trader herself.

And slavery is what this is. The real problem isn't prostitution or trafficking, it's the enslavement of people.

The Lancet, the British medical journal, once estimated that 10 million children 17 and under may work in prostitution worldwide. Not all are coerced, but in the nastier brothels of Cambodia, Nepal, India, Malaysia and Thailand, the main difference from 19th-century slavery is that the victims are mostly dead of AIDS by their 20's.

"It seems almost certain that the modern global slave trade is larger in absolute terms than the Atlantic slave trade in the 18th and 19th centuries was," notes an important article about trafficking in the current issue of Foreign Affairs. It adds, "Just as the British government (after much prodding by its subjects) once used the Royal Navy to stamp out the problem, today's great powers must bring their economic and military might to bear on this most crucial of undertakings."

President Bush has done a much better job than his predecessors in pressing this issue; his State Department office on trafficking is one of his few diplomatic successes. And the issue enjoys bipartisan support, with leadership coming from conservative Republicans like Senator Sam Brownback and liberal Democrats like Representative Carolyn Maloney.

So President Bush, how about using your last two years to make this issue an international priority? A nudge in your State of the Union address could jump-start a new Abolitionist movement, so as to free children now dying slowly from rape and AIDS because they did something as simple as accepting ice cream from a neighbor.

DOJ_NMG_0105697

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 12, 2006 7:45 AM EST

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TERRORISM NEWS:

Muslim Charity Sues Treasury Dept. And Seeks Dismissal Of Charges Of Terrorism (NYT)

By Neil Macfarquhar
The New York Times, December 12, 2006

DOJ_NMG_0105700

SAN FRANCISCO, Dec. 11 — In a new challenge to Washington over its closing several American Muslim charities that it has accused of aiding terrorism, the largest such group sued on Monday seeking dismissal of many of the charges.

Lawyers for the group, the Holy Land Foundation of Richardson, Tex., filed suit in Federal District Court in Dallas two weeks after a federal judge in California called into question a crucial provision in designating terrorist supporters. Since December 2001, the Treasury Department has designated Holy Land and five other Muslim charities in the United States as terrorist supporters, seizing millions of dollars in assets and halting their activities.

No accused charity or any senior officer have been convicted on a charge of terrorism. Some charities have faced no criminal charges.

In a separate case against a Georgia man whom the prosecution identified as a fund-raiser for Holy Land, the defendant pleaded guilty this year to sending money to Hamas, the Islamist Palestinian political party that Washington first designated as a terrorist organization in 1995.

The foundation denies that the man had an official post.

The government has accused the foundation of having been the American fund-raising arm of Hamas. The charity and five officers are expected to go on trial in July on charges of financing a foreign terrorist organization, money laundering and tax fraud.

In October, Ghassan Elashi, a founder and former chairman of the charity, was sentenced to more than six years in prison after he and four brothers were convicted of violating export laws by shipping computers to Syria and Libya, both once on the United States list of terrorism sponsors. Libya was removed this year.

Last year, Mr. Elashi and two brothers were convicted of helping a Hamas leader launder money.

The Treasury Department's repeated refusal to unfreeze charities' assets so they can be sent abroad has provoked alarm and frustration in the philanthropic world.

"The question is not whether the individual nonprofits are guilty as organizations," said Kay Guinane of OMB Watch, a Washington group advocating government transparency.

"The issue is whether there is a fair process to determine that and how to protect the charitable dollars so they are used for the intended purposes," Ms. Guinane said. "What Treasury has done is treat charities the same way they treat the criminal process. It has really hurt the U.S. image in the places where the aid was expected and where people were depending on it."

Early last month, philanthropic groups from across the nation sent Treasury Secretary Henry M. Paulsen Jr. a letter asking that he find a way to release the assets to their intended recipients. Mr. Paulsen has not responded, Ms. Guinane said.

A spokeswoman for the department, Molly Millerwise, said courts, citing national security, had repeatedly upheld the government's use of secret evidence to freeze assets of charitable organizations.

"These institutions have been designated because they are financing terrorism," Ms. Millerwise said. "We have to make sure that the money is kept in place and does not go to illicit ends."

Critics say the law prevents the airing of secret evidence in such cases. "When Treasury says the courts have upheld its action, they are saying the courts found its action was not arbitrary and capricious," Ms. Guinane said. "Not that the court made any kind of independent determination of the merits or factual accuracy."

A spokesman for the Justice Department, Bryan Sierra, said he could not comment on the Holy Land motion because it was too new. As a matter of procedure, Mr. Sierra said, prosecution does not automatically follow the designation of a charity as a terrorist organization.

"Not every case is a criminal case," he said. "It's a question of can you come up with enough evidence to prosecute based on a violation of the statutes of material support for terrorism."

Charitable giving is one of the five pillars of Islam, and the closing of Muslim charities has become a major source of American Muslims' distrust of the federal government.

Many American Muslims accuse the government of, at best, acting out of fear and ignorance to tamp contributions. At worst, they say the Bush administration focuses on Arab and Muslim groups critical of United States policy in the Middle East, particularly charities that aid poor Palestinians in the territories occupied by Israel.

"That was a valve that does not put the Palestinian population under pressure," Hatem Bazian, a professor of Near Eastern studies at the University of California, Berkeley, said. "If you starve them, they will take the deal the least acceptable to them."

The government says just Muslim charities have been designated because they are the ones that terrorist groups have penetrated.

"The sad truth is that we have seen groups like Hamas and Al Qaeda infiltrate the charitable community, and specifically the Arab and Muslim charitable community," Ms. Millerwise said. "When we do find evidence that any group is providing material or financial support, we have a responsibility to act against them and designate them and put the world on notice that this group is facilitating terrorists."

DOJ_NMG_0105701

Holy Land was once the largest American Muslim charity, receiving more than $57 million in contributions, gifts and grants from 1992 to 2001, the indictment says. It seeks to have more than half the charges in the 42-count indictment dismissed, based on the ruling last month by Judge Audrey B. Collins in Federal District Court in Los Angeles.

Judge Collins said an executive order used to identify organizations and individuals as "specially designated global terrorists" violated the Constitution because it was too vague. Other districts are not bound by the ruling. Congress has largely ignored the question.

Lawyers for two other charities said they expected to file similar motions. Lawyers for two others said they were defunct, left bankrupt by challenging terrorism designations.

American Muslim organizations acknowledge that Islamic charities overseas funneled money and arms to support Al Qaeda and other terrorist groups. But they say guilt by association rather than hard evidence has become a judicial standard for them in the United States.

"The government's claim of national security is a way to conceal government misconduct rather than state secrets," said Matthew J. Piers, the lawyer for the Benevolence International Foundation, a defunct charity that had been in Illinois.

Charity officials say the United States is shooting itself in the foot. Rather than spending millions on failed advertising to improve its image, the officials say, Washington should let the charities work where it is not welcome.

"People are saying that this is not about this or that charity, it's about Islam," said Khalil Jassemm, who helped found Life for Relief and Development, a charity in Michigan. "We could be a humanitarian bridge to the Muslim world, but nobody thinks about that."

NSA Still Needs More Oversight (LAT)

The Los Angeles Times, December 12, 2006

ALMOST A YEAR after President Bush confirmed that the National Security Agency had been eavesdropping on some Americans without a court order, expressions of outrage in Congress have yet to be translated into law. What little scrutiny the so-called Terrorist Surveillance Program has received has come from the Justice Department, whose inspector general is looking into how information gathered by the program has been used.

Surely, you say, Congress will be more assertive under Democratic control. Don't count on it.

True, Sen. Patrick J. Leahy (D-Vt.) warned FBI Director Robert S. Mueller III the other day that the new Congress will take a fresh look at the administration's surveillance programs, which he said the White House had gone to "unprecedented lengths" to hide from the public. But Sen. Arlen Specter (R-Pa.), who will hand over the Judiciary Committee gavel to Leahy, is pessimistic that a change of party control will make a big difference. Specter, who has sponsored no fewer than three bills to provide a legal framework for the program, said last month he had "grave reservations" that any legislation will be approved. The impediment, he said, was less a lack of consensus in Congress than the White House's unwillingness to share "secrets" about how the NSA program operates.

Of the three Specter-endorsed bills, the best is a measure he co-sponsored with Sen. Dianne Feinstein (D-Calif.). It would reaffirm that NSA surveillance is covered by the 1978 Foreign Intelligence Surveillance Act, which requires an order from a special court before electronic surveillance may be conducted on a U.S. citizen. But it would make it easier for surveillance to be conducted without a warrant in a terrorist emergency.

Feinstein, a member of the Intelligence Committee as well as the Judiciary Committee, has been briefed on the NSA program, as has incoming House Speaker Nancy Pelosi (D-San Francisco). Unfortunately, Feinstein must ask colleagues to take on faith her assurances that the program's objectives can be accomplished within a slightly relaxed FISA framework.

The administration hasn't made Feinstein's job any easier by refusing to offer a meaningful explanation of why it felt it necessary to bypass FISA in the first place. That made it difficult to win support in the Senate for any of Specter's proposals.

Democratic victories in midterm elections should mean that Congress will be more interested in regulating the NSA program. But inertia is a strong force. Moreover, many Democrats — especially newcomers from Republican-leaning states — will be reluctant to counter the administration's propagandistic argument that only Americans who regularly call Al Qaeda need to worry about the program. In fact, one of the main purposes of judicial oversight would be to ensure that this claim is true.

Overcoming that inertia — with the help of Republicans like Specter — should be at the top of the new majority's agenda.

PATRIOT ACT:

Furor Grows Over Bank Closure Of Charity Account (FREEP)

By Niraj Warikoo, Free Press Staff Writer

DOJ_NMG_0105702

Detroit Free Press, December 12, 2006

The U.S. Department of Justice may defend the Patriot Act in a case involving Comerica Bank and a Muslim charity based in Southfield, according to court documents the department filed in Detroit.

Comerica officials have told Life for Relief and Development that it intends to close its accounts.

The bank's move came after the charity was raided by federal agents in September. The government has not said what the raid was about, but charity officials say it may be related to work the charity did in Iraq.

In response, the charity sued Comerica, saying the bank violated its civil rights.

The suit, filed last month, challenges the constitutionality of a section of the Patriot Act that allows financial institutions to share information about suspected money laundering or terrorist activity.

On Dec. 1, Justice Department attorneys filed a notice in U.S. District Court in Detroit that said it may "intervene in this action to defend the constitutionality" of the section under question.

Some Arab Americans and Muslims charge the bank is discriminating against the charity because it is operated by Arab-American Muslims.

Protests are planned for Friday and Saturday outside Comerica branches in Dearborn, Detroit, Canton and Ann Arbor.

Organized as the Charity Without Fear Coalition, groups against the bank's move include the American-Arab Anti-Discrimination Committee, the Muslim American Society and the Council on American-Islamic Relations.

Some Arab Americans and Muslims say they plan to close their accounts with Comerica in protest.

"People see this as an example that could be repeated," said Imad Hamad, regional director of the committee, who plans to close his account.

Kathy Pitton, a vice president with Comerica Bank, said in an e-mail Monday that the bank "has had a strong partnership with the Arab-American community for many years" and has a "record of supporting the Arab-American community."

HOMELAND RESPONSE:

NY Man Charged In Federal Court With Carrying Out Bomb Hoax (AP)

The AP, December 11, 2006

NEW YORK (AP) _ A man was charged Monday with carrying out a bomb hoax to protest what he called the government's "illegal surveillance," federal prosecutors said.

Paul Cortina, 33, of Somers, N.Y., was charged in U.S. District Court with making a false bomb threat after he allegedly sent an e-mail to The Associated Press in late November claiming he had built "a bomb to protest the government's involvement in illegal surveillance."

He was arrested Nov. 29 after FBI agents seized what appeared to be a bomb from his home, U.S. Attorney Michael Garcia said.

Prosecutors said it was later revealed in court documents and proceedings that Cortina had placed a grenade shell inside a backpack and run wires from the pin of the grenade shell to the backpack's zipper. The device, however, contained no explosive material.

Prosecutors said Cortina admitted he used the Internet to obtain instructions on how to build a bomb.

In the e-mail to the AP, Cortina identified himself by name and gave his telephone number. The AP notified the FBI, and an agent called the number and visited Cortina at his home. He admitted sending the e-mail, the FBI said.

If convicted, he could face up to five years in prison.

Richard Boulware, a lawyer for Cortina, did not immediately return a telephone message for comment.

Cortina is out on $100,000 bail with electronic monitoring and a requirement that he not use the Internet.

Link Sought Between Hoax Letters And Ricin (MACT/MCT)

By Jack Douglas Jr.

The Macon Telegraph, December 12, 2006

WASHINGTON - Federal investigators are looking into a possible link between recent hoax letters, each containing a white powder and believed to have been sent by a Texas prison inmate, to determine whether they are related to a small shipment of the poison ricin to a mailing center in South Carolina in 2003.

Someone calling himself the Fallen Angel signed at least one of the six recent letters - sent to government officials in Washington, Baltimore and Buffalo, N.Y. - and the ricin letter, which was received at a mail-processing facility in Greenville, S.C., in October 2003, an FBI alert said.

DOJ_NMG_0105703

The high priority alert, dated late last month, said the U.S. Clerk's Office in Buffalo on Nov. 20 received one of the letters, which was signed "Fallen Angel" and contained a nontoxic powder.

The letter "included references to anthrax and threats to the President," and its sender is believed to be an inmate who is serving life in prison for "use of weapons of mass destruction," the alert said.

The prisoner, who was not identified, is at the Montford state prison unit in Lubbock, Texas, and will be transferred to a federal prison, the alert said.

"This particular inmate has a history of sending threatening hoax letters to public officials using the names and inmate numbers of other inmates at his prison," the alert said. "Letters similar to the one sent to Buffalo were also mailed from the same prison to public offices and officials in the Washington, D.C., and Baltimore areas within the last three months."

While the white powder in the recent letters all tested negative for toxins, the alert said their sender may have a connection to the ricin delivery to the South Carolina mailing center six years ago.

The earlier letter, the alert said, made reference to the Department of Transportation and was signed, "Fallen Angel."

Lori Bailey, spokeswoman for the FBI in Dallas, declined to comment.

DP World To Sell U.S. Port Operations (AP)

By Devlin Barrett

AP, December 12, 2006

Dubai Ports World, the company whose planned takeover of major U.S. port operations ignited a political firestorm earlier this year, has agreed to sell those operations to AIG Global Investment Group.

The company announced the deal Monday. The U.S. operations at six major U.S. seaports in New York/New Jersey, Philadelphia, Baltimore, Miami, Tampa and New Orleans were valued at approximately $700 million, but DP World did not disclose the sales price.

The deal also involves stevedoring operations in 16 locations along the eastern seaboard and Gulf Coast and a passenger terminal in New York City.

"While we are disappointed to be exiting the U.S. market, the price we received was fair," Sultan Ahmed Bin Sulayem, the chairman of DP World, said in a statement announcing the deal.

One of the loudest critics of the original deal said he was pleased and expected the deal to clear the few regulatory hurdles that remain.

"This is an appropriate final chapter to the book on the Dubai Ports World deal," said Sen. Charles Schumer, D-N.Y. "This is very likely to receive broad support in Washington and throughout America."

AIG Global Investment Group is an asset management firm with more than $635 billion in assets. Its parent company is the New York-based insurance firm, American International Group Inc. AIG's managing director Christopher Lee said the company is "very committed to ensuring that it continues to be one of the industry leaders in setting standards for port security."

DP World is based in the United Arab Emirates and is the largest marine terminal operator with 51 terminals in 24 countries.

The sale still requires regulatory approval from several port authorities, including New York and New Jersey. The sale is expected to close in the next few months, DP World said.

The Bush administration had agreed last January to allow DP World to acquire the U.S. port operations, but as soon as the deal became public they were fiercely attacked by members of both political parties.

Critics of DP World cited the UAE's history, noting that some of the money that financed the Sept. 11 terror attacks moved through their banking system, and the government's past support of Afghanistan's Taliban government before the 2001 attacks.

As a result of the public pressure, DP World ultimately agreed to sell off the U.S. assets.

The Department of Homeland Security, which had tried to defend the initial DP World acquisition, had no comment Monday, agency spokesman Russ Knocke said.

Massachusetts Democrat Ed Markey, who sits on the House Homeland Security Committee, pledged his party would keep a closer eye on such deals in the future by conducting "the type of oversight that has been completely absent during the Republican Congress."

Dubai Ports World Sells U.S. Assets (WSJ)

By Neil King Jr. And Greg Hitt

The Wall Street Journal, December 12, 2006

WASHINGTON -- As Democrats pledged to reconsider rules governing foreign acquisition of certain U.S. assets, a sale Monday resolved the transaction that sparked a furor on the subject.

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The Dubai-based ports company that gave rise to debate over foreign investment and national security earlier this year sold its U.S. assets to a unit of American International Group Inc.

Dubai Ports World sold the port contracts for an undisclosed sum to AIG Global Investment Group, a New York-based asset management company with $683 billion in assets but no experience in port operations. The new owner said it plans to run the ports of New York/New Jersey, Philadelphia, Baltimore, Miami, Tampa and New Orleans at arms length and will make no changes in day-to-day operations.

"The people who are running the ports now will continue to run them," said AIG spokesman Chris Winans.

Mohammed Sharaf, chief executive of Dubai Ports World, declined to disclose the price of the sale, but said in an interview Monday that the overall terms were "compelling." The sale covers the six marine terminal concessions on the Atlantic and Gulf coasts, several stevedoring operations at other locations and a passenger terminal facility in New York City.

DP World, which is owned by the Persian Gulf emirate of Dubai in the United Arab Emirates, took over the facilities when it acquired Britain's Peninsular & Oriental Steam Navigation Co. in February, becoming the world's third-largest container-port operator.

Though the transaction won approval from the interagency Committee on Foreign Investment in the U.S., it provoked a bipartisan outcry on Capitol Hill. Lawmakers raised alarms about the potential security risks of giving an Arab-owned company access to U.S. port facilities. With Congress poised to nullify the deal, DP World agreed in March to voluntarily shed the controversial assets.

The backlash against the deal in Congress and across the U.S. provoked concern in the Arab world and among investors elsewhere that the U.S. was turning against foreign investment, especially in sectors that involved security concerns. "There is a risk that the Cfius process can discourage foreign investment and really chill the foreign investor community," said Daniel Price, who heads the international practice at law firm Sidley Austin LLP.

Mr. Sharaf said there were "no bitter feelings" over the thwarted purchase, but acknowledged regrets. "It is sad that we aren't there anymore and couldn't be there. It has been a difficult experience for everyone," he said. Mr. Sharaf said DP World would like to return to the U.S. market once Congress and the Bush administration work out modifications to foreign-investment rules.

The furor over the DP World deal led to pushes in Congress to tighten the rules governing foreign acquisitions of U.S. assets in sensitive sectors. But legislation didn't win approval during the last session of Congress. A number of Democrats say they plan to push through revised legislation when they take over next month.

Secretive U.S. Panel Busy Reviewing Foreign Business Deals (FINDLAW/AP)

By Ted Bridis, Associated Press Writer

AP, December 12, 2006

(AP) - WASHINGTON-In the same year that public furor derailed a Dubai-owned company's plans to buy and run operations at major American ports, the number of foreign business deals reviewed by the Bush administration for U.S. security risks surged to nearly 100, up from 65 reviews last year.

A few anxious companies in deals pending with foreigners have sought the Bush administration's approval even for sales that do not raise obvious security questions, said lawyers and federal officials involved in these cases.

They attributed the jump largely to a busy year for international mergers and broader awareness of such reviews after the political uproar that scuttled the Dubai ports deal. The government's reviews included the $11.6 billion (â‚¬8.74 billion) sale of Lucent Technologies Inc. to Alcatel SA of France; Toshiba Corp.'s $5.4 billion (â‚¬4.07 billion) purchase of nuclear power-plant manufacturer Westinghouse Electric Co.; and smaller deals involving seismic surveys, a gas utility, military parts, voting machines and even anti-hacker software.

"The numbers are up. A company will file even though they don't think it's a national security concern," said Clay Lowery, an assistant secretary at the Treasury Department.

Most of the reviews this year, however, raised legitimate concerns, said Christopher Padilla, an assistant secretary at the Commerce Department. "Of the increases we've seen, only one or two cases didn't have national security issues that needed to be raised," he said. "These transactions are getting the scrutiny that's called for."

The secretive panel that conducted nearly 100 reviews also completed seven full-blown investigations this year reflecting broader concerns over proposed deals. That is equal to the combined number over the previous five years.

Foreign companies announced plans to buy 909 U.S. businesses this year for a value of $198 billion (â‚¬149.14 billion), a slight drop in sales from 2005 but up significantly from 2003 and 2004, according to Dealogic Holdings, a British company that tracks global mergers.

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"There are definitely more filings by clients who feel the political environment is so uncertain that they are uncomfortable not filing," said John B. Reynolds, a Washington lawyer who regularly negotiates business deals with the U.S. panel.

Congress ended its work for the year without making promised changes to how the government reviews deals.

Lawmakers' reluctance to send a bill to President George W. Bush contrasts markedly with their attention to the subject after the administration in February approved Dubai-based DP World's takeover of significant operations at six major U.S. seaports.

The company abandoned the effort weeks later amid intense national criticism and is nearly finished selling all $700 million (â‚¬527.27 million) worth of its U.S. port operations to an American buyer.

The political uproar over the ports deal ranked among political stories that generated the most news interest in the last two decades, according to a poll by the Pew Research Center for the People & the Press.

In oversight hearings, lawmakers complained that such deals deserved more scrutiny and they promised to rewrite government rules for considering when investments by foreigners may threaten U.S. security.

The administration said it has changed how it conducts such reviews. It has added employees to investigate deals, imposed more conditions on companies and sought approval for deals at higher levels within government agencies.

Meetings among senior officials who consider such deals were once scheduled every few months now occur weekly.

The 12-member Committee on Foreign Investment in the United States is led by the Treasury Department. It hired a new deputy to oversee reviews; tripled to six the number of people who work on such reviews; and now requires deals to be approved by one of the department's presidential appointees.

The Homeland Security Department also hired a new director to oversee reviews and increased the number of employees who work on such cases to 12. It has imposed conditions in 12 deals so far this year, such as requiring companies to keep sensitive equipment or business records inside the United States even after the sale.

"Congress started out quite determined to make a lot of changes," said Stewart Baker, the department's assistant secretary who helped negotiate approval for the Dubai ports deal. "The administration took very seriously the criticism, and we've launched a number of reforms."

In the aftermath of the ports dispute, lawmakers introduced more than 20 bills to block the Dubai sale or change how such deals are reviewed. None passed both the House and Senate.

A House bill that passed 424-0 in July would have broadened the types of deals reviewed to include those affecting homeland security and would have covered sales involving power and water plants.

It would have made it tougher for companies to withdraw proposed business deals from government scrutiny. Also, the president or members of the review panel could have reinvestigated cases if companies failed to obey conditions the government had set to approve a deal.

The Senate bill, which passed by voice vote the same day as the House version, would have required the administration to tell Congress within 10 days about each business deal it was reviewing; forced foreign governments to seek U.S. approval to buy American companies; and made it tougher for companies to withdraw from pending scrutiny.

On the Net:

Committee on Foreign Investments in the United States: http://www.treas.gov/offices/international-affairs/exon-florio/

After Opportunism (WP)

The Washington Post, December 12, 2006

EARLIER THIS year a depressing outbreak of anti-Arab hysteria in Congress and elsewhere doomed an effort by a company called Dubai Ports World to take over the management of some American ports. Last week, the Department of Homeland Security announced that it will work with several port authorities abroad to scan cargo before it is loaded onto ships bound for the United States. Among the facilities identified to host this Secure Freight Initiative is Britain's bustling Southampton seaport, operated by, yes, Dubai Ports World.

So far, even the loudest objectors in Congress to the earlier deal haven't publicly questioned Homeland Security's choice to inaugurate a major security initiative in a facility operated by the once-controversial United Arab Emirates-based firm. That's encouraging as well as telling.

The program aims to identify dangerous materials before they have a chance to reach U.S. soil, where, eventually, another layer of scans and checks would stop anything that slips through that initial screen. The plan isn't perfect -- Homeland Security should prepare to rapidly replace the scanners it sends to foreign ports once better technology becomes widely available, for example. But if Homeland Security manages to start the program on schedule (a fair question given its past performance on

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ports), it could be a relatively inexpensive way to reduce the danger of nuclear or radiological weapons entering the country in a container otherwise filled with T-shirts or tennis shoes.

A successful partnership would also demonstrate that Americans have little to fear from Dubai Ports World and firms like it -- and that they shouldn't single out Arab-owned companies for suspicion without good reason. As the world, particularly the world of business, becomes more interconnected across borders, companies owned in part or in full by foreigners face many of the same pressures, incentives and regulations that American companies do. They will therefore behave in similar ways, and in most cases they should be judged by the same metrics. Giving in to unwarranted fears stoked by opportunist politicians will only discourage foreign firms from doing business in the United States, complicate the sorts of relationships the Department of Homeland Security is attempting to forge and alienate foreigners whose friendship this nation sorely needs.

Law Passes Retooling Effort On Bioterror (WP)

By Renae Merle

The Washington Post, December 12, 2006

The House and Senate have passed legislation that will revamp the Bush administration's $5.6 billion effort to counter bioterrorism threats, reorganizing management of the program and providing struggling companies with periodic cash infusions to help fund their research and testing.

"It's a relief," Sen. Richard Burr (R-N.C.), one of the measure's principal backers, said yesterday. "We're a little further ahead of the fear of bioterrorism and pandemic because we've got a solid plan in place."

The House passed the legislation early Saturday morning and it passed the Senate last Tuesday. President Bush intends to sign the legislation, but a date has not been set, according to the White House.

More than a year in the making, the legislation was considered by many to be an effort to salvage the two-year-old Project BioShield, which has been marked by delays and operational problems. Sen. Harry M. Reid (D-Nev.), the incoming majority leader, listed it among his priorities for Congress's lame-duck session.

"I think it's already made a difference," Burr said of the legislation, which was also pushed by Sen. Edward M. Kennedy (D-Mass.). "We have more people, more companies, more academic institutions, that have looked at this legislation and planned how they can plug into it. It has brought more people to the table interested" in the program.

The legislation creates the Biomedical Advanced Research and Development Authority, within the Health and Human Services Department, to manage the effort. It also allocates $1 billion over three years for research not funded by a Project BioShield contract or the National Institutes of Health and attempts to pump more government money into the private sector sooner.

Under current law, participating companies are not paid until they deliver the drugs. The legislation would speed up the development cycle by allowing Health and Human Services to pay companies up to 5 percent of their contract's value when they reach certain milestones.

The legislation "complements important work that HHS has already begun to improve the BioShield program," Christina Pearson, an HHS spokeswoman, said in a statement. "Passage [of] this bipartisan legislation supports much needed late-stage research-and-development funding. . . . It also supports our efforts to improve coordination of preparedness and response programs across the department."

The program's most significant investment, a nearly $1 billion effort by VaxGen to develop an anthrax vaccine, has been in limbo since the Food and Drug Administration held up human testing last month because of concerns about the drug's reliability. After threatening to end its contract, HHS gave the firm until Dec. 18 to resolve the concerns and begin human testing.

"It is regrettable that we have been unable to engage HHS in a productive discussion regarding how to ensure that this program moves forward," said Lance Ignon, VaxGen's vice president for corporate affairs. "We need to engage in a true partnership or we risk losing all the work on this vaccine and undermining our nation's biodefense programs."

Post-Katrina Justice In Slow Motion (LAT)

By Ann M. Simmons

The Los Angeles Times, December 12, 2006

In October 2005, less than two months after Hurricane Katrina struck, Pedro Parra-Sanchez was arrested for allegedly stabbing a man with a broken bottle during a fight. With the city's prison damaged by flooding, he was taken to a makeshift jail at the Greyhound bus station, then transferred to a correctional facility some 70 miles away, and later to a prison in southwest Louisiana.

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That's where Parra-Sanchez sat for more than a year — never seeing a lawyer or setting foot in a courtroom. At the time of the fight, he had been in New Orleans only six days: He'd left his family in Bakersfield, Calif., and come to help with the storm clean-up effort.

By law, the district attorney should have brought Parra-Sanchez to court to formally charge him within 60 days. Instead, "he disappeared," said Pamela R. Metzger, director of Tulane University's Criminal Law Clinic. "The system failed."

Parra-Sanchez's case is not unique in post-Katrina New Orleans. An untold number of people got "lost" in the prison system in the weeks immediately after the storm, Metzger said. Many are still among the 3,000 active criminal court cases. At least 85% of them qualify for representation by a public defender from the Orleans Parish Indigent Defender program.

The city's indigent defense system has long been plagued by negligent attorneys who provide haphazard and deficient representation. But in the months after Katrina struck the Gulf Coast, the program spiraled into chaos: Funding plummeted; 15 lawyers quit the already thin legal staff; documents and evidence were lost or destroyed.

"None of the functioning institutions of government were there," Metzger said. Now, "the public defenders office is dealing with a massive influx of new arrests, and cannot go back to other cases."

Parra-Sanchez at least should have had access to a lawyer from the public defenders office, Metzger said.

She has helped to form the Katrina-Gideon Interview Project, a national coalition of law students and law professors. Led by the Tulane law clinic and the Student Hurricane Network, the project aims to free indigent "Katrina prisoners" — people who have served time but remain in jail because they haven't had legal representation.

The students and lawyers are reviewing about 1,800 pre- and post-Katrina cases. They include people who have been imprisoned well beyond any sentence they might receive for such charges as probation violation, failure to pay a fine or prostitution.

Tulane law clinic students helped indigent clients without attorneys before Katrina, but since the storm they've gone into overdrive. The Katrina-Gideon team's permanent members consist of Metzger, another full-time attorney and three law students. Attorneys from around the country have come to do pro bono stints.

They learned of Parra-Sanchez's case from other inmates: His name didn't appear on the sheriff's list of prisoners in custody because of a booking error.

Katrina-Gideon team member and student lawyer Sara Johnson, 23, says she sometimes becomes so outraged over the system's inefficiencies, and the treatment of indigent clients, that "some days, you want to throw something ... you want to go into the jail and just leave with them."

Leah Shaver, a woman in her 50s, is another of the team's cases. She has been in jail since July 2005 on prostitution and drug-possession charges. She was arraigned a week after her arrest. Two status hearings were called in her case earlier this year, but no public defender brought her to court until May — nine months after her arrest. She is still incarcerated.

Iben O'Neal was charged with possession of heroin in October 2004 and was out on bail until spring 2005, when the court revoked his bond in error. In June of that year, O'Neal had a pretrial hearing. An August 2005 trial date came and went. His case was scheduled on the court calendar several times, but he was never brought to court. Instead, he spent another 14 months in jail without seeing a lawyer or a judge.

The public defenders office had no file on O'Neal, Metzger said, "not a scrap of paper" since 2004. Her team secured O'Neal's release on Oct. 31, 16 months after his last court appearance.

The first time Parra-Sanchez spoke with a lawyer was on Nov. 17, when Metzger interviewed him in jail.

Parra-Sanchez, a legal U.S. resident from Mexico, initially had volunteered with a hurricane-relief effort sponsored by his church, according to court documents. But his limited English skills disqualified him for volunteer work; instead, he signed on as a paid laborer with a tree-removal company. Less than a week later, he was in jail.

Johnson and fellow Tulane law senior Alex Wells wrote the motion for Parra-Sanchez's arraignment..

Before the hearing, Wells, a 29-year-old former political consultant turned attorney, Johnson, Metzger, Parra-Sanchez and the court-appointed interpreter rehearsed and did role-playing in the hallway outside the courtroom of Judge Darryl Derbigny. Then Wells took his place at Metzger's side to question Parra-Sanchez about what he described as "a human tragedy."

Speaking through the courtroom interpreter, Parra-Sanchez said he repeatedly asked prison guards and a prison psychologist when he would be brought to trial. His wife, Alma, tried to call the public defender, but the office phone was not working, Wells said.

When Parra-Sanchez did not show up in court for arraignment in May, Derbigny issued a warrant for his arrest, even though he was already in jail.

The father of four wept as he spoke of the hardships his imprisonment had had on his family.

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His wife was forced to move from a rented house to a trailer park. She sold her husband's tools to pay bills and depleted the family's savings. The bank repossessed Parra-Sanchez's truck. And his eldest daughter left home to help alleviate some of the family's financial burden.

"It was very difficult mentally," Parra-Sanchez told the court as he dabbed his eyes with a tissue.

"I asked for help, but nobody would give me" any, he added in later testimony.

Assistant Dist. Atty. Greg Thompson called the Parra-Sanchez case "a snafu" and, during the defendant's arraignment, formally apologized on behalf of the state for his "prolonged incarceration."

A judge freed Parra-Sanchez the Friday before Thanksgiving. His arraignment finally took place on Nov. 28, and a local synagogue donated money for Parra-Sanchez's train journey home to Bakersfield on Nov. 29. He has since consulted Bakersfield attorney Daniel Rodriguez about possible civil rights litigation against law enforcement agencies in New Orleans.

Later this month, Derbigny will hear a defense motion to drop Parra-Sanchez's case, on the grounds that his constitutional right to a speedy trial has been violated.

"I have no idea whether this man is guilty or innocent," said Metzger. "What I do know for sure is that the state is guilty for depriving this man of his bill of rights for the last 13 months."

Stephen Singer, a professor at Loyola University New Orleans law school and the lead trial counsel for the public defenders office, said his agency welcomes input from the Katrina-Gideon group because "we can use all the help we can get." But he said indigent defense needs more than the spot treatment the Katrina team provides.

"That helps individual clients, but it doesn't help us solve the problem," Singer said. "What we really need to do is fix the public defenders office."

WAR NEWS:

Bush Reviews Options On Iraq Policy (AP)

By Ben Feller

AP, December 12, 2006

President Bush, eager to show he can take advice on Iraq, embarked on a round of public outreach Monday and promised Americans the unpopular war eventually would make their lives safer.

Preparing for a major speech on the war's future, Bush took the short trip to the State Department to review options with advisers there, then hosted a handful of experts on Iraq policy in the Oval Office.

"Like most Americans, this administration wants to succeed in Iraq because we understand success in Iraq would help protect the United States in the long run," Bush said after his State Department briefing.

The White House remained tightlipped on how Bush is likely to change strategy, saying the president is awaiting reports from his national security team before announcing a plan to the nation. That is expected to happen before Christmas.

The president said his aim is to coordinate advice from his diplomatic and military advisers "so that when I do speak to the American people, they will know that I've listened to all aspects of government."

Indeed, the administration's "new way forward" includes a visible attempt to show an openness to ideas.

On Tuesday, Bush will meet via video conference with senior military commanders, then talk with Iraqi Vice President Tariq al-Hashemi, a Sunni leader, in the Oval Office. Bush met last week with the leader of the largest Shiite bloc in Iraq's parliament, Abdul-Aziz al-Hakim.

On Wednesday, Bush will confer with senior defense officials at the Pentagon.

Since the election, lawmakers of both parties have been to the White House to discuss the war with Bush.

White House spokesman Tony Snow said he saw no "gigantic difference" in the pace of public strategy sessions on the president's schedule. But he added that Bush's travels to the State Department and the Pentagon sent a message.

"It's important that the American people be aware both of his consultation and his level of concern about getting it right," Snow said.

More than 2,900 U.S. military members have died in Iraq. The war has weighed down the Bush presidency and helped shift control of Congress to the Democrats, who have long accused Bush of being stubborn and isolated.

The administration has rejected calls for troop withdrawals until Iraq can govern and defend itself, warning that retreat could create a haven for terrorists and kill a fledgling democracy.

"I don't think he's looking for an easy answer. He's looking for the right answer. And the right answer isn't one person's idea," said Republican strategist Ron Kaufman, who worked in the White House under Bush's father.

"If some retired general or some historian can add to the final solution, then he's doing the right thing," Kaufman said.

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At the State Department, Bush met with Secretary of State Condoleezza Rice and her senior advisers on Iraq, and with diplomats who serve as leaders of U.S. joint civilian-military units called provincial reconstruction teams.

The U.S. ambassador, Zalmay Khalilzad, participated by videoconference. "It was a good give and take," State Department spokesman Sean McCormack said. "The president had questions throughout the entire set of briefings."

Afterward, Bush delivered a statement but took no questions in the Treaty Room, with Rice and Vice President Dick Cheney standing behind him. Looming behind them all were portraits of two former secretaries of state, James A. Baker III and Lawrence Eagleburger — both members of a bipartisan commission that has bluntly told Bush his Iraq policy is not working.

Bush's public remarks echoed his previous statements and gave no indication of any change of strategy.

Later, he sought advice from Stephen Biddle of the Council of Foreign Relations, Eliot Cohen of the School of Advanced International Studies and three retired Army generals: Wayne Downing, Jack Keane and Barry McCaffrey.

Snow said Bush hoped to be able to announce his decisions by Christmas but that the timing could slip. "It's something that we would like to see, but I'm not going to promise it," Snow said.

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AP Diplomatic Writer Anne Gearan contributed to this story.

Bush Prepares To Launch New Iraq Strategy (LAT)

By James Gerstenzang

The Los Angeles Times, December 12, 2006

WASHINGTON — Launching a highly visible round of consultations as he seeks to reshape the U.S. role in Iraq, President Bush reiterated Monday that "success" there was crucial to the long-term protection of the United States and said Iraq's regional neighbors have a responsibility to help the country's fledgling government.

Bush met with Secretary of State Condoleezza Rice and State Department officials and then with three retired Army generals and two outside policy experts, opening a week of conferences before announcing a new direction in Iraq in 2007.

In the aftermath of last week's sharply critical report by the Iraq Study Group, the White House is eager to draw the spotlight to other ideas and options more in keeping with Bush's goals. The Iraq Study Group was led by former Secretary of State James A. Baker III, a Republican, and former Indiana Rep. Lee Hamilton, a Democrat.

Bush continues his policy review Tuesday and Wednesday, with meetings and teleconferences with U.S. military commanders and Iraqi officials, including Iraqi Vice President Tariq Hashimi, the head of the largest party representing Iraq's Sunni Arab minority, and a briefing at the Pentagon on military options.

The in-depth review follows the report by the Iraq Study Group, a commission originally blessed by the White House. The panel concluded that conditions in Iraq were "grave and deteriorating," recommending action to hand over more responsibilities to the Iraqis and withdraw most U.S. combat forces by 2008.

Bush last week voiced antipathy toward the key Iraq Study Group recommendations, which also included talks with Iran and Syria, and leaning on the Iraqi government to settle political squabbles. He then announced this week's battery of meetings as part of "extensive consultations" with experts inside and outside the government.

Speaking with reporters at the State Department after the meetings there, Bush said that he and the advisers talked about "the neighborhood -- the countries that surround Iraq and the responsibilities that they have." That group includes not only Kuwait, Jordan, Saudi Arabia and Turkey, but also Iran and Syria.

At lower levels, officials at the State Department are divided over whether talks with Iran and Syria could significantly stabilize Iraq, as the Baker-Hamilton panel argued. But at the top level, Rice and her aides are vigorously skeptical about the idea.

Friday, Rice told reporters: "In both Syria and Iran, you have states that have chosen to be on the side of the divide that is fueling extremism, not moderation. And that is the essential problem."

The Iraq Study Group recommended that the administration talk to Iran and Syria; Bush has opposed such a course.

Bush is aiming to outline a "way forward" in Iraq in a national address, possibly before Christmas, White House officials said.

The president said the goal of this week's consultations was to assure the American people "that I've listened to all aspects of government" as he seeks to determine a route that will "achieve our objective: to succeed in Iraq."

White House Press Secretary Tony Snow said Bush and the State Department officials did not specifically discuss the recommendations of the Baker-Hamilton commission, and that the meetings the president is conducting this week were not "a reaction to Baker-Hamilton."

He also said the president, in describing Iraq as "a central component of defeating the extremists" -- not as "the central front" of the terror war -- was not shifting his view but rather varying "the phraseology."

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During the afternoon, Bush met privately with five experts on Iraq and the military: Stephen Biddle, a former professor at the U.S. Army War College and fellow at the Council on Foreign Relations; Eliot A. Cohen, an expert on military strategy at the School for Advanced International Studies in Washington, and three retired Army generals: Wayne Downing, Jack Keane and Barry McCaffrey.

"There were a variety of views expressed, and they seemed very interested, it was an engaging session," Biddle said following the White House session. "The president asked lots of questions. Everybody got to make our pitch about what we needed to tell him and react to others and react to the president. It was fairly interactive."

Times staff writers Julian E. Barnes and Doyle McManus contributed to this report.

Bush Keeping All Options Open (NSDY)

By Craig Gordon, Newsday Washington Bureau

Long Island Newsday, December 12, 2006

After stiff-arming the Iraq Study Group report last week, President George W. Bush tried to retake the initiative Monday by launching three days of high-profile consultations to chart his own way forward.

WASHINGTON -- Now it's the president's turn.

After stiff-arming the Iraq Study Group report last week, President George W. Bush tried to retake the initiative Monday by launching three days of high-profile consultations to chart his own way forward.

Bush's message: There are a lot of voices out there, not just one blue-ribbon panel, and I'm listening to them all as I decide how much to change course.

Bush hopes to give a speech laying out his decision before Christmas, but his early comments suggest he is in no mood for the sweeping changes sought by the study group, which called for seeking talks with Iran and Syria and bringing combat troops out by early 2008.

Yet the stakes couldn't be higher, amid deepening public dissatisfaction with the war and Bush's handling of it. Facing growing violence and dwindling options, Bush is embarking on what could be his last major effort to turn around the war that will define his presidency.

His first stop Monday was at the State Department, where he said he would meld advice from top military and diplomatic officials "so that when I do speak to the American people, they will know that I've listened to all aspects of government."

"Like most Americans, this administration wants to succeed in Iraq, because we understand success in Iraq would help protect the United States in the long run," Bush said.

But Bush dropped his calls for victory and seemed to rely on the narrower version of the mission used by the Iraq Study Group in discussing his goals -- a free-standing Iraq that can survive largely free of U.S. help.

After the State Department, Bush heard from five outside experts, including several who criticized the Iraq Study Group findings. Eliot Cohen, a professor at the Johns Hopkins University School of Advanced International Studies, called some of the group's ideas "sheer fantasy."

Today, Bush consults with military commanders in Iraq by teleconference and hosts an Oval Office meeting with a Sunni vice president in the Iraqi government. Tomorrow, he travels to the Pentagon, where he will get a briefing by outgoing Defense Secretary Donald Rumsfeld, ousted the day after Democrats retook Congress.

Rumsfeld expressed disappointment to be leaving, telling Fox News Monday that "I hate to not be doing what I've been doing," but that he believed history would show "an awful lot of right decisions were made."

The one-two punch of a Democratic election sweep and the release of the Iraq report have forced Bush to confront previously rejected shifts in his strategy. In addition, a Newsweek poll out this week showed that the public supports setting a timeline for bringing troops home by almost 2-to-1 -- a move Bush has steadfastly resisted.

Spokesman Tony Snow said Bush is shooting for a pre-Christmas address to the nation but is awaiting the results of three in-house reviews, so the timing could slip until after the holidays.

Experts Advise Bush Not To Reduce Troops (WP)

By Michael A. Fletcher And Thomas E. Ricks

The Washington Post, December 12, 2006

President Bush heard a blunt and dismal assessment of his handling of Iraq from a group of military experts yesterday, but the advisers shared the White House's skeptical view of the recommendations made last week by the bipartisan Iraq Study Group, sources said.

The three retired generals and two academics disagreed in particular with the study group's plans to reduce the number of U.S. combat troops in Iraq and to reach out for help to Iran and Syria, according to sources familiar with the meeting, who spoke on the condition of anonymity because the session was private.

The White House gathering was part of a series of high-profile meetings Bush is holding to search for "a new way forward" amid the increasing chaos and carnage in Iraq. Earlier in the day, Bush met with Secretary of State Condoleezza Rice and other high-ranking officials at the State Department, where he was briefed on reconstruction and regional diplomatic efforts in Iraq.

The military experts met with Bush, Vice President Cheney and about a dozen aides for more than an hour. The visitors told the officials that the situation in Iraq is as dire as the study group had indicated but that alternative approaches must be considered, said one participant in the meeting. In addition, the experts agreed that the president should review his national security team, which several characterized as part of the problem.

"I don't think there is any doubt in his mind about how bad it is," the source said.

The group disagreed on the key issue of whether to send more troops to Iraq, with retired Gen. John M. Keane arguing that several thousand additional soldiers could be used to improve security in Baghdad, and others expressing doubt about that proposal, according to sources at the meeting. But the five agreed in telling Bush that the Army and Marine Corps both need to be bigger, and also need bigger budgets.

The group suggested the president shake up his national security team. "All of us said they have failed, that you need a new team," said one participant. That recommendation is likely to fuel Pentagon rumors that Bush and his new defense secretary, Robert M. Gates, may decide to replace Marine Gen. Peter Pace as chairman of the Joint Chiefs of Staff.

White House officials emphasized that although the experts gave a bleak assessment, they still believe the situation in Iraq is "winnable."

"I appreciate the advice I got from those folks in the field," Bush said after emerging from the morning session. "And that advice is . . . an important component of putting together a new way forward in Iraq."

The carefully choreographed meetings are coming on the heels of the release last week of the Iraq Study Group's report, which pronounced the situation in Iraq "grave" and recommended fundamental shifts in how the Bush administration handles the war. To stem the deteriorating situation in Iraq, the report said, the administration should shift the focus of its military mission from direct combat to training Iraqi troops, while pressing harder for a diplomatic solution by engaging Iran and Syria -- something Bush has pointedly refused to do.

Yesterday's meetings are to be followed today by a videoconference with military commanders before Bush receives Iraqi Vice President Tariq al-Hashemi at the White House. On Wednesday, Bush is scheduled to meet with his outgoing defense secretary, Donald H. Rumsfeld, and another group of military experts.

Coming amid growing public discontent with the war and the defeat of his party in last month's congressional elections, the president's very public review of his Iraq policy is expected to culminate in a major address in which he will lay out what the administration has billed as a "new way forward" in the nearly four-year-old conflict. Press secretary Tony Snow said the administration is hoping for the president to deliver the speech before Christmas, although he said the timing has not been nailed down.

Even as the president has been reviewing his approach to the war, he has not backed off his position that victory in Iraq is crucial to victory in a larger fight against terrorism. Bush also calls it essential for Iraq to be stabilized as a functioning democracy -- a sweeping goal on which the Iraq Study Group's report was notably silent.

"Iraq is a central component of defeating the extremists who want to establish safe haven in the Middle East, extremists who would use their safe haven from which to attack the United States," Bush said. "This is really the calling of our time, that is, to defeat the extremists and radicals."

When the White House review began, the interagency group debated whether to try to beat the Iraqi Study Group's report or let it play out and then look "bigger and better" by doing a report later, said an official familiar with the discussions. It was agreed to wait. But the emphasis throughout the month-long process has been to produce a strategy that would be deliberately distinct, the official added.

The White House review does not have the depth or scope of the Iraq Study Group's, according to officials familiar with the deliberations. "There's a lack of thinking on other big issues -- oil, the economy, infrastructure and jobs," said one source who was briefed on the interagency discussions and requested anonymity because talks are ongoing.

During yesterday's White House meeting, Bush asked all the questions, except for one at the end from Cheney, a source said. But Cheney took copious notes throughout, filling several pages, he said. "They didn't really reveal their own views" in their questions, said retired Army Gen. Barry McCaffrey, one of the five participants.

As a whole, the group of retired generals and academics who met Bush tend to be skeptical of the Iraq Study Group's proposals, and so were able to give him additional reasons to reject its recommendations.

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The first to speak was Eliot A. Cohen, an expert in military strategy at Johns Hopkins University, who has criticized the study group's findings, particularly on engaging Iran and Syria and on decreasing combat troops. He was followed by Keane, McCaffrey and Wayne A. Downing, all retired four-star Army generals. Two have told friends they are skeptical of the study group's recommendation to cut U.S. combat forces over the next year while quadrupling the size of the training and advisory effort, which currently numbers around 4,000.

Staff writer Robin Wright contributed to this report.

Bush Urges Iraq's Neighbors To Help Bring Stability (WSJ)

By Henry J. Pulizzi

The Wall Street Journal, December 12, 2006

WASHINGTON – President Bush on Monday opened three days of intensive consultations on Iraq, saying the U.S. and countries across the Middle East have a vital stake in helping the government in Baghdad succeed.

"We believe that most of the countries understand that a mainstream society, a society that is a functioning democracy, is in their interests," Mr. Bush said after meeting with State Department officials on Iraq. "And it's up to us to help focus their attention and focus their efforts on helping the Iraqis succeed." (Bush statement1)

The president, flanked by Vice President Dick Cheney and Secretary of State Condoleezza Rice, didn't name any countries, however, one of the Iraq Study Group's main proposals was for enhanced regional engagement, including with Syria and Iran.

Mr. Bush's meeting at the State Department is one of many he is having this week in the process of weighing his strategy options on Iraq. In addition to the Iraq Study Group's recommendations, a series of internal administration reviews are in process. The president, who will meet with outside experts on Iraq later in the day, hopes to update the nation on his Iraq plans by the end of the year.

On Tuesday, Mr. Bush is scheduled to meet via video conference with senior military commanders and the U.S. ambassador to Iraq, Zalmay Khalilzad, and then host Iraqi Vice President Tariq al Hashemi in the Oval Office. On Wednesday, he meets with officials at the Pentagon.

"I am looking forward to continuing my deliberations with the military," Mr. Bush said at the State Department. "There's no question we have to make sure that the State Department and the Defense Department, the efforts and their recommendations, are closely coordinated so that when I do speak to the American people, they will know that I've listened to all aspects of government and that the way forward is the way forward to achieve our objective to succeed to Iraq."

Mr. Bush said he was briefed from Baghdad and by a civilian "provincial reconstruction team" leader in Washington. "I appreciate the advice I got from those folks in the field," he said. "That advice is an important component of putting together a new way forward in Iraq."

Administration officials are weighing options, including a short-term buildup of troops and a revamped approach to dealing with Iraq's warring factions. Heading toward the new year, Mr. Bush is awaiting reports from the Pentagon, the State Department and the National Security Council.

Last week, Bush met separately with Shiite political leader Abdul-Aziz al Hakim, members of the bipartisan Iraq Study Group, British Prime Minister Tony Blair, plus lawmakers from the armed services, intelligence and foreign relations committees.

In Advance Of Speech, Bush Seeks Iraq Advice (NYT)

By Jim Rutenberg

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — President Bush on Monday began an Iraq war listening tour that will last much of this week, as he and his war cabinet work urgently toward a new strategy he can present to the public before Christmas.

The internal administration debate is focusing acutely on whether — and how — the United States should press the Iraqi prime minister, Nuri Kamal al-Maliki, to take more aggressive steps to crack down on militias, among other issues, following a specified timeline.

That course was among those recommended last week by the bipartisan Iraq Study Group, which called on the United States to link continued political and military support for Mr. Maliki's government to benchmarks it would have to meet.

The administration has been generally opposed to putting overt pressure on Mr. Maliki, but on Monday Tony Snow, the White House spokesman, left open the possibility that the United States would seek a way to get Mr. Maliki's government to achieve stability faster and get American troops home.

"There are going to be the best efforts to succeed as quickly as possible," Mr. Snow said. "The president has made it clear to Iraqis and to the United States that we want to have this succeed, and we want it to succeed as quickly as possible."

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Mr. Snow refused to say whether the president remained firmly opposed to establishing timetables for American withdrawal — which would presumably coincide with Iraqis' reaching certain benchmarks in securing the country. However, he indicated during his regular afternoon briefing with reporters that the president would address the issue during an expected speech laying out his plan. He later said he had meant to imply only that the president was open to various options.

The White House said Mr. Bush used meetings on Monday at the State Department with Secretary of State Condoleezza Rice in the morning and in the Oval Office with a group of military and Iraq policy experts in the afternoon to review political and military options in Iraq as he attempts to chart what he has called "a new way forward."

As the administration grapples with how to reconcile sparring Sunni and Shiite factions in Iraq, Mr. Bush is to meet Tuesday with the Iraqi vice president, Tariq al-Hashemi, the leader of the most powerful Sunni Arab party in Iraq. That meeting is to follow a video teleconference between Mr. Bush and several American commanders, the departing secretary of defense, Donald H. Rumsfeld, and Zalmay Khalilzad, the American ambassador to Iraq.

Aides said that through this week's meetings Mr. Bush was "approaching the conclusion" of his deliberations. But officials said the semipublic nature of the meetings — which were put on Mr. Bush's schedule last week — were also in part intended to show that he is urgently working on a solution to the worsening instability of Iraq at a time of heavy public pressure to show progress there.

That pressure has mounted from the incoming Democratic-led Congress, from some Republicans, and from the Iraq Study Group, whose report last week prescribed 79 recommendations to help reverse what it called a "grave and deteriorating" situation in Iraq.

A poll released by CBS News on Monday showed Mr. Bush had his lowest approval rating ever on the war, with just 21 percent of those surveyed saying they approve of his handling of Iraq.

But after a weekend in which members of the neoconservative wing of his party blasted the report for proposing what they considered to be veiled retreat, and in which administration officials described some suggestions as unrealistic and impractical, the White House said the report did not play a large role in Monday's discussions.

Asked if the report came up at the State Department meeting, Mr. Snow said, "not really." And, he said, he did not expect the panel of experts to discuss it much during the Oval Office session either, saying they were not going to the White House to present "a book review."

In another indication that the White House is distancing itself from the report, four of the five experts at the Oval Office — retired four-star generals Barry McCaffrey and Jack Keane, and Eliot A. Cohen of Johns Hopkins University and Stephen Biddle of the Council on Foreign Relations — have already publicly questioned the practicality of certain suggestions by the study group.

Still, the administration's discussions center on many of the same issues the study group addressed. A senior official has said that among the most complicated questions facing the president is how to get Mr. Maliki, a Shiite, to move more aggressively against Shiite militias — including the one led by one of his most powerful patrons, Moktada al-Sadr — and to provide basic services more quickly.

The report has suggested threatening Mr. Maliki and his government with a loss of United States support should the prime minister fail to meet a set of milestones. That would differ from the president's fundamental resistance to bringing United States troops home before the Iraqi government can "sustain, govern and defend" itself.

Officials investigated reports from Baghdad that some of Mr. Maliki's fellow Shiites were plotting to push him from office and said that they were false.

And, after his meeting with Ms. Rice — which Vice President Dick Cheney attended as well — Mr. Bush said they had discussed the roles Iraq's neighbors could play in stabilizing Iraq, which is a central suggestion of the study group's report. But Mr. Bush continued to make it clear he did not believe Syria or Iran would play such roles.

"We believe that most of the countries understand that a mainstream society, a society that is a functioning democracy, is in their interests," Mr. Bush said.

President Discusses Strategy This Week With Military, Diplomatic, Iraqi Leaders (USAT)

By David Jackson

USA Today, December 12, 2006

WASHINGTON — President Bush holds a videoconference today with military leaders in Iraq, part of a series of high-level meetings to help him develop "a new way forward" on the war that could be announced as early as next week.

Bush's discussions about Iraq come after a bipartisan commission delivered its recommendations on the war last week, including a withdrawal of most U.S. combat troops by 2008, conditions permitting. The president opposes a timetable for withdrawal until the Iraqi government can sustain itself.

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On Monday, Bush's version of an in-house listening tour began with a discussion of diplomatic initiatives at the State Department.

"When I do speak to the American people, they will know that I've listened to all aspects of government," Bush said after the meeting, which included Secretary of State Condoleezza Rice and Vice President Cheney.

Also scheduled today: an Oval Office meeting with Tariq al-Hashemi, a Sunni vice president in Iraq's coalition government.

On Wednesday, Bush will go to the Pentagon to meet with military officials about the increasingly unpopular war, which helped cost Republicans control of Congress in the elections in November.

White House spokesman Tony Snow said Bush hopes to outline his Iraq plans before Christmas, but "it's not locked down."

"It's something we would like to see, but I'm not going to promise it," Snow said.

Bush's meetings are part of an internal administration review of Iraq policy, Snow said. The National Security Council is coordinating the effort.

Bush repeated Monday that success in Iraq would "help protect the United States in the long run" by denying safe haven to "extremists and radicals." He defined success as a nation that governs and defends itself and "serves as an ally in this war on terror."

Some of Bush's fellow Republicans have been offering their own ideas about Iraq.

Sen. John McCain, R-Ariz., a likely presidential candidate, wants to increase the number of troops in Iraq. Sen. Gordon Smith, R-Ore., who voted to give Bush the authority to invade Iraq, says he doesn't want U.S. troops caught in the middle of sectarian strife. He has suggested the United States "reposition" its forces to curb weapons that come into Iraq from Syria, Saudi Arabia and Iran.

Bush also met Monday in the Oval Office with three retired Army generals: Wayne Downing, Jack Keane and Barry McCaffrey. Also at the meeting were Stephen Biddle with the Council on Foreign Relations and Eliot Cohen, who teaches at Johns Hopkins University.

The Iraq Study Group, led by former secretary of State James Baker and former congressman Lee Hamilton of Indiana, recommended a new diplomatic offensive that includes talks with Iran and Syria. The Bush administration has declined to talk with either nation, citing Iran's uranium-enrichment program and Syria's efforts to destabilize the Lebanese government.

In his brief remarks at the State Department, Bush did not cite Iran and Syria by name. He said he discussed with Rice and other State officials "the neighborhood, the countries that surround Iraq and the responsibilities that they have to help this young Iraqi democracy survive."

USA More Pessimistic On Iraq War (USAT)

By Susan Page, Usa Today

USA Today, December 12, 2006

WASHINGTON — As President Bush weighs changing course in Iraq, Americans are increasingly pessimistic about the war and want most U.S. troops withdrawn within a year, a USA TODAY/Gallup Poll taken Friday through Sunday says. Three of four support the major recommendations unveiled by the Iraq Study Group last week.

Most predict the administration won't implement the bipartisan commission's proposals, however. And fewer than 1 in 5 have "a great deal" of trust in Bush to "recommend the right thing" for the United States to do in Iraq.

Confidence in Democratic congressional leaders to chart the proper course is even lower, at 14%.

"October and November were very bad months for casualties in Iraq, and people are asking, after so much sacrifice, why hasn't there been any progress?" says Richard Eichenberg, a political scientist at Tufts who studies public opinion toward war. He calls Americans' conclusion that Iraq is enmeshed in a civil war "a threshold event" that erodes backing for the mission.

"To the extent that the American people think they are defending themselves and their security, they're fairly supportive of using military force," Eichenberg says. In a civil war, though, the conflict is seen as an intractable one that demands a political solution, not a military one.

By 76%-22%, those surveyed say Iraq is in a civil war. The White House disputes that characterization, calling the conflict part of a global battle against terrorism.

STAY THE COURSE?: Most say costs outweigh benefits | Poll results

The public's impatience with developments in Iraq and its enthusiasm for the Iraq Study Group's plan doesn't ensure that Bush will take their advice, cautions Edward Walker, a former assistant secretary of State and U.S. ambassador to Israel and Egypt.

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"There is very little leverage anyone has over presidents in a war-time situation," says Walker, who teaches global politics at Hamilton College in Clinton, N.Y. He sees some similarities to the Vietnam War, when Lyndon Johnson long resisted anti-war pressures and protests that eventually undermined his presidency.

Bush is making a round of consultations with Pentagon generals, State Department strategists and historians to chart a new direction in Iraq. He plans to deliver an address to the American people before Christmas about his plan.

While 55% of Americans want most U.S. troops withdrawn within a year, only 18% think that will happen. More than 4 in 10 predict American troops will be deployed in Iraq for more than two years, though just 14% endorse that idea.

The president's job-approval rating is 38%, up 5 percentage points from the survey taken immediately after congressional elections last month. Opposition to the war and Bush's leadership of it contributed to a Democratic takeover of the House and Senate.

The poll's margin of error is +/—3 percentage points for full sample.

Among the findings:

· In a question asked of a half-sample, a record high 62% of Americans say the war in Iraq isn't "worth it," and a record low 16% say the United States is winning. That's less than half the 40% who held that view a year ago. Now, nearly two-thirds say neither side is winning.

Looking ahead, 35% predict the United States eventually will win the war, also a new low.

· About three of four support each of three major recommendations by the Iraq Study Group: Negotiating directly with Iran and Syria, jumpstarting peace talks aimed at resolving the Israel-Palestinian conflict, and withdrawing most U.S. combat troops by March 2008.

· On the long-term consequences of the war in Iraq: 38%, of those surveyed predict people in Iraq will be better off because of the war; 35% say they will be worse off.

However, pluralities say people in the USA will be worse off and that the war on terrorism and stability in the Middle East will be hurt. Sixty percent say the image of the United States around the world will be damaged.

Americans Conflicted About Iraq War's Course (USAT)

By Susan Page And William Risser, Usa Today

USA Today, December 12, 2006

WASHINGTON — Most Americans are convinced of two things: It's important that the United States succeed in Iraq. Eight in 10 of those surveyed in a USA TODAY/Gallup Poll over the weekend agree with President Bush about that.

Important, perhaps, but not worth the price. By nearly 2-1, they also say the costs of succeeding in Iraq outweigh the benefits. Eight in 10 want most U.S. troops withdrawn within two years. Nearly a third want them home within six months.

"There's got to be a change of direction," says Lorne Eustis, 79, a retired truck driver from Ogdensburg, N.Y., and a Republican who was among those surveyed. "I don't care what it is but something has got to be done. GI's are getting killed over there for nothing."

The poll of 1,009 adults, taken Friday through Sunday, finds an American public that is deeply conflicted. Most worry not only about the costs of staying in Iraq but also about the consequences of pulling out. While 60% say the United States could win the war, 61% say the United States won't.

"You don't find a majority support for immediate withdrawal, but they're definitely looking for a way out," says Steven Kull, director of the Program on International Policy Attitudes at the University of Maryland, which has surveyed American and Iraqi public opinion on the war. "They don't believe that you're going to leave an ideal 'City-on-the-Hill' democracy behind" but also think that pulling out amid chaos would create its own problems.

"They are looking for ways to mitigate the consequences of disengagement," Kull says.

The survey finds a sharp partisan divide on the war. Sixty-three percent of Republicans say the benefits of the war outweigh its costs, compared with 28% of independents of just 12% of Democrats.

"I think we've been there long enough and it's a mess," says Amy Lantz, 38, a homemaker from Wilmington, Del., and an independent voter. "I'd love to see them come home today," she says of U.S. troops, "but if we did pull out today it would just blow up. It just seems like complete chaos right now."

Most of those surveyed say they're following closely the recommendations of the Iraq Study Group, unveiled last week. While most say they don't know enough about the group's recommendations to judge whether the Bush administration should implement them, those with an opinion support the proposals by nearly 5 to 1.

"I don't know what it contained but it wouldn't hurt to look at it a different way because we're not getting anywhere right now," says Estel Aleshire, 76, a retired autoworker from Portage County, Ohio, who twice voted for Bush.

Americans overwhelmingly endorse specific proposals advanced by the commission.

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Many support the idea of pushing Iraqis to take more responsibility for security operations and political progress. "Anything that takes responsibility off of us and puts it over there is fine with me," says Catherine Ostrowski, 32, of Amherst, N.Y. She wants Bush to "stop sending new troops over" and bring the troops there home within a year.

Patti Nickels, 45, a Republican from Bristol, Pa., says negotiating with Iran and Syria just makes common sense. "Sure, husbands and wives don't get along, boyfriends and girlfriends don't get along," she says. "You have to have some type of communication."

She's not sure about the commission's recommendation that most U.S. combat troops withdraw by March 2008, though. "Finish the job," she says. "If we pull out now, what was the sense of us going over there in the first place?"

Robert Jondal, 59, of Two Harbors, Minn., wants most U.S. troops withdrawn sooner. A Democratic-leaning voter, he says the party's leaders aren't responding fast enough to the message sent in last month's elections. "I don't think we're going to do that much good sticking around longer," he says.

Tina Rinkert, 25, a Democrat from Taylorsville, Utah, agrees. "The sooner they get out of there, the better," she says. "I'd like there to be peace, but I'd also like them to be home with their families."

Draft Democrats To Help Run Iraq (LAT)

By Mike Murphy

The Los Angeles Times, December 12, 2006

PRESIDENT BUSH should spend less time worrying about the tangled politics of Iraq and more time mastering the equally fractured politics of Washington. The war in Iraq has become partisan — and partisan wars are impossible to fight successfully. The grim truth is that between the "thumping" his party took at the ballot box in November and the intrusive help of the Baker commission, the president has lost so much power at home that he can no longer maneuver successfully in Iraq.

How can he or his subordinates successfully negotiate with the bitter factions inside Iraq when his administration is seen as hobbled and when his ability to do much beyond withdrawing American forces is doubted? Indeed, the chief result of last week's report from former Secretary of State James A. Baker III and his squadron of wise men has been to corner an already weakened president by proposing a general strategy of retreat and withdrawal, while remaining maddeningly opaque about how to go about it without delivering Iraq into the hands of its many budding civil-war makers.

War, as we all know, is an extension of politics, and before he can achieve anything in Iraq, the president must first quickly reestablish his political authority in Washington. Otherwise, his position will decline even further as the Democrats attempt to seize more control of Iraq policy. The squabbling and paralysis that would ensue is certain to send a very dangerous message of American weakness to the exactly the wrong people — not just in Baghdad and Fallouja but in Tehran and Pyongyang as well.

Bush likes to move boldly and preemptively. He would be well advised to do so right now by adopting a strategy that he would find immensely painful but that is the best option he has. He should trump the Baker commission by extending its bipartisan spirit to make the Democrats an offer no patriot can refuse: He should establish a bipartisan war council made up of his national security team and the Democratic leaders of the key national security committees in Congress.

Under the president's leadership, this council would conduct the Iraq war, becoming the key coordinating vehicle for Iraqi policy. The president would not cede his authority as commander in chief, but he would work with this group — which would include such leaders as Sens. Joseph R. Biden Jr. (D-Del.) and Carl Levin (D-Mich.) and Reps. Ike Skelton (D-Mo.) and Silvestre Reyes (D-Texas) — to develop a consensus policy for Iraq.

Developing compromise inside such a war council would not be easy. The president would find ceding power a very bitter pill to swallow, and his Democratic critics would find that the Iraq war is much easier to criticize than to manage.

But only legitimate bipartisanship can give the president back the authority he needs to move diplomatically and militarily.

For example, most experts believe that the quickly deteriorating situation in Iraq needs to be immediately stabilized before a full-scale civil war overtakes events. Stabilization would probably require the direct application of military force against both Sunni insurgents and Shiite militia forces in a blunt assertion of U.S. power. It might even require a buildup of more U.S. troops in the short term. But undertaking any such offensive moves in Iraq would be impossible without at least some bipartisan support — and the Democrats are unlikely to grant that support without a true role in policymaking.

Some in the White House might argue that a power-sharing deal on Iraq with the Democrats is unnecessary. After all, the president — not the nagging Democrats on Capitol Hill — is the commander in chief. Winston Churchill, they might argue, would never have surrendered such control during the darkest days of World War II to shortsighted and defeatist critics.

Perhaps. But it's worth remembering that Churchill, Britain's determined prime minister, ran his war with a coalition war cabinet made up of leaders from all parties. He knew that successful war-waging and partisanship cannot coexist.

If the situation in Iraq continues to decline and the Democrats, excluded from participation, are allowed instead to rage along in an irresponsible campaign mode, the destructive gridlock over Iraq will get even worse.

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Promises made by the Democratic majorities in Congress that they will not interfere with war appropriations are meaningless. Democrats now have congressional power, and they will use it. Far better for Bush to demand a partnership in the national interest, even if painful concessions are the necessary price. Far better to force the Democrats to accept the sober responsibilities that come with power than to keep them on the sidelines and become engulfed in a domestic political civil war over Iraq that the president no longer has the power to win.

The president could, in one statesmanlike gesture, end the paralysis in Washington, force Democratic maturity, reestablish his leadership and show our enemies American unity and resolve at a critical time for our nation. The public would reward it, and the national interest demands it.

Honor Killing (WSJ)

By Bret Stephens

The Wall Street Journal, December 12, 2006

Alexis de Tocqueville observed that in America morals count for a lot while honor counts for relatively little. Reading the lamentable report of the Iraq Study Group, it shows.

The operative word in the ISG report is "should," which is what grammarians call a defective verb. The report easily contains more than 100 shoulds, varying tonally from hectoring to plaintive to nitpicking. The report's ninth recommendation, for instance, stresses that "Iran should be asked to assume its responsibility to participate in the Support Group" while the 23rd says "the President should restate that the United States does not seek to control Iraq's oil." Only rarely do the ISG authors employ different language, such as when they say "there must be a renewed and sustained commitment by the United States to a comprehensive Arab-Israeli peace." Like an editorial in the New York Times, this is an exercise in homiletics, not persuasion.

By contrast, the word "honor" appears just once: "We also honor the many Iraqis who have sacrificed on behalf of their country," write ISG co-chairmen James Baker and Lee Hamilton, who also put in a kind word for our Coalition allies.

But honor isn't simply a sentimental verb. It is a decisive principle of action in all foreign policy, never more so than in the honor-obsessed Middle East. It is not about good intentions, wisdom or virtue, but about appearances and perception: "Honor acts solely for the public eye," wrote Tocqueville. In practice, it means standing by one's friends and defying one's enemies, whatever the price. During the 1973 Yom Kippur War Richard Nixon ordered the military resupply of Israel in its hour of need not because he was sympathetic to Jews -- he wasn't -- but because he understood that the U.S. could not be seen to let a client down. Nine months later, he was accorded a ticker-tape parade through the streets of Cairo.

How does the ISG report meet the test of honor? Mainly by failing it. The report is chiefly notable for declaring in its first sentence that "the situation in Iraq is grave and deteriorating." This statement of fact is being celebrated by sundry commentators as a bold and necessary act of speaking truth to power. This may be true in Washington, but what does it actually achieve in Iraq? The invaluable translation service Memri offers a clue in the form of a response to the ISG report on Islamist Web sites connected to the Iraqi insurgents: "Now that its wager on the Shi'ite government [of Iraq] has failed [to pay off]," goes the message, "the American administration [is striving] to foil . . . any attempt to [establish] . . . an Islamic State in the form of a Caliphate in Iraq . . . "

Next there is the report's repeated calls for "national reconciliation," by which the authors mean that the Iraqi government "must send a clear signal to Sunnis that there is a place for them in national life." This is unobjectionable, insofar as it involves purely economic questions such as oil-revenue sharing, though this is itself highly controversial.

Yet the recommendation becomes something else entirely when it demands that the Iraqi government accommodate the very people who have been at the forefront of the insurgency's mass-murder campaign. That isn't likely to appease the Sunnis, whose track record of the past 40 months offers scant hope that they are seriously prepared to behave as a responsible minority in a predominantly Shiite country. But it is likely to alienate the one constituency the U.S. cannot afford to lose -- the government of Prime Minister Nouri al-Maliki and particularly President Jalal Talabani, who wasted no time denouncing the ISG report as "dangerous" and "an insult to the people of Iraq."

Having thus emboldened terrorists and alienated friends, the report proceeds to the suggestion that the U.S. seek the cooperation of Syria and Iran, its two principal enemies in the region, on the theory that neither country wants chaos on its border. It's an interesting idea, given that sowing chaos on their borders is precisely what both countries have been doing in Iraq, and elsewhere, for years.

But the larger question isn't whether Iran and Syria will cooperate in the "New Diplomatic Initiative" and "International Support Group" grandiosely envisaged by the report. It is what the announced willingness to parley says about America's long-term interests in, and intentions for, the region. The Bush administration overthrew the regime of Saddam Hussein largely as a way of "signaling" that it was no longer prepared to countenance a Middle East of terrorism-sponsoring regimes. Now the ISG announces that not only is the U.S. prepared to deal with those regimes, but that it will do the bidding of one of them, Syria, by

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again putting maximum pressure on Israel to abandon the Golan Heights. In this, at least, it does so on the plausible theory that unlike Iraq's Shiites our Israeli friends cannot betray us because they have nowhere else to turn.

All this can variously be described as wishful or foolish or wrong, and President Bush seems to have received it with a beady eye. With luck, it will find its place on the shelf between Kofi Annan's plan for U.N. reform and Robert Pozen's Social Security reform proposals.

What matters more than the fate of the ISG report, however, are the political symptoms it betrays. The report is surely right that there is "no magic formula to solve the problems of Iraq." Yet if the U.S. faces a terror problem today, it is not because it is an obnoxious hyperpower or a rapacious globalizer, but because of the deep suspicion that it is not too ashamed to betray its friends or cut a deal with its enemies -- in short, that it lacks a sense of honor. In this sense, the Iraq Study Group has already inflicted its damage, no matter where it goes from here.

Bush Can't Keep Giving Foes Silent Treatment (USAT)

By Dewayne Wickham

USA Today, December 12, 2006

Shortly before the Iraq Study Group called for direct talks between the Bush administration and the governments of Syria and Iran, Cuba extended an olive branch to the White House.

"We take this opportunity to once again state that we are willing to resolve at the negotiating table the long-standing dispute between the United States and Cuba," acting President Raul Castro said. It was an offer that José Miguel Insulza, secretary general of the Organization of American States, urged President Bush to accept.

But instead of treating the Cuban call for dialogue as a diplomatic breakthrough, the Bush administration saw it as an outrage.

State Department spokesman Sean McCormack said there will be no talks with the younger Castro, who became the island's acting president when his brother, long-time Cuban leader Fidel Castro, fell ill. The Bush administration doesn't want to talk to a "dictator-in-waiting," McCormack said.

Refusing to hold direct talks with its most troubling adversaries is a defining principle of Bush's foreign policy. It is one that might make his administration the most impolitic since this country took a commanding position on the world stage — and the most dangerous.

Less than a week after the State Department rebuffed Raul Castro's overture, Bush appeared to reject the Iraq Study Group's call for unconditional talks with Iran and Syria to help end the fighting in Iraq. That won't happen, he said during a news conference, unless Iran agrees to "verifiably" suspend its nuclear enrichment program and Syria stops "destabilizing" Lebanon's government.

"I hope he doesn't mean that. I hope he's just posturing," says Rep. Maxine Waters, D-Calif., who chairs the 73-member "Out of Iraq" congressional caucus.

"These are not little people that you can just stare at and frighten," Waters says of the leaders of North Korea, Iran, Syria and Cuba. "That's not the world we live in anymore."

No, but it is the diplomatic world in which the Bush administration is stuck. The president doesn't seem to understand that it is not hawkish intransigence but steady diplomacy that has the best chance of keeping this nation out of shooting wars — or decades of political trench warfare, as is the case with Cuba.

Bush's characterization of North Korea, Iran and Iraq as an "axis of evil" — and the war he subsequently launched to topple Saddam Hussein — probably pushed Kim Jong Il's government to launch its first test of a nuclear weapon earlier this year. Since 2003, the Bush administration has taken part in six-party talks (with North Korea, China, Russia, Japan and South Korea) to reduce tensions on the Korean Peninsula. The next session is Saturday.

But those on-again, off-again talks are a poor substitute for the kind of focused discussions needed to normalize relations between the United States and North Korea, and broker a long-overdue peace treaty to replace the armistice that ended the Korean War.

"It's a stupid foreign policy," says Dennis Jett, dean of the University of Florida International Center. "The president is trapped by his own rhetoric when he goes around painting people as evil. It's not to say that they are nice people, but it isn't productive not to talk to them."

Jett is not surprised Syria, North Korea, Iran and Cuba have rejected the preconditions that Bush demands in return for bilateral talks. "He's effectively saying to them, 'If you capitulate, then we'll talk about negotiating the details of your capitulation,' " says Jett, a former career diplomat and ambassador to Peru and Mozambique.

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That kind of gunboat diplomacy won't work. With two years left in his presidency, Bush still has time to open a meaningful dialogue with the leaders of the nations he has refused to talk to. He still has time to realize that talking directly to his adversaries is a sign of strength — not weakness.

DeWayne Wickham writes weekly for USA TODAY.

Time To Offshore Our Troops (NYT)

By Eugene Gholz, Daryl G. Press And Benjamin Valentino

The New York Times, December 12, 2006

THE Iraq Study Group's recommendation that the United States withdraw its combat forces from Iraq reflects a growing national consensus that our military cannot quell the violence there and may even be making matters worse. Although many are hailing this recommendation as a bold new course, it is not bold enough. America will best serve its interests in the Persian Gulf by withdrawing its ground-based military forces not only from Iraq, but from the entire region.

Critics of the report continue to debate the wisdom and details of a drawdown in Iraq, but there has been no debate about America's broader strategy in the gulf. Policymakers and analysts from across the political spectrum assume that the United States must maintain a robust military presence there.

The bipartisan authors of the report, for example, advocate maintaining "a considerable military presence in the region" including "powerful air, ground and naval deployments in Kuwait, Bahrain and Qatar" even after the last American combat troops leave Iraq. Others — including Donald Rumsfeld and Hillary Clinton — go further and consider strengthening our forces around the gulf by shifting some troops from Iraq to neighboring countries.

Maintaining a large military presence in the region has been the cornerstone of American policy since the 1991 Persian Gulf war, and remains so today. With the Iraq war, we now have tens of thousands of troops elsewhere in the neighborhood.

But this strategy is flawed. In fact, many of the same considerations that led the Iraq Study Group to call for withdrawal of combat forces from Iraq suggest that the United States should withdraw its troops from neighboring states as well — leaving only naval forces offshore in international waters. As in Iraq, a large United States military footprint on the ground undermines American interests more than it protects them.

Just as our troops on Iraqi streets have provided a rallying point for the insurgency, the United States military presence throughout the region has been a key element in Al Qaeda's recruitment campaign and propaganda. If America withdrew from Iraq but left behind substantial forces in neighboring states, Al Qaeda would refocus its attacks on American troops in those countries — remember the 1996 bombing of the Khobar Towers in Saudi Arabia?

Worse, the continued presence of our military personnel across the region will continue to incite extremists to attack American cities. Osama bin Ladin repeatedly stated that the presence of American forces on the holy ground of the Arabian Peninsula was a primary reason for 9/11.

Our presence also destabilizes our important regional allies. Not only do American bases make these countries a target for terrorists, but many of their citizens bristle at the sight of United States bases on their soil. Indeed, the most serious near-term threat to our energy interests is the overthrow of friendly governments by domestic Islamic extremists, a danger that is increased by the presence of our troops.

The good news is that the United States does not need to station military forces on the ground in Persian Gulf countries to protect its allies or to secure its vital oil interests. For nearly 30 years, Pentagon planners have focused on two principal threats in the gulf: the conquest of major oil reserves (by the Soviet Union or a regional power like Iraq or Iran) and interference with shipping through Persian Gulf waters, particularly through the Strait of Hormuz. Forces stationed "over the horizon" — afloat in the Indian Ocean and at bases outside the Middle East — can address both threats.

By maintaining a strong naval presence in the Indian Ocean, along with some naval forces in the international waters of the Persian Gulf itself, the United States would be able to thwart an invasion of any gulf oil producer. Long-range American aircraft stationed at Diego Garcia, an island in the Indian Ocean, could contribute as well. Should more substantial threats arise, those air and naval forces would buy time for ground forces and land-based aircraft to return to bases in the region.

This is the same strategy that the United States used to defend the Persian Gulf during the later years of the cold war. It would be even more effective now. Today's adversaries have considerably less offensive military power than 15 years ago: the Soviet Union is gone; two wars with the United States have destroyed Iraq's offensive capacity; and Iran's poorly trained and ill-equippedground forces have grown even more obsolete.

While the threats have withered, new technology has vastly increased American military capabilities. Today, aircraft carrier strike groups can carry hundreds of precision land-attack cruise missiles in addition to their complement of aircraft (which also drop precision weapons). And long-range Air Force bombers are now far more lethal against ground targets, particularly targets advancing across highways and open desert.

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Yes, there are limits to our military might. America's vast firepower is ill suited for policing the streets of Baghdad, or forcing Sunnis, Shiites and Kurds to get along in Iraq. But our modern weapons could easily halt an Iraqi or Iranian invasion in its tracks.

Protecting the flow of oil through narrow shipping lanes in the gulf is a more difficult mission. But responding to Iranian mines or cruise-missile attacks on oil tankers would not require ground forces or land-based aircraft to be stationed in the Persian Gulf during peacetime. In fact, in a war in the Strait of Hormuz, American operations would be carried out largely by submarines, surface ships and naval aircraft — all of which could be stationed in the Indian Ocean during peacetime.

There are, of course, other threats to American interests in the region. Terrorists could damage key oil fields and ports, or friendly governments in the gulf could be toppled by anti-American extremists. These concerns, however, do not justify peacetime forward deployment. United States allies play the primary role defending their own oil fields and safeguarding their internal security, and their forces are better suited for the job. If anything, the presence of "infidel" soldiers nearby increases the likelihood of terrorist attacks and political upheaval.

This does not mean the United States can withdraw all its military power from the region tomorrow. As the Iraq Study Group persuasively argued, forces will be needed in Iraq during a transition to train Iraqi troops, to guard against threats to topple the government in Baghdad, and to strike at any newly discovered Al Qaeda threats. But these missions can be conducted from a small number of temporary Iraqi bases in remote parts of the country, where the American soldiers would be less visible and less vulnerable.

The Iraq war is now a painful failure for the United States. One silver lining brightens that gray backdrop. The Iraq debacle creates an opportunity to reassess longstanding policies that would otherwise be too difficult to change and prompts us to rethink the premises of United States military policy toward the Persian Gulf region. The best way to increase our security and the stability of that troubled region is, paradoxically, to drastically reduce our military presence there.

Washington Looks To 'Blame Iraqis And Run' (FT)

By Edward Luce In Washington

Financial Times, December 12, 2006

As George W. Bush agonises over which bits of last week's Baker-Hamilton re-port to adopt for his forthcoming "new way forward in Iraq" announcement, an-other consensus is emerging in Washington on how to handle the situation: blame the Iraqis.

Although informed observers say that the writ of the Iraqi government stops at the perimeter of the Green Zone - the heavily fortified enclave in the centre of Baghdad - leading Republican and Democratic politicians in the US are increasingly blaming the friable coalition government of Nouri al-Maliki, Iraqi prime minister, for a lack of progress.

It is a consensus that was crystallised last week by the Iraq Study Group, which called on Mr Bush to withhold US assistance from Baghdad unless it made progress on fulfilling a long list of US-imposed "milestones". It is also shared by many senior officials in the Bush administration, which had already drawn up an earlier list of milestones for Mr Maliki.

"You could call it 'blame and run' ", said Zbigniew Bzrezinski, a former national security adviser now at the Centre for Strategic and International Studies. "It is based on a pervasive illusion that there is such a thing as an Iraqi government.

"The more we blame it for doing things it cannot do, the more impotent it will become. 'Blame and run' is self-fulfilling."

Strobe Talbott, head of the bipartisan Brookings Institution, agrees. In a speech last week he criticised the view that Baghdad could be pressed to make changes such as disarming the sectarian militias by threatening to withhold military, political or economic aid. The ISG report states that Baghdad must prove that it "deserves" future aid.

"The logic of that pressure tactic - that is, why it should work with the Iraqis - is not clear, since most of them want us out [of Iraq]," said Mr Talbott. "The logic on our own side, however, is very clear indeed: having pre-emptively invaded their country, let's pre-emptively blame them for the mess we've made of it."

The breadth of support for such a line is striking. In a leaked memo last week, Donald Rumsfeld, the outgoing defence secretary, said the Iraqis needed "to pull their socks up".

In a recent speech, Senator Barack Obama, the Democratic presidential hopeful who opposed the Iraq invasion, implied that Baghdad was suffering from welfare dependency. "No more coddling, no more equivocation," he said.

"Our best hope for success is to pressure the Iraqi leadership to finally come to a political agreement between the warring factions that can create some sense of stability in the country and bring this conflict under control."

Likewise, Senator Hillary Clinton, the Democratic frontrunner, said America's credibility was being held hostage by the Iraqi government. "We need to press consistently, privately and publicly the Iraqis to become serious about achieving an in-ternal reconciliation and po--litical solution, and pre-sent real consequences for their failing to do so," she said.

But it is not a view that is widely shared by those with extensive direct experience of Iraq. Among the 10 members of the ISG, only Chuck Robb, a former Democratic senator, travelled outside the Green Zone when the group was in Baghdad last

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August. Among those who have travelled extensively around the country, there is a fear that blaming Baghdad for lack of progress will reduce its capacity to act even further.

"The more we blame the Iraqis, the less political space Mr Maliki will have to act," said a former senior administration official. "He cannot be seen to be implementing a long shopping list of items out of Washington."

On Sunday, Jalal Talabani, the president of Iraq and normally a moderate pro-western voice, bitterly at-tacked the ISG reportand said its criticisms of Baghdad were "unjust and unfair and contains some dangerous articles which reduce the sovereignty of Iraq and its constitution".

However, the ISG report is broadly in line with American public opinion. A poll conducted by Newsweek after the report's publication showed that 65 per cent of Americans agreed with its call for strict conditions on the disbursement of future aid to Baghdad.

Intelligence Panel's 'Phase Two' To Be Completed Next Year: Rockefeller (HILL)

By Elana Schor

The Hill, December 12, 2006

The three unreleased sections of the Senate Intelligence Committee's controversial "Phase Two" report on the Bush administration's use of prewar intelligence are headed for circulation next year, incoming Chairman Jay Rockefeller (D-W.Va.) told The Hill late last week.

"One does not want to spend all one's time looking back, but the history of all this evolution of the war has to be brought to full accountability," Rockefeller said in a Friday interview.

Democrats have repeatedly protested the lack of progress on the Phase Two investigation, which was split by outgoing Chairman Pat Roberts (R-Kan.) to allow some portions to become public before the midterm elections. Democrats pulled the Senate into a rare closed session in November 2005 to revive the inquiry, which began in 2003 with Phase One's look at the intelligence community and was later expanded.

Rockefeller said much of the work is done on one of the three remaining elements of Phase Two, though he declined to reveal which section was close to completion. Still yet to receive a committee vote are sections dealing with prewar intelligence on the war's aftermath, whether existing intelligence backed up U.S. officials' public comments on Iraq, and the role of a Pentagon office headed by Undersecretary of Defense Douglas Feith.

Sen. Carl Levin (D-Mich.), who will keep his seat on Intelligence as he takes over as Armed Services chairman next year, said last month that completing Phase Two is a high priority for him, although any new movement "will be a Rockefeller decision."

The two portions of Phase Two already made public compared prewar data on Iraq's weapons capability with inspectors' postwar findings and examined the role of an Iraqi exile group in influencing U.S. intelligence. Roberts could step down from Intelligence when Senate Republican committee assignments are finalized this week.

Annan Blasts U.S. In Farewell (USAT)

By Barbara Slavin

USA Today, December 12, 2006

In a farewell speech on U.S. soil today, retiring United Nations Secretary-General Kofi Annan delivered a tough critique of President Bush's policies. He accused the administration of trying to secure the United States from terrorism in part by dominating other nations through force, committing what he termed human rights abuses and taking military action without broad international support.

ON DEADLINE: Read the speech, share your thoughts

Though Annan has long been a critic of the war in Iraq and other Bush foreign policies, the speech, delivered at the presidential library of the late Harry Truman in Independence, Mo., was among his toughest and was unusual for a U.N. secretary-general concluding his tenure.

Annan's remarks listed principles for international relations, among them "respect for human rights and the rule of law."

VOTE: Do you agree or disagree with Annan?

These ideas can be advanced only "if America remains true to its principles, including in the struggle against terrorism," Annan said. "When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused."

In the 61-year history of the U.N., no secretary-general has ended his tenure by criticizing U.S. policies so sharply, said Stanley Meisler, a historian of the United Nations and author of a new biography of Annan.

In his speech, Annan referred to the U.S.-led invasion of Iraq. When "military force is used, the world at large will consider it legitimate only when convinced that it is being used for the right purpose … in accordance with broadly accepted norms."

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Annan continued that "governments must be accountable for their actions in the international arena, as well as in the domestic one."

The speech contrasted Truman's support for the United Nations with the Bush administration's unilateral actions.

Annan acknowledged terrorism and other global threats but cautions against nations acting alone. "Against such threats as these, no nation can make itself secure by seeking supremacy over all others," he said.

Annan leaves office Dec. 31 and will be replaced by former South Korean foreign minister Ban Ki Moon.

Annan's predecessor, Boutros Boutros-Ghali, developed a personal hostility toward then-U.S. ambassador to the U.N. Madeleine Albright, but saved his anger for a book after he left office, Meisler said.

The United States supported Annan for the job 10 years ago, when it blocked Boutros-Ghali from serving a second five-year term. Annan has worked with the United States on a number of issues, including U.N. reform, said Lee Feinstein, a U.N. expert at the Council on Foreign Relations.

Critics of Annan in Congress, including Sen. Norm Coleman, R-Minn., faulted the Ghana-born, U.S.-educated diplomat for lax management of the $64 billion U.N. oil-for-food program. The 1996-2003 effort was tainted by $1.5 billion in kickbacks to the regime of Saddam Hussein.

"Annan's legacy will be one of missed opportunity and failed leadership," said Coleman, who urged Annan to resign last year.

No Kudos For Bush In Annan's Farewell (AP)

By Margaret Stafford, Associated Press Writer

AP, December 12, 2006

U.N. Secretary-General Kofi Annan took his criticism of the Bush administration to the nation's heartland Monday, saying America must not sacrifice its democratic ideals while waging war against terrorism.

In the hometown of President Harry Truman, who helped found the United Nations, Annan said "human rights and the rule of law are vital to global security and prosperity."

When the U.S. "appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused," Annan told a packed audience at the Truman Presidential Museum and Library.

Annan also said the U.N. Security Council should be expanded to better reflect today's world.

Annan, an increasingly vocal critic of the war in Iraq, leaves the United Nations on Dec. 31 after 10 years as secretary-general. He chose the Truman museum for his final major speech in part because it is dedicated to a president who was instrumental in the organization's founding.

In response to a question after his remarks, Annan said he was appealing for cooperation and leadership, not criticizing the United States.

"What I am saying here is that when the U.S. works with other countries in a multilateral system, we do extremely well," Annan said.

The U.S. has a special responsibility to the world because it continues to have extraordinary power, he said.

In Washington, the State Department was reserved in its reaction to Annan's remarks.

"There's no secretary general of the United Nations that's going to be in lockstep with the United States or any other country with regard to its policies," spokesman Sean McCormack said. "It's not that person's job."

Annan said last week's report by the Iraq Study Group clarified many issues, but he said the world first needs to find a way to get Iraqis to reconcile with one another.

"We need to be as active on the political front as we are on the military front," he said.

Annan said it was also important to get nearby countries, including Iran and Syria, involved in finding a solution to regional problems.

Annan never mentioned President Bush by name in his speech but drew clear contrasts with the Truman administration.

Truman "believed strongly that henceforth security must be collective and indivisible. That was why, for instance, that he insisted when faced with aggression by North Korea against the South in 1950, on bringing the issue to the United Nations," Annan said.

"Against such threats as these, no nation can make itself secure by seeking supremacy over all others," he added.

Annan also called for expanding the Security Council by adding members from parts of the world with less of a voice. He said today's makeup "still reflects the reality of 1945," when the United Nations was founded.

Annan Urges U.S. To Reject Unilateralism (NYT)

By Warren Hoge

DOJ_NMG_0105723

The New York Times, December 12, 2006

Kofi Annan, the departing secretary general of the United Nations, challenged the Bush administration yesterday to shun go-it-alone diplomacy and remain committed to observing human rights as it acts to forestall terrorism.

In a speech delivered at the Truman Presidential Museum and Library in Independence, Mo., billed as his last address to an American audience as secretary general, Mr. Annan said, "You Americans did so much, in the last century, to build an effective multilateral system, with the United Nations at its heart. Do you need it less today, and does it need you less than 60 years ago?"

Mr. Annan did not directly cite the Bush administration, with which he has had a fraught relationship, but he made his rebuke of current American foreign policy clear by urging a return to "far-sighted American leadership, in the Truman tradition."

President Harry S. Truman was instrumental in creating the United Nations after the death of President Franklin D. Roosevelt in 1945.

Mr. Annan noted that the United States was "in the vanguard of the global human rights movement," but said "that lead can only be maintained if America remains true to its principles, including in the struggle against terrorism."

"When it appears to abandon its own ideals and objectives," he added, "its friends abroad are naturally troubled and confused."

Mr. Annan will step down Dec. 31 after completing his second five-year term, to be succeeded by Ban Ki-moon of South Korea.

Mr. Annan has often been at odds with the Bush administration, particularly since the United States invaded Iraq in 2003 without obtaining a go-ahead from the United Nations.

Having infuriated the Bush administration two years ago by labeling the Iraq war "illegal," he said that while observing international law could be "inconvenient," it was essential.

In a clear reference to the lack of international support for the American action in Iraq, he said: "No state can make its own actions legitimate in the eyes of others. When power, especially military force, is used, the world will consider it legitimate only when convinced that it is being used for the right purpose — for broadly shared aims — in accordance with broadly accepted norms."

He said the United States was a model democracy "in which everyone, including the most powerful, is subject to legal restraint."

"Its current moment of world supremacy gives it a priceless opportunity to entrench the same principles at the global level," he continued.

He reminded his audience that Mr. Truman had once said, "We all have to recognize, no matter how great our strength, that we must deny ourselves the license to do always as we please."

Mr. Annan also cited President Truman's statement that "the responsibility of great states is to serve and not dominate the peoples of the world," and noted approvingly how Mr. Truman had used American power to face down a threat to international order during his administration.

"He believed strongly that henceforth security must be collective and indivisible," Mr. Annan said. "That was why, for instance, that he insisted, when faced with aggression by North Korea against the South in 1950, on bringing the issue to the United Nations and placing U.S. troops under the U.N. flag, at the head of a multinational force."

The Bush administration had a subdued reaction to the speech. "We work well with Secretary General Annan on a number of different issues," said Sean McCormack, the State Department spokesman. "There are some issues on which we disagree. That is to be expected."

Mr. Annan paid his final visit to Washington as secretary general last Tuesday when President Bush gave a dinner in his honor at the White House. One of the guests was John R. Bolton, the American ambassador who had frequently criticized the secretary general and who had announced the day before that he was resigning.

Asked the next morning at the United Nations whether he and Mr. Annan had made peace at the farewell event, Mr. Bolton said, "Nobody sang 'Kumbaya.' " The reference was to a song celebrating fellowship.

Told of Mr. Bolton's comment, Mr. Annan said, "But does he know how to sing it?"

ANNAN URGES AMERICA TO USE POWER WISELY (KCS)

By Brian Burnes

The Kansas City Star, December 12, 2006

U.N. Secretary-General Kofi Annan challenged the United States to exercise international leadership much as it did when Harry Truman helped establish the United Nations following World War II.

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In his farewell address on Monday in front of about 200 invited guests and reporters at the Truman Museum in Independence, Annan emphasized the U.N.'s importance, saying that "more than ever today, Americans, like the rest of humanity, need a functioning global system through which the world's peoples can face global challenges together.

"And, in order to function, the system still cries out for farsighted American leadership in the Truman tradition," he said. It was one of a dozen references to the 33rd president, including quoting Truman's belief that "the responsibility of the great states is to serve and not dominate the peoples of the world."

Annan's visit was his opportunity to reflect on a litany of challenges he and the U.N. faced during the 10 years of his leadership, which is to conclude at the end of the month. It was also a chance for Annan to restate key principles he believes must guide new leaders of the world body.

The United States shoulders a unique role in global affairs as the world's lone superpower, he said.

The future success of the United Nations depends on America's appropriate use of that power, he said, along with the organization's adherence to five core principles: shared responsibility, global prosperity, rule of law, mutual accountability and multilateralism.

He did not specifically address the war in Iraq, a topic that both U.S. Reps. Dennis Moore and Emanuel Cleaver pursued afterward in a question-and-answer session. Previously Annan has called the war illegal.

In reference to the recent report by the Iraq Study Group, Annan supported including Syria and Iran as possible players in future diplomatic efforts, saying both nations "should be made part of the solution."

"I was very pleased to hear that was something that he thought was not only appropriate but necessary," Cleaver said later. "That fits with the attitudes of many members of Congress, both Republican and Democrat."

In his speech, Annan said the United States had historically been in "the vanguard of the global human-rights movement." However, he added, "that lead can only be maintained if America remains true to its principles, including in the struggle against terrorism.

"When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused."

Annan disagreed with CNN correspondent Zain Verjee, who led off the question-and-answer session by suggesting that the speech represented an attack on American policies, as did some other broadcast and newspaper reports.

"Nothing could be further than the truth," Annan said, prompting applause.

Before the speech, John Ruggie, special representative of the secretary-general, characterized such descriptions of Annan's remarks as "considerable exaggeration." Advance copies of the speech were made available to some officials and news organizations.

"I think the secretary-general, being here at the Truman Library, wanted to refer back to the long tradition in American foreign policy of engagement with the world and engagement with the United Nations," he added. "In a sense, it was a tribute to Truman as much as it was anything else."

During a reception later in the museum's east lobby, some thought Annan's remarks represented subtle criticism.

"The speech implied that he was disappointed in American foreign policy," said Bryan Luttrell, a graduate student at the University of Kansas

But Bill Nelson, chairman of the George K. Baum asset-management group and chairman of the Truman Library Institute's board, heard the speech as an exhortation.

"Unlike some representations in the media, his speech was not an attack on the United States, but a challenge to us to re-engage with the rest of the world, particularly those parts of the world that disagree with us," Nelson said.

Cleaver thought he discerned a disconnect between the national media's portrayal of the speech and the way it was heard in the Truman Museum auditorium.

"About 95 percent of the audience agreed with the secretary-general that there was nothing related to an attack in his words," said Cleaver.

In Washington, The Associated Press quoted a State Department spokesman as saying Annan "is entitled to his opinion.

"There's no secretary-general of the United Nations that's going to be in lockstep with the United States or any other country with regard to its policies," said Sean McCormack, the department spokesman. "It's not that person's job."

Ultimately, Annan's presence in Independence was a compliment to Truman's foresight, said Chris Elmore, faculty member and coordinator of Rockhurst High School's student United Nations program.

"I kept thinking of Winston Churchill coming to Westminster" College, said Elmore, referring to the 1946 "Iron Curtain" speech delivered by the former British prime minister in Fulton, Mo. "Annan was subtly reminding us of our own history."

Other portions of Annan's address resonated with audience members.

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"I did appreciate how he included the concept of multilateralism," added Madhu Singh, a law student at the University of Kansas. Annan urged vigilance to the virtues of multilateralism, in which the weakest countries can add their voices to those of the strong, he said.

Another audience member listened for comments regarding reform of the U.N.'s most powerful body, the 15-member Security Council. Its membership, Annan said, "reflects the reality of 1945, not of today's world."

Kaori Wakabayashi, a Japanese student at Johnson County Community College, was pleased to hear that. Japan is not a current member of the Security Council.

"We lost in World War II, but we have contributed so much to the world since," she said.

Like Wakabayashi, Annan studied in the U.S. as a foreign student. In 1961 he graduated from Macalester College in St. Paul, Minn.; he is a native of Ghana.

Annan arrived at the Truman Museum about 10:45 a.m. After his speech, he walked to the library's research room, where he met board members of the library institute, the facility's nonprofit support group. From there, he went to the reception in the east lobby, standing for photographs in front of the oversized table on which the U.N. charter was signed in 1945.

He later sat down with Mike Wallace of CBS News, whose interview is scheduled to be broadcast Sunday, possibly as part of "60 Minutes."

The secretary-general left the museum about 3:45 p.m.

By early afternoon, about 15 protesters remained standing behind yellow police tape in an open field west of the Truman Museum. Although they shared the space, they did not share the same sentiments.

Some thought the United Nations not worthy of its headquarters in New York. "If there is no U.S., there would be no U.N.," said Jay Beyerink.

"The U.N. is no longer taking care of business, like the people in Darfur," he added.

Phil Lindsey of Independence, however, showed support for Annan.

"… I'm here to let Mr. Annan know that we appreciate him and that this is a fine place for him to end his career," he said.

ANNAN ON TRUMAN:

·"Truman's name will forever be associated with the memory of farsighted American leadership in a great global endeavor."

·"As Harry Truman said, 'We all have to recognize, no matter how great our strength, that we must deny ourselves the license to do always as we please.' "

United Nations Faltered Under Annan's Shortcomings (KCS)

The Kansas City Star, December 12, 2006

The farewell address of outgoing U.N. Secretary-General Kofi Annan was a plea for shared global values and multilateralism — sentiments with which few would quibble. Agreed: The world needs an effective world body to mitigate problems and negotiate disputes.

Annan's address drew welcome international attention to the Truman Presidential Museum and Library where it was delivered. Annan chose the library in Independence because of Truman's major role in the founding of the United Nations.

President Bush was never mentioned in the secretary-general's text, but Truman was praised frequently for his far-sighted leadership and his attention to international concerns.

Yet Annan's address betrayed little recognition that on his watch, the U.N.'s stature sank.

In the face of major challenges such as terrorism, genocide in Sudan and the threat of nuclear-weapons development in Iran, Annan has been weak and inept. On his watch, even the U.N.'s own employee union adopted a resolution of no confidence in senior management.

He should have resigned for the management failures that allowed the massive oil-for-food scandal, by which Saddam Hussein corrupted a program aimed at providing Iraqis with food and medicine.

Annan mentioned perhaps the U.N.'s finest moment: When it authorized a military response to North Korea's invasion of the South. Yet that action took place only because the Soviet delegate was not present to cast the expected veto.

Russia remains a problem today as the international community tries to address concerns like dangerous Iranian weapons programs. China, France and other prominent members of the United Nations also routinely undermine effective international action.

So it was a bit jarring to hear Annan once again focus on U.S. faults. He said that when the United States "appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused." Answering questions later, he denied he was criticizing Washington, but the message was clear enough.

Annan leaves office Dec. 31 with the institution he served more tarnished than when he took the job. For the good of the U.N., it is to be hoped his successor, Ban Ki-moon of South Korea, enjoys far greater success.

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Annan Bows Out Of UN With Attack On Bush (TG)

By Suzanne Goldenberg

Guardian, December 12, 2006

Kofi Annan yesterday used his final speech as the United Nations secretary general to deliver a parting shot at the Bush administration, accusing the US of committing human rights abuses in the name of fighting terror.

After three years of increasingly vocal opposition to the war on Iraq, Mr Annan's speech yesterday amounted to a broad condemnation of the neoconservative ideology guiding America's foreign policy under George Bush - a clear break with protocol for a departing UN chief.

Article continues

In his most explicit rebuke, Mr Annan said America had sacrificed its global leadership on human rights because of its methods in the war on terror. "When it appears to abandon its own ideals and objectives, its friends abroad are naturally troubled and confused," Mr Annan said, according to a prepared text of his remarks released by the UN.

The broadside is merely the latest sign of Mr Annan's anger at the administration since US forces invaded Iraq in March 2003 without the approval of the security council. Earlier this month, he upset the White House by saying that many Iraqis believe they were better off under Saddam Hussein, and he has said he does not believe the country can rebuild on its own.

Mr Annan has also had an antagonistic relationship with the US ambassador, John Bolton, who has been a vociferous promoter of the idea that Washington should use the UN mainly to promote its national interests. Mr Bolton is also leaving his post, expecting that he would not be confirmed by a Democratic Congress.

Mr Annan hands over to the South Korean diplomat Ban Ki-moon on December 31 after 10 years at the UN, and his speech was a sermon on the importance of multilateral institutions. He offered his critique in the guise of a primer on international affairs, speaking on global responsibility, the rule of law, and mutual accountability for rich and poor nations.

The Mr Annan's speech was delivered during a visit at the Harry Truman presidential library in Independence, Missouri.

"When power, especially military force, is used, the world will consider it legitimate only when convinced that it is being used for the right purpose - for broadly shared aims in accordance with broadly accepted norms," Mr Annan said.

He said the security council was not a platform to act out national interests, but a management system for the world community, and said it was folly to believe security rested solely on military strength. "No nation can make itself secure by seeking supremacy over all others." He also called for expansion of the security council - which Washington opposes.

It is unlikely that Mr Bush will take kindly to the advice. Although Mr Annan was given a farewell dinner at the White House last week, Mr Bolton told reporters that "nobody sang 'Kumbaya'".

Iraqis Consider Ways To Reduce Power Of Cleric (NYT)

By Edward Wong

The New York Times, December 12, 2006

BAGHDAD, Dec. 11 — After discussions with the Bush administration, several of Iraq's major political parties are in talks to form a coalition whose aim is to break the powerful influence of the radical Shiite cleric Moktada al-Sadr within the government, senior Iraqi officials say.

The talks are taking place among the two main Kurdish groups, the most influential Sunni Arab party and an Iranian-backed Shiite party that has long sought to lead the government. They have invited Prime Minister Nuri Kamal al-Maliki to join them. But Mr. Maliki, a conservative Shiite who has close ties to Mr. Sadr, has held back for fear that the parties might be seeking to oust him, a Shiite legislator close to Mr. Maliki said.

Officials involved in the talks say their aim is not to undermine Mr. Maliki, but to isolate Mr. Sadr as well as firebrand Sunni Arab politicians inside the government. Mr. Sadr controls a militia with an estimated 60,000 fighters that has rebelled twice against the American military and is accused of widening the sectarian war with reprisal killings of Sunni Arabs.

The Americans, frustrated with Mr. Maliki's political dependence on Mr. Sadr, appear to be working hard to help build the new coalition. President Bush met last week in the White House with Abdul Aziz al-Hakim, the leader of the Iranian-backed Shiite party, and is to meet on Tuesday with Tariq al-Hashemi, leader of the Sunni Arab party. In late November, Mr. Bush and his top aides met with leaders from Sunni countries in the Middle East to urge them to press moderate Sunni Arab Iraqis to support Mr. Maliki.

The White House visits by Mr. Hakim and Mr. Hashemi are directly related to their effort to form a new alliance, a senior Iraqi official said.

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Last month, Mr. Bush's national security adviser, Stephen J. Hadley, wrote in a classified memo that the Americans should press Sunni Arab and Shiite leaders, especially Mr. Hakim, to support Mr. Maliki if he sought to build "an alternative political base." The memo noted that Americans could provide "monetary support to moderate groups."

Iraqi officials involved in the talks said they had conceived of the coalition themselves after growing frustrated with militant politicians.

"A number of key political parties, across the sectarian-ethnic divide, recognize the gravity of the situation and have become increasingly aware that their fate, and that of the country, cannot be held hostage by the whims of the extreme fringe within their communities," said Barham Salih, a deputy prime minister and senior member of one of the major Kurdish parties.

Mr. Sadr's relationship with Mr. Maliki has shown signs of strain. On Nov. 30, Mr. Sadr withdrew his 30 loyalists in Parliament and 6 cabinet ministers from the government. Mr. Maliki called for them to return, but they said they would do so only if Mr. Maliki and the Americans set a timetable for the withdrawal of American troops. Mr. Sadr reiterated the demand with a fiery message on Sunday.

Any plan to form a political alliance across sectarian lines that isolates Mr. Sadr and Sunni Arab extremists carries enormous risks. American and Iraqi officials have worked to try to persuade Mr. Sadr to use political power instead of force of arms to effect change. Though it is unclear whether Mr. Sadr has total control over his militia, if he thinks he is being marginalized within the government, he could ignite another rebellion like the two he led in 2004.

Some senior American commanders say that the efforts to make peace with Mr. Sadr through politics may have failed, and that a military assault on Sadr strongholds may be inevitable.

Falah Shanshal, a legislator aligned with Mr. Sadr, on Monday denounced the idea of a new coalition. "We're against any new bloc, new front or new alliance," he said. "We have to make unity between us, to be one front against terrorism and to liberate the country from the occupation."

Iraqi officials say that the other main risk is a potential backlash against the parties involved in the talks from other leaders in their own ethnic or sectarian populations.

For Mr. Hakim and Mr. Maliki, any bid to join Sunni Arabs in an alliance against Mr. Sadr could invoke the wrath of Grand Ayatollah Ali al-Sistani, the most powerful Shiite cleric in Iraq. Since the toppling of Saddam Hussein, the ayatollah has worked hard to bring various feuding Shiite factions into one greater Shiite coalition to rule Iraq. That coalition, including Mr. Sadr's allies, is the dominant bloc in the 275-member Parliament.

Mr. Hashemi, the Sunni Arab leader, risks alienating other members of the main Sunni bloc in Parliament. Sunni Arab insurgents could also decide to step up violence against Mr. Hashemi and his Iraqi Islamic Party. Three of Mr. Hashemi's siblings have already been killed.

Sunni Arab politicians not involved in the talks said they were furious at the proposed alliance.

Because of those risks, Iraqi officials are still debating whether to try to create the alliance within Parliament or to do so outside Parliament, so that the existing coalitions would be preserved in name. An alliance formed outside Parliament might work with Mr. Maliki's cabinet to make policy and bypass the legislature on important decisions.

"There's no changing of blocs in the Parliament," said Sheik Jalaladin al-Saghir, a senior Shiite legislator and cleric who is one of Mr. Hakim's deputies. "We're talking about political forces rallying in the street to support the political process."

The parties involved in the talks fall short of being able to muster a two-thirds vote in Parliament to oust Mr. Maliki and install a new government, as required by the Constitution. If they pulled in other groups, like the centrist secular party headed by Ayad Allawi, the former prime minister, they might be able to get the required votes — a possibility, since they describe themselves as moderates.

If the parties move to replace Mr. Maliki as prime minister, one possible candidate would be Mr. Hakim's deputy, Adel Abdul Mehdi, who was favored by the White House last spring to take the top job. He lost out when Mr. Sadr, whose family has long feuded with Mr. Hakim's, threw his support behind Mr. Maliki's group, the Islamic Dawa Party, in a vote within the Shiite coalition.

The parties trying to form the new alliance approached Mr. Maliki a couple of days ago to ask him to join them, said the Shiite legislator who is close to the prime minister. Senior officials in the Islamic Dawa Party balked, saying that such a move would break the Shiite coalition, anger Ayatollah Sistani and possibly pave the way for Mr. Hakim to push Mr. Maliki from his job in favor of Mr. Abdul Mehdi.

"Everyone knows Hakim wants Adel to be prime minister; it's no secret," said the legislator, who spoke on the condition of anonymity because he was not authorized to discuss Mr. Maliki's deliberations. "Saying you want to pull Maliki away from the extremists might just be a beautiful cover for the real goal of dropping him."

The political jockeying unfolded as violence continued in Iraq. The country's largest oil refinery, in the town of Bayji, remained shut because of insurgent threats to workers. At least 46 bodies were discovered Monday across Baghdad, an Interior

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Ministry official said. At least eight Iraqis were killed and more than a dozen wounded in other violent incidents. The American military announced that three soldiers had been killed by a roadside bomb in Baghdad on Sunday.

Also in the capital, 20 gunmen wearing Iraqi Army uniforms robbed a bank truck carrying the equivalent of $1 million.

To Stem Iraqi Violence, U.S. Aims To Create Jobs (WP)

By Josh White And Griff Witte

The Washington Post, December 12, 2006

As Iraq descends further into violence and disarray, the Pentagon is turning to a weapon some believe should have been used years ago: jobs.

Members of a small Pentagon task force have gone to the most dangerous areas of Iraq over the past six months to bring life to nearly 200 state-owned factories abandoned by the Coalition Provisional Authority after the U.S.-led invasion in 2003. Their goal is to employ tens of thousands of Iraqis in coming months, part of a plan to reduce soaring unemployment and lessen the violence that has crippled progress.

Defense officials and military commanders say that festering unemployment -- at 70 percent in some areas -- is leading Iraqi men to take cash from insurgents to place bombs on roads or take shots at U.S. troops. Other Iraqis are joining sectarian attacks because their quality of life has slipped dramatically, officials say.

Army Lt. Gen. Peter W. Chiarelli, the top U.S. field commander in Iraq, said that tackling unemployment could do far more good than adding U.S. combat troops or more aggressively pursuing an elusive enemy. He said the project to open the factories and stimulate local economies is long overdue and was born "of desperation."

"We need to put the angry young men to work," Chiarelli said in a phone interview from Baghdad. "One of the key hindrances to us establishing stability in Iraq is the failure to get the economy going. A relatively small decrease in unemployment would have a very serious effect on the level of sectarian killing going on."

The CPA initially hoped private investors would buy or lease the state factories, but that did not happen as security faltered and much of Iraq became inaccessible. As privatization hopes failed, the factories languished; some were in pristine form and others had been looted when the Pentagon task force examined them this fall. The tens of thousands of Iraqis who used to make them run -- the country's second-largest employment group, after the army -- remained out of work.

Pentagon officials say the vast majority of former Iraqi factory workers are still unemployed and are bringing in no pay. A small portion of the workforce receives government stipends, akin to welfare, but the pay system is badly flawed and provides about 20 percent of what the workers would make if fully employed, the officials said.

Economic development is a departure from the military's usual missions, but officials think the Defense Department's heft as a consumer of goods and services can boost the effort. The department has been reaching out to U.S. companies that can place large orders for products from Iraq.

Deputy Defense Secretary Gordon England set the task force in motion in June after Paul A. Brinkley, deputy undersecretary of defense, returned from a visit to Iraq the month before.

Brinkley, who returned last night from a trip to Iraq with his team, said thousands of Iraqis lost their jobs and the ability to support their families when CPA projections dimmed. Unrest followed the absence of work.

"After three years of unemployment in excess of 50 percent, there are no people in the world that wouldn't be undergoing violence and militias," Brinkley said. "That's human nature. And I think we have to do whatever we have to do to alleviate that problem if we are going to create stability."

So far, members of the task force have visited 26 factories in some of the worst areas of the country, traveling to Baghdad, Fallujah, Mosul, Najaf and Ramadi to inspect facilities that make cement, tile, rubber and textiles. They have identified 10 factories -- their "hot list" of facilities in both Sunni and Shiite areas -- that they think could be open and employing more than 11,000 Iraqis within the next month.

The task force hopes to have a rolling system of factory openings spanning 2007. Part of that effort, its members said, is to reevaluate how the Defense Department spends nearly $4 billion each year to support troops in Iraq.

Brinkley said he hopes that at least 25 percent of that total -- about $1 billion -- could be spent on orders from Iraqi companies that previously have gone to firms in neighboring countries, such as Jordan and Kuwait. "We're not seeking to invest in Iraq, but to buy from Iraq," Brinkley said.

Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, whose office has been critical of the rebuilding effort, said that defense officials are "right on target in pushing this."

"It's about stimulating interest and getting contracts going between U.S. firms and Iraqi firms. That's the goal," he said. "The solution in Iraq is not primarily a military one. It is primarily an economic and political solution."

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Bowen said defense officials recently met with about two dozen key business leaders at the U.S. Chamber of Commerce to gauge private industry's interest in the program. He acknowledged that corruption and lack of security remain major obstacles to U.S. commercial investment in Iraq but said he is impressed that business leaders "recognize that and are still interested in moving forward."

Caterpillar Inc., a $36 billion construction equipment firm, is one of the first U.S. companies to show interest. Gerald L. Shaheen, a Caterpillar group president and chairman of the U.S. Chamber of Commerce, said he probably would be looking for low-tech supplies, such as hinges, but said the program dovetails with the company's interest in expanding opportunities in the Middle East.

"But I can't look at this solely as a business proposition. I've already got suppliers," Shaheen said. "I'm doing this because I think there's a social responsibility not only to the Iraqi people but to our troops."

Dow Chemical Co., a $46 billion firm that sells plastics and other products in more than 175 countries, is also considering what supplies it can purchase from Iraq.

"We see this as a positive initiative and very much hope that we can find the appropriate opportunities to support business activity in the country," a Dow spokesman said.

U.S. businesses were looking at Iraq as a significant opportunity before the war began. With vast oil resources, an underserved population and a strategic location, that nation had all the markings of a place for U.S firms to expand. But few have found success there.

Major American companies that went into Iraq on U.S. government contracts, including Bechtel, Parsons and Halliburton subsidiary KBR, had hoped reconstruction work would serve as a natural bridge to private-sector deals in Iraq. Instead, they found rampant violence, with many U.S.-funded projects coming under attack and workers being targeted. The firms also received bad publicity when projects did not go as planned.

Now, with their contracts expiring, Parsons and Bechtel are closing up shop in Iraq and returning home. KBR is doing the same with its reconstruction work, though it continues to hold a major contract supporting the U.S. Army.

"We're pleading with the companies to give Iraq a second or third look," said retired Lt. Gen. Daniel Christman, senior vice president for international affairs at the Chamber of Commerce. "This is very different from asking that they go into Fallujah and build a plant. That's not the intent."

Rep. William D. Delahunt (D-Mass.), incoming chairman of the oversight and investigations subcommittee of the House International Relations Committee, said part of the CPA "disaster" was that obvious ideas, such as creating employment for Iraqis, were ignored.

"It's a concept that common sense would dictate to pursue," Delahunt said. "I think the key question is: Is it too late?"

Chiarelli said unemployment is daunting because many working Iraqis support up to 13 family members, meaning unemployment has exponential effects on the country.

"There's no doubt in my mind that it has the potential to turn the tide," he said. "I find it unbelievable after four years that we haven't come to that realization. . . . To me, it's huge. It's as important as just about any other part of the campaign plan."

Car Bomb Kills At Least 23 In Baghdad (AP)

AP, December 12, 2006

A suicide car bomb exploded in a main square of central Baghdad on Tuesday morning, killing at least 23 people and wounding 94, police said. The attack occurred in Tayaran Square at 7 a.m. and appeared to target a police patrol and a crowd of Iraqis gathering to apply for jobs as day laborers on construction sites, police Lt. Bilal Ali.

Gunfire could be heard right after the explosion, but it was not immediately clear if it involved police or insurgents involved in a carefully coordinated attack.

The square is located near several government ministries and a bridge that crosses the Tigris River to the heavily fortified Green Zone, where Iraq's parliament and the U.S. and British embassies are located.

Ali said at least 23 people were killed and 94 wounded, including policemen and civilians.

Two Families From Different Sects Meet Similar, Violent Fates In Iraq (WP)

By Nancy Trejos

The Washington Post, December 12, 2006

BAGHDAD, Dec. 11 -- Twenty armed men entered the Subhi family home in southern Kirkuk at dawn Monday, killing a 12-year-old boy, his 13-year-old sister and their pregnant mother, police said.

The al-Jubori family met a similar fate on Sunday when gunmen opened fire on their minibus in Muqdadiyah, northeast of Baghdad. Among the dead were two children, ages 3 and 4, police and two relatives said.

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The Subhi family is Shiite. The Jubori family is Sunni.

Both families were warned by their neighbors to leave their homes because they were not of the desired sect, according to police. The Jubori family left. The Subhi family did not.

In the wake of last month's car bombings in the Shiite stronghold of Sadr City and this past weekend's purging of Sunnis from the Baghdad neighborhood of Hurriyah, members of both sects say they are gripped by fear.

"We sacrificed everything," said Ghalib Ibrahim, 50, a retired army officer whose sister was one of the Sunnis attacked in Muqdadiyah. "We left the house and we left the town that we lived in all our lives just to stay away from troubles."

"Now since they are after us and they do not and will not leave us alone, now I'm going to look for them and I'm going to hold my gun and get revenge and kill those who killed my family," Ibrahim said.

The Iraqi government on Monday said it had achieved some success in thwarting sectarian violence. Iraqi army soldiers rescued 27 people snatched at a fake checkpoint in the mixed Ghazaliya district of western Baghdad, said Iraqi army Brig. Gen. Abdul Jalil Kalaf. The soldiers surrounded a house in which the kidnappers were hiding out, killed one, injured two and arrested four.

The U.S. military offered more details about the mission, but said 23 Iraqis had been kidnapped and six kidnappers arrested.

A military statement said that Iraqi soldiers followed a suspicious car to a house. A search of the car turned up two kidnapped Iraqis. They found 20 more hostages in the house.

Later on at a checkpoint, the Iraqi soldiers, with the help of American troops, saw suspected insurgents in two vehicles stop a bus and try to abduct its passengers. The soldiers killed one kidnapper in a car, wounded two, and found another hostage in the trunk, the statement said.

Elsewhere, the violence continued. In the mostly Sunni Mansour district in western Baghdad, a car bomb exploded near Mahmoun College Monday afternoon. The explosion killed three people and injured five, according to an Interior Ministry official.

National police patrols found five bodies across the capital, one of them beheaded, the official said.

North of Baghdad, the site of heavy sectarian fighting in October, four teachers at an elementary school in the Sunni district of Yathrib were kidnapped by armed men in two cars, a Balad police captain said. In retaliation, an armed group from the predominantly Shiite city of Balad kidnapped eight farmers. The captain added that tribal sheiks were trying to resolve the problem through negotiations.

In north Baghdad, a roadside bomb killed three U.S. soldiers and wounded two others Sunday as they conducted a late-night combat patrol, the U.S. military said Monday.

In western Anbar province, a Marine CH-53E Super Stallion helicopter assigned to the 3rd Marine Aircraft Wing made an emergency landing about noon while conducting a routine flight, the U.S. military said. Of the 21 people aboard, 18 were injured. Nine of them were treated for minor injuries and returned to duty. The military said the incident did not appear to be the result of enemy action.

The Jubori family lived in the Shiite town of Abu Sayda, northeast of Baqubah in Diyala province. After receiving threats from neighbors, the family decided to flee to Muqdadiyah, on the eastern fringe of the Sunni Triangle, relatives said.

On Monday, 10 members of the extended family loaded their furniture into a minibus for their journey. Five died and five were injured in the attack in Muqdadiyah, said a police lieutenant in Diyala province.

In the Sunni village of Yenja in southern Kirkuk, Abbas Subhi had received a letter last week saying he would be in danger if he did not leave the village, a Kirkuk police official said.

The gunmen killed his wife and two children and wounded two other daughters, but left him alive because they did not see him, the official said.

In a case that seemed less about sectarian violence and more about graft, armed men wearing police uniforms in cars resembling those used by the Interior Ministry intercepted a vehicle belonging to the Central Bank of Iraq and stole $1 million, the Interior Ministry official said.

Special correspondents Naseer Mehdawi and Naseer Nouri in Baghdad and other Washington Post staff in Iraq contributed to this report.

In Fallujah, Marines Bring Goodwill, But Trouble Can Follow (CSM)

By Scott Peterson

The Christian Science Monitor, December 12, 2006

FALLUJAH, IRAQ

While their weapons were ready, this was a mission about charity. The US Marines weren't entering a hospital in downtown Fallujah to root out insurgents, they were going there simply to help.

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But any interaction with American forces can prove deadly for Iraqis, and these marines received an uneasy welcome.

Death threats - and increasingly murder - are common against anyone seen to be cooperating with the US. And already, the presence of a Marine observation post, built adjacent to hospital grounds just days before the mission, had cut the number of patients coming to the hospital from 35 a day to just five.

The wariness that greeted this civil affairs unit two weeks ago points to the difficulty faced by US forces as they search for a balance between rebuilding and bringing security to a city where insurgent attacks are on the rise.

"Our being here today, will it cause trouble for you?" asks US Navy Capt. Lee White, there to get a list of any needed medical supplies.

"I am sorry to tell you, yes. I'm so sorry," says Talib al-Janabi, owner of the private hospital. When marines last entered here, a few months back, they had been hit by a roadside bomb not too far away. They broke hospital doors as they searched for suspects and later, Dr. Janabi says, rejected claims for compensation.

"We came here to help," says Marine Capt. Jason Brezler, head of the civil affairs team, sending a translator to check out the damage to assist with a new claim.

"I appreciate your situation, but for them," says Janabi, motioning toward a handful of patients struck silent by the military presence in the lobby. "There are too many kinds of trouble. Threats, and talking.... I'm in a bad situation. I am stuck in a sandwich."

Like most of the 300,000 or more people of Fallujah, who saw their city virtually razed in November 2004 by Marine-led US forces that sealed off the city to hunt down insurgents, the return of militant violence is creating a dangerous dilemma.

In a bid to convince the majority to side with coalition troops - as well as the fledgling local government and Iraqi Army and police units in the city - the US military has committed $200 million through more than 60 reconstruction projects.

This small civil-affairs team is on the sharp end of buying security, of finding those projects, paying the cash, and checking up on the work. The dangerous city has claimed 10 marines' lives in a month from snipers and roadside bombs.

"Reconstruction provides a way of influencing the population, of shaping the battlespace nonkinetically, so you don't have to put bullets down range," says Captain Brezler, a reservist from the Bronx whose usual job is New York firefighter.

In a daily ritual before moving into Fallujah, Brezler pulls from his pocket a thick piece of glass from the World Trade Center buildings, says a quick prayer, and passes it around to every member of the convoy. Rebuilding to build loyalty

Spending the money to rebuild Fallujah can be tricky business for a host of projects that range from a few thousand dollars for school and athletic supplies to complex multimillion-dollar electricity and sewer efforts.

For two years, strategic rebuilding has been complicated by frequent rotation of Marine units. Today, it is made more difficult by increasing violence and insurgent numbers - Iraqi contractors and workers are frequently killed - and a Marine presence that has shrunk to less than 300.

Still, orders since the 2004 offensive - the largest urban assault for the Marine Corps since the Vietnam War - have been to rebuild Fallujah to demonstrate the benefits to Iraqis of backing the coalition over the insurgents.

Col. Lawrence Nicholson spelled out the options of US help the first time he addressed the Fallujah City Council last February. It was a "tough love" speech, he says, that left their "eyes popping."

"We're not going to be here forever, so you have two choices," Colonel Nicholson recalls telling the council. "We can help you rebuild, and jumpstart your businesses. Or you can call us occupiers, and we call you terrorists, and we'll still leave and nothing will be done."

City elders have opted for rebuilding, and cash has flowed as projects and Iraqi contractors have been identified. Civil-affairs units host a weekly reconstruction meeting with engineers and contractors.

But the challenge is to spread US money in Fallujah to win goodwill in a way that does not further endanger Iraqis willing to help. Several moderate imams have been assassinated after being seen to be working with the Americans; mosques in this Sunni city now are largely run by younger, more radical clerics.

This civil-affairs team still visits the worst parts of Fallujah, with Brezler speaking like a proud father as he does his rounds, checking out everything from a $150,000 project to build a wall around a large cemetery for a local mosque - with an eye toward easing anti-US rhetoric - to a large local clinic, completely rebuilt with $2 million from the US.

The clinic received a setback a few weeks ago when three trucks carrying medical equipment, all paid for by the US military, were attacked. One British and three Iraqi security contractors died.

"As marines pull out of the city, our [civil affairs] ability to move around will be limited," says Brezler, who is on his second Iraq tour. Beside running their own projects, with a $500,000 ceiling, his team from the 4th Civil Affairs Group, attached to the 1st Battalion 24th Marines, keeps an eye on the projects of the US Army Corps of Engineers, contracted out to Iraqis.

But little runs smoothly in Fallujah. Contractors can take off with the cash without paying subcontractors, or they are intimidated into stopping. Quality of work can be poor and delays are chronic. Any interest shown by the Americans can be a

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death sentence, to the point that, sometimes, marines pretend they are doing a security check on workers as they really check out progress on a project. Risk continues to rise

The agenda for one weekly contractors' meeting hosted by the Marines showed that two drivers of gravel trucks had been killed on Nov. 17. The next day, two brothers - both contractors - were taken from their home by men in a black BMW. As "consistently some of the best contractors" in Fallujah, the notes remarked, "their potential kidnapping or murder would have considerably adverse effects on reconstruction."

Grappling with such pitfalls is daily fare for civil-affairs officers in Fallujah, where the definition of success fluctuates with the violence. Trash cleanup contracts are awarded - three in one week - to clear the roads of garbage, and of easy places to hide bombs.

After a series of lethal blasts in previous weeks, some sections of unpaved roads are scheduled for repaving to once again minimize the risk to US and Iraqi forces of roadside bombs.

More unconventional steps are taken as well. Hoping to meet the imam of one mosque, where the cemetery wall was built, Brezler disarms, leaving his assault rifle and pistol with a marine translator at the gate. The imam is not there, so he meets the mosque manager.

He seems unaware that the Marines paid the contractor to build the cemetery wall and do tile work inside the mosque. He is grateful to learn the source of the money, but asks that the Americans limit their help to paying for projects and not giving cash.

"It's a very good project; all the people came out to help," says Haji Mohamed, at the mosque. But when asked who had paid, he said some "contractor from Baghdad."

"We wanted to put an Iraqi face on it, so the contractors could work free of intimidation," Brezler spells out.

"The imam is afraid to tell you everything," admits the mosque manager, about the likely dangers that stem even from this short visit. "I'm sure a lot of people are watching us and when they see you leave will come and ask what the Americans wanted here."

"Even if we can keep these people neutral, that's good enough for me," Brezler explains later. "If Friday prayers are not anti-coalition, then there will be greater tolerance, which helps us further secure the city." Rewarding bad behavior?

Despite the problems, the US continues to pump reconstruction funds into Fallujah. Congress approved funding in October for the next year for commanders' discretionary funds.

And after the 2004 invasion, the US State Department earmarked $98 million to rebuild houses and commercial property. So far, 78 percent of that - two disbursements out of three - has been paid. The Iraqi government in 2004 also pledged, and partially paid, tens of millions of dollars for rebuilding.

"We're trying to withdraw our security forces, but continue to inject reconstruction forces," says Lt. Col. Bryan Salas.

But lavishing funds on cities like Fallujah drew criticism from outgoing Secretary of Defense Donald Rumsfeld in a memo dated Nov. 6, two days before his resignation.

Among new options in Iraq: "Stop rewarding bad behavior, as was done in Fallujah when they pushed in reconstruction funds, and start rewarding good behavior," Mr. Rumsfeld wrote. "No more reconstruction assistance in areas where there is violence."

After the invasion, angry residents returned to a wasteland, their hopes for the future pinned on promises from the US and Iraqi governments of a massive rebuilding effort. Today, many houses have been refurbished. But those freshly painted front walls and newly placed glass panes stand in stark contrast to the many houses and buildings that remain ruins.

And some larger projects may never be completed, officers say, as the Marines begin to withdraw. Finishing steps - such as connecting the sewer mains to houses - may also be beyond the capacity of local officials.

Marines aren't sure yet how much of what they are building will be sustainable, or how much the rising violence will poison their efforts.

"The fact of the matter is: These people are never going to like us. They are never going to want us here," Brezler tells his civil-affairs team, after a long day in Fallujah. "In terms of an embrace, they did that for five minutes in April 2003 [when US forces toppled Saddam Hussein], and that was it."

Report: Taliban Regrouping In Pakistan (AP)

By Matthew Pennington

AP, December 12, 2006

A peace deal between Pakistan's government and Islamic militants in the northwestern tribal region of North Waziristan has created a virtual Taliban mini-state where mullahs dispense justice and fighters are launching cross-border attacks into neighboring Afghanistan, a think tank reported Monday.

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The U.S. military confirmed that attacks have risen sharply since the deal was reached earlier this year despite concerns it would give a freer hand to Taliban and al-Qaida-linked militants who fled to Pakistan after the fall of the hard-line regime in Afghanistan in 2001.

"Over the past five years, the (President Gen. Pervez) Musharraf government has tried first brute force, then appeasement. Both have failed," said Samina Ahmed of the International Crisis Group that published the report. "Islamabad's tactics have only emboldened the pro-Taliban militants."

That grim assessment came against the backdrop of an alarming surge in violence in southern and eastern Afghanistan this year that has killed close to 4,000 people, threatening the Western-backed project to rebuild the country and establish democracy.

Government policy has allowed militants "to establish a virtual mini-Taliban-style state," the Crisis Group said, citing reports of pro-Taliban militants attacking music, video and CD stores, closing barber shops, imposing taxes and establishing courts to impose summary justice.

The Pakistani government rejected the Brussels-based group's report as "baseless allegations" and described the violence across the border as Afghanistan's internal problem.

"There are no camps or centers where terrorists are being trained in the tribal areas," said Arbab Mohammed Arif Khan, secretary for law and order in Pakistan's semiautonomous tribal regions.

Pakistan, a key U.S. anti-terror ally, has deployed about 80,000 forces at the Afghan border and launched numerous military operations against al-Qaida-linked militants in the past five years, but with mixed results. In North Waziristan, heavy-handed offensives this year left hundreds dead and stoked local anger and support for pro-Taliban religious leaders.

The peace deal, inked in September after a June cease-fire, capped the fighting in Pakistan. But the Crisis Group reported "increasingly severe cross-border attacks on Afghan and international military personnel, with the support and active involvement of Pakistani militants." It said the ambivalent approach of the Musharraf government was "destabilizing Afghanistan."

A senior tribal elder confirmed the Taliban had gained sway in North Waziristan. Tribesmen were bypassing the government and traditional tribal leaders and approaching their pro-Taliban leaders in the towns of Miran Shah and Mir Ali to settle land and money disputes. Religious students were even helping to direct traffic, he told The Associated Press.

The elder requested anonymity because he had been threatened by militants for meeting government leaders.

Access to the heavily Pashtun tribal regions, a possible hiding place for Osama bin Laden, is restricted. Foreign journalists are not permitted there unless under government or army escort, and reports of militant activities are often difficult to verify.

In Afghanistan, U.S. military spokesman Lt. Col. Paul Fitzpatrick said U.S. and Afghan security posts along the eastern border with Pakistan had seen a spike in attacks from 17 in May to 50 in August and 57 in October. Most of the attacks were in Paktika province, which lies opposite North and South Waziristan.

Attacks leveled off to about one a day in November, possibly because of winter weather settling in, Fitzpatrick said.

He said the data were not conclusive but that the increase could have been influenced by the North Waziristan peace deal or by U.S. military operations forcing more militants to operate close to the Pakistan border.

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Associated Press writers Jason Straziuso in Kabul, Afghanistan, and Riaz Khan in Peshawar, Pakistan, contributed to this report.

US Concerned Over "Extremist" Safe Havens In Pakistan (AFP)

AFP, December 12, 2006

The United States said it was concerned over safe havens being established by Islamic militants in northern Pakistan's tribal areas bordering Afghanistan.

The concerns stemmed from reports Monday that Pakistan's peace deals with militants in its tribal areas are helping to fuel Taliban's regrouping.

The militants are consolidating their hold in northern Pakistan and vastly expanding their training of suicide bombers and other recruits and fortifying alliances with Al-Qaeda and foreign fighters, the New York Times reported Monday.

Their new strength has led to "virtually a Taliban mini-state" and portends an "even bloodier year for Afghanistan in 2007," the report warned, quoting diplomats and intelligence officials from several nations.

Many Taliban guerillas fled to Pakistan's tribal zone after the US-led invasion of Afghanistan in the wake of the September 11, 2001 attacks. The Taliban's subsequent insurgency has spiked in 2006 with almost 4,000 deaths.

"Clearly, you still do have cross-border infiltration and I know that that is a concern for the Pakistanis and the Afghans," State Department spokesman Sean McCormack said, commenting on the Times report.

"But having safe havens and areas where these extremists can operate from is a real concern for us," he said.

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The peace deals were signed by the Pakistani government in the semi-autonomous tribal regions of North Waziristan in September 2006 and neighbouring South Waziristan in April 2004.

Since the September accord, NATO officials say cross-border attacks by Pakistani and Afghan Taliban and their foreign allies have increased, the Times reported.

US President George W. Bush hosted talks between Pakistani President Pervez Musharraf and Afghanistan President Hamid Karzai at the White House in September to help ease the border tensions.

McCormack said Monday it was "too early to tell" whether the peace programs were succeeding.

But the International Crisis Group, a think tank, said in a report Monday that the peace deals had allowed the Taliban, once backed by Pakistan, to regroup and sparked increasingly deadly attacks on foreign troops in Afghanistan.

President Musharraf's policy of "appeasing" insurgents after the failure of army offensives has merely fuelled radicalism along the border and throughout Pakistan, it said.

"Using the region to regroup, reorganise and rearm, they are launching increasingly severe cross-border attacks on Afghan and international military personnel," the think tank report said.

"The Musharraf government's ambivalent approach and failure to take effective action is destabilising Afghanistan," it added.

Pakistan says it has 80,000 troops along the border tackling the problem.

NATO is battling a tough Taliban-led insurgency, particularly in southern Afghanistan, and it fears that if reconstruction does not happen quickly enough people may turn back to the fundamentalist militia.

CORPORATE SCANDALS:

US DoJ To Announce New Policy On Probes (FT)

By Brooke Masters In New York

Financial Times, December 12, 2006

The US Department of Justice will announce Tuesday that it plans to make it easier for companies under investigation to cooperate with prosecutors and avoid criminal indictment, the Financial Times has learned.

Specifically, field prosecutors will no longer have blanket authority to demand that a company waive its attorney-client confidentiality privileges and instead will have to seek higher-level approval in Washington before making such a request, according to a Department of Justice official who asked not to be identified.

The new policy, to be announced by Deputy Attorney General Paul McNulty, also addresses the controversial practice of requiring companies to cease paying legal fees for employees implicated in matters under investigation.

The revisions come after months of criticism from defense attorneys, the business community and some members of Congress of the cooperation policy set forth in a 2003 memo by Larry Thompson, then the deputy attorney general. Critics of the Thompson memo have argued that prosecutors gained too much power after the collapse of Enron and WorldCom and needed to be reined in.

Senator Arlen Specter has introduced legislation that would prevent prosecutors from requiring waiver of attorney-client privilege. A federal judge in New York hearing a major tax fraud case has harshly criticized the Justice Department for requiring accounting firm KPMG to stop paying attorneys fees for its former employees as part of its cooperation agreement. The judge, Lewis Kaplan, ordered KPMG in June to resume paying the fees. That case is on appeal

The changes are not universally popular at DoJ and are seen by some line prosecutors as caving in to business interests.

Stock Option Scandal Will Go On In '07 (AP)

By Marcy Gordon, Ap Business Writer

AP, December 12, 2006

Toll of Options Timing Scandal Heavy in 2006; More Cases Expected Next Year

WASHINGTON (AP) -- Eighteen CEOs swept out. More than a hundred public companies under federal investigation and over $5 billion in profits erased by restatements. Indictments so far: five former top executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

The toll of the stock options timing affair -- corporate America's scandal of the year -- has been heavy. Federal officials say more prosecutions will be brought in 2007 over manipulation of the timing of stock option grants to enrich top company executives.

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Nearly every business day, more companies report federal or internal investigations. New lawsuits by shareholders are filed. More businesses disclose that because past option grants may have distorted their financial results, they may have to restate earnings. Next year could well bring more restatements, and companies' stock could be stripped from public trading because reviews of options grants made them late in filing their quarterly financial reports.

The Justice Department will "continue to be engaged for perhaps years to come, as we work these cases out," U.S. Attorney Kevin Ryan, who heads a task force in northern California pursuing options timing cases, said recently at a gathering of attorneys. "The final chapter hasn't been written yet."

Many of the companies ensnared in the scandal are in Silicon Valley's high-tech industry, where stock options for employees created legions of millionaires in the dot-com era. The prized perks allow executives and employees to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price -- and pocket the difference.

Among the wide swath of companies caught up in internal or government investigations: Apple Computer Inc., Barnes & Noble Inc., Caremark Rx Inc., Costco Wholesale Corp., Gap Inc., The Home Depot Inc., McAfee Inc., Monster Worldwide Inc., Restoration Hardware Inc., Staples Inc. and UnitedHealth Group Inc.

Some prominent executives at blue-chip companies have lost their jobs in the affair, including former UnitedHealth CEO William McGuire, who engineered the company's ascent from a regional health insurer into the nation's second-largest. A sort of guillotine for corporate executives has been set out in the public square, with the scandal claiming at least 59 senior executives or board directors at 32 companies so far.

Will there be more? Just over 2,000 public companies, or 29 percent of those in the United States that give stock options to executives, have timing issues, according to Erik Lie, an associate professor of finance at the University of Iowa, and Randall Heron, an Indiana University associate finance professor. Their research last year helped focus attention on a widespread pattern of conduct.

"I suspect the number of companies will continue to grow, but I don't expect at the end of the day we're going to see that many enforcement actions" by federal authorities, said Lynn Turner, a former chief accountant of the Securities and Exchange Commission. "You just can't do something this big with the same amount of resources."

SEC Chairman Christopher Cox has pledged vigorous pursuit of cases and said recently that new charges will be brought in the near future. The agency is focusing on cases of serious fraud, with elements such as deliberately lying or forging documents. Cox said there have been an "unprecedented" number of companies that have voluntarily reported irregularities -- cooperation that will be taken into account in determining sanctions.

Ryan, too, said: "We're trying to drill down on them and prioritize."

At the same time, officials at the Justice Department are discussing whether to ease some of its harsher guidelines for prosecuting companies, crafted in the aftermath of the corporate scandals that included Enron Corp. and WorldCom Inc. Some officials believe the guidelines may have led prosecutors to overreach when targeting some companies and pressuring them to cooperate in investigations of wrongdoing by executives.

Shareholders were hurt by an average loss in market value of 8 percent, or $500 million, for each affected company from the negative publicity of being under government investigation, researchers at the University of Michigan found in a study.

The potentially suspicious timing comes in with a practice known as backdating. Stock options are issued retroactively to coincide with low points in a company's share price, so recipients can sell their shares at higher market prices.

Some investor advocates and irate shareholders liken it to betting on a horse race after its finish, with top executives guaranteed to be "in the money." The University of Michigan study found that corporate executives gained an average of $600,000 a year each from backdating of stock options between 2000 and 2004.

If they aren't properly disclosed, backdated options can falsely inflate corporate profits and result in an underpayment of taxes.

The Internal Revenue Service is conducting its own investigation of companies for possible tax-law violations.

Backdating is at issue in many of the options investigations by federal prosecutors and the SEC. To date, at least 190 companies have disclosed Justice Department, SEC or internal inquiries, according to an Associated Press review.

Not all the backdating of options was illegal, and in some cases the evidence is insufficient for the government to make a case.

The scandal also shone a light on Silicon Valley's tightly knit network, where technology business leaders have long served on each other's boards and shared ideas. The unfortunate innovation of options backdating apparently spread like a virus in the market-boom late 1990s: At least 28 of the northern California companies with options timing issues share a common director with one other company wrestling a similar problem, according to a recent analysis.

AP Investigative Researcher Randy Herschaft contributed to this report from New York.

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Justice Department: http://www.usdoj.gov
Securities and Exchange Commission: http://www.sec.gov

Another Consequence Of Backdated Options: Stiff Tax Bills (WSJ)

By Theo Francis
The Wall Street Journal, December 12, 2006

Many of the hundred-plus companies under investigation over backdated stock options -- and the individuals who received those options -- are scrambling to protect themselves from another potential consequence: stiff tax bills. For individuals, the tax bill and penalties could prove steep, even if the shares become worthless. Companies, too, could face a hefty bill and potential penalties for unpaid income and payroll taxes.

"It's a mushroom cloud for the executives," says Robert Salwen, a compensation attorney in Scarsdale, N.Y.

Options generally give an employee a future right to buy an employer's shares at a specified price. If the stock rises, the employee makes money. And if the company cheats, backdating an option grant to a period when the stock was lower than the day it was actually granted, the recipient benefits financially even more.

MORE ON OPTIONS

· Options Scorecard: Companies under scrutiny1

· Perfect Payday: Complete coverage2

Ordinarily, top executives owe income taxes on any gains from exercising their options at the time of exercise. Lower-level employees often receive another kind of stock option that is typically taxed only when the underlying shares are actually sold (although they can be taxed sooner under the Alternative Minimum Tax). But under tax rules for deferred compensation adopted in 2004, improperly priced options of either kind can trigger a 20% surtax on top of ordinary income tax -- totaling as much as 60% of any gain, once state and local taxes are taken into account.

Moreover, under the 2004 rules, the taxes and penalties come due in the year an executive is first allowed to exercise the options -- in other words, when the options vest -- even if he or she exercises them later. Tax experts say taxes are still due if the option subsequently loses value before exercise or even goes unexercised. In addition, more taxes are due if the underlying shares continue to gain value before the options are exercised. (On the flip side, options that expire while under water can't be used to offset other taxable income, tax experts say.) The IRS also charges penalty interest -- currently about 9% -- for late payment.

Softening the blow, the new rules apply only to options that vested after 2004, and because the rules were new, the IRS waived penalties for 2005. Still, for top officers, the dollar amounts could be large.

For example, former UnitedHealth Group Inc. Chairman and Chief Executive William McGuire received a 650,000-share option grant in early 2002, with a quarter of the grant vesting each winter through January 2006. Tax and penalties on the shares vesting this year alone would total $13.7 million.

After an internal review, UnitedHealth concluded that many of the stock options it granted over more than a decade likely had been backdated. UnitedHealth, like other companies under scrutiny for options pricing, has suspended stock-option transactions until it restates its financials.

But some executives holding questionable options may be able to ease the sting if they act before year end. "There are ways to get out of this," says S. James DiBernardo, a partner at Morgan, Lewis & Bockius LLP specializing in compensation.

The Situation: Executives and companies could face stiff tax bills over backdated options.

The Background: More than a hundred companies face scrutiny over whether they fudged the grant date of options.

The Details: New deferred-compensation rules mean some executives could end up owing 60% of a grant's value, even before exercising the options.

The Remedy: The IRS offers two ways out, but a Dec. 31 deadline looms.

First, under the 2004 regulation's transition rules, companies can replace improperly priced options with properly priced ones. For top officers, this must be done by Dec. 31 at the latest; for other employees, companies have until year-end 2007.

This is essentially what Dr. McGuire has done. He earlier agreed to reprice options at the highest share price for the year in which they were granted. He has also said he would give up about $200 million of stock-option gains. A UnitedHealth spokesman said repricing the options removed the tax risk for Dr. McGuire.

Alternatively, executives can simply set a schedule for when they will exercise their options, specifying in advance how many to exercise in each year. That, too, will allow executives to escape the deferred-compensation penalties, tax experts say. However, these fixes apply only to unexercised options. For executives who have already exercised improperly priced options this year, "the $64 question" is whether there's a way to dodge the penalties at all, Mr. DiBernardo says. "No one is entirely clear as to how you fix that."

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Companies, too, can be penalized for failing to withhold the executive's unpaid taxes. That carries interest of about 8% a year at current rates, plus a penalty of up to 15%, and an additional 20% penalty if the failure to withhold is negligent, Mr. Salwen says. For companies with clearcut backdating problems, "I think this is a case where it might be more than negligent -- that might be the position the [IRS] takes," Mr. Salwen adds. Plus, if executives can't pay their own tax bills, the IRS could collect from their employers instead.

Companies may have their own tax worries for some kinds of options, even if they aren't on the hook for their executives' tax bills. That's because federal law requires employers to collect payroll taxes -- chiefly a 2.9% tax for Medicare, evenly split between employee and employer -- if so-called incentive stock options don't meet certain conditions. And backdated options don't, says Rebecca Miller, a tax specialist at Minneapolis accounting firm McGladrey & Pullen. In this case, the tax is owed on the value of the options when they are exercised, rather than when they vest.

Here, companies have to pay the bill and then try to collect the employee's half from them if they choose, Ms. Miller says. What's more, unpaid Medicare taxes come with a stiff penalty: up to 100%, potentially doubling the cost to 5.8% of the executive's potential stock-option gains, she adds.

Skilling's Check-In To Prison Delayed Over Bail Request (WSJ)

By John R. Emshwiller

The Wall Street Journal, December 12, 2006

Former Enron Corp. President Jeffrey Skilling's decades-long date with a prison cell, scheduled to start today, has been temporarily delayed by a federal appeals court.

Late yesterday, Mr. Skilling's lead criminal defense attorney, Daniel Petrocelli, said he received notice that the Fifth Circuit Court of Appeals had ordered a delay in his client's scheduled report date to a federal prison in Waseca, Minn., where he was to begin serving a more-than-24-year prison sentence. Mr. Skilling received that sentence as the result of being convicted earlier this year in a Houston federal court on 19 criminal counts, including conspiracy and fraud, arising from Enron's December 2001 collapse into bankruptcy. Mr. Skilling, who has consistently maintained his innocence, had been planning to fly to Minnesota this morning to report to the prison, Mr. Petrocelli said.

The Skilling attorney said that the notice he received said that the appellate court had granted the stay "solely to allow this court to give careful consideration to the request for bail pending appeal." Granting bail would allow Mr. Skilling to stay out of prison pending his appeal, which could take a year or more for the appellate court to consider.

"We are heartened that the court of appeals is taking the time necessary to decide this important motion," said Mr. Petrocelli.

A Justice Department spokesman said he hadn't heard about the decision and couldn't comment.

Skilling's Arrival In Prison Delayed (WP)

By Carrie Johnson

The Washington Post, December 12, 2006

Former Enron chief executive Jeffrey K. Skilling received at least a brief reprieve from prison yesterday after a federal appeals court said it needed more time to consider whether he should remain free pending appeal.

Skilling, 53, had been preparing to turn himself in today and begin serving a prison term of 24 years and six months at a federal facility in Waseca, Minn. But a brief order from the U.S. Court of Appeals for the 5th Circuit, issued yesterday evening, means the brash former corporate executive will enjoy at least a few more days of freedom.

Skilling's lawyers are attacking a theory that the appeals court had invalidated last summer in another case tied to the Houston energy trading company. The appeals court ruling granted Skilling an undetermined delay "solely to allow this court to give careful consideration to the request for bail pending appeal," the order said.

Legal analysts said the court could ultimately force Skilling to report to the 1,070-inmate prison 75 miles south of Minneapolis within days -- or the judges could take even more time to consider the issue. To stay free pending a months- or years-long appeal, Skilling would need to show a substantial chance that he would succeed.

Defense lawyers have criticized the trial judge's jury instructions and the decision to hold the trial in Houston, where thousands of people lost jobs and retirement savings when Enron sought bankruptcy protection five years ago.

"We are glad to hear that the court of appeals is taking the necessary time to consider this matter, which is vital to Jeff Skilling's immediate future," Skilling's lawyer, Daniel M. Petrocelli, said in a telephone interview yesterday.

A Houston jury convicted Skilling in May of 19 counts of conspiracy, making false statements, insider trading and securities fraud.

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Under the legal theory the defense team has advanced, the conspiracy charge ultimately could be erased, perhaps along with the securities fraud convictions. But it is less clear that the charges of insider trading and making false statements to auditors would be affected, the legal experts said.

Barry Pollack, a defense lawyer at Kelley Drye Collier Shannon in the District, said Skilling should be "heartened" by the move.

"It at a minimum suggests the 5th Circuit thinks there are legitimate issues that shouldn't be given the back of the hand," said Pollack, who won acquittal for another Enron official earlier this year.

Skilling Prison Date Postponed (HC)

By Kristen Hays And Tom Fowler, Houston Chronicle

Houston Chronicle, December 12, 2006

5th Circuit asks time for 'careful consideration' of his bail request, sets no timetable

WASECA, MINN. — Jeff Skilling won't be calling this southern Minnesota town home just yet.

Late Monday, the U.S. 5th Circuit Court of Appeals issued an order postponing the ex-Enron CEO's Tuesday report date to a low-security federal prison until the panel gives "careful consideration" to his request for bail while he appeals his convictions on 19 criminal counts.

"This order is entered solely to allow this court to give careful consideration to the request for bail pending appeal," the court said.

The last-minute reprieve was a possibility up to Skilling's deadline of 2 p.m. Tuesday to report to the prison in Waseca, about 75 miles south of Minneapolis. Skilling will await word from the 5th Circuit on whether he can pursue his appeal inside or outside of prison. His appeal is expected to be filed next month.

"I am innocent of every one of these charges," Skilling told U.S. District Judge Sim Lake at his sentencing in October.

Lake rejected Skilling's request to remain free on bail pending appeal in October when he sentenced the ex-CEO to 24 years and four months in prison. Skilling challenged that order last month.

"We are heartened that the court is taking the necessary time to consider such an important matter," his attorney, Daniel Petrocelli, said Monday.

Bryan Sierra, a Justice Department spokesman, didn't return a call for comment.

The appellate court's decision is somewhat unusual, said Brian Wice, a Houston lawyer who specializes in appeals.

"It's rare to see a panel decide to stay a prison sentence so they can carefully consider his motion to remain free. Usually it's just a one-sentence summary denial," Wice said.

It doesn't carry the same weight as the court granting a request to remain free pending appeal, however. In the 5th Circuit, in particular, such a ruling is generally seen as a sign the court will overturn the case in favor of a defendant, Wice said.

That was the case with four former Merrill Lynch executives who were found guilty of fraud for helping Enron improperly boost its earnings in what was known as the Nigerian barge case.

In March, the 5th Circuit granted a former Merrill executive's motion to remain free pending appeal, while requests from two co-defendants were granted several months later.

Not 'a walk-off home run'To meet the standard for release on bail pending appeal a defendant has to show there is a substantial chance of a reversal in the case. So it wasn't a surprise when in August, a three-judge panel of the appeals court overturned the convictions.

Skilling's win isn't quite as dramatic, but it keeps his hopes for a successful appeal alive, Wice said.

"When you're in a situation like Skilling, with hours left before you head off to jail it's always the bottom of the ninth," Wice said. "This isn't a walk-off home run, but at least it's a couple of men on base."

Houston trial lawyer David Berg called the 5th Circuit's decision "dramatic and unusual" and "somewhat encouraging" for Skilling.

"If they had been able to look at the issues in his appeal and dismiss them out of hand, as happens so often, they never would have made this order," Berg said.

Skilling, 53, was convicted last May of fraud, conspiracy, insider trading and lying to auditors and received the most severe punishment of anyone convicted of committing Enron-related crimes.

The ex-CEO staunchly maintains he is innocent.

Bad memories for retireesStill, Skilling's potential arrival in Waseca generated a lot of chatter earlier Monday at The Daily Grind, an upscale coffee shop along the old-fashioned downtown strip a few miles from the prison complex.

"It's been conversation A-1," said Carol Musel, an interior decorator in the town of nearly 10,000. "The majority of people are interested in how it unfolds from here."

For Dennis and Bette Friesen, a retired couple who once owned an industrial-machine repair business, the Skilling talk conjured memories of how they were victimized by a fraud.

Dennis Friesen said Monday that several years ago a man claiming to have investors in tow wanted to buy his business, which was in Iowa. The man, Andrew Armstrong, joined Friesen's business ostensibly to learn how it worked, but instead skimmed from the employee 401(k) retirement plan.

Armstrong is serving 6 1/2 years at a federal lockup in Texarkana for embezzlement and failure to account for and pay employment taxes.

"I guess we were just from the old school that a man's word is good," Dennis Friesen said. "It does sharpen your understanding of Enron. I'm sensitive to the people at Enron and what they lost."

The bureau opened the prison in 1996. Musel said she and many other residents have toured the prison at the bureau's invitation. She described the facility as clean and respectful of inmate needs. The prison offers a horticulture program and has a factory where 200 inmates make textiles such as uniforms and mattresses.

"If he's got it rough, it isn't here," Musel said.

Skilling Wins Delay Of Sentence (BLOOM)

By Bloomberg News

Bloomberg, December 12, 2006

Jeffrey K. Skilling, the former Enron chief executive who was sentenced to 24 years in prison for his role in a fraud that destroyed the company, won a last-minute delay of his sentence, scheduled to begin Tuesday.

The United States Court of Appeals in New Orleans issued on Monday a delay of the order requiring Mr. Skilling, 53, who was convicted in May of securities fraud and conspiracy, to report to federal prison, according to court records.

“This order is entered solely to allow court to give careful consideration to the request for bail pending appeal,” the court said. Mr. Skilling was to arrive at the low-security Federal Correctional Institution in Waseca, Minn., Tuesday afternoon. A Justice Department spokeswoman, Jaclyn Lesch, did not immediately return after-hours calls seeking comment.

Mr. Skilling, who said he was made a scapegoat, is seeking to remain free on bail while he appeals his conviction. Enron’s founder, Kenneth L. Lay, was convicted along with Mr. Skilling but died in July before he could be sentenced.

“We are glad the court is taking the necessary time to consider our motion,” Daniel Petrocelli, Mr. Skilling’s lead trial lawyer, said in an e-mail message.

Mr. Skilling is under house arrest in his 9,215-square-foot Mediterranean mansion in Houston’s River Oaks section.

The house, valued on tax rolls at more than $5 million, will be sold to help him pay $45 million in court-ordered restitution to his victims. He can give half the proceeds from the sale to his three children.

Black's Prosecutors Lay Out Case Against Him In 81-Page Filing (BLOOM)

By Andrew Harris

Bloomberg, December 12, 2006

Dec. 11 (Bloomberg) -- Former Hollinger International Inc. Chairman Conrad Black, indicted for fraud and accused of abusing company perks, compared himself to embattled French nobility in defending his actions, according to U.S. prosecutors in a filing.

The 81-page document, filed today, lays out the prosecutors' case against Black, Peter Atkinson, a former Hollinger vice president and general counsel, and two other defendants.

``I am not prepared to re-enact the French Revolutionary renunciation of the rights of nobility," Black told Atkinson in a 2002 e-mail, according to the filing.

Black, Atkinson, former Hollinger Chief Financial Officer John Boultbee, and ex-general counsel Mark Kipnis were each indicted last year on charges that they stripped Hollinger of its U.S. holdings while reaping millions for themselves through unauthorized non-competition agreements.

Black's Toronto lawyer, Edward Greenspan, said he had read the filing but wasn't prepared to comment on it immediately, citing the document's length.

``We're entitled to respond to the document in writing, and we will begin preparing the response tomorrow," he said in a telephone interview this evening.

Trial Date

Jury selection for the trial of Black and the other defendants is set for March 7. Black, Atkinson, Boultbee and Kipnis have pleaded innocent. Former Chicago Sun-Times publisher F. David Radler, who was also indicted, pleaded guilty last year and is cooperating with authorities.

Once one of the largest publishers of English-language newspapers, Black's companies produced the Sun-Times, Canada's National Post, the United Kingdom's Daily Telegraph, the Jerusalem Post and scores of smaller community newspapers.

Black, 62, led Hollinger International for eight years as chairman and chief executive officer before being forced from the latter post in 2003 and the former a year later. He also was chairman of Hollinger Inc., a position he relinquished in 2004 after 13 years.

Earlier this year, Hollinger International changed its name to the Sun-Times Media Group.

Non-Compete Agreements

Black in 1998 first raised the issue of receiving non- competition payments in connection with the sale of two magazines, American Trucker and Mine and Quarry Trader, which were owned by a Hollinger International affiliate, according to today's Justice Department filing.

From that sale, Black arranged for $2 million to be wired to Hollinger Inc., which held controlling interest in International and which, in turn, was controlled by Black and Boultbee's privately held Ravelston Corp Ltd. Within two years, Hollinger International sold off virtually all of its U.S. community newspapers, prosecutors said.

During this time, Black and Boultbee agreed that for each sale, Hollinger International would receive 75 percent of any non-competition payments, while Hollinger Inc., would receive 25 percent. This split would be ``the template for future deals,'' prosecutors said.

Black is also accused of charging the company for two-thirds of a $54,000 birthday party thrown for his wife, Barbara Amiel Black, at the Manhattan restaurant La Grenouille. He's also accused of using the Hollinger jet to fly the couple from Toronto, to Bora Bora, to Seattle for a Wagner opera, then back to Toronto at a cost of more than C$565,000 ($492,000), according to authorities.

``We have to find a balance between an unfair taxation on the company and a reasonable treatment of the founder-builder-managers,'' Black reportedly told Atkinson after a company comptroller criticized Black's liberal use of Hollinger's corporate jet, according to today's filing.

``We are proprietors after all, beleaguered though we may be,'' according to the document.

The case is U.S. v. Black, 05cr727, in the Northern District of Illinois, Eastern Division (Chicago).

2 Sanctioned By SEC Over PNC Accounting (AP)

AP, December 12, 2006

PNC Executive, Outside Auditor Sanctioned by SEC Over 2001 Accounting

WASHINGTON (AP) -- An accounting executive at PNC Financial Services Group Inc. and an outside auditor were sanctioned by federal regulators Monday for their alleged roles in the regional bank's faulty accounting in 2001, said to have inflated earnings by concealing $762 million in potential liabilities.

The Securities and Exchange Commission announced the settlements with Thomas Garbe, who was PNC's director of accounting policy at the time, and Michael Joseph, a former partner with the major accounting firm Ernst & Young, which reviewed the transaction at issue. Garbe and Joseph neither admitted nor denied the SEC's allegations but agreed to refrain from future violations of the securities laws.

In addition, Joseph was barred for three years from acting as an accountant for any public company.

Garbe "failed to inquire adequately about facts and circumstances, and was a cause of PNC's violations of the ... federal securities laws," the SEC said in its order.

The agency had previously alleged that Pittsburgh-based PNC tried to conceal $762 million in sour corporate loans in 2001 by selling them to three partnerships it created expressly for that purpose with insurance giant American International Group Inc.

For a fee, AIG offered to establish special-purpose entities to which PNC could transfer the troubled assets, but there was no actual transfer of risk from the bank to the insurer, according to the SEC.

In a July 2002 settlement of the issue, PNC was not fined but agreed to give the SEC and the Federal Reserve Bank of Cleveland greater access to company records. New York-based AIG signed agreements with the SEC and the Justice Department in late 2004 in which it agreed to pay $126 million to settle allegations of aiding flawed accounting by PNC and Brightpoint Inc.

More recently, AIG agreed last February to pay a record $1.64 billion in a settlement with the SEC and New York state authorities, and apologized for having deceived investors and regulators with misleading accounting practices. AIG was alleged to have taken part in bid-rigging schemes, paid secret commissions to insurance brokers to steer business to it, used phony insurance deals to burnish its earnings and misstated the amounts of workers' compensation premiums it had collected.

Securities and Exchange Commission: http://www.sec.gov

DOJ_NMG_0105741

PNC Financial Services Inc.: http://www.pncbank.com

SEC Bars Ex-Ernst & Young Partner For Role In PNC-AIG Fraud (BLOOM)

By Otis Bilodeau

Bloomberg, December 12, 2006

Dec. 11 (Bloomberg) -- The U.S. Securities and Exchange Commission sanctioned a former Ernst & Young LLP accountant for designing and then helping to audit a financial product PNC Financial Services Group Inc. used to overstate profit in 2001.

Michael Joseph, who left Ernst & Young last year, agreed to be barred from auditing public-company books and otherwise representing clients before the SEC for three years, the agency said in a statement today. Joseph, 55, didn't admit or deny wrongdoing.

American International Group Inc., the world's biggest insurer, hired Joseph to help develop and market a financing arrangement that PNC used to shift $762 million in bad loans and investments off its books in 2001, according to the SEC. Ernst & Young, the second-biggest U.S. accounting firm, also was the auditor that year for PNC, a Pittsburgh-based bank.

Joseph, a ``nationally recognized expert'' on accounting for off-balance-sheet financing, drafted an expert-opinion letter for AIG approving the transaction, the SEC in its order today. Then Joseph gave the same letter to the Ernst & Young team auditing the way PNC accounted for it. The Ernst & Young auditors adopted Joseph's guidance letter ``virtually verbatim,'' the SEC said.

``Joseph was invested both financially and reputationally in the success'' of the arrangement, the regulator said. As a result, he had a conflict of interest when he ``evaluated'' PNC's accounting for a product he had helped create. ``Joseph was on both sides of the PNC transactions,'' the SEC said.

Fed Order

The Federal Reserve in January 2002 ordered PNC to reverse the accounting, and PNC announced that month it would restate its financial statements from the prior year, cutting previously reported earnings.

New York-based AIG and PNC have since settled regulatory probes. AIG agreed in Nov. 2004 to pay $126 million to the SEC and Justice Department in connection with the case. As part of a $115 million settlement with Justice in 2003, a PNC subsidiary ``acknowledged'' that the transactions Joseph worked on violated accounting rules. Neither company admitted wrongdoing. Ernst & Young hasn't been accused of violating any rules in the case.

Joseph ``neither agreed nor disagreed with any of the SEC's allegations,'' according to his lawyer, Lawrence Robbins, of Robbins, Russell, Englert, Orseck & Untereiner in Washington. ``He is grateful for the opportunity to move on.''

The SEC today also faulted Thomas Garbe, the director of PNC's accounting policy department, for failing to question the propriety of the AIG transactions before signing off on them. The SEC ordered Garbe, 54, not to violate securities laws in the future. He didn't admit or deny wrongdoing. His lawyer, Peter Kolker of Zuckerman Spaeder in Washington, declined to comment.

Ernst & Young has faced SEC scrutiny over other potential conflicts. In April 2004, the agency banned the firm from accepting new public-company audit clients for six months, after finding it violated conflict-of-interest rules while auditing PeopleSoft Inc. Five months later, Ernst & Young told regulators it might also have broken rules while performing tax work in China for about 100 U.S. audit clients, including Sun Microsystems Inc.

Ernst & Young spokesman Charles Perkins declined to comment.

CRIMINAL LAW:

Judge Settles Fight Over Classified Info (AP)

By Matt Apuzzo

AP, December 12, 2006

A federal judge all but resolved the protracted legal fight over classified information in the CIA leak case Monday, helping ensure the dispute would not derail former White House aide I. Lewis "Scooter" Libby's perjury and obstruction trial.

Libby is accused of lying to investigators about his conversations with reporters regarding a CIA operative. He says he had more pressing issues on his mind and wants to discuss classified intelligence about terrorist threats and foreign nuclear programs to bolster that argument.

Prosecutors had accused Libby of demanding so much sensitive information that the government could not safely release it — leading to a dismissal — but U.S. District Judge Reggie B. Walton appears to have resolved that dispute.

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Walton, who rankled Special Prosecutor Patrick Fitzgerald last month by ruling that Libby must be allowed to discuss intelligence on Iraq, Iran, Pakistan, terrorism and other issues at trial, accepted Fitzgerald's proposal to limit the details Libby and his attorneys can discuss.

The details of those limitations are sealed but, because it was Fitzgerald's proposal, it's unlikely he would come back to court later this month and argue that the limitations did not go far enough to protect government secrecy.

Neither Fitzgerald's office not Libby's attorneys would comment Monday.

The ruling helps keep the trial on track for next month. That could still be delayed, however, if Vice President Dick Cheney and Bush aide Karl Rove claim they cannot testify because of separation-of-powers issues.

While the case hinges on whether Libby knowingly lied about his conversation regarding CIA operative Valerie Plame, testimony could offer a behind-the-scenes look at how the Bush administration handled intelligence and criticism in its march to war.

Plame believes the administration leaked her name to reporters as retribution for her husband's criticism of prewar intelligence. Nobody has been charged with the leak.

FBI Tape Shows Hornsby Accepting Money (WP)

By Eric Rich

The Washington Post, December 12, 2006

As soon as he walked into the hotel room, Andre J. Hornsby talked to his longtime associate about the possibility he had been followed. Hornsby, then the Prince George's County schools chief, said he had driven a circuitous route to shake any possible tail and had made a mental note of the make, model and color of cars in the parking lot.

They talked about purging Hornsby's e-mails from school system computers, and then the associate -- who was secretly cooperating in an investigation of Hornsby -- handed over $1,000. As FBI cameras rolled, Hornsby tucked the bills into his shirt pocket.

Details of the videotaped meeting at the end of 2004 were among the key disclosures in an FBI affidavit unsealed yesterday at U.S. District Court in Greenbelt. The affidavit and related documents contain a raft of new information about the corruption case prosecutors have assembled against Hornsby, who was removed from his post in Prince George's last year and indicted in August.

Hornsby's attorney, Robert C. Bonsib, declined to comment on the meeting or other specifics from the affidavit. "Dr. Hornsby maintains his innocence, and, as he has throughout, intends to vigorously defend against the allegations in a court of law," Bonsib said.

The indictment accuses Hornsby of steering a contract to a consulting company linked to the associate and of arranging for a $1 million purchase from the software company LeapFrog SchoolHouse, where his then-girlfriend was a saleswoman. In both cases, it alleges, Hornsby demanded and received kickbacks in return.

The former girlfriend, Sienna Owens, who was a sales representative for Virginia, has pleaded guilty to a tax offense and is cooperating with prosecutors. Owens said in court that she collected $20,000 from the commission on the purchase, a sum she said she split with Hornsby.

The affidavit, signed by FBI Special Agent John M. Sheridan, does not identify the female associate at the hotel, but in the context of the events it describes, she appears to be Cynthia Joffrion, who worked with Hornsby in Yonkers, N.Y., and in Houston before that. Joffrion has previously declined to comment and did not respond to a message left at her home yesterday.

According to the affidavit, the associate appears to have been a reluctant participant in Hornsby's alleged misconduct. In fact, Sheridan wrote, the associate approached the district attorney's office in Westchester County, N.Y., in 1999 to complain about Hornsby, triggering a previously undisclosed criminal investigation in which dozens of meetings or phone calls with Hornsby were taped.

A spokeswoman with the district attorney's office said the status of that investigation could not be quickly determined yesterday.

According to the associate, when Hornsby was negotiating with Apple Computer Inc. over a possible purchase by the Yonkers school system, he required the company to donate computers to the National Alliance of Black School Educators, of which he was president, for the deal to be consummated, Sheridan wrote. Two other vendors were also required to financially support the educators group to win contracts with Yonkers, the agent wrote.

The associate also said that Hornsby ordered her to send computers that belonged to the Yonkers school system to Hornsby's relatives and that he threatened to fire her if she did not do so, Sheridan wrote in the affidavit.

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Hornsby hired the associate again after he arrived in Prince George's, Sheridan wrote, ultimately involving her in the consulting contract to help secure funds under a federal program known as E-Rate. Hornsby once told the associate that he expected a kickback of $150,000 in the arrangement, the affidavit says.

In late 2004, in the weeks leading to the meeting at the Bowie hotel, Hornsby had a series of cryptic conversations -- on a recorded line -- with the associate, who by then had contacted the FBI, the affidavit says.

On Nov. 9, it says, several days after reports circulated that the FBI was investigating, Hornsby instructed the associate not to withdraw more than $4,000 at a time from a bank account and then said: "Let's not talk. Have you read the [news]papers?"

On Dec. 3, the associate asked how much money she should bring to pay him. Hornsby replied, "I like my birthday," in an apparent reference to the number seven, the date of his birth, meaning $7,000, Sheridan wrote.

They met at the hotel Dec. 20. At that videotaped meeting, the affidavit says, Hornsby and the associate decided that $144,000 with a down payment of $1,000 was appropriate payment to Hornsby for arranging for the contract award.

Court Documents Detail Alleged Hornsby Schemes (AP)

AP, December 12, 2006

COLLEGE PARK, Md. (AP) - New details about what federal officials say were carefully orchestrated plans by former Prince George's County school chief Andre Hornsby to reap roughly 150-thousand in kickbacks.

A search warrant affidavit unsealed today in U-S District Court also claims Hornsby took great pains to conceal his schemes, erasing computer and e-mail records, checking for possible phone taps, and trying to shake what he correctly suspected were F-B-I agents following him.

Hornsby was indicted in August and pleaded not guilty to charges of mail fraud, wire fraud, witness and evidence tampering, and obstruction of justice. His attorney, Robert Bonsib says he expects the matter to go to court and be hard fought.

N.Y. Federal Prosecutors Losing Cases (HC/AP)

By Larry Neumeister Associated Press Writer, The Associated Press

Houston Chronicle, December 12, 2006

NEW YORK — These are happy times for defense lawyers in Manhattan federal court.

A string of recent acquittals, in cases involving everything from organized crime to Wall Street misdeeds to terrorism, has eroded the patina of invincibility from prosecutors in an office where high-profile convictions once seemed inevitable.

The defeats _ just two years after the government successfully prosecuted home maven Martha Stewart _ were capped off when prosecutors announced just before Thanksgiving that they were dropping one-third of the 15 cases brought against floor specialists at the New York Stock Exchange.

The prosecution, meant to show specialists were cheating investors by improperly trading for their companies ahead of orders for their customers, had already suffered huge hits with two acquittals and dropped charges in two cases _ although they did notch five convictions.

The latest charges were dropped just days after a jury acquitted a California man on charges that he lied about his association with one of the Sept. 11, 2001, hijackers, ending a case the government relentlessly pursued for five years.

Just weeks earlier, a third jury deadlocked on racketeering charges against John A. "Junior" Gotti, leading prosecutors to abandon their case against the admitted one-time Gambino crime family boss.

And that came only weeks after prosecutors agreed to drop charges against technology banker Frank Quattrone, letting him resume a career that once paid him as much as $120 million a year.

In civil and criminal cases, prosecutors in Manhattan's U.S. District Court have endured a variety of setbacks _ including decisions forcing them to divulge the identities of detainees at Guantanamo Bay, Cuba, and to turn over pictures of prisoner abuse in Iraq.

Their prosecution of 19 people in what the government called the largest criminal tax case in U.S. history _ a tax shelter scheme for rich people _ became bogged down over claims the government pressured a company not to pay defense lawyers for its indicted employees.

Even a big victory _ the conviction of lawyer Lynne Stewart on a charge of providing material support to terrorists _ soured when a judge sentenced her to a little over two years in prison rather than the 30 years the government had sought.

U.S. Attorney Michael Garcia, who took the job last year when the soon-to-be stymied prosecutions were already in full swing, told The Associated Press that the setbacks were cyclical.

The results, he said, can happen when "the stars line up badly in a bunch of cases ... It's crazy to say that it's the quality of the lawyering here." Garcia said prosecutors stream to his office after a win or a loss _ and the losses hit hard.

"They're down because they've invested so much and you believe in what you're doing," he said. "It's a bad thing. You take it hard. But it can't last. ... I know they know they left it on the field, and win-loss record doesn't mean anything here."

He said losses attract more attention than the vast majority of criminal cases that end in convictions. He cited the successful prosecution of South Korean businessman Tongsun Park, who was convicted by a jury that took only hours to find he conspired to accept at least $2 million to act as a secret Iraqi agent to influence the United Nations' oil-for-food program.

He said prosecutors, who are aware "we sit right next door to Wall Street," raise novel legal issues to prosecute financial crimes just as he and others did in the early 1990s when they created new tactics to prosecute terrorists.

"With more novel legal issues, you might not be successful in a ratio people are used to seeing from this office," he said.

Some longtime defense lawyers, though, say there might be something behind the shift of luck in a courthouse where young prosecutors often sharpen their trial skills before taking lucrative jobs at some of the nation's most prestigious law firms.

"It's a different time than it was three or four years ago. People are not as enamored with the government and its view of things," said Gerald Lefcourt, past president of the National Association of Criminal Defense Attorneys.

"There's a general pendulum swing in the country which is obvious," said Lefcourt, who has defended clients ranging from actor Russell Crowe to the "Chicago Seven" _ seven Vietnam War protest leaders accused of conspiring to start a riot at the 1968 Democratic National Convention.

Lefcourt said defense lawyers are feeling good.

"There's not as much doom and gloom. I don't think that people perceive things as hopeless as they used to," he said

Carl Tobias, a professor of law at the University of Richmond, said prosecutors may be suffering the effects of their own aggressiveness, especially after the Sept. 11, 2001, terrorist attacks.

"Sometimes you can hardly blame the government because the last thing they want is another terrorist attack," Tobias said. "So they tend to pull out all the stops and a lot of people are sympathetic to that. Sometimes innocent people are caught in the crosshairs."

He said white collar prosecutions are sometimes difficult because wealthy defendants can hire the best attorneys, many of them former Manhattan federal prosecutors.

Marc Mukasey, who was a federal prosecutor in Manhattan until a year ago, said "the line between what's a crime and what isn't is grayer and foggier than it's ever been and therefore juries are demanding more proof and prosecutors are being put to the test."

Still, he said, the U.S. attorney's office in Manhattan remains "the gold standard for prosecutorial offices."

Judge Seeks Details On Probe Of Prosecutor In Botched Mafia Case (BOS)

By Raja Mishra And Shelley Murphy, Globe Staff

The Boston Globe, December 12, 2006

The chief federal judge in Boston is urging the US Justice Department to find out and tell him what happened to an internal investigation of a federal prosecutor accused of withholding evidence in a high-profile Mafia case.

The unusual request, which was filed in court yesterday, stems from a botched racketeering case in which two reputed mobsters were released early from prison after Chief US District Judge Mark L. Wolf determined that prosecutor Jeffrey Auerhahn improperly and possibly illegally manipulated evidence.

Three years ago, US Attorney Michael J. Sullivan told Wolf that he would get to the bottom of the alleged misconduct. But in a letter sent Friday to Sullivan's boss, Attorney General Alberto R. Gonzales, Wolf wrote that "no information on the status or any results" of the investigation into Auerhahn had been reported to him.

"The apparent inaction of the Department of Justice regarding Mr. Auerhahn has generated considerable concern about the administration of justice in the District of Massachusetts," Wolf wrote.

Auerhahn, who could not be reached for comment yesterday, currently works on antiterrorism cases and recently prosecuted a Bosnian war criminal.

Citing Justice Department rules protecting employees' privacy, Sullivan said yesterday he could not comment on the results of the investigation of Auerhahn or whether any action had been taken against him.

Sullivan said he would look into whether prosecutors could somehow share the results of the investigation with Wolf without violating Auerhahn's privacy.

"Obviously the court has raised some legitimate concerns as it relates to a matter that was before the court, and there should be an avenue to be able to respond to the court on the outcome of any inquiry that was launched as a result of the court's findings or conclusions," Sullivan said.

A Justice Department spokeswoman in Washington said the agency would not comment on the matter and would direct any response to Wolf.

In 2003, Wolf found that Auerhahn failed to tell defense lawyers that a key witness had recanted his testimony about the 1985 murder of Vincent Limoli in the North End. That led Wolf to release mobster Pasquale Barone and, two years later, to free Mafia captain Vincent Ferrara, whose convictions he deemed tainted.

"The misconduct by Mr. Auerhahn that resulted in the release of Barone and Ferrara was part of a pattern of similar misconduct by him," Wolf wrote Gonzales.

Earlier this year, a federal appeals court called Auerhahn's conduct "outrageous."

"No one can give Barone back the 10 years that he spent on an unlawful conviction," Bernard M. Grossberg, who represented Barone, said yesterday.

Wolf wrote that he thought Auerhahn's actions "may have been perjurious." He wrote that he held off on probing Auerhahn on his own because Sullivan "urged me" not to do so and that Sullivan promised a thorough probe.

Wolf compared Auerhahn's misconduct to an ongoing terrorism case in Detroit in which the federal government said a new trial against alleged members of a jihadist sleeper cell was necessary because a prosecutor withheld evidence. That prosecutor is now facing trial himself in the alleged misconduct.

Investigation Into Amtrak Law Department And Outside Counsel Builds Steam (LAW)

By Anna Palmer, Legal Times

Legal Times, December 12, 2006

A House committee broadened its investigation into government-subsidized train operator Amtrak's legal department and its outside legal counsel last week, calling for the Justice Department to investigate possible illegal activities.

In a Dec. 4 letter obtained by Legal Times, outgoing House Transportation and Infrastructure Committee Chairman Don Young, R-Alaska, and committee member Rep. John Mica, R-Fla., requested that Attorney General Alberto Gonzales review "what may constitute unlawful conduct" between Amtrak's legal team and outside law firms. It's the second letter the lawmakers have sent regarding potential mismanagement on the part of Amtrak and its outside law firms.

In a separate letter sent Nov. 17 to Amtrak Inspector General Fred Weiderhold Jr., the congressmen singled out Manatt, Phelps & Phillips for its billing of support staff and expenses. The letter asked Weiderhold to review specific instances regarding Manatt's work on the Northeast Corridor electrification project to see if they were "appropriate, justified, documented, and accurate."

"Manatt is proud of the work that we have done for Amtrak, and of the significant accomplishments that have resulted from that work," the firm said in a statement to Legal Times. "We have fully cooperated with the [inspector general's] review of Amtrak legal services. Any issue that has been brought to our attention has been addressed, and if there are further questions, we will provide any information requested."

The lawmakers' overtures come after a recent probe into Amtrak's legal department by the Department of Transportation's inspector general and Weiderhold, which came at the request of the transportation committee. The investigation found that Amtrak mismanaged more than $100 million in legal fees from June 2002 to June 2005. The inspector generals' report, released in October, found that Amtrak's outside legal counsel rarely turned in receipts and used block billing, the term for billing different tasks under one invoice entry, which is prohibited by Amtrak's guidelines for dealing with outside counsel.

The letter to the Justice Department, which does not name any specific law firms, addresses four areas in which Amtrak employees and outside legal counsel may have broken federal law by bill padding and possible collusion among Amtrak's legal department and outside counsel to use side agreements benefiting the outside law firms. The letter also indicates that Amtrak's in-house lawyers and outside legal counsel may have offered or solicited improper gifts and travel in exchange for legal work. And the lawmakers point to possible false statements to investigators and backdating of documents by Amtrak in an attempt to obstruct the probe.

"We don't believe the allegations have merit or that they warrant review by the Justice Department, but we stand ready to cooperate and provide information as it is requested, as we have done with the committee," Amtrak spokesman Cliff Black said in an e-mail statement.

Mica and Young's offices did not return calls for comment.

One lawyer familiar with Amtrak's in-house legal department was surprised by the ongoing investigation.

"There was never an issue raised about the Amtrak law department by Congress when I was there," says James Lloyd, a former Amtrak general counsel who left in January 2002. "I really don't believe that the Amtrak law department would just turn lawyers loose. ... I don't think there is any more cost-conscious group of lawyers than I saw at Amtrak."

RAIL SPLITTING

Manatt first came under scrutiny in an unredacted copy of legal-audit expert John Toothman's report, obtained by Legal Times in early November. (A redacted copy was released by the committee in October). Toothman's report found that Manatt's

billing was "overall, the worst observed, with heavy staffing, attempts to pass off clerical/overhead as billable, failure to follow basic guidelines and heavy expenses." The firm also benefited after one of its former partners, Marylin Milner, went to work in Amtrak's general counsel's office. As associate general counsel, she directly supervised her former firm's Amtrak work. Milner, now general counsel at petroleum company Gilbarco Veeder-Root, declined to comment.

Young and Mica's letter to Weiderhold specifies several discrepancies with Manatt's bills related to nonlegal work, miscellaneous billing and large copying expenses.

"Our office policy is not to confirm or deny any potential ongoing investigations," says Hamilton Peterson, the lead investigator for the legal audit by Amtrak's inspector general.

Audit expert Toothman says he had substantial concern about the use and timing of Manatt's side agreements and how legal work was transferred to the firm.

"Manatt also had some pretty unusual terms [for] expenses that they were not limited to actual cost on expenses, but whatever they defined as a standard expense," says Toothman.

For nine months of work by a paralegal between 2004 and 2005, Manatt billed Amtrak for "1,877 hours, or $313,000 billed for three-fourths of a year's work, with much of this work appearing to be clerical in nature or non-legal, construction work," according to the lawmakers' letter. In a different two-month sample of bills, the congressmen say their review found billings of $90,000 for 561 hours in two months in 2004, or what constitutes a billing pace of over 3,000 billable hours per year for the paralegal. In another two-month sample in 2003, the same paralegal billed $69,000 for 430 hours with "multiple double entries of time on the same date for the same work," according to the letter.

Manatt disputes the letter's allegations about billing a paralegal for clerical work, however. The firm says experts from both sides of an ongoing arbitration were required to be on the railroad 10 to 12 hours a day, monitoring the work of experts in order to create an evidentiary record in a foundation dispute involving the Northeast Corridor electrification project.

The lawmakers also want the inspector general to investigate Manatt's miscellaneous expenditures and copying costs. According to the letter, the committee's preliminary review of "four sample monthly invoices from 2003 and 2004" found about $14,000 in nonitemized miscellaneous expenses. It also noted a single $15,900 expense for copying.

Manatt, however, says the costs were justified because of the arbitration it was handling for Amtrak. The $14,000 in nonitemized bills were for hotel facilities, conference space, court transcripts and other related costs, according to the firm.

The firm also denies that the high copying costs were out of line because, it says, the firm was required to produce eight copies of every document for arbitration.

With Democrats in control of Congress, the future of the Amtrak investigation is uncertain. Incoming Transportation Committee Chairman James Oberstar, D-Minn., takes a much different view of Amtrak from his predecessor Young. Historically, Oberstar has championed Amtrak successes and has called it "chronically underfunded." Rep. Corrine Brown, D-Fla., who is likely to head the Railroads Subcommittee, is also supportive of the passenger railroad.

A spokesman for Oberstar says the congressman hasn't yet set the committee's agenda for the next Congress.

But just because the Democrats will be running the show doesn't mean Rep. Mica won't keep the heat on Amtrak. Last week he was picked as ranking Republican member of the Transportation and Infrastructure Committee.

Raid On 19 Bosnian Serb War Criminals In U.S. (NSDY)

By Matthew Mcallester, Newsday Staff Correspondent

Long Island Newsday, December 12, 2006

TAMPA, Fla. -- Federal agents raided homes in five cities Monday, arresting 19 Bosnian Serbs whose units allegedly participated in the Bosnian war's Srebrenica massacre, sources told Newsday.

The murder of more than 7,000 Bosnian Muslims at Srebrenica was the worst war crime in Europe since World War II.

Monday's arrests follow one in Milwaukee during the weekend. The investigation is continuing, the sources said, and is expected to net more Srebrenica suspects than any other operation to date worldwide.

The total number of Srebrenica suspects arrested in the past two years on immigration violations in the United States is approaching 50. At least three have been deported to Bosnia from Arizona and two are in custody in Sarajevo as prosecutors there investigate them for war crimes.

Agents from Immigration and Customs Enforcement arrested eight men in Tampa Monday. Others were arrested in nearby Orlando and in Denver, Detroit and Chicago. The government alleges that all of them lied on their immigration applications, deliberately omitting mention of their service in the Bosnian Serb Army.

At the federal courthouse in downtown Tampa Monday afternoon, five of the men arrested Monday were arraigned before Judge Thomas McCoun.

Incredulous over arrests

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"It's all nonsense," one of the men, Strahinja Krsmanovic, told one of two public defenders representing the men. He and the other four Bosnian Serbs sat in the dock with their ankles bound together by chains.

The men looked slightly stunned at the proceedings, shrugging and even laughing in incredulity when the question of their being at risk of flight, or a danger to the public, was raised.

While investigators and prosecutors do not consider any of the men a present danger, the underlying theme of the operation that led to their arrest is that they were, not so long ago, a mortal danger to thousands.

In July 1995, the Bosnian Serb Army's Bratunac and Zvornik Brigades took control of the besieged town of Srebrenica, a UN-designated "safe area" that was home to tens of thousands of Bosnian Muslims. Soldiers systematically separated men and boys from women and children. In various locations around Srebrenica, the Serb soldiers tortured and executed at least 7,000 men and boys over several days.

The Srebrenica investigation in the United States started when the UN tribunal for the former Yugoslavia in The Hague gave federal investigators a database of names of soldiers the tribunal's prosecutors believed participated in the Srebrenica massacre.

Living quietly in America

An analyst with Immigration and Customs Enforcement cross-referenced the data with immigration databases and has continually uncovered men -- and in at least one case, a woman -- living quiet American lives.

It is very common, investigators say, for the perpetrators of war crimes to enter the United States in the flow of refugees and immigrants who often come from countries wracked with war.

It is hard for prosecutors to prove what individual soldiers were doing during a period of several days more than a decade ago in a distant country.

The only federal law that can really be used against people living in the United States who have committed war crimes overseas is the torture statute. Just last week prosecutors in Miami, with the approval of Attorney General Alberto Gonzales, brought the first torture case in U.S. history.

The paucity of strong war crimes laws in the United States leaves prosecutors with little option than to use immigration law to pursue suspects -- and ultimately deport them.

That is the fate that possibly awaits the five who appeared in court here Monday. They spoke mostly in Serbo-Croatian, with the aid of two interpreters, about their jobs and finances.

Most of the five seemed to have settled well in the United States, with jobs and homes that they own. Krsmanovic, for example, told the court he worked at a company called Compulink and owned a home. He makes $8.50 an hour, he told the judge, who was trying to decide if each man needed a public defender or could afford his own attorney.

McCoun set a hearing for today to determine terms of release for the men. Sources told Newsday at least four other Bosnian Serb suspects fled the country this month after immigration agents interviewed them.

'Peace Mom' Convicted Of Trespassing (AP)

By Samuel Maull

AP, December 12, 2006

Peace activist Cindy Sheehan and three other women were convicted of trespassing Monday for trying to deliver an anti-Iraq war petition to the U.S. Mission to the United Nations.

A Manhattan Criminal Court judge sentenced them immediately to conditional discharge, which means they could face some form of penalty if they are arrested in the next six months, and ordered them to pay $95 in court surcharges.

Sheehan and about 100 other members of a group called Global Exchange were rebuffed last March when they attempted to take a petition with some 72,000 signatures to the U.S. Mission's headquarters across a street from the United Nations.

After Monday's sentencing, the women returned to the Mission; this time, their petition was accepted.

Prosecutors said they were arrested in March after ignoring police orders to disperse.

The four were acquitted of disorderly conduct, resisting arrest and obstructing government administration. They had faced up to a year in jail if convicted of all counts.

"We should never have been on trial in the first place," Sheehan said in a statement after the verdict. "It's George Bush and his cronies who should be on trial, not peaceful women trying to stop this devastating war. This verdict, however, will not stop us from continuing to work tirelessly to bring our troops home."

Sheehan, 49, of Vacaville, Calif., lost her 24-year-old son Casey in Iraq on April 4, 2004. She has since emerged as one of the most vocal and high-profile opponents of the war, drawing international attention when she camped outside President Bush's Texas ranch to protest the war.

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The women, calling their campaign "Women Say No To War," had hoped to give the petition to Peggy Kerry, the mission's liaison for non-governmental organizations and sister of Sen. John Kerry, D-Mass., as they had in 2005.

Kerry refused to meet with the women in the presence of Sheehan and the news media. She testified during the trial that the presentation seemed like a publicity stunt.

The women ignored police orders to leave and were reading it aloud on the sidewalk when officers arrested them. The women sat on the sidewalk and were carried to patrol wagons.

Following Monday's court session, the women returned to the U.S. Mission to ask for an apology and resubmit the petition.

They were met by Richard A. Grenell, the mission's director of external affairs, but didn't have the petitions with them. After obtaining copies of the petition, they went back a second time and handed them over to Kerry and Grenell in the building's lobby.

Grenell did not explain why the petitions were accepted this time.

Sheehan's co-defendants were Melissa Beattie, 57, of New York; Susan "Medea" Benjamin, 54, of San Francisco; and Patricia Ackerman, 48, of Nyack, N.Y.

Supreme Court Says Buttons Did Not Bias Jury Against Killer (LAT)

By David Savage

The Los Angeles Times, December 12, 2006

WASHINGTON — The Supreme Court reversed the U.S. 9th Circuit Court of Appeals today and restored a California murder conviction that had been thrown out because a small photo of the victim had been worn by his family during the trial.

In a 9-0 decision, the justices said the appeals court had overstepped its bounds when it held that this display violated the defendant's right to a fair trial.

But the court's opinion dealt more with the powers of federal judges than with what spectators can say and do in the courtroom.

Under a 10-year-old law adopted by Congress, U.S. judges are authorized to reverse state criminal convictions only if they spot a violation of "clearly established federal law" as set by the high court.

The 9th Circuit pointed to that provision when it overturned the murder conviction of Mathew Musladin who, in 1994, shot and killed Tom Studer in the driveway of his estranged wife's home in San Jose.

Musladin admitted to shooting Studer, but said he acted in self-defense.

A jury did not believe Musladin and found him guilty of first-degree murder and attempted murder. His conviction was upheld by the California courts.

Two years ago, the 9th Circuit said the trial judge violated clearly established law when he permitted three members of Studer's family — his parents and his younger brother Jim — to wear a small, button-sized photo of the murder victim while sitting in the spectator section of the courtroom.

Judge Stephen Reinhardt said these photos "conveyed the message the defendant was guilty" and violated his right to a fair trial.

In today's opinion, the Supreme Court said it had never ruled that "spectator conduct" in the courtroom violated a defendant's right to a fair trial, except for an early 20th century case involving a "mob dominated" trial.

Justice Clarence Thomas pointed out that the court's only decisions in this area dealt with "government-sponsored practices," such as requiring the defendant to wear prison clothes at his trial. That is unfair and "inherently prejudicial," the justices said in 1976.

Because the high court had not set a clear rule against spectators wearing photos during a trial, the 9th Circuit had no basis for invoking such a rule, Thomas said in Carey vs. Musladin.

The decision was a victory for California Atty. Gen. Bill Lockyer and several victims rights groups that had urged the justices to reverse the 9th Circuit decision.

Murder Conviction Stands In Supreme Court Case (USAT)

By Joan Biskupic

USA Today, December 12, 2006

WASHINGTON — The Supreme Court restored a California man's murder conviction Monday, spurning arguments that his trial was unfair because spectators in the courtroom were allowed to wear buttons showing a picture of the victim.

The justices did not rule on whether the display of such buttons should be permitted at trials. Rather, they said in a unanimous decision that a lower court was wrong to find that the buttons may have prejudiced the jury and that the defendant should be able to make his case to a federal judge.

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The U.S. Court of Appeals for the 9th Circuit had said the "message conveyed" by the buttons was that the defendant was guilty. The 9th Circuit concluded that prior rulings by the Supreme Court on unfair trials covered spectators' courtroom conduct.

However, in an opinion by Justice Clarence Thomas, the high court said it had no precedent against such conduct by spectators, so the 9th Circuit should not have ruled that the defendant, Mathew Musladin, could make a claim in federal court. The fundamental question in the case focused on the standards state prisoners must meet to challenge their cases in federal court.

Thomas, joined by five other justices, said there is nothing in existing law that would have made it improper for spectators at Musladin's trial to wear buttons displaying the face of Tom Studer, whom Musladin fatally shot. Thomas said the 9th Circuit wrongly had extended decisions related to "state-sponsored" courtroom practices, such as defendants being forced to wear prison garb, to the private spectators' buttons.

Three justices, John Paul Stevens, Anthony Kennedy and David Souter, joined only the bottom-line judgment and wrote concurring statements that raised concerns about the potential risks of allowing such buttons in the courtroom.

Questions involving spectator conduct often arise in state trials. In the mid-1990s, U.S. District Court Judge Richard Matsch, handling the Oklahoma City bombing cases of Timothy McVeigh and Terry Nichols, forbade the wearing in the courtroom of buttons, jewelry or other items connected to the fatal bombing.

Other trial judges have allowed buttons. Most appeals courts hearing such cases have let convictions stand, the justices noted.

Monday's case traced to 1994, when Musladin killed Studer, the fiancé of Musladin's estranged wife. Musladin claimed he did it in self-defense.

Relatives of Studer came to the trial wearing buttons depicting Studer's face and sat in the front row of the spectators' section.

Musladin's lawyer asked the trial judge to bar the buttons; the judge declined. A California appeals court upheld the murder conviction of Musladin, who was sentenced to 32 years to life in prison. The appeals court said wearing such buttons should be discouraged but said jurors in this case probably considered them merely a sign of grief.

Buttons At Trial Didn't Bias Jury, Justices Say (NYT)

By David Stout

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — The Supreme Court today unanimously upheld the conviction of a California man who had contended that he was denied a fair trial because people sitting in the courtroom were wearing pictures of the man he killed.

The justices ruled, in a case that addressed the relationship between federal and state courts as well as the conduct of courtroom spectators, that Mathew Musladin was not entitled to a new trial in the 1994 slaying of Tom Studer outside the San Jose home of Mr. Musladin's estranged wife, Pamela.

Mr. Musladin admitted that he shot Mr. Studer to death, but he claimed that he did so in self-defense. After a two-week trial in which some of Mr. Studer's relatives sat behind prosecutors while wearing small pictures of the victim, the jury found Mr. Musladin guilty. He was sentenced to more than 30 years in prison.

In today's ruling, the justices overturned a finding by the United States Court of Appeals for the Ninth Circuit, in San Francisco, which had held that the California state courts and a federal district court erred in rejecting Mr. Musladin's bid for a new trial. Today's ruling revolved around the 1996 Antiterrorism and Effective Death Penalty Act, by which Congress curbed the power of federal judges to grant habeas corpus petitions to review state court convictions.

But today's ruling was hardly an endorsement of personal, emotional expressions in a trial courtroom. On the contrary, the key issue was whether the Ninth Circuit went too far. Justice Clarence Thomas wrote for the Supreme Court that the circuit had indeed overreached in holding that the lower court decisions were contrary to, or unreasonably applied, "clearly established federal law."

While the Supreme Court has in years past handed down decisions addressing whether the rights of a defendant are prejudiced if he appears before the jury in handcuffs or shackles, or in the presence of several police officers, it had not ruled on whether a murder victim's relatives should be allowed to sit in court wearing buttons with the dead person's picture.

And today's decision may not be the last word on the issue of spectator conduct, to judge by the words of Justice David H. Souter, one of three justices who wrote separate opinions concurring in today's judgment. From a defendant's standpoint, Justice Souter wrote, it does not matter if the issue is official conduct — putting a defendant in shackles or prison garb, for instance — or personal behavior, like wearing pictures of the victim.

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“Either way, the trial judge has an affirmative obligation to control the courtroom and keep it free of improper influence,” Justice Souter wrote, adding that “one could not seriously deny that allowing spectators to wear visible buttons with the victim’s photo can raise a risk of improper considerations.”

Justice Anthony M. Kennedy, who also wrote a separate opinion, recalled instances in which defendants’ rights were compromised, notably the case of Dr. Samuel Sheppard, whose 1954 conviction in the killing of his wife was accompanied by a circus-like courtroom atmosphere.

But, Justice Kennedy wrote, “in the case before us there is no indication the atmosphere” of the trial was “one of coercion or intimidation to the severe extent demonstrated” in the Sheppard case and others.

Justice John Paul Stevens also wrote a separate concurring opinion.

Justice Thomas’s opinion was joined by Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Ruth Bader Ginsburg, Stephen G. Breyer and Samuel A. Alito Jr.

The case was Carey v. Musladin, No. 05-785. Thomas L. Carey is the warden of a California state prison at Solano.

High Court Says Buttons Didn't Bias Jury In Murder Case (LAW)

By Tony Mauro, Legal Times

Legal Times, December 12, 2006

When Mathew Musladin went on trial in Santa Clara, Calif., for the 1994 murder of Tom Studer, his estranged wife's fiance, the victim's family showed support for Studer in an unusual way.

Sitting silently near the jury, family members wore buttons bearing a photo of Studer's face every day of the trial. Musladin's lawyer asked the trial judge to order the buttons removed, asserting they would prejudice the jury against his client. The judge denied the motion.

On Monday the Supreme Court ruled in Carey v. Musladin that the Studer family's actions did not violate any firmly established federal rule and there was thus no reason to reverse Musladin's conviction.

The unanimous ruling did not endorse the practice, and Justice David Souter wrote separately that spectators wearing buttons "can raise a risk of improper considerations." But under federal habeas corpus rules, a state conviction can be reversed only if the state court's ruling upholding the conviction misapplies "clearly established federal law as determined by the Supreme Court."

Justice Clarence Thomas, writing for the Court, said it is clearly established by Court precedent that certain actions by the state at trial -- such as forcing a defendant to wear prison garb or surrounding the defendant with uniformed state troopers -- are inherently prejudicial enough to cause the reversal of convictions.

But, Thomas said, the conduct at issue in Musladin's case was "spectator conduct" that is not covered by those precedents. "The Court has never addressed a claim that such private-actor courtroom conduct was so inherently prejudicial that it deprived a defendant of a fair trial," wrote Thomas.

Justice Anthony Kennedy wrote separately in disagreement with Thomas, noting that some Court precedents -- such as those that discouraged cameras in the courtroom -- cover prejudicial actions by nonstate actors. The 9th U.S. Circuit Court of Appeals, which was reversed Monday, had also found that high court precedent created a clear rule about spectators' courtroom conduct.

Kennedy said that someday, he could envision a general rule against wearing buttons "to preserve the calm and dignity of a court." But because no such rule exists, and because there was no showing that damage to Musladin's fair-trial rights was "severe," Kennedy agreed that his conviction should not be reversed.

Souter also pointed toward further development of rules on the issue, suggesting that the First Amendment rights of victims' families might also be involved. Justice John Paul Stevens countered in a separate writing that "there is no merit whatsoever" to Souter's suggestion that spectators might have a First Amendment right to engage in "actual or symbolic speech" during a trial.

Jonathan Hacker, who wrote a brief against the button display for the National Association of Criminal Defense Lawyers, said the decision should not be read as a license for trial judges to allow jurors to wear buttons or make other displays in support of victims in the future. "There are no expressed votes endorsing this practice," said Hacker, a partner at O'Melveny & Myers in D.C. "The justices want the lower courts to look closely at the issue and establish a rule."

Hacker also criticized the high court decision for making a distinction between conduct by the state and by spectators that might affect the fairness of a trial. "The state provides the courtroom and is responsible for establishing the conditions of the trial," said Hacker. "I hope the lower courts will quickly realize that is not a valid distinction."

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U.S. Supreme Court Says Buttons At Murder Trial Did Not Bias Jury Against Defendant (FINDLAW/AP)

By Pete Yost, Associated Press Writer

AP, December 12, 2006

(AP) - WASHINGTON-The U.S. Supreme Court, in a first-of-its-kind ruling, concluded unanimously Monday that murder trial spectators were free to wear buttons with a picture of the victim in front of the jury that convicted the defendant.

The justices ruled in favor of California prosecutors who said the buttons were a harmless expression of grief by family members at Mathew Musladin's trial.

It was the first time the justices had ruled on whether the conduct of courtroom spectators deprived a defendant of a fair trial, which in this instance resulted in a conviction that an appeals court reversed.

Musladin had successfully challenged his conviction in the 1994 shooting death of Tom Studer, the fiance of Musladin's estranged wife. Musladin is serving a sentence of 32 years to life in prison.

Justice Clarence Thomas, writing for five of his colleagues, said the buttons "did not deny (Musladin) his right to a fair trial," although he said the question remains open whether spectators' conduct could be prejudicial. The other three justices also concurred with the court's judgment but did not join Thomas' opinion.

Three members of Studer's family wore buttons with a photo of the victim throughout the trial over the objections of Musladin's lawyer. The request prior to trial to preclude the family members from wearing the buttons was rejected by the judge, who said he saw "no possible prejudice to the defendant."

But the 9th Circuit U.S. Court of Appeals ordered a new trial. The appeals panel said the buttons "essentially argue that Studer was the innocent party and that the defendant was necessarily guilty." The dissenting judge in the 2-1 decision said the buttons were a symbol of a family's grief.

The case turned on a 1996 law, the Antiterrorism and Effective Death Penalty Act, limiting the circumstances under which federal judges may grant habeas corpus petitions in state court cases.

In order for a federal judge to step in, says the law, the state court decision must be "contrary to" or an "unreasonable application" of clearly established federal law as determined by the Supreme Court.

The appeals court said the state court decision was contrary to Supreme Court holdings. But Thomas said, "We hold that it was not."

Justice David Souter, who wrote a concurring opinion, said there can be little doubt that allowing the buttons at a murder trial "can raise a risk of improper consideration." But he also said he could not conclude that the state court acted unreasonably.

The closest case to Musladin's came six years before the death penalty act, when the San Francisco-based appeals court tossed out a rape conviction on grounds that jurors might have been prejudiced because some trial observers wore pins that read "Women Against Rape."

The justices have ruled on prejudicial impact involving defendants, but never about spectators wearing buttons.

The court has forbidden the use of visible shackles for defendants in front of juries unless the use is justified by an essential state interest such as courtroom security. The court also has forbidden having defendants wear prison clothes in front of juries in most instances.

The state of California argued that Musladin's conviction did not violate clearly established law and was not an unreasonable application of the law.

The 9th Circuit's Deserved Slap (LAT)

The Los Angeles Times, December 12, 2006

CRITICS OF THE U.S. 9th Circuit Court of Appeals, such as outgoing California Atty. Gen. Bill Lockyer, are celebrating that liberal-leaning court's latest rebuff by the Supreme Court. By a 9-0 vote, the justices on Monday overturned a finding by the 9th Circuit in a San Jose case that a convicted murderer had been denied a fair trial because relatives of the victim came to court wearing small buttons bearing the dead man's photograph.

This page, which strongly opposes capital punishment, is nevertheless glad to see the 9th Circuit's wrist slapped for improperly applying the law as it is written.

According to the Supreme Court, that is what the 9th Circuit did when it ruled that Mathew Musladin, who was convicted of killing his ex-wife's fiance in 1994, should be granted a new trial because three relatives of the victim, Tom Studer, displayed his image on buttons.

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Strictly speaking, the Supreme Court did not rule that the display was harmless to Musladin's chances of a fair trial. Rather, the issue was whether the 9th Circuit was correct to conclude that a state court decision affirming Musladin's conviction involved an "unreasonable application" of federal law as defined by the U.S. Supreme Court.

In an opinion by Judge Stephen Reinhardt, the 9th Circuit found in 2005 that Musladin's conviction ran afoul of Supreme Court rulings that prejudicial displays by the prosecution — such as forcing a defendant to wear prison clothes and shackles in court — could jeopardize a fair trial. Reinhardt also cited a 9th Circuit precedent involving female spectators who wore "Women Against Rape" buttons, seeing it as a natural extension of the prison-garb decision.

Not so, said Justice Clarence Thomas in Monday's majority opinion. The Supreme Court's previous decisions about prejudicial displays concerned only "state-sponsored courtroom practices," not the conduct of spectators, which, Thomas said, was "an open question in our jurisprudence."

In a separate opinion, Justice Anthony M. Kennedy suggested that in the future the court might want to prohibit the wearing of buttons and similar symbols as "a preventative measure" even though, in this case, there was no indication that the buttons created an atmosphere of intimidation. But Kennedy agreed with Thomas — as did all four liberal justices — that the 9th Circuit essentially jumped the gun by acting as though the Supreme Court had settled the issue.

This might seem like a technical argument between courts, but it points to something more pervasive and troubling: that the 9th Circuit seems predisposed to second-guess state courts, especially in death penalty cases — even to the point of usurping the high court's role. The 9th Circuit's image problem is easy grist for conservatives, but it should be troubling to liberals and moderates as well.

Dr. Who Injected Fake Botox Imprisoned (KGW)

By Kgw.com And AP Staff

KGW-TV, December 12, 2006

A doctor who injected cosmetic patients in Tigard and Salem with a Botox substitute was sentenced to 18 months in Federal prison Monday.

Dr. Jerome Lentini was also ordered, along with his office nurse Catherine Garcia, to pay restitution of $330,306.76.

Lentini was ordered to turn himself in on January 25th, 2007. He was also sentenced to one year of post-prison supervision.

Lentini ran the "A Younger You" clinics until January of 2005, when FBI officials began investigating complaints.

A federal grand jury handed down an indictment last summer, charging Lentini and Garcia with more than 50 charges ranging from mail fraud to misbranding drugs.

According to the indictment, Lentini and Garcia injected patients with a form of botulinum toxin that has not been approved for use on humans by the federal Food and Drug Administration.

Federal officials think Lentini and Garcia injected more than 800 patients with unapproved drugs in a 13-month span, according to records.

"Lentini and Garcia made repeated material misrepresentations and omissions intended to mislead patients into believing they were being treated with an FDA-approved toxin when in fact they were being injected with non-FDA approved (drugs)," read the indictment. Four people in Florida who were injected with the unapproved drug in 2004 contracted botulism.

Federal investigators in those cases concluded that the botulism was caused by the same nonapproved forms of drug allegedly used by Lentini.

In past statements, Lentini has said he stopped using the anti-wrinkle product because of its poor performance. He said he made that decision before the product was linked to the botulism cases in Florida. Lentini also claimed he did not know that the substitute had not been approved for use by the FDA.

The doctor said he started using the substitute after hearing it praised at a medical conference at the University of Kentucky Medical School.

Two of Lentini's employees, knowing of the Florida cases, became concerned when they witnessed Lentini drawing on what they believed to be large stocks of a non-FDA approved drug. One of the employees contacted the Oregon Board of Medical Examiners and the FBI, triggering the investigation.

Editors' Blog (SSJ)

Salem Statesman Journal, December 12, 2006

— Dr. Jerome Lentini, who ran Salem and Tigard cosmetic clinics called A Younger You, was sentenced in federal court Monday morning for selling the animal form of what patients thought was Botox. Lentini's nurse was sentenced to a year in

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prison earlier for her mislabeling the drug. State officials say they can't remember the last time a doctor was sent to prison for malpractice reasons.

Tigard Clinic Owner Dr. Jerome Lentini Sentenced (TIGTIMES)

Tigard Times, December 12, 2006

He must serve 18 months in jail and pay restitution to patients for injecting them with illegal drugs

Today in federal court, Dr. Jerome Nicholas Lentini was sentenced to 18 months imprisonment and ordered to pay restitution of approximately $330,000 to more than 800 victims.

Lentini pled guilty to injecting patients with drugs that had not been approved for use on humans by the Food and Drug Administration although he told patients that he was using an FDA-approved drug.

Lentini operated two clinics in Tigard and Salem that offered what Lentini called "anti-aging" treatments. Botulinum toxin injections, intended to smooth facial wrinkles, accounted for the bulk of the treatments provided by the clinics.

Lentini operated the clinics together with a nurse, Cathryn Lyn Garcia. Instead of using FDA-approved BOTOX Cosmetic, Lentini and Garcia used drugs manufactured in the Peoples Republic of China and research-grade drugs manufactured in the United States that were labeled, "Not for human use."

The investigation into Lentini was launched after four people were critically injured in Florida after ingesting non-FDA approved botulinum toxin. The evidence showed that even after learning of the injuries, Lentini and Garcia ordered more of the Chinese toxins from an Internet source based in Turkey.

The Honorable Ancer L. Haggerty, chief judge of the United States District Court for the District of Oregon in Portland sentenced Lentini.

Garcia, who was Lentini's co-defendant, was sentenced to 12 months imprisonment, which she is currently serving at Dublin Federal Correctional Institute in Dublin, Calif.

"Our relationship with our doctor is a relationship of trust," said Karin J. Immergut, United States attorney. "Dr. Lentini violated that trust and deserved severe punishment."

Agents from the Federal Bureau of Investigation and Food and Drug Administration conducted the investigation. Assistant United States Attorney Dwight C. Holton led the prosecution of Lentini.

Lawyer Gets Prison For Money Scam (SSJ)

By Ruth Liao

Salem Statesman-Journal, December 12, 2006

Thomas Knapp, a former Salem lawyer who pleaded guilty this year to a money-laundering charge, was sentenced Thursday to a year in federal prison and ordered to pay about $313,000 restitution, officials said.

Knapp was involved in an international loan scam from September 2000 and February 2005, said Assistant U.S. Attorney Chris Cardani. Knapp bought a Mercedes and financed a building on Commercial Street SE where he ran his law practice using money from the scam.

Knapp has 90 days to report to prison. Knapp likely will serve his time at the federal prison in Sheridan, Cardani said.

East Bay Trio Convicted Of Defrauding Microsoft (BAYCN)

Bay City Newswire, December 12, 2006

The U.S. attorney's office reported that three people have been convicted of devising a scheme to defraud Microsoft Corp. by obtaining discounted software under false pretenses.

Prosecutors say the scheme involved buying more than $29 million worth of software that was steeply discounted for academic institutions, and selling it to non-academic entities, in violation of the Microsoft agreement.

Microsoft estimates that it lost more than $60 million as a result of the defendants' criminal acts, according to prosecutors.

In a statement, U.S. Attorney Kevin Ryan said, "The perpetrators of this scheme abused a program that offered deeply discounted software to academic institutions."

Ryan said, "These convictions, the result of a collaborative effort by federal and local investigators, show the consequences for engaging in schemes to defraud."

According to prosecutors, Mirza Ali, 59, and his wife, 52-year-old Sameena Ali, 52, both of Fremont, the former owners of Samtech Research Inc., were convicted in a non-jury trial that ended on Nov. 28 of 30 counts of conspiracy, mail fraud, wire fraud, and money laundering.

Keith Griffen, 55, of Oregon City, Ore., was convicted of nine counts of conspiracy, mail fraud and wire fraud.

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According to the evidence in the case, the Alis and Griffen, in the names of others, bought small companies throughout the U.S. that held Microsoft Authorized Education Reseller (AER) licensing agreements and thereafter continued to purchase academic software products.

The AER program provides Microsoft software at steeply discounted prices for resale to academic institutions only.

Using the nominee entities, the Alis and their co-conspirators purchased more than $29 million worth of AER software from Microsoft and sold it to non-academic entities, in violation of their Microsoft agreement, prosecutors said.

The Alis were also convicted of laundering the proceeds of the scheme, including buying property in the name of their college age son and wiring more than $300,000 of the proceeds from the illegal sales of the Microsoft educational software to Pakistan, according to the U.S. attorney's office.

The convictions resulted from "Operation Cyberstorm," a two-year undercover investigation into software piracy and related crimes conducted by agents from Federal Bureau of Investigation, the Internal Revenue Service's criminal investigation unit and the REACT Task Force.

The Alis and Griffen are scheduled to be sentenced by U.S. District Court Judge Claudia Wilken on March 12.

Microsoft 'applauds' Fraud Convictions (PUGSBIZ)

Puget Sound Business Journal, December 12, 2006

Three people were convicted last week by a U.S. District Court judge in Oakland, Calif., for trying to defraud Microsoft Corp.

According to the U.S. Department of Justice, Mirza Ali, his wife, Sameena Ali, and Keith Griffen were convicted on Nov. 28 for trying to defraud the Redmond software giant (NASDAQ: MSFT) by "obtaining discounted software under false pretenses."

The government said that the Alis, of Fremont, Calif., were convicted of 30 counts of conspiracy, mail fraud, wire fraud and money laundering. Griffen, of Oregon City, Ore., was convicted on nine counts of conspiracy, mail fraud and wire fraud.

Justice Department officials said the three people formed corporations that bought $29 million in Microsoft software, which was supposed to be sold to schools and universities at deeply discounted prices. But instead of selling the software to schools, they sold the software to nonacademic entities, the officials said.

Microsoft said it estimates it lost more than $60 million in the scheme that investigators called "Operation Cyberstorm."

"Microsoft applauds the ... conviction of three individuals involved. The conviction of these individuals is a significant victory for the software industry, its partners and customers, and all who value fair and ethical business practices," said Bonnie MacNaughton, senior attorney for Microsoft, in a statement.

The Alis and Griffen are scheduled to be sentenced in March by U.S. District Court Judge Claudia Wilkin.

Identity-Theft Protection Expands (WSJ)

By Jilian Mincer

The Wall Street Journal, December 12, 2006

A small but increasing number of banks now offer to protect clients when an identity thief has been snooping around.

The institutions offer help from generic advice on correcting credit records to personalized help when someone has misused a client's account. MetLife Bank, a unit of MetLife Inc., announced last week that it would provide customers free assistance even if the identity theft doesn't involve a MetLife account.

Unlike credit-card theft, which consumers can resolve with a quick call and, at most, a $50 expense, repairing damage after someone has used your personal information to take over or open bank and other consumer accounts could involve thousands of dollars in personal losses and months of effort.

In 2005, there were 8.9 million identity-fraud victims in the U.S., costing $56.6 billion, according to Javelin Strategy & Research, an independent research firm in Pleasanton, Calif. The average fraud amount per victim was $6,383; the average consumer cost was $422. On average, resolving the problem took 40 hours. The median time for resolution -- meaning half of the incidents took longer and half took less time -- was five hours.

Financial institutions are concerned not only because of the cost but also because their customers are worried about becoming victims. "People count on us to not only protect their cash but their personal information," said John Hall, an American Bankers Association spokesman.

While banks are responsible for helping customers to investigate activity on an account at that institution, some are providing assistance on accounts outside.

Citi Identity Theft Solutions, a unit of Citigroup Inc., provides free identity-theft support for Citi Cards and Citibank customers to recover their identity and to re-establish credit history, said Gina Doynow, an executive vice president at Citi Cards.

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When necessary, she said, a specialist helps a customer contact the credit bureaus, put a "fraud alert" on files and close accounts at other financial institutions.

A number of financial institutions collaborated on the Identity Theft Assistance Center in Washington, D.C. Member businesses can refer clients who worry they may be identity-theft victims. ITAC helps customers pull their credit report and walks them through it to see whether they have accounts that have been tampered.

The center has served 11,000 individuals since opening in August 2004. About 60% of its clients are scammed by someone they know.

"It's a service that is valuable because the more we can solve, the more we can prosecute," said Stan Ommen, president and chief executive officer of State Farm Bank, an affiliated company within the State Farm Group that participates in the ITAC program. Part of the problem is that "a lot of personal information is readily available."

MetLife already offers free identity-theft-resolution services to insurance customers in states where it is approved. MetLife Bank said it decided to offer the service because client surveys indicated that the issue was important to them.

"Our customers told us what they fear most is dealing with identity fraud, and all it entails to get your good name back," said Joe Madden, a spokesman for MetLife Bank, based in Bridgewater, N.J. The online bank has grown to about $7.3 billion in assets since it opened in late 2002. The company contracts with Identity Theft 911 LLC, based in Scottsdale, Ariz., to help customers recover from identity theft.

Offering help to victims of identity theft is "a consumer-friendly move," said Tena Friery, research director at the Privacy Rights Clearinghouse, a nonprofit consumer organization in San Diego. "A lot of financial companies denied for years that there was identity theft at all."

Protectors, Too, Gather Profits From ID Theft (NYT)

By Eric Dash

The New York Times, December 12, 2006

Melody Millett was shocked when her car loan company asked her if she was the wife of Abundio Perez, who had applied for 26 credit cards, financed several cars and taken out a home mortgage using a Social Security number belonging to her actual husband.

Beyond her shock, Mrs. Millett was angry. Five months earlier, the Milletts had subscribed to a $79.99-a-year service from Equifax, a big financial data warehouse, that promised to monitor any access to her credit records. But it never reported the credit activity that might have signaled that they were victims of identity theft.

“I feel like the whole thing is a sham,” said Mrs. Millett, a 37-year-old information-technology manager from Overland Park, Kan. “You feel completely violated because here are the people who know the industry. They hold all the data.” The services, she contends, are oversold.

It is not just criminals who are profiting from identity theft; financial institutions are making money, too. Fear of identity theft has helped give rise to a nearly billion-dollar business in credit-monitoring services sold by the major credit bureaus — companies like Equifax, Experian and TransUnion — as well as direct marketers and banks.

Javelin Strategy and Research, which analyzes the credit-monitoring market, says more than 12 million Americans are now subscribers. The services alert them when lenders have requested their credit files, usually an indication a credit application has been made in their name.

Credit monitoring has quickly gained traction with consumers through aggressive advertising that often promotes its value in protecting against identity theft. But its abilities are far more limited than is commonly perceived.

In the meantime, measures that could stem fraud from identity theft — like legislation empowering consumers to block access to their credit records, making it impossible to extend new credit — have faced stiff resistance from industry groups.

“Identity theft has essentially become a business — not just for bad guys but for good guys, too,” said Robert Gellman, a privacy consultant in Washington. “A lot of the people that are involved in profiting legally from identity theft are direct participants in the whole credit system that doesn’t have the protections in place to prevent identity theft in the first place.”

Some criticism has been aimed at banks, which tolerate a certain amount of fraud as a cost of doing business. But the biggest beneficiaries from identity theft have been the three credit bureaus.

Banks and other lenders have long bought information like a person’s payment history or debt load to assess a loan’s risk. But credit monitoring turned the system on its head and helped create a new, consumer- focused financial data industry.

In addition to selling files to lenders in bulk, the bureaus now market largely the same records to individuals, including entries that reflect applications for credit, new accounts or balance changes. While the data is sold to a big financial institution for 20 cents to $1 a report, according to analysts and industry executives, it can be repackaged and sold to consumers in the form of credit monitoring for $3 to $16 a month.

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Persuading customers to sign up can be costly. But today, Wall Street analysts estimate credit monitoring alone to be a $900 million category, growing 20 percent a year or more.

"It's a pretty big market considering that 10 years ago it didn't exist," said J. Bradford Eichler, a consumer data company analyst at Stephens.

Peace of Mind, at a Price

Representatives of Equifax, Experian and TransUnion, whose consumer affiliates are being sued by the Milletts, would not comment on the couple's specific contentions because of the continuing litigation. But they say credit monitoring is a valuable tool.

"Our products give consumers an early warning system so they can limit the damage and take care of the problem right away," said John Danaher, president of TransUnion's online consumer services arm.

And indeed, many consumers speak glowingly of their experiences with credit monitoring. Wendy Barrington, a 36-year-old Houston woman, recalled the annoyance a friend faced for months after her financial information was stolen.

"I am not about to risk something I have worked so hard on," said Ms. Barrington, who pays about $15 a month for TransUnion's credit-monitoring service. "All it takes is one person stealing your information and you are in a world of hurt."

Still, some consumer advocates caution that people may be overpaying for that peace of mind.

For one thing, Americans can essentially create their own credit-monitoring service by taking advantage of a federal law that guarantees access to one free credit report a year from each of the three bureaus. And thanks to so-called zero liability policies, the cost of fraud is generally absorbed by the credit card companies, merchants and banks.

At the same time, credit monitoring may fail to detect that a credit request was even made. For example, a fraud artist may use someone else's personal identification information — like a Social Security number — but take out a loan in his or her own name. The data mismatch can cause the bureau's computer systems to route the loan request to a separate file so that a credit-monitoring service never picks it up.

That is what Melody and Steven Millett, the Kansas couple, say happened to them.

In late January 2003, Mrs. Millett found something was wrong when a Ford Motor Credit computer system refused to let her set up an online account to pay off an auto loan. When she called the lender, Mrs. Millett said, she was told that an account had already been set up with Mr. Millett's Social Security number but a different name: Abundio Perez.

She later learned of at least 26 cases in which Mr. Millett's personal information had been used in credit applications by Mr. Perez since 1989, according to a lawsuit filed by the Milletts against the credit bureaus, data providers and several creditors in June 2004 in federal court in Kansas City, Kan.

The previous August, Mrs. Millett had bought a credit-monitoring subscription from Equifax. Soon after the Ford Motor Credit incident, she also signed up for credit monitoring with Experian and TransUnion.

At least one credit application using Mr. Millett's Social Security number came after the Milletts obtained their credit-monitoring subscriptions, according to their lawyer, Joyce Yeager. But not once, Mrs. Millett said, did the couple receive notice of unusual access to their credit records or the misuse of Mr. Millett's data. Quite the contrary, the bureaus sent them a succession of reassuring e-mail messages suggesting that their information was safe and offering congratulations.

In their legal claims, which have been separated into several class-action lawsuits, the Milletts say that the bureaus' monitoring services do not work as advertised.

"The core identifier is your Social Security number," Mrs. Millett said in an interview. "You use it for work, for taxes. You would think that identifier would be covered by someone advertising they protect you from identity theft. To think that they are not is just flabbergasting."

Donald Girard, an Experian spokesman, acknowledged that his company's credit-monitoring products could not detect cases in which a credit applicant used someone else's Social Security number but his or her own name because those records were stored separately. He added, however, that in such cases consumers are "not harmed" financially.

Protection vs. Prevention

Initially, the credit bureaus sold monitoring as a way for consumers to understand and manage their credit scores before taking out big loans. But since a wave of data breaches in 2004 heightened consumer fears, a security message appears to have moved toward center stage.

"It is advertised as monitoring for identity-theft protection," said Michael R. Stanfield, chief executive of Intersections, a direct-marketing company that offers credit monitoring through big banks and card companies. But he said consumers hear protection "and don't understand if it is prevention or detection."

"What is needed in the marketplace are products that are going to help you protect your information, monitor it when it is in the process of getting used in a financial fraud, and catch those financial frauds when they are about to occur," he added.

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Privacy advocates have suggested providing more fraud-prevention tools to consumers by allowing them to freeze access to credit records if they think they have been identity-theft victims — or as a precaution.

Beginning with California in 2003, such laws have passed in 26 states, including New York last month. But of roughly 148 million credit-eligible customers in those states, Experian estimates 30,000 have elected to freeze their files.

Financial and retailing lobbying groups have generally opposed such legislation at the state and federal levels since it could hinder a retailer in issuing a store-branded credit card — or a bank in extending a loan — to a legitimate customer, who must first unfreeze the credit file. It can also restrict the bureaus from selling consumer credit files.

The big credit bureaus, after initially opposing tougher legislation, are taking a wait-and-see approach. "It may be that we evolve to that at some point," said Maxine Sweet, Experian's vice president for consumer education. "We have to make sure that we are not interfering with what is a very important part of the whole consumer credit economy."

Such a freeze might not have helped the Milletts, since the problematic files were kept under another name. Mrs. Millett is still using a credit-monitoring service, but she would not recommend it to a friend.

"I still have credit monitoring because of the simple fact that it is the best tool available at this time," she said. "It is not ideal, it is broken, and it is not as advertised."

Ameriprise, Massachusetts Settle Over Company's Loss Of Laptop (WSJ)

By Jennifer Levitz

The Wall Street Journal, December 12, 2006

In what may be the first regulatory action against a company for losing sensitive customer data, Massachusetts securities regulators reached a settlement with Ameriprise Financial Inc. over the company's loss of a laptop computer last year.

Under an agreement with the office of Massachusetts Secretary of State William Galvin, Ameriprise agreed to hire an independent consultant within 60 days to review its policies and procedures for employees' and contractors' use of laptop computers that contain personal or financial information on Ameriprise customers.

The Minneapolis-based financial-advisory firm didn't admit any wrongdoing or liability under the settlement.

Steven Connolly, spokesman for Ameriprise, said: "We have been working closely with the commonwealth and are pleased to resolve this matter."

The regulatory action is unusual, said Beth Givens, director of the Privacy Rights Clearinghouse, a San Diego consumer group. More typically when companies lose laptops, customers are typically told to monitor their credit for a certain period. "That of course does not address the situation that existed in the company, that caused the breach to happen," she says.

Over the past nine months, Ms. Givens's organization has cited more than 60 cases of security breaches involving missing laptops at companies, universities, and government agencies.

Ameriprise disclosed in January that it had notified thousands of people that their names and other personal data were stored on a laptop that was stolen from an employee's car on Christmas Eve 2005 while the employee was on vacation in the Midwest. The laptop contained the names and account numbers of 158,000 Ameriprise clients, and the names and Social Security numbers of 67,000 current and former financial advisers. The lost data included information on thousands of Massachusetts residents, among others.

Mr. Galvin's office is also investigating a similar incident involving Fidelity Investments, said a person familiar with the matter. In March, a Fidelity employee left a laptop containing personal information, including Social Security numbers, on 196,000 current and former Hewlett-Packard Co. workers in a parked sport-utility vehicle in Palo Alto, Calif. The laptop was stolen. Fidelity reported the loss to customers.

Fidelity spokesman Vincent Loporchio says the company has cooperated fully with Massachusetts regulators. The company has also increased encryption of its data, he says. Encryption is a procedure through which data are encoded so they can be read only with a special code.

Major Breach Of UCLA's Computer Files (LAT)

By Rebecca Trounson, Times Staff Writer

The Los Angeles Times, December 12, 2006

Personal information on 800,000 students, alumni and others is exposed. Attacks lasted a year, the school says.

In what appears to be one of the largest computer security breaches ever at an American university, one or more hackers have gained access to a UCLA database containing personal information on about 800,000 of the university's current and former students, faculty and staff members, among others.

UCLA officials said the attack on a central campus database exposed records containing the names, Social Security numbers and birth dates — the key elements of identity theft — for at least some of those affected. The attempts to break into

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the database began in October 2005 and ended Nov. 21, when the suspicious activity was detected and blocked, the officials said.

In a letter scheduled to be sent today to potential victims of the breach, acting Chancellor Norman Abrams said that although some Social Security numbers were obtained by the hackers, the university had no evidence that any of the information had been misused.

"We take our responsibility to safeguard personal information very seriously," Abrams said in the letter, which was scheduled to be mailed or e-mailed overnight to those whose records were compromised. "My primary concern is to make sure this does not happen again" and to provide information to try to minimize the risk of identity theft for those affected, he said.

Abrams urged those whose records might have been accessed to monitor their consumer credit files and consider fraud alerts and other precautions.

The UCLA incident is the latest in a series of computer security breaches affecting private organizations, financial institutions, government agencies and other large employers. Partly because of their tradition of openness, universities are proving to be a favorite — and often vulnerable — target, several experts in the field said Monday.

"Universities tend to have a lot of information floating around in a lot of different places," said Jay Foley, executive director of the Identity Theft Resource Center, a San Diego-based nonprofit. "They are places we send our children to share ideas, and it's hard to mix the open sharing of ideas with the need to tighten down on security."

In 2003, for example, a hacker at San Diego State used an outdated computer network in the drama department to find a way into the financial aid system. The Social Security numbers of more than 200,000 people were exposed.

Foley and others interviewed said that although there was no evidence of any fraudulent or illegal use of the information, the UCLA breach, in the sheer number of people affected, appeared to be among the largest at an American college or university.

"To my knowledge, it's absolutely one of the largest," said Rodney Petersen, security task force coordinator for Educause, a nonprofit higher education association that focuses on technology issues. He said most problems at universities have involved breaches of departmental or other, smaller databases.

Comprehensive statistics on computer break-ins at colleges do not exist. But in the first six months of this year alone, there were at least 29 security failures at colleges nationwide, jeopardizing the records of 845,000 people. Both private and public institutions have been hit. In 2005, a database at USC was hacked, exposing the records of 270,000 individuals.

Petersen said that in a survey released by Educause in October, about a quarter of 400 colleges said that over the previous 12 months, they had experienced a security incident in which confidential information was compromised.

At UCLA, officials said Monday that the targeted database included records for the university's current and former students, faculty and staff, in some cases dating to the early 1990s. Others potentially affected included some applicants during the last five years who did not enroll at the university, as well as some parents of students or applicants who had applied for financial aid.

About 3,200 of those being notified are current or former staff and faculty of UC Merced and current or former staff of UC's Oakland headquarters. UCLA handles administrative processing for both groups.

Besides names, Social Security numbers and birth dates of those affected, the database includes home addresses and contact information, officials said. It does not contain driver's license numbers or credit card or banking information.

Jim Davis, UCLA's associate vice chancellor for information technology, described the attack as sophisticated, saying it used a program designed to exploit a flaw in a single software application among the many hundreds used throughout the Westwood campus.

"An attacker found one small vulnerability and was able to exploit it, and then cover their tracks," Davis said.

He said the problem was spotted when computer security technicians noticed an unusually high number of suspicious queries to the database. It took several days for investigators to be sure that it was an attack and to learn that Social Security numbers were the target, he said.

Davis said the investigation was continuing, but that university officials had decided to notify potential victims now.

"UCLA and its community are the victims of this, and despite the great deal of effort we put into security, this really is a breach of trust with our community," he said. "Given that we saw intent in this, we needed to let people know."

UCLA has established a website to provide information and answer questions about the incident at http://www.identityalert.ucla.eduand a toll-free call center, (877) 533-8082.

Laura Eimiller, spokeswoman for the FBI's Los Angeles office, said the agency was investigating the breach, but said she could not comment further.

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(INFOBOX BELOW)
Hacked files
Here are some large computer security breaches involving public agencies and U.S. companies:
CardSystems Solutions Inc.
Disclosed: June 2005
Number of records: 40 million
How: Hackers infiltrated computers at a credit card processing center.
--
U.S. Department of Veterans Affairs
Disclosed: May 2006
Number of records: 26.5 million
How: A burglar stole electronic data on veterans from the home of a federal employee.
--
Citigroup
Disclosed: June 2005
Number of records: 3.9 million
How: United Parcel Service lost computer tapes containing account and payment history data.
--
DSW Shoe Warehouse
Disclosed: April 2005
Number of records: 1.4 million
How: Hackers accessed a database of customers and credit card numbers.
--
Bank of America
Disclosed: February 2005
Number of records: 1.2 million
How: The company lost computer tapes containing personal information for credit cards used by federal employees.
--
Ohio Secretary of State
Disclosed: April 2006
Number of records: "Millions"
How: The office distributed 20 copies of registered voter lists that accidentally included Social Security numbers.
Times research by Scott Wilson

Small Grocery Stores Hotbeds For Food Stamp Fraud (USAT)

By Donna Leinwand
USA Today, December 12, 2006

Efforts to reduce the illegal use of food stamps have kept millions of dollars in benefits from going to waste during the past five years, but small convenience and grocery stores in low-income areas continue to be hotbeds for fraud, according to the Government Accountability Office.

The GAO is recommending that the Department of Agriculture intensify its focus on finding stores that violate federal rules and increase penalties for trafficking in misused stamps. The GAO's recommendations, in a report released in October, come as Congress is preparing to revisit the $29 billion-a-year food stamp program next year as part of a giant farm bill.

Among other things, the GAO is urging the Food and Nutrition Service (FNS) — the agency within the Agriculture Department that runs the food stamp program — to review the 160,000 stores authorized to receive stamps to determine which are most likely to engage in fraud and to target them for enforcement.

FNS Deputy Administrator Clarence Carter says the agency will take some cues from the GAO report when it proposes changes in the program to Congress.

Households qualify for food stamps if their gross monthly income is 130% or less of the federal poverty level, or less than about $1,799 a month for a family of three.

Food stamp recipients who want to use their benefits to buy something other than food have found many ways to get cash out of the system. Typically, a grocer or store owner willing to take part in such a scheme will pay a food stamp recipient about

50 cents in exchange for $1 in stamp payments, the GAO has found. The retailer then can claim that the $1 was used for groceries and seek reimbursement from the government.

Some small retailers intending to scam the government will stock only the minimum amount of food required to qualify for the program and may let their stock dwindle after they are accepted, figuring inspectors won't return, the GAO said.

The selling of food benefits for cash at small groceries and convenience stores is 38 times the rate of fraud at large supermarkets, where less than a penny per dollar is lost to fraud, the GAO found.

About $241 million in food stamp benefits were stolen in 2005, according to the FNS, which reported that small stores redeemed less than 15% of the food stamp benefits last year but accounted for $190 million of the fraud.

Despite the problems at smaller stores, FNS officials have told GAO investigators that they allow stores that stock a bare minimum of groceries to enter the food stamp program so that stamp clients in neighborhoods without supermarkets will have places to shop.

Carter says the FNS is intensifying its review of food stamp transactions and sending undercover agents to inspect stores.

"It's a stickier problem than with large supermarkets," he says. "The number of small convenience store retailers outnumbers the large retailers."

Groups that work to expand low-income residents' access to nutritional food say that while more enforcement is necessary, encouraging full-service supermarkets — and their relatively low fraud rates — to open more outlets in urban neighborhoods could be key to ending food stamp fraud.

"Folks would rather buy food than end up with 50 cents on the dollar," says Yael Lehmann, executive director of the The Food Trust in Philadelphia, which helps establish full-service supermarkets, farmers markets and other outlets for healthy food in low-income and inner-city areas. "If there is any solution, it really is on the access piece of this puzzle."

Many supermarket chains, however, are reluctant to build in urban areas, where large plots of land can be expensive and rare, Lehmann says. Buildings may be older and in need of costly renovations, she says, and security also may be a concern.

Giant Food LLC, which has built several full-service supermarkets in urban neighborhoods in Baltimore and Washington, D.C., needs at least 5 acres and $5 million to $7 million to build its standard store, says Barry Scher, Giant's vice president for public affairs.

"You don't go into the worst areas and just hope for the best," he says. "We have to make sure the population is going to produce a successful store."

The amount stolen from the food stamp program through fraud has declined dramatically since 1993, when the program lost about $812 million, according to the GAO. Increased enforcement has helped, as has the Electronic Benefits Transfer (EBT) system, which eliminated the easier-to-trade paper benefit coupons.

In 2002, food stamp recipients began receiving benefits through an electronic transfer into a personal account that can be accessed with an electronic debit card and a PIN number, much like an ATM card. Since then, food stamp fraud has decreased from 2.5 cents for every dollar of benefits to 1 cent per dollar, FNS says.

"We are very pleased that there has been a pretty dramatic reduction" in trafficking, Carter says. "But we can never act as if we've solved the problem, because it's ongoing every single day."

Fraud cases based on analyzing the EBT data now account for more than half of the instances in which stores have been booted from the program, the GAO report said.

Even so, Carter acknowledges that more needs to be done to combat fraud at smaller stores. More fraud takes place in such stores because such businesses are run by individuals and they often do not have inventory control systems or multiple layers of management, the GAO found.

The government prosecutes dozens of cases of food stamp fraud each year and disqualified 841 retailers in 2005, but the GAO report said the civil penalties aren't tough enough to deter traffickers.

Criminal penalties for individuals convicted of food stamp fraud are more severe. A Dearborn, Mich., man pleaded guilty last month to committing more than $380,000 in food stamp fraud over 20 months. Wissam Salameh, 32, manager of a BP gas station and convenience store in Detroit, was convicted of trading cash for food stamp benefits. Salameh, who will be sentenced in February, faces a maximum sentence of 20 years in prison and a $250,000 fine.

Kate Coler, deputy undersecretary for USDA's Food, Nutrition and Consumer Services, says the 2007 farm bill "is the perfect opportunity" for Congress and the Bush administration to strengthen the anti-fraud provisions in the food stamp program.

Bush's 2007 budget plan calls for $160 million to fund the FNS office, $18 million more than 2006. The request includes a $4 million increase for "program integrity," which enforces food stamp rules, but it does not include a specific plan for attacking fraud at small grocers.

"One of the keys to addressing this problem will be more resources," says Tom Reynolds, spokesman for Sen. Tom Harkin, D-Iowa, who will become chairman of the Senate Agriculture Committee in January.

DOJ_NMG_0105761

Fighting Drug Fakes (NYT)

The New York Times, December 12, 2006

Tempted to buy cheap medicines from a pharmacy Web site? Think twice. If the Web site shows no verifiable street address for the pharmacy, there is a 50 percent chance the drugs are counterfeit.

In rich countries, fake medicines mainly come from virtual stores. Elsewhere, they are on the pharmacy shelves. In much of the former Soviet Union, 20 percent of the drugs on sale are fakes. In parts of Africa, Asia and Latin America, 30 percent are counterfeit. The culprits range from mom-and-pop operations processing chalk in their garages to organized-crime networks that buy the complicity of regulators, customs officials and pharmacists.

In Panama, dozens of people died after taking counterfeit drugs made with an industrial solvent. Often counterfeiters put in real ingredients for their smell or taste, but heavily diluted. This has sped the emergence of resistant strains of infections, and is probably a big reason some malaria drugs and antibiotics have lost their power.

Drug counterfeiting can be fought. Five years ago, the majority of Nigeria's drugs were fakes, and the country was a major source of counterfeits abroad. When the Nigerian government donated 88,000 doses of meningitis vaccine to Niger during an epidemic in 1995, the vaccine turned out to be a fake — causing more than 2,500 children to die.

Now the possibility that a drug is fake in Nigeria has dropped to 17 percent, according to the World Health Organization. The country's drug control agency is informing people through radio and TV jingles about fake medicines. It has also fired corrupt officials, hired a fleet of inspectors to drop in on pharmacies, banned imports from some 30 companies, and begun prosecuting counterfeiters.

One of the problems Nigeria still faces is that the penalty for counterfeiting medicine is as little as a $70 fine — a small price to pay for a crime that can reap a fortune. All over the developing world, governments treat falsifying medicines as a mere copyright infringement, rather than potential murder.

The W.H.O. has recently set up a task force that brings together many groups that work on counterfeit drugs. It is a start. Multinational drug companies — which have been reluctant to report fakes lest they erode consumer confidence in all drugs — need to do more. An international convention is also needed to establish stiffer penalties for counterfeiting drugs, and marshal more funds and support to fight this deadly crime.

CIVIL LAW:

Appeals Panel Hears Arguments On Defense Labor Relations Rules (GOVEXEC)

By Karen Rutzick

Government Executive, December 12, 2006

A panel of appeals court judges heard arguments Monday over the legality of the Defense Department's proposed labor relations system for civilian employees.

After losing in a lower court in February -- and following two losses for the Homeland Security Department's similar system -- government lawyers continued to argue that Congress gave the Pentagon authority to make far-reaching changes to collective bargaining.

In the 2004 Defense authorization bill, Congress granted the department authority to create a new human resources system, based on the notion that the current system was too rigid and outdated to allow the department to respond with agility to modern threats of terrorism.

Pentagon officials said they have the authority to override collective bargaining agreements after they are reached and the ability to narrow the items that can be bargained over as much as they want. But a coalition of federal labor unions sued the department to say the rules effectively eliminate collective bargaining.

Judges Brett Kavanaugh, David Tatel and Stephen Williams of the U.S. Court of Appeals for the District of Columbia heard an hour and a half of arguments Monday, but they could take until the summer to issue an opinion. Either side could then appeal to the full court of appeals, the Supreme Court or both.

Justice Department lawyer William Kanter, representing the Defense Department, argued that Congress included a sunset provision -- all labor relations changes revert to the old system in 2009 unless Congress actively votes to make them permanent -- to allow experimentation.

"It tells you that Congress knew it was charting a new course," Kanter said.

Tatel, a Clinton appointee and the lone Democrat on the panel, said, however, that there are many time-limited statutes that are decided on by the courts, and the sunset clause might not supersede the need for a system that is legal.

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Congress said in its legislation that the Pentagon could remake labor relations rules, but had to ensure collective bargaining. Kanter argued that the Pentagon could define collective bargaining as it sees fit, but union lawyers asked the judges to look to the decision in the Homeland Security Department's case for a definition.

In that decision, appellate judge Harry Edwards said the proposed rules "effectively eliminate all meaningful bargaining over fundamental working conditions. In no sense can such a limited scope of bargaining be viewed as consistent with [Congress'] mandate that DHS 'ensure' collective bargaining rights for its employees."

Kavanaugh -- who President Bush appointed in May 2006 and who served in the White House as legal counsel and then staff secretary for Bush from 2001 until the president appointed him to his current position -- pushed union lawyer Joe Goldberg on the Pentagon's authority to create a new labor system.

Kavanaugh pointed out that Congress included a qualifier in the language that ensured collective bargaining: "subject to the provisions of this chapter and any exclusion from coverage or limitation on negotiability established pursuant to law." There is no qualifying language in the part of the law giving the secretary authority to create a new system to fit Defense's national security mission.

The judges also pressed Kanter on the department's proposal to create a new internal labor relations board, which would investigate and decide on labor-management disputes in place of the governmentwide Federal Labor Relations Authority.

The judges questioned whether the National Security Labor Relations Board, whose members would be appointed by the Defense secretary, would be sufficiently independent, as Congress required.

The third judge on the appeals panel, Williams, is a Reagan appointee who became a senior judge in 2001.

Court Hears Appeals On Ruling Against Pentagon Personnel System (FEDTIMES)

By Tim Kauffman

Federal Times, December 12, 2006

Three years ago, Congress gave the Defense Department authority to craft a new labor relations system outside existing rules governing collective bargaining. At the same time, Congress said the department couldn't remove an employee's right to organize and bargain collectively.

These two seemingly contradictory statements are at the heart of a legal dispute that could decide whether the department can proceed with changes to personnel rules affecting 650,000 civilian employees.

"The question is: Has the department reasonably interpreted the phrase 'collective bargaining'?" Judge David Tatel said Dec. 11, effectively summarizing the case before the U.S. Court of Appeals for the District of Columbia Circuit.

The answer is up to Tatel and two other appellate judges to decide.

The three-judge panel heard oral arguments Dec. 11 from attorneys representing the government and unions, who sued the department in November 2005 for creating a system that failed to protect employees' rights to bargain collectively.

The hearing lasted twice as long as the 40 minutes initially set aside for arguments, as the judges peppered the lawyers with detailed questions concerning what specific sections of the 2003 law meant.

Judge Brett Kavanaugh said two provisions in the law authorizing the Pentagon's National Security Personnel System (NSPS) provide "strong support" to the union's arguments: one section that gives employees the right to organize and bargain collectively, and another section that prohibits the department from waiving Chapter 71 of Title 5 governing labor relations.

However, two other provisions seem to support the government's case: one section that allows the department to ignore Chapter 71 when writing personnel management rules, and another that allows the department to create a labor relations system without regard to Chapter 71.

Joe Goldberg, the attorney who argued on behalf of the 13 federal employee unions that filed the lawsuit, said provisions allowing the department to create a labor relations system outside Chapter 71 apply only to the mechanics of creating the system, not what is bargained under the system.

Goldberg, assistant general counsel at the American Federation of Government Employees, said Congress clearly required collective bargaining under NSPS. However, the department created a system that provided nothing close to collective bargaining, he argued.

It's "a classic case of rule-making overreach," Goldberg said.

A lower court agreed. In February, Judge Emmett Sullivan of the U.S. District Court for the District of Columbia said NSPS infringes on employees' collective bargaining rights, fails to provide an independent third-party review of labor-management disputes, and lacks a fair process to resolve appeals of adverse management actions.

The government appealed the ruling to the appeals court, which is expected to issue its decision this spring.

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Judge Sullivan's ruling was rife with references to an earlier case involving the Homeland Security Department. In that case, the same appeals court currently debating NSPS ruled that Homeland Security's authority to waive portions of Title 5 governing labor relations "does not include the power to rewrite the core meaning of collective bargaining,"

William Kanter, a Justice Department attorney who argued the NSPS case on behalf of the government, said that unlike with Homeland Security, Congress gave the Pentagon specific authority to craft a labor relations system outside Title 5 rules.

There are other differences between the statutes related to Homeland Security and Defense, Kanter said. The collective bargaining system created under NSPS will expire in November 2009 unless Congress decides otherwise. If the new system expires, the department must revert to following the labor relations rules outlined in Chapter 71.

This sunset provision shows that Congress gave Defense much more latitude to deviate from existing collective bargaining rules than Homeland Security, where changes were more restrictive yet permanent, he said.

"This project is in essence akin to an experimental one," Kanter said.

Bolstering the government's case, Kavanaugh said the sunset provision seems to suggest that Congress didn't intend for Chapter 71 to apply to the collective bargaining system created under NSPS, since it specifically stated that Chapter 71 would apply if the NSPS system expires.

But the sunset provision seemed to backfire on Kanter at one point, when the judges questioned the department's authority to use so-called implementing issuances to override collective bargaining agreements. In response, Kanter referred to the sunset clause.

"If we're not doing it right, Congress can tell us that in two years," Kanter said.

"You mean we should just wait for that to happen?" responded Tatel.

FEDERAL DIARY: The New Defense Work Rules, At War With One Another (WP)

By Stephen Barr

Washington Post, December 12, 2006

B-4, D-2, K-1, M-1, M-8.

At times yesterday, the courtroom debate about the law that created a new civil service system for the Defense Department sounded like the judges and lawyers were playing Battleship, the game where opponents use a grid to target and sink ships.

The debate, before a three-judge federal appeals panel, focused on seemingly conflicting provisions in the 2003 law that permitted the Pentagon to issue regulations aimed at overhauling workplace rules and installing a pay-for-performance system.

The law's B-4 provision, for example, ensures that Defense civil service employees may join unions and bargain over their working conditions, but the M-1 and M-8 provisions permit the secretary of defense to modify labor rules and override union contracts.

Congress gave the Pentagon a green light to overhaul the personnel rules that apply to Defense civil service employees after the Sept. 11, 2001, terrorist attacks. Pentagon officials said changes were needed to streamline labor relations and make the department more effective in the fight against terrorism. Unions have claimed that the rules were designed by the Bush administration to gut their rights rather than improve national security.

The courts have mostly sided with the unions, faulting those parts of the new National Security Personnel System that would permit the secretary of defense to put issues off limits for contract talks and break contracts normally considered to be binding on both parties.

In February, U.S. District Judge Emmet G. Sullivan blocked the Pentagon from launching the new NSPS workplace rules, finding that they failed to ensure collective-bargaining rights and did not provide for an independent, third-party review of labor-management disputes.

The government asked the appeals panel yesterday to reverse Sullivan and allow the NSPS labor rules to go forward. But the government's task has been made more difficult by a separate case involving the Department of Homeland Security. U.S. District Judge Rosemary M. Collyer faulted a similar plan for Homeland Security, and a subsequent appeal also went against the department. The Homeland Security rules are back on the drawing board.

With that backdrop, Judges David S. Tatel, Stephen F. Williams and Brett M. Kavanaugh, on the bench at the U.S. Court of Appeals for the District of Columbia, yesterday tried to sort out the NSPS law and how the government has interpreted it.

William Kanter a Justice Department lawyer representing the Pentagon, contended that Congress defined what issues had to be put on the table for bargaining with unions, put limits on those rights and gave power to the defense secretary to throw out contracts. Certain phrases in the NSPS law makes it different from the Homeland Security statute and the rules blocked by the courts, he argued.

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Joseph Goldberg, a lawyer with the American Federation of Government Employees, disagreed, saying that no matter how the government reads various provisions, it must take into account that the law provides for collective bargaining, as guaranteed in current law, and does not clearly eliminate the right of unions to bargain over the "impact and implementation" of management decisions.

Kavanaugh, perhaps in an effort to cut through apparent conflicting provisions, pointed out that NSPS sections K and M -- which curb union rights -- were not passed by the House and Senate but came from closed-door negotiations among lawmakers.

In making that observation, he raised the notion that the addition of two provisions late in the legislative process could be a sign that Congress intended to cancel out other provisions in the NSPS law stipulating employee rights to bargain collectively.

Former Assistant DA Testifies In Civil Trial (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, December 12, 2006

He was unaware of lie in slay case

Jack I. Zalkind thought he did everything he could to make sure that Mafia hitman Joseph "The Animal" Barboza was telling the truth when he implicated six men in a 1965 gangland killing, the former assistant Suffolk district attorney testified yesterday.

But Zalkind said he prosecuted the case without knowing that the FBI had secret reports that indicated Barboza was lying and had falsely implicated four of the six.

"I have no memory of seeing any FBI reports prior to the trial," said Zalkind, who helped convict Joseph Salvati, Peter Limone, Louis Greco, and Henry Tameleo for the slaying of petty thief Edward "Teddy" Deegan in a Chelsea alley.

All four men were exonerated when the FBI reports surfaced five years ago.

Yesterday, Zalkind was the first live witness to testify in a federal civil trial that began last month, seeking more than $100 million in damages from the federal government for Limone, 72, and Salvati, 74, who spent more than 30 years in prison each, and the families of Tameleo and Greco, who both died in prison.

Recounting Barboza's version of Deegan's slaying, Zalkind said the hitman-turned-government witness said that Limone offered him $7,500 to kill Deegan. Tameleo, the alleged second in command of the New England Mafia, had sanctioned the slaying. Barboza said Salvati and Greco helped carry out the murder.

Zalkind said he had warned Barboza, "God forbid if you're putting someone there who wasn't there," but he said Barboza insisted, "I'm not lying."

Zalkind said he also confronted Barboza about whether his close friend, Vincent "Jimmy" Flemmi, was one of the killers. But, he said Barboza's statement that he did not involve Flemmi because he used drugs and was hot-tempered "seemed rational to me."

The civil suit alleges that the FBI knew that Barboza was lying to protect Flemmi, who was an FBI informant and the brother of another FBI informant, Stephen "The Rifleman" Flemmi.

The FBI recruited Barboza as a witness and used him in an earlier trial.

But Zalkind testified that he did his own work to corroborate Barboza's testimony before the Deegan murder trial and said the FBI "had nothing to do with the preparation of the case."

Barboza, who admitted to participating in Deegan's slaying and was given leniency for his cooperation, was shot to death in 1976 in San Francisco.

Two other men convicted in Deegan's slaying were not exonerated. Ronald Cassesso died in prison and Wilfred Roy French was later released.

Yesterday, Cassesso's lawyer, Ronald J. Chisholm, testified that FBI agent H. Paul Rico had promised Cassesso that he would not do prison time for Deegan's slaying if he agreed to testify against the others and back up Barboza's version of events.

But, Chisholm said, Cassesso told him he had rejected Rico's offer, telling the agent, "I'm not going to frame innocent men."

CIVIL RIGHTS:

Report Details NYC Police Shooting (FINDLAW/AP)

AP, December 12, 2006

DOJ_NMG_0105765

(AP) - NEW YORK-Witnesses interviewed for a preliminary report on the police shooting of three men - including a groom on his wedding day - did not mention a fourth, possibly armed man who police say may have been present before officers opened fire, a newspaper reported Monday.

The New York Times obtained a copy of the police department's 23-page preliminary report of the shooting, a detailed look at what happened on Nov. 25 when Sean Bell, 23, and his two friends were caught in a barrage of 50 bullets after a bachelor party at a strip club in Queens. Bell's friends were wounded; all three men were unarmed.

Police have suggested a fourth man may have had a gun and fled when the plainclothes officers opened fire, but the report made no mention of such a man, whom the surviving victims have said does not exist. Some in the community claim the officers invented the man to justify the shooting.

The report also contains no indication that police were searching after the shooting for a fourth man, the paper said.

The preliminary report includes summaries of interviews with Lt. Gary Napoli, who was supervising a team conducting an undercover operation at the strip club on the night of the shooting, two sergeants who responded after the gunfire began and 10 other officers, according to The Times. Also included are synopses of accounts by three civilian witnesses, including one of the victims, Trent Benefield.

Police investigators did not interview the five shooters in deference to an investigation by the Queens district attorney probe that could result in criminal charges.

In his statement to police, Benefield said Bell repeatedly drove forward and in reverse after officers opened fire, the newspaper reported. His account contradicts police statements that the detective opened fire after being hit by Bell's car.

The report reveals that none of the witnesses recalled hearing anything close to 50 rounds, The Times said. The sergeants who arrived after the shooting told investigators that two of the plainsclothes officers said they were unsure whether they had even fired at all, the newspaper reported.

The report also emphasizes that Napoli and his team were concerned that men outside the club could have been armed before the shooting, The Times said.

A police spokesman said early Monday no senior official would be available to comment on the report's findings until later in the day.

50 Bullets, One Dead, And Many Questions (NYT)

By William K. Rashbaum And Al Baker

The New York Times, December 12, 2006

When the shooting stopped, the police lieutenant edged toward the gray Nissan Altima with his gun drawn. He ordered the men inside to show their hands. The lieutenant had not fired his weapon, and as he neared the car, according to police records, one of the bloodied men inside complied and stuck his hands out the window. The other did not move.

A police sergeant who arrived seconds later described the scene this way: The Nissan had crashed into a van in the middle of the street. Smoke was coming from its radiator. The man in the driver's seat was slumped back. His passenger was lying across his lap with his arms hanging outside the driver's window.

The sergeant, Michael Wheeler, later told investigators that both men appeared seriously injured and likely to die, according to the records. A plainclothes officer stood close by, his pistol still trained on the two men in the car. A third man lay on the street nearby.

Minutes later, the shooting scene on Liverpool Street in Jamaica, Queens, was choked with patrol cars and the scrum of officials that follows a police shooting. A captain ordered another uniformed sergeant, Donald Kipp, to locate and inspect the weapons of the men involved in the shooting. In all, five plainclothes officers had fired a total of 50 bullets.

But one after another, in conversations with Sergeant Kipp or Sergeant Wheeler, the men said they could not say how many shots they had fired. Two said they were unsure whether they had even fired at all, including a detective who investigators later learned had fired 31 shots, emptying his 9-millimeter Sig Sauer pistol, reloading and emptying it again during the frenzied barrage.

The accounts of the lieutenant and the two sergeants are included in the Police Department's preliminary report of the shooting early on Nov. 25 that left the car's driver, Sean Bell, 23, dead on his wedding day and two of his friends wounded, one seriously. The men were part of a larger group that had just attended Mr. Bell's bachelor party in a strip club down the block.

The 23-page document prepared in the days after the shooting, and obtained by The New York Times, does not include the accounts of the four detectives and one police officer who fired their weapons. They are the subjects of an investigation by the office of the Queens district attorney, Richard A. Brown, and it is not clear if they will submit to interviews with prosecutors or testify before a grand jury.

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But the report provides the most detailed account, and the best chronology made public to date, of the shooting itself, the events that led up to it and what people saw and heard.

It summarizes the first interviews with the lieutenant, Gary Napoli, who was supervising the five members of the Club Enforcement Team who fired their weapons, the two sergeants who responded after the gunfire broke out, and 10 other officers — including three team members who were close by, but not present at the scene. It also includes synopses of the preliminary interviews of three civilian witnesses, including one of the victims, Trent Benefield.

Mr. Brown, who has said his investigation is in its earliest stages, has noted that the report raises as many questions as it answers and will serve simply as a starting point for his inquiry, in which he will present evidence to a grand jury, which will determine whether a crime was committed.

Yet the report undeniably provides insights into what happened that night. Among the notable aspects:

¶It includes no meaningful discussion of a fourth man, a mysterious figure who some in the Police Department have suggested may have been present along with the three men who were shot. None of the witnesses whose accounts are in the report speaks of someone who may have fled — perhaps possessing a gun — and there are no indications that the police at the time were seeking anyone who may have left the scene.

¶The undercover detective who fired the first shot — and fired a total of 11 rounds — emptied his gun, a Glock Model 26, which holds 10 rounds in the magazine and 1 in the chamber. He was not wearing his bulletproof vest or carrying his gun during the undercover operation; going without the vest and the gun is routine procedure. He retrieved his gun but did not put on his vest — as another detective did — and remained vulnerable as the group of officers scrambled to deal with what they feared was an imminent eruption of violence.

¶Mr. Bell, mortally wounded and not speaking, and Joseph Guzman, despite wounds from his head to his feet, were put in handcuffs after the gunfire ceased.

¶None of the witnesses — police or civilians — whose accounts are detailed in the report recall hearing anything close to 50 rounds. One detective says she heard eight shots fired with no pause. Another detective heard shots in three rapid successions, but the report includes no number. A third detective heard "numerous" shots. The report also refers to 31 "ear-witnesses" whose statements have been taken, but does not describe what they said. Mr. Benefield recalls eight or nine shots being fired.

¶Mr. Benefield said a man he had not seen before stood in front of Mr. Bell's car and simply opened fire, striking Mr. Guzman once, and that Mr. Bell then repeatedly drove forward and in reverse and collided with other vehicles in an attempt to drive away. His account differs from the accounts of some police officers that the detective opened fire after Mr. Bell's car had struck him, crashed into a police van, and then nearly hit him a second time.

¶The interviews make it clear that the officers were concerned about men with guns in the minutes leading up to the shooting. One man, they thought, had a gun inside the club. They came to suspect that another man standing outside the club might have had a gun. Yet another, identified as Mr. Guzman, shouted for someone to get his gun outside the club. The officers talked about their concerns over their cellphones, over their radios and, in at least one instance, among themselves as the undercover detective grabbed his weapon from an unmarked police car.

¶Lieutenant Napoli's account makes clear that he believed the men in Mr. Bell's car knew he was a police officer because he had made eye contact with one of them. The report says Lieutenant Napoli could not articulate why he believed that. Lawyers representing Mr. Guzman and Mr. Benefield have declared that they had no idea the men they encountered that night on Liverpool Street were the police.

¶The report lists the arrest records of the three men shot that night. Each had been arrested in crimes involving firearms, though no specifics of those crimes are given. Nor is the final disposition of those cases included in the report.

An Uneventful Start

The nine members of the team all started work that night about 9:30 p.m. They were well into a relatively uneventful eight-and-a-half-hour shift when they gathered in an office in a squat modern brick police building on Manhattan's Lower East Side.

The building, the Seventh Precinct station house, is also home to the department's Club Enforcement Initiative. There, about 11 p.m., Lieutenant Napoli, a 22-year veteran, led a meeting to map out their night's work.

According to his own account, the lieutenant told the team of six men and two women, a racially mixed group drawn from narcotics and vice units, that their goal was to hit Club Kalua, a topless bar at 143-08 94th Avenue in Jamaica. The team had been working together since August, when the initiative began in response to the murder of a woman who was kidnapped and killed in July after leaving a club in Chelsea.

The Club Kalua was on the department's "problem list." The officers knew it because they had been there before: a week and a half earlier they had arrested two people inside on drug and prostitution charges. The lieutenant was looking for more arrests, according to the report, so the department could seek to close the club as a nuisance.

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After the meeting, the team set out for Queens in three nondescript rental cars, a gray Toyota Camry, a green Mitsubishi Galant and a green Ford Freestar minivan.

When the team members arrived near Club Kalua, nestled on a street with several homes and another, far more prosperous-looking strip club just south of the Port Authority AirTrain terminal, they chose several strategic vantage points and parked their cars.

Getting Into Position

Lieutenant Napoli said he selected a spot in the AirTrain Terminal parking lot and maneuvered the Camry in so the car was directly across 94th Avenue from the club entrance, providing an observation post with an unobstructed view of the entrance for him and Detectives Paul Headley and Marc Cooper.

Detective Rasheda Edness, a female undercover detective, and two male undercover detectives were in the Mitsubishi and parked at 95th Avenue and Allendale Street. Detective Michael Oliver and Officer Michael Carey positioned the minivan — which they intended to use to transport anyone arrested in the operation — along 95th Avenue.

The operation, according to the lieutenant's account, began in earnest about 1 a.m., when the two male undercover detectives left the Mitsubishi and walked into the club, several minutes apart. They were followed about an hour later by Detective Cooper.

One of the undercover detectives was seeking to talk with women about sex for money, while the second undercover man and Detective Cooper served as "ghosts," shadowing the first undercover detective to provide backup and gather intelligence.

The undercover detectives and Detective Cooper stayed in touch with Lieutenant Napoli via cellphone, and the other members of the team were linked by radio, according to the report.

Over the next two and a half hours, the three officers mixed with about 40 patrons and drank beer to keep their cover, according to the report. The undercover detective serving as one of the ghosts had two Heinekens, according to his own account, but could not say what the other undercover officer or Detective Cooper drank, or how much. The crowd was rowdy, and several people were thrown out by club security, according to his account.

The officers made conversation with the topless dancers, trying to arrange sex for money — the kind of transactions that would lead to arrests. But their efforts failed and, in progress reports he made via cellphone to Lieutenant Napoli every half-hour, there were no reports of significant developments.

About 3:30 a.m., one undercover detective who had been serving as a ghost lost sight of the other undercover detective and Detective Cooper and presumed they had left the bar, according to his account.

He walked outside and found the other undercover man on the sidewalk. His colleague, a six-year veteran, told him that a man in the club wearing a white baseball cap with a White Sox insignia had gestured to his waistband in a way that led him to believe the man was armed, according to his account.

The other undercover detective said to his partner that he had told Lieutenant Napoli that the man might be armed. He then told his partner that he had retrieved his gun and shield from the Mitsubishi, where he had left them before going into the club. (Because bouncers were searching some patrons, the three men who went inside left their guns, shields and bulletproof vests in the cars, according to the report.)

According to the report, in the brief moment when he retrieved his gun and shield from the Mitsubishi's glove compartment, the undercover detective told the detectives in the car that there was a dispute in the club and that guns might be involved.

At that time, Lieutenant Napoli relayed the information about the gun to the other members of his team. Detective Cooper got his gun and badge and sat in the lieutenant's car. The first undercover detective went back inside the club to look for the armed man, but he had no success and emerged about 15 or 20 minutes later, according to his own account.

Anger Outside the Club

When he reached the sidewalk outside, the scene was becoming volatile.

A group of about eight men stood on the sidewalk. They were arguing with a man dressed all in black standing next to a black truck with shiny, spinning rims, possibly a Lincoln Navigator, according to the undercover detective's account. The dispute was about a woman who had indicated she would not have sex with all the men. Tensions flared. The man dressed in black kept his right hand inside his jacket pocket, as if he were armed.

Mr. Guzman said, "Yo, get my gun, get my gun," and Mr. Bell told his friends they should beat up the man dressed in black, according to the undercover detective's account.

The eight men broke into two groups of four and started walking east along 94th Avenue, toward Liverpool Street, with Mr. Bell and Mr. Guzman in the trailing group. The second group then hesitated, walked back to the man dressed in black, argued some more and then turned and headed again toward Liverpool.

As he had several times that morning, the first undercover detective called Lieutenant Napoli, and handed the cellphone to the second undercover detective as he then followed Mr. Bell and his friends. The first undercover detective then struck up a

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conversation with a woman in a blue top who had left the club, apparently feeling the situation was under control enough for him to seek out a prostitution arrest. But his partner told the lieutenant it was, according to the report, "getting hot on Liverpool, for real; I think there's a gun."

The lieutenant got on the radio and told the team to move in and stop the group, shifting the team away from its earlier mission of making prostitution and drug arrests.

Mr. Bell got into the driver's side of his 1999 Nissan, with Mr. Guzman next to him and Mr. Benefield in the rear passenger seat. The Nissan faced north on the east side of Liverpool Street, about 60 feet from 94th Avenue.

Still on his cellphone, Lieutenant Napoli made eye contact with one of the men in the Nissan as he passed, and then his undercover detective, who nodded in the direction of Mr. Bell's car. This was the point in his interview when Lieutenant Napoli said he believed the men knew he was a police officer, though he did not give his rationale. Behind Lieutenant Napoli's Camry was the minivan carrying Detective Oliver and Officer Carey.

What happened in the next few seconds, and precisely how it occurred, remains unclear but for the outcome: 50 police bullets were fired. Mr. Bell was killed. Mr. Guzman was struck in the face, the shoulder, the buttocks, the thigh and the ankle. Mr. Benefield, hit in the leg and buttocks, scrambled out of the car and moved south on Liverpool Street, collapsing about half a block away.

Lieutenant Napoli crouched for safety, approaching the Nissan after the final shots.

One civilian witness, according to the report, was awakened by the shots — she thought there were 10 to 12 — and looked out her window. She saw one man pointing a handgun at a second man on Liverpool Street, saying, "I will kill you," according to the report. There were no more shots, and when the woman looked again, she saw one of the officers standing over Mr. Benefield.

A horde of police descended on the scene. They were met with adrenaline-filled confusion: Five officers had fired, but some were not even sure they had. There were conflicting reports about whether shields were displayed. And at least one of those who fired said he believed the men in the car, who turned out to be unarmed, were shooting at the police.

Four of the men who fired clustered down the block around Mr. Benefield. The fifth, Detective Cooper, was pointing his weapon at the men in the car, according to the report.

Sergeant Wheeler, a patrol supervisor at the 103rd Precinct, was one of the first uniformed officers to arrive, having heard radio reports of gunshots and officers in danger. He immediately ordered Detective Cooper to holster his weapon.

According to the sergeant's account, he called for an ambulance over his police radio and then tried to open the driver's side door of the Nissan, but could not. He directed another officer to put handcuffs on Mr. Guzman's outstretched hands. Sergeant Wheeler's driver that night, Officer Steven Muhlenbruck, said in his account that the sergeant also ordered Mr. Bell handcuffed.

When Sergeant Wheeler asked Detective Cooper if he was a police officer, the detective said he was, with a club enforcement team. Asked if he had fired his weapon, he said he had but could not say how many rounds. The sergeant asked about the rest of his team, and the detective pointed down the block, where the other men stood around Mr. Benefield. The sergeant helped one of the detectives handcuff Mr. Benefield, and then asked Detective Headley and the undercover detective if they had fired. Both said they had, but were unsure how many rounds.

The female undercover detective, who was not at the scene until after the gunfire had subsided, said in her account that once she arrived on the scene, she did not hear anyone make any statements about the shooting and that she did not "recall any members of her team displaying their shields."

But Police Officer Robert Maloney, who also arrived at the scene shortly after the shooting, said he saw a plainclothes black officer with his shield hanging around his neck who said, "They were shooting at us." His partner, Derek Braithwaite, also saw a black officer wearing a shield, but it was unclear who it was, and whether it was the same man cited by Officer Maloney.

The detective who had fired first, according to a person who has been briefed on his version, has said that he had his shield out, identified himself as a police officer and ordered the men in the car to show their hands before he fired.

Officer Maloney said he pulled Mr. Bell from the car and cuffed his bloody hands. He then escorted an ambulance that carried him to Jamaica Hospital Medical Center and stayed with Mr. Bell until he was relieved. Mr. Bell, who was pronounced dead at 4:56 a.m., never said a word, Officer Maloney said.

Diallo Case Could Be Road Map For DA (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, December 12, 2006

(AP) - NEW YORK-Before there were 50 shots and Sean Bell, there were 41 shots and Amadou Diallo.

The deadly 41-shot barrage fired by four police officers at the unarmed Diallo seven years ago sparked angry demands that the shooters face criminal charges - a scene replayed in the recent police shooting of Bell in a hail of 50 bullets.

Firepower and community outrage aside, the Diallo case serves as a reminder of the hard realities of prosecuting officers who are paid to carry guns and sometimes use them in dangerous situations. It also suggests the ultimate result of the latest case could be a civil settlement for the victims' families and a quiet demise of the careers of the officers involved.

"Police officers are privileged to use deadly force," said Ian Weinstein, a criminal law professor at Fordham Law School. "The case will turn on whether the officers reasonably believed their lives were in danger, or that deadly force was justified."

Bell, 23, was killed and two unarmed companions were wounded on Nov. 25 after a bachelor party at a strip club in Queens that police had targeted for an undercover operation.

The five shooters involved haven't spoken publicly about the incident now under investigation by the Queens district attorney. But statements by union officials and defense lawyers suggest a state-of-mind defense is in the works: The first officer to open fire, they say, was convinced there was a weapon in a car where none was found.

The officer, who had been posing as a club patron, became suspicious after overhearing one of Bell's companions talking about retrieving a gun to settle a dispute, police said. When the officer approached the men, they tried to flee in the car.

As the car bumped the officer and smashed into an unmarked police van, the officer said he spotted one of the companions make a sudden move before he began firing at the car at close range. A confusing chorus of gunfire followed.

Police have since investigated whether a fourth man may have fled the scene with a weapon - a theory the survivors deny. But the fact that so far no gun has been recovered doesn't mean the shooting was criminal, said attorney John Patten, who defended one of the officers in the Diallo case.

"My view on the whole thing is that, no matter how many shots, the benefit of the doubt should always go to the officers," he said. "It's just a terrible mistake."

Lawyers say the officers in the Bell case will have to decide - probably after Christmas - whether to tell a grand jury their side of the story in a bid to dissuade jurors from voting to indict them. The lawyer for the undercover officer has said his client is eager to testify; another defense attorney on the case, Stephen Worth, was noncommittal.

"We'll watch the investigation closely and keep our options open," he said.

In the Diallo case, the officers chose not to go before a grand jury - a decision prosecutors said left them with no choice but to pursue charges of intentional murder, rather than manslaughter or criminally negligent homicide.

"Having exercised that right, they cannot then say, `We're police officers, therefore what we did was OK,'" District Attorney Robert Johnson said at the time.

Though indicted, the four Diallo defendants - Sean Carroll, Edward McMellon, Kenneth Boss and Richard Murphy - won a reprieve when an appeals court took the unusual step of moving the case to Albany. The court ruled that pretrial publicity had tainted the jury pool.

At trial in 2000, Carroll wept on the witness stand as he described the events of Feb. 4, 1999. He testified that he and the other plainclothes officers cornered Diallo in the vestibule of his Bronx apartment building, believing he fit the description of a wanted rapist.

Carroll told jurors he opened fire after seeing a black object emerge from the West African immigrant's pocket - an account backed by testimony of the other officers. Before they realized the object was a wallet, 19 bullets had struck the victim.

The jury acquitted the officers, but police officials never returned their guns or restored them to full duty. Boss remains on the payroll, but Carroll has retired; McMellon and Murphy both quit the force and became firefighters. Attempts to reach them were unsuccessful.

In 2004, the city agreed to pay $3 million to settle a lawsuit brought by Diallo's family.

Weinstein, the law professor, predicted indictments in the Bell case. Convictions, as the Diallo case shows, are another matter, he added.

"The Diallo case gave us one road map for this case - indictment, followed by a hard-fought trial in which prosecutors can't climb the very steep slope of proof beyond a reasonable doubt, followed by a very significant civil judgment," he said.

Federal Court Gives California Six Months To Fix Prison Crowding (AP)

By Don Thompson, Associated Press Writer

AP, December 12, 2006

SACRAMENTO -- A federal judge on Monday gave California officials six months to ease crowding in the state's overstuffed prison system, warning that potential remedies include capping the inmate population and releasing some prisoners early.

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The state is scrambling to find solutions for a prison system that houses 173,000 inmates, 70 percent more than its capacity. Officials with Gov. Arnold Schwarzenegger's administration and inmate attorneys agree the crowding is causing myriad problems, including inmate deaths and dangerous conditions for guards.

"Common sense suggests the state is being overwhelmed by the numbers," U.S. District Judge Lawrence Karlton said.

Schwarzenegger declared a state of emergency in October after failing to persuade state lawmakers to spend billions on a prison building program. He is now seeking to transfer 2,260 inmates to other states as a partial solution.

California sent 80 inmates to a private prison in Tennessee in early November and plans more transfers this month to private prisons in Arizona, Indiana, Oklahoma and Tennessee.

Even if the transfers survive pending court challenges, officials predict California's prisons will run out of room by spring 2008.

Karlton can order creation of a three-judge panel that would recommend options. On Monday, he delayed that decision until June 4, saying he has seen progress during Schwarzenegger's tenure.

"The plaintiffs want the court to run the prison system, and that is too serious a step to be taken lightly," Karlton said.

Federal law permits early release of inmates only if a three-judge panel determines that all other options have been exhausted. That hasn't happened in any state since the law took effect 10 years ago, said Elizabeth Alexander, director of the American Civil Liberties Union's National Prison Project.

"Waiting six months is just postponing the inevitable and causing more injury and death," said Donald Specter, director of the nonprofit San Francisco-based Prison Law Office, which wants Karlton to create the three-judge panel.

Specter and attorney Michael Bien said the state won't be able to ease crowding by June no matter how hard it tries.

The Prison Law Office and Bien's private law firm filed identical requests with two other federal judges in ongoing cases in which they represent inmates' interests. In each of the three cases, the attorneys argue that crowding is affecting inmates' well-being.

Hearings in the other two cases are set for Dec. 22 in Oakland and Jan. 8 in San Francisco.

Schwarzenegger convened a special session of the Legislature last summer to address prison overcrowding, in part proposing a $6 billion building program. The session ended with lawmakers taking no action on the governor's plan.

Schwarzenegger plans to introduce a similar proposal in January, said Bill Sessa, a spokesman for the California Department of Corrections and Rehabilitation. Solving overcrowding by adding more prison beds will take years, he said, leaving out-of-state inmate transfers as the only short-term solution.

"We are encouraged that the judge gave us time to carry out the plan," Sessa said.

The alternative, a population limit, "is certainly going to put people out on the street who don't belong there," he said.

School Board Files Lawsuit Over Election (BRADV)

By Charles Lussier, Advocate staff writer

Baton Rouge Advocate, December 12, 2006

The Baker School Board filed a lawsuit in federal court Monday that seeks to cancel the Sept. 30 election in which District 1 voters ousted incumbent President Elaine Davis.

The lawsuit covers some of the same ground as Davis' already rejected election challenge, filed in state court. There, Davis unsuccessfully sought to overturn the vote that she lost to challenger Pam Malveaux by 20 votes.

Also listed as plaintiffs in the new federal lawsuit are three board members, Davis, Calvin Dees and Dana Carpenter.

Those three voted 3-2 last month to file the litigation, saying the school district's precise boundaries need to be established clearly. They did so over the objections of members George Gallman and Jane Freudenberger, neither of whom are listed individually as defendants. The School Board hired the Metairie law firm, Leblanc Butler LLC, to handle the case.

The lawsuit names as defendants the City of Baker, the East Baton Rouge Parish School Board, as well as parish Registrar of Voters Elaine Lamb and the parish's board of election supervisors.

In the state case, Davis, wife of former Baker Mayor Leroy Davis, challenged the votes of 21 voters, most of them living in Oak Glen Terrace trailer park on Thomas Road.

The new federal case alleges that up to 100 people voted improperly.

As evidence, the lawsuit claims that "on information and belief" the children of these improper voters do not attend Baker public schools, but rather attend East Baton Rouge Parish public schools.

"Thus, the participation of ineligible voters directly and unfairly affected the outcome of the District 1 election," according to the suit.

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Reached at home Monday, Baker Superintendent Lester Klotz said he has not seen what was filed Monday, but said he is most concerned about the children who may be, wrongly, attending schools outside Baker. For instance, children living in Oak Glen Terrace attend parish public schools, he said.

"They're not going to our schools and never have," Klotz said.

The crux of the litigation is that a small number of voters who live within the city limits of Baker, but not within the boundaries of the school district were illegally allowed to vote Sept. 30.

The school district boundaries mirror the city lines as of June 1, 1997.

Since then, the city has annexed new territory, while the school district, which finally began operating in 2003, has maintained its 1997 boundaries.

At issue are a couple of areas, including the Oak Glen Terrace trailer park, which the city annexed before June 1997, but for which the city did not receive approval, or preclearance, from the U.S. Justice Department until later. State courts found that the late date of these preclearances did not matter and that those contested areas are part of the Baker school district.

Christian Group Says Pentagon OK'd Video (USAT/AP)

USA Today, December 12, 2006

WASHINGTON — An evangelical Christian group, under fire for a promotional video featuring active-duty military officers praising the organization, said Monday that the Defense Department gave it permission to record the video.

The video prompted a religious freedom watchdog group to ask the Pentagon to investigate whether the tape violated regulations and possibly the Constitution.

Robert Varney, executive director of the Christian Embassy, which produced the video, said the group is adding a note to tell viewers that the content does not represent the military or any government agency.

"We don't think we did anything in violation," Varney said. "The Pentagon gave us permission to film the video, and I don't think they'd give us permission if it were in violation of the regulations."

The Christian Embassy was established 31 years ago to promote prayer groups and Christian values among government officials.

The 10-minute video features military officers speaking on the group's behalf while in uniform. Much of it was recorded inside the Pentagon.

Service regulations in general prohibit active-duty officers from lobbying for political causes while on duty or wearing uniforms. The issue of religion is trickier. Regulations seek to uphold religious freedom and protect members from proselytizing.

In letters released Monday, the Military Religious Freedom Foundation asked that the Defense Department's inspector general investigate the matter and that any documents authorizing officers' involvement in the video be released.

Mikey Weinstein, founder of the group, said he hoped the footage would serve as "a testament to systemic problems of religious bias and constitutional neglect that continue to occur within the United States armed forces."

The Pentagon said it needs more time to determine whether the latest incident warrants an investigation. "The Department of Defense does not endorse any particular religious faith, but we do provide servicemembers with the ability to practice their religion," said a spokesman, Maj. Stewart Upton.

ANTITRUST:

Municipal Bond Antitrust Case Probed By Grand Jury (Update2) (BLOOM)

By Patricia Hurtado

Bloomberg, December 12, 2006

Dec. 11 (Bloomberg) -- Prosecutors investigating bid-rigging in the municipal bond market have brought their case to a federal grand jury in New York, a person with knowledge of the case said.

Ralph Giordano, chief of the New York office of the U.S. Justice Department's Antitrust Division, and Rebecca Meiklejohn, a trial attorney, are leading the criminal investigation, the person said. Also participating in the probe are agents from the Federal Bureau of Investigation's New York office as well as the Internal Revenue Service, according to the person.

Giordano, 69, and his staff won the conviction of former Sotheby's Holdings Inc. Chairman A. Alfred Taubman, found guilty in 2001 of plotting with archrival Christie's International Plc to fix sellers' fees. Meiklejohn has prosecuted anti-competitive practices in the advertising industry.

``It's a very big deal that this is now a criminal investigation, it ratchets up the stakes," said David Gourevitch, a former U.S. Securities and Exchange Commission enforcement attorney who now has his own practice in New York.

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Prosecutors are probing whether banks, financial firms and brokers conspired to rig bids on contracts bought by local governments when they invest money from bond sales. The municipalities invest the money until it is needed to pay for schools, roads and other projects.

Raising the Stakes

The investigation grew out of an IRS inquiry that found dozens of municipal bond deals failed to pay $100 million in taxes. It is the broadest criminal probe of the industry. The Justice Department has subpoenaed more than a dozen banks and insurers and raided three brokers in a search for evidence of bid rigging in the market where state and local governments nationwide raised more than $400 billion last year.

XL Capital Ltd., a Bermuda-based insurer, last month said a unit received a subpoena from a federal grand jury in New York's Southern District drafted by the Antitrust Division ``seeking documents in connection with an investigation into the municipal guaranteed investment contract market and related products."

Giordano declined comment, referring questions to Justice Department officials in Washington. Meiklejohn, 56, couldn't be reached for comment. Kathleen Blomquist, a Justice Department spokeswoman, would only say she is authorized to confirm the government is conducting an ``investigation of anticompetitive practices in the municipal bond industry."

Bid-Rigging in Advertising

Giordano and Meiklejohn are ``up to the job," said Gourevitch. ``At the end of the day, depending on the outcome of the prosecution, it may be a life-altering deal for some individual."

Taubman was convicted by a federal jury in New York and sentenced to serve a year and a day in jail and fined $7.5 million. His lawyers had asked the sentencing judge to spare him a prison term, saying he was in poor health. JPMorgan Chase & Co. banker Charles LeCroy was sentenced to three months in jail and fined $50,000 last year after pleading guilty to federal fraud charges in a municipal finance corruption scandal in Philadelphia.

Meiklejohn has prosecuted executives in the advertising industry for anti-competitive bidding in a federal probe that also involved the IRS and FBI.

She also led a case that delved into the relationship between some advertising agencies and printers. Mitchell Mosallem, a former executive with New York-based Grey Global Group Inc., and 10 others were convicted in 2003 in the investigation, which uncovered bid-rigging, bribery and fraud in the advertising, printing and graphics industry.

`Around for Awhile'

Meiklejohn also successfully prosecuted Michele Komack, a former executive at New York-based Home Box Office Inc. who pleaded guilty in 2004 to bid-rigging, antitrust-conspiracy and tax charges. In that case, Meiklejohn said Komack received about $439,000 in kickbacks from vendors to whom she steered business. Evidence showed Komack obtained free designer shoes, foreign trips and parties at the Plaza Hotel in Manhattan as part of the scheme.

George Stamboulidis, a former federal prosecutor who is monitoring Merrill Lynch & Co.'s and Bank of New York Co.'s compliance with U.S. government settlements, said the investigation is going to have long-lasting repercussions.

``It is something that's going to be around for awhile and affect a lot of firms and banks," said Stamboulidis, now a partner at Baker & Hostetler in New York. ``Banks are going to be scrutinizing more of their deals and there will be more scrutiny on all financial institutions. There are some serious allegations about a lack of transparency in the market."

Merrill Lynch is a passive minority investor in Bloomberg LP, the parent company of Bloomberg News.

Critics Decry Monsanto Deal, Analysts Think It Will Proceed (AP)

By Christopher Leonard

AP, December 12, 2006

ST. LOUIS - Congress will press federal regulators to closely scrutinize Monsanto Co.'s plan to buy cottonseed king Delta & Pine Land Co., but analysts and investors don't seem worried the deal will fall through.

U.S. Rep. Bob Inglis, R-S.C., plans to send a letter to the U.S. Justice Department asking for a careful review of the deal to make sure it complies with antitrust laws.

Inglis said he's not opposed to the deal. But he thinks it deserves a close look because it would give Monsanto more control over the U.S. seed market.

Monsanto agreed to purchase Scott, Miss.-based Delta & Pine Land in August for $1.5 billion in cash. The deal is already under Justice Department investigation to make sure it doesn't violate antitrust law. If approved, the sale should close early next year.

Analysts estimate the deal would give Monsanto control of about 60 percent of the U.S. cottonseed market.

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That could be bad news for Monsanto's competitors in the multibillion dollar market for genetically engineered seeds. Monsanto has had a corner on the technology since introducing biotech corn and soybean seeds in the 1990s. DuPont Co. and Syngenta AG are trying to catch up by developing their own strains.

DuPont Co. is also fueling opposition to the Delta & Pine Land acquisition.

Inglis said he first became aware of the deal when DuPont representatives visited his office with Tim Hutchinson, a former Arkansas senator. Inglis, who sits on the House Judiciary Committee, said he's circulating a letter to other House members urging close review of the deal and plans to send it to the Justice Department within days.

"We should make real sure that it's consistent with antitrust principles," Inglis said.

DuPont spokesman Doyle Karr, who works for the company's Pioneer Hi-Bred seed division, said the company opposes the deal.

"We think it's anticompetitive," Karr said. "We have concerns about what it will mean to farmers and their access to technology."

Monsanto spokeswoman Lori Fisher said the Justice Department review should go on without interference.

"We're disappointed that our competitors would use this kind of tactic to gin up the opposition," Fisher said.

The criticism isn't likely to have much bearing on whether the deal is approved by regulators, said Kevin McCarthy, an analyst with Bank of America in New York.

"When the MON-DLP deal was announced, we anticipated staunch opposition from competitors DuPont and Syngenta," McCarthy wrote in an e-mail, using Wall Street shorthand for Monsanto and Delta & Pine Land.

McCarthy said investors are betting chances of the deal going through are about 80 percent, with risks of failure reflected in the companies' stock prices. The odds haven't changed with DuPont and Syngenta's opposition, he said.

The deal is likely to be approved because it won't change the overall market concentration of cotton seed companies, Credit Suisse analyst William Young wrote in an August report.

If it buys Delta & Pine Land, Monsanto has agreed to sell off its own Stoneville cottonseed brand which controls about 14 percent of the market, Young wrote. That means Monsanto would only have the 50 percent to 55 percent market share that Delta & Pine Land already commands, he said.

Young noted there are also more competitors in the cottonseed market today than there were in 1998, when Monsanto signed its first agreement to buy Delta & Pine Land.

Monsanto backed out of that deal in 2000 and Delta & Pine Land sued over the breach of contract. The legal action is still tied up in court in Mississippi, but the current deal includes a clause to settle all legal disputes from the first merger attempts.

Monsanto faces a $600 million "break-up fee" if the current deal falls through, McCarthy said. That would translate to about $1.09 per share before taxes. The fee would prevent any further litigation.

Monsanto and Delta & Pine Land stocks didn't see any big movement during Monday trading.

Monsanto's stock dropped 28 cents, less than 1 percent, to close at $47.80 on the New York Stock Exchange. Delta & Pine Land dropped 25 cents, also less than 1 percent, to close at $40.39 on the New York Stock Exchange.

Delta's stock jumped 10 percent when the deal was announced in August, while Monsanto's stayed virtually unchanged.

Delta Board Weighs US Air's Offer (WSJ)

By Corey Dade And Melanie Trottman

The Wall Street Journal, December 12, 2006

Airline and Creditors to Meet On $8.5 Billion Hostile Bid; A Push for Financial Records

The board of Delta Air Lines Inc. met by conference call to discuss US Airways Group Inc.'s $8.5 billion hostile bid, but the directors aren't expected to issue a formal position on the offer for several days, according to people familiar with the matter.

The meeting came as executives at Delta and its major creditors prepared for a new round of talks regarding the US Airways bid scheduled for tomorrow in New York. US Airways presented details of its offer, consisting of $4 billion in cash and about $4.5 billion in stock, nearly two weeks ago, in a session marked by occasionally tense exchanges between executives from the airlines.

Delta, which filed for Chapter 11 bankruptcy-court protection in September 2005, is expected to release early next week its reorganization plan for exiting from bankruptcy as a stand-alone company. Coming one month after US Airways launched the hostile offer, the Delta plan effectively will be the company's counterproposal aimed at persuading its creditors not to support the US Airways bid.

The board vote is largely a formality, since there is nearly no possibility that Delta's board would endorse the US Airways offer, according to people familiar with the situation. Delta officials, including Chief Executive Gerald Grinstein, have made repeated public assertions that the deal isn't right for the Atlanta airline. Mr. Grinstein has insisted that Delta should emerge

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independently from bankruptcy early next year. He has resisted US Airways' request for access to Delta financial records to perform due diligence on the offer.

Tomorrow's meeting of creditors could increase pressure on Delta to open its books. The group of nine major creditors, who represent unsecured-claim holders in Delta's bankruptcy-court proceedings, is scheduled to hear presentations from their own advisers hired to evaluate the US Airways bid and an analysis of the offer by Delta. Main topics include the deal's financial aspects, antitrust risks and labor implications, among other issues. No major Delta creditors have publicly embraced the US Airways bid, and one of the largest creditors, the Air Line Pilots Association unit that represents Delta pilots, has repeatedly attacked the proposal.

Despite long business relationships with Delta and its management, some major creditors such as Boeing Co., whose Boeing Capital Corp. unit leads the committee and holds claims in excess of $117.5 million, may feel obligated to insist on a full hearing of the offer, say people familiar with the situation. That could force the creditors committee to demand that Delta open its financial records and enter into full due diligence with US Airways, of Tempe, Ariz.

Delta has lobbied the Chicago aircraft maker for its support in warding off US Airways. People familiar with the discussions said Boeing has decided to remain neutral while the offer is being evaluated.

Separately, a federal judge upheld a bankruptcy judge's decision permitting Delta to terminate its pension plan for its pilots. A group of 223 retired pilots had appealed the bankruptcy-court decision issued in September. The Pension Benefit Guaranty Corp. now becomes trustee of the plan and reached a deal with Delta last week in which it receives a $2.2 billion unsecured claim against the airline and $225 million in unsecured notes.

Write to Corey Dade at corey.dade@wsj.com1 and Melanie Trottman at melanie.trottman@wsj.com2

LG.Philips Shares Fall On LCD Antitrust Investigation (Update3) (BLOOM)

By Kevin Cho

Bloomberg, December 12, 2006

Dec. 12 (Bloomberg) -- Shares of LG.Philips LCD Co., the world's second-largest liquid-crystal display maker, fell after the company said it was questioned by officials in South Korea, the U.S. and Japan in an antitrust probe of the industry.

Samsung Electronics Co., its bigger rival, was also subpoenaed by South Korea's Fair Trade Commission, company spokeswoman Cho Sung In said today. Officials from the Korean watchdog visited LG.Philips' Seoul headquarters on Dec. 8 because of ``possible anticompetitive conduct in the LCD industry,'' the company said yesterday, without identifying the other companies.

LG.Philips shares dropped as much as 7.6 percent, leading declines among LCD makers, on concern the investigation may damage earnings after the company posted two straight quarterly losses. A four-year U.S. federal probe into price fixing in the computer-memory chip market resulted in four companies, including Samsung Electronics, and 16 individuals being fined $731 million.

``The news is weakening people's sentiment on LG.Philips,'' said Kim Hyung Chan, who manages about $600 million in equities at KTB Asset Management Co. in Seoul. ``Earnings weren't showing signs of improving, and now this.''

Shares of LG.Philips fell 4.6 percent to 25,750 as of 12:35 p.m. in Seoul. In Taiwan, AU Optronics Corp. declined 2.4 percent, Chi Mei Optoelectronics Corp. dropped 3.3 percent and Chunghwa Picture Tubes Ltd. slid 2.3 percent. Suwon, South Korea-based Samsung, which generates more than 90 percent of its operating profit from products other than LCDs, fell 0.2 percent.

AU Optronics spokeswoman Hsiao Ya-wen said she couldn't comment on whether the company is part of the LCD investigation.

LG.Philips units in Tokyo and San Jose, California are also being investigated, the company said. Spokesman Lee Bang Soo declined to comment beyond yesterday's statement.

Samsung's Cho also said that its overseas subsidiaries in the U.S. and Japan were also served similar subpoenas.

Price Fixing?

The investigation may be about price fixing in the industry, Maeil Business Newspaper reported today, citing unidentified industry officials.

Jeong Joong Weon, who heads the cartel policy team at Korea's Fair Trade Commission, confirmed the regulator is investigating LG.Philips. He declined to provide further details.

Gina Talamona, a spokeswoman at the U.S. Department of Justice, declined to comment. The department issued a subpoena to LG.Philips' San Jose office, while Japan's Fair Trade Commission issued a notice to LG.Philips in Tokyo, according to yesterday's statement.

DOJ_NMG_0105775

``We are now investigating LG.Philips," Akinori Yamada, a director of management and planning at the Japanese antitrust commission, said in Tokyo today. ``We cannot comment on the names or number of the other companies involved in the probe."

Chips Probe

Price fixing of computer chips known as dynamic random access memory, or DRAM, led to top producer Samsung Electronics being fined $300 million, the second-largest criminal antitrust penalty in U.S. history. Korea's Hynix Semiconductor Inc. and Germany's Infineon Technologies AG agreed to pay a combined $345 million in fines because of the investigation.

LG.Philips, formed in 1999 as a venture between South Korea's LG Electronics Inc. and Royal Philips Electronics NV of the Netherlands, said last month that the company may continue posting losses until the second quarter of next year because of falling panel prices.

``The news is another blow to LG.Philips as this kind of probe was totally unexpected," said Jeff Kim, an analyst at Hyundai Securities Co. in Seoul, who has a ``market perform" rating on the stock.

LG.Philips LCD Gets Subpoena For Anticompetitive Practices (WSJ/DJ)

By Dow Jones Newswires

The Wall Street Journal, December 12, 2006

HONG KONG -- LG.Philips LCD Co. said Monday it is being investigated by authorities in the U.S., Korea and Japan for alleged anticompetitive practices in the liquid-crystal display market.

In a statement, the South Korea-based LCD maker said it received a subpoena from the U.S. Department of Justice last Friday. In addition, the company said officials from the Fair Trade Commission in Korea visited its headquarters while the Japanese Fair Trade Commission issued a notice to its offices in Tokyo.

"LG.Philips LCD takes this matter very seriously and will cooperate fully with regulatory authorities," the company said in the statement. "While these investigations continue, LG.Philips LCD is committed to running its business as usual, supplying its global customer base."

LG.Philips LCD spokesman Lee Bang Soo declined to comment further when asked about the details of the investigation.

Microsoft Lays Out Defense In Iowa Case (BLOOM)

By Bob Van Voris, BLOOMBERG NEWS

Bloomberg, December 12, 2006

Company didn't overcharge, lawyer says

Microsoft Corp. didn't overcharge Iowa consumers for Windows, Word and Excel, a lawyer told jurors in Des Moines, as the company outlined its defense in an antitrust trial.

"No one in Iowa has been harmed by anything that the plaintiffs can show that Microsoft has done," Microsoft lawyer David Tulchin told the Iowa state court jury of seven men and five women Monday afternoon. "The evidence will show that the price was not too high, that there is no overcharge."

Tulchin began Microsoft's opening statement in a class-action suit by Iowa consumers who claim they were overcharged by $329 million since 1994. Tulchin's statement began after a lawyer for the consumers concluded his side's opening statement after almost six days.

The lawsuit is one of only two similar cases Microsoft hasn't settled or persuaded judges to dismiss. Any jury award may be tripled under Iowa law.

The Iowa case and one in Mississippi are the last of dozens filed by groups of consumers after an antitrust suit against Microsoft brought by the U.S. government and several states, including Iowa, in 1998.

Microsoft denies that it violated Iowa antitrust law.

"Microsoft's success, in every case, is attributable to pro-competitive conduct," including good business decisions, good products and low prices, said Tulchin.

Earlier Monday, Minneapolis lawyer Richard Hagstrom outlined three different models he said an expert for the plaintiffs used to calculate the amount that Iowans paid for Microsoft products compared with the amount they would have paid in a competitive marketplace.

The consumers' opening statement began Dec. 1 when Des Moines lawyer Roxanne Conlin outlined claims that Microsoft used its monopoly position to manipulate prices and force competitors out of business.

The case was filed in 2000 by Joe Comes, a Des Moines businessman.

It was certified in 2003 as a class-action suit on behalf of indirect buyers of Microsoft software from May 1994 to June 2006 -- people and businesses that bought computers with Microsoft software already installed or that bought the programs from sources other than the company.

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Lawyers said the trial may take six months.

The case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County (Des Moines).

ENVIRONMENT/INDIAN AFFAIRS:

Top Court Rules 7-0 Against BP In Case Over Lease Royalties (WSJ)

Wall Street Journal, December 12, 2006

WASHINGTON -- The Supreme Court ruled against the oil and gas industry Monday in a dispute over how far back the government can reach to collect on leases for federal land.

In a 7-0 decision, the court refused to limit the number of years the government can reach back to collect unpaid royalties.

The case involves two units of BP that had sued over lease royalties oil and gas companies must pay for coal bed methane removed from federal land. That dispute concerned questions of at what stage of production the levy should be paid.

Read the Supreme Court's opinions in Carey v. Musladin1 and BP America Production Co. v. Watson2, courtesy of FindLaw3.

The Department of the Interior had ordered the companies to pay a higher rate based on refinement of the methane before it is marketed and sold. The BP subsidiaries had argued that the government was entitled to royalties on the value of methane gas at the time it was extracted and before carbon dioxide is removed from the methane. Federal law generally requires lease payments be made on gas in a "marketable condition."

Justice Samuel Alito wrote the majority opinion, which said a 6-year statute-of-limitations cited by the companies applies to court proceedings and not agency administrative proceedings. The statute of limitations dispute arises from aspects of a 1996 law limiting government financial-damages suits.

Last week the U.S. Minerals Management Service sent BP a $32 million bill for unpaid royalties in a separate case. The company at the time said the outcome of the Supreme Court's statute-of-limitations decision won't impact the size of that bill but could have an impact on separate royalty fee matters.

When the dispute between the Interior Department and the companies began a decade ago, it involved Amoco Production Co., Atlantic Richfield Co. and Vastar Resources, ARCO/Vastar, according to court papers filed in the case. In 2001, Amoco Production Co. and Vastar Resources Inc. merged and formed BP America Production Co. Atlantic Richfield Co. is wholly owned by BP America Inc.

Chief Justice John Roberts Jr. -- who had participated in the case when he was still a federal appeals court judge -- and Justice Stephen Breyer, recused themselves from the appeal.

Court Says Trial Spectators Can Wear Buttons

The Supreme Court, in a first-of-its-kind ruling, concluded unanimously Monday that murder trial spectators were free to wear buttons with a picture of the victim in front of the jury that convicted the defendant.

The justices ruled in favor of California prosecutors who said the buttons were a harmless expression of grief by family members at the trial of Mathew Musladin.

It was the first time the justices ruled on whether the conduct of courtroom spectators deprived a defendant of a fair trial, which in this instance resulted in a conviction that was reversed by an appeals court.

Mr. Musladin had successfully challenged his conviction in the 1994 shooting death of Tom Studer, the fiancé of Mr. Musladin's estranged wife. Mr. Musladin is serving a sentence of 32 years to life in prison.

Justice Clarence Thomas, writing for five of his colleagues, said the buttons "did not deny [Musladin] his right to a fair trial," although he said the question remains open whether spectators' conduct could be prejudicial. The other three justices also concurred with the court's judgment, but did not join Justice Thomas's opinion.

Three members of Mr. Studer's family wore a button with a photo of the victim throughout the trial over the objections of Mr. Musladin's lawyer. The request prior to trial to preclude the family members from wearing the buttons was rejected by the judge, who said he saw "no possible prejudice to the defendant."

But the 9th Circuit U.S. Court of Appeals ordered a new trial. The appeals panel said the buttons "essentially argue that Mr. Studer was the innocent party and that the defendant was necessarily guilty." The dissenting judge in the 2-1 decision said the buttons were a symbol of a family's grief.

The case turned on a 1996 law, the Antiterrorism and Effective Death Penalty Act, limiting the circumstances under which federal judges may grant habeas corpus petitions in state court cases. In order for a federal judge to step in, says the law, the state court decision must be "contrary to" or an "unreasonable application" of clearly established federal law as determined by the Supreme Court.

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The appeals court said the state court decision was contrary to Supreme Court holdings. But Justice Thomas said, "We hold that it was not."

Justice David Souter, who wrote a concurring opinion, said there can be little doubt that allowing the buttons at a murder trial "can raise a risk of improper consideration." But he also said he could not conclude that the state court acted unreasonably.

The closest case to Mr. Musladin's came six years before the death penalty act, when the San Francisco-based appeals court tossed out a rape conviction on grounds that jurors might have been prejudiced because some trial observers wore pins that read "Women Against Rape."

The justices have ruled on prejudicial impact involving defendants, but never about spectators wearing buttons.

The court has forbidden the use of visible shackles for defendants in front of juries unless the use is justified by an essential state interest such as courtroom security. The court also has forbidden having defendants wear prison garb in front of juries in most instances.

The case is Carey v. Musladin.

Separately, the high court refused to consider a bankruptcy dispute between Wachovia Corp. and Eastman Kodak Co., a decision that allows the $30 million case to proceed in lower federal courts.

At issue is whether Kodak can press a claim against Charlotte, N.C.-based Wachovia stemming from the bankruptcy of a camera retailer, Wolf Camera Inc., located in Atlanta, Ga. The fight stems from a $30 million loan Kodak make to Wolf Camera in March 2000, which required the approval of Wachovia, Wolf's leading creditor. Kodak later claimed that Wachovia encouraged Kodak to make the loan but did not disclose that Wolf would be required to use the $30 million to repay some of its debts to Wachovia. Kodak also said that Wachovia withheld Wolf's dire financial condition.

Kodak sued Wachovia in New York, seeking damages, while Wolf's bankruptcy proceeding was settled in a bankruptcy court in Georgia. Wachovia argued that Kodak should have pursued its claims in the bankruptcy court, and once the bankruptcy court reached a settlement between Wolf Camera and its creditors and resolved several other issues, further litigation should be barred.

With the Supreme Court's refusal to consider Wachovia's appeal, Kodak's case will now proceed in U.S. District Court in the Western District of New York.

The case is Wachovia Bank N.A. v. Eastman Kodak Co.

U.S. Supreme Court Rules Against Oil And Gas Industry In Royalties Case (FINDLAW/AP)

By Pete Yost, Associated Press Writer

AP, December 12, 2006

(AP) - WASHINGTON-The Supreme Court ruled against the oil and gas industry Monday in a dispute over how many years into the past the government can reach to collect money for leases on federal land.

In a 7-0 decision, the court refused to limit the number of years the government can reach back to collect unpaid royalties. The ruling applies to administrative proceedings the Interior Department brought against two companies.

At issue is whether a federal law imposing a six-year time limit for the government to file lawsuits based on federal contracts also applies to administrative orders.

Ten years ago, the Interior Department's Minerals Management Service ordered BP America Production Co. and ARCO to pay $4.1 million (â‚¬3.1 million) and $780,000 (â‚¬591,940) respectively to cover royalty deficiencies on coalbed methane. The companies pumped the natural gas from wells in the San Juan Basin, which is in northwest New Mexico and southwest Colorado.

The government's administrative claim was based on royalties allegedly owed going back more than eight years from the time the Interior Department demanded the money. BP and ARCO say the limit should be six years, which would reduce the amount of royalties the Interior Department is able to claim.

BP and ARCO say unfavorable rulings in lower courts on the issue would add hundreds of millions of dollars to the royalty obligations of the oil and gas industry over the life of existing leases.

The industry's arguments "are insufficient to overcome the plain meaning" of federal law, said the decision by Justice Samuel Alito.

The justices normally do not publicly disclose the reason for not participating in cases, though Chief Justice John Roberts participated in the case as a federal appeals court judge.

When the dispute between the Interior Department and the companies began a decade ago, it involved Amoco Production Co., Atlantic Richfield Co. and Vastar Resources, ARCO/Vastar, according to court papers filed in the case.

In 2001, Amoco Production Co. and Vastar Resources Inc. merged and formed BP America Production Co. Atlantic Richfield Co. is wholly owned by BP America Inc.

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The case is BP America v. Watson, 05-669.

BP Review Of Blast Cites Worry Over Cost Cuts (WSJ)

By Chip Cummins

Wall Street Journal, December 12, 2006

Some Top Officers See Link To '05 Refinery Accident; Outside Report Is to Come

Some top BP PLC executives worried that cost cutting at a Texas refinery may have contributed to the plant's poor state of safety and equipment, according to an internal BP review that is likely to turn up the heat on the company over a deadly explosion at the site.

Documents reviewed by The Wall Street Journal also quote a former senior BP safety executive saying that BP Chief Executive John Browne "showed little interest" in safety issues.

The March 2005 accident at BP's Texas City, Texas, refinery killed 15 people and injured 180. BP faces a criminal probe into the accident as well as civil claims from victims. The accident, along with a series of other safety and environmental incidents, has undercut BP's efforts to promote itself as a socially responsible energy company that is "Beyond Petroleum." High profits from surging oil and gasoline prices over the past three years have added to public pressure.

BP officials have said they believe budgetary decisions didn't play a critical role in the accident, caused when workers restarted a small gasoline-processing unit. A BP spokesman defended Lord Browne's safety record and repeated yesterday that the company determined in its own investigations into the accident that spending wasn't an issue in the blast.

In a series of internal interviews, however, BP executives painted a more complicated picture. Their thinking is laid out in notes and interview summaries that were collected this year as part of an internal BP review of the refinery accident. The interviews were conducted as part of a wide-ranging "accountability" review, designed to determine what led to the accident, according to a BP spokesman.

The documents, which haven't previously been made public, also show some BP executives laying blame for safety shortfalls with one another and with BP's management structure.

In several public reports, BP acknowledged wide-ranging safety and management shortfalls. It initially fired a handful of low-level workers and supervisors and reassigned the refinery manager, Don Parus. BP also restructured its health-and-safety organization and replaced the head of U.S. operations after the accident.

Current and former workers at the plant, in interviews with the Journal last year, blamed cost cutting for reducing safety and causing equipment problems at the refinery. In October, the U.S. Chemical Safety and Hazard Investigation Board said it believed cost cutting by senior managers contributed to the explosion. The federal agency cited a 25% cut in fixed costs at the plant between 1998 and 2000. BP bought the Texas City refinery as part of its 1998 acquisition of Amoco Corp.

Insight into the BP review comes as an independent panel of experts led by former Secretary of State James Baker III plans to release in coming weeks a report expected to detail problems with safety processes at BP's American refinery operations.

In a July interview as part of the accountability review, John Manzoni, BP's global chief executive of refining and marketing, said he agreed with another executive that "fixed-cost reduction" partly contributed to the "situation" at Texas City, according to notes from the interview. At one point in late 2005, after the accident, Mr. Manzoni said he questioned himself, according to the interview notes: "Have we been underspending?"

The BP spokesman said of Mr. Manzoni's comments, "It's a perfectly reasonable and common-sense question to have asked under the circumstance." But, he added, "The answer was, no, we didn't underspend." BP has said that from 2001 to 2004, it sharply increased spending at the plant, including more than doubling the annual average maintenance and turnaround spending at the refinery, to about $115 million a year in 2004 from $40 million a year in 2001.

However, Mr. Parus, who was relieved of his duties as refinery manager immediately after the accident, said he had been ordered to cut costs by 25% as recently as 2005, according to notes of an interview conducted Oct. 12.

He said he had given a slide show to Mr. Manzoni during a visit by the executive in July 2004 showing BP and Amoco had "underinvested" at Texas City for the previous 10 years, according to the interview notes. He said he pleaded for additional funds, citing problem areas such as the poor condition of equipment, and he said he had "exhausted every avenue he had to get the funds and it remained a no," according to the notes.

An attorney for Mr. Parus said his client stands by what he said in the interviews but wasn't available to comment.

Ross Pillari, who stepped down as chief executive of BP's U.S. operations this year, said Texas City had been neglected, according to a BP interview on April 27. Senior BP-Amoco executives at the time of the merger "tried to squeeze as much out of [Texas City], so maintenance was neglected. The directive was to keep expenditures low because of 10 years of lousy refinery

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margins," according to a summary of his interview. Refinery margins are an industry measure of profitability. Mr. Pillari declined to comment.

Some executives said they disagreed with the suggestion that cost cutting contributed to safety problems, according to the notes. Pat Gower, vice president of North American refining, told interviewers in April that he didn't think the accident occurred because of budget restraints. And Mike Hoffman, a vice president of global refining, told interviewers he had never heard a request for funds from Mr. Parus at Texas City: "Don can't claim that I held back money from him," he said, according to the notes.

The interview notes also paint a picture of uncertain reporting lines inside BP's North American operations. Some executives said in their interviews that contributed to a lack of accountability for Texas City's problems. The BP spokesman said yesterday that the plant's new management "has simplified the organization, clarified accountabilities."

In addition to BP's management structure, one executive also cited Lord Browne's attitude toward safety. In an interview conducted on June 21, Greg Coleman, who was vice president of BP's health, safety and environmental programs before he left the company, said Lord Browne "showed little interest" in safety and demonstrated "no passion, no curiosity, no interest" in safety issues, according to his interview notes.

Mr. Coleman couldn't be reached for comment.

The BP spokesman said: "It is certainly not true that Lord Browne showed little interest in safety. The safety of staff featured prominently in his many messages to the organization." Safety also was underscored in the company's code of conduct, the spokesman said.

"The company had achieved a 70% reduction in workplace injury rates at the plant," the spokesman said. "This significant fall led the company to believe that conditions at the refinery were improving."

Lord Browne transformed BP into an oil giant through a series of big acquisitions, including the Amoco purchase, in recent years. He also fostered a reputation as an environmental leader, becoming the first oil-industry chief to acknowledge the threat of global warming. BP's advertising campaign highlighted the company's alternative-energy projects, like solar and wind.

But BP has faced big setbacks in the U.S. Oil spills and wide-scale corrosion partly shut down BP's vast Alaska field at Prudhoe Bay over the summer and triggered a federal criminal probe. U.S. officials accused the company of manipulating propane markets, a charge the company denies. The company says it is cooperating with all investigations.

Separately, the Supreme Court ruled 7-0 against BP in a lease-royalty dispute with the government.

The case involves two units of BP that had sued over federal lease-royalty rates that oil and natural-gas companies must pay for coal-bed methane removed from federal land. At issue were whether Interior Department royalty calculations -- through administrative actions -- ordered the companies to pay a higher rate based on refinement of the methane before it is marketed and sold. The ruling determined that Interior Department royalty orders aren't subject to a statute of limitations.

(BP America Production Co. v. Watson)

Oil Company Charged With Pollution (LOMPOCR)

By Samantha Yale, staff writer

Lompoc (CA) Record, December 12, 2006

An energy company with local operations is facing more trouble.

The state attorney general's office has filed four misdemeanor counts of state water pollution against Greka Oil and Gas Inc.

The alleged violations of the California Fish and Game Code were filed in Santa Barbara County Superior Court in Santa Maria Wednesday. The Department of Fish and Game was the investigating agency, according to the attorney general's office.

The complaint alleged that Greka “unlawfully deposited in, or permitted petroleum or other deleterious substance to pass into, the state waters of California.”

Greka allegedly committed these violations Dec. 7, 2005, at 5017 Zaca Station Road in Los Olivos; May 4 and May 16 at 3851 Telephone Road in Santa Maria; and Aug. 10 at 6572 Dominion Road in Santa Maria, according to the complaint.

According to reports from the Governor's Office of Emergency Services, the Los Olivos incident was caused by tank failure, and the spill went into an unnamed seasonal creek before it was contained.

The Santa Maria spill on May 4 was a pipeline leak, according to the report, and the petroleum went into an unnamed dry creek. The May 16 spill at the same location was reported by a caller as caused by a ruptured flow line, but it did not go into a waterway.

The Santa Maria spill Aug. 10 was due to old pipe repair and the petroleum went into a seasonal creek with a spring, according to the hazardous materials spill report.

In all but the May 16 Santa Maria incident, for which there is no indication either way, drinking water was not affected.

The case is due back in court Jan. 4.

The prosecutor in the case, Deputy Attorney General Christopher Crook, declined Monday to discuss the allegations.

Steve Martarano, spokesman for the Department of Fish and Game, said his department does not discuss cases they investigate once they are handed over to prosecutors.

The attorney representing Greka in the case, Steve Cochran, could not be reached for comment Monday.

Greka Energy is familiar with legal battles.

The corporation settled last month the remainder of a civil lawsuit filed in 2004 by the Santa Barbara County District Attorney's Office, which accused it of more than 100 safety and environmental violations. Greka agreed to pay a total $675,000 to the county and the county Air Pollution Control District in the settlements, according to a prosecutor in that case.

The U.S. Attorney's office began an investigation late last year into possible criminal acts committed by Greka, but there have been no public developments in that investigation since it began, U.S. Justice Department spokesman Thom Mrozek said Monday.

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Gulf States Hit Pay Dirt Offshore (WP)

By Steven Mufson

Washington Post, December 12, 2006

Back in June, former Louisiana senator John Breaux warned Sen. Mary Landrieu (D-La.) not to get greedy in lobbying to get their state a big chunk of oil and gas royalties from federal waters.

"Harry Truman offered us almost half, and we ended up with nothing," he said.

Breaux was recalling that in 1949, Gov. Earl Long was so determined to get all of the oil and gas royalties from drilling off his state's shores that he turned down an offer from Truman that would have put a portion of that revenue into Louisiana's coffers. Louisiana ended up with nothing, and since then the Treasury has collected $160 billion from offshore oil and gas production all over the United States.

The last bill passed by the 109th Congress, early Saturday morning, ended up giving Louisiana, Texas, Alabama and Mississippi a good bit of what was turned down half a century ago.

The legislation opens about 8 million acres in the Gulf of Mexico to oil and gas drilling, and U.S. industrial consumers of natural gas hope it will boost supplies and moderate prices.

But the bill's landmark aspect was a deal that diverts 37.5 percent of federal royalties from future drilling to the four Gulf of Mexico states -- the same percentage Truman offered Long. The accord could ultimately be worth $650 million a year for Louisiana, the biggest beneficiary.

"This was the best Christmas present I could ever, ever have gotten or that the state of Louisiana could have gotten," Landrieu said in an interview yesterday.

Foes of the legislation fear it will lure states opposed to offshore drilling such as California, Virginia, Florida and North and South Carolina into supporting exploration off their shorelines in return for a gusher of new revenue. "A lot of folks don't want the revenue sharing because they're afraid that people won't be as opposed" to offshore drilling, Breaux said in June.

Landrieu says the legislation will help Louisiana restore coastal wetlands and take measures to protect such energy infrastructure as ports, pipelines and oil refineries. To ease congressional concerns that Louisiana will treat the royalties as a windfall for general spending, the state has amended its constitution to restrict use of the money to those purposes.

Unlike Long, who asserted state ownership over waters up to 37 miles from shore, Landrieu merely asserted state "partnership" with the federal government. While she initially sought half of federal royalties, she later agreed to put 12.5 percent of federal royalties into a conservation fund to be used for all 50 states, a move that was designed to blunt environmental objections to new drilling.

Opponents of the bill call it fiscally irresponsible and say that any royalties from drilling in federal waters, which begin three miles from shore and extend up to 200 miles out, belong to the federal government. Those are the boundaries Congress drew in 1953 and the Supreme Court affirmed. Given the size of the federal budget deficit and future Social Security and Medicare obligations, many lawmakers say the federal government is in no position to give away big revenue streams.

"According to estimates, the bill will drain $170 billion from the federal treasury over the next 60 years," said Rep. Lois Capps (D-Calif.), a member of the House Energy and Commerce Committee, during last week's floor debate. "This is a great deal for these four states, and I certainly understand why they support it. What I don't understand is why my colleagues from the other 46 states would agree to it."

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Capps added that "the offshore waters of the Gulf Coast belong to all Americans, as do the Pacific and Atlantic oceans, the Great Lakes and other public lands. Mr. Speaker, we have record deficits as far as the eye can see, and it is simply irresponsible to add billions more in new debt through legislation like this."

Environmentalists have also fought the measure. "We believe that tying coastal restoration funding to money derived from new offshore drilling . . . would simply exacerbate the problem," said Carl Pope, executive director of the Sierra Club. "There is agreement that oil and gas drilling in the Gulf of Mexico has contributed to the destruction and loss of Louisiana wetlands. Thus, we don't see the logic in funding restoration when the trade-off is incentives for new drilling that would jeopardize other coastal areas."

In marshaling arguments for the legislation, Landrieu bridged the gap between proponents of unlimited offshore drilling and foes of all offshore drilling.

She noted that the federal government gives states 50 percent of royalties for minerals, oil and gas taken from federal land. And she argued that the Gulf Coast states suffered environmental degradation from serving as a base for the petroleum industry. After hurricanes Katrina and Rita hit the region in 2005, the Gulf Coast states were also able to tap into sympathy and concerns over the country's energy infrastructure.

Because of the way legislation is scored for budgetary purposes, the money diverted from the Treasury does not show up in the bill's cost estimates. Moreover, because the states get a share of future drilling revenue, their big payday doesn't come for more than 10 years, beyond the window used by congressional budgeteers.

Instead, because it opens up new areas for drilling, the measure is scored as a plus for federal revenue. That helped cover other giveaways in the tax extender bill the drilling measure was attached to. Some of those were energy-related. One example: the ability to depreciate 50 percent of the cost of a cellulosic ethanol plant in its first year of operation. Despite all the talk about this potential energy source, technological and financing issues remain. Judging from the scoring of this item -- $17 million over the next five years -- lawmakers don't expect more than one plant to be built before the end of 2012.

In the end, House and Senate Democratic leaders did not attempt to rally their party caucuses against the offshore drilling measure despite fiscal and environmental objections. That was, in part, out of deference to Landrieu, the only Democratic senator in Alabama, Mississippi, Louisiana or Texas.

"There were a lot of Democrats who voted against this," Landrieu conceded. But she said "millions" of jobs for middle-class Americans depended on continued natural gas supplies. She said party leaders realized "when there are places in the country willing to drill that Democrats should be in favor. It is not good to stick your head in the sand and pretend we don't need oil and gas."

The Cost Of An Overheated Planet (NYT)

By Steve Lohr

New York Times, December 12, 2006

The iconic culprit in global warming is the coal-fired power plant. It burns the dirtiest, most carbon-laden of fuels, and its smokestacks belch millions of tons of carbon dioxide, the main global warming gas.

So it is something of a surprise that James E. Rogers, chief executive of Duke Energy, a coal-burning utility in the Midwest and the Southeast, has emerged as an unexpected advocate of federal regulation that would for the first time impose a cost for emitting carbon dioxide. But he has his reasons.

“Climate change is real, and we clearly believe we are on a route to mandatory controls on carbon dioxide,” Mr. Rogers said. “And we need to start now because the longer we wait, the more difficult and expensive this is going to be.”

Global warming is not only an environmental hazard, but also a great challenge for economic policy. Without economic incentives, analysts say, the needed investments in industrial cleanup, innovative low-carbon technologies, fuel-efficient cars and other ways of reducing energy waste will not occur.

Mr. Rogers’s stance is far from universal within the power industry, but it has surprising support, particularly from those, like him, who also produce electricity from carbon-free nuclear reactors.

And despite the Bush administration’s adamant opposition to any limits on fossil fuel emissions, the idea is beginning to pick up momentum in the American political arena as well. Already, California has adopted a policy aimed at reducing the state’s contribution to global warming by 25 percent in the next 14 years.

In Washington, several influential lawmakers, including Senator John McCain, a leading Republican contender for president in 2008, have introduced legislation intended to limit the nation’s carbon dioxide output.

But how would those goals be achieved? Global warming can be seen as a classic “market failure,” and many economists, environmental experts and policy makers agree that the single largest cause of that failure is that in most of the world, there is no price placed on spewing carbon dioxide into the atmosphere.

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Yet it is increasingly clear that there is a considerable cost to carbon dioxide emissions, especially to future generations, as climate specialists warn of declines in farm output in poor tropical countries, fiercer hurricanes and coastal floods that could make many people refugees.

Price List for Polluting

"Setting a real price on carbon emissions is the single most important policy step to take," said Robert N. Stavins, director of the environmental economics program at Harvard University. "Pricing is the way you get both the short-term gains through efficiency and the longer-term gains from investments in research and switching to cleaner fuels."

Some academics see an analogy between a global warming policy and the pursuit of national security in the cold war. In the late 1950s, American military spending reached as high as 10 percent of the gross domestic product and averaged about 4 percent, far higher than in any previous peacetime era. A Soviet nuclear attack was a danger but hardly a certainty, just as the predicted catastrophes from global warming are threats but not certainties.

"The issues are similar in that you pay now so things are less risky in the future — it's an insurance policy," said Richard Cooper, a Harvard economist. "And in the cold war, we taxed ourselves fairly highly to mitigate that threat."

What makes such a view more than a conceptual argument is that executives like Mr. Rogers, who is also chairman of the Edison Electric Institute, a utility trade group whose members provide 60 percent of the nation's electric power, are also pushing for a carbon dioxide-pricing policy to reduce the risk to their companies.

They say that only with some sort of federal policy in place — which would probably take the form of a tax on carbon dioxide waste from any source, or a "cap and trade" regulatory system — will it become clear what carbon cleanup or fuel-switching moves their companies may have to make, and on what sort of timetable.

Investors in alternative energy projects also emphasize the need to set policy priorities.

"We need a policy framework for the long term," said Vinod Khosla, a leading environment-oriented venture capitalist. "Fifteen years is the minimum horizon of stability that we need."

Beyond incentives for business, a national global warming policy should include increased federal spending on research on futuristic technologies to curb carbon emissions, advocates say.

Combating global warming, they say, will require over-the-horizon breakthroughs involving safe nuclear energy, hydrogen power and advanced carbon sequestration — or technologies that have not yet been imagined.

But even today, there are sizable opportunities, by insisting on more efficient energy use, that are not being seized, according to the McKinsey Global Institute. In a new report, the institute, a business-oriented research group that is part of McKinsey & Company consultants, estimated that the yearly growth in worldwide energy demand could be cut by more than half through 2020 — to an annual rate of 0.6 percent from a forecast 2.2 percent, using current technology alone.

Available steps that would yield a more productive, and efficient, use of energy include compact fluorescent lighting, improved insulation on new buildings, reduced standby power requirements and an accelerated push for appliance-efficiency standards.

All these moves, McKinsey said, would save money for consumers and businesses. "We were really surprised by these huge straightforward opportunities that are not being taken," said Diana Farrell, the McKinsey Global Institute's director. "In some senses, there is a big market failure."

Energy efficiency can help slow the pace at which the risk from global warming risk increases, but it cannot reverse the trend alone. In the very long term, environmental experts say, the world's economy needs a technological transformation, from deriving 90 percent of its energy from fossil fuels today to being largely free of emissions from fossil fuels by 2100, through cleanup steps or alternative energy sources.

Science and Uncertainty

Given all the uncertainties, the scientists and economists who design and run simulations of global warming policy acknowledge that their work is at best a tool for thinking about climate change issues.

Still, they tend to agree that over the next 50 years, the cost of slowing and eventually reversing carbon emissions growth will be 1 to 2 percent of global economic output. They assume the focus over those years will be mainly on efficiency and cleaning up electricity generation.

In later years, their cost projections become more varied, ranging from 1 percent to as high as 16 percent of global output, depending on assumptions about how difficult it will be to wean the world's vehicle fleet from fossil fuels, and to make other technological leaps.

"Going past 2050, the cleverness really has to kick in," said John M. Reilly, an economist at the M.I.T. Joint Program on the Science and Policy of Global Change.

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A global warming policy would be shaped first by science and social values, before economics. A sensible goal, according to many environmental specialists, is to try to avert a doubling or more of atmospheric concentrations of carbon dioxide in this century.

"This is not something that goes on inside a computer, but a grand political calculation," said Stephen H. Schneider, a climate expert at Stanford University.

Yet even in realms of social policy, where uncertainty is high, there is an implicit calculation of costs and benefits. In the case of global warming, the cost of society's insurance policy may well be worth it, measured in the damage averted.

But it will not be cheap. Take the experts' consensus estimate that curbing carbon dioxide emissions over the next 50 years will, on average, cost about 1 percent of global economic activity annually.

It seems a modest figure. Yet in today's terms, 1 percent of the United States economy is more than $120 billion a year, or $400 a person.

Put another way, $120 billion is about equal to the Bush administration's tax cuts in 2001; it is also roughly the amount spent on the Iraq and Afghanistan wars this year.

"There's no easy way around the fact that if global warming is a serious risk, there will be serious costs," said W. David Montgomery, an economist at Charles River Associates, a consulting group.

A price on carbon dioxide emissions, most economists agree, would be the most efficient way to combat global warming. And the price, they say, should start small to give industries time to adapt, then ratchet up over the years to encourage long-term investments in energy saving, carbon cleanup and new technology.

The two methods of pricing carbon are to charge a tax on each ton of carbon dioxide emitted into the air, or to place a cap on total emissions and then let polluters trade permits to emit a ton of carbon dioxide.

Economists like William D. Nordhaus of Yale and Mr. Cooper of Harvard advocate a tax as the clearest price signal to the energy marketplace, and less susceptible to political tampering and market manipulation than a cap-and-trade system. It could also be used to raise revenue to offset other taxes.

In a recent paper, Mr. Cooper suggested an initial tax around $14 a ton of carbon dioxide emitted, which he calculated would translate roughly into a 100 percent tax on coal and add 12 cents to each gallon of gasoline. Such a tax would raise as much as $80 billion a year in the United States.

"There's nothing sacred about the number," he said, "but you need to get a significant price into the system to create the incentive for people to go out and look for solutions."

A Quota or a Tax?

Economically, a cap-and-trade system has the same goal as a tax, putting a price on carbon dioxide emissions, but goes about it differently. A limit would be placed on overall emissions, with polluters allocated permits. Then, companies able to go below their emission targets would be allowed to sell their unused "permits to pollute" to companies that could not.

A cap-and-trade system also has some political advantages. It can deflect the anger over higher costs and enable governments to use their allocations to essentially buy political support, since permits are the equivalent of cash. Big polluters, who will have to invest most to clean up, could be granted extra allowances in the early years of the program to subsidize their investments.

In the United States, caps and trading have a record of success in combating acid rain, which is caused by sulfur dioxide emissions from fossil fuel power plants.

"People said it was a crazy idea, too complicated and too regulatory," said Richard L. Schmalensee, an M.I.T. economist who was an economic adviser to the first President Bush when the sulfur emissions program was designed. "But the lesson learned was that a cap-and-trade system can work."

The global warming legislative proposals before Congress — including one sponsored by Senator McCain and Senator Joseph I. Lieberman of Connecticut, and another by Senator Jeff Bingaman of New Mexico — envision cap-and-trade systems.

But the challenge of controlling carbon emissions is far greater than sulfur. Carbon dioxide is a pervasive byproduct of the economy, and the polluters are many and varied. Once emitted, carbon dioxide is vexingly long-lived in the environment.

The early struggles of the European Union's carbon emission trading system, set up last year, point to the administrative and political difficulties. The European governments, responding to lobbying by domestic businesses, handed out permits that exceeded the emissions that most companies were already putting into the air. When that became clear in April, the market price of carbon dioxide emissions fell by half.

Senator Barbara Boxer of California, who will soon take the chair of the Senate environment committee, has pledged to push Congress to impose a price on carbon dioxide emissions, as the Europeans have done.

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Yet without coordinated international action, even if the United States — the largest source of carbon emissions — reined them in, this would have only limited effect on global warming. China is on track to surpass the United States as the leading emitter of carbon dioxide by 2009, according to a recent report by the International Energy Agency.

"Unless China and India are brought in, it won't matter much what the developed world does," said Scott Barrett, a professor of environmental economics at the School of Advanced International Studies of Johns Hopkins University.

But developing nations like China and India, energy specialists say, would certainly avoid joining any international effort on global warming without an emphatic move by the United States.

"Every year we delay, we contribute to another year of delay in China, India and elsewhere," said Jason S. Grumet, executive director of the National Commission on Energy Policy, a bipartisan group of energy experts. "The ecological and economic imperative is to start now."

Utilities Stuck In Clean-air Quandary (USAT)

By Paul Davidson

USA Today, December 12, 2006

Global warming? What global warming?

The rising temperature of Earth's atmosphere may be breeding growing distress and sparking sales of hybrid cars, but most utility executives aren't exactly losing sleep over the problem.

In fact, many electric companies are forging ahead with plans for traditional coal-fired power plants, the single biggest source of global warming, despite expectations that federal limits will eventually be placed on carbon dioxide emissions. That prospect grows more likely with Congress' new Democratic majority.

A much smaller group of utilities are building a new type of coal "gasification" plant that emits fewer pollutants and can be more easily retrofitted with equipment to trap carbon dioxide before it's released. Of roughly 150 coal-fired plants being proposed by utilities — what would be the biggest wave since the 1970s — only about a dozen are cleaner gasification plants.

Uncertainty about how restrictive any limits might be has left utilities with a dilemma: build traditional coal plants that are cheaper and generally deemed more reliable or "clean-coal" facilities that may be less expensive in the long run?

Traditional-coal proponents "are putting their head in the sand and saying (a carbon constraint) is not going to happen," says Peter Fusaro, chairman of consulting group Global Change Associates.

All agree new generation is needed. Power demand is projected to jump 19% over the next decade, yet generating capacity is slated to rise just 6%, says the North American Electric Reliability Council.

Coal remains the fuel of choice for most power companies, producing just over half of the USA's electricity. Natural gas prices are highly volatile. Nuclear plants, though gaining favor, still face public opposition. And wind turbines and solar panels operate too intermittently to constitute the bulk of a utility's portfolio.

Coal is cheap and plentiful. There's enough in the USA to meet demand for the next 250 years. Yet coal plants produce a third of U.S. carbon dioxide emissions, the main culprit in global warming, which is blamed for rising sea levels and more virulent hurricanes, floods and droughts. California Gov. Arnold Schwarzenegger last month signed legislation to reduce emissions of greenhouse gases to 1990 levels by 2020. And eight Northeastern states are taking part in a regional initiative to cap discharges.

Standard pulverized-coal plants turn coal into tiny bits that are burned in a boiler. The carbon dioxide produced is released through a smokestack. Technology to capture the carbon dioxide and store it underground — or use it to help extract more oil from existing reserves — would add up to 80% to the cost of the plant, says Ed Rubin, environmental engineering professor at Carnegie Mellon University.

Gasification plants turn coal into gases, filtering out carbon dioxide before the gases are burned, a much simpler process that also removes pollutants, such as sulfur and mercury, more efficiently. A gasification plant costs about 20% more to build than a typical $1 billion pulverized-coal plant. But it will be cheaper to add carbon-capture to gasification plants, Rubin says.

Bottom line: Gasification is about 20% cheaper than pulverized coal if both plants add carbon-capture. Equipment to trap and store carbon for both types of generators should be ready in five to 10 years.

Faced with hazy rules and technology, many utilities are sticking with pulverized coal. In Texas, TXU is spending $10 billion to build 11 pulverized-coal plants by 2010, citing population growth. If all are built, TXU would become the fourth-largest carbon emitter, up from No. 10, says environmental group Natural Resources Defense Council.

"We certainly understand the growing concern in society about carbon," says TXU spokeswoman Kimberly Morgan. "But the only absolute thing we know right now is that Texas needs more power, and we are offering up a solution."

She says gasification is unreliable, noting the country's only two gasification plants, operated by Tampa Electric in Florida and by PSI and Dynegy in Wabash, Ind., have been plagued by periodic shutdowns. Also, it's unclear if and when Congress will

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impose a cap on carbon dioxide emissions. "It would be awfully risky of us to base a $10 billion business decision on rules … that may or may not be in existence 10 or 20 years down the road," Morgan says.

Howard Herzog of MIT's energy lab agrees, saying, "It makes no sense" for utilities beholden to shareholders to build anything other than standard coal plants.

Another drawback, Morgan says, is that it's tough to get guarantees from equipment manufacturers for plants that use the kind of lower-grade coal prevalent in Western states, including Texas.

But critics contend TXU and others are rushing to build an armada of old-style coal generators in the belief Congress will grandfather those underway before carbon caps are set. Under a cap-and-trade system, utilities would have to buy allowances to spew carbon, but older plants might get more free allowances.

"I'm a little leery about any strategy that appears to be racing to the finish to grandfather before carbon limits are set up," says Richard Sedano of the Regulatory Assistance Project, a consulting group. Morgan disputes the claim.

Daniel Lashof of the defense council predicts carbon limits will come "sooner rather than later," saddling utilities with huge allowance costs. Shareholder resolutions filed last week voice concerns about TXU's plans.

Others utilities, such as NRG and Duke Energy, mindful of possible carbon caps, are building gasification plants. American Electric Power, the nation's biggest consumer of coal, is planning two gasifiers in Ohio and West Virginia. And while AEP also plans two pulverized-coal facilities, CEO Mike Morris says, it will transition its stable of new coal plants to gasification.

"I think it's clear that you're going to have to address the global warming issue," he says.

Ohio let AEP recover from customers its preconstruction costs for the gasification facility. But Wisconsin nixed a proposed gasifier, declining to pass higher costs to consumers while there's no carbon cap. Morris says AEP will build the plants only in states that permit cost recovery.

Congress could settle the uncertainty by moving quickly to curb carbon emissions. Democrats' new majority increases the odds legislation will be passed in the next two years, Lashof says. But the party's narrow margin of control still makes passage an uphill climb, says Tim Vandenberg of Washington Analysis. And the White House opposes carbon caps, which likely wouldn't take effect for at least five years.

To muster Republican votes, Sen. Pete Domenici, R-N.M., who chairs the Energy committee, and incoming Chairman Sen. Jeff Bingaman, D-N.M., are proposing initially modest limits that would set emissions at 2013 levels by 2020 and allowances at $7 per ton of carbon — far below the $30 experts say is needed to coax utilities into cutting carbon discharges.

Electric Breakthrough Goes Commercial (CSM)

By Mark Clayton

Christian Science Monitor, December 12, 2006

WESTBOROUGH, MASS.

Twenty years after their much ballyhooed discovery, high-tech materials capable of delivering 150 times the electricity of conventional wire are starting to push into the commercial market.

They promise to make generators, industrial motors, and even power lines far more efficient as the technology becomes more affordable. At least eight new cable projects already are under way in the United States, Europe, China, South Korea, Japan, and Mexico. This month, a leading US innovator in the field will shove out the factory door its first commercial product using the technology, which will help the Tennessee Valley Authority (TVA) keep its grid stable.

"It's been a long time coming, a real marathon, but it's exciting because we're seeing the promise become reality," says the firm's president, Greg Yurek, of American Superconductor Corp. in Westborough, Mass.

Only about a dozen companies worldwide specialize in the technology - high-temperature superconductors (HTS) that can deliver electricity with nearly no resistance to the current. Besides ASC, two are based in the US: SuperPower Inc., a subsidiary of Royal Philips Electronics, and MetOx.

"It's not just R&D anymore," says Trudy Lehner, a spokeswoman for SuperPower. "It's clearly moving into a commercial stage."

This year, ASC has seen orders soar for its HTS wire. In September, a Korean research institute ordered 22,000 meters of it. Later this month, ASC will send the US Navy in Philadelphia a superconducting motor made with HTS wire for its newest warship - a motor less than half the size and one-third the weight of a copper-based motor.

"The market right now is much more poised for this type of technology than what we would have seen just a few years ago," says Neal Elliott, industrial program director for the American Council for an Energy Efficient Economy, a Washington advocacy group.

Domestically, HTS wire has been featured in demonstration projects in Columbus, Ohio, and Albany, N.Y. In March, a half-mile of ASC's HTS wire is expected to be installed by the Long Island Power Authority. With the US electric-power industry

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poised for long-term growth, tens of billions of dollars will be spent to improve grid reliability - including more HTS products, industry analysts say.

Scientists have known since 1911 that some materials became superconductors when cooled to a certain temperature. But to gain such efficiencies, they had to cool them to nearly the lowest known temperature in the universe - hardly practical outside the lab. In 1986, two IBM researchers in Switzerland discovered a ceramic oxide material that was superconductive at much higher temperatures (a still chilly -395 degrees). The high-temperature superconductor was born.

Instead of requiring costly liquid helium for cooling, the breakthrough led to materials that could be cooled with far more common and cheaper liquid nitrogen. Superconductors moved out of the physics lab and into other applications.

Now Dr. Elliott and others say superconductors may be poised to finally leap from high-cost experimental projects into products with wide appeal to industry.

Driven by the use of computers, the Internet, and telecommunications, the nation is increasingly shifting toward electricity as its energy of choice. In 1970, it accounted for 25 percent of US power use; today, it accounts for 40 percent, says the Electric Power Research Institute.

At the same time, however, an increasingly creaky electric grid infrastructure has not kept up. After the Northeast blackout of Aug. 14, 2003, it was determined that high demand had drained a little known but critical element called "reactive power" from the grid, making it unstable.

ASC's new SuperVAR machine - which is being shipped to the TVA this month - is more efficient than traditional capacitors at smoothing out power surges and filling the demand for reactive power. The growth of wind power, which generates electricity intermittently depending on the wind, appears to be a hot growth market for superconducting voltage regulators.

"The future for superconductors is good, but really looks like more of a niche market in the utility industry," says Alison Silverstein, an independent utility industry consultant. "You're going to see these devices in specific applications, where reactive power is needed at substations, or in urban applications where utility tunnels are really crowded - or to help regulate wind power."

That may change if the economics improve. On the basis of cost per unit of power transmitted, first-generation HTS wire is twice to three times as expensive as copper cable, depending on the application. By 2010, Yurek claims ASC's second-generation wire should have roughly the same price performance as copper.

New-car Miles-per-gallon Estimates Will Drop Next Year (USAT)

By James R. Healey

USA Today, December 11, 2006

WASHINGTON — Fuel economy ratings of cars and trucks will drop significantly starting with 2008 models, some of which will go on sale early next year.

The declines are because the Environmental Protection Agency is using more-realistic conditions to estimate the mileage cars and trucks will get. The vehicles themselves, in most cases, haven't changed, only the formula used to assign fuel economy numbers.

Fuel-saving gasoline electric hybrids will see the biggest drops in the mileage numbers posted on their window stickers — as much as 30% worse in city driving, 20% worse on the highway, the EPA said after issuing new testing procedures.

Averaged over all vehicles of all types, city mileage ratings will drop 12% and highway numbers will fall 8%.

GREEN VEHICLE GUIDE: Find a fuel-effcient car.

Big changes to the 30-plus-year-old tests:

·Temperature: The new tests start with the car at 20 degrees Fahrenheit. The old tests started at 75 degrees. A cold vehicle uses more energy than a warm one. Cold temperatures are especially hard on the batteries that power hybrids, which is partly why those vehicles take such a big hit in the new ratings.

·Speed: The new tests use a maximum speed of 80 mph during the highway cycle instead of 60 mph in the old test, and 55 mph during the city portion instead of 56 mph. The city test always has been and continues to be closer to suburban driving conditions than true stop-and-go urban conditions.

The new test includes hard acceleration. The old test used gentle acceleration.

That's another reason hybrids suffer. Hard acceleration requires full use of the gasoline engine and little or no participation by the fuel-saving electric engine. "It's not acting as a hybrid when you're accelerating like that," says Bill Wehrum, acting assistant administrator of EPA's office of air and radiation, the office in charge of the testing that generates the fuel economy numbers.

·Air conditioning: The new test assumes it is used 13% of the time. The old test didn't use air conditioning at all.

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Air conditioning puts a drag on the engine and causes it to use more fuel. Wehrum says 13% is a high-enough figure because "some people don't use it at all."

The EPA and automakers refused to provide numbers for specific vehicles. But, for example, a 30% drop would cut the Toyota Prius hybrid's city rating to 42 miles per gallon from the current 60 mpg. A 20% drop would slice the highway number to 41 from today's 51.

If the Honda Civic hybrid was hit with the maximum decline, its city rating would fall to 34 mpg from the current 49 mpg, and highway mileage would drop to 41 mpg from today's 51 mpg.

Automakers will be allowed to include, through June, a line on the new window stickers saying what the mileage ratings would have been under the previous test.

In what could be helpful to pickup and SUV shoppers, the new EPA rules require fuel economy numbers to be posted on medium-duty vehicles — those with a gross vehicle weight rating of 8.500 to 10,000 pounds — starting with 2011 models. Such vehicles, also known as three-quarter-ton and one-ton models, aren't currently required to post mileage numbers.

The auto industry, through its Washington trade group the Alliance of Automobile Manufacturers, said: "The new mileage labels reflect how we drive today…but even with the new labels, your mileage will vary. In fact, EPA says how you drive is the most important factor."

The new fuel economy tests are a long time coming. Despite years of complaints that the EPA numbers were unrealistic, the agency didn't begin seriously considering a change until 2004, spurred by a petition filed in 2002 by the environmental group Bluewater Network of San Francisco, Calif. The group, part of the larger Friends of the Earth, normally concerns itself with marine issues. The mileage challenge was a detour for it.

Bluewater cheered the changes. "The era of inflated fuel mileage labeling is over. The EPA did an excellent job with these revisions, which will save motorists money while also reducing global warming pollution," Russell Long, Bluewater vice president, said in a statement.

Travel organization AAA also applauded. "Any time you provide consumers with more accurate information in their buying decisions, that's a positive thing," said Mantill Williams, spokesman in AAA's Washington, D.C., office.

EPA's Wehrum insisted the agency would have updated the tests even without complaints from motorists and the Bluewater petition: "Yes, definitely. The price of oil has gone up, the price of gas has gone up and people are more concerned than ever about fuel economy."

Ironically, EPA has for years been conducting tests along the lines of the new fuel economy tests. But it was doing so only to gather emissions information and wasn't sure it could simply use the data for fuel economy estimates without Congressional approval.

The new mileage tests don't affect calculations for what's known as CAFE, corporate average fuel economy, or the average mileage of all vehicles sold by an automaker. Averaged together, all cars an automaker sells must hit 27.5 miles per gallon or the car company has to pay a penalty to the government. Trucks must hit 21.6 mpg.

That program is overseen by the Department of Transportation, not by EPA, and it involves different calculations.

E.P.A. Revises Its Formula To Calculate Auto Mileage (NYT)

By Matthew L. Wald

New York Times, December 12, 2006

WASHINGTON, Dec. 11 — The Environmental Protection Agency rewrote one of the great fictions of American life on Monday by changing the formula for calculating miles-per-gallon numbers on the window stickers of new cars, to take account of higher speeds, more aggressive driving, more air-conditioning use and other factors not in the old system.

The rules cover 2008 models, some of which will be on sale next month. It does not change the actual mileage, only the advice to consumers. Congress ordered the change 18 months ago because of widespread dissatisfaction with the accuracy of the old numbers.

The system was last adjusted in 1984, when the E.P.A. cut the city values by 10 percent and the highway values by 22 percent. This one cuts the estimate of highway mileage another 8 percent, on average, and city mileage up to another 25 percent beyond the 1984 cut. Generally, the new formula narrows the gap between small cars and bigger vehicles, with small-car fuel economy estimates falling by more than the estimates for sport utility vehicles and other larger vehicles.

Hybrid vehicles will take some of the biggest hits, according to the agency, because the new standards include use of heaters and air-conditioners. Most gas-electric hybrids shut down their engines at low speeds, and run on electric batteries, but if the vehicle occupants have turned on the air-conditioner or heater, the engine may not shut down.

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At Consumers Union, the nonprofit group that publishes Consumer Reports, Ann Wright, a senior policy analyst, said the new stickers would move the government estimates closer to reality. Consumer Reports does road tests on vehicles and its mileage results are generally much lower than the E.P.A.'s.

At the Alliance of Automobile Manufacturers, a trade group, officials also praised the new standard and said it would cut fuel economy estimates by 8 to 10 percent on average. The alliance had fought to make sure that the formula was used only on the sticker, and not on the Corporate Average Fuel Economy standard, the one that manufacturers must meet or pay a penalty.

At the Bluewater Network, an environmental group that petitioned the E.P.A. in 2002 to recalculate the numbers, Russell Long, the executive director, said he had been told that the agency was also working on a new sticker for "flexfuel" vehicles, which can run on ethanol mixtures as high as 85 percent, known as E85. Those get about 30 percent fewer miles a gallon of E85 than on gasoline.

When the E.P.A. began estimating mileage in the 1970s, the test covered speeds up to 60 miles an hour, and it expected that when drivers wanted to go faster, they increased their speeds by 3.3 miles per hour each second. But about 28 percent of driving is done above 60 miles per hour, the agency said, and actual acceleration rates are often 10 or 12 miles per hour each second.

Earlier this year when it proposed the new standard, the E.P.A. said its test "omitted many critical driving modes."

The fuel economy rating system is an afterthought to treadmill tests done by the E.P.A. to measure pollutants that cause smog and acid rain.

The redesigned sticker puts the annual estimated fuel cost in big type in the center of the label, and locates the vehicle with an arrow on a horizontal bar, to show its position relative to competitors, as is done with refrigerators and air-conditioners.

For most of 2007, both stickers, and both formulas, will be in use, the new ones on the cars designated as 2008 models, and the old ones on the 2007 models.

Despite the changes, the EPA's label retains a phrase that has become a cliché: "Actual mileage will vary."

New Rules Will Lower Fuel Economy Estimates (AP)

By Ken Thomas

AP, December 12, 2006

WASHINGTON — Car buyers will be facing a new form of sticker shock when they browse dealer lots starting next year.

The Environmental Protection Agency today issued new testing procedures that will cause fuel economy estimates on the stickers of new vehicles to drop an average of 12 percent for city driving on most 2008 model year vehicles, and 8 percent for highway driving.

Highly fuel-efficient vehicles are expected to see the largest slide, with ratings for city driving dropping by as much as 30 percent and highway driving estimates falling 25 percent from current levels.

Mileage estimates for gas-electric hybrids likely will be 20 percent to 30 percent lower for city driving and about 10 percent to 20 percent lower on the highway, the agency said.

The changes respond to consumer complaints that fuel economy estimates are frequently less than advertised. EPA's new system will take into account data from vehicle tests designed to more accurately assess high-speed driving, rapid acceleration, the use of air conditioning and driving in cold temperatures.

"EPA's new fuel economy sticker ensures American motorists won't be stuck with higher than anticipated charges at the pump," said EPA Administrator Stephen L. Johnson in a statement.

More Politicized Science At The EPA (LAT)

The Los Angeles Times, December 12, 2006

THE ENVIRONMENTAL Protection Agency has been rightly criticized under the Bush administration for repeatedly allowing political appointees to run roughshod over scientists, ignoring their findings and crafting regulations that please industry but fail to protect the public. Now the agency is making the practice official.

Under a new policy announced last week, scientists will be shuffled to the margins when the agency resets its all-important air-quality standards. Up to now, the process of drawing up new standards began with two sets of scientists — EPA staffers and an independent panel — conducting reviews of how pollution affects public health, then making recommendations to agency managers. Now the managers, who are usually political appointees, will work with staff scientists from the start, and the first review paper will be about policy, not science.

Only after the policy assessment is published in the Federal Register, when it is less likely to be changed significantly, will independent experts have any say at all.

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The ostensible reason for the change is to streamline the regulatory process — a reasonable goal. Both industry and environmentalists have criticized the EPA for failing to meet legal deadlines for updating air standards. But there are better ways to make the EPA run more efficiently than by converting a scientific process into a political one.

In a way, the new policy is more honest — politicians were already brushing aside research that didn't fit their ideology. Last year, for example, the EPA's inspector general reported that the agency ignored scientific findings to come up with softer regulations on mercury, which is produced largely by coal-burning plants. Three years before, it held up the release of a report on mercury levels in women, for no good reason, until it was leaked nine months later. Now it won't have to pretend to pay much attention to scientists at all.

Normally, the administration has broad leeway to interpret law into regulations. But when it changes the process to subvert the law's protective intent, Congress should reluctantly step in to spell out the obvious: Environmental policy is, first and foremost, about science.

FWS Pulls National Bison Range Pact (MISSOUL)

By Perry Backus, of the Missoulian

Missoula (MT) Missoulian, December 12, 2006

The U.S. Fish and Wildlife Service officially pulled its controversial agreement with the Confederated Salish and Kootenai Tribes for shared management of the National Bison Range on Monday, saying the tribes have failed to live up to their responsibilities and have created an unacceptable workplace environment.

Tribal officials said the announcement was unexpected and denied the allegations contained in FWS Regional Director Mitch King's letter.

“It's taken us off guard. We were in the middle of something and trying to make it work,” said CSKT Tribal Council Chairman James Steele Jr.

King's letter said the agency was terminating negotiations for future annual funding agreements.

The letter ordered the tribes to immediately stop performing any activities at the Bison Range, return all FWS equipment, and withdraw all CSKT employees, contractors and volunteers from the refuge by the end of the workday Tuesday.

The decision marked the end of months of negotiations between the tribes and the Fish and Wildlife Service over future management of the National Bison Range.

The two entered into an agreement in 2004 that split management duties beginning in 2006. King's letter said the FWS wanted to continue that agreement into 2007 with some minor revisions, but the tribes argued for more management control.

After the 2006 agreement expired Sept. 30, the FWS agreed to extend it while negotiations continued.

The tribes sought a phased takeover of the refuge, which sits in the heart of the Flathead Indian Reservation, under provisions of the Indian Self-Determination and Education Assistance Act. The legislation allows tribes to apply to manage certain federal public lands where they can show a cultural, historical or geographic connection.

Matt Kales, a regional FWS spokesperson from Denver, said the legislation allows the government to sign annual funding agreements with tribes to manage selected federal lands.

While there are similar arrangements in other parts of the country, this agreement was the most far reaching, he said.

A report last summer indicated the tribes weren't satisfactorily accomplishing the work that had been agreed upon. The tribes vehemently disagreed with that report.

Kales said the FWS attempted to provide some leeway because this was the first year of the program, but the situation at the refuge continued to deteriorate. After a lengthy review, Kales said the tribes were not meeting management obligations and were creating a hostile work environment for FWS employees.

King's letter said the work environment was characterized by “harassing, offensive, intimidating and oppressive behavior on the part of the employees of the CSKT, including obscenity, fighting words and threats of violence and retaliation directed at employees of the Service.”

The decision was made at the “highest level” of the FWS that dual management of the refuge was not tenable, Kales said.

“This wasn't a hasty or whimsical decision,” he said.

Steele said the tribes don't agree with the Fish and Wildlife Service's reasons for terminating the agreement. This was the first time that anyone in the tribes had seen some of the allegations in King's letter, he said.

The FWS should have attempted to work within the guidelines established in the annual funding agreement to address the management issues with the tribes, he said.

“The AFA spells out ways of doing that,” Steele said. “There were ways to notify us and allow us to sit down and talk about these issues.”

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The tribes are in the process of putting together a response to the allegations, and will appeal the decision, Steele said. In the short term, the tribes will attempt to find other work for the employees displaced by the federal government's action.

Steele said it's ironic that the FWS has decided the tribes are unable to manage the bison at the National Bison Range since the herd is descended from the Pablo-Allard herd cared for 100 years ago by tribal members.

"For the Fish and Wildlife Service to say to us that the Salish and Kootenai people do not know how to handle bison is just an ironic statement," Steele said. "If it wasn't for the tribal connection, this herd likely wouldn't have been here in the first place."

Tribal council member Steve Lozar said he grew up in Dixon in the "shadow of the Bison Range. I was one of those little kids who went over to see Big Medicine (a famous white bison) after school. When I see what's happening here, it absolutely hurts my heart. It's just wrong."

The refuge management change was opposed by 129 refuge managers, by nearly 50 different environmental groups, and by Public Employees for Environmental Responsibility.

PEER's refuge keeper, Grady Hocutt, was a wildlife refuge manager for 30 years.

He says the agreement was a poor idea pushed by political appointees under duress and could have set a precedent harmful to the entire national wildlife refuge system.

Still, Hocutt didn't see the government's decision to pull the agreement as a victory. Too many people have been hurt, and it's going to take time for that to heal, he said.

There are other avenues for the tribes to be involved with management of those lands, including cooperative agreements and contracting, Hocutt said.

Reporter Perry Backus can be reached at 523-5259 or at pbackus@missoulian.com

U.S. Joins Chippewas In Suing Michigan (AP)

By The Associated Press

AP, December 12, 2006

BAY CITY, Mich. -- The U.S. Justice Department has joined a lawsuit filed by the Saginaw Chippewa Indian Tribe against the state that seeks sovereignty over parts of central Michigan's Isabella County, based on treaties from 1855 and 1864.

Court documents show the federal government joined the lawsuit in U.S. District Court in Bay City as an additional plaintiff on Nov. 29, the Morning Sun of Mount Pleasant reported Monday.

The tribe sued in 2005, asking a federal judge to declare that all or part of seven townships in Isabella County are Indian country as defined by federal law.

Earlier this year, the tribe amended its complaint to ask for an injunction to bar the governor, attorney general and state treasurer from exerting criminal or civil jurisdiction over the tribe or its members "in a manner not allowed in Indian country."

In the filing, Assistant U.S. Attorney General Sue Ellen Wooldridge noted that the federal government has exclusive jurisdiction to prosecute major crimes committed on the reservation, and has other relationships with the tribe.

In response, Michigan Assistant Attorney General Todd Adams said the predecessors to the Saginaw Chippewas gave up all their land in a series of treaties, ending with the 1836 Treaty of Saginaw.

He said the 1855 and 1864 treaties "merely provided a designated area from which they could choose land like any other individual citizen of Michigan and the United States pursuant to United States law."

Adams said the only land that is truly Indian country is the little more than 800 acres held in trust for the Tribe by the federal government. The state said that even on that land, it had the right to enforce laws if activities there affected land outside of the reservation's boundaries.

FBI/DEA/ATF/USMS:

Arellano To Face Additional Charges (SDUT)

By Onell R. Soto, Staff Writer

The San Diego Union-Tribune, December 12, 2006

New charges are expected to be filed this week that could lead to the death penalty against the man prosecutors say is the leader of the Arellano Félix Mexican drug cartel.

The charges against Francisco Javier Arellano Félix, who was captured at sea in August, will accuse him of additional criminal activity over the past three years, prosecutors said.

Their comments came during a brief hearing before San Diego federal judge Larry Alan Burns set a May 15 trial date for Arellano, though prosecutors and defense lawyers said they didn't think they could be ready by then.

“This is far too soon to be going to trial,” said defense lawyer Mark Adams.

Arellano is accused of racketeering, drug trafficking and money laundering in a decades-long conspiracy that prosecutors say moved tons of drugs into the United States and that resulted in numerous killings on both sides of the border.

The charges, originally filed in 1997, were last updated in 2003. The evidence includes tens of thousands of pages of case files and more than 550,000 intercepted radio transmissions.

Burns said he would consider rescheduling the trial once the new indictment is unsealed but only under extraordinary circumstances. He also suggested that the case be split into two parts so some of it could go to trial quickly.

The new indictment would be the formal start of a death-penalty process that typically takes about four months and leads to Attorney General Alberto Gonzales announcing whether prosecutors will seek a defendant's execution.

Authorities say the new indictment also will include charges against another man, Manuel Arturo Villarreal Heredia, who was captured aboard Arellano's fishing boat by the U.S. Coast Guard off Baja California Sur. He is accused of being a member of the cartel.

Although Burns has found the case complex enough to let Arellano waive the right to a speedy trial, he said he wanted the trial to begin in the spring.

Prosecutors said they were still evaluating evidence, and hadn't gotten all the case files on killings in Mexico that have been attributed to the cartel.

The judge told them he would not delay the trial only for that reason.

“Decide what evidence you're going to use,” he said. “This could go on forever.”

Onell Soto: (619) 293-1280; onell.soto@uniontrib.com

DEA: Mom-and-pop Meth Lab Numbers Decreasing (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), December 12, 2006

But dairy farmer allegedly was getting crystal meth from growing drug cartels

GREENEVILLE - The good news is there are far fewer makeshift methamphetamine laboratories in East Tennessee.

The bad news is Mexican drug cartels have stepped in to fill the void with an even more potent version of the addictive drug.

U.S. Drug Enforcement Administration Agent Michael Templeton offered that assessment of the state of the meth scourge on Monday during testimony against Richard "Dairy Man" Milburn.

Milburn is the lone defendant left standing in a massive marijuana and methamphetamine case involving more than 13 suspects, some eight tons of drugs, tractor-trailers, a dairy farm, horseback-riding buddies and Rubbermaid containers stuffed with cash.

Milburn has twice been nabbed with a cache of meth and money, including a December 2005 sting overseen by Templeton in which the Greene County dairy farmer allegedly supplied more than $34,000 to buy two pounds of the powerful stimulant.

But this was no hotplate-version of meth, according to Templeton. The stuff admitted supplier Thomas Turner delivered to Milburn and his horseback-riding pal and admitted pot pusher Mark A. Saults was an icy-looking batch of stuff known as crystal meth.

It was produced in a warehouse somewhere in California and peddled by a Mexican drug cartel.

"Two years ago, predominantly in East Tennessee, you had a lot of amateur methamphetamine labs," Templeton said. "The final product of which would not be high in quality and the purity level would be low."

Then Tennessee, like many states grappling with a rash of homemade meth labs and rural users, passed a law regulating the key ingredient in the drug - ephedrine. Many over-the-counter medications contain ephedrine. Meth-makers bought it by the boxes.

Under the new law, buyers of ephedrine products could only buy a bit of the medication at a time and had to fill out a form identifying themselves. The law, Templeton testified, worked.

"Ever since Tennessee passed the law requiring stores to put ephedrine behind the counter, it has drastically reduced what we call mom-and-pop meth stores," Templeton said.

But that success came with a high price.

"Drug cartels fill that vacuum," he testified. "(Crystal meth) is high in purity."

Federal prosecutors Robert Reeves and Nancy Harr contend Milburn was no mild-mannered dairy farmer but was instead a major drug pusher who used his Greene County farm as a base of operation and routinely went armed.

"He had all the tools of the trade for a drug dealer," Reeves told jurors in U.S. District Court in a trial presided over by senior federal Judge Leon Jordan.

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Defense attorney William Louis Ricker countered that Milburn was a farmer with a habit.

"What you will see and hear is Richard Milburn was a successful farmer," Ricker said, adding that Milburn was hurt when struck by a car while on horseback. "Richard Milburn used methamphetamine to ease the pain."

The trial continues today.

Jamie Satterfield may be reached at 865-342-6308.

Drug Traffickers Sentenced (WFP)

West Fargo Pioneer, December 11, 2006

Nine Minnesota and North Dakota defendants pleaded guilty for their participation in a drug trafficking enterprise.

Jose "Pepe" Sanchez, 31, St. Thomas, N.D., pleaded guilty to continuing criminal enterprise and to being the organizer, leader and manager of the enterprise. He faces a minimum-mandatory 20 and up to life imprisonment.

Adan Martinez, 41, Grafton, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory 20 years and up to life imprisonment.

Abdon Sanchez, 41, Grafton, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory life sentence.

Catarino Surita, 31, Grafton, pleaded guilty to distributing controlled substances. He faces a minimum-mandatory five years and up to 40 years' imprisonment.

Reynaldo Garcia, Sr., 45, Glyndon, Minn., pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory 10 years and up to life imprisonment.

Reynaldo Garcia, Jr., 27, Glyndon, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory 20 years and up to life imprisonment.

Ricky Garcia, 23, Glydon, pleaded guilty to conspiracy to distribute controlled substances. He faces a maximum of 20 years' imprisonment.

Kraig Komrosky, 19, Moorhead, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory 15 years and up to life imprisonment.

William Satrang, 57, Fargo, pleaded guilty to conspiracy to distribute controlled substances. He faces a minimum-mandatory five years up to 40 years imprisonment.

Assistant United States Attorney Chris Myers said this organization was involved in the distribution of more than 50 kilograms (100 lbs.) of cocaine, 10 kilograms (20 lbs.) of methamphetamine and nearly a ton (200 lbs.) of marijuana. The drugs were transported from the Laredo, Texas, area to the Fargo-Moorhead and Grafton area.

"This organization was dismantled by the superior undercover efforts of Special Agent Ron Wollever from the Minnesota Bureau of Criminal Apprehension. Special Agent Woolever made numerous undercover buys from members of the organization," he said.

The case was investigated by a number of agencies, including the Drug Enforcement Administration- Fargo, Minnesota Bureau of Criminal Apprehension, U.S. Immigration and Customs Enforcement, ND Bureau of Criminal Investigation, Grand Forks Narcotics Task Force, Glyndon, Moorhead, and Hallock, Minn., Police Departments, Fargo Police Department and the Kittson County, Minn., Sheriff's Office.

Authorities Uncover Steroid Drug Dealing Conspiracy (AP)

AP, December 11, 2006

CATONSVILLE, Md. -- Federal authorities say a personal trainer at a Glen Burnie fitness club imported thousands of vials and tablets of illicit muscle enhancers from overseas and sold them throughout the Baltimore region and on the Internet.

Michael Schlanger, 47, of Catonsville, was indicted in federal court in September on conspiracy to distribute to distribute anabolic steroids. Authorities said he could face up to five years in prison and $250,000 in fines if convicted.

The break in the case occurred this summer when officials seized shipments at John F. Kennedy Airport in New York and found a stash of about 40,000 vials and tablets of anabolic steroids from a storage locker in the suburban Baltimore.

Federal officials said the stash was one of the largest found in the region.

"It's unprecedented, as far as we're concerned," said Floyd Pond, deputy director of the Washington-Baltimore High Intensity Drug Trafficking Area task force program.

Ed Marcinko, a spokesman for the Drug Enforcement Administration in Baltimore, agreed.

Andrew Alperstein, Schlanger's defense lawyer, said Friday that he and his client had no comment on the charges. Schlanger has been released pending trial, Alperstein said. A trial date has not been set.

DOJ_NMG_0105793

Court documents allege Schlanger, an employee at Bally Total Fitness in Glen Burnie, imported tens of thousands of vials and tablets of the muscle-building drugs through the mail for resale.

The conspiracy came to light in July when customs agents at John F. Kennedy Airport in New York intercepted packages of steroids addressed to "County Crafts." One package was from China, another was from Great Britain.

Assisted by Anne Arundel County police, federal authorities set up a "controlled delivery" of the packages at a UPS store in Severna Park, arresting Pierre R. Gumucio and his girlfriend, Rachael Ann Martin when they arrived to retrieve the packages, officials said.

Inside their car were bags of clear glass vials of suspected steroids, orange pills and a book marked "ANABOLIC," court documents showed.

Gumucio told investigators that he worked for Schlanger, receiving two to three packages a week for him from China over the past couple of years and wiring overseas payments for the drugs on Schlanger's behalf, court documents said.

Mexico Cracking Down On Drug Violence (NYT/AP)

By The Associated Press

The New York Times, December 12, 2006

Filed at 10:31 p.m. ET

MEXICO CITY (AP) -- Mexico's new government announced Monday that it was sending more than 6,500 soldiers, marines and federal police to the western state of Michoacan to crack down on a wave of execution-style killings and beheadings that have left hundreds dead.

The operation is the first major offensive against drug gangs by President Felipe Calderon, who was sworn in on Dec. 1 after narrowly winning election on a law-and-order platform.

"The battle against organized crime has just begun," said Interior Secretary Francisco Ramirez Acuna, flanked by the attorney general and heads of the army, navy and federal police.

Federal investigators say the violence in Michoacan, Calderon's home state, stems from a turf war between a local gang called Los Valencia and the northern Mexico Gulf cartel, whose bloody enforcers are known as the Zetas, a group of ex-Mexican army operatives turned hit men.

About half of Michoacan's more than 500 killings this year are linked to the turf war, investigators say.

In apparent attempts to terrorize those that oppose them, the gangs have carried out a wave of decapitations, placing the severed heads on public display with threatening notes including one that read, "See. Hear. Shut Up. If you want to stay alive."

In the most gruesome case, gunmen burst into a nightclub and rolled five heads onto the dance floor. In another, a pair of heads were planted in front of a car dealership in Zitacuaro, a town best known until now as a nesting ground for monarch butterflies.

Security officials said police and soldiers will arrest drug traffickers, mount checkpoints and burn crops of marijuana and opium poppies grown in Michoacan's rugged mountains.

Naval ships also will seal off the state's small Pacific coast, along which smugglers carry drugs on their way north to the United States.

Across Mexico, there have been more than 2,000 drug-related killings this year, including several police chiefs, journalists, town mayors and at least one judge.

Many security experts say it will take more than just brute force to defeat the cartels, who are heavily armed and well financed, making billions of dollars smuggling marijuana, heroin, methamphetamine and cocaine into the United States.

Calderon's predecessor, Vicente Fox, promised the "mother of all battles" against organized crime, sending in thousands of soldiers and federal police to some drug embattled towns and arresting several major drug kingpins.

But the arrests appeared to spark more violence as up-and-coming gangsters battled to take over the smuggling routes of those killed or arrested.

Troops, Police Dispatched To Drug-Plagued Mexican State (WP)

By Manuel Roig-franzia

The Washington Post, December 12, 2006

MEXICO CITY, Dec. 11 -- More than 5,000 Mexican soldiers and federal police officers swept into the troubled state of Michoacan on Monday hoping to quell a long, barbaric war between rival drug cartels.

The crackdown was ordered by new Mexican President Felipe CalderÃ³n, who took office Dec. 1 with promises that he would get tough on cartels suspected of more than 2,000 killings this year, including a series of gruesome beheadings in Michoacan, CalderÃ³n's home state.

Federal forces, backed by dozens of military aircraft, arrested at least 13 alleged drug traffickers in the first hours of the operation and discovered more than 1,000 marijuana plants.

"The battle against organized crime is just beginning," CalderÃ³n's interior minister, Francisco RamÃ-rez AcuÃ±a, said Monday during a news conference. "It is a fight that will take time."

The crackdown in the western state has been dubbed "Joint Operation Michoacan" because it involves federal police, troops from the Mexican navy and army, federal investigative agents and federal prosecutors.

Mexico's drug problems have risen to crisis levels as the country's cartels have grown in size and strength in the past five years. Officials here have been under increasing pressure from the United States to contain cartels whose influence stretches across the border. CalderÃ³n also is under pressure to restore order and the rule of law after several bombings in Mexico City and months of gridlock-producing protests organized by his election opponent, AndrÃ©s Manuel LÃ³pez Obrador, who has accused CalderÃ³n of electoral fraud.

The president is now waging two major military-style battles. In addition to the operation in Michoacan, he is overseeing the occupation of the southern city of Oaxaca, where protesters have been demanding the ouster of the state governor for the past six months.

CalderÃ³n's predecessor, Vicente Fox, sent federal police to Oaxaca in October. But CalderÃ³n has proved even more aggressive there. Last week, federal agents arrested the top protest leader, Flavio Sosa, a move that drew sharp criticism from human rights activists.

Mexican forces also have raided the offices of local police in Oaxaca. They are investigating whether Oaxacan police officers may be responsible for the killings of more than a dozen protesters and Brad Will, an American freelance journalist and activist.

Feds Unable To Trace Gun In Fatal Shooting (NYJN)

By Bruce Golding, THE JOURNAL NEWS

New York Journal News, December 12, 2006

NEW CASTLE - Federal authorities were unable to trace a handgun found near the reported scene of an unsolved roadside shooting that killed a neighbor of Bill and Hillary Clinton's.

Jim Needles of the U.S. Bureau of Alcohol, Tobacco and Firearms said there was no serial number on the weapon, which meant it was probably manufactured before 1968, when gun makers began marking their products with identifying numbers.

Needles, assistant special agent in charge of the ATF's New York Field Division, said U.S. Justice Department regulations prohibited him from releasing any details about the handgun, although he said that because of its age it was most likely a revolver.

State police found the gun while searching Echo Lake after the Nov. 18 shootings of Carlos and Peggy Perez-Olivo of Chappqua, who live three doors away from the Clintons' home.

Peggy Perez-Olivo, an elementary teacher's assistant, was shot in the head and died two days later. Carlos Perez-Olivo, a disbarred criminal defense lawyer, was shot in the side but survived.

Reach Bruce Golding at bgolding@lohud.com or 914-694-5012.

Former Kirksville Mayor Faces Federal Arson Charge (AP)

AP, December 12, 2006

ST. LOUIS (AP) -- The former mayor of Kirksville has been indicted on federal arson charges for a fire that damaged a restaurant and bar she owned in the northeast Missouri town, U.S. Attorney Catherine Hanaway said Monday.

Deborah Masten, 52, could face up to 20 years in prison and a $250,000 fine if convicted. She did not have a listed telephone number. Her attorney, Doug Forsyth, did not return a phone call seeking comment.

Masten and her husband, Steve, owned Too Talls Two Eatery and Spirits when the fire broke out early New Year's Day 2005. The Missouri State Highway Patrol and state fire marshal's office determined the blaze was suspicious, prompting an investigation by the Bureau of Alcohol, Tobacco and Firearms.

"Despite the sadness of having to announce an indictment against a former public official, ATF is pleased to have been able to lend its investigative expertise with arson to this case," ATF special agent Michael Boxler said.

The fire was reported at 2:23 a.m. Jan. 1, 2005. Investigators announced a few weeks later it was intentionally set. The Kirksville Daily Express reported that investigators found a pile of trash out of place, and an accelerant had been used. The Mastens offered a $5,000 reward for information leading to the arrest and conviction of the person responsible for the fire.

But on March 3, 2005, ATF investigators named Deborah Masten as the suspect in the fire, the Daily Express reported. She maintained her innocence.

The building was badly damaged, but the gathering place, popular among students at Truman State University, was able to reopen.

Masten sold the restaurant/bar and resigned as mayor in August 2005, saying she planned to move out of Kirksville to pursue other opportunities. Her term would have expired in April 2006.

Masten was elected to the city council in April 2003 and became mayor a year later in a 3-2 vote by the council. The town's city council selects the mayor each year from among its members.

Kirksville, with 17,000 residents, is about 180 miles northwest of St. Louis.

Fugitive Caught Updating MySpace (PHI)

By Mitch Lipka

The Philadelphia Inquirer, December 12, 2006

The man in the Donovan McNabb jersey got to the Philadelphia Free Library's main branch at 9 a.m., as usual, and was seated at a public computer terminal, tapping away at his MySpace.com page, as usual.

So he did not notice that 15 armed officers were quietly converging on him.

That, authorities say, is how a fugitive wanted in Georgia and Massachusetts was captured last Thursday without a fight. They say they figured out that he had been going to the library regularly to update his MySpace page.

Darren Bates, 35, was using one of the library's computers about 9:15 a.m. Thursday when 15 plainclothes members of a fugitive task force converged on him as other patrons tapped away on nearby keyboards, officials said yesterday.

"He was busy on the computer and we were able to walk right up to him from several directions without him seeing us," said John Patrignani, supervisory deputy of the U.S. Marshals Service Violent Crimes Fugitive Task Force. "He was very much surprised."

Bates, who was wearing a McNabb jersey, was taken into custody without incident, Patrignani said. He was being held yesterday in a city jail cell pending extradition to Georgia.

Patrignani said task force members in Massachusetts had determined Bates was going to the Central Library at 1901 Vine St. about the same time every day - when the library opened at 9.

He said marshals found Bates the first day they went to see if he was there visiting MySpace, a popular site for social networking.

MySpace officials could not immediately be reached for comment, and a spokeswoman for the library said she did not know what role the institution may have played in the arrest.

Various law enforcement officials said yesterday they either did not know or could not say how they had tracked Bates to the MySpace site or to the library.

Patrignani and a Georgia officer involved in pursuing Bates said they did not know what was on Bates' MySpace page. Marshals said he went by the name Anthony Watson on the site.

Bates was being sought by police in two parts of rural Georgia. He is accused there of escaping from jail on an auto-theft charge in Hancock County and then going to nearby Baldwin County, where he allegedly broke into the home of an 88-year-old woman, beat her, and stole her car.

Bates already was being sought by police in New Bedford, Mass., for an alleged sexual assault.

"How he ended up in rural Hancock County, Georgia, I don't know," said Capt. Chris Spires of the Baldwin County, Ga., Sheriff's Department.

Baldwin County was particularly eager to catch up with Bates, who was the chief suspect in the home invasion and beating of the elderly woman.

In August, her stolen car turned up in Philadelphia. Authorities found Bates' fingerprints on it, and slowly began to close in.

Gang Prevention Programs Gain Federal Funding (ARLCONN)

By Seth Rosen

Arlington (VA) Connection, December 11, 2006

Justice Department awards $172,000 grant to three Arlington nonprofit organizations to fund gang prevention activities.

The Justice Department has given a $172,000 grant to three Arlington nonprofit organizations to continue funding a series of programs that aim to keep students out of gangs.

The initiatives — administered by the Hispanic Committe of Virginia and run by Barrios Unidos and the Greenbrier Learning Center — provide leadership training, mentoring services and tutoring to mostly Latino middle and high school students. Up to 400 Arlington teenagers are expected to participate in at least one of the programs this school year.

DOJ_NMG_0105796

Providing students with a plethora of after-school activities and positive role models is the best way to ensure they will not fall prey to the lure of gang life, said U.S. Rep. Jim Moran, who helped secure the grant from the Justice Department.

These programs "are a great way to help our children avoid the pitfalls of violence and gang activity, and attain the American dream of prosperity and a life free of fear," Moran said during a Dec. 4 press conference in the Arlington County Board room.

The Greenbrier Learning Center will use the federal funding to continue to operate its after-school tutoring sessions at Kenmore Middle School. Every weekday counselors help students who are having trouble at school, or have been identified as vulnerable to joining a gang, complete their homework assignments.

"We provide a daily, safe alternative where the students can come, get help with their school work, spend time with friends and feel comfortable," said Erin Kliewer, Executive Director of the Greenbrier Learning Center.

Counselors also work one-on-one with students, focusing on improving their social skills, addressing behaviorial problems and boosting their self-esteem. Of the students who attend the program on a regular basis, 84 percent have increased their school attendance and 66 percent have improved their grades, Kliewer said.

Additionally, the center holds workshops on the dangers of becoming involved in gangs, and encourages older students to enroll in a 3-month internship program where they formulate anti-gang presentations and speak to other groups of students.

Having recreation centers and community groups that provide teenagers with a supervised place to interact is crucial to disuading them from becoming involved with gangs, said Robert Vilchez, the county's gang task force coordinator.

"Kids join gangs partially because of boredom," Vilchez said. "If we can get them more involved in experiences and programs like these," gangs will seem less alluring.

THIS IS EXACTLY what Barrios Unidos attempts to do with its group of mentors and outreach counselors. The organization also concentrates its efforts on "intervention" — working to get those flirting with gangs to change their behavior and social environment.

Kevin Sanchez, an outreach specialist with Barris Unidos and sophomore at George Mason University, said he strives to form a personal bond with teenagers in the program, getting to know their interests and "dreams."

From there he can begin to talk to them about his own experience with gangs and demonstrate the alternatives to a life of violence and gang-banging.

"I hang out with them and show them a different [path]" Sanchez said. "I expose them to leadership and other opportunities."

But there is a limit to how many students organizations like Barrios Unidos and the Greenbrier Learning Center can reach. What is needed, those interviewed said, is greater participation from community leaders and businesses.

"Resolving the issues of gangs does not fall to one organization," said County Board member Walter Tejada. "There has to be a whole community involvement."

There also needs to be a larger outreach program to parents to educate them on ways to keep their children away from gangs. Vilchez said the members of the police department's gang task force are starting to give more lectures to schools and parents groups.

"Arlington parents definitely need to be more engaged with their kids and encourage them to be involved in these after-school programs," he said.

Because gangs are fluid networks, with members frequently joining and dropping out, it is difficult for police to identify the number of Arlington residents who are in involved in them.

In an interview earlier this year, Det. Rick Rodriguez estimated that there are between 250 and 300 core gang members in Arlington, and in 2005 there were 200 gang-related criminal incidents — ranging from destruction of property to assaults.

In recent years, the number of gang members in the county has declined, police said. Vilchez credits increased police surveillance, better enforcement policies and the success of suppression and intervention programs like those funded by the federal grant.

But officials warned that those who may have escaped the grasp of local gangs can easily fall back into their old habits if they are not supported by family and community organizations.

"We can't write off anyone who can become a constructive member of society," Rep. Moran warned.

TAX:

RAVENNA'S JONES ACCUSED OF HIDING LAWN-CARE INCOME (ABJ)

By Rick Armon

DOJ_NMG_0105797

Akron Beacon Journal, December 12, 2006

CLEVELAND - The former mayor of Ravenna was charged in federal court Monday with tax and mail fraud for allegedly concealing his role in running a local lawn care and snow removal business, authorities said.

Paul Jones, who abruptly resigned in midterm a year ago and moved to Florida, is accused of not disclosing the family-owned business in state ethics forms and filing false tax returns.

Jones, 56, the longtime mayor and former six-term state representative, operated P.J. Jones Lawn Mowing Service, which had a contract with a local housing and economic development group that managed millions of dollars for the city government.

The nonprofit group, Neighborhood Development Services of Ravenna, paid Jones' business $262,068 from 2001 through 2005, authorities said.

Meanwhile, NDS earned $446,000 from several city contracts from 2001 to 2004, according to the charges. The mowing service was set up by Jones' son, Paul Jones Jr., but NDS and city officials have said the mayor ran the business at the end and even mowed grass and asked city workers to mow grass.

Jones is accused of reporting only some of the mowing income on his son's tax returns and failing to disclose the business in his annual filings mailed to the Ohio Ethics Commission, authorities said.

He also is accused of failing to report $162,687 in profit from 2001 to 2003 on his tax returns.

Overall, Jones is charged with five counts of mail fraud and three counts of tax fraud. He faces a possible maximum sentence of 34 years in prison if found guilty on all counts.

Lapse in filing

Jones' attorney, John F. McCaffrey, said it was well known in the community that Jones and his son worked for NDS.

``However, Paul Jones neglected to disclose his interest in P.J. Jones Mowing as required in his annual filing with the Ohio Ethics Commission," McCaffrey said in a prepared statement.

``Importantly," the statement said, ``there are no allegations that lawn mowing or snowplow services were never provided or were provided at inflated rates. Paul Jones' failure to account for all the income paid to P.J. Jones Mowing for the years 2001 thru 2003 is a circumstance Mr. Jones regrets and he accepts complete responsibility for this oversight."

Paul Jones Jr. doesn't face any charges, Assistant U.S. Attorney Ann C. Rowland said.

The charges against the former mayor were filed directly with the federal court in Cleveland after Jones waived his right to have them heard before a grand jury, she said.

An arraignment date has not been set.

Jones has a lengthy political history. He was first elected mayor in 1975 at the age of 24.

He was elected to his first term in the Ohio House of Representatives in 1982. While serving in the legislature, he was involved in the pay-to-play scandal at the Statehouse and was reprimanded for ethics violations.

He lost a bid for re-election to a seventh term in 1994, but returned to the Ravenna mayor's post by winning election the following year. He also served as chairman of the Portage County Democratic Party.

Councilman pleased

``It's been a long time coming," Ravenna Councilman Joseph Bica Jr. said about the charges. ``It's good to see that the justice system has prevailed in bringing the truth out in regards to the former mayor."

He also said he hopes the investigation continues.

``I believe there is still political favoritism and corruption in the Portage County community that needs to be brought to the attention of the authorities," he said.

The arrangement between Jones, who would approve NDS contracts with the city, and NDS is ``a classic case of conflict of interest," said David Freel, executive director of the Ohio Ethics Commission. ``The commission was very disturbed by it."

The state agency helped with the investigation, which also involved the FBI, IRS and Portage County Prosecutor's Office.

FBI spokesman Scott Wilson declined to talk about the case, including when or how it began. The FBI and U.S. Attorney's Office confirmed in January that they were investigating possible corruption in Ravenna.

``We continue to focus on this case closely right now," Wilson said when asked if the probe was continuing. ``We'll take a look at any other transactions while (Jones) was mayor in the city of Ravenna."

Portage County Prosecutor Victor V. Vigluicci said he doesn't know if there will be any local charges. He said federal authorities have given him thousands of pages of documents.

``I will review it to see if there is anything additional to be done," he said.

Agency not accused

NDS legal counsel Bob Paoloni said the nonprofit agency has cooperated fully with the FBI and is pleased that no NDS workers have been accused of wrongdoing.

``We're glad that the investigation is coming to a rapid close," he said.

It's unclear how, or if, the charges filed against the former mayor are related to a questionable timber deal between a former city worker and NDS.

Former city property inspector Jeff Stone was fired earlier this year after it was discovered he was given approval to remove trees from land owned by the nonprofit.

Stone, who was responsible for inspecting NDS-owned properties, then cut separate deals with a lumber company and was paid $115,800 for the trees.

NDS has filed a lawsuit against Stone, saying it was defrauded.

Wilson declined to comment whether the tree deal is related to the charges announced Monday. Paoloni said he doesn't think there is a link.

Doctors' Tax Scheme Unravels With New Court Filings (NOPLBULL)

By Frank Graham

North Platte (NE) Bulletin, December 5, 2006

The alleged tax fraud scheme of a California accountant and numerous North Platte doctors and other medical personnel is unraveling with the latest court filing.

U.S. Attorney Jacqueline Brown is seeking an immediate injunction against Lowell Baisden to prevent him from promoting an unlawful tax avoidance scheme and from preparing federal tax returns for others.

Brown filed the motion for an injunction in U.S. District Court in California Dec. 1.

The U.S. Attorney's office and the IRS claim that Baisden set up dummy corporations in Nevada and Wyoming for doctors and other professionals in Nebraska and California.

Baisden's customers were the doctors and other professionals.

Baisden funneled his customer's personal income through the corporation to allegedly hide it from tax liability. The sham corporations then paid each customer a small salary and the rest of their living expenses through corporate accounts.

Baisden's customers paid him a monthly fee for the various money laundering transactions and he prepared both their corporate and individual tax returns.

The scheme, which is now being investigated by the Justice Department and the IRS, has allegedly been going on for at least seven years, since 1999, and could involve as many as eight North Platte doctors, according to court records.

Baisden was introduced to North Platte physicians and medical professionals by his brother-in-law, Dr. Michael Koning, a former anesthesiologist.

Koning ran a corporation called Anesthesia Consultants of Nebraska and contracted to provide exclusive anesthesia services to Great Plains Regional Medical Center

Koning was the medical chief of staff of GPRMC in 2002 and introduced Baisden to others in North Platte.

Baisden's scheme became common knowledge at GPRMC, according to a hospital source. While some doctors and others bought into the plan, most didn't.

Numerous physicians and other employees doubted it was legal.

Some took action.

One physician allegedly became upset when Koning approached a secretary at the hospital to get the address of a newly recruited doctor who had yet to move here just to pitch the scheme to him.

A lawsuit filed by Koning against his former employees says that in early 2003, Dr. Andrew Chontos – a former North Platte surgeon now living in Sioux City, Iowa, – called a criminal investigator with the IRS in Denver and accused Baisden and Koning of criminal wrongdoing.

Chontos then sent a letter to the U.S. Postal Service and various physicians at GPRMC claiming that Koning was engaging in "illegal activity," court records show.

Employees of Koning's, anesthetists Burt McKeag and Ron Bourne, also phoned the IRS to report suspected criminal wrongdoing by Baisden and Koning, according to the records.

Bob McChesney, a North Platte certified public accountant, sent a letter in January 2004 to the U.S. Postal Service and Dr. Michael Trierweiler along with other physicians accusing Baisden and Koning of illegal tax evasion schemes, court records show.

"The U.S. Supreme Court ruled against that type of scheme years ago," McChesney said Oct. 10. "That letter was to terminate relationships due to the scheme."

GPRMC terminated its contract with Koning, and many of Baisden's clients terminated their relationships with him, according to court records.

The scheme began to unravel

The U.S. Attorney's office and the U.S. Treasury Department began to investigate. At least four different IRS agents have been investigating since 2005.

Bruce Williams an IRS agent sent formal summonses to Dr. Michael Trierweiler, Drs. Walter and Deb Weaver, Evan Geilenkirchen and Kathryn Snoozy – requesting documents and testimony about their incomes for 2002 and 2003.

Williams said after delays caused by Baisden claiming hardships for the taxpayers, he was finally able to meet with Trierweiler, Snoozy and Geilenkirchen. He said he did not meet with the Weavers but that they sent documents to him.

Williams said Baisden has instructed his customers not to comply with the IRS requests.

The IRS reports on the doctors:

Michael Koning

Michael Koning is an anesthesiologist who formally had a contract with Great Plains Regional Medical Center. company was called Anesthesia Consultants of Nebraska and he employed numerous employees.

Koning's corporation, set up by Baisden, was called Bioventures Inc., and was established in Las Vegas in 1999.

Koning funneled his salary and dividends from Anesthesia Consultants into Bioventures to avoid having to pay taxes, according to the IRS.

Koning and Baisden then used Bioventures corporate accounts to pay personal expenses including living expenses and the cost of Koning's residence.

Bioventures also paid Koning a small percentage back in salary.

The IRS says that from 1999 through 2001, Bioventures reported income of $379,557, $945,599 and $893,234 in each year respectively.

Baisden reported that Bioventures was in the forestry business but in reality the income was Koning's income from his anesthesia practice, Anesthesia Consultants.

Bioventures then reported $257,635, $830,231 and $856,077 in total deductions for those same years on their tax returns.

Koning reported that he owed less than $6,000 in taxes for 2000, 2001 and 2002, according to the IRS, even though he had an income exceeding $800,000 in each of those years.

The IRS estimated that Baisden and Koning underestimated Koning's tax liability by approximately $922,770 between 1999 and 2002.

William Hastings

William Hastings was the other owner of Anesthesia Consultants with Koning.

Hastings' corporation was called Amethyst Sands. Hastings income from Anesthesia Consultants was assigned to the corporation instead of paying Hastings directly.

In 2002, Baisden reported Hastings income as Amethyst Sands gross income, the IRS said. The corporation then paid many of Hastings personal expenses.

IRS Agent Peter Shepka said he did not classify Amethyst Sands as a sham entity but disallowed the claimed deductions.

Even though Baisden and Hastings had claimed a tax liability of $113,878 for Hastings in 2002, his liability was actually $253,648, the IRS said.

Michael Trierweiler

Trierweiler's corporation was called Red Desert Resources Corporation and was incorporated in Las Vegas in 2002, the IRS said.

Trierweiler is a partner in North Platte OB/GYN PC Inc.

For 2002 and 2003, Trierweiler's Red Desert Resources Corp. had gross income each year in excess of $300,000. The money was reportedly earned from real estate activity and totaled yearly deductions of more than $240,000, Williams said.

Red Desert claimed it owed only $14,990 in taxes in 2002 and declared it had no tax liability for 2003.

The vast amount of that money Baisden attributed to Red Desert was actually earned by Trierweiler individually, Williams said.

Trierweiler reported only $72,789 of gross income on his tax return for 2002 and $101,513 for 2003, according to the IRS. He claimed on his tax return that he owed only $1,929 in taxes for 2002 and $10,577 for 2003.

Williams said he met with Trierweiler and determined that Red Desert was another Baisden sham corporation. He said Red Desert's income was Trierweiler's income from his medical practice and that the corporation had not actually engaged in any business activity.

Williams said many of Red Desert's deductions were actually Trierweiler's non-deductible personal expenses.

Williams said Trierweiler actually owed more than $104,000 for each of the years 2002 through 2004 and that he and Baisden had underreported his liability by about $352,142 for the three years.

Walter and Deborah Weaver

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Walter and Deb Weaver, both physicians practicing in North Platte, also participated in the scheme, according to the IRS.

Walter Weaver is a partner in an OB/GYN clinic and Deb Weaver is an emergency room physician for Great Plains Regional Medical Center.

Williams said their corporation was called Axhandle Corporation, established in 2003 in Las Vegas and was reportedly in the real estate business though all the income into the corporation was from the Weaver's income as physicians.

Axhandle's 2003 tax return, prepared by Baisden, reported income of $330,362. The return reported improper business deductions of $259,366 and a total tax liability of only $12,765.

The IRS said Axhandle was engaged in no business activities and was only created to further Baisden's scheme to understate the Weaver's income and tax liability.

For the Weavers, Baisden reported their tax liability to be $44,825, Williams said. But he said he made a preliminary determination that their tax liability was understated by $134,647 for 2003.

Baisden did not prepare a tax return for the Weavers for 2004 but Williams said Walter Weaver owes $163,987 in taxes for that year on an income of approximately $559,000 and Deb owes approximately $8957 in unpaid taxes on an income of $246,000.

Baisden has not filed tax returns for the Weavers since 2003 though they still have Baisden listed as having their power of attorney, Williams said.

Kathyrn Snoozy

Kathryn Snoozy, a nurse anthesthetist, who formerly worked for Koning. Her husband Don is a North Platte High School teacher.

Snoozy was hired by Koning in 2002 and was classified as an independent contractor.

For Snoozy, Baisden set up Charpup Corporation which was incorporated in 2002, according to Williams.

Baisden also prepared Charpup's and Snoozy's tax returns, according to Williams.

In 2002, Snoozy's Charpup Corp. claimed gross income of $143,771 and total deductions of $137,301 based on purported business expenses.

Baisden reported a deduction of $76,800 for rent and that Charpup had a total tax liability of just $971.

Snoozy's individual tax return in 2002, also prepared by Baisden, showed a total wage income of $25,102 and rental income of $76,800 – the same amount claimed on Charpup's return as a business rent expense, according to Williams.

Baisden reported that Snoozy's tax liability was $8,108.

Williams said he met with Snoozy and determined that Charpup was a sham corporation. He said the entire $143,771 Baisden assigned to Snoozy's corporation was, in fact, her wage income and should have been claimed on her tax form.

All of that income was from her job with Koning, Williams said.

According to Williams, Snoozy's tax liability was $40,174, rather than the $8,108 she reported.

Williams said Baisden did not file income tax returns for Snoozy or her corporation Charpup for 2003 or 2004 but did file her individual income tax for 2005.

Snoozy is liable for $35,649 in taxes for 2003 for both her and her husband's income of approximately $115,624.

Snoozy also deferred some of her income to Arcturus Corp., another sham corporation set up by Baisden, the IRS said.

Evan Geilenkirchen

Evan Geilenkirchen, another nurse anthesthetist, was hired by Koning in 2002 also. He was also a contract employee though he now says he was actually an employee, according to Williams.

Geilenkirchen's corporation, set up by Baisden, was called PTWC Corp. It was incorporated in Las Vegas Nevada in 2003, court records show.

PTWC Corp. showed gross income of $176,164 in 2002 and deductions of $150,903, according to Williams. Baisden reported the corporation's tax liability was $7,789 for that year.

Williams said all of PTWC's income was actually Geilenkirchen's income, earned through his job with Koning.

Geilenkirchen's tax return, prepared by Baisden, showed that he had no individual wage income for 2002, Williams said. Geilenkirchen only reported a royalty income of $45,250 – the same amount deducted from rent from his corporation, PTWC.

The tax returns show that PTWC claimed a tax liability of $3,789 and that Geilenkirchen claimed a tax liability of $6,880.

By 2006, according to Williams, Geilenkirchen agreed that the 2002 returns were "incorrect" and agreed that PTCW was a sham corporation "because it was not engaged in a legitimate business enterprise and had not earned the income reported on the tax returns he prepared."

Baisden did not prepare income tax returns for Geilenkirchen for 2003 or 2005 but Williams said Geilenkirchen now claims a tax liability of $26,293 and $27,918 for those two years.

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In addition, Williams said, Geilenkirchen also agrees he is liable for $5,264 in FICA tax and an additional $25,713 in taxes and interest since the year 2002.

Geilenkirchen agreed that he understated his tax liability and that many of the claimed deductions were actually for personal expenses.

Williams said the Geilenkirchens have since filed their past due returns.

Geilenkirchen and his wife Jane filed a lawsuit against Baisden in Lincoln County Court earlier this year.

The lawsuit claims that Baisden enticed the Geilenkirchens to participate in the scheme to reduce tax liability for their income illegally by setting up a dummy corporation.

Their lawsuit says Baisden used "certain accounting practices and schemes which appear to have drawn the scrutiny of the IRS in the form of audits and further investigations," according to the lawsuit.

The IRS preliminary examinations indicate that Baisden understated the tax liability of the Snoozys by $67,655 for 2002 and 2003; for Geilenkirchen by $30,977 for 2002; for the Trierweilers by $352,142 for the years 2002, 2003 and 2004 and for the Weavers for $298,634 for 2003 and 2004.

Not all professionals believed in the scheme. Bert McKeag joined Anesthesia Consultants in 2002.

IRS Agent Thomas Cheung interviewed McKeag and said Baisden promised McKeag he could save him money on his federal income taxes. Baisden told McKeag all his personal expenses except food, clothing and his mortgage payments would be deductible.

Baisden set up a dummy Nevada corporation for McKeag in 2002 called Oceana Blue Corp., according to Cheung. Baisden also opened up a bank account in the corporation's name in Nevada.

Baisden then arranged for all of McKeag's income to go directly to Oceana Blue rather than McKeag personally.

Each month, according to Cheung, McKeag sent his receipts and cancelled checks for his personal expenses to Baisden, who then prepared his income tax return.

Baisden reported McKeag's income as gross income of the corporation, claimed that Oceana Blue was involved in real estate ventures and reported McKeag's non-deductible personal expenses as business expenses.

Baisden also prepared McKeag's individual income tax return reporting a large amount of McKeag's income as royalty income.

McKeag paid $6,000 to establish Oceana Blue and $1,000 per month for bookkeeping expenses.

But in 2003, McKeag consulted a new accountant who prepared an amended tax return for 2002 and corrected the false information Baisden had reported.

On the amended return, McKeag noted that Oceana Blue was an invalid entity and told the truth – that all the income Baisden had originally attributed to the corporation was actually McKeag's individual salary.

McKeag's actual tax liability was $28,540; not the $12,289 Baisden had reported.

Baisden also reported Oceana Blue only owed $764 in taxes, according to the IRS.

Dr. Michael Bianco, another OB/GYN in North Platte, described a meeting with Baisden in his declaration to the IRS. According to Bianco, Baisden told him that if he set up a Nevada corporation, he could deduct his personal residence, cars, telephones, travel expenses and his computer for business expenses because they would be using their home to run the corporation.

Baisden told Bianco, in a three-hour meeting with him and his wife, that he would prepare their tax returns and charge them one-third of the amount they saved in taxes each month, according to Bianco's statement.

Bianco said Baisden estimated that amount to be about $2,500 a month.

Baisden also advised Bianco that he could create spin-off corporations that would be more difficult for the IRS to discover in the event of an audit, Bianco said.

According to Bianco, Baisden said the IRS would likely discover some discrepancies in any returns but that they would not likely inquire further into the validity of the returns Baisden prepared.

Bianco said he asked Baisden why other accountants did not similarly advocate his plan.

Baisden told Bianco that "other accountants didn't understand the tax laws and how to apply the plan," Bianco said. "Baisden said that very few of the tax laws are 'black and white' and that his plan takes advantage of the vagueness in many areas of the tax laws."

Bianco and his wife decided not to participate in Baisden's plan, according to Bianco's declaration.

In 2004, according to Williams, Baisden formed new corporations for Trierweiler and the Weavers in Wyoming to which he assigns their income.

Baisden has not filed any tax returns for these customer's new corporations, Williams said.

There may be more.

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Williams said Baisden has also appeared as a power of attorney for another North Platte physician, Youngsik "Chris" Johng, a partner at North Platte OB/GYN PC, Inc.

Johng has not filed income tax returns since 2002, Williams said, so he requested that Johng submit them by May 2006.

In response to the request, Williams said, Baisden called him and told him that the tax returns were not filed because no returns are due.

Williams said Johng told him that "as long as he makes periodic deposits towards his income tax liability, he is not required to file tax returns."

"Baisden's advice is false," Williams said.

In fact, according to Williams, Baisden's customers owe significant taxes for the outstanding years because many of them are still employed with North Platte Anesthesiology Associates and North Platte OB/GYN PC, Inc., as nurse anthesthetists or physicians earning their income for which taxes are due.

Gains Exemption Extended To Judges In Conflict Cases (WSJ)

The Wall Street Journal, December 12, 2006

WASHINGTON -- Federal judges received a long-sought break when Congress extended to them the same exemption from capital-gains taxes that executive-branch officials receive when selling stock for conflict-of-interest reasons.

Under ethics rules, judges are disqualified from ruling in matters where they have a financial interest, such as owning stock in a company that is party to a lawsuit. The issue typically comes up in complex litigation, when, months or years into a case, a judge could suddenly find himself or herself conflicted because of the late joining of a party or a merger of a party into a company where he or she owns shares.

That has forced some judges either to step aside from a case or sell stock that potentially could bring a big capital- gains-tax bill. Similar ethics rules affect executive-branch officers, but since 1989 they have had an exemption that spares them the tax bite. New Treasury Secretary Henry Paulson, for one, used the provision to divest himself of hundreds of millions of dollars in stock, tax free, after leaving the chairmanship of Goldman Sachs to join the Bush administration.

Under the legislation, judges also can receive a tax-free rollover of capital gains on holdings sold to avoid conflicts of interest while in office. To avoid capital-gains taxes, beneficiaries must reinvest the gains in government securities or approved mutual funds within 60 days of divesting. Capital-gains taxes are then deferred until the beneficiary sells the rollover investment.

But Congress turned a deaf ear to the judges' request for a pay raise. Judicial salaries range from a district judge's $165,200 to the $212,100 earned by Chief Justice John Roberts. Although above the salary of a typical prosecutor or public defender, the life-tenured judges say that lawyers in big law firms -- including their former clerks -- take home much higher pay.

CONGRESS-ADMINISTRATION:

Democrats Seek To Freeze Most Federal Spending (WSJ)

By David Rogers

The Wall Street Journal, December 12, 2006

WASHINGTON -- The new Democratic majority in Congress wants to keep the government operating under a streamlined funding resolution for the rest of the fiscal year and not attempt to complete the individual spending bills abandoned by the outgoing Republican leadership.

The decision caps an extraordinary breakdown in the normal budget process this year, as Republicans adjourned Congress over the weekend and left virtually every domestic department dependent on a stop-gap spending bill due to expire Feb. 15.

Fearing a political trap, Democrats want to avoid becoming bogged down and sacrificing their own agenda by devoting weeks to passing an omnibus measure combining the unfinished bills. The path outlined now offers a speedier alternative, but never in modern memory has it been attempted on such a large scale. On an annual basis, the unfinished bills represent close to $463 billion discretionary spending, covering every corner of government but for Defense and Homeland Security.

Most agencies are expected to be frozen at last year's funding levels, but some adjustments will have to be made in crucial areas like veterans medical care.

The announcement was made last night by the incoming chairmen of the House and Senate Appropriations Committees, who also said they would impose a moratorium on new congressional earmarks, targeted appropriations for special projects in members' home districts. None would be part of the proposed funding resolution, killing hundreds that are pending in the unfinished spending bills.

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"While the results will be far from ideal, this path provides the best way to dispose of the unfinished business quickly," said the chairmen, Wisconsin Rep. David Obey and Sen. Robert Byrd of West Virginia.

House and Senate Democratic leaders gave their endorsement, but the White House, which could be the big loser, is clearly uncomfortable. A key issue is how much discretion is given to the administration to move money between accounts, and Budget Director Rob Portman said the announcement is "disappointing because we want to work with the new Congress to finish this."

Neither Rep. Obey nor Sen. Byrd directly addressed the funding levels under their proposed resolution, but most agencies are expected to be held to no more than their spending rate in fiscal 2006, which ended last Sept. 30.

Democrats say that preliminary estimates show that this can be done -- with a few billion dollars to spare -- and still stay within the confines of the total discretionary spending allowed under the president's budget.

Such a formula is modestly more generous than the formula dictated under the Republican resolution sent to President Bush last Friday; under that bill, spending for individual accounts -- such as in the Justice Department -- are sometimes severely reduced below 2006 levels because of cuts approved by the House.

A simple freeze at 2006 spending rates is easier for agencies to adapt to, but over a full year it will certainly squeeze those with a large number of workers, because there will be no extra money to pay promised salary increases.

The simplicity of a fixed spending formula for so many different agencies, from the Securities and Exchange Commission to the Federal Bureau of Investigation, also means there is less recognition of different needs.

Dems Plan Joint Resolution, No Earmarks (HILL)

By Elana Schor

The Hill, December 12, 2006

House and Senate Democrats have decided to complete this year's unfinished appropriations process with a joint resolution keeping the government funded until the new fiscal year starts in October, vowing to ban all earmarks from the measure.

Sen. Robert Byrd (D-W.Va.) and Rep. David Obey (D-Wis.), the incoming Appropriations Committee chairmen, issued a statement yesterday laying blame at the feet of departing GOP leaders for failing to pass nine of the 11 fiscal year 2007 appropriations bills, a criticism leveled by several Republicans in the waning days of the lame-duck session.

"After discussions with our colleagues, we have decided to dispose of the Republican budget leftovers by passing a year-long joint resolution," Byrd and Obey said, adding: "We will do our best to make whatever limited adjustments are possible within the confines of the Republican budget to address the nation's most important policy concerns."

Democrats had faced mounting pressure to forge a plan for completing the outstanding appropriations bills quickly, with several appropriators appearing inclined toward an omnibus that would combine versions of the spending bills already approved in committee. Yet members of the new majority acknowledged the difficult task of crafting an earmark-free omnibus that would avoid potential objections from conservatives and GOP appropriators.

"The thing is, one person's earmark, wasteful spending, [when] defined by the person who's proposing it, is neither pork nor wasteful," said Sen. Frank Lautenberg (D-N.J.), who will rejoin the Appropriations panel next year. "It's a question of how you define these things."

Sen. Barbara Mikulski (D-Md.), in line to take over the appropriations subcommittee in charge of the Justice and State departments, said last week that Democrats should apply principles of reform to whatever spending legislation they take up next year.

"I certainly think we should do an omnibus, within the context of ethics and special projects reform, that would also include the Finance Committee and Appropriations," Mikulski said.

Conservatives who argued that a post-election omnibus would be fiscally irresponsible ultimately convinced Republican leadership to pursue a continuing resolution that would keep the government running until Feb. 15, leaving Democrats the burden of finishing the job. As late as the last day of the 109th Congress, Republican appropriators were urging Democrats to do the procedurally improbable and try to take up the remaining bills individually.

"Democrats are going to have to work with us and do something to repair the situation … The pressure is going to be to pass free-standing appropriations bills," said Sen. Pete Domenici (R-N.M.), an appropriations subcommittee "cardinal" whose energy and water bill passed the full panel in June but did not get to the floor.

Domenici made an impassioned plea for the Democratic leadership to handle lawmakers critical of spending levels or earmarks by seeking cloture votes to shut off debate rather than negotiating behind the scenes.

"Make them fight on the floor instead of fight from a distance," he said. "No more 'I object.' Come to the floor and let's vote. They'll pretty soon find out they will lose. They will lose to the Senate."

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But Democrats faced an already crowded winter schedule, headlined by the president's budget in early February and a hefty war supplemental expected to approach $150 billion for the military operations in Iraq and Afghanistan, that made even an omnibus nearly impossible to achieve on time. Producing a continuing resolution scrubbed of earmarks is likely to present its own partisan pitfalls for the new leadership, as members on both sides of the aisle grapple with district projects planned for but no longer paid for.

Byrd and Obey, in their statement, promised to work on a bipartisan basis to secure passage for the coming spending resolution. Earmarks in this year's appropriations bills will be candidates for inclusion during the 2008 process, they said, "subject to new standards for transparency and accountability."

Democrats have not hidden their frustration at the GOP's inaction on appropriations, with Senate leadership distributing a 15-page memo titled "The 110th Congress Will Be Left to Clean Up the 109th Congress' Mess" on Friday that charged Republicans had made it more difficult for the new majority to make early progress on its broad legislative agenda.

"One could get mad, but I'm going to try not to. I'm going to try to be patient," incoming Senate Majority Leader Harry Reid (D-Nev.) told reporters last week. He echoed Byrd and Obey's intentions to rein in the explosive growth of earmarks, which many Republicans believe shattered their fiscally conservative image.

The House passed an earmark disclosure resolution in September that required appropriations, tax and authorizing bills to identify the members requesting earmarks, though watchdog groups blasted the measure as defining the term too narrowly. The tax, trade and health omnibus that passed just before the 109th Congress adjourned contained three earmarks and two "probable earmarks," according to the House resolution, and two of those five were requested by Reid.

Reid spokesman Jim Manley said the new Senate leadership would work to pass an earmark transparency requirement quickly, as part of Democrats' broad ethics and lobbying reform package, and in time to apply to the 2008 appropriations bills.

Longtime House Appropriations Committee staff director Scott Lilly, now a senior fellow at the Center for American Progress, said none of the available options would have been preferable for Democrats.

"You're going to end up with something that's not good policy no matter what you do," he said. "But given the mess we're in, it's how you reduce the damage to public policy and not mortgage the future…"

The tax-writing committees, Finance and House Ways and Means, may extend earmark-like "special privileges" to companies seeking targeted breaks, although September's House resolution defined an earmark as a tax benefit aimed at a single entity. Senate Finance Committee Chairman Chuck Grassley (R-Iowa) said his panel has long operated under an informal rule against considering tax provisions affecting fewer than 10 companies, adding that incoming Chairman Max Baucus (D-Mont.) is likely to continue that guideline.

Democrats Freeze Earmarks For Now (WP)

By Shailagh Murray And Jonathan Weisman

The Washington Post, December 12, 2006

Democratic leaders declared a temporary moratorium on special-interest provisions known as earmarks as they attempt to cope with a budget crisis left by the outgoing Republican-led 109th Congress.

Congress adjourned early Saturday, having completed work on two of the 11 spending bills for the 2007 fiscal year that began Oct. 1. As a short-term fix, lawmakers extended current funding levels until Feb. 15. But the incoming Democratic chairmen of the House and Senate Appropriations committees announced yesterday that they would extend current levels until the 2008 fiscal year begins next Oct. 1.

The alternative was to attempt to finish work on the spending bills when the Democratic-led Congress convenes in January, a dreaded prospect that could have derailed Democratic legislative efforts and stirred up policy battles around the same time that President Bush is due to submit his fiscal 2008 budget to the Hill, along with a large supplemental spending request for the Iraq war.

The new chairmen, Rep. David R. Obey (Wis.) and Sen. Robert C. Byrd (W.Va.), said in a statement: "While the results will be far from ideal, this path provides the best way to dispose of the unfinished business quickly, and allow governors, state and local officials, and families to finally plan for the coming year with some knowledge of what the federal government is funding."

They also said they would place a moratorium on all earmarks until lobbying changes are enacted. Those special spending provisions included in the unfinished fiscal 2007 bills will be eligible for consideration next year, the chairmen said, subject to new standards.

"We will work to restore an accountable, above-board, transparent process for funding decisions and put an end to the abuses that have harmed the credibility of Congress," the chairmen said.

The unfinished bills account for about $463 billion in annual spending and include just about every domestic program other than defense and homeland security.

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The announcement appears to be a victory for conservative budget reformers, such as Reps. Mike Pence (R-Ind.) and Tom Price (R-Ga.), who circulated a petition last week calling for a resolution that would extend funding through the rest of the year, but without earmarks. That petition, however, called for all domestic programs to be funded at the lowest levels called for in either the House or Senate versions.

In contrast, Obey and Byrd indicated that they would seek adjustments in spending levels to satisfy Democrats and moderate Republicans who were upset by the austere funding bills passed by the House Appropriations Committee. In particular, the measure to fund labor, health and education programs fell billions of dollars short of the Senate-approved levels, and the levels that even many House Republicans said were acceptable.

The biggest victory would be for those lawmakers who have crusaded against earmarks, or home-district pet projects. Virtually all of the bills that pass the Senate and House appropriations committees contain such projects. For the fiscal year that began in October and will end Sept. 30, the slate will be wiped clean.

Obey and Byrd noted that the last time Congress passed all appropriation bills separately and on schedule, and got them signed by the president in time for the next fiscal year, was in 1994, the last year they both served as chairmen. In November 1994, a month after the 1995 fiscal year began, Republicans won control of Congress.

For more or less every year since the takeover, the GOP has struggled to produce a smooth succession of spending bills, creating strained relations between the more ideologically minded Republican leadership in both chambers and their more practical-minded appropriations colleagues. Most recently, the Senate has been the stubborn obstacle, with Majority Leader Bill Frist (R-Tenn.) refusing to advance spending bills during a hard-fought election year.

Those tensions bubbled to the surface on the House floor as lawmakers wrapped up their business early Saturday. "The breakdown of regular order this cycle, indeed the failure to get our bills done, should be fairly placed at the feet of the departing Senate majority leader," said Rep. Jerry Lewis (R-Calif.), the outgoing House Appropriations Committee chairman.

Lewis noted that his panel passed each of the 11 subcommittee bills out of the full committee by June 30, and, with the exception of a giant bill that funds health and education programs, all of the bills off the House floor by the July 4 break. The Senate also passed each of its bills out of the full committee, only to see them run aground on the Senate floor.

Democrats Decline To Take Up Unfinished Spending Bills (NYT)

By Carl Hulse

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — Congressional Democrats said Monday that they would not try to finish multiple spending bills left hanging by the departed Republican majority. Instead, they want to keep most government agencies operating under their current budgets until next fall.

In a joint statement, the incoming Democratic chairmen of the House and Senate Appropriations Committees said the urgency of new business and the administration's next spending request for the war in Iraq gave them little choice but to abandon efforts to pass the overdue bills.

"While the results will be far from ideal, this path provides the best way to dispose of the unfinished business quickly and allow governors, state and local officials, and families to finally plan for the coming year with some knowledge of what the federal government is funding," said the statement from the chairmen, Senator Robert C. Byrd of West Virginia and Representative David R. Obey of Wisconsin.

The Republican-led 109th Congress, which adjourned early Saturday, completed only 2 of 11 spending bills due Oct. 1. This was because of a variety of reasons, including Republican divisions over spending levels and a desire by the party leadership to spare lawmakers from tough votes before the Nov. 7 election.

Except for the Pentagon and the Department of Homeland Security, the government is being financed under a stopgap "continuing resolution" signed early Saturday by President Bush. It expires Feb. 15, and Democrats said they planned to extend a similar resolution through Sept. 30.

The unfinished bills loomed as a potential major distraction for Democrats as they prepare to take power in January, a fact not lost on the Republicans who chose not to try to complete the work. The two Democrats made clear that they would rather concentrate on the first budget under their party's leadership while giving close scrutiny to the president's own spending plan and his request for war spending.

"We, in the new Congress, have a responsibility to build the foundation for a better future," the Democratic chairmen said. "We cannot begin that work until we fix the problems left behind by the Republican Congress. So, we must turn the page on the Republican failures and work together in the best interests of the American people."

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Some Republicans favored not finishing the bills because of automatic savings achieved by forgoing expected spending increases in any new measures. Both Democrats and Republicans say that operating under current budgets, in some cases with less money, can strap federal agencies and lead to lapses in service.

While the Democratic chairmen suggested they would try to accommodate agencies that needed more money, they said the final spending resolution would not include any earmarks, the pet projects sought by lawmakers for their districts and supporters. As a result, if lawmakers revive earmarks included in the bills that stalled, those projects will face scrutiny under new rules that Democrats intend to adopt.

Congress has struggled in recent years to enact spending bills on time, and lawmakers have repeatedly ended up merging them into huge so-called omnibus measures or pushing them into the next calendar year. Mr. Byrd and Mr. Obey said the last time the measures were passed individually and signed on time by the president was 1994, when the same two lawmakers were chairmen of the spending panels.

Dems Take Middle Ground On Drug Plan (AP)

By Erica Werner

AP, December 12, 2006

House Democrats will take the middle ground on the Medicare drug benefit, pushing for government-negotiated prices but stopping short of creating a federal plan to compete with private insurers, a lawmaker said Monday.

Rep. Pete Stark, D-Calif., said a government-run plan would save money but is too ambitious for immediate action.

"That might draw a veto and then get us accused — which I don't mind, but most of my colleagues do — of price-setting and all that. ... There's a hesitancy to seem too radical," said Stark, a liberal in line to chair the House Ways and Means Committee's health subcommittee.

House Speaker-elect Nancy Pelosi, D-Calif., has included Medicare drug negotiation in her agenda for the party's first 100 legislative hours, but she hasn't offered many details.

"The leadership is going to propose the middle ground and I'm going to support it," Stark said.

About 22.5 million seniors and the disabled are now enrolled in private insurance plans subsidized by the federal government under the new Medicare drug benefit. The insurers negotiate with pharmaceutical companies over how much they'll pay for drugs covered by their plan.

Democrats believe that by virtue of its massive purchasing power the federal government could negotiate better prices.

Health and Human Services Secretary Mike Leavitt has criticized the idea as "a surrogate for a much larger issue, which is really government-run health care."

Leslie Norwalk, acting administrator for the Centers for Medicare and Medicaid Services, said recent figures showing the Medicare drug benefit is under budget this year shows the Democratic plan isn't needed.

"We appreciate that they have a solution, but we're trying to figure out exactly what the problem is they're going to solve," Norwalk said in an interview Monday. "We think the private market does this quite well."

Competition is one of the reasons for the savings this year, according to Medicare, but so is lower-than-expected enrollment and drug prices rising less than expected.

Stark said the party's plan would require the Health and Human Services secretary to report back to Congress on the results of his negotiations with drug companies, but he questioned how good the outcomes would actually be.

"He's not going to do it with any interest," Stark predicted. "If he says he's too dumb to do it, or incompetent, or incapable — I'll let him pick his reason for not doing it. But that's what we're going to say — go negotiate and report back to us your success in lowering the prices."

Stark said he also wanted to reduce the number of private plans available to seniors. There are now 40 or more plans operating in many markets; Stark would like to reduce that to 15 or 20. He also would like to give beneficiaries the ability to switch plans if their plan changes the drugs it is offering.

Medicare Links Doctors' Pay To Practices (NYT)

By Robert Pear

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — After years of trying to rein in the runaway cost of the Medicare program, Congress has decided to use a carrot instead of a stick to change doctors' behavior.

Doctors had been fearing a pay cut under Medicare, the health care program for 43 million elderly and disabled, but Congress instead has offered doctors a small bonus with big strings attached. To get the money, doctors will have to report how often they provide quality care, as defined by the government.

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Lawmakers approved the change as one of their final acts before adjourning early Saturday morning, and proponents said it would improve the quality of medical care.

But the plan immediately raised concerns among some doctors and lawmakers who specialize in health issues. They said they worried that it could be a step toward cookbook medicine and could erode the professional autonomy of doctors.

Doctors had been facing a 5 percent cut in Medicare payments in 2007. Congress deferred the cut, freezing doctors' payment rates instead.

Now, doctors can qualify for a 1.5 percent bonus in the second half of 2007 if they report data on the quality of their care, using measures specified by the government. For example, doctors could be asked to report how often they prescribe a particular drug after a heart attack or how well they control blood pressure in patients with diabetes.

With these statistics, Medicare officials say, they will , in the near future, be able to reward doctors who follow clinical guidelines and perhaps penalize those who flout such standards without justification.

For several years, Medicare officials have advocated a pay-for-performance system, noting wide regional variations in the practices of hospitals and medical specialists. The idea was supported by the Bush administration and by Senators Charles E. Grassley, Republican of Iowa, the chairman of the Finance Committee, and Max Baucus, the Montana Democrat who will be chairman next year.

"Medicare now pays the same amount regardless of quality," Mr. Grassley said. Indeed, he said, Medicare "rewards poor quality," paying doctors to treat complications caused by their own mistakes.

But some influential Democrats, and even some administration officials and Republicans who support the general idea of pay-for-performance, expressed concern with federal agencies setting benchmarks for care.

"This is a very significant step," Catherine G. Cohen, vice president of the American Academy of Ophthalmology, said Monday. "It's the first time Medicare has ever paid individual doctors a differential for reporting quality measures. It could impose a significant new burden on doctors' offices."

The legislation has created strange bedfellows.

Some doctors, health policy experts and politicians, including liberals like Representative Henry A. Waxman and conservatives like Robert E. Moffit, director of health policy studies at the Heritage Foundation, are apprehensive. Beyond broader questions about whether the government can accurately measure the quality of care, they are concerned about the feasibility of developing standards for hundreds of thousands of doctors within six months. The quality reporting system begins on July 1.

In an interview, Mr. Waxman, a California Democrat who has been working on health policy for more than three decades, said: "I am very skeptical of pay-for-performance. I'm not sure we can measure quality and performance that well."

Representative Pete Stark of California, who will become chairman of the Ways and Means Subcommittee on Health in January, said, "The entire concept of pay-for-performance is offensive." Doctors, Mr. Stark said, are supposed to provide "quality care" and should not be paid extra for doing so.

Moreover, he said, federal officials "do not have the capability, the understanding, the knowledge or the training" to set standards for the quality of care.

Representative Charlie Norwood, Republican of Georgia, led efforts to enact a "patients' bill of rights," saying insurance companies should not tell doctors how to practice medicine. He objects just as much to government efforts to define quality.

"When government bureaucrats determine what good medicine is, instead of patients and doctors, I get very suspicious," said Mr. Norwood, a dentist.

The administration says Medicare should not simply pay for more services, but should reward doctors for efficiency and high-quality care.

Representative Nancy L. Johnson, Republican of Connecticut, also championed the idea of pay-for-performance. But in an interview, Mrs. Johnson said she was disappointed that Congress had not gone further to ensure that doctors would develop the criteria for measuring quality. "Bureaucrats must never be allowed to dictate medical practice," she said.

This concern is shared by some administration officials. In a recent speech to the American Medical Association, Dr. Scott Gottlieb, deputy commissioner of the Food and Drug Administration, said he worried about intrusions into the practice of medicine by federal agencies, including his own.

The original Medicare law, passed in 1965, said, "Nothing in this title shall be construed to authorize any federal officer or employee to exercise any supervision or control over the practice of medicine."

Mr. Moffit of the Heritage Foundation said the new initiative was "a backdoor attempt to repeal" this guarantee.

"It's pay for compliance, not pay for performance," Mr. Moffit said. "Doctors will be financially pressured to comply with government guidelines and standards. The integrity and independence of the medical profession could be compromised."

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Dr. Stephen C. Albrecht, a family doctor in Olympia, Wash., said Monday: "Medicare has a good idea here, but has not put much money behind it. The 1.5 percent bonus does not justify the extra effort required to do the quality reporting that the government wants."

Some doctors, like anesthesiologists and thoracic surgeons, have been eager to develop their own quality measures.

Over the last 17 years, the Society of Thoracic Surgeons has collected demographic and clinical data on three million patients. Doctors say they have used the data to improve the quality of care.

Dr. Frederick L. Grover, president of the Society of Thoracic Surgeons, said, "We have provided feedback to doctors, comparing their performance with state and national benchmarks, and in this way we have significantly reduced mortality and complications."

When possible, Medicare officials are supposed to use "quality measures" that have been endorsed by the private sector.

Despite the move toward pay-for-performance, Medicare payments to doctors are unlikely to keep pace with inflation. Congress postponed for one year a cut in fees but did not change the Medicare law's formula for computing payments to doctors. They face an even bigger cut next year, in the range of 5 percent to 10 percent, ensuring that Congress will have to revisit the issue.

Representative Stark said, "Doctors and others who like pay-for-performance have to remember that it's a zero-sum game." As a result, he said, most doctors will have to accept lower fees if Medicare is to pay bonuses to the best performers.

Dr. Frank G. Opelka, a surgeon at the Louisiana State University School of Medicine in New Orleans, said: "We fully support the goal of enhancing the quality of care, but this is a new program. It will take some time to get broad acceptance by physicians."

Congress Lifts Income Limit For Students In Evaluation (WP)

By V. Dion Haynes

The Washington Post, December 12, 2006

Congress has increased the income guidelines for some of the students enrolled in the District's federally funded school voucher program, an effort aimed at preventing hundreds of students from being forced out of the program before it is evaluated.

The change allows the private school voucher program to increase the income ceiling from 200 to 300 percent of the federal poverty line for students who enrolled in 2004 and 2005, the first two years of the program, congressional aides said. The change was approved by the House of Representatives on Friday night and the Senate on Saturday morning.

The legislation covers 1,500 students who enrolled in the first two years and are involved in the study. Officials estimate that more than 300 students would have been forced out of the program under the original income guidelines.

Sally J. Sachar, president and chief executive of the Washington Scholarship Fund, which administers the voucher program, said the legislation will raise the income ceiling for a family of four from $40,000 to $60,000 a year. About 40 students left the program because household income exceeded the original guideline.

In 2004, Congress established the five-year experimental program to give low-income students in troubled D.C. public schools an opportunity to attend higher-performing private schools. With a $14 million annual federal allocation, the program covers tuition and other expenses for about 1,800 students, from kindergartners to high school seniors, attending 58 private schools.

Next spring, the U.S. Education Department will release the results of the first in a series of studies to determine whether students who receive the $7,500 vouchers are performing better than their public school peers. Sachar said students in the study group will be evaluated even if they have returned to public schools. A large exodus of students from the program, therefore, would defeat the purpose of the evaluation.

"Enabling the students to stay in the [program] is a priority if it can be done in a way that allows the program overall to serve low-income families, which this change does," Sachar said yesterday.

But Del. Eleanor Holmes Norton (D-D.C.) objected to the legislation, which was attached to the Tax Relief and Health Care Act of 2006.

In statement issued yesterday, Norton said the changes destroy "the low-income rationale for the program."

Pelosi Promises Steps To Protect Pages (AP)

By Jim Abrams

AP, December 12, 2006

Speaker-to-be Nancy Pelosi said Monday she will take legislative steps to better protect House pages after the scandal involving a congressman sending salacious e-mails to former male pages.

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Pelosi, D-Calif., said legislation would be introduced early in the new Congress to increase oversight of the page program, require regular meetings of the page board and add a parent of a current and a former page on that board.

"The Page School is a national treasure, and the young people who attend it and work in the Congress are our special trust," she said in a statement. "We must do all we can to protect them."

Rep. Mark Foley, R-Fla., resigned last September after it was revealed that he had sent e-mails and other electronic messages to male former pages with sexually graphic topics.

Last Friday the House ethics committee issued a report highly critical saying concerns about Foley's interactions with young male pages arose shortly after he took office in 1995, but that Republican lawmakers and aides had "failed to exercise appropriate diligence and oversight."

Pelosi said she had spoken with Rep. John Boehner, R-Ohio, who will be the Republican minority leader in the next Congress, and that they agreed they would move on the issue in a bipartisan way.

The history of congressional pages goes back more than 150 years. There are about 70 House pages and about 30 Senate pages. For a semester during high school they live in a Capitol Hill dormitory, attend classes at a page school in the morning and help out in Congress during the day, mainly as messengers.

In the House the program is run by the Office of the Clerk and supervised by a page board consisting of members as well as the clerk and the sergeant at arms.

Stumbling In September: Panel Reveals GOP Missteps (HILL)

By Bob Cusack

The Hill, December 12, 2006

The House ethics committee report on the page scandal, released on Friday, did not come to any definitive conclusions on whether House Speaker Dennis Hastert (R-Ill.) was informed of the questionable e-mails that former Rep. Mark Foley (R-Fla.) sent to pages.

But lawmakers on the ethics committee suggested that they believe Hastert was told about them. Reps. John Boehner (R-Ohio) and Tom Reynolds (R-N.Y.) testified that they informed the Speaker of the e-mails, but Hastert said he has no recollection of those conversations.

The following is a summary of key events leading up to the House page scandal and some that occurred in the aftermath, according to the House ethics committee report:

Sept. 25

·One day after the e-mails were posted on a weblog, Foley's staff asked the congressman whether "there was anything else out there." Foley said there wasn't.

Sept. 28

·ABC News first reported on the e-mails. Foley directed staff to put together a legal team to consider a defamation suit against ABC. The media outlet later posted explicit IMs Foley sent to a page.

Sept. 29

·GOP aide Kirk Fordham asked Foley if the IMs were authentic. Foley responded, "Probably." Fordham suggested that Foley resign from Congress.

·Fordham walked to the National Republican Campaign Committee to address the matter.

·Page Board head Rep. John Shimkus (R-Ill.), Page Board member Rep. Shelley Moore Capito (R-W.Va.), and House Clerk Karen Haas visited the page dorm and reassured pages that "they were committed to their safety."

·House Speaker Dennis Hastert (R-Ill.) departed on a plane for Illinois.

·House Minority Leader Nancy Pelosi (D-Calif.) introduced an ethics measure on the Foley scandal, calling for an investigation.

·The Washington Post quoted Boehner telling Hastert of the e-mails.

·Hastert Chief of Staff Scott Palmer contacted Boehner Chief of Staff Paula Nowakowski about the quotes. Boehner said he believed he had spoken to Hastert but could not be certain. Boehner and his staff call the Post to state his position.

·Nowakowski later said Boehner was 99 percent certain he had talked to the Speaker. Boehner tells other media outlets he had discussed the matter with the Speaker.

·Before midnight, a meeting took place in Boehner's office. The report says among those present were Boehner, Shimkus, Reps. Deborah Pryce (R-Ohio), Rodney Alexander (R-La.), Roy Blunt (R-Mo.), Eric Cantor (R-Va.), Palmer and Nowakowski.

·Hastert later told the ethics committee that he doubts conversations with Boehner or Reynolds took place because he carries note cards with him all the time, adding, "Usually if I have something, I take it down. I wrote it down. I have never done that."

Sept. 30

·At about 2 or 3 a.m., Palmer directed one of the Speaker's attorneys to conduct an internal review of the matter.

Poll: Washington Scandals Eating Away Public Trust (USAT)

By Wendy Koch

USA Today, December 12, 2006

Members of Congress have never been the most trusted members of society, but they rated higher than lawyers and stockbrokers five years ago. Now, two months after an election that ousted dozens of incumbents, they're on par with insurance salespersons.

Only 15% of 1,009 adults in a USA TODAY/Gallup Poll taken Friday through Sunday gave U.S. senators high or very high marks for honesty and ethical standards. Only 14% did so for U.S. representatives.

A MATTER OF TRUST: See how public rates professions

Both are down from 25% in 2001, when members of Congress got their best score since the survey began in 1976.

"It's not surprising that in a year of huge scandals, people's faith in government has fallen," says Peggy Kerns, director of the Center for Ethics in Government at the National Conference of State Legislatures. "This is a big concern," she says, and makes some people less likely to seek office or even vote.

"There's a confluence of factors leading people to be dangerously cynical," says Michael Smith, professor of politics at the University of Virginia, citing the scandals and the slow federal response to Hurricane Katrina.

On Election Day, voter dismay led to the largest congressional upset since 1994. Democrats took control of the House and the Senate. Interviews with voters leaving polling places found them more concerned about ethics than any other issue.

Four Republicans resigned from Congress this year under clouds. Former House majority leader Tom DeLay of Texas has been indicted on charges of violating campaign finance law. Bob Ney of Ohio and Randy "Duke" Cunningham of California were convicted of bribery. Mark Foley of Florida quit after disclosure of sexually explicit e-mails he allegedly sent to former House pages.

Other members of Congress are under investigation.

Fred Wertheimer, who runs Democracy 21, a group that aims to reduce the influence of money in politics, says the past two years have been the most scandal-prone in three decades.

"Congress did absolutely nothing to address the problems," Wertheimer says. He says partisan acrimony and deadlock have increased in recent years.

The latest numbers may not mean a big change in public attitudes, says Frank Newport, editor in chief of the Gallup Poll.

"Americans have been quite negative about Congress for more than a decade," Newport says. Usually, he says, less than one-fifth of people polled give lawmakers high ethical marks. That compares with about two-thirds who regard medical doctors and veterinarians favorably and four-fifths who trust nurses.

"Congressmen can take heart," Newport says. "They're a few points higher than car salesmen."

Taxpayers Distrust How The Government Spends Their Dollars, Reports Say (USAT)

By Richard Wolf

USA Today, December 12, 2006

WASHINGTON — Americans are open to tax increases and benefit cuts to preserve Social Security and Medicare, but they don't trust the government to spend their money wisely, two reports being released today show.

The reports contend that Americans would consider such measures as scaling back end-of-life care and extending the retirement age as ways to avoid bankrupting the Social Security and Medicare systems. Their mistrust of government is so deep, however, that political leaders must convince them their money won't be wasted.

"They really are very skeptical about what happens when you send money to Washington," says Stuart Butler of the Heritage Foundation, a conservative think tank. "They think that money is going to be stolen by somebody to build a bridge somewhere."

Those are the major findings of the reports by Public Agenda and Viewpoint Learning. Those two public policy groups, left- and right-leaning think tanks and groups favoring deficit reduction have spent the past year working to educate the public and seek feedback about the nation's fiscal condition.

Public Agenda held six focus groups across the country, each with 10 to 12 participants chosen to mirror the greater population. Viewpoint Learning held three discussions with 40 people each. At the same time, think tanks held a series of informational meetings.

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The mistrust of government has gotten worse in recent years, the report's authors said. To resolve it, participants called for better ways to evaluate government programs, as well as stronger oversight.

"It's clear they're prepared to pay for the future they want," said Steven Rosell, president of Viewpoint Learning, which held day-long discussion groups in Philadelphia, Kansas City and San Diego. "The issue is, 'can we trust these guys?' "

Discussion participants generally agreed that the federal budget deficit should be reduced to spare future generations from heavy debts. They blamed the debt largely on wasteful spending by Congress.

On Medicare, most participants sided with Democrats' desire to have the government negotiate drug prices with manufacturers. On Social Security, a more narrow majority sided with President Bush in his effort to make individual accounts part of the government retirement program.

The Public Agenda report concludes that when it comes to deficits and debts, "much of the public's confusion and detachment are indicative of a leadership vacuum."

"Leaders could lead on this," said Ruth Wooden, the group's president. "They're not going to get punished."

Panel: Leaked Gingrich Call Broke Rules (AP)

By Matthew Daly

AP, December 12, 2006

Rep. Jim McDermott, D-Wash., violated ethics standards by giving reporters access to an illegally taped telephone call involving Republican leaders a decade ago, the House ethics committee said Monday.

McDermott, who at the time was the panel's senior Democrat, failed to meet his obligations as a committee leader, said a report released two days after Congress adjourned for the year. The panel took no action other than the report.

"Rep. McDermott's secretive disclosures to the news media ... risked undermining the ethics process regarding" former House Speaker Newt Gingrich, the committee said. It said McDermott's actions "were not consistent with the spirit of the committee's rules."

The ethics complaint stems from a tape recording made by a Florida couple, who gave it to McDermott in January 1997. The tape recorded then-Speaker Gingrich, R-Ga., in a December 1996 conference call with GOP leaders regarding a separate ethics investigation of Gingrich.

McDermott leaked the tape to The Atlanta Journal-Constitution and The New York Times, which published stories on the case in January 1997.

Gingrich, who was heard on the call telling House Republicans how to react to the ethics charges against him, was later fined $300,000 and reprimanded by the House.

A three-judge panel of the U.S. Circuit Court of Appeals for the District of Columbia ruled against McDermott in a related civil case in March. The 2-1 opinion upheld a lower court ruling that McDermott had violated the rights of Rep. John Boehner, R-Ohio, who was heard on the 1996 call. Boehner, then a Gingrich lieutenant, is now House majority leader.

The full nine-member appeals court vacated the three-judge ruling this spring and heard new arguments in the case in October. A ruling is expected next year.

McDermott, in an e-mail to The Associated Press, said he was pleased the ethics panel had concluded he did not violate overall House rules.

"I am also pleased with the committee's acknowledgment that pending litigation in the federal court will decide the question of law over the First Amendment issues involved," he said.

Because of the pending civil case, McDermott said he would not offer additional comment.

Rep. David Hobson, R-Ohio, a former ethics committee member who filed a complaint against McDermott in November 2004, said he was disappointed the ethics panel did not sanction McDermott.

"I'm not sure this decision reflects well upon the House as a whole or the ethics process," Hobson said.

He said he might change his long-standing support for an internal ethics panel and consider replacing it with an independent inspector general to investigate House members.

Associated Press writer David Hammer contributed to this story.

McDermott Broke 'spirit' Of Rules But Faces No Punishment (HILL)

By Susan Crabtree

The Hill, December 12, 2006

The House ethics committee found that Rep. Jim McDermott's (D-Wash.) 1997 leaking of a secretly taped phone call to the media among House Republican leaders, including current Majority Leader John Boehner (R-Ohio) and former Speaker Newt Gingrich (R-Ga.), is "inconsistent with the spirit of the applicable [House] rules." The panel, however, did not punish McDermott.

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The panel released the final report yesterday; it had been investigating the matter for more than two years.

It also found that McDermott's actions in leaking the contents of the December, 1996 call "represented a failure on his part to meet his obligations as Ranking Minority Member of the House Select Committee on Ethics."

In 1997, McDermott was ranking member of the House Select Committee on Ethics, and the contents of the call, which included strategies for dealing with an ethics case against Gingrich, was obtained illegally by a couple using a scanner.

Rule 9 of the ethics committee prohibits disclosure by a member of "any evidence relating to an investigation to any person or organization outside the Committee unless authorized the Committee."

"Representative McDermott's secretive disclosure to the news media as to the alleged conduct of Representative Gingrich risked undermining the ethics process regarding that member," the report states.

The committee further found that McDermott's excuse for the leak, namely that the public had the right to be informed, did not hold water.

"This is not a justification for potentially undermining the House ethics process," the report concluded.

Boehner sued McDermott over the matter and earlier this year, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit, ruled against McDermott and ordered him to pay $60,000 in legal fees and cover Boehner's attorney fees.

McDermott is fighting the case on First Amendment grounds.

GOP House Member Muscles His Way To Success (LAT)

By William Heisel

The Los Angeles Times, December 12, 2006

LOS ANGELES — One winter night in 2000, U.S. Rep. Gary Miller, R-Calif., implored Monrovia City Council members to purchase 165 acres he owned in the foothills and turn the land into a wilderness preserve.

Earlier that day, Miller asked one of his staff members to find a way to place one of the councilmen -- a pawnshop owner with no parks experience -- on the National Park System Advisory Board. The aide was told to "make it a priority."

After staff members warned him that trying to secure the park board seat for the councilman could appear to be a bribe attempt, Miller continued to push for the councilman's appointment, according to internal memos, interviews with former Miller staff members and official correspondence reviewed by the Los Angeles Times.

The move was one of many that Miller has made over the years in which he brought his congressional muscle to bear on personal and private business matters, according to the staffers and correspondence from Miller's office -- hand-written notes, letters on Miller's congressional letterhead and e-mails.

"There was never a clear line in the office between what was congressional business and what was just business," one former aide said. "The expectation was that you would do both."

A real-estate developer and one of the wealthiest members of Congress, Miller, 58, routinely asked his staff to handle personal errands, such as helping his children with schoolwork, searching for concert tickets and sending flowers to family members and friends, according to documents. Federal law prohibits members of Congress from using their staff for anything other than official work.

"We taxpayers trust that our members of Congress will not turn their staff into butlers. That's not what they're paid for," said Gary Ruskin, director of the Congressional Accountability Project, a nonpartisan group. "It's a misuse of funds and an abuse of power."

Miller also has collected nearly $25,000 a year in rent from his campaign committee in each of the past three elections by using the office of his real-estate development firm in Diamond Bar, located in Los Angeles County, as his campaign office.

Federal election law prohibits such rent as self-enrichment unless a member can demonstrate that the private offices were used for legitimate campaign purposes. Miller said through spokesman Scott Toussaint that the rent payments complied with federal law. He declined further comment.

Robert Hammond, the Monrovia councilman for whom Miller sought the park board appointment, said last week that he raised the idea with Miller. Now Monrovia's mayor, Hammond said he saw no conflict, especially since the appointment never materialized.

As a council member, Hammond ultimately voted in favor of purchasing Miller's land for about $12 million. The deal was approved unanimously.

Miller represents a district that includes parts of Los Angeles, San Bernardino and Orange counties. He was re-elected this fall without opposition in a district that is about 50 percent Republican and 28 percent Democratic, one of the five highest percentages of Republicans in the state.

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Miller has come under scrutiny in his district and in Washington for a series of recent votes and other maneuvers that public watchdogs said were ethically and legally questionable.

In August 2005, Miller helped allocate federal funds for street improvements near a development he co-owned in Diamond Bar. In the same bill, he helped insert a provision closing an airport in Rialto, in San Bernardino County, used by emergency medical personnel and private pilots, and opening up the land to development by one of his largest campaign contributors, Lewis Operating Corp.

In August 2006, the Times reported that Miller had worked with Lewis to shelter an estimated $10 million in real-estate profits from capital gains taxes. In response, Citizens for Responsibility and Ethics in Washington, a nonpartisan watchdog group that earlier helped launch a federal probe of Rep. Jerry Lewis, R-Calif., of Redlands, filed a complaint with the IRS asking for an investigation of Miller.

Miller has said that his use of tax code provisions to avoid capital gains taxes -- including those owed on the 165 acres he sold in Monrovia -- was appropriate.

The Monrovia sale was closely monitored and managed by Miller's congressional staff, e-mails, letters and interviews with former staff members show.

"Everyone in the office knew that even though Monrovia was not in his district, you had to make Monrovia a priority," a former aide said.

Aides said they were asked to write letters and prepare documentation for Miller's meetings with city staff members. In one letter to Hammond, the Monrovia city councilman, the congressman took pains to point out that he was acting as a private citizen. The letter was written by an aide, one former staffer said, and signed by Miller.

That letter was dated Feb. 29, 2000.

That same day, Miller made his plea before the council to buy his land. After a decade of meetings and public hearings, he had all but given up on the idea of developing the property.

In 2000, Miller's reelection campaign raised and spent a half-million dollars to defeat a Democrat with little party support and only $74,000 in campaign contributions. Miller won with 59 percent of the vote.

A similar pattern emerged in each of his next three elections: He raised large sums of money to fend off token opposition and won by landslides.

The biggest recipient of the campaign money he raised from people in his district and big donors like the National Association of Homebuilders was Miller himself, according to campaign finance records.

Miller's corporate office, located in an office park, doubles as his campaign office. But the presence of campaign activity was impossible to discern from the front office. There were no posters, pictures or bumper stickers for constituents. There were no yard signs out front, no campaign volunteers calling people to get out the vote. On election day, Miller was out of the office, a secretary said.

Yet Miller has used campaign money to pay himself for the use of the building and its equipment -- nearly $25,000 a year for the past three elections.

Federal law allows members to rent office space to themselves for campaigning under three conditions: that the rent is paid with campaign donations; that the amount is typical for the area; and that the office is used for a campaign.

This fall, of the eight California Congress members who ran with little or no opposition, only two had campaign offices. The other one, U.S. Rep. Xavier Becerra, D-Calif., of Los Angeles, paid about $8,000 for rent on an office building.

Unlike other members of Congress who have faced little opposition and raised large sums for colleagues, Miller gave just $28,000 to other campaigns, including $12,000 to the National Republican Congressional Committee.

"Gary wants to leave early to get back home on the weekends, and he doesn't want to come back early on Mondays for votes, because he's focused on his business, and he'd rather be at home," one former aide said.

According to the Washington Post's database of congressional votes, Miller missed 65 votes during this session, putting him in the top quarter for the most votes missed in the House of Representatives.

His home life often blends into his congressional work, according to e-mails and receipts. Once, staffers were told to overnight him a copy of "House Mouse Senate Mouse," a children's book about the legislative process, because he had given his copy to his grandson.

They were asked to help his son register for college classes. They were asked to check his stock prices and put together a morning report for him. And they twice bought flowers for his wife for Valentine's Day.

Miller had flowers sent to so many of his friends, family members and constituents that his chief of staff finally sent out this message in August 2001 saying, "We should be careful with the flower orders! Therefore, no one should mention any death of any resident in the district to Gary -- let Gary bring it to our attention."

Some of the most urgent e-mails reviewed by the Times focus on scoring tickets to concerts and sporting events.

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Miller has, on several occasions, interrupted his staff's congressional obligations to send them hunting for concert tickets.

A die-hard Rolling Stones fan, Miller learned in May 2002 that the band was coming to Edison Field in Anaheim that October.

"Per his instructions, we are checking with city officials, Edison contacts, etc., to see what we can come up with," states an e-mail written by an aide to Miller's chief of staff.

A few days later, the chief of staff told them to look for tickets to a Staples Center concert as well. By May 29, a Miller staffer had prepared a memo outlining four options for getting tickets. The most promising was for the Edison Field Rolling Stones show.

"I spoke to Greg Smith, who handles tickets," the aide wrote to Miller. "He said for you not to worry, they would try and take care of you."

Miller even did a little legwork himself. Using congressional letterhead, he sent a fax to the head of Ticketmaster's public affairs office. The message was short: "I am requesting four (4) very good seats for the Rolling Stones concert on Thursday, Oct. 31, 2002, at the Staples Center in Los Angeles. Please contact me as soon as possible."

Pelosi May Give Jefferson A Lesser Committee Assignment (WP)

By Charles Babington And Allan Lengel

The Washington Post, December 12, 2006

House Democratic leaders, who have vowed to run a more ethical Congress, are struggling with how to respond to the reelection of Rep. William J. Jefferson, the Louisiana Democrat whose Washington home freezer once held $90,000 in alleged bribe money.

Nancy Pelosi (D-Calif.), poised to be the next speaker, stripped Jefferson of his seat on the influential Ways and Means Committee in June and has hinted that she may place him on no committee when the 110th Congress convenes next month. But a source close to Pelosi said yesterday that she is more likely to place him on a lower-profile committee and hope the controversy dies down.

Pelosi will decide after consulting with colleagues in coming days, said the source, who would speak about the matter only on background.

Jefferson, 59, surprised many in Washington on Saturday by comfortably winning a ninth term from his New Orleans-based district. He repeatedly notes that he has not been indicted, and he won endorsements from high-level politicians such as New Orleans Mayor C. Ray Nagin.

In August 2005, federal agents raided Jefferson's homes in Washington and New Orleans as part of a corruption investigation into business dealings in Africa. The $90,000 in cash was among their findings.

The source familiar with Pelosi's thinking said that the incoming speaker wants to distance herself and her caucus from Jefferson and legal problems but that she thinks she cannot ignore that voters returned him to office when details of the investigation were well known.

Sources familiar with the probe said Jefferson will be indicted, probably in the first half of 2007. The sources, who spoke on the condition of anonymity because of the sensitivity of the case, said investigators have been looking at about a dozen business deals in the United States and Africa in which Jefferson allegedly used his official position for financial gain.

An indictment has been delayed because of a protracted legal battle over documents the FBI seized from Jefferson's office in May, according to sources. U.S. District Judge Thomas F. Hogan, who signed the search warrant, later ruled that the raid was constitutional.

The U.S. Court of Appeals in Washington delayed matters further by ruling that Jefferson had a right to challenge the FBI from reviewing documents he felt were protected under the "speech or debate" clause. Recently, the Court of Appeals gave the FBI the go-ahead to begin reviewing materials that Jefferson had acknowledged were not privileged.

The Court of Appeals will address the challenged documents early next year. The ruling leaves open the option for federal investigators to wait for all the seized documents before indicting, or to indict on some of the alleged schemes and return later with additional charges in what is called a superseding indictment, sources said.

Roscoe C. Howard Jr., a former U.S. attorney in Washington now with the law firm Troutman Sanders, said: "There's a lot of reasons for indicting and then going back with a superseding indictment. There's certain reasons for waiting."

One reason for seeking an indictment sooner than later, he said, is that Jefferson is a public servant "who answers to a public body and people want to know answers."

But Howard said that if the prosecutor hits Jefferson with a round of charges and then hammers him again in a superseding indictment, "you're going to end up with allegations of prosecutorial misconduct" from Jefferson, trying to put the government on the defensive.

Two Jefferson associates -- former congressional aide Brett Pfeffer and Vernon L. Jackson, owner of iGate, a Louisville-based high-tech company -- have pleaded guilty to charges they bribed Jefferson to use his political influence to push through a lucrative contract in Africa to sell technology for the Internet and cable television.

Jefferson's press secretary, Melanie Rousell, declined to address the likelihood of an indictment, saying: "The voters have elected him, and he is there to serve them and represent them, and that's what he will do."

CBC Wants Jefferson's Seat Restored (HILL)

By Alexander Bolton

Hill, December 12, 2006

The Congressional Black Caucus is planning to press Democratic leaders to reinstate Rep. William Jefferson (D-La.) to the Ways and Means Committee, raising the thorny question of how leaders will handle the fate of Rep. Alan Mollohan (D-W.Va.), who has also come under ethical scrutiny.

If incoming Speaker Nancy Pelosi (D-Calif.) and fellow leaders decide to keep Jefferson off Ways and Means, they could open themselves to charges of following a double standard by allowing Mollohan to become chairman of an Appropriations subcommittee, as he is now poised to do.

Top Democrats are dealing with questions regarding what to do about Jefferson and Mollohan at the same time that they must decide how to reward lawmakers who have raised tens of thousands of dollars for the party but find themselves with less seniority than stingier colleagues on subcommittees.

The House voted in June to strip Jefferson of his Ways and Means seat, an action precipitated by Pelosi, who wanted to distance her party from the scandal that had enveloped Jefferson after the FBI raided his home and found $90,000 in his freezer.

Although Jefferson has been under investigation for months and one of his former aides pleaded guilty in January to bribing him, he has yet to be indicted.

When Jefferson lost his seat, he called for Mollohan, who also faces ethics allegations, to step down from the ranking member slot on the Science, State, Justice and Commerce and Related Agencies Appropriations subcommittee.

The renewed debate over Jefferson's fate could also spark controversy over what happens to Mollohan. A conservative watchdog group has accused the lawmaker of using his senior position on the spending subcommittee to benefit his friends and himself financially.

Jefferson has said his ousting from the committee is unprecedented, arguing that it would unjustly punish his constituents.

Pelosi and other leaders may have quietly hoped that voters in Jefferson's district would spare them from having to decide his fate, but Jefferson defied months of negative media coverage to win a runoff election with 57 percent of the vote on Saturday.

Rep. Mel Watt (D-N.C.), the chairman of the black caucus, said in an interview yesterday that Jefferson should be reinstated.

"There is no historical standard or precedent for removing someone from a committee, and … to do so disadvantages the member's constituents; it doesn't punish the members," said Watt.

"I'm sure we'll communicate our support anew, yes, and support his effort to be reinstated," said Watt. "It's appropriate for me as chair of CBC and for the CBC, in light of previous support, to express our opinion on the issue. I'm sure we'll do it timely and in an appropriate way."

A Pelosi spokesman said leaders would weigh the views of the black caucus this week.

"This is a question for the leadership and the Steering Committee when they meet this week," said Pelosi aide Drew Hammill. "As always, they will take all views into account."

Carl Tobias, a law professor at the University of Richmond who has closely followed the government's probe of Jefferson, said that federal prosecutors seem intent on indicting him.

"My sense is that the Justice Department may well indict him in the foreseeable future," he said, adding that action has likely been held up by legal wrangling over whether the government can use documents seized from Jefferson's congressional office.

This week, the House Democratic Steering Committee, which is made up of the Democratic leadership and the chairmen of the chamber's most powerful committees, will meet to decide the membership of the so-called exclusive committees. They are Appropriations, Ways and Means, Energy and Commerce, and Financial Services.

Democratic aides expect the assignments for the remaining non-exclusive committees, such as Armed Services and Transportation and Infrastructure, to be made over the next several weeks.

Once that process is completed, members of the various committees will meet in January to decide who will take over subcommittee gavels. One big issue Democrats will have to wrestle with is how to reward members who have been prolific fundraisers, as well as how to treat senior colleagues who have done much less to help the party win the majority.

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After Republicans seized the House in the mid-'90s, they made fundraising prowess a major factor in selecting key panel and subpanel chairmen.

The Science, State, Justice, and Commerce Appropriations Subcommittee, which Mollohan is in line to chair, presents a difficult scenario for Democrats.

Mollohan gave just $50,000 to the Democratic Congressional Campaign Committee (DCCC) this election cycle, according to Federal Election Committee (FEC) records. That amount is paltry compared to top Democrats on other subcommittees, such as Rep. Norm Dicks (Wash.), the most senior Democrat on the Interior Environment and Related Agencies Appropriations Subcommittee, who gave $350,000 to the party committee.

Rep. Jose Serrano (D-N.Y.), who ranks behind Mollohan on Science, State, Justice, gave $150,000 in this cycle. Serrano gave $25,000 of that total a week before Election Day.

Serrano lost his post as an Appropriations subcommittee ranking member when Republican leaders restructured the panel two years ago and is now pressing for a gavel. Some of the pressure on Mollohan may be alleviated if one or two new subcommittees are created. Incoming House and Senate Appropriations chairmen Dave Obey (D-Wis.) and Robert Byrd (D-W.Va.) are negotiating the issue.

A similar quandary may arise on the Armed Services Committee. Rep. Gene Taylor (D-Miss.) is in line to become chairman of the Projection Forces subcommittee. But Taylor has not given any money to the House Democratic fundraising committee, according to FEC records.

Rep. Ellen Tauscher (D-Calif.), who ranks behind him on the subcommittee, transferred $100,000 in excess funds to the DCCC this election cycle.

On the Judiciary Committee, Rep. Sheila Jackson Lee (D-Texas) may be making a bid to chair the Crime, Terrorism and Homeland Security Committee. Rep. Robert "Bobby" Scott (D-Va.) is listed as the most senior Democrat on that panel but has given only $16,500 to party committee coffers, according to FEC records. Jackson Lee has given $200,000. She gave $50,000 to the DCCC four days before the election and another $25,000 the day before.

She would have to relinquish the immigration subcommittee if she jumped Scott.

Choosing the chairman for the Ways and Means Human Resources subcommittee poses another problem for Democrats. Rep. Jim McDermott (D-Wash.) is the most senior member of that panel but Rep. Xavier Becerra (D-Calif.), who ranks behind him, has raised $150,000 for the DCCC this cycle. McDermott has given nothing.

Budget Chief Seeks Hill Allies (WP)

By Lori Montgomery

The Washington Post, December 12, 2006

Rob Portman was headed to Capitol Hill, eager to listen. Democrats had just won control of the House and Senate. Portman, the former Republican congressman who now leads the White House budget office, was diving right into the troubled waters of entitlement reform.

His mission: Persuade Democrats to help rein in the skyrocketing costs of Social Security, Medicare and Medicaid, one of President Bush's top fiscal priorities.

"First, we're going to listen. We're in a listening mode," Portman said as his SUV sped along Pennsylvania Avenue. "The president wants to listen. He wants to hear what the leaders on Capitol Hill think is the best way to go."

But when Portman arrived at the Capitol, Rep. John S. Tanner (D-Tenn.), an old friend from Portman's days on the House Ways and Means Committee, was not willing to do much talking.

"I told him to stay in touch," Tanner said of their mid-November meeting. "Whether or not we can get something concrete done in the next two years, I just don't know."

Hired in the spring of 2006 to direct the Office of Management and Budget, Portman was hailed as a man who could improve ties between a sometimes imperial president and an increasingly cranky Congress, then in Republican hands. On Nov. 7, his job changed dramatically. Now the six-term congressman from Ohio has to sell the fiscal policies of a weakened and unpopular president to a bunch of bitter and distrustful Democrats.

In many ways, Bush could not have picked a better person for the job. The boyish and earnest Portman seems to be as widely admired among his former Democratic colleagues as he is by Republicans. House Democrats describe him as a reasonable guy, a committed problem-solver and an honest broker. After six years of presidential neglect, Democrats say Portman is one of the few members of the administration who has established a record of trust with the newly empowered Democratic Party.

"Rob is a very competent, pleasant individual to deal with. I enjoy working with him," said Tanner, a founding member of the Blue Dog Coalition, a group of conservative Democrats. "There's a level of trust that is pretty comforting."

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But just because Democrats return Portman's phone calls does not mean they are ready to help him tame the projected growth of Social Security and federal health-care programs, which serve millions of Americans and threaten to consume a sharply escalating share of the nation's economic output as the population ages.

"If he's given the ability to really negotiate, Democrats will feel comfortable negotiating," said Sen.-elect Benjamin L. Cardin (D-Md.), who teamed with Portman in the House to pass legislation that expanded tax incentives for retirement savings. But "there's got to be a give and take," he added. "Portman is willing to do that. The question is whether his boss is going to do that."

Bush's failed proposal to divert some Social Security taxes into private accounts "cannot be part of the solution," said Cardin, who come January will move into a seat on the Senate Budget Committee.

For now, Portman is optimistic. The coming year, he said, offers "a window of opportunity."

"We have a president who only has two years and is not running again, with a Congress that, I think, is increasingly recognizing the budget challenge," Portman said. "Before the election, there was not a strong interest in joining with the president on this kind of an issue because it, understandably, didn't seem like the right thing for [Democrats] to be doing. But I think that's changed."

Portman said that he and Treasury Secretary Henry M. Paulson Jr., Bush's point man on entitlement reform, have spoken since Nov. 7 to "all the key Democrats." Portman said he spent an hour with incoming House Budget Committee Chairman John M. Spratt Jr. (D-S.C.), talking about "everything from the alternative minimum tax to the president's tax cuts" to the budget implications of the Democrats' "Six in '06" policy agenda.

Portman also has sought advice from old friends such as Tanner and Cardin, along with other Democrats who are "not afraid to take on these retirement issues," including Sen. Thomas R. Carper (Del.) and Sen. Joseph I. Lieberman (Conn.), who won reelection as an independent.

And Portman is finding ways to be nice. He said the White House hopes for the first time to give Congress its request for supplemental war spending along with the rest of the budget in February. And both Portman and Paulson have accepted an invitation from the incoming Ways and Means Committee chairman, Rep. Charles B. Rangel (D-N.Y.), to address members at a committee retreat early next year.

"I love Charlie. I'm happy to do that," Portman said. "I was honored he asked me."

In the view of some political analysts, Portman's job may be easier under divided government because Democrats now have an interest in making progress on entitlements. So far, Portman said, no one has flatly rejected his overtures.

Still, several Democrats said the administration has a long way to go to prove its goodwill and to establish a forum where they can share ideas without fear of suffering political consequences.

"We have a bit of an Alphonse-and-Gaston routine right now of who's going to go first," Tanner said, invoking the cartoon Frenchmen famously stymied by unctuous politeness. "We've got to figure out how to get a level of trust. This is radioactive in terms of political fallout."

In Reid, Bush Faces A Tenacious Force In The Senate (USAT)

By William M. Welch

USA Today, December 12, 2006

SEARCHLIGHT, Nev. — When President Bush invited the incoming Senate majority leader to the White House last month, three days after voters put Democrats in charge of Congress, he noted they have things in common that could help them cooperate.

"Sen. (Harry) Reid and I are both from the West," Bush said. "And we tend to speak the same language."

Out here in Reid's wind-blown patch of the Mojave Desert, the Democratic senator from Nevada says he doesn't feel much kinship with the Republican president, regional or otherwise.

"When I was growing up, I didn't go to Kennebunkport or Yale or anyplace like that," he says, referring to the Bush family vacation home in Maine and the president's Ivy League alma mater. "This is my home. This is where I grew up.

"I don't have much blue blood in me that's for sure."

Reid, 67, takes over as majority leader in January and becomes the man Bush will have to deal with if he hopes to win legislation in his remaining two years in office. The Republicans' 49-seat minority leaves them with power to block Democratic initiatives, but his majority will allow Reid to control what issues the Senate considers — and determine whether Bush's proposals and nominations even get an airing.

In Reid, Bush and his party face an opposition leader who has earned a reputation for toughness.

"He's plain spoken, no B.S., and has a sense of right and wrong like iron," says Reid's colleague, Sen. Charles Schumer, D-N.Y.

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"He's very shrewd and very effective," says Nevada's other senator, Republican John Ensign. "Behind the scenes he is tenacious."

Born into a gold miner's family in this played-out mining town in 1939, Reid was raised in a home built of scavenged creosote-soaked railroad ties where drinking was the one constant. As a child he accompanied his father hundreds of feet underground to pick for ore that others had given up on. "I would go to keep him company," he says. "There wasn't much else to do."

His father dug graves at the town cemetery and suffered "powder headaches" from underground dynamiting. He shot himself to death at age 58.

After the eighth grade, school was over for Searchlight kids in the 1950s. Reid hitchhiked 43 miles each week to Henderson, where he stayed with local families, to go to high school. He was a Golden Glove middleweight boxer often called on to fill out the bill on fight night at Las Vegas casinos. He never was knocked out. "My nose is rubber," he laughs now.

When he graduated, local businessmen helped finance college in Utah. Reid worked his way through law school in Washington as a Capitol Police officer.

He was elected lieutenant governor of Nevada at age 30. After losing his first Senate race in 1974, Reid was appointed to head the Nevada Gaming Commission. His job was to move casinos from an era of organized crime to corporate control. He and his family survived an attempt to bomb their car. In phone calls captured by FBI wiretaps a mobster derided Reid as "Mr. Clean."

Hometown's colorful past

From hard-scrabble beginnings here Reid has risen to become the most successful politician that conservative but unrepressed Nevada has ever produced.

His photograph hangs in the center of Terrible's, the casino, bar, service station and McDonald's under one roof at the center of modern Searchlight.

"I am the highest ranking official ever in the state of Nevada and people remind me of that all the time," Reid says.

He was elected to the Senate in 1986 and has been re-elected three times. In 1998 he won re-election over Ensign by just 428 votes out of more than 400,000 cast. The Republican won a seat two years later and since then the pair have become political partners of a sort for Nevada's gambling, tourism, mining and land interests.

"We just have an agreement to let each other do our jobs," Ensign says. "We don't criticize each other."

Reid may be the only Senate majority leader who can say he learned to swim at a brothel.

The El Rey was one of a dozen or so illegal houses of prostitution that were the main attraction in Searchlight from the 1930s, after gold mining had collapsed, to the 1960s, when a new sheriff shut down the trade. Legal prostitution exists in some parts of Nevada today though not in Searchlight or Las Vegas, 60 miles to the north. It is a local option, up to each county in Nevada, the only state where sex for pay is legal.

"Prostitution was the name of the game here," Reid recalls. "On military payday this town was hopping."

Reid has recounted much of this tiny town's colorful past in a book he wrote, Searchlight: The Camp That Didn't Fail, published in 1998 by the University of Nevada Press. He doesn't reveal much of his own experience in that book, but he recounted his past during an interview last weekend at the home he and his wife, Landra, built here, next to the double-wide trailer they once called home.

Willie Martello ran the El Rey and built a concrete swimming pool for his employees to use. "It was the high class bordello of town," Reid recalls. "One afternoon a week, that pool was ours. The kids of Searchlight came out and swam. Willie was very nice to us."

Only a vacant lot remains, just south of a one-story brick motel by the same name. Reid points it out on a tour of Searchlight.

It's a town where the population was just 572 in the 2000 Census, a gas stop between Las Vegas and Colorado River resorts to the southeast.

Reid was raised without any religion in his home. "It wasn't part of the deal," he says. He and Landra, who was Jewish, decided to become Mormons. Reid said the main attraction was that his Mormon friends were so nice to him when he was struggling to move beyond Searchlight.

Reid sometimes seems an oddity, a quiet, soft-spoken Mormon who represents gambling and a city, Las Vegas, that has become a world-class destination by marketing sin. He doesn't gamble, he says.

Reid has come under fire, however, for his handling of a 2004 sale of Las Vegas property that netted a $700,000 gain. The Associated Press reported this fall that Reid had "sold" the property to a limited liability corporation that he co-owned in 2001 with Jay Brown, a longtime friend and former casino lawyer whose name surfaced in a major political bribery trial and in other prior organized crime investigations.

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Reid didn't tell Congress he had a stake in the company, the AP said. He had reported on Senate financial disclosure forms that he still owned the property and insists that legally he did. However, in October following the story Reid amended four years of ethics forms to include the corporation.

Reid says he did nothing wrong and dismisses the issue as a technical omission of the corporation on his disclosure forms.

He also drew attention for another report that he had accepted a free seat at a Las Vegas boxing match. He said the state's boxing commission routinely provides credentials, with no price tag, to some guests, and that it had been cleared by the Senate ethics committee. But he says he's learned his lesson.

"No one ever suggested I did anything illegal or unethical. But it didn't look right for me sitting there," he says.

Working together

Reid plugs his iPod into his stereo and plays a Kinky Freidman country song for his visitor.

He has been harshly critical of Bush, calling him a "liar" during the campaign. He opposed invading Iraq and essentially shut down the Senate to force discussion of Bush's use of intelligence.

In the aftermath of last month's elections, which propelled Reid into the majority, Bush told Reid he wanted to work together.

"I said, 'Mr. President, that's what you said two years ago. I hope it works out better,' " Reid recalls.

He hasn't talked with Bush since their White House meeting in early November, but he is encouraged by contacts from Bush's top aides.

"The president has to realize he has 25% of his presidency left. That's it. The first 75% has been squandered. And I would hope he realizes, as I do, that if he's getting anything accomplished he has to work with me. If I'm getting anything done, I have to work with him."

High Court's Majestic Library Off Limits (USAT)

By Joan Biskupic

USA Today, December 12, 2006

WASHINGTON — "You could look it up," goes the adage.

These days at the Supreme Court, you can't — very easily, anyway.

For the past 18 months, the elaborate oak-paneled library at the court has been closed to the public. It's a casualty of a protracted, $122 million overall modernization project at the marble-columned building across the street from the U.S. Capitol.

Most of the library's 600,000 volumes are being stored in offices five blocks away.

The library, with its looming arches, intricate carvings and glass chandeliers, was scheduled to reopen to the public this fall. However, construction delays have led the court to put off its reopening until at least 2008.

Lawyers who are members of the Supreme Court bar still can work in the magnificent reading room, but their access to the volumes comes only through a twice-daily courier service to the library's temporary storage facility at a nearby office building named after the late Justice Thurgood Marshall.

"We regret any inconvenience to the public," court spokeswoman Kathy Arberg says, "but when the library reopens, researchers will find better working facilities and improved access to the records and briefs."

'It's calming, yet inspiring'

The overall renovation project — which included replacing the original electrical and mechanical systems in the 71-year-old building — initially was projected for completion in summer 2008. The target date now is December 2009, Arberg says.

The delays have been caused by a series of unforeseen situations, she says. Architectural drawings from 1935 did not fully show the details of the building. For example, once workers got into the ceiling area of the ground floor, Arberg says, they realized that the space was not as large as it appeared in designs. Ductwork and wiring had to be modified. Eva Malecki, a spokeswoman for the Architect of the Capitol, which is overseeing the project, says the entire undertaking remains within budget.

All the commotion, however, has created an unusual sense of disorder at the normally dignified structure that houses the nation's highest court. The nine justices have been able to stay in their chambers, but news reporters and clerks and other administrative personnel have been uprooted from their offices by the construction. They are working in trailers.

In a grand, Corinthian-style building rife with architectural detail, the library stands out. Elaborate woodcarvings fill every nook and cranny, reflecting traits such as wisdom and depicting ancient lawgivers such as Justinian.

"It's calming, yet inspiring," says Washington lawyer Seth Waxman, a former U.S. solicitor general, who says he has found refuge in the library for more than 20 years. "I personally find that working there helps give me a sense of the majesty … of judicial review."

However, Waxman says he has not used the library much recently "because it is a little chaotic."

References old and new

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The modernization efforts are taking place largely outside of public view. However, in the library, exhibit cases and tables have been moved around and sections of the plush crimson carpet are protected by tarps.

When the third-floor expanse is fully stocked, it holds 600,000 volumes and 200,000 microforms. It also is home to 23,000 historic books donated by Elbridge Gerry that helped start the collection. Gerry inherited the volumes from his grandfather of the same name, who was a governor of Massachusetts. The elder Gerry (1744-1814) allowed voting districts to be drawn along political lines, giving rise to the enduring term "gerrymander" to describe the dividing of districts to give one party an advantage.

Five blocks away, the Marshall building temporarily is housing most of the library's books and all of its microforms. The reference materials have remained available to the justices and lawyers who are members of the Supreme Court bar through the courier system.

Transcripts now online

Members of the public do not have such access to the law books. Before the renovation began, however, the public could look up case briefs, transcripts of oral arguments and other public records in the library.

Now, the only option for the public to view such records from past cases is the law library of the Library of Congress, two blocks from the high court. The Supreme Court also has begun posting transcripts of oral arguments on its Internet site (www.supremecourtus.gov).

It's unclear how many people have been inconvenienced by the library's scaled-back services; the staff did not count public visitors. However, even some lawyers who regularly have used the library have been surprised to find the books gone.

Richard Taranto, a Washington lawyer and former Supreme Court law clerk says that "one day I showed up to do some research, walked to the stacks at the back of the main reading room, and discovered three stories of empty metal stacks.

"I now head for the Library of Congress law library."

Foreign Service Hiring Gets A Re-Exam (WP)

By Elizabeth Williamson

The Washington Post, December 12, 2006

For generations, the United States has selected its diplomats through a two-stage test seen as a model of merit-based rigor. Pass hundreds of questions in a dozen subject areas and a day-long oral grilling by Foreign Service officers, and join the ranks. Fail, and find a different line of work.

No more. In a proposed overhaul of its hiring process slated for next year and to be announced to employees in coming days, the State Department would weigh r?sum?s, references and intangibles such as "team-building skills" in choosing who represents the United States abroad, according to three people involved in the process. The written test would survive, but in a shortened form that would not be treated as the key first hurdle it has been for more than 70 years.

State Department Director General George M. Staples said the goal of the new "Total Candidate" approach -- which has the support of Secretary of State Condoleezza Rice -- is to "improve our ability to find the best . . . compete more effectively with the private sector to attract the best, and . . . make our process faster in hiring the best," according to a draft cable to employees.

But some career officers and foreign policy types worry that the new hiring process could dumb down or politicize the Foreign Service, whose reputation for selectivity helps make it one of government's most desirable career paths.

"As long as these changes are done fairly, we have no problem," said Steve Kashkett, State Department vice president for the American Foreign Service Association, the department's labor union and professional association. "We would vigorously oppose any aspect of changes to the Foreign Service entry process that would allow for any politicization of the selection."

The revamp is slated for next year, if the department secures the money needed to pursue it. The decision comes as official Washington grapples with its biggest hiring challenge in decades: finding fresh faces to replace a tsunami of retiring baby boomers. Over the next decade, 60 percent of federal workers will reach retirement age, according to the Washington-based Partnership for Public Service. Yet most people between the ages of 18 and 29 feel the private sector offers more creativity and attracts the best minds, according to a new Gallup survey.

"The truth is, there is a war for talent," said one of those people planning the overhaul. Yet the State Department suffers less in that talent war than do many government agencies. State consistently is rated by civil servants as one of the best places to work in the federal government, according to the Partnership for Public Service. In a survey this year by BusinessWeek magazine, college undergraduates and career recruiters placed the State Department among the nation's top 10 employers for new graduates. The nine others on the list were private-sector companies, including Walt Disney, General Electric and Goldman Sachs.

Once every year, nearly 20,000 diplomatic hopefuls walk into a meeting room somewhere in the United States or abroad, are handed a blue essay book and a shot at a Foreign Service career. Over half a day, these applicants are tested on their

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knowledge of such topics as democratic philosophy, international law, world history and geography, along with math and English skills. The State Department warns that the only way to prepare is to "read widely," offering a study list of hundreds of texts.

Those who make the cut endure a half-day oral grilling by Foreign Service officers, meant to test qualities such as judgment and management skills. Each year, only a few hundred clear both hurdles and embark on a career abroad.

The proposed Total Candidate approach, born of a study by consultants McKinsey & Co., envisions a shorter, automated written test, offered several times a year at a commercial testing facility. It would be weighed along with a "structured" r?sum?, submitted online, that State Department examiners would use to gauge work experience and references, along with less traditional qualities of leadership and people skills. The oral exam would remain the final test for entry.

"Instead of just looking at how well somebody does on the test, there's an opportunity to look at all these factors," said the person involved in the plan. "It may be that we look at r?sum?s first and then at test scores. Both factors are going to be important."

The new approach would cut the hiring process roughly in half, to about six months, to better compete with companies that can offer promising candidates a job on the spot. The number of applicants is expected to decline, but to attract a greater range of experience and skills.

McKinsey acknowledged that the current hiring process is a proven predictor of candidate success. And for Foreign Service officers, the written test is a rite of passage, and source of pride.

"The sense that everybody passed this exam is important," said Richard C. Holbrooke, the former U.S. ambassador to the United Nations who brokered the Dayton peace accords, which ended the Bosnian war in 1995. Holbrooke entered the Foreign Service fresh out of Brown University, in 1962.

Holbrooke recalled that in addressing his Foreign Service class, then-Secretary of State Dean Rusk "made a big point of telling us that we had come in on our merit, and neither he nor anyone else could influence the process."

Set against that backdrop, "this looks like a lowering of the standards for entry . . . at a time when their focus ought to be on training diplomats for the real challenges of the 21st century," Holbrooke said.

It's A New Mr. Bush, At Least On TV (NYT)

By Jim Rutenberg

The New York Times, December 12, 2006

Washington is watching closely to see whether President Bush will change much when he faces a new, Democratic Congress. But his character on "Saturday Night Live" already has. Previously played by Will Forte, Mr. Bush is now being played by Jason Sudeikis. Lorne Michaels, the NBC television show's executive producer, said that where Mr. Forte played Mr. Bush as whiny and beleaguered, Mr. Sudeikis, below, is playing him as having "absolute confidence and buoyancy." But in a sign that the world is starting to look past Mr. Bush's tenure, Mr. Michaels said he was freeing up Mr. Forte to play a new political role eventually: that of one of the 2008 contenders.

Reckless With Food Safety (NYT)

The New York Times, December 12, 2006

The linkage is troubling. There are sharp cuts in the budget and staff for the federal agency charged with keeping the nation's supply of fresh produce safe — and soon we are faced with repeated cases of food poisoning from vegetables and fruits.

Two outbreaks of bacterial poisoning from fresh produce over the past three months, and a possible third that is still under investigation, raise doubts about the Food and Drug Administration's ability to inspect and monitor conditions on the nation's farms and in the plants that package and process their produce.

After 9/11, the F.D.A. received a brief infusion of new money to bolster its inspections lest terrorists be able to contaminate the food supply. But that zeal soon wore off, and the Bush administration and Congress began reining in domestic spending to help pay for tax cuts for the wealthy and the war in Iraq. As Andrew Martin reported in Monday's Times, operating funds for the F.D.A.'s Center for Food Safety and Applied Nutrition have dropped from $48 million in 2003 to an estimated $25 million for next year. Over the same period, the number of full-time inspectors fell from about 2,200 to 1,962.

Although F.D.A. officials insist that funding constraints have not hampered its work, that seems hard to believe given that the number of inspections for food safety fell sharply from 2005 to 2006. Meanwhile, the agency's workload has been rising steadily as health-conscious Americans eat more fruit and vegetables.

The Agriculture Department, which regulates meat and poultry, has had success in recent years cutting the number of bacterial outbreaks. It has a food safety budget more than twice the size of the F.D.A.'s, and it has almost four times as many inspectors to monitor far fewer plants. While the Agriculture Department typically has inspectors sitting in meat processing plants

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— empowered to shut them down to correct safety problems — the understaffed F.D.A. infrequently inspects the plants that package or process fruits and vegetables, and almost never inspects the growing fields until after a crisis arises.

At a minimum, Congress needs to provide the F.D.A. with more money and more inspectors to monitor the safety of fresh produce all the way from field to consumer. It should also abandon the fiction that voluntary guidelines to ensure safe food production can do the job, and insist instead on some kind of mandatory regulation.

It is also time to revive the long-languishing notion that all of the government's disparate food regulation activities should be combined into a single, fully empowered agency. It is absurd that lettuce should be regulated more lightly than beefsteak.

OTHER NEWS:

Fed Expected To Keep Interest Rates On Hold (FT)

By Krishna Guha In Washington

Financial Times, December 12, 2006

With the Federal Reserve almost certain to keep interest rates on hold at 5.25 per cent at its policy meeting on Tuesday, attention will focus on whether its statement concedes any ground to the market's belief that the outlook for growth has deteriorated and interest rate cuts will ultimately have to follow.

Since the Fed's last policy meeting, in late October, the risks to growth appear to have increased a little, with greater evidence of a slowdown in manufacturing weighing in alongside the continued painful correction in the housing sector.

While there are some signs that the level of mortgage applications and home sale turnover may be levelling out, high levels of unsold homes suggest that there remain downside risks to home construction and house prices. Moreover, the risks to inflation may have diminished a little, with the first break in a relentless series of high core consumer price inflation reports, and downward revisions to the profile of labour costs earlier in the year.

The economy as a whole still seems to be in reasonable shape, with activity in the services sector buoyant and continued strong employment gains. Weakness in manufacturing may be no more than an inventory correction that will unwind early next year.

Although Fed policymakers see reduced risk of a further upward spike in inflation, they remain anxious to ensure that it continues to ebb, and does not get stuck at its present rate.

As Ben Bernanke, the Fed chairman, has often said, Fed policy is forward-looking, so it will not alter its stance in response to weakness in the current quarter unless this changes its sense of where the economy will be in the second half of 2007.

Since the last Fed meeting, financial conditions have already eased noticeably, with long-term interest rates very low and a slide in the dollar. This acts as an automatic stabiliser for the economy, reducing the immediate pressure on the Fed to respond with policy actions.

While the Fed will base its statement on its sense of the economic outlook, it will be wary of making any changes that might further encourage the market to believe that rate cuts next year are a racing certainty.

There remains a small chance that the Fed will move to an even balance of risks statement today (putting equal weight on the risks to growth and inflation). This, though, could be misinterpreted as simply a precursor to rate cuts.

US Employers Set To Tighten Hiring Plans (FT)

By Doug Cameron In Chicago

Financial Times, December 12, 2006

US employers are expected to tighten their hiring plans in key sectors, such as finance and durable goods, for the second consecutive quarter, according to the latest survey by Manpower, the world's largest temporary employment group.

The quarterly review, out on Tuesday, reveals accelerated hiring plans in most of Europe and Asia, including the most buoyant expectations in Germany and Japan since the survey started and will add weight to hopes of a soft landing for the US -economy.

Jeff Joerres, Manpower's chairman and chief executive, said there had been a "subtle downward shift" in the US in spite of two years of steady expansion that had seen about 150,000 staff added to payrolls a month.

Mr Joerres said employers remained cautious about adding workers before new demand arrived, but there was a balancing between declines in employment in the car sector and gains in other manufacturing and service businesses.

Manpower's seasonally adjusted net employment outlook for the US – the percentage of companies anticipating increased hiring minus those expecting a decrease – fell to 19 for the three months to March 31, one point down on the previous quarter and the same period in 2006.

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"What I'm seeing in the US is one of the first times we have seen a true soft landing," said Mr Joerres. "You can almost feel the economy come in without hitting the runway hard."

The survey of 50,000 employers in 27 countries has provided a useful leading indicator of hiring trends and economic activity, though the first quarter is traditionally slower because of the impact of the winter in the northern hemisphere.

Meanwhile, The US Federal Reserve is due to convene on Tuesday for its final policymaking meeting of the year. Better-than-expected employment reports have countered more pessimistic signals from consumer confidence and manufacturing data, and damped speculation that interest rates could be eased early next year in spite of continuing inflationary pressures.

Mr Joerres said employers in 20 of the 27 economies reported more robust hiring plans than a year ago.

The Organisation for Economic Co-operation and Development expects real gross domestic product growth in the US to slow from 3.3 per cent this year to 2.4 per cent in 2007, below the 2.5 per cent expectation for the OECD as a whole.

Homes For Sale In Metro Areas Fall (WSJ)

By James R. Hagerty

The Wall Street Journal, December 12, 2006

The number of homes listed for sale in 18 major U.S. metropolitan areas at the end of November was down 4% from a month earlier, according to data compiled by ZipRealty Inc., a national real-estate brokerage firm in Emeryville, Calif.

The decline is an encouraging sign for home sellers. Prices have been falling in recent months in many areas, largely because of a glut of unsold homes, and are unlikely to rise again until inventories come down.

The ZipRealty data cover listings of single-family homes, condominiums and town houses on local multiple-listing services.

Inventories of previously occupied homes typically decline modestly in November in most parts of the country, as the approach of the holidays prompts some sellers to take their homes off the market until the new year. During the past 20 years, national inventories have declined by an average of about 2% in November from October, according to Credit Suisse Group.

The U.S. housing market generally has been cooling since mid-2005. Lately, the market has been sending mixed signals, fueling debate about how long the downturn will persist. The National Association of Realtors yesterday predicted sales of previously occupied homes will "rise gradually in 2007 from current levels."

The NAR quoted its chief economist, David Lereah, as saying: "Most of the correction in home prices is behind us, but general gains in value next year will be modest by historical standards." Some other economists expect downward pressure on prices to persist at least through 2007.

One positive sign is that an index of applications for home-purchase mortgages, reported weekly by the Mortgage Bankers Association, has trended upward after falling steeply in late 2005 and the first half of this year. Mortgage interest rates have been declining, making housing more affordable.

Arthur Frank, a mortgage strategist at Barclays Capital in New York, said in an interview that he believes average home prices will rise 2% to 3% next year, though prices probably will decline in some areas.

Richard Berner, an economist at Morgan Stanley & Co. in New York, cautioned in a report last week that signs of a bottoming out in the housing market "may be a false dawn." Buyers have an incentive to hold off in anticipation of price cuts from home builders caught with too many unsold houses, Mr. Berner wrote, and the house-buying frenzy of recent years has left little pent-up demand.

Wholesale Inventories Climb

U.S. wholesale inventories expanded more than expected during October as demand took another spill amid the economy's slowdown.

Wholesalers' inventories increased by 0.8% to a seasonally adjusted $392.92 billion, the Commerce Department said Monday. September inventories advanced by 0.7%, adjusted from a previously reported 0.8% climb. The 0.8% increase in October wholesale inventories exceeded Wall Street expectations for a 0.5% increase.

The report showed wholesale sales decreased by 0.5% in October to $327.78 billion. That followed a 1.5% drop in September, revised from the 1.2% decrease previously reported for that month. Year-to-year, wholesale inventories outpaced sales growth during October. Stocks were up 10.1%, while sales rose 5.9%.

Wholesalers in October had enough goods on hand to last 1.20 months, up from 1.18 in September and the highest level since 1.20 in June 2005. The inventory-to-sales ratio stood at 1.15 months in October 2005.

In its latest report on gross domestic product, released Nov. 29, the government revised GDP growth for the third quarter higher, partly because accumulation of inventories was stronger than first thought. Inventories of all types of businesses, including wholesalers, increased by $58.0 billion, instead of $50.7 billion as earlier estimated. While greater inventory accumulation adds to GDP, it also can cut into future production and, thus, lead to weaker economic growth.

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Inventories of durable goods -- meant to last three or more years -- increased 0.7% in October. Durable goods sales declined 0.4%. Auto inventories climbed by 0.9% in October; sales in this sector rose 2.5%. Computer equipment stocks rose 2.3%. Electrical inventories advanced 2.8%.

Inventories of nondurable goods increased 0.9% in October, after going down 0.7% the previous month. Farm products stocks surged 23.2%. Petroleum stocks fell 1.0%. Nondurables sales decreased 0.6% in October, after dropping 2.3% the previous month. Petroleum sales were 5.1% lower.

Stocks Step Up On Eve Of Fed Meeting (USAT)

By Matt Krantz

USA Today, December 12, 2006

Stocks inched higher Monday on chatter regarding several buyouts and ahead of what's expected to be a uneventful Federal Reserve meeting today.

The Dow Jones industrial average gained 20.99 points to 12,328.48, inching closer to another record high this year. The measure of blue-chip stocks has gained 15% this year, making it the best performer among the three most-popular market measures.

Meanwhile, the Standard & Poor's 500 index added 3.20 points to 1413.04, extending its gains last week. The S&P 500 is up 13.2% this year, lifted primarily by stocks in the steel, office REITs and metals and mining industries.

And the tech-heavy Nasdaq composite index rose 5.50 points to 2442.86, pushing it up 10.8% this year.

Investors are "chasing performance until the end of the year" now that they're convinced the Federal Reserve won't move short-term interest rates at today's meeting, says Todd Leone, trader at SG Cowen. "The market has a better tone."

There was also some buyout activity. American International Group gained 65 cents to $71 after its investment arm bought several U.S. port operations from Dubai Ports World for an undisclosed sum (story, 4B).

Meanwhile, hedge fund SAC Capital said it has taken more than a 5% stake in miner Phelps Dodge. SAC says it will oppose Phelps' pending acquisition by Freeport-McMoRan. Phelps Dodge fell 80 cents to $122.87, and Freeport-McMoRan lost 46 cents to $61.35.

There were some blowups too. Biotechs Nuvelo and NeoPharm sank $15.50 to $4.05 and $4.56 to $2.16, respectively, on disappointing drug trial results.

But the market's strong performance in December is justified, even after what's been a big rally this year, since inflation is tame and the Fed is largely sidelined for now, says Charles Mayer of money-management firm Pioneer Investments. Investment and private equity firms are eager to deploy uninvested cash by year's end. "Cash does not look so good on accounts," he says.

Investors are also relieved the economy appears to be slowing enough, but not too much, says David Joy of RiverSource Investments. "You have to give the good news the benefit of the doubt," he says.

But Joy still harbors worries investors may be too optimistic. "We've gone so long now without a correction. I'm always a little cautious," he says.

Consumption Gap (NYT)

The New York Times, December 12, 2006

Conservative economists often argue that wage stagnation and income inequality are not as big a threat to Americans' standard of living as they've been made out to be. In their view, how much one buys — rather than how much one makes — is a better measure of economic well-being.

In a recent article in The National Review, researchers at the American Enterprise Institute asserted just that, saying that when you look at how much the middle class is consuming, they're "even doing better than the upper crust."

Why make a fuss over other grim economic statistics if everyone manages to keep buying things?

Here's why. The assertion — that the middle class has out-consumed the "upper crust" during the Bush years — is false, the result of rosy assumptions that turned out to be wrong.

Researchers at two other think tanks, the Center on Budget and Policy Priorities and the Economic Policy Institute, reworked the figures, including newly available spending data for 2005. There is no dispute among the various researchers over the new findings. Over all, consumption is growing. But the growth is unbalanced, consistent with the wide disparity in wages and income that has characterized the Bush years.

Consumer spending by low-income households is way down since 2001. Over the same period, spending by high-income Americans has been robust, supported, in part, by generous tax cuts. In 2005, the top 20 percent of households made 39 percent of all consumer expenditures, the highest share since the government started keeping track in 1984.

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The information on middle-income households is mixed, with some data showing a decline in their spending during the Bush era and some showing an increase. But there is no question that spending by the middle class has been weaker in the current economic expansion than in previous recoveries.

It would be nice if by some magic Americans could spend their way out of today's economic woes. But the gathering evidence shows that growing income inequality has fostered consumption inequality as well. It's time for policy makers to acknowledge that such inequality is an economic and social ill — and to start finding cures.

Plagiarism And 'Atonement' (WSJ)

By Eugene Volokh

The Wall Street Journal, December 12, 2006

Two nurses, both aspiring novelists, helped tend British soldiers during World War II. Briony, the protagonist of Ian McEwan's award-winning novel "Atonement," is fictional. The late Lucilla Andrews is real: She became an author, pioneering romantic "hospital fiction," and also wrote a memoir of her war years. Therein lies the latest plagiarism scandalette to hit the news, sparked by an article in the British press. To be a credible character in a historical novel, Briony had to do the things wartime nurses did, and see the things they saw. It is no surprise that Mr. McEwan read Andrews's book when researching his own; and several passages from his book strongly resemble passages from her memoir.

"Our 'nursing' seldom involved more than dabbing gentian violet on ringworm, aquaflavine emulsion on cuts and scratches, lead lotion on bruises and sprains," wrote Andrews (to give one example). "In the way of medical treatments, she had already dabbed gentian violet on ringworm, aquaflavine emulsion on a cut, and painted lead lotion on a bruise. But mostly she was a maid," wrote Mr. McEwan.

Plagiarism? Legally actionable? Ethically reprehensible? Bad manners? Or good research, needed to produce accurate historical fiction?

Plagiarism is easy to condemn but often hard to define. This is partly because the legal rules differ sharply from the ethical ones, and the ethical rules in scholarship, journalism and fiction differ from each other. And it is partly because the rules for using the facts uncovered by writers of history -- whether memoirists, historians or contemporaneous journalists -- must be different from the rules for using the original phrases that the writers created.

Let's start with the law. It generally bans not plagiarism as such, but rather copyright infringement. (Trademark law might play a role in extreme plagiarism cases, but not in the typical ones.) And copyright infringement is both broader and narrower than what most people see as "plagiarism."

For instance, an author can be held liable under copyright law even when he credits the original source from which he copies. The law concerns itself more with protecting authors' ability to profit from their works than with ensuring credit where credit is due. So if I translate Mr. McEwan's novel into Russian without his permission, trumpeting Mr. McEwan's authorship and saying that I am merely the translator, I am a copyright infringer, though not a plagiarist.

On the other hand, an author is not liable for copying the facts that others have discovered, regardless of whether he gives credit. Copyright law doesn't give authors exclusive rights to facts, because such a monopoly would undermine debate, scholarship and literature. If I write a scholarly legal article that uses without attribution historical facts uncovered by another scholar, my failure to attribute is a serious ethical breach -- but not copyright infringement.

So on to professional ethics, which properly differs depending on the profession. Academics have the most stringent obligations. If I write an academic work using, without attribution, facts uncovered by another historian, I commit two sins: First, I falsely claim originality for my own work. Second, I wrongly deny a scholar credit that is important to the scholar's reputation. The academic must therefore scrupulously attribute those facts that others have uncovered, and the long and heavily footnoted format of academic books and articles makes this easy.

But the rules for newspaper articles that mention historical matters are different. Such articles usually don't claim originality of historical research; no reader would assume that snippets of history in an article about modern-day Iraq stem from the journalist's own archival research. The articles do not generally deny historians due professional credit: Scholars get professional respect chiefly based on other scholars' use of their work, not based on citations by reporters. And because space is short, and good journalism often relies on multiple historical sources, newspaper articles can't be expected to acknowledge each historian whose work the journalist used.

The rules for novels are in between. Novelists are similar to journalists, but they do have space at the end of the book to briefly acknowledge the historical works on which they rely, without distracting from the novel's flow. If you've relied substantially on another's work, acknowledging this is the kind thing to do. Omitting the acknowledgment probably isn't unethical; it's not a lie, or the denial of the credit needed for success in the original author's profession. But it isn't very nice.

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Yet what about copying not just facts, but also another author's words, either literally or in a close paraphrase? Would a general acknowledgment at the end of the book be enough to justify this? Or is such copying impermissible, at least unless you expressly note it using quotation marks, or by writing "as Lucilla Andrews said"? In academic work, the answer is simple: Quote the original, and insert a footnote at the place you quote it. But what about a novel?

A historical novel, to be accurate, must borrow those words needed to accurately reproduce the historical facts, even when the facts were uncovered by others. If nurses treated ringworm by dabbing gentian violet on it, that's what they did, and novelists must be able to say so. Nor can a novelist note the borrowing using quotation marks and footnotes, as they would interrupt the novel's flow. Writers who strive for factual accuracy must thus remain free to closely paraphrase the factual accounts of others.

On the other hand, when the historian or memoirist depicted the facts in a colorful way that she herself created, the particular words shouldn't be copied, at least without express acknowledgment. A historical novelist is responsible for creating his own colorful descriptions.

So where does this leave Mr. McEwan? Likely not guilty on any of the counts, if the account in the newspaper that first broke the story (the Nov. 26 Daily Mail) is thorough. Mr. McEwan borrowed facts, and those words that accurately described the facts. He is not guilty of copyright infringement, or of taking another's original expression without specific notation. And while he did rely on Andrews's autobiography, his acknowledgments page noted being "indebted" to Andrews and her book. Any such acknowledgment could always be made more prominent; but it appears to have been prominent enough.

More broadly, we should recognize that not all use of another's words requires detailed acknowledgment. Words represent facts; and facts, once revealed, are there to be used, including in novelists' unfootnoted prose.

Recount Confirms Pryce Won Re-election (AP)

By Julie Carr Smyth

AP, December 12, 2006

A congressional race that was so close it triggered an automatic recount finally wrapped up Monday with officials confirming Republican Rep. Deborah Pryce had won.

Pryce ended Election Night 1,055 votes ahead of Democrat Mary Jo Kilroy, but the difference was within a half-percentage point, which requires an automatic recount under Ohio law.

The recount numbers, released Monday, showed Pryce had gained 7 more votes, to win with 110,739 votes to 109,677 for Kilroy.

The close margin of victory was not lost on Pryce. She said that, while she was gratified to retain the seat, she got a clear message from her constituents.

"There was a lot of disenchantment with government as it was," she said. "We all went through this election process. We'll take that message back."

The two women waged one of the country's most closely watched races, with Pryce — as the House's No. 4 Republican leader — seen by national Democrats as vulnerable on the war on Iraq and her championing of President Bush's failed Social Security privatization plan.

Kilroy also sought to capitalize on Pryce's close relationship with former U.S. Rep. Mark Foley, whose sordid electronic messages to underage pages became a campaign issue in the final weeks.

The new totals will remain unofficial until the Franklin County Board of Elections meets later this week to confirm the results.

The recount was the largest nationally to match up electronic results against totals collected on voter-verified paper audit tapes on machines made by Election Systems & Software Inc., one of the primary vendors of electronic-voting technology. machines, Franklin County elections director Matthew Damschroder said.

The board exceeded state minimum requirements for the recount and tallied more than 10 percent of votes by hand, rather than the mandatory 3 percent, he said.

"It was important for us because of the closeness of the contest, the first time we were using this voting system, and actually looking at the notoriety of the contest nationally, for us to go above and beyond the requirements of the state to give that full proof of the accuracy," Damschroder said.

Don McTigue, a lawyer representing Kilroy, said she was on jury duty and unavailable by telephone Monday.

Nationally, one House race has yet to be decided: In Texas, GOP Rep. Henry Bonilla faces Democratic former Rep. Ciro Rodriguez in a runoff Tuesday.

In Florida, Democrat Christine Jennings is contesting her election loss to Republican Vern Buchanan, who was certified the winner of a race to replace Rep. Katherine Harris.

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Jennings, who trailed Buchanan by 369 votes after a manual recount, has argued that the machines malfunctioned in Sarasota County, where many voters attended a public hearing after the election to complain that their vote didn't properly register.

What's Driving Obama-mania? (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 12, 2006

MANCHESTER, N.H.

With standing room crowds chanting for the star to show, Sunday's Democratic fundraiser could have been a rock concert. But it was only Sen. Barack Obama's first visit to the nation's first primary state.

If Senator Obama should jump into the Democratic presidential primary, where he is now ranked just behind Sen. Hillary Rodham Clinton of New York in recent polls, Democrats in the land of retail politics wonder if there's a living room big enough to hold the throngs who'd come to hear him.

"Right now, he's a rock star. Getting 1,500 people out on a Sunday afternoon ... says something different is going on here," says Jim Craig, former Democratic leader in the New Hampshire House.

So what's driving Obama-mania?

It isn't a single set of issues such as the war or the economy. Rather, the attraction seems to be a mix of Obama's own compelling personal narrative and many voters' desire for a less caustic brand of politics.

"It's the sense that you're in the presence of someone who is touched with the gift of grace," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J. Obama, Illinois' junior senator, exemplifies the hope that there's some way to triumph over the intense polarization of American politics, he adds.

A barely known state lawmaker and community organizer in Chicago, Obama shot to superstar status after an electrifying speech at the 2004 Democratic national convention in Boston. With a father from Kenya and a mother from Kansas, he embodies two racial cultures deeply at odds in American history.

The buzz about Obama has only continued to grow. He was the most requested speaker on the 2006 campaign trail, appearing with candidates in more than 30 states. He has also sold more than 350,000 copies of his second bestseller, "The Audacity of Hope."

But the senator himself is suspicious of the hype. "I don't want to be driven into these decisions simply because of the opportunity," he said in a briefing with reporters before Sunday's event.

According to Obama, his popularity stems from an embrace of a new style of national politics: Rejecting attack ads and a politics of who's up and who's down.

"There's a certain tone I've taken in my career that seems to be resonating," he said at the briefing. "People are looking for something new, and I'm a stand-in for that desire on the part of voters. They want a common sense, nonideological, practical approach to the problems they face."

With Obama as the headliner, tickets for the New Hampshire Democrats election celebration sold out in the first three days.

State party activists had a lot to celebrate: They took back the House and Senate, reelected their governor with a record 74 percent of the vote, and sent two Democrats to Congress. "The last time Democrats took complete control in Concord was 1874," says former state party chair George Bruno.

Activists here say they are looking for a candidate who can carry the momentum of that victory through to the White House in 2008. New Hampshire is already well trampled ground for Democratic presidential hopefuls. Former ticket-mates John Kerry and John Edwards have been in the state nine times apiece since their 2004 run. A dozen other hopefuls have logged in some 40 visits. Senator Clinton has been sounding out leading activists in the state in recent days, but has yet to make an appearance.

"I like Hillary, but I think she's too polarizing, and I don't think the country needs more polarizing. We need someone who can bring this country as close together as it possibly can be," says Anne Stowe, a high school teacher in Nashua. For her, Obama represents a capacity to "accept each other's diverse ideas and not hate each other in the process."

For Catherine Hackett, vice-chair of the Manchester Black Caucus, Obama's appeal is the hope of reconciliation across racial lines, especially after Katrina. She loves the fact that he draws diverse audiences in a state not known for them. "He isn't running on his race. I feel like he's bringing Americans together," she says.

"All politicians claim to be deciders, but we need an effective communicator," says Mark Fernald, a former Democratic gubernatorial candidate here in 2004. "Barack and Hillary will soak up all the oxygen in this state," he predicts. "People can't really keep track of more than two candidates."

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His teenage daughter, Katie, also in the audience to hear Obama on Sunday, says she was taken with Obama when she watched his speech on television at the 2004 Democratic Convention. "It seemed like he was really smart and knew what he was doing," she says.

Should Obama opt for a presidential run, he'd still have to master the art of living-room politics, say longtime poll watchers here. "The real test for him in New Hampshire is whether he has the stamina to do the door-to-door, living-room-to-living room campaign that New Hampshire voters have come to expect," says Robin Marra, a political science professor at Franklin Pierce College in Rindge, N.H.

Obama says he's still vetting whether to take up a presidential run. "This is an office you can't run for just on the basis of ambition. You have to feel deep in your gut that you have a vision for the country that is sufficiently important that it needs to be out there," he says, adding that the needs of his family is a top concern.

In a speech in Manchester, he spoke about American history, mentioning the 13 "ragtag colonies who overthrew the greatest empire in the world," agitators for the vote for women, and immigrants who took the risk to come to America.

He also touched on climate change, energy independence, the war in Iraq, and the need for universal healthcare.

"This is our time, and I'm grateful to be a part of that," Obama told a rapt throng, as he exited the stage.

Obama Visit Shows All Eyes Are Still On New Hampshire (CQ)

By Laura Blinkhorn

Congressional Quarterly, December 12, 2006

The New Hampshire primary campaign appears undiminished as a rite of passage for presidential candidates, despite a breakthrough by political activists in other states who have long sought to water down the Granite State's influence as host of the first-in-the-nation primary.

This was underscored Sunday, when Illinois Sen. Barack Obama — who has had celebrity status within the Democratic ranks since he rocked the house with his keynote address at the party's 2004 presidential convention in Boston — appeared as guest speaker at what amounted to a victory rally for the resurgent New Hampshire Democratic Party. (C-SPAN will be airing the New Hampshire event on tape at 8 p.m Eastern time Monday night.)

Obama, who won a landslide Senate victory in 2004 and currently is the chamber's only African-American member, is considering a presidential bid for 2008 and says he will decide soon. And his appearance raised the tally to at least 58 visits to New Hampshire by 13 official, exploring and thinking-about-it Democratic presidential candidates since June 2005.

While Obama soaked up most of the attention, another would-be Democratic hopeful from the Midwest was in New Hampshire this weekend: Indiana Sen. Evan Bayh.

The most conspicuous absence so far: Hillary Rodham Clinton, who has not yet visited the state in the context of the 2008 presidential campaign. The former first lady, who is seen as the early front-runner for the Democratic nomination should she run, played down her presidential interests during a 2006 campaign in New York that delivered her a landslide victory for a second term in the Senate.

New Hampshire certainly will face more competition for attention in the 2008 White House sweepstakes, after more than a half-century of primacy as host of the first-in-the-nation presidential nominating primary and decades of being preceded only by the Iowa caucuses.

The Democratic National Committee (DNC) is interjecting caucuses in Nevada between the Iowa and New Hampshire events, and programming a South Carolina primary shortly after New Hampshire has its say. Party officials are responding to complaints from other states that Iowa and New Hampshire, which have few minority-group residents, are too racially homogenous to represent all interests and viewpoints in the highly diverse party.

But Nevada, like Iowa, is going to be holding caucuses, which tend to draw limited turnout. That means New Hampshire is maintaining its station as the first mass voting event on the calendar, and the candidate pilgrimage continues.

That is also true, and maybe more so, on the Republican side. The Republican National Committee has not indicated whether it will go with the Democrats' more front-loaded schedule, or leave Iowa and New Hampshire alone at the top of the calendar.

But the Democratic contest may have more portent than usual. New Hampshire voters have tended to be more conservative than those in the rest of New England, and slower to shed its tradition of "Yankee Republicanism." But the Democrats, after slowly gaining some ground, scored big in 2006, enjoying what could well be described as their most successful year in more than a century.

"It is a great year to be a Democrat," says New Hampshire Democratic Party communications director Kathleen Strand. Her party won control of the state House and Senate from Republicans — the first time they took both chambers since 1874. Democratic Gov. John Lynch won a second term with a record-breaking 74 percent of the vote.

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And, in one of the strongest reflections of the national shift against the Republican Party this year, New Hampshire voters kicked out moderate Republican House incumbents Jeb Bradley and Charlie Bass — both of whom entered their contests as strong favorites — and replaced them with Democrats Carol Shea-Porter and Paul Hodes.

This marked the first time since the 1912 election that New Hampshire gave both of its House seats to Democrats. Shea-Porter also is the first woman to be elected to Congress from New Hampshire.

Presidential hopefuls are already busy currying favor with these new party standard-bearers in New Hampshire.

Shea-Porter received campaign contributions from senators eying the White House, including Clinton, Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut; Dodd also attended a Shea-Porter campaign event. Wesley Clark — the former supreme commander of NATO troops in Europe who bid for the 2004 Democratic presidential nod and is considering a 2008 run — also made an appearance for Shea-Porter, who worked on his 2004 campaign. Sen. Russ Feingold of Wisconsin and Virginia Gov. Mark Warner campaigned for her before announcing they would forgo running for president.

Hodes received campaign contributions from Dodd, Clinton, Biden and two other Senate colleagues who are considering 2008 runs: Massachusetts' John Kerry, who lost as the Democrats' challenger to President Bush in 2004, and Bayh. Dodd and Biden campaigned for Hodes, according to Reid Cherlin, a spokesman for the congressman-elect.

Dante J. Scala, associate professor of politics at Saint Anselm College in Manchester, said the 2008 elections will be crucial in determining whether New Hampshire has become a Democratic stronghold or will remain a highly competitive battleground between between Democrats and Republicans. But Scala added that Democrats are going into the 2008 cycle "confident, aggressive and hopeful."

Obama certainly helped keep the party's buzz going. Strand described the Sunday event as "pretty phenomenal," with tickets selling out in a week. Lynch said Obama could sell more tickets than the Rolling Stones, and Hodes said, "Looking around this stage today, I can't think of anyone else I'd rather have on our team" leading up to 2008.

Speaking off the cuff, Obama played down his celebrity, saying, "I've become a symbol, for now, of a spirit that the last election in New Hampshire represented. It's a spirit that says, 'We are looking for something different.'" In his speech, Obama called for universal health care, more higher education loans, redeployment of the troops from Iraq and a policy to address global warming.

Scala said he had "never seen a candidate received as enthusiastically as early before." He described Obama's speech as "the most important event in the 2008 presidential elections" in New Hampshire so far, adding that "anything anyone does will be compared to Obama."

Even more than for most presidential contenders who have marched through New Hampshire, the state would provide a key test for Obama should he decide to run.

One of the longstanding gripes about New Hampshire's primacy in the nominating process is its unrepresentative population: 95 percent white, 1 percent black. If Obama does well there in a bid to become the first African-American president, it could help him put aside some of the "electability" questions he faces. If he were to do poorly, despite his rock star status, it could be a bad sign for his appeal among white voters.

Sen. Clinton Delays Decision On 2008 Bid (AP)

By Marc Humbert

AP, December 12, 2006

Sen. Hillary Rodham Clinton said Monday she won't make a decision about running for president until after the first of the year.

During a visit to an aircraft maintenance facility at the former Griffiss Air Base, Clinton confirmed she is talking to people in New York and across the country about a possible run for president in 2008. It was the first time Clinton publicly confirmed what her aides and fellow Democrats have been saying about a possible presidential run.

"I'm talking to people who have opinions about what our country needs to do going forward and whether or not I make any decisions, I can't really confront until after the first of the year," Clinton said.

The former first lady said she had not yet decided whether to form a presidential exploratory committee, but that technical requirements of federal election law might require her to do so if she continues to consider a presidential run.

"I'm certainly interested in what happens to our country," she said when asked if she was interested in being president. "I'm looking at where our country is, where I would like to see it go, listening to people who think I might make a contribution to that."

Asked if she would make a good president, Clinton said, "obviously if I make a decision to pursue it, that would be one of the conclusions I reach."

Regarding Illinois Sen. Barack Obama, a possible rival for the Democratic nomination, Clinton said the warm reception Obama has been getting around the country, including a stop in New Hampshire on Sunday, is "terrific."

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Clinton, however, wouldn't say whether she thought Obama should run for president.

"That's going to be up to everybody to make a decision," she said. Asked if Obama would make a good president, Clinton chuckled.

"We just have to take one day at a time right now," she said. "I'm just excited there's a lot of enthusiasm for Democrats around the country."

Clinton was in Rome for the announcement that the airline JetBlue will begin sending 20 percent of its planes to a maintenance facility located on the former air base.

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BOSTON (AP) — Gov. Mitt Romney paid $500 to Elizabeth Smart, the Utah teen who survived a kidnapping by a religious zealot, after she played harp at one of his fundraisers, according to a campaign finance report that highlights his preparations for a likely presidential run.

Smart, a fellow Mormon who was freed in 2003 after a nine-month abduction, received the money in April, according to the 166-page report, which outlines donations and expenditures through Nov. 27 for Romney's Commonwealth PAC. Romney has been using the political action committee to travel and build chits for a campaign, which he is expected to announce early next year.

The Massachusetts Republican visited California on Monday on another PAC-financed trip.

"Certainly, I would support him, but I would not read anything into it," Edward Smart, Elizabeth's father, said of the harp performance during a telephone interview. "One of the people on his staff called her up and asked her if she would come and play."

Romney reported raising $2.7 million and spending $2.2 million in his federal PAC during the past two years. He also took advantage of his status as a nonfederal officeholder to set up affiliated committees in Iowa, New Hampshire, South Carolina, Michigan and Alabama, allowing him to shower money on local candidates in those key electoral states.

Collectively, the state and federal PACs raised $8.75 million and gave away $1.3 million.

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WEST PALM BEACH, Fla. (AP) — Presidential candidate Tom Vilsack said Monday that while he's a pro-choice Democrat, members of his party need to promote life by encouraging adoption and providing programs for prenatal care and family planning.

"When you phrase it that way, you send a message to the life community that you respect but don't necessarily always agree with their position. And you begin to have a conversation about issues where there might be consensus as opposed to division," said the Iowa governor, who was adopted.

Vilsack spoke to a group of about 100 Democrats in Florida, a critical swing state in the election.

He railed against the federal deficit and debt.

"The tax that we ought to be reducing ... is the birth tax, that's what I call the deficit and the debt," he said. "Every single youngster born today in this community and across this great land is receiving a bill from Uncle George and Uncle Dick for about $30,000. It is going to compromise their future."

Vilsack also planned to attend private fundraisers in Orlando and Miami.

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NEW YORK (AP) — Israel and the world are threatened by a "possibly deranged and surely dangerous regime" in Iran, White House hopeful Sen. John McCain told a Jewish audience.

As the world's "chief state sponsor of international terrorism," Iran defines itself by its hostility to the Jewish state and its chief ally, the United States, the Arizona Republican said in a speech for a Hanukkah dinner at Yeshiva University on Sunday.

He noted that Iranian President Mahmoud Ahmadinejad has called the Holocaust a "myth," urged that Israel be "wiped off the map" and defied international demands and incentives to end a drive to gain nuclear weapons capability.

"It is simply tragic that millennia of proud Persian history have culminated in a government that today cannot be counted among the world's most civilized nations," McCain said.

The former Vietnam prisoner of war, who tried and failed to gain the GOP presidential nomination in 2000, is considered the probable front-runner for his party's 2008 nomination.

McCain made his speech during visit to the home turf of Sen. Hillary Rodham Clinton and ex-Mayor Rudy Giuliani, potential rivals in the 2008 presidential race

Ahmadinejad has denied that Iran seeks to build weapons, saying its nuclear program is for peaceful purposes and the country will not give up its right under the Nuclear Nonproliferation Treaty to enrich uranium and produce nuclear fuel. The United States and many European nations believe Iran's enrichment process is aimed at producing weapons.

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Associated Press Writers Glen Johnson in Boston, Brendan Farrington in West Palm Beach, Fla., and Richard Pyle in New York contributed to this report.

The Early Show (NYT)

By Thomas B. Edsall
The New York Times, December 12, 2006
Washington

Hillary Clinton is the Democratic establishment's anti-establishment candidate. She is simultaneously an insurgent, seeking to end a 220-year reign of men, and the heir apparent — dominant in cash ($14.4 million in the bank), in the polls and in the colossal reach of her machine.

Clinton's most visible challenger, Barack Obama, is similarly an insurgent, but without the former first lady's resources. He is seeking to capitalize on his ranking as an underdog, entering the fray as David battling the Clinton Goliath.

The head of the pack is a dangerous place for a Democrat to be. Democrats excel in cannibalizing their front-runners. Just ask those who were knocked out in the primary season (Lyndon Johnson, Ed Muskie and Howard Dean) or those who limped from the ring after 15 rounds (Walter Mondale and Al Gore).

Republicans, by contrast, honor hierarchy. For four decades the G.O.P. has nominated the early favorite. Unlike Democrats, Republican voters have a long history of rejecting rebels and underdogs.

Clinton's position at the head of the pack — a 20-point lead over her competitors — forces her campaign to shoot down a barrage of hostile challenges: Will voters trust a woman at a time of terrorist threat? Will the military accept a woman as commander in chief?

Evaluations of men and women running for House seats in 2006 have turned up disturbing numbers. In the 42 top-tier "Red-to-Blue" races selected by the Democratic Congressional Campaign Committee for intensive financing and support, 25 of the candidates were male and 17 were female. In those contests, male candidates batted .800: 20 victories to five defeats. The women faced higher barriers: three won and 14 lost, batting .176.

This pattern was even more striking in the initial group of 'Red-to-Blue' candidates targeted as most promising by the campaign committee. Of the 11 men, nine, or 82 percent, won. Of the 11 women, 10, or 90.1 percent, lost.

Democratic officials are searching for explanations: a working hypothesis is that female candidates were more vulnerable on the issue of immigration, viewed as more generous with federal aid and amnesty.

One Democratic candidate, Tammy Duckworth of Illinois, was a Blackhawk helicopter pilot who lost both of her legs in Iraq. She was leading in pre-election surveys but was defeated, 51 percent to 49 percent, by Peter Roskam, a personal-injury lawyer who pounded her with ads charging that she would "give illegal aliens welfare and Social Security benefits" costing $50 billion, while "leaving taxpayers to foot the bill."

The Clinton team, aware of these grim results, is fighting back. The campaign released a memo with recent data showing that 68 percent of voters describe Hillary as "a strong leader," and that 92 percent say they would vote for a woman for president — up from 52 percent in a similar poll in 1955.

As the presidential contest goes into high gear, another Clinton vulnerability becomes salient. The New York senator is armed with a powerful but old machine. Key players — John Podesta, Mandy Grunwald, Mark Penn, Ann Lewis, Harold Ickes, Terry McAuliffe — were top advisers in Bill Clinton's two presidential races.

The Glover Park Group, Hillary Clinton's top consulting firm, is thoroughly embedded in the Washington nexus of politics and corporate interests — at a time when the electorate is acutely suspicious of cronyism. "From a presidential impeachment to a crippling antitrust action facing one of the nation's largest companies, we've been there to offer critical communications counsel," Glover boasts.

The Clinton leviathan provides a perfect foil for Obama. "I think to some degree I've become a short-hand or symbol or stand-in for a spirit that the last election in New Hampshire represented," he said last weekend on his maiden trip to the state. "It's a spirit that says we are looking for something different — we want something new."

The candidates not yet in the limelight — Evan Bayh, John Edwards, John Kerry, Al Gore, Tom Vilsak, Bill Richardson, Wes Clark, Chris Dodd, and Joe Biden — would like nothing better than to see Clinton and Obama split their shared constituency, leaving each other lifeless on the slaughterhouse floor. That would make Richardson, who is Hispanic, the sole exception in a field composed entirely of white men.

A Battle Hillary Clinton Should Relish (WP)

By E. J. Dionne Jr.
The Washington Post, December 12, 2006

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Hillary Rodham Clinton faces a maddening challenge. Many of the people who like and admire her, who believe she has good values and would make an excellent president, are not sure they are for her because they don't think she can win.

Many of these same people, as one prominent Democrat told me, actually feel guilty that they harbor these doubts, partly because the specter that haunts Clinton has little to do with anything she has said or done herself.

In public, the doubts are dressed up as substantive concerns -- she's too cautious, she didn't stand up against the war in Iraq, she mishandled that health care reform in the 1990s, she's perceived as too liberal or she's not progressive enough.

The doubters are ashamed to say what really worries them: that Americans don't want to relive the supposed psychodramas of the Bill Clinton years; that her association with her husband will mobilize his enemies more than it will energize his friends; that their relationship is just too complex for those critical swing voters to understand or accept.

Who can blame Sen. Clinton's supporters for being enraged by such a list? Would those who trumpet "family values" admire her more if she had just divorced the guy? Why should the sins of the husband be borne by the wife? Do her six effective and admired years in the Senate and her landslide reelection mean absolutely nothing? Has anyone even looked at her many serious policy speeches?

And if Bill is the real issue, doesn't his stewardship look awfully good now when compared with that of the current White House occupant?

Yet, no matter how unfair, misguided or even dimwitted Sen. Clinton's supporters may find the catalogue of doubts, she will have to deal with them if she is to win over all the guilt-ridden skeptics.

And that is why the prospect of Barack Obama's presidential candidacy is not only good for the Democratic Party but also good for Clinton herself. Without Obama in the race, the Democratic primaries would boil down to Hillary and those vying to be the anti-Hillary. She might well win a battle of attrition, but without quelling the doubts.

A Clinton-Obama contest would require Clinton to shed some of her caution. It would create enormous popular interest in the Democratic Party. And if she were to beat Obama -- this assumes, as I expect, that Obama will look just as formidable a year from now as he does today -- Clinton would prove her mettle, which might finally put the doubts to rest.

The most curious thing about the coming contest, if it happens, is that in certain respects the Obama candidacy of 2008 would bear an uncanny resemblance to Bill Clinton's candidacy in 1992. Youth is part of it. Clinton was 46 on Election Day in 1992. Obama will be 47 on Nov. 4, 2008. So are their parallel promises to break with the past and create a new kind of politics.

In 1991 Gov. Bill Clinton railed against politicians who "have divided us against each other, pitting rich against poor, playing for the emotions of the middle class, white against black, women against men, creating a country in which we no longer recognize that we are all in this together."

In his New Hampshire debut over the weekend, Obama said that we had "come to be consumed by" the "24-hour, slash-and-burn, negative-ad, bickering, small-minded politics that doesn't move us forward. . . . There's no sense that they are coming together in a common-sense, practical, non-ideological way to solve the problems that we face."

The most important passage in Obama's New Hampshire speech was this one: "America is ready to turn the page. America is ready for a new set of challenges. This is our time. A new generation is prepared to lead." In other words: Goodbye to both the Clinton era and the Bush years.

A discussion about who is best positioned to turn the page of history is precisely the one Hillary Clinton most needs to engage. Joining that dialogue will be essential for the other candidates, notably John Edwards and Evan Bayh, who cannot simply run as anti-Hillarys and will have to challenge the notion that this is a two-person battle.

However the contest turns out, the debate about the future that Obama is encouraging would be good for Clinton because, most of all, she needs to put the past behind her. Paradoxically, it might also help Democrats recover the best, most forward-looking aspects of Bill Clinton's legacy.

Democratic Congressman Plans Another Presidential Bid (CCT)

By Connie Mabin

The Contra Costa Times, December 12, 2006

CLEVELAND - U.S. Rep. Dennis Kucinich, an Ohio Democrat who unsuccessfully ran for president in 2004, said Monday he is planning to run again because his party isn't pushing hard enough to end the war in Iraq.

In a statement, Kucinich said he plans to formally announce his candidacy for 2008 on Tuesday at City Hall, where he served as mayor of his hometown in the 1970s.

The liberal, anti-war congressman said he was inspired to run because he disagrees with the way some of his fellow Democrats are handling the war, including approval of a proposal to spend $160 billion more on the conflict.

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"Democrats were swept into power on Nov. 7 because of widespread voter discontent with the war in Iraq," Kucinich said. "Instead of heeding those concerns and responding with a strong and immediate change in policies and direction, the Democratic congressional leadership seems inclined to continue funding the perpetuation of the war."

The anti-war message was also the cornerstone of Kucinich's 2004 bid, which drew support from some Hollywood celebrities such as actress Mimi Kennedy, formerly of the ABC comedy "Dharma and Greg."

Kucinich, 60, was re-elected last month to a sixth term in the U.S. House.

His previous presidential proposals have included a national peace department, canceling free trade policies he says hurt American jobs and a single-payer, universal health care system.

In an interview last week with The Associated Press, Kucinich said there's already enough money to safely bring the troops out of Iraq, but additional funding must be cut off to force President Bush's hand. He said Ohioans tell him they feel misled by Democrats.

"When I've talked to people back home and I explain to them that the Democratic leadership has said they will support up to $160 billion in funds to continue the war in Iraq, they're shocked and angry," Kucinich said.

Kucinich joins fellow Democrat Iowa Gov. Tom Vilsack in declaring his candidacy for the presidential nomination.

New York Sen. Hillary Rodham Clinton is considered the party's front-runner, closely followed by Illinois Sen. Barack Obama. Neither has announced runs.

While Kucinich forced focus on the Iraq war two years ago, he was not able to keep up with the fundraising of his competitors and never made a big dent in most polls. He ended his 2004 campaign just days before endorsing then-Democratic nominee Sen. John Kerry at the party's convention.

Elected in 1977, the 31-year-old "boy mayor" guided a city that two years later became the first since the Depression to go into default. He faced death threats, and was forced to wear a bulletproof vest when he threw out the first ball at a Cleveland Indians game.

He lost re-election and in the 1990s made a political comeback, winning a state Senate seat and eventually capturing a U.S. House seat in 1996.

Kucinich plans to make the Tuesday announcement with his new wife, Elizabeth Harper.

The couple's 2005 nuptials means the congressman's latest presidential campaign will be different in at least one way - he won't be able to celebrate bachelorhood.

His single status made headlines in 2004, when Kucinich told New Hampshire audiences during the campaign that he was seeking a mate. Women then vied for a date with him during a contest arranged by a New Hampshire political Web site, but nothing romantic evolved from Kucinich's breakfast with the winner.

He also appeared on "The Tonight Show with Jay Leno" to participate in a Dating Game-style skit.

Just Ask: Kucinich Answers, 'Yes, I Am' (NYT)

By Mark Leibovich

The New York Times, December 12, 2006

WASHINGTON, Dec. 11 — In the midst of a brief chat in his office last week, Representative Dennis J. Kucinich mentioned that, oh, by the way, he planned to run for president again in 2008.

"Yes, I am," Mr. Kucinich, Democrat of Ohio, said in response to a reporter's question about a possible encore to his bid in 2004.

Mr. Kucinich's wife, Elizabeth Harper, who was seated next to him, arched her eyebrows in apparent surprise.

Asked if he had told anyone this yet, Mr. Kucinich said no.

"You just happened to ask," he said.

Then he walked out of his office and informed his press aide.

The news from Mr. Kucinich, a six-term congressman, underscores the "What the heck?" sensibility that seems to be governing some entries into what may be the most crowded presidential field in history.

Besides the possible Rudys, Hillarys and Baracks, the names on the Great List now seem to include every Tom, Dick or Sammy. That would be Gov. Tom Vilsack, Democrat of Iowa; former Representative Dick Armey, Republican of Texas; and Senator Sam Brownback, Republican of Kansas.

In recent weeks, Tommy G. Thompson, the Wisconsin Republican who was once Health and Human Services secretary, and Representative Duncan Hunter, Republican of California, have also thrown themselves into consideration.

So how about Mr. Kucinich?

Never mind that he did not come close to winning any primaries or caucuses in 2004. Mr. Kucinich, who plans to announce his candidacy formally on Tuesday in Cleveland, said he liked his chances.

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"Why not?" he said, adding a horse-racing metaphor, "I run very well on a sloppy track."

He trotted out this line in 2004, too, for what it's worth.

While Mr. Kucinich was no thoroughbred in this or the last field, he gained the instant cachet that being a major-party presidential candidate confers.

"There is a level of intrigue that goes with being a potential presidential candidate," said former Senator Tom Daschle, a South Dakota Democrat who was a "potential presidential candidate" himself until he ruled out a run this month. Mr. Daschle said that he had been introduced thousands of times as a "potential presidential candidate" over the years, and that that had generally been a good thing.

Still, Mr. Daschle cautioned that the field could get unmanageable, saying, "I think, at a certain point, you'd need to become more discriminating about who's viable."

In many cases, potential candidates take themselves out of the running, as several have recently, including former Gov. Mark Warner, Democrat of Virginia; Senator Russell D. Feingold, Democrat of Wisconsin; and Senator Bill Frist, Republican of Tennessee.

"You're always going to have people who say they're exploring a campaign just to milk the attention," said William G. Mayer, a professor of political science at Northeastern University in Boston who has studied presidential nominating campaigns. "And then, in the end, they don't get in."

Mr. Kucinich will not be one of these. He said his early opposition to the war in Iraq, which he voiced strenuously in 2004, would make him more formidable in 2008.

"It's a totally different landscape this time around," he said, adding that he decided to enter the race last week when he came to believe that the new Democratic leadership in Congress was not committed enough to ending the war.

He says he plans to show up for every debate he is invited to — and even if not, he may show up anyway.

"This is where it comes in handy to be a vegan," Mr. Kucinich said. "I don't take up that much space."

Kucinich Runs Again (HILL)

By Aaron Blake

The Hill, December 12, 2006

Rep. Dennis Kucinich (D-Ohio) announced Monday that he will make his second run for president in 2008, citing the need to bring a voice for ending the war in Iraq into the Democratic debate.

Kucinich, who also ran in 2004, pointed to Democratic leaders' support for the recent $70 billion appropriation for the war and the projected $160 billion appropriation that will be handled by the next Congress.

"Democrats were swept into power on Nov. 7 because of widespread voter discontent with the war in Iraq," Kucinich said. "Instead of heeding those concerns and responding with a strong and immediate change in policies and direction, the Democratic congressional leadership seems inclined to continue funding the perpetuation of the war."

Kucinich will make his candidacy official on Tuesday at Cleveland City Hall.

He garnered 1 to 2 percent in most early states in 2004, going on to take 16 percent in Maine, 17 percent in Minnesota and 26 percent in Hawaii and Alaska.

Kennedy Wants Sign Of Kerry's Plans For '08 (BOS)

By Rick Klein

The Boston Globe, December 12, 2006

WASHINGTON -- Senator Edward M. Kennedy yesterday dropped his public commitment to support Senator John F. Kerry in a 2008 presidential race, saying that he won't wait "indefinitely" for Kerry to declare his intentions while the Democratic primary field takes shape.

Hours later, Kerry aides promised that the senator would make a decision "shortly after the turn of the year," despite recent signals that Kerry could wait until late spring before deciding.

A Kennedy spokeswoman said Kennedy would continue to support Kerry if the junior senator jumps into the race on that time line.

But in an hourlong interview with Globe reporters and editors, Kennedy offered strong praise for two of Kerry's possible presidential rivals: senators Barack Obama of Illinois and Hillary Rodham Clinton of New York, calling them "formidable figures" who are connecting with rank-and-file Democrats.

Kennedy said his oft-stated commitment to support Kerry -- made repeatedly after the 2004 election -- was based on the assumption that Kerry would state his intentions by early 2007.

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Since Kerry pushed back his decision following an election-eve "botched joke" that damaged his public standing, Kennedy said he has informed Kerry that he may get behind another Democrat for president.

"I was under more of the impression before that he was going to run and was waiting in time [to declare his candidacy], but now he's deferred that decision," Kennedy said. "I have no plans of supporting anyone else at this juncture. I'm also not going to just wait indefinitely until he's made a judgment or a decision."

Kennedy's comments mark the first public fissure between the two Massachusetts Democrats on Kerry's presidential aspirations. Kennedy had been one of Kerry's strongest supporters in the 2004 race against President Bush and in early discussions about the 2008 race.

In March 2005, when asked about a possible Clinton run on ABC's "This Week," Kennedy said, "My man is John Kerry." Kennedy endorsed Kerry again in an October interview with the Associated Press: "If he runs, I would support him."

David Wade, a Kerry spokesman, said Kerry values the senior senator's friendship and guidance. While Kerry won't set a specific deadline, Wade said, the senator realizes that he must decide soon.

"He has no intention of waiting too long, kicking the can down the road, or holding this decision in limbo," Wade said. "Senator Kerry remains very grateful for Senator Kennedy's ongoing counsel, friendship, and support as he makes this decision" and as they work together in the Senate.

Kennedy made his comments at a difficult time for Kerry. Early polls suggest that he is far behind the leading Democrats in potential presidential fields, and many party activists want Democrats to look for a fresh face in 2008.

Aides and associates said Kerry has been assessing the political fallout from his comment -- eight days before midterm elections -- suggesting that poor students "get stuck in Iraq." When Republicans blasted him for insulting the troops, Kerry apologized, calling it a "botched joke" intended to criticize Bush.

However, Kerry associates said the stinging public rebukes he got from Democrats revealed the deep skepticism he would face from his own party if he ran for president.

Losing Kennedy's support would be a huge psychological blow to Kerry's White House ambitions. Though their relationship has been testy at times over the years, Kennedy was instrumental in keeping Kerry's 2004 presidential candidacy alive, working tirelessly for him in Iowa when few believed he could prevail in the party caucuses.

Kennedy's praise for Obama and Clinton adds to the growing perception that the two are distinct front-runners for the Democrats' 2008 presidential nomination, with Kerry trailing along with a cluster of lesser-known governors and senators. If Kerry runs again, he would have to break through a crowded field of emerging contenders, Kennedy said.

"You'd have to say that there's a number of people who are out there -- Barack and Hillary, if Barack runs and Hillary runs -- they're obviously very formidable figures," said Kennedy.

The senator is set to become chairman of the Senate Health, Education, Labor, and Pensions Committee, a panel on which Obama and Clinton both serve.

"They're obviously having a good deal of appeal, because I think that's what people want to hear about," he added. "They are ringing the bells, because they're talking about what people were, I think, concerned about during the course of the [congressional] election."

Obama and Clinton have not declared their intentions, but both have made moves in recent weeks that make presidential campaigns appear more likely.

In his first visit to New Hampshire, Obama sold out a 1,500-ticket event in Manchester on Sunday and was received enthusiastically, and Clinton has begun to connect with local party activists in early primary states.

Kennedy acknowledged that Kerry has more flexibility to decide than some of the other candidates, because he has wide name recognition and a campaign war chest of $13 million. But Kennedy, a presidential contender himself in 1980, demurred when asked what he would advise Kerry to do.

"I've known John long enough and been with him enough, and he's a good enough friend -- this is going to be something he's going to, you know, make up his own mind about," he said.

Assessing the chances of one of the leading Republican presidential contenders, Kennedy said Governor Mitt Romney's strategy of contrasting himself with his home state "has its minuses as well as its pluses."

He said the strategy invites comparisons between Romney's record and what he's said while running for office in Massachusetts, including Romney's recently revived 1994 promise to "provide more effective leadership" on gay rights than Kennedy himself, his opponent in that year's Senate race.

"People go back through his record and see what he's been and where he's been in terms of Massachusetts, and where he is now coming from," said Kennedy, who defeated Romney in that race for his Senate seat. "That has been increasingly, I would imagine, an issue of concern for him."

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Low-Profile Republicans Sense Opportunity (NYT)

By Adam Nagourney

The New York Times, December 12, 2006

The blast of conservative criticism aimed at Gov. Mitt Romney of Massachusetts for backing gay rights in 1994 has shaken his position as the social conservatives' favored challenger to Senator John McCain of Arizona for the Republican presidential nomination. Mr. Romney's problems have come as two high-profile conservative candidates have fallen by the wayside: Senator Bill Frist of Tennessee said he would not run, and Senator George Allen of Virginia is viewed in Republican circles as unviable for 2008 after losing his re-election. The two immediate beneficiaries? Gov. Mike Huckabee of Arkansas and Senator Sam Brownback of Kansas.

"The governor of Massachusetts is going to have a problem explaining the variety of positions he's taken on various issues," said Rob Wasinger, the chairman of Mr. Brownback's exploratory committee. Mr. Huckabee, referring to the fading of Mr. Frist and Mr. Allen, said, "There is going to be a real look for a fresh face now." Whether or not these two men have the skills to take advantage of it, the opening is there. "Social conservatives have some reason to be a little skeptical of the four top-tier candidates: Romney, McCain, Giuliani and Gingrich," said Rich Lowry, editor of National Review, the conservative magazine. ADAM NAGOURNEY

Daley Announces He'll Seek 6th Term As Chicago's Mayor (USAT/AP)

By Deanna Bellandi

USA Today, December 12, 2006

CHICAGO — Mayor Richard Daley announced Monday he will run for a sixth term, a move that could put him in office longer than his legendary father.

"I'm proud of what we've accomplished together to improve the lives of the people of Chicago," Daley, 64, said in announcing his re-election bid.

The mayor will be facing some tough questions this time around, including dealing with the fallout from federal investigations into allegations of illegal political patronage and payoffs at City Hall.

Daley has not been accused of any wrongdoing. His former patronage chief, however, faces almost four years in prison for engineering a scheme to hide politics-based hiring by city offices. Other city workers have been caught up in bid-rigging and bribery scandals.

Cook County Commissioner William Beavers, who was among the 200 people who attended the announcement, said he doesn't believe the scandal will hurt Daley. "You've always had scandal; you always will have scandal because everybody's not honest," he said.

Daley had been looking at two formidable opponents to his re-election bid: Democratic U.S. Reps. Luis Gutierrez and Jesse Jackson Jr. But after Democrats won control of Congress last month, the two congressmen chose to keep their positions in Washington.

Other candidates who have said they intend to run for mayor are Cook County Circuit Court Clerk Dorothy Brown and William "Dock" Walls, who was an aide to Chicago Mayor Harold Washington.

Daley was first elected mayor in 1989. If he wins re-election on Feb. 27 and serves the full term, he will become Chicago's longest-serving mayor. His father, also named Richard, served for 21 years before dying while in office.

Known as much for his quirky speech patterns as he is for major projects undertaken in the city, the younger Daley can remind voters of his list of accomplishments. Among them: taking over the Chicago Public Schools in 1995 and the Chicago Housing Authority a few years later.

Some of his projects have also drawn controversy.

There was the nighttime bulldozing of the runway at Meigs Field in order to close down the small lakefront airport so it could be turned into a park; a massive renovation of Soldier Field — the home of the Chicago Bears - that left some carping about its look; and the development of Millennium Park, a now-popular downtown destination that was beset by construction delays and a ballooning price tag.

Now, Daley is hoping to lure the Olympics to Chicago. If the U.S. Olympic Committee decides to advance a U.S. city, the International Olympic Committee won't pick the 2016 host until 2009.

Daley Says He Has 'More To Give' (CHIT)

By Gary Washburn And Dan Mihalopoulos

Chicago Tribune, December 12, 2006

DOJ_NMG_0105837

On the surface it looked a lot like past campaigns for mayor, with Richard Daley touting his record in office and declaring his passion for the job and the city. But while Daley was talking Monday about seeking a sixth term, his aides were filing nominating petitions with fewer than 25,000 signatures.

That figure was far from the political power plays of the past, when Daley's campaign filed as many as 200,000 signatures.

It was a sign that things are a little different this time around for the mayor. Since the 2003 election, the mayor's loyal political street organizations have suffered at the hands of an ongoing federal investigation into illegal hiring that rewarded campaign workers.

"All this means is that he doesn't have as many street workers this time around," said Ald. Ricardo Munoz (22nd). "Four years ago, the federal government wasn't breathing down his neck."

Still, polls have shown that Daley's popularity is high despite City Hall scandals, and most political experts consider him the clear favorite to win re-election. Another four years would allow Daley to eclipse his father's record of almost 22 years in the job.

"With all that we have accomplished, am I satisfied?" Daley asked during his speech at the Comer Youth Center on the South Side. "Do I believe Chicago is the best it can be? ... Or do I have more to give our city?

"Today I am here to answer with all my heart and soul and compassion. And the answer is yes. I have more to give to keep Chicago moving forward."

But Daley felt the need to mention the scandals, saying he had "accepted responsibility for the things that have gone wrong" and taken steps to address them, such as changing hiring procedures.

The mayor's former patronage chief, Robert Sorich, was sentenced to prison last month for his role in a long-running scheme to rig city hiring in favor of campaign workers for pro-Daley political groups. Witnesses in the Sorich trial said they owed their city jobs to their campaign work.

This fall, Daley's campaign required volunteers who circulated petitions to sign affidavits swearing they had not been offered public jobs or promotions for their help.

"There's nothing really for these guys to gain," said Ald. Brian Doherty (41st), whose campaign workers circulated petitions for the incumbent, although Doherty is a Republican. "No one will bust their tails except for the true believers."

Another sign of the times was a memo sent Friday to all Water Management Department employees by First Deputy Commissioner William Bresnahan.

"This is a reminder that political/campaign activities ... cannot be mingled with city work or resources," said the memo, obtained by the Tribune. "No employees can be forced to participate in a political campaign, including donations of time and money."

Terry Peterson, Daley's campaign manager, made no apologies for the small number of signatures. He noted that Daley only needs 12,500 valid signatures to get on the ballot.

Besides Democratic ward organizations, Daley's petitions were circulated by block club leaders, ministers and "just ordinary citizens [who] would walk into the campaign office and say, 'Terry, can I get a sheet to circulate for the mayor?'" Peterson said.

Absent from the effort this time, Peterson said, were the Hispanic Democratic Organization and other pro-Daley groups that have figured into the federal investigation.

One Democratic ward committeeman, who spoke on condition of anonymity, wondered whether the low number could be part of a Daley campaign strategy to avoid making a splash with his petitions.

But Daley's two announced challengers predicted the mayor was vulnerable.

"The mayor's organization has been weakened, and he isn't the mayor he used to be," said Bill "Dock" Walls, who presented 39,000 signatures.

Dorothy Brown, clerk of the Cook County Circuit Court, did not file her petitions for mayor Monday but held a news conference to state that "Mayor Daley is beatable."

Brown said she would end "17years of almost unprecedented graft and corruption" under the Daley administration.

Filing for city clerk Monday were Miguel del Valle, appointed by Daley recently to fill a vacancy in the office, and Jose Cerda, a former mayoral aide who is running without Daley's blessing. Stephanie Neely, appointed by the mayor recently to fill the vacant city treasurer's job, was the only candidate Monday to file for that office.

The dissolution of Daley's patronage armies was widely expected to encourage more competition for City Council seats, and 120 candidates filed for alderman Monday. At least 40 of the city's 50 aldermen will face challengers.

Scores of incumbents and their would-be replacements lined up at 69 W. Washington St. early Monday to file their nominating petitions. The filing deadline is 5 p.m. Monday.

Paul Stewart, an 18th Ward candidate, was the first aldermanic hopeful in line. He said being there so early has symbolic value because it shows voters his "true commitment" to the race.

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Standing right behind him was Mazonne "Maze" Jackson, another candidate for the 18th Ward seat left open by Thomas Murphy's election as a Cook County judge.

But sources said Daley would soon appoint Lona Lane, a Murphy aide, to replace him. Lane also filed petitions Monday, as the mayor's office declined comment on the 18th Ward vacancy.

The 18th Ward campaign could become a proxy battle for several African-American leaders, with U.S. Rep. Jesse Jackson Jr. (D-Ill.) and Illinois Secretary of State Jesse White expected to back candidates there.

Ald. Burton Natarus (42nd), who has been on the council since 1971, filed for re-election just moments after Brendan Reilly joined the race. Reilly is a former aide to Illinois House Speaker Michael Madigan.

"I think I'll be OK," Natarus told reporters as Reilly stood a few feet away.

The mayor's top ally in the council's Latino caucus, Ald. Daniel Solis (25th), has four opponents already and more appear poised to join the scrum. The hopefuls include former council members Ambrosio Medrano, who went to prison for corruption, and Juan Soliz.

Other challengers are local school council member Cuahutemoc Morfin and Aaron del Valle of the Hispanic Democratic Organization. HDO once supported Solis, but he has feuded with leaders of the once powerful pro-Daley group.

Another hotly contested campaign could be in the 2nd Ward, where three challengers filed Monday against 13-year incumbent Madeline Haithcock.

Although a candidate in the ward needs only 150 signatures to get on the ballot, lawyer Robert Fioretti filed more than 8,500.

Larry Doody, another 2nd Ward candidate, filed about 2,000 signatures and downplayed Fioretti's larger total. "Petitions don't win races," Doody said.

Vilma Colom, who lost her council spot four years ago to Ald. Rey Colon (35th), is seeking a rematch next year.

Former 1st Ward Ald. Jesse Granato also is attempting a comeback four years after voters dropped him from the council. This time, though, Granato is running in the 26th Ward, opposing Ald. Billy Ocasio.

Tribune staff reporters Mickey Ciokajlo and Todd Lighty contributed to this report.

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Daley, In Shadow Of Inquiry, Will Seek 6th Term As Mayor Of Chicago (NYT)

By Susan Saulny

The New York Times, December 12, 2006

CHICAGO, Dec. 11 — Mayor Richard M. Daley, one of America's longest serving big-city mayors, announced Monday that he will seek reelection to a sixth term in February. The decision comes as a federal inquiry into his administration's hiring practices has drawn closer to the mayor's office at City Hall.

Current and former top officials in city agencies and political organizations with close ties to Mr. Daley have been indicted, mainly on accusations that they helped unqualified candidates get city jobs in return for favors and support. Mr. Daley has not been charged with any crime, and he has repeatedly defended his nearly 18-year tenure.

In announcing his candidacy at a youth center on the city's South Side, Mr. Daley briefly acknowledged concerns about the abuse of power on his watch, highlighting new fund-raising rules for his campaign and a reworking of the city's hiring and contracting systems.

"The best way to show responsibility is to address the problems directly, so the mistakes of the past won't be repeated," he said. "And that's what I've tried to do."

Mr. Daley, a 64-year-old Democrat, begins his campaign without the worry of a serious opponent. The two congressmen considered most able to mount a formidable challenge, Jesse L. Jackson Jr. and Luis V. Gutierrez, have announced that they will not run.

If Mr. Daley wins re-election and serves a full term, he will surpass by one year the 21 years his father, Mayor Richard J. Daley, spent in office. Already, Mr. Daley, first elected in 1989, is called by his father's honorary title, "Mayor for Life." Together, father and son have done more to shape the modern political history of Chicago, the nation's third-largest city, than perhaps any other force.

At a morning news conference, Mr. Daley said he had asked himself a number of questions before deciding to run again.

"Do I believe Chicago is the best it can be?" he said. "Or can we be even better? And do I have more to give to our great city? Today, I'm here to answer with all my heart and soul. And the answer is yes, I have more to give to keep Chicago moving forward."

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Mr. Daley pointed to new libraries and schools, the reduction in the rate of violent crime, the large-scale destruction of troubled public housing, and what he called the rebirth of downtown.

DeLay Taking On New Identity As Internet Blogger (USAT)

By Kathy Kiely

USA Today, December 12, 2006

WASHINGTON — Former House majority leader Tom DeLay is re-entering the political fray, this time as an Internet commentator and community organizer.

DeLay, whose outspoken conservatism and take-no-prisoners legislative style made him a favorite target of Democrats before he resigned from the House in June, launched himself in the blogosphere Monday. He said he hopes to use his new website, www.tomdelay.com, to create a grassroots political organization for conservatives.

"Over time and the long term, we hope to drive legislation through Congress," said DeLay. "I know how to do that."

As a House leader, DeLay helped push much of President Bush's agenda through Congress, including tax cuts, energy bills and the Medicare prescription-drug plan.

He named some of his chief goals as ending abortion, supporting Israel and winning the war on terrorism.

DeLay is 25 pounds lighter than he was when he left Congress and just as feisty: He called the bipartisan Iraq Study Group, which recently recommended scaling back U.S. military involvement and regional talks that include Iran and Syria, "the Iraq Surrender Group."

The former Republican congressional power broker's reinvention of himself, a month after his party lost its House majority, elicited sharply polarized responses. Comments on his first blog entry were largely ecstatic, although DeLay admitted editing out "vulgar" posts, which he said came from Democrats. Longtime political opponents were acerbic.

"I sincerely hope he gets to spend some time as a guest of the federal government," said Martin Frost, a Democratic former congressman from Texas who lost his seat in part because of a redistricting that DeLay engineered in 2003. Frost's reference was to a Justice Department investigation of Jack Abramoff, a former Washington lobbyist and DeLay associate, who pleaded guilty to trying to buy influence on the Hill.

DeLay told USA TODAY he's not worried: "I have been told I am not a target."

In Texas, DeLay has been charged with illegally funneling corporate contributions into state legislative races. That indictment forced him to resign his House leadership post last year.

After he did not win a quick acquittal, and won the Republican primary in March by a narrower-than-expected margin, he resigned his seat in Congress. DeLay, who insists he's innocent, is still awaiting trial.

Democrat Nick Lampson won DeLay's seat in November after DeLay failed in his attempt to officially withdraw from the race — his name remained on the ballot — and a write-in campaign for a Republican candidate fell short. DeLay said he wishes he had resigned in time for the GOP to nominate a replacement "knowing what I know now."

Admittedly a novice blogger, DeLay said he was inspired by the "overwhelming" response to his election analysis posted on one conservative blog, www.redstate.com.

DeLay said he hopes to set up chapters of conservatives "in every congressional district" to back legislation and candidates but has no intention of running for office again.

A prolific fundraiser when he was in Congress, DeLay said it's harder to open wallets now. On the other hand, he doesn't have to follow Congress' financial-disclosure laws. Asked about his current donors, he said with a smile: "None of your business."

Tom DeLay Launches Comeback (HILL)

By Jackie Kucinich

The Hill, December 12, 2006

Former Majority Leader Tom DeLay (R-Texas) yesterday began the long haul to restore the GOP to power and to repair his personal reputation following a year of scandal and bruising electoral defeat.

His vehicle for both is a blog and grassroots political organization hosted at www.tomdelay.com.

“I’ve got the election behind me and I’m looking forward to the future and I’m very excited about the opportunities that having a Democratic majority offers to conservatives,” DeLay said in an interview with The Hill on Monday.

Sitting forward in an attitude of calm determination, in a conference room adorned with mementos and pictures from his tenure in Congress, DeLay explained how his blog was aimed at improving Internet communication between conservatives. And he acknowledged that Democrats were well ahead in this area.

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"I think I'm as responsible for this as anybody. We don't do communications very well, Republicans/conservatives; one of the real failures amongst many others during the campaign was the lack of communications," he said.

He hopes the blog will fill a void between Republican politicians and constituents, helping both communication and organization.

DeLay seemed unsure how his coalition-building would be affected by his past involvement with lobbyist Jack Abramoff, who is now in prison, and his continuing legal battle with Texas prosecutor Ronnie Earle.

"I have no idea. We are going to test the waters … I have been absolutely amazed at how supportive people have been," he said.

Not everyone, though. In the blog's first hour, it received 4,000 hits and about 100 hateful messages.

"Yesterday, we were up on the blog for just an hour and we had over 100 [comments] … that were mean, nasty … vulgar," he said. These comments were removed.

In addition to the blog, the site will also host a new organization, comparable to the left's MoveOn.org, called GAIN (Grassroots, Action, and Information Network).

"GAIN is gathering names [of people who] want to fight for conservative principles and then it will take those activists and develop strategies in the future," DeLay said. "The conservative voices have been present … but there are nowhere near as many conservative blogs as there are liberal blogs."

"We are sorely lacking in our ability to compete in that blogosphere. I wanted to show leadership by doing it myself, competing in the communication blogosphere and at the same time trying to build a national activist grassroots organization," DeLay said.

He said the blog would also be eventually used to express support for Israel.

"In making my decision it became very clear to me that what I should be doing is to advance the conservative cause and to support Israel," he said.

When asked about the 2006 midterms and the Republican Party losses, DeLay conceded that his indictment and retirement from Congress contributed to the defeat. But he does not believe it was responsible for a big part of the damage.

"Culture of corruption had nothing to do with any race except the ones that were involved directly. There was no culture of corruption," DeLay said. "If you look, we spotted them 10 races on culture of corruption, but those were in those particular districts."

DeLay said in other districts, such as those of Rep. Chris Chocola (R-Ind.), who lost to Democrat Joe Donnelly, and Rep. Richard Pombo (R-Calif.) who fell to Jerry McNerney (D), the Abramoff scandal and others made little difference.

"It beat Don Sherwood [R-Pa.]; it won my seat and [Bob] Ney's [R-Ohio[seat; we lost the [Mark] Foley [R-Fla.] seat," he said.

DeLay blamed campaign finance law introduced by Sens. John McCain (R-Ariz.) and Russ Feingold (D-Wis.) for much of the damage done to Republicans across the country.

"The thing that I was most impressed with is because of McCain-Feingold the Republicans were at a disadvantage and the Democrats were at an advantage," he said.

He used Pombo's race as an example of a well-coordinated campaign orchestrated by outside entities to unseat the seven-term incumbent.

He praised Democratic organization but offered blistering criticism for McCain, who is unofficially running for the Republican presidential nomination.

"I've never seen the organization of coalitions that were coordinating and specific campaigns like I saw in this last year. Thank you Mr. McCain and … what's his name, [Rep.] Chris Shays (R-Conn.)," DeLay said. "I'd say that those two had more to do with us being in the minority — than anybody."

DeLay attributed Republican losses also to members' failure to articulate their accomplishments of the last 12 years or to deflect criticism about the number of GOP bills that became law.

"So what? Conservatives don't go to pass laws. I count the fewer bills the better. ... They didn't articulate a vision for the future.

If we don't ourselves know where we are headed, where we have been, and where we want to go, it's very hard to communicate it.

"And then if you are not aggressively participating in the communications game, no one is going to know who you are, what you are trying to do, and where you are taking the country," he said.

Asked how President Bush should deal with Democratic congressional majorities, DeLay said he should not stop fighting. The former majority leader evidently is not planning to either.

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A Congregation Tears Down Its Church To Expand Its Mission (CSM)

By Alexandra Marks

The Christian Science Monitor, December 12, 2006

NEW YORK

In 1922, when the First Presbyterian Church of Astoria moved to the wilderness that is now Queens, it was on the cutting edge of community development.

Today, the congregation is leading a new kind of church renewal, one that entails downsizing physically as it expands its mission spiritually.

By the 1950s, the church was thriving with more than 1,200 congregants. It even hosted a basketball league, as a dusty case of trophies attests.

But today, like many urban churches, Astoria's First Presbyterian has a dwindling number of parishioners - less than 50 on the books. The church operates in the red, its grand buildings are decaying, and the Rev. Donald Olinger spends much time just figuring out how to keep the doors open.

So he and his flock knew it was time for something radical. In an emotional decision, they have agreed to tear down the elegant old buildings and replace them with more than 90 units of affordable housing for senior citizens.

The church will end up with a sanctuary room in the new building for its Sunday services, as well as a $4 million endowment that it can use to expand its spiritual mission.

"It's kind of a bittersweet time because on the one hand, we're losing something very special to all of us," says Dr. Olinger. "On the other side, it's a very exciting time because we're getting to reinvent ourselves and to provide the type of church that can be appealing and meet the needs of today's world."

Many urban churches that have closed in the past few decades have been turned into affordable housing. What's unusual about this project - and 10 similar ones in the pipeline, mostly in New York City - is that the churches will remain open. With the income from the development and use of their land, they'll be able to focus more directly on serving the needs of their communities rather than their decaying buildings.

The idea came in part from Enterprise Community Partners, the nation's leading purveyor of knowledge about how to leverage financing to build affordable housing. Working in conjunction with the Faith Center, an ecumenical resource in New York for spiritually oriented community development, they're working to turn the First Presbyterian Church's experience into a national model.

"We're trying to formalize an initiative so if you're a church [congregation], no matter where you are, with excess property or obsolete facilities, and you think there might be development potential, we want Enterprise and the Faith Center to be the first place you think to call," says Kirk Goodrich, vice president of the Northeast Region at Enterprise. "The goal is to create a system that dispenses timely and trusted advice to churches no matter where they may be."

In New York, as in most other cities, the housing boom of the past decade has made it even harder to create more affordable housing. In the past, affordable-housing advocates were able to work with abandoned properties owned by the city. But that stock of land is mostly gone, and they have had to look for alternatives.

Enterprise has found at least one with underutilized church facilities. But the organization, as well as New York City officials, are looking for a variety of new land sources, including decaying neighborhood libraries, underutilized transit authority parking lots and garages, and closed mental facilities and hospitals.

"It's critical to think about creative ways to come up with what is essentially new land, new opportunities for residential developments, because in cities like New York, the price pressure [on land] is so high" that it's extremely difficult to build affordable housing, says Ingrid Ellen, co-director of the Furman Center for Real Estate and Urban Policy at New York University.

Enterprise is hoping to go national with its program for church redevelopment because it believes there is a match between its mission and that of most churches.

"The advantage of church properties is that when you talk about affordable housing, oftentimes there's a match between our missions, which is to serve the community and to serve the least well-off in that community," says Jim Himes, director of Enterprise New York.

As word has spread about Enterprise's work and the Astoria project, more churches have begun calling and asking about the viability of transforming their facilities. That's in part because of a trust factor, says Bishop David Benke, president of the Atlantic District of the Lutheran Church, Missouri Synod.

"One peril [in the process] is greedy developers who will flip the properties, promise you the moon, and then be unable to deliver," says Bishop Benke. "So the more trusted partners there are, the more sense it makes for the local church [and] also the national church [to work with groups like Enterprise.]"

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The financing of affordable housing is extremely complex, as Olinger and his congregation discovered. It requires a mix of federal grants, tax credits, and other sophisticated financing mechanisms. Enterprise has helped them navigate the financial terrain. But one of the most difficult parts of the process was the decision itself. Parishioners were baptized here, were married, and raised their children in these pews. Several decided they'd rather leave the church than lose the building.

But with an estimated $3 million of needed repairs, and a huge deficit looming, the majority of the congregation decided it was best to lose the buildings.

Brian O'Donnell is a parishioner who was married here. He says he does have an emotional attachment to the building, but also says a church is something more than its four walls, no matter how elegant they are.

"The church is not a physical structure. It's not the stained-glass windows; it's not these pews," he says. "It's the people in the church. It's our mission, and it's our potential to do good in the community through this project and our potential to expand our spiritual work through this project."

A Book Tour Unlike Any Other (NYT)

By Mark Leibovich

The New York Times, December 12, 2006

It may not go down as a literary classic, but the coming memoir from Terry McAuliffe, the former chairman of the Democratic National Committee, will come with a one-two wallop of book parties that few first-time authors can match. Mr. McAuliffe, whose proficiency as a Democratic fund-raiser is rivaled only by his allegiance to Bill and Hillary Rodham Clinton, will see his devotion repaid with not one, but two parties given by the former first couple early next year. Befitting their shuttle marriage, Mr. Clinton will have his party in New York (Jan. 22, the Four Seasons restaurant) and Mrs. Clinton will hold hers in Washington (Feb. 8, Park Hyatt Hotel).

It is not clear if Mr. Clinton will attend Mrs. Clinton's party, or vice versa, but Mr. McAuliffe will certainly be at both. The book, to be released next month, is aptly titled "What a Party."

US Backs New European Resolution On Iran Sanctions (AFP)

AFP, December 12, 2006

The US has finally signed on to a European draft resolution imposing sanctions on Iran over its nuclear program and is optimistic it will quickly pass through the UN Security Council, Secretary of State Condoleezza Rice told AFP in an exclusive interview.

"It's a good resolution," Rice said after the revised draft was submitted to the full Security Council at UN headquarters in New York earlier Monday.

Rice said she was "optimistic" the resolution aimed at convincing Iran to suspend its nuclear enrichment program, would pass soon, though she stopped short of predicting a final vote before the end of the year.

"It has to be voted soon. I think this has gone on long enough," she said.

The six major powers dealing with the issue -- Britain, China, France, Russia, the United States and Germany, have been negotiating for weeks over the terms of a sanctions resolution.

But agreement proved elusive as Russia and China objected to an earlier European draft as too harsh, while Washington felt it did not go far enough.

But Rice said on Monday that she was satisfied with the latest version, notably because it will be voted under Chapter 7 of the UN charter, which makes the measures mandatory for all UN members.

"It establishes Chapter 7, which to my mind is the most important element here," she said.

"It would make very clear to the Iranians that they are not going to be able to pursue this program and remain integrated into the international system and I would hope would give them pause so they might consider coming back to negotiations," she said.

The text, a copy of which was obtained by AFP, would mandate a ban on trade with Iran on goods related to its nuclear and ballistic missile programs and impose financial and travel restrictions on persons and entities involved.

Despite Russian objections, it includes a list of a dozen Iranian officials directly involved in their country's nuclear and ballistic programs who would be targeted for UN sanctions.

The list includes officials associated with the Natanz nuclear fuel processing facility and with the heavy-water reactor Iran is building in Arak as well as Iran's Revolutionary Guards chief General Yahya Rahim Safavi.

Tehran has consistently rejected UN demands that it halt uranium enrichment, a process which can provide fuel for nuclear reactors but, also in highly refined form, material for the core of a nuclear bomb.

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The West claims Iran is running a secret nuclear military program parallel to its civilian one, an allegation strongly denied by Tehran which says its nuclear ambitions are entirely peaceful and aimed at producing electricity.

Report: Japan, US To Hold Security Talks (AP)

AP, December 12, 2006

Japan and the United States will meet Jan. 13 to bolster cooperation in missile defense and discuss the ongoing realignment of U.S. troops in Japan, a news report said.

Japanese Foreign Minister Taro Aso and Defense Agency chief Fumio Kyuma will meet Secretary of State Condoleezza Rice and Defense Secretary-designate Robert Gates in Washington, Kyodo News agency reported, citing unidentified government officials.

Foreign and defense officials in Tokyo declined to confirm the report.

A Pentagon spokesman, Maj. David Smith, said there is interest in arranging one of these so-called "two-plus-two" meetings in which the defense and foreign ministers of each country meet to discuss a range of issues, but that no date has been set and no agenda has been agreed to.

The two countries are in the midst of a sweeping reorganization of the 50,000 U.S. soldiers based in Japan.

Officials from both sides say the deal will streamline U.S. forces in Japan and alleviate some of the grievances of people in Okinawa, a cramped southern island that hosts U.S. troops.

Japan and the United States have also stepped up efforts to build a joint missile defense system following North Korea's nuclear test in October.

Russian Concerns About Iran Resolution Eased (WP)

By Colum Lynch

The Washington Post, December 12, 2006

UNITED NATIONS, Dec. 11 -- Senior Russian officials said on Monday that European negotiators have overcome many of their objections to a draft U.N. Security Council resolution barring Iran's trade in sensitive nuclear materials and ballistic missiles, and that an agreement may be in sight.

But Moscow's and Beijing's U.N. envoys sought to eliminate, or at least water down, some of the resolution's toughest provisions. They include an asset freeze and a travel ban on 23 entities and people linked to Iran's nuclear and missile programs.

"We are still uncertain that as a matter of principle this travel ban should be included" in the resolution, Russia's ambassador, Vitaly I. Churkin, told reporters after two closed-door meetings of the five permanent council members and Germany.

Churkin expressed concern that financial sanctions on people and entities linked to Iran's nuclear programs could hamper Iran's legal nuclear energy work. "We need to make sure it's clear those financial actions don't impede those activities," he said.

Still, Russian Foreign Minister Sergei Lavrov praised the revised draft presented on Friday by Britain, France and Germany, saying it echoed Moscow's preference for pursuing a diplomatic strategy that encourages Iran "to sit down at the negotiating table." He said it was carefully drafted to ban only those sensitive nuclear activities, including the enrichment and reprocessing of uranium, that the council was seeking to stop.

"The new draft does not provide for blanket sanctions," Lavrov said, according to a report by Russian news agency Itar-Tass.

"It contains a concrete list of steps aimed at not allowing supplies of technology which causes concerns in the International Atomic Energy Agency," he said, referring to the Vienna-based U.N. nuclear watchdog.

The new initiative comes nearly nine months after the Security Council first called on Iran to halt its enrichment of uranium, citing concerns that it might be diverted to a clandestine nuclear weapons program.

Tehran has repeatedly ignored the 15-nation council's demands to suspend its enrichment activities, asserting that it is seeking to produce nuclear energy, not weapons.

Russia opposed an earlier European resolution on Iran, saying it would have prevented Tehran from pursuing a peaceful nuclear energy program. It also objected to a provision exempting a Russian deal to build an $800 million reactor at Bushehr, in southern Iran.

Russia maintains that Iran has the right, under the nuclear Non-Proliferation Treaty, to produce nuclear power at the Bushehr site, and that there is no reason to refer to it in the resolution.

The Bush administration had pressed for a broader ban on imports of nuclear and ballistic materials, citing concerns that Iran would use Bushehr and other facilities as a cover for diverting equipment and materials for production of nuclear weapons.

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The current European draft would ban trade only in those materials that can be linked to enrichment and reprocessing of uranium and construction of a heavy-water nuclear power reactor, which produces plutonium.

"We are focusing on what is really dangerous," said French Ambassador Jean-Marc de La Sabliere. He added that the council would lift sanctions if Iran suspends its most controversial nuclear activities.

Russian Envoy Praises U.N. Iran Draft (AP)

By Justin Bergman

AP, December 12, 2006

Russia's U.N. ambassador praised a Security Council draft resolution on Iran's nuclear program, saying his country's concerns had been taken into account as negotiators met behind closed doors Monday to discuss the text.

U.N. diplomats said negotiators wanted to move swiftly on the draft, which would impose sanctions against Iran for refusing to suspend uranium enrichment and urge it to negotiate over its nuclear program. They said they anticipate a Security Council vote before the end of the year.

The draft resolution, which was circulated to Security Council members Friday, has been reworked to try to satisfy changes sought by Russia — an Iranian ally and a veto-wielding member of the Security Council.

The new draft specifies in greater detail exactly what materials and technology would be prohibited from being supplied to Iran for possible use in its nuclear and missile programs. The Russians and Chinese had previously complained that proposed sanctions were too broad.

The draft also removes reference to a nuclear facility being built by the Russians at Bushehr, Iran — another demand by Russia. The facility, expected to go on line in late 2007, would be Iran's first atomic power plant.

Diplomats from the permanent Security Council members plus Germany met behind closed doors earlier Monday to discuss the new draft.

Russia's U.N. Ambassador, Vitaly Churkin, said afterward he was pleased with the direction of the talks.

"One important issue for us ... has been that we feel strongly that the Bushehr project has nothing to do with the subject matter of this resolution so now it's out of the draft and this is certainly an important development," he said.

Potential roadblocks remain in the text that could prevent Russia from supporting it. The new draft keeps a travel ban and asset freeze on companies, individuals and organizations involved in Iran's nuclear and missile programs, which Russia opposes.

A European diplomat said the draft likely would be introduced at Security Council consultations later in the day, but no vote was scheduled. He spoke on condition of anonymity because he was not authorized to speak to the media.

U.S. Ambassador John Bolton, who submitted his resignation last week, did not participate in Monday's negotiations.

Iran maintains its nuclear program is purely peaceful, aimed solely at producing nuclear energy, but the U.S. and its allies believe Tehran's enrichment activities are ultimately aimed at producing nuclear weapons.

Both Russia and China, which have major commercial ties with Iran, have continued to publicly push for dialogue instead of U.N. punishment, despite the collapse in October of European Union attempt to entire Iran into talks.

Students Cry 'Death To The Dictator' As Iranian Leader Speaks (NYT)

By Nazila Fathi

The New York Times, December 12, 2006

TEHRAN, Dec. 11 — Students disrupted a speech by President Mahmoud Ahmadinejad on Monday at a major university in Tehran, setting fire to photographs of him and throwing firecrackers.

The protesters chanted "death to the dictator" and demanded the resignation of Alireza Rahai, a conservative and the chancellor of the institution, Amirkabir University, the Iranian Student News Agency reported.

Mr. Rahai was appointed to the post after Mr. Ahmadinejad was elected. Amirkabir, a polytechnic university in downtown Tehran, has been a center of student dissent.

It was the first major public protest against Mr. Ahmadinejad since his election more than a year ago.

Mr. Ahmadinejad cut his speech short and left as his security guards tried to stop angry students, who kicked at the car that carried him away, witnesses said. The guards did not remove the students or use force to stop the protests.

Since Mr. Ahmadinejad took office, government pressure has increased on Iranians who have actively promoted changes to create a more open society. As part of the crackdown, dozens of university students around the country have been barred from taking classes this year, and a substantial number of professors have been demoted or forced to resign.

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A major reformist newspaper, Shargh, was shut down in September and several of its veteran journalists were barred from working. The government has blocked thousands of news Web sites and blogs in an effort to limit the access of Internet users to independent news outlets.

Over the summer, Mr. Rahai, the university chancellor, had the office of a reformist student group, the Islamic Association, leveled by a bulldozer.

In his speech on Monday, responding to the protests, Mr. Ahmadinejad said, “Everyone should know that Ahmadinejad is prepared to be burned in the path of defending freedom and truth.”

When the students chanted, “death to the dictator,” he said, “Today, the worst type of dictatorship in the world is the American dictatorship, which has been clothed in human rights.”

He added, “Our students are free and they fight and die but do not accept the foreigners’ mission or bend to them.”

The student news agency reported that one reformist student complained to Mr. Ahmadinejad that the president’s supporters in the audience, who clashed with the protesters, had been bused in from other places. Another student was quoted as saying to him that the security apparatus at the university would probably be busy in the next few days dealing with the protesting students.

In a statement carried on the students’ Web site, advarnews.com, they announced that they had been protesting the growing political pressure under Mr. Ahmadinejad, also accusing him of corruption, mismanagement and discrimination.

“The students showed that despite vast propaganda, the president has not been able to deceive academia,” the statement added.

About 1,000 students at Amirkabir also protested Sunday to denounce the increasing pressure on the reformist group at the university, newspapers reported Monday.

Last week, 2,000 students protested at Tehran University on the country’s annual student day, with speakers saying there had been a crackdown on dissent at universities since Mr. Ahmadinejad was elected.

Iran Students Disrupt President's Speech (AP)

By Nasser Karimi

AP, December 12, 2006

Iranian students staged a rare demonstration Monday against President Mahmoud Ahmadinejad, lighting a firecracker and burning his photograph as he delivered a speech at their university, the state news agency reported.

The hard-line leader responded calmly when a small group of students in a crowded hall at Amir Kabir Technical University started chanting "Death to the dictator!" the Islamic Republic News Agency reported.

"We have resisted dictatorship for many years — from before the 1979 Islamic Revolution," Ahmadinejad said, according to the agency. "Nobody can bring back a dictatorship even in the name of freedom."

Anti-government protests have been extremely rare since Ahmadinejad was elected in 2005 — even in universities which were once a stronghold of the pro-reform movement. Reformists had already been deeply demoralized before his victory, pushed out of power by hard-liners in Iran's cleric-led government.

The disturbances began when a group of students started chanting during the speech. One held up a poster that read: "Fascist president, the Polytechnic is not a place for you."

They held an Ahmadinejad picture up and set it alight, then a student set off a firecracker.

Ahmadinejad supporters in the audience began to chant in response, silencing the protesters. The president then continued his speech.

No arrests were reported.

Ahmadinejad has moved to squeeze out liberal and secular university professors and has threatened an outright purge. He named a cleric to head Tehran University for the first time, and dozens of liberal professors were sent into retirement in the past year, though many still remain in their positions.

Last week, hundreds of opposition students in University of Tehran staged a short demonstration, demanding more freedoms.

Iran's reform movement peaked in the late 1990s after pro-reform President Mohammad Khatami was elected and his supporters swept parliament. But hard-liners who control the judiciary, security forces and powerful unelected bodies in the government stymied attempts to ease social and political restrictions.

Numerous pro-reform newspapers were shut down, and since Ahmadinejad's election those that remain have been muted in their criticism, fearing closure. A few months ago the government banned a newspaper that had satirized Ahmadinejad in a cartoon.

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Iran Conference Questions Holocaust (FT)

By Gareth Smyth

Financial Times, December 12, 2006

Iran and the west re-opened their war of words on Monday as a two-day conference on the Holocaust opened in Tehran.

The event has been billed as an objective examination of historical fact, although interest has fed off the international furore sparked by president Mahmoud Ahmadi-Nejad's verbal attacks on Israel by and his questioning of the Holocaust.

Manouchehr Mottaki, foreign minister, told delegates there was "no reason to be against a scientific conference". But he did not explain why invitees included David Duke, a former leader of the Ku Klux Klan, the militant white supremacist group better known for lynchings and arson than scientific endeavour.

Ahmad Zeidabadi, a reformist journalist who specialises in the Israeli-Palestinian conflict, said the conference was part of Mr Ahmadi-Nejad's efforts to court popularity among "the masses in the Islamic world".

"It also helps satisfy his radical supporters who have seen their president fail to deliver on promises like fighting poverty, corruption, prostitution, inflation and unemployment," added Mr Zeidabadi, who was jailed in 2000 and 2003 for his journalism.

To highlight Europe's prosecution of Holocaust-deniers, the foreign ministry invited Georges Thiel, who has been imprisoned in France for distributing denial literature.

Mr Thiel duly told the conference the widely accepted version of the Holocaust was "an enormous lie". "Jewish people have been persecuted, that is true, they have been deported, that is true, but there was no machinery of murder in any camp - no gas chambers," he said.

Also in attendance was Ahron Cohen, a British Orthodox rabbi from the anti-Zionist Neturei Karta movement. He said there had "certainly" been a Holocaust, but this could "in no way ... be used as a justification for perpetuating unjust acts against the Palestinians".

Mr Mottaki took up the theme that the Jewish holocaust had been used by Zionist Jews to create and justify the state of Israel.

"If, during this review, it is proved the holocaust was a historical reality, then why have the Muslim people of the region and the Palestinians had to pay the cost of the Nazis' crimes?" he asked.

The event was attacked by Morris Motamed, who represents Iran's 20,000-30,000 Jews in Tehran's parliament. The event "hurts all Jews ... who are very sensitive about this red line in their history, the biggest human catastrophe ever", he said.

Ehud Olmert, the Israeli prime minister, said the conference showed "the depth of hatred and the radical fundamentalism within the Iranian government" and the official Holocaust memorial Yad Vashem said it attempted to "paint [an] extremist agenda with a scholarly brush".

Germany summoned Iran's charge d'affaires to rebuke "any attempt, in the past or in the future, to give a forum to those who relativise or question the holocaust". A US state department spokesman said the conference was "yet another disgraceful act on this particular subject by the regime in Tehran".

While the conference grabbed western attention, few people questioned by the FT in a Tehran bazaar had heard of it. "I read something about it a while ago in Shargh [a reformist newspaper], but I turned quickly to the 'Ideas' page, which is my favourite," said a man in his 60s.

Ismail Haniya, prime minister of the Palestinian Authority, also appeared uninterested, ending his four-day official visit to Iran on Sunday, a day before the conference opened.

Rather than attend the conference, Mr Ahmadi-Nejad went on Monday to address students at the Amir Kabir university, where he received a lively reception on a campus known for protest.

After some students burned his picture in front of him and heckled him as "a dictator", the president told his audience that "dictator" was only one of 16 labels given him by the western media, including "terrorist" and "executioner".

"Everyone knows the big dictator is the US," he said, "and that Ahmadi-Nejad is a [simple] student and will remain so."

Mr Ahmadi-Nejad faces an important test of his popularity on Friday, when his sister Parvin heads one of three main lists contesting the election for Tehran's city council.

Iran Opens Conference On Holocaust (NYT)

By Nazila Fathi

The New York Times, December 12, 2006

TEHRAN, Dec. 11 — Iran held a gathering that included Holocaust deniers, discredited scholars and white supremacists from around the world on Monday under the guise of a conference to "debate" the Nazi annihilation of six million Jews.

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Among those representing the United States was the former Ku Klux Klan leader David Duke, whose prepared remarks, issued by the Iranian Foreign Ministry, said the gas chambers in which millions perished actually did not exist.

Robert Faurisson, an academic from France, said in his speech that the Holocaust was a myth created to justify the occupation of Palestine, meaning the creation of Israel.

That is what Iran's president, Mahmoud Ahmadinejad, has frequently claimed, and it was Mr. Ahmadinejad's statements that inspired the Foreign Ministry to hold the conference. The ministry said 67 people from 30 countries were participating in the two days of meetings.

In a welcoming speech, Rasoul Mousavi, head of the Foreign Ministry's Institute for Political and International Studies, said the session would provide an opportunity to discuss the Holocaust "away from Western taboos and the restriction imposed on them in Europe." In several European countries, denial of the Holocaust is a crime.

An accompanying exhibition also denied the Holocaust. One poster with three photographs showed dead bodies and described accounts of their gassing as a myth. Signs pointed to smiling prisoners freed at the end of the war with the label "truth."

New captions in Persian on other pictures of corpses described them as victims of a typhus epidemic in Europe, not of the Nazi death machine.

Speakers at the conference praised Mr. Ahmadinejad's comments about the Holocaust.

Bendikt Frings, 48, a psychologist from Germany, said he believed that Mr. Ahmadinejad was "an honest, direct man." He said he had come to the conference to thank the president for what he had initiated.

"We are forbidden to have such a conference in Germany," he said. "All my childhood, we waited for something like this."

Frederick Toben, from Australia, said Mr. Ahmadinejad had opened an issue "which is morally and intellectually crippling the Western society."

"People are imprisoned in Germany for denying the Holocaust," he added. Mr. Toben said that he was jailed for six months in 1999 for his ideas and that there was a court order in Germany to arrest him if he again spoke against the Holocaust.

Mr. Duke's speech argued that inventions about what happened to Europe's Jews were part of a plot. He said, "Depicting Jews as the overwhelming victims of the Holocaust gave the moral high ground to the Allies as victors of the war and allowed Jews to establish a state on the occupied land of Palestine."

There were also members of anti-Zionist ultra-Orthodox Jewish sects in attendance. One Jewish participant in a long black coat and hat wore a badge saying: "A Jew, not a Zionist."

A 2004 book by an American author, Michael Collins Piper, "The New Jerusalem: Zionist Power in America," was on sale for $20.

It was not clear how the speakers were assembled. The institute's Web site invited scholars and researchers to submit their papers in advance. The Foreign Ministry provided little information about the participants, saying that it feared they would be prosecuted by their countries.

The organizers said they planned for "both sides" to be heard, but none of the speeches collected in the ministry's book or any of the exhibitions spoke of the reality of the Nazi killing. A CD with the stories of 12 Holocaust survivors was said to be available.

The event has sparked outrage in the West.

Germany summoned the Iranian chargé d'affaires to express its anger, and the French foreign minister, Philippe Douste-Blazy, has condemned the conference.

Last summer, Iran created a contest for cartoons about the Holocaust in reaction to the controversy over Danish cartoons lampooning the Prophet Muhammad.

The Iranian Jewish community reacted angrily to Mr. Ahmadinejad's comments last year and said his words had spread fear among them.

"We consider the Holocaust as a fact and a disgrace for humanity," the head of the community, Haround Yashayai, said Monday.

Tehran's Holocaust Lesson (WP)

By Anne Applebaum

The Washington Post, December 12, 2006

Yesterday the Iranian Foreign Ministry held an international conference. Nothing unusual in that: Foreign ministries hold conferences, mostly dull ones, all the time. But this one was different. For one, "Review of the Holocaust: Global Vision" dealt with history, not current politics. Instead of the usual suspects -- deputy ministers and the like -- the invitees seem to have included David Duke, a former Ku Klux Klan leader; Georges Theil, a Frenchman who has called the Holocaust "an enormous lie"; and Fredrick Toeben, a German-born Australian whose specialty is the denial of Nazi gas chambers.

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The guest list was selective: No one with any academic eminence, or indeed any scholarly credentials, was invited. One Palestinian scholar, Khaled Kasab Mahameed, was asked to come but then barred because he holds an Israeli passport -- and also perhaps because he, unlike other guests, believes that the Holocaust really did happen.

In response, Europe, the United States and Israel expressed official outrage. The German government, to its credit, organized a counter-conference. Still, many have held their distance, refusing to be shocked or even especially interested. After all, the Holocaust ended more than six decades ago. Since then, victims of the Holocaust have written hundreds of books, and scholarship on the Holocaust has run into billions of words. There are films, photographs, documents, indeed whole archives dedicated to the history of the Nazi regime. We all know what happened. Surely Iran's denial cannot be serious.

Unfortunately, Iran is serious -- or at least Iran's president, Mahmoud Ahmadinejad, is deadly serious: Holocaust denial is his personal passion, not just a way of taunting Israel, and it's based on his personal interpretation of history. Earlier this year, in a distinctly eerie open letter to the German chancellor, Angela Merkel, he lauded the great achievements of German culture and lamented that "the propaganda machinery after World War II has been so colossal that [it] has caused some people to believe that they are the guilty party."

Such views hark back to the 1930s, when the then-shah of Iran was an admirer of Hitler's notion of the "Aryan master race," to which Persians were said to belong. Ahmadinejad himself counts as a mentor an early Muslim revolutionary who was heavily influenced by wartime Nazi propaganda. It shows.

Of course, Holocaust denial also has broader roots and many more adherents in the Middle East, which may be part of the point, too: Questioning the reality of the Holocaust has long been another means of questioning the legitimacy of the state of Israel, which was indeed created by the United Nations in response to the Holocaust, and which has indeed incorporated Holocaust history into its national identity. If the Shiite Iranians are looking for friends, particularly among Sunni Arabs, Holocaust denial isn't a bad way to find them.

But this week's event has some new elements too. This is, after all, an international conference, with foreign participants, formal themes (example: "How did the Zionists collaborate with Hitler?") and a purpose that goes well beyond a mere denunciation of Israel. Because some countries once under Nazi rule have postwar laws prohibiting Holocaust denial, Iran has declared this "an opportunity for thinkers who cannot express their views freely in Europe about the Holocaust." If the West is going to shelter Iranian dissidents, then Iran will shelter David Duke. If the West is going to pretend to support freedom of speech, then so will Iran.

Heckled for the first time in many months by demonstrators at a rally yesterday, Ahmadinejad responded by calling the hecklers paid American agents: "Today the worst type of dictatorship in the world is the American dictatorship, which has been clothed in human rights." The American dictatorship, clothed in human rights and spouting falsified history: It's the kind of argument you can hear quite often nowadays, in Iran as well as in Russia and Venezuela, not to mention the United States.

All of which is a roundabout way of saying that this particular brand of historical revisionism is no joke, and we shouldn't be tempted to treat it that way. Yes, we think we know this story already; we think we've institutionalized this memory; we think this particular European horror has been put to rest, and it is time to move on. I've sometimes thought that myself: There is so much other history to learn, after all. The 20th century was not lacking in tragedy.

And yet -- the near-destruction of the European Jews, in a very brief span of time, by a sophisticated European nation using the best technology available was, it seems, an event that requires constant reexplanation, not least because it really did shape subsequent European and world history in untold ways. For that reason alone it seems the archives, the photographs and the endless rebuttals will go on being necessary, long beyond the lifetime of the last survivor.

Iranian Resistance Group Worries Tehran Officials (WSJ)

The Wall Street Journal, December 12, 2006

The article "Iranian Imbroglio Gives New Boost to Odd Exile Group" (page one, Nov. 29) asserted that most American officials dispute claims of the People's Mojahedin Organization of Iran, the main Iranian resistance movement, of "having a mass following in Iran, stressing that many Iranians despise the organization." Believing this would lead one to wonder why a "terrorist" labeling of such an "isolated" organization should be such a big deal for the clerical regime, as has been underscored by Martin Indyk, the assistant secretary of state for Near East Affairs at the time, who stated in the article that the Khatami government "considered it a pretty big deal."

The Washington-based Iran Policy Committee, in a study of the regime's official media, established in 2006 that Tehran paid five times more attention to the PMOI than to all other internal and external opposition groups combined. The Associated Press reported from Tehran on Dec. 5 that the Iranian regime has blocked access to YouTube.com mainly because videos from the PMOI have been posted on this site.

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In reference to the assertion that the organization received help from the former Iraqi government, the article leaves unanswered one simple question: Four years into the downfall of the former Iraqi government, who finances the expenses of this elaborate resistance that operates inside and outside of Iran so extensively? Answer: The very same Iranian people who have been the sole source of support for the past 27 years.

Shahin Gobadi
Press Spokesman
National Council of Resistance of Iran
London

Siniora Stands Fast (WP)

By David Ignatius
The Washington Post, December 12, 2006

BEIRUT -- The Lebanese not so long ago liked to refer to their gaudy capital as "the Paris of the Orient." But on Sunday afternoon, with more than a half-million pro-Hezbollah demonstrators chanting "Death to America!" and "Death to Israel!" in the heart of downtown, the Lebanese capital seemed more like a vision of Tehran.

The very incongruity of this scene, in the most Westernized city in the Arab world, makes me wonder if Hezbollah is overplaying its hand in its campaign to oust the pro-American government of Prime Minister Fouad Siniora. America isn't very popular here, after its ally Israel bombed the country's infrastructure last summer in reprisal for Hezbollah's kidnapping of two Israeli soldiers. But for all their anger at America and Israel, the Lebanese aren't likely to defect to the Iranian camp.

Watching the demonstrations with seeming serenity is Siniora himself, the man the Hezbollah protesters are targeting. When I visited him Monday, he had been holed up in his office for 10 days, surrounded by Lebanese soldiers and acres of barbed wire. During our discussion he was the picture of calm and confidence. That's been his tactic as the protests have mounted: The louder Hezbollah's leader, Hasan Nasrallah, has called for his head, the quieter has been Siniora's response.

Siniora hasn't yet found a way out of the impasse, and the crisis is giving the country a serious case of the jitters. But he did seem to strike a chord with many Lebanese when he said last Friday, after an especially feverish speech by Nasrallah: "You are not our lord. . . . Who made you a judge over us to decide who is a traitor or a nationalist?" He said Nasrallah's supporters were attempting a coup d'etat.

The Lebanese prime minister continued his measured tone in his conversation with me Monday. "I think Nasrallah has become very much tense," he said. "He is between a rock and a hard place. Everybody knows the influence being exercised on Hezbollah by Iran and Syria." He said at another point of Nasrallah, "He has lost the battle."

"We all have to realize we have Iran on our borders," Siniora explains. "But Iran has to understand it cannot impose things on the Arabs. This is not helpful to them." When I asked Siniora if he thought the Iranians had gotten this message, he answered: "Not yet."

Siniora said he is looking for a compromise -- he used the Arabic word taswiyah, which means an arrangement short of a final settlement -- that will defuse the crisis before it explodes into open sectarian conflict. He said there are various formulas, short of a paralyzing veto, for giving the opposition a stronger voice in the government. He used the phrase "the majority" to describe the pro-government coalition of Sunni Muslims, Druze and some Christians and "the minority" to describe Nasrallah's coalition of Shiite Muslims and Christians led by former general Michel Aoun.

The prime minister's apparent confidence isn't widely shared in the Lebanese capital, which is bracing for another escalation of Hezbollah's tactics. Beirut isn't on the edge of civil war, but there are some spooky precursors. A Shiite friend tells me he is beginning to feel unsafe living in a Sunni neighborhood. When you drive home at night, he says, "the watchers are out."

The hard edge of Siniora's strategy, hidden behind his lawyerly calm, is that he is prepared to play the sectarian game, too. An ominous sign of the dangers ahead was a huge counter-rally Sunday in support of the government by angry Sunnis in the northern city of Tripoli. "They don't have the numbers," Siniora said of the Hezbollah-Aoun alliance. "The majority can send to the street more than what the opposition can send."

The Sunni trump card is rarely discussed but universally understood: Syria, a crucial ally of Hezbollah, is an overwhelmingly Sunni country. If the Syrian-Iranian alliance squeezes the Sunnis in Lebanon too hard, there is likely to be a backlash inside Syria. Here's the way Siniora delicately phrased it to me: "The Syrian position is what it is. It has to be part of the Arab world, not the Iranian overall plans in the region."

And what of America, whose supposed mastery of Lebanon enrages the demonstrators outside Siniora's office? Its diplomacy unfortunately has been as feckless here as elsewhere in the region. Despite American promises to bolster Siniora by getting a map of Israeli land mines in southern Lebanon, or exploring Lebanese claims to a disputed, Israeli-occupied territory

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known as Shebaa Farms, the Bush administration has done little. "America gives us letters of support," says Siniora. "We get tons of paper, which can't be recycled."

In A Slip, Israel's Leader Seems To Confirm Its Nuclear Arsenal (NYT)

By Greg Myre

New York Times, December 12, 2006

JERUSALEM, Dec. 11 — Israel's prime minister, Ehud Olmert, appeared to acknowledge inadvertently during a TV interview shown Monday that Israel has nuclear weapons, an issue on which the Jewish state has sought to maintain ambiguity for decades.

However, Mr. Olmert's aides said later that there was no change in Israel's policy of refusing to confirm or deny whether it has nuclear weapons.

In an interview with the N24 cable news channel in Germany, Mr. Olmert was asked about Iran's nuclear program. He gave a lengthy response, saying that the United States, France, Britain and Russia had nuclear weapons, and were "civilized countries that do not threaten the foundations of the world."

Mr. Olmert then added: "Iran openly, explicitly and publicly threatens to wipe Israel off the map. Can you say that this is the same level, when they are aspiring to have nuclear weapons as America, France, Israel, Russia?"

The interview was held Friday in Israel but shown Monday, timed to coincide with Mr. Olmert's visit to Germany.

Mr. Olmert's spokeswoman, Miri Eisin, said by telephone, "Israel's policy has not changed." The prime minister and other officials have consistently said that Israel would not be the first country to introduce nuclear weapons in the Middle East.

For decades, Israel has refused to say whether or not it has nuclear weapons despite the seemingly universal belief that it possesses them.

While Israel prefers not to discuss the nuclear issue at all, the policy of intentional ambiguity is seen as a way of creating a deterrent, without making it explicit, a position that could invite sanctions or encourage an arms race in the Middle East.

Avner Cohen, an Israeli who has written about Israel's nuclear program, said that "Israel's ambiguity policy has become so anachronistic."

"The world has taken Israel as a nuclear weapons state for about 40 years," said Mr. Cohen, a senior research fellow at the University of Maryland.

He said that in the 1970s, an Israeli president, Ephraim Katzir, caused a stir when he accidentally acknowledged that Israel had nuclear capability. "An older generation of leaders had a real taboo about talking about this," Mr. Cohen said. But Mr. Olmert, he added, is of a younger generation that "treats the issue much more normally."

Last week, Robert M. Gates also seemed to acknowledge an Israeli nuclear arsenal, at his Senate confirmation hearing to become secretary of defense. Of Iran, he said, "They are surrounded by powers with nuclear weapons: Pakistan to their east, the Russians to the north, the Israelis to the west and us in the Persian Gulf."

'Distant Threats' Push Israel To Boost Warplanes' Range (USAT)

By Yaakov Katz Special For

USA Today, December 12, 2006

TEL AVIV — Israel's air force plans to enhance its air-refueling capabilities, increasing the range of its warplanes. The changes come as Iran emerges as an increasing threat.

Air Force Brig. Gen. Yohanan Loker has said the program would help Israel meet "emerging distant threats," though he did not mention Iran.

Iran's border is more than 700 miles from Israel. The range of Israeli F-16s without refueling is about 1,300 miles.

One option the air force is considering is the purchase and development of drones, or unmanned aerial vehicles, to serve as refueling tankers for attack jets and other aircraft used in long-range missions.

The air force also could modernize its refueling fleet and convert U.S.-manufactured executive jets, such as the Gulfstream G550, into airborne fuel tankers.

"If you have fuel, you can reach distant targets, better utilize your assets and carry larger amounts of weapons," Loker has said.

Israel has reached distant targets before. In 1981, eight F-16 fighters escorted by six F-15s flew nearly 650 miles each way to bomb the Osirak reactor in Iraq, just south of Baghdad. The attack eliminated Saddam Hussein's nuclear program at the time.

Aerial-refueling aircraft were not used in the Osirak strike. The F-16s were fitted with extra fuel tanks, so the planes had to carry less ammunition.

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In 1976, Israeli air force C-130 transport planes carried commandos 2,500 miles to the Entebbe Airport in Uganda and rescued 248 hostages taken captive aboard an Air France flight.

If Israel attacked Iran's nuclear sites, it would be primarily an airstrike, said retired brigadier general Asaf Agmon, a former Israeli air force commander now at the Fisher Brothers Institute for Air and Space Strategic Studies near Tel Aviv.

Israeli planes could reach Iranian airspace, but extra fuel would be needed to allow planes to spend time over a target before returning.

Iran's nuclear program is dispersed among a number of locations.

The planes might also be forced to use more fuel if neighboring countries, such as Jordan and Iraq, refused to allow them into their airspace.

"Osirak was a quick airstrike and was only one target," said Yiftah Shapir, a former air force intelligence officer and an analyst with the Jaffee Center for Strategic Studies. "Iran's nuclear program includes dozens of targets that would all need to be completely destroyed."

The quickest route to Iran would be over Jordan and Iraq. But that way would be diplomatically tricky, Agmon said. "Israel has a peace agreement with Jordan and cannot just violate their airspace," he said.

The advantage of unmanned refueling tankers is that they would minimize the risk to pilots and would be harder for enemy radar to spot because they are relatively small. They would also be able to spend extended periods in the air — some can stay airborne for 24 hours — without the need to refuel or land to switch pilots.

"The UAVs can add tremendous capabilities to the piloted fighter jets," Agmon said, referring to unmanned aerial vehicles.

Israel would be the first country to develop drone refuelers, Agmon said.

Israel's current refueling fleet consists of three Boeing 707 air-refueling aircraft and three KC-130 tankers. All were purchased in the 1970s.

The Israeli air force inaugurated in September its first AWACS (Airborne Warning and Control System) flight in 14 years.

AWACS planes are equipped with advanced radar systems and serve as a substitute to land-based command-and-control stations in long-range operations.

The aircraft provide fighter pilots with a picture of enemy radar and anti-air weapons before they reach the targets.

It's Not Apartheid (WP)

By Michael Kinsley

The Washington Post, December 12, 2006

In the six decades since the founding of Israel, there have been about one and a half new ideas for solving the most intractable problem on the map of the world. In fact, ever since Britain's Balfour Declaration (1917) made incompatible promises to Jews and Arabs struggling over the same tiny plot of land, most would-be solutions have counted on an outbreak of goodwill among the Middle East's warring parties. This tradition continues in the Iraq Study Group report, which declared: "There must be a renewed and sustained commitment by the United States to a comprehensive Arab-Israeli peace on all fronts" as a small warm-up for tackling the problem of Iraq.

What a good idea! And then we'll cure cancer, to pave the way for health care reform. Why, of course all of humanity should put down its weapons and learn to live together in harmony and siblinghood -- most especially in the Holy Land, birthplace of three great religions (so far). In fact it is downright inexplicable that peace and goodwill have not broken out spontaneously in the Middle East, even though this has never happened anywhere else either.

This is what special commissions are for, although this agreeably tough-sounding demand for comprehensiveness directly conflicts with the half of an idea mentioned above, which went by the name of "road map." It was only half an idea, let's call it a notion, because this notion still depended on something close to a change in human nature. But the road map made this seem more plausible. The notion was that abandoning the melodrama of a comprehensive settlement and settling for a series of smaller steps over many years might help the parties to develop mutual trust. Or at least this was a better bet than expecting each side to make a leap of faith into the arms of the other.

Meanwhile, the one full new idea in the Israel-Arab conflict came from Ariel Sharon, of all people. This oafish former general, who supervised the Sabra and Shatila massacres of Palestinians in Lebanon back in 1982, as prime minister more recently took up the philosophy in that Robert Frost poem: "Good fences make good neighbors." Rather than wait a few million years for evolution to purge Israelis and Arabs of their animosity, just keep them apart with a fence or a wall and related rules. Yes, of course, the walls and the rules favored Israel and were a far greater burden on Arabs than Israelis. But that is the kind of thing you can negotiate.

Comes now former president Jimmy Carter with a new best-selling book, "Palestine: Peace Not Apartheid." It's not clear what he means by using the loaded word "apartheid," since the book makes no attempt to explain it, but the only reasonable

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interpretation is that Carter is comparing Israel to the former white racist government of South Africa. That is a foolish and unfair comparison, unworthy of the man who won -- and deserved -- the Nobel Peace Prize for bringing Israel and Egypt together in the Camp David Accords, and who has lent such luster to the imaginary office of former president.

I mean, what's the parallel? Apartheid had a philosophical component and a practical one, both quite bizarre. Philosophically, it was committed to the notion of racial superiority. No doubt many Israelis have racist attitudes toward Arabs, but the official philosophy of the government is quite the opposite, and sincere efforts are made to, for example, instill humanitarian and egalitarian attitudes in children. That is not true, of course, in Arab countries, where hatred of Jews is a standard part of the curriculum.

The practical component of apartheid involved the creation of phony nations called "Bantustans." Black South Africans would be stripped of their citizenship and assigned to far-away Bantustans, where often they had never set foot. The goal was a racially pure white South Africa, though the contradiction with the need for black labor was never resolved. Here might be a parallel with Israel, which needs the labor of the Arabs it is trying to keep out.

But in other ways, the implied comparison is backward. To start with, no one has yet thought to accuse Israel of creating a phony country in finally acquiescing to the creation of a Palestinian state. Palestine is no Bantustan. Or if it is, it is the creation of Arabs, not Jews. Furthermore, Israel has always had Arab citizens. They are a bit on display, like black conservatives at a Republican convention. No doubt they suffer discrimination. Nevertheless, they are citizens with the right to vote and so on.

There used to be Jews living in Arab nations, but they also fled, in 1948 and subsequent years -- in numbers roughly equivalent to the Arabs who fled Israel. Now there are virtually no Jews in Arab countries -- even in a moderate Arab country such as Jordan. How many Jews do you think there will be in the new state of Palestine when its flag flies over a sovereign nation?

And the most tragic difference: Apartheid ended peacefully. This is largely thanks to Nelson Mandela, who turned out to be miraculously forgiving. If Israel is white South Africa and the Palestinians are supposed to be the blacks, where is their Mandela?

Killing Of 3 Young Children Worsens Palestinian Tension (NYT)

By Greg Myre

The New York Times, December 12, 2006

JERUSALEM, Dec. 11 — Gunmen sprayed a car with bullets Monday morning in Gaza City, killing three young brothers, ages 3 to 9, who were the sons of a senior Palestinian security officer. The shootings further inflamed an already tense situation among Palestinian factions locked in a political power struggle.

No group claimed responsibility for shooting the brothers, though their father is a member of Fatah, the secular faction that long dominated Palestinian politics and is now in an escalating confrontation with Hamas, the militant Islamic group that currently heads the government.

While Palestinian factions have frequently battled in recent years, the fighting has not spiraled entirely out of control. However, the deaths of the three boys outraged many Palestinians and heightened fears that they could cause revenge attacks.

The boys' father, Baha Balousha, a colonel in the General Intelligence service, was regarded as one of the figures involved in a Palestinian Authority crackdown on Hamas members a decade ago and has long been at odds with the group, Palestinians said.

In a large, unruly funeral for the boys on Monday afternoon, Fatah members fired their guns into the air as the procession wound its way through the dusty streets of Gaza City. Fatah supporters also set tires ablaze, blocking main streets, and many stores and schools closed.

The Palestinian Authority president and Fatah leader, Mahmoud Abbas, speaking in the West Bank city of Ramallah, called the shooting "an ugly and inhuman crime perpetrated by a bunch of lowlifes."

The attack began as three masked gunmen emerged from two cars and opened fire with automatic rifles, pumping bullets into the white sedan that was carrying the boys from their home to a private school in the Rimal neighborhood of Gaza City. The bullets killed Osama Balousha, 9, and his brothers Ahmed, 6, and Salam, 3. The car was pocked with dozens of bullets, and the seats and schoolbags inside were drenched with blood.

Mr. Balousha, who was at home but usually travels in the car, may have been the intended target. The car had darkened windows, making it difficult to determine who was inside. Mr. Balousha escaped an attack by gunmen in September.

His driver and bodyguard use the car to take the children to school each day before returning for him, family members said. The bodyguard was killed and the driver seriously wounded in the shooting on Monday, Shifa Hospital said.

Mr. Balousha said people whom he did not identify, who want the Palestinian presidency and its intelligence services to fail, were responsible for the killings. In recent months, Palestinian gunmen have carried out several shootings against Fatah members in the General Intelligence service, which deals with a range of security issues.

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While security officials have been targets, it is highly unusual for their family members to come under attack. Also, Gaza's lawlessness is not limited to the rival political factions. Criminal gangs and powerful clans have also been involved in violence in many instances, making it difficult to determine who is behind many of the attacks.

Just a day earlier, unidentified gunmen fired on a convoy of cars carrying the Palestinian interior minister, Siad Siam, but no one was hurt. He is responsible for many of the Palestinian security agencies, but his authority is limited because he is a Hamas member, while most security agencies are led by longtime Fatah loyalists.

Fatah members of Parliament issued a statement calling on the president to dismiss the Hamas government, saying the group was "pushing us with its policies and programs to civil war."

Hamas denounced the killings.

"This is a gruesome crime," said Mahmoud Zahar, the Palestinian foreign minister and a Hamas leader. "Those who committed this crime have no conscience and are using it for political goals."

The factions have been holding talks to try to form a national unity government, but Mr. Abbas says those talks are at a dead end. He is expected to make an announcement soon on how he intends to break the deadlock, and associates say he is leaning toward new elections for both the presidency and the legislature.

However, Hamas is challenging his authority to call an early parliamentary ballot, saying such a move would amount to an attempted coup.

The Israeli newspaper Haartez reported Monday that Mr. Abbas was offering the job of national security adviser to Muhammad Dahlan, a former Gaza security chief and a prominent Fatah member who has a long-running rivalry with Hamas. Palestinian officials have not commented on the report.

When the Palestinian Authority was established in 1994, the Palestinian leader at the time, Yasir Arafat, created multiple security agencies and packed them with Fatah members. Hamas refused to take part in the Palestinian Authority, and few of its loyalists took government positions or joined the security forces.

But since Hamas won Palestinian parliamentary elections in January, the group has been feuding with Fatah over control of the security forces.

Under the Palestinian system, the president, the prime minister and the interior minister are supposed to share authority over the security agencies, and all belong to the National Security Council.

However, the prime minister, Ismail Haniya, of Hamas, and the interior minister, Mr. Siam, have established little control. Fatah members still dominate the security agencies, and with Israel and Western countries cutting off money to the Hamas-led government, security force members and other government workers have been paid only sporadically this year.

The Hamas government has effectively created its own security agency, the Executive Force, which consists of several thousand members. Most either belong to Hamas or are closely aligned with it.

Deaths Of 3 Children Threaten Gaza Peace (AP)

By Mark Lavie

AP, December 12, 2006

By threatening to ignite a Palestinian civil war, the killing of three children in the Gaza Strip on Monday has jeopardized Israeli Prime Minister Ehud Olmert's efforts to restart long-stalled peace talks.

As violence between the two main Palestinian factions has intensified, hopes are fading for a Palestinian national unity government — seen as a precondition for renewed negotiations with Israel. Olmert is offering the Palestinians far-reaching concessions and a state of their own if they choose the path of peace talks.

"It's one of those situations where all Israel can do is wait it out," said Shmuel Sandler, a professor of political science at Bar Ilan University outside Tel Aviv.

The apparent target of the drive-by shooting in Gaza City was Baha Balousheh, a top Palestinian security officer and Fatah loyalist. He blamed the rival Hamas, although the Islamic movement denied responsibility and denounced the killings.

Balousheh's three children — 3-year-old Salam, 6-year-old Ahmed and 9-year-old Osama — were in the family car on their way to school when gunmen opened fire from two vehicles. The three were killed along with their driver. Doctors said one of the boys was hit by 10 bullets to the head.

Since January elections in which the radical Hamas ousted Fatah, the traditional dominant force in Palestinian politics, there have been periodic flare-ups of violence between the two sides.

The West, labeling Hamas a terror group, cut off aid to the Palestinian government in March, insisting it must recognize Israel, renounce violence and accept previous peace pacts.

Hamas refuses to take any of those steps, so President Mahmoud Abbas, a moderate who was elected separately, has been trying to create a new government with his Fatah party and Hamas in joint control — to no avail.

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Another round of violence, triggered by the killing of the children, would contribute to the "chaos that dominates the Gaza scene," said Ron Pundak, director of the Peres Peace Center and one of the authors of the first Israel-Palestinian partial peace agreement in 1993.

In a Nov. 27 policy speech, Olmert appealed to the Palestinians to accept the international conditions and re-enter peace negotiations. If they do, they "will be able to establish an independent and viable Palestinian state, with territorial contiguity in Judea and Samaria, a state with full sovereignty and defined borders," Olmert said, referring to the West Bank by its biblical name.

But Israeli observers said that's unlikely if the internal Palestinian violence continues and the Hamas-led government does not moderate its policies or allow installation of a new, more moderate government.

Analyst Dore Gold, who served as an adviser to former Prime Minister Ariel Sharon, said that despite Olmert's offers, the Palestinians are not ready for peace talks.

"Until there is orderly government that takes seriously the security commitments the Palestinians undertook in the past and recognizes Israel's right to exist, negotiations might make nice photo opportunities, but would yield no positive results whatsoever," he said.

However, Pundak said Israel and the West can still save the situation by giving the Palestinians some hope, "not just a declaration of two states, but a clear picture of where it's going — and secondly, a feeling of a quick economic boost."

Then, Pundak said, the Palestinians would take steps to stabilize their internal situation. "When the Palestinians feel it is in their interest, they know how to control the situation. The current cease-fire is an example," he said, referring to a two-week-old truce that has ended five months of Israel-Palestinian violence in Gaza.

Three Children Of Palestinian Intelligence Official Slain (WP)

By Scott Wilson

The Washington Post, December 12, 2006

JERUSALEM, Dec. 11 -- Gunmen in Gaza City opened fire Monday on the car of a senior Palestinian intelligence official, killing his three children as they were being dropped off at school.

The intelligence officer, Baha Balousha, was not in the car during the morning attack. He is closely identified with the Fatah party of Palestinian Authority President Mahmoud Abbas and participated in a crackdown in the 1990s against members of the rival Hamas movement in Gaza.

The incident came a day after gunmen fired on the convoy of Interior Minister Saed Siyam, a powerful Hamas official. He was not injured in the shooting.

Taken together, the incidents raised the prospect of renewed partisan fighting in Gaza after several months of relative calm between the armed wings of Fatah and Hamas.

The flare-up comes as Abbas and officials of Hamas, which refuses to recognize Israel, have reached an impasse in talks to form a power-sharing government acceptable to foreign donors, who cut off aid to the Palestinian Authority after the radical Islamic movement's victory in January parliamentary elections.

Prime Minister Ismail Haniyeh announced in Tehran on Monday that Iran's government had pledged to give $250 million to the Hamas-led government next year. Iran this year committed $120 million to the Palestinians, the Associated Press reported.

Abbas is now considering calling early general elections to resolve the crisis.

Witnesses of Monday's shooting said the gunmen fired dozens of rounds, causing panic at the school, and were chased away by Hamas policeman who returned fire. Balousha's three sons ranged in age from 6 to 9. A man was also killed, and two other children were wounded.

Fatah Official's Sons Shot Dead In Gaza (FT)

By Sharmila Devi In Jerusalem

Financial Times, December 12, 2006

Palestinian gunmen killed the three young sons of a senior intelligence official close to President Mahmoud Abbas in the Gaza Strip on Monday, reigniting fears of an escalation in factional clashes.

There was no claim of responsibility for the attack but officials from Mr Abbas' Fatah party blamed Hamas, which runs the Palestinian Authority.

Fatah's parliamentary faction issued a statement urging Mr Abbas to dismiss the Hamas government, "which is pushing us with its policies and programmes to civil war".

Masked gunmen attacked a car carrying the children to school with some 60 bullets, killing the three boys aged between three and nine and their driver.

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Colonel Baha Balousha, the boys' father who was not in the car, was a leading interrogator during a Fatah crackdown on Hamas in the late 1990s.

Mohammed Dahlan, another former Fatah security official, said at the funerals on Monday: "This is not an assassination, it's a massacre. We are not pointing our fingers at anyone, especially in this massacre. But the criminals behind dozens of previous crimes are known and the [Hamas-run] Interior Ministry has not acted against them."

Mr Dahlan, who commands the loyalty of Fatah's armed factions in Gaza, has previously accused Hamas of assassinating political rivals since the Islamic movement took power in March. In recent days he has been tipped to head a new Palestinian National Security Council being created by Mr Abbas, a move likely to be fiercely opposed by Hamas.

Fawzi Barhoum, a Hamas spokesman, called the attack an "awful, ugly crime against innocent children", saying it was aimed at undermining Palestinian unity by creating confusion.

In the chaos of Gaza, it is often difficult for security forces to disentangle criminal motives from political aims. But the latest attack comes amid increased political tension.

Aides to Mr Abbas said at the weekend the president was close to dismissing the government run by Hamas, which has been the target of a western aid boycott leading to sharp poverty in the occupied territories.

But it was unclear whether Mr Abbas had the legal powers to dismiss the government as urged to do so by the west. Although he has repeatedly stated his desire to prevent civil war, months of negotiations on a national unity government have floundered.

In Brussels, the European Commission on Monday proposed a three-month extension of a special aid mechanism created to bypass Hamas. European Union foreign ministers were expected to urge again the formation of a national unity government.

¦ Desmond Tutu, the South African Nobel laureate, said on Monday that Israel had refused him permission to lead a fact-finding mission to investigate Israeli-Palestinian violence.

He was supposed to lead a six-member team on behalf of the United Nations Human Rights Council investigating the killing of 19 civilians by Israeli artillery in Gaza last month.

Haniyeh: Iran Pledges $250M In Aid (AP)

By Sarah El Deeb

AP, December 12, 2006

Iran has pledged $250 million in aid to the cash-strapped Hamas-led Palestinian government, the latest sign of increasingly close ties between the Islamic group and Tehran, Prime Minister Ismail Haniyeh said Monday.

Haniyeh's office announced the donation at the end of a four-day visit by the prime minister to the Iranian capital. He then traveled to Sudan.

Also on Monday, the European Commission proposed a three-month extension of a special aid deal for the Palestinians that bypasses the government.

Western donors cut off hundreds of millions of dollars in aid to the Palestinian government after Hamas won parliamentary elections last January. The donors have demanded that Hamas renounce violence and recognize Israel's right to exist.

The government, heavily in debt, has been unable to pay the salaries to its 165,000 employees. Despite widespread hardship in the West Bank and Gaza Strip, Hamas has refused to accept the conditions. Instead, it has turned to Iran and other Muslim countries for help.

Iran already has pledged $120 million to the Hamas-led government this year.

Haniyeh said the new donations would come next year. "The total amount of financial aid from Iran will reach around a quarter-billion dollars," Haniyeh told Hamas' Web site.

Buoyed by the help from Iran, the Hamas-led government has managed to stay afloat, but the money is not enough to cover a deficit totaling hundreds of millions of dollars.

Hamas also has struggled to bring money into the Palestinian areas. International banks have refused to transfer money to the Palestinian government, fearing U.S. anti-terrorism laws.

Palestinian Finance Ministry officials say only half of the money pledged by Iran this year has reached the government. Much of the money has been hand-delivered to the Gaza Strip in the suitcases of Hamas officials returning from trips abroad.

A temporary World Bank-supervised alternative for the European Union that bypasses the Hamas government expires at year's end and "it is highly important" it is extended by another three months, said EU External Relations Commissioner Benita Ferrero-Waldner.

"We see that the situation in the Palestinian territories deteriorates," she said.

Her request to extend the special aid scheme for another three months was expected to be endorsed by the 25 EU leaders at a two-day summit opening Thursday, diplomats said. It took effect in July and has already been extended once.

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Since the start of the year, the European Union has provided some $863 million in aid for Palestinians. Of this, $266 million has gone through the emergency aid program guaranteeing 1.3 million Palestinians access to water, sanitation and health care and providing income support payments to about 1 million Palestinians left destitute by their government's financial crisis, including may public service employees who have gone unpaid.

The EU foreign ministers were expected to issue another plea for Palestinians to form a government of national unity — an issue that has been under debate for weeks.

Palestinian President Mahmoud Abbas has been at pains to form a broader-based government that would to bring in his more moderate Fatah party to govern alongside Hamas, which has refused international calls to renounce violence, recognize Israel and honor existing Israeli-Palestinian agreements.

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Associated Press writer Robert Wielaard contributed to this report from Brussels, Belgium.

Saudi Ambassador Abruptly Resigns, Leaves Washington (WP)

By Robin Wright

The Washington Post, December 12, 2006

Prince Turki al-Faisal, Saudi Arabia's ambassador to the United States, flew out of Washington yesterday after informing Secretary of State Condoleezza Rice and his staff that he would be leaving the post after only 15 months on the job, according to U.S. officials and foreign envoys. There has been no formal announcement from the kingdom.

The abrupt departure is particularly striking because his predecessor, Prince Bandar bin Sultan, spent 22 years on the job. The Saudi ambassador is one of the most influential diplomatic positions in Washington and is arguably the most important overseas post for the oil-rich desert kingdom.

Turki, a long-serving former intelligence chief, told his staff yesterday afternoon that he wanted to spend more time with his family, according to Arab diplomats. Colleagues said they were shocked at the decision.

The exit -- without the fanfare, parties and tributes that normally accompany a leading envoy's departure, much less a public statement -- comes as his brother, Prince Saud al-Faisal, the highly influential Saudi foreign minister, is ailing.

Saud, who was appointed in 1975, has held the position of foreign minister longer than any of his counterparts anywhere in the world -- dating back to Henry Kissinger's tenure as secretary of state.

Saudi officials have not commented on Saud's condition, but he has suffered from tremors for years. Last year, he slipped in the shower and fractured a shoulder. After attending the opening of the U.N. General Assembly in September, he flew to Los Angeles for surgery and quietly remained in the United States until shortly before Thanksgiving, according to an Arab official.

As Saud's health has declined, Turki has increasingly been rumored as a possible replacement for his older brother. He would symbolize continuity in Saudi foreign policy at a moment of tension over Iraq between Riyadh and Washington, two long-standing allies in forging common political and economic policy in the Middle East. King Abdullah summoned Vice President Cheney after Thanksgiving for talks on Iraq and other Middle East flashpoints.

Turki has been the subject of both high praise and controversy. In the 1980s, while he was intelligence chief, he reportedly met al-Qaeda leader Osama bin Laden several times during the U.S.- and Saudi-backed support of mujaheddin fighting the Soviet occupation of Afghanistan. He subsequently denounced bin Laden.

Turki later served as ambassador to Britain. "He was regarded as being one of the most effective ambassadors from any country and was held in very high regard," a British diplomat said yesterday.

Saudi Arabia, the guardian of Islam's holiest sites and a predominantly Sunni country, has been deeply concerned about the change in the balance of power in Iraq, with which it shares a 500-mile border. Riyadh has been alarmed by the rise of the Shiite majority in Iraq and the marginalization of the traditional Sunni elite. Young Saudi men have joined the Sunni insurgency as foreign fighters, while there have been persistent reports that Saudi citizens have provided financial aid to the Sunni insurgency.

The kingdom announced earlier this year that it will build an elaborate barrier along the remote desert frontier, with ultraviolet night-vision cameras, underground sensor cables and command posts.

Turki, a 1968 graduate of Georgetown University, will return briefly in January after the Hajj pilgrimage, the busiest time of the year in the kingdom, to say formal goodbyes, according to an Arab official.

Islamic Militiamen Said Advancing (AP)

By Mohamed Olad Hassan

AP, December 12, 2006

DOJ_NMG_0105857

Islamic militiamen were moving on an Ethiopian border town to try to seal the 1,000-mile frontier and keep out any advancing Ethiopian troops while trapping those already in Somalia, an Islamic movement official said Monday.

"Our fighters, with a large number of battle wagons, are now advancing on Tiyeglow," said Mohamed Ibrahim Bilaal, an Islamic movement official.

"We will go to all border towns in our country to deprive our enemy of a route to enter into our country. Also we don't want the enemy inside Somalia to get an exit route to flee from it when the jihad starts," Bilaal told The Associated Press by telephone.

Somalia's transitional government, which is backed by Ethiopia against the growing threat posed by the Islamic movement, has sent about 700 troops to defend Tiyeglow, said Mohamed Ali Gaboobe, a government militia commander.

The latest military buildup further raises fears of intensified conflict in Somalia. The Council of Islamic Courts, which controls the Islamic militiamen, already has hundreds of combatants within striking distance of the transitional government in southern and central Somalia.

Tiyeglow is about 90 miles northeast of Baidoa, the only town the government controls. Tiyeglow, on the potholed main road between the Ethiopian border and Baidoa, is believed to be one of the towns through which Ethiopian troops have entered Somalia and may be on their supply route.

Both the transitional government and Ethiopia have consistently denied there are Ethiopian troops in Somalia, with Ethiopia saying it only has a few hundred military advisers helping the transitional government form a national army.

A confidential U.N. report obtained by the AP in October said that there are 2,000 soldiers from Eritrea inside Somalia backing the Islamic movement, in addition to 6,000-8,000 Ethiopian troops in Somalia or along the border backing the government. Eritrea denies having any troops in Somalia.

A Somali human rights group said Sunday it feared renewed fighting could lead to a repeat of past human rights violations, such as rape, torture, kidnapping and looting.

Somalia has not had an effective central government since warlords overthrew longtime dictator Mohamed Siad Barre in 1991 and then turned on each other.

A transitional government was formed two years but it has been unable to assert its authority over the country. Since June, the Council of Islamic Courts has seized Mogadishu and taken control of much of southern Somalia.

Global Jihad's New Front In Africa (CSM)

By Scott Baldauf

The Christian Science Monitor, December 12, 2006

ADDIS ABABA, ETHIOPIA

A new front in the global struggle for Islamist rule is emerging in Africa. And there are worrisome signs that battles between Somalia's rising Union of Islamic Courts (IUC) and the country's foundering Western-backed government might soon engulf the entire Horn of Africa in a regional war.

Last week, the UN Security Council voted to send peacekeeping forces to Somalia, a move the Islamists say would be met with holy war. But neighboring Ethiopia isn't waiting for the UN. As the Islamists continue to take town after town away from Somalia's transitional government, and to march closer to its border, Ethiopia is gearing up for all-out war. Meanwhile, Eritrea, Djibouti, and Sudan are eyeing the conflict and taking sides.

"The fact that the UN resolution was backed by the US suggests that it puts Somalia into the global war on terror, and that has the potential to mobilize a lot of countries and groups that have been divorced from Somalia thus far," says Matt Bryden a consultant with the Brussels-based International Crisis Group.

Ethiopia has been sending troops across the border for months and its parliament last week approved a resolution of self-defense against Somalia in the event of war.

"We have said, OK, the Islamic Courts are a fact in Somalia, so let's sit down and negotiate," says a senior Ethiopian diplomat, speaking on condition of anonymity. "But the UIC is not interested in solving this matter peacefully. Whenever we negotiate with them, before the ink is dry, they are taking more territory."

"We are not in a hurry to engage in fighting in Somalia, but if we are forced, we will defend ourselves," he says.

This weekend, Somalia saw the fiercest fighting yet between forces of the UIC and the Ethiopian-backed Transitional Federal Government.

A senior military official of the transitional government confirmed the fighting, without giving numbers for casualties, but UIC vice chairman Sheikh Sharif immediately claimed that his nation was under attack by foreign forces, and reaffirmed the UIC's call for a jihad, or religious struggle, to remove them. "We have inflicted harm on Ethiopian troops. Let us fight against the Ethiopians." Fertile ground for proxy wars

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As a country with no central government for more than 15 years, Somalia has become a dangerous playground for other people's wars. Neighboring countries, such as Eritrea and Ethiopia, use Somalia as a proxy war to fight each other, placing their own troops in Somalia supporting opposing sides of the internal civil war. Ethiopian separatist groups such as the Ogaden National Liberation Front and the Oromo Liberation Front use Somalia as a base to fight for independence from Ethiopia. Most worrisome to the Western world, however, is that the lack of central control has allowed extremist groups to bring their pro-Al Qaeda agenda into Africa.

But the increasingly open movements of Ethiopian troops in Somalia are fast becoming an emotional unifying force for the Islamists, who are calling on Somalis to defend their national sovereignty. Debate over sending peacekeepers

"I think in its present form, a foreign peacekeeping mission is more likely to exacerbate the problem," says Mr. Bryden. Small groups of foreign forces will have difficulty holding their own against Somali fighters, who specialize in hit-and-run attacks with their truck-mounted machine guns, he says.

But more troublesome is that foreign troops will play into the hands of the Islamists.

In any case, many Ethiopian officials and experts say that they have no choice but to fight. The looming war in Somalia is part of the unfinished business of Ethiopia's two-year border war with Eritrea, which ended in exhaustion rather than a negotiated peace treaty. Ethiopian officials allege that the rise of Somalia's Islamists was made possible by Eritrean logistical support, and a UN Monitoring Group report has charged that Eritrea, Egypt, Djibouti, Iran, Saudi Arabia, Yemen, Libya, and Sudan have all contributed funds, arms, and technical support to help Somalia's Islamists take control.

Medhane Tadesse, an Ethiopian historian, says that Ethiopia has been forced into a corner by its neighbors, and will have to come out fighting.

"The idea of Eritrea is to get back at Ethiopia. The Arab bloc are doing this as part of a global Islamic issue," says Mr. Tadesse, director of the Center for Policy Research and Dialogue in Addis Ababa.

Tadesse says Ethiopia must fight, and the sooner the better. "The Islamists consider themselves revolutionaries, and somebody should stop them. Unless you do that, the Islamists may go short of targets before they go short of bullets," he says.

Abdikarim Farah, ambassador of the Somali transitional government, welcomed last week's UN resolution to arm his government and provide peacekeepers. "Whether this is a proxy war or not, it will happen, and if the Islamists succeed, it is going to be a regional conflict," he says.

But in a country that was once predominantly Christian, but is now 50 percent Muslim, all eyes are turning toward what Ethiopian Muslims would do if war was declared on another Muslim country.

Sheikh Sayeed Hassan, an ethnic Somali who runs a khat beit, where men come to chew khat, a leaf chewed for its stimulating effects, says that Ethiopia's Muslim community is hoping that war can be averted.

"People inside Somalia, they are saying that we have been fighting among ourselves for 60 years, but now, when the Islamic Courts are uniting the country, why do the foreign governments want to intervene?" says Sheikh Sayeed. "I think if foreign troops come, the Somali people will react."

He sighs. "Every day we expect war, but so far, there is no serious fighting. So we hope the government [of Ethiopia] will change its mind."

Perils Of Somali Flood: Hunger And Beasts (NYT)

By Jeffrey Gettleman

The New York Times, December 12, 2006

YAGLOO, Somalia, Dec. 5 — This is a village of growling stomachs and sharp cheekbones.

The people here are surrounded by floodwaters that have drowned their animals, submerged their crops and swept away their homes. They are slowly starving, unable to sustain themselves on unripe fruit and filthy water.

At the faintest hum of an outboard engine, some 200 villagers, essentially the entire mobile population of Yagloo, run to the banks of the swollen Shabelle River with empty baskets and expectant eyes, hoping for powdered milk, a few handfuls of grain, some malaria pills, anything.

“You! You! You!” they yelled at a passing boat, which unfortunately on this Tuesday morning was carrying only journalists. “Don’t forget us.”

They held up mud-streaked palms and pointed to a darkening sky. More rain was on its way.

The floods here are yet another installment of a nation in crisis. At a time when Somalia seems inexorably close to an all-out war with Ethiopia, with a destructive potential that could dwarf the countless deaths from the last 15 years of anarchy, a deluge has arrived, plunging Somalia’s breadbasket underwater, creating the conditions for an extended famine and taking the area’s woes to a whole new level.

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Experts say this has been the worst flood season in East Africa in 50 years, and hundreds of people have already drowned, starved, succumbed to waterborne diseases like cholera and malaria, or been eaten by crocodiles.

The other day, not far from where Yagloo's children played on the riverbank, a set of unblinking yellow eyes hung just above the surface of the water. "They are hungry, too," said Muhammad Ali Gnani, a local aid worker.

He later pointed out a huge crocodile carcass rotting in the bush, sizzling with flies, that his guards shot after it had eaten a boy. Crocodile attacks have been a problem across East Africa, as the drenching rains have driven hundreds of thousands of people from their homes and left them exposed in rising river waters teeming with wild animals.

Some people have refused to be rescued, like a group of herders in Ethiopia who were trapped on shrinking pieces of high land. They said they would rather die next to their cattle than live without them. Ethiopia alone has lost approximately 500 people to the rains. Many climatologists blame global warming for the erratic weather, which brought drought last year and left the earth as hard as concrete — and as impervious. When the rains began to lash down, the water just pooled.

In Yagloo, which is about 30 miles north of the Somali capital, Mogadishu, villagers are stranded on a thin spit of mud between the overflowing Shabelle and the lake where their homes used to be.

The water, which is the creamy brown color of tea with milk, is so deep that in some places all you can see are the pointy tops of straw huts sticking out. A few flip-flops and plastic bags float by. When it starts to pour, people duck under plastic tarps, if they have them, or huddle in shivering groups beneath banana trees. Dinner is typically green bananas or boiled mangos. When it comes time to sleep, families curl up together in soggy blankets.

The other day, two elders sat around talking about a way to persuade God to spare them more rain.

"If only we could sacrifice an animal," said Ahmed Mahmoud.

Finishing the thought, Hussein Hassan said, "But all our animals have drowned. His shoulder blades were so sharp that they nearly poked through the thin, wet shirt clinging to his back.

The floods have already pushed people on the wobbly edge of survival past the point of no return. Yagloo's cornfields, part of Somalia's crucial Shabelle agricultural belt, are marinating in stinking water, which means no crops to eat, much less to sell, next year. In neighboring villages, it is the same, with piles of melons stacked alongside submerged roads, the fruit cracking open with rot and a crust of fuzzy white mold creeping out.

"No doubt about it," said Muhammad Fuje, an official with the World Health Organization in Somalia. "Next year, there will be famine."

This is not purely a natural disaster. Somalia has not had a functioning government since 1991, and one result has been a shamelessly neglected infrastructure. That includes a dam near the Shabelle that recently burst, unleashing a cascade that swept through villages and carried off several children in a swirl of brown murkiness.

Few aid agencies have come to the rescue. Southern Somalia's reputation for chaos and bloodshed has scared off most foreign aid workers, leaving the bulk of relief efforts in the hands of a new Islamic administration that is increasingly distracted by the prospects of war with Ethiopia, its larger and more powerful neighbor. After the Islamists came to power in June, Ethiopia stepped up its support of a rival group of Somali leaders in Baidoa, a city farther inland. Recently, the two sides have been building up their armies.

"We're doing our best to help the flood people," said Abdulrahim Ali Modei, the Islamic courts information minister. "But we need some help from God."

So far it does not appear to have come. The rains started in September. They were supposed to stop by November, the end of a normal rainy season. But this year they are predicted to drum on through January.

All this water has fed a wild beauty along the river. Huge mango trees lean over the water. Herons skim to a landing in the swamps. The light changes dramatically by the minute, shifting between intense sunshine and sudden, stormy darkness, as if a fickle someone controlled the whole sky with a dimmer switch.

At the close of another long, wet day, a little boy with a hard round belly and no pants stood on Yagloo's riverbank fishing with a bare hook.

"The fish nibble," said one woman watching him. "But they don't bite."

Study: Security, Delays Slow Darfur Aid (AP)

By Anne Plummer Flaherty

AP, December 12, 2006

U.S. humanitarian aid to Darfur continues to be hampered by a lack of security in the region, restrictions by the Sudanese government and delays in international aid, according to a congressional report Monday.

DOJ_NMG_0105860

The Government Accountability Office, the research arm of Congress, said in its report that the nearly $1 billion in U.S. aid and efforts by the international community have helped improve a dire situation. In 2004 and 2005, malnutrition and mortality rates dropped.

But nongovernmental organizations and the U.N. still face serious problems in aiding the nearly 4 million people who require assistance, including frequent attacks on aid convoys, the report states.

Since 2003, Darfur, the western region of Sudan, has been embroiled in war between armed militias and the government. The conflict is deemed one of the world's worst humanitarian disasters. The Sudanese government has refused to allow a U.N. peacekeeping force in the region, and it has restricted access by private groups.

According to GAO, the Sudanese government's restrictions and delays in international funds have hurt humanitarian efforts. More than half of the U.S. money for food this year was not provided until recently, prompting the U.N. to cut food rations dramatically.

To improve the security situation, GAO recommended the State Department press the African Union to allow for a NATO-led review of its security operations in Darfur. According to the report, NATO's offer to conduct such an assessment was accepted last summer but no actions have been taken.

"The fact that the violence in Darfur has not abated, and has even worsened in some instances, indicates the region's need for continued assistance," the report states.

A separate report released by GAO urged the State Department to release more data on its death count in Darfur.

The State Department reported that some 98,000 to 181,000 people died from the conflict in less than two years, between March 2003 and January 2005. Independent researchers have estimated the death count as much higher — as much as 400,000 deaths between February 2003 and August 2005.

According to both reports, the State Department agreed in general with the studies and their recommendations.

U.S., U.K. Are Likely To End Clash That's Marred Fighter-Jet Project (WSJ)

By Jonathan Karp And Daniel Michaels

The Wall Street Journal, December 12, 2006

As Lockheed Martin Corp. prepares its newest fighter jet for its maiden flight this week, the U.S. and Britain are moving toward resolving disputes, raising the likelihood Britain will stay in the $276 billion program, a person familiar with the matter said.

A formal agreement committing Britain to buy the jet, known as the Joint Strike Fighter, could be announced as soon as today after Pentagon talks between senior U.S. and British defense officials, the person said. London has threatened to pull out of the nine-nation JSF program unless Washington shared classified information about the plane's stealth technology and computer-software codes. Britain, which already has invested $2 billion in the JSF, has said it needs access to these technologies in order to operate and maintain the JSF without U.S. help.

An agreement with Britain would remove a shadow over the JSF, which has been in development for a decade and is billed as a model of international cooperation. A withdrawal by Washington's closest ally would have tarnished the program and scotched billions of dollars in sales, since Britain has been expected to be the plane's biggest foreign buyer.

Months of brinkmanship are culminating because the program faces a year-end deadline for completing a memorandum of understanding in which each country declares how many planes it will buy and signs a long-term agreement for maintaining and upgrading the aircraft. The Netherlands and Canada have signed the memorandum. Australia is to sign it today in Washington, a JSF program spokeswoman said. Italy, Turkey, Norway and Denmark haven't set dates. Deputy Defense Secretary Gordon England today is to meet British Minister for Defence Procurement Paul Drayson, who this year aired London's grievances while testifying at a Senate Armed Services Committee hearing.

A Pentagon spokesman would only confirm today's meeting. Tom Jurkowsky, spokesman for Lockheed, the prime contractor for the JSF, said the company "believes that the U.S. and British governments have made excellent progress with respect to technology-transfer issues since President Bush and Prime Minister Blair met on this issue earlier this year. The two governments continue to work this issue very closely, and we remain confident we will reach a positive resolution."

In addition to the technology-transfer hurdle, Britain was upset when the Pentagon cut funding for a backup engine for the JSF, which was to have been built by Rolls-Royce Group PLC and General Electric Co. Congress restored the funding, for now. Britain's BAE Systems PLC is a main subcontractor on the program.

Why Britain Wants New Nukes (CSM)

By Mark Rice-Oxley

Christian Science Monitor, December 12, 2006

LONDON

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When Ronald Reagan and Mikhail Gorbachev first put their nuclear weapons on the negotiating table 20 years ago, it heralded a new era of disarmament and the hope - however faint - of a nuclear-free world.

That hope, already overshadowed by the proliferation of nuclear weapons to four new countries, dimmed further last week after Britain unveiled plans to spend around £20 billion ($39 billion) to replace its submarine-based missile deterrent known as Trident. The system, British Prime Minister Tony Blair said, would provide crucial "insurance" against threats in a changing world.

The move has divided opinion, but experts on both sides agree that the decision highlights the urgent need to revive some form of global nuclear weapons framework. The alternative is to risk a new arms race with many more powers than before and a heightened risk that a warhead might actually be used.

"When the cold war was over there was a hope, even an assumption, that the main reason for having nuclear weapons would disappear and they would be negotiated away," recalls Frank Barnaby, a nuclear physicist who witnessed a test more than 50 years ago, and opposes nuclear weapons. "That hasn't happened."

For a few years, it seemed that all five recognized nuclear powers - Russia, the US, France, China, and Britain - would embrace the new spirit of disarmament. The US and Russia negotiated down their stockpiles. Hollywood stopped making nuclear holocaust movies. The brinkmanship of mutually assured destruction (MAD) appeared more incongruous than ever. Nuclear was to defense what the sting is to the bee: pyrrhic.

But now, major nuclear deals like the Non-Proliferation Treaty (NPT) appear to be coming apart at the seams: On Friday, the US Congress passed a bill that reversed a 30-year policy that opposed nuclear cooperation with India because it is not an NPT signatory. Besides India, Pakistan, Israel, and North Korea also have atomic capabilities - not to mention Iran's nuclear pretension - and the "big five" are updating their systems, setting a poor example to powers who have thus far desisted.

"You can't have it both ways," says Dr. Barnaby. "It won't work [rearming and] telling others to disarm. You either get rid of nuclear weapons, or nuclear power will increase and with it the danger that nuclear weapons will one day be used."

In its defense, Britain points out that it is cutting its number of warheads from 200 to 160, leaving it with less than 1 percent of the world's warheads. Proponents argue that Britain's updated program will enable it be a "force for good." And it will keep recalcitrant enemies at bay, whoever they may be in 10, 20, or 40 years.

"Given the uncertainties around the world it would be a strange time to get out of the business," says Michael Quinlan, a former top official at Britain's Defence Ministry.

Opponents - which include nearly two-thirds of Britons, according to a recent survey - counter that nuclear weapons do not address current threats like climate change or terrorism.

"Quite apart from the morality of being willing to kill hundreds of thousands of people, security is not being enhanced, it's being reduced," says Bruce Kent, vice president of the Campaign for Nuclear Disarmament. "We are sending the message to anyone who feels like it that they should have the same security."

That much has been made clear by big nonnuclear powers in recent weeks. A top official from South Africa, the first power to voluntarily give up its nuclear missile capability, said there were double standards at play akin to smokers telling the rest of the world not to smoke because it was bad for them.

Germany's foreign minister, Frank Walter Steinmeier, recently warned that disarmament and proliferation were two sides of the same coin, the inference being that without nuclear powers disarming, others would be reluctant to forswear atomic programs.

The grand bargain of the 1968 NPT treaty, sharpened by a 1996 International Court of Justice ruling, was that the nuclear five were obliged to advance nuclear disarmament. That hasn't happened. A review is due in 2010 and experts are calling for intensified global cooperation.

"The NPT review in 2010 needs to be a world summit," says Dan Plesch, an antinuclear defense analyst. He adds that the 2009 expiration date on the original Moscow-Washington arms reduction treaty START is "going to concentrate US minds."

Lee Willett, head of the maritime studies program at London's Royal United Services Institute, says that with nine nuclear powers and another five or six looking to go nuclear, "the nuclear genie is out of the bottle. The only way to put it back is through a multilateral framework."

Failure to do so, he adds, will mean that "with nine nuclear powers out there the chances of someone using one of these things becomes less unlikely."

Not everyone, however, believes that a nuclear world is a bad thing. Mr. Quinlan, who was the Defence Ministry policy director in the late 1970s when the first Trident decision was taken, says atomic weapons have "kept us free from certain forms of war for 61 years, in which time they haven't killed anyone."

"With every year that goes by without them being used the taboo [of using them] becomes more and more powerful," he adds. "I hope we can get to a world where we can manage without these things, but that will need a lot of political change."

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Two Ejected From Parliament, 28 Arrested In British Anti-nuke Protest (AFP)

AFP, December 12, 2006

Two anti-nuclear campaigners were ejected from the House of Commons and 28 were arrested elsewhere as protesters voiced anger at government plans to renew Britain's nuclear deterrent.

Freelance photographer Martin Wyness, 49, and his 13-year-old daughter Sophie unfurled a banner from the public gallery of the lower house of parliament, saying: "Sane Government, Not More Missiles."

They were escorted out by security soon afterwards.

Blair announced plans last Monday for a new generation of nuclear submarines at a cost of up to 20 billion pounds (39.5 billion dollars) to replace the current fleet that will become obsolete in the 2020s.

He argued that getting rid of the US-built Trident system was "unwise and dangerous" in an uncertain world of new terrorist threats and proliferation by countries like North Korea and Iran.

As well as the London protest, 21 people were arrested at the Royal Navy's Faslane base in western Scotland, while seven were detained outside the Aldermaston Atomic Weapons Establishment in southern England, police told AFP.

Both Faslane, where the Vanguard class submarines that carry the missiles are based, and Aldermaston, which builds the warheads, are the scene of regular protests.

The anti-nuclear lobby argues the deterrent is no longer needed and a majority of Britons are against it, while the money could be spent better elsewhere. A parliamentary vote on the plans is due in March next year.

A protest inside the House of Commons marks a new departure.

Wyness said before his protest: "Government on all sides has shown that it does not have the nous to choose better services and education over hateful missiles that do not have a target.

"I feel so strongly, especially after Iraq, that they can't make the right decisions. It's a criminal waste of money."

His daughter, who had taken the day off school to come to London, added: "I have come today because I think the government should be spending its money on fixing education, not on horrible nuclear weapons."

Five protesters also managed to get into the Commons chamber itself in September 2004 as lawmakers discussed a ban on hunting with dogs.

In May the same year, fathers' rights protesters threw a condom filled with purple flour at Prime Minister Tony Blair during his weekly question and answer session.

That led to a glass security screen being erected between the public gallery and the chamber.

Western Businesses Embrace Turkey As E.U.'s Resistance Grows (WP)

By Molly Moore

The Washington Post, December 12, 2006

ISTANBUL -- Markus Lehto's Turkey is a futuristic shopping complex with aerial bridges linking skinny-jeans shops to designer bag boutiques. In the attached apartment building, a pied-Ã -terre designed for the global jet-setter can cost up to $2 million.

While opposition to Turkey's proposed membership in the European Union is growing among governments and voters in Europe, Western businesses -- from Starbucks to Harvey Nichols to Louis Vuitton -- are embracing a nation of eager consumers armed with newly accessible credit cards.

"Turkey has been trapped between different worlds," said Lehto, the 33-year-old Canadian manager of Kanyon, the city's most extravagant new urban community. "Old Istanbul has nothing to do with modern Istanbul."

Across the hills of the city once known as Constantinople, sleek new office towers are rising as rapidly as the slender spires of new mosques in a country where both Western capitalism and Islamic sentiments are on the march.

In busy Taksim Square, teenage girls in miniskirts and winter tights share sidewalks with women draped in head scarves and ankle-grazing coats. On the European side of the Bosporus Strait, packed nightclubs blare music that carries to the Asian shore, where some religiously conservative communities have banned the sale of alcohol.

At a time when European relations with the Muslim world are at a low, Western governments are becoming increasingly estranged from the country that has long been considered a political bridge between the secular democracies of the West and the Islamic nations of the East.

On Monday, European Union foreign ministers meeting in Brussels reached a compromise over how to respond to Turkey's failure to open its ports and airports to traffic from the ethnic Greek zone of Cyprus. The E.U. wants that step as a show of good faith on Turkey's part.

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The ministers agreed to slow down but not end talks over Turkey's efforts to become the first Muslim country to join the bloc. The process was already widely forecast to take another decade to complete, so Monday's decision to delay discussions on eight of 35 policy issues ranks as a relatively mild reprimand. Even so, an increasing number of Europeans and Turks believe Turkey will never become a member.

In recent days, Turkey has indicated that it will open one port and one airport to traffic from the southern zone of Cyprus. The island has been divided since Turkish troops invaded in 1974 after Greek Cypriots staged an attempted coup with backing from Greece. Cyprus was admitted to the E.U. in 2004, represented by the Greek Cypriot government. E.U. ministers on Monday agreed in principle to end the economic isolation of the Turkish zone, but delayed any specific action until next year.

"It's important to send this double signal that on the one hand, there should be no train crash," Spain's foreign minister, Miguel Ãngel Moratinos, said after Monday's closed-door meeting. But, he added, "there should be a slowdown."

The schism between Turkey, the only Muslim country in the NATO military alliance, and European nations comes as the countries on both sides of the divide struggle to define their national identities amid turbulent social and cultural change.

Some of the European governments most opposed to Turkey's entry into the E.U., such as France, are straining to cope with restive, growing Muslim populations. Turkey, meanwhile, is struggling to maintain a staunchly secular state even as its predominantly Muslim population is becoming more religious.

It is not so much European bureaucrats who want to torpedo Turkey's membership. Many of them believe Turkey could play a crucial role in making peace between the Muslim world and secular Europe.

Rather, the opposition comes from vulnerable political leaders who are responding to suspicious electorates, according to analysts and diplomats. European citizens increasingly fear a new influx of Muslim immigrants with the admission of a Muslim nation that would become the largest member of the E.U.

"If you polled the foreign ministries of Europe, every one would say they want Turkey in the E.U.," said one U.S. diplomat based in Europe. "If you polled the people, they would all say keep them out."

Last week, on the same day that President Bush rejected the Iraq Study Group's proposal to open talks with Iran and Syria to try to calm crises across the Middle East, Turkish Prime Minister Recep Tayyip Erdogan had just returned from talks in Tehran and Damascus and was preparing to board a plane for a return visit to Damascus.

"This is not to show that, 'Hey, we have options,' " said Mehmet Ali Birand, a prominent Turkish political analyst. "As long as he's having a bad temper from Europe, he's trying to concentrate on the Middle East more than ever. He fears Iraq, he fears Iran, and he's starting to move on those issues."

Birand and others fear that Europe's rejection of Turkey's membership request could strengthen a trend toward deeper Islamic sentiments in the country. In a poll conducted this past summer by the Turkish Economic and Social Studies Foundation, 46.5 percent of Turks surveyed described themselves as "quite religious," compared with 25 percent in 1999.

But the survey also showed that the number of women wearing head scarves dropped from 53 percent to 49 percent and that the percentage of Turks who favor Islamic rule in the country dropped from 21 percent to 9 percent.

Last month, tens of thousands of mourners marched in the funeral of five-time prime minister Bulent Ecevit, chanting, "Turkey is secular and will remain secular," a slogan that opposition political leaders said was aimed at Erdogan and his ruling Justice and Development Party. The party has attempted, largely unsuccessfully, to abolish some of the country's more secular laws, including one that bans women from wearing head scarves at universities or in government jobs.

Ihsan Aknur, an Istanbul taxi driver-turned-entrepreneur who uses a Web site to attract foreign tourists to his guide services, said Europe should recognize the paradoxes in Turkish society. "As long as the economy is good, Turks look toward the West," Aknur said, navigating traffic on a clogged city street. "But if the economy becomes bad, they turn to prayer, then become more religious."

Turks are increasingly angry with the growing anti-Turkish sentiment in Europe. That is fueling support for religious leaders who oppose E.U. membership.

"Turkey is used by the West, the West isn't sincere," said Saadettin Ustaosmanoglu, editor of Yeni Furkan, an Islamic magazine. "Since Turkey is a bridge between East and the West, according to the Western mind, Turkey can play an important role to smooth the waters when the time comes for the West to account for its wrongdoings against the East."

Before Visit To China, A Rebuke (NYT)

By Steven R. Weisman

The New York Times, December 12, 2006

BEIJING, Tuesday, Dec. 12 — In a rebuke to China on the eve of a high-level visit by American officials, the Bush administration formally accused Chinese leaders on Monday of failing to meet commitments to open the nation's economy and crack down on piracy of foreign goods.

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The criticism came in a 100-page report to Congress by Susan C. Schwab, the United States trade representative. The report, issued in Washington, was required by American law on the fifth anniversary of China's joining the World Trade Organization.

While praising China for making progress in some areas, the report said that the country's efforts in other crucial areas had recently stalled, despite repeated promises from Beijing. It cited continued limits by China on sales of financial services by foreign banks, including credit cards, and limits on some sales of farm goods.

It also accused China of engaging in counterfeiting or piracy of software, videos, pharmaceuticals and other goods, sometimes with open encouragement of Chinese officials, and of failing to stiffen punishments on those engaging in these practices.

The report said that "some Chinese government agencies and officials have not yet fully embraced the key W.T.O. principles of market access, nondiscrimination, national treatment and transparency."

China announced Monday that it would begin to take formal steps to allow foreign banks to offer some retail banking services, like credit cards, and to buy shares in domestic banks. But the announcement came too late to affect the report's overall conclusion that the Chinese have fallen short in meeting their trade promises.

Much of the report echoed criticisms of China's trade and economic practices long heard from Bush administration officials and even more loudly in Congress. But the report was likely to roil the atmosphere this week as Treasury Secretary Henry M. Paulson Jr. engages in a high-level effort to get China to cooperate on these issues.

Mr. Paulson is due to arrive Wednesday in Beijing with a team of six Cabinet members and Ben S. Bernanke, chairman of the Federal Reserve, for what is billed as a "strategic economic dialogue" to bring about cooperation with China and convince Congress not to pass anti-Chinese protectionist measures.

Trade officials maintained that Congress required that the report be issued when it approved China's accession to the trade organization in 2000, and that it was not timed to coincide with the Paulson mission. A senior trade official said he did not think the report would disrupt Mr. Paulson's efforts.

"I think the message in this report is consistent with our messages previously," he said, adding that its contents would not surprise the Chinese or adversely affect the talks later this week.

But at the Treasury Department, officials were holding back a separate Congressionally mandated report that was also due at this time and that is expected to fault China for its failure to allow its currency to float in open markets. The delay in the release of that report appeared intended to improve the atmosphere for Mr. Paulson's trip.

Besides Mr. Paulson, Mr. Bernanke and Ms. Schwab, the American delegation will include Commerce Secretary Carlos M. Gutierrez, Energy Secretary Samuel W. Bodman, Health and Human Services Secretary Michael O. Leavitt, Labor Secretary Elaine L. Chao and Stephen L. Johnson, head of the Environmental Protection Agency.

As for what the Bush administration intended to do to get China to correct its practices — whether, specifically, the United States would commence specific legal actions under the World Trade Organization — the report said the United States would "continue to seek cooperative and pragmatic resolutions through bilateral dialogue with China."

If dialogue fails, however, the United States "will not hesitate to exercise its W.T.O. rights" to settle disputes "as it would with any other mature trading partner," it said. American officials indicated that such a step would be a last resort and was not likely to happen while the "strategic economic dialogue" was under way.

The Bush administration has, however, filed for relief with the trade organization for some items, including automobile parts. The United States charges that the Chinese have kept foreign auto parts out of their markets.

In addition, the United States has charged that China is deliberately overproducing highly subsidized steel to employ vast numbers of workers emigrating from the countryside. That has led to "dumping" of inexpensive steel in American markets, the United States contends, damaging the steel industry.

In a speech earlier this fall, Ms. Schwab made clear that "if we are not able to succeed using dialogue" in resolving trade disputes with China, "then we can and we must and we will resort to dispute resolution" under the World Trade Organization as the United States did in the auto parts issue.

"We have this continuum of options," Ms. Schwab said in a speech to the National Committee on U.S.-China Relations, a private group that sponsored the first visit of Chinese ping-pong players in 1972. "We will, as the Chinese do, quite frankly, take that tool which is most likely to resolve the problem," Ms. Schwab added.

The report by Ms. Schwab's office on Monday said the Bush administration would continue to use "a dual-track approach."

"The administration remains committed to working cooperatively and pragmatically with China," the document said. "When bilateral dialogue is not successful, however, the administration will not hesitate to employ the full range of enforcement tools available as a result of China's accession to the W.T.O., whether it be the dispute settlement procedures at the W.T.O. or the strict enforcement of U.S. trade laws to ensure that U.S. interests are not harmed by unfair trade practices."

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The report cited myriad cases in which it said China had fallen short on its commitments. Trade officials said China had actually "backslided" and "stalled" in its efforts in recent months.

For example, it said that China had promised to open its banking sector to allow foreign banks to provide credit cards and bank accounts in Chinese currency to customers in China. Recently, China issued regulations intended to end discrimination against foreign banks in these services, but American officials say they fall short of that goal.

As for pirated goods, the report said that a substantial percentage of counterfeit or pirated goods seized by United States Customs officials were of Chinese origin. In the past, trade officials have said these included designer labels and high-technology goods.

The report also said that foreign companies found it harder to distribute wholesale and retail petroleum and petroleum products in China than domestic companies.

US Vocal In Run Up To China Trade Talks (FT)

By Richard McGregor And Krishna Guha

Financial Times, December 12, 2006

For a forum meant to allow Washington and Beijing quietly to sort out long-term problems, the run-up to the first US-China Strategic Economic Dialogue starting on Thursday has already featured some traditional high-decibel diplomacy.

In recent days Hank Paulson, the US Treasury secretary, and Susan Schwab, the US trade representative, have both made statements admonishing China over its trade, economic and currency policies.

The Chinese have so far been much more restrained, in public at least. "This is a very important strategic dialogue and probably it's good for policy co-ordination and also for trade imbalances and many other issues," said Zhou Xiaochuan, the governor of the People's Bank of China, the central bank, in Beijing on Monday. "I think that Hank Paulson raised the requirement to have an economic dialogue. We are prepared to give a very positive and active response to that."

Despite the tenor of some of the US statements, the planned twice-yearly dialogue, as presently structured, will not be anything like a bilateral trade negotiation. Just the size of the US delegation, which includes seven cabinet-level officials and Ben Bernanke, the chairman of the Federal Reserve, makes this encounter different. US officials have been scratching their heads ahead of the meeting, wondering whether Washington has ever sent such a senior delegation to bilateral talks in recent memory.

The format, too, is distinct. Rather than splitting into multiple meetings, both the US and Chinese delegations will sit together in a single meeting room for 1½ days. Both sides will make seminar-like presentations on a range of issues, with the central focus on global imbalances and the Chinese economic growth model.

The US delegation is then scheduled to meet Hu Jintao and Wen Jiabao, the president and premier respectively, while Mr Bernanke makes a speech to a Beijing think-tank.

The dialogue has been established to oversee a large and complex relationship, simultaneously underpinned and undermined by swelling trade ties, with a huge and growing surplus in China's favour. "Overall, the relationship is good, probably better than it has been for some time," said Shi Yinhong, of People's University in Beijing. "But Chinese leaders understand that pressure is accumulating over economic issues."

Mr Shi said he expected China to stick to the "old strategy" in defusing tensions for the moment, "making some concessions, changing some behaviour, but resisting what in Chinese eyes are excessive demands".

In Washington, advocates of a more strategic approach to dealing with China were pleasantly surprised by the way that anti-China sentiment in Congress appeared to ebb even before Mr Paulson's September trip establishing the dialogue, culminating in the withdrawal of a bill threatening sanctions on Chinese imports.

Pressure has been building up ahead of this week's two-day meeting however. US manufacturers are urging Mr Paulson to get tough with China on the renminbi.

Aides to Mr Paulson play down expectations of any big breakthroughs in Beijing, while hinting there will be some "deliverables" on trade irritants. A Treasury official said the US saw three main pillars to the talks: first, helping China reduce both its external and internal imbalances and shift towards a more balanced and sustainable model of growth.

The US also wants China to remove obstacles to the two-way flow of trade and investment and lastly, to agree to co-operate in areas such as energy security and the environment.

For its part, China will have its own demands – for the US to remove bans on the export of certain high-technology goods, which Beijing has sought for years, and to be granted "market-economy status", which would help it fend off anti-dumping cases.

China also wants some certainty for itself for its own outward investment plans following the rejection of the bid by one of its state-owned oil majors for Unocal. The Treasury official said the US was open to investment capital from China and was prepared to work with China to address these fears.

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So intertwined have the US and China become that the dialogue is one of about 40 to 50 bilateral forums covering a host of issues, about half of them economic. One US official said the Chinese had made it clear they wanted no new forums. Nearly 50, Beijing reckoned, should be more than enough.

Force Of China's Impact Grows In USA (USAT)

By David J. Lynch

USA Today, December 12, 2006

Smack in the center of the country, more than a thousand miles from the Pacific Ocean, Oklahoma isn't a place most people regard as a hotbed of China fever.

So when China scholar Peter Gries flew to the University of Oklahoma for a job interview this spring, he wasn't sure what he would find other than cowboys and oil wells.

What he discovered was a state energetically retooling for a globalized economy bearing an ever more distinct "made-in-China" label.

"I was shocked they had this massive China initiative going on. … What I discovered really did blow me away," says Gries, who was hired to head the university's new Institute for US-China Issues.

The 3-month-old institute, deep in tumbleweed country, illustrates the widening impact China's rise is having on the United States. In the five years since China embraced global integration by joining the World Trade Organization, bilateral trade has almost tripled. The volume of goods flowing between the two countries this year is running at an annual rate of $328 billion — 10 times the level in 1992.

China's WTO membership sparked far-reaching domestic reforms in the still-nominally-communist nation, leading to an economic flowering as well as greater personal freedom for individual Chinese. It's also meant hefty profits for U.S. corporations operating in China, such as General Motors.

Marrying 1.3 billion Chinese to the global economy, however, has left its mark on the United States. Tens of thousands of jobs in textile plants in states such as North Carolina have been wiped out by low-wage Chinese competition even as U.S. consumers enjoy lower-priced clothes, toys and furniture made in Chinese factories. Through massive purchases of U.S. Treasury bonds, the Chinese government effectively finances Americans' consumption-heavy lifestyles.

In recognition of China's growing importance to the U.S. economy, Treasury Secretary Henry Paulson flies to Beijing today for the first session of a new "strategic economic dialogue" between the U.S. and Chinese governments. Paulson will head an unusually high-powered delegation including Federal Reserve Chairman Ben Bernanke and six Cabinet colleagues.

Financial waves from China's rise already have spread beyond traditionally international cities such as New York, Washington and Los Angeles to reshape life in the heartland. Children in Chicago's public schools study Mandarin. A regional bank in Ohio is scrambling to keep pace with business customers obsessed with the Chinese market. And a struggling iron ore mine in northern Minnesota enjoys new life thanks to China's ravenous appetite for raw materials.

Surging interest in all things Chinese can be seen in the trade delegations from San Bernardino, Calif., and San Antonio flocking to Beijing as well as the stream of popular books with titles such as China Shakes the World, Chinese Lessons and China, Inc.

Paulson's trip reflects the relentless political controversy that has accompanied China's commercial rise. In joining the WTO, China committed itself to follow international trading rules, including lowering tariffs on imported products and lifting requirements for import licenses and quotas.

Tariffs have been slashed. But critics in the U.S. business community, and in the new Democratic-led Congress, complain that the Chinese have flouted other commitments, notably on protecting the intellectual property of foreign copyright holders. Pirated movies, music and software remain widely available in China despite repeated vows of government crackdowns.

U.S. manufacturers also have grown hoarse griping that the Chinese unfairly subsidize their exports through cut-rate financing from state banks and a currency whose value is kept artificially low.

Monday, Susan Schwab, the U.S. trade representative, told Congress that China's record on WTO compliance is "decidedly mixed." In a 100-page report, Schwab said China has made good progress implementing required reforms, but "excessive Chinese government intervention" in the economy blocks smoother trade ties and forward momentum has stalled.

Some industry representatives want the U.S. to formally complain to the WTO about China's subsidies and currency policy. Frank Vargo, vice president for international economic affairs at the National Association of Manufacturers, who was among the business executives meeting with Paulson last week, calls China's approach to its trade commitments "too cute by half."

Paulson's Beijing foray comes as both China and the United States face economic challenges. There are increasing signs the U.S. economy is slowing, and some economists even warn of a possible recession next year.

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Meanwhile, China, which has grown at an average annual rate of 10% since 1991, is attempting a complicated transition from export-led growth to an economy fueled by domestic consumption. The shift, intended to stabilize an economy flirting with dangerous excesses, would result in larger purchases of foreign-made goods, including from the USA, thus potentially defusing rising protectionist sentiment in Congress.

Gries' new institute, which conducts policy research and promotes public education about China, is driven by the same broad understanding that motivates Paulson's high-level diplomatic effort: However remarkable China's rise has been to date, the Middle Kingdom will only be more consequential tomorrow.

The past 15 years, China's per capita output has more than quadrupled, vaulting it to the world's No. 4 economy behind the U.S., Japan and Germany. But there's more to come: This year, China for the first time overtook Japan to become the second-largest investor in research and development behind the U.S., according to the Paris-based Organisation for Economic Co-operation and Development.

In Oklahoma, China's rising profile includes construction next year of an auto assembly plant in Ardmore, population 34,000, a town in the southern part of the state. The plant will assemble cars under the MG brand, which was acquired last year by Nanjing Automobile.

If Gries has his way, it won't be the last China-related business attracted to Oklahoma. Last month, he accompanied a local chamber of commerce delegation on a prospecting trip to China. He's also working to upgrade the undergraduate curriculum so students get a better understanding of Chinese language, history and culture.

"I want to put OU on the map as a place for Chinese studies and also put Oklahoma on the map as an excellent place for businesses interested in China," he says.

American companies have long found the lure of China's 1.3-billion-person market seductive. At National City, a Cleveland-based regional bank, trade specialist Alfred Ho says China's growth is proving irresistible for local exporters. "It's not a question of whether or not they should do business in China, it's almost a matter of necessity," says Ho, a bank vice president.

Three-quarters of the bank's business customers inquire about selling to China. Since China entered the WTO five years ago, National City has recorded a 210% increase in the value of letters of credit it provides to underwrite exports to China.

As National City's clients have expanded their involvement with China, the bank has gone beyond traditional banking services. Last month, National City — which operates in Ohio, Illinois, Indiana, Kentucky, Michigan, Missouri and Pennsylvania — unveiled a China consulting service that offers would-be exporters a network of China-based experts in supply-chain management, labor and brand management.

In a hint of what's ahead for the Sino-U.S. relationship, a 70-member Chinese delegation looking for investment opportunities visited Cleveland last week. Ho says inward investment from China will pose a fundamental question for many American businesses: "Will you be putting your company up for sale to Chinese interests?" he says.

Chinese buyers already have acquired a number of U.S. companies. Wanxiang Group owns an auto parts maker in Rockford, Ill., while computer-maker Lenovo purchased IBM's laptop business for $1.25 billion in 2004.

Chinese investment ignited political controversy last year when a state-owned oil company, CNOOC, sought to purchase Unocal, a second-tier U.S. oil company. The bid ultimately collapsed amid furious congressional opposition.

But with China now sitting on more than $1 trillion in reserves, the bulk of it held in U.S. dollars, future acquisition attempts are virtually inevitable. And any broad effort to block them would cost the U.S.

Similar deals are threatened by the rise of protectionist sentiment in both the USA and China. In the past two years, according to Morgan Stanley, members of Congress introduced 27 separate pieces of legislation cracking down on trade with China. When Paulson sits down with Chinese leaders this week, one topic should be finding ways to smooth the way for future cross-border investments, says Jeffrey Bader, former head of Asian affairs on the National Security Council.

"They're going to be looking for equity investments and acquisitions of the sort that Japan and the Europeans have done for years, and there's no reason they shouldn't," says Bader, director of The Brookings Institution's China initiative.

Exhibit A in that argument is an aging iron ore mine in Minnesota's northern Iron Range, where Chinese cash helped save about 500 jobs. After several tough years, the mine, then known as Eveleth Taconite, filed for Chapter 11 bankruptcy in May 2003.

The closure idled several hundred workers until the end of that year, when a 70/30 partnership between Cleveland-Cliffs and Laiwu Steel acquired the firm's assets at auction for $3 million in cash and the assumption of $40 million in environmental liabilities.

China's ravenous appetite for ore to feed its steel mills was behind Laiwu's interest. From 2002 to 2005, Chinese consumption accounted for 54% of the global growth in steel demand, according to the International Monetary Fund.

"Perhaps we wouldn't have gone ahead and pulled the trigger (without Laiwu)," says Donald Gallagher, president of North American operations for Cleveland-Cliffs. "They were key to making the deal and getting it done."

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Bernanke In Beijing (WSJ)

The Wall Street Journal, December 12, 2006

This week's trip to Beijing by Treasury Secretary Hank Paulson is being hyped as the biggest economic expedition since Marco Polo's. We suspect that's a tad oversold, but in the meantime it's too bad Mr. Paulson cajoled Federal Reserve Chairman Ben Bernanke into risking his credibility by joining him.

Mr. Paulson's trip is transparently political, with the goal most leaked to the press being to persuade China to let the yuan appreciate further against the dollar. Treasury insists that the agenda is broader than the currency issue, and we hope so. The yuan's peg to the greenback has been a source of prosperity for both countries, and a stronger yuan won't affect the trade balance all that much. China needs to liberalize its financial markets and ease its capital controls for its own domestic growth and prosperity; if Mr. Paulson can assist Beijing's reformers on that count, then the trip might do some good.

Nonetheless, someone in the Bush Administration keeps whispering to the financial press that Mr. Paulson has promised Capitol Hill that he'll make progress on the exchange rate. This is supposed to appease U.S. mercantilists, both political and commercial, and thus give the former Goldman Sachs executive his first big political win. This is at best a risky exercise, so why is Mr. Bernanke going along for the ride?

As Fed Chairman, he is or ought to be politically independent, and the perception of that independence is crucial to his credibility. The dollar has been weak enough already and inflation remains higher than Fed targets, notwithstanding Mr. Bernanke's public comments that the Fed has no intention of letting inflation accelerate. No doubt the Fed will repeat that message after its Open Market Committee meeting today.

However, markets watch what Fed Governors do more than what they say, and traveling to Beijing on a trip perceived as a plea for a weaker greenback is a misstep. Unlike Alan Greenspan, who took a similar trip under very different circumstances, Mr. Bernanke is still trying to establish his strong-dollar credentials.

Mr. Bernanke is well aware of the dicey symbolism of being in Mr. Paulson's entourage. So while the Treasury Secretary is taking a gaggle of Cabinet secretaries on a government plane, Mr. Bernanke is traveling separately to Beijing via United. He's also giving a speech apart from the Treasury group. He is, however, also joining the Treasury at a joint U.S.-China Strategic Economic Dialogue for most of Thursday, and the Chinese can be forgiven if they infer that the Fed chief is part of the lobbying effort.

Perhaps most troubling is the tin ear shown by Mr. Paulson in asking Mr. Bernanke to join him. Mr. Paulson is saying the right things about the dollar. But investors are also testing his credibility amid general dollar weakness and commodity prices that remain sky-high. We'd have thought Mr. Paulson would have learned from his Wall Street years that Fed independence is an asset. He may have to call on it in a crisis.

We should add that the New York Fed recently hired William Dudley, the former chief economist at Goldman Sachs, to run its Markets Group. Mr. Dudley has long been one of Wall Street's leading cheerleaders for a weaker dollar to reduce the U.S. trade deficit. That the economy has continued to do very well for decades despite a strong dollar and large trade deficit would suggest that this is not the best advice for Mr. Paulson to follow. In any event, a Fed Chairman doesn't make his own job any easier by joining what so many perceive as a weaker-dollar expedition.

Beijing Duck (WSJ)

By Andy Kessler

The Wall Street Journal, December 12, 2006

Treasury Secretary Henry Paulson, Federal Reserve Chairman Ben Bernanke and other polished cabinetry are visiting China later this week. They'll see fields of skyscrapers, traffic jams of new cars and designer couture replacing the old Maoist uniform with five buttons and too-long sleeves. In other words, we've got the Chinese right where we want 'em.

Sure, the China Miracle is impressive -- double-digit economic growth, exports up 30%, a $150-billion trade surplus and a trillion dollars of foreign currency in their treasury as reserves. The prevailing opinion is that at any moment, China can stop funding U.S. budget deficits by not buying our bonds -- so Messrs. Paulson and Bernanke should come hat in hand and beg for indulgence. Don't believe it.

Your hotel will probably be on a street that didn't exist two years ago. The traffic jam getting you there? It's from the 1.4 million new family car drivers in Beijing, now just learning how to drive -- and not too well. Think of China as a bunch of high school kids (albeit with strict parents) with new driver's licenses and you won't be far off. Don't give them the keys to anything. Be a little coy. From the consumers to the government, they are simply adolescents.

China consumes one-eighth of the world's energy, one in four tons of steel and aluminum, and almost half of the world's cement. According to Stephen Roach at Morgan Stanley, half of China's GDP is fixed investment. They pay for this with loans

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from Chinese banks backed by our dollars. Like a teenager who stole Grandma's checkbook, the Miracle seems to be based on writing bad checks.

They can't handle our dollars. Every time the Fed increases money supply and you and I buy shirts and toys, dollars end up in China. As modern gold, these dollars are used as collateral for banks to write loans against. Each way you look in Shanghai, you see the equivalent of the Houston skyline, marble facades on tall postmodern glass and steel buildings. As far as I could tell, over half these buildings are still empty. In fact, I noticed families living in the rubble of the lobbies in many of these buildings. Yet even more skyscrapers are under construction at every point of the compass. China is looking more and more like bad Japanese flashback.

Call it Communist Cronyism. Nonperforming loans are an anchor on this system. More than once, China has dipped into its reserves to bail out its banks. A rising yuan has attracted investment funds; Mr. Paulson's old firm Goldman Sachs and the rest of Wall Street are busy recapitalizing Chinese banks, whose bad loans have been moved off to other entities. One bank yet to recap is AgBank, with a reputed $90 billion in bad loans. This is real money -- a giant black hole that needs to be dealt with very carefully.

At the same time, the U.S. National Association of Manufacturers -- wow, we still have manufacturers in the U.S.? -- has been lobbying this travel group hard for the Chinese yuan to float higher and the dollar to weaken. If it moves 20%, China's labor becomes uncompetitive and will be toast, as crispy as Peking Duck. Why the U.S. would want to give up cheap shoes and electronics is beyond me -- a dollar drop is a consumption tax on Wal-Mart and upscale shoppers alike. Chinese workers make $1.80 an hour, including all benefits. Unless the dollar drops by half, I doubt a single new manufacturing job in the U.S. will be created.

Their stock market could help. China is filled with entrepreneurs who build companies, not buildings. I spent 10 days in China this month meeting with investors. They are smart and hungry but crippled with Enron accounting. On Jan. 1, listed companies must start releasing two sets of numbers -- Chinese earnings and then calculated again using international standards. Many will start to show losses. Ouch. China is scared to open up because the first move might be to short the whole damn country. George Soros has been sniffing around, and they won't let him in. Outsiders need to be licensed as Qualified Foreign Institutional Investor with a quota -- currently less than 1% of total capitalization. Doesn't sound like a market economy to me. The total value of U.S. stocks is 20 times as large for a reason.

Adolescents eventually grow up. China is growing in spurts. They've got jobs and piles of debt. They need to keep working to pay it off. I actually think the U.S., with its immense wealth, is the main banker, not the Chinese floating our hopefully shrinking budget deficits. We are the ones with the leverage. Stick with the currency peg and make China open up their markets to competition and real outside financial scrutiny.

Mr. Kessler is author of "The End of Medicine" (HarperCollins, 2006).

If Revived, Doha Talks Face Higher Bar (WSJ)

By Greg Hitt

The Wall Street Journal, December 12, 2006

WASHINGTON -- The Doha round of global trade talks stalled after hitting numerous roadblocks over the summer. Now the White House is working to revive negotiations, even as a new barrier looms: a Congress much more skeptical of free trade.

Administration officials have stepped up the campaign to win support for its plan. Trade Representative Susan Schwab, who spent years as an aide on Capitol Hill, is wooing the incoming trade czars of the new Democratic Congress. Speaking recently to the U.S. Chamber of Commerce, she urged cooperation on trade and Doha. "We cannot let a strong, potential Doha deal slip through our fingers," she said.

Treasury Secretary Henry Paulson is rallying support for Doha around the globe. In London, he said Doha remains the administration's "top trade priority," even with the change in control of Congress next year. In Geneva, U.S. negotiators, after months on the sidelines, are taking part in fresh talks with trading partners on thorny issues, such as cutting farm supports.

The administration is banking that all the political maneuvering will help inject some momentum back into the talks by the spring. The goal isn't necessarily to finish a deal then, but to show enough progress to persuade skeptics in Congress to extend the president's trade-negotiating authority beyond June, when it is set to expire. That authority lets the president negotiate deals with other countries, and put them to Congress for an up-or-down vote -- without amendment. As a practical matter, nations generally don't like to sign deals that could be changed in Congress, so extending that authority would buy U.S. negotiators some extra time to seal a Doha deal.

Whether the Bush administration is able to restart the Doha talks could serve as a measure of the muscle behind critics of free trade in the U.S. And if the impasse on Doha becomes permanent, it could herald the closing of the era of global economic integration that began after World War II.

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"A failure of Doha really would signal a crisis of confidence in the multilateral trading system," said C. Fred Bergsten, director of the Peter G. Peterson Institute for International Economics, a free-market think tank in Washington. "The WTO would continue to exist. But there would be a big loss of its standing and its credibility."

The Doha Round was launched in 2001 under the World Trade Organization in Doha, Qatar, with the aim of lowering global barriers to trade in manufacturing, services and farm products. The U.S. and other major trading nations hoped the round, opened after the Sept. 11 terrorist attacks on America, would give a lift to the world economy and reinforce multilateral alliances at a time of global tensions. To get the talks off the ground, the U.S. and European Union promised that the final deal would work for poor countries as well as wealthy ones.

Other WTO parties welcome signs of greater Bush administration engagement on Doha, after the congressional-election outcome damped expectations about what the White House can achieve on trade over the next two years. "Our clear sense is that there is a basis of a deal there," said Peter Power, spokesman for Peter Mandelson, the EU's trade negotiator who has also been seeking to build support for the talks.

The Doha round has been tough going from the start. By July, when WTO chief Pascal Lamy suspended discussions, a trans-Atlantic row had erupted over trade-distorting farm policies. The U.S. wanted Europe to accept deep tariff cuts aimed at opening new markets for American farm products, while Europe demanded a more aggressive U.S. effort to end subsidies paid to American farmers. At the same time, Brazil and India dug in against proposals by the U.S. and Europe that developing countries should cut tariffs on manufactured goods.

Many of the issues under discussion, like agricultural trade, are more sensitive than those tackled during past talks. The field of players who must reach consensus, meanwhile, has expanded from a small club of wealthy nations led by the U.S. to about 150 with the expected entry soon of Vietnam.

That's where Mr. Paulson comes in. Treasury secretaries traditionally have stayed out of the trade arena. But Bush aides hope to capitalize on Mr. Paulson's credibility as a former chairman of Goldman Sachs to sharpen attention on Doha at the highest political levels in Europe and Asia.

The Paulson-led effort will build on the economic diplomacy of Ms. Schwab. Just back from Asia, where Doha dominated her agenda, the U.S. trade representative is set to travel abroad again early next year, including possible visits to Brazil and Europe. The emphasis is on "quiet talks" about key issues, one administration official said.

In Geneva, lower-levels officials from the U.S. and other countries began talking last month to try to break the impasse. American officials suggest the U.S. could embrace deeper cuts in domestic subsidies paid to farmers than those put on the table several months ago. But U.S. officials are unwilling to proceed without other players, like Europe and India, showing they are ready to bargain in earnest.

Ms. Schwab has also begun to reach out to a critical player in Washington: the Democrats. More critics of globalization and free trade are expected among new rank-and-file lawmakers arriving next month. The administration will likely have to weigh Democratic priorities like labor and environmental protection more seriously to keep the president's trade agenda on track.

Some old-line Democrats, such as Rep. Charles Rangel of New York and Montana Sen. Max Baucus, could emerge as allies of the administration and its free-trade agenda. The two lawmakers, who will take over the House Ways and Means Committee and the Senate Finance Committee, respectively, share traditional Democratic concerns, but have records that support free trade. This past weekend, they joined Republicans to rally support in Congress for a Bush-backed trade package, which included legislation lifting Cold War-era economic restrictions on Vietnam.

"The Democrats in Congress want to be full partners in the process," said Bill Frymoyer, who advised former House Minority Leader Richard Gephardt on trade policy. "The door is open."

It remains unclear how much sway Messrs. Rangel and Baucus will have in shaping the direction of their party on trade issues, and whether Democrats, more broadly, will cooperate with the White House.

Congress is set to vote in the spring on pending trade pacts with Colombia and Peru, and those votes could set the tone for mid-year action on renewing trade-promotion authority.

"Ideally, you get a breakthrough on Doha, which gives you traction to get renewal" of the president's trade-promotion authority, Ms. Schwab said.

Another potential factor is how the new Congress will handle the looming expiration of U.S. farm programs, which provide an array of support for domestic producers. If lawmakers move to beef up that program, that would make it harder to close a deal in Doha, and possibly threaten already settled issues, such as a commitment to end all export subsidies for farm products.

The administration's fresh focus on Doha hasn't necessarily won the same level of attention from its chief executive. Joining visiting South African President Mbeki in the Oval Office Friday, President Bush told reporters that the two talked about "the necessity of trade."

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"We talked about, interestingly enough, the Darfur round," Mr. Bush said, apparently confusing the Qatar city with the Sudanese region beset by violence.

Reject Flawed Trade Deals (USAT)

By John J. Sweeney

USA Today, December 12, 2006

The new Congress will face a daunting array of challenges and choices with respect to trade policy when it convenes in January.

Our country is running an annual trade deficit of almost $800 billion, real wages are stagnant or falling for most American workers, the number of people in poverty is growing, the manufacturing sector is in recession, and our health care and retirement security systems are eroding rapidly.

The AFL-CIO is looking forward to working closely with the new Congress to:

·Ensure that bilateral trade agreements (such as those with Peru and Colombia) include enforceable protections for core workers' rights.

·End tax breaks for companies that send jobs offshore.

·Insist that the Chinese government stop manipulating its currency and take concrete steps to improve workers' rights.

·Invest in cutting-edge education, training, infrastructure and research to give American workers and producers the tools to compete successfully in the global economy.

This is not the end of free trade, but a much-needed correction in course. Without dramatic changes in trade policy, we will continue to hemorrhage good jobs, while corporations take advantage of workers whose basic human rights are violated daily.

Linking core international workers' rights to market access does three important things: It empowers workers and gives them a fighting chance to bargain for their fair share of the wealth they create; helps to build a middle class, so that workers can buy more of the goods they produce; and puts a leash on multinational corporations, by taking the profit out of exploitation.

The only way the Bush administration is going to begin negotiating fair agreements is if Congress takes a stand against these flawed deals, starting with Peru and Colombia.

We face enormous challenges, but politically viable solutions are within reach.

No single action will get us out of the hole we're in, but we can start by rejecting the failed trade policies of the past and charting a new course, one that puts human rights, good jobs and sustainable development at the center of our trade policy.

Without these deep reforms, the Bush trade agenda will be deservedly stalled.

More Tested For Exposure As Poisoning Probe Narrows (LAT)

By David Holley And Jeffrey Fleishman

The Los Angeles Times, December 12, 2006

MOSCOW -- Investigators here questioned a key witness Monday in the radioactive poisoning death of former KGB agent Alexander Litvinenko, as four more possible victims of contamination were hospitalized for tests -- this time in Germany.

The latest potential victims of radioactive polonium-210 were the former wife of Russian businessman Dmitry Kovtun, her boyfriend and her two children, ages 1 and 3. Kovtun and a second Russian, Andrei Lugovoy, met with Litvinenko in London hours before he fell ill Nov. 1 and have emerged as central figures in the investigation.

German police have followed a trail of polonium Kovtun left in Hamburg in the days before he flew to Britain for his meeting with Litvinenko. Officials say they have discovered traces of polonium-210 in the passenger seat of the BMW that picked up Kovtun when he arrived in Hamburg on Oct. 28; on a couch in the ex-wife's apartment, where he spent the night Oct. 30; in her mother's home; and on a document Kovtun signed at the immigration office to update his residency. Monday they said they had found traces of radioactive elements on the clothing of the ex-wife's boyfriend.

Police said Kovtun is under criminal investigation for bringing the radioactive element into the country. "He appeared to have been in contact with polonium. We are considering him as a suspect," Hamburg state prosecutor Martin Koehnke said. "We have to establish whether he was poisoned himself or carried the polonium into the country." He added that there was a "reasonable basis for suspicion that he may not just be a victim but could also be a perpetrator."

Authorities said one theory could be that Kovtun was exposed while packaging the polonium-210 before his meeting with Litvinenko.

"We assume he had polonium-210 in his body" when he arrived in Germany, said Elmar Lillpopp, an investigator with the German Federal Police. Kovtun is not believed to have returned to Germany once he left Nov. 1.

Detectives from Scotland Yard arrived in Hamburg on Monday to work with German authorities. German authorities have dubbed their task force in the case "The Third Man," an allusion to the Graham Greene intrigue novel of the same name and a

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reference to Kovtun's being the third person at the London meeting, which took place at the bar of the Millennium Hotel in London's expensive Mayfair district.

In Moscow, investigators questioned Lugovoy, the other Russian present at the meeting.

"I was questioned by representatives of the Russian Prosecutor General's Office in the presence of Scotland Yard detectives," Lugovoy told the Russian news agency Interfax. "I gave full answers to all questions asked by the investigators. I am ready to meet with Russian Prosecutor's Office representatives and Scotland Yard detectives again."

Both Lugovoy and Kovtun are reported to be at a hospital in Moscow suffering from the effects of radiation exposure. Kovtun is believed to be more seriously ill, but there have been conflicting reports about whether he is in critical condition.

Andrei Piontkovsky, director of the Center for Strategic Studies, a Moscow think tank, said that "given all the emerging evidence, it seems quite clear that Kovtun and Lugovoy brought polonium-210 to London."

"Now they are hidden from the world behind the walls of a highly secure medical establishment," Piontkovsky said. "Now the fate of these people is being decided in a Kremlin consumed with panic as to what to do next in the face of the growing heap of hard evidence."

When Litvinenko died, he left behind a written statement blaming Russian President Vladimir V. Putin for his impending death. The Kremlin vehemently has dismissed the allegation and suggested that exiled opponents of Putin were responsible for the murder.

Holley reported from Moscow and Fleishman from Berlin. Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Hospitalizations In Hamburg Tied To Radiation (NYT)

By Mark Landler And Steven Lee Myers

The New York Times, December 12, 2006

HAMBURG, Germany, Dec. 11 — Four people who had contact here with a business associate of the former Russian agent Alexander V. Litvinenko were hospitalized Monday, on suspicion they had been contaminated by polonium 210.

The business associate, Dmitri V. Kovtun, spent four days in Hamburg in October before flying to London, where he met with Mr. Litvinenko on Nov. 1, the day Mr. Litvinenko became ill from the radiation poisoning that killed him three weeks later.

While in Hamburg, Mr. Kovtun slept for two nights in the apartment of his former wife. The police said they had detected radioactive traces on a child's car seat and in two bedrooms, suggesting that the ex-wife, Marina, her two children and her boyfriend had been contaminated.

The four people in the apartment were not showing signs of radiation sickness, according to a police spokeswoman, Ulrike Sweden, and it will take a few days of tests to determine whether they ingested the substance. She said there was no public health danger.

The police confirmed Monday that evidence of polonium was found on a seat in a BMW that met Mr. Kovtun at the Hamburg airport on Oct. 28. There were also traces in a second car he had used.

Mr. Kovtun spread a wide trail of radiation during his brief stopover in this northern German port city. His movements here have become central to solving Mr. Litvinenko's death.

German prosecutors have begun a criminal investigation of Mr. Kovtun, who is reported to be in a hospital in Moscow, saying there was evidence that he might have illegally handled the polonium 210. He could also, however, have left traces of it after being contaminated himself, the police said.

The Hamburg police are pressing the Russian authorities for details on Mr. Kovtun's health, with conflicting reports suggesting that he was in a coma, seriously ill or not outwardly ill at all.

Germany's deepening entanglement in the case could strain relations between Berlin and Moscow, which are close but have changed in tone under a new German chancellor, Angela Merkel.

In an interview scheduled to be broadcast on German television Monday night, Mrs. Merkel said of the deaths of Mr. Litvinenko and a journalist, Anna Politkovskaya, "It is not a good sign; it needs to change."

She called on the Russian authorities to investigate both deaths aggressively, and said President Vladimir V. Putin had assured her that they would. Ms. Sweden, however, said Russian officials still had not answered questions from the Hamburg police about Mr. Kovtun.

British officials have complained that Russia is hampering their investigation of Mr. Litvinenko's death. On Monday, the Russian prosecutor general, Yuri Y. Chaika, met with Britain's ambassador to Moscow, Anthony Brenton, to discuss the case.

Mr. Kovtun, a 41-year-old Russian, was a student in the 1980s at the Supreme Soviet Higher Military Command School, many of whose students went on to serve in the K.G.B.

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If, as the Germans suspect, Mr. Kovtun handled polonium, it would raise the question of how it got to Germany. According to officials here, he flew from Moscow to Hamburg on Oct. 28 aboard an Aeroflot flight. Aeroflot's deputy chief spokesman, Viktor F. Sokolov, said no requests had been made to examine any of the company's aircraft.

He said that all Aeroflot planes arriving at the Moscow airport operated by the airline Sheremetyevo were routinely inspected and that none had shown signs of radiation. Authorities also found no traces in a Germanwings plane that Mr. Kovtun took to London on Nov. 1.

In the Hamburg neighborhood where Mr. Kovtun once lived, radiation specialists went in and out of his ex-wife's apartment building, hauling luggage, steel cases and objects in sealed plastic bags.

In Russia, no officials commented publicly on the disclosures involving Mr. Kovtun. But Russia's ambassador to Germany, Vladimir V. Kotenev, rejected claims that his county was not cooperating. "We also have an interest in finding out the truth," he said on German television.

Russian and British investigators did begin interviewing Andrei K. Lugovoi, who along with Mr. Kovtun, met with Mr. Litvinenko on Nov. 1 in London. An aide to Mr. Lugovoi, reached by telephone, declined to discuss the meeting, but confirmed remarks that he had made to Russian news agencies.

"I was giving evidence purely as a witness," he said, according to Itar-Tass. He added that the meeting lasted a little longer than three hours and that he "gave exhaustive answers to all the questions."

Investigators from Russia and Britain also interviewed Mr. Kovtun over three days last week. Afterward, the prosecutor general announced that it had opened its own investigation and that Mr. Kovtun was ill with symptoms of radiation poisoning. He did not answer his telephone.

A third Russian who accompanied Mr. Lugovoi and Mr. Kovtun during their trip to London, Vyacheslav G. Sokolenko, declined in a telephone interview to discuss the new disclosures, saying he could speak only for himself. He said he had been tested and found to have no exposure to radiation.

Four Hospitalized In Germany As Part Of Radiation Inquiry (WP)

By Mary Jordan And Shannon Smiley

The Washington Post, December 12, 2006

LONDON -- Police said four people in Germany were hospitalized Monday after showing signs that they may be contaminated by polonium-210, the poison that killed former Russian intelligence officer Alexander Litvinenko. All four are connected to Dmitry Kovtun, a Russian businessman who met Litvinenko in London the day he became ill.

German police said they are investigating Kovtun, 41, on suspicion that he illegally handled a radioactive substance. They said he left a radioactive trail in Germany, after arriving there from Moscow on Oct. 28 and before flying to London on Nov. 1. Litvinenko began feeling sick Nov. 1, so the discovery of a trail of the deadly substance before that date is a significant development because it could lead police to its source.

According to Russian news reports, Kovtun is now apparently ill in a Russian hospital. But just as he emerges as a central figure in the case, his whereabouts and condition have been shrouded in mystery. German officials said Monday that they had no information on Kovtun's "current location or his state of health."

Kovtun's 31-year-old former wife, her 27-year-old boyfriend and her two children, ages 1 and 3, were sent to a Hamburg hospital Monday for further tests on "suspicion" of being contaminated, Hamburg police said. German news reports said polonium-210 was found in the bedrooms of the ex-wife's home, on the children and on the family's clothes.

German officials said Sunday that Kovtun spent the night of Oct. 28 at his ex-wife's apartment and that they had found polonium-210 on the couch where he slept. They also said traces of polonium-210 were found in a BMW that Kovtun rode in from the airport after flying in from Moscow earlier that day.

Officials said Monday that they had found traces in a second car, a Chrysler, which he rode in twice between Oct. 28 and Nov. 1. Police are also seeking to find the taxi driver who drove Kovtun to the airport for a 6:40 a.m. Germanwings flight to London on Nov. 1.

In Moscow on Monday, British detectives talked with businessman and former KGB officer Andrei Lugovoy, who with Kovtun met Litvinenko on Nov. 1 at the Millennium Hotel in London. Seven employees of the hotel's Pine Bar, where the Russians met, have tested positive for traces of polonium-210. The bar remains closed.

Kovtun spoke with British and Russian investigators last week, and afterward Russian officials said he had been found to be contaminated with a radioactive substance. Russian news reports said he is believed to be in the same Moscow hospital as Lugovoy, who is also being tested for radiation.

Lugovoy told the Russian news agency Interfax that he was questioned by representatives of the Russian prosecutors office "in the presence of Scotland Yard detectives" for three hours and that he had given "full answers to all questions asked."

Tension has developed between Scotland Yard and Russian prosecutors, who have restricted British detectives in Russia, opened their own probe of the case and said they may come to London to investigate. Litvinenko's family and friends have said they believe that Russian authorities were involved in his death; Litvinenko was an outspoken critic of Russian President Vladimir Putin and his superiors in the Federal Security Service, the domestic successor to the KGB. Kremlin officials have rejected those allegations.

German Chancellor Angela Merkel, in a television interview Monday night, urged Russia to cooperate with the investigation. Discussing unsolved murder cases in Russia, Merkel said, "That's not a good sign; it must change."

Smiley reported from Berlin.

Shell Gets Poloniumed (WSJ)

The Wall Street Journal, December 12, 2006

The authoritarian drift of Russia continues apace. Yesterday the Kremlin managed to pull the rug out from under the largest foreign investment in the country, Royal Dutch Shell's $20 billion oil and gas project off the Pacific island of Sakhalin. You might call it the economic version of Polonium 210.

Connoisseurs of Russian black humor can appreciate the methods used to wrest control of the Sakhalin-2 project from the Dutch-British energy giant. In recent months, local authorities went after the company for "unauthorized tree felling" and other environmental and labor violations -- finding about 100 in all. Last week, the Natural Resources Ministry threatened to pull permits needed to proceed with the exploration work over allegedly misused water permits. This is the same Russia whose environmental record includes Chernobyl and the dry Aral Sea, among other offenses.

It is a measure of the West's fatalism about Russia that the Kremlin-engineered campaign to force Shell to hand Sakhalin to state-owned Gazprom came as no surprise. KGB man Vladimir Putin has been anything but subtle in his mission to put natural resources in the hands of his cronies.

Last year, the country's top private oil concern, Yukos, was forcibly handed to state-run Rosneft, and Yukos's boss, Mikhail Khodorkovsky, was exiled to Siberia. Foreign companies are barred from taking majority stakes in oil, gas or mineral exploration projects or from challenging Gazprom's monopoly on gas exports. To get around the roadblocks put in its way, Shell yesterday offered to cede majority control of Sakhalin to Gazprom, retaining a minority stake. Watch for its "environmental" problems to be quickly resolved. Other existing exploration deals with BP, ExxonMobil and Total are also in the Kremlin sights.

Mr. Putin finds no shortage of defenders. After all, goes the refrain, Venezuela, Saudi Arabia, Mexico and other developing countries keep their oil and gas resources tightly held in state hands, too. Vladimir Putin's Russia certainly belongs in that company. So, please remind us, what's the country doing in the G-8 club of the world's leading industrialized democracies?

In Russia, A Secretive Force Widens (WP)

By Peter Finn

Washington Post, December 12, 2006

MOSCOW -- On Nov. 15, the Russian Interior Ministry and Gazprom, the state-controlled energy giant, announced three new senior appointments. Oleg Safonov was named a deputy head of the ministry. Yevgeny Shkolov became head of its economic security department. And Valery Golubev was appointed a deputy chief executive at Gazprom.

All three men had something important in common beyond the timing of their promotions: backgrounds as KGB officers and experience working directly with President Vladimir Putin when he was a KGB operative himself in Germany or later, when he was a rising presence in the local government of St. Petersburg, his home town.

Russia's intertwined political and business elites are increasingly populated with people like them, former intelligence agents who have personally proved themselves to the president. At the same time, Putin has spearheaded the regrouping and strengthening of the country's security services, which had splintered into a host of agencies after the Soviet Union's dissolution in 1991.

In particular, the Federal Security Service, known by its Russian initials FSB, has emerged as one of the country's most powerful and secretive forces, with an increasingly international mission. Putin headed the agency in the 1990s.

"If in the Soviet period and the first post-Soviet period, the KGB and FSB [people] were mainly involved in security issues, now half are still involved in security but the other half are involved in business, political parties, NGOs, regional governments, even culture," said Olga Kryshtanovskaya, director of the Moscow-based Center for the Study of Elites. "They started to use all political institutions."

Kryshtanovskaya recently analyzed the official biographies of 1,016 leading political figures -- departmental heads of the presidential administration, all members of the government, all deputies of both houses of parliament, the heads of federal units

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and the heads of regional executive and legislative branches. She found that 26 percent had reported serving in the KGB or its successor agencies.

A more microscopic look at the biographies, she said -- examining unexplained gaps in r?sum?s, unlikely career paths or service in organizations affiliated with the KGB -- suggests the startling figure of 78 percent.

The widening reach of Russia's national security apparatus is part of the general centralization of power under Putin and a more assertive and self-confident foreign policy backed by vast energy resources.

A spokesman for the FSB declined to discuss its functions, saying the topics raised in a series of faxed questions touched on classified material. But in interviews with the Russian news media, senior FSB officials have defended the agency's increasing power as a necessary and natural response to a terrorist threat.

"Western countries condemn Russia for encroaching on democracy but invest in their own special and police services nearly unrestricted powers that encroach on the rights and freedoms of their citizens," Yuri Gorbunov, deputy director of the FSB, said in an interview in July with the official newspaper Rossiiskaya Gazeta. "Why? Because they know what a danger terrorism poses."

Russian critics of the FSB's expanding powers contend that after the Sept. 11, 2001, attacks in the United States, Putin's government essentially entered the slipstream of American policies justifying the extraordinary rendition or targeted killing of terrorism suspects and domestic programs such as warrantless surveillance of citizens.

The critics say that heightened state security, while ostensibly a response to terrorism, is also seen by the Putin establishment as essential to its own political preservation.

"The FSB can take action against any kind of danger that it sees -- not just terrorism but political and economic dangers," said Andrei Soldatov, editor of Agentura.Ru, an Internet publication that monitors the security services. "Now the FSB is more powerful than the KGB was."

The FSB's multiple briefs include intelligence, counterintelligence, counterterrorism, economic crime, electronic espionage, border control, social monitoring and, some observers claim, responsibility for the country's computerized election system.

Many outsiders have also asserted that the agency plays a key role in crafting some of the legislation the government submits to parliament on a broad range of subjects, including a measure this year that increased state monitoring of the nongovernmental sector and that gives the state the power to limit or ban foreign funding of political activities it regards as subversive.

The legislation was a reaction to popular revolts in the former Soviet republics of Georgia and Ukraine, where the Kremlin believed foreign-funded activists played an important part in mobilizing street demonstrations following flawed elections.

The FSB's budget continues to grow rapidly, jumping nearly 40 percent in 2006, according to the newspaper Kommersant. The exact figure remains a state secret, as does the number of FSB personnel.

In 2003, on Putin's order, the FSB absorbed the border guard service and assumed some of the powers of the former Federal Agency for Government Communications and Information, or FAPSI, which handles electronic eavesdropping. After a prolonged bureaucratic fight with the FSB, FAPSI was broken up and its functions distributed among various governmental agencies.

"According to persistent reports, the FSB is responsible for running the computerized system that processes and reports elections results," wrote Mikhail Tsypkin, an associate professor at the Naval Postgraduate School, in the July issue of the Journal of Democracy. Control of the computerized election system had been a FAPSI function.

Members of parliament said in recent interviews that the FSB will also help determine the fitness of minority investors in industries that the state deems strategic. The FSB has also played a lead role in prosecuting Russian scientists and researchers accused of leaking state secrets to foreign governments, NGOs and companies, a campaign that the New York-based advocacy group Human Rights Watch has called "spy mania."

The FSB's pursuit of suspected traitors has chilled the academic community here. In a recent interview, a Russian physicist speaking on condition of anonymity said he had begun to consult the FSB on potential publications and academic symposiums to preclude accusations of divulging classified information.

"There are more and more issues which you cannot decide without the resolution of the FSB," said Ivan Safranchuk, Moscow director of the World Security Institute, a research organization. The agency's powers, he said, extend into signing off on business development in border areas and making decisions on the release of information about reserves of raw materials such as platinum, which was declassified only with the FSB's permission.

The agency's governing legislation states that the FSB also has an intelligence function, but what role it plays abroad and how it works with the official foreign intelligence wing of the government is largely unknown, according to Soldatov, the Agentura editor.

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This summer, Russia's security services, including the FSB, were given the legal power to hunt down and kill terrorism suspects overseas if ordered to do so by the president.

"This is a preventive measure," said Anatoly Kulikov, deputy chairman of the security committee in the lower house of parliament, after the passage in July of legislation giving Putin the right to deploy stealth forces against enemies of the state. "This should cool down, at the very least, people who are nurturing their own ideology of force and other such intentions. They must know what they can expect."

Allies of Alexander Litvinenko, the former FSB officer who was fatally poisoned in London last month, link the passage of this law with the killing. "Litvinenko's death was not unexpected, because according to this law Russian special services can eliminate political opponents on blacklists," Akhmed Zakayev, a Chechen separatist and friend of Litvinenko's who was granted asylum in London, said in a phone interview.

The Kremlin has dismissed allegations of state involvement in the killing as absurd and noted that the charges emanate from a circle of people around exiled tycoon Boris Berezovsky, who has long waged a campaign to demonize and undermine Putin.

In July, Russian legislators stressed that the law was designed to target terrorists hiding in failed states and that in other situations the security services would work with foreign intelligence services to pursue their goals.

Eastern Europe Struggles To Purge Security Services (NYT)

By Craig S. Smith

The New York Times, December 12, 2006

BUCHAREST, Romania — Communism is gone and democracy is well implanted in the countries of the old Warsaw Pact, but the Soviet era's security services are still sending shudders through the region nearly two decades after the fall of the Berlin Wall.

The case of Alexander V. Litvinenko, the former K.G.B. agent who was poisoned in London in November, would not seem out of place here, where a death threat in Romania, a suicide in Bulgaria and unbroken silence on several unsolved murders provide clues to the continued presence of the secret services today.

Some members of the secret police remain in place. Others took advantage of the state-asset fire sale that came with the dismantling of centrally planned economies and are now quietly powerful players.

"In '89, only Communism was killed, but the former state security and Communist Party chiefs took the economic power," said Marius Oprea, president of the Institute for the Investigation of the Crimes of Communism, a Romanian government group.

As a result, the files that documented many of the era's darkest deeds, from blackmail to torture to assassination, have remained closed — and few of the agents and informers whose reports fattened the folders of the services have ever been identified.

But that is changing with the advent of new governments that have displaced those more closely associated with the old Communists, and with pressure from the European Union. A renewed effort is under way across the former Soviet bloc to expose the continued role of the security services and to root out former police agents and collaborators.

The effort is not without risks. In November, Bozhidar Doychev, the man who oversaw Bulgaria's most sensitive secret service archives, was found dead at his desk, with a bullet in his head from his own handgun.

His death was ruled a suicide, but many people have linked it to efforts by some in the government to identify public figures who worked with the country's former Committee for State Security.

Mr. Oprea, a friend of Mr. Litvinenko's, has experienced the threat up close.

On a Romanian street in his hometown, Brazov, a man approached him last year and warned that his toddler son could come to harm if he continued to "push things."

"They are not happy when you start to dig into what happened after 1989," said Mr. Oprea, who sent his family to live in Germany after the man's warning.

Most of Central and Eastern Europe's former Communist countries tried to purge their societies of Soviet-era secret police and informers in the aftermath of Communism's collapse. But the closer they were to Russia, the less effective their purges were.

While many of the region's new political leaders look decisively to the West for their future, some former Communists and the secret services that served them are drawn to the revitalized power of Russian President Vladimir V. Putin and his F.S.B., the successor to the K.G.B.

East Germany and the Czech Republic were the most successful with their purges after 1989, opening secret police files and screening public figures for past collaboration with the intelligence services. Poland screened tens of thousands of people in the early 1990s, but the process lost steam — until the nationalist Law and Justice Party came to power last year and revived it.

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Bulgaria is only now beginning to confront the past of its secret police, who have been implicated in plots ranging from the murder of a Bulgarian dissident, Georgi I. Markov, with a poison-tipped umbrella on Waterloo Bridge in London in 1978 to an attempted assassination of Pope John Paul II in 1981.

But nowhere has the struggle between the former secret services and the forces for change been as intense as in Romania, now poised to join the European Union.

Before 1989, Romania's Securitate was one of the Eastern bloc's largest secret police forces in proportion to its population. Under the oppressive regime of Nicolae Ceausescu, it was also among the most brutal. An estimated 11,000 agents and a half-million informers watched millions of Romanian citizens, hundreds of thousands of whom were imprisoned for political reasons. Some were killed.

While the heads of the secret services have been changed and the services have been reorganized, much of the rank and file remains, now with ties to a powerful business elite.

Earlier this year, for example, the Justice Ministry disbanded its secret service, the General Directorate for Protection and Anti-Corruption. The organization had been wiretapping judges and gathering other information, "which we do not really know ended up where or with whom," the justice minister, Monica Macovei, told local newspapers.

The service was set up in 2001 by Marian Ureche, a former Securitate colonel who resigned in 2003 after the local news media disclosed his secret police past. He was one of 1,600 former Securitate officers "who continued to hold key posts in the intelligence services established after 1989," according to an anonymous 2002 report published by Romania's Ziua newspaper and never challenged by the security services.

Many of the most powerful businessmen in Romania have links to the Securitate, even if they deny having benefited from such relationships — something that is, by its nature, difficult to prove.

Silvian Ionescu, the country's top environmental official, was a former high-ranking Securitate officer who became wealthy after Communism's fall through various business deals.

Dan Voiculescu, a media mogul and president of the Conservative Party, denied for years that he had Securitate ties and successfully sued several journalists for suggesting otherwise. But earlier this year, the National Council for the Study of the Securitate Archives, a government group that is checking the pasts of elected officials, civil servants and members of civil society, announced that Mr. Voiculescu had indeed acted as a secret police informer under the code name Felix.

Mr. Voiculescu has since admitted that he collaborated, though only "two or three times for economic espionage." He said others involved with the Securitate stole assets or used their connections in other ways to accumulate wealth.

The first government not closely linked to the former Communists came to power in 1996 and passed a law requiring that the secret police archives be opened. But the government changed hands and lustration, as the process of exposing past Communist agents is called, stalled.

After years of delays, the security services are starting to turn over files to the National Council.

Those records under the council's control fill about 10 miles of shelf space — roughly 1.8 million individual files. Romanians can request a copy of their file, if it exists, allowing them a sometimes cathartic look into the work of their tormentors.

In the city of Ploeste, Vasile Paraschiv, a 78-year-old former factory worker, holds up a six-inch stack of photocopies. The papers document the Securitate's efforts to have him permanently committed to a psychiatric hospital because of his political views.

"I didn't want to be a Communist Party member anymore," he explained.

Mr. Paraschiv managed to win a court case in 1977 that allowed him to receive treatment at home, though he was sent to psychiatric hospitals on other occasions and forced to take antipsychotic drugs for years.

But the security services have not yet turned over all of the files, and there is widespread suspicion that the most important ones are being withheld.

"We don't have any idea how many there are," said Claudiu-Octavian Secasiu, president of the National Council. He thinks there are hundreds of thousands of files still in the hands of the secret services, based on an intelligence report from 1994.

The security services have until the end of the year to finish transferring the files, but confidence in the process is very low.

Vladimir Tismaneanu, a professor of politics at the University of Maryland who was appointed by President Traian Basescu to head a commission looking into Romania's Communist past, complains that "there are still institutions, primarily the secret services, that hold back despite presidential intervention and will not deliver files in their possession."

Mr. Tismaneanu said that despite presidential support, he has failed to get information on several Communist-era deaths blamed on the Securitate, including two possible poisonings of Radio Free Europe directors with radioactive thalium in the 1980s and the shooting of a Ceausescu critic in Chicago in 1991.

"We were told the files didn't exist," Mr. Tismaneanu said. "I don't believe it."

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The council has succeeded in turning up a handful of informers among public figures, but most were minor players who, some say, lacked the clout to keep their files hidden or were victims of political sabotage.

The case that has drawn the most attention is that of former culture minister and Parliament member Mona Musca, who was thrown out of the Liberal Party after it was revealed that she had worked for the Securitate monitoring foreign students at the University of Timisoara, beginning in 1977. She says she was targeted because she was a popular politician and a potential rival of the country's prime minister.

The file of Mr. Voiculescu of the Conservative Party was found just after he was nominated to become deputy prime minister. The news blocked his move and his party recently withdrew from the governing coalition.

"Instead of opening the files in the 1990s, the people in power kept them because they could be used for blackmail," Mr. Voiculescu said, adding that as long as there are files in the secret services hands, "that can go on forever."

It may be impossible to clarify the past until all interested parties have disappeared from the field.

Corneliu Turianu, a Communist-era judge who is one of the council's 11 members, flips through a thick stack of paper at his Bucharest home, running his finger down the lists of vetted names, looking for his own.

"There are always new files appearing," he said, pausing to pour a visitor a glass of Scotch with shaking hands. He said the process will continue until those who were adults before 1989 are dead. "Then," he said, "nature will take its course."

A Bitter Legacy Of Division Survives Pinochet (NYT)

By Larry Rohter

The New York Times, December 12, 2006

SANTIAGO, Chile, Dec. 11 — On Chilean television Sunday afternoon, supporters of Gen. Augusto Pinochet were pummeling demonstrators celebrating the death of the former dictator. "Look at that," complained the manager of a car rental agency in the southern town of Pucón. "Even now that he's dead, Pinochet continues to perturb this country."

Chile seemed calmer on Monday, with the general's few remaining admirers filing by his coffin at the military academy here and the rest of the country going about its normal workday activities. But the timing of his death has not only brought back to the surface many of the divisions he created but has also left a host of troubling legal and political questions unresolved.

Victims of the general's human rights abuses, for instance, expressed frustration that he had died "without paying his enormous debt to justice" or even standing trial, in the words of Lorena Pizarro, director of the Relatives of the Detained and Disappeared Group.

Questions were also raised about what would happen now to the numerous criminal cases opened against him and his subalterns.

"The big question is whether this will give an impetus to those prosecutions or have the reverse effect," said Sebastián Brett, the Chile representative of Human Rights Watch Americas. "Some might be tempted to ask, 'The old boy's gone, so what's the point of going on?' But I wonder if some of the military officers who have basically held to a pact of silence will begin to talk as a way of cutting their losses now that Pinochet's rather terrifying influence will have gone."

Human rights advocates want those cases to proceed, if only to undermine the more extravagant claims of the general's apologists and make the historical record clear.

Outside the military academy this morning, for instance, Iván Moreira, a right-wing congressman, was arguing to all who would listen that General Pinochet was not a brutal executioner but "a great statesman and liberator, the man who saved Chile from Marxism and avoided a war."

Most of the murder, kidnapping and torture accusations against the general also involve other officials and so will not lapse. In addition, his wife and some of his five children were indicted along with him on fraud or tax evasion charges stemming from the disclosure by the United States Senate in 2004 that he had clandestinely accumulated an illicit fortune, now estimated at $28 million, in bank accounts abroad.

General Pinochet ceased to be an important player in Chilean politics even before then, as a result of his detention in Britain in 1998 for human rights abuses. But politics here have continued to revolve around him and his legacy, and his demise promises to affect the country's two major political alliances.

As one of the great villains of modern history, he has been a boon to the coalition of Socialists and Christian Democrats that has been in power since his dictatorship ended in 1990. The parties were often at odds before he subjected them to the unifying traumas of murder, torture and exile, and some differences between them on social issues and economic policies have recently intensified.

"It is going to be a huge challenge for the coalition to find common ground and build a platform for future elections," said Patricio Navia, a professor of political science at Diego Portales University here and at New York University.

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"They came together to oppose Pinochet and lead the restoration of democracy," Professor Navia said, "and now that Pinochet is gone, the fear that old Chilean politics and old divisions may return should not be discarded."

For the two main rightist opposition parties, in contrast, General Pinochet's death comes as a relief and an opportunity. They have been stained by their close association with him and his dictatorship, their efforts to reach out to moderate voters blunted and their democratic credentials repeatedly questioned as a result of their reluctance to criticize his human rights abuses.

They have already begun distancing themselves from those links, as evidenced by the Pinochet family's complaints that certain party leaders failed to visit the general in his last days. But once his funeral is over and the year-end holidays and Southern Hemisphere summer vacation push the news aside, the right will be free to accelerate the process of selective disengagement.

"With Pinochet's disappearance, that political weight will now drop off," said Juan Bustos, a Socialist member of Congress who is the sponsor of a bill to undo the Pinochet-era amnesty law that has prevented prosecution of human rights offenders. "So there is a certain advantage for them in all of this."

The former dictator's death has also forced President Michelle Bachelet into a delicate political minuet. The president is not only a Socialist and a physician like Salvador Allende, whom General Pinochet overthrew with Washington's support on Sept. 11, 1973, but is also a former exile and political prisoner and the daughter of a general who died in prison after being tortured.

Because of her past, Ms. Bachelet, also a former defense minister, has to be careful not to take actions that seem vindictive or spiteful. She has decided that General Pinochet will not have the official funeral normally accorded a former head of state and has not decreed a period of official mourning, but has allowed the Chilean flag to fly at half-staff at military installations and authorized her defense minister to attend the funeral. One of the general's sons, Marco Antonio, asked in a radio interview that the government not send a representative.

In what was interpreted as a sign of her difficulty, Ms. Bachelet wore a black dress to work on Monday but said nothing specific about General Pinochet's passing. That silence encouraged directly opposing interpretations: either that she was discreetly seeking to avoid offending his partisans or that she was expressing sympathy for the thousands of victims of his brutal rule.

"It must be difficult for the president to separate her subjective response to the figure of Pinochet from her duties as head of state," said Carlos Peña González, a prominent lawyer and author. "Her life is intimately tied to Pinochet's, but her role requires her to maintain her composure and neither mourn nor celebrate, to repress and moderate her feelings and thus seize the opportunity to relaunch the project of the governing alliance."

Chile's Gen. Pinochet, The Strongman Who Tore Apart His Country (WP)

By Pamela Constable

The Washington Post, December 12, 2006

The streets of Santiago were slick from fire-hose spray, and the acrid scent of tear gas lingered in the crisp air. It was the autumn of 1985, and the tempo of protest against Chile's military dictatorship was building steadily. Diplomats and politicians were demanding change. Students and labor activists filled the streets, ducking police batons and chanting gleefully, "It's going to fall! It's going to fall! The military dictatorship is going to fall!"

But Gen. Augusto Pinochet, ensconced in his heavily guarded palace after more than a decade in power, seemed as immovable as a tank. On his 70th birthday, he called the capital's press corps to his suburban mansion. As cameras whirred, he lifted weights, performed sit-ups and jogged around his driveway in a sky-blue track suit. Pinochet's wordless message of robust defiance was unmistakable. The old soldier was still strong and he had no intention of calling a retreat.

I spent much of that year living in Santiago, and I visited Chile as a newspaper correspondent repeatedly between 1983 and 1990, when the Pinochet regime finally gave way to elected civilian rule.

Pinochet, who died Sunday at age 91, was a man with a mission. He genuinely believed he was doing the right thing, carrying out a grim duty in order to save his country from evil. In every speech and interview, the strongman of Santiago returned to the same theme: his sacred, patriotic calling to rid Chile of communism, whatever the cost.

"I am a man fighting for a just cause; the fight between Christianity and spiritualism on the one hand, and Marxism and materialism on the other," he told a magazine interviewer in 1984. "I get my strength from God."

He was stern, insecure and humorless, except when in the company of his grandchildren. In a region of cronyish despots, Pinochet cultivated the image of a disciplined Prussian commander. He was so sensitive to suggestions of impropriety or autocracy that when a news magazine ran a cartoon of him as a bewigged Louis XIV, he had every copy confiscated from newsstands across the capital.

Yet the longer he remained in power, the more he came to revel in its titles and trappings. He traveled in a convoy of gold Mercedes Benzes, changing their order so assassins could not target him. He promoted himself to captain general after

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removing all other senior army officers who approached that rank. In public, his peaked cap, dark glasses and swishing gray cape made him look like a giant bird of prey.

He was scornful of politicians, viewing them as a selfish and bickering class that had led Chile into the clutches of communism. At his rare news conferences, he was impatient and brusque, feigning ignorance of human rights abuses and insisting his regime had nothing in common with the Nazis or the Inquisition.

But when Pinochet spoke of the need to "extirpate" communism from Chilean soil, it sent chills down my spine. As victims emerged from secret prisons, we learned what that verb really meant: fingernails pulled out, electric shocks applied to genitals, mock-rape by dogs. To this day, I remember the faces and the voices of weeping men, ashamed to confide the terrible things that had been done to them.

An equally tragic legacy of Pinochet's rule was that it exacerbated the divisions that had split Chilean society during the presidency of socialist Salvador Allende, whose revolutionary ideals inspired the young and poor -- and horrified the old and wealthy.

Instead of healing those wounds, Pinochet rubbed them raw. Instead of restoring civilian rule after overthowing Allende in 1973, he shut down Chile's democratic institutions. Military rule created a nation of sycophants and cowards, where neighbors did not speak for years, where office workers looked away as people were dragged into unmarked cars, where elegant housewives held pro-military parades and teenage slum-dwellers were tear-gassed.

While researching a book about Pinochet's rule, I interviewed hundreds of people. Many were ordinary civilians whose dignity had been stolen by a combination of economic and political oppression: the black-listed carpenter who had to sell his family wedding rings, the bookkeeper whose father's library of history and philosophy books was burned by a squad of soldiers.

In addition to wiping out communism in his country, Pinochet implemented radical free-market economic reforms that threw tens of thousands of people out of work but eventually put Chile on a path of growth that is the envy of Latin America today.

Now, years later, this reformist image has been sullied by revelations about Pinochet's secret bank accounts in Washington and elsewhere. In his final years, he stooped to mafioso-like assertions of senility to escape prosecution for human rights abuses. He died a free if diminished man, publicly unrepentant and convinced he had saved Chile from becoming another Cuba.

But while the old general was lifting weights and running laps in his protected palaces, determined to prove he could out-tough his critics, the society outside those walls was flailing and divided.

Even this week, many Chileans reacted to Pinochet's death with the same extremes of adoration and hatred that were common when he was still in power. Perhaps only now that he is gone, and one of his regime's torture victims, Michelle Bachelet, occupies the presidential palace, can the reknitting of Chile's social fabric finally begin.

Constable, an editor and reporter at The Post, is co-author of "A Nation of Enemies: Chile Under Pinochet."

A Dictator's Double Standard (WP)

The Washington Post, December 12, 2006

AUGUSTO PINOCHET, who died Sunday at the age of 91, has been vilified for three decades in and outside of Chile, the South American country he ruled for 17 years. For some he was the epitome of an evil dictator. That was partly because he helped to overthrow, with U.S. support, an elected president considered saintly by the international left: socialist Salvador Allende, whose responsibility for creating the conditions for the 1973 coup is usually overlooked. Mr. Pinochet was brutal: More than 3,000 people were killed by his government and tens of thousands tortured, mostly in his first three years. Thousands of others spent years in exile.

One prominent opponent, Orlando Letelier, was assassinated by a car bomb on Washington's Sheridan Circle in 1976 -- one of the most notable acts of terrorism in this city's history. Mr. Pinochet, meanwhile, enriched himself, stashing millions in foreign bank accounts -- including Riggs Bank, a Washington institution that was brought down, in part, by the revelation of that business. His death forestalled a belated but richly deserved trial in Chile.

It's hard not to notice, however, that the evil dictator leaves behind the most successful country in Latin America. In the past 15 years, Chile's economy has grown at twice the regional average, and its poverty rate has been halved. It's leaving behind the developing world, where all of its neighbors remain mired. It also has a vibrant democracy. Earlier this year it elected another socialist president, Michelle Bachelet, who suffered persecution during the Pinochet years.

Like it or not, Mr. Pinochet had something to do with this success. To the dismay of every economic minister in Latin America, he introduced the free-market policies that produced the Chilean economic miracle -- and that not even Allende's socialist successors have dared reverse. He also accepted a transition to democracy, stepping down peacefully in 1990 after losing a referendum.

By way of contrast, Fidel Castro -- Mr. Pinochet's nemesis and a hero to many in Latin America and beyond -- will leave behind an economically ruined and freedomless country with his approaching death. Mr. Castro also killed and exiled thousands.

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But even when it became obvious that his communist economic system had impoverished his country, he refused to abandon that system: He spent the last years of his rule reversing a partial liberalization. To the end he also imprisoned or persecuted anyone who suggested Cubans could benefit from freedom of speech or the right to vote.

The contrast between Cuba and Chile more than 30 years after Mr. Pinochet's coup is a reminder of a famous essay written by Jeane J. Kirkpatrick, the provocative and energetic scholar and U.S. ambassador to the United Nations who died Thursday. In "Dictatorships and Double Standards," a work that caught the eye of President Ronald Reagan, Ms. Kirkpatrick argued that right-wing dictators such as Mr. Pinochet were ultimately less malign than communist rulers, in part because their regimes were more likely to pave the way for liberal democracies. She, too, was vilified by the left. Yet by now it should be obvious: She was right.

Thief Of State (WP)

By Eugene Robinson

The Washington Post, December 12, 2006

I'll leave it to others to "balance" the commentary on Gen. Augusto Pinochet's death with praise for his free-market economic reforms. Pinochet was a despot, a murderer and a fraud. He cheated death until 91, finally succumbing on Sunday as loving family members stood at his bedside and caring doctors did all they could to ease his pain. His regime exterminated more than 3,200 human beings for their political views, and most of them had to die young, alone and in agony.

About 29,000 victims were tortured during Pinochet's 17-year dictatorship, and an estimated 200,000 Chileans were forced into exile. The dictator's final public statement -- on his 91st birthday last month, he took "political responsibility for everything that was done" -- was a typical evasion. What is "political responsibility" supposed to mean? Pinochet dodged personal and moral responsibility for his atrocities to the bitter end.

One of the most remarkable stories I have ever covered was the beginning of Pinochet's downfall. In 1988, in accord with a new constitution the dictator had imposed, Chile held a plebiscite on Pinochet's continued rule. He never would have allowed such a thing unless he were confident of winning; this was supposed to be a semblance of democracy, not the substance.

But 15 years had passed since Pinochet seized power in a bloody coup that overthrew the elected government of socialist President Salvador Allende. Centrist political forces had come to rue their initial acquiescence in the coup, and now they joined with the left in a grand coalition to say no to Pinochet.

Along with other foreign correspondents, I spent weeks at a time in the somewhat lugubrious Hotel Carrera in downtown Santiago, overlooking the presidential palace, La Moneda. Allende had committed suicide there during the coup as fighter jets strafed the building and assault troops fought their way inside.

To his chagrin, Pinochet actually had to go out and campaign. To show the dictator's enduring popularity, the government arranged buses to take correspondents to a pro-Pinochet rally in Vina del Mar, a coastal resort. The wildly enthusiastic crowd, which greeted Pinochet as if he were the second coming of Elvis, turned out to consist mainly of wealthy women and their maids. When the elegant, bejeweled housewives weren't looking, the maids would give reporters a wink or a quick thumbs-down to make clear that while they might be compelled to cheer, they were going to vote no.

Anti-Pinochet rallies, meanwhile, drew hundreds of thousands of people to working-class neighborhoods in Santiago. Ad hoc street demonstrations downtown usually ended with the appearance of armored police vehicles that were specially designed to spray a particularly noxious type of tear gas.

In the end, the vote wasn't even close -- Pinochet lost, and was compelled by his own constitution to allow full and fair elections two years later. When he finally had to surrender his presidential powers to a civilian government in 1990, he kept his post as head of the army and brazenly warned against any attempt to bring military officials to justice for their abuses.

Pinochet was never fully held accountable for his crimes, which almost certainly include an outrageous act of state-sponsored terrorism here in Washington -- the 1976 car-bomb murder near Embassy Row of Orlando Letelier, who was Chile's foreign minister under Allende, and Letelier's assistant, Ronni Moffitt. The old general did have to endure an embarrassing interlude of house arrest in England, as well as a string of other accusations back home in Chile that threatened his luxurious retirement. But his failing health -- along with the not-so-veiled threat of military retaliation if the civilian government touched a hair on the old man's head -- kept him a free man.

Pinochet remained a hero to many in the Chilean right, who saw him as the noble citizen-soldier who had saved a grateful nation from Marxist ruin and laid the groundwork for an economic miracle. A few acolytes still see him this way, but even for many who once were fervent supporters, this myth of selfless patriotism has been thoroughly exposed as a lie.

Authorities discovered that Pinochet, having spent his adult life drawing a public servant's modest salary, somehow had squirreled away more than $27 million in offshore bank accounts. Other members of his family also mysteriously came into great wealth. And in October, Chilean investigators said they had found 10 tons of gold in a Hong Kong bank under Pinochet's name.

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It may be small solace to those he tortured and the survivors of those he killed. But at least the world knows that Augusto Pinochet wasn't just a tyrant. He was also a common thief.

The Pinochet Paradox (WSJ)

The Wall Street Journal, December 12, 2006

Augusto Pinochet died on Sunday at the age of 91, more than 18 years after he agreed to a 1988 plebiscite that turned him out of power. The standard Pinochet narrative is to emphasize the loss of liberty during the 17 years he ruled the country as a military dictator. The real story is more complicated.

Though General Pinochet became a devil symbol of the international left, he was a far more complex figure and cannot be understood apart from the global Cold War conflict of which he and his country were a part. Pinochet's legacy is a paradox -- a long string of them.

He took power in a coup in 1973, but ultimately he created an environment where democratic institutions would prevail. He is responsible for the death and torture that occurred on his watch, but had Salvador Allende succeeded in turning Chile into another Cuba, many more might have died.

Late in life it emerged that he had probably stashed millions in personal bank accounts. But he also supported the free-market reforms that have made Chile prosperous and the envy of its neighbors. Finally, his legacy includes a Chile that is democratic, that truly belongs to the Chilean people; it exists in stark contrast to the nearly five decades of personal (and soon to be fraternal) dictatorship that Fidel Castro is leaving in Cuba.

Pinochet proved the truth of Jeane Kirkpatrick's Cold War distinction between authoritarian and totalitarian regimes, with the former far more likely to evolve into freer places. That the international left still gives Castro higher marks is something for democrats everywhere to ponder. The popular notion that the U.S. sanctioned the coup or condoned Pinochet's torture also hasn't held up under historical scrutiny. In particular, his behavior can't be understood without considering the behavior of the Allende government he deposed.

Contrary to mythology, Allende was never a popular figure in Chile. He garnered only 36% of the vote in the 1970 election. His path to the presidency had to run through Chile's congress. Reluctantly, the Christian Democrats agreed to let him go forward only after he promised to accept a "Statute of Guarantees" supporting the rule of law. In office, he moved fast and hard to the left.

Government threats to jail journalists in 1972 brought condemnation from the Inter-American Press Association and the International Press Institute. That same year, shortages and spiraling inflation sent Chilean housewives to the streets banging pots and pans. In the first days of 1973, Allende proclaimed government rationing.

In March, he tried to further accelerate the state's unlawful assault on private property through expropriation. In May the 14 members of the Supreme Court denounced "an open and willful contempt of judicial decisions [by the executive]" that threatened an "imminent breakdown of legality." Throughout 1973 street violence escalated. The coup came in September.

The official death toll of the Pinochet dictatorship is some 3,197. An estimated 2,796 of those died in the first two weeks of fighting between the army and the Allende-armed militias. The balance died in the next 17 years. The Pinochet dictatorship was fraught with illegality. Civil liberties were lost and opponents tortured. But over time, with the return of private property, the rule of law and a freer economy, democratic institutions also returned. An economic crisis in 1982 led to even more economic liberalization.

Let no one doubt that, for the peoples of many nations, the Cold War years were dark times. Like Spain's Franco, Pinochet was an authoritarian who resisted the Communists and created the foundation of what would become a democratic transition. What remains is a Chile that has the healthiest economy in Latin America, a free press and a competitive political system that has allowed Socialists to come to power.

Pinochet (WSJ)

By Alvaro Vargas Llosa

The Wall Street Journal, December 12, 2006

In 1971, Fidel Castro visited Chile, where the left-wing government of Salvador Allende was under pressure from the second most powerful Marxist movement in the Western Hemisphere to speed up the revolutionary process. The president provided the Cuban visitor with a military escort. His name was Augusto Pinochet Ugarte -- the same man who in 1973 overthrew Allende to prevent what he called "a second Cuba."

Thirty-five years later, the two aging men who embodied the competing strands of Latin American authoritarianism saw their health deteriorate irreversibly. Pinochet seemed to be escorting Castro once again, this time on the way to the afterlife. In

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the last few months, Latin Americans had been asking themselves: Who will go first? Last Sunday, the escort decided to go first. They sometimes do.

The difference between the two men is that Castro, who has been in power almost three times longer than Pinochet and has committed even more crimes, continues to have some supporters around the world while Pinochet was one of the most reviled men on Earth. Why was Pinochet more hated than every other dictator?

Probably because he gave a bad conscience to almost everybody across the political spectrum. For the left, he symbolized the tragic consequences of the Third World's socialist utopia. For the right, he embodied the diabolical temptation to dispose with the rule of law when the political institutions of democracy are tested to the limit. For Latin American democrats of the left and of the right, he was a walking reminder of their own failure to bring about economic prosperity. For free marketers, he was that ugly example of economic success and political repression that used to make it so hard to defend free markets without appearing to condone torture and mass murder. And for human-rights groups, he was, until the discovery of his hidden fortune in 2004, the "ethical" dictator who could be accused of many things but not corruption.

The Pinochet saga did not start with the bloody coup in 1973. It started with the class struggle unleashed by the Marxist left when it tried to push Allende toward all-out revolution. Allende had only won a third of the popular vote and, according to Chile's constitution, Congress was able to declare him president over his center-right opponent after making a commitment to respect the rule of law. The left's responsibility in the erosion of the rule of law and the establishment of a 17-year military government that brought about human-rights atrocities and the interruption of a democratic tradition in that country is a matter of historical truth. Today, Chile's Socialist government is the antithesis of the Allende government precisely because of that truth. The left feels very uncomfortable with the humiliating lesson of history.

But the center-right, represented by the Christian Democrats in Chile, also had reasons to feel guilty. They voted for Allende in Congress after he failed to win victory outright and they openly called for a coup d'état when his government turned into chaos. They soon realized that Pinochet did not intend to restore democratic rule and was determined to establish a permanent autocracy that he eventually sought to institutionalize through a custom-made constitution in 1980. Christian Democrats in Chile and around the world never quite got over that feeling of guilt. That is probably one of the reasons why they continue to be allied with the Socialists in the governing coalition known as the "Concertación," even though they have much in common with Chile's conservative parties.

Democrats in the developing world were also uneasy knowing that a soldier with very limited intellectual acumen was able to preside over an economic transformation. The Pinochet reforms came about almost fortuitously when, given the devastation of the country's economy, the general hired a coterie of young economists familiar with the ideas of one Milton Friedman, whom Pinochet had never heard of. Because free markets tend to bring about prosperity regardless of the moral nature of the regime that opens a country's economy, Chile prospered. We also know that dictatorships don't last very long once they open the economy because the middle class tends to expand and develop a desire for political and civic participation. That is why Pinochet lost the referendum in 1988 and why Fidel Castro, who toyed with limited markets in the 1990s, quickly reversed course.

Some free marketers argued that free-market reforms opened the way to democracy to justify his regime. But the reforms could easily have been implemented without killing 3,197 people, torturing some 29,000, and sending thousands more into exile -- the horrendous human rights violations exposed by the National Commission for Truth and Reconciliation in 1991. In fact, Pinochet probably contributed to postponing the cause of free markets in Latin America because most governments feared being associated with his regime. The fact that the Chilean conservative opposition distanced itself publicly from Pinochet in the 1999 and the 2005 elections -- and that its former presidential candidates stayed away from the military hospital where the general died on Sunday -- suggests the wish to break the awkward connection once and for all.

Finally, human rights groups were frustrated for years with the image of Pinochet as the austere dictator who never stole one peso. That image provided the Chilean courts with a cover for not acting against the general until his detention in London in 1998 made it impossible to avoid prosecuting him at home. If Chileans had known that he had stashed millions in foreign bank accounts, it would have been almost impossible not to try him for embezzlement; that, in turn, would have led to human-rights prosecutions. In the absence of that information, the argument against prosecuting him was always that Chile's transition might be imperiled. Pinochet's image changed when in 2004 a U.S. Senate investigation stumbled upon the evidence that the general had stored millions of dollars in the former Riggs Bank and other financial entities using a dozen false identities. After that, an endless stream of revelations did away with the idea that there can be such a thing as a dictatorship without corruption. By then it was too late. Although he could not avoid having his immunity lifted a total of 14 times and suffering house arrest, Pinochet managed to escape being sentenced or physically taken to prison by alleging old age and mental incapacity.

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When he learned of Pinochet's death last Sunday, a well-known left-wing Uruguayan writer said: "Death beat Justice." Actually, it was the other way around: The old dictator died knowing that he had given enough people a bad conscience to make him one of the world's most reviled figures. There is some poetic justice in that.

Mr. Vargas Llosa is the director of the Center on Global Prosperity at the Independent Institute.

The Half-Life Of A Despot (NYT)

By Ariel Dorfman

The New York Times, December 12, 2006

Santiago, Chile

IS Gen. Augusto Pinochet, Chile's former dictator, really dead?

Though there can be no doubt that his body has been proven to indeed be mortal, I fear that his spirit may live on interminably in the Chile he misruled from 1973 to 1990 and then continued to terrorize as commander in chief of the army for eight more years. In order to truly exorcise him from our existence it would have been necessary that he stand trial, that he defend himself from the accusations of murder and torture, kidnapping and grand larceny, which have been brought against him in innumerable court cases in Santiago.

In order to cleanse his image from our land, we would have had to witness him looking into the face of each and every one of his victims, the mothers whose children he disappeared, the wives whose husbands he massacred, the sons who were persecuted and exiled. In order to be rid of his dire influence, we should have left the job of mourning him to his family and few close friends. Instead we must watch the sad spectacle of one-third of the country lamenting his departure, one-third of Chile still silent accomplices to his crimes, still justifying his crimes, still rejoicing that the general overthrew Salvador Allende, the constitutional president of Chile.

And the even sadder spectacle of the minister of defense of the democratic government of Chile being sent to the tyrant's funeral rites today by President Michelle Bachelet, a woman who was herself imprisoned and tortured by the secret police of the man she is now honoring, a woman whose own father, Alberto Bachelet, was tortured and died in one of General Pinochet's prisons. Military honors, young cadets marching by, rifles fired off, for a man who has been branded an international terrorist, who ordered the assassination of Orlando Letelier, Allende's former minister of defense, in the streets of Washington in 1976. Only a country still full of fear would dare to stoop so low, pay public homage to such a despot.

And yet, in spite of all these signs of General Pinochet's continuing dominance from beyond death, I feel that something has in fact changed quite categorically with his demise. What convinced me were the thousands upon thousands of Chileans who spontaneously poured into the streets here to celebrate the news of his extinction. I tend to be wary of any attempt to turn the death of anyone, no matter how despicable, into an occasion for joy, but I realized that in this case it was not one man's death that was being welcomed but rather the birth of a new nation.

Dancing under the mountains of Santiago there was one word they repeated over and over and it was the word shadow. "La sombra de Pinochet se fue," one woman said, his shadow is gone, we have come out from under the general's shadow. As if the demons of a thousand plagues had been washed from this land, as if we were never again to be afraid, never again the helicopter in the night, never again the air polluted by sorrow and violence.

For those who were celebrating (most of them young), it was as if something had been definitely, gloriously shattered when Augusto Pinochet's bleak and unrepentant heart ceased beating. They had spent their lives, as I had spent mine, awaiting this moment, this day when the darkness receded, this December when our country would be purged, ready to start over again. This moment when we need to grow up and stop blaming General Pinochet for everything that goes wrong, everything that went wrong, this moment when he disappears from our horizon.

Has the general really died? Will he ever stop contaminating every schizophrenic mirror of our life? Will Chile ever cease to be a divided nation? Or is she right, that future mother, seven months pregnant, who jumped for joy in the center of Santiago, was she right when she shouted to the seven winds that from now on everything would be different, that her child would be born in a Chile from which Augusto Pinochet had forever vanished?

The battle for the soul of this country has just begun.

NSA Denies Monitoring Calls Of Princess Diana (WP)

By Kevin Sullivan And Walter Pincus

The Washington Post, December 12, 2006

LONDON, Dec. 11 -- In a rare public comment on its intelligence operations, the National Security Agency said Monday that it had 39 documents containing references to the late Princess Diana but had never targeted her telephone communications for monitoring.

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The statement came in response to British media reports that U.S. intelligence officials had intercepted Diana's calls on the day she died in a car crash in Paris in 1997. According to the reports, the officials had assured Scotland Yard investigators working on a pending report that 39 classified documents about her final conversations revealed no sign that her death was anything but an accident.

In its statement Monday, the agency said it had released information about the documents earlier. "The 39 NSA-originated and NSA-controlled documents referenced in a response to a Freedom of Information Act request in 1998 only contained references to the Princess, and she was never the communicant," the statement said. "NSA did not target Princess Diana's communications."

The agency declined further comment pending release of the Scotland Yard report, which is due out Thursday. "NSA has cooperated with the investigations into this tragic incident to the full extent of the law," it said.

CIA spokesman Tom Crispell dismissed as "rubbish" any suggestions that his agency had eavesdropped on Diana.

The newspaper reports produced a flurry of comment in London, in particular because of claims that monitoring had proceeded without the approval of the British government.

"I'm sure the queen would be furious if this were proved to be the case," said Robert Lacey, a royal biographer. "I'm sure, if all this proves to be true, that some very tough questions will be asked in very high places."

The Observer, Evening Standard and Daily Mirror newspapers said they based their reports on leaks from the Scotland Yard inquiry. According to the Observer, the monitoring targeted Diana's calls at the Ritz Hotel in Paris, where she was staying.

The police report, which took nearly three years to complete at a cost of more than $5 million, will conclude that Diana, 36, died because Henri Paul, the driver of the vehicle in which she was a passenger, was driving at excessive speeds while under the influence of alcohol, according to the newspapers. It will conclude that her death and those of Paul and her companion, Dodi Fayed, 42, were accidental.

That would mirror the findings of an earlier French investigation, which did little to end speculation that Diana and Fayed were victims of a murder conspiracy. A chief proponent of such theories is Fayed's father, Mohamed al-Fayed.

The report will serve as a basis for the long-delayed coroner's inquest scheduled to begin in January. Such government investigations are standard after a British citizen dies abroad. The inquest for Diana was delayed by the Scotland Yard report, which was ordered in 2004 to examine the various conspiracy theories swirling around her death.

The Evening Standard reported that U.S. officials were "monitoring Diana's friendship" with U.S. billionaire Theodore J. Forstmann and others of "her closest associates."

Wall Street financier Forstmann, 66, met Diana at an October 1994 dinner at the Georgetown home of the late Washington Post Co. chairman, Katharine Graham, according to a person familiar with the situation who asked not to be identified because of the sensitive nature of the matter.

The two "really hit it off" that night and became close friends, but there was never a romantic relationship between them, the source said. They talked regularly by phone and Diana called Forstmann during her separation and divorce from Prince Charles, the source said.

In the spring of 1997, Diana called Forstmann to ask about renting a house in the Hamptons, the Long Island resort community, during the summer, and Forstmann put her in touch with a local broker, the source said.

Sometime later, Diana called back to say that British security officials would not let her bring her sons, Prince William and Prince Harry, because of a "security problem." The source said Diana did not specify the nature of the problem.

Lacey said Diana was required to bring royal family security agents with her whenever she traveled with her sons, although she often traveled without security when she was alone.

Forstmann, an investment banker who formerly owned Gulfstream Aerospace Corp., occasionally let Diana use his private plane, the source said. Although Forstmann had no idea whether officials were monitoring his phone calls with Diana, the source said, he had heard rumors that someone had planted listening devices in his plane to listen to the princess.

The source added, "If they were listening to her calls, it was because of her, not him."

Pincus reported from Washington.

A Cambodian Girl's Tragedy: Being Young And Pretty (NYT)

By Nicholas D. Kristof

The New York Times, December 12, 2006

PAILIN, Cambodia

Slavery seems like a remote part of history, until you see scholarly estimates that the slave trade in the 21st century — forced work in prostitution and some kinds of manual labor — is probably larger than it was in the 18th or 19th centuries.

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Or until you take a rutted dirt path in northwestern Cambodia to a hut between a rice paddy and a river, and meet a teenage girl named Noy Han. The girl, nicknamed Kahan, suffered the calamitous misfortune of being pretty.

Kahan's village is isolated, accessible most of the year only by boat. There is no school, so she never attended a day of class.

One woman in the village, Khort Chan, had left as a girl and then reappeared years later. One day last year, when Kahan was 16 or 17 (ages are fuzzy here), she ate ice cream that Ms. Khort Chan gave her — and passed out.

Ms. Khort Chan took the unconscious girl away in a boat and disappeared. Kahan's parents sounded the alarm, and the police quickly found Kahan being held upriver in the hut of Ms. Khort Chan's grandmother. "Chan was planning to traffic her to Pailin," a brothel center near the Thai border, said Leang Chantha, the police officer who found her.

Typically, a girl like Kahan would be imprisoned in a trafficker's house, tied up and beaten if she resisted, inspected by a doctor to certify her virginity, and sold for hundreds of dollars to a Cambodian or Thai businessman. Virgins are in particular demand by men with AIDS because of a legend that they can be cured by having sex with a virgin.

Afterward, Kahan would have been locked up in a brothel in Pailin, and sold for $10 a session for the first couple of months. The price eventually would drop to $1.50, and by then she would be given greater freedom.

By being rescued, Kahan was spared all that — but she had suffered an overdose of the drugs. "Kahan seemed like a dead person," said her mother, Sang Kha. "Her eyes were rolling, she was drooling."

Even weeks later, Kahan's face remained partially paralyzed, she could not speak, and she was weak and sickly. Desperate to get medical treatment, Ms. Sang Kha borrowed $200 from usurious money lenders charging 20 percent per month, and the girl's uncle mortgaged his home to help pay for treatment.

But the family is now broke and heavily indebted, and Kahan still can only mumble. "I'm still very weak," was all I could coax out of her.

The police had released Ms. Khort Chan after two days, and I was unable to track her down. But neighbors at two of her former houses said she had fled after apparently trafficking her own sister.

Some of the neighbors added a layer of complexity to her story: They believe that Ms. Khort Chan herself had been sold to a brothel as a young woman. She escaped or worked her way out, and then became a slave trader herself.

And slavery is what this is. The real problem isn't prostitution or trafficking, it's the enslavement of people.

The Lancet, the British medical journal, once estimated that 10 million children 17 and under may work in prostitution worldwide. Not all are coerced, but in the nastier brothels of Cambodia, Nepal, India, Malaysia and Thailand, the main difference from 19th-century slavery is that the victims are mostly dead of AIDS by their 20's.

"It seems almost certain that the modern global slave trade is larger in absolute terms than the Atlantic slave trade in the 18th and 19th centuries was," notes an important article about trafficking in the current issue of Foreign Affairs. It adds, "Just as the British government (after much prodding by its subjects) once used the Royal Navy to stamp out the problem, today's great powers must bring their economic and military might to bear on this most crucial of undertakings."

President Bush has done a much better job than his predecessors in pressing this issue; his State Department office on trafficking is one of his few diplomatic successes. And the issue enjoys bipartisan support, with leadership coming from conservative Republicans like Senator Sam Brownback and liberal Democrats like Representative Carolyn Maloney.

So President Bush, how about using your last two years to make this issue an international priority? A nudge in your State of the Union address could jump-start a new Abolitionist movement, so as to free children now dying slowly from rape and AIDS because they did something as simple as accepting ice cream from a neighbor.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 13, 2006 7:45 AM EST

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TERRORISM NEWS:

Bipartisan Hill Group Seeks Briefing By FBI (WT)

By Jerry Seper, The Washington Times

The Washington Times, December 13, 2006

A bipartisan coalition of Senate and House members yesterday demanded that Attorney General Alberto R. Gonzales order the FBI to brief Congress on its five-year anthrax investigation, saying its refusal to do so is "unprecedented and inexcusable."

In a letter signed by 33 members of Congress, the coalition described as "inappropriate" a decision by the FBI to refuse congressional requests for information on the investigation and criticized the bureau for a blanket prohibition on anthrax briefings because of concerns over the potential disclosure of sensitive information.

"We're seeing more and more agencies thwart the constitutional responsibility of Congress," said Sen. Charles E. Grassley, Iowa Republican and outgoing chairman of the Senate Finance Committee. He has led the effort to get FBI briefings on the probe. "Unfortunately, the FBI's refusal to provide briefings to Congress following the 2001 anthrax attacks appears to be the rule rather than the exception."

Rep. Rush D. Holt, New Jersey Democrat who also has been at the forefront of efforts to get information on the anthrax probe, said the attacks had harmed the "heath and livelihoods of my constituents and paralyzed the government and national commerce."

"All Americans deserve to know why this five-year investigation has made so little progress," he said.

The letter comes in the wake of two other attempts by Mr. Grassley and Mr. Holt to get information about the handling of the inquiry, formally known as the "Amerithrax investigation." In response, the Justice Department and the FBI announced a policy against all congressional briefings on the matter.

The FBI's anthrax investigation began in October 2001 after Congress became one of the targets in the first bioterrorist attack on the United States. A letter laced with the deadly bacterium was addressed to Tom Daschle, the South Dakota Democrat who served as Senate majority leader.

Anthrax-tainted letters ultimately killed five persons in the United States and infected 17 others.

The FBI took primary responsibility in the case and has described its probe as one of the largest and most complex in the history of law enforcement. It said recently it has conducted 9,000 interviews and issued 6,000 subpoenas in the case. Nearly 20 FBI agents, working with inspectors from the U.S. Postal Service, continue to pursue the case.

Mr. Grassley, also a senior member of the Senate Judiciary Committee, which has oversight of the FBI, said a detailed examination of the probe may reveal the FBI's "institutional resistance to criticism and dissent." He said many of the resources devoted to the probe were aimed at proving that former Army scientist Steven Hatfill, once identified as a "person of interest" in the investigation, was involved.

The Justice Department has since said that the strain of anthrax used in the attacks was available to a wider circle of people than initially thought.

Among those who signed the letter were Republican Sens. Arlen Specter of Pennsylvania and Trent Lott of Mississippi; and Democratic Sens. Charles E. Schumer of New York, Dianne Feinstein of California, Russ Feingold of Wisconsin and Edward M. Kennedy of Massachusetts, all of whom serve on the Senate Judiciary Committee.

Congress Demands Anthrax Probe Answers (AP)

By John Solomon

AP, December 13, 2006

DOJ_NMG_0105891

Thirty-three members of Congress have written Attorney General Alberto Gonzales demanding that the FBI update lawmakers on the investigation into the anthrax attacks five years ago that paralyzed the nation with bio-terror fears.

The bipartisan letter escalates efforts by Sen. Charles Grassley, R-Iowa, and Rep. Rush Holt, D-N.J., to get the FBI to tell lawmakers what it has learned during the five-year case that remains unsolved. The FBI has refused, citing concerns about possible leaks.

The lawmakers said any leakers of prior information about the anthrax case inside the FBI or Congress should be punished but that such concerns do not justify keeping information from lawmakers so they could perform their required oversight of the FBI's performance.

The case remains unsolved five years later.

"As an institution, Congress cannot be cut-off from detailed information about the conduct of one of the largest investigations in FBI history," the lawmakers wrote. "That information is vital in order to fulfill its Constitutional responsibility to conduct oversight."

The letter is signed by members of both parties and members of both chambers of Congress including the outgoing chairman of the Senate Judiciary Committee, Sen. Arlen Specter, R-Pa.

Sen. Patrick Leahy, the panel's top Democrat and its next chairman, was one of the targets of the attacks in fall of 2001, getting an anthrax-filled letter sent to his office.

Bipartisan Group Of Members Demands Anthrax Probe Briefing (RC)

By Paul Kane

Roll Call, December 13, 2006

A bipartisan, bicameral group of 33 Members sent a letter Tuesday to Attorney General Alberto Gonzales demanding that the FBI brief Congress on the status of the five-year-plus investigation into the anthrax attacks that killed five people and shuttered parts of the Congressional campus in October 2001.

The group rejected the FBI's publicly stated reason for refusing to brief Capitol Hill on an attack — namely, fears of leaks about the ongoing probe — as an "inappropriate response to legitimate Congressional oversight."

While the letter does not mark the first time that Members have demanded a briefing, the broad list of signatories — including several leading Republicans — make its criticisms of the Bush administration Justice Department noteworthy.

Prominent Republicans who signed onto the letter include outgoing Senate Judiciary Chairman Arlen Specter (R-Pa.), who has never been briefed on the investigation since taking over the gavel two years ago, and Sen. Trent Lott (R-Miss.), who is the incoming Minority Whip in the 110th Congress. In addition, Sen. Jim Bunning (R-Ky.) — a close ally of incoming Minority Leader Mitch McConnell (R-Ky.) — signed on, as did Sen. Kit Bond (R-Mo.), an Appropriations Committee member of the panel with control of Justice's annual budget.

"In one of the most important terrorism investigations ever undertaken by the FBI, it is unbelievable to me that Members of Congress, some who were targets of the anthrax attacks, haven't been briefed for years," Sen. Chuck Grassley (R-Iowa), who rounded up the Senate signatures, said Tuesday in a statement.

Rep. Rush Holt (D-N.J.), whose Princeton-based district was where the anthrax letters that went to Congress and media outlets were postmarked, led the effort to secure signatures from 19 House Members, including two Republicans: Reps. Christopher Shays (Conn.) and Chris Smith (N.J.).

Grassley has been a longtime critic of the FBI, but he also secured backing for this letter from six members of the Judiciary Committee, which held an oversight hearing of the FBI last week at which Director Robert Mueller again refused to answer questions about the attacks.

Roll Call reported in October about the blanket briefing ban imposed by the FBI on the anthrax case, prompting Grassley to write his own letter demanding a briefing. On Oct. 31, James Clinger, acting assistant attorney general, wrote to Grassley to again refuse, citing a November 2003 report in the journal Science. That article cited "Congressional sources" for a small piece of the story, that being about the makeup of the variety of anthrax used in the attacks, which left five people dead in a trail from Connecticut to Florida.

DOJ_NMG_0105892

"As you know, this remains an active criminal investigation and, in addition, it is the subject of related pending civil litigation," Clinger wrote.

That's a reference to a suit filed by scientist Steven Hatfill, who was publicly identified in 2002 as a "person of interest" in the case by the Justice Department but has never been charged. Tuesday's letter to Gonzales attacks the credibility of the FBI rationale for denying briefing because of alleged leaks, noting that recent revelations appear to confirm that FBI sources leaked information about Hatfill to The New York Times.

"Whether on Capitol Hill or within the FBI, individuals who make inappropriate disclosures should be held accountable," the 33 Members wrote. "However, as an institution, Congress cannot be cut off from detailed information about the conduct of one of the largest investigations in FBI history."

For a copy of the letter, go here: http://www.house.gov/apps/list/press/nj12_holt/121206.html .

Grassley, Holt Lead Effort For FBI Briefing On Amerithrax (RC)

Roll Call, December 13, 2006

Skip banner and navigation and go straight to content

FOR IMMEDIATE RELEASE

December 12, 2006

Contact: Matt Dennis

202-225-5801 (office)

Grassley, Holt Lead Effort for FBI Briefing on Amerithrax

Washington, D.C. --- Senator Chuck Grassley and Congressman Rush Holt today sent a letter to the Attorney General asking for a briefing on the Amerithrax case. The letter was signed by 33 members of Congress.

"Were seeing more and more agencies thwart the Constitutional responsibility of Congress. Unfortunately, the FBI's refusal to provide briefings to Congress following the 2001 anthrax attacks appears to be the rule rather than the exception," Grassley said. "In one of the most important terrorism investigations ever undertaken by the FBI, it is unbelievable to me that members of Congress, some who were targets of the anthrax attacks, haven't been briefed for years."

"The FBI's refusal to brief Congress on this matter is unprecedented and inexcusable," said Rep. Holt. "The anthrax attacks harmed the heath and livelihoods of my constituents and paralyzed the government and national commerce. All Americans deserve to know why this five-year investigation has made so little progress."

The letter comes on the heels of two other attempts by Grassley and Holt to get information about the FBI's handling of the five-year-old Amerithrax investigation. In response to their previous requests, the Justice Department and the FBI announced a blanket policy against all Congressional briefings on the matter.

The members write: "…Congress cannot be cut-off from detailed information about the conduct of one of the largest investigations in FBI history. That information is vital in order to fulfill its Constitutional responsibility to conduct oversight of the Executive Branch."

Call For Anthrax Briefing (HILL)

By Brad Haynes

The Hill, December 13, 2006

Sen. Chuck Grassley (R-Iowa) and Rep. Rush Holt (D-N.J.) are calling for an FBI briefing about its investigation, called Amerithrax, into the 2001 anthrax attacks on Congress.

After previous congressional inquiries, the Justice Department and FBI established a blanket policy against congressional briefings on the subject, citing concerns about leaks of sensitive information.

A letter from Grassley and Holt, signed yesterday by 33 members of Congress, argued that "Congress cannot be cut off from detailed information about the conduct of one of the largest investigations in FBI history."

The letter refers to recent revelations that FBI agents leaked information anonymously to The New York Times as evidence that the agency, rather than Congress, may be more responsible for inappropriate disclosures.

DOJ_NMG_0105893

Grassley, a frequent critic of the FBI, called the prohibition on briefings another example of federal agencies' attempts to "thwart" the Constitutional powers of Congress. "It is unbelievable to me that members of Congress, some who were targets of the anthrax attacks, haven't been briefed for years," the senator said in a statement.

Five Years Later, Congress Still Seeking Answers About Anthrax Attacks (AFP)

AFP, December 12, 2006

Some three dozen US lawmakers have sent a letter to US Attorney General Alberto Gonzales demanding answers about the still-unsolved anthrax mail attacks that terrorized Americans five years ago.

US Senator Charles Grassley said past efforts to get answers about the investigation have led nowhere.

"In one of the most important terrorism investigations ever undertaken by the FBI, it is unbelievable to me that members of Congress, some who were targets of the anthrax attacks, haven't been briefed for years," he said Tuesday.

"Were seeing more and more agencies thwart the constitutional responsibility of Congress," Grassley added.

"Unfortunately, the FBI's refusal to provide briefings to Congress following the 2001 anthrax attacks appears to be the rule rather than the exception."

The lawmakers complained of a blanket policy by US federal law enforcement agencies against taking part in congressional briefings on the matter.

"Congress cannot be cut-off from detailed information about the conduct of one of the largest investigations in FBI history. That information is vital in order to fulfill its Constitutional responsibility to conduct oversight of the Executive Branch," the 33 Republican and Democratic House and Senate members wrote in their December 11 letter.

Letters containing anthrax were sent in September and October, 2001 to the offices of a tabloid newspaper publisher in Florida, NBC television's New York offices and to the congressional office of then Senate Majority Leader Democrat Tom Daschle.

Five people ultimately died of anthrax inhalation in the worst bio-terrorism attack in US history.

No one has been charged with the crime.

Defense Employees Set For Another Suit To Halt Mandatory Anthrax Shots (WP)

By Josh White

The Washington Post, December 13, 2006

Six unnamed Defense Department employees are renewing their legal battle to stop Pentagon officials from administering mandatory anthrax vaccinations, claiming that the Food and Drug Administration's approval of the shot was flawed and puts people at risk.

The employees, who are either in the military or are civilian defense workers, argue that they should not be forced to take the vaccine because there is no scientific proof that it is effective for humans and it has potentially lethal side effects, said Mark S. Zaid, a Washington lawyer who plans to file the lawsuit today in the U.S. District Court for the District of Columbia. The class-action lawsuit asks the court to block the Pentagon from inoculating the plaintiffs and to declare that the vaccine was improperly licensed, according to the 22-page filing.

The case is the latest chapter in a dispute that has lasted several years. It follows a lawsuit by the same group, which led a federal judge to order the mandatory vaccinations stopped in October 2004 on the grounds that an FDA review of the vaccine was insufficient. The anthrax vaccine was then administered on a voluntary basis.

After the FDA reviewed the vaccine again and approved it in December 2005, Pentagon officials announced in October that they would reinstate the mandatory vaccinations for more than 200,000 troops and defense contractors who are assigned to homeland bioterrorism defense or are deployed to Iraq, Afghanistan or South Korea. Cynthia Smith, a Defense Department spokeswoman, said yesterday that the mandatory program has yet to restart as officials work on implementation plans.

"We've always thought it was safe and effective," Smith said. "It's necessary to keep people safe in those areas."

Zaid said that the new lawsuit is being filed because the Pentagon chose to make the program mandatory again. He argues that defense officials should allow service members and civilian employees to choose whether to take the shot after they are informed about its risks.

DOJ_NMG_0105894

"We've never been anti-vaccine, we're just against them forcing people to take it," Zaid said. "This vaccine is just completely unscientifically justified based on its effectiveness or necessity."

William Winkenwerder Jr., assistant secretary of defense for health affairs, said in a news conference in October that it was necessary to make the program mandatory because only about 50 percent of those who officials believe should have the vaccine were volunteering to take it.

"This rate of vaccination not only put the service members at risk but also jeopardized unit effectiveness and degraded our medical readiness," Winkenwerder said, according to a transcript.

General Foresees 'Generational War' Against Terrorism (WT)

By Bill Gertz, The Washington Times

The Washington Times, December 13, 2006

The American people need to prepare for a long-duration war against radical Muslims who are set to fight for 50 to 100 years to create an Islamist state in the region, a top Pentagon strategist in the war on terror says.

Air Force Brig. Gen. Mark O. Schissler said in an interview that the current strategy for fighting Islamists includes both military and ideological components that make it similar to the 40-year Cold War against communism.

"We're in a generational war. You can try and fight the enemy where they are and where they're attacking you, or prevent them and defend your own homeland," said Gen. Schissler, deputy director for the war on terrorism within the strategic plans office of the Pentagon's Joint Staff.

"But that's not enough to stop it. We've got to break the chain, and that's ... the ideology. We really need to show the errors in Islamist extremist thinking."

Gen. Schissler said he is concerned that Washington politics is weakening the will of the nation.

"I don't care about the politics. I care about people understanding the facts of what's our enemy is thinking about, what's our strategy to defeat them, and for [Americans] to understand that it will take a long fight, mostly because our enemy is committed to the long fight," he said. "They're absolutely committed to the 50-, 100-year plan."

"One of my concerns is how to maintain the American will, the public will over that duration," he said.

America's past wars lasted three to four years and sustaining support for longer wars "is very difficult," he said.

A Joint Staff briefing on the long war against terrorism states that since 2001, more than 3,000 al Qaeda terrorists are held in more than 100 nations, including 500 in Pakistan, while two-thirds of al Qaeda leaders are dead or in prison.

More than 17 terrorist attacks were disrupted since 2001, including three in the United States and two in Europe.

Al Qaeda's ultimate goal, the general said, is to set up an extremist "caliphate" stretching from western North Africa through southern Europe and along a path through the Middle East to Central and Southeast Asia.

"We're pretty convinced that the extremists are not ever going to give up the fight," Gen. Schissler said, noting that they are driven by the concept of jihad that makes it a religious duty to wage terrorist war.

The current war on terrorism requires fighting with ideas. In the Cold War, "we didn't beat ...the communists by militarily taking them to the battlefield," he said. "We took them to the intellectual battlefield and beat them against their ideas, the ideology of communism."

One goal is to disrupt al Qaeda efforts to "radicalize" young people ages 19 to 25 through educational efforts. Another objective is to assist moderate Muslims who see extremism as unacceptable.

Ultimately, Muslim scholars, clerics and other religious and government leaders will have to "take a stand," albeit one that carries grave risks because of the extremists' harsh methods, Gen. Schissler said.

PATRIOT ACT:

Patriot Act Focus Of Muslim Charity Case (AP)

AP, December 13, 2006

DOJ_NMG_0105895

Attorneys for the U.S. Justice Department may intervene to defend the Patriot Act in a federal case involving an Islamic charity, court documents show.

The charity, Life for Relief and Development, was raided by federal agents in September and sued Comerica Bank last month, saying it violated the its civil rights by planning to close its accounts.

The charity also seeks an injunction to stop Comerica from giving other banks any information it might have about the organization. The charity is challenging the constitutionality of a section of the Patriot Act, which allows financial institutions to share information about suspected money laundering or terrorist activity.

Comerica had told the charity that it planned to terminate the accounts Nov. 15, but it granted an extension.

Justice Department attorneys filed a notice this month saying they may "intervene in this action to defend the constitutionality" of that section of the law, the Detroit Free Press reported Tuesday.

FBI Director Robert Mueller said during an appearance in Detroit Tuesday that he couldn't comment on the investigation.

FBI agents assigned to a terrorism task force searched Life's offices on Sept. 18, seizing computer servers, donor records and other financial documents. They also searched the homes of the charity's chief executive, an ex-employee and two board members.

The FBI would not say what agents were looking for, but charity officials have said it might be related to relief work the group did in Iraq.

No charges have been filed.

66% Think U.S. Spies On Its Citizens (WP)

By Dan Eggen

The Washington Post, December 13, 2006

Two-thirds of Americans believe that the FBI and other federal agencies are intruding on privacy rights as part of terrorism investigations, but they remain divided over whether such tactics are justified, according to a Washington Post-ABC News poll released yesterday.

The poll also showed that 52 percent of respondents favor congressional hearings on how the Bush administration has handled surveillance, detainees and other terrorism-related issues, compared with 45 percent who are opposed. That question was posed to half of the poll's 1,005-person random sample.

Overall, the poll -- which includes questions that have been asked since 2002 and 2003 -- showed a continued skepticism about whether the government is adequately protecting privacy rights as it conducts terrorism-related investigations.

Compared with June 2002, for example, almost twice as many respondents say the need to respect privacy outranks the need to investigate terrorist threats. That shift was first evident in polling conducted in January 2006.

That sentiment is still a minority view, however: Nearly two-thirds rank investigating threats as more important than guarding against intrusions on personal privacy, down from 79 percent in 2002.

Bruce Hoffman, a terrorism expert who is a professor in Georgetown University's Security Studies Program, said the poll results could spell trouble for the FBI and other government agencies as they continue to seek support for expanded anti-terrorism powers granted after the Sept. 11, 2001, attacks.

"I don't think you can view these polling results in isolation from an overall phenomenon, which is that people are more skeptical of the government's conduct of the war on terrorism," Hoffman said.

Sixty-six percent of those questioned said that the FBI and other agencies are "intruding on some Americans' privacy rights" in terrorism investigations, up from 58 percent in September 2003. Thirty percent think the government is not intruding on privacy.

Support for intrusive tactics has dropped even more significantly during that time. A bare majority, 51 percent, feel the tactics are justified, down from 63 percent three years ago.

The poll was conducted by telephone from Dec. 7 through Monday, and the results have a three-percentage-point margin of error.

HOMELAND RESPONSE:

DOJ_NMG_0105896

Terror Case Shows Bush, Libertarian Rift (AP)

By Matt Apuzzo

AP, December 13, 2006

Prominent conservative lawyers joined liberal colleagues Tuesday in opposing Bush administration anti-terror tactics, arguing that an immigrant held as an enemy combatant has a right to seek his freedom in court.

The legal brief, filed in the case of suspected al-Qaida sleeper agent Ali Saleh Kahlah al-Marri, argues that a new military commissions law is unconstitutional.

The argument has been made in this and other detainee cases, but Tuesday's brief is notable for the bedfellows created by the politics of anti-terrorism. Staunchly Democratic law school deans Harold Koh of Yale and Laurence Tribe of Harvard were joined by lawyers such as Steven Calabresi, who served in the Reagan and first Bush administrations and helped found the conservative Federalist Society.

"It shows the phrases 'conservative' and 'libertarian' have less overlap than ever before," said Richard A. Epstein, a University of Chicago law professor and Federalist Society member who signed the brief. "This administration has lost all libertarians on all counts."

Of the 29 professors signing the brief, David L. Shapiro, a deputy solicitor general during the first Bush administration, joined Calabresi and Epstein as the most prominent names with conservative ties. Others were outspoken Democrats and some weren't politically active.

In June, the Supreme Court said the Bush administration's handling of detainees violated U.S. and international law. Bush then pressed for, and got, a new law that he said would help the government prosecute terrorists.

The Military Commissions Act allows the military to hold detainees indefinitely and strips them of the right to challenge their imprisonment in U.S. courts. The Justice Department did not immediately have a comment Tuesday night but has defended the law as a constitutional and necessary tool to combat terrorism.

Like the warrantless wiretapping program and the Patriot Act, the law has divided conservatives. Some say the president must have the power to act in times of war and that detaining enemy combatants is the only way to ensure they won't return to the battlefield. Supporters of the law say the detainees are more like prisoners of war than criminal defendants.

Civil rights groups and conservatives with a libertarian viewpoint see the law as a government infringement on personal freedom.

"This involves the executive branch changing the rules to avoid challenges to its own authority," Koh said Tuesday. "Serious legal scholars, regardless of political bent, find what the government did inconsistent with any reasonable visions of the rule of law."

Epstein, who said he regards Koh as "mad on many issues," said the al-Marri case is "beyond the pale."

"They figured out every constitutional protection you'd want and they removed them," Epstein said.

Al-Marri is the only enemy combatant known to be held in the United States, where immigrants normally have the right to use U.S. courts to question the legality of their detention.

Al-Marri was arrested in 2001 while studying in the United States. He had faced criminal charges until authorities designated him an enemy combatant and ordered him held at a naval base in South Carolina.

The 4th U.S. Circuit Court of Appeals in Richmond, Va., is considering al-Marri's case. Clinton administration Attorney General Janet Reno warned the government's argument in the case could set a dangerous precedent.

Jonathan Hafetz, an attorney with the Brennan Center for Justice who is handling the al-Marri case, said it brings up issues about what the framers of the Constitution intended — something libertarians and judicial conservatives often look to.

The al-Marri case, along with two cases before a federal appeals court in Washington, are likely bound for the Supreme Court, where its fate could be decided by whether the court's conservative justices prove to be libertarians on this issue.

Fear 'As Bad As After 9/11' (USAT)

By Rick Hampson, Usa Today

USA Today, December 13, 2006

DOJ_NMG_0105897

DEARBORN, Mich. — The Arab Muslims who came here eight decades ago to work on Henry Ford's new assembly line believed their American future was limitless. But after five years on the home front in America's war on terrorism, many of their descendants are hunkering down, covering up and staying put.

In this and similar enclaves, like those in northern New Jersey and Brooklyn, many Arab Muslims say their community is turning in on itself — shying away from a society increasingly inclined to equate Islam with terrorism.

"It's as bad as after 9/11," says Rana Abbas-Chami of the Michigan American Arab Anti-Discrimination Committee. "A lot of people are scared. They've changed how they do things."

Some stay put. They don't like to fly, cross the border with Canada or shop at malls outside the city. "It's a feeling that if you go too far outside Dearborn, anything can happen," says Osama Siblani, a local newspaper publisher.

Some blend in. They Anglicize their names (Osama Nimer, electrician, is now Samuel Nimer) or change them (Mohammad Bazzi, nurse, is Alex Goldsmith). They trim their beards. In public, they speak English instead of Arabic. They display the flag. They wear the Tigers cap.

Some lie low. They won't contribute to a Muslim charity, at least not by check, and not if it works overseas. They watch what they say, especially on the phone. They think twice before trying to rent a truck, get a hunting license or take a flying lesson.

Some regard Dearborn, center of the nation's largest Arab Muslim community, as an island of security; others see it as a potential trap.

After the Japanese attack on Pearl Harbor in 1941, fears of domestic sabotage led to the internment of Japanese-Americans. Some Arab Muslims wonder if it could happen again — especially if there's another domestic terror attack. People here speculate about spies and informers in their midst; government eavesdropping and surveillance; and, if there's another 9/11, concentration camps.

These themes emerged repeatedly in USA TODAY interviews with about two dozen Arab Muslims around the nation.

After the terror attacks in 2001 — the work of 19 Arab Muslims who'd moved around the country — Arab Muslims living here hoped things would slowly return to normal. Then came prolonged, messy wars in Afghanistan and Iraq; post-Sept. 11 security initiatives such as the Patriot Act; al-Qaeda train bombings in London and Madrid; war between Israel and Hezbollah in Lebanon.

Michael Suleiman, a Kansas State University political scientist, says that discrimination against Arab Muslims is virtually inevitable given a government determined to prevent another 9/11 and a populace barraged by images of violence in Iraq and denunciations of what President Bush has called "Islamic fascism."

Now Arab Muslims — even those never questioned by the FBI, hassled by the boss or heckled by the jerk in a passing car — feel more vulnerable than ever.

"Each crisis makes it more difficult. They're always insecure," Suleiman says. "They ask, 'When is it we actually become Americans? When is the hyphen dropped?' "

Reports of anti-Muslim incidents in the nation jumped 30% last year, according to the Council on American-Islamic Relations, which blames a "negative and politically charged" environment on the Internet and talk radio. The 1,972 complaints of harassment, violence and discrimination were the most since CAIR began totaling incidents in 1995.

Americans seem unsympathetic. Thirty-nine percent say they harbor at least some prejudice against Muslims, according to a USA TODAY/Gallup Poll earlier this year. The same percentage favor requiring U.S. Muslims — citizens included — to carry special IDs. About a third say U.S. Muslims sympathize with al-Qaeda.

Political leaders have given voice to such worries. In a campaign letter this fall, Rep. Peter King from Long Island — generally viewed as a moderate Republican — accused American Muslim leaders of insufficiently denouncing the 9/11 attacks. In the past, he has said that 85% of U.S. mosques have "extremist leadership."

Everyone has a story

In heavily Arab east Dearborn, almost everyone — from the greenest immigrants to fourth-generation Americans who've never been to the Middle East — has a story, or knows someone who does.

Stories like that of Farooq Al-Fatlawi, a bus passenger en route to Chicago, who was put off with his bags in Toledo after he told the driver he was from Iraq.

Other cases this year have attracted national attention:

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Bay Area civil rights activist Raed Jarrar was barred from a plane for wearing a T-shirt that said "We will not be silent" in Arabic and English.

Six imams seen praying in a Minneapolis airport terminal were later removed from their flight after a passenger passed a note to a flight attendant saying that the men acted suspiciously on board.

The imams, who were handcuffed, questioned and released, have denied the accusations; five are seeking an out-of-court settlement with US Airways. The airline says the crew acted properly in having the imams removed from the flight.

Keith Ellison, the first Muslim elected to Congress, has been vilified for planning to take a ceremonial oath of office on a Quran.

Arab Muslims interviewed by USA TODAY say other Americans must understand that they pray five times a day, if necessary at work or on the road; they must give alms to the poor and are hard-pressed to do so when the government closes Islamic charities; women's head scarves and men's beards are signs of religious fidelity, not defiance of American custom.

And this: No one has more to lose from another terror attack than Arab Muslims.

What intimidates some galvanizes others — to vote, to speak out and to demand the American freedoms extolled by Franklin Roosevelt and Norman Rockwell. The result is a communal split personality, says Imad Hamad of the Anti-Discrimination Committee: "We are in limbo."

Daniel Sutherland, head of the civil rights division of the Department of Homeland Security, acknowledges the complaints from Arab Muslims. He says fighting terrorism while respecting civil rights involves "difficult challenges."

But Sutherland says the government needs the help of U.S. Arab Muslims to fight terrorism at home: "Homeland security isn't gonna be won by people sitting in a building inside the Beltway."

Contributing: Tamara Audi of the Detroit Free Press

Va. Is Ready For Most Health Emergencies, Report Says (WP)

By Mary Beth Sheridan

The Washington Post, December 13, 2006

Maryland is one of the lowest-ranked states in the country in terms of preparedness for health emergencies such as bioterrorism or pandemic flu, but Virginia is among the 14 best-prepared states, according to a report issued by a health advocacy group yesterday.

The study by the Trust for America's Health, a nonpartisan group, also gave poor marks to the District's level of preparedness.

The group's fourth annual report found that the country is not nearly as ready as it should be for bioterrorism, bird flu and other health crises.

"We continue to make progress each year, but it is limited," said the group's director, Jeff Levi, a former deputy director of the White House Office of National AIDS Policy. "As a whole, Americans face unnecessary and unacceptable levels of risk."

District health officials took issue with the report, saying that it is unfair to compare a city with concentrated poverty to entire states. In addition, the report did not measure the D.C. Health Department's experience in dealing with anthrax and major events such as presidential inaugurations, officials said.

"It gives a misleading picture," said Gregg A. Pane, director of the D.C. Health Department.

Matthew Minson, a senior official in the Maryland Health Department, said he did not want to comment on the report's findings without more access to the data it used. But, he said, Maryland has made "substantial improvement" on preparing for health disasters. He also said he was "pleased" with confidential evaluations that Maryland had received from the Centers for Disease Control and Prevention.

This year's report puts greater emphasis on pandemic flu, which occurs when an influenza virus mutates into a potentially deadly version that can be transmitted between humans. Concerns about a possible pandemic have grown as avian flu has spread from Asia, with some cases of transmission to people.

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The report found that half of all states -- including Maryland and Virginia -- would run out of hospital beds within two weeks of a moderately severe pandemic flu outbreak. The District is in better shape: About two-thirds of its hospital beds would be filled in that period, according to the study.

But the District fared more poorly in another key area -- flu shots. They are viewed as an indicator of how well a state is prepared for an emergency that would require distribution of vaccines.

Only 58 percent of D.C. residents 65 or older got the annual shots in the 2003-2005 period, the second-lowest percentage in the nation after Nevada, the report said. In Virginia, 68 percent got the shots; 64 percent in Maryland got them.

"The vaccination rate is a reflection of underlying problems in the health-care system," Levi said. "Why are we not reaching people in the way we ought to be?"

Another troubling sign, he said, was the number of states that hadn't achieved a top grade for their plans to distribute vaccines and supplies from the federal government's Strategic National Stockpile. Only 15 states, including Virginia, are at the highest level, according to the report, which uses data from the CDC. Neither Maryland nor the District scored at that level.

"Most states . . . are still not able to deliver medications or medical supplies in a rapid enough way to respond to an emergency," Levi said.

Pane, the D.C. health director, said the District had obtained the CDC's highest rating -- "green" -- but subsequently lost it because it didn't keep up with some of the requirements.

"We have the capability and the experience" to distribute medication during an emergency, he said.

As for the vaccination rate, he noted that the District had inoculated nearly all schoolchildren. The elderly "can be an under-served and hard-to-reach population," he said.

Virginia got passing grades on eight of the 10 indicators in the study; the District had five; and Maryland had four, ranking it at the bottom with California, Iowa and New Jersey. The indicators also measured whether states and the District had enough nurses and lab capacity and were maintaining levels of public health spending.

Three years ago, Maryland was ranked among the best prepared states by the Trust for America's Health, which at that time focused more on readiness to confront a bioterrorism attack. Maryland got a lower score this time, in part because of its vaccination rates and nursing shortage.

The report's authors said they compared the District to a state because that's the way U.S. health authorities treat it for grants and for rating its preparedness to distribute emergency medicine.

Lisa Kaplowitz, a top official in Virginia's Health Department, said the state government is working on the two indicators that Virginia missed: having enough nurses and hospital beds for a crisis.

"I certainly don't want people to think we have resolved all the issues . . . but we're much, much better off than we were in 2002 and 2003," she said.

Note: The report is online athttp://healthyamericans.org

WAR NEWS:

White House To Delay Shift On Iraq Until '07 (NYT)

By Jim Rutenberg And David E. Sanger

The New York Times, December 13, 2006

WASHINGTON, Dec. 12 — The White House said Tuesday that President Bush would delay presenting any new strategy for Iraq until early next year, as officials suggested that Mr. Bush's advisers were locked in internal debates on several fronts about how to proceed.

The absence of an immediate new American plan for Iraq is adding to anxiety among Iraq's moderate neighbors, who identify with the country's minority Sunni Arab population, and has opened the way for new proposals from many quarters, in Iraq as well as in Washington, about the next steps. But several administration officials said Mr. Bush had concluded that the decisions about troops, political pressure and diplomacy were too complicated to rush in order to lay out a plan to the nation before Christmas.

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The White House decision prompted criticism from Democratic Congressional leaders and from at least one Republican senator who said Mr. Bush was failing to show sufficient urgency about Iraq despite months of escalating violence there.

The Iraq Study Group's report last week portrayed the situation in Iraq as "grave and deteriorating," and on Tuesday alone, 70 Iraqis were killed and more than 200 wounded in a truck-bomb attack in a central Baghdad square. [Page A14.]

Among the complicated debates under way within the administration is the question of whether the United States should dispatch more American troops to Baghdad as part of a short-term surge aimed at quashing such attacks. The idea of a surge has been raised repeatedly by Stephen J. Hadley, the national security adviser, but has prompted skepticism from commanders on the ground about its effectiveness.

Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, is not expected to advocate a surge when he briefs Mr. Bush at the Pentagon on Wednesday. A White House official said Mr. Hadley was only keeping options open for the president and not necessarily advocating one over another.

A central thrust of the discussions at all levels of the administration is how to pressure Prime Minister Nuri Kamal al-Maliki to move faster to provide basic services and quell sectarian violence — some of which stems from his powerful supporter, the radical Shiite cleric Moktada al-Sadr — and whether to force him to meet certain benchmarks or face penalties and rewards, also to be determined.

The administration is also debating whether to back a Shiite government in the conflict with the Sunnis, or to seek a new strategy for national reconciliation between Sunni and Shiite factions that would be intended to expand the political base of Mr. Maliki, at Mr. Sadr's expense.

Some members of the administration, including some in Vice President Dick Cheney's office, have argued that the administration needs to provide clear support to a strong Shiite majority government, but the State Department, led by Condoleezza Rice, views that as a recipe for perpetual civil war. Ms. Rice has instead advocated a proposal intended to woo centrist Sunni leaders to Mr. Maliki's side, including provincial leaders. One senior administration official said reports of internal arguments on this issue were "overblown" because "everyone believes in national reconciliation."

The internal administration discussions were described by officials from the Pentagon, the State Department, the White House and outside the administration who had been briefed on the deliberations. None of them were willing to be identified, but they represented various points of view in the debate.

Mr. Bush consulted by videoconference on Tuesday morning with top American commanders in Baghdad, and the White House announced shortly afterward that the strategy would be made known later than previously announced.

In an interview, Senator Chuck Hagel, the Nebraska Republican who is often critical of the president's war policy, called the delay "unpardonable" and added: "Every day that goes by, we are losing ground." Senator Harry Reid of Nevada, the Democratic leader in the Senate, said in a statement, "Waiting and delaying on Iraq serves no one's interests."

A senior administration official said Mr. Bush had decided over the last two days to prolong the deliberations based on a concern that a pre-Christmas announcement might quickly be overtaken by events. That happened to Mr. Bush in late 2005 after he used a series of speeches to unveil a "Plan for Victory" in Iraq.

"The president knows he's got only one shot at this speech," said a senior administration official involved in the debate. "He didn't want to make half-way announcements."

Tony Snow, the White House press secretary, said the administration was continuing to "whittle away at options" and seeking more information from advisers, but already had a clear idea of the general outlines of his new approach. Mr. Bush also wanted to allow more time for Robert M. Gates, the incoming defense secretary, to weigh the military options he will ultimately have to carry out, the spokesman said. But Mr. Snow acknowledged that the debate continued.

"Look, there is one camp — it is the camp that works for the president," Mr. Snow said. "Now, people are going to have disagreements, and there may be some areas on which there are still going to be debates, but most have kind of been ironed out. I would not rule out the fact that there may be some discussion on some points."

Several officials said the administration was currently leaning away from a plan advocated by some in Mr. Cheney's office in which the United States would effectively choose sides and direct outsized support to Iraqi Shiites at the expense of the Sunnis.

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Some administration officials say the discussion about tilting toward Shiites may be intended in part to put pressure on Sunni leaders who might crack down on extremists within their ranks to pre-empt any such policy change.

Ms. Rice has instead advocated propping up moderate Sunnis and encouraging them to support Mr. Maliki. As part of that approach, the United States would work with Sunni tribal leaders who have become disenchanted with the Sunni insurgency, a move long advocated by Saudi Arabia.

Mr. Bush met Tuesday with the Iraqi vice president, Tariq al-Hashemi, an influential moderate Sunni who would presumably be part of the coalition supporting Mr. Maliki. That meeting was initially planned for next month but the White House said Mr. Hashemi had requested an earlier visit.

American officials regard security in Baghdad as essential to political and economic stability, but there continues to be debate between those who support giving Iraqis the lead in combating sectarian violence and those who do not, and those who support a large surge of forces in Baghdad and those who do not. "Some believe there needs to be a visible demonstration of our commitment," a senior administration official said. But another official who does not support a surge said "the mission in Iraq requires strategic patience and the realization that it is going to take time to get it right."

Pentagon's Plan: More U.S. Troops In Iraq (LAT)

By Julian E. Barnes,

The Los Angeles Times, December 13, 2006

Boosting presence and aid, and an anti-Sadr offensive, carry risks but offer the best path to victory, military officials say.

WASHINGTON — As President Bush weighs new policy options for Iraq, strong support has coalesced in the Pentagon behind a military plan to "double down" in the country with a substantial buildup in American troops, an increase in industrial aid and a major combat offensive against Muqtada Sadr, the radical Shiite leader impeding development of the Iraqi government.

The Joint Chiefs of Staff will present their assessment and recommendations to Bush at the Pentagon today. Military officials, including some advising the chiefs, have argued that an intensified effort may be the only way to get the counterinsurgency strategy right and provide a chance for victory.

The approach overlaps somewhat a course promoted by Sen. John McCain (R-Ariz). But the Pentagon proposals add several features, including the confrontation with Sadr, a possible renewed offensive in the Sunni stronghold of Al Anbar province, a large Iraqi jobs program and a proposal for a long-term increase in the size of the military.

Such an option would appear to satisfy Bush's demand for a strategy focused on victory rather than disengagement. It would disregard key recommendations and warnings of the Iraq Study Group, however, and provide little comfort for those fearful of a long, open-ended U.S. commitment in the country. Only 12% of Americans support a troop increase, whereas 52% prefer a fixed timetable for withdrawal, a Los Angeles Times/Bloomberg poll has found.

"I think it is worth trying," a defense official said. "But you can't have the rhetoric without the resources. This is a double down" — the gambling term for upping a bet.

Such a proposal, military officials and experts caution, would be a gamble. Any chance of success probably would require major changes in the Iraqi government, they said. U.S. Embassy officials would have to help usher into power a new coalition in Baghdad that was willing to confront the militias. And the strategy also would require more U.S. spending to increase the size of the U.S. military and for an Iraqi jobs program.

Defense officials interviewed for this article requested anonymity because the deliberations over the Pentagon's recommendations were continuing and had not been made public.

"You are dealing with an inherently difficult undertaking," said Stephen Biddle, a military analyst called to the White House this week to advise Bush. "That doesn't mean we should withdraw. But no one should go into this thinking if we double the size of the military, the result will be victory. Maybe, but maybe not. You are buying the opportunity to enter a lottery."

The wild card in the Pentagon planning is Robert M. Gates, due to be sworn in Monday as Defense secretary. Gates had breakfast Tuesday with Bush and will participate, along with outgoing Defense Secretary Donald H. Rumsfeld, in today's meetings.

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Bush is collecting recommendations from his administration this week as he crafts his strategy for Iraq. But some defense officials say Gates may seek more time to weigh other options. And before endorsing an increase in combat forces, Gates may press commanders in Iraq for assurances that U.S. forces can hold off an escalation of the sectarian civil war.

"This is the big moment," said the defense official. "It is enormously important for the new secretary of Defense to revisit what the overall objective is ... and what is needed to achieve that."

Some military officers believe that Iraq has become a test of wills, and that the U.S. needs to show insurgents and sectarian militias that it is willing to stay and fight. "I've come to the realization we need to go in, in a big way," said an Army officer. "You have to have an increase in troops.... We have to convince the enemy we are serious and we are coming in harder."

The size of the troop increase the Pentagon will recommend is unclear. One officer suggested an increase of about 40,000 forces would be required, but other officials said such a number was unrealistic. There are about 140,000 U.S. troops in Iraq.

The administration has spent about $495 billion for Iraq and terrorism-related efforts since 2001, including $70 billion so far in fiscal 2007. It is planning to request as much as an additional $150 billion to fund the war effort through the rest the budget year.

The problem with any sort of surge is that it would require an eventual drop-off in 2008, unless the president was willing to take the politically unpopular move of remobilizing the National Guard and sending reserve combat units back to Iraq.

But military officials are taking a close look at a proposal advanced by Frederick W. Kagan, a former West Point Military Academy historian, to combine a surge with a quick buildup of the Marines and the Army. That could allow new units to take the place of the brigades sent to Iraq to augment the current force.

"It is essential for the president to couple any recommendation of a significant surge in Iraq with the announcement that he will increase permanently the size of the Army and the Marines," Kagan said.

Kagan, who plans to release a preliminary report on his proposal Thursday, said he had discussed his ideas with people in the government. Although the military has had trouble meeting recruiting goals, Kagan said Army officials believed they could recruit at least an extra 20,000 soldiers a year. The Army missed its recruiting targets in 2005 but met this year's goal.

The troop-increase strategy faces substantial hurdles. Although both Democrats and Republicans have voiced support for increasing the overall size of the ground forces, key Democratic leaders are opposed to sending additional forces to Iraq.

Military leaders are also aware that the public has grown impatient. With a majority of the country favoring a timetable for withdrawal, a strategy to increase the number of troops in Iraq would have to include a plan to buy the military more time.

An increase in U.S. forces is not universally popular in the military. Army Gen. John P. Abizaid, the top U.S. commander for the Middle East, has long argued that increasing the size of the force would be counterproductive, angering the very people the U.S. was trying to help.

Outside the Pentagon, in other corners of government, officials are skeptical that an increase in military power will end sectarian violence. James Dobbins, a former U.S. diplomat and advisor to the Iraq Study Group, said many Iraqis believed that U.S. forces put them in danger, rather than improving security.

"The American troop presence is wildly unpopular in Iraq," Dobbins said. "Any effort to double our bet will lead to ever more catastrophic results."

Some officers argue that the U.S. needs to show substantial progress in decreasing the violence and instability in Iraq before the 2008 presidential election. But other officers and analysts note that a comprehensive counterinsurgency plan will take years, not months, to work.

"You do not want to withdraw your troops until you achieve your mission," said Andrew Krepinevich, a counterinsurgency expert and director of the Center for Strategic and Budgetary Assessments. "We are going to be in Iraq for a long, long time. It is going to be decades before Iraq can be left to its own devices without descending into a civil war."

In a meeting with reporters in Baghdad on Tuesday, Lt. Gen. Peter Chiarelli, commander of day-to-day operations in Iraq, renewed his call for a New Deal-style public works program to help put Iraqi fighters to work.

"If people get work, honest work, they don't have to join militias in order to provide for their families," Chiarelli said.

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Military officers believe a confrontation with Sadr is inevitable. Bob Killebrew, a retired colonel and defense strategist, said the U.S. military had four to six months to take on Sadr, whose Al Mahdi militia is growing faster than the Iraqi army.

"We have to deal somehow with the militias, and Sadr in particular; he is rapidly becoming the armed power in Iraq," Killebrew said. "Our conventional forces, not advisors, will have to team with the Iraqi army and neutralize the Mahdi army and the other militias. If we don't do that, everything else we are talking about is hot air."

Killebrew does not believe a substantial increase in the U.S. combat force is necessary and generally favors the approach of the Iraq Study Group, arguing that the realistic strategic options are limited to advising the Iraqis or withdrawing altogether.

A number of counterinsurgency experts and retired military officers say the military should not be too quick to dismiss the group's proposals.

Kalev Sepp, an instructor at the Naval Postgraduate School, said that the U.S. had demonstrated that many commanders simply did not understand how to mount effective, long-term counterinsurgency strategies.

Increasing the size of the force, Sepp said, will mean that U.S. forces continue to focus on killing insurgents, not training Iraqis. "That kind of approach is still tied to the idea that attrition, of just killing enough of our opponents, is going to get us to success," Sepp said.

But inside the Pentagon, the study group's overall proposals are widely seen as a withdrawal plan — and a recipe for massive ethnic cleansing in Iraq. Some officers believe that because the U.S. invasion unleashed the ethnic strains, the blood spilled from larger-scale civil war would be on America's hands.

"If you still think you can keep it together," said the defense official, "you have to stay after it."

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Times staff writers Peter Spiegel in Washington and Solomon Moore in Baghdad contributed to this report.

Bush Delays Iraq Plans Until 2007 (WT)

By Joseph Curl

The Washington Times, December 13, 2006

The White House said yesterday that President Bush will not lay out his plan to chart a new course in Iraq until early next year, as new polls showed Americans are more pessimistic than ever about the nation's ability to win the nearly four-year war.

The president held a second day of talks with top officials, this time U.S. military commanders on the ground and the U.S. ambassador to Iraq, and plans another round today, meeting with Pentagon brass. In the days after the Iraq Study Group report was released last week, the White House said it planned to release a new comprehensive plan before Christmas.

"That is not going to happen until the new year," press secretary Tony Snow said. "He decided that, frankly, it's not ready yet."

The expectation to complete a plan before the holidays is complicated by incoming Defense Secretary Robert M. Gates, who will not be sworn in to take Donald H. Rumsfeld's place until Monday. Mr. Gates has said he plans to travel to Baghdad for a crash course about the situation on the ground in Iraq before making his own recommendations to the president.

"His input is not only going to be valuable, but necessary," Mr. Snow said.

More, though, the completion of a new plan means taking input from dozens of advisers on the diplomatic, political and military strategy. "It's a complicated business, and there are a lot of things to take into account," Mr. Snow said.

The president is trying to consolidate conflicting advice on how to change course in Iraq, where sectarian violence has spiraled out of control. The bipartisan Iraq Study Group last week recommended pulling out most U.S. combat troops by early 2008, but Sen. John McCain, Arizona Republican, has called for a short-term increase in U.S. troops.

Top military officials with whom Mr. Bush met yesterday backed Mr. McCain's stance, but Democrats on Capitol Hill, who won control of both chambers six weeks ago, are calling for a swift exit from Iraq. Incoming Senate Majority Leader Harry Reid yesterday criticized the White House decision to delay the president's plan.

"It has been six weeks since the American people demanded change in Iraq. In that time, Iraq has descended further toward all-out civil war and all the president has done is fire Donald Rumsfeld and conduct a listening tour. Waiting and delaying on Iraq serves no one's interests," he said. "Talking to the same people he should have talked to four years ago does not relieve

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the president of the need to demonstrate leadership and change his policy now. The ball remains in his court, and time is running out."

But Secretary of State Condoleezza Rice said at the State Department that "it only makes sense for the president to take whatever time he needs to have confidence in the course that he will put forward before the American people."

Three new public opinion polls taken after the release of the Iraq Study Group's report painted a grim picture for the president. One, a CBS News poll found Americans have never been as pessimistic about the war, with more than 60 percent saying it was a mistake to invade the country.

But the White House saw a different picture. "If you take a look at poll data, and there's a lot of discussion about that, what's interesting is that a majority of the American public not only thinks that we're capable of winning, but we should," Mr. Snow said.

Other polls were equally grim. More than half of the respondents, 55 percent, in a USA Today-Gallup poll said they want most U.S. troops withdrawn within a year, but only 18 percent think that will happen.

An ABC News poll found seven in 10 Americans disapproved of Mr. Bush's handling of Iraq and 61 percent said the war there was not worth fighting. In the survey, three out of four said they supported the three major recommendations made by the Iraq Study Group: direct talks with Iran and Syria, withdrawing most U.S. combat troops by March 2008, and beginning a new push to resolve the Israel-Palestinian conflict.

But the president has rejected direct talks with terrorism sponsors Iran and Syria, although last week he called an idea to use a regional group of Iraq's neighbors to address solutions "interesting."

Mr. Bush conferred yesterday via videoconference with senior military commanders in Iraq and elsewhere in the Middle East, Mr. Rumsfeld and Mr. Gates. Later, the president met in the Oval Office with Iraq's vice president, Tariq al-Hashemi, a Sunni, in an effort to bolster the fledgling government of Iraqi Prime Minister Nouri al-Maliki.

"Our objective is to help the Iraqi government deal with the extremists and killers and support the vast majority of Iraqis who are reasonable people who want peace," Mr. Bush said after the meeting. "We want to help your government be effective."

Mr. al-Hashemi said before his visit that he intended to express to Mr. Bush his "dismay" over the Shi'ite-led Iraqi government's handling of security. He accused the government of not doing enough to deal with militia attacks and said he was especially concerned about Baghdad, where Sunni-Shi'ite violence has flared in several neighborhoods in recent weeks.

Meanwhile in Baghdad, two car bombs targeting day laborers looking for work exploded within seconds of each other yesterday on a main square, killing at least 63 persons and wounding scores more. Mr. al-Maliki, a member of Iraq's Shi'ite majority, condemned the attack and blamed it on Sunni extremists and supporters of Saddam Hussein.

Bush Gives No Hint Of New Iraq Direction (AP)

By Deb Riechmann

AP, December 13, 2006

President Bush, facing intense pressure to craft a new blueprint for the Iraq war, said Tuesday the U.S. is holding fast to its objectives and commitment. The White House said he knows the general direction he wants to move U.S. policy but won't announce it until next month.

Bush gave no hints of a change in direction after a meeting with Iraq's Sunni Vice President Tariq al-Hashemi, one of several Iraqi powerbrokers he's recently hosted in the Oval Office.

"Our objective is to help the Iraqi government deal with the extremists and the killers, and support the vast majority of Iraqis who are reasonable, who want peace," Bush said.

"We want to help your government be effective," he said. "We want your government to live up to its words and ideals."

Bush met for 25 minutes with al-Hashemi, who has been linked to a behind-the-scenes effort to form a new ruling bloc that could topple the fragile Iraqi government led by Nouri al-Maliki.

The White House would not say whether Bush and al-Hashemi talked about the movement afoot to form a new ruling coalition that would exclude anti-American Shiite cleric Muqtada al-Sadr and radical Sunni Arabs. Bush has called al-Maliki the "right guy" for Iraq, but al-Maliki is dependent on al-Sadr for political support.

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White House press secretary Tony Snow said the president had expected to make a speech before Christmas to announce his new strategy for Iraq but still had questions and was not yet ready to make all the decisions he needed to make.

"The president generally knows what direction he wants to move in, but there are very practical things that need to be dealt with," Snow said. "This is not a sign of trouble. This is a sign of determination on the part of the president."

Democrats didn't see it that way.

"It has been six weeks since the American people demanded change in Iraq," said Harry Reid, who will become Senate majority leader. "In that time, Iraq has descended further toward all-out civil war and all the president has done is fire Donald Rumsfeld and conduct a listening tour."

"Talking to the same people he should have talked to four years ago does not relieve the president of the need to demonstrate leadership and change his policy now," said Reid, of Nevada.

Bush began his day by having breakfast with his new defense secretary, Robert Gates, who plans to travel to the region to talk with military commanders shortly after he is sworn in next Monday.

Gates also joined Bush in a secure video conference with Rumsfeld; the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, and Gen. John Abizaid, the top U.S. commander in the Middle East. Participating from Iraq was Gen. George Casey, the chief U.S. commander in Iraq.

Secretary of State Condoleezza Rice said Bush had decided to take more time partly to give Gates time to settle into his new job at the Pentagon and help develop the new policy. She said the president was still considering advice from administration officials and commanders in Iraq and was studying the report issued last week by the bipartisan Iraq Study Group.

The report rejected calls for a quick withdrawal of troops but suggested that most U.S. combat forces might be withdrawn by early 2008 — and that the U.S. mission should be changed from combat to training and support of Iraqi units. It also called for an energetic effort to seek a diplomatic solution to Iraq's violence by engaging its neighbors, including Iran and Syria.

Bush has opposed direct talks with Iran until it halts uranium enrichment, preferring to let the Iraqis have direct talks with Tehran.

Most Americans who are familiar with the Iraq Study Group report support major recommendations by the bipartisan panel, according to a Pew Research Center poll, out Tuesday. But they also doubt Bush will follow the group's advice.

As for Bush's delayed speech, Snow was asked whether there were still active internal debates under way.

"People are going to have disagreements, and there may be some areas on which there are still going to be debates, but most have kind of been ironed out," the spokesman said.

Al-Hashemi was the second Iraqi politician Bush has met with in two weeks who has expressed discontent over al-Maliki's failure to quell raging violence. Last week, Bush spoke in the Oval Office with Shiite powerbroker Abdul-Ariz al-Hakim, who is among the Iraqi politicians talking about forming a new governing alliance.

"I can assure you there is a great and real chance to get out of this present dilemma," al-Hashemi said as he and Bush met briefly with reporters. "It is a hard time that the Iraqis face in time being, but there is a light in the corridor. There is a chance, but we need a good will and a strong determination."

In Baghdad, the embattled prime minister said there was no alternative to his "national unity" government. Al-Maliki said moves to set up a new government should not be viewed as an attempt to topple his coalition, although he appeared to suggest that was the aim.

"We are opposed to anyone who moves in that framework," al-Maliki said.

"The government belongs to the Iraqi people, it is they who chose it and it belongs to the political groups that are partners in it," he said.

Bush Delays Speech On Iraq Strategy (WP)

By Michael A. Fletcher

The Washington Post, December 13, 2006

Faced with a growing list of recommendations and a range of contradictory policy options from key advisers, President Bush yesterday delayed a planned announcement about a new strategy for the war in Iraq until the new year.

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The administration had said the president would address the nation before Christmas but scrapped those plans as Bush grapples with a host of proposals for adjusting policy in the increasingly unpopular and costly war.

"He decided, frankly, that it's not ready yet," press secretary Tony Snow said. He did not offer a specific date for the speech, telling reporters: "[It] is not going to happen until the new year. We do not know when, so I can't give you a date, I can't give you a time, I can't give you a place, I can't give you a way in which it will happen."

The bipartisan Iraq Study Group last week issued a report calling the situation in Iraq "grave and deteriorating," while recommending fundamental changes in how the Bush administration handles the war. Also, the White House is conducting its own crash review of its war strategy. Meanwhile, Bush yesterday continued a series of highly visible briefings and meetings, first with military commanders and later with Iraqi Vice President Tariq al-Hashemi.

"It shouldn't be surprising that he wants to take the time to digest that, to discuss it with his senior advisers, and then to put forward a way forward," Secretary of State Condoleezza Rice told reporters. "And I'm quite certain that that will be in a reasonable length of time, but it has to be a way forward that, first and foremost, the president feels he's consulted fully, that he has been given the very best advice, and that he has a way forward in which he has confidence when he puts it before the American people."

Rice added that the delay would allow incoming Defense Secretary Robert M. Gates, who is to be sworn in Monday, to be fully integrated into the decision-making process.

In its policy review, the administration is focusing closely on the "80 percent solution," that would bolster the political center of Iraq and effectively leave in charge the Shiite and Kurdish parties that account for 80 percent of Iraq's 26 million people and that won elections a year ago. Vice President Cheney's office has vigorously argued for the plan.

Other options under consideration include a short-term increase of 15,000 to 30,000 additional U.S. troops to secure Baghdad, a plan supported by the State Department, and accelerated training of Iraqi forces. Another possible strategy would redirect the U.S. military away from the internal strife to focus mainly on hunting terrorists affiliated with al-Qaeda.

"Our objective is to help the Iraqi government deal with the extremists and killers, and support the vast majority of Iraqis who are reasonable people who want peace," Bush said after his Oval Office meeting with Hashemi.

Administration officials said the president hopes to reach a decision on a new strategy as he continues to consult with his advisers in the weeks ahead. "There really isn't a process in place as much as continued collaboration with all the key players," Snow said.

"There is still no final decision on the way forward," he added.

Incoming Senate Majority Leader Harry M. Reid (D-Nev.) criticized the delay, saying that Bush should act decisively to prevent Iraq from sliding deeper into chaos.

"Waiting and delaying on Iraq serves no one's interests," Reid said. "The president needs to understand how important and urgent change is for Iraq and for our troops. Talking to the same people he should have talked to four years ago does not relieve the president of the need to demonstrate leadership and change his policy now. The ball remains in his court, and time is running out."

Bush Will Detail Iraq Plan In January (LAT)

By James Gerstenzang

The Los Angeles Times, December 13, 2006

Washington — President Bush is delaying until some time in January his planned report to the nation on the direction he and aides are charting for the United States in Iraq, the White House said Tuesday, pointing to a need for continuing internal discussions of policy and tactical shifts.

The president, White House press secretary Tony Snow said, "decided, frankly, it's not ready yet," even though most of the internal debates "have kind of been ironed out."

Bush is in the midst of high-profile, but private, discussions on how to overhaul the campaign to end the sectarian violence in Iraq. He had planned a national address by the end of next week.

The delay means that if Bush opts for an increase in the roughly 140,000 U.S. troops in Iraq, as some experts have advocated, he will not unveil it just before the winter holidays.

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The postponement prompted a complaint from Sen. Harry Reid of Nevada, who is about to become the Senate majority leader when Democrats take control of Congress next month.

In more than a month since the midterm election that was seen as a rebuke to the president's handling of the war, Reid said Bush had done nothing but remove Donald H. Rumsfeld as secretary of Defense "and conduct a listening tour."

"Talking to the same people he should have talked to four years ago does not relieve the president of the need to demonstrate leadership and change his policy now. The ball remains in his court, and time is running out," Reid said, saying the need for change was "important and urgent."

Bush's consultations brought Iraqi Vice President Tariq al-Hashimi, a member of the Sunni Muslim minority, to the Oval Office on Tuesday, roughly a month earlier than planned for such a visit, to present his views to Bush.

The meeting with al-Hashimi was the second in a week that Bush has held with senior leaders visiting from Baghdad. The president met last week with Abdul-Aziz al-Hakim, the leader of the largest Shiite Muslim faction in the Iraqi parliament.

With violence and shifting allegiances endemic in Baghdad, U.S. officials are trying to stabilize Prime Minister Nouri al-Maliki's authority, while key leaders are seeking to form an alliance that could exclude anti-American cleric Muqtada al-Sadr from a role in the ruling coalition.

Speaking during a photo session with al-Hashimi in the Oval Office after the 25-minute meeting, Bush said he and the Iraqi vice president discussed "what the United States can do to help this Iraqi government succeed."

Al-Hashimi, who has lost three close family members to violence, echoed Bush's assessment that "there is no way but success in Iraq."

"There is a chance, and I can assure you there is a great and real chance, to get out of this present dilemma," he said. "There is a light in the corridor."

Bush also spoke by videoconference with U.S. military commanders in Iraq. On Wednesday, he plans to visit the Pentagon to meet with officials there. Robert M. Gates, who is scheduled to be sworn into office as Rumsfeld's replacement Monday, has been taking part in the deliberations, Snow said.

Bush's consultations follow last week's release of the report of the Iraq Study Group, which was highly critical of the course the war has taken and said that conditions in Iraq were "grave and deteriorating." The administration has sought to present the work of the bipartisan commission as just one of a number of assessments Bush will take into consideration as he seeks to chart a new direction.

Snow said the delay in making that course public had nothing to do with putting space between the president's announcement and the Iraq report, which established a route for pulling most U.S. combat troops out of Iraq by early 2008.

"The pivot on which everything turns" is not the new report, he said, but "the unfolding realities in Iraq and how you deal with them."

Bush's Rethink On Iraq (CSM)

By Peter Grier

The Christian Science Monitor, December 13, 2006

WASHINGTON

Whatever options President Bush chooses for the future of US policy in Iraq, one thing appears clear: He is trying to convey to voters that he is not acting alone.

Under intense pressure to come up with a new course of action following the publication of the Iraq Study Group report, Mr. Bush is holding three days of very public consultations this week, meeting with everyone from Iraqi politicians to retired generals to historians who have been critical of some of his actions.

It's possible this schedule is just for show, a way in essence to blunt the effect of the publicity of the ISG report's release.

It's also possible that it is genuine outreach at a time of national need.

"My own sense is that probably President Bush is in the same place as a lot of people on Iraq," says Jim Walsh, a research associate in the Security Studies Program at the Massachusetts Institute of Technology in Cambridge. "He knows things aren't going well, but doesn't know what he needs to do."

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It now appears that Bush will give a speech to the nation early next year outlining a new "way forward" for Iraq, according to an unnamed White House source. Originally, the speech had been tentatively scheduled for before Christmas.

On Monday morning, Bush met with Secretary of State Condoleezza Rice. In the afternoon, he heard from a group of military experts from outside government, including retired four-star Gen. Barry McCaffrey and Eliot Cohen of Johns Hopkins University.

Tuesday Bush, via videoconference, listened to military commanders in Iraq. He also met at the White House with Iraqi Vice President Tariq al-Hashemi, leader of the most powerful Sunni political party.

Wednesday he is to meet with outgoing Secretary of Defense Donald Rumsfeld and other Pentagon officials.

In one sense, there is a theatrical quality to at least some of these meetings. Presumably, Bush already knows well the attitudes of the officials of his own administration. Why call on them now?

In addition, despite the implication that US policy will soon change, Bush's tone in recent days has not hinted where he might go.

But there have been enough events in recent weeks - from the outcome of the November elections to the continued Iraqi violence and the Iraq Study Group's dire warnings - that they must at least have given the president pause, says Mr. Walsh.

"All of this presumably would have shaken anyone of the sense that they should keep going in the course they're on," he says.

In addition, the strategic risk facing the US in Iraq has only grown, says another expert. It involves not just Iraq itself, but the stability of the whole region, and by extension the stability of world oil markets.

The Iraq Study Group warned that a collapse in Iraq could suck in neighboring nations and lead to widespread conflict. At the same time, the US can't be seen to be abandoning Iraq.

"This is way beyond partisanship at this point," says William Martel, an associate professor of security studies at the Fletcher School at Tufts University. "It involves the fundamental stability of the Middle East, and the fundamental credibility of US foreign policy."

The administration may need to begin a gradual of withdrawal of troops at this point, says Mr. Martel. But he adds that the administration also should make clear that some level of US commitment to Iraq will be necessary for years to come.

The fundamental policy point that the administration appears to be debating is how to put pressure on Iraqi Prime Minister Nouri al-Maliki to get him to act to reduce militia violence and try to speed sectarian reconciliation.

While some of the experts who met with Bush on Monday bluntly told him that the US was failing in Iraq, a number of them also questioned the Iraq Study Group's main recommendations of a gradual troop withdrawal and a push to include Iran and Syria in region-wide diplomacy.

And Bush himself continues to talk about the need to establish Iraq as a functioning democracy - a goal that study group participants did not mention.

"Iraq is a central component of defeating the extremists who want to establish safe haven in the Middle East, extremists who would use their safe haven from which to attack the United States," said Bush on Monday.

If nothing else, the Iraq Study Group report may have acted as a shock on the White House, forcing it into an unplanned rethinking of its course of action, said experts at a Brookings Institution seminar on the report last week.

But despite all the publicity given the report, its members, even co-chairman and ex-Secretary of State James Baker, remain commentators on events. Real power is elsewhere.

"This in the end is all about what happens on Pennsylvania Avenue and in the Oval Office," said Bruce Reidel, a Brookings senior fellow for Middle East policy.

Without Deliberate Speed (NYT)

The New York Times, December 13, 2006

The claims of calm deliberation emerging from the White House this week are maddening. The search for a new plan for Iraq seems to be taking place with as much urgency as the deliberations over a new color for the dollar bill.

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In Baghdad yesterday, a suicide bomber killed at least 70 people, most of them Shiite laborers whose only sin was looking for work. In Washington, meanwhile, President Bush held a series of carefully stage-managed meetings with officials and outside experts whose common credential appeared to be their opposition to the recommendations of James Baker's Iraq Study Group.

To top it off, White House aides told reporters that — despite earlier promises of a pre-Christmas speech by Mr. Bush — the country now should not expect any announcement of a new strategy until early next year. The president's spokesman, Tony Snow, said that "it's a complex business, and there are a lot of things to take into account," adding that Mr. Bush "wants to make sure it's done right."

We are more than eager for this White House to finally get something right on Iraq. But we find it chilling to imagine that Mr. Bush and his advisers have only now begun a full policy review, months after Iraq plunged into civil war and years after experts began warning that the administration's strategy was not working.

We would like to believe that the reason for delay is that some of Mr. Bush's advisers have come up with a sensible change in course and they are now trying to persuade the president to take it. Or that behind the scenes Mr. Bush is already strong-arming Iraq's leaders to rein in the sectarian militias and begin long-delayed national reconciliation talks.

We fear that a more likely explanation is that the president's ever-divided policy advisers are still wrangling over the most basic decisions, while his political handlers are waiting for public enthusiasm for the Baker report to flag before Mr. Bush tries to explain why he won't follow through on some of the report's most important and reasonable suggestions — like imposing a timetable on Iraqi leaders to make political compromises or face a withdrawal of American support. Or trying to persuade Iran and Syria to cease their meddling.

The Baker study, of course, is not the received wisdom of the ages. It should have been released far earlier, rather than being delayed to get past the midterm elections. But it was a good-faith effort by people wise enough and experienced enough to know how bad the situation really is in Iraq, and how little time left there is for the president to act.

Mr. Bush has no more time to waste on "listening tours" and photo ops. The nation is in a crisis, and Americans need to hear how he plans to unwind the chaos he has unleashed in Iraq. If the president is delaying because he is searching for a good option, he can stop. There are none. But Americans need to see that he is prepared to choose among the undesirable alternatives, and clear the way for a withdrawal of American troops that does not leave even more killing and mayhem behind.

Iraq Army Plans For A Wider Role In Securing Baghdad (NYT)

By Michael R. Gordon And Sabrina Tavernise

The New York Times, December 13, 2006

WASHINGTON, Dec. 12 — Iraq has presented the United States with a plan that calls for Iraqi troops to assume primary responsibility for security in Baghdad early next year. American troops would be shifted to the periphery of the capital.

Mowaffak al-Rubaie, Iraq's national security adviser, said in an interview that the plan was presented during the meeting in Amman, Jordan, on Nov. 30 between President Bush and Prime Minister Nuri Kamal al-Maliki.

"I think it is extremely important they reduce their visibility and they reduce their presence," Mr. Rubaie said of the American troops in Baghdad. "They should be in the suburbs within greater Baghdad."

A spokesman for the National Security Council, Gordon Johndroe, said Gen. George W. Casey Jr., the senior American military commander in Iraq, was assessing the plan.

The plan may hold some attraction for the Bush administration, which is immersed in a review of Iraq strategy, but it also poses risks.

The plan is consistent with the administration's desire for the Iraqis to take more responsibility for controlling the violence there, and it may reduce American casualties. But the Americans do not want to become complicit in sectarian violence. The Shiite-led government has been slow to act against militias that are forcing Sunnis from entire swaths of northern and eastern Baghdad, most recently from the neighborhoods of Huriya, Zayuna and Ghadier.

Because some of its forces, especially the police, are infiltrated by militias and have been implicated in attacks on Sunnis, American commanders — and Sunni politicians — fear that given a free hand, government forces might be used to cleanse the city of Sunnis.

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Referring to the Iraqi demand for more control, one American military officer in Baghdad said the question was, "How do we accomplish that but still maintain some measure of control to ensure the forces aren't used in a sectarian manner?"

The plan, if implemented, would be a major shift in American military policy. Commanders began this war fighting a Sunni Arab insurgency, and later broadened their efforts to include Shiite militias, after they became active in 2006.

For months commanders have emphasized that they were fighting both enemies with equal vigor, but this plan would shift focus for the Americans more to insurgents and Sunni extremists.

In response to the Iraqi demands for control, the American military command in Baghdad has also been developing its own plan, which comes with conditions that must be met before control is handed over, according to American officials in Baghdad who asked to remain unidentified because the plan is not final.

The Iraqi plan was outlined by Mr. Rubaie in a recent interview in Bahrain, where he was attending a conference organized by the International Institute for Strategic Studies, a London-based research institute. While the Shiite government has been pushing for greater Iraqi control of military operations for months, the plan was presented formally for the first time to the Americans in Jordan.

The plan calls for pulling back most American troops from central Baghdad and redefining their mission so they concentrate primarily on fighting the forces said to be backed by Al Qaeda and the Sunni-based insurgent organizations, leaving the effort to quell sectarian tensions within the capital to the government's largely Shiite forces.

Under the plan, the government would have direct command of the two Iraqi divisions in the Baghdad area in the next several months — a timeline that had been pressed by the Iraqis but that the American military has viewed as overly optimistic.

The divisions would be reinforced by two largely Kurdish brigades that are to be sent from Sulaimaniya and Erbil, in northern Iraq. That would amount to several thousand more troops. The training and equipping of the forces would be expedited, Mr. Rubaie said.

Security efforts in Baghdad would focus on seven neighborhoods. (Iraqi officials declined to list them.) There would be fewer checkpoints but they would be better protected. Leaders of death squads would be hunted down.

American troops on the periphery of Baghdad would stop suicide bombers and other terrorists before they penetrated the city. Efforts to prevent infiltration of the capital have not been very successful, partly because the Iraqi military has not adequately staffed the checkpoints, American officials said.

Other American troops would remain as advisers to Iraqi units in Baghdad. American forces might also remain in a supporting role at bases within the capital.

"The nature of the American military is that they won't let go," said Mr. Rubaie. "I understand it because they do it much better than we do. But we have to stand alone. We have to wean ourselves off the coalition and make our own mistakes and learn from our own mistakes."

The plan has seriously alarmed Sunni politicians, who said they could not imagine that the Americans would turn security over to a government that they see as deeply sectarian.

"It will be a disaster," said Mahmoud al-Mashhadani, a Sunni who is speaker of Parliament. "I think the Americans are not so stupid as to do that. The city would be a safe place for the militias."

American and Iraqi efforts to secure Baghdad have failed to stem sectarian violence. One problem has been the Iraqi failure to send all the reinforcements promised. The two Iraqi brigades to be provided by the latest Iraqi plan would make up some of the shortfall, but would not nearly compensate for the number of American troops to be withdrawn under the plan.

Mr. Johndroe, the spokesman for the National Security Council, said, "The president was pleased to see the Maliki government being assertive in its plan to secure Baghdad, and made it clear in the meeting that General Casey would study their proposal and take a closer look at it."

In response to the Iraqi push for control, Lt. Gen. Peter W. Chiarelli, the second in command in Iraq, developed a plan that envisions redeploying American combat units outside Baghdad and giving Iraqi units with American advisers primary responsibility for security in the city.

But such steps would be taken only after progress on political reconciliation between Sunni and Shiite factions, and a major increase in the size of the adviser teams, among other steps, according to a military official in Baghdad.

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In addition, the American plan calls for a major employment program in Baghdad and increased spending on reconstruction projects in areas of the city cleared by American and Iraqi forces.

President Bush talked Tuesday in a videoconference with the ground commanders in Iraq, including General Chiarelli.

U.S. Commander Says Withdrawal Won't Be Soon (WP)

By Nancy Trejos

The Washington Post, December 13, 2006

BAGHDAD, Dec. 12 -- The outgoing top U.S. operational commander in Iraq said on Tuesday that military might alone would not win the war and that the withdrawal of U.S. troops would not happen quickly.

"I wish I could tell you exactly how long it's going to take and exactly when U.S. forces and coalition forces could go home, but I am just not able to do that," said Army Lt. Gen. Peter W. Chiarelli, commander of the Multi-National Corps -- Iraq.

Chiarelli, who is preparing to end his second one-year tour in Iraq, gave a mostly positive but sober assessment of U.S. military involvement in Iraq.

He praised his forces' efforts to tamp down the violence that escalated after the bombing of a Shiite mosque in Samarra in February. But he acknowledged that securing Iraq was taking longer than expected.

"None of us would make the claim that it's going as fast as we want it to go," he said.

Top military leaders had declared 2006 "the year of the police" to acknowledge the importance of training not just the Iraqi army but also the police in any strategy for withdrawing U.S. troops.

Chiarelli said military officials did not think the police would need so much training and did not know that "in some instances militia influence in the police was as high as it was."

Chiarelli expressed frustration that "we seem to be totally focused on the military solution to this, like somehow it will be the thing that will win this." He said that deploying additional U.S. forces would not solve Iraq's problems. Providing jobs, electricity and drinkable water and cleaning up streets would, he said.

"If I could drive down unemployment in this country just to something that was reasonable, or if other people could help me drive unemployment down here," he said, "I promise you, our casualty figures would not be as high, nor would Iraqi casualties be as high as they are today, nor would the level of violence be as high as it is today."

The bipartisan Iraq Study Group last week recommended that the focus of U.S. troops in Iraq be shifted from combat to training Iraqi soldiers and police officers, and that most combat brigades be withdrawn by early 2008.

The military has embedded U.S. advisers with Iraqi army divisions and the national police since 2004; 300 such teams are in the country, each with 10 to 15 members.

Brig. Gen. Dana J.H. Pittard, commanding general of the Iraq Assistance Group, which oversees the teams, said on Tuesday that he plans to add members to each team.

But Pittard warned that training the Iraqi forces should be coupled with a reconciliation of the government's warring factions as well as economic and quality of life improvements.

"The embedded transition team is not the Rosetta stone of Iraq," he said after meeting with 3rd Iraqi Army Division leaders at a base near Mosul. The division, one of three in the country that has taken control of security in its community, oversees an area spanning 30 miles between Mosul and Tall Afar in northern Iraq.

He called the study group's report "just one more opinion on how to help Iraq and America to be successful here, but it's not the end-all."

Pittard was reluctant to give a timetable for withdrawal. He called 2008 a "good goal" but said, "We really have to see how 2007 goes."

Outgoing U.S. Leader Says Iraq Needs Aid (AP)

By Hamza Hendawi

AP, December 13, 2006

America's outgoing No. 2 commander in Iraq said Tuesday that curbing unemployment and improving services would help reduce the violence in the country, warning that military muscle cannot win the war alone.

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Lt. Gen. Peter Chiarelli, in the last days of a second Iraq tour, also drew a picture of daunting challenges facing the U.S. military in Iraq as it strives to keep up with a constantly changing enemy whose knowledge of the terrain and culture give it an edge over the Americans.

At times during his farewell news conference, Chiarelli — in charge of day-to-day combat operations throughout Iraq — sounded exasperated, almost despairing, over what he said were misperceptions that American forces were fighting a conventional war or that they can achieve victory without improvements on other fronts.

"I know everybody wants us to charge on out there and make everything OK," he said. "But you cannot if you don't get those other things moving. I don't know why it's so hard to get people to understand that," he said, alluding to the need to create jobs and improve services in Iraq.

"I also get frustrated at times that everybody compares us to other conflicts we have fought, like somehow there is a defined enemy out there, a group of individuals that if you can just go out and either kill, capture or put in jail or do whatever, everything will be all right," he said. "I don't believe that, I don't believe that."

"There is no doubt in my mind that the soldiers, sailors, airmen and Marines that we are bringing over here are trained for the fight at their hands. Is it tough? Yeah, it's really tough, it's very tough," he said.

Chiarelli's assessment of the U.S. military's predicament in Iraq came as President Bush was continuing efforts to formulate a new approach for Iraq following the release last week of a report by a bipartisan committee that described the situation here as "grave."

"We don't have to drive unemployment down to 4 percent like in the United States, that's not what I am talking about. We don't have to have 24 hours of electricity in Baghdad," he said. "But if we can increase the power in Baghdad back to 12 hours a day, it would be huge."

With reduced unemployment and fewer power cuts, he said, "I think we will see things here change in ways that are hard to believe right now when you see the level of violence out there."

Chiarelli's notion that the fight against the Sunni-led insurgency and efforts to disband Shiite militias would have a better chance of success if the use of force went hand-in-hand with stepped up economic activity is not new.

The U.S. military has tried this, without much success, from as early as 2003 — a time when many were upbeat about Iraq's future after the ouster of Saddam Hussein, with foreign aid money flowing in and a free-market economy swiftly taking hold after decades of state control and crippling U.N. sanctions.

For its part, the U.S. military has given out hundreds of contracts to local firms to repair schools and overhaul medical facilities, power transformers and roads. But with widespread corruption, mismanagement and relentless insurgent attacks, little has changed on the ground.

Nearly four years after Saddam's ouster, Iraq's economic woes are staggering.

Unemployment is thought to be anywhere between 20 percent and 60 percent, inflation above 50 percent and more than 1.5 million Iraqis, mostly professionals, have fled abroad, according to the Iraq Study Group report and U.N. figures. Lengthy power cuts are routine, fuel shortages are chronic and health care is close to collapse.

"Putting young men and middle-aged men to work will have a tremendous impact on this level of violence we are seeing in and around Baghdad and in other provinces," Chiarelli said.

He contended that because of military sweeps, life is returning to normal in some areas of the capital, including the mainly Sunni districts of Dora and Amariyah.

"People are out, about, walking around, markets are open, fruit stands are open and commerce is bustling," he said.

Residents of Dora say the area has been quiet in recent weeks, but that they are too afraid to leave their homes after dark and that a Shiite enclave in the district is frequently shelled by mortars fired from Sunni areas. Amariyah is quieter, but bodies of apparent victims of sectarian violence are found there almost daily, according to residents.

Violence in Baghdad districts often goes in cycles, with turbulent areas becoming quiet during and immediately after large-scale counterinsurgency operations — only to flare up again when the focus of the U.S. forces and their Iraqi allies shifts elsewhere.

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General: Answer Is Jobs, Not Troops (USAT)

By César G. Soriano,

USA Today, December 13, 2006

Improving services, opportunities is key to ending Baghdad violence

BAGHDAD — Six months of military operations aimed at securing the Iraqi capital have made little headway in lessening insurgent attacks against U.S. forces or reducing sectarian violence, a top U.S. general said Tuesday.

"I'm not in any way happy with what I see in Baghdad — the level of violence is way too alarming," Lt. Gen. Peter Chiarelli said.

In June, U.S. and Iraqi forces launched a major offensive to secure the capital. U.S. troops in the city were boosted to about 12,000 from the 7,000 there before the offensive. The number of Iraqi police and soldiers in Baghdad was increased to 50,000 from 43,000.

Chiarelli doubts a further increase in troops alone will be enough to stop the daily attacks. The No. 2 U.S. commander in Iraq said military power will succeed only if coupled with "little victories," such as creating jobs and improving basic services such as electricity and trash pickup.

He said the military has launched an economic development project to reopen state-owned factories. The plan will create more than 10,000 jobs across Iraq, Chiarelli said.

"I honestly believe … that if I could drive down unemployment in this country to something that was reasonable, I promise you our casualty figures would not be as high, nor would Iraqi casualties be as high, nor would the level of violence be as high as it is today," Chiarelli said.

In August, Gen. George Casey, the top U.S. commander in Iraq, said the Baghdad offensive would "change the situation significantly prior to Ramadan," or by late September.

Violence in Baghdad has worsened. The Iraq Study Group Report, which was released last week, said violence in the capital increased by more than 43% between late summer and October.

At least 51 U.S. troops have died in Iraq this month, including nine in Baghdad.

"The results of Operation Together Forward II are disheartening," the Iraq Study Group reported.

The battle for Baghdad is considered a pivotal fight. Success in the capital will have an impact on violence elsewhere in Iraq. Baghdad, with a population of about 6 million, is the country's largest city and seat of its government.

"Baghdad is the center of gravity for Iraq," Army Maj. Gen. Joseph Fil, commander of the 1st Calvary Division, said last month when he assumed responsibility for U.S. troops in the capital.

Chiarelli made his comments during an interview to mark the end of his second year-long tour in Iraq.

Chiarelli declined to set a timetable on securing Baghdad or Iraq. "It's going to take however long it's going to take," he said. "This is the most important conflict that we've been involved in the last 50 years. No matter what we say back home it's going to take time."

Chiarelli said U.S. and Iraqi forces are conducting operations in the Baghdad neighborhood of Sadr City, a Shiite slum of 2 million people that is the base of support for Muqtada al-Sadr, an anti-American cleric who controls one of the largest militias in Iraq.

Asked whether the military should kill or capture al-Sadr, Chiarelli said, "Hopefully, that's something we won't have to do."

Republican War Critics Find Cover (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, December 13, 2006

President Bush's handling of Iraq has long faced attack from both the left and a few hawkish conservatives. Now, the crisis there is giving him a new political headache: high-profile dissent from the center of his own party.

The dynamic has been triggered by the pessimistic assessment of Iraq released by the Iraq Study Group last week. In ways unimaginable just a few months ago, the report from the bipartisan panel, co-chaired by former Secretary of State James Baker III

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and former Rep. Lee Hamilton, is giving moderate Republicans political cover to condemn the handling of the war -- creating a dilemma for the president and war supporters such as Sen. John McCain.

The most prominent recent critic is Republican Sen. Gordon Smith of Oregon, a former supporter of the war and two-term senator facing re-election in 2008, who now says he has come to see it as unwinnable and derides U.S. policy in Iraq as "absurd" and "criminal."

But other centrist Republicans, apparently fearful of the war's impact on their re-election prospects, also are using the report to explain changes in war postures. New Hampshire's Republican senators, Judd Gregg and John Sununu, for instance, were once strong backers. In September 2005, Mr. Gregg called the idea of a phased withdrawal from Iraq "a policy that is firmly grounded in Birkenstocks and clearly not grounded in the reality of the world as it is."

Last week, however, Mr. Gregg hailed the report as "an important step forward in our efforts to try to resolve the morass that has become Iraq." Mr. Sununu simply said it showed "we are not winning the struggle in Iraq."

The criticism from Republican moderates represents a new political threat to Mr. Bush, whose handling of Iraq contributed to his party's losses in last month's congressional elections. With most Democrats already against the administration on Iraq, Mr. Bush needs Republican backing to stave off a Congress-led shift on the war. Moderates like Mr. Smith are key to that effort.

The rising tide also could hurt Sen. McCain. The Arizona lawmaker, currently seen as the front-runner for the party's 2008 presidential nomination, is the war's staunchest supporter outside the White House. He has called for sending tens of thousands of new U.S. troops to Iraq. Mr. Smith calls that idea "not politically possible."

Instead, the Oregon Republican wants to begin withdrawing U.S. military forces from Iraq and redeploying a smaller force to bases along the country's borders with Iran and Syria. He would have the U.S. forces that stay in Iraq focus on preventing foreign extremists from crossing into the country and pursuing al Qaeda terrorists in the country. The key, he says in an interview, would be ensuring that U.S. forces are no longer caught in "an ancient civil war that is not our fight and that we cannot fix."

Mr. Smith, who made his fortune in the frozen-food industry before entering politics, voted for the 2002 resolution that authorized Mr. Bush to use military power to oust Saddam Hussein, and he argued diplomacy alone wouldn't be enough to persuade Mr. Hussein to change his ways. In February 2003, weeks before U.S. forces invaded, Mr. Smith told a conference of Oregon Republicans, "If we walk away from this ... history will judge us badly."

In March 2005, he visited Baghdad for the first time since the invasion. Speaking to reporters after his trip, he expressed wariness about the open-ended U.S. military commitment to Iraq. He said he hoped U.S. forces could begin withdrawing that fall to avoid being seen as occupiers. The administration also hoped to begin a U.S. military withdrawal then, a move that might have boosted Republican prospects in mid-term elections.

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But the deteriorating situation in Iraq forced the White House to abandon those plans, and Mr. Smith says his pessimism deepened. He visited Iraq again last May and says he left convinced that too many American troops were in the country.

Mr. Smith says the November election underscored the need for a change in Iraq -- policy makers have an obligation to listen "when the public speaks so clearly," he says -- but he didn't decide to make the case publicly until a week ago. That morning, he says, he turned on the news to check the traffic and weather and saw a report that 10 U.S. soldiers had been killed that day in Iraq. Mr. Smith says he fumed over the fatalities during his commute, and concluded the time had come to say publicly what he had thought privately for weeks. The next night, at a lectern in a virtually empty Senate gallery, he declared in a speech, "Either we clear and hold and build, or let's go home."

Mr. Smith, who hadn't been well-known nationally, attracted a flood of television attention with his comments. The White House fielded questions on why a sitting Republican lawmaker was calling Mr. Bush's handling of the war "immoral."

Mr. Smith says a small number of fellow Republican senators gave him the cold shoulder after his speech. Others, he says, told him he had given voice to a feeling they shared but weren't yet willing to voice publicly.

"Many of my colleagues have been telling me, 'Thanks, that needed to be said,'" he says.

DOJ_NMG_0105915

Bomber Kills More Than 60 In Iraq Capital (USAT/AP)

USA Today, December 13, 2006

BAGHDAD — A suicide bomber struck a crowd of mostly poor Shiites in Baghdad on Tuesday, killing at least 63 people and wounding more than 200 after luring construction workers onto a pickup by offering them jobs as they were eating breakfast.

The blast came on a day when the U.S. military reported the deaths of five troops.

The Baghdad suicide attack shattered storefront windows, dug craters in the road and set fire to several cars. People rushed to the devastated area to see whether friends or relatives were killed or wounded. Mangled bodies were piled up at the side of the road and partially covered with paper. Two men sat on the sidewalk, crying and covering their faces with their hands.

The bombing took place about 7 a.m. in Tayaran Square, where men gather daily to solicit jobs as construction workers, cleaners and painters. They buy breakfast at stands selling tea and egg sandwiches while waiting for potential employers to drive up.

High unemployment and soaring prices have driven men to hire themselves out daily to feed their families. The Iraq Study Group Report released this month by a bipartisan commission in Washington said unemployment ranges from 20%-60% of Iraq's population.

Tuesday's bombing was the second major attack in less than a month in which unemployed Shiites were lured to their deaths by a suicide bomber promising to hire them for the day.

Twenty-two people were killed and 44 were wounded Nov. 19 when a minivan driven by a man promising work exploded in the mainly Shiite southern city of Hillah.

Interior Ministry spokesman Brig. Abdul-Karim Khalaf, who gave the official police account of Tuesday's attack, said at least 63 people were killed and 236 were wounded.

Prime Minister Nouri al-Maliki, a Shiite, blamed the "horrible crime" on Sunni extremists.

"Iraq's security forces will chase the criminals and bring them to justice," he said.

On Monday, police discovered a bomb hidden outside the Shiite mosque in Samarra that was targeted Feb. 22 in a bombing that destroyed the mosque's golden dome and set off a wave of sectarian violence.

The bomb discovered Monday exploded while coalition bomb disposal officials were removing it, slightly damaging the building. The blast caused no injuries.

Al-Maliki said Tuesday that there is no alternative to his national unity government. He said talks between major partners in his ruling coalition to form another bloc in the parliament did not amount to a bid to unseat him.

Vice President Tariq al-Hashemi, a Sunni who met with President Bush on Tuesday in Washington, and senior Shiite leader Abdul-Aziz al-Hakim have said the proposed bloc would include al-Hakim's Supreme Council for the Islamic Revolution in Iraq, al-Hashemi's Iraqi Islamic Party, the two major Kurdish parties and independents.

Iraq's constitution stipulates that the largest bloc in the parliament receives a mandate from the president to form a government.

"What is going on now is positive when the aim, contrary to what has been said, is to broaden the government's political base and not an attempt to undermine its ideology or to search for alternatives," al-Maliki told reporters in his first public comments on these efforts.

"There is no alternative in Iraq for this national unity government because it is the guarantee for the political process to continue," he said.

The White House has denied that any plans were afoot to dump al-Maliki, who has been in office for seven months.

The U.S. command announced the deaths of five U.S. troops in Iraq, including three Marines killed in combat in Anbar province.

The three Marines assigned to the 3rd Marine Aircraft Wing died Monday of wounds sustained while fighting insurgents, according to a statement.

Another Marine died Monday from non-hostile causes in Anbar province, which stretches west from Baghdad to the borders of Syria, Jordan and Saudi Arabia.

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A soldier died Monday of apparent natural causes near Diwaniyah, 80 miles south of Baghdad. The soldier lost consciousness and died after being transported to a troop medical clinic.

The American deaths raised to 51 the number of U.S. troops who have died this month.

Aswan Ahmed Lutfallah, 35, an Associated Press cameraman, was shot and killed while covering clashes in the northern city of Mosul. He was the third AP employee killed in the Iraq war.

71 Die In Attack On Baghdad Day Laborers (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 13, 2006

BAGHDAD — An attack on mostly Shiite day laborers waiting for work in a downtown square this morning killed at least 71 Iraqis and wounded more than 200 in the latest sectarian-tinged assault, the Interior Ministry said.

The nation's leaders condemned the attack and braced for Shiite reprisals. Witnesses said a driver approached the square before 7 a.m., loaded several workers in a pickup truck and left the area.

Soon afterward, a second driver pulled his car into the square, slammed into a group of workers and exploded the vehicle, according to witness Swadi Hussein, 28. A police patrol responded to the first blast and the truck driver reappeared, drove into the patrol and detonated his truck, Hussein said.

"As soon as the first explosion happened I wanted to run, but my legs wouldn't move," said Hussein, who sells secondhand clothes at the market. "I was too shocked to do anything."

He saw two bodies fly through the air and hit a nearby building. Police started shooting into the air to disperse the crowd, and at least one person started shooting, too, Hussein said. Rescuers shouted, "Oh, God! Oh, Father!" as black smoke filled the street and cars burned.

Ali Naji, 32, was among wounded workers taken to Baghdad's Kindi Hospital. Naji had avoided the square for a long time, he said, but returned in recent weeks out of need.

Today, one of the car bombs exploded near him and a group of fellow laborers as they ate breakfast.

"I saw their flesh shattered and flying in the air," Naji said.

He blacked out, and came to in the hospital with glass embedded in his head.

Qasim Mohammed Jassim, 37, saw the first bomb detonate and didn't have time to pack up his tools before the second bomb sent splinters through his left hand. He, too, was sent to Kindi Hospital, to lie and wait for treatment beside victims' charred bodies.

The prime minister, who is a religious Shiite political activist, spoke out soon after the bombing, promising a thorough investigation.

"Iraq's security forces will chase the criminals and bring them to justice," he said.

Mahmoud Mashhadani, the Sunni speaker of parliament, also condemned the bombing, saying it victimized the poor, "turning them into pieces of flesh."

Khalaf, the Interior Ministry chief, suggested today's bombing was a response to raids this week by police forces, who killed 17 insurgents and detained 32 more. He promised better protection for workers in the square.

Truck Bomb Kills 70 Iraqis As The Poor Gather For Jobs (NYT)

By Sabrina Tavernise

The New York Times, December 13, 2006

BAGHDAD, Dec. 12 — A truck loaded with bags of wheat drove up to a crowd of poor Shiites early Tuesday, lured them close with a promise of work and exploded as they gathered around. Seventy people were killed and 236 were wounded, officials said.

The attack, in a square in central Baghdad, together with bodies found by Iraqi authorities, pushed the day's deaths across Iraq to at least 131, the highest total since a bombing killed more than 200 here last month. Shiite political leaders often point to such attacks, arguing that they, not the American military, should control security here.

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The attack comes at a delicate time for the Bush administration. The White House is weighing proposals for major changes in its policy on the war. Months of escalating violence have drained support in the United States for the occupation, and left officials here and in Washington searching for a way out of an increasingly complicated war.

The Iraqi government, meanwhile, is pushing the American military to cede control of security in the capital, arguing that Iraqis know best how to protect themselves. American commanders, however, fear the Shiite-dominated government will use the predominantly Shiite army as a weapon against Iraq's embattled Sunni minority.

The Iraqi prime minister, Nuri Kamal al-Maliki, immediately denounced the bombing, calling it the work of supporters of the former dictator, Saddam Hussein. Shiite workers, still scraping rubble out of blood-stained puddles at noon, angrily accused the United States of failing to protect them.

"The security portfolio is still being held by the Americans," said Waleed Hussein, a hardware store owner, whose two brothers and son were wounded. "We put all this on their shoulders."

The deepening war again drew the attention of Iraq's Sunni Arab neighbors. On Monday more than 30 prominent Islamic clerics from Saudi Arabia called on Sunni Muslims around the Middle East to support Sunnis in Iraq against Shiites, The Associated Press reported. The clerics, most of them from Saudi Arabia's top Islamic universities, centers of hard-line Islam, posted their statement on a Saudi news Internet site.

"After almost four years of occupation, it is clear that the aim behind this occupation is for the Crusaders and Shiites to take control of Iraq, paving the way to complete their control over the region," the statement read, the news agency said.

The bombing in Baghdad followed a grimly familiar pattern. Day laborers, whose wages average about $11 a day, gathered in the early morning chill to wait for offers of work. Shortly before 7 a.m., a small Kia truck drove up, loaded with bags of wheat.

"The owner got down and shouted, 'I need laborers to unload!' " said a worker who had been standing in the area when the blast occurred.

Just as the workers gathered, the truck exploded, scattering grain in all directions, scarring the facade of a three-story building, wounding scores of workers and gouging out a crater nearly 10 feet wide. But two hours after the blast, workers had already cleared away most of the debris.

The hardware store owner, Mr. Hussein, who was standing in front of his crumpled shop shortly before noon, piling debris into hardhats and buckets, said he thought there had been a second bomb, delivered moments later on a motorcycle, though the police did not confirm it.

The immediate aftermath was also familiar. Brothers, fathers and sons sought each other. One man, slightly wounded, repeated the name of a Shiite saint. He was grabbing at bodies in a tangled heap, looking for his brother, Maitham Ali, a 41-year-old worker who was there when the bomb went off. He found him still alive and lifted him into a car.

The wounded were taken to Kindi Hospital, which has one of the city's primary emergency rooms, but which declined badly in recent months, said the director, Flayeh Hassan. The hospital has lost large numbers of doctors and nurses, as many middle-class Iraqis have fled the country. There is not enough money to buy basic supplies, he said.

Kadhim Thijil, a 40-year-old construction worker from the southern city of Nasiriya, said he needed stitches that were costing more money than he had. He saved his small daily earnings and sent about $30 to his family each week, he said.

The American military described the startling rescue of 23 hostages from a neighborhood in west Baghdad by Iraqi Army soldiers. Some of the captives were found in car trunks.

The military also announced the deaths of five service members, while gunmen in Mosul shot and killed a cameraman for Associated Press Television News, the news agency reported.

Also on Tuesday, the military announced it had detained the head of the Kut office of Moktada al-Sadr, a Shiite cleric, on Dec. 9. The Iraqi, whom they did not identify, was suspected of smuggling weapons and attacking American and Iraqi forces, the military said.

'Death Square' Blast Kills 70 Iraqi Laborers (WP)

By Sudarsan Raghavan

The Washington Post, December 13, 2006

DOJ_NMG_0105918

BAGHDAD, Dec 12 -- They arrived Tuesday morning at a place where sudden death intersects with life. They were mostly young men from Basra, Nasiriyah, Amarah and other towns across Shiite-dominated southern Iraq. At a time when men their age were joining Shiite militias or criminal gangs, they sought something more elusive in the new Iraq: jobs.

In Tayaran Square, about a mile from the fortified Green Zone, the day laborers waited for work at the going rate of $10 a day, paltry by Baghdad standards. In recent months, there had been two bombings here, killing several people. Local residents called the place Death Square. Yet scores of men came.

"They came in order to live," said Sadiq Ali, the short, stocky owner of the Salaam Cafe, where many of the young men had their breakfast tea.

About 7 a.m., a red Chevrolet Malibu truck pulled up at the edge of the square, witnesses said. As the men gathered around, it exploded, killing 70 and injuring more than 230. Others said they heard a second blast at about the same time. The bombing was the deadliest assault since car bombs and mortar shells killed more than 200 people in the Shiite slums of Sadr City on Nov. 23.

Tuesday's attack illustrates the immense challenges that lie ahead as the United States promotes an effort to create thousands of jobs in Iraq. Many Iraqi leaders have called for such programs since U.S.-led forces invaded in Iraq in 2003.

"It's a bit late, as usual," said Mahmoud Othman, an independent Kurdish legislator. "They should have done this three years ago. In this country, they have spent so much money on security without results. If they had spent one-tenth of that on creating jobs, more projects and fighting unemployment, things would have been better now."

In today's Iraq, the violence is often directed at the economic foundations of society. Insurgents have detonated car bombs in crowded bazaars and factories and attacked minibuses carrying company employees. Criminals have kidnapped wealthy businessmen for ransom and robbed banks. Even generators that provide electricity to whole communities have been blown up.

Senior U.S. military commanders now say that a military solution alone will not stem the sectarian violence plaguing Iraq. Initiatives to boost the nation's anemic economy, they say, must become part of their arsenal.

On Tuesday, Lt. Gen. Peter W. Chiarelli, the departing operational commander of the Multinational Corps in Iraq, said he was frustrated that of an initial $18.4 billion in reconstruction funds allocated by Congress, none had been spent to boost Iraq's agriculture industry.

"Not only could Iraq feed itself, but it could feed large portions of the region and have goods and services to export," Chiarelli told reporters.

He expressed pride in some efforts, specifically a U.S. date palm spraying program in which helicopters sprayed thousands of acres of trees with pesticides to eradicate insects that had caused major damage. Iraq once produced roughly 30 percent of the world's dates, its second-biggest export after oil. Today, the date industry is showing signs of recovery.

"Those are the kinds of things that are small victories, probably kind of float in under the radar, but I think over time can have a cumulative effect that can really start to see the level of the violence go down and get people thinking about something else than whether their neighbor is Sunni or Shia," Chiarelli said.

But as recently as September, date farmers in Baqubah complained that sectarian violence had driven families out of villages and that gunmen had ambushed farmers.

All 20-year-old Khalid Nasser wanted was a job. Several days ago, he traveled from the southern city of Basra to seek his fortune in Baghdad. He stayed at the Mustafa Hotel, down the road from Death Square, where dozens of day laborers resided. "They came because they were starving," said Salih Abbas, the tall, burly owner of the hotel.

Nasser's days were spent working, even though he knew of the risks of lingering in the square each morning. His 13 relatives back in Basra depended on him. "I needed the money," said Nasser, a slim, fashionable young man who wore a New York Yankees ski hat.

On Tuesday morning, as he sipped tea, he watched his foreman walk toward the square, where the pickup had pulled up.

"It was a huge explosion," said Mohammed Jabbar Yousef, 37, a shopkeeper whose store is just across the street from the blast site. " People were running in every direction. They were clutching their heads, legs and hands. There was blood everywhere."

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Nasser was thrown to the ground unconscious. When he woke up, he saw a huge crater. The left side of his head was bleeding. His right leg was injured. His foreman's body, he said, was "cut into two pieces."

Two hours later, Nasser limped into the Salaam Cafe. His head was bandaged. He joined a group of men, some of whom spoke in casual tones about the bombing.

"We get used to death," said Ali, the owner. "Death is in the hands of God. What can we do?"

"They are targeting the Shia," Abbas said, shaking his head in disgust.

Outside, the sound of hammers filled the air. Shopkeepers were putting their shattered doors back into place. On the street, men washed away the blood, turning the water maroon. Women in black abayas were shopping. Minibus drivers were hailing customers.

Yousef, the shopkeeper, had picked up his tumbled wall of goods and was back in business. He expressed sympathy for the day laborers. "I have a family to feed," he said as a customer entered.

For the most part, life had returned to normal on Death Square, save for one soul sitting in a coffee shop, pondering his future. "I will take my brother and go back to Basra," Nasser said. "I will not return."

Pakistan Is Behind Taliban, Karzai Says (FT)

By Rachel Morarjee

Financial Times, December 13, 2006

President Hamid Karzai on Tuesday dismissed the idea of talks with the Taliban as useless in stemming surging violence in Afghanistan without tackling elements in the Pakistani government that he said were sponsoring terrorism.

Speaking in Kandahar, Afghanistan's main southern city and a former Taliban stronghold, Mr Karzai spoke hours after a suicide bomber killed six people in an apparent attempt to assassinate the governor of neighbouring Helmand province, who escaped unhurt.

"The problem is not Taliban; we don't see it that way. The problem is with Pakistan," he said when asked if he would consider opening talks with leaders of the Islamic militia ousted from power in 2001.

It would not be possible to open dialogue with two key leaders of the movement, the former Taliban leader Mullah Mohammed Omar or the US's most-wanted terrorist Gulbuddin Hekmatyar, unless they resolved their problems with the international community, he said.

"If we resolve the difficulty with Pakistan the question of Taliban will go away automatically. So are we talking to the Taliban? Yes, we are. We are talking to Pakistan," he said.

"The state of Pakistan was supporting the Taliban, so we presume that if there are any Taliban that they are still being supported by a state element," he said. The insurgency, he added, had to be tackled at its roots across the border.

Pakistan's foreign minister, Khurshid Mehmood Kasuri, visited Afghanistan last week to lay the groundwork for a cross-border meeting of tribal councils to discuss the violence, as the atmosphere between the two countries sours.

Mr Karzai was on a two-day visit to Kandahar in the wake of a meeting of the Policy Action Group, a war cabinet of Nato generals and ambassadors and Afghan officials set up to look at ways of stemming the growing violence and boosting development.

Mr Karzai also criticised mounting civilian casualties inflicted by Nato and US forces and said the casualties would "absolutely" erode support for the Afghan government if it carried on.

Four civilians including a teenage girl were killed in a raid on a house in south-eastern Afghanistan on Tuesday, the latest in a string of civilians caught in crossfire.

"People are angry about these killings," he said, claiming there was a rising wave of fury in Kandahar about an incident in which British troops in a military convoy fired on unarmed civilians after a suicide bomb earlier this month. He said his government was working with Nato to prevent a recurrence.

Army, Marine Corps To Ask For More Troops (WP)

By Ann Scott Tyson

The Washington Post, December 13, 2006

DOJ_NMG_0105920

The Army and Marine Corps are planning to ask incoming Defense Secretary Robert M. Gates and Congress to approve permanent increases in personnel, as senior officials in both services assert that the nation's global military strategy has outstripped their resources.

In addition, the Army will press hard for "full access" to the 346,000-strong Army National Guard and the 196,000-strong Army Reserves by asking Gates to take the politically sensitive step of easing the Pentagon restrictions on the frequency and duration of involuntary call-ups for reservists, according to two senior Army officials.

The push for more ground troops comes as the wars in Iraq and Afghanistan have sharply decreased the readiness of Army and Marine Corps units rotating back to the United States, compromising the ability of U.S. ground forces to respond to other potential conflicts around the world.

"The Army has configured itself to sustain the effort in Iraq and, to a lesser degree, in Afghanistan. Beyond that, you've got some problems," said one of the senior Army officials. "Right now, the strategy exceeds the capability of the Army and Marines." This official and others interviewed for this report spoke on the condition of anonymity because they were not authorized to talk publicly about the matter.

The Army, which has 507,000 active-duty soldiers, wants Congress to permanently fund an "end strength," or manpower, of at least 512,000 soldiers, the Army officials said. The Army wants the additional soldiers to be paid for not through wartime supplemental spending bills but in the defense budget, which now covers only 482,000 soldiers.

The Marine Corps, with 180,000 active-duty Marines, seeks to grow by several thousand, including the likely addition of three new infantry battalions. "We need to be bigger. The question is how big do we need to be and how do we get there," a senior Marine Corps official said.

At least two-thirds of Army units in the United States today are rated as not ready to deploy, as well as lacking in manpower, training and -- most critically -- equipment, according to senior U.S. officials and the Iraq Study Group report. The two ground services estimate that they will need $18 billion a year to repair, replace and upgrade destroyed and worn-out equipment.

If another crisis were to erupt requiring a large number of U.S. ground troops, the Army's plan would be to freeze its forces in Iraq and Afghanistan, and divert to the new conflict the U.S.-based combat brigade that is first in line to deploy.

Beyond that, however, the Army would have to cobble together war-depleted units to form complete ones to dispatch to the new conflict -- at the risk of lost time, unit cohesion and preparedness, senior Army officials said. Moreover, the number of Army and Marine combat units available for an emergency would be limited to about half that of four years ago, experts said, unless the difficult decision to pull forces out of Iraq were made.

"We are concerned about gross readiness . . . and ending equipment and personnel shortfalls," said a senior Marine Corps official. The official added that Marine readiness has dropped and that the Corps is unable to fulfill many planned missions for the fight against terrorism.

Senior Pentagon officials stress that the U.S. military has ample air and naval power that could respond immediately to possible contingencies in North Korea, Iran or the Taiwan Strait.

"If you had to go fight another war someplace that somebody sprung upon us, you would keep the people who are currently employed doing what they're doing, and you would use the vast part of the U.S. armed forces that is at home station, to include the enormous strength of our Air Force and our Navy, against the new threat," Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said at a briefing last month.

But if the conflict were to require a significant number of ground troops -- as in some scenarios such as the disintegration of Pakistan -- Army and Marine Corps officials made clear that they would have to scramble to provide them. "Is it the way we'd want to do it? No. Would it be ugly as hell? Yes," said one of the senior Army officials. "But," he added, "we could get it done."

According to Army Gen. John P. Abizaid, the top U.S. commander for the Middle East, the Army and Marine Corps today cannot sustain even a modest increase of 20,000 troops in Iraq. U.S. commanders for Afghanistan have asked for more troops but have not received them, noted the Iraq Study Group report, which called it "critical" for the United States to provide more military support for Afghanistan.

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"We are facing more operational risk than we have for many, many years," said Sen. Jack Reed (D-R.I.), a member of the Armed Services Committee. He called it "shocking and scandalous" that two-thirds of Army units are rated "non-deployable." He said the country has not faced such a readiness crisis since the aftermath of the Vietnam War.

The U.S. military has more than 140,000 troops in Iraq and 20,000 in Afghanistan, including 17 of the Army's 36 available active-duty combat brigades. When Army and Marine Corps combat units return from the war zone, they immediately lose large numbers of experienced troops and leaders who either leave the force, go to school or other assignments, or switch to different units.

The depletion of returning units is so severe that the Marines refer to this phase as the "post-deployment death spiral." Army officials describe it as a process of breaking apart units and rebuilding them "just in time" to deploy again.

Training time for active-duty Army and Marine combat units is only half what it should be because they are spending about the same amount of time in war zones as at home -- in contrast to the desired ratio of spending twice as much time at home as on deployment. And the training tends to focus on counterinsurgency skills for Iraq and Afghanistan, causing an erosion in conventional land-warfare capabilities, which could be required for North Korea or Iran, officials say.

If a conflict with North Korea or Iran were to break out and demand a medium to large ground force, the Army would be forced to respond with whatever it had available.

The U.S. military today could cobble together two or three divisions in an emergency -- compared with as many as six in 2001 -- not enough to carry out major operations such as overthrowing the Iranian government. "That's the kind of extreme scenario that could cripple us," said Michael E. O'Hanlon, a military expert at the Brookings Institution.

Unable to count on a significant troop withdrawal from Iraq, the Army seeks to ease the manpower strain by accelerating plans to have 70 active-duty and National Guard combat brigades available for rotations by 2011. Next year, for example, the Army intends to bring two brigades on a training mission back into rotation. It is investing $36 billion in Guard equipment in anticipation of heavier use of the Guard.

DOJ:

Feds Ease Tactics On Corporate Scandals (AP)

By Lara Jakes Jordan

AP, December 13, 2006

The Justice Department on Tuesday limited its prosecutors' ability to crack down on corporations that withhold confidential information during investigations, scaling back tough legal tactics authorized after the Enron-era scandals.

Under the new guidelines, federal prosecutors are still expected to aggressively go after companies accused of fraud and other white-collar crimes.

But they bar the government from seeking harsher penalties for businesses that won't cooperate with prosecutors — either by denying them corporate attorney-client communications or paying lawyers' fees for employees under investigation.

The policy shift aims to temper a diverse coalition of critics — from conservative former Attorney General Ed Meese to the liberal American Civil Liberties Union — who call prosecution tactics developed in 2003 unfair and, in some cases, unconstitutional.

"The whole strategy here is to strike a balance between the central concerns of those who have raised questions about the policy ... and continue our aggressive efforts against corporate criminals," Deputy Attorney General Paul McNulty said in an interview with The Associated Press after announcing the changes at a speech in New York that was closed to reporters and the public.

"We still have a job to do to get the facts so we can prosecute corporate criminals," McNulty said. "And there can be no letup in that effort. That's what the taxpayers want us to do. And that's what good corporations want us to do, too."

Under the new guidelines, U.S. attorneys:

_Must obtain written approval from the Deputy Attorney General before allowing prosecutors to demand confidential information or communications between attorneys and their clients.

_Must consult with the Assistant Attorney General who oversees all Justice Department criminal cases before allowing prosecutors to seek results of corporations' internal investigations or what McNulty described as other factual information.

_Cannot penalize or otherwise consider as uncooperative any firms that pay attorneys' fees for employees. However, McNulty said that he and future Deputy Attorneys General could approve harsher penalties in rare cases where the payments result in blocking the government's investigation.

_Cannot penalize corporations that refuse to hand over the confidential and so-called "privileged" attorney-client information. Firms that do, however, will receive credit for cooperating, McNulty said.

The new rules replace guidelines that intended to coordinate prosecution tactics in the country's 94 U.S. attorneys' offices in the wake of corporate scandals at Enron Corp., WorldCom Corp. and other firms that cost investors and employees billions of dollars.

But critics charged those tactics, developed by former Deputy Attorney General Larry Thompson, were too harsh on corporations trying to avoid being branded as uncooperative. They asserted that such branding could lead to indictments that, publicly, scarred even innocent businesses forever. Last week, outgoing Senate Judiciary Chairman Arlen Specter, R-Pa., introduced legislation to bar prosecutors from demanding attorney-client information from corporations in any case.

Responding to McNulty's announcement, some critics said it was unclear whether the new guidelines would make much difference.

Stan Anderson, senior counsel at the U.S. Chamber of Commerce, said he remains bothered that firms who do turn over information or refuse to pay attorneys' fees are given credit for cooperating — even if those that do not aren't penalized.

"To me, that seems inconsistent," said Anderson, one of the lead critics of in the coalition that pushed for change. However, he said, the Justice Department "clearly recognized that they had a problem, and they recognized that we had legitimate concerns, and they're trying to do something about it."

McNulty said the "changes deserve to be given a try" before Congress moves forward with Specter's plan.

U.S. Imposes Limits In Fighting Corporate Crime (WSJ)

By Evan Perez And Kara Scannell

The Wall Street Journal, December 13, 2006

Signaling a shift in tactics in the battle against corporate crime, the Justice Department revised its rules for prosecuting corporations and individuals in white-collar investigations.

Under the new guidelines, federal prosecutors face new limits on when they can seek access to communication between company attorneys and employees being investigated for wrongdoing. Prosecutors also must receive formal approval from superiors in the local U.S. Attorney's offices and from senior Justice Department officials, to request such communication, and make written requests for companies to share information obtained in internal corporate investigations.

The changes, announced by Deputy Attorney General Paul J. McNulty yesterday and effective immediately, revamp the so-called Thompson Memo guidelines issued in 2003 by former Deputy Attorney General Larry Thompson.

Alongside recent moves by the Securities and Exchange Commission, the changes shore up corporate defenses that had been eroded in recent years by prosecutors and regulators during post-Enron corporate criminal investigations. Some of the tough tactics used in those cases were criticized as depriving accused companies and executives of their fundamental legal rights.

For example, in some instances prosecutors pressured companies to waive attorney-client privilege or stop paying legal bills of executives under investigation. Companies that didn't go along were sometimes judged to be uncooperative with prosecutors, risking indictment of the company itself.

Jonathan Rosen, former Assistant U.S. Attorney for the District of Columbia and now a white-collar criminal defense attorney at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo P.C., says defense attorneys might now go over evidence prosecutors are using against their clients and use the new McNulty memo guidelines to try to have evidence thrown out. "The memo today could be used as an implied admission of overreaching," Mr. Rosen said. He added, "nothing the [Justice] Department can do today can retroactively cure a constitutional violation that occurred before this date."

Mr. McNulty said the changes sought to strike a balance between "making sure we get facts" while honoring the attorney-client privilege, a long-held legal right. He said the changes "raised the bar very high" on an individual prosecutor's ability to seek waivers of the privilege.

While some business advocates said the changes didn't go far enough, other legal experts questioned whether the changes could hinder some white-collar investigations already under way.

Christopher Wray, a former senior Justice Department official involved in drafting the previous guidelines in the Thompson memo, said the new guidelines could affect pending investigations on matters such as options backdating, environmental probes and criminal antitrust cases. Mr. Wray, former criminal-division chief and now head of King & Spalding's government investigations practice, said the new guidance "reduces the risk for abuse" and that "good responsible prosecutors respect the importance of a company's attorney-client privilege."

The changes respond to criticism from an alliance including civil-liberties groups, business advocates and criminal defense attorneys. They said that prosecutors routinely overstepped their powers and violated defendants' rights. Some of the harshest criticism came from a New York federal judge, Lewis A. Kaplan, who blasted the Justice Department for pressuring the accounting firm KPMG LLP to limit the fees it paid to lawyers who were defending former partners in a white-collar case. The Justice Department is appealing Judge Kaplan's KPMG ruling, and the new guidelines won't stop that from continuing, a senior Justice Department official said yesterday.

In an interview, Mr. McNulty said "this is an adjustment to our practices. We will still be able to hold people accountable as we have in the past."

Mr. McNulty said he was most troubled by the perception that some executives under investigation have been reluctant to talk to their employers' lawyers because they feared that anything they said could end up being shared with prosecutors and used against them. "A real theme to these changes is corporate compliance," he said. "By raising the bar high on client-attorney communication we will encourage that type of compliance."

The new guidelines won support from many white-collar defense lawyers, but some business groups expressed concerns that the guidance doesn't go far enough to erode a "culture of waiver" that they say exists.

"It's a step in the right direction and it leaves all of law enforcement's tools intact," said Andrew Weissman, a former Justice Department official who at one time led the Enron Task Force. "The fundamental problem that still remains to be tackled is the scope of criminal corporate liability" -- the ability to charge a corporation because of the illegal actions of one or a few employees.

Justice Toughens Rules On Corporate Probes (USAT)

By Edward Iwata

USA Today, December 13, 2006

Facing a business and political backlash over its post-Enron policies on prosecuting companies, the Justice Department issued new guidelines Tuesday that could curb prosecutors in their fight against corporate crime.

The policies come as Congress, the U.S. Chamber of Commerce and other business groups seek to rein in anti-fraud laws and the federal crackdown on accounting and securities fraud following Enron and other scandals.

Earlier policies and the crackdown have led to the convictions of 1,000 people, including 300 top executives since 2002.

But the crackdown also angered business groups and defense attorneys, who accused prosecutors of forcing companies to cooperate with federal investigations and sign deferred prosecution agreements — or risk an indictment that could put them out of business.

Now, the new guidelines, effective immediately, create a higher standard for prosecutors seeking legally privileged information from companies, executives and their lawyers.

Prosecutors' requests for companies to waive attorney-client privilege will only be sought in rare cases, says Deputy Attorney General Paul McNulty. Prosecutors must show "a legitimate need" for the waiver, and their requests must be approved by McNulty.

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Justice Department officials say the guidelines balance the aggressive prosecution of fraud with preserving "the sanctity of attorney-client privilege."

A closely watched case involving KPMG became a legal flashpoint on Justice Department guidelines. In that case, a federal judge ruled recently that prosecutors should not have forced KPMG to drop its legal representation of former executives.

Among other factors, the new guidelines state that prosecutors — in deciding whether to indict a company or defer prosecution — should not weigh whether the company is paying legal fees for its employees under investigation.

Some corporate attorneys say the policies don't go far enough to stop prosecutors who pressure companies to waive attorney-client privilege. Frederick Krebs, head of the Association of Corporate Counsel, says the policies "will not put an end to the 'culture of waiver' that exists within the DOJ."

Other called the change overdue.

Matthew Jacobs, a former federal prosecutor now a partner at McDermott Will & Emery, calls the guidelines "a real helpful correction. … The government has had so much power and discretion that it overplayed its hand."

Eric Holder, a partner at Covington & Burling and the former deputy attorney general who wrote the first guidelines for prosecuting companies, says that "the true test will be in how those in the field respond to this dramatic shift."

Higher Hurdles Set In Corporate Crime Cases (WP)

By Carrie Johnson

The Washington Post, December 13, 2006

The Justice Department announced new rules yesterday that will make it harder for prosecutors to bring criminal charges against companies, bending to intense pressure from business groups that claim the government has overreached in its pursuit of financial malfeasance.

In presenting the revised rules, Deputy Attorney General Paul J. McNulty called the changes a substantial and direct response to a lobbying drive by the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Association of Criminal Defense Lawyers, among others.

Since devastating bankruptcies at Enron and WorldCom prompted Congress to pass a stringent corporate accountability law four years ago, business interests increasingly have pushed back on efforts to police their operations, arguing that the government has imposed too many costs on companies with too few benefits for investors.

The new concessions focus on the sensitive issue of when prosecutors can force companies to waive their legal rights to protect e-mail messages and other internal communications, essentially instructing government lawyers that they must jump through additional hoops before winning access to information they desire. Previously, prosecutors could consider the failure to waive those rights in deciding whether to charge a company with a crime.

Under the revisions, prosecutors who seek information about suspected wrongdoing must first win approval from the top official in their home offices before asking a business to waive its attorney-client privilege. Government lawyers who want to review contacts between a company and its attorneys under a privilege waiver must go all the way to the Justice Department in Washington for permission from its second-highest-ranking official.

The issue carries profound implications for businesses that run afoul of the law. Indictments against companies, particularly financial services firms, can be a death knell, as with the obstruction of justice case four years ago against the accounting firm Arthur Andersen. As a result, former prosecutor Andrew Weissmann said, such moves should require formal consent by top Justice Department authorities.

Weissmann said the government follows a similar approach before sentencing individuals to death. "Corporations deserve the same oversight, since a corporate indictment can lead to similar dire consequences," he added.

The new rules also bar prosecutors from directing companies under investigation to stop paying employees' attorneys fees, a strategy that was declared unconstitutional last summer by a federal judge in New York who blasted the government, saying it "let its zeal get in the way of its judgment."

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In practice, former government lawyer Timothy J. Coleman said, the changes likely will reduce the number of waiver requests by adding another layer of red tape, taking resources away from the investigation itself and directing often unwanted attention onto a rank-and-file prosecutor.

The revisions come just days after Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) introduced a bill that would force the Justice Department's hand. Lawmakers have held two hearings this year on the issue, spurred by a coalition of trade groups that yesterday assailed the new policy as "a day late and a dollar short," in the words of Frederick J. Krebs, president of the Association of Corporate Counsel.

At the same time, a handful of prosecutors in U.S. attorneys offices around the nation said they viewed the changes as a clear attempt to placate business interests that have been pushing back on rules in recent weeks.

The motivation among industry groups is in no small part a pocketbook issue. Waiving legal privileges to avoid criminal indictment can put scores of sensitive documents into the hands of plaintiff lawyers, driving up the costs of settling related shareholder lawsuits.

Last month, a report by a private committee, financed in part by an executive who is fighting civil charges and with support from Treasury Secretary Henry M. Paulson Jr., proposed indicting companies only as a "last resort" and requiring state officials to get permission from federal authorities in Washington before filing such charges.

In an interview, Deputy Attorney General McNulty rejected the notion that the concessions would cripple ongoing fraud investigations. "Our efforts to prosecute corporate crime will continue vigorously," he said.

In the short term, however, the revisions will buy Justice additional time before Congress takes up more far-reaching legislation proposed by Specter last week. Sen. Patrick J. Leahy (D-Vt.), who will lead the Judiciary panel come January, said the government had curtailed "its most excessive practices" but expressed reservations about how the changes would work over time.

The move carries potent symbolic value in a climate in which business has been emboldened in its efforts to return to a pre-Enron regulatory environment.

"The tide has turned," said Craig Margolis, a defense lawyer for a former executive at the audit firm KPMG, which waived its legal rights last year to help prosecutors build a case against more than a dozen former officials. "It should restore needed balance to the investigation of business entities and their employees."

Bar Raised For Prosecuting Corporate Fraud (MRKTWTCH)

By Robert Schroeder, Marketwatch

Market Watch, December 13, 2006

WASHINGTON (MarketWatch) -- The Justice Department raised the bar for prosecuting corporate fraud on Tuesday, requiring prosecutors to get approval from a top Justice official before going after confidential information between companies and their lawyers.

Announced by Deputy Attorney General Paul McNulty at a speech in New York, the new department guidelines also say prosecutors can't penalize companies that pay lawyers' fees for their employees.

Despite what he called the "wild excesses" of former executives Dennis Kozlowski and Bernie Ebbers, McNulty said corporate leaders recognize they have common goals with the Justice Department and that the government wants to encourage companies to prevent corruption through self-policing.

The guidance appears to make it tougher to go after corporate executives accused of wrongdoing. Read more about the guidance.

"My policy makes clear that attorney-client communications should only be sought in rare cases," McNulty said. "Before they are requested, the United States Attorney must seek approval directly from me," McNulty said in a speech to Lawyers for Civil Justice.

The guidelines revise a controversial 2003 memo from then-Deputy Attorney General Larry Thompson, which some defense lawyers and business interests said chilled attorney-client communications.

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"Corporate attorneys have told me that they need full and frank communications between attorney and employee if they are expected to steer conduct away from law-breaking or uncover criminal wrongdoing," McNulty said.

Speaking to reporters, a senior department official disagreed with critics' assertions about the extent of prosecutors' power, but said "to some degree here, perception is the reality."

The aim of the guidelines is to improve the ability of corporate officers to get advice from their lawyers and to comply with legal requirements, the official said.

The guidance is effective immediately and applies to ongoing investigations.

DOJ Revises Corporate Fraud Procedures (LTIMES)

By Jason McLure, Legal Times

Legal Times, December 13, 2006

Bending to pressure from Congress, a federal judge and a lobbying campaign by business and legal groups, the Justice Department announced a number of immediate changes to its corporate-fraud charging policies Tuesday.

Federal prosecutors will be required to seek approval from senior Justice Department officials in Washington, D.C., before requesting that a company turn over the results of an internal investigation or the strategic advice of the company's lawyers.

In addition, with rare exception, prosecutors will no longer be allowed to pressure companies to cut off legal fees to executives or employees under scrutiny in fraud investigations. Previously, companies could earn "cooperation credit" with the government in certain cases by cutting off those fees. Such credit was an important factor for companies seeking to avoid a potentially crippling criminal indictment.

The changes, announced in a Tuesday speech by Deputy Attorney General Paul McNulty at a legal conference in New York, are a step back from the government's aggressive anti-fraud prosecution tactics outlined in the so-called Thompson memo, named for former Deputy Attorney General Larry Thompson, in 2003.

In the speech, McNulty said the new guidelines were designed to address the "perception, well founded -- or not," that the Justice Department's policies were "chilling attorney-client communications" and hurting the effectiveness of corporate lawyers in conducting internal investigations into fraud and other wrongdoing.

Critics of the government's waiver practices have said they discourage corporate executives and employees from speaking honestly with company lawyers during internal fraud investigations for fear their conversations could one day be handed over to the government and disclosed in court. That disclosure, in turn, could lead to shareholder class actions.

Publicly, the Justice Department has been vague about exactly what led McNulty and other officials to change course.

In June a federal judge in Manhattan issued a strongly worded opinion criticizing the conduct of prosecutors in the Justice Department's investigation of KPMG and the accounting firm's marketing of abusive tax shelters. In his opinion, Judge Lewis Kaplan found that federal prosecutors, who pressured the accounting giant to immediately stop paying the legal fees of potentially culpable partners and employees, had violated the defendant's Fifth Amendment right against self-incrimination and Sixth Amendment right to counsel.

"The tide has turned for the Thompson memo," said Craig Margolis, a former federal prosecutor who represents one of the former KPMG partners under indictment, in a statement. "DOJ essentially was compelled to make these changes in the face of judicial and Congressional scrutiny."

Still, some say that McNulty's tinkering didn't go far enough. "We're pleased that they're making an effort," says Fred Krebs, president of the Association of Corporate Counsel. "But overall, it's a day late and a dollar short."

Krebs' group and others, including the U.S. Chamber of Commerce, the American Civil Liberties Union and the National Association of Criminal Defense Attorneys, had sought to bar the Justice Department from using a company's waiver decision as a factor in deciding whether to indict the corporation for fraud.

The apex of that lobbying campaign came in September, when McNulty appeared before the Senate Judiciary Committee and received a heavy dose of bipartisan criticism from former Justice Department officials and senators. On Tuesday, a senior Justice Department official, speaking on condition of anonymity, said that although the DOJ had been considering revisions to its

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policy for more than a year, the Judiciary Committee hearing "allowed [McNulty] to begin focusing his thinking on this issue and gave us the opportunity to hear in a more focused way from folks who were concerned about this."

A final nudge came last week from Sen. Arlen Specter, R-Pa., the outgoing chairman of the Judiciary Committee, who introduced a bill that would strictly limit a prosecutor's ability to request attorney-client-privileged information. On Tuesday a spokeswoman for Specter said that the senator was studying the Justice Department's changes and couldn't comment on them. Incoming Judiciary Committee Chairman Patrick Leahy, D-Vt., who had shared many of Specter's concerns, applauded the changes in a statement released Tuesday. "I am pleased the Department has heeded bipartisan criticism of its policy," said Leahy's statement.

The new guidelines, which the department has dubbed the "McNulty memo," say that "prosecutors generally should not take into account whether a corporation is advancing attorneys' fees to employees or agents under investigation and indictment." The only exception, according to a footnote in the memo, is in "extremely rare" cases where the "totality of circumstances" show advancing fees to culpable employees was done with the intention to "impede a criminal investigation."

With respect to obtaining privileged information, federal prosecutors will have to go through a more rigorous approval process, similar to the process required of prosecutors seeking electronic wiretaps or subpoenas for reporters. For certain types of sensitive attorney-client information, such as the advice a defense attorney gave to the management of a corporation facing a fraud investigation, prosecutors are now required to obtain the approval of the Justice Department's No. 2 official in Washington -- currently McNulty.

For privileged factual material a company has obtained through an internal investigation into an alleged fraud, such as transcripts of interviews with culpable employees, prosecutors will need to obtain the approval of the local U.S. Attorney in their district, who can only sign off on such a request with the approval of the head of the DOJ's Criminal Division in Washington, currently Alice Fisher.

Previously, prosecutors had wide latitude to issue such requests on their own, though how often they've formally made those requests is a matter of some debate between the Justice Department and the defense bar.

The new policy will still grant companies cooperation credit for "voluntarily" waiving their privilege over internal legal material. That still leaves defense attorneys with a strong incentive to waive the privilege, as a company's level of cooperation with criminal investigators is key to warding off a criminal indictment of the company as a whole.

"In close cases, maybe some corporations will decide that since prosecutors have to get approval for [waivers] they think they'll tough it out," says James Robinson, the former chief of the DOJ's Criminal Division. "But that's a game of chicken."

The McNulty Memo (WSJ)

The Wall Street Journal, December 13, 2006

Deputy Attorney General Paul McNulty yesterday released his revision of the 2003 Thompson Memorandum on the department's charging guidelines in corporate prosecutions. Though he was shy about referring to it as the "McNulty Memo," this may simply reflect the fact that the Thompson Memo became -- with some justification -- shorthand for prosecutorial excess in the nearly four years it was Justice Department policy. Nor has that criticism been limited to "business groups." The American Bar Association and the ACLU also raised civil-rights and due-process concerns about the policy.

Mr. McNulty acknowledged that the memo had to be revised because it undermined, rather than bolstered, the credibility of the Justice Department as an effective fighter of white-collar crime. The revisions announced yesterday raise the bar for prosecutors in two of the most criticized areas of the Thompson Memo, and to that extent they are to the good. But it must be pointed out that the McNulty Memo reaffirms the underlying department presumption that the legal treatment of firms is no different than for individuals. In the language of the memo, it should be neither more lenient nor harsher than on individuals suspected of criminal activity. In an interview in our offices yesterday Mr. McNulty declined to acknowledge that indictment of a business and of an individual are different things.

What the McNulty Memo does do is tell federal prosecutors they may no longer hold it against a firm under investigation if it declines to waive attorney-client privilege or cut off the payment of legal fees for employees who are investigated or have been charged. Whether these restrictions work remains to be seen.

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Mr. McNulty told us yesterday that this didn't mean prosecutors couldn't give a firm "credit" for waiving privilege. But if it counts in your favor to waive privilege, it's hard to see how it doesn't count against you not to waive. When your firm is in danger of being put out of business by a federal indictment, this is hardly the moment in which one lightly declines to answer "extra credit" questions.

That said, the new memo's movement is clearly in the right direction. U.S. Attorneys are being told they should not use the threat of indictment as a club to compel the waiver of attorney-client privilege, at least as it pertains to "legal advice and communications" between a firm and its counsel. Stan Anderson, chief counsel for the U.S. Chamber of Commerce, expressed doubt yesterday that this would put an end to the "culture of waiver" that Mr. McNulty acknowledged had become the general perception of Justice.

Similarly with the payment of legal fees. Mr. McNulty was categorical that a firm would not be penalized for paying legal fees of employees under investigation or indictment if the firm was legally or contractually obligated to do so. One would hope this would go without saying. If a company is legally bound to pay its employees' legal fees, how could it count against the firm to comply? Even if a firm had no such obligation, Mr. McNulty said, prosecutors are only supposed to weigh the decision to pay legal fees if the firm engages in a "pattern of obstruction."

Citing pending litigation, Mr. McNulty declined to say whether the KPMG tax-shelter case in New York would have fit that description. That case -- involving 18 people, mostly former KPMG employees -- is currently in federal court in New York. Earlier this year, the judge in the case, Lewis Kaplan, ruled that the defendants' Sixth Amendment right to counsel had been violated by the prosecutors' pressure on the firm to cut off legal assistance. The prosecutors are appealing that ruling, and Mr. McNulty suggested that the government's brief in the appeal made the case for why cutting off fees was appropriate.

Obviously it would be a colossal admission of error for the government to climb down in this case. But let's recognize that the KPMG prosecution is fraught with precisely the sort of excesses that Justice presumably wishes to weed out now. It is hard to reconcile the professed desire to rein in overly zealous prosecution with the heavy-handedness with which that case has been pursued -- and the deferred prosecution agreement with KPMG itself that buttresses it.

The government clearly expected that the prospect of decades in prison would induce more of the KPMG defendants to cop a plea; so far, only one of the original 19 has. It is striking that in the face of long prison terms and the denial of legal and other support from their erstwhile employer, the rest have chosen to have their day in court. But KPMG itself didn't have that option, as it learned watching Arthur Andersen implode.

This returns us to the broader question of whether indicting a firm is really analogous to indicting an individual, since a firm is often sentenced to death at the time it is charged, without the benefit of trial. Mr. McNulty would not concede the need for a change in policy. "I recognize that there are unique circumstances, . . . issues and concerns" in indicting an entire firm, the Deputy AG allowed. "But I would not characterize them as 'due process' concerns." No doubt Justice wants to reserve some weapons for pursuing genuinely corrupt corporate actors. But the threat of putting a company out of business simply by charging it with a crime turns the presumption of innocence on its head.

Like the Thompson Memo, the new charging memorandum does acknowledge the explosive nature of a corporate indictment, describing it as "a unique opportunity for deterrence on a massive scale." Call it WMD for white-collar crime. But blowing up companies to send a message to others in their industry strikes us as dubious public policy.

Mr. McNulty views the new memo as "a very substantial change in how the Justice Department does business." It is that. And he deserves substantial credit for acknowledging that a big change was necessary. The book is open, though, on whether the McNulty Memo goes far enough. It may be that Justice needs to lose a high-profile case such as the KPMG prosecution before the full sea-change occurs.

Pinochet Death Renews Calls For CIA Files (WP/AP)

By Bill Cormier, The Associated Press

The Washington Post, December 13, 2006

SANTIAGO, Chile -- The blast rocked Washington's Embassy Row on Sept. 21, 1976, ripping through the car of one of Chilean dictator Augusto Pinochet's most outspoken critics.

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The assassination of Orlando Letelier and his American assistant two miles from the White House prompted demands for explanations and helped expose what President Nixon, Secretary of State Henry Kissinger and a series of CIA officials tried for years to conceal: U.S support for a military dictatorship that was killing thousands of its own citizens.

In the wake of the former leader's Sunday death, officials at the think tank where Letelier and Ronni Moffitt worked said they are sending U.S. Attorney General Alberto Gonzales a letter asking for the release of the remaining information.

In 1998, the Clinton administration declassified more than 16,000 documents related to Chile, but withheld documents on the Letelier bombing, citing an ongoing investigation.

"With the prime suspect no longer here, there is no reason to keep those documents secret," said Sarah Anderson of the Washington-based Institute for Policy Studies.

Former Chilean secret police chief Manuel Contreras, who served seven years in a Chilean prison for the assassination, claimed his orders came directly from Pinochet.

"The documents related to the Letelier case definitely could include embarrassing information about the relationship between the U.S. government and the Pinochet dictatorship," Anderson said. "But that shouldn't outweigh the public's right to know about that history, especially if it gives consolation to the victims' families."

Congressional investigations, CIA reports and the declassified documents have already revealed much about the relationship between Pinochet and the U.S.

Declassified transcripts portray Kissinger downplaying concern over Chile's human rights record, even as the dictatorship was torturing and killing thousands of opponents. The death toll would eventually reach at least 3,197.

Meeting with Chile's ambassador in September 1975, Kissinger joked that U.S. officials focusing on human rights violations had "a vocation for the ministry." And in a June 1976 meeting with Pinochet himself, Kissinger gently encouraged the dictator to release more prisoners while stressing that "we are sympathetic with what you are trying to do here."

Peter Kornbluh, who helped win declassification of many files on Chile as a senior analyst at George Washington University's National Security Archive, said the transcripts of Kissinger's meetings "paint a pretty stunning picture of gross insensitivity to human rights atrocities."

Kornbluh believes some of the most important U.S. documents on Chile remain classified _ he's still seeking CIA cable traffic between Santiago and Washington, reports on Contreras' visits to the United States and more information about a young American, Charles Horman, who was killed shortly after the coup.

Full disclosure, Kornbluh said, would likely show how the U.S. government helped Pinochet's regime consolidate its power with overt and covert support, despite knowing of its abuses.

Documents already released indicate that U.S. officials did not directly participate in the military coup on Sept. 11, 1973 that toppled Chile's Marxist president, Salvador Allende. But the CIA said it had advance warning of the coup and had tried to foment earlier coup attempts on direct orders from Nixon and Kissinger.

A report released by the CIA in 2000 said the agency had been "aware of coup-plotting by the military, had ongoing intelligence-collection relationships with some plotters and -- because CIA did not discourage the takeover and had sought to instigate a coup in 1970 -- probably appeared to condone it."

A secret cable from the CIA deputy director of plans, Thomas Karamessines, conveyed Kissinger's orders to CIA Santiago station chief Henry Hecksher in 1970: "It is firm and continuing policy that Allende be overthrown by a coup," and that the "American hand" be hidden.

Nixon's CIA director, Richard Helms, in handwritten notes said the president, intent on saving Chile from communism, ordered covert operations to "make the economy scream" under Allende.

Even U.S. Secretary of State Colin Powell, when asked about covert U.S. activities in Chile, acknowledged in 2004 that, "It is not a part of American history that we're proud of."

The CIA kept in regular contact with Contreras _ blamed for much of the torture and death under the dictatorship _ until 1977, though it said the relationship "was not cordial and smooth."

Indeed, public outrage over Chile's human rights record prompted the U.S. Congress to ban weapons sales in 1976, not long after Kissinger's meeting with Pinochet.

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In Santiago, Juan Pablo Letelier recalled the violent deaths of his father and thousands of other victims of Pinochet's dirty war.

"Pinochet died as an old man at the age of 91, surrounded by his family, his kids, attended by top medical assistance," he said. "My father's legs were severed by a bomb and he bled to death on a street on Embassy Row in Washington. Others had been tortured and thrown into the ocean ... It makes one think."

CORPORATE SCANDALS:

Court Faults Skilling Conviction But Orders Him To Report To Prison (WSJ)

By John R. Emshwiller

The Wall Street Journal, December 13, 2006

A federal appeals court signaled that former Enron Corp. President Jeffrey Skilling might serve far less than the 24-year sentence given him earlier this year by a federal judge, even as it ordered Mr. Skilling to immediately report to prison.

The decision by the Fifth Circuit Court of Appeals turned down Mr. Skilling's request for bail pending the appeal of his May conviction in a Houston federal court on 19 counts, including conspiracy and fraud. The decision came just a day after the court had temporarily delayed Mr. Skilling's scheduled report date to a federal prison in Waseca, Minn. The criminal case against Mr. Skilling arose out of Enron's December 2001 collapse into bankruptcy. Mr. Skilling has consistently maintained his innocence.

In its decision yesterday, the appellate court said that Mr. Skilling's appeal was unlikely to result in the reversal of all 19 counts of his conviction. The former Enron chief executive will face some prison term. But exactly how long that prison term will wind up being became a bigger question, as the appeals court decision criticized a large swath of the verdicts against Mr. Skilling.

"Our review has disclosed serious frailties in Skilling's conviction of conspiracy, securities fraud and insider trading," the decision said.

Those three crimes made up the bulk of the case against Mr. Skilling. If those counts are thrown out on appeal, it "would require a substantial reduction" in the former Enron president's sentence, said Daniel Petrocelli, Mr. Skilling's lead criminal defense attorney. While disappointed with the decision to order Mr. Skilling to prison, "we take great comfort in the court's conclusion that there appear to be serious frailties in the convictions," Mr. Petrocelli said.

A Justice Department spokesman said the government is "pleased" that Mr. Skilling was ordered to report to prison.

In its decision, the appeals court said part of its concern regarding the conviction stemmed from a jury instruction given by the trial judge concerning Mr. Skilling's state of knowledge about the alleged wrongdoing at Enron. A larger concern cited by the court was connected to Mr. Skilling's conviction on conspiracy and related crimes. The appeals court noted that it had vacated convictions in another Enron-related case in which it expressed concerns over the application of the conspiracy statutes.

Yesterday's appellate-court decision was the latest example of troubles that the Justice Department has had on appeal with Enron-related convictions. For example, the Supreme Court threw out a criminal conviction of Arthur Andersen LLP after Enron's former accounting firm had been found guilty of obstructing justice in connection with destroying large amounts of Enron-related documents.

Appellate Ruling Pushes Skilling Closer To Prison (WP)

By Carrie Johnson

The Washington Post, December 13, 2006

Former Enron chief executive Jeffrey K. Skilling must report to a Waseca, Minn., prison soon, an appeals court judge ruled yesterday, because Skilling's appeal will not result in the reversal of all 19 of his criminal convictions.

Skilling, 53, had prepared to begin serving his 24 1/2-year sentence yesterday. But an eleventh-hour reprieve from the U.S. Court of Appeals for the 5th Circuit late Monday kept him from flying to Minnesota. The court said it needed more time to consider Skilling's plea to remain free pending appeal.

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Yesterday, in a two-page order, Circuit Judge Patrick E. Higginbotham reversed course. The judge cited "serious frailties" with Skilling's conviction on conspiracy, securities fraud and insider-trading charges by a Houston jury in May. In another Enron case last summer, the appeals court invalidated a legal theory the government had used, casting doubt on the survivability of many of Skilling's convictions.

But the judge's order suggested that the ruling in the other case would not impact Skilling's conviction on five counts of lying to auditors. Higginbotham concluded that other likely appellate challenges by Skilling, including an instruction that allowed jurors to convict him if he turned a blind eye to fraud at the Houston energy trading company, were "less formidable."

"Skilling raises no substantial question that is likely to result in the reversal of his convictions on all of the charged counts," Higginbotham wrote.

As a result, the judge denied Skilling's motion to remain free because his prison term would likely exceed the length of time it would take to appeal the case. The order means that Skilling, who continues to assert his innocence, could be forced report to the 1,070-inmate facility 75 miles south of Minneapolis as early as today, his lawyer said.

A Justice Department spokeswoman declined to comment yesterday. Daniel M. Petrocelli, a lawyer for Skilling, said the defense team remains "hopeful" because of the judge's doubts about some of Skilling's convictions.

Enron's December 2001 bankruptcy cost investors and employees billions of dollars in lost retirement savings. The company's founder, Kenneth L. Lay, died in July of natural causes, and a judge has since erased his conviction because of longstanding legal precedent.

Court Rejects Skilling's Bid To Stay Free Pending Appeal (LAT/BLOOM)

From Bloomberg News

The Los Angeles Times, December 13, 2006

Former Enron Corp. Chief Executive Jeffrey K. Skilling, sentenced to 24 years in prison for his role in a massive fraud that destroyed the company, lost his bid to remain free on bail while he appeals his conviction.

A federal appeals court in New Orleans on Tuesday revoked a stay issued the day before so it could consider his request. The court didn't specify when Skilling, convicted in May of securities fraud and conspiracy, must report to prison. Skilling, 53, is to serve his term at the low-security Federal Correctional Institution in Waseca, Minn.

"Skilling raises no substantial question that is likely to result in the reversal of his convictions on all of the charged counts," the federal appeals court said.

In revoking its stay, the court said it found weaknesses in Skilling's conviction, citing a previous court decision that may help the former CEO overturn some of the jury's verdicts.

Skilling maintains his innocence and said he was made a scapegoat.

Defense lawyer Daniel Petrocelli said that Skilling's formal appeal of his conviction would be filed in February or March.

Petrocelli didn't say whether Tuesday's ruling would be appealed to the full U.S. Court of Appeals in New Orleans, to the U.S. Supreme Court, or both. He also didn't say whether Skilling had already entered prison. The U.S. Bureau of Prisons website said that Skilling was "in transit."

Skilling's Reprieve Short-lived (HC)

By Tom Fowler, Houston Chronicle

Houston Chronicle, December 13, 2006

Court rules the ex-Enron CEO must appeal 'frailties' in case from behind bars

Jeff Skilling's prison postponement proved brief Tuesday as a court denied the former Enron CEO's request to stay out of prison pending his appeal.

Skilling is expected to report to the low-security prison in Waseca, Minn., sometime today, a day later than originally scheduled.

Despite what it called "serious frailties in Skilling's conviction" a three-judge panel of the 5th U.S. Circuit Court of Appeals ruled Tuesday that Skilling must remain in custody during his appeal.

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In the order, the court indicated that its decision earlier this year to overturn convictions in another Enron trial, the Nigerian barge case, created "difficulties" for Skilling's convictions of conspiracy, securities fraud and insider trading.

"Yet Skilling raises no substantial question that is likely to result in the reversal of his convictions on all of the charged counts," the order continues.

Skilling's attorney Daniel Petrocelli said in an e-mail Tuesday night that he was disappointed with the decision but " ... we are very pleased with the court's conclusion that there are serious frailties with the convictions."

Was set to start TuesdaySkilling was originally scheduled to begin serving his 24-year, four-month sentence by 2 p.m. Tuesday afternoon.

But late Monday, the court of appeals issued an order postponing his report date until it gave "careful consideration" to his request for bail while he appeals his convictions on 19 criminal counts.

"This order is entered solely to allow this court to give careful consideration to the request for bail pending appeal," the court said in Monday's filing.

Within 24 hours, however, the decision was made.

The odd timing of the court's decisions was baffling to some observers.

"I can't imagine why they did it like this," said David Berg, a Houston trial lawyer who has followed the case. "Maybe just a bad sense of humor?"

Four focus points likelySkilling's appeal has not yet been filed, but there are four main points his defense team likely will focus on, according to court filings:

•The jury shouldn't have been allowed to use the theory that Skilling denied Enron of the intangible "honest services" he owed the company.

•The jury should not have been instructed that Skilling could be found guilty if he was "deliberately indifferent" to wrongdoing.

•Jurors in the trial were biased because of unfair media coverage in Houston and the widespread impact of Enron's bankruptcy on the community.

•Prosecutors denied the defense access to witnesses and made pretrial discovery difficult.

The misuse of the "honest services" argument was supported by the 5th Circuit's decision earlier this year to throw out charges against former Merrill Lynch executives in the barge case. In that case the court determined the bankers didn't profit personally from their actions and that the Enron workers they helped were carrying out Enron's corporate goals.

Petrocelli argued the jury shouldn't have been allowed to use the "honest services" argument in Skilling's case because he, too, was carrying out the company's goals.

In its reply to Skilling's motion to remain free pending appeal, the government argues the Merrill Lynch decision shouldn't apply to him because he was part of the management that set those goals.

"In other words, he was not following corporate policy or superior orders; he set policy and gave orders," the government argued.

If his appeal is denied, he can ask that the entire 5th Circuit hear the case and that the U.S. Supreme Court hear the appeal.

Confined at homeSince his sentencing in October, Skilling has been under court order to remain confined at home. He was ordered to wear an electronic monitoring ankle bracelet at all times so authorities could track his movements, and he can leave home only for specified reasons, such as medical appointments or court hearings.

Petrocelli said his client was prepared to fly to Minnesota early Tuesday, but when he got word of the delay "he remained home."

In Waseca on Tuesday, the delay was seen as just that: a brief respite from the inevitable.

"The man escaped for a while, didn't he?" said Waseca Mayor Roy Srp. "There is no doubt in my mind that Mr. Skilling is going to prison. It's just a matter of how much money is spent to postpone the inevitable."

Chronicle reporter Kristen Hays contributed to this report from Waseca, Minn.

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Smoothing The Path From Corporate Life To Prison Life (LAW)

By Janeanne Murray, New York Law Journal

Law.com, December 13, 2006

The lengthy sentence imposed on former Enron CEO Jeffrey Skilling recently is a stark reminder that the U.S. Sentencing Guidelines have made federal prison a reality for many first-time offenders.

In fact, one third of all federal inmates are first-time, nonviolent offenders. Moreover, because of the length of their sentences, many of these individuals, like Skilling and WorldCom founder Bernie Ebbers, are denied placement in camp facilities.

But whether an inmate is assigned to a camp without wires and fences or a locked two-person cell, few would disagree that prison life is a profoundly dehumanizing experience.

How then can a prospective inmate obtain the most favorable placement in federal prison? Some hire sentencing consultants, the best of whom -- if hired early enough in the case -- can position and prepare their client for the least onerous experience the Bureau of Prisons (BOP) offers. But defense lawyers can readily develop expertise in this area and exert a positive impact on the quality of prison time their clients serve.

This article will focus on the various ways before, during and after sentencing, in which attorneys can ease their client's passage through federal prison. While a defense lawyer's primary objective will always be to avoid or reduce a prison sentence, surprisingly minimal effort can substantially improve the client's experience of prison life -- from securing a coveted lower-bunk pass, to entry into a program that makes participants eligible for early release.

BEFORE THE SENTENCING

The groundwork for ameliorating a federal prison sentence is laid between the plea (or trial) and the sentence. During this time the Probation Department conducts the presentence investigation and prepares the critical presentence investigation report (PSR), a detailed portrait of the client's personal and criminal history.

Akin to an academic transcript, the PSR accompanies a federal inmate throughout her prison experience and is used by the BOP to make several critical determinations about the inmate, including:

• Designation: Generally, an inmate will be designated to a facility matching her security level, within 500 miles of the inmate's home. BOP facilities are classified into one of five security levels, ranging from minimum (dormitory-style accommodations, limited or no perimeter fence and the lowest staff to inmate ratio) to high (locked single and two-person cells, tightly controlled movement and the highest staff to inmate ratio).

An inmate's security level is calculated using an elaborate scoring system based on the inmate's current offense behavior and prior criminal conduct, age, education, substance abuse history and whether she was permitted to surrender to prison voluntarily.[FOOTNOTE 1] In this process, the BOP primarily utilizes information from the PSR, unless superseded by the sentencing court's "Judgment in a Criminal Case" and accompanying "Statement of Reasons" (collectively, the Judgment).

Critically, in scoring the inmate's current and prior criminal conduct, the BOP will look beyond the actual finding of guilt and consider the often more serious underlying description of the offense, as set forth in the PSR. Certain factors, known as Public Safety Factors -- such as a client's alien status, sex offender status or the length of the sentence -- can preclude minimum security (camp) placement.

In addition, the BOP may in its discretion apply "management variables" to increase or lower an inmate's security level, based on such factors as the inmate's program needs or a finding that the inmate's scored security level is inconsistent with her security requirements.

• Program Eligibility: The BOP will use the PSR to determine an inmate's eligibility for a variety of educational and vocational programs. Of particular note is the Residential Drug Abuse Treatment Program (RDAP), a 500-hour, six- to 12-month intensive substance abuse treatment program, which qualifies eligible graduates for a six-month halfway house placement and a sentence reduction of up to one year.[FOOTNOTE 2] Candidates for the program must volunteer for it, have a documented substance abuse disorder (i.e., usually corroborated in the PSR), and 36 months or less remaining on their sentences. The sentence reduction is not available to deportable aliens, inmates previously convicted of certain violent offenses or those whose current offense involved violence or the possession of a dangerous weapon.[FOOTNOTE 3]

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• Medical Treatment: The BOP will use the PSR, as supplemented by the Judgment, to determine any medical or mental health treatment appropriate for the inmate. The BOP will generally continue to provide the inmate's medical prescriptions (or their equivalent) listed in the PSR. Documented medical issues may entitle the inmate to certain exemptions. For example, back problems may secure the client a lower-bunk pass -- a not insignificant privilege when the sleeping arrangements are dormitory-style.

• Other Issues: The PSR is also used to establish, among other items, visitation lists, religious affiliations, dietary restrictions and appropriate work assignments, as well as to assist in pre-release planning.

Given the preeminence of the PSR, it is critical that the defense lawyer play an active role during the presentence investigation stage to influence this process to the client's advantage. The investigation is an opportunity for the lawyer to frame the PSR, not merely serve witness to it.

As part of the investigation, the assigned probation officer will schedule an interview with the client. In advance of that interview, the lawyer should fully debrief the client and family members on all matters pertinent to the PSR, from allergies to prescription medications to substance abuse history, in order to select the issues that need to be emphasized (or conversely downplayed) with the probation officer. A failure to mention alcohol or drug abuse problems could ruin the client's chances of getting into RDAP; an over-emphasis on medical issues could cause the client to be designated unnecessarily to a facility with specialized medical care.

A cooperative relationship with the probation officer at this stage will usually be more productive than an adversarial one. At the interview, the lawyer should not hesitate to prompt the client to give more expansive answers or interject to provide additional relevant information. It is also helpful to provide the officer with all available corroborating documents. Detailed notes should be taken, in the event there is a dispute later about what was said.

After the PSR is issued, the lawyer should review it carefully with the client for any inaccuracies or omissions and communicate any objections to the probation officer in a timely manner. See FedRCrimP 32(f)(1) (requiring objections to be made within 14 days of receipt).

While no inaccuracy is too small or immaterial to correct, particular attention should be paid to the descriptions of the client's role in the current offense and any alleged past criminal conduct. An improper application of a firearm enhancement in the sentencing calculation for the current case could render the client ineligible for the RDAP sentence reduction; an erroneous description of a prior domestic violence incident could negatively impact the client's security classification.

AT THE SENTENCING

There are several applications that can be made to the sentencing judge, either orally or in writing, with the aim of enhancing the client's prison experience.

Most importantly, the lawyer should move for any amendments to the PSR that have not already been made by the probation department in response to the lawyer's previous objections.[FOOTNOTE 4] The lawyer may also request judicial recommendations for designation to a particular facility or class of facilities, and admittance to a particular BOP program, such as the RDAP.

While not binding on the BOP, such recommendations have persuasive power, assuming the client meets the requisite eligibility criteria. In fact, the BOP must explain in writing to the court why it rejected the court's recommendation.[FOOTNOTE 5]

Specific medical or mental health treatment may be requested for the client, mindful, of course, of the potential impact this application can have on the client's ultimate designation. If the judge imposed a fine or restitution, the lawyer can move for payment to commence after the completion of the prison sentence.[FOOTNOTE 6]

Finally, the lawyer should always request permission for the client to self-surrender (not just to spare the client the hospitality on "Con Air," but to improve the client's security score) and sufficient time for the client to get his or her affairs in order.[FOOTNOTE 7]

AFTER THE SENTENCING

By the time the sentencing is over, most of the foundations of the client's federal prison experience are already set in stone. There are, nonetheless, several constructive steps the lawyer can take at this stage.

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It is important to follow up with the probation officer to make sure the PSR is corrected according to the sentencing judge's instructions and that the corrected version is forwarded to the BOP. In addition, the Judgment should be reviewed to confirm it accurately reflects the rulings made at sentencing, and the court immediately petitioned for amendments if it does not.

In certain situations, it might be helpful for the defense lawyer to write directly to the BOP on the issue of the client's designation, for example, where the lawyer believes the client's likely security level will overstate her security needs. If so, this letter should be written as soon as possible after the sentencing, as it is much harder to change a designation decision once it has been made. The lawyer should make sure the client is designated before the surrender date, or move for an adjournment of the surrender date to permit completion of the designation process.

Finally, the lawyer can help the client prepare practically and psychologically for the transition to prison life. The client can be introduced to the wealth of Internet resources[FOOTNOTE 8] and literature[FOOTNOTE 9] on the subject. A meeting with a former inmate, if it can be arranged, can also be a valuable way of dispelling unnecessary fears. The client should also be encouraged to schedule full medical and dental check-ups prior to surrender.

CONCLUSION

For many prison inmates, the quality of the time they serve is as important as the length of the sentence. Time will certainly pass faster for most, for example, if one is in the relatively freer and less volatile environment of a camp facility. Thus, in federal criminal cases, once the client has pleaded guilty or has been convicted after trial, it is in the client's interest for the defense lawyer to adopt the dual strategy of mitigating the sentencing exposure and simultaneously positioning the client for a favorable prison placement. This is true even if the likelihood of incarceration appears to be remote. Once a prison sentence has been pronounced, it is often too late to take the measures that can make that sentence more palatable.

JaneAnne Murray is a criminal defense lawyer in New York City. She was previously an assistant federal public defender is the Eastern District of New York.

::::FOOTNOTES::::

FN1 See BOP Program Statement 5100.08, Security Designation and Custody Classification Manual, Chapters. 3, 4 (available at www.bop.gov/policy/progstat/5100_008.pdf).

FN2 The sentence reduction is authorized by statute. See 18 USC §3621(e)(2).

FN3 The policies and procedures of RDAP are set forth in BOP Program Statement 5330.10, Drug Abuse Programs Manual, Inmate, available at www.bop.gov/policy/progstat/5330_010.pdf. Further information on early release eligibility can be found in BOP Program Statement 5331.01, Early Release Procedures Under 18 USC §3621(e), available at www.bop.gov/policy/progstat/5331_001.pdf; see also Ellis & Henderson, "Getting Out Early: BOP Drug Program," Criminal Justice 20, No. 2 (A.B.A. 2005). The other sentence-reducing program at the BOP (the boot-camp program for nonviolent, first-time offenders) was phased out last year.

FN4 Such amendments cannot be made after the sentencing. See, e.g., United States v. Giaimo, 880 F2d 1561, 1563 (2nd Cir.1989) (no jurisdiction under FedRCrimP 32 to correct inaccuracies in PSR after a defendant has been sentenced).

FN5 See BOP Program Statement 5070.10, Responses to Judicial Recommendations and U.S. Attorney Reports, available at www.bop.gov/policy/progstat/5070_010.pdf. In the 2nd U.S. Circuit Court of Appeals, the BOP might, but not necessarily will, honor recommendations that an inmate with a sentence of 12 months or less be designated to a community confinement center (halfway house), as a result of the Court's decision in Levine v. Apker, 455 F.3d 71 (2nd Cir. 2006) (holding that the BOP's rule limiting inmate's placement in a halfway house to the lesser of the last 10 percent or six months of the sentence was an improper exercise of the BOP's rulemaking authority). Such a designation would be guaranteed, however, through a sentence of probation with a condition of community confinement. In addition, the BOP might not necessarily honor recommendations of camp placement for eligible offenders with sentences of 15 months or less, since such inmates may be required to man the work cadres of pretrial detention centers.

FN6 If the court grants this application, the inmate will usually not be required to participate in the Inmate Financial Responsibility Program (the program by which the BOP assists in the collection of court-ordered financial obligations), which can result in substantial deductions from the inmate's commissary account every month.

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FN7 A discussion of the interplay between state and federal sentences is outside the scope of this article. If the client is primarily subject to state jurisdiction, the lawyer should review "Interaction of State and Federal Sentences," available at www.bop.gov/news/publications.jsp.

FN8 See, e.g., www.bop.gov (downloadable copies of all BOP program statements as well as other information on BOP facilities, rules and procedures); www.prisontalk.com (message board on federal prisons with up to date information provided by former inmates and the families of current inmates); www.michaelsantos.net (Web site of long-term federal prisoner, with articles on prison life and advice to the newly sentenced); www.fedcure.org (advocacy group for federal inmate population, with news, publications and links).

FN9 See, e.g., Alan Ellis, "Federal Prison Guidebook" (2005); David Novak, "Down Time: A Guide to Federal Incarceration" (2005); Michael Santos, "What if I Go to Prison?" (2003); Clare Hanrahan, "Jailed for Justice: A Woman's Guide to Federal Prison Camp" (2002).

Former Siemens Executive Under Arrest (FT)

By Richard Milne In Frankfurt

Financial Times, December 13, 2006

A former senior executive at Siemens was arrested on Tuesday as the company for the first time put its own estimate on the scale of the alleged bribery scandal.

Europe's largest engineering group said it could reach €420m ($556m), more than double previous estimates.

Thomas Ganswindt, who left the management board in September and had special responsibility for Siemens' Information and Communications businesses, was in custody in Munich and being questioned by police investigating the bribery allegations.

The arrest takes the scandal to the highest level of Siemens' management.

Coming after controversy over an executive pay rise and the disposal of its mobile phone arm, the scandal is raising questions about the competence of Siemens' management and its supervisory board chairman, Heinrich von Pierer.

At Siemens, Joe Kaeser, finance director, said €420m in payments including some to consultants, would be examined to see if they had been siphoned off into private bank accounts.

But he added that not all the money had necessarily been embezzled.

The estimate, which compares with the €200m prosecutors believe was placed in slush funds, came as the group cut €168m from its net profit in the last six years.

In its most detailed comments since the scandal broke, Siemens said there could be further restatements and probes by the US Securities and Exchange Commission and the Department of Justice.

Siemens has launched a concerted effort to stem the damage to its image.

Following news it was due to be thrown out of Transparency International, the corruption watchdog, Siemens hired Michael Hershman, a former Watergate investigator and one of the anti-corruption body's founders, as compliance adviser.

Mr von Pierer, chairman and chief executive from 1992 to 2005 when most of the siphoning is alleged to have taken place, resisted calls to resign and said he would play an active role in investigations.

Ben Uglow, analyst at Morgan Stanley, said investors were not worried about the income restatement but could become more concerned if the scandal persisted: "It is not the cash amounts that worry us but more the principle."

Siemens Grapples With Widening Corruption Probe (WSJ)

By Mike Esterl

The Wall Street Journal, December 13, 2006

FRANKFURT -- A corruption investigation at Siemens AG is growing after the German conglomerate said it found €420 million ($556 million) in suspicious transactions spanning seven years -- roughly twice the amount prosecutors had identified last month.

Europe's largest engineering company by sales disclosed the figure yesterday, one day after it restated its net income for the latest fiscal year. It also appointed new auditors Monday to comb through its books and review its business procedures as it wrestles with the widening corruption scandal and possible sanctions in the U.S. and elsewhere.

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A German police official confirmed yesterday that Thomas Ganswindt, a former senior executive, has been arrested. He was a member of Siemens's corporate executive committee, where he was responsible for its telecommunications-equipment unit, before resigning in September. A spokesman at Luxembourg-based Elster Group, where Mr. Ganswindt is chief executive, said he was unavailable and declined to comment.

More than 200 police raided the offices and homes of Siemens employees in November as part of a cross-border investigation into alleged embezzlement. German prosecutors said they had found €200 million in suspicious transfers. Prosecutors suspect the funds were used by Siemens employees to bribe potential customers abroad through a system of secret accounts and sham consulting contracts. Siemens is a witness in the investigation and has pledged to cooperate.

Siemens, which makes goods varying from high-speed trains to light bulbs, said it has been in contact with the Securities and Exchange Commission and the Justice Department to provide information on the alleged wrongdoing. The SEC and Justice Department declined to comment.

Joe Kaeser, Siemens's chief financial officer, said during a conference call that "it's kind of early to judge" whether it will face financial penalties. Siemens has attributed the alleged fraud to "individual acts" by current and former employees.

The scale of the alleged fraud raises questions about whether senior managers at the Munich-based company did enough to prevent wrongdoing, and prosecutors are trying to determine how high up the corporate ladder it traveled. Siemens has confirmed that a former chief financial officer from the unit as well as the heads of the unit's internal audit and accounting and controlling departments are among employees arrested.

Mr. Kaeser said the purpose of the questionable transactions remains unclear, and it appears confined to the money-losing telecom unit. It began dismantling the unit last year and agreed in June to merge the bulk of it into a joint venture with Nokia Corp. of Finland. A Nokia spokeswoman said it was "monitoring the situation, but integration work continues."

Klaus Kleinfeld, Siemens's chief executive, said the firm has worked hard to improve its compliance systems but acknowledged more needs to be done to stamp out improprieties. Prosecutors say Mr. Kleinfeld is a witness, not a suspect, in the inquiry.

Spitzer Suit Puts New Focus On Flat-Fee Accounts (WSJ)

By Tom Lauricella

The Wall Street Journal, December 13, 2006

New York State Attorney General Eliot Spitzer, just weeks from leaving office to become the state's governor, set off a brawl with the U.S. arm of Swiss bank UBS AG, alleging the firm put clients in unsuitable brokerage accounts -- resulting in them paying tens of millions dollars in unnecessary fees.

The accounts in question charge clients a flat percentage fee based on the amount of money in the accounts. Known as wrap accounts, they can be a good deal for frequent traders who would spend more in commissions than if they paid a flat fee. In contrast, a client who rarely trades or has high levels of cash in an account would be better off in an account that charges per transaction.

UBS isn't the only firm facing regulatory scrutiny over these accounts. The Securities and Exchange Commission is probing whether Merrill Lynch & Co. clients were inappropriately placed in these accounts, according to people familiar with the matter. Merrill said it doesn't comment on regulatory matters.

The New York Stock Exchange, meanwhile, is investigating cases related to fee-based accounts. Regulators have taken aim at wrap accounts before, but Mr. Spitzer's suit would be by far the largest action. In 2003, the NASD warned all member firms to ensure that wrap accounts were appropriate for clients by taking into account "the services provided, cost, and customer preferences."

Mr. Spitzer's office, which offered to settle with UBS for $150 million, contends in a suit filed in New York state court that UBS allowed thousands of clients who did little trading to inappropriately hold wrap accounts because they would be more profitable than commissions. UBS did this, in part, by manipulating the guidelines for what were deemed appropriate levels of trading and by encouraging brokers to do just enough trading -- or churning -- of an account to keep clients in the wrap fee, the complaint charges.

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Mr. Spitzer's office also alleges that financial incentives tilted brokers toward putting clients into the accounts and clients were misled into believing they were paying for advice services that they didn't get.

UBS declined to settle the suit for $150 million, according to a person familiar with the situation, and isn't going quietly. "UBS categorically denies that the program was part of a scheme to disadvantage clients and intends to defend itself vigorously in this matter," the firm said in a statement. UBS said clients had to agree to be placed in the wrap accounts and that emails cited in Mr. Spitzer's complaint show clients asking to remain in wrap accounts while UBS tried to shift them back to commission-based accounts.

UBS spokesman Mark Arena said Mr. Spitzer's office "cherry picked" data. That is an allegation also made by H&R Block Inc., which recently won a round in court in an attempt to fend off a lawsuit by Mr. Spitzer's office, in part by saying that the New York attorney general had bypassed information that supported H&R Block's position.

The complaint also alleges that UBS misled clients into believing they would be paying for advice through the wrap fees, when in fact the firm viewed it as just another kind of account. Mr. Spitzer's office cited a UBS executive's email which said the accounts had been sold "incorrectly." UBS denies that there was any intent to mislead clients.

Spitzer Sues UBS, Claims Thousands Defrauded (AP)

By Michael Gormley

AP, December 12, 2006

ALBANY, N.Y. --

New York Attorney General Eliot Spitzer accused UBS Financial Services Inc. of moving clients into a brokerage program that cost some investors as much as $23,000 per trade, according to a lawsuit filed Tuesday.

UBS denies the civil charges and defended the program it said has saved clients hundreds of millions of dollars since 1999. UBS AG, a global firm that considers itself the world's leading wealth management business, contends Spitzer didn't consider all the information available on the company's practices.

The brokerage moved thousands of clients to the InsightOne program even though it was poorly suited to their needs, Spitzer said.

InsightOne charged fees based on assets, not the number of transactions, a program that favors frequent traders rather than buy-and-hold investors who rarely trade. The effort to move some clients into the program was sweetened with financial incentives that Spitzer said created a conflict of interest.

"CONFLICT is all over this," stated one internal company document obtained in the investigation.

Spitzer contends brokers must serve their clients and that encouraging customers to act against their best interest creates a conflict.

"UBS is committed to clients' individual needs," the company responded. "The InsightOne program was designed to satisfy those clients who sought alternatives to the industry's traditional commission-based accounts.

"Fee-based brokerage, in which clients pay a fee for trading activity rather than commissions on a per trade basis, offers investors greater choice as well as a way to closely align the interests of financial advisors and clients with respect to growing the value of the brokerage account," the company said. InsightOne accounts were about 3.5 percent of company's American accounts.

The lawsuit contends that customers paid UBS tens of millions of dollars more than necessary in InsightOne fees, including:

_A 91-year-old client who paid $35,000 for four trades over two years. They would have cost her about $2,000 in a traditional brokerage program.

_Another client who was charged $24,000 for one trade.

_A couple that was charged more than $23,000 each for two trades, a sum that totaled about 20 percent of the income from their family farm.

UBS is accused of violating state antitrust laws, common law fraud and breaches of fiduciary duty, said Spitzer, who begins his new job as governor on Jan. 1.

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"We are genuinely mystified and puzzled as to this entire legal claim," said UBS spokesman Mark Arena. He said UBS doesn't know who the clients are that Spitzer singled out.

Arena said clients are moved into the InsightOne accounts only after they are determined to be suitable for it and have agreed to the change. After the first year, UBS analyzes whether the account is best for the client and sometimes recommends they return to a traditional account and, in rare cases, requires the switch back, Arena said.

He said Spitzer's office has refused to cooperate with them in their attempt to defend the company against the accusations.

"It's their data," said Spitzer spokesman Mark Violette. "We negotiated for six weeks. They cut it off and at that point we filed the lawsuit."

SEC To Propose New Guidance On Internal Controls (WSJ)

By Kara Scannell

The Wall Street Journal, December 13, 2006

WASHINGTON -- Federal securities regulators said that company executives won't need to test internal processes that have a low risk of affecting financial statements, and that new regulatory guidance will be flexible for companies based on their complexity.

The Securities and Exchange Commission will formally unveil today its widely anticipated guidance to help management comply with a section of Sarbanes-Oxley dealing with internal controls on financial statements. Business groups had complained that complying with the rule was costly and burdensome, with some suggesting it is one reason why the U.S. has lost foreign stock listings.

The guidance will "fill a void," said SEC Chairman Christopher Cox. "The entire process is designed to take into account different complexities," while furthering the law's purpose, which is "to improve the quality of financial reporting" and give investors confidence in the financial statements, he said.

The SEC also will tackle other issues, including raising the bar investors must meet to invest in hedge funds to $2.5 million from $1 million, allowing for an optional electronic system to deliver proxies and annual reports to investors, and making it easier for foreign companies to terminate registration requirements once they pull their U.S. stock listings. Mr. Cox said each of the issues has the full support of the commission.

The most controversial issue is the SEC's guidance to management on how to comply with section 404 of Sarbanes-Oxley, which says management must assess its company's internal controls over financial reporting and outsider auditors need to test management's assessment. The way the rule has been interpreted has caused confusion, with small business voicing concerns that it was detracting from time spent on business development.

Conrad Hewitt, the SEC's chief accountant, said a high-risk control would include any estimates used when compiling financial statements, while a low-risk item would include petty cash. The second leg of reform, which will require SEC approval, will be announced Tuesday, when the Public Company Accounting Oversight Board unveils changes to an auditing standard that auditors rely upon when testing management's assessment of internal controls.

The SEC is also proposing to require investors to have $2.5 million in net worth and assets to invest in hedge funds, up from the 1982 standard of $1 million. Mr. Cox says that is an approximate inflation-adjusted level and will apply to investors at the time of their investment. He said if a spouse is using shared wealth to invest in a fund for his own use, only half of the couple's joint assets can be counted. That will make the $2.5 million threshold "more meaningful," said Mr. Cox.

Auditing Change Could Ease Burden On Small Firms (USAT)

By Greg Farrell

USA Today, December 13, 2006

In a move designed to make it less expensive for companies to comply with the Sarbanes-Oxley Act, the Securities and Exchange Commission plans to propose a rule at today's open hearing that would allow auditing firms to adopt "principles-based" standards when reviewing their clients' internal controls.

The proposal, which wouldn't be adopted until early next year, means that small and midsize companies wouldn't necessarily have to spend millions to overhaul their internal control systems to comply with Section 404 of Sarbanes-Oxley.

Instead, public companies would be encouraged to focus on reviewing internal controls that affect significant chunks of their revenue streams, as opposed to spending equal amounts on low-risk areas of their businesses, where material changes in earnings are unlikely to develop.

"This will be accessible, understandable and relatively easy to apply so that investors can be more comforted that the internal control process is working as it's intended," SEC Chairman Christopher Cox said in a briefing with reporters Tuesday.

Section 404 of Sarbanes-Oxley — passed by Congress in 2002 after accounting frauds at Enron and WorldCom — doesn't differentiate between companies that earn billions and small firms.

Smaller public companies have complained about Section 404, saying it would force them to spend as much as $4 million each to revamp their internal accounting systems to comply with the law. In fact, small companies with annual revenue of $75 million or less have not yet been forced to comply with the law.

Auditing firms, on the other hand, have reaped gains from the law, because it forces companies to make more use of their services. The Public Company Accounting Oversight Board (PCAOB) is expected to issue comparable "principles-based" recommendations to auditing firms next week.

"The whole effort is to improve the quality of financial statements," Cox said.

At today's meeting, the SEC is also expected to:

•Raise the bar for investing in hedge funds. Under current rules, last revised in 1982, investors can put money directly into hedge funds if they have a net worth of $1 million. Adjusting for inflation, the SEC will now require hedge fund investors to have $2.5 million in assets, not including their primary residences. Hedge fund investors will also have to prove they had income of at least $200,000 for the previous two years or, if married, joint income of $300,000.

•Endorse the use of a voluntary Internet proxy voting system. The SEC plans to let companies switch from the old-fashioned proxy voting system, by paper ballot or by phone, to a new system in which investors can vote on the Web. Companies will still have to make it easy for investors who prefer to cast ballots the old-fashioned way to continue with that method.

2 Sanctioned By SEC Over PNC Accounting (WP/AP)

The Associated Press

The Washington Post, December 13, 2006

WASHINGTON -- An accounting executive at PNC Financial Services Group Inc. and an outside auditor were sanctioned by federal regulators for their alleged roles in the regional bank's faulty accounting in 2001, said to have inflated earnings by concealing $762 million in potential liabilities.

The Securities and Exchange Commission announced the settlements Monday with Thomas Garbe, who was PNC's director of accounting policy at the time, and Michael Joseph, a former partner with the major accounting firm Ernst & Young, which reviewed the transaction at issue. Garbe and Joseph neither admitted nor denied the SEC's allegations but agreed to refrain from future violations of the securities laws.

In addition, Joseph was barred for three years from acting as an accountant for any public company.

Garbe "failed to inquire adequately about facts and circumstances, and was a cause of PNC's violations of the ... federal securities laws," the SEC said in its order.

The agency had previously alleged that Pittsburgh-based PNC tried to conceal $762 million in sour corporate loans in 2001 by selling them to three partnerships it created expressly for that purpose with insurance giant American International Group Inc.

For a fee, AIG offered to establish special-purpose entities to which PNC could transfer the troubled assets, but there was no actual transfer of risk from the bank to the insurer, according to the SEC.

In a July 2002 settlement of the issue, PNC was not fined but agreed to give the SEC and the Federal Reserve Bank of Cleveland greater access to company records. New York-based AIG signed agreements with the SEC and the Justice Department in late 2004 in which it agreed to pay $126 million to settle allegations of aiding flawed accounting by PNC and Brightpoint Inc.

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More recently, AIG agreed last February to pay a record $1.64 billion in a settlement with the SEC and New York state authorities, and apologized for having deceived investors and regulators with misleading accounting practices. AIG was alleged to have taken part in bid-rigging schemes, paid secret commissions to insurance brokers to steer business to it, used phony insurance deals to burnish its earnings and misstated the amounts of workers' compensation premiums it had collected.

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On the Net:

Securities and Exchange Commission: http://www.sec.gov

PNC Financial Services Inc.: http://www.pncbank.com

Fresh Lawsuit Raises Heat At Ahold Unit (FT)

By Byian Bickerton

Financial Times, December 13, 2006

It cost Ahold, the Dutch food retailer, $1.1bn last year to compensate shareholders whose investments were shredded by a 2003 accounting scandal at its US Foodservice distribution business. Now its customers are demanding a pay-out too.

A hospital and a family-owned Italian restaurant have filed a class-action lawsuit in New Haven, Connecticut, alleging USF engaged in "racketeering" by over-charging customers "hundreds of millions of dollars" from 2000 to 2003.

The development comes as Ahold endeavours to sell US Foodservice, in a deal that could be valued at around $5bn. JPMorgan Chase is handling the sale for Ahold, and Clayton Dubilier & Rice, the private equity company, is expected to be among the interested suitors.

A fresh scandal would be catastrophic for Ahold, said Robert Jan Vos, at Fortis. But he, like other analysts, is unsure what to make of the Connecticut claim.

Ahold is confident it can see off the claim, which it considers "at most a question of contract interpretation", a person close to the affair said.

Central to the suit is the use by USF of value added service providers (vasps). These entities bought goods from suppliers and sold them to USF having added a margin and a commission. USF then sold the goods to customers having marked them up by an agreed percentage.

It was common industry practice to use vasps because of their sourcing expertise, said an industry insider.

However, the plaintiffs claim the vasps were part of a "kick-back scheme" operated by USF, involving "secret agreements" with suppliers and in-house product managers.

Vasps were "controlled and funded" by USF to generate "fraudulent invoices and [thereby] over-charge customers", the claimants allege.

James Hartley, a lawyer representing Waterbury Hospital, Connecticut, and Cason Inc, the owners of a restaurant, in Rockford, Illinois, said: "What this case is about is a system that USF put in place to artificially inflate prices."

The suit alleges that 16 to 20 per cent of USF sales between 2000 and 2003, or between $1.2bn and $3.6bn annually, passed through the vasps for the purpose of inflating USF costs and defrauding customers including the hospital and restaurant.

Peter Wakkie, an Ahold executive board member, said the claim was putative and involved "two customers complaining about certain pricing practices that had nothing to do with the accounting practices of 2003".

"We are not concerned," he said. "We have meritorious defences and we will contest this vigorously. It is definitely not on any level comparable with the [claim] we solved last year."

USF dismantled the vasps between early 2004 and 2005 "because the accounting became highly complex", a person familiar with the situation said.

There was a question over whether they should be consolidated in Ahold's books given that they had different management but were largely dependant for business on USF, that person said.

But the claimants are not alone in questioning the system. While Ahold is understood to be confident all contracts were properly enforced and executed, the civil division of the US Department of Justice is studying whether USF's use of vasps led to the US government being over-charged.

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In its 2005 annual report, Ahold said that it "believes it is probable that claims will be asserted in the civil investigation but believes it may have meritorious defences to such claims".

The operation of vasps raised "mild surprise" at PwC, the accountant, during a forensic examination of Ahold's operations in the wake of the 2003 scandal, a person familiar with the accountant's investigation said.

Two years earlier Ernie Smith, then USF chief financial officer, drew the matter to Ahold's attention in a letter announcing his resignation because of his concerns over USF's internal accounting practices.

He wrote that he had ordered a review of the vasps system that "should begin in the next couple of weeks".

Mr Smith wrote: "In theory I believe the process to be understandable and logical for the industry where the creation of inside margin is normal. The concern relates to the poor procedures and the ability to manipulate income."

Mr Smith could not be reached for comment.

Ahold has maintained it properly investigated his concerns.

Additional reporting by Rebecca Knight in Boston

Letters (WSJ)

Wall Street Journal, December 13, 2006

In regard to your Dec. 4 editorial "Global Warming Gag Order":

Sens. Olympia Snowe (R., Maine) and John D. Rockefeller IV (D., W.Va.) are threatening Exxon Mobil with congressional censure if it keeps encouraging the scientific skeptics who doubt that humans caused the earth's recent warming trend.

But more than 70% of the warming observed since the end of the Little Ice Age in 1850 occurred before 1940, and thus before much human-emitted CO2. The senators are apparently unaware of the broad and impressive evidence from hundreds of recent scientific studies that document a better explanation for the modern warming -- a moderate, natural 1,500-year global climate cycle.

The U.N.'s Intergovernmental Panel on Global Warming had already been created when researchers retrieved the first long ice cores from Greenland and Antarctic in the 1980s. The ice cores revealed 400,000 years of the planet's temperature history -- and a 1,500-year cycle that was too long and moderate to be discerned by Celtic tribes or Viking seamen. Physical evidence of the 1,500-year climate cycle has also been found by more than 100 recent peer-reviewed studies by leading research institutes -- in the bottom sediments of six oceans and hundreds of lakes, in ancient relict tree rings from around the northern hemisphere, and in the cave stalagmites and glacier movements of every continent plus New Zealand. The North American Pollen Data Base shows nine complete reorganizations of our trees and plants in the past 14,000 years, or one every 1,650 years.

Science outranks senators. Galileo was a consensus of one.

Dennis T. Avery

S. Fred Singer

Arlington, Va.

(Messrs. Avery and Singer co-authored "Unstoppable Global Warming -- Every 1,500 Years," Rowman and Littlefield, 2006.)

Sens. Rockefeller and Snowe defied every tenet of democracy when they suggested in an open letter to Exxon Mobil that it should refrain from exercising its right of free speech in supporting scientists who dare to question how much the increase in atmospheric CO2 may warm the world. The disastrous duo should withdraw their letter and apologize to Exxon Mobil. The senators say climate change is "a matter of urgency for all mankind." It is not. The U.N. is about to cut its high-end estimate of sea-level rise ino 2100 from three feet to just 17 inches. The panic is over. The senators are jumping on the climate-change bandwagon just as the wheels are falling off.

The U.K. foreign secretary recently said climate skeptics were like supporters of Islamic terror and should be denied access to the media. After a decade of socialism, freedom of speech does not figure in the U.K. constitution. But let me cite the First Amendment to yours:

"Congress shall make no law . . . abridging the freedom of speech . . or the right of the people peaceably to assemble and to petition the Government for a redress of grievances."

I call upon the two senators to live by those noble words.

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Christopher Monckton

London

(Lord Monckton was science and technical adviser to former Prime Minister Margaret Thatcher.)

Your attack on Sens. Snowe and Rockefeller for their letter calling on ExxonMobil to stop supporting groups that obfuscate climate change science is misconceived on some essential points. It is not "bullying," "over-the-top" or "intimidating" to call attention to how this enormously powerful company has, over the past eight years, spent millions of dollars to fund dozens of organizations in order to carry out a disinformation campaign on the global warming problem. The actions of Exxon Mobil in this regard can reasonably be seen as an insult to the climate science community, which has been making a heroic effort to communicate the nature of the problem in the face of extraordinary impediments thrown up by industry-funded operatives. A White House official who formerly was an oil industry lobbyist edited climate science program reports to play down global warming. After being exposed, he left his position and was promptly hired to work for Exxon Mobil.

The senators are not alone in believing it is time for Exxon Mobil to stop warring against the leading climate scientists. Instead, it should be acknowledging the conclusions of the leading scientific assessments and helping to lead the way in translating this understanding into a societal response strategy. As yet we have not seen this. But perhaps CEO Rex Tillerson, in a recent speech to the Chief Executives Club of Boston, signaled a shift when he said of climate change: "The potential risks to society could prove to be significant. . . . We should take steps now to reduce emissions in effective and meaningful ways." We shall see what, if anything, follows from this. But did Mr. Tillerson say that because he feels intimidated and bullied by Olympia Snowe? I hardly think so.

Rick Piltz

Director

Climate Science Watch

Washington

Regarding your lead editorial about the letter to Exxon Mobil regarding global warming's "obvious" consequences, I suggest citing the article by Kenneth Green on page 94 in the November/December 2006 issue of The American magazine. It addresses our current knowledge about the 12 significant phenonmena identified by the U.N. Climate Panel in 2000. Of the 12 we have significant knowledge on only one. We have little or no scientific knowledge on the other 11. But on that basis we are expected to subscribe to half-baked global warming "solutions" such as the Kyoto Protocol, which promises a fraction of a degree atmospheric temperature reduction half a century in the future at the cost of perhaps a 30% reduction in current national GNP.

While we should continue to define the problem, if it exists, solutions are still sometime in the future, if they are ever needed.

Bill Allen Sr.

Placentia, Calif.

Yes, there is a chance that some aspect of our understanding of global warming is wrong. There is even a slight chance it is all wrong. But the preponderance of environmental data, theory, intuition, and direct sensory evidence suggest that it is as most of us think it is. The scientific marketplace of ideas has so ruled.

The consequences of not responding to the "prevailing wisdom" (there is anthropogenic global warming) are much worse than those of overresponding to the "null hypothesis" (there is no anthropogenic global warming).

Given the above reasoning, on balance I'm much more distressed by the allegation against Exxon Mobil that it funds numerous pseudo-scientific climate change denial front groups than by the allegation against Sens. Rockefeller and Snowe that they threatened Exxon Mobil to stop doing so "or else."

Robert Bookstein, M.D.

San Diego

By demanding that Exxon Mobil cease funding and denounce organizations that do not adhere to the senators' views on global warming because they are "deniers" engaged in an "obfuscation agenda" that undermines America's "moral clarity," Sens. Rockefeller and Snowe have taken a virtual theocratic position.

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No effort is made to address the validity of the science. Instead, it is assumed that global warming theory, as envisioned by two representatives of government, is not merely viable, but is established science. Such an overt assault upon the very foundations of free scientific inquiry is chilling in its implications.

William E. Fleischmann

Seven Valleys, Pa.

An SEC Investigation Fraught With Problems

Your Dec. 8 editorial "The Pequot 'Scandal'" leaves the impression that Gary Aguirre and I are the only two people concerned about the way the SEC handled the Pequot investigation. In fact, Mr. Aguirre's concerns have been echoed by both former and current SEC officials, who provided candid testimony to our committees.

The focus of the Senate investigation I'm conducting with Sen. Arlen Specter (R., Pa.) isn't John Mack and Pequot; rather, it is whether the SEC retaliated against one of its lawyers and whether it wields an even hand in looking out for investors big and small. Our review is evidence-based, and so far the evidence suggests the Pequot investigation was fraught with problems, Mr. Aguirre's termination is suspect, and the inspector general failed in his duty to conduct a thorough and independent inquiry.

Sen. Chuck Grassley (R., Iowa)

Chairman

Committee on Finance

Washington

Margin Requirements And the 1990s Bubble

Jeremy Siegel's exoneration of Fed Chairman Greenspan's policy with respect to the financial markets during the 1990s refers only to his monetary policy ("Irrational Exuberance, Reconsidered," editorial page, Dec. 6). It ignores another responsibility of the Federal Reserve, which is the setting of initial margin requirements for the purchase of securities in general, and the definition of the specific securities that are eligible for margin in particular. Initial margin requirements had been set at 50% for a decade prior to his appointment, and thus no change was a continuation of the policy of his predecessor.

However, Chairman Greenspan did oversee a significant change in the definition of securities eligible for margin purchases. The 1998 amendments to the margin rules broadened the definition of margin securities to include certain foreign securities, non-investment grade debt, and also, significantly, to all Nasdaq-traded stocks. Prior to 1998 only a small subset of Nasdaq securities was eligible for margin.

Did this vast extension of marginability to all Nasdaq securities in 1998 contribute to the subsequent bubble that ended with the Nasdaq index at 5049 in March of 2000? It seems certain that it contributed to speculation to some degree, perhaps significantly. Should all initial margin requirements have been raised by the Fed as Nasdaq valuations soared? Such action might have mitigated the size of the developing bubble. Perhaps the current Fed could investigate the consequences of changes in initial margin requirements should valuations grow excessive in coming years, despite the fact that it might lead to a more balanced view of Mr. Greenspan's tenure than Prof. Siegel presents.

Peter Van Dyke

Chestertown, Md.

There's a Moral Upside to Single Motherhood

I was disheartened that you ignored the moral upside to our nation's growing number of single mothers ("Single Mothers, Many Problems," Taste page, Dec. 1). While I strongly agree with you that fare better when raised in a home by a married father and mother, I also believe women who choose life for their babies, even when faced with less-than-ideal circumstances, have made a sacrifice deserving of, at minimum, a respectful mention.

Better yet, these mothers, who cross both racial and socioeconomic lines, should be elevated in our otherwise throw-away culture to role models for those women and, yes, men, who find themselves faced with a pregnancy they were not expecting.

You cite an ironic recommendation for addressing the rising number of unwed mothers from the Manhattan Institute's Kay Hymowitz. You quote her as having said, "We haven't appealed to people's rational self interest." It seems that 30 million American women who abort their babies each year have only too good a grasp on their self-interest. As a culture, we not only

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need to, as you said, educate all women about the proven costs of being a single mother. But we must also recognize those who have given up part of themselves to take on that title in the first place.

Myrna Flynn

Northampton, Mass.

Let's Start Speaking Good

Joseph Epstein's "An Online Journal Fights for Clear, Expressive English" (Taste page, Personal Journal, Dec. 7) was right on the mark, although he left off my favorite journalistic pet peeve: the use of diva. Just when did this term get applied to every singer who's ever had one big hit or appeared in People magazine?

Larry Schneider

Buffalo Grove, Ill.

So Joseph Epstein's like, we oughta have a focus group to save the English language from, you know, going down the tubes, because we all know that bad English really sucks. Wow, I mean, this dude is so totally cool in saying we don't talk right. So I'm like, we need to speak more clearly, but then society's like, never mind, do your own thing, whatever. If a person speaks correctly they sound more educated, but then other people go, like, you are some sort of snob or bigot.

Rachel Eve Glyn

Cherry Hill, N.J.

Truthful, Not Terror, Television

In response to your editorial on Al Jazeera's English-language channel ("English Terror TV," Weekend Journal Taste page, Dec. 1):

You claim that we glorified the role of Al Qaeda's Asian affiliate, Jemaah Islamiyah, in stoking unrest in southern Thailand. While we do mention the group's role in the violence, this was just a small item near the end of the story. The report's main thrust actually focused on how the Thai government was working with the separatist groups to achieve peace. You also state that Wan Kadir Che Wan quit the leadership of the now-defunct Bersatu, another separatist group, "some time ago." But the official report on english.aljazeera.net shows that Wan Kadir states the situation quite clearly: "If not me, then who is president? I want to resign, but no one wants to take my place... It still is me."

You then target your indignation at our online characterization of British Prime Minister Tony Blair's comments to us regarding the Iraq war on Nov. 17, saying "The channel's own transcript shows that the British Prime Minister never used the word 'disaster'." In fact, the official Al Jazeera English language Web site article on the interview makes clear exactly what was said: "Responding to a suggestion from Sir David Frost that the conflict had been a disaster from the start, Mr. Blair replied 'it has,' before blaming a combination of factors for the crisis." You further suggest that our channel attributed the bloodshed to the "U.S.-led invasion" and tried to hide the reasons articulated by Mr. Blair. Again, this is a misrepresentation. The channel never implied that the U.S.-led invasion was the cause of the bloodshed -- just that there was bloodshed since the invasion. And not only was Mr. Blair's explanation of the reasons behind the continued violence aired in-full on air, but online Al Jazeera English made sure to include the context of his comments, as well.

Your accusations with regard to our Burma coverage again mislead your readers. Far from "hobnobbing" with the government, it took months of negotiations before we were permitted to enter the country. In those talks, we made it clear that we would be objective and balanced in our reporting. You cite our inclusion in our reports the military junta's contention that Aung San Suu Kyi is "no longer popular with the people" but just because we report their comment does not mean that we agree with it. You appear to question the exclusivity of our report, but there has been no other openly filmed reportage from the new capital Naypidaw by an independent news organization. Since our reports aired, several exiled Burmese dissidents have thanked us for our insights on a country to which they cannot return.

CRIMINAL LAW:

Gonzales Warns Of Online Predators During Delco Visit (PHI)

The Philadelphia Inquirer, December 13, 2006

U.S. Attorney General Alberto R. Gonzales was in Delaware County yesterday to speak with area law enforcement officials. He toured the offices of the county's Internet Crimes Against Children Task Force in the courthouse in Media, said the number of predators was growing, and urged law enforcement to educate people to the dangers.

Part of Gonzales' address to officials was private, and reporters and the public were asked to leave for those remarks. At a news conference later, he said the Internet was a great resource, "but in the hands of a predator it is a powerful weapon."

Gonzales said parents should not only monitor their children's Internet access "very closely" but also sit and talk with them about the problems of sharing too much information on sites such as MySpace.com and YouTube.com.

Last year, the Delaware County task force handled 680 complaints of child predators on the Internet, resulting in 56 arrests.

Attorney General Praises Internet Crime Task Force (WCAU)

WCAU-TV, December 12, 2006

U.S. Attorney General Alberto Gonzales visited the Philadelphia area Tuesday to discuss the importance of protecting kids online.

Gonzales met with local law enforcement, and toured a facility in media that deals with Internet crimes against children.

He praised Delaware County's task force on their efforts to combat child exploitation.

The task force works with state and local agencies to track down criminals who use the Internet to prey on children.

"The Internet is probably the greatest innovation of our generation, but in the hands of a predator it's a powerful weapon," said Gonzales.

Gonzales said one challenge is that Internet crimes know no borders.

He stresses the need to work with the international community to make sure strong laws are in place to protect children.

Gonzales Visits Pa. Officials Combating Internet Predators (AP)

AP, December 13, 2006

MEDIA, Pa. - Attorney General Alberto Gonzales met with local and state authorities Tuesday to discuss the importance of protecting children from online predators and pedophiles.

"I consider it a war," Gonzales said, noting he worries about the safety of his own children, ages 14 and 11.

Gonzales had a private briefing Tuesday with local postal inspectors, FBI agents, Immigration and Customs Enforcement officials, district attorneys and other members of law enforcement. He later visited the offices of Delaware County's task force on Internet Crimes Against Children, one of 46 such agencies nationwide.

The suburban Philadelphia task force investigates cases that include online enticement and possession and distribution of child pornography. It has handled 680 complaints this year, yielding 56 arrests.

"I know that we're winning some significant battles in this area," Gonzales said.

Gonzales came to the area to promote Project Safe Childhood, a Justice Department initiative begun in February and designed to protect children from online sexual exploitation.

ON THE NET

http://www.projectsafechildhood.gov

Web Site Hunts Pedophiles, And TV Goes Along (NYT)

By Allen Salkin

The New York Times, December 13, 2006

Last month, the Web site Perverted-Justice.com posted news of the conviction of Sean Young, a Wisconsin man sentenced to 10 years in state prison for soliciting sex online from a 14-year-old girl. According to a transcript of an online chat posted on the site, at one point Mr. Young had asked the girl, identified only as Billie, what she was wearing. When she answered "sweats," Mr. Young typed back that if she were his daughter, "i'd make u wear sexy clthes."

Billie turned out to be an adult volunteer for Perverted Justice, an anti-pedophile group, and when Mr. Young drove to a house where he expected to meet the teenager for sex, he was arrested by sheriff's deputies.

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The conviction was logged as the 104th that Perverted Justice says it has been responsible for since 2003, a tally that as of yesterday had reached 113. What started as one man's quest to rid his regional Yahoo chat room of lewd adults has grown into a nationwide force of cyberspace vigilantes, financed by a network television program hungry for ratings.

"It's a kind of blog that has turned into a crime-fighting resource," said Robert McCrie, a professor at John Jay College of Criminal Justice in Manhattan.

Perverted Justice is best known for putting its online volunteers at the disposal of the television newsmagazine "Dateline NBC," which has broadcast 11 highly rated programs in which would-be pedophiles are lured to "sting houses," only to be surprised by a camera crew and, usually, the police.

Despite that publicity, the inner workings of Perverted Justice and its reclusive founder remain largely a mystery, even as the group has emerged as one of the most effective unofficial law enforcement groups in the country, a kind of Neighborhood Watch of the Net. But the group is also criticized by some legal and law enforcement experts, who accuse it of entrapment, making mistakes that ruin innocent lives and, paradoxically, disseminating its own brand of child pornography.

Peter D. Greenspun, a lawyer who defended a rabbi from Rockville, Md., caught in a "Dateline" sting arranged by Perverted Justice, said that by posting online transcripts of conversations between would-be child molesters and volunteers posing as 12- and 13-year-olds, Perverted Justice was encouraging, rather than deterring, pedophiles.

"They are putting out for unfiltered, unrestricted public consumption the most graphic sexual material that they themselves say is of a perverted nature," Mr. Greenspun said.

Perverted Justice's founder, Xavier Von Erck, 27, a former tech-support worker, has a dedication to the cause bordering on obsession, his mother and associates said. Mr. Von Erck lives in an apartment in Portland, Ore., but rarely gives out his address, and he would not allow a reporter to visit because he feared retribution from men exposed by his group. In a telephone interview, he said he worked for his group seven days a week, mostly from a laptop in his bedroom.

"Every waking minute he's on that computer," said his mother, Mary Erck-Heard, 46, who raised her son after they fled his father, whom she described as alcoholic. Mr. Von Erck legally changed his name from Phillip John Eide, taking his maternal grandfather's family name, Erck, and adding the Von.

In many ways, Mr. Von Erck, who said he and his mother moved 13 times when he was in high school because they were often short of money, continues to live that messy life of deprivation. His meals often consist of ramen noodles, he said; his bed is perpetually unmade. For years, he has been trying unsuccessfully to find his father, who, he says, still owes his mother child support.

"I have a low opinion of men in general," he said. "The most heinous crimes in our society are committed by males."

Perverted Justice has 41,000 registered users of its online forums dedicated to the cause of stopping predators, 65 volunteers trained as chat room decoys and three salaried leaders: Mr. Von Erck, a woman who is a liaison with law enforcement and a business manager.

Typically, a Perverted Justice volunteer creates a false online profile, posing as, say, a 13-year-old girl on MySpace. The volunteer will wait to receive e-mail messages or will enter a chat room. If an adult contacts the volunteer, the decoy responds and sees if the conversation becomes sexual.

The group's collaboration with "Dateline" since 2004 has been lucrative. A person familiar with Perverted Justice's finances who requested anonymity because he is not authorized to discuss the matter publicly said NBC was paying the group roughly $70,000 for each hour of television produced.

"They do a lot a work for us, and they deserve to be reimbursed for that work," said David Corvo, the executive producer of "Dateline," who met with Mr. Von Erck earlier this year in New York to discuss their collaboration.

Mr. Von Erck said the NBC money had been used in part to buy computer servers that would not be overwhelmed every time the group was mentioned on television.

Ratings for the "Dateline" broadcasts, a series called "To Catch a Predator" that has become a network franchise, have averaged 9.1 million viewers, compared with 7 million viewers for other "Dateline" episodes, according to Nielsen Media Research.

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Six new episodes are planned for the first half of 2007. Two were shot at a house in Long Beach, Calif.; two in Flagler Beach, Fla.; and two others in Murphy, Tex. The Texas sting drew a burst of publicity in early November, months before the episodes were scheduled to be shown, when a prosecutor implicated as a would-be predator, Louis W. Conradt Jr., shot himself to death as the police approached his home.

Supporters of the NBC broadcasts say they have helped increase awareness of online predators, allowing parents to educate children and spurring law enforcement to action. One in seven youths ages 10 to 17 who have gone online at least once a month for six months have received unwanted sexual solicitations, according to a 2005 study by the Crimes Against Children Research Center at the University of New Hampshire.

Last month, the "Dateline" correspondent Chris Hansen, who is featured on the Perverted Justice specials, addressed about 500 students at a school in Rye Brook, N.Y., about the dangers of Internet predators. One of the first questions was why the stings filmed by "Dateline" were not entrapment.

The answer, legal experts say, is that it is hard for a defendant to prove entrapment, in this context or in any other. Some states allow prosecutions as long as there was a "predisposition" to the conduct. Others require police misconduct for a defendant to claim entrapment.

One concern about Perverted Justice's nonprofessional force of vigilantes, raised by Lt. Joseph Donohue, head of the New York State Internet Crimes Against Children Task Force, is that decoys impersonating teenagers may be too aggressive, not understanding the need to let predators initiate the sexual chat and therefore not gathering chat-log evidence that will stand up in court.

Mr. Von Erck responded that so far prosecutors had not dropped charges against any man arrested in an investigation begun by Perverted Justice.

Of the 113 convictions Mr. Von Erck's group claims, some have been for misdemeanors resulting in no jail time, and others have brought stiff sentences, like the one of the Maryland rabbi, David A. Kaye, who on Dec. 1 was sentenced to six and a half years in prison on federal charges of enticement and traveling to meet a minor for illicit sexual contact.

Mr. Von Erck's most vociferous critic is Scott Morrow, a retired Canadian Air Force serviceman who runs a Web site, Corrupted-Justice.com, chronicling what he says are excesses by Perverted Justice.

"These are anonymous, unaccountable Net junkies doing this work," Mr. Morrow said in an interview.

He said that Perverted Justice listed personal information for many men it accused of being sexual predators and had sometimes mistaken their identities and humiliated innocent people.

Mr. Von Erck said the criticisms were out-of-date; in its first years the group did post the phone numbers, employers and photographs of men it accused of being predators, and anyone could humiliate the individuals by, say, e-mailing transcripts of a man's lewd online chats to his friends and colleagues.

But since early this year, Perverted Justice has made a policy of not immediately posting the information it gathers in most cases; instead it contacts law enforcement and encourages pursuit of an arrest.

"We are now a conviction machine," Mr. Von Erck said.

Mr. Von Erck, who said he was not molested as a child, prefers not to analyze his own motivation for dedicating himself so fully to the effort. Asked to explain why he did it, he did so with spare emotion.

"It gets tiring," he said, "but when you find somebody that's already been successful doing something harmful to a child and then you get him arrested, you can't beat that."

Sex Offender Limits Endorsed (AP)

By Larry O'Dell, Associated Press

AP, December 13, 2006

RICHMOND -- Sex offenders would have to obtain a judge's permission to enter school or day care center property if the General Assembly passes legislation endorsed yesterday by the Virginia State Crime Commission.

Delegate Rob B. Bell III, Albemarle Republican, originally proposed prohibiting sex offenders from working or volunteering at schools and day care facilities.

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The House of Delegates passed that bill unanimously, but the Senate referred it to the commission.

The commission revised the measure to ban sex offenders from setting foot on campus for any reason, except to vote, unless they obtain permission from a circuit court judge.

Sen. Thomas K. Norment Jr., James City County Republican, suggested that the measure went too far.

"We want to be as hard and onerous on these perverts as we can, but at some point practicality butts up against this," Mr. Norment said. "At some point we've got to say uncle."

Under Mr. Bell's proposal, a parent convicted of a sex offense would have to obtain court approval to drop off his child at school or attend a parent-teacher conference. Students convicted of sex offenses would be exempt from the requirement.

Steven Benjamin, counsel to the commission, said that requiring a parent to petition the court is unrealistic because people typically are averse to going to court. He also said the measure could hurt children by discouraging parental involvement.

Delegate Kenneth R. Melvin, Portsmouth Democrat, questioned whether sex offenders -- parents included -- should be allowed on school property for any reason.

"They see other children running around," Mr. Melvin said. "Aren't we trying to separate these people from children?"

The commission also wrestled with the issue of sex offenders in nursing homes and assisted-living centers.

The panel recommended that facilities be required to sign up for notification from state police when sex offenders move into the area, and that they check incoming residents' names against the state's sex-offender registry.

Two other proposals were postponed. One would toughen punishment for sex offenders who lie about their records to get jobs in nursing homes or assisted-living facilities.

The other would require managers of such facilities to inform new residents about the sex-offender registry.

G. Stewart Petoe, director of legal affairs for the commission, said federal and state studies show seven registered sex offenders living in Virginia nursing homes and 16 in assisted-living facilities.

Mary Lynne Bailey, vice president of the Virginia Healthcare Association, said many of those offenders may be harmless because of their medical conditions, but federal privacy laws would prohibit disclosure of that information to other nursing-home or assisted-living residents.

"Unnecessarily scaring people is not an answer to the problem," she said.

On another matter, the commission endorsed legislation modifying the capital murder statute's "triggerman rule," which limits the death penalty to the person who carries out the killing.

The bill, sponsored by Delegate C. Todd Gilbert, Shenandoah County Republican, would expand the capital murder law to include accomplices who share the triggerman's intent to kill.

That could include anyone who orders a killing or helps plan one.

Mike McGinty, president of the Virginia Association of Commonwealth's Attorneys, told of a case in which a teenage robber handed a gun to his little brother and told him, "You aren't my brother unless you shoot" a convenience store clerk. Because of the triggerman rule, only the little brother was eligible for the death penalty.

Va. Proposal Would Track Sex Offenders By E-mail, IM (CNET)

By Anne Broache

CNET, December 12, 2006

Backed by MySpace, attorney general to propose law next year that would make his state first to require registration of online aliases.

Virginia's attorney general wants to make his state the first to require convicted sex offenders to submit their e-mail addresses and instant-messaging aliases to law enforcement authorities--and he has MySpace.com's enthusiastic approval.

Bob McDonnell, a Republican, said he plans to push a proposal when state legislators return early next year that would create a database containing all the electronic identifiers of registered sex offenders.

"This is not a foolproof approach, as we all fully realize how easy it is to get new e-mail addresses," McDonnell, a longtime state legislator who was sworn in as attorney general in January 2006, said in a statement released Monday. "But by requiring

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registration, and by making the penalties for failure to register the same as those for failure to register physical and mailing addresses, we will take another positive step towards protecting children online."

The Virginia proposal arrives just days after U.S. Sen. John McCain proposed a bill in Congress that would require a similar expansion of the sex offender registry on a national scale--and an additional step. Under the Arizona Republican's bill (click for PDF), any so-called "social-networking" site would be obligated to remove any Web page that's "associated" with a sex offender--although the proposal has drawn some concern because it does not define the term social-networking site.

The idea behind an expanded registry is to allow so-called "social networking sites" like MySpace to seamlessly cross-check their user registries against sex offender databases, enabling them to block or delete users whose information appears there. It was unclear whether the Virginia proposal would actually require such removal or merely suggest it. A copy of the legislation was not expected to be made available until next week.

McDonnell said he worked with MySpace executives and members of the state's Youth Internet Safety Task Force, which includes representatives from state government and companies like Yahoo and Microsoft, to come up with the proposal.

MySpace Chief Security Officer Hemanshu Nigam applauded the move, saying in a statement Monday that passage of such a law would be "a landmark moment in the history of Internet safety."

MySpace has been lobbying state and federal officials for such an e-mail address registry with an eye toward making its own predator-tracking initiative run more smoothly--and perhaps in an effort to stave off more onerous restrictions that have been on politicians' minds lately. The wildly popular site announced last week that it planned within 30 days to build its own national, real-time sex offender database, based on publicly available information from existing state and federal information banks.

That technology, in theory, would allow the site to monitor and remove the some 550,000 registered sex offenders nationwide from its site, based on scanning for and matching existing information like hair or eye color, name, age, and physical address. But since that data is particularly easy to omit or falsify on user profiles, MySpace has maintained that e-mail addresses and other online aliases would be a far more effective way of pinpointing registered sex offenders.

While harvesting online identities may be a useful to some extent, questions remain over its enforcement, said Leslie Harris, executive director of the Washington-based Center for Democracy and Technology.

Hospital Serial Killers Are Big Threat, Study Says (USAT)

By Liz Szabo

USA Today, December 13, 2006

Hospitals and nursing homes aren't doing enough to protect patients from serial killers on staff, according to a new report that calls for major changes in the way medical centers operate.

In the first tally of its kind, researchers have linked more than 2,100 suspicious deaths worldwide to 54 doctors and nurses convicted of serial murder or lesser charges since 1970, according to an article on the Journal of Forensic Sciences' website. "The problem is bigger than anyone would like to think," says Kenneth Kizer, a co-author of the report and former head of the Veterans Health Administration.

Some murderers were able to jump from hospital to hospital to continue their killing sprees, the study shows. Nurse Charles Cullen, 46, was sent to prison in New Jersey with multiple life sentences this year after confessing to killing up to 40 patients there and in Pennsylvania over 16 years.

Kizer says it's easy to see how serial killers continue to find work: Hospitals rarely share their suspicions when their staff look for jobs elsewhere, because they fear lawsuits from former employees who say negative job references damaged their reputations.

Last year, Pennsylvania and New Jersey passed laws to shield hospitals from lawsuits if they provide truthful job references. Hospitals also are required to report criminal behavior to state licensing boards.

Kizer says the country needs a federal law to protect hospitals everywhere when they report suspicious behavior "in good faith and with good evidence."

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Medical centers need to review their staff's performance long after they are hired, says Lucian Leape, adjunct professor at the Harvard School of Public Health and co-author of a 1999 report that found that up to 98,000 Americans a year die from medical errors.

Executives also should track patient deaths and illnesses, says the new study's lead author, Beatrice Yorker, a nurse and attorney. That could allow them to quickly notice telltale trends. In some cases, hospitals have taken more than a year to begin investigating strings of suspicious deaths, she says.

Hospital officials should investigate the "root causes" of all these deaths, Leape says. That could help hospitals spot ordinary safety problems in addition to crimes. They also should preserve evidence, such as syringes and the tubing used to give intravenous medications, he says. Too often, hospitals don't take the same precautions that police might at a crime scene, so vital evidence is thrown out.

Leape says medical centers should store potentially lethal drugs in single doses to make it impossible for anyone to get an overdose. "That is a pretty basic safety principle, but it is seldom applied," he says. Computerized drug-dispensing machines, used in many hospitals, reduce errors and restrict the number of people who can access dangerous medications.

Taking such precautions can prevent not only murder, but also the everyday mistakes that harm patients, says Leape, who says experts have been calling for major changes for years. "We know how to prevent this," he says. "Theoretically, this kind of stuff should be impossible from now on."

Bait Cars Help Reel In Thieves (WP)

By Jamie Stockwell

The Washington Post, December 13, 2006

Keith DuBois chalked it up to poor luck the first time someone broke into his 1996 Jeep Grand Cherokee. But the second time, about two weeks after he had spent $3,800 on repairs, DuBois realized it wasn't just misfortune.

"My car had a giant target on it," he said. Both times, it was parked beneath a light on the same Arlington County street, and both times, someone used a sharp object to pry the driver's door and rip open the steering column. It's also one of the most commonly stolen vehicles in Virginia. "I didn't want there to be a third time," DuBois said.

And so DuBois, 46, did what no other Arlington resident has done: He offered to give his sport-utility vehicle to the county, a donation that the five-member county board accepted Saturday.

DuBois had read about a police department program that uses bait cars rigged with audio and video recording equipment and engines that can be shut off with the push of a remote button to nab thieves. He figured that if the bad guys were so determined to steal his Jeep, they could do so under the watchful eye of the law.

"If it's that desirable of a car to steal, then I want for it to do some good," DuBois said.

Bait vehicles tempt thieves with unlocked doors or keys dangling in the ignitions. The second that a thief takes the bait, hidden audio and video recording devices are activated, and a silent alarm alerts the county's emergency communications center. By tracking the car's internal global positioning system unit, dispatchers monitor its location, travel and speed, and as soon as officers are in position, the dispatchers disable the engine and lock the doors.

Thief caught. Case closed. Almost every time.

Arlington police officers have responded to 73 activations and have made 56 arrests since the first car was deployed in February 2002. The activations that did not result in arrests include cases in which someone tampered with a bait vehicle but didn't drive away or in which juveniles were caught poking around inside vehicles and weren't arrested.

To date, every defendant has pleaded guilty to felony and misdemeanor theft charges because of the "indisputable video evidence," said Lt. Mark Belanger, head of the county's auto theft unit. "When we've got you on videotape breaking into a car, there's not much you or your lawyer can say about it," he said.

"By adding this Jeep to our fleet, we expect to get a few more activations and make a few more arrests. This is great for the Jeep owners out there," Belanger said, noting that Jeeps are among the top three vehicles stolen in Virginia. The bait fleet has other commonly stolen cars, such as Hondas and Dodges.

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Arlington was the first county in the Washington region to adopt the program, and most area jurisdictions, including the District and Montgomery, Fairfax and Loudoun counties, have implemented it.

Aside from being a high-tech way to nab thieves, bait cars provide a rare look at the initial moments of a common crime. Most of the time, it's not that exciting, officers said, because most interceptions take place within about two minutes and most arrests within four.

But not always. In one Loudoun incident that has become infamous among area police departments, a man stole a bait vehicle and was able to drive it from Leesburg to Southeast Washington because of technical difficulties. Police eventually got the suspect, minutes after the camera caught him smoking crack and masturbating. He had spent part of his ride urinating in a soda can, then drinking his urine to try to quell a case of the hiccups. He also vomited twice.

"We still crack up about that one," said Detective Chris Dengeles, of Arlington's auto theft unit. Mostly, though, "we might have guys muttering to themselves. Nothing real exciting."

The cars are placed in high-theft neighborhoods, including those near Columbia Pike and Fairlington. In 2002, when the bait car program began, 676 cars were stolen in Arlington. The next year, the number was down to 599, before sinking to 493 in 2004 and 419 last year, the county's lowest figure since 1965. This year, Belanger said, the number should be about 350.

At least three thieves have been nabbed since Loudoun launched its program in late 2003, police spokesman Kraig Troxell said. And in Washington, officials said that more than two dozen arrests have been credited to the program.

Arlington County Board Chairman Chris Zimmerman (D) said the decision to expand the county's program to include DuBois' car was a no-brainer. "It was an easy vote," he said Monday. "This is one of our most successful programs in terms of reducing crime, and obviously we want to take maximum advantage of a citizen who wants to make this kind of donation."

By accepting DuBois' offer, the County Board also authorized expansion of the bait car program and agreed to begin accepting vehicles from Arlington residents. Police said that DuBois' Jeep will be repaired -- again -- and outfitted with about $4,000 worth of equipment.

"The more hooks you have in the water, so to speak, the more fish you're going to catch," Dengeles said.

Pellicano Co-defendant Expected To Plead Guilty (LAT)

By Greg Krikorian

The Los Angeles Times, December 13, 2006

One of indicted private eye Anthony Pellicano's co-defendants is expected to plead guilty today to charges that he and others illegally wiretapped a Beverly Hills businessman six years ago.

In an afternoon appearance before U.S. District Judge Dale S. Fischer, Daniel Nicherie, 46, is also expected to plead guilty in connection with a separate fraud and money laundering case.

Earlier this year, authorities announced that Nicherie, his brother, Abner, and others, including Pellicano, were indicted by a federal grand jury for a series of alleged crimes that included eavesdropping on the telephone conversations of people involved in business disputes with Pellicano's clients.

While Pellicano and several defendants in the case are alleged to have illegally spied on numerous celebrities or well-known business executives, the sweeping 110-count indictment names the Nicheries in only one count: wiretapping businessman Ami Shafrir around December 2000.

At the time, authorities have alleged, Nicherie was posing as an attorney and investment banker who defrauded Shafrir and his ex-wife out of some $40 million in cash, real estate and businesses. The fraud, according to an April 2004 indictment, occurred through an elaborate scheme where Nicherie took control of Shafrir's companies, drained their assets and put the businesses into bankruptcy.

Since his indictment, Nicherie has remained in federal custody and, serving as his own attorney, has repeatedly insisted he is innocent of the charges in both cases.

It was not immediately clear what impact today's expected change of plea by Nicherie will have on the ongoing Pellicano investigation.

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If his plea occurs and is accepted by the judge, Nicherie will become the eighth person to plead guilty to criminal charges in the Pellicano investigation.

The former private eye and five others have pleaded not guilty in the case, which is scheduled for trial next summer.

Church, State And The Prisoners (5 Letters) (NYT)

The New York Times, December 13, 2006

To the Editor:

"Religion for Captive Audiences, With Taxpayers Footing the Bill" ("In God's Name" series, front page, Dec. 10) reports that prisons are offering benefits to those who undergo intensive religious education.

This blatant and offensive display of religious proliferation deserves intense scrutiny not only by the judicial system but also by any American who believes that all people have the right to equal benefits, regardless of religious beliefs.

Religious affiliation is no basis for increased government-financed benefits.

Ben Wiessmann

Hastings-on-Hudson, N.Y., Dec. 10, 2006

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To the Editor:

I am a chaplain in a Midwestern women's prison. I am very much opposed to proselytizing in my private life and am legally required to curtail it in my professional life.

Yet I am in favor of religious rehabilitative programming in prisons. Those opposed to faith-based programs fail to realize the value of the act of visiting, of coming into a facility to offer something, of showing love and making a connection.

I would challenge these people not simply to tear down the few programs left in prisons, faulty though they may be, but to enter prisons themselves and build alternative programs with the love and commitment their evangelical brothers and sisters are showing.

Jessica Van Denend

Fond du Lac, Wis., Dec. 10, 2006

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To the Editor:

Your article raised several questions:

¶If alternative treatment plans are so effective in rehabilitating inmates and reducing recidivism, why are they not part of the regular program at prisons across the country? Why are prisons outsourcing one of their primary responsibilities?

¶If running these programs is so important to the religious groups that run them, why can't these groups raise the money to finance these programs from their own supporters? Why do they need to use taxpayers' money?

¶Is there any proof that inmates who get religion behind bars, whether it is fundamentalist Islam or evangelical Christianity, are less likely to commit crimes once they are released?

Peter S. Green

New York, Dec. 10, 2006

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To the Editor:

The InnerChange Freedom Initiative in the Iowa prison system serves to underscore what for the last decade has become a growing problem of using taxpayers to finance the proselytizing of inmates.

Whatever the prison program's merits, the government should not be involved in promoting any particular faith. Religion already has its proper place in correctional facilities.

To grant preferential treatment to some inmates solely because they agree to engage in religious indoctrination, underwritten with taxpayer dollars, is bad public policy and, as the courts have ruled, unconstitutional.

Jeffrey Sinensky

General Counsel

American Jewish Committee
New York, Dec. 10, 2006

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To the Editor:

As a member of the American Civil Liberties Union and a Christian who supports the separation of church and state, I normally do not find much agreement with evangelicals. But a good friend who spent many years in prison received no education, training, alcoholism treatment or other preparation when he was unceremoniously dumped, homeless and penniless, back into the society he left in the 1970s.

The 700,000 people a year released from prisons and jails, sometimes after decades of imprisonment and long-term solitary confinement, receive by default government-sponsored training in the violence and antisocial behavior necessary to stay alive in prison.

If we don't want evangelicals to be the ones trying to change this situation, somebody else had better step up to the plate!

Claudia Hutchinson
Alexandria, Ohio, Dec. 11, 2006

Religion For A Captive Audience, Paid For By Taxes (NYT)

By Diana B. Henriques And Andrew Lehren
The New York Times, December 10, 2006

Life was different in Unit E at the state prison outside Newton, Iowa.

The toilets and sinks — white porcelain ones, like at home — were in a separate bathroom with partitions for privacy. In many Iowa prisons, metal toilet-and-sink combinations squat beside the bunks, to be used without privacy, a few feet from cellmates.

The cells in Unit E had real wooden doors and doorknobs, with locks. More books and computers were available, and inmates were kept busy with classes, chores, music practice and discussions. There were occasional movies and events with live bands and real-world food, like pizza or sandwiches from Subway. Best of all, there were opportunities to see loved ones in an environment quieter and more intimate than the typical visiting rooms.

But the only way an inmate could qualify for this kinder mutation of prison life was to enter an intensely religious rehabilitation program and satisfy the evangelical Christians running it that he was making acceptable spiritual progress. The program — which grew from a project started in 1997 at a Texas prison with the support of George W. Bush, who was governor at the time — says on its Web site that it seeks "to 'cure' prisoners by identifying sin as the root of their problems" and showing inmates "how God can heal them permanently, if they turn from their sinful past."

One Roman Catholic inmate, Michael A. Bauer, left the program after a year, mostly because he felt the program staff and volunteers were hostile toward his faith.

"My No. 1 reason for leaving the program was that I personally felt spiritually crushed," he testified at a court hearing last year. "I just didn't feel good about where I was and what was going on."

For Robert W. Pratt, chief judge of the federal courts in the Southern District of Iowa, this all added up to an unconstitutional use of taxpayer money for religious indoctrination, as he ruled in June in a lawsuit challenging the arrangement.

The Iowa prison program is not unique. Since 2000, courts have cited more than a dozen programs for having unconstitutionally used taxpayer money to pay for religious activities or evangelism aimed at prisoners, recovering addicts, job seekers, teenagers and children.

Nevertheless, the programs are proliferating. For example, the Corrections Corporation of America, the nation's largest prison management company, with 65 facilities and 71,000 inmates under its control, is substantially expanding its religion-based curriculum and now has 22 institutions offering residential programs similar to the one in Iowa. And the federal Bureau of Prisons, which runs at least five multifaith programs at its facilities, is preparing to seek bids for a single-faith prison program as well.

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Government agencies have been repeatedly cited by judges and government auditors for not doing enough to guard against taxpayer-financed evangelism. But some constitutional lawyers say new federal rules may bar the government from imposing any special requirements for how faith-based programs are audited.

And, typically, the only penalty imposed when constitutional violations are detected is the cancellation of future financing — with no requirement that money improperly used for religious purposes be repaid.

But in a move that some constitutional lawyers found surprising, Judge Pratt ordered the prison ministry in the Iowa case to repay more than $1.5 million in government money, saying the constitutional violations were serious and clearly foreseeable.

His decision has been appealed by the prison ministry to a federal appeals court and fiercely protested by the attorneys general of nine states and lawyers for a number of groups advocating greater government accommodation of religious groups. The ministry's allies in court include the Bush administration, which argued that the repayment order could derail its efforts to draw more religious groups into taxpayer-financed programs.

Officials of the Iowa program said that any anti-Catholic comments made to inmates did not reflect the program's philosophy, and are not condoned by its leadership.

Jay Hein, director of the White House Office of Faith-Based and Community Initiatives, said the Iowa decision was unfair to the ministry and reflects an "overreaching" at odds with legal developments that increasingly "show favor to religion in the public square."

And while he acknowledged the need for vigilance, he said he did not think the constitutional risks outweighed the benefits of inviting "faith-infused" ministries, like the one in Iowa, to provide government-financed services to "people of faith who seek to be served in this 'full-person' concept."

Crossing a Bright Line

Over the last two decades, legislatures, government agencies and the courts have provided religious organizations with a widening range of regulatory and tax exemptions. And in the last decade religious institutions have also been granted access to public money once denied on constitutional grounds, including historic preservation grants and emergency reconstruction funds.

In 2002, the Supreme Court ruled that public money could be used for religious instruction or indoctrination, but only when the intended beneficiaries made the choice themselves between religious and secular programs — as when parents decide whether to use tuition vouchers at religious schools or secular ones. The court emphasized the difference between such "indirect" financing, in which the money flows through beneficiaries who choose that program, and "direct" funding, where the government chooses the programs that receive money.

But even in today's more accommodating environment, constitutional scholars agree that one line between church and state has remained fairly bright: The government cannot directly finance or support religious evangelism or indoctrination. That restriction typically has not loomed large when public money goes to religious charities providing essentially secular services, like job training, after-school tutoring, child care or food banks. In such cases, the beneficiaries need not accept the charity's religious beliefs to get the secular benefits the government is financing.

The courts have taken a different view, however, when public money goes directly to groups, like the Iowa ministry, whose method of helping others is to introduce them to a specific set of religious beliefs — and whose success depends on the beneficiary accepting those core beliefs. In those cases, most of the challenged grants have been struck down as unconstitutional.

Those who see faith-based groups as exceptionally effective allies in the battle against criminal recidivism, teen pregnancy, addiction and other social ills say these cases are rare, compared with the number of programs receiving funds, and should not tarnish the concept of bringing more religious groups into publicly financed programs, so long as any direct financing is used only for secular expenses.

That concept has been embodied most prominently since 2001 in the Bush administration's Faith-Based and Community Initiative, a high-profile effort to encourage religious and community groups to participate in government programs. More than 100 cities and 33 states have established similar initiatives, according to Mr. Hein.

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The basic architecture of these initiatives has so far withstood constitutional challenge, although the Supreme Court agreed on Dec. 1 to consider a case on whether taxpayers have legal standing to bring such challenges against the Bush administration's program.

Defenders of these initiatives say they are necessary to eliminate longstanding government policies that discriminated against religious groups — to provide a level playing field, as one White House study put it.

But critics say the "level playing field" argument ignores the fact that giving public money directly to ministries that aim at religious conversion poses constitutional problems that simply do not arise when the money goes elsewhere.

Converting Young People

Those constitutional problems sharpen when young people are the intended beneficiaries of these transformational ministries. In recent years, several judges have concluded that children and teenagers, like prisoners, have too few options and too little power to make the voluntary choices the Supreme Court requires when public money flows to programs involving religious instruction or indoctrination.

That was the conclusion last year of a federal judge in Michigan, in a case filed by Teen Ranch, a nonprofit Christian facility that provides residential care for troubled or abused children ages 11 to 17.

In 2003, state officials imposed a moratorium on placements of children there, primarily because of its intensively religious programming. Lawyers for the ranch went to court to challenge that moratorium.

"Teen Ranch acknowledges that it is overtly and unapologetically a Christian facility with a Christian worldview that hopes to touch and improve the lives of the youth served by encouraging their conversion to faith in Christ, or assisting them in deepening their pre-existing Christian faith," observed a United States District judge, Robert Holmes Bell, in a decision released in September 2005.

Although youngsters in state custody could not choose where to be placed, they could refuse to go to the ranch if they objected to its religious character. As a result, the ranch's lawyers argued, the state money was constitutionally permissible.

The state contended that the children in its care were "too young, vulnerable and traumatized" to make genuine choices. The ranch disputed that and added that the children had case workers and other adults to guide them. Judge Bell rejected Teen Ranch's arguments. "Regardless of whether state wards are particularly vulnerable, they are children," he wrote.

The ranch in Michigan has discontinued operations pending the outcome of its appeal, said Mitchell E. Koster, who was its chief operating officer. "We are confident that our argument will win," Mr. Koster said. "It's just a question of at what level."

In another case early last year, a federal judge struck down a federal grant in 2003 to MentorKids USA, a ministry based in Phoenix, to provide mentors for the children of prisoners. In a case filed by the Freedom From Religion Foundation in Madison, Wis., the judge noted that the exclusively Christian mentors had to regularly assess whether the young people in their care seemed "to be progressing in relationship with God." In a program newsletter offered as evidence, its director said, "Our goal is to see every young adult choose Christ."

The federal government had been clearly informed in advance of the nature of the MentorKids ministry, said John Gibson, chairman of the group's board. "The court's decision meant that there were 50 kids we could have served that we were not able to serve."

In another case, more than $1 million in federal funds went to the Alaska Christian College in Soldotna, Alaska, which says it provides "a theologically based post-secondary education" to teenage Native Americans from isolated villages. But an investigator from the Education Department who visited the school last year found a first-year curriculum "that is almost entirely religious in nature."

The Freedom From Religion Foundation sued to block the financing. The school promised to use government money only for secular expenses, and federal financing resumed last May, according to Derek Gaubatz, of the Becket Fund for Religious Liberty, which represents the college.

A number of government grants to finance sexual abstinence education have been successfully challenged. For example, the Louisiana Governor's Program on Abstinence gave federal money to several religious groups that used it for clearly unconstitutional purposes, a federal judge ruled in 2002, in a case filed by the American Civil Liberties Union.

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One grant went to a theater company that toured high schools performing a skit called "Just Say Whoa." The script contained many religious references including one in which a character called Bible Guy tells teenagers in the cast: "As Christians, our bodies belong to the Lord, not to us."

The federal judge said the grants were so poorly monitored that the state missed other clear signs of unconstitutional activity — as when one Catholic diocese sent monthly reports showing that it had used federal money "to support prayer at abortion clinics, pro-life marches and pro-life rallies." Gail Dignam, director of the abstinence program, said that state contracts now emphasize more clearly that no grant money may be used for religious activities.

The Programs in Prisons

Programs like the one at the Iowa prison are a rare ray of hope for American prisoners, and governments should encourage them, their supporters say.

"We have 2.3 million Americans in prison today; 700,000 of them will get out of prison this coming year," said Mark L. Earley, a former attorney general of Virginia. Many inmates come out of prison "much more antisocial than when they came in," he added. He said he saw faith-based groups as essential partners in any effective rehabilitation efforts.

Mr. Earley is the president and chief executive of Prison Fellowship Ministries, based in Lansdowne, Va. With almost $56 million a year in revenue, the ministry oversees the InnerChange Freedom Initiative, which operates the Iowa program.

Since its birth in 1976, Prison Fellowship has been most closely associated with one of its founders, Charles W. Colson, who said in a 2002 newsletter that the InnerChange program demonstrates "that Christ changes lives, and that changing prisoners from the inside out is the only crime-prevention program that really works."

In early 2003, Americans United for Separation of Church and State joined with a group of Iowa taxpayers and inmates to challenge the InnerChange program in federal court.

In ruling on that case, Judge Pratt noted that the born-again Christian staff was the sole judge of an inmate's spiritual transformation. If an inmate did not join in the religious activities that were part of his "treatment," the staff could write up disciplinary reports, generating demerits the inmate's parole board might see. Or they could expel the inmate.

And while the program was supposedly open to all, in practice its content was "a substantial disincentive" for inmates of other faiths to join, the judge noted. Although the ministry itself does not condone hostility toward Catholics, Roman Catholic inmates heard their faith criticized by staff members and volunteers from local evangelical churches, the judge found. And Jews and Muslims in the program would have been required to participate in Christian worship services even if that deeply offended their own religious beliefs.

Mr. Earley said Judge Pratt's decision was sharply inconsistent with current law and his standard for separating secular from religious expenses was so extreme that it would disqualify almost any faith-based program. He acknowledged that inmates, whatever their own faith, are required to participate in all program activities, including worship, but he insisted that a religious conversion is not required for success. InnerChange uses biblical references only to illustrate a set of universal values, such as integrity and responsibility, and not to exclude those of other faiths, he said, adding that it was "unfortunate" if any inmates felt the program denigrated Catholicism or any other Christian faith. Corrections officials in Iowa declined to comment on the case.

Not all programs in prisons are so narrowly focused. Florida now has three prisons that offer inmates, who must ask to be housed there, more than two dozen offerings ranging from various Christian denominations to Orthodox Judaism to Scientology. But at Newton, Judge Pratt found, there were few options — and no equivalent programs — without religious indoctrination.

"The state has literally established an Evangelical Christian congregation within the walls of one of its penal institutions, giving the leaders of that congregation, i.e., InnerChange employees, authority to control the spiritual, emotional and physical lives of hundreds of Iowa inmates," Judge Pratt wrote. "There are no adequate safeguards present, nor could there be, to ensure that state funds are not being directly spent to indoctrinate Iowa inmates."

InnerChange, which has been widely praised by corrections officials and politicians, operates similar programs at prisons in Texas, Minnesota, Kansas, Arkansas and, by next spring, Missouri. Officials in those states are monitoring the Iowa case, but several said they believed their programs were sufficiently different to survive a similar challenge.

A government-financed religious education program at a county jail in Fort Worth was struck down by the Texas Supreme Court more than five years ago, and more lawsuits are pending. Corrections Corporation was among those sued last year by the

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Freedom From Religion Foundation, which is challenging a Christian residential program at a women's prison in Grant, N.M. The foundation has also sued the federal Bureau of Prisons over its faith-based rehabilitation programs. And Americans United, the Iowa plaintiff, and the American Civil Liberties Union have sued a job-training program run by a religious group at the Bradford County Jail near Troy, Pa.

Prison Fellowship Ministries is one of about a half-dozen Christian groups that operate programs at jails and prisons run by the Corrections Corporation. The company's lawyers are studying the Iowa decision, said a spokeswoman, Louise Grant. "But we are not, at this time, changing or altering any of our programming based on that, or any other ruling."

Inadequate Monitoring

Government agencies have been criticized repeatedly for inadequately watching these programs. Besides the criticism in various court decisions, the Government Accountability Office has twice raised questions about cloudy guidelines and inadequate safeguards against government-financed evangelism.

In its most recent audit released in June, the G.A.O., which examined faith-based organizations in four states, found that some were violating federal rules against proselytizing and that government agencies did not have adequate safeguards against such violations.

The problem is not that none of these programs are audited. Every group that gets a federal grant worth more than $500,000 has to pay a private auditor to examine its books and report to the government. Many federal programs, like those that provide Medicaid services or help the government allocate arts grants, require additional audits.

But no supplemental audits are required under the faith-based initiative — indeed, it would probably violate the Bush administration's new regulations to do so, said Robert W. Tuttle, a professor of law and religion at George Washington University and co-director of legal research, along with Ira C. Lupu, for the Roundtable on Religion and Social Welfare Policy, a project of the Rockefeller Institute.

"The rules can be read to prohibit special audit requirements because that would be considered a stigma, which would be discriminatory," Professor Tuttle said. "But that flies in the face of constitutional logic, because religion is special, and that special quality has to be reflected in program guidelines and audit rules."

The G.A.O. also says the government cannot easily or accurately track either how much money is flowing to groups or whether they are using the funds in unconstitutional ways.

The Bush administration is already studying whether these constitutional problems can be resolved by reshaping many government grants into voucher programs under which the beneficiary decides where the money goes. But vouchers are a limited solution because most social service agencies need to know that a certain amount of money is assured before they can begin operations.

Mr. Hein, the White House official, agreed that vouchers could clarify the legal landscape. But even where they are not practical, he said, the Bush administration remains committed to keeping the doors to government financing open for as many religious groups as possible.

Congressman Wants Lacrosse Investigation (AP)

AP, December 13, 2006

A congressman asked the Justice Department on Tuesday to investigate whether the district attorney prosecuting three Duke University lacrosse players charged with rape has violated the athletes' civil rights.

In a letter to Attorney General Alberto Gonzales, Rep. Walter Jones also asked the Justice Department to review Durham County District Attorney Mike Nifong's actions for possible prosecutorial misconduct.

"Over the past several months, many of my constituents and a growing number of mainstream media outlets have raised serious questions about the accuser's allegations and Mr. Nifong's prosecution," wrote Jones, R-N.C.

Jones' complaints to Gonzales repeat criticisms that defense attorneys and others have raised about Nifong's handling of the case.

A grand jury indicted three lacrosse players on charges they raped a stripper at a team party in March. All three have strongly proclaimed their innocence, and a trial is not expected to start until spring.

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There was no immediate response to a call to Nifong's office seeking comment. In an interview with The Associated Press in October, Nifong said he and the city's police department have not mishandled the case and that his only regret was granting so many interviews to reporters during the investigation's early days.

Three years ago, Jones helped lead an effort to make sure Capitol Hill cafeterias revised their menus to list "freedom fries" instead of french fries to protest France's opposition to the war in Iraq.

CIVIL LAW:

Financiers Agree To Settle Napster Suit (LAT)

By Joseph Menn, Times Staff Writer

The Los Angeles Times, December 13, 2006

Venture firm strikes a deal with Universal and EMI in a test of liability on copyright issues.

The San Francisco investment firm behind the first widely used file-swapping service has agreed to settle a multibillion-dollar copyright lawsuit filed by two record labels.

Hummer Winblad Venture Partners, which put $13 million into Napster Inc. in 2000, has been defending its role in the suit by Universal Music Group and EMI Group. The labels accuse Hummer Winblad of helping Napster's tens of millions of users steal an unprecedented volume of music through their linked computers.

The two sides reached the tentative deal, which requires court approval, ahead of a summary judgment hearing that had been scheduled for today.

The case had loomed as a test of whether financial backers could be punished for rampant Internet piracy. But the settlement's financial terms weren't disclosed, so the question might remain murky, at least until a related case is resolved.

It's unclear what broke the logjam in negotiations. But Hummer Winblad was helped by an aggressive defense against the record companies.

The venture firm argued that it shouldn't be held liable for violating copyright laws when the labels themselves broke antitrust law by conspiring to heavily restrict the consumption of digital music.

U.S. District Judge Marilyn Hall Patel found enough evidence supporting the antitrust argument that in April she ordered the labels to disclose internal legal documents that would ordinarily have been protected by attorney-client privilege.

Patel ruled that the companies had misled the Justice Department about how they set the rules and prices governing the use of digital music by two industry-sponsored ventures, MusicNet and Pressplay.

Record industry sources said Universal and EMI were worried about Patel's findings and that any new documents they turned over could be used against them in other suits and government proceedings.

The settlement with Hummer Winblad is contingent on Patel vacating her April ruling, according to a filing by the three parties last week. Hummer Winblad's attorney declined to comment on the deal. Defendants John Hummer and Hank Barry, who are partners in the firm and served as Napster directors, didn't return phone messages.

In a related fight before Patel, EMI and other music publishers are continuing to sue Bertelsmann, the German media company that invested in Napster later in 2000. In September, Bertelsmann agreed to pay Universal $60 million to settle that company's claims against it.

The labels initially sued Napster itself, forcing its 2001 shutdown, but the company was liquidated in bankruptcy court. The Napster name was bought by a software company that now uses the brand for an authorized music distribution service.

"We're happy that we've settled conditionally," said EMI spokeswoman Jeanne Meyer. "We remain confident that we have a strong case against Bertelsmann."

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Who Killed The Mass Torts Bonanza? (LAW)

By Alison Frankel, The American Lawyer

DOJ_NMG_0105960

Law.com, December 13, 2006

The power of the plaintiffs bar is on the wane in this country, and will be for a long time to come.

You won't hear many tort reformers admit it. They've done too good a job demonizing trial lawyers to let their bogeymen fade away. Twenty years ago, tort reform was an obscure movement with a funny name; today, politicians speak of "ending lawsuit abuse" or "eliminating frivolous lawsuits" -- tort reform by more felicitous names -- whenever they need a failsafe applause line. The movement's success has been a public relations masterpiece.

Beginning at a time when plaintiffs lawyers, flush from the fat years of asbestos revenues, seemed to have the money, brainpower and political alliances to cripple any defendant of their choosing, tort reformers engineered a billion-dollar anti-trial lawyer campaign: They produced and promulgated scholarly papers on the economic consequences of litigation; they sponsored grassroots groups to lobby state legislatures and campaign for business-backed state judicial candidates; they even hit upon such innovations as the publication of newspapers supported by the U.S. Chamber of Commerce to report on litigation in plaintiffs-friendly southern Illinois and West Virginia.

Plaintiffs lawyers, accustomed to thinking of themselves as champions of the people, fighting big business on behalf of the little guy, seethed at the vulturous image tort reformers created for them, but didn't grasp its implications. They were, by their own admission, so slow to respond to what Robert Jenner of Janet, Jenner & Suggs calls "the ridiculous propaganda" of their opponents that they permitted the chamber of commerce and the American Tort Reform Association to co-opt the very language of the debate.

"Reform" is one way to describe the business-backed changes in product liability litigation in the last decade. Trial lawyers would choose another, something along the lines of an unconscionable abrogation of plaintiffs' rights. See Mass Torts Roll Call.

Neither, however, would deny that the civil justice system looks drastically different than it did even two years ago. The true triumph (or tragedy, depending on your perspective) of the tort reform movement has been its ability to leverage the success of its public relations campaign into concrete and hard-to-reverse changes. State legislatures have passed laws that undercut the trial lawyers' successes in Washington, D.C. -- especially in the asbestos litigation, which has declined precipitously since the early 2000s.

Tort reformers have packed state judiciaries with judges amenable to their agenda. Federal and state courts overseeing multidistrict cases have become more vigilant about policing their dockets. And defendants, no longer as terrified of runaway punitive damages, "hellhole" jurisdictions and unmanageable trial schedules, are refusing to settle cases en masse. Such plaintiffs giants as Motley Rice; Waite, Schneider, Bayless & Chesley; and Lieff, Cabraser, Heimann & Bernstein are reconsidering their caseloads and edging away from mass torts. "I do not believe the next 10 years will be a repeat of the last 10," says Joseph Rice, one of the shrewdest businessmen practicing law. "There will not be a repetition of the personal injury practice. Congress will not allow another tobacco. The courts will not allow multiple-jurisdiction litigation over products."

To be sure, plaintiffs lawyers and mass torts aren't going to disappear -- witness the furor over newly hatched global warming suits, which, despite legal theories that are speculative at best, have forced oil companies, coal manufacturers and utilities to begin planning a defense. Asbestos will continue to generate about 10,000 cancer cases a year, and plaintiffs firms are still pushing to lasso peripheral defendants into asbestos liability. Motley Rice's eight-year investment in lead paint litigation, which finally yielded a jury verdict on liability in Rhode Island in February, may yet pay off. Weitz & Luxenberg and Baron & Budd see promise in multidistrict litigation over the gasoline additive MTBE, in which oil company defendants face more than $1 billion in claims of water contamination by municipalities and water districts. And Vioxx lawyers Christopher Seeger and W. Mark Lanier maintain that Merck & Co., Inc., will eventually begin settling cases, as almost all of the pharmaceutical defendants have.

There will always be people injured by the products or actions of big corporations, and there's still money to be made representing them. But the bonanza -- the Wild West era in which mass torts was an unfettered frontier and plaintiffs lawyers seemed to have all the firepower -- is over. If you're a plaintiffs lawyer and you haven't already bought the plane and the yacht of your dreams, well, sorry, pal. You're too late.

IT'S THE STATES, STUPID

George Christian, a lawyer and lobbyist in Austin, remembers without fondness Texas' litigation situation in the early 1980s. Juries in places such as Beaumont and Corpus Christi were doling out million-dollar verdicts like lollipops on Halloween,

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drawing thousands of out-of-state plaintiffs to Texas courts and transforming a coterie of plaintiffs lawyers into multimillionaires with the power to influence state judicial elections. In 1986 the Texas Supreme Court handed down a ruling that ended contributory negligence in state courts, allowing plaintiffs to recover damages even when juries found them to be partially responsible for their own injuries.

"It was a major change in state policy and got people's attention," Christian says. In response, a coalition of businesses and doctors formed the Texas Civil Justice League, a lobbying group with the sole objective of making the state's civil justice system less friendly to plaintiffs. Christian became the group's general counsel.

The league had its first success right away, when the Texas legislature passed a cap on punitive damages in 1987. Christian's group then pressed for changes in venue rules and for product liability reform. The legislature obliged in 1993, and Democratic governor Ann Richards signed the tort reform bills into law. "Republican winds were blowing, and we took advantage of that," says Christian. "[But] Governor Richards was part of it. Because of the reputation of the state, she felt, 'I need to address this.' " The issues weren't politically sexy -- joint and several liability doesn't exactly bring voters streaming to the polls -- but the coalition lobbying for change was influential and well financed.

Those early tort reform advances, which were taking place not only in Texas but also in other state legislatures, did not take the organized plaintiffs bar by surprise. Beginning in about 1990, ATLA began developing an expertise in state constitutional law, working under the umbrella theory that legislative meddling in the judicial process violated states' separation-of-powers doctrines, says Robert Peck of the Center for Constitutional Litigation, a spin-off of the Association of Trial Lawyers of America. In 1995 ATLA hired Peck to head its legal department, and he launched challenges to sweeping tort reform laws in, among other states, Ohio and Illinois. In both, Peck eventually prevailed: The Ohio and Illinois supreme courts threw out the legislation.

But Peck's wins proved temporary. Business interests learned that if state judges didn't vote their way, they could replace those judges with others who would. The Texas Civil Justice League offered an exemplar for tort reformers attempting to influence judicial elections. In 1988 a Texas supreme court justice appointed by Republican governor Bill Clements was opposed for election by a candidate running with the support of Texas' plaintiffs lawyers. "We spent a lot of time creating voters' guides," says Christian. "They went out by the millions." The league distributed its playing card-sized guides through its membership, asking doctors and local businesses to hand stacks of cards to patients and customers. "We were trying to build on people who already had an interest in the issue," Christian says. "We were able to win in 1988, then we got a couple more [justices] in 1990, 1992 and 1994. By 1994 the old court was pretty much replaced." The new Texas court showed its allegiance quickly, with pro-business rulings on punitive damages and expert witnesses in 1995.

Following the Texas Civil Justice League model, the Washington, D.C.-based American Tort Reform Association (ATRA) and Institute for Legal Reform began in the mid-1990s to nurture statewide groups that would simultaneously lobby in state legislatures and campaign against judges backed by trial lawyers. "Nobody had [previously] paid too much attention to the judiciary," says Edward Murnane of one such group, the Illinois Civil Justice League. "We realized we needed to expand our sphere of activity."

In Mississippi, Ohio, Alabama and Arkansas -- states once considered plaintiffs havens -- business interests succeeded in shifting the balance of power in state judiciaries. Five of the seven justices now serving on the Illinois Supreme Court received the support of the Illinois Civil Justice League, including the justice who holds the seat reserved for Illinois' notoriously plaintiffs-friendly southern counties. He prevailed against the trial lawyer-backed candidate in the most expensive state judicial contest in U.S. history in 2004; between them, the candidates raised an estimated $9 million. Nationwide, according to Governing magazine, spending in state judicial elections has exploded in the last decade, jumping 61 percent from 1998 to 2000 alone; in 2004 the average cost of winning a judicial seat was $650,000.

The impact of the dual judicial-and-legislative attack has been profound. In Mississippi the newly constituted supreme court played tag-team tort reform with state lawmakers, each branch rushing to ratify the other's advances; the state has gone from being "the poster child of litigation abuse," wrote Shook, Hardy & Bacon partner (and ATRA counsel) Mark Behrens in a 2005 law review article, to "a shining example of how a state can join the legal mainstream and foster economic growth through legal reform."

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Both the silica and asbestos dockets in Mississippi have been slashed, according to defense lawyer Brian Hannula of Jackson's Forman Perry Watkins Krutz & Tardy: silica from more than 21,000 to fewer than 4,000 cases; asbestos from more than 60,000 to fewer than 10,000. In Illinois, where Democrats in state government have stalled tort reform laws, the new supreme court issued a series of pro-business rulings, overturning a $10 billion verdict against Philip Morris USA Inc. and acting to restrict class actions and out-of-state filings.

"I don't want to take credit," says Murnane of the Illinois Civil Justice League. "But I definitely think our activities and the involvement we've had, helping good people get on the court, [meant] we were able to break the stranglehold. We helped the court become more independent."

Texas remains the most dramatic state transformation. In the last 10 years, the legislature passed law after law, knowing that the court would approve them: punitive damages and liability reform in 1995; caps on medical malpractice damages in 2003; and restrictions on asbestos litigation in 2005. Personal injury filings statewide dropped about 30 percent after the 2003 reforms. "We hemmed [them] in pretty good," says Christian of the Texas Civil Justice League. "We've become a pretty unfriendly place for mass torts."

ATLA kept abreast of what was happening in the states, says communications vice president Chris Mather, but the national group's orientation has always been Washington, D.C, where, since 2000, it has been plenty busy warding off federal laws intended to restrict litigation. (ATLA's only significant defeat in Washington was the Class Action Fairness Act of 2005, which assured that most big class actions would be litigated in federal, not state, court.) State trial lawyer associations fought state-based tort reform groups in the legislatures and in judicial elections, but even with ATLA's assistance, they were outmatched and outspent. The judicial situation is now so unpromising that Robert Peck, the onetime ATLA lawyer who was so effective in the 1990s at persuading state justices to overturn tort reform laws, says he has decided against challenging new laws in some states with hostile supreme courts.

"The moment we won in Ohio, they began campaigning against the author of the opinion," says Peck, who spun off the Center for Constitutional Litigation from ATLA in 2001. "There was nothing I could do as a law firm." (The justice, Alice Resnick, was reelected but recently announced that she will not run again.) Peck does have a challenge pending in Ohio, where the legislature passed a new, but hardly changed, tort reform bill after the old law was struck down. His briefs cite some of the same constitutional deficiencies that led the Ohio Supreme Court to overturn the original law, but he doesn't know how effective they'll be this time: Only two of the justices who ruled in his favor in 1997 are still on the court.

VOLUME KILLS

In the early days of the asbestos litigation, which is to say, the early days of mass tort litigation, what so unnerved judges and defendants was volume: There seemed to be too many cases to litigate within the routine procedures of the civil justice system. Corporations said they couldn't defend themselves simultaneously in dozens of trials all over the country, particularly when plaintiffs lawyers could file those cases in jurisdictions inclined to award crippling punitive damages. Judges said they couldn't manage dockets with hundreds -- then thousands -- of cases, and pressed for block settlements and group trials. Volume shifted the focus of litigation away from the facts of any one particular case, which meant that plaintiffs lawyers were able to generate fees from cases without compelling facts. In one oft-employed asbestos strategy, now banned in Texas, plaintiffs lawyers would bundle a strong case, one involving the asbestos-linked lung cancer called mesothelioma, with many cases of lesser injury or shakier causation, and demand settlement of all of them at the same time.

As mass tort litigation spread beyond asbestos to other environmental, product liability and pharmaceutical cases, the plaintiffs bar developed a system that institutionalized the advantage of volume. Lawyer advertising and labor unions produced potential clients, whose initial lawyer contact might well have been with a firm that functioned only as a referral clearinghouse. Client files would be passed to one of a couple dozen large, well-financed plaintiffs shops operating in jurisdictions where juries could be counted upon to reward plaintiffs claims. Those firms, through their referral networks, would wind up with tens of thousands of cases -- and they understood how to leverage those numbers into settlements. (The big firms, in turn, directed a percentage of their contingency fees to the referring firms.) Volume permitted plaintiffs lawyers to make money from little more than nothing. "They have a long history of making easy profit by jamming the system," says Theodore Mayer of New York's

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Hughes Hubbard & Reed, spokesman for Merck in the Vioxx litigation. "Courts threw up their hands and forced settlements in the interest of clearing dockets."

Volume frightened defendants into overvaluing finality. The personal injury class action vogue of the 1990s, in which mass tort defendants attempted to settle huge numbers of individual cases through global class actions, developed because defendants were more anxious to define the limits of the litigation they faced than to test plaintiffs cases one at a time. Paying weak claims seemed preferable to litigating endlessly. The corrupting power of volume was displayed most egregiously in the 1999 settlement of the diet drug litigation against American Home Products Corp. (now Wyeth). Wyeth believed that it could resolve the litigation through a global settlement (carefully crafted to comply with the restrictions on personal injury class actions established by the U.S. Supreme Court's rulings in the Amchem and Georgine cases of the 1990s). But Wyeth knew that the $3.75 billion class action fund it was proposing could not receive the necessary judicial approval if enough plaintiffs objected to it. So to minimize objections to the global deal, Wyeth lawyers paid billions to settle thousands of untested cases. That free spending, as well as the settlement's concession of causation, turned the diet drug litigation into a $20 billion debacle of dubious claims.

In recent years, however, the federal judiciary has quietly mitigated the power of volume in mass torts, most frequently through the use of the MDL, or multidistrict litigation, vehicle. The MDL process has existed since 1971. A panel of six federal judges, who are selected by the chief justice of the U.S. Supreme Court, decides whether cases involving similar claims but filed in multiple federal courts should be transferred to a single federal judge for consolidated pretrial discovery and motions practice. At first, according to a report prepared by the MDL panel's statistical analyst at the request of The American Lawyer, the MDL judges appeared skeptical about using the vehicle to manage product liability mass torts.

In the panel's first 15 years of existence, the judges heard arguments to transfer 32 mass torts matters. They denied the transfer of 19 of them -- including several proposed asbestos MDLs and at least a half-dozen pharmaceutical cases -- leaving the cases to be litigated in multiple courtrooms. Then trends changed. As mass tort litigation burgeoned, the MDL panel judges not only heard more requests, they also transferred a higher percentage of them. From 1986 through 2000, the panel denied only nine of the 68 MDL motions it heard. And in the last six years, only six of the 62 cases the panel considered were denied MDL status. "The MDL panel is so quick to jump in today," says Rice of Motley Rice. "Too quick. If there's a [product] recall, before suits are even filed it's an MDL."

Mass tort lawyers on both the defense and plaintiffs sides used to debate whether the MDL process helped or hurt defendants. Transferring all federal cases to a single judge reduced the chaos of mass tort litigation and lifted the defense burden of fighting the same discovery and motions battles in multiple courtrooms. But MDLs also permitted plaintiffs lawyers to pool resources, spreading the expense of working up the litigation to several firms -- and spreading damning documents turned up in discovery across the country. Moreover, when a case was deemed an MDL, the litigation gained credibility in the plaintiffs bar. The MDL panel's imprimatur was a signal that a case was officially a mass tort, so MDLs attracted additional filings, thus magnifying the risk to defendants of adverse rulings by the MDL judge.

The debate should now be over: The MDL process has proved to be more of a boon to defendants than plaintiffs, thanks to several rulings by MDL judges aggressively policing the mass torts transferred to their courtrooms. The most famous MDL ruling was the 2005 opinion of Corpus Christi federal district court judge Janis Graham Jack in the silicosis litigation, which at one time was considered to have asbestos-sized potential. After Judge Jack held hearings on the qualifications of the plaintiffs' expert witnesses under the Supreme Court's Daubert "junk science" decision, she found enough evidence of malfeasance by doctors and plaintiffs lawyers that Texas prosecutors convened a grand jury. Jack's ruling effectively halted the silica litigation, and, at least in the view of defense lawyers, sent a strong message to plaintiffs lawyers about the scrutiny they could expect in other mass torts as well.

No other federal judge has written a decision as devastating as Judge Jack's, but in both the Rezulin and Meridia MDLs, for instance, pretrial proceedings resulted in rulings that made the cases manageable for defendants. Judge Lewis Kaplan's 2005 Daubert hearings in the 23,000-case Rezulin litigation, which involved a Warner-Lambert Co. drug to treat diabetes, persuaded about 80 percent of the plaintiffs to settle or voluntarily dismiss their claims. Kaplan severely restricted the litigation, holding that only plaintiffs who could prove their livers were affected while they were taking Rezulin -- not those whose livers were damaged

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before or after they took the drug -- had scientifically valid claims. Warner-Lambert's successor, Pfizer Inc., was subsequently able to dispose of the cases that survived Kaplan's ruling.

The Meridia diet drug ruling was more drastic: Judge James Gwin dismissed the entire federal litigation on a summary judgment motion by the defendant, Abbott Laboratories, which argued that the drug's warning label protected it from liability. Gwin's ruling helped convince Stanley Chesley, who headed the Meridia plaintiffs steering committee, that mass torts were no longer a reliable source of business. "Looking at our past experience in mass torts," says Chesley, a pioneer in the litigation, "I'm [now] very picky before I get into them. ... We've moved into securities and antitrust [instead]." (Chesley is not guaranteed success in those areas, either: The number of securities class action filings is down in the last two years, and, according to plaintiffs lawyer Steven Toll of Cohen, Milstein & Hausfeld, the dismissal rate is on the rise.)

In addition to scrutinizing the claims of masses of plaintiffs, more state and federal MDL judges are demanding evidence of injury from individual claimants early in the litigation, says O'Melveny & Myers partner John Beisner, a mass tort defense specialist. "It used to be that all the time up front, the discovery, everything was on the plaintiffs side," Beisner says. "Now judges are saying, 'We're going to work on both sides of this. ... What is the evidence that you, Mr. or Ms. Smith, were injured?'"

In the litigation over Baycol, a cholesterol-reduction drug produced by Bayer AG, the state court judge overseeing all of the Baycol cases in Pennsylvania required each plaintiff to submit an expert report on his or her injury; as a result, says Baycol defense counsel Philip Beck of Bartlit Beck Herman Palenchar & Scott, plaintiffs lawyers dropped weak claims that plumped the purported size of the litigation. "Judges have seen what happens when the mass tort process gets abused, when it gets out of control," says Beck, who, like Beisner, is on Merck's Vioxx defense team. "They're doing something about it."

The MDL vehicle is now common in state courts. Pennsylvania, New Jersey and Texas, for instance, have established state-court mechanisms that parallel federal MDLs: Cases are consolidated before a single state judge for pretrial hearings (many states have adopted stringent Daubert-like standards for expert witnesses) and docket management. State MDLs have also served mass tort defendants well, says O'Melveny's Beisner. "One of the plaintiffs tactics was to get an early trial, to get the best case set for trial in a place like Texas. Now, with [state] MDL proceedings, their capacity to walk to the courthouse and get a trial date is limited. There aren't many states anymore where you can get cases on a fast track to trial." Texas' asbestos litigation, says Christian, of the Texas Civil Justice League, was tamed only after the cases, at the behest of tort reformers, were transferred to a Houston state MDL.

State and federal MDL judges are increasingly likely to work together to manage mass tort litigation. Federal judges can decide when and whether to remand cases to state courts; some mass torts lawyers say there's growing federal court resistance to the plaintiffs tactic of naming a local doctor or pharmacy as a defendant in order to keep a case in state court. State judges often wait for federal rulings on Daubert and other motions to conduct their own hearings. Judges on both levels coordinate trial dates. In the manganese welding rod mass tort, for instance, federal court judge Kathleen McDonald O'Malley and various state judges have scheduled only 12 trials in almost four years of litigation, says lead defense counsel Beisner: one in the federal MDL and 11 in state courts. The defendants have had time to prepare for each trial, and have won all but one of them. A litigation that, according to Beisner, started off with about 7,000 cases is "diminishing rapidly," he says. "The numbers are down 40-45 percent. The winnowing has been successful."

PLAYING DEFENSE

When Phil Beck began advising Bayer in the Baycol litigation in the early 2000s, he says, Wyeth's diet drug experience loomed large. "That was the prototype for disaster," he says. "We looked very closely at fen-phen and other mass tort situations and saw how things had gone awry. ... We made a very conscious decision to take a different approach."

That new defense attitude, pioneered by Bayer in the Baycol litigation and spreading fast ever since, may be the most significant obstacle that plaintiffs lawyers will face in future mass torts. Of course, Beck says, Bayer could not have engaged plaintiffs lawyers so aggressively had it not been for state tort reform and activist MDL judges. But the Baycol litigation emboldened defendants -- and chastened plaintiffs lawyers -- because it showed both sides that defendants could seize control of a mass tort litigation from the plaintiffs in a way that had rarely happened before.

After Bayer voluntarily withdrew Baycol from the market in 2001 because of a side effect called rhabdomyolysis, a potentially fatal muscle deterioration, the company faced the onslaught of suits that seems to follow every drug recall. Some of the cases

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involved claims of rhabdo, as the condition is known; other plaintiffs claimed different Baycol-related injuries. The company believed, based on epidemiological evidence, that it knew the universe of Baycol users who had developed rhabdo -- and that it could afford to settle their cases. The uncertainty lay in the thousands of cases in which the plaintiffs' evidence of rhabdo was weak, or in which plaintiffs claimed non-rhabdo injuries. And it was in these cases, says Beck, that Bayer took a radical position.

Early in the litigation, the federal MDL judge, Michael Davis of Minneapolis, called a meeting of Bayer defense lawyers, plaintiffs lawyers and state judges with large Baycol dockets. "At that big meeting," says Beck, "I stood up and said, 'I have an announcement. We recognize that some people who took Baycol experienced the side effect [of rhabdomyolysis]. We think we have a good defense on the merits, [but] if you can show your client was taking Baycol contemporaneously with contracting rhabdo, we're willing to settle every case. We're going to be fair and reasonable.'" Beck recounts. "'But on the flip side, if you demand a premium [because] you have a trial in a plaintiffs-friendly jurisdiction, we're going to fight you to the death. And most of your cases are not rhabdo. We're not going to pay a penny on those.'"

Plaintiffs lawyers put Bayer to the test in both of the situations Beck cited. In 2003 Bayer went to trial on a rhabdo case in Corpus Christi, Texas, against noted plaintiffs lawyer Mikal Watts. "He had over 1,000 Baycol cases and was trying to put pressure on us to settle globally," Beck says. "[Watts] told us he wouldn't settle the rhabdo cases without the others. And he was out there telling the financial press that Baycol was going to cost Bayer $50 billion." (Watts did not respond to phone and e-mail messages requesting comment.)

Beck won the trial in Texas. "That was the big turning point," he says. "Plaintiffs lawyers said, 'Why do I want to invest the time and the money litigating when they're willing to settle the rhabdo cases?'" Then, after Bayer won four non-rhabdo trials, including three in Mississippi, plaintiffs lawyers began dropping those cases. With the litigation now winding down, Beck says, Bayer has settled 3,050 Baycol cases for $1.15 billion -- a tiny fraction of what fen-phen, with its failed attempt at a global settlement of all claims, cost Wyeth.

In a series of mass torts since Baycol, defendants have taken a similar approach, settling the strongest cases but refusing to pay for weaker claims, even if that means going to trial. "The paradigm definitely shifted," says plaintiffs lawyer Jenner, a lead counsel in the litigation over Prempro, Wyeth's hormone replacement therapy drug. "Plaintiffs lawyers are not taking cases with nominal injuries. People are not taking a broad inventory of cases." In his litigation, for instance, there are about 5,000 cases -- far fewer than Wyeth faced in the fen-phen litigation -- but almost all of them involve such serious side effects as breast cancer or stroke.

The most prominent example of defense intransigence right now is Merck's proclamation in the Vioxx litigation that it will try every case (24,000 have been filed). "Ten years ago," says plaintiffs lawyer Seeger of New York's Seeger Weiss, "this case would already be over. It wouldn't be dragging on like this. It would be over." Lanier agrees: "If Vioxx predated [fen-phen], you would see Merck more willing to settle instead of trying every case. Instead, they're following the tobacco model: Try every case, take no prisoners." Merck, according to Securities and Exchange Commission filings, has set aside about $1 billion to defend Vioxx cases. It spent $325 million in the first three quarters of 2006, but none of that money went to Vioxx claimants or their lawyers.

Merck counsel Mayer of Hughes Hubbard is circumspect to the point of impenetrability, but he does allow that state tort reforms have factored in Merck's strategy. "They help the courts do justice in individual cases," he says. So far, the judges overseeing Vioxx cases in state and federal courts -- there is not only a federal MDL, but also state court-coordinated proceedings in jurisdictions with busy Vioxx dockets -- have permitted what Mayer calls "a very rational program of trials" involving plaintiffs claiming serious injuries. The company may yet request judicial orders demanding proof of injury from plaintiffs, which could serve to weed out weaker claims. Until then, Merck plans to proceed with trials scheduled in New Jersey, California and Texas. "We believe in our defense," says Mayer. "We believe it's important to put plaintiffs to the test. We're going to continue to take cases as they arise." (It's worth noting that in the long run, tort reform hurts the defense bar as well as the plaintiffs bar, except when mass tort defendants resolve to try lots of cases. "It's in our interest to have a broken system," says Beck. "I have one view of what's good for the country, and another of what's good for me. A system that is slightly out of control is good for me.")

BACK TO THE FUTURE

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Perry Weitz of New York's Weitz & Luxenberg, an accomplished mass tort strategist, maintains that all of tort reform's gains can still be undone. "If we get a new president, a new Congress, everything is up for grabs again," he says. In fact, even in the crucible of the Bush administration, the trial lawyers have been remarkably effective at blocking federal legislation intended to curtail litigation. With ATLA's lobbying expertise and their own contributions to Democratic politicians, they defeated attempts to shut down litigation over MTBE, guns and certain vaccines -- and, in the biggest and hardest-fought battle, asbestos. Weitz and a dozen or so other asbestos lawyers fiercely opposed a plan to remove all asbestos cases from the courts and place them instead in an extrajudicial federal trust. The asbestos bar placed its trust in Democratic politicians, to whom it made lavish campaign contributions. In the midterm elections of 2002, with the asbestos issue gaining attention in Congress, nine of the 20 biggest law firm campaign contributors were asbestos firms, according to data compiled by opensecrets.org, the Web site of The Center for Responsive Politics. In 2004, when the asbestos bill was before the Senate, ATLA was once again the largest contributor in the legal industry, with 92 percent of the group's $2.6 million in campaign contributions going to Democrats. Since 2003, according to opensecrets.org, ATLA has spent $13.9 million on federal lobbying, to apparently good end: The Senate killed the asbestos bill earlier this year.

But the success was Pyrrhic -- and it shows why, even though the Democrats have regained much of their political power, they probably won't be the saviors of the trial bar. Weitz and his brethren beat back the asbestos legislation only at the expense of repeated vilification. Congressional asbestos hearings spotlighted the most egregious mass tort litigation excesses, such as the roving X-ray vans that generated tens of thousands of cases on behalf of plaintiffs whose lungs showed evidence of asbestos exposure, but who suffered no impairment. Defendants and insurers blamed plaintiffs lawyers for driving dozens of companies, some of which were far removed from asbestos manufacturing, into bankruptcy, where those same plaintiffs lawyers, running creditors committees, established trusts that even now provide them with a continuing stream of contingency fees. The asbestos debate fed tort reform's campaign against the trial bar, helping make plaintiffs lawyers a big, fat, juicy target.

So as states passed legislation to restrict suits by unimpaired asbestos claimants and jurisdictions with heavy asbestos caseloads shifted unimpaired plaintiffs onto inactive dockets -- essentially accomplishing, piecemeal, what the federal legislation intended -- no one stood up to defend trial lawyers. And even if Democrats backed by the plaintiffs bar win additional state and federal offices, it's impossible to imagine them rushing to reverse tort reform. It requires great political resolve to repeal legislation that has survived judicial review, as much state tort reform has. Mustering that resolve at the behest of trial lawyers is unthinkable. "It used to be that when you walked around, people on the street thought you were their lawyer," says Chris Seeger. "The Republicans have convinced people on the street that we're the bad guys, that they're paying more because of us."

Until trial lawyers win back those people on the street, the people who have deflated mass torts -- lobbyists, legislators, and judges on both the state and federal level -- have no reason to permit mass torts to balloon once again. ATLA is at least, and at last, trying. Last summer the group announced that it was changing its name. Its board had imported a new chief executive officer, Washington, D.C., public relations executive and presidential campaign veteran Jon Haber, and he "got people together to talk about the fight we're in," says Chris Mather, ATLA's vice president of communications and another of the group's new, politically tested advisers. The result of ATLA's soul-searching was not only a new name -- the American Association for Justice -- but also a public relations campaign called "The Fight for Justice."

"We are in a battle for justice," says the relentlessly on-message Mather. "We fight for justice. The other side doesn't." ATLA intends its "Fight for Justice" effort to remind Americans of the rights they've lost through tort reform. "I think people are starting to catch on to the motives of our opponents," says Mather. "The commitment from trial lawyers to fight back has never been greater."

Tort reformers are hardly sitting back and enjoying their gains, though. They're targeting West Virginia, which has proved resistant, so far, to business-backed attempts to change the laws and the judiciary; California, where asbestos cases have migrated and claims under disability statutes are on the rise; and Delaware, where there's talk of an influx of class actions now that the old class action haven, Madison County, Illinois, has been shut down. The relatively sleepy Wisconsin Coalition for Civil Justice Reform was just energized by a series of pro-plaintiff state supreme court rulings, and plans to campaign in nonpartisan judicial elections in April.

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The best hope of the plaintiffs bar may lie in, of all places, Texas -- the very state that first made tort reform politically popular. George Christian, the general counsel of the Texas Civil Justice League, says that Texans are beginning to have second thoughts about some of the legislation his group lobbied for (though not enough to suggest rolling back the laws). "To be honest, in the medical area there have been some instances that have made people stop and look," he says. "In the 1980s and 1990s we were able to show that the pendulum had swung too far to the trial lawyers. Has it swung too far in the other direction?"

Plaintiffs lawyers launched the mass tort era by exposing the grave wrongs that defendants inflicted on ordinary people. To revive it, they'll have to show those people that it's still the defendants -- and not they -- who are at fault.

CIVIL RIGHTS:

U.S. Report Details Jail's Fatal Risks (DMN)

By Kevin Krause, The Dallas Morning News

The Dallas Morning News, December 13, 2006

Suit threatened over care; Dallas County officials say conditions improving

Conditions in the Dallas County Jail are so dangerous, they have contributed to the death and injury of numerous inmates and placed others at "risk of serious harm," a U.S. Department of Justice report has concluded.

The fact that problems persist at the troubled jail system – the nation's seventh largest – is not new. State inspectors have given the jail a failing grade four times in a row, and a consultant hired by the county warned early last year of its dangerously inadequate health care.

But for the first time, a report has documented multiple incidents of inmates with serious health problems dying or becoming maimed or disabled after failing to receive prompt or adequate medical care.

The report paints a disturbing portrait of the jail as a place where indifference to human suffering is common.

"Most seriously, we found numerous instances where DCJ's [the jail's] mismanagement contributed to preventable deaths, hospitalizations and unnecessary harm," according to the 47-page report made available to county commissioners on Tuesday.

Such deficiencies violate inmates' constitutional rights by failing to provide them with adequate medical and mental health care and safe and sanitary conditions, the report said.

U.S. Assistant Attorney General Wan J. Kim, who signed the report, included a long list of "remedial measures" and said that if the county doesn't address the government's concerns, the U.S. attorney general's office can file a lawsuit against the county 49 days after the report's release.

Dallas County officials say they have been working to correct deficiencies at the jail by putting Parkland Memorial Hospital in charge of jail health, starting construction on a new jail tower and improving sanitation, among other measures.

"It's not as though it's anything that's new to us," said Commissioner John Wiley Price, chairman of the commissioners' jail population committee. "We weren't waiting for them in order to fix some of this."

County Judge Margaret Keliher, who leaves office later this month, did not return calls seeking comment.

Sheriff Lupe Valdez is out of town all week and unavailable, but a spokesman said the Sheriff's Department is working closely with county commissioners and the federal government to fix the problems.

Lack of medical care

The Dallas County Jail, according to the Justice Department report, is a place where requests for medical attention go unanswered, where inmates can have multiple seizures and still not see a doctor. It's a place where one inmate went seven months without seeing a doctor or getting his HIV medication. Other inmates with medical and psychiatric illnesses lay in their own excrement for up to four days before receiving care.

Society's vulnerable fared as bad or worse in the jail, according to the report.

A pregnant woman who complained of continual bleeding could not get help for two months despite her repeated requests. An elderly inmate with severe health problems would probably have died if another inmate hadn't helped him. And an inmate suffering from bipolar disorder was seen repeatedly eating his own feces in March after receiving a "significant lack of continuity of care" during the previous six months.

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At the jail, "inmates routinely miss doses of life-sustaining medications," the report said. One inmate with congestive heart failure died after jail staffers failed to give him medication that might have saved his life, it said.

Medical examination rooms were found to be unclean, with hazardous waste on the floors and no available sinks or towels in some rooms. No dental care was being provided when federal inspectors were on site in February.

The Justice Department noted that its findings were consistent with those from a consultant's report that was released as early as February 2005.

The county commissioned the report in late 2004 from Health Management Associates. It was written by Dr. Michael Puisis, a specialist in correctional health.

The Justice Department's civil rights division began looking into medical care, mental health care and sanitation at the jail about a year ago. Federal inspectors visited the jail in February and March. At the time, about 7,770 inmates were housed in the county's various jail facilities, the report said.

"Dallas County knew about it, Dallas County was told about it, and Dallas County never acted upon it," said lawyer David Finn, who is suing the county in federal court on behalf of a former inmate.

'Litany of horror'

Mr. Finn said he was horrified by the Justice Department's report, which he called a "Kafkaesque litany of horror."

"It shows deliberate indifference over a substantial period of time," he said. "The magnitude of the problem may be shocking. The existence of the problem should surprise no one."

The Justice Department report found inadequacies in 13 areas: intake screening; acute care; chronic care; the treatment and management of communicable diseases; access to health care; follow-up care; record keeping; medication administration; medical facilities; specialty care; staffing, training and supervision; quality assurance; and dental care.

Deadly conditions at the jail were first alleged in a civil rights lawsuit filed in 2004 by lawyers for a mentally ill inmate who nearly died after water to his cell was shut off for two weeks. James Mims also didn't receive his medication for two months, which the suit called part of a long-standing pattern of abuse and neglect at the jail. The suit also alleges that mistreatment led to the death of inmate Clarence Lee Grant Jr. in 2003.

The Justice Department's report cited additional cases of neglect involving inmates who later died.

The October 2005 death of an HIV-infected inmate due to pneumonia, for example, could have been prevented if he had been given the antibiotic he was prescribed when he arrived at the jail, the report said. But the inmate didn't receive his medication until 11 days after he was booked in.

A second inmate died from a complication of diabetes the same month, two days after being booked into the jail, the report said. When he arrived at the jail, his blood sugar level was dangerously high, but he received no care from a physician while there, according to the report.

UTMB blamed

Mr. Price said that since Parkland has taken over, significantly more inmates are being transported to the hospital for care. He said the University of Texas Medical Branch, which had a three-year jail management contract, was to blame for most of the deficiencies in medical care.

Parkland, he said, is spending $28 million, twice as much as last year, to improve jail health care. Mr. Price said it was "far-reaching" for the government to blame inmate deaths on the county.

"They took a snapshot. It isn't anything that we weren't already working on," he said. "Everyone is acting as if we were just sitting there and being derelict. That's not the case."

Commissioner Maurine Dickey said she was disappointed that the Justice Department began investigating around the time that Parkland took over.

"They didn't give Parkland a chance to come in and transition," she said.

She said she was horrified by the reports of neglect.

"It's absolutely awful," she said. "At that time, we had suffered from years of neglect. We're paying the price for that now."

Screened by paramedics

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Since Parkland took over, paramedics are now screening inmates for health problems at the book-in area, having replaced jail guards with no medical experience.

But the process remains deficient because no medical policies govern it, the Justice Department report said, and because "signs and symptoms of serious illness or contagious disease go unrecorded."

The Justice Department's report also said the jail failed to properly screen for tuberculosis, to contain outbreaks of it or to treat those who contracted it. In March, the backlog for X-rays of such patients reached 891 cases. The same was true for other communicable diseases such as staph infections.

Such inadequate practices pose a risk not only to other inmates and jail staff but also to the Dallas community, given the jail's high turnover, the report said.

The mentally ill fared no better in the Dallas County Jail, according to the report.

One inmate with a 20-year history of schizophrenia didn't receive his prescribed medication for five weeks. Jail staff without mental health training sometimes place inmates in single cells meant for suicidal inmates as punishment, the report said.

Suicide prevention was called "grossly inadequate" without proper training for staff or necessary reviews of suicides.

An inmate who hanged herself in 2003 had submitted a note two days before that said: "I need to see the doctor to get my medicine straightened out. ... I cannot afford to be treated this way! Please help me! I need my medication."

Justice Dept. Report: Dallas Jail Conditions Violate Rights (AP)

By Matt Curry

AP, December 12, 2006

DALLAS — The Dallas County Jail, one of the largest in the country, violates the constitutional rights of inmates by failing to provide adequate medical and mental health care, according to an eyebrow-raising federal report.

Page after page of violations are detailed in a letter from the U.S. Department of Justice, which also found that prisoners are not kept in safe or sanitary conditions at the detention complex, the seventh largest in the United States.

Among the more egregious examples were an HIV-positive prisoner who died in October 2005 from an infection after his antibiotic was withheld 11 days and a woman who hanged herself in January 2003. Her records included an inmate request form she filled out just two days earlier.

"I need to see the doctor to get my medicine straightened out. I am not getting my meds that my doctor faxed prior orders for me, and I brought in the medication myself and paid for it," it said. "I cannot afford to be treated this way! Please help me! I need my medicine."

There is no indication the woman, identified only as M.K., received the medicine.

The 47-page letter, dated Dec. 8 and signed by Assistant Attorney General Wan J. Kim, was addressed to County Judge Margaret Keliher, who was defeated in the November election and leaves office at the end of the month. She did not immediately return a phone message from The Associated Press.

Sheriff Lupe Valdez has not seen the report, said spokesman Raul Reyna, who referred questions to Keliher.

The letter indicates that federal authorities expect to resolve the problems by working with county officials. If they are unable to, they warn that a lawsuit could be filed.

In February 2005, a separate report found that lapses in medical care in the Dallas County jail system resulted in undetected illnesses, excess costs and risks to the public. That report was produced at Keliher's request by Health Management Associates, partly as a response to the near-death of James Mims. The mentally ill inmate's psychiatric medications were withheld for two months.

"If you listen to the local leaders, everything's fine. 'Problem? What problem?'" said Dallas attorney David Finn, who represents Mims in a federal lawsuit. "It's as if they are standing in front of a burning building, and people are jumping to their death from the fourth floor. You can smell the smoke, and you can see the flames, and they're telling the world that there's not a problem at the Dallas County Jail."

In November 2005, the Department of Justice's Civil Rights Division notified the county that it would investigate conditions at the jail.

Accompanied by consultants in correctional medical care, mental care and environmental health and safety, the office conducted its onsite inspections in February and March.

The report lists numerous examples of inadequate care and screening.

A prisoner identified as Q.S. was transferred to the hospital and died of alcohol withdrawal in December 2004. He had been admitted to the jail a week earlier with a history of alcohol withdrawal and seizures during the withdrawal, the report showed.

Within four of five days, he became disoriented, developed a fever and had an elevated blood pressure. The report says he was kept in the facility without physician or nursing care and no monitoring of his vital signs.

He was later discovered lying in his feces, but it took an additional five hours before he was taken to the hospital, where he died.

A juvenile identified as O.H. was taken to Parkland Memorial Hospital in June 2005 to receive sutures. He received no follow-up and was forced to remove them himself.

The investigation found several problems related to suicides.

"Due to a lack of training, correctional staff are ill-prepared to handle a suicide in progress, including how to cut down a hanging victim and employ other first aid measures," the report says. "Finally, contrary to generally accepted practice, there is no administrative review following a suicide or a suicide attempt to identify what could have been done to prevent the incident."

Lobbying The Jury (NYT)

The New York Times, December 13, 2006

We are disappointed that the Supreme Court has upheld a defendant's conviction even though spectators at his trial put prejudicial material in sight of the jury. Fortunately, the court made clear that its ruling this week was based only on the unusual way the issue was raised, and that it was not deciding when this kind of politicking from the audience violated the Constitution. The decision should prompt courts to think about how to ensure that courtroom atmosphere does not deprive defendants of a fair trial.

At Mathew Musladin's murder trial in California, the dead man's family sat in the front of the spectators' gallery wearing buttons with their relative's picture. The key issue at trial was which of the two men was the aggressor in a fight, and the photographs were essentially an argument that the deceased was the innocent victim.

Mr. Musladin was convicted in state court, but a federal appeals court overturned his conviction. A federal court can do this only if it finds that a state court violated "clearly established federal law." In this case, the appeals court decided the state court had, since the Supreme Court had ruled in an analogous case that forcing a defendant to stand trial in prison garb sent a message of guilt to the jury and thus violated his right to a fair trial.

The Supreme Court upheld Mr. Musladin's conviction, reversing the appeals court. It ruled that the court was wrong about there being "clearly established federal law" in this area. It decided, not all that convincingly, that the prison garb case was different from Mr. Musladin's case because the government, not private citizens, was sending the prejudicial message.

The Supreme Court emphasized that it was not deciding whether photographs of the kind worn at Mr. Musladin's trial violated the Constitution; that remains an open question. Justice Anthony Kennedy, writing separately, advised courts to consider when spectators infringe on a defendant's fair-trial rights.

Justice Kennedy is right. A victim's family has every right to attend a trial. But judges must ensure that criminal defendants are judged on the evidence, and nothing more. If Mr. Musladin's case is at all typical, it suggests that many courts do not have clear, uniform rules about what sort of spectator actions are impermissible. Court systems around the country should take Justice Kennedy's advice and set appropriate standards that preserve defendants' right to a fair trial.

A Lawsuit Threat Is Gone And Christmas Trees Return (NYT)

By William Yardley

The New York Times, December 13, 2006

DOJ_NMG_0105971

SEATTLE, Dec. 12 — Fourteen Christmas trees that were abruptly sent to storage on Friday were back on display Tuesday in the main terminal of Seattle-Tacoma International Airport, neither taller nor brighter than they had been before but clearly drawing more attention.

"I saw people taking pictures," said Mark Reis, director of Seattle-Tacoma International Airport, referring to the largest tree, which received finishing touches on Tuesday and is on display in the airy south terminal. "I guess they wanted to say they saw THE tree. I guess it's gotten its level of notoriety."

On Friday, faced with the threat of a lawsuit when it refused to add a menorah to its annual holiday display, the airport removed all 14 trees overnight.

The move, intended to avoid controversy, stoked it instead.

By early Saturday, television news crews were filming the untrimming, and a holiday-season debate over religion and free speech inevitably took shape. At Chabad-Lubavitch in Seattle, the Jewish Orthodox educational group that had asked the airport to add the menorah, hate messages soon flooded e-mail inboxes. The group, which had never asked for the trees to be removed, was accused by some of trying to steal Christmas. It quickly dropped its talk of a lawsuit and joined those asking the airport to bring back the trees. That, the airport said, freed it to put them back up.

"By no means did we want to take away any religious symbols or trees from any other culture," said Elazar Bogomilsky, the Chabad rabbi who is listed as the lead plaintiff on a draft lawsuit that has not been filed.

The draft suit names the Port of Seattle, which runs the airport, as the lead defendant.

"The port went ahead and made this very poor decision," Rabbi Bogomilsky said. "They said, 'Whoa, we can't deal with this.' "

Mr. Reis said, "The rabbi never said, 'We want to take the trees down.' That was purely our reaction when we felt we'd been put in an untenable position."

There is disagreement over how it came to this. An airport architect who has been involved with Chabad had asked to add the menorah to the display.

Rabbi Bogomilsky said his group was initially told that a menorah could be displayed, "then all of a sudden there was a no, and then zero dialogue, just a stone wall between the port and us."

Mr. Reis said he rejected the idea because the airport had long ago revised its holiday display to be what he called secular.

"It's just lights and snowflakes," he said, and "holiday trees."

Adding a menorah could mean having to add symbols of other religions, and that could give the display unintended religious meaning, he said. "If you were going to add one, then where do you stop?" he said.

The draft of the lawsuit cites a 1989 decision by the United States Supreme Court upholding the dual display of the menorah and Christmas trees in public places as expression that is protected under the First Amendment. The draft suit says the plaintiffs would suffer irreparable harm if they are not allowed to display the menorah by Friday, Dec. 15, because Hanukkah begins at sundown that day.

Rabbi Bogomilsky said the threat of a lawsuit was meant only to show seriousness. "It wasn't about suing; we never filed anything, and made it very clear that we are not going to file," he said. "We said that we have the option. We said we're getting close to Hanukkah and we need to know what your decision is, and they jumped the gun and said, 'We can't deal with it, we're going to remove everything.' "

Mr. Reis said: "We ended up with a demand that we make a decision in X amount of time or face a lawsuit. We really did not have the time to step back and make a decision about what is the right ecumenical thing to do."

He added, "I think there's no question that we all regret the atmospherics that developed over this whole issue." He said the airport authority would reconsider the issue next year.

Robert S. Jacobs, director for the Pacific Northwest region of the Anti-Defamation League, said the airport, as an entry point to the Northwest, "missed a great opportunity to demonstrate to the entire world the sort of pluralistic, cosmopolitan city Seattle has become."

DOJ_NMG_0105972

ANTITRUST:

UAL, Continental Discuss Merger As AirTran Presses Bid For Midwest (WSJ)

By Susan Carey, Melanie Trottman And Dennis K. Berman

The Wall Street Journal, December 13, 2006

The long-awaited consolidation of the airline industry is heating up, with UAL Corp. and Continental Airlines Inc. holding talks on a possible merger and another carrier emerging as the target of an unsolicited takeover offer.

UAL, parent of United Airlines, and Continental have been engaged in exploratory talks on a business combination for several months, but the discussions have taken on new urgency since US Airways Group Inc. made a hostile bid for Delta Air Lines Inc. four weeks ago, according to people familiar with the matter.

Among the industry's smaller players, AirTran Holdings Inc. is poised to launch an offer for Midwest Air Group Inc., say people familiar with the plan, signaling that consolidation pressure has extended beyond the industry's behemoths.

Airlines outside the U.S. also are attracting more takeover interest. Australia's Qantas Airways Ltd. last night rejected a takeover bid of roughly $8.6 billion from a group of investors that includes private-equity firm Texas Pacific Group and Macquarie Bank Ltd. of Australia. (See related article1.)

The consolidation frenzy comes as the industry rebounds financially after a severe downturn that began five years ago. Airlines have since learned to cope with costlier fuel and show discipline in adding capacity. As a result, carriers generally are expected to do better financially in 2007. Mergers could help them further reduce overhead and save money by eliminating overlapping routes.

For consumers, that would likely mean higher fares and more-crowded aircraft as more seats were taken out of service. Consumers already are paying more to fly than they did during the depth of the industry's troubles, thanks to steady fare increases put through to cover skyrocketing fuel prices and service cutbacks on unprofitable routes.

The preliminary talks on merging United Airlines and Continental, the nation's second- and fifth-largest airlines, respectively, have run into several vexing issues, including what to do about the "golden share" that Northwest Airlines Corp. holds in Continental, which could complicate any deal Continental might attempt, the people familiar with the matter said.

Northwest's golden share is a special voting series of Continental preferred stock it owns in connection with its marketing alliance with Continental, which runs through 2025. Northwest could use those shares to block a merger of Continental with another major airline -- if the combination required a vote by Continental shareholders. Even with the golden share in place, however, Continental could buy another airline without interference from Northwest if that transaction didn't require Continental shareholders' approval.

ROUTE MAPS

• Continental Airlines2

• United Airlines3

A deal between UAL and Continental isn't certain or imminent, people familiar with the matter said. Other issues that would need to be settled, including how the transaction would be structured and which management team would run the combined company. And the combination could also raise antitrust issues. But the preliminary talks are another strong signal that the industry is nearing the culmination of a restructuring that began in the wake of the Sept. 11, 2001, terrorist attacks.

People who advise the industry say that all the big airlines are either keeping a close eye on the potential consolidation moves or are already in early discussions with one or more competitor. While most carriers would prefer the status quo because mergers are expensive, complex and have a poor track record, they also worry about being left behind in a game that increasingly resembles musical chairs.

UAL, keeping its options open, also has reached out to Delta management and Delta's creditors committee, knowledgeable people said. The pitch: If Delta is going to be forced by the market and its creditors into a merger instead of emerging from bankruptcy-court protection as a standalone company, UAL might be a better fit than hostile suitor US Airways.

People familiar with the situation said UAL made contact with the airline recently.

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Meanwhile, AirTran in the next few days is expected to publicly disclose a recent $200 million offer made to Midwest's management. The proposed deal would award Midwest's shares $11.25 each in cash and AirTran stock, representing a 24% premium to where the company's shares traded yesterday. AirTran has been pursuing Midwest for over a year, people familiar with the matter say, but was rejected in its most recent approach earlier this month.

In going public with its bid, AirTran would be putting pressure on Midwest, which has quietly built a business around a few hubs, notably Milwaukee and Kansas City, Mo. Midwest has won customer plaudits for its business-class seating arrangements and chocolate-chip cookies, which are baked and served in transit.

AirTran is a discount full-service carrier that operates mainly through its Orlando, Fla., and Atlanta hubs. The airline, which competes along the East Coast and through the Midwest, has a market capitalization of $1.16 billion.

AirTran estimates that it could wring about $60 million in cost savings via an acquisition, according to the people familiar with the matter, which represents nearly one-third of Midwest's current market value. The hope, these people say, is to utilize AirTran's young aircraft fleet more efficiently along Midwest's routes, while potentially sparing Midwest the cost of purchasing new airplanes. AirTran posted gross margins last year of 38.6%, compared with Midwest's 32.5%, according to data compiled by FactSet Research Systems Inc.

Midwest, however, appears unwilling to cooperate so far. And AirTran runs the risk of putting its target in play, potentially sending it into the hands of a bigger and richer competitor such as Southwest Airlines Co.

As for the courtship of the industry's giants, Glenn Tilton, UAL's chairman and chief executive, declined to disclose any details of his company's merger aspirations yesterday at an investor conference in suburban Chicago. Instead, he reiterated his long-held belief that consolidation is overdue and said UAL will be "attentive to opportunities as they present themselves" to benefit shareholders.

Mr. Tilton and his executives sidestepped multiple questions about consolidation. But the CEO tantalized the group of about 75 investors and analysts by saying UAL is "not waiting for opportunities to come to us." He also observed that "there is a tremendous amount of cash in the marketplace today, waiting to be put to good use." UAL, which emerged from Chapter 11 bankruptcy proceedings in February, made overtures to both Delta and Continental during its bankruptcy case but nothing came of them.

Airline stocks and the bonds of Delta and Northwest, both operating under Chapter 11 protection, have soared since US Airways offered to acquire Delta for $8.5 billion in cash and stock. Investors believe that if US Airways -- or another airline, either in a "white knight" role or through an auction process -- prevailed in buying Delta, there could be a second transaction as the biggest airlines try to grab market share and avoid being left behind in the race to grow.

US Airways' shares jumped after the company bid for Delta. The stock traded down 3.4% at $59.46 yesterday, near the top of its 52-week range and up 17% from its price before the bid. Continental's shares have jumped 13% since Dec. 1, "with consolidation the obvious catalyst, in our view," said J.P. Morgan analyst Jamie Baker, in a research report.

Continental shares retreated somewhat yesterday on the airline's downbeat fourth-quarter guidance, causing the shares to trade down 5.6% to $42.88. But they remain near the top of their 52-week range. UAL's stock also is trading near its 52-week high, closing down 2.9% at $43.23 yesterday.

The rumor mill began churning anew last week when Northwest disclosed in a bankruptcy-court filing that it is seeking to hire boutique investment bank Evercore Partners Inc. as its merger-and-acquisitions adviser. Doug Steenland, Northwest's CEO, told employees this week that "because in the current industry environment, where there's already one active proposal out there, things can change quickly, and it's important that we have ongoing access to advisers who are experienced in these sorts of things." But he stressed that Northwest intends to step out of Chapter 11 as an independent company.

Then a stock analyst distributed a note earlier this week speculating that UAL, which months ago engaged Goldman Sachs Group Inc. as its M&A adviser, would announce a deal with Continental at its investor day conference. Adding to the frenzy, Delta is scheduled to file its proposed plan of reorganization with the U.S. Bankruptcy Court in New York early next week. Those documents are intended to back Delta management's position that the airline and its creditors would be better off if Delta remains independent, at least for now.

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If Delta's creditors don't agree that the standalone plan is more attractive than a merger, analysts expect other carriers to move in on Delta, seeking to displace US Airways as a potential acquirer. If UAL is among them, that could leave Continental, whose flexibility is hampered by Northwest's golden share, with fewer options, one of which could be a merger with Northwest.

People familiar with the UAL-Continental discussions said the airlines' respective CEOs, advisers and bankers have talked periodically in recent months. Larry Kellner, Continental's CEO, told employees after the US Airways bid for Delta that he would prefer to stay independent if the industry stays as it is, but is prepared to do what is necessary if the landscape changes.

People familiar with the Houston-based airline's strategy said Continental favors the status quo because it believes it's better-positioned than its peers in terms of its popularity with business travelers, ability to command higher fares, strong hubs in Houston and Newark and extensive routes to Europe and Latin America. It also has a seasoned management team that is respected in the industry.

But if others start merging, Continental would become even smaller by comparison. Size and scope -- not customer service -- are key when it comes to winning corporate travel contracts that boost revenue. So Mr. Kellner is entertaining talks with UAL despite numerous concerns, said one person knowledgeable about the matter.

United for years has admired Continental for its revenue premium, good service and strong presence in the big New York market. Analysts don't see much route overlap between the two carriers, with United dominant in the Midwest, West and Asia. But the combination would vault the pair to the largest airline by traffic, larger even than a combined Delta-US Airways, which could prompt intense regulatory scrutiny.

United And Continental Discussing Possible Merger (NYT)

By Andrew Ross Sorkin And Jeff Bailey

The New York Times, December 13, 2006

United Airlines is holding preliminary talks to merge with Continental Airlines in a huge deal that would further reshape the struggling airline industry, people involved in the negotiations said tonight.

The discussions, though far from complete, recently picked up pace following US Airways' bid last month to buy Delta Air Lines for about $8 billion, these people said.

US Airways' proposal, promising $1.65 billion a year in savings by combining with Delta, has helped add urgency to carriers' interests in merging.

A United spokeswoman, Jean Medina, and a Continental spokesman, David Messing, each declined to comment.

Any deal between the two airlines is far from imminent. Continental and United executives are watching the US Airways and Delta situation to see how it might play with antitrust regulators. Delta is expected to file its plan to exit bankruptcy proceedings next week, following a flurry of meetings scheduled for later this week among Delta creditors and others.

Analysts have long favored a combination of United's Asian routes and heavy coverage of the Western United States with Continental's Latin American and European routes and its large and highly profitable hub in Newark.

At today's close of the stock market, Continental's market capitalization was about $4 billion and United's was about $5 billion.

United's chief executive, Glenn Tilton, and Continental's chief executive, Larry Kellner, have met in person to discuss a combination, a person with knowledge of the talks said. Today, however, Mr. Kellner was in Tel Aviv on business, Continental had informed its employees earlier this week.

Any effort by the two to merge would be complicated by an agreement Continental has with Northwest Airlines. The agreement could allow Northwest to block certain merger transactions involving Continental, but could allow Continental more freedom to enter into a combination if it was the acquiring party and approval of its shareholders was not required.

Also, if Northwest entered into a merger, it would lose its blocking power over Continental.

Continental, United Discussing Merger (WP)

By Del Quentin Wilber

The Washington Post, December 13, 2006

DOJ_NMG_0105975

Continental and United airlines have been discussing a potential merger -- the latest in a series of signs that major carriers are seeking to reshape the recovering industry.

The talks have involved top executives of each company and have touched on the potential structure and shape of a combined carrier, industry sources familiar with the discussions said yesterday.

Those sources, who spoke on condition of anonymity because they were not authorized to discuss the potential deal, said the discussions intensified last month after US Airways Group announced an unsolicited $8.7 billion bid to merge with Delta Air Lines, which is in bankruptcy protection.

Chicago-based United is the nation's fourth-largest carrier in terms of passenger traffic and is strong in the Midwest and Asia. It has major hubs in Denver, Chicago and at Washington's Dulles International Airport. Its parent company, UAL, has a market capitalization of about $4.8 billion.

Houston-based Continental is the nation's sixth-largest carrier and has major hubs in Houston, Cleveland and Newark. It has strong links to Europe, the Caribbean and Latin America. It has a market capitalization of about $3.9 billion.

Representatives of each airline declined to comment. A merger could face a number of obstacles, including a review by federal regulators. Also, Northwest Airlines has an agreement with Continental that in many cases would give Northwest the power to block a merger.

United's chief executive, Glenn F. Tilton, said in an interview last week that he would consider a serious merger possibility but declined to discuss any potential deals, including one with Continental.

Continental chief executive Larry Kellner has said he wants the airline to remain an independent carrier but would not be against a merger if the rest of the industry landscape changed substantially.

Airline executives have been speculating in recent months about the possibility of combining operations of the nation's six traditional carriers -- American, Continental, United and US Airways, as well as Delta and Northwest, both in bankruptcy protection.

Just last week, Northwest asked a bankruptcy judge for permission to hire financial advisers to help it plan for the possibility of a merger or acquisition.

Analysts and executives believe that mergers in the airline industry could benefit carriers by allowing them to cut overhead costs while expanding more lucrative routes. US Airways chief executive Douglas Parker has said his proposed deal with Delta would allow him to cut flights and overhead, saving up to $1.6 billion a year.

More partnerships might also be on the horizon, even among low-cost carriers. The Wall Street Journal reported on its Web site last night that AirTran Holdings was considering an offer for Midwest Air Group.

Qantas Buyout May Be Discussed Despite Rebuff (WSJ)

By Kate Linebaugh In Hong Kong And Bill Lindsay In Sydney, Australia

The Wall Street Journal, December 13, 2006

A takeover bid for Australia's Qantas Airways Ltd. of 10.9 billion Australian dollars (US$8.6 billion) from a consortium of local and international investment companies was quickly rejected by the airline's board, but negotiations on terms of a deal may just be starting.

The consortium -- Texas Pacific Group of the U.S. and Macquarie Bank Ltd. of Australia, as well as Australia's Allco Equity Partners Ltd., Allco Finance Group Ltd. and Canadian private-equity firm Onex Group -- has bid A$5.50 (US$4.32) a Qantas share in its takeover proposal, the airline said.

The airline's nonexecutive directors called the terms of the proposal unacceptable. Qantas said the proposal involved a number of "complex conditions," unanimous support from Qantas directors and a breakup fee. The consortium, which calls itself Airline Partners Australia, said it was considering a response.

Shares of Qantas, which hit a seven-year high Monday in Sydney, fell in early trading Wednesday, down 4.6% to A$4.99.

The market expects talks to continue. "I wouldn't read it as an outright rejection," said Troy Angus, a portfolio manager at BT Funds Management. "We think this is still just early stages. They haven't rejected the bid outright. They have just said that some of the terms are unacceptable."

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The bid -- in the making since the Australian flag carrier late last month confirmed it had received the "confidential and incomplete" approach -- suggests an expanding target for private equity, a feverish period of deal making for Texas Pacific and the continuing attractiveness of the Australian market.

The Australian government has said it won't block a takeover of Qantas as long as the deal is structured to meet foreign-ownership and shareholder limits, set as part of the 1995 privatization of the Sydney-based airline. Those limits cap total foreign ownership at 49%, and no single foreign investor can hold more than 25% of the shares. The bidding consortium said it has kept foreign ownership below 40% with no single investor above 15%. Macquarie bank has less than 15% to avoid a conflict of interest with its airport holdings, while Allco has a 45% stake through its two entities.

The choice of such a cyclical industry is an unusual one for Macquarie, an Australian investment bank known for chasing multibillion-dollar deals involving assets that generate a steady stream of cash. Airlines are in a volatile sector that has felt the pain of stiff competition and a prolonged increase in jet-fuel prices.

Still, Qantas has remained profitable, unlike many global rivals. Last week, for the second time in little more than a month, the company raised its profit estimate for the year ending in June. It said it expects profit before tax to rise 25% to 30% from the previous year. Qantas also has low debt and units such as terminals, freight, maintenance and catering that could be spun off or put into funds.

Antitrust Raid On German Power Groups (FT)

By Tobias Buck And Timm Kraegenow

Financial Times, December 13, 2006

Germany's four largest power groups – Eon, RWE, EnBW and Vattenfall – were raided by European antitrust officials on Tuesday, raising fresh concerns about the state of competition in the region's energy market.

It was the second time in less than six months that the European Commission ordered inspections at RWE, and the third time it searched Eon's offices. The earlier raids were carried out in May in connection with a separate inquiry – which means Germany's leading power groups are currently the target of two potentially damaging antitrust probes.

The new case against Eon, RWE, EnBW and Vattenfall is understood to focus on allegations that the four groups have tried to keep electricity prices in the German market artificially high – for example by lowering the output of certain power stations. The companies are also suspected of trying to freeze out new rivals by delaying the construction of new transmission infrastructure, people familiar with the case said.

In addition to the groups' troubles on the antitrust front, the Commission is currently drafting a proposal designed to curb the market power of integrated energy groups such as Eon and RWE. Brussels is expected to suggest next month that groups that are both energy suppliers and owners of crucial infrastructure, such as pipelines and grids, must separate their two interests more clearly than at present.

The EU competition watchdog would only say on Tuesday that it had reason to believe that the four companies' behaviour in the electricity market may have broken antitrust rules. It refused to specify its allegations and said merely that they were suspected of operating a cartel, or possibly abusing a dominant market position. Both violations can ultimately be punished with antitrust fines of up to 10 per cent of a group's annual worldwide turnover.

The Commission stressed that the raids did not mean the companies were guilty. In any case, it usually takes the Brussels investigators at least two to three years to finish a competition probe.

The Commission declined to identify the four companies but Eon, RWE, EnBW and Vattenfall all confirmed they had been raided and pledged full co-operation with the inquiry.

The raids provide fresh evidence of the Commission's determination to crack open once and for all the EU's markets for electricity and gas. Neelie Kroes, the EU competition commissioner, warned in February that her officials had uncovered evidence of severe market distortions, and warned that individual probes would follow soon.

Johnson & Johnson Cleared To Buy Pfizer Consumer Unit (BLOOM)

By James Rowley And Shannon Pettypiece

Bloomberg, December 13, 2006

DOJ_NMG_0105977

Dec. 12 (Bloomberg) -- Johnson & Johnson won U.S. antitrust approval to complete its $16.6 billion purchase of Pfizer Inc.'s consumer health-care unit on condition the companies complete plans to divest treatments for heartburn, itching, sleeplessness and diaper rash.

The Federal Trade Commission said in a statement that Johnson & Johnson must sell three of Pfizer's over-the-counter drugs: Zantac H-2 for heartburn, Cortizone for itching and the Unisom sleep-aid medication.

The all-cash transaction will give Pfizer the funds to acquire new products and repurchase shares. For J&J, the deal expands its consumer operations by more than a third to $13 billion a year in sales, or almost a quarter of its overall revenue last year. The companies said in October that they planned to sell the brands in order to get regulatory clearance.

Pfizer's consumer unit, which employs about 7,000 people, had $3.88 billion in 2005 sales.

Johnson & Johnson must also sell its Balmex diaper-rash treatment, the FTC said. The FTC said the divestitures would preserve competition in the markets for over-the-counter products regularly used by consumers.

Two Biggest Makers

Pfizer and Johnson & Johnson are the two largest U.S. makers of over-the-counter H-2 blockers, which limit acid production in the stomach to treat ulcers and heartburn, anti-itch cream and over-the-counter drugs for sleeplessness. Without the sale of Pfizer's Zantac H-2 to Boehringer Ingelheim GmbH, J&J would have controlled 70 percent of that market, the FTC said.

Boehringer Ingelheim agreed in October to pay $509.5 million for Zantac, which had about $132 million in sales in the U.S. last year. Chattem Inc. also said in October it would pay $410 million for Cortizone, Balmex, Kaopectate and Unisom.

The other brands Johnson & Johnson will acquire include Benadryl antihistamine, Neosporin antibiotic, Rolaids antacids, Visine eyedrops and the e.p.t. pregnancy test.

Johnson & Johnson's consumer line includes the Immodium diarrhea treatment, Band-Aids, Mylanta antacids and St. Joseph's aspirin. The 120-year-old company is also the world's largest maker of medical devices and the second-largest U.S. maker of prescription drugs behind Pfizer.

J&J's last attempt at a major acquisition was its failed offer of $24.2 billion for Guidant Corp., the No. 2 maker of implantable electronic heart devices. Boston Scientific Corp. prevailed in a bidding war and purchased Guidant in April for $27.5 billion.

Schneider Says APC Deal Clears US Antitrust Hurdle (MRKTWTCH)

Market Watch, December 13, 2006

PARIS (MarketWatch) -- French electrical equipment manufacturer Schneider SA (12197.FR) said Tuesday that its planned merger with American Power Conversion Corp. (APCC) doesn't face further antitrust review from U.S. authorities now that the mandatory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has ended.

As reported at the end of October, Schneider is offering to acquire APC for $31 a share in cash, a deal that values APC at EUR6.1 billion.

Schneider said the transaction is expected to close in the first quarter of 2007 and is subject to customary conditions including approval by APC's shareholders.

A special meeting of Schneider shareholders has been scheduled for Jan. 16 to vote on the proposed merger.

Schneider and APC have filed documents with the European Commission to begin the antitrust regulatory review process in the European Union.

Pricing Of Flat Screens Is Under Inquiry (NYT)

By Choe Sang-Hun

The New York Times, December 13, 2006

SEOUL, South Korea, Dec. 12 — Antitrust authorities here and in the United States and Japan have started an investigation into price-fixing allegations against the world’s two leading makers of flat-panel displays, Samsung Electronics and LG.Philips LCD, officials said on Tuesday, shaking an industry already burdened by falling prices.

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Samsung and LG.Philips — the world's largest and second-largest makers of liquid-crystal displays — confirmed on Tuesday that they were being investigated by the antitrust authorities in the three countries on suspicion of anticompetitive practices in 2003 and 2004.

The European Commission confirmed on Tuesday that it, too, had opened a price-fixing investigation into companies that build flat screens. The European Union's executive body said that it sent formal requests for information on Friday to an undisclosed number of companies that make thin-film-transistor and liquid-crystal displays. After LG.Philips, a joint venture involving LG Electronics of Seoul and Royal Philips Electronics of Amsterdam, said that it was under investigation, its share price fell nearly 8 percent before ending the day down 4.2 percent. Investors feared that the company's legal costs, and provisions for possible penalties, might increase its losses in the coming quarters, analysts said. Samsung shares dropped 0.7 percent.

The news was yet another setback for Samsung. The investigation is the first in the manufacturing of liquid-crystal displays, an industry led by Samsung, but the company is already facing another price-fixing investigation in the United States involving its main product line, computer memory chips.

The investigation comes at an awkward time for L.C.D. makers; prices plummeted in the first half of 2006 because of supply gluts. Except for Samsung, which often uses price wars to beat its competitors, the major players had to cut production to reduce inventories.

"This is very bad news for an industry where companies are suffering either falling profits or fear growing deficits," said Michael Min, a senior industry analyst at Korea Investment and Securities. "The expression that comes to mind to describe their situation is 'misery loves company.' "

The scope of the investigation into Samsung and LG.Philips remains unclear. Officials at the Korea Fair Trade Commission, Samsung and LG.Philips declined to discuss details.

But analysts here said they thought that the regulators might be focusing on whether L.C.D. makers colluded on prices and supplies in 2003 and 2004 when the industry was in an upturn.

They also speculated that the inquiry might be a coordinated among antitrust bodies in Japan, South Korea and the United States.

The European investigation is focusing on specific markets, including personal computer and laptop screens, televisions and displays used in mobile phones, digital cameras, Global Positioning System receivers and other hand-held devices. The commission said it had been in contact with other antitrust authorities. No inspections have been carried out in Europe, the commission said, because the companies operate outside the European Union.

Panel Makers Facing Prices Probe (FT)

By Song Jung-a In Seoul, Kathrin Hille In Taipei And Leo Lewis,in Tokyo

Financial Times, December 13, 2006

Authorities in the US, Europe, Japan and South Korea have launched an investigation into alleged price fixing by the world's leading manufacturers of LCD panels.

The investigation is a fresh blow to an industry struggling to cope with falling prices and toomuch supply.

Samsung Electronics, LG Philips LCD and AU Optronics, the world's top LCD panelmakers, all said yesterday they were being investigated for "possible anti-competitive conduct".

Sharp, Japan's largest LCD panelmaker, said it had received summons from regulators at home and in the US during the weekend.

Sanyo Epson, another Japanese LCD panelmaker, and Chi Mei Optoelec-tronics, Taiwan's second largest flat panelmaker, said they had been in contact with regulators, although neither would say if they were being investigated.

Regulators in Korea and Japan declined to reveal any details of their investigation. But one industry executive familiar with the investigation said regulators were examining potential price fixing in 2003 and 2004, rather than recent behaviour.

Meanwhile, the European Commission yesterday said it had asked a numberof LCD makers for information and added that it was trying to find out whether the companies involved were operating a price-fixing cartel.

Since the first quarter of 2004 panel prices have fallen sharply.

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According to Lehman Brothers estimates, since early 2004 the average price of a 32-inch LCD panel has fallen almost 70 per cent, from more than $1,100 to about $350.

However, between the first quarter of 2003 and the first quarter of 2004the average price of the same panel fell by just15 per cent.

All of the companies that yesterday admitted to being investigated pledged full co-operation with the ongoing investigation.

In Korea, the LCD makers face fines of up to 10 per cent of the sales generated from price-fixing, while under European competition rules, members of a cartel can be fined up to 10 per cent of their global annual turnover.

Additional reporting by Tobias Buck in Brussels

Asian Stocks Fall In U.S., Led By AU Optronics; BHP Shares Drop (BLOOM)

By Lu Wang

Bloomberg, December 13, 2006

Dec. 12 (Bloomberg) -- Asian stocks trading in the U.S. fell, led by makers of liquid-crystal displays, after AU Optronics Corp. said it is being probed in Japan and the U.S. as part of an antitrust investigation.

The Bank of New York Co.'s Asia ADR Index, which tracks the region's American depositary receipts, slipped 0.3 percent to 152.04. The index recovered part of its loss after the Federal Reserve left the benchmark U.S. interest rate at 5.25 percent for a fourth straight meeting.

AU Optronics slumped 56 cents to $12.76. The world's third- largest LCD maker said its Japan and U.S. units are being probed. Regulators in the U.S., South Korea, Japan and Europe are investigating companies including Samsung Electronics Co. and LG.Philips LCD Co. for alleged price fixing in the $69 billion industry.

LG.Philips, the No. 2 LCD maker, slipped 51 cents to $14.06. Shares of bigger rival Samsung weren't traded in the U.S.

BHP Billiton led a decline in commodity shares as prices of oil, copper and gold dropped. Crude oil fell for a third day on forecasts of warm U.S. weather that would reduce heating-fuel demand over most of the next month. Copper slipped as U.S. inventories of the metal rose to an eight-month high.

BHP, the world's largest mining company, fell 62 cents to $39.78. PetroChina Co., the country's biggest oil producer, declined $1.79 to $130.95. Santos Ltd., an Australian oil and gas company, fell 82 cents to $30.42.

Nikkei 225 Stock Average futures expiring in March were at 16,685 in Chicago, compared with 16,660 in Singapore and 16,670 in Osaka.

Specter's Antitrust Battle Against NFL Could Affect Cable And TV Mergers (LAW)

By Bill McConnell

Law.com, December 13, 2006

The Deal

Sen. Arlen Specter, who for a few more weeks is chairman of the Senate Judiciary Committee, says the time has come for Congress to blitz the National Football League's exemption from antitrust laws. Side effects of such a move could affect mergers in the cable and satellite television business.

In a hearing Dec. 7, Specter said he plans to introduce legislation next year that would eliminate the NFL's ability to negotiate television contracts on behalf of the entire league. Without the exemption, each team would have to negotiate its own TV contract to avoid violating antitrust prohibitions on collusion among competitors in a business.

"I will introduce legislation in the next session to take away the antitrust exemption from the NFL," Specter said.

Specter said the NFL has abused the exemption by extracting high-priced TV contracts and allowing team owners to bully local governments for new stadium funding. Specter said he's not ready to remove other pro sports' antitrust exemptions.

How much weight his plan will carry in the upcoming Democratic-controlled Congress is unclear. The Pennsylvania Republican will lose his Judiciary Committee chairmanship in January. Incoming Judiciary Committee Chairman Patrick Leahy, D-Vt., has questioned the wisdom of sports antitrust exemptions but the issue is thorny for Sen. Herb Kohl, D-Minn., who is in line to run the panel's Antitrust Subcommittee. Kohl owns the National Basketball Association's Milwaukee Bucks.

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Applying the full force of antitrust law to professional football would likely invalidate the NFL's exclusive contract with satellite television's DirecTV for carriage of the NFL Sunday Ticket, the largest package of NFL games and a big draw for football fans that don't live in the same market as their favorite teams. Cable operators have demanded access to the Sunday Ticket for years but to no avail.

Eliminating the exemption also could reduce the company's leverage to demand steep compensation from cable and satellite carriers that want to carry the league's 24-hour, seven-days-a-week NFL channel.

Control of the Sunday Ticket and other exclusive sports programming has been an issue in television industry mergers recently.

In 2003, cable operators raised the Sunday Ticket dispute in News Corp.'s acquisition of DirecTV. Ultimately the Federal Communications Commission did not impose mandates on that programming package, but did require News Corp. and DirecTV to enter commercial arbitration to resolve disputes with cable operators over access to News Corp.-owned broadcast stations and Fox regional sports networks. This condition lasts until 2010.

Sports programming was also an issue in this year's carve-up of Adelphia Communications by Time Warner Cable and Comcast, which the FCC and the Federal Trade Commission approved.

The main issue in the FTC's portion of the review was whether the expansion of Time Warner and Comcast geographic "clusters" of cable systems would give them too much power to dictate the prices satellite TV providers, telephone companies, and small cable "overbuilders" would pay for regional cable sports networks.

Access to sports networks is a big deal because it is considered "must have" programming for any pay-TV service.

Competitors warned that the added clustering the deal would allow would increase the ability of the two largest cable operators in the U.S. to strike exclusive deals with regional sports networks or charge extravagant prices for ones they own directly.

Although Philadelphia-based Comcast has long denied DirecTV access to its Philadelphia area sports network, the FTC's three-Republican majority, backed by the agency's Bureau of Competition and staff economists, found no evidence that the merger would allow either cable carrier to impose similar restrictions on their sports nets in other parts of the country.

Comcast's Philadelphia SportsNet is unique because it takes advantage of a loophole in cable program access rules to deny access to satellite carriers. Under current law, cable operators must lease most in-house channels to competing TV distributors. The mandate, implemented as part of the Cable Act of 1992, applies to all channels transmitted to cable franchises via satellite -- a transmission method cable operators use for the overwhelming majority of channels. Philadelphia SportsNet is delivered to franchises via terrestrial lines.

The terrestrial exemption was created to entice cable operators to develop local oriented channels.

DirecTV, small cable operators and public utilities trying to enter the TV distribution business have been lobbying to eliminate the exemption for years. "It its crucial for Congress to remove the so-called 'terrestrial loophole," said James Baller, senior principal of Baller Herbst Law Group and a adviser to public and private providers of communications services that compete against cable. Given the enormous investments required to build high-capacity communications networks, "certainty about access to critical video programming" those lines would carry is essential to justify the expense.

But Comcast executive vice president David Cohen said Philadelphia SportsNet is just the sort of programming Congress wanted to encourage when the terrestrial exemption was created. Eliminating the NFL's antitrust exemption is a preferable way to promote access to sports programming, he said.

"We've invested more than $450 million in this network based on an exemption created by this Congress," he said.

He added that Comcast has agreed to share Philadelphia SportsNet with Verizon Communications Inc. as the telecom provider rolls out its new pay-TV service in the suburbs surrounding Philadelphia. Satellite TV distributors have been denied the programming, he said, because DirecTV has been unwilling to waive its exclusive right to the NFL Sunday Ticket.

Specter Looks To Repeal NFL's Antitrust Exemption (NYSUN)

By Evan Weiner

New York Sun, December 13, 2006

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The outgoing chairman of the Senate Judiciary Committee, Senator Specter, a Republican of Pennsylvania, has decided — for reasons best known to him — that its time to repeal the National Football League's antitrust exemption under the Sports Broadcasting Act of 1961. Specter plans to introduce legislation as soon as the new Congress convenes in January. The bill would end the NFL's practice of bundling its 32 teams into one group for the purposes of negotiating both over-the-air and cable television contracts.

It's unclear whether Specter also plans to include Major League Baseball, the National Basketball Association, National Hockey League, the National Collegiate Athletic Association, and other sports organizations in his proposed legislation, as all of those businesses enjoy the same exemption.

Also uncertain is whether Specter can generate any support from the other 99 Senate members or the 435 House members — and it would take an awful lot for him to get President Bush's signature on the bill. The president once owned a piece of the Texas Rangers baseball franchise, and baseball owners have reaped the considerable benefits of the 1961 Sports Broadcasting Act. So Specter may be throwing a Senate version of a Hail Mary pass in this case.

Specter's bill may never make it out of committee but it's worth looking at how the Sports Broadcasting Act of 1961 changed not only the NFL but also sports and television.

In 1961, a Brooklyn Congressman and chairman of the House Judiciary Committee, Emanuel Cellar, pushed the exemption through the House. President Kennedy signed it into law on September 30 later that year. The legislation is considered the main reason the NFL went from a ragtag business to the powerful entity it is today.

This year, under the terms of four new network deals, each NFL team will annually earn more than $120 million in shared TV money. The league's officials negotiated various deals with CBS, NBC, FOX, and Disney and ended up with a six-year, $24 billion broadcast and cable rights contract. The television deals end in 2011. Additionally, DirecTV will pay $700 million every year through 2010 for its Sunday Ticket package. The NFL also decided to keep an eight-game Thursday-to-Saturday night package in-house, placing it on its NFL Network. That those eight games are not available to all fans may be why Specter is unhappy.

The NFL Network still has not reached agreements with Time Warner Cable and Cablevision to carry the league-owned network. League officials want too much money for the network, according to Time Warner executives. Meanwhile, Cablevision chairman Charles Dolan has said nothing publicly about his negotiations with the NFL. Specter seemed to be taking the cable operators' position when he said last Thursday that, "This is the NFL exerting its power … right down to the last nickel."

In what may be a goodwill gesture to Senator Lautenberg of New Jersey and, in an effort to sway Specter, the NFL announced yesterday that it planned to give Time Warner and Cablevision subscribers a free week of programming between December 24 and 30. The timing will allow subscribers to tune in to the Rugters–Kansas State Texas Bowl matchup and another college bowl game featuring Minnesota and Texas Tech. Lautenberg has complained that many Rutgers fans in New Jersey were being unfairly denied the opportunity to watch Rutgers in the Texas Bowl because the NFL Network, which has rights to the game, has not yet reached deals with Cablevision and Time Warner Cable.

But giving away a week's worth of programming probably won't appease Specter, nor will it be a catalyst for an agreement between the NFL and the two holdout, cable systems operators.

Specter wants to turn the clock back to a time when television contracts were negotiated locally, and when there were just two real networks, CBS and NBC. As television proliferated in the 1950s, the NFL was prevented by a court-ordered injunction from signing a single league-wide contract with a network. Instead, each NFL team negotiated a separate deal with a local television network. In 1960, the New York Giants received $340,000 for their deal, while the Green Bay Packers made only $105,000. The fledgling, eight-team AFL— which was not limited by the injunction — pooled its broadcast rights and signed a national network contract with a struggling ABC (the network had several weak-signaled affiliates at the time).

Immediately following the passage of the 1961 Sports Broadcasting Act, the NFL pooled its television rights and signed a deal with CBS for 1962 for $4.65 million annually. That money was split among the 14 NFL franchises.

The NFL commissioner at the time, Pete Rozelle, had to convince the franchise owners in the larger markets that they could secure greater leverage through pooled rights, although they might experience an initial drop in revenue. Rozelle saw the changing playing field and knew the big-market teams in New York, Chicago, and Los Angeles could land enormous contracts

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as television grew, leaving behind smaller markets such as Pittsburgh and Green Bay. Rozelle borrowed an idea first raised by baseball executive Branch Rickey when he was trying to challenge MLB with the proposed creation of a Continental League, in the late 1950s. Given the AFL's success in implementing the "Rickey" concept, Rozelle knew he had to work at getting a diverse group of owners to think about the league instead of their individual freedoms.

About six years ago, Giants owner Wellington Mara remarked that because the Cleveland Browns were willing to surrender their large television package, others were persuaded to do the same.

"[Art Modell] was really the one who gave something away. We didn't know what we were giving up. That is what did it. They made the decision. Without that, why, we wouldn't have the league we have today," Mara said. "I think [Rozelle] explained to everybody very cogently what was at stake and [Rozelle] knew it wasn't going to be much of a league with lopsided revenue. … It was too much to expect Buffalo to compete with New York or Green Bay to compete with Chicago."

Specter may be unafraid of taking on the NFL and its highly politically connected owners, but he is absolutely wrong when he contends that football fans of America are being "gouged." The real gouging would come after the antitrust exemption is lifted.

Pennsylvania's senior senator apparently does not know how sports owners operate today — as opposed to 1960 — where television is concerned. Most of the NFL's regular season — and all of its playoff games — are on over-the-air TV. That's an anomaly in sports. Take a look at New York's professional teams: the Knicks, Rangers, Nets, Devils, and Islanders are not on "free" television. Save for a few network TV games, the teams work strictly with cable programming. The Yankees and Mets have a handful of games on over-the-air television (the Boston Red Sox will not be on over-the-air television in 2007)

Specter needs to understand that sports owners have taken their properties from terrestrial TV to cable because that's where the money is. The Giants, Jets, Chicago, Philadelphia, New England (Boston), or Dallas would likely have no problem putting together a lucrative TV network because of their big city locations. Green Bay, Buffalo, New Orleans, Tennessee (Nashville), Jacksonville, Kansas City, or Cincinnati, on the other hand, would have major difficulties getting big money agreements.

Specter should realize that football also will migrate to cable television, where regional sports cable networks — who collect revenue from both subscribers and advertisers — have deeper pockets and so, more money to offer than local TV stations. This is not good news for cable TV subscribers since NFL programming is very expensive; it almost certainly means cable rates will go up for everyone, not just football fans.

NFL owners already are locked in a battle over shared revenue, with New York Senator Schumer looking over their shoulders to ensure the Buffalo Bills and other small market teams can line up with big market players like New York and Chicago. Can you imagine what would happen within the league if Specter's bill becomes law?

The bill would end not only the NFL's view of football economic socialism — which basically allows Green Bay to compete on a nearly even financial footing with New York in signing free agent players and offering bonuses to draft picks — but more important, would be costly for cable TV consumers. Which is why Specter's proposed legislation is pure folly and will more than likely never come out of committee.

Wal-Mart's Lesson For Wall Street (WSJ)

By Alan Murray

The Wall Street Journal, December 13, 2006

Wal-Mart's firing of hot-shot advertising executive Julie Roehm is being portrayed by her supporters as a modern-day morality tale, with the Elmer Gantrys of Arkansas recoiling from a culture of fast cars, fine restaurants, copulating animals and lingerie football. There's something to that. Arkansans generally prefer their sex behind closed doors and their football straight.

Still, this dust-up has less to do with parochialism or moralism than with capitalism. Wal-Mart conquered the retail world not because it harbored some rigid code of ethics, but because it was relentless in its quest for world-class efficiency. It seems to have parted ways with Ms. Roehm for much the same reason.

Anyone who's ever tried to sell something to Wal-Mart knows what I'm talking about. Vendors who make the pilgrimage to Bentonville are ushered into one of some 40 cramped meeting rooms, with nothing on a wall save a poster labeled "Gifts and Gratuities." It reads:

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"It is our policy that associates of the Company, regardless of their capacity, do not accept for their personal benefits, gratuities, tips, cash, samples, etc., from anyone buying from us or selling to us, or in any way serving our company."

In case anyone misses the point, the poster goes on to define gifts and gratuities as including: tickets to entertainment events, kickbacks in the form of money or merchandise, special discounts, sample merchandise, Christmas gifts, or meals. There is no "de minimis" rule; even a cup of coffee is forbidden.

This may seem harsh, especially in a retail world where business used to be done over martinis, and copious "samples" were the coin of the realm. But Wal-Mart's goal is to prevent such "relationships." It doesn't want its buyers to be influenced by whoever treats them to a night out, or who gives them a birthday present. Instead, it wants buyers to focus on the economic essentials: quality and price.

That's an idea that's spreading in the retail world, but hasn't fully infiltrated Madison Avenue, where "relationships" still rule. Wal-Mart won't provide details on what happened with Ms. Roehm. Ms. Roehm says she tried to comply with Wal-Mart's policies. The rest of us are left to speculate.

Meanwhile, the Supreme Court last week took a dive into New York City's money culture by agreeing to hear a case about the way the nation's largest investment banks sell initial public offerings of new stock.

The original case was brought on behalf of investors who got burned when the Internet stock-market bubble burst. The plaintiffs claim they were harmed by anti-competitive practices by investment banks, such as requiring investors who were given allocations of "hot" IPOs to then buy additional shares in the aftermarket -- leading to artificially high prices.

The issue before the Supreme Court is arcane: It involves whether the Securities and Exchange Commission's regulation of investment banks gives those banks immunity from antitrust lawsuits. Moreover, the whole idea of investors turning to the courts to recover losses from their own bad investment decisions is disturbing.

Still, the case does shine a harsh light on the way Wall Street sells IPOs, and it's not pretty. Some of the worst abuses of the late 1990s are gone. But the process through which IPOs are allocated remains shrouded in mystery, and "relationships," not markets, still rule.

Google tried to break the mold three years ago when it offered its shares in an auction rather than letting the investment banks dole them out. The titans of Wall Street rebelled, and few companies have challenged the status quo since.

The lesson here? New York may have better restaurants than Bentonville. But the folks in Arkansas could still teach the Kings of Capitalism a thing or two about how markets work.

Foes Of Monsanto Deal Dig In (WSJ)

By Scott Kilman

The Wall Street Journal, December 13, 2006

Monsanto Co.'s second attempt in seven years to bring southern seed giant Delta & Pine Land Co. to the altar could be running into trouble.

An unusual backlash against the proposed combination is taking root across the U.S. Farm Belt, driven in part by rivals in the crop-biotechnology industry, which Monsanto dominates.

The proposed $1.5 billion deal announced in August would give Monsanto more control over a major crop by a biotechnology company than ever before allowed, a prospect that upsets antibiotechnology activists. Delta & Pine Land's seeds produce half of America's cotton, the nation's fifth-biggest crop. Delta's market share is highest in southern states such as Georgia, where 92% of the cotton is grown from Delta seed.

Wall Street is treating the acquisition as a done deal. Delta & Pine Land stock has hovered just under the $42-a-share offer since Aug. 15, when it jumped 11% on news of the agreement. The shares were at $40.64, down 24 cents, Friday in 4 p.m. New York Stock Exchange composite trading. Monsanto shares fell 43 cents to $48.08 Friday on the Big Board. Monsanto is trading at more than 25 times estimated earnings for its next fiscal year, according to Thomson Financial, compared with about 16 for the stocks in the Standard & Poor's 500-stock index.

Analysts have applauded the proposed combination because it would allow Monsanto to speed penetration of the cottonseed market with new genetically modified traits while ending several years of costly litigation between the two firms over

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their first breakup. Some biotech-industry leaders are prodding the attorneys general of several states to look into the combination as an antitrust review by the Justice Department extends into its fourth month. "The proposed Monsanto acquisition of Delta & Pine Land is clearly anticompetitive," said Doyle Karr, a spokesman for DuPont Co., the Wilmington, Del., chemicals giant. "We have serious concerns about the impact that it would have on farmers, the agriculture industry and ultimately consumers."

Syngenta AG, the Swiss biotech company, is telling cotton farmers that Monsanto's pending acquisition isn't in their best interest. Lobbyist and former U.S. Sen. Tim Hutchinson of Arkansas is squiring DuPont executives around Congress to press their case against the deal. "There are enough indications of concern that should cause [the Justice Department] to take a careful look," said Rep. Bob Inglis, a South Carolina Republican. Representatives for the North Carolina and Iowa attorneys general said their offices were looking into the deal. Iowa is the home of DuPont's Pioneer Hi-Bred International seed unit. While crop-biotechnology companies have a history of battling in courtrooms, they have tried to present a united front in the face questions over biotechnology safety.

"We are disappointed that competitors are using extreme tactics to try to gin up opposition to a deal that would benefit U.S. cotton growers and the cotton industry," said Carl M. Casale, executive vice president of Monsanto, which is fielding questions about the merger from officials in such noncotton states as Maine and Wisconsin. "The regulators should be allowed to do their job and review this transaction without the background noise," he said.

Delta & Pine Land Chief Executive and President Tom Jagodinski didn't return phone calls seeking comment.

For Delta shareholders, the industry scrape is the latest chapter in what has been an ill-starred romance between the Scott, Miss., company and Monsanto, based in St. Louis. Monsanto offered to buy Delta in 1998 for stock then valued at $1.8 billion. Monsanto backed out in December 1999 after antitrust regulators in the Clinton administration's Justice Department had reviewed the case for 19 months without making a decision. To get executives of Delta & Pine Land to shelve a lawsuit seeking $2 billion in damages over the breakup and consider a new offer, Monsanto promised to hand over $600 million if the new deal doesn't pass antitrust review by August 2007, a deadline that can be extended.

The opposition of DuPont and other firms reflects Delta's role in their plans to challenge Monsanto's decade-long dominance of crop biotechnology. Monsanto owns brands that sell about 25% of the seed used to grow the two biggest U.S. crops -- corn and soybeans -- and has licensed independent seed companies to use its genes.

Today, the majority of genetically modified crops -- including corn, soybeans and cotton -- contain Monsanto genes, which equip plants to make their own insecticide and to tolerate exposure to weedkillers. Such traits make plants so much easier to tend that farmers are willing to pay far more for genetically modified seed than conventional seed. DuPont and others are developing new genes with the aim of replacing Monsanto technology over the next decade. To win, they need to get their inventions into as many bags of seed as possible. DuPont and Syngenta, which own their own brands of corn and soybean seed, don't control any cottonseed. Delta, the last publicly traded pure seed company in the U.S., had been making moves to break its dependence on Monsanto genes.

In July -- a month before the proposed acquisition was announced -- Delta struck a deal to use genes, under development at DuPont's Pioneer seeds unit, designed to give plants the same sort of immunity to weedkillers as Monsanto genes. Likewise, Syngenta had licensed Delta to use genes it is developing that instruct a plant how to make its own bugkiller. To make the deal more palatable to regulators, Monsanto is promising to divest its Stoneville cottonseed business, which controls 12% of the market. Monsanto executives said they would be interested in being able to offer Syngenta and DuPont genes in Delta & Pine Land cottonseed. They stopped short of promising to use competitors' genes.

FBI/DEA/ATF/USMS:

US Judge Asks FBI Why Information Withheld In Civil Trial (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, December 13, 2006

A federal judge ordered the Justice Department last night to ask FBI Director Robert S. Mueller III to explain why the bureau has refused to share crucial information with the government's own lawyers, disrupting the civil trial being held on behalf of four men who were wrongly imprisoned for decades.

US District Judge Nancy Gertner wrote that the FBI's position is "chilling," given that the suit brought on behalf of Peter Limone , Joseph Salvati , Henry Tameleo , and Louis Greco is about informant abuse and FBI agents allegedly "hiding the ball" by withholding information that would have helped exonerate the four men in a 1965 gangland slaying.

She ordered the Justice Department to notify Mueller of her concerns and report back by Monday on why she should not find the government in contempt and impose punitive fines.

Gail Marcinkiewicz , a spokeswoman for the FBI in Boston, said the case was being handled out of Washington and "because it's an ongoing matter, we can't comment on it."

A Justice Department spokesman could not be reached last night for comment.

The four men were exonerated five years ago after secret FBI memos surfaced indicating that Joseph "The Animal" Barboza, a Mafia hit man-turned-government witness, may have framed them for the slaying of Edward "Teddy" Deegan, partly to protect a friend who was an FBI informant.

The suit seeks more than $100 million for Limone and Salvati, who spent more than 30 years in prison, and for the families of Greco and Tameleo, who died while in custody.

Justice Department lawyers who are defending the government at trial told the judge yesterday that the FBI would not authorize them to see certain documents containing informants' names, and gave them redacted versions of the files.

Gertner wrote, "Time and time again it appears that the lawyers representing the government have simply not been given the authority they need to understand the big picture, trying this case, if you will, with one hand tied behind their back."

FBI Director: Hoffa Case Will Be Solved (AP)

By Kristin Longley, Associated Press Writer

AP, December 13, 2006

DETROIT -- FBI Director Robert Mueller said Tuesday the decades-old disappearance of Teamsters leader Jimmy Hoffa will eventually be solved.

Mueller spoke during a question-and-answer session with reporters at the FBI's Detroit office, months after an expensive search at a southeastern Michigan horse farm turned up nothing.

"We have a long, long memory," Mueller said. "We will continue to follow any lead that comes to our attention."

Hoffa was last seen alive on July 30, 1975. Over the years, theories have suggested Hoffa was buried at Giants Stadium in New Jersey or dumped in a Florida swamp.

The day he disappeared, Hoffa was scheduled to meet a New Jersey Teamsters boss and a Detroit mafia captain, both of whom are now dead, at a restaurant about 20 miles from the Hidden Dreams horse farm that the FBI searched in May.

The two-week excavation at the farm, about 30 miles northwest of Detroit, involved up to 20 agents, 24-hour guards, archaeologists, anthropologists, a demolition crew and cadaver-sniffing dogs, but it yielded nothing more than a water line, a beer can and other trash.

FBI spokeswoman Dawn Clenney said the search cost less than the $250,000 the agency had budgeted for it.

Mueller would not comment on whether the FBI has any new leads in Hoffa's disappearance, but said the agency will always be working on the case.

"As you can see from the undertakings last summer, we are very willing to follow up on any leads where we believe there is some basis," Mueller said.

FBI Papers On Terror Expertise To Released (ALBANYTU/AP)

By John Solomon, Associated Press

Albany Times Union, December 13, 2006

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WASHINGTON -- Lawyers for a once-decorated terror-fighting FBI agent will make public hundreds of pages of testimony from the bureau's top brass declaring that terrorism expertise has been given little weight in promoting agents since the Sept. 11, 2001, attacks.

The evidence gathered during Agent Bassem Youssef's ongoing lawsuit against the FBI includes statements from the agency's director, Robert Mueller, and many of his top supervisors on how little Middle Eastern experience, Arabic language skills or formal anti-terrorism training has played in promotion decisions.

The testimony, some of which was reported by The Associated Press in 2005, is being posted Wednesday to a Web site for the public to see. It includes:

--Mueller defending the 2003 appointment of agent Gary Bald to the top terror-fighting job on grounds that he was qualified because he ran the Baltimore office when it investigated the 2002 Washington-area sniper shootings.

"He had the sniper case, which I don't know whether it was actually documented as a domestic terrorism program, but certainly it could fall under the category of domestic terrorism. So running the office gave him some exposure to terrorism matters," Mueller testified.

--Bald, who retired earlier this year, was asked about his grasp of Middle Eastern culture and history, and testified: "I wish that I had it. It would be nice."

--The agent assigned to oversee the Sept. 11 investigation at the Pentagon acknowledged she had no formal terrorism background. "I do not have a terrorism background myself," agent Ellen Knowlton testified.

--John Lewis, a deputy assistant director for counterterrorism, testified that there was no difference in recruiting an informant to infiltrate a white supremacist group or al-Qaida. "It doesn't make any difference whether somebody's from the Middle East or a white supremacist or from Australia," he said.

Youssef, the agent suing the bureau, alleges he was passed over for several promotions that could have better utilized his skills in the war on terror. The FBI denies discriminating against him.

Youssef's lawyer said Tuesday he was making the depositions public so Americans can see the FBI answers for themselves. "The American public has a right to know what really happened inside the FBI counterterrorism division after Sept. 11," attorney Stephen Kohn said.

The documents are to be posted Wednesday to http://www.whistleblowers.org/html/inside--the--fbi.html

An FBI spokesman did not immediately return a call seeking comment Tuesday. In the past, the FBI has declined to discuss the Youssef litigation but has said the agency has fundamentally reshaped itself to ensure the field agents on the ground who work the cases have the necessary skills, training and background for fighting terrorism. It has noted it hired or redeployed more than 1,000 agents to counterterrorism and hired an additional 1,200 intelligence analysts and linguists.

Youssef was credited with improving relations with Saudi Arabia during the late 1990s as the threat from al-Qaida leader Osama bin Laden grew and the bureau struggled to solve the case of the 1996 Khobar Towers bombing. He received special awards for his performance.

But after Sept. 11, Youssef repeatedly was passed over for top-level headquarters jobs in terrorism. Instead, he was offered same-rank positions in budgeting or exploiting intelligence from terrorism documents.

Louis Freeh, the former FBI director who left that job three months before the terrorist attacks, testified he believed Youssef should have gotten an important terror-fighting job in the post-Sept. 11 era

And one FBI supervisor, just-retired agent Paul Vick, testified he was concerned that Youssef's skills weren't utilized after Sept. 11 and that some colleagues had mistaken him for another agent who was Muslim and had refused certain work assignments on religious beliefs.

Youssef is Christian and never refused any assignments, his lawyer said.

On the Net:

FBI: http://www.fbi.gov

Justice Department: http://www.usdoj.gov

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SI Mob Crew Busted (AP)

AP, December 12, 2006

NEW YORK (AP) -- When a Bonanno crime family associate disrespected Michael Souza over a financial dispute, he had to pay.

Souza, who ran a dangerous Colombo mob crew on Staten Island, decided to launch a surprise attack, or a Jack in the Box, to take out the Bonanno associate, prosecutors said. He acquired a gun silencer for the crime but never got a chance to use it, they said.

On Tuesday, federal agents said they silenced Souza and 10 of his crew members, arresting them on charges of racketeering, robbery, assault, weapon possession, loansharking, gambling and drug dealing.

The arrests came after federal prosecutors unsealed a lengthy indictment that alleged Michael Angelo Souza, a made man in the Colombo organized crime family, ran the brazen crew with his brother, Anthony "Ant" Souza.

The indictment, the result of an eight-month DEA investigation, said the crew committed the crimes between January 2004 and November 2006. Agents obtained evidence against the men through wiretap interceptions.

In one of those federal recordings, Souza boasted about his violent past.

"I beat people up with chairs, barstools," Souza said in the recording. "I cut a guy's eye out of his head with a wine glass."

As part of the same investigation, federal authorities said they charged an Albanian mobster, Lulzim Kupa, in a separate indictment with conspiracy to distribute marijuana.

All 12 men were arraigned Tuesday in Brooklyn federal court. They pleaded not guilty, a court spokesman said.

Prosecutors said the Colombo crew was running a violent enterprise on Staten Island, operating a lucrative sports betting business and peddling crack cocaine and pot.

Authorities said one of the crew's most ambitious schemes involved trying to rob an armored car but DEA agents thwarted the heist before it could be pulled off.

In Kupa's case, DEA agents said they intercepted a shipment of about 60 pounds of marijuana that he intended to sell.

If convicted, Kupa, a felon, could face more than 10 years in prison. The other defendants could face decades behind bars if convicted.

Doctor Pleads Guilty In Drug Case (BRADV)

Baton Rouge Advocate, December 12, 2006

LAFAYETTE — A doctor who operated an occupational medicine clinic in Broussard pleaded guilty Monday to methamphetamine charges.

Randy L. Lavespere, 44, faces up to 20 years in prison on charges of possession with intent distribute methamphetamine.

Agents arrested Lavespere during an undercover sting in March when he bought a half-pound of methamphetamine for $8,000 in the building center parking lot in Opelousas.

The doctor had been targeted by U.S. Drug Enforcement Administration investigators after an informant reported selling methamphetamine to Lavespere in the past, according to court records.

Lavespere has voluntarily surrendered his medical license and checked himself into inpatient substance treatment at Palmetto Addiction Recovery Center four days after his arrest. He left inpatient treatment in June but has continued with outpatient treatment, according to court records.

“He’s admitted to what he’s done, and he is sorry for what he did,” Lavespere’s attorney, Hillar Moore III, said.

A second man arrested in the case faces up to one year in prison after pleading guilty in August to simple possession of methamphetamine for his part in the drug buy.

Lavespere admitted in court documents that the other man was acting on his behalf when he exchanged money with the an undercover agent while Lavespere waited nearby the parking lot.

Moore said Lavespere might be able to regain his medical license, even with the felony drug conviction, but “that’s not even on his radar right now.”

Any decision of the reinstatement of Lavespere’s license would be made by the state Board of Medical Examiners.

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No sentencing date has been set in the case.

Because Lavespere has no previous criminal history, he will most likely face a sentence far below the 20-year maximum allowed under the law.

Lavespere's arrest came in a joint investigation involving the U.S. Drug Enforcement Administration, Alexandria Police Department, St. Landry Parish Sheriff's Office, Lafayette Parish Sheriff's Office and Vermilion Parish Sheriff's Office.

Assistant U.S. Attorney Stephanie Finley said that, as part of Lavespere's plea deal, he has agreed to cooperate in any future investigations.

Doctor Pleads Guilty To Methamphetamine Charge (AP)

AP, December 13, 2006

LAFAYETTE, La. -- A doctor who operated an occupational medicine clinic in Broussard has pleaded to a drug charge.

Randy L. Lavespere, 44, faces up to 20 years in prison on a charge of possession with intent distribute methamphetamine. Federal agents arrested Lavespere during an undercover sting in March when he bought a half-pound of methamphetamine for $8,000 in the building center parking lot in Opelousas, authorities said.

He had been targeted by the Drug Enforcement Administration after an informant reported selling methamphetamine to Lavespere, according to court records.

Lavespere has voluntarily surrendered his medical license and has been undergoing drug treatment, according to court records.

"He's admitted to what he's done, and he is sorry for what he did," Lavespere's attorney, Hillar Moore III, said after the plea Monday.

No sentencing date was set immediately.

San Diego County Board Votes To Appeal Medical Marijuana Ruling (AP)

AP, December 12, 2006

SAN DIEGO, (AP) --

The San Diego County Board of Supervisors voted Tuesday to appeal a judge's recent decision to reject the county's challenge to California's decade-old law legalizing marijuana use by the chronically ill.

The county sued California and its health services director in February over a state requirement that counties issue identification cards for medical marijuana users and maintain a registry of people who apply for the cards. San Bernardino and Merced counties joined the suit.

The counties argued that local governments shouldn't be bound to uphold state laws that are weaker than the federal blanket ban on marijuana.

Superior Court Judge William R. Nevitt Jr. ruled last week that county officials would not be breaking federal law by giving out state identification cards.

Marijuana users in California can still be prosecuted under federal drug laws.

Fifty-five percent of California voters approved the law in a 1996 vote. Since then, 10 other states have adopted measures protecting qualified patients from prosecution: Alaska, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington.

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IMMIGRATION:

Immigration Officials Raid Meatpacking Plants (LAT)

By Nicole Gaouette

The Los Angeles Times, December 13, 2006

Washington — Federal officials raided six meatpacking plants across the country Tuesday in the culmination of a 10-month investigation triggered by allegations that illegal immigrants were using the stolen identities of U.S. citizens.

The raids, all at plants operated by Swift & Co., resulted in arrests of workers on immigration violations and some existing criminal warrants, with charges of aggravated identity theft possible at a later date, officials said. The number of arrests was not immediately known. The company was not charged.

The action targeted the use of legitimate Social Security numbers by illegal immigrants -- what Jamie Zuieback, spokeswoman for Immigration and Customs Enforcement, called "a massive identity-theft scheme."

"We believe hundreds of U.S. citizens were affected," she said. "We do see this as a new trend, and the scope of it is very large, and that makes it significant."

In the past, she said, illegal workers had used "false identities, which is different from using stolen identities."

ICE officials did not say whether immigrants had stolen the identities themselves or whether they had purchased them from third parties.

The Bush administration has pushed businesses to use an online verification system that determines the validity of Social Security numbers provided by workers. Business groups were quick to criticize the raids, saying they underscored fundamental weaknesses in the system, known as Basic Pilot, which Swift has employed since 1997.

"This shows their Basic Pilot system does not work," said Angelo Amador, immigration policy director at the U.S. Chamber of Commerce. "Right now it does nothing to protect against identity theft."

Immigrant advocates questioned the efficacy of work-site enforcement efforts that focused on workers, not employers. "It suggests they think they can deal with our immigration problem by going after immigrants one at a time," said Cecilia Munoz of the National Council of La Raza. "It's alarming."

Swift's chief executive, Sam Rovit, said in a statement that the company had checked every employee with Basic Pilot.

"Swift has ... relied in good faith on a program explicitly held out by the president of the United States as an effective tool to help employers comply with applicable immigration laws," he said. "Swift has never condoned the employment of unauthorized workers, nor have we ever knowingly hired such individuals."

In June, a Swift executive told a House Small Business subcommittee about weaknesses in the program, noting that it could identify false numbers but was unable to detect multiple use of the same genuine number.

"The same Social Security number could be in use at another employer and potentially multiple employers across the country," said Jack Shandley, the company's senior vice president for human resources.

The issue of identity theft by illegal immigrants came up in this summer's congressional debate on immigration, with senators taking to the floor to describe stay-at-home mothers who received tax bills because of jobs in other states actually held by illegal immigrants using the women's Social Security numbers.

Swift, a privately owned company based in Greeley, Colo., is the country's third-largest processor of beef and pork, with annual sales close to $10 billion and 15,000 workers in nine plants across eight states.

Tuesday's raids targeted plants in Greeley; Grand Island, Neb.; Cactus, Texas; Hyrum, Utah; Marshalltown, Iowa; and Worthington, Minn. Work at the six plants, which include all of Swift's beef processing facilities and 77 percent of its pork processing facilities, was temporarily suspended. Swift said its ability to resume operations would depend on the number of employees able to return to work.

Raid Targets Illegal Migrants (USAT)

By Donna Leinwand

USA Today, December 13, 2006

One of the world's largest meat processors shut down nearly all of its U.S. operations Tuesday as federal agents raided plants in six states in a crackdown on illegal immigrants who allegedly used stolen identification to get their jobs.

It was unclear how many people were arrested in the raids at Swift & Co.'s headquarters in Greeley, Colo., and its plants in Grand Island, Neb.; Cactus, Texas; Hyrum, Utah; Marshalltown, Iowa; and Worthington, Minn.

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The plants have thousands of workers, and Tuesday's massive roundup — which involved 1,000 federal agents — was one of the U.S. government's largest moves ever against illegal workers.

The raids come eight months after Immigration and Customs Enforcement (ICE) arrested 1,187 illegal workers at plants operated by IFCO Systems, a company that makes pallets.

The Swift probe, which began in February, uncovered a "massive identity fraud scheme" in which illegal workers had "stolen the identity of hundreds of people," ICE Assistant Secretary Julie Myers said. She said agents were interviewing those arrested at the plants to determine whether they should face criminal or immigration charges.

Swift, which has not been charged, denied knowledge of the alleged scheme.

"Swift has never condoned the employment of unauthorized workers, nor have we ever knowingly hired such individuals," Swift President and CEO Sam Rovit said in a statement.

Hours before the raids, Weld County, Colo., District Attorney Ken Buck's office filed 25 arrest warrants at the request of U.S. agents.

The arrest affidavits say about 30 Swift employees used false information to get jobs at the Greeley facility, which has about 2,700 workers.

One of those using a false ID was identified in court papers as Otilio Torres Rivera. The Social Security number and North Carolina ID he offered as proof of legal residence belonged to a man who had died in February 2005, court papers allege. The dead man's sister had filed a complaint with the Federal Trade Commission after a Social Security Administration report wrongly said her late brother was employed at Swift. Court papers did not specify how the dead man's ID was stolen.

In Greeley, about 75 workers' family members and protesters gathered outside the plant, complaining that ICE agents were cruel to arrest workers just before Christmas, Police Chief Jerry Garner said.

Swift said it would reopen its plants after ICE ends its operation, but that production would depend on the number of workers arrested or detained.

The plants raided handle all of Swift's domestic beef processing and 77% of its pork processing.

Illegal Workers Arrested In 6-State ID Theft Sweep (WP)

By Spencer S. Hsu And Krissah Williams

The Washington Post, December 13, 2006

Federal agents targeting illegal immigrants raided meatpacking plants in six states yesterday, arresting hundreds of workers on the uncommon charge of identity theft and shutting down the world's second-largest meat processing company for much of the day.

About 1,000 U.S. Immigration and Customs Enforcement agents with search warrants entered plants owned by Swift & Co., of Greeley, Colo., charging that "large numbers" of workers illegally assumed the identities of U.S. citizens or legal residents by using their Social Security numbers to get work, ICE officials said.

Company and union officials said agents, some dressed in riot gear, locked down six beef- and pork-processing plants early in the morning, segregating workers into groups of citizens and non-citizens after questioning. Some illegal workers were bused to detention facilities hours away, labor officials said.

ICE officials would not say how many people were arrested, pending a news conference today in Washington. About 90 percent of Swift's 15,000 U.S. employees work in three shifts at the plants, company officials said.

The crackdown was another step in the federal government's campaign against illegal immigration, and like some recent raids it targeted job sites, the magnet drawing many of the nearly 12 million illegal immigrants. But the move was unusual for several reasons.

U.S. authorities cast the 11-month investigation as an attack on identity theft, not on typical immigration violations. Swift officials were not charged, despite recent administration vows to get tough on companies as well as workers.

The sweep also highlighted flaws in the main program through which the government helps employers authenticate workers' identification documents, underscoring how weak government ID requirements and poor coordination with the Social Security Administration have frustrated enforcers for decades. Swift has been participating in the program for years.

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Yesterday's raid "shows the weakness of the current system, the ways illegal workers have been able to find employment in the legitimate economy, and the need for enforcement efforts to focus on the work site and not just the border," said Deborah W. Meyers, senior policy analyst at the Migration Policy Institute, a nonpartisan think tank in Washington.

Although many illegal workers by definition commit document fraud to get jobs, the government's use of identity theft charges could reframe the immigration debate for the public and spotlight how sharing Social Security data could fight such abuses, she said.

In a brief teleconference with reporters, Julie L. Myers, assistant secretary of homeland security for ICE, said that "the signal we're intending to send here is, 'We're serious about work site enforcement, and those individuals who steal identities of U.S. citizens will not escape action from us.' " She said the government would also pursue vendors of fake documents, former workers and legitimate residents who sold their Social Security numbers.

Raids took place in plants in Greeley; Grand Island, Neb.; Cactus, Tex.; Hyrum, Utah; Marshalltown, Iowa; and Worthington, Minn.

ICE spokesman Marc Raimondi said investigators will decide whether those arrested will face immediate deportation, prosecution or detention pending other legal proceedings. U.S. officials noted the participation of the Federal Trade Commission, which routinely shares data on identity theft victims with federal and state law enforcement agencies.

In 1998, similar raids at 40 meatpacking plants in and around Nebraska found that nearly 20 percent of workers had invalid documents. The vast majority disappeared before questioning.

Worker advocates condemned yesterday's raids, which came without warning. They advised detainees to remain silent and contact attorneys.

"These actions today by ICE are an affront to decency," said Mark Lauritsen, a spokesman for the United Food and Commercial Workers union, which sought an injunction in court to halt the raids and planned protests around the country. Federal agents essentially stormed plants "in an effort designed to terrorize" workers, he said.

In Grand Island, as many as 250 workers from a shift of more than 600 were detained as two buses and 10 ICE vans sat outside the plant gates, said Mike Mary, spokesman for UFCW 22 Local. From Worthington, Swift workers were bused to South Dakota, said UFCW spokeswoman Jill Cashen.

"This is not a systematic way to address the deep problems plaguing the immigration system," Cashen said.

In an interview, Swift's president and chief executive, Sam Rovit, also criticized the arrests. He said that his firm's practices are similar to those of its competitors and that "everyone in the whole agriculture sector should be worried."

"Swift has played by the rules and relied in good faith on a program explicitly held out by the president of the United States as an effective tool to help employers comply with applicable immigration laws," said Rovit, whose company reported $9.4 billion in sales in 2006. "Swift believes that today's actions by the government . . . raise serious questions as to the government's possible violation of individual workers' civil rights."

Rovit cited promises made by the government to protect employers who voluntarily submit information about workers to a federal program called Basic Pilot, which confirms the authenticity of Social Security numbers against federal databases. Swift has run all new U.S. hires through the program since 1997.

Studies show that Basic Pilot suffers from data errors, has an unacceptably high false-alarm rate and cannot detect fraudulent use of borrowed or stolen Social Security numbers. Congress is hoping to expand the program as part of beefed-up enforcement.

U.S. Raids 6 Meat Plants In ID Case (NYT)

By Julia Preston

The New York Times, December 13, 2006

In simultaneous dawn raids, federal immigration agents swept into six Swift & Company meatpacking plants in six states yesterday, rounding up hundreds of immigrant workers in what the agents described as a vast criminal investigation of identity theft.

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More than 1,000 agents from Immigration and Customs Enforcement appeared at 6 a.m. at the Swift plants with warrants to search for illegal immigrants. Inside, agents separated American citizens from immigrants, interviewing all the foreign workers and taking hundreds away in buses to immigration detention centers.

In a new enforcement tactic, federal officials said they planned to bring criminal charges against some of the immigrants accused of using stolen identities. They said the raids were tied to complaints from United States citizens who discovered that their names were being used by Swift plant workers.

"There are several hundred Americans who were victimized," said Marc Raimondi, a spokesman for the immigration agency, known as I.C.E.

Other immigrants who are found to be living illegally in the United States will be deported, Mr. Raimondi said.

The raids brought protests from Swift, the only business singled out, and from the United Food and Commercial Workers International Union, which organizes employees at five of the six plants.

Sam Rovit, chief executive of Swift, said the company learned of the I.C.E. investigation in March, but had been "rebuffed repeatedly" when it offered to cooperate. Mr. Rovit said the company had participated since 1997 in a federal program known as Basic Pilot, which allows employers to use a federal database to verify documents presented by job-seekers.

"We have complied with every law that is out there on the books," Mr. Rovit said in an interview.

The six plants employ more than 10,000 people, Swift executives said.

Mr. Rovit said the company had been careful to avoid inquiring too deeply into backgrounds of job applicants. He said the Justice Department sued Swift in 2001 charging that it discriminated against immigrant workers. The case was settled for $200,000, a company statement said.

Illegal immigrants frequently use false Social Security cards or residency documents known as green cards when they apply for jobs. I.C.E. officials said the operation focused on immigrants who had obtained documents with identity information corresponding to that of United States citizens, in some cases by buying them from underground organizations that traffic in false documents.

Officials at the union called the operation a "wholesale roundup" and said they would seek injunctions on behalf of the detained workers.

"Worksite raids are not an effective form of immigration reform," said Jill Cashen, a spokeswoman for the union. "They terrorize workers and destroy families."

The immigration agency raided plants in Hyrum, Utah; Greeley, Colo.; Cactus, Tex.; Grand Island, Neb.; Marshalltown, Iowa; and Worthington, Minn.

Ill. Governor To Announce New Benefits For Immigrants (WP)

By Kari Lydersen

The Washington Post, December 13, 2006

CHICAGO, Dec. 12 -- Illinois Gov. Rod Blagojevich (D) will announce on Wednesday a wide-ranging set of measures meant to better integrate immigrants, legal and illegal, into the state's economy, education system and workforce.

The measures are the result of an executive order that Blagojevich signed in November 2005 requiring state agencies to coordinate with community groups, business leaders and religious institutions to better serve immigrant populations.

Key points of the New Americans program include increasing the number of dual-language schools, English-as-a-second-language programs and bilingual staff members at state agencies, as well as providing job training for skilled and unskilled immigrants. The program is described as the first of its kind nationwide.

"It's a fact that immigrants are driving the job market, immigrants are driving the housing market," said Gerardo Cardenas, the governor's spokesman. "So helping them acquire English language proficiency and providing better services, moving them up the job ladder, is strategic for the future of the state."

The measures were developed by a new state agency; a policy council of Illinois business, religious and community leaders; and a national advisory panel that included former Immigration and Naturalization Service commissioner Doris Meissner.

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"The debate going on in our country is focused almost entirely on illegal immigration, but we overlook the fact that there's a very large legal immigration taking place," she said. "It's in our interest as a nation to make sure that process is working well."

About 1.7 million immigrants make up 12.6 percent of Illinois's population and 17 percent of its workforce, according to a recent report by the Illinois Coalition for Immigrant and Refugee Rights. The state has about 425,000 illegal immigrants.

The New Americans program promises health care, education and other state services for illegal and legal immigrants. The program will be publicly and privately funded.

Susan Tully, national field director of the Federation for American Immigration Reform, said the program will put Blagojevich in violation of U.S. immigration law.

"He does not have the right under the Constitution, even as governor of Illinois, to grant benefits to people who haven't been cleared by immigration and customs agents," she said.

CONGRESS-ADMINISTRATION:

Leahy To Promise Justice Dept. Oversight (AP)

By Laurie Kellman, Associated Press Writer

AP, December 13, 2006

Justice Department officials can expect stepped-up oversight of the Bush administration's war on terrorism and — perhaps — some all-expense-paid tickets to Iraq to help train the corrupt police force there, the incoming chairman of the Senate Judiciary Committee says.

Sen. Patrick Leahy's agenda includes a look at about a dozen recommendations by the Iraq Study Group to send law enforcement officials from the FBI and other offices in the Justice Department to the war-torn nation to boost a police force riddled with corruption. Leahy noted that over the weekend that Iraqi police allegedly helped Saddam Hussein's nephew, Ayman Sabawi, escape from a prison near Mosul.

"The police force has proven to be one of the worst failures of the occupation," Leahy, D-Vt., said in remarks prepared for delivery Wednesday. "I look forward to the Judiciary Committee contributing to these efforts by exploring the dozen recommendations relating to the Iraqi justice system and the training of Iraqi police forces."

Leahy did not plan to outline many details of his agenda in the speech at Georgetown University. But he said reclaiming the chairmanship after a brief possession of the gavel in 2001-02 would be a period of "restoration, repair and renewal" after what he termed years of the Bush administration's virtually unchecked power to hunt for terrorists even within U.S. borders.

"This administration has been less and less willing to let us know what they are doing," Leahy said in prepared remarks obtained Tuesday by The Associated Press. President Bush's warrantless wiretapping program and the government's secretive terrorism risk assessments of Americans traveling abroad merit a closer look by his panel, Leahy said.

"Americans' privacy is a price the Bush administration is willing to pay for the cavalier way it is spawning new databanks," he said in the prepared text. "We are way overdue in catching up to the erosion of privacy, and the Judiciary Committee now will help to bring this picture into focus."

Also on the agenda, Leahy said, is a bill he has introduced to crack down on war profiteering in Iraq. The measure would prohibit profiteering and fraud by contractors in connection with a war, relief or reconstruction efforts and set stiff punishments of prison time and fines.

$90K In Freezer, 57%-43% Win (USAT)

USA Today, December 12, 2006

Louisiana has a reputation for embracing political rogues — popular former governor Edwin Edwards is serving a 10-year prison sentence for racketeering — but it was still something of a shock on Saturday when New Orleans voters overwhelmingly re-elected Democratic Rep. William Jefferson.

Jefferson is, after all, the congressman who was found with $90,000 in alleged bribe money in his freezer, making him the object of national ridicule.

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Hometown voters are often the last to believe that a well-liked politician might have sinned, and Jefferson is hardly the first to be re-elected while under a cloud of suspicion. Even so, his victory portends a troubling level of mistrust between Washington and New Orleans that could impede the city's recovery from Hurricane Katrina.

Jefferson's 57%-43% triumph was less surprising inside New Orleans than it was to outsiders. Big Easy voters saw a 16-year House veteran who has been investigated by the FBI for 21 months and humiliated in the press — but never charged with a crime. This in a city where Katrina's scars are visible every day and where voters have ample reason to resent federal agencies, which built the city's levees and then let the mostly black population wait days for help after those levees failed. Jefferson denied wrongdoing and struck a chord with supporters who believed he was persecuted. The government's case "isn't very strong, or they would have indicted him by now," a voter told the local newspaper.

Why the Justice Department's probe is taking so long is indeed puzzling. Jefferson's home was raided in 2005. His former business associate pleaded guilty in May to bribing him. His colleagues kicked him off the Ways and Means Committee in June.

That noted, New Orleanians had ample reason to be wary, and their defiant vote could come back to haunt them. City officials are pressing Washington for dollars New Orleans still desperately needs to rebuild, but scandal has tainted the aid programs, and Jefferson's re-election makes it "very difficult to … ask them to trust us with the money we need here," City Councilman Oliver Thomas said.

No kidding. Americans want New Orleans to recover. They want to help people living in government-issued trailers. They just don't want their tax dollars winding up in public officials' pockets — or kitchen appliances.

They'll now have to look cautiously past that danger to the greater need.

Democrats Consider Outside Ethics Panel (NYT)

By Carl Hulse

The New York Times, December 13, 2006

WASHINGTON, Dec. 12 — House Democrats are seriously exploring the creation of an independent ethics arm to enforce new rules on travel, lobbying, gifts and other issues that Democrats intend to put in place on taking power next month.

Senior party officials said Tuesday that Representative Nancy Pelosi of California, the incoming speaker, had consulted with Representative John A. Boehner of Ohio, the minority leader, on forming a bipartisan group to examine outside enforcement. The goal would be to have the group report back in the spring.

An independent Congressional watchdog, if approved, would be a major break with tradition. Some lawmakers say House and Senate members have sole responsibility for policing themselves when it comes to internal rules.

Some lawmakers have said an independent entity could be unconstitutional.

The Democratic officials, who spoke only if they were not publicly identified because the proposal for the new panel was now being presented to lawmakers, said the prominence of corruption as a concern in the elections last month gave new impetus to such an idea.

“With ethics such a big issue coming out of the election, members see a need to think outside the box,” one senior official said.

Several ideas have circulated about setting up an independent review board. A coalition of House and Senate lawmakers has proposed a professional Office of Public Integrity that would consider and investigate ethics complaints.

Other lawmakers have called for review by a bipartisan group of former members of Congress.

Most believe any independent group would have to work with the existing ethics committee, which is made up of an even number of House Republicans and Democrats and has the power to punish lawmakers up to expulsion.

Similar ideas have run into serious opposition in the past. Most recently, the Senate decisively rejected creation of a public integrity office, a proposal originally included in a package of rules changes instituted last spring.

Senate backers of the public integrity office, including Senators Susan Collins, Republican of Maine; Joseph I. Lieberman, Democrat of Connecticut; and John McCain, Republican of Arizona, renewed their push last week.

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Mrs. Pelosi and other House Democratic leaders have grown more serious about the independent watchdog approach as a way to demonstrate their commitment to enforcement after a string of corruption scandals tied to the former lobbyist Jack Abramoff, a major military contracting case and questions about pet projects included in legislation.

Self-styled Congressional watchdogs have long clamored for independent review of the conduct of members of Congress, saying lawmakers have shown an inability to hold their colleagues accountable in all but the most egregious cases.

For example, the ethics committee report last week on the conduct of former Representative Mark Foley of Florida was attacked. Critics said it documented negligence by the Republican leadership in monitoring Mr. Foley's contacts with teenage pages yet failed to recommend punishment for any of those involved.

The Democratic officials said the idea of independent enforcement of House rules had been gaining momentum before the Foley report and was not directly related to it.

The proposal for the bipartisan group is being developed as part of the House rules package that will be presented as one of the first orders of business when the new Congress convenes on Jan. 4. Some staff members are scheduled to be briefed on it on Wednesday, and Representative James E. Clyburn of South Carolina, the new No. 3 Democrat, is planning to present it to lawmakers in conference calls on Thursday, officials said.

Besides the bipartisan group, Democrats are expected to propose a ban on gifts and meals from lobbyists and organizations that employ them; a prohibition on lobbyists and their employers from planning, organizing, requesting, financing, arranging or participating in travel for members or staff; and a bar to the use of official or campaign money to pay for using corporate jets.

The emerging rules would also require the disclosure of earmarks, the special provisions in bills that lawmakers use to direct dollars to specific projects or favored causes. Lawmakers would also have to certify that any request for such spending is not in their personal financial interest.

After the recent Congressional scandals, the Republican majority began developing its own major changes in lobbying and ethics rules this year. The package stalled because of divisions over the scope of the proposed new restrictions on contacts with lobbyists and the extent of disclosure.

Several leading Republicans have suggested since the election that not following through on the rules overhaul was a significant mistake that contributed to the party's losses.

Mrs. Pelosi and other members of the new leadership, including Representative Rahm Emanuel of Illinois, who ran the party's campaign organization, have indicated that they intend to avoid a similar misstep and have strong party support, particularly from newly elected members.

The Foley Fallout (WP)

By Ruth Marcus

The Washington Post, December 13, 2006

Soon-to-be-speaker Nancy Pelosi is fond of mentioning that she's the mother of five, grandmother of six. The California Democrat should keep that in mind as she reviews the House ethics committee's report on former representative Mark Foley and considers proposals for tougher ethics enforcement.

Pelosi should ask herself: What would she think if the pages whom Foley pursued with his smarmy e-mails and even worse instant messages were her own children?

Would she be satisfied with the ethics committee's conclusion that no House rules were broken by any of the lawmakers or staffers who had ample warning of Foley's problem and failed to do anywhere near enough to stop him? As a parent, does she think that their actions complied with the rule requiring members and staff to conduct themselves "at all times in a manner which shall reflect creditably on the House of Representatives?"

Would a company with a problem like this in its midst conclude an investigation without a single minor disciplinary action against any individual? Would an investigator with more independence have come to the same no-fault conclusion?

It's hard to see how.

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The 89-page report by a special investigative subcommittee of the ethics panel is an oddly schizophrenic document. The facts it lays out and analyzes present a disturbing, even repellent, picture of an institution where political considerations took precedence over the welfare of children. The few people who tried to stop Foley "encountered obstacles in the chain of command that limited their effectiveness," the report says. Most just tried to toss away the hot potato as quickly as possible.

"In all, a pattern of conduct was exhibited among many individuals to remain willfully ignorant of the potential consequences of former Representative Foley's conduct with respect to House pages," it concludes.

Then it absolves any particular individual of any actual rule violation.

One argument against assessing individual culpability is that the report speaks for itself and will produce its own consequences, in the political arena, for those whose behavior fell short. We'll see. But in my experience, the specific facts fade quickly from the public's memory, and the exculpatory bottom line--no violation of House rules -- remains.

In fact, this self-serving spin is already underway. "I am glad the committee made clear that there was no violation of any House rules by any Member or staff," Speaker J. Dennis Hastert proclaimed in a statement. This from a man who, the evidence shows, was warned by at least two people -- Majority Leader John Boehner (R-Ohio) and National Republican Congressional Committee Chairman Tom Reynolds (R-N.Y.) -- and most likely a third, his chief of staff, Scott Palmer, about Foley's conduct.

Boehner testified that, when he raised the subject of Foley's inappropriate e-mails with Hastert, the speaker "said that the matter 'has been taken care of.' " The speaker said he doesn't remember any of these conversations.

Another argument is that the wrongdoing here involved errors of omission -- failures to act to stop the chief offender, Foley himself. This lack of attentiveness, so this argument goes, looks a lot worse in hindsight, with Foley's sexually explicit instant messages revealed.

But anyone paying responsible attention to Foley's behavior -- calling a young male intern in another congressional office; using frequent-flier miles to fly a former page up to visit him; turning up outside the page dormitory; the list goes creepily on -- couldn't have been surprised that he crossed so far over the line.

After all, the House clerk confronted Foley directly 10 times about his inappropriate attention to pages; Foley's chief of staff went to Palmer, Hastert's chief of staff, with a "plea" to help him deal with the "chronic problem with my boss's attention to pages and young staffers." Given all this, the lackadaisical, we-may-have-a-political-problem (or opportunity, in the Democrats' case) response when the matter of Foley's "overly friendly" e-mails came up amounts to gross negligence on the part of at least some of those involved.

Ironically, the committee's performance could be a blessing in disguise for those who believe -- as I do -- that the ethics process ought to be strengthened with some kind of independent investigative arm. As the 110th Congress takes up the ethics mess that the 109th failed to fix, the question of adding an independent ethics enforcement process is going to be front and center.

The ethics committee's performance on the Foley matter reinforces the need for such a change -- and for the new speaker to use her "mother-of-five" voice, loudly and firmly, to get it done.

Dems Keep Jefferson Off Ways And Means (AP)

By Jim Abrams

AP, December 13, 2006

House Democrats, insistent that they will hold lawmakers to higher standards, decided Tuesday that Rep. William Jefferson will not return to an influential committee until a federal corruption investigation involving him is completed.

Speaker-to-be Nancy Pelosi said the Democratic Steering Committee had resolved that Jefferson, who last Saturday won a runoff election in his New Orleans district, will not be given back his spot on the Ways and Means Committee, the panel that determines tax and trade policies.

The Steering Committee also announced new panel assignments for the next session. The full Democratic Caucus must still vote on those decisions.

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At Pelosi's urging, the House last June stripped Jefferson of his committee assignment because of the corruption investigation that included an FBI document asserting that agents had found $90,000 in bribe money in the Louisiana Democrat's freezer.

Pelosi has promised to make lobbying and ethics reform a top priority when she becomes speaker next month, and the Jefferson case has been cited as an early challenge.

Jefferson, the first black member of Congress from Louisiana since Reconstruction, has denied any wrongdoing, and has not been charged with any crime. The Congressional Black Caucus has questioned the idea of punishing him before his legal case has been settled.

While depriving Jefferson of his committee assignment, the Democrats have been mum about another member of the Ways and Means Committee, Rep. James McDermott, who on Monday was admonished by the House ethics committee for violating ethics standards by giving reporters access to an illegally taped telephone call involving Republican leaders a decade ago.

Pelosi must also make a decision about Rep. Alan Mollohan of West Virginia, who is in line to become chairman of an Appropriations subcommittee that oversees the FBI. Mollohan faces questions about personal business deals.

Jefferson also holds a seat on the House Budget Committee. It was unclear if he would retain that seat in the next Congress.

Jefferson, an eight-term incumbent, handily defeated his Democratic opponent in a runoff election despite the controversy over the federal investigation. He was accused of taking bribes from a company seeking contracts in the Nigerian telecommunications market.

After his victory speech Saturday night, Jefferson said: "I don't try to second-guess Ms. Pelosi. I don't go there to work for anyone, I go there to work with the people down here."

Senate Panel Clears Reid On Free Tickets (AP)

By Erica Werner

AP, December 13, 2006

Incoming Senate Majority Leader Harry Reid did not break Senate rules in accepting free ringside seats at boxing matches from the Nevada Athletic Commission, the Ethics Committee has concluded.

The committee disclosed the determination in a Dec. 7 letter to Las Vegas resident Robert Rose, who had filed a complaint on the matter.

The Associated Press reported earlier this year that Reid, D-Nev., attended three Las Vegas fights between 2003 and 2005 without paying, using credentials provided by the Nevada Athletic Commission, a state agency. Reid was supporting legislation during this period to create a federal agency to oversee boxing, something the commission opposed.

The legislation passed the Senate but died in the House.

At the time Reid defended attending the matches, saying it helped him understand boxing regulations, but he acknowledged it didn't look right and said he wouldn't do it again.

Senate rules bar senators from accepting gifts worth more than $50 but make an exception for anything paid for by federal, state or local government. The rules also specify that senators should be wary of accepting any gift where it appears there is a desire to influence official action.

"There is not substantial credible evidence which provides substantial cause for the committee to conclude that a violation within the jurisdiction of the committee has occurred," the committee's chief counsel and staff director, Robert L. Walker, wrote to Rose.

Attendance at the matches "was a matter appropriately left to (Reid's) discretion," Walker wrote. The committee will take no further action and the matter is dismissed, the letter said.

"What can I tell you? That's Washington," Rose said of the decision.

Reid spokesman Jon Summers said: "The letter makes it clear that there wasn't a violation, but Sen. Reid realizes that it didn't look right and he's said that he shouldn't have done it and is not going to do it again in the future."

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OTHER NEWS:

Lawmakers OK Clean-needle Bill (NSL)

By Susan K. Livio, Star-ledger Staff

Newark Star-Ledger (NJ), December 12, 2006

Divided Senate and Assembly approve program after emotional debate

After more than a dozen years and countless hours of impassioned debate, the Legislature yesterday passed a bill to prevent the spread of HIV and AIDS among drug addicts by allowing needle exchange programs in six cities.

Gov. Jon Corzine said he would sign the bill into law quickly.

"The science is clear: Needle exchange programs reduce sharing of contaminated needles, reduce transmission of HIV and hepatitis C and serve as gateways to treatment," Corzine said.

For 13 years, lawmakers have wrestled with the legal and moral paradox of giving addicts syringes to use illicit drugs. Opponents questioned scores of scientific studies, the vast majority of which have found that needle exchanges reduce drug users' exposure to AIDS and do not entice more people to use drugs.

New Jersey is the only state in the country that does not allow drug users access to clean needles, either with a prescription or through community-based needle exchanges.

Sen. Ronald Rice (D-Essex), the most vocal opponent of the bill, pleaded with his colleagues on behalf of his Newark constituents who live with the presence of the drug trade.

"What do we tell senior citizens on South Orange Avenue who are afraid to come out of their homes?" he said.

Rice became animated as he railed against the bill. He called it an "experiment" on people of color -- saying it disproportionately affects minorities -- and compared it to the federal government's infamous Tuskegee experiment, which allowed 400 poor black men to suffer from syphilis without disclosing their diagnosis or providing treatment.

"The end result is the same -- death for a class of minorities and women," Rice said.

Sen. Nia Gill (D-Essex), a sponsor of the bill, said Rice's arguments against it have remained the same over the years, as has New Jersey's grim status: fifth in the nation in HIV and AIDS cases; first in women with the deadly virus, and third in infected children.

"If Newark doesn't want it, Newark doesn't have to have it," Gill said. "We've crafted the bill so it's permissive -- it would let Camden try to save the lives of its people. Why not let them have a chance to save lives?"

Camden, Atlantic City and Paterson have expressed interest in hosting a trial needle exchange program, said Roseanne Scotti, director of the Drug Policy Alliance of New Jersey, one of the bill's supporters.

Sen. Diane Allen (R-Burlington) said she couldn't vote for the bill after speaking to a parent who had lost a child to drug use. She urged her peers to change the bill to ban the use of public funds to support the needle exchange programs.

"We're using taxpayer dollars to send people deeper into the abyss," she said.

After more than two hours of emotional discussion, the Senate approved the bill (S494) 23-16. Minutes later, the Assembly passed the bill 49-27 with four abstentions.

"The action we are taking today will save lives," said Assembly Speaker Joseph Roberts (D-Camden).

After the vote, Corzine reaffirmed his support for the law.

"The bottom line is that this program will save lives," Corzine said. "I applaud the Legislature for getting it to my desk, and I look forward to signing the bill and seeing the program implemented rapidly."

Health and Senior Services Commissioner Fred Jacobs called the vote a "great day for public health in New Jersey" and praised the inclusion of $10 million for drug treatment services.

"Hopefully we will put this behind us and get on with the issue of savings lives," Jacobs said.

Atlantic City health officer Ron Cash, who came to witness the vote in Trenton, said the city already has passed an ordinance permitting the pilot exchange program -- a requirement of the bill -- and could have a syringe access program operating in three to six months.

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"We've tried education, counseling," Cash said. "We just want this as a tool to fight the disease."

Trenton: Legislature Approves Needle Exchange (NYT)

By Richard G. Jones

The New York Times, December 12, 2006

New Jersey, the last state in the union that banned syringe exchanges for intravenous drug users, enacted a law yesterday that provides legal access to clean needles. In separate votes, the General Assembly and the State Senate approved a pilot program in six municipalities, as yet undetermined, in which drug users can turn in dirty needles for sterile syringes. Gov. Jon S. Corzine is expected to sign the bill, known as the Bloodborne Disease Harm Reduction Act, into law. The law also provides $10 million for drug treatment facilities.

Government Appeals Currency Redesign (AP)

AP, December 13, 2006

The Bush administration on Tuesday asked an appeals court to overturn a ruling that could require a redesign of the nation's currency to help the blind.

Justice Department lawyers filed the appeal with the U.S. Court of Appeals for the District of Columbia Circuit on behalf of Treasury Secretary Henry Paulson.

The appeal seeks to overturn a ruling last month by U.S. District Judge James Robertson, who ordered Treasury to come up with ways for the blind to recognize the different denominations of paper currency.

Robertson had ruled in a lawsuit brought by the American Council of the Blind. The council proposed several options for changes, including printing different size bills or changing the texture by adding embossed dots or foil.

Jeffrey Lovitky, an attorney for the council, said he planned to petition the appeals court to reject the appeal until Robertson makes a decision on what remedies the government should pursue. A hearing to hear the government's recommendations is scheduled for next month.

Christopher Gray, president of the council, said that while his group has been lobbying for changes to help the blind since 1995, the government has yet to conduct any feasibility studies of what those changes might cost. He said that during that time, the Bureau of Engraving and Printing has made several design changes to thwart counterfeiters.

"We would be happy to wait until the next change in the bills and build accessibility in at that time," Gray said. "Surely, if you did it that way, the costs can't be anything like what is being claimed by Treasury."

In his ruling, Robertson said that of 180 countries issuing paper currency, only the United States prints bills that are identical in size and color in all their denominations.

He said the current practice violates the Rehabilitation Act, a law that prohibits discrimination on the basis of disability in government programs.

In the government's appeal, Justice Department lawyers argued that visually impaired people are not denied "meaningful access" to money by the way the nation's currency is designed.

They noted the existence of portable reading devices that the blind can use to determine the denomination of paper money. The government said the blind can also use credit cards instead of currency.

The government also argued that Robertson was wrong in ruling that making changes to help the blind would not be unduly burdensome.

Tara Cortes, president of Lighthouse International, another advocacy group for the blind, said the government's decision to fight making changes in the currency was "misguided and harmful to millions."

She said there are 1.3 million people in the United States who are legally blind and there will be millions more in coming years as the baby boom generation ages and more people fall victim to macular degeneration and other diseases that can affect vision such as diabetes.

"While the government may argue that changing the dollar bill will cost billions, it will pale in comparison to the costs of the vision loss epidemic," Cortes said.

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Official: Ex-Reagan Aide Investigated (AP)

By Pat Milton

AP, December 13, 2006

A former top budget official in the Reagan White House is a target of a criminal investigation into possible financial fraud at an auto parts company he headed before it collapsed into bankruptcy, a federal official told The Associated Press.

David Stockman, who rose to prominence as budget director under President Reagan, is the former chairman and CEO of Michigan-based Collins & Aikman Corp.

Federal investigators and prosecutors are preparing a case against Stockman and other corporate officers from Collins & Aikman and expect to soon present the findings to a grand jury in New York City, the official said.

The investigation is focused on whether Stockman and other corporate officers at Collins & Aikman misled investors about the financial health of the company by artificially inflating stock prices. ABC News reported on the case Monday.

The investigation began last summer, the federal official said, speaking on condition of anonymity because the probe is still under way.

Stockman could face charges of securities fraud, mail fraud and wire fraud, the official said.

Stockman's attorney, Elkan Abramowitz, said he did not believe that charges should be brought.

"We have been cooperating fully with both the U.S. Attorney and the SEC," he said. "We strongly believe that no criminal charges should be brought against Mr. Stockman. We have made our arguments orally to the U.S. Attorney. We have been told that they are considering them."

Collins & Aikman spokesman David Youngman declined comment Tuesday.

Collins & Aikman Corp. filed for Chapter 11 bankruptcy protection in 2005. It was formed in 1891 as an upholstery manufacturer and now provides automotive flooring, fabric, instrument panels and other equipment to several automakers around the world.

Stockman, also a former congressman, was Reagan's budget director from 1981 to 1985. He created a storm early in his tenure when he told an interviewer that he thought Reaganomics were a "Trojan horse" for the rich, and predicted huge budget deficits. He said later he was summoned to the White House "woodshed."

Stockman apologized and kept his job until 1985, when he resigned and wrote a book of scathing criticism of Reagan and his top aides.

Scalia, Breyer Debate Unanimity On The High Court (LAW)

By Tony Mauro, Legal Times

Law.com, December 13, 2006

More than once in recent months, Chief Justice John Roberts Jr. has said that one of his goals is to achieve greater unanimity on the Supreme Court -- even if it means deciding cases narrowly.

"There are many cases we get that can be decided on a number of different grounds," Roberts told the conference of the 9th U.S. Circuit Court of Appeals in July. "If there's one where it's 8-1 or 9-to-nothing, and another where it's 5-4, I think it's better to decide on the former ground and let it go at that."

Last week it became clear that the Court is not even unanimous on whether Roberts' goal is realistic or worth striving for.

During a public debate on Dec. 5 co-sponsored by the American Constitution Society and the Federalist Society, Justices Antonin Scalia and Stephen Breyer were asked about Roberts' aspirations.

Scalia started laughing and said, "Lots of luck." More seriously, he said of unanimity, "Of course that's desirable, and I think we work hard to achieve it."

But Scalia went on to suggest that unanimity isn't all that it is cracked up to be. "You can get more agreement by deciding less. If you want to decide almost nothing at all, and decide the case on such a narrow ground that it will be of very little use to the bar in the future, you can get nine votes."

The job of the Court, Scalia continued, is to "help the bar" determine what the rules are in a disputed area of the law. "You want it to take on the big question." Deciding the case on "a little technicality," he said, "won't help the bar at all."

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Breyer then weighed in, also sounding dubious about Roberts' goal. "You don't want nine on an opinion for the sake of getting nine on an opinion."

Before the discussion moved on, Scalia spoke again to clarify his views, "lest I be misquoted or misunderstood." He said, "I am not against narrow opinions. ... There are a lot of good reasons for narrow opinions, but one of them is not to get nine votes. That's all I'm saying."

Breyer and Scalia have debated before, but their conversation on issues of constitutional interpretation and judicial activism before members of the two groups was unusually sharp and lively.

Breyer said the job of judges is to conduct "boundary patrol" between the branches, but it was safe to guess that Scalia thinks Breyer does more than that. Asked by moderator Jan Crawford Greenburg of ABC News whether Breyer was an activist judge, Scalia said with a smile that he would never say that "to his face."

Scalia also confirmed what Court watchers have guessed at for years: that with his bold, sometimes bombastic dissents, he no longer aspires to win over his colleagues or the bar. "I don't hope to persuade you. It's too late for you guys," Scalia said with resignation, adding, "Maybe the next generation."

Google To Let Workers Sell Options Online (WP)

By Sara Kehaulani Goo, Washington Post Staff Writer

The Washington Post, December 13, 2006

Private Auction Is First for a U.S. Company

Google has come up with yet another novel way to reward its employees.

In keeping with its offbeat approach to business, the search-engine firm plans to create an online auction for its 9,000 employees to sell their stock options to financial institutions. The goal is to give workers a new avenue to cash in on Google's stock, which has increased five-fold since the company went public two years ago.

It would mark the first time a U.S. company has created a private Internet auction for stock options. Investment experts called the idea creative and said other firms might follow suit if Google's plan succeeds.

The private online auction is to be managed by Morgan Stanley and accessible only by Google employees and the participating investment banks.

Google executives said the plan is designed partly to help employees understand the value of their stock options, which may be higher than the share price on Wall Street.

"The challenges we have with options we're granting today are the same as any company -- there's very little transparency to employees in terms of the options' value," said Dave Rolefson, Google's equity and executive compensation manager. "We're trying to help employees understand their options are valuable by showing them what someone else might be able to pay for them."

Many companies give stock options as a way to recruit, retain and compensate their workers. Options give an employee the chance to buy stock at a fixed price, often the market price at the time the option was granted, for a specific period of time. If the shares rise, the employee can profit by buying at the lower price and selling at the market price.

Google's stock options proved valuable to its early employees because its shares rose sharply from its initial offering price of $85 to close yesterday at $481.78 on the Nasdaq Stock Market. Some analysts questioned whether Google's share price can continue growing at the same rate, which could mean new employees might not reap the same benefits from options as those earned by people previously hired.

Google's stock options typically vest in full over four years and expire after 10 years. Google has 6.6 million outstanding employee options, some of which are at strike prices at or above the current market value.

Stock options were a hot recruiting tool in the late 1990s, when Internet companies made millions of dollars after going public. Option fever abated after the Internet bubble burst and regulators imposed a new accounting rule that took effect last year, requiring companies to deduct the value of options as an expense. Today, stock options are still common, but some firms have questioned their value.

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"There's been a huge debate as to whether stock options have value, and this settles that debate for me, personally," said Arthur Levitt, former chairman of the Securities and Exchange Commission and senior adviser at the Carlyle Group. "If this develops into a broad market, we have a very interesting way of liquefying the holdings of employees in a very constructive and creative way."

Levitt was among the handful of experts Google briefed about the program in advance under a non-disclosure agreement, which allowed them to talk to reporters who were also briefed.

Google said it plans to start its "transferable stock option" program by April, giving employees access to a private Web site where investment banks approved by the company will be able to bid on options employees want to sell. Options, which must be vested before being offered, would be sold to the highest bidder. Once bought, they cannot be resold and would expire within two years. Senior executives are not eligible to participate.

Google is counting on banks being willing to buy employee stock options as a new way to bet on the future of Google's share price.

Some people might have trouble understanding why Google, a company that pampers employees with free gourmet meals, free dry cleaning, and transportation to and from work in the San Francisco Bay Area, would worry about compensation. Investment experts said Google is addressing a long-term issue that could help it remain competitive with start-ups, where the lure of making a big payout might be stronger.

The program also comes as Google is struggling with a compensation imbalance among employees. A large number of longtime Google employees became millionaires after the firm went public in 2004. Since its workforce has tripled over the past three years, Google now has a large group of workers who must wait out their vesting periods and hope that Google's shares continue to rise during that period.

"What this does is addresses a major employee perception issue," said Ted Buyniski, senior vice president of Radford Surveys and Consulting, a unit of Aon. "Your average employee, if I say you can have an option on a stock at $10 a share or at $500 a share, most of them say give me the $10. They automatically think $10 stock will go to $20 faster than a $500 stock will go to $1,000. The real issue is how fast is the whole company growing. What transferable options do is, they help close that gap between the perceived value of the option and the financial value."

In the short term, Google said it would incur some costs related to setting up the program, but investment experts said they expect little, if any, financial impact on Google's bottom line. Over time, the company may even benefit by reducing the number of options it grants if employees think the private market is adding extra value to their existing options.

Like Google, Microsoft made millionaires of its employees through stock options and once helped them sell their options, but under different circumstances. After Microsoft's stock fell in 1999, many employees were holding worthless options. In 2003, Microsoft created a one-time opportunity for workers to sell their options to J.P. Morgan Chase at a fixed price.

Nell Minow, co-founder of the Corporate Library, an independent corporate governance research firm, expressed skepticism about Google's plan because it seems to defeat one purpose of options -- retaining employees and limiting their opportunities to cash out and join competitors. Minow said Google's plans are "innovative." But in the end, she said, "it's just as likely to encourage people to jump ship on the options than it is to hold onto them."

Other experts disagreed, saying that most employees cash in their options soon after they are eligible anyway and that the new market may enhance loyalty. Google is "being quite forward-thinking in terms of establishing a mechanism that is useful" for valuing options, said Joseph A. Grundfest, a former SEC commissioner and Stanford University law professor.

Google executives said they had extensive discussions with the SEC about their plan and think it complies with federal regulations.

Google Unveils Unorthodox Stock Option Auction (CNET)

By Elinor Mills

CNET, December 12, 2006

Google plans to start an unorthodox stock options program in April that will allow employees to sell their vested options in an online auction, the search giant announced late Tuesday.

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Traditionally, employees have two ways to deal with stock options: exercise (take ownership) of them once they have "vested" and sell them at the current trading price, and pay back the company for their so-called strike price (that's typically the trading price the day the options were granted), or hold on to them after exercising them.

High ImpactWhat's new:

A new Google program will allow employees to sell their vested options in an online auction.Bottom line:

Google execs believe big buyers of Google "options" on the public markets may see auctions as a place to bargain hunt. However, the financial institution buying the options assumes a risk: mainly, that Google's stock will keep going up.

More stories on this topic

This new, Transferable Stock Option program gives nonexecutive Google employees a third option: a secondary market of sorts managed by Morgan Stanley where preapproved financial institutions can bid on vested options. It doesn't apply to options granted prior to the search giant's initial public offering.

For employees who have arrived at Google long after its stock price started to climb, the auction potentially presents a more profitable alternative to trading on the public markets. It would work like this: once an employee's options are vested, he or she can look for bidders in the private auction. A financial institution may offer the employee, for example, $150 per option. If the employee's strike price was $400 and the stock was trading at $500, the employee would have made $50 more per option going the auction route rather than selling them on the public market. Employees can also set a minimum price at which to sell.

So why would a financial institution buy into this? Google execs believe big buyers of Google "options" on the public markets may see this as a place to bargain hunt. But the financial institution buying that option assumes a risk: mainly, that Google's stock will keep going up. To hedge their bets, financial institutions may "short" the stock, usually a complicated, three-way transaction where the short-seller makes money when a company's stock price goes down.

So why is Google doing this? Executives say it's to make things fair for newer employees. The company's stock closed trading Tuesday at $481.78 and, despite its long, upward climb, some justifiably wonder how high the stock price can go and whether the options for newer employees will be worth anything when they vest. Google's employee stock options vest after four years and typically expire after 10 years.

"Our expectation is that banks would be willing to pay employees a premium for the right to continue holding the stock," said Dave Rolefson, equity and executive compensation manager at Google.

Google co-founder Sergey Brin was an early proponent of the auction system, which he saw as a way to improve the fairness of the options system for newer employees whose strike prices are much higher than people even hired shortly before them, said Allan Brown, director of recognition and human resource systems at Google.

Financial experts who have been briefed on the program say it's certainly innovative, but wonder how many Google employees will opt for it rather than rolling with company's seemingly ever-increasing stock price.

"It's very creative and innovative; what you would expect from Google," but it's likely Googlers will choose to sell rather than hold onto options, said Nell Minow, editor at The Corporate Library, an independent research firm specializing in corporate governance. "The question is, given that it would defy the law of physics for this stock to continue to perform at the level it has since the company went public, is the smart money going to go for cashing out more quickly or for holding on?"

But Silicon Valley employees, in particular, "are more used to seeing a $550 stock drop to $10 than rise to $1,000. The perceived value is much less than the financial calculated value," said Ted Buyniski, a compensation consultant at Radford Surveys + Consulting. "This enables Google to close that perception gap."

Google's accounting will not change as a result of the new program, but the amount of stock-based compensation expense will be higher than it would be if not for the program, said Mark Fuchs, chief accountant for Google. The company said it has discussed the program with the Securities & Exchange Commission. News of the Google stock options plan provoked "mild grousing" from one shareholder advocate who said companies should not encourage employees to sell options, or even sell stock in general, in the company because it could lessen the incentive for employees to contribute at their jobs.

Foreign Companies Fare Worse In US Courts (FT)

By Brooke Masters And Francesco Guerrera In New York

DOJ_NMG_0106004

Financial Times, December 13, 2006

Non-US public companies sued in the US are more likely to lose than their American counterparts of similar size facing similar claims, a study of 3,000 corporate defendants has found.

The mere announcement of a US lawsuit also hits non-US companies far harder.

On average, their value dropped $930,000 on the day of the announcement compared with $366,000 for US firms, according to the study by Utpal Bhattacharya, a finance professor at Indiana University.

The study, which will be published next year, looked at lawsuits filed in federal courts between 1995 and 2000 and followed the cases through to final resolution.

The apparent "home court advantage" revealed in the study may heighten foreign companies' concerns over their ability to do business in the US.

Fears of protectionism in the US have increased due to public opposition to foreign takeovers of US companies and rising hostility towards the outsourcing of US jobs to developing countries.

"If it's a foreign firm that gets sued, they lose far more often and they lose higher dollar amounts," Mr Bhattacharya said. "Foreign firms don't think they get a fair shake in US courts."

He said the companies studied were spread across the globe.

The study, co-authored by Bruce Haslem and Neal Galpin, also found more non-US firms were becoming entangled in the US legal system.

In 1995, non-US firms made up 20 per cent of the public company defendants. By the end of the study period, their share had risen to 29 per cent.

Some non-US companies may choose to fight lawsuits that US companies would opt to settle.

"Even if you have US legal counsel, the companies back home don't understand the crazy things that go on here," said Tom Niles, vice-chairman of the United States Council for International Business.

Last year, US lawmakers threatened to block the $18.5bn bid by China's CNOOC for Californian oil group Unocal, which was subsequently bought by Chevron.

This week, Dubai Ports World agreed to sell to AIG the US ports bought as part of February's acquisition of P&O – a divestment forced upon the group by Congressional opposition.

The study "gives empirical backing to the idea that the US legal system is broken," said Linda Kelly, vice-president of the US Chamber of Congress's Institute for Legal Reform.

"It suggests a need for Congress to see what they can do to improve our global competitiveness from a legal standpoint," she said.

FTC Cracks Down On Bogus Business Scams (AP)

By Christopher S. Rugaber

AP, December 12, 2006

WASHINGTON

Scams playing off the well-known brand names of online retailers such as Amazon.com and Overstock.com are among the latest get-rich-quick schemes bilking consumers for millions of dollars, federal regulators warned Tuesday.

As the Federal Trade Commission announced a new crackdown, it also gave some cautionary advice to consumers who are tempted by the lure of easy riches from ads online, in newspapers, magazines and on TV: don't be fooled.

The latest law enforcement sweep, dubbed Project False Hopes, involves more than 100 enforcement actions by the FTC, Department of Justice and other federal and state agencies.

The FTC announced nine new cases Tuesday involving bogus offers to operate vending machines, Internet access kiosks and ATM businesses, among other hoaxes. In four of those cases, consumers lost a combined $30 million.

In one case, a Phoenix-based company called The Results Group charged between $99 and $599 to set up Web sites that were supposedly affiliated with Amazon.com and Overstock.com. Consumers were told that they would make money when

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people purchased products from those companies through the Web sites. The retailers, however, had no involvement in the scam and were unaware of the affiliations, the FTC said. The consumers made no money.

The FTC has filed court papers seeking to shut down the company and recover proceeds it earned from the scam. A phone call to The Results Group was not returned.

In many of the hoaxes, victims paid $15,000 or more for vending machines or other equipment to con artists who promised to find profitable locations for the machines. The hucksters illegally provided false references and false promises that the machines would yield significant income.

One victim said he saw an ad on the History Channel featuring the actor Adam West, who played "Batman" in the 1960s TV series, for a business opportunity placing Internet access kiosks in hotel lobbies and other locations. He called the company, Pantheon Holdings, which promised that it would find high-traffic locations for the machines and provided two references that vouched for the business. The victim paid approximately $26,000 for two of the machines, which were placed in a hotel lobby and store in Colorado, but they were rarely used and made little money. The references turned out to be fake.

"I spent 30 years as a police officer ... and I got took," Doug Stenge of Boulder, Co., told reporters Tuesday.

Overall, Pantheon swindled 700 victims for over $18 million, the Justice Department said. Ten individuals associated with the company have been sentenced to 12 months to 15 years in prison, the department said.

Con artists promoting bogus business opportunities "use promises of big money to lure retirees, work-at-home moms, and others with an entrepreneurial spirit who are looking to supplement their income or perhaps to be their own boss," FTC Chairwoman Deborah Platt Majoras said Tuesday at a press briefing.

Business opportunity scams are widespread. Peter D. Keisler, assistant attorney general for the Justice Department, said that in 2006 the agency secured 23 convictions that led to a total of 160 years of imprisonment for frauds that swindled 4,600 individuals out of $86 million.

The FTC is also stepping up its consumer education efforts, Majoras said, including the use of "teaser Web sites" that mimic scam ads. When consumers click on the sites, they are taken to an FTC site, warning them against scams.

The agency has also developed guidance for newspaper publishers to assist them in rejecting deceptive business opportunity ads, Majoras said.

U.S. Health System Unprepared, Report Says (USAT)

By Mimi Hall, Usa Today

USA Today, December 13, 2006

Defense against flu, bioterrorism comes up short

WASHINGTON — The nation's public health system — the first line of defense against pandemic flu, a bioterror attack or other widespread health emergency — remains woefully unprepared to protect the American public, according to a report out Tuesday.

The annual study by Trust for America's Health found that emergency health preparedness remains inadequate five years after the 9/11 and anthrax attacks of 2001 raised fears of bioterrorism. The study also comes one year after Hurricane Katrina highlighted the need for the government to provide health care quickly when thousands of people are in need.

"The nation is nowhere near as prepared as we should be for bioterrorism, bird flu and other health disasters," said Jeff Levi, director of the trust. "We continue to make progress each year, but it is limited. As a whole, Americans face unnecessary and unacceptable levels of risk."

The report ranked the 50 states and Washington, D.C., on a 10-point system that assessed key indicators, such as whether each state is capable of distributing drugs and antidotes from a national stockpile, whether there are enough hospital beds and nurses to handle a patient surge, and whether states have enough labs and scientists to test for biological threats and other outbreaks.

Oklahoma came out on top — the only state that satisfied all 10 measures.

California, Iowa, Maryland and New Jersey scored lowest with four points out of 10.

The report also found that:

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•The Centers for Disease Control and Prevention (CDC)has determined that only 15 states have been certified as capable of distributing drugs and antidotes from the stockpile.

•Half the states would run out of available hospital beds within two weeks of a moderate pandemic flu outbreak.

•Forty states face a nursing shortage.

•Rates for vaccinating the elderly for the flu decreased in 13 states over last year.

•Four states don't test for the flu year-round, something health officials regard as key to monitoring for a pandemic.

•Eleven states and Washington, D.C., aren't well-equipped to test for biological threats.

Although Congress appropriated $5 billion this year for officials to prepare for a possible pandemic, progress has been too slow, the report said.

"The public believes that more is being done and that we are better prepared than we are," said trust board member Margaret Hamburg, a former New York City health officer and former top official at the federal Department of Health and Human Services. Allowing public health system weaknesses "to persist can lead to serious consequences," she says. "Our systems need to be strengthened."

CDC spokesman Von Roebuck agreed. After decades of neglect, the public health system has improved tremendously since 9/11, he said. But "more needs to be done."

China, US To Hold Talks On Health Care, Diseases (AP)

AP, December 13, 2006

BEIJING (AP)--Rural health care, infectious diseases and an aging population are among key issues the U.S. will bring up with China during talks this week aimed at strengthening cooperation, the top American health official said Wednesday.

Health and Human Services Secretary Mike Leavitt said he would focus on those areas, along with regulatory cooperation and technical exchanges, as part of a high-level dialogue between China and the U.S. that will also address trade, currency and other disputes. Leavitt is part of a Cabinet delegation led by U.S. Treasury Secretary Henry Paulson.

"We're coming to have this dialogue not only because we believe it's good for the Chinese government but because we believe it's good for the United States for China to be a strong, vibrant, integrated, harmonious society," Leavitt told reporters.

"We want to see how we can be helpful because we will benefit economically if China is prosperous and their environment and their health care and their energy ... are sustainable," he said.

Leavitt said rural health care and the financing of medical costs - a challenge to both China and the U.S. - is one of the priority areas he hopes to discuss.

Despite economic progress, China's health services, particularly in rural areas, have failed to keep up. President Hu Jintao's government has promised to increase spending in the countryside, including building up a solid health care system.

Leavitt also said he would discuss China's rapidly graying society, along with the importance of food safety and a safe supply of medicine. Counterfeit drugs and fake foods are common throughout the country and have caused mass illnesses and deaths.

Leavitt was to meet Wednesday with his Chinese counterpart, Health Minister Gao Qiang.

Earlier, he attended an opening ceremony for a collaborative office between the Chinese and U.S. centers for disease control.

The office will focus on infectious diseases like AIDS, tuberculosis, malaria and bird flu, Leavitt said. It is part of a 2005 agreement on health cooperation.

China has been trying to overcome a reputation for foot-dragging in cooperating on investigating emerging diseases such as bird flu and severe acute respiratory syndrome.

While it has launched a more aggressive and open campaign against bird flu, the Ministry of Agriculture has until recently refused to share bird flu samples. Sharing is key in helping health experts track the diseases and ultimately develop vaccines.

DOJ_NMG_0106007

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 13, 2006 7:45 AM EST

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TERRORISM NEWS:

Bipartisan Hill Group Seeks Briefing By FBI (WT)

By Jerry Seper, The Washington Times
The Washington Times, December 13, 2006

A bipartisan coalition of Senate and House members yesterday demanded that Attorney General Alberto R. Gonzales order the FBI to brief Congress on its five-year anthrax investigation, saying its refusal to do so is "unprecedented and inexcusable."

In a letter signed by 33 members of Congress, the coalition described as "inappropriate" a decision by the FBI to refuse congressional requests for information on the investigation and criticized the bureau for a blanket prohibition on anthrax briefings because of concerns over the potential disclosure of sensitive information.

"We're seeing more and more agencies thwart the constitutional responsibility of Congress," said Sen. Charles E. Grassley, Iowa Republican and outgoing chairman of the Senate Finance Committee. He has led the effort to get FBI briefings on the probe. "Unfortunately, the FBI's refusal to provide briefings to Congress following the 2001 anthrax attacks appears to be the rule rather than the exception."

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Rep. Rush D. Holt, New Jersey Democrat who also has been at the forefront of efforts to get information on the anthrax probe, said the attacks had harmed the "heath and livelihoods of my constituents and paralyzed the government and national commerce."

"All Americans deserve to know why this five-year investigation has made so little progress," he said.

The letter comes in the wake of two other attempts by Mr. Grassley and Mr. Holt to get information about the handling of the inquiry, formally known as the "Amerithrax investigation." In response, the Justice Department and the FBI announced a policy against all congressional briefings on the matter.

The FBI's anthrax investigation began in October 2001 after Congress became one of the targets in the first bioterrorist attack on the United States. A letter laced with the deadly bacterium was addressed to Tom Daschle, the South Dakota Democrat who served as Senate majority leader.

Anthrax-tainted letters ultimately killed five persons in the United States and infected 17 others.

The FBI took primary responsibility in the case and has described its probe as one of the largest and most complex in the history of law enforcement. It said recently it has conducted 9,000 interviews and issued 6,000 subpoenas in the case. Nearly 20 FBI agents, working with inspectors from the U.S. Postal Service, continue to pursue the case.

Mr. Grassley, also a senior member of the Senate Judiciary Committee, which has oversight of the FBI, said a detailed examination of the probe may reveal the FBI's "institutional resistance to criticism and dissent." He said many of the resources devoted to the probe were aimed at proving that former Army scientist Steven Hatfill, once identified as a "person of interest" in the investigation, was involved.

The Justice Department has since said that the strain of anthrax used in the attacks was available to a wider circle of people than initially thought.

Among those who signed the letter were Republican Sens. Arlen Specter of Pennsylvania and Trent Lott of Mississippi; and Democratic Sens. Charles E. Schumer of New York, Dianne Feinstein of California, Russ Feingold of Wisconsin and Edward M. Kennedy of Massachusetts, all of whom serve on the Senate Judiciary Committee.

Congress Demands Anthrax Probe Answers (AP)

By John Solomon

AP, December 13, 2006

Thirty-three members of Congress have written Attorney General Alberto Gonzales demanding that the FBI update lawmakers on the investigation into the anthrax attacks five years ago that paralyzed the nation with bio-terror fears.

The bipartisan letter escalates efforts by Sen. Charles Grassley, R-Iowa, and Rep. Rush Holt, D-N.J., to get the FBI to tell lawmakers what it has learned during the five-year case that remains unsolved. The FBI has refused, citing concerns about possible leaks.

The lawmakers said any leakers of prior information about the anthrax case inside the FBI or Congress should be punished but that such concerns do not justify keeping information from lawmakers so they could perform their required oversight of the FBI's performance.

The case remains unsolved five years later.

"As an institution, Congress cannot be cut-off from detailed information about the conduct of one of the largest investigations in FBI history," the lawmakers wrote. "That information is vital in order to fulfill its Constitutional responsibility to conduct oversight."

The letter is signed by members of both parties and members of both chambers of Congress including the outgoing chairman of the Senate Judiciary Committee, Sen. Arlen Specter, R-Pa.

Sen. Patrick Leahy, the panel's top Democrat and its next chairman, was one of the targets of the attacks in fall of 2001, getting an anthrax-filled letter sent to his office.

Bipartisan Group Of Members Demands Anthrax Probe Briefing (RC)

By Paul Kane

Roll Call, December 13, 2006

A bipartisan, bicameral group of 33 Members sent a letter Tuesday to Attorney General Alberto Gonzales demanding that the FBI brief Congress on the status of the five-year-plus investigation into the anthrax attacks that killed five people and shuttered parts of the Congressional campus in October 2001.

The group rejected the FBI's publicly stated reason for refusing to brief Capitol Hill on an attack — namely, fears of leaks about the ongoing probe — as an "inappropriate response to legitimate Congressional oversight."

DOJ_NMG_0106010

While the letter does not mark the first time that Members have demanded a briefing, the broad list of signatories — including several leading Republicans — make its criticisms of the Bush administration Justice Department noteworthy.

Prominent Republicans who signed onto the letter include outgoing Senate Judiciary Chairman Arlen Specter (R-Pa.), who has never been briefed on the investigation since taking over the gavel two years ago, and Sen. Trent Lott (R-Miss.), who is the incoming Minority Whip in the 110th Congress. In addition, Sen. Jim Bunning (R-Ky.) — a close ally of incoming Minority Leader Mitch McConnell (R-Ky.) — signed on, as did Sen. Kit Bond (R-Mo.), an Appropriations Committee member of the panel with control of Justice's annual budget.

"In one of the most important terrorism investigations ever undertaken by the FBI, it is unbelievable to me that Members of Congress, some who were targets of the anthrax attacks, haven't been briefed for years," Sen. Chuck Grassley (R-Iowa), who rounded up the Senate signatures, said Tuesday in a statement.

Rep. Rush Holt (D-N.J.), whose Princeton-based district was where the anthrax letters that went to Congress and media outlets were postmarked, led the effort to secure signatures from 19 House Members, including two Republicans: Reps. Christopher Shays (Conn.) and Chris Smith (N.J.).

Grassley has been a longtime critic of the FBI, but he also secured backing for this letter from six members of the Judiciary Committee, which held an oversight hearing of the FBI last week at which Director Robert Mueller again refused to answer questions about the attacks.

Roll Call reported in October about the blanket briefing ban imposed by the FBI on the anthrax case, prompting Grassley to write his own letter demanding a briefing. On Oct. 31, James Clinger, acting assistant attorney general, wrote to Grassley to again refuse, citing a November 2003 report in the journal Science. That article cited "Congressional sources" for a small piece of the story, that being about the makeup of the variety of anthrax used in the attacks, which left five people dead in a trail from Connecticut to Florida.

"As you know, this remains an active criminal investigation and, in addition, it is the subject of related pending civil litigation," Clinger wrote.

That's a reference to a suit filed by scientist Steven Hatfill, who was publicly identified in 2002 as a "person of interest" in the case by the Justice Department but has never been charged. Tuesday's letter to Gonzales attacks the credibility of the FBI rationale for denying briefing because of alleged leaks, noting that recent revelations appear to confirm that FBI sources leaked information about Hatfill to The New York Times.

"Whether on Capitol Hill or within the FBI, individuals who make inappropriate disclosures should be held accountable," the 33 Members wrote. "However, as an institution, Congress cannot be cut off from detailed information about the conduct of one of the largest investigations in FBI history."

For a copy of the letter, go here: http://www.house.gov/apps/list/press/nj12_holt/121206.html .

Grassley, Holt Lead Effort For FBI Briefing On Amerithrax (RC)

Roll Call, December 13, 2006

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FOR IMMEDIATE RELEASE

December 12, 2006

Contact: Matt Dennis

202-225-5801 (office)

Grassley, Holt Lead Effort for FBI Briefing on Amerithrax

Washington, D.C. --- Senator Chuck Grassley and Congressman Rush Holt today sent a letter to the Attorney General asking for a briefing on the Amerithrax case. The letter was signed by 33 members of Congress.

"Were seeing more and more agencies thwart the Constitutional responsibility of Congress. Unfortunately, the FBI's refusal to provide briefings to Congress following the 2001 anthrax attacks appears to be the rule rather than the exception," Grassley said. "In one of the most important terrorism investigations ever undertaken by the FBI, it is unbelievable to me that members of Congress, some who were targets of the anthrax attacks, haven't been briefed for years."

"The FBI's refusal to brief Congress on this matter is unprecedented and inexcusable," said Rep. Holt. "The anthrax attacks harmed the heath and livelihoods of my constituents and paralyzed the government and national commerce. All Americans deserve to know why this five-year investigation has made so little progress."

The letter comes on the heels of two other attempts by Grassley and Holt to get information about the FBI's handling of the five-year-old Amerithrax investigation. In response to their previous requests, the Justice Department and the FBI announced a blanket policy against all Congressional briefings on the matter.

The members write: "…Congress cannot be cut-off from detailed information about the conduct of one of the largest investigations in FBI history. That information is vital in order to fulfill its Constitutional responsibility to conduct oversight of the Executive Branch."

Call For Anthrax Briefing (HILL)

By Brad Haynes

The Hill, December 13, 2006

Sen. Chuck Grassley (R-Iowa) and Rep. Rush Holt (D-N.J.) are calling for an FBI briefing about its investigation, called Amerithrax, into the 2001 anthrax attacks on Congress.

After previous congressional inquiries, the Justice Department and FBI established a blanket policy against congressional briefings on the subject, citing concerns about leaks of sensitive information.

A letter from Grassley and Holt, signed yesterday by 33 members of Congress, argued that "Congress cannot be cut off from detailed information about the conduct of one of the largest investigations in FBI history."

The letter refers to recent revelations that FBI agents leaked information anonymously to The New York Times as evidence that the agency, rather than Congress, may be more responsible for inappropriate disclosures.

Grassley, a frequent critic of the FBI, called the prohibition on briefings another example of federal agencies' attempts to "thwart" the Constitutional powers of Congress. "It is unbelievable to me that members of Congress, some who were targets of the anthrax attacks, haven't been briefed for years," the senator said in a statement.

Five Years Later, Congress Still Seeking Answers About Anthrax Attacks (AFP)

AFP, December 12, 2006

Some three dozen US lawmakers have sent a letter to US Attorney General Alberto Gonzales demanding answers about the still-unsolved anthrax mail attacks that terrorized Americans five years ago.

US Senator Charles Grassley said past efforts to get answers about the investigation have led nowhere.

"In one of the most important terrorism investigations ever undertaken by the FBI, it is unbelievable to me that members of Congress, some who were targets of the anthrax attacks, haven't been briefed for years," he said Tuesday.

"Were seeing more and more agencies thwart the constitutional responsibility of Congress," Grassley added.

"Unfortunately, the FBI's refusal to provide briefings to Congress following the 2001 anthrax attacks appears to be the rule rather than the exception."

The lawmakers complained of a blanket policy by US federal law enforcement agencies against taking part in congressional briefings on the matter.

"Congress cannot be cut-off from detailed information about the conduct of one of the largest investigations in FBI history. That information is vital in order to fulfill its Constitutional responsibility to conduct oversight of the Executive Branch," the 33 Republican and Democratic House and Senate members wrote in their December 11 letter.

Letters containing anthrax were sent in September and October, 2001 to the offices of a tabloid newspaper publisher in Florida, NBC television's New York offices and to the congressional office of then Senate Majority Leader Democrat Tom Daschle.

Five people ultimately died of anthrax inhalation in the worst bio-terrorism attack in US history.

No one has been charged with the crime.

Defense Employees Set For Another Suit To Halt Mandatory Anthrax Shots (WP)

By Josh White

The Washington Post, December 13, 2006

Six unnamed Defense Department employees are renewing their legal battle to stop Pentagon officials from administering mandatory anthrax vaccinations, claiming that the Food and Drug Administration's approval of the shot was flawed and puts people at risk.

The employees, who are either in the military or are civilian defense workers, argue that they should not be forced to take the vaccine because there is no scientific proof that it is effective for humans and it has potentially lethal side effects, said Mark S. Zaid, a Washington lawyer who plans to file the lawsuit today in the U.S. District Court for the District of Columbia. The class-action lawsuit asks the court to block the Pentagon from inoculating the plaintiffs and to declare that the vaccine was improperly licensed, according to the 22-page filing.

DOJ_NMG_0106012

The case is the latest chapter in a dispute that has lasted several years. It follows a lawsuit by the same group, which led a federal judge to order the mandatory vaccinations stopped in October 2004 on the grounds that an FDA review of the vaccine was insufficient. The anthrax vaccine was then administered on a voluntary basis.

After the FDA reviewed the vaccine again and approved it in December 2005, Pentagon officials announced in October that they would reinstate the mandatory vaccinations for more than 200,000 troops and defense contractors who are assigned to homeland bioterrorism defense or are deployed to Iraq, Afghanistan or South Korea. Cynthia Smith, a Defense Department spokeswoman, said yesterday that the mandatory program has yet to restart as officials work on implementation plans.

"We've always thought it was safe and effective," Smith said. "It's necessary to keep people safe in those areas."

Zaid said that the new lawsuit is being filed because the Pentagon chose to make the program mandatory again. He argues that defense officials should allow service members and civilian employees to choose whether to take the shot after they are informed about its risks.

"We've never been anti-vaccine, we're just against them forcing people to take it," Zaid said. "This vaccine is just completely unscientifically justified based on its effectiveness or necessity."

William Winkenwerder Jr., assistant secretary of defense for health affairs, said in a news conference in October that it was necessary to make the program mandatory because only about 50 percent of those who officials believe should have the vaccine were volunteering to take it.

"This rate of vaccination not only put the service members at risk but also jeopardized unit effectiveness and degraded our medical readiness," Winkenwerder said, according to a transcript.

General Foresees 'Generational War' Against Terrorism (WT)

By Bill Gertz, The Washington Times

The Washington Times, December 13, 2006

The American people need to prepare for a long-duration war against radical Muslims who are set to fight for 50 to 100 years to create an Islamist state in the region, a top Pentagon strategist in the war on terror says.

Air Force Brig. Gen. Mark O. Schissler said in an interview that the current strategy for fighting Islamists includes both military and ideological components that make it similar to the 40-year Cold War against communism.

"We're in a generational war. You can try and fight the enemy where they are and where they're attacking you, or prevent them and defend your own homeland," said Gen. Schissler, deputy director for the war on terrorism within the strategic plans office of the Pentagon's Joint Staff.

"But that's not enough to stop it. We've got to break the chain, and that's ... the ideology. We really need to show the errors in Islamist extremist thinking."

Gen. Schissler said he is concerned that Washington politics is weakening the will of the nation.

"I don't care about the politics. I care about people understanding the facts of what's our enemy is thinking about, what's our strategy to defeat them, and for [Americans] to understand that it will take a long fight, mostly because our enemy is committed to the long fight," he said. "They're absolutely committed to the 50-, 100-year plan."

"One of my concerns is how to maintain the American will, the public will over that duration," he said.

America's past wars lasted three to four years and sustaining support for longer wars "is very difficult," he said.

A Joint Staff briefing on the long war against terrorism states that since 2001, more than 3,000 al Qaeda terrorists are held in more than 100 nations, including 500 in Pakistan, while two-thirds of al Qaeda leaders are dead or in prison.

More than 17 terrorist attacks were disrupted since 2001, including three in the United States and two in Europe.

Al Qaeda's ultimate goal, the general said, is to set up an extremist "caliphate" stretching from western North Africa through southern Europe and along a path through the Middle East to Central and Southeast Asia.

"We're pretty convinced that the extremists are not ever going to give up the fight," Gen. Schissler said, noting that they are driven by the concept of jihad that makes it a religious duty to wage terrorist war.

The current war on terrorism requires fighting with ideas. In the Cold War, "we didn't beat ...the communists by militarily taking them to the battlefield," he said. "We took them to the intellectual battlefield and beat them against their ideas, the ideology of communism."

One goal is to disrupt al Qaeda efforts to "radicalize" young people ages 19 to 25 through educational efforts. Another objective is to assist moderate Muslims who see extremism as unacceptable.

Ultimately, Muslim scholars, clerics and other religious and government leaders will have to "take a stand," albeit one that carries grave risks because of the extremists' harsh methods, Gen. Schissler said.

DOJ_NMG_0106013

PATRIOT ACT:

Patriot Act Focus Of Muslim Charity Case (AP)

AP, December 13, 2006

Attorneys for the U.S. Justice Department may intervene to defend the Patriot Act in a federal case involving an Islamic charity, court documents show.

The charity, Life for Relief and Development, was raided by federal agents in September and sued Comerica Bank last month, saying it violated the its civil rights by planning to close its accounts.

The charity also seeks an injunction to stop Comerica from giving other banks any information it might have about the organization. The charity is challenging the constitutionality of a section of the Patriot Act, which allows financial institutions to share information about suspected money laundering or terrorist activity.

Comerica had told the charity that it planned to terminate the accounts Nov. 15, but it granted an extension.

Justice Department attorneys filed a notice this month saying they may "intervene in this action to defend the constitutionality" of that section of the law, the Detroit Free Press reported Tuesday.

FBI Director Robert Mueller said during an appearance in Detroit Tuesday that he couldn't comment on the investigation.

FBI agents assigned to a terrorism task force searched Life's offices on Sept. 18, seizing computer servers, donor records and other financial documents. They also searched the homes of the charity's chief executive, an ex-employee and two board members.

The FBI would not say what agents were looking for, but charity officials have said it might be related to relief work the group did in Iraq.

No charges have been filed.

66% Think U.S. Spies On Its Citizens (WP)

By Dan Eggen

The Washington Post, December 13, 2006

Two-thirds of Americans believe that the FBI and other federal agencies are intruding on privacy rights as part of terrorism investigations, but they remain divided over whether such tactics are justified, according to a Washington Post-ABC News poll released yesterday.

The poll also showed that 52 percent of respondents favor congressional hearings on how the Bush administration has handled surveillance, detainees and other terrorism-related issues, compared with 45 percent who are opposed. That question was posed to half of the poll's 1,005-person random sample.

Overall, the poll -- which includes questions that have been asked since 2002 and 2003 -- showed a continued skepticism about whether the government is adequately protecting privacy rights as it conducts terrorism-related investigations.

Compared with June 2002, for example, almost twice as many respondents say the need to respect privacy outranks the need to investigate terrorist threats. That shift was first evident in polling conducted in January 2006.

That sentiment is still a minority view, however: Nearly two-thirds rank investigating threats as more important than guarding against intrusions on personal privacy, down from 79 percent in 2002.

Bruce Hoffman, a terrorism expert who is a professor in Georgetown University's Security Studies Program, said the poll results could spell trouble for the FBI and other government agencies as they continue to seek support for expanded anti-terrorism powers granted after the Sept. 11, 2001, attacks.

"I don't think you can view these polling results in isolation from an overall phenomenon, which is that people are more skeptical of the government's conduct of the war on terrorism," Hoffman said.

Sixty-six percent of those questioned said that the FBI and other agencies are "intruding on some Americans' privacy rights" in terrorism investigations, up from 58 percent in September 2003. Thirty percent think the government is not intruding on privacy.

Support for intrusive tactics has dropped even more significantly during that time. A bare majority, 51 percent, feel the tactics are justified, down from 63 percent three years ago.

The poll was conducted by telephone from Dec. 7 through Monday, and the results have a three-percentage-point margin of error.

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HOMELAND RESPONSE:

Terror Case Shows Bush, Libertarian Rift (AP)

By Matt Apuzzo

AP, December 13, 2006

Prominent conservative lawyers joined liberal colleagues Tuesday in opposing Bush administration anti-terror tactics, arguing that an immigrant held as an enemy combatant has a right to seek his freedom in court.

The legal brief, filed in the case of suspected al-Qaida sleeper agent Ali Saleh Kahlah al-Marri, argues that a new military commissions law is unconstitutional.

The argument has been made in this and other detainee cases, but Tuesday's brief is notable for the bedfellows created by the politics of anti-terrorism. Staunchly Democratic law school deans Harold Koh of Yale and Laurence Tribe of Harvard were joined by lawyers such as Steven Calabresi, who served in the Reagan and first Bush administrations and helped found the conservative Federalist Society.

"It shows the phrases 'conservative' and 'libertarian' have less overlap than ever before," said Richard A. Epstein, a University of Chicago law professor and Federalist Society member who signed the brief. "This administration has lost all libertarians on all counts."

Of the 29 professors signing the brief, David L. Shapiro, a deputy solicitor general during the first Bush administration, joined Calabresi and Epstein as the most prominent names with conservative ties. Others were outspoken Democrats and some weren't politically active.

In June, the Supreme Court said the Bush administration's handling of detainees violated U.S. and international law. Bush then pressed for, and got, a new law that he said would help the government prosecute terrorists.

The Military Commissions Act allows the military to hold detainees indefinitely and strips them of the right to challenge their imprisonment in U.S. courts. The Justice Department did not immediately have a comment Tuesday night but has defended the law as a constitutional and necessary tool to combat terrorism.

Like the warrantless wiretapping program and the Patriot Act, the law has divided conservatives. Some say the president must have the power to act in times of war and that detaining enemy combatants is the only way to ensure they won't return to the battlefield. Supporters of the law say the detainees are more like prisoners of war than criminal defendants.

Civil rights groups and conservatives with a libertarian viewpoint see the law as a government infringement on personal freedom.

"This involves the executive branch changing the rules to avoid challenges to its own authority," Koh said Tuesday. "Serious legal scholars, regardless of political bent, find what the government did inconsistent with any reasonable visions of the rule of law."

Epstein, who said he regards Koh as "mad on many issues," said the al-Marri case is "beyond the pale."

"They figured out every constitutional protection you'd want and they removed them," Epstein said.

Al-Marri is the only enemy combatant known to be held in the United States, where immigrants normally have the right to use U.S. courts to question the legality of their detention.

Al-Marri was arrested in 2001 while studying in the United States. He had faced criminal charges until authorities designated him an enemy combatant and ordered him held at a naval base in South Carolina.

The 4th U.S. Circuit Court of Appeals in Richmond, Va., is considering al-Marri's case. Clinton administration Attorney General Janet Reno warned the government's argument in the case could set a dangerous precedent.

Jonathan Hafetz, an attorney with the Brennan Center for Justice who is handling the al-Marri case, said it brings up issues about what the framers of the Constitution intended — something libertarians and judicial conservatives often look to.

The al-Marri case, along with two cases before a federal appeals court in Washington, are likely bound for the Supreme Court, where its fate could be decided by whether the court's conservative justices prove to be libertarians on this issue.

Fear 'As Bad As After 9/11' (USAT)

By Rick Hampson, Usa Today

USA Today, December 13, 2006

DEARBORN, Mich. — The Arab Muslims who came here eight decades ago to work on Henry Ford's new assembly line believed their American future was limitless. But after five years on the home front in America's war on terrorism, many of their descendants are hunkering down, covering up and staying put.

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In this and similar enclaves, like those in northern New Jersey and Brooklyn, many Arab Muslims say their community is turning in on itself — shying away from a society increasingly inclined to equate Islam with terrorism.

"It's as bad as after 9/11," says Rana Abbas-Chami of the Michigan American Arab Anti-Discrimination Committee. "A lot of people are scared. They've changed how they do things."

Some stay put. They don't like to fly, cross the border with Canada or shop at malls outside the city. "It's a feeling that if you go too far outside Dearborn, anything can happen," says Osama Siblani, a local newspaper publisher.

Some blend in. They Anglicize their names (Osama Nimer, electrician, is now Samuel Nimer) or change them (Mohammad Bazzi, nurse, is Alex Goldsmith). They trim their beards. In public, they speak English instead of Arabic. They display the flag. They wear the Tigers cap.

Some lie low. They won't contribute to a Muslim charity, at least not by check, and not if it works overseas. They watch what they say, especially on the phone. They think twice before trying to rent a truck, get a hunting license or take a flying lesson.

Some regard Dearborn, center of the nation's largest Arab Muslim community, as an island of security; others see it as a potential trap.

After the Japanese attack on Pearl Harbor in 1941, fears of domestic sabotage led to the internment of Japanese-Americans. Some Arab Muslims wonder if it could happen again — especially if there's another domestic terror attack. People here speculate about spies and informers in their midst; government eavesdropping and surveillance; and, if there's another 9/11, concentration camps.

These themes emerged repeatedly in USA TODAY interviews with about two dozen Arab Muslims around the nation.

After the terror attacks in 2001 — the work of 19 Arab Muslims who'd moved around the country — Arab Muslims living here hoped things would slowly return to normal. Then came prolonged, messy wars in Afghanistan and Iraq; post-Sept. 11 security initiatives such as the Patriot Act; al-Qaeda train bombings in London and Madrid; war between Israel and Hezbollah in Lebanon.

Michael Suleiman, a Kansas State University political scientist, says that discrimination against Arab Muslims is virtually inevitable given a government determined to prevent another 9/11 and a populace barraged by images of violence in Iraq and denunciations of what President Bush has called "Islamic fascism."

Now Arab Muslims — even those never questioned by the FBI, hassled by the boss or heckled by the jerk in a passing car — feel more vulnerable than ever.

"Each crisis makes it more difficult. They're always insecure," Suleiman says. "They ask, 'When is it we actually become Americans? When is the hyphen dropped?' "

Reports of anti-Muslim incidents in the nation jumped 30% last year, according to the Council on American-Islamic Relations, which blames a "negative and politically charged" environment on the Internet and talk radio. The 1,972 complaints of harassment, violence and discrimination were the most since CAIR began totaling incidents in 1995.

Americans seem unsympathetic. Thirty-nine percent say they harbor at least some prejudice against Muslims, according to a USA TODAY/Gallup Poll earlier this year. The same percentage favor requiring U.S. Muslims — citizens included — to carry special IDs. About a third say U.S. Muslims sympathize with al-Qaeda.

Political leaders have given voice to such worries. In a campaign letter this fall, Rep. Peter King from Long Island — generally viewed as a moderate Republican — accused American Muslim leaders of insufficiently denouncing the 9/11 attacks. In the past, he has said that 85% of U.S. mosques have "extremist leadership."

Everyone has a story

In heavily Arab east Dearborn, almost everyone — from the greenest immigrants to fourth-generation Americans who've never been to the Middle East — has a story, or knows someone who does.

Stories like that of Farooq Al-Fatlawi, a bus passenger en route to Chicago, who was put off with his bags in Toledo after he told the driver he was from Iraq.

Other cases this year have attracted national attention:

Bay Area civil rights activist Raed Jarrar was barred from a plane for wearing a T-shirt that said "We will not be silent" in Arabic and English.

Six imams seen praying in a Minneapolis airport terminal were later removed from their flight after a passenger passed a note to a flight attendant saying that the men acted suspiciously on board.

The imams, who were handcuffed, questioned and released, have denied the accusations; five are seeking an out-of-court settlement with US Airways. The airline says the crew acted properly in having the imams removed from the flight.

Keith Ellison, the first Muslim elected to Congress, has been vilified for planning to take a ceremonial oath of office on a Quran.

DOJ_NMG_0106016

Arab Muslims interviewed by USA TODAY say other Americans must understand that they pray five times a day, if necessary at work or on the road; they must give alms to the poor and are hard-pressed to do so when the government closes Islamic charities; women's head scarves and men's beards are signs of religious fidelity, not defiance of American custom.

And this: No one has more to lose from another terror attack than Arab Muslims.

What intimidates some galvanizes others — to vote, to speak out and to demand the American freedoms extolled by Franklin Roosevelt and Norman Rockwell. The result is a communal split personality, says Imad Hamad of the Anti-Discrimination Committee: "We are in limbo."

Daniel Sutherland, head of the civil rights division of the Department of Homeland Security, acknowledges the complaints from Arab Muslims. He says fighting terrorism while respecting civil rights involves "difficult challenges."

But Sutherland says the government needs the help of U.S. Arab Muslims to fight terrorism at home: "Homeland security isn't gonna be won by people sitting in a building inside the Beltway."

Contributing: Tamara Audi of the Detroit Free Press

Va. Is Ready For Most Health Emergencies, Report Says (WP)

By Mary Beth Sheridan

The Washington Post, December 13, 2006

Maryland is one of the lowest-ranked states in the country in terms of preparedness for health emergencies such as bioterrorism or pandemic flu, but Virginia is among the 14 best-prepared states, according to a report issued by a health advocacy group yesterday.

The study by the Trust for America's Health, a nonpartisan group, also gave poor marks to the District's level of preparedness.

The group's fourth annual report found that the country is not nearly as ready as it should be for bioterrorism, bird flu and other health crises.

"We continue to make progress each year, but it is limited," said the group's director, Jeff Levi, a former deputy director of the White House Office of National AIDS Policy. "As a whole, Americans face unnecessary and unacceptable levels of risk."

District health officials took issue with the report, saying that it is unfair to compare a city with concentrated poverty to entire states. In addition, the report did not measure the D.C. Health Department's experience in dealing with anthrax and major events such as presidential inaugurations, officials said.

"It gives a misleading picture," said Gregg A. Pane, director of the D.C. Health Department.

Matthew Minson, a senior official in the Maryland Health Department, said he did not want to comment on the report's findings without more access to the data it used. But, he said, Maryland has made "substantial improvement" on preparing for health disasters. He also said he was "pleased" with confidential evaluations that Maryland had received from the Centers for Disease Control and Prevention.

This year's report puts greater emphasis on pandemic flu, which occurs when an influenza virus mutates into a potentially deadly version that can be transmitted between humans. Concerns about a possible pandemic have grown as avian flu has spread from Asia, with some cases of transmission to people.

The report found that half of all states -- including Maryland and Virginia -- would run out of hospital beds within two weeks of a moderately severe pandemic flu outbreak. The District is in better shape: About two-thirds of its hospital beds would be filled in that period, according to the study.

But the District fared more poorly in another key area -- flu shots. They are viewed as an indicator of how well a state is prepared for an emergency that would require distribution of vaccines.

Only 58 percent of D.C. residents 65 or older got the annual shots in the 2003-2005 period, the second-lowest percentage in the nation after Nevada, the report said. In Virginia, 68 percent got the shots; 64 percent in Maryland got them.

"The vaccination rate is a reflection of underlying problems in the health-care system," Levi said. "Why are we not reaching people in the way we ought to be?"

Another troubling sign, he said, was the number of states that hadn't achieved a top grade for their plans to distribute vaccines and supplies from the federal government's Strategic National Stockpile. Only 15 states, including Virginia, are at the highest level, according to the report, which uses data from the CDC. Neither Maryland nor the District scored at that level.

"Most states . . . are still not able to deliver medications or medical supplies in a rapid enough way to respond to an emergency," Levi said.

Pane, the D.C. health director, said the District had obtained the CDC's highest rating -- "green" -- but subsequently lost it because it didn't keep up with some of the requirements.

"We have the capability and the experience" to distribute medication during an emergency, he said.

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As for the vaccination rate, he noted that the District had inoculated nearly all schoolchildren. The elderly "can be an underserved and hard-to-reach population," he said.

Virginia got passing grades on eight of the 10 indicators in the study; the District had five; and Maryland had four, ranking it at the bottom with California, Iowa and New Jersey. The indicators also measured whether states and the District had enough nurses and lab capacity and were maintaining levels of public health spending.

Three years ago, Maryland was ranked among the best prepared states by the Trust for America's Health, which at that time focused more on readiness to confront a bioterrorism attack. Maryland got a lower score this time, in part because of its vaccination rates and nursing shortage.

The report's authors said they compared the District to a state because that's the way U.S. health authorities treat it for grants and for rating its preparedness to distribute emergency medicine.

Lisa Kaplowitz, a top official in Virginia's Health Department, said the state government is working on the two indicators that Virginia missed: having enough nurses and hospital beds for a crisis.

"I certainly don't want people to think we have resolved all the issues . . . but we're much, much better off than we were in 2002 and 2003," she said.

Note: The report is online athttp://healthyamericans.org

WAR NEWS:

White House To Delay Shift On Iraq Until '07 (NYT)

By Jim Rutenberg And David E. Sanger

The New York Times, December 13, 2006

WASHINGTON, Dec. 12 — The White House said Tuesday that President Bush would delay presenting any new strategy for Iraq until early next year, as officials suggested that Mr. Bush's advisers were locked in internal debates on several fronts about how to proceed.

The absence of an immediate new American plan for Iraq is adding to anxiety among Iraq's moderate neighbors, who identify with the country's minority Sunni Arab population, and has opened the way for new proposals from many quarters, in Iraq as well as in Washington, about the next steps. But several administration officials said Mr. Bush had concluded that the decisions about troops, political pressure and diplomacy were too complicated to rush in order to lay out a plan to the nation before Christmas.

The White House decision prompted criticism from Democratic Congressional leaders and from at least one Republican senator who said Mr. Bush was failing to show sufficient urgency about Iraq despite months of escalating violence there.

The Iraq Study Group's report last week portrayed the situation in Iraq as "grave and deteriorating," and on Tuesday alone, 70 Iraqis were killed and more than 200 wounded in a truck-bomb attack in a central Baghdad square. [Page A14.]

Among the complicated debates under way within the administration is the question of whether the United States should dispatch more American troops to Baghdad as part of a short-term surge aimed at quashing such attacks. The idea of a surge has been raised repeatedly by Stephen J. Hadley, the national security adviser, but has prompted skepticism from commanders on the ground about its effectiveness.

Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, is not expected to advocate a surge when he briefs Mr. Bush at the Pentagon on Wednesday. A White House official said Mr. Hadley was only keeping options open for the president and not necessarily advocating one over another.

A central thrust of the discussions at all levels of the administration is how to pressure Prime Minister Nuri Kamal al-Maliki to move faster to provide basic services and quell sectarian violence — some of which stems from his powerful supporter, the radical Shiite cleric Moktada al-Sadr — and whether to force him to meet certain benchmarks or face penalties and rewards, also to be determined.

The administration is also debating whether to back a Shiite government in the conflict with the Sunnis, or to seek a new strategy for national reconciliation between Sunni and Shiite factions that would be intended to expand the political base of Mr. Maliki, at Mr. Sadr's expense.

Some members of the administration, including some in Vice President Dick Cheney's office, have argued that the administration needs to provide clear support to a strong Shiite majority government, but the State Department, led by Condoleezza Rice, views that as a recipe for perpetual civil war. Ms. Rice has instead advocated a proposal intended to woo centrist Sunni leaders to Mr. Maliki's side, including provincial leaders. One senior administration official said reports of internal arguments on this issue were "overblown" because "everyone believes in national reconciliation."

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The internal administration discussions were described by officials from the Pentagon, the State Department, the White House and outside the administration who had been briefed on the deliberations. None of them were willing to be identified, but they represented various points of view in the debate.

Mr. Bush consulted by videoconference on Tuesday morning with top American commanders in Baghdad, and the White House announced shortly afterward that the strategy would be made known later than previously announced.

In an interview, Senator Chuck Hagel, the Nebraska Republican who is often critical of the president's war policy, called the delay "unpardonable" and added: "Every day that goes by, we are losing ground." Senator Harry Reid of Nevada, the Democratic leader in the Senate, said in a statement, "Waiting and delaying on Iraq serves no one's interests."

A senior administration official said Mr. Bush had decided over the last two days to prolong the deliberations based on a concern that a pre-Christmas announcement might quickly be overtaken by events. That happened to Mr. Bush in late 2005 after he used a series of speeches to unveil a "Plan for Victory" in Iraq.

"The president knows he's got only one shot at this speech," said a senior administration official involved in the debate. "He didn't want to make half-way announcements."

Tony Snow, the White House press secretary, said the administration was continuing to "whittle away at options" and seeking more information from advisers, but already had a clear idea of the general outlines of his new approach. Mr. Bush also wanted to allow more time for Robert M. Gates, the incoming defense secretary, to weigh the military options he will ultimately have to carry out, the spokesman said. But Mr. Snow acknowledged that the debate continued.

"Look, there is one camp — it is the camp that works for the president," Mr. Snow said. "Now, people are going to have disagreements, and there may be some areas on which there are still going to be debates, but most have kind of been ironed out. I would not rule out the fact that there may be some discussion on some points."

Several officials said the administration was currently leaning away from a plan advocated by some in Mr. Cheney's office in which the United States would effectively choose sides and direct outsized support to Iraqi Shiites at the expense of the Sunnis. Some administration officials say the discussion about tilting toward Shiites may be intended in part to put pressure on Sunni leaders who might crack down on extremists within their ranks to pre-empt any such policy change.

Ms. Rice has instead advocated propping up moderate Sunnis and encouraging them to support Mr. Maliki. As part of that approach, the United States would work with Sunni tribal leaders who have become disenchanted with the Sunni insurgency, a move long advocated by Saudi Arabia.

Mr. Bush met Tuesday with the Iraqi vice president, Tariq al-Hashemi, an influential moderate Sunni who would presumably be part of the coalition supporting Mr. Maliki. That meeting was initially planned for next month but the White House said Mr. Hashemi had requested an earlier visit.

American officials regard security in Baghdad as essential to political and economic stability, but there continues to be debate between those who support giving Iraqis the lead in combating sectarian violence and those who do not, and those who support a large surge of forces in Baghdad and those who do not. "Some believe there needs to be a visible demonstration of our commitment," a senior administration official said. But another official who does not support a surge said "the mission in Iraq requires strategic patience and the realization that it is going to take time to get it right."

Pentagon's Plan: More U.S. Troops In Iraq (LAT)

By Julian E. Barnes,

The Los Angeles Times, December 13, 2006

Boosting presence and aid, and an anti-Sadr offensive, carry risks but offer the best path to victory, military officials say.

WASHINGTON — As President Bush weighs new policy options for Iraq, strong support has coalesced in the Pentagon behind a military plan to "double down" in the country with a substantial buildup in American troops, an increase in industrial aid and a major combat offensive against Muqtada Sadr, the radical Shiite leader impeding development of the Iraqi government.

The Joint Chiefs of Staff will present their assessment and recommendations to Bush at the Pentagon today. Military officials, including some advising the chiefs, have argued that an intensified effort may be the only way to get the counterinsurgency strategy right and provide a chance for victory.

The approach overlaps somewhat a course promoted by Sen. John McCain (R-Ariz). But the Pentagon proposals add several features, including the confrontation with Sadr, a possible renewed offensive in the Sunni stronghold of Al Anbar province, a large Iraqi jobs program and a proposal for a long-term increase in the size of the military.

Such an option would appear to satisfy Bush's demand for a strategy focused on victory rather than disengagement. It would disregard key recommendations and warnings of the Iraq Study Group, however, and provide little comfort for those fearful of a long, open-ended U.S. commitment in the country. Only 12% of Americans support a troop increase, whereas 52% prefer a fixed timetable for withdrawal, a Los Angeles Times/Bloomberg poll has found.

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"I think it is worth trying," a defense official said. "But you can't have the rhetoric without the resources. This is a double down" — the gambling term for upping a bet.

Such a proposal, military officials and experts caution, would be a gamble. Any chance of success probably would require major changes in the Iraqi government, they said. U.S. Embassy officials would have to help usher into power a new coalition in Baghdad that was willing to confront the militias. And the strategy also would require more U.S. spending to increase the size of the U.S. military and for an Iraqi jobs program.

Defense officials interviewed for this article requested anonymity because the deliberations over the Pentagon's recommendations were continuing and had not been made public.

"You are dealing with an inherently difficult undertaking," said Stephen Biddle, a military analyst called to the White House this week to advise Bush. "That doesn't mean we should withdraw. But no one should go into this thinking if we double the size of the military, the result will be victory. Maybe, but maybe not. You are buying the opportunity to enter a lottery."

The wild card in the Pentagon planning is Robert M. Gates, due to be sworn in Monday as Defense secretary. Gates had breakfast Tuesday with Bush and will participate, along with outgoing Defense Secretary Donald H. Rumsfeld, in today's meetings.

Bush is collecting recommendations from his administration this week as he crafts his strategy for Iraq. But some defense officials say Gates may seek more time to weigh other options. And before endorsing an increase in combat forces, Gates may press commanders in Iraq for assurances that U.S. forces can hold off an escalation of the sectarian civil war.

"This is the big moment," said the defense official. "It is enormously important for the new secretary of Defense to revisit what the overall objective is ... and what is needed to achieve that."

Some military officers believe that Iraq has become a test of wills, and that the U.S. needs to show insurgents and sectarian militias that it is willing to stay and fight. "I've come to the realization we need to go in, in a big way," said an Army officer. "You have to have an increase in troops.... We have to convince the enemy we are serious and we are coming in harder."

The size of the troop increase the Pentagon will recommend is unclear. One officer suggested an increase of about 40,000 forces would be required, but other officials said such a number was unrealistic. There are about 140,000 U.S. troops in Iraq.

The administration has spent about $495 billion for Iraq and terrorism-related efforts since 2001, including $70 billion so far in fiscal 2007. It is planning to request as much as an additional $150 billion to fund the war effort through the rest the budget year.

The problem with any sort of surge is that it would require an eventual drop-off in 2008, unless the president was willing to take the politically unpopular move of remobilizing the National Guard and sending reserve combat units back to Iraq.

But military officials are taking a close look at a proposal advanced by Frederick W. Kagan, a former West Point Military Academy historian, to combine a surge with a quick buildup of the Marines and the Army. That could allow new units to take the place of the brigades sent to Iraq to augment the current force.

"It is essential for the president to couple any recommendation of a significant surge in Iraq with the announcement that he will increase permanently the size of the Army and the Marines," Kagan said.

Kagan, who plans to release a preliminary report on his proposal Thursday, said he had discussed his ideas with people in the government. Although the military has had trouble meeting recruiting goals, Kagan said Army officials believed they could recruit at least an extra 20,000 soldiers a year. The Army missed its recruiting targets in 2005 but met this year's goal.

The troop-increase strategy faces substantial hurdles. Although both Democrats and Republicans have voiced support for increasing the overall size of the ground forces, key Democratic leaders are opposed to sending additional forces to Iraq.

Military leaders are also aware that the public has grown impatient. With a majority of the country favoring a timetable for withdrawal, a strategy to increase the number of troops in Iraq would have to include a plan to buy the military more time.

An increase in U.S. forces is not universally popular in the military. Army Gen. John P. Abizaid, the top U.S. commander for the Middle East, has long argued that increasing the size of the force would be counterproductive, angering the very people the U.S. was trying to help.

Outside the Pentagon, in other corners of government, officials are skeptical that an increase in military power will end sectarian violence. James Dobbins, a former U.S. diplomat and advisor to the Iraq Study Group, said many Iraqis believed that U.S. forces put them in danger, rather than improving security.

"The American troop presence is wildly unpopular in Iraq," Dobbins said. "Any effort to double our bet will lead to ever more catastrophic results."

Some officers argue that the U.S. needs to show substantial progress in decreasing the violence and instability in Iraq before the 2008 presidential election. But other officers and analysts note that a comprehensive counterinsurgency plan will take years, not months, to work.

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"You do not want to withdraw your troops until you achieve your mission," said Andrew Krepinevich, a counterinsurgency expert and director of the Center for Strategic and Budgetary Assessments. "We are going to be in Iraq for a long, long time. It is going to be decades before Iraq can be left to its own devices without descending into a civil war."

In a meeting with reporters in Baghdad on Tuesday, Lt. Gen. Peter Chiarelli, commander of day-to-day operations in Iraq, renewed his call for a New Deal-style public works program to help put Iraqi fighters to work.

"If people get work, honest work, they don't have to join militias in order to provide for their families," Chiarelli said.

Military officers believe a confrontation with Sadr is inevitable. Bob Killebrew, a retired colonel and defense strategist, said the U.S. military had four to six months to take on Sadr, whose Al Mahdi militia is growing faster than the Iraqi army.

"We have to deal somehow with the militias, and Sadr in particular; he is rapidly becoming the armed power in Iraq," Killebrew said. "Our conventional forces, not advisors, will have to team with the Iraqi army and neutralize the Mahdi army and the other militias. If we don't do that, everything else we are talking about is hot air."

Killebrew does not believe a substantial increase in the U.S. combat force is necessary and generally favors the approach of the Iraq Study Group, arguing that the realistic strategic options are limited to advising the Iraqis or withdrawing altogether.

A number of counterinsurgency experts and retired military officers say the military should not be too quick to dismiss the group's proposals.

Kalev Sepp, an instructor at the Naval Postgraduate School, said that the U.S. had demonstrated that many commanders simply did not understand how to mount effective, long-term counterinsurgency strategies.

Increasing the size of the force, Sepp said, will mean that U.S. forces continue to focus on killing insurgents, not training Iraqis. "That kind of approach is still tied to the idea that attrition, of just killing enough of our opponents, is going to get us to success," Sepp said.

But inside the Pentagon, the study group's overall proposals are widely seen as a withdrawal plan — and a recipe for massive ethnic cleansing in Iraq. Some officers believe that because the U.S. invasion unleashed the ethnic strains, the blood spilled from larger-scale civil war would be on America's hands.

"If you still think you can keep it together," said the defense official, "you have to stay after it."

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Times staff writers Peter Spiegel in Washington and Solomon Moore in Baghdad contributed to this report.

Bush Delays Iraq Plans Until 2007 (WT)

By Joseph Curl

The Washington Times, December 13, 2006

The White House said yesterday that President Bush will not lay out his plan to chart a new course in Iraq until early next year, as new polls showed Americans are more pessimistic than ever about the nation's ability to win the nearly four-year war.

The president held a second day of talks with top officials, this time U.S. military commanders on the ground and the U.S. ambassador to Iraq, and plans another round today, meeting with Pentagon brass. In the days after the Iraq Study Group report was released last week, the White House said it planned to release a new comprehensive plan before Christmas.

"That is not going to happen until the new year," press secretary Tony Snow said. "He decided that, frankly, it's not ready yet."

The expectation to complete a plan before the holidays is complicated by incoming Defense Secretary Robert M. Gates, who will not be sworn in to take Donald H. Rumsfeld's place until Monday. Mr. Gates has said he plans to travel to Baghdad for a crash course about the situation on the ground in Iraq before making his own recommendations to the president.

"His input is not only going to be valuable, but necessary," Mr. Snow said.

More, though, the completion of a new plan means taking input from dozens of advisers on the diplomatic, political and military strategy. "It's a complicated business, and there are a lot of things to take into account," Mr. Snow said.

The president is trying to consolidate conflicting advice on how to change course in Iraq, where sectarian violence has spiraled out of control. The bipartisan Iraq Study Group last week recommended pulling out most U.S. combat troops by early 2008, but Sen. John McCain, Arizona Republican, has called for a short-term increase in U.S. troops.

Top military officials with whom Mr. Bush met yesterday backed Mr. McCain's stance, but Democrats on Capitol Hill, who won control of both chambers six weeks ago, are calling for a swift exit from Iraq. Incoming Senate Majority Leader Harry Reid yesterday criticized the White House decision to delay the president's plan.

"It has been six weeks since the American people demanded change in Iraq. In that time, Iraq has descended further toward all-out civil war and all the president has done is fire Donald Rumsfeld and conduct a listening tour. Waiting and delaying on Iraq serves no one's interests," he said. "Talking to the same people he should have talked to four years ago does not relieve

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the president of the need to demonstrate leadership and change his policy now. The ball remains in his court, and time is running out."

But Secretary of State Condoleezza Rice said at the State Department that "it only makes sense for the president to take whatever time he needs to have confidence in the course that he will put forward before the American people."

Three new public opinion polls taken after the release of the Iraq Study Group's report painted a grim picture for the president. One, a CBS News poll found Americans have never been as pessimistic about the war, with more than 60 percent saying it was a mistake to invade the country.

But the White House saw a different picture. "If you take a look at poll data, and there's a lot of discussion about that, what's interesting is that a majority of the American public not only thinks that we're capable of winning, but we should," Mr. Snow said.

Other polls were equally grim. More than half of the respondents, 55 percent, in a USA Today-Gallup poll said they want most U.S. troops withdrawn within a year, but only 18 percent think that will happen.

An ABC News poll found seven in 10 Americans disapproved of Mr. Bush's handling of Iraq and 61 percent said the war there was not worth fighting. In the survey, three out of four said they supported the three major recommendations made by the Iraq Study Group: direct talks with Iran and Syria, withdrawing most U.S. combat troops by March 2008, and beginning a new push to resolve the Israel-Palestinian conflict.

But the president has rejected direct talks with terrorism sponsors Iran and Syria, although last week he called an idea to use a regional group of Iraq's neighbors to address solutions "interesting."

Mr. Bush conferred yesterday via videoconference with senior military commanders in Iraq and elsewhere in the Middle East, Mr. Rumsfeld and Mr. Gates. Later, the president met in the Oval Office with Iraq's vice president, Tariq al-Hashemi, a Sunni, in an effort to bolster the fledgling government of Iraqi Prime Minister Nouri al-Maliki.

"Our objective is to help the Iraqi government deal with the extremists and killers and support the vast majority of Iraqis who are reasonable people who want peace," Mr. Bush said after the meeting. "We want to help your government be effective."

Mr. al-Hashemi said before his visit that he intended to express to Mr. Bush his "dismay" over the Shi'ite-led Iraqi government's handling of security. He accused the government of not doing enough to deal with militia attacks and said he was especially concerned about Baghdad, where Sunni-Shi'ite violence has flared in several neighborhoods in recent weeks.

Meanwhile in Baghdad, two car bombs targeting day laborers looking for work exploded within seconds of each other yesterday on a main square, killing at least 63 persons and wounding scores more. Mr. al-Maliki, a member of Iraq's Shi'ite majority, condemned the attack and blamed it on Sunni extremists and supporters of Saddam Hussein.

Bush Gives No Hint Of New Iraq Direction (AP)

By Deb Riechmann

AP, December 13, 2006

President Bush, facing intense pressure to craft a new blueprint for the Iraq war, said Tuesday the U.S. is holding fast to its objectives and commitment. The White House said he knows the general direction he wants to move U.S. policy but won't announce it until next month.

Bush gave no hints of a change in direction after a meeting with Iraq's Sunni Vice President Tariq al-Hashemi, one of several Iraqi powerbrokers he's recently hosted in the Oval Office.

"Our objective is to help the Iraqi government deal with the extremists and the killers, and support the vast majority of Iraqis who are reasonable, who want peace," Bush said.

"We want to help your government be effective," he said. "We want your government to live up to its words and ideals."

Bush met for 25 minutes with al-Hashemi, who has been linked to a behind-the-scenes effort to form a new ruling bloc that could topple the fragile Iraqi government led by Nouri al-Maliki.

The White House would not say whether Bush and al-Hashemi talked about the movement afoot to form a new ruling coalition that would exclude anti-American Shiite cleric Muqtada al-Sadr and radical Sunni Arabs. Bush has called al-Maliki the "right guy" for Iraq, but al-Maliki is dependent on al-Sadr for political support.

White House press secretary Tony Snow said the president had expected to make a speech before Christmas to announce his new strategy for Iraq but still had questions and was not yet ready to make all the decisions he needed to make.

"The president generally knows what direction he wants to move in, but there are very practical things that need to be dealt with," Snow said. "This is not a sign of trouble. This is a sign of determination on the part of the president."

Democrats didn't see it that way.

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"It has been six weeks since the American people demanded change in Iraq," said Harry Reid, who will become Senate majority leader. "In that time, Iraq has descended further toward all-out civil war and all the president has done is fire Donald Rumsfeld and conduct a listening tour."

"Talking to the same people he should have talked to four years ago does not relieve the president of the need to demonstrate leadership and change his policy now," said Reid, of Nevada.

Bush began his day by having breakfast with his new defense secretary, Robert Gates, who plans to travel to the region to talk with military commanders shortly after he is sworn in next Monday.

Gates also joined Bush in a secure video conference with Rumsfeld; the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, and Gen. John Abizaid, the top U.S. commander in the Middle East. Participating from Iraq was Gen. George Casey, the chief U.S. commander in Iraq.

Secretary of State Condoleezza Rice said Bush had decided to take more time partly to give Gates time to settle into his new job at the Pentagon and help develop the new policy. She said the president was still considering advice from administration officials and commanders in Iraq and was studying the report issued last week by the bipartisan Iraq Study Group.

The report rejected calls for a quick withdrawal of troops but suggested that most U.S. combat forces might be withdrawn by early 2008 — and that the U.S. mission should be changed from combat to training and support of Iraqi units. It also called for an energetic effort to seek a diplomatic solution to Iraq's violence by engaging its neighbors, including Iran and Syria.

Bush has opposed direct talks with Iran until it halts uranium enrichment, preferring to let the Iraqis have direct talks with Tehran.

Most Americans who are familiar with the Iraq Study Group report support major recommendations by the bipartisan panel, according to a Pew Research Center poll, out Tuesday. But they also doubt Bush will follow the group's advice.

As for Bush's delayed speech, Snow was asked whether there were still active internal debates under way.

"People are going to have disagreements, and there may be some areas on which there are still going to be debates, but most have kind of been ironed out," the spokesman said.

Al-Hashemi was the second Iraqi politician Bush has met with in two weeks who has expressed discontent over al-Maliki's failure to quell raging violence. Last week, Bush spoke in the Oval Office with Shiite powerbroker Abdul-Ariz al-Hakim, who is among the Iraqi politicians talking about forming a new governing alliance.

"I can assure you there is a great and real chance to get out of this present dilemma," al-Hashemi said as he and Bush met briefly with reporters. "It is a hard time that the Iraqis face in time being, but there is a light in the corridor. There is a chance, but we need a good will and a strong determination."

In Baghdad, the embattled prime minister said there was no alternative to his "national unity" government. Al-Maliki said moves to set up a new government should not be viewed as an attempt to topple his coalition, although he appeared to suggest that was the aim.

"We are opposed to anyone who moves in that framework," al-Maliki said.

"The government belongs to the Iraqi people, it is they who chose it and it belongs to the political groups that are partners in it," he said.

Bush Delays Speech On Iraq Strategy (WP)

By Michael A. Fletcher

The Washington Post, December 13, 2006

Faced with a growing list of recommendations and a range of contradictory policy options from key advisers, President Bush yesterday delayed a planned announcement about a new strategy for the war in Iraq until the new year.

The administration had said the president would address the nation before Christmas but scrapped those plans as Bush grapples with a host of proposals for adjusting policy in the increasingly unpopular and costly war.

"He decided, frankly, that it's not ready yet," press secretary Tony Snow said. He did not offer a specific date for the speech, telling reporters: "[It] is not going to happen until the new year. We do not know when, so I can't give you a date, I can't give you a time, I can't give you a place, I can't give you a way in which it will happen."

The bipartisan Iraq Study Group last week issued a report calling the situation in Iraq "grave and deteriorating," while recommending fundamental changes in how the Bush administration handles the war. Also, the White House is conducting its own crash review of its war strategy. Meanwhile, Bush yesterday continued a series of highly visible briefings and meetings, first with military commanders and later with Iraqi Vice President Tariq al-Hashemi.

"It shouldn't be surprising that he wants to take the time to digest that, to discuss it with his senior advisers, and then to put forward a way forward," Secretary of State Condoleezza Rice told reporters. "And I'm quite certain that that will be in a reasonable length of time, but it has to be a way forward that, first and foremost, the president feels he's consulted fully, that he

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has been given the very best advice, and that he has a way forward in which he has confidence when he puts it before the American people."

Rice added that the delay would allow incoming Defense Secretary Robert M. Gates, who is to be sworn in Monday, to be fully integrated into the decision-making process.

In its policy review, the administration is focusing closely on the "80 percent solution," that would bolster the political center of Iraq and effectively leave in charge the Shiite and Kurdish parties that account for 80 percent of Iraq's 26 million people and that won elections a year ago. Vice President Cheney's office has vigorously argued for the plan.

Other options under consideration include a short-term increase of 15,000 to 30,000 additional U.S. troops to secure Baghdad, a plan supported by the State Department, and accelerated training of Iraqi forces. Another possible strategy would redirect the U.S. military away from the internal strife to focus mainly on hunting terrorists affiliated with al-Qaeda.

"Our objective is to help the Iraqi government deal with the extremists and killers, and support the vast majority of Iraqis who are reasonable people who want peace," Bush said after his Oval Office meeting with Hashemi.

Administration officials said the president hopes to reach a decision on a new strategy as he continues to consult with his advisers in the weeks ahead. "There really isn't a process in place as much as continued collaboration with all the key players," Snow said.

"There is still no final decision on the way forward," he added.

Incoming Senate Majority Leader Harry M. Reid (D-Nev.) criticized the delay, saying that Bush should act decisively to prevent Iraq from sliding deeper into chaos.

"Waiting and delaying on Iraq serves no one's interests," Reid said. "The president needs to understand how important and urgent change is for Iraq and for our troops. Talking to the same people he should have talked to four years ago does not relieve the president of the need to demonstrate leadership and change his policy now. The ball remains in his court, and time is running out."

Bush Will Detail Iraq Plan In January (LAT)

By James Gerstenzang

The Los Angeles Times, December 13, 2006

Washington — President Bush is delaying until some time in January his planned report to the nation on the direction he and aides are charting for the United States in Iraq, the White House said Tuesday, pointing to a need for continuing internal discussions of policy and tactical shifts.

The president, White House press secretary Tony Snow said, "decided, frankly, it's not ready yet," even though most of the internal debates "have kind of been ironed out."

Bush is in the midst of high-profile, but private, discussions on how to overhaul the campaign to end the sectarian violence in Iraq. He had planned a national address by the end of next week.

The delay means that if Bush opts for an increase in the roughly 140,000 U.S. troops in Iraq, as some experts have advocated, he will not unveil it just before the winter holidays.

The postponement prompted a complaint from Sen. Harry Reid of Nevada, who is about to become the Senate majority leader when Democrats take control of Congress next month.

In more than a month since the midterm election that was seen as a rebuke to the president's handling of the war, Reid said Bush had done nothing but remove Donald H. Rumsfeld as secretary of Defense "and conduct a listening tour."

"Talking to the same people he should have talked to four years ago does not relieve the president of the need to demonstrate leadership and change his policy now. The ball remains in his court, and time is running out," Reid said, saying the need for change was "important and urgent."

Bush's consultations brought Iraqi Vice President Tariq al-Hashimi, a member of the Sunni Muslim minority, to the Oval Office on Tuesday, roughly a month earlier than planned for such a visit, to present his views to Bush.

The meeting with al-Hashimi was the second in a week that Bush has held with senior leaders visiting from Baghdad. The president met last week with Abdul-Aziz al-Hakim, the leader of the largest Shiite Muslim faction in the Iraqi parliament.

With violence and shifting allegiances endemic in Baghdad, U.S. officials are trying to stabilize Prime Minister Nouri al-Maliki's authority, while key leaders are seeking to form an alliance that could exclude anti-American cleric Muqtada al-Sadr from a role in the ruling coalition.

Speaking during a photo session with al-Hashimi in the Oval Office after the 25-minute meeting, Bush said he and the Iraqi vice president discussed "what the United States can do to help this Iraqi government succeed."

Al-Hashimi, who has lost three close family members to violence, echoed Bush's assessment that "there is no way but success in Iraq."

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"There is a chance, and I can assure you there is a great and real chance, to get out of this present dilemma," he said. "There is a light in the corridor."

Bush also spoke by videoconference with U.S. military commanders in Iraq. On Wednesday, he plans to visit the Pentagon to meet with officials there. Robert M. Gates, who is scheduled to be sworn into office as Rumsfeld's replacement Monday, has been taking part in the deliberations, Snow said.

Bush's consultations follow last week's release of the report of the Iraq Study Group, which was highly critical of the course the war has taken and said that conditions in Iraq were "grave and deteriorating." The administration has sought to present the work of the bipartisan commission as just one of a number of assessments Bush will take into consideration as he seeks to chart a new direction.

Snow said the delay in making that course public had nothing to do with putting space between the president's announcement and the Iraq report, which established a route for pulling most U.S. combat troops out of Iraq by early 2008.

"The pivot on which everything turns" is not the new report, he said, but "the unfolding realities in Iraq and how you deal with them."

Bush's Rethink On Iraq (CSM)

By Peter Grier

The Christian Science Monitor, December 13, 2006

WASHINGTON

Whatever options President Bush chooses for the future of US policy in Iraq, one thing appears clear: He is trying to convey to voters that he is not acting alone.

Under intense pressure to come up with a new course of action following the publication of the Iraq Study Group report, Mr. Bush is holding three days of very public consultations this week, meeting with everyone from Iraqi politicians to retired generals to historians who have been critical of some of his actions.

It's possible this schedule is just for show, a way in essence to blunt the effect of the publicity of the ISG report's release.

It's also possible that it is genuine outreach at a time of national need.

"My own sense is that probably President Bush is in the same place as a lot of people on Iraq," says Jim Walsh, a research associate in the Security Studies Program at the Massachusetts Institute of Technology in Cambridge. "He knows things aren't going well, but doesn't know what he needs to do."

It now appears that Bush will give a speech to the nation early next year outlining a new "way forward" for Iraq, according to an unnamed White House source. Originally, the speech had been tentatively scheduled for before Christmas.

On Monday morning, Bush met with Secretary of State Condoleezza Rice. In the afternoon, he heard from a group of military experts from outside government, including retired four-star Gen. Barry McCaffrey and Eliot Cohen of Johns Hopkins University.

Tuesday Bush, via videoconference, listened to military commanders in Iraq. He also met at the White House with Iraqi Vice President Tariq al-Hashemi, leader of the most powerful Sunni political party.

Wednesday he is to meet with outgoing Secretary of Defense Donald Rumsfeld and other Pentagon officials.

In one sense, there is a theatrical quality to at least some of these meetings. Presumably, Bush already knows well the attitudes of the officials of his own administration. Why call on them now?

In addition, despite the implication that US policy will soon change, Bush's tone in recent days has not hinted where he might go.

But there have been enough events in recent weeks - from the outcome of the November elections to the continued Iraqi violence and the Iraq Study Group's dire warnings - that they must at least have given the president pause, says Mr. Walsh.

"All of this presumably would have shaken anyone of the sense that they should keep going in the course they're on," he says.

In addition, the strategic risk facing the US in Iraq has only grown, says another expert. It involves not just Iraq itself, but the stability of the whole region, and by extension the stability of world oil markets.

The Iraq Study Group warned that a collapse in Iraq could suck in neighboring nations and lead to widespread conflict. At the same time, the US can't be seen to be abandoning Iraq.

"This is way beyond partisanship at this point," says William Martel, an associate professor of security studies at the Fletcher School at Tufts University. "It involves the fundamental stability of the Middle East, and the fundamental credibility of US foreign policy."

The administration may need to begin a gradual of withdrawal of troops at this point, says Mr. Martel. But he adds that the administration also should make clear that some level of US commitment to Iraq will be necessary for years to come.

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The fundamental policy point that the administration appears to be debating is how to put pressure on Iraqi Prime Minister Nouri al-Maliki to get him to act to reduce militia violence and try to speed sectarian reconciliation.

While some of the experts who met with Bush on Monday bluntly told him that the US was failing in Iraq, a number of them also questioned the Iraq Study Group's main recommendations of a gradual troop withdrawal and a push to include Iran and Syria in region-wide diplomacy.

And Bush himself continues to talk about the need to establish Iraq as a functioning democracy - a goal that study group participants did not mention.

"Iraq is a central component of defeating the extremists who want to establish safe haven in the Middle East, extremists who would use their safe haven from which to attack the United States," said Bush on Monday.

If nothing else, the Iraq Study Group report may have acted as a shock on the White House, forcing it into an unplanned rethinking of its course of action, said experts at a Brookings Institution seminar on the report last week.

But despite all the publicity given the report, its members, even co-chairman and ex-Secretary of State James Baker, remain commentators on events. Real power is elsewhere.

"This in the end is all about what happens on Pennsylvania Avenue and in the Oval Office," said Bruce Reidel, a Brookings senior fellow for Middle East policy.

Without Deliberate Speed (NYT)

The New York Times, December 13, 2006

The claims of calm deliberation emerging from the White House this week are maddening. The search for a new plan for Iraq seems to be taking place with as much urgency as the deliberations over a new color for the dollar bill.

In Baghdad yesterday, a suicide bomber killed at least 70 people, most of them Shiite laborers whose only sin was looking for work. In Washington, meanwhile, President Bush held a series of carefully stage-managed meetings with officials and outside experts whose common credential appeared to be their opposition to the recommendations of James Baker's Iraq Study Group.

To top it off, White House aides told reporters that — despite earlier promises of a pre-Christmas speech by Mr. Bush — the country now should not expect any announcement of a new strategy until early next year. The president's spokesman, Tony Snow, said that "it's a complex business, and there are a lot of things to take into account," adding that Mr. Bush "wants to make sure it's done right."

We are more than eager for this White House to finally get something right on Iraq. But we find it chilling to imagine that Mr. Bush and his advisers have only now begun a full policy review, months after Iraq plunged into civil war and years after experts began warning that the administration's strategy was not working.

We would like to believe that the reason for delay is that some of Mr. Bush's advisers have come up with a sensible change in course and they are now trying to persuade the president to take it. Or that behind the scenes Mr. Bush is already strong-arming Iraq's leaders to rein in the sectarian militias and begin long-delayed national reconciliation talks.

We fear that a more likely explanation is that the president's ever-divided policy advisers are still wrangling over the most basic decisions, while his political handlers are waiting for public enthusiasm for the Baker report to flag before Mr. Bush tries to explain why he won't follow through on some of the report's most important and reasonable suggestions — like imposing a timetable on Iraqi leaders to make political compromises or face a withdrawal of American support. Or trying to persuade Iran and Syria to cease their meddling.

The Baker study, of course, is not the received wisdom of the ages. It should have been released far earlier, rather than being delayed to get past the midterm elections. But it was a good-faith effort by people wise enough and experienced enough to know how bad the situation really is in Iraq, and how little time left there is for the president to act.

Mr. Bush has no more time to waste on "listening tours" and photo ops. The nation is in a crisis, and Americans need to hear how he plans to unwind the chaos he has unleashed in Iraq. If the president is delaying because he is searching for a good option, he can stop. There are none. But Americans need to see that he is prepared to choose among the undesirable alternatives, and clear the way for a withdrawal of American troops that does not leave even more killing and mayhem behind.

Iraq Army Plans For A Wider Role In Securing Baghdad (NYT)

By Michael R. Gordon And Sabrina Tavernise

The New York Times, December 13, 2006

WASHINGTON, Dec. 12 — Iraq has presented the United States with a plan that calls for Iraqi troops to assume primary responsibility for security in Baghdad early next year. American troops would be shifted to the periphery of the capital.

Mowaffak al-Rubaie, Iraq's national security adviser, said in an interview that the plan was presented during the meeting in Amman, Jordan, on Nov. 30 between President Bush and Prime Minister Nuri Kamal al-Maliki.

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"I think it is extremely important they reduce their visibility and they reduce their presence," Mr. Rubaie said of the American troops in Baghdad. "They should be in the suburbs within greater Baghdad."

A spokesman for the National Security Council, Gordon Johndroe, said Gen. George W. Casey Jr., the senior American military commander in Iraq, was assessing the plan.

The plan may hold some attraction for the Bush administration, which is immersed in a review of Iraq strategy, but it also poses risks.

The plan is consistent with the administration's desire for the Iraqis to take more responsibility for controlling the violence there, and it may reduce American casualties. But the Americans do not want to become complicit in sectarian violence. The Shiite-led government has been slow to act against militias that are forcing Sunnis from entire swaths of northern and eastern Baghdad, most recently from the neighborhoods of Huriya, Zayuna and Ghadier.

Because some of its forces, especially the police, are infiltrated by militias and have been implicated in attacks on Sunnis, American commanders — and Sunni politicians — fear that given a free hand, government forces might be used to cleanse the city of Sunnis.

Referring to the Iraqi demand for more control, one American military officer in Baghdad said the question was, "How do we accomplish that but still maintain some measure of control to ensure the forces aren't used in a sectarian manner?"

The plan, if implemented, would be a major shift in American military policy. Commanders began this war fighting a Sunni Arab insurgency, and later broadened their efforts to include Shiite militias, after they became active in 2006.

For months commanders have emphasized that they were fighting both enemies with equal vigor, but this plan would shift focus for the Americans more to insurgents and Sunni extremists.

In response to the Iraqi demands for control, the American military command in Baghdad has also been developing its own plan, which comes with conditions that must be met before control is handed over, according to American officials in Baghdad who asked to remain unidentified because the plan is not final.

The Iraqi plan was outlined by Mr. Rubaie in a recent interview in Bahrain, where he was attending a conference organized by the International Institute for Strategic Studies, a London-based research institute. While the Shiite government has been pushing for greater Iraqi control of military operations for months, the plan was presented formally for the first time to the Americans in Jordan.

The plan calls for pulling back most American troops from central Baghdad and redefining their mission so they concentrate primarily on fighting the forces said to be backed by Al Qaeda and the Sunni-based insurgent organizations, leaving the effort to quell sectarian tensions within the capital to the government's largely Shiite forces.

Under the plan, the government would have direct command of the two Iraqi divisions in the Baghdad area in the next several months — a timeline that had been pressed by the Iraqis but that the American military has viewed as overly optimistic.

The divisions would be reinforced by two largely Kurdish brigades that are to be sent from Sulaimaniya and Erbil, in northern Iraq. That would amount to several thousand more troops. The training and equipping of the forces would be expedited, Mr. Rubaie said.

Security efforts in Baghdad would focus on seven neighborhoods. (Iraqi officials declined to list them.) There would be fewer checkpoints but they would be better protected. Leaders of death squads would be hunted down.

American troops on the periphery of Baghdad would stop suicide bombers and other terrorists before they penetrated the city. Efforts to prevent infiltration of the capital have not been very successful, partly because the Iraqi military has not adequately staffed the checkpoints, American officials said.

Other American troops would remain as advisers to Iraqi units in Baghdad. American forces might also remain in a supporting role at bases within the capital.

"The nature of the American military is that they won't let go," said Mr. Rubaie. "I understand it because they do it much better than we do. But we have to stand alone. We have to wean ourselves off the coalition and make our own mistakes and learn from our own mistakes."

The plan has seriously alarmed Sunni politicians, who said they could not imagine that the Americans would turn security over to a government that they see as deeply sectarian.

"It will be a disaster," said Mahmoud al-Mashhadani, a Sunni who is speaker of Parliament. "I think the Americans are not so stupid as to do that. The city would be a safe place for the militias."

American and Iraqi efforts to secure Baghdad have failed to stem sectarian violence. One problem has been the Iraqi failure to send all the reinforcements promised. The two Iraqi brigades to be provided by the latest Iraqi plan would make up some of the shortfall, but would not nearly compensate for the number of American troops to be withdrawn under the plan.

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Mr. Johndroe, the spokesman for the National Security Council, said, “The president was pleased to see the Maliki government being assertive in its plan to secure Baghdad, and made it clear in the meeting that General Casey would study their proposal and take a closer look at it. ”

In response to the Iraqi push for control, Lt. Gen. Peter W. Chiarelli, the second in command in Iraq, developed a plan that envisions redeploying American combat units outside Baghdad and giving Iraqi units with American advisers primary responsibility for security in the city.

But such steps would be taken only after progress on political reconciliation between Sunni and Shiite factions, and a major increase in the size of the adviser teams, among other steps, according to a military official in Baghdad.

In addition, the American plan calls for a major employment program in Baghdad and increased spending on reconstruction projects in areas of the city cleared by American and Iraqi forces.

President Bush talked Tuesday in a videoconference with the ground commanders in Iraq, including General Chiarelli.

U.S. Commander Says Withdrawal Won't Be Soon (WP)

By Nancy Trejos

The Washington Post, December 13, 2006

BAGHDAD, Dec. 12 -- The outgoing top U.S. operational commander in Iraq said on Tuesday that military might alone would not win the war and that the withdrawal of U.S. troops would not happen quickly.

"I wish I could tell you exactly how long it's going to take and exactly when U.S. forces and coalition forces could go home, but I am just not able to do that," said Army Lt. Gen. Peter W. Chiarelli, commander of the Multi-National Corps -- Iraq.

Chiarelli, who is preparing to end his second one-year tour in Iraq, gave a mostly positive but sober assessment of U.S. military involvement in Iraq.

He praised his forces' efforts to tamp down the violence that escalated after the bombing of a Shiite mosque in Samarra in February. But he acknowledged that securing Iraq was taking longer than expected.

"None of us would make the claim that it's going as fast as we want it to go," he said.

Top military leaders had declared 2006 "the year of the police" to acknowledge the importance of training not just the Iraqi army but also the police in any strategy for withdrawing U.S. troops.

Chiarelli said military officials did not think the police would need so much training and did not know that "in some instances militia influence in the police was as high as it was."

Chiarelli expressed frustration that "we seem to be totally focused on the military solution to this, like somehow it will be the thing that will win this." He said that deploying additional U.S. forces would not solve Iraq's problems. Providing jobs, electricity and drinkable water and cleaning up streets would, he said.

"If I could drive down unemployment in this country just to something that was reasonable, or if other people could help me drive unemployment down here," he said, "I promise you, our casualty figures would not be as high, nor would Iraqi casualties be as high as they are today, nor would the level of violence be as high as it is today."

The bipartisan Iraq Study Group last week recommended that the focus of U.S. troops in Iraq be shifted from combat to training Iraqi soldiers and police officers, and that most combat brigades be withdrawn by early 2008.

The military has embedded U.S. advisers with Iraqi army divisions and the national police since 2004; 300 such teams are in the country, each with 10 to 15 members.

Brig. Gen. Dana J.H. Pittard, commanding general of the Iraq Assistance Group, which oversees the teams, said on Tuesday that he plans to add members to each team.

But Pittard warned that training the Iraqi forces should be coupled with a reconciliation of the government's warring factions as well as economic and quality of life improvements.

"The embedded transition team is not the Rosetta stone of Iraq," he said after meeting with 3rd Iraqi Army Division leaders at a base near Mosul. The division, one of three in the country that has taken control of security in its community, oversees an area spanning 30 miles between Mosul and Tall Afar in northern Iraq.

He called the study group's report "just one more opinion on how to help Iraq and America to be successful here, but it's not the end-all."

Pittard was reluctant to give a timetable for withdrawal. He called 2008 a "good goal" but said, "We really have to see how 2007 goes."

Outgoing U.S. Leader Says Iraq Needs Aid (AP)

By Hamza Hendawi

AP, December 13, 2006

DOJ_NMG_0106028

America's outgoing No. 2 commander in Iraq said Tuesday that curbing unemployment and improving services would help reduce the violence in the country, warning that military muscle cannot win the war alone.

Lt. Gen. Peter Chiarelli, in the last days of a second Iraq tour, also drew a picture of daunting challenges facing the U.S. military in Iraq as it strives to keep up with a constantly changing enemy whose knowledge of the terrain and culture give it an edge over the Americans.

At times during his farewell news conference, Chiarelli — in charge of day-to-day combat operations throughout Iraq — sounded exasperated, almost despairing, over what he said were misperceptions that American forces were fighting a conventional war or that they can achieve victory without improvements on other fronts.

"I know everybody wants us to charge on out there and make everything OK," he said. "But you cannot if you don't get those other things moving. I don't know why it's so hard to get people to understand that," he said, alluding to the need to create jobs and improve services in Iraq.

"I also get frustrated at times that everybody compares us to other conflicts we have fought, like somehow there is a defined enemy out there, a group of individuals that if you can just go out and either kill, capture or put in jail or do whatever, everything will be all right," he said. "I don't believe that, I don't believe that."

"There is no doubt in my mind that the soldiers, sailors, airmen and Marines that we are bringing over here are trained for the fight at their hands. Is it tough? Yeah, it's really tough, it's very tough," he said.

Chiarelli's assessment of the U.S. military's predicament in Iraq came as President Bush was continuing efforts to formulate a new approach for Iraq following the release last week of a report by a bipartisan committee that described the situation here as "grave."

"We don't have to drive unemployment down to 4 percent like in the United States, that's not what I am talking about. We don't have to have 24 hours of electricity in Baghdad," he said. "But if we can increase the power in Baghdad back to 12 hours a day, it would be huge."

With reduced unemployment and fewer power cuts, he said, "I think we will see things here change in ways that are hard to believe right now when you see the level of violence out there."

Chiarelli's notion that the fight against the Sunni-led insurgency and efforts to disband Shiite militias would have a better chance of success if the use of force went hand-in-hand with stepped up economic activity is not new.

The U.S. military has tried this, without much success, from as early as 2003 — a time when many were upbeat about Iraq's future after the ouster of Saddam Hussein, with foreign aid money flowing in and a free-market economy swiftly taking hold after decades of state control and crippling U.N. sanctions.

For its part, the U.S. military has given out hundreds of contracts to local firms to repair schools and overhaul medical facilities, power transformers and roads. But with widespread corruption, mismanagement and relentless insurgent attacks, little has changed on the ground.

Nearly four years after Saddam's ouster, Iraq's economic woes are staggering.

Unemployment is thought to be anywhere between 20 percent and 60 percent, inflation above 50 percent and more than 1.5 million Iraqis, mostly professionals, have fled abroad, according to the Iraq Study Group report and U.N. figures. Lengthy power cuts are routine, fuel shortages are chronic and health care is close to collapse.

"Putting young men and middle-aged men to work will have a tremendous impact on this level of violence we are seeing in and around Baghdad and in other provinces," Chiarelli said.

He contended that because of military sweeps, life is returning to normal in some areas of the capital, including the mainly Sunni districts of Dora and Amariyah.

"People are out, about, walking around, markets are open, fruit stands are open and commerce is bustling," he said.

Residents of Dora say the area has been quiet in recent weeks, but that they are too afraid to leave their homes after dark and that a Shiite enclave in the district is frequently shelled by mortars fired from Sunni areas. Amariyah is quieter, but bodies of apparent victims of sectarian violence are found there almost daily, according to residents.

Violence in Baghdad districts often goes in cycles, with turbulent areas becoming quiet during and immediately after large-scale counterinsurgency operations — only to flare up again when the focus of the U.S. forces and their Iraqi allies shifts elsewhere.

General: Answer Is Jobs, Not Troops (USAT)

By César G. Soriano,

USA Today, December 13, 2006

Improving services, opportunities is key to ending Baghdad violence

DOJ_NMG_0106029

BAGHDAD — Six months of military operations aimed at securing the Iraqi capital have made little headway in lessening insurgent attacks against U.S. forces or reducing sectarian violence, a top U.S. general said Tuesday.

"I'm not in any way happy with what I see in Baghdad — the level of violence is way too alarming," Lt. Gen. Peter Chiarelli said.

In June, U.S. and Iraqi forces launched a major offensive to secure the capital. U.S. troops in the city were boosted to about 12,000 from the 7,000 there before the offensive. The number of Iraqi police and soldiers in Baghdad was increased to 50,000 from 43,000.

Chiarelli doubts a further increase in troops alone will be enough to stop the daily attacks. The No. 2 U.S. commander in Iraq said military power will succeed only if coupled with "little victories," such as creating jobs and improving basic services such as electricity and trash pickup.

He said the military has launched an economic development project to reopen state-owned factories. The plan will create more than 10,000 jobs across Iraq, Chiarelli said.

"I honestly believe … that if I could drive down unemployment in this country to something that was reasonable, I promise you our casualty figures would not be as high, nor would Iraqi casualties be as high, nor would the level of violence be as high as it is today," Chiarelli said.

In August, Gen. George Casey, the top U.S. commander in Iraq, said the Baghdad offensive would "change the situation significantly prior to Ramadan," or by late September.

Violence in Baghdad has worsened. The Iraq Study Group Report, which was released last week, said violence in the capital increased by more than 43% between late summer and October.

At least 51 U.S. troops have died in Iraq this month, including nine in Baghdad.

"The results of Operation Together Forward II are disheartening," the Iraq Study Group reported.

The battle for Baghdad is considered a pivotal fight. Success in the capital will have an impact on violence elsewhere in Iraq. Baghdad, with a population of about 6 million, is the country's largest city and seat of its government.

"Baghdad is the center of gravity for Iraq," Army Maj. Gen. Joseph Fil, commander of the 1st Calvary Division, said last month when he assumed responsibility for U.S. troops in the capital.

Chiarelli made his comments during an interview to mark the end of his second year-long tour in Iraq.

Chiarelli declined to set a timetable on securing Baghdad or Iraq. "It's going to take however long it's going to take," he said. "This is the most important conflict that we've been involved in the last 50 years. No matter what we say back home it's going to take time."

Chiarelli said U.S. and Iraqi forces are conducting operations in the Baghdad neighborhood of Sadr City, a Shiite slum of 2 million people that is the base of support for Muqtada al-Sadr, an anti-American cleric who controls one of the largest militias in Iraq.

Asked whether the military should kill or capture al-Sadr, Chiarelli said, "Hopefully, that's something we won't have to do."

Republican War Critics Find Cover (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, December 13, 2006

President Bush's handling of Iraq has long faced attack from both the left and a few hawkish conservatives. Now, the crisis there is giving him a new political headache: high-profile dissent from the center of his own party.

The dynamic has been triggered by the pessimistic assessment of Iraq released by the Iraq Study Group last week. In ways unimaginable just a few months ago, the report from the bipartisan panel, co-chaired by former Secretary of State James Baker III and former Rep. Lee Hamilton, is giving moderate Republicans political cover to condemn the handling of the war -- creating a dilemma for the president and war supporters such as Sen. John McCain.

The most prominent recent critic is Republican Sen. Gordon Smith of Oregon, a former supporter of the war and two-term senator facing re-election in 2008, who now says he has come to see it as unwinnable and derides U.S. policy in Iraq as "absurd" and "criminal."

But other centrist Republicans, apparently fearful of the war's impact on their re-election prospects, also are using the report to explain changes in war postures. New Hampshire's Republican senators, Judd Gregg and John Sununu, for instance, were once strong backers. In September 2005, Mr. Gregg called the idea of a phased withdrawal from Iraq "a policy that is firmly grounded in Birkenstocks and clearly not grounded in the reality of the world as it is."

Last week, however, Mr. Gregg hailed the report as "an important step forward in our efforts to try to resolve the morass that has become Iraq." Mr. Sununu simply said it showed "we are not winning the struggle in Iraq."

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The criticism from Republican moderates represents a new political threat to Mr. Bush, whose handling of Iraq contributed to his party's losses in last month's congressional elections. With most Democrats already against the administration on Iraq, Mr. Bush needs Republican backing to stave off a Congress-led shift on the war. Moderates like Mr. Smith are key to that effort.

The rising tide also could hurt Sen. McCain. The Arizona lawmaker, currently seen as the front-runner for the party's 2008 presidential nomination, is the war's staunchest supporter outside the White House. He has called for sending tens of thousands of new U.S. troops to Iraq. Mr. Smith calls that idea "not politically possible."

Instead, the Oregon Republican wants to begin withdrawing U.S. military forces from Iraq and redeploying a smaller force to bases along the country's borders with Iran and Syria. He would have the U.S. forces that stay in Iraq focus on preventing foreign extremists from crossing into the country and pursuing al Qaeda terrorists in the country. The key, he says in an interview, would be ensuring that U.S. forces are no longer caught in "an ancient civil war that is not our fight and that we cannot fix."

Mr. Smith, who made his fortune in the frozen-food industry before entering politics, voted for the 2002 resolution that authorized Mr. Bush to use military power to oust Saddam Hussein, and he argued diplomacy alone wouldn't be enough to persuade Mr. Hussein to change his ways. In February 2003, weeks before U.S. forces invaded, Mr. Smith told a conference of Oregon Republicans, "If we walk away from this ... history will judge us badly."

In March 2005, he visited Baghdad for the first time since the invasion. Speaking to reporters after his trip, he expressed wariness about the open-ended U.S. military commitment to Iraq. He said he hoped U.S. forces could begin withdrawing that fall to avoid being seen as occupiers. The administration also hoped to begin a U.S. military withdrawal then, a move that might have boosted Republican prospects in mid-term elections.

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But the deteriorating situation in Iraq forced the White House to abandon those plans, and Mr. Smith says his pessimism deepened. He visited Iraq again last May and says he left convinced that too many American troops were in the country.

Mr. Smith says the November election underscored the need for a change in Iraq -- policy makers have an obligation to listen "when the public speaks so clearly," he says -- but he didn't decide to make the case publicly until a week ago. That morning, he says, he turned on the news to check the traffic and weather and saw a report that 10 U.S. soldiers had been killed that day in Iraq. Mr. Smith says he fumed over the fatalities during his commute, and concluded the time had come to say publicly what he had thought privately for weeks. The next night, at a lectern in a virtually empty Senate gallery, he declared in a speech, "Either we clear and hold and build, or let's go home."

Mr. Smith, who hadn't been well-known nationally, attracted a flood of television attention with his comments. The White House fielded questions on why a sitting Republican lawmaker was calling Mr. Bush's handling of the war "immoral."

Mr. Smith says a small number of fellow Republican senators gave him the cold shoulder after his speech. Others, he says, told him he had given voice to a feeling they shared but weren't yet willing to voice publicly.

"Many of my colleagues have been telling me, 'Thanks, that needed to be said,'" he says.

Bomber Kills More Than 60 In Iraq Capital (USAT/AP)

USA Today, December 13, 2006

BAGHDAD — A suicide bomber struck a crowd of mostly poor Shiites in Baghdad on Tuesday, killing at least 63 people and wounding more than 200 after luring construction workers onto a pickup by offering them jobs as they were eating breakfast.

The blast came on a day when the U.S. military reported the deaths of five troops.

The Baghdad suicide attack shattered storefront windows, dug craters in the road and set fire to several cars. People rushed to the devastated area to see whether friends or relatives were killed or wounded. Mangled bodies were piled up at the side of the road and partially covered with paper. Two men sat on the sidewalk, crying and covering their faces with their hands.

The bombing took place about 7 a.m. in Tayaran Square, where men gather daily to solicit jobs as construction workers, cleaners and painters. They buy breakfast at stands selling tea and egg sandwiches while waiting for potential employers to drive up.

High unemployment and soaring prices have driven men to hire themselves out daily to feed their families. The Iraq Study Group Report released this month by a bipartisan commission in Washington said unemployment ranges from 20%-60% of Iraq's population.

Tuesday's bombing was the second major attack in less than a month in which unemployed Shiites were lured to their deaths by a suicide bomber promising to hire them for the day.

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Twenty-two people were killed and 44 were wounded Nov. 19 when a minivan driven by a man promising work exploded in the mainly Shiite southern city of Hillah.

Interior Ministry spokesman Brig. Abdul-Karim Khalaf, who gave the official police account of Tuesday's attack, said at least 63 people were killed and 236 were wounded.

Prime Minister Nouri al-Maliki, a Shiite, blamed the "horrible crime" on Sunni extremists.

"Iraq's security forces will chase the criminals and bring them to justice," he said.

On Monday, police discovered a bomb hidden outside the Shiite mosque in Samarra that was targeted Feb. 22 in a bombing that destroyed the mosque's golden dome and set off a wave of sectarian violence.

The bomb discovered Monday exploded while coalition bomb disposal officials were removing it, slightly damaging the building. The blast caused no injuries.

Al-Maliki said Tuesday that there is no alternative to his national unity government. He said talks between major partners in his ruling coalition to form another bloc in the parliament did not amount to a bid to unseat him.

Vice President Tariq al-Hashemi, a Sunni who met with President Bush on Tuesday in Washington, and senior Shiite leader Abdul-Aziz al-Hakim have said the proposed bloc would include al-Hakim's Supreme Council for the Islamic Revolution in Iraq, al-Hashemi's Iraqi Islamic Party, the two major Kurdish parties and independents.

Iraq's constitution stipulates that the largest bloc in the parliament receives a mandate from the president to form a government.

"What is going on now is positive when the aim, contrary to what has been said, is to broaden the government's political base and not an attempt to undermine its ideology or to search for alternatives," al-Maliki told reporters in his first public comments on these efforts.

"There is no alternative in Iraq for this national unity government because it is the guarantee for the political process to continue," he said.

The White House has denied that any plans were afoot to dump al-Maliki, who has been in office for seven months.

The U.S. command announced the deaths of five U.S. troops in Iraq, including three Marines killed in combat in Anbar province.

The three Marines assigned to the 3rd Marine Aircraft Wing died Monday of wounds sustained while fighting insurgents, according to a statement.

Another Marine died Monday from non-hostile causes in Anbar province, which stretches west from Baghdad to the borders of Syria, Jordan and Saudi Arabia.

A soldier died Monday of apparent natural causes near Diwaniyah, 80 miles south of Baghdad. The soldier lost consciousness and died after being transported to a troop medical clinic.

The American deaths raised to 51 the number of U.S. troops who have died this month.

Aswan Ahmed Lutfallah, 35, an Associated Press cameraman, was shot and killed while covering clashes in the northern city of Mosul. He was the third AP employee killed in the Iraq war.

71 Die In Attack On Baghdad Day Laborers (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 13, 2006

BAGHDAD — An attack on mostly Shiite day laborers waiting for work in a downtown square this morning killed at least 71 Iraqis and wounded more than 200 in the latest sectarian-tinged assault, the Interior Ministry said.

The nation's leaders condemned the attack and braced for Shiite reprisals. Witnesses said a driver approached the square before 7 a.m., loaded several workers in a pickup truck and left the area.

Soon afterward, a second driver pulled his car into the square, slammed into a group of workers and exploded the vehicle, according to witness Swadi Hussein, 28. A police patrol responded to the first blast and the truck driver reappeared, drove into the patrol and detonated his truck, Hussein said.

"As soon as the first explosion happened I wanted to run, but my legs wouldn't move," said Hussein, who sells secondhand clothes at the market. "I was too shocked to do anything."

He saw two bodies fly through the air and hit a nearby building. Police started shooting into the air to disperse the crowd, and at least one person started shooting, too, Hussein said. Rescuers shouted, "Oh, God! Oh, Father!" as black smoke filled the street and cars burned.

Ali Naji, 32, was among wounded workers taken to Baghdad's Kindi Hospital. Naji had avoided the square for a long time, he said, but returned in recent weeks out of need.

Today, one of the car bombs exploded near him and a group of fellow laborers as they ate breakfast.

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"I saw their flesh shattered and flying in the air," Naji said.

He blacked out, and came to in the hospital with glass embedded in his head.

Qasim Mohammed Jassim, 37, saw the first bomb detonate and didn't have time to pack up his tools before the second bomb sent splinters through his left hand. He, too, was sent to Kindi Hospital, to lie and wait for treatment beside victims' charred bodies.

The prime minister, who is a religious Shiite political activist, spoke out soon after the bombing, promising a thorough investigation.

"Iraq's security forces will chase the criminals and bring them to justice," he said.

Mahmoud Mashhadani, the Sunni speaker of parliament, also condemned the bombing, saying it victimized the poor, "turning them into pieces of flesh."

Khalaf, the Interior Ministry chief, suggested today's bombing was a response to raids this week by police forces, who killed 17 insurgents and detained 32 more. He promised better protection for workers in the square.

Truck Bomb Kills 70 Iraqis As The Poor Gather For Jobs (NYT)

By Sabrina Tavernise

The New York Times, December 13, 2006

BAGHDAD, Dec. 12 — A truck loaded with bags of wheat drove up to a crowd of poor Shiites early Tuesday, lured them close with a promise of work and exploded as they gathered around. Seventy people were killed and 236 were wounded, officials said.

The attack, in a square in central Baghdad, together with bodies found by Iraqi authorities, pushed the day's deaths across Iraq to at least 131, the highest total since a bombing killed more than 200 here last month. Shiite political leaders often point to such attacks, arguing that they, not the American military, should control security here.

The attack comes at a delicate time for the Bush administration. The White House is weighing proposals for major changes in its policy on the war. Months of escalating violence have drained support in the United States for the occupation, and left officials here and in Washington searching for a way out of an increasingly complicated war.

The Iraqi government, meanwhile, is pushing the American military to cede control of security in the capital, arguing that Iraqis know best how to protect themselves. American commanders, however, fear the Shiite-dominated government will use the predominantly Shiite army as a weapon against Iraq's embattled Sunni minority.

The Iraqi prime minister, Nuri Kamal al-Maliki, immediately denounced the bombing, calling it the work of supporters of the former dictator, Saddam Hussein. Shiite workers, still scraping rubble out of blood-stained puddles at noon, angrily accused the United States of failing to protect them.

"The security portfolio is still being held by the Americans," said Waleed Hussein, a hardware store owner, whose two brothers and son were wounded. "We put all this on their shoulders."

The deepening war again drew the attention of Iraq's Sunni Arab neighbors. On Monday more than 30 prominent Islamic clerics from Saudi Arabia called on Sunni Muslims around the Middle East to support Sunnis in Iraq against Shiites, The Associated Press reported. The clerics, most of them from Saudi Arabia's top Islamic universities, centers of hard-line Islam, posted their statement on a Saudi news Internet site.

"After almost four years of occupation, it is clear that the aim behind this occupation is for the Crusaders and Shiites to take control of Iraq, paving the way to complete their control over the region," the statement read, the news agency said.

The bombing in Baghdad followed a grimly familiar pattern. Day laborers, whose wages average about $11 a day, gathered in the early morning chill to wait for offers of work. Shortly before 7 a.m., a small Kia truck drove up, loaded with bags of wheat.

"The owner got down and shouted, 'I need laborers to unload!' " said a worker who had been standing in the area when the blast occurred.

Just as the workers gathered, the truck exploded, scattering grain in all directions, scarring the facade of a three-story building, wounding scores of workers and gouging out a crater nearly 10 feet wide. But two hours after the blast, workers had already cleared away most of the debris.

The hardware store owner, Mr. Hussein, who was standing in front of his crumpled shop shortly before noon, piling debris into hardhats and buckets, said he thought there had been a second bomb, delivered moments later on a motorcycle, though the police did not confirm it.

The immediate aftermath was also familiar. Brothers, fathers and sons sought each other. One man, slightly wounded, repeated the name of a Shiite saint. He was grabbing at bodies in a tangled heap, looking for his brother, Maitham Ali, a 41-year-old worker who was there when the bomb went off. He found him still alive and lifted him into a car.

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The wounded were taken to Kindi Hospital, which has one of the city's primary emergency rooms, but which declined badly in recent months, said the director, Flayeh Hassan. The hospital has lost large numbers of doctors and nurses, as many middle-class Iraqis have fled the country. There is not enough money to buy basic supplies, he said.

Kadhim Thijil, a 40-year-old construction worker from the southern city of Nasiriya, said he needed stitches that were costing more money than he had. He saved his small daily earnings and sent about $30 to his family each week, he said.

The American military described the startling rescue of 23 hostages from a neighborhood in west Baghdad by Iraqi Army soldiers. Some of the captives were found in car trunks.

The military also announced the deaths of five service members, while gunmen in Mosul shot and killed a cameraman for Associated Press Television News, the news agency reported.

Also on Tuesday, the military announced it had detained the head of the Kut office of Moktada al-Sadr, a Shiite cleric, on Dec. 9. The Iraqi, whom they did not identify, was suspected of smuggling weapons and attacking American and Iraqi forces, the military said.

'Death Square' Blast Kills 70 Iraqi Laborers (WP)

By Sudarsan Raghavan

The Washington Post, December 13, 2006

BAGHDAD, Dec 12 -- They arrived Tuesday morning at a place where sudden death intersects with life. They were mostly young men from Basra, Nasiriyah, Amarah and other towns across Shiite-dominated southern Iraq. At a time when men their age were joining Shiite militias or criminal gangs, they sought something more elusive in the new Iraq: jobs.

In Tayaran Square, about a mile from the fortified Green Zone, the day laborers waited for work at the going rate of $10 a day, paltry by Baghdad standards. In recent months, there had been two bombings here, killing several people. Local residents called the place Death Square. Yet scores of men came.

"They came in order to live," said Sadiq Ali, the short, stocky owner of the Salaam Cafe, where many of the young men had their breakfast tea.

About 7 a.m., a red Chevrolet Malibu truck pulled up at the edge of the square, witnesses said. As the men gathered around, it exploded, killing 70 and injuring more than 230. Others said they heard a second blast at about the same time. The bombing was the deadliest assault since car bombs and mortar shells killed more than 200 people in the Shiite slums of Sadr City on Nov. 23.

Tuesday's attack illustrates the immense challenges that lie ahead as the United States promotes an effort to create thousands of jobs in Iraq. Many Iraqi leaders have called for such programs since U.S.-led forces invaded in Iraq in 2003.

"It's a bit late, as usual," said Mahmoud Othman, an independent Kurdish legislator. "They should have done this three years ago. In this country, they have spent so much money on security without results. If they had spent one-tenth of that on creating jobs, more projects and fighting unemployment, things would have been better now."

In today's Iraq, the violence is often directed at the economic foundations of society. Insurgents have detonated car bombs in crowded bazaars and factories and attacked minibuses carrying company employees. Criminals have kidnapped wealthy businessmen for ransom and robbed banks. Even generators that provide electricity to whole communities have been blown up.

Senior U.S. military commanders now say that a military solution alone will not stem the sectarian violence plaguing Iraq. Initiatives to boost the nation's anemic economy, they say, must become part of their arsenal.

On Tuesday, Lt. Gen. Peter W. Chiarelli, the departing operational commander of the Multinational Corps in Iraq, said he was frustrated that of an initial $18.4 billion in reconstruction funds allocated by Congress, none had been spent to boost Iraq's agriculture industry.

"Not only could Iraq feed itself, but it could feed large portions of the region and have goods and services to export," Chiarelli told reporters.

He expressed pride in some efforts, specifically a U.S. date palm spraying program in which helicopters sprayed thousands of acres of trees with pesticides to eradicate insects that had caused major damage. Iraq once produced roughly 30 percent of the world's dates, its second-biggest export after oil. Today, the date industry is showing signs of recovery.

"Those are the kinds of things that are small victories, probably kind of float in under the radar, but I think over time can have a cumulative effect that can really start to see the level of the violence go down and get people thinking about something else than whether their neighbor is Sunni or Shia," Chiarelli said.

But as recently as September, date farmers in Baqubah complained that sectarian violence had driven families out of villages and that gunmen had ambushed farmers.

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All 20-year-old Khalid Nasser wanted was a job. Several days ago, he traveled from the southern city of Basra to seek his fortune in Baghdad. He stayed at the Mustafa Hotel, down the road from Death Square, where dozens of day laborers resided. "They came because they were starving," said Salih Abbas, the tall, burly owner of the hotel.

Nasser's days were spent working, even though he knew of the risks of lingering in the square each morning. His 13 relatives back in Basra depended on him. "I needed the money," said Nasser, a slim, fashionable young man who wore a New York Yankees ski hat.

On Tuesday morning, as he sipped tea, he watched his foreman walk toward the square, where the pickup had pulled up.

"It was a huge explosion," said Mohammed Jabbar Yousef, 37, a shopkeeper whose store is just across the street from the blast site. " People were running in every direction. They were clutching their heads, legs and hands. There was blood everywhere."

Nasser was thrown to the ground unconscious. When he woke up, he saw a huge crater. The left side of his head was bleeding. His right leg was injured. His foreman's body, he said, was "cut into two pieces."

Two hours later, Nasser limped into the Salaam Cafe. His head was bandaged. He joined a group of men, some of whom spoke in casual tones about the bombing.

"We get used to death," said Ali, the owner. "Death is in the hands of God. What can we do?"

"They are targeting the Shia," Abbas said, shaking his head in disgust.

Outside, the sound of hammers filled the air. Shopkeepers were putting their shattered doors back into place. On the street, men washed away the blood, turning the water maroon. Women in black abayas were shopping. Minibus drivers were hailing customers.

Yousef, the shopkeeper, had picked up his tumbled wall of goods and was back in business. He expressed sympathy for the day laborers. "I have a family to feed," he said as a customer entered.

For the most part, life had returned to normal on Death Square, save for one soul sitting in a coffee shop, pondering his future. "I will take my brother and go back to Basra," Nasser said. "I will not return."

Pakistan Is Behind Taliban, Karzai Says (FT)

By Rachel Morarjee

Financial Times, December 13, 2006

President Hamid Karzai on Tuesday dismissed the idea of talks with the Taliban as useless in stemming surging violence in Afghanistan without tackling elements in the Pakistani government that he said were sponsoring terrorism.

Speaking in Kandahar, Afghanistan's main southern city and a former Taliban stronghold, Mr Karzai spoke hours after a suicide bomber killed six people in an apparent attempt to assassinate the governor of neighbouring Helmand province, who escaped unhurt.

"The problem is not Taliban; we don't see it that way. The problem is with Pakistan," he said when asked if he would consider opening talks with leaders of the Islamic militia ousted from power in 2001.

It would not be possible to open dialogue with two key leaders of the movement, the former Taliban leader Mullah Mohammed Omar or the US's most-wanted terrorist Gulbuddin Hekmatyar, unless they resolved their problems with the international community, he said.

"If we resolve the difficulty with Pakistan the question of Taliban will go away automatically. So are we talking to the Taliban? Yes, we are. We are talking to Pakistan," he said.

"The state of Pakistan was supporting the Taliban, so we presume that if there are any Taliban that they are still being supported by a state element," he said. The insurgency, he added, had to be tackled at its roots across the border.

Pakistan's foreign minister, Khurshid Mehmood Kasuri, visited Afghanistan last week to lay the groundwork for a cross-border meeting of tribal councils to discuss the violence, as the atmosphere between the two countries sours.

Mr Karzai was on a two-day visit to Kandahar in the wake of a meeting of the Policy Action Group, a war cabinet of Nato generals and ambassadors and Afghan officials set up to look at ways of stemming the growing violence and boosting development.

Mr Karzai also criticised mounting civilian casualties inflicted by Nato and US forces and said the casualties would "absolutely" erode support for the Afghan government if it carried on.

Four civilians including a teenage girl were killed in a raid on a house in south-eastern Afghanistan on Tuesday, the latest in a string of civilians caught in crossfire.

"People are angry about these killings," he said, claiming there was a rising wave of fury in Kandahar about an incident in which British troops in a military convoy fired on unarmed civilians after a suicide bomb earlier this month. He said his government was working with Nato to prevent a recurrence.

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Army, Marine Corps To Ask For More Troops (WP)

By Ann Scott Tyson

The Washington Post, December 13, 2006

The Army and Marine Corps are planning to ask incoming Defense Secretary Robert M. Gates and Congress to approve permanent increases in personnel, as senior officials in both services assert that the nation's global military strategy has outstripped their resources.

In addition, the Army will press hard for "full access" to the 346,000-strong Army National Guard and the 196,000-strong Army Reserves by asking Gates to take the politically sensitive step of easing the Pentagon restrictions on the frequency and duration of involuntary call-ups for reservists, according to two senior Army officials.

The push for more ground troops comes as the wars in Iraq and Afghanistan have sharply decreased the readiness of Army and Marine Corps units rotating back to the United States, compromising the ability of U.S. ground forces to respond to other potential conflicts around the world.

"The Army has configured itself to sustain the effort in Iraq and, to a lesser degree, in Afghanistan. Beyond that, you've got some problems," said one of the senior Army officials. "Right now, the strategy exceeds the capability of the Army and Marines." This official and others interviewed for this report spoke on the condition of anonymity because they were not authorized to talk publicly about the matter.

The Army, which has 507,000 active-duty soldiers, wants Congress to permanently fund an "end strength," or manpower, of at least 512,000 soldiers, the Army officials said. The Army wants the additional soldiers to be paid for not through wartime supplemental spending bills but in the defense budget, which now covers only 482,000 soldiers.

The Marine Corps, with 180,000 active-duty Marines, seeks to grow by several thousand, including the likely addition of three new infantry battalions. "We need to be bigger. The question is how big do we need to be and how do we get there," a senior Marine Corps official said.

At least two-thirds of Army units in the United States today are rated as not ready to deploy, as well as lacking in manpower, training and -- most critically -- equipment, according to senior U.S. officials and the Iraq Study Group report. The two ground services estimate that they will need $18 billion a year to repair, replace and upgrade destroyed and worn-out equipment.

If another crisis were to erupt requiring a large number of U.S. ground troops, the Army's plan would be to freeze its forces in Iraq and Afghanistan, and divert to the new conflict the U.S.-based combat brigade that is first in line to deploy.

Beyond that, however, the Army would have to cobble together war-depleted units to form complete ones to dispatch to the new conflict -- at the risk of lost time, unit cohesion and preparedness, senior Army officials said. Moreover, the number of Army and Marine combat units available for an emergency would be limited to about half that of four years ago, experts said, unless the difficult decision to pull forces out of Iraq were made.

"We are concerned about gross readiness . . . and ending equipment and personnel shortfalls," said a senior Marine Corps official. The official added that Marine readiness has dropped and that the Corps is unable to fulfill many planned missions for the fight against terrorism.

Senior Pentagon officials stress that the U.S. military has ample air and naval power that could respond immediately to possible contingencies in North Korea, Iran or the Taiwan Strait.

"If you had to go fight another war someplace that somebody sprung upon us, you would keep the people who are currently employed doing what they're doing, and you would use the vast part of the U.S. armed forces that is at home station, to include the enormous strength of our Air Force and our Navy, against the new threat," Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said at a briefing last month.

But if the conflict were to require a significant number of ground troops -- as in some scenarios such as the disintegration of Pakistan -- Army and Marine Corps officials made clear that they would have to scramble to provide them. "Is it the way we'd want to do it? No. Would it be ugly as hell? Yes," said one of the senior Army officials. "But," he added, "we could get it done."

According to Army Gen. John P. Abizaid, the top U.S. commander for the Middle East, the Army and Marine Corps today cannot sustain even a modest increase of 20,000 troops in Iraq. U.S. commanders for Afghanistan have asked for more troops but have not received them, noted the Iraq Study Group report, which called it "critical" for the United States to provide more military support for Afghanistan.

"We are facing more operational risk than we have for many, many years," said Sen. Jack Reed (D-R.I.), a member of the Armed Services Committee. He called it "shocking and scandalous" that two-thirds of Army units are rated "non-deployable." He said the country has not faced such a readiness crisis since the aftermath of the Vietnam War.

The U.S. military has more than 140,000 troops in Iraq and 20,000 in Afghanistan, including 17 of the Army's 36 available active-duty combat brigades. When Army and Marine Corps combat units return from the war zone, they immediately lose large

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numbers of experienced troops and leaders who either leave the force, go to school or other assignments, or switch to different units.

The depletion of returning units is so severe that the Marines refer to this phase as the "post-deployment death spiral." Army officials describe it as a process of breaking apart units and rebuilding them "just in time" to deploy again.

Training time for active-duty Army and Marine combat units is only half what it should be because they are spending about the same amount of time in war zones as at home -- in contrast to the desired ratio of spending twice as much time at home as on deployment. And the training tends to focus on counterinsurgency skills for Iraq and Afghanistan, causing an erosion in conventional land-warfare capabilities, which could be required for North Korea or Iran, officials say.

If a conflict with North Korea or Iran were to break out and demand a medium to large ground force, the Army would be forced to respond with whatever it had available.

The U.S. military today could cobble together two or three divisions in an emergency -- compared with as many as six in 2001 -- not enough to carry out major operations such as overthrowing the Iranian government. "That's the kind of extreme scenario that could cripple us," said Michael E. O'Hanlon, a military expert at the Brookings Institution.

Unable to count on a significant troop withdrawal from Iraq, the Army seeks to ease the manpower strain by accelerating plans to have 70 active-duty and National Guard combat brigades available for rotations by 2011. Next year, for example, the Army intends to bring two brigades on a training mission back into rotation. It is investing $36 billion in Guard equipment in anticipation of heavier use of the Guard.

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Feds Ease Tactics On Corporate Scandals (AP)

By Lara Jakes Jordan

AP, December 13, 2006

The Justice Department on Tuesday limited its prosecutors' ability to crack down on corporations that withhold confidential information during investigations, scaling back tough legal tactics authorized after the Enron-era scandals.

Under the new guidelines, federal prosecutors are still expected to aggressively go after companies accused of fraud and other white-collar crimes.

But they bar the government from seeking harsher penalties for businesses that won't cooperate with prosecutors — either by denying them corporate attorney-client communications or paying lawyers' fees for employees under investigation.

The policy shift aims to temper a diverse coalition of critics — from conservative former Attorney General Ed Meese to the liberal American Civil Liberties Union — who call prosecution tactics developed in 2003 unfair and, in some cases, unconstitutional.

"The whole strategy here is to strike a balance between the central concerns of those who have raised questions about the policy ... and continue our aggressive efforts against corporate criminals," Deputy Attorney General Paul McNulty said in an interview with The Associated Press after announcing the changes at a speech in New York that was closed to reporters and the public.

"We still have a job to do to get the facts so we can prosecute corporate criminals," McNulty said. "And there can be no letup in that effort. That's what the taxpayers want us to do. And that's what good corporations want us to do, too."

Under the new guidelines, U.S. attorneys:

_Must obtain written approval from the Deputy Attorney General before allowing prosecutors to demand confidential information or communications between attorneys and their clients.

_Must consult with the Assistant Attorney General who oversees all Justice Department criminal cases before allowing prosecutors to seek results of corporations' internal investigations or what McNulty described as other factual information.

_Cannot penalize or otherwise consider as uncooperative any firms that pay attorneys' fees for employees. However, McNulty said that he and future Deputy Attorneys General could approve harsher penalties in rare cases where the payments result in blocking the government's investigation.

_Cannot penalize corporations that refuse to hand over the confidential and so-called "privileged" attorney-client information. Firms that do, however, will receive credit for cooperating, McNulty said.

The new rules replace guidelines that intended to coordinate prosecution tactics in the country's 94 U.S. attorneys' offices in the wake of corporate scandals at Enron Corp., WorldCom Corp. and other firms that cost investors and employees billions of dollars.

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But critics charged those tactics, developed by former Deputy Attorney General Larry Thompson, were too harsh on corporations trying to avoid being branded as uncooperative. They asserted that such branding could lead to indictments that, publicly, scarred even innocent businesses forever. Last week, outgoing Senate Judiciary Chairman Arlen Specter, R-Pa., introduced legislation to bar prosecutors from demanding attorney-client information from corporations in any case.

Responding to McNulty's announcement, some critics said it was unclear whether the new guidelines would make much difference.

Stan Anderson, senior counsel at the U.S. Chamber of Commerce, said he remains bothered that firms who do turn over information or refuse to pay attorneys' fees are given credit for cooperating — even if those that do not aren't penalized.

"To me, that seems inconsistent," said Anderson, one of the lead critics of in the coalition that pushed for change. However, he said, the Justice Department "clearly recognized that they had a problem, and they recognized that we had legitimate concerns, and they're trying to do something about it."

McNulty said the "changes deserve to be given a try" before Congress moves forward with Specter's plan.

U.S. Imposes Limits In Fighting Corporate Crime (WSJ)

By Evan Perez And Kara Scannell

The Wall Street Journal, December 13, 2006

Signaling a shift in tactics in the battle against corporate crime, the Justice Department revised its rules for prosecuting corporations and individuals in white-collar investigations.

Under the new guidelines, federal prosecutors face new limits on when they can seek access to communication between company attorneys and employees being investigated for wrongdoing. Prosecutors also must receive formal approval from superiors in the local U.S. Attorney's offices and from senior Justice Department officials, to request such communication, and make written requests for companies to share information obtained in internal corporate investigations.

The changes, announced by Deputy Attorney General Paul J. McNulty yesterday and effective immediately, revamp the so-called Thompson Memo guidelines issued in 2003 by former Deputy Attorney General Larry Thompson.

Alongside recent moves by the Securities and Exchange Commission, the changes shore up corporate defenses that had been eroded in recent years by prosecutors and regulators during post-Enron corporate criminal investigations. Some of the tough tactics used in those cases were criticized as depriving accused companies and executives of their fundamental legal rights.

For example, in some instances prosecutors pressured companies to waive attorney-client privilege or stop paying legal bills of executives under investigation. Companies that didn't go along were sometimes judged to be uncooperative with prosecutors, risking indictment of the company itself.

Jonathan Rosen, former Assistant U.S. Attorney for the District of Columbia and now a white-collar criminal defense attorney at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo P.C., says defense attorneys might now go over evidence prosecutors are using against their clients and use the new McNulty memo guidelines to try to have evidence thrown out. "The memo today could be used as an implied admission of overreaching," Mr. Rosen said. He added, "nothing the [Justice] Department can do today can retroactively cure a constitutional violation that occurred before this date."

Mr. McNulty said the changes sought to strike a balance between "making sure we get facts" while honoring the attorney-client privilege, a long-held legal right. He said the changes "raised the bar very high" on an individual prosecutor's ability to seek waivers of the privilege.

While some business advocates said the changes didn't go far enough, other legal experts questioned whether the changes could hinder some white-collar investigations already under way.

Christopher Wray, a former senior Justice Department official involved in drafting the previous guidelines in the Thompson memo, said the new guidelines could affect pending investigations on matters such as options backdating, environmental probes and criminal antitrust cases. Mr. Wray, former criminal-division chief and now head of King & Spalding's government investigations practice, said the new guidance "reduces the risk for abuse" and that "good responsible prosecutors respect the importance of a company's attorney-client privilege."

The changes respond to criticism from an alliance including civil-liberties groups, business advocates and criminal defense attorneys. They said that prosecutors routinely overstepped their powers and violated defendants' rights. Some of the harshest criticism came from a New York federal judge, Lewis A. Kaplan, who blasted the Justice Department for pressuring the accounting firm KPMG LLP to limit the fees it paid to lawyers who were defending former partners in a white-collar case. The Justice Department is appealing Judge Kaplan's KPMG ruling, and the new guidelines won't stop that from continuing, a senior Justice Department official said yesterday.

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In an interview, Mr. McNulty said "this is an adjustment to our practices. We will still be able to hold people accountable as we have in the past."

Mr. McNulty said he was most troubled by the perception that some executives under investigation have been reluctant to talk to their employers' lawyers because they feared that anything they said could end up being shared with prosecutors and used against them. "A real theme to these changes is corporate compliance," he said. "By raising the bar high on client-attorney communication we will encourage that type of compliance."

The new guidelines won support from many white-collar defense lawyers, but some business groups expressed concerns that the guidance doesn't go far enough to erode a "culture of waiver" that they say exists.

"It's a step in the right direction and it leaves all of law enforcement's tools intact," said Andrew Weissman, a former Justice Department official who at one time led the Enron Task Force. "The fundamental problem that still remains to be tackled is the scope of criminal corporate liability" -- the ability to charge a corporation because of the illegal actions of one or a few employees.

Justice Toughens Rules On Corporate Probes (USAT)

By Edward Iwata

USA Today, December 13, 2006

Facing a business and political backlash over its post-Enron policies on prosecuting companies, the Justice Department issued new guidelines Tuesday that could curb prosecutors in their fight against corporate crime.

The policies come as Congress, the U.S. Chamber of Commerce and other business groups seek to rein in anti-fraud laws and the federal crackdown on accounting and securities fraud following Enron and other scandals.

Earlier policies and the crackdown have led to the convictions of 1,000 people, including 300 top executives since 2002.

But the crackdown also angered business groups and defense attorneys, who accused prosecutors of forcing companies to cooperate with federal investigations and sign deferred prosecution agreements — or risk an indictment that could put them out of business.

Now, the new guidelines, effective immediately, create a higher standard for prosecutors seeking legally privileged information from companies, executives and their lawyers.

Prosecutors' requests for companies to waive attorney-client privilege will only be sought in rare cases, says Deputy Attorney General Paul McNulty. Prosecutors must show "a legitimate need" for the waiver, and their requests must be approved by McNulty.

Justice Department officials say the guidelines balance the aggressive prosecution of fraud with preserving "the sanctity of attorney-client privilege."

A closely watched case involving KPMG became a legal flashpoint on Justice Department guidelines. In that case, a federal judge ruled recently that prosecutors should not have forced KPMG to drop its legal representation of former executives.

Among other factors, the new guidelines state that prosecutors — in deciding whether to indict a company or defer prosecution — should not weigh whether the company is paying legal fees for its employees under investigation.

Some corporate attorneys say the policies don't go far enough to stop prosecutors who pressure companies to waive attorney-client privilege. Frederick Krebs, head of the Association of Corporate Counsel, says the policies "will not put an end to the 'culture of waiver' that exists within the DOJ."

Other called the change overdue.

Matthew Jacobs, a former federal prosecutor now a partner at McDermott Will & Emery, calls the guidelines "a real helpful correction. … The government has had so much power and discretion that it overplayed its hand."

Eric Holder, a partner at Covington & Burling and the former deputy attorney general who wrote the first guidelines for prosecuting companies, says that "the true test will be in how those in the field respond to this dramatic shift."

Higher Hurdles Set In Corporate Crime Cases (WP)

By Carrie Johnson

The Washington Post, December 13, 2006

The Justice Department announced new rules yesterday that will make it harder for prosecutors to bring criminal charges against companies, bending to intense pressure from business groups that claim the government has overreached in its pursuit of financial malfeasance.

In presenting the revised rules, Deputy Attorney General Paul J. McNulty called the changes a substantial and direct response to a lobbying drive by the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Association of Criminal Defense Lawyers, among others.

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Since devastating bankruptcies at Enron and WorldCom prompted Congress to pass a stringent corporate accountability law four years ago, business interests increasingly have pushed back on efforts to police their operations, arguing that the government has imposed too many costs on companies with too few benefits for investors.

The new concessions focus on the sensitive issue of when prosecutors can force companies to waive their legal rights to protect e-mail messages and other internal communications, essentially instructing government lawyers that they must jump through additional hoops before winning access to information they desire. Previously, prosecutors could consider the failure to waive those rights in deciding whether to charge a company with a crime.

Under the revisions, prosecutors who seek information about suspected wrongdoing must first win approval from the top official in their home offices before asking a business to waive its attorney-client privilege. Government lawyers who want to review contacts between a company and its attorneys under a privilege waiver must go all the way to the Justice Department in Washington for permission from its second-highest-ranking official.

The issue carries profound implications for businesses that run afoul of the law. Indictments against companies, particularly financial services firms, can be a death knell, as with the obstruction of justice case four years ago against the accounting firm Arthur Andersen. As a result, former prosecutor Andrew Weissmann said, such moves should require formal consent by top Justice Department authorities.

Weissmann said the government follows a similar approach before sentencing individuals to death. "Corporations deserve the same oversight, since a corporate indictment can lead to similar dire consequences," he added.

The new rules also bar prosecutors from directing companies under investigation to stop paying employees' attorneys fees, a strategy that was declared unconstitutional last summer by a federal judge in New York who blasted the government, saying it "let its zeal get in the way of its judgment."

In practice, former government lawyer Timothy J. Coleman said, the changes likely will reduce the number of waiver requests by adding another layer of red tape, taking resources away from the investigation itself and directing often unwanted attention onto a rank-and-file prosecutor.

The revisions come just days after Senate Judiciary Committee Chairman Arlen Specter (R-Pa.) introduced a bill that would force the Justice Department's hand. Lawmakers have held two hearings this year on the issue, spurred by a coalition of trade groups that yesterday assailed the new policy as "a day late and a dollar short," in the words of Frederick J. Krebs, president of the Association of Corporate Counsel.

At the same time, a handful of prosecutors in U.S. attorneys offices around the nation said they viewed the changes as a clear attempt to placate business interests that have been pushing back on rules in recent weeks.

The motivation among industry groups is in no small part a pocketbook issue. Waiving legal privileges to avoid criminal indictment can put scores of sensitive documents into the hands of plaintiff lawyers, driving up the costs of settling related shareholder lawsuits.

Last month, a report by a private committee, financed in part by an executive who is fighting civil charges and with support from Treasury Secretary Henry M. Paulson Jr., proposed indicting companies only as a "last resort" and requiring state officials to get permission from federal authorities in Washington before filing such charges.

In an interview, Deputy Attorney General McNulty rejected the notion that the concessions would cripple ongoing fraud investigations. "Our efforts to prosecute corporate crime will continue vigorously," he said.

In the short term, however, the revisions will buy Justice additional time before Congress takes up more far-reaching legislation proposed by Specter last week. Sen. Patrick J. Leahy (D-Vt.), who will lead the Judiciary panel come January, said the government had curtailed "its most excessive practices" but expressed reservations about how the changes would work over time.

The move carries potent symbolic value in a climate in which business has been emboldened in its efforts to return to a pre-Enron regulatory environment.

"The tide has turned," said Craig Margolis, a defense lawyer for a former executive at the audit firm KPMG, which waived its legal rights last year to help prosecutors build a case against more than a dozen former officials. "It should restore needed balance to the investigation of business entities and their employees."

Bar Raised For Prosecuting Corporate Fraud (MRKTWTCH)

By Robert Schroeder, Marketwatch

Market Watch, December 13, 2006

WASHINGTON (MarketWatch) -- The Justice Department raised the bar for prosecuting corporate fraud on Tuesday, requiring prosecutors to get approval from a top Justice official before going after confidential information between companies and their lawyers.

Announced by Deputy Attorney General Paul McNulty at a speech in New York, the new department guidelines also say prosecutors can't penalize companies that pay lawyers' fees for their employees.

Despite what he called the "wild excesses" of former executives Dennis Kozlowski and Bernie Ebbers, McNulty said corporate leaders recognize they have common goals with the Justice Department and that the government wants to encourage companies to prevent corruption through self-policing.

The guidance appears to make it tougher to go after corporate executives accused of wrongdoing. Read more about the guidance.

"My policy makes clear that attorney-client communications should only be sought in rare cases," McNulty said. "Before they are requested, the United States Attorney must seek approval directly from me," McNulty said in a speech to Lawyers for Civil Justice.

The guidelines revise a controversial 2003 memo from then-Deputy Attorney General Larry Thompson, which some defense lawyers and business interests said chilled attorney-client communications.

"Corporate attorneys have told me that they need full and frank communications between attorney and employee if they are expected to steer conduct away from law-breaking or uncover criminal wrongdoing," McNulty said.

Speaking to reporters, a senior department official disagreed with critics' assertions about the extent of prosecutors' power, but said "to some degree here, perception is the reality."

The aim of the guidelines is to improve the ability of corporate officers to get advice from their lawyers and to comply with legal requirements, the official said.

The guidance is effective immediately and applies to ongoing investigations.

DOJ Revises Corporate Fraud Procedures (LTIMES)

By Jason McLure, Legal Times

Legal Times, December 13, 2006

Bending to pressure from Congress, a federal judge and a lobbying campaign by business and legal groups, the Justice Department announced a number of immediate changes to its corporate-fraud charging policies Tuesday.

Federal prosecutors will be required to seek approval from senior Justice Department officials in Washington, D.C., before requesting that a company turn over the results of an internal investigation or the strategic advice of the company's lawyers.

In addition, with rare exception, prosecutors will no longer be allowed to pressure companies to cut off legal fees to executives or employees under scrutiny in fraud investigations. Previously, companies could earn "cooperation credit" with the government in certain cases by cutting off those fees. Such credit was an important factor for companies seeking to avoid a potentially crippling criminal indictment.

The changes, announced in a Tuesday speech by Deputy Attorney General Paul McNulty at a legal conference in New York, are a step back from the government's aggressive anti-fraud prosecution tactics outlined in the so-called Thompson memo, named for former Deputy Attorney General Larry Thompson, in 2003.

In the speech, McNulty said the new guidelines were designed to address the "perception, well founded -- or not," that the Justice Department's policies were "chilling attorney-client communications" and hurting the effectiveness of corporate lawyers in conducting internal investigations into fraud and other wrongdoing.

Critics of the government's waiver practices have said they discourage corporate executives and employees from speaking honestly with company lawyers during internal fraud investigations for fear their conversations could one day be handed over to the government and disclosed in court. That disclosure, in turn, could lead to shareholder class actions.

Publicly, the Justice Department has been vague about exactly what led McNulty and other officials to change course.

In June a federal judge in Manhattan issued a strongly worded opinion criticizing the conduct of prosecutors in the Justice Department's investigation of KPMG and the accounting firm's marketing of abusive tax shelters. In his opinion, Judge Lewis Kaplan found that federal prosecutors, who pressured the accounting giant to immediately stop paying the legal fees of potentially culpable partners and employees, had violated the defendant's Fifth Amendment right against self-incrimination and Sixth Amendment right to counsel.

"The tide has turned for the Thompson memo," said Craig Margolis, a former federal prosecutor who represents one of the former KPMG partners under indictment, in a statement. "DOJ essentially was compelled to make these changes in the face of judicial and Congressional scrutiny."

Still, some say that McNulty's tinkering didn't go far enough. "We're pleased that they're making an effort," says Fred Krebs, president of the Association of Corporate Counsel. "But overall, it's a day late and a dollar short."

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Krebs' group and others, including the U.S. Chamber of Commerce, the American Civil Liberties Union and the National Association of Criminal Defense Attorneys, had sought to bar the Justice Department from using a company's waiver decision as a factor in deciding whether to indict the corporation for fraud.

The apex of that lobbying campaign came in September, when McNulty appeared before the Senate Judiciary Committee and received a heavy dose of bipartisan criticism from former Justice Department officials and senators. On Tuesday, a senior Justice Department official, speaking on condition of anonymity, said that although the DOJ had been considering revisions to its policy for more than a year, the Judiciary Committee hearing "allowed [McNulty] to begin focusing his thinking on this issue and gave us the opportunity to hear in a more focused way from folks who were concerned about this."

A final nudge came last week from Sen. Arlen Specter, R-Pa., the outgoing chairman of the Judiciary Committee, who introduced a bill that would strictly limit a prosecutor's ability to request attorney-client-privileged information. On Tuesday a spokeswoman for Specter said that the senator was studying the Justice Department's changes and couldn't comment on them. Incoming Judiciary Committee Chairman Patrick Leahy, D-Vt., who had shared many of Specter's concerns, applauded the changes in a statement released Tuesday. "I am pleased the Department has heeded bipartisan criticism of its policy," said Leahy's statement.

The new guidelines, which the department has dubbed the "McNulty memo," say that "prosecutors generally should not take into account whether a corporation is advancing attorneys' fees to employees or agents under investigation and indictment." The only exception, according to a footnote in the memo, is in "extremely rare" cases where the "totality of circumstances" show advancing fees to culpable employees was done with the intention to "impede a criminal investigation."

With respect to obtaining privileged information, federal prosecutors will have to go through a more rigorous approval process, similar to the process required of prosecutors seeking electronic wiretaps or subpoenas for reporters. For certain types of sensitive attorney-client information, such as the advice a defense attorney gave to the management of a corporation facing a fraud investigation, prosecutors are now required to obtain the approval of the Justice Department's No. 2 official in Washington -- currently McNulty.

For privileged factual material a company has obtained through an internal investigation into an alleged fraud, such as transcripts of interviews with culpable employees, prosecutors will need to obtain the approval of the local U.S. Attorney in their district, who can only sign off on such a request with the approval of the head of the DOJ's Criminal Division in Washington, currently Alice Fisher.

Previously, prosecutors had wide latitude to issue such requests on their own, though how often they've formally made those requests is a matter of some debate between the Justice Department and the defense bar.

The new policy will still grant companies cooperation credit for "voluntarily" waiving their privilege over internal legal material. That still leaves defense attorneys with a strong incentive to waive the privilege, as a company's level of cooperation with criminal investigators is key to warding off a criminal indictment of the company as a whole.

"In close cases, maybe some corporations will decide that since prosecutors have to get approval for [waivers] they think they'll tough it out," says James Robinson, the former chief of the DOJ's Criminal Division. "But that's a game of chicken."

The McNulty Memo (WSJ)

The Wall Street Journal, December 13, 2006

Deputy Attorney General Paul McNulty yesterday released his revision of the 2003 Thompson Memorandum on the department's charging guidelines in corporate prosecutions. Though he was shy about referring to it as the "McNulty Memo," this may simply reflect the fact that the Thompson Memo became -- with some justification -- shorthand for prosecutorial excess in the nearly four years it was Justice Department policy. Nor has that criticism been limited to "business groups." The American Bar Association and the ACLU also raised civil-rights and due-process concerns about the policy.

Mr. McNulty acknowledged that the memo had to be revised because it undermined, rather than bolstered, the credibility of the Justice Department as an effective fighter of white-collar crime. The revisions announced yesterday raise the bar for prosecutors in two of the most criticized areas of the Thompson Memo, and to that extent they are to the good. But it must be pointed out that the McNulty Memo reaffirms the underlying department presumption that the legal treatment of firms is no different than for individuals. In the language of the memo, it should be neither more lenient nor harsher than on individuals suspected of criminal activity. In an interview in our offices yesterday Mr. McNulty declined to acknowledge that indictment of a business and of an individual are different things.

What the McNulty Memo does do is tell federal prosecutors they may no longer hold it against a firm under investigation if it declines to waive attorney-client privilege or cut off the payment of legal fees for employees who are investigated or have been charged. Whether these restrictions work remains to be seen.

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Mr. McNulty told us yesterday that this didn't mean prosecutors couldn't give a firm "credit" for waiving privilege. But if it counts in your favor to waive privilege, it's hard to see how it doesn't count against you not to waive. When your firm is in danger of being put out of business by a federal indictment, this is hardly the moment in which one lightly declines to answer "extra credit" questions.

That said, the new memo's movement is clearly in the right direction. U.S. Attorneys are being told they should not use the threat of indictment as a club to compel the waiver of attorney-client privilege, at least as it pertains to "legal advice and communications" between a firm and its counsel. Stan Anderson, chief counsel for the U.S. Chamber of Commerce, expressed doubt yesterday that this would put an end to the "culture of waiver" that Mr. McNulty acknowledged had become the general perception of Justice.

Similarly with the payment of legal fees. Mr. McNulty was categorical that a firm would not be penalized for paying legal fees of employees under investigation or indictment if the firm was legally or contractually obligated to do so. One would hope this would go without saying. If a company is legally bound to pay its employees' legal fees, how could it count against the firm to comply? Even if a firm had no such obligation, Mr. McNulty said, prosecutors are only supposed to weigh the decision to pay legal fees if the firm engages in a "pattern of obstruction."

Citing pending litigation, Mr. McNulty declined to say whether the KPMG tax-shelter case in New York would have fit that description. That case -- involving 18 people, mostly former KPMG employees -- is currently in federal court in New York. Earlier this year, the judge in the case, Lewis Kaplan, ruled that the defendants' Sixth Amendment right to counsel had been violated by the prosecutors' pressure on the firm to cut off legal assistance. The prosecutors are appealing that ruling, and Mr. McNulty suggested that the government's brief in the appeal made the case for why cutting off fees was appropriate.

Obviously it would be a colossal admission of error for the government to climb down in this case. But let's recognize that the KPMG prosecution is fraught with precisely the sort of excesses that Justice presumably wishes to weed out now. It is hard to reconcile the professed desire to rein in overly zealous prosecution with the heavy-handedness with which that case has been pursued -- and the deferred prosecution agreement with KPMG itself that buttresses it.

The government clearly expected that the prospect of decades in prison would induce more of the KPMG defendants to cop a plea; so far, only one of the original 19 has. It is striking that in the face of long prison terms and the denial of legal and other support from their erstwhile employer, the rest have chosen to have their day in court. But KPMG itself didn't have that option, as it learned watching Arthur Andersen implode.

This returns us to the broader question of whether indicting a firm is really analogous to indicting an individual, since a firm is often sentenced to death at the time it is charged, without the benefit of trial. Mr. McNulty would not concede the need for a change in policy. "I recognize that there are unique circumstances, . . . issues and concerns" in indicting an entire firm, the Deputy AG allowed. "But I would not characterize them as 'due process' concerns." No doubt Justice wants to reserve some weapons for pursuing genuinely corrupt corporate actors. But the threat of putting a company out of business simply by charging it with a crime turns the presumption of innocence on its head.

Like the Thompson Memo, the new charging memorandum does acknowledge the explosive nature of a corporate indictment, describing it as "a unique opportunity for deterrence on a massive scale." Call it WMD for white-collar crime. But blowing up companies to send a message to others in their industry strikes us as dubious public policy.

Mr. McNulty views the new memo as "a very substantial change in how the Justice Department does business." It is that. And he deserves substantial credit for acknowledging that a big change was necessary. The book is open, though, on whether the McNulty Memo goes far enough. It may be that Justice needs to lose a high-profile case such as the KPMG prosecution before the full sea-change occurs.

Pinochet Death Renews Calls For CIA Files (WP/AP)

By Bill Cormier, The Associated Press

The Washington Post, December 13, 2006

SANTIAGO, Chile -- The blast rocked Washington's Embassy Row on Sept. 21, 1976, ripping through the car of one of Chilean dictator Augusto Pinochet's most outspoken critics.

The assassination of Orlando Letelier and his American assistant two miles from the White House prompted demands for explanations and helped expose what President Nixon, Secretary of State Henry Kissinger and a series of CIA officials tried for years to conceal: U.S support for a military dictatorship that was killing thousands of its own citizens.

In the wake of the former leader's Sunday death, officials at the think tank where Letelier and Ronni Moffitt worked said they are sending U.S. Attorney General Alberto Gonzales a letter asking for the release of the remaining information.

In 1998, the Clinton administration declassified more than 16,000 documents related to Chile, but withheld documents on the Letelier bombing, citing an ongoing investigation.

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"With the prime suspect no longer here, there is no reason to keep those documents secret," said Sarah Anderson of the Washington-based Institute for Policy Studies.

Former Chilean secret police chief Manuel Contreras, who served seven years in a Chilean prison for the assassination, claimed his orders came directly from Pinochet.

"The documents related to the Letelier case definitely could include embarrassing information about the relationship between the U.S. government and the Pinochet dictatorship," Anderson said. "But that shouldn't outweigh the public's right to know about that history, especially if it gives consolation to the victims' families."

Congressional investigations, CIA reports and the declassified documents have already revealed much about the relationship between Pinochet and the U.S.

Declassified transcripts portray Kissinger downplaying concern over Chile's human rights record, even as the dictatorship was torturing and killing thousands of opponents. The death toll would eventually reach at least 3,197.

Meeting with Chile's ambassador in September 1975, Kissinger joked that U.S. officials focusing on human rights violations had "a vocation for the ministry." And in a June 1976 meeting with Pinochet himself, Kissinger gently encouraged the dictator to release more prisoners while stressing that "we are sympathetic with what you are trying to do here."

Peter Kornbluh, who helped win declassification of many files on Chile as a senior analyst at George Washington University's National Security Archive, said the transcripts of Kissinger's meetings "paint a pretty stunning picture of gross insensitivity to human rights atrocities."

Kornbluh believes some of the most important U.S. documents on Chile remain classified _ he's still seeking CIA cable traffic between Santiago and Washington, reports on Contreras' visits to the United States and more information about a young American, Charles Horman, who was killed shortly after the coup.

Full disclosure, Kornbluh said, would likely show how the U.S. government helped Pinochet's regime consolidate its power with overt and covert support, despite knowing of its abuses.

Documents already released indicate that U.S. officials did not directly participate in the military coup on Sept. 11, 1973 that toppled Chile's Marxist president, Salvador Allende. But the CIA said it had advance warning of the coup and had tried to foment earlier coup attempts on direct orders from Nixon and Kissinger.

A report released by the CIA in 2000 said the agency had been "aware of coup-plotting by the military, had ongoing intelligence-collection relationships with some plotters and -- because CIA did not discourage the takeover and had sought to instigate a coup in 1970 -- probably appeared to condone it."

A secret cable from the CIA deputy director of plans, Thomas Karamessines, conveyed Kissinger's orders to CIA Santiago station chief Henry Hecksher in 1970: "It is firm and continuing policy that Allende be overthrown by a coup," and that the "American hand" be hidden.

Nixon's CIA director, Richard Helms, in handwritten notes said the president, intent on saving Chile from communism, ordered covert operations to "make the economy scream" under Allende.

Even U.S. Secretary of State Colin Powell, when asked about covert U.S. activities in Chile, acknowledged in 2004 that, "It is not a part of American history that we're proud of."

The CIA kept in regular contact with Contreras _ blamed for much of the torture and death under the dictatorship _ until 1977, though it said the relationship "was not cordial and smooth."

Indeed, public outrage over Chile's human rights record prompted the U.S. Congress to ban weapons sales in 1976, not long after Kissinger's meeting with Pinochet.

In Santiago, Juan Pablo Letelier recalled the violent deaths of his father and thousands of other victims of Pinochet's dirty war.

"Pinochet died as an old man at the age of 91, surrounded by his family, his kids, attended by top medical assistance," he said. "My father's legs were severed by a bomb and he bled to death on a street on Embassy Row in Washington. Others had been tortured and thrown into the ocean ... It makes one think."

CORPORATE SCANDALS:

Court Faults Skilling Conviction But Orders Him To Report To Prison (WSJ)

By John R. Emshwiller

The Wall Street Journal, December 13, 2006

A federal appeals court signaled that former Enron Corp. President Jeffrey Skilling might serve far less than the 24-year sentence given him earlier this year by a federal judge, even as it ordered Mr. Skilling to immediately report to prison.

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The decision by the Fifth Circuit Court of Appeals turned down Mr. Skilling's request for bail pending the appeal of his May conviction in a Houston federal court on 19 counts, including conspiracy and fraud. The decision came just a day after the court had temporarily delayed Mr. Skilling's scheduled report date to a federal prison in Waseca, Minn. The criminal case against Mr. Skilling arose out of Enron's December 2001 collapse into bankruptcy. Mr. Skilling has consistently maintained his innocence.

In its decision yesterday, the appellate court said that Mr. Skilling's appeal was unlikely to result in the reversal of all 19 counts of his conviction. The former Enron chief executive will face some prison term. But exactly how long that prison term will wind up being became a bigger question, as the appeals court decision criticized a large swath of the verdicts against Mr. Skilling.

"Our review has disclosed serious frailties in Skilling's conviction of conspiracy, securities fraud and insider trading," the decision said.

Those three crimes made up the bulk of the case against Mr. Skilling. If those counts are thrown out on appeal, it "would require a substantial reduction" in the former Enron president's sentence, said Daniel Petrocelli, Mr. Skilling's lead criminal defense attorney. While disappointed with the decision to order Mr. Skilling to prison, "we take great comfort in the court's conclusion that there appear to be serious frailties in the convictions," Mr. Petrocelli said.

A Justice Department spokesman said the government is "pleased" that Mr. Skilling was ordered to report to prison.

In its decision, the appeals court said part of its concern regarding the conviction stemmed from a jury instruction given by the trial judge concerning Mr. Skilling's state of knowledge about the alleged wrongdoing at Enron. A larger concern cited by the court was connected to Mr. Skilling's conviction on conspiracy and related crimes. The appeals court noted that it had vacated convictions in another Enron-related case in which it expressed concerns over the application of the conspiracy statutes.

Yesterday's appellate-court decision was the latest example of troubles that the Justice Department has had on appeal with Enron-related convictions. For example, the Supreme Court threw out a criminal conviction of Arthur Andersen LLP after Enron's former accounting firm had been found guilty of obstructing justice in connection with destroying large amounts of Enron-related documents.

Appellate Ruling Pushes Skilling Closer To Prison (WP)

By Carrie Johnson

The Washington Post, December 13, 2006

Former Enron chief executive Jeffrey K. Skilling must report to a Waseca, Minn., prison soon, an appeals court judge ruled yesterday, because Skilling's appeal will not result in the reversal of all 19 of his criminal convictions.

Skilling, 53, had prepared to begin serving his 24 1/2 -year sentence yesterday. But an eleventh-hour reprieve from the U.S. Court of Appeals for the 5th Circuit late Monday kept him from flying to Minnesota. The court said it needed more time to consider Skilling's plea to remain free pending appeal.

Yesterday, in a two-page order, Circuit Judge Patrick E. Higginbotham reversed course. The judge cited "serious frailties" with Skilling's conviction on conspiracy, securities fraud and insider-trading charges by a Houston jury in May. In another Enron case last summer, the appeals court invalidated a legal theory the government had used, casting doubt on the survivability of many of Skilling's convictions.

But the judge's order suggested that the ruling in the other case would not impact Skilling's conviction on five counts of lying to auditors. Higginbotham concluded that other likely appellate challenges by Skilling, including an instruction that allowed jurors to convict him if he turned a blind eye to fraud at the Houston energy trading company, were "less formidable."

"Skilling raises no substantial question that is likely to result in the reversal of his convictions on all of the charged counts," Higginbotham wrote.

As a result, the judge denied Skilling's motion to remain free because his prison term would likely exceed the length of time it would take to appeal the case. The order means that Skilling, who continues to assert his innocence, could be forced report to the 1,070-inmate facility 75 miles south of Minneapolis as early as today, his lawyer said.

A Justice Department spokeswoman declined to comment yesterday. Daniel M. Petrocelli, a lawyer for Skilling, said the defense team remains "hopeful" because of the judge's doubts about some of Skilling's convictions.

Enron's December 2001 bankruptcy cost investors and employees billions of dollars in lost retirement savings. The company's founder, Kenneth L. Lay, died in July of natural causes, and a judge has since erased his conviction because of longstanding legal precedent.

Court Rejects Skilling's Bid To Stay Free Pending Appeal (LAT/BLOOM)

From Bloomberg News

The Los Angeles Times, December 13, 2006

Former Enron Corp. Chief Executive Jeffrey K. Skilling, sentenced to 24 years in prison for his role in a massive fraud that destroyed the company, lost his bid to remain free on bail while he appeals his conviction.

A federal appeals court in New Orleans on Tuesday revoked a stay issued the day before so it could consider his request. The court didn't specify when Skilling, convicted in May of securities fraud and conspiracy, must report to prison. Skilling, 53, is to serve his term at the low-security Federal Correctional Institution in Waseca, Minn.

"Skilling raises no substantial question that is likely to result in the reversal of his convictions on all of the charged counts," the federal appeals court said.

In revoking its stay, the court said it found weaknesses in Skilling's conviction, citing a previous court decision that may help the former CEO overturn some of the jury's verdicts.

Skilling maintains his innocence and said he was made a scapegoat.

Defense lawyer Daniel Petrocelli said that Skilling's formal appeal of his conviction would be filed in February or March.

Petrocelli didn't say whether Tuesday's ruling would be appealed to the full U.S. Court of Appeals in New Orleans, to the U.S. Supreme Court, or both. He also didn't say whether Skilling had already entered prison. The U.S. Bureau of Prisons website said that Skilling was "in transit."

Skilling's Reprieve Short-lived (HC)

By Tom Fowler, Houston Chronicle

Houston Chronicle, December 13, 2006

Court rules the ex-Enron CEO must appeal 'frailties' in case from behind bars

Jeff Skilling's prison postponement proved brief Tuesday as a court denied the former Enron CEO's request to stay out of prison pending his appeal.

Skilling is expected to report to the low-security prison in Waseca, Minn., sometime today, a day later than originally scheduled.

Despite what it called "serious frailties in Skilling's conviction" a three-judge panel of the 5th U.S. Circuit Court of Appeals ruled Tuesday that Skilling must remain in custody during his appeal.

In the order, the court indicated that its decision earlier this year to overturn convictions in another Enron trial, the Nigerian barge case, created "difficulties" for Skilling's convictions of conspiracy, securities fraud and insider trading.

"Yet Skilling raises no substantial question that is likely to result in the reversal of his convictions on all of the charged counts," the order continues.

Skilling's attorney Daniel Petrocelli said in an e-mail Tuesday night that he was disappointed with the decision but " ... we are very pleased with the court's conclusion that there are serious frailties with the convictions."

Was set to start TuesdaySkilling was originally scheduled to begin serving his 24-year, four-month sentence by 2 p.m. Tuesday afternoon.

But late Monday, the court of appeals issued an order postponing his report date until it gave "careful consideration" to his request for bail while he appeals his convictions on 19 criminal counts.

"This order is entered solely to allow this court to give careful consideration to the request for bail pending appeal," the court said in Monday's filing.

Within 24 hours, however, the decision was made.

The odd timing of the court's decisions was baffling to some observers.

"I can't imagine why they did it like this," said David Berg, a Houston trial lawyer who has followed the case. "Maybe just a bad sense of humor?"

Four focus points likelySkilling's appeal has not yet been filed, but there are four main points his defense team likely will focus on, according to court filings:

·The jury shouldn't have been allowed to use the theory that Skilling denied Enron of the intangible "honest services" he owed the company.

·The jury should not have been instructed that Skilling could be found guilty if he was "deliberately indifferent" to wrongdoing.

·Jurors in the trial were biased because of unfair media coverage in Houston and the widespread impact of Enron's bankruptcy on the community.

·Prosecutors denied the defense access to witnesses and made pretrial discovery difficult.

The misuse of the "honest services" argument was supported by the 5th Circuit's decision earlier this year to throw out charges against former Merrill Lynch executives in the barge case. In that case the court determined the bankers didn't profit personally from their actions and that the Enron workers they helped were carrying out Enron's corporate goals.

Petrocelli argued the jury shouldn't have been allowed to use the "honest services" argument in Skilling's case because he, too, was carrying out the company's goals.

In its reply to Skilling's motion to remain free pending appeal, the government argues the Merrill Lynch decision shouldn't apply to him because he was part of the management that set those goals.

"In other words, he was not following corporate policy or superior orders; he set policy and gave orders," the government argued.

If his appeal is denied, he can ask that the entire 5th Circuit hear the case and that the U.S. Supreme Court hear the appeal.

Confined at homeSince his sentencing in October, Skilling has been under court order to remain confined at home. He was ordered to wear an electronic monitoring ankle bracelet at all times so authorities could track his movements, and he can leave home only for specified reasons, such as medical appointments or court hearings.

Petrocelli said his client was prepared to fly to Minnesota early Tuesday, but when he got word of the delay "he remained home."

In Waseca on Tuesday, the delay was seen as just that: a brief respite from the inevitable.

"The man escaped for a while, didn't he?" said Waseca Mayor Roy Srp. "There is no doubt in my mind that Mr. Skilling is going to prison. It's just a matter of how much money is spent to postpone the inevitable."

Chronicle reporter Kristen Hays contributed to this report from Waseca, Minn.

Smoothing The Path From Corporate Life To Prison Life (LAW)

By Janeanne Murray, New York Law Journal

Law.com, December 13, 2006

The lengthy sentence imposed on former Enron CEO Jeffrey Skilling recently is a stark reminder that the U.S. Sentencing Guidelines have made federal prison a reality for many first-time offenders.

In fact, one third of all federal inmates are first-time, nonviolent offenders. Moreover, because of the length of their sentences, many of these individuals, like Skilling and WorldCom founder Bernie Ebbers, are denied placement in camp facilities.

But whether an inmate is assigned to a camp without wires and fences or a locked two-person cell, few would disagree that prison life is a profoundly dehumanizing experience.

How then can a prospective inmate obtain the most favorable placement in federal prison? Some hire sentencing consultants, the best of whom -- if hired early enough in the case -- can position and prepare their client for the least onerous experience the Bureau of Prisons (BOP) offers. But defense lawyers can readily develop expertise in this area and exert a positive impact on the quality of prison time their clients serve.

This article will focus on the various ways before, during and after sentencing, in which attorneys can ease their client's passage through federal prison. While a defense lawyer's primary objective will always be to avoid or reduce a prison sentence, surprisingly minimal effort can substantially improve the client's experience of prison life -- from securing a coveted lower-bunk pass, to entry into a program that makes participants eligible for early release.

BEFORE THE SENTENCING

The groundwork for ameliorating a federal prison sentence is laid between the plea (or trial) and the sentence. During this time the Probation Department conducts the presentence investigation and prepares the critical presentence investigation report (PSR), a detailed portrait of the client's personal and criminal history.

Akin to an academic transcript, the PSR accompanies a federal inmate throughout her prison experience and is used by the BOP to make several critical determinations about the inmate, including:

· Designation: Generally, an inmate will be designated to a facility matching her security level, within 500 miles of the inmate's home. BOP facilities are classified into one of five security levels, ranging from minimum (dormitory-style accommodations, limited or no perimeter fence and the lowest staff to inmate ratio) to high (locked single and two-person cells, tightly controlled movement and the highest staff to inmate ratio).

An inmate's security level is calculated using an elaborate scoring system based on the inmate's current offense behavior and prior criminal conduct, age, education, substance abuse history and whether she was permitted to surrender to prison voluntarily.[FOOTNOTE 1] In this process, the BOP primarily utilizes information from the PSR, unless superseded by the sentencing court's "Judgment in a Criminal Case" and accompanying "Statement of Reasons" (collectively, the Judgment).

Critically, in scoring the inmate's current and prior criminal conduct, the BOP will look beyond the actual finding of guilt and consider the often more serious underlying description of the offense, as set forth in the PSR. Certain factors, known as Public

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Safety Factors -- such as a client's alien status, sex offender status or the length of the sentence -- can preclude minimum security (camp) placement.

In addition, the BOP may in its discretion apply "management variables" to increase or lower an inmate's security level, based on such factors as the inmate's program needs or a finding that the inmate's scored security level is inconsistent with her security requirements.

· Program Eligibility: The BOP will use the PSR to determine an inmate's eligibility for a variety of educational and vocational programs. Of particular note is the Residential Drug Abuse Treatment Program (RDAP), a 500-hour, six- to 12-month intensive substance abuse treatment program, which qualifies eligible graduates for a six-month halfway house placement and a sentence reduction of up to one year.[FOOTNOTE 2] Candidates for the program must volunteer for it, have a documented substance abuse disorder (i.e., usually corroborated in the PSR), and 36 months or less remaining on their sentences. The sentence reduction is not available to deportable aliens, inmates previously convicted of certain violent offenses or those whose current offense involved violence or the possession of a dangerous weapon.[FOOTNOTE 3]

· Medical Treatment: The BOP will use the PSR, as supplemented by the Judgment, to determine any medical or mental health treatment appropriate for the inmate. The BOP will generally continue to provide the inmate's medical prescriptions (or their equivalent) listed in the PSR. Documented medical issues may entitle the inmate to certain exemptions. For example, back problems may secure the client a lower-bunk pass -- a not insignificant privilege when the sleeping arrangements are dormitory-style.

· Other Issues: The PSR is also used to establish, among other items, visitation lists, religious affiliations, dietary restrictions and appropriate work assignments, as well as to assist in pre-release planning.

Given the preeminence of the PSR, it is critical that the defense lawyer play an active role during the presentence investigation stage to influence this process to the client's advantage. The investigation is an opportunity for the lawyer to frame the PSR, not merely serve witness to it.

As part of the investigation, the assigned probation officer will schedule an interview with the client. In advance of that interview, the lawyer should fully debrief the client and family members on all matters pertinent to the PSR, from allergies to prescription medications to substance abuse history, in order to select the issues that need to be emphasized (or conversely downplayed) with the probation officer. A failure to mention alcohol or drug abuse problems could ruin the client's chances of getting into RDAP; an over-emphasis on medical issues could cause the client to be designated unnecessarily to a facility with specialized medical care.

A cooperative relationship with the probation officer at this stage will usually be more productive than an adversarial one. At the interview, the lawyer should not hesitate to prompt the client to give more expansive answers or interject to provide additional relevant information. It is also helpful to provide the officer with all available corroborating documents. Detailed notes should be taken, in the event there is a dispute later about what was said.

After the PSR is issued, the lawyer should review it carefully with the client for any inaccuracies or omissions and communicate any objections to the probation officer in a timely manner. See FedRCrimP 32(f)(1) (requiring objections to be made within 14 days of receipt).

While no inaccuracy is too small or immaterial to correct, particular attention should be paid to the descriptions of the client's role in the current offense and any alleged past criminal conduct. An improper application of a firearm enhancement in the sentencing calculation for the current case could render the client ineligible for the RDAP sentence reduction; an erroneous description of a prior domestic violence incident could negatively impact the client's security classification.

AT THE SENTENCING

There are several applications that can be made to the sentencing judge, either orally or in writing, with the aim of enhancing the client's prison experience.

Most importantly, the lawyer should move for any amendments to the PSR that have not already been made by the probation department in response to the lawyer's previous objections.[FOOTNOTE 4] The lawyer may also request judicial recommendations for designation to a particular facility or class of facilities, and admittance to a particular BOP program, such as the RDAP.

While not binding on the BOP, such recommendations have persuasive power, assuming the client meets the requisite eligibility criteria. In fact, the BOP must explain in writing to the court why it rejected the court's recommendation.[FOOTNOTE 5]

Specific medical or mental health treatment may be requested for the client, mindful, of course, of the potential impact this application can have on the client's ultimate designation. If the judge imposed a fine or restitution, the lawyer can move for payment to commence after the completion of the prison sentence.[FOOTNOTE 6]

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Finally, the lawyer should always request permission for the client to self-surrender (not just to spare the client the hospitality on "Con Air," but to improve the client's security score) and sufficient time for the client to get his or her affairs in order.[FOOTNOTE 7]

AFTER THE SENTENCING

By the time the sentencing is over, most of the foundations of the client's federal prison experience are already set in stone. There are, nonetheless, several constructive steps the lawyer can take at this stage.

It is important to follow up with the probation officer to make sure the PSR is corrected according to the sentencing judge's instructions and that the corrected version is forwarded to the BOP. In addition, the Judgment should be reviewed to confirm it accurately reflects the rulings made at sentencing, and the court immediately petitioned for amendments if it does not.

In certain situations, it might be helpful for the defense lawyer to write directly to the BOP on the issue of the client's designation, for example, where the lawyer believes the client's likely security level will overstate her security needs. If so, this letter should be written as soon as possible after the sentencing, as it is much harder to change a designation decision once it has been made. The lawyer should make sure the client is designated before the surrender date, or move for an adjournment of the surrender date to permit completion of the designation process.

Finally, the lawyer can help the client prepare practically and psychologically for the transition to prison life. The client can be introduced to the wealth of Internet resources[FOOTNOTE 8] and literature[FOOTNOTE 9] on the subject. A meeting with a former inmate, if it can be arranged, can also be a valuable way of dispelling unnecessary fears. The client should also be encouraged to schedule full medical and dental check-ups prior to surrender.

CONCLUSION

For many prison inmates, the quality of the time they serve is as important as the length of the sentence. Time will certainly pass faster for most, for example, if one is in the relatively freer and less volatile environment of a camp facility. Thus, in federal criminal cases, once the client has pleaded guilty or has been convicted after trial, it is in the client's interest for the defense lawyer to adopt the dual strategy of mitigating the sentencing exposure and simultaneously positioning the client for a favorable prison placement. This is true even if the likelihood of incarceration appears to be remote. Once a prison sentence has been pronounced, it is often too late to take the measures that can make that sentence more palatable.

JaneAnne Murray is a criminal defense lawyer in New York City. She was previously an assistant federal public defender is the Eastern District of New York.

::::FOOTNOTES::::

FN1 See BOP Program Statement 5100.08, Security Designation and Custody Classification Manual, Chapters. 3, 4 (available at www.bop.gov/policy/progstat/5100_008.pdf).

FN2 The sentence reduction is authorized by statute. See 18 USC §3621(e)(2).

FN3 The policies and procedures of RDAP are set forth in BOP Program Statement 5330.10, Drug Abuse Programs Manual, Inmate, available at www.bop.gov/policy/progstat/5330_010.pdf. Further information on early release eligibility can be found in BOP Program Statement 5331.01, Early Release Procedures Under 18 USC §3621(e), available at www.bop.gov/policy/progstat/5331_001.pdf; see also Ellis & Henderson, "Getting Out Early: BOP Drug Program," Criminal Justice 20, No. 2 (A.B.A. 2005). The other sentence-reducing program at the BOP (the boot-camp program for nonviolent, first-time offenders) was phased out last year.

FN4 Such amendments cannot be made after the sentencing. See, e.g., United States v. Giaimo, 880 F2d 1561, 1563 (2nd Cir.1989) (no jurisdiction under FedRCrimP 32 to correct inaccuracies in PSR after a defendant has been sentenced).

FN5 See BOP Program Statement 5070.10, Responses to Judicial Recommendations and U.S. Attorney Reports, available at www.bop.gov/policy/progstat/5070_010.pdf. In the 2nd U.S. Circuit Court of Appeals, the BOP might, but not necessarily will, honor recommendations that an inmate with a sentence of 12 months or less be designated to a community confinement center (halfway house), as a result of the Court's decision in Levine v. Apker, 455 F.3d 71 (2nd Cir. 2006) (holding that the BOP's rule limiting inmate's placement in a halfway house to the lesser of the last 10 percent or six months of the sentence was an improper exercise of the BOP's rulemaking authority). Such a designation would be guaranteed, however, through a sentence of probation with a condition of community confinement. In addition, the BOP might not necessarily honor recommendations of camp placement for eligible offenders with sentences of 15 months or less, since such inmates may be required to man the work cadres of pretrial detention centers.

FN6 If the court grants this application, the inmate will usually not be required to participate in the Inmate Financial Responsibility Program (the program by which the BOP assists in the collection of court-ordered financial obligations), which can result in substantial deductions from the inmate's commissary account every month.

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FN7 A discussion of the interplay between state and federal sentences is outside the scope of this article. If the client is primarily subject to state jurisdiction, the lawyer should review "Interaction of State and Federal Sentences," available at www.bop.gov/news/publications.jsp.

FN8 See, e.g., www.bop.gov (downloadable copies of all BOP program statements as well as other information on BOP facilities, rules and procedures); www.prisontalk.com (message board on federal prisons with up to date information provided by former inmates and the families of current inmates); www.michaelsantos.net (Web site of long-term federal prisoner, with articles on prison life and advice to the newly sentenced); www.fedcure.org (advocacy group for federal inmate population, with news, publications and links).

FN9 See, e.g., Alan Ellis, "Federal Prison Guidebook" (2005); David Novak, "Down Time: A Guide to Federal Incarceration" (2005); Michael Santos, "What if I Go to Prison?" (2003); Clare Hanrahan, "Jailed for Justice: A Woman's Guide to Federal Prison Camp" (2002).

Former Siemens Executive Under Arrest (FT)

By Richard Milne In Frankfurt

Financial Times, December 13, 2006

A former senior executive at Siemens was arrested on Tuesday as the company for the first time put its own estimate on the scale of the alleged bribery scandal.

Europe's largest engineering group said it could reach €420m ($556m), more than double previous estimates.

Thomas Ganswindt, who left the management board in September and had special responsibility for Siemens' Information and Communications businesses, was in custody in Munich and being questioned by police investigating the bribery allegations.

The arrest takes the scandal to the highest level of Siemens' management.

Coming after controversy over an executive pay rise and the disposal of its mobile phone arm, the scandal is raising questions about the competence of Siemens' management and its supervisory board chairman, Heinrich von Pierer.

At Siemens, Joe Kaeser, finance director, said €420m in payments including some to consultants, would be examined to see if they had been siphoned off into private bank accounts.

But he added that not all the money had necessarily been embezzled.

The estimate, which compares with the €200m prosecutors believe was placed in slush funds, came as the group cut €168m from its net profit in the last six years.

In its most detailed comments since the scandal broke, Siemens said there could be further restatements and probes by the US Securities and Exchange Commission and the Department of Justice.

Siemens has launched a concerted effort to stem the damage to its image.

Following news it was due to be thrown out of Transparency International, the corruption watchdog, Siemens hired Michael Hershman, a former Watergate investigator and one of the anti-corruption body's founders, as compliance adviser.

Mr von Pierer, chairman and chief executive from 1992 to 2005 when most of the siphoning is alleged to have taken place, resisted calls to resign and said he would play an active role in investigations.

Ben Uglow, analyst at Morgan Stanley, said investors were not worried about the income restatement but could become more concerned if the scandal persisted: "It is not the cash amounts that worry us but more the principle."

Siemens Grapples With Widening Corruption Probe (WSJ)

By Mike Esterl

The Wall Street Journal, December 13, 2006

FRANKFURT -- A corruption investigation at Siemens AG is growing after the German conglomerate said it found €420 million ($556 million) in suspicious transactions spanning seven years -- roughly twice the amount prosecutors had identified last month.

Europe's largest engineering company by sales disclosed the figure yesterday, one day after it restated its net income for the latest fiscal year. It also appointed new auditors Monday to comb through its books and review its business procedures as it wrestles with the widening corruption scandal and possible sanctions in the U.S. and elsewhere.

A German police official confirmed yesterday that Thomas Ganswindt, a former senior executive, has been arrested. He was a member of Siemens's corporate executive committee, where he was responsible for its telecommunications-equipment unit, before resigning in September. A spokesman at Luxembourg-based Elster Group, where Mr. Ganswindt is chief executive, said he was unavailable and declined to comment.

More than 200 police raided the offices and homes of Siemens employees in November as part of a cross-border investigation into alleged embezzlement. German prosecutors said they had found €200 million in suspicious transfers.

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Prosecutors suspect the funds were used by Siemens employees to bribe potential customers abroad through a system of secret accounts and sham consulting contracts. Siemens is a witness in the investigation and has pledged to cooperate.

Siemens, which makes goods varying from high-speed trains to light bulbs, said it has been in contact with the Securities and Exchange Commission and the Justice Department to provide information on the alleged wrongdoing. The SEC and Justice Department declined to comment.

Joe Kaeser, Siemens's chief financial officer, said during a conference call that "it's kind of early to judge" whether it will face financial penalties. Siemens has attributed the alleged fraud to "individual acts" by current and former employees.

The scale of the alleged fraud raises questions about whether senior managers at the Munich-based company did enough to prevent wrongdoing, and prosecutors are trying to determine how high up the corporate ladder it traveled. Siemens has confirmed that a former chief financial officer from the unit as well as the heads of the unit's internal audit and accounting and controlling departments are among employees arrested.

Mr. Kaeser said the purpose of the questionable transactions remains unclear, and it appears confined to the money-losing telecom unit. It began dismantling the unit last year and agreed in June to merge the bulk of it into a joint venture with Nokia Corp. of Finland. A Nokia spokeswoman said it was "monitoring the situation, but integration work continues."

Klaus Kleinfeld, Siemens's chief executive, said the firm has worked hard to improve its compliance systems but acknowledged more needs to be done to stamp out improprieties. Prosecutors say Mr. Kleinfeld is a witness, not a suspect, in the inquiry.

Spitzer Suit Puts New Focus On Flat-Fee Accounts (WSJ)

By Tom Lauricella

The Wall Street Journal, December 13, 2006

New York State Attorney General Eliot Spitzer, just weeks from leaving office to become the state's governor, set off a brawl with the U.S. arm of Swiss bank UBS AG, alleging the firm put clients in unsuitable brokerage accounts -- resulting in them paying tens of millions dollars in unnecessary fees.

The accounts in question charge clients a flat percentage fee based on the amount of money in the accounts. Known as wrap accounts, they can be a good deal for frequent traders who would spend more in commissions than if they paid a flat fee. In contrast, a client who rarely trades or has high levels of cash in an account would be better off in an account that charges per transaction.

UBS isn't the only firm facing regulatory scrutiny over these accounts. The Securities and Exchange Commission is probing whether Merrill Lynch & Co. clients were inappropriately placed in these accounts, according to people familiar with the matter. Merrill said it doesn't comment on regulatory matters.

The New York Stock Exchange, meanwhile, is investigating cases related to fee-based accounts. Regulators have taken aim at wrap accounts before, but Mr. Spitzer's suit would be by far the largest action. In 2003, the NASD warned all member firms to ensure that wrap accounts were appropriate for clients by taking into account "the services provided, cost, and customer preferences."

Mr. Spitzer's office, which offered to settle with UBS for $150 million, contends in a suit filed in New York state court that UBS allowed thousands of clients who did little trading to inappropriately hold wrap accounts because they would be more profitable than commissions. UBS did this, in part, by manipulating the guidelines for what were deemed appropriate levels of trading and by encouraging brokers to do just enough trading -- or churning -- of an account to keep clients in the wrap fee, the complaint charges.

Mr. Spitzer's office also alleges that financial incentives tilted brokers toward putting clients into the accounts and clients were misled into believing they were paying for advice services that they didn't get.

UBS declined to settle the suit for $150 million, according to a person familiar with the situation, and isn't going quietly. "UBS categorically denies that the program was part of a scheme to disadvantage clients and intends to defend itself vigorously in this matter," the firm said in a statement. UBS said clients had to agree to be placed in the wrap accounts and that emails cited in Mr. Spitzer's complaint show clients asking to remain in wrap accounts while UBS tried to shift them back to commission-based accounts.

UBS spokesman Mark Arena said Mr. Spitzer's office "cherry picked" data. That is an allegation also made by H&R Block Inc., which recently won a round in court in an attempt to fend off a lawsuit by Mr. Spitzer's office, in part by saying that the New York attorney general had bypassed information that supported H&R Block's position.

The complaint also alleges that UBS misled clients into believing they would be paying for advice through the wrap fees, when in fact the firm viewed it as just another kind of account. Mr. Spitzer's office cited a UBS executive's email which said the accounts had been sold "incorrectly." UBS denies that there was any intent to mislead clients.

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Spitzer Sues UBS, Claims Thousands Defrauded (AP)

By Michael Gormley

AP, December 12, 2006

ALBANY, N.Y. --

New York Attorney General Eliot Spitzer accused UBS Financial Services Inc. of moving clients into a brokerage program that cost some investors as much as $23,000 per trade, according to a lawsuit filed Tuesday.

UBS denies the civil charges and defended the program it said has saved clients hundreds of millions of dollars since 1999. UBS AG, a global firm that considers itself the world's leading wealth management business, contends Spitzer didn't consider all the information available on the company's practices.

The brokerage moved thousands of clients to the InsightOne program even though it was poorly suited to their needs, Spitzer said.

InsightOne charged fees based on assets, not the number of transactions, a program that favors frequent traders rather than buy-and-hold investors who rarely trade. The effort to move some clients into the program was sweetened with financial incentives that Spitzer said created a conflict of interest.

"CONFLICT is all over this," stated one internal company document obtained in the investigation.

Spitzer contends brokers must serve their clients and that encouraging customers to act against their best interest creates a conflict.

"UBS is committed to clients' individual needs," the company responded. "The InsightOne program was designed to satisfy those clients who sought alternatives to the industry's traditional commission-based accounts.

"Fee-based brokerage, in which clients pay a fee for trading activity rather than commissions on a per trade basis, offers investors greater choice as well as a way to closely align the interests of financial advisors and clients with respect to growing the value of the brokerage account," the company said. InsightOne accounts were about 3.5 percent of company's American accounts.

The lawsuit contends that customers paid UBS tens of millions of dollars more than necessary in InsightOne fees, including:

_A 91-year-old client who paid $35,000 for four trades over two years. They would have cost her about $2,000 in a traditional brokerage program.

_Another client who was charged $24,000 for one trade.

_A couple that was charged more than $23,000 each for two trades, a sum that totaled about 20 percent of the income from their family farm.

UBS is accused of violating state antitrust laws, common law fraud and breaches of fiduciary duty, said Spitzer, who begins his new job as governor on Jan. 1.

"We are genuinely mystified and puzzled as to this entire legal claim," said UBS spokesman Mark Arena. He said UBS doesn't know who the clients are that Spitzer singled out.

Arena said clients are moved into the InsightOne accounts only after they are determined to be suitable for it and have agreed to the change. After the first year, UBS analyzes whether the account is best for the client and sometimes recommends they return to a traditional account and, in rare cases, requires the switch back, Arena said.

He said Spitzer's office has refused to cooperate with them in their attempt to defend the company against the accusations.

"It's their data," said Spitzer spokesman Mark Violette. "We negotiated for six weeks. They cut it off and at that point we filed the lawsuit."

SEC To Propose New Guidance On Internal Controls (WSJ)

By Kara Scannell

The Wall Street Journal, December 13, 2006

WASHINGTON -- Federal securities regulators said that company executives won't need to test internal processes that have a low risk of affecting financial statements, and that new regulatory guidance will be flexible for companies based on their complexity.

The Securities and Exchange Commission will formally unveil today its widely anticipated guidance to help management comply with a section of Sarbanes-Oxley dealing with internal controls on financial statements. Business groups had complained that complying with the rule was costly and burdensome, with some suggesting it is one reason why the U.S. has lost foreign stock listings.

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The guidance will "fill a void," said SEC Chairman Christopher Cox. "The entire process is designed to take into account different complexities," while furthering the law's purpose, which is "to improve the quality of financial reporting" and give investors confidence in the financial statements, he said.

The SEC also will tackle other issues, including raising the bar investors must meet to invest in hedge funds to $2.5 million from $1 million, allowing for an optional electronic system to deliver proxies and annual reports to investors, and making it easier for foreign companies to terminate registration requirements once they pull their U.S. stock listings. Mr. Cox said each of the issues has the full support of the commission.

The most controversial issue is the SEC's guidance to management on how to comply with section 404 of Sarbanes-Oxley, which says management must assess its company's internal controls over financial reporting and outsider auditors need to test management's assessment. The way the rule has been interpreted has caused confusion, with small business voicing concerns that it was detracting from time spent on business development.

Conrad Hewitt, the SEC's chief accountant, said a high-risk control would include any estimates used when compiling financial statements, while a low-risk item would include petty cash. The second leg of reform, which will require SEC approval, will be announced Tuesday, when the Public Company Accounting Oversight Board unveils changes to an auditing standard that auditors rely upon when testing management's assessment of internal controls.

The SEC is also proposing to require investors to have $2.5 million in net worth and assets to invest in hedge funds, up from the 1982 standard of $1 million. Mr. Cox says that is an approximate inflation-adjusted level and will apply to investors at the time of their investment. He said if a spouse is using shared wealth to invest in a fund for his own use, only half of the couple's joint assets can be counted. That will make the $2.5 million threshold "more meaningful," said Mr. Cox.

Auditing Change Could Ease Burden On Small Firms (USAT)

By Greg Farrell

USA Today, December 13, 2006

In a move designed to make it less expensive for companies to comply with the Sarbanes-Oxley Act, the Securities and Exchange Commission plans to propose a rule at today's open hearing that would allow auditing firms to adopt "principles-based" standards when reviewing their clients' internal controls.

The proposal, which wouldn't be adopted until early next year, means that small and midsize companies wouldn't necessarily have to spend millions to overhaul their internal control systems to comply with Section 404 of Sarbanes-Oxley.

Instead, public companies would be encouraged to focus on reviewing internal controls that affect significant chunks of their revenue streams, as opposed to spending equal amounts on low-risk areas of their businesses, where material changes in earnings are unlikely to develop.

"This will be accessible, understandable and relatively easy to apply so that investors can be more comforted that the internal control process is working as it's intended," SEC Chairman Christopher Cox said in a briefing with reporters Tuesday.

Section 404 of Sarbanes-Oxley — passed by Congress in 2002 after accounting frauds at Enron and WorldCom — doesn't differentiate between companies that earn billions and small firms.

Smaller public companies have complained about Section 404, saying it would force them to spend as much as $4 million each to revamp their internal accounting systems to comply with the law. In fact, small companies with annual revenue of $75 million or less have not yet been forced to comply with the law.

Auditing firms, on the other hand, have reaped gains from the law, because it forces companies to make more use of their services. The Public Company Accounting Oversight Board (PCAOB) is expected to issue comparable "principles-based" recommendations to auditing firms next week.

"The whole effort is to improve the quality of financial statements," Cox said.

At today's meeting, the SEC is also expected to:

·Raise the bar for investing in hedge funds. Under current rules, last revised in 1982, investors can put money directly into hedge funds if they have a net worth of $1 million. Adjusting for inflation, the SEC will now require hedge fund investors to have $2.5 million in assets, not including their primary residences. Hedge fund investors will also have to prove they had income of at least $200,000 for the previous two years or, if married, joint income of $300,000.

·Endorse the use of a voluntary Internet proxy voting system. The SEC plans to let companies switch from the old-fashioned proxy voting system, by paper ballot or by phone, to a new system in which investors can vote on the Web. Companies will still have to make it easy for investors who prefer to cast ballots the old-fashioned way to continue with that method.

2 Sanctioned By SEC Over PNC Accounting (WP/AP)

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The Associated Press
The Washington Post, December 13, 2006

WASHINGTON -- An accounting executive at PNC Financial Services Group Inc. and an outside auditor were sanctioned by federal regulators for their alleged roles in the regional bank's faulty accounting in 2001, said to have inflated earnings by concealing $762 million in potential liabilities.

The Securities and Exchange Commission announced the settlements Monday with Thomas Garbe, who was PNC's director of accounting policy at the time, and Michael Joseph, a former partner with the major accounting firm Ernst & Young, which reviewed the transaction at issue. Garbe and Joseph neither admitted nor denied the SEC's allegations but agreed to refrain from future violations of the securities laws.

In addition, Joseph was barred for three years from acting as an accountant for any public company.

Garbe "failed to inquire adequately about facts and circumstances, and was a cause of PNC's violations of the ... federal securities laws," the SEC said in its order.

The agency had previously alleged that Pittsburgh-based PNC tried to conceal $762 million in sour corporate loans in 2001 by selling them to three partnerships it created expressly for that purpose with insurance giant American International Group Inc.

For a fee, AIG offered to establish special-purpose entities to which PNC could transfer the troubled assets, but there was no actual transfer of risk from the bank to the insurer, according to the SEC.

In a July 2002 settlement of the issue, PNC was not fined but agreed to give the SEC and the Federal Reserve Bank of Cleveland greater access to company records. New York-based AIG signed agreements with the SEC and the Justice Department in late 2004 in which it agreed to pay $126 million to settle allegations of aiding flawed accounting by PNC and Brightpoint Inc.

More recently, AIG agreed last February to pay a record $1.64 billion in a settlement with the SEC and New York state authorities, and apologized for having deceived investors and regulators with misleading accounting practices. AIG was alleged to have taken part in bid-rigging schemes, paid secret commissions to insurance brokers to steer business to it, used phony insurance deals to burnish its earnings and misstated the amounts of workers' compensation premiums it had collected.

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On the Net:
Securities and Exchange Commission: http://www.sec.gov
PNC Financial Services Inc.: http://www.pncbank.com

Fresh Lawsuit Raises Heat At Ahold Unit (FT)

By Byian Bickerton
Financial Times, December 13, 2006

It cost Ahold, the Dutch food retailer, $1.1bn last year to compensate shareholders whose investments were shredded by a 2003 accounting scandal at its US Foodservice distribution business. Now its customers are demanding a pay-out too.

A hospital and a family-owned Italian restaurant have filed a class-action lawsuit in New Haven, Connecticut, alleging USF engaged in "racketeering" by over-charging customers "hundreds of millions of dollars" from 2000 to 2003.

The development comes as Ahold endeavours to sell US Foodservice, in a deal that could be valued at around $5bn. JPMorgan Chase is handling the sale for Ahold, and Clayton Dubilier & Rice, the private equity company, is expected to be among the interested suitors.

A fresh scandal would be catastrophic for Ahold, said Robert Jan Vos, at Fortis. But he, like other analysts, is unsure what to make of the Connecticut claim.

Ahold is confident it can see off the claim, which it considers "at most a question of contract interpretation", a person close to the affair said.

Central to the suit is the use by USF of value added service providers (vasps). These entities bought goods from suppliers and sold them to USF having added a margin and a commission. USF then sold the goods to customers having marked them up by an agreed percentage.

It was common industry practice to use vasps because of their sourcing expertise, said an industry insider.

However, the plaintiffs claim the vasps were part of a "kick-back scheme" operated by USF, involving "secret agreements" with suppliers and in-house product managers.

Vasps were "controlled and funded" by USF to generate "fraudulent invoices and [thereby] over-charge customers", the claimants allege.

James Hartley, a lawyer representing Waterbury Hospital, Connecticut, and Cason Inc, the owners of a restaurant, in Rockford, Illinois, said: "What this case is about is a system that USF put in place to artificially inflate prices."

The suit alleges that 16 to 20 per cent of USF sales between 2000 and 2003, or between $1.2bn and $3.6bn annually, passed through the vasps for the purpose of inflating USF costs and defrauding customers including the hospital and restaurant.

Peter Wakkie, an Ahold executive board member, said the claim was putative and involved "two customers complaining about certain pricing practices that had nothing to do with the accounting practices of 2003".

"We are not concerned," he said. "We have meritorious defences and we will contest this vigorously. It is definitely not on any level comparable with the [claim] we solved last year."

USF dismantled the vasps between early 2004 and 2005 "because the accounting became highly complex", a person familiar with the situation said.

There was a question over whether they should be consolidated in Ahold's books given that they had different management but were largely dependant for business on USF, that person said.

But the claimants are not alone in questioning the system. While Ahold is understood to be confident all contracts were properly enforced and executed, the civil division of the US Department of Justice is studying whether USF's use of vasps led to the US government being over-charged.

In its 2005 annual report, Ahold said that it "believes it is probable that claims will be asserted in the civil investigation but believes it may have meritorious defences to such claims".

The operation of vasps raised "mild surprise" at PwC, the accountant, during a forensic examination of Ahold's operations in the wake of the 2003 scandal, a person familiar with the accountant's investigation said.

Two years earlier Ernie Smith, then USF chief financial officer, drew the matter to Ahold's attention in a letter announcing his resignation because of his concerns over USF's internal accounting practices.

He wrote that he had ordered a review of the vasps system that "should begin in the next couple of weeks".

Mr Smith wrote: "In theory I believe the process to be understandable and logical for the industry where the creation of inside margin is normal. The concern relates to the poor procedures and the ability to manipulate income."

Mr Smith could not be reached for comment.

Ahold has maintained it properly investigated his concerns.

Additional reporting by Rebecca Knight in Boston

Letters (WSJ)

Wall Street Journal, December 13, 2006

In regard to your Dec. 4 editorial "Global Warming Gag Order":

Sens. Olympia Snowe (R., Maine) and John D. Rockefeller IV (D., W.Va.) are threatening Exxon Mobil with congressional censure if it keeps encouraging the scientific skeptics who doubt that humans caused the earth's recent warming trend.

But more than 70% of the warming observed since the end of the Little Ice Age in 1850 occurred before 1940, and thus before much human-emitted CO2. The senators are apparently unaware of the broad and impressive evidence from hundreds of recent scientific studies that document a better explanation for the modern warming -- a moderate, natural 1,500-year global climate cycle.

The U.N.'s Intergovernmental Panel on Global Warming had already been created when researchers retrieved the first long ice cores from Greenland and Antarctic in the 1980s. The ice cores revealed 400,000 years of the planet's temperature history -- and a 1,500-year cycle that was too long and moderate to be discerned by Celtic tribes or Viking seamen. Physical evidence of the 1,500-year climate cycle has also been found by more than 100 recent peer-reviewed studies by leading research institutes -- in the bottom sediments of six oceans and hundreds of lakes, in ancient relict tree rings from around the northern hemisphere, and in the cave stalagmites and glacier movements of every continent plus New Zealand. The North American Pollen Data Base shows nine complete reorganizations of our trees and plants in the past 14,000 years, or one every 1,650 years.

Science outranks senators. Galileo was a consensus of one.

Dennis T. Avery

S. Fred Singer

Arlington, Va.

(Messrs. Avery and Singer co-authored "Unstoppable Global Warming -- Every 1,500 Years," Rowman and Littlefield, 2006.)

Sens. Rockefeller and Snowe defied every tenet of democracy when they suggested in an open letter to Exxon Mobil that it should refrain from exercising its right of free speech in supporting scientists who dare to question how much the increase in atmospheric CO2 may warm the world. The disastrous duo should withdraw their letter and apologize to Exxon Mobil. The senators say climate change is "a matter of urgency for all mankind." It is not. The U.N. is about to cut its high-end estimate of

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sea-level rise ino 2100 from three feet to just 17 inches. The panic is over. The senators are jumping on the climate-change bandwagon just as the wheels are falling off.

The U.K. foreign secretary recently said climate skeptics were like supporters of Islamic terror and should be denied access to the media. After a decade of socialism, freedom of speech does not figure in the U.K. constitution. But let me cite the First Amendment to yours:

"Congress shall make no law . . . abridging the freedom of speech . . or the right of the people peaceably to assemble and to petition the Government for a redress of grievances."

I call upon the two senators to live by those noble words.

Christopher Monckton

London

(Lord Monckton was science and technical adviser to former Prime Minister Margaret Thatcher.)

Your attack on Sens. Snowe and Rockefeller for their letter calling on ExxonMobil to stop supporting groups that obfuscate climate change science is misconceived on some essential points. It is not "bullying," "over-the-top" or "intimidating" to call attention to how this enormously powerful company has, over the past eight years, spent millions of dollars to fund dozens of organizations in order to carry out a disinformation campaign on the global warming problem. The actions of Exxon Mobil in this regard can reasonably be seen as an insult to the climate science community, which has been making a heroic effort to communicate the nature of the problem in the face of extraordinary impediments thrown up by industry-funded operatives. A White House official who formerly was an oil industry lobbyist edited climate science program reports to play down global warming. After being exposed, he left his position and was promptly hired to work for Exxon Mobil.

The senators are not alone in believing it is time for Exxon Mobil to stop warring against the leading climate scientists. Instead, it should be acknowledging the conclusions of the leading scientific assessments and helping to lead the way in translating this understanding into a societal response strategy. As yet we have not seen this. But perhaps CEO Rex Tillerson, in a recent speech to the Chief Executives Club of Boston, signaled a shift when he said of climate change: "The potential risks to society could prove to be significant. . . . We should take steps now to reduce emissions in effective and meaningful ways." We shall see what, if anything, follows from this. But did Mr. Tillerson say that because he feels intimidated and bullied by Olympia Snowe? I hardly think so.

Rick Piltz

Director

Climate Science Watch

Washington

Regarding your lead editorial about the letter to Exxon Mobil regarding global warming's "obvious" consequences, I suggest citing the article by Kenneth Green on page 94 in the November/December 2006 issue of The American magazine. It addresses our current knowledge about the 12 significant phenonmena identified by the U.N. Climate Panel in 2000. Of the 12 we have significant knowledge on only one. We have little or no scientific knowledge on the other 11. But on that basis we are expected to subscribe to half-baked global warming "solutions" such as the Kyoto Protocol, which promises a fraction of a degree atmospheric temperature reduction half a century in the future at the cost of perhaps a 30% reduction in current national GNP.

While we should continue to define the problem, if it exists, solutions are still sometime in the future, if they are ever needed.

Bill Allen Sr.

Placentia, Calif.

Yes, there is a chance that some aspect of our understanding of global warming is wrong. There is even a slight chance it is all wrong. But the preponderance of environmental data, theory, intuition, and direct sensory evidence suggest that it is as most of us think it is. The scientific marketplace of ideas has so ruled.

The consequences of not responding to the "prevailing wisdom" (there is anthropogenic global warming) are much worse than those of overresponding to the "null hypothesis" (there is no anthropogenic global warming).

Given the above reasoning, on balance I'm much more distressed by the allegation against Exxon Mobil that it funds numerous pseudo-scientific climate change denial front groups than by the allegation against Sens. Rockefeller and Snowe that they threatened Exxon Mobil to stop doing so "or else."

Robert Bookstein, M.D.

San Diego

DOJ_NMG_0106056

By demanding that Exxon Mobil cease funding and denounce organizations that do not adhere to the senators' views on global warming because they are "deniers" engaged in an "obfuscation agenda" that undermines America's "moral clarity," Sens. Rockefeller and Snowe have taken a virtual theocratic position.

No effort is made to address the validity of the science. Instead, it is assumed that global warming theory, as envisioned by two representatives of government, is not merely viable, but is established science. Such an overt assault upon the very foundations of free scientific inquiry is chilling in its implications.

William E. Fleischmann

Seven Valleys, Pa.

An SEC Investigation Fraught With Problems

Your Dec. 8 editorial "The Pequot 'Scandal'" leaves the impression that Gary Aguirre and I are the only two people concerned about the way the SEC handled the Pequot investigation. In fact, Mr. Aguirre's concerns have been echoed by both former and current SEC officials, who provided candid testimony to our committees.

The focus of the Senate investigation I'm conducting with Sen. Arlen Specter (R., Pa.) isn't John Mack and Pequot; rather, it is whether the SEC retaliated against one of its lawyers and whether it wields an even hand in looking out for investors big and small. Our review is evidence-based, and so far the evidence suggests the Pequot investigation was fraught with problems, Mr. Aguirre's termination is suspect, and the inspector general failed in his duty to conduct a thorough and independent inquiry.

Sen. Chuck Grassley (R., Iowa)

Chairman

Committee on Finance

Washington

Margin Requirements And the 1990s Bubble

Jeremy Siegel's exoneration of Fed Chairman Greenspan's policy with respect to the financial markets during the 1990s refers only to his monetary policy ("Irrational Exuberance, Reconsidered," editorial page, Dec. 6). It ignores another responsibility of the Federal Reserve, which is the setting of initial margin requirements for the purchase of securities in general, and the definition of the specific securities that are eligible for margin in particular. Initial margin requirements had been set at 50% for a decade prior to his appointment, and thus no change was a continuation of the policy of his predecessor.

However, Chairman Greenspan did oversee a significant change in the definition of securities eligible for margin purchases. The 1998 amendments to the margin rules broadened the definition of margin securities to include certain foreign securities, non-investment grade debt, and also, significantly, to all Nasdaq-traded stocks. Prior to 1998 only a small subset of Nasdaq securities was eligible for margin.

Did this vast extension of marginability to all Nasdaq securities in 1998 contribute to the subsequent bubble that ended with the Nasdaq index at 5049 in March of 2000? It seems certain that it contributed to speculation to some degree, perhaps significantly. Should all initial margin requirements have been raised by the Fed as Nasdaq valuations soared? Such action might have mitigated the size of the developing bubble. Perhaps the current Fed could investigate the consequences of changes in initial margin requirements should valuations grow excessive in coming years, despite the fact that it might lead to a more balanced view of Mr. Greenspan's tenure than Prof. Siegel presents.

Peter Van Dyke

Chestertown, Md.

There's a Moral Upside to Single Motherhood

I was disheartened that you ignored the moral upside to our nation's growing number of single mothers ("Single Mothers, Many Problems," Taste page, Dec. 1). While I strongly agree with you that fare better when raised in a home by a married father and mother, I also believe women who choose life for their babies, even when faced with less-than-ideal circumstances, have made a sacrifice deserving of, at minimum, a respectful mention.

Better yet, these mothers, who cross both racial and socioeconomic lines, should be elevated in our otherwise throw-away culture to role models for those women and, yes, men, who find themselves faced with a pregnancy they were not expecting.

You cite an ironic recommendation for addressing the rising number of unwed mothers from the Manhattan Institute's Kay Hymowitz. You quote her as having said, "We haven't appealed to people's rational self interest." It seems that 30 million American women who abort their babies each year have only too good a grasp on their self-interest. As a culture, we not only need to, as you said, educate all women about the proven costs of being a single mother. But we must also recognize those who have given up part of themselves to take on that title in the first place.

Myrna Flynn

Northampton, Mass.

Let's Start Speaking Good

DOJ_NMG_0106057

Joseph Epstein's "An Online Journal Fights for Clear, Expressive English" (Taste page, Personal Journal, Dec. 7) was right on the mark, although he left off my favorite journalistic pet peeve: the use of diva. Just when did this term get applied to every singer who's ever had one big hit or appeared in People magazine?

Larry Schneider

Buffalo Grove, Ill.

So Joseph Epstein's like, we oughta have a focus group to save the English language from, you know, going down the tubes, because we all know that bad English really sucks. Wow, I mean, this dude is so totally cool in saying we don't talk right. So I'm like, we need to speak more clearly, but then society's like, never mind, do your own thing, whatever. If a person speaks correctly they sound more educated, but then other people go, like, you are some sort of snob or bigot.

Rachel Eve Glyn

Cherry Hill, N.J.

Truthful, Not Terror, Television

In response to your editorial on Al Jazeera's English-language channel ("English Terror TV," Weekend Journal Taste page, Dec. 1):

You claim that we glorified the role of Al Qaeda's Asian affiliate, Jemaah Islamiyah, in stoking unrest in southern Thailand. While we do mention the group's role in the violence, this was just a small item near the end of the story. The report's main thrust actually focused on how the Thai government was working with the separatist groups to achieve peace. You also state that Wan Kadir Che Wan quit the leadership of the now-defunct Bersatu, another separatist group, "some time ago." But the official report on english.aljazeera.net shows that Wan Kadir states the situation quite clearly: "If not me, then who is president? I want to resign, but no one wants to take my place... It still is me."

You then target your indignation at our online characterization of British Prime Minister Tony Blair's comments to us regarding the Iraq war on Nov. 17, saying "The channel's own transcript shows that the British Prime Minister never used the word 'disaster'." In fact, the official Al Jazeera English language Web site article on the interview makes clear exactly what was said: "Responding to a suggestion from Sir David Frost that the conflict had been a disaster from the start, Mr. Blair replied 'it has,' before blaming a combination of factors for the crisis." You further suggest that our channel attributed the bloodshed to the "U.S.-led invasion" and tried to hide the reasons articulated by Mr. Blair. Again, this is a misrepresentation. The channel never implied that the U.S.-led invasion was the cause of the bloodshed -- just that there was bloodshed since the invasion. And not only was Mr. Blair's explanation of the reasons behind the continued violence aired in-full on air, but online Al Jazeera English made sure to include the context of his comments, as well.

Your accusations with regard to our Burma coverage again mislead your readers. Far from "hobnobbing" with the government, it took months of negotiations before we were permitted to enter the country. In those talks, we made it clear that we would be objective and balanced in our reporting. You cite our inclusion in our reports the military junta's contention that Aung San Suu Kyi is "no longer popular with the people" but just because we report their comment does not mean that we agree with it. You appear to question the exclusivity of our report, but there has been no other openly filmed reportage from the new capital Naypidaw by an independent news organization. Since our reports aired, several exiled Burmese dissidents have thanked us for our insights on a country to which they cannot return.

CRIMINAL LAW:

Gonzales Warns Of Online Predators During Delco Visit (PHI)

The Philadelphia Inquirer, December 13, 2006

U.S. Attorney General Alberto R. Gonzales was in Delaware County yesterday to speak with area law enforcement officials. He toured the offices of the county's Internet Crimes Against Children Task Force in the courthouse in Media, said the number of predators was growing, and urged law enforcement to educate people to the dangers.

Part of Gonzales' address to officials was private, and reporters and the public were asked to leave for those remarks. At a news conference later, he said the Internet was a great resource, "but in the hands of a predator it is a powerful weapon."

Gonzales said parents should not only monitor their children's Internet access "very closely" but also sit and talk with them about the problems of sharing too much information on sites such as MySpace.com and YouTube.com.

Last year, the Delaware County task force handled 680 complaints of child predators on the Internet, resulting in 56 arrests.

Attorney General Praises Internet Crime Task Force (WCAU)

WCAU-TV, December 12, 2006

U.S. Attorney General Alberto Gonzales visited the Philadelphia area Tuesday to discuss the importance of protecting kids online.

Gonzales met with local law enforcement, and toured a facility in media that deals with Internet crimes against children.

He praised Delaware County's task force on their efforts to combat child exploitation.

The task force works with state and local agencies to track down criminals who use the Internet to prey on children.

"The Internet is probably the greatest innovation of our generation, but in the hands of a predator it's a powerful weapon," said Gonzales.

Gonzales said one challenge is that Internet crimes know no borders.

He stresses the need to work with the international community to make sure strong laws are in place to protect children.

Gonzales Visits Pa. Officials Combating Internet Predators (AP)

AP, December 13, 2006

MEDIA, Pa. - Attorney General Alberto Gonzales met with local and state authorities Tuesday to discuss the importance of protecting children from online predators and pedophiles.

"I consider it a war," Gonzales said, noting he worries about the safety of his own children, ages 14 and 11.

Gonzales had a private briefing Tuesday with local postal inspectors, FBI agents, Immigration and Customs Enforcement officials, district attorneys and other members of law enforcement. He later visited the offices of Delaware County's task force on Internet Crimes Against Children, one of 46 such agencies nationwide.

The suburban Philadelphia task force investigates cases that include online enticement and possession and distribution of child pornography. It has handled 680 complaints this year, yielding 56 arrests.

"I know that we're winning some significant battles in this area," Gonzales said.

Gonzales came to the area to promote Project Safe Childhood, a Justice Department initiative begun in February and designed to protect children from online sexual exploitation.

ON THE NET

http://www.projectsafechildhood.gov

Web Site Hunts Pedophiles, And TV Goes Along (NYT)

By Allen Salkin

The New York Times, December 13, 2006

Last month, the Web site Perverted-Justice.com posted news of the conviction of Sean Young, a Wisconsin man sentenced to 10 years in state prison for soliciting sex online from a 14-year-old girl. According to a transcript of an online chat posted on the site, at one point Mr. Young had asked the girl, identified only as Billie, what she was wearing. When she answered "sweats," Mr. Young typed back that if she were his daughter, "i'd make u wear sexy clthes."

Billie turned out to be an adult volunteer for Perverted Justice, an anti-pedophile group, and when Mr. Young drove to a house where he expected to meet the teenager for sex, he was arrested by sheriff's deputies.

The conviction was logged as the 104th that Perverted Justice says it has been responsible for since 2003, a tally that as of yesterday had reached 113. What started as one man's quest to rid his regional Yahoo chat room of lewd adults has grown into a nationwide force of cyberspace vigilantes, financed by a network television program hungry for ratings.

"It's a kind of blog that has turned into a crime-fighting resource," said Robert McCrie, a professor at John Jay College of Criminal Justice in Manhattan.

Perverted Justice is best known for putting its online volunteers at the disposal of the television newsmagazine "Dateline NBC," which has broadcast 11 highly rated programs in which would-be pedophiles are lured to "sting houses," only to be surprised by a camera crew and, usually, the police.

Despite that publicity, the inner workings of Perverted Justice and its reclusive founder remain largely a mystery, even as the group has emerged as one of the most effective unofficial law enforcement groups in the country, a kind of Neighborhood Watch of the Net. But the group is also criticized by some legal and law enforcement experts, who accuse it of entrapment, making mistakes that ruin innocent lives and, paradoxically, disseminating its own brand of child pornography.

Peter D. Greenspun, a lawyer who defended a rabbi from Rockville, Md., caught in a "Dateline" sting arranged by Perverted Justice, said that by posting online transcripts of conversations between would-be child molesters and volunteers posing as 12- and 13-year-olds, Perverted Justice was encouraging, rather than deterring, pedophiles.

"They are putting out for unfiltered, unrestricted public consumption the most graphic sexual material that they themselves say is of a perverted nature," Mr. Greenspun said.

Perverted Justice's founder, Xavier Von Erck, 27, a former tech-support worker, has a dedication to the cause bordering on obsession, his mother and associates said. Mr. Von Erck lives in an apartment in Portland, Ore., but rarely gives out his address, and he would not allow a reporter to visit because he feared retribution from men exposed by his group. In a telephone interview, he said he worked for his group seven days a week, mostly from a laptop in his bedroom.

"Every waking minute he's on that computer," said his mother, Mary Erck-Heard, 46, who raised her son after they fled his father, whom she described as alcoholic. Mr. Von Erck legally changed his name from Phillip John Eide, taking his maternal grandfather's family name, Erck, and adding the Von.

In many ways, Mr. Von Erck, who said he and his mother moved 13 times when he was in high school because they were often short of money, continues to live that messy life of deprivation. His meals often consist of ramen noodles, he said; his bed is perpetually unmade. For years, he has been trying unsuccessfully to find his father, who, he says, still owes his mother child support.

"I have a low opinion of men in general," he said. "The most heinous crimes in our society are committed by males."

Perverted Justice has 41,000 registered users of its online forums dedicated to the cause of stopping predators, 65 volunteers trained as chat room decoys and three salaried leaders: Mr. Von Erck, a woman who is a liaison with law enforcement and a business manager.

Typically, a Perverted Justice volunteer creates a false online profile, posing as, say, a 13-year-old girl on MySpace. The volunteer will wait to receive e-mail messages or will enter a chat room. If an adult contacts the volunteer, the decoy responds and sees if the conversation becomes sexual.

The group's collaboration with "Dateline" since 2004 has been lucrative. A person familiar with Perverted Justice's finances who requested anonymity because he is not authorized to discuss the matter publicly said NBC was paying the group roughly $70,000 for each hour of television produced.

"They do a lot a work for us, and they deserve to be reimbursed for that work," said David Corvo, the executive producer of "Dateline," who met with Mr. Von Erck earlier this year in New York to discuss their collaboration.

Mr. Von Erck said the NBC money had been used in part to buy computer servers that would not be overwhelmed every time the group was mentioned on television.

Ratings for the "Dateline" broadcasts, a series called "To Catch a Predator" that has become a network franchise, have averaged 9.1 million viewers, compared with 7 million viewers for other "Dateline" episodes, according to Nielsen Media Research.

Six new episodes are planned for the first half of 2007. Two were shot at a house in Long Beach, Calif.; two in Flagler Beach, Fla.; and two others in Murphy, Tex. The Texas sting drew a burst of publicity in early November, months before the episodes were scheduled to be shown, when a prosecutor implicated as a would-be predator, Louis W. Conradt Jr., shot himself to death as the police approached his home.

Supporters of the NBC broadcasts say they have helped increase awareness of online predators, allowing parents to educate children and spurring law enforcement to action. One in seven youths ages 10 to 17 who have gone online at least once a month for six months have received unwanted sexual solicitations, according to a 2005 study by the Crimes Against Children Research Center at the University of New Hampshire.

Last month, the "Dateline" correspondent Chris Hansen, who is featured on the Perverted Justice specials, addressed about 500 students at a school in Rye Brook, N.Y., about the dangers of Internet predators. One of the first questions was why the stings filmed by "Dateline" were not entrapment.

The answer, legal experts say, is that it is hard for a defendant to prove entrapment, in this context or in any other. Some states allow prosecutions as long as there was a "predisposition" to the conduct. Others require police misconduct for a defendant to claim entrapment.

One concern about Perverted Justice's nonprofessional force of vigilantes, raised by Lt. Joseph Donohue, head of the New York State Internet Crimes Against Children Task Force, is that decoys impersonating teenagers may be too aggressive, not understanding the need to let predators initiate the sexual chat and therefore not gathering chat-log evidence that will stand up in court.

Mr. Von Erck responded that so far prosecutors had not dropped charges against any man arrested in an investigation begun by Perverted Justice.

Of the 113 convictions Mr. Von Erck's group claims, some have been for misdemeanors resulting in no jail time, and others have brought stiff sentences, like the one of the Maryland rabbi, David A. Kaye, who on Dec. 1 was sentenced to six and a half years in prison on federal charges of enticement and traveling to meet a minor for illicit sexual contact.

Mr. Von Erck's most vociferous critic is Scott Morrow, a retired Canadian Air Force serviceman who runs a Web site, Corrupted-Justice.com, chronicling what he says are excesses by Perverted Justice.

“These are anonymous, unaccountable Net junkies doing this work,” Mr. Morrow said in an interview.

He said that Perverted Justice listed personal information for many men it accused of being sexual predators and had sometimes mistaken their identities and humiliated innocent people.

Mr. Von Erck said the criticisms were out-of-date; in its first years the group did post the phone numbers, employers and photographs of men it accused of being predators, and anyone could humiliate the individuals by, say, e-mailing transcripts of a man’s lewd online chats to his friends and colleagues.

But since early this year, Perverted Justice has made a policy of not immediately posting the information it gathers in most cases; instead it contacts law enforcement and encourages pursuit of an arrest.

“We are now a conviction machine,” Mr. Von Erck said.

Mr. Von Erck, who said he was not molested as a child, prefers not to analyze his own motivation for dedicating himself so fully to the effort. Asked to explain why he did it, he did so with spare emotion.

“It gets tiring,” he said, “but when you find somebody that’s already been successful doing something harmful to a child and then you get him arrested, you can’t beat that.”

Sex Offender Limits Endorsed (AP)

By Larry O'Dell, Associated Press

AP, December 13, 2006

RICHMOND -- Sex offenders would have to obtain a judge's permission to enter school or day care center property if the General Assembly passes legislation endorsed yesterday by the Virginia State Crime Commission.

Delegate Rob B. Bell III, Albemarle Republican, originally proposed prohibiting sex offenders from working or volunteering at schools and day care facilities.

The House of Delegates passed that bill unanimously, but the Senate referred it to the commission.

The commission revised the measure to ban sex offenders from setting foot on campus for any reason, except to vote, unless they obtain permission from a circuit court judge.

Sen. Thomas K. Norment Jr., James City County Republican, suggested that the measure went too far.

"We want to be as hard and onerous on these perverts as we can, but at some point practicality butts up against this," Mr. Norment said. "At some point we've got to say uncle."

Under Mr. Bell's proposal, a parent convicted of a sex offense would have to obtain court approval to drop off his child at school or attend a parent-teacher conference. Students convicted of sex offenses would be exempt from the requirement.

Steven Benjamin, counsel to the commission, said that requiring a parent to petition the court is unrealistic because people typically are averse to going to court. He also said the measure could hurt children by discouraging parental involvement.

Delegate Kenneth R. Melvin, Portsmouth Democrat, questioned whether sex offenders -- parents included -- should be allowed on school property for any reason.

"They see other children running around," Mr. Melvin said. "Aren't we trying to separate these people from children?"

The commission also wrestled with the issue of sex offenders in nursing homes and assisted-living centers.

The panel recommended that facilities be required to sign up for notification from state police when sex offenders move into the area, and that they check incoming residents' names against the state's sex-offender registry.

Two other proposals were postponed. One would toughen punishment for sex offenders who lie about their records to get jobs in nursing homes or assisted-living facilities.

The other would require managers of such facilities to inform new residents about the sex-offender registry.

G. Stewart Petoe, director of legal affairs for the commission, said federal and state studies show seven registered sex offenders living in Virginia nursing homes and 16 in assisted-living facilities.

Mary Lynne Bailey, vice president of the Virginia Healthcare Association, said many of those offenders may be harmless because of their medical conditions, but federal privacy laws would prohibit disclosure of that information to other nursing-home or assisted-living residents.

"Unnecessarily scaring people is not an answer to the problem," she said.

On another matter, the commission endorsed legislation modifying the capital murder statute's "triggerman rule," which limits the death penalty to the person who carries out the killing.

The bill, sponsored by Delegate C. Todd Gilbert, Shenandoah County Republican, would expand the capital murder law to include accomplices who share the triggerman's intent to kill.

That could include anyone who orders a killing or helps plan one.

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Mike McGinty, president of the Virginia Association of Commonwealth's Attorneys, told of a case in which a teenage robber handed a gun to his little brother and told him, "You aren't my brother unless you shoot" a convenience store clerk. Because of the triggerman rule, only the little brother was eligible for the death penalty.

Va. Proposal Would Track Sex Offenders By E-mail, IM (CNET)

By Anne Broache

CNET, December 12, 2006

Backed by MySpace, attorney general to propose law next year that would make his state first to require registration of online aliases.

Virginia's attorney general wants to make his state the first to require convicted sex offenders to submit their e-mail addresses and instant-messaging aliases to law enforcement authorities--and he has MySpace.com's enthusiastic approval.

Bob McDonnell, a Republican, said he plans to push a proposal when state legislators return early next year that would create a database containing all the electronic identifiers of registered sex offenders.

"This is not a foolproof approach, as we all fully realize how easy it is to get new e-mail addresses," McDonnell, a longtime state legislator who was sworn in as attorney general in January 2006, said in a statement released Monday. "But by requiring registration, and by making the penalties for failure to register the same as those for failure to register physical and mailing addresses, we will take another positive step towards protecting children online."

The Virginia proposal arrives just days after U.S. Sen. John McCain proposed a bill in Congress that would require a similar expansion of the sex offender registry on a national scale--and an additional step. Under the Arizona Republican's bill (click for PDF), any so-called "social-networking" site would be obligated to remove any Web page that's "associated" with a sex offender--although the proposal has drawn some concern because it does not define the term social-networking site.

The idea behind an expanded registry is to allow so-called "social networking sites" like MySpace to seamlessly cross-check their user registries against sex offender databases, enabling them to block or delete users whose information appears there. It was unclear whether the Virginia proposal would actually require such removal or merely suggest it. A copy of the legislation was not expected to be made available until next week.

McDonnell said he worked with MySpace executives and members of the state's Youth Internet Safety Task Force, which includes representatives from state government and companies like Yahoo and Microsoft, to come up with the proposal.

MySpace Chief Security Officer Hemanshu Nigam applauded the move, saying in a statement Monday that passage of such a law would be "a landmark moment in the history of Internet safety."

MySpace has been lobbying state and federal officials for such an e-mail address registry with an eye toward making its own predator-tracking initiative run more smoothly--and perhaps in an effort to stave off more onerous restrictions that have been on politicians' minds lately. The wildly popular site announced last week that it planned within 30 days to build its own national, real-time sex offender database, based on publicly available information from existing state and federal information banks.

That technology, in theory, would allow the site to monitor and remove the some 550,000 registered sex offenders nationwide from its site, based on scanning for and matching existing information like hair or eye color, name, age, and physical address. But since that data is particularly easy to omit or falsify on user profiles, MySpace has maintained that e-mail addresses and other online aliases would be a far more effective way of pinpointing registered sex offenders.

While harvesting online identities may be a useful to some extent, questions remain over its enforcement, said Leslie Harris, executive director of the Washington-based Center for Democracy and Technology.

Hospital Serial Killers Are Big Threat, Study Says (USAT)

By Liz Szabo

USA Today, December 13, 2006

Hospitals and nursing homes aren't doing enough to protect patients from serial killers on staff, according to a new report that calls for major changes in the way medical centers operate.

In the first tally of its kind, researchers have linked more than 2,100 suspicious deaths worldwide to 54 doctors and nurses convicted of serial murder or lesser charges since 1970, according to an article on the Journal of Forensic Sciences' website. "The problem is bigger than anyone would like to think," says Kenneth Kizer, a co-author of the report and former head of the Veterans Health Administration.

Some murderers were able to jump from hospital to hospital to continue their killing sprees, the study shows. Nurse Charles Cullen, 46, was sent to prison in New Jersey with multiple life sentences this year after confessing to killing up to 40 patients there and in Pennsylvania over 16 years.

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Kizer says it's easy to see how serial killers continue to find work: Hospitals rarely share their suspicions when their staff look for jobs elsewhere, because they fear lawsuits from former employees who say negative job references damaged their reputations.

Last year, Pennsylvania and New Jersey passed laws to shield hospitals from lawsuits if they provide truthful job references. Hospitals also are required to report criminal behavior to state licensing boards.

Kizer says the country needs a federal law to protect hospitals everywhere when they report suspicious behavior "in good faith and with good evidence."

Medical centers need to review their staff's performance long after they are hired, says Lucian Leape, adjunct professor at the Harvard School of Public Health and co-author of a 1999 report that found that up to 98,000 Americans a year die from medical errors.

Executives also should track patient deaths and illnesses, says the new study's lead author, Beatrice Yorker, a nurse and attorney. That could allow them to quickly notice telltale trends. In some cases, hospitals have taken more than a year to begin investigating strings of suspicious deaths, she says.

Hospital officials should investigate the "root causes" of all these deaths, Leape says. That could help hospitals spot ordinary safety problems in addition to crimes. They also should preserve evidence, such as syringes and the tubing used to give intravenous medications, he says. Too often, hospitals don't take the same precautions that police might at a crime scene, so vital evidence is thrown out.

Leape says medical centers should store potentially lethal drugs in single doses to make it impossible for anyone to get an overdose. "That is a pretty basic safety principle, but it is seldom applied," he says. Computerized drug-dispensing machines, used in many hospitals, reduce errors and restrict the number of people who can access dangerous medications.

Taking such precautions can prevent not only murder, but also the everyday mistakes that harm patients, says Leape, who says experts have been calling for major changes for years. "We know how to prevent this," he says. "Theoretically, this kind of stuff should be impossible from now on."

Bait Cars Help Reel In Thieves (WP)

By Jamie Stockwell

The Washington Post, December 13, 2006

Keith DuBois chalked it up to poor luck the first time someone broke into his 1996 Jeep Grand Cherokee. But the second time, about two weeks after he had spent $3,800 on repairs, DuBois realized it wasn't just misfortune.

"My car had a giant target on it," he said. Both times, it was parked beneath a light on the same Arlington County street, and both times, someone used a sharp object to pry the driver's door and rip open the steering column. It's also one of the most commonly stolen vehicles in Virginia. "I didn't want there to be a third time," DuBois said.

And so DuBois, 46, did what no other Arlington resident has done: He offered to give his sport-utility vehicle to the county, a donation that the five-member county board accepted Saturday.

DuBois had read about a police department program that uses bait cars rigged with audio and video recording equipment and engines that can be shut off with the push of a remote button to nab thieves. He figured that if the bad guys were so determined to steal his Jeep, they could do so under the watchful eye of the law.

"If it's that desirable of a car to steal, then I want for it to do some good," DuBois said.

Bait vehicles tempt thieves with unlocked doors or keys dangling in the ignitions. The second that a thief takes the bait, hidden audio and video recording devices are activated, and a silent alarm alerts the county's emergency communications center. By tracking the car's internal global positioning system unit, dispatchers monitor its location, travel and speed, and as soon as officers are in position, the dispatchers disable the engine and lock the doors.

Thief caught. Case closed. Almost every time.

Arlington police officers have responded to 73 activations and have made 56 arrests since the first car was deployed in February 2002. The activations that did not result in arrests include cases in which someone tampered with a bait vehicle but didn't drive away or in which juveniles were caught poking around inside vehicles and weren't arrested.

To date, every defendant has pleaded guilty to felony and misdemeanor theft charges because of the "indisputable video evidence," said Lt. Mark Belanger, head of the county's auto theft unit. "When we've got you on videotape breaking into a car, there's not much you or your lawyer can say about it," he said.

"By adding this Jeep to our fleet, we expect to get a few more activations and make a few more arrests. This is great for the Jeep owners out there," Belanger said, noting that Jeeps are among the top three vehicles stolen in Virginia. The bait fleet has other commonly stolen cars, such as Hondas and Dodges.

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Arlington was the first county in the Washington region to adopt the program, and most area jurisdictions, including the District and Montgomery, Fairfax and Loudoun counties, have implemented it.

Aside from being a high-tech way to nab thieves, bait cars provide a rare look at the initial moments of a common crime. Most of the time, it's not that exciting, officers said, because most interceptions take place within about two minutes and most arrests within four.

But not always. In one Loudoun incident that has become infamous among area police departments, a man stole a bait vehicle and was able to drive it from Leesburg to Southeast Washington because of technical difficulties. Police eventually got the suspect, minutes after the camera caught him smoking crack and masturbating. He had spent part of his ride urinating in a soda can, then drinking his urine to try to quell a case of the hiccups. He also vomited twice.

"We still crack up about that one," said Detective Chris Dengeles, of Arlington's auto theft unit. Mostly, though, "we might have guys muttering to themselves. Nothing real exciting."

The cars are placed in high-theft neighborhoods, including those near Columbia Pike and Fairlington. In 2002, when the bait car program began, 676 cars were stolen in Arlington. The next year, the number was down to 599, before sinking to 493 in 2004 and 419 last year, the county's lowest figure since 1965. This year, Belanger said, the number should be about 350.

At least three thieves have been nabbed since Loudoun launched its program in late 2003, police spokesman Kraig Troxell said. And in Washington, officials said that more than two dozen arrests have been credited to the program.

Arlington County Board Chairman Chris Zimmerman (D) said the decision to expand the county's program to include DuBois' car was a no-brainer. "It was an easy vote," he said Monday. "This is one of our most successful programs in terms of reducing crime, and obviously we want to take maximum advantage of a citizen who wants to make this kind of donation."

By accepting DuBois' offer, the County Board also authorized expansion of the bait car program and agreed to begin accepting vehicles from Arlington residents. Police said that DuBois' Jeep will be repaired -- again -- and outfitted with about $4,000 worth of equipment.

"The more hooks you have in the water, so to speak, the more fish you're going to catch," Dengeles said.

Pellicano Co-defendant Expected To Plead Guilty (LAT)

By Greg Krikorian

The Los Angeles Times, December 13, 2006

One of indicted private eye Anthony Pellicano's co-defendants is expected to plead guilty today to charges that he and others illegally wiretapped a Beverly Hills businessman six years ago.

In an afternoon appearance before U.S. District Judge Dale S. Fischer, Daniel Nicherie, 46, is also expected to plead guilty in connection with a separate fraud and money laundering case.

Earlier this year, authorities announced that Nicherie, his brother, Abner, and others, including Pellicano, were indicted by a federal grand jury for a series of alleged crimes that included eavesdropping on the telephone conversations of people involved in business disputes with Pellicano's clients.

While Pellicano and several defendants in the case are alleged to have illegally spied on numerous celebrities or well-known business executives, the sweeping 110-count indictment names the Nicheries in only one count: wiretapping businessman Ami Shafrir around December 2000.

At the time, authorities have alleged, Nicherie was posing as an attorney and investment banker who defrauded Shafrir and his ex-wife out of some $40 million in cash, real estate and businesses. The fraud, according to an April 2004 indictment, occurred through an elaborate scheme where Nicherie took control of Shafrir's companies, drained their assets and put the businesses into bankruptcy.

Since his indictment, Nicherie has remained in federal custody and, serving as his own attorney, has repeatedly insisted he is innocent of the charges in both cases.

It was not immediately clear what impact today's expected change of plea by Nicherie will have on the ongoing Pellicano investigation.

If his plea occurs and is accepted by the judge, Nicherie will become the eighth person to plead guilty to criminal charges in the Pellicano investigation.

The former private eye and five others have pleaded not guilty in the case, which is scheduled for trial next summer.

Church, State And The Prisoners (5 Letters) (NYT)

The New York Times, December 13, 2006

To the Editor:

"Religion for Captive Audiences, With Taxpayers Footing the Bill" ("In God's Name" series, front page, Dec. 10) reports that prisons are offering benefits to those who undergo intensive religious education.

This blatant and offensive display of religious proliferation deserves intense scrutiny not only by the judicial system but also by any American who believes that all people have the right to equal benefits, regardless of religious beliefs.

Religious affiliation is no basis for increased government-financed benefits.

Ben Wiessmann
Hastings-on-Hudson, N.Y., Dec. 10, 2006

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To the Editor:

I am a chaplain in a Midwestern women's prison. I am very much opposed to proselytizing in my private life and am legally required to curtail it in my professional life.

Yet I am in favor of religious rehabilitative programming in prisons. Those opposed to faith-based programs fail to realize the value of the act of visiting, of coming into a facility to offer something, of showing love and making a connection.

I would challenge these people not simply to tear down the few programs left in prisons, faulty though they may be, but to enter prisons themselves and build alternative programs with the love and commitment their evangelical brothers and sisters are showing.

Jessica Van Denend
Fond du Lac, Wis., Dec. 10, 2006

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To the Editor:

Your article raised several questions:

¶If alternative treatment plans are so effective in rehabilitating inmates and reducing recidivism, why are they not part of the regular program at prisons across the country? Why are prisons outsourcing one of their primary responsibilities?

¶If running these programs is so important to the religious groups that run them, why can't these groups raise the money to finance these programs from their own supporters? Why do they need to use taxpayers' money?

¶Is there any proof that inmates who get religion behind bars, whether it is fundamentalist Islam or evangelical Christianity, are less likely to commit crimes once they are released?

Peter S. Green
New York, Dec. 10, 2006

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To the Editor:

The InnerChange Freedom Initiative in the Iowa prison system serves to underscore what for the last decade has become a growing problem of using taxpayers to finance the proselytizing of inmates.

Whatever the prison program's merits, the government should not be involved in promoting any particular faith. Religion already has its proper place in correctional facilities.

To grant preferential treatment to some inmates solely because they agree to engage in religious indoctrination, underwritten with taxpayer dollars, is bad public policy and, as the courts have ruled, unconstitutional.

Jeffrey Sinensky
General Counsel
American Jewish Committee
New York, Dec. 10, 2006

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To the Editor:

As a member of the American Civil Liberties Union and a Christian who supports the separation of church and state, I normally do not find much agreement with evangelicals. But a good friend who spent many years in prison received no education, training, alcoholism treatment or other preparation when he was unceremoniously dumped, homeless and penniless, back into the society he left in the 1970s.

The 700,000 people a year released from prisons and jails, sometimes after decades of imprisonment and long-term solitary confinement, receive by default government-sponsored training in the violence and antisocial behavior necessary to stay alive in prison.

If we don't want evangelicals to be the ones trying to change this situation, somebody else had better step up to the plate!

Claudia Hutchinson
Alexandria, Ohio, Dec. 11, 2006

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Religion For A Captive Audience, Paid For By Taxes (NYT)

By Diana B. Henriques And Andrew Lehren

The New York Times, December 10, 2006

Life was different in Unit E at the state prison outside Newton, Iowa.

The toilets and sinks — white porcelain ones, like at home — were in a separate bathroom with partitions for privacy. In many Iowa prisons, metal toilet-and-sink combinations squat beside the bunks, to be used without privacy, a few feet from cellmates.

The cells in Unit E had real wooden doors and doorknobs, with locks. More books and computers were available, and inmates were kept busy with classes, chores, music practice and discussions. There were occasional movies and events with live bands and real-world food, like pizza or sandwiches from Subway. Best of all, there were opportunities to see loved ones in an environment quieter and more intimate than the typical visiting rooms.

But the only way an inmate could qualify for this kinder mutation of prison life was to enter an intensely religious rehabilitation program and satisfy the evangelical Christians running it that he was making acceptable spiritual progress. The program — which grew from a project started in 1997 at a Texas prison with the support of George W. Bush, who was governor at the time — says on its Web site that it seeks "to 'cure' prisoners by identifying sin as the root of their problems" and showing inmates "how God can heal them permanently, if they turn from their sinful past."

One Roman Catholic inmate, Michael A. Bauer, left the program after a year, mostly because he felt the program staff and volunteers were hostile toward his faith.

"My No. 1 reason for leaving the program was that I personally felt spiritually crushed," he testified at a court hearing last year. "I just didn't feel good about where I was and what was going on."

For Robert W. Pratt, chief judge of the federal courts in the Southern District of Iowa, this all added up to an unconstitutional use of taxpayer money for religious indoctrination, as he ruled in June in a lawsuit challenging the arrangement.

The Iowa prison program is not unique. Since 2000, courts have cited more than a dozen programs for having unconstitutionally used taxpayer money to pay for religious activities or evangelism aimed at prisoners, recovering addicts, job seekers, teenagers and children.

Nevertheless, the programs are proliferating. For example, the Corrections Corporation of America, the nation's largest prison management company, with 65 facilities and 71,000 inmates under its control, is substantially expanding its religion-based curriculum and now has 22 institutions offering residential programs similar to the one in Iowa. And the federal Bureau of Prisons, which runs at least five multifaith programs at its facilities, is preparing to seek bids for a single-faith prison program as well.

Government agencies have been repeatedly cited by judges and government auditors for not doing enough to guard against taxpayer-financed evangelism. But some constitutional lawyers say new federal rules may bar the government from imposing any special requirements for how faith-based programs are audited.

And, typically, the only penalty imposed when constitutional violations are detected is the cancellation of future financing — with no requirement that money improperly used for religious purposes be repaid.

But in a move that some constitutional lawyers found surprising, Judge Pratt ordered the prison ministry in the Iowa case to repay more than $1.5 million in government money, saying the constitutional violations were serious and clearly foreseeable.

His decision has been appealed by the prison ministry to a federal appeals court and fiercely protested by the attorneys general of nine states and lawyers for a number of groups advocating greater government accommodation of religious groups. The ministry's allies in court include the Bush administration, which argued that the repayment order could derail its efforts to draw more religious groups into taxpayer-financed programs.

Officials of the Iowa program said that any anti-Catholic comments made to inmates did not reflect the program's philosophy, and are not condoned by its leadership.

Jay Hein, director of the White House Office of Faith-Based and Community Initiatives, said the Iowa decision was unfair to the ministry and reflects an "overreaching" at odds with legal developments that increasingly "show favor to religion in the public square."

And while he acknowledged the need for vigilance, he said he did not think the constitutional risks outweighed the benefits of inviting "faith-infused" ministries, like the one in Iowa, to provide government-financed services to "people of faith who seek to be served in this 'full-person' concept."

Crossing a Bright Line

Over the last two decades, legislatures, government agencies and the courts have provided religious organizations with a widening range of regulatory and tax exemptions. And in the last decade religious institutions have also been granted access to public money once denied on constitutional grounds, including historic preservation grants and emergency reconstruction funds.

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In 2002, the Supreme Court ruled that public money could be used for religious instruction or indoctrination, but only when the intended beneficiaries made the choice themselves between religious and secular programs — as when parents decide whether to use tuition vouchers at religious schools or secular ones. The court emphasized the difference between such "indirect" financing, in which the money flows through beneficiaries who choose that program, and "direct" funding, where the government chooses the programs that receive money.

But even in today's more accommodating environment, constitutional scholars agree that one line between church and state has remained fairly bright: The government cannot directly finance or support religious evangelism or indoctrination. That restriction typically has not loomed large when public money goes to religious charities providing essentially secular services, like job training, after-school tutoring, child care or food banks. In such cases, the beneficiaries need not accept the charity's religious beliefs to get the secular benefits the government is financing.

The courts have taken a different view, however, when public money goes directly to groups, like the Iowa ministry, whose method of helping others is to introduce them to a specific set of religious beliefs — and whose success depends on the beneficiary accepting those core beliefs. In those cases, most of the challenged grants have been struck down as unconstitutional.

Those who see faith-based groups as exceptionally effective allies in the battle against criminal recidivism, teen pregnancy, addiction and other social ills say these cases are rare, compared with the number of programs receiving funds, and should not tarnish the concept of bringing more religious groups into publicly financed programs, so long as any direct financing is used only for secular expenses.

That concept has been embodied most prominently since 2001 in the Bush administration's Faith-Based and Community Initiative, a high-profile effort to encourage religious and community groups to participate in government programs. More than 100 cities and 33 states have established similar initiatives, according to Mr. Hein.

The basic architecture of these initiatives has so far withstood constitutional challenge, although the Supreme Court agreed on Dec. 1 to consider a case on whether taxpayers have legal standing to bring such challenges against the Bush administration's program.

Defenders of these initiatives say they are necessary to eliminate longstanding government policies that discriminated against religious groups — to provide a level playing field, as one White House study put it.

But critics say the "level playing field" argument ignores the fact that giving public money directly to ministries that aim at religious conversion poses constitutional problems that simply do not arise when the money goes elsewhere.

Converting Young People

Those constitutional problems sharpen when young people are the intended beneficiaries of these transformational ministries. In recent years, several judges have concluded that children and teenagers, like prisoners, have too few options and too little power to make the voluntary choices the Supreme Court requires when public money flows to programs involving religious instruction or indoctrination.

That was the conclusion last year of a federal judge in Michigan, in a case filed by Teen Ranch, a nonprofit Christian facility that provides residential care for troubled or abused children ages 11 to 17.

In 2003, state officials imposed a moratorium on placements of children there, primarily because of its intensively religious programming. Lawyers for the ranch went to court to challenge that moratorium.

"Teen Ranch acknowledges that it is overtly and unapologetically a Christian facility with a Christian worldview that hopes to touch and improve the lives of the youth served by encouraging their conversion to faith in Christ, or assisting them in deepening their pre-existing Christian faith," observed a United States District judge, Robert Holmes Bell, in a decision released in September 2005.

Although youngsters in state custody could not choose where to be placed, they could refuse to go to the ranch if they objected to its religious character. As a result, the ranch's lawyers argued, the state money was constitutionally permissible.

The state contended that the children in its care were "too young, vulnerable and traumatized" to make genuine choices. The ranch disputed that and added that the children had case workers and other adults to guide them. Judge Bell rejected Teen Ranch's arguments. "Regardless of whether state wards are particularly vulnerable, they are children," he wrote.

The ranch in Michigan has discontinued operations pending the outcome of its appeal, said Mitchell E. Koster, who was its chief operating officer. "We are confident that our argument will win," Mr. Koster said. "It's just a question of at what level."

In another case early last year, a federal judge struck down a federal grant in 2003 to MentorKids USA, a ministry based in Phoenix, to provide mentors for the children of prisoners. In a case filed by the Freedom From Religion Foundation in Madison, Wis., the judge noted that the exclusively Christian mentors had to regularly assess whether the young people in their care seemed "to be progressing in relationship with God." In a program newsletter offered as evidence, its director said, "Our goal is to see every young adult choose Christ."

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The federal government had been clearly informed in advance of the nature of the MentorKids ministry, said John Gibson, chairman of the group's board. "The court's decision meant that there were 50 kids we could have served that we were not able to serve."

In another case, more than $1 million in federal funds went to the Alaska Christian College in Soldotna, Alaska, which says it provides "a theologically based post-secondary education" to teenage Native Americans from isolated villages. But an investigator from the Education Department who visited the school last year found a first-year curriculum "that is almost entirely religious in nature."

The Freedom From Religion Foundation sued to block the financing. The school promised to use government money only for secular expenses, and federal financing resumed last May, according to Derek Gaubatz, of the Becket Fund for Religious Liberty, which represents the college.

A number of government grants to finance sexual abstinence education have been successfully challenged. For example, the Louisiana Governor's Program on Abstinence gave federal money to several religious groups that used it for clearly unconstitutional purposes, a federal judge ruled in 2002, in a case filed by the American Civil Liberties Union.

One grant went to a theater company that toured high schools performing a skit called "Just Say Whoa." The script contained many religious references including one in which a character called Bible Guy tells teenagers in the cast: "As Christians, our bodies belong to the Lord, not to us."

The federal judge said the grants were so poorly monitored that the state missed other clear signs of unconstitutional activity — as when one Catholic diocese sent monthly reports showing that it had used federal money "to support prayer at abortion clinics, pro-life marches and pro-life rallies." Gail Dignam, director of the abstinence program, said that state contracts now emphasize more clearly that no grant money may be used for religious activities.

The Programs in Prisons

Programs like the one at the Iowa prison are a rare ray of hope for American prisoners, and governments should encourage them, their supporters say.

"We have 2.3 million Americans in prison today; 700,000 of them will get out of prison this coming year," said Mark L. Earley, a former attorney general of Virginia. Many inmates come out of prison "much more antisocial than when they came in," he added. He said he saw faith-based groups as essential partners in any effective rehabilitation efforts.

Mr. Earley is the president and chief executive of Prison Fellowship Ministries, based in Lansdowne, Va. With almost $56 million a year in revenue, the ministry oversees the InnerChange Freedom Initiative, which operates the Iowa program.

Since its birth in 1976, Prison Fellowship has been most closely associated with one of its founders, Charles W. Colson, who said in a 2002 newsletter that the InnerChange program demonstrates "that Christ changes lives, and that changing prisoners from the inside out is the only crime-prevention program that really works."

In early 2003, Americans United for Separation of Church and State joined with a group of Iowa taxpayers and inmates to challenge the InnerChange program in federal court.

In ruling on that case, Judge Pratt noted that the born-again Christian staff was the sole judge of an inmate's spiritual transformation. If an inmate did not join in the religious activities that were part of his "treatment," the staff could write up disciplinary reports, generating demerits the inmate's parole board might see. Or they could expel the inmate.

And while the program was supposedly open to all, in practice its content was "a substantial disincentive" for inmates of other faiths to join, the judge noted. Although the ministry itself does not condone hostility toward Catholics, Roman Catholic inmates heard their faith criticized by staff members and volunteers from local evangelical churches, the judge found. And Jews and Muslims in the program would have been required to participate in Christian worship services even if that deeply offended their own religious beliefs.

Mr. Earley said Judge Pratt's decision was sharply inconsistent with current law and his standard for separating secular from religious expenses was so extreme that it would disqualify almost any faith-based program. He acknowledged that inmates, whatever their own faith, are required to participate in all program activities, including worship, but he insisted that a religious conversion is not required for success. InnerChange uses biblical references only to illustrate a set of universal values, such as integrity and responsibility, and not to exclude those of other faiths, he said, adding that it was "unfortunate" if any inmates felt the program denigrated Catholicism or any other Christian faith. Corrections officials in Iowa declined to comment on the case.

Not all programs in prisons are so narrowly focused. Florida now has three prisons that offer inmates, who must ask to be housed there, more than two dozen offerings ranging from various Christian denominations to Orthodox Judaism to Scientology. But at Newton, Judge Pratt found, there were few options — and no equivalent programs — without religious indoctrination.

"The state has literally established an Evangelical Christian congregation within the walls of one of its penal institutions, giving the leaders of that congregation, i.e., InnerChange employees, authority to control the spiritual, emotional and physical

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lives of hundreds of Iowa inmates," Judge Pratt wrote. "There are no adequate safeguards present, nor could there be, to ensure that state funds are not being directly spent to indoctrinate Iowa inmates."

InnerChange, which has been widely praised by corrections officials and politicians, operates similar programs at prisons in Texas, Minnesota, Kansas, Arkansas and, by next spring, Missouri. Officials in those states are monitoring the Iowa case, but several said they believed their programs were sufficiently different to survive a similar challenge.

A government-financed religious education program at a county jail in Fort Worth was struck down by the Texas Supreme Court more than five years ago, and more lawsuits are pending. Corrections Corporation was among those sued last year by the Freedom From Religion Foundation, which is challenging a Christian residential program at a women's prison in Grant, N.M. The foundation has also sued the federal Bureau of Prisons over its faith-based rehabilitation programs. And Americans United, the Iowa plaintiff, and the American Civil Liberties Union have sued a job-training program run by a religious group at the Bradford County Jail near Troy, Pa.

Prison Fellowship Ministries is one of about a half-dozen Christian groups that operate programs at jails and prisons run by the Corrections Corporation. The company's lawyers are studying the Iowa decision, said a spokeswoman, Louise Grant. "But we are not, at this time, changing or altering any of our programming based on that, or any other ruling."

Inadequate Monitoring

Government agencies have been criticized repeatedly for inadequately watching these programs. Besides the criticism in various court decisions, the Government Accountability Office has twice raised questions about cloudy guidelines and inadequate safeguards against government-financed evangelism.

In its most recent audit released in June, the G.A.O., which examined faith-based organizations in four states, found that some were violating federal rules against proselytizing and that government agencies did not have adequate safeguards against such violations.

The problem is not that none of these programs are audited. Every group that gets a federal grant worth more than $500,000 has to pay a private auditor to examine its books and report to the government. Many federal programs, like those that provide Medicaid services or help the government allocate arts grants, require additional audits.

But no supplemental audits are required under the faith-based initiative — indeed, it would probably violate the Bush administration's new regulations to do so, said Robert W. Tuttle, a professor of law and religion at George Washington University and co-director of legal research, along with Ira C. Lupu, for the Roundtable on Religion and Social Welfare Policy, a project of the Rockefeller Institute.

"The rules can be read to prohibit special audit requirements because that would be considered a stigma, which would be discriminatory," Professor Tuttle said. "But that flies in the face of constitutional logic, because religion is special, and that special quality has to be reflected in program guidelines and audit rules."

The G.A.O. also says the government cannot easily or accurately track either how much money is flowing to groups or whether they are using the funds in unconstitutional ways.

The Bush administration is already studying whether these constitutional problems can be resolved by reshaping many government grants into voucher programs under which the beneficiary decides where the money goes. But vouchers are a limited solution because most social service agencies need to know that a certain amount of money is assured before they can begin operations.

Mr. Hein, the White House official, agreed that vouchers could clarify the legal landscape. But even where they are not practical, he said, the Bush administration remains committed to keeping the doors to government financing open for as many religious groups as possible.

Congressman Wants Lacrosse Investigation (AP)

AP, December 13, 2006

A congressman asked the Justice Department on Tuesday to investigate whether the district attorney prosecuting three Duke University lacrosse players charged with rape has violated the athletes' civil rights.

In a letter to Attorney General Alberto Gonzales, Rep. Walter Jones also asked the Justice Department to review Durham County District Attorney Mike Nifong's actions for possible prosecutorial misconduct.

"Over the past several months, many of my constituents and a growing number of mainstream media outlets have raised serious questions about the accuser's allegations and Mr. Nifong's prosecution," wrote Jones, R-N.C.

Jones' complaints to Gonzales repeat criticisms that defense attorneys and others have raised about Nifong's handling of the case.

A grand jury indicted three lacrosse players on charges they raped a stripper at a team party in March. All three have strongly proclaimed their innocence, and a trial is not expected to start until spring.

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There was no immediate response to a call to Nifong's office seeking comment. In an interview with The Associated Press in October, Nifong said he and the city's police department have not mishandled the case and that his only regret was granting so many interviews to reporters during the investigation's early days.

Three years ago, Jones helped lead an effort to make sure Capitol Hill cafeterias revised their menus to list "freedom fries" instead of french fries to protest France's opposition to the war in Iraq.

CIVIL LAW:

Financiers Agree To Settle Napster Suit (LAT)

By Joseph Menn, Times Staff Writer

The Los Angeles Times, December 13, 2006

Venture firm strikes a deal with Universal and EMI in a test of liability on copyright issues.

The San Francisco investment firm behind the first widely used file-swapping service has agreed to settle a multibillion-dollar copyright lawsuit filed by two record labels.

Hummer Winblad Venture Partners, which put $13 million into Napster Inc. in 2000, has been defending its role in the suit by Universal Music Group and EMI Group. The labels accuse Hummer Winblad of helping Napster's tens of millions of users steal an unprecedented volume of music through their linked computers.

The two sides reached the tentative deal, which requires court approval, ahead of a summary judgment hearing that had been scheduled for today.

The case had loomed as a test of whether financial backers could be punished for rampant Internet piracy. But the settlement's financial terms weren't disclosed, so the question might remain murky, at least until a related case is resolved.

It's unclear what broke the logjam in negotiations. But Hummer Winblad was helped by an aggressive defense against the record companies.

The venture firm argued that it shouldn't be held liable for violating copyright laws when the labels themselves broke antitrust law by conspiring to heavily restrict the consumption of digital music.

U.S. District Judge Marilyn Hall Patel found enough evidence supporting the antitrust argument that in April she ordered the labels to disclose internal legal documents that would ordinarily have been protected by attorney-client privilege.

Patel ruled that the companies had misled the Justice Department about how they set the rules and prices governing the use of digital music by two industry-sponsored ventures, MusicNet and Pressplay.

Record industry sources said Universal and EMI were worried about Patel's findings and that any new documents they turned over could be used against them in other suits and government proceedings.

The settlement with Hummer Winblad is contingent on Patel vacating her April ruling, according to a filing by the three parties last week. Hummer Winblad's attorney declined to comment on the deal. Defendants John Hummer and Hank Barry, who are partners in the firm and served as Napster directors, didn't return phone messages.

In a related fight before Patel, EMI and other music publishers are continuing to sue Bertelsmann, the German media company that invested in Napster later in 2000. In September, Bertelsmann agreed to pay Universal $60 million to settle that company's claims against it.

The labels initially sued Napster itself, forcing its 2001 shutdown, but the company was liquidated in bankruptcy court. The Napster name was bought by a software company that now uses the brand for an authorized music distribution service.

"We're happy that we've settled conditionally," said EMI spokeswoman Jeanne Meyer. "We remain confident that we have a strong case against Bertelsmann."

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Who Killed The Mass Torts Bonanza? (LAW)

By Alison Frankel, The American Lawyer

Law.com, December 13, 2006

The power of the plaintiffs bar is on the wane in this country, and will be for a long time to come.

You won't hear many tort reformers admit it. They've done too good a job demonizing trial lawyers to let their bogeymen fade away. Twenty years ago, tort reform was an obscure movement with a funny name; today, politicians speak of "ending lawsuit abuse" or "eliminating frivolous lawsuits" -- tort reform by more felicitous names -- whenever they need a failsafe applause line. The movement's success has been a public relations masterpiece.

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Beginning at a time when plaintiffs lawyers, flush from the fat years of asbestos revenues, seemed to have the money, brainpower and political alliances to cripple any defendant of their choosing, tort reformers engineered a billion-dollar anti-trial lawyer campaign: They produced and promulgated scholarly papers on the economic consequences of litigation; they sponsored grassroots groups to lobby state legislatures and campaign for business-backed state judicial candidates; they even hit upon such innovations as the publication of newspapers supported by the U.S. Chamber of Commerce to report on litigation in plaintiffs-friendly southern Illinois and West Virginia.

Plaintiffs lawyers, accustomed to thinking of themselves as champions of the people, fighting big business on behalf of the little guy, seethed at the vulturous image tort reformers created for them, but didn't grasp its implications. They were, by their own admission, so slow to respond to what Robert Jenner of Janet, Jenner & Suggs calls "the ridiculous propaganda" of their opponents that they permitted the chamber of commerce and the American Tort Reform Association to co-opt the very language of the debate.

"Reform" is one way to describe the business-backed changes in product liability litigation in the last decade. Trial lawyers would choose another, something along the lines of an unconscionable abrogation of plaintiffs' rights. See Mass Torts Roll Call.

Neither, however, would deny that the civil justice system looks drastically different than it did even two years ago. The true triumph (or tragedy, depending on your perspective) of the tort reform movement has been its ability to leverage the success of its public relations campaign into concrete and hard-to-reverse changes. State legislatures have passed laws that undercut the trial lawyers' successes in Washington, D.C. -- especially in the asbestos litigation, which has declined precipitously since the early 2000s.

Tort reformers have packed state judiciaries with judges amenable to their agenda. Federal and state courts overseeing multidistrict cases have become more vigilant about policing their dockets. And defendants, no longer as terrified of runaway punitive damages, "hellhole" jurisdictions and unmanageable trial schedules, are refusing to settle cases en masse. Such plaintiffs giants as Motley Rice; Waite, Schneider, Bayless & Chesley; and Lieff, Cabraser, Heimann & Bernstein are reconsidering their caseloads and edging away from mass torts. "I do not believe the next 10 years will be a repeat of the last 10," says Joseph Rice, one of the shrewdest businessmen practicing law. "There will not be a repetition of the personal injury practice. Congress will not allow another tobacco. The courts will not allow multiple-jurisdiction litigation over products."

To be sure, plaintiffs lawyers and mass torts aren't going to disappear -- witness the furor over newly hatched global warming suits, which, despite legal theories that are speculative at best, have forced oil companies, coal manufacturers and utilities to begin planning a defense. Asbestos will continue to generate about 10,000 cancer cases a year, and plaintiffs firms are still pushing to lasso peripheral defendants into asbestos liability. Motley Rice's eight-year investment in lead paint litigation, which finally yielded a jury verdict on liability in Rhode Island in February, may yet pay off. Weitz & Luxenberg and Baron & Budd see promise in multidistrict litigation over the gasoline additive MTBE, in which oil company defendants face more than $1 billion in claims of water contamination by municipalities and water districts. And Vioxx lawyers Christopher Seeger and W. Mark Lanier maintain that Merck & Co., Inc., will eventually begin settling cases, as almost all of the pharmaceutical defendants have.

There will always be people injured by the products or actions of big corporations, and there's still money to be made representing them. But the bonanza -- the Wild West era in which mass torts was an unfettered frontier and plaintiffs lawyers seemed to have all the firepower -- is over. If you're a plaintiffs lawyer and you haven't already bought the plane and the yacht of your dreams, well, sorry, pal. You're too late.

IT'S THE STATES, STUPID

George Christian, a lawyer and lobbyist in Austin, remembers without fondness Texas' litigation situation in the early 1980s. Juries in places such as Beaumont and Corpus Christi were doling out million-dollar verdicts like lollipops on Halloween, drawing thousands of out-of-state plaintiffs to Texas courts and transforming a coterie of plaintiffs lawyers into multimillionaires with the power to influence state judicial elections. In 1986 the Texas Supreme Court handed down a ruling that ended contributory negligence in state courts, allowing plaintiffs to recover damages even when juries found them to be partially responsible for their own injuries.

"It was a major change in state policy and got people's attention," Christian says. In response, a coalition of businesses and doctors formed the Texas Civil Justice League, a lobbying group with the sole objective of making the state's civil justice system less friendly to plaintiffs. Christian became the group's general counsel.

The league had its first success right away, when the Texas legislature passed a cap on punitive damages in 1987. Christian's group then pressed for changes in venue rules and for product liability reform. The legislature obliged in 1993, and Democratic governor Ann Richards signed the tort reform bills into law. "Republican winds were blowing, and we took advantage of that," says Christian. "[But] Governor Richards was part of it. Because of the reputation of the state, she felt, 'I need to address this.' " The issues weren't politically sexy -- joint and several liability doesn't exactly bring voters streaming to the polls -- but the coalition lobbying for change was influential and well financed.

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Those early tort reform advances, which were taking place not only in Texas but also in other state legislatures, did not take the organized plaintiffs bar by surprise. Beginning in about 1990, ATLA began developing an expertise in state constitutional law, working under the umbrella theory that legislative meddling in the judicial process violated states' separation-of-powers doctrines, says Robert Peck of the Center for Constitutional Litigation, a spin-off of the Association of Trial Lawyers of America. In 1995 ATLA hired Peck to head its legal department, and he launched challenges to sweeping tort reform laws in, among other states, Ohio and Illinois. In both, Peck eventually prevailed: The Ohio and Illinois supreme courts threw out the legislation.

But Peck's wins proved temporary. Business interests learned that if state judges didn't vote their way, they could replace those judges with others who would. The Texas Civil Justice League offered an exemplar for tort reformers attempting to influence judicial elections. In 1988 a Texas supreme court justice appointed by Republican governor Bill Clements was opposed for election by a candidate running with the support of Texas' plaintiffs lawyers. "We spent a lot of time creating voters' guides," says Christian. "They went out by the millions." The league distributed its playing card-sized guides through its membership, asking doctors and local businesses to hand stacks of cards to patients and customers. "We were trying to build on people who already had an interest in the issue," Christian says. "We were able to win in 1988, then we got a couple more [justices] in 1990, 1992 and 1994. By 1994 the old court was pretty much replaced." The new Texas court showed its allegiance quickly, with pro-business rulings on punitive damages and expert witnesses in 1995.

Following the Texas Civil Justice League model, the Washington, D.C.-based American Tort Reform Association (ATRA) and Institute for Legal Reform began in the mid-1990s to nurture statewide groups that would simultaneously lobby in state legislatures and campaign against judges backed by trial lawyers. "Nobody had [previously] paid too much attention to the judiciary," says Edward Murnane of one such group, the Illinois Civil Justice League. "We realized we needed to expand our sphere of activity."

In Mississippi, Ohio, Alabama and Arkansas -- states once considered plaintiffs havens -- business interests succeeded in shifting the balance of power in state judiciaries. Five of the seven justices now serving on the Illinois Supreme Court received the support of the Illinois Civil Justice League, including the justice who holds the seat reserved for Illinois' notoriously plaintiffs-friendly southern counties. He prevailed against the trial lawyer-backed candidate in the most expensive state judicial contest in U.S. history in 2004; between them, the candidates raised an estimated $9 million. Nationwide, according to Governing magazine, spending in state judicial elections has exploded in the last decade, jumping 61 percent from 1998 to 2000 alone; in 2004 the average cost of winning a judicial seat was $650,000.

The impact of the dual judicial-and-legislative attack has been profound. In Mississippi the newly constituted supreme court played tag-team tort reform with state lawmakers, each branch rushing to ratify the other's advances; the state has gone from being "the poster child of litigation abuse," wrote Shook, Hardy & Bacon partner (and ATRA counsel) Mark Behrens in a 2005 law review article, to "a shining example of how a state can join the legal mainstream and foster economic growth through legal reform."

Both the silica and asbestos dockets in Mississippi have been slashed, according to defense lawyer Brian Hannula of Jackson's Forman Perry Watkins Krutz & Tardy: silica from more than 21,000 to fewer than 4,000 cases; asbestos from more than 60,000 to fewer than 10,000. In Illinois, where Democrats in state government have stalled tort reform laws, the new supreme court issued a series of pro-business rulings, overturning a $10 billion verdict against Philip Morris USA Inc. and acting to restrict class actions and out-of-state filings.

"I don't want to take credit," says Murnane of the Illinois Civil Justice League. "But I definitely think our activities and the involvement we've had, helping good people get on the court, [meant] we were able to break the stranglehold. We helped the court become more independent."

Texas remains the most dramatic state transformation. In the last 10 years, the legislature passed law after law, knowing that the court would approve them: punitive damages and liability reform in 1995; caps on medical malpractice damages in 2003; and restrictions on asbestos litigation in 2005. Personal injury filings statewide dropped about 30 percent after the 2003 reforms. "We hemmed [them] in pretty good," says Christian of the Texas Civil Justice League. "We've become a pretty unfriendly place for mass torts."

ATLA kept abreast of what was happening in the states, says communications vice president Chris Mather, but the national group's orientation has always been Washington, D.C, where, since 2000, it has been plenty busy warding off federal laws intended to restrict litigation. (ATLA's only significant defeat in Washington was the Class Action Fairness Act of 2005, which assured that most big class actions would be litigated in federal, not state, court.) State trial lawyer associations fought state-based tort reform groups in the legislatures and in judicial elections, but even with ATLA's assistance, they were outmatched and outspent. The judicial situation is now so unpromising that Robert Peck, the onetime ATLA lawyer who was so effective in the 1990s at persuading state justices to overturn tort reform laws, says he has decided against challenging new laws in some states with hostile supreme courts.

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"The moment we won in Ohio, they began campaigning against the author of the opinion," says Peck, who spun off the Center for Constitutional Litigation from ATLA in 2001. "There was nothing I could do as a law firm." (The justice, Alice Resnick, was reelected but recently announced that she will not run again.) Peck does have a challenge pending in Ohio, where the legislature passed a new, but hardly changed, tort reform bill after the old law was struck down. His briefs cite some of the same constitutional deficiencies that led the Ohio Supreme Court to overturn the original law, but he doesn't know how effective they'll be this time: Only two of the justices who ruled in his favor in 1997 are still on the court.

VOLUME KILLS

In the early days of the asbestos litigation, which is to say, the early days of mass tort litigation, what so unnerved judges and defendants was volume: There seemed to be too many cases to litigate within the routine procedures of the civil justice system. Corporations said they couldn't defend themselves simultaneously in dozens of trials all over the country, particularly when plaintiffs lawyers could file those cases in jurisdictions inclined to award crippling punitive damages. Judges said they couldn't manage dockets with hundreds -- then thousands -- of cases, and pressed for block settlements and group trials. Volume shifted the focus of litigation away from the facts of any one particular case, which meant that plaintiffs lawyers were able to generate fees from cases without compelling facts. In one oft-employed asbestos strategy, now banned in Texas, plaintiffs lawyers would bundle a strong case, one involving the asbestos-linked lung cancer called mesothelioma, with many cases of lesser injury or shakier causation, and demand settlement of all of them at the same time.

As mass tort litigation spread beyond asbestos to other environmental, product liability and pharmaceutical cases, the plaintiffs bar developed a system that institutionalized the advantage of volume. Lawyer advertising and labor unions produced potential clients, whose initial lawyer contact might well have been with a firm that functioned only as a referral clearinghouse. Client files would be passed to one of a couple dozen large, well-financed plaintiffs shops operating in jurisdictions where juries could be counted upon to reward plaintiffs claims. Those firms, through their referral networks, would wind up with tens of thousands of cases -- and they understood how to leverage those numbers into settlements. (The big firms, in turn, directed a percentage of their contingency fees to the referring firms.) Volume permitted plaintiffs lawyers to make money from little more than nothing. "They have a long history of making easy profit by jamming the system," says Theodore Mayer of New York's Hughes Hubbard & Reed, spokesman for Merck in the Vioxx litigation. "Courts threw up their hands and forced settlements in the interest of clearing dockets."

Volume frightened defendants into overvaluing finality. The personal injury class action vogue of the 1990s, in which mass tort defendants attempted to settle huge numbers of individual cases through global class actions, developed because defendants were more anxious to define the limits of the litigation they faced than to test plaintiffs cases one at a time. Paying weak claims seemed preferable to litigating endlessly. The corrupting power of volume was displayed most egregiously in the 1999 settlement of the diet drug litigation against American Home Products Corp. (now Wyeth). Wyeth believed that it could resolve the litigation through a global settlement (carefully crafted to comply with the restrictions on personal injury class actions established by the U.S. Supreme Court's rulings in the Amchem and Georgine cases of the 1990s). But Wyeth knew that the $3.75 billion class action fund it was proposing could not receive the necessary judicial approval if enough plaintiffs objected to it. So to minimize objections to the global deal, Wyeth lawyers paid billions to settle thousands of untested cases. That free spending, as well as the settlement's concession of causation, turned the diet drug litigation into a $20 billion debacle of dubious claims.

In recent years, however, the federal judiciary has quietly mitigated the power of volume in mass torts, most frequently through the use of the MDL, or multidistrict litigation, vehicle. The MDL process has existed since 1971. A panel of six federal judges, who are selected by the chief justice of the U.S. Supreme Court, decides whether cases involving similar claims but filed in multiple federal courts should be transferred to a single federal judge for consolidated pretrial discovery and motions practice. At first, according to a report prepared by the MDL panel's statistical analyst at the request of The American Lawyer, the MDL judges appeared skeptical about using the vehicle to manage product liability mass torts.

In the panel's first 15 years of existence, the judges heard arguments to transfer 32 mass torts matters. They denied the transfer of 19 of them -- including several proposed asbestos MDLs and at least a half-dozen pharmaceutical cases -- leaving the cases to be litigated in multiple courtrooms. Then trends changed. As mass tort litigation burgeoned, the MDL panel judges not only heard more requests, they also transferred a higher percentage of them. From 1986 through 2000, the panel denied only nine of the 68 MDL motions it heard. And in the last six years, only six of the 62 cases the panel considered were denied MDL status. "The MDL panel is so quick to jump in today," says Rice of Motley Rice. "Too quick. If there's a [product] recall, before suits are even filed it's an MDL."

Mass tort lawyers on both the defense and plaintiffs sides used to debate whether the MDL process helped or hurt defendants. Transferring all federal cases to a single judge reduced the chaos of mass tort litigation and lifted the defense burden of fighting the same discovery and motions battles in multiple courtrooms. But MDLs also permitted plaintiffs lawyers to

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pool resources, spreading the expense of working up the litigation to several firms -- and spreading damning documents turned up in discovery across the country. Moreover, when a case was deemed an MDL, the litigation gained credibility in the plaintiffs bar. The MDL panel's imprimatur was a signal that a case was officially a mass tort, so MDLs attracted additional filings, thus magnifying the risk to defendants of adverse rulings by the MDL judge.

The debate should now be over: The MDL process has proved to be more of a boon to defendants than plaintiffs, thanks to several rulings by MDL judges aggressively policing the mass torts transferred to their courtrooms. The most famous MDL ruling was the 2005 opinion of Corpus Christi federal district court judge Janis Graham Jack in the silicosis litigation, which at one time was considered to have asbestos-sized potential. After Judge Jack held hearings on the qualifications of the plaintiffs' expert witnesses under the Supreme Court's Daubert "junk science" decision, she found enough evidence of malfeasance by doctors and plaintiffs lawyers that Texas prosecutors convened a grand jury. Jack's ruling effectively halted the silica litigation, and, at least in the view of defense lawyers, sent a strong message to plaintiffs lawyers about the scrutiny they could expect in other mass torts as well.

No other federal judge has written a decision as devastating as Judge Jack's, but in both the Rezulin and Meridia MDLs, for instance, pretrial proceedings resulted in rulings that made the cases manageable for defendants. Judge Lewis Kaplan's 2005 Daubert hearings in the 23,000-case Rezulin litigation, which involved a Warner-Lambert Co. drug to treat diabetes, persuaded about 80 percent of the plaintiffs to settle or voluntarily dismiss their claims. Kaplan severely restricted the litigation, holding that only plaintiffs who could prove their livers were affected while they were taking Rezulin -- not those whose livers were damaged before or after they took the drug -- had scientifically valid claims. Warner-Lambert's successor, Pfizer Inc., was subsequently able to dispose of the cases that survived Kaplan's ruling.

The Meridia diet drug ruling was more drastic: Judge James Gwin dismissed the entire federal litigation on a summary judgment motion by the defendant, Abbott Laboratories, which argued that the drug's warning label protected it from liability. Gwin's ruling helped convince Stanley Chesley, who headed the Meridia plaintiffs steering committee, that mass torts were no longer a reliable source of business. "Looking at our past experience in mass torts," says Chesley, a pioneer in the litigation, "I'm [now] very picky before I get into them. ... We've moved into securities and antitrust [instead]." (Chesley is not guaranteed success in those areas, either: The number of securities class action filings is down in the last two years, and, according to plaintiffs lawyer Steven Toll of Cohen, Milstein & Hausfeld, the dismissal rate is on the rise.)

In addition to scrutinizing the claims of masses of plaintiffs, more state and federal MDL judges are demanding evidence of injury from individual claimants early in the litigation, says O'Melveny & Myers partner John Beisner, a mass tort defense specialist. "It used to be that all the time up front, the discovery, everything was on the plaintiffs side," Beisner says. "Now judges are saying, 'We're going to work on both sides of this. ... What is the evidence that you, Mr. or Ms. Smith, were injured?'"

In the litigation over Baycol, a cholesterol-reduction drug produced by Bayer AG, the state court judge overseeing all of the Baycol cases in Pennsylvania required each plaintiff to submit an expert report on his or her injury; as a result, says Baycol defense counsel Philip Beck of Bartlit Beck Herman Palenchar & Scott, plaintiffs lawyers dropped weak claims that plumped the purported size of the litigation. "Judges have seen what happens when the mass tort process gets abused, when it gets out of control," says Beck, who, like Beisner, is on Merck's Vioxx defense team. "They're doing something about it."

The MDL vehicle is now common in state courts. Pennsylvania, New Jersey and Texas, for instance, have established state-court mechanisms that parallel federal MDLs: Cases are consolidated before a single state judge for pretrial hearings (many states have adopted stringent Daubert-like standards for expert witnesses) and docket management. State MDLs have also served mass tort defendants well, says O'Melveny's Beisner. "One of the plaintiffs tactics was to get an early trial, to get the best case set for trial in a place like Texas. Now, with [state] MDL proceedings, their capacity to walk to the courthouse and get a trial date is limited. There aren't many states anymore where you can get cases on a fast track to trial." Texas' asbestos litigation, says Christian, of the Texas Civil Justice League, was tamed only after the cases, at the behest of tort reformers, were transferred to a Houston state MDL.

State and federal MDL judges are increasingly likely to work together to manage mass tort litigation. Federal judges can decide when and whether to remand cases to state courts; some mass torts lawyers say there's growing federal court resistance to the plaintiffs tactic of naming a local doctor or pharmacy as a defendant in order to keep a case in state court. State judges often wait for federal rulings on Daubert and other motions to conduct their own hearings. Judges on both levels coordinate trial dates. In the manganese welding rod mass tort, for instance, federal court judge Kathleen McDonald O'Malley and various state judges have scheduled only 12 trials in almost four years of litigation, says lead defense counsel Beisner: one in the federal MDL and 11 in state courts. The defendants have had time to prepare for each trial, and have won all but one of them. A litigation that, according to Beisner, started off with about 7,000 cases is "diminishing rapidly," he says. "The numbers are down 40-45 percent. The winnowing has been successful."

PLAYING DEFENSE

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When Phil Beck began advising Bayer in the Baycol litigation in the early 2000s, he says, Wyeth's diet drug experience loomed large. "That was the prototype for disaster," he says. "We looked very closely at fen-phen and other mass tort situations and saw how things had gone awry. ... We made a very conscious decision to take a different approach."

That new defense attitude, pioneered by Bayer in the Baycol litigation and spreading fast ever since, may be the most significant obstacle that plaintiffs lawyers will face in future mass torts. Of course, Beck says, Bayer could not have engaged plaintiffs lawyers so aggressively had it not been for state tort reform and activist MDL judges. But the Baycol litigation emboldened defendants -- and chastened plaintiffs lawyers -- because it showed both sides that defendants could seize control of a mass tort litigation from the plaintiffs in a way that had rarely happened before.

After Bayer voluntarily withdrew Baycol from the market in 2001 because of a side effect called rhabdomyolysis, a potentially fatal muscle deterioration, the company faced the onslaught of suits that seems to follow every drug recall. Some of the cases involved claims of rhabdo, as the condition is known; other plaintiffs claimed different Baycol-related injuries. The company believed, based on epidemiological evidence, that it knew the universe of Baycol users who had developed rhabdo -- and that it could afford to settle their cases. The uncertainty lay in the thousands of cases in which the plaintiffs' evidence of rhabdo was weak, or in which plaintiffs claimed non-rhabdo injuries. And it was in these cases, says Beck, that Bayer took a radical position.

Early in the litigation, the federal MDL judge, Michael Davis of Minneapolis, called a meeting of Bayer defense lawyers, plaintiffs lawyers and state judges with large Baycol dockets. "At that big meeting," says Beck, "I stood up and said, 'I have an announcement. We recognize that some people who took Baycol experienced the side effect [of rhabdomyolysis]. We think we have a good defense on the merits, [but] if you can show your client was taking Baycol contemporaneously with contracting rhabdo, we're willing to settle every case. We're going to be fair and reasonable.'" Beck recounts. "'But on the flip side, if you demand a premium [because] you have a trial in a plaintiffs-friendly jurisdiction, we're going to fight you to the death. And most of your cases are not rhabdo. We're not going to pay a penny on those.'"

Plaintiffs lawyers put Bayer to the test in both of the situations Beck cited. In 2003 Bayer went to trial on a rhabdo case in Corpus Christi, Texas, against noted plaintiffs lawyer Mikal Watts. "He had over 1,000 Baycol cases and was trying to put pressure on us to settle globally," Beck says. "[Watts] told us he wouldn't settle the rhabdo cases without the others. And he was out there telling the financial press that Baycol was going to cost Bayer $50 billion." (Watts did not respond to phone and e-mail messages requesting comment.)

Beck won the trial in Texas. "That was the big turning point," he says. "Plaintiffs lawyers said, 'Why do I want to invest the time and the money litigating when they're willing to settle the rhabdo cases?'" Then, after Bayer won four non-rhabdo trials, including three in Mississippi, plaintiffs lawyers began dropping those cases. With the litigation now winding down, Beck says, Bayer has settled 3,050 Baycol cases for $1.15 billion -- a tiny fraction of what fen-phen, with its failed attempt at a global settlement of all claims, cost Wyeth.

In a series of mass torts since Baycol, defendants have taken a similar approach, settling the strongest cases but refusing to pay for weaker claims, even if that means going to trial. "The paradigm definitely shifted," says plaintiffs lawyer Jenner, a lead counsel in the litigation over Prempro, Wyeth's hormone replacement therapy drug. "Plaintiffs lawyers are not taking cases with nominal injuries. People are not taking a broad inventory of cases." In his litigation, for instance, there are about 5,000 cases -- far fewer than Wyeth faced in the fen-phen litigation -- but almost all of them involve such serious side effects as breast cancer or stroke.

The most prominent example of defense intransigence right now is Merck's proclamation in the Vioxx litigation that it will try every case (24,000 have been filed). "Ten years ago," says plaintiffs lawyer Seeger of New York's Seeger Weiss, "this case would already be over. It wouldn't be dragging on like this. It would be over." Lanier agrees: "If Vioxx predated [fen-phen], you would see Merck more willing to settle instead of trying every case. Instead, they're following the tobacco model: Try every case, take no prisoners." Merck, according to Securities and Exchange Commission filings, has set aside about $1 billion to defend Vioxx cases. It spent $325 million in the first three quarters of 2006, but none of that money went to Vioxx claimants or their lawyers.

Merck counsel Mayer of Hughes Hubbard is circumspect to the point of impenetrability, but he does allow that state tort reforms have factored in Merck's strategy. "They help the courts do justice in individual cases," he says. So far, the judges overseeing Vioxx cases in state and federal courts -- there is not only a federal MDL, but also state court-coordinated proceedings in jurisdictions with busy Vioxx dockets -- have permitted what Mayer calls "a very rational program of trials" involving plaintiffs claiming serious injuries. The company may yet request judicial orders demanding proof of injury from plaintiffs, which could serve to weed out weaker claims. Until then, Merck plans to proceed with trials scheduled in New Jersey, California and Texas. "We believe in our defense," says Mayer. "We believe it's important to put plaintiffs to the test. We're going to continue to take cases as they arise." (It's worth noting that in the long run, tort reform hurts the defense bar as well as the

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plaintiffs bar, except when mass tort defendants resolve to try lots of cases. "It's in our interest to have a broken system," says Beck. "I have one view of what's good for the country, and another of what's good for me. A system that is slightly out of control is good for me.")

BACK TO THE FUTURE

Perry Weitz of New York's Weitz & Luxenberg, an accomplished mass tort strategist, maintains that all of tort reform's gains can still be undone. "If we get a new president, a new Congress, everything is up for grabs again," he says. In fact, even in the crucible of the Bush administration, the trial lawyers have been remarkably effective at blocking federal legislation intended to curtail litigation. With ATLA's lobbying expertise and their own contributions to Democratic politicians, they defeated attempts to shut down litigation over MTBE, guns and certain vaccines -- and, in the biggest and hardest-fought battle, asbestos. Weitz and a dozen or so other asbestos lawyers fiercely opposed a plan to remove all asbestos cases from the courts and place them instead in an extrajudicial federal trust. The asbestos bar placed its trust in Democratic politicians, to whom it made lavish campaign contributions. In the midterm elections of 2002, with the asbestos issue gaining attention in Congress, nine of the 20 biggest law firm campaign contributors were asbestos firms, according to data compiled by opensecrets.org, the Web site of The Center for Responsive Politics. In 2004, when the asbestos bill was before the Senate, ATLA was once again the largest contributor in the legal industry, with 92 percent of the group's $2.6 million in campaign contributions going to Democrats. Since 2003, according to opensecrets.org, ATLA has spent $13.9 million on federal lobbying, to apparently good end: The Senate killed the asbestos bill earlier this year.

But the success was Pyrrhic -- and it shows why, even though the Democrats have regained much of their political power, they probably won't be the saviors of the trial bar. Weitz and his brethren beat back the asbestos legislation only at the expense of repeated vilification. Congressional asbestos hearings spotlighted the most egregious mass tort litigation excesses, such as the roving X-ray vans that generated tens of thousands of cases on behalf of plaintiffs whose lungs showed evidence of asbestos exposure, but who suffered no impairment. Defendants and insurers blamed plaintiffs lawyers for driving dozens of companies, some of which were far removed from asbestos manufacturing, into bankruptcy, where those same plaintiffs lawyers, running creditors committees, established trusts that even now provide them with a continuing stream of contingency fees. The asbestos debate fed tort reform's campaign against the trial bar, helping make plaintiffs lawyers a big, fat, juicy target.

So as states passed legislation to restrict suits by unimpaired asbestos claimants and jurisdictions with heavy asbestos caseloads shifted unimpaired plaintiffs onto inactive dockets -- essentially accomplishing, piecemeal, what the federal legislation intended -- no one stood up to defend trial lawyers. And even if Democrats backed by the plaintiffs bar win additional state and federal offices, it's impossible to imagine them rushing to reverse tort reform. It requires great political resolve to repeal legislation that has survived judicial review, as much state tort reform has. Mustering that resolve at the behest of trial lawyers is unthinkable. "It used to be that when you walked around, people on the street thought you were their lawyer," says Chris Seeger. "The Republicans have convinced people on the street that we're the bad guys, that they're paying more because of us."

Until trial lawyers win back those people on the street, the people who have deflated mass torts -- lobbyists, legislators, and judges on both the state and federal level -- have no reason to permit mass torts to balloon once again. ATLA is at least, and at last, trying. Last summer the group announced that it was changing its name. Its board had imported a new chief executive officer, Washington, D.C., public relations executive and presidential campaign veteran Jon Haber, and he "got people together to talk about the fight we're in," says Chris Mather, ATLA's vice president of communications and another of the group's new, politically tested advisers. The result of ATLA's soul-searching was not only a new name -- the American Association for Justice -- but also a public relations campaign called "The Fight for Justice."

"We are in a battle for justice," says the relentlessly on-message Mather. "We fight for justice. The other side doesn't." ATLA intends its "Fight for Justice" effort to remind Americans of the rights they've lost through tort reform. "I think people are starting to catch on to the motives of our opponents," says Mather. "The commitment from trial lawyers to fight back has never been greater."

Tort reformers are hardly sitting back and enjoying their gains, though. They're targeting West Virginia, which has proved resistant, so far, to business-backed attempts to change the laws and the judiciary; California, where asbestos cases have migrated and claims under disability statutes are on the rise; and Delaware, where there's talk of an influx of class actions now that the old class action haven, Madison County, Illinois, has been shut down. The relatively sleepy Wisconsin Coalition for Civil Justice Reform was just energized by a series of pro-plaintiff state supreme court rulings, and plans to campaign in nonpartisan judicial elections in April.

The best hope of the plaintiffs bar may lie in, of all places, Texas -- the very state that first made tort reform politically popular. George Christian, the general counsel of the Texas Civil Justice League, says that Texans are beginning to have second thoughts about some of the legislation his group lobbied for (though not enough to suggest rolling back the laws). "To be honest, in the medical area there have been some instances that have made people stop and look," he says. "In the 1980s and

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1990s we were able to show that the pendulum had swung too far to the trial lawyers. Has it swung too far in the other direction?"

Plaintiffs lawyers launched the mass tort era by exposing the grave wrongs that defendants inflicted on ordinary people. To revive it, they'll have to show those people that it's still the defendants -- and not they -- who are at fault.

CIVIL RIGHTS:

U.S. Report Details Jail's Fatal Risks (DMN)

By Kevin Krause, The Dallas Morning News

The Dallas Morning News, December 13, 2006

Suit threatened over care; Dallas County officials say conditions improving

Conditions in the Dallas County Jail are so dangerous, they have contributed to the death and injury of numerous inmates and placed others at "risk of serious harm," a U.S. Department of Justice report has concluded.

The fact that problems persist at the troubled jail system – the nation's seventh largest – is not new. State inspectors have given the jail a failing grade four times in a row, and a consultant hired by the county warned early last year of its dangerously inadequate health care.

But for the first time, a report has documented multiple incidents of inmates with serious health problems dying or becoming maimed or disabled after failing to receive prompt or adequate medical care.

The report paints a disturbing portrait of the jail as a place where indifference to human suffering is common.

"Most seriously, we found numerous instances where DCJ's [the jail's] mismanagement contributed to preventable deaths, hospitalizations and unnecessary harm," according to the 47-page report made available to county commissioners on Tuesday.

Such deficiencies violate inmates' constitutional rights by failing to provide them with adequate medical and mental health care and safe and sanitary conditions, the report said.

U.S. Assistant Attorney General Wan J. Kim, who signed the report, included a long list of "remedial measures" and said that if the county doesn't address the government's concerns, the U.S. attorney general's office can file a lawsuit against the county 49 days after the report's release.

Dallas County officials say they have been working to correct deficiencies at the jail by putting Parkland Memorial Hospital in charge of jail health, starting construction on a new jail tower and improving sanitation, among other measures.

"It's not as though it's anything that's new to us," said Commissioner John Wiley Price, chairman of the commissioners' jail population committee. "We weren't waiting for them in order to fix some of this."

County Judge Margaret Keliher, who leaves office later this month, did not return calls seeking comment.

Sheriff Lupe Valdez is out of town all week and unavailable, but a spokesman said the Sheriff's Department is working closely with county commissioners and the federal government to fix the problems.

Lack of medical care

The Dallas County Jail, according to the Justice Department report, is a place where requests for medical attention go unanswered, where inmates can have multiple seizures and still not see a doctor. It's a place where one inmate went seven months without seeing a doctor or getting his HIV medication. Other inmates with medical and psychiatric illnesses lay in their own excrement for up to four days before receiving care.

Society's vulnerable fared as bad or worse in the jail, according to the report.

A pregnant woman who complained of continual bleeding could not get help for two months despite her repeated requests. An elderly inmate with severe health problems would probably have died if another inmate hadn't helped him. And an inmate suffering from bipolar disorder was seen repeatedly eating his own feces in March after receiving a "significant lack of continuity of care" during the previous six months.

At the jail, "inmates routinely miss doses of life-sustaining medications," the report said. One inmate with congestive heart failure died after jail staffers failed to give him medication that might have saved his life, it said.

Medical examination rooms were found to be unclean, with hazardous waste on the floors and no available sinks or towels in some rooms. No dental care was being provided when federal inspectors were on site in February.

The Justice Department noted that its findings were consistent with those from a consultant's report that was released as early as February 2005.

The county commissioned the report in late 2004 from Health Management Associates. It was written by Dr. Michael Puisis, a specialist in correctional health.

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The Justice Department's civil rights division began looking into medical care, mental health care and sanitation at the jail about a year ago. Federal inspectors visited the jail in February and March. At the time, about 7,770 inmates were housed in the county's various jail facilities, the report said.

"Dallas County knew about it, Dallas County was told about it, and Dallas County never acted upon it," said lawyer David Finn, who is suing the county in federal court on behalf of a former inmate.

'Litany of horror'

Mr. Finn said he was horrified by the Justice Department's report, which he called a "Kafkaesque litany of horror."

"It shows deliberate indifference over a substantial period of time," he said. "The magnitude of the problem may be shocking. The existence of the problem should surprise no one."

The Justice Department report found inadequacies in 13 areas: intake screening; acute care; chronic care; the treatment and management of communicable diseases; access to health care; follow-up care; record keeping; medication administration; medical facilities; specialty care; staffing, training and supervision; quality assurance; and dental care.

Deadly conditions at the jail were first alleged in a civil rights lawsuit filed in 2004 by lawyers for a mentally ill inmate who nearly died after water to his cell was shut off for two weeks. James Mims also didn't receive his medication for two months, which the suit called part of a long-standing pattern of abuse and neglect at the jail. The suit also alleges that mistreatment led to the death of inmate Clarence Lee Grant Jr. in 2003.

The Justice Department's report cited additional cases of neglect involving inmates who later died.

The October 2005 death of an HIV-infected inmate due to pneumonia, for example, could have been prevented if he had been given the antibiotic he was prescribed when he arrived at the jail, the report said. But the inmate didn't receive his medication until 11 days after he was booked in.

A second inmate died from a complication of diabetes the same month, two days after being booked into the jail, the report said. When he arrived at the jail, his blood sugar level was dangerously high, but he received no care from a physician while there, according to the report.

UTMB blamed

Mr. Price said that since Parkland has taken over, significantly more inmates are being transported to the hospital for care. He said the University of Texas Medical Branch, which had a three-year jail management contract, was to blame for most of the deficiencies in medical care.

Parkland, he said, is spending $28 million, twice as much as last year, to improve jail health care. Mr. Price said it was "far-reaching" for the government to blame inmate deaths on the county.

"They took a snapshot. It isn't anything that we weren't already working on," he said. "Everyone is acting as if we were just sitting there and being derelict. That's not the case."

Commissioner Maurine Dickey said she was disappointed that the Justice Department began investigating around the time that Parkland took over.

"They didn't give Parkland a chance to come in and transition," she said.

She said she was horrified by the reports of neglect.

"It's absolutely awful," she said. "At that time, we had suffered from years of neglect. We're paying the price for that now."

Screened by paramedics

Since Parkland took over, paramedics are now screening inmates for health problems at the book-in area, having replaced jail guards with no medical experience.

But the process remains deficient because no medical policies govern it, the Justice Department report said, and because "signs and symptoms of serious illness or contagious disease go unrecorded."

The Justice Department's report also said the jail failed to properly screen for tuberculosis, to contain outbreaks of it or to treat those who contracted it. In March, the backlog for X-rays of such patients reached 891 cases. The same was true for other communicable diseases such as staph infections.

Such inadequate practices pose a risk not only to other inmates and jail staff but also to the Dallas community, given the jail's high turnover, the report said.

The mentally ill fared no better in the Dallas County Jail, according to the report.

One inmate with a 20-year history of schizophrenia didn't receive his prescribed medication for five weeks. Jail staff without mental health training sometimes place inmates in single cells meant for suicidal inmates as punishment, the report said.

Suicide prevention was called "grossly inadequate" without proper training for staff or necessary reviews of suicides.

An inmate who hanged herself in 2003 had submitted a note two days before that said: "I need to see the doctor to get my medicine straightened out. ... I cannot afford to be treated this way! Please help me! I need my medication."

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Justice Dept. Report: Dallas Jail Conditions Violate Rights (AP)

By Matt Curry

AP, December 12, 2006

DALLAS — The Dallas County Jail, one of the largest in the country, violates the constitutional rights of inmates by failing to provide adequate medical and mental health care, according to an eyebrow-raising federal report.

Page after page of violations are detailed in a letter from the U.S. Department of Justice, which also found that prisoners are not kept in safe or sanitary conditions at the detention complex, the seventh largest in the United States.

Among the more egregious examples were an HIV-positive prisoner who died in October 2005 from an infection after his antibiotic was withheld 11 days and a woman who hanged herself in January 2003. Her records included an inmate request form she filled out just two days earlier.

"I need to see the doctor to get my medicine straightened out. I am not getting my meds that my doctor faxed prior orders for me, and I brought in the medication myself and paid for it," it said. "I cannot afford to be treated this way! Please help me! I need my medicine."

There is no indication the woman, identified only as M.K., received the medicine.

The 47-page letter, dated Dec. 8 and signed by Assistant Attorney General Wan J. Kim, was addressed to County Judge Margaret Keliher, who was defeated in the November election and leaves office at the end of the month. She did not immediately return a phone message from The Associated Press.

Sheriff Lupe Valdez has not seen the report, said spokesman Raul Reyna, who referred questions to Keliher.

The letter indicates that federal authorities expect to resolve the problems by working with county officials. If they are unable to, they warn that a lawsuit could be filed.

In February 2005, a separate report found that lapses in medical care in the Dallas County jail system resulted in undetected illnesses, excess costs and risks to the public. That report was produced at Keliher's request by Health Management Associates, partly as a response to the near-death of James Mims. The mentally ill inmate's psychiatric medications were withheld for two months.

"If you listen to the local leaders, everything's fine. 'Problem? What problem?'" said Dallas attorney David Finn, who represents Mims in a federal lawsuit. "It's as if they are standing in front of a burning building, and people are jumping to their death from the fourth floor. You can smell the smoke, and you can see the flames, and they're telling the world that there's not a problem at the Dallas County Jail."

In November 2005, the Department of Justice's Civil Rights Division notified the county that it would investigate conditions at the jail.

Accompanied by consultants in correctional medical care, mental care and environmental health and safety, the office conducted its onsite inspections in February and March.

The report lists numerous examples of inadequate care and screening.

A prisoner identified as Q.S. was transferred to the hospital and died of alcohol withdrawal in December 2004. He had been admitted to the jail a week earlier with a history of alcohol withdrawal and seizures during the withdrawal, the report showed.

Within four of five days, he became disoriented, developed a fever and had an elevated blood pressure. The report says he was kept in the facility without physician or nursing care and no monitoring of his vital signs.

He was later discovered lying in his feces, but it took an additional five hours before he was taken to the hospital, where he died.

A juvenile identified as O.H. was taken to Parkland Memorial Hospital in June 2005 to receive sutures. He received no follow-up and was forced to remove them himself.

The investigation found several problems related to suicides.

"Due to a lack of training, correctional staff are ill-prepared to handle a suicide in progress, including how to cut down a hanging victim and employ other first aid measures," the report says. "Finally, contrary to generally accepted practice, there is no administrative review following a suicide or a suicide attempt to identify what could have been done to prevent the incident."

Lobbying The Jury (NYT)

The New York Times, December 13, 2006

We are disappointed that the Supreme Court has upheld a defendant's conviction even though spectators at his trial put prejudicial material in sight of the jury. Fortunately, the court made clear that its ruling this week was based only on the unusual way the issue was raised, and that it was not deciding when this kind of politicking from the audience violated the Constitution.

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The decision should prompt courts to think about how to ensure that courtroom atmosphere does not deprive defendants of a fair trial.

At Mathew Musladin's murder trial in California, the dead man's family sat in the front of the spectators' gallery wearing buttons with their relative's picture. The key issue at trial was which of the two men was the aggressor in a fight, and the photographs were essentially an argument that the deceased was the innocent victim.

Mr. Musladin was convicted in state court, but a federal appeals court overturned his conviction. A federal court can do this only if it finds that a state court violated "clearly established federal law." In this case, the appeals court decided the state court had, since the Supreme Court had ruled in an analogous case that forcing a defendant to stand trial in prison garb sent a message of guilt to the jury and thus violated his right to a fair trial.

The Supreme Court upheld Mr. Musladin's conviction, reversing the appeals court. It ruled that the court was wrong about there being "clearly established federal law" in this area. It decided, not all that convincingly, that the prison garb case was different from Mr. Musladin's case because the government, not private citizens, was sending the prejudicial message.

The Supreme Court emphasized that it was not deciding whether photographs of the kind worn at Mr. Musladin's trial violated the Constitution; that remains an open question. Justice Anthony Kennedy, writing separately, advised courts to consider when spectators infringe on a defendant's fair-trial rights.

Justice Kennedy is right. A victim's family has every right to attend a trial. But judges must ensure that criminal defendants are judged on the evidence, and nothing more. If Mr. Musladin's case is at all typical, it suggests that many courts do not have clear, uniform rules about what sort of spectator actions are impermissible. Court systems around the country should take Justice Kennedy's advice and set appropriate standards that preserve defendants' right to a fair trial.

A Lawsuit Threat Is Gone And Christmas Trees Return (NYT)

By William Yardley

The New York Times, December 13, 2006

SEATTLE, Dec. 12 — Fourteen Christmas trees that were abruptly sent to storage on Friday were back on display Tuesday in the main terminal of Seattle-Tacoma International Airport, neither taller nor brighter than they had been before but clearly drawing more attention.

"I saw people taking pictures," said Mark Reis, director of Seattle-Tacoma International Airport, referring to the largest tree, which received finishing touches on Tuesday and is on display in the airy south terminal. "I guess they wanted to say they saw THE tree. I guess it's gotten its level of notoriety."

On Friday, faced with the threat of a lawsuit when it refused to add a menorah to its annual holiday display, the airport removed all 14 trees overnight.

The move, intended to avoid controversy, stoked it instead.

By early Saturday, television news crews were filming the untrimming, and a holiday-season debate over religion and free speech inevitably took shape. At Chabad-Lubavitch in Seattle, the Jewish Orthodox educational group that had asked the airport to add the menorah, hate messages soon flooded e-mail inboxes. The group, which had never asked for the trees to be removed, was accused by some of trying to steal Christmas. It quickly dropped its talk of a lawsuit and joined those asking the airport to bring back the trees. That, the airport said, freed it to put them back up.

"By no means did we want to take away any religious symbols or trees from any other culture," said Elazar Bogomilsky, the Chabad rabbi who is listed as the lead plaintiff on a draft lawsuit that has not been filed.

The draft suit names the Port of Seattle, which runs the airport, as the lead defendant.

"The port went ahead and made this very poor decision," Rabbi Bogomilsky said. "They said, 'Whoa, we can't deal with this.' "

Mr. Reis said, "The rabbi never said, 'We want to take the trees down.' That was purely our reaction when we felt we'd been put in an untenable position."

There is disagreement over how it came to this. An airport architect who has been involved with Chabad had asked to add the menorah to the display.

Rabbi Bogomilsky said his group was initially told that a menorah could be displayed, "then all of a sudden there was a no, and then zero dialogue, just a stone wall between the port and us."

Mr. Reis said he rejected the idea because the airport had long ago revised its holiday display to be what he called secular.

"It's just lights and snowflakes," he said, and "holiday trees."

Adding a menorah could mean having to add symbols of other religions, and that could give the display unintended religious meaning, he said. "If you were going to add one, then where do you stop?" he said.

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The draft of the lawsuit cites a 1989 decision by the United States Supreme Court upholding the dual display of the menorah and Christmas trees in public places as expression that is protected under the First Amendment. The draft suit says the plaintiffs would suffer irreparable harm if they are not allowed to display the menorah by Friday, Dec. 15, because Hanukkah begins at sundown that day.

Rabbi Bogomilsky said the threat of a lawsuit was meant only to show seriousness. "It wasn't about suing; we never filed anything, and made it very clear that we are not going to file," he said. "We said that we have the option. We said we're getting close to Hanukkah and we need to know what your decision is, and they jumped the gun and said, 'We can't deal with it, we're going to remove everything.' "

Mr. Reis said: "We ended up with a demand that we make a decision in X amount of time or face a lawsuit. We really did not have the time to step back and make a decision about what is the right ecumenical thing to do."

He added, "I think there's no question that we all regret the atmospherics that developed over this whole issue." He said the airport authority would reconsider the issue next year.

Robert S. Jacobs, director for the Pacific Northwest region of the Anti-Defamation League, said the airport, as an entry point to the Northwest, "missed a great opportunity to demonstrate to the entire world the sort of pluralistic, cosmopolitan city Seattle has become."

ANTITRUST:

UAL, Continental Discuss Merger As AirTran Presses Bid For Midwest (WSJ)

By Susan Carey, Melanie Trottman And Dennis K. Berman

The Wall Street Journal, December 13, 2006

The long-awaited consolidation of the airline industry is heating up, with UAL Corp. and Continental Airlines Inc. holding talks on a possible merger and another carrier emerging as the target of an unsolicited takeover offer.

UAL, parent of United Airlines, and Continental have been engaged in exploratory talks on a business combination for several months, but the discussions have taken on new urgency since US Airways Group Inc. made a hostile bid for Delta Air Lines Inc. four weeks ago, according to people familiar with the matter.

Among the industry's smaller players, AirTran Holdings Inc. is poised to launch an offer for Midwest Air Group Inc., say people familiar with the plan, signaling that consolidation pressure has extended beyond the industry's behemoths.

Airlines outside the U.S. also are attracting more takeover interest. Australia's Qantas Airways Ltd. last night rejected a takeover bid of roughly $8.6 billion from a group of investors that includes private-equity firm Texas Pacific Group and Macquarie Bank Ltd. of Australia. (See related article1.)

The consolidation frenzy comes as the industry rebounds financially after a severe downturn that began five years ago. Airlines have since learned to cope with costlier fuel and show discipline in adding capacity. As a result, carriers generally are expected to do better financially in 2007. Mergers could help them further reduce overhead and save money by eliminating overlapping routes.

For consumers, that would likely mean higher fares and more-crowded aircraft as more seats were taken out of service. Consumers already are paying more to fly than they did during the depth of the industry's troubles, thanks to steady fare increases put through to cover skyrocketing fuel prices and service cutbacks on unprofitable routes.

The preliminary talks on merging United Airlines and Continental, the nation's second- and fifth-largest airlines, respectively, have run into several vexing issues, including what to do about the "golden share" that Northwest Airlines Corp. holds in Continental, which could complicate any deal Continental might attempt, the people familiar with the matter said.

Northwest's golden share is a special voting series of Continental preferred stock it owns in connection with its marketing alliance with Continental, which runs through 2025. Northwest could use those shares to block a merger of Continental with another major airline -- if the combination required a vote by Continental shareholders. Even with the golden share in place, however, Continental could buy another airline without interference from Northwest if that transaction didn't require Continental shareholders' approval.

ROUTE MAPS

· Continental Airlines2

· United Airlines3

A deal between UAL and Continental isn't certain or imminent, people familiar with the matter said. Other issues that would need to be settled, including how the transaction would be structured and which management team would run the combined

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company. And the combination could also raise antitrust issues. But the preliminary talks are another strong signal that the industry is nearing the culmination of a restructuring that began in the wake of the Sept. 11, 2001, terrorist attacks.

People who advise the industry say that all the big airlines are either keeping a close eye on the potential consolidation moves or are already in early discussions with one or more competitor. While most carriers would prefer the status quo because mergers are expensive, complex and have a poor track record, they also worry about being left behind in a game that increasingly resembles musical chairs.

UAL, keeping its options open, also has reached out to Delta management and Delta's creditors committee, knowledgeable people said. The pitch: If Delta is going to be forced by the market and its creditors into a merger instead of emerging from bankruptcy-court protection as a standalone company, UAL might be a better fit than hostile suitor US Airways.

People familiar with the situation said UAL made contact with the airline recently.

Meanwhile, AirTran in the next few days is expected to publicly disclose a recent $200 million offer made to Midwest's management. The proposed deal would award Midwest's shares $11.25 each in cash and AirTran stock, representing a 24% premium to where the company's shares traded yesterday. AirTran has been pursuing Midwest for over a year, people familiar with the matter say, but was rejected in its most recent approach earlier this month.

In going public with its bid, AirTran would be putting pressure on Midwest, which has quietly built a business around a few hubs, notably Milwaukee and Kansas City, Mo. Midwest has won customer plaudits for its business-class seating arrangements and chocolate-chip cookies, which are baked and served in transit.

AirTran is a discount full-service carrier that operates mainly through its Orlando, Fla., and Atlanta hubs. The airline, which competes along the East Coast and through the Midwest, has a market capitalization of $1.16 billion.

AirTran estimates that it could wring about $60 million in cost savings via an acquisition, according to the people familiar with the matter, which represents nearly one-third of Midwest's current market value. The hope, these people say, is to utilize AirTran's young aircraft fleet more efficiently along Midwest's routes, while potentially sparing Midwest the cost of purchasing new airplanes. AirTran posted gross margins last year of 38.6%, compared with Midwest's 32.5%, according to data compiled by FactSet Research Systems Inc.

Midwest, however, appears unwilling to cooperate so far. And AirTran runs the risk of putting its target in play, potentially sending it into the hands of a bigger and richer competitor such as Southwest Airlines Co.

As for the courtship of the industry's giants, Glenn Tilton, UAL's chairman and chief executive, declined to disclose any details of his company's merger aspirations yesterday at an investor conference in suburban Chicago. Instead, he reiterated his long-held belief that consolidation is overdue and said UAL will be "attentive to opportunities as they present themselves" to benefit shareholders.

Mr. Tilton and his executives sidestepped multiple questions about consolidation. But the CEO tantalized the group of about 75 investors and analysts by saying UAL is "not waiting for opportunities to come to us." He also observed that "there is a tremendous amount of cash in the marketplace today, waiting to be put to good use." UAL, which emerged from Chapter 11 bankruptcy proceedings in February, made overtures to both Delta and Continental during its bankruptcy case but nothing came of them.

Airline stocks and the bonds of Delta and Northwest, both operating under Chapter 11 protection, have soared since US Airways offered to acquire Delta for $8.5 billion in cash and stock. Investors believe that if US Airways -- or another airline, either in a "white knight" role or through an auction process -- prevailed in buying Delta, there could be a second transaction as the biggest airlines try to grab market share and avoid being left behind in the race to grow.

US Airways' shares jumped after the company bid for Delta. The stock traded down 3.4% at $59.46 yesterday, near the top of its 52-week range and up 17% from its price before the bid. Continental's shares have jumped 13% since Dec. 1, "with consolidation the obvious catalyst, in our view," said J.P. Morgan analyst Jamie Baker, in a research report.

Continental shares retreated somewhat yesterday on the airline's downbeat fourth-quarter guidance, causing the shares to trade down 5.6% to $42.88. But they remain near the top of their 52-week range. UAL's stock also is trading near its 52-week high, closing down 2.9% at $43.23 yesterday.

The rumor mill began churning anew last week when Northwest disclosed in a bankruptcy-court filing that it is seeking to hire boutique investment bank Evercore Partners Inc. as its merger-and-acquisitions adviser. Doug Steenland, Northwest's CEO, told employees this week that "because in the current industry environment, where there's already one active proposal out there, things can change quickly, and it's important that we have ongoing access to advisers who are experienced in these sorts of things." But he stressed that Northwest intends to step out of Chapter 11 as an independent company.

Then a stock analyst distributed a note earlier this week speculating that UAL, which months ago engaged Goldman Sachs Group Inc. as its M&A adviser, would announce a deal with Continental at its investor day conference. Adding to the frenzy, Delta is scheduled to file its proposed plan of reorganization with the U.S. Bankruptcy Court in New York early next week. Those

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documents are intended to back Delta management's position that the airline and its creditors would be better off if Delta remains independent, at least for now.

If Delta's creditors don't agree that the standalone plan is more attractive than a merger, analysts expect other carriers to move in on Delta, seeking to displace US Airways as a potential acquirer. If UAL is among them, that could leave Continental, whose flexibility is hampered by Northwest's golden share, with fewer options, one of which could be a merger with Northwest.

People familiar with the UAL-Continental discussions said the airlines' respective CEOs, advisers and bankers have talked periodically in recent months. Larry Kellner, Continental's CEO, told employees after the US Airways bid for Delta that he would prefer to stay independent if the industry stays as it is, but is prepared to do what is necessary if the landscape changes.

People familiar with the Houston-based airline's strategy said Continental favors the status quo because it believes it's better-positioned than its peers in terms of its popularity with business travelers, ability to command higher fares, strong hubs in Houston and Newark and extensive routes to Europe and Latin America. It also has a seasoned management team that is respected in the industry.

But if others start merging, Continental would become even smaller by comparison. Size and scope -- not customer service -- are key when it comes to winning corporate travel contracts that boost revenue. So Mr. Kellner is entertaining talks with UAL despite numerous concerns, said one person knowledgeable about the matter.

United for years has admired Continental for its revenue premium, good service and strong presence in the big New York market. Analysts don't see much route overlap between the two carriers, with United dominant in the Midwest, West and Asia. But the combination would vault the pair to the largest airline by traffic, larger even than a combined Delta-US Airways, which could prompt intense regulatory scrutiny.

United And Continental Discussing Possible Merger (NYT)

By Andrew Ross Sorkin And Jeff Bailey

The New York Times, December 13, 2006

United Airlines is holding preliminary talks to merge with Continental Airlines in a huge deal that would further reshape the struggling airline industry, people involved in the negotiations said tonight.

The discussions, though far from complete, recently picked up pace following US Airways' bid last month to buy Delta Air Lines for about $8 billion, these people said.

US Airways' proposal, promising $1.65 billion a year in savings by combining with Delta, has helped add urgency to carriers' interests in merging.

A United spokeswoman, Jean Medina, and a Continental spokesman, David Messing, each declined to comment.

Any deal between the two airlines is far from imminent. Continental and United executives are watching the US Airways and Delta situation to see how it might play with antitrust regulators. Delta is expected to file its plan to exit bankruptcy proceedings next week, following a flurry of meetings scheduled for later this week among Delta creditors and others.

Analysts have long favored a combination of United's Asian routes and heavy coverage of the Western United States with Continental's Latin American and European routes and its large and highly profitable hub in Newark.

At today's close of the stock market, Continental's market capitalization was about $4 billion and United's was about $5 billion.

United's chief executive, Glenn Tilton, and Continental's chief executive, Larry Kellner, have met in person to discuss a combination, a person with knowledge of the talks said. Today, however, Mr. Kellner was in Tel Aviv on business, Continental had informed its employees earlier this week.

Any effort by the two to merge would be complicated by an agreement Continental has with Northwest Airlines. The agreement could allow Northwest to block certain merger transactions involving Continental, but could allow Continental more freedom to enter into a combination if it was the acquiring party and approval of its shareholders was not required.

Also, if Northwest entered into a merger, it would lose its blocking power over Continental.

Continental, United Discussing Merger (WP)

By Del Quentin Wilber

The Washington Post, December 13, 2006

Continental and United airlines have been discussing a potential merger -- the latest in a series of signs that major carriers are seeking to reshape the recovering industry.

The talks have involved top executives of each company and have touched on the potential structure and shape of a combined carrier, industry sources familiar with the discussions said yesterday.

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Those sources, who spoke on condition of anonymity because they were not authorized to discuss the potential deal, said the discussions intensified last month after US Airways Group announced an unsolicited $8.7 billion bid to merge with Delta Air Lines, which is in bankruptcy protection.

Chicago-based United is the nation's fourth-largest carrier in terms of passenger traffic and is strong in the Midwest and Asia. It has major hubs in Denver, Chicago and at Washington's Dulles International Airport. Its parent company, UAL, has a market capitalization of about $4.8 billion.

Houston-based Continental is the nation's sixth-largest carrier and has major hubs in Houston, Cleveland and Newark. It has strong links to Europe, the Caribbean and Latin America. It has a market capitalization of about $3.9 billion.

Representatives of each airline declined to comment. A merger could face a number of obstacles, including a review by federal regulators. Also, Northwest Airlines has an agreement with Continental that in many cases would give Northwest the power to block a merger.

United's chief executive, Glenn F. Tilton, said in an interview last week that he would consider a serious merger possibility but declined to discuss any potential deals, including one with Continental.

Continental chief executive Larry Kellner has said he wants the airline to remain an independent carrier but would not be against a merger if the rest of the industry landscape changed substantially.

Airline executives have been speculating in recent months about the possibility of combining operations of the nation's six traditional carriers -- American, Continental, United and US Airways, as well as Delta and Northwest, both in bankruptcy protection.

Just last week, Northwest asked a bankruptcy judge for permission to hire financial advisers to help it plan for the possibility of a merger or acquisition.

Analysts and executives believe that mergers in the airline industry could benefit carriers by allowing them to cut overhead costs while expanding more lucrative routes. US Airways chief executive Douglas Parker has said his proposed deal with Delta would allow him to cut flights and overhead, saving up to $1.6 billion a year.

More partnerships might also be on the horizon, even among low-cost carriers. The Wall Street Journal reported on its Web site last night that AirTran Holdings was considering an offer for Midwest Air Group.

Qantas Buyout May Be Discussed Despite Rebuff (WSJ)

By Kate Linebaugh In Hong Kong And Bill Lindsay In Sydney, Australia

The Wall Street Journal, December 13, 2006

A takeover bid for Australia's Qantas Airways Ltd. of 10.9 billion Australian dollars (US$8.6 billion) from a consortium of local and international investment companies was quickly rejected by the airline's board, but negotiations on terms of a deal may just be starting.

The consortium -- Texas Pacific Group of the U.S. and Macquarie Bank Ltd. of Australia, as well as Australia's Allco Equity Partners Ltd., Allco Finance Group Ltd. and Canadian private-equity firm Onex Group -- has bid A$5.50 (US$4.32) a Qantas share in its takeover proposal, the airline said.

The airline's nonexecutive directors called the terms of the proposal unacceptable. Qantas said the proposal involved a number of "complex conditions," unanimous support from Qantas directors and a breakup fee. The consortium, which calls itself Airline Partners Australia, said it was considering a response.

Shares of Qantas, which hit a seven-year high Monday in Sydney, fell in early trading Wednesday, down 4.6% to A$4.99.

The market expects talks to continue. "I wouldn't read it as an outright rejection," said Troy Angus, a portfolio manager at BT Funds Management. "We think this is still just early stages. They haven't rejected the bid outright. They have just said that some of the terms are unacceptable."

The bid -- in the making since the Australian flag carrier late last month confirmed it had received the "confidential and incomplete" approach -- suggests an expanding target for private equity, a feverish period of deal making for Texas Pacific and the continuing attractiveness of the Australian market.

The Australian government has said it won't block a takeover of Qantas as long as the deal is structured to meet foreign-ownership and shareholder limits, set as part of the 1995 privatization of the Sydney-based airline. Those limits cap total foreign ownership at 49%, and no single foreign investor can hold more than 25% of the shares. The bidding consortium said it has kept foreign ownership below 40% with no single investor above 15%. Macquarie bank has less than 15% to avoid a conflict of interest with its airport holdings, while Allco has a 45% stake through its two entities.

The choice of such a cyclical industry is an unusual one for Macquarie, an Australian investment bank known for chasing multibillion-dollar deals involving assets that generate a steady stream of cash. Airlines are in a volatile sector that has felt the pain of stiff competition and a prolonged increase in jet-fuel prices.

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Still, Qantas has remained profitable, unlike many global rivals. Last week, for the second time in little more than a month, the company raised its profit estimate for the year ending in June. It said it expects profit before tax to rise 25% to 30% from the previous year. Qantas also has low debt and units such as terminals, freight, maintenance and catering that could be spun off or put into funds.

Antitrust Raid On German Power Groups (FT)

By Tobias Buck And Timm Kraegenow

Financial Times, December 13, 2006

Germany's four largest power groups – Eon, RWE, EnBW and Vattenfall – were raided by European antitrust officials on Tuesday, raising fresh concerns about the state of competition in the region's energy market.

It was the second time in less than six months that the European Commission ordered inspections at RWE, and the third time it searched Eon's offices. The earlier raids were carried out in May in connection with a separate inquiry – which means Germany's leading power groups are currently the target of two potentially damaging antitrust probes.

The new case against Eon, RWE, EnBW and Vattenfall is understood to focus on allegations that the four groups have tried to keep electricity prices in the German market artificially high – for example by lowering the output of certain power stations. The companies are also suspected of trying to freeze out new rivals by delaying the construction of new transmission infrastructure, people familiar with the case said.

In addition to the groups' troubles on the antitrust front, the Commission is currently drafting a proposal designed to curb the market power of integrated energy groups such as Eon and RWE. Brussels is expected to suggest next month that groups that are both energy suppliers and owners of crucial infrastructure, such as pipelines and grids, must separate their two interests more clearly than at present.

The EU competition watchdog would only say on Tuesday that it had reason to believe that the four companies' behaviour in the electricity market may have broken antitrust rules. It refused to specify its allegations and said merely that they were suspected of operating a cartel, or possibly abusing a dominant market position. Both violations can ultimately be punished with antitrust fines of up to 10 per cent of a group's annual worldwide turnover.

The Commission stressed that the raids did not mean the companies were guilty. In any case, it usually takes the Brussels investigators at least two to three years to finish a competition probe.

The Commission declined to identify the four companies but Eon, RWE, EnBW and Vattenfall all confirmed they had been raided and pledged full co-operation with the inquiry.

The raids provide fresh evidence of the Commission's determination to crack open once and for all the EU's markets for electricity and gas. Neelie Kroes, the EU competition commissioner, warned in February that her officials had uncovered evidence of severe market distortions, and warned that individual probes would follow soon.

Johnson & Johnson Cleared To Buy Pfizer Consumer Unit (BLOOM)

By James Rowley And Shannon Pettypiece

Bloomberg, December 13, 2006

Dec. 12 (Bloomberg) -- Johnson & Johnson won U.S. antitrust approval to complete its $16.6 billion purchase of Pfizer Inc.'s consumer health-care unit on condition the companies complete plans to divest treatments for heartburn, itching, sleeplessness and diaper rash.

The Federal Trade Commission said in a statement that Johnson & Johnson must sell three of Pfizer's over-the-counter drugs: Zantac H-2 for heartburn, Cortizone for itching and the Unisom sleep-aid medication.

The all-cash transaction will give Pfizer the funds to acquire new products and repurchase shares. For J&J, the deal expands its consumer operations by more than a third to $13 billion a year in sales, or almost a quarter of its overall revenue last year. The companies said in October that they planned to sell the brands in order to get regulatory clearance.

Pfizer's consumer unit, which employs about 7,000 people, had $3.88 billion in 2005 sales.

Johnson & Johnson must also sell its Balmex diaper-rash treatment, the FTC said. The FTC said the divestitures would preserve competition in the markets for over-the-counter products regularly used by consumers.

Two Biggest Makers

Pfizer and Johnson & Johnson are the two largest U.S. makers of over-the-counter H-2 blockers, which limit acid production in the stomach to treat ulcers and heartburn, anti-itch cream and over-the-counter drugs for sleeplessness. Without the sale of Pfizer's Zantac H-2 to Boehringer Ingelheim GmbH, J&J would have controlled 70 percent of that market, the FTC said.

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Boehringer Ingelheim agreed in October to pay $509.5 million for Zantac, which had about $132 million in sales in the U.S. last year. Chattem Inc. also said in October it would pay $410 million for Cortizone, Balmex, Kaopectate and Unisom.

The other brands Johnson & Johnson will acquire include Benadryl antihistamine, Neosporin antibiotic, Rolaids antacids, Visine eyedrops and the e.p.t. pregnancy test.

Johnson & Johnson's consumer line includes the Immodium diarrhea treatment, Band-Aids, Mylanta antacids and St. Joseph's aspirin. The 120-year-old company is also the world's largest maker of medical devices and the second-largest U.S. maker of prescription drugs behind Pfizer.

J&J's last attempt at a major acquisition was its failed offer of $24.2 billion for Guidant Corp., the No. 2 maker of implantable electronic heart devices. Boston Scientific Corp. prevailed in a bidding war and purchased Guidant in April for $27.5 billion.

Schneider Says APC Deal Clears US Antitrust Hurdle (MRKTWTCH)

Market Watch, December 13, 2006

PARIS (MarketWatch) -- French electrical equipment manufacturer Schneider SA (12197.FR) said Tuesday that its planned merger with American Power Conversion Corp. (APCC) doesn't face further antitrust review from U.S. authorities now that the mandatory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has ended.

As reported at the end of October, Schneider is offering to acquire APC for $31 a share in cash, a deal that values APC at EUR6.1 billion.

Schneider said the transaction is expected to close in the first quarter of 2007 and is subject to customary conditions including approval by APC's shareholders.

A special meeting of Schneider shareholders has been scheduled for Jan. 16 to vote on the proposed merger.

Schneider and APC have filed documents with the European Commission to begin the antitrust regulatory review process in the European Union.

Pricing Of Flat Screens Is Under Inquiry (NYT)

By Choe Sang-Hun

The New York Times, December 13, 2006

SEOUL, South Korea, Dec. 12 — Antitrust authorities here and in the United States and Japan have started an investigation into price-fixing allegations against the world's two leading makers of flat-panel displays, Samsung Electronics and LG.Philips LCD, officials said on Tuesday, shaking an industry already burdened by falling prices.

Samsung and LG.Philips — the world's largest and second-largest makers of liquid-crystal displays — confirmed on Tuesday that they were being investigated by the antitrust authorities in the three countries on suspicion of anticompetitive practices in 2003 and 2004.

The European Commission confirmed on Tuesday that it, too, had opened a price-fixing investigation into companies that build flat screens. The European Union's executive body said that it sent formal requests for information on Friday to an undisclosed number of companies that make thin-film-transistor and liquid-crystal displays. After LG.Philips, a joint venture involving LG Electronics of Seoul and Royal Philips Electronics of Amsterdam, said that it was under investigation, its share price fell nearly 8 percent before ending the day down 4.2 percent. Investors feared that the company's legal costs, and provisions for possible penalties, might increase its losses in the coming quarters, analysts said. Samsung shares dropped 0.7 percent.

The news was yet another setback for Samsung. The investigation is the first in the manufacturing of liquid-crystal displays, an industry led by Samsung, but the company is already facing another price-fixing investigation in the United States involving its main product line, computer memory chips.

The investigation comes at an awkward time for L.C.D. makers; prices plummeted in the first half of 2006 because of supply gluts. Except for Samsung, which often uses price wars to beat its competitors, the major players had to cut production to reduce inventories.

"This is very bad news for an industry where companies are suffering either falling profits or fear growing deficits," said Michael Min, a senior industry analyst at Korea Investment and Securities. "The expression that comes to mind to describe their situation is 'misery loves company.' "

The scope of the investigation into Samsung and LG.Philips remains unclear. Officials at the Korea Fair Trade Commission, Samsung and LG.Philips declined to discuss details.

But analysts here said they thought that the regulators might be focusing on whether L.C.D. makers colluded on prices and supplies in 2003 and 2004 when the industry was in an upturn.

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They also speculated that the inquiry might be a coordinated among antitrust bodies in Japan, South Korea and the United States.

The European investigation is focusing on specific markets, including personal computer and laptop screens, televisions and displays used in mobile phones, digital cameras, Global Positioning System receivers and other hand-held devices. The commission said it had been in contact with other antitrust authorities. No inspections have been carried out in Europe, the commission said, because the companies operate outside the European Union.

Panel Makers Facing Prices Probe (FT)

By Song Jung-a In Seoul, Kathrin Hille In Taipei And Leo Lewis,in Tokyo

Financial Times, December 13, 2006

Authorities in the US, Europe, Japan and South Korea have launched an investigation into alleged price fixing by the world's leading manufacturers of LCD panels.

The investigation is a fresh blow to an industry struggling to cope with falling prices and toomuch supply.

Samsung Electronics, LG Philips LCD and AU Optronics, the world's top LCD panelmakers, all said yesterday they were being investigated for "possible anti-competitive conduct".

Sharp, Japan's largest LCD panelmaker, said it had received summons from regulators at home and in the US during the weekend.

Sanyo Epson, another Japanese LCD panelmaker, and Chi Mei Optoelec-tronics, Taiwan's second largest flat panelmaker, said they had been in contact with regulators, although neither would say if they were being investigated.

Regulators in Korea and Japan declined to reveal any details of their investigation. But one industry executive familiar with the investigation said regulators were examining potential price fixing in 2003 and 2004, rather than recent behaviour.

Meanwhile, the European Commission yesterday said it had asked a numberof LCD makers for information and added that it was trying to find out whether the companies involved were operating a price-fixing cartel.

Since the first quarter of 2004 panel prices have fallen sharply.

According to Lehman Brothers estimates, since early 2004 the average price of a 32-inch LCD panel has fallen almost 70 per cent, from more than $1,100 to about $350.

However, between the first quarter of 2003 and the first quarter of 2004the average price of the same panel fell by just15 per cent.

All of the companies that yesterday admitted to being investigated pledged full co-operation with the ongoing investigation.

In Korea, the LCD makers face fines of up to 10 per cent of the sales generated from price-fixing, while under European competition rules, members of a cartel can be fined up to 10 per cent of their global annual turnover.

Additional reporting by Tobias Buck in Brussels

Asian Stocks Fall In U.S., Led By AU Optronics; BHP Shares Drop (BLOOM)

By Lu Wang

Bloomberg, December 13, 2006

Dec. 12 (Bloomberg) -- Asian stocks trading in the U.S. fell, led by makers of liquid-crystal displays, after AU Optronics Corp. said it is being probed in Japan and the U.S. as part of an antitrust investigation.

The Bank of New York Co.'s Asia ADR Index, which tracks the region's American depositary receipts, slipped 0.3 percent to 152.04. The index recovered part of its loss after the Federal Reserve left the benchmark U.S. interest rate at 5.25 percent for a fourth straight meeting.

AU Optronics slumped 56 cents to $12.76. The world's third- largest LCD maker said its Japan and U.S. units are being probed. Regulators in the U.S., South Korea, Japan and Europe are investigating companies including Samsung Electronics Co. and LG.Philips LCD Co. for alleged price fixing in the $69 billion industry.

LG.Philips, the No. 2 LCD maker, slipped 51 cents to $14.06. Shares of bigger rival Samsung weren't traded in the U.S.

BHP Billiton led a decline in commodity shares as prices of oil, copper and gold dropped. Crude oil fell for a third day on forecasts of warm U.S. weather that would reduce heating-fuel demand over most of the next month. Copper slipped as U.S. inventories of the metal rose to an eight-month high.

BHP, the world's largest mining company, fell 62 cents to $39.78. PetroChina Co., the country's biggest oil producer, declined $1.79 to $130.95. Santos Ltd., an Australian oil and gas company, fell 82 cents to $30.42.

Nikkei 225 Stock Average futures expiring in March were at 16,685 in Chicago, compared with 16,660 in Singapore and 16,670 in Osaka.

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Specter's Antitrust Battle Against NFL Could Affect Cable And TV Mergers (LAW)

By Bill McConnell

Law.com, December 13, 2006

The Deal

Sen. Arlen Specter, who for a few more weeks is chairman of the Senate Judiciary Committee, says the time has come for Congress to blitz the National Football League's exemption from antitrust laws. Side effects of such a move could affect mergers in the cable and satellite television business.

In a hearing Dec. 7, Specter said he plans to introduce legislation next year that would eliminate the NFL's ability to negotiate television contracts on behalf of the entire league. Without the exemption, each team would have to negotiate its own TV contract to avoid violating antitrust prohibitions on collusion among competitors in a business.

"I will introduce legislation in the next session to take away the antitrust exemption from the NFL," Specter said.

Specter said the NFL has abused the exemption by extracting high-priced TV contracts and allowing team owners to bully local governments for new stadium funding. Specter said he's not ready to remove other pro sports' antitrust exemptions.

How much weight his plan will carry in the upcoming Democratic-controlled Congress is unclear. The Pennsylvania Republican will lose his Judiciary Committee chairmanship in January. Incoming Judiciary Committee Chairman Patrick Leahy, D-Vt., has questioned the wisdom of sports antitrust exemptions but the issue is thorny for Sen. Herb Kohl, D-Minn., who is in line to run the panel's Antitrust Subcommittee. Kohl owns the National Basketball Association's Milwaukee Bucks.

Applying the full force of antitrust law to professional football would likely invalidate the NFL's exclusive contract with satellite television's DirecTV for carriage of the NFL Sunday Ticket, the largest package of NFL games and a big draw for football fans that don't live in the same market as their favorite teams. Cable operators have demanded access to the Sunday Ticket for years but to no avail.

Eliminating the exemption also could reduce the company's leverage to demand steep compensation from cable and satellite carriers that want to carry the league's 24-hour, seven-days-a-week NFL channel.

Control of the Sunday Ticket and other exclusive sports programming has been an issue in television industry mergers recently.

In 2003, cable operators raised the Sunday Ticket dispute in News Corp.'s acquisition of DirecTV. Ultimately the Federal Communications Commission did not impose mandates on that programming package, but did require News Corp. and DirecTV to enter commercial arbitration to resolve disputes with cable operators over access to News Corp.-owned broadcast stations and Fox regional sports networks. This condition lasts until 2010.

Sports programming was also an issue in this year's carve-up of Adelphia Communications by Time Warner Cable and Comcast, which the FCC and the Federal Trade Commission approved.

The main issue in the FTC's portion of the review was whether the expansion of Time Warner and Comcast geographic "clusters" of cable systems would give them too much power to dictate the prices satellite TV providers, telephone companies, and small cable "overbuilders" would pay for regional cable sports networks.

Access to sports networks is a big deal because it is considered "must have" programming for any pay-TV service.

Competitors warned that the added clustering the deal would allow would increase the ability of the two largest cable operators in the U.S. to strike exclusive deals with regional sports networks or charge extravagant prices for ones they own directly.

Although Philadelphia-based Comcast has long denied DirecTV access to its Philadelphia area sports network, the FTC's three-Republican majority, backed by the agency's Bureau of Competition and staff economists, found no evidence that the merger would allow either cable carrier to impose similar restrictions on their sports nets in other parts of the country.

Comcast's Philadelphia SportsNet is unique because it takes advantage of a loophole in cable program access rules to deny access to satellite carriers. Under current law, cable operators must lease most in-house channels to competing TV distributors. The mandate, implemented as part of the Cable Act of 1992, applies to all channels transmitted to cable franchises via satellite -- a transmission method cable operators use for the overwhelming majority of channels. Philadelphia SportsNet is delivered to franchises via terrestrial lines.

The terrestrial exemption was created to entice cable operators to develop local oriented channels.

DirecTV, small cable operators and public utilities trying to enter the TV distribution business have been lobbying to eliminate the exemption for years. "It its crucial for Congress to remove the so-called 'terrestrial loophole," said James Baller, senior principal of Baller Herbst Law Group and a adviser to public and private providers of communications services that compete against cable. Given the enormous investments required to build high-capacity communications networks, "certainty about access to critical video programming" those lines would carry is essential to justify the expense.

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But Comcast executive vice president David Cohen said Philadelphia SportsNet is just the sort of programming Congress wanted to encourage when the terrestrial exemption was created. Eliminating the NFL's antitrust exemption is a preferable way to promote access to sports programming, he said.

"We've invested more than $450 million in this network based on an exemption created by this Congress," he said.

He added that Comcast has agreed to share Philadelphia SportsNet with Verizon Communications Inc. as the telecom provider rolls out its new pay-TV service in the suburbs surrounding Philadelphia. Satellite TV distributors have been denied the programming, he said, because DirecTV has been unwilling to waive its exclusive right to the NFL Sunday Ticket.

Specter Looks To Repeal NFL's Antitrust Exemption (NYSUN)

By Evan Weiner

New York Sun, December 13, 2006

The outgoing chairman of the Senate Judiciary Committee, Senator Specter, a Republican of Pennsylvania, has decided — for reasons best known to him — that its time to repeal the National Football League's antitrust exemption under the Sports Broadcasting Act of 1961. Specter plans to introduce legislation as soon as the new Congress convenes in January. The bill would end the NFL's practice of bundling its 32 teams into one group for the purposes of negotiating both over-the-air and cable television contracts.

It's unclear whether Specter also plans to include Major League Baseball, the National Basketball Association, National Hockey League, the National Collegiate Athletic Association, and other sports organizations in his proposed legislation, as all of those businesses enjoy the same exemption.

Also uncertain is whether Specter can generate any support from the other 99 Senate members or the 435 House members — and it would take an awful lot for him to get President Bush's signature on the bill. The president once owned a piece of the Texas Rangers baseball franchise, and baseball owners have reaped the considerable benefits of the 1961 Sports Broadcasting Act. So Specter may be throwing a Senate version of a Hail Mary pass in this case.

Specter's bill may never make it out of committee but it's worth looking at how the Sports Broadcasting Act of 1961 changed not only the NFL but also sports and television.

In 1961, a Brooklyn Congressman and chairman of the House Judiciary Committee, Emanuel Cellar, pushed the exemption through the House. President Kennedy signed it into law on September 30 later that year. The legislation is considered the main reason the NFL went from a ragtag business to the powerful entity it is today.

This year, under the terms of four new network deals, each NFL team will annually earn more than $120 million in shared TV money. The league's officials negotiated various deals with CBS, NBC, FOX, and Disney and ended up with a six-year, $24 billion broadcast and cable rights contract. The television deals end in 2011. Additionally, DirecTV will pay $700 million every year through 2010 for its Sunday Ticket package. The NFL also decided to keep an eight-game Thursday-to-Saturday night package in-house, placing it on its NFL Network. That those eight games are not available to all fans may be why Specter is unhappy.

The NFL Network still has not reached agreements with Time Warner Cable and Cablevision to carry the league-owned network. League officials want too much money for the network, according to Time Warner executives. Meanwhile, Cablevision chairman Charles Dolan has said nothing publicly about his negotiations with the NFL. Specter seemed to be taking the cable operators' position when he said last Thursday that, "This is the NFL exerting its power … right down to the last nickel."

In what may be a goodwill gesture to Senator Lautenberg of New Jersey and, in an effort to sway Specter, the NFL announced yesterday that it planned to give Time Warner and Cablevision subscribers a free week of programming between December 24 and 30. The timing will allow subscribers to tune in to the Rugters–Kansas State Texas Bowl matchup and another college bowl game featuring Minnesota and Texas Tech. Lautenberg has complained that many Rutgers fans in New Jersey were being unfairly denied the opportunity to watch Rutgers in the Texas Bowl because the NFL Network, which has rights to the game, has not yet reached deals with Cablevision and Time Warner Cable.

But giving away a week's worth of programming probably won't appease Specter, nor will it be a catalyst for an agreement between the NFL and the two holdout, cable systems operators.

Specter wants to turn the clock back to a time when television contracts were negotiated locally, and when there were just two real networks, CBS and NBC. As television proliferated in the 1950s, the NFL was prevented by a court-ordered injunction from signing a single league-wide contract with a network. Instead, each NFL team negotiated a separate deal with a local television network. In 1960, the New York Giants received $340,000 for their deal, while the Green Bay Packers made only $105,000. The fledgling, eight-team AFL— which was not limited by the injunction — pooled its broadcast rights and signed a national network contract with a struggling ABC (the network had several weak-signaled affiliates at the time).

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Immediately following the passage of the 1961 Sports Broadcasting Act, the NFL pooled its television rights and signed a deal with CBS for 1962 for $4.65 million annually. That money was split among the 14 NFL franchises.

The NFL commissioner at the time, Pete Rozelle, had to convince the franchise owners in the larger markets that they could secure greater leverage through pooled rights, although they might experience an initial drop in revenue. Rozelle saw the changing playing field and knew the big-market teams in New York, Chicago, and Los Angeles could land enormous contracts as television grew, leaving behind smaller markets such as Pittsburgh and Green Bay. Rozelle borrowed an idea first raised by baseball executive Branch Rickey when he was trying to challenge MLB with the proposed creation of a Continental League, in the late 1950s. Given the AFL's success in implementing the "Rickey" concept, Rozelle knew he had to work at getting a diverse group of owners to think about the league instead of their individual freedoms.

About six years ago, Giants owner Wellington Mara remarked that because the Cleveland Browns were willing to surrender their large television package, others were persuaded to do the same.

"[Art Modell] was really the one who gave something away. We didn't know what we were giving up. That is what did it. They made the decision. Without that, why, we wouldn't have the league we have today," Mara said. "I think [Rozelle] explained to everybody very cogently what was at stake and [Rozelle] knew it wasn't going to be much of a league with lopsided revenue. … It was too much to expect Buffalo to compete with New York or Green Bay to compete with Chicago."

Specter may be unafraid of taking on the NFL and its highly politically connected owners, but he is absolutely wrong when he contends that football fans of America are being "gouged." The real gouging would come after the antitrust exemption is lifted.

Pennsylvania's senior senator apparently does not know how sports owners operate today — as opposed to 1960 — where television is concerned. Most of the NFL's regular season — and all of its playoff games — are on over-the-air TV. That's an anomaly in sports. Take a look at New York's professional teams: the Knicks, Rangers, Nets, Devils, and Islanders are not on "free" television. Save for a few network TV games, the teams work strictly with cable programming. The Yankees and Mets have a handful of games on over-the-air television (the Boston Red Sox will not be on over-the-air television in 2007)

Specter needs to understand that sports owners have taken their properties from terrestrial TV to cable because that's where the money is. The Giants, Jets, Chicago, Philadelphia, New England (Boston), or Dallas would likely have no problem putting together a lucrative TV network because of their big city locations. Green Bay, Buffalo, New Orleans, Tennessee (Nashville), Jacksonville, Kansas City, or Cincinnati, on the other hand, would have major difficulties getting big money agreements.

Specter should realize that football also will migrate to cable television, where regional sports cable networks — who collect revenue from both subscribers and advertisers — have deeper pockets and so, more money to offer than local TV stations. This is not good news for cable TV subscribers since NFL programming is very expensive; it almost certainly means cable rates will go up for everyone, not just football fans.

NFL owners already are locked in a battle over shared revenue, with New York Senator Schumer looking over their shoulders to ensure the Buffalo Bills and other small market teams can line up with big market players like New York and Chicago. Can you imagine what would happen within the league if Specter's bill becomes law?

The bill would end not only the NFL's view of football economic socialism — which basically allows Green Bay to compete on a nearly even financial footing with New York in signing free agent players and offering bonuses to draft picks — but more important, would be costly for cable TV consumers. Which is why Specter's proposed legislation is pure folly and will more than likely never come out of committee.

Wal-Mart's Lesson For Wall Street (WSJ)

By Alan Murray

The Wall Street Journal, December 13, 2006

Wal-Mart's firing of hot-shot advertising executive Julie Roehm is being portrayed by her supporters as a modern-day morality tale, with the Elmer Gantrys of Arkansas recoiling from a culture of fast cars, fine restaurants, copulating animals and lingerie football. There's something to that. Arkansans generally prefer their sex behind closed doors and their football straight.

Still, this dust-up has less to do with parochialism or moralism than with capitalism. Wal-Mart conquered the retail world not because it harbored some rigid code of ethics, but because it was relentless in its quest for world-class efficiency. It seems to have parted ways with Ms. Roehm for much the same reason.

Anyone who's ever tried to sell something to Wal-Mart knows what I'm talking about. Vendors who make the pilgrimage to Bentonville are ushered into one of some 40 cramped meeting rooms, with nothing on a wall save a poster labeled "Gifts and Gratuities." It reads:

"It is our policy that associates of the Company, regardless of their capacity, do not accept for their personal benefits, gratuities, tips, cash, samples, etc., from anyone buying from us or selling to us, or in any way serving our company."

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In case anyone misses the point, the poster goes on to define gifts and gratuities as including: tickets to entertainment events, kickbacks in the form of money or merchandise, special discounts, sample merchandise, Christmas gifts, or meals. There is no "de minimis" rule; even a cup of coffee is forbidden.

This may seem harsh, especially in a retail world where business used to be done over martinis, and copious "samples" were the coin of the realm. But Wal-Mart's goal is to prevent such "relationships." It doesn't want its buyers to be influenced by whoever treats them to a night out, or who gives them a birthday present. Instead, it wants buyers to focus on the economic essentials: quality and price.

That's an idea that's spreading in the retail world, but hasn't fully infiltrated Madison Avenue, where "relationships" still rule. Wal-Mart won't provide details on what happened with Ms. Roehm. Ms. Roehm says she tried to comply with Wal-Mart's policies. The rest of us are left to speculate.

Meanwhile, the Supreme Court last week took a dive into New York City's money culture by agreeing to hear a case about the way the nation's largest investment banks sell initial public offerings of new stock.

The original case was brought on behalf of investors who got burned when the Internet stock-market bubble burst. The plaintiffs claim they were harmed by anti-competitive practices by investment banks, such as requiring investors who were given allocations of "hot" IPOs to then buy additional shares in the aftermarket -- leading to artificially high prices.

The issue before the Supreme Court is arcane: It involves whether the Securities and Exchange Commission's regulation of investment banks gives those banks immunity from antitrust lawsuits. Moreover, the whole idea of investors turning to the courts to recover losses from their own bad investment decisions is disturbing.

Still, the case does shine a harsh light on the way Wall Street sells IPOs, and it's not pretty. Some of the worst abuses of the late 1990s are gone. But the process through which IPOs are allocated remains shrouded in mystery, and "relationships," not markets, still rule.

Google tried to break the mold three years ago when it offered its shares in an auction rather than letting the investment banks dole them out. The titans of Wall Street rebelled, and few companies have challenged the status quo since.

The lesson here? New York may have better restaurants than Bentonville. But the folks in Arkansas could still teach the Kings of Capitalism a thing or two about how markets work.

Foes Of Monsanto Deal Dig In (WSJ)

By Scott Kilman

The Wall Street Journal, December 13, 2006

Monsanto Co.'s second attempt in seven years to bring southern seed giant Delta & Pine Land Co. to the altar could be running into trouble.

An unusual backlash against the proposed combination is taking root across the U.S. Farm Belt, driven in part by rivals in the crop-biotechnology industry, which Monsanto dominates.

The proposed $1.5 billion deal announced in August would give Monsanto more control over a major crop by a biotechnology company than ever before allowed, a prospect that upsets antibiotechnology activists. Delta & Pine Land's seeds produce half of America's cotton, the nation's fifth-biggest crop. Delta's market share is highest in southern states such as Georgia, where 92% of the cotton is grown from Delta seed.

Wall Street is treating the acquisition as a done deal. Delta & Pine Land stock has hovered just under the $42-a-share offer since Aug. 15, when it jumped 11% on news of the agreement. The shares were at $40.64, down 24 cents, Friday in 4 p.m. New York Stock Exchange composite trading. Monsanto shares fell 43 cents to $48.08 Friday on the Big Board. Monsanto is trading at more than 25 times estimated earnings for its next fiscal year, according to Thomson Financial, compared with about 16 for the stocks in the Standard & Poor's 500-stock index.

Analysts have applauded the proposed combination because it would allow Monsanto to speed penetration of the cottonseed market with new genetically modified traits while ending several years of costly litigation between the two firms over their first breakup. Some biotech-industry leaders are prodding the attorneys general of several states to look into the combination as an antitrust review by the Justice Department extends into its fourth month. "The proposed Monsanto acquisition of Delta & Pine Land is clearly anticompetitive," said Doyle Karr, a spokesman for DuPont Co., the Wilmington, Del., chemicals giant. "We have serious concerns about the impact that it would have on farmers, the agriculture industry and ultimately consumers."

Syngenta AG, the Swiss biotech company, is telling cotton farmers that Monsanto's pending acquisition isn't in their best interest. Lobbyist and former U.S. Sen. Tim Hutchinson of Arkansas is squiring DuPont executives around Congress to press their case against the deal. "There are enough indications of concern that should cause [the Justice Department] to take a careful look," said Rep. Bob Inglis, a South Carolina Republican. Representatives for the North Carolina and Iowa attorneys

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general said their offices were looking into the deal. Iowa is the home of DuPont's Pioneer Hi-Bred International seed unit. While crop-biotechnology companies have a history of battling in courtrooms, they have tried to present a united front in the face questions over biotechnology safety.

"We are disappointed that competitors are using extreme tactics to try to gin up opposition to a deal that would benefit U.S. cotton growers and the cotton industry," said Carl M. Casale, executive vice president of Monsanto, which is fielding questions about the merger from officials in such noncotton states as Maine and Wisconsin. "The regulators should be allowed to do their job and review this transaction without the background noise," he said.

Delta & Pine Land Chief Executive and President Tom Jagodinski didn't return phone calls seeking comment.

For Delta shareholders, the industry scrape is the latest chapter in what has been an ill-starred romance between the Scott, Miss., company and Monsanto, based in St. Louis. Monsanto offered to buy Delta in 1998 for stock then valued at $1.8 billion. Monsanto backed out in December 1999 after antitrust regulators in the Clinton administration's Justice Department had reviewed the case for 19 months without making a decision. To get executives of Delta & Pine Land to shelve a lawsuit seeking $2 billion in damages over the breakup and consider a new offer, Monsanto promised to hand over $600 million if the new deal doesn't pass antitrust review by August 2007, a deadline that can be extended.

The opposition of DuPont and other firms reflects Delta's role in their plans to challenge Monsanto's decade-long dominance of crop biotechnology. Monsanto owns brands that sell about 25% of the seed used to grow the two biggest U.S. crops -- corn and soybeans -- and has licensed independent seed companies to use its genes.

Today, the majority of genetically modified crops -- including corn, soybeans and cotton -- contain Monsanto genes, which equip plants to make their own insecticide and to tolerate exposure to weedkillers. Such traits make plants so much easier to tend that farmers are willing to pay far more for genetically modified seed than conventional seed. DuPont and others are developing new genes with the aim of replacing Monsanto technology over the next decade. To win, they need to get their inventions into as many bags of seed as possible. DuPont and Syngenta, which own their own brands of corn and soybean seed, don't control any cottonseed. Delta, the last publicly traded pure seed company in the U.S., had been making moves to break its dependence on Monsanto genes.

In July -- a month before the proposed acquisition was announced -- Delta struck a deal to use genes, under development at DuPont's Pioneer seeds unit, designed to give plants the same sort of immunity to weedkillers as Monsanto genes. Likewise, Syngenta had licensed Delta to use genes it is developing that instruct a plant how to make its own bugkiller. To make the deal more palatable to regulators, Monsanto is promising to divest its Stoneville cottonseed business, which controls 12% of the market. Monsanto executives said they would be interested in being able to offer Syngenta and DuPont genes in Delta & Pine Land cottonseed. They stopped short of promising to use competitors' genes.

FBI/DEA/ATF/USMS:

US Judge Asks FBI Why Information Withheld In Civil Trial (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, December 13, 2006

A federal judge ordered the Justice Department last night to ask FBI Director Robert S. Mueller III to explain why the bureau has refused to share crucial information with the government's own lawyers, disrupting the civil trial being held on behalf of four men who were wrongly imprisoned for decades.

US District Judge Nancy Gertner wrote that the FBI's position is "chilling," given that the suit brought on behalf of Peter Limone , Joseph Salvati , Henry Tameleo , and Louis Greco is about informant abuse and FBI agents allegedly "hiding the ball" by withholding information that would have helped exonerate the four men in a 1965 gangland slaying.

She ordered the Justice Department to notify Mueller of her concerns and report back by Monday on why she should not find the government in contempt and impose punitive fines.

Gail Marcinkiewicz , a spokeswoman for the FBI in Boston, said the case was being handled out of Washington and "because it's an ongoing matter, we can't comment on it."

A Justice Department spokesman could not be reached last night for comment.

The four men were exonerated five years ago after secret FBI memos surfaced indicating that Joseph "The Animal" Barboza, a Mafia hit man-turned-government witness, may have framed them for the slaying of Edward "Teddy" Deegan, partly to protect a friend who was an FBI informant.

The suit seeks more than $100 million for Limone and Salvati, who spent more than 30 years in prison, and for the families of Greco and Tameleo, who died while in custody.

Justice Department lawyers who are defending the government at trial told the judge yesterday that the FBI would not authorize them to see certain documents containing informants' names, and gave them redacted versions of the files.

Gertner wrote, "Time and time again it appears that the lawyers representing the government have simply not been given the authority they need to understand the big picture, trying this case, if you will, with one hand tied behind their back."

FBI Director: Hoffa Case Will Be Solved (AP)

By Kristin Longley, Associated Press Writer

AP, December 13, 2006

DETROIT -- FBI Director Robert Mueller said Tuesday the decades-old disappearance of Teamsters leader Jimmy Hoffa will eventually be solved.

Mueller spoke during a question-and-answer session with reporters at the FBI's Detroit office, months after an expensive search at a southeastern Michigan horse farm turned up nothing.

"We have a long, long memory," Mueller said. "We will continue to follow any lead that comes to our attention."

Hoffa was last seen alive on July 30, 1975. Over the years, theories have suggested Hoffa was buried at Giants Stadium in New Jersey or dumped in a Florida swamp.

The day he disappeared, Hoffa was scheduled to meet a New Jersey Teamsters boss and a Detroit mafia captain, both of whom are now dead, at a restaurant about 20 miles from the Hidden Dreams horse farm that the FBI searched in May.

The two-week excavation at the farm, about 30 miles northwest of Detroit, involved up to 20 agents, 24-hour guards, archaeologists, anthropologists, a demolition crew and cadaver-sniffing dogs, but it yielded nothing more than a water line, a beer can and other trash.

FBI spokeswoman Dawn Clenney said the search cost less than the $250,000 the agency had budgeted for it.

Mueller would not comment on whether the FBI has any new leads in Hoffa's disappearance, but said the agency will always be working on the case.

"As you can see from the undertakings last summer, we are very willing to follow up on any leads where we believe there is some basis," Mueller said.

FBI Papers On Terror Expertise To Released (ALBANYTU/AP)

By John Solomon, Associated Press

Albany Times Union, December 13, 2006

WASHINGTON -- Lawyers for a once-decorated terror-fighting FBI agent will make public hundreds of pages of testimony from the bureau's top brass declaring that terrorism expertise has been given little weight in promoting agents since the Sept. 11, 2001, attacks.

The evidence gathered during Agent Bassem Youssef's ongoing lawsuit against the FBI includes statements from the agency's director, Robert Mueller, and many of his top supervisors on how little Middle Eastern experience, Arabic language skills or formal anti-terrorism training has played in promotion decisions.

The testimony, some of which was reported by The Associated Press in 2005, is being posted Wednesday to a Web site for the public to see. It includes:

--Mueller defending the 2003 appointment of agent Gary Bald to the top terror-fighting job on grounds that he was qualified because he ran the Baltimore office when it investigated the 2002 Washington-area sniper shootings.

"He had the sniper case, which I don't know whether it was actually documented as a domestic terrorism program, but certainly it could fall under the category of domestic terrorism. So running the office gave him some exposure to terrorism matters," Mueller testified.

--Bald, who retired earlier this year, was asked about his grasp of Middle Eastern culture and history, and testified: "I wish that I had it. It would be nice."

--The agent assigned to oversee the Sept. 11 investigation at the Pentagon acknowledged she had no formal terrorism background. "I do not have a terrorism background myself," agent Ellen Knowlton testified.

--John Lewis, a deputy assistant director for counterterrorism, testified that there was no difference in recruiting an informant to infiltrate a white supremacist group or al-Qaida. "It doesn't make any difference whether somebody's from the Middle East or a white supremacist or from Australia," he said.

Youssef, the agent suing the bureau, alleges he was passed over for several promotions that could have better utilized his skills in the war on terror. The FBI denies discriminating against him.

DOJ_NMG_0106093

Youssef's lawyer said Tuesday he was making the depositions public so Americans can see the FBI answers for themselves. "The American public has a right to know what really happened inside the FBI counterterrorism division after Sept. 11," attorney Stephen Kohn said.

The documents are to be posted Wednesday to http://www.whistleblowers.org/html/inside--the--fbi.html

An FBI spokesman did not immediately return a call seeking comment Tuesday. In the past, the FBI has declined to discuss the Youssef litigation but has said the agency has fundamentally reshaped itself to ensure the field agents on the ground who work the cases have the necessary skills, training and background for fighting terrorism. It has noted it hired or redeployed more than 1,000 agents to counterterrorism and hired an additional 1,200 intelligence analysts and linguists.

Youssef was credited with improving relations with Saudi Arabia during the late 1990s as the threat from al-Qaida leader Osama bin Laden grew and the bureau struggled to solve the case of the 1996 Khobar Towers bombing. He received special awards for his performance.

But after Sept. 11, Youssef repeatedly was passed over for top-level headquarters jobs in terrorism. Instead, he was offered same-rank positions in budgeting or exploiting intelligence from terrorism documents.

Louis Freeh, the former FBI director who left that job three months before the terrorist attacks, testified he believed Youssef should have gotten an important terror-fighting job in the post-Sept. 11 era

And one FBI supervisor, just-retired agent Paul Vick, testified he was concerned that Youssef's skills weren't utilized after Sept. 11 and that some colleagues had mistaken him for another agent who was Muslim and had refused certain work assignments on religious beliefs.

Youssef is Christian and never refused any assignments, his lawyer said.

On the Net:

FBI: http://www.fbi.gov

Justice Department: http://www.usdoj.gov

SI Mob Crew Busted (AP)

AP, December 12, 2006

NEW YORK (AP) -- When a Bonanno crime family associate disrespected Michael Souza over a financial dispute, he had to pay.

Souza, who ran a dangerous Colombo mob crew on Staten Island, decided to launch a surprise attack, or a Jack in the Box, to take out the Bonanno associate, prosecutors said. He acquired a gun silencer for the crime but never got a chance to use it, they said.

On Tuesday, federal agents said they silenced Souza and 10 of his crew members, arresting them on charges of racketeering, robbery, assault, weapon possession, loansharking, gambling and drug dealing.

The arrests came after federal prosecutors unsealed a lengthy indictment that alleged Michael Angelo Souza, a made man in the Colombo organized crime family, ran the brazen crew with his brother, Anthony "Ant" Souza.

The indictment, the result of an eight-month DEA investigation, said the crew committed the crimes between January 2004 and November 2006. Agents obtained evidence against the men through wiretap interceptions.

In one of those federal recordings, Souza boasted about his violent past.

"I beat people up with chairs, barstools," Souza said in the recording. "I cut a guy's eye out of his head with a wine glass."

As part of the same investigation, federal authorities said they charged an Albanian mobster, Lulzim Kupa, in a separate indictment with conspiracy to distribute marijuana.

All 12 men were arraigned Tuesday in Brooklyn federal court. They pleaded not guilty, a court spokesman said.

Prosecutors said the Colombo crew was running a violent enterprise on Staten Island, operating a lucrative sports betting business and peddling crack cocaine and pot.

Authorities said one of the crew's most ambitious schemes involved trying to rob an armored car but DEA agents thwarted the heist before it could be pulled off.

In Kupa's case, DEA agents said they intercepted a shipment of about 60 pounds of marijuana that he intended to sell.

If convicted, Kupa, a felon, could face more than 10 years in prison. The other defendants could face decades behind bars if convicted.

Doctor Pleads Guilty In Drug Case (BRADV)

Baton Rouge Advocate, December 12, 2006

DOJ_NMG_0106094

LAFAYETTE — A doctor who operated an occupational medicine clinic in Broussard pleaded guilty Monday to methamphetamine charges.

Randy L. Lavespere, 44, faces up to 20 years in prison on charges of possession with intent distribute methamphetamine.

Agents arrested Lavespere during an undercover sting in March when he bought a half-pound of methamphetamine for $8,000 in the building center parking lot in Opelousas.

The doctor had been targeted by U.S. Drug Enforcement Administration investigators after an informant reported selling methamphetamine to Lavespere in the past, according to court records.

Lavespere has voluntarily surrendered his medical license and checked himself into inpatient substance treatment at Palmetto Addiction Recovery Center four days after his arrest. He left inpatient treatment in June but has continued with outpatient treatment, according to court records.

"He's admitted to what he's done, and he is sorry for what he did," Lavespere's attorney, Hillar Moore III, said.

A second man arrested in the case faces up to one year in prison after pleading guilty in August to simple possession of methamphetamine for his part in the drug buy.

Lavespere admitted in court documents that the other man was acting on his behalf when he exchanged money with the an undercover agent while Lavespere waited nearby the parking lot.

Moore said Lavespere might be able to regain his medical license, even with the felony drug conviction, but "that's not even on his radar right now."

Any decision of the reinstatement of Lavespere's license would be made by the state Board of Medical Examiners.

No sentencing date has been set in the case.

Because Lavespere has no previous criminal history, he will most likely face a sentence far below the 20-year maximum allowed under the law.

Lavespere's arrest came in a joint investigation involving the U.S. Drug Enforcement Administration, Alexandria Police Department, St. Landry Parish Sheriff's Office, Lafayette Parish Sheriff's Office and Vermilion Parish Sheriff's Office.

Assistant U.S. Attorney Stephanie Finley said that, as part of Lavespere's plea deal, he has agreed to cooperate in any future investigations.

Doctor Pleads Guilty To Methamphetamine Charge (AP)

AP, December 13, 2006

LAFAYETTE, La. -- A doctor who operated an occupational medicine clinic in Broussard has pleaded to a drug charge.

Randy L. Lavespere, 44, faces up to 20 years in prison on a charge of possession with intent distribute methamphetamine. Federal agents arrested Lavespere during an undercover sting in March when he bought a half-pound of methamphetamine for $8,000 in the building center parking lot in Opelousas, authorities said.

He had been targeted by the Drug Enforcement Administration after an informant reported selling methamphetamine to Lavespere, according to court records.

Lavespere has voluntarily surrendered his medical license and has been undergoing drug treatment, according to court records.

"He's admitted to what he's done, and he is sorry for what he did," Lavespere's attorney, Hillar Moore III, said after the plea Monday.

No sentencing date was set immediately.

San Diego County Board Votes To Appeal Medical Marijuana Ruling (AP)

AP, December 12, 2006

SAN DIEGO, (AP) --

The San Diego County Board of Supervisors voted Tuesday to appeal a judge's recent decision to reject the county's challenge to California's decade-old law legalizing marijuana use by the chronically ill.

The county sued California and its health services director in February over a state requirement that counties issue identification cards for medical marijuana users and maintain a registry of people who apply for the cards. San Bernardino and Merced counties joined the suit.

The counties argued that local governments shouldn't be bound to uphold state laws that are weaker than the federal blanket ban on marijuana.

Superior Court Judge William R. Nevitt Jr. ruled last week that county officials would not be breaking federal law by giving out state identification cards.

Marijuana users in California can still be prosecuted under federal drug laws.

Fifty-five percent of California voters approved the law in a 1996 vote. Since then, 10 other states have adopted measures protecting qualified patients from prosecution: Alaska, Colorado, Hawaii, Maine, Montana, Nevada, Oregon, Rhode Island, Vermont and Washington.

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IMMIGRATION:

Immigration Officials Raid Meatpacking Plants (LAT)

By Nicole Gaouette

The Los Angeles Times, December 13, 2006

Washington — Federal officials raided six meatpacking plants across the country Tuesday in the culmination of a 10-month investigation triggered by allegations that illegal immigrants were using the stolen identities of U.S. citizens.

The raids, all at plants operated by Swift & Co., resulted in arrests of workers on immigration violations and some existing criminal warrants, with charges of aggravated identity theft possible at a later date, officials said. The number of arrests was not immediately known. The company was not charged.

The action targeted the use of legitimate Social Security numbers by illegal immigrants -- what Jamie Zuieback, spokeswoman for Immigration and Customs Enforcement, called "a massive identity-theft scheme."

"We believe hundreds of U.S. citizens were affected," she said. "We do see this as a new trend, and the scope of it is very large, and that makes it significant."

In the past, she said, illegal workers had used "false identities, which is different from using stolen identities."

ICE officials did not say whether immigrants had stolen the identities themselves or whether they had purchased them from third parties.

The Bush administration has pushed businesses to use an online verification system that determines the validity of Social Security numbers provided by workers. Business groups were quick to criticize the raids, saying they underscored fundamental weaknesses in the system, known as Basic Pilot, which Swift has employed since 1997.

"This shows their Basic Pilot system does not work," said Angelo Amador, immigration policy director at the U.S. Chamber of Commerce. "Right now it does nothing to protect against identity theft."

Immigrant advocates questioned the efficacy of work-site enforcement efforts that focused on workers, not employers. "It suggests they think they can deal with our immigration problem by going after immigrants one at a time," said Cecilia Munoz of the National Council of La Raza. "It's alarming."

Swift's chief executive, Sam Rovit, said in a statement that the company had checked every employee with Basic Pilot.

"Swift has ... relied in good faith on a program explicitly held out by the president of the United States as an effective tool to help employers comply with applicable immigration laws," he said. "Swift has never condoned the employment of unauthorized workers, nor have we ever knowingly hired such individuals."

In June, a Swift executive told a House Small Business subcommittee about weaknesses in the program, noting that it could identify false numbers but was unable to detect multiple use of the same genuine number.

"The same Social Security number could be in use at another employer and potentially multiple employers across the country," said Jack Shandley, the company's senior vice president for human resources.

The issue of identity theft by illegal immigrants came up in this summer's congressional debate on immigration, with senators taking to the floor to describe stay-at-home mothers who received tax bills because of jobs in other states actually held by illegal immigrants using the women's Social Security numbers.

Swift, a privately owned company based in Greeley, Colo., is the country's third-largest processor of beef and pork, with annual sales close to $10 billion and 15,000 workers in nine plants across eight states.

Tuesday's raids targeted plants in Greeley; Grand Island, Neb.; Cactus, Texas; Hyrum, Utah; Marshalltown, Iowa; and Worthington, Minn. Work at the six plants, which include all of Swift's beef processing facilities and 77 percent of its pork processing facilities, was temporarily suspended. Swift said its ability to resume operations would depend on the number of employees able to return to work.

Raid Targets Illegal Migrants (USAT)

By Donna Leinwand

USA Today, December 13, 2006

DOJ_NMG_0106096

One of the world's largest meat processors shut down nearly all of its U.S. operations Tuesday as federal agents raided plants in six states in a crackdown on illegal immigrants who allegedly used stolen identification to get their jobs.

It was unclear how many people were arrested in the raids at Swift & Co.'s headquarters in Greeley, Colo., and its plants in Grand Island, Neb.; Cactus, Texas; Hyrum, Utah; Marshalltown, Iowa; and Worthington, Minn.

The plants have thousands of workers, and Tuesday's massive roundup — which involved 1,000 federal agents — was one of the U.S. government's largest moves ever against illegal workers.

The raids come eight months after Immigration and Customs Enforcement (ICE) arrested 1,187 illegal workers at plants operated by IFCO Systems, a company that makes pallets.

The Swift probe, which began in February, uncovered a "massive identity fraud scheme" in which illegal workers had "stolen the identity of hundreds of people," ICE Assistant Secretary Julie Myers said. She said agents were interviewing those arrested at the plants to determine whether they should face criminal or immigration charges.

Swift, which has not been charged, denied knowledge of the alleged scheme.

"Swift has never condoned the employment of unauthorized workers, nor have we ever knowingly hired such individuals," Swift President and CEO Sam Rovit said in a statement.

Hours before the raids, Weld County, Colo., District Attorney Ken Buck's office filed 25 arrest warrants at the request of U.S. agents.

The arrest affidavits say about 30 Swift employees used false information to get jobs at the Greeley facility, which has about 2,700 workers.

One of those using a false ID was identified in court papers as Otilio Torres Rivera. The Social Security number and North Carolina ID he offered as proof of legal residence belonged to a man who had died in February 2005, court papers allege. The dead man's sister had filed a complaint with the Federal Trade Commission after a Social Security Administration report wrongly said her late brother was employed at Swift. Court papers did not specify how the dead man's ID was stolen.

In Greeley, about 75 workers' family members and protesters gathered outside the plant, complaining that ICE agents were cruel to arrest workers just before Christmas, Police Chief Jerry Garner said.

Swift said it would reopen its plants after ICE ends its operation, but that production would depend on the number of workers arrested or detained.

The plants raided handle all of Swift's domestic beef processing and 77% of its pork processing.

Illegal Workers Arrested In 6-State ID Theft Sweep (WP)

By Spencer S. Hsu And Krissah Williams

The Washington Post, December 13, 2006

Federal agents targeting illegal immigrants raided meatpacking plants in six states yesterday, arresting hundreds of workers on the uncommon charge of identity theft and shutting down the world's second-largest meat processing company for much of the day.

About 1,000 U.S. Immigration and Customs Enforcement agents with search warrants entered plants owned by Swift & Co., of Greeley, Colo., charging that "large numbers" of workers illegally assumed the identities of U.S. citizens or legal residents by using their Social Security numbers to get work, ICE officials said.

Company and union officials said agents, some dressed in riot gear, locked down six beef- and pork-processing plants early in the morning, segregating workers into groups of citizens and non-citizens after questioning. Some illegal workers were bused to detention facilities hours away, labor officials said.

ICE officials would not say how many people were arrested, pending a news conference today in Washington. About 90 percent of Swift's 15,000 U.S. employees work in three shifts at the plants, company officials said.

The crackdown was another step in the federal government's campaign against illegal immigration, and like some recent raids it targeted job sites, the magnet drawing many of the nearly 12 million illegal immigrants. But the move was unusual for several reasons.

U.S. authorities cast the 11-month investigation as an attack on identity theft, not on typical immigration violations. Swift officials were not charged, despite recent administration vows to get tough on companies as well as workers.

The sweep also highlighted flaws in the main program through which the government helps employers authenticate workers' identification documents, underscoring how weak government ID requirements and poor coordination with the Social Security Administration have frustrated enforcers for decades. Swift has been participating in the program for years.

Yesterday's raid "shows the weakness of the current system, the ways illegal workers have been able to find employment in the legitimate economy, and the need for enforcement efforts to focus on the work site and not just the border," said Deborah W. Meyers, senior policy analyst at the Migration Policy Institute, a nonpartisan think tank in Washington.

Although many illegal workers by definition commit document fraud to get jobs, the government's use of identity theft charges could reframe the immigration debate for the public and spotlight how sharing Social Security data could fight such abuses, she said.

In a brief teleconference with reporters, Julie L. Myers, assistant secretary of homeland security for ICE, said that "the signal we're intending to send here is, 'We're serious about work site enforcement, and those individuals who steal identities of U.S. citizens will not escape action from us.' " She said the government would also pursue vendors of fake documents, former workers and legitimate residents who sold their Social Security numbers.

Raids took place in plants in Greeley; Grand Island, Neb.; Cactus, Tex.; Hyrum, Utah; Marshalltown, Iowa; and Worthington, Minn.

ICE spokesman Marc Raimondi said investigators will decide whether those arrested will face immediate deportation, prosecution or detention pending other legal proceedings. U.S. officials noted the participation of the Federal Trade Commission, which routinely shares data on identity theft victims with federal and state law enforcement agencies.

In 1998, similar raids at 40 meatpacking plants in and around Nebraska found that nearly 20 percent of workers had invalid documents. The vast majority disappeared before questioning.

Worker advocates condemned yesterday's raids, which came without warning. They advised detainees to remain silent and contact attorneys.

"These actions today by ICE are an affront to decency," said Mark Lauritsen, a spokesman for the United Food and Commercial Workers union, which sought an injunction in court to halt the raids and planned protests around the country. Federal agents essentially stormed plants "in an effort designed to terrorize" workers, he said.

In Grand Island, as many as 250 workers from a shift of more than 600 were detained as two buses and 10 ICE vans sat outside the plant gates, said Mike Mary, spokesman for UFCW 22 Local. From Worthington, Swift workers were bused to South Dakota, said UFCW spokeswoman Jill Cashen.

"This is not a systematic way to address the deep problems plaguing the immigration system," Cashen said.

In an interview, Swift's president and chief executive, Sam Rovit, also criticized the arrests. He said that his firm's practices are similar to those of its competitors and that "everyone in the whole agriculture sector should be worried."

"Swift has played by the rules and relied in good faith on a program explicitly held out by the president of the United States as an effective tool to help employers comply with applicable immigration laws," said Rovit, whose company reported $9.4 billion in sales in 2006. "Swift believes that today's actions by the government . . . raise serious questions as to the government's possible violation of individual workers' civil rights."

Rovit cited promises made by the government to protect employers who voluntarily submit information about workers to a federal program called Basic Pilot, which confirms the authenticity of Social Security numbers against federal databases. Swift has run all new U.S. hires through the program since 1997.

Studies show that Basic Pilot suffers from data errors, has an unacceptably high false-alarm rate and cannot detect fraudulent use of borrowed or stolen Social Security numbers. Congress is hoping to expand the program as part of beefed-up enforcement.

U.S. Raids 6 Meat Plants In ID Case (NYT)

By Julia Preston

The New York Times, December 13, 2006

In simultaneous dawn raids, federal immigration agents swept into six Swift & Company meatpacking plants in six states yesterday, rounding up hundreds of immigrant workers in what the agents described as a vast criminal investigation of identity theft.

More than 1,000 agents from Immigration and Customs Enforcement appeared at 6 a.m. at the Swift plants with warrants to search for illegal immigrants. Inside, agents separated American citizens from immigrants, interviewing all the foreign workers and taking hundreds away in buses to immigration detention centers.

In a new enforcement tactic, federal officials said they planned to bring criminal charges against some of the immigrants accused of using stolen identities. They said the raids were tied to complaints from United States citizens who discovered that their names were being used by Swift plant workers.

“There are several hundred Americans who were victimized,” said Marc Raimondi, a spokesman for the immigration agency, known as I.C.E.

Other immigrants who are found to be living illegally in the United States will be deported, Mr. Raimondi said.

The raids brought protests from Swift, the only business singled out, and from the United Food and Commercial Workers International Union, which organizes employees at five of the six plants.

Sam Rovit, chief executive of Swift, said the company learned of the I.C.E. investigation in March, but had been "rebuffed repeatedly" when it offered to cooperate. Mr. Rovit said the company had participated since 1997 in a federal program known as Basic Pilot, which allows employers to use a federal database to verify documents presented by job-seekers.

"We have complied with every law that is out there on the books," Mr. Rovit said in an interview.

The six plants employ more than 10,000 people, Swift executives said.

Mr. Rovit said the company had been careful to avoid inquiring too deeply into backgrounds of job applicants. He said the Justice Department sued Swift in 2001 charging that it discriminated against immigrant workers. The case was settled for $200,000, a company statement said.

Illegal immigrants frequently use false Social Security cards or residency documents known as green cards when they apply for jobs. I.C.E. officials said the operation focused on immigrants who had obtained documents with identity information corresponding to that of United States citizens, in some cases by buying them from underground organizations that traffic in false documents.

Officials at the union called the operation a "wholesale roundup" and said they would seek injunctions on behalf of the detained workers.

"Worksite raids are not an effective form of immigration reform," said Jill Cashen, a spokeswoman for the union. "They terrorize workers and destroy families."

The immigration agency raided plants in Hyrum, Utah; Greeley, Colo.; Cactus, Tex.; Grand Island, Neb.; Marshalltown, Iowa; and Worthington, Minn.

Ill. Governor To Announce New Benefits For Immigrants (WP)

By Kari Lydersen

The Washington Post, December 13, 2006

CHICAGO, Dec. 12 -- Illinois Gov. Rod Blagojevich (D) will announce on Wednesday a wide-ranging set of measures meant to better integrate immigrants, legal and illegal, into the state's economy, education system and workforce.

The measures are the result of an executive order that Blagojevich signed in November 2005 requiring state agencies to coordinate with community groups, business leaders and religious institutions to better serve immigrant populations.

Key points of the New Americans program include increasing the number of dual-language schools, English-as-a-second-language programs and bilingual staff members at state agencies, as well as providing job training for skilled and unskilled immigrants. The program is described as the first of its kind nationwide.

"It's a fact that immigrants are driving the job market, immigrants are driving the housing market," said Gerardo Cardenas, the governor's spokesman. "So helping them acquire English language proficiency and providing better services, moving them up the job ladder, is strategic for the future of the state."

The measures were developed by a new state agency; a policy council of Illinois business, religious and community leaders; and a national advisory panel that included former Immigration and Naturalization Service commissioner Doris Meissner.

"The debate going on in our country is focused almost entirely on illegal immigration, but we overlook the fact that there's a very large legal immigration taking place," she said. "It's in our interest as a nation to make sure that process is working well."

About 1.7 million immigrants make up 12.6 percent of Illinois's population and 17 percent of its workforce, according to a recent report by the Illinois Coalition for Immigrant and Refugee Rights. The state has about 425,000 illegal immigrants.

The New Americans program promises health care, education and other state services for illegal and legal immigrants. The program will be publicly and privately funded.

Susan Tully, national field director of the Federation for American Immigration Reform, said the program will put Blagojevich in violation of U.S. immigration law.

"He does not have the right under the Constitution, even as governor of Illinois, to grant benefits to people who haven't been cleared by immigration and customs agents," she said.

CONGRESS-ADMINISTRATION:

Leahy To Promise Justice Dept. Oversight (AP)

By Laurie Kellman, Associated Press Writer

AP, December 13, 2006

DOJ_NMG_0106099

Justice Department officials can expect stepped-up oversight of the Bush administration's war on terrorism and — perhaps — some all-expense-paid tickets to Iraq to help train the corrupt police force there, the incoming chairman of the Senate Judiciary Committee says.

Sen. Patrick Leahy's agenda includes a look at about a dozen recommendations by the Iraq Study Group to send law enforcement officials from the FBI and other offices in the Justice Department to the war-torn nation to boost a police force riddled with corruption. Leahy noted that over the weekend that Iraqi police allegedly helped Saddam Hussein's nephew, Ayman Sabawi, escape from a prison near Mosul.

"The police force has proven to be one of the worst failures of the occupation," Leahy, D-Vt., said in remarks prepared for delivery Wednesday. "I look forward to the Judiciary Committee contributing to these efforts by exploring the dozen recommendations relating to the Iraqi justice system and the training of Iraqi police forces."

Leahy did not plan to outline many details of his agenda in the speech at Georgetown University. But he said reclaiming the chairmanship after a brief possession of the gavel in 2001-02 would be a period of "restoration, repair and renewal" after what he termed years of the Bush administration's virtually unchecked power to hunt for terrorists even within U.S. borders.

"This administration has been less and less willing to let us know what they are doing," Leahy said in prepared remarks obtained Tuesday by The Associated Press. President Bush's warrantless wiretapping program and the government's secretive terrorism risk assessments of Americans traveling abroad merit a closer look by his panel, Leahy said.

"Americans' privacy is a price the Bush administration is willing to pay for the cavalier way it is spawning new databanks," he said in the prepared text. "We are way overdue in catching up to the erosion of privacy, and the Judiciary Committee now will help to bring this picture into focus."

Also on the agenda, Leahy said, is a bill he has introduced to crack down on war profiteering in Iraq. The measure would prohibit profiteering and fraud by contractors in connection with a war, relief or reconstruction efforts and set stiff punishments of prison time and fines.

$90K In Freezer, 57%-43% Win (USAT)

USA Today, December 12, 2006

Louisiana has a reputation for embracing political rogues — popular former governor Edwin Edwards is serving a 10-year prison sentence for racketeering — but it was still something of a shock on Saturday when New Orleans voters overwhelmingly re-elected Democratic Rep. William Jefferson.

Jefferson is, after all, the congressman who was found with $90,000 in alleged bribe money in his freezer, making him the object of national ridicule.

Hometown voters are often the last to believe that a well-liked politician might have sinned, and Jefferson is hardly the first to be re-elected while under a cloud of suspicion. Even so, his victory portends a troubling level of mistrust between Washington and New Orleans that could impede the city's recovery from Hurricane Katrina.

Jefferson's 57%-43% triumph was less surprising inside New Orleans than it was to outsiders. Big Easy voters saw a 16-year House veteran who has been investigated by the FBI for 21 months and humiliated in the press — but never charged with a crime. This in a city where Katrina's scars are visible every day and where voters have ample reason to resent federal agencies, which built the city's levees and then let the mostly black population wait days for help after those levees failed. Jefferson denied wrongdoing and struck a chord with supporters who believed he was persecuted. The government's case "isn't very strong, or they would have indicted him by now," a voter told the local newspaper.

Why the Justice Department's probe is taking so long is indeed puzzling. Jefferson's home was raided in 2005. His former business associate pleaded guilty in May to bribing him. His colleagues kicked him off the Ways and Means Committee in June.

That noted, New Orleanians had ample reason to be wary, and their defiant vote could come back to haunt them. City officials are pressing Washington for dollars New Orleans still desperately needs to rebuild, but scandal has tainted the aid programs, and Jefferson's re-election makes it "very difficult to … ask them to trust us with the money we need here," City Councilman Oliver Thomas said.

No kidding. Americans want New Orleans to recover. They want to help people living in government-issued trailers. They just don't want their tax dollars winding up in public officials' pockets — or kitchen appliances.

They'll now have to look cautiously past that danger to the greater need.

Democrats Consider Outside Ethics Panel (NYT)

By Carl Hulse

The New York Times, December 13, 2006

DOJ_NMG_0106100

WASHINGTON, Dec. 12 — House Democrats are seriously exploring the creation of an independent ethics arm to enforce new rules on travel, lobbying, gifts and other issues that Democrats intend to put in place on taking power next month.

Senior party officials said Tuesday that Representative Nancy Pelosi of California, the incoming speaker, had consulted with Representative John A. Boehner of Ohio, the minority leader, on forming a bipartisan group to examine outside enforcement. The goal would be to have the group report back in the spring.

An independent Congressional watchdog, if approved, would be a major break with tradition. Some lawmakers say House and Senate members have sole responsibility for policing themselves when it comes to internal rules.

Some lawmakers have said an independent entity could be unconstitutional.

The Democratic officials, who spoke only if they were not publicly identified because the proposal for the new panel was now being presented to lawmakers, said the prominence of corruption as a concern in the elections last month gave new impetus to such an idea.

"With ethics such a big issue coming out of the election, members see a need to think outside the box," one senior official said.

Several ideas have circulated about setting up an independent review board. A coalition of House and Senate lawmakers has proposed a professional Office of Public Integrity that would consider and investigate ethics complaints.

Other lawmakers have called for review by a bipartisan group of former members of Congress.

Most believe any independent group would have to work with the existing ethics committee, which is made up of an even number of House Republicans and Democrats and has the power to punish lawmakers up to expulsion.

Similar ideas have run into serious opposition in the past. Most recently, the Senate decisively rejected creation of a public integrity office, a proposal originally included in a package of rules changes instituted last spring.

Senate backers of the public integrity office, including Senators Susan Collins, Republican of Maine; Joseph I. Lieberman, Democrat of Connecticut; and John McCain, Republican of Arizona, renewed their push last week.

Mrs. Pelosi and other House Democratic leaders have grown more serious about the independent watchdog approach as a way to demonstrate their commitment to enforcement after a string of corruption scandals tied to the former lobbyist Jack Abramoff, a major military contracting case and questions about pet projects included in legislation.

Self-styled Congressional watchdogs have long clamored for independent review of the conduct of members of Congress, saying lawmakers have shown an inability to hold their colleagues accountable in all but the most egregious cases.

For example, the ethics committee report last week on the conduct of former Representative Mark Foley of Florida was attacked. Critics said it documented negligence by the Republican leadership in monitoring Mr. Foley's contacts with teenage pages yet failed to recommend punishment for any of those involved.

The Democratic officials said the idea of independent enforcement of House rules had been gaining momentum before the Foley report and was not directly related to it.

The proposal for the bipartisan group is being developed as part of the House rules package that will be presented as one of the first orders of business when the new Congress convenes on Jan. 4. Some staff members are scheduled to be briefed on it on Wednesday, and Representative James E. Clyburn of South Carolina, the new No. 3 Democrat, is planning to present it to lawmakers in conference calls on Thursday, officials said.

Besides the bipartisan group, Democrats are expected to propose a ban on gifts and meals from lobbyists and organizations that employ them; a prohibition on lobbyists and their employers from planning, organizing, requesting, financing, arranging or participating in travel for members or staff; and a bar to the use of official or campaign money to pay for using corporate jets.

The emerging rules would also require the disclosure of earmarks, the special provisions in bills that lawmakers use to direct dollars to specific projects or favored causes. Lawmakers would also have to certify that any request for such spending is not in their personal financial interest.

After the recent Congressional scandals, the Republican majority began developing its own major changes in lobbying and ethics rules this year. The package stalled because of divisions over the scope of the proposed new restrictions on contacts with lobbyists and the extent of disclosure.

Several leading Republicans have suggested since the election that not following through on the rules overhaul was a significant mistake that contributed to the party's losses.

Mrs. Pelosi and other members of the new leadership, including Representative Rahm Emanuel of Illinois, who ran the party's campaign organization, have indicated that they intend to avoid a similar misstep and have strong party support, particularly from newly elected members.

The Foley Fallout (WP)

DOJ_NMG_0106101

By Ruth Marcus

The Washington Post, December 13, 2006

Soon-to-be-speaker Nancy Pelosi is fond of mentioning that she's the mother of five, grandmother of six. The California Democrat should keep that in mind as she reviews the House ethics committee's report on former representative Mark Foley and considers proposals for tougher ethics enforcement.

Pelosi should ask herself: What would she think if the pages whom Foley pursued with his smarmy e-mails and even worse instant messages were her own children?

Would she be satisfied with the ethics committee's conclusion that no House rules were broken by any of the lawmakers or staffers who had ample warning of Foley's problem and failed to do anywhere near enough to stop him? As a parent, does she think that their actions complied with the rule requiring members and staff to conduct themselves "at all times in a manner which shall reflect creditably on the House of Representatives?"

Would a company with a problem like this in its midst conclude an investigation without a single minor disciplinary action against any individual? Would an investigator with more independence have come to the same no-fault conclusion?

It's hard to see how.

The 89-page report by a special investigative subcommittee of the ethics panel is an oddly schizophrenic document. The facts it lays out and analyzes present a disturbing, even repellent, picture of an institution where political considerations took precedence over the welfare of children. The few people who tried to stop Foley "encountered obstacles in the chain of command that limited their effectiveness," the report says. Most just tried to toss away the hot potato as quickly as possible.

"In all, a pattern of conduct was exhibited among many individuals to remain willfully ignorant of the potential consequences of former Representative Foley's conduct with respect to House pages," it concludes.

Then it absolves any particular individual of any actual rule violation.

One argument against assessing individual culpability is that the report speaks for itself and will produce its own consequences, in the political arena, for those whose behavior fell short. We'll see. But in my experience, the specific facts fade quickly from the public's memory, and the exculpatory bottom line--no violation of House rules -- remains.

In fact, this self-serving spin is already underway. "I am glad the committee made clear that there was no violation of any House rules by any Member or staff," Speaker J. Dennis Hastert proclaimed in a statement. This from a man who, the evidence shows, was warned by at least two people -- Majority Leader John Boehner (R-Ohio) and National Republican Congressional Committee Chairman Tom Reynolds (R-N.Y.) -- and most likely a third, his chief of staff, Scott Palmer, about Foley's conduct.

Boehner testified that, when he raised the subject of Foley's inappropriate e-mails with Hastert, the speaker "said that the matter 'has been taken care of.' " The speaker said he doesn't remember any of these conversations.

Another argument is that the wrongdoing here involved errors of omission -- failures to act to stop the chief offender, Foley himself. This lack of attentiveness, so this argument goes, looks a lot worse in hindsight, with Foley's sexually explicit instant messages revealed.

But anyone paying responsible attention to Foley's behavior -- calling a young male intern in another congressional office; using frequent-flier miles to fly a former page up to visit him; turning up outside the page dormitory; the list goes creepily on -- couldn't have been surprised that he crossed so far over the line.

After all, the House clerk confronted Foley directly 10 times about his inappropriate attention to pages; Foley's chief of staff went to Palmer, Hastert's chief of staff, with a "plea" to help him deal with the "chronic problem with my boss's attention to pages and young staffers." Given all this, the lackadaisical, we-may-have-a-political-problem (or opportunity, in the Democrats' case) response when the matter of Foley's "overly friendly" e-mails came up amounts to gross negligence on the part of at least some of those involved.

Ironically, the committee's performance could be a blessing in disguise for those who believe -- as I do -- that the ethics process ought to be strengthened with some kind of independent investigative arm. As the 110th Congress takes up the ethics mess that the 109th failed to fix, the question of adding an independent ethics enforcement process is going to be front and center.

The ethics committee's performance on the Foley matter reinforces the need for such a change -- and for the new speaker to use her "mother-of-five" voice, loudly and firmly, to get it done.

Dems Keep Jefferson Off Ways And Means (AP)

By Jim Abrams

AP, December 13, 2006

House Democrats, insistent that they will hold lawmakers to higher standards, decided Tuesday that Rep. William Jefferson will not return to an influential committee until a federal corruption investigation involving him is completed.

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Speaker-to-be Nancy Pelosi said the Democratic Steering Committee had resolved that Jefferson, who last Saturday won a runoff election in his New Orleans district, will not be given back his spot on the Ways and Means Committee, the panel that determines tax and trade policies.

The Steering Committee also announced new panel assignments for the next session. The full Democratic Caucus must still vote on those decisions.

At Pelosi's urging, the House last June stripped Jefferson of his committee assignment because of the corruption investigation that included an FBI document asserting that agents had found $90,000 in bribe money in the Louisiana Democrat's freezer.

Pelosi has promised to make lobbying and ethics reform a top priority when she becomes speaker next month, and the Jefferson case has been cited as an early challenge.

Jefferson, the first black member of Congress from Louisiana since Reconstruction, has denied any wrongdoing, and has not been charged with any crime. The Congressional Black Caucus has questioned the idea of punishing him before his legal case has been settled.

While depriving Jefferson of his committee assignment, the Democrats have been mum about another member of the Ways and Means Committee, Rep. James McDermott, who on Monday was admonished by the House ethics committee for violating ethics standards by giving reporters access to an illegally taped telephone call involving Republican leaders a decade ago.

Pelosi must also make a decision about Rep. Alan Mollohan of West Virginia, who is in line to become chairman of an Appropriations subcommittee that oversees the FBI. Mollohan faces questions about personal business deals.

Jefferson also holds a seat on the House Budget Committee. It was unclear if he would retain that seat in the next Congress.

Jefferson, an eight-term incumbent, handily defeated his Democratic opponent in a runoff election despite the controversy over the federal investigation. He was accused of taking bribes from a company seeking contracts in the Nigerian telecommunications market.

After his victory speech Saturday night, Jefferson said: "I don't try to second-guess Ms. Pelosi. I don't go there to work for anyone, I go there to work with the people down here."

Senate Panel Clears Reid On Free Tickets (AP)

By Erica Werner

AP, December 13, 2006

Incoming Senate Majority Leader Harry Reid did not break Senate rules in accepting free ringside seats at boxing matches from the Nevada Athletic Commission, the Ethics Committee has concluded.

The committee disclosed the determination in a Dec. 7 letter to Las Vegas resident Robert Rose, who had filed a complaint on the matter.

The Associated Press reported earlier this year that Reid, D-Nev., attended three Las Vegas fights between 2003 and 2005 without paying, using credentials provided by the Nevada Athletic Commission, a state agency. Reid was supporting legislation during this period to create a federal agency to oversee boxing, something the commission opposed.

The legislation passed the Senate but died in the House.

At the time Reid defended attending the matches, saying it helped him understand boxing regulations, but he acknowledged it didn't look right and said he wouldn't do it again.

Senate rules bar senators from accepting gifts worth more than $50 but make an exception for anything paid for by federal, state or local government. The rules also specify that senators should be wary of accepting any gift where it appears there is a desire to influence official action.

"There is not substantial credible evidence which provides substantial cause for the committee to conclude that a violation within the jurisdiction of the committee has occurred," the committee's chief counsel and staff director, Robert L. Walker, wrote to Rose.

Attendance at the matches "was a matter appropriately left to (Reid's) discretion," Walker wrote. The committee will take no further action and the matter is dismissed, the letter said.

"What can I tell you? That's Washington," Rose said of the decision.

Reid spokesman Jon Summers said: "The letter makes it clear that there wasn't a violation, but Sen. Reid realizes that it didn't look right and he's said that he shouldn't have done it and is not going to do it again in the future."

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OTHER NEWS:

Lawmakers OK Clean-needle Bill (NSL)

By Susan K. Livio, Star-ledger Staff

Newark Star-Ledger (NJ), December 12, 2006

Divided Senate and Assembly approve program after emotional debate

After more than a dozen years and countless hours of impassioned debate, the Legislature yesterday passed a bill to prevent the spread of HIV and AIDS among drug addicts by allowing needle exchange programs in six cities.

Gov. Jon Corzine said he would sign the bill into law quickly.

"The science is clear: Needle exchange programs reduce sharing of contaminated needles, reduce transmission of HIV and hepatitis C and serve as gateways to treatment," Corzine said.

For 13 years, lawmakers have wrestled with the legal and moral paradox of giving addicts syringes to use illicit drugs. Opponents questioned scores of scientific studies, the vast majority of which have found that needle exchanges reduce drug users' exposure to AIDS and do not entice more people to use drugs.

New Jersey is the only state in the country that does not allow drug users access to clean needles, either with a prescription or through community-based needle exchanges.

Sen. Ronald Rice (D-Essex), the most vocal opponent of the bill, pleaded with his colleagues on behalf of his Newark constituents who live with the presence of the drug trade.

"What do we tell senior citizens on South Orange Avenue who are afraid to come out of their homes?" he said.

Rice became animated as he railed against the bill. He called it an "experiment" on people of color -- saying it disproportionately affects minorities -- and compared it to the federal government's infamous Tuskegee experiment, which allowed 400 poor black men to suffer from syphilis without disclosing their diagnosis or providing treatment.

"The end result is the same -- death for a class of minorities and women," Rice said.

Sen. Nia Gill (D-Essex), a sponsor of the bill, said Rice's arguments against it have remained the same over the years, as has New Jersey's grim status: fifth in the nation in HIV and AIDS cases; first in women with the deadly virus, and third in infected children.

"If Newark doesn't want it, Newark doesn't have to have it," Gill said. "We've crafted the bill so it's permissive -- it would let Camden try to save the lives of its people. Why not let them have a chance to save lives?"

Camden, Atlantic City and Paterson have expressed interest in hosting a trial needle exchange program, said Roseanne Scotti, director of the Drug Policy Alliance of New Jersey, one of the bill's supporters.

Sen. Diane Allen (R-Burlington) said she couldn't vote for the bill after speaking to a parent who had lost a child to drug use. She urged her peers to change the bill to ban the use of public funds to support the needle exchange programs.

"We're using taxpayer dollars to send people deeper into the abyss," she said.

After more than two hours of emotional discussion, the Senate approved the bill (S494) 23-16. Minutes later, the Assembly passed the bill 49-27 with four abstentions.

"The action we are taking today will save lives," said Assembly Speaker Joseph Roberts (D-Camden).

After the vote, Corzine reaffirmed his support for the law.

"The bottom line is that this program will save lives," Corzine said. "I applaud the Legislature for getting it to my desk, and I look forward to signing the bill and seeing the program implemented rapidly."

Health and Senior Services Commissioner Fred Jacobs called the vote a "great day for public health in New Jersey" and praised the inclusion of $10 million for drug treatment services.

"Hopefully we will put this behind us and get on with the issue of savings lives," Jacobs said.

Atlantic City health officer Ron Cash, who came to witness the vote in Trenton, said the city already has passed an ordinance permitting the pilot exchange program -- a requirement of the bill -- and could have a syringe access program operating in three to six months.

"We've tried education, counseling," Cash said. "We just want this as a tool to fight the disease."

Trenton: Legislature Approves Needle Exchange (NYT)

By Richard G. Jones

The New York Times, December 12, 2006

New Jersey, the last state in the union that banned syringe exchanges for intravenous drug users, enacted a law yesterday that provides legal access to clean needles. In separate votes, the General Assembly and the State Senate approved a pilot

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program in six municipalities, as yet undetermined, in which drug users can turn in dirty needles for sterile syringes. Gov. Jon S. Corzine is expected to sign the bill, known as the Bloodborne Disease Harm Reduction Act, into law. The law also provides $10 million for drug treatment facilities.

Government Appeals Currency Redesign (AP)

AP, December 13, 2006

The Bush administration on Tuesday asked an appeals court to overturn a ruling that could require a redesign of the nation's currency to help the blind.

Justice Department lawyers filed the appeal with the U.S. Court of Appeals for the District of Columbia Circuit on behalf of Treasury Secretary Henry Paulson.

The appeal seeks to overturn a ruling last month by U.S. District Judge James Robertson, who ordered Treasury to come up with ways for the blind to recognize the different denominations of paper currency.

Robertson had ruled in a lawsuit brought by the American Council of the Blind. The council proposed several options for changes, including printing different size bills or changing the texture by adding embossed dots or foil.

Jeffrey Lovitky, an attorney for the council, said he planned to petition the appeals court to reject the appeal until Robertson makes a decision on what remedies the government should pursue. A hearing to hear the government's recommendations is scheduled for next month.

Christopher Gray, president of the council, said that while his group has been lobbying for changes to help the blind since 1995, the government has yet to conduct any feasibility studies of what those changes might cost. He said that during that time, the Bureau of Engraving and Printing has made several design changes to thwart counterfeiters.

"We would be happy to wait until the next change in the bills and build accessibility in at that time," Gray said. "Surely, if you did it that way, the costs can't be anything like what is being claimed by Treasury."

In his ruling, Robertson said that of 180 countries issuing paper currency, only the United States prints bills that are identical in size and color in all their denominations.

He said the current practice violates the Rehabilitation Act, a law that prohibits discrimination on the basis of disability in government programs.

In the government's appeal, Justice Department lawyers argued that visually impaired people are not denied "meaningful access" to money by the way the nation's currency is designed.

They noted the existence of portable reading devices that the blind can use to determine the denomination of paper money. The government said the blind can also use credit cards instead of currency.

The government also argued that Robertson was wrong in ruling that making changes to help the blind would not be unduly burdensome.

Tara Cortes, president of Lighthouse International, another advocacy group for the blind, said the government's decision to fight making changes in the currency was "misguided and harmful to millions."

She said there are 1.3 million people in the United States who are legally blind and there will be millions more in coming years as the baby boom generation ages and more people fall victim to macular degeneration and other diseases that can affect vision such as diabetes.

"While the government may argue that changing the dollar bill will cost billions, it will pale in comparison to the costs of the vision loss epidemic," Cortes said.

Official: Ex-Reagan Aide Investigated (AP)

By Pat Milton

AP, December 13, 2006

A former top budget official in the Reagan White House is a target of a criminal investigation into possible financial fraud at an auto parts company he headed before it collapsed into bankruptcy, a federal official told The Associated Press.

David Stockman, who rose to prominence as budget director under President Reagan, is the former chairman and CEO of Michigan-based Collins & Aikman Corp.

Federal investigators and prosecutors are preparing a case against Stockman and other corporate officers from Collins & Aikman and expect to soon present the findings to a grand jury in New York City, the official said.

The investigation is focused on whether Stockman and other corporate officers at Collins & Aikman misled investors about the financial health of the company by artificially inflating stock prices. ABC News reported on the case Monday.

The investigation began last summer, the federal official said, speaking on condition of anonymity because the probe is still under way.

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Stockman could face charges of securities fraud, mail fraud and wire fraud, the official said.

Stockman's attorney, Elkan Abramowitz, said he did not believe that charges should be brought.

"We have been cooperating fully with both the U.S. Attorney and the SEC," he said. "We strongly believe that no criminal charges should be brought against Mr. Stockman. We have made our arguments orally to the U.S. Attorney. We have been told that they are considering them."

Collins & Aikman spokesman David Youngman declined comment Tuesday.

Collins & Aikman Corp. filed for Chapter 11 bankruptcy protection in 2005. It was formed in 1891 as an upholstery manufacturer and now provides automotive flooring, fabric, instrument panels and other equipment to several automakers around the world.

Stockman, also a former congressman, was Reagan's budget director from 1981 to 1985. He created a storm early in his tenure when he told an interviewer that he thought Reaganomics were a "Trojan horse" for the rich, and predicted huge budget deficits. He said later he was summoned to the White House "woodshed."

Stockman apologized and kept his job until 1985, when he resigned and wrote a book of scathing criticism of Reagan and his top aides.

Scalia, Breyer Debate Unanimity On The High Court (LAW)

By Tony Mauro, Legal Times

Law.com, December 13, 2006

More than once in recent months, Chief Justice John Roberts Jr. has said that one of his goals is to achieve greater unanimity on the Supreme Court -- even if it means deciding cases narrowly.

"There are many cases we get that can be decided on a number of different grounds," Roberts told the conference of the 9th U.S. Circuit Court of Appeals in July. "If there's one where it's 8-1 or 9-to-nothing, and another where it's 5-4, I think it's better to decide on the former ground and let it go at that."

Last week it became clear that the Court is not even unanimous on whether Roberts' goal is realistic or worth striving for.

During a public debate on Dec. 5 co-sponsored by the American Constitution Society and the Federalist Society, Justices Antonin Scalia and Stephen Breyer were asked about Roberts' aspirations.

Scalia started laughing and said, "Lots of luck." More seriously, he said of unanimity, "Of course that's desirable, and I think we work hard to achieve it."

But Scalia went on to suggest that unanimity isn't all that it is cracked up to be. "You can get more agreement by deciding less. If you want to decide almost nothing at all, and decide the case on such a narrow ground that it will be of very little use to the bar in the future, you can get nine votes."

The job of the Court, Scalia continued, is to "help the bar" determine what the rules are in a disputed area of the law. "You want it to take on the big question." Deciding the case on "a little technicality," he said, "won't help the bar at all."

Breyer then weighed in, also sounding dubious about Roberts' goal. "You don't want nine on an opinion for the sake of getting nine on an opinion."

Before the discussion moved on, Scalia spoke again to clarify his views, "lest I be misquoted or misunderstood." He said, "I am not against narrow opinions. ... There are a lot of good reasons for narrow opinions, but one of them is not to get nine votes. That's all I'm saying."

Breyer and Scalia have debated before, but their conversation on issues of constitutional interpretation and judicial activism before members of the two groups was unusually sharp and lively.

Breyer said the job of judges is to conduct "boundary patrol" between the branches, but it was safe to guess that Scalia thinks Breyer does more than that. Asked by moderator Jan Crawford Greenburg of ABC News whether Breyer was an activist judge, Scalia said with a smile that he would never say that "to his face."

Scalia also confirmed what Court watchers have guessed at for years: that with his bold, sometimes bombastic dissents, he no longer aspires to win over his colleagues or the bar. "I don't hope to persuade you. It's too late for you guys," Scalia said with resignation, adding, "Maybe the next generation."

Google To Let Workers Sell Options Online (WP)

By Sara Kehaulani Goo, Washington Post Staff Writer

The Washington Post, December 13, 2006

Private Auction Is First for a U.S. Company

Google has come up with yet another novel way to reward its employees.

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In keeping with its offbeat approach to business, the search-engine firm plans to create an online auction for its 9,000 employees to sell their stock options to financial institutions. The goal is to give workers a new avenue to cash in on Google's stock, which has increased five-fold since the company went public two years ago.

It would mark the first time a U.S. company has created a private Internet auction for stock options. Investment experts called the idea creative and said other firms might follow suit if Google's plan succeeds.

The private online auction is to be managed by Morgan Stanley and accessible only by Google employees and the participating investment banks.

Google executives said the plan is designed partly to help employees understand the value of their stock options, which may be higher than the share price on Wall Street.

"The challenges we have with options we're granting today are the same as any company -- there's very little transparency to employees in terms of the options' value," said Dave Rolefson, Google's equity and executive compensation manager. "We're trying to help employees understand their options are valuable by showing them what someone else might be able to pay for them."

Many companies give stock options as a way to recruit, retain and compensate their workers. Options give an employee the chance to buy stock at a fixed price, often the market price at the time the option was granted, for a specific period of time. If the shares rise, the employee can profit by buying at the lower price and selling at the market price.

Google's stock options proved valuable to its early employees because its shares rose sharply from its initial offering price of $85 to close yesterday at $481.78 on the Nasdaq Stock Market. Some analysts questioned whether Google's share price can continue growing at the same rate, which could mean new employees might not reap the same benefits from options as those earned by people previously hired.

Google's stock options typically vest in full over four years and expire after 10 years. Google has 6.6 million outstanding employee options, some of which are at strike prices at or above the current market value.

Stock options were a hot recruiting tool in the late 1990s, when Internet companies made millions of dollars after going public. Option fever abated after the Internet bubble burst and regulators imposed a new accounting rule that took effect last year, requiring companies to deduct the value of options as an expense. Today, stock options are still common, but some firms have questioned their value.

"There's been a huge debate as to whether stock options have value, and this settles that debate for me, personally," said Arthur Levitt, former chairman of the Securities and Exchange Commission and senior adviser at the Carlyle Group. "If this develops into a broad market, we have a very interesting way of liquefying the holdings of employees in a very constructive and creative way."

Levitt was among the handful of experts Google briefed about the program in advance under a non-disclosure agreement, which allowed them to talk to reporters who were also briefed.

Google said it plans to start its "transferable stock option" program by April, giving employees access to a private Web site where investment banks approved by the company will be able to bid on options employees want to sell. Options, which must be vested before being offered, would be sold to the highest bidder. Once bought, they cannot be resold and would expire within two years. Senior executives are not eligible to participate.

Google is counting on banks being willing to buy employee stock options as a new way to bet on the future of Google's share price.

Some people might have trouble understanding why Google, a company that pampers employees with free gourmet meals, free dry cleaning, and transportation to and from work in the San Francisco Bay Area, would worry about compensation. Investment experts said Google is addressing a long-term issue that could help it remain competitive with start-ups, where the lure of making a big payout might be stronger.

The program also comes as Google is struggling with a compensation imbalance among employees. A large number of longtime Google employees became millionaires after the firm went public in 2004. Since its workforce has tripled over the past three years, Google now has a large group of workers who must wait out their vesting periods and hope that Google's shares continue to rise during that period.

"What this does is addresses a major employee perception issue," said Ted Buyniski, senior vice president of Radford Surveys and Consulting, a unit of Aon. "Your average employee, if I say you can have an option on a stock at $10 a share or at $500 a share, most of them say give me the $10. They automatically think $10 stock will go to $20 faster than a $500 stock will go to $1,000. The real issue is how fast is the whole company growing. What transferable options do is, they help close that gap between the perceived value of the option and the financial value."

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In the short term, Google said it would incur some costs related to setting up the program, but investment experts said they expect little, if any, financial impact on Google's bottom line. Over time, the company may even benefit by reducing the number of options it grants if employees think the private market is adding extra value to their existing options.

Like Google, Microsoft made millionaires of its employees through stock options and once helped them sell their options, but under different circumstances. After Microsoft's stock fell in 1999, many employees were holding worthless options. In 2003, Microsoft created a one-time opportunity for workers to sell their options to J.P. Morgan Chase at a fixed price.

Nell Minow, co-founder of the Corporate Library, an independent corporate governance research firm, expressed skepticism about Google's plan because it seems to defeat one purpose of options -- retaining employees and limiting their opportunities to cash out and join competitors. Minow said Google's plans are "innovative." But in the end, she said, "it's just as likely to encourage people to jump ship on the options than it is to hold onto them."

Other experts disagreed, saying that most employees cash in their options soon after they are eligible anyway and that the new market may enhance loyalty. Google is "being quite forward-thinking in terms of establishing a mechanism that is useful" for valuing options, said Joseph A. Grundfest, a former SEC commissioner and Stanford University law professor.

Google executives said they had extensive discussions with the SEC about their plan and think it complies with federal regulations.

Google Unveils Unorthodox Stock Option Auction (CNET)

By Elinor Mills

CNET, December 12, 2006

Google plans to start an unorthodox stock options program in April that will allow employees to sell their vested options in an online auction, the search giant announced late Tuesday.

Traditionally, employees have two ways to deal with stock options: exercise (take ownership) of them once they have "vested" and sell them at the current trading price, and pay back the company for their so-called strike price (that's typically the trading price the day the options were granted), or hold on to them after exercising them.

High ImpactWhat's new:

A new Google program will allow employees to sell their vested options in an online auction.Bottom line:

Google execs believe big buyers of Google "options" on the public markets may see auctions as a place to bargain hunt. However, the financial institution buying the options assumes a risk: mainly, that Google's stock will keep going up.

More stories on this topic

This new, Transferable Stock Option program gives nonexecutive Google employees a third option: a secondary market of sorts managed by Morgan Stanley where preapproved financial institutions can bid on vested options. It doesn't apply to options granted prior to the search giant's initial public offering.

For employees who have arrived at Google long after its stock price started to climb, the auction potentially presents a more profitable alternative to trading on the public markets. It would work like this: once an employee's options are vested, he or she can look for bidders in the private auction. A financial institution may offer the employee, for example, $150 per option. If the employee's strike price was $400 and the stock was trading at $500, the employee would have made $50 more per option going the auction route rather than selling them on the public market. Employees can also set a minimum price at which to sell.

So why would a financial institution buy into this? Google execs believe big buyers of Google "options" on the public markets may see this as a place to bargain hunt. But the financial institution buying that option assumes a risk: mainly, that Google's stock will keep going up. To hedge their bets, financial institutions may "short" the stock, usually a complicated, three-way transaction where the short-seller makes money when a company's stock price goes down.

So why is Google doing this? Executives say it's to make things fair for newer employees. The company's stock closed trading Tuesday at $481.78 and, despite its long, upward climb, some justifiably wonder how high the stock price can go and whether the options for newer employees will be worth anything when they vest. Google's employee stock options vest after four years and typically expire after 10 years.

"Our expectation is that banks would be willing to pay employees a premium for the right to continue holding the stock," said Dave Rolefson, equity and executive compensation manager at Google.

Google co-founder Sergey Brin was an early proponent of the auction system, which he saw as a way to improve the fairness of the options system for newer employees whose strike prices are much higher than people even hired shortly before them, said Allan Brown, director of recognition and human resource systems at Google.

Financial experts who have been briefed on the program say it's certainly innovative, but wonder how many Google employees will opt for it rather than rolling with company's seemingly ever-increasing stock price.

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"It's very creative and innovative; what you would expect from Google," but it's likely Googlers will choose to sell rather than hold onto options, said Nell Minow, editor at The Corporate Library, an independent research firm specializing in corporate governance. "The question is, given that it would defy the law of physics for this stock to continue to perform at the level it has since the company went public, is the smart money going to go for cashing out more quickly or for holding on?"

But Silicon Valley employees, in particular, "are more used to seeing a $550 stock drop to $10 than rise to $1,000. The perceived value is much less than the financial calculated value," said Ted Buyniski, a compensation consultant at Radford Surveys + Consulting. "This enables Google to close that perception gap."

Google's accounting will not change as a result of the new program, but the amount of stock-based compensation expense will be higher than it would be if not for the program, said Mark Fuchs, chief accountant for Google. The company said it has discussed the program with the Securities & Exchange Commission. News of the Google stock options plan provoked "mild grousing" from one shareholder advocate who said companies should not encourage employees to sell options, or even sell stock in general, in the company because it could lessen the incentive for employees to contribute at their jobs.

Foreign Companies Fare Worse In US Courts (FT)

By Brooke Masters And Francesco Guerrera In New York

Financial Times, December 13, 2006

Non-US public companies sued in the US are more likely to lose than their American counterparts of similar size facing similar claims, a study of 3,000 corporate defendants has found.

The mere announcement of a US lawsuit also hits non-US companies far harder.

On average, their value dropped $930,000 on the day of the announcement compared with $366,000 for US firms, according to the study by Utpal Bhattacharya, a finance professor at Indiana University.

The study, which will be published next year, looked at lawsuits filed in federal courts between 1995 and 2000 and followed the cases through to final resolution.

The apparent “home court advantage” revealed in the study may heighten foreign companies’ concerns over their ability to do business in the US.

Fears of protectionism in the US have increased due to public opposition to foreign takeovers of US companies and rising hostility towards the outsourcing of US jobs to developing countries.

“If it’s a foreign firm that gets sued, they lose far more often and they lose higher dollar amounts,” Mr Bhattacharya said. “Foreign firms don’t think they get a fair shake in US courts.”

He said the companies studied were spread across the globe.

The study, co-authored by Bruce Haslem and Neal Galpin, also found more non-US firms were becoming entangled in the US legal system.

In 1995, non-US firms made up 20 per cent of the public company defendants. By the end of the study period, their share had risen to 29 per cent.

Some non-US companies may choose to fight lawsuits that US companies would opt to settle.

“Even if you have US legal counsel, the companies back home don’t understand the crazy things that go on here,” said Tom Niles, vice-chairman of the United States Council for International Business.

Last year, US lawmakers threatened to block the $18.5bn bid by China’s CNOOC for Californian oil group Unocal, which was subsequently bought by Chevron.

This week, Dubai Ports World agreed to sell to AIG the US ports bought as part of February’s acquisition of P&O – a divestment forced upon the group by Congressional opposition.

The study “gives empirical backing to the idea that the US legal system is broken,” said Linda Kelly, vice-president of the US Chamber of Congress’s Institute for Legal Reform.

“It suggests a need for Congress to see what they can do to improve our global competitiveness from a legal standpoint,” she said.

FTC Cracks Down On Bogus Business Scams (AP)

By Christopher S. Rugaber

AP, December 12, 2006

WASHINGTON

Scams playing off the well-known brand names of online retailers such as Amazon.com and Overstock.com are among the latest get-rich-quick schemes bilking consumers for millions of dollars, federal regulators warned Tuesday.

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As the Federal Trade Commission announced a new crackdown, it also gave some cautionary advice to consumers who are tempted by the lure of easy riches from ads online, in newspapers, magazines and on TV: don't be fooled.

The latest law enforcement sweep, dubbed Project False Hopes, involves more than 100 enforcement actions by the FTC, Department of Justice and other federal and state agencies.

The FTC announced nine new cases Tuesday involving bogus offers to operate vending machines, Internet access kiosks and ATM businesses, among other hoaxes. In four of those cases, consumers lost a combined $30 million.

In one case, a Phoenix-based company called The Results Group charged between $99 and $599 to set up Web sites that were supposedly affiliated with Amazon.com and Overstock.com. Consumers were told that they would make money when people purchased products from those companies through the Web sites. The retailers, however, had no involvement in the scam and were unaware of the affiliations, the FTC said. The consumers made no money.

The FTC has filed court papers seeking to shut down the company and recover proceeds it earned from the scam. A phone call to The Results Group was not returned.

In many of the hoaxes, victims paid $15,000 or more for vending machines or other equipment to con artists who promised to find profitable locations for the machines. The hucksters illegally provided false references and false promises that the machines would yield significant income.

One victim said he saw an ad on the History Channel featuring the actor Adam West, who played "Batman" in the 1960s TV series, for a business opportunity placing Internet access kiosks in hotel lobbies and other locations. He called the company, Pantheon Holdings, which promised that it would find high-traffic locations for the machines and provided two references that vouched for the business. The victim paid approximately $26,000 for two of the machines, which were placed in a hotel lobby and store in Colorado, but they were rarely used and made little money. The references turned out to be fake.

"I spent 30 years as a police officer ... and I got took," Doug Stenge of Boulder, Co., told reporters Tuesday.

Overall, Pantheon swindled 700 victims for over $18 million, the Justice Department said. Ten individuals associated with the company have been sentenced to 12 months to 15 years in prison, the department said.

Con artists promoting bogus business opportunities "use promises of big money to lure retirees, work-at-home moms, and others with an entrepreneurial spirit who are looking to supplement their income or perhaps to be their own boss," FTC Chairwoman Deborah Platt Majoras said Tuesday at a press briefing.

Business opportunity scams are widespread. Peter D. Keisler, assistant attorney general for the Justice Department, said that in 2006 the agency secured 23 convictions that led to a total of 160 years of imprisonment for frauds that swindled 4,600 individuals out of $86 million.

The FTC is also stepping up its consumer education efforts, Majoras said, including the use of "teaser Web sites" that mimic scam ads. When consumers click on the sites, they are taken to an FTC site, warning them against scams.

The agency has also developed guidance for newspaper publishers to assist them in rejecting deceptive business opportunity ads, Majoras said.

U.S. Health System Unprepared, Report Says (USAT)

By Mimi Hall, Usa Today

USA Today, December 13, 2006

Defense against flu, bioterrorism comes up short

WASHINGTON — The nation's public health system — the first line of defense against pandemic flu, a bioterror attack or other widespread health emergency — remains woefully unprepared to protect the American public, according to a report out Tuesday.

The annual study by Trust for America's Health found that emergency health preparedness remains inadequate five years after the 9/11 and anthrax attacks of 2001 raised fears of bioterrorism. The study also comes one year after Hurricane Katrina highlighted the need for the government to provide health care quickly when thousands of people are in need.

"The nation is nowhere near as prepared as we should be for bioterrorism, bird flu and other health disasters," said Jeff Levi, director of the trust. "We continue to make progress each year, but it is limited. As a whole, Americans face unnecessary and unacceptable levels of risk."

The report ranked the 50 states and Washington, D.C., on a 10-point system that assessed key indicators, such as whether each state is capable of distributing drugs and antidotes from a national stockpile, whether there are enough hospital beds and nurses to handle a patient surge, and whether states have enough labs and scientists to test for biological threats and other outbreaks.

Oklahoma came out on top — the only state that satisfied all 10 measures.

California, Iowa, Maryland and New Jersey scored lowest with four points out of 10.

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The report also found that:

·The Centers for Disease Control and Prevention (CDC)has determined that only 15 states have been certified as capable of distributing drugs and antidotes from the stockpile.

·Half the states would run out of available hospital beds within two weeks of a moderate pandemic flu outbreak.

·Forty states face a nursing shortage.

·Rates for vaccinating the elderly for the flu decreased in 13 states over last year.

·Four states don't test for the flu year-round, something health officials regard as key to monitoring for a pandemic.

·Eleven states and Washington, D.C., aren't well-equipped to test for biological threats.

Although Congress appropriated $5 billion this year for officials to prepare for a possible pandemic, progress has been too slow, the report said.

"The public believes that more is being done and that we are better prepared than we are," said trust board member Margaret Hamburg, a former New York City health officer and former top official at the federal Department of Health and Human Services. Allowing public health system weaknesses "to persist can lead to serious consequences," she says. "Our systems need to be strengthened."

CDC spokesman Von Roebuck agreed. After decades of neglect, the public health system has improved tremendously since 9/11, he said. But "more needs to be done."

China, US To Hold Talks On Health Care, Diseases (AP)

AP, December 13, 2006

BEIJING (AP)--Rural health care, infectious diseases and an aging population are among key issues the U.S. will bring up with China during talks this week aimed at strengthening cooperation, the top American health official said Wednesday.

Health and Human Services Secretary Mike Leavitt said he would focus on those areas, along with regulatory cooperation and technical exchanges, as part of a high-level dialogue between China and the U.S. that will also address trade, currency and other disputes. Leavitt is part of a Cabinet delegation led by U.S. Treasury Secretary Henry Paulson.

"We're coming to have this dialogue not only because we believe it's good for the Chinese government but because we believe it's good for the United States for China to be a strong, vibrant, integrated, harmonious society," Leavitt told reporters.

"We want to see how we can be helpful because we will benefit economically if China is prosperous and their environment and their health care and their energy ... are sustainable," he said.

Leavitt said rural health care and the financing of medical costs - a challenge to both China and the U.S. - is one of the priority areas he hopes to discuss.

Despite economic progress, China's health services, particularly in rural areas, have failed to keep up. President Hu Jintao's government has promised to increase spending in the countryside, including building up a solid health care system.

Leavitt also said he would discuss China's rapidly graying society, along with the importance of food safety and a safe supply of medicine. Counterfeit drugs and fake foods are common throughout the country and have caused mass illnesses and deaths.

Leavitt was to meet Wednesday with his Chinese counterpart, Health Minister Gao Qiang.

Earlier, he attended an opening ceremony for a collaborative office between the Chinese and U.S. centers for disease control.

The office will focus on infectious diseases like AIDS, tuberculosis, malaria and bird flu, Leavitt said. It is part of a 2005 agreement on health cooperation.

China has been trying to overcome a reputation for foot-dragging in cooperating on investigating emerging diseases such as bird flu and severe acute respiratory syndrome.

While it has launched a more aggressive and open campaign against bird flu, the Ministry of Agriculture has until recently refused to share bird flu samples. Sharing is key in helping health experts track the diseases and ultimately develop vaccines.

DOJ_NMG_0106111

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From:	USDOJ- Office of Public Affairs
Sent:	Thursday, December 14, 2006 8:11 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, December 14, 2006
Attachments:	agnb061214.pdf; agnb061214.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 14, 2006 7:45 AM EST

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TERRORISM NEWS:

Leahy Vows "Real" Oversight Of FBI, DOJ Anti-Terror Tactics. The AP (12/14, Kellman) reports, "President Bush should expect tougher oversight of the war on terrorism and a closer look at his administration's policies on torture and other human rights issues, the incoming chairman of the Senate Judiciary Committee said Wednesday." Sen. Patrick Leahy "said he would also deal with what he says are the administration's human rights abuses by creating a new subcommittee focused on legislation on such issues as torture and detainee treatment." The AP adds, "The incoming chairman should not count on big changes in regard to oversight of the Justice Department, according to a spokesman for the agency. 'As we have for the past six years, we're looking forward to working with the Senate Judiciary Committee,' said spokesman Brian Roehrkasse. The relationship, he added, includes 'working with the committee to provide information that it legitimately needs.' 'In the past, we've reached accommodations, and working together we expect we can do so in the future,' he said. Expecting resistance to his plans to examine the administration's use of executive power, Leahy said he would not hesitate to subpoena witnesses and documents. e said he expected to summon Attorney General Alberto Gonzales before his panel 'soon.'" The AP notes, "Roehrkasse maintained that the administration's domestic surveillance program and treatment of detainees fall within the bounds of U.S. and international law and are appropriate responses to the terrorist threat the nation faces."

McClatchy (12/14, Talev) reports Leahy "said Wednesday that he'll subpoena documents and testimony on U.S. terrorism, detainees and domestic-surveillance programs if Bush administration officials don't cooperate," but he "did not specify whom he might subpoena. … One document he may seek to subpoena, he said, is what's believed to be a 2002 memo listing authorized CIA interrogation techniques on suspected terrorists." Roehrkasse "did not address that memo specifically, but said his department had kept lawmakers sufficiently in the loop about terrorism matters. 'The department will continue to work closely with the Congress as they exercise their oversight functions, and we will appropriately respond to all requests in the spirit of that longstanding relationship,' Roehrkasse said." Bloomberg (12/14, Roberts) notes, "Leahy said he told…Gonzales two weeks ago that he will be asked to appear before the Senate panel to defend the administration's use of wiretapping without a court warrant, which Leahy said has eroded U.S. constitutional rights. 'I expect to get answers. If we don't then we'll use the subpoena,' Leahy said."

The Washington Times (12/14, Hurt, 88K) reports, "Though short on specifics, Mr. Leahy criticized the program of wiretapping without warrants and said he hopes to update the laws governing foreign intelligence warrants. 'With meaningful oversight and cooperation from this administration, we can achieve the right balance,' he said." The New York Times (12/14, Johnston, 1.16M) quotes Leahy saying, "This has been an unfortunate chapter in Congress's history. … I have never seen a Congress so willfully derelict in its duties as during this administration." Leahy also "accused the White House of 'corrosive unilateralism' in refusing to cooperate with Congress. After the September 2001 attacks, he said, 'the White House accelerated its power plays at the expense of the other branches of government -- all in the name of fighting terrorism.'" The Los Angeles Times (12/14, Schmidt, 850K), under the headline "Leahy Threatens To Subpoena Bush Officials," adds that Leahy's comments "represent the strongest and most specific statements yet directed at the White House on the investigative agenda of the Democratic leaders poised to assume control of Congress in January." Leahy's "threat shows the depth of frustration among Democrats who believe the administration has withheld crucial details about some of the most provocative anti-terrorism moves since the Sept. 11 attacks."

Fox News' Big Story with John Gibson (12/13, 5:31 p.m.) reported, "Senator Patrick Leahy said this election was an intervention by the American people, who he believes want change on everything from the war in Iraq to judicial nominees to the warrantless surveillance program. … He says he may call Attorney General Alberto Gonzales in to testify about the program again and says if he doesn't get the answers he wants, he'll subpoena them. Some conservative were quick to react saying he spent 99% of his speech bashing the President in order to lay a cracked foundation for pushing the left's political agenda through Congress." FNC Your World with Neil Cavuto (12/13, 4:07 p.m.) added that "Leahy left little doubt about the issues he will cover once assumed control of the committee on law and order. On his hit list, the warrant was wiretapped program. He sees the surveillance which targets the communications of suspected terrorists as an erosion of privacy and says it is time the administration is held accountable."

State Department Official Warns Terrorists May Target Satellites. The AP (12/14, Schweid) reports "the Bush administration warned Wednesday against threats by terrorist groups and other nations against US commercial and military satellites, and discounted the need for a treaty aimed at preventing an arms race in space." Undersecretary of State Robert G. Joseph also "reasserted US policy that it has a right to use force against hostile nations or terror groups that might try to attack American satellites or ground installations that support space programs. President Bush adopted a new US space policy earlier this year." Said Joseph, in prepared remarks to the George C. Marshall Institute, "We reserve the right to defend ourselves against hostile attacks and interference with our space assets." Joseph, "the senior arms control official at the State Department, said nations cannot all be counted on to use space purely for peaceful purposes." The Washington Times (12/14, Gertz, 88K) reports the story under the headline "US To Defend Space With Military Force," and quotes Joseph saying, "No nation, no non-state actor, should be under the illusion that the United States will tolerate a denial of our right to the use of space for peaceful purposes." The Times adds "US officials said the comments are an indirect warning to China, which has fired a ground-based laser gun at a US satellite that passed over its territory -- an event viewed as one sign of Beijing's efforts to develop space arms that can blind or destroy systems."

Pakistani Judge Dismisses Terror Charges Against Trans-Atlantic Plot Suspect. The New York Times (12/14, Masood, 1.16M) reports, "A judge threw out terrorism charges on Wednesday against Rashid Rauf, a Briton of Pakistani descent whom prosecutors depicted as a major figure in a plot to smuggle liquid explosives onto trans-Atlantic airliners and detonate the bombs in flight." The ruling "means there are now no terrorism charges against two people once accused of being linchpins of a major bombing plot by Al Qaeda. The other is Tayib Rauf, Mr. Rauf's younger brother, who was detained in Britain in August and was soon set free without charge." But "it was not clear whether the ruling would clear the way for Rashid Rauf's return to Britain for questioning on other charges."

Two ELF Terrorists To Plead Guilty To Vail Fire. The AP (12/14) reports, "Two of the people accused of taking part setting a fire at the Vail Ski Resort in 1998 are expected to plead guilty Thursday. Both "Chelsea Gerlach and Stanislaus Meyeroff are currently in Oregon, where they are being held as eco-terrorists in another case." They are members of the ELF, which "said it firebombed buildings and ski lifts at the Vail resort to protect the development of wild lynx."

Investors Urged To Press Corporations On Trade With Terror-Sponsoring States. Sarah Steelman, the state treasurer of Missouri, writes in today's Wall Street Journal (12/14, A21, 2.04M), "According to the independent research provider Conflict Securities Advisory Group (CSAG), there are some 485 publicly traded companies doing business with four regimes designated by the State Department as sponsors of terror. The activities of these mostly foreign-owned companies -- such as Total, Sinopec and BNP Paribas -- in terrorist-sponsoring states generate billions in revenues for the governments of Iran, Sudan, North Korea and Syria. By so doing, these companies create part of the cash flow that enables these nations to underwrite the activities that our armed forces are fighting around the world." Steelman adds, "In this case, shareholders -- citizens -- have the power to influence. If American investors in these businesses -- not only institutional investors such as public pension systems, money managers, investment trusts and university endowments, but also individuals -- pressure companies to sever such business relations, they can become change agents in the financial sector and force multipliers for our troops abroad."

Feinberg Calls For End To Impasse Over Compensation For 9/11 Injuries. Kenneth R. Feinberg, the former administrator of the federal Sept. 11 Victim Compensation Fund, writes in the New York Times (12/14, 1.16M), "Five years have passed since the Sept. 11, 2001, terrorist attacks, but the flood of litigation continues unabated in federal court in Manhattan. Some 6,000 people are suing New York City, the Port Authority and more than 100 private contractors for negligence in exposing workers to toxic dust and fumes after the collapse of the World Trade Center. Thousands of additional claims are expected in the next few months. Waiting in the wings are approximately 40,000 workers who cleaned up the site after Sept. 11, as well as residents of Lower Manhattan, observers of the cleanup effort and people who simply breathed the harmful air on their way to work -- all potential litigants. Some will probably

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eventually suffer the same ailments that have led to the current lawsuits." Feinberg goes to suggest that "the principles of the 9/11 fund" be used "as a blueprint to resolve the current litigation and get money into the hands of recovery workers and others quickly. More than $1 billion in public funds is currently available for distribution as part of the initial federal appropriation earmarked for New York City's 9/11 recovery."

HOMELAND RESPONSE:

Judge Rules Against Hamdan, Upholding Military Commissions Act. The AP (12/14, Apuzzo) reports, "A federal judge upheld the Bush administration's new terrorism law Wednesday, agreeing that Guantanamo Bay detainees do not have the right to challenge their imprisonment in US courts. The ruling by U.S. District Judge James Robertson is the first to address the new Military Commissions Act and is a legal victory for the Bush administration at a time when it has been fending off criticism of the law from Democrats and libertarians. Robertson rejected a legal challenge by Salim Ahmed Hamdan, a former driver for Osama bin Laden whose case prompted the Supreme Court to strike down the Bush administration's policy on detainees last year." The AP notes, "Justice Department spokeswoman Kathleen Blomquist said the agency was pleased with the ruling. Government lawyers have repeatedly argued that Guantanamo Bay detainees have no right to use U.S. courts. Blomquist noted that the new law allows detainees to challenge their detention before military tribunals, then contest the tribunal's ruling before a Washington appeals court."

The New York Times (12/14, Lewis, 1.16M) reports, "The judge said the Military Commissions Act, passed by Congress in September and signed into law by President Bush the following month, was unambiguous in denying Guantánamo detainees the use of a habeas corpus statute. Like Mr. Hamdan, hundreds of other prisoners at the base have challenged their detention, in similar cases." The Times adds that "in his decision Wednesday, the judge said circumstances had changed fundamentally with enactment of the new law. And not only is Mr. Hamdan barred from a challenge under the habeas statute, the judge said, he cannot follow the usual second avenue to bring a habeas challenge — invoking the Constitution — because it is unclear that noncitizens at Guantánamo have that right."

The Washington Post (12/14, Barnes, 690K) reports that "the quickly produced MCA, passed by Congress in late September" may be reviewed by the incoming Democratic Congress, "nevertheless, the Justice Department celebrated the dismissal of Hamdan's case by Robertson, a civil rights advocate in private practice who was appointed to the bench by President Bill Clinton. He was also the first judge to invalidate the Bush plan for war tribunals when he first considered Hamdan's case in 2004. 'We are pleased that Judge Robertson agreed that the Military Commissions Act removes federal court jurisdiction over this and similar cases, and that the Military Commissions Act is constitutional,' said Justice Department spokesman Brian Roehrkasse. 'The Constitution does not provide alien enemy combatants detained at Guantanamo Bay with the constitutional right to file a petition for habeas corpus in our civilian courts, and thus Congress may regulate those combatants' access to the courts,' he said."

The Los Angeles Times (12/14, Savage, 850K) notes, "The ruling clears the way for the Bush administration to go forward with a military trial of Hamdan. It is also likely to be the first of many decisions interpreting the new law." Sens. Patrick Leahy and Arlen Specter "also have announced they will seek to restore habeas rights for legal immigrants when the new Congress opens in January."

2004 Pentagon Report Found Possible Violations To US Detention Rules. The Washington Post (12/15, A1, Leonnig, 690K) reports, "A previously undisclosed Pentagon report concluded that the three terrorism suspects held at a brig in South Carolina were subjected to months of isolation, and it warned that their 'unique' solitary confinement could be viewed as violating US detention standards. According to a summary of the 2004 report obtained by The Washington Post, interrogators attempted to deprive one detainee, Ali Saleh Kahlah al-Marri, a Qatari citizen and former student in Peoria, Ill., of sleep and religious comfort by taking away his Koran, warm food, mattresses and pillow as part of an interrogation plan approved by the high-level Joint Forces Command." Interrogators also "prevented the International Committee of the Red Cross from visiting at least one detainee, according to the report, which noted evidence of other unspecified, unauthorized interrogation techniques." The report by the Navy's inspector general "was presented to Defense Secretary Donald H. Rumsfeld in May 2004 and was

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declassified in 2005. It was the first to raise the question of mistreatment of alleged enemy combatants inside the United States."

Padilla Lawyers Want Judge, Not Doctor, To Determine Competency. The New York Times (12/14, Sontag, 1.16M) reports, "Saying that he was mentally damaged as a result of his three years and eight months in a naval brig in South Carolina, lawyers for Jose Padilla asked a federal judge in Miami yesterday to determine his competency to stand trial on terrorism conspiracy charges. … 'Jose's experience as a detainee was so traumatic that it's physically and mentally painful for him to answer the questions that we put to him,' said Orlando do Campo, a federal public defender in Miami. 'He just shuts down. We're covering a lot of the same area as his interrogators, and he doesn't want to relive it.'" The Times adds, "Saying that there was 'sufficient cause' to conduct a competency hearing, the government, in papers filed yesterday, urged the judge to do so." Padilla's lawyers "said he opposed this request that his competency be evaluated. Dr. Hegarty, one of two mental health professionals who examined him, said Mr. Padilla was 'fearful of being thought of as crazy.'"

Florida Terrorism Suspect Denies Charges He Planned Terror Attacks. WFOR-TV in Miami (12/13, Andrews) on its web site reported that Florida terrorism suspect Narseal Batiste, who was one of seven charged with conspiring to blow up the Sears Tower in Chicago and other Federal buildings, "wrote a 25-page letter to CBS4's Brian Andrews, in which he says he and his group never had terrorist intentions. Instead, he said he and his 'followers' were looking for money for their Liberty City religious organization." Batiste wrote, "I want you to know that I never had any intentions of doing a terrorist act. … My group and I never had reason to harm anyone." He claims "the FBI put drugs in food he and co-defendants Patrick Abraham were served by the FBI informant the night a surveillance tape was shot, on which Batiste talks about blowing up the Sears Tower. He wrote that he's simply telling the informant what he wanted to hear, just so he could get money from him for their church." He "says he and his group were desperate for money, and that last September, a convenience store owner from Yemen offered assistance. He says the North Miami Beach shopkeeper, whom Batiste identifies as Abbas, teamed up with the feds to get help for his own financial and immigration problems by concocting the lies that led to Batiste and six others being arrested."

The Washington Post/AP (12/14) in a widely distributed article reports, "Batiste said he only told an FBI informant posing as an al-Qaida operative he planned to blow up the Sears Towers because that's what he thought the man wanted to hear. Batiste said he was hoping to get money from the informant so he could help his organization, which he said was called the Universal Divine Saviours." Batiste wrote, "I made it up right then and there. … If you listen to the words I was saying, it's unrealistic, such as I need horses." He "also blames a convenience store owner from Yemen, who he says befriended him and later teamed up with the informants, feeding them lies to help his own financial and immigration problems." The Miami Herald (12/14, Weaver, 286K) in a brief story adds that Batiste "claims the FBI and its informant were bent on 'setting us up.' Authorities have denied the accusation, which will be a key defense issue at the trial set for Sept. 4, 2007."

Federal Authorities Investigate Man Interested In Suspicious Tractor Trailer Training. FOX News (12/14, Porteus) on its web site reports, "Federal and state authorities are investigating why" Mohammed Yusef Mullawala "was seeking a commercial trucking license after his behavior raised flags at the Rhode Island driving school." Darleen Crawford, president of the Nationwide Tractor Trailer Driving School in Smithfield, R.I., contacted the Highway Watch's Information Sharing and Analysis Center and a "joint investigation was then launched by investigators from the Rhode Island State Fusion Center, the FBI's Joint Terrorism Task Force (JTTF) in Rhode Island, New York and New Jersey and the Bureau of Immigration and Customs Enforcement." They "learned that when Mullawala obtained his driver's license from the Rhode Island Registry of Motor Vehicles, he gave a false statement indicating he was a Rhode Island resident. ICE then determined he was a citizen of India and in the United States on an expired temporary student visa." He was arrested Tuesday and police are "studying a computer taken from one of Mullawala's residence," according to Major Steven O'Donnell with the Rhode Island State Police, who said Mullawala "apparently was a computer expert. They will look at his e-mails, as well as any Web sites he frequented. Any potential overseas connections will be handled by the FBI and DHS, O'Donnell said, although none have yet turned up." New York JTTF

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official "said he could not comment on the status of this or any ongoing investigation.

Columnist Warns Democrats May Hamper Successful Strategies In Stopping Terrorist Attacks. Pundit Michelle Malkin in an opinion piece available on Yahoo! News (12/14) writes that "it was enforcement of immigration laws that played a critical role in detaining" Mullawala. Similar to the 9/11 terrorists "and several al Qaeda operatives identified in the United States over the past decade, Mullawala was here on a temporary student visa that he had overstayed." Malkin notes, "Over the past two years, the FBI has put law enforcement officials on high alert for U.S.-based operatives connected to al Qaeda who may be in possession of commercial driver's licenses and may be planning to use truck bombs." But soon "Democrats led by Nancy Pelosi -- a staunch opponent of strengthened ID laws and strict immigration enforcement -- will reassume power in Washington. An open borders-friendly White House has expressed willingness to deal with them. So we know who supports illegal alien workers and potential terrorist drivers waiting for amnesty. But who will stand up for us?"

WAR NEWS:

Bush Says He Will Not Be Rushed On Iraq Strategy. The Los Angeles Times (12/14, Spiegel, Barnes, 850K) reports that President Bush yesterday "defended his decision to put off his widely anticipated shift in Iraq policy until early next year, saying he wanted his new Defense secretary to weigh in and warning he would not be rushed into making a decision on how to proceed." As part of his review, Bush "held another round of discussions with senior officials involved in Iraq planning, this time meeting the Joint Chiefs of Staff at the Pentagon, along with outgoing Defense Secretary Donald H. Rumsfeld and his successor, former CIA Director Robert M. Gates." The Times adds, "Although Bush declined to comment on the advice he received from the military leaders, Pentagon officials have said in recent days that top uniformed officers largely have rejected recommendations made by the Iraq Study Group to withdraw most combat forces over the next 15 months, a rejection Bush appeared to agree with."

The AP (12/14, Loven) notes "Bush's meeting at the Pentagon lasted more than 90 minutes." The President "pledged anew to work with the Democratic-controlled Congress that convenes in January 'to forge greater bipartisan consensus' on Iraq policy."

ABC World News (12/13, story 3, 2:40, Gibson, 8.78M) reported the President "sounded a note of defiance saying he's rejected some ideas that would lead to defeat." ABC (Raddatz) added, "It would be hard to exaggerate how high the stakes are for the President. Critics and supporters are both saying, this is his last chance to get this right. At his Pentagon briefing today with Joint Chiefs Chairman Peter Pace, and top military officials, it was clear the President understands the pressure he is under." Bush was shown saying, "I will be delivering my plans after a long deliberation, after steady deliberation. I'm not going to be rushed into making a difficult decision." Later in the broadcast, ABC showed footage of the President saying, "I've heard some ideas that would lead to defeat and I reject those ideas -- ideas such as leaving before the job is done."

The CBS Evening News (12/13, story 4, 2:15, Couric, 7.66M) reported, "The President said he won't do anything that would lead to defeat," and NBC Nightly News (12/13, story 3, 2:20, Gregory, 9.87M) said that "while officials say the President made the 'strategic decisions on the way forward,' Mr. Bush and national security team are still grappling on whether to increase troop levels in Iraq and how to increase pressure on the Iraqi government to contain the sectarian fighting. Today, the President was the most critical yet for calls for troop withdrawal, notably the Iraq Study Group's recommendation for withdrawal of combat forces by 2008." Bush was shown saying, "If we lose our nerve, if we are not steadfast in our determination, to help the Iraqi government succeed, we will be handing Iraq over to an enemy that would do us harm." Bush also said, "In the months of October, November and December we have killed or captured nearly 5,900 of the enemy."

McClatchy (12/14, Hutcheson) reports that Bush, "acknowledging that 'our enemy is far from being defeated,'" told US troops "that he would come up with a better plan for victory in Iraq." The President's comments "offered clues to his thinking as he prepares to announce a revised policy for Iraq early next month. He said he's looking for a plan that combines military action, political reconciliation, economic development and diplomatic efforts to get more help from Iraq's regional neighbors. The resolute tone of his remarks may have delivered his clearest message: Standing with the Joint Chiefs of Staff at the Pentagon, Bush assured US troops that he has no intention of leaving Iraq until they finish the job

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of establishing a stable democracy. … That was in stark contrast to the tone of the bipartisan Iraq Study Group's report, unveiled last week. Its opening words: 'The situation in Iraq is grave and deteriorating.'" Yet, says the New York Times (12/14, Stout, 1.16M), Bush "avoided using the term 'victory' and referred instead to devising 'a strategy to succeed' and an approach to help American troops in Iraq 'achieve their mission.'"

Military Brass Wants Mission Redefined, But 7,000 More Troops Could Be Headed To Iraq. Meanwhile, the Washington Post (12/14, A1, Wright, Tyson, 690K) reports, "The nation's top uniformed leaders are recommending that the United States change its main military mission in Iraq from combating insurgents to supporting Iraqi troops and hunting terrorists, said sources familiar with the White House's ongoing Iraq policy review. … The chiefs do not favor adding significant numbers of troops to Iraq, said sources familiar with their thinking, but see strengthening the Iraqi army as pivotal to achieving some degree of stability." They also "are pressing for a much greater US effort on economic reconstruction and political reconciliation." The Post adds, "Sources said that Gen. George W. Casey Jr., the top US commander in Iraq, is reviewing a plan to redefine the American military mission there: US troops would be pulled out of Iraqi cities and consolidated at a handful of US bases while day-to-day combat duty would be turned over to the Iraqi army. Casey is still considering whether to request more troops, possibly as part of an expanded training mission to help strengthen the Iraqi army."

USA Today (12/14, 1A, Brook, 2.27M) also reports, "A proposal developed by top US commanders in Iraq would significantly redeploy troops from a combat role to training and advising Iraqi forces, according to four administration officials. The proposal, requested by…Casey…calls for changing the mission during the next several months, said the officials." USA Today added, "All requested anonymity because they are not authorized to speak publicly about the proposal." This "is 'one of many plans'…Bush is considering as he weighs a new strategy for the war, said one of the officials, who works at the White House."

Additionally, the CBS Evening News (12/13, story 4, 2:15, Martin, 7.66M) reported, "As the President and his national security advisors met with the Joint Chiefs of Staff, a senior military officer directly involved in the deliberations over a new strategy said there probably will be a surge of US troops into Iraq in an attempt to keep the lid on violence in Baghdad. But he ruled out a massive buildup of combat forces, adding 'the Iraqis would never stand for that.' According to this officer, neither the number for the types of troops that would be sent into Baghdad have been decided." And NBC Nightly News (12/13, story 4, 2:10, Miklaszewski, 9.87M) said it had "learned the Army has drawn up orders to send an additional 7,000 combat troops to Iraq by early next year, part of a short-term surge of up to 35,000 combat forces used as military trainers embedded with Iraqi military and police. A second, and far more risky, proposal is what one official called the do-or-die option designed to force Iraqi government to get control over Shiite militias, responsible for most of the sectarian killings in Baghdad."

More Polls Show Bush Support At Record Lows. NBC Nightly News (12/13, story 2, 1:35, Williams, 9.87M) reported on a new NBC News/Wall Street Journal poll. NBC (Russert) added, "The words the Iraq Study Group used to describe the situation in Iraq, grave and deteriorating. Those are the words I would use to describe the President's political condition tonight. Look at these numbers. His approval rating is just 34%, [61% disapprove.] That's the lowest we've ever had in the six years of the Bush Presidency." Williams: "And all of it continues to revolve around this one issue." Russert: "Iraq. Look at this. Only 23% of the American people approve of his handling of the war. 71% disapprove. That is a decline of 11 points in just about two months."

The Wall Street Journal (12/14, A4, Harwood, 2.04M) reports the poll shows "Americans have grown more pessimistic after the Iraq Study Group report that the situation there has become 'dire.'" That "contributed to Mr. Bush's lowest-ever approval rating in the Journal/NBC poll…and turned Americans toward his Democratic adversaries. By 59% to 21%, Americans say Congress rather than Mr. Bush should take the lead in setting policy for the nation." Along similar lines, the Washington Post (12/14, A3, Babington, Cohen, 690K) reports on its own poll in a story titled "New Congress Is More Trusted Than President." Asked "whether they trusted Bush or Democrats in Congress 'to do a better job coping with the main problems the nation faces,' 57 percent of the respondents said congressional Democrats and 31 percent said Bush. When the question was broken down to specific problems, such as Iraq, the economy, immigration and the 'war on terrorism,' Democrats held clear majorities over Bush. Their lead was overwhelming in the area of health care: 64 percent to Bush's 26 percent."

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Smith Urges Bush To Craft "Policy That Works." Sen. Gordon Smith said on MSNBC's Hardball (12/13, Matthews) that he wants Bush "to come up with a policy that works. … It has to be said about our troops that the conquests of the tyrannies in Afghanistan and Iraq, these were textbook operations. They did a remarkable job. I'm just not sure we had a Chapter Two to win as is the American tradition and to leave it better. We have unleashed or opened a Pandora's box of ancient hatreds which has devolved or mutated into a civil war. … That is not the American fight. We can't fix it. And that part is not our fault. But at the end of the day, the brutal truth is that they have to fight it out so we know who's in charge. And in the meantime, I don't want our soldiers being caught in the crossfire."

Maliki Considers Breaking With Sadr. The AP (12/14, Hendawi, Abdul-Zahra) reports, "Iraq's prime minister is weighing whether to sever his alliance with a radical Shiite cleric blamed for much of the country's sectarian violence, aides said Wednesday. But isolating Muqtada al-Sadr could lead to more deadly attacks, even if the strategy could produce a more stable administration over time." Prime Minister Nouri al-Maliki "has been meeting over the last three days with a small circle of his Dawa Party stalwarts to discuss their options, according to his aides who spoke on condition of anonymity because the subject is sensitive. The meetings began after reports surfaced of a proposed realignment of the alliance supporting the governing coalition, the aides said." The White House "has acknowledged efforts to shore up al-Maliki's coalition but has denied that the move is aimed at replacing him, though some of his aides fear this is the goal. 'We've talked in recent days about a moderate bloc that has Sunni, Shia and Kurdish leaders,' White House spokesman Tony Snow said Wednesday." The Los Angeles Times (12/14, Daragahi, 850K) runs a similar report.

McClatchy (12/13, Allam, Hammoudi), meanwhile, reports that "even as Sadr presses for more land and power, his grasp over Baghdad remains tenuous. … These days, the safest route to Sadr's west Baghdad office runs through an obstacle course of both legal and dubious checkpoints in an area known for kidnappings and car bombings. … Gone are the peaceful seminary days. In their place, men in long overcoats hover, casting steely glares on anyone who enters the compound. The courtyard brims with new faces and dialects. Some were distraught Iraqis seeking financial or security help; others were militiamen or workers from Sadr's social programs."

US Denies Saudis Threatened To Back Iraqi Sunnis. AFP (12/14) reports Assistant Secretary of State Sean McCormack Wednesday "denied" a report in the New York Times claiming Saudi Arabia had warned it would financially back Iraq's Sunni community against the Shiite majority, if American troops were withdrawn. McCormack said such reports "ran counter to stated Saudi policy," which he said was aimed at securing the territorial integrity of Iraq and national reconciliation. "That has been their position; remains their position, because they believe that is in their national interest, and is not done out of charity," McCormack said. However, CNN meanwhile "quoted an unnamed senior US official as saying the King read Cheney the 'riot act' and expressed growing concern over Iraq's deterioration." White House spokesman Tony Snow refused to detail the content of Cheney's private conversations, but said the reports were "not something that has been described to me as something that is consistent with the conversations."

Saudi Leadership's Split Could Hurt US Efforts. The AP (12/14, Nasrawi) reports, "Saudi Arabia's royal family and government leaders are deeply divided over how to handle the growing crisis in Iraq and other looming Mideast problems like Iran, with some favoring strong aid to fellow Sunnis and others more cautious." The split "played a key role in this week's abrupt resignation of the Saudi ambassador to Washington. It also could hurt US efforts to forge a new overall strategy to calm Iraq." The AP adds, "More broadly, the internal dispute shows how Arab countries like Saudi Arabia, long key partners in U.S. efforts to stabilize the Middle East, are struggling to decide how to proceed as Iraq boils over and Iran gains influence. The tension in the region is straining Saudi relations with the United States, despite both countries' assertions that all is fine." The resignation of Prince Turki al-Faisal, "after just 15 months as ambassador to Washington, for example, came after Saudi officials concluded he was not succeeding at building strong ties with the United States, a Saudi official said Wednesday."

At Least 55 Killed In Iraq Yesterday. The AP (12/14, Wagner) reports, "A new round of car bombings and other violence struck Iraq on Wednesday, with 55 people killed or found dead as the Iraqi government unveiled a plan to assume responsibility for security in Baghdad by early next

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year." The "relentless attacks indicate how hard it may be for the Iraqis to replace US forces in the capital." The "scope of the problem was clear…from the first bombing at a bus stop during morning rush hour through the announcement at 9 p.m. that the tortured, bullet-ridden bodies of 21 kidnap victims had been found on the streets of the capital." The violence "came ahead of a national reconciliation conference scheduled for Saturday. The gathering is aimed at rallying ethnic, religious and political groups around a common strategy for handling Iraq's problems."

The New York Times (12/14, Semple, 1.16M) notes "four mortar shells hit an apartment block popular with Palestinians in the eastern neighborhood of Baladiat, killing one Palestinian and wounding six, the Interior Ministry official said." Palestinians in Iraq, "a population now concentrated in Baghdad, have been frequent victims of the Shiite militias this year. They carry the twin stigmas of being Sunni Arabs and of having enjoyed privileges under Saddam Hussein who, as part of his campaign to fashion himself into a Pan-Arab leader, was solicitous of their support. The housing complex that was attacked was created by the Baath Party for Palestinians who fled to Iraq following the creation of Israel in 1948." The Washington Post (12/14, A25, Trejos, 690K) runs a similar story.

Defying US Policy, Democratic Senator Meets With Syrian President. The AP (12/14, Flaherty) reports, "In a direct affront to the Bush administration, a Democratic senator spent an hour Wednesday with Syrian President Bashar Assad in Damascus, emerging from the meeting to say Assad was willing to help control the Iraq-Syrian border." Florida Sen. Bill Nelson, a member of the Armed Services and Foreign Relations committees, "met with Assad after the State Department said that it disapproved of his trip. The United States has limited diplomatic ties with Syria because of its support of Hezbollah and Hamas, which the US deems terrorist organizations, and President Bush has expressed reluctance to seek help from Damascus on Iraq until the Syrians curb that support and reduce their influence in Lebanon."

McClatchy (12/14, Clark) reports, "Midway through the Florida Democrat's conference call with reporters, however, the White House issued a statement denouncing the Syrian government's human rights record and calling on it to 'immediately free all political prisoners.' … The administration said the statement on Syria's human rights was unrelated to Nelson's visit, but White House spokesman Tony Snow said the administration didn't 'think that members of Congress ought to be going there.'" He also "said the White House had opposed Syria's involvement in Lebanon and noted that 'it's a real stretch to think the Syrians don't know where we stand or what we think.'"

On Fox News' Your World (12/13, Cavuto), Sen. Jon Kyl discussed Nelson's meeting with Assad. Kyl said, "Bill Nelson's a friend of mine and I don't mean to be too critical. But it does seem to me that each team has one quarterback. We elect a president to be our spokesman with foreign countries. And he does speak, through the State Department. And certainly, elected senators are not supposed to be part of that diplomatic team. … The Iraq Study Group is a nice group of people and they have given their advice to the President. He's taken it under advisement. That doesn't mean that it's now the policy of the United States government, or most especially, that 100 individual senators then decide to go off on their own and be the spokesman for the United States. Especially with a country like Syria, you've got to speak with a very clear message. And you can't do that if you've got 100 different people with different messages talking to him."

The Washington Times (12/14, Dinan, 88K) reports Sen. Christopher J. Dodd "said he is also planning a visit to Syria during his upcoming trip to the Middle East. 'When you've got governments like Syria which have influence on the course of events, it's important to engage with them,' he said."

Nearly 2,100 Taliban Fighters Killed Since September. The AP (12/14, Straziuso) reports, "Almost 2,100 militants have been killed in Afghanistan since Sept. 1 in operations involving coalition special forces soldiers, a US Army spokesman said. That means more than half of the country's insurgency-related deaths this year have come in the last three months." The AP adds, "About 900 of the 2,077 deaths came during Operation Medusa, a major offensive in September in the southern province of Kandahar. Special forces soldiers worked alongside conventional forces from Canada during the fight. The two primary missions for the US special forces soldiers in Afghanistan are conducting counterterrorism operations and supporting NATO troops, Master Sgt. Clifford Richardson said in an interview this week at Bagram, the main US base in Afghanistan."

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NBC Nightly News (12/13, story 7, 2:00, Williams, 9.87M) reported, "This year, the Taliban, which has made a dramatic comeback, has killed more than 150 US and NATO soldiers, up four times over last year." NBC (Maceda) added, "This is the new Taliban country, a no-man's land filled with fighters for hire, drug dealers, warlords and assorted criminals. In the towns of Waziristan, armed Islamic militants hold sway governing like a state within a state. Some call it the heart of 'Jihadistan.' Taliban and Al Qaeda fighters launch attacks inside Afghanistan and regroup back in Pakistan. They are using an Al Qaeda tactic, suicide bombers, often trained and equipped by recruiters in Pakistan. … The President of Pakistan Pervez Musharraf is under increasing US pressure to clean out the place. But some three years of military offensives by some 80,000 troops have failed. Another strategy that hasn't worked, pulling Pakistani troops back. That's led to even more cross border attacks. As the Taliban haven thrives, winning America's forgotten war next door becomes even harder."

State Department Offering Bonuses To Entice Service In Iraq, Afghanistan. The Washington Times (12/14, A1, Kralev, 88K) reports on its front page that "nearly two-thirds of the 276 Foreign Service members who volunteered to serve in Iraq next year were found unqualified for the jobs, aggravating a shortage that has left the State Department scrambling to fully staff its embassy and other operations in the country." As a result, the department is "now offering improved benefits and career-enhancing inducements in a bid to fill 49 vacancies in Iraq" and "all assignments to other foreign missions have been put on hold until openings in Iraq, Afghanistan and other high-priority posts are filled." In a cable to all US embassies and consulates earlier this month, State said "276 Foreign Service members applied for 160 positions in Iraq beginning next summer, but only 82 were approved," leaving some diplomats "perplexed by the department's decision to reject so many of its own, while so-called career-development officers are now scrambling to find 'clients' to volunteer for the jobs."

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Grassley Recommends Three Iowans For US Attorney Nomination. The Des Moines Register (12/14, 160K) reports Sen. Charles Grassley yesterday recommended three nominees "to the White House…as candidates to become the new U.S. attorney for the Northern District of Iowa. … The current chief prosecutor, U.S. Attorney Charles W. Larson Sr., is retiring at the end of the year." The Register notes, "The candidates recommended by Grassley are: Matt Dummermuth, a native of Elgin who currently works for the Civil Rights Division of the Department of Justice in Washington, D.C. … Chadwicke Groover of Cedar Rapids, who has worked in in the Northern District office since April and served on the Senate Judiciary Committee staff for five years. … Lisa Krigsten, a native of Sioux City who currently works for the Civil Rights Division of the Department of Justice in Washington, D.C."

US Awards $45 Million Anti-Corruption Grant To Ukraine. Ukraine's Kyiv Post (12/14, Mashchenko) reports, "Ukrainian Economy Minister Volodymyr Makukha inked a $45 million anti-corruption grant from the U.S. during a recent trip to Washington D.C. The United States government has approved a $45 million grant to help Ukraine fight state graft, with another $500 million in the wings." The Post adds, "At a Dec. 12 press conference in Kyiv, Makukha outlined the components of the grant program: The strengthening of monitoring of civil society and exposure of public corruption; judicial reform; the monitoring and enforcement of ethical and administrative standards; the streamlining of enforcement of regulations; and combating corruption in higher education." The Post notes, "Millenium Challenge's assistance to Ukraine falls under what it refers to as its Threshold Program, an intermediary stage on the way to greater funding, known as Compact assistance. 'The Threshold Program assistance is used to help countries address the specific policy weaknesses indicated by the country's scores on 16 policy indicators,' reads a Millenium Challenge press release. … The Ukraine Threshold program targets many of these obstacles and will be administered by the United States Agency for International Development (USAID) and the U.S. Department of Justice."

CORPORATE SCANDALS:

Skilling Reports To Prison. The AP (12/14, Condon) reports, "This was what one of Wall Street's biggest success stories had come to. Jeffrey Skilling rode past a dozen waiting reporters and photographers, got out of the silver Jeep Liberty, hugged his wife and walked quietly into a life of imprisonment and menial jobs that will pay him less

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over the next two decades than he made for a single hour as chief executive of Enron. … This was nothing like metropolitan Houston, but rather a farm town in Minnesota. There was no $4.7 million Mediterranean-style mansion, but a one-time college dormitory room. Skilling reported to the Federal Correctional Institution on Wednesday." The AP notes, "Barring a successful appeal, even with time off for good behavior, the 53-year-old Skilling will be an old man at the end of his term -- 24 years, four months, more than twice as long as the sentence of any other Enron executive. … An important distinction, said former Task Force attorney Sam Buell, is that those below Skilling all pleaded guilty to some offenses, expressed remorse and in some cases went on to cooperate with the prosecution. In several instances, prosecutors recommended leniency in those sentences." NBC Nightly News (12/13, story 5, 0:15, Williams, 9.87M) noted Skilling "was accompanied by his brother Mark and wife Rebecca as he arrived at the minimum security facility to begin his 24-year sentence for fraud and other crimes committed."

The Washington Post (12/14, D1, Johnson, 690K) reports, "Skilling's sentencing in October marked the last in a series of stiff penalties given to top executives convicted of corporate crimes committed in the booming '90s. His prison term is only a few months shorter than that of WorldCom founder Bernard J. Ebbers, who is serving a 25-year sentence in Louisiana for spearheading an accounting fraud at the telecommunications company he founded." The Post notes, "Skilling, who continues to profess his innocence and make the case that Enron was a healthy enterprise, will spend his time alongside 1,070 other inmates, most of whom were incarcerated for committing federal drug crimes, said Felicia Ponce, a prison spokeswoman. Skilling will be required to work 7 1/2 hours per day at one of a variety of institutional jobs, including food service worker, warehouse employee and groundskeeper. Inmates earn between 12 and 40 cents per hour."

The Houston Chronicle (12/14, A1, Hays, 530K) reports, "Sam Buell, a former prosecutor for the Justice Department's disbanded Enron Task Force who led the government's effort to secure the 2004 indictment against Skilling, said no one's incarceration is a cause for celebration, but 'following through on the law's word is absolutely necessary to making effective our most potent mechanism for deterring people from seriously harming others.'" Buell added "that whether a multidecade sentence is needed to achieve such deterrence should be debated. Skilling received by far the harshest punishment of anyone convicted of Enron-related crimes. 'For major fraud that did in a huge public company, the answer has to be at least a substantial number of years. Whether decades are really necessary is a question we ought to be discussing as a society,' Buell said."

Judge Rejects Scrushy-Siegelman Motion For Retrial. The Wall Street Journal (12/14, B7, Brooks, 2.04M) reports, "Richard M. Scrushy moved a step closer to a possible prison sentence as a federal judge rejected the HealthSouth Corp. founder's claim that jurors who convicted him of political-corruption charges were influenced by emails and a copy of an indictment downloaded from the Internet during deliberations." US District Judge Mark Fuller "refused to grant a motion for a new trial by Mr. Scrushy and former Alabama Gov. Don Siegelman, both found guilty in June of participation in a scheme to pay $500,000 bribes in return for a spot on a state regulatory panel. Both argued that two jurors used outside information to strong-arm the rest of the jury into a conviction." The Journal adds, "While the judge concluded that jurors were 'exposed' to the indictment and a description of jury-foreman responsibilities posted on the court's Web site, it made no difference in the outcome of the 11-day deliberations, he ruled." Scrushy lawyer Arthur Leach "said he plans to appeal yesterday's ruling."

Lawmakers Demand Hurd Explain H-P Options Timing. The AP (12/14, Robertson) reports, "The congressional panel investigating Hewlett-Packard Co.'s boardroom spying probe has demanded that CEO Mark Hurd explain $1.37 million worth of options he exercised just before the scandal became public. Hurd's cashout Aug. 25 — before HP disclosed the spying tactics in a Sept. 6 regulatory filing — did not appear to be part of a prescheduled program, the panel's ranking members, Reps. John Dingell and Bart Stupak…said in a letter to Hurd publicly released Wednesday. The activity came the same day Hurd was questioned by HP's outside attorneys investigating the circumstances surrounding the ill-fated effort to ferret out leaks by board members to the news media, the letter stated." The AP adds, "Dingell and Stupak also asked in the letter to 'please inform us whether any other HP officers or directors engaged in similar transactions during this period.' He was given until Dec. 21 to comply with the request." The Financial Times (12/14, Allison) notes that the letter said,

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"Continuing revelations about widespread 'backdating' and 'spring-loading' abuses have raised questions about whether executives are cashing in ('bullet dodging') while in posession of potentially damaging material facts that shareholders do not know."

H-P Board Drops Prominent Legal Advisor. The New York Times (12/14, Darlin, 1.16M) reports, "Hewlett-Packard's board has ended a crucial advisory relationship with Larry W. Sonsini, the powerful Silicon Valley lawyer, according to a person with close connections to the board. … After the year's end, Mr. Sonsini and the firm he helped build, Wilson Sonsini Goodrich & Rosati, will no longer serve as outside counsel to the board. The law firm will still do legal work for Hewlett-Packard." The Times notes, "Mr. Sonsini and his firm were not involved in the spying," but "he was caught up in the events, and was criticized for failing to prevent the incident from damaging the H.P. H.P.'s search for another lawyer to serve as outside counsel is expected to set off a scramble among Silicon Valley firms."

Hurd Tells Analysts H-P Continues To Diversify, Streamline. IDG News Service (12/13, Montalbano) reported, "Hewlett-Packard Co. continues to diversify and streamline its business according to goals CEO Mark Hurd set when he joined the company nearly two years ago. But the company still needs to cut costs to achieve operational efficiency, Hurd told financial analysts today. 'We are a company that is transforming, we are not a company that has transformed,' Hurd said, speaking at a meeting of securities analysts here. Hurd acknowledged that the cost of operations is still too high for the company to run as efficiently as it should, though the company has completed a 10% workforce reduction started last year as part of a huge restructuring effort." IDG noted, "Complicating this goal is HP's acquisition strategy, as the company is working to absorb companies it purchased in 2006."

SEC Eases Sarbanes-Oxley Rules Amid "Flurry" Of Deregulation Orders. The New York Times (12/14, Labaton, 1.16M) reports, "Responding to criticism that regulators had overreacted to years of major corporate scandals, the Securities and Exchange Commission on Wednesday issued a flurry of deregulatory orders and proposals intended to lower costs to public companies. It said the moves would not reduce investor protection. In a daylong proceeding, the commission proposed a loose interpretation for smaller companies of an auditing provision of the Sarbanes-Oxley Act," and it "proposed a rule to make it easier for foreign companies to withdraw their securities from American markets. … 'We hope these proposals, when combined, will make the U.S. markets more attractive and we will get more companies here,' said John W. White, director of the commission's division of corporation finance." SEC also proposed increasing "the financial qualifications for investors in hedge funds, to a net worth of $2.5 million from the current standard of $1 million," and suggested "a new provision on fraud to protect hedge fund investors." The Times notes, "The S.E.C.'s deregulatory push came a day after the Justice Department, in response to similar complaints, imposed new limits on federal prosecutors in white-collar corruption cases. … Like the decision at the Justice Department," the SEC changes "fell short of what some companies and groups had sought."

The Washington Post (12/14, D1, Johnson, 690K) reports the commission "voted 5 to 0…to instruct corporate managers to focus their reviews on the areas that pose the greatest risk of fraud on financial statements. … The rule, which cost businesses millions of dollars more than regulators anticipated, has been a lightning rod…becoming what SEC Chairman Christopher Cox called 'the single biggest challenge' in the accountability law. SEC staff members said that under the new proposal, they would urge corporate managers to use their best judgment in evaluating controls, rather than requiring them to scrutinize specific things such as the integrity of executives and the accuracy of petty cash accounts." Additionally, the Post notes, "Concerns are mounting that more average investors and pension funds are pouring money into the $1 trillion hedge fund industry, which is subject to little oversight. … 'We want to make sure that we send a strong signal . . . that caution is in order,' Cox said. 'We're taking steps to modernize the standard so it will be abundantly clear that these investments are not for mom and pop, unless mom and pop are very sophisticated investors.'"

The Wall Street Journal (12/14, C1, Scannell, 2.04M) reports that the e-proxy rule, also passed yesterday, "allows companies to distribute via the Internet annual reports and materials on board elections and other matters put before shareholders for a vote, while enabling investors to opt to continue to receive paper reports." The rule "will cut printing and mailing costs for corporations. But it will also make it cheaper for activist stockholders to launch fights against

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corporate boards, because shareholders of companies that distribute information to investors electronically will be able to do likewise. The agency said it plans to make the e-proxy model mandatory by January 2008, though some members expressed concern about doing that." The Journal also reports on the Sarbanes-Oxley changes and hedge fund proposal.

Monster Worldwide Discloses Improper Payments To Founder. Bloomberg (12/14) reports, "Monster Worldwide, owner of the most used online job-listing service, reduced past earnings by $271.9 million yesterday to correct stock-based compensation costs, and it disclosed more than $500,000 in improper payments to its founder, Andrew J. McKelvey. The restatements cut net income for 2005 by $9.24 million, for 2004 by $14.4 million, for 2003 by $27 million, for 2002 by $44.9 million, for 2001 by $65.6 million, and for the cumulative period of 1997 through 2000 by $110.8 million, the company said in a statement." Bloomberg notes, "From 1997 to 2003, options grants were misdated 'intentionally, by persons formerly in positions of responsibility,' to increase their value, the company said. … The company said in June that internal auditors, the Justice Department and the Securities and Exchange Commission had started reviewing options grants. … Investigators found that the company had paid for health care costs of nine relatives of Mr. McKelvey and nine people who were personally employed by him at varying times since 1997. It also granted stock options to four of his personal employees. Monster also disclosed payments of thousands of dollars in rent and aircraft fees to businesses owned or controlled by Mr. McKelvey."

Bloomberg Columnist Scoffs At Muni Market Investigation. In a Bloomberg (12/14) syndicated column, Joe Mysak writes, "This is how the government's case against the municipal market will look. The Department of Justice will put out a press release. It will read something like this: 'In the first prosecution of its kind, the Justice Department's Antitrust Division today brought criminal securities fraud charges against a securities brokerage firm for using fictitious noncompetitive bids and other misrepresentations during the restructuring of a municipal bond escrow account.' … Yet the above paragraph isn't a look into the future. Insert 'California' in front of 'securities brokerage firm' and 'Tampa, Florida,' in front of 'municipal bond escrow account,' and you have the wording of a Department of Justice press release sent out on Sept. 28, 1995," against Municipal Government Investment Associates. Mysak adds, "Here it is more than a decade later, and a full investigation and round of settlements later, and the government says it is still looking at bid-rigging, price-fixing, kickbacks and 'anticompetitive practices' in the municipal bond market's reinvestment of proceeds business. … Why didn't they finish the job? Is the market better off for the extra decade of profitable, unfathomable shenanigans? What happened?"

CRIMINAL LAW:

Gonzales Says DOJ Will Pursue Civil Commitments For Sex Offenders. In a front-page story, USA Today (12/14, Johnson, 2.27M) reports, "The Justice Department is planning to detain an undetermined number of violent sex offenders after they have completed their federal prison sentences as part of a program aimed at protecting children, U.S. Attorney General Alberto Gonzales says. The initiative, modeled after 'civil commitment' laws in 18 states that have kept 2,000 sex offenders locked up for mental health treatment after they served their sentences, will identify federal inmates who authorities think would pose a threat if freed. It's unclear how officials will decide which offenders should be held past their sentences. … Congress has 'given us the right to pursue (civil commitments) and we are going to,' Gonzales told prosecutors…last week." USA notes, "Critics say that such programs unfairly extend punishments beyond sentences set by judges and juries. 'This is merely camouflage for lifetime sentences for some offenses,' says William Buckman of the National Association of Criminal Defense Lawyers."

Gonzales Waging "Historic" Battle Against Child Sexual Abuse. Under the headline "Gonzales Concentrates Outrage On Child Abuse," USA Today (12/14, 13A, Johnson, 2.27M) reports that shortly after being named Attorney General, Alberto Gonzales "stopped at Drew Oosterbaan's office a few blocks from the department's headquarters. What happened during the next hour, Gonzales says, haunts him to this day. … Gonzales watched silently as streaming video captured from the Internet showed fathers sexually assaulting their daughters, some younger than 10. … Rebecca Gonzales, the attorney general's wife, vividly recalls that day. The nation's top law enforcement officer, she says, arrived

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home clearly shaken." She noted, "It changed him. That day put fire in him." USA adds, "Passion and emotion aren't things the public sees much of from Gonzales," who, "unlike his predecessor…often fades into the background at his own news conferences," but "punishing abusers has become a particular passion with Gonzales, who is emphasizing the issue like no other attorney general before him. He has launched an energetic campaign by the Justice Department to confront sexual predators with new prosecution tactics, new programs and the promise of more money to combat the problem. Arrests and prosecutions…have risen sharply since Gonzales took office nearly two years ago." National Center for Missing and Exploited Children Ernie Allen "says Gonzales communicates a 'sense of urgency' no other public official of his rank has attempted. 'What he is doing,' Allen says, 'is historic.'" USA Today (12/14, 13A, 2.27M) also includes a brief "Gonzales File" sidebar.

Children's Magazine Editor Sentenced To Six Years In Prison For Solicitation. The AP (12/14, Ngowi) reports, "A former editor for the company that publishes the venerable Weekly Reader, a newspaper for elementary school children, was sentenced Wednesday to six years in prison for soliciting sex from a minor. Noel Neff, 47, of Norwalk, Conn., also was fined $2,500, barred from using the Internet to access child pornography sites and ordered not to associate with anyone under the age of 18 without supervision from an adult who is aware of his criminal record. … His attorney, Francis O'Reilly, said his client planned to appeal." The AP notes, "Investigators said he had arranged to meet with a 14-year-old boy named Chris for sex. Chris was actually an FBI agent who had been posing as a minor and exchanging instant messages with Neff for two months, according to authorities."

Illinois Church Camp Counselor Arrested On Child Porn, Solicitation Charges. The AP (12/14) reports from Columbia, Illinois, "A former church camp leader was arrested on child pornography charges and accused of trying to coax girls, at least one of them a former camper, to pose partly naked or perform a sex act. Aaron Niles, 20, began chatting with the girls online…after working at a Baptist summer camp in 2005, Columbia Police Chief Joe Edwards said Wednesday. He was arrested Tuesday on three counts of child pornography and one count of indecent solicitation of a child related to incidents in April and May." The AP adds, "Investigators were still combing through Niles' computer Wednesday, but 'once we complete this, the potential for additional charges are there,' Edwards said."

DOJ Posts Sex Offender Information On New Web Site. WNWO-TV Toledo (12/13) reported on its Web site, "The justice department has opened a web site which offers photographs and information about offenders, including the neighborhoods they live in and how close they are to schools. Currently, it has records from 22 states. The remaining records are expected to be online by the end of the year."

US Obtains Criminal Subpoena For Classified Document Leaked To ACLU. The Washington Post (12/14, A8, Eggen, 690K) reports, "Federal prosecutors are demanding that the American Civil Liberties Union turn over all copies of a secret document it has obtained, in what is apparently the first time a criminal grand jury subpoena has been used in an attempt to seize leaked material, the ACLU and legal experts said yesterday. Prosecutors obtained the subpoena Nov. 20, saying their demand was part of an investigation into an alleged violation of the Espionage Act of 1917. The ACLU says that the 3 1/2 -page document contains no information that should be classified and that the memo is only 'mildly embarrassing' to the government. Some legal scholars said the case bears similarities to events in the 'Pentagon Papers' case." The Post adds that the case "provides the latest example of the Justice Department's aggressive use of the anti-spying law," and "the ACLU called the subpoena an 'unprecedented abuse' of the government's grand-jury powers that violates the First Amendment." The Post notes, "The subpoena was issued after the ACLU refused a verbal demand from Assistant U.S. Attorney Jennifer G. Rodgers to turn over all copies of the memo, the group said."

The New York Times (12/14, Liptak, 1.16M) notes, "The novelty in the government's approach is in its broad use of a grand jury subpoena, which is typically a way to gather evidence, rather than to confiscate all traces of it. But the subpoena issued to the ACLU seeks 'any and all copies' of a document e-mailed to it unsolicited in October, indicating that the government also wants to prevent further dissemination of the information in the document." The Times adds, "The subpoena raised the possibility that the government had found a new tool to stop the dissemination of secrets, one that could avoid the all but absolute constitutional prohibition on prior restraints on publication."

Judge Sentences "Girls Gone Wild" Owner To Community Service, Fine. The AP (12/14,

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Nelson) reports, "The multimillionaire founder of the popular 'Girls Gone Wild' video empire was sentenced to community service on Wednesday after the company pleaded guilty to federal charges of failing to monitor the ages of the women it films. Mantra Films Inc. also agreed to pay $1.6 million in fines for using drunken 17-year-olds in videos it filed on Panama City Beach during Spring Break and failing to properly label its DVDs and videos as required by federal law. U.S. District Judge Richard Smoak told company founder Joe Francis he added the community service to the fine because it did not appear a fine would be a meaningful punishment to the 33-year-old Francis, who makes an estimated $40 million a year." The AP adds that "company president Scott Barbour also was ordered to complete eight hours of community service monthly for the next 30 months."

Boeing Laptop Stolen, Exposing 382,000 Employees, Retirees To ID Theft. The AP (12/14) reports, "A Boeing Co. laptop containing the names and Social Security numbers of 382,000 workers and retirees has been stolen, putting the employees at risk for identity theft and credit-card fraud. The theft, which was confirmed Tuesday, was the third such incident at Boeing in just over a year. Files on the computer also contained home addresses, phone numbers and birth dates. Some of the files listed salary information." Boeing spokesman Tim Neale said that "the laptop was stolen earlier this month when an employee left it unattended," but "no proprietary, customer or supplier data were on the computer."

Illegal Meatpacking Worker Probe Uncovered ID Theft Ring. USA Today (12/14, 3A, Leinwand, 2.27M) reports, "A federal investigation that ended Tuesday in a raid on six meatpacking plants has uncovered criminal groups around the country that steal real birth certificates, Social Security cards and other documents and sell them to illegal workers, federal officials said. One fraud ring mailed dozens of Puerto Rican birth certificates to a Worthington, Minn., man who resold them for as much as $1,000 to illegal workers as part of a set of identity documents. Some of the sets were bought by workers at the meatpacking plants, Immigration and Customs Enforcement (ICE) spokesman Marc Raimondi said." USA notes, "In recent months, ICE agents have arrested members of document rings in Minnesota, Texas, Utah and Puerto Rico. Homeland Security Secretary Michael Chertoff said federal agents continue to investigate fraud rings tied to Tuesday's arrests" at Swift meatpacking plants."

Plea Of Pellicano Co-Defendant Could Benefit Prosecution. The Los Angeles Times (12/14, Krikorian, 850K) reports, "The federal investigation of Anthony Pellicano took a surprising turn Tuesday when one of his co-defendants pleaded guilty to using the former private eye to wiretap a Beverly Hills businessman six years ago." The Times continues, "In an appearance before U.S. District Judge Dale S. Fischer, Daniel Nicherie also pleaded guilty to three other felony counts of defrauding the Beverly Hills businessman and others through pension fraud, wire fraud and money laundering." It was unclear what impact his "plea will have on the ongoing Pellicano investigation because the U.S. government's allegations about Nicherie's actions would clearly make him a troubling witness for the prosecution." But he "could provide authorities with another example of how Pellicano illegally spied on others."

Tennessee Inmate At Center Of Debate Over Executing Mentally Impaired. The Wall Street Journal (12/14, A1, Fields, 2.04M) reports, "At 8:30 a.m., Gregory Thompson, his hands cuffed to his waist, has already swallowed eight of the 12 pills he takes a day. Mr. Thompson is on death row at the Riverbend Maximum Security Institution, and like many prison inmates, he is mentally ill." The Journal notes, "On New Year's Day 1985, he abducted Brenda Blanton Lane from a shopping-center parking lot in Shelbyville, Tenn., while stealing her car. He fatally stabbed the 28-year-old four times in the back. … Today, however, Mr. Thompson's case is at the center of a complex debate about the death penalty in the U.S. Recently, the Supreme Court ruled that mentally retarded defendants and juveniles cannot be sentenced to death. Mr. Thompson is asking the courts to decide whether mentally ill prisoners can be executed if rendered competent only by medication. His twice-delayed execution and similar cases are working through the judicial system; one will likely end up in front of the high court." The Journal adds, "Mr. Thompson is now arguing he is not competent to be executed because his mental condition has deteriorated. His appeal also tries to make the case that it's unconstitutional to execute a defendant made competent only through medication."

Anti-Death Penalty Activists Stage Reenactment Of Williams Execution. The New York Times (12/14,

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Mckinley, 1.16M) reports that at the Black Repertory Theater of Berkeley on Wednesday, actors reenacted "the execution of the convicted killer Stanley Tookie Williams, staged on the first anniversary of his death by lethal injection at San Quentin State Prison. The performance was written and produced by Barbara Becnel and Shirley Neal, two friends of Mr. Williams and death penalty opponents, who were unapologetic about their play's being agitprop. 'This is political theater in the extreme,' Ms. Becnel told a crowd of about 150 people who gathered to watch the performance." The Times notes, "The execution of Mr. Williams, 51, a founder of the Crips gang who was convicted of murdering four people in 1979, has continued to be a rallying point for death penalty opponents as well as a source of contention about the methods of lethal injection."

Dutch Counterfeit Goods Inspector Seen As Best In World. The Wall Street Journal (12/14, A1, Miller, 2.04M) reports, "From his perch at the North Sea port of Antwerp, Chris De Buysscher can look at thousands of 40-foot container units and pick out those most likely to contain fake Nikes, Marlboros or Dior jackets. When he's off work, the 51-year-old Belgian can spot a knockoff Louis Vuitton bag from across a crowded, smoke-filled room. Mr. De Buysscher is widely regarded among his peers as the best counterfeit-goods inspector in the world," and "the global boom in counterfeit goods has Mr. De Buysscher very busy. In the past two years, tiny Belgium has seized about 40 million counterfeit items, the most taken by any nation in the European Union. And about 90% of the Belgian seizures came from Mr. De Buysscher's three-person team policing the 22 miles of Antwerp docks." The Journal notes, "His skills are a low-tech blend of old-fashioned gumshoe detective work and intuition."

New York Judge's "Probation" System Raises Concerns. The New York Times (12/14, A1, Glaberson, 1.16M) reports from Keeseville, N.Y., "Like many teenagers in this bleak old mill village near Lake Champlain, Michael C. Burrell had been in trouble before. But when an attempted assault case landed him at age 19 in the courtroom of the village justice, the experience was unlike anything he had faced before. He said the justice, George J. Head, insisted that they meet each week outside court, in what people around here call his 'judge's probation' program. There is no such thing as judge's probation, and private sessions between a judge and a defendant facing jail violate rules of judicial conduct. But Justice Head seems to have stretched the rules in a number of ways. When he sentenced young men to regular probation, he sometimes drove them to their appointments. One young man was discovered driving the justice's car, and others say they met with the justice at his home. One said he even wound up moving in for eight months." The Times adds, "Now the system is under scrutiny by state officials, who are holding hearings and taking steps to fix some of its most glaring flaws. What has played out in this remote village in northeastern New York provides one more startling look at what can happen when meager training mixes with plenty of unchecked power. 'Judge Head rules Keeseville, and God help you if you oppose him,' said Diane Webster-Brady, the lawyer who handled Mr. Burrell's case."

Kevorkian To Be Paroled In June. The AP (12/14, Hoffman) reports, "Assisted suicide advocate Jack Kevorkian, the ailing former pathologist who claimed to have assisted in at least 130 deaths in the 1990s, will be paroled in June, state Corrections Department spokesman Leo Lalonde said Wednesday. … Kevorkian has promised he would not assist in a suicide if he was released from prison." The AP notes, "Mayer Morganroth, Kevorkian's attorney, said in July that his client had less than a year to live. Gov. Jennifer Granholm ordered corrections authorities to carry out an independent medical evaluation of Kevorkian, but did not commute the retired pathologist's sentence, as Morganroth had hoped."

CIVIL RIGHTS:

Judge Approves Settlement In Alabama College Desegregation Case. The AP (12/14) reports, "U.S. District Judge Harold Murphy approved agreements settling the case, which has so far generated $210 million in state funds for the desegregation effort, most of it going to historically black Alabama A&M and Alabama State universities. In his order Tuesday, Murphy agreed with both sides that there is no reason for further action. He said the state, its historically white universities and other defendants have eliminated traces of segregation 'to the extent practicable and consistent with sound educational practice ... and have demonstrated their commitment to continuing to operate in a constitutional and nondiscriminatory fashion.'" The AP notes, "The U.S. Justice

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Department sued Alabama in 1981, after state officials and university administrators were unable to agree on a corrective plan. More plaintiffs were added over the years."

Suburban Chicago Town Settles Fair Housing Act Charges. The AP (12/14) reports South Elgin, Ill., "will allow Unity House Inc. to operate a home for up to seven residents recovering from drug or alcohol addiction under an agreement that settles allegations of Fair Housing Act violations, the U.S. Justice Department announced Wednesday. Federal prosecutors had argued the Village of South Elgin violated the act by refusing a permit for the establishment of a group home for alleged substance abusers. Village Attorney Derke Price said officials had been concerned about allowing a business in a residential area. The settlement also calls for South Elgin to pay $25,000 in damages to Unity House, $7,500 each to two residents who were not able to live in the home when the permit was denied and $15,000 to the United States as a civil penalty." The AP notes US Attorney Patrick J. Fitzgerald said in a statement, "This settlement should send a message to other communities that no municipality, driven by neighborhood opposition, can prohibit persons recovering from addictions from enjoying the benefits of living in the safe and supportive environment of a group home."

DNA Not Linked To Duke Lacrosse Players. The AP (12/14, Scott) reports, "DNA testing in the Duke lacrosse rape case found genetic material from several males in the accuser's body and her underwear -- but none from any team member, defense attorneys said in court papers Wednesday. The papers were filed by attorneys for the three lacrosse players charged, Reade Seligmann, Collin Finnerty and David Evans. They complained that the information about DNA from other men was not disclosed in a report prosecutors provided earlier this year to the defense." The AP adds, "In an interview, defense attorney Joseph Cheshire said the findings suggest the accuser had sex shortly before the March team party where she was hired to perform as a stripper. … District Attorney Mike Nifong declined to comment on the defense motion."

The Los Angeles Times (12/14, Zucchino, 850K) reports, "The DNA…was not mentioned in the lab's final report, submitted to the Durham district attorney's office in May and subsequently provided to the defense. Defense lawyers found references to the DNA while scouring 1,844 documents handed over by the lab Oct. 27 under a judge's order. DNA Security Inc. in Burlington, N.C., initially refused to provide them, citing cost and privacy." The Times notes, "Last week, U.S. Rep. Walter B. Jones…asked the Justice Department to investigate whether Nifong committed 'prosecutorial misconduct' and violated the defendants' civil rights."

Massachusetts Anti-Gay Marriage Amendment Supporters Sue Lawmakers. The AP (12/14, Leblanc) reports, "Supporters of an anti-gay marriage measure filed a lawsuit in federal court Wednesday seeking up to $5 million in damages from Massachusetts lawmakers who blocked a final vote on the proposed constitutional amendment last month. The lawsuit, filed in U.S. District Court by the group VoteOnMarriage.org, claims the 109 state lawmakers violated the supporters' rights to free speech and right to petition the government." The AP adds, "The legislature is scheduled to take up the question again Jan. 2, the last day of the session. Supporters of the question fear lawmakers will again avoid taking a vote, killing the proposed amendment."

ANTITRUST:

Lawmakers, Workers Concerned By Proposed Airline Mergers. ABC World News (12/13, story 2, 2:50, Gibson, 8.78M) reported, "A lot of airlines these days are feeling the urge to merge. United wants Continental, US Airways wants Delta, Air Tran wants Midwest. No indication that any of the deals may come to fruition, indeed there are considerable obstacles to each one. There is an indication that airlines feel they need to combine to cut costs. For what this means to industry and more importantly to everyone who flies, here is ABC's Lisa Stark." ABC (Stark) added, "Airline analysts say this could be the start of a merger feeding frenzy. All the airlines are talking and no one wants to be the odd man out if the deal-making begins in earnest. The talks between United and Continental are characterized as very preliminary, but analysts say on paper combining the two makes sense." Jay Kuenzle, Delta pilot: "We are not interested at all with a US Air hostile takeover." Stark: "Delta employees today made their feelings quite clear, but many say mergers are inevitable. … The question is, when these corporate marriages might take place and who could end up together. "

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The AP (12/14, Carpenter) reports, "A long-anticipated consolidation of U.S. airlines could mean higher fares for travelers as overlapping routes are eliminated, experts said Wednesday as talk of likely deals reverberated throughout the industry. That's one reason why any such buyouts could draw intensified regulatory scrutiny, along with the potential for increased labor and service disruptions, as some consumer advocates warn." The AP adds, "Numerous regulatory and other obstacles remain before any deal can occur, but industry observers said all the talks and recent airline restructurings have set the stage for big changes in the business next year." Rep. James Oberstar, "who will chair the House Transportation Committee in Congress next year, said he will not hesitate to hold hearings next year to 'expose the anti-competitive effects' of airline industry consolidation and to 'nudge the Justice Department' to use its power to stop potential acquisitions."

The New York Times (12/14, Bailey, 1.16M) reports, "Discussions about a possible deal between United Airlines and Continental Airlines came to light this week. And if one big merger goes through, other airlines will probably feel compelled to pair off as well or wind up at a competitive disadvantage because they have higher costs or smaller route networks. But less financial misery for airlines often means more bad news for their passengers — since, in this business, misery tends to be a zero-sum game." The Times also notes, "Concerned about rising fares and the potential for reduced air service to small communities," Oberstar "said yesterday that the Justice Department should block any major airline merger. If it does not, Mr. Oberstar said, he would call hearings before his committee to consider action to block such mergers (three steps are necessary to approve an airline deal: the Transportation Department must determine that a merger is financially viable, the Federal Aviation Administration must approve a certificate of safety, and the Justice Department must determine that there are no antitrust issues)."

The Atlanta Journal-Constitution (12/14, Hirschman, 379K) reports, "A raucous crowd of more than 3,000 Delta Air Lines workers alternately cheered, booed, clapped and hissed Wednesday as they loudly expressed opposition to a takeover bid by rival US Airways. Delta employee groups used the nearly two-hour rally to bash Tempe, Ariz.-based US Airways and its CEO, Doug Parker, in pointed, personal terms. He was compared to vilified airline raiders Carl Icahn and Frank Lorenzo and even the fictional Gordon Gekko from the movie 'Wall Street.'" The AJC adds, "Georgia's U.S. senators, Saxby Chambliss and Johnny Isakson, lauded the Delta workers and urged them to back management efforts to preserve Delta's history and independence. Chambliss said he told Parker in a Washington meeting that he and other members of the Georgia delegation stoutly oppose the deal and plan hearings to pressure the Justice Department to reject it as anti-competitive. … His argument may have been buttressed by reports Wednesday that United and Continental airlines are talking about a merger."

The KSL-TV Salt Lake City (12/13) reported on its Web site, "Utah legislators are concerned about the future of Delta Airlines, especially if the company merges with US Airways. Even though Delta has given no indication of a merger Utah officials are being proactive," the Utah House is "asking the Justice Department now to consider the risks such a move would pose for Utah's economy before approving a merger in the future." KSL noted, "When US Airways made the offer to Delta last month they assured Governor Huntsman the move would not adversely affect Utah. Legislators say their request to the Justice Department is just making sure that promise is kept."

USA Today (12/14, 1B, Reed, 2.27M) reports, "One small takeover bid — and the possibility of a much bigger one — rocked the airline world Wednesday, moving stock prices and fueling speculation about the future shape of the industry. Midwest Airlines…rejected a public offer of $290 million in stock and cash from Orlando-based AirTran," but "AirTran CEO Joe Leonard says he won't give up his pursuit, which has involved several previous, private offers that Midwest's board rebuffed. Meanwhile, continued speculation about a possible merger of United Airlines and Continental Airlines fueled a growing buzz about industry consolidation." USA notes, "Neither Continental nor United would confirm that they are in talks. Two industry sources with knowledge of the discussions, being conducted privately, said the merger talks are active. They cautioned that no announcement is imminent and that a merger may never occur."

The Chicago Tribune (12/14, Johnsson, 617K) reports, "Once the frenzy has subsided, and all the airline industry consolidation has been digested, Chicago could find itself home to the country's biggest carrier, a supersize United Airlines, or home to none at all. Passengers could be looking at higher fares or more bargains. They also could be in for a long, confusing period of service upheaval, industry analysts say." The Tribune notes, "When the dust settles, analysts

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think the six major airlines atop the U.S. market could meld into three megacarriers, though there is no guarantee any of the deals will get done. … Any deals must be approved by federal antitrust regulators, however, and they traditionally have been wary of large-scale consolidation."

Stock Arrangement Would Give Northwest Veto Over Continental-United Merger. The Washington Times (12/14, Lengell, 88K) reports Continental-United merger discussions "may be doomed as the result of an unusual relationship between Continental and a third airline. Northwest Airlines holds a special preferred 'golden share' of Continental Airlines stock, giving Northwest the right to block Continental from consolidating with another airline. The alliance dates to late 2000 when Northwest agreed to sell shares of Continental common stock back to Continental after the Justice Department accused Northwest of anti-competitive behavior." The Times adds, "Northwest declined to say whether it would consider exercising its veto. But airline analyst Anthony Tangorra said the Eagan, Minn., airline wouldn't hesitate because a Continental-United combination would create the world's largest carrier, dwarfing Northwest."

Continental Shares Soar Amid Merger Talk Reports. The AP (12/14) reports, "Shares of Continental Airlines Inc. soared to their highest level since before the Sept. 11, 2001 terrorist attacks, as the company talks with United Airlines about a possible combination to create a mega-carrier. … Prudential analyst Bob McAdoo wrote in a research report that he doubts Continental wants a deal, but it might do one contingent on the Delta/US Airways deal being approved by federal regulators." The AP notes, "Combinations would allow airlines to reduce available seats, giving them more pricing power to raise fares and boost profits amid high fuel prices. Such deals, though, would likely face tough federal antitrust scrutiny, analysts say."

Quantas Agrees To $8.7 Billion Takeover By International Consortium. The Financial Times (12/14, Tucker, Minder) reports, "Qantas has agreed to an A$11.1bn (US$8.7bn) takeover offer by a consortium including Australia's Macquarie Bank and Texas Pacific Group, a US buy-out fund. The airline rejected the consortium's opening offer on Wednesday but early on Thursday it recommended a sweetened A$5.60-a-share offer. Shares in Qantas jumped nearly 5 per cent to A$5.33 by early Thursday afternoon. The buy-out offer is 29 per cent more than the stock traded at November 21, when Qantas first said it had been approached." The Wall Street Journal (12/14, A3, Sender, Linebaugh, 2.04M) notes, "Under the terms of the deal, Qantas will be delisted from the Australian exchange -- but retain majority Australian ownership, as required by law, with Allco becoming the company's largest shareholder. … Australian Prime Minister John Howard said today the government will monitor the takeover bid, but the deal was ultimately a matter for the market"

The New York Times (12/14, Johnston, 1.16M) reports, "The consortium — Airline Partners Australia — includes Texas Pacific, Macquarie Bank, Allco Equity Partners and the Allco Finance Group of Australia, and Onex, the Canadian leveraged buyout company. The group also brings together an array of aviation talent, including David Bonderman of Texas Pacific; Rod Eddington of Allco Finance, the former chief executive of British Airways; and David Turnbull of Allco Finance, formerly of Cathay Pacific. Few analysts expect investors to block the deal."

Alltel Will Sell Four Minnesota Markets To Meet DOJ Requirements. The AP (12/14) reports, "Wireless carrier Alltel Corp. said Wednesday it agreed to sell four Minnesota markets to Rural Cellular Corp., in order to meet divestiture requirements established by the U.S. Department of Justice. Financial terms weren't disclosed. In October, the company received approval from the Justice Department for its $1.1 billion acquisition of Midwest Wireless on the condition that the combined company sell some assets in markets where they both operate."

DOJ Announces Indictment Of Stora Enso On Price-Fixing Charges. The Milwaukee Journal Sentinel (12/14, Dresang, 255K) reports, "The U.S. Justice Department announced an indictment Wednesday against a Wisconsin-based paper company in an investigation of price fixing for magazine paper. Justice officials said a federal grand jury in Connecticut indicted Stora Enso North America Corp. on charges of conspiring to set prices in consultation with competitors." The MJS notes, "According to Justice Department officials, the indictment claims that Stora Enso met with competitors and agreed to increase prices for coated publication papers used in magazines and high-volume catalogs. The indictment contends that Stora Enso sold paper 'at collusive and non-competitive prices' from August 2002 to June 2003."

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The AP (12/14, Singer) reports, "The paper is primarily used to print magazines, news weeklies and high-volume catalogues. The company agreed to the scheme in a meeting with an unidentified competitor, according to the indictment. 'The price of coated paper used in magazines affects nearly every American,' said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division." The AP notes, "Stora Enso has sales offices in Connecticut, Georgia and other states. The conspiracy charged in the indictment, which was handed up in Hartford, was carried out in Connecticut and elsewhere, the Justice Department said. Violations occurring before June 22, 2004, carry a maximum fine of $10 million, which may be increased."

Citigroup To Buy Grupo Cuscatlan In $1.51 Billion Deal. The Wall Street Journal (12/14, C4, Enrich, 2.04M) reports, "Citigroup Inc. agreed to buy a Central American banking company in a $1.51 billion cash-and-stock deal that marks the latest in a series of recent overseas acquisitions. Citigroup said it is buying the subsidiaries of Grupo Cuscatlan from Corporacion UBC Internacional SA, a commercial- and corporate-banking group that does business in El Salvador, Guatemala, Costa Rica, Honduras and Panama. Citigroup also is acquiring the group's pension and insurance operations in El Salvador." The Journal notes, "The Central American deal, coming the day before top Citigroup executives host their annual investor day at their Park Avenue headquarters in New York, is Citigroup's second recent deal in the region and its fifth international deal this fall. … The moves illustrate a bet by Chief Executive Charles Prince that fast-growing overseas markets hold greater potential for the world's biggest bank in market value than the U.S. But it isn't clear the deals will quickly jump-start Citigroup's sluggish revenue streams, a source of angst among many Citigroup investors."

Hearst Expects To Complete California Newspaper Purchase This Week. The AP (12/14) reports, "Hearst Corp. expects to complete its purchase of the Daily Breeze on Friday as part of a deal to resell the newspaper to MediaNews Group Inc., according to a court document filed by the two newspaper operators. The document was filed Wednesday in a pending federal antitrust case involving Denver-based MediaNews and New York-based Hearst, owner of the San Francisco Chronicle, over their plans to consolidate some of the business operations of their San Francisco Bay area newspapers. A San Francisco investor is trying to block the deal, claiming such cooperation violates antitrust laws." The AP notes, "Under the agreement, Hearst will purchase the Torrance-based Breeze from The Copley Press Inc. and then sell it to MediaNews along with two other publications, the Monterey County (Calif.) Herald and the St. Paul (Minn.) Pioneer Press."

Italian, Spanish Toll-Road Companies Halt Merger Talks. The Wall Street Journal (12/14, Maxwell, Perez, 2.04M) reports, "Autostrade SpA of Italy and Abertis Infraestructuras SA of Spain halted an agreement to merge and create the world's largest toll-road operator, citing blocks imposed by Italy's government and transportation regulator. The companies said they remain convinced that a deal should be done, and said they hope to be back with a fresh plan at some point in the future. The companies struck a cash-and-shares deal to merge in April that would have resulted in a company with a market capitalization of €25 billion ($33.2 billion)." The Journal notes, "The failed merger highlights the fact that cross-border European mergers and acquisitions, agreed or hostile, stir up as much of a hornet's nest as ever, despite the European Union's best efforts to promote the notion of a single marketplace." However, "people familiar with the situation said the companies' commitment to the deal burns on."

FBI/DEA/ATF/USMS:

Grassley Says FBI Stonewalling On Amerithrax Probe. Yesterday morning on Fox News' Fox & Friends program (12/13, 8:12AM, Carlson), Sen. Charles Grassley discussed the reasons why lawmakers wrote a letter to AG Alberto Gonzales requesting more information on the FBI's Amerithrax probe. Grassley said, "There has not been information to Congress for three years on the subject. Congress has asked for testimony from the agency's to be updated. In our constitutional power of oversight, because the new checks and balances of the government." Carlson: "Think they have information they are not disclosing or they just do not know?" Grassley: "They have implicated a person. That person has been suing the FBI because he has lost his job, does not have any income. When two senators are targeted, 3,000 people have been called before the grand jury, Congress should have an update

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on it, particularly the senators who were targeted." Grassley later added, "We're told in congress that there is leagues in congress, and that is why we will not get an update on the investigation. The New York times wrote about this and they got their information from the FBI. The FBI is worried about not informing congress because they might leak. The FBI has leaked to the New York times and the FBI should be investigated." Grassley concluded the interview saying, "It is just stonewalling. That is where the FBI gets into trouble. When they do what they are best set up to do, investigate and prosecute and put people away that are guilty, they never get egg on their face. They always get egg on their face when they try to worry about their public relations. It looks to me like they have something to hide, particularly when they are talking about leaks on Capitol Hill and their own agents are looking to the New York Times."

Leahy Dissatisfied With FBI Progress On Amerithrax Case. WCAX-TV in Burlington, VT (12/14, Perron) on its web site provides more details about recent congressional complaints about the FBI's handling of the Amerithrax probe. Focusing specifically on Sen. Patrick Leahy's concerns WCAX follows up yesterday's articles reporting, "Five years after anthrax attacks terrified Americans, the case remains unsolved. Now Congress is fighting with the FBI to get an update on the investigation." And Sen. Leahy "is demanding some answers." He "is calling for the FBI to release information gathered during the 5-year probe. So far, the bureau says no fearing it could compromise the investigation." Five years ago a number of Vermont businesses and post offices were the subject of anthrax scares and one "potentially lethal letter was mailed to the Vermont Senator." Leahy said, ""I am not satisfied with this investigation. I'm not satisfied with the briefings I've had. I'm not satisfied with the information I've received on it."

Rep. Holt Among Lawmakers Requesting Anthrax Update From Gonzales. WRNN- TV (12/13, 7:00 p.m.) broadcasts, "Rush Holt of New Jersey has been turning up the heat on Justice Department. Holt and six other new jersey lawmakers signed a critical bipartisan letter to Attorney General Alberto Gonzales, asking for an update on the probe into the anthrax attacks that occurred in the fall of 2001."

Columnist Accuses FBI Of Lacking Accountability In Amerithrax Probe. Howard Goodman in a column titled "Anthrax investigation has no answers, but secrecy abounds" in the South Florida Sun-Sentinel (12/14, 237K) describes the impact of the anthrax attacks on Florida five years ago and the events since then including the toppling of the Taliban, the war in Iraq and the creation of the DHS and asks, "where are the updates on the only clear example of terrorism to hit America since 9-11, whose first victim was claimed in our backyard? The FBI ain't saying." The recent bipartisan request for more information on the investigation "was the sound of frustration boiling over. Congress is supposed to conduct oversight of federal agencies. Yet the FBI, as if taking a cue from its old nemesis the Mob, is practicing Omerta." It "is all too representative of how this administration conducts business. In secret. Giving its reasons as national security. For all we know, it's simply hiding its ineffectiveness or incompetence." In congressional testimony FBI Director Robert Mueller "said the FBI fears leaks if Congress were brought into its rightful job of overseeing the executive. Which is rich, considering that it was the FBI that leaked the name of Stephen Hatfield." Goodman states, "I guess it's just too shameful for the G-Men to have to look the country in the eye and say, 'Hey, we've tried and tried, but we don't know who sent the anthrax. And by the way, if you know where Osama bin Laden is, give us a call.'"

Top FBI Officials Accused Of Failing To Understand Terrorist Threat. The Houston Chronicle (12/13, Mittelstadt, 530K) reported that in the aftermath of criticism of Rep. Sylvester Reyes (D) who reportedly failed to answer simple questions by a CQ reporter about the terrorists threatening the US, "Some experts suggested Reyes is just one example of an American policy establishment that has paid little attention to the tricky nuances of politics, religion and sectarian differences that have riven the Middle East." The Chronicle states, "Top FBI counterterrorism officials have shown limited understanding and curiosity about Islam's two major branches. And at least two other House Intelligence Committee members failed the same questions that tripped up Reyes." University of Georgia professor Loch Johnson said, "When it comes to someone in a position of staff responsibility like an FBI counterterrorism specialist, really it's a little unnerving to discover that they don't know much about the subject."

Dukakis Says FBI Deceived In Rifleman Probe. The Boston Globe (12/14, Murphy, 413K) reports that in the civil trial over the imprisonment of Peter Limone, Joseph Salvati, Henry Tameleo and Louis Greco, "Former Governor Michael S. Dukakis testified Wednesday that he

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carefully considered every inmate's request for clemency in the 1980s, even reviewing case files at home at night before deciding whether they should be set free." Yet, "Dukakis said he only recalled one instance when the state's top federal prosecutor weighed in on a clemency petition -- in 1983, when then US Attorney William F. Weld urged him to reject Peter J. Limone's bid for freedom." Saying "how 'unusual' it was to get such a letter, Dukakis said he gave 'substantial' weight to Weld's warning that Limone would 'assume charge of the day-to-day operations of organized crime in this area' if released." After testifying, Dukakis told reporters, "Now that we know what was going on in the (FBI) office, we were all deceived. … In fact, the bureau itself was betrayed." He "acknowledged he knew nothing about allegations that then-FBI agent Dennis Condon was aware Barboza was lying and yet vouched for his credibility during the trial." Yet, "on the stand, Dukakis defended the integrity of Condon, who served as public safety commissioner during his administration. He later told reporters, 'There really wasn't a better public servant walking the earth, in my opinion.'"

The CBS4-TV in Boston (12/13) on its web site reported, "The lawyers for four men wrongfully convicted in the 1968 Gangland murder continue to build their case against the FBI." But "Dukakis defended another FBI agent who he believes may have been manipulated." Dukakis said, "You hate to think of yourself as having been manipulated. … It's pretty obvious, in retrospect, we had information about these folks that was false and that there was evidence which would have absolved them of the crime that was never disclosed by people who should of disclosed it." Meanwhile, F. Lee Bailey "testified that in 1970 Joe Barboza that he, with the help of FBI agents, had framed four innocent men for the Deegan murder." CBS4 added, "Barboza told Bailey that he wanted to recant his testimony in the Deegan murder trial. In court Wednesday Bailey said that Barbosa told him his false testimony was orchestrated and encouraged by H. Paul Rico, a former FBI agent."

FBI Relocating 300 Employees In Northern Virginia. The Washington Post (12/14, BW19, Kang, 690K) reports, "By the end of 2008, about 2.8 million square feet of office space will be available in Prince William County's Innovation business park and in surrounding properties, according to the county's Department of Economic Development." DEC spokesman Jason Grant "projects that over the next year to 18 months, more than 800 jobs will come to Innovation and the surrounding areas." Among others, the FBI "is moving its Northern Virginia field office from Tysons Corner, bringing about 300 to the county."

California Operation Targets Meth Suppliers, Nets 45 Suspected Gang Members. The Los Angeles Times (12/13, Reston, 850K) reported San Bernardino police and federal officials "confiscated $500,000 in cash and arrested 45 alleged gang members believed to be major suppliers of methamphetamine in San Bernardino and the surrounding area. The bust was the culmination of a seven-month investigation by San Bernardino police and the Los Angeles field office of the Drug Enforcement Administration. … During the seven months, officials arrested 119 people, including five men believed to be top Mexican Mafia associates in San Bernardino, police officials said. … San Bernardino police requested the assistance of the DEA to deal with the surge in methamphetamine and weapons trafficking by gangs in the city."

Local TV Coverage. KTTV-TV, Los Angeles (12/13, 6:00 a.m.) aired, "The Drug Enforcement Agency [is] cracking down on the Mexican mafia, making dozens of arrest here in southern California. Teaming up with area police in San Bernardino, authorities there confiscating weapons and drugs, mostly methamphetamine. The DEA targeted the Mexican mafia because they're behind much of the violent dealings in San Bernardino."

Authorities Bust Drug Ring Linked To Homicides In US, Mexico. The Arizona Daily Star (12/14, 128K) reports an international drug-trafficking organization that "brought violence and thousands of pounds of marijuana into Southern Arizona has been busted, according to court documents made public Wednesday. The organization, led by Carlos Molinares-Nuñez for the last five years, has been linked to homicides both in Mexico and the United States that appear to be drug-related, court documents state. An indictment filed in federal court in November was unsealed Wednesday, detailing the intricacies of the ring, which has at least 20 employees. … Many tons of marijuana would be transported at one time in modified vehicles that would enter the country by driving in between designated ports of entry to avoid law officers.

17 Arrested In New York Drug Sweep. The AP (12/14) reports a drug sweep "netted 17 arrests Wednesday. Most of the accused live in and around Plattsburgh and were

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suspected of dealing marijuana, heroin, methamphetamines, cocaine and crack. … The arrests came after months of investigation and surveillance, DEA Agent James Farnsworth said." Long Island Newsday used the AP story.

In Texas, More Than 30 Suspects Linked To Cocaine-Smuggling Ring. The San Antonio (TX) Express (12/14) reports, "If there were any doubts, federal authorities say, a kilo of cocaine that agents found in the underwear of 81-year-old Josefina Campos solidified a case targeting a large smuggling ring centered in San Antonio and Floresville. Campos' arrest Nov. 28 is but a piece of a puzzle that became more complete Wednesday as officials announced they had smashed a drug-smuggling cell that netted seizures of more than 210 kilograms of cocaine and $4.5 million in cash. … The ring is accused of transporting the cocaine primarily to the Ohio cities of Cleveland and Youngstown, while some loads of the drug hit the streets of San Antonio, Austin, Houston and other Texas cities, according to officials and court records. Most of the drugs were smuggled across the Mexico border at Eagle Pass-Piedras Negras, according to the U.S. Drug Enforcement Administration." A federal indictment unsealed Wednesday in San Antonio "names Campos and 37 other people."

On its Web site, WOAI-TV, San Antonio, Texas (12/14) reports agents "say the ring was working for the Arturo Beltran drug cartel in Mexico, and has been in operation since at least 2003. Investigators say the group moved between 200 to 400 kilos of cocaine a month from across the border into Texas, and then north as far as Cleveland, Ohio."

Six Arrested, 10 Houses Seized In New Hampshire Drug Sweep. Manchester's Union Leader (12/13) reported six people "have been arrested and ten 'mini-mansions' seized in southern New Hampshire after a joint state-federal drug investigation. An estimated 6,000 marijuana plants were confiscated with a possible value of $24 million. The operation was conducted by New Hampshire State Police, the federal Drug Enforcement Administration and the United States Attorney."

The Union Leader (12/14) today reports State Attorney General Kelly A. Ayotte "said the joint federal, state and local law enforcement effort disrupted 'what has to be the largest seizure of marijuana in this state's history.' … The alleged drug growers bypassed electric meters and apparently used electricians to install their own meters capable of supporting the extensive lighting and ventilation systems needed to grow the plants, which ranged from several hundred to 1,500 in a single home."

The AP (12/13) reported, "For the past two months, the New Hampshire State Police Narcotics and Investigations Unit, assisted by the United States Drug Enforcement Agency, the New Hampshire Attorney General's Drug Task Force, the U.S. Attorney's office in New Hampshire and numerous local police agencies have been investigating residential marijuana growing operations throughout the state. As a result of recent marijuana seizures in Hooksett and Epsom, investigators developed information that led to the identification of 10 other residences in Concord, Derry, Pembroke, Andover, Chester, Weare, Hopkinton, Londonderry, and Canterbury that were suspected of housing large-scale marijuana grow operations." The Boston Herald used the AP story.

On its Web site, CBS 4 Boston (12/14) reports police "said the 10 homes were purchased with the sole intent of growing marijuana."

Miami Police Chief's Son Sentenced In Marijuana Case. In Albany, New York, the AP (12/13) reported the son of Miami Police Chief John Timoney "was sentenced Wednesday to 18 months in federal prison for trying to buy 400 pounds of marijuana from an undercover agent in 2005. Sean Timoney pleaded guilty in December 2005 to giving an undercover Drug Enforcement Administration agent a gym bag filled with about $455,000 in cash as partial payment for what he and a partner believed would be the delivery of 400 pounds of marijuana." CNN, the Washington Post, Miami Herald, South Florida Sun-Sentinel, Long Island Newsday, and Philadelphia Inquirer used the AP story.

Texas Teacher Accused Of Helping Cocaine, Money-Laundering Ring. The Galveston County (12/14) reports a Galveston school teacher "was freed on bond Wednesday when officials released information about the multimillion-dollar cocaine and money-laundering ring in which she is accused of taking a part. Galveston Police Department vice/narcotics officer Joey Quiroga pulled Joette Natasha Barnes, 25, out of class last week and arrested her. … 'We believe she was a facilitator,' said Joe Arabit, assistant special agent in charge for the Drug Enforcement Administration's San Antonio office. 'Not to minimize it, but

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that was the role of several people in this operation — to hold drug proceeds for other defendants.'"

The Washington Times/UPI (12/14) reports law-enforcement authorities "have broken up a Texas-based ring that allegedly smuggled 400-pound quantities of cocaine into Ohio and Tennessee from Mexico. … The ring is accused of transporting cocaine to Ohio and Tennessee, among other states, after storing it in San Antonio between Jan. 1, 2004, and Dec. 6 of this year."

Federal Agents Seize $1 Million Cash From Alabama Traffic Stop. The AP (12/14) reports, "Federal agents confiscated $1 million in cash concealed in a pickup truck stopped for speeding by Alabama state troopers on Interstate 10, authorities said. Tom Wade, the U.S. Drug Enforcement Administration's agent in Mobile, said the stacks of $20 bills packed in a concealed compartment were turned over to the U.S. Marshals Service. He said cash can be confiscated if investigators believe it was associated with criminal activity, but that $1 million is a 'significant' seizure for such a traffic stop." The AP notes, "Wade said Wednesday the DEA is investigating where the driver began his trip and his final destination. Officials said the driver could claim the cash and try to get it back through the courts, but that is rare in such seizure cases and it will likely be distributed to state and federal agencies."

Traffic Stop Leads To Georgia Stolen Weapons Arrest. The Atlanta Journal-Constitution (12/14, Chidi, 379K) reports, "A lucky traffic stop by a Snellville police officer led to the arrest of two teens accused of stealing dozens of guns from a Lilburn pawn shop, police said Wednesday. Federal agents and local police arrested two Duluth teenagers late Tuesday night, Lilburn police said in a news release. Dwayne Allen Hickman, 17, and Jimar Shane O'Riley, 17, were charged with one count of armed robbery, with other state charges pending. Police said they could be charged as adults." The AJC adds, "Police said Wednesday that 53 guns had been stolen. Lilburn Police called in the Bureau of Alcohol, Tobacco and Firearms to help investigate, but police caught a quick break in their investigation," when Snellville Police officer Greg Perry "searched the car and found a gun that had been registered as stolen five days earlier from Mr. Pawn. … ATF agents, Gwinnett County's SWAT team, Snellville and Lilburn police officers met the two. The initial investigation points to a possible gang connection in this case," Lilburn police spokesman Sgt. Tyler Thomas said."

CONGRESS-ADMINISTRATION:

Johnson Undergoes Brain Surgery. CNN (12/14) reports on its website, "Sen. Tim Johnson of South Dakota was undergoing brain surgery early Thursday at George Washington University Hospital after suffering stroke-like symptoms, two Democratic sources familiar with his condition told CNN." The Washington Post (12/14, A1, Babington, Weisman, 690K) also says Johnson "was in surgery last night after falling ill at the Capitol, introducing a note of uncertainty over control of the Senate just weeks before Democrats are to take over with a one-vote margin. … Given Johnson's narrow reelection win over Thune, and South Dakota's GOP tilt -- Bush carried the state by 22 percentage points in 2004 -- Republicans consider Johnson one of their top targets in the 2008 Senate elections. The leading candidate to oppose him" is GOP Gov. Mike Rounds, "who was reelected to a second term last month."

The Washington Times (12/14, Hurt, 88K) reports, "During a phone call with reporters yesterday, Mr. Johnson became disoriented, stuttering in response to a question. He appeared to recover, asking whether there were any additional questions and then signing off. According to his office, the Capitol physician examined the senator and advised that he be sent to a hospital."

The Los Angeles Times (12/14, Levey, 850K) says "the hospital would provide no details on his condition or the reason for the surgery." The Times also runs a statement from Senate Democratic leader Harry Reid, in which he says, "Sen. Johnson is a dear friend to me and to all of us here in the Senate." CQ (12/14) notes "Reid himself had what was described as a 'mini stroke' earlier this year, which had little impact on his overall health."

The Sioux Falls Argus Leader (12/14) reports on its website that Democratic Rep. Stephanie Herseth, "at the conclusion of a Sioux Falls meeting with board members of the Lewis and Clark water project, called the group back together around 3 p.m. and announced…Johnson had been taken to a hospital. In a shaking voice, she called on South Dakotans for their prayers." Herseth "said she believed it was a severe stroke." The Leader also reports rhe White House "issued a statement" wishing Johnson "a speedy recovery.

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'Our thoughts and prayers are with Senator Johnson and his family,' said spokesman Alex Conant."

The Wall Street Journal (12/14, Lueck, Cummings, 2.04M) reports, "As Mr. Johnson's family gathered at the hospital last night, his office wasn't making public details of his condition." In late afternoon, "a brief statement said he had suffered a 'possible stroke' and was being evaluated by a stroke team. Later, a spokeswoman for Mr. Johnson said he hadn't suffered a stroke or a heart attack."

USA Today (12/14, Kiely, 2.27M) also reports Johnson's illness "has national ramifications because of the narrow political divide in the Senate that convenes Jan. 4. The November election gave Democrats a 51-49 edge. Joe Lieberman of Connecticut and Bernie Sanders of Vermont were elected as independents but have said they will vote with Democrats." If Johnson "were unable to complete the remaining two years of his term, South Dakota Gov. Mike Rounds, a Republican, could appoint a replacement, presumably another Republican. That would deadlock the Senate at 50-50 with Vice President Cheney, a Republican, holding the tie-breaking vote."

All three networks reported on Johnson's illness last night. On NBC Nightly News (12/13, lead story, 2:35, 9.87M), Tim Russert was asked to comment on the "political implications." They are "enormous," said Russert, "if the Republicans were to become the majority party in the Senate again, in terms of Iraq policy, Supreme Court nominees, environmental policy, tax policy. Very, very significant." The CBS Evening News (12/13, story 3, 1:50, Couric, 7.66M) reported, "A big change may be coming in the balance of power on Capitol Hill." On ABC World News (12/13, lead story, 2:00, 8.78M), George Stephanopoulos said, "If you look at history, it is very, very rare, in fact, no senator has ever been forced out for something like this. And several senators have served for several years, even after they suffered from a stroke."

The Financial Times (12/14, Luce) reports that as it "went to press…it was too early to tell the extent of Mr Johnson's impairment." The Times later says, "Any loss of Democratic control of the Senate would be less serious to the opposition party's agenda than loss of control of the House of Representatives, which operates under stricter conditions of party discipline and where the Democrats last month won a comfortable majority. Political analysts say the real majority number in the Senate is now sixty since that is the minimum vote required to impose cloture on a filibustered debate and move to a vote." The Democrats in both houses "have promised to usher in an era of greater bipartisan cooperation after several years of bitter partisanship."

The AP (12/14, Jalonick) reports "both Johnson and his wife have battled cancer." The senator "underwent prostate cancer treatment in 2004, and subsequent tests have shown him to be clear of the disease. Barb Johnson is a breast cancer survivor." The couple "have two sons and a daughter: Brooks, who served in the U.S. Army in Bosnia, Kosovo, South Korea, Afghanistan and Iraq; Brendan, a Sioux Falls lawyer, and Kelsey, who works in Washington."

The New York Times (12/14, Zernike, 1.16M) notes Johnson "is the second senator known to become ill since the November elections. Senator Craig Thomas of Wyoming, a Republican, is being treated for leukemia, but has been at work." The Times also reports, "According to information from the Senate historian cited on CQ.com, at least nine senators have taken extended absences from the Senate for health reasons since 1942. Robert F. Wagner, Democrat of New York, was unable to attend any sessions of the 80th or 81st Congress from 1947 to 1949 because of a heart ailment. Senator Joseph R. Biden Jr., Democrat of Delaware, missed about seven months in 1988 after surgery for a brain aneurysm. And David Pryor, Democrat of Arkansas, suffered a heart attack in April 1991 and returned to the Senate in September that year." The Chicago Tribune (12/14, Parsons, 617K) reports, "Many members of Congress have stayed in office in spite of fragile health, including the late Sen. Strom Thurmond, a South Carolina Republican who held office beyond his 100th birthday." Democratic Rep. Lane Evans "has suffered from Parkinson's disease for years and went for several months this year without casting a vote. He is set to retire when the new Congress is sworn in."

US Urges Appeals Court To Reverse Ruling On Cheney Visitor Logs. The AP (12/14, Jordan) reports, "The Bush administration asked an appeals court Wednesday to overrule a federal judge and allow the White House to keep secret any records of visitors to Vice President Cheney's residence and office. To make the visitor records public would be an 'unprecedented intrusion into the daily operations of the vice presidency,' the Justice Department argued in a 57-page brief to the U.S. Court of Appeals in the District of Columbia. The government was responding to an October order, by U.S. District Judge Ricardo M. Urbina, to release two years of White House visitor logs to The

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Washington Post." The AP adds, "Attorneys for the Justice Department called Urbina's decision 'flatly inconsistent' with his ruling's acknowledgment that the Secret Service had only limited and temporary control over the visitor logs. Since the records are ultimately controlled by the vice president's office, the Secret Service is not authorized to release them, the government said. Moreover, Congress has excluded presidential and vice presidential records from the public's reach — making the visitor logs untouchable, the government said."

Bond Selected As Top Republican On Senate Intelligence Panel. McClatchy (12/14, Stearns) reports, "Missouri Sen. Christopher 'Kit' Bond will become the top Republican on the Senate Intelligence Committee." Over "the last few years he's gained an increasingly high profile on intelligence issues." For example, in 2006, "Senate Majority Leader Bill Frist assigned Bond to lead Senate Republican communications efforts in the war on terror." As political tensions rose over Iraq, "Bond frequently became the GOP's sound-bite bad cop, accusing Democrats of excessive partisanship, while outgoing chairman Pat Roberts of Kansas took a more reserved approach."

Reyes Dismisses Questions About Qualifications To Lead House Intelligence Panel. KFOX-TV in El Paso (12/12) on its web site reported that after a CQ reporter questioned Rep. Silvestre Reyes' (D) qualifications to become chairman of the House Intelligence Committee, Reyes defended himself saying "he actually does know the answers to the questions." Reyes said, "I certainly know Hezbollah because I am one of the few members of Congress that has actually been through a Hezbollah checkpoint, on the road from Damascus to Beirut." And "local experts have taken to the congressman's defense." UTEP associate professor John Bretting said, "It would be ridiculous to believe that our Congressman Silvestre Reyes is not qualified for this position." He "said Reyes is not the only one who has been taken by a reporter's pop quiz, even U.S. presidents have." Bretting added, "In the United States Congress, Congressman Reyes is one of the five or six most knowledgeable congresspersons when it comes to national security."

WSJournal Criticizes Selection Of Reyes For Intelligence Panel. The Wall Street Journal (12/14, 2.04M) editorializes, "As Speaker-to-be Nancy Pelosi's choice to be the next Chairman of the House Intelligence Committee, Texas Democrat Silvestre Reyes will share responsibility for the budgets and oversight of US spy agencies, as well as receive regular briefings on classified intelligence. But it appears he first needs a remedial course on America's terrorist enemies. In an interview with Congressional Quarterly, Mr. Reyes was unable to answer basic questions about the sectarian nature of both al Qaeda and Hezbollah. … So it appears America will fight the next two years of the war on terror with an important Congressional post occupied by a man who has no grasp at all of the dynamics of the conflicts in Iraq, Lebanon and the broader Middle East. This isn't an auspicious start by Democrats who hoped to campaign in 2008 having established some credibility on national security."

Judge Says Administration's Handling Of Katrina Housing Was "A Disaster." The New York Times/AP (12/14, Apuzzo) reports US District Judge Richard J. Leon "called the Bush administration's handling of a Hurricane Katrina housing program 'a legal disaster' Wednesday and ordered officials to explain a computer system that can neither precisely count evacuees nor provide reasons why they were denied aid." Judge Leon, "who ruled last month that the Federal Emergency Management Agency had violated evacuees' constitutional rights by eliminating their housing payments without notice, admonished the government for not moving fast enough to restart the program for between 3,600 and 5,500 storm victims." Leon "ruled that FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer. Instead of explaining why funding was being cut, FEMA provided only computer-generated and sometimes conflicting program codes, Leon said." The judge "ordered FEMA to explain those decisions so thousands of evacuees can understand the reasoning and decide whether to appeal." The Washington Post (12/14, A29, 690K) also runs the AP story.

Many Katrina Victims "In Limbo" After Over A Year. In his New York Times column (12/14), Bob Herbert says they "look for all the world like internment camps," but "more than a year after the catastrophe of Hurricane Katrina, thousands of the poorest victims from New Orleans are still living in these trailer parks run by the Federal Emergency Management Agency. They have ironic names, like Mount

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Olive Gardens and Renaissance Village. A more accurate name would be Camp Depression, after the state of mind of most of the residents." Dr. Irwin Redlener, a professor at Columbia University and the author of "Americans at Risk: Why We Are Not Prepared for Megadisasters and What We Can Do," said "he was outraged that so many thousands of the poorest victims of Hurricane Katrina are still stuck in limbo — unable to find jobs or permanent housing, denied adequate medical and educational services and with no idea when, or if, they will be able to return to New Orleans."

US Geological Survey Scientists Object To New Administration Rules. The Washington Post (12/14, A29, Eilperin, 690K) reports, "A new Bush administration policy for reviewing scientific documents before publication has angered some US Geological Survey scientists, who say the elaborate internal review of their work may impede them from conveying information to the public." The new requirements, "which were unveiled in July but are still being put into practice, call for staff scientists to submit all reports and prepared talks to managers to determine whether they meet the agency's scientific standards. They also require researchers to alert the agency press office of any work involving 'potential high visibility products or policy-sensitive issues.'" P. Patrick Leahy, USGS associate director for geology, "said the agency spent more than two years drafting the rules to ensure all of it scientists are subject to the same sort of rigorous scientific review before they send their work to be published." But "James Estes, a marine biologist who has worked for more than 30 years at the USGS's Western Ecological Research Center in Santa Cruz, Calif., said that although he has not encountered problems in the past, he and his colleagues fear their work may be stifled."

Lawmakers Say Coast Guard Withheld Warnings About National Security Cutter. The New York Times (12/14, Lipton, 1.16M) reports the Coast Guard "withheld from Congress warnings raised more than two years ago by its chief engineer about structural design flaws in its new National Security Cutter, a $564 million ship now near completion in Mississippi, Democrats and Republicans said in interviews this week." The "lack of full disclosure about that and other problems in the Coast Guard's $24 billion modernization effort, known as Deepwater, has created a credibility gap that some members of Congress say now jeopardizes the endeavor." Sen. Olympia J. Snowe, "the chairwoman of the Senate panel that oversees the service's operations," said, "The Coast Guard clearly does not understand that transparency and accountability are essential to a program of this magnitude." The Times adds Snowe "and other Congressional leaders said they were unaware until this past week that the Coast Guard's chief engineer, Rear Adm. Erroll Brown, had written in March 2004 to the Coast Guard official in charge of the Deepwater program, Rear Adm. Patrick M. Stillman, to warn him that the design for the National Security Cutter had 'significant flaws' and that construction should not begin until they were addressed." Rep. Harold Rogers, "who heads the House panel that oversees the Coast Guard budget, said the lack of full disclosure was distressing." Democratic Rep. Bob Filner "said the shortcomings in the Deepwater program are so severe that the contract should be terminated. Two military contractors, Lockheed Martin and Northrop Grumman, were hired in 2002 to design the ships, build them and oversee most of the other project details."

NYTimes Criticizes Lack Of Oversight For Coast Guard. The New York Times (12/14, 1.16M) says in an editorial, "The Coast Guard, supposedly our first line of defense against water-borne terrorists and drug smugglers, has been staggered by a shipbuilding scandal of enormous proportions. A long-term modernization program to replace nearly all of the Coast Guard's ships, planes and helicopters — begun four years ago in the wake of 9/11 — is foundering while its projected costs are skyrocketing. In Iraq, lax government oversight and incompetence or profiteering by contractors have disabled reconstruction efforts. Now the same disease is undermining our coastal defenses." The "new Congress and the Department of Homeland Security, which is responsible for the Coast Guard, will need to keep a sharp eye on the Coast Guard's performance. The industrial contractors have proved they were not up to the job."

Corrected Financial Reports Show Fannie Mae Was Undercapitalized. The Washington Post (12/14, D1, Hilzenrath, 690K) reports, "Three years ago, Fannie Mae assured lawmakers that it had the required capital to cope with a broad variety of business setbacks." But it "turns out, the assurance was false. Last week, when the giant mortgage funding company corrected years of flawed financial reports, the new numbers showed that it fell short of a key capital requirement by billions of dollars in 2002 and 2003." Had it "been apparent at the time, the $7.3 billion

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shortfall at the end of 2002 could have put Fannie Mae on a different trajectory. Regulators might have intervened -- as they did later, when accounting problems came to light. Wall Street might have reevaluated Fannie Mae's vaunted management, not to mention the value of its stock. And Fannie Mae might have been forced to raise additional capital or liquidate investments, sacrificing profits." Instead, "based on Fannie Mae's financial reports, the Office of Federal Housing Enterprise Oversight, which monitors Fannie Mae's financial safety and soundness, gave the company a passing grade."

Recently Passed Tax Bill Included 520 Tax Breaks For Corporations. The Washington Post (12/14, A6, Stephens, 690K) reports, "A huge tax bill that Congress passed last week contained a little-noticed gift for select corporations -- tens of millions of dollars in breaks on import tariffs. Early Saturday morning, in the frantic final hours of the 109th Congress, lawmakers rolled 520 tariff suspensions into the must-pass bill. The provisions will reduce or eliminate taxes on imported products as varied as shoes, camcorders and boiled oysters." The Post adds, "While such suspensions have been around for decades, the flurry of provisions pushed this Congress to a record of nearly 800 for the year. Corporate lobbyists often craft such suspensions to apply to just one product imported by just one company. Many of those companies and their executives have given millions of dollars to political campaigns. … Altogether, the suspensions passed this year could cost the Treasury hundreds of millions of dollars in lost revenue. The previous Congress approved about 440 new and extended suspensions, at an estimated cost of $172 million."

Congress' Failure To Renew Law Could Hit Rural Schools Hard. USA Today (12/14, Toppo, 2.27M) reports, "Rural school districts in 42 states could be forced to cut their budgets or close down altogether in coming months, advocates say, because Congress left Washington last week without renewing a little-known authorization for districts with large tracts of national forest land." The Secure Rural Schools and Community Act "subsidizes about 4,400 small school districts. Congress first approved it in 2000 to make up for declining revenue in timber-producing areas and to guarantee districts a steady income. The law was up for renewal this year, but lawmakers left Washington on Saturday without approving it, leaving many districts scrambling to replace funding that, in a few cases, amounts to more than half of their budgets."

Democrats Will Seek To Integrate War Spending Into Regular Budget. The New York Times (12/14, Hulse, 1.16M) reports, "Frustrated by the Bush administration's piecemeal financing of the Iraq war, Democrats are planning to assert more control over the billions of dollars a month being spent on the conflict when they take charge of Congress in January. In interviews, the incoming Democratic chairmen of the House and Senate Budget Committees said they would demand a better accounting of the war's cost and move toward integrating the spending into the regular federal budget, a signal of their intention to use the Congressional power of the purse more assertively to influence the White House's management of the war." The lawmakers, Senator Kent Conrad and Rep. John M. Spratt, "said the administration's approach of paying for extended military operations and related activities through a series of emergency requests had inhibited Congressional scrutiny of the spending and obscured the true price of the war."

Budget Outlook Places Constraints On Democratic Agenda. The Christian Science Monitor (12/14, Grier, 59K) reports, "Lower interest rates on student loans. More special forces for the military. Expanded prescription drug benefits for senior citizens. Greater federal support for renewable energy and alternative fuels." Congressional Democrats "have a long list of priorities they'd like to enact when they assume the power of the majority in January. After all, they've been wandering in the political wilderness for 12 years. They've had lots of time to scribble down stuff under the heading 'to do.'" But "faced with record federal deficits and the expense of the war in Iraq, Democrats have also vowed to be more fiscally responsible than their Republican predecessors. Handling this impending collision could be one of the first big tests for the party's House and Senate leadership teams." The Monitor adds, "As yet, Democrats have hung no price tag on their forthcoming agenda. Many of the high-priority items they have pledged to enact in the first 100 hours of the new Congress, such as an increase in the minimum wage, wouldn't cost Washington lots of money." In addition, "incoming Speaker Pelosi said in a statement last month that the party is committed to 'no new deficit spending.'"

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Wyden Offers Universal Health Care Plan. The AP (12/14, Daly) reports, "Several business and labor leaders on Wednesday hailed a proposal to provide health care coverage to all Americans through a pool of private insurance plans. A dozen years after Congress rejected a Clinton administration plan for universal health care, Oregon Sen. Ron Wyden offered a plan he said would provide affordable, private health care coverage for all Americans, except those covered through Medicare or the military." Said Wyden, "Employer-based coverage is melting away like a Popsicle on the sidewalk in August." Wyden, "a Democrat and a member of the Senate Finance health care subcommittee, said his plan would 'guarantee health coverage for every American that is at least as good as members of Congress receive and can never be taken away.'" The plan, "dubbed the 'Healthy Americans Act,' would provide universal coverage for no more money than the country spends on health insurance today, Wyden said." The Los Angeles Times (12/14, , 850K) also reports on Wyden's proposal, and says that "considered liberal on social issues and moderate on economic policy," the senator "combined elements of reforms that have been proposed by Democrats and Republicans. His plan would guarantee coverage for all, including nearly 47 million uninsured, a Democratic objective." But "it would also limit employers' exposure to relentless cost increases and encourage workers to shop for cost-effective insurance plans -- ideas that have Republican support."

Three 527 Groups Fined For Campaign Finance Violations. The AP (12/14, Kuhnhenn) reports, "Swift Boat Veterans for Truth and MoveOn.org Voter Fund, two outside groups that played key roles in the 2004 presidential election, reached an agreement with the Federal Election Commission to pay nearly $450,000 for various violations." The two groups and the League of Conservation Voters "settled charges that they failed 'to register and file disclosure reports as federal political committees and accepted contributions in violation of federal limits and source prohibitions,' the FEC said in a statement Wednesday. The commission approved the three settlements on a vote of 6-0." The issue concerns the conduct of the 527 groups, which operated "as independent campaigns attacking Democratic nominee Sen. John Kerry or President Bush." Swift Boat Veterans and POWs for Truth "will pay $299,500. In the 2004 campaign, the group spent $20.4 million criticizing Kerry's military record in Vietnam. Much of the group's claims about Kerry's service were never substantiated." The MoveOn.org Voter Fund "will pay $150,000." The group "spent $14.6 million on television ads attacking Bush's record." The League of Conservation Voters "will pay $180,000. The group ran ads against Bush and other federal candidates, criticizing their stands on environmental issues."

USA Today (12/14, Schouten, 2.27M) reports the action "is the first clampdown on outside political groups, FEC Chairman Michael Toner said, and could diminish the role of such organizations." Toner said the groups "stepped over the line by either raising funds or by paying for activities that called for the election or defeat of the presidential contenders." Richard Hasen of Loyola Law School in Los Angeles said, "We would not see independent spending on the same scale in 2008 as we did in 2004 [if the FEC action survives legal challenges]."

The Washington Post (12/14, A5, Smith, 690K) reports the FEC "slapped heavy fines on three independent fundraising groups it said had illegally injected tens of millions of dollars into the 2004 presidential campaign, concluding unanimously that the funds were drawn from large donors and corporations in violation of election laws." The fines "raised new questions about the viability of using such '527' organizations as an indirect conduit for big-money donations meant to promote or undermine federal candidates." But "prominent election lawyers said the FEC's decision to fine the three groups was unlikely to slow such funding in the 2008 election. Although the fines imposed yesterday add new uncertainty for large donors, the underlying FEC rules remain so murky that the strength of the precedent is unclear, the lawyers said." GOP election lawyer Jan Baran said, "There is no clear standard."

Personnel News. In its "Special Interests" column, the Washington Post (12/14, A29, Sarasohn, 690K) reports the Investment Company Institute "snagged **James R. Hart**, a 30-year veteran of the Hill and most recently chief of staff to Rep. Carolyn McCarthy (D-N.Y.)." **Robert C. Divine** "has left his job as U.S. Citizenship and Immigration Services chief counsel…and rejoined Baker, Donelson, Bearman, Caldwell & Berkowitz law firm." Meanwhile, "health-care specialist **Stephen J. Northrup** has joined Arent Fox in the law firm's government relations group." **Gail MacKinnon**, "senior vice president for government relations at the National Cable and

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Telecommunications Association, is leaving for Time Warner Inc., where she will be senior vice president for global public policy. Succeeding her will be **Steve Vest**."

OTHER NEWS:

Hill Says Pyongyang Appears Serious About Six-Party Talks. The Washington Times (12/14, Sands, 88K) reports, "Top US negotiator Christopher Hill said yesterday that he will push for 'measurable, concrete progress' to end North Korea's nuclear weapons programs when regional talks resume this weekend in Beijing after a break of more than a year. Just over two months after Pyongyang stunned the world by conducting its first nuclear test, Mr. Hill said in a State Department briefing that China has offered the United States 'unprecedented cooperation' in recent weeks in pressing the North to return to the stalled 'six-party talks.'" Negotiators for "the six countries -- the United States, China, North and South Korea, Japan and Russia -- are set to meet Sunday night in Beijing for the first time since Pyongyang's nuclear test." Hill "said he anticipated this round of talks would last at least a week and he hoped to be home by Christmas."

Fox Special Report (12/13, story 4, 3:15, Hume) reported Hill "appears hopeful." Fox (Rosen) added, "America's envoy...said recent exchanges with the Democratic People's Republic of Korea, as the north calls itself, suggest that when the talks resume Sunday night in Beijing, after more than a year's respite, real results might actually follow."

The AP (12/14) reports Hill stressed at yesterday's briefing that "the purpose of the six-party talks is not to talk," and said US negotiators are looking for "measurable" and "concrete progress" at the talks. He said it had not been determined how long the negotiations will last, but that talks would begin Sunday night and he would spend next week in Beijing. Hill said he would be meeting over the weekend with his negotiating counterparts, including the North Korean delegate. Hill also said cooperation with the Chinese in preparation for the meeting has been "unprecedented."

AFP (12/14, Millikin) reports the assistant secretary said Pyongyang has indicated it is ready to "deal in specifics" about abandoning its nuclear weapons program, but he predicted "very tough negotiations" next week. Hill said it was not clear if North Korea's leadership agreed to resume talks due to UN sanctions or "because they have exploded a nuclear device and they feel very strong as a result of that." But Hill said he had made clear to Pyongyang already that "we do not consider them a nuclear power and we will not consider them a nuclear power."

Negotiators Report Progress On UN Sanctions On Iran. AFP (12/14, Aziakou) reports negotiators "edged closer to agreeing UN sanctions against Iran…raising hopes that the Security Council could vote on a compromise package soon." After a new round of informal talks on a sanctions draft resolution early Wednesday, several participants emerged "reasonably upbeat." British Ambassador Emyr Jones Parry told reporters negotiators "made substantial progress," and "expressed hope that a compromise text would be agreed on this week," paving for the way for a Security Council vote "as soon as possible after that."

The Christian Science Monitor (12/14, LaFranchi, 59K) reports that "as prospects wane for tough international action against Iran, some countries in the region are expressing alarm at the pace of Tehran's progress toward mastery of the nuclear cycle. And they seem to be saying, "'f the international community is not going to do something about it, we will.' Such an attitude is raising fears of a Middle East arms race." The Monitor adds, "Noting that Saudi Arabia and other Gulf countries announced over the weekend their interest in developing a cooperative nuclear-energy program, former Middle East negotiator Dennis Ross said, 'Who is that message for? Let me tell you, it's not for Iran. It was for us.'"

Bolton To Seek Charges Against Ahmadinejad Over Israel Remarks. The Financial Times (12/14, Turner) reports Ambassador Bolton Thursday will "call for legal proceedings" against Iranian President Mahmoud Ahmadinejad "for incitement to genocide." Bolton will join former Israeli Ambassador Dore Gold, former Canadian attorney-general Irwin Cotler, and Nobel peace prize winner Elie Wiesel "in claims that a series of public statements against Israel constitute a crime under the Genocide Convention." A 68-page study produced by the Jerusalem Center for Public Affairs and the International Association of Jewish Lawyers and Jurists argues that Ahmadinejad's declaration that "Israel should be wiped off the map" is "part of a hate campaign punishable under international law." The Iranian mission to the UN dismissed the call as "a propaganda move, and an act without any

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substance. The international court of justice should give every priority to the real genocide of Palestinian people by Israeli leaders." Meanwhile, Juan Mendez, the UN's special adviser on the prevention of genocide, "said he did not plan to take any official action over the remarks because his job was to help vulnerable populations that could not defend themselves."

The New York Times (12/14, Slackman, 1.16M) reports, "Iran's so-called Holocaust conference this week was billed as a chance to force the West to reconsider the historical record and, thereby, the legitimacy of Israel. But why would the Iranians invite speakers with so little credibility in the West, including a former Ku Klux Klan grand wizard and disgraced European scholars? That question misses the point." Ahmadinejad "portrays participants like David Duke, the former Louisiana Klan leader, and Robert Faurisson of France, who has devoted his life to trying to prove that the Nazi gas chambers were a myth, as silenced truth-tellers whose stories expose Western leaders as the hypocrites he considers them to be. Just as Soviet leaders used to invite Americans who suffered racial or political discrimination to Moscow to embarrass Washington, Mr. Ahmadinejad seems to enjoy pointing out that countries like Germany, France and Austria claim to champion free debate yet have made Holocaust denial illegal." But "there is another important point. Mr. Ahmadinejad actually seems to believe that the volumes of documentation, testimony and living memory of the Nazi genocide are at best exaggerated and part of a Zionist conspiracy to falsify history so as to create the case for Israel."

Local Elections Present Test For Ahmadinejad. The New York Times (12/14, Fathi, 1.16M) reports Iranians will go to the polls on Friday in elections that "are expected to be a test of whether President Mahmoud Ahmadinejad still has the popular support that led to his victory 18 months ago." The elections are for city councils around the country and for the 86-member Assembly of Experts, which selects the country's supreme religious leader. The city councils exercise "substantial political leverage, especially in the capital, Tehran," where a slate affiliated with Ahmadinejad is running against "other radicals who have been sidelined by Mr. Ahamdiejad and against reformist politicians who are trying to make a comeback after three major defeats in the past three years." However, AFP (12/14, Eqbali) says "conservative-reformist power struggles or foreign policy are far from the minds" of many Iranian voters, who "are more concerned with unemployment and the cost of living."

Lebanon Standoff Seen As Key Test Of US Resolve, Credibility. McClatchy (12/14, Lasseter) reports, "For most Americans, the standoff between the militant Shiite Muslim group Hezbollah and Lebanon's government may look like inside politics in a country that's barely big enough to contain its name on most world maps." But "Hezbollah's two-week-old siege of Prime Minister Fuad Saniora's administration is, in many ways, a test of US power and credibility in the Middle East at a time when the Bush administration is struggling to regain the offensive in Iraq and Afghanistan. Analysts, Lebanese leaders and Western diplomats agree that the crisis is an outgrowth of a developing showdown between the United States, which backs Saniora, and Syria and Iran, which support Hezbollah." That "cold war can be seen across the region. In Iraq, Syria and Iran are helping forces aligned against US troops. In the Palestinian-Israeli conflict, Iran has pledged millions to help the Hamas-led Palestinian government - which the United States and Europe have cut off - and Syria continues to support Hamas and several Palestinian terrorist groups."

The Washington Post (12/14, A22, Shadid, 690K) reports, "For years, Fouad Siniora was a man of numbers more than rhetoric, as a banker, finance minister and friend to Rafiq al-Hariri, the billionaire former prime minister assassinated last year. This week, he stood before a crowd that included more than 1,800 women at his barricaded government headquarters, more populist than pragmatist, more agitator than accountant." The Post adds, "In the test of wills that Lebanon's crisis has become, the government is playing a game of perceptions. Ministers insist it is business as usual, while in almost daily scenes, busloads of supporters from elsewhere in Lebanon are ferried to the stately Serail, as Siniora's headquarters is known." The government, "in sometimes blunt ways, is mobilizing its sectarian constituencies -- usually Sunni Muslim -- as a veiled warning to Hezbollah and its Shiite Muslim followers not to go too far in a campaign the government's supporters variously portray as a coup d'etat, an attempt to grab power for the Shiite community or a ploy to deliver leverage here to Iran and Syria."

Meanwhile, the Washington Times (12/14, Behn, 88K) reports, "A Lebanese official yesterday said the leading government party was ready to accept an Arab League

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package of political solutions to defuse the crisis paralyzing the country." Arab League leader Amr Moussa "told reporters Tuesday that 'progress has been made' toward a compromise resolution, but that all parties would have to make concessions for a consensus to be reached." Amal Mudallali, "a foreign policy adviser to parliamentary majority leader Saad Hariri, said the package would grant the opposition more seats in the Cabinet but leave it one short of the veto power demanded by Hezbollah."

Hamas Commander Killed As Palestinians Infighting Intensifies. The New York Times (12/14, A16, Myre, 1.16M) reports as part of "renewed fighting among Palestinians, gunmen forced a prominent Hamas militant to his knees on Wednesday, then shot him dead outside a courthouse where he worked, in the southern Gaza Strip." Hamas said a Fatah "death squad" was responsible for the killing of the militant, Bassam al-Farra, in Khan Yunis. Fatah, however, denied involvement. Hamas spokesman Fauzi Barhoum cautioned that there is "a very dangerous situation" in Gaza, where "there has been an escalation in the violence and the chaos."

The AP (12/14, Barzak) says the "brazen daylight slaying forced Prime Minister Ismail Haniyeh of Hamas to rush home from a trip abroad and dampened already fading hopes for creating a national unity government and renewing peace talks with Israel." Meanwhile, both Hamas and Fatah "criticized President Mahmoud Abbas of Fatah for failing to halt the violence."

As Tensions Rise In Somalia, Regional War Feared. In a front page report, the New York Times (12/14, A1, Gettleman, Mazzetti, 1.16M) reports that the "inevitability of war hangs over Mogadishu" but "unlike the internal anarchy that has consumed the country for 15 years, the looming battle is now with Ethiopia, threatening to further destabilize the troubled Horn of Africa." Over the past week as Islamic militants strengthened their control of the city, "much of the rest of the country have begun a food drive, a money drive and an AK-47 assault rifle drive, and have sent doctors and nurses, along with countless young soldiers, to the front lines." Meanwhile, Ethiopia, "with tacit approval from the United States," has been "steadily slipping soldiers across the border, trying to hold off the Islamists and shore up Somalia's weak, unpopular and divided transitional government." Centcom Commander Gen. John Abizaid "recently flew to Ethiopia to meet with Prime Minister Meles Zenawi," who told American officials that he could cripple the Islamist forces "in one to two weeks." Abizaid "made it clear that a broad military invasion of Somalia could create a humanitarian crisis across the Horn of Africa," Centcom officials said, but "did not tell Ethiopian officials to pull their troops out."

The Washington Post (12/14, A19, McCrummen, 690K) reports as tensions rise "there is fear that an all-out conflict in the Horn of Africa may be unavoidable." For now, hopes for a peaceful resolution "are pinned on a UN Security Council resolution adopted last week, authorizing deployment of an African Union force, excluding troops from neighboring states" to Baidoa, the seat of Somalia's transitional government. Some analysts, however, "contend that the measure has already prompted" the Islamic militants to "push toward Baidoa and will ultimately serve as a rallying point for the movement's more radical factions."

Russia Poised To Cut Off Gas Supplies To Belarus, Georgia. The Financial Times (12/14, Buckley, Ostrovsky) reports, "Russia is preparing to cut off natural gas supplies to neighbouring Belarus and Georgia unless the two former Soviet republics agree by the year-end to pay much higher prices in 2007. Coming a year after Gazprom, the Russian gas giant, briefly cut gas to Ukraine in a similar pricing dispute, such a move could provoke further criticism that Moscow is using energy as a political tool." The Times adds, "Action against Belarus could affect supplies to Poland and Germany because a transit pipeline runs across the republic, though it carries only a third of the volumes running through a bigger export pipeline across Ukraine. ... Gazprom has made clear it is prepared to reduce price increases in exchange for stakes in the republics' gas distribution networks."

The Financial Times (12/14, Buckley) says, "Russia is set to deal a double blow to the economy of one of its closest allies – potentially making life much more difficult for the man the US has called 'Europe's last dictator.' As well as pressing for Belarus to pay much more for its natural gas, Moscow said this week it would slap an export duty on what are currently duty-free Russian crude oil exports to its close Slavic neighbour." The "measures could sharply reduce or wipe out the $4bn-plus effective annual subsidy Russia provides to Belarus, which has helped Alexander Lukashenko, its authoritarian president, deliver higher wages and living standards to his 10m people." Analysts "suggest Moscow is

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penalising Mr Lukashenko for not delivering on pledges of closer integration with Russia, including the currency union and selling half of Beltransgaz, the Belarusian gas distributor, to Gazprom."

Litivinenko's Poisoning Continues To Spark Commentary. In an editorial this morning, the Washington Post (12/14, A30, 690K) says "it's still not known how the former Russian KGB agent Alexander Litvinenko came to ingest the deadly dose of polonium-210 that killed him in London last month. But thanks to the radioactive trail left behind by the isotope, some important conclusions about the case are now possible. First, the polonium was smuggled into Britain from Russia, where most of the known global supply of the intensely toxic substance is produced. Second, the dose was almost certainly carried by one or both of the former Russian security operatives -- one of them also a KGB alumnus -- whom Mr. Litvinenko met at a London hotel Nov. 1." Also, "the government of Vladimir Putin is making it difficult for British and German investigators to question the suspects, who are now sequestered in Moscow hospitals." The case "should cause Western governments, including the Bush administration, to insist on some answers from Mr. Putin."

Oleg Gordievsky, a former who colonel in the Soviet KGB who defected to Britain in 1985, writes in the Washington Post (12/14, A31, 690K), "The KGB and its predecessors liquidated people abroad quite regularly in the 1920s and '30s and even after World War II. But after two embarrassing and highly publicized defections of assassins, in 1957 and 1959, these activities ceased. … There were no secret assassinations under Mikhail Gorbachev or Boris Yeltsin. But under Vladimir Putin, the militant element of the KGB (now known as the FSB) slowly began working to persuade the leadership to carry out such killings, according to my sources."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks at the White House Conference on Malaria, National Geographic Society; Mrs. Bush will make remarks at 9 a.m.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: VICE PRESIDENT TARIQ AL-HASHIMI OF IRAQ _ Highlights: 10 a.m. Speaks at the U.S. Institute of Peace, 2nd floor, 1200 17th St. NW. Contact: Lauren Sucher, 202-429-3822. Note: All broadcast media must arrive no later than 9:00 AM for a security sweep. Please be sure to RSVP to Lauren Sucher at lsucherusip.org. 12 p.m. Speaks at a National Press Club news conference.

ARLINGTON WREATH PROJECT _ The Arlington Wreath Project, part of the Wreaths Across America, program, lays wreaths at Arlington National Cemetery. Highlights: 9 a.m. Wreath laying in sections 3 and 11. Media urged to be in position at 8:30 a.m. 10:30 a.m. Wreath laying at the Edmund Muskie grave. 11 a.m. Wreath laying at the Kennedy family memorials. 11:30 a.m. Wreath laying at the Mast of the U.S.S. Maine. 11:45 a.m. Gathering at the Tomb of the Unknown Soldier. 12 p.m. Wreath laying at the Tomb of the Unknown Soldier.

GUARD-RESERVES _ The independent Commission on the National Guard and Reserves holds two days of hearings on proposed changes in organization and resourcing for the National Guard and reserves. Highlights: 10:30 a.m. Army Chief of Staff Gen. Peter Schoomaker. Room 2212, Rayburn. 11:45 a.m. Air Force Secretary Michael Wynne and Air Force Chief of Staff Gen. T. Michael Moseley. Room 2212, Rayburn. 2 p.m. Maj. Gen. Roger Lempke, Adjutant Gen. of Nebraska; Maj. Gen. Raymond Rees, Adjutant Gen. of Oregon; Maj. Gen. Martin Umbarger, Adjutanrt Gen. of Indiana. Room 2216, Rayburn.

MOROCCAN REFORMS _ The American Moroccan Institute holds a conference on Moroccan Reforms. Highlights: 4 p.m. Panel discussion, ``Arab Heroes in the Time of the Holocaust: How the Past impacts Muslim-Jewish Relations in modern Morocco" with Andr Azoulay, counselor to the King of Morocco; and Robert Satloff, director of the Washington Institute for Near East Policy.

TRADE SYMPOSIUM _ Customs and Border Protection holds its annual trade symposium. Highlights: 12 p.m. OMB Director Rob Portman discusses trade, budget and the economy. Location: Reagan Trade Center.

MALARIA SUMMIT _ 8:45 a.m. - 12 p.m. White House Summit on Malaria. Highlights: 9 a.m. First Lady Laura Bush speaks. 11:25 a.m. Education Secretary Spellings. 11:40 a.m. President Bush speaks to the White House Conference on Malaria. Location: National Geographic, 17th and M Sts. NW.

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GALLUP-CUBA _ 8:30 a.m. The Gallup Organization holds a briefing to release the results of its first poll conducted in Cuba in more than a decade. Location: 901 F St. NW.

HEALTH CARE _ 8:30 a.m. The Agency for Healthcare Research and Quality holds a seminar on ``Is Small Better: Solo Practice and the Future of Primary Care," with L. Gordon Moore of the Institute for Healthcare Improvement. Location: Phoenix Hotel, 520 N. Capitol St.

PELOSI _ 8:30 a.m. Rep. Nancy Pelosi holds a news conference to discuss the first 100 legislative hours of the new Congress. Location: Rayburn Room, Capitol.

EDUCATION-WORKFORCE _ 9 a.m. The New Commission on the Skills of the American Workforce will unveil recommendations calling for ``the biggest changes in the American education system in a century." Briefers: New York City Mayor Michael Bloomberg; Charles Knapp, Chairman, Director of Education Development, CF Foundation; Marc S. Tucker, President, National Center on Education and the Economy; John Engler, President, National Association of Manufacturers; forme Sen. and USTR Bill Brock; Joel Klein, Chancellor, New York City Public Schools; Charles Reed, Chancellor, California State University System; and Lynn Kagan, Co-Director of the National Center for Children and Families. Location: Grand Hyatt Washington, 1000 H St. NW.

IRAQ _ 9 a.m. The American Enterprise Institute holds an event on Iraq strategy, with retired Army Gen. Jack Keane. Location: 12th floor, AEI, 1150 17th St. NW.

PADILLA-TRADE _ 9 a.m. - 10:30 a.m. Commerce Assistant Secretary for Export Administration Chris Padilla will address the Washington International Trade Association on the administration's export control priorities for 2007, the proposed China Policy regulation that the Bureau of Industry and Security has recently published, and any other issues of concern to the trade community. Location: Suite Hemisphere B Concourse Level, Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

YOUTH VOTING _ 9 a.m. - 10:30 a.m.The Chapin Hall Center for Children sponsors a discussion, ``Generation Next: Active, Angry, Apathetic?," focusing on the voting and volunteerism of young adults. Participants include: Christopher Lewis, Generation Enagge; Maria de los Torres, University of Illinois at Chicago; and Judy Woodruff, The NewsHour with Jim Lehrer. Location: Urban Institute, 2100 M St. NW, 5th floor.

PAKISTAN _ 9:30 a.m. - 11:30 a.m. The Jamestown Foundation sponsors a discussion, ``Pakistan's Volatile North-West Frontier: Pashtun Tribes, Taliban, and al-Qaeda." Speakers: Michael Scheuer; Senior Fellow, The Jamestown Foundation; and Hassan Abbas, fellow, Harvard's JFK School of Government. Location: The Jamestown Foundation, 7th Floor Board Room, 1111 16th St. NW.

NUCLEAR WEAPONS _ 10 a.m. Religious, scientific and citizen organizations hold a news conference to announce opposition to the administration's plan to rebuild the US nuclear weapons complex. Location: National Press Club.

RUSSIA-FREEDOMS _ 10 a.m. The US Commission on International Religious Freedom and the National Endowment for Democracy hold a panel discussion on the threat to civic and religious freedom in Russia. The meeting takes place as the commission releases its Policy Focus on Russia. Panelists include Ludmilla Alexeeva, Rusisan human rights defender. Location: Suite 800, 1025 F St. NW.

US CHAMBER-ECONOMY _ 10 a.m. US Chamber Vice President and Chief Economist Martin Regalia hold a news briefing on the state of the economy, the outlook for 2007, and the impact of new Congress on economic policy and the budget. Location: U.S. Chamber of Commerce, 1615 H St. NW.

CHERTOFF _ 10:30 a.m. Homeland Security Secretary Chertoff discusses the year in review and the department's goals and priorities for next year. Location: Morton Auditorium, 805 21st St. NW.

DEMOCRATS-LEGISLATURES _ 10:30 a.m. Democratic state legislative leaders and political experts analyze the 2006 election results, with Colorado Senate President Joan Fitz-Gerald, Democratic Legislative Campaign Committee Executive Director Michael Davies, legislative leaders from Indiana, Iowa, Michigan, Minnesota, New Hampshire and Oregon. Location: Quorum Room, L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

IRAN-NUCLEAR _ 10:30 a.m. The Century Foundation holds a telephone briefing on Iran and U.S. policy options on nuclear development, with Flynt Leverett of the New America Foundation, and Gareth Smyth of the Financial Times. Contacts: n/a, 212-452-7722. Notes: Space limited. RSVP required. Callin number: 888-868-9093; passcode: 8232436.

AFGHANISTAN _ 3 p.m. The Center for Strategic and International Studies holds a briefing on public opinion in Afghanistan. Location: B-1 conference level, 1800 K St. NW.

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FUELS LAWSIGHT _ 12 p.m. Public Citizen and the Owner-Operated Independent Drivers Association (OOIDA) holds a telephone news conference to announe their support for truck drivers and individuals who are filing a complaint against Alon USA, Inc., Ambest, Inc., Chevron USA, Inc., Circle K Corporation, Citgo Petroleum Corporation, ConocoPhillips, Flying J. Inc., Petro Stopping Centers, Pilot Travel Centers LLC, 7-Eleven Corporation, Shell Oil Products Company, Tesoro Refining and Marketing Company, The Kroger Company, TravelCenters of America, Inc., Valero Marketing and Supply Company and Wal-Mart Stores, Inc.

ISRAEL-HUMAN RIGHTS _ 12 p.m. - 1:30 p.m. The Middle East Institute and the Foundation for Middle East Peace hosts a pleased to host a presentation, ``Human Rights, the Land of Israel, and Justice: A Religious Perspective," by Rabbi Arik W. Ascherman, Executive Director of Rabbis for Human Rights. Location: MEI Boardman Room, 1761 N St. NW.

ECONOMISTS-HEALTH CARE _ 12 p.m. - 2 p.m. The National Economists Club hosts a luncheon health care panel, ``How do the PPI and the CPI Price Medical Services? Moderator: Mike Horrigan, Bureau of Labor Statistics (BLS); PPI expert: Bonnie Murphy, BLS; and CPI Expert: Dan Ginsberg, BLS. Discussants: Mark Freeland, Centers for Medicare and Medicaid Services; and Ana Aizcorbe, Bureau of Economic Analysis. Location: Chinatown Garden Restaurant, 618 H St. NW.

IMMIGRATION REFORM _ 2 p.m. The National Immigration Forum holds a telephone briefing on immigration reform in 2006 and what's upcoming in 2007, with Kevin Appleby of the U.S. Conference on Catholic Bishops, Marshall Fitz of the American Immigration Lawyers Association, John Gay of the National Restaurant Association, others. Notes: Callin number: 800-289-0508; passcode: 6547949.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Their Old Flame: Lookout Towers."
"For Firefighter, Sense Of Brotherhood Shattered."
"Carrying A Hefty Amount Of Risk."
"Iraqis Flee War, Run Into Hostility."
"State Moves To Curb 'Alcopop' Sale To Teens."

USA Today:

"Feds Won't Let Some Sex Offenders Go."
"Redeploy Troops In Iraq Soon, Brass Say."

New York Times:

"Circumcision Halves H.I.V. Risk, U.S. Agency Finds."
"Democrats Plan To Take Control Of Iraq Spending."
"Somalia's Islamists And Ethiopia Gird For A War."
"U.S. Subpoena Is Seen As Bid To Stop Leaks."
"Small-Town Judge's Personal Justice Stirs Concern."
"Black History Trove, A Life's Work, Seeks Museum."

Washington Post:

"Joint Chiefs Advise Change In War Strategy."
"Democratic Sen. Johnson Falls Ill."
"'A Very Rare And Unusual Talent'."
"Rush-Hour Metro Fares May Rise As Much as $2.10."
"Circumcision Slows Spread Of HIV In Africa."
"'04 Pentagon Report Cited Detention Concerns."

Washington Times:

"Annan Orders Probe OF U.N. Office."
"Bidders Unready For jobs in Iraq."
"Ehrlich Sought By 2008 Maybes."
"Leahy Vows To repair Bush 'Damage'."
"U.S. To Defend Space With Military Force."
"XM Radio Celebrates Sounds OF Hanukkah."
'Bryant Named Assistant Managing Editor."

Detroit Free Press:

"Efficient Cars Tried To U.S. Security."
"'I'm Not Going To Do It Again."
"Right-To-Die Movement Will Outlast Kevorkian."
"Metro Jews Looks Past Fears To See Hope And Freedon In Hanukkah."

Atlanta Journal-Constitution:

"Grady Spend big Bucks To Solve Budget Crisis."
"Bush: Troops To Stay In Iraq."
"'We Are No For Sale'."
"Auld Lang Syne Beats Sunday Law."
"Bridge Project Takes Taxpayers For A Ride."

Houston Chronicle:

"No Fanfare As Skilling Steps Into Prison."
"Hazing Probe Leads To Charges."
"Saudis Torn Over Way to handle Iraq Crisis."
"Money Trail Will Go Online."

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Story Lineup From Last Night's Network News:

ABC: Senator Johnson Suffers Stroke; Airline Mergers; Bush Plan For Iraq; Inside The Insurgency-Jordan; Anti-Depressant Warning Labels; E Coli Investigation; Climbers Missing-Oregon; Peter Boyle Obit; $50 Million Bonus.

CBS: The Economy; $50 Million Bonus; Senator Johnson Suffers Stroke; Bush Iraq Policy; E Coli Investigation; Antidepressant Warning Labels; Ketek Controversy; Fighting Alzheimer's; Peter Boyle Obit.

NBC: Senator Johnson Suffers Stroke; Bush Poll Numbers; Bush Iraq Policy; Possible Military Options-Iraq; Skilling Begins Sentence; Stock Market; Fighting The Taliban; E. Coli Investigation; Antidepressants Warning Labels; Senator Johnson's Stroke-Analysis; Peter Boyle Obit; Gadgets For Women.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 14, 2006 7:45 AM EST

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TERRORISM NEWS:

Leahy Vows "Real" Oversight Of FBI, DOJ Anti-Terror Tactics. The AP (12/14, Kellman) reports, "President Bush should expect tougher oversight of the war on terrorism and a closer look at his administration's policies on torture and other human rights issues, the incoming chairman of the Senate Judiciary Committee said Wednesday." Sen. Patrick Leahy "said he would also deal with what he says are the administration's human rights abuses by creating a new subcommittee focused on legislation on such issues as torture and detainee treatment." The AP adds, "The incoming chairman should not count on big changes in regard to oversight of the Justice Department, according to a spokesman for the agency. 'As we have for the past six years, we're looking forward to working with the Senate Judiciary Committee,' said spokesman Brian Roehrkasse. The relationship, he added, includes 'working with the committee to provide information that it legitimately needs.' 'In the past, we've reached accommodations, and working together we expect we can do so in the future,' he said. Expecting resistance to his plans to examine the administration's use of executive power, Leahy said he would not hesitate to subpoena witnesses and documents. e said he expected to summon Attorney General Alberto Gonzales before his panel 'soon.'" The AP notes, "Roehrkasse maintained that the administration's domestic surveillance program and treatment of detainees fall within the bounds of U.S. and international law and are appropriate responses to the terrorist threat the nation faces."

McClatchy (12/14, Talev) reports Leahy "said Wednesday that he'll subpoena documents and testimony on U.S. terrorism, detainees and domestic-surveillance programs if Bush administration officials don't cooperate," but he "did not specify whom he might subpoena. … One document he may seek to subpoena, he said, is what's believed to be a 2002 memo listing authorized CIA

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interrogation techniques on suspected terrorists." Roehrkasse "did not address that memo specifically, but said his department had kept lawmakers sufficiently in the loop about terrorism matters. 'The department will continue to work closely with the Congress as they exercise their oversight functions, and we will appropriately respond to all requests in the spirit of that longstanding relationship,' Roehrkasse said." Bloomberg (12/14, Roberts) notes, "Leahy said he told…Gonzales two weeks ago that he will be asked to appear before the Senate panel to defend the administration's use of wiretapping without a court warrant, which Leahy said has eroded U.S. constitutional rights. 'I expect to get answers. If we don't then we'll use the subpoena,' Leahy said."

The Washington Times (12/14, Hurt, 88K) reports, "Though short on specifics, Mr. Leahy criticized the program of wiretapping without warrants and said he hopes to update the laws governing foreign intelligence warrants. 'With meaningful oversight and cooperation from this administration, we can achieve the right balance,' he said." The New York Times (12/14, Johnston, 1.16M) quotes Leahy saying, "This has been an unfortunate chapter in Congress's history. … I have never seen a Congress so willfully derelict in its duties as during this administration." Leahy also "accused the White House of 'corrosive unilateralism' in refusing to cooperate with Congress. After the September 2001 attacks, he said, 'the White House accelerated its power plays at the expense of the other branches of government -- all in the name of fighting terrorism.'" The Los Angeles Times (12/14, Schmidt, 850K), under the headline "Leahy Threatens To Subpoena Bush Officials," adds that Leahy's comments "represent the strongest and most specific statements yet directed at the White House on the investigative agenda of the Democratic leaders poised to assume control of Congress in January." Leahy's "threat shows the depth of frustration among Democrats who believe the administration has withheld crucial details about some of the most provocative anti-terrorism moves since the Sept. 11 attacks."

Fox News' Big Story with John Gibson (12/13, 5:31 p.m.) reported, "Senator Patrick Leahy said this election was an intervention by the American people, who he believes want change on everything from the war in Iraq to judicial nominees to the warrantless surveillance program. … He says he may call Attorney General Alberto Gonzales in to testify about the program again and says if he doesn't get the answers he wants, he'll subpoena them. Some conservative were quick to react saying he spent 99% of his speech bashing the President in order to lay a cracked foundation for pushing the left's political agenda through Congress." FNC Your World with Neil Cavuto (12/13, 4:07 p.m.) added that "Leahy left little doubt about the issues he will cover once assumed control of the committee on law and order. On his hit list, the warrant was wiretapped program. He sees the surveillance which targets the communications of suspected terrorists as an erosion of privacy and says it is time the administration is held accountable."

State Department Official Warns Terrorists May Target Satellites. The AP (12/14, Schweid) reports "the Bush administration warned Wednesday against threats by terrorist groups and other nations against US commercial and military satellites, and discounted the need for a treaty aimed at preventing an arms race in space." Undersecretary of State Robert G. Joseph also "reasserted US policy that it has a right to use force against hostile nations or terror groups that might try to attack American satellites or ground installations that support space programs. President Bush adopted a new US space policy earlier this year." Said Joseph, in prepared remarks to the George C. Marshall Institute, "We reserve the right to defend ourselves against hostile attacks and interference with our space assets." Joseph, "the senior arms control official at the State Department, said nations cannot all be counted on to use space purely for peaceful purposes." The Washington Times (12/14, Gertz, 88K) reports the story under the headline "US To Defend Space With Military Force," and quotes Joseph saying, "No nation, no non-state actor, should be under the illusion that the United States will tolerate a denial of our right to the use of space for peaceful purposes." The Times adds "US officials said the comments are an indirect warning to China, which has fired a ground-based laser gun at a US satellite that passed over its territory -- an event viewed as one sign of Beijing's efforts to develop space arms that can blind or destroy systems."

Pakistani Judge Dismisses Terror Charges Against Trans-Atlantic Plot Suspect. The New York Times (12/14, Masood, 1.16M) reports, "A judge threw out terrorism charges on Wednesday against Rashid Rauf, a Briton of Pakistani descent whom prosecutors depicted as a major figure in a plot to smuggle liquid explosives onto trans-Atlantic airliners and detonate the bombs in flight." The ruling "means there are now no terrorism charges against two people once accused of being linchpins of a major bombing plot by Al Qaeda. The other is Tayib Rauf, Mr. Rauf's younger brother, who was detained in Britain in August and was soon set free without charge." But "it was not clear whether the ruling would clear the way for Rashid Rauf's return to Britain for questioning on other charges."

Two ELF Terrorists To Plead Guilty To Vail Fire. The AP (12/14) reports, "Two of the people accused of taking part setting a fire at the Vail Ski Resort in 1998 are expected to plead guilty Thursday. Both "Chelsea Gerlach and Stanislaus Meyeroff are currently in Oregon, where they are

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being held as eco-terrorists in another case." They are members of the ELF, which "said it firebombed buildings and ski lifts at the Vail resort to protect the development of wild lynx."

Investors Urged To Press Corporations On Trade With Terror-Sponsoring States. Sarah Steelman, the state treasurer of Missouri, writes in today's Wall Street Journal (12/14, A21, 2.04M), "According to the independent research provider Conflict Securities Advisory Group (CSAG), there are some 485 publicly traded companies doing business with four regimes designated by the State Department as sponsors of terror. The activities of these mostly foreign-owned companies -- such as Total, Sinopec and BNP Paribas -- in terrorist-sponsoring states generate billions in revenues for the governments of Iran, Sudan, North Korea and Syria. By so doing, these companies create part of the cash flow that enables these nations to underwrite the activities that our armed forces are fighting around the world." Steelman adds, "In this case, shareholders -- citizens -- have the power to influence. If American investors in these businesses -- not only institutional investors such as public pension systems, money managers, investment trusts and university endowments, but also individuals -- pressure companies to sever such business relations, they can become change agents in the financial sector and force multipliers for our troops abroad."

Feinberg Calls For End To Impasse Over Compensation For 9/11 Injuries. Kenneth R. Feinberg, the former administrator of the federal Sept. 11 Victim Compensation Fund, writes in the New York Times (12/14, 1.16M), "Five years have passed since the Sept. 11, 2001, terrorist attacks, but the flood of litigation continues unabated in federal court in Manhattan. Some 6,000 people are suing New York City, the Port Authority and more than 100 private contractors for negligence in exposing workers to toxic dust and fumes after the collapse of the World Trade Center. Thousands of additional claims are expected in the next few months. Waiting in the wings are approximately 40,000 workers who cleaned up the site after Sept. 11, as well as residents of Lower Manhattan, observers of the cleanup effort and people who simply breathed the harmful air on their way to work -- all potential litigants. Some will probably eventually suffer the same ailments that have led to the current lawsuits." Feinberg goes to suggest that "the principles of the 9/11 fund" be used "as a blueprint to resolve the current litigation and get money into the hands of recovery workers and others quickly. More than $1 billion in public funds is currently available for distribution as part of the initial federal appropriation earmarked for New York City's 9/11 recovery."

HOMELAND RESPONSE:

Judge Rules Against Hamdan, Upholding Military Commissions Act. The AP (12/14, Apuzzo) reports, "A federal judge upheld the Bush administration's new terrorism law Wednesday, agreeing that Guantanamo Bay detainees do not have the right to challenge their imprisonment in US courts. The ruling by U.S. District Judge James Robertson is the first to address the new Military Commissions Act and is a legal victory for the Bush administration at a time when it has been fending off criticism of the law from Democrats and libertarians. Robertson rejected a legal challenge by Salim Ahmed Hamdan, a former driver for Osama bin Laden whose case prompted the Supreme Court to strike down the Bush administration's policy on detainees last year." The AP notes, "Justice Department spokeswoman Kathleen Blomquist said the agency was pleased with the ruling. Government lawyers have repeatedly argued that Guantanamo Bay detainees have no right to use U.S. courts. Blomquist noted that the new law allows detainees to challenge their detention before military tribunals, then contest the tribunal's ruling before a Washington appeals court."

The New York Times (12/14, Lewis, 1.16M) reports, "The judge said the Military Commissions Act, passed by Congress in September and signed into law by President Bush the following month, was unambiguous in denying Guantánamo detainees the use of a habeas corpus statute. Like Mr. Hamdan, hundreds of other prisoners at the base have challenged their detention, in similar cases." The Times adds that "in his decision Wednesday, the judge said circumstances had changed fundamentally with enactment of the new law. And not only is Mr. Hamdan barred from a challenge under the habeas statute, the judge said, he cannot follow the usual second avenue to bring a habeas challenge — invoking the Constitution — because it is unclear that noncitizens at Guantánamo have that right."

The Washington Post (12/14, Barnes, 690K) reports that "the quickly produced MCA, passed by Congress in late September" may be reviewed by the incoming Democratic Congress, "nevertheless, the Justice Department celebrated the dismissal of Hamdan's case by Robertson, a civil rights advocate in private practice who was appointed to the bench by President Bill Clinton. He was also the first judge to invalidate the Bush plan for war tribunals when he first considered Hamdan's case in 2004. 'We are pleased that Judge Robertson agreed that the Military Commissions Act removes federal court jurisdiction over this and similar cases, and that the Military Commissions Act is constitutional,' said Justice Department spokesman Brian Roehrkasse. 'The Constitution does not provide alien enemy combatants

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detained at Guantanamo Bay with the constitutional right to file a petition for habeas corpus in our civilian courts, and thus Congress may regulate those combatants' access to the courts,' he said."

The Los Angeles Times (12/14, Savage, 850K) notes, "The ruling clears the way for the Bush administration to go forward with a military trial of Hamdan. It is also likely to be the first of many decisions interpreting the new law." Sens. Patrick Leahy and Arlen Specter "also have announced they will seek to restore habeas rights for legal immigrants when the new Congress opens in January."

2004 Pentagon Report Found Possible Violations To US Detention Rules. The Washington Post (12/15, A1, Leonnig, 690K) reports, "A previously undisclosed Pentagon report concluded that the three terrorism suspects held at a brig in South Carolina were subjected to months of isolation, and it warned that their 'unique' solitary confinement could be viewed as violating US detention standards. According to a summary of the 2004 report obtained by The Washington Post, interrogators attempted to deprive one detainee, Ali Saleh Kahlah al-Marri, a Qatari citizen and former student in Peoria, Ill., of sleep and religious comfort by taking away his Koran, warm food, mattresses and pillow as part of an interrogation plan approved by the high-level Joint Forces Command." Interrogators also "prevented the International Committee of the Red Cross from visiting at least one detainee, according to the report, which noted evidence of other unspecified, unauthorized interrogation techniques." The report by the Navy's inspector general "was presented to Defense Secretary Donald H. Rumsfeld in May 2004 and was declassified in 2005. It was the first to raise the question of mistreatment of alleged enemy combatants inside the United States."

Padilla Lawyers Want Judge, Not Doctor, To Determine Competency. The New York Times (12/14, Sontag, 1.16M) reports, "Saying that he was mentally damaged as a result of his three years and eight months in a naval brig in South Carolina, lawyers for Jose Padilla asked a federal judge in Miami yesterday to determine his competency to stand trial on terrorism conspiracy charges. … 'Jose's experience as a detainee was so traumatic that it's physically and mentally painful for him to answer the questions that we put to him,' said Orlando do Campo, a federal public defender in Miami. 'He just shuts down. We're covering a lot of the same area as his interrogators, and he doesn't want to relive it.'" The Times adds, "Saying that there was 'sufficient cause' to conduct a competency hearing, the government, in papers filed yesterday, urged the judge to do so." Padilla's lawyers "said he opposed this request that his competency be evaluated. Dr. Hegarty, one of two mental health professionals who examined him, said Mr. Padilla was 'fearful of being thought of as crazy.'"

Florida Terrorism Suspect Denies Charges He Planned Terror Attacks. WFOR-TV in Miami (12/13, Andrews) on its web site reported that Florida terrorism suspect Narseal Batiste, who was one of seven charged with conspiring to blow up the Sears Tower in Chicago and other Federal buildings, "wrote a 25-page letter to CBS4's Brian Andrews, in which he says he and his group never had terrorist intentions. Instead, he said he and his 'followers' were looking for money for their Liberty City religious organization." Batiste wrote, "I want you to know that I never had any intentions of doing a terrorist act. … My group and I never had reason to harm anyone." He claims "the FBI put drugs in food he and co-defendants Patrick Abraham were served by the FBI informant the night a surveillance tape was shot, on which Batiste talks about blowing up the Sears Tower. He wrote that he's simply telling the informant what he wanted to hear, just so he could get money from him for their church." He "says he and his group were desperate for money, and that last September, a convenience store owner from Yemen offered assistance. He says the North Miami Beach shopkeeper, whom Batiste identifies as Abbas, teamed up with the feds to get help for his own financial and immigration problems by concocting the lies that led to Batiste and six others being arrested."

The Washington Post/AP (12/14) in a widely distributed article reports, "Batiste said he only told an FBI informant posing as an al-Qaida operative he planned to blow up the Sears Towers because that's what he thought the man wanted to hear. Batiste said he was hoping to get money from the informant so he could help his organization, which he said was called the Universal Divine Saviours." Batiste wrote, "I made it up right then and there. … If you listen to the words I was saying, it's unrealistic, such as I need horses." He "also blames a convenience store owner from Yemen, who he says befriended him and later teamed up with the informants, feeding them lies to help his own financial and immigration problems." The Miami Herald (12/14, Weaver, 286K) in a brief story adds that Batiste "claims the FBI and its informant were bent on 'setting us up.' Authorities have denied the accusation, which will be a key defense issue at the trial set for Sept. 4, 2007."

Federal Authorities Investigate Man Interested In Suspicious Tractor Trailer Training. FOX News (12/14, Porteus) on its web site reports, "Federal and state authorities are investigating why" Mohammed Yusef Mullawala "was seeking a commercial trucking license after his behavior raised flags at the Rhode Island driving school."

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Darleen Crawford, president of the Nationwide Tractor Trailer Driving School in Smithfield, R.I., contacted the Highway Watch's Information Sharing and Analysis Center and a "joint investigation was then launched by investigators from the Rhode Island State Fusion Center, the FBI's Joint Terrorism Task Force (JTTF) in Rhode Island, New York and New Jersey and the Bureau of Immigration and Customs Enforcement." They "learned that when Mullawala obtained his driver's license from the Rhode Island Registry of Motor Vehicles, he gave a false statement indicating he was a Rhode Island resident. ICE then determined he was a citizen of India and in the United States on an expired temporary student visa." He was arrested Tuesday and police are "studying a computer taken from one of Mullawala's residence," according to Major Steven O'Donnell with the Rhode Island State Police, who said Mullawala "apparently was a computer expert. They will look at his e-mails, as well as any Web sites he frequented. Any potential overseas connections will be handled by the FBI and DHS, O'Donnell said, although none have yet turned up." New York JTTF official "said he could not comment on the status of this or any ongoing investigation.

Columnist Warns Democrats May Hamper Successful Strategies In Stopping Terrorist Attacks. Pundit Michelle Malkin in an opinion piece available on Yahoo! News (12/14) writes that "it was enforcement of immigration laws that played a critical role in detaining" Mullawala. Similar to the 9/11 terrorists "and several al Qaeda operatives identified in the United States over the past decade, Mullawala was here on a temporary student visa that he had overstayed." Malkin notes, "Over the past two years, the FBI has put law enforcement officials on high alert for U.S.-based operatives connected to al Qaeda who may be in possession of commercial driver's licenses and may be planning to use truck bombs." But soon "Democrats led by Nancy Pelosi -- a staunch opponent of strengthened ID laws and strict immigration enforcement -- will reassume power in Washington. An open borders-friendly White House has expressed willingness to deal with them. So we know who supports illegal alien workers and potential terrorist drivers waiting for amnesty. But who will stand up for us?"

WAR NEWS:

Bush Says He Will Not Be Rushed On Iraq Strategy. The Los Angeles Times (12/14, Spiegel, Barnes, 850K) reports that President Bush yesterday "defended his decision to put off his widely anticipated shift in Iraq policy until early next year, saying he wanted his new Defense secretary to weigh in and warning he would not be rushed into making a decision on how to proceed." As part of his review, Bush "held another round of discussions with senior officials involved in Iraq planning, this time meeting the Joint Chiefs of Staff at the Pentagon, along with outgoing Defense Secretary Donald H. Rumsfeld and his successor, former CIA Director Robert M. Gates." The Times adds, "Although Bush declined to comment on the advice he received from the military leaders, Pentagon officials have said in recent days that top uniformed officers largely have rejected recommendations made by the Iraq Study Group to withdraw most combat forces over the next 15 months, a rejection Bush appeared to agree with."

The AP (12/14, Loven) notes "Bush's meeting at the Pentagon lasted more than 90 minutes." The President "pledged anew to work with the Democratic-controlled Congress that convenes in January 'to forge greater bipartisan consensus' on Iraq policy."

ABC World News (12/13, story 3, 2:40, Gibson, 8.78M) reported the President "sounded a note of defiance saying he's rejected some ideas that would lead to defeat." ABC (Raddatz) added, "It would be hard to exaggerate how high the stakes are for the President. Critics and supporters are both saying, this is his last chance to get this right. At his Pentagon briefing today with Joint Chiefs Chairman Peter Pace, and top military officials, it was clear the President understands the pressure he is under." Bush was shown saying, "I will be delivering my plans after a long deliberation, after steady deliberation. I'm not going to be rushed into making a difficult decision." Later in the broadcast, ABC showed footage of the President saying, "I've heard some ideas that would lead to defeat and I reject those ideas -- ideas such as leaving before the job is done."

The CBS Evening News (12/13, story 4, 2:15, Couric, 7.66M) reported, "The President said he won't do anything that would lead to defeat," and NBC Nightly News (12/13, story 3, 2:20, Gregory, 9.87M) said that "while officials say the President made the 'strategic decisions on the way forward,' Mr. Bush and national security team are still grappling on whether to increase troop levels in Iraq and how to increase pressure on the Iraqi government to contain the sectarian fighting. Today, the President was the most critical yet for calls for troop withdrawal, notably the Iraq Study Group's recommendation for withdrawal of combat forces by 2008." Bush was shown saying, "If we lose our nerve, if we are not steadfast in our determination, to help the Iraqi government succeed, we will be handing Iraq over to an enemy that would do us harm." Bush also said, "In the months of October, November and December we have killed or captured nearly 5,900 of the enemy."

McClatchy (12/14, Hutcheson) reports that Bush, "acknowledging that 'our enemy is far from being defeated,'" told US troops "that he would come up with a better plan for victory in Iraq." The President's comments "offered clues to his thinking as he prepares to announce a revised policy for Iraq early next month. He said he's looking for a plan that

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combines military action, political reconciliation, economic development and diplomatic efforts to get more help from Iraq's regional neighbors. The resolute tone of his remarks may have delivered his clearest message: Standing with the Joint Chiefs of Staff at the Pentagon, Bush assured US troops that he has no intention of leaving Iraq until they finish the job of establishing a stable democracy. … That was in stark contrast to the tone of the bipartisan Iraq Study Group's report, unveiled last week. Its opening words: 'The situation in Iraq is grave and deteriorating.'" Yet, says the New York Times (12/14, Stout, 1.16M), Bush "avoided using the term 'victory' and referred instead to devising 'a strategy to succeed' and an approach to help American troops in Iraq 'achieve their mission.'"

Military Brass Wants Mission Redefined, But 7,000 More Troops Could Be Headed To Iraq. Meanwhile, the Washington Post (12/14, A1, Wright, Tyson, 690K) reports, "The nation's top uniformed leaders are recommending that the United States change its main military mission in Iraq from combating insurgents to supporting Iraqi troops and hunting terrorists, said sources familiar with the White House's ongoing Iraq policy review. … The chiefs do not favor adding significant numbers of troops to Iraq, said sources familiar with their thinking, but see strengthening the Iraqi army as pivotal to achieving some degree of stability." They also "are pressing for a much greater US effort on economic reconstruction and political reconciliation." The Post adds, "Sources said that Gen. George W. Casey Jr., the top US commander in Iraq, is reviewing a plan to redefine the American military mission there: US troops would be pulled out of Iraqi cities and consolidated at a handful of US bases while day-to-day combat duty would be turned over to the Iraqi army. Casey is still considering whether to request more troops, possibly as part of an expanded training mission to help strengthen the Iraqi army."

USA Today (12/14, 1A, Brook, 2.27M) also reports, "A proposal developed by top US commanders in Iraq would significantly redeploy troops from a combat role to training and advising Iraqi forces, according to four administration officials. The proposal, requested by…Casey…calls for changing the mission during the next several months, said the officials." USA Today added, "All requested anonymity because they are not authorized to speak publicly about the proposal." This "is 'one of many plans'…Bush is considering as he weighs a new strategy for the war, said one of the officials, who works at the White House."

Additionally, the CBS Evening News (12/13, story 4, 2:15, Martin, 7.66M) reported, "As the President and his national security advisors met with the Joint Chiefs of Staff, a senior military officer directly involved in the deliberations over a new strategy said there probably will be a surge of US troops into Iraq in an attempt to keep the lid on violence in Baghdad. But he ruled out a massive buildup of combat forces, adding 'the Iraqis would never stand for that.' According to this officer, neither the number for the types of troops that would be sent into Baghdad have been decided." And NBC Nightly News (12/13, story 4, 2:10, Miklaszewski, 9.87M) said it had "learned the Army has drawn up orders to send an additional 7,000 combat troops to Iraq by early next year, part of a short-term surge of up to 35,000 combat forces used as military trainers embedded with Iraqi military and police. A second, and far more risky, proposal is what one official called the do-or-die option designed to force Iraqi government to get control over Shiite militias, responsible for most of the sectarian killings in Baghdad."

More Polls Show Bush Support At Record Lows. NBC Nightly News (12/13, story 2, 1:35, Williams, 9.87M) reported on a new NBC News/Wall Street Journal poll. NBC (Russert) added, "The words the Iraq Study Group used to describe the situation in Iraq, grave and deteriorating. Those are the words I would use to describe the President's political condition tonight. Look at these numbers. His approval rating is just 34%, [61% disapprove.] That's the lowest we've ever had in the six years of the Bush Presidency." Williams: "And all of it continues to revolve around this one issue." Russert: "Iraq. Look at this. Only 23% of the American people approve of his handling of the war. 71% disapprove. That is a decline of 11 points in just about two months."

The Wall Street Journal (12/14, A4, Harwood, 2.04M) reports the poll shows "Americans have grown more pessimistic after the Iraq Study Group report that the situation there has become 'dire.'" That "contributed to Mr. Bush's lowest-ever approval rating in the Journal/NBC poll…and turned Americans toward his Democratic adversaries. By 59% to 21%, Americans say Congress rather than Mr. Bush should take the lead in setting policy for the nation." Along similar lines, the Washington Post (12/14, A3, Babington, Cohen, 690K) reports on its own poll in a story titled "New Congress Is More Trusted Than President." Asked "whether they trusted Bush or Democrats in Congress 'to do a better job coping with the main problems the nation faces,' 57 percent of the respondents said congressional Democrats and 31 percent said Bush. When the question was broken down to specific problems, such as Iraq, the economy, immigration and the 'war on terrorism,' Democrats held clear majorities over Bush. Their lead was overwhelming in the area of health care: 64 percent to Bush's 26 percent."

Smith Urges Bush To Craft "Policy That Works." Sen. Gordon Smith said on MSNBC's Hardball (12/13, Matthews) that he wants Bush "to come up with a policy that works. … It has to be said about our troops that the conquests of the tyrannies in Afghanistan and Iraq, these were textbook operations. They did a remarkable job. I'm just not sure we had a Chapter Two to win as is the American tradition and to leave it better. We have unleashed or opened a Pandora's box of ancient hatreds which has

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devolved or mutated into a civil war. … That is not the American fight. We can't fix it. And that part is not our fault. But at the end of the day, the brutal truth is that they have to fight it out so we know who's in charge. And in the meantime, I don't want our soldiers being caught in the crossfire."

Maliki Considers Breaking With Sadr. The AP (12/14, Hendawi, Abdul-Zahra) reports, "Iraq's prime minister is weighing whether to sever his alliance with a radical Shiite cleric blamed for much of the country's sectarian violence, aides said Wednesday. But isolating Muqtada al-Sadr could lead to more deadly attacks, even if the strategy could produce a more stable administration over time." Prime Minister Nouri al-Maliki "has been meeting over the last three days with a small circle of his Dawa Party stalwarts to discuss their options, according to his aides who spoke on condition of anonymity because the subject is sensitive. The meetings began after reports surfaced of a proposed realignment of the alliance supporting the governing coalition, the aides said." The White House "has acknowledged efforts to shore up al-Maliki's coalition but has denied that the move is aimed at replacing him, though some of his aides fear this is the goal. 'We've talked in recent days about a moderate bloc that has Sunni, Shia and Kurdish leaders,' White House spokesman Tony Snow said Wednesday." The Los Angeles Times (12/14, Daragahi, 850K) runs a similar report.

McClatchy (12/13, Allam, Hammoudi), meanwhile, reports that "even as Sadr presses for more land and power, his grasp over Baghdad remains tenuous. … These days, the safest route to Sadr's west Baghdad office runs through an obstacle course of both legal and dubious checkpoints in an area known for kidnappings and car bombings. … Gone are the peaceful seminary days. In their place, men in long overcoats hover, casting steely glares on anyone who enters the compound. The courtyard brims with new faces and dialects. Some were distraught Iraqis seeking financial or security help; others were militiamen or workers from Sadr's social programs."

US Denies Saudis Threatened To Back Iraqi Sunnis. AFP (12/14) reports Assistant Secretary of State Sean McCormack Wednesday "denied" a report in the New York Times claiming Saudi Arabia had warned it would financially back Iraq's Sunni community against the Shiite majority, if American troops were withdrawn. McCormack said such reports "ran counter to stated Saudi policy," which he said was aimed at securing the territorial integrity of Iraq and national reconciliation. "That has been their position; remains their position, because they believe that is in their national interest, and is not done out of charity," McCormack said. However, CNN meanwhile "quoted an unnamed senior US official as saying the King read Cheney the 'riot act' and expressed growing concern over Iraq's deterioration." White House spokesman Tony Snow refused to detail the content of Cheney's private conversations, but said the reports were "not something that has been described to me as something that is consistent with the conversations."

Saudi Leadership's Split Could Hurt US Efforts. The AP (12/14, Nasrawi) reports, "Saudi Arabia's royal family and government leaders are deeply divided over how to handle the growing crisis in Iraq and other looming Mideast problems like Iran, with some favoring strong aid to fellow Sunnis and others more cautious." The split "played a key role in this week's abrupt resignation of the Saudi ambassador to Washington. It also could hurt US efforts to forge a new overall strategy to calm Iraq." The AP adds, "More broadly, the internal dispute shows how Arab countries like Saudi Arabia, long key partners in U.S. efforts to stabilize the Middle East, are struggling to decide how to proceed as Iraq boils over and Iran gains influence. The tension in the region is straining Saudi relations with the United States, despite both countries' assertions that all is fine." The resignation of Prince Turki al-Faisal, "after just 15 months as ambassador to Washington, for example, came after Saudi officials concluded he was not succeeding at building strong ties with the United States, a Saudi official said Wednesday."

At Least 55 Killed In Iraq Yesterday. The AP (12/14, Wagner) reports, "A new round of car bombings and other violence struck Iraq on Wednesday, with 55 people killed or found dead as the Iraqi government unveiled a plan to assume responsibility for security in Baghdad by early next year." The "relentless attacks indicate how hard it may be for the Iraqis to replace US forces in the capital." The "scope of the problem was clear…from the first bombing at a bus stop during morning rush hour through the announcement at 9 p.m. that the tortured, bullet-ridden bodies of 21 kidnap victims had been found on the streets of the capital." The violence "came ahead of a national reconciliation conference scheduled for Saturday. The gathering is aimed at rallying ethnic, religious and political groups around a common strategy for handling Iraq's problems."

The New York Times (12/14, Semple, 1.16M) notes "four mortar shells hit an apartment block popular with Palestinians in the eastern neighborhood of Baladiat, killing one Palestinian and wounding six, the Interior Ministry official said." Palestinians in Iraq, "a population now concentrated in Baghdad, have been frequent victims of the Shiite militias this year. They carry the twin stigmas of being Sunni Arabs and of having enjoyed privileges under Saddam Hussein who, as part of his campaign to fashion himself into a Pan-Arab leader, was solicitous of their support. The housing complex that was attacked was created by the Baath Party for Palestinians who fled to Iraq following the creation of Israel in 1948." The Washington Post (12/14, A25, Trejos, 690K) runs a similar story.

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Defying US Policy, Democratic Senator Meets With Syrian President. The AP (12/14, Flaherty) reports, "In a direct affront to the Bush administration, a Democratic senator spent an hour Wednesday with Syrian President Bashar Assad in Damascus, emerging from the meeting to say Assad was willing to help control the Iraq-Syrian border." Florida Sen. Bill Nelson, a member of the Armed Services and Foreign Relations committees, "met with Assad after the State Department said that it disapproved of his trip. The United States has limited diplomatic ties with Syria because of its support of Hezbollah and Hamas, which the US deems terrorist organizations, and President Bush has expressed reluctance to seek help from Damascus on Iraq until the Syrians curb that support and reduce their influence in Lebanon."

McClatchy (12/14, Clark) reports, "Midway through the Florida Democrat's conference call with reporters, however, the White House issued a statement denouncing the Syrian government's human rights record and calling on it to 'immediately free all political prisoners.' … The administration said the statement on Syria's human rights was unrelated to Nelson's visit, but White House spokesman Tony Snow said the administration didn't 'think that members of Congress ought to be going there.'" He also "said the White House had opposed Syria's involvement in Lebanon and noted that 'it's a real stretch to think the Syrians don't know where we stand or what we think.'"

On Fox News' Your World (12/13, Cavuto), Sen. Jon Kyl discussed Nelson's meeting with Assad. Kyl said, "Bill Nelson's a friend of mine and I don't mean to be too critical. But it does seem to me that each team has one quarterback. We elect a president to be our spokesman with foreign countries. And he does speak, through the State Department. And certainly, elected senators are not supposed to be part of that diplomatic team. … The Iraq Study Group is a nice group of people and they have given their advice to the President. He's taken it under advisement. That doesn't mean that it's now the policy of the United States government, or most especially, that 100 individual senators then decide to go off on their own and be the spokesman for the United States. Especially with a country like Syria, you've got to speak with a very clear message. And you can't do that if you've got 100 different people with different messages talking to him."

The Washington Times (12/14, Dinan, 88K) reports Sen. Christopher J. Dodd "said he is also planning a visit to Syria during his upcoming trip to the Middle East. 'When you've got governments like Syria which have influence on the course of events, it's important to engage with them,' he said."

Nearly 2,100 Taliban Fighters Killed Since September. The AP (12/14, Straziuso) reports, "Almost 2,100 militants have been killed in Afghanistan since Sept. 1 in operations involving coalition special forces soldiers, a US Army spokesman said. That means more than half of the country's insurgency-related deaths this year have come in the last three months." The AP adds, "About 900 of the 2,077 deaths came during Operation Medusa, a major offensive in September in the southern province of Kandahar. Special forces soldiers worked alongside conventional forces from Canada during the fight. The two primary missions for the US special forces soldiers in Afghanistan are conducting counterterrorism operations and supporting NATO troops, Master Sgt. Clifford Richardson said in an interview this week at Bagram, the main US base in Afghanistan."

NBC Nightly News (12/13, story 7, 2:00, Williams, 9.87M) reported, "This year, the Taliban, which has made a dramatic comeback, has killed more than 150 US and NATO soldiers, up four times over last year." NBC (Maceda) added, "This is the new Taliban country, a no-man's land filled with fighters for hire, drug dealers, warlords and assorted criminals. In the towns of Waziristan, armed Islamic militants hold sway governing like a state within a state. Some call it the heart of 'Jihadistan.' Taliban and Al Qaeda fighters launch attacks inside Afghanistan and regroup back in Pakistan. They are using an Al Qaeda tactic, suicide bombers, often trained and equipped by recruiters in Pakistan. … The President of Pakistan Pervez Musharraf is under increasing US pressure to clean out the place. But some three years of military offensives by some 80,000 troops have failed. Another strategy that hasn't worked, pulling Pakistani troops back. That's led to even more cross border attacks. As the Taliban haven thrives, winning America's forgotten war next door becomes even harder."

State Department Offering Bonuses To Entice Service In Iraq, Afghanistan. The Washington Times (12/14, A1, Kralev, 88K) reports on its front page that "nearly two-thirds of the 276 Foreign Service members who volunteered to serve in Iraq next year were found unqualified for the jobs, aggravating a shortage that has left the State Department scrambling to fully staff its embassy and other operations in the country." As a result, the department is "now offering improved benefits and career-enhancing inducements in a bid to fill 49 vacancies in Iraq" and "all assignments to other foreign missions have been put on hold until openings in Iraq, Afghanistan and other high-priority posts are filled." In a cable to all US embassies and consulates earlier this month, State said "276 Foreign Service members applied for 160 positions in Iraq beginning next summer, but only 82 were approved," leaving some diplomats "perplexed by the department's decision to reject so many of

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its own, while so-called career-development officers are now scrambling to find 'clients' to volunteer for the jobs."

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Grassley Recommends Three Iowans For US Attorney Nomination. The Des Moines Register (12/14, 160K) reports Sen. Charles Grassley yesterday recommended three nominees "to the White House…as candidates to become the new U.S. attorney for the Northern District of Iowa. … The current chief prosecutor, U.S. Attorney Charles W. Larson Sr., is retiring at the end of the year." The Register notes, "The candidates recommended by Grassley are: Matt Dummermuth, a native of Elgin who currently works for the Civil Rights Division of the Department of Justice in Washington, D.C. … Chadwicke Groover of Cedar Rapids, who has worked in in the Northern District office since April and served on the Senate Judiciary Committee staff for five years. … Lisa Krigsten, a native of Sioux City who currently works for the Civil Rights Division of the Department of Justice in Washington, D.C."

US Awards $45 Million Anti-Corruption Grant To Ukraine. Ukraine's Kyiv Post (12/14, Mashchenko) reports, "Ukrainian Economy Minister Volodymyr Makukha inked a $45 million anti-corruption grant from the U.S. during a recent trip to Washington D.C. The United States government has approved a $45 million grant to help Ukraine fight state graft, with another $500 million in the wings." The Post adds, "At a Dec. 12 press conference in Kyiv, Makukha outlined the components of the grant program: The strengthening of monitoring of civil society and exposure of public corruption; judicial reform; the monitoring and enforcement of ethical and administrative standards; the streamlining of enforcement of regulations; and combating corruption in higher education." The Post notes, "Millenium Challenge's assistance to Ukraine falls under what it refers to as its Threshold Program, an intermediary stage on the way to greater funding, known as Compact assistance. 'The Threshold Program assistance is used to help countries address the specific policy weaknesses indicated by the country's scores on 16 policy indicators,' reads a Millenium Challenge press release. … The Ukraine Threshold program targets many of these obstacles and will be administered by the United States Agency for International Development (USAID) and the U.S. Department of Justice."

CORPORATE SCANDALS:

Skilling Reports To Prison. The AP (12/14, Condon) reports, "This was what one of Wall Street's biggest success stories had come to. Jeffrey Skilling rode past a dozen waiting reporters and photographers, got out of the silver Jeep Liberty, hugged his wife and walked quietly into a life of imprisonment and menial jobs that will pay him less over the next two decades than he made for a single hour as chief executive of Enron. … This was nothing like metropolitan Houston, but rather a farm town in Minnesota. There was no $4.7 million Mediterranean-style mansion, but a one-time college dormitory room. Skilling reported to the Federal Correctional Institution on Wednesday." The AP notes, "Barring a successful appeal, even with time off for good behavior, the 53-year-old Skilling will be an old man at the end of his term -- 24 years, four months, more than twice as long as the sentence of any other Enron executive. … An important distinction, said former Task Force attorney Sam Buell, is that those below Skilling all pleaded guilty to some offenses, expressed remorse and in some cases went on to cooperate with the prosecution. In several instances, prosecutors recommended leniency in those sentences." NBC Nightly News (12/13, story 5, 0:15, Williams, 9.87M) noted Skilling "was accompanied by his brother Mark and wife Rebecca as he arrived at the minimum security facility to begin his 24-year sentence for fraud and other crimes committed."

The Washington Post (12/14, D1, Johnson, 690K) reports, "Skilling's sentencing in October marked the last in a series of stiff penalties given to top executives convicted of corporate crimes committed in the booming '90s. His prison term is only a few months shorter than that of WorldCom founder Bernard J. Ebbers, who is serving a 25-year sentence in Louisiana for spearheading an accounting fraud at the telecommunications company he founded." The Post notes, "Skilling, who continues to profess his innocence and make the case that Enron was a healthy enterprise, will spend his time alongside 1,070 other inmates, most of whom were incarcerated for committing federal drug crimes, said Felicia Ponce, a prison spokeswoman. Skilling will be required to work 7 1/2 hours per day at one of a variety of institutional jobs, including food service worker, warehouse employee and groundskeeper. Inmates earn between 12 and 40 cents per hour."

The Houston Chronicle (12/14, A1, Hays, 530K) reports, "Sam Buell, a former prosecutor for the Justice Department's disbanded Enron Task Force who led the government's effort to secure the 2004 indictment against Skilling, said no one's incarceration is a cause for celebration, but 'following through on the law's word is absolutely necessary to making effective our most potent mechanism for deterring people from seriously harming others.'" Buell added "that whether a multidecade sentence is needed to achieve such deterrence should be debated. Skilling received by far the harshest punishment of anyone convicted of Enron-related crimes. 'For major fraud that did in a huge public

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company, the answer has to be at least a substantial number of years. Whether decades are really necessary is a question we ought to be discussing as a society,' Buell said."

Judge Rejects Scrushy-Siegelman Motion For Retrial. The Wall Street Journal (12/14, B7, Brooks, 2.04M) reports, "Richard M. Scrushy moved a step closer to a possible prison sentence as a federal judge rejected the HealthSouth Corp. founder's claim that jurors who convicted him of political-corruption charges were influenced by emails and a copy of an indictment downloaded from the Internet during deliberations." US District Judge Mark Fuller "refused to grant a motion for a new trial by Mr. Scrushy and former Alabama Gov. Don Siegelman, both found guilty in June of participation in a scheme to pay $500,000 bribes in return for a spot on a state regulatory panel. Both argued that two jurors used outside information to strong-arm the rest of the jury into a conviction." The Journal adds, "While the judge concluded that jurors were 'exposed' to the indictment and a description of jury-foreman responsibilities posted on the court's Web site, it made no difference in the outcome of the 11-day deliberations, he ruled." Scrushy lawyer Arthur Leach "said he plans to appeal yesterday's ruling."

Lawmakers Demand Hurd Explain H-P Options Timing. The AP (12/14, Robertson) reports, "The congressional panel investigating Hewlett-Packard Co.'s boardroom spying probe has demanded that CEO Mark Hurd explain $1.37 million worth of options he exercised just before the scandal became public. Hurd's cashout Aug. 25 — before HP disclosed the spying tactics in a Sept. 6 regulatory filing — did not appear to be part of a prescheduled program, the panel's ranking members, Reps. John Dingell and Bart Stupak…said in a letter to Hurd publicly released Wednesday. The activity came the same day Hurd was questioned by HP's outside attorneys investigating the circumstances surrounding the ill-fated effort to ferret out leaks by board members to the news media, the letter stated." The AP adds, "Dingell and Stupak also asked in the letter to 'please inform us whether any other HP officers or directors engaged in similar transactions during this period.' He was given until Dec. 21 to comply with the request." The Financial Times (12/14, Allison) notes that the letter said, "Continuing revelations about widespread 'backdating' and 'spring-loading' abuses have raised questions about whether executives are cashing in ('bullet dodging') while in posession of potentially damaging material facts that shareholders do not know."

H-P Board Drops Prominent Legal Advisor. The New York Times (12/14, Darlin, 1.16M) reports, "Hewlett-Packard's board has ended a crucial advisory relationship with Larry W. Sonsini, the powerful Silicon Valley lawyer, according to a person with close connections to the board. … After the year's end, Mr. Sonsini and the firm he helped build, Wilson Sonsini Goodrich & Rosati, will no longer serve as outside counsel to the board. The law firm will still do legal work for Hewlett-Packard." The Times notes, "Mr. Sonsini and his firm were not involved in the spying," but "he was caught up in the events, and was criticized for failing to prevent the incident from damaging the H.P. H.P.'s search for another lawyer to serve as outside counsel is expected to set off a scramble among Silicon Valley firms."

Hurd Tells Analysts H-P Continues To Diversify, Streamline. IDG News Service (12/13, Montalbano) reported, "Hewlett-Packard Co. continues to diversify and streamline its business according to goals CEO Mark Hurd set when he joined the company nearly two years ago. But the company still needs to cut costs to achieve operational efficiency, Hurd told financial analysts today. 'We are a company that is transforming, we are not a company that has transformed,' Hurd said, speaking at a meeting of securities analysts here. Hurd acknowledged that the cost of operations is still too high for the company to run as efficiently as it should, though the company has completed a 10% workforce reduction started last year as part of a huge restructuring effort." IDG noted, "Complicating this goal is HP's acquisition strategy, as the company is working to absorb companies it purchased in 2006."

SEC Eases Sarbanes-Oxley Rules Amid "Flurry" Of Deregulation Orders. The New York Times (12/14, Labaton, 1.16M) reports, "Responding to criticism that regulators had overreacted to years of major corporate scandals, the Securities and Exchange Commission on Wednesday issued a flurry of deregulatory orders and proposals intended to lower costs to public companies. It said the moves would not reduce investor protection. In a daylong proceeding, the commission proposed a loose interpretation for smaller companies of an auditing provision of the Sarbanes-Oxley Act," and it "proposed a rule to make it easier for foreign companies to withdraw their securities from American markets. … 'We hope these proposals, when combined, will make the U.S. markets more attractive and we will get more companies here,' said John W. White, director of the commission's division of corporation finance." SEC also proposed increasing "the financial qualifications for investors in hedge funds, to a net worth of $2.5 million from the current standard of $1 million," and suggested "a new provision on fraud to protect hedge fund investors." The Times notes, "The S.E.C.'s deregulatory push came a day after the Justice Department, in response to similar complaints, imposed new limits on federal prosecutors in white-collar corruption cases. … Like the decision at the Justice Department," the SEC

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changes "fell short of what some companies and groups had sought."

The Washington Post (12/14, D1, Johnson, 690K) reports the commission "voted 5 to 0…to instruct corporate managers to focus their reviews on the areas that pose the greatest risk of fraud on financial statements. … The rule, which cost businesses millions of dollars more than regulators anticipated, has been a lightning rod…becoming what SEC Chairman Christopher Cox called 'the single biggest challenge' in the accountability law. SEC staff members said that under the new proposal, they would urge corporate managers to use their best judgment in evaluating controls, rather than requiring them to scrutinize specific things such as the integrity of executives and the accuracy of petty cash accounts." Additionally, the Post notes, "Concerns are mounting that more average investors and pension funds are pouring money into the $1 trillion hedge fund industry, which is subject to little oversight. … 'We want to make sure that we send a strong signal . . . that caution is in order,' Cox said. 'We're taking steps to modernize the standard so it will be abundantly clear that these investments are not for mom and pop, unless mom and pop are very sophisticated investors.'"

The Wall Street Journal (12/14, C1, Scannell, 2.04M) reports that the e-proxy rule, also passed yesterday, "allows companies to distribute via the Internet annual reports and materials on board elections and other matters put before shareholders for a vote, while enabling investors to opt to continue to receive paper reports." The rule "will cut printing and mailing costs for corporations. But it will also make it cheaper for activist stockholders to launch fights against corporate boards, because shareholders of companies that distribute information to investors electronically will be able to do likewise. The agency said it plans to make the e-proxy model mandatory by January 2008, though some members expressed concern about doing that." The Journal also reports on the Sarbanes-Oxley changes and hedge fund proposal.

Monster Worldwide Discloses Improper Payments To Founder. Bloomberg (12/14) reports, "Monster Worldwide, owner of the most used online job-listing service, reduced past earnings by $271.9 million yesterday to correct stock-based compensation costs, and it disclosed more than $500,000 in improper payments to its founder, Andrew J. McKelvey. The restatements cut net income for 2005 by $9.24 million, for 2004 by $14.4 million, for 2003 by $27 million, for 2002 by $44.9 million, for 2001 by $65.6 million, and for the cumulative period of 1997 through 2000 by $110.8 million, the company said in a statement." Bloomberg notes, "From 1997 to 2003, options grants were misdated 'intentionally, by persons formerly in positions of responsibility,' to increase their value, the company said. … The company said in June that internal auditors, the Justice Department and the Securities and Exchange Commission had started reviewing options grants. … Investigators found that the company had paid for health care costs of nine relatives of Mr. McKelvey and nine people who were personally employed by him at varying times since 1997. It also granted stock options to four of his personal employees. Monster also disclosed payments of thousands of dollars in rent and aircraft fees to businesses owned or controlled by Mr. McKelvey."

Bloomberg Columnist Scoffs At Muni Market Investigation. In a Bloomberg (12/14) syndicated column, Joe Mysak writes, "This is how the government's case against the municipal market will look. The Department of Justice will put out a press release. It will read something like this: 'In the first prosecution of its kind, the Justice Department's Antitrust Division today brought criminal securities fraud charges against a securities brokerage firm for using fictitious noncompetitive bids and other misrepresentations during the restructuring of a municipal bond escrow account.' … Yet the above paragraph isn't a look into the future. Insert 'California' in front of 'securities brokerage firm' and 'Tampa, Florida,' in front of 'municipal bond escrow account,' and you have the wording of a Department of Justice press release sent out on Sept. 28, 1995," against Municipal Government Investment Associates. Mysak adds, "Here it is more than a decade later, and a full investigation and round of settlements later, and the government says it is still looking at bid-rigging, price-fixing, kickbacks and 'anticompetitive practices' in the municipal bond market's reinvestment of proceeds business. … Why didn't they finish the job? Is the market better off for the extra decade of profitable, unfathomable shenanigans? What happened?"

CRIMINAL LAW:

Gonzales Says DOJ Will Pursue Civil Commitments For Sex Offenders. In a front-page story, USA Today (12/14, Johnson, 2.27M) reports, "The Justice Department is planning to detain an undetermined number of violent sex offenders after they have completed their federal prison sentences as part of a program aimed at protecting children, U.S. Attorney General Alberto Gonzales says. The initiative, modeled after 'civil commitment' laws in 18 states that have kept 2,000 sex offenders locked up for mental health treatment after they served their sentences, will identify federal inmates who authorities think would pose a threat if freed. It's unclear how officials will decide which offenders should be held past their sentences. … Congress

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has 'given us the right to pursue (civil commitments) and we are going to,' Gonzales told prosecutors…last week." USA notes, "Critics say that such programs unfairly extend punishments beyond sentences set by judges and juries. 'This is merely camouflage for lifetime sentences for some offenses,' says William Buckman of the National Association of Criminal Defense Lawyers."

Gonzales Waging "Historic" Battle Against Child Sexual Abuse. Under the headline "Gonzales Concentrates Outrage On Child Abuse," USA Today (12/14, 13A, Johnson, 2.27M) reports that shortly after being named Attorney General, Alberto Gonzales "stopped at Drew Oosterbaan's office a few blocks from the department's headquarters. What happened during the next hour, Gonzales says, haunts him to this day. … Gonzales watched silently as streaming video captured from the Internet showed fathers sexually assaulting their daughters, some younger than 10. … Rebecca Gonzales, the attorney general's wife, vividly recalls that day. The nation's top law enforcement officer, she says, arrived home clearly shaken." She noted, "It changed him. That day put fire in him." USA adds, "Passion and emotion aren't things the public sees much of from Gonzales," who, "unlike his predecessor…often fades into the background at his own news conferences," but "punishing abusers has become a particular passion with Gonzales, who is emphasizing the issue like no other attorney general before him. He has launched an energetic campaign by the Justice Department to confront sexual predators with new prosecution tactics, new programs and the promise of more money to combat the problem. Arrests and prosecutions…have risen sharply since Gonzales took office nearly two years ago." National Center for Missing and Exploited Children Ernie Allen "says Gonzales communicates a 'sense of urgency' no other public official of his rank has attempted. 'What he is doing,' Allen says, 'is historic.'" USA Today (12/14, 13A, 2.27M) also includes a brief "Gonzales File" sidebar.

Children's Magazine Editor Sentenced To Six Years In Prison For Solicitation. The AP (12/14, Ngowi) reports, "A former editor for the company that publishes the venerable Weekly Reader, a newspaper for elementary school children, was sentenced Wednesday to six years in prison for soliciting sex from a minor. Noel Neff, 47, of Norwalk, Conn., also was fined $2,500, barred from using the Internet to access child pornography sites and ordered not to associate with anyone under the age of 18 without supervision from an adult who is aware of his criminal record. … His attorney, Francis O'Reilly, said his client planned to appeal." The AP notes, "Investigators said he had arranged to meet with a 14-year-old boy named Chris for sex. Chris was actually an FBI agent who had been posing as a minor and exchanging instant messages with Neff for two months, according to authorities."

Illinois Church Camp Counselor Arrested On Child Porn, Solicitation Charges. The AP (12/14) reports from Columbia, Illinois, "A former church camp leader was arrested on child pornography charges and accused of trying to coax girls, at least one of them a former camper, to pose partly naked or perform a sex act. Aaron Niles, 20, began chatting with the girls online…after working at a Baptist summer camp in 2005, Columbia Police Chief Joe Edwards said Wednesday. He was arrested Tuesday on three counts of child pornography and one count of indecent solicitation of a child related to incidents in April and May." The AP adds, "Investigators were still combing through Niles' computer Wednesday, but 'once we complete this, the potential for additional charges are there,' Edwards said."

DOJ Posts Sex Offender Information On New Web Site. WNWO-TV Toledo (12/13) reported on its Web site, "The justice department has opened a web site which offers photographs and information about offenders, including the neighborhoods they live in and how close they are to schools. Currently, it has records from 22 states. The remaining records are expected to be online by the end of the year."

US Obtains Criminal Subpoena For Classified Document Leaked To ACLU. The Washington Post (12/14, A8, Eggen, 690K) reports, "Federal prosecutors are demanding that the American Civil Liberties Union turn over all copies of a secret document it has obtained, in what is apparently the first time a criminal grand jury subpoena has been used in an attempt to seize leaked material, the ACLU and legal experts said yesterday. Prosecutors obtained the subpoena Nov. 20, saying their demand was part of an investigation into an alleged violation of the Espionage Act of 1917. The ACLU says that the 3 1/2 -page document contains no information that should be classified and that the memo is only 'mildly embarrassing' to the government. Some legal scholars said the case bears similarities to events in the 'Pentagon Papers' case." The Post adds that the case "provides the latest example of the Justice Department's aggressive use of the anti-spying law," and "the ACLU called the subpoena an 'unprecedented abuse' of the government's grand-jury powers that violates the First Amendment." The Post notes, "The subpoena was issued after the ACLU refused a verbal demand from Assistant U.S. Attorney Jennifer G. Rodgers to turn over all copies of the memo, the group said."

The New York Times (12/14, Liptak, 1.16M) notes, "The novelty in the government's approach is in its broad use of a grand jury subpoena, which is typically a way to gather evidence, rather than to confiscate all traces of it. But the subpoena issued to the ACLU seeks 'any and all copies' of a document e-mailed to it unsolicited in October, indicating that the government also wants to prevent further dissemination of the information in the document." The Times adds, "The

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subpoena raised the possibility that the government had found a new tool to stop the dissemination of secrets, one that could avoid the all but absolute constitutional prohibition on prior restraints on publication."

Judge Sentences "Girls Gone Wild" Owner To Community Service, Fine. The AP (12/14, Nelson) reports, "The multimillionaire founder of the popular 'Girls Gone Wild' video empire was sentenced to community service on Wednesday after the company pleaded guilty to federal charges of failing to monitor the ages of the women it films. Mantra Films Inc. also agreed to pay $1.6 million in fines for using drunken 17-year-olds in videos it filed on Panama City Beach during Spring Break and failing to properly label its DVDs and videos as required by federal law. U.S. District Judge Richard Smoak told company founder Joe Francis he added the community service to the fine because it did not appear a fine would be a meaningful punishment to the 33-year-old Francis, who makes an estimated $40 million a year." The AP adds that "company president Scott Barbour also was ordered to complete eight hours of community service monthly for the next 30 months."

Boeing Laptop Stolen, Exposing 382,000 Employees, Retirees To ID Theft. The AP (12/14) reports, "A Boeing Co. laptop containing the names and Social Security numbers of 382,000 workers and retirees has been stolen, putting the employees at risk for identity theft and credit-card fraud. The theft, which was confirmed Tuesday, was the third such incident at Boeing in just over a year. Files on the computer also contained home addresses, phone numbers and birth dates. Some of the files listed salary information." Boeing spokesman Tim Neale said that "the laptop was stolen earlier this month when an employee left it unattended," but "no proprietary, customer or supplier data were on the computer."

Illegal Meatpacking Worker Probe Uncovered ID Theft Ring. USA Today (12/14, 3A, Leinwand, 2.27M) reports, "A federal investigation that ended Tuesday in a raid on six meatpacking plants has uncovered criminal groups around the country that steal real birth certificates, Social Security cards and other documents and sell them to illegal workers, federal officials said. One fraud ring mailed dozens of Puerto Rican birth certificates to a Worthington, Minn., man who resold them for as much as $1,000 to illegal workers as part of a set of identity documents. Some of the sets were bought by workers at the meatpacking plants, Immigration and Customs Enforcement (ICE) spokesman Marc Raimondi said." USA notes, "In recent months, ICE agents have arrested members of document rings in Minnesota, Texas, Utah and Puerto Rico. Homeland Security Secretary Michael Chertoff said federal agents continue to investigate fraud rings tied to Tuesday's arrests" at Swift meatpacking plants."

Plea Of Pellicano Co-Defendant Could Benefit Prosecution. The Los Angeles Times (12/14, Krikorian, 850K) reports, "The federal investigation of Anthony Pellicano took a surprising turn Tuesday when one of his co-defendants pleaded guilty to using the former private eye to wiretap a Beverly Hills businessman six years ago." The Times continues, "In an appearance before U.S. District Judge Dale S. Fischer, Daniel Nicherie also pleaded guilty to three other felony counts of defrauding the Beverly Hills businessman and others through pension fraud, wire fraud and money laundering." It was unclear what impact his "plea will have on the ongoing Pellicano investigation because the U.S. government's allegations about Nicherie's actions would clearly make him a troubling witness for the prosecution." But he "could provide authorities with another example of how Pellicano illegally spied on others."

Tennessee Inmate At Center Of Debate Over Executing Mentally Impaired. The Wall Street Journal (12/14, A1, Fields, 2.04M) reports, "At 8:30 a.m., Gregory Thompson, his hands cuffed to his waist, has already swallowed eight of the 12 pills he takes a day. Mr. Thompson is on death row at the Riverbend Maximum Security Institution, and like many prison inmates, he is mentally ill." The Journal notes, "On New Year's Day 1985, he abducted Brenda Blanton Lane from a shopping-center parking lot in Shelbyville, Tenn., while stealing her car. He fatally stabbed the 28-year-old four times in the back. … Today, however, Mr. Thompson's case is at the center of a complex debate about the death penalty in the U.S. Recently, the Supreme Court ruled that mentally retarded defendants and juveniles cannot be sentenced to death. Mr. Thompson is asking the courts to decide whether mentally ill prisoners can be executed if rendered competent only by medication. His twice-delayed execution and similar cases are working through the judicial system; one will likely end up in front of the high court." The Journal adds, "Mr. Thompson is now arguing he is not competent to be executed because his mental condition has deteriorated. His appeal also tries to make the case that it's unconstitutional to execute a defendant made competent only through medication."

Anti-Death Penalty Activists Stage Reenactment Of Williams Execution. The New York Times (12/14, Mckinley, 1.16M) reports that at the Black Repertory Theater of Berkeley on Wednesday, actors reenacted "the execution of the convicted killer Stanley Tookie Williams, staged on the first anniversary of his death by lethal injection at San Quentin State Prison. The performance was written and produced by Barbara Becnel and Shirley Neal, two friends of

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Mr. Williams and death penalty opponents, who were unapologetic about their play's being agitprop. 'This is political theater in the extreme,' Ms. Becnel told a crowd of about 150 people who gathered to watch the performance." The Times notes, "The execution of Mr. Williams, 51, a founder of the Crips gang who was convicted of murdering four people in 1979, has continued to be a rallying point for death penalty opponents as well as a source of contention about the methods of lethal injection."

Dutch Counterfeit Goods Inspector Seen As Best In World. The Wall Street Journal (12/14, A1, Miller, 2.04M) reports, "From his perch at the North Sea port of Antwerp, Chris De Buysscher can look at thousands of 40-foot container units and pick out those most likely to contain fake Nikes, Marlboros or Dior jackets. When he's off work, the 51-year-old Belgian can spot a knockoff Louis Vuitton bag from across a crowded, smoke-filled room. Mr. De Buysscher is widely regarded among his peers as the best counterfeit-goods inspector in the world," and "the global boom in counterfeit goods has Mr. De Buysscher very busy. In the past two years, tiny Belgium has seized about 40 million counterfeit items, the most taken by any nation in the European Union. And about 90% of the Belgian seizures came from Mr. De Buysscher's three-person team policing the 22 miles of Antwerp docks." The Journal notes, "His skills are a low-tech blend of old-fashioned gumshoe detective work and intuition."

New York Judge's "Probation" System Raises Concerns. The New York Times (12/14, A1, Glaberson, 1.16M) reports from Keeseville, N.Y., "Like many teenagers in this bleak old mill village near Lake Champlain, Michael C. Burrell had been in trouble before. But when an attempted assault case landed him at age 19 in the courtroom of the village justice, the experience was unlike anything he had faced before. He said the justice, George J. Head, insisted that they meet each week outside court, in what people around here call his 'judge's probation' program. There is no such thing as judge's probation, and private sessions between a judge and a defendant facing jail violate rules of judicial conduct. But Justice Head seems to have stretched the rules in a number of ways. When he sentenced young men to regular probation, he sometimes drove them to their appointments. One young man was discovered driving the justice's car, and others say they met with the justice at his home. One said he even wound up moving in for eight months." The Times adds, "Now the system is under scrutiny by state officials, who are holding hearings and taking steps to fix some of its most glaring flaws. What has played out in this remote village in northeastern New York provides one more startling look at what can happen when meager training mixes with plenty of unchecked power. 'Judge Head rules Keeseville, and God help you if you oppose him,' said Diane Webster-Brady, the lawyer who handled Mr. Burrell's case."

Kevorkian To Be Paroled In June. The AP (12/14, Hoffman) reports, "Assisted suicide advocate Jack Kevorkian, the ailing former pathologist who claimed to have assisted in at least 130 deaths in the 1990s, will be paroled in June, state Corrections Department spokesman Leo Lalonde said Wednesday. … Kevorkian has promised he would not assist in a suicide if he was released from prison." The AP notes, "Mayer Morganroth, Kevorkian's attorney, said in July that his client had less than a year to live. Gov. Jennifer Granholm ordered corrections authorities to carry out an independent medical evaluation of Kevorkian, but did not commute the retired pathologist's sentence, as Morganroth had hoped."

CIVIL RIGHTS:

Judge Approves Settlement In Alabama College Desegregation Case. The AP (12/14) reports, "U.S. District Judge Harold Murphy approved agreements settling the case, which has so far generated $210 million in state funds for the desegregation effort, most of it going to historically black Alabama A&M and Alabama State universities. In his order Tuesday, Murphy agreed with both sides that there is no reason for further action. He said the state, its historically white universities and other defendants have eliminated traces of segregation 'to the extent practicable and consistent with sound educational practice ... and have demonstrated their commitment to continuing to operate in a constitutional and nondiscriminatory fashion.'" The AP notes, "The U.S. Justice Department sued Alabama in 1981, after state officials and university administrators were unable to agree on a corrective plan. More plaintiffs were added over the years."

Suburban Chicago Town Settles Fair Housing Act Charges. The AP (12/14) reports South Elgin, Ill., "will allow Unity House Inc. to operate a home for up to seven residents recovering from drug or alcohol addiction under an agreement that settles allegations of Fair Housing Act violations, the U.S. Justice Department announced Wednesday. Federal prosecutors had argued the Village of South Elgin violated the act by refusing a permit for the establishment of a group home for alleged substance abusers. Village Attorney Derke Price said officials had been concerned about allowing a business in a residential area. The settlement also calls for South Elgin to pay $25,000 in damages to Unity House, $7,500 each to two residents who were not able to live in the home when the permit was denied and $15,000 to the United States as a civil penalty." The AP

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notes US Attorney Patrick J. Fitzgerald said in a statement, "This settlement should send a message to other communities that no municipality, driven by neighborhood opposition, can prohibit persons recovering from addictions from enjoying the benefits of living in the safe and supportive environment of a group home."

DNA Not Linked To Duke Lacrosse Players. The AP (12/14, Scott) reports, "DNA testing in the Duke lacrosse rape case found genetic material from several males in the accuser's body and her underwear -- but none from any team member, defense attorneys said in court papers Wednesday. The papers were filed by attorneys for the three lacrosse players charged, Reade Seligmann, Collin Finnerty and David Evans. They complained that the information about DNA from other men was not disclosed in a report prosecutors provided earlier this year to the defense." The AP adds, "In an interview, defense attorney Joseph Cheshire said the findings suggest the accuser had sex shortly before the March team party where she was hired to perform as a stripper. … District Attorney Mike Nifong declined to comment on the defense motion."

The Los Angeles Times (12/14, Zucchino, 850K) reports, "The DNA…was not mentioned in the lab's final report, submitted to the Durham district attorney's office in May and subsequently provided to the defense. Defense lawyers found references to the DNA while scouring 1,844 documents handed over by the lab Oct. 27 under a judge's order. DNA Security Inc. in Burlington, N.C., initially refused to provide them, citing cost and privacy." The Times notes, "Last week, U.S. Rep. Walter B. Jones…asked the Justice Department to investigate whether Nifong committed 'prosecutorial misconduct' and violated the defendants' civil rights."

Massachusetts Anti-Gay Marriage Amendment Supporters Sue Lawmakers. The AP (12/14, Leblanc) reports, "Supporters of an anti-gay marriage measure filed a lawsuit in federal court Wednesday seeking up to $5 million in damages from Massachusetts lawmakers who blocked a final vote on the proposed constitutional amendment last month. The lawsuit, filed in U.S. District Court by the group VoteOnMarriage.org, claims the 109 state lawmakers violated the supporters' rights to free speech and right to petition the government." The AP adds, "The legislature is scheduled to take up the question again Jan. 2, the last day of the session. Supporters of the question fear lawmakers will again avoid taking a vote, killing the proposed amendment."

ANTITRUST:

Lawmakers, Workers Concerned By Proposed Airline Mergers. ABC World News (12/13, story 2, 2:50, Gibson, 8.78M) reported, "A lot of airlines these days are feeling the urge to merge. United wants Continental, US Airways wants Delta, Air Tran wants Midwest. No indication that any of the deals may come to fruition, indeed there are considerable obstacles to each one. There is an indication that airlines feel they need to combine to cut costs. For what this means to industry and more importantly to everyone who flies, here is ABC's Lisa Stark." ABC (Stark) added, "Airline analysts say this could be the start of a merger feeding frenzy. All the airlines are talking and no one wants to be the odd man out if the deal-making begins in earnest. The talks between United and Continental are characterized as very preliminary, but analysts say on paper combining the two makes sense." Jay Kuenzle, Delta pilot: "We are not interested at all with a US Air hostile takeover." Stark: "Delta employees today made their feelings quite clear, but many say mergers are inevitable. … The question is, when these corporate marriages might take place and who could end up together. "

The AP (12/14, Carpenter) reports, "A long-anticipated consolidation of U.S. airlines could mean higher fares for travelers as overlapping routes are eliminated, experts said Wednesday as talk of likely deals reverberated throughout the industry. That's one reason why any such buyouts could draw intensified regulatory scrutiny, along with the potential for increased labor and service disruptions, as some consumer advocates warn." The AP adds, "Numerous regulatory and other obstacles remain before any deal can occur, but industry observers said all the talks and recent airline restructurings have set the stage for big changes in the business next year." Rep. James Oberstar, "who will chair the House Transportation Committee in Congress next year, said he will not hesitate to hold hearings next year to 'expose the anti-competitive effects' of airline industry consolidation and to 'nudge the Justice Department' to use its power to stop potential acquisitions."

The New York Times (12/14, Bailey, 1.16M) reports, "Discussions about a possible deal between United Airlines and Continental Airlines came to light this week. And if one big merger goes through, other airlines will probably feel compelled to pair off as well or wind up at a competitive disadvantage because they have higher costs or smaller route networks. But less financial misery for airlines often means more bad news for their passengers — since, in this business, misery tends to be a zero-sum game." The Times also notes, "Concerned about rising fares and the potential for reduced air service to small communities," Oberstar "said

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yesterday that the Justice Department should block any major airline merger. If it does not, Mr. Oberstar said, he would call hearings before his committee to consider action to block such mergers (three steps are necessary to approve an airline deal: the Transportation Department must determine that a merger is financially viable, the Federal Aviation Administration must approve a certificate of safety, and the Justice Department must determine that there are no antitrust issues)."

The Atlanta Journal-Constitution (12/14, Hirschman, 379K) reports, "A raucous crowd of more than 3,000 Delta Air Lines workers alternately cheered, booed, clapped and hissed Wednesday as they loudly expressed opposition to a takeover bid by rival US Airways. Delta employee groups used the nearly two-hour rally to bash Tempe, Ariz.-based US Airways and its CEO, Doug Parker, in pointed, personal terms. He was compared to vilified airline raiders Carl Icahn and Frank Lorenzo and even the fictional Gordon Gekko from the movie 'Wall Street.'" The AJC adds, "Georgia's U.S. senators, Saxby Chambliss and Johnny Isakson, lauded the Delta workers and urged them to back management efforts to preserve Delta's history and independence. Chambliss said he told Parker in a Washington meeting that he and other members of the Georgia delegation stoutly oppose the deal and plan hearings to pressure the Justice Department to reject it as anti-competitive. … His argument may have been buttressed by reports Wednesday that United and Continental airlines are talking about a merger."

The KSL-TV Salt Lake City (12/13) reported on its Web site, "Utah legislators are concerned about the future of Delta Airlines, especially if the company merges with US Airways. Even though Delta has given no indication of a merger Utah officials are being proactive," the Utah House is "asking the Justice Department now to consider the risks such a move would pose for Utah's economy before approving a merger in the future." KSL noted, "When US Airways made the offer to Delta last month they assured Governor Huntsman the move would not adversely affect Utah. Legislators say their request to the Justice Department is just making sure that promise is kept."

USA Today (12/14, 1B, Reed, 2.27M) reports, "One small takeover bid — and the possibility of a much bigger one — rocked the airline world Wednesday, moving stock prices and fueling speculation about the future shape of the industry. Midwest Airlines…rejected a public offer of $290 million in stock and cash from Orlando-based AirTran," but "AirTran CEO Joe Leonard says he won't give up his pursuit, which has involved several previous, private offers that Midwest's board rebuffed. Meanwhile, continued speculation about a possible merger of United Airlines and Continental Airlines fueled a growing buzz about industry consolidation." USA notes, "Neither Continental nor United would confirm that they are in talks. Two industry sources with knowledge of the discussions, being conducted privately, said the merger talks are active. They cautioned that no announcement is imminent and that a merger may never occur."

The Chicago Tribune (12/14, Johnsson, 617K) reports, "Once the frenzy has subsided, and all the airline industry consolidation has been digested, Chicago could find itself home to the country's biggest carrier, a supersize United Airlines, or home to none at all. Passengers could be looking at higher fares or more bargains. They also could be in for a long, confusing period of service upheaval, industry analysts say." The Tribune notes, "When the dust settles, analysts think the six major airlines atop the U.S. market could meld into three megacarriers, though there is no guarantee any of the deals will get done. … Any deals must be approved by federal antitrust regulators, however, and they traditionally have been wary of large-scale consolidation."

Stock Arrangement Would Give Northwest Veto Over Continental-United Merger. The Washington Times (12/14, Lengell, 88K) reports Continental-United merger discussions "may be doomed as the result of an unusual relationship between Continental and a third airline. Northwest Airlines holds a special preferred 'golden share' of Continental Airlines stock, giving Northwest the right to block Continental from consolidating with another airline. The alliance dates to late 2000 when Northwest agreed to sell shares of Continental common stock back to Continental after the Justice Department accused Northwest of anti-competitive behavior." The Times adds, "Northwest declined to say whether it would consider exercising its veto. But airline analyst Anthony Tangorra said the Eagan, Minn., airline wouldn't hesitate because a Continental-United combination would create the world's largest carrier, dwarfing Northwest."

Continental Shares Soar Amid Merger Talk Reports. The AP (12/14) reports, "Shares of Continental Airlines Inc. soared to their highest level since before the Sept. 11, 2001 terrorist attacks, as the company talks with United Airlines about a possible combination to create a mega-carrier. … Prudential analyst Bob McAdoo wrote in a research report that he doubts Continental wants a deal, but it might do one contingent on the Delta/US Airways deal being approved by federal regulators." The AP notes, "Combinations would allow airlines to reduce available seats, giving them more pricing power to raise fares and boost profits amid high fuel prices. Such deals, though, would likely face tough federal antitrust scrutiny, analysts say."

Quantas Agrees To $8.7 Billion Takeover By International Consortium. The Financial Times (12/14, Tucker, Minder) reports, "Qantas has agreed to an A$11.1bn (US$8.7bn) takeover offer by a consortium including Australia's Macquarie Bank and Texas Pacific Group, a US buy-out fund. The airline rejected the consortium's opening offer on Wednesday but early on Thursday it recommended a

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sweetened A$5.60-a-share offer. Shares in Qantas jumped nearly 5 per cent to A$5.33 by early Thursday afternoon. The buy-out offer is 29 per cent more than the stock traded at November 21, when Qantas first said it had been approached." The Wall Street Journal (12/14, A3, Sender, Linebaugh, 2.04M) notes, "Under the terms of the deal, Qantas will be delisted from the Australian exchange -- but retain majority Australian ownership, as required by law, with Allco becoming the company's largest shareholder. … Australian Prime Minister John Howard said today the government will monitor the takeover bid, but the deal was ultimately a matter for the market"

The New York Times (12/14, Johnston, 1.16M) reports, "The consortium — Airline Partners Australia — includes Texas Pacific, Macquarie Bank, Allco Equity Partners and the Allco Finance Group of Australia, and Onex, the Canadian leveraged buyout company. The group also brings together an array of aviation talent, including David Bonderman of Texas Pacific; Rod Eddington of Allco Finance, the former chief executive of British Airways; and David Turnbull of Allco Finance, formerly of Cathay Pacific. Few analysts expect investors to block the deal."

Alltel Will Sell Four Minnesota Markets To Meet DOJ Requirements. The AP (12/14) reports, "Wireless carrier Alltel Corp. said Wednesday it agreed to sell four Minnesota markets to Rural Cellular Corp., in order to meet divestiture requirements established by the U.S. Department of Justice. Financial terms weren't disclosed. In October, the company received approval from the Justice Department for its $1.1 billion acquisition of Midwest Wireless on the condition that the combined company sell some assets in markets where they both operate."

DOJ Announces Indictment Of Stora Enso On Price-Fixing Charges. The Milwaukee Journal Sentinel (12/14, Dresang, 255K) reports, "The U.S. Justice Department announced an indictment Wednesday against a Wisconsin-based paper company in an investigation of price fixing for magazine paper. Justice officials said a federal grand jury in Connecticut indicted Stora Enso North America Corp. on charges of conspiring to set prices in consultation with competitors." The MJS notes, "According to Justice Department officials, the indictment claims that Stora Enso met with competitors and agreed to increase prices for coated publication papers used in magazines and high-volume catalogs. The indictment contends that Stora Enso sold paper 'at collusive and non-competitive prices' from August 2002 to June 2003."

The AP (12/14, Singer) reports, "The paper is primarily used to print magazines, news weeklies and high-volume catalogues. The company agreed to the scheme in a meeting with an unidentified competitor, according to the indictment. 'The price of coated paper used in magazines affects nearly every American,' said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division." The AP notes, "Stora Enso has sales offices in Connecticut, Georgia and other states. The conspiracy charged in the indictment, which was handed up in Hartford, was carried out in Connecticut and elsewhere, the Justice Department said. Violations occurring before June 22, 2004, carry a maximum fine of $10 million, which may be increased."

Citigroup To Buy Grupo Cuscatlan In $1.51 Billion Deal. The Wall Street Journal (12/14, C4, Enrich, 2.04M) reports, "Citigroup Inc. agreed to buy a Central American banking company in a $1.51 billion cash-and-stock deal that marks the latest in a series of recent overseas acquisitions. Citigroup said it is buying the subsidiaries of Grupo Cuscatlan from Corporacion UBC Internacional SA, a commercial- and corporate-banking group that does business in El Salvador, Guatemala, Costa Rica, Honduras and Panama. Citigroup also is acquiring the group's pension and insurance operations in El Salvador." The Journal notes, "The Central American deal, coming the day before top Citigroup executives host their annual investor day at their Park Avenue headquarters in New York, is Citigroup's second recent deal in the region and its fifth international deal this fall. … The moves illustrate a bet by Chief Executive Charles Prince that fast-growing overseas markets hold greater potential for the world's biggest bank in market value than the U.S. But it isn't clear the deals will quickly jump-start Citigroup's sluggish revenue streams, a source of angst among many Citigroup investors."

Hearst Expects To Complete California Newspaper Purchase This Week. The AP (12/14) reports, "Hearst Corp. expects to complete its purchase of the Daily Breeze on Friday as part of a deal to resell the newspaper to MediaNews Group Inc., according to a court document filed by the two newspaper operators. The document was filed Wednesday in a pending federal antitrust case involving Denver-based MediaNews and New York-based Hearst, owner of the San Francisco Chronicle, over their plans to consolidate some of the business operations of their San Francisco Bay area newspapers. A San Francisco investor is trying to block the deal, claiming such cooperation violates antitrust laws." The AP notes, "Under the agreement, Hearst will purchase the Torrance-based Breeze from The Copley Press Inc. and then sell it to MediaNews along with two other publications, the Monterey County (Calif.) Herald and the St. Paul (Minn.) Pioneer Press."

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Italian, Spanish Toll-Road Companies Halt Merger Talks. The Wall Street Journal (12/14, Maxwell, Perez, 2.04M) reports, "Autostrade SpA of Italy and Abertis Infraestructuras SA of Spain halted an agreement to merge and create the world's largest toll-road operator, citing blocks imposed by Italy's government and transportation regulator. The companies said they remain convinced that a deal should be done, and said they hope to be back with a fresh plan at some point in the future. The companies struck a cash-and-shares deal to merge in April that would have resulted in a company with a market capitalization of €25 billion ($33.2 billion)." The Journal notes, "The failed merger highlights the fact that cross-border European mergers and acquisitions, agreed or hostile, stir up as much of a hornet's nest as ever, despite the European Union's best efforts to promote the notion of a single marketplace." However, "people familiar with the situation said the companies' commitment to the deal burns on."

FBI/DEA/ATF/USMS:

Grassley Says FBI Stonewalling On Amerithrax Probe. Yesterday morning on Fox News' Fox & Friends program (12/13, 8:12AM, Carlson), Sen. Charles Grassley discussed the reasons why lawmakers wrote a letter to AG Alberto Gonzales requesting more information on the FBI's Amerithrax probe. Grassley said, "There has not been information to Congress for three years on the subject. Congress has asked for testimony from the agency's to be updated. In our constitutional power of oversight, because the new checks and balances of the government." Carlson: "Think they have information they are not disclosing or they just do not know?" Grassley: "They have implicated a person. That person has been suing the FBI because he has lost his job, does not have any income. When two senators are targeted, 3,000 people have been called before the grand jury, Congress should have an update on it, particularly the senators who were targeted." Grassley later added, "We're told in congress that there is leagues in congress, and that is why we will not get an update on the investigation. The New York times wrote about this and they got their information from the FBI. The FBI is worried about not informing congress because they might leak. The FBI has leaked to the New York times and the FBI should be investigated." Grassley concluded the interview saying, "It is just stonewalling. That is where the FBI gets into trouble. When they do what they are best set up to do, investigate and prosecute and put people away that are guilty, they never get egg on their face. They always get egg on their face when they try to worry about their public relations. It looks to me like they have something to hide, particularly when they are talking about leaks on Capitol Hill and their own agents are looking to the New York Times."

Leahy Dissatisfied With FBI Progress On Amerithrax Case. WCAX-TV in Burlington, VT (12/14, Perron) on its web site provides more details about recent congressional complaints about the FBI's handling of the Amerithrax probe. Focusing specifically on Sen. Patrick Leahy's concerns WCAX follows up yesterday's articles reporting, "Five years after anthrax attacks terrified Americans, the case remains unsolved. Now Congress is fighting with the FBI to get an update on the investigation." And Sen. Leahy "is demanding some answers." He "is calling for the FBI to release information gathered during the 5-year probe. So far, the bureau says no fearing it could compromise the investigation." Five years ago a number of Vermont businesses and post offices were the subject of anthrax scares and one "potentially lethal letter was mailed to the Vermont Senator." Leahy said, ""I am not satisfied with this investigation. I'm not satisfied with the briefings I've had. I'm not satisfied with the information I've received on it."

Rep. Holt Among Lawmakers Requesting Anthrax Update From Gonzales. WRNN- TV (12/13, 7:00 p.m.) broadcasts, "Rush Holt of New Jersey has been turning up the heat on Justice Department. Holt and six other new jersey lawmakers signed a critical bipartisan letter to Attorney General Alberto Gonzales, asking for an update on the probe into the anthrax attacks that occurred in the fall of 2001."

Columnist Accuses FBI Of Lacking Accountability In Amerithrax Probe. Howard Goodman in a column titled "Anthrax investigation has no answers, but secrecy abounds" in the South Florida Sun-Sentinel (12/14, 237K) describes the impact of the anthrax attacks on Florida five years ago and the events since then including the toppling of the Taliban, the war in Iraq and the creation of the DHS and asks, "where are the updates on the only clear example of terrorism to hit America since 9-11, whose first victim was claimed in our backyard? The FBI ain't saying." The recent bipartisan request for more information on the investigation "was the sound of frustration boiling over. Congress is supposed to conduct oversight of federal agencies. Yet the FBI, as if taking a cue from its old nemesis the Mob, is practicing Omerta." It "is all too representative of how this administration conducts business. In secret. Giving its reasons as national security. For all we know, it's simply hiding its ineffectiveness or incompetence." In congressional testimony FBI Director Robert Mueller "said the FBI fears leaks if Congress were brought into its rightful job of overseeing the executive. Which is rich, considering that it was the FBI that leaked the name of Stephen Hatfield." Goodman states, "I guess it's just too shameful for the G-Men to have to look the country in the eye and say, 'Hey, we've tried and tried, but we don't know who sent the anthrax. And

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by the way, if you know where Osama bin Laden is, give us a call.'"

Top FBI Officials Accused Of Failing To Understand Terrorist Threat. The Houston Chronicle (12/13, Mittelstadt, 530K) reported that in the aftermath of criticism of Rep. Sylvester Reyes (D) who reportedly failed to answer simple questions by a CQ reporter about the terrorists threatening the US, "Some experts suggested Reyes is just one example of an American policy establishment that has paid little attention to the tricky nuances of politics, religion and sectarian differences that have riven the Middle East." The Chronicle states, "Top FBI counterterrorism officials have shown limited understanding and curiosity about Islam's two major branches. And at least two other House Intelligence Committee members failed the same questions that tripped up Reyes." University of Georgia professor Loch Johnson said, "When it comes to someone in a position of staff responsibility like an FBI counterterrorism specialist, really it's a little unnerving to discover that they don't know much about the subject."

Dukakis Says FBI Deceived In Rifleman Probe. The Boston Globe (12/14, Murphy, 413K) reports that in the civil trial over the imprisonment of Peter Limone, Joseph Salvati, Henry Tameleo and Louis Greco, "Former Governor Michael S. Dukakis testified Wednesday that he carefully considered every inmate's request for clemency in the 1980s, even reviewing case files at home at night before deciding whether they should be set free." Yet, "Dukakis said he only recalled one instance when the state's top federal prosecutor weighed in on a clemency petition -- in 1983, when then US Attorney William F. Weld urged him to reject Peter J. Limone's bid for freedom." Saying "how 'unusual' it was to get such a letter, Dukakis said he gave 'substantial' weight to Weld's warning that Limone would 'assume charge of the day-to-day operations of organized crime in this area' if released." After testifying, Dukakis told reporters, "Now that we know what was going on in the (FBI) office, we were all deceived. … In fact, the bureau itself was betrayed." He "acknowledged he knew nothing about allegations that then-FBI agent Dennis Condon was aware Barboza was lying and yet vouched for his credibility during the trial." Yet, "on the stand, Dukakis defended the integrity of Condon, who served as public safety commissioner during his administration. He later told reporters, 'There really wasn't a better public servant walking the earth, in my opinion.'"

The CBS4-TV in Boston (12/13) on its web site reported, "The lawyers for four men wrongfully convicted in the 1968 Gangland murder continue to build their case against the FBI." But "Dukakis defended another FBI agent who he believes may have been manipulated." Dukakis said, "You hate to think of yourself as having been manipulated. … It's pretty obvious, in retrospect, we had information about these folks that was false and that there was evidence which would have absolved them of the crime that was never disclosed by people who should of disclosed it." Meanwhile, F. Lee Bailey "testified that in 1970 Joe Barboza that he, with the help of FBI agents, had framed four innocent men for the Deegan murder." CBS4 added, "Barboza told Bailey that he wanted to recant his testimony in the Deegan murder trial. In court Wednesday Bailey said that Barbosa told him his false testimony was orchestrated and encouraged by H. Paul Rico, a former FBI agent."

FBI Relocating 300 Employees In Northern Virginia. The Washington Post (12/14, BW19, Kang, 690K) reports, "By the end of 2008, about 2.8 million square feet of office space will be available in Prince William County's Innovation business park and in surrounding properties, according to the county's Department of Economic Development." DEC spokesman Jason Grant "projects that over the next year to 18 months, more than 800 jobs will come to Innovation and the surrounding areas." Among others, the FBI "is moving its Northern Virginia field office from Tysons Corner, bringing about 300 to the county."

California Operation Targets Meth Suppliers, Nets 45 Suspected Gang Members. The Los Angeles Times (12/13, Reston, 850K) reported San Bernardino police and federal officials "confiscated $500,000 in cash and arrested 45 alleged gang members believed to be major suppliers of methamphetamine in San Bernardino and the surrounding area. The bust was the culmination of a seven-month investigation by San Bernardino police and the Los Angeles field office of the Drug Enforcement Administration. … During the seven months, officials arrested 119 people, including five men believed to be top Mexican Mafia associates in San Bernardino, police officials said. … San Bernardino police requested the assistance of the DEA to deal with the surge in methamphetamine and weapons trafficking by gangs in the city."

Local TV Coverage. KTTV-TV, Los Angeles (12/13, 6:00 a.m.) aired, "The Drug Enforcement Agency [is] cracking down on the Mexican mafia, making dozens of arrest here in southern California. Teaming up with area police in San Bernardino, authorities there confiscating weapons and drugs, mostly methamphetamine. The DEA targeted the Mexican mafia because they're behind much of the violent dealings in San Bernardino."

Authorities Bust Drug Ring Linked To Homicides In US, Mexico. The Arizona Daily Star (12/14, 128K) reports an international drug-trafficking organization that "brought violence and thousands of pounds

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of marijuana into Southern Arizona has been busted, according to court documents made public Wednesday. The organization, led by Carlos Molinares-Nuñez for the last five years, has been linked to homicides both in Mexico and the United States that appear to be drug-related, court documents state. An indictment filed in federal court in November was unsealed Wednesday, detailing the intricacies of the ring, which has at least 20 employees. … Many tons of marijuana would be transported at one time in modified vehicles that would enter the country by driving in between designated ports of entry to avoid law officers.

17 Arrested In New York Drug Sweep. The AP (12/14) reports a drug sweep "netted 17 arrests Wednesday. Most of the accused live in and around Plattsburgh and were suspected of dealing marijuana, heroin, methamphetamines, cocaine and crack. … The arrests came after months of investigation and surveillance, DEA Agent James Farnsworth said." Long Island Newsday used the AP story.

In Texas, More Than 30 Suspects Linked To Cocaine-Smuggling Ring. The San Antonio (TX) Express (12/14) reports, "If there were any doubts, federal authorities say, a kilo of cocaine that agents found in the underwear of 81-year-old Josefina Campos solidified a case targeting a large smuggling ring centered in San Antonio and Floresville. Campos' arrest Nov. 28 is but a piece of a puzzle that became more complete Wednesday as officials announced they had smashed a drug-smuggling cell that netted seizures of more than 210 kilograms of cocaine and $4.5 million in cash. … The ring is accused of transporting the cocaine primarily to the Ohio cities of Cleveland and Youngstown, while some loads of the drug hit the streets of San Antonio, Austin, Houston and other Texas cities, according to officials and court records. Most of the drugs were smuggled across the Mexico border at Eagle Pass-Piedras Negras, according to the U.S. Drug Enforcement Administration." A federal indictment unsealed Wednesday in San Antonio "names Campos and 37 other people."

On its Web site, WOAI-TV, San Antonio, Texas (12/14) reports agents "say the ring was working for the Arturo Beltran drug cartel in Mexico, and has been in operation since at least 2003. Investigators say the group moved between 200 to 400 kilos of cocaine a month from across the border into Texas, and then north as far as Cleveland, Ohio."

Six Arrested, 10 Houses Seized In New Hampshire Drug Sweep. Manchester's Union Leader (12/13) reported six people "have been arrested and ten 'mini-mansions' seized in southern New Hampshire after a joint state-federal drug investigation. An estimated 6,000 marijuana plants were confiscated with a possible value of $24 million. The operation was conducted by New Hampshire State Police, the federal Drug Enforcement Administration and the United States Attorney."

The Union Leader (12/14) today reports State Attorney General Kelly A. Ayotte "said the joint federal, state and local law enforcement effort disrupted 'what has to be the largest seizure of marijuana in this state's history.' … The alleged drug growers bypassed electric meters and apparently used electricians to install their own meters capable of supporting the extensive lighting and ventilation systems needed to grow the plants, which ranged from several hundred to 1,500 in a single home."

The AP (12/13) reported, "For the past two months, the New Hampshire State Police Narcotics and Investigations Unit, assisted by the United States Drug Enforcement Agency, the New Hampshire Attorney General's Drug Task Force, the U.S. Attorney's office in New Hampshire and numerous local police agencies have been investigating residential marijuana growing operations throughout the state. As a result of recent marijuana seizures in Hooksett and Epsom, investigators developed information that led to the identification of 10 other residences in Concord, Derry, Pembroke, Andover, Chester, Weare, Hopkinton, Londonderry, and Canterbury that were suspected of housing large-scale marijuana grow operations." The Boston Herald used the AP story.

On its Web site, CBS 4 Boston (12/14) reports police "said the 10 homes were purchased with the sole intent of growing marijuana."

Miami Police Chief's Son Sentenced In Marijuana Case. In Albany, New York, the AP (12/13) reported the son of Miami Police Chief John Timoney "was sentenced Wednesday to 18 months in federal prison for trying to buy 400 pounds of marijuana from an undercover agent in 2005. Sean Timoney pleaded guilty in December 2005 to giving an undercover Drug Enforcement Administration agent a gym bag filled with about $455,000 in cash as partial payment for what he and a partner believed would be the delivery of 400 pounds of marijuana." CNN, the Washington Post, Miami Herald, South Florida Sun-Sentinel, Long Island Newsday, and Philadelphia Inquirer used the AP story.

Texas Teacher Accused Of Helping Cocaine, Money-Laundering Ring. The Galveston County (12/14) reports a Galveston school teacher "was freed on bond Wednesday when officials released information about the multimillion-dollar cocaine and money-laundering ring in which she is accused of taking a part. Galveston Police Department vice/narcotics officer Joey Quiroga pulled Joette Natasha Barnes, 25, out of class last week and arrested her. … 'We believe she was a facilitator,' said Joe Arabit,

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assistant special agent in charge for the Drug Enforcement Administration's San Antonio office. 'Not to minimize it, but that was the role of several people in this operation — to hold drug proceeds for other defendants.'"

The Washington Times/UPI (12/14) reports law-enforcement authorities "have broken up a Texas-based ring that allegedly smuggled 400-pound quantities of cocaine into Ohio and Tennessee from Mexico. … The ring is accused of transporting cocaine to Ohio and Tennessee, among other states, after storing it in San Antonio between Jan. 1, 2004, and Dec. 6 of this year."

Federal Agents Seize $1 Million Cash From Alabama Traffic Stop. The AP (12/14) reports, "Federal agents confiscated $1 million in cash concealed in a pickup truck stopped for speeding by Alabama state troopers on Interstate 10, authorities said. Tom Wade, the U.S. Drug Enforcement Administration's agent in Mobile, said the stacks of $20 bills packed in a concealed compartment were turned over to the U.S. Marshals Service. He said cash can be confiscated if investigators believe it was associated with criminal activity, but that $1 million is a 'significant' seizure for such a traffic stop." The AP notes, "Wade said Wednesday the DEA is investigating where the driver began his trip and his final destination. Officials said the driver could claim the cash and try to get it back through the courts, but that is rare in such seizure cases and it will likely be distributed to state and federal agencies."

Traffic Stop Leads To Georgia Stolen Weapons Arrest. The Atlanta Journal-Constitution (12/14, Chidi, 379K) reports, "A lucky traffic stop by a Snellville police officer led to the arrest of two teens accused of stealing dozens of guns from a Lilburn pawn shop, police said Wednesday. Federal agents and local police arrested two Duluth teenagers late Tuesday night, Lilburn police said in a news release. Dwayne Allen Hickman, 17, and Jimar Shane O'Riley, 17, were charged with one count of armed robbery, with other state charges pending. Police said they could be charged as adults." The AJC adds, "Police said Wednesday that 53 guns had been stolen. Lilburn Police called in the Bureau of Alcohol, Tobacco and Firearms to help investigate, but police caught a quick break in their investigation," when Snellville Police officer Greg Perry "searched the car and found a gun that had been registered as stolen five days earlier from Mr. Pawn. … ATF agents, Gwinnett County's SWAT team, Snellville and Lilburn police officers met the two. The initial investigation points to a possible gang connection in this case," Lilburn police spokesman Sgt. Tyler Thomas said."

CONGRESS-ADMINISTRATION:

Johnson Undergoes Brain Surgery. CNN (12/14) reports on its website, "Sen. Tim Johnson of South Dakota was undergoing brain surgery early Thursday at George Washington University Hospital after suffering stroke-like symptoms, two Democratic sources familiar with his condition told CNN." The Washington Post (12/14, A1, Babington, Weisman, 690K) also says Johnson "was in surgery last night after falling ill at the Capitol, introducing a note of uncertainty over control of the Senate just weeks before Democrats are to take over with a one-vote margin. … Given Johnson's narrow reelection win over Thune, and South Dakota's GOP tilt -- Bush carried the state by 22 percentage points in 2004 -- Republicans consider Johnson one of their top targets in the 2008 Senate elections. The leading candidate to oppose him" is GOP Gov. Mike Rounds, "who was reelected to a second term last month."

The Washington Times (12/14, Hurt, 88K) reports, "During a phone call with reporters yesterday, Mr. Johnson became disoriented, stuttering in response to a question. He appeared to recover, asking whether there were any additional questions and then signing off. According to his office, the Capitol physician examined the senator and advised that he be sent to a hospital."

The Los Angeles Times (12/14, Levey, 850K) says "the hospital would provide no details on his condition or the reason for the surgery." The Times also runs a statement from Senate Democratic leader Harry Reid, in which he says, "Sen. Johnson is a dear friend to me and to all of us here in the Senate." CQ (12/14) notes "Reid himself had what was described as a 'mini stroke' earlier this year, which had little impact on his overall health."

The Sioux Falls Argus Leader (12/14) reports on its website that Democratic Rep. Stephanie Herseth, "at the conclusion of a Sioux Falls meeting with board members of the Lewis and Clark water project, called the group back together around 3 p.m. and announced…Johnson had been taken to a hospital. In a shaking voice, she called on South Dakotans for their prayers." Herseth "said she believed it was a severe stroke." The Leader also reports rhe White House "issued a statement" wishing Johnson "a speedy recovery. 'Our thoughts and prayers are with Senator Johnson and his family,' said spokesman Alex Conant."

The Wall Street Journal (12/14, Lueck, Cummings, 2.04M) reports, "As Mr. Johnson's family gathered at the hospital last night, his office wasn't making public details of his condition." In late afternoon, "a brief statement said he had suffered a 'possible stroke' and was being evaluated by a stroke team. Later, a spokeswoman for Mr. Johnson said he hadn't suffered a stroke or a heart attack."

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USA Today (12/14, Kiely, 2.27M) also reports Johnson's illness "has national ramifications because of the narrow political divide in the Senate that convenes Jan. 4. The November election gave Democrats a 51-49 edge. Joe Lieberman of Connecticut and Bernie Sanders of Vermont were elected as independents but have said they will vote with Democrats." If Johnson "were unable to complete the remaining two years of his term, South Dakota Gov. Mike Rounds, a Republican, could appoint a replacement, presumably another Republican. That would deadlock the Senate at 50-50 with Vice President Cheney, a Republican, holding the tie-breaking vote."

All three networks reported on Johnson's illness last night. On NBC Nightly News (12/13, lead story, 2:35, 9.87M), Tim Russert was asked to comment on the "political implications." They are "enormous," said Russert, "if the Republicans were to become the majority party in the Senate again, in terms of Iraq policy, Supreme Court nominees, environmental policy, tax policy. Very, very significant." The CBS Evening News (12/13, story 3, 1:50, Couric, 7.66M) reported, "A big change may be coming in the balance of power on Capitol Hill." On ABC World News (12/13, lead story, 2:00, 8.78M), George Stephanopoulos said, "If you look at history, it is very, very rare, in fact, no senator has ever been forced out for something like this. And several senators have served for several years, even after they suffered from a stroke."

The Financial Times (12/14, Luce) reports that as it "went to press…it was too early to tell the extent of Mr Johnson's impairment." The Times later says, "Any loss of Democratic control of the Senate would be less serious to the opposition party's agenda than loss of control of the House of Representatives, which operates under stricter conditions of party discipline and where the Democrats last month won a comfortable majority. Political analysts say the real majority number in the Senate is now sixty since that is the minimum vote required to impose cloture on a filibustered debate and move to a vote." The Democrats in both houses "have promised to usher in an era of greater bipartisan cooperation after several years of bitter partisanship."

The AP (12/14, Jalonick) reports "both Johnson and his wife have battled cancer." The senator "underwent prostate cancer treatment in 2004, and subsequent tests have shown him to be clear of the disease. Barb Johnson is a breast cancer survivor." The couple "have two sons and a daughter: Brooks, who served in the U.S. Army in Bosnia, Kosovo, South Korea, Afghanistan and Iraq; Brendan, a Sioux Falls lawyer, and Kelsey, who works in Washington."

The New York Times (12/14, Zernike, 1.16M) notes Johnson "is the second senator known to become ill since the November elections. Senator Craig Thomas of Wyoming, a Republican, is being treated for leukemia, but has been at work." The Times also reports, "According to information from the Senate historian cited on CQ.com, at least nine senators have taken extended absences from the Senate for health reasons since 1942. Robert F. Wagner, Democrat of New York, was unable to attend any sessions of the 80th or 81st Congress from 1947 to 1949 because of a heart ailment. Senator Joseph R. Biden Jr., Democrat of Delaware, missed about seven months in 1988 after surgery for a brain aneurysm. And David Pryor, Democrat of Arkansas, suffered a heart attack in April 1991 and returned to the Senate in September that year." The Chicago Tribune (12/14, Parsons, 617K) reports, "Many members of Congress have stayed in office in spite of fragile health, including the late Sen. Strom Thurmond, a South Carolina Republican who held office beyond his 100th birthday." Democratic Rep. Lane Evans "has suffered from Parkinson's disease for years and went for several months this year without casting a vote. He is set to retire when the new Congress is sworn in."

US Urges Appeals Court To Reverse Ruling On Cheney Visitor Logs. The AP (12/14, Jordan) reports, "The Bush administration asked an appeals court Wednesday to overrule a federal judge and allow the White House to keep secret any records of visitors to Vice President Cheney's residence and office. To make the visitor records public would be an 'unprecedented intrusion into the daily operations of the vice presidency,' the Justice Department argued in a 57-page brief to the U.S. Court of Appeals in the District of Columbia. The government was responding to an October order, by U.S. District Judge Ricardo M. Urbina, to release two years of White House visitor logs to The Washington Post." The AP adds, "Attorneys for the Justice Department called Urbina's decision 'flatly inconsistent' with his ruling's acknowledgment that the Secret Service had only limited and temporary control over the visitor logs. Since the records are ultimately controlled by the vice president's office, the Secret Service is not authorized to release them, the government said. Moreover, Congress has excluded presidential and vice presidential records from the public's reach — making the visitor logs untouchable, the government said."

Bond Selected As Top Republican On Senate Intelligence Panel. McClatchy (12/14, Stearns) reports, "Missouri Sen. Christopher 'Kit' Bond will become the top Republican on the Senate Intelligence Committee." Over "the last few years he's gained an increasingly high profile on intelligence issues." For example, in 2006, "Senate Majority Leader Bill Frist assigned Bond to lead Senate Republican communications efforts in the war on terror." As political tensions rose over Iraq, "Bond frequently became the GOP's sound-bite bad cop, accusing Democrats of excessive

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partisanship, while outgoing chairman Pat Roberts of Kansas took a more reserved approach."

Reyes Dismisses Questions About Qualifications To Lead House Intelligence Panel. KFOX-TV in El Paso (12/12) on its web site reported that after a CQ reporter questioned Rep. Silvestre Reyes' (D) qualifications to become chairman of the House Intelligence Committee, Reyes defended himself saying "he actually does know the answers to the questions." Reyes said, "I certainly know Hezbollah because I am one of the few members of Congress that has actually been through a Hezbollah checkpoint, on the road from Damascus to Beirut." And "local experts have taken to the congressman's defense." UTEP associate professor John Bretting said, "It would be ridiculous to believe that our Congressman Silvestre Reyes is not qualified for this position." He "said Reyes is not the only one who has been taken by a reporter's pop quiz, even U.S. presidents have." Bretting added, "In the United States Congress, Congressman Reyes is one of the five or six most knowledgeable congresspersons when it comes to national security."

WSJournal Criticizes Selection Of Reyes For Intelligence Panel. The Wall Street Journal (12/14, 2.04M) editorializes, "As Speaker-to-be Nancy Pelosi's choice to be the next Chairman of the House Intelligence Committee, Texas Democrat Silvestre Reyes will share responsibility for the budgets and oversight of US spy agencies, as well as receive regular briefings on classified intelligence. But it appears he first needs a remedial course on America's terrorist enemies. In an interview with Congressional Quarterly, Mr. Reyes was unable to answer basic questions about the sectarian nature of both al Qaeda and Hezbollah. … So it appears America will fight the next two years of the war on terror with an important Congressional post occupied by a man who has no grasp at all of the dynamics of the conflicts in Iraq, Lebanon and the broader Middle East. This isn't an auspicious start by Democrats who hoped to campaign in 2008 having established some credibility on national security."

Judge Says Administration's Handling Of Katrina Housing Was "A Disaster." The New York Times/AP (12/14, Apuzzo) reports US District Judge Richard J. Leon "called the Bush administration's handling of a Hurricane Katrina housing program 'a legal disaster' Wednesday and ordered officials to explain a computer system that can neither precisely count evacuees nor provide reasons why they were denied aid." Judge Leon, "who ruled last month that the Federal Emergency Management Agency had violated evacuees' constitutional rights by eliminating their housing payments without notice, admonished the government for not moving fast enough to restart the program for between 3,600 and 5,500 storm victims." Leon "ruled that FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer. Instead of explaining why funding was being cut, FEMA provided only computer-generated and sometimes conflicting program codes, Leon said." The judge "ordered FEMA to explain those decisions so thousands of evacuees can understand the reasoning and decide whether to appeal." The Washington Post (12/14, A29, 690K) also runs the AP story.

Many Katrina Victims "In Limbo" After Over A Year. In his New York Times column (12/14), Bob Herbert says they "look for all the world like internment camps," but "more than a year after the catastrophe of Hurricane Katrina, thousands of the poorest victims from New Orleans are still living in these trailer parks run by the Federal Emergency Management Agency. They have ironic names, like Mount Olive Gardens and Renaissance Village. A more accurate name would be Camp Depression, after the state of mind of most of the residents." Dr. Irwin Redlener, a professor at Columbia University and the author of "Americans at Risk: Why We Are Not Prepared for Megadisasters and What We Can Do," said "he was outraged that so many thousands of the poorest victims of Hurricane Katrina are still stuck in limbo — unable to find jobs or permanent housing, denied adequate medical and educational services and with no idea when, or if, they will be able to return to New Orleans."

US Geological Survey Scientists Object To New Administration Rules. The Washington Post (12/14, A29, Eilperin, 690K) reports, "A new Bush administration policy for reviewing scientific documents before publication has angered some US Geological Survey scientists, who say the elaborate internal review of their work may impede them from conveying information to the public." The new requirements, "which were unveiled in July but are still being put into practice, call for staff scientists to submit all reports and prepared talks to managers to determine whether they meet the agency's scientific standards. They also require researchers to alert the agency press office of any work involving 'potential high visibility products or policy-sensitive issues.'" P. Patrick Leahy, USGS associate director for geology, "said the agency spent more than two years drafting the rules to ensure all of it scientists are subject to the same sort of rigorous scientific review before they send their work to be published." But "James Estes, a marine biologist who has worked for more than 30 years at the USGS's Western Ecological Research Center in Santa Cruz, Calif., said that although he has not encountered problems in the past, he and his colleagues fear their work may be stifled."

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Lawmakers Say Coast Guard Withheld Warnings About National Security Cutter. The New York Times (12/14, Lipton, 1.16M) reports the Coast Guard "withheld from Congress warnings raised more than two years ago by its chief engineer about structural design flaws in its new National Security Cutter, a $564 million ship now near completion in Mississippi, Democrats and Republicans said in interviews this week." The "lack of full disclosure about that and other problems in the Coast Guard's $24 billion modernization effort, known as Deepwater, has created a credibility gap that some members of Congress say now jeopardizes the endeavor." Sen. Olympia J. Snowe, "the chairwoman of the Senate panel that oversees the service's operations," said, "The Coast Guard clearly does not understand that transparency and accountability are essential to a program of this magnitude." The Times adds Snowe "and other Congressional leaders said they were unaware until this past week that the Coast Guard's chief engineer, Rear Adm. Erroll Brown, had written in March 2004 to the Coast Guard official in charge of the Deepwater program, Rear Adm. Patrick M. Stillman, to warn him that the design for the National Security Cutter had 'significant flaws' and that construction should not begin until they were addressed." Rep. Harold Rogers, "who heads the House panel that oversees the Coast Guard budget, said the lack of full disclosure was distressing." Democratic Rep. Bob Filner "said the shortcomings in the Deepwater program are so severe that the contract should be terminated. Two military contractors, Lockheed Martin and Northrop Grumman, were hired in 2002 to design the ships, build them and oversee most of the other project details."

NYTimes Criticizes Lack Of Oversight For Coast Guard. The New York Times (12/14, 1.16M) says in an editorial, "The Coast Guard, supposedly our first line of defense against water-borne terrorists and drug smugglers, has been staggered by a shipbuilding scandal of enormous proportions. A long-term modernization program to replace nearly all of the Coast Guard's ships, planes and helicopters — begun four years ago in the wake of 9/11 — is foundering while its projected costs are skyrocketing. In Iraq, lax government oversight and incompetence or profiteering by contractors have disabled reconstruction efforts. Now the same disease is undermining our coastal defenses." The "new Congress and the Department of Homeland Security, which is responsible for the Coast Guard, will need to keep a sharp eye on the Coast Guard's performance. The industrial contractors have proved they were not up to the job."

Corrected Financial Reports Show Fannie Mae Was Undercapitalized. The Washington Post (12/14, D1, Hilzenrath, 690K) reports, "Three years ago, Fannie Mae assured lawmakers that it had the required capital to cope with a broad variety of business setbacks." But it "turns out, the assurance was false. Last week, when the giant mortgage funding company corrected years of flawed financial reports, the new numbers showed that it fell short of a key capital requirement by billions of dollars in 2002 and 2003." Had it "been apparent at the time, the $7.3 billion shortfall at the end of 2002 could have put Fannie Mae on a different trajectory. Regulators might have intervened -- as they did later, when accounting problems came to light. Wall Street might have reevaluated Fannie Mae's vaunted management, not to mention the value of its stock. And Fannie Mae might have been forced to raise additional capital or liquidate investments, sacrificing profits." Instead, "based on Fannie Mae's financial reports, the Office of Federal Housing Enterprise Oversight, which monitors Fannie Mae's financial safety and soundness, gave the company a passing grade."

Recently Passed Tax Bill Included 520 Tax Breaks For Corporations. The Washington Post (12/14, A6, Stephens, 690K) reports, "A huge tax bill that Congress passed last week contained a little-noticed gift for select corporations -- tens of millions of dollars in breaks on import tariffs. Early Saturday morning, in the frantic final hours of the 109th Congress, lawmakers rolled 520 tariff suspensions into the must-pass bill. The provisions will reduce or eliminate taxes on imported products as varied as shoes, camcorders and boiled oysters." The Post adds, "While such suspensions have been around for decades, the flurry of provisions pushed this Congress to a record of nearly 800 for the year. Corporate lobbyists often craft such suspensions to apply to just one product imported by just one company. Many of those companies and their executives have given millions of dollars to political campaigns. … Altogether, the suspensions passed this year could cost the Treasury hundreds of millions of dollars in lost revenue. The previous Congress approved about 440 new and extended suspensions, at an estimated cost of $172 million."

Congress' Failure To Renew Law Could Hit Rural Schools Hard. USA Today (12/14, Toppo, 2.27M) reports, "Rural school districts in 42 states could be forced to cut their budgets or close down altogether in coming months, advocates say, because Congress left Washington last week without renewing a little-known authorization for districts with large tracts of national forest land." The Secure Rural Schools and Community Act "subsidizes about 4,400 small school districts. Congress first approved it in 2000 to make up for declining revenue in timber-producing areas and to guarantee districts a steady income. The law was up for renewal this year, but lawmakers left Washington on Saturday without approving it, leaving many districts

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scrambling to replace funding that, in a few cases, amounts to more than half of their budgets."

Democrats Will Seek To Integrate War Spending Into Regular Budget. The New York Times (12/14, Hulse, 1.16M) reports, "Frustrated by the Bush administration's piecemeal financing of the Iraq war, Democrats are planning to assert more control over the billions of dollars a month being spent on the conflict when they take charge of Congress in January. In interviews, the incoming Democratic chairmen of the House and Senate Budget Committees said they would demand a better accounting of the war's cost and move toward integrating the spending into the regular federal budget, a signal of their intention to use the Congressional power of the purse more assertively to influence the White House's management of the war." The lawmakers, Senator Kent Conrad and Rep. John M. Spratt, "said the administration's approach of paying for extended military operations and related activities through a series of emergency requests had inhibited Congressional scrutiny of the spending and obscured the true price of the war."

Budget Outlook Places Constraints On Democratic Agenda. The Christian Science Monitor (12/14, Grier, 59K) reports, "Lower interest rates on student loans. More special forces for the military. Expanded prescription drug benefits for senior citizens. Greater federal support for renewable energy and alternative fuels." Congressional Democrats "have a long list of priorities they'd like to enact when they assume the power of the majority in January. After all, they've been wandering in the political wilderness for 12 years. They've had lots of time to scribble down stuff under the heading 'to do.'" But "faced with record federal deficits and the expense of the war in Iraq, Democrats have also vowed to be more fiscally responsible than their Republican predecessors. Handling this impending collision could be one of the first big tests for the party's House and Senate leadership teams." The Monitor adds, "As yet, Democrats have hung no price tag on their forthcoming agenda. Many of the high-priority items they have pledged to enact in the first 100 hours of the new Congress, such as an increase in the minimum wage, wouldn't cost Washington lots of money." In addition, "incoming Speaker Pelosi said in a statement last month that the party is committed to 'no new deficit spending.'"

Wyden Offers Universal Health Care Plan. The AP (12/14, Daly) reports, "Several business and labor leaders on Wednesday hailed a proposal to provide health care coverage to all Americans through a pool of private insurance plans. A dozen years after Congress rejected a Clinton administration plan for universal health care, Oregon Sen. Ron Wyden offered a plan he said would provide affordable, private health care coverage for all Americans, except those covered through Medicare or the military." Said Wyden, "Employer-based coverage is melting away like a Popsicle on the sidewalk in August." Wyden, "a Democrat and a member of the Senate Finance health care subcommittee, said his plan would 'guarantee health coverage for every American that is at least as good as members of Congress receive and can never be taken away.'" The plan, "dubbed the 'Healthy Americans Act,' would provide universal coverage for no more money than the country spends on health insurance today, Wyden said." The Los Angeles Times (12/14, , 850K) also reports on Wyden's proposal, and says that "considered liberal on social issues and moderate on economic policy," the senator "combined elements of reforms that have been proposed by Democrats and Republicans. His plan would guarantee coverage for all, including nearly 47 million uninsured, a Democratic objective." But "it would also limit employers' exposure to relentless cost increases and encourage workers to shop for cost-effective insurance plans -- ideas that have Republican support."

Three 527 Groups Fined For Campaign Finance Violations. The AP (12/14, Kuhnhenn) reports, "Swift Boat Veterans for Truth and MoveOn.org Voter Fund, two outside groups that played key roles in the 2004 presidential election, reached an agreement with the Federal Election Commission to pay nearly $450,000 for various violations." The two groups and the League of Conservation Voters "settled charges that they failed 'to register and file disclosure reports as federal political committees and accepted contributions in violation of federal limits and source prohibitions,' the FEC said in a statement Wednesday. The commission approved the three settlements on a vote of 6-0." The issue concerns the conduct of the 527 groups, which operated "as independent campaigns attacking Democratic nominee Sen. John Kerry or President Bush." Swift Boat Veterans and POWs for Truth "will pay $299,500. In the 2004 campaign, the group spent $20.4 million criticizing Kerry's military record in Vietnam. Much of the group's claims about Kerry's service were never substantiated." The MoveOn.org Voter Fund "will pay $150,000." The group "spent $14.6 million on television ads attacking Bush's record." The League of Conservation Voters "will pay $180,000. The group ran ads against Bush and other federal candidates, criticizing their stands on environmental issues."

USA Today (12/14, Schouten, 2.27M) reports the action "is the first clampdown on outside political groups, FEC Chairman Michael Toner said, and could diminish the role of such organizations." Toner said the groups "stepped over the line by either raising funds or by paying for activities that called for the election or defeat of the presidential contenders." Richard Hasen of Loyola Law School in Los Angeles said, "We would not see independent spending on

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the same scale in 2008 as we did in 2004 [if the FEC action survives legal challenges]."

The Washington Post (12/14, A5, Smith, 690K) reports the FEC "slapped heavy fines on three independent fundraising groups it said had illegally injected tens of millions of dollars into the 2004 presidential campaign, concluding unanimously that the funds were drawn from large donors and corporations in violation of election laws." The fines "raised new questions about the viability of using such '527' organizations as an indirect conduit for big-money donations meant to promote or undermine federal candidates." But "prominent election lawyers said the FEC's decision to fine the three groups was unlikely to slow such funding in the 2008 election. Although the fines imposed yesterday add new uncertainty for large donors, the underlying FEC rules remain so murky that the strength of the precedent is unclear, the lawyers said." GOP election lawyer Jan Baran said, "There is no clear standard."

Personnel News. In its "Special Interests" column, the Washington Post (12/14, A29, Sarasohn, 690K) reports the Investment Company Institute "snagged **James R. Hart**, a 30-year veteran of the Hill and most recently chief of staff to Rep. Carolyn McCarthy (D-N.Y.)." **Robert C. Divine** "has left his job as U.S. Citizenship and Immigration Services chief counsel…and rejoined Baker, Donelson, Bearman, Caldwell & Berkowitz law firm." Meanwhile, "health-care specialist **Stephen J. Northrup** has joined Arent Fox in the law firm's government relations group." **Gail MacKinnon**, "senior vice president for government relations at the National Cable and Telecommunications Association, is leaving for Time Warner Inc., where she will be senior vice president for global public policy. Succeeding her will be **Steve Vest**."

OTHER NEWS:

Hill Says Pyongyang Appears Serious About Six-Party Talks. The Washington Times (12/14, Sands, 88K) reports, "Top US negotiator Christopher Hill said yesterday that he will push for 'measurable, concrete progress' to end North Korea's nuclear weapons programs when regional talks resume this weekend in Beijing after a break of more than a year. Just over two months after Pyongyang stunned the world by conducting its first nuclear test, Mr. Hill said in a State Department briefing that China has offered the United States 'unprecedented cooperation' in recent weeks in pressing the North to return to the stalled 'six-party talks.'" Negotiators for "the six countries -- the United States, China, North and South Korea, Japan and Russia -- are set to meet Sunday night in Beijing for the first time since Pyongyang's nuclear test." Hill "said he anticipated this round of talks would last at least a week and he hoped to be home by Christmas."

Fox Special Report (12/13, story 4, 3:15, Hume) reported Hill "appears hopeful." Fox (Rosen) added, "America's envoy…said recent exchanges with the Democratic People's Republic of Korea, as the north calls itself, suggest that when the talks resume Sunday night in Beijing, after more than a year's respite, real results might actually follow."

The AP (12/14) reports Hill stressed at yesterday's briefing that "the purpose of the six-party talks is not to talk," and said US negotiators are looking for "measurable" and "concrete progress" at the talks. He said it had not been determined how long the negotiations will last, but that talks would begin Sunday night and he would spend next week in Beijing. Hill said he would be meeting over the weekend with his negotiating counterparts, including the North Korean delegate. Hill also said cooperation with the Chinese in preparation for the meeting has been "unprecedented."

AFP (12/14, Millikin) reports the assistant secretary said Pyongyang has indicated it is ready to "deal in specifics" about abandoning its nuclear weapons program, but he predicted "very tough negotiations" next week. Hill said it was not clear if North Korea's leadership agreed to resume talks due to UN sanctions or "because they have exploded a nuclear device and they feel very strong as a result of that." But Hill said he had made clear to Pyongyang already that "we do not consider them a nuclear power and we will not consider them a nuclear power."

Negotiators Report Progress On UN Sanctions On Iran. AFP (12/14, Aziakou) reports negotiators "edged closer to agreeing UN sanctions against Iran…raising hopes that the Security Council could vote on a compromise package soon." After a new round of informal talks on a sanctions draft resolution early Wednesday, several participants emerged "reasonably upbeat." British Ambassador Emyr Jones Parry told reporters negotiators "made substantial progress," and "expressed hope that a compromise text would be agreed on this week," paving for the way for a Security Council vote "as soon as possible after that."

The Christian Science Monitor (12/14, LaFranchi, 59K) reports that "as prospects wane for tough international action against Iran, some countries in the region are expressing alarm at the pace of Tehran's progress toward mastery of the nuclear cycle. And they seem to be saying, "'f the international community is not going to do something about it, we will.' Such an attitude is raising fears of a Middle East arms race." The Monitor adds, "Noting that Saudi Arabia and other Gulf countries announced over the weekend their interest in developing a cooperative nuclear-energy program,

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former Middle East negotiator Dennis Ross said, 'Who is that message for? Let me tell you, it's not for Iran. It was for us.'"

Bolton To Seek Charges Against Ahmadinejad Over Israel Remarks. The Financial Times (12/14, Turner) reports Ambassador Bolton Thursday will "call for legal proceedings" against Iranian President Mahmoud Ahmadinejad "for incitement to genocide." Bolton will join former Israeli Ambassador Dore Gold, former Canadian attorney-general Irwin Cotler, and Nobel peace prize winner Elie Wiesel "in claims that a series of public statements against Israel constitute a crime under the Genocide Convention." A 68-page study produced by the Jerusalem Center for Public Affairs and the International Association of Jewish Lawyers and Jurists argues that Ahmadinejad's declaration that "Israel should be wiped off the map" is "part of a hate campaign punishable under international law." The Iranian mission to the UN dismissed the call as "a propaganda move, and an act without any substance. The international court of justice should give every priority to the real genocide of Palestinian people by Israeli leaders." Meanwhile, Juan Mendez, the UN's special adviser on the prevention of genocide, "said he did not plan to take any official action over the remarks because his job was to help vulnerable populations that could not defend themselves."

The New York Times (12/14, Slackman, 1.16M) reports, "Iran's so-called Holocaust conference this week was billed as a chance to force the West to reconsider the historical record and, thereby, the legitimacy of Israel. But why would the Iranians invite speakers with so little credibility in the West, including a former Ku Klux Klan grand wizard and disgraced European scholars? That question misses the point." Ahmadinejad "portrays participants like David Duke, the former Louisiana Klan leader, and Robert Faurisson of France, who has devoted his life to trying to prove that the Nazi gas chambers were a myth, as silenced truth-tellers whose stories expose Western leaders as the hypocrites he considers them to be. Just as Soviet leaders used to invite Americans who suffered racial or political discrimination to Moscow to embarrass Washington, Mr. Ahmadinejad seems to enjoy pointing out that countries like Germany, France and Austria claim to champion free debate yet have made Holocaust denial illegal." But "there is another important point. Mr. Ahmadinejad actually seems to believe that the volumes of documentation, testimony and living memory of the Nazi genocide are at best exaggerated and part of a Zionist conspiracy to falsify history so as to create the case for Israel."

Local Elections Present Test For Ahmadinejad. The New York Times (12/14, Fathi, 1.16M) reports Iranians will go to the polls on Friday in elections that "are expected to be a test of whether President Mahmoud Ahmadinejad still has the popular support that led to his victory 18 months ago." The elections are for city councils around the country and for the 86-member Assembly of Experts, which selects the country's supreme religious leader. The city councils exercise "substantial political leverage, especially in the capital, Tehran," where a slate affiliated with Ahmadinejad is running against "other radicals who have been sidelined by Mr. Ahamdiejad and against reformist politicians who are trying to make a comeback after three major defeats in the past three years." However, AFP (12/14, Eqbali) says "conservative-reformist power struggles or foreign policy are far from the minds" of many Iranian voters, who "are more concerned with unemployment and the cost of living."

Lebanon Standoff Seen As Key Test Of US Resolve, Credibility. McClatchy (12/14, Lasseter) reports, "For most Americans, the standoff between the militant Shiite Muslim group Hezbollah and Lebanon's government may look like inside politics in a country that's barely big enough to contain its name on most world maps." But "Hezbollah's two-week-old siege of Prime Minister Fuad Saniora's administration is, in many ways, a test of US power and credibility in the Middle East at a time when the Bush administration is struggling to regain the offensive in Iraq and Afghanistan. Analysts, Lebanese leaders and Western diplomats agree that the crisis is an outgrowth of a developing showdown between the United States, which backs Saniora, and Syria and Iran, which support Hezbollah." That "cold war can be seen across the region. In Iraq, Syria and Iran are helping forces aligned against US troops. In the Palestinian-Israeli conflict, Iran has pledged millions to help the Hamas-led Palestinian government - which the United States and Europe have cut off - and Syria continues to support Hamas and several Palestinian terrorist groups."

The Washington Post (12/14, A22, Shadid, 690K) reports, "For years, Fouad Siniora was a man of numbers more than rhetoric, as a banker, finance minister and friend to Rafiq al-Hariri, the billionaire former prime minister assassinated last year. This week, he stood before a crowd that included more than 1,800 women at his barricaded government headquarters, more populist than pragmatist, more agitator than accountant." The Post adds, "In the test of wills that Lebanon's crisis has become, the government is playing a game of perceptions. Ministers insist it is business as usual, while in almost daily scenes, busloads of supporters from elsewhere in Lebanon are ferried to the stately Serail, as Siniora's headquarters is known." The government, "in sometimes blunt ways, is mobilizing its sectarian constituencies -- usually Sunni Muslim -- as a veiled warning to Hezbollah and its Shiite Muslim followers not to go too far in a campaign the government's supporters variously portray as a coup d'etat, an attempt to grab power for the Shiite

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community or a ploy to deliver leverage here to Iran and Syria."

Meanwhile, the Washington Times (12/14, Behn, 88K) reports, "A Lebanese official yesterday said the leading government party was ready to accept an Arab League package of political solutions to defuse the crisis paralyzing the country." Arab League leader Amr Moussa "told reporters Tuesday that 'progress has been made' toward a compromise resolution, but that all parties would have to make concessions for a consensus to be reached." Amal Mudallali, "a foreign policy adviser to parliamentary majority leader Saad Hariri, said the package would grant the opposition more seats in the Cabinet but leave it one short of the veto power demanded by Hezbollah."

Hamas Commander Killed As Palestinians Infighting Intensifies. The New York Times (12/14, A16, Myre, 1.16M) reports as part of "renewed fighting among Palestinians, gunmen forced a prominent Hamas militant to his knees on Wednesday, then shot him dead outside a courthouse where he worked, in the southern Gaza Strip." Hamas said a Fatah "death squad" was responsible for the killing of the militant, Bassam al-Farra, in Khan Yunis. Fatah, however, denied involvement. Hamas spokesman Fauzi Barhoum cautioned that there is "a very dangerous situation" in Gaza, where "there has been an escalation in the violence and the chaos."

The AP (12/14, Barzak) says the "brazen daylight slaying forced Prime Minister Ismail Haniyeh of Hamas to rush home from a trip abroad and dampened already fading hopes for creating a national unity government and renewing peace talks with Israel." Meanwhile, both Hamas and Fatah "criticized President Mahmoud Abbas of Fatah for failing to halt the violence."

As Tensions Rise In Somalia, Regional War Feared. In a front page report, the New York Times (12/14, A1, Gettleman, Mazzetti, 1.16M) reports that the "inevitability of war hangs over Mogadishu" but "unlike the internal anarchy that has consumed the country for 15 years, the looming battle is now with Ethiopia, threatening to further destabilize the troubled Horn of Africa." Over the past week as Islamic militants strengthened their control of the city, "much of the rest of the country have begun a food drive, a money drive and an AK-47 assault rifle drive, and have sent doctors and nurses, along with countless young soldiers, to the front lines." Meanwhile, Ethiopia, "with tacit approval from the United States," has been "steadily slipping soldiers across the border, trying to hold off the Islamists and shore up Somalia's weak, unpopular and divided transitional government." Centcom Commander Gen. John Abizaid "recently flew to Ethiopia to meet with Prime Minister Meles Zenawi," who told American officials that he could cripple the Islamist forces "in one to two weeks." Abizaid "made it clear that a broad military invasion of Somalia could create a humanitarian crisis across the Horn of Africa," Centcom officials said, but "did not tell Ethiopian officials to pull their troops out."

The Washington Post (12/14, A19, McCrummen, 690K) reports as tensions rise "there is fear that an all-out conflict in the Horn of Africa may be unavoidable." For now, hopes for a peaceful resolution "are pinned on a UN Security Council resolution adopted last week, authorizing deployment of an African Union force, excluding troops from neighboring states" to Baidoa, the seat of Somalia's transitional government. Some analysts, however, "contend that the measure has already prompted" the Islamic militants to "push toward Baidoa and will ultimately serve as a rallying point for the movement's more radical factions."

Russia Poised To Cut Off Gas Supplies To Belarus, Georgia. The Financial Times (12/14, Buckley, Ostrovsky) reports, "Russia is preparing to cut off natural gas supplies to neighbouring Belarus and Georgia unless the two former Soviet republics agree by the year-end to pay much higher prices in 2007. Coming a year after Gazprom, the Russian gas giant, briefly cut gas to Ukraine in a similar pricing dispute, such a move could provoke further criticism that Moscow is using energy as a political tool." The Times adds, "Action against Belarus could affect supplies to Poland and Germany because a transit pipeline runs across the republic, though it carries only a third of the volumes running through a bigger export pipeline across Ukraine. ... Gazprom has made clear it is prepared to reduce price increases in exchange for stakes in the republics' gas distribution networks."

The Financial Times (12/14, Buckley) says, "Russia is set to deal a double blow to the economy of one of its closest allies – potentially making life much more difficult for the man the US has called 'Europe's last dictator.' As well as pressing for Belarus to pay much more for its natural gas, Moscow said this week it would slap an export duty on what are currently duty-free Russian crude oil exports to its close Slavic neighbour." The "measures could sharply reduce or wipe out the $4bn-plus effective annual subsidy Russia provides to Belarus, which has helped Alexander Lukashenko, its authoritarian president, deliver higher wages and living standards to his 10m people." Analysts "suggest Moscow is penalising Mr Lukashenko for not delivering on pledges of closer integration with Russia, including the currency union and selling half of Beltransgaz, the Belarusian gas distributor, to Gazprom."

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Litivinenko's Poisoning Continues To Spark Commentary. In an editorial this morning, the Washington Post (12/14, A30, 690K) says "it's still not known how the former Russian KGB agent Alexander Litvinenko came to ingest the deadly dose of polonium-210 that killed him in London last month. But thanks to the radioactive trail left behind by the isotope, some important conclusions about the case are now possible. First, the polonium was smuggled into Britain from Russia, where most of the known global supply of the intensely toxic substance is produced. Second, the dose was almost certainly carried by one or both of the former Russian security operatives -- one of them also a KGB alumnus -- whom Mr. Litvinenko met at a London hotel Nov. 1." Also, "the government of Vladimir Putin is making it difficult for British and German investigators to question the suspects, who are now sequestered in Moscow hospitals." The case "should cause Western governments, including the Bush administration, to insist on some answers from Mr. Putin."

Oleg Gordievsky, a former who colonel in the Soviet KGB who defected to Britain in 1985, writes in the Washington Post (12/14, A31, 690K), "The KGB and its predecessors liquidated people abroad quite regularly in the 1920s and '30s and even after World War II. But after two embarrassing and highly publicized defections of assassins, in 1957 and 1959, these activities ceased. … There were no secret assassinations under Mikhail Gorbachev or Boris Yeltsin. But under Vladimir Putin, the militant element of the KGB (now known as the FSB) slowly began working to persuade the leadership to carry out such killings, according to my sources."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks at the White House Conference on Malaria, National Geographic Society; Mrs. Bush will make remarks at 9 a.m.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: VICE PRESIDENT TARIQ AL-HASHIMI OF IRAQ _ Highlights: 10 a.m. Speaks at the U.S. Institute of Peace, 2nd floor, 1200 17th St. NW. Contact: Lauren Sucher, 202-429-3822. Note: All broadcast media must arrive no later than 9:00 AM for a security sweep. Please be sure to RSVP to Lauren Sucher at lsucherusip.org. 12 p.m. Speaks at a National Press Club news conference.

ARLINGTON WREATH PROJECT _ The Arlington Wreath Project, part of the Wreaths Across America, program, lays wreaths at Arlington National Cemetery. Highlights: 9 a.m. Wreath laying in sections 3 and 11. Media urged to be in position at 8:30 a.m. 10:30 a.m. Wreath laying at the Edmund Muskie grave. 11 a.m. Wreath laying at the Kennedy family memorials. 11:30 a.m. Wreath laying at the Mast of the U.S.S. Maine. 11:45 a.m. Gathering at the Tomb of the Unknown Soldier. 12 p.m. Wreath laying at the Tomb of the Unknown Soldier.

GUARD-RESERVES _ The independent Commission on the National Guard and Reserves holds two days of hearings on proposed changes in organization and resourcing for the National Guard and reserves. Highlights: 10:30 a.m. Army Chief of Staff Gen. Peter Schoomaker. Room 2212, Rayburn. 11:45 a.m. Air Force Secretary Michael Wynne and Air Force Chief of Staff Gen. T. Michael Moseley. Room 2212, Rayburn. 2 p.m. Maj. Gen. Roger Lempke, Adjutant Gen. of Nebraska; Maj. Gen. Raymond Rees, Adjutant Gen. of Oregon; Maj. Gen. Martin Umbarger, Adjutanrt Gen. of Indiana. Room 2216, Rayburn.

MOROCCAN REFORMS _ The American Moroccan Institute holds a conference on Moroccan Reforms. Highlights: 4 p.m. Panel discussion, ``Arab Heroes in the Time of the Holocaust: How the Past impacts Muslim-Jewish Relations in modern Morocco" with Andr Azoulay, counselor to the King of Morocco; and Robert Satloff, director of the Washington Institute for Near East Policy.

TRADE SYMPOSIUM _ Customs and Border Protection holds its annual trade symposium. Highlights: 12 p.m. OMB Director Rob Portman discusses trade, budget and the economy. Location: Reagan Trade Center.

MALARIA SUMMIT _ 8:45 a.m. - 12 p.m. White House Summit on Malaria. Highlights: 9 a.m. First Lady Laura Bush speaks. 11:25 a.m. Education Secretary Spellings. 11:40 a.m. President Bush speaks to the White House Conference on Malaria. Location: National Geographic, 17th and M Sts. NW.

GALLUP-CUBA _ 8:30 a.m. The Gallup Organization holds a briefing to release the results of its first poll conducted in Cuba in more than a decade. Location: 901 F St. NW.

HEALTH CARE _ 8:30 a.m. The Agency for Healthcare Research and Quality holds a seminar on ``Is Small Better: Solo Practice and the Future of Primary Care," with L. Gordon Moore of the Institute for Healthcare Improvement. Location: Phoenix Hotel, 520 N. Capitol St.

PELOSI _ 8:30 a.m. Rep. Nancy Pelosi holds a news conference to discuss the first 100 legislative hours of the new Congress. Location: Rayburn Room, Capitol.

EDUCATION-WORKFORCE _ 9 a.m. The New Commission on the Skills of the American Workforce will unveil recommendations calling for ``the biggest changes in the American education system in a century." Briefers: New

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York City Mayor Michael Bloomberg; Charles Knapp, Chairman, Director of Education Development, CF Foundation; Marc S. Tucker, President, National Center on Education and the Economy; John Engler, President, National Association of Manufacturers; forme Sen. and USTR Bill Brock; Joel Klein, Chancellor, New York City Public Schools; Charles Reed, Chancellor, California State University System; and Lynn Kagan, Co-Director of the National Center for Children and Families. Location: Grand Hyatt Washington, 1000 H St. NW.

IRAQ _ 9 a.m. The American Enterprise Institute holds an event on Iraq strategy, with retired Army Gen. Jack Keane. Location: 12th floor, AEI, 1150 17th St. NW.

PADILLA-TRADE _ 9 a.m. - 10:30 a.m. Commerce Assistant Secretary for Export Administration Chris Padilla will address the Washington International Trade Association on the administration's export control priorities for 2007, the proposed China Policy regulation that the Bureau of Industry and Security has recently published, and any other issues of concern to the trade community. Location: Suite Hemisphere B Concourse Level, Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW.

YOUTH VOTING _ 9 a.m. - 10:30 a.m.The Chapin Hall Center for Children sponsors a discussion, ``Generation Next: Active, Angry, Apathetic?," focusing on the voting and volunteerism of young adults. Participants include: Christopher Lewis, Generation Enagge; Maria de los Torres, University of Illinois at Chicago; and Judy Woodruff, The NewsHour with Jim Lehrer. Location: Urban Institute, 2100 M St. NW, 5th floor.

PAKISTAN _ 9:30 a.m. - 11:30 a.m. The Jamestown Foundation sponsors a discussion, ``Pakistan's Volatile North-West Frontier: Pashtun Tribes, Taliban, and al-Qaeda." Speakers: Michael Scheuer; Senior Fellow, The Jamestown Foundation; and Hassan Abbas, fellow, Harvard's JFK School of Government. Location: The Jamestown Foundation, 7th Floor Board Room, 1111 16th St. NW.

NUCLEAR WEAPONS _ 10 a.m. Religious, scientific and citizen organizations hold a news conference to announce opposition to the administration's plan to rebuild the US nuclear weapons complex. Location: National Press Club.

RUSSIA-FREEDOMS _ 10 a.m. The US Commission on International Religious Freedom and the National Endowment for Democracy hold a panel discussion on the threat to civic and religious freedom in Russia. The meeting takes place as the commission releases its Policy Focus on Russia. Panelists include Ludmilla Alexeeva, Rusisan human rights defender. Location: Suite 800, 1025 F St. NW.

US CHAMBER-ECONOMY _ 10 a.m. US Chamber Vice President and Chief Economist Martin Regalia hold a news briefing on the state of the economy, the outlook for 2007, and the impact of new Congress on economic policy and the budget. Location: U.S. Chamber of Commerce, 1615 H St. NW.

CHERTOFF _ 10:30 a.m. Homeland Security Secretary Chertoff discusses the year in review and the department's goals and priorities for next year. Location: Morton Auditorium, 805 21st St. NW.

DEMOCRATS-LEGISLATURES _ 10:30 a.m. Democratic state legislative leaders and political experts analyze the 2006 election results, with Colorado Senate President Joan Fitz-Gerald, Democratic Legislative Campaign Committee Executive Director Michael Davies, legislative leaders from Indiana, Iowa, Michigan, Minnesota, New Hampshire and Oregon. Location: Quorum Room, L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

IRAN-NUCLEAR _ 10:30 a.m. The Century Foundation holds a telephone briefing on Iran and U.S. policy options on nuclear development, with Flynt Leverett of the New America Foundation, and Gareth Smyth of the Financial Times. Contacts: n/a, 212-452-7722. Notes: Space limited. RSVP required. Callin number: 888-868-9093; passcode: 8232436.

AFGHANISTAN _ 3 p.m. The Center for Strategic and International Studies holds a briefing on public opinion in Afghanistan. Location: B-1 conference level, 1800 K St. NW.

FUELS LAWSIGHT _ 12 p.m. Public Citizen and the Owner-Operated Independent Drivers Association (OOIDA) holds a telephone news conference to announe their support for truck drivers and individuals who are filing a complaint against Alon USA, Inc., Ambest, Inc., Chevron USA, Inc., Circle K Corporation, Citgo Petroleum Corporation, ConocoPhillips, Flying J. Inc., Petro Stopping Centers, Pilot Travel Centers LLC, 7-Eleven Corporation, Shell Oil Products Company, Tesoro Refining and Marketing Company, The Kroger Company, TravelCenters of America, Inc., Valero Marketing and Supply Company and Wal-Mart Stores, Inc.

ISRAEL-HUMAN RIGHTS _ 12 p.m. - 1:30 p.m. The Middle East Institute and the Foundation for Middle East Peace hosts a pleased to host a presentation, ``Human Rights, the Land of Israel, and Justice: A Religious Perspective," by Rabbi Arik W. Ascherman, Executive Director of Rabbis for Human Rights. Location: MEI Boardman Room, 1761 N St. NW.

ECONOMISTS-HEALTH CARE _ 12 p.m. - 2 p.m. The National Economists Club hosts a luncheon health care panel, ``How do the PPI and the CPI Price Medical Services? Moderator: Mike Horrigan, Bureau of Labor Statistics (BLS); PPI expert: Bonnie Murphy, BLS; and CPI Expert: Dan Ginsberg, BLS. Discussants: Mark Freeland, Centers for Medicare and Medicaid Services; and Ana Aizcorbe, Bureau of Economic Analysis. Location: Chinatown Garden Restaurant, 618 H St. NW.

IMMIGRATION REFORM _ 2 p.m. The National Immigration Forum holds a telephone briefing on immigration reform in 2006 and what's upcoming in 2007, with Kevin

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Appleby of the U.S. Conference on Catholic Bishops, Marshall Fitz of the American Immigration Lawyers Association, John Gay of the National Restaurant Association, others. Notes: Callin number: 800-289-0508; passcode: 6547949.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Their Old Flame: Lookout Towers."
"For Firefighter, Sense Of Brotherhood Shattered."
"Carrying A Hefty Amount Of Risk."
"Iraqis Flee War, Run Into Hostility."
"State Moves To Curb 'Alcopop' Sale To Teens."

USA Today:
"Feds Won't Let Some Sex Offenders Go."
"Redeploy Troops In Iraq Soon, Brass Say."

New York Times:
"Circumcision Halves H.I.V. Risk, U.S. Agency Finds."
"Democrats Plan To Take Control Of Iraq Spending."
"Somalia's Islamists And Ethiopia Gird For A War."
"U.S. Subpoena Is Seen As Bid To Stop Leaks."
"Small-Town Judge's Personal Justice Stirs Concern."
"Black History Trove, A Life's Work, Seeks Museum."

Washington Post:
"Joint Chiefs Advise Change In War Strategy."
"Democratic Sen. Johnson Falls Ill."
"'A Very Rare And Unusual Talent'."
"Rush-Hour Metro Fares May Rise As Much as $2.10."
"Circumcision Slows Spread Of HIV In Africa."
"'04 Pentagon Report Cited Detention Concerns."

Washington Times:
"Annan Orders Probe OF U.N. Office."
"Bidders Unready For jobs in Iraq."
"Ehrlich Sought By 2008 Maybes."
"Leahy Vows To repair Bush 'Damage'."
"U.S. To Defend Space With Military Force."
"XM Radio Celebrates Sounds OF Hanukkah."
'Bryant Named Assistant Managing Editor."

Detroit Free Press:
"Efficient Cars Tried To U.S. Security."
"'I'm Not Going To Do It Again."
"Right-To-Die Movement Will Outlast Kevorkian."
"Metro Jews Looks Past Fears To See Hope And Freedon In Hanukkah."

Atlanta Journal-Constitution:
"Grady Spend big Bucks To Solve Budget Crisis."
"Bush: Troops To Stay In Iraq."
"'We Are No For Sale'."
"Auld Lang Syne Beats Sunday Law."
"Bridge Project Takes Taxpayers For A Ride."

Houston Chronicle:
"No Fanfare As Skilling Steps Into Prison."
"Hazing Probe Leads To Charges."
"Saudis Torn Over Way to handle Iraq Crisis."
"Money Trail Will Go Online."

Story Lineup From Last Night's Network News:
ABC: Senator Johnson Suffers Stroke; Airline Mergers; Bush Plan For Iraq; Inside The Insurgency-Jordan; Anti-Depressant Warning Labels; E Coli Investigation; Climbers Missing-Oregon; Peter Boyle Obit; $50 Million Bonus.
CBS: The Economy; $50 Million Bonus; Senator Johnson Suffers Stroke; Bush Iraq Policy; E Coli Investigation; Antidepressant Warning Labels; Ketek Controversy; Fighting Alzheimer's; Peter Boyle Obit.
NBC: Senator Johnson Suffers Stroke; Bush Poll Numbers; Bush Iraq Policy; Possible Military Options-Iraq; Skilling Begins Sentence; Stock Market; Fighting The Taliban; E. Coli Investigation; Antidepressants Warning Labels; Senator Johnson's Stroke-Analysis; Peter Boyle Obit; Gadgets For Women.

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From:	USDOJ- Office of Public Affairs
Sent:	Thursday, December 14, 2006 8:12 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Thursday, December 14, 2006
Attachments:	dojclips061214.pdf; dojclips061214.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 14, 2006, 8:00 AM EST

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TERRORISM NEWS:

Leahy Promises 'Real' Oversight Of FBI (AP)

By Laurie Kellman

AP, December 14, 2006

President Bush should expect tougher oversight of the war on terrorism and a closer look at his administration's policies on torture and other human rights issues, the incoming chairman of the Senate Judiciary Committee said Wednesday.

Sen. Patrick Leahy said his panel also will look at recommendations by the Iraq Study Group that law enforcement officials from the FBI and other offices in the Justice Department be sent to Iraq to boost a police force riddled with corruption. Leahy noted reports that police helped Saddam Hussein's nephew escape from a prison near Mosul.

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"The police force has proven to be one of the worst failures of the occupation," said Leahy, D-Vt. "I look forward to the Judiciary Committee contributing to these efforts by exploring the dozen recommendations relating to the Iraqi justice system and the training of Iraqi police forces."

Leahy said he would also deal with what he says are the administration's human rights abuses by creating a new subcommittee focused on legislation on such issues as torture and detainee treatment. Democratic Whip Dick Durbin of Illinois will chair the new panel, Leahy said.

The incoming chairman should not count on big changes in regard to oversight of the Justice Department, according to a spokesman for the agency.

"As we have for the past six years, we're looking forward to working with the Senate Judiciary Committee," said spokesman Brian Roehrkasse. The relationship, he added, includes "working with the committee to provide information that it legitimately needs."

"In the past, we've reached accommodations, and working together we expect we can do so in the future," he said.

Expecting resistance to his plans to examine the administration's use of executive power, Leahy said he would not hesitate to subpoena witnesses and documents. He said he expected to summon Attorney General Alberto Gonzales before his panel "soon."

Leahy wants to examine the administration's warrantless wiretapping program and its legal and physical treatment of detainees, saying that White House policy has violated Americans' civil rights and the human rights of war prisoners.

Roehrkasse maintained that the administration's domestic surveillance program and treatment of detainees fall within the bounds of U.S. and international law and are appropriate responses to the terrorist threat the nation faces.

Like the current committee chairman, Republican Sen. Arlen Specter of Pennsylvania, Leahy suggested Congress could dissuade Bush from issuing more such statements by threatening to withhold funding or blocking nominations.

Leahy, who was chairman of the committee in 2001-2002, said the return of Democratic control would mean a period of "restoration, repair and renewal" after what he termed years of the Bush administration's virtually unchecked power to hunt for terrorists even within U.S. borders.

"This administration has been less and less willing to let us know what they are doing," Leahy said. Bush's warrantless wiretapping program and the government's secretive terrorism risk assessments of Americans traveling abroad merit a closer look by his panel, Leahy said.

"Americans' privacy is a price the Bush administration is willing to pay for the cavalier way it is spawning new databanks," he said in his prepared text. "We are way overdue in catching up to the erosion of privacy, and the Judiciary Committee now will help to bring this picture into focus."

Also on the agenda, Leahy said, is a bill he has introduced to crack down on war profiteering in Iraq. The measure would prohibit profiteering and fraud by contractors in connection with war, relief or reconstruction efforts and would set stiff punishments of prison time and fines.

Senator Promises Vigilant Oversight Of War On Terror (MCT)

By Margaret Talev

McClatchy, December 14, 2006

WASHINGTON - The next chairman of the Senate Judiciary Committee said Wednesday that he'll subpoena documents and testimony on U.S. terrorism, detainees and domestic-surveillance programs if Bush administration officials don't cooperate once Democrats take over in January.

"I expect to get the answers," Sen. Patrick Leahy, D-Vt., said during a speech at the Georgetown University Law Center. "I'm not trying to set up the idea of a confrontation for the sake of a confrontation. I hope people will pay attention, will answer questions. We'll try it that way first."

The administration "has secretly been compiling dossiers on millions of law-abiding Americans," Leahy said. He said that U.S. citizens should be able to see or challenge their so-called terror scores, which he said are secretly assigned by the government. He also called for more regulation of data mining.

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Leahy did not specify whom he might subpoena. Asked if telephone company executives could be targeted for their secret roles in domestic surveillance, Leahy would say only: "Watch what we do."

One document he may seek to subpoena, he said, is what's believed to be a 2002 memo listing authorized CIA interrogation techniques on suspected terrorists. Justice Department spokesman Brian Roehrkasse did not address that memo specifically, but said his department had kept lawmakers sufficiently in the loop about terrorism matters.

"The department will continue to work closely with the Congress as they exercise their oversight functions, and we will appropriately respond to all requests in the spirit of that longstanding relationship," Roehrkasse said.

Leahy, a former prosecutor turned civil libertarian, also threatened to block President Bush's judicial nominees, withhold funds, or change federal law if need be to curb the president's use of "signing statements" where the president signals his intention to abide selectively by newly signed laws.

Last year, the president issued a signing statement that critics said could be cited as cover for ignoring the law's ban on torture of detainees if he found torture was in the interest of national security.

While the practice is controversial, presidents have issued similar statements throughout U.S. history, though none so frequently as Bush, and rarely so provocatively. Whether Congress can curb the practice by an equal branch of government is a question for constitutional law and possibly the U.S. Supreme Court.

McClatchy Newspapers reported earlier this year that by January 2006, Bush had invoked the practice some 500 times. Reagan challenged 71 legislative provisions, President George H.W. Bush used it for 146 laws while President Clinton challenged 105.

Curt Levey, executive director of the Committee for Justice, a group that supports Bush's judicial nominees, said he was troubled by Leahy's remarks.

"Individual senators on the floor can vote against a nominee for whatever reason they want, (including) if they want to get revenge on the president for his signing statements," Levey said. "But for Leahy to use the committee to prevent these nominees from getting a debate or up or down vote on the Senate floor is completely unacceptable."

Leahy Says Democrats Will Investigate Bush's Surveillance (BLOOM)

By William Roberts

Bloomberg, December 14, 2006

Dec. 13 (Bloomberg) -- Senate Judiciary Committee Democrats will investigate and conduct hearings on the Bush administration's domestic eavesdropping on suspected terrorists, said incoming panel chairman Senator Patrick Leahy of Vermont.

``We have a duty, a real duty, to repair the real damage done to our system of government over the past few years," Leahy said in a speech today at Georgetown University Law School in Washington.

Leahy said he told Attorney General Alberto Gonzales two weeks ago that he will be asked to appear before the Senate panel to defend the administration's use of wiretapping without a court warrant, which Leahy said has eroded U.S. constitutional rights.

``I expect to get answers. If we don't then we'll use the subpoena," Leahy said. Democrats took control of the Senate and House in the Nov. 7 election.

Leahy said he also will pursue revisions in a new law that gives President George W. Bush wide latitude in deciding what interrogation techniques are permissible. The Judiciary Committee conduct an inquiry into war profiteering in Iraq and will try to strengthen open-government laws such as the Freedom of Information Act, the incoming chairman said.

``The administration has rolled back open-government laws and systematically eroded Americans' privacy rights," Leahy said. ``It has brazenly refused to answer the legitimate oversight questions of the people's duly elected representatives and it has acted outside the law to wiretap Americans."

The Justice Department didn't have an immediate comment on Leahy's speech.

Senator Specter

Leahy said he will work with Republican Senator Arlen Specter of Pennsylvania, the outgoing Judiciary Committee chairman, to revise the law Congress passed at the end of the legislative session to provide for CIA detention and interrogation of terrorist suspects.

The measure, which Leahy called ``sweeping and ill- conceived," bars federal courts from considering habeas-corpus petitions filed by terrorism suspects challenging their detention.

``The bill written by the White House and passed by the last Congress is designed to ensure that the Bush-Cheney administration is never again embarrassed by a United States Supreme Court decision reviewing its unlawful abuses of power," Leahy said. ``I am committed to restoring basic American values to the way we combat terrorism."

Two-thirds of the U.S. public believes the FBI and other agencies intruded on the privacy of Americans as part of federal counter-terrorism investigations, according to a new Washington Post-ABC News poll released today. Fifty-two percent said they favored congressional hearings on how the Bush administration spied on Americans.

Data-Privacy Bill

The poll was a telephone survey of 1,005 randomly selected adults nationwide conducted Dec. 7-11 and had a margin of error of plus-or-minus 3 percentage points.

Leahy said he intends as chairman of the Judiciary Committee to advance a data-privacy bill to prevent data brokers from collecting and selling personal information that intrudes on Americans' privacy.

The committee will pursue an inquiry into war profiteering, he said. ``Where did all the money go?" Leahy said. ``We are going to ask those questions."

Leahy said he will seek to strengthen and improve open- government laws such as the Freedom of Information Act, which he said has been eroded by the Bush administration.

In the next Congress, Leahy said the Judiciary Committee will act to confirm Bush's judicial nominees if they are approved by both senators from the state where the court sits and by the Senate majority and minority leaders.

Leahy Vows To Repair Bush 'Damage' (WT)

By Charles Hurt

The Washington Times, December 14, 2006

Incoming Senate Judiciary Committee Chairman Patrick J. Leahy said yesterday that he plans to rein in President Bush's program of wiretapping without warrants, rewrite the policy for handling terrorism detainees and more closely scrutinize nominees to the federal courts.

"As a Democratic majority prepares to take the lead on the Judiciary Committee, we do not have the luxury of starting with a completely clean slate," the Vermont Democrat told an audience at Georgetown University Law Center. "We begin knowing that we have a duty to repair real damage done to our system of government over the last few years."

Mr. Leahy accused Mr. Bush of "corrosive unilateralism," eroding the privacy rights of Americans, erasing constitutional checks and balances, and "packing" the federal judiciary.

The Republican House and Senate, he said, accepted White House policy changes without question.

"I came to the Senate during the ebb tide of Vietnam and Watergate. In my 32 years since then in the Senate, I have never seen a Congress so willfully derelict in its duties," Mr. Leahy said. "This has been an unfortunate chapter in Congress' history, a time when our Constitution was under assault, when our legal and human rights were weakened, when our privacy and other freedoms were eroded."

Still, he said, he hopes to proceed in a bipartisan manner.

"Senator Leahy has not yet assumed the chairmanship of the Judiciary Committee, but his statements today and in recent weeks are already raising disturbing questions about his ability and willingness to give fair consideration to the president's judicial nominees," said Curt Levey, executive director of the conservative Committee for Justice, who attended the speech.

Though short on specifics, Mr. Leahy criticized the program of wiretapping without warrants and said he hopes to update the laws governing foreign intelligence warrants. "With meaningful oversight and cooperation from this administration, we can achieve the right balance," he said.

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Sen. Jon Kyl, Arizona Republican and Judiciary Committee member, defended the president's program, aimed at capturing communications of terrorist plotters.

"Protecting legitimate privacy rights while ensuring the safety and security of the American people from terrorists is not a zero-sum game," he said in response to Mr. Leahy's comments. "We have done and can do both. Indeed, we should be seeking ways to add more tools to fight terrorists, not begin dismantling the effective laws Congress has passed in recent years."

Mr. Leahy said he wants Congress to reconsider legislation denying habeas corpus rights to terrorism suspects held at the U.S. Naval Base Guantanamo Bay, Cuba.

He also said he hopes to make "further progress" on the Senate's immigration reform bill, which proposes a path to citizenship for most of the estimated 12 million to 20 million illegal aliens in the country.

"We made some bipartisan progress on the committee and in the Senate last year only to be stymied by Republican congressional leaders," he said. "We can work together to bring people out of the shadows, to treat hardworking people with dignity and respect rather than disdain and discrimination."

Mr. Leahy criticized Bush nominations to the federal bench. "For too long, this White House has used judicial nominations for partisan political purposes and refused to work with us on consensus nominees," he said.

Those remarks reopened a rift with conservatives, who see only partisan politics in Senate Democrats' filibusters of several nominations.

Mr. Levey said Mr. Leahy's calls for consultation overlook the Constitution, which gives the president the "sole power of appointing judges."

"Leahy apparently views himself as the president's partner in selecting nominees, rather than as part of the limited advice-and-consent process envisioned for the Senate by the Constitution," he said. "Moreover, when Senator Leahy speaks of wanting 'consensus' judicial nominees, what he appears to have in mind are nominees that are acceptable to the coalition of ultraliberal groups that have orchestrated much of the opposition to the president's judicial picks."

Panel To Focus On Civil Liberties (NYT)

By David Johnston

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — The Senate Judiciary Committee plans to create a Subcommittee on Human Rights and the Law to examine issues like torture, war crimes and human trafficking, the incoming chairman of the panel said on Wednesday.

In a speech outlining an agenda of “restoration, repair and renewal,” the new chairman, Senator Patrick J. Leahy, Democrat of Vermont, said that the new subcommittee would bring a focus to efforts to protect civil liberties.

The announcement seemed to underscore Mr. Leahy’s intention to use oversight more aggressively than Republicans had.

“This has been an unfortunate chapter in Congress’s history,” Mr. Leahy said of the recent years of Republican control.

“I have never seen a Congress so willfully derelict in its duties as during this administration,” he added.

Mr. Leahy, in an appearance at the Georgetown University law school, accused the White House of “corrosive unilateralism” in refusing to cooperate with Congress. After the September 2001 attacks, he said, “the White House accelerated its power plays at the expense of the other branches of government — all in the name of fighting terrorism.”

The Bush administration, Mr. Leahy said, had “brazenly refused to answer the legitimate oversight questions of the public’s duly elected representatives and it has acted outside the lawful authority to wiretap Americans without warrants and to create databanks and dossiers on law-abiding Americans without following the law and without seeking legal authorization.”

He said the administration had made judicial appointments for “partisan political purposes and refused to work with us on consensus nominees.” Bipartisan nominating panels should be considered to screen candidates, Mr. Leahy said.

A spokesman for the Justice Department, Brian Roehrkasse, said in a statement, “As we have in the past six years, we’re looking forward to working with the Senate Judiciary Committee, including working with the committee to provide information that it legitimately needs.”

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"In the past we've reached accommodations on working together," Mr. Roehrkasse said; "we expect we can do so in the future as well."

Conservative groups quickly issued statements denouncing Mr. Leahy's speech. Curt Levey, executive director of the Committee for Justice, said, "When Mr. Leahy speaks of wanting 'consensus' judicial nominees, what he appears to have in mind are nominees that are acceptable to the coalition of ultra-liberal groups that have orchestrated much of the opposition to the president's judicial picks."

Leahy Threatens To Subpoena Bush Officials (LAT)

By Richard B. Schmitt

The Los Angeles Times, December 14, 2006

WASHINGTON — The incoming chairman of the Senate Judiciary Committee said Wednesday that he would subpoena Bush administration officials if they refused requests for documents and testimony, including two long-sought memos detailing its detention and treatment of terrorism suspects overseas.

The comments by Sen. Patrick J. Leahy (D-Vt.) represent the strongest and most specific statements yet directed at the White House on the investigative agenda of the Democratic leaders poised to assume control of Congress in January.

Leahy's threat shows the depth of frustration among Democrats who believe the administration has withheld crucial details about some of the most provocative anti-terrorism moves since the Sept. 11 attacks.

"I expect to get the answers. If I don't … then I really think we should subpoena," Leahy said after a speech at Georgetown law school. "If the president wants to claim executive authority, then let him do so, and then we can determine where we go from there."

The remarks signaled a possible legal confrontation with the White House over what Democrats and many legal scholars view as its expansive and unchecked use of executive power. It also marks a possible return to the use of an oversight tool that has been all but forgotten by the Republican-led Congress over the first six years of the Bush administration.

"I'm not trying to set up the idea of a confrontation for the sake of a confrontation," Leahy said. "I hope people will pay attention, will answer questions. We'll try it that way first."

Leahy has his sights set on two administration documents that have been among the most controversial for human rights and civil liberties groups concerned about the U.S. response to the Sept. 11 attacks and the Iraq war.

One is a presidential order signed by Bush authorizing the CIA to set up secret prisons outside the United States to house terrorism suspects. The other is a 2002 Justice Department memorandum outlining "aggressive interrogation techniques" that could be used against terrorism suspects.

Though the two documents have been known about for years, the Bush administration has kept them under wraps, only acknowledging their existence this fall after Bush transferred 14 detainees from the prisons to the military detention center at Guantanamo Bay, Cuba, for possible trials.

Leahy has made a number of sweeping demands for documents about the treatment of detainees from the Justice Department and other agencies, only to have most of them returned unanswered. Last month, he made a request to Atty. Gen. Alberto R. Gonzales for the presidential order and Justice Department memo. Leahy said he expected Gonzales to testify before the judiciary committee "soon."

Justice Department spokesman Brian Roehrkasse said Wednesday that the request was being reviewed.

"The department will continue to work closely with the Congress as they exercise their oversight functions, and we will appropriately respond," Roehrkasse said, adding that the department would work with the committee "to provide information that it legitimately needs."

"In the past we've reached accommodations, and working together we expect we can do so in the future as well," he said.

The issuance of subpoenas would mark a new and combative chapter in that relationship.

For years, the Republican-controlled Congress has relied on the administration to voluntarily provide testimony and documents, reinforcing its reputation, at least among Democrats, as a rubber stamp for Bush policies. The judiciary committee has issued subpoenas in recent years, but they have tended to target private firms rather than government figures.

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Though Leahy said he would appeal to the administration's sense of bipartisanship, he also indicated that Congress might not hesitate to ensure compliance with its requests.

Legal experts said the most effective way to enforce a subpoena is to use the power to withhold funds from administration projects or to refuse to consider nominees who require Senate approval — courses that Leahy said the committee would consider.

"Congress has the ability to make sure that the president does what the Constitution requires him to do to faithfully execute the laws," he said.

Leahy also said he would press for more information about the administration's domestic surveillance program under which the National Security Agency has monitored communications between suspected terrorists abroad and people in the U.S. without first obtaining a warrant.

Congress considered legislation this fall that would essentially ratify the controversial program, which one federal court has found to violate the Constitution. But Leahy said he could not support any such legislation until he knew more about the program.

Leahy also promised tougher legislation to crack down on war profiteering by private contractors in Iraq, and restrictions on the government's ability to secretly collect dossiers on airline travelers. He said he would push to overturn portions of the new Military Commissions Act of 2006 that stripped terrorism suspects of the right of habeas corpus to challenge their detention in the courts.

He also said he would set up a new judiciary subcommittee to oversee international human rights issues, including torture.

"This election was an intervention," he said. "The American people rose up to take away Congress' rubber stamp, and to demand a new direction with more accountability."

U.S. Warns Of Threat To Satellites (AP)

By Barry Schweid

AP, December 14, 2006

The Bush administration warned Wednesday against threats by terrorist groups and other nations against U.S. commercial and military satellites, and discounted the need for a treaty aimed at preventing an arms race in space.

Undersecretary of State Robert G. Joseph also reasserted U.S. policy that it has a right to use force against hostile nations or terror groups that might try to attack American satellites or ground installations that support space programs. President Bush adopted a new U.S. space policy earlier this year.

"We reserve the right to defend ourselves against hostile attacks and interference with our space assets," Joseph said in prepared remarks to the George C. Marshall Institute.

Joseph, the senior arms control official at the State Department, said nations cannot all be counted on to use space purely for peaceful purposes.

"A number of countries are exploring and acquiring capabilities to counter, attack, and defeat U.S. space systems," Joseph said

He also said terrorists "understand our vulnerabilities and have targeted our economy in the past, as they did on 9/11." He said terrorists and enemy states might view the U.S. space program as "a highly lucrative target," while sophisticated technologies could improve their ability to interfere with U.S. space systems and services.

Joseph did not identify terror groups or nations that might have such motives. An aide to Joseph, who spoke on condition of anonymity because he was not authorized to discuss the matter, said that information was classified.

"For our part, we must take all of these threats seriously because space capabilities are essential" to the U.S. economy and government, Joseph said. He said the U.S. is more reliant on space than any other country.

"No nation, no state-actor, should be under the illusion that the United States will tolerate a denial of our right to the use of space for peaceful purposes," he said.

Wade Boese, a spokesman for the private Arms Control Association, challenged the adminstration's policy. He said rejecting additional international arms controls for space runs counter to U.S. security interests "because the United States has the most to lose from an unregulated space arena."

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Boese said he believes the administration wants to avoid negotiations in order to preserve the possibility of deploying space-based missile defense systems, such as interceptors.

Joseph listed telecommunications, transportation, electrical power, water supply, gas and oil storage, transportation systems, emergency services, banking and finance, and government services as relying heavily on data transmitted by satellites.

"The United States views the purposeful interference with its space systems as an infringement on our rights," he said, adding. "If these rights are not respected, the United States has the same full range of options — from diplomatic to military — to protect its space assets as it has to protect its other critical assets."

Joseph ruled out negotiating a new international space agreement, saying the 1967 Outer Space Treaty established an effective arms control regime. The treaty bans the stationing of weapons of mass destruction in outer space and declares outer space should be used only for peaceful purposes.

A new agreement is not necessary, Joseph said. "We should concentrate on real threats," he said, citing Iran and North Korea.

"There is no arms race in space and we see no signs of one emerging," he said.

U.S. To Defend Space With Military Force (WT)

By Bill Gertz

The Washington Times, December 14, 2006

The United States will use military force in space to protect satellites and other space systems from attack by hostile states or terrorists, the Bush administration's senior arms-control official said yesterday.

Robert Joseph, undersecretary of state for arms control and international security, said in a speech outlining a new White House space policy that free access to space is a "vital" U.S. interest and that the Bush administration opposes new agreements that would limit U.S. space defenses.

"To ensure free access to space ... we must continue to develop a full range of options to deter and defend against threats to our space infrastructure," Mr. Joseph said in a speech to the George C. Marshall Institute, a private think tank.

The United States will "oppose others who wish to use their military capabilities to impede or deny our access to and use of space," he said. "We will seek the best capabilities to protect our space assets by active or passive means."

"No nation, no non-state actor, should be under the illusion that the United States will tolerate a denial of our right to the use of space for peaceful purposes," he said. "We reserve the right to defend ourselves against hostile attacks and interference with our space assets," he said.

U.S. officials said the comments are an indirect warning to China, which has fired a ground-based laser gun at a U.S. satellite that passed over its territory -- an event viewed as one sign of Beijing's efforts to develop space arms that can blind or destroy systems.

Mr. Joseph said yesterday that a number of nations are developing weapons to "counter, attack and defeat U.S. space systems." He did not name the countries. Asked after the speech about the Chinese laser incident, he declined to comment.

"In view of these growing threats, our space policy requires us to increase our ability to protect our critical space capabilities and to continue to protect our interests from being harmed through the hostile use of space," he said.

The United States has become very reliant on the use of satellites for civilian communications as well as military command and control, with a large portion of government communications transiting space.

The White House announced in October that President Bush authorized a new national space policy, the first since 1996, that states that the United States is committed to the peaceful use of space and rejects any nation's attempts to claim sovereignty over it.

The policy also views any attempt to interfere with space systems as an infringement on the right of free passage in space, and describes space capabilities as "vital" to national interests.

Mr. Joseph said yesterday that space should be regarded similarly to open seas where free navigation is a right.

"If these rights are not respected, the United States has the same full range of options -- from diplomatic to military -- to protect its space assets as it has to protect its other critical assets," he said.

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"There is also a broad range of means, both passive and active, by which space assets may be protected or the effects of the loss of their services minimized," he said.

Alternatives include non-space backup systems, satellites with onboard subcomponent replacement parts, satellite maneuvering systems to avoid threats, electronic and other system security, data encryption, and communications frequency shifts.

Mr. Joseph said the United States needs to use space systems as part of a strategy to manage crises, deter conflict or "if deterrence fails, prevail in conflict."

Both Russia and China have sought to introduce arms-control agreements at the United Nations designed to limit U.S. space weapons or defenses, and the Bush administration opposes the proposed agreements and talks.

Mr. Joseph said the Outer Space Treaty has been a long-standing and effective tool to guide international cooperation in space. New international agreements are "unnecessary and counterproductive," he said.

"We do not need to enter into new agreements; rather we should be seeking to gain universal adherence to existing agreements, including the 1967 Outer Space Treaty, and we should concentrate our efforts on real threats, such as those to the nuclear nonproliferation regime which, as a consequence of actions by Iran and North Korea, are under great strain," Mr. Joseph said.

Judge In Pakistan Dismisses Charges In Bomb Plot (NYT)

By Salman Masood

The New York Times, December 14, 2006

ISLAMABAD, Pakistan, Dec. 13 — A judge threw out terrorism charges on Wednesday against Rashid Rauf, a Briton of Pakistani descent whom prosecutors depicted as a major figure in a plot to smuggle liquid explosives onto trans-Atlantic airliners and detonate the bombs in flight.

The ruling means there are now no terrorism charges against two people once accused of being linchpins of a major bombing plot by Al Qaeda. The other is Tayib Rauf, Mr. Rauf's younger brother, who was detained in Britain in August and was soon set free without charge.

But it was not clear whether the ruling would clear the way for Rashid Rauf's return to Britain for questioning on other charges.

Reports of a bombing conspiracy created powerful strains between American and British investigators over the timing of a crackdown on suspects in which British authorities rounded up 25 people on Aug. 9 and 10, later charging 17 of them. The other eight, including Tayib Rauf, were set free without charges.

British officials involved in the case said that American investigators had pushed for quicker arrests but that the British had wanted to wait to gather admissible evidence.

One of seven people arrested in Pakistan in the case was Rashid Rauf, 25, who holds Pakistani and British citizenship. Pakistani officials identified him as a "key figure" and said he had contacts to Al Qaeda in Afghanistan.

But in Rawalpindi on Wednesday, Mr. Rauf appeared in a counterterrorism court and the judge dismissed most of the charges against him, upholding a defense objection that they lay outside the court's jurisdiction.

Mr. Rauf still faces some secondary charges in Pakistan and is being held by the authorities. Britain has requested his extradition, and Pakistani officials said they were considering the request.

"Rauf was booked under six charges, such as impersonation, cheating, forging documents, presenting those forged documents as real and keeping explosives," Hashmat Habib, his lawyer, said in a telephone interview.

"When we scrutinized the charges, we were of the opinion that none of the charges fell under the jurisdiction of the antiterrorism court. The court agreed with our objection."

Mr. Rauf is now scheduled to appear next Wednesday before a District and Sessions Court to answer the remaining charges, Mr. Habib said.

Mr. Rauf has not been charged in Britain in connection with any airline plot, and a Home Office spokeswoman said no extradition request had been made in relation to a plot.

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Britain has, however, filed an extradition request for Mr. Rauf as a suspect in the murder of an uncle, Mohamed Saeed, who was stabbed near his home in Birmingham in April 2002.

Britain and Pakistan have no extradition treaty, so it is Pakistan's choice whether to permit extradition.

The British government offered no immediate comment on the case.

Accounts differ over when Rashid Rauf was arrested. The Pakistani police said he was taken into custody on Aug. 10, the day of the British raids, in Chohan Chowk, near the Islamabad airport. But Mr. Habib said his client was arrested the day before while traveling between Multan and Bahawalpur, in Punjab Province.

Mr. Rauf left Britain in 2002 to settle and marry in Bahawalpur. He was not a subject of scrutiny before his arrest in August, although the police had linked his wife's family to an outlawed Islamist group.

Terror-Free Investing (WSJ)

By Sarah Steelman

The Wall Street Journal, December 14, 2006

JEFFERSON CITY, Mo. -- The idea of "shareholder democracy" is today much bruited about, but whatever connotations that term has acquired, at bottom it means investors have a "vote" -- that is, they can choose where to put their money, and where not. That kind of democracy assumes a new urgency in the post-9/11 world, as tens of billions of dollars are currently surging into countries that sponsor terrorism.

According to the independent research provider Conflict Securities Advisory Group (CSAG), there are some 485 publicly traded companies doing business with four regimes designated by the State Department as sponsors of terror. The activities of these mostly foreign-owned companies -- such as Total, Sinopec and BNP Paribas -- in terrorist-sponsoring states generate billions in revenues for the governments of Iran, Sudan, North Korea and Syria.

By so doing, these companies create part of the cash flow that enables these nations to underwrite the activities that our armed forces are fighting around the world. Were they to stop doing business with our enemies, it would be vastly more difficult for those regimes to sponsor terrorism, finance weapons of mass destruction programs and threaten -- or, in the case of Sudan, engage in -- genocide.

In this case, shareholders -- citizens -- have the power to influence. If American investors in these businesses -- not only institutional investors such as public pension systems, money managers, investment trusts and university endowments, but also individuals -- pressure companies to sever such business relations, they can become change agents in the financial sector and force multipliers for our troops abroad.

It's high time we afford all American investors the opportunity to exert this influence by investing terror-free. That's why I am pleased to announce that the Missouri Investment Trust (MIT) became, in July of this year, the first public agency in America to implement a terror-free investment fund. This specially crafted, actively managed international fund screens out companies with ties to regimes involved with terrorism.

Our experience makes clear that it is possible for investors to hold these companies accountable for their business decisions by excluding their stocks from portfolios. We are proving that terror-free investing is a matter of choice, and that Wall Street will respond to the demand. What's more, it can be accomplished with leading investment firms and without sacrificing returns.

From a financial standpoint the results have been impressive. MIT, in conjunction with CSAG and Boston-based State Street Global Advisers, engaged in extensive due diligence. We backtested bidders' portfolios, for instance, and found that performance would not have been impaired over the past five years had the terror-free screen been in place.

The transition to the new fund was minimally disruptive. In fact, in the first quarter following its establishment, MIT's screened fund outperformed the MSCI EAFE index (the benchmark for international equities in developed Asian and European countries) by 74 basis points -- showing that this terror-free public fund will do well for Missourians while also doing good for America.

This result should not be surprising. The Securities and Exchange Commission determined years ago that companies conducting business in U.S.-sanctioned nations are exposed to "global security risk" -- risk that, in some cases, can negatively

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affect share value. Sadly, and somewhat shockingly, the vast majority of fiduciaries have, to date, ignored this financial risk, to say nothing of the ethical considerations, when investing in these companies.

Terror-free investing should not, however, be limited to public funds. Elected officials, fund managers, American corporations and Wall Street ought to afford this investment option to the maximum degree possible.

Toward that end, in 2007, Missouri's 529 College Savings Advisor Plan will make available to all American investors the Roosevelt Anti-Terror Multi-Cap Fund (RATF) -- the only mutual fund in the country that is currently certified to exclude companies that have business ties to the terrorist-sponsoring states referenced. Additionally, Missouri is actively pursuing the inclusion of an international terror-free fund in our 529 advisor plan line-up.

Missouri is not alone in believing that Americans want to invest terror-free. Nationwide Financial has elected to make this same certified fund available to investors through its vehicle for corporate 401(k) plans. Recently, Swiss America, a tangible asset firm located in Arizona, became the first Nationwide 401(k) client to offer its employees the RATF option. The vast majority of Swiss America's employees took advantage of this option. Nationwide is exploring how to make a terror-free investment option more available to its over 25,000-member private sector plan base.

More importantly, this type of shareholder activism has a long record of success. Over 20 years ago, companies responded to such pressure by freezing their business relations with South Africa until apartheid was abolished. In short order, the government maintaining that oppressive practice was forced first to abandon it and then to relinquish power.

Lincoln said it best: "We -- even we here -- have the power, and bear the responsibility." This American culture of civic engagement has made all the difference: encompassing everything dumping tea into a harbor to buying war bonds to serving in the armed forces.

By choosing to invest terror-free, we can help cut off financing for terror-sponsoring governments, help our soldiers, make our investments less risky and make a difference in the contemporary fight for liberty. That's democracy.

Ms. Steelman is state treasurer of Missouri.

A Fair Deal For 9/11's Injured (NYT)

By Kenneth R. Feinberg

The New York Times, December 14, 2006

FIVE years have passed since the Sept. 11, 2001, terrorist attacks, but the flood of litigation continues unabated in federal court in Manhattan. Some 6,000 people are suing New York City, the Port Authority and more than 100 private contractors for negligence in exposing workers to toxic dust and fumes after the collapse of the World Trade Center.

Thousands of additional claims are expected in the next few months. Waiting in the wings are approximately 40,000 workers who cleaned up the site after Sept. 11, as well as residents of Lower Manhattan, observers of the cleanup effort and people who simply breathed the harmful air on their way to work — all potential litigants. Some will probably eventually suffer the same ailments that have led to the current lawsuits.

The federal judge presiding over the lawsuits has urged settlement, warning that continuing the litigation is inefficient, expensive and risky to all parties. The mere existence of thousands of lawsuits fuels uncertainty and delays the payment of compensation to eligible victims.

Two local members of Congress have introduced federal legislation to provide compensation to people injured by the toxic dust. Congress is understandably reluctant: why open the doors of the federal Treasury yet again to New Yorkers and not provide something similar to the victims of the Oklahoma City bombing, Hurricane Katrina and other calamities? The government is generally not in the business of compensating the victims of life's misfortune.

The federal Sept. 11 Victim Compensation Fund, which I oversaw, paid more than $7 billion in public compensation to the families of those who died in the World Trade Center attacks and to injured survivors. Of that, about $500 million went to more than 1,300 recovery workers and others suffering from the same respiratory injuries that now plague those in the courtroom. Since none of these 6,000 people who have filed lawsuits received diagnoses of 9/11-related injuries until after the fund's filing deadline of Dec. 22, 2003, they were ineligible for compensation. So, reluctantly, they have turned to the courts.

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There is a better way: use the principles of the 9/11 fund as a blueprint to resolve the current litigation and get money into the hands of recovery workers and others quickly.

More than $1 billion in public funds is currently available for distribution as part of the initial federal appropriation earmarked for New York City's 9/11 recovery. If you add financial contributions from those contractors and others involved in the litigation, and supplement that with funds from various city charities, a total of at least $1.5 billion is available to settle the pending lawsuits — more than sufficient to pay all eligible claims, as well as lawyers' fees and costs.

Eligibility for compensation under the settlement would require proof that the victim was in the general proximity of the World Trade Center during the cleanup period. Each claimant would also supply medical documentation of an illness caused by exposure to harmful air at the site (the medical criteria would be negotiated as part of the settlement to avoid a rush of spurious claims).

New York City and the other defendants would not admit they were at fault for these injuries; they would merely agree to use available funds to pay all documented claims. (It remains an open question whether the defendants are legally responsible for such injuries.) Up to half of this money should be set aside to pay for claims stemming from future diagnoses of injuries caused by breathing the toxic air.

As with the 9/11 fund, the neediest victims, those without a financial safety net, should be the priority. Firefighters, police officers and other uniformed responders at the World Trade Center already receive benefits from pension and health insurance policies, and these amounts should be subtracted from any payments made as a result of the settlement. Funds received by eligible claimants would be used primarily for medical monitoring and other health-related services.

And, just as the 9/11 fund should be viewed as a unique public policy response to an unprecedented national calamity, so, too, would this settlement be considered a one-time solution to all remaining physical injury claims occurring at the World Trade Center.

It is unlikely that such a settlement would expose New York City and others to future demands for similar compensation. The defendants and the court could make clear that the settlement was achieved only because of the existence of available funds and the unparalleled nature of the attack.

In any event, concern about future legal liability is no excuse for refusing to act now in compensating victims in distress.

HOMELAND RESPONSE:

Judge Upholds Detainee Rights Terror Law (AP)

By Matt Apuzzo

AP, December 14, 2006

A federal judge upheld the Bush administration's new terrorism law Wednesday, agreeing that Guantanamo Bay detainees do not have the right to challenge their imprisonment in U.S. courts.

The ruling by U.S. District Judge James Robertson is the first to address the new Military Commissions Act and is a legal victory for the Bush administration at a time when it has been fending off criticism of the law from Democrats and libertarians.

Robertson rejected a legal challenge by Salim Ahmed Hamdan, a former driver for Osama bin Laden whose case prompted the Supreme Court to strike down the Bush administration's policy on detainees last year.

Following Hamdan's victory, Bush asked for and got a new law that established military commissions to try enemy combatants and stripped them of the right to seek their freedom in U.S. courts.

Hamdan's case was sent back before Robertson, a nominee of President Clinton who was a prominent civil rights advocate in private practice.

Though Robertson originally sided with Hamdan, he said that he no longer had jurisdiction to hear Hamdan's case because Congress clearly intended to keep such disputes out of federal courts. He said foreigners being held in overseas military prisons do not have the right to challenge their detention, a right people inside the country normally enjoy.

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"This is the first time in the history of this country that a court has held that a man may be held by our government in a place where no law applies," said Barbara Olshansky, an attorney with the Center for Constitutional Rights, which has handled many detainee cases.

Justice Department spokeswoman Kathleen Blomquist said the agency was pleased with the ruling. Government lawyers have repeatedly argued that Guantanamo Bay detainees have no right to use U.S. courts. Blomquist noted that the new law allows detainees to challenge their detention before military tribunals, then contest the tribunal's ruling before a Washington appeals court.

"That is more process than the United States has ever provided to enemy combatants in our past conflicts," Blomquist said.

The ruling does not affect the fate of hundred of detainees whose cases are awaiting a ruling by a Washington appeals court, which is reviewing two precedent-setting detainee cases challenging the new law.

Judge Sets Back Guantánamo Detainees (NYT)

By Neil A. Lewis

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — For the first time, a court has affirmed that a law enacted this fall accomplishes what the White House and its Congressional supporters sought: stripping the federal judiciary of the authority to hear challenges from detainees at Guantánamo Bay, Cuba.

In a ruling Wednesday, Judge James Robertson of the Federal District Court here said Salim Ahmed Hamdan, a prisoner at Guantánamo, could no longer contest his detention before a federal court because, Judge Robertson said, Congress this fall explicitly eliminated his right to file a habeas corpus challenge.

The judge said the Military Commissions Act, passed by Congress in September and signed into law by President Bush the following month, was unambiguous in denying Guantánamo detainees the use of a habeas corpus statute. Like Mr. Hamdan, hundreds of other prisoners at the base have challenged their detention, in similar cases.

It was Judge Robertson who granted Mr. Hamdan's habeas petition in November 2004, abruptly halting his war crimes trial in the middle of proceedings at Guantánamo by ruling that the process was fatally flawed.

But in his decision Wednesday, the judge said circumstances had changed fundamentally with enactment of the new law. And not only is Mr. Hamdan barred from a challenge under the habeas statute, the judge said, he cannot follow the usual second avenue to bring a habeas challenge — invoking the Constitution — because it is unclear that noncitizens at Guantánamo have that right.

Mr. Hamdan is a Yemeni who was a driver for Osama bin Laden in Afghanistan and was captured there in November 2001. He has been at the center of a debate about the Bush administration's legal tactics in fighting terrorism, his challenge occupying not only the White House but also Congress and the courts — up to the Supreme Court, which will almost certainly have to revisit the case.

The Supreme Court first ruled in the Hamdan case in June, when it repudiated the administration's efforts to put Guantánamo detainees on trial before military commissions. That 5-to-3 ruling said Mr. Bush had overstepped his constitutional bounds by establishing the commissions without Congressional authorization. Further, the justices said a previous law stripping Guantánamo detainees of habeas corpus protections did so only prospectively — that is, it did not void the several hundred habeas petitions already filed in federal courts.

In response, the Republican-controlled Congress adopted the Military Commissions Act to address, explicitly and retroactively, the question of the habeas statute's application to Guantánamo.

Judge Robertson's opinion on Wednesday said in effect that in enacting the new law, Congress and the president had undone the basis of the Supreme Court's ruling.

The judge said that although Mr. Hamdan was asserting that he was entitled to habeas protection because he had never been tried properly, he would soon "face a military commission newly designed, because of his efforts, by a Congress that finally stepped up to its responsibility, acting according to guidelines laid down by the Supreme Court."

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The issue of whether Mr. Hamdan and other Guantánamo detainees have a constitutional, rather than a statutory, right to habeas corpus is almost certain to form the heart of the legal debate that will next occur in the United States Court of Appeals for the District of Columbia Circuit, before an ultimate decision by the Supreme Court. The appeals court is already considering the application of the new law in dozens of other habeas cases brought by detainees.

But by the time the cases make their way through the system, Mr. Hamdan and some other prisoners may have already been tried by military commissions, making the habeas issue moot as it applies to them.

Once the Military Commissions Act was adopted this fall, senior Pentagon officials said they hoped to resume war crimes trials before the newly reconstituted commissions by next summer. Mr. Hamdan, who has maintained that he was only a driver at the bin Laden farm and not a terrorist, may well be one of the first to go before the new commissions.

Judge Rejects Detention Challenge Of Bin Laden's Driver (WP)

By Robert Barnes

The Washington Post, December 14, 2006

A federal judge dismissed yesterday a challenge from Osama bin Laden's driver over his more than four years of detention at the Guantanamo Bay military prison, saying a new anti-terrorism law approved by Congress this fall removes the lower court's jurisdiction in the matter.

U.S. District Judge James Robertson is the first to rule on the controversial Military Commissions Act (MCA), which authorizes military trials of alleged enemy combatants and removes their right to try to bring their cases before federal judges.

Robertson dismissed Salim Ahmed Hamdan's petition because he said Congress clearly intended to keep such cases out of the federal courts. And he held that, as a foreigner with no voluntary ties to the United States, Hamdan has no claim to a constitutional right to habeas corpus.

The question of detainee rights prompted a Supreme Court ruling against the Bush administration's policies earlier this year, and it would not be surprising to see the administration's remedy -- the quickly produced MCA, passed by Congress in late September -- reviewed there as well.

"The issues in these cases won't be finally resolved until the Supreme Court resolves them," said David Remes, who represents another group of Guantanamo detainees challenging the law before the U.S. Court of Appeals for the District of Columbia Circuit.

Nevertheless, the Justice Department celebrated the dismissal of Hamdan's case by Robertson, a civil rights advocate in private practice who was appointed to the bench by President Bill Clinton. He was also the first judge to invalidate the Bush plan for war tribunals when he first considered Hamdan's case in 2004.

"We are pleased that Judge Robertson agreed that the Military Commissions Act removes federal court jurisdiction over this and similar cases, and that the Military Commissions Act is constitutional," said Justice Department spokesman Brian Roehrkasse.

"The Constitution does not provide alien enemy combatants detained at Guantanamo Bay with the constitutional right to file a petition for habeas corpus in our civilian courts, and thus Congress may regulate those combatants' access to the courts," he said.

Beyond the legal wrangling, there is political pressure as well. Sen. Patrick J. Leahy (D-Vt.), the incoming chairman of the Senate Judiciary Committee, said in a speech yesterday before Robertson's decision that the MCA "needlessly undercut our freedoms and values" and that his committee will consider legislation to modify it.

He and other senators had questioned the constitutionality of suspending habeas corpus rights, one of the core principles of English and American law, which require the government to show a legal basis for detaining a person.

The Supreme Court twice, in 2004 and 2006, ruled against the Bush administration's procedures for detaining and trying alleged enemy combatants, but four justices said the president could seek from Congress the authority they said he lacked.

Robertson said that because it was clear he had been stripped of jurisdiction over Hamdan's habeas petition, he was not making a judgment on the constitutionality of the MCA. And he questioned at least part of the legislation.

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He wrote that Congress could suspend the writ of habeas corpus only during a time of rebellion or invasion and that "neither . . . [was] occurring at the time the MCA was enacted."

But that does not help Hamdan, he wrote.

"Hamdan's lengthy detention beyond American borders but within the jurisdictional authority of the United States is historically unique," Robertson wrote. "Nevertheless . . . his connection to the United States lacks the geographical and volitional predicates necessary to claim a constitutional right to habeas corpus."

Staff writer Carol D. Leonnig contributed to this report.

Guantanamo Inmates May Not Appeal, Judge Rules (LAT)

By David G. Savage

The Los Angeles Times, December 14, 2006

WASHINGTON — In the first legal decision on a new federal law that denied access to U.S. courts to detainees in the war on terrorism, a federal judge ruled Wednesday that foreign prisoners held at Guantanamo Bay, Cuba, could not sue for their freedom.

But in a split decision, U.S. District Judge James Robertson also ruled that the law's denial of that right to the more than 12 million legal immigrants living in the United States was unconstitutional.

The first part of the ruling affirmed what Congress intended when it passed the Military Commissions Act in October. And appropriately enough, the decision came in the case of Salim Ahmed Hamdan, the onetime driver to Al Qaeda leader Osama bin Laden who had won what appeared to be a landmark victory in the Supreme Court in June.

Taking up Hamdan's suit, the high court's justices said President Bush had overstepped his power when he created a system of military tribunals for foreign-born alleged terrorists.

In response, Congress passed a law authorizing military tribunals. In addition, it moved to deny access to the courts to "aliens" who are accused by the president of being terrorists or "unlawful combatants."

Critics in the Senate said this provision was written so broadly that it took away from the nation's legal immigrants the traditional right of habeas corpus. This right allows those who are arrested and imprisoned to go before a judge and to plead for their freedom.

In Wednesday's ruling, Robertson said lawmakers had the legal power to close U.S. courts to detainees at Guantanamo Bay.

"Congress unquestionably has the power to establish and define the jurisdiction of the lower federal courts," he wrote in a 22-page opinion. Until some recent decisions, he said, it had always been understood that "an alien captured abroad and detained outside the United States" did not have a right to sue in a federal court.

Hamdan was captured in Afghanistan, and Guantanamo Bay is, technically, the sovereign territory of Cuba, Robertson noted.

However, the Constitution protects the right of habeas corpus for anyone living in the United States, the judge said. The Constitution says this right may be "suspended" during times of "rebellion or invasion."

"Neither rebellion nor invasion was occurring at the time the MCA was enacted," Robertson said, and Congress did not claim otherwise.

"Thus, the Great Writ has survived the Military Commissions Act," and any effort to block a person from going to court in this country "must be unconstitutional," the judge concluded.

The ruling clears the way for the Bush administration to go forward with a military trial of Hamdan. It is also likely to be the first of many decisions interpreting the new law.

Sens. Patrick J. Leahy (D-Vt.) and Arlen Specter (R-Pa.) also have announced they will seek to restore habeas rights for legal immigrants when the new Congress opens in January.

'04 Pentagon Report Cited Detention Concerns (WP)

By Carol D. Leonnig

The Washington Post, December 14, 2006

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A previously undisclosed Pentagon report concluded that the three terrorism suspects held at a brig in South Carolina were subjected to months of isolation, and it warned that their "unique" solitary confinement could be viewed as violating U.S. detention standards.

According to a summary of the 2004 report obtained by The Washington Post, interrogators attempted to deprive one detainee, Ali Saleh Kahlah al-Marri, a Qatari citizen and former student in Peoria, Ill., of sleep and religious comfort by taking away his Koran, warm food, mattresses and pillow as part of an interrogation plan approved by the high-level Joint Forces Command.

Interrogators also prevented the International Committee of the Red Cross from visiting at least one detainee, according to the report, which noted evidence of other unspecified, unauthorized interrogation techniques.

The report by the Navy's inspector general was presented to Defense Secretary Donald H. Rumsfeld in May 2004 and was declassified in 2005. It was the first to raise the question of mistreatment of alleged enemy combatants inside the United States.

Its details about conditions at the Navy brig in 2004 could prove critical to the fate of two of the "enemy combatant" detainees who spent years in the prison: Marri, the only one of the three who remains there and is facing the prospect of a special military trial, and Jose Padilla, a Brooklyn-born U.S. citizen now facing criminal charges in Miami.

Attorneys for Padilla have argued in recent court filings that any abusive interrogation methods used on their client may mean that his statements to government agents were coerced and, therefore, inadmissible in his trial. He is accused of engaging in a conspiracy to kill U.S. citizens and provide material support to terrorists abroad.

The attorneys told a federal judge in Florida yesterday that they have a right to learn about those interrogation methods, and they recently sought to subpoena Brig. Gen. Daryl D. Thiessen, the deputy inspector general who made the findings after inspecting the brig, and other senior military officers who worked at the prison. The attorneys said Padilla spent 1,307 days in a 9-by-7-foot cell in an isolated unit, was often chained to the ground for hours by his wrists and torso, and was kept awake at night by guards using bright lights and loud noises.

Prosecutors asked the judge to quash the subpoenas, arguing that Padilla's attorneys are making "meritless" and "sensationalist" claims to turn the court's attention away from his alleged misconduct. In previous filings, the government decried the "absurdity of Padilla's assertion" that he was abused, noting that the government was "conscientious enough to tend to his toothache."

Marri remains at the brig awaiting an appeals court ruling on whether he will be tried in a U.S. court or by a military commission, as the government requested last month. He sued the government last year over the conditions of his confinement, alleging that for 16 months in 2003 and 2004, he had been barred from contact with anyone but guards delivering food, causing his mental state to deteriorate.

Thiessen wrote in his summary that the Joint Forces Command had approved that "one detainee in Charleston has Koran, mattress, and pillow removed and is fed cold MRES as part of interrogation plan." He also noted concerns about isolation: "Limited number and unique status of detainees in Charleston precludes interaction with other detainees. Argument could be made that this constitutes isolation."

Extended solitary confinement can be considered a form of inhumane treatment. In 2003, Rumsfeld specified the use of isolation as an interrogation tactic, but he cautioned that its use required detailed plans and approvals from superiors for the length of time. His memo warned that use of isolation for more than 30 days was atypical, and that nations that consider detainees subject to prisoner-of-war protections may view this technique as "inconsistent with the requirements of Geneva [Article] III."

"What you're describing confirms what we said in our complaint," said Jonathan Hafetz of the Brennan Center for Justice and an attorney for Marri, when asked to review the summary findings. "There were periods of time when al-Marri felt he was losing his mind. He went months without hearing a human voice. . . . And these weren't rogue officers, but it was part of a deliberate violation of the laws of the U.S. by the top levels of the administration."

Padilla's attorneys -- Orlando do Campo, Andrew Patel and Michael Caruso -- did not return calls seeking comment or declined to comment. Federal prosecutors also declined to comment. A hearing is expected soon on whether Padilla's attorneys can question military officials about his treatment and the conditions at the brig.

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A Pentagon spokesman, Navy Cmdr. J.D. Gordon, said multiple reviews of detention operations have not found policies that condoned abuse and have led to more consistent policies to prevent abuse.

"The reviews have resulted in numerous recommendations which have been implemented and have improved our detention operations," he said. "The Department of Defense policy is clear: We treat detainees humanely."

Thiessen's report is part of a larger review by Vice Adm. Albert T. Church III, then the Navy's inspector general. Rumsfeld ordered the wide-ranging military investigation to determine whether any interrogation policy for terrorism suspects had caused detainee abuse in U.S. military detention facilities.

The Church report presented to Congress in March 2005 concluded that there was no deliberate high-level policy that led to the numerous cases of mistreatment. Instead, it blamed inept leadership at low levels and confusion over changing interrogation rules.

Church focused on the conditions for foreign nationals held at Guantanamo Bay. But the details of what Thiessen found in the Charleston brig were not mentioned. When asked, high-ranking military officers asserted that the brig fared well in the review.

"The brig here has a good record, and the people who run it are well trained," then-Secretary of the Navy Gordon England told reporters in 2004.

A third prisoner at the brig, Yaser Hamdi, was released in 2004 after the Supreme Court ruled that the government could not hold him indefinitely without a trial, and after he agreed to U.S. conditions that he go to Saudi Arabia and give up his U.S. citizenship.

Staff researcher Julie Tate contributed to this report.

Federal Judge Asked To Decide If Padilla Is Competent For Trial (NYT)

By Deborah Sontag

The New York Times, December 14, 2006

Saying that he was mentally damaged as a result of his three years and eight months in a naval brig in South Carolina, lawyers for Jose Padilla asked a federal judge in Miami yesterday to determine his competency to stand trial on terrorism conspiracy charges.

Mr. Padilla, 36, a United States citizen who was publicly accused of plotting a dirty bomb attack and pronounced an enemy combatant in 2002, was transferred from military custody into the civilian law enforcement system earlier this year. But, his lawyers say, he has been unable to assist in his own defense, and mental health experts have been unable to help him or to help them deal with him.

“Jose’s experience as a detainee was so traumatic that it’s physically and mentally painful for him to answer the questions that we put to him,” said Orlando do Campo, a federal public defender in Miami. “He just shuts down. We’re covering a lot of the same area as his interrogators, and he doesn’t want to relive it.”

Saying that there was “sufficient cause” to conduct a competency hearing, the government, in papers filed yesterday, urged the judge to do so.

The government itself cited the affidavit of a psychiatrist for the defense, Dr. Angela Hegarty, who said that Mr. Padilla did not understand the nature and consequences of the proceedings against him and that he suffered “impairment in reasoning” as a result of post-traumatic stress disorder “complicated by the effects of prolonged isolation.”

Mr. Padilla’s lawyers said he opposed this request that his competency be evaluated. Dr. Hegarty, one of two mental health professionals who examined him, said Mr. Padilla was “fearful of being thought of as crazy.” She described him as “hypervigilant,” his eyes darting about, his face twitching into grimaces, his “startle response” on constant high alert.

Mr. Padilla’s trial, which involves two other defendants also accused of running a “North American terror support cell,” is scheduled to start on Jan. 22 and expected to last about five months. Even before the motion filed yesterday, a delay seemed possible or even probable because of the extensive pretrial litigation in the complex case.

Now the issue of determining Mr. Padilla’s competency could freeze many matters. For instance, his lawyers have asked Judge Marcia G. Cooke of Federal District Court to dismiss the charges because of “pre-indictment delay” — Mr. Padilla was

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apprehended in May 2002 and indicted in November 2005 — because of failure to provide a speedy trial and because of "outrageous government conduct."

Judge Cooke set a hearing date for Monday to address these motions. But the government said yesterday that it would be pointless to discuss accusations of government misconduct based on Mr. Padilla's word if his competence was in question. The government vehemently denies that Mr. Padilla was mistreated in military custody.

Miami Terror Suspect Claims 'I Was Set Up' (CBS4)

CBS4, December 14, 2006

(CBS4) MIAMI A South Florida contractor arrested by the FBI along with 6 others for allegedly conspiring to commit terrorist acts is giving his side of the case from behind bars. Narseal Batiste wrote a 25-page letter to CBS4's Brian Andrews, in which he says he and his group never had terrorist intentions. Insteadm he said he and his "followers" were looking for money for their Liberty City religious organization.

The FBI tailed Batiste and his followers for months, generating hours of video surveillance as they built their case against them, saying they conspired with what they thought was a known terrorist organization to blow up federal buildings and Chicago's Sears Tower.

"I want you to know that I never had any intentions of doing a terrorist act," Batiste now says in his letter. "My group and I never had reason to harm anyone."

Batiste writes the FBI put drugs in food he and co-defendants Patrick Abraham were served by the FBI informant the night a surveillance tape was shot, on which Batiste talks about blowing up the Sears Tower. He wrote that he's simply telling the informant what he wanted to hear, just so he could get money from him for their church.

"That's why you see me playing with tissue boxes talking about blowing up the Sears Tower. I made it up right then and there," he wrote.

On the surveillance tape he is heard talkng about the Tower's weaknesses and where he would plant dynamite to take it down. He's also heard telling the informant he would need horses for an army of men to wage a war on the government in the chaos that would follow such an attack.

"If you listen to the words I was saying, it's unrealistic, such as I need horses," he wrote.

Batiste says he and his group were desperate for money, and that last September, a convenience store owner from Yemen offered assistance. He says the North Miami Beach shopkeeper, whom Batiste identifies as Abbas, teamed up with the feds to get help for his own financial and immigration problems by concocting the lies that led to Batiste and six others being arrested.

"He played like he was going to help us fix our new headquarters, because he knew our intentions were to help our community," he said in the letter. "Abbas starting talking crazy like 'I want to get Bush to stop the war in Iraq and I want to blow up something.'"

Batiste says he thought nothing of it because people can talk a lot of trash.

"Little did I know that Abbas was setting my group up to look like terrorists," he said.

"He even convinced me to play along with his conversation between him and his big brother because they said it would build a relationship tie with them and it would open the door to financial help from them."

Batiste says he went along with it. "He knew we were eager for funding and that I went into great financial stress. So he suggested I meet a rich Arab friend: His uncle from Yemen."

That "uncle" ended up being the FBI's second informant on the case, whom the government claims was passing himself off as a part of al Qaeda. Batiste identified him as Mohammed Abdul. Prosecutors have video tape of Batiste and Abdul meeting at an airport hotel, in which Abdul appears to guide the conversation toward jihad.

"As you can tell, the man doing all the talking in Mohammed Abdul," he wrote. "I was surprised he was asking the questions that he did ask."

Batiste blames the enire case on the government's first cooperating witness, the North Miami Beach convenience store owner, who was compensated for his efforts in the case both in cash and in the form of immigration assistance.

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"The Government never had any reason to investigate us. It was Abbas who planted this lie against me for the soul fact of him needing money." "The Government, desperate though to catch a terrorist, followed him and began designing a case against us with manipulation, fear, and intimidation."

Batiste agreed to an on-camera interview with Brian Andrews, but after three weeks of wrangling with the Bureau of Prisons, the interview request was denied. BOP Spokeswoman Mercedes Feliciano declined to give details as to why, referring CBS4 to Batiste's court-appointed lawyer. We left several messages for Attorney Ana Jhones, but she hasn't returned any calls we've made to her since she was assigned to handle Batiste's defense several months ago. Jhone's unsucessfully tried to get a court order to prevent CBS and WFOR from airing portions of FBI surveillance tapes Prosecutors plan to use when trial begins next September.

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Man Denies Planning Sears Tower Attack (WP/AP)

The Associated Press

The Washington Post, December 14, 2006

MIAMI -- A man accused of planning to blow up Chicago's Sears Tower and several federal buildings said he was never going to stage a terrorist attack, a statement released Wednesday said.

Narseal Batiste made the claims in a 25-page statement that his wife hand-delivered to WFOR-CBS4, reporter Brian Andrews said.

"I want you to know that I never had any intentions of doing a terrorist act," Batiste said in the handwritten document. "My group and I had never had reason to harm anyone."

Batiste and six others were arrested in June and accused of conspiring to blow up the Sears Tower and government buildings in Miami, New York, Washington and elsewhere.

Authorities have said the group's plot never got beyond the planning stage and the men didn't acquire explosives or weapons for the attack.

Batiste said he only told an FBI informant posing as an al-Qaida operative he planned to blow up the Sears Towers because that's what he thought the man wanted to hear. Batiste said he was hoping to get money from the informant so he could help his organization, which he said was called the Universal Divine Saviours.

"I made it up right then and there," Batiste said. "If you listen to the words I was saying, it's unrealistic, such as I need horses."

Batiste also blames a convenience store owner from Yemen, who he says befriended him and later teamed up with the informants, feeding them lies to help his own financial and immigration problems.

Batiste and the six others have pleaded not guilty to a four-count terrorism conspiracy indictment and face trial in March.

Telephone messages left after hours for Batiste's attorney and prosecutors were not immediately returned.

Liberty City Seven Leader Says He's Innocent Of Terror Charges (MH)

By Jay Weaver

The Miami Herald, December 14, 2006

The reputed ringleader of the Liberty City Seven -- a group of minority men busted last June on terror charges in Miami -- claims he's no terrorist.

"I want you to know that I never had any intentions of doing a terrorist act," Narseal Batiste wrote in a 26-page statement hand-delivered by his wife to WFOR-CBS4 on Wednesday.

``My group and I had never had reason to harm anyone."

Batiste, in custody at the Miami Federal Detention Center, claims his organization wanted to raise money for the homeless and help youths in the black community.

The FBI and U.S. attorney's office take a decidely different view of Batiste and his followers, who belonged to a local Moorish religious sect. Last June, they were arrested on charges of plotting to launch terrorist attacks against the United States -- including scheming to blow up the Sears Tower in Chicago and FBI buildings in five cities.

Secret FBI recordings revealed that the alleged Sears Tower scheme was Batiste's idea. "If I can put up a building," said Batiste, who worked in construction, ``then I should definitely know how to bring one down."

An FBI informant of Arabic descent, posing as an al Qaeda operative, then came up with a fictitious plot that would become the foundation of the government's terror conspiracy case against the seven men, according to court records. The informant, called "Mohammad," led Batiste and the six others in a bayat -- loyalty oath -- to al Qaeda. He pulled them in to the scheme to attack federal buildings by first asking them to provide video of the FBI field office in North Miami Beach.

Batiste, in the statement prepared for WFOR-CBS4 reporter Brian Andrews, claims the FBI and its informant were bent on ``setting us up."

Authorities have denied the accusation, which will be a key defense issue at the trial set for Sept. 4, 2007.

Authorities Probe Foreign Student Seeking Commercial Truck-Driving HAZMAT License (FoxNews.com)

By Liza Porteus

FOX News, December 13, 2006

NEW YORK — Mohammed Yusef Mullawala wanted a license to transport hazardous materials and to learn how to drive commercial tractor trailers. There was nothing unusual about that, until he told his teacher that he only wanted to learn how to drive forward, and he wanted to learn fast.

That was enough to raise a red flag with Darleen Crawford, president of the Nationwide Tractor Trailer Driving School in Smithfield, R.I., where Mullawala took driving classes.

Federal and state authorities are investigating why Mullawala was seeking a commercial trucking license after his behavior raised flags at the Rhode Island driving school. Crawford said he was also insistent on taking the test necessary to earn a license to transport hazardous materials.

Mullawala, a 28-year-old citizen of India who is of Pakistani descent, is now in federal custody in Massachusetts on immigration violation charges.

"We are still digging into his background, digging into where he lived in Rhode Island, New York and New Jersey," Major Steven O'Donnell with the Rhode Island State Police told FOXNews.com on Wednesday. "A lot of still doesn't make any sense, why he would be doing what he was doing."

(Story continues below)

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Crawford said Mullawala came to the school with a Rhode Island driver's license inquiring how to obtain a commercial driver's license within a month. It normally takes around eight weeks for a student to go through all of the required courses before he or she obtains a permit, she said.

"We've been doing this for quite a long time and a lot of things just didn't add up," Crawford said.

Crawford started documenting suspicious activity: Mullawala lived in New York City but traveled to Rhode Island for the driving classes; he missed his first day of classes; and he was very insistent on getting his hazardous material transport license.

But the fact that he only seemed interested in driving forward was the most concerning.

"We tell them from Day One, 'you will be backing up,' 'you'll be backing up every single day,'" Crawford said, adding that it normally takes two to three weeks of practice backing up before drivers get road permits and learn how to drive forward, among other things.

The situation was reminiscent of when some of the Sept. 11, 2001, hijackers told their flight-school instructor they were only interested in how to fly planes at certain altitudes, not so much how to land or take off.

"He was just really pushing to get out of here," Crawford said. "I've been doing this for 30 years so you just sort of know when something doesn't feel right."

After Mullawala took two classes, Crawford contacted Highway Watch, which had conducted an anti-terrorism and safety program at her school.

Jim Sutton, director of the Highway Watch's Information Sharing and Analysis Center, said it was the "calibrated judgment" of his five-person staff of former military, national intelligence and security officers that caused them to pass Mullawala's information on to federal authorities.

"Over a period of time, you learn that certain indicators are very valid, that they just stand out," Sutton said. "They're so anomalous to the norm that you say to yourself, 'there is something here. We need to pursue, we need to follow up.'"

In Mullawala's case, Sutton said, "there was a sense of urgency he had in finishing the course."

"Well, you don't learn those type of mechanical skills very fast," he added.

The ISAC contacted the Department of Homeland Security, which contacted Rhode Island state police.

A joint investigation was then launched by investigators from the Rhode Island State Fusion Center, the FBI's Joint Terrorism Task Force (JTTF) in Rhode Island, New York and New Jersey and the Bureau of Immigration and Customs Enforcement.

Investigators learned that when Mullawala obtained his driver's license from the Rhode Island Registry of Motor Vehicles, he gave a false statement indicating he was a Rhode Island resident. ICE then determined he was a citizen of India and in the United States on an expired temporary student visa.

On Tuesday, Mullawala went to state police headquarters thinking he was responding to another matter. He was then apprehended and turned over to ICE.

He's being held in the federal Suffolk County detention center in Boston until his immigration hearing in Boston, which is expected to be sometime within the next few weeks. He will be charged with overstaying his visa and is facing possible deportation back to India.

O'Donnell said his department, as well as the New York and New Jersey JTTFs, are investigating Mullawala's background and the residences he had in those three states.

Authorities have not yet turned up the names of any other specific individuals Mullawala may have been conspiring with.

"He didn't have family, he did have friends," O'Donnell said, adding that authorities are trying to track down people Mullawala was associated with in New York, where his most recent address is located.

That address is 161 84th Road in Jamaica, Queens, according to Rhode Island police. He also has a residence on Carpenter Street in Providence, R.I., which he apparently hasn't lived at since 2003.

Police are also studying a computer taken from one of Mullawala's residence, O'Donnell said, adding that the man apparently was a computer expert. They will look at his e-mails, as well as any Web sites he frequented. Any potential overseas connections will be handled by the FBI and DHS, O'Donnell said, although none have yet turned up.

An official at the New York JTTF office contacted by FOXNews.com said he could not comment on the status of this or any ongoing investigation.

More than 500,000 transportation workers — including school-bus drivers to mass transit workers — call in tips as part of the Highway Watch program, said spokesman John Willard. The Highway Watch ISAC vets the calls to determine which ones are substantial enough to pass on to federal authorities.

"We get a few hundred [calls] a month," Willard said. "They range from anything from 'there's a guy in his car on the side of a road' ... to 'I'm witnessing a crime' ... to 'there's this person who seems suspicious.'"

He added: "We've gotten a few of those we believe have led to very credible investigations."

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The Highway Watch ISAC was first established by DHS in March of 2004. The original Highway Watch was set up in 1998 as a safety program and run by the American Trucking Association up until 2004. It added an anti-terrorism and security training program in the spring of 2002, which almost every major trucking company in the United States is now mandating for their drivers, Willard said.

The course teaches drivers how to keep themselves safe by always keeping their trucks locked, and not keeping the vehicles running when they're not in them. It also provides various emergency contact and tipline numbers.

But it also tells people what kinds of activity to be on the alert for.

"Casing," for example, can include activities such as an individual inquiring about details, of hazardous material deliveries. There was one situation in Florida where a man was seen videotaping hazardous material dropoffs, Willard said.

"We talk to them about how a typical terrorist act is carried out," he added. "Terrorists typically don't wake up on Tuesday morning and blow something up on Tuesday afternoon. It normally goes through an extensive process of targeting, casing, etc… The first thing we do is make drivers aware of that process."

Opinion Michelle Malkin (Y)

Yahoo! News, December 14, 2006

BEWARE OF ILLEGAL ALIENS SEEKING HAZMAT LICENSES Wed Dec 13, 5:47 AM ET

What's the harm in allowing illegal aliens to have driver's licenses? After all, they're just all here innocently doing the jobs Americans won't do, right? And since they're already here, we might as well let them drive legally, right? We'll all be safer, right?

Wrong. Wrong. Wrong.

Driver's licenses are tickets into the American mainstream. They allow residents to establish an identity and foothold into their communities. They help you open bank accounts, enter secure facilities, board planes -- and drive tractor-trailers carrying hazardous materials.

But there aren't any illegal aliens out there who would use fraudulently obtained driver's licenses to threaten Americans, right? That's just xenophobic scare-mongering, right?

Wrong again.

Last week, law enforcement officials arrested an illegal alien enrolled at a Smithfield, R.I., tractor-trailer training school who was trying to obtain a commercial driver's license and permit to haul hazardous materials. Not many people paid attention. You should. Illegal alien Mohammed Yusef Mullawala, 28, of Jamaica, N.Y., had obtained driver's licenses from New York, New Jersey and Rhode Island. He was reportedly in a hurry to get a commercial driver's license and a permit to haul hazardous cargo.

Because he's just so passionate about the job, right? Yeah.

A joint investigation was initiated by investigators from the Rhode Island State Fusion Center, the Federal Bureau of Investigation Joint Terrorism Task Force in Rhode Island, New York & New Jersey, and the Bureau of Immigration and Customs Enforcement after driver's school officials became concerned about his suspicious behavior. "His behavior was consistent with terrorist-type activity," Maj. Steve O'Donnell of the Rhode Island state police told the press. "He showed no interest in learning the fine art of driving a tractor-trailer. He had no interest in learning how to back up." Sort of like learning how to steer a plane, but not take off or land.

As in several other cases since 9/11, it was alert private citizens who notified the Department of SEARCH

News | News Photos | Images | Web" /> Homeland Security of Mullawala's suspicious behavior. (They will no doubt be labeled Islamophobes and bigots by the usual grievance-mongering mob.)

And once again, it was enforcement of immigration laws that played a critical role in detaining him. Like some of the 9/11 hijackers and several al Qaeda operatives identified in the United States over the past decade, Mullawala was here on a temporary student visa that he had overstayed.

Must I remind you that the 9/11 hijackers obtained some 364 separate pieces of identification, including driver's licenses, in order to conduct their murderous business? Hijackers Hani Hanjour and Khalid Almihdhar conspired with illegal alien day laborers at a Falls Church, Va., 7-Eleven to obtain government-issued photo IDs. Three other hijackers obtained IDs at an Arlington, Va., DMV.

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Terrorist truck bombs have killed hundreds of Americans in Beirut, at the Khobar Towers, and SEARCH

News | News Photos | Images | Web" /> Iraq. For the operatives behind the wheel, a license to drive is a license to kill. Over the past two years, the SEARCH

News | News Photos | Images | Web" /> FBI has put law enforcement officials on high alert for U.S.-based operatives connected to al Qaeda who may be in possession of commercial driver's licenses and may be planning to use truck bombs.

In Boston, suspected al Qaeda agent and illegal alien Nabil al-Marabh obtained a license permitting him to drive semi-trucks containing hazardous materials, including explosives and caustic materials.

In Minneapolis, suspected al Qaeda operative Mohamad Elzahabi, who obtained a green card through a fake marriage, was able to obtain a commercial driver's license to drive a school bus and to haul hazardous materials -- despite FBI knowledge that Elzahabi had been tied to terrorism.

Earlier this year, more than 200 Somalian and Bosnian immigrants illegally obtained Missouri commercial driver's licenses or certifications to handle hazardous materials through a West Plains truck-driving school that had a contract with the state, according to federal prosecutors. In just a few short weeks, Democrats led by Nancy Pelosi -- a staunch opponent of strengthened ID laws and strict immigration enforcement -- will reassume power in Washington. An open borders-friendly White House has expressed willingness to deal with them. So we know who supports illegal alien workers and potential terrorist drivers waiting for amnesty. But who will stand up for us?

Michelle Malkin is author of "Unhinged: Exposing Liberals Gone Wild." Her e-mail address is writemalkin@gmail.com.

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THE RUMOR-MONGERING MEDIAYou will not read one of the most significant stories of the week out of Iraq on the front page of The New York Times. CNN will not make it headline news. The Associated Press has yet to touch it.

THE AMERICAN PRESS SHOULD COUNT ITS BLESSINGSIn between breathless condemnations of the Bush administration for stifling its free speech, endless court filings demanding classified and sensitive information from the military and intelligence agencies, and self-pitying media industry confabs bemoaning their hemorrhaging circulations (with the exception of the New York Post), my colleagues in the American media don't have much time to give thanks. Allow me:

» Read all the columns

About the Author

Michelle Malkin's column appears in nearly 200 papers nationwide. Her first book, "Invasion: How America Still Welcomes Terrorists, Criminals, and Other Foreign Menaces to Our Shores," was a New York Times bestseller.

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WAR NEWS:

Bush Warns He Won't Be Rushed On Plans For Iraq (LAT)

By Peter Spiegel And Julian E. Barnes

The Los Angeles Times, December 14, 2006

WASHINGTON — President Bush on Wednesday defended his decision to put off his widely anticipated shift in Iraq policy until early next year, saying he wanted his new Defense secretary to weigh in and warning he would not be rushed into making a decision on how to proceed.

As part of his review, Bush held another round of discussions with senior officials involved in Iraq planning, this time meeting the Joint Chiefs of Staff at the Pentagon, along with outgoing Defense Secretary Donald H. Rumsfeld and his successor, former CIA Director Robert M. Gates.

Although Bush declined to comment on the advice he received from the military leaders, Pentagon officials have said in recent days that top uniformed officers largely have rejected recommendations made by the Iraq Study Group to withdraw most combat forces over the next 15 months, a rejection Bush appeared to agree with.

Instead, many military commanders have voiced support for a sharp increase in troops as part of a last-ditch effort to restore order, a suggestion Bush has not rejected.

"I've heard some ideas that would lead to defeat," Bush said of his monthlong consultation process. "I reject those ideas — ideas such as leaving before the job is done, ideas such as not helping this [Iraqi] government take the necessary and hard steps to be able to do its job."

*

A surge in troops?

Speaking after the 90-minute meeting in the Joint Chiefs' secure conference room known as "the tank," Bush denied that his views amounted to a rejection of the Iraq Study Group report. But he warned that any sign of U.S. weakness in Iraq would undermine moderate Arab allies in the region and could allow extremists to control crucial oil reserves.

"If we lose our nerve, if we're not steadfast in our determination to help the Iraqi government succeed, we will be handing Iraq over to an enemy that would do us harm," Bush said.

The president's dismissal of any near-term reduction in U.S. troop strength has raised the prospect that he might embrace a surge in the number of American forces in Iraq, at least over a period of a few months.

A troop increase has been opposed by Army Gen. John P. Abizaid, commander of U.S. forces in the Middle East, but it has been embraced by a growing number of military advisors inside and outside the Pentagon, several of whom have pressed the case to Bush in recent weeks.

That group may be joined today by retired Army Gen. John Keane, an influential former vice chief of staff who met with Bush earlier in the week. Keane is to appear at the American Enterprise Institute, a conservative Washington think tank, to present a plan for a troop increase that was developed by think tank military analyst Frederick W. Kagan.

According to the think tank, other influential current and former military leaders contributed to the report, including retired Lt. Gen. David W. Barno, former commander of U.S. forces in Afghanistan. Sen. Carl Levin (D-Mich.), the incoming chairman of the Senate Armed Services Committee, continued to press Bush to begin a withdrawal to send a clear signal to the Iraqi government that U.S. troop commitment was not open-ended.

He added, however, that he did not see Bush's delay in deciding on a new way forward as a mistake.

"I'd rather the right conclusion be reached in January than the wrong conclusion be reached in December," Levin told reporters after a speech at the Brookings Institution in Washington.

Democrats have been more receptive to recommendations of the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.), which included a push to reach out to Iraq's meddlesome neighbors, Syria and Iran.

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Sen. Bill Nelson (D-Fla.), a member of the Armed Services and Foreign Relation committees, met on Wednesday with Syrian President Bashar Assad in Damascus. After the meeting, Nelson said Assad had "clearly indicated a willingness to cooperate" in securing Syria's border with Iraq, the Associated Press reported.

Bush has resisted negotiations with either country, citing their support for Iraqi insurgents and the Hezbollah militia in Lebanon.

*

Talks with Kurdish leaders

Bush on Wednesday also talked by telephone to Iraq's two most prominent Kurdish leaders, Iraqi President Jalal Talabani and Massoud Barzani, president of Iraq's Kurdish provinces, to explore the possibility of forming a coalition of moderates within the Iraqi parliament.

Administration officials have suggested such a move as a way of marginalizing Shiites loyal to radical cleric Muqtada Sadr and Sunni groups with links to the insurgency.

Advocates see the strategy as a way to free the hand of Iraqi Prime Minister Nouri Maliki, who remains reliant on Sadr's allies for his political base.

Bush appeared to support such an initiative Wednesday. "These men have been outspoken about the desire to have a moderate governing coalition, which we support," he said of his conversation with the Kurdish leaders.

U.S. and Iraqi officials have acknowledged such a plan is still under consideration, but it faces significant hurdles, including a backlash from Sadr, whose Al Mahdi army is the most formidable Shiite militia in Iraq. In addition, officials said, it could be opposed by Iraq's most influential religious leader, Grand Ayatollah Ali Sistani, who has urged all Shiite leaders to stick together.

Bush: I Won't Be Rushed On Iraq (AP)

By Jennifer Loven

AP, December 14, 2006

President Bush said Wednesday he would "not be rushed" into a decision on a strategy change for Iraq, saying that in a round of consultations he heard both some interesting ideas and some "ideas that would lead to defeat."

"And I reject those ideas," Bush said after meeting with top generals and Defense Department officials at the Pentagon. He said those ideas included "leaving before the job is done, ideas such as not helping this (Iraqi) government take the necessary and hard steps to be able to do its job."

Bush spoke with reporters after wrapping up a round of high-level talks on revising his Iraq war policy. Earlier he spoke by telephone with two Kurdish leaders in Iraq as part of what the White House called efforts to forge a "moderate bloc" behind the shaky central government in Baghdad.

Standing with the Joint Chiefs of Staff, Bush said he and the nation's top military commanders had "a very candid and fruitful discussion about how to secure this country and about how to win a war that we now find ourselves in."

Bush made it clear that "there has been a lot of violence in Iraq. The violence has been horrific."

Although the White House had initially suggested that Bush would deliver his speech on Iraq strategy before Christmas, he has decided to delay it until early next year.

Defending that decision, Bush said, "I will not be rushed into making a difficult decision ... a necessary decision."

Joined by Vice President Dick Cheney, incoming Defense Secretary Robert Gates and outgoing Defense Secretary Donald H. Rumsfeld, Bush met with the military leaders and other members of his national security team at the Pentagon, where war commanders are calling for more U.S. trainers and equipment for beleaguered Iraqi forces.

He addressed some of his remarks to members of the nation's military, including some 140,000 now stationed in Iraq. "I appreciate their sacrifices, and I want them to know I'm focused on developing a strategy that will help them achieve their mission," the president said.

"I know there is a lot of debate at home, and our troops pay attention to that debate," Bush said. Directing his remarks to the troops, he said: "It means I'm listening to a lot of advice to develop a strategy to help you succeed."

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Bush's meeting at the Pentagon lasted more than 90 minutes.

Bush said part of the reason for his putting off his speech to next year was to allow Gates to familiarize himself with the top defense job "and be part of this debate."

"At the appropriate time, I'll stand up in front of the nation and say, `here's where we're headed,'" Bush said.

Bush pledged anew to work with the Democratic-controlled Congress that convenes in January "to forge greater bipartisan consensus" on Iraq policy.

Asked by a reporter if recommendations made a week ago by the bipartisan Iraq Study Group included some of the bad advice he had cited, Bush said that his opinion of the report "hasn't changed."

"I thought it was interesting that Republicans and Democrats could work in concert to help achieve an objective," Bush said. The panel was headed by former Republican Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind.

On Tuesday, in similar discussions with field commanders, Bush heard Gen. John Abizaid, top U.S. commander in the Middle East, and Gen. George Casey, the top general in Iraq, ask the administration to pour increased funding into more armored vehicles, body armor and other critical equipment for the Iraqis, said a defense specialist familiar with the meetings. The source requested anonymity because the discussions were private.

Abizaid has told the Senate Armed Services Committee that troop levels in Iraq need to stay fairly stable and the use of military adviser teams expanded. About 140,000 U.S. troops and about 5,000 advisers are in Iraq.

The message to Bush, the defense specialist said, is that the U.S. cannot withdraw a substantial number of combat troops by early 2008, as suggested by the independent commission on Iraq, because the Iraqis will not be ready to assume control of their country.

Iraqi leaders, meanwhile, last month presented Bush with a plan for its troops to assume primary responsibility for security in Baghdad early next year and that U.S. troops be shifted to the capital's periphery, The New York Times reported on its Web site Tuesday night.

Bush already has visited this week with State Department officials to review options, hosted a few outside Iraq experts, and met with Iraq's Sunni vice president, Tariq al-Hashemi. Last week, the president held talks with the leader of the largest Shiite bloc in Iraq's parliament, Abdul-Aziz al-Hakim, and with British Prime Minister Tony Blair, the president's staunchest war ally.

On Wednesday, Bush placed calls to Iraqi President Jalal Talabani, a Kurd, and Massoud Barzani, president of the Kurdish region.

Bush's discussions across Iraq's ethnic and religious lines come as major partners in the country's governing coalition are in behind-the-scenes talks to form a new parliamentary bloc and sideline supporters of the radical Shiite cleric Muqtada al-Sadr, a vehement opponent of the U.S. military presence and the main patron of Iraqi Prime Minister Nouri al-Maliki. There is discontent in Iraq and within the Bush administration over al-Maliki's failure to rein in Shiite militias and quell raging violence.

President Bush Offers New Clues On His Plans For Iraq (MCT)

By Ron Hutcheson

McClatchy Newspapers, December 14, 2006

WASHINGTON - Acknowledging that "our enemy is far from being defeated," President Bush assured U.S. troops Wednesday that he would come up with a better plan for victory in Iraq.

"I've heard some ideas that would lead to defeat, and I reject those ideas - ideas such as leaving before the job is done," Bush said after a Pentagon briefing. "We're not going to give up. The stakes are too high and the consequences too grave to turn Iraq over to extremists."

The president's comments offered clues to his thinking as he prepares to announce a revised policy for Iraq early next month. He said he's looking for a plan that combines military action, political reconciliation, economic development and diplomatic efforts to get more help from Iraq's regional neighbors.

The resolute tone of his remarks may have delivered his clearest message: Standing with the Joint Chiefs of Staff at the Pentagon, Bush assured U.S. troops that he has no intention of leaving Iraq until they finish the job of establishing a stable democracy.

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Speaking directly to the troops, he declared his "unshakable commitment" to his goals for Iraq. "We're going to give you the tools necessary to succeed," he said, "and a strategy to help you succeed."

That was in stark contrast to the tone of the bipartisan Iraq Study Group's report, unveiled last week. Its opening words: "The situation in Iraq is grave and deteriorating."

The panel said most U.S. combat troops could be out of Iraq by early 2008, and it urged Bush to make Iraqis responsible for their security as soon as possible.

Although Bush said he found "some good ideas" in the Iraq Study Group's recommendations, his analysis differed from the panel's findings.

Bush described a fight pitting allied U.S. and Iraqi forces against "the enemy" - which he defined at one point as "terrorists and insurgents and death-squad leaders." The study group said U.S. troops face a complex mix of spreading sectarian violence between Shiite and Sunni Muslim Iraqis; anti-American insurgents; and a relatively small number of al-Qaida terrorists.

The group's report also made clear that sectarian militiamen have infiltrated Iraq's military and police units and that many soldiers and police are more loyal to radical clerics than to the central Iraqi government.

The next chairman of the Senate Armed Services Committee sided with the study group on Wednesday.

"Nothing will get the attention of the Iraqi leaders like the prospect of some American troops leaving Iraq," Sen. Carl Levin, D-Mich., said in a speech endorsing the study group's approach. "When they finally understand that our military presence in Iraq is neither permanent nor unconditional, they are far more likely to take the political steps necessary to deal with sectarian violence and to defeat the insurgency."

Levin will chair the Armed Services panel when Democrats take control of Congress next month. He favors a phased withdrawal of U.S. troops beginning in four to six months.

Bush didn't address reports that his military advisers are considering proposals to send as many as 20,000 more U.S. troops to Iraq to help train Iraqi security forces. The study group said a surge of advisers to join the 140,000 troops already in Iraq could help clear the way for withdrawal.

"I've heard interesting ideas," Bush said. "At the appropriate time, I will stand up in front of the nation and say, `Here's where we're headed.'"

The president said he's working to push Iraq's government to forge political reconciliation among the rival groups splintering the country.

"It's my job to convince the al-Maliki government to make the hard decisions necessary to move the country forward," Bush said, referring to Iraqi Prime Minister Nouri al-Maliki. "But the good news is, he agrees."

Bush said he'd placed phone calls Wednesday to two Iraqi Kurdish leaders, pressing the same goal. He said he'd continue to press friendly regional governments in Saudi Arabia, Egypt, Jordan and Turkey to use their influence on Iraq's behalf. He and his advisers have rejected the study group's recommendations for direct talks with Syria and Iran.

Bush dismissed calls for fast action on delivering a new strategy. He'd hoped to announce his plans next week but pushed back his speech until early next year. He's been consulting widely and said he wants his new secretary of defense, Robert Gates, to participate in the policy review. Gates will be sworn in on Monday.

"I will be delivering my plans after a long deliberation, after steady deliberation," the president said. "I'm not going to be rushed into a difficult decision."

Bush Consults With Pentagon On Iraq (NYT)

By David Stout

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 -- President Bush said today that he would not be “rushed” into deciding on a new course of action in Iraq, and that United States troops would not leave the country “before the job is done” and Iraq is free and stable.

“We’re not going to give up,” Mr. Bush said at the Pentagon, after discussing the Iraq situation with senior Defense Department officials and military leaders. “The stakes are too high, and the consequences too great.”

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While Mr. Bush said he and the Pentagon leaders had discussed "how to win a war that we now find ourselves in," he avoided using the term "victory" and referred instead to devising "a strategy to succeed" and an approach to help American troops in Iraq "achieve their mission."

In vowing that he would not be hurried, the president said he will announce his plans after "a long deliberation." He also sounded themes he has articulated for many months. Mr. Bush asserted, for example, that a free and stable Iraq will be an example to other countries and peoples in the Middle East and an ally of the United States in the campaign against extremists. And he said he envisioned an Iraq that is self-sustaining, self-governing and able to defend itself.

With members of the Joint Chiefs of Staff behind him, Mr. Bush said he had a message for the men and women of the United States who are in Iraq. "I'm listening to a lot of advice to develop a strategy to help you succeed," Mr. Bush said. "You have my unshakeable commitment."

He also said he was open to new ideas, including some outlined by the Iraq Study Group, which urged a change of course in Iraq.

Mr. Bush said he was confident that Iraq's Prime Minister, Kamal al-Maliki, wants his country to be politically unified, and that the great task facing his government and Washington involves a diplomatic campaign as well as a military one.

The president is to spell out a new strategy for Iraq in early January. For today, he was deliberately vague -- the better, he said, to keep getting valuable, interesting advice.

And while Mr. Bush pledged to work with the new, Democratic-controlled Congress on Iraq, he warned that to leave Iraq precipitously would be to hand that country over to "an enemy that would do us harm," an enemy whose deadliness was demonstrated on Sept. 11, 2001.

But that will only happen, he said, "if we lose our nerve, if we're not steadfast in our determination."

Joint Chiefs Advise Change In War Strategy (WP)

By Robin Wright And Ann Scott Tyson

The Washington Post, December 14, 2006

The nation's top uniformed leaders are recommending that the United States change its main military mission in Iraq from combating insurgents to supporting Iraqi troops and hunting terrorists, said sources familiar with the White House's ongoing Iraq policy review.

President Bush and Vice President Cheney met with the members of the Joint Chiefs of Staff yesterday at the Pentagon for more than an hour, and the president engaged his top military advisers on different options. The chiefs made no dramatic proposals but, at a time of intensifying national debate about how to solve the Iraq crisis, offered a pragmatic assessment of what can and cannot be done by the military, the sources said.

The chiefs do not favor adding significant numbers of troops to Iraq, said sources familiar with their thinking, but see strengthening the Iraqi army as pivotal to achieving some degree of stability. They also are pressing for a much greater U.S. effort on economic reconstruction and political reconciliation.

Sources said that Gen. George W. Casey Jr., the top U.S. commander in Iraq, is reviewing a plan to redefine the American military mission there: U.S. troops would be pulled out of Iraqi cities and consolidated at a handful of U.S. bases while day-to-day combat duty would be turned over to the Iraqi army. Casey is still considering whether to request more troops, possibly as part of an expanded training mission to help strengthen the Iraqi army.

The recommendations Casey is reviewing to overhaul the military mission were formulated by Lt. Gen. Peter W. Chiarelli, the outgoing top U.S. ground commander, officials said. The plan positions the U.S. military to be able to move swiftly to a new focus on training, one of the key recommendations from several reviews of U.S. strategy, including from the bipartisan Iraq Study Group.

Under the plan developed by Chiarelli's staff, the military would shift about half of its 15 combat brigades away from battling insurgents and sectarian violence and into training Iraqi security forces as soon as the spring of 2007, military and defense officials said. In northern and western Iraq, U.S. commanders are already moving troops out of combat missions to place them as

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advisers with lower-level Iraqi army units, Maj. Gen. William Caldwell, spokesman for the military in Iraq, said yesterday at a briefing in Baghdad.

Administration officials stressed that Bush, under pressure from Congress and the electorate to abandon the United States' open-ended commitment, has made no final decisions on how to proceed in Iraq. But the new disclosures suggest that military planning is well underway for a major change from an approach that has assigned the bulk of responsibility for security in Iraq to more than 140,000 U.S. troops.

The chiefs also want to see a new push on political and economic issues, especially employment programs, reconstruction and political reconciliation, to help quell the problems that have fueled both the Sunni insurgency and Shiite-Sunni sectarian strife, say defense officials and U.S. military officers in Iraq. A new jobs program is considered key to pulling young men from the burgeoning militias.

Pentagon chiefs think that there is no purely military solution for Iraq and that, without major progress on the political and economic fronts, the U.S. intervention is simply buying time, the sources said. They particularly want to see U.S. pressure on the government of Prime Minister Nouri al-Maliki to offer amnesty to Sunni insurgents, approve constitutional amendments promised to the Sunni minority, pass laws to ensure equitable distribution of oil revenue, and modify the ban on members of Saddam Hussein's Baath Party taking government positions.

Bush alluded to this proposition when he met briefly with reporters after his meeting at the Pentagon. "Our military cannot do this job alone," he said. "Our military needs a political strategy that is effective."

But Bush also showed no sign that he is retreating from his basic proposition that the U.S. military must be engaged in Iraq for some time. "If we lose our nerve, if we're not steadfast in our determination to help the Iraqi government succeed, we will be handing Iraq over to an enemy that would do us harm," he said, adding that he would not be "rushed" into a decision.

Bush has been intensely involved with reviewing his options on Iraq this week, meeting on Monday with officials at the State Department and talking by videoconference on Tuesday with his commanders in Iraq. One senior administration official said last night that the situation is "fluid" and described Bush as especially mindful of the need to integrate military and political strategies.

But as the sources described yesterday, the military planning in both Washington and Baghdad is far along, in some ways tracking the ideas presented last week by the Iraq Study Group, led by former secretary of state James A. Baker III and former U.S. representative Lee H. Hamilton (D-Ind.), for instance in the emphasis on reshaping the U.S. military mission to focus on training and advising.

Thousands of U.S. combat troops in Iraq would become embedded advisers with Iraqi security forces. About 4,000 U.S. troops are now serving on 11-person military training teams embedded with Iraqi forces. The new plan would add 30 troops to each team, allowing them to provide supervision and mentoring down to the level of Iraqi army companies -- a step seen as critical to bolstering Iraqi units and preventing sectarian violence.

Meanwhile, the remaining seven to eight brigades of U.S. combat forces would focus on three core missions: striking al-Qaeda, strengthening security along Iraq's borders, and protecting major highways and other routes to ensure U.S. forces freedom of movement in Iraq.

The plan would not allow for any major reduction in U.S. troops in Iraq over the next year -- nor would it call for any surge in troops, as some, such as Sen. John McCain (R-Ariz.), have advocated.

The Pentagon chiefs also are urging that any new strategy be sensitive to regional context, particularly the impact of political or military decisions. They are concerned that any decision to effectively throw U.S. support to the Shiite majority may lead Sunni governments in the region to take a more active role in supporting Sunni insurgents. But they are also concerned that a crackdown on Iraq's largest Shiite militia, the Mahdi army, may have repercussions on Iran's actions in Iraq, say officials familiar with the ongoing review.

A constant subtext in the meeting yesterday, and in the ongoing White House review, is the Joint Chiefs' growing concern about the erosion of the U.S. military's ability to deal with other crises around the world because of the heavy commitment in Iraq and the stress on troops and equipment, said officials familiar with the review. The chiefs planned to tell Bush of the significantly increased risk to readiness in the event of a new emergency, rather than push for a timeline to leave Iraq.

Staff writers Michael Abramowitz, Thomas E. Ricks and Josh White contributed to this report.

DOJ_NMG_0106213

Redeploy Troops In Iraq Soon, Brass Say (USAT)

By Tom Vanden Brook

USA Today, December 14, 2006

WASHINGTON — A proposal developed by top U.S. commanders in Iraq would significantly redeploy troops from a combat role to training and advising Iraqi forces, according to four administration officials.

The proposal, requested by Gen. George Casey, the top U.S. military official in Iraq, calls for changing the mission during the next several months, said the officials.

All requested anonymity because they are not authorized to speak publicly about the proposal.

This is "one of many plans" President Bush is considering as he weighs a new strategy for the war, said one of the officials, who works at the White House.

Bush was briefed Tuesday by Casey and Casey's boss, Central Command chief Gen. John Abizaid. Bush, who still must approve the proposal, met at the Pentagon on Wednesday with other top commanders.

Details of the redeployment proposal were provided by one official, and its general outline was confirmed by three others. Highlights include:

• Change the mission for an undetermined number of the 15 U.S. brigade combat teams currently in Iraq by March 2007. Troops in those brigades, which number about 3,000 each, would embed with Iraqi units.

The plan would dramatically increase the size of those teams from the current 12 troops per Iraqi unit.

•Redeploy the remaining combat brigades as quick-reaction forces to fight insurgents, perform border security and secure lines of communication.

•Dramatically reduce the number of U.S. operating bases. Now there are 50.

The plan depends on conditions in Iraq, including the Iraqi army's ability to run combat operations.

Some of the plan's elements resemble those proposed last week by the Iraq Study Group created by Congress. The group's recommendations included removing U.S. combat forces by early 2008; remaining troops would be embedded with Iraqi forces in a training role or serve in rapid-response teams.

Flanked by Vice President Cheney, incoming Defense Secretary Robert Gates and outgoing Defense Secretary Donald Rumsfeld, Bush said Wednesday that he would "not be rushed" into a new strategy for Iraq.

During consultations with military, political and Iraqi leaders, Bush said he heard interesting ideas and some "ideas that would lead to defeat.

"And I reject those ideas," including leaving "before the job is done" and not helping the fledgling Iraqi government, Bush said.

Iraqi Prime Minister Nouri al-Maliki has asked Bush to let Iraq take the lead in securing Baghdad next year.

Worsening conditions in Iraq leave the Pentagon two defensible options, said Stephen Biddle, a military expert at the Council on Foreign Relations. It can either increase the number of U.S. forces to provide security and protect troops training the Iraqi army or withdraw troops immediately, he said.

Adding troops would be expensive, Biddle said. Turning combat troops into trainers could embolden insurgents, he said.

Also, the Pentagon doesn't have enough special operations troops who specialize in training military forces in other countries, said Kalev Sepp, an assistant professor at the Naval Postgraduate School.

"We have to look for ways to accelerate the training of advisers," said Sepp, a former Army Special Forces officer.

"What we're looking at is a menu of bad choices," Biddle said.

War-Weary Public Wants Congress To Lead (WSJ)

By John Harwood

The Wall Street Journal, December 14, 2006

WASHINGTON -- Falling public support for the war in Iraq has weakened President Bush's political hand across the board, bolstering the clout of the new Democratic Congress as it prepares to take power.

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A new Wall Street Journal/NBC News poll1 shows Americans have grown more pessimistic after the Iraq Study Group report that the situation there has become "dire." That contributed to Mr. Bush's lowest-ever approval rating in the Journal/NBC poll -- 34% -- and turned Americans toward his Democratic adversaries. By 59% to 21%, Americans say Congress rather than Mr. Bush should take the lead in setting policy for the nation. Nearly a year ago, when Republicans controlled Congress, Americans wanted Capitol Hill to take the lead, 49% to 25% over Mr. Bush.

"For the president, Iraq is everything," says Peter Hart, the Democratic pollster who helps conduct the Journal/NBC survey. "Until he's able to do something different on Iraq, he will have little or no leverage with the general public."

IN THE POLLS

• Graphic: Bush's approval ratings across multiple polls2

• See poll results3. (Adobe Acrobat required4)

The results show "a presidency that's been whittled down to its ultimate core," adds Mr. Hart's Republican counterpart, Bill McInturff, as even three in 10 Republicans want Congress to lead on national policy. The telephone survey of 1,006 adults, conducted Dec. 8 to Dec. 11, carries a margin of error of 3.1 percentage points.

Mr. Bush's lost standing has ramifications across the political landscape. Seven in 10 say they want the new Congress to pressure the White House to begin bringing troops home within six months.

At the same time, items on the Democrats' opening agenda for Congress enjoy strong initial backing. More than seven in 10 Americans support raising the minimum wage -- on which Mr. Bush has indicated flexibility -- and forcing the federal government to negotiate lower Medicare drug prices with pharmaceuticals companies -- which Mr. Bush opposes.

The president faces a steeper challenge resisting Democratic initiatives on other economic issues. On energy, 80% favor forcing auto makers to build more fuel-efficient vehicles even if that raises prices; 59% back eliminating tax cuts for oil companies.

On trade, 61% say the U.S. government isn't being tough in economic negotiations with China. With anxiety over lost U.S. manufacturing jobs spurring protectionist moves on Capitol Hill, that underscores the political heat on Treasury Secretary Henry Paulson to deliver results in the "Strategic Economic Dialogue" that opens today in Beijing.

Americans are looking to Capitol Hill for leadership by an even wider margin than they did after Republicans captured both houses of Congress in 1994 and confronted President Clinton. To be sure, Mr. Clinton's subsequent political victories and re-election to a second term showed an embattled president can turn his fortunes around.

But for now Mr. Bush's political woes represent a burden for his party. Some 59% of Americans, for example, say they would consider service in Mr. Bush's Cabinet discomfiting in a 2008 presidential contender, outpacing the 38% who say it would make them comfortable or enthusiastic.

One positive for the president's party: Its leading 2008 candidates enjoy independent reputations. Among Republicans, the poll shows, former New York City Mayor Rudy Giuliani tops the field with 34% supporting him. Sen. John McCain of Arizona, who battled Mr. Bush in 2000 primaries and is considered more certain to run, draws 29%. Both are far ahead of other Republican aspirants including former House Speaker Newt Gingrich (10%) and departing Massachusetts Gov. Mitt Romney (8%).

Sen. Hillary Rodham Clinton of New York continues to hold a solid lead over potential 2008 Democratic candidates, with 37%. But Illinois Sen. Barack Obama, an African-American whose charisma and calls for consensus-building have created a political sensation, has moved into second place with 18%. In the process he passed both halves of the Democrats' 2004 national ticket: Vice presidential nominee John Edwards draws 14%, while Massachusetts Sen. John Kerry receives 11%.

In potential general-election matchups, Mr. McCain leads Mrs. Clinton by 47% to 43% and Mr. Obama by 43% to 38%. One encouraging note for Mr. Edwards -- eclipsed lately by Mr. Obama -- is the poll's finding that the former North Carolina senator leads Mr. McCain by 43% to 41% due to solid appeal among independents.

The Democrats' momentum from midterms elections continued this week with Ciro Rodriguez's surprise victory Tuesday over longtime Republican incumbent Henry Bonilla for a Texas U.S. House seat. That leaves Democrats with a midterm election gain of 30 seats and a 233-202 House majority.

Messrs. Hart and McInturff, the pollsters, caution that big political winners sometimes receive postelection surges of public support that dissipate. Yet a month after Election Day, deteriorating attitudes on Iraq continue to fuel calls for change.

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Just 19% of Americans now describe themselves as "more confident" the war will end successfully, and only 16% favor continued use of U.S. troops in all aspects of the war. Just one in four Americans believe there is anything more the U.S. can do to quell violence among Iraq's ethnic and religious groups; 65% say the U.S. is already doing all it can.

Americans express ambivalence about the Iraq Study Group's report itself, as 49% say they don't know enough about it. But they evince considerable support for its substantive recommendations; eight in 10 want U.S. troops either redeployed to secure bases to focus on training Iraqis, or removed from Iraq in a phased withdrawal beginning immediately.

Those findings reflect pressure on Mr. Bush to begin winding down the war as he enters the final two years of his presidency. By 3-to-1, Americans disapprove of the president's handling of the war. Similar pessimism among Americans on the subject was reported in a Washington Post-ABC News poll and a CBS News survey.

At least publicly, however, the president continues to project unwavering determination as he consults advisers inside and outside the administration on what he calls "a new way forward." After meeting at the Pentagon yesterday with senior military leaders, Mr. Bush said he has heard "ideas that would lead to defeat ... and I reject those ideas." Among them, he added, are "leaving before the job is done."

New Congress Is More Trusted Than President (WP)

By Charles Babington And Jon Cohen

The Washington Post, December 14, 2006

Americans trust Democratic lawmakers more than President Bush to handle the nation's toughest problems, including the Iraq war, and a quarter of Republicans are glad that Democrats have won control of Congress, a Washington Post-ABC News poll finds.

At the same time, however, most Americans want lawmakers and the president to work together rather than pursue separate agendas. They also have modest hopes about how much the new Congress will be able to accomplish.

The degree to which congressional leaders can sustain and capitalize on initial goodwill is questionable, because the No. 1 issue for most Americans is perhaps the most difficult for Congress and the White House: Iraq. Forty-four percent of respondents said the Iraq war is the most important problem facing the government, easily eclipsing the economy -- the top concern for 10 percent -- and health care, No. 1 for 6 percent.

Asked whether they trusted Bush or Democrats in Congress "to do a better job coping with the main problems the nation faces," 57 percent of the respondents said congressional Democrats and 31 percent said Bush. When the question was broken down to specific problems, such as Iraq, the economy, immigration and the "war on terrorism," Democrats held clear majorities over Bush. Their lead was overwhelming in the area of health care: 64 percent to Bush's 26 percent.

More than half of the respondents said it was a good thing that Congress will switch from Republican control to Democratic; 17 percent called it a bad thing and 1 in 4 said it would make no difference. Shortly after Republicans took over Congress after the 1994 election, 48 percent of Americans said the switch was a good thing.

In the poll, more than 4 in 5 Democrats said the latest change in control of Congress is good, as did 55 percent of independents. Even 23 percent of Republicans called the change a good thing.

Sharon Campbell of Norman, Okla., is among those traditional GOP voters displeased with Bush and Republican lawmakers. A fiscal conservative, Campbell, 64, said in an interview that congressional Republicans "have not been conservative. . . . Look at the debt that's piled up."

Two-thirds of those polled said Bush "should work mainly to compromise with the Democrats" in Congress rather than pursue his own agenda. Fifty-six percent said the next Congress will be able to do "not too much" or "nothing at all" in the next year; 43 percent said it will be able to accomplish a "good deal" or a "great amount."

The public gave relatively low marks to the Republican-controlled Congress that ended last week, with 37 percent saying they approved of how Congress was doing its job and 57 percent disapproving. The Washington Post-ABC News poll was conducted Dec. 7-11 by telephone among a random national sample of 1,005 adults. The margin of sampling error is three percentage points.

Iraqi PM Weighs Political Realignment (AP)

DOJ_NMG_0106216

By Hamza Hendawi And Qassim Abdul-Zahra

AP, December 14, 2006

Iraq's prime minister is weighing whether to sever his alliance with a radical Shiite cleric blamed for much of the country's sectarian violence, aides said Wednesday. But isolating Muqtada al-Sadr could lead to more deadly attacks, even if the strategy could produce a more stable administration over time.

Prime Minister Nouri al-Maliki has been meeting over the last three days with a small circle of his Dawa Party stalwarts to discuss their options, according to his aides who spoke on condition of anonymity because the subject is sensitive.

The meetings began after reports surfaced of a proposed realignment of the alliance supporting the governing coalition, the aides said.

The White House has acknowledged efforts to shore up al-Maliki's coalition but has denied that the move is aimed at replacing him, though some of his aides fear this is the goal.

"We've talked in recent days about a moderate bloc that has Sunni, Shia and Kurdish leaders," White House spokesman Tony Snow said Wednesday.

Central to that strategy is to curb the power of al-Sadr, the radical anti-American cleric who controls 30 of parliament's 275 seats, five Cabinet ministries and the Mahdi Army, Iraq's biggest and most active Shiite militia.

There has been no contact between al-Maliki and al-Sadr since word of the possible new alignment surfaced this week, the aides said.

Relations between al-Maliki and al-Sadr have strained since the Sadrists suspended their participation in parliament and the government two weeks ago to protest the prime minister's Nov. 30 meeting with Bush in Jordan.

Sticking with the Sadrists could cost al-Maliki his job, the aides said. They added that al-Maliki's supporters want to be absolutely certain he could keep the top post if he broke with al-Sadr.

Al-Maliki's only public comments on the proposed new bloc came Tuesday when he said there was no alternative to his "national unity" government.

"We are opposed to anyone who moves in that framework," said al-Maliki, whose seven months in office have been defined by a surge in violence and failure to improve services.

The bid to form the new bloc comes at a particularly bad time for al-Maliki.

The aides to the prime minister said the Sadrist boycott was undermining the government and was likely to play into the hands of the parties involved in the effort to create a new bloc.

A White House memo written by National Security Adviser Stephen Hadley after a visit to Baghdad last month cast doubts about whether al-Maliki had the capacity to control Iraq's sectarian violence and recommended that he end his alliance with al-Sadr.

A new government that excludes supporters of al-Sadr would leave the cleric's Mahdi Army militia without the protection it has enjoyed since al-Maliki came to office in May.

But it could also signal the start of a new round of fighting between the Mahdi Army and the U.S. military. The two sides fought each other for much of 2004 in Baghdad and across much of central and southern Iraq.

The clashes ended after Shiite politicians and clerics convinced the Americans that al-Sadr would be less of a threat to stability if he were brought into the political process. As sectarian violence escalated, that argument seems less persuasive.

On Tuesday, the outgoing No. 2 U.S. commander in Iraq, Lt. Gen. Peter Chiarelli, said some U.S. casualties have resulted from attacks by Shiite militias, a clear reference to the Mahdi Army.

Sadrist legislators have vowed to resist any attempt to isolate them. They did not elaborate, but al-Sadr himself has stepped up his anti-American rhetoric this week, calling on Iraqis to join in a peaceful campaign to push for a timetable for the withdrawal of all foreign troops from Iraq.

The bipartisan Iraq Study Group said Mahdi Army militiamen number about 60,000, a significant increase over previous estimates, which put its strength at about 10,000. The report, released last week, urged al-Maliki to disband the militia.

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But many Shiites believe the Mahdi Army has much greater public support than it did in 2004. In the sectarian violence engulfing Baghdad since the bombing of a major Shiite shrine in February, many of the city's Shiites look to the militia for protection against attacks by Sunni Arab militants.

"The sword of the Shiites," is the phrase some Shiites now use to refer to the militia.

The bid to form a new bloc, which is expected to exclude radical Sunnis as well, is spearheaded by senior Shiite leader Abdul-Aziz al-Hakim and Vice President Tariq al-Hashemi of the Sunni Iraqi Islamic Party. Bush met the two men in the White House separately this month.

Bush also spoke on the telephone Wednesday with Iraqi President Jalal Talabani and Massoud Barzani, leader of Iraq's autonomous Kurdish region, according to Snow, the White House spokesman. Parties led by the two men also are involved in the ongoing talks about the new bloc as well as independents.

A possible stumbling bloc in creating the new bloc, however, could come from Iraq's most influential Shiite cleric, Grand Ayatollah Ali al-Sistani. Al-Sistani has consistently urged Shiite unity since the 2003 ouster of Saddam Hussein's Sunni-led regime.

An Iraqi in regular contact with al-Sistani in the holy city of Najaf said the Iranian-born cleric will not publicly state his views on the matter until "the picture becomes clearer."

Speaking on condition of anonymity because he was not authorized to speak to the media, he suggested that al-Sistani may want to see a political shake-up, saying the cleric was "bitterly saddened" by the violence.

Iraqi Politicians Consider A Reshuffling (LAT)

By Borzou Daragahi

The Los Angeles Times, December 14, 2006

BAGHDAD — Bombs, mortar rounds and shootings left more than 40 Iraqis dead Wednesday as politicians met to discuss a possible Cabinet shake-up in an attempt to improve the government's track record on stemming violence.

The Shiite-dominated government of Prime Minister Nouri Maliki faces domestic and international pressure to secure streets and provide services. Maliki blames his government's shortcomings in part on the ministers appointed under pressure from his coalition partners. Talks between Maliki, Cabinet officials and political party leaders were underway Wednesday to reshuffle the posts.

"We're trying to strengthen the position of the prime minister," said Diya Din Fayyad, a Shiite Muslim member of parliament. "There's an agreement to change the ministries."

In Wednesday's deadliest incident of sectarian violence, an explosives-packed car blew up in a crowded bus terminal in a mostly Shiite district of eastern Baghdad, killing 10 Iraqis and injuring 25 during the morning rush hour.

Apparent Sunni insurgents killed at least five civilians and injured 13 in two other explosions set off in New Baghdad, another mostly Shiite neighborhood of the capital.

Gunmen kidnapped a ranking advisor to the Shiite-dominated Ministry of Transportation in eastern Baghdad.

Suspected Shiite militants also struck at Sunnis. An Interior Ministry official reported the discovery of at least 21 unidentified bodies in and around the capital. Most had been shot multiple times, and several showed signs of torture.

Mortar rounds struck a neighborhood of mostly Palestinian immigrants in eastern Baghdad, killing one person and injuring six. The Sunni Arab Palestinians, favored under the regime of Saddam Hussein, are at times targeted by armed Shiite groups.

Mortar rounds also struck a government building near the southern city of Hillah, killing at least one civilian and injuring two.

Violence also erupted Wednesday in the northern oil city of Kirkuk, claimed by Iraq's Kurds, Arabs and Turkmens.

A pair of suicide bombers rammed into the entrance of an Iraqi army base near the city, killing at least two soldiers and injuring eight.

Roadside bombs in Kirkuk killed a police officer and a woman. An Iraqi explosives expert also died in Kirkuk when a bomb he was trying to dismantle exploded.

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Police also discovered the body of an unidentified man, shot multiple times and bearing signs of torture in the style of killing often associated with sectarian death squads in the capital.

Showdown Highlights Cleric's Tenuous Grip On Power (MCT)

By Hannah Allam And Laith Hammoudi

McClatchy Newspapers, December 13, 2006

BAGHDAD, Iraq - The day seemed tranquil at Muqtada al-Sadr's headquarters for western Baghdad. Pigeons flew overhead, swooping down to perch on palm trees that dotted the courtyard. Uniformed Iraqi policemen and soldiers sipped tea with rugged militiamen or exchanged customary kisses with black-turbaned clerics. Women came to plead for assistance.

But calm is always fleeting in Baghdad. At midday, about 50 gunmen stormed the courtyard and ordered everyone inside to stay put and to stay silent.

Sadr's Mahdi Army militiamen responded immediately, drawing automatic rifles and pistols from under their winter coats and gathering in a cluster to face the unidentified gunmen. The assailants closed ranks, brandishing shiny revolvers and battered machine guns.

The groups walked toward each other as if in a high-noon duel. A voice from the crowd called for blessings in the name of Islam's Prophet Muhammad. Sadr's soldiers began to shout age-old prayers for the prophet and his descendants, then added the Sadr camp's innovation: "Bring salvation soon, and damn their enemies!"

With the air filled with the clicking sound of weapons being prepared, visiting McClatchy journalists fled.

The sudden intrusion of the gunmen into one of Sadr's most secure strongholds exposed a paradox that dogs the Sadr movement and contributes to the daily bloodletting here: The Mahdi Army is growing larger and more sophisticated, with politicians in the government and a vast social services network that serves thousands of poor Shiites, but the anarchy of the streets makes it hard for the militia's commanders to rein in their men, much less prevent attacks from rival factions.

Even as Sadr presses for more land and power, his grasp over Baghdad remains tenuous.

Just moments before, Hazem al Araji, 37, a senior Sadr aide and head of the office, had extolled the transformation of Sadr's movement. Now, gunmen of unknown provenance were threatening his office.

Araji came to the office in the summer of 2003, when he was fresh from exile in Canada. The one-story stucco building in Kadhemiya was a Shiite seminary where baby-faced clerics-in-training dashed out between philosophy classes for falafel sandwiches.

On warm summer days, students in white robes sat under the palm trees in the serene courtyard. They idly flipped through the pages of their Qurans or sat frozen in thought as their fingers worked prayer beads. Sadr's supporters struggled to recruit members to the fledgling Mahdi Army, posting leaflets on the seminary walls. Visitors came and went as they pleased.

These days, the safest route to Sadr's west Baghdad office runs through an obstacle course of both legal and dubious checkpoints in an area known for kidnappings and car bombings.

On Tuesday, there were eight: The first was an imposing roadblock manned by Iraqi army soldiers in camouflage. The next four were guarded by Iraqi police in mismatched uniforms. Then came a couple of apparent militiamen standing in the street with guns, and next, a vehicle search by more plainclothes sentries. Finally, another batch of unidentified guards stopped pedestrians at a coil of razor wire to peer into women's bags and pat down men for weapons.

Gone are the peaceful seminary days. In their place, men in long overcoats hover, casting steely glares on anyone who enters the compound. The courtyard brims with new faces and dialects. Some were distraught Iraqis seeking financial or security help; others were militiamen or workers from Sadr's social programs.

A large poster hung on the wall showing Sadr, the firebrand cleric-turned-commander, alongside fellow Shiite Muslim leader Hassan Nasrallah, head of Lebanon's Hezbollah. Sadr stood on an American flag; Nasrallah on an Israeli one. The caption read: "Their arrogance is under your feet."

An elderly blue-eyed woman shuffled in and beseeched Sadr's representatives for medical assistance for her three sons. Two of them had been shot by U.S. troops, she said, and the third had fallen off a motorcycle while fighting Sunni gunmen.

"Are they in the imam's army?" a tall, stern man asked.

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"Yes, they all are," the woman replied.

"OK, just give me their names and papers and we'll sponsor them," he said.

Araji's story illustrates the history of the Sadr movement. A devotee of Sadr's father, a prominent Iraqi ayatollah, Araji fled Iraq in 1999 after Sadr's father was killed. He returned after Saddam Hussein was deposed, but was detained twice by U.S. forces after the Mahdi Army fought two bitter uprisings against the Americans in 2004. He was out of prison last year, and his wife and four children have joined him from Canada.

During the summer's Israeli-Hezbollah war, it was Araji who led Sadr's solidarity demonstrations in Baghdad, which turned out tens of thousands. He praised Hezbollah's response to its constituents and drew comparisons with the Mahdi Army's recent activities.

"If we talk about the word militia, the Mahdi Army doesn't fit the description. We are a group of people with a belief," said Araji, now national director of Sadr's social programs and a local militia commander. "We call it an army, but it's not just an army of gunmen. We protect our neighborhoods and provide services for our people."

Araji said he'd visited Lebanon and Iran recently to check on the welfare of Iraqis in prisons and refugee camps. When asked whether he'd met with Hezbollah chief Nasrallah in Lebanon, he smiled, shook his head and steered the conversation back to his two trips to Iran. On those jaunts, he evaluated the needs of 90,000 Iraqis in exile.

At home, he said, his time is consumed with the displacement of tens of thousands of Iraqis in what he called "one of the biggest crises in modern history."

When told that Sunni Web sites accused him of fielding death squads, Araji scoffed.

"Let them bring proof," he said. "We still have many Sunni families in Kadhemiya. No one has been displaced here, but in the hot spots of Karkh, of course, there are problems. It's the same for Sunnis and Shiites." Karkh is how residents of Baghdad refer to the largely Sunni side of the city that lies west of the Tigris River.

Araji said the government had failed so miserably in providing basic services that his office petitioned the local council six months ago to take over the distribution of cooking gas and other supplies. Now, he said with pride, the Mahdi Army delivers gas and kerosene to families throughout Kadhemiya and other heavily Shiite districts.

Funding for the projects, he said, comes mainly from 2,000 donation boxes throughout Iraq that are stuffed with cash every week after Friday prayers.

"It's a weak government," he said. "They're supposed to do this, but we do it."

Araji said the Mahdi Army doesn't seek to replace the Iraqi government, but that it's obligated to step in until elected officials show results.

He searched for an answer to why Sunnis and Shiites are now at odds. He was reminded that in 2004, Sunni fighters from Fallujah were welcomed into the Mahdi Army and Sadr-allied clerics met frequently with their militant Sunni counterparts in the Muslim Scholars Association. So what happened?

"I ask myself this same question," Araji said with a sigh. "We still have some connections with them, but it's not like before." He blamed the United States and neighboring countries for sowing sectarianism.

"Sectarianism has grown so much in Iraq that we've started to lose trust between the groups," he said.

An aide ducked into the room with urgency. He kneeled before Araji and whispered something in his ear. Araji's eyes widened, he apologetically cut short the interview and ushered his guests back into the courtyard.

Five minutes later, the gunmen arrived. Araji's black turban was lost in a tangle of uniformed and plainclothes gunmen, the swish of black robes as women ran for cover, and the glint of sunshine on weapons.

In a phone call later that night, he dismissed the showdown as "a tribal matter" and emphasized that no one was injured. Kadhemiya was still safe.

"It was a private matter," he said, and offered no further explanation.

An audio feed of the confrontation at the Sadr office is available at http://www.realcities.com/multimedia/nationalchannel/news/121206_iraq/index.htm

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US Denies Saudis Threatened To Back Iraqi Sunnis (AFP)

AFP, December 14, 2006

The United States denied Saudi Arabia had warned it would financially back Iraq's Sunni community against the Shiite majority, if American troops were withdrawn.

The latest in a series of veiled cautions apparently emanating from well-placed Saudi sources appeared in a New York Times report, as President George W. Bush mulled a long-awaited change of US strategy in Iraq.

State Department spokesman Sean McCormack said such reports ran counter to stated Saudi policy, which he said was aimed at securing the territorial integrity of Iraq and national reconciliation.

"That has been their position; remains their position, because they believe that is in their national interest, and is not done out of charity," McCormack said.

"That's the tone and tenor of our conversations that's been conveyed from lower-level officials up to senior officials. That's what they've told us in private."

The New York Times, citing US and Arab diplomats, reported Tuesday that King Abdullah of Saudi Arabia delivered the warning to Vice President Dick Cheney in Riyadh two weeks ago.

"Its a hypothetical situation, and wed work hard to avoid such a structure," one Arab diplomat in Washington told the Times.

"If things become so bad in Iraq, like an ethnic cleansing, we will feel we are pulled into the war," the diplomat was quoted as saying.

CNN meanwhile quoted an unnamed senior US official as saying the King read Cheney the "riot act" and expressed growing concern over Iraq's deterioration.

White House spokesman Tony Snow refused to detail the content of Cheney's private conversations, but said the reports were "not something that has been described to me as something that is consistent with the conversations."

There was no immediate comment from Saudi Arabia's embassy in Washington.

The reports fuelled speculation about a possible proxy war in Iraq in the event of a US withdrawal, between Saudi-backed Sunnis and Iran-backed Shiites.

Observers here say that Saudi Arabia has largely held to a promise to the United States to desist support for Sunni brethren in Iraq while US troops are victims of a Sunni insurgency and in the crossfire of sectarian violence.

The latest intrigue in Saudi-US relations came as mystery still cloaked the sudden resignation and flight from Washington of Saudi ambassador Prince Turki al-Faisal.

The ambassador left after only 15 months on the job, saying his decision was made for personal reasons, but a flurry of speculation pointed to possible Saudi power struggles or the possibility of him being promoted to foreign minister.

Saudi Royal Family, Gov't Split On Iraq (AP)

By Salah Nasrawi

AP, December 14, 2006

Saudi Arabia's royal family and government leaders are deeply divided over how to handle the growing crisis in Iraq and other looming Mideast problems like Iran, with some favoring strong aid to fellow Sunnis and others more cautious.

The split played a key role in this week's abrupt resignation of the Saudi ambassador to Washington. It also could hurt U.S. efforts to forge a new overall strategy to calm Iraq.

More broadly, the internal dispute shows how Arab countries like Saudi Arabia, long key partners in U.S. efforts to stabilize the Middle East, are struggling to decide how to proceed as Iraq boils over and Iran gains influence.

The tension in the region is straining Saudi relations with the United States, despite both countries' assertions that all is fine.

The resignation of Prince Turki al-Faisal, after just 15 months as ambassador to Washington, for example, came after Saudi officials concluded he was not succeeding at building strong ties with the United States, a Saudi official said Wednesday.

"Many in the royal family concluded that if he stayed longer, things might even get worse," said the official, who has close working ties with the Saudi Foreign Ministry but spoke on condition of anonymity because of the issue's sensitivity.

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The Saudis had no official comment, and the White House merely wished Turki well. Turki himself could not be reached for comment.

But Iraq was clearly central to the dispute.

Turki last week fired a Saudi security consultant, Nawaf Obaid, after Obaid wrote in The Washington Post that "one of the first consequences" of any American troop pullout from Iraq would "be massive Saudi intervention" in Iraq "to stop Iranian-backed Shiite militias from butchering Iraqi Sunnis."

Saudi Arabia denied that Obaid was speaking on its behalf.

But The Associated Press reported last week that Saudi private citizens are sending millions of dollars to Sunni insurgents in Iraq, much of it used to buy weapons, because they worry about Iranian influence in Shiite-led Iraq.

Iraqi officials have said they believe some members of the Saudi royal family are either involved in that flow of money or turning a blind eye — a charge Saudi Arabia strongly denies.

The Saudis and the United States also denied a Wednesday report in The New York Times that the Saudi king told Vice President Dick Cheney the kingdom might provide financial aid to Iraqi Sunnis if the U.S. pulls troops out of Iraq.

"That's not Saudi government policy," White House spokesman Tony Snow said. He added that the Saudis, however, were "rightly concerned about the adventurism of Iranians in Iraq, and we share that concern."

The United States has been pushing Saudi Arabia to persuade Sunnis in Iraq to leave the insurgency and join with Shiites in political efforts — an effort the Saudi government has said it is undertaking.

But the royal family has been sharply divided over what strategy to adopt toward Iraq, said two Saudis with close ties to the government, speaking anonymously because internal royal deliberations are highly sensitive. Some favor robust support of fellow Sunnis inside Iraq, while others urge caution.

The bottom line has been power struggles and indecision about the best course, both said.

"They have an obsession that Shiites and Iran will control Iraq, but they do not know how to stop that," said one Saudi. The other described what he called total confusion within the government over the best course.

On Monday, 30 prominent Saudi clerics called on Sunni Muslims around the Middle East to support Sunnis in Iraq against Shiites and praised the insurgency. The clerics warned that Shiite Muslims were taking control of Iraq in a conspiracy with "crusaders" — a reference to Westerners — to marginalize Sunnis.

Many of the clerics are known to have close connections with top royal family members and receive generous donations from them.

Saudi Arabia is also increasingly worried by events elsewhere in the region including Lebanon and Iran and there is tension with the United States over the Palestinian issue.

Despite all that, Saudi and U.S. ties have long endured and "Saudi diplomacy is very much active," said Saudi political analyst Fahad al-Harithi. It looks to the contrary, he said, only "because the smoke is billowing high in the area, and hides this reality."

At Least 55 Die In More Iraqi Violence (AP)

By Thomas Wagner, Associated Press Writer

AP, December 14, 2006

A new round of car bombings and other violence struck Iraq on Wednesday, with 55 people killed or found dead as the Iraqi government unveiled a plan to assume responsibility for security in Baghdad by early next year.

The relentless attacks indicate how hard it may be for the Iraqis to replace U.S. forces in the capital, and President Bush said he would "not be rushed" into a decision on a strategy change for Iraq.

The scope of the problem was clear Wednesday, from the first bombing at a bus stop during morning rush hour through the announcement at 9 p.m. that the tortured, bullet-ridden bodies of 21 kidnap victims had been found on the streets of the capital.

"If you take Baghdad, it's unacceptable levels of violence here right now. We have got to bring it down," said Maj. Gen. William Caldwell, the top American military spokesman in Iraq.

DOJ_NMG_0106222

The violence came ahead of a national reconciliation conference scheduled for Saturday. The gathering is aimed at rallying ethnic, religious and political groups around a common strategy for handling Iraq's problems.

At least 17 people were killed Wednesday in car bombings against Shiite and Sunni targets in Baghdad.

The first major attack happened at 8:45 a.m., when a car bomb exploded near a Shiite mosque in the Kamaliyah neighborhood, killing at least 11 civilians, wounding 27 and heavily damaging shops and cars, authorities said. They said the mosque was not damaged.

"A Volkswagen car exploded right near the bus stop, hitting a group of people, including women and children who were waiting to take a bus to a fruit and vegetable market," said one witness, Abu Haider al-Kaabi.

Two other car bombs exploded in the mostly Shiite area of New Baghdad, killing four people and wounding 14. Another car bomb struck the largely Sunni area of Yarmouk, killing two people and wounding three.

North of Baghdad, seven tortured bodies were found in Mosul, two people were killed by roadside bombs in Kirkuk and men with explosives destroyed a small, empty Shiite shrine in Baqouba, security forces said. Two suicide car bombs also struck the headquarters of the Iraqi army's 2nd Battalion near Kirkuk, killing four soldiers and wounding 10.

South of the capital, three roadside bombings missed a police patrol, killing one civilian and wounding one in Musayyib; and gunmen killed a nine-member Shiite family in an attack on their house in Hasna village.

The U.S. maintains about 140,000 troops in Iraq, and Bush is considering a change of strategy in the country, including Baghdad, where stepped-up efforts to curtail sectarian violence failed this summer.

For several months, U.S. and Iraqi officials have been talking about proposals to transfer responsibility of security in cities from American forces to newly trained Iraqi police and soldiers.

Caldwell said Wednesday that the top two U.S. officials in Iraq and the Iraqi leadership were discussing a plan for Iraqi troops to assume primary responsibility for security in the capital.

"Obviously we all believe that to find solutions for the Iraqi problems it's going to take Iraqi solutions," Caldwell said. "And so that's in fact what they've done, they've drawn up a plan."

Caldwell acknowledged the difficulties in restoring calm in Baghdad and said the solution was for Iraqi politicians to overcome their differences.

But he stressed that the emphasis was on increasing transition teams and said the U.S. would provide enough troops to ensure that Iraq's Shiite-dominated security forces protect all sides.

"I mean, that's another set of eyes that the Iraqi leadership can count on to ensure that their security forces are performing in a nonsectarian manner out there on the street," he told reporters.

The New York Times first reported the plan Wednesday, citing Iraqi National Security Adviser Mouwafak al-Rubaie as saying it called for pulling back most American troops from central Baghdad and redefining their mission so they concentrate primarily on fighting al-Qaida and Sunni extremists.

A close aide to Prime Minister Nouri al-Maliki told The Associated Press that the proposal for the Iraqi army to take over security in Baghdad and other cities was first proposed to Bush by al-Maliki at their Nov. 30 summit.

"I can tell you that by next June, our forces will take over the security of the country," al-Maliki was quoted as saying then.

This plan was drafted by a joint committee made up of Gen. George Casey, the top U.S. commander in Iraq; U.S. Ambassador Zalmay Khalilzad; and Iraq's defense and interior ministers and its national security adviser, the aide said. He spoke on condition of anonymity because he was disclosing information that has not been officially released.

Ten Iraqi divisions are prepared to take over from the Americans across Baghdad and elsewhere in Iraq by March 2007, under the supervision of the multinational forces, according to the aide, who attended the meeting between al-Maliki and Bush.

By the end of June, Iraqis will take over security for all provinces and coalition forces will move outside cities, the aide said. By that time, the aide added, al-Maliki will have the right to redeploy these Iraqi forces.

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AP writers Qassim Abdul-Zahra, Sameer N. Yacoub, Qais al-Bashir and Sinan Salaheddin contributed to this report in Baghdad.

DOJ_NMG_0106223

Car Bombings In Baghdad Kill 15 In Crowded Shiite Area Markets (NYT)

By Kirk Semple

The New York Times, December 14, 2006

BAGHDAD, Dec. 13 — Car bombs exploded in crowded street markets in two predominantly Shiite neighborhoods of eastern Baghdad on Wednesday, killing at least 15 people and wounding at least 35, Iraqi and American officials said.

The deadliest attack, in the working-class district of Kamaliya, killed at least 10 people and wounded 25, scattering bodies and reducing several cars and a row of market stalls to charred, smoldering husks, officials said.

Several hours later, two car bombs exploded almost simultaneously on a busy street in the nearby neighborhood of Baghdad al Jedida, killing at least five people and wounding at least 10, an official at the Interior Ministry said. Car bombs are a hallmark of the Sunni Arab-led insurgency and are frequently detonated in places where Shiites congregate, seemingly with the intent of inflicting the most casualties possible, fomenting sectarian violence and further destabilizing the Shiite-dominated government.

Dozens of other Iraqis were killed across Iraq on Wednesday, according to police and military reports shared with the news media.

Two suicide car bombers detonated their vehicles at the gate of an Iraqi Army regiment responsible for protecting Iraq's oil pipelines, said Col. Abdul Sattar al-Jibouri, a police commander in Kirkuk. Seven Iraqi soldiers were killed and 14 others were wounded in that attack, he said.

A group of gunmen killed nine Shiites, all from the same family, in the town of Hasna, a police official in the nearby city of Kut said. An adviser at the Transportation Ministry was kidnapped by gunmen near the ministry's headquarters in Baghdad, the Interior Ministry official said, and at least 21 bodies were recovered around Baghdad, all with gunshots to the head and signs of torture.

Four mortar shells hit an apartment block popular with Palestinians in the eastern neighborhood of Baladiat, killing one Palestinian and wounding six, the Interior Ministry official said.

Palestinians in Iraq, a population now concentrated in Baghdad, have been frequent victims of the Shiite militias this year. They carry the twin stigmas of being Sunni Arabs and of having enjoyed privileges under Saddam Hussein who, as part of his campaign to fashion himself into a Pan-Arab leader, was solicitous of their support. The housing complex that was attacked was created by the Baath Party for Palestinians who fled to Iraq following the creation of Israel in 1948.

Scattered Attacks Kill At Least 34 In Baghdad (WP)

By Nancy Trejos

The Washington Post, December 14, 2006

BAGHDAD, Dec. 13 -- Car bombings and other attacks across the capital on Wednesday killed at least 34 people, as U.S. and Iraqi leaders said they would step up efforts to give Iraqi forces more control of the country's security.

The deadliest blast targeted a group of men waiting for temporary work in the mostly Shiite Kamaliya neighborhood of southeast Baghdad. It killed eight day laborers and injured 13, including three police officers, said Lt. Col. Muhsin Saeed, an Interior Ministry official. The day before, a car bomb killed 70 day laborers and injured more than 230 about a mile from the fortified Green Zone.

The spate of car bombings came as Iraqi Prime Minister Nouri al-Maliki, under pressure to stop sectarian warfare and attacks by insurgents, promised greater security. In a meeting in Baghdad with a U.S. congressional delegation headed by Sen. John McCain (R-Ariz.), Maliki said Iraqi troops should be given control of the country's security as soon as possible, his office said.

Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, told reporters that the U.S. military was just as eager to transfer authority to Iraqi forces. He also said that Maliki would increase his forces by about 40,000, to 355,000.

In a searing indictment of U.S. war strategy in Iraq, a bipartisan panel co-chaired by former secretary of state James A. Baker III called for the pullout of most American troops by 2008. In order for that to happen, the panel said, U.S. forces would have to switch from a focus on combat to the training and advising of Iraqi troops and police officers.

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Caldwell said more American troops would be embedded with Iraqi forces as advisers and trainers. Iraqis "need forces that can run complex operations against terrorist and criminal elements, and the best way for Iraqi security forces to enhance these capabilities is through the mentorship and partnership of our coalition transition teams," Caldwell said.

Events on Wednesday underscored the complexity of problems that Iraqi forces may someday face on their own.

In the mixed New Baghdad district in the southwest part of the capital, two car bombs exploded simultaneously, killing 12 people, including two police officers, and wounding 13, among them three policemen, said an Interior Ministry official who refused to be identified further because he is not authorized to speak publicly.

The U.S. military said that two explosions occurred on a street near the Sunni al-Samouri mosque in New Baghdad, but that there was no damage. The military did not say whether there were casualties.

Earlier in the day, the military said, a car bomb was detonated across the street from the Shiite Kamaliya mosque in New Baghdad. The military did not disclose any casualty figures.

Police officers also fell victim to roadside bombs. One exploded at the Amil-Bayya intersection in west Baghdad, killing three people, including a policeman, and injuring five others, an Interior Ministry official said.

Another roadside bomb targeting a police patrol in the Illam neighborhood in southwest Baghdad killed two police officers and wounded three, the official said.

Armed men killed three members of one family when they blew up a house in the mostly Shiite neighborhood of Dora in south Baghdad, the official said. In a separate incident, armed men fired on a car in the mostly Sunni Adel neighborhood in west Baghdad, killing five passengers.

A mortar shell killed one person and wounded six when it fell in the Baladiat district of east Baghdad, Interior Ministry spokesman Abdul Kareem al-Kinani said.

Relatives and friends buried an AP Television News cameraman on Wednesday, a day after he was killed by insurgents while covering clashes in northern Iraq, the Associated Press reported.

Aswan Ahmed Lutfallah, 35, was having his car repaired in the eastern part of Mosul when insurgents and police began fighting nearby and he rushed to cover the clash.

Insurgents spotted him filming and shot him, police Brig. Abdul-Karim Ahmed Khalaf said.

Special correspondent Waleed Saffar and other Washington Post staff in Iraq contributed to this report.

Fla. Senator Defies Bush, Visits Syria (AP)

By Anne Plummer Flaherty

AP, December 14, 2006

In a direct affront to the Bush administration, a Democratic senator spent an hour Wednesday with Syrian President Bashar Assad in Damascus, emerging from the meeting to say Assad was willing to help control the Iraq-Syrian border.

Sen. Bill Nelson of Florida, a member of the Armed Services and Foreign Relations committees, met with Assad after the State Department said that it disapproved of his trip. The United States has limited diplomatic ties with Syria because of its support of Hezbollah and Hamas, which the U.S. deems terrorist organizations, and President Bush has expressed reluctance to seek help from Damascus on Iraq until the Syrians curb that support and reduce their influence in Lebanon.

"Assad clearly indicated the willingness to cooperate with the Americans and or the Iraqi army to be part of a solution" in Iraq, Nelson told reporters in a conference call following the meeting. The U.S. says foreign fighters often enter Iraq across that boundary.

Syrian officials have indicated a willingness before to engage the U.S. in discussions about Iraq, which the Bush administration has treated with skepticism. Nelson said he viewed Assad's remarks as "a crack in the door for discussions to continue. I approach this with realism not optimism."

Nelson said he reported the information to embassy officials and will brief his congressional committees on the trip. Also expected to visit Syria is Sens. John Kerry, D-Mass., Christopher Dodd, D-Conn., and Arlen Specter, R-Pa..

"We don't think that members of Congress ought to be going there," White House press secretary Tony Snow said, adding that the United States continues to denounce Syria's meddling in Lebanon and its ties to terrorist groups.

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Snow noted the existing diplomatic ties between U.S. and Syria. "I think it's a real stretch to think the Syrians don't know where we stand or what we think," he said.

The diplomatic push from Congress comes on the heels of a recommendation by a bipartisan panel that the U.S. engage Iran and Syria on the war in Iraq. Bush has remained cool to the proposal by the Iraq Study Group, which was led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind.

Nelson said he ultimately received logistical support from the State Department in what he called a "fact-finding trip" across the Middle East, being transported by embassy officials from Jordan's capital city of Amman to Damascus. Prior to heading to Damascus, Nelson met with top Israeli and Palestinian officials; in coming days, he plans to visit Qatar, Saudi Arabia, Bahrain and Iraq.

Nelson said he was not interested visiting Iran "at this time" and did not say why.

However, the senator did say that he raised the issue of a nuclear-armed Iran to Assad, saying "he ought to understand that that's not only a threat to him, Syria, but to the entire world. . . . He took note," Nelson said.

The senator said he also expressed to the Syrian leader the problems caused by Hezbollah and Hamas and urged Assad to support the release of captured Israeli soldiers. Nelson said the Syrian president responded by saying Israel had 20 Syrians in captivity, one of whom died recently from leukemia.

The senator shrugged off suggestions he was challenging Bush's authority by sidestepping administration policy that the U.S. have no contact with Syrian officials.

"I have a constitutional role as a member of Congress," Nelson said.

Meanwhile, Bush criticized Damascus anew and called on it to free all political prisoners.

In a statement, the president expressed support for the Syrian people, and said they "deserve a government whose legitimacy is grounded in the consent of the people, not brute force."

The U.S.-backed government in Lebanon led by Prime Minister Fuad Saniora is being challenged by the Hezbollah-led, pro-Syrian opposition. Bush said Syria should disclose the fate of the many missing Lebanese citizens who disappeared following their arrest in Lebanon during decades of Syrian military occupation.

"The Syrian regime should immediately free all political prisoners, including Aref Dalila, Michel Kilo, Anwar al-Bunni, Mahmoud Issa, and Kamal Labwani," Bush said. "I am deeply troubled by reports that some ailing political prisoners are denied health care while others are held in cells with violent criminals."

Florida Senator Meets With The President Of Syria (MCT)

By Lesley Clark

McClatchy Newspapers, December 14, 2006

WASHINGTON - Defying the Bush administration, Democratic Sen. Bill Nelson of Florida met Wednesday in Damascus with Syrian President Bashar Assad, saying after the meeting that he believed that there was a "crack in the door" to continue discussions with Syria on curbing the violence in neighboring Iraq.

Midway through the Florida Democrat's conference call with reporters, however, the White House issued a statement denouncing the Syrian government's human rights record and calling on it to "immediately free all political prisoners."

"Syrians deserve a government whose legitimacy is grounded in the consent of the people, not brute force," the statement from President Bush said.

The White House has expressed reluctance about diplomatic outreach to Syria because of the country's role in Lebanon, where it's suspected in several political assassinations, and its support of the militant Islamist groups Hezbollah and Hamas, which the United States has designated as terrorist organizations.

The administration said the statement on Syria's human rights was unrelated to Nelson's visit, but White House spokesman Tony Snow said the administration didn't "think that members of Congress ought to be going there." He said the White House had opposed Syria's involvement in Lebanon and noted that "it's a real stretch to think the Syrians don't know where we stand or what we think."

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Nelson, a member of the Foreign Relations and Armed Services committees and an incoming member of the Senate Intelligence Committee, acknowledged that the State Department wasn't happy with his decision to meet with the Syrian president to discuss whether the country could help the United States find a way out of Iraq.

Nelson said that in the aftermath of the Iraq Study Group's recommendation for a stepped-up diplomatic effort involving Syria and Iran, "it was obvious that we were going to have contacts."

"Remember what the goal was," Nelson said. "The goal is to stabilize Iraq. I felt like that that was a nonstarter for them to say that I should ignore the (Iraq Study Group) report."

Nelson rejected suggestions that he was rebuffing Bush, saying he had a "constitutional role as a member of Congress. . . . I am on a fact-finding trip throughout the Middle East."

Nelson noted that other senators - John Kerry, D-Mass., Christopher Dodd, D-Conn., and Arlen Spector, R-Pa. - are expected to follow him and that the State Department eventually supported his visit. Personnel from the U.S. embassies in Jordan and Damascus escorted him.

Nelson said Assad agreed that Syria and the United States had "a common interest to stabilize Iraq" and that Assad "clearly indicated the willingness to cooperate" with the U.S. or the Iraqi army to secure Iraq's border with Syria.

"He has a refugee problem," Nelson said of the hundreds of thousands of Iraqis who've crossed into Syria, fleeing the violence in their homeland.

The two met for about an hour in the presidential palace in a meeting that Nelson described as "cordial."

Nelson said Assad made no specific request of the United States, but that they had a "sharp disagreement of opinion" over Hezbollah and Hamas. Nelson said he made it clear to Assad that the United States wouldn't ease the pressure on Syria to stop backing the groups.

The senator said he'd urged Assad to support the release of Israeli soldiers whom Hezbollah had kidnapped, but that Assad had responded by noting that Israel is holding 20 Syrians, one of whom recently died of leukemia.

Nelson also said he'd told Assad that he planned to go to Beirut on Thursday to meet with Lebanese Prime Minister Fuad Saniora, whose government Syria's ally Hezbollah is trying to unseat.

The senator said he was "not interested in going to Iran" but that he did raise with Assad the specter of a "nuclear-ized" Iran.

"He ought to understand that that's not only a threat to him, Syria, but to the entire world," Nelson said.

The senator's trip includes stops in Israel, Palestinian areas, Jordan, Qatar, Saudi Arabia, Kuwait and Iraq. He said he planned to report his findings to the State Department and the Senate Armed Services, Foreign Relations and Intelligence committees.

Nelson noted that he spoke earlier with Israeli Prime Minister Ehud Olmert, who's rejected opening peace talks with Syria.

Olmert "said that he preferred that I not go, but knowing that I was going that he knew I had the interests of Israel at heart," Nelson said.

Bush Won't 'Be Rushed' On Iraq (WT)

By Stephen Dinan

The Washington Times, December 14, 2006

President Bush yesterday said he is "not going to be rushed" into making changes in Iraq.

After meeting with civilian and uniformed military leaders at the Pentagon, the president, in combative language similar to his rhetoric during the recent congressional campaign, said some of the ideas being floated in Washington could cause the U.S. to lose the battle for Iraq.

"I've heard some ideas that would lead to defeat," he said. "I reject those ideas, ideas such as leaving before the job is done, ideas such as not helping [the Iraqi] government take the necessary and hard steps to be able to do its job."

Yesterday's meeting was the final big consultation he has scheduled as he ponders how to change course in Iraq. The White House said earlier this week that he would not be ready to announce those changes until next year -- a delay that caused some criticism from political opponents.

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The president is also trying to navigate the politics of Iraq here at home in the wake of last week's Iraq Study Group report. The bipartisan panel recommended a goal of ending the U.S. combat mission by early 2008, and also said the United States should engage Iraq's neighbors, including Syria and Iran, in diplomacy to try to isolate the insurgents in Iraq.

The administration has balked at that idea, and yesterday criticized Sen. Bill Nelson, Florida Democrat, who held his own meeting during the day with Syrian President Bashar Assad. Mr. Nelson said Mr. Assad indicated he is willing to help control his nation's border with Iraq.

But the White House said the senator's meeting, which came on the same day the president issued a statement harshly criticizing Syria's human rights record, was not a good idea.

"We don't think members of Congress ought to be going there," White House press secretary Tony Snow told reporters, though he would not say what the administration's specific objection was.

But Mr. Nelson won't be the last senator. Sen. Christopher J. Dodd, Connecticut Democrat, said he is also planning a visit to Syria during his upcoming trip to the Middle East.

"When you've got governments like Syria which have influence on the course of events, it's important to engage with them," he said.

Meanwhile, two other prominent Democrats, Sens. Carl Levin of Michigan and Jack Reed of Rhode Island, called on Mr. Bush to declare that the U.S. engagement in Iraq is not open-ended. They said that would put pressure on Iraqis to find a political solution to the current insurgency.

"The most important thing is that he send the message to the Iraqi leaders that it's not an open-ended commitment," Mr. Levin said.

Mr. Snow said Mr. Bush has heard that idea, but said Iraqis themselves don't want an open-ended commitment. Still, Mr. Snow said Mr. Bush is trying to send a different message right now.

"The president has considered everything, but I think the most important thing to do is to send signals to the Iraqis that we're going to support them," he said.

2,000 Killed In Afghanistan Since Sept. (AP)

By Jason Straziuso

AP, December 14, 2006

Almost 2,100 militants have been killed in Afghanistan since Sept. 1 in operations involving coalition special forces soldiers, a U.S. Army spokesman said.

That means more than half of the country's insurgency-related deaths this year have come in the last three months.

About 900 of the 2,077 deaths came during Operation Medusa, a major offensive in September in the southern province of Kandahar. Special forces soldiers worked alongside conventional forces from Canada during the fight.

The two primary missions for the U.S. special forces soldiers in Afghanistan are conducting counterterrorism operations and supporting NATO troops, Master Sgt. Clifford Richardson said in an interview this week at Bagram, the main U.S. base in Afghanistan.

Nailing top fugitives like al-Qaida leader Osama bin Laden and Taliban leader Mullah Omar is part of the mission of Operation Enduring Freedom but isn't the top priority of the Combined Joint Special Operations Task Force, which commands all special forces soldiers in Afghanistan, Richardson said.

More than 500 U.S. special forces soldiers and 1,000 from other coalition countries operate throughout Afghanistan and outside the command of NATO's International Security Assistance Force, unlike conventional U.S. troops now operating in the east.

American special forces worked in parallel with conventional troops from Canada during Medusa.

"We were assisting the Canadians by providing some reconnaissance and some screening and it rolled into where they could no longer push forward," Richardson said. "We rolled into a different tactical maneuver set and took over as the main element."

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The number of militants killed in action since Sept. 1 — when the current U.S. special forces group arrived for an eight-month rotation — was confirmed through either physical evidence, such as body counts, or through multiple sources, Richardson said.

About 4,000 people have died in violence in Afghanistan this year, according to an Associated Press count based on figures from NATO, U.S. and Afghan officials. Those figures often come from remote battle sites and are impossible to confirm.

Taliban insurgents have stepped up attacks this year, particularly in the country's south and east, and have launched a record number of suicide and roadside bombs this year.

Richardson said that special forces soldiers here no longer operate unilaterally, but "by, with and through" Afghan security forces.

"We prefer to operate through the partner units we work with and the government of Afghanistan," he said. "That just solidifies them becoming a sovereign nation and not relying solely on the U.S. military for their own protection and security."

Bidders Unready For Jobs In Iraq (WT)

By Nicholas Kralev

The Washington Times, December 14, 2006

Nearly two-thirds of the 276 Foreign Service members who volunteered to serve in Iraq next year were found unqualified for the jobs, aggravating a shortage that has left the State Department scrambling to fully staff its embassy and other operations in the country.

The department is now offering improved benefits and career-enhancing inducements in a bid to fill 49 vacancies in Iraq. All assignments to other foreign missions have been put on hold until openings in Iraq, Afghanistan and other high-priority posts are filled.

"Stability in Iraq is our nation's highest priority. We have an ongoing need for the talents of our very best officers and staff," the State Department leadership said in a cable to all U.S. embassies and consulates around the world last week titled, "2007 Open Call for Bidders on Iraq."

An accompanying Dec. 6 cable said the incentives package for those serving in Iraq "has been reviewed and revised ... to incorporate recently approved benefits and to reflect recently passed legislation."

The changes include preferred consideration for future assignments, more generous home leave and "enhanced promotion consideration" for those who have served in Iraq.

The cable said 276 Foreign Service members applied for 160 positions in Iraq beginning next summer, but only 82 were approved. Another 15 positions will go to entry-level employees, and 14 of those now in Iraq have decided to extend their tours.

Some diplomats were perplexed by the department's decision to reject so many of its own, while so-called career-development officers are now scrambling to find "clients" to volunteer for the jobs.

Others said many of those who applied never heard back from human resources. "Too many people have told me that they have bid on Iraq in good faith and followed up as appropriate, and simply gotten the cold shoulder," a mid-level Foreign Service officer said.

A Government Accountability Office (GAO) report earlier this year found that the staff shortages were leaving the department unable to fully carry out its stabilization and reconstruction tasks in those countries.

A State Department official said in September that the department will resort to "directed assignments" if necessary to find personnel for hardship posts, principally in Iraq and Afghanistan.

Officials from the State Department's bureaus of Near East affairs (NEA) and human resources said that, while they appreciate all bids on Iraq, some applicants "did not have the skills required for those positions or relevant previous experience."

"We had many volunteers, and we don't always go back to say 'no,' " one official said. "Bidders who simply put Iraq on their bid list but do not contact anyone in Iraq or NEA are not considered serious bidders, unless their background makes them stand out."

Some volunteers had "partial skills" and were approved pending additional training, the official said. Another official said that some previous experience in the Middle East or in postwar reconstruction is essential for service in Iraq.

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Language and cultural training also are considered assets, though only about 30 officers currently posted there speak Arabic.

But even that is no guarantee of success. One Arabic-speaking junior officer with experience in the Middle East said he volunteered to go to Iraq when he first joined the Foreign Service last year, but he was rejected.

He recently bid again but was told that he first had to do a consular tour, which is mandatory for all officers before they get tenured. Now he is considering leaving the service.

Recruitment for Iraq has become such a sensitive subject at the State Department that none of those interviewed agreed to speak on the record.

Iraq and Afghanistan present the Foreign Service with severe challenges. But while reconstruction work in Iraq's provinces is the most dangerous in the service, some officers said the department should not be too picky when assigning staff to the embassy in Baghdad.

Several officers pointed out that there are still many diplomats who have no interest in serving in Iraq. A former ambassador said some of his ex-colleagues are considering early retirement because they do not want to be forced to serve in Iraq at the end of their careers.

DOJ:

Grassley Recommends Three For U.S. Attorney Job (DMR)

Des Moines Register, December 14, 2006

Washington, D.C. — Three people today were recommended to the White House by Sen. Chuck Grassley, R-Ia., as candidates to become the new U.S. attorney for the Northern District of Iowa.

The final pick for U.S. attorney in the district, which has offices in Cedar Rapids and Sioux City, will be made by President Bush and submitted to the Senate. The nomination must be approved by the Senate Judiciary Committee, of which Grassley is a senior member, and the full Senate.

The current chief prosecutor, U.S. Attorney Charles W. Larson Sr., is retiring at the end of the year.

"All of these candidates bring unique experiences and exceptional qualifications to serve as one of Iowa's lead prosecutors. They would each serve Iowa well," Grassley said in a statement.

The candidates recommended by Grassley are:

--Matt Dummermuth, a native of Elgin who currently works for the Civil Rights Division of the Department of Justice in Washington, D.C. He is a graduate of Iowa State University and Harvard Law School in Cambridge, Mass.

--Chadwicke Groover of Cedar Rapids, who has worked in in the Northern District office since April and served on the Senate Judiciary Committee staff for five years. He is a graduate of Bob Jones University in Greenville, S.C., and received his law degree from Mercer University in Macon, Ga.

--Lisa Krigsten, a native of Sioux City who currently works for the Civil Rights Division of the Department of Justice in Washington, D.C. Krigsten is a graduate of the University of Kansas and received her law degree from the University of Iowa.

Nation Kyiv Lands $45m U.S. Grant To Battle Corruption (KP)

By Volodymyr Mashchenko

Kyiv Post, December 14, 2006

Ukrainian Economy Minister Volodymyr Makukha inked a $45 million anti-corruption grant from the U.S. during a recent trip to Washington D.C.

The United States government has approved a $45 million grant to help Ukraine fight state graft, with another $500 million in the wings.

During Prime Minister Viktor Yanukovych's recent visit to the United States, on Dec. 4-7, Ukrainian Economy Minister Volodymyr Makukha inked the agreement, which entails assistance in control of corruption.

Representing the U.S. was Millenium Challenge Corporation, which describes itself as "a government corporation designed to work with some of the poorest countries of the world."

At a Dec. 12 press conference in Kyiv, Makukha outlined the components of the grant program: The strengthening of monitoring of civil society and exposure of public corruption; judicial reform; the monitoring and enforcement of ethical and administrative standards; the streamlining of enforcement of regulations; and combating corruption in higher education.

The Economy Minister said Ukraine had applied for the US-funded program about a year ago and has now been recognized by Millenium Challenge as eligible for financial assistance.

Millenium Challenge's assistance to Ukraine falls under what it refers to as its Threshold Program, an intermediary stage on the way to greater funding, known as Compact assistance.

"The Threshold Program assistance is used to help countries address the specific policy weaknesses indicated by the country's scores on 16 policy indicators," reads a Millenium Challenge press release.

Ukraine has shown progress in all sixteen indicators over the last year, except control of corruption, according to Millenium Challenge.

"As a result of reforms already undertaken, Millenium Challenge's Board of Directors named Ukraine in November as one of three countries newly eligible for Compact assistance."

Eligibility for the greater funding is determined by "independently measured" scores for indices such as political and economic freedom, investment in education, control of corruption, respect for civil liberties, health care spending, fiscal and trade policies and judicial fairness, Millenium Challenge said.

"Ukraine is among the most aggressive reformers on our 'Ruling Justly' indicators," Millenium Challenge CEO John Danilovich was quoted as saying in the press release.

"Ruling Justly," one of three categories under which the government corporation assesses a country, includes the "controlling corruption" indice.

"While this is a tremendous achievement, it is important to underscore that there must be continued performance on Ukraine's Threshold program while it participates in its Compact development process," Danilovich said.

One indice in the "Ruling Justly" category, where Ukraine showed a need for improvement was "controlling corruption."

"The struggle against corruption is critical to Ukraine's development," Danvilovich added.

According to Millenium Challenge, Ukraine's poor performance on the corruption index is primarily explained by flawed laws, lack of independence in the country's judiciary, and endemic corruption in law enforcement, education, medical institutions, customs and the tax administration.

The Ukraine Threshold program targets many of these obstacles and will be administered by the United States Agency for International Development (USAID) and the U.S. Department of Justice.

"Ukraine has been made eligible for … assistance, but it is up to Ukraine to organize itself, consult with its civil society and develop a proposal of sufficient quality and content targeting poverty reduction through economic growth for the MCC Board to consider," said Danilovich.

During the Dec. 12 press conference, Economy Minister Makukha said Ukraine would have to develop and present Millenium Challenge with a detailed program on how to fight corruption before it can get a shot at the large funding under Compact assistance.

"It is very important for us to make up our minds about a clear program that we would be able to implement, determine the content of the program, and discuss the program with non-governmental organizations and civil society … only then can we apply to [Millenium Challenge] in order to launch this program and start implementing it", he said.

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Olga Myrtsalo, a public information advisor with the Office of Program Coordination and Strategy at USAID's office in Kyiv, told the Post on Dec. 12 that representatives of Millenium Challenge will arrive in Kyiv on Dec. 18 to discuss the details of the $45 million program with Ukraine's government.

According to Ukraine's Economy Ministry, the U.S. ranks fifth in terms of direct investments into the Ukrainian economy. Millenium Challenge administers programs in dozens of mostly African and South American countries, but also Armenia, Georgia, Moldova and Kyrgyzstan, in addition to Ukraine.

CORPORATE SCANDALS:

Enron To Inmate For Skilling (AP)

By Patrick Condon

AP, December 14, 2006

WASECA, Minn. — This was what one of Wall Street's biggest success stories had come to. Jeffrey Skilling rode past a dozen waiting reporters and photographers, got out of the silver Jeep Liberty, hugged his wife and walked quietly into a life of imprisonment and menial jobs that will pay him less over the next two decades than he made for a single hour as chief executive of Enron.

Enron to inmate.

This was nothing like metropolitan Houston, but rather a farm town in Minnesota. There was no $4.7 million Mediterranean-style mansion, but a one-time college dormitory room.

Skilling reported to the Federal Correctional Institution on Wednesday, accompanied by his wife, Rebecca Carter, and his brother, Mark. The day before, a federal judge had denied his request to remain free on bond pending appeal of his conviction on fraud, conspiracy, insider trading and other charges in the multibillion-dollar collapse of the Houston-based energy giant.

Barring a successful appeal, even with time off for good behavior, the 53-year-old Skilling will be an old man at the end of his term _ 24 years, four months, more than twice as long as the sentence of any other Enron executive.

This then is to be his world until sometime in 2031: a group of low, red-brick buildings, once a branch campus of the University of Minnesota, now surrounded by two barbed wire fences and patrolled by an occasional white pickup truck.

Waseca, a town of 8,400, is 75 miles south of Minneapolis and even further removed from Houston's skyscrapers. There's an old-fashioned downtown with an implement dealership. The area is flat; the literal high points in town are the steeple of the Catholic church, a grain elevator, a water tower.

At the prison, inmates have access to exercise facilities, including a basketball court and a running track, and a pingpong table.

Like most inmates, Skilling is likely to be required to work in prison labor jobs such as food service, plumbing and painting for 12 to 40 cents an hour. At that rate, he would make a little less than $20,000 if he served his full sentence; at the helm of Enron, he earned more than $151.7 million, equal to about $24,000 an hour, from 1999 to 2001, the time span of the indictment.

Skilling and Enron founder Ken Lay were convicted last May on charges stemming from the Enron collapse, which led to the loss of thousands of jobs, more than $60 billion in company stock and more than $2 billion in employee pensions.

Lay died in July of a heart attack before he could be sentenced, prompting a judge to vacate his conviction.

Lay "probably would have faced a similar fate if he'd been able to stand up for sentencing on the same day as Skilling," said Leslie Caldwell, a former federal prosecutor and one-time chief of the Justice Department's Enron Task Force.

Andrew Fastow, the former chief financial officer pegged as the mastermind behind the complicated financial schemes that ultimately doomed Enron, got six years in prison after pleading guilty. Several other executives are serving prison terms of between 18 months and five years.

An important distinction, said former Task Force attorney Sam Buell, is that those below Skilling all pleaded guilty to some offenses, expressed remorse and in some cases went on to cooperate with the prosecution. In several instances, prosecutors recommended leniency in those sentences.

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"It's harder for a judge to do that, to exercise that leniency when the judge is dealing with the person at the top who didn't reach any kind of agreement in the case," Buell said.

A better comparison for Skilling's sentence, Caldwell said, are those received by other disgraced CEOs like Bernard Ebbers of Worldcom, serving a 25-year sentence; and Dennis Kozlowski of Tyco International Ltd., who got eight and one-third to 25 years in prison in another fraud case.

"I've always thought since the beginning of the Enron case that none of this ever would have happened without Jeff Skilling," Caldwell said. "I don't think it's inappropriate that he is getting the harshest sentence of anyone."

Skilling's attorney, Daniel Petrocelli, did not return several phone messages from The Associated Press.

From Top To Bottom (WP)

By Carrie Johnson

The Washington Post, December 14, 2006

Former Enron chief executive Jeffrey K. Skilling reported to a low-security federal prison in Minnesota yesterday to start serving a 24-year, six-month sentence for his role in one of history's biggest corporate scandals.

Skilling arrived at the facility in Waseca, about 75 miles south of Minneapolis, at 1:07 p.m. EST. Accompanying him in a sport-utility vehicle were his wife, Rebecca, his longtime assistant Sherri Sera and his younger brother Mark. Under federal guidelines, Skilling, 53, must serve at least 85 percent of his sentence -- or more than two decades. He is appealing his conviction by a jury in May on 19 counts of fraud, making false statements and conspiracy.

The Houston energy trading company that Skilling transformed became a symbol of accounting trickery after its December 2001 collapse into bankruptcy protection. Skilling and his co-defendant, Kenneth L. Lay, who died in July, bore the brunt of public vilification after financial scandals cost thousands of employees their jobs and savings.

In an emotional roller coaster, Skilling's immediate future was thrown into doubt Monday when a federal appeals court said it needed more time to consider whether he should remain free pending appeal. The next day, Circuit Judge Patrick E. Higginbotham settled that question with a two-page ruling ordering Skilling to report to prison.

But Higginbotham's ruling indicated that there were "serious frailties" with Skilling's conviction on several charges. That has given hope to Skilling's defense team that the appeals court may overturn at least some of his convictions. In his brief ruling, the judge did not cite problems with five counts of lying to auditors.

Defense attorney Daniel M. Petrocelli said in an e-mail message, "After all our arguments are presented, we are confident all the convictions will be reversed and Jeff will be given a new trial."

Over the course of the Enron probe, the biggest corporate investigation in history, more than 15 of the company's executives, including the leaders of its top three business units, pleaded guilty and agreed to cooperate against their former bosses.

Skilling's sentencing in October marked the last in a series of stiff penalties given to top executives convicted of corporate crimes committed in the booming '90s. His prison term is only a few months shorter than that of WorldCom founder Bernard J. Ebbers, who is serving a 25-year sentence in Louisiana for spearheading an accounting fraud at the telecommunications company he founded. Ebbers drove himself to prison this fall while his wife sat beside him in the front seat.

Skilling, who continues to profess his innocence and make the case that Enron was a healthy enterprise, will spend his time alongside 1,070 other inmates, most of whom were incarcerated for committing federal drug crimes, said Felicia Ponce, a prison spokeswoman.

Skilling will be required to work 7 1/2 hours per day at one of a variety of institutional jobs, including food service worker, warehouse employee and groundskeeper. Inmates earn between 12 and 40 cents per hour. The majority of the rooms in the prison, a converted college campus, contain space for four men, with a separate sink and shower area in a nearby location.

Skilling, who has openly wrestled with alcohol problems and depression, could slash more than a year off his sentence for successfully completing a prison treatment program.

A graduate of Harvard Business School, Skilling launched far-reaching ideas as a corporate consultant at McKinsey & Co. He was lured to work at Enron by Lay, the company's chairman, who died weeks after he was convicted on 10 conspiracy and

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false statements charges. A judge, following longstanding legal precedent, wiped out Lay's conviction because he had not had a chance to appeal before he died.

That means that Skilling, who left Enron a few months before its bankruptcy in December 2001, will be the highest-ranking leader of the energy firm to be called to account. Onetime finance chief Andrew S. Fastow, who pocketed more than $60 million for himself and his friends, is serving a six-year prison term. Former accounting executive Richard A. Causey will begin a 5 1/2 -year term Jan. 2.

No Fanfare As Skilling Walks Into Prison Life (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, December 14, 2006

Man who once led energy giant is now federal inmate 29296-179

WASECA, MINN. — Jeff Skilling never saw himself as a felon, much less a federal inmate.

As of Wednesday, he is both, closing a major chapter in the Enron era of corporate crime that started five years ago this month when the company he professed to love mercilessly crashed and burned.

The 53-year-old ex-CEO's arrival at a southern Minnesota low-security federal prison Wednesday to begin serving a 24-year, four-month sentence had no fanfare.

He arrived in a silver Jeep Liberty in the passenger seat with his brother, Mark Skilling, in the driver's seat. His wife, Rebecca Carter, sat behind him, and next to her was Sherri Sera, his longtime administrative assistant at Enron who made an impassioned plea for fairness at his October sentencing.

The foursome took no notice of the small gaggle of photographers across from the prison's entrance. They parked the SUV at the front sliding-glass doors, got out and went inside, Skilling and his wife arm in arm.

He hugged his wife, then his brother, then Sera. Less than five minutes after they arrived, Mark Skilling, Carter and Sera emerged, climbed in the SUV and drove away.

A few minutes later, Skilling and several prison officials walked outside the building at the entrance — behind double fencing topped with shiny silver barbed wire — toward another building on the complex, which was once a University of Minnesota satellite campus.

The topcoat he wore when he arrived was already gone.

At this time five years ago, Skilling was talking to Securities and Exchange Commission investigators, insisting he truly believed Enron was healthy when he abruptly quit his post as CEO less than four months before the trading behemoth limped into bankruptcy.

He later did the same before two congressional committees, adamantly refusing to invoke his Fifth Amendment right to remain silent as others did, including former Enron Chairman Ken Lay.

Now Enron is a mere shell that exists to handle lawsuits and bankruptcy-related matters, its assets long gone, its stigma forever present. Lay, who fought a losing battle for vindication at trial earlier this year alongside Skilling, died of heart disease in July.

Skilling is now a number: federal inmate 29296-179.

Arrival generates buzzFor some in Waseca, a picturesque town of 10,000 flanked by two lakes largely frozen in the December cold, Skilling's arrival generated a little buzz. A prison employee parked at the entrance at daybreak Wednesday told colleagues arriving for work, "Skilling's coming today."

But to Jim Tippy, a retired warden at the Waseca facility who lives here, Skilling is just another inmate.

"It really doesn't faze me that much," Tippy said. "He's going to do his time somewhere. He was designated for this facility, so here he comes."

Sam Buell, a former prosecutor for the Justice Department's disbanded Enron Task Force who led the government's effort to secure the 2004 indictment against Skilling, said no one's incarceration is a cause for celebration, but "following through on the law's word is absolutely necessary to making effective our most potent mechanism for deterring people from seriously harming others."

Now a professor at the Washington University School of Law in St. Louis, Buell said that whether a multidecade sentence is needed to achieve such deterrence should be debated. Skilling received by far the harshest punishment of anyone convicted of Enron-related crimes.

"For major fraud that did in a huge public company, the answer has to be at least a substantial number of years. Whether decades are really necessary is a question we ought to be discussing as a society," Buell said.

Skilling had a glimmer of hope late Monday that he might be able to postpone or avoid prison when the 5th U.S. Circuit Court of Appeals stayed U.S. District Judge Sim Lake's November order that he report to prison by 2 p.m. Tuesday.

The panel issued the stay to give "careful consideration" to his bid to remain outside prison on bail pending the outcome of his appeal, which is expected to be filed early next year.

But late Tuesday afternoon, the appeals panel lifted the stay in an order that said, despite having found "serious frailties" on his convictions of conspiracy, securities fraud and insider trading, its review raised "no substantial question that is likely to result in the reversal of his convictions on all the charged counts."

That meant Skilling had to surrender. He wasn't given a specific deadline — but he arrived less than 24 hours after his initial surrender time.

Never weighed cutting dealSkilling was convicted in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors after a four-month trial. Lay also was convicted of 10 criminal counts in his case with Skilling and a separate case, but Lay died six weeks after jurors rendered their verdict. Lake erased Lay's convictions in October because he died before he was sentenced or could appeal.

Skilling staunchly maintains his innocence. At trial, he attributed Enron's demise to a skittish post-Sept. 11 market and a cash crisis that the company couldn't overcome rather than inner rot fueled by years of fraud.

Prosecutors countered that he, Lay and other top executives repeatedly lied about Enron's health to maintain an illusion of success when they knew Enron was propped up by unsustainable financial schemes.

When he learned what his sentence would be, he said he never considered cutting a deal with prosecutors in hopes of getting less time behind bars.

"I'm innocent," he said at the time. "I've told my children I'm innocent."

Skilling declined requests for an interview before he surrendered to prison.

He had hoped to be placed at a lockup in Butner, N.C. But the U.S. Bureau of Prisons instead chose the Waseca facility, which is partially surrounded by cornfields on the outskirts of the town.

Skilling will sleep either in a cubicle with another inmate or in a former dormitory room with three other men — a far cry from his mansion in Houston.

At his sentencing, he agreed to turn over $45 million to the government. That money will sit untouched through the course of his appeal. If he wins, he'll get the money back. If his convictions are upheld, the cash will be distributed to Enron shareholders who lost money when the company failed.

Scrushy Motion For A New Trial Denied By Judge (WSJ)

By Rick Brooks

Wall Street Journal, December 14, 2006

Richard M. Scrushy moved a step closer to a possible prison sentence as a federal judge rejected the HealthSouth Corp. founder's claim that jurors who convicted him of political-corruption charges were influenced by emails and a copy of an indictment downloaded from the Internet during deliberations.

U.S. District Judge Mark Fuller, of Montgomery, Ala., refused to grant a motion for a new trial by Mr. Scrushy and former Alabama Gov. Don Siegelman, both found guilty in June of participation in a scheme to pay $500,000 bribes in return for a spot on a state regulatory panel. Both argued that two jurors used outside information to strong-arm the rest of the jury into a conviction, and Mr. Scrushy's lawyers had pressed for a wide-ranging inquiry into possible jury misconduct.

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While the judge concluded that jurors were "exposed" to the indictment and a description of jury-foreman responsibilities posted on the court's Web site, it made no difference in the outcome of the 11-day deliberations, he ruled. The jury "carefully weighed the evidence and reached a reasoned conclusion free of undue influence," Judge Fuller ruled in a 57-page order.

The guilty verdict on all six charges against Mr. Scrushy, including bribery, conspiracy and mail fraud, could put him behind bars for as long as 20 years, though the judge has wide discretion on sentencing. A sentencing date won't be set until resolution of a challenge to the jury-selection process by Messrs. Scrushy and Siegelman, who have claimed blacks are underrepresented in the pool from which jurors are chosen.

Arthur W. Leach, one of Mr. Scrushy's lawyers, said he plans to appeal yesterday's ruling. Mr. Scrushy's legal team has criticized Judge Fuller's handling of the matter, including a court hearing last month at which jurors were questioned.

The political-corruption conviction isn't related to the $2.7 billion accounting fraud at HealthSouth, a Birmingham, Ala., surgery and rehabilitation-services provider. Mr. Scrushy, ousted from HealthSouth in 2003 and acquitted last year of criminal fraud charges, has insisted he is innocent of any wrongdoing. Last month, Mr. Scrushy and the company settled claims tied to bonuses he received during the fraud and legal bills, with HealthSouth recording a $35 million "recovery" from him and a $10 million reduction in a legal-fees reserve, according to securities filings. Mr. Scrushy maintains HealthSouth violated his contract when it fired him, while the company has sued him for allegedly breaching his fiduciary obligations.

HP CEO Mark Hurd Asked To Explain Options Cashout Before Scandal (AP)

By Jordan Robertson,

AP, December 14, 2006

San Francisco (AP) -- The congressional panel investigating Hewlett-Packard Co.'s boardroom spying probe has demanded that CEO Mark Hurd explain $1.37 million worth of options he exercised just before the scandal became public.

Hurd's cashout Aug. 25 — before HP disclosed the spying tactics in a Sept. 6 regulatory filing — did not appear to be part of a prescheduled program, the panel's ranking members, Reps. John Dingell and Bart Stupak, both Democrats from Michigan, said in a letter to Hurd publicly released Wednesday.

The activity came the same day Hurd was questioned by HP's outside attorneys investigating the circumstances surrounding the ill-fated effort to ferret out leaks by board members to the news media, the letter stated.

The congressmen asked Hurd to explain the reason for the transaction, seeking an answer on "whether executives are cashing in ('bullet dodging') while in possession of potentially damaging material facts that shareholders do not know."

Dingell and Stupak also asked in the letter to "please inform us whether any other HP officers or directors engaged in similar transactions during this period."

He was given until Dec. 21 to comply with the request. He testified Sept. 28 before the Committee on Energy and Commerce's Subcommittee on Oversight and Investigations.

HP said in a statement that it would comply with the panel's request.

Hurd and seven other HP executives and insiders cashed out options between Aug. 21 and Sept. 5. The company has previously said the transactions were unrelated to the scandal.

They fell within a three-week window each quarter when executives are allowed to sell shares after earnings are announced, HP said.

On Aug. 25, Hurd exercised options on 100,000 HP shares, about 6 percent of the total stock compensation package he received at the time of his hiring. The August sale netted him a profit of about $1.37 million, according to the filings.

The cashouts have also prompted attorneys who are suing top HP executives and directors over the scandal to add insider-trading claims to the lawsuit in California on behalf of all HP shareholders.

HP's stock price has remained relatively buoyant throughout the scandal, though the uproar has led to a purging of its top ranks and felony charges against two ousted HP insiders — former Chairwoman Patricia Dunn and former ethics chief Kevin Hunsaker — and three outside investigators, Ronald DeLia, Matthew DePante and Bryan Wagner.

They have all pleaded not guilty in Santa Clara County Superior Court to charges of identity theft and fraud for their roles. Their lawyers are scheduled to return to court Jan. 17.

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Investors have largely applauded HP's efforts to move beyond the scandal, including the company's agreement last week to pay $14.5 million to settle a civil lawsuit brought by state Attorney General Bill Lockyer alleging unfair business practices related to the probe.

However, the FBI, the Securities and Exchange Commission, federal prosecutors and other agencies are still looking into the shady practice investigators used to impersonate HP directors and journalists to secretly obtain their confidential phone logs.

On Wednesday, HP shares lost 16 cents, to close at $39.67 on the New York Stock Exchange. The stock has risen since about 9 percent since Sept. 5 — the day before the scandal was disclosed — when it closed at $36.46.

HP CEO Asked To Explain Stock Sale (FT)

By Kevin Allison

Financial Times, December 14, 2006

The congressional panel investigating Hewlett-Packard's boardroom spying probe on Wednesday demanded that Mark Hurd, chief executive, explain a $1.37m stock sale he made just days before news of the scandal became public.

In a letter dated December 12, two Democratic members of the House Energy and Commerce Committee, Rep John Dingell and Rep Bart Stupak, said it appeared that Mr Hurd had voluntarily cashed in $1.37m in stock options on August 25. That is the same day Mr Hurd was questioned by HP's outside attorneys, who were condcting an investigation into the scandal.

The letter asked Mr Hurd to confirm the date and explain the alleged stock sale. It said the sale did "not appear to be a part of any prescheduled programme" of share disposals.

"Continuing revelations about widespread 'backdating' and 'spring-loading' abuses have raised questions about whether executives are cashing in ('bullet dodging') while in posession of potentially damaging material facts that shareholders do not know," it said.

HP said it had received the letter and that it would respond to the inquiry.

HP's shares were mostly unaffected in the weeks after the company admitted its detectives had spied on board members, journalists and their families in order to uncover the source of a boardroom leak.

The investigation's dubious tactics, which included the potentially fraudulent acquisition of telephone records and physical surveillance, sparked a furore that claimed the jobs of Patricia Dunn, HP's former chairman, and several other HP officials. Ms Dunn and four others are facing criminal charges including identity theft for their role in the scandal. All five pleaded not guilty.

Last week, HP announced that it would pay $14.5m to settle any civil complaints brought by the state of California in connection with the case. The company remains under investigation by federal authorities including the US Justice Department. It is also facing shareholder lawsuits.

Wednesday's news came as HP announced a three-year partnership with Microsoft, the world's biggest software maker. Under the deal, HP and Microsoft will invest $300m to develop new products and services for business communciations, content management and other areas where their businesses overlap. The partnership will cover product development, testing and marketing.

HP's shares fell 0.4 per cent to close at $39.67 on Wednesday.

H.P. Board Cuts Its Ties With Lawyer (NYT)

By Damon Darlin

New York Times, December 14, 2006

Hewlett-Packard's board has ended a crucial advisory relationship with Larry W. Sonsini, the powerful Silicon Valley lawyer, according to a person with close connections to the board.

The move is the latest repercussion from the company's spying on directors and journalists, which has led to the criminal prosecution of its former chairwoman and a senior company lawyer by California authorities, several federal investigations, $ 14.5 million in civil fines as well as considerable embarrassment for a company that prided itself on ethical behavior.

After the year's end, Mr. Sonsini and the firm he helped build, Wilson Sonsini Goodrich & Rosati, will no longer serve as outside counsel to the board. The law firm will still do legal work for Hewlett-Packard. A company spokesman said yesterday that "Wilson Sonsini will continue to have a relationship with H. P."

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Mr. Sonsini and his firm were not involved in the spying, which began after Patricia C. Dunn, the H. P. chairwoman, directed company lawyers and investigators to find the source of board leaks. But he was caught up in the events, and was criticized for failing to prevent the incident from damaging the H.P.

H.P.'s search for another lawyer to serve as outside counsel is expected to set off a scramble among Silicon Valley firms. "It's not a big revenue item for a law firm, but being able to say to other clients that 'I give advice to H.P.,' is a prestige thing," said a lawyer who did not want to be identified because he has done work for the company.

A spokeswoman for the Sonsini firm, Courtney Dorman, said, "There is a lot of ongoing work with H. P." The firm handled the transactional work for H. P.'s recent $4.5 billion acquisition of Mercury Interactive, a business software company.

Mr. Sonsini, who serves as chairman of the firm he joined in 1966, had no comment. Ms. Dorman also said that the firm's chief executive, John V. Roos, had no comment.

Mr. Sonsini has served as H. P.'s outside counsel since the mid-1990s and he advised the company during its contentious battle with shareholders over the merger with Compaq. The firm's clients include some of the region's most important companies, among them Apple, Google, Sun Microsystems and Applied Materials, and Mr. Sonsini helped take many of them public. He also serves as the chairman of the Regulation, Enforcement and Listing Standards Committee of the New York Stock Exchange and as chairman of its Legal Advisory Committee.

Mr. Sonsini has been faulted by some lawyers for not protecting the company after a director, Thomas J. Perkins, disclosed the practice of pretexting: the use of false identities to obtain the private phone records. H. P.'s detectives used the technique to get records of certain directors and journalists who covered the company.

In May 2006, another director, George A. Keyworth II, was identified as the source of the leak and was asked to resign. He refused to do so, but Mr. Perkins resigned, he now says, in anger over the investigation.

After the resignation, Mr. Sonsini, in his role as outside counsel, immediately interviewed Mr. Perkins. But he did not find that Mr. Perkins had resigned because of a disagreement with the company, which would have prompted the board to disclose the circumstances to the Securities and Exchange Commission. That has prompted an S.E.C. investigation.

Mr. Perkins also alerted the board to the use of pretexting, calling it illegal. In a response, Mr. Sonsini told him that the pretexting was "within legal limits," though that opinion turned out to be based on the advice of the H. P. lawyer, now facing charges, who in turn had received the opinion from a Boston lawyer sharing an office with one of H. P.'s private investigators.

The Sonsini firm in late August interviewed people involved in the spying, as well as Mark V. Hurd, the company chairman and chief executive, and concluded again that nothing illegal had occurred. In early September, the company filed a statement to the S.E.C. disclosing the pretexting and stating that it was "not generally unlawful."

A Congressional subcommittee asked Mr. Sonsini to testify during its investigation of the spying. He was called to testify alongside Ms. Dunn and had to sit in the witness seat for more than five hours, though she got the brunt of the queries. He defended his law firm's work during the hearing and said that he considered pretexting to be unethical and improper.

Hurd: HP Will Cut More To Continue Transformation (IDG)

By Elizabeth Montalbano

IDG News Service, December 14, 2006

December 12, 2006 (IDG News Service) -- NEW YORK -- Hewlett-Packard Co. continues to diversify and streamline its business according to goals CEO Mark Hurd set when he joined the company nearly two years ago. But the company still needs to cut costs to achieve operational efficiency, Hurd told financial analysts today.

"We are a company that is transforming, we are not a company that has transformed," Hurd said, speaking at a meeting of securities analysts here.

Hurd acknowledged that the cost of operations is still too high for the company to run as efficiently as it should, though the company has completed a 10% workforce reduction started last year as part of a huge restructuring effort. Since he took over, Hurd said HP has analyzed its cost structure, down to knowing its IT costs by employee, site and function.

"We do understand our costs now more than we did a year ago," Hurd said. But the company still needs to reduce costs and improve efficiency, which Hurd vowed HP will achieve in the next several years.

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Complicating this goal is HP's acquisition strategy, as the company is working to absorb companies it purchased in 2006. The company also explained how it would integrate Mercury Interactive Corp., a software company HP acquired for $4.5 billion. The company is introducing a business technology optimization (BTO) software portfolio that brings together Mercury's applications management software with HP's systems and network management software marketed under its OpenView software family. BTO is a software product category intended to help companies use technology to meet business goals.

Hurd told securities analysts not to expect more acquisitions of this size in the future from HP, a comment that would appear to put an end to rumors that the company may buy security company Symantec Corp. Instead, the company will make smaller acquisitions as they strategically and operationally make sense, he said.

Before Hurd spoke, HP announced that it has agreed to acquire business intelligence services company Knightsbridge Solutions Holdings Corp., a 700-person company in Chicago, for an undisclosed sum.

Hurd made no mention of the boardroom spying scandal that hit the headlines in September, and which has former HP executives awaiting a criminal case that will decide whether they used illegal means to detect news leaks on the board. Instead, Hurd focused on operational efficiency and other goals, including deriving revenue from a more diverse mix of sales and services and improving its sales and customer service.

Hurd also thanked HP Executive Vice President and Chief Financial Officer Bob Wayman for his 37 years of service at the company. On Monday, Wayman said he would retire, effective Jan 1. Catherine Lesjak, the company's treasurer, who has been with HP for 20 years, will succeed Wayman.

From a financial perspective, HP weathered the scandal that rocked the company this year unscathed, earning nearly three times the profits in fiscal 2006, $6.2 billion, than it did in 2005, when the company earned $2.4 billion.

Hurd said HP still has more progress to make in terms of tapping its "total addressable market," which he said in 2009 will be about a trillion dollars. "After careful analysis, we've decided that is big," he deadpanned.

To achieve this goal, HP continues to try to improve its sales tactics, Hurd said. Traditionally, he said, it ran on the theory that "if we build great technology, customers will find it." Now, "we have this new advanced theory," he said. "If we actually try to sell the stuff, we'll actually get more revenue."

S.E.C. Eases Regulations On Business (NYT)

By Stephen Labaton

New York Times, December 14, 2006

WASHINGTON, Dec. 13 — Responding to criticism that regulators had overreacted to years of major corporate scandals, the Securities and Exchange Commission on Wednesday issued a flurry of deregulatory orders and proposals intended to lower costs to public companies. It said the moves would not reduce investor protection.

In a daylong proceeding, the commission proposed a loose interpretation for smaller companies of an auditing provision of the Sarbanes-Oxley Act of 2002 that has come under attack from many companies.

It also proposed a rule to make it easier for foreign companies to withdraw their securities from American markets. A number of companies have asked to withdraw, and officials said the current rules discouraged companies from listing on United States exchanges if they did not have the option of withdrawing later.

“We hope these proposals, when combined, will make the U.S. markets more attractive and we will get more companies here,” said John W. White, director of the commission’s division of corporation finance.

Among other noteworthy proposals the S.E.C. issued was one that would increase the financial qualifications for investors in hedge funds, to a net worth of $2.5 million from the current standard of $1 million. Officials said the proposal had the effect of adjusting the original rule for inflation, just as hedge funds are becoming more popular among some less wealthy people. The agency also proposed a new provision on fraud to protect hedge fund investors.

Some officials said the two proposals could blunt attempts to impose other tougher regulations or disclosure requirements on hedge funds. Six months ago, a federal appeals court said the commission exceeded its authority when it tried to force hedge fund managers to register with it.

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The S.E.C. also adopted a rule that would save corporations the expense of mailing financial reports and proxy statements by enabling them to communicate with the vast majority of their investors through the Internet. (Investors can continue to receive paper copies of proxies and other material through the mail if they request them.)

And it proposed rules that would make it easier and less costly for banks to offer brokerage services.

Taken together, the proposals and rules are expected to provide enormous savings for public companies and Wall Street investment houses. Senior officials at the commission said the proposals and rules would not reduce the regulatory protections already afforded to investors.

The S.E.C.'s deregulatory push came a day after the Justice Department, in response to similar complaints, imposed new limits on federal prosecutors in white-collar corruption cases. Under those new guidelines, prosecutors in the field will now have to obtain permission from senior officials before trying to get companies that are under investigation to waive their attorney-client privilege.

In weighing whether to seek the indictment of a company, the prosecutors will also no longer be permitted to consider whether the company is paying the legal fees of an employee involved in the inquiry.

In recent weeks, Bush administration officials and business groups have criticized some of the changes in corporate law, securities rules and criminal procedures that were enacted in the wake of accounting frauds five years ago at Enron, WorldCom and other highflying companies.

It remains to be seen whether the decisions by the commission and the Justice Department will take political pressure off Congress to go further, or whether the business groups that have been critical of the S.E.C. rules and the Justice Department's approach will be able to persuade lawmakers to retrench further.

The commission's votes on all the measures Wednesday were unanimous, testimony to both the changed regulatory climate and the political skills of the agency's chairman, Christopher Cox, a former Republican member of Congress. He tailored the changes to avoid the divisiveness that had troubled the tenure of his predecessor.

Mr. Cox said the unifying theme of the proposals and the new rules was to increase the competitiveness and transparency of companies and markets.

"If America's markets aren't competitive, investors lose," he said. "If America's markets are not transparent and open, investors lose."

Like the decision at the Justice Department, the changes announced by the commission on Wednesday fell short of what some companies and groups had sought. In the case of the auditing rules, for instance, many businesses had sought an exemption from the requirements of Section 404 of the Sarbanes-Oxley Act. That provision requires public companies to assess the controls they have put in place to ensure that their financial reports are reliable.

Instead of a blanket exemption, officials said, the proposed guidance would give many small companies a powerful new tool in restricting their auditors from engaging in what the executives viewed as expensive and unnecessary audits of financial controls that had minimum impact on financial statements. A companion new auditing standard is to be proposed next week by the Public Company Accounting Oversight Board.

Under the guidance proposed by the S.E.C., executives would evaluate the design of only those financial controls that might carry the risk of having a material impact on financial statements. Commission officials emphasized that the guidance is being drafted to be less onerous on smaller or less intricate companies.

"Companies of all sizes and complexities will be able to conduct their evaluations more effectively and efficiently by following the proposed guidance," Mr. Cox said. "As smaller companies have less complex internal control systems than larger companies, this approach enables smaller companies, in particular, to scale and tailor their evaluation methods and procedures to fit their own facts and circumstances."

SEC Votes To Ease Audit Requirements (WP)

By Carrie Johnson

Washington Post, December 14, 2006

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Securities regulators unanimously embraced a plan that they said would slash costs and restore common sense to an audit rule attacked as too expensive by business groups and lawmakers.

The Securities and Exchange Commission voted 5 to 0 yesterday to instruct corporate managers to focus their reviews on the areas that pose the greatest risk of fraud on financial statements.

Congress required executives and auditors to scrutinize corporate financial controls in the 2002 Sarbanes-Oxley Act, which was passed after huge frauds at Enron and WorldCom. The rule, which cost businesses millions of dollars more than regulators anticipated, has been a lightning rod almost ever since, becoming what SEC Chairman Christopher Cox called "the single biggest challenge" in the accountability law.

SEC staff members said that under the new proposal, they would urge corporate managers to use their best judgment in evaluating controls, rather than requiring them to scrutinize specific things such as the integrity of executives and the accuracy of petty cash accounts. But, rejecting an approach advocated by some business interests, regulators refused to create special exemptions for small companies. Instead, they said their plan encourages managers to develop tailor-made reviews based on the size and complexity of their businesses.

Corporate managers have criticized outside auditors for performing unnecessary and expensive work to protect themselves from liability and make more money. Accounting firms argue that the high costs were the result of long-deferred maintenance and have since declined. The Public Company Accounting Oversight Board, which oversees the accounting industry, will make companion proposals for accountants on Tuesday.

SEC Commissioner Roel C. Campos, a Democrat, said the agency's proposal and the forthcoming rule proposal for auditors "will significantly reduce and in many cases wholly eliminate the inefficiencies and excessive costs while retaining all of the good."

Commissioner Paul S. Atkins, a Republican, said the plan may not be enough to force executives and auditors to focus on the most meaningful and risky aspects of their companies' finances. But SEC staff members expressed hope that their proposal was flexible enough so they would not need to revisit the issue.

The SEC proposal will be subject to a two-month public-comment period. Regulators hope they can pass a final version by April, in time for companies and auditors to use next year, said John W. White, director of the SEC's corporation finance division.

Separately, the five commissioners voted unanimously to propose new rules for investing in hedge funds, which are lightly regulated pools of capital designed for wealthy and sophisticated investors. The SEC has not changed its threshold for investing in the funds since 1982, Cox said, requiring long-overdue adjustments for inflation.

Concerns are mounting that more average investors and pension funds are pouring money into the $1 trillion hedge fund industry, which is subject to little oversight. A federal appeals court this year tossed out an SEC rule that would make fund managers open their books and register with the agency.

Under the current rules, individual investors need to earn an annual income of $200,000 for the past two years or have net worth of at least $1 million. The new proposal would force people to meet the old income criteria and show that they own at least $2.5 million in assets to be eligible to invest in hedge funds.

"We want to make sure that we send a strong signal . . . that caution is in order," Cox said. "We're taking steps to modernize the standard so it will be abundantly clear that these investments are not for mom and pop, unless mom and pop are very sophisticated investors."

The commission also proposed allowing companies to offer investors a choice in how they receive proxy materials and to voluntarily put that information online, which eventually could supplant paper documents.

Late yesterday, SEC leaders reissued for public comment a controversial plan that would require the majority of mutual fund board members, including board chairmen, to be independent from management. The proposal has been opposed by Fidelity Investments Chairman Edward C. "Ned" Johnson III, among others, and was rejected this year by a federal court.

SEC To Investors: More Internet, Less Hedge Funds (WSJ)

By Kara Scannell

Wall Street Journal, December 14, 2006

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WASHINGTON -- Advancing several of its chairman's priorities, the Securities and Exchange Commission moved toward providing shareholders more corporate information electronically, shrinking the pool of investors who can invest in hedge funds and easing rules that critics argue hurt American competitiveness.

The electronic-information rule could affect nearly all shareholders within a year or so. The rule, approved unanimously yesterday, allows companies to distribute via the Internet annual reports and materials on board elections and other matters put before shareholders for a vote, while enabling investors to opt to continue to receive paper reports.

The so-called e-proxy rule will cut printing and mailing costs for corporations. But it will also make it cheaper for activist stockholders to launch fights against corporate boards, because shareholders of companies that distribute information to investors electronically will be able to do likewise.

The agency said it plans to make the e-proxy model mandatory by January 2008, though some members expressed concern about doing that.

Trying to boost U.S. competitiveness, the commission issued guidance it says will help companies be more "efficient and effective" when complying with a controversial section of the Sarbanes-Oxley law governing public companies' internal controls over financial statements. It also proposed a rule to make it easier for foreign companies to withdraw from SEC disclosure rules. Business groups have said U.S. regulations deter foreign companies from listing their shares on U.S. stock exchanges.

"If America's markets aren't competitive, investors lose. If America's markets aren't transparent and open, investors lose," said SEC Chairman Christopher Cox. If investors can't trust the stewards of the companies, he added, "we all lose," because they won't invest.

On hedge funds, the commission proposed cutting the number of individual investors who invest in the loosely regulated investment pools, which cater to the wealthy and institutions, including pension funds and endowments. Under current rules, which also apply to private-equity funds and venture-capital funds, individuals can invest in such funds if they have a net worth of $1 million or an annual income of $200,000 in the previous two years.

REGULATORY CHANGE

The SEC took several actions Wednesday on Chairman Cox's agenda. Among them: • Approved optional electronic delivery of proxy statements and annual reports by 2008 proxy season. Investors can opt for paper.

• Issued guidance to firms making the internal-controls provision (Section 404) in Sarbanes-Oxley less onerous.

• Raised minimum threshold for individual investors in hedge funds to $2.5 million in investment assets, from $1 million of net worth.

• Will revisit its mutual-fund governance rule.

• Proposed easier way for foreign companies to withdraw from U.S. reporting rules.

Source: Securities and Exchange Commission

If adopted, the new rule would build on that standard, requiring hedge-fund and private-equity-fund investors to have $2.5 million in investment assets, excluding primary residences. The existing standard, in place since 1982, was intended to protect small, unsophisticated investors from getting in over their heads by pouring money into funds that often are riskier than, say, mutual funds.

The new rule could reduce the number of qualified investors by 88%, said SEC Commissioner Paul Atkins, a Republican who voted for the proposal. The SEC says 1.87% of all U.S. households were qualified to invest in hedge funds in 1982; today, 8.5% are qualified. The proposed rule will reduce that percentage to 1.29%.

The proposed rule would not apply to venture-capital funds. SEC staff members who drafted the rule said they wanted to avoid crimping the amount of capital available to such funds, because of their role in funding small start-up businesses. The 1982 standards would still apply to venture-capital investors.

Mr. Atkins expressed skepticism about that explanation, saying that it sounded like a "political rationale," and that venture-capital funds can be just as risky and vulnerable to fraud as hedge funds.

Roel Campos, a Democratic commissioner, said there was a need for "very moderate oversight" of the hedge-fund industry to see the full picture of risk to investors and the market. He suggested a carrot-and-stick approach: easing marketing restrictions

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for hedge-fund advisers that register with the SEC and submit themselves to a degree of regulatory oversight. A previous attempt by the SEC to require many hedge-fund advisers to register was struck down by an appeals court.

The SEC also voted unanimously to propose making it illegal for hedge funds to defraud, deceive or omit material facts to investors. The proposal would restore a similar rule voided earlier this year, when the appeals court struck down the hedge-fund registration requirement.

The SEC plans to seek public comment on the rules proposed yesterday, a process that often results in proposals being altered before adopted in final form, unless the commission decides to abandon them.

Mr. Cox said the e-proxy rule -- the only one approved in final form yesterday -- was one of several steps toward changing how investors access information. It dovetails with two other technology-based initiatives Mr. Cox is pushing. One will allow investors to quickly compare data in a corporation's financial statement with other companies' data. The other is an upgrade to the search capabilities of the SEC's Internet-based system for storing corporate financial reports, known as Edgar.

"We're trying to qualitatively improve the disclosures investors get," he said.

Business groups have been wary of using Internet-based proxies -- the documents that outline matters put before shareholders for votes. Their main fear is that activist investors would find it much easier to put their proposals before all of a company's shareholders. Consumer groups, on the other hand, have warned that electronic proxies could disenfranchise investors who don't use the Internet.

Some commissioners expressed concern about making the e-proxy rule mandatory, given other changes the SEC is weighing for the proxy process. Commissioners also fretted that a mandatory rule might crimp participation by shareholders without Internet access.

On Sarbanes-Oxley, the SEC's guidance appears to be an artful compromise aimed at addressing criticism about the law's Section 404, which requires companies to review internal controls and procedures over financial statements to lessen the chance of fraud and mistakes. The new guidance lets corporate managers use their discretion to focus on controls and processes that they feel pose the greatest risk and could result in major misstatements.

John White, director of the SEC's corporation-finance division, said the guidance is intended "to foster the preparation of reliable financial statements" and "bring information about material weaknesses into the public view." The guidance, which doesn't provide specific examples, allows management to make judgment calls "in light of the size, nature and complexity of the company," said an SEC staff member. It allows small companies more flexibility, officials said.

The SEC also voted to reissue a rule -- rejected by an appeals court this year -- that would require mutual-fund boards to have more independent members. The appeals court ruled that the SEC didn't properly consider the rules' economic impact, so the SEC plans to make two reports on the rules' costs and benefits available as part of its public-comment process.

Monster Worldwide Restates 9 Years Of Earnings (BLOOM)

Bloomberg, December 14, 2006

Monster Worldwide, owner of the most used online job-listing service, reduced past earnings by $271.9 million yesterday to correct stock-based compensation costs, and it disclosed more than $500,000 in improper payments to its founder, Andrew J. McKelvey.

The restatements cut net income for 2005 by $9.24 million, for 2004 by $14.4 million, for 2003 by $27 million, for 2002 by $44.9 million, for 2001 by $65.6 million, and for the cumulative period of 1997 through 2000 by $110.8 million, the company said in a statement.

Monster, which is based in New York, disclosed payments to Mr. McKelvey, 72, who resigned as chief executive on Oct. 6 and stepped down as chairman emeritus three weeks later after refusing to answer options-related questions. He has repaid $533,000 and may pay more, Monster said.

From 1997 to 2003, options grants were misdated “intentionally, by persons formerly in positions of responsibility,” to increase their value, the company said.

Monster is among at least 80 companies that have restated their financial results or said they would correct options accounting. The company said in June that internal auditors, the Justice Department and the Securities and Exchange

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Commission had started reviewing options grants. On Nov. 22, Monster fired its general counsel, Myron F. Olesnyckyj, amid the investigations.

Investigators found that the company had paid for health care costs of nine relatives of Mr. McKelvey and nine people who were personally employed by him at varying times since 1997. It also granted stock options to four of his personal employees.

Monster also disclosed payments of thousands of dollars in rent and aircraft fees to businesses owned or controlled by Mr. McKelvey.

Kelly Flynn, an analyst at UBS, wrote yesterday in a note to clients that the transactions were “troubling” and might weigh on Monster’s reputation and increase the risk of further regulatory inquiries.

But Glenn Greene of ThinkEquity Partners in Chicago, who has a buy rating on the shares, said, “This puts the issue behind them, and it doesn’t impact the fundamentals of the business going forward.”

In trading yesterday, Monster’s stock fell 31 cents, to $44.18.

New Fed Case In Muni Market Looks Like The Old Case: Joe Mysak (BLOOM)

By Joe Mysak

Bloomberg, December 14, 2006

Dec. 13 (Bloomberg) -- This is how the government's case against the municipal market will look.

The Department of Justice will put out a press release. It will read something like this:

``In the first prosecution of its kind, the Justice Department's Antitrust Division today brought criminal securities fraud charges against a securities brokerage firm for using fictitious noncompetitive bids and other misrepresentations during the restructuring of a municipal bond escrow account."

There you have it. This passage contains almost everything you need to know about what's going on in the municipal market right now. There's the Justice Department's Antitrust Division, criminal charges, and anticompetitive practices in connection with the reinvestment of money raised in a bond sale.

Yet the above paragraph isn't a look into the future. Insert ``California" in front of ``securities brokerage firm" and ``Tampa, Florida," in front of ``municipal bond escrow account," and you have the wording of a Department of Justice press release sent out on Sept. 28, 1995, more than 11 years ago.

Here's the second paragraph: ``The criminal securities fraud charge, along with a wire fraud charge, were filed in U.S. District Court in San Francisco against Municipal Government Investment Associates Inc., a San Francisco brokerage firm."

Bad Bids

What happened? The indictment of MGIA was at the time thought to be the first shot in the government's battle to reform the reinvestment of proceeds business, and so it was.

The press release went on to quote Assistant Attorney General Anne K. Bingaman saying that the charges resulted from a continuing federal grand jury investigation into collusive bidding and fraud in the municipal bond escrow restructuring business.

The parties involved all disgorged profits and paid fines.

And then? And then five years later, in April 2000, 16 securities firms paid $120 million to settle charges that they had systematically ripped off municipalities for the bonds used to fund escrow accounts.

These 16 had to pay another $20 million to various issuers, and were later joined by a number of other securities firms. None of them, of course, admitted to liability in what was known as the ``yield-burning" investigation; they merely ``settled charges."

Again I say: What happened? MGIA was the first shot in a war that was never fought. At some point, this entire investigation took a very different turn, indeed.

`Anticompetitive Practices'

This is a funny thing. Or maybe it is a tragic-funny thing. Here it is more than a decade later, and a full investigation and round of settlements later, and the government says it is still looking at bid-rigging, price-fixing, kickbacks and ``anticompetitive practices" in the municipal bond market's reinvestment of proceeds business.

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I don't understand. Back in 2000, after the global settlement was announced (at least to hear the lawyers tell the story), the government had succeeded in cleaning up Muniland. They had changed the way Wall Street and Main Street did business. Right? And wasn't that a great thing?

Well, guess what? We are right back to where we started with MGIA. The firm was doing the same things that everyone is so exercised about today. At some point, the Feds stopped pursuing the relative small-timers in the snake-pit that is apparently the reinvestment of proceeds business, and instead focused on the big Wall Street firms that systematically mispriced the Treasury securities used in escrow accounts.

What Happened?

A pretty good case can be made that the Feds should have stuck with the MGIA strand, where the dealings were dirtier and nastier and perhaps resulted in more lasting damage to public finance.

MGIA was run and owned 65 percent by one guy who also worked for another firm involved in the same Tampa, Florida, transaction. MGIA had a secret profit-splitting arrangement with the larger firm (Kidder Peabody & Co.) that ``won'' the right to provide the city of Tampa with an investment agreement. The Department of Justice said the bidding was rigged in Kidder's favor.

And then there's the whole matter of the ``value'' of the agreement. You can see why people are so anxious to get into this business. Kidder paid the city $1.32 million for the right to provide an investment agreement that was, the government said, worth $3 million more -- and then split that profit with the guy at MGIA.

These are all the elements that the Feds say they are so interested in, now.

Who was minding the store? For years now, the market's regulators have been saying they don't regulate the swaps and derivatives and investment-agreement business. This was apparently a license to pillage the public treasuries. And yet more than a decade ago, they were heading down that road. They had found all sorts of criminal and anticompetitive practices, and had even managed to win a case. And then that was it.

Why didn't they finish the job? Is the market better off for the extra decade of profitable, unfathomable shenanigans?

What happened?

(Joe Mysak is a Bloomberg News columnist. The opinions expressed are his own.)

CRIMINAL LAW:

Feds Won't Let Some Sex Offenders Go (USAT)

By Kevin Johnson

USA Today, December 14, 2006

WASHINGTON — The Justice Department is planning to detain an undetermined number of violent sex offenders after they have completed their federal prison sentences as part of a program aimed at protecting children, U.S. Attorney General Alberto Gonzales says.

The initiative, modeled after "civil commitment" laws in 18 states that have kept 2,000 sex offenders locked up for mental health treatment after they served their sentences, will identify federal inmates who authorities think would pose a threat if freed.

It's unclear how officials will decide which offenders should be held past their sentences.

The potential impact on the federal prison system could be significant: Of the system's 190,000 inmates, 11,000 are sex offenders.

"We're working with the Bureau of Prisons (BOP) to see how we implement" the plan, Gonzales says.

So far, officials have referred 11 federal inmates for possible commitment after their time is served, the BOP says. The offenders would be treated at a prison in Butner, N.C.

Civil commitment laws, which survived a U.S. Supreme Court challenge in 1997, have been one of the most extreme measures states have used to clamp down on repeat sex offenders. This year, Congress gave the U.S. government the authority to impose such a program.

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Congress has "given us the right to pursue (civil commitments) and we are going to," Gonzales told prosecutors here last week.

Civil commitment programs for sex offenders have passed legal muster on the state level because courts have viewed them as similar to laws allowing confinements of mentally ill criminals until they are deemed fit to return to society.

For years, authorities from Virginia to Washington state have detained sex offenders well past their release dates and kept them in state treatment facilities. Civil trials usually determine whether offenders should stay in custody past their sentences, be released or submit to monitoring similar to parole.

Of the more than 2,000 sex offenders who have been committed across the nation, only 10% have been released after rehabilitation, says Dennis Doren, a Wisconsin psychologist and BOP consultant.

Critics say that such programs unfairly extend punishments beyond sentences set by judges and juries. "This is merely camouflage for lifetime sentences for some offenses," says William Buckman of the National Association of Criminal Defense Lawyers.

Gonzales Concentrates Outrage On Child Abuse (USAT)

By Kevin Johnson, Usa Today

USA Today, December 14, 2006

Horrific Internet images of tortured kids haunt Justice Department chief

WASHINGTON — In the spring of 2005, new U.S. Attorney General Alberto Gonzales was still getting to know the Justice Department and its 100,000 employees when he stopped at Drew Oosterbaan's office a few blocks from the department's headquarters.

What happened during the next hour, Gonzales says, haunts him to this day.

Oosterbaan, director of the department's Child Exploitation and Obscenity Section, introduced his new boss to a branch of crime that had been largely overshadowed by the department's post-Sept. 11 focus on preventing terrorist attacks.

Gonzales watched silently as streaming video captured from the Internet showed fathers sexually assaulting their daughters, some younger than 10. Another segment showed men defecating on screaming babies whose tiny hands and feet were tied down with bath towels.

Rebecca Gonzales, the attorney general's wife, vividly recalls that day. The nation's top law enforcement officer, she says, arrived home clearly shaken.

"He didn't cry, but it was close," she says. "That was a terrible day. It changed him. That day put fire in him."

Passion and emotion aren't things the public sees much of from Gonzales, the former White House counsel from Texas who had long been a quiet, deferential confidant of President Bush. Unlike his predecessor, John Ashcroft, Gonzales, 51, often fades into the background at his own news conferences, content to allow subordinates to describe Justice's actions.

Until the subject turns to child abuse.

Punishing abusers has become a particular passion with Gonzales, who is emphasizing the issue like no other attorney general before him. He has launched an energetic campaign by the Justice Department to confront sexual predators with new prosecution tactics, new programs and the promise of more money to combat the problem.

Arrests and prosecutions in child exploitation cases have risen sharply since Gonzales took office nearly two years ago. Federal prosecutions jumped last year by the largest one-year margin in the past decade, from 1,244 to 1,576.

The get-tough tactics toward sexual predators include a plan to detain federal offenders after they have completed their prison sentences if they are deemed to be a potential danger to the public. Eighteen states have similar programs.

Gonzales acknowledges that preventing terrorism and the government's controversial surveillance and detention programs are his department's top priorities. However, in speeches and interviews he seems most energetic when describing — sometimes in surprisingly graphic detail — crimes against children and his desire to prevent them.

In an interview, Gonzales talks of being outraged by the images he's seen in evidence collected by investigators: Fathers forcing toddlers to perform oral sex. Physically imposing men abusing young girls. Some assaults are punctuated by the screams of frightened children, he says.

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"To see the trust of these children violated is very powerful," Gonzales says.

Ernie Allen, president of the National Center for Missing and Exploited Children, acknowledges that the explicit nature of Gonzales' rhetoric may be shocking to some.

"I'm sure some people have counseled him that a senior official in government shouldn't be speaking in such graphic terms," Allen says. "He uses terms I've never heard a public official utter. I'm sure there is an element of risk to that. But what the attorney general has done is mobilize existing resources in a way that has never been done. The best way to do that is through the bully pulpit."

Allen says Gonzales communicates a "sense of urgency" no other public official of his rank has attempted. "What he is doing," Allen says, "is historic."

During a meeting with federal prosecutors last week in Washington, Gonzales said, "People often ask me what keeps me up at night. Obviously the threat of a terrorist attack never leaves my mind, and it is the top priority of our government to keep that from happening.

"But it is the faces of child victims that haunt my dreams. I can see their eyes, that awful emptiness, as if their tiny souls are trying to detach themselves from their desecrated bodies. I see the victims' images as part of my work. But now they are part of my heart, and I am not going to tire in this fight to protect them."

During his first meeting with Gonzales in February 2005, Oosterbaan recalls, he wanted to impress upon the new attorney general how the Internet had taken the exploitation of children to a new level.

Oosterbaan says he figured the best way to do that — and hopefully gain an important ally in fighting crimes against children — would be to show Gonzales the evidence.

Oosterbaan identified some of the most disturbing photographs seized by law enforcement officials. At the last moment, fearing the images would be too graphic, the career prosecutor scrapped the plan. "I couldn't scar him," Oosterbaan says.

Weeks later, Gonzales wanted a more detailed briefing. Oosterbaan remembers a phone call from a Gonzales aide who said, "Drew, he wants to see the images."

Gonzales arrived at Oosterbaan's sixth-floor office on New York Avenue NW and sat quietly as graphic videos of infants and young girls streamed across a computer screen, Oosterbaan says.

"Anyone who has seen these images are never the same, and that was true with the attorney general," Oosterbaan says. "He didn't say a lot. You almost see something drain out of people when they watch this. That is what I saw."

From that day, Oosterbaan says, he's never had a more influential advocate. Aside from Gonzales' emphasis on aggressive prosecutions and keeping convicted sex offenders in custody, the attorney general has embraced a range of initiatives aimed at protecting kids:

•The Adam Walsh Child Protection and Safety Act, signed into law this year, established federal penalties for convicted sex offenders who fail to register with authorities when they move from state to state.

•In May, Gonzales rolled out the Project Safe Childhood program, modeled after the 2001 Project Safe Neighborhood initiative, which targeted gun crimes.

The new program designates prosecutors in each of the nation's 94 U.S. attorney's offices to coordinate exploitation investigations and prosecutions with help from state and local authorities.

•Gonzales has created a group to work with Internet service providers to try to extend the time companies store user history data. Such an agreement, he says, would allow investigators to more easily track suspected child abusers.

Gonzales' interest in securing such data has drawn criticism from some privacy advocates who fear such information could be tapped for investigations that do not involve child exploitation.

The Electronic Frontier Foundation, a free speech advocacy group, has argued that the stored data could unnecessarily expose personal details of users who have no ties to criminal activity.

"It treats everyone as a criminal just in case it might be useful to the government," foundation lawyer Kevin Bankston says. "It's an incredibly invasive measure."

Oosterbaan says the initiative reflects an attorney general willing to do whatever it takes to curb crimes against children.

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"What I see is a powerful and deep sense of obligation and responsibility," he says. "I have never heard a man in his position talk about the problem the way we (investigators) talk about it."

Gonzales is not the first attorney general to turn a spotlight on an enforcement issue traditionally relegated to the background.

Janet Reno, whose term spanned a series of national crises — from the first World Trade Center attack in 1993 to the international custody dispute over Cuban boy Elian Gonzalez in 2000 — focused on the safety needs of Native Americans.

Reno made frequent visits to Indian country and expanded the FBI's presence on reservations to help tribes with basic law enforcement. "He realizes that the placement of prevention and enforcement programs up front pays enormous dividends down the road," Reno says of Gonzales.

Seated in an ornate conference room that once was Robert F. Kennedy's office at Justice, Gonzales — the father of three sons, ages 23, 14 and 11 — says he doesn't necessarily want the pursuit of sexual predators to define his tenure. It's clear, however, that the issue isn't just his passion, it's his wife's as well.

Rebecca Gonzales, who once worked in the Texas attorney general's sexual assault division, is a volunteer at the National Center for Missing and Exploited Children.

"I'm firmly committed to going after terrorists," Alberto Gonzales says. "But this is a special category because we are talking about protecting the most vulnerable in our society: our children. As a father, the thought of anyone harming my sons is not anything you want to think about."

The Gonzales File (USAT)

USA Today, December 14, 2006

•Age: 51. Born Aug. 4, 1955, in San Antonio; grew up in Houston, the second of eight children.

•Military service: U.S. Air Force, 1973-75.

•Education: U.S. Air Force Academy, 1975-77; Rice University, B.A. in political science, 1979; Harvard Law School, J.D., 1982.

•Professional experience: Lawyer, Vinson & Elkins, Houston, 1982-95; general counsel to Texas Gov. George W. Bush, 1995-97; secretary of State, Texas, 1997-99; justice, Texas Supreme Court, 1999-2000; White House counsel, 2001-2005; U.S. attorney general, 2005-present.

•Family: Wife, Rebecca Turner Gonzales; three sons.

Source: Justice Department

Former Children's Editor Sentenced For Soliciting Sex From Minor (AP)

By Rodrique Ngowi

AP, December 14, 2006

BOSTON— A former editor for the company that publishes the venerable Weekly Reader, a newspaper for elementary school children, was sentenced Wednesday to six years in prison for soliciting sex from a minor.

Noel Neff, 47, of Norwalk, Conn., also was fined $2,500, barred from using the Internet to access child pornography sites and ordered not to associate with anyone under the age of 18 without supervision from an adult who is aware of his criminal record.

"I made a mistake and I pay a heavy price for that mistake," Neff told U.S. District Court Judge George O'Toole shortly before sentencing. "I am extremely remorseful for what I have done."

Neff did not visibly react when the sentence was read. As federal marshals put him in handcuffs and led him away, he quietly said to his brothers, sisters and a nephew: "Take care, I love you."

His attorney, Francis O'Reilly, said his client planned to appeal.

"Our position is that a sentence of 60 months would have been more appropriate in this case," O'Reilly said.

A federal jury in May convicted Neff of using Internet to induce a minor to engage in sexual activity, which carries a mandatory minimum of five years in prison, and a maximum of 30.

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Neff was arrested in July 2005 in a parking lot at the Franklin Village Mall. Investigators said he had arranged to meet with a 14-year-old boy named Chris for sex.

Chris was actually an FBI agent who had been posing as a minor and exchanging instant messages with Neff for two months, according to authorities.

Weekly Reader Corp., is based in Stamford, Conn., and publishes several magazines and periodicals for students, including Weekly Reader.

The company fired Neff a few days after his arrest.

At the sentencing, O'Toole recommended Neff be sent to a federal facility in Butner, North Carolina and attend a sex-offender treatment program offered there.

The judge also ordered a supervised release for five years and that Neff submit to drug tests and periodic polygraph tests.

Ex-church Camp Leader Arrested On Child Porn Charges; Allegations Include A Former Camper (AP)

AP, December 14, 2006

(AP) - COLUMBIA, Illinois-A former church camp leader was arrested on child pornography charges and accused of trying to coax girls, at least one of them a former camper, to pose partly naked or perform a sex act.

Aaron Niles, 20, began chatting with the girls online using the screen names "loverboyniles" and "godrocks30" after working at a Baptist summer camp in 2005, Columbia Police Chief Joe Edwards said Wednesday.

He was arrested Tuesday on three counts of child pornography and one count of indecent solicitation of a child related to incidents in April and May.

At least one of the girls in the allegations had attended the summer camp where Niles was a volunteer team leader, police said.

Investigators were still combing through Niles' computer Wednesday, but "once we complete this, the potential for additional charges are there," Edwards said.

He said investigators also were asking parents whose children may have attended the Super Summer Baptist Camp in Greenville in 2005 to check their children's computer for Niles' online user name.

Niles was jailed on $10,000 (â‚¬7,550) bond. He has an unlisted telephone number in Waterloo, near Columbia, about 15 miles (24 kilometers) southeast of St. Louis.

In a statement Tuesday, the pastor of Niles' Columbia church said the allegations left the congregation "deeply saddened."

"We hurt for the families who have been hurt by this," the statement from First Baptist Church pastor Jonathan Peters said. "We, as the leadership of this church family, have done our best to both protect our church and to demonstrate compassion to everyone involved. We have sought to show love without leniency."

U.S. Gets Subpoena To Force ACLU To Return Leaked Memo (WP)

By Dan Eggen

The Washington Post, December 14, 2006

Federal prosecutors are demanding that the American Civil Liberties Union turn over all copies of a secret document it has obtained, in what is apparently the first time a criminal grand jury subpoena has been used in an attempt to seize leaked material, the ACLU and legal experts said yesterday.

Prosecutors obtained the subpoena Nov. 20, saying their demand was part of an investigation into an alleged violation of the Espionage Act of 1917.

The ACLU says that the 3 1/2 -page document contains no information that should be classified and that the memo is only "mildly embarrassing" to the government. Some legal scholars said the case bears similarities to events in the "Pentagon Papers" case more than three decades ago.

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The subpoena issued in the Southern District of New York provides the latest example of the Justice Department's aggressive use of the anti-spying law, a broadly worded and little-used statute that has become the bedrock in a series of leak-related investigations by the Bush administration.

In a motion filed in federal court, the ACLU called the subpoena an "unprecedented abuse" of the government's grand-jury powers that violates the First Amendment and is aimed at suppressing information rather than investigating a crime.

The civil liberties group -- which has been sharply critical of the Bush administration's terrorism and detainee policies -- said it is prohibited from disclosing the contents of the document. But it described the document as "nothing more than a policy, promulgated in December 2005, that has nothing to do with national defense."

"No official secrets act has yet been enacted into law, and the grand jury's subpoena power cannot be employed to create one," the ACLU wrote in its brief, which was filed with U.S. District Judge Jed S. Rakoff.

Officials at the Justice Department in Washington referred questions about the case to the office of U.S. Attorney Michael J. Garcia in New York. A spokeswoman there confirmed the subpoena but declined to comment further.

First Amendment advocates and experts in national security law said the subpoena represents a dramatic bid by the government to punish or intimidate media organizations and advocacy groups that attempt to publicize government policies and actions.

Lucy Dalglish, executive director of the Arlington-based Reporters Committee for Freedom of the Press, called the subpoena "disturbing," saying it would be easy for the government to attempt a similar move against a news outlet that had obtained a sensitive document as part of its investigative work.

"It shows me a pattern of aggressiveness to retrieve information that has escaped from the bubble," Dalglish said. "It's intimidation. It's trying to use all sorts of different methods at their disposal to stop proliferation of leaks from the federal government and to prevent public oversight of the executive branch."

William C. Banks, a law professor at Syracuse University and co-author of a leading textbook on national security law, compared the subpoena to a telegram sent in 1971 by then-Attorney General John N. Mitchell to the publisher of the New York Times, warning that publication of a leaked report on the Vietnam War violated the Espionage Act and demanding the return of the Pentagon Papers to the Defense Department.

"It's the same kind of scare tactics, it seems to me," Banks said, adding that he doubts the judge would enforce the subpoena because previous court rulings appear to support the ACLU's position.

The government is pursuing a series of leak investigations related to alleged violations of the Espionage Act and other laws governing the protection of classified information. These include a probe into the disclosure of a warrantless-surveillance program operated by the National Security Agency and the prosecution of two former employees of a pro-Israel lobbying group for allegedly violating the espionage statute.

ACLU officials said that they were told they were not the targets of the probe and that prosecutors had made clear they knew the identity of the person who had provided the group with the memo. Executive Director Anthony D. Romero told reporters that the organization has no idea how the government learned it had the memo.

The ACLU says in its brief that the document was sent as an unsolicited e-mail on Oct. 23 and that the e-mail and one printed copy of the document have been isolated pending litigation. The document is stamped "secret" and contains the heading "Information Paper," according to the subpoena.

The subpoena was issued after the ACLU refused a verbal demand from Assistant U.S. Attorney Jennifer G. Rodgers to turn over all copies of the memo, the group said. Despite the government's keen interest in the document, Romero said, the document does not appear to be particularly important or damaging.

"The government has made this document much more newsworthy now than it perhaps was at first blush," Romero said.

U.S. Subpoena Is Seen As Bid To Stop Leaks (NYT)

By Adam Liptak

The New York Times, December 14, 2006

Federal prosecutors are trying to force the American Civil Liberties Union to turn over copies of a classified document it received from a source, using what legal experts called a new extension of the Bush administration's efforts to protect national-security secrets.

The novelty in the government's approach is in its broad use of a grand jury subpoena, which is typically a way to gather evidence, rather than to confiscate all traces of it. But the subpoena issued to the A.C.L.U. seeks "any and all copies" of a document e-mailed to it unsolicited in October, indicating that the government also wants to prevent further dissemination of the information in the document.

The subpoena was revealed in court papers unsealed in federal court in Manhattan yesterday. The subject of the grand jury's investigation is not known, but the A.C.L.U. said that it had been told it was not a target of the investigation.

The subpoena, however, raised the possibility that the government had found a new tool to stop the dissemination of secrets, one that could avoid the all but absolute constitutional prohibition on prior restraints on publication.

The disputed document, according to the A.C.L.U., is three-and-a-half pages long and unremarkable, and its disclosure would be only mildly embarrassing to the government. It added that the document "has nothing to do with national defense."

"The government may be wanting to have its cake and eat it, too," said Rodney A. Smolla, the dean of the University of Richmond's law school. "It may want to present this to the court as not carrying heavy First Amendment implications. But to the extent the government wants to prevent the A.C.L.U. from disclosing the content of the document by virtue of this subpoena, it is a prior restraint."

John C. Eastman, a law professor at Chapman University, disagreed, saying that the subpoena was unusual but not improper and a sign of a moderate approach to a significant problem.

"Assuming it's properly classified," Professor Eastman said of the document, "I actually think the government is bending over backwards to accommodate the A.C.L.U. rather than pulling the trigger in prosecuting them."

"I'm not troubled by the fact that when we're dealing with classified documents there may be action taken to retrieve them," he added.

The A.C.L.U. said the subpoena was an effort to chill speech about the Bush administration. "The government is involved in a very conscious effort to suppress its critics," said Anthony D. Romero, the A.C.L.U.'s executive director.

Lauren McDonough, a spokeswoman for Michael J. Garcia, the United States attorney in Manhattan, declined to comment beyond acknowledging the A.C.L.U.'s filing.

In the past, the government has fired and prosecuted government officials who provided classified information to people not authorized to have it. It has also tried to force reporters and others to identify the government officials who leaked to them.

But the Supreme Court has drawn the line at efforts to restrain or punish the dissemination of truthful information about matters of public concern.

The Bush administration has been particularly vigilant in trying to keep its secrets. It has threatened, for instance, to prosecute reporters for publishing classified information.

The A.C.L.U.'s lawyers said in court papers filed Monday that such subpoenas, if upheld by the court, would pose a direct threat to journalists.

"Many of the most important news articles of the past year (such as those concerning N.S.A. eavesdropping, rendition of foreign prisoners of our nation to other nations, Defense Secretary Rumsfeld's views on the deteriorating situation in Iraq, National Security Adviser Hadley's assessment of Iraqi Prime Minister Maliki, and the report on the Iraq insurgency's funding sources) have been based on classified documents leaked to reporters," the group's motion said.

Those articles, the motion continued, "could not be prepared and published as they have been were the government allowed to use subpoenas to confiscate 'any and all' copies of classified documents it learns are in the hands journalists and other public advocates and critics."

Experts in First Amendment law said that political advocacy groups like the A.C.L.U. are entitled to the same constitutional free-speech protections that journalists receive.

"In this case," said Floyd Abrams, a First Amendment lawyer, "the A.C.L.U.'s function is presslike" in that it collects, analyzes and disseminates information about the government.

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In its motion to quash the subpoena, the A.C.L.U. said, “The document is nothing more than a policy, promulgated in December 2005.”

It added, “The document contains no information concerning matters such as troop movements, communications methods, intelligence sources or the like.”

The group’s lawyers have agreed for now not to disclose the contents of the document, but hyperlinks to the papers posted yesterday on its Web site include the word “torture.”

The identity of the source is known to both the A.C.L.U. and the government, the organization’s lawyers said. The A.C.L.U. declined to name the source.

In November, Jennifer G. Rodgers, a federal prosecutor, called the A.C.L.U. and demanded the return of the document and all copies, according to court documents. She knew the date on which it had been e-mailed to the group, court papers say.

A subpoena followed. The A.C.L.U. moved to quash it, and Judge Jed S. Rakoff of the Federal District Court in Manhattan yesterday ordered the unsealing of the organization’s filings and the subpoena itself. The judge will rule on the motion to quash shortly.

The Espionage Act makes it a crime for people who have unauthorized possession of some kinds of national security information to receive, retain, disseminate or refuse to turn it over to the government when asked. But A.C.L.U. lawyers say the document does not meet the statute’s definition and that, in any event, a subpoena is an improper way to enforce the law.

In its filing, the A.C.L.U. also argues that the government is misusing the grand jury that issued the subpoena.

“Despite extensive research,” the motion to quash says, “we have been unable to find a single reported decision even mentioning, much less enforcing, a subpoena purporting to preclude the subpoenaed party from retaining a copy of subpoenaed documents. There is no possible argument that there is an investigative purpose to such a subpoena.”

"Girls Gone Wild" Producer Given Community Service (AP)

By Melissa Nelson, Associated Press Writer

AP, December 14, 2006

(AP) - PANAMA CITY, Florida-The multimillionaire founder of the popular "Girls Gone Wild" video empire was sentenced to community service on Wednesday after the company pleaded guilty to federal charges of failing to monitor the ages of the women it films.

Mantra Films Inc. also agreed to pay $1.6 million (â,¬1.21 million) in fines for using drunken 17-year-olds in videos it filed on Panama City Beach during Spring Break and failing to properly label its DVDs and videos as required by federal law.

U.S. District Judge Richard Smoak told company founder Joe Francis he added the community service to the fine because it did not appear a fine would be a meaningful punishment to the 33-year-old Francis, who makes an estimated $40 million (â,¬30.15 million) a year.

The fine represents less than 3 percent of Mantra films' profits since 2002 and only 12 percent of Mantra's 2005 profits, Smoak said.

Besides Francis, company president Scott Barbour also was ordered to complete eight hours of community service monthly for the next 30 months. Smoak said two other Mantra executives - likely the general counsel and chief financial officer - would also have to complete the community service, though the judge gave Francis the option of "stepping up" and serving 16 hours a month of community service himself and voiding his corporate officers' obligations to do the service.

"It does not take a very brave man to go out and corner a girl in the middle of spring break who had four drinks," Smoak told Francis.

Francis said his policy has always been not to film girls under 18 and that the girls filmed in Panama City lied about their ages. Aaron Dyer, an attorney for Francis and the company, said his client would serve the judge's sentence.

Founded in 1997, Mantra released 83 different titles and sold 4.5 million videos and DVDs in 2002, according to Hoover's Inc., a business data firm in Austin, Texas.

A second company owned by Francis, MRA Holdings LLC, entered into a deferred agreement on charges of improper labeling. Under that agreement with prosecutors, the charges would be dismissed after three years if MRA Holdings cooperates with future government prosecutions, admits wrongdoing and pays fines.

Also pending against Francis are state felony charges in which he is accused of using children in sexual performances. He is accused of participating in the filming of two 17-year-old girls in sexual situations at a Panama City Beach motel in the same 2003 case that led to the federal charges.

Boeing Laptop Stolen, Putting 382,000 At Risk For Identity Theft (AP)

AP, December 14, 2006

(AP) - CHICAGO-A Boeing Co. laptop containing the names and Social Security numbers of 382,000 workers and retirees has been stolen, putting the employees at risk for identity theft and credit-card fraud.

The theft, which was confirmed Tuesday, was the third such incident at Boeing in just over a year.

Files on the computer also contained home addresses, phone numbers and birth dates. Some of the files listed salary information.

"It's very disturbing to us when things like this happen, and there are certain steps you can take right away ... but we realize we need to go above and beyond those," said Tim Neale, a spokesman for Chicago-based Boeing.

The laptop was stolen earlier this month when an employee left it unattended, Neale said. He would not reveal where the theft happened, but said no proprietary, customer or supplier data were on the computer.

The computer was turned off when it was stolen and a password is needed to log onto the desktop, Neale said Wednesday.

Boeing began contacting current and former employees Tuesday night, and it will provide credit-monitoring services for three years for those affected, Neale said.

There is no evidence that any of the previous thefts have resulted in wrongdoing, he said.

A Boeing laptop containing information on roughly 160,000 current and former employees was stolen in November 2005. Then, in April, a laptop containing information on 3,600 employees and retirees was stolen.

Neale would not say whether any disciplinary action has been taken against the employee involved in the recent theft. However, he acknowledged that in each of the incidents company policy was violated.

"It's frustrating because obviously you don't want to see this happen," he said.

ID-theft Rings Catered To Illegal Workers (USAT)

By Donna Leinwand, Usa Today

USA Today, December 14, 2006

A federal investigation that ended Tuesday in a raid on six meatpacking plants has uncovered criminal groups around the country that steal real birth certificates, Social Security cards and other documents and sell them to illegal workers, federal officials said.

One fraud ring mailed dozens of Puerto Rican birth certificates to a Worthington, Minn., man who resold them for as much as $1,000 to illegal workers as part of a set of identity documents. Some of the sets were bought by workers at the meatpacking plants, Immigration and Customs Enforcement (ICE) spokesman Marc Raimondi said.

In its largest workplace raid ever, ICE agents on Tuesday arrested 1,282 workers at Swift & Co. meat-packing plants in Worthington, Minn.; Greeley, Colo.; Cactus, Texas; Grand Island, Neb.; Marshalltown, Iowa; and Hyrum, Utah. Workers were from Mexico, Guatemala, Honduras, El Salvador, Laos, Sudan and other countries, Raimondi said.

Illegal workers have traditionally forged documents and invented social security numbers, ICE Assistant Secretary Julie Myers said.

"The investigation uncovered substantial evidence that hundreds of illegal aliens working at Swift had apparently stolen the identities of U.S. citizens," Myers said. "The illegal aliens had obtained these documents from a variety of document rings and vendors."

In recent months, ICE agents have arrested members of document rings in Minnesota, Texas, Utah and Puerto Rico. Homeland Security Secretary Michael Chertoff said federal agents continue to investigate fraud rings tied to Tuesday's arrests.

More than 400 former Swift workers thought to be in the USA illegally are missing. In October and November, Swift interviewed 450 employees it suspected were working illegally and found 90% to 95% did not have proper documents, but Swift did not notify ICE, the court documents say. More than 400 workers were fired or failed to show up.

"Neither Swift nor ICE knows where those 400 workers are now," U.S. District Judge Mary Lou Robinson wrote in a court ruling on Dec. 7.

Agents were tipped to the fraud ring in February while in Marshalltown interviewing workers who had admitted assuming fake identities, Myers said.

ICE agents in July reviewed employment eligibility forms for 1,157 workers at the Swift plant in Hyrum. They found 300 people — 26% of the Swift workforce — had suspect identities.

One of those people was Jose Esteban Aleman of Logan, Utah, hired at Swift in 2005 under the name of Christopher Padilla, 22, according to a sworn statement. Investigators tracked the real Padilla to the Cook County, Ill., jail, where he had been held on murder-related charges since 2004, court documents say. Aleman has been charged with felony forgery and felony identity theft.

Swift said Wednesday it had resumed operations.

Pellicano Co-defendant Pleads Guilty To Federal Fraud And Wiretapping Charges (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, December 14, 2006

Daniel Nicherie admits hiring the former private investigator to wiretap a businessman.

The federal investigation of Anthony Pellicano took a surprising turn Tuesday when one of his co-defendants pleaded guilty to using the former private eye to wiretap a Beverly Hills businessman six years ago.

In an appearance before U.S. District Judge Dale S. Fischer, Daniel Nicherie also pleaded guilty to three other felony counts of defrauding the Beverly Hills businessman and others through pension fraud, wire fraud and money laundering.

Nicherie, 46, is the fifth person to plead guilty to having Pellicano wiretap his clients' courtroom adversaries or business rivals. Additionally, a former Beverly Hills police officer has admitted he illegally accessed government computers for Pellicano, and a onetime SBC employee has pleaded guilty to helping Pellicano by turning over confidential phone company records.

It was not immediately clear what effect Nicherie's plea will have on the ongoing Pellicano investigation because the U.S. government's allegations about Nicherie's actions would clearly make him a troubling witness for the prosecution.

Still, as the latest defendant to admit to wiretapping charges, Nicherie could provide authorities with another example of how Pellicano illegally spied on others.

"If you start adding up the number of people who have pleaded guilty to wiretapping, and then you hear … Pellicano denying that he wiretapped people, you have to ask yourself how believable he is," said one federal law enforcement source, who spoke on condition of anonymity because of the ongoing probe.

Early this year, authorities unsealed a federal grand jury indictment that alleged Nicherie, his brother, Abner, and others hired — or worked with — Pellicano to wiretap others.

Although Pellicano and several co-defendants are alleged to have illegally gone after numerous celebrities or business executives, the sweeping 110-count indictment names the Nicheries in only one count: wiretapping businessman Ami Shafrir in late 2000.

At the time, authorities have alleged, Nicherie was posing as an attorney and investment banker in order to defraud Shafrir and his ex-wife out of some $40 million in cash, real estate and businesses. The fraud, according to an April 2004 indictment, involved an elaborate scheme through which Nicherie took control of Shafrir's companies, drained their assets and put the businesses into bankruptcy.

In that same indictment, Nicherie was accused of also defrauding Gil and Ezra Mileikowsky of Los Angeles out of $275,000 by persuading them to invest in a bogus business venture.

The fraud involving Shafrir looms as an especially significant event because at least one of Pellicano's alleged wiretaps intercepted a conversation between Shafrir and an FBI agent who was looking into the matter, records and interviews show.

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The alleged intercept occurred more than a year before federal agents raided Pellicano's offices in 2002 in connection with a botched attempt to intimidate a Los Angeles Times reporter.

Until Tuesday, Nicherie had steadfastly maintained that he was innocent of the charges in the two federal cases against him. Like Pellicano, he had been held in federal custody without bond because authorities had persuaded the judge that he was too great a flight risk.

After pleading guilty in the case, Nicherie was taken from the courtroom and remained in custody. His attorney for the sentencing phase declined to comment, as did prosecutors in the ongoing Pellicano case.

Assistant U.S. Atty. Jason Gonzalez, who prosecuted the fraud case and presented the plea agreement in court, said: "It's safe to say everyone is pleased it has been resolved."

Meanwhile, the Beverly Hills businessman targeted by Nicherie called the guilty plea "a major step towards justice.

"I am pleased to see him acknowledge responsibility, and I commend the [prosecutor] for his role in this process," Shafrir said in a statement. "Unfortunately, this is only the tip of the iceberg which has yet to expose the underbelly of the corruption involving Pellicano, phone company employees, certain police officers and departments who collectively participated in fleecing me out of millions of dollars."

Pellicano and five others, including a former Los Angeles Police Department detective and another former SBC employee, have pleaded not guilty in the case, which is scheduled for trial next summer.

Nicherie is scheduled to be sentenced in March and faces a maximum prison term of 35 years, although federal sentencing guidelines recommend a lesser penalty.

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Criminal Mind On Death Row, Fate Of Mentally Ill Is Thorny Problem (WSJ)

By Gary Fields

Wall Street Journal, December 14, 2006

NASHVILLE, Tenn. -- At 8:30 a.m., Gregory Thompson, his hands cuffed to his waist, has already swallowed eight of the 12 pills he takes a day.

Mr. Thompson is on death row at the Riverbend Maximum Security Institution, and like many prison inmates, he is mentally ill. In addition to his daily drug regimen, he receives an antipsychotic injection twice a month. The medication controls his paranoia, delusions, schizophrenia and depression. It may also make him competent enough to be executed in the oversized wooden chair housed in a building less than 100 yards away.

Why the 45-year-old is here isn't in dispute. On New Year's Day 1985, he abducted Brenda Blanton Lane from a shopping-center parking lot in Shelbyville, Tenn., while stealing her car. He fatally stabbed the 28-year-old four times in the back. The last strike had such force that the butcher's knife he used came within millimeters of passing through her body. He left her to die at the end of an icy dirt road.

Today, however, Mr. Thompson's case is at the center of a complex debate about the death penalty in the U.S. Recently, the Supreme Court ruled that mentally retarded defendants and juveniles cannot be sentenced to death. Mr. Thompson is asking the courts to decide whether mentally ill prisoners can be executed if rendered competent only by medication. His twice-delayed execution and similar cases are working through the judicial system; one will likely end up in front of the high court.

There are more than 3,300 people awaiting execution in the U.S., according to the Death Penalty Information Center, a nonprofit group critical of how the death penalty is administered. Various organizations conservatively estimate that at least 10% of them suffer from serious mental illness. In all, about 17% of the nation's prisoners have a diagnosis of serious mental illness.

The Supreme Court ruled 20 years ago that federal and state authorities could not execute defendants too insane to understand that they were about to be killed. But states have wide latitude to determine how sane a defendant must be in order to be executed. They can also choose to medicate defendants to reach that point, a practice that's been outlawed in at least three states with the death penalty. Some medical and legal groups argue that it puts doctors in an ethical bind: having to treat people in order for them to be killed.

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Little is straightforward in these kinds of cases. "Although there is a growing clamor to exclude the mentally ill from execution, mental illness is not easily defined," says David Elliott, who heads the National Coalition to Abolish the Death Penalty, a Washington, D.C., group. "With juveniles, you're 17 or you aren't. With mental retardation, they can do tests. Mental illness is much more complicated."

One of the most closely watched fights involves Steven Kenneth Staley, who murdered a restaurant manager during a 1989 robbery. The Texas Court of Appeals declined to hear his appeal recently, meaning Mr. Staley can be forcibly medicated. No decision has been made about how his case will proceed. Prosecutors argue that defendants could scam the system by feigning mental illness while others might avoid execution by refusing their medication.

DEATH WATCH

Tennessee's official Web site1 allows visitors to view the facilities at Riverbend Maximum Security Institution: • Death Row Housing Unit2

• Deathwatch3, where inmates are taken 72 hours prior to execution

Mr. Thompson, the Tennessee death-row inmate, takes Haldol, Cogentine, lithium and Prolexin. In the late 1990s, he was forcibly medicated. In 2001, the state requested the appointment of an official overseer to make sure Mr. Thompson took his medication. The state says Mr. Thompson is now doing so voluntarily. His court-appointed attorney, Dana Hansen Chavis, says that's only because Mr. Thompson "reasonably fears for his safety if he discontinues taking them."

"If I stop taking them, I'll end up naked and restrained again, so I take them," says Mr. Thompson in an interview.

The state doesn't dispute that medication alone makes Mr. Thompson competent. Rather, it argues on procedural grounds that he shouldn't be allowed to argue the matter in court. The only issue, the state argues, is Mr. Thompson's current mental status. His "submissions arguing for his escape from the death penalty are of themselves evidence that he is competent to die," the state says in its filings.

Mr. Thompson was born in Thomaston, Ga., in 1961 and from the age of five was raised by his grandmother after his mother was killed in a car accident. In documents filed with the court, his grandmother said she took to bed for six weeks after her daughter's death, drinking and not caring for her three young grandchildren. They occasionally got a meal or a can of food from neighbors, according to court documents. Other times, they would steal money from under the grandmother's mattress.

In 1979, Mr. Thompson graduated from Pike County High School in Georgia and joined the Navy. It was there he began experiencing bouts of paranoia and sudden anger, family and friends said in court testimony. He stayed in the military until he was dishonorably discharged in 1982 after attacking a noncommissioned officer. He returned home, worked a series of minimum-wage jobs and became prone to screaming and bouts of unprovoked anger, his family told the court.

During this period, he met Joanna McNamara, an unwed teenage mother. On Dec. 29, 1984, Mr. Thompson, then 24, and Ms. McNamara, then 15, traveled by bus from Marietta, Ga., to Shelbyville, Tenn., where they stayed with a family friend after claiming to be married. When the friend realized this wasn't true, she reported Ms. McNamara as a runaway, according to court documents.

As Mr. Thompson waited for relatives to wire money, he began imagining Ku Klux Klan members chasing the couple. Mr. Thompson is black, Ms. McNamara, white. To get away, he decided to steal a car.

The pair encountered Ms. Lane on the evening of Jan. 1 as she walked to her car in the Wal-Mart parking lot -- he picked Ms. Lane because she smiled and spoke to him, he recalls. She'd gone there to buy aluminum foil, recalls Sue Allison, a close friend and Ms. Lane's former boss. Ms. Lane, a newlywed, played piano for the Sunday school, ran a church prison ministry and had worked for several years as a local newspaper reporter.

"He chose the most gentle woman he could have found. Brenda would have given him the car," says Ms. Allison. "Brenda was one of just a few people I knew opposed to the death penalty."

According to testimony given at Mr. Thompson's trial, he forced Ms. Lane into the car at knifepoint and, as she recited the Lord's Prayer, drove around for over an hour looking for a place to leave her. He settled on a rural area in the lightly populated Coffee County in Tennessee's south-central region. As Ms. Lane walked away from the car, Mr. Thompson stabbed her.

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Tennessee police initially thought she might have been abducted by someone she encountered through her prison ministry. Soon after, officials in Georgia called to say they'd caught Ms. McNamara and Mr. Thompson. The pair confessed and told investigators where to find Ms. Lane.

Authorities found her at 4 a.m. on Jan. 3, lying on her back at the end of a dirt road near the entrance to a soybean field. One of her lungs had been punctured, causing fatal internal bleeding. She remained conscious for about 10 minutes, according to the autopsy report.

Mr. Thompson's mental status has been the subject of a tangled dispute ever since he first stood trial and was sentenced to death. The first time Mr. Thompson's appeal traveled through the legal system, Tennessee's Supreme Court and federal district court both noted that no evidence had been presented proving he was mentally ill when the crime was committed. The Sixth U.S. Circuit Court of Appeals agreed.

In June 2004, when a federal appellate judge was preparing a law-review article on the case, an intern working for him asked why none of the mental-health experts who examined Mr. Thompson addressed his mental state during his original trial.

The judge, Richard Suhrheinrich, studied the voluminous files and discovered that depositions and information from a North Carolina forensic and clinical psychology expert had been left out of the case. The expert, Faye Sultan, diagnosed Mr. Thompson with "Schizoaffective Disorder, Bipolar Type" and concluded he would have been suffering from symptoms at the time he murdered Ms. Lane.

"This mental illness would have substantially impaired Mr. Thompson's ability to conform his conduct to the requirements of the law," Ms. Sultan wrote in a report filed with court. Citing the missing evidence, the Sixth Circuit appeals court reopened the case and overturned its earlier ruling.

The Supreme Court intervened at the behest of the state and ruled in 2005 that the Sixth Circuit had overstepped its authority. Justice Stephen Breyer, in writing the dissent in the 5-4 decision, said the case "arises out of unusual circumstances -- circumstances of a kind that I have not previously experienced in the 25 years I have served on the bench."

Once a new execution date was set, Mr. Thompson's attorneys were allowed to file another appeal, although this time challenging only the sentence, not the original conviction. Nearly 22 years after the crime, his case is moving through the courts for a second time.

Mr. Thompson is now arguing he is not competent to be executed because his mental condition has deteriorated. His appeal also tries to make the case that it's unconstitutional to execute a defendant made competent only through medication.

In April, the federal district court sided with the state and found that Mr. Thompson was competent to be executed. The district court also held that "even if Thompson had demonstrated that the state authorities were actually forcing him to take the medications, he has not shown that executing him in his medicated state is unconstitutional."

The case is back with the Sixth Circuit, where Mr. Thompson is challenging his execution on the same grounds. "Any fleeting semblance of competency is achieved by the use of powerful medication which was initiated against Thompson's will," his lawyers argue in a filing. Whatever the verdict, the next step will likely be a return to the Supreme Court.

Opponents of medicating death-row inmates to make them competent argue that the practice violates the Eighth Amendment's prohibition of "cruel and unusual punishments." Many groups argue that the mentally ill shouldn't face capital charges under any circumstances. Such defendants, they argue, have reduced ability to control their conduct and therefore less moral culpability.

The Supreme Court has never addressed the medication question in a capital-case ruling. It ducked the issue in the 1990s in the case of Michael Perry, a Louisiana death-row inmate, by sending the case back to the Louisiana Supreme Court. The state's high court decided it wouldn't force Mr. Perry to take medication, due in part to the ethical dilemma such a move would present to doctors. He remains on death row.

In 2003, in the case of convicted murderer Charles L. Singleton, the Supreme Court let stand an appeals-court ruling that there is no constitutional barrier to executing someone who is medicated. Mr. Singleton, who suffered from schizophrenia, was being treated against his will because he was considered a danger to himself and others. He was executed in January 2004.

The American Medical Association has tried to weave a path through this thorny problem. It says physicians shouldn't treat an inmate to restore competence except if medical intervention is needed to mitigate suffering, which could also hasten an

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execution. The AMA acknowledges "it will not always be easy" to decide whether or not to medicate and leaves the ultimate decision to the treating physicians.

Mr. Thompson's appeal is the first Tennessee death-row case questioning the validity of "chemical competency," and is taking the state into uncharted territory.

"Our organization has not considered whether we should take a stance on this issue," says Terrence Clark, president of the Tennessee Psychiatric Association. Dr. Clark said his personal opinion would turn on whether he, as a physician, is administering the medication to treat the patient's mental illness or whether he is acting as an agent of the state to further the execution.

Meanwhile, Mr. Thompson remains at Unit 2 at Riverbend, about four miles from downtown Nashville. The loudest sound comes from the clanking chains that keep Mr. Thompson's hands strapped close to his body. At 6 feet 3 inches and 263 pounds, he seems to wear the 4-by-4-foot room more than sit in it.

In a nearby building is the death chamber, with a gurney for lethal injections and an electric chair for electrocution. The chair is a wooden, brown behemoth, nearly 3 feet wide, with a back nearly 6 feet high. Plexiglas covers the seat. It hasn't been used since Nov. 7, 1960, but it has been refurbished. Inmates who committed their crimes before Jan. 1, 1999, can request it rather than lethal injection. Mr. Thompson says he'd prefer the chair.

With barely a blink of eyes yellowed by years of medication, Mr. Thompson talked for nearly an hour about his life and impending death, meandering between fact and fiction.

At one point he spoke of having his Grammy-winning career as a songwriter. The night earlier, he said, a dog came out of the floor of his cell, followed by a man he didn't recognize. "I didn't want to go through that, demons and angels coming out of the walls, things on the other side of death," he said.

He also has moments of lucidity. Mr. Thompson said he has had trouble sleeping, but "today is a good day. Right now I'm pretty clear on what happened." He added: "I killed her and they intend to kill me for it."

Political Drama Re-enacts Moments In A Death Chamber (NYT)

By Jesse Mckinley

New York Times, December 14, 2006

BERKELEY, Calif., Dec. 13 — As drama, what happened on stage at the Black Repertory Theater of Berkeley early Wednesday morning was not classic theatrical fare. The actors were mostly motionless, the play had only one line, and everyone in the audience knew how the story was going to end.

But creating a compelling narrative may not have been the authors' point. The play was a re-enactment of the execution of the convicted killer Stanley Tookie Williams, staged on the first anniversary of his death by lethal injection at San Quentin State Prison.

The performance was written and produced by Barbara Becnel and Shirley Neal, two friends of Mr. Williams and death penalty opponents, who were unapologetic about their play's being agitprop.

"This is political theater in the extreme," Ms. Becnel told a crowd of about 150 people who gathered to watch the performance. "But it's political theater in the extreme because we need it."

The execution of Mr. Williams, 51, a founder of the Crips gang who was convicted of murdering four people in 1979, has continued to be a rallying point for death penalty opponents as well as a source of contention about the methods of lethal injection.

In September, a representative of the state attorney general's office acknowledged that prison guards and nurses had botched Mr. Williams's lethal injection, failing to hook up a backup intravenous line to his arm. Ms. Becnel said Mr. Williams was in agony during his execution, which took 35 minutes to complete.

"I was there, I saw what they did," Ms. Becnel said. "And I can tell you it was a 35-minute torture-murder."

State officials deny that Mr. Williams suffered unnecessarily. "The execution went exactly as the protocol is designed to carry it out," said Nathan Barankin, a spokesman for Attorney General Bill Lockyer. "The lack of the extra IV line was definitely a mistake, but it didn't affect the execution."

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Michael Rushford, president of the Criminal Justice Legal Foundation, an advocate for victims' rights and law enforcement, said he believed Mr. Williams was a bad role model for a play.

"I think it hurts the anti-death-penalty movement to hold up as dastardly a criminal as Tookie," Mr. Rushford said, citing Mr. Williams's work with the Crips, a violent gang based in Los Angeles.

Mr. Rushford added that Wednesday morning's performance was simply "preaching to the choir" of Mr. Williams's supporters, many of whom rallied in front of San Quentin the night of his execution.

"I don't expect an accurate portrayal of what happened," he said. "But when you've made such a big deal of it, you can't just let it drop after a year."

Mr. Williams's experiences in the death chamber were part of a Federal District Court hearing in September — stemming from a lawsuit by Michael Morales, a condemned rapist and killer — that may affect death penalty methodology in California. The judge overseeing the hearings, Jeremy Fogel, effectively halted executions in California until he could hear arguments on whether methods of lethal injection caused undue pain. Judge Fogel is expected to issue a ruling soon.

For supporters of Mr. Williams, his execution, which drew international press attention and a cadre of celebrity protesters, was unjust, in part because of his post-incarceration work speaking about the dangers of gangs through a series of children's books, lectures and memoirs, many of which were written with Ms. Becnel. Mr. Williams also claimed to be innocent.

On Wednesday, the theatrical re-enactment began at 12:01 a.m., the time Mr. Williams entered the death chamber. It was performed by six actors, including Darby Tillis, 64, an exonerated death row inmate from Chicago who played Mr. Williams and said he had little trouble connecting with the role.

"When you're on death row, you always have an imaginary scene that you live out many times: how you would feel if you went down for an execution," Mr. Tillis said.

With a simple set — folding chairs, a gurney and a platform — the play's action was minimal: three witnesses stood, a guard strapped Mr. Tillis to a gurney, a nurse fumbled with an IV. Only once did anyone speak, when Mr. Tillis asked the actor playing the frustrated nurse whether she knew what she was doing. The entire performance took about 12 minutes — about a third of the actual execution time.

And while the audience was silent throughout, some said the experience had left them shaken. Kirya Traber, 22, who wore a Save Tookie T-shirt, said she had been outside San Quentin the year before, but felt a lot closer to the drama on Wednesday.

"Here tonight," Ms. Traber said, "was a lot more solemn."

Gumshoe's Intuition: Spotting Counterfeits At Port Of Antwerp (WSJ)

By John W. Miller

Wall Street Journal, December 14, 2006

ANTWERP, Belgium -- From his perch at the North Sea port of Antwerp, Chris De Buysscher can look at thousands of 40-foot container units and pick out those most likely to contain fake Nikes, Marlboros or Dior jackets.

When he's off work, the 51-year-old Belgian can spot a knockoff Louis Vuitton bag from across a crowded, smoke-filled room.

Mr. De Buysscher is widely regarded among his peers as the best counterfeit-goods inspector in the world. "He's a genius, plain and simple," says Christophe Zimmermann, director of the anticounterfeiting unit at the World Customs Organization, an intergovernmental voluntary association that coordinates among the world's 170 customs agencies.

The global boom in counterfeit goods has Mr. De Buysscher very busy. In the past two years, tiny Belgium has seized about 40 million counterfeit items, the most taken by any nation in the European Union. And about 90% of the Belgian seizures came from Mr. De Buysscher's three-person team policing the 22 miles of Antwerp docks.

Mr. De Buysscher is the main attraction of a WCO training program. He has made presentations in the Philippines, Morocco, Senegal, China, Croatia, Hungary and Algeria. Next year, he plans trips to Japan and Mexico. "In the morning, we give theoretical classes," says Mr. Zimmermann. "In the afternoon, Chris shows what he can do."

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His skills are a low-tech blend of old-fashioned gumshoe detective work and intuition. On a recent trip to Algeria, Mr. De Buysscher singled out a shipping container from China for checking at the port of Oran. It was supposed to contain shoes -- and it did -- fake Nikes.

On the road, he and Mr. Zimmermann spend evenings and nights out, indulging in their favorite spectator sport: spotting counterfeit goods in restaurants and bars. What was fake in Algeria? "Absolutely everything," says Mr. De Buysscher. "People in Africa want Dolce & Gabbana, too."

Antwerp recruited Mr. De Buysscher to its new counterfeit-goods team a dozen years ago. Almost everything in international commerce is shipped in 20-foot to 40-foot units, containers that can be easily transferred within ports, then mounted on ship, truck or train. The challenge is to find out which ones hide counterfeits. The first years were hard. Mr. De Buysscher seized only 15 to 20 containers. This year, he's at 106 -- and counting.

At a time when ports are hiring mathematicians to do sophisticated risk analysis and installing programs and X-ray machines to keep up with the tsunami of knockoffs, Mr. De Buysscher is old school. He relentlessly checks thousands of bills of lading for subtle slip-ups. The problem with computers, he says, is that counterfeiters are always a step ahead. "They're working on giving me a computer program to work with," he says. "I don't need it." In other ports, computers do this work. Operators plug in data such as origin, type of good and shipping lane, and use an algorithm to calculate the likelihood that a box will contain counterfeit goods. Customs officers don't necessarily read the bills of lading with their own eyes.

His office and home are museums displaying choice counterfeit junk. It's a hobby many customs agents have. Recent catches include a Frosted Flakes mug, fake vodka labels and a Chinese Angelina Jolie doll from one of her "Tomb Raider" movies.

Part of his expertise comes from knowing brand-name goods. He visits outlet malls to study the products of Nike and Oscar de la Renta. He knows how things are packed in certain countries. Boxes from India, for instance, usually have red rims. "If one of those says 'Made in USA,' there's a problem," he says.

He's also up on fashion and can recognize 10 perfumes by nose alone, he says. "Chanel, Dior and Yves Saint Laurent smells are trademarked, just like the bottles they're in."

A container billed as dark tea from Ningbo, China, that had passed through Singapore recently raised several flags. "Boats from China usually go through Hong Kong," he says. "Also, everybody knows the Indians make dark tea and the Chinese make green tea." Inside were nine million fake Marlboros.

Roughly half the container boxes that Mr. De Buysscher opens contain fakes. "An astonishing ratio," says Mr. Zimmermann. An inspector needs to have a high batting average because there are so many boxes coming through and nobody could check them all. The port of Antwerp usually takes in more than 15,000 containers a day. Customs officials have the resources to check less than 0.5% of them. Opening and unloading a container can cost up to $3,000 in labor and other costs.

Fatalistic customs officials admit that despite their efforts, a lot of counterfeit goods get through. "We're overwhelmed," says Mr. De Buysscher. Playing the odds, Antwerp anticounterfeit agents don't bother to check boats coming from North America.

The need for Mr. De Buysscher's skills is growing. There are 400 million container boxes in the world, and the number is growing by 9% a year. The growth of the $500 billion counterfeit goods industry is one of the biggest economic challenges facing European and American companies as they relocate production to Asia. "This is nothing short of an economic crisis," says EU trade commissioner Peter Mandelson.

China, the source of almost two-thirds of all counterfeit goods seized in the EU, has agreed to crack down on counterfeiters. But WCO officials say progress is slow. Pirates are branching out beyond shirts and CDs to cargo such as auto parts and prescription drugs. "Losing the battle against counterfeit goods could cost human lives," says Michel Danet, secretary-general of the WCO.

One afternoon recently, Mr. De Buysscher read the paperwork for a box on the 2,500-container ship Wan Hai 312 that was labeled "women's coat." Several elements raised a bushy eyebrow. First, all freight was prepaid, a common smugglers' move to get goods through a port quickly. The bill of lading didn't include a brand name, nor did it contain an official port of origin number in the top right-hand corner.

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He ordered the box impounded. The next day, he received a panicked fax from the importer, a Chinese man in Paris. "There has been a mistake, please ship back to China," he wrote.

Mr. De Buysscher didn't do that. When he opened the box, he took out a jacket and read the label. It said "Ice-Dior." He pulled the fake fur off the hood. "Dior wouldn't make this," he sniffed.

Mr. De Buysscher called Daniel De Jaeger, a Brussels lawyer who handles hundreds of cases a year for Dior. Mr. De Jaeger filed a complaint with Belgian customs to prevent delivery of the shipment. Dior pays to destroy counterfeit goods, at a cost of between $6,600 and $13,200 a year. "We can't go to China to catch counterfeiters," says Mr. De Jaeger, "so we have to get them when they cross our borders."

Small-Town Judge's Personal Justice Stirs Concern (NYT)

By William Glaberson

New York Times, December 14, 2006

KEESEVILLE, N.Y. — Like many teenagers in this bleak old mill village near Lake Champlain, Michael C. Burrell had been in trouble before. But when an attempted assault case landed him at age 19 in the courtroom of the village justice, the experience was unlike anything he had faced before.

He said the justice, George J. Head, insisted that they meet each week outside court, in what people around here call his "judge's probation" program.

There is no such thing as judge's probation, and private sessions between a judge and a defendant facing jail violate rules of judicial conduct.

But Justice Head seems to have stretched the rules in a number of ways. When he sentenced young men to regular probation, he sometimes drove them to their appointments. One young man was discovered driving the justice's car, and others say they met with the justice at his home. One said he even wound up moving in for eight months.

"He's the judge," said Mr. Burrell, who said he met privately with Justice Head several times last year. "He tells me to do something, I'm going to do it."

One of the bedrock principles of American law is that judges are supposed to be impartial toward the people who come before them. They are to be decision makers, not participants, in cases. They are not to befriend defendants, and are barred from meeting with them outside the presence of their lawyers or prosecutors, or outside court. At the very least, they are required to avoid any personal involvement that makes it appear they have taken sides.

But bedrock principles have a way of getting lost in New York's town and village courts, a sprawling world of more than 1,250 small courtrooms. Over the decades justices have illegally jailed people, threatened enemies, protected friends and made grievous legal errors, with little supervision or penalty. The law often counts for little, because three-quarters of the justices are not lawyers. Now the system is under scrutiny by state officials, who are holding hearings and taking steps to fix some of its most glaring flaws.

What has played out in this remote village in northeastern New York provides one more startling look at what can happen when meager training mixes with plenty of unchecked power.

"Judge Head rules Keeseville, and God help you if you oppose him," said Diane Webster-Brady, the lawyer who handled Mr. Burrell's case.

'It Wasn't Professional'

Justice Head, 72, a retired state trooper who has been a justice in the area for 15 years, declined repeated requests for an interview. But lawyers say he has told them over the years that he can supervise Keeseville's wayward youth better than county probation officers.

In interviews and documents, several young men — some of them high school dropouts, adrift from their families, and some with serious police records — said he seemed to offer relief from their poverty and troubled lives, providing shelter, food, the use of his car, or even tuition or lawyers' fees.

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But most said they felt unsettled or threatened by the control the justice had over them, and by his unusual version of probation. They described regular meetings — once a week or more — at which the justice would check on their progress, with the suggestion that if they went along, they would be treated well, but that if they did not, there would be trouble.

Sometimes, they said, the meetings were in the house of the justice, who is long separated from his wife. Sometimes they were in the justice's small office off the village courtroom, where Mr. Burrell said he met with Justice Head last year.

"It was me and him talking," said Mr. Burrell, who had run away from a substance abuse program where Justice Head sent him after several arrests in connection with attempted assault and other crimes. Mr. Burrell said the justice discussed his own background, and asked about his.

"It wasn't professional," he said. "I think he crossed the boundaries."

Other people noticed the unorthodox meetings, too. More than a dozen current or former prosecutors, lawyers and officials in the area said they were aware of the justice's out-of-court dealings with defendants, and many said they questioned the propriety of his actions.

In January, one prosecutor filed a motion to transfer a drunken-driving case out of the village court because the 20-year-old driver had been at the wheel of Justice Head's car, with its official license plates. After the arrest, the prosecutor wrote, the young man was "picked up by the Honorable George Head from the police station."

Still, the lawyers and officials said they could not publicly challenge the justice because of his power here. One lawyer said he had reluctantly agreed to "judge's probation" for a client because it won him a better deal.

The Clinton County probation director, David M. Marcoux, acknowledged he had heard that Justice Head accompanied some young defendants to their probation appointments. And when asked, he said that no other judge in the county did so. But he would not say any more about Justice Head or his special probation program.

"He's still a sitting judge in the county," Mr. Marcoux said, "and it's nothing I feel I should make any comment on."

Yet people are being asked to speak up by the state agency that investigates misconduct by judges. In recent weeks, the Commission on Judicial Conduct has been hearing testimony about Justice Head from local officials and some of the young men. Commission officials would not discuss the status of their investigation.

Meanwhile, state judicial officials have begun a series of sweeping changes to the entire system of town and village courts, which are also known as justice courts. On Thursday, two committees of the State Assembly plan to hold a joint hearing into whether the courts should be overhauled even further.

Several legal experts said in interviews that Justice Head's methods appeared to be the kind of conduct that made people question the system's fairness and professionalism. Judges in New York have been disciplined for inviting defendants to their homes, or meeting privately with parties in a legal case.

Ann E. Pfeiffer, a former Rochester City Court judge who teaches at Syracuse Law School, said it was not proper for a judge to take on the role of a social worker, roommate, confidant or friend. "A judge, particularly in a small town, should be as detached as he can be," she said.

A Hard Place to Grow Up

Keeseville, with a population of 1,850, is certainly small, the kind of remote place where critics of the justice courts say it may be most difficult for state judiciary officials to monitor the justices. It has a few churches, not many jobs, the hulk of an old Grand Union on desolate Front Street and a changing cast of aimless teenagers who say they feel trapped in a place that seems forgotten.

The village, which has a reputation for drug crimes, bar fights and beatings, can be a hard place to grow up. One recent Sunday, two young men were hit by a car on Main Street about 3 a.m., and one was killed. Witnesses told the police that the driver, 28, was drunk. When the two men were hit, they were rolling around in the road, fighting.

Seven years ago, Mr. Head, a jowly, broad-shouldered man, was elected village justice, after eight years as a town justice in the area. He had attended college but did not graduate, according to a document he filed with court officials. He has no law degree; the only training that New York has given its justices for decades is six days of initial schooling and an annual refresher course.

Keeseville's mayor, Mark J. Whitney, said Justice Head had "performed well for us."

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But Theodore Carter had a different impression. A high school dropout with a long arrest record, he ended up before Justice Head two years ago, when he was 18. He had tried to beat up another teenager, he said, and because he could not make bail, he spent 20 days in jail.

When he was released to attend Keeseville's regular afternoon court session, he said, Justice Head told him that to avoid more jail time, he would have to serve judge's probation and chop wood for the village.

"I didn't think it was any big thing," Mr. Carter said, "until he told me I'd have to go meet with him." Justice Head set the location: his office in the old school building that Keeseville uses as a community center. "He told me to meet him at 8:30 at night," Mr. Carter said.

When he arrived, the rooms all around the office were empty. The halls were dark. "Nobody was there except for the judge," Mr. Carter said. "It made me feel uncomfortable."

Justice Head, he said, talked about himself and gave Mr. Carter his home phone number to call at any hour of the day or night. "It was kind of awkward," Mr. Carter said.

In later meetings, Mr. Carter said, he seemed to disappoint Justice Head because he did not reveal much about himself. Eventually, in a private session two months ago, he said, the justice adopted a harsh tone, taking three folders out of a drawer — the records, Mr. Carter said, of three harassment charges against him that had not moved forward.

The justice, he said, seemed to hint that he could activate the cases. Asked what he made of that, Mr. Carter said, "I think he means he's going to hold it over me."

Visiting the Justice

For another young man, the meetings started the same way: In court, Justice Head declared that he would see him weekly. But the location would be even more private.

"Judge Head," the man said, "said he wanted to see me at his house the following day."

The young man, an unemployed laborer who is now 24, agreed to be interviewed for this article on the condition that his name not be used, saying he was embarrassed about receiving favored treatment from the justice.

His years of interacting with Justice Head, he said, began when he was 18 and facing a petty larceny charge, having already served jail time for sexual abuse. They would meet, he said, at the justice's home or office, almost always alone.

"At first he didn't want nobody knowing about it," the man said. But eventually, he said, people saw him at "George's house" or driving "George's car."

Later, he said, Justice Head bought him a used car, and once paid for a lawyer when he was charged with a sex crime in another town.

"I just didn't want to go back to jail," the man said, explaining his dealings with the justice. "When you are at the lowest you can be, who else do you want to befriend you than a judge?"

Another young man, then 17, said the justice invited him home the night before he was to be sentenced to community service, according to notes of a 2005 statement he gave to a law enforcement official, who shared the notes with The New York Times. The man declined to be interviewed for this article, but he told the official that the justice tried to have him do work at the house as a form of community service.

And one young defendant described a deal that went even further.

"We had a meeting," the man, Dennis C. Valentin, recalled in a recent interview. "He was going to help me study, and he offered me the place to stay in his mansion."

Mr. Valentin, 25, said his life was in bad shape back then, in 2001. A high school dropout, 19 at the time, he had grown up in a broken, sometimes violent home, he said. He had been arrested after a drunken street brawl, but had run away at first instead of facing the charges.

He turned himself in to Justice Head, who he said got him talking about his ambitions: to get into the Army, or otherwise get out of Keeseville. "It's just a rough little town," Mr. Valentin said.

He jumped at the justice's offer. "I pretty much went to stay with him," he said. The justice approved a plea deal: instead of jail, Mr. Valentin would get a conditional discharge that would free him if he stayed out of trouble for six months.

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Already living in the justice's house, Mr. Valentin said, were a 21-year-old man whom the justice sometimes drove to Alcoholics Anonymous meetings, and a man in his late 20s who also had gotten in trouble with the law.

That older man had lived in the house for years, and the justice had helped pay his parochial school tuition, Mr. Valentin said.

Mr. Valentin said he stayed for eight months, with free room and board. "He pretty much tried to get me on the right track," he said.

The effort apparently did not work. Two years later, Mr. Valentin was arrested again — this time, he said, for statutory rape. He is now serving six years of probation, ordered by another judge.

But he remains grateful for his time in Justice Head's home.

"It was a nice place to be," he said. "The judge is really smart. You can sit down and watch 'Jeopardy' on TV, and he is going to get practically every question."

Assisted Suicide Advocate Jack Kevorkian To Be Paroled In June (AP)

By Kathy Barks Hoffman, Associated Press Writer

AP, December 14, 2006

(AP) - LANSING, Michigan.-Assisted suicide advocate Jack Kevorkian, the ailing former pathologist who claimed to have assisted in at least 130 deaths in the 1990s, will be paroled in June, state Corrections Department spokesman Leo Lalonde said Wednesday.

Kevorkian, 78, is serving a 10- to 25-year sentence for second-degree murder in the 1998 poisoning of Thomas Youk, who suffered from Lou Gehrig's disease. Kevorkian called Youk's death, which was videotaped and shown on CBS "60 Minutes," a mercy killing.

Kevorkian has promised he would not assist in a suicide if he was released from prison.

Lalonde did not reveal any other details and directed calls to Russ Marlan, another spokesman for the department. A message seeking comment was left with Marlan Wednesday afternoon.

Mayer Morganroth, Kevorkian's attorney, said in July that his client had less than a year to live. Gov. Jennifer Granholm ordered corrections authorities to carry out an independent medical evaluation of Kevorkian, but did not commute the retired pathologist's sentence, as Morganroth had hoped.

Morganroth said in June that Kevorkian's weight had dropped to 113 pounds (51 kilograms) and that he was suffering from hepatitis C and diabetes.

Michigan banned assisted suicides in 1998.

CIVIL RIGHTS:

Ala. College Desegregation Case Ends (AP)

December 13, 2006, 7:06 Pm Est

AP, December 14, 2006

U.S. District Judge Harold Murphy approved agreements settling the case, which has so far generated $210 million in state funds for the desegregation effort, most of it going to historically black Alabama A&M and Alabama State universities.

In his order Tuesday, Murphy agreed with both sides that there is no reason for further action.

He said the state, its historically white universities and other defendants have eliminated traces of segregation "to the extent practicable and consistent with sound educational practice ... and have demonstrated their commitment to continuing to operate in a constitutional and nondiscriminatory fashion."

One of the plaintiffs, retired teacher Alease Sims of Birmingham, said the legal fight had accomplished a lot.

"It has been a privilege and an honor for me to do something to help my people and all the citizens of Alabama," she told The Birmingham News.

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"We worked hard to have a court ... say those kinds of things about higher education in Alabama. That's quite an accomplishment," state's attorney Robert Hunter said.

Orders and agreements in the case have produced or will lead to additional courses, new money for classroom buildings, diversity scholarship and endowment funds for the state's historically black universities.

The case also has led to creation of a unified Alabama Cooperative Extension Service, increased funding for a need-based scholarship program, and agreements by the historically white universities and some of the state's two-year schools to work to boost their numbers of black faculty members and administrators.

By 2014, when the last of the court-ordered requirements expire, A&M and ASU each will have received more than $200 million, said state Rep. John Knight, a key plaintiff in the case.

The case began in 1979, when the U.S. Department of Education found "vestiges of segregation" in the state's higher education system, chiefly the number of black students and faculty members at predominantly white colleges, and funding and degree-program disparities between white and black campuses.

The U.S. Justice Department sued Alabama in 1981, after state officials and university administrators were unable to agree on a corrective plan. More plaintiffs were added over the years.

A spinoff issue, involving Alabama's lowest-in-the-nation property tax structure, is still being litigated. Plaintiffs contend it keeps blacks from getting financial aid needed for higher education. Murphy ruled against the plaintiffs, who are appealing to the 11th U.S. Circuit Court of Appeals.

South Elgin To Allow Group Home Under Settlement With DOJ (AP)

AP, December 14, 2006

SOUTH ELGIN, Ill. - The village will allow Unity House Inc. to operate a home for up to seven residents recovering from drug or alcohol addiction under an agreement that settles allegations of Fair Housing Act violations, the U.S. Justice Department announced Wednesday.

Federal prosecutors had argued the Village of South Elgin violated the act by refusing a permit for the establishment of a group home for alleged substance abusers. Village Attorney Derke Price said officials had been concerned about allowing a business in a residential area.

The settlement also calls for South Elgin to pay $25,000 in damages to Unity House, $7,500 each to two residents who were not able to live in the home when the permit was denied and $15,000 to the United States as a civil penalty.

The village board approved the settlement at a Dec. 6 board meeting. It still must be approved by the U.S. District Court in Chicago.

"This settlement should send a message to other communities that no municipality, driven by neighborhood opposition, can prohibit persons recovering from addictions from enjoying the benefits of living in the safe and supportive environment of a group home," U.S. Attorney Patrick J. Fitzgerald said in a statement.

On Nov. 17, 2003, South Elgin denied a special use permit to Unity House for a group home that was to house nine unrelated men.

Price said at the time of the application, Unity House operator Bret Mathis failed to prove the facility could handle that number of people, in addition to parking all the residents' cars on the property, as state laws require.

"He believed we were turning him down and discriminating," said Price, who added that the village has no problem with group homes. "We are not admitting to any wrong doing by agreeing to the settlement."

A message seeking comment was left Wednesday evening for Mathis.

Lacrosse Players Tout DNA Test Results (AP)

By David Scott

AP, December 14, 2006

RALEIGH, N.C. - DNA testing in the Duke lacrosse rape case found genetic material from several males in the accuser's body and her underwear - but none from any team member, defense attorneys said in court papers Wednesday.

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The papers were filed by attorneys for the three lacrosse players charged, Reade Seligmann, Collin Finnerty and David Evans. They complained that the information about DNA from other men was not disclosed in a report prosecutors provided earlier this year to the defense.

The testing was conducted at a private laboratory for the prosecution.

"This is strong evidence of innocence in a case in which the accuser denied engaging in any sexual activity in the days before the alleged assault, told police she last had consensual sexual intercourse a week before the assault, and claimed that her attackers did not use condoms and ejaculated," the defense said.

In an interview, defense attorney Joseph Cheshire said the findings suggest the accuser had sex shortly before the March team party where she was hired to perform as a stripper. The woman has said three lacrosse team members gang-raped her in a bathroom at the party.

"None of (the DNA material) happens to be from lacrosse players who are supposed to have had sex with her, which is pretty significant," said Cheshire, who represents Evans.

District Attorney Mike Nifong declined to comment on the defense motion. A trial is not expected to start until spring.

Prosecutors ordered the testing at DNA Security of Burlington after an initial round conducted by the state crime lab failed to find a conclusive match between the 27-year-old accuser and any lacrosse player, a fact trumpeted by the defense attorneys.

Stan Goldman, a criminal law expert at Loyola Law School in Los Angeles, said the defense can use what DNA Security found to argue that if their clients did in fact rape the accuser, the extensive testing should have uncovered their DNA. But he downplayed suggestions that the report could be the key to winning the case.

"There seems to be so many problems with this case, it's hard to say one more will be fatal," Goldman said. "If the jury was going to believe the case before this, it strikes me this is not going to be fatal."

DNA In Duke Rape Case Not Linked To Athletes (LAT)

By David Zucchino, Times Staff Writer

The Los Angeles Times, December 14, 2006

A private lab used by prosecutors failed to report finding genetic material that didn't match samples from suspects, a defense motion says.

DURHAM, N.C. — A private lab used by prosecutors in the Duke University lacrosse rape case failed to disclose that it had found DNA from unidentified males in samples taken from the accuser's body and underwear, according to a defense motion filed Wednesday.

The DNA did not match samples taken from three Duke lacrosse players charged with raping an exotic dancer during an off-campus party March 14. Nor did it match DNA taken from 43 other members of the university lacrosse team, or the accuser's boyfriend, the defense motion said.

"This is strong evidence of innocence in a case in which the accuser denied engaging in any sexual activity in the days before the alleged assault," lawyers for the three accused players wrote in the 61-page motion.

The DNA — which the motion said came from "multiple males" — was not mentioned in the lab's final report, submitted to the Durham district attorney's office in May and subsequently provided to the defense.

Defense lawyers found references to the DNA while scouring 1,844 documents handed over by the lab Oct. 27 under a judge's order. DNA Security Inc. in Burlington, N.C., initially refused to provide them, citing cost and privacy.

The accuser, a black student at North Carolina Central University in Durham who was hired to perform at a team party, told police she was raped in a bathroom by three white players who did not use condoms.

A few hours after the alleged rape, a doctor and nurse collected standard rape kit evidence from the woman at a hospital.

"Enough of that DNA existed for DNA Security to conclude that none of it matched the defendants, their teammates … or anyone else who submitted a DNA sample to the investigation," the motion said.

The lab performed DNA tests on more than a dozen items, but its final report to prosecutors in May included analyses of only three items, the motion said.

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According to the lab's protocols, which were provided in the defense motion, "results for each DNA test" must be included in all reports.

The defense motion seeks all DNA Security documents related to the lacrosse case, including chain-of-custody accountings, internal e-mails, DNA analysis reports and databases, and records of any tests conducted after the lab's May report.

DNA tests conducted by the North Carolina State Bureau of Investigation laboratory in late March did not find evidence of semen, blood or saliva in samples taken from the accuser. DNA Security told a police investigator, Michelle Soucie, that it could perform more sophisticated tests using a technique that isolates Y chromosomes — the male chromosome.

According to Soucie's notes, DNA Security lab director Brian Meehan said he could "possibly adjust prices because they would really like to be involved in [the] case."

Neither Meehan nor Dist. Atty. Mike Nifong could be reached for comment Wednesday night.

Last week, U.S. Rep. Walter B. Jones (R-N.C.) asked the Justice Department to investigate whether Nifong committed "prosecutorial misconduct" and violated the defendants' civil rights.

Nifong, who called the defendants "hooligans," allegedly allowed police to conduct a photo lineup in which the accuser was shown only photos of Duke lacrosse players.

The three accused athletes have said they are not guilty. A trial is scheduled for the spring.

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Backers Of Anti-gay Marriage Amendment File Federal Lawsuit (AP)

By Steve Leblanc, Associated Press Writer

AP, December 14, 2006

(AP) - BOSTON-Supporters of an anti-gay marriage measure filed a lawsuit in federal court Wednesday seeking up to $5 million (â,¬3.8 million) in damages from Massachusetts lawmakers who blocked a final vote on the proposed constitutional amendment last month.

The lawsuit, filed in U.S. District Court by the group VoteOnMarriage.org, claims the 109 state lawmakers violated the supporters' rights to free speech and right to petition the government.

The state House and Senate last month chose to end debate before discussing an amendment that would ban gay marriage in the only state that allows it. VoteOnMarriage.org is asking the court to interpret the recess as a vote in favor of the amendment. Many lawmakers said the vote was designed to kill the amendment.

The legislature is scheduled to take up the question again Jan. 2, the last day of the session. Supporters of the question fear lawmakers will again avoid taking a vote, killing the proposed amendment.

Glen Lavy, a lawyer representing the group, says the lawsuit is needed to force lawmakers to follow the constitution. It seeks $500,000 (â,¬380,000) from the lawmakers for the cost of the group's legal battles and another $5 million (â,¬3.8 million) in punitive damages. The damages would be split 109 ways and lawmakers would be held personally liable, he said.

"We would like to put an end to the Massachusetts Legislature thumbing its nose at citizen initiatives," Lavy said. "This lawsuit is about holding those legislators responsible for their illegal conduct."

Gary Buseck, legal director of Gay & Lesbian Advocates & Defenders, calls the lawsuit "laughable" and said it was at the "outer limits of plausibility."

It is the second lawsuit designed to force lawmakers to take a vote on the question.

Massachusetts Gov. Mitt Romney and other opponents of gay marriage filed a suit with the state Supreme Judicial Court asking the court to force lawmakers to take a vote on the proposed amendment or, if they fail to act, to put the question on the 2008 ballot anyway. The case is pending.

The Massachusetts Supreme Court ruled in 2003 that the state must allow gay marriage. Massachusetts is the only state to do so, although Connecticut and Vermont allow same-sex civil unions.

ANTITRUST:

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Airline Mergers Could Raise Fares In '07 (AP)

By Dave Carpenter

AP, December 14, 2006

CHICAGO (AP) -- A long-anticipated consolidation of U.S. airlines could mean higher fares for travelers as overlapping routes are eliminated, experts said Wednesday as talk of likely deals reverberated throughout the industry.

That's one reason why any such buyouts could draw intensified regulatory scrutiny, along with the potential for increased labor and service disruptions, as some consumer advocates warn.

Don't tell that to Wall Street. Airline stocks surged on news that United and Continental are holding preliminary discussions and after Air Tran launched a hostile takeover bid for Midwest, with other carriers also examining how to merge to keep up with bigger competition.

Numerous regulatory and other obstacles remain before any deal can occur, but industry observers said all the talks and recent airline restructurings have set the stage for big changes in the business next year.

"We're off to the races," said airline expert Terry Trippler, who has been monitoring the industry for 38 years. "2007 is going to be a major year -- we are going to see some major consolidation."

UAL Corp.'s United Airlines and Continental Airlines Inc. declined comment on whether they are talking about teaming up. But a person close to the airlines who asked not to be identified said they have been exploring a possible combination in discussions that stepped up after US Airways Group Inc. made a hostile bid for bankrupt rival Delta Air Lines Inc. last month. The talks were said to be very preliminary, with no deal imminent.

The person did not want to be named because of the sensitive nature of the talks.

Putting together the nation's second- and fifth-largest carriers would produce an airline superpower -- the nation's largest -- merging United's strengths in the Pacific and western U.S. with Continental's successful operations in Latin America and the Atlantic market and its prosperous hub in Newark, N.J., a popular gateway to Europe.

That could enable United, slimmed down from a three-year bankruptcy restructuring that ended in February, and Continental to use their combined clout to reduce operating costs and become more profitable.

Analysts say other potential deal permutations that may be explored -- if they haven't been already -- include AMR Corp.'s American Airlines linking up with Northwest Airlines Corp., and they stress that counterparts routinely talk with one other about consolidation options.

But would a mega-airline be good for consumers? That depends on who's asked.

Most experts agree that less competition would boost fares, but some see boons for passengers, too.

Trippler, with the Web site MyVacationPassport.com, said consumers will benefit in the long run from healthier airlines and, as a result, a much more stable transportation system. He said competition should remain strong and fares shouldn't climb much.

Kevin Mitchell, however, said ticket prices would rise significantly and the public can expect service disruptions, repercussions from labor strife and more job insecurity in the airline industry if the carriers merge. He said that if all the deals in discussion come about, there will effectively be three fewer U.S. network airlines in operation.

"Shareholders, advisers and other firms are the big winners here," said Mitchell, chairman of the Business Travel Coalition, an advocacy group. "I would view it, if I'm a business traveler, on the customer service side as many years of unimaginable pain."

Joe Brancatelli, an independent business travel analyst, said consumers already are losers from merger mania -- with or without deals being consummated.

"So much management time is being consumed by creating or fighting a merger," said Brancatelli, who runs a Web site for business travelers called joesentme.com. "All that time would have otherwise been spent on plugging holes in the already creaky system."

Rep. James Oberstar, D-Minn., who will chair the House Transportation Committee in Congress next year, said he will not hesitate to hold hearings next year to "expose the anti-competitive effects" of airline industry consolidation and to "nudge the Justice Department" to use its power to stop potential acquisitions.

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While discount airlines aren't the focus of merger speculation, combining the larger, so-called legacy carriers could provide an opening for budget carriers such as Southwest Airlines Co., JetBlue Airways Corp. and AirTran Holdings Inc. to push their ticket prices higher as well.

Orlando-based AirTran said Wednesday its $290 million offer for rival Midwest Air Group Inc. was rejected but it will continue trying to acquire the Milwaukee-based regional carrier.

Elk Grove Village, Ill.-based United and Continental have many hurdles to clear to make any deal come about.

Regulators could look at the combined airline's added strength in the Northeast as detrimental to competition, with Continental's Newark hub and United's at Washington-Dulles. United already has endured a failed merger with US Airways in 2000 because of regulatory opposition.

United's prickly labor situation also could be problematic after multiple cuts and layoffs in recent years. The carrier's outspoken flight attendants union quickly served notice Wednesday that it has "severe reservations."

"Any type of business combination is historically fraught with difficulties including regulatory problems, huge expenses, corporate governance issues and, most notably, employee relations," said Greg Davidowitch, president of the United branch of the Association of Flight Attendants.

Also, Northwest could block any acquisition of Continental by virtue of the "golden share" it holds in its Houston-based business partner. A 2000 deal between the airlines gave Northwest that power in exchange for letting Continental buy back some of its stock that its code-share ally held.

Nevertheless, United reportedly has for months been studying ways to merge with either Continental or Delta, and the combination of private-equity funding and the willingness of both sides could get a deal done.

The two carriers led a rally in most airline stocks. Shares in UAL jumped $2.01, or 4.6 percent, to close at $45.24, and Continental rose $1.88, or 4.4 percent, to $44.76.

Big Consolidated Airline Inc. (NYT)

By Jeff Bailey

New York Times, December 14, 2006

AirTran Holdings is roughly a tenth the size of its main competitor, Delta Air Lines. So AirTran executives would seem unlikely cheerleaders of a potential merger that would make Delta 60 percent larger.

But the recent $8.5 billion takeover offer for Delta by US Airways has found a fan in Joseph B. Leonard, chief executive at AirTran, which, like Delta, flies routes across the Southeast from its hub in Atlanta.

“I’m rooting for it,” Mr. Leonard said yesterday in an interview, after announcing his own proposed takeover of Midwest Air, an airline based in Oak Creek, Ill., for $290 million.

Mr. Leonard may relish his role as underdog but that is not why he hopes the carriers merge — he just wants to see fewer jets in the sky. After all, US Airways’ proposed takeover would reduce the two airlines’ combined jet fleet about 10 percent.

That, in turn, would allow the merged Delta — and AirTran — to raise fares on many routes, significantly increasing profits.

“It doesn’t take much,” he said.

The prospect of higher profits has stimulated a new round of merger talks in the industry, whose fortunes have started to improve after more than $30 billion in losses over the last five years.

Discussions about a possible deal between United Airlines and Continental Airlines came to light this week. And if one big merger goes through, other airlines will probably feel compelled to pair off as well or wind up at a competitive disadvantage because they have higher costs or smaller route networks.

But less financial misery for airlines often means more bad news for their passengers — since, in this business, misery tends to be a zero-sum game.

Fewer planes would lead, certainly in the short term, to more-crowded flights and higher fares.

Airline mergers are already on the political radar screen. Concerned about rising fares and the potential for reduced air service to small communities, Representative James L. Oberstar, Democrat of Minnesota, the next chairman of the House Committee on Commerce and Transportation, said yesterday that the Justice Department should block any major airline merger.

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If it does not, Mr. Oberstar said, he would call hearings before his committee to consider action to block such mergers (three steps are necessary to approve an airline deal: the Transportation Department must determine that a merger is financially viable, the Federal Aviation Administration must approve a certificate of safety, and the Justice Department must determine that there are no antitrust issues).

Mr. Oberstar said the public could be harmed only by the sort of large mergers contemplated by US Airways and by United and Continental, and that those in turn would lead to other mergers.

"I don't think there's any benefit from mergers except for the benefit of stockholders and airline officials," Mr. Oberstar said. "There is no benefit to the traveling public."

Mr. Oberstar's district is centered on Duluth, considerably north of the headquarters of Northwest Airlines, which are near Minneapolis-St. Paul, but he is sensitive to the desires of his home state's airline to remain independent. Northwest, which has lucrative Asian routes but is operating in bankruptcy, could be vulnerable to a takeover if Delta succumbs to US Airways.

The industry's recent history serves to bolster Mr. Oberstar's argument.

The domestic airlines' fleet shrank about 12 percent from 2000 to 2005, the Transportation Department reported, to 3,938 big jets from 4,462. That, in combination with an improving economy, permitted airlines to raise fares about 15 percent over the last year.

And the smaller fleet will continue to help prop up prices for an industry still heavily in debt and vulnerable to the next economic downturn. The Transportation Department does not expect the fleet to return to its year 2000 size until 2011, as most deliveries of jetliners are scheduled to occur outside the United States.

Airlines have also cut costs and jobs to stay afloat. Big network carriers have cut their combined payrolls to 264,000 workers in September 2006 from about 420,000 in September 2001, a 37 percent cut, according to the Transportation Department. And many of those remaining workers are being paid about one third less.

But whether consumers are always harmed by mergers is debatable. If a high-cost airline is acquired by another carrier, travelers may benefit.

A study conducted by Clifford Winston, an economist at the Brookings Institution, found that travelers would suffer, not surprisingly, if a number of airlines left the business. For example, in the year 2000, travelers would have lost $19.6 billion, attributable to higher air fares and less-frequent service, if Southwest Airlines did not exist.

But he also found that customers would have benefited over all that year, by about $3.6 billion, if US Airways had stopped operating, because its service probably would have been replaced by lower-fare airlines with more-frequent service.

He also found that travelers would have benefited by $3.7 billion if American had left the business, and $2.4 billion if Continental had left.

It was an academic exercise, and one intended to measure the loss of only a single airline at a time, but one that shows that some airlines tend to reduce industry fares while others prop them up.

To be sure, a more recent study would lead to different results, because US Airways and other airlines have revamped in recent years.

"It really matters who you lose and who comes in to take their place," Mr. Winston said.

Any price increases that airlines are able to push through as a result of mergers could also end up being relatively short term. Southwest, AirTran, JetBlue Airways and other low-cost airlines have collectively grown to about 35 percent of the industry from about 10 percent in 1990, said Daniel M. Kasper, a managing director at LECG, a consulting firm.

And those carriers are growing as the bigger, established airlines shrink. If history is any guide, Southwest and the others can be counted on to start flying routes where US Airways or other network carriers reduce service.

"The market is perfectly capable of sorting these things out," Mr. Kasper said.

While some in the industry insist there is too much airline capacity, Mr. Kasper said the problem was that too much of the capacity remained in the hands of older network carriers. More cutbacks by these airlines would help hasten that shift, he added, increasing the number of seats available on low-cost airlines.

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Domestic air fares as of last year were roughly the same as in 1988, the Air Transport Association said, and when adjusted for inflation, fares have been falling steadily for decades as bigger and more-efficient airplanes reduced costs and spurred competition.

More recently, consumers have kept fares from rising by using the Internet to shop. Consumers' ability to compare American Airlines' prices, say, with Southwest's has kept fares from rising faster this last year.

In coming days, much of the industry will be waiting to see if US Airways is able to persuade Delta's unsecured creditors to help press its case. Those creditors, whose claims will convert into common stock that controls the company after Delta's exit from bankruptcy, can demand that Delta permit US Airways to inspect its books and otherwise research the proposed takeover.

Delta's management opposes the deal and plans to file its stand-alone plan in bankruptcy court next week. Delta claims soared about 50 percent after the US Airways offer was made Nov. 15. Delta executives face pressure to present a plan that could justify something close to that higher value.

Just as crucially, Delta management is expected to raise concerns about the US Airways proposal, especially its ability to pass muster with antitrust regulators.

"We are skeptical," Ed Bastian, Delta's chief financial officer, said in an interview.

Mr. Kasper, the consultant, said that regulators would try to determine whether any competition lost because of the merger would be replaced within two years. Delta and US Airways own the two New York shuttle operations to Boston and Washington, and presumably one of them would have to be sold. And US Airways said the two airlines dominate only a relatively small number of their combined markets.

Delta management's success at resisting US Airways "could be the tipping point," that either spurs more deals or ends the industry merger talk, said the chief executive of another big airline, who asked not to be identified because his company could end up in merger negotiations, too.

"There's a chance nothing will get done," he said.

Delta Rally: 'We Are Not For Sale' (AJC)

By Dave Hirschman, The Atlanta Journal-constitution

Atlanta Journal-Constitution, December 14, 2006

A raucous crowd of more than 3,000 Delta Air Lines workers alternately cheered, booed, clapped and hissed Wednesday as they loudly expressed opposition to a takeover bid by rival US Airways.

Delta employee groups used the nearly two-hour rally to bash Tempe, Ariz.-based US Airways and its CEO, Doug Parker, in pointed, personal terms. He was compared to vilified airline raiders Carl Icahn and Frank Lorenzo and even the fictional Gordon Gekko from the movie "Wall Street."

"You have underestimated your opponent!" Delta pilot union chairman Lee Moak thundered at the meeting in a convention hall near the Atlanta airport, which combined the fervor of a tent revival with the pragmatism of a political strategy session.

"Go back to the desert of Arizona. Thousands of loyal Delta employees in this room are telling you that Delta is our company and we are not for sale!"

Georgia's U.S. senators, Saxby Chambliss and Johnny Isakson, lauded the Delta workers and urged them to back management efforts to preserve Delta's history and independence.

Chambliss said he told Parker in a Washington meeting that he and other members of the Georgia delegation stoutly oppose the deal and plan hearings to pressure the Justice Department to reject it as anti-competitive.

"The proposed deal is a bad deal for Delta and we're opposed to it," Chambliss said to a standing ovation. "It's going to lead to additional mergers that aren't good for the passengers you serve."

His argument may have been buttressed by reports Wednesday that United and Continental airlines are talking about a merger. Most analysts say that would be a defensive option to trump the effect of a US Airways-Delta marriage. And AirTran Airways, Atlanta's second-largest carrier behind Delta, said it's pursuing a nearly $290 million buyout of Midwest Airlines despite that carrier's initial rejection.

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US Airways announced its unsolicited $8.7 billion Delta bid in November, after being rebuffed in earlier private approaches. Delta executives — who did not attend Wednesday's rally — say they want to finish the carrier's Chapter 11 restructuring as an independent company.

But the airline's creditors have a big say in the outcome. They are analyzing the value and other merits of the US Airways offer and will weigh it against a Delta reorganization plan expected to be filed in bankruptcy court as soon as next week.

Wednesday's quickly organized rally aimed to prove that opposition goes deeper than top management.

Oversized TV screens showed film clips from Delta's humble beginnings as a crop-dusting service, along with commercials through the decades.

U.S. Rep. David Scott (D-Ga.) praised Delta workers for enduring five years of pay cuts, furloughs and adversity capped by the Chapter 11 filing. He lambasted US Airways for terminating its employee pension plans during its own bankruptcy case, then aiming to take over Delta, which has announced a deal to save its main non-pilot pension plan.

"You're writing the greatest recovery story in the history of American business," Scott told the Delta workers.

Scott called US Airways executives "vultures" for attempting to profit from the sacrifices of Delta workers, and said the proposed merger was "anti-competitive and anti-American."

US Airways has said it would adopt the Delta name if the merger went through but hasn't said where the combined company would be based. Many experts consider Tempe the likely choice since Parker and his lieutenants would run the airline. They previously ran Tempe-based America West Airlines, which merged with the larger US Airways and adopted its name in 2005.

"How can Atlanta be Atlanta without Delta?" said 58-year-old Delta retiree Carol Kirkland, who attended the rally. "Tempe, Arizona? Come on."

Moak recently held a pilot union meeting outside the former US Airways offices in Arlington, Va., to highlight what he believes would be Atlanta's fate if the deal goes forward. He said US Airways plans to expand its Tempe headquarters.

"Is there any real question as to where the corporate headquarters will land?" he said.

Moak also noted that Parker and his team are still at work on integrating America West and US Airways. "If you want to run an airline," he said mockingly, "why don't you start with the one you already have?"

Concern about the loss of Delta's headquarters has given management many local allies. Earlier Wednesday, the board of Central Atlanta Progress, which includes executives from some of Atlanta's top companies, passed a resolution supporting Delta's independence.

Phil Gee, a spokesman for US Airways, said he isn't surprised by the emotional opposition. "It's something we definitely expected to encounter," he said. "Delta people are very passionate. You'd be hard pressed to find employees with more pride for their company than they have."

US Airways contends a merger would be a bold move to create a stronger airline — and one less vulnerable to the financial crises that overtook both US Airways and Delta in recent years.

The United-Continental talks are not new, though they have become more serious since US Airways approached Delta, according to published reports. A deal remains far from certain. One big obstacle: Northwest Airlines may be able to stop it under a 2000 cross-marketing agreement with Continental.

The Wall Street Journal reported that, in addition to talks with Continental, United also has informally pitched itself to Delta as a better merger partner than US Airways if Delta or its creditors conclude a deal is unavoidable.

Kevin Mitchell, chairman of the Business Travel Coalition, said if such a "tsunami" of airline consolidation were to occur, repercussions for fliers would be disastrous, with fares rising as competition waned.

"What's more, these potential transactions represent a near-term fix to the industry's difficulties and do not address systemic profitability problems and root causes," he said.

Airlines are rebounding this year, partly on the wings of cost cuts from layoffs and restructurings. But they still must battle the high cost of fuel. Many analysts believe consolidation would enable carriers to cut overlapping routes and reduce capacity, making it easier to raise fares.

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Others note the industry's troubled history with getting cooperation from labor groups, not to mention the difficulties of bringing different fleets, maintenance schedules and cultures under one umbrella. Said veteran airline consultant Mike Boyd: "You're dealing with a lot of emotion here that may not make sense in the light of day."

Utah Officials Express Concern Over Possible Delta Merger (KSL)

KSL-TV Salt Lake City, December 14, 2006

(KSL News) Utah legislators are concerned about the future of Delta Airlines, especially if the company merges with US Airways.

Even though Delta has given no indication of a merger Utah officials are being proactive-- asking the Justice Department now to consider the risks such a move would pose for Utah's economy before approving a merger in the future.

Rep. Greg Curtis (R), Utah Speaker of the House: "We're simply trying to make sure that there's a heightened awareness. Make sure this works within the statutory framework. Not asking for a statutory change."

When US Airways made the offer to Delta last month they assured Governor Huntsman the move would not adversely affect Utah.

Legislators say their request to the Justice Department is just making sure that promise is kept.

Airline Industry Poised For Shake-up? (USAT)

By Dan Reed

USA Today, December 14, 2006

One small takeover bid — and the possibility of a much bigger one — rocked the airline world Wednesday, moving stock prices and fueling speculation about the future shape of the industry.

Midwest Airlines, a small Milwaukee-based carrier highly regarded by Midwesterners for its quality of service, rejected a public offer of $290 million in stock and cash from Orlando-based AirTran, one of the USA's fast-growing low-cost carriers.

But AirTran CEO Joe Leonard says he won't give up his pursuit, which has involved several previous, private offers that Midwest's board rebuffed.

Meanwhile, continued speculation about a possible merger of United Airlines and Continental Airlines fueled a growing buzz about industry consolidation first prompted by US Airways' Nov. 15 bid to acquire Delta Air Lines out of Chapter 11 bankruptcy.

Adding to industry chatter: the announcement late Wednesday of the sale of Australia's Qantas. Qantas agreed to a sweetened $8.64 billion offer less than 24 hours after rejecting a slightly smaller bid from the same group. The acquiring group, Airline Partners Australia, includes Texas Pacific Group, the U.S. private equity company led by financier David Bonderman. Texas Pacific previously has held large stakes in both Continental Airlines and America West, now part of US Airways, and continues to hold a big stake in Europe's Ryanair.

Neither Continental nor United would confirm that they are in talks. Two industry sources with knowledge of the discussions, being conducted privately, said the merger talks are active. They cautioned that no announcement is imminent and that a merger may never occur.

The airline activity stirred Wall Street. On a day when oil prices inched upward and the Dow Jones industrial average was flat, the Amex Airline index rose almost 3%. United and Continental shares gained the most, 4.7% and 4.4%, respectively. Most other airline stocks also rose, though US Airways' shares fell 0.4%.

Analyst Ray Neidl at Calyon Securities told clients that a United-Continental merger makes sense because their route networks are complementary. But he warned that it "entails addressing a series of operational issues, as well as antitrust concerns."

Also on the merger front: Delta executives, who are resisting the US Airways takeover, told their top creditors that the airline would be worth more than the takeover bid if it's allowed to exit bankruptcy in 2007 as a stand-alone carrier. Delta management estimates the carrier's worth then would be as much as $12 billion, vs. the pending offer of about $8.5 billion.

United They Stand? (CHIT)

DOJ_NMG_0106273

By Julie Johnsson, Tribune Staff Reporter

Chicago Tribune, December 14, 2006

What the frenzy of airline mergers and reports of new takeover bids might mean for passengers, Chicago and the industry

Once the frenzy has subsided, and all the airline industry consolidation has been digested, Chicago could find itself home to the country's biggest carrier, a supersize United Airlines, or home to none at all.

Passengers could be looking at higher fares or more bargains. They also could be in for a long, confusing period of service upheaval, industry analysts say.

Tens of thousands of workers could be affected as airlines merge, with some getting bigger and others disappearing.

Nothing was for certain Wednesday, except that it had been a remarkable 24 hours for airline takeover action and merger talk, as an industry that has appeared ripe for consolidation for years suddenly began moving toward one of the biggest, and maybe fastest, realignments ever seen in American business.

"This is the big bang," said Kevin Mitchell, chairman of the Business Travel Coalition, a Radnor, Pa.-based advocacy group for corporate buyers of air travel. "Everything could happen from here."

Elk Grove Township-based United was at the center of the action, negotiating a potential merger with Continental Airlines and reportedly looking over Delta Air Lines Inc., the object of an unfriendly offer from US Airways.

Meanwhile, AirTran Airways said Wednesday that it would continue its hostile pursuit of Milwaukee-based Midwest Airlines, a move aimed at shaking Southwest Airlines' lock on low-cost service in the region from its base at Midway Airport.

And Australia's Qantas Airways Ltd. announced that it accepted an $8.7 billion takeover offer from a consortium of private-equity funds, led by Texas Pacific Group and Macquarie Bank Ltd.

Further speculation is that American Airlines is checking out Northwest Airlines, which is in bankruptcy along with Delta. Mindful of the talk, Northwest Chief Executive Douglas Steenland told employees this week that the Minnesota-based carrier intends to emerge from Chapter 11 next year as a stand-alone company.

When the dust settles, analysts think the six major airlines atop the U.S. market could meld into three megacarriers, though there is no guarantee any of the deals will get done.

"This is a once-in-a-lifetime opportunity," said Alan Sbarra, principal with Roach and Sbarra, an airline consulting firm based in the San Francisco area. "I really think that if there's going to be consolidation, this is the time to do it."

Any deals must be approved by federal antitrust regulators, however, and they traditionally have been wary of large-scale consolidation.

And even if they pass muster, massive airline mergers would be exceptionally difficult to pull off, experts say. To do so, carriers must mesh schedules involving thousands of daily flights around the globe, resolve differing cultures that go back generations and combine workforces the size of a small city.

Most aviation mergers in the U.S. over the past 30 years have faltered, and even airlines that pull off this feat tend to be plagued by service problems for years afterward.

The typical miscues that plague merging employee groups would be greatly amplified if virtually every large American airline is swept up in a dealmaking frenzy, experts say.

"You're essentially putting the whole system in play," said Mitchell. "There would be customer-service disruption for years."

Changing the work habits of huge numbers of frontline employees will run the risk of miscommunication, miscues and other problems.

That's bad news for consumers since the four of the airlines in play—Delta, US Airways, Continental and United—are struggling with service problems. They generated the four worst scores for customer complaints among U.S. carriers during October, according to a recent report by the Bureau of Transportation Statistics.

However, many in aviation remain skeptical that the industry-shattering change under contemplation will materialize.

Delta's management team remains adamantly opposed to US Airways' $8.5 billion bid and, like Northwest, has vowed to emerge from bankruptcy without a merger partner.

"I take Delta at their word," said William Brandt, a Chicago-based restructuring expert. "If they do manage to beat the US Airways bid, and the chances of that happening are 50-50, then Delta will stand alone and not go running to United."

Meanwhile, United and Continental's merger talks, described as preliminary, appear hung up on the issue of which management team would lead the combined company, said a person familiar with the negotiations.

That's a crucial issue that has some civic leaders on edge since it could determine where the airline's headquarters is based. For now, United still plans to move its headquarters to downtown Chicago early next year, said a spokeswoman.

The airline hasn't talked to city officials about if or how consolidation would affect the high-profile move, which United announced this summer in exchange for millions of dollars in federal and state aid.

"It's always a nervous thing, but this city gives them the whole world, and Houston does not," said Paul O'Connor, executive director of World Business Chicago, a non-profit group that promotes economic development in the city.

The two airlines have talked several times about joining forces over the past decade. However, Continental's previous overtures to United and CEO Glenn Tilton faltered after the two disagreed on management control, sources said.

United is the second-largest U.S. carrier, while Continental ranks fifth. Even so, Continental CEO Lawrence Kellner wouldn't be content to play second-fiddle to Tilton, say people who know him.

"Remember, these guys have big egos," said Tom Buffenbarger, international president of the International Association of Machinists and Aerospace Workers, which represents ramp workers and gate agents at United and flight attendants at Continental. "Glenn Tilton is an oilman. It would be a battle of Texas titans."

Mergers always generate much anxiety for airline workers, who worry about losing their jobs as well as seniority, which determines the pay and perks they receive.

But there's a silver lining for United workers: Any merger likely would force management to reopen the airline's current, unpopular labor contracts, analysts say. They otherwise wouldn't be subject to revision before late 2009.

While consumer advocates warn that consolidation could lead to higher ticket prices, one of Wednesday's bids could have the opposite effect for Chicago passengers.

Thwarted by Southwest in an earlier attempt to become the largest airline at Midway, AirTran is looking to establish a major hub in Milwaukee through its hostile offer for Midwest Airlines.

The up to $330 million bid, made Oct. 20 and disclosed Wednesday, would give AirTran control of about half of the operations at Milwaukee's Mitchell International Airport. Midwest rejected the offer Dec. 6, but AirTran said it would keep trying.

An increased presence in the Midwest would make AirTran a potent rival to Southwest, capable of drawing bargain-hunting passengers from across the Chicago area. The increased competition should keep prices down, experts say.

"Milwaukee is a perfectly suited alternative to Chicago," said Sbarra, the airline consultant.

Obstacle Looms In United-Continental Deal (WT)

By Sean Lengell

Washington Times, December 14, 2006

Reported talks between Continental and United airlines over a proposed merger may be doomed as the result of an unusual relationship between Continental and a third airline.

Northwest Airlines holds a special preferred "golden share" of Continental Airlines stock, giving Northwest the right to block Continental from consolidating with another airline.

The alliance dates to late 2000 when Northwest agreed to sell shares of Continental common stock back to Continental after the Justice Department accused Northwest of anti-competitive behavior.

As a condition of the sale, a special class of preferred Continental stock was created and sold to Northwest, giving the airline veto power if Continental attempted to merge with another airline.

Northwest declined to say whether it would consider exercising its veto. But airline analyst Anthony Tangorra said the Eagan, Minn., airline wouldn't hesitate because a Continental-United combination would create the world's largest carrier, dwarfing Northwest.

"Northwest highly values its right to block the acquisition of Continental Airlines," said Mr. Tangorra, chief executive of Latitude Transport Advisory of New York.

Sources who confirmed the United-Continental talks asked not to be identified because the discussions are private. United and Continental officially declined to comment on the talks.

Continental still could proceed with an acquisition, despite objections from Northwest, if the deal doesn't require a vote of Continental stockholders.

Moreover, if Northwest is engaged in a merger of its own, its veto power over Continental would be voided under terms of its 2000 alliance.

"There are a lot of hurdles to this [United-Continental proposal], so it's anything but a done deal," said Ray Neidl, an airline analyst with Calyon Securities.

A Continental-United partnership would make sense because United's strong presence in the Pacific and Western U.S. would complement Continental's presence in the Latin American and trans-Atlantic markets, analysts say.

Just how serious are Continental and United about merging?

"Continental and United have been talking for years," Mr. Tangorra said. "As a matter of fact, every airline has been talking to every airline for years. The moment of those talks have an ebb and flow."

The United-Continental acquisition proposal is one of several for airlines in recent weeks.

US Airways Group Inc. last month proposed an $8 billion takeover of bankrupt Delta Air Lines. Delta has said it has no interest in the offer.

AirTran Holdings Inc. yesterday made a $290 million stock and cash bid for Midwest Air Group Inc., the parent company of Midwest Airlines, an Oak Creek, Wis., carrier with hubs in Milwaukee and Kansas City, Mo.

Australia's Qantas Airways staved off a recent takeover bid led by an investment bank and two private-equity firms.

United also has been reported to be considering an acquisition of Delta.

"The industry is fragmented and primed for consolidation," Mr. Neidl said.

Continental Shares Reach Post-9/11 High (AO)

AP, December 14, 2006

NEW YORK --Shares of Continental Airlines Inc. soared to their highest level since before the Sept. 11, 2001 terrorist attacks, as the company talks with United Airlines about a possible combination to create a mega-carrier.

Houston-based Continental's stock jumped $1.82, or 4.2 percent, to $44.70 in midday trading on the New York Stock Exchange. They climbed as high as $46.29 earlier in the session, topping their prior 52-week high of $45.76 set earlier this week. It is the stock's highest level since Aug. 9, 2001, when shares reached $47.10.

Shares of United's parent UAL Corp., meanwhile, surged $2.26, or 5.2 percent, to $45.49 on the Nasdaq. They reached $46.54 earlier in the session, their highest point since they began trading in February following UAL's emergence from Chapter 11 bankruptcy protection. The stock's prior high was $45.20, set earlier this week.

Analysts recommended patience. The carriers are likely watching to see if US Airways Group Inc.'s proposed hostile takeover of Delta Air Lines Inc. goes through, they said.

Prudential analyst Bob McAdoo wrote in a research report that he doubts Continental wants a deal, but it might do one contingent on the Delta/US Airways deal being approved by federal regulators.

He said American Airlines' parent AMR Corp. likely has a similar strategy and could link up with Northwest Airlines Corp.

Calyon Securities analyst Ray Neidl said a United/Continental marriage would make a good fit, bringing together United's strong Pacific network with Continental's Latin American strength and Newark, N.J., hub.

However, any deal involving Continental must account for the so-called "golden share" that Northwest holds in the carrier. Through a special voting series of Continental preferred stock, Northwest can block a merger between Continental and another major carrier.

Consolidation has long been a hot topic for the airline industry. Goldman Sachs analyst Robert Barry said in a research report that merger activity would be a rising tide that lifts at least most stocks for the industry.

Combinations would allow airlines to reduce available seats, giving them more pricing power to raise fares and boost profits amid high fuel prices.

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Such deals, though, would likely face tough federal antitrust scrutiny, analysts say.

Qantas Agrees To A$11.1bn Takeover Offer (FT)

By Sundeep Tucker In Hong Kong And Raphael Minder In Sydney

Financial Times, December 14, 2006

Qantas has agreed to an A$11.1bn (US$8.7bn) takeover offer by a consortium including Australia's Macquarie Bank and Texas Pacific Group, a US buy-out fund.

The airline rejected the consortium's opening offer on Wednesday but early on Thursday it recommended a sweetened A$5.60-a-share offer.

Shares in Qantas jumped nearly 5 per cent to A$5.33 by early Thursday afternoon. The buy-out offer is 29 per cent more than the stock traded at November 21, when Qantas first said it had been approached.

Margaret Jackson, chairman, said Thursday that, subject to receiving an opinion by independent expert Grant Samuel, the non-executive directors unanimously intended to recommend the bid.

The move coincides with upheaval in the airlines industry in the US. Northwest Airlines is expected to use its right to block any proposed merger between Continental and United, derailing attempts to advance talks to create the world's largest carrier.

A Qantas sale would require government approval and must be backed by investors holding more than 90 per cent of the airline's equity. Capital Group of the US is the largest shareholder, with 12.8 per cent.

If endorsed by investors, the agreement would mark one of the biggest aviation deals in history and follows a spate of multi-billion dollar buyouts in Australia this year.

Geoff Dixon, Qantas' chief executive hit out at a warning by Moody's Investor Service Wednesday that it might downgrade its rating on the airline's debt to junk status in the wake of the buyout. "I believe the statement that was made was right out of line," he told reporters. "I do not believe it has any validity at all."

The agreement follows a day of drama in Australia on Wednesday that began with the airline rejecting the consortium's opening offer of A$5.50 a share, which valued Qantas at A$10.9bn.

Qantas's non-executive directors said "the terms of the proposal are not acceptable" as these included "complex conditions" such as a break fee payable to the consortium.

This unexpected rejection sparked a day of talks between Qantas executives and representatives of the consortium. The private equity groups dropped some of their conditions and raised the offer price by 10 cents to A$5.60.

The consortium is understood to have dropped the demand for a break fee, set at A$100m, in theory freeing Qantas to entertain rival buy-out approaches.

Macquarie confirmed a report that the consortium, called Airline Partners Australia, would be majority-Australian owned. Lawmakers have been concerned about the possible buy-out. The airline is subject to ownership restrictions that limit foreigners to a combined 49 per cent stake.

Macquarie said it would own less than 15 per cent, with local rivals Allco Finance Group taking 11 per cent and Allco Equity Partners the biggest single investor with 34 per cent. Offshore investors would hold less than 40 per cent, with neither Texas Pacific nor Canada's Onex holding more than 15 per cent.

Qantas Deal Reflects Private Equity's Wider Horizon (WSJ)

By Henny Sender And Kate Linebaugh

Wall Street Journal, December 14, 2006

The $8.7 billion transaction for Australia's Qantas Airways Ltd. suggests the global deal-making frenzy spawned by private equity may be turning its sights to the recovering airline sector.

The board of Qantas yesterday unanimously approved a sweetened takeover bid by a private-equity consortium being led by Texas Pacific Group and Australia's Allco Equity Partners Ltd. The bid, of 5.60 Australian dollars a share, was increased by 10 Australian cents a share after the board rejected a bid a day earlier. Other terms were also changed.

Qantas shares were up almost 5% to A$5.34 in early afternoon trading on the Australian Stock Exchange. The offer price is 33% higher than the share price when speculation about the deal began on Nov. 6.

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Under the terms of the deal, Qantas will be delisted from the Australian exchange -- but retain majority Australian ownership, as required by law, with Allco becoming the company's largest shareholder. Qantas Chief Executive Officer Geoff Dixon and Chief Financial Officer Peter Gregg will retain their positions, and at least two-thirds of the board will be Australian citizens.

Private equity's increasing role in financial markets comes as airlines world-wide have recovered from their doldrums, and private-equity firms and other private investors have shown increasing interest in an industry famously troublesome for investors. Private-equity firms were significant investors in the recent reorganizations of ATA Holdings Corp. and Aloha Airgroup Inc. in the U.S. Hedge funds participated in the reorganization and merger that created the current US Airways Group Inc. Private-equity and hedge-fund firm Wexford Capital LLC, which partly owns Republic Airways Holdings Inc., based in Indianapolis, last year arranged the purchase of regional jets and landing slots from US Airways for $110 million. (See related article1.)

For Texas Pacific, the Qantas deal represents a return to an area of core competence. The firm's first, iconic deal was the purchase of Continental Airlines out of bankruptcy protection. And while Texas Pacific has a Sydney office, two of its four original partners, co-founder David Bonderman and Rick Schifter, who worked on the original Continental deal, were deeply involved in the negotiations over Qantas.

The Qantas deal marks a change in thinking at Texas Pacific, which until recently was cautious about prospects for the airline sector. For example, when Air Canada was put up for sale in 2004, the firm bid far less than the ultimate buyer, Cerberus Capital Management LP. At the time, the firm said that the kind of profits of a Continental deal were a thing of the past, given the competition from low-cost airlines.

But with the Air Canada deal looking just fine, Texas Pacific is on the prowl once more. In addition to Qantas, it is looking at other airlines, particularly in Asia.

Qantas is the dominant airline in Australia and remains profitable. Early this month, Qantas said it expects annual pretax profit to rise as much as 30%.

"The consortium members have made it clear that to us they recognize the immense value of the Qantas brand and intend to improve and grow the business," Qantas Chairman Margaret Jackson said in a release.

The bidding consortium, called Airline Partners Australia, plans a capital-expenditure program of more than A$10 billion to upgrade the fleet and improve Qantas's premium offering. The group is planning to acquire more than 70 aircraft, raising capacity by 40% and expanding services particularly internationally. Macquarie Bank Ltd., Allco Finance Group and Canada's Onex Corp. are among the buyers.

Australian Prime Minister John Howard said today the government will monitor the takeover bid, but the deal was ultimately a matter for the market. The government plans to review the offer to ensure it meets competition laws and foreign-ownership laws, set as part of the 1995 privatization of the airline, based in Sydney.

Under its structure, the deal adheres to the ownership rules which should help avert a backlash from lawmakers who have voiced concern about the takeover of a national icon. The Australian companies in the consortium will have greater voting rights than the overseas investors. Allco's companies will have 46% voting rights, but only 35% economic interests, while Texas Pacific will have a 25% economic interest, but its voting interest will be less than 15%. Macquarie will have less than a 15% stake.

Qantas Board Accepts Offer Of $8.7 Billion For A Buyout (NYT)

By Tim Johnston

New York Times, December 14, 2006

SYDNEY, Australia, Thursday, Dec. 14 — Qantas Airways, Australia's largest airline, agreed on Thursday to accept a sweetened buyout offer of 11.1 billion Australian dollars ($8.7 billion) from a consortium led by Macquarie Bank and the Texas Pacific Group.

In a statement, the board of Qantas said it would recommend that shareholders allow the company to be taken private. If the deal goes ahead, it will be Australia's biggest takeover, and would be the latest move in a global revival in airline stocks, which have languished since Sept. 11, 2001.

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"The directors believe this offer allows Qantas shareholders to realize significant value for their shares that has not been fully recognized in the public market," the chairman, Margaret Jackson, said Wednesday.

The bid values the company at 5.60 Australian dollars a share, substantially more than its closing price on Wednesday of 5.09 Australian dollars and analysts' prebid valuations of 4.10 to 4.60 Australian dollars.

The consortium — Airline Partners Australia — includes Texas Pacific, Macquarie Bank, Allco Equity Partners and the Allco Finance Group of Australia, and Onex, the Canadian leveraged buyout company.

The group also brings together an array of aviation talent, including David Bonderman of Texas Pacific; Rod Eddington of Allco Finance, the former chief executive of British Airways; and David Turnbull of Allco Finance, formerly of Cathay Pacific .

Few analysts expect investors to block the deal.

The board had rejected an offer of 5.50 Australian dollars a share on Wednesday. In addition to the increased offer, the bidders agreed to drop their demand for a 1 percent breakup fee.

Matt Crowe, an analyst with J. P. Morgan in Sydney, said he believed that it was not just the price that swayed the board's decision.

"Qantas management have been frustrated for some time by the progress of their cost-reduction program," Mr. Crowe said. "It is harder to make difficult cost reductions that might cause disruption in the short term. Going private will make that easier."

Within the consortium, a complex division of the shareholdings is intended to satisfy the Australian government's requirement that no more than 49 percent of the company is foreign-owned.

Onex and Texas Pacific will hold less than 40 percent of the airline, with Allco Equity Partners expected to hold about 34 percent; the Allco Finance Group, 11 percent; and Macquarie, less than 15 percent.

The arrangement is also unlikely to jeopardize Qantas's participation in bilateral air services agreements — the arrangements between countries that stipulate which airline is allowed to fly what routes and at what capacity — that require that participating airlines be "substantially" domestically owned.

"If this acquisition is successful, Qantas will remain a majority Australian-owned, Australia-based airline," Ms. Jackson said.

Qantas's chief executive, Geoff Dixon, will stay on. Peter Harbison of the Center for Asia Pacific Aviation in Sydney, said that although the airline was already one of the world's most profitable, Mr. Dixon was preparing for a time of less government protection and was betting that the new ownership would give Qantas easier access to capital to continue its expansion beyond Australia into the growth areas of Asia.

Alltel Agrees To Sell 4 Markets (AP)

AP, December 14, 2006

LITTLE ROCK, Ark. (AP) -- Wireless carrier Alltel Corp. said Wednesday it agreed to sell four Minnesota markets to Rural Cellular Corp., in order to meet divestiture requirements established by the U.S. Department of Justice.

Financial terms weren't disclosed.

In October, the company received approval from the Justice Department for its $1.1 billion acquisition of Midwest Wireless on the condition that the combined company sell some assets in markets where they both operate.

The Minnesota markets that will be sold to Rural Cellular have been managed by a trustee by the Department of Justice since October.

Rural Cellular said it plans to use cash on hand to finance the purchase, which is expected to close in the first quarter of 2007.

Shares of Alltel closed up 10 cents at $58.16 on the New York Stock Exchange, while shares of Rural Cellular closed up 7 cents at $12.68 on the Nasdaq.

State Paper Firm Indicted On Charges Of Price Fixing (MJS)

By Joel Dresang

Milwaukee Journal Sentinel, December 14, 2006

The U.S. Justice Department announced an indictment Wednesday against a Wisconsin-based paper company in an investigation of price fixing for magazine paper.

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Justice officials said a federal grand jury in Connecticut indicted Stora Enso North America Corp. on charges of conspiring to set prices in consultation with competitors.

The company is the North American subsidiary of the Finnish paper company that bought out Wisconsin Rapids-based Consolidated Papers Inc. in 2000. Stora Enso North America has kept its headquarters in Wisconsin Rapids and employs about 2,700 workers in Wisconsin at mills in Biron, Kimberly, Niagara, Stevens Point, Whiting and Wisconsin Rapids.

According to Justice Department officials, the indictment claims that Stora Enso met with competitors and agreed to increase prices for coated publication papers used in magazines and high-volume catalogs. The indictment contends that Stora Enso sold paper "at collusive and non-competitive prices" from August 2002 to June 2003.

Executives for Stora Enso in Wisconsin Rapids did not return calls late Wednesday. Tim Laatsch, a company spokesman, told the Associated Press that he would not comment because he had not read the indictment.

Last month, parent Stora Enso Oyj reported that the European Commission had closed its investigation of a suspected publication paper cartel.

The U.S. charges against Stora Enso carry a fine of up to $10 million, which could be increased to twice the gain derived from the alleged crime or twice the loss suffered by the alleged victims, if either of those amounts is greater.

Wis. Firm Accused Of Price-fixing Magazine Paper Prices (AP)

By Stephen Singer

AP, December 14, 2006

HARTFORD, Conn. - A federal grand jury on Wednesday indicted a paper products company in a price-fixing conspiracy designed to drive up the sale of paper used to print magazines and catalogues.

Stora Enso North America Corp., based in Wisconsin Rapids, Wis., is accused of conspiring to inflate the prices from August 2002 through June 2003, the U.S. Department of Justice said in a statement.

The paper is primarily used to print magazines, news weeklies and high-volume catalogues. The company agreed to the scheme in a meeting with an unidentified competitor, according to the indictment.

"The price of coated paper used in magazines affects nearly every American," said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division.

Stora Enso spokesman Tim Laatsch said he has not read the indictment and would not comment.

Stora Enso is a U.S.-based subsidiary of Stora Enso Oyj of Helsinki, Finland, the second-largest magazine paper producer in the world. Its paper sales are marketed to publishers, retailers, catalog producers, commercial printers and merchants.

Stora Enso has sales offices in Connecticut, Georgia and other states. The conspiracy charged in the indictment, which was handed up in Hartford, was carried out in Connecticut and elsewhere, the Justice Department said.

Violations occurring before June 22, 2004, carry a maximum fine of $10 million, which may be increased.

Stora Enso's stock closed at $15.95, unchanged, on the New York Stock Exchange Wednesday.

Citigroup To Buy Grupo Cuscatlan, U.K.'s Quilter (WSJ)

By David Enrich

Wall Street Journal, December 14, 2006

Citigroup Inc. agreed to buy a Central American banking company in a $1.51 billion cash-and-stock deal that marks the latest in a series of recent overseas acquisitions.

Citigroup said it is buying the subsidiaries of Grupo Cuscatlan from Corporacion UBC Internacional SA, a commercial- and corporate-banking group that does business in El Salvador, Guatemala, Costa Rica, Honduras and Panama. Citigroup also is acquiring the group's pension and insurance operations in El Salvador.

Citigroup, after a yearlong deal-making hiatus imposed by the Federal Reserve, has been on a small shopping spree lately. The company also announced yesterday that it has agreed to buy Quilter, a Morgan Stanley wealth-management unit in the United Kingdom. Terms weren't disclosed.

The Central American deal, coming the day before top Citigroup executives host their annual investor day at their Park Avenue headquarters in New York, is Citigroup's second recent deal in the region and its fifth international deal this fall.

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In October, Citigroup bought Grupo Financiero Uno, which it described as Central America's No. 1 credit-card issuer. The bank didn't disclose the terms of that deal. That month, Citigroup also agreed to buy a 20% stake in a big Turkish bank, Akbank TAS. In November, Citigroup led a group that agreed to buy about 86% of Guangdong Development Bank, a southern Chinese lender.

The moves illustrate a bet by Chief Executive Charles Prince that fast-growing overseas markets hold greater potential for the world's biggest bank in market value than the U.S. But it isn't clear the deals will quickly jump-start Citigroup's sluggish revenue streams, a source of angst among many Citigroup investors.

The Grupo Cuscatlan deal "is another significant step in expanding Citigroup's businesses in Latin America," Mr. Prince said in a statement. Coupled with the pending Grupo Uno deal, "these transactions quickly and significantly strengthen our distribution capabilities and product offerings to serve retail and corporate clients in Central America."

Citigroup said Grupo Cuscatlan has $5.4 billion in assets, including $3.5 billion in loans and $3.4 billion in deposits.

Hearst Expects To Close Daily Breeze Purchase This Week (AP)

AP, December 14, 2006

Torrance, Calif. (AP) -- Hearst Corp. expects to complete its purchase of the Daily Breeze on Friday as part of a deal to resell the newspaper to MediaNews Group Inc., according to a court document filed by the two newspaper operators.

The document was filed Wednesday in a pending federal antitrust case involving Denver-based MediaNews and New York-based Hearst, owner of the San Francisco Chronicle, over their plans to consolidate some of the business operations of their San Francisco Bay area newspapers.

A San Francisco investor is trying to block the deal, claiming such cooperation violates antitrust laws.

The two companies also said they had finished negotiations in their swap deal. Under the agreement, Hearst will purchase the Torrance-based Breeze from The Copley Press Inc. and then sell it to MediaNews along with two other publications, the Monterey County (Calif.) Herald and the St. Paul (Minn.) Pioneer Press.

San Diego-based Copley, whose flagship paper is the San Diego Union-Tribune, cited competitive pressures when it indicated in June it wanted to sell its Copley Los Angeles Newspapers. Those papers include the Breeze, the Palos Verdes Peninsula News and The Beach Reporter.

EU's Efforts Stymied? (WSJ)

By KENNETH MAXWELL And SANTIAGO PEREZ

Wall Street Journal, December 14, 2006

MILAN -- Autostrade SpA of Italy and Abertis Infraestructuras SA of Spain halted an agreement to merge and create the world's largest toll-road operator, citing blocks imposed by Italy's government and transportation regulator.

The companies said they remain convinced that a deal should be done, and said they hope to be back with a fresh plan at some point in the future. The companies struck a cash-and-shares deal to merge in April that would have resulted in a company with a market capitalization of €25 billion ($33.2 billion).

As time to secure the deal before a year-end deadline on the original agreement all but ran out, Autostrade and Abertis said in a joint statement that they "acknowledged the impossibility of carrying out the merger."

The failed merger highlights the fact that cross-border European mergers and acquisitions, agreed or hostile, stir up as much of a hornet's nest as ever, despite the European Union's best efforts to promote the notion of a single marketplace.

The companies made it clear that the project isn't dead and buried. "The companies hope that future conditions will allow the plan to be viewed in a different light and with this in mind aim to jointly proceed with initiatives and dialogue at institutional level," they said.

Speaking at a shareholders meeting in Rome, Autostrade Chairman Gian Maria Gros-Pietro made sure to point out that the door to a merger remains open. "We're prepared to discuss Abertis with the government," he said. "If we have a settled [operating] framework, we'll see if a deal's possible."

Abertis Chief Executive Salvador Alemany has said he remains willing to continue talks with Italian regulators. Italian Infrastructure Minister Antonio Di Pietro completed the circle by saying he is also open to more talks on the tie-up.

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Investors reacted cautiously, sending Abertis shares higher on hopes for an end to wrangling in Italy for the time being, while Autostrade's stock slipped as the likelihood of a deal, which would be transformational for the company, receded. Abertis's stock price rose 2.6% to €22.80 yesterday in Madrid, while in Milan trading, Autostrade fell 1.5% to €21.80.

In a private note to clients, Lehman Brothers said the halt was more of an "arrivederci" than a farewell. "Both Autostrade and Abertis are convinced they'll resume the merger, which they've stopped for the time being for external reasons," the bank wrote. "There's no need to rush on this one," it added.

People familiar with the situation said the companies' commitment to the deal burns on.

"They've been explicitly vague on the future because they really don't know how long this could take," one person said. "But there are no chances of tangible advances until the Italian government outlines a new regulatory framework. The Italian government has the last word," the person said.

Unable to proceed with the merger for the time being, Autostrade yesterday scrapped a plan to propose a €2.1 billion dividend payout to Autostrade shareholders. The payout was conceived as a means to equalize the valuations of the two companies, along with an agreed swap ratio of 1.05 Abertis shares for every Autostrade share.

Since the merger announcement, the Italian government and transportation regulator have raised one objection after another. Imposing a variety of legal obstacles, the government has sought to wring maximum investment guarantees from the merger partners as a means to boost Italy's transportation system and economic growth without tapping the nation's already-stretched budget.

From the start, the industrial and financial logic of the merger won praise from investors and analysts alike in the unglamorous but highly profitable sector.

The logic of a deal remains compelling for Autostrade, Italy's main roads operator, and Abertis, which is also prominent in other infrastructure sectors. A merger would allow them to pool their global expertise and have greater financial power to target ripening markets in the U.S. and Eastern Europe, and help Abertis secure a key extension of the average lifetime of its licenses to operate highways.

The companies had expected to get full clearance for the transaction before the shareholders meeting scheduled for yesterday to vote on the special dividend payment lined up as part of the merger.

Instead, the Italian government intensified efforts to block the transaction during recent months, seeking to modify license terms for the toll roads operated by Autostrade and threatening to launch lawsuits on grounds that Autostrade allegedly failed to honor investment commitments.

The European Union, which gave the green light to the merger plan, has objected to Italy's efforts to derail the proposed transaction. Yesterday, the European Commission said it might continue its investigations into whether the Italian government has broken antitrust laws and rules ensuring the free movement of capital, even though the merger has been suspended.

The halt represents the second time in the past two years that a Spanish company has been forced to pull takeover plans in Italy because of hurdles imposed in Rome.

Last year, banking giant Banco Bilbao Vizcaya Argentaria SA lost out on buying Banca Nazionale del Lavoro SpA, with BBVA complaining about regulatory interference as Antonio Fazio, who at the time was the Bank of Italy's governor, was widely perceived to strongly back Italian bidders.

FBI/DEA/ATF/USMS:

Intelligence Chairman Botches Islam Facts (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, December 14, 2006

Reyes' fumbled answers about terrorists raise questions about his fitness to serve

WASHINGTON — It's hardly the way Texan Silvestre Reyes wanted to ascend to the chairmanship of the influential House Intelligence Committee.

But the world of bloggers buzzed and critics flapped Tuesday about a botched pop quiz that raised questions about the El Paso Democrat's understanding of the al-Qaida terrorist network and other Islamist extremists.

Reyes, who takes the helm of the committee in January and has served on the panel since 2001, didn't know that al-Qaida was a Sunni organization, and couldn't pin down Hezbollah's Shiite affiliations, during an interview last week with Congressional Quarterly's national security editor.

The differences between the Sunni and Shiites are more than semantics. Islam's 1,400-year-old rift is playing out in deadly fashion across Iraq, where ordinary citizens are caught in a crossfire between insurgents, terrorists and militias motivated by politics and religion.

Conservative radio commentator Rush Limbaugh said Tuesday that Reyes' lapse was proof of the Democrats' inattention to national security.

"Do you think the Democrats are concerned about al-Qaida and Hezbollah?" he said, contending that Democrats care more about investigating President Bush and his anti-terrorism policies than going after terrorists.

Reyes declined an interview request Tuesday. In a statement Monday, he said he was "acutely aware of al-Qaida's desire to harm Americans. The Intelligence Committee will keep its eye on the ball, and focus on the pressing security and intelligence issues facing us."

The former Vietnam combat veteran has traveled to Iraq five times and to Afghanistan three times. He also recently toured Lebanon and Israel.

Some experts suggested that Reyes is just one example of a U.S. policy establishment that has paid little attention to the tricky nuances of politics, religion and sectarian differences that have riven the Middle East.

"When it comes to someone in a position of staff responsibility ... it's a little unnerving to discover that they don't know much about the subject," said Loch Johnson, a University of Georgia professor and former congressional aide.

Danielle Pletka, a Middle East and terrorism expert at the conservative American Enterprise Institute, was shocked by Reyes' lack of knowledge.

"If you don't really care enough about the challenge of Islamic extremism and terrorism to learn the basics, then perhaps when offered a plum position, you should say no," she said. "That goes against the grain in a town that likes titles, but it is the honorable course."

House Speaker Nancy Pelosi, who tapped Reyes after passing over two more senior Intelligence Committee Democrats with whom she had differences, stands by her pick.

San Bernardino Gang Raid Nets Cash, 45 Suspects (LAT)

By Maeve Reston, Times Staff Writer

The Los Angeles Times, December 13, 2006

The arrests cap a seven-month operation in which 35 pounds of meth and 56 guns were seized. The goal is to dismantle the organization, the DEA says.

San Bernardino police and federal officials on Tuesday confiscated $500,000 in cash and arrested 45 alleged gang members believed to be major suppliers of methamphetamine in San Bernardino and the surrounding area, authorities announced.

The bust was the culmination of a seven-month investigation by San Bernardino police and the Los Angeles field office of the Drug Enforcement Administration.

Over the course of the investigation, officers confiscated $820,000 in cash, 56 guns, 41 vehicles and 35 pounds of methamphetamine — the primary drug distributed by the group, federal agents said.

During the seven months, officials arrested 119 people, including five men believed to be top Mexican Mafia associates in San Bernardino, police officials said.

Crime has emerged as a major political issue in San Bernardino in recent years, as the number of murders and violent crimes has increased after a lull in the late 1990s.

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It was the central issue in the mayor's campaign this year, and city residents recently approved a sales tax increase to generate revenue for more officers and crime-prevention programs.

San Bernardino police requested the assistance of the DEA to deal with the surge in methamphetamine and weapons trafficking by gangs in the city.

"When you take this much drugs, this much money and this many guns off the street, it's going to have an impact on crime," said Lt. Mark Garcia, a spokesman for the San Bernardino Police Department.

Special Agent Sarah Pullen, a spokeswoman for the DEA, said the drug seizures and arrests Tuesday morning involved 400 officers who served 43 simultaneous search warrants in Riverside and San Bernardino counties, including five at the reservation of the San Manuel Band of Mission Indians in Highland.

She said those arrested ranged from the "shot-callers" to street-level dealers and muscle.

"The goal of this investigation was to dismantle this organization," said Pullen, who said authorities could not provide details about who was part of the organization or how they operated.

"We are hopeful that over the next few months that basically the entire organization operating out here will be pretty much gone."

The San Bernardino County district attorney's office is expected to file weapons, drug and probation charges against many of the alleged gang members as early as today, Pullen said.

Suspected Leaders Of Major Drug Ring Jailed (ADS)

Arizona Daily Star, December 14, 2006

An international drug-trafficking organization that brought violence and thousands of pounds of marijuana into Southern Arizona has been busted, according to court documents made public Wednesday.

The organization, led by Carlos Molinares-Nuñez for the last five years, has been linked to homicides both in Mexico and the United States that appear to be drug-related, court documents state.

The Molinares-Nuñez drug operation is also responsible for moving thousands of pounds of marijuana into Southern Arizona during a three-year period in which it was being closely monitored by the Drug Enforcement Administration, U.S. Immigration and Customs Enforcement, the FBI and the Bisbee Police Department, records show.

An indictment filed in federal court in November was unsealed Wednesday, detailing the intricacies of the ring, which has at least 20 employees.

Only three people, including Molinares-Nuñez, were named in the indictment. The other two are considered to be his top co-conspirators — Luis Alfonso Carillo-Landavazo and Luis Carlos Quijada-Soto, according to a memorandum filed in U.S. District Court.

The memo details how Molinares-Nuñez set up a command center in his home in Naco, Sonora, where, using high-tech equipment, he monitored law enforcement radio frequencies, including those of federal agents in the United States.

"On numerous occasions, agents were frustrated in their enforcement efforts due to active physical and electronic counter-surveillance techniques, which were routinely performed by members" of the drug gang, court documents state.

Agents were not only frustrated by those barriers but also with the fights that the organization would put up any time law enforcement caught them transporting marijuana into the country.

Many tons of marijuana would be transported at one time in modified vehicles that would enter the country by driving in between designated ports of entry to avoid law officers, the memo said.

The drivers were told to evade officers if detected, which resulted in a number of high-speed pursuits as they attempted to return to Mexico.

In one incident near Naco, Ariz., a vehicle became disabled, and the smugglers had to make their way back to Mexico on foot, documents show.

After their escape, they fired across the border with semi- automatic guns.

In another incident detailed in court records, an agent working the case got into a shootout when members of the drug organization confronted the agent at his home.

On Saturday, Molinares-Nuñez — a Mexican national who is a lawful permanent resident — was arrested in Tucson while he was staying with his wife's relatives, his attorney, Walter Nash, said Wednesday.

At the time, he had $4,600 in U.S. currency, a concealed handcuff key and cocaine.

Carillo-Landavazo — who according to court documents was an upper-level manager in charge of the distribution of marijuana from Mexico to Tucson and Phoenix — was arrested on Monday after he was seen leaving a residence linked to the drug gang. He had a border-crossing card, which has been rescinded.

Quijada-Soto, who was also arrested Monday, was responsible for obtaining the vehicles used by the ring and securing drug stash houses in Tucson, court documents state.

He was arrested at the Douglas port of entry while trying to enter the United States.

All three men remained in custody Wednesday at a federal detention center, Nash said.

A hearing will be held at 10:30 a.m. Wednesday to determine if they will be held without bond.

Molinares-Nuñez was indicted on two charges — continuing a criminal enterprise and conspiracy to possess with intent to distribute marijuana — and is facing a 20-year mandatory minimum sentence.

His co-defendants, who were both indicted on the conspiracy charge only, are facing at least 10 years.

17 Arrested In North Country Drug Sweep (AP)

AP, December 13, 2006

PLATTSBURGH, N.Y. (AP) _ A drug bust in the North Country netted 17 arrests Wednesday.

Most of the accused live in and around Plattsburgh and were suspected of dealing marijuana, heroin, methamphetamines, cocaine and crack.

The bust was the work of the Adirondack Drug Task Force, which includes State Police, Plattsburgh Police, the Clinton County Sheriff's Department, the U.S. Border Patrol and the federal Drug Enforcement Administration.

The arrests came after months of investigation and surveillance, DEA Agent James Farnsworth said.

It's becoming more common for people from the New York City area to move to the North Country to sell drugs because they can fetch a higher price in the smaller market, Farnsworth said.

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Information from: Press-Republican

UPDATED: S. Texas Drug Bust Is Huge (SEN)

San Antonio Express, December 14, 2006

If there were any doubts, federal authorities say, a kilo of cocaine that agents found in the underwear of 81-year-old Josefina Campos solidified a case targeting a large smuggling ring centered in San Antonio and Floresville.

Campos' arrest Nov. 28 is but a piece of a puzzle that became more complete Wednesday as officials announced they had smashed a drug-smuggling cell that netted seizures of more than 210 kilograms of cocaine and $4.5 million in cash.

A federal indictment unsealed Wednesday in San Antonio — the fruits of an operation that began in May 2005 — names Campos and 37 other people on charges of conspiracy to commit drug trafficking, conspiracy to launder more than $5 million and related charges.

Officials said at a news briefing that the cocaine was found on Campos when she and her daughter, Yolanda Benavidez, 59, crossed back from Mexico at Eagle Pass. Besides those women, the probe snared an elementary school teacher, a registered nurse, a postal employee and an alleged member of the Mara Salvatrucha, or MS-13, gang.

"As a prosecutor, you think you've seen it all, and then something like this (cocaine concealed in underwear) happens," said U.S. Attorney Johnny Sutton, whose San Antonio-based federal district stretches from Waco south to Eagle Pass and west to El Paso. "It just goes to show you that there's people who will go into this business to make money and sell this poison in the community. We are going to go after these folks no matter what their age."

Express-News Extra

•The Indictment: Details on the charges

DOJ_NMG_0106285

The ring is accused of transporting the cocaine primarily to the Ohio cities of Cleveland and Youngstown, while some loads of the drug hit the streets of San Antonio, Austin, Houston and other Texas cities, according to officials and court records.

Most of the drugs were smuggled across the Mexico border at Eagle Pass-Piedras Negras, according to the U.S. Drug Enforcement Administration.

"Over the past several days, 29 of the 38 suspects have been arrested in six Texas cities, effectively dismantling a major cocaine organization that was based in San Antonio," said Joe Arabit, assistant special agent in charge of the DEA in San Antonio.

"The roles of those arrested ranged from the (alleged) leader, Jorge Euresti, to many of his distributors, transporters and facilitators whose purpose was to store cash and drugs for this organization."

The case also was unusual given the manner in which much of the alleged drug proceeds were smuggled back to Mexico.

Members of the DEA Task Force and the High Intensity Drug Trafficking Area task force made several seizures that included large amounts of cash, wrapped in plastic, hidden in large boxes of laundry detergent and buckets of construction joint compound.

The largest single seizure was $1.1 million on Aug. 25, 2005, in San Antonio, followed by $647,131 intercepted on Sept. 8, 2005, in Columbus.

The main targets of the drug probe included Euresti, 27, and Suzel Mireles, 30, both of San Antonio, who have been arrested, and Sergio Javier Garza, 33, of Floresville, who's not in custody.

The trio are alleged to have coordinated cocaine trafficking activities; Campos and Benavidez are accused of coordinating money laundering from Eagle Pass.

The probe also netted Joette Natasha Barnes, 25, of League City, a fourth-grade special education teacher for the Galveston Independent School District who lived in San Antonio from 2000 to 2004. Also arrested were postal employee Jonah Davidson, 30, of Tyler; Joy Zwerneman, 38, a registered nurse from San Antonio; and Homero Rodriguez, 28; of Houston, alleged to be linked to the MS-13 gang, officials said.

Other key suspects include San Antonio residents Quincy Dupree Todd, 28; Henry Earl Todd, 35; and brothers Manuel Martinez Zertuche, 65, and Rene Martinez Zertuche, 59, both formerly of Floresville, officials said. The Martinezes were among eight suspects who still were at large Wednesday. A ninth person named in the indictment was expected to surrender today.

Besides the criminal charges, the government also seeks a judgment against the defendants for almost $5.4 million. gcontreras@express-news.net

More Details Behind International Drug Bust In SA (WOAI)

WOAI-TV, December 13, 2006

A major cocaine ring is in shambles after a major bust. 29 people have been arrested, including a 4th grade school teacher. Nine suspects are still on the loose.

The DEA says the drugs came from Piedras Negras, Mexico, then moved right across the border to Eagle Pass and then brought to San Antonio and Houston.

More than 200 kilos of cocaine were seized over the past year and a half, but more importantly is the fact that the organization is out of commission.

"I'm sure that they will feel it, because we seized $4.5 million in cash. Anytime you deprive them of their revenue, they feel it", said DEA Agent Joe Arabit.

Agents say the ring was working for the Arturo Beltran drug cartel in Mexico, and has been in operation since at least 2003. Investigators say the group moved between 200 to 400 kilos of cocaine a month from across the border into Texas, and then north as far as Cleveland, Ohio.

The DEA busted Jorge Uresti at his San Antonio home on the northwest side Tuesday. Investigators say he ran operations for the cartel out of that house. Neighbors who lived near Uresti say the bust wasn't a big shock.

DOJ_NMG_0106286

Nine suspects are still at large, including Manuel and Rene Zertuche, who are believed to have run the ring's operations out of Houston. Investigators are asking anybody with information to call the DEA's office.

Ten Houses Seized In Massive Drug Sweep (UL)

The Union Leader, December 14, 2006

CONCORD – Six people have been arrested and ten “mini-mansions” seized in southern New Hampshire after a joint state-federal drug investigation.

An estimated 6,000 marijuana plants were confiscated with a possible value of $24 million.

The operation was conducted by New Hampshire State Police, the federal Drug Enforcement Administration and the United States Attorney.

Law enforcement authorities say that they may not have identified all the properties involved in this massive drug ring. They are asking people across the state to pay close attention to their neighbors – or nearby empty homes.

Police said recent raids in Hooksett and Epsom (see links below) were linked to this statewide enforcement effort.

Ten homes were seized by authorities as part of this drug sweep.

6,000 Pot Plants Seized At 10 Homes (UL)

Union Leader, December 14, 2006

Concord – Using upscale, mostly suburban "McMansions" as a front, a drug ring converted the pricey properties into marijuana labs where more than 6,000 plants, worth about $24 million on the street, were seized by police in coordinated raids yesterday.

Ten houses, from Derry to Andover -- most costing between $300,000 and $400,000 each -- were confiscated and six people were taken into custody during "Operation Green Thumb," the name given the multi-agency probe launched after investigators stumbled upon two similar pot-growing operations in Hooksett and Epsom this fall.

State Attorney General Kelly A. Ayotte said the joint federal, state and local law enforcement effort disrupted "what has to be the largest seizure of marijuana in this state's history."

"It will have a significant impact on the illegal drug trade not only in this state ... but certainly throughout New England," she added.

New Hampshire State Police officials said the investigation continues and acknowledged more houses may be operating undetected. They urged the public to be aware of homes where buyers never moved in or suspicious activity occurs at night. They also set up a toll-free tip line, 1-800-NAB-DOPE (1-800-622-3673).

State Police Col. Frederick H. Booth said investigators were surprised by the sophisticated nature of the operation and the residential homes used to grow the plants from seedlings to harvest.

"It's not the type of houses you would typically look at and say 'That's a drug house,'" he said of the fairly new homes on suburban lots with sweeping lawns and stands of trees.

Armed with federal search warrants, nearly 200 law enforcement officers carried out simultaneous raids at homes in Concord, Derry, Pembroke, Andover, Chester, Weare, Hopkinton, Londonderry and Canterbury, starting about 9 a.m. yesterday, said State Police Maj. David Kelley.

Six individuals were taken into custody and are expected to be arraigned in U.S. District Court in Concord today, said Thomas P. Colantuono, U.S. Attorney for New Hampshire.

Their names and charges against them were not available yesterday, Colantuono said, noting investigators still were collecting evidence and preparing complaints during yesterday's mid-afternoon press conference.

While people lived in some of the houses, most were unoccupied, police said. Those arrested are "not necessarily the (home) owners," Kelley said.

The alleged drug growers bypassed electric meters and apparently used electricians to install their own meters capable of supporting the extensive lighting and ventilation systems needed to grow the plants, which ranged from several hundred to 1,500 in a single home.

DOJ_NMG_0106287

"This outrageous behavior not only was criminal, it was calculated and sneaky and without regard to anyone's safety," said June Stansbury, special agent-in-charge of the U.S. Drug Enforcement Agency's New England Division.

?Marijuana raids shatter quiet in Chester neighborhoods

?Locations of the ten 'mini-mansions'

Both underground and above-ground methods of bypassing electric meters were used, posing a public safety hazard, particularly with live electricity coursing through damp ground surrounding the homes, investigators said.

Large supplies of fertilizer, chemicals and other growing materials increased the danger, they said.

Police first discovered the pot-growing operation when an underground electrical bypass used in a Hooksett home caught fire Oct. 14.

Firefighters found about 700 plants in a basement greenhouse. About two weeks later, a blown transformer supplying power to an Epsom home led authorities to nearly 1,400 infant marijuana plants.

Since then, the State Police Narcotics and Investigations Unit, DEA, state Attorney General's Drug Task Force and numerous local police agencies began investigating indoor marijuana-growing operations across the state and identified the 10 houses raided yesterday, Kelley said.

Investigators have heard similar pot-growing operations are "rampant" in Canada, Colantuono said.

"We are going to very aggressively target this and stop this from gaining a foothold here in New Hampshire," he added.

Booth said the alleged drug-growing ring is a "wake-up call" not only to law enforcement, but also the banking industry and Realtors who deal with home sales and the nurseries that sell fertilizers and other materials needed to grow plants on such a massive scale.

Police gave the following addresses and owners of houses seized yesterday:

21 Penacook St., Chester, Hai Bui; 10 Partridge Lane, Chester, Dung Nguyen; 22 O'Neil Drive, Andover, Hong Bach Nguyen; 345 Intervale Road, Canterbury, Thuy Anh Nguyen; 8 Gulf Road, Derry, Hung Tran; 7 Danbury Court, Londonderry, Da Vav Ha; 62 Graham Road, Concord, Michelle Nguyen; 542 Rebecca Way, Pembroke, Cong Nguyen; 1191 Maple St., Hopkinton, Nu Thi Tran; and 1070 River Road, Weare, Robert Nguyen.

Mark J. Furtado, U.S. Immigration and Customs Enforcement's resident agent in charge for New Hampshire, said his agents are investigating where the homeowners came from and how they obtained their equipment.

Colantuono said his office also is exploring whether the 10 houses seized, which have a total purchase price of $3.9 million, are subject to forfeiture under federal drug laws.

Pot Bust Nabs Six, 6,000 Plants Seized (AP)

AP, December 14, 2006

CONCORD, N.H. - A multi-agency investigation of marijuana growing operations resulted in six arrests Wednesday and the seizure of 10 homes, at least 6,000 marijuana plants and growing materials.

For the past two months, the New Hampshire State Police Narcotics and Investigations Unit, assisted by the United States Drug Enforcement Agency, the New Hampshire Attorney General's Drug Task Force, the U.S. Attorney's office in New Hampshire and numerous local police agencies have been investigating residential marijuana growing operations throughout the state.

As a result of recent marijuana seizures in Hooksett and Epsom, investigators developed information that led to the identification of 10 other residences in Concord, Derry, Pembroke, Andover, Chester, Weare, Hopkinton, Londonderry, and Canterbury that were suspected of housing large-scale marijuana grow operations.

The house-based operations also involve the theft of large amounts electricity "by bypassing the electric meter at the residences, utilizing both underground and above-ground methods," police said in a news release. In Hooksett, the underground electrical bypass caused the residence to catch fire and the rerouting of power caused pole transformers to explode, police said.

$24 Million Worth Of Marijuana Seized In NH (CBS4BOS)

CBS 4 Boston, December 14, 2006

(CBS4) NEW HAMPSHIRE A multi-agency investigation of marijuana growing operations resulted in six arrests Wednesday and the seizure of 10 homes, at least 6,000 marijuana plants and growing materials worth around $24 million dollars.

For the past two months, the New Hampshire State Police Narcotics and Investigations Unit, assisted by the United States Drug Enforcement Agency, the New Hampshire Attorney General's Drug Task Force, the U.S. Attorney's office in New Hampshire and numerous local police agencies have been investigating residential marijuana growing operations throughout the state.

Police said the 10 homes were purchased with the sole intent of growing marijuana. Outside they look like ordinary suburban southern New Hampshire homes, but inside they're sophisticated drug labs.

As a result of recent marijuana seizures in Hooksett and Epsom, investigators developed information that led to the identification of 10 other residences in Concord, Derry, Pembroke, Andover, Chester, Weare, Hopkinton, Londonderry, and Canterbury that were suspected of housing large-scale marijuana grow operations.

The house-based operations also involve the theft of large amounts electricity "by bypassing the electric meter at the residences, utilizing both underground and above-ground methods," police said in a news release. In Hooksett, the underground electrical bypass caused the residence to catch fire and the rerouting of power caused pole transformers to explode, police said.

Police Chief's Son Sentenced For Drug Conviction (AP)

AP, December 13, 2006

ALBANY, N.Y. -- The son of Miami Police Chief John Timoney was sentenced Wednesday to 18 months in federal prison for trying to buy 400 pounds of marijuana from an undercover agent in 2005.

Sean Timoney pleaded guilty in December 2005 to giving an undercover Drug Enforcement Administration agent a gym bag filled with about $455,000 in cash as partial payment for what he and a partner believed would be the delivery of 400 pounds of marijuana.

Timoney, 26, had faced a maximum of 40 years in prison and a $2 million fine after pleading guilty to conspiracy to possess with intent to distribute marijuana.

After his release from prison, Timoney will be supervised for four years and required to enter a drug treatment program.

Timoney and Jae Seu, 24, of Glenside, Pa., were arrested the night of Nov. 1 in a Spring Valley, N.Y., hotel room. Seu pleaded guilty to the marijuana conspiracy charge in February and was sentenced to 37 months in prison on July 27.

Chief Timoney is one of South Florida's most prominent law enforcement officials. He rose through the ranks of the New York Police Department to become a chief and first deputy commissioner. He later became chief of police in Philadelphia before moving to Miami. He was in court Wednesday, but did not comment.

Isle Teacher Free On Bond In Drug Case (GCDN)

Galveston County Daily News, December 14, 2006

GALVESTON — A Galveston school teacher was freed on bond Wednesday when officials released information about the multimillion-dollar cocaine and money-laundering ring in which she is accused of taking a part.

Galveston Police Department vice/narcotics officer Joey Quiroga pulled Joette Natasha Barnes, 25, out of class last week and arrested her. U.S. marshals then took her to San Antonio.

There, she faces federal charges of conspiracy to possess more than 5 kilograms of cocaine with intent to deliver; aiding and abetting the possession of cocaine with intent to deliver; and conspiracy to commit money laundering.

The federal indictment under which Barnes was arrested had been sealed. Federal officials unsealed the indictment Wednesday morning.

Barnes, who lived in San Antonio from 2000 to 2004, is one of 38 people charged in what the federal agents called a drug ring.

The alleged operation brought cocaine from Mexico into Texas, where it reportedly was distributed at various spots throughout the state and part of Ohio.

“Of course, a big part of these operations is getting the cash back across the border,” said Johnny Sutton, U.S. attorney for the Western District of Texas.

Barnes’ charges pertain to allegations she was holding money that came from cocaine sales.

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"We believe she was a facilitator," said Joe Arabit, assistant special agent in charge for the Drug Enforcement Administration's San Antonio office. "Not to minimize it, but that was the role of several people in this operation — to hold drug proceeds for other defendants."

Agents have arrested 29 of the 38 suspects in the case, and Arabit said more arrests were likely. Agents also seized $4.5 million and 214 kilograms of cocaine. They allege $39,000 came from Barnes' League City apartment,

The cocaine carries a wholesale value of nearly $4 million, Arabit said.

Area narcotics investigators said that much cocaine could retail for $10 million to $20 million, depending on how it was processed and how much was "cut," or diluted with other substances.

Sutton said investigators were surprised by the ages of the people suspected in the cocaine ring. At 25, Barnes is one of the youngest defendants in the group.

"A lot of times, the people running these are younger, in their 20s, but we had a lot of middle-aged people and even some in their 50s and 60s," the prosecutor said.

The oldest of the group was Josefina Campos, 82, arrested Nov. 28 on the Texas-Mexico border by officials who allege they found a package containing a kilogram of cocaine concealed in her underwear.

Arabit and Sutton both called the law-enforcement operation that led to the arrests "a major success." It started in May 2005 and involved DEA agents, as well as DEA and High Intensity Drug Trafficking Area task-force members, who come from nearly 20 different law-enforcement agencies, in all.

While Barnes was free, she was not back in the classroom. Galveston Independent School District Superintendent Lynne Cleveland told The Daily News last week that Barnes would likely be terminated, due to the severity of the charges.

Her arrest interrupted Barnes' third year of teaching fourth-grade special education at Scott Elementary School.

Alleged Drug Ring Busted In Texas (WT?UPI)

The Washington Times/UPI, December 13, 2006

Law-enforcement authorities have broken up a Texas-based ring that allegedly smuggled 400-pound quantities of cocaine into Ohio and Tennessee from Mexico.

A federal indictment unsealed Wednesday charges 38 people -- including a Galveston, Texas, school teacher -- with drug-trafficking conspiracy and money-laundering conspiracy, the Express-News of San Antonio reported.

Most of the 38 were arrested in the past two weeks, and some have already been released on bond, court records show.

The ring is accused of transporting cocaine to Ohio and Tennessee, among other states, after storing it in San Antonio between Jan. 1, 2004, and Dec. 6 of this year.

The drugs were often smuggled in large boxes of powdered detergent or construction joint compound, affidavits show.

Feds Seize $1 Million In Pickup Truck Stopped In Alabama On I-10 (AP)

AP, December 14, 2006

Federal agents confiscated $1 million in cash concealed in a pickup truck stopped for speeding by Alabama state troopers on Interstate 10, authorities said.

Tom Wade, the U.S. Drug Enforcement Administration's agent in Mobile, said the stacks of $20 bills packed in a concealed compartment were turned over to the U.S. Marshals Service. He said cash can be confiscated if investigators believe it was associated with criminal activity, but that $1 million is a "significant" seizure for such a traffic stop.

The truck driver, whose name was not released, was not charged or taken into custody. A trooper confiscated the cash, handed the driver a printed receipt and called the DEA, troopers said. Wade said Wednesday the DEA is investigating where the driver began his trip and his final destination.

Officials said the driver could claim the cash and try to get it back through the courts, but that is rare in such seizure cases and it will likely be distributed to state and federal agencies. The $1 million seizure was first reported Wednesday by the Press-Register.

DOJ_NMG_0106290

Alabama Department of Public Safety spokeswoman Martha Earnhardt said the driver was alone in a 2006 Ford F-350, registered in Washington state and headed west on I-10 about 3:15 p.m. Sunday, when he was pulled over and issued a warning for speeding.

Working on a "saturation patrol" designed to investigate beyond an initial traffic stop, Earnhardt said the trooper brought out a drug-sniffing dog and a search revealed the hidden cash.

Temple Black of New Orleans, a spokesman for U.S. Immigration and Customs Enforcement, said there was a concern that the driver had a false passport, but that turned out not to be the case and he was released.

Wade said authorities usually find no more than $100,000 in similar DEA seizure cases.

Investigators often find that drugs are moved east on I-10 and cash from drug sales is transferred back west along the interstate, Wade said.

"Just the fact of life is that the source of a lot of our drugs is Mexico," Wade said. "Drug dealers want to get their money back to the source.

"Someone coming from Washington state is kind of an anomaly around here. I rarely see license plates from that part of the country."

Lucky Break Leads To Gun Theft Arrest (AJC)

By George Chidi, The Atlanta Journal-constitution

Atlanta Journal-Constitution, December 14, 2006

A lucky traffic stop by a Snellville police officer led to the arrest of two teens accused of stealing dozens of guns from a Lilburn pawn shop, police said Wednesday.

Federal agents and local police arrested two Duluth teenagers late Tuesday night, Lilburn police said in a news release. Dwayne Allen Hickman, 17, and Jimar Shane O'Riley, 17, were charged with one count of armed robbery, with other state charges pending. Police said they could be charged as adults.

In the Dec. 6 armed robbery, the two fled with 53 guns. But more than half of the guns stolen from the Mr. Pawn store in Lilburn remain unaccounted for after the arrests.

Police believe they entered the Mr. Pawn store on Lawrenceville Highway wearing masks with guns drawn and emptied the store's gun cabinet into a bag. Initial reports indicated that 55 guns were stolen, including a pump-action shotgun and an AR-15 assault rifle — the civilian semi-automatic version of a military M-16.

Police said Wednesday that 53 guns had been stolen.

Lilburn Police called in the Bureau of Alcohol, Tobacco and Firearms to help investigate, but police caught a quick break in their investigation.

Tuesday afternoon, Snellville Police officer Greg Perry stopped a car near Ga. 124 and Ronald Reagan Parkway for improperly tinted windows, Snellville Police Chief Roy Whitehead said.

"The driver of the vehicle became inordinately nervous," Whitehead said. He had no valid driver's license and was going to jail, Whitehead said.

Perry searched the car and found a gun that had been registered as stolen five days earlier from Mr. Pawn, Whitehead said.

The arrest led police to Hickman and O'Riley.

Snellville police had been concerned when they heard about the pawn shop theft. A group appeared to have been casing the city's sole pawn shop shortly before the Lilburn robbery, Whitehead said.

Whitehead attributed the arrest to diligent police training, but conceded, "When you consider how many cars are driving down the street ... we got lucky."

Police obtained search warrants for an address at the Palisades Club apartment complex near Duluth. Police also set up a false meeting with the two to buy guns, said Lilburn police spokesman, Sgt. Tyler Thomas.

"These weapons were being sold in the $200 to $300 range on the streets," Thomas said.

ATF agents, Gwinnett County's SWAT team, Snellville and Lilburn police officers met the two. The initial investigation points to a possible gang connection in this case, Thomas said.

DOJ_NMG_0106291

The teens had 20 of the stolen weapons and a stolen vehicle, Thomas said. Two more guns were found at the apartment and a third was found in a different vehicle.

But that leaves 29 weapons unaccounted for, not counting the guns used in the robbery, Thomas said. Police recovered the shotgun, but not the rifle among the stolen weapons, he said.

"Our initial investigation indicates that at least some of those guns may have been sold," he said. "We might be able to track them down. We're pleased that we've been able to take a good chunk of those guns off the street."

CONGRESS-ADMINISTRATION:

Senator Undergoing Brain Surgery, Sources Say (CNN)

CNN, December 14, 2006

WASHINGTON (CNN) -- Sen. Tim Johnson of South Dakota was undergoing brain surgery early Thursday at George Washington University Hospital after suffering stroke-like symptoms, two Democratic sources familiar with his condition told CNN.

Johnson, 59, was taken to the hospital Wednesday morning after he appeared to suffer stroke-like symptoms, although a spokeswoman for the senator said subsequent evaluation showed he did not suffer a stroke or a heart attack.

Staffers told CNN Johnson was conscious when he was transported to the hospital.

Senate Minority Leader Harry Reid, D-Nevada, spent time at the hospital out of concern for Johnson, Reid's spokesman said.

Johnson spokeswoman Julianne Fisher said the senator was in the Capitol on Wednesday morning conducting a conference call with South Dakota reporters when "his speech pattern slipped off." (Listen to Johnson's difficulty speaking during a WNAX radio interview -- MP3, 749 kb)

Fisher said the senator was able to walk back to his office in the Hart Senate Office Building, then began having problems with his right arm. He thought he was all right, she said, and went to his desk, but came out a few minutes later and "it was apparent he needed help."

Staffers put him on a couch in the office and called the Capitol doctor, she said. He was taken to the hospital shortly afterward. His wife, in the office to have lunch with him, rode with him, Fisher said.

"It transpired very fast," she said, adding the senator's staff was shaken by the incident.

But, she said of the hospital, "we keep reminding ourselves, this is where they take Dick Cheney."

Should Johnson not be able to complete his term, which ends in 2008, South Dakota Gov. Mike Rounds, a Republican, could appoint his replacement, which could shift the balance of power in the Senate.

South Dakota Secretary of State Chris Nelson said the appointment would fill the vacancy until a general election could be held in November 2008. There are no restrictions on who the governor can appoint, beyond meeting the legal requirements for Senate membership, he said.

Although the issue of incapacitation is not spelled out in state law, Nelson said he believes there would be "precedent at the federal level."

South Dakota has not faced the replacement of an elected office holder "in recent history."

Rounds issued a statement saying his prayers were with Johnson and his family. "We are hopeful of good news for our friend and colleague," the governor said.

Johnson battled prostate cancer in 2004, and after surgery, tests showed he no longer had the disease, according to his Web site.

Democratic Sen. Johnson In Hospital (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, December 14, 2006

Sen. Tim Johnson (D-S.D.) was hospitalized yesterday after falling ill at the Capitol, introducing a note of uncertainty over control of the Senate just weeks before Democrats are to take over with a one-vote margin.

DOJ_NMG_0106292

Johnson, 59, was taken to George Washington University Hospital shortly after noon, where he underwent "a comprehensive evaluation by the stroke team," his office said. Aides later said he had not suffered a stroke or heart attack, but they offered no further comment.

The two-term senator's illness -- which sent Senate Democratic leader Harry M. Reid (Nev.) rushing to the hospital to check on Johnson -- underscored the fragility of Democrats' hold on the next Senate, which they won by the narrowest of margins in the Nov. 7 elections. Should Johnson be unable to complete his term, South Dakota's Republican governor, Michael Rounds, would name a replacement for the next two years.

With Johnson in office, Democrats would hold a 51-to-49 edge in the Senate that convenes Jan. 4 as part of the 110th Congress. (The two independents have said they will caucus with the Democrats.) But if he is to leave office before then and Rounds replaces him with a Republican, the GOP would control the chamber.

In a 50-50 Senate, Vice President Cheney could break tie votes in the GOP's favor. But a Senate that becomes evenly split after it is in session would not necessarily fall to Republicans, Senate historians said. Rules and precedents could leave a party in charge of the chamber even after its membership falls below that of the other party.

"It's what happens in January that counts," said Senate associate historian Donald A. Ritchie, referring to when party leaders hash out rules governing the chamber's organization.

Rounds's office declined to comment on the situation yesterday except for a statement from the governor, which offered prayers for Johnson and hope for "good news for our friend and colleague."

Johnson spokesman Noah Pinegar said the senator "became disoriented" during a late-morning conference call with reporters, placed from the Capitol's Senate recording studio. "He had difficulty completing a response to a question," Pinegar said, so aides ended the call and walked with him back to Hart Senate Office Building.

When they arrived, Pinegar said, Johnson "wasn't himself." A team from the Capitol physician's office quickly arrived and sent the senator to the hospital by ambulance. Johnson's wife, Barbara, was with him at the hospital as tests were being conducted last night, Pinegar said.

Reid spent much of the afternoon and evening with Johnson's family at the hospital, said spokesman Jim Manley. He would not comment on Johnson's condition.

The Sioux Falls Argus Leader's Web site said that Rep. Stephanie Herseth (D-S.D.) asked constituents to pray for Johnson and that she said she thought Johnson had suffered a severe stroke. But that was before Johnson's staff had ruled out a stroke.

The only time that partisan control of the Senate changed in mid-session, historians say, was in 2001. Republicans began the year controlling the 50-50 chamber with Cheney's tie-breaking vote. But Democrats, mindful of the recent sudden death of Sen. Paul Coverdell (R-Ga.), were aware they could be a heartbeat away from the majority.

In order to adopt new rules organizing the Senate, the two parties must reach nearly unanimous agreement. Democrats in 2001 blocked the naming of committee chairmen and members, demanding concessions before agreeing to the rules. Among those concessions: Should the numerical advantage change, all committee assignments and chairmanships would be nullified, and new organization would have to be submitted.

That's what happened, not because of a death but because disgruntled moderate Republican Sen. James M. Jeffords (Vt.) decided to caucus with the Democrats, giving them a 51-49 edge and the powers of the majority. Senate Republican sources said yesterday that their party is likely to press for similar concessions when negotiating the operating rules for the next Congress. But even if Johnson were incapacitated, Democratic aides say, they would resist.

A different scenario unfolded in 1954, after the deaths and replacements of several senators over two years. Republicans remained the majority party even though Democrats eventually outnumbered them, 48 to 47, with one independent. Democratic leader Lyndon B. Johnson did not challenge the GOP's control, in part, historians said, because the independent, Wayne L. Morse of Oregon, warned that he would caucus with the Republicans if need be. That would have led to a 48-48 chamber, and Vice President Richard M. Nixon would have broken the tie in Republicans' favor.

Tim Johnson has a quiet demeanor and low profile in Washington, but he won two impressive Senate victories. As a House member in 1996, he ousted GOP Sen. Larry Pressler, then chairman of the Commerce Committee.

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Six years later, Johnson managed a 524-vote win over Republican challenger John Thune. Thune returned two years later to defeat Thomas A. Daschle, the Senate Democratic leader, in a costly, closely watched election.

Thune had attacked Johnson for voting against the Persian Gulf War resolution in January 1991. When Congress in 2002 debated authorizing Bush to invade Iraq, Johnson announced he would vote aye.

In a floor speech, he said: "There is a strong possibility that I may be voting to send my own son into combat, and that gives me special empathy for the families of other American service men and women whose own sons and daughters may also be sent to Iraq. Nevertheless, I am willing to cast this vote -- one of the most important in my career both as a senator and certainly as a father -- because I recognize the threat that Saddam Hussein represents to world peace."

The senator's son, Staff Sgt. Brooks Johnson, was stationed in Afghanistan and Iraq before becoming an Army recruiter in Illinois.

Given Johnson's narrow reelection win over Thune, and South Dakota's GOP tilt -- Bush carried the state by 22 percentage points in 2004 -- Republicans consider Johnson one of their top targets in the 2008 Senate elections.

The leading candidate to oppose him is Rounds, who was reelected to a second term last month. Johnson had previously committed to seeking a third term. Should he not run, Democrats probably would turn first to Herseth, who easily won reelection last month.

Staff writers Lindsey Layton and Allan Lengel, political researcher Zachary A. Goldfarb, staff researcher Madonna Lebling and washingtonpost.com staff writer Chris Cillizza contributed to this report.

Sen. Johnson Falls Ill, Is Hospitalized (WT)

By Charles Hurt

The Washington Times, December 14, 2006

Sen. Tim Johnson, South Dakota Democrat, was taken to George Washington University Hospital yesterday for an undisclosed condition, just a few weeks before his party was scheduled to take control of the upper chamber of Congress.

Spokeswoman Julianne Fisher said her boss was hospitalized with an undiagnosed condition but added that Mr. Johnson did not suffer a stroke or heart attack. She said Mr. Johnson was undergoing more tests at George Washington last night and that no official comment on his condition would be released until today.

A statement issued by his office earlier in the afternoon said the 59-year-old senator was "suffering from a possible stroke" and was "undergoing a comprehensive evaluation by the stroke team."

During a phone call with reporters yesterday, Mr. Johnson became disoriented, stuttering in response to a question. He appeared to recover, asking whether there were any additional questions and then signing off.

According to his office, the Capitol physician examined the senator and advised that he be sent to a hospital.

"Senator Johnson is a dear friend to me and to all of us here in the Senate," said incoming Senate Majority Leader Harry Reid, Nevada Democrat. "Every member of the United States Senate sends our best to him and to his family at this difficult time, and we wish him a full recovery."

Miss Fisher said Mr. Reid was at George Washington to check on Mr. Johnson.

The White House also wished Mr. Johnson a speedy recovery.

"Our thoughts and prayers are with Senator Johnson and his family," spokesman Alex Conant said.

The hospitalization touched off speculation about control of the upper chamber of Congress. If for any reason Mr. Johnson is unable to continue serving, South Dakota Gov. Michael Rounds, a Republican, would appoint a replacement to fill out the term until the 2008 election. A Republican appointee would give the party majority status in the Senate.

Last month, Democrats won control of the chamber but only narrowly after Sen. George Allen, Virginia Republican, conceded to his Democratic opponent, James H. Webb Jr. Before his concession, it appeared that Republicans might hold on their majority with a 50-50 tie with Vice President Dick Cheney casting tie-breaking votes. With the Allen loss, Democrats were given a 51-49 majority, with two members of their caucus being independents.

South Dakota Secretary of State Chris Nelson said yesterday that no special restrictions on such an appointment are in place and that a replacement does not have to be from the same political party.

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Mr. Johnson, who won re-election in 2002 by 524 votes, is a conservative Democrat and is wary that Senate Democrats are considerably more liberal than his home-state voters. Sen. John Thune, who lost that 2002 race to Mr. Johnson, in 2004 beat incumbent Democratic leader Tom Daschle.

c This article is based in part on wire-service reports.

Democratic Sen. Johnson Undergoes Surgery (LAT)

By Noam N. Levey

The Los Angeles Times, December 14, 2006

WASHINGTON — Sen. Tim Johnson (D-S.D.) was undergoing surgery early today after becoming ill Wednesday at the Capitol, raising concern among Democrats about their slim new majority in the Senate.

Johnson, a centrist elected to the Senate 10 years ago, became disoriented during a midday conference call with reporters. He was taken to George Washington University Hospital, where he was evaluated for a "possible stroke," a statement from his office said.

The hospital would provide no details on his condition or the reason for the surgery.

A spokeswoman for the senator said Wednesday afternoon that doctors had found no evidence that Johnson, who turns 60 in two weeks, had suffered either a stroke or a heart attack.

Senate Democratic leader Harry Reid of Nevada issued a statement wishing Johnson "a full recovery."

If Johnson is not able to serve when Congress convenes in January, the Senate — which Democrats narrowly captured in November's election, 51 to 49 — could revert to GOP control.

Under South Dakota law, Gov. Michael Rounds, a Republican, would appoint a replacement, presumably from his own party — giving each party 50 seats. Because an evenly divided Senate would give the tiebreaking vote to Vice President Dick Cheney, Republicans would control the chamber.

Johnson's term is up in 2008.

Sen. Johnson Undergoing Evaluation For Possible Stroke (CQ)

By Martin Kady II

Congressional Quarterly, December 14, 2006

Sen. Tim Johnson suffered a possible stroke early Wednesday and was taken to George Washington University Hospital Center. The severity of his condition was unclear, but his office released a statement confirming that he was “undergoing a comprehensive evaluation” by a stroke team.

An aide said Johnson, D-S.D., who will turn 60 in two weeks, is in “good hands.” But the aide said no other information would be released until a full determination of his condition can be made.

If the stroke is serious and Johnson is incapacitated, an interim replacement would have to appointed by South Dakota Republican Gov. Mike Rounds until a special election could be held to elect a permanent replacement.

Rounds’ decision could effectively shift control of the Senate in the 110th Congress from the Democrats to a 50-50 balance between the parties if he were to appoint a Republican in place of Johnson, who chairs the Senate Ethics Committee. A 50-50 split would effectively give control of the chamber to Republicans, since Vice President Dick Cheney would be in a position to cast tie-breaking votes.

Johnson is a cancer survivor, having undergone successful surgery for prostate cancer in 2004.

Aides to incoming Majority Leader Harry Reid, D-Nev., declined to comment on Johnson’s condition, saying they wanted to avoid “speculation” about his condition.

“We are being cautious,” said Reid spokesman Jim Manley.

Johnson Hospitalized; Condition Unclear (AL)

Argus Leader.com, December 14, 2006

DOJ_NMG_0106295

Sen. Tim Johnson, South Dakota's senior lawmaker and influential member of the U.S. Senate, remained hospitalized early today after suffering stroke-like symptoms, a sudden illness that could potentially change the balance of power in Washington.

Johnson, 59, was rushed to George Washington University Hospital Wednesday after he became disoriented during a late-morning conference call with reporters.

He stuttered in response to a question, appeared to recover, but then complained of not feeling well after walking back to his office.

A Capitol physician examined Johnson and sent him to the hospital, spokeswoman Julianne Fisher said.

Word of Johnson's problems spread fast across South Dakota.

"It's terrible," said Bill Delaney of Sioux Falls, after hearing the news. "I wish his family well. It's hard times for them."

Fisher said Wednesday evening that Johnson had not experienced a stroke or heart attack. But a team of stroke specialists evaluated him and doctors continued tests late in the day, said Admiral John Eisold, attending physician of the United States Capitol.

As of late Wednesday, doctors had not released an official diagnosis.

A Capitol Police black Suburban pulled up in the driveway to the emergency room during the afternoon. Several television cameras were also set up outside the hospital's Ronald Reagan Institute of Emergency Medicine.

In Sioux Falls, Rep. Stephanie Herseth announced at an afternoon meeting that Sen. Johnson had been taken to a hospital.

In a shaking voice, she called on South Dakotans for their prayers. At the time, Herseth said she believed the senator had suffered a severe stroke.

Sioux Falls Mayor Dave Munson, who was at the Sioux Falls water meeting, said "I'm really saddened by this. Our prayers go out to the senator and his family. This has really taken me by surprise."

Gov. Mike Rounds said "our prayers are with Tim, Barbara and their family."

"We are hopeful of good news for our friend and colleague," Rounds said.

Sen. John Thune and his wife Kimberley said: "Our prayers are with Senator Johnson and his family during this difficult time. We encourage all South Dakotans to keep him and his family in their thoughts and prayers."

The White House also issued a statement wishing him a speedy recovery.

"Our thoughts and prayers are with Senator Johnson and his family," said White House spokesman Alex Conant.

Senate Democratic leader Harry Reid of Nevada was by Johnson's side at the hospital, a visible sign of Johnson's stature at a time when Democrats hold a razor-thin margin.

After the Nov. 7 election, Democrats earned a 51-to-49 edge in the Senate, which convenes Jan. 4.

But if Johnson's illness proves severe enough that he must leave office, Rounds would appoint a replacement, and if he named a Republican, it would leave a 50-50 tie. Republican Vice President Dick Cheney would cast the tie-breaking votes, shifting power in the Senate back to the GOP.

Rounds did not comment on the matter, but he does have a history to suggest he might make such a move. In 2002, after Democratic state Sen. Dick Hagen of Pine Ridge died, Rounds appointed a Republican to replace him.

Johnson's wife Barbara was with her husband all afternoon, Fisher said. She had been at the Capitol to attend a luncheon with him and was there when he became ill. The couple's sons were flying into Washington, Fisher said.

Back in Sioux Falls, some residents expressed disbelief. All hoped for the best.

"I think he provides a moderate balance politically to the state," said Mike Crane of Sioux Falls. "I think he has the best interest of the citizenry at heart."

This story includes reports from Melanie Brandert, Megan Myers, Jonathan Ellis, Peter Harriman, Kevin Dobbs and Jeff Martin in Sioux Falls; Patrick Lalley and Faith Bremner in Washington; and Terry Woster in Pierre.

Johnson Illness Imperils Democrats' Senate Control (WSJ)

By Sarah Lueck And Jeanne Cummings

DOJ_NMG_0106296

The Wall Street Journal, December 14, 2006

WASHINGTON -- The sudden illness that sent Democratic Sen. Tim Johnson to the hospital also stunned the Capitol as it underscored his party's tenuous hold on control of the Senate in the new Congress.

The South Dakota lawmaker was admitted to George Washington University Hospital after becoming disoriented yesterday, just weeks before Democrats are to take control of the Senate by a two-vote margin following the midterm elections.

If Mr. Johnson is unable to continue to serve, South Dakota Republican Gov. Mike Rounds would be able to appoint his successor until 2009 and put the Senate in a 50-50 tie. That would allow Vice President Dick Cheney to break ties on behalf of Republicans, helping give committee chairmanships to Republicans and boost President Bush's policies at least in the Senate. Democrats will control the House by a 31-vote margin.

As Mr. Johnson's family gathered at the hospital last night, his office wasn't making public details of his condition. In late afternoon, a brief statement said he had suffered a "possible stroke" and was being evaluated by a stroke team.

Later, a spokeswoman for Mr. Johnson said he hadn't suffered a stroke or a heart attack. "He continues to undergo testing and procedures" at the hospital, the spokeswoman said in an email. "We expect to have more information in the morning."

Mr. Johnson, 59 years old, became disoriented during a conference call with reporters at about 11:45 a.m. and stuttered while answering a question. After the call, he walked to the subway in the basement of the Capitol, rode to the Hart Senate Office Building and went to his office, a spokesman said.

There, Mr. Johnson soon collapsed and aides called the Capitol physician, who examined him and told him to go to the hospital. "I think we caught it early," the spokesman said.

A former House member, Mr. Johnson hails from the party's moderate wing and operated for years in the shadow of fellow Democrat and former Senate Majority Leader Tom Daschle. Mr. Johnson was one of a handful of Democrats to back President Bush's tax cuts in 2001, and to vote to confirm Supreme Court nominee Samuel Alito in 2006. He won his Senate seat in 1996 and was re-elected by just 524 votes in 2002.

Mr. Johnson won over Republican ranchers in his state by standing up to the meat-packing industry. He was treated for prostate cancer in 2004, and was later declared cancer-free.

Only once in Senate history has partisan control of the chamber flipped between elections. That was in 2001, when James Jeffords, a Vermont Republican, changed to an independent and caucused with Democrats. That gave Democrats a slim majority until they lost it in the 2002 election.

Johnson's Hospitalization Might Put Senate Divide In Play (USAT)

By Kathy Kiely

USA Today, December 14, 2006

Democratic Sen. Tim Johnson of South Dakota was hospitalized Wednesday with an undisclosed ailment that could affect which party controls the Senate next year.

Johnson, 59, was taken to the George Washington University Hospital at the recommendation of the Capitol physician after he had difficulty talking during a call with reporters and complained of not feeling well.

Julianne Fisher, a Johnson spokeswoman, said the senator "is still undergoing testing and procedures."

A shaken Rep. Stephanie Herseth, D-S.D., told a group in Sioux Falls that she believed her colleague suffered a severe stroke, the Argus Leader in Sioux Falls, S.D. reported.

Johnson's illness has national ramifications because of the narrow political divide in the Senate that convenes Jan. 4. The November election gave Democrats a 51-49 edge. Joe Lieberman of Connecticut and Bernie Sanders of Vermont were elected as independents but have said they will vote with Democrats.

If Johnson were unable to complete the remaining two years of his term, South Dakota Gov. Mike Rounds, a Republican, could appoint a replacement, presumably another Republican. That would deadlock the Senate at 50-50 with Vice President Cheney, a Republican, holding the tie-breaking vote.

Senate Democratic leader Harry Reid, D-Nev., was at the hospital with Johnson on Wednesday evening, Reid spokesman Jim Manley said. In a statement, Reid wished his "dear friend" a "full recovery."

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Political scientist David Brady of Stanford University's Hoover Institution said history is filled with examples of lawmakers remaining in office no matter how severe their disabilities.

Brady recalled Sen. Clair Engle of California, unable to speak because of a brain tumor, casting an "aye" vote for the 1964 Civil Rights Act by pointing to his eye. More recently, 100-year-old Strom Thurmond completed his last term as a South Carolina senator while living at Walter Reed Army Hospital.

There is no legal provision for declaring a member of Congress too infirm to serve, Brady said.

"The Constitution also does not provide an effective way for filling temporary vacancies that occur when members are incapacitated," said a May 2003 report by a government panel convened to determine how Congress would continue in the wake of a terrorist attack.

Johnson, who survived a bout of prostate cancer, won a second term in the Senate in 2002 over Republican John Thune by 524 votes. Two years later, Thune became Johnson's junior colleague by beating then-Senate Democratic leader Tom Daschle.

Thune issued a statement saying his prayers are with Johnson and his family.

Democratic Senator Suffers Stroke (FT)

By Edward Luce In Washington

Financial Times, December 14, 2006

The Democratic party's newly won majority in the Senate looked to be potentially vulnerable on Wednesday night following the admission into hospital of Tim Johnson, the Democratic Senator for South Dakota, after suffering a "possible stroke".

As the FT went to press, Mr Johnson, who is 59, was undergoing a "comprehensive evaluation by the stroke team" at the George Washington University Hospital in the capital, said his office in a statement. They added that it was not life-threatening. But it was too early to tell the extent of Mr Johnson's impairment.

Under the US constitution, the governor of the senator's state appoints a replacement if the incumbent is incapacitated or dies. Mike Rounds, the governor of South Dakota, who is a Republican would be likely to appoint a Republican were Mr Johnson's stroke to prove serious or fatal, who would hold the post until the next election in November 2008.

This would undo the 51-49 majority that the Democrats won last month after George Allen, the Republican senator for Virginia, conceded defeat to Jim Webb in the state's razor tight election. Since the Senate would then be split evenly at 50-50, Dick Cheney, the vice-president would cast the deciding vote for the Republicans.

The last time the Senate changed hands under unusual circumstances was in 2001 when Jim Jeffords, the liberal Republican senator for Vermont, switched his support to the Democratic Party thus depriving the Republicans of their 51-49 majority. It was reversed the following year in the 2002 mid-term congressional elections, when Republicans regained control.

On Wednesday night Harry Reid, who is set to become the Senate Democratic majority leader in January, and who suffered a mild stroke last year, said: "Every member of the United States Senate sends our best to him and to his family at this difficult time, and we wish him a full recovery."

Any loss of Democratic control of the Senate would be less serious to the opposition party's agenda than loss of control of the House of Representatives, which operates under stricter conditions of party discipline and where the Democrats last month won a comfortable majority.

Political analysts say the real majority number in the Senate is now sixty since that is the minimum vote required to impose cloture on a filibustered debate and move to a vote. The Democrats in both houses have promised to usher in an era of greater bipartisan cooperation after several years of bitter partisanship.

Sen. Johnson Suffers Possible Stroke (AP)

By Mary Clare Jalonick

AP, December 14, 2006

Democratic Sen. Tim Johnson of South Dakota suffered a possible stroke Wednesday and was taken to a Washington hospital, weeks before his party was to take control of the Senate by a one-vote margin.

DOJ_NMG_0106298

Democrats won a 51-49 majority in the November election. South Dakota's governor, who would appoint any temporary replacement, is a Republican.

Johnson, who will 60 on Dec. 28, became disoriented during a conference call with reporters at midday Wednesday, stuttering in response to a question. He appeared to recover and asked if there were any additional questions, then ended the call.

Spokeswoman Julianne Fisher said he walked back to his Capitol office after the call but appeared to not be feeling well. The Capitol physician came to his office and examined him, and it was decided he should go to the hospital.

He was taken by ambulance to George Washington University Hospital around noon, Fisher said.

"It was caught very early," she said.

Johnson's office released a statement saying he had suffered a possible stroke.

"At this stage, he is undergoing a comprehensive evaluation by the stroke team," the statement read.

The White House issued a statement wishing him a speedy recovery.

"Our thoughts and prayers are with Senator Johnson and his family," said spokesman Alex Conant.

If the two-term senator must be replaced, South Dakota Gov. Mike Rounds would make the appointment. If the Senate is split 50-50, the vice president breaks ties. That is Republican Dick Cheney at present.

Johnson is up for re-election in 2008.

South Dakota Secretary of State Chris Nelson said there are no special restrictions on such an appointment by the governor and a replacement would not have to be from the same political party.

Johnson, a centrist Democrat, was first elected to the Senate in 1996 and has been one of the more reserved members of the chamber, rarely taking center stage at news conferences.

He served in the House for 10 years from 1987 to 1997. His focus has been on committee assignments important to his state's interests — Indian Affairs and Energy and Natural Resources — as well as a spot on Appropriations. The latter allows him to direct funds to South Dakota.

Johnson narrowly defeated Republican John Thune in his 2002 re-election bid. Thune defeated Democratic Sen. Tom Daschle two years later.

Thune issued a statement saying his prayers were with Johnson and his family. Rounds also issued a statement, saying he was hoping for good news.

Johnson has worked as a lawyer and county prosecutor and served several years in the 1970s and 1980s in the South Dakota state Legislature.

Both Johnson and his wife have battled cancer.

The senator underwent prostate cancer treatment in 2004, and subsequent tests have shown him to be clear of the disease. Barb Johnson is a breast cancer survivor.

The couple have two sons and a daughter: Brooks, who served in the U.S. Army in Bosnia, Kosovo, South Korea, Afghanistan and Iraq; Brendan, a Sioux Falls lawyer, and Kelsey, who works in Washington.

In response to one reporter's question on the Wednesday conference call, Johnson said he was most looking forward to spending the holidays with his family and grandchildren.

Johnson is the second senator to become ill after the Nov. 7 election. Wyoming Sen. Craig Thomas, a Republican, was diagnosed with leukemia on Election Day. He is back at work.

Senator Is Hospitalized, Prompting Talk Of Stroke (NYT)

By Kate Zernike

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — Senator Tim Johnson, a Democrat from South Dakota, was hospitalized on Wednesday after what his office at first called a “possible stroke,” leading to concern among Democrats that their new one-vote majority in the Senate could be in danger.

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By the end of the day, after what his office called "a comprehensive evaluation by the stroke team" at George Washington University Hospital here, a spokeswoman for Mr. Johnson said he had not suffered a stroke or a heart attack. The spokeswoman, Julianne Fisher, gave no further details about Mr. Johnson's condition.

His office said Mr. Johnson, who will turn 60 on Dec. 28, became disoriented during a conference call with reporters. He stuttered, then seemed to recover before asking if there were more questions and ending the call.

He walked back to his office, where he was examined by the Capitol physician, who decided Mr. Johnson should go to the hospital. He was taken to the hospital by ambulance around noon.

On Capitol Hill, the news highlighted the fragility of the Democrats' new majority in the Senate. If Mr. Johnson's health problems prevent him from serving, his replacement would be named by Gov. Mike Rounds of South Dakota, a Republican. Assuming that Mr. Rounds named a Republican, the 51-49 Democratic majority in the new Senate would become a 50-50 split. Vice President Dick Cheney would break the tie, effectively giving Republicans control of the chamber.

Senator Harry Reid, the Democratic leader, rushed to the hospital Wednesday afternoon, his spokesman said, but it was not clear whether Mr. Reid had been able to visit Mr. Johnson. Mr. Reid's office issued a statement calling Mr. Johnson "a dear friend to me and to all of us here in the Senate" and saying, "Every member of the United States Senate sends our best to him and to his family at this difficult time, and we wish him a full recovery."

In Pierre, South Dakota's capital, Mr. Rounds issued a statement, saying: "Our prayers are with Tim, Barbara and their family. We are hopeful of good news for our friend and colleague."

Prostate cancer was diagnosed in Mr. Johnson in 2004, but his official Web site says that "all tests now show him clear of the disease."

An unassuming fourth-generation South Dakotan, Mr. Johnson was first elected to the Senate in 1996, after serving 10 years in the House, where he had replaced Tom Daschle, a fellow Democrat who ran for the Senate and ultimately became the majority leader.

Mr. Johnson faced a tough race in 2002 against John Thune, a Republican. With the state suffering billions of dollars in losses from a severe drought, Mr. Johnson and Mr. Daschle promised $5 billion in drought relief, and Mr. Johnson won narrowly after President Bush visited the state for Mr. Thune and declined to announce that he would support that relief. (Mr. Thune went on to beat Mr. Daschle in 2004.)

Mr. Johnson is up for re-election in 2008. His oldest son, Brooks, served in Afghanistan and is serving in Iraq.

He is the second senator known to become ill since the November elections. Senator Craig Thomas of Wyoming, a Republican, is being treated for leukemia, but has been at work.

According to information from the Senate historian cited on CQ.com, at least nine senators have taken extended absences from the Senate for health reasons since 1942. Robert F. Wagner, Democrat of New York, was unable to attend any sessions of the 80th or 81st Congress from 1947 to 1949 because of a heart ailment. Senator Joseph R. Biden Jr., Democrat of Delaware, missed about seven months in 1988 after surgery for a brain aneurysm. And David Pryor, Democrat of Arkansas, suffered a heart attack in April 1991 and returned to the Senate in September that year.

S.D. Senator's Illness Sets Off Speculation On Capitol Hill (CHIT)

By Christi Parsons

Chicago Tribune, December 14, 2006

WASHINGTON -- Sen. Tim Johnson was taken by ambulance to a local hospital Wednesday after becoming disoriented during a news conference, his staff said.

He underwent surgery several hours later, The Associated Press reported. There was no word on the nature of his surgery, which lasted past midnight, or on his condition.

The 59-year-old Johnson (D-S.D.) was doing a telephone conference with reporters around midday when he began to stammer. He recovered, ended the news conference and walked back to his Senate office, where the Capitol physician examined him, his staff said.

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He was taken to George Washington University Hospital about noon and was examined late in the afternoon by what aides called a "stroke team." But in the evening, the senator's spokeswoman said Johnson, in his second term, had not suffered a stroke or heart attack.

The first reports of Johnson's possible stroke, and the possible vacancy his illness could create, sent attorneys all over Capitol Hill to their law books to figure out what rules for filling the seat would apply. A vacancy could affect the expected change of control of the Senate to Democratic leadership in January.

South Dakota law dictates that the governor—Republican Mike Rounds—would appoint a replacement if either of the state's senators left office, and the governor would not have to appoint a Democrat if Johnson could not serve. The appointed senator would serve until the 2008 election.

Rounds said in a statement, "We are hopeful of good news for our friend and colleague."

The White House issued a statement wishing Johnson a speedy recovery.

Democrats and their independent ally are set to hold the slimmest of majorities, 51-49, in the new Senate. Vice President Dick Cheney would have the tie-breaking vote in the event the Senate were split evenly.

Many members of Congress have stayed in office in spite of fragile health, including the late Sen. Strom Thurmond, a South Carolina Republican who held office beyond his 100th birthday. Rep. Lane Evans (D-Ill.) has suffered from Parkinson's disease for years and went for several months this year without casting a vote. He is set to retire when the new Congress is sworn in.

Government Seeks New Ruling In Cheney Case (AP)

By Lara Jakes Jordan, Associated Press

AP, December 14, 2006

WASHINGTON — The Bush administration asked an appeals court Wednesday to overrule a federal judge and allow the White House to keep secret any records of visitors to Vice President Cheney's residence and office.

To make the visitor records public would be an "unprecedented intrusion into the daily operations of the vice presidency," the Justice Department argued in a 57-page brief to the U.S. Court of Appeals in the District of Columbia.

The government was responding to an October order, by U.S. District Judge Ricardo M. Urbina, to release two years of White House visitor logs to The Washington Post. The newspaper, researching the access lobbyists and others had on the White House, sought Secret Service records for anyone visiting Cheney, his legal counsel, chief spokesman and other top aides and advisers.

In his ruling, Urbina questioned the government's primary argument against releasing the records — that the logs are protected by Cheney's right to executive privilege.

The government's response Wednesday was twofold, focusing largely on the ownership of the records.

Attorneys for the Justice Department called Urbina's decision "flatly inconsistent" with his ruling's acknowledgment that the Secret Service had only limited and temporary control over the visitor logs. Since the records are ultimately controlled by the vice president's office, the Secret Service is not authorized to release them, the government said.

Moreover, Congress has excluded presidential and vice presidential records from the public's reach — making the visitor logs untouchable, the government said.

"There is thus no dispute that, for example, appointment calendars maintained by the office of the vice president, revealing the identities of visitors and the time of their visits, would not be subject to disclosure," the Justice Department said in its response.

An attorney for The Washington Post said he had not seen the government's response and declined to comment.

A lawsuit over similar records revealed in September that Republican activists Grover Norquist and Ralph Reed — key figures in the Jack Abramoff lobbying scandal — landed more than 100 meetings inside the Bush White House.

Bond Will Be Top Republican On Senate Intelligence Committee (MCT)

By Matt Stearns

McClatchy Newspapers, December 14, 2006

DOJ_NMG_0106301

WASHINGTON - Missouri Sen. Christopher "Kit" Bond will become the top Republican on the Senate Intelligence Committee.

Incoming Senate Minority Leader Mitch McConnell, R-Ky., announced Wednesday evening that Bond, who has served on the intelligence committee since 2003, will be vice chairman. West Virginia Sen. John Rockefeller will become chairman when Democrats take over Congress in January.

Elected in 1986, Bond made his reputation in the Senate as an ardent watchdog for Missouri's interests. But in the last few years he's gained an increasingly high profile on intelligence issues.

Earlier this year, outgoing Senate Majority Leader Bill Frist assigned Bond to lead Senate Republican communications efforts in the war on terror.

As bipartisan comity on the intelligence committee deteriorated over the war in Iraq, Bond frequently became the GOP's sound-bite bad cop, accusing Democrats of excessive partisanship, while outgoing chairman Pat Roberts of Kansas took a more reserved approach.

Despite that partisan edge, Bond pledged bipartisan cooperation no less than three times in a written statement issued late Wednesday.

"I look forward to working with Chairman Rockefeller to advance our national security interests by strengthening the intelligence community," Bond said in the statement.

The selection of Bond as vice chair indicates that Republican leaders want a tough voice to counter Democrats. The intelligence committee must complete three reports on intelligence leading up to the war in Iraq, including a potentially explosive one comparing prewar statements of government officials to the intelligence available at the time.

Bond, 67, also is writing a book, due out next year, on the threat of Islamic terrorism in Indonesia.

He has defended the Bush administration's warrantless surveillance program and was one of only nine senators - including Roberts - to vote against a Senate measure banning the use of torture in interrogations of terrorism suspects and establishing rules for their interrogation.

"We cannot outline in advance what the terrorists are going to be subjected to because that becomes the first chapter in the al-Qaida operations manual," Bond said on "Newshour" on PBS.

Bond also led GOP efforts to discredit Joseph Wilson, a critic of the war in Iraq. Wilson accused the Bush administration of exposing his wife, Valerie Plame, as a CIA officer in retaliation for Wilson's criticism. A lengthy investigation led to the indictment of Scooter Libby, Vice President Dick Cheney's former chief of staff. Libby is awaiting trial.

Bond accused Wilson of "perpetrating a hoax on the American people," saying Wilson overstated his findings on a mission to Africa to figure out whether Iraqi leader Saddam Hussein was trying to obtain weapons of mass destruction.

Bond's son, U.S. Marine Corps Lt. Sam Bond, like his father a Princeton graduate, served as an intelligence officer in Iraq and may be redeployed.

National Intelligence Estimate (KFOX)

KFOX-TV, December 14, 2006

House Chair-To-Be Reyes Fails Pop Quiz

A pop quiz about national and international intelligence was given by a reporter with Congressional Quarterly to Rep. Silvestre Reyes, and that reporter said the soon-to-be chair of the House Intelligence Committee quite simply flunked.

Tuesday KFOX had a chance to catch up with Reyes, and asked him about the pop quiz.

"It's unfortunate that there has been so much attention that has been paid to it," said Reyes, a Democrat representing El Paso.

Reyes said he actually does know the answers to the questions.

"I certainly know Hezbollah because I am one of the few members of Congress that has actually been through a Hezbollah checkpoint, on the road from Damascus to Beirut," said Reyes.

The reporter who quizzed Reyes is concerned with the chairman-to-be.

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"How is the chairman of the House Intelligence Committee going to ask intelligent questions of the CIA and the Pentagon spy agencies if he doesn't know what to ask?"

But local experts have taken to the congressman's defense.

"It would be ridiculous to believe that our Congressman Silvestre Reyes is not qualified for this position," said Dr. John Bretting, an associate professor at UTEP.

Bretting said Reyes is not the only one who has been taken by a reporter's pop quiz, even U.S. presidents have.

"Ketchup is a vegetable, facts are a dumb thing, and trees pollute. These are all things that he said, that are on the public record. Does that mean that President Reagan wasn't playing with a full deck? No shape, manner, or form," said Bretting.

While this quiz may look bad for Reyes, Bretting said that doesn't take away from his abilities.

"In the United States Congress, Congressman Reyes is one of the five or six most knowledgeable congresspersons when it comes to national security," said Bretting.

Pelosi's Intelligence Man (WSJ)

The Wall Street Journal, December 14, 2006

As Speaker-to-be Nancy Pelosi's choice to be the next Chairman of the House Intelligence Committee, Texas Democrat Silvestre Reyes will share responsibility for the budgets and oversight of U.S. spy agencies, as well as receive regular briefings on classified intelligence. But it appears he first needs a remedial course on America's terrorist enemies.

In an interview with Congressional Quarterly, Mr. Reyes was unable to answer basic questions about the sectarian nature of both al Qaeda and Hezbollah. "Predominantly -- probably Shiite," he responded when asked about the strain of Islam that animates al Qaeda. The truth is that al Qaeda is composed of Sunni extremists who slaughter Iraqi Shiites on a daily basis. And when CQ's reporter turned to Hezbollah, Mr. Reyes said, "Why do you ask me these questions at five o'clock?" Perhaps because he's only had 23 years since the Iranian-backed Shiite terror group blew up the Beirut Marine barracks to figure that one out.

It's not as if House Democrats didn't have a qualified candidate for the Intelligence Committee chair. That would be California's Jane Harman, who served with distinction as ranking Member in the current Congress. But Ms. Pelosi thought Ms. Harman was too hawkish and not partisan enough in opposing Bush Administration policy.

So she floated the name of Florida's Alcee Hastings for the chairmanship, though a Democratic Congress had voted to impeach him as a federal judge. When that choice came under post-election criticism, Ms. Pelosi tried to mollify the Black Caucus for dumping Mr. Hastings by picking someone from the Hispanic Caucus, the untutored Mr. Reyes.

So it appears America will fight the next two years of the war on terror with an important Congressional post occupied by a man who has no grasp at all of the dynamics of the conflicts in Iraq, Lebanon and the broader Middle East. This isn't an auspicious start by Democrats who hoped to campaign in 2008 having established some credibility on national security.

Judge Chastises FEMA As Botching Katrina Housing Program (NYT/AP)

By The Associated Press

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 (AP) — A federal judge on Wednesday called the Bush administration's handling of a Hurricane Katrina housing program "a legal disaster" and ordered officials to explain a computer system that cannot count evacuees with precision or explain why they were denied aid.

The judge, Richard J. Leon of Federal District Court, ruled last month that the Federal Emergency Management Agency had violated evacuees' constitutional rights by eliminating their housing payments without notice. On Wednesday, he admonished the government for not moving fast enough to restart the program for 3,600 to 5,500 storm victims.

"Let me make this clear," Judge Leon told Michael Sitcov, a lawyer for the government. "Tell FEMA that I'm expecting them to get going on this. Like, immediately."

Judge Leon ruled that the agency last spring and summer had mishandled the transition from a short-term housing program to a longer-term program. Instead of explaining why financing was being cut, the agency provided only computer-generated and sometimes conflicting program codes, Judge Leon said.

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He ordered agency officials to explain those decisions so that thousands of evacuees could understand the reasoning and decide whether to appeal.

"I'm not looking for a doctoral dissertation," Judge Leon said. "I'm looking for a couple of paragraphs in plain English."

Mr. Sitcov said that FEMA's computer system could not do what the judge wanted. The eight-year-old system is set up only to produce program codes, he said. Mr. Sitcov also said the program was unable to determine for certain how many evacuees in Texas were covered by Judge Leon's order or how many people had appealed the denial of their aid.

"It's not as adept at doing these kinds of machinations," said Mr. Sitcov, who said the best estimate of evacuees covered by the order was 5,479.

Judge Leon appeared bewildered, and ordered agency officials to testify Monday about the program. He said 10 employees, working overtime and on weekends, could translate program codes into 5,000 understandable letters in two weeks, nearly the amount of time that has passed since his initial ruling.

"This is a legal disaster," Judge Leon said. "People's rights are being denied. I don't want us to get so mired in the minutiae and the law while, in the meantime, people who need help are not getting help."

The agency has appealed Judge Leon's initial order and is hoping a higher court will block its enforcement until the appeal plays out. That ruling will probably not come before next week, and Judge Leon said he wanted the agency to start working on the problem immediately.

"Two weeks have been lost, and I don't want another day to be lost," he said. "We've got to get moving."

Mr. Sitcov said the agency could not comply with the order to restart the housing program because the agreements to reimburse Texas cities for rental payments had expired. Judge Leon said he was sure local governments would be willing to make those same agreements again and said he might order Texas officials to testify Monday.

Judge Leon also scheduled a telephone conference for Friday between FEMA and the Association of Community Organizations for Reform Now, which brought the lawsuit on behalf of hurricane victims.

Judge Tells FEMA To 'Get Going' On Aid (AP)

By Matt Apuzzo

AP, December 13, 2006

A federal judge yesterday called the Bush administration's handling of a Hurricane Katrina housing program "a legal disaster" and ordered officials to explain a computer system that can neither precisely count evacuees nor provide reasons they were denied aid.

U.S. District Judge Richard J. Leon, who ruled last month that the Federal Emergency Management Agency had violated evacuees' constitutional rights by eliminating their housing payments without sufficient notice, admonished the government for not moving fast enough to restart the program for between 3,600 and 5,500 storm victims.

"Let me make this clear," Leon told government attorney Michael Sitcov. "Tell FEMA that I'm expecting them to get going on this. Like, immediately."

Leon ruled that FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer. Instead of explaining why funding was being cut, FEMA provided only computer-generated and sometimes conflicting program codes, Leon said.

The judge ordered FEMA to explain those decisions so thousands of evacuees can understand the reasoning and decide whether to appeal.

"I'm not looking for a doctoral dissertation," Leon said. "I'm looking for a couple of paragraphs in plain English."

Sitcov said FEMA's eight-year-old computer system is set up only to produce program codes. The program also cannot say how many evacuees in Texas were covered by Leon's order or how many people appealed the denial of aid, Sitcov said.

"It's not as adept at doing these kinds of machinations," said Sitcov, who said the best estimate of evacuees covered by the order was 5,479.

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Leon appeared bewildered and ordered FEMA officials to testify Monday. He said he did not understand why the letters could not be written by hand. He said 10 employees, working overtime and on weekends, could translate program codes into 5,000 understandable letters in two weeks -- the amount of time since his ruling.

"This is a legal disaster. People's rights are being denied," Leon said. "I don't want us to get so mired in the minutiae and the law while, in the meantime, people who need help are not getting help."

FEMA has appealed Leon's order and is hoping a higher court will block its enforcement until the appeal plays out. That ruling is unlikely before next week. Leon said he wants the agency to start working on the problem immediately.

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Leon also scheduled a telephone conference tomorrow between FEMA and the Association of Community Organizations for Reform Now, which brought the lawsuit on behalf of hurricane victims.

Sunrise And Sunset (NYT)

By Bob Herbert

The New York Times, December 14, 2006

Baton Rouge, La.

They look for all the world like internment camps. The long rows of identical white trailers sit on flat, grim, barren expanses of land that are enclosed by metal fences. Armed guards are stationed at the entrances around the clock.

More than a year after the catastrophe of Hurricane Katrina, thousands of the poorest victims from New Orleans are still living in these trailer parks run by the Federal Emergency Management Agency. They have ironic names, like Mount Olive Gardens and Renaissance Village. A more accurate name would be Camp Depression, after the state of mind of most of the residents.

The “parks” are nothing more than vast, dusty, gravel-strewn lots filled with trailers that were designed to be hitched to cars for brief vacations or weekend getaways. The trailers, about 200 square feet each, were never meant to serve as homes for entire families. But in these FEMA parks, it’s common for families of five or six, or even more, to be jammed into one trailer.

I stood outside a trailer at the Mount Olive encampment on Monday afternoon, talking with Geraldine Craig and her 21-year-old daughter, Danielle Craig. The women, who have been unable to find jobs, seemed baffled and depleted by their long ordeal. As we talked, Danielle’s 2-year-old son, Javonta, scampered around in the dust and gravel.

Danielle’s daughter, Miracle, was 5 months old when Katrina struck. The baby was ill and receiving oxygen when it became clear that the family had to evacuate. “The doctors were taking care of her and she couldn’t hardly breathe,” Danielle said. “After we left we ended up in a shelter, and I said that my baby needed oxygen but they told us we had to wait.

“They finally sent us to a medical building and they put her on oxygen for about two hours, but the doctor said there was nothing wrong with her.”

Like so many thousands of others left destitute and all but despondent by Katrina, the family moved on — to Texas, back to Louisiana, eventually to Baton Rouge. It was too much for Miracle, who never got the proper medical treatment. She died last March. Her heart disease wasn’t accurately diagnosed until an autopsy was performed.

“I felt like it was my fault,” said Danielle. “I’m still depressed.”

When I asked if she’d been treated for depression, she shook her head.

“That baby was one of the many victims of the storm who were never officially counted as such,” said Dr. Irwin Redlener, president of the Children’s Health Fund, which has been providing medical and mental health services to children in the FEMA parks.

Dr. Redlener, a professor at Columbia University and the author of “Americans at Risk: Why We Are Not Prepared for Megadisasters and What We Can Do,” said he was outraged that so many thousands of the poorest victims of Hurricane Katrina

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are still stuck in limbo — unable to find jobs or permanent housing, denied adequate medical and educational services and with no idea when, or if, they will be able to return to New Orleans.

"The recovery of this catastrophe in the gulf has been as badly mangled by the government as the initial response," he said. "Fifteen months have gone by and you still have these thousands of people who in essence are either American refugees living in other states who have no idea what's going to happen to them, or they are living in these trailer camps, or in isolated trailers on their old property, which has been destroyed. They're just waiting for something to happen. And the wait is interminable."

Geraldine Craig said: "We just recently went down to New Orleans and they got nothing going yet, not in our neighborhood. So we're going to be here for a while."

The residents of Mount Olive Gardens and the even larger trailer camp at Renaissance Village in nearby Baker, La., face challenges that seem almost insurmountable. Even minimum-wage jobs are very difficult to find and difficult to get to because there is little public transportation. Many of the residents are elderly, or disabled, or illiterate. Some are mentally handicapped.

These are encampments of profound stress and sadness.

As I was telling Geraldine and Danielle Craig goodbye, and wishing them the best for the coming holidays, Danielle shyly handed me a photograph of her daughter. At the top was written, "Miracle Breyonne Craig." At the bottom: "Sunrise: 3-19-05. Sunset: 3-10-06."

USGS Scientists Object To Stricter Review Rules (WP)

By Juliet Eilperin

The Washington Post, December 14, 2006

A new Bush administration policy for reviewing scientific documents before publication has angered some U.S. Geological Survey scientists, who say the elaborate internal review of their work may impede them from conveying information to the public.

The new requirements, which were unveiled in July but are still being put into practice, call for staff scientists to submit all reports and prepared talks to managers to determine whether they meet the agency's scientific standards. They also require researchers to alert the agency press office of any work involving "potential high visibility products or policy-sensitive issues."

P. Patrick Leahy, USGS associate director for geology, said the agency spent more than two years drafting the rules to ensure all of it scientists are subject to the same sort of rigorous scientific review before they send their work to be published.

"What we're doing is ensuring the scientific excellence of USGS products," Leahy said in an interview. "Peer review has been the stock and trade of this organization for years and years. How we do that has been different depending on what part of the organization you were in. . . . What we want to do is [have] our scientists working together in concert with one another."

But James Estes, a marine biologist who has worked for more than 30 years at the USGS's Western Ecological Research Center in Santa Cruz, Calif., said that although he has not encountered problems in the past, he and his colleagues fear their work may be stifled.

"I feel as though we've got someone looking over our shoulder at every damn thing we do. And to me that's a very scary thing," Estes said, adding that it will be a cumbersome procedure. "There's been no effort yet other than to intimidate everybody, but to me it's censorship. . . . I think they're afraid of science. Our findings on ecology could be embarrassing to the administration."

Leahy acknowledged that some agency scientists are resistant to the idea, though USGS officials see it as a helpful reform.

"It's the old thing, in concept it makes a great deal of sense," he said. "In practice, if you have a change to what you've been doing for a long time, you're not happy with it."

Under the policy, a USGS employee must submit any scientific document for a peer review that may involve scientists either inside or outside the agency. A supervisor oversees the process, making sure the reviewers are qualified and looking at how the scientist in question responded to any criticism raised by the reviewers.

Rama Kotra, a senior scientist in Leahy's office, said the review might take just one week for a simple document, but in the case of a complex scientific study "it would take much longer than that," possibly six months.

USGS spokeswoman Barbara Wainman said that the press office would not be conducting the peer reviews and that political appointees would not be involved, because the agency director is the only USGS person appointed by the president.

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USGS researchers have tangled with Bush officials over administration policies. In 2002, the agency published a study suggesting that energy exploration on Alaska's Arctic National Wildlife Refuge could hurt a Porcupine caribou herd; a week later the agency issued a report saying drilling would not damage the herd.

The controversy over the peer review process surfaced a day after the Union of Concerned Scientists announced that 10,600 scientists have signed a statement complaining that the Bush administration has undermined the "scientific integrity" of federal policymaking. Michael Halpern, the group's outreach coordinator for scientific integrity, said USGS scientists at this week's annual meeting of the American Geophysical Union in San Francisco had approached him to complain about the new peer-review rules.

"They perceive it as another hoop to jump through in order to get scientific documents approved," Halpern said, adding that the policy may not be a problem if officials make sure it's a "valid review process."

"USGS always puts together policy-neutral scientific documents. That's why their reputation is impeccable."

Lawmakers Say Coast Guard Withheld Warning Of Flaws In Cutter Design (NYT)

By Eric Lipton

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — The Coast Guard withheld from Congress warnings raised more than two years ago by its chief engineer about structural design flaws in its new National Security Cutter, a $564 million ship now near completion in Mississippi, Democrats and Republicans said in interviews this week.

The lack of full disclosure about that and other problems in the Coast Guard's $24 billion modernization effort, known as Deepwater, has created a credibility gap that some members of Congress say now jeopardizes the endeavor.

"The Coast Guard clearly does not understand that transparency and accountability are essential to a program of this magnitude," said Senator Olympia J. Snowe, Republican of Maine, the chairwoman of the Senate panel that oversees the service's operations.

Ms. Snowe and other Congressional leaders said they were unaware until this past week that the Coast Guard's chief engineer, Rear Adm. Erroll Brown, had written in March 2004 to the Coast Guard official in charge of the Deepwater program, Rear Adm. Patrick M. Stillman, to warn him that the design for the National Security Cutter had "significant flaws" and that construction should not begin until they were addressed.

"Importantly, several of these problems compromise the safety and viability of the hull, possibly resulting in structural failure," said the letter, a copy of which was posted on The New York Times Web site last Saturday as part of reporting on the Deepwater project.

Admiral Stillman, who has since resigned, declined to comment.

Representative Harold Rogers, Republican of Kentucky, who heads the House panel that oversees the Coast Guard budget, said the lack of full disclosure was distressing.

"Withholding information leads to poor decisions for the nation, as we are witnessing now with this cutter modernization initiative," Mr. Rogers said. Coast Guard officials said Wednesday that they have tried to keep Congress fully informed about progress on the Deepwater project, which is replacing or rebuilding almost all of the service's ships, planes and helicopters. "The Coast Guard takes very seriously its obligation to keep its authorizers and appropriators informed," a spokesman, Cmdr. Jeffrey Carter, said.

Representative Bob Filner, Democrat of California, said the shortcomings in the Deepwater program are so severe that the contract should be terminated. Two military contractors, Lockheed Martin and Northrop Grumman, were hired in 2002 to design the ships, build them and oversee most of the other project details.

"This has now threatened our national security," said Mr. Filner, the ranking Democrat on the House panel that oversees the Coast Guard. "After four years and billions of dollars, we have nothing to show for it."

A spokeswoman for Lockheed and Northrop declined to comment.

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The uproar over the National Security Cutter follows the suspension of two earlier projects under the Deepwater modernization: a plan to renovate 49 of the Coast Guard's 110-foot patrol boats, and construction of a new class of ship called the Fast Response Cutter.

Details about the problems with the two earlier programs had been provided to Congress, but the leaders of the subcommittees that oversee the Coast Guard budget and operations said they should have also been informed, more than a year ago, that the design questions extended to the National Security Cutter.

Construction of the first new National Security Cutter, a 425-foot vessel slated to be the flagship of the Coast Guard fleet, started in September 2004, before most of the issues identified by Admiral Brown were addressed, Coast Guard engineers said in interviews this month. The admiral has since retired.

Unless structural modifications are made, the ship will be susceptible to buckling of its superstructure, premature cracks in its hull and decks, and, in an extreme case, the possible failure of the hull girder, which is a ship's backbone, said Chris Cleary, a senior naval architect at the Coast Guard.

An independent analysis by Navy engineers early this year has confirmed that the ship, as designed, may be susceptible to premature fatigue cracking, although top Coast Guard officials said they had been assured that the problems would not present a safety hazard for the ship, which is to start sailing next year.

Coast Guard officials in the last year did tell some Congressional committees that the service was addressing contractual issues with Northrop that might require additional work to the first ship, staff members on the House and Senate committees said.

During a June 2006 hearing on the Deepwater program, the Coast Guard commandant, Adm. Thad Allen, briefly mentioned the difficulties, telling a House panel that "there are some technical issues associated with the construction that we will address in subsequent hulls."

The Coast Guard intends to reinforce the first two versions of the National Security Cutter and to change the design of the remaining six versions, a plan it notified Congress of last week. The service has not disclosed how much the repairs to the first two ships will cost or who will be responsible for the bill.

Coast Guard leaders said in interviews that any new class of ship has design challenges that must be resolved. Given that the start of the National Security Cutter construction had already been planned in 2004 — and that any delays would add to the ship's cost — they decided to allow the first ship to be built, while continuing to investigate their engineers' reports of design flaws.

Ships That Don't Dare To Sail (NYT)

The New York Times, December 14, 2006

The Coast Guard, supposedly our first line of defense against water-borne terrorists and drug smugglers, has been staggered by a shipbuilding scandal of enormous proportions. A long-term modernization program to replace nearly all of the Coast Guard's ships, planes and helicopters — begun four years ago in the wake of 9/11 — is foundering while its projected costs are skyrocketing. In Iraq, lax government oversight and incompetence or profiteering by contractors have disabled reconstruction efforts. Now the same disease is undermining our coastal defenses.

The Coast Guard fiasco was laid out in depressing detail by Eric Lipton in The Times last Saturday, and in a similar article in The Washington Post. The misjudgments and slipshod work would be grist for slapstick comedy if the consequences, in cost and weakened defenses, were not so serious.

As described by Mr. Lipton, the estimated costs of the project, known as Deepwater, have ballooned from $17 billion when it started in 2002 to $24 billion today. The plans call for 91 new ships, 124 small boats, 195 new or rebuilt helicopters and 49 unmanned aerial vehicles. But don't count on any of the new vehicles working.

The initial venture — converting the Coast Guard's rusting patrol boats into bigger, more versatile cutters — has been canceled because hull cracks and engine failures made the first eight ships unseaworthy. Plans for a new class of ships with an innovative hull design were halted after the design was found to be flawed. And even the radios placed in small open boats proved faulty; they shorted out because they had not been made waterproof.

In the latest chapter in this disgraceful performance, Mr. Lipton reports in today's paper that the Coast Guard did not inform Congress that it was warned two years ago by its chief engineer that a proposed National Security Cutter, meant to be the flagship

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of its fleet, had “significant flaws” in its structural design and should not be started until the problems were addressed. The Coast Guard began construction anyway. It plans to reinforce the first two versions that are being built and change the design on the remaining six.

How could this happen? Mostly because the Coast Guard, in an astonishing abdication of responsibility, gave two large military contractors, Lockheed Martin and Northrop Grumman, near total freedom to plan, supervise and deliver the new ships and helicopters. In some cases, the contractors made boneheaded decisions, as when their shipyard partner ignored warnings by Coast Guard engineers that the converted patrol boats might buckle under the extra weight. In other cases, they might have put their own interests ahead of the nation’s, as when they adopted a risky hull material that had never been tried on a large American military ship but was pushed by Northrop, which had just opened a new plant to manufacture the hulls.

No wonder the contractors are ducking for cover as the scandal reverberates, and are leaving all comment to the hapless Coast Guard. The Coast Guard seems, belatedly, to be moving in the right direction by giving its own engineers more supervisory power over the work and creating a division to oversee procurement and maintenance of ships and planes. Even so, the new Congress and the Department of Homeland Security, which is responsible for the Coast Guard, will need to keep a sharp eye on the Coast Guard’s performance. The industrial contractors have proved they were not up to the job.

Fannie Correction: 'What If?' (WP)

By David S. Hilzenrath

The Washington Post, December 14, 2006

Three years ago, Fannie Mae assured lawmakers that it had the required capital to cope with a broad variety of business setbacks.

Since 1992, "Fannie Mae has met or exceeded our capital requirements in every year," Franklin D. Raines, then its chief executive, testified in September 2003. "Indeed, we are one of the best-capitalized financial institutions in the world, when compared to the risk of our business."

As it turns out, the assurance was false.

Last week, when the giant mortgage funding company corrected years of flawed financial reports, the new numbers showed that it fell short of a key capital requirement by billions of dollars in 2002 and 2003.

Had it been apparent at the time, the $7.3 billion shortfall at the end of 2002 could have put Fannie Mae on a different trajectory. Regulators might have intervened -- as they did later, when accounting problems came to light. Wall Street might have reevaluated Fannie Mae's vaunted management, not to mention the value of its stock. And Fannie Mae might have been forced to raise additional capital or liquidate investments, sacrificing profits.

Instead, based on Fannie Mae's financial reports, the Office of Federal Housing Enterprise Oversight, which monitors Fannie Mae's financial safety and soundness, gave the company a passing grade.

"Fannie Mae's core capital of $28.079 billion exceeded the minimum capital requirement by $877 million," the agency said in early 2003.

The accounting correction Fannie Mae filed with the Securities and Exchange Commission last week offers an alternative version of history, inviting investors to roll back the tape and play it forward again without the illusions. Like all adventures in time travel, it's a matter of conjecture. The very act of traveling back in time equipped with better information might have altered the reality.

Ed Groshans, a stock analyst at Fox-Pitt, Kelton, speculated that Fannie Mae would not have allowed itself to be declared undercapitalized. If Fannie Mae executives had been forced to keep their books properly, they would have taken steps to avert a shortfall, Groshans said.

One option would have been to reduce Fannie Mae's investment portfolio, a major source of profit. In that case, investors could have seen Fannie Mae's earnings "come down fairly significantly," Groshans said. "People would have been a little bit concerned as to what was going on internally," he said.

A Fannie Mae spokesman declined to comment.

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Chartered by the federal government, Fannie Mae plays a major role in the nation's housing finance system. It buys mortgages from lenders and helps lenders replenish their funds by packaging mortgages into securities for sale to investors.

Unlike some other companies caught up in accounting scandals, Fannie Mae never defaulted on its obligations. What's more, the government uses two standards to determine whether the company is adequately capitalized. Fannie Mae is required to meet both tests, and while it failed one of them, the restatement shows that it passed the other.

The test Fannie Mae failed is meant to protect "against broad categories of business risk," according to the OFHEO.

Although the company fell short, the restatement showed that Fannie Mae's financial condition improved significantly based on another measure. Total stockholders' equity rose by $15.6 billion, to $31.9 billion, as of the end of 2002 and by $9.9 billion, to $32.3 billion, as of the end of 2003. There were two main reasons. First, when it corrected its accounting, Fannie Mae showed increases in the value of financial instruments known as derivatives that were previously obscured. Second, in the restatement, Fannie Mae recorded gains on mortgage-related investments that would not have shown up unless it sold the assets.

The SEC earlier this year accused Fannie Mae of fraud. Without admitting or denying wrongdoing, the company paid a $400 million settlement. Raines and other executives who presided over the problems were replaced.

Fannie Mae still faces litigation from shareholders, and the OFHEO has threatened to sue former executives to recoup some of their compensation.

Fannie Mae's accounting corrections, which involved a multitude of additions to and subtractions from profits it had previously claimed, had the net effect of reducing the company's past earnings by $6.3 billion.

Of all the numbers Fannie Mae corrected, the capital cushion is one of the most consequential. It is meant to assure that the company can withstand a sharp financial reversal. Some policymakers fear that if Fannie Mae became insolvent, it could send shock waves through the financial system and trigger a taxpayer bailout. Raines's 2003 testimony about the company's capital position served as a counterpoint to such warnings. It came as lawmakers were considering stepping up regulation of Fannie Mae and its rival Freddie Mac.

That debate will continue when the new Congress convenes next year, lawmakers say.

520 Breaks For Select Companies Added To Tax Bill (WP)

By Joe Stephens

The Washington Post, December 14, 2006

A huge tax bill that Congress passed last week contained a little-noticed gift for select corporations -- tens of millions of dollars in breaks on import tariffs.

Early Saturday morning, in the frantic final hours of the 109th Congress, lawmakers rolled 520 tariff suspensions into the must-pass bill. The provisions will reduce or eliminate taxes on imported products as varied as shoes, camcorders and boiled oysters.

While such suspensions have been around for decades, the flurry of provisions pushed this Congress to a record of nearly 800 for the year. Corporate lobbyists often craft such suspensions to apply to just one product imported by just one company. Many of those companies and their executives have given millions of dollars to political campaigns.

This week, leaders from both parties called for changes in the system.

"This is just good old-fashioned pork," said Rep. Jack Kingston (R-Ga.), vice chairman of the House Republican Conference for the 109th Congress. Kingston described the suspensions as a stealthy version of the congressional earmark -- a term for a measure that directs the government to spend public money on behalf of a particular special interest.

"A lot of members of Congress are just clueless as to what is going on," Kingston said. "You can spend money away or you can tax-credit it away. Either way, somebody else is going to pick up the difference."

Congressional sponsors of the suspensions say they are trying to lower consumer prices and create jobs by cutting costs for retailers and U.S. manufacturers. They say that they generally drop the legislation if trade officials find a U.S. competitor that objects.

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Few, if any, of the arcanely worded tariff provisions identify the company that initiated the measure. Some provisions do not identify the product as well, referring instead to strings of numbers keyed to tariff tables as big as telephone directories.

Under informal congressional guidelines, individual tariff suspensions are supposed to cost no more than $500,000 a year in lost taxes. But a Washington Post investigation, published in September, found that the authors of a number of the provisions managed to quietly file multiple measures aimed at a single product. That strategy can allow individual importers to pocket millions of dollars in tax savings.

Rep. Sander M. Levin (D-Mich.), who is expected to chair the House Ways and Means subcommittee on trade next year, said yesterday that he favors including in the suspension measures the names of the companies that would benefit. He also wants to close loopholes that allow companies to evade the $500,000 cap.

"The old days of lack of transparency, I think those days have to end," Levin said. "These are supposed to be small items. . . . I am in favor of keeping it small and making it totally open."

Altogether, the suspensions passed this year could cost the Treasury hundreds of millions of dollars in lost revenue. The previous Congress approved about 440 new and extended suspensions, at an estimated cost of $172 million.

Sen. Charles E. Grassley (R-Iowa), outgoing chairman of the Senate Finance Committee, described the suspensions as good for American businesses. In a statement, Grassley stressed that the provisions had been reviewed by the Commerce Department, customs officials and the U.S. International Trade Commission. His panel had sought industry comment on the proposed suspensions, had posted them on its Web site, and ultimately rejected almost a third, he said.

Nonetheless, Grassley added: "Further reforms are necessary to make the process even more transparent and streamlined. If the new leadership decides to undertake a miscellaneous tariff bill, I'll push for further reforms."

Kingston said Congress should have a chance to vote on individual tariff suspensions. Under the current system, lawmakers must vote for or against hundreds of unrelated suspensions at a time. Kingston said that he ultimately voted for last week's huge tax-and-trade package because it contained many legitimate provisions important to the country.

"Members don't read these bills because they become so voluminous at the last minute," Kingston said. "They are always attached to something we all want."

Steve Ellis of Taxpayers for Common Sense complained that while the 109th Congress failed to take up many important issues, it still managed to pass hundreds of special-interest tariff suspensions. "If you are the right person, you can get something done," Ellis said. "It's one of those really insidious types of problems that will take a lot of work, and a lot of embarrassment for Congress, to try to change. And trust me, members of Congress don't embarrass easily."

In the recent election season, Dennis Spivack tried. A Democratic challenger to Rep. Michael N. Castle (R-Del.), Spivack attacked Castle for sponsoring 29 suspensions in the past two years. Spivack charged that the suspensions would harm small businesses and working families.

"Why did Mike Castle ask the United States Congress to selectively drop import taxes on [a] particular item? Who does this benefit?" Spivack asked in one campaign news release.

Castle's campaign responded that the suspensions helped keep manufacturing jobs in the United States. Spivack lost the election.

Rural Schools' Budgets Face The Chopping Block (USAT)

By Greg Toppo

USA Today, December 14, 2006

Rural school districts in 42 states could be forced to cut their budgets or close down altogether in coming months, advocates say, because Congress left Washington last week without renewing a little-known authorization for districts with large tracts of national forest land.

The Secure Rural Schools and Community Act subsidizes about 4,400 small school districts. Congress first approved it in 2000 to make up for declining revenue in timber-producing areas and to guarantee districts a steady income. The law was up for renewal this year, but lawmakers left Washington on Saturday without approving it, leaving many districts scrambling to replace funding that, in a few cases, amounts to more than half of their budgets.

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School advocates say it would cost about $430 million to extend the law for one year. Unlike many funding bills, the forest schools act is not part of a continuing resolution and would likely have to be approved on its own.

Dan Whiting, spokesman for Sen. Larry Craig, R-Idaho, says Craig supports the legislation but is not sure where he'd find the money to fund it. "The bottom line is, budgets are a lot tighter than they were in 2000, and trying to find a half a billion dollars is no easy task," he says.

Bob Douglas, president of the National Forest Counties and Schools Coalition, says as many as 100 school districts in California face budget cuts. A few could face bankruptcy or state receivership.

"Their budgets will be essentially upside down," says Douglas, superintendent in Tehama County, Calif.

Mary Genasci, superintendent of Sierra County, Calif., schools, agrees. "We will basically be laying off half of our staff — we stand a very good chance of totally closing our doors."

Genasci's district of 540 students lies north of Lake Tahoe. About 75% of it sits on federal land, most of it national forest. She stands to lose about $1.2 million of a $6 million budget and says she may have to send out layoff notices as early as mid-March.

"The magnitude of this is incomprehensible to me," she says. "I cannot get my head around this."

Rural superintendents this month are planning a lobbying blitz as members of Congress head home to their districts. It's expected to extend into January and February, when lawmakers return to Washington for the start of the 110th Congress.

Whiting says Craig will keep trying to find ways to fund the law, but adds, "Oftentimes it takes a crisis to spur Congress into action."

Democrats Plan To Tighten Reins On Iraq Spending (NYT)

By Carl Hulse

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — Frustrated by the Bush administration's piecemeal financing of the Iraq war, Democrats are planning to assert more control over the billions of dollars a month being spent on the conflict when they take charge of Congress in January.

In interviews, the incoming Democratic chairmen of the House and Senate Budget Committees said they would demand a better accounting of the war's cost and move toward integrating the spending into the regular federal budget, a signal of their intention to use the Congressional power of the purse more assertively to influence the White House's management of the war.

The lawmakers, Senator Kent Conrad of North Dakota and Representative John M. Spratt Jr. of South Carolina, said the administration's approach of paying for extended military operations and related activities through a series of emergency requests had inhibited Congressional scrutiny of the spending and obscured the true price of the war.

"They have been playing hide-the-ball," Mr. Conrad said, "and that does not serve the Congress well nor the country well, and we are not going to continue that practice."

Mr. Spratt, who along with Mr. Conrad is examining how the Democratic Congress should funnel the war spending requests through the House and Senate, said, "We need to have a better breakout of the costs — period." He is planning hearings for early next year on the subject even as the White House readies a new request for $120 billion or more to pay for the war through Sept. 30, in addition to the more than $70 billion in emergency appropriations already spent this year.

Since the terrorist attacks of Sept. 11, 2001, spending on the military outside of the regular budget process, primarily for the wars in Iraq and Afghanistan, has totaled more than $400 billion. For the 12 months ended Sept. 30, spending on the Iraq war alone ran at an average rate of $8 billion a month, according to a study by the Congressional Research Service.

Congressional control over the money for the war is one of the most powerful weapons Democrats will have in trying to influence administration policy toward Iraq. They can use both the budget and subsequent spending bills to impose restrictions on how the money is spent and demand more information from the White House.

While the leadership has repeatedly said it will not cut off money for military operations, senior Democratic officials said lawmakers were considering whether to add conditions to spending bills to force the administration to meet certain standards for

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progress or change in Iraq. Democrats have also said they intend to investigate spending and suspicions of corruption, waste and abuse in Iraq contracting.

Since the beginning of the war, the White House has said that costs should be considered outside the routine federal budget because they are unpredictable and military demands can change quickly. Republicans have also said that wars have traditionally been treated as emergency spending, but the costs of the extended Vietnam War, for instance, were eventually absorbed into the normal budget.

But Mr. Bush has decided not to include the costs of the war in the budget request he sends to Congress each February. The Republican Congress has acceded to his request that money be appropriated for the conflict on an expedited, as-needed basis that sidesteps much of the process by which the House and Senate normally debate spending priorities.

But the newly completed report of the Iraq Study Group stated that the "costs for the war in Iraq should be included in the president's annual budget request," beginning with the budget to be submitted early next year.

In addition, a little noticed provision added to a defense policy measure signed into law by Mr. Bush in October directed him to include in his budget a request for appropriations for military operations in Iraq and Afghanistan, an estimate of all money expected to be required for the year, and a detailed justification of the request.

"The law requires that it be done," Mr. Conrad said, adding that he had told the incoming defense secretary, Robert M. Gates, that the administration must change its budgeting strategy.

But Sean Kevelighan, a spokesman for the Office of Management and Budget, said the administration's view was that Congress could not "bind how the president wants to put together the budget," though he said the administration was trying to provide more information for Congress and moving toward a more regular budget plan.

"It is obviously difficult to predict the cost of the war 12 to 18 months out," Mr. Kevelighan said. "But our goal is to provide more information to the American people as to how much, for what and when."

Both Republicans and Democrats have objected to the administration's refusal to add the war costs to the budget, particularly when the conflict has lasted almost four years. "It is hard to comprehend with an ongoing event like the war that there wouldn't be something on it in the budget," said Senator Harry Reid of Nevada, the Democratic leader.

In June, the Senate overwhelmingly approved a proposal by Senator John McCain, Republican of Arizona, to require the president to spell out the expected war costs in his annual spending plan. At the time, some lawmakers expected that the provision would be eliminated from the final measure, but it survived and could be held up by Democrats as evidence that the administration was ignoring the law if it failed to comply.

Lawmakers have several objections to treating the war spending as a continuous emergency, which typically sends the request straight to the Appropriations Committee and bypasses the more policy-oriented Armed Services Committees. Mr. Spratt said he believed that the policy panels tended to give such requests a "closer scrub" than the appropriations panels.

Others say the emergency measures, known as supplemental appropriation requests, can become vehicles for lawmakers to win speedy approval of their own, unrelated pet projects. Members of Congress say the Pentagon has also increasingly seen the war measures as a route to winning financing for projects that should be subject to normal review. And there are complaints that the administration's approach masks the true cost of the war by not providing a clear bottom line number and by not calculating such related expenses as increased veterans care and military equipment.

"We are now going on four years into this war and they are still funding it with these patchwork supplementals without oversight and without accountability," Mr. Conrad said, "and that just has to stop."

But adding the war costs to the annual budget could carry risks for Democrats who want to write a spending plan that meets their priorities but eliminates the deficit in five years or so. Adding the war spending at the same time Democrats want to enforce "pay as you go" budget rules would require some of that spending to be made up by reductions elsewhere.

And if Mr. Bush's budget does not contain the spending and the Congressional plan does, the president's blueprint could look better by comparison when it comes to deficit reduction. In addition, budget writers do not want Pentagon spending inflated by the war to become a permanent new floor for the military budget.

Democrats, The Deficit, And All They Want To Achieve (CSM)

DOJ_NMG_0106313

By Peter Grier

The Christian Science Monitor, December 14, 2006

WASHINGTON

Lower interest rates on student loans. More special forces for the military. Expanded prescription drug benefits for senior citizens. Greater federal support for renewable energy and alternative fuels.

Congressional Democrats have a long list of priorities they'd like to enact when they assume the power of the majority in January. After all, they've been wandering in the political wilderness for 12 years. They've had lots of time to scribble down stuff under the heading "to do."

But faced with record federal deficits and the expense of the war in Iraq, Democrats have also vowed to be more fiscally responsible than their Republican predecessors. Handling this impending collision could be one of the first big tests for the party's House and Senate leadership teams.

"Maybe [incoming Speaker of the House Nancy] Pelosi can really curb the tendency of Democrats to spend money, but there is a lot of pent-up desire," said Ron Haskins, codirector of the Brookings Institution's Center on Children and Families, at a recent seminar.

As yet, Democrats have hung no price tag on their forthcoming agenda. Many of the high-priority items they have pledged to enact in the first 100 hours of the new Congress, such as an increase in the minimum wage, wouldn't cost Washington lots of money.

In addition, incoming Speaker Pelosi said in a statement last month that the party is committed to "no new deficit spending." She said Democrats intend to restore pay-as-you-go rules, which require increases in the federal budget to be offset by either tax hikes or cuts in spending elsewhere.

It is true that the expansive list of party action items, as contained in the House Democrats' 31-page document, "A New Direction for America," is something of a catchall. For instance, will Congress really get around to voting to make college tuition tax-deductible for students studying math, science, technology, and engineering, as the document vows?

But some of the prospective legislative changes at the very top of the Democratic list would be undeniably expensive. Depending on how eligibility is structured, reductions in student loan interest rates could cost $10 to $50 billion over the next five years. Doubling special forces could cost $25 billion over five years.

Then there is the Alternative Minimum Tax (AMT), which has long been criticized by Democrats and Republicans alike. Designed to apply only to the wealthy, the tax now affects many who would call themselves middle class. Raising the income level at which a taxpayer is subject to the AMT could cost at least $40 billion a year.

And Democrats may want to expand federal health spending. The most common suggestion in this area is closing the "doughnut hole" in Medicare's prescription drug benefit, under which beneficiaries receive help for their first $2,250 of purchases in a year, then must buy prescriptions entirely on their own until their annual spending total hits $5,100.

The reason the doughnut hole exists in the first place was to pare the program's predicted cost. Its elimination would probably cost an estimated $5 billion annually.

"If you do make the prescription drug benefit more generous that could get very, very expensive, and there's no obvious way to pay for that," says Bob Bixby, director of The Concord Coalition, a budget watchdog group.

However, Mr. Bixby says he is encouraged by some budget actions Democrats have vowed to take. This week party leaders vowed to enforce a moratorium on the special-interest spending provisions known as "earmarks" until lobbying reforms can be enacted. And the incoming chairmen of the House and Senate Appropriations Committees have jointly said they will extend current funding levels for much federal spending until the 2008 fiscal year begins next Oct. 1.

The just-adjourned Congress only completed work on two of the 11 spending bills for fiscal 2007. As a short-term fix they extended current funding levels until Feb. 15, 2007.

Prolonging the life of this continuing resolution is the moral equivalent of a budget freeze, notes Bixby. "That was an encouraging sign," he says, "because they are doing a long-term continuing resolution at a lower level than many rank-and-file Democrats would like."

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Of course, a year is a long time in terms of a Congressional budget. And after Democrats assume power, pressure may build from members used to minority status to reinsert treasured earmarks into spending bills.

Emergency spending legislation, such as that which has been used so far to fund much of the Iraq war, can be particularly attractive to lawmakers who want to get earmarks through as quickly as possible.

"The job of a budget watchdog is never done," sighs Bixby.

Senator Wants Universal Health Care Plan (AP)

By Matthew Daly

AP, December 14, 2006

Several business and labor leaders on Wednesday hailed a proposal to provide health care coverage to all Americans through a pool of private insurance plans.

A dozen years after Congress rejected a Clinton administration plan for universal health care, Oregon Sen. Ron Wyden offered a plan he said would provide affordable, private health care coverage for all Americans, except those covered through Medicare or the military.

"Employer-based coverage is melting away like a Popsicle on the sidewalk in August," Wyden said.

Wyden, a Democrat and a member of the Senate Finance health care subcommittee, said his plan would "guarantee health coverage for every American that is at least as good as members of Congress receive and can never be taken away."

The plan, dubbed the "Healthy Americans Act," would provide universal coverage for no more money than the country spends on health insurance today, Wyden said.

Wyden, a veteran of the 1990s health care battle, drew support from groups that have frequently opposed each other, including Andy Stern, international president of the Service Employees International Union, and Safeway Inc. CEO Steve Burd.

Stern called employer-based health coverage a relic of an industrial economy that is long gone, and said U.S. companies "cannot compete in a global economy when we put the price of health care on the cost of our products, and our competitor nations do not."

Stern said the health care system had failed to create jobs while adding to trade deficits and holding wages stagnant. For the nation's 46 million uninsured, "it is a failed moral policy as well," Stern said.

Burd said his California-based grocery chain had saved millions in health care costs by emphasizing preventative care and offering discounts for nonsmokers and others with lower health risks.

Left unchecked, health care costs will soon surpass net income for many companies, Burd said, calling Wyden's proposal a bold plan to restart a national dialogue on health care.

"Working together, business, labor, government, consumer groups and health care providers can collectively solve this problem," he said.

Wyden's plan is an outgrowth of work by the Citizens' Health Care Working Group, a 14-member panel that held meetings in 36 states and heard from 28,000 people about how to overhaul the nation's health care system.

The group, created in 2003 by legislation sponsored by Wyden and Sen. Orrin Hatch, R-Utah, recommended that the government take steps to guarantee that all Americans have basic health insurance coverage by 2012.

Wyden said his new plan would allow workers to carry their health insurance from job to job without penalty. More efficient administration and more promotion of competition for health care plans, he said, would allow greater coverage while costing no more than the government is paying today for health insurance coverage.

The plan would require that employers "cash out" their existing health plans by terminating coverage and paying the amount saved directly to workers as increased wages. Workers then would be required to buy health insurance from a large pool of private plans.

After two years, companies would no longer have to pay the higher wages. Instead, Wyden said, they would pay into an insurance pool, based on annual revenues and the number of full-time workers.

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At Wyden's request, the Lewin Group, a Virginia-based health care consulting firm, reviewed the plan. The consultant said the plan would reduce health spending by private employers by nearly three-quarters and save $1.4 trillion in total national health care spending over the next decade.

Increases in premium payments for individuals and families would be offset by higher wages and subsidies provided under the plan, the report said. As an example, Wyden cited a worker who earned $60,000 last year, and received about $12,000 worth of health care coverage.

The worker's health insurance would be terminated but his salary would increase to $72,000, which would cover his health care coverage. The plan would bar workers from buying a "bare-bones" health package and pocketing the savings, Wyden said.

Health Care For All Proposed (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, December 14, 2006

WASHINGTON — A prominent Democratic senator unveiled an ambitious proposal today to provide health insurance for all Americans, while reining in rapid healthcare inflation that threatens benefits for millions of workers and their families.

The plan by Sen. Ron Wyden (D-Ore.) comes a month after the health insurance industry offered its own comprehensive proposal and signals a growing willingness by politicians to tackle a subject that has been off limits since the mid-1990s collapse of then-President Bill Clinton's sweeping health reform package.

Considered liberal on social issues and moderate on economic policy, Wyden combined elements of reforms that have been proposed by Democrats and Republicans.

His plan would guarantee coverage for all, including nearly 47 million uninsured, a Democratic objective. But it would also limit employers' exposure to relentless cost increases and encourage workers to shop for cost-effective insurance plans — ideas that have Republican support.

"I think the country wants healthcare fixed," Wyden said at a briefing for reporters earlier this week. "It's possible to get good quality, affordable, universal private health coverage that can never be taken away for the amount of money that is spent today."

Wyden is a member of two Senate panels that are heavily involved in healthcare, the Finance and Budget committees.

Americans spend more than $2 trillion a year on healthcare, more on a per-person basis than any other country. But the returns on that investment are uneven, with many insured patients getting less than optimal care and millions of workers unable to afford health coverage, which costs about $12,000 to $13,000 a year for a family plan.

Employers have traditionally provided coverage for workers and their families. Although most workers are still insured through their jobs, corporate leaders are increasingly questioning whether the system can be sustained in an era of global competition.

Wyden's plan would require employers to continue contributing toward the cost of health coverage, but it would get them out of the business of directly providing insurance and limit their exposure to double-digit annual inflation.

In the first two years of the plan, employers who now provide coverage would be required to directly pay workers what they were spending on insurance. Thereafter, most companies would pay the government a healthcare contribution that resembles a payroll tax.

Using the money from their employer, individuals would be required to purchase a private insurance policy through a purchasing pool in their state. Benefits would be keyed to the Blue Cross Blue Shield Standard Plan available to federal workers. Workers would not have to pay higher income taxes because of the employer contribution.

The uninsured would also have to buy coverage, but premiums for the poor would be fully subsidized by the government. Middle-class families with incomes up to $80,000 for a family of four would be eligible for help on a sliding scale.

Premiums from individuals and contributions from employers would be collected by the government through the tax system and distributed to insurers. Once enrolled, individuals would be covered until retirement. Seniors in the Medicare program would not have to make any changes.

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An economic analysis of the plan by the Lewin Group consulting firm found it could be paid for with a little less than what the nation now spends on healthcare. In theory, the plan would hold down healthcare inflation because individuals would have to pay more out of their own pockets for plans with lavish benefits.

Wyden's proposal — spelled out in a 166-page bill that he plans to introduce soon — is complex and such changes are not likely to be easily enacted. Most experts believe major healthcare reform will only be possible if a presidential candidate is elected with a mandate to tackle the problem. Nonetheless, Wyden won compliments for taking on a tough issue.

"We are very supportive of the goals Sen. Wyden has established," said Ron Pollack, executive director of Families USA, a liberal advocacy group that will play a key role on health policy in the Democratic-led Congress. But he called the plan "a first step" and "a work in progress."

At the Committee for Economic Development, an organization of CEOs from major companies, senior economist Joseph Minarik said Wyden's plan sounds like "a first or second cousin" to ideas the organization is considering in formulating its own proposal that will be announced next year.

"The story overall is that people are beginning to come to the conclusion that the employer-based health insurance system is very vulnerable," Minarik said.

Political Groups To Pay Campaign Fines (AP)

By Jim Kuhnhenn

AP, December 14, 2006

Swift Boat Veterans for Truth and MoveOn.org Voter Fund, two outside groups that played key roles in the 2004 presidential election, reached an agreement with the Federal Election Commission to pay nearly $450,000 for various violations.

The groups, along with the League of Conservation Voters, settled charges that they failed "to register and file disclosure reports as federal political committees and accepted contributions in violation of federal limits and source prohibitions," the FEC said in a statement Wednesday.

The commission approved the three settlements on a vote of 6-0.

The FEC's unanimous decision to approve the agreements goes to the heart of campaign tactics that reached full bloom in the 2004 campaign. At issue was the emergence of nonprofit political groups, called 527s based on the section of the Internal Revenue Service code that governs their activities, operating as independent campaigns attacking Democratic nominee Sen. John Kerry or President Bush.

The group listed as Swift Boat Veterans and POWs for Truth will pay $299,500. In the 2004 campaign, the group spent $20.4 million criticizing Kerry's military record in Vietnam. Much of the group's claims about Kerry's service were never substantiated.

MoveOn.org Voter Fund will pay $150,000. The liberal organization challenged President Bush on various issues in the campaign. The group spent $14.6 million on television ads attacking Bush's record.

The League of Conservation Voters will pay $180,000. The group ran ads against Bush and other federal candidates, criticizing their stands on environmental issues.

The civil penalties were the first of this magnitude since the Supreme Court upheld most of the campaign finance law passed by Congress in 2002 that barred political parties from raising unlimited amounts of money from corporations, unions and wealthy individuals.

The FEC concluded that the three 527 organizations violated campaign finance laws because they expressly stated their desire to influence the presidential election in their fundraising, their public statements or their advertisements. Such activity, the FEC said, could only be conducted by political committee registered with the FEC that abide by contribution limits and public disclosure requirements.

Commission Chairman Michael Toner said the penalties send a "strong message" and set "important touchstones for the future."

"This will have significant implications for the 2008 presidential race," he said. "527 organizations are on clear notice about what their legal obligations are."

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But campaign finance watchdog groups said the FEC's actions were "too little, too late," in the words of Paul Ryan of the Campaign Legal Center.

The center and other organizations like it have been calling on the FEC to adopt specific regulations governing 527 groups. The FEC in 2004 refused to enact such rules, arguing that it would deal with the groups on a case-by-case basis. Several other complaints involving 527 groups are pending before FEC.

MoveOn.org shut down its Voter Fund organization in 2004, and drove its campaign activity through its political action committee, which raised more than $27 million in the 2006 election cycle.

"We welcome the FEC clamping down on pop-up 527s, set up just to influence elections and funded only by big money, since that would almost certainly put Swift Boat Veterans and similar groups out of business," said Wes Boyd, a co-founder of MoveOn.org.

Lawyers for the Swift Boat Veterans told the FEC that they acted with "good-faith belief" that their communications were not affected by the campaign finance law. They argued that by not adopting specific rules in 2004, the FEC had left the law murky.

"It is far better to end this legal confrontation now rather than continue a costly battle against government bureaucrats in an area where the law is unconscionably vague," retired Rear Adm. Roy Hoffmann, founder of the Swift Boat Veterans, said in a statement.

Groups Penalized For Breaking Campaign Finance Laws In 2004 Election (USAT)

By Fredreka Schouten

USA Today, December 14, 2006

WASHINGTON — Three independent political groups paid six-figure settlements to resolve charges that they broke campaign-finance laws in the 2004 presidential election, the Federal Election Commission said Wednesday.

The action is the first clampdown on outside political groups, FEC Chairman Michael Toner said, and could diminish the role of such organizations.

Swift Boat Veterans and POWs for Truth paid $299,500 in penalties; the MoveOn.org Voter Fund paid $150,000; and the League of Conservation Voters 527 and 527 II paid $180,000.

The groups stepped over the line by either raising funds or by paying for activities that called for the election or defeat of the presidential contenders, Toner said.

These so-called 527 groups, named for the section of the tax code that governs their activity, emerged as players in the 2004 race between President Bush and Sen. John Kerry, D-Mass. The veterans group, for instance, ran ads attacking Kerry's Vietnam record.

"We would not see independent spending on the same scale in 2008 as we did in 2004" if the FEC action survives legal challenges, said Richard Hasen of Loyola Law School in Los Angeles.

Altogether, "527" groups spent $426 million in 2004 on federal elections, and nearly four times as much cash aided Democrats, according to the non-partisan Campaign Finance Institute.

Under federal law, the organizations are allowed to raise and spend nearly unlimited amounts of money as long as they do not advocate for candidates or coordinate activities with them.

The 527 groups' activity bloomed after new campaign-finance laws in 2002 that prohibited large, unregulated donations.

The groups say they acted in good faith. "The law is unconscionably vague," Swift Boat Veterans' founder Roy Hoffmann said.

Watchdog groups said rules or new laws are needed. The settlements are "too little, too late," said Democracy 21's Fred Wertheimer and Campaign Legal Center's Gerry Hebert.

FEC Fines 3 '527' Groups For Use Of Large Donations In '04 (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

The Washington Post, December 14, 2006

DOJ_NMG_0106318

The Federal Election Commission yesterday slapped heavy fines on three independent fundraising groups it said had illegally injected tens of millions of dollars into the 2004 presidential campaign, concluding unanimously that the funds were drawn from large donors and corporations in violation of election laws.

The fines, which totaled $629,500, targeted two Democrat-leaning groups and one Republican-leaning group. They raised new questions about the viability of using such "527" organizations as an indirect conduit for big-money donations meant to promote or undermine federal candidates.

The use of 527 groups by big donors exploded in 2004, two years after a new campaign finance law shut off other venues. More than $950 million was funneled through the groups in the 2004 and 2006 elections, much of it from wealthy donors and corporations otherwise barred from having such a large financial impact.

FEC Vice Chairman Robert D. Lenhard said in a statement that the fines -- levied against Swiftboat Veterans and POWs for Truth, MoveOn.org's Voter Fund, and a League of Conservation Voters fund -- demonstrated that the commission is prepared "to regulate election activity more aggressively than it has in the past."

But prominent election lawyers said the FEC's decision to fine the three groups was unlikely to slow such funding in the 2008 election. Although the fines imposed yesterday add new uncertainty for large donors, the underlying FEC rules remain so murky that the strength of the precedent is unclear, the lawyers said.

"There is no clear standard," said Jan Baran, a former general counsel of the Republican National Committee, whose law firm represents a 527 group still being investigated by the agency.

"The law is clearly not settled," agreed League of Conservation Voters President Gene Karpinski in a statement.

Other campaign finance lawyers said even the risk of fines may not deter the wealthiest donors, who would be dunned long after the donations had been spent and elections decided. They said the ruling may encourage large donors to use other sorts of tax-exempt advocacy groups notsubject to FEC regulation in the past.

The FEC is under pressure from a federal judge to prove that it is effectively regulating 527 groups -- named for the chapter in the IRS code governing them -- and the big-money donors they represent. The agency announced this summer that it would intervene against them on an ad hoc basis rather than prescribe clear new rules of conduct. But a federal court, acting in a lawsuit brought by two congressmen, told the FEC to show by the end of January that it is taking meaningful action.

These fines do not meet the test, said Fred Wertheimer, the head of Democracy 21, a nonprofit group that has complaints pending at the FEC over spending by eight 527 groups in the past two federal election cycles. "We feel it is too little, too late," Wertheimer said, noting that by not making the rules clearer before the 2004 election, the FEC left the door open to huge spending that his group contends was illegal.

He said the fines were not so large in comparison with the groups' total fundraising efforts, raising the possibility that they would see it simply as a "cost of doing business."

Officials at each of the groups denied acting in bad faith and initially contended they were not under the FEC's jurisdiction. That would have meant they were exempt from federal campaign laws limiting donations from a single individual to $5,000 annually, and from a ban on corporate political donations.

The FEC disagreed, citing public statements and fundraising solicitations that openly described the groups' desire to defeat or oppose one of the presidential nominees. It also said the groups spent their money on ads that expressly advocated an election outcome.

The case against the Swiftboat group -- which financed attention-getting ads accusing Democratic presidential nominee John F. Kerry of lying about his Vietnam War record, without substantiating its claims -- involved what the FEC termed the group's illegal collection of more than $12.5 million in personal contributions above the $5,000 annual limit, and $715,050 in prohibited corporate contributions.

The group raised a total of $25 million for the 2004 campaign, and the FEC fine of $299,500 amounted to 1 percent of its revenue.

Retired Rear Adm. Roy Hoffmann, the group's founder, said, "It is far better to end this legal confrontation now rather than continue a costly battle against government bureaucrats in an area where the law is unconscionably vague." He said the group has ceased political activity for now but may register with the FEC in the future to "re-engage in voter education."

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The MoveOn.org Voter Fund raised $21 million to spend against President Bush in 2004, including more than $2.5 million from investor George Soros. It was fined $150,000. MoveOn official Wes Boyd welcomed the decision, saying that "if this means that the FEC is really pushing big money out of elections, it's good for democracy." The group said it halted its collection of funds from large donors after the 2004 election.

Sen. Russell Feingold (D-Wis.), a co-sponsor of the 2002 campaign reform law, said the FEC fine levied against the Swiftboat group "means little" because it was so late. He added that if the FEC does not write new regulations, "then Congress or the courts will have to force the FEC to act."

Mutual-Fund Group Balances Its Political Books (WP)

By Judy Sarasohn

The Washington Post, December 14, 2006

What a difference a midterm election makes -- or so it seems at some firms and trade groups scurrying to bolster their bipartisan credentials. But the folks at the Investment Company Institute, the trade association for the mutual fund industry, say their recent Democratic hire just maintains the status quo.

ICI snagged James R. Hart, a 30-year veteran of the Hill and most recently chief of staff to Rep. Carolyn McCarthy (D-N.Y.). He's the group's new political affairs officer and will also be involved in lobbying. He succeeds Democrat Vivian Lausevic, who moved over to the American Gas Association.

The hiring of Hart raised some eyebrows, because the ICI in 2003 was subject to some mighty political pressure from Rep. Michael G. Oxley (R-Ohio), chairman of the House Financial Services Committee, to replace Democrat Julie Domenick, then executive vice president, with a Republican.

ICI never ousted Domenick, though it did hire Daniel F. C. Crowley, earlier general counsel to House speaker Newt Gingrich (R-Ga.), as chief government affairs officer. Domenick eventually left to join a Republican-led firm, but the ICI has been a client of hers since 2004 and remains so, now that she recently opened her own shop, Multiple Strategies.

Crowley said in an interview yesterday that the government affairs office is bipartisan: three Republicans and three Democrats. He said ICI had started talking to Hart before the election.

"My role is not to support the majority," Crowley said, "but to be able to put together a majority of support for our issues -- and bipartisanship is a requirement."Limits to Divine Intervention

Law firms and lobby shops like to sign up big names from the administration and Capitol Hill. The higher up, the more access and influence one at least appears to have. There is a problem: Such higher-ups are barred by ethics rules from lobbying or contacting former colleagues for a year.

Robert C. Divine has left his job as U.S. Citizenship and Immigration Services chief counsel -- he also served as acting director and acting deputy director -- and rejoined Baker, Donelson, Bearman, Caldwell & Berkowitz law firm, but he foresees no problem with the ban. Divine said the one-year "cooling off period" doesn't apply to him because he voluntarily avoided the salary levels that triggers it. He is still covered by restrictions on matters he was directly involved in and confidential information.

"I am truly grateful for the unexpected opportunity to serve among the impressive men and women in USCIS and related agencies. But immigration law is what I did for 18 years before I entered government," he said in a statement. "I could not afford to leave government and then be unable to work for a year."

Divine, who is leading the firm's immigration group, said in an interview that his decision cost him $5,000 to $10,000 a year. The trigger amount for an administration official, he said, was $142,898, as of January 2006.

Forgoing the money and avoiding the trigger "really allows people like me who are technical experts to work for the government," he said.Steptoe Children

The merger of law firms Collier Shannon Scott and Kelley Drye & Warren earlier this year sent a group of lawyers and lobbyists from Collier Shannon looking for a new home because of a client conflict.

The Scott Group represents retailers concerned about the fees they have to pay banks on credit card transactions. Kelley Drye represents J.P. Morgan. (The merged firm in Washington is Kelley Drye Collier Shannon.)

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The Scott Group, which includes former representative Thomas J. Bliley Jr. (R-Va.), just landed at Steptoe & Johnson, a D.C. law firm that has a respectable regulatory practice but isn't known for a big legislative practice -- a point in its favor, said Douglas S. Kantor, a Scott Group member and a Department of Housing and Urban Development official in the Clinton administration.

But Steptoe folks "know and understand Washington and how the legislative function fits in," Kantor said.

Steptoe Chairman Roger Warin said members of the group are strong professionally and known for "substance and strategy, rather than just influence peddling."

Other members of the Scott Group include: Scott A. Sinder, former member of the executive committee of Collier Shannon; James D. Barnette, former general counsel of the House Energy and Commerce Committee; Leslie Belcher, former chief of staff to Rep. Tom Cole (R-Okla.); Suzie Brewster, a lobbyist for more than two decades whose husband is former representative Bill Brewster (D-Okla.); R. Timothy Columbus, chairman of the government relations practice at Collier Shannon; and John P. Fielding, former senior counsel at the National Association of Insurance Commissioners.Here and There

Also moving about town . . . Health-care specialist Stephen J. Northrup has joined Arent Fox in the law firm's government relations group. He most recently was health policy director for the Senate Committee on Health, Education, Labor and Pensions.

Democratic strategist and lobbyist Steve Elmendorf has set out on his own, forming Elmendorf Strategies, after a stint at law firm Bryan Cave. Like the Scott Group, Elmendorf ran into client-conflict issues. He would have been prevented from representing a coalition of companies with patent issues because of a conflict with a Bryan Cave client. Joining him from Bryan Cave: Kristi Kennedy and Jessica McEwen.

Gail MacKinnon, senior vice president for government relations at the National Cable and Telecommunications Association, is leaving for Time Warner Inc., where she will be senior vice president for global public policy. Succeeding her will be Steve Vest, a vice president there, who earlier worked for Bracewell & Giuliani and then-House member Bill Richardson (D-N.M.).

OTHER NEWS:

U.S. Aims To Move Beyond Rhetoric (WT)

By David R. Sands

The Washington Times, December 14, 2006

Top U.S. negotiator Christopher Hill said yesterday that he will push for "measurable, concrete progress" to end North Korea's nuclear weapons programs when regional talks resume this weekend in Beijing after a break of more than a year.

Just over two months after Pyongyang stunned the world by conducting its first nuclear test, Mr. Hill said in a State Department briefing that China has offered the United States "unprecedented cooperation" in recent weeks in pressing the North to return to the stalled "six-party talks."

Both China and the United States have talked directly with North Korean diplomats about reviving the talks, and both Beijing and Washington reject the idea that North Korea's Oct. 9 nuclear test has given the isolated communist nation permanent status as a "nuclear power."

"The Chinese have also been in direct contact with the North Koreans on several occasions, and they also have reason to believe that we will see some specific ideas for moving ahead," said Mr. Hill, undersecretary of state of East Asian affairs.

Negotiators for the six countries -- the United States, China, North and South Korea, Japan and Russia -- are set to meet Sunday night in Beijing for the first time since Pyongyang's nuclear test. Mr. Hill said he anticipated this round of talks would last at least a week and he hoped to be home by Christmas.

But Secretary of State Condoleezza Rice told reporters Tuesday that a deadline on the talks was not firm and that the goal remains the same: complete denuclearization of the Korean Peninsula.

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In a concession to Pyongyang, parallel U.S.-North Korea talks on U.S. financial sanctions against the North will begin at virtually the same time Sunday in Beijing. Pyongyang has harshly criticized the sanctions, which led to the freezing of millions of dollars in North Korean state accounts in a Chinese bank, and cited the sanctions as a reason to boycott the talks.

The financial talks will be kept separate from the six-party discussions, and a Treasury Department official will be the lead negotiator, Mr. Hill said.

He said his focus in Beijing will be to move beyond talking and to start implementing a joint accord reached in September 2005. That agreement committed the regime of North Korean leader Kim Jong-il to give up its military nuclear programs in exchange for economic aid and security guarantees.

Mr. Hill acknowledged that the North's nuclear test, which resulted in new U.N. sanctions against Pyongyang, had "done damage" to the six-party process, but said the United States and its allies were still insistent that the North honor the September 2005 statement in full.

"We need a sign that we have moved off the pages of the September agreement and on to the ground of the Korean Peninsula," he said.

Song Min-soon, South Korea's new foreign minister, also pressed the North to go beyond talking in the new round.

"I hope that the North will heed the importance of this opportunity and act in a way that will lead to visible steps," Mr. Song told reporters in Seoul.

Mr. Hill said he planned to stop in Japan and perhaps South Korea on his way to Beijing for the weekend talks.

Envoy Says U.S. Expects "concrete Progress" At Revived Nuclear Talks (AP)

AP, December 14, 2006

WASHINGTON: The top U.S. envoy to next week's North Korean nuclear weapons negotiations said Wednesday that the United States wants "concrete progress" when diplomats from six nations convene in Beijing.

Assistant Secretary of State Christopher Hill said "the purpose of the six-party talks is not to talk." The goal, he said, is to implement a September 2005 agreement in which the North pledged to scrap its pursuit of nuclear technology in exchange for energy and aid.

"We are indeed looking for measurable progress" in the talks, Hill told reporters. "We need concrete progress."

He said it had not been determined how long the round will last, but that talks would begin Sunday night and he would spend next week in Beijing. Hill said he would be meeting over the weekend with his negotiating counterparts, including the North Korean delegate. The other countries involved are South Korea, Japan, Russia and China.

Hill said cooperation with the Chinese in preparation for the meeting has been "unprecedented."

North Korea Appears Serious About Denuclearization Talks: US (AFP)

By David Millikin

AFP, December 14, 2006

North Korea has indicated it is ready to "deal in specifics" about giving up its newly proven nuclear arsenal when it returns to six-party disarmament negotiations next week in Beijing, the top US negotiator said.

But Assistant Secretary of State Christopher Hill predicted "very tough negotiations" when the talks resume at the weekend after a 13-month break and said there were no guarantees the process would achieve its goal of convincing North Korea to dismantle its nuclear weapons program.

"At this point I can't tell you if that strategic choice has been made or not," said Hill, who has held two rounds of preliminary talks with the North Koreans since they agreed to return to the negotiating table after carrying out their first test of a nuclear bomb on October 9.

Hill told reporters that during one round of meetings on November 27 and 28 in Beijing, "there were indications that the DPRK, the North Koreans, would be prepared to deal in specifics at the coming round."

"The Chinese have also been in direct contact with the North Koreans on several occasions, and they also have reason to believe that we will see some specific ideas for moving ahead," he said.

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Hill declined to provide any details of what specific steps the US and its allies would demand of North Korea or what incentives they would offer during the negotiations.

But he stressed that Washington would not allow the talks to drag on while North Korea pursues its nuclear program.

"It's our very strong view that in this first round, which starts over the weekend, we want to show some significant progress."

The six-party talks -- involving China, Japan, North Korea, South Korea, Russia and the United States -- started in 2003 to stop Pyongyang from acquiring nuclear weapons.

North Korea signed on to a vaguely worded joint statement in September 2005, pledging to give up its nuclear ambitions in return for security guarantees, energy assistance and improved relations with the West.

But North Korea pulled out two months later, apparently to protest US sanctions imposed on a Macau-based bank, Banco Delta Asia, for allegedly laundering money and circulating counterfeit US 100 dollar bills on behalf of the cash-strapped communist Pyongyang regime.

It then conducted its first nuclear test, triggering global condemnation -- including from closest ally China -- and unprecedented sanctions agreed by the United Nations.

Hill said China's pressure was a critical element in North Korea's decision to resume negotiations and that Washington's and Beijing's goals in the talks "are pretty close to identical -- complete denuclearization" of the Korean peninsula.

"We need concrete progress. We need a sign that we have moved off of the pages of the September agreement and on to the ground of the Korean peninsula," he said.

The US diplomat said it was not clear if North Korea's notoriously unpredictable leadership agreed to resume talks due of the bite of UN sanctions or "because they have exploded a nuclear device and they feel very strong as a result of that".

But Hill said he had made clear to the North Koreans already that "we do not consider them a nuclear power and we will not consider them a nuclear power."

The UN sanctions, which include a trade embargo on nuclear and weapons-related material and luxury goods, will remain in place during the negotiations, he said.

But in a concession to Pyongyang, the US has agreed to hold simultaneous discussions in Beijing on the Banco Delta Asia sanctions, he said.

A US Treasury official will lead those talks for Washington.

Hill said he would travel Friday to Tokyo for preparatory talks with the Japanese and could also visit Seoul before heading to Beijing, where informal talks will continue among all parties through the weekend prior to the formal start of negotiations on Monday.

"I'm not here to predict success or to express optimism, but I'll have a much better picture of that probably a week from now," he said.

Britain, Russia Report Progress In Bid To Agree UN Sanctions On Iran (AFP)

By Gerard Aziakou

AFP, December 14, 2006

Six major powers edged closer to agreeing UN sanctions against Iran over its refusal to halt sensitive nuclear fuel work, raising hopes that the Security Council could vote on a compromise package soon.

After a new round of informal talks on a sanctions draft resolution early Wednesday by envoys from the Security Council's five veto-wielding members -- Britain, China, France, Russia and the United States -- plus Germany, several participants emerged reasonably upbeat.

"We had a good meeting this morning. we made substantial progress," British Ambassador Emyr Jones Parry told reporters.

He expressed hope that a compromise text would be agreed on this week and that the full 15-member council "will vote as soon as possible after that."

Western diplomats say they expect passage of the resolution by Christmas.

France's UN envoy Jean-Marc de La Sabliere also spoke of "progress" following amendments presented by Russia and the United States to a revised European draft drawn up by France, Britain and Germany.

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"Important matters of principle have basically been agreed," Russian Ambassador Vitaly Churkin said.

While there were still differences on some issues, including a proposed travel ban on officials directly involved in Iran's nuclear and ballistic missile programs, the six powers now "have a basic understanding that we should be focusing on uranium enrichment, chemical reprocessing, heavy water projects and nuclear delivery systems," he added.

The European draft would mandate a ban on trade with Iran on goods related to its nuclear and ballistic missile programs and impose financial and travel restrictions on persons and entities involved.

Jones Parry said nuclear experts of the council would go over the text Thursday morning while envoys of the six major powers would take it up again later that day.

In the meantime, the amendments and the comments made during Wednesday's session would be forwarded to the envoys' respective capitals, he added.

Churkin for his part described the text as "very positive," "even tough there are certain restrictions on activities which we are concerned about."

In Washington, the State Department described amendments put forward by US deputy UN representative Alejandro Wolff as "tweaks."

Churkin hailed on Monday the European changes to the draft but objected to the proposed travel ban on officials linked to Tehran's nuclear and missile programs.

The text contains in its annex a list of 12 officials targeted for a travel ban, including some associated with the Natanz nuclear fuel processing facility and with the heavy-water reactor Iran is building in Arak, as well as Iran's Revolutionary Guards chief General Yahya Rahim Safavi.

It dropped, however, all references in the draft to Iran's first nuclear power station, a one-billion-dollar facility that Russia is helping to build in Bushehr.

Meanwhile Iran's Supreme leader Ayatollah Ali Khamenei vowed Wednesday that the Islamic Republic would make further progress in its nuclear program despite the objections of world powers, state television reported.

Tehran has consistently rejected UN demands that it halt uranium enrichment, a process which can provide fuel for nuclear reactors but also, in highly refined form, material for the core of a nuclear bomb.

In The Hague, former UN chief weapons inspector Hans Blix said Wednesday that giving security guarantees to Iran could help persuade Tehran to scale down its nuclear ambitions and freeze uranium enrichment.

"To avoid Iran going for enrichment, one must go into the concerns they have ... they might be concerned by an attack of the US," Blix told journalists.

Blix is now chairman of the Weapons of Mass Destruction Commission (WMDC), an independent body that works to limit the dangers posed by WMD.

The West claims Iran is running a secret nuclear military program parallel to its civilian one, an allegation strongly denied by Tehran which says its nuclear ambitions are entirely peaceful and aimed at producing electricity.

Iran Nukes Prompt Concerns Within Mideast (CSM)

By Howard Lafranchi

Christian Science Monitor, December 14, 2006

WASHINGTON

Iran's President Mahmoud Ahmadinejad boasts that world powers are getting weak knees about stopping his country's nuclear program.

Is the fiery leader right?

The United Nations Security Council is considering a watered-down resolution of sanctions aimed at punishing Iran for pursuing its uranium- enrichment program - a process that could lead to development of a nuclear weapon. But with the United States seemingly occupied with Iraq, and with Russia and China still balking at any action that would suggest "humiliation" of a valued trade partner, doubts are rising over how much the Europe-sponsored resolution will be worth.

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"Nothing has changed for the better with respect to this resolution and what it says about determination to stop a very dangerous scenario before it gets out of control," says Gal Luft, codirector of the Institute for the Analysis of Global Security in Washington. "The Iranians are moving ahead. The world is acting in ways that reduce the chance of having a real impact on that - and countries in the region are taking note of both."

Indeed, as prospects wane for tough international action against Iran, some countries in the region are expressing alarm at the pace of Tehran's progress toward mastery of the nuclear cycle. And they seem to be saying, "If the international community is not going to do something about it, we will." Such an attitude is raising fears of a Middle East arms race.

Noting that Saudi Arabia and other Gulf countries announced over the weekend their interest in developing a cooperative nuclear-energy program, former Middle East negotiator Dennis Ross said, "Who is that message for? Let me tell you, it's not for Iran. It was for us."

Ambassador Ross, now at the Washington Institute for Near East Policy, also said at an event Tuesday that the Saudis are telling the US, "Stop them - or that [nuclear power] is the way we go, too."

The regional warnings on Iran come amid reports that the Saudis have also warned the US that they might be compelled to enter on the side of the Sunnis in any Iraq that the US had abandoned to civil war.

The countries that make up the Gulf Cooperation Council are Sunni powers expressing concerns over the rise of Shiite Iran, Mr. Luft says, which adds one more worrisome ripple to the signs of growing Sunni-Shiite tensions in Iraq and Lebanon. "They are saying that if there is to be a Shiite bomb, then they will need a Sunni bomb to counterbalance it," he says. "They don't want that, but if their neighbor Iran goes nuclear in this climate of deepening Shiite-Sunni divisions, they don't see how they could sit aside and not match it."

The Security Council draft resolution circulated this week by France, Britain, and Germany forgoes the proposed blanket sanctions against Iran that drew a Russian rebuff. Instead, it outlines sanctions focused on the country's uranium-enrichment process - targeting Iran's atomic-energy agency, facilities involved in the uranium-enrichment program, and individuals and companies associated with the program.

The resolution removes any reference to Iran's first nuclear power plant at Bushehr, while focusing on a pilot enrichment facility at Natanz. That change satisfies one Russian demand, but Russian officials have held out for additional changes.

If the resolution is passed by the Security Council before the end of the year, as some diplomats expect, it would be nine months after the international community first demanded that Iran cease its uranium enrichment or face tough trade and financial sanctions. By early next year, it will have been two years since the Bush administration deferred to European diplomacy to try to halt a program that Mr. Ahmadinejad says is purely peaceful but that European officials have concluded is designed to deliver nuclear weapons.

Some analysts say the US is so preoccupied with Iraq - and tied up in debate over whether it should engage Iran in diplomatic efforts to stabilize Iraq - that it has weakened its determination to stop a nuclear-armed Iran from emerging. They note that the resignation of John Bolton, US ambassador to the UN, who is a fierce opponent of nuclear proliferation to dangerous "rogue states," has lowered the US profile in the struggle with Iran at a crucial moment.

Others note that while the US goes along with diplomatic efforts to curtail Iran's nuclear progress, President Bush continues to insist that "no options are off the table" in terms of guaranteeing that Iran never develops the bomb. They speculate that if Iran continues its nuclear march, the US could take military action to at least seriously damage its program before the end of Mr. Bush's term, claiming it had favored diplomatic action until the risk dictated another course.

In the meantime, Iran claims it has neared mastery of the nuclear cycle, from mining of uranium ore to its enrichment into fuel for nuclear facilities. Last weekend, Ahmadinejad announced his country had "begun" the installation of 3,000 centrifuges - which, if true, could be a major step toward large-scale uranium enrichment. He used the announcement to needle his international opponents, crowing that "resistance of the Iranian nation" has spurred the nuclear progress, even while forcing the world "to retreat tens of steps over Iran's nuclear issue," according to Iran's Fars news agency.

Nuclear experts say it is hard to say how much of this is "bluster" or to what degree it reflects real progress in the Iranian program. "A lot depends on what a phrase like 'beginning to install' really means," says David Kay, a security specialist at the

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Potomac Institute in Arlington, Va. "I don't think anyone would say they are 'mastering the fuel cycle,' which was another of [Ahmadinejad's] claims."

Mr. Kay notes, for example, that what is known about Iran's initial centrifuge "cascade," as the high-speed facility allowing uranium enrichment is called, suggests "they are still at a very, very preliminary stage" in their capabilities. "From what we hear the facility is down as much as it is up," he says. All this suggests Iran is still at least four years away from the ability to build a bomb, he says.

Yet as rudimentary as the program may still be, Luft says Iran is taking important but little-noticed steps to weather even weakened international sanctions. In a new report, his institute says Iran is acting to address its "Achilles' heel" - its lack of gasoline-refining capacity - by expediting construction of two new refineries, signing gasoline import contracts with "friendly countries" like Venezuela, and undertaking a crash conversion program to convert 1.2 million vehicles a year from gasoline to natural gas. Iran has the world's second-largest natural-gas reserve.

"They are taking all kinds of innovative measures, and showing by the high priority they are giving these measures that they do not intend to change course and capitulate on their nuclear program," Luft says. "It's become a matter of national pride."

In a similar way, he says that the Gulf countries are not talking about a nuclear program for energy reasons - but with national security in mind. "If you sit on top of the world's biggest pile of oil and gas, the last thing you need is nuclear energy," he says. "They would be doing this for security interests, not for energy."

Move To Charge Ahmadi-Nejad Over Israel Remarks (FT)

By Mark Turner

Financial Times, December 14, 2006

In one of his first acts since leaving his post as US ambassador to the United Nations, John Bolton will on Thursday call for legal proceedings against Iran's President Mahmoud Ahmadi-Nejad for incitement to genocide.

Mr Bolton will join Dore Gold, a former Israeli ambassador to the UN, Irwin Cotler, a former Canadian attorney-general, and Nobel peace prize winner Elie Wiesel in claims that a series of public statements against Israel constitute a crime under the Genocide Convention.

The call comes amid growing pressure on the US to start talks with Iran about Iraq, but also amid international criticism of a conference in Tehran questioning the Holocaust. A 68-page study produced by the Jerusalem Center for Public Affairs, and the International Association of Jewish Lawyers and Jurists, argues that Mr Ahmadi-Nejad's declaration that "Israel should be wiped off the map" is part of a hate campaign punishable under international law.

A series of remarks by Mr Ahmadi-Nejad, including one in which he reportedly questioned whether Zionists were human beings, "constitute direct and public incitement to genocide", the study alleges. While reminiscent of incitement before the Rwanda genocide, "the critical difference is that while the Hutus in Rwanda were equipped with machetes, Iran, should the international community do nothing to prevent it, will soon acquire nuclear weapons," it says.

Mr Gold told the FT that while "most people think of [legal proceedings against] genocide in terms of setting up tribunals after the crime has been committed", the challenge was to stop genocide before it begins.

"The question is, what specifically can be done? Let the Security Council meet and discuss the issue," he said.

The Iranian mission to the UN dismissed the call as "a propaganda move, and an act without any substance. The international court of justice should give every priority to the real genocide of Palestinian people by Israeli leaders". Earlier this year, visiting the UN, Mr Ahmadi-Nejad said his fight was not with Jews but with Zionists.

Juan Mendez, the UN's special adviser on the prevention of genocide, said he did not plan to take any official action over the remarks because his job was to help vulnerable populations that could not defend themselves.

"But that doesn't mean I don't consider them serious and grave," he said. "Expressions of hate speech, especially in the context of an ability to act on them, are certainly one of the warning signs we look for."

Deep Roots Of Denial For Iran's True Believer (NYT)

By Michael Slackman

The New York Times, December 14, 2006

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CAIRO, Dec. 13 — Iran's so-called Holocaust conference this week was billed as a chance to force the West to reconsider the historical record and, thereby, the legitimacy of Israel. But why would the Iranians invite speakers with so little credibility in the West, including a former Ku Klux Klan grand wizard and disgraced European scholars?

That question misses the point. Iran's president, Mahmoud Ahmadinejad, portrays participants like David Duke, the former Louisiana Klan leader, and Robert Faurisson of France, who has devoted his life to trying to prove that the Nazi gas chambers were a myth, as silenced truth-tellers whose stories expose Western leaders as the hypocrites he considers them to be.

Just as Soviet leaders used to invite Americans who suffered racial or political discrimination to Moscow to embarrass Washington, Mr. Ahmadinejad seems to enjoy pointing out that countries like Germany, France and Austria claim to champion free debate yet have made Holocaust denial illegal.

He has also repeatedly tried to draw a moral equivalency between questioning the Holocaust and the decision in Europe last year to publish cartoons lampooning the Prophet Muhammad. It wins him favor at home and across the Arab world for standing up to the West and allows him to present himself as morally superior to the West.

But there is another important point. Mr. Ahmadinejad actually seems to believe that the volumes of documentation, testimony and living memory of the Nazi genocide are at best exaggerated and part of a Zionist conspiracy to falsify history so as to create the case for Israel. As a former member of the Revolutionary Guards, he was indoctrinated with such thinking, a political analyst in Tehran said, and as a radical student leader, he championed such a view.

Now he has a platform to promote the theories — and to try to position himself regionally as the reasonable man who is asking hard questions.

The two-day meeting included no attempt to come to terms with the nature of the well-documented Nazi slaughter, offering only a platform to those pursuing the fantasy that it never happened. In addition, the organizers of the conference, a small circle around the president, have been building ties with neo-Nazi groups in Europe.

"He is connected to people in Iran who trust his way of doing things and who seriously believe the Holocaust did not take place," said Martin Ebbing, a German journalist in Tehran who has closely followed the president. "They seriously believe it."

Evidence of that came in a revealing interview last May with the German magazine Der Spiegel. The interviewer mostly wanted to discuss Iran's nuclear ambitions and the government's refusal to give up uranium enrichment, but the discussion kept returning to the Holocaust. At one point, the exasperated interviewer actually lectured the Iranian president on Germany's culpability.

"In our view, there is no doubt that the Germans — unfortunately — bear the guilt for the murder of six million," the interviewer said to Mr. Ahmadinejad.

The president gave little ground, saying Germans should rid themselves of such guilt. "I will only accept something as truth if I am actually convinced of it," he said.

Across the Middle East, contempt for Jews and Zionism is widespread and utterly mainstream. Many say the Holocaust has been wildly exaggerated and used to justify the creation of the Jewish state in 1948 at the expense of Palestinians, a move viewed as yet another example of Western imperialism.

Anti-Western rage fueled the 1979 Iranian revolution, and Mr. Ahmadinejad has tried to rekindle its energy by spreading Iran's influence beyond its borders. Battling Washington, chiding Arab leaders and claiming to promote the Palestinian cause have made him extremely popular on the streets from Cairo to Morocco.

Such actions have also helped turn attention away from his inability so far to deliver on promises of economic populism, including a redistribution of wealth and greater social justice for the bulk of the country that is struggling to make ends meet.

The president's ideas do not resonate in all corners of Iran, though, and some political scientists there say they have embarrassed officials who, even if they agree, do not want to see a focus on Holocaust denial further isolate Iran from Europe.

"I raise two questions about this conference," said Ahmad Shirzad, a reformist politician and former legislator. "First, how much does this solve the problems our people are faced with? And secondly, which one of our goals were realized? It looks like he wants to make news and do provocative things."

Others see an even more ambitious post-Iraq agenda reflected in Mr. Ahmadinejad's high profile on the issues of Jews, the Holocaust and Israel.

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"It is for public consumption in Arab countries," said Mustafa El-Labbad, editor of Sharqnameh, a magazine specializing in Iranian affairs and published in Cairo. "It is specifically directed toward deepening the gap between the people and their regimes and toward embarrassing the rulers so that the regional power vacuum, especially after Iraq, can be filled by Iran."

Iran's President Faces Test Of His Support In Elections (NYT)

By Nazila Fathi

The New York Times, December 14, 2006

TEHRAN, Dec. 13 — Iranians will go to the polls on Friday in elections that are expected to be a test of whether President Mahmoud Ahmadinejad still has the popular support that led to his victory 18 months ago.

The elections are for city councils around the country and for the 86-member Assembly of Experts. The Assembly has the power to replace the country's supreme leader, but since it selected Ayatollah Ali Khamenei for that position in 1989, it has been relatively inactive and meets only twice a year behind closed doors.

The city councils, on the other hand, exercise substantial political leverage, especially in the capital, Tehran. The councils appoint the mayors, who run the local governments and control the budgets.

The watchdog Guardian Council, which reviews applications to run for office, rejected 240 nominees out of 490 who initially registered to run for the Assembly of Experts. Others dropped out, and so only 140 candidates remain for the 86 seats, which are elected by district. Some districts are left only with one candidate running for the seat.

The council rejected many candidates who had a lenient stance toward reformers but also some who are affiliated with Ayatollah Mohammad Taqi Mesbah-Yazdi, a cleric who has often spoken against democracy.

Mr. Mesbah-Yazdi and a group of his supporters were running against Ali Akbar Hashemi Rafsanjani, a former president and pragmatic politician, in the hope of dominating the assembly, which is considered less likely now.

In the Tehran city elections, a slate affiliated with Mr. Ahmadinejad whose name roughly translates as the Good Scent of Service (even Iranians are puzzled by the title) is running against other radicals who have been sidelined by Mr. Ahamdiejad and against reformist politicians who are trying to make a comeback after three major defeats in the past three years.

Members of the slate allied with the president had called on their supporters to vote for those close to Mr. Mesbah-Yazdi, the radical cleric, in the Assembly of Expert elections. The group is led by a young former leader of the Basij Militia force, Mehrdad Bazrpash, and the sister of the president is a member.

Analysts say the group has a chance of winning if the turnout is low. The turnout in the last city elections in Tehran, in 2003, was only 12 percent after voters who had brought the reformists to power stayed home when they concluded that the reformists had failed in their efforts to create a more open society. That led to victory for the radicals. They appointed Mr. Ahmadinejad, then an unknown figure in Iran's politics, as mayor and then nominated him for president.

Mr. Ahmadinejad has cracked down on civil liberties since his election, and his fiery speeches and uncompromising foreign policy on such issues as the country's nuclear program is causing the country to face possible sanctions. He also has failed to deliver on his promise of improving people's economic status, experts say.

Reformists are appealing to their supporters to vote in an effort to slow down his radical policies.

"This election can be a way for us to find our place in the government again and to try to moderate the situation," said Ali Nozarpour, one of the reformist candidates for the Assembly. "We are telling people that if they don't vote, they will let a minority to decide for them."

Enthusiasm over the election appears to be increasing as the reformists have intensified their campaign at universities and around the city. On Wednesday, 20 local candidates spent time talking to people on the streets of Tehran to persuade them to vote.

"A lot of students are saying that they will vote for the reformers," said Sajad Ghoroghi, a graduate student at Amir Kabir University who has decided to vote despite his disillusionment with the reformists.

"Voting does not mean that we approve of what the reformers did during the eight years they were in power," he said. "We want to vote to stop the current situation."

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The other major group running against the president's allies in Tehran is a radical group that supports the current mayor, Mohammad Baqer Qalibaf, who also ran against Mr. Ahmadinejad in the presidential election last year..

The radicals initially said they would join to create one slate against the reformists. But Mohammad Tavakoli, a radical member of Parliament, said in a letter that was posted on a Web site that the young supporters of Mr. Ahmadinejad refused to join a coalition with the more veteran radical politicians, the Iranian daily Aftab-e-Yazd reported.

"They say that they will definitely win and do not need to have a coalition with other groups," Mr. Tavakoli wrote, warning that such an attitude would damage Parliament's relations with the government of Mr. Ahmadinejad, where the more veteran group holds a substantial number of seats.

Another radical, Emad Afrough, expressed concern that the election could be rigged, the newspaper Etemad reported. This is the first time that the committee that supervises the election is controlled by the group in power.

"Rigging does not take place only when the votes are being counted," he was quoted as saying. "It can happened secretly in different ways."

Iran Province Looks To Everyday Issues In Polls (AFP)

By Aresu Eqbali

AFP, December 14, 2006

Conservative-reformist power struggles or foreign policy are far from the minds of the voters of Takestan, a dusty Iranian town whose inhabitants are more concerned with unemployment and the cost of living.

The streets of the town, whose name means "vineyard" and where grape-farming is the main industry, are underdeveloped and many people go about their business with little faith in political promises.

"Construction of houses, improvement of traffic infrastructure, green spaces, medical and educational centers" was how the town's governor, Ali Sadeghi Niaraki, outlined the town's priorities.

With youth unemployment rates still high, joblessness and wages are among the main concerns of people ahead of municipal elections on Friday -- if they believe their votes can make a difference.

"Takestan now is developing metal projects ... farmers today do not have only one job," the 48-year-old governor said.

"The number of candidates for this round of municipality elections is 52, with a 20 percent growth in the number of registered contenders," Niaraki proudly added.

The central street has been plastered by posters and banners of candidates from different groups including ultra-conservatives supporting the President Mahmoud Ahmadinejad as well as the reformists.

The oddly similar surnames of candidates -- there are lots of Rahmanis and Rahman-Dousts on the posters -- makes it look like a tribal battle rather than political elections.

"I am the mother of three young men at a rented home. They need jobs, they want to raise a family, but we simply cannot afford it," said Moloud Mardi, 49.

"So, what is the difference who wins the city council when we see they will not do anything about the problems?" asked Moloud Mardi, 49.

"Now that they need us to vote they promise many things, but we have not seen any action from them yet," she said, vowing not to go near the polling stations.

A group of street-sellers on unbuilt land in downtown begged to differ.

"The councils take care of people's problems, they can build schools and streets. It does not matter whom we vote for in which elections. It is important to vote to make the country proud," said Khosh Ghadam Eskandari, 34, mother of two teenagers and a young boy.

She was faced by quick objections from a neighbouring vendor who deals in second-hand teddy bears and dolls.

"I am not happy with my income. Their promises are just words. We only vote because we need to have the (electoral) stamp on our papers in order not to get into trouble," complained Abu Bakr Rasti, 31.

A Peugeot 405 limousine parked in the main street, plastered with the pictures of the sole female candidate for the town's council, was one of the main attractions of the afternoon.

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Maryam Taherkhani, 25, has become a municipality candidate because she believed "at least one woman should be sitting in the council among the other male members to take care of order and cleanliness".

"Building green spaces and movie theaters are the things that we need," she said.

Despite her bizarrely luxurious campaign limousine, she considered her town as "deprived, with jobless youths" -- one of Iran's most persistent economic problems.

"I do not know about elections that much. We may vote however, even though they do not do anything for the town," said a 28-year-old farmer, Karam Ardebili while spreading oil seed around his inherited land.

"Reformists" and "conservatives" sounded to him very important things that he said he had nothing to do with.

"I am happy with my income but I would ask for loans to rent fields," the married man with one child said, adding that he honestly only cared about his agricultural job and nothing more.

Hezbollah Out To Develop New `cold War,' Some Say (MCT)

By Tom Lasseter

McClatchy Newspapers, December 14, 2006

BEIRUT, Lebanon - For most Americans, the standoff between the militant Shiite Muslim group Hezbollah and Lebanon's government may look like inside politics in a country that's barely big enough to contain its name on most world maps.

But Hezbollah's two-week-old siege of Prime Minister Fuad Saniora's administration is, in many ways, a test of U.S. power and credibility in the Middle East at a time when the Bush administration is struggling to regain the offensive in Iraq and Afghanistan.

Analysts, Lebanese leaders and Western diplomats agree that the crisis is an outgrowth of a developing showdown between the United States, which backs Saniora, and Syria and Iran, which support Hezbollah.

"Because Lebanon doesn't count in anybody's equation, it is the perfect place to use it as a cold war arena; there is a cold war in the Middle East now," said Timur Goksel, who was a longtime senior adviser to the United Nations Interim Force in Lebanon until 2003. "I think Hezbollah is being drawn into this cold war ... they are taking sides."

That cold war can be seen across the region. In Iraq, Syria and Iran are helping forces aligned against U.S. troops. In the Palestinian-Israeli conflict, Iran has pledged millions to help the Hamas-led Palestinian government - which the United States and Europe have cut off - and Syria continues to support Hamas and several Palestinian terrorist groups.

The fight is complex: The United States wants to stop the tide of Iranian Shiite power from destabilizing oil-rich Sunni Arab countries with significant Shiite populations, such as Kuwait, Bahrain and Saudi Arabia. The government of Saudi Arabia, in particular, has grown anxious about the ascent of Iranian influence in the region.

At the same time, however, American officials are seeking ways to curb the violence in Iraq by bolstering the Iranian-backed Shiite government there, which U.S.-sponsored popular elections brought to power.

As the United States has been pushed and pulled by the region's problems, what some U.S. officials believed was an invincible American empire has begun to look weaker to some in the Middle East.

Top Hezbollah officials have made no secret of thinking that America is stretched too thin to stop them.

"What can America offer you?" Hezbollah leader Hassan Nasrallah said via video link to a huge crowd of demonstrators last week in Beirut. "It is sinking in the mud of Iraq and Afghanistan and Palestine."

A Western diplomat based in Beirut said Hezbollah officials had made their intentions clear by constantly pairing Saniora with U.S. Ambassador Jeffrey Feltman in their speeches.

"Why are they using this rhetoric of saying, `The Feltman government'? Why are they saying Saniora's a U.S. agent?" said the diplomat, who spoke on the condition of anonymity because of the sensitivity of the subject. "It's because they want to be able to deliver the United States a strategic defeat in Lebanon. Because they see the problems in Afghanistan, they see the problems in Iraq, they see no progress in Palestine and they want to be able to play the defeat of the Saniora government ... as a defeat of the United States."

Hezbollah leaders counter that the United States, facing setbacks in Iraq, is seeking to use Lebanon as a base from which to shape Middle East politics.

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"Their main enemy in Lebanon is Hezbollah. They want to get rid of Hezbollah and use it (Lebanon) as a bridge to other goals," Hezbollah spokesman Hussein Rahal said. "They want to begin in Lebanon, then Palestine, then Syria and then Iran."

Another Western official, who also asked not to be identified, conceded that "what has happened in the region is not exactly as we envisioned it; I think it underscores the importance that Lebanon survives as a democratic state."

Hezbollah assertions that Saniora is a U.S. puppet are incorrect, the official said.

"That coming from the force that is on the payroll of Iran, that receives a large amount of arms from Iran, that's just laughable," the official said. "It's a cheap emotional trick to paint this as a fight against American hegemony."

Many Lebanese Sunnis and Christians say that Hezbollah and the Saniora government are being disingenuous when they accuse the other side of being too closely tied to foreign powers.

"In our view, both of them are tied to outside political axes of some sort," said Osman Bakhach, a spokesman for the Liberation Party, a fundamentalist Sunni political group that calls for establishing an Islamic caliphate and opposes the United States and Hezbollah.

Emil Moukarzel, a spokesman for the Lebanese Forces, agreed. His organization, which is one of the main Christian groups in Lebanon and played a major role as a militia in the country's 1975-90 civil war, is pro-Western but has tried to remain outside the current conflict.

"The major war here is between the United States and Iran," he said.

Hezbollah and its allies began massing demonstrators in front of the main government building on Dec.1. They demanded that Saniora either give Hezbollah enough Cabinet seats to dissolve the government, or scrap the government immediately and begin anew, presumably with Hezbollah and its allies at the fore. The crowds outside the government center have ebbed and flowed, but they've never numbered fewer than tens of thousands.

Hezbollah officials said they'd summoned the demonstrators after concluding that Saniora had sided with the United States during last summer's Israeli military campaign - which devastated Shiite villages in south Lebanon - and watching while the prime minister pushed for a tribunal that the militant group believed would target Syria, one of its main backers.

"We cannot leave this government to lead the country to this fate, of following the Americans," said Mohammed Fneish, a Hezbollah member who resigned from the Saniora Cabinet last month along with five other militia members and allies. "The main issue is the Americans want to keep this government in power because they can control them."

The Western diplomat in Beirut said that for the Bush White House, Lebanon had acquired the image "of the heroic democratic country" in a way reminiscent of how the Reagan White House viewed "captive nations" such as Lithuania, Latvia and Estonia during the Cold War with the Soviet Union.

"It became impossible for anyone to suggest that we should be just accepting their incorporation into the Soviet empire," the diplomat said. "Lebanon has almost become like that."

Lebanese Government Issues Own Warning (WP)

By Anthony Shadid

The Washington Post, December 14, 2006

BEIRUT, Dec. 13 -- For years, Fouad Siniora was a man of numbers more than rhetoric, as a banker, finance minister and friend to Rafiq al-Hariri, the billionaire former prime minister assassinated last year. This week, he stood before a crowd that included more than 1,800 women at his barricaded government headquarters, more populist than pragmatist, more agitator than accountant.

"Victory to Lebanon!" the prime minister shouted, jabbing his fists into the air and playing to a boisterous crowd.

Women from the southern town of Sidon surged forward, some holding signs reading, "You make us proud." Others pushed at his guards, straining for a view. In occasional moments of bedlam, youths climbed atop chairs: "God be with you, Siniora!"

In the test of wills that Lebanon's crisis has become, the government is playing a game of perceptions. Ministers insist it is business as usual, while in almost daily scenes, busloads of supporters from elsewhere in Lebanon are ferried to the stately Serail, as Siniora's headquarters is known. The government, in sometimes blunt ways, is mobilizing its sectarian constituencies -- usually Sunni Muslim -- as a veiled warning to Hezbollah and its Shiite Muslim followers not to go too far in a campaign the

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government's supporters variously portray as a coup d'etat, an attempt to grab power for the Shiite community or a ploy to deliver leverage here to Iran and Syria.

"I suppose they did not expect our resistance as a government, and they did not expect the passionate reaction of the Lebanese people, especially the Sunni reaction," said Nayla Moawad, the social affairs minister.

For nearly two weeks, thousands of supporters of Hezbollah and its allies have camped at the foot of the Serail, pushing for a greater share of power in the cabinet or Siniora's resignation. Every few days, more barricades go up: a third coil of barbed wire and now spare tires stacked two high across the road. The camp itself -- sprawled across the downtown, now largely shuttered, that Hariri envisioned as his legacy -- is becoming more permanent. Under construction Wednesday was wood scaffolding around an outdoor latrine, near the doorstep of the libertine, now-closed Buddha Bar.

Since the demonstration staged Sunday by Hezbollah and its allies, one of the largest in Lebanese history, the crisis has entered a lull of sorts. Hezbollah and its allies have spoken vaguely of escalation, but all sides seem willing to give a chance to mediation underway by the Arab League and its secretary general, Amr Moussa.

Since October, Hezbollah and its supporters have sought one-third plus one of the seats in the cabinet, which would give them an effective veto over key decisions and allow them to force the government to resign at will. Siniora and his supporters have insisted on approval first of an international court to try Hariri's alleged killers. While Hezbollah has not publicly opposed it in principle, its ally Syria, blamed by government supporters for the assassination, has.

Other issues are still in the air: The government and its supporters want an election to replace President Emile Lahoud, a Syrian ally; Hezbollah and its allies want early parliamentary elections that they believe would deprive the government and its supporters of a majority.

"We'll deal with any Arab or local initiative very positively but on the basis of one-third-plus-one in the government," said Amin Sherri, a Hezbollah member of parliament.

The crisis is entrenched in a very Lebanese context, with its delicate communal balance. Hezbollah's foes have suggested that its leader, Hasan Nasrallah, has lost his standing in the Arab world by miring himself in a local political struggle; even Nasrallah felt the need to address the charge in a speech last week.

From the beginning of the crisis, the government itself has played sectarian politics as a way to slow Hezbollah's momentum, a game that even some of its supporters admit is dangerous. In an almost unprecedented move for a government traditionally built on sectarian consensus, the Sunni mufti, Mohammed Rashid Kabbani, led Friday prayers at the Serail on Dec. 1, the first day of Hezbollah's protests, when hundreds of thousands of Hezbollah's supporters converged on downtown. At the time, he called toppling the Sunni-led government an uncrossable "red line." Loyalists of Hariri's son, Saad, have organized rallies in the country's Sunni strongholds: Tripoli, the northern Lebanese region of Akkar and parts of the Bekaa Valley in the northeast.

For the past week, the government has brought delegations of mainly Sunnis but also Christians and Druze to the Serail for revival-like rallies and receptions in which Siniora has tried to shed his technocratic image.

"With our soul, with our blood, we sacrifice for you, Siniora," the women from Sidon shouted Tuesday.

In a conservative dark blue suit, Siniora entered the room of marble floors and chandeliers to a rapturous standing ovation. He shook hands, kissed babies, raised his hands into the air. At times a bit awkward, he still tried to seize the moment.

"The enemy is there on the border," he said, a reference to Israel, as he jabbed his finger. "The enemy is not in the streets of Beirut. We don't have to dig trenches among the Lebanese in the streets! We want to build bridges!"

Government officials are reluctant to talk publicly about playing the sectarian card in a country that still bears scars from the 1975-90 civil war. They contend such appeals are more a response to Hezbollah's campaign than an initiative by government officials. But privately, they assert they have intimidated Hezbollah, which has mobilized its constituency but gone to great lengths to portray its campaign as a broad-based effort that includes substantial numbers of Christians loyal to Michel Aoun, a populist former general. There is a sense, too, among supporters of the government that Hezbollah is not prepared to escalate the conflict dramatically.

"They realize it's not possible to enter into what they want alone," said Nabil de Freige, a member of parliament and supporter of Siniora's government.

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At least for now, Hezbollah is signaling the same.

"We will not be provoked into where they are trying to take us," said Nawar Sahli, a Hezbollah parliament member.

Nearly two weeks into the crisis, the Serail remains businesslike; bouquets of flowers are freshly arranged next to an entrance for frequent convoys of cars with tinted windows. Several ministers, Moawad among them, have taken up residence there, fearing for their safety. Others walk the halls casually in suits, going ahead with cabinet meetings and sessions to prepare for a donors' conference next month in Paris to assist Lebanon's recovery from this summer's 33-day war with Israel.

"They may have thought we would be afraid and we would collapse immediately," Moawad said.

As she spoke, Hezbollah anthems blared from the protest below. "Oh, you most honorable people," the favorite goes.

But she added, "It is the future of Lebanon that is at stake."

Party Set To Accept Plan To End Crisis (WT)

By Sharon Behn

The Washington Times, December 14, 2006

A Lebanese official yesterday said the leading government party was ready to accept an Arab League package of political solutions to defuse the crisis paralyzing the country.

The Shi'ite Muslim group Hezbollah has tied up central Beirut for more than a week with huge street protests aimed at undermining the government of Prime Minister Fuad Siniora and gaining more political power.

Arab League leader Amr Moussa told reporters Tuesday that "progress has been made" toward a compromise resolution, but that all parties would have to make concessions for a consensus to be reached.

Amal Mudallali, a foreign policy adviser to parliamentary majority leader Saad Hariri, said the package would grant the opposition more seats in the Cabinet but leave it one short of the veto power demanded by Hezbollah.

The deal floated by the Arab League and accepted by the ruling anti-Syrian March 14 Alliance would assign 19 Cabinet positions to the governing party, 10 to an opposition comprising Hezbollah and the Christians led by Gen. Michel Aoun, and one to a political independent.

The deal also supports the establishment of an international tribunal to investigate the bombing murder of former Prime Minister Rafiq Hariri, the holding of early presidential elections and the formation of a new government.

"It has to be approved all at the same time," said Miss Mudallali. "Our position is, this is a comprehensive package to finish the current crisis. The political situation is such that it cannot afford much more tension, nor can the economic situation."

Lebanon's political leaders were still negotiating yesterday evening. The main sticking points appeared to be the sequence of events in the package and final formal approval of the international tribunal.

"There is no indication that we are any closer to an agreement," said Miss Mudallali.

President Emile Lahoud and parliamentary speaker Nabih Berri -- both seen as supporting Syria and Hezbollah -- have resisted taking the final steps needed to authorize the tribunal.

A U.N. investigators' report says there were links between the assassination of Rafiq Hariri on Feb. 14, 2005, and theslaying or attempted killing of 14 other prominent figures over the past two years, the Associated Press reported yesterday.

The AP quoted the head of the U.N.-led inquiry, Belgian prosecutor Serge Brammertz, saying in New York that the investigation had reached "a critical stage."

The government, which thinks Syria is behind the killings, sees the tribunal as essential to establishing Beirut's independence from Damascus.

Prominent Hamas Rebel Is Killed As Palestinians Renew Infighting (NYT)

By Greg Myre

The New York Times, December 14, 2006

JERUSALEM, Dec. 13 — In renewed fighting among Palestinians, gunmen forced a prominent Hamas militant to his knees on Wednesday, then shot him dead outside a courthouse where he worked, in the southern Gaza Strip.

Hamas, the militant Islamic group that leads the Palestinian government, said a “death squad” from the rival Fatah faction was responsible for the killing of the militant, Bassam al-Farra, in Khan Yunis. Fatah denied involvement.

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The shooting occurred just two days after unidentified gunmen in Gaza City killed three sons, ages 3 to 9, of Baha Balousha, a senior Palestinian security officer and Fatah member. "This is a very dangerous situation," said Fauzi Barhoum, a Hamas spokesman. "There has been an escalation in the violence and the chaos."

Hamas and Fatah, the two dominant Palestinian factions, have been trying for months to form a national unity government. However, the talks have broken off, and the violence this week has again raised the prospect of widespread internal fighting, even a civil war.

Mr. Farra was arriving Wednesday at the courthouse in Khan Yunis in a taxi, when several men grabbed him and forced him to his knees on the sidewalk, while another man shot him, Palestinian witnesses said.

Palestinian security forces and Hamas militants set up roadblocks, but the gunmen escaped and no arrests were made.

Mr. Farra, who was about 30, was a leading local figure in Hamas's armed wing. He was a judge's assistant at the courthouse, Palestinians said.

The Palestinian prime minister, Ismail Haniya, of Hamas, who has been traveling in the Middle East for more than two weeks, plans to return to Gaza on Thursday to address the crisis, aides said.

"We want to assure you that the words 'civil war' don't exist in our dictionary," Mr. Haniya said in Khartoum, Sudan, The Associated Press reported. "They don't exist in our makeup, in our culture."

Palestinian factions have periodically fought one another since the Palestinians began an uprising against Israel in 2000. Criminal gangs and Palestinian clans have also been involved in internecine violence. However, the internal fighting and the sense of lawlessness have increased this year as the political rivalry between Hamas and Fatah has intensified.

The Palestinian Authority president, Mahmoud Abbas, of Fatah, is expected to announce his plan soon for ending the political deadlock, and aides have said he is leaning toward new presidential and parliamentary elections. But Hamas has challenged his authority to call new parliamentary elections, and proposing a new round of voting could add to the tensions.

In other violence on Wednesday, Israeli troops shot dead an armed Palestinian who approached Gaza's perimeter fence, the Israeli military said. The shooting was the first fatality on either side since the Israelis and Palestinians declared a cease-fire in Gaza on Nov. 26. Also, a Palestinian stabbed an Israeli security guard, seriously wounding him, at a checkpoint near the northern edge of Jerusalem, Israeli officials said.

In another development on Wednesday, Israel's Supreme Court sided with the government, ruling that a section of Israel's West Bank separation barrier, which runs near the northeastern boundary of Jerusalem, could stand. Arab residents in the area had appealed to the court, contending that the barrier greatly disrupted daily life and made it difficult to move between East Jerusalem and other parts of the West Bank.

Palestinian Gunmen Kill Hamas Commander (AP)

By Ibrahim Barzak

AP, December 14, 2006

Palestinian gunmen ambushed a Hamas commander outside a Gaza courthouse Wednesday, forcing him to his knees and killing him gangland-style in an attack that threatened to push Hamas and Fatah closer to civil war.

The brazen daylight slaying forced Prime Minister Ismail Haniyeh of Hamas to rush home from a trip abroad and dampened already fading hopes for creating a national unity government and renewing peace talks with Israel.

The attack on the Hamas activist was the latest in a wave of bloodshed that began Monday when unknown assailants gunned down the three young sons of a Fatah-allied security officer in Gaza City. Fatah accused Hamas in those killings; the Islamic militant group denied involvement.

Both sides criticized President Mahmoud Abbas of Fatah for failing to halt the violence.

On Wednesday morning, four gunmen calmly ate breakfast at a food stand outside the courthouse in the southern Gaza town of Khan Younis as they lay in wait for Bassam al-Fara, 30, a judge at the Islamic court, witnesses said.

When al-Fara, who belongs to the largest clan in Khan Younis, emerged from a taxi, three men grabbed him and forced him to his knees, while the fourth shot him, the witnesses said. The attack left his body and the sidewalk riddled with bullet holes. The witnesses declined to be identified, fearing for their safety.

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Palestinian security officials set up roadblocks and Hamas militants established checkpoints of their own as they searched for the gunmen.

About 3,000 people turned out for al-Fara's funeral, some firing shots in the air.

Outside the family home, his widow, a black veil covering her face, said her husband had received many death threats, the last on Tuesday, but she would not say from whom.

In a statement faxed to reporters, Hamas accused a Fatah "death squad" of al-Fara's killing. Late Wednesday, Fatah issued a statement saying the killing was a family dispute, and Fatah was not involved.

Fawzi Barhoum, a Hamas spokesman, said al-Fara was a field commander in the Hamas military wing. He pledged to hunt down the killers. "Hamas is not going to forget the blood of its members," Barhoum said.

Fatah spokesman Tawfik Abu Khoussa rejected the accusations. "We condemn all acts of anarchy whatever may be behind them, and we call on the brothers in Hamas to stop firing accusations before the investigation," he said.

Haniyeh, who was in Sudan, said he would return to Gaza on Thursday, cutting short a trip to Arab and Muslim countries including Iran and Syria. Haniyeh left Gaza on Nov. 28 on what was billed as a monthlong trip.

At the al-Fara home in Khan Younis, Hamas lawmaker Salah Bardawil said Abbas was responsible for failing to stop the security agencies from carrying out killings. "We ask the president to live up to his responsibilities before God and the law," he said.

After nightfall, gunmen fired at a Hamas rally at the Nusseirat refugee camp in central Gaza, witnesses said. One demonstrator was hurt.

Fatah activists also criticized Abbas; about 1,000 Fatah supporters marched to his house in Gaza City, demanding action.

Maj. Othman Shalouf, a Palestinian security officer, said Abbas must take charge of the situation.

"The time has come to exercise your powers and stop this farce," he said. "Security agencies are able to control things, but we need a political decision from you." Abbas was at his office in the West Bank city of Ramallah at the time and had no plans to go to Gaza.

Also Wednesday, Israeli soldiers shot and killed a Palestinian near the Israel-Gaza border fence. The military said he was armed and carrying explosives. A cease-fire has stopped most violence between Israel and Gaza.

Abbas plans a speech to his people on Saturday in which he is expected to outline his plans to hold elections to break the deadlock between Fatah and Hamas.

The Hamas victory in January's parliamentary voting pushed Fatah out of power but led to an economic and political stalemate. Israel, the U.S. and the European Union, which list Hamas as a terror group, all cut off contacts, economic ties and aid to the Palestinian government, further deepening poverty and instability in the West Bank and Gaza.

Hamas is responsible for dozens of suicide bombing attacks in Israel over the past decade. The Islamic group has rejected international demands that it recognize Israel, renounce violence and accept existing peace deals, but Hamas flatly refuses.

Israel has tried to promote the idea of separate peace talks with Abbas, a moderate who was elected a year before the parliamentary vote.

Somalia's Islamists And Ethiopia Gird For A War (NYT)

By Jeffrey Gettleman And Mark Mazzetti

The New York Times, December 14, 2006

MOGADISHU, Somalia, Dec. 9 — The stadium was packed, the guns were cocked and even the drenching rain could not douse the jihadist fire.

Thousands of Somalis, from fully veiled, machine-gun-toting women to little boys in baggy fatigues, gathered Friday to rally against what they called foreign aggression. As a squall blew in, they punched wet fists into the air and yelled, "Allahu akbar," or "God is great."

"I am ready to die," said Osama Abdi Rahim, dressed head to toe in camouflage and marching around with a loaded rifle. He is 7 years old.

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The inevitability of war hangs over Mogadishu, Somalia's bullet-pocked seaside capital. But unlike the internal anarchy that has consumed the country for 15 years, the looming battle is now with Ethiopia, threatening to further destabilize the troubled Horn of Africa.

In the past week the increasingly militant Islamists in control of Mogadishu and much of the rest of the country have begun a food drive, a money drive and an AK-47 assault rifle drive, and have sent doctors and nurses, along with countless young soldiers, to the front lines.

For its part, Ethiopia, with tacit approval from the United States, has been steadily slipping soldiers across the border, trying to hold off the Islamists and shore up Somalia's weak, unpopular and divided transitional government.

Though that government has been recognized by the United Nations as the legitimate authority in Somalia, its power barely extends to the municipal limits of Baidoa, the inland town where it is based.

The Islamist forces, on the other hand, seem to be very popular here, having defeated Mogadishu's warlords earlier this year to pacify one of the world's most murderous cities.

Their troops, which United Nations officials say are secretly getting weapons from several Arab countries and Eritrea, have encircled Baidoa and are vowing to wage war against the Ethiopian forces unless they leave. Ethiopian convoys have been attacked, and the Islamists recently skirmished with soldiers from Baidoa, with dozens reported killed. That taste of war seems to have whetted the appetite for more.

"We wait for the Ethiopians like dry land waits for rain," said Mustafa Ali Mohammed, an Islamic leader in Burhakaba, a town near the dividing line between the Islamists and Baidoa.

Analysts are unanimous that a full-scale conflict between the Islamists and Ethiopia, a country with a strong Christian identity, would be disastrous for Somalia, which is already suffering from severe flooding and years of neglect, and for the region as a whole, because neighboring countries may jump in.

Gen. John P. Abizaid of the United States Central Command — or Centcom — which has responsibility for American military interests in the region, recently flew to Ethiopia to meet with Prime Minister Meles Zenawi, who had told American officials that he could cripple the Islamist forces "in one to two weeks."

Walking a careful line, General Abizaid made it clear that a broad military invasion of Somalia could create a humanitarian crisis across the Horn of Africa, Centcom officials said, but did not tell Ethiopian officials to pull their troops out.

Indeed, some American officials say the United States supports Ethiopia's military buildup because it is the only way to protect the weak Baidoa government from being overrun, force the Islamists to the negotiating table and contain what they call a growing regional threat.

American officials have accused the Islamists of sheltering terrorists connected to Al Qaeda, but the Ethiopian troops' presence seems to have only increased the potential for terrorist activity. Suicide bombers, unknown in Somalia until a few months ago, have attacked Baidoa twice recently, and last month the first Iraqstyle roadside bombs were detonated against Ethiopian convoys.

Residents of Mogadishu say hundreds of fighters from other Muslim countries have arrived at the city's main airport in recent days, drawn by the Islamists' blaring call for a holy war against Ethiopia and against America, which is especially despised here.

Memories are still fresh of the botched American-led relief operation in the early 1990s, and more recently of the covert American effort to bolster Mogadishu's warlords in an 11th-hour bid to prevent an Islamist takeover. That strategy backfired, driving more people into the arms of the Islamists.

"I'll be honest," said Sheik Muktar Robow Abu Monsur, the deputy security chief for the Islamists. "America is the best friend of Islam. It wakes up the sleeping Muslim."

In fact, Jendayi Frazer, the State Department's top official for Africa policy, said diplomatic and intelligence officials believed that the Islamists could be trying to provoke an Ethiopian attack as a "rallying cry for support" to their side. The countries fought a war from 1977 to 1978 over the Ogaden, a contested area of eastern Ethiopia — and Somalia lost.

"If this thing goes to a military fight," Ms. Frazer said, "it's a bloodbath."

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American officials helped push through a recent United Nations resolution authorizing peacekeepers from African countries to back up the Baidoa officials. The resolution lets the Baidoa government, but not the Islamists, bring in weapons despite a longstanding arms embargo.

The problem with that strategy, many analysts say, is that it misreads the Islamists' power, rooted not so much in their military strength — a few hundred armed pickup trucks and a few thousand fighters — but in their popular support. The Islamists emerged several years ago as a network of clan-based courts that unified warring factions.

Ethiopia may have the strongest military in the region, trained by American advisers and complete with jet fighters, but attacking Islamist forces may only drive them underground, into a guerrilla insurgency.

American officials have said they are hoping that the moderates within the Islamic administration will prevail over hard-line, war-mongering elements. But if there ever was such a struggle, it is over.

Three months ago, Ibrahim Hassan Addou, the foreign minister for the Islamists and an American citizen of Somali descent, talked of sharing power and holding elections.

Now, like the others, he is talking war, in terms nearly indistinguishable from the most militant Islamic leaders. Moderates, he said, were backed into a corner by an American-led campaign to discredit and isolate the Islamic administration.

"Everybody was against us from the beginning, and now we have no choice but to fight," he said. "What I don't understand is why the whole world is trying to throw its weight behind a government that has been totally rejected by its own people."

United Nations officials say they support the government in Baidoa because it is the most representative of the various clans in Somalia. But one side effect of the multiclan approach has been ceaseless disputes between clan elders. Meanwhile, the Islamists have aggressively expanded their territory.

Many officials in Baidoa vehemently opposed calling on Ethiopian muscle, fearing a backlash. In the past some Somali clans have teamed up with Ethiopian forces to dominate other clans, ending in greater bloodshed. So when the idea of bringing Ethiopian soldiers to Baidoa was first proposed last year, it proved so divisive that it set off a brawl among officials — and it failed to pass.

"The problem with having Ethiopians defend us is that they make us look like the puppets that the Islamists accuse us of being," said Sharif Hassan Sheik Aden, the speaker of the parliament in Baidoa. Ethiopian officials insist that they have sent only a few hundred military advisers to Baidoa, but United Nation monitors and witnesses on the ground say several thousand Ethiopian infantry troops are digging in near the city.

Sporadic peace talks between Baidoa officials and the Islamists have produced little but broken promises. The only thing that seems to be delaying all-out war is the mutual recognition that a decisive victory is unlikely.

The Islamists are reluctant to march on Baidoa and set off a crushing Ethiopian response, while the Ethiopians seem fearful of trying to storm the Islamists' stronghold of Mogadishu, the city that claimed the lives of 18 American soldiers in the infamous "Black Hawk Down" battle in 1993.

A growing number of Democrats in Congress are urging the Bush administration to change course and deal with the Islamists for what they are: the power on the ground.

"The Islamists aren't going away, so the sooner we talk to them, the better," said Representative Donald M. Payne, the New Jersey Democrat who is expected to become the chairman of the House subcommittee on Africa when his party takes control of Congress in January.

In Mogadishu the Islamists are continuing their hearts-and-minds campaign, organizing neighborhood cleanups, delivering food to the needy and resuscitating old national institutions like the Supreme Court, which was given a fresh coat of paint and reopened in October.

Streets that were clogged with years of debris are now clear and bureaucracy is budding, with more rules and more paperwork, including forms at the airport that ask name, age, nationality and religion — Muslim or non-Muslim being the only choices.

All the talk of slaughtering Ethiopian invaders and their American sponsors, though, seems to have brought out a harsher side of the Islamic administration. Nearly every day, rings of people gather on Mogadishu's streets to watch lashings, and the

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crowds cheer as leather whips cut canals into flesh. One Islamic leader in a town north of Mogadishu recently issued an edict threatening that anyone who did not pray five times a day would be beheaded.

"It's black and white," said the leader, Hussein Barre Rage. "The Koran says people must pray."

Not long ago Somalia was a place where women wore skirts and men drank beer, and even today a large chunk of the population is quietly concerned about the absolutist direction the Islamists are heading in.

But the prospects of war with Ethiopia seem to have pushed many of these people solidly into the Islamic camp.

"I'm not into thought control," said Dahir Abdullahi Hirsi, a pharmacist in Mogadishu. "But I hate Ethiopians even more."

Regional War May Loom In Africa (WP)

By Stephanie McCrummen

The Washington Post, December 14, 2006

ADDIS ABABA, Ethiopia, Dec. 13 -- With the Ethiopian government saying it is technically at war with Somalia's Islamic Courts movement, and the movement having declared holy war against Ethiopia, there is fear that an all-out conflict in the Horn of Africa may be unavoidable.

In the past week, several skirmishes have broken out between militias loyal to Ethiopia and those loyal to the Council of Islamic Courts, the movement that has taken control of the southern region of the country, including Mogadishu, the capital.

The fighting has occurred around the southern town of Baidoa, seat of Somalia's fragile but internationally recognized transitional government. Ethiopia considers the interim government a buffer against Islamic Courts leaders who have long expressed desire to create a "Greater Somalia," including ethnically Somali portions of Ethiopia, Kenya and Djibouti.

Ethiopian Prime Minister Meles Zenawi on Wednesday rejected a declaration by a leader of the Islamic movement that Ethiopia withdraw its troops or face war. Though the Ethiopian government has repeatedly denied having more than several hundred military trainers in Somalia, diplomats in the region estimate that at least 8,000 troops have poured in around Baidoa and that thousands more are gathering along the Somali border.

"This declaration is based on falsehoods," Meles said in an interview, adding that the movement, also known as the Islamic Courts Union, is "hellbent" on controlling all of Somalia. "Now, if the transitional government doesn't want our trainers, we're happy to withdraw them at any moment," he said.

The weak transitional government has made no such request.

For now, hopes for a peaceful resolution are pinned on a U.N. Security Council resolution adopted last week, authorizing deployment of an African Union force, excluding troops from neighboring states, to Baidoa. In theory, the resolution would remove Ethiopia from the volatile equation and encourage more moderate leaders within the Islamic movement to join the transitional government.

Some analysts, however, contend that the measure has already prompted the Islamic Courts to push toward Baidoa and will ultimately serve as a rallying point for the movement's more radical factions, which have said they would consider any African Union force a foreign invasion.

In any case, deployment could take months. The president of the transitional government has requested 8,000 African Union troops, though only one battalion of about 800 Ugandan troops is ready, according to African Union officials.

In question at the moment is whether the Islamic movement or Ethiopia will mount a full-fledged offensive before the African Union soldiers deploy, and whether the transitional government, which has spent much of its time exiled at the InterContinental Hotel in Nairobi, will simply disintegrate, leaving no internationally recognized government for the United Nations, or Ethiopia, to support.

"My feeling is that Ethiopia will go to war. . . . Their own security is at stake," a senior Kenyan diplomat said on condition of anonymity because of the sensitivity of the situation. "Unfortunately, the [U.N.] resolution was sponsored by the United States, and it will be used by the Courts as a propaganda tool. But at least there's a window."

Besides fear of an Islamic government on its border, an increasingly authoritarian Ethiopian government is also concerned about radicalization of its own Muslim citizens, who now account for nearly 50 percent of the population. The government has

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accused the Islamic Courts of training and arming insurgent groups in the ethnically Somali region of Ethiopia called the Ogaden. The two countries have been to war over the area three times since Somalia's independence in 1960.

The situation unfolding in Somalia, a society of warring clans and sub-clans without a central government since dictator Mohamed Siad Barre fell in 1991, is one in which diplomats, analysts and others involved tend to agree on one point: that war would be disastrous, threatening to destabilize a region of great strategic import not only to Africa but also to the United States, because of its proximity to the Middle East and Red Sea shipping lanes.

A triple car bombing at a checkpoint outside Baidoa last month heightened those fears, with the transitional government blaming the attack on al-Qaeda sympathizers within the Islamic Courts, which denied responsibility. Some analysts say that even if Ethiopia, which has a predominantly Christian army, initially trounces Islamic Courts fighters in a war, the movement's more radical members might retaliate with suicide bombings and other terrorist-style attacks in neighboring countries such as Kenya, Ethiopia and Djibouti, where the United States has a significant military presence.

"I think if the ICU [Islamic Courts Union] suffers from defeat, it will only take months for them to regroup and it would strengthen them internally," said Matt Bryden, a consultant with the International Crisis Group, a policy research group. "If they are hit, there is a risk they would come back on steroids and pose a threat to the whole region."

Meles rejected that argument, saying the policy of dialogue and engagement has only bought the Islamic Courts movement time to expand its control.

"It surprises me that intelligent people at the dawn of the 21st century could claim that if you respond to terrorism with force, you spawn terrorism," he said. "But that if you appease them, you somehow tame them."

Since 1991, Somalia has held no fewer than 15 peace conferences aimed at cobbling together some sort of central government.

A U.S.-led attempt to stabilize the country led to the deaths of 18 American troops in an October 1993 battle depicted in the movie "Black Hawk Down." After the terrorist attacks of Sept. 11, 2001, the U.S. government was accused of bungling Somalia policy again by supporting warlords marketing themselves as an "anti-terrorism coalition," who generally terrorized Somalis who came to hate them.

The Islamic Courts, initially a grouping of local clerics, offered an alternative to that lawlessness, establishing an order based on Islamic law village by village, often persuading local militias to join them.

A recent U.N. study found that although the transitional government is supported by Ethiopia, among other countries, the Islamic Courts are receiving substantial assistance from Iran and Hezbollah, a claim some regional analysts contend is exaggerated.

Support for the Islamic movement by Eritrea, Ethiopia's neighbor and rival, appears to be a big part of Ethiopia's motivation. The Ethiopia-Eritrea proxy conflict in Somalia could ignite a regional conflagration and threaten U.S. anti-terrorism efforts in the Horn of Africa, according to a report due out this week from the New York-based Council on Foreign Relations. It describes "a general unraveling of U.S. foreign policy" in the region and calls for the United States to exert stronger pressure on the two countries to implement a U.S.-brokered border agreement.

The U.N. study found that the Islamic Courts group has also raised money from various Arab states and the Somali diaspora. Relatively quickly, the movement established an efficient system of taxation and social welfare programs that enabled businesses to function and that seem to have earned support among Somalis, even if many in the traditionally moderate country are uneasy with the harsher aspects of Islamic law. At the same time, the movement has been backed by a more radical military wing called the shebab, made up of young men raised in a chaotic country awash with weapons, and indoctrinated with the ideology of holy war.

Both the United States and Ethiopia have accused the Islamic Courts of harboring suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania and other attacks. Movement officials have denied that, accusing both countries of waging a propaganda war.

Diplomats and analysts differ sharply on whether Islamic Courts leaders such as Sheik Hassan Aweys are genuinely striving for legitimacy or cynically concealing a radical agenda.

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"The Courts are not monolithic" said Mario Raffaelli, an Italian diplomat working in Somalia. "In my experience, the majority is not following this extreme approach."

Raffaelli said the Courts group has an incentive to negotiate even with a weak transitional government because doing so would provide the movement with legitimacy.

Some observers, including Ethiopians opposed to war, are convinced that the United States is tacitly giving a green light to Ethiopia to attack. That, they say, would amount to the worst U.S. policy blunder yet in Somalia. Beyene Petros, an opposition leader in Ethiopia's parliament, questioned the wisdom of a visit that Army Gen. John P. Abizaid, head of the U.S. Central Command, paid Meles in Ethiopia last week.

"If there is disapproval, you don't pay visits, right?" he said. "We used to see this call for restraint, but I have not seen that lately."

Staff writer Karen DeYoung in Washington contributed to this report.

Russia Ready To Cut Off Gas Supplies To Belarus, Georgia (FT)

By Neil Buckley And Arkady Ostrovsky

Financial Times, December 14, 2006

Russia is preparing to cut off natural gas supplies to neighbouring Belarus and Georgia unless the two former Soviet republics agree by the year-end to pay much higher prices in 2007.

Coming a year after Gazprom, the Russian gas giant, briefly cut gas to Ukraine in a similar pricing dispute, such a move could provoke further criticism that Moscow is using energy as a political tool. It might also intensify pressure on Russia to ratify the European Energy Charter treaty, which would require such disagreements to be resolved through arbitration.

Action against Belarus could affect supplies to Poland and Germany because a transit pipeline runs across the republic, though it carries only a third of the volumes running through a bigger export pipeline across Ukraine. Last January, pressure in the trans-Ukrainian pipeline to western Europe dropped as a result of what Gazprom said was Ukraine "stealing" gas for its own use.

Gazprom has made clear it is prepared to reduce price increases in exchange for stakes in the republics' gas distribution networks. It is pushing hard for 50 per cent of Beltransgaz, the Belarusian company that also controls the export pipeline across the country, although Russia and Belarus differ sharply over its value.

Dmitry Medvedev, Gazprom chairman and Russia's first deputy prime minister, declined to comment directly to western reporters this week on whether the company was prepared to cut off supplies. But he admitted negotiations were "not easy".

Sergei Kuprianov, a Gazprom spokesman, told a radio station he could not exclude a cut-off to Belarus, though he added: "We would hate to see that." But it is understood Gazprom is preparing for a worst-case scenario if agreements are not reached.

Senior Russian officials say the increases are a move away from subsidised supplies for former Soviet republics towards transparent market pricing, which Gazprom aims to achieve by 2008.

While Belarus has been happy to remain in Moscow's orbit, western-leaning Georgia sees the threat as politically motivated. It has seen Russia sever transport and mail links in a feud and portrays the demand to double the price it pays from $110 per thousand cubic metres to $230 - close to European levels - as a matter of more than economics.

Georgian officials say because Georgia's gas is sourced from nearby Central Asia, it should pay less than more distant European customers. It says it can replace Russian gas with supplies from Azerbaijan and from Iran. But as well as trying to raise prices to $230 to Azerbaijan, Russia is reducing its gas exports to the country next year.

Putin Turns On Close Ally Belarus (FT)

By Neil Buckley

Financial Times, December 14, 2006

Russia is set to deal a double blow to the economy of one of its closest allies – potentially making life much more difficult for the man the US has called “Europe’s last dictator”.

As well as pressing for Belarus to pay much more for its natural gas, Moscow said this week it would slap an export duty on what are currently duty-free Russian crude oil exports to its close Slavic neighbour of $180.70 per tonne from next year.

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The measures could sharply reduce or wipe out the $4bn-plus effective annual subsidy Russia provides to Belarus, which has helped Alexander Lukashenko, its authoritarian president, deliver higher wages and living standards to his 10m people.

That, say analysts, could make it harder to sustain the support that saw Mr Lukashenko re-elected last March to a third presidential term with 82 per cent of the vote – albeit in a poll international observers condemned as below international standards. It could also drive a wedge between countries with close cultural and historic links.

"Raising gas prices to [market] levels is equivalent to breaking off relations entirely," Mr Lukashenko recently told Russian journalists visiting Minsk. "We will survive, but you will lose the last ally."

Belarus pays only $46.67 per thousand cubic metres for Russian gas, saving it more than $3bn compared to market prices, but Russia is now pushing to increase the price to $200.

At the same time, Belarus imports duty-free crude from Russia, refines it at two refineries, and sells the petroleum products to western Europe at market prices, pocketing a healthy profit. Russian export duties will deprive the Belarus budget of about $1.7bn a year.

This is a sharp turnaround from nine months ago, when Russian president Vladimir Putin was criticised for being one of the few world leaders to congratulate Mr Lukashenko on his controversial election victory. It is the more surprising since Russia and Belarus signed agreements in the mid-1990s on creating a political and economic union, including a common currency and union constitution.

Analysts from both countries suggest Moscow is penalising Mr Lukashenko for not delivering on pledges of closer integration with Russia, including the currency union and selling half of Beltransgaz, the Belarusian gas distributor, to Gazprom, the Russian natural gas giant. Beltransgaz controls the gas export pipeline to western Europe.

"Mr Lukashenko monetised his rhetoric," says Yaroslav Romanchuk, head of the Mizes Research Centre, a Minsk think-tank. "He sold his integration pledges for a high price, but now Putin feels he was cheated."

Analysts attribute Mr Lukashenko's support for the union state in the 1990s to his belief that it could lead to a senior position for him in Moscow – even president of the union. His enthusiasm waned after the Kremlin made it clear there was no prospect of that.

Mr Lukashenko says there can be no talk of further integration with Russia in a pre-election period. That would postpone matters until after Russia's presidential elections in 2008.

The Belarus president now has a difficult choice. He is loath to cede a half-share to Russia in Beltransgaz, which one western diplomat calls Belarus's "sacred cow".

But even a limited gas price increase could render much of the country's largely state-owned industry uncompetitive – and handing over the Beltransgaz stake would probably only delay Russia's demands for a higher gas price. Stanislav Bogdankevich, a former Belarus central bank governor, estimates that 60 per cent of Belarusian industry is barely profitable or loss-making.

Independent economists suggest Mr Lukashenko may be forced to introduce market reforms into the economy. That could mean privatising some of its more attractive industrial assets – with Russian companies the most likely buyers.

From Russia, With Polonium (WP)

The Washington Post, December 14, 2006

IT'S STILL not known how the former Russian KGB agent Alexander Litvinenko came to ingest the deadly dose of polonium-210 that killed him in London last month. But thanks to the radioactive trail left behind by the isotope, some important conclusions about the case are now possible.

First, the polonium was smuggled into Britain from Russia, where most of the known global supply of the intensely toxic substance is produced. Second, the dose was almost certainly carried by one or both of the former Russian security operatives -- one of them also a KGB alumnus -- whom Mr. Litvinenko met at a London hotel Nov. 1. Finally, the government of Vladimir Putin is making it difficult for British and German investigators to question the suspects, who are now sequestered in Moscow hospitals.

Does this mean that Mr. Putin or the FSB agency -- successor to the KGB -- is responsible for the death of Mr. Litvinenko? Not necessarily: It's conceivable, as Russian and some Western investigators have lately begun suggesting, that he was a victim

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of a botched attempt to smuggle nuclear materials out of Russia for some other purpose. Still, Mr. Litvinenko is one of a number of opponents of Mr. Putin who have fallen victim to poisonings in the past several years; he himself charged that the FSB maintained a poisons laboratory, and he accused Mr. Putin of ordering his assassination. The Russian president retorted that enemies based abroad are staging operations to discredit him. But why, then, did the instrument of Mr. Litvinenko's death come from Moscow? And why are Russian authorities shielding the two men implicated in the smuggling?

Mr. Litvinenko's case, like that of the murdered journalist Anna Politkovskaya, may never be solved. But what is already known should cause Western governments, including the Bush administration, to insist on some answers from Mr. Putin. How did a toxic dose of polonium, a substance reportedly produced and held by only three Russian government entities and one private company, come into the hands of people who could smuggle it into Britain? Polonium can be used not only to poison someone; it can trigger a nuclear weapon or fuel a "dirty bomb" that could wreak havoc in a major city. The leakage of such materials is a serious threat -- and not just to enemies of Mr. Putin.

Russia's Killing Ways (WP)

By Oleg Gordievsky

The Washington Post, December 14, 2006

The KGB and its predecessors liquidated people abroad quite regularly in the 1920s and '30s and even after World War II. But after two embarrassing and highly publicized defections of assassins, in 1957 and 1959, these activities ceased. Nikita Khrushchev, Leonid Brezhnev and later Yuri Andropov all avoided political killings when they led the Soviet Union.

(Of course, this did not prevent the assassination in London of Georgi Markov in 1978, when the Bulgarian dictator Todor Zhivkov persuaded Andropov to allow the KGB to help carry out such an operation.)

There were no secret assassinations under Mikhail Gorbachev or Boris Yeltsin. But under Vladimir Putin, the militant element of the KGB (now known as the FSB) slowly began working to persuade the leadership to carry out such killings, according to my sources. "Too many enemies," they said.

Those members of the FSB have a different style than in the past, however. The Communist Party was cruel, but it had its rules. The current people are like bandits -- no code, no rules, hard to distinguish from the Mafia. The gangster mentality started to spread after 2000; there were assassinations inside the country, of enemies of the regime. But there were so many contract killings at the time under Putin that it was difficult to tell which were the work of the FSB and which were not. In that atmosphere, it was easy to disguise an assassination.

The FSB has also become a protection racket. Some of those in business who are willing to go along with the FSB report everything to its operatives and also give 10 percent of their profits to the KGB's successor agency. And everyone is happy.

So in a way it's a big criminal state. The FSB has become like the Mafia in its methods and goals.

In 2003 the journalist and reformist politician Yuri Shchekochikhin was murdered in Russia. It was obvious from the way his "illness" developed that he was poisoned.

Anna Politkovskaya, a courageous journalist, honest and intelligent, was shot two months ago. Well before that -- in 2004 -- she was poisoned on a flight to the Caucasus. It was, I am certain, the work of the FSB. Afterward, the Putin-controlled media put out the usual propaganda to cover up the act. After Politkovskaya's death this year, many Russians said -- because she was Jewish and had American citizenship -- "Oh, just as well someone shot her; she was probably an American spy."

In July Russia's parliament passed a law, introduced by Putin, to permit the assassination of "enemies of the Russian regime" abroad. As a result, overeager -- perhaps chauvinistic, anti-Semitic or xenophobic -- factions within the FSB may suggest someone to kill. But there is no paper trail. (By the way, I don't think the recent illness of Yegor Gaidar -- a man whom nobody reads, whose importance is entirely in the past -- was due to poison. He is too insignificant to be killed by the regime.)

Here, too, the FSB has learned from the example of Joseph Stalin. Documents proving Stalin's atrocities continue to surface. To prevent such disclosures, orders for assassinations no longer have names or signatures on them, according to what I am told by my connections. Directives such as the one to assassinate Alexander Litvinenko are written to say, for example, "Request permission to carry out inquiry abroad," with no mention of the target. The document goes to an archive with nothing tying those involved to an assassination.

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The first such killing took place three years ago, in Qatar. Zelimkhan Yandarbiyev, a former president of the Chechen republic, lived there as a pensioner, and was with his son and bodyguard when his car exploded. The two Russian intelligence agents who carried out the killing were caught, tried and imprisoned. But because Qatar wanted to avoid trouble with Russia, the prisoners were released to their home country after five months, to serve their sentences there. Once home, however, they were decorated rather than jailed.

Now, with Litvinenko, they have dared to kill a citizen of Britain on the soil of that country. Yandarbiyev, Shchekochikhin, Politkovskaya, Litvinenko: Russia has become a terrorist regime.

The writer, who was once a colonel in the Soviet KGB, defected to Britain in 1985.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 14, 2006, 8:00 AM EST

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TERRORISM NEWS:

Leahy Promises 'Real' Oversight Of FBI (AP)

By Laurie Kellman
AP, December 14, 2006

President Bush should expect tougher oversight of the war on terrorism and a closer look at his administration's policies on torture and other human rights issues, the incoming chairman of the Senate Judiciary Committee said Wednesday.

Sen. Patrick Leahy said his panel also will look at recommendations by the Iraq Study Group that law enforcement officials from the FBI and other offices in the Justice Department be sent to Iraq to boost a police force riddled with corruption. Leahy noted reports that police helped Saddam Hussein's nephew escape from a prison near Mosul.

"The police force has proven to be one of the worst failures of the occupation," said Leahy, D-Vt. "I look forward to the Judiciary Committee contributing to these efforts by exploring the dozen recommendations relating to the Iraqi justice system and the training of Iraqi police forces."

Leahy said he would also deal with what he says are the administration's human rights abuses by creating a new subcommittee focused on legislation on such issues as torture and detainee treatment. Democratic Whip Dick Durbin of Illinois will chair the new panel, Leahy said.

The incoming chairman should not count on big changes in regard to oversight of the Justice Department, according to a spokesman for the agency.

"As we have for the past six years, we're looking forward to working with the Senate Judiciary Committee," said spokesman Brian Roehrkasse. The relationship, he added, includes "working with the committee to provide information that it legitimately needs."

"In the past, we've reached accommodations, and working together we expect we can do so in the future," he said.

Expecting resistance to his plans to examine the administration's use of executive power, Leahy said he would not hesitate to subpoena witnesses and documents. He said he expected to summon Attorney General Alberto Gonzales before his panel "soon."

Leahy wants to examine the administration's warrantless wiretapping program and its legal and physical treatment of detainees, saying that White House policy has violated Americans' civil rights and the human rights of war prisoners.

Roehrkasse maintained that the administration's domestic surveillance program and treatment of detainees fall within the bounds of U.S. and international law and are appropriate responses to the terrorist threat the nation faces.

Like the current committee chairman, Republican Sen. Arlen Specter of Pennsylvania, Leahy suggested Congress could dissuade Bush from issuing more such statements by threatening to withhold funding or blocking nominations.

Leahy, who was chairman of the committee in 2001-2002, said the return of Democratic control would mean a period of "restoration, repair and renewal" after what he termed years of the Bush administration's virtually unchecked power to hunt for terrorists even within U.S. borders.

"This administration has been less and less willing to let us know what they are doing," Leahy said. Bush's warrantless wiretapping program and the government's secretive terrorism risk assessments of Americans traveling abroad merit a closer look by his panel, Leahy said.

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"Americans' privacy is a price the Bush administration is willing to pay for the cavalier way it is spawning new databanks," he said in his prepared text. "We are way overdue in catching up to the erosion of privacy, and the Judiciary Committee now will help to bring this picture into focus."

Also on the agenda, Leahy said, is a bill he has introduced to crack down on war profiteering in Iraq. The measure would prohibit profiteering and fraud by contractors in connection with war, relief or reconstruction efforts and would set stiff punishments of prison time and fines.

Senator Promises Vigilant Oversight Of War On Terror (MCT)

By Margaret Talev

McClatchy, December 14, 2006

WASHINGTON - The next chairman of the Senate Judiciary Committee said Wednesday that he'll subpoena documents and testimony on U.S. terrorism, detainees and domestic-surveillance programs if Bush administration officials don't cooperate once Democrats take over in January.

"I expect to get the answers," Sen. Patrick Leahy, D-Vt., said during a speech at the Georgetown University Law Center. "I'm not trying to set up the idea of a confrontation for the sake of a confrontation. I hope people will pay attention, will answer questions. We'll try it that way first."

The administration "has secretly been compiling dossiers on millions of law-abiding Americans," Leahy said. He said that U.S. citizens should be able to see or challenge their so-called terror scores, which he said are secretly assigned by the government. He also called for more regulation of data mining.

Leahy did not specify whom he might subpoena. Asked if telephone company executives could be targeted for their secret roles in domestic surveillance, Leahy would say only: "Watch what we do."

One document he may seek to subpoena, he said, is what's believed to be a 2002 memo listing authorized CIA interrogation techniques on suspected terrorists. Justice Department spokesman Brian Roehrkasse did not address that memo specifically, but said his department had kept lawmakers sufficiently in the loop about terrorism matters.

"The department will continue to work closely with the Congress as they exercise their oversight functions, and we will appropriately respond to all requests in the spirit of that longstanding relationship," Roehrkasse said.

Leahy, a former prosecutor turned civil libertarian, also threatened to block President Bush's judicial nominees, withhold funds, or change federal law if need be to curb the president's use of "signing statements" where the president signals his intention to abide selectively by newly signed laws.

Last year, the president issued a signing statement that critics said could be cited as cover for ignoring the law's ban on torture of detainees if he found torture was in the interest of national security.

While the practice is controversial, presidents have issued similar statements throughout U.S. history, though none so frequently as Bush, and rarely so provocatively. Whether Congress can curb the practice by an equal branch of government is a question for constitutional law and possibly the U.S. Supreme Court.

McClatchy Newspapers reported earlier this year that by January 2006, Bush had invoked the practice some 500 times. Reagan challenged 71 legislative provisions, President George H.W. Bush used it for 146 laws while President Clinton challenged 105.

Curt Levey, executive director of the Committee for Justice, a group that supports Bush's judicial nominees, said he was troubled by Leahy's remarks.

"Individual senators on the floor can vote against a nominee for whatever reason they want, (including) if they want to get revenge on the president for his signing statements," Levey said. "But for Leahy to use the committee to prevent these nominees from getting a debate or up or down vote on the Senate floor is completely unacceptable."

Leahy Says Democrats Will Investigate Bush's Surveillance (BLOOM)

By William Roberts

Bloomberg, December 14, 2006

Dec. 13 (Bloomberg) -- Senate Judiciary Committee Democrats will investigate and conduct hearings on the Bush administration's domestic eavesdropping on suspected terrorists, said incoming panel chairman Senator Patrick Leahy of Vermont.

``We have a duty, a real duty, to repair the real damage done to our system of government over the past few years," Leahy said in a speech today at Georgetown University Law School in Washington.

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Leahy said he told Attorney General Alberto Gonzales two weeks ago that he will be asked to appear before the Senate panel to defend the administration's use of wiretapping without a court warrant, which Leahy said has eroded U.S. constitutional rights.

``I expect to get answers. If we don't then we'll use the subpoena," Leahy said. Democrats took control of the Senate and House in the Nov. 7 election.

Leahy said he also will pursue revisions in a new law that gives President George W. Bush wide latitude in deciding what interrogation techniques are permissible. The Judiciary Committee conduct an inquiry into war profiteering in Iraq and will try to strengthen open-government laws such as the Freedom of Information Act, the incoming chairman said.

``The administration has rolled back open-government laws and systematically eroded Americans' privacy rights," Leahy said. ``It has brazenly refused to answer the legitimate oversight questions of the people's duly elected representatives and it has acted outside the law to wiretap Americans."

The Justice Department didn't have an immediate comment on Leahy's speech.

Senator Specter

Leahy said he will work with Republican Senator Arlen Specter of Pennsylvania, the outgoing Judiciary Committee chairman, to revise the law Congress passed at the end of the legislative session to provide for CIA detention and interrogation of terrorist suspects.

The measure, which Leahy called ``sweeping and ill- conceived," bars federal courts from considering habeas-corpus petitions filed by terrorism suspects challenging their detention.

``The bill written by the White House and passed by the last Congress is designed to ensure that the Bush-Cheney administration is never again embarrassed by a United States Supreme Court decision reviewing its unlawful abuses of power," Leahy said. ``I am committed to restoring basic American values to the way we combat terrorism."

Two-thirds of the U.S. public believes the FBI and other agencies intruded on the privacy of Americans as part of federal counter-terrorism investigations, according to a new Washington Post-ABC News poll released today. Fifty-two percent said they favored congressional hearings on how the Bush administration spied on Americans.

Data-Privacy Bill

The poll was a telephone survey of 1,005 randomly selected adults nationwide conducted Dec. 7-11 and had a margin of error of plus-or-minus 3 percentage points.

Leahy said he intends as chairman of the Judiciary Committee to advance a data-privacy bill to prevent data brokers from collecting and selling personal information that intrudes on Americans' privacy.

The committee will pursue an inquiry into war profiteering, he said. ``Where did all the money go?" Leahy said. ``We are going to ask those questions."

Leahy said he will seek to strengthen and improve open- government laws such as the Freedom of Information Act, which he said has been eroded by the Bush administration.

In the next Congress, Leahy said the Judiciary Committee will act to confirm Bush's judicial nominees if they are approved by both senators from the state where the court sits and by the Senate majority and minority leaders.

Leahy Vows To Repair Bush 'Damage' (WT)

By Charles Hurt

The Washington Times, December 14, 2006

Incoming Senate Judiciary Committee Chairman Patrick J. Leahy said yesterday that he plans to rein in President Bush's program of wiretapping without warrants, rewrite the policy for handling terrorism detainees and more closely scrutinize nominees to the federal courts.

"As a Democratic majority prepares to take the lead on the Judiciary Committee, we do not have the luxury of starting with a completely clean slate," the Vermont Democrat told an audience at Georgetown University Law Center. "We begin knowing that we have a duty to repair real damage done to our system of government over the last few years."

Mr. Leahy accused Mr. Bush of "corrosive unilateralism," eroding the privacy rights of Americans, erasing constitutional checks and balances, and "packing" the federal judiciary.

The Republican House and Senate, he said, accepted White House policy changes without question.

"I came to the Senate during the ebb tide of Vietnam and Watergate. In my 32 years since then in the Senate, I have never seen a Congress so willfully derelict in its duties," Mr. Leahy said. "This has been an unfortunate chapter in Congress' history, a time when our Constitution was under assault, when our legal and human rights were weakened, when our privacy and other freedoms were eroded."

Still, he said, he hopes to proceed in a bipartisan manner.

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"Senator Leahy has not yet assumed the chairmanship of the Judiciary Committee, but his statements today and in recent weeks are already raising disturbing questions about his ability and willingness to give fair consideration to the president's judicial nominees," said Curt Levey, executive director of the conservative Committee for Justice, who attended the speech.

Though short on specifics, Mr. Leahy criticized the program of wiretapping without warrants and said he hopes to update the laws governing foreign intelligence warrants. "With meaningful oversight and cooperation from this administration, we can achieve the right balance," he said.

Sen. Jon Kyl, Arizona Republican and Judiciary Committee member, defended the president's program, aimed at capturing communications of terrorist plotters.

"Protecting legitimate privacy rights while ensuring the safety and security of the American people from terrorists is not a zero-sum game," he said in response to Mr. Leahy's comments. "We have done and can do both. Indeed, we should be seeking ways to add more tools to fight terrorists, not begin dismantling the effective laws Congress has passed in recent years."

Mr. Leahy said he wants Congress to reconsider legislation denying habeas corpus rights to terrorism suspects held at the U.S. Naval Base Guantanamo Bay, Cuba.

He also said he hopes to make "further progress" on the Senate's immigration reform bill, which proposes a path to citizenship for most of the estimated 12 million to 20 million illegal aliens in the country.

"We made some bipartisan progress on the committee and in the Senate last year only to be stymied by Republican congressional leaders," he said. "We can work together to bring people out of the shadows, to treat hardworking people with dignity and respect rather than disdain and discrimination."

Mr. Leahy criticized Bush nominations to the federal bench. "For too long, this White House has used judicial nominations for partisan political purposes and refused to work with us on consensus nominees," he said.

Those remarks reopened a rift with conservatives, who see only partisan politics in Senate Democrats' filibusters of several nominations.

Mr. Levey said Mr. Leahy's calls for consultation overlook the Constitution, which gives the president the "sole power of appointing judges."

"Leahy apparently views himself as the president's partner in selecting nominees, rather than as part of the limited advice-and-consent process envisioned for the Senate by the Constitution," he said. "Moreover, when Senator Leahy speaks of wanting 'consensus' judicial nominees, what he appears to have in mind are nominees that are acceptable to the coalition of ultraliberal groups that have orchestrated much of the opposition to the president's judicial picks."

Panel To Focus On Civil Liberties (NYT)

By David Johnston

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — The Senate Judiciary Committee plans to create a Subcommittee on Human Rights and the Law to examine issues like torture, war crimes and human trafficking, the incoming chairman of the panel said on Wednesday.

In a speech outlining an agenda of “restoration, repair and renewal,” the new chairman, Senator Patrick J. Leahy, Democrat of Vermont, said that the new subcommittee would bring a focus to efforts to protect civil liberties.

The announcement seemed to underscore Mr. Leahy’s intention to use oversight more aggressively than Republicans had.

“This has been an unfortunate chapter in Congress’s history,” Mr. Leahy said of the recent years of Republican control.

“I have never seen a Congress so willfully derelict in its duties as during this administration,” he added.

Mr. Leahy, in an appearance at the Georgetown University law school, accused the White House of “corrosive unilateralism” in refusing to cooperate with Congress. After the September 2001 attacks, he said, “the White House accelerated its power plays at the expense of the other branches of government — all in the name of fighting terrorism.”

The Bush administration, Mr. Leahy said, had “brazenly refused to answer the legitimate oversight questions of the public’s duly elected representatives and it has acted outside the lawful authority to wiretap Americans without warrants and to create databanks and dossiers on law-abiding Americans without following the law and without seeking legal authorization.”

He said the administration had made judicial appointments for “partisan political purposes and refused to work with us on consensus nominees.” Bipartisan nominating panels should be considered to screen candidates, Mr. Leahy said.

A spokesman for the Justice Department, Brian Roehrkasse, said in a statement, “As we have in the past six years, we’re looking forward to working with the Senate Judiciary Committee, including working with the committee to provide information that it legitimately needs.”

“In the past we’ve reached accommodations on working together,” Mr. Roehrkasse said; “we expect we can do so in the future as well.”

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Conservative groups quickly issued statements denouncing Mr. Leahy's speech. Curt Levey, executive director of the Committee for Justice, said, "When Mr. Leahy speaks of wanting 'consensus' judicial nominees, what he appears to have in mind are nominees that are acceptable to the coalition of ultra-liberal groups that have orchestrated much of the opposition to the president's judicial picks."

Leahy Threatens To Subpoena Bush Officials (LAT)

By Richard B. Schmitt

The Los Angeles Times, December 14, 2006

WASHINGTON — The incoming chairman of the Senate Judiciary Committee said Wednesday that he would subpoena Bush administration officials if they refused requests for documents and testimony, including two long-sought memos detailing its detention and treatment of terrorism suspects overseas.

The comments by Sen. Patrick J. Leahy (D-Vt.) represent the strongest and most specific statements yet directed at the White House on the investigative agenda of the Democratic leaders poised to assume control of Congress in January.

Leahy's threat shows the depth of frustration among Democrats who believe the administration has withheld crucial details about some of the most provocative anti-terrorism moves since the Sept. 11 attacks.

"I expect to get the answers. If I don't … then I really think we should subpoena," Leahy said after a speech at Georgetown law school. "If the president wants to claim executive authority, then let him do so, and then we can determine where we go from there."

The remarks signaled a possible legal confrontation with the White House over what Democrats and many legal scholars view as its expansive and unchecked use of executive power. It also marks a possible return to the use of an oversight tool that has been all but forgotten by the Republican-led Congress over the first six years of the Bush administration.

"I'm not trying to set up the idea of a confrontation for the sake of a confrontation," Leahy said. "I hope people will pay attention, will answer questions. We'll try it that way first."

Leahy has his sights set on two administration documents that have been among the most controversial for human rights and civil liberties groups concerned about the U.S. response to the Sept. 11 attacks and the Iraq war.

One is a presidential order signed by Bush authorizing the CIA to set up secret prisons outside the United States to house terrorism suspects. The other is a 2002 Justice Department memorandum outlining "aggressive interrogation techniques" that could be used against terrorism suspects.

Though the two documents have been known about for years, the Bush administration has kept them under wraps, only acknowledging their existence this fall after Bush transferred 14 detainees from the prisons to the military detention center at Guantanamo Bay, Cuba, for possible trials.

Leahy has made a number of sweeping demands for documents about the treatment of detainees from the Justice Department and other agencies, only to have most of them returned unanswered. Last month, he made a request to Atty. Gen. Alberto R. Gonzales for the presidential order and Justice Department memo. Leahy said he expected Gonzales to testify before the judiciary committee "soon."

Justice Department spokesman Brian Roehrkasse said Wednesday that the request was being reviewed.

"The department will continue to work closely with the Congress as they exercise their oversight functions, and we will appropriately respond," Roehrkasse said, adding that the department would work with the committee "to provide information that it legitimately needs."

"In the past we've reached accommodations, and working together we expect we can do so in the future as well," he said.

The issuance of subpoenas would mark a new and combative chapter in that relationship.

For years, the Republican-controlled Congress has relied on the administration to voluntarily provide testimony and documents, reinforcing its reputation, at least among Democrats, as a rubber stamp for Bush policies. The judiciary committee has issued subpoenas in recent years, but they have tended to target private firms rather than government figures.

Though Leahy said he would appeal to the administration's sense of bipartisanship, he also indicated that Congress might not hesitate to ensure compliance with its requests.

Legal experts said the most effective way to enforce a subpoena is to use the power to withhold funds from administration projects or to refuse to consider nominees who require Senate approval — courses that Leahy said the committee would consider.

"Congress has the ability to make sure that the president does what the Constitution requires him to do to faithfully execute the laws," he said.

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Leahy also said he would press for more information about the administration's domestic surveillance program under which the National Security Agency has monitored communications between suspected terrorists abroad and people in the U.S. without first obtaining a warrant.

Congress considered legislation this fall that would essentially ratify the controversial program, which one federal court has found to violate the Constitution. But Leahy said he could not support any such legislation until he knew more about the program.

Leahy also promised tougher legislation to crack down on war profiteering by private contractors in Iraq, and restrictions on the government's ability to secretly collect dossiers on airline travelers. He said he would push to overturn portions of the new Military Commissions Act of 2006 that stripped terrorism suspects of the right of habeas corpus to challenge their detention in the courts.

He also said he would set up a new judiciary subcommittee to oversee international human rights issues, including torture.

"This election was an intervention," he said. "The American people rose up to take away Congress' rubber stamp, and to demand a new direction with more accountability."

U.S. Warns Of Threat To Satellites (AP)

By Barry Schweid

AP, December 14, 2006

The Bush administration warned Wednesday against threats by terrorist groups and other nations against U.S. commercial and military satellites, and discounted the need for a treaty aimed at preventing an arms race in space.

Undersecretary of State Robert G. Joseph also reasserted U.S. policy that it has a right to use force against hostile nations or terror groups that might try to attack American satellites or ground installations that support space programs. President Bush adopted a new U.S. space policy earlier this year.

"We reserve the right to defend ourselves against hostile attacks and interference with our space assets," Joseph said in prepared remarks to the George C. Marshall Institute.

Joseph, the senior arms control official at the State Department, said nations cannot all be counted on to use space purely for peaceful purposes.

"A number of countries are exploring and acquiring capabilities to counter, attack, and defeat U.S. space systems," Joseph said

He also said terrorists "understand our vulnerabilities and have targeted our economy in the past, as they did on 9/11." He said terrorists and enemy states might view the U.S. space program as "a highly lucrative target," while sophisticated technologies could improve their ability to interfere with U.S. space systems and services.

Joseph did not identify terror groups or nations that might have such motives. An aide to Joseph, who spoke on condition of anonymity because he was not authorized to discuss the matter, said that information was classified.

"For our part, we must take all of these threats seriously because space capabilities are essential" to the U.S. economy and government, Joseph said. He said the U.S. is more reliant on space than any other country.

"No nation, no state-actor, should be under the illusion that the United States will tolerate a denial of our right to the use of space for peaceful purposes," he said.

Wade Boese, a spokesman for the private Arms Control Association, challenged the adminstration's policy. He said rejecting additional international arms controls for space runs counter to U.S. security interests "because the United States has the most to lose from an unregulated space arena."

Boese said he believes the administration wants to avoid negotiations in order to preserve the possibility of deploying space-based missile defense systems, such as interceptors.

Joseph listed telecommunications, transportation, electrical power, water supply, gas and oil storage, transportation systems, emergency services, banking and finance, and government services as relying heavily on data transmitted by satellites.

"The United States views the purposeful interference with its space systems as an infringement on our rights," he said, adding. "If these rights are not respected, the United States has the same full range of options — from diplomatic to military — to protect its space assets as it has to protect its other critical assets."

Joseph ruled out negotiating a new international space agreement, saying the 1967 Outer Space Treaty established an effective arms control regime. The treaty bans the stationing of weapons of mass destruction in outer space and declares outer space should be used only for peaceful purposes.

A new agreement is not necessary, Joseph said. "We should concentrate on real threats," he said, citing Iran and North Korea.

"There is no arms race in space and we see no signs of one emerging," he said.

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U.S. To Defend Space With Military Force (WT)

By Bill Gertz

The Washington Times, December 14, 2006

The United States will use military force in space to protect satellites and other space systems from attack by hostile states or terrorists, the Bush administration's senior arms-control official said yesterday.

Robert Joseph, undersecretary of state for arms control and international security, said in a speech outlining a new White House space policy that free access to space is a "vital" U.S. interest and that the Bush administration opposes new agreements that would limit U.S. space defenses.

"To ensure free access to space ... we must continue to develop a full range of options to deter and defend against threats to our space infrastructure," Mr. Joseph said in a speech to the George C. Marshall Institute, a private think tank.

The United States will "oppose others who wish to use their military capabilities to impede or deny our access to and use of space," he said. "We will seek the best capabilities to protect our space assets by active or passive means."

"No nation, no non-state actor, should be under the illusion that the United States will tolerate a denial of our right to the use of space for peaceful purposes," he said. "We reserve the right to defend ourselves against hostile attacks and interference with our space assets," he said.

U.S. officials said the comments are an indirect warning to China, which has fired a ground-based laser gun at a U.S. satellite that passed over its territory -- an event viewed as one sign of Beijing's efforts to develop space arms that can blind or destroy systems.

Mr. Joseph said yesterday that a number of nations are developing weapons to "counter, attack and defeat U.S. space systems." He did not name the countries. Asked after the speech about the Chinese laser incident, he declined to comment.

"In view of these growing threats, our space policy requires us to increase our ability to protect our critical space capabilities and to continue to protect our interests from being harmed through the hostile use of space," he said.

The United States has become very reliant on the use of satellites for civilian communications as well as military command and control, with a large portion of government communications transiting space.

The White House announced in October that President Bush authorized a new national space policy, the first since 1996, that states that the United States is committed to the peaceful use of space and rejects any nation's attempts to claim sovereignty over it.

The policy also views any attempt to interfere with space systems as an infringement on the right of free passage in space, and describes space capabilities as "vital" to national interests.

Mr. Joseph said yesterday that space should be regarded similarly to open seas where free navigation is a right.

"If these rights are not respected, the United States has the same full range of options -- from diplomatic to military -- to protect its space assets as it has to protect its other critical assets," he said.

"There is also a broad range of means, both passive and active, by which space assets may be protected or the effects of the loss of their services minimized," he said.

Alternatives include non-space backup systems, satellites with onboard subcomponent replacement parts, satellite maneuvering systems to avoid threats, electronic and other system security, data encryption, and communications frequency shifts.

Mr. Joseph said the United States needs to use space systems as part of a strategy to manage crises, deter conflict or "if deterrence fails, prevail in conflict."

Both Russia and China have sought to introduce arms-control agreements at the United Nations designed to limit U.S. space weapons or defenses, and the Bush administration opposes the proposed agreements and talks.

Mr. Joseph said the Outer Space Treaty has been a long-standing and effective tool to guide international cooperation in space. New international agreements are "unnecessary and counterproductive," he said.

"We do not need to enter into new agreements; rather we should be seeking to gain universal adherence to existing agreements, including the 1967 Outer Space Treaty, and we should concentrate our efforts on real threats, such as those to the nuclear nonproliferation regime which, as a consequence of actions by Iran and North Korea, are under great strain," Mr. Joseph said.

Judge In Pakistan Dismisses Charges In Bomb Plot (NYT)

By Salman Masood

The New York Times, December 14, 2006

DOJ_NMG_0106352

ISLAMABAD, Pakistan, Dec. 13 — A judge threw out terrorism charges on Wednesday against Rashid Rauf, a Briton of Pakistani descent whom prosecutors depicted as a major figure in a plot to smuggle liquid explosives onto trans-Atlantic airliners and detonate the bombs in flight.

The ruling means there are now no terrorism charges against two people once accused of being linchpins of a major bombing plot by Al Qaeda. The other is Tayib Rauf, Mr. Rauf's younger brother, who was detained in Britain in August and was soon set free without charge.

But it was not clear whether the ruling would clear the way for Rashid Rauf's return to Britain for questioning on other charges.

Reports of a bombing conspiracy created powerful strains between American and British investigators over the timing of a crackdown on suspects in which British authorities rounded up 25 people on Aug. 9 and 10, later charging 17 of them. The other eight, including Tayib Rauf, were set free without charges.

British officials involved in the case said that American investigators had pushed for quicker arrests but that the British had wanted to wait to gather admissible evidence.

One of seven people arrested in Pakistan in the case was Rashid Rauf, 25, who holds Pakistani and British citizenship. Pakistani officials identified him as a "key figure" and said he had contacts to Al Qaeda in Afghanistan.

But in Rawalpindi on Wednesday, Mr. Rauf appeared in a counterterrorism court and the judge dismissed most of the charges against him, upholding a defense objection that they lay outside the court's jurisdiction.

Mr. Rauf still faces some secondary charges in Pakistan and is being held by the authorities. Britain has requested his extradition, and Pakistani officials said they were considering the request.

"Rauf was booked under six charges, such as impersonation, cheating, forging documents, presenting those forged documents as real and keeping explosives," Hashmat Habib, his lawyer, said in a telephone interview.

"When we scrutinized the charges, we were of the opinion that none of the charges fell under the jurisdiction of the antiterrorism court. The court agreed with our objection."

Mr. Rauf is now scheduled to appear next Wednesday before a District and Sessions Court to answer the remaining charges, Mr. Habib said.

Mr. Rauf has not been charged in Britain in connection with any airline plot, and a Home Office spokeswoman said no extradition request had been made in relation to a plot.

Britain has, however, filed an extradition request for Mr. Rauf as a suspect in the murder of an uncle, Mohamed Saeed, who was stabbed near his home in Birmingham in April 2002.

Britain and Pakistan have no extradition treaty, so it is Pakistan's choice whether to permit extradition.

The British government offered no immediate comment on the case.

Accounts differ over when Rashid Rauf was arrested. The Pakistani police said he was taken into custody on Aug. 10, the day of the British raids, in Chohan Chowk, near the Islamabad airport. But Mr. Habib said his client was arrested the day before while traveling between Multan and Bahawalpur, in Punjab Province.

Mr. Rauf left Britain in 2002 to settle and marry in Bahawalpur. He was not a subject of scrutiny before his arrest in August, although the police had linked his wife's family to an outlawed Islamist group.

Terror-Free Investing (WSJ)

By Sarah Steelman

The Wall Street Journal, December 14, 2006

JEFFERSON CITY, Mo. -- The idea of "shareholder democracy" is today much bruited about, but whatever connotations that term has acquired, at bottom it means investors have a "vote" -- that is, they can choose where to put their money, and where not. That kind of democracy assumes a new urgency in the post-9/11 world, as tens of billions of dollars are currently surging into countries that sponsor terrorism.

According to the independent research provider Conflict Securities Advisory Group (CSAG), there are some 485 publicly traded companies doing business with four regimes designated by the State Department as sponsors of terror. The activities of these mostly foreign-owned companies -- such as Total, Sinopec and BNP Paribas -- in terrorist-sponsoring states generate billions in revenues for the governments of Iran, Sudan, North Korea and Syria.

By so doing, these companies create part of the cash flow that enables these nations to underwrite the activities that our armed forces are fighting around the world. Were they to stop doing business with our enemies, it would be vastly more difficult for those regimes to sponsor terrorism, finance weapons of mass destruction programs and threaten -- or, in the case of Sudan, engage in -- genocide.

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In this case, shareholders -- citizens -- have the power to influence. If American investors in these businesses -- not only institutional investors such as public pension systems, money managers, investment trusts and university endowments, but also individuals -- pressure companies to sever such business relations, they can become change agents in the financial sector and force multipliers for our troops abroad.

It's high time we afford all American investors the opportunity to exert this influence by investing terror-free. That's why I am pleased to announce that the Missouri Investment Trust (MIT) became, in July of this year, the first public agency in America to implement a terror-free investment fund. This specially crafted, actively managed international fund screens out companies with ties to regimes involved with terrorism.

Our experience makes clear that it is possible for investors to hold these companies accountable for their business decisions by excluding their stocks from portfolios. We are proving that terror-free investing is a matter of choice, and that Wall Street will respond to the demand. What's more, it can be accomplished with leading investment firms and without sacrificing returns.

From a financial standpoint the results have been impressive. MIT, in conjunction with CSAG and Boston-based State Street Global Advisers, engaged in extensive due diligence. We backtested bidders' portfolios, for instance, and found that performance would not have been impaired over the past five years had the terror-free screen been in place.

The transition to the new fund was minimally disruptive. In fact, in the first quarter following its establishment, MIT's screened fund outperformed the MSCI EAFE index (the benchmark for international equities in developed Asian and European countries) by 74 basis points -- showing that this terror-free public fund will do well for Missourians while also doing good for America.

This result should not be surprising. The Securities and Exchange Commission determined years ago that companies conducting business in U.S.-sanctioned nations are exposed to "global security risk" -- risk that, in some cases, can negatively affect share value. Sadly, and somewhat shockingly, the vast majority of fiduciaries have, to date, ignored this financial risk, to say nothing of the ethical considerations, when investing in these companies.

Terror-free investing should not, however, be limited to public funds. Elected officials, fund managers, American corporations and Wall Street ought to afford this investment option to the maximum degree possible.

Toward that end, in 2007, Missouri's 529 College Savings Advisor Plan will make available to all American investors the Roosevelt Anti-Terror Multi-Cap Fund (RATF) -- the only mutual fund in the country that is currently certified to exclude companies that have business ties to the terrorist-sponsoring states referenced. Additionally, Missouri is actively pursuing the inclusion of an international terror-free fund in our 529 advisor plan line-up.

Missouri is not alone in believing that Americans want to invest terror-free. Nationwide Financial has elected to make this same certified fund available to investors through its vehicle for corporate 401(k) plans. Recently, Swiss America, a tangible asset firm located in Arizona, became the first Nationwide 401(k) client to offer its employees the RATF option. The vast majority of Swiss America's employees took advantage of this option. Nationwide is exploring how to make a terror-free investment option more available to its over 25,000-member private sector plan base.

More importantly, this type of shareholder activism has a long record of success. Over 20 years ago, companies responded to such pressure by freezing their business relations with South Africa until apartheid was abolished. In short order, the government maintaining that oppressive practice was forced first to abandon it and then to relinquish power.

Lincoln said it best: "We -- even we here -- have the power, and bear the responsibility." This American culture of civic engagement has made all the difference: encompassing everything dumping tea into a harbor to buying war bonds to serving in the armed forces.

By choosing to invest terror-free, we can help cut off financing for terror-sponsoring governments, help our soldiers, make our investments less risky and make a difference in the contemporary fight for liberty. That's democracy.

Ms. Steelman is state treasurer of Missouri.

A Fair Deal For 9/11's Injured (NYT)

By Kenneth R. Feinberg

The New York Times, December 14, 2006

FIVE years have passed since the Sept. 11, 2001, terrorist attacks, but the flood of litigation continues unabated in federal court in Manhattan. Some 6,000 people are suing New York City, the Port Authority and more than 100 private contractors for negligence in exposing workers to toxic dust and fumes after the collapse of the World Trade Center.

Thousands of additional claims are expected in the next few months. Waiting in the wings are approximately 40,000 workers who cleaned up the site after Sept. 11, as well as residents of Lower Manhattan, observers of the cleanup effort and

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people who simply breathed the harmful air on their way to work — all potential litigants. Some will probably eventually suffer the same ailments that have led to the current lawsuits.

The federal judge presiding over the lawsuits has urged settlement, warning that continuing the litigation is inefficient, expensive and risky to all parties. The mere existence of thousands of lawsuits fuels uncertainty and delays the payment of compensation to eligible victims.

Two local members of Congress have introduced federal legislation to provide compensation to people injured by the toxic dust. Congress is understandably reluctant: why open the doors of the federal Treasury yet again to New Yorkers and not provide something similar to the victims of the Oklahoma City bombing, Hurricane Katrina and other calamities? The government is generally not in the business of compensating the victims of life's misfortune.

The federal Sept. 11 Victim Compensation Fund, which I oversaw, paid more than $7 billion in public compensation to the families of those who died in the World Trade Center attacks and to injured survivors. Of that, about $500 million went to more than 1,300 recovery workers and others suffering from the same respiratory injuries that now plague those in the courtroom. Since none of these 6,000 people who have filed lawsuits received diagnoses of 9/11-related injuries until after the fund's filing deadline of Dec. 22, 2003, they were ineligible for compensation. So, reluctantly, they have turned to the courts.

There is a better way: use the principles of the 9/11 fund as a blueprint to resolve the current litigation and get money into the hands of recovery workers and others quickly.

More than $1 billion in public funds is currently available for distribution as part of the initial federal appropriation earmarked for New York City's 9/11 recovery. If you add financial contributions from those contractors and others involved in the litigation, and supplement that with funds from various city charities, a total of at least $1.5 billion is available to settle the pending lawsuits — more than sufficient to pay all eligible claims, as well as lawyers' fees and costs.

Eligibility for compensation under the settlement would require proof that the victim was in the general proximity of the World Trade Center during the cleanup period. Each claimant would also supply medical documentation of an illness caused by exposure to harmful air at the site (the medical criteria would be negotiated as part of the settlement to avoid a rush of spurious claims).

New York City and the other defendants would not admit they were at fault for these injuries; they would merely agree to use available funds to pay all documented claims. (It remains an open question whether the defendants are legally responsible for such injuries.) Up to half of this money should be set aside to pay for claims stemming from future diagnoses of injuries caused by breathing the toxic air.

As with the 9/11 fund, the neediest victims, those without a financial safety net, should be the priority. Firefighters, police officers and other uniformed responders at the World Trade Center already receive benefits from pension and health insurance policies, and these amounts should be subtracted from any payments made as a result of the settlement. Funds received by eligible claimants would be used primarily for medical monitoring and other health-related services.

And, just as the 9/11 fund should be viewed as a unique public policy response to an unprecedented national calamity, so, too, would this settlement be considered a one-time solution to all remaining physical injury claims occurring at the World Trade Center.

It is unlikely that such a settlement would expose New York City and others to future demands for similar compensation. The defendants and the court could make clear that the settlement was achieved only because of the existence of available funds and the unparalleled nature of the attack.

In any event, concern about future legal liability is no excuse for refusing to act now in compensating victims in distress.

HOMELAND RESPONSE:

Judge Upholds Detainee Rights Terror Law (AP)

By Matt Apuzzo

AP, December 14, 2006

A federal judge upheld the Bush administration's new terrorism law Wednesday, agreeing that Guantanamo Bay detainees do not have the right to challenge their imprisonment in U.S. courts.

The ruling by U.S. District Judge James Robertson is the first to address the new Military Commissions Act and is a legal victory for the Bush administration at a time when it has been fending off criticism of the law from Democrats and libertarians.

Robertson rejected a legal challenge by Salim Ahmed Hamdan, a former driver for Osama bin Laden whose case prompted the Supreme Court to strike down the Bush administration's policy on detainees last year.

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Following Hamdan's victory, Bush asked for and got a new law that established military commissions to try enemy combatants and stripped them of the right to seek their freedom in U.S. courts.

Hamdan's case was sent back before Robertson, a nominee of President Clinton who was a prominent civil rights advocate in private practice.

Though Robertson originally sided with Hamdan, he said that he no longer had jurisdiction to hear Hamdan's case because Congress clearly intended to keep such disputes out of federal courts. He said foreigners being held in overseas military prisons do not have the right to challenge their detention, a right people inside the country normally enjoy.

"This is the first time in the history of this country that a court has held that a man may be held by our government in a place where no law applies," said Barbara Olshansky, an attorney with the Center for Constitutional Rights, which has handled many detainee cases.

Justice Department spokeswoman Kathleen Blomquist said the agency was pleased with the ruling. Government lawyers have repeatedly argued that Guantanamo Bay detainees have no right to use U.S. courts. Blomquist noted that the new law allows detainees to challenge their detention before military tribunals, then contest the tribunal's ruling before a Washington appeals court.

"That is more process than the United States has ever provided to enemy combatants in our past conflicts," Blomquist said.

The ruling does not affect the fate of hundred of detainees whose cases are awaiting a ruling by a Washington appeals court, which is reviewing two precedent-setting detainee cases challenging the new law.

Judge Sets Back Guantánamo Detainees (NYT)

By Neil A. Lewis

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — For the first time, a court has affirmed that a law enacted this fall accomplishes what the White House and its Congressional supporters sought: stripping the federal judiciary of the authority to hear challenges from detainees at Guantánamo Bay, Cuba.

In a ruling Wednesday, Judge James Robertson of the Federal District Court here said Salim Ahmed Hamdan, a prisoner at Guantánamo, could no longer contest his detention before a federal court because, Judge Robertson said, Congress this fall explicitly eliminated his right to file a habeas corpus challenge.

The judge said the Military Commissions Act, passed by Congress in September and signed into law by President Bush the following month, was unambiguous in denying Guantánamo detainees the use of a habeas corpus statute. Like Mr. Hamdan, hundreds of other prisoners at the base have challenged their detention, in similar cases.

It was Judge Robertson who granted Mr. Hamdan's habeas petition in November 2004, abruptly halting his war crimes trial in the middle of proceedings at Guantánamo by ruling that the process was fatally flawed.

But in his decision Wednesday, the judge said circumstances had changed fundamentally with enactment of the new law. And not only is Mr. Hamdan barred from a challenge under the habeas statute, the judge said, he cannot follow the usual second avenue to bring a habeas challenge — invoking the Constitution — because it is unclear that noncitizens at Guantánamo have that right.

Mr. Hamdan is a Yemeni who was a driver for Osama bin Laden in Afghanistan and was captured there in November 2001. He has been at the center of a debate about the Bush administration's legal tactics in fighting terrorism, his challenge occupying not only the White House but also Congress and the courts — up to the Supreme Court, which will almost certainly have to revisit the case.

The Supreme Court first ruled in the Hamdan case in June, when it repudiated the administration's efforts to put Guantánamo detainees on trial before military commissions. That 5-to-3 ruling said Mr. Bush had overstepped his constitutional bounds by establishing the commissions without Congressional authorization. Further, the justices said a previous law stripping Guantánamo detainees of habeas corpus protections did so only prospectively — that is, it did not void the several hundred habeas petitions already filed in federal courts.

In response, the Republican-controlled Congress adopted the Military Commissions Act to address, explicitly and retroactively, the question of the habeas statute's application to Guantánamo.

Judge Robertson's opinion on Wednesday said in effect that in enacting the new law, Congress and the president had undone the basis of the Supreme Court's ruling.

The judge said that although Mr. Hamdan was asserting that he was entitled to habeas protection because he had never been tried properly, he would soon "face a military commission newly designed, because of his efforts, by a Congress that finally stepped up to its responsibility, acting according to guidelines laid down by the Supreme Court."

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The issue of whether Mr. Hamdan and other Guantánamo detainees have a constitutional, rather than a statutory, right to habeas corpus is almost certain to form the heart of the legal debate that will next occur in the United States Court of Appeals for the District of Columbia Circuit, before an ultimate decision by the Supreme Court. The appeals court is already considering the application of the new law in dozens of other habeas cases brought by detainees.

But by the time the cases make their way through the system, Mr. Hamdan and some other prisoners may have already been tried by military commissions, making the habeas issue moot as it applies to them.

Once the Military Commissions Act was adopted this fall, senior Pentagon officials said they hoped to resume war crimes trials before the newly reconstituted commissions by next summer. Mr. Hamdan, who has maintained that he was only a driver at the bin Laden farm and not a terrorist, may well be one of the first to go before the new commissions.

Judge Rejects Detention Challenge Of Bin Laden's Driver (WP)

By Robert Barnes

The Washington Post, December 14, 2006

A federal judge dismissed yesterday a challenge from Osama bin Laden's driver over his more than four years of detention at the Guantanamo Bay military prison, saying a new anti-terrorism law approved by Congress this fall removes the lower court's jurisdiction in the matter.

U.S. District Judge James Robertson is the first to rule on the controversial Military Commissions Act (MCA), which authorizes military trials of alleged enemy combatants and removes their right to try to bring their cases before federal judges.

Robertson dismissed Salim Ahmed Hamdan's petition because he said Congress clearly intended to keep such cases out of the federal courts. And he held that, as a foreigner with no voluntary ties to the United States, Hamdan has no claim to a constitutional right to habeas corpus.

The question of detainee rights prompted a Supreme Court ruling against the Bush administration's policies earlier this year, and it would not be surprising to see the administration's remedy -- the quickly produced MCA, passed by Congress in late September -- reviewed there as well.

"The issues in these cases won't be finally resolved until the Supreme Court resolves them," said David Remes, who represents another group of Guantanamo detainees challenging the law before the U.S. Court of Appeals for the District of Columbia Circuit.

Nevertheless, the Justice Department celebrated the dismissal of Hamdan's case by Robertson, a civil rights advocate in private practice who was appointed to the bench by President Bill Clinton. He was also the first judge to invalidate the Bush plan for war tribunals when he first considered Hamdan's case in 2004.

"We are pleased that Judge Robertson agreed that the Military Commissions Act removes federal court jurisdiction over this and similar cases, and that the Military Commissions Act is constitutional," said Justice Department spokesman Brian Roehrkasse.

"The Constitution does not provide alien enemy combatants detained at Guantanamo Bay with the constitutional right to file a petition for habeas corpus in our civilian courts, and thus Congress may regulate those combatants' access to the courts," he said.

Beyond the legal wrangling, there is political pressure as well. Sen. Patrick J. Leahy (D-Vt.), the incoming chairman of the Senate Judiciary Committee, said in a speech yesterday before Robertson's decision that the MCA "needlessly undercut our freedoms and values" and that his committee will consider legislation to modify it.

He and other senators had questioned the constitutionality of suspending habeas corpus rights, one of the core principles of English and American law, which require the government to show a legal basis for detaining a person.

The Supreme Court twice, in 2004 and 2006, ruled against the Bush administration's procedures for detaining and trying alleged enemy combatants, but four justices said the president could seek from Congress the authority they said he lacked.

Robertson said that because it was clear he had been stripped of jurisdiction over Hamdan's habeas petition, he was not making a judgment on the constitutionality of the MCA. And he questioned at least part of the legislation.

He wrote that Congress could suspend the writ of habeas corpus only during a time of rebellion or invasion and that "neither . . . [was] occurring at the time the MCA was enacted."

But that does not help Hamdan, he wrote.

"Hamdan's lengthy detention beyond American borders but within the jurisdictional authority of the United States is historically unique," Robertson wrote. "Nevertheless . . . his connection to the United States lacks the geographical and volitional predicates necessary to claim a constitutional right to habeas corpus."

Staff writer Carol D. Leonnig contributed to this report.

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Guantanamo Inmates May Not Appeal, Judge Rules (LAT)

By David G. Savage

The Los Angeles Times, December 14, 2006

WASHINGTON — In the first legal decision on a new federal law that denied access to U.S. courts to detainees in the war on terrorism, a federal judge ruled Wednesday that foreign prisoners held at Guantanamo Bay, Cuba, could not sue for their freedom.

But in a split decision, U.S. District Judge James Robertson also ruled that the law's denial of that right to the more than 12 million legal immigrants living in the United States was unconstitutional.

The first part of the ruling affirmed what Congress intended when it passed the Military Commissions Act in October. And appropriately enough, the decision came in the case of Salim Ahmed Hamdan, the onetime driver to Al Qaeda leader Osama bin Laden who had won what appeared to be a landmark victory in the Supreme Court in June.

Taking up Hamdan's suit, the high court's justices said President Bush had overstepped his power when he created a system of military tribunals for foreign-born alleged terrorists.

In response, Congress passed a law authorizing military tribunals. In addition, it moved to deny access to the courts to "aliens" who are accused by the president of being terrorists or "unlawful combatants."

Critics in the Senate said this provision was written so broadly that it took away from the nation's legal immigrants the traditional right of habeas corpus. This right allows those who are arrested and imprisoned to go before a judge and to plead for their freedom.

In Wednesday's ruling, Robertson said lawmakers had the legal power to close U.S. courts to detainees at Guantanamo Bay.

"Congress unquestionably has the power to establish and define the jurisdiction of the lower federal courts," he wrote in a 22-page opinion. Until some recent decisions, he said, it had always been understood that "an alien captured abroad and detained outside the United States" did not have a right to sue in a federal court.

Hamdan was captured in Afghanistan, and Guantanamo Bay is, technically, the sovereign territory of Cuba, Robertson noted.

However, the Constitution protects the right of habeas corpus for anyone living in the United States, the judge said. The Constitution says this right may be "suspended" during times of "rebellion or invasion."

"Neither rebellion nor invasion was occurring at the time the MCA was enacted," Robertson said, and Congress did not claim otherwise.

"Thus, the Great Writ has survived the Military Commissions Act," and any effort to block a person from going to court in this country "must be unconstitutional," the judge concluded.

The ruling clears the way for the Bush administration to go forward with a military trial of Hamdan. It is also likely to be the first of many decisions interpreting the new law.

Sens. Patrick J. Leahy (D-Vt.) and Arlen Specter (R-Pa.) also have announced they will seek to restore habeas rights for legal immigrants when the new Congress opens in January.

'04 Pentagon Report Cited Detention Concerns (WP)

By Carol D. Leonnig

The Washington Post, December 14, 2006

A previously undisclosed Pentagon report concluded that the three terrorism suspects held at a brig in South Carolina were subjected to months of isolation, and it warned that their "unique" solitary confinement could be viewed as violating U.S. detention standards.

According to a summary of the 2004 report obtained by The Washington Post, interrogators attempted to deprive one detainee, Ali Saleh Kahlah al-Marri, a Qatari citizen and former student in Peoria, Ill., of sleep and religious comfort by taking away his Koran, warm food, mattresses and pillow as part of an interrogation plan approved by the high-level Joint Forces Command.

Interrogators also prevented the International Committee of the Red Cross from visiting at least one detainee, according to the report, which noted evidence of other unspecified, unauthorized interrogation techniques.

The report by the Navy's inspector general was presented to Defense Secretary Donald H. Rumsfeld in May 2004 and was declassified in 2005. It was the first to raise the question of mistreatment of alleged enemy combatants inside the United States.

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Its details about conditions at the Navy brig in 2004 could prove critical to the fate of two of the "enemy combatant" detainees who spent years in the prison: Marri, the only one of the three who remains there and is facing the prospect of a special military trial, and Jose Padilla, a Brooklyn-born U.S. citizen now facing criminal charges in Miami.

Attorneys for Padilla have argued in recent court filings that any abusive interrogation methods used on their client may mean that his statements to government agents were coerced and, therefore, inadmissible in his trial. He is accused of engaging in a conspiracy to kill U.S. citizens and provide material support to terrorists abroad.

The attorneys told a federal judge in Florida yesterday that they have a right to learn about those interrogation methods, and they recently sought to subpoena Brig. Gen. Daryl D. Thiessen, the deputy inspector general who made the findings after inspecting the brig, and other senior military officers who worked at the prison. The attorneys said Padilla spent 1,307 days in a 9-by-7-foot cell in an isolated unit, was often chained to the ground for hours by his wrists and torso, and was kept awake at night by guards using bright lights and loud noises.

Prosecutors asked the judge to quash the subpoenas, arguing that Padilla's attorneys are making "meritless" and "sensationalist" claims to turn the court's attention away from his alleged misconduct. In previous filings, the government decried the "absurdity of Padilla's assertion" that he was abused, noting that the government was "conscientious enough to tend to his toothache."

Marri remains at the brig awaiting an appeals court ruling on whether he will be tried in a U.S. court or by a military commission, as the government requested last month. He sued the government last year over the conditions of his confinement, alleging that for 16 months in 2003 and 2004, he had been barred from contact with anyone but guards delivering food, causing his mental state to deteriorate.

Thiessen wrote in his summary that the Joint Forces Command had approved that "one detainee in Charleston has Koran, mattress, and pillow removed and is fed cold MRES as part of interrogation plan." He also noted concerns about isolation: "Limited number and unique status of detainees in Charleston precludes interaction with other detainees. Argument could be made that this constitutes isolation."

Extended solitary confinement can be considered a form of inhumane treatment. In 2003, Rumsfeld specified the use of isolation as an interrogation tactic, but he cautioned that its use required detailed plans and approvals from superiors for the length of time. His memo warned that use of isolation for more than 30 days was atypical, and that nations that consider detainees subject to prisoner-of-war protections may view this technique as "inconsistent with the requirements of Geneva [Article] III."

"What you're describing confirms what we said in our complaint," said Jonathan Hafetz of the Brennan Center for Justice and an attorney for Marri, when asked to review the summary findings. "There were periods of time when al-Marri felt he was losing his mind. He went months without hearing a human voice. . . . And these weren't rogue officers, but it was part of a deliberate violation of the laws of the U.S. by the top levels of the administration."

Padilla's attorneys -- Orlando do Campo, Andrew Patel and Michael Caruso -- did not return calls seeking comment or declined to comment. Federal prosecutors also declined to comment. A hearing is expected soon on whether Padilla's attorneys can question military officials about his treatment and the conditions at the brig.

A Pentagon spokesman, Navy Cmdr. J.D. Gordon, said multiple reviews of detention operations have not found policies that condoned abuse and have led to more consistent policies to prevent abuse.

"The reviews have resulted in numerous recommendations which have been implemented and have improved our detention operations," he said. "The Department of Defense policy is clear: We treat detainees humanely."

Thiessen's report is part of a larger review by Vice Adm. Albert T. Church III, then the Navy's inspector general. Rumsfeld ordered the wide-ranging military investigation to determine whether any interrogation policy for terrorism suspects had caused detainee abuse in U.S. military detention facilities.

The Church report presented to Congress in March 2005 concluded that there was no deliberate high-level policy that led to the numerous cases of mistreatment. Instead, it blamed inept leadership at low levels and confusion over changing interrogation rules.

Church focused on the conditions for foreign nationals held at Guantanamo Bay. But the details of what Thiessen found in the Charleston brig were not mentioned. When asked, high-ranking military officers asserted that the brig fared well in the review.

"The brig here has a good record, and the people who run it are well trained," then-Secretary of the Navy Gordon England told reporters in 2004.

A third prisoner at the brig, Yaser Hamdi, was released in 2004 after the Supreme Court ruled that the government could not hold him indefinitely without a trial, and after he agreed to U.S. conditions that he go to Saudi Arabia and give up his U.S. citizenship.

Staff researcher Julie Tate contributed to this report.

DOJ_NMG_0106359

Federal Judge Asked To Decide If Padilla Is Competent For Trial (NYT)

By Deborah Sontag

The New York Times, December 14, 2006

Saying that he was mentally damaged as a result of his three years and eight months in a naval brig in South Carolina, lawyers for Jose Padilla asked a federal judge in Miami yesterday to determine his competency to stand trial on terrorism conspiracy charges.

Mr. Padilla, 36, a United States citizen who was publicly accused of plotting a dirty bomb attack and pronounced an enemy combatant in 2002, was transferred from military custody into the civilian law enforcement system earlier this year. But, his lawyers say, he has been unable to assist in his own defense, and mental health experts have been unable to help him or to help them deal with him.

"Jose's experience as a detainee was so traumatic that it's physically and mentally painful for him to answer the questions that we put to him," said Orlando do Campo, a federal public defender in Miami. "He just shuts down. We're covering a lot of the same area as his interrogators, and he doesn't want to relive it."

Saying that there was "sufficient cause" to conduct a competency hearing, the government, in papers filed yesterday, urged the judge to do so.

The government itself cited the affidavit of a psychiatrist for the defense, Dr. Angela Hegarty, who said that Mr. Padilla did not understand the nature and consequences of the proceedings against him and that he suffered "impairment in reasoning" as a result of post-traumatic stress disorder "complicated by the effects of prolonged isolation."

Mr. Padilla's lawyers said he opposed this request that his competency be evaluated. Dr. Hegarty, one of two mental health professionals who examined him, said Mr. Padilla was "fearful of being thought of as crazy." She described him as "hypervigilant," his eyes darting about, his face twitching into grimaces, his "startle response" on constant high alert.

Mr. Padilla's trial, which involves two other defendants also accused of running a "North American terror support cell," is scheduled to start on Jan. 22 and expected to last about five months. Even before the motion filed yesterday, a delay seemed possible or even probable because of the extensive pretrial litigation in the complex case.

Now the issue of determining Mr. Padilla's competency could freeze many matters. For instance, his lawyers have asked Judge Marcia G. Cooke of Federal District Court to dismiss the charges because of "pre-indictment delay" — Mr. Padilla was apprehended in May 2002 and indicted in November 2005 — because of failure to provide a speedy trial and because of "outrageous government conduct."

Judge Cooke set a hearing date for Monday to address these motions. But the government said yesterday that it would be pointless to discuss accusations of government misconduct based on Mr. Padilla's word if his competence was in question. The government vehemently denies that Mr. Padilla was mistreated in military custody.

Miami Terror Suspect Claims 'I Was Set Up' (CBS4)

CBS4, December 14, 2006

(CBS4) MIAMI A South Florida contractor arrested by the FBI along with 6 others for allegedly conspiring to commit terrorist acts is giving his side of the case from behind bars. Narseal Batiste wrote a 25-page letter to CBS4's Brian Andrews, in which he says he and his group never had terrorist intentions. Insteadm he said he and his "followers" were looking for money for their Liberty City religious organization.

The FBI tailed Batiste and his followers for months, generating hours of video surveillance as they built their case against them, saying they conspired with what they thought was a known terrorist organization to blow up federal buildings and Chicago's Sears Tower.

"I want you to know that I never had any intentions of doing a terrorist act," Batiste now says in his letter. "My group and I never had reason to harm anyone."

Batiste writes the FBI put drugs in food he and co-defendants Patrick Abraham were served by the FBI informant the night a surveillance tape was shot, on which Batiste talks about blowing up the Sears Tower. He wrote that he's simply telling the informant what he wanted to hear, just so he could get money from him for their church.

"That's why you see me playing with tissue boxes talking about blowing up the Sears Tower. I made it up right then and there," he wrote.

On the surveillance tape he is heard talkng about the Tower's weaknesses and where he would plant dynamite to take it down. He's also heard telling the informant he would need horses for an army of men to wage a war on the government in the chaos that would follow such an attack.

"If you listen to the words I was saying, it's unrealistic, such as I need horses," he wrote.

Batiste says he and his group were desperate for money, and that last September, a convenience store owner from Yemen offered assistance. He says the North Miami Beach shopkeeper, whom Batiste identifies as Abbas, teamed up with the feds to get help for his own financial and immigration problems by concocting the lies that led to Batiste and six others being arrested.

"He played like he was going to help us fix our new headquarters, because he knew our intentions were to help our community," he said in the letter. "Abbas starting talking crazy like 'I want to get Bush to stop the war in Iraq and I want to blow up something.'"

Batiste says he thought nothing of it because people can talk a lot of trash.

"Little did I know that Abbas was setting my group up to look like terrorists," he said.

"He even convinced me to play along with his conversation between him and his big brother because they said it would build a relationship tie with them and it would open the door to financial help from them."

Batiste says he went along with it. "He knew we were eager for funding and that I went into great financial stress. So he suggested I meet a rich Arab friend: His uncle from Yemen."

That "uncle" ended up being the FBI's second informant on the case, whom the government claims was passing himself off as a part of al Qaeda. Batiste identified him as Mohammed Abdul. Prosecutors have video tape of Batiste and Abdul meeting at an airport hotel, in which Abdul appears to guide the conversation toward jihad.

"As you can tell, the man doing all the talking in Mohammed Abdul," he wrote. "I was surprised he was asking the questions that he did ask."

Batiste blames the enire case on the government's first cooperating witness, the North Miami Beach convenience store owner, who was compensated for his efforts in the case both in cash and in the form of immigration assistance.

"The Government never had any reason to investigate us. It was Abbas who planted this lie against me for the soul fact of him needing money." "The Government, desperate though to catch a terrorist, followed him and began designing a case against us with manipulation, fear, and intimidation."

Batiste agreed to an on-camera interview with Brian Andrews, but after three weeks of wrangling with the Bureau of Prisons, the interview request was denied. BOP Spokeswoman Mercedes Feliciano declined to give details as to why, referring CBS4 to Batiste's court-appointed lawyer. We left several messages for Attorney Ana Jhones, but she hasn't returned any calls we've made to her since she was assigned to handle Batiste's defense several months ago. Jhone's unsucessfully tried to get a court order to prevent CBS and WFOR from airing portions of FBI surveillance tapes Prosecutors plan to use when trial begins next September.

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Man Denies Planning Sears Tower Attack (WP/AP)

The Associated Press

The Washington Post, December 14, 2006

MIAMI -- A man accused of planning to blow up Chicago's Sears Tower and several federal buildings said he was never going to stage a terrorist attack, a statement released Wednesday said.

Narseal Batiste made the claims in a 25-page statement that his wife hand-delivered to WFOR-CBS4, reporter Brian Andrews said.

"I want you to know that I never had any intentions of doing a terrorist act," Batiste said in the handwritten document. "My group and I had never had reason to harm anyone."

Batiste and six others were arrested in June and accused of conspiring to blow up the Sears Tower and government buildings in Miami, New York, Washington and elsewhere.

Authorities have said the group's plot never got beyond the planning stage and the men didn't acquire explosives or weapons for the attack.

Batiste said he only told an FBI informant posing as an al-Qaida operative he planned to blow up the Sears Towers because that's what he thought the man wanted to hear. Batiste said he was hoping to get money from the informant so he could help his organization, which he said was called the Universal Divine Saviours.

"I made it up right then and there," Batiste said. "If you listen to the words I was saying, it's unrealistic, such as I need horses."

Batiste also blames a convenience store owner from Yemen, who he says befriended him and later teamed up with the informants, feeding them lies to help his own financial and immigration problems.

Batiste and the six others have pleaded not guilty to a four-count terrorism conspiracy indictment and face trial in March.

Telephone messages left after hours for Batiste's attorney and prosecutors were not immediately returned.

Liberty City Seven Leader Says He's Innocent Of Terror Charges (MH)

By Jay Weaver

The Miami Herald, December 14, 2006

The reputed ringleader of the Liberty City Seven -- a group of minority men busted last June on terror charges in Miami -- claims he's no terrorist.

"I want you to know that I never had any intentions of doing a terrorist act," Narseal Batiste wrote in a 26-page statement hand-delivered by his wife to WFOR-CBS4 on Wednesday.

``My group and I had never had reason to harm anyone."

Batiste, in custody at the Miami Federal Detention Center, claims his organization wanted to raise money for the homeless and help youths in the black community.

The FBI and U.S. attorney's office take a decidely different view of Batiste and his followers, who belonged to a local Moorish religious sect. Last June, they were arrested on charges of plotting to launch terrorist attacks against the United States -- including scheming to blow up the Sears Tower in Chicago and FBI buildings in five cities.

Secret FBI recordings revealed that the alleged Sears Tower scheme was Batiste's idea. "If I can put up a building," said Batiste, who worked in construction, ``then I should definitely know how to bring one down."

An FBI informant of Arabic descent, posing as an al Qaeda operative, then came up with a fictitious plot that would become the foundation of the government's terror conspiracy case against the seven men, according to court records. The informant, called "Mohammad," led Batiste and the six others in a bayat -- loyalty oath -- to al Qaeda. He pulled them in to the scheme to attack federal buildings by first asking them to provide video of the FBI field office in North Miami Beach.

Batiste, in the statement prepared for WFOR-CBS4 reporter Brian Andrews, claims the FBI and its informant were bent on ``setting us up."

Authorities have denied the accusation, which will be a key defense issue at the trial set for Sept. 4, 2007.

Authorities Probe Foreign Student Seeking Commercial Truck-Driving HAZMAT License (FoxNews.com)

By Liza Porteus

FOX News, December 13, 2006

NEW YORK — Mohammed Yusef Mullawala wanted a license to transport hazardous materials and to learn how to drive commercial tractor trailers. There was nothing unusual about that, until he told his teacher that he only wanted to learn how to drive forward, and he wanted to learn fast.

That was enough to raise a red flag with Darleen Crawford, president of the Nationwide Tractor Trailer Driving School in Smithfield, R.I., where Mullawala took driving classes.

Federal and state authorities are investigating why Mullawala was seeking a commercial trucking license after his behavior raised flags at the Rhode Island driving school. Crawford said he was also insistent on taking the test necessary to earn a license to transport hazardous materials.

Mullawala, a 28-year-old citizen of India who is of Pakistani descent, is now in federal custody in Massachusetts on immigration violation charges.

"We are still digging into his background, digging into where he lived in Rhode Island, New York and New Jersey," Major Steven O'Donnell with the Rhode Island State Police told FOXNews.com on Wednesday. "A lot of still doesn't make any sense, why he would be doing what he was doing."

(Story continues below)

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Crawford said Mullawala came to the school with a Rhode Island driver's license inquiring how to obtain a commercial driver's license within a month. It normally takes around eight weeks for a student to go through all of the required courses before he or she obtains a permit, she said.

"We've been doing this for quite a long time and a lot of things just didn't add up," Crawford said.

Crawford started documenting suspicious activity: Mullawala lived in New York City but traveled to Rhode Island for the driving classes; he missed his first day of classes; and he was very insistent on getting his hazardous material transport license.

But the fact that he only seemed interested in driving forward was the most concerning.

"We tell them from Day One, 'you will be backing up,' 'you'll be backing up every single day,'" Crawford said, adding that it normally takes two to three weeks of practice backing up before drivers get road permits and learn how to drive forward, among other things.

The situation was reminiscent of when some of the Sept. 11, 2001, hijackers told their flight-school instructor they were only interested in how to fly planes at certain altitudes, not so much how to land or take off.

"He was just really pushing to get out of here," Crawford said. "I've been doing this for 30 years so you just sort of know when something doesn't feel right."

After Mullawala took two classes, Crawford contacted Highway Watch, which had conducted an anti-terrorism and safety program at her school.

Jim Sutton, director of the Highway Watch's Information Sharing and Analysis Center, said it was the "calibrated judgment" of his five-person staff of former military, national intelligence and security officers that caused them to pass Mullawala's information on to federal authorities.

"Over a period of time, you learn that certain indicators are very valid, that they just stand out," Sutton said. "They're so anomalous to the norm that you say to yourself, 'there is something here. We need to pursue, we need to follow up.'"

In Mullawala's case, Sutton said, "there was a sense of urgency he had in finishing the course."

"Well, you don't learn those type of mechanical skills very fast," he added.

The ISAC contacted the Department of Homeland Security, which contacted Rhode Island state police.

A joint investigation was then launched by investigators from the Rhode Island State Fusion Center, the FBI's Joint Terrorism Task Force (JTTF) in Rhode Island, New York and New Jersey and the Bureau of Immigration and Customs Enforcement.

Investigators learned that when Mullawala obtained his driver's license from the Rhode Island Registry of Motor Vehicles, he gave a false statement indicating he was a Rhode Island resident. ICE then determined he was a citizen of India and in the United States on an expired temporary student visa.

On Tuesday, Mullawala went to state police headquarters thinking he was responding to another matter. He was then apprehended and turned over to ICE.

He's being held in the federal Suffolk County detention center in Boston until his immigration hearing in Boston, which is expected to be sometime within the next few weeks. He will be charged with overstaying his visa and is facing possible deportation back to India.

O'Donnell said his department, as well as the New York and New Jersey JTTFs, are investigating Mullawala's background and the residences he had in those three states.

Authorities have not yet turned up the names of any other specific individuals Mullawala may have been conspiring with.

"He didn't have family, he did have friends," O'Donnell said, adding that authorities are trying to track down people Mullawala was associated with in New York, where his most recent address is located.

That address is 161 84th Road in Jamaica, Queens, according to Rhode Island police. He also has a residence on Carpenter Street in Providence, R.I., which he apparently hasn't lived at since 2003.

Police are also studying a computer taken from one of Mullawala's residence, O'Donnell said, adding that the man apparently was a computer expert. They will look at his e-mails, as well as any Web sites he frequented. Any potential overseas connections will be handled by the FBI and DHS, O'Donnell said, although none have yet turned up.

An official at the New York JTTF office contacted by FOXNews.com said he could not comment on the status of this or any ongoing investigation.

More than 500,000 transportation workers — including school-bus drivers to mass transit workers — call in tips as part of the Highway Watch program, said spokesman John Willard. The Highway Watch ISAC vets the calls to determine which ones are substantial enough to pass on to federal authorities.

"We get a few hundred [calls] a month," Willard said. "They range from anything from 'there's a guy in his car on the side of a road' ... to 'I'm witnessing a crime' ... to 'there's this person who seems suspicious.'"

He added: "We've gotten a few of those we believe have led to very credible investigations."

The Highway Watch ISAC was first established by DHS in March of 2004. The original Highway Watch was set up in 1998 as a safety program and run by the American Trucking Association up until 2004. It added an anti-terrorism and security training program in the spring of 2002, which almost every major trucking company in the United States is now mandating for their drivers, Willard said.

The course teaches drivers how to keep themselves safe by always keeping their trucks locked, and not keeping the vehicles running when they're not in them. It also provides various emergency contact and tipline numbers.

But it also tells people what kinds of activity to be on the alert for.

"Casing," for example, can include activities such as an individual inquiring about details, of hazardous material deliveries. There was one situation in Florida where a man was seen videotaping hazardous material dropoffs, Willard said.

"We talk to them about how a typical terrorist act is carried out," he added. "Terrorists typically don't wake up on Tuesday morning and blow something up on Tuesday afternoon. It normally goes through an extensive process of targeting, casing, etc… The first thing we do is make drivers aware of that process."

Opinion Michelle Malkin (Y)

Yahoo! News, December 14, 2006

BEWARE OF ILLEGAL ALIENS SEEKING HAZMAT LICENSES Wed Dec 13, 5:47 AM ET

What's the harm in allowing illegal aliens to have driver's licenses? After all, they're just all here innocently doing the jobs Americans won't do, right? And since they're already here, we might as well let them drive legally, right? We'll all be safer, right?

Wrong. Wrong. Wrong.

Driver's licenses are tickets into the American mainstream. They allow residents to establish an identity and foothold into their communities. They help you open bank accounts, enter secure facilities, board planes -- and drive tractor-trailers carrying hazardous materials.

But there aren't any illegal aliens out there who would use fraudulently obtained driver's licenses to threaten Americans, right? That's just xenophobic scare-mongering, right?

Wrong again.

Last week, law enforcement officials arrested an illegal alien enrolled at a Smithfield, R.I., tractor-trailer training school who was trying to obtain a commercial driver's license and permit to haul hazardous materials. Not many people paid attention. You should. Illegal alien Mohammed Yusef Mullawala, 28, of Jamaica, N.Y., had obtained driver's licenses from New York, New Jersey and Rhode Island. He was reportedly in a hurry to get a commercial driver's license and a permit to haul hazardous cargo.

Because he's just so passionate about the job, right? Yeah.

A joint investigation was initiated by investigators from the Rhode Island State Fusion Center, the Federal Bureau of Investigation Joint Terrorism Task Force in Rhode Island, New York & New Jersey, and the Bureau of Immigration and Customs Enforcement after driver's school officials became concerned about his suspicious behavior. "His behavior was consistent with terrorist-type activity," Maj. Steve O'Donnell of the Rhode Island state police told the press. "He showed no interest in learning the fine art of driving a tractor-trailer. He had no interest in learning how to back up." Sort of like learning how to steer a plane, but not take off or land.

As in several other cases since 9/11, it was alert private citizens who notified the Department of SEARCH

News | News Photos | Images | Web" /> Homeland Security of Mullawala's suspicious behavior. (They will no doubt be labeled Islamophobes and bigots by the usual grievance-mongering mob.)

And once again, it was enforcement of immigration laws that played a critical role in detaining him. Like some of the 9/11 hijackers and several al Qaeda operatives identified in the United States over the past decade, Mullawala was here on a temporary student visa that he had overstayed.

Must I remind you that the 9/11 hijackers obtained some 364 separate pieces of identification, including driver's licenses, in order to conduct their murderous business? Hijackers Hani Hanjour and Khalid Almihdhar conspired with illegal alien day laborers at a Falls Church, Va., 7-Eleven to obtain government-issued photo IDs. Three other hijackers obtained IDs at an Arlington, Va., DMV.

Terrorist truck bombs have killed hundreds of Americans in Beirut, at the Khobar Towers, and SEARCH

News | News Photos | Images | Web" /> Iraq. For the operatives behind the wheel, a license to drive is a license to kill. Over the past two years, the SEARCH

News | News Photos | Images | Web" /> FBI has put law enforcement officials on high alert for U.S.-based operatives connected to al Qaeda who may be in possession of commercial driver's licenses and may be planning to use truck bombs.

In Boston, suspected al Qaeda agent and illegal alien Nabil al-Marabh obtained a license permitting him to drive semi-trucks containing hazardous materials, including explosives and caustic materials.

In Minneapolis, suspected al Qaeda operative Mohamad Elzahabi, who obtained a green card through a fake marriage, was able to obtain a commercial driver's license to drive a school bus and to haul hazardous materials -- despite FBI knowledge that Elzahabi had been tied to terrorism.

Earlier this year, more than 200 Somalian and Bosnian immigrants illegally obtained Missouri commercial driver's licenses or certifications to handle hazardous materials through a West Plains truck-driving school that had a contract with the state, according to federal prosecutors. In just a few short weeks, Democrats led by Nancy Pelosi -- a staunch opponent of strengthened ID laws and strict immigration enforcement -- will reassume power in Washington. An open borders-friendly White House has expressed willingness to deal with them. So we know who supports illegal alien workers and potential terrorist drivers waiting for amnesty. But who will stand up for us?

Michelle Malkin is author of "Unhinged: Exposing Liberals Gone Wild." Her e-mail address is writemalkin@gmail.com.

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THE RUMOR-MONGERING MEDIAYou will not read one of the most significant stories of the week out of Iraq on the front page of The New York Times. CNN will not make it headline news. The Associated Press has yet to touch it.

THE AMERICAN PRESS SHOULD COUNT ITS BLESSINGSIn between breathless condemnations of the Bush administration for stifling its free speech, endless court filings demanding classified and sensitive information from the military and intelligence agencies, and self-pitying media industry confabs bemoaning their hemorrhaging circulations (with the exception of the New York Post), my colleagues in the American media don't have much time to give thanks. Allow me:

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About the Author

Michelle Malkin's column appears in nearly 200 papers nationwide. Her first book, "Invasion: How America Still Welcomes Terrorists, Criminals, and Other Foreign Menaces to Our Shores," was a New York Times bestseller.

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WAR NEWS:

Bush Warns He Won't Be Rushed On Plans For Iraq (LAT)

By Peter Spiegel And Julian E. Barnes

The Los Angeles Times, December 14, 2006

WASHINGTON — President Bush on Wednesday defended his decision to put off his widely anticipated shift in Iraq policy until early next year, saying he wanted his new Defense secretary to weigh in and warning he would not be rushed into making a decision on how to proceed.

As part of his review, Bush held another round of discussions with senior officials involved in Iraq planning, this time meeting the Joint Chiefs of Staff at the Pentagon, along with outgoing Defense Secretary Donald H. Rumsfeld and his successor, former CIA Director Robert M. Gates.

Although Bush declined to comment on the advice he received from the military leaders, Pentagon officials have said in recent days that top uniformed officers largely have rejected recommendations made by the Iraq Study Group to withdraw most combat forces over the next 15 months, a rejection Bush appeared to agree with.

Instead, many military commanders have voiced support for a sharp increase in troops as part of a last-ditch effort to restore order, a suggestion Bush has not rejected.

"I've heard some ideas that would lead to defeat," Bush said of his monthlong consultation process. "I reject those ideas — ideas such as leaving before the job is done, ideas such as not helping this [Iraqi] government take the necessary and hard steps to be able to do its job."

*

A surge in troops?

Speaking after the 90-minute meeting in the Joint Chiefs' secure conference room known as "the tank," Bush denied that his views amounted to a rejection of the Iraq Study Group report. But he warned that any sign of U.S. weakness in Iraq would undermine moderate Arab allies in the region and could allow extremists to control crucial oil reserves.

"If we lose our nerve, if we're not steadfast in our determination to help the Iraqi government succeed, we will be handing Iraq over to an enemy that would do us harm," Bush said.

The president's dismissal of any near-term reduction in U.S. troop strength has raised the prospect that he might embrace a surge in the number of American forces in Iraq, at least over a period of a few months.

A troop increase has been opposed by Army Gen. John P. Abizaid, commander of U.S. forces in the Middle East, but it has been embraced by a growing number of military advisors inside and outside the Pentagon, several of whom have pressed the case to Bush in recent weeks.

That group may be joined today by retired Army Gen. John Keane, an influential former vice chief of staff who met with Bush earlier in the week. Keane is to appear at the American Enterprise Institute, a conservative Washington think tank, to present a plan for a troop increase that was developed by think tank military analyst Frederick W. Kagan.

According to the think tank, other influential current and former military leaders contributed to the report, including retired Lt. Gen. David W. Barno, former commander of U.S. forces in Afghanistan. Sen. Carl Levin (D-Mich.), the incoming chairman of the Senate Armed Services Committee, continued to press Bush to begin a withdrawal to send a clear signal to the Iraqi government that U.S. troop commitment was not open-ended.

He added, however, that he did not see Bush's delay in deciding on a new way forward as a mistake.

"I'd rather the right conclusion be reached in January than the wrong conclusion be reached in December," Levin told reporters after a speech at the Brookings Institution in Washington.

Democrats have been more receptive to recommendations of the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.), which included a push to reach out to Iraq's meddlesome neighbors, Syria and Iran.

Sen. Bill Nelson (D-Fla.), a member of the Armed Services and Foreign Relation committees, met on Wednesday with Syrian President Bashar Assad in Damascus. After the meeting, Nelson said Assad had "clearly indicated a willingness to cooperate" in securing Syria's border with Iraq, the Associated Press reported.

Bush has resisted negotiations with either country, citing their support for Iraqi insurgents and the Hezbollah militia in Lebanon.

*

Talks with Kurdish leaders

Bush on Wednesday also talked by telephone to Iraq's two most prominent Kurdish leaders, Iraqi President Jalal Talabani and Massoud Barzani, president of Iraq's Kurdish provinces, to explore the possibility of forming a coalition of moderates within the Iraqi parliament.

Administration officials have suggested such a move as a way of marginalizing Shiites loyal to radical cleric Muqtada Sadr and Sunni groups with links to the insurgency.

Advocates see the strategy as a way to free the hand of Iraqi Prime Minister Nouri Maliki, who remains reliant on Sadr's allies for his political base.

Bush appeared to support such an initiative Wednesday. "These men have been outspoken about the desire to have a moderate governing coalition, which we support," he said of his conversation with the Kurdish leaders.

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U.S. and Iraqi officials have acknowledged such a plan is still under consideration, but it faces significant hurdles, including a backlash from Sadr, whose Al Mahdi army is the most formidable Shiite militia in Iraq. In addition, officials said, it could be opposed by Iraq's most influential religious leader, Grand Ayatollah Ali Sistani, who has urged all Shiite leaders to stick together.

Bush: I Won't Be Rushed On Iraq (AP)

By Jennifer Loven

AP, December 14, 2006

President Bush said Wednesday he would "not be rushed" into a decision on a strategy change for Iraq, saying that in a round of consultations he heard both some interesting ideas and some "ideas that would lead to defeat."

"And I reject those ideas," Bush said after meeting with top generals and Defense Department officials at the Pentagon. He said those ideas included "leaving before the job is done, ideas such as not helping this (Iraqi) government take the necessary and hard steps to be able to do its job."

Bush spoke with reporters after wrapping up a round of high-level talks on revising his Iraq war policy. Earlier he spoke by telephone with two Kurdish leaders in Iraq as part of what the White House called efforts to forge a "moderate bloc" behind the shaky central government in Baghdad.

Standing with the Joint Chiefs of Staff, Bush said he and the nation's top military commanders had "a very candid and fruitful discussion about how to secure this country and about how to win a war that we now find ourselves in."

Bush made it clear that "there has been a lot of violence in Iraq. The violence has been horrific."

Although the White House had initially suggested that Bush would deliver his speech on Iraq strategy before Christmas, he has decided to delay it until early next year.

Defending that decision, Bush said, "I will not be rushed into making a difficult decision ... a necessary decision."

Joined by Vice President Dick Cheney, incoming Defense Secretary Robert Gates and outgoing Defense Secretary Donald H. Rumsfeld, Bush met with the military leaders and other members of his national security team at the Pentagon, where war commanders are calling for more U.S. trainers and equipment for beleaguered Iraqi forces.

He addressed some of his remarks to members of the nation's military, including some 140,000 now stationed in Iraq. "I appreciate their sacrifices, and I want them to know I'm focused on developing a strategy that will help them achieve their mission," the president said.

"I know there is a lot of debate at home, and our troops pay attention to that debate," Bush said. Directing his remarks to the troops, he said: "It means I'm listening to a lot of advice to develop a strategy to help you succeed."

Bush's meeting at the Pentagon lasted more than 90 minutes.

Bush said part of the reason for his putting off his speech to next year was to allow Gates to familiarize himself with the top defense job "and be part of this debate."

"At the appropriate time, I'll stand up in front of the nation and say, `here's where we're headed,'" Bush said.

Bush pledged anew to work with the Democratic-controlled Congress that convenes in January "to forge greater bipartisan consensus" on Iraq policy.

Asked by a reporter if recommendations made a week ago by the bipartisan Iraq Study Group included some of the bad advice he had cited, Bush said that his opinion of the report "hasn't changed."

"I thought it was interesting that Republicans and Democrats could work in concert to help achieve an objective," Bush said. The panel was headed by former Republican Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind.

On Tuesday, in similar discussions with field commanders, Bush heard Gen. John Abizaid, top U.S. commander in the Middle East, and Gen. George Casey, the top general in Iraq, ask the administration to pour increased funding into more armored vehicles, body armor and other critical equipment for the Iraqis, said a defense specialist familiar with the meetings. The source requested anonymity because the discussions were private.

Abizaid has told the Senate Armed Services Committee that troop levels in Iraq need to stay fairly stable and the use of military adviser teams expanded. About 140,000 U.S. troops and about 5,000 advisers are in Iraq.

The message to Bush, the defense specialist said, is that the U.S. cannot withdraw a substantial number of combat troops by early 2008, as suggested by the independent commission on Iraq, because the Iraqis will not be ready to assume control of their country.

Iraqi leaders, meanwhile, last month presented Bush with a plan for its troops to assume primary responsibility for security in Baghdad early next year and that U.S. troops be shifted to the capital's periphery, The New York Times reported on its Web site Tuesday night.

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Bush already has visited this week with State Department officials to review options, hosted a few outside Iraq experts, and met with Iraq's Sunni vice president, Tariq al-Hashemi. Last week, the president held talks with the leader of the largest Shiite bloc in Iraq's parliament, Abdul-Aziz al-Hakim, and with British Prime Minister Tony Blair, the president's staunchest war ally.

On Wednesday, Bush placed calls to Iraqi President Jalal Talabani, a Kurd, and Massoud Barzani, president of the Kurdish region.

Bush's discussions across Iraq's ethnic and religious lines come as major partners in the country's governing coalition are in behind-the-scenes talks to form a new parliamentary bloc and sideline supporters of the radical Shiite cleric Muqtada al-Sadr, a vehement opponent of the U.S. military presence and the main patron of Iraqi Prime Minister Nouri al-Maliki. There is discontent in Iraq and within the Bush administration over al-Maliki's failure to rein in Shiite militias and quell raging violence.

President Bush Offers New Clues On His Plans For Iraq (MCT)

By Ron Hutcheson

McClatchy Newspapers, December 14, 2006

WASHINGTON - Acknowledging that "our enemy is far from being defeated," President Bush assured U.S. troops Wednesday that he would come up with a better plan for victory in Iraq.

"I've heard some ideas that would lead to defeat, and I reject those ideas - ideas such as leaving before the job is done," Bush said after a Pentagon briefing. "We're not going to give up. The stakes are too high and the consequences too grave to turn Iraq over to extremists."

The president's comments offered clues to his thinking as he prepares to announce a revised policy for Iraq early next month. He said he's looking for a plan that combines military action, political reconciliation, economic development and diplomatic efforts to get more help from Iraq's regional neighbors.

The resolute tone of his remarks may have delivered his clearest message: Standing with the Joint Chiefs of Staff at the Pentagon, Bush assured U.S. troops that he has no intention of leaving Iraq until they finish the job of establishing a stable democracy.

Speaking directly to the troops, he declared his "unshakable commitment" to his goals for Iraq. "We're going to give you the tools necessary to succeed," he said, "and a strategy to help you succeed."

That was in stark contrast to the tone of the bipartisan Iraq Study Group's report, unveiled last week. Its opening words: "The situation in Iraq is grave and deteriorating."

The panel said most U.S. combat troops could be out of Iraq by early 2008, and it urged Bush to make Iraqis responsible for their security as soon as possible.

Although Bush said he found "some good ideas" in the Iraq Study Group's recommendations, his analysis differed from the panel's findings.

Bush described a fight pitting allied U.S. and Iraqi forces against "the enemy" - which he defined at one point as "terrorists and insurgents and death-squad leaders." The study group said U.S. troops face a complex mix of spreading sectarian violence between Shiite and Sunni Muslim Iraqis; anti-American insurgents; and a relatively small number of al-Qaida terrorists.

The group's report also made clear that sectarian militiamen have infiltrated Iraq's military and police units and that many soldiers and police are more loyal to radical clerics than to the central Iraqi government.

The next chairman of the Senate Armed Services Committee sided with the study group on Wednesday.

"Nothing will get the attention of the Iraqi leaders like the prospect of some American troops leaving Iraq," Sen. Carl Levin, D-Mich., said in a speech endorsing the study group's approach. "When they finally understand that our military presence in Iraq is neither permanent nor unconditional, they are far more likely to take the political steps necessary to deal with sectarian violence and to defeat the insurgency."

Levin will chair the Armed Services panel when Democrats take control of Congress next month. He favors a phased withdrawal of U.S. troops beginning in four to six months.

Bush didn't address reports that his military advisers are considering proposals to send as many as 20,000 more U.S. troops to Iraq to help train Iraqi security forces. The study group said a surge of advisers to join the 140,000 troops already in Iraq could help clear the way for withdrawal.

"I've heard interesting ideas," Bush said. "At the appropriate time, I will stand up in front of the nation and say, `Here's where we're headed.'"

The president said he's working to push Iraq's government to forge political reconciliation among the rival groups splintering the country.

"It's my job to convince the al-Maliki government to make the hard decisions necessary to move the country forward," Bush said, referring to Iraqi Prime Minister Nouri al-Maliki. "But the good news is, he agrees."

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Bush said he'd placed phone calls Wednesday to two Iraqi Kurdish leaders, pressing the same goal. He said he'd continue to press friendly regional governments in Saudi Arabia, Egypt, Jordan and Turkey to use their influence on Iraq's behalf. He and his advisers have rejected the study group's recommendations for direct talks with Syria and Iran.

Bush dismissed calls for fast action on delivering a new strategy. He'd hoped to announce his plans next week but pushed back his speech until early next year. He's been consulting widely and said he wants his new secretary of defense, Robert Gates, to participate in the policy review. Gates will be sworn in on Monday.

"I will be delivering my plans after a long deliberation, after steady deliberation," the president said. "I'm not going to be rushed into a difficult decision."

Bush Consults With Pentagon On Iraq (NYT)

By David Stout

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 -- President Bush said today that he would not be "rushed" into deciding on a new course of action in Iraq, and that United States troops would not leave the country "before the job is done" and Iraq is free and stable.

"We're not going to give up," Mr. Bush said at the Pentagon, after discussing the Iraq situation with senior Defense Department officials and military leaders. "The stakes are too high, and the consequences too great."

While Mr. Bush said he and the Pentagon leaders had discussed "how to win a war that we now find ourselves in," he avoided using the term "victory" and referred instead to devising "a strategy to succeed" and an approach to help American troops in Iraq "achieve their mission."

In vowing that he would not be hurried, the president said he will announce his plans after "a long deliberation." He also sounded themes he has articulated for many months. Mr. Bush asserted, for example, that a free and stable Iraq will be an example to other countries and peoples in the Middle East and an ally of the United States in the campaign against extremists. And he said he envisioned an Iraq that is self-sustaining, self-governing and able to defend itself.

With members of the Joint Chiefs of Staff behind him, Mr. Bush said he had a message for the men and women of the United States who are in Iraq. "I'm listening to a lot of advice to develop a strategy to help you succeed," Mr. Bush said. "You have my unshakeable commitment."

He also said he was open to new ideas, including some outlined by the Iraq Study Group, which urged a change of course in Iraq.

Mr. Bush said he was confident that Iraq's Prime Minister, Kamal al-Maliki, wants his country to be politically unified, and that the great task facing his government and Washington involves a diplomatic campaign as well as a military one.

The president is to spell out a new strategy for Iraq in early January. For today, he was deliberately vague -- the better, he said, to keep getting valuable, interesting advice.

And while Mr. Bush pledged to work with the new, Democratic-controlled Congress on Iraq, he warned that to leave Iraq precipitously would be to hand that country over to "an enemy that would do us harm," an enemy whose deadliness was demonstrated on Sept. 11, 2001.

But that will only happen, he said, "if we lose our nerve, if we're not steadfast in our determination."

Joint Chiefs Advise Change In War Strategy (WP)

By Robin Wright And Ann Scott Tyson

The Washington Post, December 14, 2006

The nation's top uniformed leaders are recommending that the United States change its main military mission in Iraq from combating insurgents to supporting Iraqi troops and hunting terrorists, said sources familiar with the White House's ongoing Iraq policy review.

President Bush and Vice President Cheney met with the members of the Joint Chiefs of Staff yesterday at the Pentagon for more than an hour, and the president engaged his top military advisers on different options. The chiefs made no dramatic proposals but, at a time of intensifying national debate about how to solve the Iraq crisis, offered a pragmatic assessment of what can and cannot be done by the military, the sources said.

The chiefs do not favor adding significant numbers of troops to Iraq, said sources familiar with their thinking, but see strengthening the Iraqi army as pivotal to achieving some degree of stability. They also are pressing for a much greater U.S. effort on economic reconstruction and political reconciliation.

Sources said that Gen. George W. Casey Jr., the top U.S. commander in Iraq, is reviewing a plan to redefine the American military mission there: U.S. troops would be pulled out of Iraqi cities and consolidated at a handful of U.S. bases while day-to-day

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combat duty would be turned over to the Iraqi army. Casey is still considering whether to request more troops, possibly as part of an expanded training mission to help strengthen the Iraqi army.

The recommendations Casey is reviewing to overhaul the military mission were formulated by Lt. Gen. Peter W. Chiarelli, the outgoing top U.S. ground commander, officials said. The plan positions the U.S. military to be able to move swiftly to a new focus on training, one of the key recommendations from several reviews of U.S. strategy, including from the bipartisan Iraq Study Group.

Under the plan developed by Chiarelli's staff, the military would shift about half of its 15 combat brigades away from battling insurgents and sectarian violence and into training Iraqi security forces as soon as the spring of 2007, military and defense officials said. In northern and western Iraq, U.S. commanders are already moving troops out of combat missions to place them as advisers with lower-level Iraqi army units, Maj. Gen. William Caldwell, spokesman for the military in Iraq, said yesterday at a briefing in Baghdad.

Administration officials stressed that Bush, under pressure from Congress and the electorate to abandon the United States' open-ended commitment, has made no final decisions on how to proceed in Iraq. But the new disclosures suggest that military planning is well underway for a major change from an approach that has assigned the bulk of responsibility for security in Iraq to more than 140,000 U.S. troops.

The chiefs also want to see a new push on political and economic issues, especially employment programs, reconstruction and political reconciliation, to help quell the problems that have fueled both the Sunni insurgency and Shiite-Sunni sectarian strife, say defense officials and U.S. military officers in Iraq. A new jobs program is considered key to pulling young men from the burgeoning militias.

Pentagon chiefs think that there is no purely military solution for Iraq and that, without major progress on the political and economic fronts, the U.S. intervention is simply buying time, the sources said. They particularly want to see U.S. pressure on the government of Prime Minister Nouri al-Maliki to offer amnesty to Sunni insurgents, approve constitutional amendments promised to the Sunni minority, pass laws to ensure equitable distribution of oil revenue, and modify the ban on members of Saddam Hussein's Baath Party taking government positions.

Bush alluded to this proposition when he met briefly with reporters after his meeting at the Pentagon. "Our military cannot do this job alone," he said. "Our military needs a political strategy that is effective."

But Bush also showed no sign that he is retreating from his basic proposition that the U.S. military must be engaged in Iraq for some time. "If we lose our nerve, if we're not steadfast in our determination to help the Iraqi government succeed, we will be handing Iraq over to an enemy that would do us harm," he said, adding that he would not be "rushed" into a decision.

Bush has been intensely involved with reviewing his options on Iraq this week, meeting on Monday with officials at the State Department and talking by videoconference on Tuesday with his commanders in Iraq. One senior administration official said last night that the situation is "fluid" and described Bush as especially mindful of the need to integrate military and political strategies.

But as the sources described yesterday, the military planning in both Washington and Baghdad is far along, in some ways tracking the ideas presented last week by the Iraq Study Group, led by former secretary of state James A. Baker III and former U.S. representative Lee H. Hamilton (D-Ind.), for instance in the emphasis on reshaping the U.S. military mission to focus on training and advising.

Thousands of U.S. combat troops in Iraq would become embedded advisers with Iraqi security forces. About 4,000 U.S. troops are now serving on 11-person military training teams embedded with Iraqi forces. The new plan would add 30 troops to each team, allowing them to provide supervision and mentoring down to the level of Iraqi army companies -- a step seen as critical to bolstering Iraqi units and preventing sectarian violence.

Meanwhile, the remaining seven to eight brigades of U.S. combat forces would focus on three core missions: striking al-Qaeda, strengthening security along Iraq's borders, and protecting major highways and other routes to ensure U.S. forces freedom of movement in Iraq.

The plan would not allow for any major reduction in U.S. troops in Iraq over the next year -- nor would it call for any surge in troops, as some, such as Sen. John McCain (R-Ariz.), have advocated.

The Pentagon chiefs also are urging that any new strategy be sensitive to regional context, particularly the impact of political or military decisions. They are concerned that any decision to effectively throw U.S. support to the Shiite majority may lead Sunni governments in the region to take a more active role in supporting Sunni insurgents. But they are also concerned that a crackdown on Iraq's largest Shiite militia, the Mahdi army, may have repercussions on Iran's actions in Iraq, say officials familiar with the ongoing review.

A constant subtext in the meeting yesterday, and in the ongoing White House review, is the Joint Chiefs' growing concern about the erosion of the U.S. military's ability to deal with other crises around the world because of the heavy commitment in Iraq

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and the stress on troops and equipment, said officials familiar with the review. The chiefs planned to tell Bush of the significantly increased risk to readiness in the event of a new emergency, rather than push for a timeline to leave Iraq.

Staff writers Michael Abramowitz, Thomas E. Ricks and Josh White contributed to this report.

Redeploy Troops In Iraq Soon, Brass Say (USAT)

By Tom Vanden Brook

USA Today, December 14, 2006

WASHINGTON — A proposal developed by top U.S. commanders in Iraq would significantly redeploy troops from a combat role to training and advising Iraqi forces, according to four administration officials.

The proposal, requested by Gen. George Casey, the top U.S. military official in Iraq, calls for changing the mission during the next several months, said the officials.

All requested anonymity because they are not authorized to speak publicly about the proposal.

This is "one of many plans" President Bush is considering as he weighs a new strategy for the war, said one of the officials, who works at the White House.

Bush was briefed Tuesday by Casey and Casey's boss, Central Command chief Gen. John Abizaid. Bush, who still must approve the proposal, met at the Pentagon on Wednesday with other top commanders.

Details of the redeployment proposal were provided by one official, and its general outline was confirmed by three others. Highlights include:

· Change the mission for an undetermined number of the 15 U.S. brigade combat teams currently in Iraq by March 2007. Troops in those brigades, which number about 3,000 each, would embed with Iraqi units.

The plan would dramatically increase the size of those teams from the current 12 troops per Iraqi unit.

·Redeploy the remaining combat brigades as quick-reaction forces to fight insurgents, perform border security and secure lines of communication.

·Dramatically reduce the number of U.S. operating bases. Now there are 50.

The plan depends on conditions in Iraq, including the Iraqi army's ability to run combat operations.

Some of the plan's elements resemble those proposed last week by the Iraq Study Group created by Congress. The group's recommendations included removing U.S. combat forces by early 2008; remaining troops would be embedded with Iraqi forces in a training role or serve in rapid-response teams.

Flanked by Vice President Cheney, incoming Defense Secretary Robert Gates and outgoing Defense Secretary Donald Rumsfeld, Bush said Wednesday that he would "not be rushed" into a new strategy for Iraq.

During consultations with military, political and Iraqi leaders, Bush said he heard interesting ideas and some "ideas that would lead to defeat.

"And I reject those ideas," including leaving "before the job is done" and not helping the fledgling Iraqi government, Bush said.

Iraqi Prime Minister Nouri al-Maliki has asked Bush to let Iraq take the lead in securing Baghdad next year.

Worsening conditions in Iraq leave the Pentagon two defensible options, said Stephen Biddle, a military expert at the Council on Foreign Relations. It can either increase the number of U.S. forces to provide security and protect troops training the Iraqi army or withdraw troops immediately, he said.

Adding troops would be expensive, Biddle said. Turning combat troops into trainers could embolden insurgents, he said.

Also, the Pentagon doesn't have enough special operations troops who specialize in training military forces in other countries, said Kalev Sepp, an assistant professor at the Naval Postgraduate School.

"We have to look for ways to accelerate the training of advisers," said Sepp, a former Army Special Forces officer.

"What we're looking at is a menu of bad choices," Biddle said.

War-Weary Public Wants Congress To Lead (WSJ)

By John Harwood

The Wall Street Journal, December 14, 2006

WASHINGTON -- Falling public support for the war in Iraq has weakened President Bush's political hand across the board, bolstering the clout of the new Democratic Congress as it prepares to take power.

A new Wall Street Journal/NBC News poll1 shows Americans have grown more pessimistic after the Iraq Study Group report that the situation there has become "dire." That contributed to Mr. Bush's lowest-ever approval rating in the Journal/NBC poll -- 34% -- and turned Americans toward his Democratic adversaries. By 59% to 21%, Americans say Congress rather than

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Mr. Bush should take the lead in setting policy for the nation. Nearly a year ago, when Republicans controlled Congress, Americans wanted Capitol Hill to take the lead, 49% to 25% over Mr. Bush.

"For the president, Iraq is everything," says Peter Hart, the Democratic pollster who helps conduct the Journal/NBC survey. "Until he's able to do something different on Iraq, he will have little or no leverage with the general public."

IN THE POLLS

· Graphic: Bush's approval ratings across multiple polls2

· See poll results3. (Adobe Acrobat required4)

The results show "a presidency that's been whittled down to its ultimate core," adds Mr. Hart's Republican counterpart, Bill McInturff, as even three in 10 Republicans want Congress to lead on national policy. The telephone survey of 1,006 adults, conducted Dec. 8 to Dec. 11, carries a margin of error of 3.1 percentage points.

Mr. Bush's lost standing has ramifications across the political landscape. Seven in 10 say they want the new Congress to pressure the White House to begin bringing troops home within six months.

At the same time, items on the Democrats' opening agenda for Congress enjoy strong initial backing. More than seven in 10 Americans support raising the minimum wage -- on which Mr. Bush has indicated flexibility -- and forcing the federal government to negotiate lower Medicare drug prices with pharmaceuticals companies -- which Mr. Bush opposes.

The president faces a steeper challenge resisting Democratic initiatives on other economic issues. On energy, 80% favor forcing auto makers to build more fuel-efficient vehicles even if that raises prices; 59% back eliminating tax cuts for oil companies.

On trade, 61% say the U.S. government isn't being tough in economic negotiations with China. With anxiety over lost U.S. manufacturing jobs spurring protectionist moves on Capitol Hill, that underscores the political heat on Treasury Secretary Henry Paulson to deliver results in the "Strategic Economic Dialogue" that opens today in Beijing.

Americans are looking to Capitol Hill for leadership by an even wider margin than they did after Republicans captured both houses of Congress in 1994 and confronted President Clinton. To be sure, Mr. Clinton's subsequent political victories and re-election to a second term showed an embattled president can turn his fortunes around.

But for now Mr. Bush's political woes represent a burden for his party. Some 59% of Americans, for example, say they would consider service in Mr. Bush's Cabinet discomfiting in a 2008 presidential contender, outpacing the 38% who say it would make them comfortable or enthusiastic.

One positive for the president's party: Its leading 2008 candidates enjoy independent reputations. Among Republicans, the poll shows, former New York City Mayor Rudy Giuliani tops the field with 34% supporting him. Sen. John McCain of Arizona, who battled Mr. Bush in 2000 primaries and is considered more certain to run, draws 29%. Both are far ahead of other Republican aspirants including former House Speaker Newt Gingrich (10%) and departing Massachusetts Gov. Mitt Romney (8%).

Sen. Hillary Rodham Clinton of New York continues to hold a solid lead over potential 2008 Democratic candidates, with 37%. But Illinois Sen. Barack Obama, an African-American whose charisma and calls for consensus-building have created a political sensation, has moved into second place with 18%. In the process he passed both halves of the Democrats' 2004 national ticket: Vice presidential nominee John Edwards draws 14%, while Massachusetts Sen. John Kerry receives 11%.

In potential general-election matchups, Mr. McCain leads Mrs. Clinton by 47% to 43% and Mr. Obama by 43% to 38%. One encouraging note for Mr. Edwards -- eclipsed lately by Mr. Obama -- is the poll's finding that the former North Carolina senator leads Mr. McCain by 43% to 41% due to solid appeal among independents.

The Democrats' momentum from midterms elections continued this week with Ciro Rodriguez's surprise victory Tuesday over longtime Republican incumbent Henry Bonilla for a Texas U.S. House seat. That leaves Democrats with a midterm election gain of 30 seats and a 233-202 House majority.

Messrs. Hart and McInturff, the pollsters, caution that big political winners sometimes receive postelection surges of public support that dissipate. Yet a month after Election Day, deteriorating attitudes on Iraq continue to fuel calls for change.

Just 19% of Americans now describe themselves as "more confident" the war will end successfully, and only 16% favor continued use of U.S. troops in all aspects of the war. Just one in four Americans believe there is anything more the U.S. can do to quell violence among Iraq's ethnic and religious groups; 65% say the U.S. is already doing all it can.

Americans express ambivalence about the Iraq Study Group's report itself, as 49% say they don't know enough about it. But they evince considerable support for its substantive recommendations; eight in 10 want U.S. troops either redeployed to secure bases to focus on training Iraqis, or removed from Iraq in a phased withdrawal beginning immediately.

Those findings reflect pressure on Mr. Bush to begin winding down the war as he enters the final two years of his presidency. By 3-to-1, Americans disapprove of the president's handling of the war. Similar pessimism among Americans on the subject was reported in a Washington Post-ABC News poll and a CBS News survey.

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At least publicly, however, the president continues to project unwavering determination as he consults advisers inside and outside the administration on what he calls "a new way forward." After meeting at the Pentagon yesterday with senior military leaders, Mr. Bush said he has heard "ideas that would lead to defeat ... and I reject those ideas." Among them, he added, are "leaving before the job is done."

New Congress Is More Trusted Than President (WP)

By Charles Babington And Jon Cohen

The Washington Post, December 14, 2006

Americans trust Democratic lawmakers more than President Bush to handle the nation's toughest problems, including the Iraq war, and a quarter of Republicans are glad that Democrats have won control of Congress, a Washington Post-ABC News poll finds.

At the same time, however, most Americans want lawmakers and the president to work together rather than pursue separate agendas. They also have modest hopes about how much the new Congress will be able to accomplish.

The degree to which congressional leaders can sustain and capitalize on initial goodwill is questionable, because the No. 1 issue for most Americans is perhaps the most difficult for Congress and the White House: Iraq. Forty-four percent of respondents said the Iraq war is the most important problem facing the government, easily eclipsing the economy -- the top concern for 10 percent -- and health care, No. 1 for 6 percent.

Asked whether they trusted Bush or Democrats in Congress "to do a better job coping with the main problems the nation faces," 57 percent of the respondents said congressional Democrats and 31 percent said Bush. When the question was broken down to specific problems, such as Iraq, the economy, immigration and the "war on terrorism," Democrats held clear majorities over Bush. Their lead was overwhelming in the area of health care: 64 percent to Bush's 26 percent.

More than half of the respondents said it was a good thing that Congress will switch from Republican control to Democratic; 17 percent called it a bad thing and 1 in 4 said it would make no difference. Shortly after Republicans took over Congress after the 1994 election, 48 percent of Americans said the switch was a good thing.

In the poll, more than 4 in 5 Democrats said the latest change in control of Congress is good, as did 55 percent of independents. Even 23 percent of Republicans called the change a good thing.

Sharon Campbell of Norman, Okla., is among those traditional GOP voters displeased with Bush and Republican lawmakers. A fiscal conservative, Campbell, 64, said in an interview that congressional Republicans "have not been conservative. . . . Look at the debt that's piled up."

Two-thirds of those polled said Bush "should work mainly to compromise with the Democrats" in Congress rather than pursue his own agenda. Fifty-six percent said the next Congress will be able to do "not too much" or "nothing at all" in the next year; 43 percent said it will be able to accomplish a "good deal" or a "great amount."

The public gave relatively low marks to the Republican-controlled Congress that ended last week, with 37 percent saying they approved of how Congress was doing its job and 57 percent disapproving. The Washington Post-ABC News poll was conducted Dec. 7-11 by telephone among a random national sample of 1,005 adults. The margin of sampling error is three percentage points.

Iraqi PM Weighs Political Realignment (AP)

By Hamza Hendawi And Qassim Abdul-Zahra

AP, December 14, 2006

Iraq's prime minister is weighing whether to sever his alliance with a radical Shiite cleric blamed for much of the country's sectarian violence, aides said Wednesday. But isolating Muqtada al-Sadr could lead to more deadly attacks, even if the strategy could produce a more stable administration over time.

Prime Minister Nouri al-Maliki has been meeting over the last three days with a small circle of his Dawa Party stalwarts to discuss their options, according to his aides who spoke on condition of anonymity because the subject is sensitive.

The meetings began after reports surfaced of a proposed realignment of the alliance supporting the governing coalition, the aides said.

The White House has acknowledged efforts to shore up al-Maliki's coalition but has denied that the move is aimed at replacing him, though some of his aides fear this is the goal.

"We've talked in recent days about a moderate bloc that has Sunni, Shia and Kurdish leaders," White House spokesman Tony Snow said Wednesday.

Central to that strategy is to curb the power of al-Sadr, the radical anti-American cleric who controls 30 of parliament's 275 seats, five Cabinet ministries and the Mahdi Army, Iraq's biggest and most active Shiite militia.

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There has been no contact between al-Maliki and al-Sadr since word of the possible new alignment surfaced this week, the aides said.

Relations between al-Maliki and al-Sadr have strained since the Sadrists suspended their participation in parliament and the government two weeks ago to protest the prime minister's Nov. 30 meeting with Bush in Jordan.

Sticking with the Sadrists could cost al-Maliki his job, the aides said. They added that al-Maliki's supporters want to be absolutely certain he could keep the top post if he broke with al-Sadr.

Al-Maliki's only public comments on the proposed new bloc came Tuesday when he said there was no alternative to his "national unity" government.

"We are opposed to anyone who moves in that framework," said al-Maliki, whose seven months in office have been defined by a surge in violence and failure to improve services.

The bid to form the new bloc comes at a particularly bad time for al-Maliki.

The aides to the prime minister said the Sadrist boycott was undermining the government and was likely to play into the hands of the parties involved in the effort to create a new bloc.

A White House memo written by National Security Adviser Stephen Hadley after a visit to Baghdad last month cast doubts about whether al-Maliki had the capacity to control Iraq's sectarian violence and recommended that he end his alliance with al-Sadr.

A new government that excludes supporters of al-Sadr would leave the cleric's Mahdi Army militia without the protection it has enjoyed since al-Maliki came to office in May.

But it could also signal the start of a new round of fighting between the Mahdi Army and the U.S. military. The two sides fought each other for much of 2004 in Baghdad and across much of central and southern Iraq.

The clashes ended after Shiite politicians and clerics convinced the Americans that al-Sadr would be less of a threat to stability if he were brought into the political process. As sectarian violence escalated, that argument seems less persuasive.

On Tuesday, the outgoing No. 2 U.S. commander in Iraq, Lt. Gen. Peter Chiarelli, said some U.S. casualties have resulted from attacks by Shiite militias, a clear reference to the Mahdi Army.

Sadrist legislators have vowed to resist any attempt to isolate them. They did not elaborate, but al-Sadr himself has stepped up his anti-American rhetoric this week, calling on Iraqis to join in a peaceful campaign to push for a timetable for the withdrawal of all foreign troops from Iraq.

The bipartisan Iraq Study Group said Mahdi Army militiamen number about 60,000, a significant increase over previous estimates, which put its strength at about 10,000. The report, released last week, urged al-Maliki to disband the militia.

But many Shiites believe the Mahdi Army has much greater public support than it did in 2004. In the sectarian violence engulfing Baghdad since the bombing of a major Shiite shrine in February, many of the city's Shiites look to the militia for protection against attacks by Sunni Arab militants.

"The sword of the Shiites," is the phrase some Shiites now use to refer to the militia.

The bid to form a new bloc, which is expected to exclude radical Sunnis as well, is spearheaded by senior Shiite leader Abdul-Aziz al-Hakim and Vice President Tariq al-Hashemi of the Sunni Iraqi Islamic Party. Bush met the two men in the White House separately this month.

Bush also spoke on the telephone Wednesday with Iraqi President Jalal Talabani and Massoud Barzani, leader of Iraq's autonomous Kurdish region, according to Snow, the White House spokesman. Parties led by the two men also are involved in the ongoing talks about the new bloc as well as independents.

A possible stumbling bloc in creating the new bloc, however, could come from Iraq's most influential Shiite cleric, Grand Ayatollah Ali al-Sistani. Al-Sistani has consistently urged Shiite unity since the 2003 ouster of Saddam Hussein's Sunni-led regime.

An Iraqi in regular contact with al-Sistani in the holy city of Najaf said the Iranian-born cleric will not publicly state his views on the matter until "the picture becomes clearer."

Speaking on condition of anonymity because he was not authorized to speak to the media, he suggested that al-Sistani may want to see a political shake-up, saying the cleric was "bitterly saddened" by the violence.

Iraqi Politicians Consider A Reshuffling (LAT)

By Borzou Daragahi

The Los Angeles Times, December 14, 2006

BAGHDAD — Bombs, mortar rounds and shootings left more than 40 Iraqis dead Wednesday as politicians met to discuss a possible Cabinet shake-up in an attempt to improve the government's track record on stemming violence.

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The Shiite-dominated government of Prime Minister Nouri Maliki faces domestic and international pressure to secure streets and provide services. Maliki blames his government's shortcomings in part on the ministers appointed under pressure from his coalition partners. Talks between Maliki, Cabinet officials and political party leaders were underway Wednesday to reshuffle the posts.

"We're trying to strengthen the position of the prime minister," said Diya Din Fayyad, a Shiite Muslim member of parliament. "There's an agreement to change the ministries."

In Wednesday's deadliest incident of sectarian violence, an explosives-packed car blew up in a crowded bus terminal in a mostly Shiite district of eastern Baghdad, killing 10 Iraqis and injuring 25 during the morning rush hour.

Apparent Sunni insurgents killed at least five civilians and injured 13 in two other explosions set off in New Baghdad, another mostly Shiite neighborhood of the capital.

Gunmen kidnapped a ranking advisor to the Shiite-dominated Ministry of Transportation in eastern Baghdad.

Suspected Shiite militants also struck at Sunnis. An Interior Ministry official reported the discovery of at least 21 unidentified bodies in and around the capital. Most had been shot multiple times, and several showed signs of torture.

Mortar rounds struck a neighborhood of mostly Palestinian immigrants in eastern Baghdad, killing one person and injuring six. The Sunni Arab Palestinians, favored under the regime of Saddam Hussein, are at times targeted by armed Shiite groups.

Mortar rounds also struck a government building near the southern city of Hillah, killing at least one civilian and injuring two.

Violence also erupted Wednesday in the northern oil city of Kirkuk, claimed by Iraq's Kurds, Arabs and Turkmens.

A pair of suicide bombers rammed into the entrance of an Iraqi army base near the city, killing at least two soldiers and injuring eight.

Roadside bombs in Kirkuk killed a police officer and a woman. An Iraqi explosives expert also died in Kirkuk when a bomb he was trying to dismantle exploded.

Police also discovered the body of an unidentified man, shot multiple times and bearing signs of torture in the style of killing often associated with sectarian death squads in the capital.

Showdown Highlights Cleric's Tenuous Grip On Power (MCT)

By Hannah Allam And Laith Hammoudi

McClatchy Newspapers, December 13, 2006

BAGHDAD, Iraq - The day seemed tranquil at Muqtada al-Sadr's headquarters for western Baghdad. Pigeons flew overhead, swooping down to perch on palm trees that dotted the courtyard. Uniformed Iraqi policemen and soldiers sipped tea with rugged militiamen or exchanged customary kisses with black-turbaned clerics. Women came to plead for assistance.

But calm is always fleeting in Baghdad. At midday, about 50 gunmen stormed the courtyard and ordered everyone inside to stay put and to stay silent.

Sadr's Mahdi Army militiamen responded immediately, drawing automatic rifles and pistols from under their winter coats and gathering in a cluster to face the unidentified gunmen. The assailants closed ranks, brandishing shiny revolvers and battered machine guns.

The groups walked toward each other as if in a high-noon duel. A voice from the crowd called for blessings in the name of Islam's Prophet Muhammad. Sadr's soldiers began to shout age-old prayers for the prophet and his descendants, then added the Sadr camp's innovation: "Bring salvation soon, and damn their enemies!"

With the air filled with the clicking sound of weapons being prepared, visiting McClatchy journalists fled.

The sudden intrusion of the gunmen into one of Sadr's most secure strongholds exposed a paradox that dogs the Sadr movement and contributes to the daily bloodletting here: The Mahdi Army is growing larger and more sophisticated, with politicians in the government and a vast social services network that serves thousands of poor Shiites, but the anarchy of the streets makes it hard for the militia's commanders to rein in their men, much less prevent attacks from rival factions.

Even as Sadr presses for more land and power, his grasp over Baghdad remains tenuous.

Just moments before, Hazem al Araji, 37, a senior Sadr aide and head of the office, had extolled the transformation of Sadr's movement. Now, gunmen of unknown provenance were threatening his office.

Araji came to the office in the summer of 2003, when he was fresh from exile in Canada. The one-story stucco building in Kadhemiya was a Shiite seminary where baby-faced clerics-in-training dashed out between philosophy classes for falafel sandwiches.

On warm summer days, students in white robes sat under the palm trees in the serene courtyard. They idly flipped through the pages of their Qurans or sat frozen in thought as their fingers worked prayer beads. Sadr's supporters struggled to recruit members to the fledgling Mahdi Army, posting leaflets on the seminary walls. Visitors came and went as they pleased.

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These days, the safest route to Sadr's west Baghdad office runs through an obstacle course of both legal and dubious checkpoints in an area known for kidnappings and car bombings.

On Tuesday, there were eight: The first was an imposing roadblock manned by Iraqi army soldiers in camouflage. The next four were guarded by Iraqi police in mismatched uniforms. Then came a couple of apparent militiamen standing in the street with guns, and next, a vehicle search by more plainclothes sentries. Finally, another batch of unidentified guards stopped pedestrians at a coil of razor wire to peer into women's bags and pat down men for weapons.

Gone are the peaceful seminary days. In their place, men in long overcoats hover, casting steely glares on anyone who enters the compound. The courtyard brims with new faces and dialects. Some were distraught Iraqis seeking financial or security help; others were militiamen or workers from Sadr's social programs.

A large poster hung on the wall showing Sadr, the firebrand cleric-turned-commander, alongside fellow Shiite Muslim leader Hassan Nasrallah, head of Lebanon's Hezbollah. Sadr stood on an American flag; Nasrallah on an Israeli one. The caption read: "Their arrogance is under your feet."

An elderly blue-eyed woman shuffled in and beseeched Sadr's representatives for medical assistance for her three sons. Two of them had been shot by U.S. troops, she said, and the third had fallen off a motorcycle while fighting Sunni gunmen.

"Are they in the imam's army?" a tall, stern man asked.

"Yes, they all are," the woman replied.

"OK, just give me their names and papers and we'll sponsor them," he said.

Araji's story illustrates the history of the Sadr movement. A devotee of Sadr's father, a prominent Iraqi ayatollah, Araji fled Iraq in 1999 after Sadr's father was killed. He returned after Saddam Hussein was deposed, but was detained twice by U.S. forces after the Mahdi Army fought two bitter uprisings against the Americans in 2004. He was out of prison last year, and his wife and four children have joined him from Canada.

During the summer's Israeli-Hezbollah war, it was Araji who led Sadr's solidarity demonstrations in Baghdad, which turned out tens of thousands. He praised Hezbollah's response to its constituents and drew comparisons with the Mahdi Army's recent activities.

"If we talk about the word militia, the Mahdi Army doesn't fit the description. We are a group of people with a belief," said Araji, now national director of Sadr's social programs and a local militia commander. "We call it an army, but it's not just an army of gunmen. We protect our neighborhoods and provide services for our people."

Araji said he'd visited Lebanon and Iran recently to check on the welfare of Iraqis in prisons and refugee camps. When asked whether he'd met with Hezbollah chief Nasrallah in Lebanon, he smiled, shook his head and steered the conversation back to his two trips to Iran. On those jaunts, he evaluated the needs of 90,000 Iraqis in exile.

At home, he said, his time is consumed with the displacement of tens of thousands of Iraqis in what he called "one of the biggest crises in modern history."

When told that Sunni Web sites accused him of fielding death squads, Araji scoffed.

"Let them bring proof," he said. "We still have many Sunni families in Kadhemiya. No one has been displaced here, but in the hot spots of Karkh, of course, there are problems. It's the same for Sunnis and Shiites." Karkh is how residents of Baghdad refer to the largely Sunni side of the city that lies west of the Tigris River.

Araji said the government had failed so miserably in providing basic services that his office petitioned the local council six months ago to take over the distribution of cooking gas and other supplies. Now, he said with pride, the Mahdi Army delivers gas and kerosene to families throughout Kadhemiya and other heavily Shiite districts.

Funding for the projects, he said, comes mainly from 2,000 donation boxes throughout Iraq that are stuffed with cash every week after Friday prayers.

"It's a weak government," he said. "They're supposed to do this, but we do it."

Araji said the Mahdi Army doesn't seek to replace the Iraqi government, but that it's obligated to step in until elected officials show results.

He searched for an answer to why Sunnis and Shiites are now at odds. He was reminded that in 2004, Sunni fighters from Fallujah were welcomed into the Mahdi Army and Sadr-allied clerics met frequently with their militant Sunni counterparts in the Muslim Scholars Association. So what happened?

"I ask myself this same question," Araji said with a sigh. "We still have some connections with them, but it's not like before." He blamed the United States and neighboring countries for sowing sectarianism.

"Sectarianism has grown so much in Iraq that we've started to lose trust between the groups," he said.

An aide ducked into the room with urgency. He kneeled before Araji and whispered something in his ear. Araji's eyes widened, he apologetically cut short the interview and ushered his guests back into the courtyard.

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Five minutes later, the gunmen arrived. Araji's black turban was lost in a tangle of uniformed and plainclothes gunmen, the swish of black robes as women ran for cover, and the glint of sunshine on weapons.

In a phone call later that night, he dismissed the showdown as "a tribal matter" and emphasized that no one was injured. Kadhemiya was still safe.

"It was a private matter," he said, and offered no further explanation.

An audio feed of the confrontation at the Sadr office is available at http://www.realcities.com/multimedia/nationalchannel/news/121206_iraq/index.htm

US Denies Saudis Threatened To Back Iraqi Sunnis (AFP)

AFP, December 14, 2006

The United States denied Saudi Arabia had warned it would financially back Iraq's Sunni community against the Shiite majority, if American troops were withdrawn.

The latest in a series of veiled cautions apparently emanating from well-placed Saudi sources appeared in a New York Times report, as President George W. Bush mulled a long-awaited change of US strategy in Iraq.

State Department spokesman Sean McCormack said such reports ran counter to stated Saudi policy, which he said was aimed at securing the territorial integrity of Iraq and national reconciliation.

"That has been their position; remains their position, because they believe that is in their national interest, and is not done out of charity," McCormack said.

"That's the tone and tenor of our conversations that's been conveyed from lower-level officials up to senior officials. That's what they've told us in private."

The New York Times, citing US and Arab diplomats, reported Tuesday that King Abdullah of Saudi Arabia delivered the warning to Vice President Dick Cheney in Riyadh two weeks ago.

"Its a hypothetical situation, and wed work hard to avoid such a structure," one Arab diplomat in Washington told the Times.

"If things become so bad in Iraq, like an ethnic cleansing, we will feel we are pulled into the war," the diplomat was quoted as saying.

CNN meanwhile quoted an unnamed senior US official as saying the King read Cheney the "riot act" and expressed growing concern over Iraq's deterioration.

White House spokesman Tony Snow refused to detail the content of Cheney's private conversations, but said the reports were "not something that has been described to me as something that is consistent with the conversations."

There was no immediate comment from Saudi Arabia's embassy in Washington.

The reports fuelled speculation about a possible proxy war in Iraq in the event of a US withdrawal, between Saudi-backed Sunnis and Iran-backed Shiites.

Observers here say that Saudi Arabia has largely held to a promise to the United States to desist support for Sunni brethren in Iraq while US troops are victims of a Sunni insurgency and in the crossfire of sectarian violence.

The latest intrigue in Saudi-US relations came as mystery still cloaked the sudden resignation and flight from Washington of Saudi ambassador Prince Turki al-Faisal.

The ambassador left after only 15 months on the job, saying his decision was made for personal reasons, but a flurry of speculation pointed to possible Saudi power struggles or the possibility of him being promoted to foreign minister.

Saudi Royal Family, Gov't Split On Iraq (AP)

By Salah Nasrawi

AP, December 14, 2006

Saudi Arabia's royal family and government leaders are deeply divided over how to handle the growing crisis in Iraq and other looming Mideast problems like Iran, with some favoring strong aid to fellow Sunnis and others more cautious.

The split played a key role in this week's abrupt resignation of the Saudi ambassador to Washington. It also could hurt U.S. efforts to forge a new overall strategy to calm Iraq.

More broadly, the internal dispute shows how Arab countries like Saudi Arabia, long key partners in U.S. efforts to stabilize the Middle East, are struggling to decide how to proceed as Iraq boils over and Iran gains influence.

The tension in the region is straining Saudi relations with the United States, despite both countries' assertions that all is fine.

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The resignation of Prince Turki al-Faisal, after just 15 months as ambassador to Washington, for example, came after Saudi officials concluded he was not succeeding at building strong ties with the United States, a Saudi official said Wednesday.

"Many in the royal family concluded that if he stayed longer, things might even get worse," said the official, who has close working ties with the Saudi Foreign Ministry but spoke on condition of anonymity because of the issue's sensitivity.

The Saudis had no official comment, and the White House merely wished Turki well. Turki himself could not be reached for comment.

But Iraq was clearly central to the dispute.

Turki last week fired a Saudi security consultant, Nawaf Obaid, after Obaid wrote in The Washington Post that "one of the first consequences" of any American troop pullout from Iraq would "be massive Saudi intervention" in Iraq "to stop Iranian-backed Shiite militias from butchering Iraqi Sunnis."

Saudi Arabia denied that Obaid was speaking on its behalf.

But The Associated Press reported last week that Saudi private citizens are sending millions of dollars to Sunni insurgents in Iraq, much of it used to buy weapons, because they worry about Iranian influence in Shiite-led Iraq.

Iraqi officials have said they believe some members of the Saudi royal family are either involved in that flow of money or turning a blind eye — a charge Saudi Arabia strongly denies.

The Saudis and the United States also denied a Wednesday report in The New York Times that the Saudi king told Vice President Dick Cheney the kingdom might provide financial aid to Iraqi Sunnis if the U.S. pulls troops out of Iraq.

"That's not Saudi government policy," White House spokesman Tony Snow said. He added that the Saudis, however, were "rightly concerned about the adventurism of Iranians in Iraq, and we share that concern."

The United States has been pushing Saudi Arabia to persuade Sunnis in Iraq to leave the insurgency and join with Shiites in political efforts — an effort the Saudi government has said it is undertaking.

But the royal family has been sharply divided over what strategy to adopt toward Iraq, said two Saudis with close ties to the government, speaking anonymously because internal royal deliberations are highly sensitive. Some favor robust support of fellow Sunnis inside Iraq, while others urge caution.

The bottom line has been power struggles and indecision about the best course, both said.

"They have an obsession that Shiites and Iran will control Iraq, but they do not know how to stop that," said one Saudi. The other described what he called total confusion within the government over the best course.

On Monday, 30 prominent Saudi clerics called on Sunni Muslims around the Middle East to support Sunnis in Iraq against Shiites and praised the insurgency. The clerics warned that Shiite Muslims were taking control of Iraq in a conspiracy with "crusaders" — a reference to Westerners — to marginalize Sunnis.

Many of the clerics are known to have close connections with top royal family members and receive generous donations from them.

Saudi Arabia is also increasingly worried by events elsewhere in the region including Lebanon and Iran and there is tension with the United States over the Palestinian issue.

Despite all that, Saudi and U.S. ties have long endured and "Saudi diplomacy is very much active," said Saudi political analyst Fahad al-Harithi. It looks to the contrary, he said, only "because the smoke is billowing high in the area, and hides this reality."

At Least 55 Die In More Iraqi Violence (AP)

By Thomas Wagner, Associated Press Writer

AP, December 14, 2006

A new round of car bombings and other violence struck Iraq on Wednesday, with 55 people killed or found dead as the Iraqi government unveiled a plan to assume responsibility for security in Baghdad by early next year.

The relentless attacks indicate how hard it may be for the Iraqis to replace U.S. forces in the capital, and President Bush said he would "not be rushed" into a decision on a strategy change for Iraq.

The scope of the problem was clear Wednesday, from the first bombing at a bus stop during morning rush hour through the announcement at 9 p.m. that the tortured, bullet-ridden bodies of 21 kidnap victims had been found on the streets of the capital.

"If you take Baghdad, it's unacceptable levels of violence here right now. We have got to bring it down," said Maj. Gen. William Caldwell, the top American military spokesman in Iraq.

The violence came ahead of a national reconciliation conference scheduled for Saturday. The gathering is aimed at rallying ethnic, religious and political groups around a common strategy for handling Iraq's problems.

At least 17 people were killed Wednesday in car bombings against Shiite and Sunni targets in Baghdad.

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The first major attack happened at 8:45 a.m., when a car bomb exploded near a Shiite mosque in the Kamaliyah neighborhood, killing at least 11 civilians, wounding 27 and heavily damaging shops and cars, authorities said. They said the mosque was not damaged.

"A Volkswagen car exploded right near the bus stop, hitting a group of people, including women and children who were waiting to take a bus to a fruit and vegetable market," said one witness, Abu Haider al-Kaabi.

Two other car bombs exploded in the mostly Shiite area of New Baghdad, killing four people and wounding 14. Another car bomb struck the largely Sunni area of Yarmouk, killing two people and wounding three.

North of Baghdad, seven tortured bodies were found in Mosul, two people were killed by roadside bombs in Kirkuk and men with explosives destroyed a small, empty Shiite shrine in Baqouba, security forces said. Two suicide car bombs also struck the headquarters of the Iraqi army's 2nd Battalion near Kirkuk, killing four soldiers and wounding 10.

South of the capital, three roadside bombings missed a police patrol, killing one civilian and wounding one in Musayyib; and gunmen killed a nine-member Shiite family in an attack on their house in Hasna village.

The U.S. maintains about 140,000 troops in Iraq, and Bush is considering a change of strategy in the country, including Baghdad, where stepped-up efforts to curtail sectarian violence failed this summer.

For several months, U.S. and Iraqi officials have been talking about proposals to transfer responsibility of security in cities from American forces to newly trained Iraqi police and soldiers.

Caldwell said Wednesday that the top two U.S. officials in Iraq and the Iraqi leadership were discussing a plan for Iraqi troops to assume primary responsibility for security in the capital.

"Obviously we all believe that to find solutions for the Iraqi problems it's going to take Iraqi solutions," Caldwell said. "And so that's in fact what they've done, they've drawn up a plan."

Caldwell acknowledged the difficulties in restoring calm in Baghdad and said the solution was for Iraqi politicians to overcome their differences.

But he stressed that the emphasis was on increasing transition teams and said the U.S. would provide enough troops to ensure that Iraq's Shiite-dominated security forces protect all sides.

"I mean, that's another set of eyes that the Iraqi leadership can count on to ensure that their security forces are performing in a nonsectarian manner out there on the street," he told reporters.

The New York Times first reported the plan Wednesday, citing Iraqi National Security Adviser Mouwafak al-Rubaie as saying it called for pulling back most American troops from central Baghdad and redefining their mission so they concentrate primarily on fighting al-Qaida and Sunni extremists.

A close aide to Prime Minister Nouri al-Maliki told The Associated Press that the proposal for the Iraqi army to take over security in Baghdad and other cities was first proposed to Bush by al-Maliki at their Nov. 30 summit.

"I can tell you that by next June, our forces will take over the security of the country," al-Maliki was quoted as saying then.

This plan was drafted by a joint committee made up of Gen. George Casey, the top U.S. commander in Iraq; U.S. Ambassador Zalmay Khalilzad; and Iraq's defense and interior ministers and its national security adviser, the aide said. He spoke on condition of anonymity because he was disclosing information that has not been officially released.

Ten Iraqi divisions are prepared to take over from the Americans across Baghdad and elsewhere in Iraq by March 2007, under the supervision of the multinational forces, according to the aide, who attended the meeting between al-Maliki and Bush.

By the end of June, Iraqis will take over security for all provinces and coalition forces will move outside cities, the aide said. By that time, the aide added, al-Maliki will have the right to redeploy these Iraqi forces.

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AP writers Qassim Abdul-Zahra, Sameer N. Yacoub, Qais al-Bashir and Sinan Salaheddin contributed to this report in Baghdad.

Car Bombings In Baghdad Kill 15 In Crowded Shiite Area Markets (NYT)

By Kirk Semple

The New York Times, December 14, 2006

BAGHDAD, Dec. 13 — Car bombs exploded in crowded street markets in two predominantly Shiite neighborhoods of eastern Baghdad on Wednesday, killing at least 15 people and wounding at least 35, Iraqi and American officials said.

The deadliest attack, in the working-class district of Kamaliya, killed at least 10 people and wounded 25, scattering bodies and reducing several cars and a row of market stalls to charred, smoldering husks, officials said.

Several hours later, two car bombs exploded almost simultaneously on a busy street in the nearby neighborhood of Baghdad al Jedida, killing at least five people and wounding at least 10, an official at the Interior Ministry said. Car bombs are a hallmark of the Sunni Arab-led insurgency and are frequently detonated in places where Shiites congregate, seemingly with the

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intent of inflicting the most casualties possible, fomenting sectarian violence and further destabilizing the Shiite-dominated government.

Dozens of other Iraqis were killed across Iraq on Wednesday, according to police and military reports shared with the news media.

Two suicide car bombers detonated their vehicles at the gate of an Iraqi Army regiment responsible for protecting Iraq's oil pipelines, said Col. Abdul Sattar al-Jibouri, a police commander in Kirkuk. Seven Iraqi soldiers were killed and 14 others were wounded in that attack, he said.

A group of gunmen killed nine Shiites, all from the same family, in the town of Hasna, a police official in the nearby city of Kut said. An adviser at the Transportation Ministry was kidnapped by gunmen near the ministry's headquarters in Baghdad, the Interior Ministry official said, and at least 21 bodies were recovered around Baghdad, all with gunshots to the head and signs of torture.

Four mortar shells hit an apartment block popular with Palestinians in the eastern neighborhood of Baladiat, killing one Palestinian and wounding six, the Interior Ministry official said.

Palestinians in Iraq, a population now concentrated in Baghdad, have been frequent victims of the Shiite militias this year. They carry the twin stigmas of being Sunni Arabs and of having enjoyed privileges under Saddam Hussein who, as part of his campaign to fashion himself into a Pan-Arab leader, was solicitous of their support. The housing complex that was attacked was created by the Baath Party for Palestinians who fled to Iraq following the creation of Israel in 1948.

Scattered Attacks Kill At Least 34 In Baghdad (WP)

By Nancy Trejos

The Washington Post, December 14, 2006

BAGHDAD, Dec. 13 -- Car bombings and other attacks across the capital on Wednesday killed at least 34 people, as U.S. and Iraqi leaders said they would step up efforts to give Iraqi forces more control of the country's security.

The deadliest blast targeted a group of men waiting for temporary work in the mostly Shiite Kamaliya neighborhood of southeast Baghdad. It killed eight day laborers and injured 13, including three police officers, said Lt. Col. Muhsin Saeed, an Interior Ministry official. The day before, a car bomb killed 70 day laborers and injured more than 230 about a mile from the fortified Green Zone.

The spate of car bombings came as Iraqi Prime Minister Nouri al-Maliki, under pressure to stop sectarian warfare and attacks by insurgents, promised greater security. In a meeting in Baghdad with a U.S. congressional delegation headed by Sen. John McCain (R-Ariz.), Maliki said Iraqi troops should be given control of the country's security as soon as possible, his office said.

Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq, told reporters that the U.S. military was just as eager to transfer authority to Iraqi forces. He also said that Maliki would increase his forces by about 40,000, to 355,000.

In a searing indictment of U.S. war strategy in Iraq, a bipartisan panel co-chaired by former secretary of state James A. Baker III called for the pullout of most American troops by 2008. In order for that to happen, the panel said, U.S. forces would have to switch from a focus on combat to the training and advising of Iraqi troops and police officers.

Caldwell said more American troops would be embedded with Iraqi forces as advisers and trainers. Iraqis "need forces that can run complex operations against terrorist and criminal elements, and the best way for Iraqi security forces to enhance these capabilities is through the mentorship and partnership of our coalition transition teams," Caldwell said.

Events on Wednesday underscored the complexity of problems that Iraqi forces may someday face on their own.

In the mixed New Baghdad district in the southwest part of the capital, two car bombs exploded simultaneously, killing 12 people, including two police officers, and wounding 13, among them three policemen, said an Interior Ministry official who refused to be identified further because he is not authorized to speak publicly.

The U.S. military said that two explosions occurred on a street near the Sunni al-Samouri mosque in New Baghdad, but that there was no damage. The military did not say whether there were casualties.

Earlier in the day, the military said, a car bomb was detonated across the street from the Shiite Kamaliya mosque in New Baghdad. The military did not disclose any casualty figures.

Police officers also fell victim to roadside bombs. One exploded at the Amil-Bayya intersection in west Baghdad, killing three people, including a policeman, and injuring five others, an Interior Ministry official said.

Another roadside bomb targeting a police patrol in the Illam neighborhood in southwest Baghdad killed two police officers and wounded three, the official said.

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Armed men killed three members of one family when they blew up a house in the mostly Shiite neighborhood of Dora in south Baghdad, the official said. In a separate incident, armed men fired on a car in the mostly Sunni Adel neighborhood in west Baghdad, killing five passengers.

A mortar shell killed one person and wounded six when it fell in the Baladiat district of east Baghdad, Interior Ministry spokesman Abdul Kareem al-Kinani said.

Relatives and friends buried an AP Television News cameraman on Wednesday, a day after he was killed by insurgents while covering clashes in northern Iraq, the Associated Press reported.

Aswan Ahmed Lutfallah, 35, was having his car repaired in the eastern part of Mosul when insurgents and police began fighting nearby and he rushed to cover the clash.

Insurgents spotted him filming and shot him, police Brig. Abdul-Karim Ahmed Khalaf said.

Special correspondent Waleed Saffar and other Washington Post staff in Iraq contributed to this report.

Fla. Senator Defies Bush, Visits Syria (AP)

By Anne Plummer Flaherty

AP, December 14, 2006

In a direct affront to the Bush administration, a Democratic senator spent an hour Wednesday with Syrian President Bashar Assad in Damascus, emerging from the meeting to say Assad was willing to help control the Iraq-Syrian border.

Sen. Bill Nelson of Florida, a member of the Armed Services and Foreign Relations committees, met with Assad after the State Department said that it disapproved of his trip. The United States has limited diplomatic ties with Syria because of its support of Hezbollah and Hamas, which the U.S. deems terrorist organizations, and President Bush has expressed reluctance to seek help from Damascus on Iraq until the Syrians curb that support and reduce their influence in Lebanon.

"Assad clearly indicated the willingness to cooperate with the Americans and or the Iraqi army to be part of a solution" in Iraq, Nelson told reporters in a conference call following the meeting. The U.S. says foreign fighters often enter Iraq across that boundary.

Syrian officials have indicated a willingness before to engage the U.S. in discussions about Iraq, which the Bush administration has treated with skepticism. Nelson said he viewed Assad's remarks as "a crack in the door for discussions to continue. I approach this with realism not optimism."

Nelson said he reported the information to embassy officials and will brief his congressional committees on the trip. Also expected to visit Syria is Sens. John Kerry, D-Mass., Christopher Dodd, D-Conn., and Arlen Specter, R-Pa..

"We don't think that members of Congress ought to be going there," White House press secretary Tony Snow said, adding that the United States continues to denounce Syria's meddling in Lebanon and its ties to terrorist groups.

Snow noted the existing diplomatic ties between U.S. and Syria. "I think it's a real stretch to think the Syrians don't know where we stand or what we think," he said.

The diplomatic push from Congress comes on the heels of a recommendation by a bipartisan panel that the U.S. engage Iran and Syria on the war in Iraq. Bush has remained cool to the proposal by the Iraq Study Group, which was led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind.

Nelson said he ultimately received logistical support from the State Department in what he called a "fact-finding trip" across the Middle East, being transported by embassy officials from Jordan's capital city of Amman to Damascus. Prior to heading to Damascus, Nelson met with top Israeli and Palestinian officials; in coming days, he plans to visit Qatar, Saudi Arabia, Bahrain and Iraq.

Nelson said he was not interested visiting Iran "at this time" and did not say why.

However, the senator did say that he raised the issue of a nuclear-armed Iran to Assad, saying "he ought to understand that that's not only a threat to him, Syria, but to the entire world. . . . He took note," Nelson said.

The senator said he also expressed to the Syrian leader the problems caused by Hezbollah and Hamas and urged Assad to support the release of captured Israeli soldiers. Nelson said the Syrian president responded by saying Israel had 20 Syrians in captivity, one of whom died recently from leukemia.

The senator shrugged off suggestions he was challenging Bush's authority by sidestepping administration policy that the U.S. have no contact with Syrian officials.

"I have a constitutional role as a member of Congress," Nelson said.

Meanwhile, Bush criticized Damascus anew and called on it to free all political prisoners.

In a statement, the president expressed support for the Syrian people, and said they "deserve a government whose legitimacy is grounded in the consent of the people, not brute force."

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The U.S.-backed government in Lebanon led by Prime Minister Fuad Saniora is being challenged by the Hezbollah-led, pro-Syrian opposition. Bush said Syria should disclose the fate of the many missing Lebanese citizens who disappeared following their arrest in Lebanon during decades of Syrian military occupation.

"The Syrian regime should immediately free all political prisoners, including Aref Dalila, Michel Kilo, Anwar al-Bunni, Mahmoud Issa, and Kamal Labwani," Bush said. "I am deeply troubled by reports that some ailing political prisoners are denied health care while others are held in cells with violent criminals."

Florida Senator Meets With The President Of Syria (MCT)

By Lesley Clark

McClatchy Newspapers, December 14, 2006

WASHINGTON - Defying the Bush administration, Democratic Sen. Bill Nelson of Florida met Wednesday in Damascus with Syrian President Bashar Assad, saying after the meeting that he believed that there was a "crack in the door" to continue discussions with Syria on curbing the violence in neighboring Iraq.

Midway through the Florida Democrat's conference call with reporters, however, the White House issued a statement denouncing the Syrian government's human rights record and calling on it to "immediately free all political prisoners."

"Syrians deserve a government whose legitimacy is grounded in the consent of the people, not brute force," the statement from President Bush said.

The White House has expressed reluctance about diplomatic outreach to Syria because of the country's role in Lebanon, where it's suspected in several political assassinations, and its support of the militant Islamist groups Hezbollah and Hamas, which the United States has designated as terrorist organizations.

The administration said the statement on Syria's human rights was unrelated to Nelson's visit, but White House spokesman Tony Snow said the administration didn't "think that members of Congress ought to be going there." He said the White House had opposed Syria's involvement in Lebanon and noted that "it's a real stretch to think the Syrians don't know where we stand or what we think."

Nelson, a member of the Foreign Relations and Armed Services committees and an incoming member of the Senate Intelligence Committee, acknowledged that the State Department wasn't happy with his decision to meet with the Syrian president to discuss whether the country could help the United States find a way out of Iraq.

Nelson said that in the aftermath of the Iraq Study Group's recommendation for a stepped-up diplomatic effort involving Syria and Iran, "it was obvious that we were going to have contacts."

"Remember what the goal was," Nelson said. "The goal is to stabilize Iraq. I felt like that that was a nonstarter for them to say that I should ignore the (Iraq Study Group) report."

Nelson rejected suggestions that he was rebuffing Bush, saying he had a "constitutional role as a member of Congress. . . . I am on a fact-finding trip throughout the Middle East."

Nelson noted that other senators - John Kerry, D-Mass., Christopher Dodd, D-Conn., and Arlen Spector, R-Pa. - are expected to follow him and that the State Department eventually supported his visit. Personnel from the U.S. embassies in Jordan and Damascus escorted him.

Nelson said Assad agreed that Syria and the United States had "a common interest to stabilize Iraq" and that Assad "clearly indicated the willingness to cooperate" with the U.S. or the Iraqi army to secure Iraq's border with Syria.

"He has a refugee problem," Nelson said of the hundreds of thousands of Iraqis who've crossed into Syria, fleeing the violence in their homeland.

The two met for about an hour in the presidential palace in a meeting that Nelson described as "cordial."

Nelson said Assad made no specific request of the United States, but that they had a "sharp disagreement of opinion" over Hezbollah and Hamas. Nelson said he made it clear to Assad that the United States wouldn't ease the pressure on Syria to stop backing the groups.

The senator said he'd urged Assad to support the release of Israeli soldiers whom Hezbollah had kidnapped, but that Assad had responded by noting that Israel is holding 20 Syrians, one of whom recently died of leukemia.

Nelson also said he'd told Assad that he planned to go to Beirut on Thursday to meet with Lebanese Prime Minister Fuad Saniora, whose government Syria's ally Hezbollah is trying to unseat.

The senator said he was "not interested in going to Iran" but that he did raise with Assad the specter of a "nuclear-ized" Iran.

"He ought to understand that that's not only a threat to him, Syria, but to the entire world," Nelson said.

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The senator's trip includes stops in Israel, Palestinian areas, Jordan, Qatar, Saudi Arabia, Kuwait and Iraq. He said he planned to report his findings to the State Department and the Senate Armed Services, Foreign Relations and Intelligence committees.

Nelson noted that he spoke earlier with Israeli Prime Minister Ehud Olmert, who's rejected opening peace talks with Syria.

Olmert "said that he preferred that I not go, but knowing that I was going that he knew I had the interests of Israel at heart," Nelson said.

Bush Won't 'Be Rushed' On Iraq (WT)

By Stephen Dinan

The Washington Times, December 14, 2006

President Bush yesterday said he is "not going to be rushed" into making changes in Iraq.

After meeting with civilian and uniformed military leaders at the Pentagon, the president, in combative language similar to his rhetoric during the recent congressional campaign, said some of the ideas being floated in Washington could cause the U.S. to lose the battle for Iraq.

"I've heard some ideas that would lead to defeat," he said. "I reject those ideas, ideas such as leaving before the job is done, ideas such as not helping [the Iraqi] government take the necessary and hard steps to be able to do its job."

Yesterday's meeting was the final big consultation he has scheduled as he ponders how to change course in Iraq. The White House said earlier this week that he would not be ready to announce those changes until next year -- a delay that caused some criticism from political opponents.

The president is also trying to navigate the politics of Iraq here at home in the wake of last week's Iraq Study Group report. The bipartisan panel recommended a goal of ending the U.S. combat mission by early 2008, and also said the United States should engage Iraq's neighbors, including Syria and Iran, in diplomacy to try to isolate the insurgents in Iraq.

The administration has balked at that idea, and yesterday criticized Sen. Bill Nelson, Florida Democrat, who held his own meeting during the day with Syrian President Bashar Assad. Mr. Nelson said Mr. Assad indicated he is willing to help control his nation's border with Iraq.

But the White House said the senator's meeting, which came on the same day the president issued a statement harshly criticizing Syria's human rights record, was not a good idea.

"We don't think members of Congress ought to be going there," White House press secretary Tony Snow told reporters, though he would not say what the administration's specific objection was.

But Mr. Nelson won't be the last senator. Sen. Christopher J. Dodd, Connecticut Democrat, said he is also planning a visit to Syria during his upcoming trip to the Middle East.

"When you've got governments like Syria which have influence on the course of events, it's important to engage with them," he said.

Meanwhile, two other prominent Democrats, Sens. Carl Levin of Michigan and Jack Reed of Rhode Island, called on Mr. Bush to declare that the U.S. engagement in Iraq is not open-ended. They said that would put pressure on Iraqis to find a political solution to the current insurgency.

"The most important thing is that he send the message to the Iraqi leaders that it's not an open-ended commitment," Mr. Levin said.

Mr. Snow said Mr. Bush has heard that idea, but said Iraqis themselves don't want an open-ended commitment. Still, Mr. Snow said Mr. Bush is trying to send a different message right now.

"The president has considered everything, but I think the most important thing to do is to send signals to the Iraqis that we're going to support them," he said.

2,000 Killed In Afghanistan Since Sept. (AP)

By Jason Straziuso

AP, December 14, 2006

Almost 2,100 militants have been killed in Afghanistan since Sept. 1 in operations involving coalition special forces soldiers, a U.S. Army spokesman said.

That means more than half of the country's insurgency-related deaths this year have come in the last three months.

About 900 of the 2,077 deaths came during Operation Medusa, a major offensive in September in the southern province of Kandahar. Special forces soldiers worked alongside conventional forces from Canada during the fight.

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The two primary missions for the U.S. special forces soldiers in Afghanistan are conducting counterterrorism operations and supporting NATO troops, Master Sgt. Clifford Richardson said in an interview this week at Bagram, the main U.S. base in Afghanistan.

Nailing top fugitives like al-Qaida leader Osama bin Laden and Taliban leader Mullah Omar is part of the mission of Operation Enduring Freedom but isn't the top priority of the Combined Joint Special Operations Task Force, which commands all special forces soldiers in Afghanistan, Richardson said.

More than 500 U.S. special forces soldiers and 1,000 from other coalition countries operate throughout Afghanistan and outside the command of NATO's International Security Assistance Force, unlike conventional U.S. troops now operating in the east.

American special forces worked in parallel with conventional troops from Canada during Medusa.

"We were assisting the Canadians by providing some reconnaissance and some screening and it rolled into where they could no longer push forward," Richardson said. "We rolled into a different tactical maneuver set and took over as the main element."

The number of militants killed in action since Sept. 1 — when the current U.S. special forces group arrived for an eight-month rotation — was confirmed through either physical evidence, such as body counts, or through multiple sources, Richardson said.

About 4,000 people have died in violence in Afghanistan this year, according to an Associated Press count based on figures from NATO, U.S. and Afghan officials. Those figures often come from remote battle sites and are impossible to confirm.

Taliban insurgents have stepped up attacks this year, particularly in the country's south and east, and have launched a record number of suicide and roadside bombs this year.

Richardson said that special forces soldiers here no longer operate unilaterally, but "by, with and through" Afghan security forces.

"We prefer to operate through the partner units we work with and the government of Afghanistan," he said. "That just solidifies them becoming a sovereign nation and not relying solely on the U.S. military for their own protection and security."

Bidders Unready For Jobs In Iraq (WT)

By Nicholas Kralev

The Washington Times, December 14, 2006

Nearly two-thirds of the 276 Foreign Service members who volunteered to serve in Iraq next year were found unqualified for the jobs, aggravating a shortage that has left the State Department scrambling to fully staff its embassy and other operations in the country.

The department is now offering improved benefits and career-enhancing inducements in a bid to fill 49 vacancies in Iraq. All assignments to other foreign missions have been put on hold until openings in Iraq, Afghanistan and other high-priority posts are filled.

"Stability in Iraq is our nation's highest priority. We have an ongoing need for the talents of our very best officers and staff," the State Department leadership said in a cable to all U.S. embassies and consulates around the world last week titled, "2007 Open Call for Bidders on Iraq."

An accompanying Dec. 6 cable said the incentives package for those serving in Iraq "has been reviewed and revised ... to incorporate recently approved benefits and to reflect recently passed legislation."

The changes include preferred consideration for future assignments, more generous home leave and "enhanced promotion consideration" for those who have served in Iraq.

The cable said 276 Foreign Service members applied for 160 positions in Iraq beginning next summer, but only 82 were approved. Another 15 positions will go to entry-level employees, and 14 of those now in Iraq have decided to extend their tours.

Some diplomats were perplexed by the department's decision to reject so many of its own, while so-called career-development officers are now scrambling to find "clients" to volunteer for the jobs.

Others said many of those who applied never heard back from human resources. "Too many people have told me that they have bid on Iraq in good faith and followed up as appropriate, and simply gotten the cold shoulder," a mid-level Foreign Service officer said.

A Government Accountability Office (GAO) report earlier this year found that the staff shortages were leaving the department unable to fully carry out its stabilization and reconstruction tasks in those countries.

A State Department official said in September that the department will resort to "directed assignments" if necessary to find personnel for hardship posts, principally in Iraq and Afghanistan.

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Officials from the State Department's bureaus of Near East affairs (NEA) and human resources said that, while they appreciate all bids on Iraq, some applicants "did not have the skills required for those positions or relevant previous experience."

"We had many volunteers, and we don't always go back to say 'no,' " one official said. "Bidders who simply put Iraq on their bid list but do not contact anyone in Iraq or NEA are not considered serious bidders, unless their background makes them stand out."

Some volunteers had "partial skills" and were approved pending additional training, the official said. Another official said that some previous experience in the Middle East or in postwar reconstruction is essential for service in Iraq.

Language and cultural training also are considered assets, though only about 30 officers currently posted there speak Arabic.

But even that is no guarantee of success. One Arabic-speaking junior officer with experience in the Middle East said he volunteered to go to Iraq when he first joined the Foreign Service last year, but he was rejected.

He recently bid again but was told that he first had to do a consular tour, which is mandatory for all officers before they get tenured. Now he is considering leaving the service.

Recruitment for Iraq has become such a sensitive subject at the State Department that none of those interviewed agreed to speak on the record.

Iraq and Afghanistan present the Foreign Service with severe challenges. But while reconstruction work in Iraq's provinces is the most dangerous in the service, some officers said the department should not be too picky when assigning staff to the embassy in Baghdad.

Several officers pointed out that there are still many diplomats who have no interest in serving in Iraq. A former ambassador said some of his ex-colleagues are considering early retirement because they do not want to be forced to serve in Iraq at the end of their careers.

DOJ:

Grassley Recommends Three For U.S. Attorney Job (DMR)

Des Moines Register, December 14, 2006

Washington, D.C. — Three people today were recommended to the White House by Sen. Chuck Grassley, R-Ia., as candidates to become the new U.S. attorney for the Northern District of Iowa.

The final pick for U.S. attorney in the district, which has offices in Cedar Rapids and Sioux City, will be made by President Bush and submitted to the Senate. The nomination must be approved by the Senate Judiciary Committee, of which Grassley is a senior member, and the full Senate.

The current chief prosecutor, U.S. Attorney Charles W. Larson Sr., is retiring at the end of the year.

“All of these candidates bring unique experiences and exceptional qualifications to serve as one of Iowa’s lead prosecutors. They would each serve Iowa well,” Grassley said in a statement.

The candidates recommended by Grassley are:

--Matt Dummermuth, a native of Elgin who currently works for the Civil Rights Division of the Department of Justice in Washington, D.C. He is a graduate of Iowa State University and Harvard Law School in Cambridge, Mass.

--Chadwicke Groover of Cedar Rapids, who has worked in in the Northern District office since April and served on the Senate Judiciary Committee staff for five years. He is a graduate of Bob Jones University in Greenville, S.C., and received his law degree from Mercer University in Macon, Ga.

--Lisa Krigsten, a native of Sioux City who currently works for the Civil Rights Division of the Department of Justice in Washington, D.C. Krigsten is a graduate of the University of Kansas and received her law degree from the University of Iowa.

Nation Kyiv Lands $45m U.S. Grant To Battle Corruption (KP)

By Volodymyr Mashchenko

Kyiv Post, December 14, 2006

DOJ_NMG_0106385

Ukrainian Economy Minister Volodymyr Makukha inked a $45 million anti-corruption grant from the U.S. during a recent trip to Washington D.C.

The United States government has approved a $45 million grant to help Ukraine fight state graft, with another $500 million in the wings.

During Prime Minister Viktor Yanukovych's recent visit to the United States, on Dec. 4-7, Ukrainian Economy Minister Volodymyr Makukha inked the agreement, which entails assistance in control of corruption.

Representing the U.S. was Millenium Challenge Corporation, which describes itself as "a government corporation designed to work with some of the poorest countries of the world."

At a Dec. 12 press conference in Kyiv, Makukha outlined the components of the grant program: The strengthening of monitoring of civil society and exposure of public corruption; judicial reform; the monitoring and enforcement of ethical and administrative standards; the streamlining of enforcement of regulations; and combating corruption in higher education.

The Economy Minister said Ukraine had applied for the US-funded program about a year ago and has now been recognized by Millenium Challenge as eligible for financial assistance.

Millenium Challenge's assistance to Ukraine falls under what it refers to as its Threshold Program, an intermediary stage on the way to greater funding, known as Compact assistance.

"The Threshold Program assistance is used to help countries address the specific policy weaknesses indicated by the country's scores on 16 policy indicators," reads a Millenium Challenge press release.

Ukraine has shown progress in all sixteen indicators over the last year, except control of corruption, according to Millenium Challenge.

"As a result of reforms already undertaken, Millenium Challenge's Board of Directors named Ukraine in November as one of three countries newly eligible for Compact assistance."

Eligibility for the greater funding is determined by "independently measured" scores for indices such as political and economic freedom, investment in education, control of corruption, respect for civil liberties, health care spending, fiscal and trade policies and judicial fairness, Millenium Challenge said.

"Ukraine is among the most aggressive reformers on our 'Ruling Justly' indicators," Millenium Challenge CEO John Danilovich was quoted as saying in the press release.

"Ruling Justly," one of three categories under which the government corporation assesses a country, includes the "controlling corruption" indice.

"While this is a tremendous achievement, it is important to underscore that there must be continued performance on Ukraine's Threshold program while it participates in its Compact development process," Danilovich said.

One indice in the "Ruling Justly" category, where Ukraine showed a need for improvement was "controlling corruption."

"The struggle against corruption is critical to Ukraine's development," Danvilovich added.

According to Millenium Challenge, Ukraine's poor performance on the corruption index is primarily explained by flawed laws, lack of independence in the country's judiciary, and endemic corruption in law enforcement, education, medical institutions, customs and the tax administration.

The Ukraine Threshold program targets many of these obstacles and will be administered by the United States Agency for International Development (USAID) and the U.S. Department of Justice.

"Ukraine has been made eligible for … assistance, but it is up to Ukraine to organize itself, consult with its civil society and develop a proposal of sufficient quality and content targeting poverty reduction through economic growth for the MCC Board to consider," said Danilovich.

During the Dec. 12 press conference, Economy Minister Makukha said Ukraine would have to develop and present Millenium Challenge with a detailed program on how to fight corruption before it can get a shot at the large funding under Compact assistance.

"It is very important for us to make up our minds about a clear program that we would be able to implement, determine the content of the program, and discuss the program with non-governmental organizations and civil society … only then can we apply to [Millenium Challenge] in order to launch this program and start implementing it", he said.

Olga Myrtsalo, a public information advisor with the Office of Program Coordination and Strategy at USAID's office in Kyiv, told the Post on Dec. 12 that representatives of Millenium Challenge will arrive in Kyiv on Dec. 18 to discuss the details of the $45 million program with Ukraine's government.

According to Ukraine's Economy Ministry, the U.S. ranks fifth in terms of direct investments into the Ukrainian economy. Millenium Challenge administers programs in dozens of mostly African and South American countries, but also Armenia, Georgia, Moldova and Kyrgyzstan, in addition to Ukraine.

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CORPORATE SCANDALS:

Enron To Inmate For Skilling (AP)

By Patrick Condon

AP, December 14, 2006

WASECA, Minn. — This was what one of Wall Street's biggest success stories had come to. Jeffrey Skilling rode past a dozen waiting reporters and photographers, got out of the silver Jeep Liberty, hugged his wife and walked quietly into a life of imprisonment and menial jobs that will pay him less over the next two decades than he made for a single hour as chief executive of Enron.

Enron to inmate.

This was nothing like metropolitan Houston, but rather a farm town in Minnesota. There was no $4.7 million Mediterranean-style mansion, but a one-time college dormitory room.

Skilling reported to the Federal Correctional Institution on Wednesday, accompanied by his wife, Rebecca Carter, and his brother, Mark. The day before, a federal judge had denied his request to remain free on bond pending appeal of his conviction on fraud, conspiracy, insider trading and other charges in the multibillion-dollar collapse of the Houston-based energy giant.

Barring a successful appeal, even with time off for good behavior, the 53-year-old Skilling will be an old man at the end of his term _ 24 years, four months, more than twice as long as the sentence of any other Enron executive.

This then is to be his world until sometime in 2031: a group of low, red-brick buildings, once a branch campus of the University of Minnesota, now surrounded by two barbed wire fences and patrolled by an occasional white pickup truck.

Waseca, a town of 8,400, is 75 miles south of Minneapolis and even further removed from Houston's skyscrapers. There's an old-fashioned downtown with an implement dealership. The area is flat; the literal high points in town are the steeple of the Catholic church, a grain elevator, a water tower.

At the prison, inmates have access to exercise facilities, including a basketball court and a running track, and a pingpong table.

Like most inmates, Skilling is likely to be required to work in prison labor jobs such as food service, plumbing and painting for 12 to 40 cents an hour. At that rate, he would make a little less than $20,000 if he served his full sentence; at the helm of Enron, he earned more than $151.7 million, equal to about $24,000 an hour, from 1999 to 2001, the time span of the indictment.

Skilling and Enron founder Ken Lay were convicted last May on charges stemming from the Enron collapse, which led to the loss of thousands of jobs, more than $60 billion in company stock and more than $2 billion in employee pensions.

Lay died in July of a heart attack before he could be sentenced, prompting a judge to vacate his conviction.

Lay "probably would have faced a similar fate if he'd been able to stand up for sentencing on the same day as Skilling," said Leslie Caldwell, a former federal prosecutor and one-time chief of the Justice Department's Enron Task Force.

Andrew Fastow, the former chief financial officer pegged as the mastermind behind the complicated financial schemes that ultimately doomed Enron, got six years in prison after pleading guilty. Several other executives are serving prison terms of between 18 months and five years.

An important distinction, said former Task Force attorney Sam Buell, is that those below Skilling all pleaded guilty to some offenses, expressed remorse and in some cases went on to cooperate with the prosecution. In several instances, prosecutors recommended leniency in those sentences.

"It's harder for a judge to do that, to exercise that leniency when the judge is dealing with the person at the top who didn't reach any kind of agreement in the case," Buell said.

A better comparison for Skilling's sentence, Caldwell said, are those received by other disgraced CEOs like Bernard Ebbers of Worldcom, serving a 25-year sentence; and Dennis Kozlowski of Tyco International Ltd., who got eight and one-third to 25 years in prison in another fraud case.

"I've always thought since the beginning of the Enron case that none of this ever would have happened without Jeff Skilling," Caldwell said. "I don't think it's inappropriate that he is getting the harshest sentence of anyone."

Skilling's attorney, Daniel Petrocelli, did not return several phone messages from The Associated Press.

From Top To Bottom (WP)

By Carrie Johnson

The Washington Post, December 14, 2006

Former Enron chief executive Jeffrey K. Skilling reported to a low-security federal prison in Minnesota yesterday to start serving a 24-year, six-month sentence for his role in one of history's biggest corporate scandals.

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Skilling arrived at the facility in Waseca, about 75 miles south of Minneapolis, at 1:07 p.m. EST. Accompanying him in a sport-utility vehicle were his wife, Rebecca, his longtime assistant Sherri Sera and his younger brother Mark. Under federal guidelines, Skilling, 53, must serve at least 85 percent of his sentence -- or more than two decades. He is appealing his conviction by a jury in May on 19 counts of fraud, making false statements and conspiracy.

The Houston energy trading company that Skilling transformed became a symbol of accounting trickery after its December 2001 collapse into bankruptcy protection. Skilling and his co-defendant, Kenneth L. Lay, who died in July, bore the brunt of public vilification after financial scandals cost thousands of employees their jobs and savings.

In an emotional roller coaster, Skilling's immediate future was thrown into doubt Monday when a federal appeals court said it needed more time to consider whether he should remain free pending appeal. The next day, Circuit Judge Patrick E. Higginbotham settled that question with a two-page ruling ordering Skilling to report to prison.

But Higginbotham's ruling indicated that there were "serious frailties" with Skilling's conviction on several charges. That has given hope to Skilling's defense team that the appeals court may overturn at least some of his convictions. In his brief ruling, the judge did not cite problems with five counts of lying to auditors.

Defense attorney Daniel M. Petrocelli said in an e-mail message, "After all our arguments are presented, we are confident all the convictions will be reversed and Jeff will be given a new trial."

Over the course of the Enron probe, the biggest corporate investigation in history, more than 15 of the company's executives, including the leaders of its top three business units, pleaded guilty and agreed to cooperate against their former bosses.

Skilling's sentencing in October marked the last in a series of stiff penalties given to top executives convicted of corporate crimes committed in the booming '90s. His prison term is only a few months shorter than that of WorldCom founder Bernard J. Ebbers, who is serving a 25-year sentence in Louisiana for spearheading an accounting fraud at the telecommunications company he founded. Ebbers drove himself to prison this fall while his wife sat beside him in the front seat.

Skilling, who continues to profess his innocence and make the case that Enron was a healthy enterprise, will spend his time alongside 1,070 other inmates, most of whom were incarcerated for committing federal drug crimes, said Felicia Ponce, a prison spokeswoman.

Skilling will be required to work 7 1/2 hours per day at one of a variety of institutional jobs, including food service worker, warehouse employee and groundskeeper. Inmates earn between 12 and 40 cents per hour. The majority of the rooms in the prison, a converted college campus, contain space for four men, with a separate sink and shower area in a nearby location.

Skilling, who has openly wrestled with alcohol problems and depression, could slash more than a year off his sentence for successfully completing a prison treatment program.

A graduate of Harvard Business School, Skilling launched far-reaching ideas as a corporate consultant at McKinsey & Co. He was lured to work at Enron by Lay, the company's chairman, who died weeks after he was convicted on 10 conspiracy and false statements charges. A judge, following longstanding legal precedent, wiped out Lay's conviction because he had not had a chance to appeal before he died.

That means that Skilling, who left Enron a few months before its bankruptcy in December 2001, will be the highest-ranking leader of the energy firm to be called to account. Onetime finance chief Andrew S. Fastow, who pocketed more than $60 million for himself and his friends, is serving a six-year prison term. Former accounting executive Richard A. Causey will begin a 5 1/2 -year term Jan. 2.

No Fanfare As Skilling Walks Into Prison Life (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, December 14, 2006

Man who once led energy giant is now federal inmate 29296-179

WASECA, MINN. — Jeff Skilling never saw himself as a felon, much less a federal inmate.

As of Wednesday, he is both, closing a major chapter in the Enron era of corporate crime that started five years ago this month when the company he professed to love mercilessly crashed and burned.

The 53-year-old ex-CEO's arrival at a southern Minnesota low-security federal prison Wednesday to begin serving a 24-year, four-month sentence had no fanfare.

He arrived in a silver Jeep Liberty in the passenger seat with his brother, Mark Skilling, in the driver's seat. His wife, Rebecca Carter, sat behind him, and next to her was Sherri Sera, his longtime administrative assistant at Enron who made an impassioned plea for fairness at his October sentencing.

The foursome took no notice of the small gaggle of photographers across from the prison's entrance. They parked the SUV at the front sliding-glass doors, got out and went inside, Skilling and his wife arm in arm.

He hugged his wife, then his brother, then Sera. Less than five minutes after they arrived, Mark Skilling, Carter and Sera emerged, climbed in the SUV and drove away.

A few minutes later, Skilling and several prison officials walked outside the building at the entrance — behind double fencing topped with shiny silver barbed wire — toward another building on the complex, which was once a University of Minnesota satellite campus.

The topcoat he wore when he arrived was already gone.

At this time five years ago, Skilling was talking to Securities and Exchange Commission investigators, insisting he truly believed Enron was healthy when he abruptly quit his post as CEO less than four months before the trading behemoth limped into bankruptcy.

He later did the same before two congressional committees, adamantly refusing to invoke his Fifth Amendment right to remain silent as others did, including former Enron Chairman Ken Lay.

Now Enron is a mere shell that exists to handle lawsuits and bankruptcy-related matters, its assets long gone, its stigma forever present. Lay, who fought a losing battle for vindication at trial earlier this year alongside Skilling, died of heart disease in July.

Skilling is now a number: federal inmate 29296-179.

Arrival generates buzzFor some in Waseca, a picturesque town of 10,000 flanked by two lakes largely frozen in the December cold, Skilling's arrival generated a little buzz. A prison employee parked at the entrance at daybreak Wednesday told colleagues arriving for work, "Skilling's coming today."

But to Jim Tippy, a retired warden at the Waseca facility who lives here, Skilling is just another inmate.

"It really doesn't faze me that much," Tippy said. "He's going to do his time somewhere. He was designated for this facility, so here he comes."

Sam Buell, a former prosecutor for the Justice Department's disbanded Enron Task Force who led the government's effort to secure the 2004 indictment against Skilling, said no one's incarceration is a cause for celebration, but "following through on the law's word is absolutely necessary to making effective our most potent mechanism for deterring people from seriously harming others."

Now a professor at the Washington University School of Law in St. Louis, Buell said that whether a multidecade sentence is needed to achieve such deterrence should be debated. Skilling received by far the harshest punishment of anyone convicted of Enron-related crimes.

"For major fraud that did in a huge public company, the answer has to be at least a substantial number of years. Whether decades are really necessary is a question we ought to be discussing as a society," Buell said.

Skilling had a glimmer of hope late Monday that he might be able to postpone or avoid prison when the 5th U.S. Circuit Court of Appeals stayed U.S. District Judge Sim Lake's November order that he report to prison by 2 p.m. Tuesday.

The panel issued the stay to give "careful consideration" to his bid to remain outside prison on bail pending the outcome of his appeal, which is expected to be filed early next year.

But late Tuesday afternoon, the appeals panel lifted the stay in an order that said, despite having found "serious frailties" on his convictions of conspiracy, securities fraud and insider trading, its review raised "no substantial question that is likely to result in the reversal of his convictions on all the charged counts."

That meant Skilling had to surrender. He wasn't given a specific deadline — but he arrived less than 24 hours after his initial surrender time.

Never weighed cutting dealSkilling was convicted in May of 19 counts of fraud, conspiracy, insider trading and lying to auditors after a four-month trial. Lay also was convicted of 10 criminal counts in his case with Skilling and a separate case, but Lay died six weeks after jurors rendered their verdict. Lake erased Lay's convictions in October because he died before he was sentenced or could appeal.

Skilling staunchly maintains his innocence. At trial, he attributed Enron's demise to a skittish post-Sept. 11 market and a cash crisis that the company couldn't overcome rather than inner rot fueled by years of fraud.

Prosecutors countered that he, Lay and other top executives repeatedly lied about Enron's health to maintain an illusion of success when they knew Enron was propped up by unsustainable financial schemes.

When he learned what his sentence would be, he said he never considered cutting a deal with prosecutors in hopes of getting less time behind bars.

"I'm innocent," he said at the time. "I've told my children I'm innocent."

Skilling declined requests for an interview before he surrendered to prison.

He had hoped to be placed at a lockup in Butner, N.C. But the U.S. Bureau of Prisons instead chose the Waseca facility, which is partially surrounded by cornfields on the outskirts of the town.

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Skilling will sleep either in a cubicle with another inmate or in a former dormitory room with three other men — a far cry from his mansion in Houston.

At his sentencing, he agreed to turn over $45 million to the government. That money will sit untouched through the course of his appeal. If he wins, he'll get the money back. If his convictions are upheld, the cash will be distributed to Enron shareholders who lost money when the company failed.

Scrushy Motion For A New Trial Denied By Judge (WSJ)

By Rick Brooks

Wall Street Journal, December 14, 2006

Richard M. Scrushy moved a step closer to a possible prison sentence as a federal judge rejected the HealthSouth Corp. founder's claim that jurors who convicted him of political-corruption charges were influenced by emails and a copy of an indictment downloaded from the Internet during deliberations.

U.S. District Judge Mark Fuller, of Montgomery, Ala., refused to grant a motion for a new trial by Mr. Scrushy and former Alabama Gov. Don Siegelman, both found guilty in June of participation in a scheme to pay $500,000 bribes in return for a spot on a state regulatory panel. Both argued that two jurors used outside information to strong-arm the rest of the jury into a conviction, and Mr. Scrushy's lawyers had pressed for a wide-ranging inquiry into possible jury misconduct.

While the judge concluded that jurors were "exposed" to the indictment and a description of jury-foreman responsibilities posted on the court's Web site, it made no difference in the outcome of the 11-day deliberations, he ruled. The jury "carefully weighed the evidence and reached a reasoned conclusion free of undue influence," Judge Fuller ruled in a 57-page order.

The guilty verdict on all six charges against Mr. Scrushy, including bribery, conspiracy and mail fraud, could put him behind bars for as long as 20 years, though the judge has wide discretion on sentencing. A sentencing date won't be set until resolution of a challenge to the jury-selection process by Messrs. Scrushy and Siegelman, who have claimed blacks are underrepresented in the pool from which jurors are chosen.

Arthur W. Leach, one of Mr. Scrushy's lawyers, said he plans to appeal yesterday's ruling. Mr. Scrushy's legal team has criticized Judge Fuller's handling of the matter, including a court hearing last month at which jurors were questioned.

The political-corruption conviction isn't related to the $2.7 billion accounting fraud at HealthSouth, a Birmingham, Ala., surgery and rehabilitation-services provider. Mr. Scrushy, ousted from HealthSouth in 2003 and acquitted last year of criminal fraud charges, has insisted he is innocent of any wrongdoing. Last month, Mr. Scrushy and the company settled claims tied to bonuses he received during the fraud and legal bills, with HealthSouth recording a $35 million "recovery" from him and a $10 million reduction in a legal-fees reserve, according to securities filings. Mr. Scrushy maintains HealthSouth violated his contract when it fired him, while the company has sued him for allegedly breaching his fiduciary obligations.

HP CEO Mark Hurd Asked To Explain Options Cashout Before Scandal (AP)

By Jordan Robertson,

AP, December 14, 2006

San Francisco (AP) -- The congressional panel investigating Hewlett-Packard Co.'s boardroom spying probe has demanded that CEO Mark Hurd explain $1.37 million worth of options he exercised just before the scandal became public.

Hurd's cashout Aug. 25 — before HP disclosed the spying tactics in a Sept. 6 regulatory filing — did not appear to be part of a prescheduled program, the panel's ranking members, Reps. John Dingell and Bart Stupak, both Democrats from Michigan, said in a letter to Hurd publicly released Wednesday.

The activity came the same day Hurd was questioned by HP's outside attorneys investigating the circumstances surrounding the ill-fated effort to ferret out leaks by board members to the news media, the letter stated.

The congressmen asked Hurd to explain the reason for the transaction, seeking an answer on "whether executives are cashing in ('bullet dodging') while in possession of potentially damaging material facts that shareholders do not know."

Dingell and Stupak also asked in the letter to "please inform us whether any other HP officers or directors engaged in similar transactions during this period."

He was given until Dec. 21 to comply with the request. He testified Sept. 28 before the Committee on Energy and Commerce's Subcommittee on Oversight and Investigations.

HP said in a statement that it would comply with the panel's request.

Hurd and seven other HP executives and insiders cashed out options between Aug. 21 and Sept. 5. The company has previously said the transactions were unrelated to the scandal.

They fell within a three-week window each quarter when executives are allowed to sell shares after earnings are announced, HP said.

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On Aug. 25, Hurd exercised options on 100,000 HP shares, about 6 percent of the total stock compensation package he received at the time of his hiring. The August sale netted him a profit of about $1.37 million, according to the filings.

The cashouts have also prompted attorneys who are suing top HP executives and directors over the scandal to add insider-trading claims to the lawsuit in California on behalf of all HP shareholders.

HP's stock price has remained relatively buoyant throughout the scandal, though the uproar has led to a purging of its top ranks and felony charges against two ousted HP insiders — former Chairwoman Patricia Dunn and former ethics chief Kevin Hunsaker — and three outside investigators, Ronald DeLia, Matthew DePante and Bryan Wagner.

They have all pleaded not guilty in Santa Clara County Superior Court to charges of identity theft and fraud for their roles. Their lawyers are scheduled to return to court Jan. 17.

Investors have largely applauded HP's efforts to move beyond the scandal, including the company's agreement last week to pay $14.5 million to settle a civil lawsuit brought by state Attorney General Bill Lockyer alleging unfair business practices related to the probe.

However, the FBI, the Securities and Exchange Commission, federal prosecutors and other agencies are still looking into the shady practice investigators used to impersonate HP directors and journalists to secretly obtain their confidential phone logs.

On Wednesday, HP shares lost 16 cents, to close at $39.67 on the New York Stock Exchange. The stock has risen since about 9 percent since Sept. 5 — the day before the scandal was disclosed — when it closed at $36.46.

HP CEO Asked To Explain Stock Sale (FT)

By Kevin Allison

Financial Times, December 14, 2006

The congressional panel investigating Hewlett-Packard's boardroom spying probe on Wednesday demanded that Mark Hurd, chief executive, explain a $1.37m stock sale he made just days before news of the scandal became public.

In a letter dated December 12, two Democratic members of the House Energy and Commerce Committee, Rep John Dingell and Rep Bart Stupak, said it appeared that Mr Hurd had voluntarily cashed in $1.37m in stock options on August 25. That is the same day Mr Hurd was questioned by HP's outside attorneys, who were condcting an investigation into the scandal.

The letter asked Mr Hurd to confirm the date and explain the alleged stock sale. It said the sale did "not appear to be a part of any prescheduled programme" of share disposals.

"Continuing revelations about widespread 'backdating' and 'spring-loading' abuses have raised questions about whether executives are cashing in ('bullet dodging') while in posession of potentially damaging material facts that shareholders do not know," it said.

HP said it had received the letter and that it would respond to the inquiry.

HP's shares were mostly unaffected in the weeks after the company admitted its detectives had spied on board members, journalists and their families in order to uncover the source of a boardroom leak.

The investigation's dubious tactics, which included the potentially fraudulent acquisition of telephone records and physical surveillance, sparked a furore that claimed the jobs of Patricia Dunn, HP's former chairman, and several other HP officials. Ms Dunn and four others are facing criminal charges including identity theft for their role in the scandal. All five pleaded not guilty.

Last week, HP announced that it would pay $14.5m to settle any civil complaints brought by the state of California in connection with the case. The company remains under investigation by federal authorities including the US Justice Department. It is also facing shareholder lawsuits.

Wednesday's news came as HP announced a three-year partnership with Microsoft, the world's biggest software maker. Under the deal, HP and Microsoft will invest $300m to develop new products and services for business communciations, content management and other areas where their businesses overlap. The partnership will cover product development, testing and marketing.

HP's shares fell 0.4 per cent to close at $39.67 on Wednesday.

H.P. Board Cuts Its Ties With Lawyer (NYT)

By Damon Darlin

New York Times, December 14, 2006

Hewlett-Packard's board has ended a crucial advisory relationship with Larry W. Sonsini, the powerful Silicon Valley lawyer, according to a person with close connections to the board.

The move is the latest repercussion from the company's spying on directors and journalists, which has led to the criminal prosecution of its former chairwoman and a senior company lawyer by California authorities, several federal investigations, $14.5 million in civil fines as well as considerable embarrassment for a company that prided itself on ethical behavior.

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After the year's end, Mr. Sonsini and the firm he helped build, Wilson Sonsini Goodrich & Rosati, will no longer serve as outside counsel to the board. The law firm will still do legal work for Hewlett-Packard. A company spokesman said yesterday that "Wilson Sonsini will continue to have a relationship with H. P."

Mr. Sonsini and his firm were not involved in the spying, which began after Patricia C. Dunn, the H. P. chairwoman, directed company lawyers and investigators to find the source of board leaks. But he was caught up in the events, and was criticized for failing to prevent the incident from damaging the H.P.

H.P.'s search for another lawyer to serve as outside counsel is expected to set off a scramble among Silicon Valley firms. "It's not a big revenue item for a law firm, but being able to say to other clients that 'I give advice to H.P.,' is a prestige thing," said a lawyer who did not want to be identified because he has done work for the company.

A spokeswoman for the Sonsini firm, Courtney Dorman, said, "There is a lot of ongoing work with H. P." The firm handled the transactional work for H. P.'s recent $4.5 billion acquisition of Mercury Interactive, a business software company.

Mr. Sonsini, who serves as chairman of the firm he joined in 1966, had no comment. Ms. Dorman also said that the firm's chief executive, John V. Roos, had no comment.

Mr. Sonsini has served as H. P.'s outside counsel since the mid-1990s and he advised the company during its contentious battle with shareholders over the merger with Compaq. The firm's clients include some of the region's most important companies, among them Apple, Google, Sun Microsystems and Applied Materials, and Mr. Sonsini helped take many of them public. He also serves as the chairman of the Regulation, Enforcement and Listing Standards Committee of the New York Stock Exchange and as chairman of its Legal Advisory Committee.

Mr. Sonsini has been faulted by some lawyers for not protecting the company after a director, Thomas J. Perkins, disclosed the practice of pretexting: the use of false identities to obtain the private phone records. H. P.'s detectives used the technique to get records of certain directors and journalists who covered the company.

In May 2006, another director, George A. Keyworth II, was identified as the source of the leak and was asked to resign. He refused to do so, but Mr. Perkins resigned, he now says, in anger over the investigation.

After the resignation, Mr. Sonsini, in his role as outside counsel, immediately interviewed Mr. Perkins. But he did not find that Mr. Perkins had resigned because of a disagreement with the company, which would have prompted the board to disclose the circumstances to the Securities and Exchange Commission. That has prompted an S.E.C. investigation.

Mr. Perkins also alerted the board to the use of pretexting, calling it illegal. In a response, Mr. Sonsini told him that the pretexting was "within legal limits," though that opinion turned out to be based on the advice of the H. P. lawyer, now facing charges, who in turn had received the opinion from a Boston lawyer sharing an office with one of H. P.'s private investigators.

The Sonsini firm in late August interviewed people involved in the spying, as well as Mark V. Hurd, the company chairman and chief executive, and concluded again that nothing illegal had occurred. In early September, the company filed a statement to the S.E.C. disclosing the pretexting and stating that it was "not generally unlawful."

A Congressional subcommittee asked Mr. Sonsini to testify during its investigation of the spying. He was called to testify alongside Ms. Dunn and had to sit in the witness seat for more than five hours, though she got the brunt of the queries. He defended his law firm's work during the hearing and said that he considered pretexting to be unethical and improper.

Hurd: HP Will Cut More To Continue Transformation (IDG)

By Elizabeth Montalbano

IDG News Service, December 14, 2006

December 12, 2006 (IDG News Service) -- NEW YORK -- Hewlett-Packard Co. continues to diversify and streamline its business according to goals CEO Mark Hurd set when he joined the company nearly two years ago. But the company still needs to cut costs to achieve operational efficiency, Hurd told financial analysts today.

"We are a company that is transforming, we are not a company that has transformed," Hurd said, speaking at a meeting of securities analysts here.

Hurd acknowledged that the cost of operations is still too high for the company to run as efficiently as it should, though the company has completed a 10% workforce reduction started last year as part of a huge restructuring effort. Since he took over, Hurd said HP has analyzed its cost structure, down to knowing its IT costs by employee, site and function.

"We do understand our costs now more than we did a year ago," Hurd said. But the company still needs to reduce costs and improve efficiency, which Hurd vowed HP will achieve in the next several years.

Complicating this goal is HP's acquisition strategy, as the company is working to absorb companies it purchased in 2006. The company also explained how it would integrate Mercury Interactive Corp., a software company HP acquired for $4.5 billion. The company is introducing a business technology optimization (BTO) software portfolio that brings together Mercury's

applications management software with HP's systems and network management software marketed under its OpenView software family. BTO is a software product category intended to help companies use technology to meet business goals.

Hurd told securities analysts not to expect more acquisitions of this size in the future from HP, a comment that would appear to put an end to rumors that the company may buy security company Symantec Corp. Instead, the company will make smaller acquisitions as they strategically and operationally make sense, he said.

Before Hurd spoke, HP announced that it has agreed to acquire business intelligence services company Knightsbridge Solutions Holdings Corp., a 700-person company in Chicago, for an undisclosed sum.

Hurd made no mention of the boardroom spying scandal that hit the headlines in September, and which has former HP executives awaiting a criminal case that will decide whether they used illegal means to detect news leaks on the board. Instead, Hurd focused on operational efficiency and other goals, including deriving revenue from a more diverse mix of sales and services and improving its sales and customer service.

Hurd also thanked HP Executive Vice President and Chief Financial Officer Bob Wayman for his 37 years of service at the company. On Monday, Wayman said he would retire, effective Jan 1. Catherine Lesjak, the company's treasurer, who has been with HP for 20 years, will succeed Wayman.

From a financial perspective, HP weathered the scandal that rocked the company this year unscathed, earning nearly three times the profits in fiscal 2006, $6.2 billion, than it did in 2005, when the company earned $2.4 billion.

Hurd said HP still has more progress to make in terms of tapping its "total addressable market," which he said in 2009 will be about a trillion dollars. "After careful analysis, we've decided that is big," he deadpanned.

To achieve this goal, HP continues to try to improve its sales tactics, Hurd said. Traditionally, he said, it ran on the theory that "if we build great technology, customers will find it." Now, "we have this new advanced theory," he said. "If we actually try to sell the stuff, we'll actually get more revenue."

S.E.C. Eases Regulations On Business (NYT)

By Stephen Labaton

New York Times, December 14, 2006

WASHINGTON, Dec. 13 — Responding to criticism that regulators had overreacted to years of major corporate scandals, the Securities and Exchange Commission on Wednesday issued a flurry of deregulatory orders and proposals intended to lower costs to public companies. It said the moves would not reduce investor protection.

In a daylong proceeding, the commission proposed a loose interpretation for smaller companies of an auditing provision of the Sarbanes-Oxley Act of 2002 that has come under attack from many companies.

It also proposed a rule to make it easier for foreign companies to withdraw their securities from American markets. A number of companies have asked to withdraw, and officials said the current rules discouraged companies from listing on United States exchanges if they did not have the option of withdrawing later.

“We hope these proposals, when combined, will make the U.S. markets more attractive and we will get more companies here,” said John W. White, director of the commission’s division of corporation finance.

Among other noteworthy proposals the S.E.C. issued was one that would increase the financial qualifications for investors in hedge funds, to a net worth of $2.5 million from the current standard of $1 million. Officials said the proposal had the effect of adjusting the original rule for inflation, just as hedge funds are becoming more popular among some less wealthy people. The agency also proposed a new provision on fraud to protect hedge fund investors.

Some officials said the two proposals could blunt attempts to impose other tougher regulations or disclosure requirements on hedge funds. Six months ago, a federal appeals court said the commission exceeded its authority when it tried to force hedge fund managers to register with it.

The S.E.C. also adopted a rule that would save corporations the expense of mailing financial reports and proxy statements by enabling them to communicate with the vast majority of their investors through the Internet. (Investors can continue to receive paper copies of proxies and other material through the mail if they request them.)

And it proposed rules that would make it easier and less costly for banks to offer brokerage services.

Taken together, the proposals and rules are expected to provide enormous savings for public companies and Wall Street investment houses. Senior officials at the commission said the proposals and rules would not reduce the regulatory protections already afforded to investors.

The S.E.C.’s deregulatory push came a day after the Justice Department, in response to similar complaints, imposed new limits on federal prosecutors in white-collar corruption cases. Under those new guidelines, prosecutors in the field will now have to obtain permission from senior officials before trying to get companies that are under investigation to waive their attorney-client privilege.

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In weighing whether to seek the indictment of a company, the prosecutors will also no longer be permitted to consider whether the company is paying the legal fees of an employee involved in the inquiry.

In recent weeks, Bush administration officials and business groups have criticized some of the changes in corporate law, securities rules and criminal procedures that were enacted in the wake of accounting frauds five years ago at Enron, WorldCom and other highflying companies.

It remains to be seen whether the decisions by the commission and the Justice Department will take political pressure off Congress to go further, or whether the business groups that have been critical of the S.E.C. rules and the Justice Department's approach will be able to persuade lawmakers to retrench further.

The commission's votes on all the measures Wednesday were unanimous, testimony to both the changed regulatory climate and the political skills of the agency's chairman, Christopher Cox, a former Republican member of Congress. He tailored the changes to avoid the divisiveness that had troubled the tenure of his predecessor.

Mr. Cox said the unifying theme of the proposals and the new rules was to increase the competitiveness and transparency of companies and markets.

"If America's markets aren't competitive, investors lose," he said. "If America's markets are not transparent and open, investors lose."

Like the decision at the Justice Department, the changes announced by the commission on Wednesday fell short of what some companies and groups had sought. In the case of the auditing rules, for instance, many businesses had sought an exemption from the requirements of Section 404 of the Sarbanes-Oxley Act. That provision requires public companies to assess the controls they have put in place to ensure that their financial reports are reliable.

Instead of a blanket exemption, officials said, the proposed guidance would give many small companies a powerful new tool in restricting their auditors from engaging in what the executives viewed as expensive and unnecessary audits of financial controls that had minimum impact on financial statements. A companion new auditing standard is to be proposed next week by the Public Company Accounting Oversight Board.

Under the guidance proposed by the S.E.C., executives would evaluate the design of only those financial controls that might carry the risk of having a material impact on financial statements. Commission officials emphasized that the guidance is being drafted to be less onerous on smaller or less intricate companies.

"Companies of all sizes and complexities will be able to conduct their evaluations more effectively and efficiently by following the proposed guidance," Mr. Cox said. "As smaller companies have less complex internal control systems than larger companies, this approach enables smaller companies, in particular, to scale and tailor their evaluation methods and procedures to fit their own facts and circumstances."

SEC Votes To Ease Audit Requirements (WP)

By Carrie Johnson

Washington Post, December 14, 2006

Securities regulators unanimously embraced a plan that they said would slash costs and restore common sense to an audit rule attacked as too expensive by business groups and lawmakers.

The Securities and Exchange Commission voted 5 to 0 yesterday to instruct corporate managers to focus their reviews on the areas that pose the greatest risk of fraud on financial statements.

Congress required executives and auditors to scrutinize corporate financial controls in the 2002 Sarbanes-Oxley Act, which was passed after huge frauds at Enron and WorldCom. The rule, which cost businesses millions of dollars more than regulators anticipated, has been a lightning rod almost ever since, becoming what SEC Chairman Christopher Cox called "the single biggest challenge" in the accountability law.

SEC staff members said that under the new proposal, they would urge corporate managers to use their best judgment in evaluating controls, rather than requiring them to scrutinize specific things such as the integrity of executives and the accuracy of petty cash accounts. But, rejecting an approach advocated by some business interests, regulators refused to create special exemptions for small companies. Instead, they said their plan encourages managers to develop tailor-made reviews based on the size and complexity of their businesses.

Corporate managers have criticized outside auditors for performing unnecessary and expensive work to protect themselves from liability and make more money. Accounting firms argue that the high costs were the result of long-deferred maintenance and have since declined. The Public Company Accounting Oversight Board, which oversees the accounting industry, will make companion proposals for accountants on Tuesday.

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SEC Commissioner Roel C. Campos, a Democrat, said the agency's proposal and the forthcoming rule proposal for auditors "will significantly reduce and in many cases wholly eliminate the inefficiencies and excessive costs while retaining all of the good."

Commissioner Paul S. Atkins, a Republican, said the plan may not be enough to force executives and auditors to focus on the most meaningful and risky aspects of their companies' finances. But SEC staff members expressed hope that their proposal was flexible enough so they would not need to revisit the issue.

The SEC proposal will be subject to a two-month public-comment period. Regulators hope they can pass a final version by April, in time for companies and auditors to use next year, said John W. White, director of the SEC's corporation finance division.

Separately, the five commissioners voted unanimously to propose new rules for investing in hedge funds, which are lightly regulated pools of capital designed for wealthy and sophisticated investors. The SEC has not changed its threshold for investing in the funds since 1982, Cox said, requiring long-overdue adjustments for inflation.

Concerns are mounting that more average investors and pension funds are pouring money into the $1 trillion hedge fund industry, which is subject to little oversight. A federal appeals court this year tossed out an SEC rule that would make fund managers open their books and register with the agency.

Under the current rules, individual investors need to earn an annual income of $200,000 for the past two years or have net worth of at least $1 million. The new proposal would force people to meet the old income criteria and show that they own at least $2.5 million in assets to be eligible to invest in hedge funds.

"We want to make sure that we send a strong signal . . . that caution is in order," Cox said. "We're taking steps to modernize the standard so it will be abundantly clear that these investments are not for mom and pop, unless mom and pop are very sophisticated investors."

The commission also proposed allowing companies to offer investors a choice in how they receive proxy materials and to voluntarily put that information online, which eventually could supplant paper documents.

Late yesterday, SEC leaders reissued for public comment a controversial plan that would require the majority of mutual fund board members, including board chairmen, to be independent from management. The proposal has been opposed by Fidelity Investments Chairman Edward C. "Ned" Johnson III, among others, and was rejected this year by a federal court.

SEC To Investors: More Internet, Less Hedge Funds (WSJ)

By Kara Scannell

Wall Street Journal, December 14, 2006

WASHINGTON -- Advancing several of its chairman's priorities, the Securities and Exchange Commission moved toward providing shareholders more corporate information electronically, shrinking the pool of investors who can invest in hedge funds and easing rules that critics argue hurt American competitiveness.

The electronic-information rule could affect nearly all shareholders within a year or so. The rule, approved unanimously yesterday, allows companies to distribute via the Internet annual reports and materials on board elections and other matters put before shareholders for a vote, while enabling investors to opt to continue to receive paper reports.

The so-called e-proxy rule will cut printing and mailing costs for corporations. But it will also make it cheaper for activist stockholders to launch fights against corporate boards, because shareholders of companies that distribute information to investors electronically will be able to do likewise.

The agency said it plans to make the e-proxy model mandatory by January 2008, though some members expressed concern about doing that.

Trying to boost U.S. competitiveness, the commission issued guidance it says will help companies be more "efficient and effective" when complying with a controversial section of the Sarbanes-Oxley law governing public companies' internal controls over financial statements. It also proposed a rule to make it easier for foreign companies to withdraw from SEC disclosure rules. Business groups have said U.S. regulations deter foreign companies from listing their shares on U.S. stock exchanges.

"If America's markets aren't competitive, investors lose. If America's markets aren't transparent and open, investors lose," said SEC Chairman Christopher Cox. If investors can't trust the stewards of the companies, he added, "we all lose," because they won't invest.

On hedge funds, the commission proposed cutting the number of individual investors who invest in the loosely regulated investment pools, which cater to the wealthy and institutions, including pension funds and endowments. Under current rules, which also apply to private-equity funds and venture-capital funds, individuals can invest in such funds if they have a net worth of $1 million or an annual income of $200,000 in the previous two years.

REGULATORY CHANGE

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The SEC took several actions Wednesday on Chairman Cox's agenda. Among them: · Approved optional electronic delivery of proxy statements and annual reports by 2008 proxy season. Investors can opt for paper.

· Issued guidance to firms making the internal-controls provision (Section 404) in Sarbanes-Oxley less onerous.

· Raised minimum threshold for individual investors in hedge funds to $2.5 million in investment assets, from $1 million of net worth.

· Will revisit its mutual-fund governance rule.

· Proposed easier way for foreign companies to withdraw from U.S. reporting rules.

Source: Securities and Exchange Commission

If adopted, the new rule would build on that standard, requiring hedge-fund and private-equity-fund investors to have $2.5 million in investment assets, excluding primary residences. The existing standard, in place since 1982, was intended to protect small, unsophisticated investors from getting in over their heads by pouring money into funds that often are riskier than, say, mutual funds.

The new rule could reduce the number of qualified investors by 88%, said SEC Commissioner Paul Atkins, a Republican who voted for the proposal. The SEC says 1.87% of all U.S. households were qualified to invest in hedge funds in 1982; today, 8.5% are qualified. The proposed rule will reduce that percentage to 1.29%.

The proposed rule would not apply to venture-capital funds. SEC staff members who drafted the rule said they wanted to avoid crimping the amount of capital available to such funds, because of their role in funding small start-up businesses. The 1982 standards would still apply to venture-capital investors.

Mr. Atkins expressed skepticism about that explanation, saying that it sounded like a "political rationale," and that venture-capital funds can be just as risky and vulnerable to fraud as hedge funds.

Roel Campos, a Democratic commissioner, said there was a need for "very moderate oversight" of the hedge-fund industry to see the full picture of risk to investors and the market. He suggested a carrot-and-stick approach: easing marketing restrictions for hedge-fund advisers that register with the SEC and submit themselves to a degree of regulatory oversight. A previous attempt by the SEC to require many hedge-fund advisers to register was struck down by an appeals court.

The SEC also voted unanimously to propose making it illegal for hedge funds to defraud, deceive or omit material facts to investors. The proposal would restore a similar rule voided earlier this year, when the appeals court struck down the hedge-fund registration requirement.

The SEC plans to seek public comment on the rules proposed yesterday, a process that often results in proposals being altered before adopted in final form, unless the commission decides to abandon them.

Mr. Cox said the e-proxy rule -- the only one approved in final form yesterday -- was one of several steps toward changing how investors access information. It dovetails with two other technology-based initiatives Mr. Cox is pushing. One will allow investors to quickly compare data in a corporation's financial statement with other companies' data. The other is an upgrade to the search capabilities of the SEC's Internet-based system for storing corporate financial reports, known as Edgar.

"We're trying to qualitatively improve the disclosures investors get," he said.

Business groups have been wary of using Internet-based proxies -- the documents that outline matters put before shareholders for votes. Their main fear is that activist investors would find it much easier to put their proposals before all of a company's shareholders. Consumer groups, on the other hand, have warned that electronic proxies could disenfranchise investors who don't use the Internet.

Some commissioners expressed concern about making the e-proxy rule mandatory, given other changes the SEC is weighing for the proxy process. Commissioners also fretted that a mandatory rule might crimp participation by shareholders without Internet access.

On Sarbanes-Oxley, the SEC's guidance appears to be an artful compromise aimed at addressing criticism about the law's Section 404, which requires companies to review internal controls and procedures over financial statements to lessen the chance of fraud and mistakes. The new guidance lets corporate managers use their discretion to focus on controls and processes that they feel pose the greatest risk and could result in major misstatements.

John White, director of the SEC's corporation-finance division, said the guidance is intended "to foster the preparation of reliable financial statements" and "bring information about material weaknesses into the public view." The guidance, which doesn't provide specific examples, allows management to make judgment calls "in light of the size, nature and complexity of the company," said an SEC staff member. It allows small companies more flexibility, officials said.

The SEC also voted to reissue a rule -- rejected by an appeals court this year -- that would require mutual-fund boards to have more independent members. The appeals court ruled that the SEC didn't properly consider the rules' economic impact, so the SEC plans to make two reports on the rules' costs and benefits available as part of its public-comment process.

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Monster Worldwide Restates 9 Years Of Earnings (BLOOM)

Bloomberg, December 14, 2006

Monster Worldwide, owner of the most used online job-listing service, reduced past earnings by $271.9 million yesterday to correct stock-based compensation costs, and it disclosed more than $500,000 in improper payments to its founder, Andrew J. McKelvey.

The restatements cut net income for 2005 by $9.24 million, for 2004 by $14.4 million, for 2003 by $27 million, for 2002 by $44.9 million, for 2001 by $65.6 million, and for the cumulative period of 1997 through 2000 by $110.8 million, the company said in a statement.

Monster, which is based in New York, disclosed payments to Mr. McKelvey, 72, who resigned as chief executive on Oct. 6 and stepped down as chairman emeritus three weeks later after refusing to answer options-related questions. He has repaid $533,000 and may pay more, Monster said.

From 1997 to 2003, options grants were misdated “intentionally, by persons formerly in positions of responsibility,” to increase their value, the company said.

Monster is among at least 80 companies that have restated their financial results or said they would correct options accounting. The company said in June that internal auditors, the Justice Department and the Securities and Exchange Commission had started reviewing options grants. On Nov. 22, Monster fired its general counsel, Myron F. Olesnyckyj, amid the investigations.

Investigators found that the company had paid for health care costs of nine relatives of Mr. McKelvey and nine people who were personally employed by him at varying times since 1997. It also granted stock options to four of his personal employees.

Monster also disclosed payments of thousands of dollars in rent and aircraft fees to businesses owned or controlled by Mr. McKelvey.

Kelly Flynn, an analyst at UBS, wrote yesterday in a note to clients that the transactions were “troubling” and might weigh on Monster’s reputation and increase the risk of further regulatory inquiries.

But Glenn Greene of ThinkEquity Partners in Chicago, who has a buy rating on the shares, said, “This puts the issue behind them, and it doesn’t impact the fundamentals of the business going forward.”

In trading yesterday, Monster’s stock fell 31 cents, to $44.18.

New Fed Case In Muni Market Looks Like The Old Case: Joe Mysak (BLOOM)

By Joe Mysak

Bloomberg, December 14, 2006

Dec. 13 (Bloomberg) -- This is how the government's case against the municipal market will look.

The Department of Justice will put out a press release. It will read something like this:

``In the first prosecution of its kind, the Justice Department's Antitrust Division today brought criminal securities fraud charges against a securities brokerage firm for using fictitious noncompetitive bids and other misrepresentations during the restructuring of a municipal bond escrow account."

There you have it. This passage contains almost everything you need to know about what's going on in the municipal market right now. There's the Justice Department's Antitrust Division, criminal charges, and anticompetitive practices in connection with the reinvestment of money raised in a bond sale.

Yet the above paragraph isn't a look into the future. Insert ``California" in front of ``securities brokerage firm" and ``Tampa, Florida," in front of ``municipal bond escrow account," and you have the wording of a Department of Justice press release sent out on Sept. 28, 1995, more than 11 years ago.

Here's the second paragraph: ``The criminal securities fraud charge, along with a wire fraud charge, were filed in U.S. District Court in San Francisco against Municipal Government Investment Associates Inc., a San Francisco brokerage firm."

Bad Bids

What happened? The indictment of MGIA was at the time thought to be the first shot in the government's battle to reform the reinvestment of proceeds business, and so it was.

The press release went on to quote Assistant Attorney General Anne K. Bingaman saying that the charges resulted from a continuing federal grand jury investigation into collusive bidding and fraud in the municipal bond escrow restructuring business.

The parties involved all disgorged profits and paid fines.

And then? And then five years later, in April 2000, 16 securities firms paid $120 million to settle charges that they had systematically ripped off municipalities for the bonds used to fund escrow accounts.

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These 16 had to pay another $20 million to various issuers, and were later joined by a number of other securities firms. None of them, of course, admitted to liability in what was known as the ``yield-burning" investigation; they merely ``settled charges."

Again I say: What happened? MGIA was the first shot in a war that was never fought. At some point, this entire investigation took a very different turn, indeed.

`Anticompetitive Practices'

This is a funny thing. Or maybe it is a tragic-funny thing. Here it is more than a decade later, and a full investigation and round of settlements later, and the government says it is still looking at bid-rigging, price-fixing, kickbacks and ``anticompetitive practices" in the municipal bond market's reinvestment of proceeds business.

I don't understand. Back in 2000, after the global settlement was announced (at least to hear the lawyers tell the story), the government had succeeded in cleaning up Muniland. They had changed the way Wall Street and Main Street did business. Right? And wasn't that a great thing?

Well, guess what? We are right back to where we started with MGIA. The firm was doing the same things that everyone is so exercised about today. At some point, the Feds stopped pursuing the relative small-timers in the snake-pit that is apparently the reinvestment of proceeds business, and instead focused on the big Wall Street firms that systematically mispriced the Treasury securities used in escrow accounts.

What Happened?

A pretty good case can be made that the Feds should have stuck with the MGIA strand, where the dealings were dirtier and nastier and perhaps resulted in more lasting damage to public finance.

MGIA was run and owned 65 percent by one guy who also worked for another firm involved in the same Tampa, Florida, transaction. MGIA had a secret profit-splitting arrangement with the larger firm (Kidder Peabody & Co.) that ``won" the right to provide the city of Tampa with an investment agreement. The Department of Justice said the bidding was rigged in Kidder's favor.

And then there's the whole matter of the ``value" of the agreement. You can see why people are so anxious to get into this business. Kidder paid the city $1.32 million for the right to provide an investment agreement that was, the government said, worth $3 million more -- and then split that profit with the guy at MGIA.

These are all the elements that the Feds say they are so interested in, now.

Who was minding the store? For years now, the market's regulators have been saying they don't regulate the swaps and derivatives and investment-agreement business. This was apparently a license to pillage the public treasuries. And yet more than a decade ago, they were heading down that road. They had found all sorts of criminal and anticompetitive practices, and had even managed to win a case. And then that was it.

Why didn't they finish the job? Is the market better off for the extra decade of profitable, unfathomable shenanigans?

What happened?

(Joe Mysak is a Bloomberg News columnist. The opinions expressed are his own.)

CRIMINAL LAW:

Feds Won't Let Some Sex Offenders Go (USAT)

By Kevin Johnson

USA Today, December 14, 2006

WASHINGTON — The Justice Department is planning to detain an undetermined number of violent sex offenders after they have completed their federal prison sentences as part of a program aimed at protecting children, U.S. Attorney General Alberto Gonzales says.

The initiative, modeled after "civil commitment" laws in 18 states that have kept 2,000 sex offenders locked up for mental health treatment after they served their sentences, will identify federal inmates who authorities think would pose a threat if freed.

It's unclear how officials will decide which offenders should be held past their sentences.

The potential impact on the federal prison system could be significant: Of the system's 190,000 inmates, 11,000 are sex offenders.

"We're working with the Bureau of Prisons (BOP) to see how we implement" the plan, Gonzales says.

So far, officials have referred 11 federal inmates for possible commitment after their time is served, the BOP says. The offenders would be treated at a prison in Butner, N.C.

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Civil commitment laws, which survived a U.S. Supreme Court challenge in 1997, have been one of the most extreme measures states have used to clamp down on repeat sex offenders. This year, Congress gave the U.S. government the authority to impose such a program.

Congress has "given us the right to pursue (civil commitments) and we are going to," Gonzales told prosecutors here last week.

Civil commitment programs for sex offenders have passed legal muster on the state level because courts have viewed them as similar to laws allowing confinements of mentally ill criminals until they are deemed fit to return to society.

For years, authorities from Virginia to Washington state have detained sex offenders well past their release dates and kept them in state treatment facilities. Civil trials usually determine whether offenders should stay in custody past their sentences, be released or submit to monitoring similar to parole.

Of the more than 2,000 sex offenders who have been committed across the nation, only 10% have been released after rehabilitation, says Dennis Doren, a Wisconsin psychologist and BOP consultant.

Critics say that such programs unfairly extend punishments beyond sentences set by judges and juries. "This is merely camouflage for lifetime sentences for some offenses," says William Buckman of the National Association of Criminal Defense Lawyers.

Gonzales Concentrates Outrage On Child Abuse (USAT)

By Kevin Johnson, Usa Today

USA Today, December 14, 2006

Horrific Internet images of tortured kids haunt Justice Department chief

WASHINGTON — In the spring of 2005, new U.S. Attorney General Alberto Gonzales was still getting to know the Justice Department and its 100,000 employees when he stopped at Drew Oosterbaan's office a few blocks from the department's headquarters.

What happened during the next hour, Gonzales says, haunts him to this day.

Oosterbaan, director of the department's Child Exploitation and Obscenity Section, introduced his new boss to a branch of crime that had been largely overshadowed by the department's post-Sept. 11 focus on preventing terrorist attacks.

Gonzales watched silently as streaming video captured from the Internet showed fathers sexually assaulting their daughters, some younger than 10. Another segment showed men defecating on screaming babies whose tiny hands and feet were tied down with bath towels.

Rebecca Gonzales, the attorney general's wife, vividly recalls that day. The nation's top law enforcement officer, she says, arrived home clearly shaken.

"He didn't cry, but it was close," she says. "That was a terrible day. It changed him. That day put fire in him."

Passion and emotion aren't things the public sees much of from Gonzales, the former White House counsel from Texas who had long been a quiet, deferential confidant of President Bush. Unlike his predecessor, John Ashcroft, Gonzales, 51, often fades into the background at his own news conferences, content to allow subordinates to describe Justice's actions.

Until the subject turns to child abuse.

Punishing abusers has become a particular passion with Gonzales, who is emphasizing the issue like no other attorney general before him. He has launched an energetic campaign by the Justice Department to confront sexual predators with new prosecution tactics, new programs and the promise of more money to combat the problem.

Arrests and prosecutions in child exploitation cases have risen sharply since Gonzales took office nearly two years ago. Federal prosecutions jumped last year by the largest one-year margin in the past decade, from 1,244 to 1,576.

The get-tough tactics toward sexual predators include a plan to detain federal offenders after they have completed their prison sentences if they are deemed to be a potential danger to the public. Eighteen states have similar programs.

Gonzales acknowledges that preventing terrorism and the government's controversial surveillance and detention programs are his department's top priorities. However, in speeches and interviews he seems most energetic when describing — sometimes in surprisingly graphic detail — crimes against children and his desire to prevent them.

In an interview, Gonzales talks of being outraged by the images he's seen in evidence collected by investigators: Fathers forcing toddlers to perform oral sex. Physically imposing men abusing young girls. Some assaults are punctuated by the screams of frightened children, he says.

"To see the trust of these children violated is very powerful," Gonzales says.

Ernie Allen, president of the National Center for Missing and Exploited Children, acknowledges that the explicit nature of Gonzales' rhetoric may be shocking to some.

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"I'm sure some people have counseled him that a senior official in government shouldn't be speaking in such graphic terms," Allen says. "He uses terms I've never heard a public official utter. I'm sure there is an element of risk to that. But what the attorney general has done is mobilize existing resources in a way that has never been done. The best way to do that is through the bully pulpit."

Allen says Gonzales communicates a "sense of urgency" no other public official of his rank has attempted. "What he is doing," Allen says, "is historic."

During a meeting with federal prosecutors last week in Washington, Gonzales said, "People often ask me what keeps me up at night. Obviously the threat of a terrorist attack never leaves my mind, and it is the top priority of our government to keep that from happening.

"But it is the faces of child victims that haunt my dreams. I can see their eyes, that awful emptiness, as if their tiny souls are trying to detach themselves from their desecrated bodies. I see the victims' images as part of my work. But now they are part of my heart, and I am not going to tire in this fight to protect them."

During his first meeting with Gonzales in February 2005, Oosterbaan recalls, he wanted to impress upon the new attorney general how the Internet had taken the exploitation of children to a new level.

Oosterbaan says he figured the best way to do that — and hopefully gain an important ally in fighting crimes against children — would be to show Gonzales the evidence.

Oosterbaan identified some of the most disturbing photographs seized by law enforcement officials. At the last moment, fearing the images would be too graphic, the career prosecutor scrapped the plan. "I couldn't scar him," Oosterbaan says.

Weeks later, Gonzales wanted a more detailed briefing. Oosterbaan remembers a phone call from a Gonzales aide who said, "Drew, he wants to see the images."

Gonzales arrived at Oosterbaan's sixth-floor office on New York Avenue NW and sat quietly as graphic videos of infants and young girls streamed across a computer screen, Oosterbaan says.

"Anyone who has seen these images are never the same, and that was true with the attorney general," Oosterbaan says. "He didn't say a lot. You almost see something drain out of people when they watch this. That is what I saw."

From that day, Oosterbaan says, he's never had a more influential advocate. Aside from Gonzales' emphasis on aggressive prosecutions and keeping convicted sex offenders in custody, the attorney general has embraced a range of initiatives aimed at protecting kids:

·The Adam Walsh Child Protection and Safety Act, signed into law this year, established federal penalties for convicted sex offenders who fail to register with authorities when they move from state to state.

·In May, Gonzales rolled out the Project Safe Childhood program, modeled after the 2001 Project Safe Neighborhood initiative, which targeted gun crimes.

The new program designates prosecutors in each of the nation's 94 U.S. attorney's offices to coordinate exploitation investigations and prosecutions with help from state and local authorities.

·Gonzales has created a group to work with Internet service providers to try to extend the time companies store user history data. Such an agreement, he says, would allow investigators to more easily track suspected child abusers.

Gonzales' interest in securing such data has drawn criticism from some privacy advocates who fear such information could be tapped for investigations that do not involve child exploitation.

The Electronic Frontier Foundation, a free speech advocacy group, has argued that the stored data could unnecessarily expose personal details of users who have no ties to criminal activity.

"It treats everyone as a criminal just in case it might be useful to the government," foundation lawyer Kevin Bankston says. "It's an incredibly invasive measure."

Oosterbaan says the initiative reflects an attorney general willing to do whatever it takes to curb crimes against children.

"What I see is a powerful and deep sense of obligation and responsibility," he says. "I have never heard a man in his position talk about the problem the way we (investigators) talk about it."

Gonzales is not the first attorney general to turn a spotlight on an enforcement issue traditionally relegated to the background.

Janet Reno, whose term spanned a series of national crises — from the first World Trade Center attack in 1993 to the international custody dispute over Cuban boy Elian Gonzalez in 2000 — focused on the safety needs of Native Americans.

Reno made frequent visits to Indian country and expanded the FBI's presence on reservations to help tribes with basic law enforcement. "He realizes that the placement of prevention and enforcement programs up front pays enormous dividends down the road," Reno says of Gonzales.

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Seated in an ornate conference room that once was Robert F. Kennedy's office at Justice, Gonzales — the father of three sons, ages 23, 14 and 11 — says he doesn't necessarily want the pursuit of sexual predators to define his tenure. It's clear, however, that the issue isn't just his passion, it's his wife's as well.

Rebecca Gonzales, who once worked in the Texas attorney general's sexual assault division, is a volunteer at the National Center for Missing and Exploited Children.

"I'm firmly committed to going after terrorists," Alberto Gonzales says. "But this is a special category because we are talking about protecting the most vulnerable in our society: our children. As a father, the thought of anyone harming my sons is not anything you want to think about."

The Gonzales File (USAT)

USA Today, December 14, 2006

·Age: 51. Born Aug. 4, 1955, in San Antonio; grew up in Houston, the second of eight children.

·Military service: U.S. Air Force, 1973-75.

·Education: U.S. Air Force Academy, 1975-77; Rice University, B.A. in political science, 1979; Harvard Law School, J.D., 1982.

·Professional experience: Lawyer, Vinson & Elkins, Houston, 1982-95; general counsel to Texas Gov. George W. Bush, 1995-97; secretary of State, Texas, 1997-99; justice, Texas Supreme Court, 1999-2000; White House counsel, 2001-2005; U.S. attorney general, 2005-present.

·Family: Wife, Rebecca Turner Gonzales; three sons.

Source: Justice Department

Former Children's Editor Sentenced For Soliciting Sex From Minor (AP)

By Rodrique Ngowi

AP, December 14, 2006

BOSTON— A former editor for the company that publishes the venerable Weekly Reader, a newspaper for elementary school children, was sentenced Wednesday to six years in prison for soliciting sex from a minor.

Noel Neff, 47, of Norwalk, Conn., also was fined $2,500, barred from using the Internet to access child pornography sites and ordered not to associate with anyone under the age of 18 without supervision from an adult who is aware of his criminal record.

"I made a mistake and I pay a heavy price for that mistake," Neff told U.S. District Court Judge George O'Toole shortly before sentencing. "I am extremely remorseful for what I have done."

Neff did not visibly react when the sentence was read. As federal marshals put him in handcuffs and led him away, he quietly said to his brothers, sisters and a nephew: "Take care, I love you."

His attorney, Francis O'Reilly, said his client planned to appeal.

"Our position is that a sentence of 60 months would have been more appropriate in this case," O'Reilly said.

A federal jury in May convicted Neff of using Internet to induce a minor to engage in sexual activity, which carries a mandatory minimum of five years in prison, and a maximum of 30.

Neff was arrested in July 2005 in a parking lot at the Franklin Village Mall. Investigators said he had arranged to meet with a 14-year-old boy named Chris for sex.

Chris was actually an FBI agent who had been posing as a minor and exchanging instant messages with Neff for two months, according to authorities.

Weekly Reader Corp., is based in Stamford, Conn., and publishes several magazines and periodicals for students, including Weekly Reader.

The company fired Neff a few days after his arrest.

At the sentencing, O'Toole recommended Neff be sent to a federal facility in Butner, North Carolina and attend a sex-offender treatment program offered there.

The judge also ordered a supervised release for five years and that Neff submit to drug tests and periodic polygraph tests.

Ex-church Camp Leader Arrested On Child Porn Charges; Allegations Include A Former Camper (AP)

AP, December 14, 2006

(AP) - COLUMBIA, Illinois-A former church camp leader was arrested on child pornography charges and accused of trying to coax girls, at least one of them a former camper, to pose partly naked or perform a sex act.

Aaron Niles, 20, began chatting with the girls online using the screen names "loverboyniles" and "godrocks30" after working at a Baptist summer camp in 2005, Columbia Police Chief Joe Edwards said Wednesday.

He was arrested Tuesday on three counts of child pornography and one count of indecent solicitation of a child related to incidents in April and May.

At least one of the girls in the allegations had attended the summer camp where Niles was a volunteer team leader, police said.

Investigators were still combing through Niles' computer Wednesday, but "once we complete this, the potential for additional charges are there," Edwards said.

He said investigators also were asking parents whose children may have attended the Super Summer Baptist Camp in Greenville in 2005 to check their children's computer for Niles' online user name.

Niles was jailed on $10,000 (â‚¬7,550) bond. He has an unlisted telephone number in Waterloo, near Columbia, about 15 miles (24 kilometers) southeast of St. Louis.

In a statement Tuesday, the pastor of Niles' Columbia church said the allegations left the congregation "deeply saddened."

"We hurt for the families who have been hurt by this," the statement from First Baptist Church pastor Jonathan Peters said. "We, as the leadership of this church family, have done our best to both protect our church and to demonstrate compassion to everyone involved. We have sought to show love without leniency."

U.S. Gets Subpoena To Force ACLU To Return Leaked Memo (WP)

By Dan Eggen

The Washington Post, December 14, 2006

Federal prosecutors are demanding that the American Civil Liberties Union turn over all copies of a secret document it has obtained, in what is apparently the first time a criminal grand jury subpoena has been used in an attempt to seize leaked material, the ACLU and legal experts said yesterday.

Prosecutors obtained the subpoena Nov. 20, saying their demand was part of an investigation into an alleged violation of the Espionage Act of 1917.

The ACLU says that the 3 1/2 -page document contains no information that should be classified and that the memo is only "mildly embarrassing" to the government. Some legal scholars said the case bears similarities to events in the "Pentagon Papers" case more than three decades ago.

The subpoena issued in the Southern District of New York provides the latest example of the Justice Department's aggressive use of the anti-spying law, a broadly worded and little-used statute that has become the bedrock in a series of leak-related investigations by the Bush administration.

In a motion filed in federal court, the ACLU called the subpoena an "unprecedented abuse" of the government's grand-jury powers that violates the First Amendment and is aimed at suppressing information rather than investigating a crime.

The civil liberties group -- which has been sharply critical of the Bush administration's terrorism and detainee policies -- said it is prohibited from disclosing the contents of the document. But it described the document as "nothing more than a policy, promulgated in December 2005, that has nothing to do with national defense."

"No official secrets act has yet been enacted into law, and the grand jury's subpoena power cannot be employed to create one," the ACLU wrote in its brief, which was filed with U.S. District Judge Jed S. Rakoff.

Officials at the Justice Department in Washington referred questions about the case to the office of U.S. Attorney Michael J. Garcia in New York. A spokeswoman there confirmed the subpoena but declined to comment further.

First Amendment advocates and experts in national security law said the subpoena represents a dramatic bid by the government to punish or intimidate media organizations and advocacy groups that attempt to publicize government policies and actions.

Lucy Dalglish, executive director of the Arlington-based Reporters Committee for Freedom of the Press, called the subpoena "disturbing," saying it would be easy for the government to attempt a similar move against a news outlet that had obtained a sensitive document as part of its investigative work.

"It shows me a pattern of aggressiveness to retrieve information that has escaped from the bubble," Dalglish said. "It's intimidation. It's trying to use all sorts of different methods at their disposal to stop proliferation of leaks from the federal government and to prevent public oversight of the executive branch."

William C. Banks, a law professor at Syracuse University and co-author of a leading textbook on national security law, compared the subpoena to a telegram sent in 1971 by then-Attorney General John N. Mitchell to the publisher of the New York Times, warning that publication of a leaked report on the Vietnam War violated the Espionage Act and demanding the return of the Pentagon Papers to the Defense Department.

"It's the same kind of scare tactics, it seems to me," Banks said, adding that he doubts the judge would enforce the subpoena because previous court rulings appear to support the ACLU's position.

The government is pursuing a series of leak investigations related to alleged violations of the Espionage Act and other laws governing the protection of classified information. These include a probe into the disclosure of a warrantless-surveillance program operated by the National Security Agency and the prosecution of two former employees of a pro-Israel lobbying group for allegedly violating the espionage statute.

ACLU officials said that they were told they were not the targets of the probe and that prosecutors had made clear they knew the identity of the person who had provided the group with the memo. Executive Director Anthony D. Romero told reporters that the organization has no idea how the government learned it had the memo.

The ACLU says in its brief that the document was sent as an unsolicited e-mail on Oct. 23 and that the e-mail and one printed copy of the document have been isolated pending litigation. The document is stamped "secret" and contains the heading "Information Paper," according to the subpoena.

The subpoena was issued after the ACLU refused a verbal demand from Assistant U.S. Attorney Jennifer G. Rodgers to turn over all copies of the memo, the group said. Despite the government's keen interest in the document, Romero said, the document does not appear to be particularly important or damaging.

"The government has made this document much more newsworthy now than it perhaps was at first blush," Romero said.

U.S. Subpoena Is Seen As Bid To Stop Leaks (NYT)

By Adam Liptak

The New York Times, December 14, 2006

Federal prosecutors are trying to force the American Civil Liberties Union to turn over copies of a classified document it received from a source, using what legal experts called a new extension of the Bush administration's efforts to protect national-security secrets.

The novelty in the government's approach is in its broad use of a grand jury subpoena, which is typically a way to gather evidence, rather than to confiscate all traces of it. But the subpoena issued to the A.C.L.U. seeks "any and all copies" of a document e-mailed to it unsolicited in October, indicating that the government also wants to prevent further dissemination of the information in the document.

The subpoena was revealed in court papers unsealed in federal court in Manhattan yesterday. The subject of the grand jury's investigation is not known, but the A.C.L.U. said that it had been told it was not a target of the investigation.

The subpoena, however, raised the possibility that the government had found a new tool to stop the dissemination of secrets, one that could avoid the all but absolute constitutional prohibition on prior restraints on publication.

The disputed document, according to the A.C.L.U., is three-and-a-half pages long and unremarkable, and its disclosure would be only mildly embarrassing to the government. It added that the document "has nothing to do with national defense."

"The government may be wanting to have its cake and eat it, too," said Rodney A. Smolla, the dean of the University of Richmond's law school. "It may want to present this to the court as not carrying heavy First Amendment implications. But to the extent the government wants to prevent the A.C.L.U. from disclosing the content of the document by virtue of this subpoena, it is a prior restraint."

John C. Eastman, a law professor at Chapman University, disagreed, saying that the subpoena was unusual but not improper and a sign of a moderate approach to a significant problem.

"Assuming it's properly classified," Professor Eastman said of the document, "I actually think the government is bending over backwards to accommodate the A.C.L.U. rather than pulling the trigger in prosecuting them."

"I'm not troubled by the fact that when we're dealing with classified documents there may be action taken to retrieve them," he added.

The A.C.L.U. said the subpoena was an effort to chill speech about the Bush administration. "The government is involved in a very conscious effort to suppress its critics," said Anthony D. Romero, the A.C.L.U.'s executive director.

Lauren McDonough, a spokeswoman for Michael J. Garcia, the United States attorney in Manhattan, declined to comment beyond acknowledging the A.C.L.U.'s filing.

In the past, the government has fired and prosecuted government officials who provided classified information to people not authorized to have it. It has also tried to force reporters and others to identify the government officials who leaked to them.

But the Supreme Court has drawn the line at efforts to restrain or punish the dissemination of truthful information about matters of public concern.

The Bush administration has been particularly vigilant in trying to keep its secrets. It has threatened, for instance, to prosecute reporters for publishing classified information.

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The A.C.L.U.'s lawyers said in court papers filed Monday that such subpoenas, if upheld by the court, would pose a direct threat to journalists.

"Many of the most important news articles of the past year (such as those concerning N.S.A. eavesdropping, rendition of foreign prisoners of our nation to other nations, Defense Secretary Rumsfeld's views on the deteriorating situation in Iraq, National Security Adviser Hadley's assessment of Iraqi Prime Minister Maliki, and the report on the Iraq insurgency's funding sources) have been based on classified documents leaked to reporters," the group's motion said.

Those articles, the motion continued, "could not be prepared and published as they have been were the government allowed to use subpoenas to confiscate 'any and all' copies of classified documents it learns are in the hands journalists and other public advocates and critics."

Experts in First Amendment law said that political advocacy groups like the A.C.L.U. are entitled to the same constitutional free-speech protections that journalists receive.

"In this case," said Floyd Abrams, a First Amendment lawyer, "the A.C.L.U.'s function is presslike" in that it collects, analyzes and disseminates information about the government.

In its motion to quash the subpoena, the A.C.L.U. said, "The document is nothing more than a policy, promulgated in December 2005."

It added, "The document contains no information concerning matters such as troop movements, communications methods, intelligence sources or the like."

The group's lawyers have agreed for now not to disclose the contents of the document, but hyperlinks to the papers posted yesterday on its Web site include the word "torture."

The identity of the source is known to both the A.C.L.U. and the government, the organization's lawyers said. The A.C.L.U. declined to name the source.

In November, Jennifer G. Rodgers, a federal prosecutor, called the A.C.L.U. and demanded the return of the document and all copies, according to court documents. She knew the date on which it had been e-mailed to the group, court papers say.

A subpoena followed. The A.C.L.U. moved to quash it, and Judge Jed S. Rakoff of the Federal District Court in Manhattan yesterday ordered the unsealing of the organization's filings and the subpoena itself. The judge will rule on the motion to quash shortly.

The Espionage Act makes it a crime for people who have unauthorized possession of some kinds of national security information to receive, retain, disseminate or refuse to turn it over to the government when asked. But A.C.L.U. lawyers say the document does not meet the statute's definition and that, in any event, a subpoena is an improper way to enforce the law.

In its filing, the A.C.L.U. also argues that the government is misusing the grand jury that issued the subpoena.

"Despite extensive research," the motion to quash says, "we have been unable to find a single reported decision even mentioning, much less enforcing, a subpoena purporting to preclude the subpoenaed party from retaining a copy of subpoenaed documents. There is no possible argument that there is an investigative purpose to such a subpoena."

"Girls Gone Wild" Producer Given Community Service (AP)

By Melissa Nelson, Associated Press Writer

AP, December 14, 2006

(AP) - PANAMA CITY, Florida-The multimillionaire founder of the popular "Girls Gone Wild" video empire was sentenced to community service on Wednesday after the company pleaded guilty to federal charges of failing to monitor the ages of the women it films.

Mantra Films Inc. also agreed to pay $1.6 million (â,¬1.21 million) in fines for using drunken 17-year-olds in videos it filed on Panama City Beach during Spring Break and failing to properly label its DVDs and videos as required by federal law.

U.S. District Judge Richard Smoak told company founder Joe Francis he added the community service to the fine because it did not appear a fine would be a meaningful punishment to the 33-year-old Francis, who makes an estimated $40 million (â,¬30.15 million) a year.

The fine represents less than 3 percent of Mantra films' profits since 2002 and only 12 percent of Mantra's 2005 profits, Smoak said.

Besides Francis, company president Scott Barbour also was ordered to complete eight hours of community service monthly for the next 30 months. Smoak said two other Mantra executives - likely the general counsel and chief financial officer - would also have to complete the community service, though the judge gave Francis the option of "stepping up" and serving 16 hours a month of community service himself and voiding his corporate officers' obligations to do the service.

"It does not take a very brave man to go out and corner a girl in the middle of spring break who had four drinks," Smoak told Francis.

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Francis said his policy has always been not to film girls under 18 and that the girls filmed in Panama City lied about their ages. Aaron Dyer, an attorney for Francis and the company, said his client would serve the judge's sentence.

Founded in 1997, Mantra released 83 different titles and sold 4.5 million videos and DVDs in 2002, according to Hoover's Inc., a business data firm in Austin, Texas.

A second company owned by Francis, MRA Holdings LLC, entered into a deferred agreement on charges of improper labeling. Under that agreement with prosecutors, the charges would be dismissed after three years if MRA Holdings cooperates with future government prosecutions, admits wrongdoing and pays fines.

Also pending against Francis are state felony charges in which he is accused of using children in sexual performances. He is accused of participating in the filming of two 17-year-old girls in sexual situations at a Panama City Beach motel in the same 2003 case that led to the federal charges.

Boeing Laptop Stolen, Putting 382,000 At Risk For Identity Theft (AP)

AP, December 14, 2006

(AP) - CHICAGO-A Boeing Co. laptop containing the names and Social Security numbers of 382,000 workers and retirees has been stolen, putting the employees at risk for identity theft and credit-card fraud.

The theft, which was confirmed Tuesday, was the third such incident at Boeing in just over a year.

Files on the computer also contained home addresses, phone numbers and birth dates. Some of the files listed salary information.

"It's very disturbing to us when things like this happen, and there are certain steps you can take right away ... but we realize we need to go above and beyond those," said Tim Neale, a spokesman for Chicago-based Boeing.

The laptop was stolen earlier this month when an employee left it unattended, Neale said. He would not reveal where the theft happened, but said no proprietary, customer or supplier data were on the computer.

The computer was turned off when it was stolen and a password is needed to log onto the desktop, Neale said Wednesday.

Boeing began contacting current and former employees Tuesday night, and it will provide credit-monitoring services for three years for those affected, Neale said.

There is no evidence that any of the previous thefts have resulted in wrongdoing, he said.

A Boeing laptop containing information on roughly 160,000 current and former employees was stolen in November 2005. Then, in April, a laptop containing information on 3,600 employees and retirees was stolen.

Neale would not say whether any disciplinary action has been taken against the employee involved in the recent theft. However, he acknowledged that in each of the incidents company policy was violated.

"It's frustrating because obviously you don't want to see this happen," he said.

ID-theft Rings Catered To Illegal Workers (USAT)

By Donna Leinwand, Usa Today

USA Today, December 14, 2006

A federal investigation that ended Tuesday in a raid on six meatpacking plants has uncovered criminal groups around the country that steal real birth certificates, Social Security cards and other documents and sell them to illegal workers, federal officials said.

One fraud ring mailed dozens of Puerto Rican birth certificates to a Worthington, Minn., man who resold them for as much as $1,000 to illegal workers as part of a set of identity documents. Some of the sets were bought by workers at the meatpacking plants, Immigration and Customs Enforcement (ICE) spokesman Marc Raimondi said.

In its largest workplace raid ever, ICE agents on Tuesday arrested 1,282 workers at Swift & Co. meat-packing plants in Worthington, Minn.; Greeley, Colo.; Cactus, Texas; Grand Island, Neb.; Marshalltown, Iowa; and Hyrum, Utah. Workers were from Mexico, Guatemala, Honduras, El Salvador, Laos, Sudan and other countries, Raimondi said.

Illegal workers have traditionally forged documents and invented social security numbers, ICE Assistant Secretary Julie Myers said.

"The investigation uncovered substantial evidence that hundreds of illegal aliens working at Swift had apparently stolen the identities of U.S. citizens," Myers said. "The illegal aliens had obtained these documents from a variety of document rings and vendors."

In recent months, ICE agents have arrested members of document rings in Minnesota, Texas, Utah and Puerto Rico. Homeland Security Secretary Michael Chertoff said federal agents continue to investigate fraud rings tied to Tuesday's arrests.

More than 400 former Swift workers thought to be in the USA illegally are missing. In October and November, Swift interviewed 450 employees it suspected were working illegally and found 90% to 95% did not have proper documents, but Swift did not notify ICE, the court documents say. More than 400 workers were fired or failed to show up.

"Neither Swift nor ICE knows where those 400 workers are now," U.S. District Judge Mary Lou Robinson wrote in a court ruling on Dec. 7.

Agents were tipped to the fraud ring in February while in Marshalltown interviewing workers who had admitted assuming fake identities, Myers said.

ICE agents in July reviewed employment eligibility forms for 1,157 workers at the Swift plant in Hyrum. They found 300 people — 26% of the Swift workforce — had suspect identities.

One of those people was Jose Esteban Aleman of Logan, Utah, hired at Swift in 2005 under the name of Christopher Padilla, 22, according to a sworn statement. Investigators tracked the real Padilla to the Cook County, Ill., jail, where he had been held on murder-related charges since 2004, court documents say. Aleman has been charged with felony forgery and felony identity theft.

Swift said Wednesday it had resumed operations.

Pellicano Co-defendant Pleads Guilty To Federal Fraud And Wiretapping Charges (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, December 14, 2006

Daniel Nicherie admits hiring the former private investigator to wiretap a businessman.

The federal investigation of Anthony Pellicano took a surprising turn Tuesday when one of his co-defendants pleaded guilty to using the former private eye to wiretap a Beverly Hills businessman six years ago.

In an appearance before U.S. District Judge Dale S. Fischer, Daniel Nicherie also pleaded guilty to three other felony counts of defrauding the Beverly Hills businessman and others through pension fraud, wire fraud and money laundering.

Nicherie, 46, is the fifth person to plead guilty to having Pellicano wiretap his clients' courtroom adversaries or business rivals. Additionally, a former Beverly Hills police officer has admitted he illegally accessed government computers for Pellicano, and a onetime SBC employee has pleaded guilty to helping Pellicano by turning over confidential phone company records.

It was not immediately clear what effect Nicherie's plea will have on the ongoing Pellicano investigation because the U.S. government's allegations about Nicherie's actions would clearly make him a troubling witness for the prosecution.

Still, as the latest defendant to admit to wiretapping charges, Nicherie could provide authorities with another example of how Pellicano illegally spied on others.

"If you start adding up the number of people who have pleaded guilty to wiretapping, and then you hear … Pellicano denying that he wiretapped people, you have to ask yourself how believable he is," said one federal law enforcement source, who spoke on condition of anonymity because of the ongoing probe.

Early this year, authorities unsealed a federal grand jury indictment that alleged Nicherie, his brother, Abner, and others hired — or worked with — Pellicano to wiretap others.

Although Pellicano and several co-defendants are alleged to have illegally gone after numerous celebrities or business executives, the sweeping 110-count indictment names the Nicheries in only one count: wiretapping businessman Ami Shafrir in late 2000.

At the time, authorities have alleged, Nicherie was posing as an attorney and investment banker in order to defraud Shafrir and his ex-wife out of some $40 million in cash, real estate and businesses. The fraud, according to an April 2004 indictment, involved an elaborate scheme through which Nicherie took control of Shafrir's companies, drained their assets and put the businesses into bankruptcy.

In that same indictment, Nicherie was accused of also defrauding Gil and Ezra Mileikowsky of Los Angeles out of $275,000 by persuading them to invest in a bogus business venture.

The fraud involving Shafrir looms as an especially significant event because at least one of Pellicano's alleged wiretaps intercepted a conversation between Shafrir and an FBI agent who was looking into the matter, records and interviews show.

The alleged intercept occurred more than a year before federal agents raided Pellicano's offices in 2002 in connection with a botched attempt to intimidate a Los Angeles Times reporter.

Until Tuesday, Nicherie had steadfastly maintained that he was innocent of the charges in the two federal cases against him. Like Pellicano, he had been held in federal custody without bond because authorities had persuaded the judge that he was too great a flight risk.

After pleading guilty in the case, Nicherie was taken from the courtroom and remained in custody. His attorney for the sentencing phase declined to comment, as did prosecutors in the ongoing Pellicano case.

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Assistant U.S. Atty. Jason Gonzalez, who prosecuted the fraud case and presented the plea agreement in court, said: "It's safe to say everyone is pleased it has been resolved."

Meanwhile, the Beverly Hills businessman targeted by Nicherie called the guilty plea "a major step towards justice.

"I am pleased to see him acknowledge responsibility, and I commend the [prosecutor] for his role in this process," Shafrir said in a statement. "Unfortunately, this is only the tip of the iceberg which has yet to expose the underbelly of the corruption involving Pellicano, phone company employees, certain police officers and departments who collectively participated in fleecing me out of millions of dollars."

Pellicano and five others, including a former Los Angeles Police Department detective and another former SBC employee, have pleaded not guilty in the case, which is scheduled for trial next summer.

Nicherie is scheduled to be sentenced in March and faces a maximum prison term of 35 years, although federal sentencing guidelines recommend a lesser penalty.

*

greg.krikorian@latimes.com

Criminal Mind On Death Row, Fate Of Mentally Ill Is Thorny Problem (WSJ)

By Gary Fields

Wall Street Journal, December 14, 2006

NASHVILLE, Tenn. -- At 8:30 a.m., Gregory Thompson, his hands cuffed to his waist, has already swallowed eight of the 12 pills he takes a day.

Mr. Thompson is on death row at the Riverbend Maximum Security Institution, and like many prison inmates, he is mentally ill. In addition to his daily drug regimen, he receives an antipsychotic injection twice a month. The medication controls his paranoia, delusions, schizophrenia and depression. It may also make him competent enough to be executed in the oversized wooden chair housed in a building less than 100 yards away.

Why the 45-year-old is here isn't in dispute. On New Year's Day 1985, he abducted Brenda Blanton Lane from a shopping-center parking lot in Shelbyville, Tenn., while stealing her car. He fatally stabbed the 28-year-old four times in the back. The last strike had such force that the butcher's knife he used came within millimeters of passing through her body. He left her to die at the end of an icy dirt road.

Today, however, Mr. Thompson's case is at the center of a complex debate about the death penalty in the U.S. Recently, the Supreme Court ruled that mentally retarded defendants and juveniles cannot be sentenced to death. Mr. Thompson is asking the courts to decide whether mentally ill prisoners can be executed if rendered competent only by medication. His twice-delayed execution and similar cases are working through the judicial system; one will likely end up in front of the high court.

There are more than 3,300 people awaiting execution in the U.S., according to the Death Penalty Information Center, a nonprofit group critical of how the death penalty is administered. Various organizations conservatively estimate that at least 10% of them suffer from serious mental illness. In all, about 17% of the nation's prisoners have a diagnosis of serious mental illness.

The Supreme Court ruled 20 years ago that federal and state authorities could not execute defendants too insane to understand that they were about to be killed. But states have wide latitude to determine how sane a defendant must be in order to be executed. They can also choose to medicate defendants to reach that point, a practice that's been outlawed in at least three states with the death penalty. Some medical and legal groups argue that it puts doctors in an ethical bind: having to treat people in order for them to be killed.

Little is straightforward in these kinds of cases. "Although there is a growing clamor to exclude the mentally ill from execution, mental illness is not easily defined," says David Elliott, who heads the National Coalition to Abolish the Death Penalty, a Washington, D.C., group. "With juveniles, you're 17 or you aren't. With mental retardation, they can do tests. Mental illness is much more complicated."

One of the most closely watched fights involves Steven Kenneth Staley, who murdered a restaurant manager during a 1989 robbery. The Texas Court of Appeals declined to hear his appeal recently, meaning Mr. Staley can be forcibly medicated. No decision has been made about how his case will proceed. Prosecutors argue that defendants could scam the system by feigning mental illness while others might avoid execution by refusing their medication.

DEATH WATCH

Tennessee's official Web site1 allows visitors to view the facilities at Riverbend Maximum Security Institution: · Death Row Housing Unit2

· Deathwatch3, where inmates are taken 72 hours prior to execution

Mr. Thompson, the Tennessee death-row inmate, takes Haldol, Cogentine, lithium and Prolexin. In the late 1990s, he was forcibly medicated. In 2001, the state requested the appointment of an official overseer to make sure Mr. Thompson took his

medication. The state says Mr. Thompson is now doing so voluntarily. His court-appointed attorney, Dana Hansen Chavis, says that's only because Mr. Thompson "reasonably fears for his safety if he discontinues taking them."

"If I stop taking them, I'll end up naked and restrained again, so I take them," says Mr. Thompson in an interview.

The state doesn't dispute that medication alone makes Mr. Thompson competent. Rather, it argues on procedural grounds that he shouldn't be allowed to argue the matter in court. The only issue, the state argues, is Mr. Thompson's current mental status. His "submissions arguing for his escape from the death penalty are of themselves evidence that he is competent to die," the state says in its filings.

Mr. Thompson was born in Thomaston, Ga., in 1961 and from the age of five was raised by his grandmother after his mother was killed in a car accident. In documents filed with the court, his grandmother said she took to bed for six weeks after her daughter's death, drinking and not caring for her three young grandchildren. They occasionally got a meal or a can of food from neighbors, according to court documents. Other times, they would steal money from under the grandmother's mattress.

In 1979, Mr. Thompson graduated from Pike County High School in Georgia and joined the Navy. It was there he began experiencing bouts of paranoia and sudden anger, family and friends said in court testimony. He stayed in the military until he was dishonorably discharged in 1982 after attacking a noncommissioned officer. He returned home, worked a series of minimum-wage jobs and became prone to screaming and bouts of unprovoked anger, his family told the court.

During this period, he met Joanna McNamara, an unwed teenage mother. On Dec. 29, 1984, Mr. Thompson, then 24, and Ms. McNamara, then 15, traveled by bus from Marietta, Ga., to Shelbyville, Tenn., where they stayed with a family friend after claiming to be married. When the friend realized this wasn't true, she reported Ms. McNamara as a runaway, according to court documents.

As Mr. Thompson waited for relatives to wire money, he began imagining Ku Klux Klan members chasing the couple. Mr. Thompson is black, Ms. McNamara, white. To get away, he decided to steal a car.

The pair encountered Ms. Lane on the evening of Jan. 1 as she walked to her car in the Wal-Mart parking lot -- he picked Ms. Lane because she smiled and spoke to him, he recalls. She'd gone there to buy aluminum foil, recalls Sue Allison, a close friend and Ms. Lane's former boss. Ms. Lane, a newlywed, played piano for the Sunday school, ran a church prison ministry and had worked for several years as a local newspaper reporter.

"He chose the most gentle woman he could have found. Brenda would have given him the car," says Ms. Allison. "Brenda was one of just a few people I knew opposed to the death penalty."

According to testimony given at Mr. Thompson's trial, he forced Ms. Lane into the car at knifepoint and, as she recited the Lord's Prayer, drove around for over an hour looking for a place to leave her. He settled on a rural area in the lightly populated Coffee County in Tennessee's south-central region. As Ms. Lane walked away from the car, Mr. Thompson stabbed her.

Tennessee police initially thought she might have been abducted by someone she encountered through her prison ministry. Soon after, officials in Georgia called to say they'd caught Ms. McNamara and Mr. Thompson. The pair confessed and told investigators where to find Ms. Lane.

Authorities found her at 4 a.m. on Jan. 3, lying on her back at the end of a dirt road near the entrance to a soybean field. One of her lungs had been punctured, causing fatal internal bleeding. She remained conscious for about 10 minutes, according to the autopsy report.

Mr. Thompson's mental status has been the subject of a tangled dispute ever since he first stood trial and was sentenced to death. The first time Mr. Thompson's appeal traveled through the legal system, Tennessee's Supreme Court and federal district court both noted that no evidence had been presented proving he was mentally ill when the crime was committed. The Sixth U.S. Circuit Court of Appeals agreed.

In June 2004, when a federal appellate judge was preparing a law-review article on the case, an intern working for him asked why none of the mental-health experts who examined Mr. Thompson addressed his mental state during his original trial.

The judge, Richard Suhrheinrich, studied the voluminous files and discovered that depositions and information from a North Carolina forensic and clinical psychology expert had been left out of the case. The expert, Faye Sultan, diagnosed Mr. Thompson with "Schizoaffective Disorder, Bipolar Type" and concluded he would have been suffering from symptoms at the time he murdered Ms. Lane.

"This mental illness would have substantially impaired Mr. Thompson's ability to conform his conduct to the requirements of the law," Ms. Sultan wrote in a report filed with court. Citing the missing evidence, the Sixth Circuit appeals court reopened the case and overturned its earlier ruling.

The Supreme Court intervened at the behest of the state and ruled in 2005 that the Sixth Circuit had overstepped its authority. Justice Stephen Breyer, in writing the dissent in the 5-4 decision, said the case "arises out of unusual circumstances -- circumstances of a kind that I have not previously experienced in the 25 years I have served on the bench."

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Once a new execution date was set, Mr. Thompson's attorneys were allowed to file another appeal, although this time challenging only the sentence, not the original conviction. Nearly 22 years after the crime, his case is moving through the courts for a second time.

Mr. Thompson is now arguing he is not competent to be executed because his mental condition has deteriorated. His appeal also tries to make the case that it's unconstitutional to execute a defendant made competent only through medication.

In April, the federal district court sided with the state and found that Mr. Thompson was competent to be executed. The district court also held that "even if Thompson had demonstrated that the state authorities were actually forcing him to take the medications, he has not shown that executing him in his medicated state is unconstitutional."

The case is back with the Sixth Circuit, where Mr. Thompson is challenging his execution on the same grounds. "Any fleeting semblance of competency is achieved by the use of powerful medication which was initiated against Thompson's will," his lawyers argue in a filing. Whatever the verdict, the next step will likely be a return to the Supreme Court.

Opponents of medicating death-row inmates to make them competent argue that the practice violates the Eighth Amendment's prohibition of "cruel and unusual punishments." Many groups argue that the mentally ill shouldn't face capital charges under any circumstances. Such defendants, they argue, have reduced ability to control their conduct and therefore less moral culpability.

The Supreme Court has never addressed the medication question in a capital-case ruling. It ducked the issue in the 1990s in the case of Michael Perry, a Louisiana death-row inmate, by sending the case back to the Louisiana Supreme Court. The state's high court decided it wouldn't force Mr. Perry to take medication, due in part to the ethical dilemma such a move would present to doctors. He remains on death row.

In 2003, in the case of convicted murderer Charles L. Singleton, the Supreme Court let stand an appeals-court ruling that there is no constitutional barrier to executing someone who is medicated. Mr. Singleton, who suffered from schizophrenia, was being treated against his will because he was considered a danger to himself and others. He was executed in January 2004.

The American Medical Association has tried to weave a path through this thorny problem. It says physicians shouldn't treat an inmate to restore competence except if medical intervention is needed to mitigate suffering, which could also hasten an execution. The AMA acknowledges "it will not always be easy" to decide whether or not to medicate and leaves the ultimate decision to the treating physicians.

Mr. Thompson's appeal is the first Tennessee death-row case questioning the validity of "chemical competency," and is taking the state into uncharted territory.

"Our organization has not considered whether we should take a stance on this issue," says Terrence Clark, president of the Tennessee Psychiatric Association. Dr. Clark said his personal opinion would turn on whether he, as a physician, is administering the medication to treat the patient's mental illness or whether he is acting as an agent of the state to further the execution.

Meanwhile, Mr. Thompson remains at Unit 2 at Riverbend, about four miles from downtown Nashville. The loudest sound comes from the clanking chains that keep Mr. Thompson's hands strapped close to his body. At 6 feet 3 inches and 263 pounds, he seems to wear the 4-by-4-foot room more than sit in it.

In a nearby building is the death chamber, with a gurney for lethal injections and an electric chair for electrocution. The chair is a wooden, brown behemoth, nearly 3 feet wide, with a back nearly 6 feet high. Plexiglas covers the seat. It hasn't been used since Nov. 7, 1960, but it has been refurbished. Inmates who committed their crimes before Jan. 1, 1999, can request it rather than lethal injection. Mr. Thompson says he'd prefer the chair.

With barely a blink of eyes yellowed by years of medication, Mr. Thompson talked for nearly an hour about his life and impending death, meandering between fact and fiction.

At one point he spoke of having his Grammy-winning career as a songwriter. The night earlier, he said, a dog came out of the floor of his cell, followed by a man he didn't recognize. "I didn't want to go through that, demons and angels coming out of the walls, things on the other side of death," he said.

He also has moments of lucidity. Mr. Thompson said he has had trouble sleeping, but "today is a good day. Right now I'm pretty clear on what happened." He added: "I killed her and they intend to kill me for it."

Political Drama Re-enacts Moments In A Death Chamber (NYT)

By Jesse Mckinley

New York Times, December 14, 2006

BERKELEY, Calif., Dec. 13 — As drama, what happened on stage at the Black Repertory Theater of Berkeley early Wednesday morning was not classic theatrical fare. The actors were mostly motionless, the play had only one line, and everyone in the audience knew how the story was going to end.

But creating a compelling narrative may not have been the authors' point. The play was a re-enactment of the execution of the convicted killer Stanley Tookie Williams, staged on the first anniversary of his death by lethal injection at San Quentin State Prison.

The performance was written and produced by Barbara Becnel and Shirley Neal, two friends of Mr. Williams and death penalty opponents, who were unapologetic about their play's being agitprop.

"This is political theater in the extreme," Ms. Becnel told a crowd of about 150 people who gathered to watch the performance. "But it's political theater in the extreme because we need it."

The execution of Mr. Williams, 51, a founder of the Crips gang who was convicted of murdering four people in 1979, has continued to be a rallying point for death penalty opponents as well as a source of contention about the methods of lethal injection.

In September, a representative of the state attorney general's office acknowledged that prison guards and nurses had botched Mr. Williams's lethal injection, failing to hook up a backup intravenous line to his arm. Ms. Becnel said Mr. Williams was in agony during his execution, which took 35 minutes to complete.

"I was there, I saw what they did," Ms. Becnel said. "And I can tell you it was a 35-minute torture-murder."

State officials deny that Mr. Williams suffered unnecessarily. "The execution went exactly as the protocol is designed to carry it out," said Nathan Barankin, a spokesman for Attorney General Bill Lockyer. "The lack of the extra IV line was definitely a mistake, but it didn't affect the execution."

Michael Rushford, president of the Criminal Justice Legal Foundation, an advocate for victims' rights and law enforcement, said he believed Mr. Williams was a bad role model for a play.

"I think it hurts the anti-death-penalty movement to hold up as dastardly a criminal as Tookie," Mr. Rushford said, citing Mr. Williams's work with the Crips, a violent gang based in Los Angeles.

Mr. Rushford added that Wednesday morning's performance was simply "preaching to the choir" of Mr. Williams's supporters, many of whom rallied in front of San Quentin the night of his execution.

"I don't expect an accurate portrayal of what happened," he said. "But when you've made such a big deal of it, you can't just let it drop after a year."

Mr. Williams's experiences in the death chamber were part of a Federal District Court hearing in September — stemming from a lawsuit by Michael Morales, a condemned rapist and killer — that may affect death penalty methodology in California. The judge overseeing the hearings, Jeremy Fogel, effectively halted executions in California until he could hear arguments on whether methods of lethal injection caused undue pain. Judge Fogel is expected to issue a ruling soon.

For supporters of Mr. Williams, his execution, which drew international press attention and a cadre of celebrity protesters, was unjust, in part because of his post-incarceration work speaking about the dangers of gangs through a series of children's books, lectures and memoirs, many of which were written with Ms. Becnel. Mr. Williams also claimed to be innocent.

On Wednesday, the theatrical re-enactment began at 12:01 a.m., the time Mr. Williams entered the death chamber. It was performed by six actors, including Darby Tillis, 64, an exonerated death row inmate from Chicago who played Mr. Williams and said he had little trouble connecting with the role.

"When you're on death row, you always have an imaginary scene that you live out many times: how you would feel if you went down for an execution," Mr. Tillis said.

With a simple set — folding chairs, a gurney and a platform — the play's action was minimal: three witnesses stood, a guard strapped Mr. Tillis to a gurney, a nurse fumbled with an IV. Only once did anyone speak, when Mr. Tillis asked the actor playing the frustrated nurse whether she knew what she was doing. The entire performance took about 12 minutes — about a third of the actual execution time.

And while the audience was silent throughout, some said the experience had left them shaken. Kirya Traber, 22, who wore a Save Tookie T-shirt, said she had been outside San Quentin the year before, but felt a lot closer to the drama on Wednesday.

"Here tonight," Ms. Traber said, "was a lot more solemn."

Gumshoe's Intuition: Spotting Counterfeits At Port Of Antwerp (WSJ)

By John W. Miller

Wall Street Journal, December 14, 2006

ANTWERP, Belgium -- From his perch at the North Sea port of Antwerp, Chris De Buysscher can look at thousands of 40-foot container units and pick out those most likely to contain fake Nikes, Marlboros or Dior jackets.

When he's off work, the 51-year-old Belgian can spot a knockoff Louis Vuitton bag from across a crowded, smoke-filled room.

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Mr. De Buysscher is widely regarded among his peers as the best counterfeit-goods inspector in the world. "He's a genius, plain and simple," says Christophe Zimmermann, director of the anticounterfeiting unit at the World Customs Organization, an intergovernmental voluntary association that coordinates among the world's 170 customs agencies.

The global boom in counterfeit goods has Mr. De Buysscher very busy. In the past two years, tiny Belgium has seized about 40 million counterfeit items, the most taken by any nation in the European Union. And about 90% of the Belgian seizures came from Mr. De Buysscher's three-person team policing the 22 miles of Antwerp docks.

Mr. De Buysscher is the main attraction of a WCO training program. He has made presentations in the Philippines, Morocco, Senegal, China, Croatia, Hungary and Algeria. Next year, he plans trips to Japan and Mexico. "In the morning, we give theoretical classes," says Mr. Zimmermann. "In the afternoon, Chris shows what he can do."

His skills are a low-tech blend of old-fashioned gumshoe detective work and intuition. On a recent trip to Algeria, Mr. De Buysscher singled out a shipping container from China for checking at the port of Oran. It was supposed to contain shoes -- and it did -- fake Nikes.

On the road, he and Mr. Zimmermann spend evenings and nights out, indulging in their favorite spectator sport: spotting counterfeit goods in restaurants and bars. What was fake in Algeria? "Absolutely everything," says Mr. De Buysscher. "People in Africa want Dolce & Gabbana, too."

Antwerp recruited Mr. De Buysscher to its new counterfeit-goods team a dozen years ago. Almost everything in international commerce is shipped in 20-foot to 40-foot units, containers that can be easily transferred within ports, then mounted on ship, truck or train. The challenge is to find out which ones hide counterfeits. The first years were hard. Mr. De Buysscher seized only 15 to 20 containers. This year, he's at 106 -- and counting.

At a time when ports are hiring mathematicians to do sophisticated risk analysis and installing programs and X-ray machines to keep up with the tsunami of knockoffs, Mr. De Buysscher is old school. He relentlessly checks thousands of bills of lading for subtle slip-ups. The problem with computers, he says, is that counterfeiters are always a step ahead. "They're working on giving me a computer program to work with," he says. "I don't need it." In other ports, computers do this work. Operators plug in data such as origin, type of good and shipping lane, and use an algorithm to calculate the likelihood that a box will contain counterfeit goods. Customs officers don't necessarily read the bills of lading with their own eyes.

His office and home are museums displaying choice counterfeit junk. It's a hobby many customs agents have. Recent catches include a Frosted Flakes mug, fake vodka labels and a Chinese Angelina Jolie doll from one of her "Tomb Raider" movies.

Part of his expertise comes from knowing brand-name goods. He visits outlet malls to study the products of Nike and Oscar de la Renta. He knows how things are packed in certain countries. Boxes from India, for instance, usually have red rims. "If one of those says 'Made in USA,' there's a problem," he says.

He's also up on fashion and can recognize 10 perfumes by nose alone, he says. "Chanel, Dior and Yves Saint Laurent smells are trademarked, just like the bottles they're in."

A container billed as dark tea from Ningbo, China, that had passed through Singapore recently raised several flags. "Boats from China usually go through Hong Kong," he says. "Also, everybody knows the Indians make dark tea and the Chinese make green tea." Inside were nine million fake Marlboros.

Roughly half the container boxes that Mr. De Buysscher opens contain fakes. "An astonishing ratio," says Mr. Zimmermann. An inspector needs to have a high batting average because there are so many boxes coming through and nobody could check them all. The port of Antwerp usually takes in more than 15,000 containers a day. Customs officials have the resources to check less than 0.5% of them. Opening and unloading a container can cost up to $3,000 in labor and other costs.

Fatalistic customs officials admit that despite their efforts, a lot of counterfeit goods get through. "We're overwhelmed," says Mr. De Buysscher. Playing the odds, Antwerp anticounterfeit agents don't bother to check boats coming from North America.

The need for Mr. De Buysscher's skills is growing. There are 400 million container boxes in the world, and the number is growing by 9% a year. The growth of the $500 billion counterfeit goods industry is one of the biggest economic challenges facing European and American companies as they relocate production to Asia. "This is nothing short of an economic crisis," says EU trade commissioner Peter Mandelson.

China, the source of almost two-thirds of all counterfeit goods seized in the EU, has agreed to crack down on counterfeiters. But WCO officials say progress is slow. Pirates are branching out beyond shirts and CDs to cargo such as auto parts and prescription drugs. "Losing the battle against counterfeit goods could cost human lives," says Michel Danet, secretary-general of the WCO.

One afternoon recently, Mr. De Buysscher read the paperwork for a box on the 2,500-container ship Wan Hai 312 that was labeled "women's coat." Several elements raised a bushy eyebrow. First, all freight was prepaid, a common smugglers' move to

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get goods through a port quickly. The bill of lading didn't include a brand name, nor did it contain an official port of origin number in the top right-hand corner.

He ordered the box impounded. The next day, he received a panicked fax from the importer, a Chinese man in Paris. "There has been a mistake, please ship back to China," he wrote.

Mr. De Buysscher didn't do that. When he opened the box, he took out a jacket and read the label. It said "Ice-Dior." He pulled the fake fur off the hood. "Dior wouldn't make this," he sniffed.

Mr. De Buysscher called Daniel De Jaeger, a Brussels lawyer who handles hundreds of cases a year for Dior. Mr. De Jaeger filed a complaint with Belgian customs to prevent delivery of the shipment. Dior pays to destroy counterfeit goods, at a cost of between $6,600 and $13,200 a year. "We can't go to China to catch counterfeiters," says Mr. De Jaeger, "so we have to get them when they cross our borders."

Small-Town Judge's Personal Justice Stirs Concern (NYT)

By William Glaberson

New York Times, December 14, 2006

KEESEVILLE, N.Y. — Like many teenagers in this bleak old mill village near Lake Champlain, Michael C. Burrell had been in trouble before. But when an attempted assault case landed him at age 19 in the courtroom of the village justice, the experience was unlike anything he had faced before.

He said the justice, George J. Head, insisted that they meet each week outside court, in what people around here call his "judge's probation" program.

There is no such thing as judge's probation, and private sessions between a judge and a defendant facing jail violate rules of judicial conduct.

But Justice Head seems to have stretched the rules in a number of ways. When he sentenced young men to regular probation, he sometimes drove them to their appointments. One young man was discovered driving the justice's car, and others say they met with the justice at his home. One said he even wound up moving in for eight months.

"He's the judge," said Mr. Burrell, who said he met privately with Justice Head several times last year. "He tells me to do something, I'm going to do it."

One of the bedrock principles of American law is that judges are supposed to be impartial toward the people who come before them. They are to be decision makers, not participants, in cases. They are not to befriend defendants, and are barred from meeting with them outside the presence of their lawyers or prosecutors, or outside court. At the very least, they are required to avoid any personal involvement that makes it appear they have taken sides.

But bedrock principles have a way of getting lost in New York's town and village courts, a sprawling world of more than 1,250 small courtrooms. Over the decades justices have illegally jailed people, threatened enemies, protected friends and made grievous legal errors, with little supervision or penalty. The law often counts for little, because three-quarters of the justices are not lawyers. Now the system is under scrutiny by state officials, who are holding hearings and taking steps to fix some of its most glaring flaws.

What has played out in this remote village in northeastern New York provides one more startling look at what can happen when meager training mixes with plenty of unchecked power.

"Judge Head rules Keeseville, and God help you if you oppose him," said Diane Webster-Brady, the lawyer who handled Mr. Burrell's case.

'It Wasn't Professional'

Justice Head, 72, a retired state trooper who has been a justice in the area for 15 years, declined repeated requests for an interview. But lawyers say he has told them over the years that he can supervise Keeseville's wayward youth better than county probation officers.

In interviews and documents, several young men — some of them high school dropouts, adrift from their families, and some with serious police records — said he seemed to offer relief from their poverty and troubled lives, providing shelter, food, the use of his car, or even tuition or lawyers' fees.

But most said they felt unsettled or threatened by the control the justice had over them, and by his unusual version of probation. They described regular meetings — once a week or more — at which the justice would check on their progress, with the suggestion that if they went along, they would be treated well, but that if they did not, there would be trouble.

Sometimes, they said, the meetings were in the house of the justice, who is long separated from his wife. Sometimes they were in the justice's small office off the village courtroom, where Mr. Burrell said he met with Justice Head last year.

"It was me and him talking," said Mr. Burrell, who had run away from a substance abuse program where Justice Head sent him after several arrests in connection with attempted assault and other crimes. Mr. Burrell said the justice discussed his own background, and asked about his.

"It wasn't professional," he said. "I think he crossed the boundaries."

Other people noticed the unorthodox meetings, too. More than a dozen current or former prosecutors, lawyers and officials in the area said they were aware of the justice's out-of-court dealings with defendants, and many said they questioned the propriety of his actions.

In January, one prosecutor filed a motion to transfer a drunken-driving case out of the village court because the 20-year-old driver had been at the wheel of Justice Head's car, with its official license plates. After the arrest, the prosecutor wrote, the young man was "picked up by the Honorable George Head from the police station."

Still, the lawyers and officials said they could not publicly challenge the justice because of his power here. One lawyer said he had reluctantly agreed to "judge's probation" for a client because it won him a better deal.

The Clinton County probation director, David M. Marcoux, acknowledged he had heard that Justice Head accompanied some young defendants to their probation appointments. And when asked, he said that no other judge in the county did so. But he would not say any more about Justice Head or his special probation program.

"He's still a sitting judge in the county," Mr. Marcoux said, "and it's nothing I feel I should make any comment on."

Yet people are being asked to speak up by the state agency that investigates misconduct by judges. In recent weeks, the Commission on Judicial Conduct has been hearing testimony about Justice Head from local officials and some of the young men. Commission officials would not discuss the status of their investigation.

Meanwhile, state judicial officials have begun a series of sweeping changes to the entire system of town and village courts, which are also known as justice courts. On Thursday, two committees of the State Assembly plan to hold a joint hearing into whether the courts should be overhauled even further.

Several legal experts said in interviews that Justice Head's methods appeared to be the kind of conduct that made people question the system's fairness and professionalism. Judges in New York have been disciplined for inviting defendants to their homes, or meeting privately with parties in a legal case.

Ann E. Pfeiffer, a former Rochester City Court judge who teaches at Syracuse Law School, said it was not proper for a judge to take on the role of a social worker, roommate, confidant or friend. "A judge, particularly in a small town, should be as detached as he can be," she said.

A Hard Place to Grow Up

Keeseville, with a population of 1,850, is certainly small, the kind of remote place where critics of the justice courts say it may be most difficult for state judiciary officials to monitor the justices. It has a few churches, not many jobs, the hulk of an old Grand Union on desolate Front Street and a changing cast of aimless teenagers who say they feel trapped in a place that seems forgotten.

The village, which has a reputation for drug crimes, bar fights and beatings, can be a hard place to grow up. One recent Sunday, two young men were hit by a car on Main Street about 3 a.m., and one was killed. Witnesses told the police that the driver, 28, was drunk. When the two men were hit, they were rolling around in the road, fighting.

Seven years ago, Mr. Head, a jowly, broad-shouldered man, was elected village justice, after eight years as a town justice in the area. He had attended college but did not graduate, according to a document he filed with court officials. He has no law degree; the only training that New York has given its justices for decades is six days of initial schooling and an annual refresher course.

Keeseville's mayor, Mark J. Whitney, said Justice Head had "performed well for us."

But Theodore Carter had a different impression. A high school dropout with a long arrest record, he ended up before Justice Head two years ago, when he was 18. He had tried to beat up another teenager, he said, and because he could not make bail, he spent 20 days in jail.

When he was released to attend Keeseville's regular afternoon court session, he said, Justice Head told him that to avoid more jail time, he would have to serve judge's probation and chop wood for the village.

"I didn't think it was any big thing," Mr. Carter said, "until he told me I'd have to go meet with him." Justice Head set the location: his office in the old school building that Keeseville uses as a community center. "He told me to meet him at 8:30 at night," Mr. Carter said.

When he arrived, the rooms all around the office were empty. The halls were dark. "Nobody was there except for the judge," Mr. Carter said. "It made me feel uncomfortable."

Justice Head, he said, talked about himself and gave Mr. Carter his home phone number to call at any hour of the day or night. "It was kind of awkward," Mr. Carter said.

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In later meetings, Mr. Carter said, he seemed to disappoint Justice Head because he did not reveal much about himself. Eventually, in a private session two months ago, he said, the justice adopted a harsh tone, taking three folders out of a drawer — the records, Mr. Carter said, of three harassment charges against him that had not moved forward.

The justice, he said, seemed to hint that he could activate the cases. Asked what he made of that, Mr. Carter said, "I think he means he's going to hold it over me."

Visiting the Justice

For another young man, the meetings started the same way: In court, Justice Head declared that he would see him weekly. But the location would be even more private.

"Judge Head," the man said, "said he wanted to see me at his house the following day."

The young man, an unemployed laborer who is now 24, agreed to be interviewed for this article on the condition that his name not be used, saying he was embarrassed about receiving favored treatment from the justice.

His years of interacting with Justice Head, he said, began when he was 18 and facing a petty larceny charge, having already served jail time for sexual abuse. They would meet, he said, at the justice's home or office, almost always alone.

"At first he didn't want nobody knowing about it," the man said. But eventually, he said, people saw him at "George's house" or driving "George's car."

Later, he said, Justice Head bought him a used car, and once paid for a lawyer when he was charged with a sex crime in another town.

"I just didn't want to go back to jail," the man said, explaining his dealings with the justice. "When you are at the lowest you can be, who else do you want to befriend you than a judge?"

Another young man, then 17, said the justice invited him home the night before he was to be sentenced to community service, according to notes of a 2005 statement he gave to a law enforcement official, who shared the notes with The New York Times. The man declined to be interviewed for this article, but he told the official that the justice tried to have him do work at the house as a form of community service.

And one young defendant described a deal that went even further.

"We had a meeting," the man, Dennis C. Valentin, recalled in a recent interview. "He was going to help me study, and he offered me the place to stay in his mansion."

Mr. Valentin, 25, said his life was in bad shape back then, in 2001. A high school dropout, 19 at the time, he had grown up in a broken, sometimes violent home, he said. He had been arrested after a drunken street brawl, but had run away at first instead of facing the charges.

He turned himself in to Justice Head, who he said got him talking about his ambitions: to get into the Army, or otherwise get out of Keeseville. "It's just a rough little town," Mr. Valentin said.

He jumped at the justice's offer. "I pretty much went to stay with him," he said. The justice approved a plea deal: instead of jail, Mr. Valentin would get a conditional discharge that would free him if he stayed out of trouble for six months.

Already living in the justice's house, Mr. Valentin said, were a 21-year-old man whom the justice sometimes drove to Alcoholics Anonymous meetings, and a man in his late 20s who also had gotten in trouble with the law.

That older man had lived in the house for years, and the justice had helped pay his parochial school tuition, Mr. Valentin said.

Mr. Valentin said he stayed for eight months, with free room and board. "He pretty much tried to get me on the right track," he said.

The effort apparently did not work. Two years later, Mr. Valentin was arrested again — this time, he said, for statutory rape. He is now serving six years of probation, ordered by another judge.

But he remains grateful for his time in Justice Head's home.

"It was a nice place to be," he said. "The judge is really smart. You can sit down and watch 'Jeopardy' on TV, and he is going to get practically every question."

Assisted Suicide Advocate Jack Kevorkian To Be Paroled In June (AP)

By Kathy Barks Hoffman, Associated Press Writer

AP, December 14, 2006

(AP) - LANSING, Michigan.-Assisted suicide advocate Jack Kevorkian, the ailing former pathologist who claimed to have assisted in at least 130 deaths in the 1990s, will be paroled in June, state Corrections Department spokesman Leo Lalonde said Wednesday.

DOJ_NMG_0106414

Kevorkian, 78, is serving a 10- to 25-year sentence for second-degree murder in the 1998 poisoning of Thomas Youk, who suffered from Lou Gehrig's disease. Kevorkian called Youk's death, which was videotaped and shown on CBS "60 Minutes," a mercy killing.

Kevorkian has promised he would not assist in a suicide if he was released from prison.

Lalonde did not reveal any other details and directed calls to Russ Marlan, another spokesman for the department. A message seeking comment was left with Marlan Wednesday afternoon.

Mayer Morganroth, Kevorkian's attorney, said in July that his client had less than a year to live. Gov. Jennifer Granholm ordered corrections authorities to carry out an independent medical evaluation of Kevorkian, but did not commute the retired pathologist's sentence, as Morganroth had hoped.

Morganroth said in June that Kevorkian's weight had dropped to 113 pounds (51 kilograms) and that he was suffering from hepatitis C and diabetes.

Michigan banned assisted suicides in 1998.

CIVIL RIGHTS:

Ala. College Desegregation Case Ends (AP)

December 13, 2006, 7:06 Pm Est

AP, December 14, 2006

U.S. District Judge Harold Murphy approved agreements settling the case, which has so far generated $210 million in state funds for the desegregation effort, most of it going to historically black Alabama A&M and Alabama State universities.

In his order Tuesday, Murphy agreed with both sides that there is no reason for further action.

He said the state, its historically white universities and other defendants have eliminated traces of segregation "to the extent practicable and consistent with sound educational practice ... and have demonstrated their commitment to continuing to operate in a constitutional and nondiscriminatory fashion."

One of the plaintiffs, retired teacher Alease Sims of Birmingham, said the legal fight had accomplished a lot.

"It has been a privilege and an honor for me to do something to help my people and all the citizens of Alabama," she told The Birmingham News.

"We worked hard to have a court ... say those kinds of things about higher education in Alabama. That's quite an accomplishment," state's attorney Robert Hunter said.

Orders and agreements in the case have produced or will lead to additional courses, new money for classroom buildings, diversity scholarship and endowment funds for the state's historically black universities.

The case also has led to creation of a unified Alabama Cooperative Extension Service, increased funding for a need-based scholarship program, and agreements by the historically white universities and some of the state's two-year schools to work to boost their numbers of black faculty members and administrators.

By 2014, when the last of the court-ordered requirements expire, A&M and ASU each will have received more than $200 million, said state Rep. John Knight, a key plaintiff in the case.

The case began in 1979, when the U.S. Department of Education found "vestiges of segregation" in the state's higher education system, chiefly the number of black students and faculty members at predominantly white colleges, and funding and degree-program disparities between white and black campuses.

The U.S. Justice Department sued Alabama in 1981, after state officials and university administrators were unable to agree on a corrective plan. More plaintiffs were added over the years.

A spinoff issue, involving Alabama's lowest-in-the-nation property tax structure, is still being litigated. Plaintiffs contend it keeps blacks from getting financial aid needed for higher education. Murphy ruled against the plaintiffs, who are appealing to the 11th U.S. Circuit Court of Appeals.

South Elgin To Allow Group Home Under Settlement With DOJ (AP)

AP, December 14, 2006

SOUTH ELGIN, Ill. - The village will allow Unity House Inc. to operate a home for up to seven residents recovering from drug or alcohol addiction under an agreement that settles allegations of Fair Housing Act violations, the U.S. Justice Department announced Wednesday.

DOJ_NMG_0106415

Federal prosecutors had argued the Village of South Elgin violated the act by refusing a permit for the establishment of a group home for alleged substance abusers. Village Attorney Derke Price said officials had been concerned about allowing a business in a residential area.

The settlement also calls for South Elgin to pay $25,000 in damages to Unity House, $7,500 each to two residents who were not able to live in the home when the permit was denied and $15,000 to the United States as a civil penalty.

The village board approved the settlement at a Dec. 6 board meeting. It still must be approved by the U.S. District Court in Chicago.

"This settlement should send a message to other communities that no municipality, driven by neighborhood opposition, can prohibit persons recovering from addictions from enjoying the benefits of living in the safe and supportive environment of a group home," U.S. Attorney Patrick J. Fitzgerald said in a statement.

On Nov. 17, 2003, South Elgin denied a special use permit to Unity House for a group home that was to house nine unrelated men.

Price said at the time of the application, Unity House operator Bret Mathis failed to prove the facility could handle that number of people, in addition to parking all the residents' cars on the property, as state laws require.

"He believed we were turning him down and discriminating," said Price, who added that the village has no problem with group homes. "We are not admitting to any wrong doing by agreeing to the settlement."

A message seeking comment was left Wednesday evening for Mathis.

Lacrosse Players Tout DNA Test Results (AP)

By David Scott

AP, December 14, 2006

RALEIGH, N.C. - DNA testing in the Duke lacrosse rape case found genetic material from several males in the accuser's body and her underwear - but none from any team member, defense attorneys said in court papers Wednesday.

The papers were filed by attorneys for the three lacrosse players charged, Reade Seligmann, Collin Finnerty and David Evans. They complained that the information about DNA from other men was not disclosed in a report prosecutors provided earlier this year to the defense.

The testing was conducted at a private laboratory for the prosecution.

"This is strong evidence of innocence in a case in which the accuser denied engaging in any sexual activity in the days before the alleged assault, told police she last had consensual sexual intercourse a week before the assault, and claimed that her attackers did not use condoms and ejaculated," the defense said.

In an interview, defense attorney Joseph Cheshire said the findings suggest the accuser had sex shortly before the March team party where she was hired to perform as a stripper. The woman has said three lacrosse team members gang-raped her in a bathroom at the party.

"None of (the DNA material) happens to be from lacrosse players who are supposed to have had sex with her, which is pretty significant," said Cheshire, who represents Evans.

District Attorney Mike Nifong declined to comment on the defense motion. A trial is not expected to start until spring.

Prosecutors ordered the testing at DNA Security of Burlington after an initial round conducted by the state crime lab failed to find a conclusive match between the 27-year-old accuser and any lacrosse player, a fact trumpeted by the defense attorneys.

Stan Goldman, a criminal law expert at Loyola Law School in Los Angeles, said the defense can use what DNA Security found to argue that if their clients did in fact rape the accuser, the extensive testing should have uncovered their DNA. But he downplayed suggestions that the report could be the key to winning the case.

"There seems to be so many problems with this case, it's hard to say one more will be fatal," Goldman said. "If the jury was going to believe the case before this, it strikes me this is not going to be fatal."

DNA In Duke Rape Case Not Linked To Athletes (LAT)

By David Zucchino, Times Staff Writer

The Los Angeles Times, December 14, 2006

A private lab used by prosecutors failed to report finding genetic material that didn't match samples from suspects, a defense motion says.

DURHAM, N.C. — A private lab used by prosecutors in the Duke University lacrosse rape case failed to disclose that it had found DNA from unidentified males in samples taken from the accuser's body and underwear, according to a defense motion filed Wednesday.

DOJ_NMG_0106416

The DNA did not match samples taken from three Duke lacrosse players charged with raping an exotic dancer during an off-campus party March 14. Nor did it match DNA taken from 43 other members of the university lacrosse team, or the accuser's boyfriend, the defense motion said.

"This is strong evidence of innocence in a case in which the accuser denied engaging in any sexual activity in the days before the alleged assault," lawyers for the three accused players wrote in the 61-page motion.

The DNA — which the motion said came from "multiple males" — was not mentioned in the lab's final report, submitted to the Durham district attorney's office in May and subsequently provided to the defense.

Defense lawyers found references to the DNA while scouring 1,844 documents handed over by the lab Oct. 27 under a judge's order. DNA Security Inc. in Burlington, N.C., initially refused to provide them, citing cost and privacy.

The accuser, a black student at North Carolina Central University in Durham who was hired to perform at a team party, told police she was raped in a bathroom by three white players who did not use condoms.

A few hours after the alleged rape, a doctor and nurse collected standard rape kit evidence from the woman at a hospital.

"Enough of that DNA existed for DNA Security to conclude that none of it matched the defendants, their teammates … or anyone else who submitted a DNA sample to the investigation," the motion said.

The lab performed DNA tests on more than a dozen items, but its final report to prosecutors in May included analyses of only three items, the motion said.

According to the lab's protocols, which were provided in the defense motion, "results for each DNA test" must be included in all reports.

The defense motion seeks all DNA Security documents related to the lacrosse case, including chain-of-custody accountings, internal e-mails, DNA analysis reports and databases, and records of any tests conducted after the lab's May report.

DNA tests conducted by the North Carolina State Bureau of Investigation laboratory in late March did not find evidence of semen, blood or saliva in samples taken from the accuser. DNA Security told a police investigator, Michelle Soucie, that it could perform more sophisticated tests using a technique that isolates Y chromosomes — the male chromosome.

According to Soucie's notes, DNA Security lab director Brian Meehan said he could "possibly adjust prices because they would really like to be involved in [the] case."

Neither Meehan nor Dist. Atty. Mike Nifong could be reached for comment Wednesday night.

Last week, U.S. Rep. Walter B. Jones (R-N.C.) asked the Justice Department to investigate whether Nifong committed "prosecutorial misconduct" and violated the defendants' civil rights.

Nifong, who called the defendants "hooligans," allegedly allowed police to conduct a photo lineup in which the accuser was shown only photos of Duke lacrosse players.

The three accused athletes have said they are not guilty. A trial is scheduled for the spring.

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Backers Of Anti-gay Marriage Amendment File Federal Lawsuit (AP)

By Steve Leblanc, Associated Press Writer

AP, December 14, 2006

(AP) - BOSTON-Supporters of an anti-gay marriage measure filed a lawsuit in federal court Wednesday seeking up to $5 million (â‚¬3.8 million) in damages from Massachusetts lawmakers who blocked a final vote on the proposed constitutional amendment last month.

The lawsuit, filed in U.S. District Court by the group VoteOnMarriage.org, claims the 109 state lawmakers violated the supporters' rights to free speech and right to petition the government.

The state House and Senate last month chose to end debate before discussing an amendment that would ban gay marriage in the only state that allows it. VoteOnMarriage.org is asking the court to interpret the recess as a vote in favor of the amendment. Many lawmakers said the vote was designed to kill the amendment.

The legislature is scheduled to take up the question again Jan. 2, the last day of the session. Supporters of the question fear lawmakers will again avoid taking a vote, killing the proposed amendment.

Glen Lavy, a lawyer representing the group, says the lawsuit is needed to force lawmakers to follow the constitution. It seeks $500,000 (â‚¬380,000) from the lawmakers for the cost of the group's legal battles and another $5 million (â‚¬3.8 million) in punitive damages. The damages would be split 109 ways and lawmakers would be held personally liable, he said.

"We would like to put an end to the Massachusetts Legislature thumbing its nose at citizen initiatives," Lavy said. "This lawsuit is about holding those legislators responsible for their illegal conduct."

Gary Buseck, legal director of Gay & Lesbian Advocates & Defenders, calls the lawsuit "laughable" and said it was at the "outer limits of plausibility."

It is the second lawsuit designed to force lawmakers to take a vote on the question.

Massachusetts Gov. Mitt Romney and other opponents of gay marriage filed a suit with the state Supreme Judicial Court asking the court to force lawmakers to take a vote on the proposed amendment or, if they fail to act, to put the question on the 2008 ballot anyway. The case is pending.

The Massachusetts Supreme Court ruled in 2003 that the state must allow gay marriage. Massachusetts is the only state to do so, although Connecticut and Vermont allow same-sex civil unions.

ANTITRUST:

Airline Mergers Could Raise Fares In '07 (AP)

By Dave Carpenter

AP, December 14, 2006

CHICAGO (AP) -- A long-anticipated consolidation of U.S. airlines could mean higher fares for travelers as overlapping routes are eliminated, experts said Wednesday as talk of likely deals reverberated throughout the industry.

That's one reason why any such buyouts could draw intensified regulatory scrutiny, along with the potential for increased labor and service disruptions, as some consumer advocates warn.

Don't tell that to Wall Street. Airline stocks surged on news that United and Continental are holding preliminary discussions and after Air Tran launched a hostile takeover bid for Midwest, with other carriers also examining how to merge to keep up with bigger competition.

Numerous regulatory and other obstacles remain before any deal can occur, but industry observers said all the talks and recent airline restructurings have set the stage for big changes in the business next year.

"We're off to the races," said airline expert Terry Trippler, who has been monitoring the industry for 38 years. "2007 is going to be a major year -- we are going to see some major consolidation."

UAL Corp.'s United Airlines and Continental Airlines Inc. declined comment on whether they are talking about teaming up. But a person close to the airlines who asked not to be identified said they have been exploring a possible combination in discussions that stepped up after US Airways Group Inc. made a hostile bid for bankrupt rival Delta Air Lines Inc. last month. The talks were said to be very preliminary, with no deal imminent.

The person did not want to be named because of the sensitive nature of the talks.

Putting together the nation's second- and fifth-largest carriers would produce an airline superpower -- the nation's largest -- merging United's strengths in the Pacific and western U.S. with Continental's successful operations in Latin America and the Atlantic market and its prosperous hub in Newark, N.J., a popular gateway to Europe.

That could enable United, slimmed down from a three-year bankruptcy restructuring that ended in February, and Continental to use their combined clout to reduce operating costs and become more profitable.

Analysts say other potential deal permutations that may be explored -- if they haven't been already -- include AMR Corp.'s American Airlines linking up with Northwest Airlines Corp., and they stress that counterparts routinely talk with one other about consolidation options.

But would a mega-airline be good for consumers? That depends on who's asked.

Most experts agree that less competition would boost fares, but some see boons for passengers, too.

Trippler, with the Web site MyVacationPassport.com, said consumers will benefit in the long run from healthier airlines and, as a result, a much more stable transportation system. He said competition should remain strong and fares shouldn't climb much.

Kevin Mitchell, however, said ticket prices would rise significantly and the public can expect service disruptions, repercussions from labor strife and more job insecurity in the airline industry if the carriers merge. He said that if all the deals in discussion come about, there will effectively be three fewer U.S. network airlines in operation.

"Shareholders, advisers and other firms are the big winners here," said Mitchell, chairman of the Business Travel Coalition, an advocacy group. "I would view it, if I'm a business traveler, on the customer service side as many years of unimaginable pain."

Joe Brancatelli, an independent business travel analyst, said consumers already are losers from merger mania -- with or without deals being consummated.

DOJ_NMG_0106418

"So much management time is being consumed by creating or fighting a merger," said Brancatelli, who runs a Web site for business travelers called joesentme.com. "All that time would have otherwise been spent on plugging holes in the already creaky system."

Rep. James Oberstar, D-Minn., who will chair the House Transportation Committee in Congress next year, said he will not hesitate to hold hearings next year to "expose the anti-competitive effects" of airline industry consolidation and to "nudge the Justice Department" to use its power to stop potential acquisitions.

While discount airlines aren't the focus of merger speculation, combining the larger, so-called legacy carriers could provide an opening for budget carriers such as Southwest Airlines Co., JetBlue Airways Corp. and AirTran Holdings Inc. to push their ticket prices higher as well.

Orlando-based AirTran said Wednesday its $290 million offer for rival Midwest Air Group Inc. was rejected but it will continue trying to acquire the Milwaukee-based regional carrier.

Elk Grove Village, Ill.-based United and Continental have many hurdles to clear to make any deal come about.

Regulators could look at the combined airline's added strength in the Northeast as detrimental to competition, with Continental's Newark hub and United's at Washington-Dulles. United already has endured a failed merger with US Airways in 2000 because of regulatory opposition.

United's prickly labor situation also could be problematic after multiple cuts and layoffs in recent years. The carrier's outspoken flight attendants union quickly served notice Wednesday that it has "severe reservations."

"Any type of business combination is historically fraught with difficulties including regulatory problems, huge expenses, corporate governance issues and, most notably, employee relations," said Greg Davidowitch, president of the United branch of the Association of Flight Attendants.

Also, Northwest could block any acquisition of Continental by virtue of the "golden share" it holds in its Houston-based business partner. A 2000 deal between the airlines gave Northwest that power in exchange for letting Continental buy back some of its stock that its code-share ally held.

Nevertheless, United reportedly has for months been studying ways to merge with either Continental or Delta, and the combination of private-equity funding and the willingness of both sides could get a deal done.

The two carriers led a rally in most airline stocks. Shares in UAL jumped $2.01, or 4.6 percent, to close at $45.24, and Continental rose $1.88, or 4.4 percent, to $44.76.

Big Consolidated Airline Inc. (NYT)

By Jeff Bailey

New York Times, December 14, 2006

AirTran Holdings is roughly a tenth the size of its main competitor, Delta Air Lines. So AirTran executives would seem unlikely cheerleaders of a potential merger that would make Delta 60 percent larger.

But the recent $8.5 billion takeover offer for Delta by US Airways has found a fan in Joseph B. Leonard, chief executive at AirTran, which, like Delta, flies routes across the Southeast from its hub in Atlanta.

“I’m rooting for it,” Mr. Leonard said yesterday in an interview, after announcing his own proposed takeover of Midwest Air, an airline based in Oak Creek, Ill., for $290 million.

Mr. Leonard may relish his role as underdog but that is not why he hopes the carriers merge — he just wants to see fewer jets in the sky. After all, US Airways’ proposed takeover would reduce the two airlines’ combined jet fleet about 10 percent.

That, in turn, would allow the merged Delta — and AirTran — to raise fares on many routes, significantly increasing profits.

“It doesn’t take much,” he said.

The prospect of higher profits has stimulated a new round of merger talks in the industry, whose fortunes have started to improve after more than $30 billion in losses over the last five years.

Discussions about a possible deal between United Airlines and Continental Airlines came to light this week. And if one big merger goes through, other airlines will probably feel compelled to pair off as well or wind up at a competitive disadvantage because they have higher costs or smaller route networks.

But less financial misery for airlines often means more bad news for their passengers — since, in this business, misery tends to be a zero-sum game.

Fewer planes would lead, certainly in the short term, to more-crowded flights and higher fares.

Airline mergers are already on the political radar screen. Concerned about rising fares and the potential for reduced air service to small communities, Representative James L. Oberstar, Democrat of Minnesota, the next chairman of the House Committee on Commerce and Transportation, said yesterday that the Justice Department should block any major airline merger.

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If it does not, Mr. Oberstar said, he would call hearings before his committee to consider action to block such mergers (three steps are necessary to approve an airline deal: the Transportation Department must determine that a merger is financially viable, the Federal Aviation Administration must approve a certificate of safety, and the Justice Department must determine that there are no antitrust issues).

Mr. Oberstar said the public could be harmed only by the sort of large mergers contemplated by US Airways and by United and Continental, and that those in turn would lead to other mergers.

"I don't think there's any benefit from mergers except for the benefit of stockholders and airline officials," Mr. Oberstar said. "There is no benefit to the traveling public."

Mr. Oberstar's district is centered on Duluth, considerably north of the headquarters of Northwest Airlines, which are near Minneapolis-St. Paul, but he is sensitive to the desires of his home state's airline to remain independent. Northwest, which has lucrative Asian routes but is operating in bankruptcy, could be vulnerable to a takeover if Delta succumbs to US Airways.

The industry's recent history serves to bolster Mr. Oberstar's argument.

The domestic airlines' fleet shrank about 12 percent from 2000 to 2005, the Transportation Department reported, to 3,938 big jets from 4,462. That, in combination with an improving economy, permitted airlines to raise fares about 15 percent over the last year.

And the smaller fleet will continue to help prop up prices for an industry still heavily in debt and vulnerable to the next economic downturn. The Transportation Department does not expect the fleet to return to its year 2000 size until 2011, as most deliveries of jetliners are scheduled to occur outside the United States.

Airlines have also cut costs and jobs to stay afloat. Big network carriers have cut their combined payrolls to 264,000 workers in September 2006 from about 420,000 in September 2001, a 37 percent cut, according to the Transportation Department. And many of those remaining workers are being paid about one third less.

But whether consumers are always harmed by mergers is debatable. If a high-cost airline is acquired by another carrier, travelers may benefit.

A study conducted by Clifford Winston, an economist at the Brookings Institution, found that travelers would suffer, not surprisingly, if a number of airlines left the business. For example, in the year 2000, travelers would have lost $19.6 billion, attributable to higher air fares and less-frequent service, if Southwest Airlines did not exist.

But he also found that customers would have benefited over all that year, by about $3.6 billion, if US Airways had stopped operating, because its service probably would have been replaced by lower-fare airlines with more-frequent service.

He also found that travelers would have benefited by $3.7 billion if American had left the business, and $2.4 billion if Continental had left.

It was an academic exercise, and one intended to measure the loss of only a single airline at a time, but one that shows that some airlines tend to reduce industry fares while others prop them up.

To be sure, a more recent study would lead to different results, because US Airways and other airlines have revamped in recent years.

"It really matters who you lose and who comes in to take their place," Mr. Winston said.

Any price increases that airlines are able to push through as a result of mergers could also end up being relatively short term. Southwest, AirTran, JetBlue Airways and other low-cost airlines have collectively grown to about 35 percent of the industry from about 10 percent in 1990, said Daniel M. Kasper, a managing director at LECG, a consulting firm.

And those carriers are growing as the bigger, established airlines shrink. If history is any guide, Southwest and the others can be counted on to start flying routes where US Airways or other network carriers reduce service.

"The market is perfectly capable of sorting these things out," Mr. Kasper said.

While some in the industry insist there is too much airline capacity, Mr. Kasper said the problem was that too much of the capacity remained in the hands of older network carriers. More cutbacks by these airlines would help hasten that shift, he added, increasing the number of seats available on low-cost airlines.

Domestic air fares as of last year were roughly the same as in 1988, the Air Transport Association said, and when adjusted for inflation, fares have been falling steadily for decades as bigger and more-efficient airplanes reduced costs and spurred competition.

More recently, consumers have kept fares from rising by using the Internet to shop. Consumers' ability to compare American Airlines' prices, say, with Southwest's has kept fares from rising faster this last year.

In coming days, much of the industry will be waiting to see if US Airways is able to persuade Delta's unsecured creditors to help press its case. Those creditors, whose claims will convert into common stock that controls the company after Delta's exit from bankruptcy, can demand that Delta permit US Airways to inspect its books and otherwise research the proposed takeover.

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Delta's management opposes the deal and plans to file its stand-alone plan in bankruptcy court next week. Delta claims soared about 50 percent after the US Airways offer was made Nov. 15. Delta executives face pressure to present a plan that could justify something close to that higher value.

Just as crucially, Delta management is expected to raise concerns about the US Airways proposal, especially its ability to pass muster with antitrust regulators.

"We are skeptical," Ed Bastian, Delta's chief financial officer, said in an interview.

Mr. Kasper, the consultant, said that regulators would try to determine whether any competition lost because of the merger would be replaced within two years. Delta and US Airways own the two New York shuttle operations to Boston and Washington, and presumably one of them would have to be sold. And US Airways said the two airlines dominate only a relatively small number of their combined markets.

Delta management's success at resisting US Airways "could be the tipping point," that either spurs more deals or ends the industry merger talk, said the chief executive of another big airline, who asked not to be identified because his company could end up in merger negotiations, too.

"There's a chance nothing will get done," he said.

Delta Rally: 'We Are Not For Sale' (AJC)

By Dave Hirschman, The Atlanta Journal-constitution

Atlanta Journal-Constitution, December 14, 2006

A raucous crowd of more than 3,000 Delta Air Lines workers alternately cheered, booed, clapped and hissed Wednesday as they loudly expressed opposition to a takeover bid by rival US Airways.

Delta employee groups used the nearly two-hour rally to bash Tempe, Ariz.-based US Airways and its CEO, Doug Parker, in pointed, personal terms. He was compared to vilified airline raiders Carl Icahn and Frank Lorenzo and even the fictional Gordon Gekko from the movie "Wall Street."

"You have underestimated your opponent!" Delta pilot union chairman Lee Moak thundered at the meeting in a convention hall near the Atlanta airport, which combined the fervor of a tent revival with the pragmatism of a political strategy session.

"Go back to the desert of Arizona. Thousands of loyal Delta employees in this room are telling you that Delta is our company and we are not for sale!"

Georgia's U.S. senators, Saxby Chambliss and Johnny Isakson, lauded the Delta workers and urged them to back management efforts to preserve Delta's history and independence.

Chambliss said he told Parker in a Washington meeting that he and other members of the Georgia delegation stoutly oppose the deal and plan hearings to pressure the Justice Department to reject it as anti-competitive.

"The proposed deal is a bad deal for Delta and we're opposed to it," Chambliss said to a standing ovation. "It's going to lead to additional mergers that aren't good for the passengers you serve."

His argument may have been buttressed by reports Wednesday that United and Continental airlines are talking about a merger. Most analysts say that would be a defensive option to trump the effect of a US Airways-Delta marriage. And AirTran Airways, Atlanta's second-largest carrier behind Delta, said it's pursuing a nearly $290 million buyout of Midwest Airlines despite that carrier's initial rejection.

US Airways announced its unsolicited $8.7 billion Delta bid in November, after being rebuffed in earlier private approaches. Delta executives — who did not attend Wednesday's rally — say they want to finish the carrier's Chapter 11 restructuring as an independent company.

But the airline's creditors have a big say in the outcome. They are analyzing the value and other merits of the US Airways offer and will weigh it against a Delta reorganization plan expected to be filed in bankruptcy court as soon as next week.

Wednesday's quickly organized rally aimed to prove that opposition goes deeper than top management.

Oversized TV screens showed film clips from Delta's humble beginnings as a crop-dusting service, along with commercials through the decades.

U.S. Rep. David Scott (D-Ga.) praised Delta workers for enduring five years of pay cuts, furloughs and adversity capped by the Chapter 11 filing. He lambasted US Airways for terminating its employee pension plans during its own bankruptcy case, then aiming to take over Delta, which has announced a deal to save its main non-pilot pension plan.

"You're writing the greatest recovery story in the history of American business," Scott told the Delta workers.

Scott called US Airways executives "vultures" for attempting to profit from the sacrifices of Delta workers, and said the proposed merger was "anti-competitive and anti-American."

US Airways has said it would adopt the Delta name if the merger went through but hasn't said where the combined company would be based. Many experts consider Tempe the likely choice since Parker and his lieutenants would run the airline.

They previously ran Tempe-based America West Airlines, which merged with the larger US Airways and adopted its name in 2005.

"How can Atlanta be Atlanta without Delta?" said 58-year-old Delta retiree Carol Kirkland, who attended the rally. "Tempe, Arizona? Come on."

Moak recently held a pilot union meeting outside the former US Airways offices in Arlington, Va., to highlight what he believes would be Atlanta's fate if the deal goes forward. He said US Airways plans to expand its Tempe headquarters.

"Is there any real question as to where the corporate headquarters will land?" he said.

Moak also noted that Parker and his team are still at work on integrating America West and US Airways. "If you want to run an airline," he said mockingly, "why don't you start with the one you already have?"

Concern about the loss of Delta's headquarters has given management many local allies. Earlier Wednesday, the board of Central Atlanta Progress, which includes executives from some of Atlanta's top companies, passed a resolution supporting Delta's independence.

Phil Gee, a spokesman for US Airways, said he isn't surprised by the emotional opposition. "It's something we definitely expected to encounter," he said. "Delta people are very passionate. You'd be hard pressed to find employees with more pride for their company than they have."

US Airways contends a merger would be a bold move to create a stronger airline — and one less vulnerable to the financial crises that overtook both US Airways and Delta in recent years.

The United-Continental talks are not new, though they have become more serious since US Airways approached Delta, according to published reports. A deal remains far from certain. One big obstacle: Northwest Airlines may be able to stop it under a 2000 cross-marketing agreement with Continental.

The Wall Street Journal reported that, in addition to talks with Continental, United also has informally pitched itself to Delta as a better merger partner than US Airways if Delta or its creditors conclude a deal is unavoidable.

Kevin Mitchell, chairman of the Business Travel Coalition, said if such a "tsunami" of airline consolidation were to occur, repercussions for fliers would be disastrous, with fares rising as competition waned.

"What's more, these potential transactions represent a near-term fix to the industry's difficulties and do not address systemic profitability problems and root causes," he said.

Airlines are rebounding this year, partly on the wings of cost cuts from layoffs and restructurings. But they still must battle the high cost of fuel. Many analysts believe consolidation would enable carriers to cut overlapping routes and reduce capacity, making it easier to raise fares.

Others note the industry's troubled history with getting cooperation from labor groups, not to mention the difficulties of bringing different fleets, maintenance schedules and cultures under one umbrella. Said veteran airline consultant Mike Boyd: "You're dealing with a lot of emotion here that may not make sense in the light of day."

Utah Officials Express Concern Over Possible Delta Merger (KSL)

KSL-TV Salt Lake City, December 14, 2006

(KSL News) Utah legislators are concerned about the future of Delta Airlines, especially if the company merges with US Airways.

Even though Delta has given no indication of a merger Utah officials are being proactive-- asking the Justice Department now to consider the risks such a move would pose for Utah's economy before approving a merger in the future.

Rep. Greg Curtis (R), Utah Speaker of the House: "We're simply trying to make sure that there's a heightened awareness. Make sure this works within the statutory framework. Not asking for a statutory change."

When US Airways made the offer to Delta last month they assured Governor Huntsman the move would not adversely affect Utah.

Legislators say their request to the Justice Department is just making sure that promise is kept.

Airline Industry Poised For Shake-up? (USAT)

By Dan Reed

USA Today, December 14, 2006

One small takeover bid — and the possibility of a much bigger one — rocked the airline world Wednesday, moving stock prices and fueling speculation about the future shape of the industry.

Midwest Airlines, a small Milwaukee-based carrier highly regarded by Midwesterners for its quality of service, rejected a public offer of $290 million in stock and cash from Orlando-based AirTran, one of the USA's fast-growing low-cost carriers.

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But AirTran CEO Joe Leonard says he won't give up his pursuit, which has involved several previous, private offers that Midwest's board rebuffed.

Meanwhile, continued speculation about a possible merger of United Airlines and Continental Airlines fueled a growing buzz about industry consolidation first prompted by US Airways' Nov. 15 bid to acquire Delta Air Lines out of Chapter 11 bankruptcy.

Adding to industry chatter: the announcement late Wednesday of the sale of Australia's Qantas. Qantas agreed to a sweetened $8.64 billion offer less than 24 hours after rejecting a slightly smaller bid from the same group. The acquiring group, Airline Partners Australia, includes Texas Pacific Group, the U.S. private equity company led by financier David Bonderman. Texas Pacific previously has held large stakes in both Continental Airlines and America West, now part of US Airways, and continues to hold a big stake in Europe's Ryanair.

Neither Continental nor United would confirm that they are in talks. Two industry sources with knowledge of the discussions, being conducted privately, said the merger talks are active. They cautioned that no announcement is imminent and that a merger may never occur.

The airline activity stirred Wall Street. On a day when oil prices inched upward and the Dow Jones industrial average was flat, the Amex Airline index rose almost 3%. United and Continental shares gained the most, 4.7% and 4.4%, respectively. Most other airline stocks also rose, though US Airways' shares fell 0.4%.

Analyst Ray Neidl at Calyon Securities told clients that a United-Continental merger makes sense because their route networks are complementary. But he warned that it "entails addressing a series of operational issues, as well as antitrust concerns."

Also on the merger front: Delta executives, who are resisting the US Airways takeover, told their top creditors that the airline would be worth more than the takeover bid if it's allowed to exit bankruptcy in 2007 as a stand-alone carrier. Delta management estimates the carrier's worth then would be as much as $12 billion, vs. the pending offer of about $8.5 billion.

United They Stand? (CHIT)

By Julie Johnsson, Tribune Staff Reporter

Chicago Tribune, December 14, 2006

What the frenzy of airline mergers and reports of new takeover bids might mean for passengers, Chicago and the industry

Once the frenzy has subsided, and all the airline industry consolidation has been digested, Chicago could find itself home to the country's biggest carrier, a supersize United Airlines, or home to none at all.

Passengers could be looking at higher fares or more bargains. They also could be in for a long, confusing period of service upheaval, industry analysts say.

Tens of thousands of workers could be affected as airlines merge, with some getting bigger and others disappearing.

Nothing was for certain Wednesday, except that it had been a remarkable 24 hours for airline takeover action and merger talk, as an industry that has appeared ripe for consolidation for years suddenly began moving toward one of the biggest, and maybe fastest, realignments ever seen in American business.

"This is the big bang," said Kevin Mitchell, chairman of the Business Travel Coalition, a Radnor, Pa.-based advocacy group for corporate buyers of air travel. "Everything could happen from here."

Elk Grove Township-based United was at the center of the action, negotiating a potential merger with Continental Airlines and reportedly looking over Delta Air Lines Inc., the object of an unfriendly offer from US Airways.

Meanwhile, AirTran Airways said Wednesday that it would continue its hostile pursuit of Milwaukee-based Midwest Airlines, a move aimed at shaking Southwest Airlines' lock on low-cost service in the region from its base at Midway Airport.

And Australia's Qantas Airways Ltd. announced that it accepted an $8.7 billion takeover offer from a consortium of private-equity funds, led by Texas Pacific Group and Macquarie Bank Ltd.

Further speculation is that American Airlines is checking out Northwest Airlines, which is in bankruptcy along with Delta. Mindful of the talk, Northwest Chief Executive Douglas Steenland told employees this week that the Minnesota-based carrier intends to emerge from Chapter 11 next year as a stand-alone company.

When the dust settles, analysts think the six major airlines atop the U.S. market could meld into three megacarriers, though there is no guarantee any of the deals will get done.

"This is a once-in-a-lifetime opportunity," said Alan Sbarra, principal with Roach and Sbarra, an airline consulting firm based in the San Francisco area. "I really think that if there's going to be consolidation, this is the time to do it."

Any deals must be approved by federal antitrust regulators, however, and they traditionally have been wary of large-scale consolidation.

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And even if they pass muster, massive airline mergers would be exceptionally difficult to pull off, experts say. To do so, carriers must mesh schedules involving thousands of daily flights around the globe, resolve differing cultures that go back generations and combine workforces the size of a small city.

Most aviation mergers in the U.S. over the past 30 years have faltered, and even airlines that pull off this feat tend to be plagued by service problems for years afterward.

The typical miscues that plague merging employee groups would be greatly amplified if virtually every large American airline is swept up in a dealmaking frenzy, experts say.

"You're essentially putting the whole system in play," said Mitchell. "There would be customer-service disruption for years."

Changing the work habits of huge numbers of frontline employees will run the risk of miscommunication, miscues and other problems.

That's bad news for consumers since the four of the airlines in play—Delta, US Airways, Continental and United—are struggling with service problems. They generated the four worst scores for customer complaints among U.S. carriers during October, according to a recent report by the Bureau of Transportation Statistics.

However, many in aviation remain skeptical that the industry-shattering change under contemplation will materialize.

Delta's management team remains adamantly opposed to US Airways' $8.5 billion bid and, like Northwest, has vowed to emerge from bankruptcy without a merger partner.

"I take Delta at their word," said William Brandt, a Chicago-based restructuring expert. "If they do manage to beat the US Airways bid, and the chances of that happening are 50-50, then Delta will stand alone and not go running to United."

Meanwhile, United and Continental's merger talks, described as preliminary, appear hung up on the issue of which management team would lead the combined company, said a person familiar with the negotiations.

That's a crucial issue that has some civic leaders on edge since it could determine where the airline's headquarters is based. For now, United still plans to move its headquarters to downtown Chicago early next year, said a spokeswoman.

The airline hasn't talked to city officials about if or how consolidation would affect the high-profile move, which United announced this summer in exchange for millions of dollars in federal and state aid.

"It's always a nervous thing, but this city gives them the whole world, and Houston does not," said Paul O'Connor, executive director of World Business Chicago, a non-profit group that promotes economic development in the city.

The two airlines have talked several times about joining forces over the past decade. However, Continental's previous overtures to United and CEO Glenn Tilton faltered after the two disagreed on management control, sources said.

United is the second-largest U.S. carrier, while Continental ranks fifth. Even so, Continental CEO Lawrence Kellner wouldn't be content to play second-fiddle to Tilton, say people who know him.

"Remember, these guys have big egos," said Tom Buffenbarger, international president of the International Association of Machinists and Aerospace Workers, which represents ramp workers and gate agents at United and flight attendants at Continental. "Glenn Tilton is an oilman. It would be a battle of Texas titans."

Mergers always generate much anxiety for airline workers, who worry about losing their jobs as well as seniority, which determines the pay and perks they receive.

But there's a silver lining for United workers: Any merger likely would force management to reopen the airline's current, unpopular labor contracts, analysts say. They otherwise wouldn't be subject to revision before late 2009.

While consumer advocates warn that consolidation could lead to higher ticket prices, one of Wednesday's bids could have the opposite effect for Chicago passengers.

Thwarted by Southwest in an earlier attempt to become the largest airline at Midway, AirTran is looking to establish a major hub in Milwaukee through its hostile offer for Midwest Airlines.

The up to $330 million bid, made Oct. 20 and disclosed Wednesday, would give AirTran control of about half of the operations at Milwaukee's Mitchell International Airport. Midwest rejected the offer Dec. 6, but AirTran said it would keep trying.

An increased presence in the Midwest would make AirTran a potent rival to Southwest, capable of drawing bargain-hunting passengers from across the Chicago area. The increased competition should keep prices down, experts say.

"Milwaukee is a perfectly suited alternative to Chicago," said Sbarra, the airline consultant.

Obstacle Looms In United-Continental Deal (WT)

By Sean Lengell

Washington Times, December 14, 2006

Reported talks between Continental and United airlines over a proposed merger may be doomed as the result of an unusual relationship between Continental and a third airline.

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Northwest Airlines holds a special preferred "golden share" of Continental Airlines stock, giving Northwest the right to block Continental from consolidating with another airline.

The alliance dates to late 2000 when Northwest agreed to sell shares of Continental common stock back to Continental after the Justice Department accused Northwest of anti-competitive behavior.

As a condition of the sale, a special class of preferred Continental stock was created and sold to Northwest, giving the airline veto power if Continental attempted to merge with another airline.

Northwest declined to say whether it would consider exercising its veto. But airline analyst Anthony Tangorra said the Eagan, Minn., airline wouldn't hesitate because a Continental-United combination would create the world's largest carrier, dwarfing Northwest.

"Northwest highly values its right to block the acquisition of Continental Airlines," said Mr. Tangorra, chief executive of Latitude Transport Advisory of New York.

Sources who confirmed the United-Continental talks asked not to be identified because the discussions are private. United and Continental officially declined to comment on the talks.

Continental still could proceed with an acquisition, despite objections from Northwest, if the deal doesn't require a vote of Continental stockholders.

Moreover, if Northwest is engaged in a merger of its own, its veto power over Continental would be voided under terms of its 2000 alliance.

"There are a lot of hurdles to this [United-Continental proposal], so it's anything but a done deal," said Ray Neidl, an airline analyst with Calyon Securities.

A Continental-United partnership would make sense because United's strong presence in the Pacific and Western U.S. would complement Continental's presence in the Latin American and trans-Atlantic markets, analysts say.

Just how serious are Continental and United about merging?

"Continental and United have been talking for years," Mr. Tangorra said. "As a matter of fact, every airline has been talking to every airline for years. The moment of those talks have an ebb and flow."

The United-Continental acquisition proposal is one of several for airlines in recent weeks.

US Airways Group Inc. last month proposed an $8 billion takeover of bankrupt Delta Air Lines. Delta has said it has no interest in the offer.

AirTran Holdings Inc. yesterday made a $290 million stock and cash bid for Midwest Air Group Inc., the parent company of Midwest Airlines, an Oak Creek, Wis., carrier with hubs in Milwaukee and Kansas City, Mo.

Australia's Qantas Airways staved off a recent takeover bid led by an investment bank and two private-equity firms.

United also has been reported to be considering an acquisition of Delta.

"The industry is fragmented and primed for consolidation," Mr. Neidl said.

Continental Shares Reach Post-9/11 High (AO)

AP, December 14, 2006

NEW YORK --Shares of Continental Airlines Inc. soared to their highest level since before the Sept. 11, 2001 terrorist attacks, as the company talks with United Airlines about a possible combination to create a mega-carrier.

Houston-based Continental's stock jumped $1.82, or 4.2 percent, to $44.70 in midday trading on the New York Stock Exchange. They climbed as high as $46.29 earlier in the session, topping their prior 52-week high of $45.76 set earlier this week. It is the stock's highest level since Aug. 9, 2001, when shares reached $47.10.

Shares of United's parent UAL Corp., meanwhile, surged $2.26, or 5.2 percent, to $45.49 on the Nasdaq. They reached $46.54 earlier in the session, their highest point since they began trading in February following UAL's emergence from Chapter 11 bankruptcy protection. The stock's prior high was $45.20, set earlier this week.

Analysts recommended patience. The carriers are likely watching to see if US Airways Group Inc.'s proposed hostile takeover of Delta Air Lines Inc. goes through, they said.

Prudential analyst Bob McAdoo wrote in a research report that he doubts Continental wants a deal, but it might do one contingent on the Delta/US Airways deal being approved by federal regulators.

He said American Airlines' parent AMR Corp. likely has a similar strategy and could link up with Northwest Airlines Corp.

Calyon Securities analyst Ray Neidl said a United/Continental marriage would make a good fit, bringing together United's strong Pacific network with Continental's Latin American strength and Newark, N.J., hub.

However, any deal involving Continental must account for the so-called "golden share" that Northwest holds in the carrier. Through a special voting series of Continental preferred stock, Northwest can block a merger between Continental and another major carrier.

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Consolidation has long been a hot topic for the airline industry. Goldman Sachs analyst Robert Barry said in a research report that merger activity would be a rising tide that lifts at least most stocks for the industry.

Combinations would allow airlines to reduce available seats, giving them more pricing power to raise fares and boost profits amid high fuel prices.

Such deals, though, would likely face tough federal antitrust scrutiny, analysts say.

Qantas Agrees To A$11.1bn Takeover Offer (FT)

By Sundeep Tucker In Hong Kong And Raphael Minder In Sydney

Financial Times, December 14, 2006

Qantas has agreed to an A$11.1bn (US$8.7bn) takeover offer by a consortium including Australia's Macquarie Bank and Texas Pacific Group, a US buy-out fund.

The airline rejected the consortium's opening offer on Wednesday but early on Thursday it recommended a sweetened A$5.60-a-share offer.

Shares in Qantas jumped nearly 5 per cent to A$5.33 by early Thursday afternoon. The buy-out offer is 29 per cent more than the stock traded at November 21, when Qantas first said it had been approached.

Margaret Jackson, chairman, said Thursday that, subject to receiving an opinion by independent expert Grant Samuel, the non-executive directors unanimously intended to recommend the bid.

The move coincides with upheaval in the airlines industry in the US. Northwest Airlines is expected to use its right to block any proposed merger between Continental and United, derailing attempts to advance talks to create the world's largest carrier.

A Qantas sale would require government approval and must be backed by investors holding more than 90 per cent of the airline's equity. Capital Group of the US is the largest shareholder, with 12.8 per cent.

If endorsed by investors, the agreement would mark one of the biggest aviation deals in history and follows a spate of multi-billion dollar buyouts in Australia this year.

Geoff Dixon, Qantas' chief executive hit out at a warning by Moody's Investor Service Wednesday that it might downgrade its rating on the airline's debt to junk status in the wake of the buyout. "I believe the statement that was made was right out of line," he told reporters. "I do not believe it has any validity at all."

The agreement follows a day of drama in Australia on Wednesday that began with the airline rejecting the consortium's opening offer of A$5.50 a share, which valued Qantas at A$10.9bn.

Qantas's non-executive directors said "the terms of the proposal are not acceptable" as these included "complex conditions" such as a break fee payable to the consortium.

This unexpected rejection sparked a day of talks between Qantas executives and representatives of the consortium. The private equity groups dropped some of their conditions and raised the offer price by 10 cents to A$5.60.

The consortium is understood to have dropped the demand for a break fee, set at A$100m, in theory freeing Qantas to entertain rival buy-out approaches.

Macquarie confirmed a report that the consortium, called Airline Partners Australia, would be majority-Australian owned. Lawmakers have been concerned about the possible buy-out. The airline is subject to ownership restrictions that limit foreigners to a combined 49 per cent stake.

Macquarie said it would own less than 15 per cent, with local rivals Allco Finance Group taking 11 per cent and Allco Equity Partners the biggest single investor with 34 per cent. Offshore investors would hold less than 40 per cent, with neither Texas Pacific nor Canada's Onex holding more than 15 per cent.

Qantas Deal Reflects Private Equity's Wider Horizon (WSJ)

By Henny Sender And Kate Linebaugh

Wall Street Journal, December 14, 2006

The $8.7 billion transaction for Australia's Qantas Airways Ltd. suggests the global deal-making frenzy spawned by private equity may be turning its sights to the recovering airline sector.

The board of Qantas yesterday unanimously approved a sweetened takeover bid by a private-equity consortium being led by Texas Pacific Group and Australia's Allco Equity Partners Ltd. The bid, of 5.60 Australian dollars a share, was increased by 10 Australian cents a share after the board rejected a bid a day earlier. Other terms were also changed.

Qantas shares were up almost 5% to A$5.34 in early afternoon trading on the Australian Stock Exchange. The offer price is 33% higher than the share price when speculation about the deal began on Nov. 6.

Under the terms of the deal, Qantas will be delisted from the Australian exchange -- but retain majority Australian ownership, as required by law, with Allco becoming the company's largest shareholder. Qantas Chief Executive Officer Geoff

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Dixon and Chief Financial Officer Peter Gregg will retain their positions, and at least two-thirds of the board will be Australian citizens.

Private equity's increasing role in financial markets comes as airlines world-wide have recovered from their doldrums, and private-equity firms and other private investors have shown increasing interest in an industry famously troublesome for investors. Private-equity firms were significant investors in the recent reorganizations of ATA Holdings Corp. and Aloha Airgroup Inc. in the U.S. Hedge funds participated in the reorganization and merger that created the current US Airways Group Inc. Private-equity and hedge-fund firm Wexford Capital LLC, which partly owns Republic Airways Holdings Inc., based in Indianapolis, last year arranged the purchase of regional jets and landing slots from US Airways for $110 million. (See related article1.)

For Texas Pacific, the Qantas deal represents a return to an area of core competence. The firm's first, iconic deal was the purchase of Continental Airlines out of bankruptcy protection. And while Texas Pacific has a Sydney office, two of its four original partners, co-founder David Bonderman and Rick Schifter, who worked on the original Continental deal, were deeply involved in the negotiations over Qantas.

The Qantas deal marks a change in thinking at Texas Pacific, which until recently was cautious about prospects for the airline sector. For example, when Air Canada was put up for sale in 2004, the firm bid far less than the ultimate buyer, Cerberus Capital Management LP. At the time, the firm said that the kind of profits of a Continental deal were a thing of the past, given the competition from low-cost airlines.

But with the Air Canada deal looking just fine, Texas Pacific is on the prowl once more. In addition to Qantas, it is looking at other airlines, particularly in Asia.

Qantas is the dominant airline in Australia and remains profitable. Early this month, Qantas said it expects annual pretax profit to rise as much as 30%.

"The consortium members have made it clear that to us they recognize the immense value of the Qantas brand and intend to improve and grow the business," Qantas Chairman Margaret Jackson said in a release.

The bidding consortium, called Airline Partners Australia, plans a capital-expenditure program of more than A$10 billion to upgrade the fleet and improve Qantas's premium offering. The group is planning to acquire more than 70 aircraft, raising capacity by 40% and expanding services particularly internationally. Macquarie Bank Ltd., Allco Finance Group and Canada's Onex Corp. are among the buyers.

Australian Prime Minister John Howard said today the government will monitor the takeover bid, but the deal was ultimately a matter for the market. The government plans to review the offer to ensure it meets competition laws and foreign-ownership laws, set as part of the 1995 privatization of the airline, based in Sydney.

Under its structure, the deal adheres to the ownership rules which should help avert a backlash from lawmakers who have voiced concern about the takeover of a national icon. The Australian companies in the consortium will have greater voting rights than the overseas investors. Allco's companies will have 46% voting rights, but only 35% economic interests, while Texas Pacific will have a 25% economic interest, but its voting interest will be less than 15%. Macquarie will have less than a 15% stake.

Qantas Board Accepts Offer Of $8.7 Billion For A Buyout (NYT)

By Tim Johnston

New York Times, December 14, 2006

SYDNEY, Australia, Thursday, Dec. 14 — Qantas Airways, Australia's largest airline, agreed on Thursday to accept a sweetened buyout offer of 11.1 billion Australian dollars ($8.7 billion) from a consortium led by Macquarie Bank and the Texas Pacific Group.

In a statement, the board of Qantas said it would recommend that shareholders allow the company to be taken private. If the deal goes ahead, it will be Australia's biggest takeover, and would be the latest move in a global revival in airline stocks, which have languished since Sept. 11, 2001.

"The directors believe this offer allows Qantas shareholders to realize significant value for their shares that has not been fully recognized in the public market," the chairman, Margaret Jackson, said Wednesday.

The bid values the company at 5.60 Australian dollars a share, substantially more than its closing price on Wednesday of 5.09 Australian dollars and analysts' prebid valuations of 4.10 to 4.60 Australian dollars.

The consortium — Airline Partners Australia — includes Texas Pacific, Macquarie Bank, Allco Equity Partners and the Allco Finance Group of Australia, and Onex, the Canadian leveraged buyout company.

The group also brings together an array of aviation talent, including David Bonderman of Texas Pacific; Rod Eddington of Allco Finance, the former chief executive of British Airways; and David Turnbull of Allco Finance, formerly of Cathay Pacific.

Few analysts expect investors to block the deal.

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The board had rejected an offer of 5.50 Australian dollars a share on Wednesday. In addition to the increased offer, the bidders agreed to drop their demand for a 1 percent breakup fee.

Matt Crowe, an analyst with J. P. Morgan in Sydney, said he believed that it was not just the price that swayed the board's decision.

"Qantas management have been frustrated for some time by the progress of their cost-reduction program," Mr. Crowe said. "It is harder to make difficult cost reductions that might cause disruption in the short term. Going private will make that easier."

Within the consortium, a complex division of the shareholdings is intended to satisfy the Australian government's requirement that no more than 49 percent of the company is foreign-owned.

Onex and Texas Pacific will hold less than 40 percent of the airline, with Allco Equity Partners expected to hold about 34 percent; the Allco Finance Group, 11 percent; and Macquarie, less than 15 percent.

The arrangement is also unlikely to jeopardize Qantas's participation in bilateral air services agreements — the arrangements between countries that stipulate which airline is allowed to fly what routes and at what capacity — that require that participating airlines be "substantially" domestically owned.

"If this acquisition is successful, Qantas will remain a majority Australian-owned, Australia-based airline," Ms. Jackson said.

Qantas's chief executive, Geoff Dixon, will stay on. Peter Harbison of the Center for Asia Pacific Aviation in Sydney, said that although the airline was already one of the world's most profitable, Mr. Dixon was preparing for a time of less government protection and was betting that the new ownership would give Qantas easier access to capital to continue its expansion beyond Australia into the growth areas of Asia.

Alltel Agrees To Sell 4 Markets (AP)

AP, December 14, 2006

LITTLE ROCK, Ark. (AP) -- Wireless carrier Alltel Corp. said Wednesday it agreed to sell four Minnesota markets to Rural Cellular Corp., in order to meet divestiture requirements established by the U.S. Department of Justice.

Financial terms weren't disclosed.

In October, the company received approval from the Justice Department for its $1.1 billion acquisition of Midwest Wireless on the condition that the combined company sell some assets in markets where they both operate.

The Minnesota markets that will be sold to Rural Cellular have been managed by a trustee by the Department of Justice since October.

Rural Cellular said it plans to use cash on hand to finance the purchase, which is expected to close in the first quarter of 2007.

Shares of Alltel closed up 10 cents at $58.16 on the New York Stock Exchange, while shares of Rural Cellular closed up 7 cents at $12.68 on the Nasdaq.

State Paper Firm Indicted On Charges Of Price Fixing (MJS)

By Joel Dresang

Milwaukee Journal Sentinel, December 14, 2006

The U.S. Justice Department announced an indictment Wednesday against a Wisconsin-based paper company in an investigation of price fixing for magazine paper.

Justice officials said a federal grand jury in Connecticut indicted Stora Enso North America Corp. on charges of conspiring to set prices in consultation with competitors.

The company is the North American subsidiary of the Finnish paper company that bought out Wisconsin Rapids-based Consolidated Papers Inc. in 2000. Stora Enso North America has kept its headquarters in Wisconsin Rapids and employs about 2,700 workers in Wisconsin at mills in Biron, Kimberly, Niagara, Stevens Point, Whiting and Wisconsin Rapids.

According to Justice Department officials, the indictment claims that Stora Enso met with competitors and agreed to increase prices for coated publication papers used in magazines and high-volume catalogs. The indictment contends that Stora Enso sold paper "at collusive and non-competitive prices" from August 2002 to June 2003.

Executives for Stora Enso in Wisconsin Rapids did not return calls late Wednesday. Tim Laatsch, a company spokesman, told the Associated Press that he would not comment because he had not read the indictment.

Last month, parent Stora Enso Oyj reported that the European Commission had closed its investigation of a suspected publication paper cartel.

The U.S. charges against Stora Enso carry a fine of up to $10 million, which could be increased to twice the gain derived from the alleged crime or twice the loss suffered by the alleged victims, if either of those amounts is greater.

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Wis. Firm Accused Of Price-fixing Magazine Paper Prices (AP)

By Stephen Singer

AP, December 14, 2006

HARTFORD, Conn. - A federal grand jury on Wednesday indicted a paper products company in a price-fixing conspiracy designed to drive up the sale of paper used to print magazines and catalogues.

Stora Enso North America Corp., based in Wisconsin Rapids, Wis., is accused of conspiring to inflate the prices from August 2002 through June 2003, the U.S. Department of Justice said in a statement.

The paper is primarily used to print magazines, news weeklies and high-volume catalogues. The company agreed to the scheme in a meeting with an unidentified competitor, according to the indictment.

"The price of coated paper used in magazines affects nearly every American," said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division.

Stora Enso spokesman Tim Laatsch said he has not read the indictment and would not comment.

Stora Enso is a U.S.-based subsidiary of Stora Enso Oyj of Helsinki, Finland, the second-largest magazine paper producer in the world. Its paper sales are marketed to publishers, retailers, catalog producers, commercial printers and merchants.

Stora Enso has sales offices in Connecticut, Georgia and other states. The conspiracy charged in the indictment, which was handed up in Hartford, was carried out in Connecticut and elsewhere, the Justice Department said.

Violations occurring before June 22, 2004, carry a maximum fine of $10 million, which may be increased.

Stora Enso's stock closed at $15.95, unchanged, on the New York Stock Exchange Wednesday.

Citigroup To Buy Grupo Cuscatlan, U.K.'s Quilter (WSJ)

By David Enrich

Wall Street Journal, December 14, 2006

Citigroup Inc. agreed to buy a Central American banking company in a $1.51 billion cash-and-stock deal that marks the latest in a series of recent overseas acquisitions.

Citigroup said it is buying the subsidiaries of Grupo Cuscatlan from Corporacion UBC Internacional SA, a commercial- and corporate-banking group that does business in El Salvador, Guatemala, Costa Rica, Honduras and Panama. Citigroup also is acquiring the group's pension and insurance operations in El Salvador.

Citigroup, after a yearlong deal-making hiatus imposed by the Federal Reserve, has been on a small shopping spree lately. The company also announced yesterday that it has agreed to buy Quilter, a Morgan Stanley wealth-management unit in the United Kingdom. Terms weren't disclosed.

The Central American deal, coming the day before top Citigroup executives host their annual investor day at their Park Avenue headquarters in New York, is Citigroup's second recent deal in the region and its fifth international deal this fall.

In October, Citigroup bought Grupo Financiero Uno, which it described as Central America's No. 1 credit-card issuer. The bank didn't disclose the terms of that deal. That month, Citigroup also agreed to buy a 20% stake in a big Turkish bank, Akbank TAS. In November, Citigroup led a group that agreed to buy about 86% of Guangdong Development Bank, a southern Chinese lender.

The moves illustrate a bet by Chief Executive Charles Prince that fast-growing overseas markets hold greater potential for the world's biggest bank in market value than the U.S. But it isn't clear the deals will quickly jump-start Citigroup's sluggish revenue streams, a source of angst among many Citigroup investors.

The Grupo Cuscatlan deal "is another significant step in expanding Citigroup's businesses in Latin America," Mr. Prince said in a statement. Coupled with the pending Grupo Uno deal, "these transactions quickly and significantly strengthen our distribution capabilities and product offerings to serve retail and corporate clients in Central America."

Citigroup said Grupo Cuscatlan has $5.4 billion in assets, including $3.5 billion in loans and $3.4 billion in deposits.

Hearst Expects To Close Daily Breeze Purchase This Week (AP)

AP, December 14, 2006

Torrance, Calif. (AP) -- Hearst Corp. expects to complete its purchase of the Daily Breeze on Friday as part of a deal to resell the newspaper to MediaNews Group Inc., according to a court document filed by the two newspaper operators.

The document was filed Wednesday in a pending federal antitrust case involving Denver-based MediaNews and New York-based Hearst, owner of the San Francisco Chronicle, over their plans to consolidate some of the business operations of their San Francisco Bay area newspapers.

A San Francisco investor is trying to block the deal, claiming such cooperation violates antitrust laws.

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The two companies also said they had finished negotiations in their swap deal. Under the agreement, Hearst will purchase the Torrance-based Breeze from The Copley Press Inc. and then sell it to MediaNews along with two other publications, the Monterey County (Calif.) Herald and the St. Paul (Minn.) Pioneer Press.

San Diego-based Copley, whose flagship paper is the San Diego Union-Tribune, cited competitive pressures when it indicated in June it wanted to sell its Copley Los Angeles Newspapers. Those papers include the Breeze, the Palos Verdes Peninsula News and The Beach Reporter.

EU's Efforts Stymied? (WSJ)

By KENNETH MAXWELL And SANTIAGO PEREZ

Wall Street Journal, December 14, 2006

MILAN -- Autostrade SpA of Italy and Abertis Infraestructuras SA of Spain halted an agreement to merge and create the world's largest toll-road operator, citing blocks imposed by Italy's government and transportation regulator.

The companies said they remain convinced that a deal should be done, and said they hope to be back with a fresh plan at some point in the future. The companies struck a cash-and-shares deal to merge in April that would have resulted in a company with a market capitalization of €25 billion ($33.2 billion).

As time to secure the deal before a year-end deadline on the original agreement all but ran out, Autostrade and Abertis said in a joint statement that they "acknowledged the impossibility of carrying out the merger."

The failed merger highlights the fact that cross-border European mergers and acquisitions, agreed or hostile, stir up as much of a hornet's nest as ever, despite the European Union's best efforts to promote the notion of a single marketplace.

The companies made it clear that the project isn't dead and buried. "The companies hope that future conditions will allow the plan to be viewed in a different light and with this in mind aim to jointly proceed with initiatives and dialogue at institutional level," they said.

Speaking at a shareholders meeting in Rome, Autostrade Chairman Gian Maria Gros-Pietro made sure to point out that the door to a merger remains open. "We're prepared to discuss Abertis with the government," he said. "If we have a settled [operating] framework, we'll see if a deal's possible."

Abertis Chief Executive Salvador Alemany has said he remains willing to continue talks with Italian regulators. Italian Infrastructure Minister Antonio Di Pietro completed the circle by saying he is also open to more talks on the tie-up.

Investors reacted cautiously, sending Abertis shares higher on hopes for an end to wrangling in Italy for the time being, while Autostrade's stock slipped as the likelihood of a deal, which would be transformational for the company, receded. Abertis's stock price rose 2.6% to €22.80 yesterday in Madrid, while in Milan trading, Autostrade fell 1.5% to €21.80.

In a private note to clients, Lehman Brothers said the halt was more of an "arrivederci" than a farewell. "Both Autostrade and Abertis are convinced they'll resume the merger, which they've stopped for the time being for external reasons," the bank wrote. "There's no need to rush on this one," it added.

People familiar with the situation said the companies' commitment to the deal burns on.

"They've been explicitly vague on the future because they really don't know how long this could take," one person said. "But there are no chances of tangible advances until the Italian government outlines a new regulatory framework. The Italian government has the last word," the person said.

Unable to proceed with the merger for the time being, Autostrade yesterday scrapped a plan to propose a €2.1 billion dividend payout to Autostrade shareholders. The payout was conceived as a means to equalize the valuations of the two companies, along with an agreed swap ratio of 1.05 Abertis shares for every Autostrade share.

Since the merger announcement, the Italian government and transportation regulator have raised one objection after another. Imposing a variety of legal obstacles, the government has sought to wring maximum investment guarantees from the merger partners as a means to boost Italy's transportation system and economic growth without tapping the nation's already-stretched budget.

From the start, the industrial and financial logic of the merger won praise from investors and analysts alike in the unglamorous but highly profitable sector.

The logic of a deal remains compelling for Autostrade, Italy's main roads operator, and Abertis, which is also prominent in other infrastructure sectors. A merger would allow them to pool their global expertise and have greater financial power to target ripening markets in the U.S. and Eastern Europe, and help Abertis secure a key extension of the average lifetime of its licenses to operate highways.

The companies had expected to get full clearance for the transaction before the shareholders meeting scheduled for yesterday to vote on the special dividend payment lined up as part of the merger.

DOJ_NMG_0106430

Instead, the Italian government intensified efforts to block the transaction during recent months, seeking to modify license terms for the toll roads operated by Autostrade and threatening to launch lawsuits on grounds that Autostrade allegedly failed to honor investment commitments.

The European Union, which gave the green light to the merger plan, has objected to Italy's efforts to derail the proposed transaction. Yesterday, the European Commission said it might continue its investigations into whether the Italian government has broken antitrust laws and rules ensuring the free movement of capital, even though the merger has been suspended.

The halt represents the second time in the past two years that a Spanish company has been forced to pull takeover plans in Italy because of hurdles imposed in Rome.

Last year, banking giant Banco Bilbao Vizcaya Argentaria SA lost out on buying Banca Nazionale del Lavoro SpA, with BBVA complaining about regulatory interference as Antonio Fazio, who at the time was the Bank of Italy's governor, was widely perceived to strongly back Italian bidders.

FBI/DEA/ATF/USMS:

Intelligence Chairman Botches Islam Facts (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, December 14, 2006

Reyes' fumbled answers about terrorists raise questions about his fitness to serve

WASHINGTON — It's hardly the way Texan Silvestre Reyes wanted to ascend to the chairmanship of the influential House Intelligence Committee.

But the world of bloggers buzzed and critics flapped Tuesday about a botched pop quiz that raised questions about the El Paso Democrat's understanding of the al-Qaida terrorist network and other Islamist extremists.

Reyes, who takes the helm of the committee in January and has served on the panel since 2001, didn't know that al-Qaida was a Sunni organization, and couldn't pin down Hezbollah's Shiite affiliations, during an interview last week with Congressional Quarterly's national security editor.

The differences between the Sunni and Shiites are more than semantics. Islam's 1,400-year-old rift is playing out in deadly fashion across Iraq, where ordinary citizens are caught in a crossfire between insurgents, terrorists and militias motivated by politics and religion.

Conservative radio commentator Rush Limbaugh said Tuesday that Reyes' lapse was proof of the Democrats' inattention to national security.

"Do you think the Democrats are concerned about al-Qaida and Hezbollah?" he said, contending that Democrats care more about investigating President Bush and his anti-terrorism policies than going after terrorists.

Reyes declined an interview request Tuesday. In a statement Monday, he said he was "acutely aware of al-Qaida's desire to harm Americans. The Intelligence Committee will keep its eye on the ball, and focus on the pressing security and intelligence issues facing us."

The former Vietnam combat veteran has traveled to Iraq five times and to Afghanistan three times. He also recently toured Lebanon and Israel.

Some experts suggested that Reyes is just one example of a U.S. policy establishment that has paid little attention to the tricky nuances of politics, religion and sectarian differences that have riven the Middle East.

"When it comes to someone in a position of staff responsibility ... it's a little unnerving to discover that they don't know much about the subject," said Loch Johnson, a University of Georgia professor and former congressional aide.

Danielle Pletka, a Middle East and terrorism expert at the conservative American Enterprise Institute, was shocked by Reyes' lack of knowledge.

"If you don't really care enough about the challenge of Islamic extremism and terrorism to learn the basics, then perhaps when offered a plum position, you should say no," she said. "That goes against the grain in a town that likes titles, but it is the honorable course."

House Speaker Nancy Pelosi, who tapped Reyes after passing over two more senior Intelligence Committee Democrats with whom she had differences, stands by her pick.

San Bernardino Gang Raid Nets Cash, 45 Suspects (LAT)

By Maeve Reston, Times Staff Writer

The Los Angeles Times, December 13, 2006

DOJ_NMG_0106431

The arrests cap a seven-month operation in which 35 pounds of meth and 56 guns were seized. The goal is to dismantle the organization, the DEA says.

San Bernardino police and federal officials on Tuesday confiscated $500,000 in cash and arrested 45 alleged gang members believed to be major suppliers of methamphetamine in San Bernardino and the surrounding area, authorities announced.

The bust was the culmination of a seven-month investigation by San Bernardino police and the Los Angeles field office of the Drug Enforcement Administration.

Over the course of the investigation, officers confiscated $820,000 in cash, 56 guns, 41 vehicles and 35 pounds of methamphetamine — the primary drug distributed by the group, federal agents said.

During the seven months, officials arrested 119 people, including five men believed to be top Mexican Mafia associates in San Bernardino, police officials said.

Crime has emerged as a major political issue in San Bernardino in recent years, as the number of murders and violent crimes has increased after a lull in the late 1990s.

It was the central issue in the mayor's campaign this year, and city residents recently approved a sales tax increase to generate revenue for more officers and crime-prevention programs.

San Bernardino police requested the assistance of the DEA to deal with the surge in methamphetamine and weapons trafficking by gangs in the city.

"When you take this much drugs, this much money and this many guns off the street, it's going to have an impact on crime," said Lt. Mark Garcia, a spokesman for the San Bernardino Police Department.

Special Agent Sarah Pullen, a spokeswoman for the DEA, said the drug seizures and arrests Tuesday morning involved 400 officers who served 43 simultaneous search warrants in Riverside and San Bernardino counties, including five at the reservation of the San Manuel Band of Mission Indians in Highland.

She said those arrested ranged from the "shot-callers" to street-level dealers and muscle.

"The goal of this investigation was to dismantle this organization," said Pullen, who said authorities could not provide details about who was part of the organization or how they operated.

"We are hopeful that over the next few months that basically the entire organization operating out here will be pretty much gone."

The San Bernardino County district attorney's office is expected to file weapons, drug and probation charges against many of the alleged gang members as early as today, Pullen said.

Suspected Leaders Of Major Drug Ring Jailed (ADS)

Arizona Daily Star, December 14, 2006

An international drug-trafficking organization that brought violence and thousands of pounds of marijuana into Southern Arizona has been busted, according to court documents made public Wednesday.

The organization, led by Carlos Molinares-Nuñez for the last five years, has been linked to homicides both in Mexico and the United States that appear to be drug-related, court documents state.

The Molinares-Nuñez drug operation is also responsible for moving thousands of pounds of marijuana into Southern Arizona during a three-year period in which it was being closely monitored by the Drug Enforcement Administration, U.S. Immigration and Customs Enforcement, the FBI and the Bisbee Police Department, records show.

An indictment filed in federal court in November was unsealed Wednesday, detailing the intricacies of the ring, which has at least 20 employees.

Only three people, including Molinares-Nuñez, were named in the indictment. The other two are considered to be his top co-conspirators — Luis Alfonso Carillo-Landavazo and Luis Carlos Quijada-Soto, according to a memorandum filed in U.S. District Court.

The memo details how Molinares-Nuñez set up a command center in his home in Naco, Sonora, where, using high-tech equipment, he monitored law enforcement radio frequencies, including those of federal agents in the United States.

"On numerous occasions, agents were frustrated in their enforcement efforts due to active physical and electronic counter-surveillance techniques, which were routinely performed by members" of the drug gang, court documents state.

Agents were not only frustrated by those barriers but also with the fights that the organization would put up any time law enforcement caught them transporting marijuana into the country.

Many tons of marijuana would be transported at one time in modified vehicles that would enter the country by driving in between designated ports of entry to avoid law officers, the memo said.

DOJ_NMG_0106432

The drivers were told to evade officers if detected, which resulted in a number of high-speed pursuits as they attempted to return to Mexico.

In one incident near Naco, Ariz., a vehicle became disabled, and the smugglers had to make their way back to Mexico on foot, documents show.

After their escape, they fired across the border with semi- automatic guns.

In another incident detailed in court records, an agent working the case got into a shootout when members of the drug organization confronted the agent at his home.

On Saturday, Molinares-Nuñez — a Mexican national who is a lawful permanent resident — was arrested in Tucson while he was staying with his wife's relatives, his attorney, Walter Nash, said Wednesday.

At the time, he had $4,600 in U.S. currency, a concealed handcuff key and cocaine.

Carillo-Landavazo — who according to court documents was an upper-level manager in charge of the distribution of marijuana from Mexico to Tucson and Phoenix — was arrested on Monday after he was seen leaving a residence linked to the drug gang. He had a border-crossing card, which has been rescinded.

Quijada-Soto, who was also arrested Monday, was responsible for obtaining the vehicles used by the ring and securing drug stash houses in Tucson, court documents state.

He was arrested at the Douglas port of entry while trying to enter the United States.

All three men remained in custody Wednesday at a federal detention center, Nash said.

A hearing will be held at 10:30 a.m. Wednesday to determine if they will be held without bond.

Molinares-Nuñez was indicted on two charges — continuing a criminal enterprise and conspiracy to possess with intent to distribute marijuana — and is facing a 20-year mandatory minimum sentence.

His co-defendants, who were both indicted on the conspiracy charge only, are facing at least 10 years.

17 Arrested In North Country Drug Sweep (AP)

AP, December 13, 2006

PLATTSBURGH, N.Y. (AP) _ A drug bust in the North Country netted 17 arrests Wednesday.

Most of the accused live in and around Plattsburgh and were suspected of dealing marijuana, heroin, methamphetamines, cocaine and crack.

The bust was the work of the Adirondack Drug Task Force, which includes State Police, Plattsburgh Police, the Clinton County Sheriff's Department, the U.S. Border Patrol and the federal Drug Enforcement Administration.

The arrests came after months of investigation and surveillance, DEA Agent James Farnsworth said.

It's becoming more common for people from the New York City area to move to the North Country to sell drugs because they can fetch a higher price in the smaller market, Farnsworth said.

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Information from: Press-Republican

UPDATED: S. Texas Drug Bust Is Huge (SEN)

San Antonio Express, December 14, 2006

If there were any doubts, federal authorities say, a kilo of cocaine that agents found in the underwear of 81-year-old Josefina Campos solidified a case targeting a large smuggling ring centered in San Antonio and Floresville.

Campos' arrest Nov. 28 is but a piece of a puzzle that became more complete Wednesday as officials announced they had smashed a drug-smuggling cell that netted seizures of more than 210 kilograms of cocaine and $4.5 million in cash.

A federal indictment unsealed Wednesday in San Antonio — the fruits of an operation that began in May 2005 — names Campos and 37 other people on charges of conspiracy to commit drug trafficking, conspiracy to launder more than $5 million and related charges.

Officials said at a news briefing that the cocaine was found on Campos when she and her daughter, Yolanda Benavidez, 59, crossed back from Mexico at Eagle Pass. Besides those women, the probe snared an elementary school teacher, a registered nurse, a postal employee and an alleged member of the Mara Salvatrucha, or MS-13, gang.

"As a prosecutor, you think you've seen it all, and then something like this (cocaine concealed in underwear) happens," said U.S. Attorney Johnny Sutton, whose San Antonio-based federal district stretches from Waco south to Eagle Pass and west to El Paso. "It just goes to show you that there's people who will go into this business to make money and sell this poison in the community. We are going to go after these folks no matter what their age."

Express-News Extra

·The Indictment: Details on the charges

The ring is accused of transporting the cocaine primarily to the Ohio cities of Cleveland and Youngstown, while some loads of the drug hit the streets of San Antonio, Austin, Houston and other Texas cities, according to officials and court records.

Most of the drugs were smuggled across the Mexico border at Eagle Pass-Piedras Negras, according to the U.S. Drug Enforcement Administration.

"Over the past several days, 29 of the 38 suspects have been arrested in six Texas cities, effectively dismantling a major cocaine organization that was based in San Antonio," said Joe Arabit, assistant special agent in charge of the DEA in San Antonio.

"The roles of those arrested ranged from the (alleged) leader, Jorge Euresti, to many of his distributors, transporters and facilitators whose purpose was to store cash and drugs for this organization."

The case also was unusual given the manner in which much of the alleged drug proceeds were smuggled back to Mexico.

Members of the DEA Task Force and the High Intensity Drug Trafficking Area task force made several seizures that included large amounts of cash, wrapped in plastic, hidden in large boxes of laundry detergent and buckets of construction joint compound.

The largest single seizure was $1.1 million on Aug. 25, 2005, in San Antonio, followed by $647,131 intercepted on Sept. 8, 2005, in Columbus.

The main targets of the drug probe included Euresti, 27, and Suzel Mireles, 30, both of San Antonio, who have been arrested, and Sergio Javier Garza, 33, of Floresville, who's not in custody.

The trio are alleged to have coordinated cocaine trafficking activities; Campos and Benavidez are accused of coordinating money laundering from Eagle Pass.

The probe also netted Joette Natasha Barnes, 25, of League City, a fourth-grade special education teacher for the Galveston Independent School District who lived in San Antonio from 2000 to 2004. Also arrested were postal employee Jonah Davidson, 30, of Tyler; Joy Zwerneman, 38, a registered nurse from San Antonio; and Homero Rodriguez, 28; of Houston, alleged to be linked to the MS-13 gang, officials said.

Other key suspects include San Antonio residents Quincy Dupree Todd, 28; Henry Earl Todd, 35; and brothers Manuel Martinez Zertuche, 65, and Rene Martinez Zertuche, 59, both formerly of Floresville, officials said. The Martinezes were among eight suspects who still were at large Wednesday. A ninth person named in the indictment was expected to surrender today.

Besides the criminal charges, the government also seeks a judgment against the defendants for almost $5.4 million. gcontreras@express-news.net

More Details Behind International Drug Bust In SA (WOAI)

WOAI-TV, December 13, 2006

A major cocaine ring is in shambles after a major bust. 29 people have been arrested, including a 4th grade school teacher. Nine suspects are still on the loose.

The DEA says the drugs came from Piedras Negras, Mexico, then moved right across the border to Eagle Pass and then brought to San Antonio and Houston.

More than 200 kilos of cocaine were seized over the past year and a half, but more importantly is the fact that the organization is out of commission.

"I'm sure that they will feel it, because we seized $4.5 million in cash. Anytime you deprive them of their revenue, they feel it", said DEA Agent Joe Arabit.

Agents say the ring was working for the Arturo Beltran drug cartel in Mexico, and has been in operation since at least 2003. Investigators say the group moved between 200 to 400 kilos of cocaine a month from across the border into Texas, and then north as far as Cleveland, Ohio.

The DEA busted Jorge Uresti at his San Antonio home on the northwest side Tuesday. Investigators say he ran operations for the cartel out of that house. Neighbors who lived near Uresti say the bust wasn't a big shock.

Nine suspects are still at large, including Manuel and Rene Zertuche, who are believed to have run the ring's operations out of Houston. Investigators are asking anybody with information to call the DEA's office.

Ten Houses Seized In Massive Drug Sweep (UL)

The Union Leader, December 14, 2006

CONCORD – Six people have been arrested and ten “mini-mansions” seized in southern New Hampshire after a joint state-federal drug investigation.

An estimated 6,000 marijuana plants were confiscated with a possible value of $24 million.

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The operation was conducted by New Hampshire State Police, the federal Drug Enforcement Administration and the United States Attorney.

Law enforcement authorities say that they may not have identified all the properties involved in this massive drug ring. They are asking people across the state to pay close attention to their neighbors – or nearby empty homes.

Police said recent raids in Hooksett and Epsom (see links below) were linked to this statewide enforcement effort.

Ten homes were seized by authorities as part of this drug sweep.

6,000 Pot Plants Seized At 10 Homes (UL)

Union Leader, December 14, 2006

Concord – Using upscale, mostly suburban "McMansions" as a front, a drug ring converted the pricey properties into marijuana labs where more than 6,000 plants, worth about $24 million on the street, were seized by police in coordinated raids yesterday.

Ten houses, from Derry to Andover -- most costing between $300,000 and $400,000 each -- were confiscated and six people were taken into custody during "Operation Green Thumb," the name given the multi-agency probe launched after investigators stumbled upon two similar pot-growing operations in Hooksett and Epsom this fall.

State Attorney General Kelly A. Ayotte said the joint federal, state and local law enforcement effort disrupted "what has to be the largest seizure of marijuana in this state's history."

"It will have a significant impact on the illegal drug trade not only in this state ... but certainly throughout New England," she added.

New Hampshire State Police officials said the investigation continues and acknowledged more houses may be operating undetected. They urged the public to be aware of homes where buyers never moved in or suspicious activity occurs at night. They also set up a toll-free tip line, 1-800-NAB-DOPE (1-800-622-3673).

State Police Col. Frederick H. Booth said investigators were surprised by the sophisticated nature of the operation and the residential homes used to grow the plants from seedlings to harvest.

"It's not the type of houses you would typically look at and say 'That's a drug house,'" he said of the fairly new homes on suburban lots with sweeping lawns and stands of trees.

Armed with federal search warrants, nearly 200 law enforcement officers carried out simultaneous raids at homes in Concord, Derry, Pembroke, Andover, Chester, Weare, Hopkinton, Londonderry and Canterbury, starting about 9 a.m. yesterday, said State Police Maj. David Kelley.

Six individuals were taken into custody and are expected to be arraigned in U.S. District Court in Concord today, said Thomas P. Colantuono, U.S. Attorney for New Hampshire.

Their names and charges against them were not available yesterday, Colantuono said, noting investigators still were collecting evidence and preparing complaints during yesterday's mid-afternoon press conference.

While people lived in some of the houses, most were unoccupied, police said. Those arrested are "not necessarily the (home) owners," Kelley said.

The alleged drug growers bypassed electric meters and apparently used electricians to install their own meters capable of supporting the extensive lighting and ventilation systems needed to grow the plants, which ranged from several hundred to 1,500 in a single home.

"This outrageous behavior not only was criminal, it was calculated and sneaky and without regard to anyone's safety," said June Stansbury, special agent-in-charge of the U.S. Drug Enforcement Agency's New England Division.

?Marijuana raids shatter quiet in Chester neighborhoods

?Locations of the ten 'mini-mansions'

Both underground and above-ground methods of bypassing electric meters were used, posing a public safety hazard, particularly with live electricity coursing through damp ground surrounding the homes, investigators said.

Large supplies of fertilizer, chemicals and other growing materials increased the danger, they said.

Police first discovered the pot-growing operation when an underground electrical bypass used in a Hooksett home caught fire Oct. 14.

Firefighters found about 700 plants in a basement greenhouse. About two weeks later, a blown transformer supplying power to an Epsom home led authorities to nearly 1,400 infant marijuana plants.

Since then, the State Police Narcotics and Investigations Unit, DEA, state Attorney General's Drug Task Force and numerous local police agencies began investigating indoor marijuana-growing operations across the state and identified the 10 houses raided yesterday, Kelley said.

Investigators have heard similar pot-growing operations are "rampant" in Canada, Colantuono said.

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"We are going to very aggressively target this and stop this from gaining a foothold here in New Hampshire," he added.

Booth said the alleged drug-growing ring is a "wake-up call" not only to law enforcement, but also the banking industry and Realtors who deal with home sales and the nurseries that sell fertilizers and other materials needed to grow plants on such a massive scale.

Police gave the following addresses and owners of houses seized yesterday:

21 Penacook St., Chester, Hai Bui; 10 Partridge Lane, Chester, Dung Nguyen; 22 O'Neil Drive, Andover, Hong Bach Nguyen; 345 Intervale Road, Canterbury, Thuy Anh Nguyen; 8 Gulf Road, Derry, Hung Tran; 7 Danbury Court, Londonderry, Da Vav Ha; 62 Graham Road, Concord, Michelle Nguyen; 542 Rebecca Way, Pembroke, Cong Nguyen; 1191 Maple St., Hopkinton, Nu Thi Tran; and 1070 River Road, Weare, Robert Nguyen.

Mark J. Furtado, U.S. Immigration and Customs Enforcement's resident agent in charge for New Hampshire, said his agents are investigating where the homeowners came from and how they obtained their equipment.

Colantuono said his office also is exploring whether the 10 houses seized, which have a total purchase price of $3.9 million, are subject to forfeiture under federal drug laws.

Pot Bust Nabs Six, 6,000 Plants Seized (AP)

AP, December 14, 2006

CONCORD, N.H. - A multi-agency investigation of marijuana growing operations resulted in six arrests Wednesday and the seizure of 10 homes, at least 6,000 marijuana plants and growing materials.

For the past two months, the New Hampshire State Police Narcotics and Investigations Unit, assisted by the United States Drug Enforcement Agency, the New Hampshire Attorney General's Drug Task Force, the U.S. Attorney's office in New Hampshire and numerous local police agencies have been investigating residential marijuana growing operations throughout the state.

As a result of recent marijuana seizures in Hooksett and Epsom, investigators developed information that led to the identification of 10 other residences in Concord, Derry, Pembroke, Andover, Chester, Weare, Hopkinton, Londonderry, and Canterbury that were suspected of housing large-scale marijuana grow operations.

The house-based operations also involve the theft of large amounts electricity "by bypassing the electric meter at the residences, utilizing both underground and above-ground methods," police said in a news release. In Hooksett, the underground electrical bypass caused the residence to catch fire and the rerouting of power caused pole transformers to explode, police said.

$24 Million Worth Of Marijuana Seized In NH (CBS4BOS)

CBS 4 Boston, December 14, 2006

(CBS4) NEW HAMPSHIRE A multi-agency investigation of marijuana growing operations resulted in six arrests Wednesday and the seizure of 10 homes, at least 6,000 marijuana plants and growing materials worth around $24 million dollars.

For the past two months, the New Hampshire State Police Narcotics and Investigations Unit, assisted by the United States Drug Enforcement Agency, the New Hampshire Attorney General's Drug Task Force, the U.S. Attorney's office in New Hampshire and numerous local police agencies have been investigating residential marijuana growing operations throughout the state.

Police said the 10 homes were purchased with the sole intent of growing marijuana. Outside they look like ordinary suburban southern New Hampshire homes, but inside they're sophisticated drug labs.

As a result of recent marijuana seizures in Hooksett and Epsom, investigators developed information that led to the identification of 10 other residences in Concord, Derry, Pembroke, Andover, Chester, Weare, Hopkinton, Londonderry, and Canterbury that were suspected of housing large-scale marijuana grow operations.

The house-based operations also involve the theft of large amounts electricity "by bypassing the electric meter at the residences, utilizing both underground and above-ground methods," police said in a news release. In Hooksett, the underground electrical bypass caused the residence to catch fire and the rerouting of power caused pole transformers to explode, police said.

Police Chief's Son Sentenced For Drug Conviction (AP)

AP, December 13, 2006

ALBANY, N.Y. -- The son of Miami Police Chief John Timoney was sentenced Wednesday to 18 months in federal prison for trying to buy 400 pounds of marijuana from an undercover agent in 2005.

DOJ_NMG_0106436

Sean Timoney pleaded guilty in December 2005 to giving an undercover Drug Enforcement Administration agent a gym bag filled with about $455,000 in cash as partial payment for what he and a partner believed would be the delivery of 400 pounds of marijuana.

Timoney, 26, had faced a maximum of 40 years in prison and a $2 million fine after pleading guilty to conspiracy to possess with intent to distribute marijuana.

After his release from prison, Timoney will be supervised for four years and required to enter a drug treatment program.

Timoney and Jae Seu, 24, of Glenside, Pa., were arrested the night of Nov. 1 in a Spring Valley, N.Y., hotel room. Seu pleaded guilty to the marijuana conspiracy charge in February and was sentenced to 37 months in prison on July 27.

Chief Timoney is one of South Florida's most prominent law enforcement officials. He rose through the ranks of the New York Police Department to become a chief and first deputy commissioner. He later became chief of police in Philadelphia before moving to Miami. He was in court Wednesday, but did not comment.

Isle Teacher Free On Bond In Drug Case (GCDN)

Galveston County Daily News, December 14, 2006

GALVESTON — A Galveston school teacher was freed on bond Wednesday when officials released information about the multimillion-dollar cocaine and money-laundering ring in which she is accused of taking a part.

Galveston Police Department vice/narcotics officer Joey Quiroga pulled Joette Natasha Barnes, 25, out of class last week and arrested her. U.S. marshals then took her to San Antonio.

There, she faces federal charges of conspiracy to possess more than 5 kilograms of cocaine with intent to deliver; aiding and abetting the possession of cocaine with intent to deliver; and conspiracy to commit money laundering.

The federal indictment under which Barnes was arrested had been sealed. Federal officials unsealed the indictment Wednesday morning.

Barnes, who lived in San Antonio from 2000 to 2004, is one of 38 people charged in what the federal agents called a drug ring.

The alleged operation brought cocaine from Mexico into Texas, where it reportedly was distributed at various spots throughout the state and part of Ohio.

"Of course, a big part of these operations is getting the cash back across the border," said Johnny Sutton, U.S. attorney for the Western District of Texas.

Barnes' charges pertain to allegations she was holding money that came from cocaine sales.

"We believe she was a facilitator," said Joe Arabit, assistant special agent in charge for the Drug Enforcement Administration's San Antonio office. "Not to minimize it, but that was the role of several people in this operation — to hold drug proceeds for other defendants."

Agents have arrested 29 of the 38 suspects in the case, and Arabit said more arrests were likely. Agents also seized $4.5 million and 214 kilograms of cocaine. They allege $39,000 came from Barnes' League City apartment,

The cocaine carries a wholesale value of nearly $4 million, Arabit said.

Area narcotics investigators said that much cocaine could retail for $10 million to $20 million, depending on how it was processed and how much was "cut," or diluted with other substances.

Sutton said investigators were surprised by the ages of the people suspected in the cocaine ring. At 25, Barnes is one of the youngest defendants in the group.

"A lot of times, the people running these are younger, in their 20s, but we had a lot of middle-aged people and even some in their 50s and 60s," the prosecutor said.

The oldest of the group was Josefina Campos, 82, arrested Nov. 28 on the Texas-Mexico border by officials who allege they found a package containing a kilogram of cocaine concealed in her underwear.

Arabit and Sutton both called the law-enforcement operation that led to the arrests "a major success." It started in May 2005 and involved DEA agents, as well as DEA and High Intensity Drug Trafficking Area task-force members, who come from nearly 20 different law-enforcement agencies, in all.

While Barnes was free, she was not back in the classroom. Galveston Independent School District Superintendent Lynne Cleveland told The Daily News last week that Barnes would likely be terminated, due to the severity of the charges.

Her arrest interrupted Barnes' third year of teaching fourth-grade special education at Scott Elementary School.

Alleged Drug Ring Busted In Texas (WT?UPI)

The Washington Times/UPI, December 13, 2006

DOJ_NMG_0106437

Law-enforcement authorities have broken up a Texas-based ring that allegedly smuggled 400-pound quantities of cocaine into Ohio and Tennessee from Mexico.

A federal indictment unsealed Wednesday charges 38 people -- including a Galveston, Texas, school teacher -- with drug-trafficking conspiracy and money-laundering conspiracy, the Express-News of San Antonio reported.

Most of the 38 were arrested in the past two weeks, and some have already been released on bond, court records show.

The ring is accused of transporting cocaine to Ohio and Tennessee, among other states, after storing it in San Antonio between Jan. 1, 2004, and Dec. 6 of this year.

The drugs were often smuggled in large boxes of powdered detergent or construction joint compound, affidavits show.

Feds Seize $1 Million In Pickup Truck Stopped In Alabama On I-10 (AP)

AP, December 14, 2006

Federal agents confiscated $1 million in cash concealed in a pickup truck stopped for speeding by Alabama state troopers on Interstate 10, authorities said.

Tom Wade, the U.S. Drug Enforcement Administration's agent in Mobile, said the stacks of $20 bills packed in a concealed compartment were turned over to the U.S. Marshals Service. He said cash can be confiscated if investigators believe it was associated with criminal activity, but that $1 million is a "significant" seizure for such a traffic stop.

The truck driver, whose name was not released, was not charged or taken into custody. A trooper confiscated the cash, handed the driver a printed receipt and called the DEA, troopers said. Wade said Wednesday the DEA is investigating where the driver began his trip and his final destination.

Officials said the driver could claim the cash and try to get it back through the courts, but that is rare in such seizure cases and it will likely be distributed to state and federal agencies. The $1 million seizure was first reported Wednesday by the Press-Register.

Alabama Department of Public Safety spokeswoman Martha Earnhardt said the driver was alone in a 2006 Ford F-350, registered in Washington state and headed west on I-10 about 3:15 p.m. Sunday, when he was pulled over and issued a warning for speeding.

Working on a "saturation patrol" designed to investigate beyond an initial traffic stop, Earnhardt said the trooper brought out a drug-sniffing dog and a search revealed the hidden cash.

Temple Black of New Orleans, a spokesman for U.S. Immigration and Customs Enforcement, said there was a concern that the driver had a false passport, but that turned out not to be the case and he was released.

Wade said authorities usually find no more than $100,000 in similar DEA seizure cases.

Investigators often find that drugs are moved east on I-10 and cash from drug sales is transferred back west along the interstate, Wade said.

"Just the fact of life is that the source of a lot of our drugs is Mexico," Wade said. "Drug dealers want to get their money back to the source.

"Someone coming from Washington state is kind of an anomaly around here. I rarely see license plates from that part of the country."

Lucky Break Leads To Gun Theft Arrest (AJC)

By George Chidi, The Atlanta Journal-constitution

Atlanta Journal-Constitution, December 14, 2006

A lucky traffic stop by a Snellville police officer led to the arrest of two teens accused of stealing dozens of guns from a Lilburn pawn shop, police said Wednesday.

Federal agents and local police arrested two Duluth teenagers late Tuesday night, Lilburn police said in a news release. Dwayne Allen Hickman, 17, and Jimar Shane O'Riley, 17, were charged with one count of armed robbery, with other state charges pending. Police said they could be charged as adults.

In the Dec. 6 armed robbery, the two fled with 53 guns. But more than half of the guns stolen from the Mr. Pawn store in Lilburn remain unaccounted for after the arrests.

Police believe they entered the Mr. Pawn store on Lawrenceville Highway wearing masks with guns drawn and emptied the store's gun cabinet into a bag. Initial reports indicated that 55 guns were stolen, including a pump-action shotgun and an AR-15 assault rifle — the civilian semi-automatic version of a military M-16.

Police said Wednesday that 53 guns had been stolen.

Lilburn Police called in the Bureau of Alcohol, Tobacco and Firearms to help investigate, but police caught a quick break in their investigation.

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Tuesday afternoon, Snellville Police officer Greg Perry stopped a car near Ga. 124 and Ronald Reagan Parkway for improperly tinted windows, Snellville Police Chief Roy Whitehead said.

"The driver of the vehicle became inordinately nervous," Whitehead said. He had no valid driver's license and was going to jail, Whitehead said.

Perry searched the car and found a gun that had been registered as stolen five days earlier from Mr. Pawn, Whitehead said.

The arrest led police to Hickman and O'Riley.

Snellville police had been concerned when they heard about the pawn shop theft. A group appeared to have been casing the city's sole pawn shop shortly before the Lilburn robbery, Whitehead said.

Whitehead attributed the arrest to diligent police training, but conceded, "When you consider how many cars are driving down the street ... we got lucky."

Police obtained search warrants for an address at the Palisades Club apartment complex near Duluth. Police also set up a false meeting with the two to buy guns, said Lilburn police spokesman, Sgt. Tyler Thomas.

"These weapons were being sold in the $200 to $300 range on the streets," Thomas said.

ATF agents, Gwinnett County's SWAT team, Snellville and Lilburn police officers met the two. The initial investigation points to a possible gang connection in this case, Thomas said.

The teens had 20 of the stolen weapons and a stolen vehicle, Thomas said. Two more guns were found at the apartment and a third was found in a different vehicle.

But that leaves 29 weapons unaccounted for, not counting the guns used in the robbery, Thomas said. Police recovered the shotgun, but not the rifle among the stolen weapons, he said.

"Our initial investigation indicates that at least some of those guns may have been sold," he said. "We might be able to track them down. We're pleased that we've been able to take a good chunk of those guns off the street."

CONGRESS-ADMINISTRATION:

Senator Undergoing Brain Surgery, Sources Say (CNN)

CNN, December 14, 2006

WASHINGTON (CNN) -- Sen. Tim Johnson of South Dakota was undergoing brain surgery early Thursday at George Washington University Hospital after suffering stroke-like symptoms, two Democratic sources familiar with his condition told CNN.

Johnson, 59, was taken to the hospital Wednesday morning after he appeared to suffer stroke-like symptoms, although a spokeswoman for the senator said subsequent evaluation showed he did not suffer a stroke or a heart attack.

Staffers told CNN Johnson was conscious when he was transported to the hospital.

Senate Minority Leader Harry Reid, D-Nevada, spent time at the hospital out of concern for Johnson, Reid's spokesman said.

Johnson spokeswoman Julianne Fisher said the senator was in the Capitol on Wednesday morning conducting a conference call with South Dakota reporters when "his speech pattern slipped off." (Listen to Johnson's difficulty speaking during a WNAX radio interview -- MP3, 749 kb)

Fisher said the senator was able to walk back to his office in the Hart Senate Office Building, then began having problems with his right arm. He thought he was all right, she said, and went to his desk, but came out a few minutes later and "it was apparent he needed help."

Staffers put him on a couch in the office and called the Capitol doctor, she said. He was taken to the hospital shortly afterward. His wife, in the office to have lunch with him, rode with him, Fisher said.

"It transpired very fast," she said, adding the senator's staff was shaken by the incident.

But, she said of the hospital, "we keep reminding ourselves, this is where they take Dick Cheney."

Should Johnson not be able to complete his term, which ends in 2008, South Dakota Gov. Mike Rounds, a Republican, could appoint his replacement, which could shift the balance of power in the Senate.

South Dakota Secretary of State Chris Nelson said the appointment would fill the vacancy until a general election could be held in November 2008. There are no restrictions on who the governor can appoint, beyond meeting the legal requirements for Senate membership, he said.

Although the issue of incapacitation is not spelled out in state law, Nelson said he believes there would be "precedent at the federal level."

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South Dakota has not faced the replacement of an elected office holder "in recent history."

Rounds issued a statement saying his prayers were with Johnson and his family. "We are hopeful of good news for our friend and colleague," the governor said.

Johnson battled prostate cancer in 2004, and after surgery, tests showed he no longer had the disease, according to his Web site.

Democratic Sen. Johnson In Hospital (WP)

By Charles Babington And Jonathan Weisman

The Washington Post, December 14, 2006

Sen. Tim Johnson (D-S.D.) was hospitalized yesterday after falling ill at the Capitol, introducing a note of uncertainty over control of the Senate just weeks before Democrats are to take over with a one-vote margin.

Johnson, 59, was taken to George Washington University Hospital shortly after noon, where he underwent "a comprehensive evaluation by the stroke team," his office said. Aides later said he had not suffered a stroke or heart attack, but they offered no further comment.

The two-term senator's illness -- which sent Senate Democratic leader Harry M. Reid (Nev.) rushing to the hospital to check on Johnson -- underscored the fragility of Democrats' hold on the next Senate, which they won by the narrowest of margins in the Nov. 7 elections. Should Johnson be unable to complete his term, South Dakota's Republican governor, Michael Rounds, would name a replacement for the next two years.

With Johnson in office, Democrats would hold a 51-to-49 edge in the Senate that convenes Jan. 4 as part of the 110th Congress. (The two independents have said they will caucus with the Democrats.) But if he is to leave office before then and Rounds replaces him with a Republican, the GOP would control the chamber.

In a 50-50 Senate, Vice President Cheney could break tie votes in the GOP's favor. But a Senate that becomes evenly split after it is in session would not necessarily fall to Republicans, Senate historians said. Rules and precedents could leave a party in charge of the chamber even after its membership falls below that of the other party.

"It's what happens in January that counts," said Senate associate historian Donald A. Ritchie, referring to when party leaders hash out rules governing the chamber's organization.

Rounds's office declined to comment on the situation yesterday except for a statement from the governor, which offered prayers for Johnson and hope for "good news for our friend and colleague."

Johnson spokesman Noah Pinegar said the senator "became disoriented" during a late-morning conference call with reporters, placed from the Capitol's Senate recording studio. "He had difficulty completing a response to a question," Pinegar said, so aides ended the call and walked with him back to Hart Senate Office Building.

When they arrived, Pinegar said, Johnson "wasn't himself." A team from the Capitol physician's office quickly arrived and sent the senator to the hospital by ambulance. Johnson's wife, Barbara, was with him at the hospital as tests were being conducted last night, Pinegar said.

Reid spent much of the afternoon and evening with Johnson's family at the hospital, said spokesman Jim Manley. He would not comment on Johnson's condition.

The Sioux Falls Argus Leader's Web site said that Rep. Stephanie Herseth (D-S.D.) asked constituents to pray for Johnson and that she said she thought Johnson had suffered a severe stroke. But that was before Johnson's staff had ruled out a stroke.

The only time that partisan control of the Senate changed in mid-session, historians say, was in 2001. Republicans began the year controlling the 50-50 chamber with Cheney's tie-breaking vote. But Democrats, mindful of the recent sudden death of Sen. Paul Coverdell (R-Ga.), were aware they could be a heartbeat away from the majority.

In order to adopt new rules organizing the Senate, the two parties must reach nearly unanimous agreement. Democrats in 2001 blocked the naming of committee chairmen and members, demanding concessions before agreeing to the rules. Among those concessions: Should the numerical advantage change, all committee assignments and chairmanships would be nullified, and new organization would have to be submitted.

That's what happened, not because of a death but because disgruntled moderate Republican Sen. James M. Jeffords (Vt.) decided to caucus with the Democrats, giving them a 51-49 edge and the powers of the majority. Senate Republican sources said yesterday that their party is likely to press for similar concessions when negotiating the operating rules for the next Congress. But even if Johnson were incapacitated, Democratic aides say, they would resist.

A different scenario unfolded in 1954, after the deaths and replacements of several senators over two years. Republicans remained the majority party even though Democrats eventually outnumbered them, 48 to 47, with one independent. Democratic leader Lyndon B. Johnson did not challenge the GOP's control, in part, historians said, because the independent, Wayne L.

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Morse of Oregon, warned that he would caucus with the Republicans if need be. That would have led to a 48-48 chamber, and Vice President Richard M. Nixon would have broken the tie in Republicans' favor.

Tim Johnson has a quiet demeanor and low profile in Washington, but he won two impressive Senate victories. As a House member in 1996, he ousted GOP Sen. Larry Pressler, then chairman of the Commerce Committee.

Six years later, Johnson managed a 524-vote win over Republican challenger John Thune. Thune returned two years later to defeat Thomas A. Daschle, the Senate Democratic leader, in a costly, closely watched election.

Thune had attacked Johnson for voting against the Persian Gulf War resolution in January 1991. When Congress in 2002 debated authorizing Bush to invade Iraq, Johnson announced he would vote aye.

In a floor speech, he said: "There is a strong possibility that I may be voting to send my own son into combat, and that gives me special empathy for the families of other American service men and women whose own sons and daughters may also be sent to Iraq. Nevertheless, I am willing to cast this vote -- one of the most important in my career both as a senator and certainly as a father -- because I recognize the threat that Saddam Hussein represents to world peace."

The senator's son, Staff Sgt. Brooks Johnson, was stationed in Afghanistan and Iraq before becoming an Army recruiter in Illinois.

Given Johnson's narrow reelection win over Thune, and South Dakota's GOP tilt -- Bush carried the state by 22 percentage points in 2004 -- Republicans consider Johnson one of their top targets in the 2008 Senate elections.

The leading candidate to oppose him is Rounds, who was reelected to a second term last month. Johnson had previously committed to seeking a third term. Should he not run, Democrats probably would turn first to Herseth, who easily won reelection last month.

Staff writers Lindsey Layton and Allan Lengel, political researcher Zachary A. Goldfarb, staff researcher Madonna Lebling and washingtonpost.com staff writer Chris Cillizza contributed to this report.

Sen. Johnson Falls Ill, Is Hospitalized (WT)

By Charles Hurt

The Washington Times, December 14, 2006

Sen. Tim Johnson, South Dakota Democrat, was taken to George Washington University Hospital yesterday for an undisclosed condition, just a few weeks before his party was scheduled to take control of the upper chamber of Congress.

Spokeswoman Julianne Fisher said her boss was hospitalized with an undiagnosed condition but added that Mr. Johnson did not suffer a stroke or heart attack. She said Mr. Johnson was undergoing more tests at George Washington last night and that no official comment on his condition would be released until today.

A statement issued by his office earlier in the afternoon said the 59-year-old senator was "suffering from a possible stroke" and was "undergoing a comprehensive evaluation by the stroke team."

During a phone call with reporters yesterday, Mr. Johnson became disoriented, stuttering in response to a question. He appeared to recover, asking whether there were any additional questions and then signing off.

According to his office, the Capitol physician examined the senator and advised that he be sent to a hospital.

"Senator Johnson is a dear friend to me and to all of us here in the Senate," said incoming Senate Majority Leader Harry Reid, Nevada Democrat. "Every member of the United States Senate sends our best to him and to his family at this difficult time, and we wish him a full recovery."

Miss Fisher said Mr. Reid was at George Washington to check on Mr. Johnson.

The White House also wished Mr. Johnson a speedy recovery.

"Our thoughts and prayers are with Senator Johnson and his family," spokesman Alex Conant said.

The hospitalization touched off speculation about control of the upper chamber of Congress. If for any reason Mr. Johnson is unable to continue serving, South Dakota Gov. Michael Rounds, a Republican, would appoint a replacement to fill out the term until the 2008 election. A Republican appointee would give the party majority status in the Senate.

Last month, Democrats won control of the chamber but only narrowly after Sen. George Allen, Virginia Republican, conceded to his Democratic opponent, James H. Webb Jr. Before his concession, it appeared that Republicans might hold on their majority with a 50-50 tie with Vice President Dick Cheney casting tie-breaking votes. With the Allen loss, Democrats were given a 51-49 majority, with two members of their caucus being independents.

South Dakota Secretary of State Chris Nelson said yesterday that no special restrictions on such an appointment are in place and that a replacement does not have to be from the same political party.

Mr. Johnson, who won re-election in 2002 by 524 votes, is a conservative Democrat and is wary that Senate Democrats are considerably more liberal than his home-state voters. Sen. John Thune, who lost that 2002 race to Mr. Johnson, in 2004 beat incumbent Democratic leader Tom Daschle.

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c This article is based in part on wire-service reports.

Democratic Sen. Johnson Undergoes Surgery (LAT)

By Noam N. Levey

The Los Angeles Times, December 14, 2006

WASHINGTON — Sen. Tim Johnson (D-S.D.) was undergoing surgery early today after becoming ill Wednesday at the Capitol, raising concern among Democrats about their slim new majority in the Senate.

Johnson, a centrist elected to the Senate 10 years ago, became disoriented during a midday conference call with reporters. He was taken to George Washington University Hospital, where he was evaluated for a "possible stroke," a statement from his office said.

The hospital would provide no details on his condition or the reason for the surgery.

A spokeswoman for the senator said Wednesday afternoon that doctors had found no evidence that Johnson, who turns 60 in two weeks, had suffered either a stroke or a heart attack.

Senate Democratic leader Harry Reid of Nevada issued a statement wishing Johnson "a full recovery."

If Johnson is not able to serve when Congress convenes in January, the Senate — which Democrats narrowly captured in November's election, 51 to 49 — could revert to GOP control.

Under South Dakota law, Gov. Michael Rounds, a Republican, would appoint a replacement, presumably from his own party — giving each party 50 seats. Because an evenly divided Senate would give the tiebreaking vote to Vice President Dick Cheney, Republicans would control the chamber.

Johnson's term is up in 2008.

Sen. Johnson Undergoing Evaluation For Possible Stroke (CQ)

By Martin Kady II

Congressional Quarterly, December 14, 2006

Sen. Tim Johnson suffered a possible stroke early Wednesday and was taken to George Washington University Hospital Center. The severity of his condition was unclear, but his office released a statement confirming that he was “undergoing a comprehensive evaluation” by a stroke team.

An aide said Johnson, D-S.D., who will turn 60 in two weeks, is in “good hands.” But the aide said no other information would be released until a full determination of his condition can be made.

If the stroke is serious and Johnson is incapacitated, an interim replacement would have to appointed by South Dakota Republican Gov. Mike Rounds until a special election could be held to elect a permanent replacement.

Rounds’ decision could effectively shift control of the Senate in the 110th Congress from the Democrats to a 50-50 balance between the parties if he were to appoint a Republican in place of Johnson, who chairs the Senate Ethics Committee. A 50-50 split would effectively give control of the chamber to Republicans, since Vice President Dick Cheney would be in a position to cast tie-breaking votes.

Johnson is a cancer survivor, having undergone successful surgery for prostate cancer in 2004.

Aides to incoming Majority Leader Harry Reid, D-Nev., declined to comment on Johnson’s condition, saying they wanted to avoid “speculation” about his condition.

“We are being cautious,” said Reid spokesman Jim Manley.

Johnson Hospitalized; Condition Unclear (AL)

Argus Leader.com, December 14, 2006

Sen. Tim Johnson, South Dakota’s senior lawmaker and influential member of the U.S. Senate, remained hospitalized early today after suffering stroke-like symptoms, a sudden illness that could potentially change the balance of power in Washington.

Johnson, 59, was rushed to George Washington University Hospital Wednesday after he became disoriented during a late-morning conference call with reporters.

He stuttered in response to a question, appeared to recover, but then complained of not feeling well after walking back to his office.

A Capitol physician examined Johnson and sent him to the hospital, spokeswoman Julianne Fisher said.

Word of Johnson’s problems spread fast across South Dakota.

“It’s terrible,” said Bill Delaney of Sioux Falls, after hearing the news. “I wish his family well. It’s hard times for them.”

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Fisher said Wednesday evening that Johnson had not experienced a stroke or heart attack. But a team of stroke specialists evaluated him and doctors continued tests late in the day, said Admiral John Eisold, attending physician of the United States Capitol.

As of late Wednesday, doctors had not released an official diagnosis.

A Capitol Police black Suburban pulled up in the driveway to the emergency room during the afternoon. Several television cameras were also set up outside the hospital's Ronald Reagan Institute of Emergency Medicine.

In Sioux Falls, Rep. Stephanie Herseth announced at an afternoon meeting that Sen. Johnson had been taken to a hospital.

In a shaking voice, she called on South Dakotans for their prayers. At the time, Herseth said she believed the senator had suffered a severe stroke.

Sioux Falls Mayor Dave Munson, who was at the Sioux Falls water meeting, said "I'm really saddened by this. Our prayers go out to the senator and his family. This has really taken me by surprise."

Gov. Mike Rounds said "our prayers are with Tim, Barbara and their family."

"We are hopeful of good news for our friend and colleague," Rounds said.

Sen. John Thune and his wife Kimberley said: "Our prayers are with Senator Johnson and his family during this difficult time. We encourage all South Dakotans to keep him and his family in their thoughts and prayers."

The White House also issued a statement wishing him a speedy recovery.

"Our thoughts and prayers are with Senator Johnson and his family," said White House spokesman Alex Conant.

Senate Democratic leader Harry Reid of Nevada was by Johnson's side at the hospital, a visible sign of Johnson's stature at a time when Democrats hold a razor-thin margin.

After the Nov. 7 election, Democrats earned a 51-to-49 edge in the Senate, which convenes Jan. 4.

But if Johnson's illness proves severe enough that he must leave office, Rounds would appoint a replacement, and if he named a Republican, it would leave a 50-50 tie. Republican Vice President Dick Cheney would cast the tie-breaking votes, shifting power in the Senate back to the GOP.

Rounds did not comment on the matter, but he does have a history to suggest he might make such a move. In 2002, after Democratic state Sen. Dick Hagen of Pine Ridge died, Rounds appointed a Republican to replace him.

Johnson's wife Barbara was with her husband all afternoon, Fisher said. She had been at the Capitol to attend a luncheon with him and was there when he became ill. The couple's sons were flying into Washington, Fisher said.

Back in Sioux Falls, some residents expressed disbelief. All hoped for the best.

"I think he provides a moderate balance politically to the state," said Mike Crane of Sioux Falls. "I think he has the best interest of the citizenry at heart."

This story includes reports from Melanie Brandert, Megan Myers, Jonathan Ellis, Peter Harriman, Kevin Dobbs and Jeff Martin in Sioux Falls; Patrick Lalley and Faith Bremner in Washington; and Terry Woster in Pierre.

Johnson Illness Imperils Democrats' Senate Control (WSJ)

By Sarah Lueck And Jeanne Cummings

The Wall Street Journal, December 14, 2006

WASHINGTON -- The sudden illness that sent Democratic Sen. Tim Johnson to the hospital also stunned the Capitol as it underscored his party's tenuous hold on control of the Senate in the new Congress.

The South Dakota lawmaker was admitted to George Washington University Hospital after becoming disoriented yesterday, just weeks before Democrats are to take control of the Senate by a two-vote margin following the midterm elections.

If Mr. Johnson is unable to continue to serve, South Dakota Republican Gov. Mike Rounds would be able to appoint his successor until 2009 and put the Senate in a 50-50 tie. That would allow Vice President Dick Cheney to break ties on behalf of Republicans, helping give committee chairmanships to Republicans and boost President Bush's policies at least in the Senate. Democrats will control the House by a 31-vote margin.

As Mr. Johnson's family gathered at the hospital last night, his office wasn't making public details of his condition. In late afternoon, a brief statement said he had suffered a "possible stroke" and was being evaluated by a stroke team.

Later, a spokeswoman for Mr. Johnson said he hadn't suffered a stroke or a heart attack. "He continues to undergo testing and procedures" at the hospital, the spokeswoman said in an email. "We expect to have more information in the morning."

Mr. Johnson, 59 years old, became disoriented during a conference call with reporters at about 11:45 a.m. and stuttered while answering a question. After the call, he walked to the subway in the basement of the Capitol, rode to the Hart Senate Office Building and went to his office, a spokesman said.

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There, Mr. Johnson soon collapsed and aides called the Capitol physician, who examined him and told him to go to the hospital. "I think we caught it early," the spokesman said.

A former House member, Mr. Johnson hails from the party's moderate wing and operated for years in the shadow of fellow Democrat and former Senate Majority Leader Tom Daschle. Mr. Johnson was one of a handful of Democrats to back President Bush's tax cuts in 2001, and to vote to confirm Supreme Court nominee Samuel Alito in 2006. He won his Senate seat in 1996 and was re-elected by just 524 votes in 2002.

Mr. Johnson won over Republican ranchers in his state by standing up to the meat-packing industry. He was treated for prostate cancer in 2004, and was later declared cancer-free.

Only once in Senate history has partisan control of the chamber flipped between elections. That was in 2001, when James Jeffords, a Vermont Republican, changed to an independent and caucused with Democrats. That gave Democrats a slim majority until they lost it in the 2002 election.

Johnson's Hospitalization Might Put Senate Divide In Play (USAT)

By Kathy Kiely

USA Today, December 14, 2006

Democratic Sen. Tim Johnson of South Dakota was hospitalized Wednesday with an undisclosed ailment that could affect which party controls the Senate next year.

Johnson, 59, was taken to the George Washington University Hospital at the recommendation of the Capitol physician after he had difficulty talking during a call with reporters and complained of not feeling well.

Julianne Fisher, a Johnson spokeswoman, said the senator "is still undergoing testing and procedures."

A shaken Rep. Stephanie Herseth, D-S.D., told a group in Sioux Falls that she believed her colleague suffered a severe stroke, the Argus Leader in Sioux Falls, S.D. reported.

Johnson's illness has national ramifications because of the narrow political divide in the Senate that convenes Jan. 4. The November election gave Democrats a 51-49 edge. Joe Lieberman of Connecticut and Bernie Sanders of Vermont were elected as independents but have said they will vote with Democrats.

If Johnson were unable to complete the remaining two years of his term, South Dakota Gov. Mike Rounds, a Republican, could appoint a replacement, presumably another Republican. That would deadlock the Senate at 50-50 with Vice President Cheney, a Republican, holding the tie-breaking vote.

Senate Democratic leader Harry Reid, D-Nev., was at the hospital with Johnson on Wednesday evening, Reid spokesman Jim Manley said. In a statement, Reid wished his "dear friend" a "full recovery."

Political scientist David Brady of Stanford University's Hoover Institution said history is filled with examples of lawmakers remaining in office no matter how severe their disabilities.

Brady recalled Sen. Clair Engle of California, unable to speak because of a brain tumor, casting an "aye" vote for the 1964 Civil Rights Act by pointing to his eye. More recently, 100-year-old Strom Thurmond completed his last term as a South Carolina senator while living at Walter Reed Army Hospital.

There is no legal provision for declaring a member of Congress too infirm to serve, Brady said.

"The Constitution also does not provide an effective way for filling temporary vacancies that occur when members are incapacitated," said a May 2003 report by a government panel convened to determine how Congress would continue in the wake of a terrorist attack.

Johnson, who survived a bout of prostate cancer, won a second term in the Senate in 2002 over Republican John Thune by 524 votes. Two years later, Thune became Johnson's junior colleague by beating then-Senate Democratic leader Tom Daschle.

Thune issued a statement saying his prayers are with Johnson and his family.

Democratic Senator Suffers Stroke (FT)

By Edward Luce In Washington

Financial Times, December 14, 2006

The Democratic party's newly won majority in the Senate looked to be potentially vulnerable on Wednesday night following the admission into hospital of Tim Johnson, the Democratic Senator for South Dakota, after suffering a "possible stroke".

As the FT went to press, Mr Johnson, who is 59, was undergoing a "comprehensive evaluation by the stroke team" at the George Washington University Hospital in the capital, said his office in a statement. They added that it was not life-threatening. But it was too early to tell the extent of Mr Johnson's impairment.

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Under the US constitution, the governor of the senator's state appoints a replacement if the incumbent is incapacitated or dies. Mike Rounds, the governor of South Dakota, who is a Republican would be likely to appoint a Republican were Mr Johnson's stroke to prove serious or fatal, who would hold the post until the next election in November 2008.

This would undo the 51-49 majority that the Democrats won last month after George Allen, the Republican senator for Virginia, conceded defeat to Jim Webb in the state's razor tight election. Since the Senate would then be split evenly at 50-50, Dick Cheney, the vice-president would cast the deciding vote for the Republicans.

The last time the Senate changed hands under unusual circumstances was in 2001 when Jim Jeffords, the liberal Republican senator for Vermont, switched his support to the Democratic Party thus depriving the Republicans of their 51-49 majority. It was reversed the following year in the 2002 mid-term congressional elections, when Republicans regained control.

On Wednesday night Harry Reid, who is set to become the Senate Democratic majority leader in January, and who suffered a mild stroke last year, said: "Every member of the United States Senate sends our best to him and to his family at this difficult time, and we wish him a full recovery."

Any loss of Democratic control of the Senate would be less serious to the opposition party's agenda than loss of control of the House of Representatives, which operates under stricter conditions of party discipline and where the Democrats last month won a comfortable majority.

Political analysts say the real majority number in the Senate is now sixty since that is the minimum vote required to impose cloture on a filibustered debate and move to a vote. The Democrats in both houses have promised to usher in an era of greater bipartisan cooperation after several years of bitter partisanship.

Sen. Johnson Suffers Possible Stroke (AP)

By Mary Clare Jalonick

AP, December 14, 2006

Democratic Sen. Tim Johnson of South Dakota suffered a possible stroke Wednesday and was taken to a Washington hospital, weeks before his party was to take control of the Senate by a one-vote margin.

Democrats won a 51-49 majority in the November election. South Dakota's governor, who would appoint any temporary replacement, is a Republican.

Johnson, who will 60 on Dec. 28, became disoriented during a conference call with reporters at midday Wednesday, stuttering in response to a question. He appeared to recover and asked if there were any additional questions, then ended the call.

Spokeswoman Julianne Fisher said he walked back to his Capitol office after the call but appeared to not be feeling well. The Capitol physician came to his office and examined him, and it was decided he should go to the hospital.

He was taken by ambulance to George Washington University Hospital around noon, Fisher said.

"It was caught very early," she said.

Johnson's office released a statement saying he had suffered a possible stroke.

"At this stage, he is undergoing a comprehensive evaluation by the stroke team," the statement read.

The White House issued a statement wishing him a speedy recovery.

"Our thoughts and prayers are with Senator Johnson and his family," said spokesman Alex Conant.

If the two-term senator must be replaced, South Dakota Gov. Mike Rounds would make the appointment. If the Senate is split 50-50, the vice president breaks ties. That is Republican Dick Cheney at present.

Johnson is up for re-election in 2008.

South Dakota Secretary of State Chris Nelson said there are no special restrictions on such an appointment by the governor and a replacement would not have to be from the same political party.

Johnson, a centrist Democrat, was first elected to the Senate in 1996 and has been one of the more reserved members of the chamber, rarely taking center stage at news conferences.

He served in the House for 10 years from 1987 to 1997. His focus has been on committee assignments important to his state's interests — Indian Affairs and Energy and Natural Resources — as well as a spot on Appropriations. The latter allows him to direct funds to South Dakota.

Johnson narrowly defeated Republican John Thune in his 2002 re-election bid. Thune defeated Democratic Sen. Tom Daschle two years later.

Thune issued a statement saying his prayers were with Johnson and his family. Rounds also issued a statement, saying he was hoping for good news.

Johnson has worked as a lawyer and county prosecutor and served several years in the 1970s and 1980s in the South Dakota state Legislature.

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Both Johnson and his wife have battled cancer.

The senator underwent prostate cancer treatment in 2004, and subsequent tests have shown him to be clear of the disease. Barb Johnson is a breast cancer survivor.

The couple have two sons and a daughter: Brooks, who served in the U.S. Army in Bosnia, Kosovo, South Korea, Afghanistan and Iraq; Brendan, a Sioux Falls lawyer, and Kelsey, who works in Washington.

In response to one reporter's question on the Wednesday conference call, Johnson said he was most looking forward to spending the holidays with his family and grandchildren.

Johnson is the second senator to become ill after the Nov. 7 election. Wyoming Sen. Craig Thomas, a Republican, was diagnosed with leukemia on Election Day. He is back at work.

Senator Is Hospitalized, Prompting Talk Of Stroke (NYT)

By Kate Zernike

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — Senator Tim Johnson, a Democrat from South Dakota, was hospitalized on Wednesday after what his office at first called a "possible stroke," leading to concern among Democrats that their new one-vote majority in the Senate could be in danger.

By the end of the day, after what his office called "a comprehensive evaluation by the stroke team" at George Washington University Hospital here, a spokeswoman for Mr. Johnson said he had not suffered a stroke or a heart attack. The spokeswoman, Julianne Fisher, gave no further details about Mr. Johnson's condition.

His office said Mr. Johnson, who will turn 60 on Dec. 28, became disoriented during a conference call with reporters. He stuttered, then seemed to recover before asking if there were more questions and ending the call.

He walked back to his office, where he was examined by the Capitol physician, who decided Mr. Johnson should go to the hospital. He was taken to the hospital by ambulance around noon.

On Capitol Hill, the news highlighted the fragility of the Democrats' new majority in the Senate. If Mr. Johnson's health problems prevent him from serving, his replacement would be named by Gov. Mike Rounds of South Dakota, a Republican. Assuming that Mr. Rounds named a Republican, the 51-49 Democratic majority in the new Senate would become a 50-50 split. Vice President Dick Cheney would break the tie, effectively giving Republicans control of the chamber.

Senator Harry Reid, the Democratic leader, rushed to the hospital Wednesday afternoon, his spokesman said, but it was not clear whether Mr. Reid had been able to visit Mr. Johnson. Mr. Reid's office issued a statement calling Mr. Johnson "a dear friend to me and to all of us here in the Senate" and saying, "Every member of the United States Senate sends our best to him and to his family at this difficult time, and we wish him a full recovery."

In Pierre, South Dakota's capital, Mr. Rounds issued a statement, saying: "Our prayers are with Tim, Barbara and their family. We are hopeful of good news for our friend and colleague."

Prostate cancer was diagnosed in Mr. Johnson in 2004, but his official Web site says that "all tests now show him clear of the disease."

An unassuming fourth-generation South Dakotan, Mr. Johnson was first elected to the Senate in 1996, after serving 10 years in the House, where he had replaced Tom Daschle, a fellow Democrat who ran for the Senate and ultimately became the majority leader.

Mr. Johnson faced a tough race in 2002 against John Thune, a Republican. With the state suffering billions of dollars in losses from a severe drought, Mr. Johnson and Mr. Daschle promised $5 billion in drought relief, and Mr. Johnson won narrowly after President Bush visited the state for Mr. Thune and declined to announce that he would support that relief. (Mr. Thune went on to beat Mr. Daschle in 2004.)

Mr. Johnson is up for re-election in 2008. His oldest son, Brooks, served in Afghanistan and is serving in Iraq.

He is the second senator known to become ill since the November elections. Senator Craig Thomas of Wyoming, a Republican, is being treated for leukemia, but has been at work.

According to information from the Senate historian cited on CQ.com, at least nine senators have taken extended absences from the Senate for health reasons since 1942. Robert F. Wagner, Democrat of New York, was unable to attend any sessions of the 80th or 81st Congress from 1947 to 1949 because of a heart ailment. Senator Joseph R. Biden Jr., Democrat of Delaware, missed about seven months in 1988 after surgery for a brain aneurysm. And David Pryor, Democrat of Arkansas, suffered a heart attack in April 1991 and returned to the Senate in September that year.

S.D. Senator's Illness Sets Off Speculation On Capitol Hill (CHIT)

By Christi Parsons

DOJ_NMG_0106446

Chicago Tribune, December 14, 2006

WASHINGTON -- Sen. Tim Johnson was taken by ambulance to a local hospital Wednesday after becoming disoriented during a news conference, his staff said.

He underwent surgery several hours later, The Associated Press reported. There was no word on the nature of his surgery, which lasted past midnight, or on his condition.

The 59-year-old Johnson (D-S.D.) was doing a telephone conference with reporters around midday when he began to stammer. He recovered, ended the news conference and walked back to his Senate office, where the Capitol physician examined him, his staff said.

He was taken to George Washington University Hospital about noon and was examined late in the afternoon by what aides called a "stroke team." But in the evening, the senator's spokeswoman said Johnson, in his second term, had not suffered a stroke or heart attack.

The first reports of Johnson's possible stroke, and the possible vacancy his illness could create, sent attorneys all over Capitol Hill to their law books to figure out what rules for filling the seat would apply. A vacancy could affect the expected change of control of the Senate to Democratic leadership in January.

South Dakota law dictates that the governor—Republican Mike Rounds—would appoint a replacement if either of the state's senators left office, and the governor would not have to appoint a Democrat if Johnson could not serve. The appointed senator would serve until the 2008 election.

Rounds said in a statement, "We are hopeful of good news for our friend and colleague."

The White House issued a statement wishing Johnson a speedy recovery.

Democrats and their independent ally are set to hold the slimmest of majorities, 51-49, in the new Senate. Vice President Dick Cheney would have the tie-breaking vote in the event the Senate were split evenly.

Many members of Congress have stayed in office in spite of fragile health, including the late Sen. Strom Thurmond, a South Carolina Republican who held office beyond his 100th birthday. Rep. Lane Evans (D-Ill.) has suffered from Parkinson's disease for years and went for several months this year without casting a vote. He is set to retire when the new Congress is sworn in.

Government Seeks New Ruling In Cheney Case (AP)

By Lara Jakes Jordan, Associated Press

AP, December 14, 2006

WASHINGTON — The Bush administration asked an appeals court Wednesday to overrule a federal judge and allow the White House to keep secret any records of visitors to Vice President Cheney's residence and office.

To make the visitor records public would be an "unprecedented intrusion into the daily operations of the vice presidency," the Justice Department argued in a 57-page brief to the U.S. Court of Appeals in the District of Columbia.

The government was responding to an October order, by U.S. District Judge Ricardo M. Urbina, to release two years of White House visitor logs to The Washington Post. The newspaper, researching the access lobbyists and others had on the White House, sought Secret Service records for anyone visiting Cheney, his legal counsel, chief spokesman and other top aides and advisers.

In his ruling, Urbina questioned the government's primary argument against releasing the records — that the logs are protected by Cheney's right to executive privilege.

The government's response Wednesday was twofold, focusing largely on the ownership of the records.

Attorneys for the Justice Department called Urbina's decision "flatly inconsistent" with his ruling's acknowledgment that the Secret Service had only limited and temporary control over the visitor logs. Since the records are ultimately controlled by the vice president's office, the Secret Service is not authorized to release them, the government said.

Moreover, Congress has excluded presidential and vice presidential records from the public's reach — making the visitor logs untouchable, the government said.

"There is thus no dispute that, for example, appointment calendars maintained by the office of the vice president, revealing the identities of visitors and the time of their visits, would not be subject to disclosure," the Justice Department said in its response.

An attorney for The Washington Post said he had not seen the government's response and declined to comment.

A lawsuit over similar records revealed in September that Republican activists Grover Norquist and Ralph Reed — key figures in the Jack Abramoff lobbying scandal — landed more than 100 meetings inside the Bush White House.

Bond Will Be Top Republican On Senate Intelligence Committee (MCT)

DOJ_NMG_0106447

By Matt Stearns

McClatchy Newspapers, December 14, 2006

WASHINGTON - Missouri Sen. Christopher "Kit" Bond will become the top Republican on the Senate Intelligence Committee.

Incoming Senate Minority Leader Mitch McConnell, R-Ky., announced Wednesday evening that Bond, who has served on the intelligence committee since 2003, will be vice chairman. West Virginia Sen. John Rockefeller will become chairman when Democrats take over Congress in January.

Elected in 1986, Bond made his reputation in the Senate as an ardent watchdog for Missouri's interests. But in the last few years he's gained an increasingly high profile on intelligence issues.

Earlier this year, outgoing Senate Majority Leader Bill Frist assigned Bond to lead Senate Republican communications efforts in the war on terror.

As bipartisan comity on the intelligence committee deteriorated over the war in Iraq, Bond frequently became the GOP's sound-bite bad cop, accusing Democrats of excessive partisanship, while outgoing chairman Pat Roberts of Kansas took a more reserved approach.

Despite that partisan edge, Bond pledged bipartisan cooperation no less than three times in a written statement issued late Wednesday.

"I look forward to working with Chairman Rockefeller to advance our national security interests by strengthening the intelligence community," Bond said in the statement.

The selection of Bond as vice chair indicates that Republican leaders want a tough voice to counter Democrats. The intelligence committee must complete three reports on intelligence leading up to the war in Iraq, including a potentially explosive one comparing prewar statements of government officials to the intelligence available at the time.

Bond, 67, also is writing a book, due out next year, on the threat of Islamic terrorism in Indonesia.

He has defended the Bush administration's warrantless surveillance program and was one of only nine senators - including Roberts - to vote against a Senate measure banning the use of torture in interrogations of terrorism suspects and establishing rules for their interrogation.

"We cannot outline in advance what the terrorists are going to be subjected to because that becomes the first chapter in the al-Qaida operations manual," Bond said on "Newshour" on PBS.

Bond also led GOP efforts to discredit Joseph Wilson, a critic of the war in Iraq. Wilson accused the Bush administration of exposing his wife, Valerie Plame, as a CIA officer in retaliation for Wilson's criticism. A lengthy investigation led to the indictment of Scooter Libby, Vice President Dick Cheney's former chief of staff. Libby is awaiting trial.

Bond accused Wilson of "perpetrating a hoax on the American people," saying Wilson overstated his findings on a mission to Africa to figure out whether Iraqi leader Saddam Hussein was trying to obtain weapons of mass destruction.

Bond's son, U.S. Marine Corps Lt. Sam Bond, like his father a Princeton graduate, served as an intelligence officer in Iraq and may be redeployed.

National Intelligence Estimate (KFOX)

KFOX-TV, December 14, 2006

House Chair-To-Be Reyes Fails Pop Quiz

A pop quiz about national and international intelligence was given by a reporter with Congressional Quarterly to Rep. Silvestre Reyes, and that reporter said the soon-to-be chair of the House Intelligence Committee quite simply flunked.

Tuesday KFOX had a chance to catch up with Reyes, and asked him about the pop quiz.

"It's unfortunate that there has been so much attention that has been paid to it," said Reyes, a Democrat representing El Paso.

Reyes said he actually does know the answers to the questions.

"I certainly know Hezbollah because I am one of the few members of Congress that has actually been through a Hezbollah checkpoint, on the road from Damascus to Beirut," said Reyes.

The reporter who quizzed Reyes is concerned with the chairman-to-be.

"How is the chairman of the House Intelligence Committee going to ask intelligent questions of the CIA and the Pentagon spy agencies if he doesn't know what to ask?"

But local experts have taken to the congressman's defense.

"It would be ridiculous to believe that our Congressman Silvestre Reyes is not qualified for this position," said Dr. John Bretting, an associate professor at UTEP.

Bretting said Reyes is not the only one who has been taken by a reporter's pop quiz, even U.S. presidents have.

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"Ketchup is a vegetable, facts are a dumb thing, and trees pollute. These are all things that he said, that are on the public record. Does that mean that President Reagan wasn't playing with a full deck? No shape, manner, or form," said Bretting.

While this quiz may look bad for Reyes, Bretting said that doesn't take away from his abilities.

"In the United States Congress, Congressman Reyes is one of the five or six most knowledgeable congresspersons when it comes to national security," said Bretting.

Pelosi's Intelligence Man (WSJ)

The Wall Street Journal, December 14, 2006

As Speaker-to-be Nancy Pelosi's choice to be the next Chairman of the House Intelligence Committee, Texas Democrat Silvestre Reyes will share responsibility for the budgets and oversight of U.S. spy agencies, as well as receive regular briefings on classified intelligence. But it appears he first needs a remedial course on America's terrorist enemies.

In an interview with Congressional Quarterly, Mr. Reyes was unable to answer basic questions about the sectarian nature of both al Qaeda and Hezbollah. "Predominantly -- probably Shiite," he responded when asked about the strain of Islam that animates al Qaeda. The truth is that al Qaeda is composed of Sunni extremists who slaughter Iraqi Shiites on a daily basis. And when CQ's reporter turned to Hezbollah, Mr. Reyes said, "Why do you ask me these questions at five o'clock?" Perhaps because he's only had 23 years since the Iranian-backed Shiite terror group blew up the Beirut Marine barracks to figure that one out.

It's not as if House Democrats didn't have a qualified candidate for the Intelligence Committee chair. That would be California's Jane Harman, who served with distinction as ranking Member in the current Congress. But Ms. Pelosi thought Ms. Harman was too hawkish and not partisan enough in opposing Bush Administration policy.

So she floated the name of Florida's Alcee Hastings for the chairmanship, though a Democratic Congress had voted to impeach him as a federal judge. When that choice came under post-election criticism, Ms. Pelosi tried to mollify the Black Caucus for dumping Mr. Hastings by picking someone from the Hispanic Caucus, the untutored Mr. Reyes.

So it appears America will fight the next two years of the war on terror with an important Congressional post occupied by a man who has no grasp at all of the dynamics of the conflicts in Iraq, Lebanon and the broader Middle East. This isn't an auspicious start by Democrats who hoped to campaign in 2008 having established some credibility on national security.

Judge Chastises FEMA As Botching Katrina Housing Program (NYT/AP)

By The Associated Press

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 (AP) — A federal judge on Wednesday called the Bush administration's handling of a Hurricane Katrina housing program "a legal disaster" and ordered officials to explain a computer system that cannot count evacuees with precision or explain why they were denied aid.

The judge, Richard J. Leon of Federal District Court, ruled last month that the Federal Emergency Management Agency had violated evacuees' constitutional rights by eliminating their housing payments without notice. On Wednesday, he admonished the government for not moving fast enough to restart the program for 3,600 to 5,500 storm victims.

"Let me make this clear," Judge Leon told Michael Sitcov, a lawyer for the government. "Tell FEMA that I'm expecting them to get going on this. Like, immediately."

Judge Leon ruled that the agency last spring and summer had mishandled the transition from a short-term housing program to a longer-term program. Instead of explaining why financing was being cut, the agency provided only computer-generated and sometimes conflicting program codes, Judge Leon said.

He ordered agency officials to explain those decisions so that thousands of evacuees could understand the reasoning and decide whether to appeal.

"I'm not looking for a doctoral dissertation," Judge Leon said. "I'm looking for a couple of paragraphs in plain English."

Mr. Sitcov said that FEMA's computer system could not do what the judge wanted. The eight-year-old system is set up only to produce program codes, he said. Mr. Sitcov also said the program was unable to determine for certain how many evacuees in Texas were covered by Judge Leon's order or how many people had appealed the denial of their aid.

"It's not as adept at doing these kinds of machinations," said Mr. Sitcov, who said the best estimate of evacuees covered by the order was 5,479.

Judge Leon appeared bewildered, and ordered agency officials to testify Monday about the program. He said 10 employees, working overtime and on weekends, could translate program codes into 5,000 understandable letters in two weeks, nearly the amount of time that has passed since his initial ruling.

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“This is a legal disaster,” Judge Leon said. “People’s rights are being denied. I don’t want us to get so mired in the minutiae and the law while, in the meantime, people who need help are not getting help.”

The agency has appealed Judge Leon’s initial order and is hoping a higher court will block its enforcement until the appeal plays out. That ruling will probably not come before next week, and Judge Leon said he wanted the agency to start working on the problem immediately.

“Two weeks have been lost, and I don’t want another day to be lost,” he said. “We’ve got to get moving.”

Mr. Sitcov said the agency could not comply with the order to restart the housing program because the agreements to reimburse Texas cities for rental payments had expired. Judge Leon said he was sure local governments would be willing to make those same agreements again and said he might order Texas officials to testify Monday.

Judge Leon also scheduled a telephone conference for Friday between FEMA and the Association of Community Organizations for Reform Now, which brought the lawsuit on behalf of hurricane victims.

Judge Tells FEMA To 'Get Going' On Aid (AP)

By Matt Apuzzo

AP, December 13, 2006

A federal judge yesterday called the Bush administration's handling of a Hurricane Katrina housing program "a legal disaster" and ordered officials to explain a computer system that can neither precisely count evacuees nor provide reasons they were denied aid.

U.S. District Judge Richard J. Leon, who ruled last month that the Federal Emergency Management Agency had violated evacuees' constitutional rights by eliminating their housing payments without sufficient notice, admonished the government for not moving fast enough to restart the program for between 3,600 and 5,500 storm victims.

"Let me make this clear," Leon told government attorney Michael Sitcov. "Tell FEMA that I'm expecting them to get going on this. Like, immediately."

Leon ruled that FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer. Instead of explaining why funding was being cut, FEMA provided only computer-generated and sometimes conflicting program codes, Leon said.

The judge ordered FEMA to explain those decisions so thousands of evacuees can understand the reasoning and decide whether to appeal.

"I'm not looking for a doctoral dissertation," Leon said. "I'm looking for a couple of paragraphs in plain English."

Sitcov said FEMA's eight-year-old computer system is set up only to produce program codes. The program also cannot say how many evacuees in Texas were covered by Leon's order or how many people appealed the denial of aid, Sitcov said.

"It's not as adept at doing these kinds of machinations," said Sitcov, who said the best estimate of evacuees covered by the order was 5,479.

Leon appeared bewildered and ordered FEMA officials to testify Monday. He said he did not understand why the letters could not be written by hand. He said 10 employees, working overtime and on weekends, could translate program codes into 5,000 understandable letters in two weeks -- the amount of time since his ruling.

"This is a legal disaster. People's rights are being denied," Leon said. "I don't want us to get so mired in the minutiae and the law while, in the meantime, people who need help are not getting help."

FEMA has appealed Leon's order and is hoping a higher court will block its enforcement until the appeal plays out. That ruling is unlikely before next week. Leon said he wants the agency to start working on the problem immediately.

"Two weeks have been lost, and I don't want another day to be lost," Leon said. "We've got to get moving."

Sitcov said FEMA could not restart the housing program because the agreements to reimburse Texas cities for rental payments have expired. Leon said he was sure local governments would be willing to make those same agreements again and said he might order Texas officials to testify Monday.

Leon also scheduled a telephone conference tomorrow between FEMA and the Association of Community Organizations for Reform Now, which brought the lawsuit on behalf of hurricane victims.

Sunrise And Sunset (NYT)

By Bob Herbert

The New York Times, December 14, 2006

Baton Rouge, La.

They look for all the world like internment camps. The long rows of identical white trailers sit on flat, grim, barren expanses of land that are enclosed by metal fences. Armed guards are stationed at the entrances around the clock.

More than a year after the catastrophe of Hurricane Katrina, thousands of the poorest victims from New Orleans are still living in these trailer parks run by the Federal Emergency Management Agency. They have ironic names, like Mount Olive Gardens and Renaissance Village. A more accurate name would be Camp Depression, after the state of mind of most of the residents.

The "parks" are nothing more than vast, dusty, gravel-strewn lots filled with trailers that were designed to be hitched to cars for brief vacations or weekend getaways. The trailers, about 200 square feet each, were never meant to serve as homes for entire families. But in these FEMA parks, it's common for families of five or six, or even more, to be jammed into one trailer.

I stood outside a trailer at the Mount Olive encampment on Monday afternoon, talking with Geraldine Craig and her 21-year-old daughter, Danielle Craig. The women, who have been unable to find jobs, seemed baffled and depleted by their long ordeal. As we talked, Danielle's 2-year-old son, Javonta, scampered around in the dust and gravel.

Danielle's daughter, Miracle, was 5 months old when Katrina struck. The baby was ill and receiving oxygen when it became clear that the family had to evacuate. "The doctors were taking care of her and she couldn't hardly breathe," Danielle said. "After we left we ended up in a shelter, and I said that my baby needed oxygen but they told us we had to wait.

"They finally sent us to a medical building and they put her on oxygen for about two hours, but the doctor said there was nothing wrong with her."

Like so many thousands of others left destitute and all but despondent by Katrina, the family moved on — to Texas, back to Louisiana, eventually to Baton Rouge. It was too much for Miracle, who never got the proper medical treatment. She died last March. Her heart disease wasn't accurately diagnosed until an autopsy was performed.

"I felt like it was my fault," said Danielle. "I'm still depressed."

When I asked if she'd been treated for depression, she shook her head.

"That baby was one of the many victims of the storm who were never officially counted as such," said Dr. Irwin Redlener, president of the Children's Health Fund, which has been providing medical and mental health services to children in the FEMA parks.

Dr. Redlener, a professor at Columbia University and the author of "Americans at Risk: Why We Are Not Prepared for Megadisasters and What We Can Do," said he was outraged that so many thousands of the poorest victims of Hurricane Katrina are still stuck in limbo — unable to find jobs or permanent housing, denied adequate medical and educational services and with no idea when, or if, they will be able to return to New Orleans.

"The recovery of this catastrophe in the gulf has been as badly mangled by the government as the initial response," he said. "Fifteen months have gone by and you still have these thousands of people who in essence are either American refugees living in other states who have no idea what's going to happen to them, or they are living in these trailer camps, or in isolated trailers on their old property, which has been destroyed. They're just waiting for something to happen. And the wait is interminable."

Geraldine Craig said: "We just recently went down to New Orleans and they got nothing going yet, not in our neighborhood. So we're going to be here for a while."

The residents of Mount Olive Gardens and the even larger trailer camp at Renaissance Village in nearby Baker, La., face challenges that seem almost insurmountable. Even minimum-wage jobs are very difficult to find and difficult to get to because there is little public transportation. Many of the residents are elderly, or disabled, or illiterate. Some are mentally handicapped.

These are encampments of profound stress and sadness.

As I was telling Geraldine and Danielle Craig goodbye, and wishing them the best for the coming holidays, Danielle shyly handed me a photograph of her daughter. At the top was written, "Miracle Breyonne Craig." At the bottom: "Sunrise: 3-19-05. Sunset: 3-10-06."

USGS Scientists Object To Stricter Review Rules (WP)

By Juliet Eilperin

The Washington Post, December 14, 2006

A new Bush administration policy for reviewing scientific documents before publication has angered some U.S. Geological Survey scientists, who say the elaborate internal review of their work may impede them from conveying information to the public.

The new requirements, which were unveiled in July but are still being put into practice, call for staff scientists to submit all reports and prepared talks to managers to determine whether they meet the agency's scientific standards. They also require researchers to alert the agency press office of any work involving "potential high visibility products or policy-sensitive issues."

P. Patrick Leahy, USGS associate director for geology, said the agency spent more than two years drafting the rules to ensure all of it scientists are subject to the same sort of rigorous scientific review before they send their work to be published.

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"What we're doing is ensuring the scientific excellence of USGS products," Leahy said in an interview. "Peer review has been the stock and trade of this organization for years and years. How we do that has been different depending on what part of the organization you were in. . . . What we want to do is [have] our scientists working together in concert with one another."

But James Estes, a marine biologist who has worked for more than 30 years at the USGS's Western Ecological Research Center in Santa Cruz, Calif., said that although he has not encountered problems in the past, he and his colleagues fear their work may be stifled.

"I feel as though we've got someone looking over our shoulder at every damn thing we do. And to me that's a very scary thing," Estes said, adding that it will be a cumbersome procedure. "There's been no effort yet other than to intimidate everybody, but to me it's censorship. . . . I think they're afraid of science. Our findings on ecology could be embarrassing to the administration."

Leahy acknowledged that some agency scientists are resistant to the idea, though USGS officials see it as a helpful reform.

"It's the old thing, in concept it makes a great deal of sense," he said. "In practice, if you have a change to what you've been doing for a long time, you're not happy with it."

Under the policy, a USGS employee must submit any scientific document for a peer review that may involve scientists either inside or outside the agency. A supervisor oversees the process, making sure the reviewers are qualified and looking at how the scientist in question responded to any criticism raised by the reviewers.

Rama Kotra, a senior scientist in Leahy's office, said the review might take just one week for a simple document, but in the case of a complex scientific study "it would take much longer than that," possibly six months.

USGS spokeswoman Barbara Wainman said that the press office would not be conducting the peer reviews and that political appointees would not be involved, because the agency director is the only USGS person appointed by the president.

USGS researchers have tangled with Bush officials over administration policies. In 2002, the agency published a study suggesting that energy exploration on Alaska's Arctic National Wildlife Refuge could hurt a Porcupine caribou herd; a week later the agency issued a report saying drilling would not damage the herd.

The controversy over the peer review process surfaced a day after the Union of Concerned Scientists announced that 10,600 scientists have signed a statement complaining that the Bush administration has undermined the "scientific integrity" of federal policymaking. Michael Halpern, the group's outreach coordinator for scientific integrity, said USGS scientists at this week's annual meeting of the American Geophysical Union in San Francisco had approached him to complain about the new peer-review rules.

"They perceive it as another hoop to jump through in order to get scientific documents approved," Halpern said, adding that the policy may not be a problem if officials make sure it's a "valid review process."

"USGS always puts together policy-neutral scientific documents. That's why their reputation is impeccable."

Lawmakers Say Coast Guard Withheld Warning Of Flaws In Cutter Design (NYT)

By Eric Lipton

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — The Coast Guard withheld from Congress warnings raised more than two years ago by its chief engineer about structural design flaws in its new National Security Cutter, a $564 million ship now near completion in Mississippi, Democrats and Republicans said in interviews this week.

The lack of full disclosure about that and other problems in the Coast Guard's $24 billion modernization effort, known as Deepwater, has created a credibility gap that some members of Congress say now jeopardizes the endeavor.

"The Coast Guard clearly does not understand that transparency and accountability are essential to a program of this magnitude," said Senator Olympia J. Snowe, Republican of Maine, the chairwoman of the Senate panel that oversees the service's operations.

Ms. Snowe and other Congressional leaders said they were unaware until this past week that the Coast Guard's chief engineer, Rear Adm. Erroll Brown, had written in March 2004 to the Coast Guard official in charge of the Deepwater program, Rear Adm. Patrick M. Stillman, to warn him that the design for the National Security Cutter had "significant flaws" and that construction should not begin until they were addressed.

"Importantly, several of these problems compromise the safety and viability of the hull, possibly resulting in structural failure," said the letter, a copy of which was posted on The New York Times Web site last Saturday as part of reporting on the Deepwater project.

Admiral Stillman, who has since resigned, declined to comment.

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Representative Harold Rogers, Republican of Kentucky, who heads the House panel that oversees the Coast Guard budget, said the lack of full disclosure was distressing.

"Withholding information leads to poor decisions for the nation, as we are witnessing now with this cutter modernization initiative," Mr. Rogers said. Coast Guard officials said Wednesday that they have tried to keep Congress fully informed about progress on the Deepwater project, which is replacing or rebuilding almost all of the service's ships, planes and helicopters. "The Coast Guard takes very seriously its obligation to keep its authorizers and appropriators informed," a spokesman, Cmdr. Jeffrey Carter, said.

Representative Bob Filner, Democrat of California, said the shortcomings in the Deepwater program are so severe that the contract should be terminated. Two military contractors, Lockheed Martin and Northrop Grumman, were hired in 2002 to design the ships, build them and oversee most of the other project details.

"This has now threatened our national security," said Mr. Filner, the ranking Democrat on the House panel that oversees the Coast Guard. "After four years and billions of dollars, we have nothing to show for it."

A spokeswoman for Lockheed and Northrop declined to comment.

The uproar over the National Security Cutter follows the suspension of two earlier projects under the Deepwater modernization: a plan to renovate 49 of the Coast Guard's 110-foot patrol boats, and construction of a new class of ship called the Fast Response Cutter.

Details about the problems with the two earlier programs had been provided to Congress, but the leaders of the subcommittees that oversee the Coast Guard budget and operations said they should have also been informed, more than a year ago, that the design questions extended to the National Security Cutter.

Construction of the first new National Security Cutter, a 425-foot vessel slated to be the flagship of the Coast Guard fleet, started in September 2004, before most of the issues identified by Admiral Brown were addressed, Coast Guard engineers said in interviews this month. The admiral has since retired.

Unless structural modifications are made, the ship will be susceptible to buckling of its superstructure, premature cracks in its hull and decks, and, in an extreme case, the possible failure of the hull girder, which is a ship's backbone, said Chris Cleary, a senior naval architect at the Coast Guard.

An independent analysis by Navy engineers early this year has confirmed that the ship, as designed, may be susceptible to premature fatigue cracking, although top Coast Guard officials said they had been assured that the problems would not present a safety hazard for the ship, which is to start sailing next year.

Coast Guard officials in the last year did tell some Congressional committees that the service was addressing contractual issues with Northrop that might require additional work to the first ship, staff members on the House and Senate committees said.

During a June 2006 hearing on the Deepwater program, the Coast Guard commandant, Adm. Thad Allen, briefly mentioned the difficulties, telling a House panel that "there are some technical issues associated with the construction that we will address in subsequent hulls."

The Coast Guard intends to reinforce the first two versions of the National Security Cutter and to change the design of the remaining six versions, a plan it notified Congress of last week. The service has not disclosed how much the repairs to the first two ships will cost or who will be responsible for the bill.

Coast Guard leaders said in interviews that any new class of ship has design challenges that must be resolved. Given that the start of the National Security Cutter construction had already been planned in 2004 — and that any delays would add to the ship's cost — they decided to allow the first ship to be built, while continuing to investigate their engineers' reports of design flaws.

Ships That Don't Dare To Sail (NYT)

The New York Times, December 14, 2006

The Coast Guard, supposedly our first line of defense against water-borne terrorists and drug smugglers, has been staggered by a shipbuilding scandal of enormous proportions. A long-term modernization program to replace nearly all of the Coast Guard's ships, planes and helicopters — begun four years ago in the wake of 9/11 — is foundering while its projected costs are skyrocketing. In Iraq, lax government oversight and incompetence or profiteering by contractors have disabled reconstruction efforts. Now the same disease is undermining our coastal defenses.

The Coast Guard fiasco was laid out in depressing detail by Eric Lipton in The Times last Saturday, and in a similar article in The Washington Post. The misjudgments and slipshod work would be grist for slapstick comedy if the consequences, in cost and weakened defenses, were not so serious.

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As described by Mr. Lipton, the estimated costs of the project, known as Deepwater, have ballooned from $17 billion when it started in 2002 to $24 billion today. The plans call for 91 new ships, 124 small boats, 195 new or rebuilt helicopters and 49 unmanned aerial vehicles. But don't count on any of the new vehicles working.

The initial venture — converting the Coast Guard's rusting patrol boats into bigger, more versatile cutters — has been canceled because hull cracks and engine failures made the first eight ships unseaworthy. Plans for a new class of ships with an innovative hull design were halted after the design was found to be flawed. And even the radios placed in small open boats proved faulty; they shorted out because they had not been made waterproof.

In the latest chapter in this disgraceful performance, Mr. Lipton reports in today's paper that the Coast Guard did not inform Congress that it was warned two years ago by its chief engineer that a proposed National Security Cutter, meant to be the flagship of its fleet, had "significant flaws" in its structural design and should not be started until the problems were addressed. The Coast Guard began construction anyway. It plans to reinforce the first two versions that are being built and change the design on the remaining six.

How could this happen? Mostly because the Coast Guard, in an astonishing abdication of responsibility, gave two large military contractors, Lockheed Martin and Northrop Grumman, near total freedom to plan, supervise and deliver the new ships and helicopters. In some cases, the contractors made boneheaded decisions, as when their shipyard partner ignored warnings by Coast Guard engineers that the converted patrol boats might buckle under the extra weight. In other cases, they might have put their own interests ahead of the nation's, as when they adopted a risky hull material that had never been tried on a large American military ship but was pushed by Northrop, which had just opened a new plant to manufacture the hulls.

No wonder the contractors are ducking for cover as the scandal reverberates, and are leaving all comment to the hapless Coast Guard. The Coast Guard seems, belatedly, to be moving in the right direction by giving its own engineers more supervisory power over the work and creating a division to oversee procurement and maintenance of ships and planes. Even so, the new Congress and the Department of Homeland Security, which is responsible for the Coast Guard, will need to keep a sharp eye on the Coast Guard's performance. The industrial contractors have proved they were not up to the job.

Fannie Correction: 'What If?' (WP)

By David S. Hilzenrath

The Washington Post, December 14, 2006

Three years ago, Fannie Mae assured lawmakers that it had the required capital to cope with a broad variety of business setbacks.

Since 1992, "Fannie Mae has met or exceeded our capital requirements in every year," Franklin D. Raines, then its chief executive, testified in September 2003. "Indeed, we are one of the best-capitalized financial institutions in the world, when compared to the risk of our business."

As it turns out, the assurance was false.

Last week, when the giant mortgage funding company corrected years of flawed financial reports, the new numbers showed that it fell short of a key capital requirement by billions of dollars in 2002 and 2003.

Had it been apparent at the time, the $7.3 billion shortfall at the end of 2002 could have put Fannie Mae on a different trajectory. Regulators might have intervened -- as they did later, when accounting problems came to light. Wall Street might have reevaluated Fannie Mae's vaunted management, not to mention the value of its stock. And Fannie Mae might have been forced to raise additional capital or liquidate investments, sacrificing profits.

Instead, based on Fannie Mae's financial reports, the Office of Federal Housing Enterprise Oversight, which monitors Fannie Mae's financial safety and soundness, gave the company a passing grade.

"Fannie Mae's core capital of $28.079 billion exceeded the minimum capital requirement by $877 million," the agency said in early 2003.

The accounting correction Fannie Mae filed with the Securities and Exchange Commission last week offers an alternative version of history, inviting investors to roll back the tape and play it forward again without the illusions. Like all adventures in time travel, it's a matter of conjecture. The very act of traveling back in time equipped with better information might have altered the reality.

Ed Groshans, a stock analyst at Fox-Pitt, Kelton, speculated that Fannie Mae would not have allowed itself to be declared undercapitalized. If Fannie Mae executives had been forced to keep their books properly, they would have taken steps to avert a shortfall, Groshans said.

One option would have been to reduce Fannie Mae's investment portfolio, a major source of profit. In that case, investors could have seen Fannie Mae's earnings "come down fairly significantly," Groshans said. "People would have been a little bit concerned as to what was going on internally," he said.

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A Fannie Mae spokesman declined to comment.

Chartered by the federal government, Fannie Mae plays a major role in the nation's housing finance system. It buys mortgages from lenders and helps lenders replenish their funds by packaging mortgages into securities for sale to investors.

Unlike some other companies caught up in accounting scandals, Fannie Mae never defaulted on its obligations. What's more, the government uses two standards to determine whether the company is adequately capitalized. Fannie Mae is required to meet both tests, and while it failed one of them, the restatement shows that it passed the other.

The test Fannie Mae failed is meant to protect "against broad categories of business risk," according to the OFHEO.

Although the company fell short, the restatement showed that Fannie Mae's financial condition improved significantly based on another measure. Total stockholders' equity rose by $15.6 billion, to $31.9 billion, as of the end of 2002 and by $9.9 billion, to $32.3 billion, as of the end of 2003. There were two main reasons. First, when it corrected its accounting, Fannie Mae showed increases in the value of financial instruments known as derivatives that were previously obscured. Second, in the restatement, Fannie Mae recorded gains on mortgage-related investments that would not have shown up unless it sold the assets.

The SEC earlier this year accused Fannie Mae of fraud. Without admitting or denying wrongdoing, the company paid a $400 million settlement. Raines and other executives who presided over the problems were replaced.

Fannie Mae still faces litigation from shareholders, and the OFHEO has threatened to sue former executives to recoup some of their compensation.

Fannie Mae's accounting corrections, which involved a multitude of additions to and subtractions from profits it had previously claimed, had the net effect of reducing the company's past earnings by $6.3 billion.

Of all the numbers Fannie Mae corrected, the capital cushion is one of the most consequential. It is meant to assure that the company can withstand a sharp financial reversal. Some policymakers fear that if Fannie Mae became insolvent, it could send shock waves through the financial system and trigger a taxpayer bailout. Raines's 2003 testimony about the company's capital position served as a counterpoint to such warnings. It came as lawmakers were considering stepping up regulation of Fannie Mae and its rival Freddie Mac.

That debate will continue when the new Congress convenes next year, lawmakers say.

520 Breaks For Select Companies Added To Tax Bill (WP)

By Joe Stephens

The Washington Post, December 14, 2006

A huge tax bill that Congress passed last week contained a little-noticed gift for select corporations -- tens of millions of dollars in breaks on import tariffs.

Early Saturday morning, in the frantic final hours of the 109th Congress, lawmakers rolled 520 tariff suspensions into the must-pass bill. The provisions will reduce or eliminate taxes on imported products as varied as shoes, camcorders and boiled oysters.

While such suspensions have been around for decades, the flurry of provisions pushed this Congress to a record of nearly 800 for the year. Corporate lobbyists often craft such suspensions to apply to just one product imported by just one company. Many of those companies and their executives have given millions of dollars to political campaigns.

This week, leaders from both parties called for changes in the system.

"This is just good old-fashioned pork," said Rep. Jack Kingston (R-Ga.), vice chairman of the House Republican Conference for the 109th Congress. Kingston described the suspensions as a stealthy version of the congressional earmark -- a term for a measure that directs the government to spend public money on behalf of a particular special interest.

"A lot of members of Congress are just clueless as to what is going on," Kingston said. "You can spend money away or you can tax-credit it away. Either way, somebody else is going to pick up the difference."

Congressional sponsors of the suspensions say they are trying to lower consumer prices and create jobs by cutting costs for retailers and U.S. manufacturers. They say that they generally drop the legislation if trade officials find a U.S. competitor that objects.

Few, if any, of the arcanely worded tariff provisions identify the company that initiated the measure. Some provisions do not identify the product as well, referring instead to strings of numbers keyed to tariff tables as big as telephone directories.

Under informal congressional guidelines, individual tariff suspensions are supposed to cost no more than $500,000 a year in lost taxes. But a Washington Post investigation, published in September, found that the authors of a number of the provisions managed to quietly file multiple measures aimed at a single product. That strategy can allow individual importers to pocket millions of dollars in tax savings.

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Rep. Sander M. Levin (D-Mich.), who is expected to chair the House Ways and Means subcommittee on trade next year, said yesterday that he favors including in the suspension measures the names of the companies that would benefit. He also wants to close loopholes that allow companies to evade the $500,000 cap.

"The old days of lack of transparency, I think those days have to end," Levin said. "These are supposed to be small items. . . . I am in favor of keeping it small and making it totally open."

Altogether, the suspensions passed this year could cost the Treasury hundreds of millions of dollars in lost revenue. The previous Congress approved about 440 new and extended suspensions, at an estimated cost of $172 million.

Sen. Charles E. Grassley (R-Iowa), outgoing chairman of the Senate Finance Committee, described the suspensions as good for American businesses. In a statement, Grassley stressed that the provisions had been reviewed by the Commerce Department, customs officials and the U.S. International Trade Commission. His panel had sought industry comment on the proposed suspensions, had posted them on its Web site, and ultimately rejected almost a third, he said.

Nonetheless, Grassley added: "Further reforms are necessary to make the process even more transparent and streamlined. If the new leadership decides to undertake a miscellaneous tariff bill, I'll push for further reforms."

Kingston said Congress should have a chance to vote on individual tariff suspensions. Under the current system, lawmakers must vote for or against hundreds of unrelated suspensions at a time. Kingston said that he ultimately voted for last week's huge tax-and-trade package because it contained many legitimate provisions important to the country.

"Members don't read these bills because they become so voluminous at the last minute," Kingston said. "They are always attached to something we all want."

Steve Ellis of Taxpayers for Common Sense complained that while the 109th Congress failed to take up many important issues, it still managed to pass hundreds of special-interest tariff suspensions. "If you are the right person, you can get something done," Ellis said. "It's one of those really insidious types of problems that will take a lot of work, and a lot of embarrassment for Congress, to try to change. And trust me, members of Congress don't embarrass easily."

In the recent election season, Dennis Spivack tried. A Democratic challenger to Rep. Michael N. Castle (R-Del.), Spivack attacked Castle for sponsoring 29 suspensions in the past two years. Spivack charged that the suspensions would harm small businesses and working families.

"Why did Mike Castle ask the United States Congress to selectively drop import taxes on [a] particular item? Who does this benefit?" Spivack asked in one campaign news release.

Castle's campaign responded that the suspensions helped keep manufacturing jobs in the United States. Spivack lost the election.

Rural Schools' Budgets Face The Chopping Block (USAT)

By Greg Toppo

USA Today, December 14, 2006

Rural school districts in 42 states could be forced to cut their budgets or close down altogether in coming months, advocates say, because Congress left Washington last week without renewing a little-known authorization for districts with large tracts of national forest land.

The Secure Rural Schools and Community Act subsidizes about 4,400 small school districts. Congress first approved it in 2000 to make up for declining revenue in timber-producing areas and to guarantee districts a steady income. The law was up for renewal this year, but lawmakers left Washington on Saturday without approving it, leaving many districts scrambling to replace funding that, in a few cases, amounts to more than half of their budgets.

School advocates say it would cost about $430 million to extend the law for one year. Unlike many funding bills, the forest schools act is not part of a continuing resolution and would likely have to be approved on its own.

Dan Whiting, spokesman for Sen. Larry Craig, R-Idaho, says Craig supports the legislation but is not sure where he'd find the money to fund it. "The bottom line is, budgets are a lot tighter than they were in 2000, and trying to find a half a billion dollars is no easy task," he says.

Bob Douglas, president of the National Forest Counties and Schools Coalition, says as many as 100 school districts in California face budget cuts. A few could face bankruptcy or state receivership.

"Their budgets will be essentially upside down," says Douglas, superintendent in Tehama County, Calif.

Mary Genasci, superintendent of Sierra County, Calif., schools, agrees. "We will basically be laying off half of our staff — we stand a very good chance of totally closing our doors."

Genasci's district of 540 students lies north of Lake Tahoe. About 75% of it sits on federal land, most of it national forest. She stands to lose about $1.2 million of a $6 million budget and says she may have to send out layoff notices as early as mid-March.

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"The magnitude of this is incomprehensible to me," she says. "I cannot get my head around this."

Rural superintendents this month are planning a lobbying blitz as members of Congress head home to their districts. It's expected to extend into January and February, when lawmakers return to Washington for the start of the 110th Congress.

Whiting says Craig will keep trying to find ways to fund the law, but adds, "Oftentimes it takes a crisis to spur Congress into action."

Democrats Plan To Tighten Reins On Iraq Spending (NYT)

By Carl Hulse

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — Frustrated by the Bush administration's piecemeal financing of the Iraq war, Democrats are planning to assert more control over the billions of dollars a month being spent on the conflict when they take charge of Congress in January.

In interviews, the incoming Democratic chairmen of the House and Senate Budget Committees said they would demand a better accounting of the war's cost and move toward integrating the spending into the regular federal budget, a signal of their intention to use the Congressional power of the purse more assertively to influence the White House's management of the war.

The lawmakers, Senator Kent Conrad of North Dakota and Representative John M. Spratt Jr. of South Carolina, said the administration's approach of paying for extended military operations and related activities through a series of emergency requests had inhibited Congressional scrutiny of the spending and obscured the true price of the war.

"They have been playing hide-the-ball," Mr. Conrad said, "and that does not serve the Congress well nor the country well, and we are not going to continue that practice."

Mr. Spratt, who along with Mr. Conrad is examining how the Democratic Congress should funnel the war spending requests through the House and Senate, said, "We need to have a better breakout of the costs — period." He is planning hearings for early next year on the subject even as the White House readies a new request for $120 billion or more to pay for the war through Sept. 30, in addition to the more than $70 billion in emergency appropriations already spent this year.

Since the terrorist attacks of Sept. 11, 2001, spending on the military outside of the regular budget process, primarily for the wars in Iraq and Afghanistan, has totaled more than $400 billion. For the 12 months ended Sept. 30, spending on the Iraq war alone ran at an average rate of $8 billion a month, according to a study by the Congressional Research Service.

Congressional control over the money for the war is one of the most powerful weapons Democrats will have in trying to influence administration policy toward Iraq. They can use both the budget and subsequent spending bills to impose restrictions on how the money is spent and demand more information from the White House.

While the leadership has repeatedly said it will not cut off money for military operations, senior Democratic officials said lawmakers were considering whether to add conditions to spending bills to force the administration to meet certain standards for progress or change in Iraq. Democrats have also said they intend to investigate spending and suspicions of corruption, waste and abuse in Iraq contracting.

Since the beginning of the war, the White House has said that costs should be considered outside the routine federal budget because they are unpredictable and military demands can change quickly. Republicans have also said that wars have traditionally been treated as emergency spending, but the costs of the extended Vietnam War, for instance, were eventually absorbed into the normal budget.

But Mr. Bush has decided not to include the costs of the war in the budget request he sends to Congress each February. The Republican Congress has acceded to his request that money be appropriated for the conflict on an expedited, as-needed basis that sidesteps much of the process by which the House and Senate normally debate spending priorities.

But the newly completed report of the Iraq Study Group stated that the "costs for the war in Iraq should be included in the president's annual budget request," beginning with the budget to be submitted early next year.

In addition, a little noticed provision added to a defense policy measure signed into law by Mr. Bush in October directed him to include in his budget a request for appropriations for military operations in Iraq and Afghanistan, an estimate of all money expected to be required for the year, and a detailed justification of the request.

"The law requires that it be done," Mr. Conrad said, adding that he had told the incoming defense secretary, Robert M. Gates, that the administration must change its budgeting strategy.

But Sean Kevelighan, a spokesman for the Office of Management and Budget, said the administration's view was that Congress could not "bind how the president wants to put together the budget," though he said the administration was trying to provide more information for Congress and moving toward a more regular budget plan.

"It is obviously difficult to predict the cost of the war 12 to 18 months out," Mr. Kevelighan said. "But our goal is to provide more information to the American people as to how much, for what and when."

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Both Republicans and Democrats have objected to the administration's refusal to add the war costs to the budget, particularly when the conflict has lasted almost four years. "It is hard to comprehend with an ongoing event like the war that there wouldn't be something on it in the budget," said Senator Harry Reid of Nevada, the Democratic leader.

In June, the Senate overwhelmingly approved a proposal by Senator John McCain, Republican of Arizona, to require the president to spell out the expected war costs in his annual spending plan. At the time, some lawmakers expected that the provision would be eliminated from the final measure, but it survived and could be held up by Democrats as evidence that the administration was ignoring the law if it failed to comply.

Lawmakers have several objections to treating the war spending as a continuous emergency, which typically sends the request straight to the Appropriations Committee and bypasses the more policy-oriented Armed Services Committees. Mr. Spratt said he believed that the policy panels tended to give such requests a "closer scrub" than the appropriations panels.

Others say the emergency measures, known as supplemental appropriation requests, can become vehicles for lawmakers to win speedy approval of their own, unrelated pet projects. Members of Congress say the Pentagon has also increasingly seen the war measures as a route to winning financing for projects that should be subject to normal review. And there are complaints that the administration's approach masks the true cost of the war by not providing a clear bottom line number and by not calculating such related expenses as increased veterans care and military equipment.

"We are now going on four years into this war and they are still funding it with these patchwork supplementals without oversight and without accountability," Mr. Conrad said, "and that just has to stop."

But adding the war costs to the annual budget could carry risks for Democrats who want to write a spending plan that meets their priorities but eliminates the deficit in five years or so. Adding the war spending at the same time Democrats want to enforce "pay as you go" budget rules would require some of that spending to be made up by reductions elsewhere.

And if Mr. Bush's budget does not contain the spending and the Congressional plan does, the president's blueprint could look better by comparison when it comes to deficit reduction. In addition, budget writers do not want Pentagon spending inflated by the war to become a permanent new floor for the military budget.

Democrats, The Deficit, And All They Want To Achieve (CSM)

By Peter Grier

The Christian Science Monitor, December 14, 2006

WASHINGTON

Lower interest rates on student loans. More special forces for the military. Expanded prescription drug benefits for senior citizens. Greater federal support for renewable energy and alternative fuels.

Congressional Democrats have a long list of priorities they'd like to enact when they assume the power of the majority in January. After all, they've been wandering in the political wilderness for 12 years. They've had lots of time to scribble down stuff under the heading "to do."

But faced with record federal deficits and the expense of the war in Iraq, Democrats have also vowed to be more fiscally responsible than their Republican predecessors. Handling this impending collision could be one of the first big tests for the party's House and Senate leadership teams.

"Maybe [incoming Speaker of the House Nancy] Pelosi can really curb the tendency of Democrats to spend money, but there is a lot of pent-up desire," said Ron Haskins, codirector of the Brookings Institution's Center on Children and Families, at a recent seminar.

As yet, Democrats have hung no price tag on their forthcoming agenda. Many of the high-priority items they have pledged to enact in the first 100 hours of the new Congress, such as an increase in the minimum wage, wouldn't cost Washington lots of money.

In addition, incoming Speaker Pelosi said in a statement last month that the party is committed to "no new deficit spending." She said Democrats intend to restore pay-as-you-go rules, which require increases in the federal budget to be offset by either tax hikes or cuts in spending elsewhere.

It is true that the expansive list of party action items, as contained in the House Democrats' 31-page document, "A New Direction for America," is something of a catchall. For instance, will Congress really get around to voting to make college tuition tax-deductible for students studying math, science, technology, and engineering, as the document vows?

But some of the prospective legislative changes at the very top of the Democratic list would be undeniably expensive. Depending on how eligibility is structured, reductions in student loan interest rates could cost $10 to $50 billion over the next five years. Doubling special forces could cost $25 billion over five years.

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Then there is the Alternative Minimum Tax (AMT), which has long been criticized by Democrats and Republicans alike. Designed to apply only to the wealthy, the tax now affects many who would call themselves middle class. Raising the income level at which a taxpayer is subject to the AMT could cost at least $40 billion a year.

And Democrats may want to expand federal health spending. The most common suggestion in this area is closing the "doughnut hole" in Medicare's prescription drug benefit, under which beneficiaries receive help for their first $2,250 of purchases in a year, then must buy prescriptions entirely on their own until their annual spending total hits $5,100.

The reason the doughnut hole exists in the first place was to pare the program's predicted cost. Its elimination would probably cost an estimated $5 billion annually.

"If you do make the prescription drug benefit more generous that could get very, very expensive, and there's no obvious way to pay for that," says Bob Bixby, director of The Concord Coalition, a budget watchdog group.

However, Mr. Bixby says he is encouraged by some budget actions Democrats have vowed to take. This week party leaders vowed to enforce a moratorium on the special-interest spending provisions known as "earmarks" until lobbying reforms can be enacted. And the incoming chairmen of the House and Senate Appropriations Committees have jointly said they will extend current funding levels for much federal spending until the 2008 fiscal year begins next Oct. 1.

The just-adjourned Congress only completed work on two of the 11 spending bills for fiscal 2007. As a short-term fix they extended current funding levels until Feb. 15, 2007.

Prolonging the life of this continuing resolution is the moral equivalent of a budget freeze, notes Bixby. "That was an encouraging sign," he says, "because they are doing a long-term continuing resolution at a lower level than many rank-and-file Democrats would like."

Of course, a year is a long time in terms of a Congressional budget. And after Democrats assume power, pressure may build from members used to minority status to reinsert treasured earmarks into spending bills.

Emergency spending legislation, such as that which has been used so far to fund much of the Iraq war, can be particularly attractive to lawmakers who want to get earmarks through as quickly as possible.

"The job of a budget watchdog is never done," sighs Bixby.

Senator Wants Universal Health Care Plan (AP)

By Matthew Daly

AP, December 14, 2006

Several business and labor leaders on Wednesday hailed a proposal to provide health care coverage to all Americans through a pool of private insurance plans.

A dozen years after Congress rejected a Clinton administration plan for universal health care, Oregon Sen. Ron Wyden offered a plan he said would provide affordable, private health care coverage for all Americans, except those covered through Medicare or the military.

"Employer-based coverage is melting away like a Popsicle on the sidewalk in August," Wyden said.

Wyden, a Democrat and a member of the Senate Finance health care subcommittee, said his plan would "guarantee health coverage for every American that is at least as good as members of Congress receive and can never be taken away."

The plan, dubbed the "Healthy Americans Act," would provide universal coverage for no more money than the country spends on health insurance today, Wyden said.

Wyden, a veteran of the 1990s health care battle, drew support from groups that have frequently opposed each other, including Andy Stern, international president of the Service Employees International Union, and Safeway Inc. CEO Steve Burd.

Stern called employer-based health coverage a relic of an industrial economy that is long gone, and said U.S. companies "cannot compete in a global economy when we put the price of health care on the cost of our products, and our competitor nations do not."

Stern said the health care system had failed to create jobs while adding to trade deficits and holding wages stagnant. For the nation's 46 million uninsured, "it is a failed moral policy as well," Stern said.

Burd said his California-based grocery chain had saved millions in health care costs by emphasizing preventative care and offering discounts for nonsmokers and others with lower health risks.

Left unchecked, health care costs will soon surpass net income for many companies, Burd said, calling Wyden's proposal a bold plan to restart a national dialogue on health care.

"Working together, business, labor, government, consumer groups and health care providers can collectively solve this problem," he said.

Wyden's plan is an outgrowth of work by the Citizens' Health Care Working Group, a 14-member panel that held meetings in 36 states and heard from 28,000 people about how to overhaul the nation's health care system.

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The group, created in 2003 by legislation sponsored by Wyden and Sen. Orrin Hatch, R-Utah, recommended that the government take steps to guarantee that all Americans have basic health insurance coverage by 2012.

Wyden said his new plan would allow workers to carry their health insurance from job to job without penalty. More efficient administration and more promotion of competition for health care plans, he said, would allow greater coverage while costing no more than the government is paying today for health insurance coverage.

The plan would require that employers "cash out" their existing health plans by terminating coverage and paying the amount saved directly to workers as increased wages. Workers then would be required to buy health insurance from a large pool of private plans.

After two years, companies would no longer have to pay the higher wages. Instead, Wyden said, they would pay into an insurance pool, based on annual revenues and the number of full-time workers.

At Wyden's request, the Lewin Group, a Virginia-based health care consulting firm, reviewed the plan. The consultant said the plan would reduce health spending by private employers by nearly three-quarters and save $1.4 trillion in total national health care spending over the next decade.

Increases in premium payments for individuals and families would be offset by higher wages and subsidies provided under the plan, the report said. As an example, Wyden cited a worker who earned $60,000 last year, and received about $12,000 worth of health care coverage.

The worker's health insurance would be terminated but his salary would increase to $72,000, which would cover his health care coverage. The plan would bar workers from buying a "bare-bones" health package and pocketing the savings, Wyden said.

Health Care For All Proposed (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, December 14, 2006

WASHINGTON — A prominent Democratic senator unveiled an ambitious proposal today to provide health insurance for all Americans, while reining in rapid healthcare inflation that threatens benefits for millions of workers and their families.

The plan by Sen. Ron Wyden (D-Ore.) comes a month after the health insurance industry offered its own comprehensive proposal and signals a growing willingness by politicians to tackle a subject that has been off limits since the mid-1990s collapse of then-President Bill Clinton's sweeping health reform package.

Considered liberal on social issues and moderate on economic policy, Wyden combined elements of reforms that have been proposed by Democrats and Republicans.

His plan would guarantee coverage for all, including nearly 47 million uninsured, a Democratic objective. But it would also limit employers' exposure to relentless cost increases and encourage workers to shop for cost-effective insurance plans — ideas that have Republican support.

"I think the country wants healthcare fixed," Wyden said at a briefing for reporters earlier this week. "It's possible to get good quality, affordable, universal private health coverage that can never be taken away for the amount of money that is spent today."

Wyden is a member of two Senate panels that are heavily involved in healthcare, the Finance and Budget committees.

Americans spend more than $2 trillion a year on healthcare, more on a per-person basis than any other country. But the returns on that investment are uneven, with many insured patients getting less than optimal care and millions of workers unable to afford health coverage, which costs about $12,000 to $13,000 a year for a family plan.

Employers have traditionally provided coverage for workers and their families. Although most workers are still insured through their jobs, corporate leaders are increasingly questioning whether the system can be sustained in an era of global competition.

Wyden's plan would require employers to continue contributing toward the cost of health coverage, but it would get them out of the business of directly providing insurance and limit their exposure to double-digit annual inflation.

In the first two years of the plan, employers who now provide coverage would be required to directly pay workers what they were spending on insurance. Thereafter, most companies would pay the government a healthcare contribution that resembles a payroll tax.

Using the money from their employer, individuals would be required to purchase a private insurance policy through a purchasing pool in their state. Benefits would be keyed to the Blue Cross Blue Shield Standard Plan available to federal workers. Workers would not have to pay higher income taxes because of the employer contribution.

The uninsured would also have to buy coverage, but premiums for the poor would be fully subsidized by the government. Middle-class families with incomes up to $80,000 for a family of four would be eligible for help on a sliding scale.

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Premiums from individuals and contributions from employers would be collected by the government through the tax system and distributed to insurers. Once enrolled, individuals would be covered until retirement. Seniors in the Medicare program would not have to make any changes.

An economic analysis of the plan by the Lewin Group consulting firm found it could be paid for with a little less than what the nation now spends on healthcare. In theory, the plan would hold down healthcare inflation because individuals would have to pay more out of their own pockets for plans with lavish benefits.

Wyden's proposal — spelled out in a 166-page bill that he plans to introduce soon — is complex and such changes are not likely to be easily enacted. Most experts believe major healthcare reform will only be possible if a presidential candidate is elected with a mandate to tackle the problem. Nonetheless, Wyden won compliments for taking on a tough issue.

"We are very supportive of the goals Sen. Wyden has established," said Ron Pollack, executive director of Families USA, a liberal advocacy group that will play a key role on health policy in the Democratic-led Congress. But he called the plan "a first step" and "a work in progress."

At the Committee for Economic Development, an organization of CEOs from major companies, senior economist Joseph Minarik said Wyden's plan sounds like "a first or second cousin" to ideas the organization is considering in formulating its own proposal that will be announced next year.

"The story overall is that people are beginning to come to the conclusion that the employer-based health insurance system is very vulnerable," Minarik said.

Political Groups To Pay Campaign Fines (AP)

By Jim Kuhnhenn

AP, December 14, 2006

Swift Boat Veterans for Truth and MoveOn.org Voter Fund, two outside groups that played key roles in the 2004 presidential election, reached an agreement with the Federal Election Commission to pay nearly $450,000 for various violations.

The groups, along with the League of Conservation Voters, settled charges that they failed "to register and file disclosure reports as federal political committees and accepted contributions in violation of federal limits and source prohibitions," the FEC said in a statement Wednesday.

The commission approved the three settlements on a vote of 6-0.

The FEC's unanimous decision to approve the agreements goes to the heart of campaign tactics that reached full bloom in the 2004 campaign. At issue was the emergence of nonprofit political groups, called 527s based on the section of the Internal Revenue Service code that governs their activities, operating as independent campaigns attacking Democratic nominee Sen. John Kerry or President Bush.

The group listed as Swift Boat Veterans and POWs for Truth will pay $299,500. In the 2004 campaign, the group spent $20.4 million criticizing Kerry's military record in Vietnam. Much of the group's claims about Kerry's service were never substantiated.

MoveOn.org Voter Fund will pay $150,000. The liberal organization challenged President Bush on various issues in the campaign. The group spent $14.6 million on television ads attacking Bush's record.

The League of Conservation Voters will pay $180,000. The group ran ads against Bush and other federal candidates, criticizing their stands on environmental issues.

The civil penalties were the first of this magnitude since the Supreme Court upheld most of the campaign finance law passed by Congress in 2002 that barred political parties from raising unlimited amounts of money from corporations, unions and wealthy individuals.

The FEC concluded that the three 527 organizations violated campaign finance laws because they expressly stated their desire to influence the presidential election in their fundraising, their public statements or their advertisements. Such activity, the FEC said, could only be conducted by political committee registered with the FEC that abide by contribution limits and public disclosure requirements.

Commission Chairman Michael Toner said the penalties send a "strong message" and set "important touchstones for the future."

"This will have significant implications for the 2008 presidential race," he said. "527 organizations are on clear notice about what their legal obligations are."

But campaign finance watchdog groups said the FEC's actions were "too little, too late," in the words of Paul Ryan of the Campaign Legal Center.

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The center and other organizations like it have been calling on the FEC to adopt specific regulations governing 527 groups. The FEC in 2004 refused to enact such rules, arguing that it would deal with the groups on a case-by-case basis. Several other complaints involving 527 groups are pending before FEC.

MoveOn.org shut down its Voter Fund organization in 2004, and drove its campaign activity through its political action committee, which raised more than $27 million in the 2006 election cycle.

"We welcome the FEC clamping down on pop-up 527s, set up just to influence elections and funded only by big money, since that would almost certainly put Swift Boat Veterans and similar groups out of business," said Wes Boyd, a co-founder of MoveOn.org.

Lawyers for the Swift Boat Veterans told the FEC that they acted with "good-faith belief" that their communications were not affected by the campaign finance law. They argued that by not adopting specific rules in 2004, the FEC had left the law murky.

"It is far better to end this legal confrontation now rather than continue a costly battle against government bureaucrats in an area where the law is unconscionably vague," retired Rear Adm. Roy Hoffmann, founder of the Swift Boat Veterans, said in a statement.

Groups Penalized For Breaking Campaign Finance Laws In 2004 Election (USAT)

By Fredreka Schouten

USA Today, December 14, 2006

WASHINGTON — Three independent political groups paid six-figure settlements to resolve charges that they broke campaign-finance laws in the 2004 presidential election, the Federal Election Commission said Wednesday.

The action is the first clampdown on outside political groups, FEC Chairman Michael Toner said, and could diminish the role of such organizations.

Swift Boat Veterans and POWs for Truth paid $299,500 in penalties; the MoveOn.org Voter Fund paid $150,000; and the League of Conservation Voters 527 and 527 II paid $180,000.

The groups stepped over the line by either raising funds or by paying for activities that called for the election or defeat of the presidential contenders, Toner said.

These so-called 527 groups, named for the section of the tax code that governs their activity, emerged as players in the 2004 race between President Bush and Sen. John Kerry, D-Mass. The veterans group, for instance, ran ads attacking Kerry's Vietnam record.

"We would not see independent spending on the same scale in 2008 as we did in 2004" if the FEC action survives legal challenges, said Richard Hasen of Loyola Law School in Los Angeles.

Altogether, "527" groups spent $426 million in 2004 on federal elections, and nearly four times as much cash aided Democrats, according to the non-partisan Campaign Finance Institute.

Under federal law, the organizations are allowed to raise and spend nearly unlimited amounts of money as long as they do not advocate for candidates or coordinate activities with them.

The 527 groups' activity bloomed after new campaign-finance laws in 2002 that prohibited large, unregulated donations.

The groups say they acted in good faith. "The law is unconscionably vague," Swift Boat Veterans' founder Roy Hoffmann said.

Watchdog groups said rules or new laws are needed. The settlements are "too little, too late," said Democracy 21's Fred Wertheimer and Campaign Legal Center's Gerry Hebert.

FEC Fines 3 '527' Groups For Use Of Large Donations In '04 (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

The Washington Post, December 14, 2006

The Federal Election Commission yesterday slapped heavy fines on three independent fundraising groups it said had illegally injected tens of millions of dollars into the 2004 presidential campaign, concluding unanimously that the funds were drawn from large donors and corporations in violation of election laws.

The fines, which totaled $629,500, targeted two Democrat-leaning groups and one Republican-leaning group. They raised new questions about the viability of using such "527" organizations as an indirect conduit for big-money donations meant to promote or undermine federal candidates.

The use of 527 groups by big donors exploded in 2004, two years after a new campaign finance law shut off other venues. More than $950 million was funneled through the groups in the 2004 and 2006 elections, much of it from wealthy donors and corporations otherwise barred from having such a large financial impact.

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FEC Vice Chairman Robert D. Lenhard said in a statement that the fines -- levied against Swiftboat Veterans and POWs for Truth, MoveOn.org's Voter Fund, and a League of Conservation Voters fund -- demonstrated that the commission is prepared "to regulate election activity more aggressively than it has in the past."

But prominent election lawyers said the FEC's decision to fine the three groups was unlikely to slow such funding in the 2008 election. Although the fines imposed yesterday add new uncertainty for large donors, the underlying FEC rules remain so murky that the strength of the precedent is unclear, the lawyers said.

"There is no clear standard," said Jan Baran, a former general counsel of the Republican National Committee, whose law firm represents a 527 group still being investigated by the agency.

"The law is clearly not settled," agreed League of Conservation Voters President Gene Karpinski in a statement.

Other campaign finance lawyers said even the risk of fines may not deter the wealthiest donors, who would be dunned long after the donations had been spent and elections decided. They said the ruling may encourage large donors to use other sorts of tax-exempt advocacy groups notsubject to FEC regulation in the past.

The FEC is under pressure from a federal judge to prove that it is effectively regulating 527 groups -- named for the chapter in the IRS code governing them -- and the big-money donors they represent. The agency announced this summer that it would intervene against them on an ad hoc basis rather than prescribe clear new rules of conduct. But a federal court, acting in a lawsuit brought by two congressmen, told the FEC to show by the end of January that it is taking meaningful action.

These fines do not meet the test, said Fred Wertheimer, the head of Democracy 21, a nonprofit group that has complaints pending at the FEC over spending by eight 527 groups in the past two federal election cycles. "We feel it is too little, too late," Wertheimer said, noting that by not making the rules clearer before the 2004 election, the FEC left the door open to huge spending that his group contends was illegal.

He said the fines were not so large in comparison with the groups' total fundraising efforts, raising the possibility that they would see it simply as a "cost of doing business."

Officials at each of the groups denied acting in bad faith and initially contended they were not under the FEC's jurisdiction. That would have meant they were exempt from federal campaign laws limiting donations from a single individual to $5,000 annually, and from a ban on corporate political donations.

The FEC disagreed, citing public statements and fundraising solicitations that openly described the groups' desire to defeat or oppose one of the presidential nominees. It also said the groups spent their money on ads that expressly advocated an election outcome.

The case against the Swiftboat group -- which financed attention-getting ads accusing Democratic presidential nominee John F. Kerry of lying about his Vietnam War record, without substantiating its claims -- involved what the FEC termed the group's illegal collection of more than $12.5 million in personal contributions above the $5,000 annual limit, and $715,050 in prohibited corporate contributions.

The group raised a total of $25 million for the 2004 campaign, and the FEC fine of $299,500 amounted to 1 percent of its revenue.

Retired Rear Adm. Roy Hoffmann, the group's founder, said, "It is far better to end this legal confrontation now rather than continue a costly battle against government bureaucrats in an area where the law is unconscionably vague." He said the group has ceased political activity for now but may register with the FEC in the future to "re-engage in voter education."

The MoveOn.org Voter Fund raised $21 million to spend against President Bush in 2004, including more than $2.5 million from investor George Soros. It was fined $150,000. MoveOn official Wes Boyd welcomed the decision, saying that "if this means that the FEC is really pushing big money out of elections, it's good for democracy." The group said it halted its collection of funds from large donors after the 2004 election.

Sen. Russell Feingold (D-Wis.), a co-sponsor of the 2002 campaign reform law, said the FEC fine levied against the Swiftboat group "means little" because it was so late. He added that if the FEC does not write new regulations, "then Congress or the courts will have to force the FEC to act."

Mutual-Fund Group Balances Its Political Books (WP)

By Judy Sarasohn

The Washington Post, December 14, 2006

What a difference a midterm election makes -- or so it seems at some firms and trade groups scurrying to bolster their bipartisan credentials. But the folks at the Investment Company Institute, the trade association for the mutual fund industry, say their recent Democratic hire just maintains the status quo.

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ICI snagged James R. Hart, a 30-year veteran of the Hill and most recently chief of staff to Rep. Carolyn McCarthy (D-N.Y.). He's the group's new political affairs officer and will also be involved in lobbying. He succeeds Democrat Vivian Lausevic, who moved over to the American Gas Association.

The hiring of Hart raised some eyebrows, because the ICI in 2003 was subject to some mighty political pressure from Rep. Michael G. Oxley (R-Ohio), chairman of the House Financial Services Committee, to replace Democrat Julie Domenick, then executive vice president, with a Republican.

ICI never ousted Domenick, though it did hire Daniel F. C. Crowley, earlier general counsel to House speaker Newt Gingrich (R-Ga.), as chief government affairs officer. Domenick eventually left to join a Republican-led firm, but the ICI has been a client of hers since 2004 and remains so, now that she recently opened her own shop, Multiple Strategies.

Crowley said in an interview yesterday that the government affairs office is bipartisan: three Republicans and three Democrats. He said ICI had started talking to Hart before the election.

"My role is not to support the majority," Crowley said, "but to be able to put together a majority of support for our issues -- and bipartisanship is a requirement."Limits to Divine Intervention

Law firms and lobby shops like to sign up big names from the administration and Capitol Hill. The higher up, the more access and influence one at least appears to have. There is a problem: Such higher-ups are barred by ethics rules from lobbying or contacting former colleagues for a year.

Robert C. Divine has left his job as U.S. Citizenship and Immigration Services chief counsel-- he also served as acting director and acting deputy director -- and rejoined Baker, Donelson, Bearman, Caldwell & Berkowitz law firm, but he foresees no problem with the ban. Divine said the one-year "cooling off period" doesn't apply to him because he voluntarily avoided the salary levels that triggers it. He is still covered by restrictions on matters he was directly involved in and confidential information.

"I am truly grateful for the unexpected opportunity to serve among the impressive men and women in USCIS and related agencies. But immigration law is what I did for 18 years before I entered government," he said in a statement. "I could not afford to leave government and then be unable to work for a year."

Divine, who is leading the firm's immigration group, said in an interview that his decision cost him $5,000 to $10,000 a year. The trigger amount for an administration official, he said, was $142,898, as of January 2006.

Forgoing the money and avoiding the trigger "really allows people like me who are technical experts to work for the government," he said.Steptoe Children

The merger of law firms Collier Shannon Scott and Kelley Drye & Warren earlier this year sent a group of lawyers and lobbyists from Collier Shannon looking for a new home because of a client conflict.

The Scott Group represents retailers concerned about the fees they have to pay banks on credit card transactions. Kelley Drye represents J.P. Morgan. (The merged firm in Washington is Kelley Drye Collier Shannon.)

The Scott Group, which includes former representative Thomas J. Bliley Jr. (R-Va.), just landed at Steptoe & Johnson, a D.C. law firm that has a respectable regulatory practice but isn't known for a big legislative practice -- a point in its favor, said Douglas S. Kantor, a Scott Group member and a Department of Housing and Urban Development official in the Clinton administration.

But Steptoe folks "know and understand Washington and how the legislative function fits in," Kantor said.

Steptoe Chairman Roger Warin said members of the group are strong professionally and known for "substance and strategy, rather than just influence peddling."

Other members of the Scott Group include: Scott A. Sinder, former member of the executive committee of Collier Shannon; James D. Barnette, former general counsel of the House Energy and Commerce Committee; Leslie Belcher, former chief of staff to Rep. Tom Cole (R-Okla.); Suzie Brewster, a lobbyist for more than two decades whose husband is former representative Bill Brewster (D-Okla.); R. Timothy Columbus, chairman of the government relations practice at Collier Shannon; and John P. Fielding, former senior counsel at the National Association of Insurance Commissioners.Here and There

Also moving about town . . . Health-care specialist Stephen J. Northrup has joined Arent Fox in the law firm's government relations group. He most recently was health policy director for the Senate Committee on Health, Education, Labor and Pensions.

Democratic strategist and lobbyist Steve Elmendorf has set out on his own, forming Elmendorf Strategies, after a stint at law firm Bryan Cave. Like the Scott Group, Elmendorf ran into client-conflict issues. He would have been prevented from representing a coalition of companies with patent issues because of a conflict with a Bryan Cave client. Joining him from Bryan Cave: Kristi Kennedy and Jessica McEwen.

Gail MacKinnon, senior vice president for government relations at the National Cable and Telecommunications Association, is leaving for Time Warner Inc., where she will be senior vice president for global public policy. Succeeding her will

be Steve Vest, a vice president there, who earlier worked for Bracewell & Giuliani and then-House member Bill Richardson (D-N.M.).

OTHER NEWS:

U.S. Aims To Move Beyond Rhetoric (WT)

By David R. Sands

The Washington Times, December 14, 2006

Top U.S. negotiator Christopher Hill said yesterday that he will push for "measurable, concrete progress" to end North Korea's nuclear weapons programs when regional talks resume this weekend in Beijing after a break of more than a year.

Just over two months after Pyongyang stunned the world by conducting its first nuclear test, Mr. Hill said in a State Department briefing that China has offered the United States "unprecedented cooperation" in recent weeks in pressing the North to return to the stalled "six-party talks."

Both China and the United States have talked directly with North Korean diplomats about reviving the talks, and both Beijing and Washington reject the idea that North Korea's Oct. 9 nuclear test has given the isolated communist nation permanent status as a "nuclear power."

"The Chinese have also been in direct contact with the North Koreans on several occasions, and they also have reason to believe that we will see some specific ideas for moving ahead," said Mr. Hill, undersecretary of state of East Asian affairs.

Negotiators for the six countries -- the United States, China, North and South Korea, Japan and Russia -- are set to meet Sunday night in Beijing for the first time since Pyongyang's nuclear test. Mr. Hill said he anticipated this round of talks would last at least a week and he hoped to be home by Christmas.

But Secretary of State Condoleezza Rice told reporters Tuesday that a deadline on the talks was not firm and that the goal remains the same: complete denuclearization of the Korean Peninsula.

In a concession to Pyongyang, parallel U.S.-North Korea talks on U.S. financial sanctions against the North will begin at virtually the same time Sunday in Beijing. Pyongyang has harshly criticized the sanctions, which led to the freezing of millions of dollars in North Korean state accounts in a Chinese bank, and cited the sanctions as a reason to boycott the talks.

The financial talks will be kept separate from the six-party discussions, and a Treasury Department official will be the lead negotiator, Mr. Hill said.

He said his focus in Beijing will be to move beyond talking and to start implementing a joint accord reached in September 2005. That agreement committed the regime of North Korean leader Kim Jong-il to give up its military nuclear programs in exchange for economic aid and security guarantees.

Mr. Hill acknowledged that the North's nuclear test, which resulted in new U.N. sanctions against Pyongyang, had "done damage" to the six-party process, but said the United States and its allies were still insistent that the North honor the September 2005 statement in full.

"We need a sign that we have moved off the pages of the September agreement and on to the ground of the Korean Peninsula," he said.

Song Min-soon, South Korea's new foreign minister, also pressed the North to go beyond talking in the new round.

"I hope that the North will heed the importance of this opportunity and act in a way that will lead to visible steps," Mr. Song told reporters in Seoul.

Mr. Hill said he planned to stop in Japan and perhaps South Korea on his way to Beijing for the weekend talks.

Envoy Says U.S. Expects "concrete Progress" At Revived Nuclear Talks (AP)

AP, December 14, 2006

WASHINGTON: The top U.S. envoy to next week's North Korean nuclear weapons negotiations said Wednesday that the United States wants "concrete progress" when diplomats from six nations convene in Beijing.

Assistant Secretary of State Christopher Hill said "the purpose of the six-party talks is not to talk." The goal, he said, is to implement a September 2005 agreement in which the North pledged to scrap its pursuit of nuclear technology in exchange for energy and aid.

"We are indeed looking for measurable progress" in the talks, Hill told reporters. "We need concrete progress."

He said it had not been determined how long the round will last, but that talks would begin Sunday night and he would spend next week in Beijing. Hill said he would be meeting over the weekend with his negotiating counterparts, including the North Korean delegate. The other countries involved are South Korea, Japan, Russia and China.

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Hill said cooperation with the Chinese in preparation for the meeting has been "unprecedented."

North Korea Appears Serious About Denuclearization Talks: US (AFP)

By David Millikin

AFP, December 14, 2006

North Korea has indicated it is ready to "deal in specifics" about giving up its newly proven nuclear arsenal when it returns to six-party disarmament negotiations next week in Beijing, the top US negotiator said.

But Assistant Secretary of State Christopher Hill predicted "very tough negotiations" when the talks resume at the weekend after a 13-month break and said there were no guarantees the process would achieve its goal of convincing North Korea to dismantle its nuclear weapons program.

"At this point I can't tell you if that strategic choice has been made or not," said Hill, who has held two rounds of preliminary talks with the North Koreans since they agreed to return to the negotiating table after carrying out their first test of a nuclear bomb on October 9.

Hill told reporters that during one round of meetings on November 27 and 28 in Beijing, "there were indications that the DPRK, the North Koreans, would be prepared to deal in specifics at the coming round."

"The Chinese have also been in direct contact with the North Koreans on several occasions, and they also have reason to believe that we will see some specific ideas for moving ahead," he said.

Hill declined to provide any details of what specific steps the US and its allies would demand of North Korea or what incentives they would offer during the negotiations.

But he stressed that Washington would not allow the talks to drag on while North Korea pursues its nuclear program.

"It's our very strong view that in this first round, which starts over the weekend, we want to show some significant progress."

The six-party talks -- involving China, Japan, North Korea, South Korea, Russia and the United States -- started in 2003 to stop Pyongyang from acquiring nuclear weapons.

North Korea signed on to a vaguely worded joint statement in September 2005, pledging to give up its nuclear ambitions in return for security guarantees, energy assistance and improved relations with the West.

But North Korea pulled out two months later, apparently to protest US sanctions imposed on a Macau-based bank, Banco Delta Asia, for allegedly laundering money and circulating counterfeit US 100 dollar bills on behalf of the cash-strapped communist Pyongyang regime.

It then conducted its first nuclear test, triggering global condemnation -- including from closest ally China -- and unprecedented sanctions agreed by the United Nations.

Hill said China's pressure was a critical element in North Korea's decision to resume negotiations and that Washington's and Beijing's goals in the talks "are pretty close to identical -- complete denuclearization" of the Korean peninsula.

"We need concrete progress. We need a sign that we have moved off of the pages of the September agreement and on to the ground of the Korean peninsula," he said.

The US diplomat said it was not clear if North Korea's notoriously unpredictable leadership agreed to resume talks due of the bite of UN sanctions or "because they have exploded a nuclear device and they feel very strong as a result of that".

But Hill said he had made clear to the North Koreans already that "we do not consider them a nuclear power and we will not consider them a nuclear power."

The UN sanctions, which include a trade embargo on nuclear and weapons-related material and luxury goods, will remain in place during the negotiations, he said.

But in a concession to Pyongyang, the US has agreed to hold simultaneous discussions in Beijing on the Banco Delta Asia sanctions, he said.

A US Treasury official will lead those talks for Washington.

Hill said he would travel Friday to Tokyo for preparatory talks with the Japanese and could also visit Seoul before heading to Beijing, where informal talks will continue among all parties through the weekend prior to the formal start of negotiations on Monday.

"I'm not here to predict success or to express optimism, but I'll have a much better picture of that probably a week from now," he said.

Britain, Russia Report Progress In Bid To Agree UN Sanctions On Iran (AFP)

By Gerard Aziakou

AFP, December 14, 2006

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Six major powers edged closer to agreeing UN sanctions against Iran over its refusal to halt sensitive nuclear fuel work, raising hopes that the Security Council could vote on a compromise package soon.

After a new round of informal talks on a sanctions draft resolution early Wednesday by envoys from the Security Council's five veto-wielding members -- Britain, China, France, Russia and the United States -- plus Germany, several participants emerged reasonably upbeat.

"We had a good meeting this morning. we made substantial progress," British Ambassador Emyr Jones Parry told reporters.

He expressed hope that a compromise text would be agreed on this week and that the full 15-member council "will vote as soon as possible after that."

Western diplomats say they expect passage of the resolution by Christmas.

France's UN envoy Jean-Marc de La Sabliere also spoke of "progress" following amendments presented by Russia and the United States to a revised European draft drawn up by France, Britain and Germany.

"Important matters of principle have basically been agreed," Russian Ambassador Vitaly Churkin said.

While there were still differences on some issues, including a proposed travel ban on officials directly involved in Iran's nuclear and ballistic missile programs, the six powers now "have a basic understanding that we should be focusing on uranium enrichment, chemical reprocessing, heavy water projects and nuclear delivery systems," he added.

The European draft would mandate a ban on trade with Iran on goods related to its nuclear and ballistic missile programs and impose financial and travel restrictions on persons and entities involved.

Jones Parry said nuclear experts of the council would go over the text Thursday morning while envoys of the six major powers would take it up again later that day.

In the meantime, the amendments and the comments made during Wednesday's session would be forwarded to the envoys' respective capitals, he added.

Churkin for his part described the text as "very positive," "even tough there are certain restrictions on activities which we are concerned about."

In Washington, the State Department described amendments put forward by US deputy UN representative Alejandro Wolff as "tweaks."

Churkin hailed on Monday the European changes to the draft but objected to the proposed travel ban on officials linked to Tehran's nuclear and missile programs.

The text contains in its annex a list of 12 officials targeted for a travel ban, including some associated with the Natanz nuclear fuel processing facility and with the heavy-water reactor Iran is building in Arak, as well as Iran's Revolutionary Guards chief General Yahya Rahim Safavi.

It dropped, however, all references in the draft to Iran's first nuclear power station, a one-billion-dollar facility that Russia is helping to build in Bushehr.

Meanwhile Iran's Supreme leader Ayatollah Ali Khamenei vowed Wednesday that the Islamic Republic would make further progress in its nuclear program despite the objections of world powers, state television reported.

Tehran has consistently rejected UN demands that it halt uranium enrichment, a process which can provide fuel for nuclear reactors but also, in highly refined form, material for the core of a nuclear bomb.

In The Hague, former UN chief weapons inspector Hans Blix said Wednesday that giving security guarantees to Iran could help persuade Tehran to scale down its nuclear ambitions and freeze uranium enrichment.

"To avoid Iran going for enrichment, one must go into the concerns they have ... they might be concerned by an attack of the US," Blix told journalists.

Blix is now chairman of the Weapons of Mass Destruction Commission (WMDC), an independent body that works to limit the dangers posed by WMD.

The West claims Iran is running a secret nuclear military program parallel to its civilian one, an allegation strongly denied by Tehran which says its nuclear ambitions are entirely peaceful and aimed at producing electricity.

Iran Nukes Prompt Concerns Within Mideast (CSM)

By Howard Lafranchi

Christian Science Monitor, December 14, 2006

WASHINGTON

Iran's President Mahmoud Ahmadinejad boasts that world powers are getting weak knees about stopping his country's nuclear program.

Is the fiery leader right?

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The United Nations Security Council is considering a watered-down resolution of sanctions aimed at punishing Iran for pursuing its uranium- enrichment program - a process that could lead to development of a nuclear weapon. But with the United States seemingly occupied with Iraq, and with Russia and China still balking at any action that would suggest "humiliation" of a valued trade partner, doubts are rising over how much the Europe-sponsored resolution will be worth.

"Nothing has changed for the better with respect to this resolution and what it says about determination to stop a very dangerous scenario before it gets out of control," says Gal Luft, codirector of the Institute for the Analysis of Global Security in Washington. "The Iranians are moving ahead. The world is acting in ways that reduce the chance of having a real impact on that - and countries in the region are taking note of both."

Indeed, as prospects wane for tough international action against Iran, some countries in the region are expressing alarm at the pace of Tehran's progress toward mastery of the nuclear cycle. And they seem to be saying, "If the international community is not going to do something about it, we will." Such an attitude is raising fears of a Middle East arms race.

Noting that Saudi Arabia and other Gulf countries announced over the weekend their interest in developing a cooperative nuclear-energy program, former Middle East negotiator Dennis Ross said, "Who is that message for? Let me tell you, it's not for Iran. It was for us."

Ambassador Ross, now at the Washington Institute for Near East Policy, also said at an event Tuesday that the Saudis are telling the US, "Stop them - or that [nuclear power] is the way we go, too."

The regional warnings on Iran come amid reports that the Saudis have also warned the US that they might be compelled to enter on the side of the Sunnis in any Iraq that the US had abandoned to civil war.

The countries that make up the Gulf Cooperation Council are Sunni powers expressing concerns over the rise of Shiite Iran, Mr. Luft says, which adds one more worrisome ripple to the signs of growing Sunni-Shiite tensions in Iraq and Lebanon. "They are saying that if there is to be a Shiite bomb, then they will need a Sunni bomb to counterbalance it," he says. "They don't want that, but if their neighbor Iran goes nuclear in this climate of deepening Shiite-Sunni divisions, they don't see how they could sit aside and not match it."

The Security Council draft resolution circulated this week by France, Britain, and Germany forgoes the proposed blanket sanctions against Iran that drew a Russian rebuff. Instead, it outlines sanctions focused on the country's uranium-enrichment process - targeting Iran's atomic-energy agency, facilities involved in the uranium-enrichment program, and individuals and companies associated with the program.

The resolution removes any reference to Iran's first nuclear power plant at Bushehr, while focusing on a pilot enrichment facility at Natanz. That change satisfies one Russian demand, but Russian officials have held out for additional changes.

If the resolution is passed by the Security Council before the end of the year, as some diplomats expect, it would be nine months after the international community first demanded that Iran cease its uranium enrichment or face tough trade and financial sanctions. By early next year, it will have been two years since the Bush administration deferred to European diplomacy to try to halt a program that Mr. Ahmadinejad says is purely peaceful but that European officials have concluded is designed to deliver nuclear weapons.

Some analysts say the US is so preoccupied with Iraq - and tied up in debate over whether it should engage Iran in diplomatic efforts to stabilize Iraq - that it has weakened its determination to stop a nuclear-armed Iran from emerging. They note that the resignation of John Bolton, US ambassador to the UN, who is a fierce opponent of nuclear proliferation to dangerous "rogue states," has lowered the US profile in the struggle with Iran at a crucial moment.

Others note that while the US goes along with diplomatic efforts to curtail Iran's nuclear progress, President Bush continues to insist that "no options are off the table" in terms of guaranteeing that Iran never develops the bomb. They speculate that if Iran continues its nuclear march, the US could take military action to at least seriously damage its program before the end of Mr. Bush's term, claiming it had favored diplomatic action until the risk dictated another course.

In the meantime, Iran claims it has neared mastery of the nuclear cycle, from mining of uranium ore to its enrichment into fuel for nuclear facilities. Last weekend, Ahmadinejad announced his country had "begun" the installation of 3,000 centrifuges - which, if true, could be a major step toward large-scale uranium enrichment. He used the announcement to needle his international opponents, crowing that "resistance of the Iranian nation" has spurred the nuclear progress, even while forcing the world "to retreat tens of steps over Iran's nuclear issue," according to Iran's Fars news agency.

Nuclear experts say it is hard to say how much of this is "bluster" or to what degree it reflects real progress in the Iranian program. "A lot depends on what a phrase like 'beginning to install' really means," says David Kay, a security specialist at the Potomac Institute in Arlington, Va. "I don't think anyone would say they are 'mastering the fuel cycle,' which was another of [Ahmadinejad's] claims."

Mr. Kay notes, for example, that what is known about Iran's initial centrifuge "cascade," as the high-speed facility allowing uranium enrichment is called, suggests "they are still at a very, very preliminary stage" in their capabilities. "From what we hear

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the facility is down as much as it is up," he says. All this suggests Iran is still at least four years away from the ability to build a bomb, he says.

Yet as rudimentary as the program may still be, Luft says Iran is taking important but little-noticed steps to weather even weakened international sanctions. In a new report, his institute says Iran is acting to address its "Achilles' heel" - its lack of gasoline-refining capacity - by expediting construction of two new refineries, signing gasoline import contracts with "friendly countries" like Venezuela, and undertaking a crash conversion program to convert 1.2 million vehicles a year from gasoline to natural gas. Iran has the world's second-largest natural-gas reserve.

"They are taking all kinds of innovative measures, and showing by the high priority they are giving these measures that they do not intend to change course and capitulate on their nuclear program," Luft says. "It's become a matter of national pride."

In a similar way, he says that the Gulf countries are not talking about a nuclear program for energy reasons - but with national security in mind. "If you sit on top of the world's biggest pile of oil and gas, the last thing you need is nuclear energy," he says. "They would be doing this for security interests, not for energy."

Move To Charge Ahmadi-Nejad Over Israel Remarks (FT)

By Mark Turner

Financial Times, December 14, 2006

In one of his first acts since leaving his post as US ambassador to the United Nations, John Bolton will on Thursday call for legal proceedings against Iran's President Mahmoud Ahmadi-Nejad for incitement to genocide.

Mr Bolton will join Dore Gold, a former Israeli ambassador to the UN, Irwin Cotler, a former Canadian attorney-general, and Nobel peace prize winner Elie Wiesel in claims that a series of public statements against Israel constitute a crime under the Genocide Convention.

The call comes amid growing pressure on the US to start talks with Iran about Iraq, but also amid international criticism of a conference in Tehran questioning the Holocaust. A 68-page study produced by the Jerusalem Center for Public Affairs, and the International Association of Jewish Lawyers and Jurists, argues that Mr Ahmadi-Nejad's declaration that "Israel should be wiped off the map" is part of a hate campaign punishable under international law.

A series of remarks by Mr Ahmadi-Nejad, including one in which he reportedly questioned whether Zionists were human beings, "constitute direct and public incitement to genocide", the study alleges. While reminiscent of incitement before the Rwanda genocide, "the critical difference is that while the Hutus in Rwanda were equipped with machetes, Iran, should the international community do nothing to prevent it, will soon acquire nuclear weapons," it says.

Mr Gold told the FT that while "most people think of [legal proceedings against] genocide in terms of setting up tribunals after the crime has been committed", the challenge was to stop genocide before it begins.

"The question is, what specifically can be done? Let the Security Council meet and discuss the issue," he said.

The Iranian mission to the UN dismissed the call as "a propaganda move, and an act without any substance. The international court of justice should give every priority to the real genocide of Palestinian people by Israeli leaders". Earlier this year, visiting the UN, Mr Ahmadi-Nejad said his fight was not with Jews but with Zionists.

Juan Mendez, the UN's special adviser on the prevention of genocide, said he did not plan to take any official action over the remarks because his job was to help vulnerable populations that could not defend themselves.

"But that doesn't mean I don't consider them serious and grave," he said. "Expressions of hate speech, especially in the context of an ability to act on them, are certainly one of the warning signs we look for."

Deep Roots Of Denial For Iran's True Believer (NYT)

By Michael Slackman

The New York Times, December 14, 2006

CAIRO, Dec. 13 — Iran's so-called Holocaust conference this week was billed as a chance to force the West to reconsider the historical record and, thereby, the legitimacy of Israel. But why would the Iranians invite speakers with so little credibility in the West, including a former Ku Klux Klan grand wizard and disgraced European scholars?

That question misses the point. Iran's president, Mahmoud Ahmadinejad, portrays participants like David Duke, the former Louisiana Klan leader, and Robert Faurisson of France, who has devoted his life to trying to prove that the Nazi gas chambers were a myth, as silenced truth-tellers whose stories expose Western leaders as the hypocrites he considers them to be.

Just as Soviet leaders used to invite Americans who suffered racial or political discrimination to Moscow to embarrass Washington, Mr. Ahmadinejad seems to enjoy pointing out that countries like Germany, France and Austria claim to champion free debate yet have made Holocaust denial illegal.

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He has also repeatedly tried to draw a moral equivalency between questioning the Holocaust and the decision in Europe last year to publish cartoons lampooning the Prophet Muhammad. It wins him favor at home and across the Arab world for standing up to the West and allows him to present himself as morally superior to the West.

But there is another important point. Mr. Ahmadinejad actually seems to believe that the volumes of documentation, testimony and living memory of the Nazi genocide are at best exaggerated and part of a Zionist conspiracy to falsify history so as to create the case for Israel. As a former member of the Revolutionary Guards, he was indoctrinated with such thinking, a political analyst in Tehran said, and as a radical student leader, he championed such a view.

Now he has a platform to promote the theories — and to try to position himself regionally as the reasonable man who is asking hard questions.

The two-day meeting included no attempt to come to terms with the nature of the well-documented Nazi slaughter, offering only a platform to those pursuing the fantasy that it never happened. In addition, the organizers of the conference, a small circle around the president, have been building ties with neo-Nazi groups in Europe.

"He is connected to people in Iran who trust his way of doing things and who seriously believe the Holocaust did not take place," said Martin Ebbing, a German journalist in Tehran who has closely followed the president. "They seriously believe it."

Evidence of that came in a revealing interview last May with the German magazine Der Spiegel. The interviewer mostly wanted to discuss Iran's nuclear ambitions and the government's refusal to give up uranium enrichment, but the discussion kept returning to the Holocaust. At one point, the exasperated interviewer actually lectured the Iranian president on Germany's culpability.

"In our view, there is no doubt that the Germans — unfortunately — bear the guilt for the murder of six million," the interviewer said to Mr. Ahmadinejad.

The president gave little ground, saying Germans should rid themselves of such guilt. "I will only accept something as truth if I am actually convinced of it," he said.

Across the Middle East, contempt for Jews and Zionism is widespread and utterly mainstream. Many say the Holocaust has been wildly exaggerated and used to justify the creation of the Jewish state in 1948 at the expense of Palestinians, a move viewed as yet another example of Western imperialism.

Anti-Western rage fueled the 1979 Iranian revolution, and Mr. Ahmadinejad has tried to rekindle its energy by spreading Iran's influence beyond its borders. Battling Washington, chiding Arab leaders and claiming to promote the Palestinian cause have made him extremely popular on the streets from Cairo to Morocco.

Such actions have also helped turn attention away from his inability so far to deliver on promises of economic populism, including a redistribution of wealth and greater social justice for the bulk of the country that is struggling to make ends meet.

The president's ideas do not resonate in all corners of Iran, though, and some political scientists there say they have embarrassed officials who, even if they agree, do not want to see a focus on Holocaust denial further isolate Iran from Europe.

"I raise two questions about this conference," said Ahmad Shirzad, a reformist politician and former legislator. "First, how much does this solve the problems our people are faced with? And secondly, which one of our goals were realized? It looks like he wants to make news and do provocative things."

Others see an even more ambitious post-Iraq agenda reflected in Mr. Ahmadinejad's high profile on the issues of Jews, the Holocaust and Israel.

"It is for public consumption in Arab countries," said Mustafa El-Labbad, editor of Sharqnameh, a magazine specializing in Iranian affairs and published in Cairo. "It is specifically directed toward deepening the gap between the people and their regimes and toward embarrassing the rulers so that the regional power vacuum, especially after Iraq, can be filled by Iran."

Iran's President Faces Test Of His Support In Elections (NYT)

By Nazila Fathi

The New York Times, December 14, 2006

TEHRAN, Dec. 13 — Iranians will go to the polls on Friday in elections that are expected to be a test of whether President Mahmoud Ahmadinejad still has the popular support that led to his victory 18 months ago.

The elections are for city councils around the country and for the 86-member Assembly of Experts. The Assembly has the power to replace the country's supreme leader, but since it selected Ayatollah Ali Khamenei for that position in 1989, it has been relatively inactive and meets only twice a year behind closed doors.

The city councils, on the other hand, exercise substantial political leverage, especially in the capital, Tehran. The councils appoint the mayors, who run the local governments and control the budgets.

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The watchdog Guardian Council, which reviews applications to run for office, rejected 240 nominees out of 490 who initially registered to run for the Assembly of Experts. Others dropped out, and so only 140 candidates remain for the 86 seats, which are elected by district. Some districts are left only with one candidate running for the seat.

The council rejected many candidates who had a lenient stance toward reformers but also some who are affiliated with Ayatollah Mohammad Taqi Mesbah-Yazdi, a cleric who has often spoken against democracy.

Mr. Mesbah-Yazdi and a group of his supporters were running against Ali Akbar Hashemi Rafsanjani, a former president and pragmatic politician, in the hope of dominating the assembly, which is considered less likely now.

In the Tehran city elections, a slate affiliated with Mr. Ahmadinejad whose name roughly translates as the Good Scent of Service (even Iranians are puzzled by the title) is running against other radicals who have been sidelined by Mr. Ahamdiejad and against reformist politicians who are trying to make a comeback after three major defeats in the past three years.

Members of the slate allied with the president had called on their supporters to vote for those close to Mr. Mesbah-Yazdi, the radical cleric, in the Assembly of Expert elections. The group is led by a young former leader of the Basij Militia force, Mehrdad Bazrpash, and the sister of the president is a member.

Analysts say the group has a chance of winning if the turnout is low. The turnout in the last city elections in Tehran, in 2003, was only 12 percent after voters who had brought the reformists to power stayed home when they concluded that the reformists had failed in their efforts to create a more open society. That led to victory for the radicals. They appointed Mr. Ahmadinejad, then an unknown figure in Iran's politics, as mayor and then nominated him for president.

Mr. Ahmadinejad has cracked down on civil liberties since his election, and his fiery speeches and uncompromising foreign policy on such issues as the country's nuclear program is causing the country to face possible sanctions. He also has failed to deliver on his promise of improving people's economic status, experts say.

Reformists are appealing to their supporters to vote in an effort to slow down his radical policies.

"This election can be a way for us to find our place in the government again and to try to moderate the situation," said Ali Nozarpour, one of the reformist candidates for the Assembly. "We are telling people that if they don't vote, they will let a minority to decide for them."

Enthusiasm over the election appears to be increasing as the reformists have intensified their campaign at universities and around the city. On Wednesday, 20 local candidates spent time talking to people on the streets of Tehran to persuade them to vote.

"A lot of students are saying that they will vote for the reformers," said Sajad Ghoroghi, a graduate student at Amir Kabir University who has decided to vote despite his disillusionment with the reformists.

"Voting does not mean that we approve of what the reformers did during the eight years they were in power," he said. "We want to vote to stop the current situation."

The other major group running against the president's allies in Tehran is a radical group that supports the current mayor, Mohammad Baqer Qalibaf, who also ran against Mr. Ahmadinejad in the presidential election last year..

The radicals initially said they would join to create one slate against the reformists. But Mohammad Tavakoli, a radical member of Parliament, said in a letter that was posted on a Web site that the young supporters of Mr. Ahmadinejad refused to join a coalition with the more veteran radical politicians, the Iranian daily Aftab-e-Yazd reported.

"They say that they will definitely win and do not need to have a coalition with other groups," Mr. Tavakoli wrote, warning that such an attitude would damage Parliament's relations with the government of Mr. Ahmadinejad, where the more veteran group holds a substantial number of seats.

Another radical, Emad Afrough, expressed concern that the election could be rigged, the newspaper Etemad reported. This is the first time that the committee that supervises the election is controlled by the group in power.

"Rigging does not take place only when the votes are being counted," he was quoted as saying. "It can happened secretly in different ways."

Iran Province Looks To Everyday Issues In Polls (AFP)

By Aresu Eqbali

AFP, December 14, 2006

Conservative-reformist power struggles or foreign policy are far from the minds of the voters of Takestan, a dusty Iranian town whose inhabitants are more concerned with unemployment and the cost of living.

The streets of the town, whose name means "vineyard" and where grape-farming is the main industry, are underdeveloped and many people go about their business with little faith in political promises.

"Construction of houses, improvement of traffic infrastructure, green spaces, medical and educational centers" was how the town's governor, Ali Sadeghi Niaraki, outlined the town's priorities.

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With youth unemployment rates still high, joblessness and wages are among the main concerns of people ahead of municipal elections on Friday -- if they believe their votes can make a difference.

"Takestan now is developing metal projects ... farmers today do not have only one job," the 48-year-old governor said.

"The number of candidates for this round of municipality elections is 52, with a 20 percent growth in the number of registered contenders," Niaraki proudly added.

The central street has been plastered by posters and banners of candidates from different groups including ultra-conservatives supporting the President Mahmoud Ahmadinejad as well as the reformists.

The oddly similar surnames of candidates -- there are lots of Rahmanis and Rahman-Dousts on the posters -- makes it look like a tribal battle rather than political elections.

"I am the mother of three young men at a rented home. They need jobs, they want to raise a family, but we simply cannot afford it," said Moloud Mardi, 49.

"So, what is the difference who wins the city council when we see they will not do anything about the problems?" asked Moloud Mardi, 49.

"Now that they need us to vote they promise many things, but we have not seen any action from them yet," she said, vowing not to go near the polling stations.

A group of street-sellers on unbuilt land in downtown begged to differ.

"The councils take care of people's problems, they can build schools and streets. It does not matter whom we vote for in which elections. It is important to vote to make the country proud," said Khosh Ghadam Eskandari, 34, mother of two teenagers and a young boy.

She was faced by quick objections from a neighbouring vendor who deals in second-hand teddy bears and dolls.

"I am not happy with my income. Their promises are just words. We only vote because we need to have the (electoral) stamp on our papers in order not to get into trouble," complained Abu Bakr Rasti, 31.

A Peugeot 405 limousine parked in the main street, plastered with the pictures of the sole female candidate for the town's council, was one of the main attractions of the afternoon.

Maryam Taherkhani, 25, has become a municipality candidate because she believed "at least one woman should be sitting in the council among the other male members to take care of order and cleanliness".

"Building green spaces and movie theaters are the things that we need," she said.

Despite her bizarrely luxurious campaign limousine, she considered her town as "deprived, with jobless youths" -- one of Iran's most persistent economic problems.

"I do not know about elections that much. We may vote however, even though they do not do anything for the town," said a 28-year-old farmer, Karam Ardebili while spreading oil seed around his inherited land.

"Reformists" and "conservatives" sounded to him very important things that he said he had nothing to do with.

"I am happy with my income but I would ask for loans to rent fields," the married man with one child said, adding that he honestly only cared about his agricultural job and nothing more.

Hezbollah Out To Develop New `cold War,' Some Say (MCT)

By Tom Lasseter

McClatchy Newspapers, December 14, 2006

BEIRUT, Lebanon - For most Americans, the standoff between the militant Shiite Muslim group Hezbollah and Lebanon's government may look like inside politics in a country that's barely big enough to contain its name on most world maps.

But Hezbollah's two-week-old siege of Prime Minister Fuad Saniora's administration is, in many ways, a test of U.S. power and credibility in the Middle East at a time when the Bush administration is struggling to regain the offensive in Iraq and Afghanistan.

Analysts, Lebanese leaders and Western diplomats agree that the crisis is an outgrowth of a developing showdown between the United States, which backs Saniora, and Syria and Iran, which support Hezbollah.

"Because Lebanon doesn't count in anybody's equation, it is the perfect place to use it as a cold war arena; there is a cold war in the Middle East now," said Timur Goksel, who was a longtime senior adviser to the United Nations Interim Force in Lebanon until 2003. "I think Hezbollah is being drawn into this cold war ... they are taking sides."

That cold war can be seen across the region. In Iraq, Syria and Iran are helping forces aligned against U.S. troops. In the Palestinian-Israeli conflict, Iran has pledged millions to help the Hamas-led Palestinian government - which the United States and Europe have cut off - and Syria continues to support Hamas and several Palestinian terrorist groups.

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The fight is complex: The United States wants to stop the tide of Iranian Shiite power from destabilizing oil-rich Sunni Arab countries with significant Shiite populations, such as Kuwait, Bahrain and Saudi Arabia. The government of Saudi Arabia, in particular, has grown anxious about the ascent of Iranian influence in the region.

At the same time, however, American officials are seeking ways to curb the violence in Iraq by bolstering the Iranian-backed Shiite government there, which U.S.-sponsored popular elections brought to power.

As the United States has been pushed and pulled by the region's problems, what some U.S. officials believed was an invincible American empire has begun to look weaker to some in the Middle East.

Top Hezbollah officials have made no secret of thinking that America is stretched too thin to stop them.

"What can America offer you?" Hezbollah leader Hassan Nasrallah said via video link to a huge crowd of demonstrators last week in Beirut. "It is sinking in the mud of Iraq and Afghanistan and Palestine."

A Western diplomat based in Beirut said Hezbollah officials had made their intentions clear by constantly pairing Saniora with U.S. Ambassador Jeffrey Feltman in their speeches.

"Why are they using this rhetoric of saying, `The Feltman government'? Why are they saying Saniora's a U.S. agent?" said the diplomat, who spoke on the condition of anonymity because of the sensitivity of the subject. "It's because they want to be able to deliver the United States a strategic defeat in Lebanon. Because they see the problems in Afghanistan, they see the problems in Iraq, they see no progress in Palestine and they want to be able to play the defeat of the Saniora government ... as a defeat of the United States."

Hezbollah leaders counter that the United States, facing setbacks in Iraq, is seeking to use Lebanon as a base from which to shape Middle East politics.

"Their main enemy in Lebanon is Hezbollah. They want to get rid of Hezbollah and use it (Lebanon) as a bridge to other goals," Hezbollah spokesman Hussein Rahal said. "They want to begin in Lebanon, then Palestine, then Syria and then Iran."

Another Western official, who also asked not to be identified, conceded that "what has happened in the region is not exactly as we envisioned it; I think it underscores the importance that Lebanon survives as a democratic state."

Hezbollah assertions that Saniora is a U.S. puppet are incorrect, the official said.

"That coming from the force that is on the payroll of Iran, that receives a large amount of arms from Iran, that's just laughable," the official said. "It's a cheap emotional trick to paint this as a fight against American hegemony."

Many Lebanese Sunnis and Christians say that Hezbollah and the Saniora government are being disingenuous when they accuse the other side of being too closely tied to foreign powers.

"In our view, both of them are tied to outside political axes of some sort," said Osman Bakhach, a spokesman for the Liberation Party, a fundamentalist Sunni political group that calls for establishing an Islamic caliphate and opposes the United States and Hezbollah.

Emil Moukarzel, a spokesman for the Lebanese Forces, agreed. His organization, which is one of the main Christian groups in Lebanon and played a major role as a militia in the country's 1975-90 civil war, is pro-Western but has tried to remain outside the current conflict.

"The major war here is between the United States and Iran," he said.

Hezbollah and its allies began massing demonstrators in front of the main government building on Dec.1. They demanded that Saniora either give Hezbollah enough Cabinet seats to dissolve the government, or scrap the government immediately and begin anew, presumably with Hezbollah and its allies at the fore. The crowds outside the government center have ebbed and flowed, but they've never numbered fewer than tens of thousands.

Hezbollah officials said they'd summoned the demonstrators after concluding that Saniora had sided with the United States during last summer's Israeli military campaign - which devastated Shiite villages in south Lebanon - and watching while the prime minister pushed for a tribunal that the militant group believed would target Syria, one of its main backers.

"We cannot leave this government to lead the country to this fate, of following the Americans," said Mohammed Fneish, a Hezbollah member who resigned from the Saniora Cabinet last month along with five other militia members and allies. "The main issue is the Americans want to keep this government in power because they can control them."

The Western diplomat in Beirut said that for the Bush White House, Lebanon had acquired the image "of the heroic democratic country" in a way reminiscent of how the Reagan White House viewed "captive nations" such as Lithuania, Latvia and Estonia during the Cold War with the Soviet Union.

"It became impossible for anyone to suggest that we should be just accepting their incorporation into the Soviet empire," the diplomat said. "Lebanon has almost become like that."

Lebanese Government Issues Own Warning (WP)

By Anthony Shadid

DOJ_NMG_0106473

The Washington Post, December 14, 2006

BEIRUT, Dec. 13 -- For years, Fouad Siniora was a man of numbers more than rhetoric, as a banker, finance minister and friend to Rafiq al-Hariri, the billionaire former prime minister assassinated last year. This week, he stood before a crowd that included more than 1,800 women at his barricaded government headquarters, more populist than pragmatist, more agitator than accountant.

"Victory to Lebanon!" the prime minister shouted, jabbing his fists into the air and playing to a boisterous crowd.

Women from the southern town of Sidon surged forward, some holding signs reading, "You make us proud." Others pushed at his guards, straining for a view. In occasional moments of bedlam, youths climbed atop chairs: "God be with you, Siniora!"

In the test of wills that Lebanon's crisis has become, the government is playing a game of perceptions. Ministers insist it is business as usual, while in almost daily scenes, busloads of supporters from elsewhere in Lebanon are ferried to the stately Serail, as Siniora's headquarters is known. The government, in sometimes blunt ways, is mobilizing its sectarian constituencies -- usually Sunni Muslim -- as a veiled warning to Hezbollah and its Shiite Muslim followers not to go too far in a campaign the government's supporters variously portray as a coup d'etat, an attempt to grab power for the Shiite community or a ploy to deliver leverage here to Iran and Syria.

"I suppose they did not expect our resistance as a government, and they did not expect the passionate reaction of the Lebanese people, especially the Sunni reaction," said Nayla Moawad, the social affairs minister.

For nearly two weeks, thousands of supporters of Hezbollah and its allies have camped at the foot of the Serail, pushing for a greater share of power in the cabinet or Siniora's resignation. Every few days, more barricades go up: a third coil of barbed wire and now spare tires stacked two high across the road. The camp itself -- sprawled across the downtown, now largely shuttered, that Hariri envisioned as his legacy -- is becoming more permanent. Under construction Wednesday was wood scaffolding around an outdoor latrine, near the doorstep of the libertine, now-closed Buddha Bar.

Since the demonstration staged Sunday by Hezbollah and its allies, one of the largest in Lebanese history, the crisis has entered a lull of sorts. Hezbollah and its allies have spoken vaguely of escalation, but all sides seem willing to give a chance to mediation underway by the Arab League and its secretary general, Amr Moussa.

Since October, Hezbollah and its supporters have sought one-third plus one of the seats in the cabinet, which would give them an effective veto over key decisions and allow them to force the government to resign at will. Siniora and his supporters have insisted on approval first of an international court to try Hariri's alleged killers. While Hezbollah has not publicly opposed it in principle, its ally Syria, blamed by government supporters for the assassination, has.

Other issues are still in the air: The government and its supporters want an election to replace President Emile Lahoud, a Syrian ally; Hezbollah and its allies want early parliamentary elections that they believe would deprive the government and its supporters of a majority.

"We'll deal with any Arab or local initiative very positively but on the basis of one-third-plus-one in the government," said Amin Sherri, a Hezbollah member of parliament.

The crisis is entrenched in a very Lebanese context, with its delicate communal balance. Hezbollah's foes have suggested that its leader, Hasan Nasrallah, has lost his standing in the Arab world by miring himself in a local political struggle; even Nasrallah felt the need to address the charge in a speech last week.

From the beginning of the crisis, the government itself has played sectarian politics as a way to slow Hezbollah's momentum, a game that even some of its supporters admit is dangerous. In an almost unprecedented move for a government traditionally built on sectarian consensus, the Sunni mufti, Mohammed Rashid Kabbani, led Friday prayers at the Serail on Dec. 1, the first day of Hezbollah's protests, when hundreds of thousands of Hezbollah's supporters converged on downtown. At the time, he called toppling the Sunni-led government an uncrossable "red line." Loyalists of Hariri's son, Saad, have organized rallies in the country's Sunni strongholds: Tripoli, the northern Lebanese region of Akkar and parts of the Bekaa Valley in the northeast.

For the past week, the government has brought delegations of mainly Sunnis but also Christians and Druze to the Serail for revival-like rallies and receptions in which Siniora has tried to shed his technocratic image.

"With our soul, with our blood, we sacrifice for you, Siniora," the women from Sidon shouted Tuesday.

In a conservative dark blue suit, Siniora entered the room of marble floors and chandeliers to a rapturous standing ovation. He shook hands, kissed babies, raised his hands into the air. At times a bit awkward, he still tried to seize the moment.

"The enemy is there on the border," he said, a reference to Israel, as he jabbed his finger. "The enemy is not in the streets of Beirut. We don't have to dig trenches among the Lebanese in the streets! We want to build bridges!"

Government officials are reluctant to talk publicly about playing the sectarian card in a country that still bears scars from the 1975-90 civil war. They contend such appeals are more a response to Hezbollah's campaign than an initiative by government

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officials. But privately, they assert they have intimidated Hezbollah, which has mobilized its constituency but gone to great lengths to portray its campaign as a broad-based effort that includes substantial numbers of Christians loyal to Michel Aoun, a populist former general. There is a sense, too, among supporters of the government that Hezbollah is not prepared to escalate the conflict dramatically.

"They realize it's not possible to enter into what they want alone," said Nabil de Freige, a member of parliament and supporter of Siniora's government.

At least for now, Hezbollah is signaling the same.

"We will not be provoked into where they are trying to take us," said Nawar Sahli, a Hezbollah parliament member.

Nearly two weeks into the crisis, the Serail remains businesslike; bouquets of flowers are freshly arranged next to an entrance for frequent convoys of cars with tinted windows. Several ministers, Moawad among them, have taken up residence there, fearing for their safety. Others walk the halls casually in suits, going ahead with cabinet meetings and sessions to prepare for a donors' conference next month in Paris to assist Lebanon's recovery from this summer's 33-day war with Israel.

"They may have thought we would be afraid and we would collapse immediately," Moawad said.

As she spoke, Hezbollah anthems blared from the protest below. "Oh, you most honorable people," the favorite goes.

But she added, "It is the future of Lebanon that is at stake."

Party Set To Accept Plan To End Crisis (WT)

By Sharon Behn

The Washington Times, December 14, 2006

A Lebanese official yesterday said the leading government party was ready to accept an Arab League package of political solutions to defuse the crisis paralyzing the country.

The Shi'ite Muslim group Hezbollah has tied up central Beirut for more than a week with huge street protests aimed at undermining the government of Prime Minister Fuad Siniora and gaining more political power.

Arab League leader Amr Moussa told reporters Tuesday that "progress has been made" toward a compromise resolution, but that all parties would have to make concessions for a consensus to be reached.

Amal Mudallali, a foreign policy adviser to parliamentary majority leader Saad Hariri, said the package would grant the opposition more seats in the Cabinet but leave it one short of the veto power demanded by Hezbollah.

The deal floated by the Arab League and accepted by the ruling anti-Syrian March 14 Alliance would assign 19 Cabinet positions to the governing party, 10 to an opposition comprising Hezbollah and the Christians led by Gen. Michel Aoun, and one to a political independent.

The deal also supports the establishment of an international tribunal to investigate the bombing murder of former Prime Minister Rafiq Hariri, the holding of early presidential elections and the formation of a new government.

"It has to be approved all at the same time," said Miss Mudallali. "Our position is, this is a comprehensive package to finish the current crisis. The political situation is such that it cannot afford much more tension, nor can the economic situation."

Lebanon's political leaders were still negotiating yesterday evening. The main sticking points appeared to be the sequence of events in the package and final formal approval of the international tribunal.

"There is no indication that we are any closer to an agreement," said Miss Mudallali.

President Emile Lahoud and parliamentary speaker Nabih Berri -- both seen as supporting Syria and Hezbollah -- have resisted taking the final steps needed to authorize the tribunal.

A U.N. investigators' report says there were links between the assassination of Rafiq Hariri on Feb. 14, 2005, and theslaying or attempted killing of 14 other prominent figures over the past two years, the Associated Press reported yesterday.

The AP quoted the head of the U.N.-led inquiry, Belgian prosecutor Serge Brammertz, saying in New York that the investigation had reached "a critical stage."

The government, which thinks Syria is behind the killings, sees the tribunal as essential to establishing Beirut's independence from Damascus.

Prominent Hamas Rebel Is Killed As Palestinians Renew Infighting (NYT)

By Greg Myre

The New York Times, December 14, 2006

JERUSALEM, Dec. 13 — In renewed fighting among Palestinians, gunmen forced a prominent Hamas militant to his knees on Wednesday, then shot him dead outside a courthouse where he worked, in the southern Gaza Strip.

Hamas, the militant Islamic group that leads the Palestinian government, said a “death squad” from the rival Fatah faction was responsible for the killing of the militant, Bassam al-Farra, in Khan Yunis. Fatah denied involvement.

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The shooting occurred just two days after unidentified gunmen in Gaza City killed three sons, ages 3 to 9, of Baha Balousha, a senior Palestinian security officer and Fatah member. “This is a very dangerous situation,” said Fauzi Barhoum, a Hamas spokesman. “There has been an escalation in the violence and the chaos.”

Hamas and Fatah, the two dominant Palestinian factions, have been trying for months to form a national unity government. However, the talks have broken off, and the violence this week has again raised the prospect of widespread internal fighting, even a civil war.

Mr. Farra was arriving Wednesday at the courthouse in Khan Yunis in a taxi, when several men grabbed him and forced him to his knees on the sidewalk, while another man shot him, Palestinian witnesses said.

Palestinian security forces and Hamas militants set up roadblocks, but the gunmen escaped and no arrests were made.

Mr. Farra, who was about 30, was a leading local figure in Hamas’s armed wing. He was a judge’s assistant at the courthouse, Palestinians said.

The Palestinian prime minister, Ismail Haniya, of Hamas, who has been traveling in the Middle East for more than two weeks, plans to return to Gaza on Thursday to address the crisis, aides said.

“We want to assure you that the words ‘civil war’ don’t exist in our dictionary,” Mr. Haniya said in Khartoum, Sudan, The Associated Press reported. “They don’t exist in our makeup, in our culture.”

Palestinian factions have periodically fought one another since the Palestinians began an uprising against Israel in 2000. Criminal gangs and Palestinian clans have also been involved in internecine violence. However, the internal fighting and the sense of lawlessness have increased this year as the political rivalry between Hamas and Fatah has intensified.

The Palestinian Authority president, Mahmoud Abbas, of Fatah, is expected to announce his plan soon for ending the political deadlock, and aides have said he is leaning toward new presidential and parliamentary elections. But Hamas has challenged his authority to call new parliamentary elections, and proposing a new round of voting could add to the tensions.

In other violence on Wednesday, Israeli troops shot dead an armed Palestinian who approached Gaza’s perimeter fence, the Israeli military said. The shooting was the first fatality on either side since the Israelis and Palestinians declared a cease-fire in Gaza on Nov. 26. Also, a Palestinian stabbed an Israeli security guard, seriously wounding him, at a checkpoint near the northern edge of Jerusalem, Israeli officials said.

In another development on Wednesday, Israel’s Supreme Court sided with the government, ruling that a section of Israel’s West Bank separation barrier, which runs near the northeastern boundary of Jerusalem, could stand. Arab residents in the area had appealed to the court, contending that the barrier greatly disrupted daily life and made it difficult to move between East Jerusalem and other parts of the West Bank.

Palestinian Gunmen Kill Hamas Commander (AP)

By Ibrahim Barzak

AP, December 14, 2006

Palestinian gunmen ambushed a Hamas commander outside a Gaza courthouse Wednesday, forcing him to his knees and killing him gangland-style in an attack that threatened to push Hamas and Fatah closer to civil war.

The brazen daylight slaying forced Prime Minister Ismail Haniyeh of Hamas to rush home from a trip abroad and dampened already fading hopes for creating a national unity government and renewing peace talks with Israel.

The attack on the Hamas activist was the latest in a wave of bloodshed that began Monday when unknown assailants gunned down the three young sons of a Fatah-allied security officer in Gaza City. Fatah accused Hamas in those killings; the Islamic militant group denied involvement.

Both sides criticized President Mahmoud Abbas of Fatah for failing to halt the violence.

On Wednesday morning, four gunmen calmly ate breakfast at a food stand outside the courthouse in the southern Gaza town of Khan Younis as they lay in wait for Bassam al-Fara, 30, a judge at the Islamic court, witnesses said.

When al-Fara, who belongs to the largest clan in Khan Younis, emerged from a taxi, three men grabbed him and forced him to his knees, while the fourth shot him, the witnesses said. The attack left his body and the sidewalk riddled with bullet holes. The witnesses declined to be identified, fearing for their safety.

Palestinian security officials set up roadblocks and Hamas militants established checkpoints of their own as they searched for the gunmen.

About 3,000 people turned out for al-Fara's funeral, some firing shots in the air.

Outside the family home, his widow, a black veil covering her face, said her husband had received many death threats, the last on Tuesday, but she would not say from whom.

In a statement faxed to reporters, Hamas accused a Fatah "death squad" of al-Fara's killing. Late Wednesday, Fatah issued a statement saying the killing was a family dispute, and Fatah was not involved.

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Fawzi Barhoum, a Hamas spokesman, said al-Fara was a field commander in the Hamas military wing. He pledged to hunt down the killers. "Hamas is not going to forget the blood of its members," Barhoum said.

Fatah spokesman Tawfik Abu Khoussa rejected the accusations. "We condemn all acts of anarchy whatever may be behind them, and we call on the brothers in Hamas to stop firing accusations before the investigation," he said.

Haniyeh, who was in Sudan, said he would return to Gaza on Thursday, cutting short a trip to Arab and Muslim countries including Iran and Syria. Haniyeh left Gaza on Nov. 28 on what was billed as a monthlong trip.

At the al-Fara home in Khan Younis, Hamas lawmaker Salah Bardawil said Abbas was responsible for failing to stop the security agencies from carrying out killings. "We ask the president to live up to his responsibilities before God and the law," he said.

After nightfall, gunmen fired at a Hamas rally at the Nusseirat refugee camp in central Gaza, witnesses said. One demonstrator was hurt.

Fatah activists also criticized Abbas; about 1,000 Fatah supporters marched to his house in Gaza City, demanding action.

Maj. Othman Shalouf, a Palestinian security officer, said Abbas must take charge of the situation.

"The time has come to exercise your powers and stop this farce," he said. "Security agencies are able to control things, but we need a political decision from you." Abbas was at his office in the West Bank city of Ramallah at the time and had no plans to go to Gaza.

Also Wednesday, Israeli soldiers shot and killed a Palestinian near the Israel-Gaza border fence. The military said he was armed and carrying explosives. A cease-fire has stopped most violence between Israel and Gaza.

Abbas plans a speech to his people on Saturday in which he is expected to outline his plans to hold elections to break the deadlock between Fatah and Hamas.

The Hamas victory in January's parliamentary voting pushed Fatah out of power but led to an economic and political stalemate. Israel, the U.S. and the European Union, which list Hamas as a terror group, all cut off contacts, economic ties and aid to the Palestinian government, further deepening poverty and instability in the West Bank and Gaza.

Hamas is responsible for dozens of suicide bombing attacks in Israel over the past decade. The Islamic group has rejected international demands that it recognize Israel, renounce violence and accept existing peace deals, but Hamas flatly refuses.

Israel has tried to promote the idea of separate peace talks with Abbas, a moderate who was elected a year before the parliamentary vote.

Somalia's Islamists And Ethiopia Gird For A War (NYT)

By Jeffrey Gettleman And Mark Mazzetti

The New York Times, December 14, 2006

MOGADISHU, Somalia, Dec. 9 — The stadium was packed, the guns were cocked and even the drenching rain could not douse the jihadist fire.

Thousands of Somalis, from fully veiled, machine-gun-toting women to little boys in baggy fatigues, gathered Friday to rally against what they called foreign aggression. As a squall blew in, they punched wet fists into the air and yelled, "Allahu akbar," or "God is great."

"I am ready to die," said Osama Abdi Rahim, dressed head to toe in camouflage and marching around with a loaded rifle. He is 7 years old.

The inevitability of war hangs over Mogadishu, Somalia's bullet-pocked seaside capital. But unlike the internal anarchy that has consumed the country for 15 years, the looming battle is now with Ethiopia, threatening to further destabilize the troubled Horn of Africa.

In the past week the increasingly militant Islamists in control of Mogadishu and much of the rest of the country have begun a food drive, a money drive and an AK-47 assault rifle drive, and have sent doctors and nurses, along with countless young soldiers, to the front lines.

For its part, Ethiopia, with tacit approval from the United States, has been steadily slipping soldiers across the border, trying to hold off the Islamists and shore up Somalia's weak, unpopular and divided transitional government.

Though that government has been recognized by the United Nations as the legitimate authority in Somalia, its power barely extends to the municipal limits of Baidoa, the inland town where it is based.

The Islamist forces, on the other hand, seem to be very popular here, having defeated Mogadishu's warlords earlier this year to pacify one of the world's most murderous cities.

Their troops, which United Nations officials say are secretly getting weapons from several Arab countries and Eritrea, have encircled Baidoa and are vowing to wage war against the Ethiopian forces unless they leave. Ethiopian convoys have been

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attacked, and the Islamists recently skirmished with soldiers from Baidoa, with dozens reported killed. That taste of war seems to have whetted the appetite for more.

"We wait for the Ethiopians like dry land waits for rain," said Mustafa Ali Mohammed, an Islamic leader in Burhakaba, a town near the dividing line between the Islamists and Baidoa.

Analysts are unanimous that a full-scale conflict between the Islamists and Ethiopia, a country with a strong Christian identity, would be disastrous for Somalia, which is already suffering from severe flooding and years of neglect, and for the region as a whole, because neighboring countries may jump in.

Gen. John P. Abizaid of the United States Central Command — or Centcom — which has responsibility for American military interests in the region, recently flew to Ethiopia to meet with Prime Minister Meles Zenawi, who had told American officials that he could cripple the Islamist forces "in one to two weeks."

Walking a careful line, General Abizaid made it clear that a broad military invasion of Somalia could create a humanitarian crisis across the Horn of Africa, Centcom officials said, but did not tell Ethiopian officials to pull their troops out.

Indeed, some American officials say the United States supports Ethiopia's military buildup because it is the only way to protect the weak Baidoa government from being overrun, force the Islamists to the negotiating table and contain what they call a growing regional threat.

American officials have accused the Islamists of sheltering terrorists connected to Al Qaeda, but the Ethiopian troops' presence seems to have only increased the potential for terrorist activity. Suicide bombers, unknown in Somalia until a few months ago, have attacked Baidoa twice recently, and last month the first Iraqstyle roadside bombs were detonated against Ethiopian convoys.

Residents of Mogadishu say hundreds of fighters from other Muslim countries have arrived at the city's main airport in recent days, drawn by the Islamists' blaring call for a holy war against Ethiopia and against America, which is especially despised here.

Memories are still fresh of the botched American-led relief operation in the early 1990s, and more recently of the covert American effort to bolster Mogadishu's warlords in an 11th-hour bid to prevent an Islamist takeover. That strategy backfired, driving more people into the arms of the Islamists.

"I'll be honest," said Sheik Muktar Robow Abu Monsur, the deputy security chief for the Islamists. "America is the best friend of Islam. It wakes up the sleeping Muslim."

In fact, Jendayi Frazer, the State Department's top official for Africa policy, said diplomatic and intelligence officials believed that the Islamists could be trying to provoke an Ethiopian attack as a "rallying cry for support" to their side. The countries fought a war from 1977 to 1978 over the Ogaden, a contested area of eastern Ethiopia — and Somalia lost.

"If this thing goes to a military fight," Ms. Frazer said, "it's a bloodbath."

American officials helped push through a recent United Nations resolution authorizing peacekeepers from African countries to back up the Baidoa officials. The resolution lets the Baidoa government, but not the Islamists, bring in weapons despite a longstanding arms embargo.

The problem with that strategy, many analysts say, is that it misreads the Islamists' power, rooted not so much in their military strength — a few hundred armed pickup trucks and a few thousand fighters — but in their popular support. The Islamists emerged several years ago as a network of clan-based courts that unified warring factions.

Ethiopia may have the strongest military in the region, trained by American advisers and complete with jet fighters, but attacking Islamist forces may only drive them underground, into a guerrilla insurgency.

American officials have said they are hoping that the moderates within the Islamic administration will prevail over hard-line, war-mongering elements. But if there ever was such a struggle, it is over.

Three months ago, Ibrahim Hassan Addou, the foreign minister for the Islamists and an American citizen of Somali descent, talked of sharing power and holding elections.

Now, like the others, he is talking war, in terms nearly indistinguishable from the most militant Islamic leaders. Moderates, he said, were backed into a corner by an American-led campaign to discredit and isolate the Islamic administration.

"Everybody was against us from the beginning, and now we have no choice but to fight," he said. "What I don't understand is why the whole world is trying to throw its weight behind a government that has been totally rejected by its own people."

United Nations officials say they support the government in Baidoa because it is the most representative of the various clans in Somalia. But one side effect of the multiclan approach has been ceaseless disputes between clan elders. Meanwhile, the Islamists have aggressively expanded their territory.

Many officials in Baidoa vehemently opposed calling on Ethiopian muscle, fearing a backlash. In the past some Somali clans have teamed up with Ethiopian forces to dominate other clans, ending in greater bloodshed. So when the idea of bringing

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Ethiopian soldiers to Baidoa was first proposed last year, it proved so divisive that it set off a brawl among officials — and it failed to pass.

"The problem with having Ethiopians defend us is that they make us look like the puppets that the Islamists accuse us of being," said Sharif Hassan Sheik Aden, the speaker of the parliament in Baidoa. Ethiopian officials insist that they have sent only a few hundred military advisers to Baidoa, but United Nation monitors and witnesses on the ground say several thousand Ethiopian infantry troops are digging in near the city.

Sporadic peace talks between Baidoa officials and the Islamists have produced little but broken promises. The only thing that seems to be delaying all-out war is the mutual recognition that a decisive victory is unlikely.

The Islamists are reluctant to march on Baidoa and set off a crushing Ethiopian response, while the Ethiopians seem fearful of trying to storm the Islamists' stronghold of Mogadishu, the city that claimed the lives of 18 American soldiers in the infamous "Black Hawk Down" battle in 1993.

A growing number of Democrats in Congress are urging the Bush administration to change course and deal with the Islamists for what they are: the power on the ground.

"The Islamists aren't going away, so the sooner we talk to them, the better," said Representative Donald M. Payne, the New Jersey Democrat who is expected to become the chairman of the House subcommittee on Africa when his party takes control of Congress in January.

In Mogadishu the Islamists are continuing their hearts-and-minds campaign, organizing neighborhood cleanups, delivering food to the needy and resuscitating old national institutions like the Supreme Court, which was given a fresh coat of paint and reopened in October.

Streets that were clogged with years of debris are now clear and bureaucracy is budding, with more rules and more paperwork, including forms at the airport that ask name, age, nationality and religion — Muslim or non-Muslim being the only choices.

All the talk of slaughtering Ethiopian invaders and their American sponsors, though, seems to have brought out a harsher side of the Islamic administration. Nearly every day, rings of people gather on Mogadishu's streets to watch lashings, and the crowds cheer as leather whips cut canals into flesh. One Islamic leader in a town north of Mogadishu recently issued an edict threatening that anyone who did not pray five times a day would be beheaded.

"It's black and white," said the leader, Hussein Barre Rage. "The Koran says people must pray."

Not long ago Somalia was a place where women wore skirts and men drank beer, and even today a large chunk of the population is quietly concerned about the absolutist direction the Islamists are heading in.

But the prospects of war with Ethiopia seem to have pushed many of these people solidly into the Islamic camp.

"I'm not into thought control," said Dahir Abdullahi Hirsi, a pharmacist in Mogadishu. "But I hate Ethiopians even more."

Regional War May Loom In Africa (WP)

By Stephanie McCrummen

The Washington Post, December 14, 2006

ADDIS ABABA, Ethiopia, Dec. 13 -- With the Ethiopian government saying it is technically at war with Somalia's Islamic Courts movement, and the movement having declared holy war against Ethiopia, there is fear that an all-out conflict in the Horn of Africa may be unavoidable.

In the past week, several skirmishes have broken out between militias loyal to Ethiopia and those loyal to the Council of Islamic Courts, the movement that has taken control of the southern region of the country, including Mogadishu, the capital.

The fighting has occurred around the southern town of Baidoa, seat of Somalia's fragile but internationally recognized transitional government. Ethiopia considers the interim government a buffer against Islamic Courts leaders who have long expressed desire to create a "Greater Somalia," including ethnically Somali portions of Ethiopia, Kenya and Djibouti.

Ethiopian Prime Minister Meles Zenawi on Wednesday rejected a declaration by a leader of the Islamic movement that Ethiopia withdraw its troops or face war. Though the Ethiopian government has repeatedly denied having more than several hundred military trainers in Somalia, diplomats in the region estimate that at least 8,000 troops have poured in around Baidoa and that thousands more are gathering along the Somali border.

"This declaration is based on falsehoods," Meles said in an interview, adding that the movement, also known as the Islamic Courts Union, is "hellbent" on controlling all of Somalia. "Now, if the transitional government doesn't want our trainers, we're happy to withdraw them at any moment," he said.

The weak transitional government has made no such request.

For now, hopes for a peaceful resolution are pinned on a U.N. Security Council resolution adopted last week, authorizing deployment of an African Union force, excluding troops from neighboring states, to Baidoa. In theory, the resolution would

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remove Ethiopia from the volatile equation and encourage more moderate leaders within the Islamic movement to join the transitional government.

Some analysts, however, contend that the measure has already prompted the Islamic Courts to push toward Baidoa and will ultimately serve as a rallying point for the movement's more radical factions, which have said they would consider any African Union force a foreign invasion.

In any case, deployment could take months. The president of the transitional government has requested 8,000 African Union troops, though only one battalion of about 800 Ugandan troops is ready, according to African Union officials.

In question at the moment is whether the Islamic movement or Ethiopia will mount a full-fledged offensive before the African Union soldiers deploy, and whether the transitional government, which has spent much of its time exiled at the InterContinental Hotel in Nairobi, will simply disintegrate, leaving no internationally recognized government for the United Nations, or Ethiopia, to support.

"My feeling is that Ethiopia will go to war. . . . Their own security is at stake," a senior Kenyan diplomat said on condition of anonymity because of the sensitivity of the situation. "Unfortunately, the [U.N.] resolution was sponsored by the United States, and it will be used by the Courts as a propaganda tool. But at least there's a window."

Besides fear of an Islamic government on its border, an increasingly authoritarian Ethiopian government is also concerned about radicalization of its own Muslim citizens, who now account for nearly 50 percent of the population. The government has accused the Islamic Courts of training and arming insurgent groups in the ethnically Somali region of Ethiopia called the Ogaden. The two countries have been to war over the area three times since Somalia's independence in 1960.

The situation unfolding in Somalia, a society of warring clans and sub-clans without a central government since dictator Mohamed Siad Barre fell in 1991, is one in which diplomats, analysts and others involved tend to agree on one point: that war would be disastrous, threatening to destabilize a region of great strategic import not only to Africa but also to the United States, because of its proximity to the Middle East and Red Sea shipping lanes.

A triple car bombing at a checkpoint outside Baidoa last month heightened those fears, with the transitional government blaming the attack on al-Qaeda sympathizers within the Islamic Courts, which denied responsibility. Some analysts say that even if Ethiopia, which has a predominantly Christian army, initially trounces Islamic Courts fighters in a war, the movement's more radical members might retaliate with suicide bombings and other terrorist-style attacks in neighboring countries such as Kenya, Ethiopia and Djibouti, where the United States has a significant military presence.

"I think if the ICU [Islamic Courts Union] suffers from defeat, it will only take months for them to regroup and it would strengthen them internally," said Matt Bryden, a consultant with the International Crisis Group, a policy research group. "If they are hit, there is a risk they would come back on steroids and pose a threat to the whole region."

Meles rejected that argument, saying the policy of dialogue and engagement has only bought the Islamic Courts movement time to expand its control.

"It surprises me that intelligent people at the dawn of the 21st century could claim that if you respond to terrorism with force, you spawn terrorism," he said. "But that if you appease them, you somehow tame them."

Since 1991, Somalia has held no fewer than 15 peace conferences aimed at cobbling together some sort of central government.

A U.S.-led attempt to stabilize the country led to the deaths of 18 American troops in an October 1993 battle depicted in the movie "Black Hawk Down." After the terrorist attacks of Sept. 11, 2001, the U.S. government was accused of bungling Somalia policy again by supporting warlords marketing themselves as an "anti-terrorism coalition," who generally terrorized Somalis who came to hate them.

The Islamic Courts, initially a grouping of local clerics, offered an alternative to that lawlessness, establishing an order based on Islamic law village by village, often persuading local militias to join them.

A recent U.N. study found that although the transitional government is supported by Ethiopia, among other countries, the Islamic Courts are receiving substantial assistance from Iran and Hezbollah, a claim some regional analysts contend is exaggerated.

Support for the Islamic movement by Eritrea, Ethiopia's neighbor and rival, appears to be a big part of Ethiopia's motivation. The Ethiopia-Eritrea proxy conflict in Somalia could ignite a regional conflagration and threaten U.S. anti-terrorism efforts in the Horn of Africa, according to a report due out this week from the New York-based Council on Foreign Relations. It describes "a general unraveling of U.S. foreign policy" in the region and calls for the United States to exert stronger pressure on the two countries to implement a U.S.-brokered border agreement.

The U.N. study found that the Islamic Courts group has also raised money from various Arab states and the Somali diaspora. Relatively quickly, the movement established an efficient system of taxation and social welfare programs that enabled businesses to function and that seem to have earned support among Somalis, even if many in the traditionally moderate country

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are uneasy with the harsher aspects of Islamic law. At the same time, the movement has been backed by a more radical military wing called the shebab, made up of young men raised in a chaotic country awash with weapons, and indoctrinated with the ideology of holy war.

Both the United States and Ethiopia have accused the Islamic Courts of harboring suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania and other attacks. Movement officials have denied that, accusing both countries of waging a propaganda war.

Diplomats and analysts differ sharply on whether Islamic Courts leaders such as Sheik Hassan Aweys are genuinely striving for legitimacy or cynically concealing a radical agenda.

"The Courts are not monolithic" said Mario Raffaelli, an Italian diplomat working in Somalia. "In my experience, the majority is not following this extreme approach."

Raffaelli said the Courts group has an incentive to negotiate even with a weak transitional government because doing so would provide the movement with legitimacy.

Some observers, including Ethiopians opposed to war, are convinced that the United States is tacitly giving a green light to Ethiopia to attack. That, they say, would amount to the worst U.S. policy blunder yet in Somalia. Beyene Petros, an opposition leader in Ethiopia's parliament, questioned the wisdom of a visit that Army Gen. John P. Abizaid, head of the U.S. Central Command, paid Meles in Ethiopia last week.

"If there is disapproval, you don't pay visits, right?" he said. "We used to see this call for restraint, but I have not seen that lately."

Staff writer Karen DeYoung in Washington contributed to this report.

Russia Ready To Cut Off Gas Supplies To Belarus, Georgia (FT)

By Neil Buckley And Arkady Ostrovsky

Financial Times, December 14, 2006

Russia is preparing to cut off natural gas supplies to neighbouring Belarus and Georgia unless the two former Soviet republics agree by the year-end to pay much higher prices in 2007.

Coming a year after Gazprom, the Russian gas giant, briefly cut gas to Ukraine in a similar pricing dispute, such a move could provoke further criticism that Moscow is using energy as a political tool. It might also intensify pressure on Russia to ratify the European Energy Charter treaty, which would require such disagreements to be resolved through arbitration.

Action against Belarus could affect supplies to Poland and Germany because a transit pipeline runs across the republic, though it carries only a third of the volumes running through a bigger export pipeline across Ukraine. Last January, pressure in the trans-Ukrainian pipeline to western Europe dropped as a result of what Gazprom said was Ukraine "stealing" gas for its own use.

Gazprom has made clear it is prepared to reduce price increases in exchange for stakes in the republics' gas distribution networks. It is pushing hard for 50 per cent of Beltransgaz, the Belarusian company that also controls the export pipeline across the country, although Russia and Belarus differ sharply over its value.

Dmitry Medvedev, Gazprom chairman and Russia's first deputy prime minister, declined to comment directly to western reporters this week on whether the company was prepared to cut off supplies. But he admitted negotiations were "not easy".

Sergei Kuprianov, a Gazprom spokesman, told a radio station he could not exclude a cut-off to Belarus, though he added: "We would hate to see that." But it is understood Gazprom is preparing for a worst-case scenario if agreements are not reached.

Senior Russian officials say the increases are a move away from subsidised supplies for former Soviet republics towards transparent market pricing, which Gazprom aims to achieve by 2008.

While Belarus has been happy to remain in Moscow's orbit, western-leaning Georgia sees the threat as politically motivated. It has seen Russia sever transport and mail links in a feud and portrays the demand to double the price it pays from $110 per thousand cubic metres to $230 - close to European levels - as a matter of more than economics.

Georgian officials say because Georgia's gas is sourced from nearby Central Asia, it should pay less than more distant European customers. It says it can replace Russian gas with supplies from Azerbaijan and from Iran. But as well as trying to raise prices to $230 to Azerbaijan, Russia is reducing its gas exports to the country next year.

Putin Turns On Close Ally Belarus (FT)

By Neil Buckley

Financial Times, December 14, 2006

Russia is set to deal a double blow to the economy of one of its closest allies – potentially making life much more difficult for the man the US has called “Europe’s last dictator”.

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As well as pressing for Belarus to pay much more for its natural gas, Moscow said this week it would slap an export duty on what are currently duty-free Russian crude oil exports to its close Slavic neighbour of $180.70 per tonne from next year.

The measures could sharply reduce or wipe out the $4bn-plus effective annual subsidy Russia provides to Belarus, which has helped Alexander Lukashenko, its authoritarian president, deliver higher wages and living standards to his 10m people.

That, say analysts, could make it harder to sustain the support that saw Mr Lukashenko re-elected last March to a third presidential term with 82 per cent of the vote – albeit in a poll international observers condemned as below international standards. It could also drive a wedge between countries with close cultural and historic links.

"Raising gas prices to [market] levels is equivalent to breaking off relations entirely," Mr Lukashenko recently told Russian journalists visiting Minsk. "We will survive, but you will lose the last ally."

Belarus pays only $46.67 per thousand cubic metres for Russian gas, saving it more than $3bn compared to market prices, but Russia is now pushing to increase the price to $200.

At the same time, Belarus imports duty-free crude from Russia, refines it at two refineries, and sells the petroleum products to western Europe at market prices, pocketing a healthy profit. Russian export duties will deprive the Belarus budget of about $1.7bn a year.

This is a sharp turnaround from nine months ago, when Russian president Vladimir Putin was criticised for being one of the few world leaders to congratulate Mr Lukashenko on his controversial election victory. It is the more surprising since Russia and Belarus signed agreements in the mid-1990s on creating a political and economic union, including a common currency and union constitution.

Analysts from both countries suggest Moscow is penalising Mr Lukashenko for not delivering on pledges of closer integration with Russia, including the currency union and selling half of Beltransgaz, the Belarusian gas distributor, to Gazprom, the Russian natural gas giant. Beltransgaz controls the gas export pipeline to western Europe.

"Mr Lukashenko monetised his rhetoric," says Yaroslav Romanchuk, head of the Mizes Research Centre, a Minsk think-tank. "He sold his integration pledges for a high price, but now Putin feels he was cheated."

Analysts attribute Mr Lukashenko's support for the union state in the 1990s to his belief that it could lead to a senior position for him in Moscow – even president of the union. His enthusiasm waned after the Kremlin made it clear there was no prospect of that.

Mr Lukashenko says there can be no talk of further integration with Russia in a pre-election period. That would postpone matters until after Russia's presidential elections in 2008.

The Belarus president now has a difficult choice. He is loath to cede a half-share to Russia in Beltransgaz, which one western diplomat calls Belarus's "sacred cow".

But even a limited gas price increase could render much of the country's largely state-owned industry uncompetitive – and handing over the Beltransgaz stake would probably only delay Russia's demands for a higher gas price. Stanislav Bogdankevich, a former Belarus central bank governor, estimates that 60 per cent of Belarusian industry is barely profitable or loss-making.

Independent economists suggest Mr Lukashenko may be forced to introduce market reforms into the economy. That could mean privatising some of its more attractive industrial assets – with Russian companies the most likely buyers.

From Russia, With Polonium (WP)

The Washington Post, December 14, 2006

IT'S STILL not known how the former Russian KGB agent Alexander Litvinenko came to ingest the deadly dose of polonium-210 that killed him in London last month. But thanks to the radioactive trail left behind by the isotope, some important conclusions about the case are now possible.

First, the polonium was smuggled into Britain from Russia, where most of the known global supply of the intensely toxic substance is produced. Second, the dose was almost certainly carried by one or both of the former Russian security operatives -- one of them also a KGB alumnus -- whom Mr. Litvinenko met at a London hotel Nov. 1. Finally, the government of Vladimir Putin is making it difficult for British and German investigators to question the suspects, who are now sequestered in Moscow hospitals.

Does this mean that Mr. Putin or the FSB agency -- successor to the KGB -- is responsible for the death of Mr. Litvinenko? Not necessarily: It's conceivable, as Russian and some Western investigators have lately begun suggesting, that he was a victim of a botched attempt to smuggle nuclear materials out of Russia for some other purpose. Still, Mr. Litvinenko is one of a number of opponents of Mr. Putin who have fallen victim to poisonings in the past several years; he himself charged that the FSB maintained a poisons laboratory, and he accused Mr. Putin of ordering his assassination. The Russian president retorted that

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enemies based abroad are staging operations to discredit him. But why, then, did the instrument of Mr. Litvinenko's death come from Moscow? And why are Russian authorities shielding the two men implicated in the smuggling?

Mr. Litvinenko's case, like that of the murdered journalist Anna Politkovskaya, may never be solved. But what is already known should cause Western governments, including the Bush administration, to insist on some answers from Mr. Putin. How did a toxic dose of polonium, a substance reportedly produced and held by only three Russian government entities and one private company, come into the hands of people who could smuggle it into Britain? Polonium can be used not only to poison someone; it can trigger a nuclear weapon or fuel a "dirty bomb" that could wreak havoc in a major city. The leakage of such materials is a serious threat -- and not just to enemies of Mr. Putin.

Russia's Killing Ways (WP)

By Oleg Gordievsky

The Washington Post, December 14, 2006

The KGB and its predecessors liquidated people abroad quite regularly in the 1920s and '30s and even after World War II. But after two embarrassing and highly publicized defections of assassins, in 1957 and 1959, these activities ceased. Nikita Khrushchev, Leonid Brezhnev and later Yuri Andropov all avoided political killings when they led the Soviet Union.

(Of course, this did not prevent the assassination in London of Georgi Markov in 1978, when the Bulgarian dictator Todor Zhivkov persuaded Andropov to allow the KGB to help carry out such an operation.)

There were no secret assassinations under Mikhail Gorbachev or Boris Yeltsin. But under Vladimir Putin, the militant element of the KGB (now known as the FSB) slowly began working to persuade the leadership to carry out such killings, according to my sources. "Too many enemies," they said.

Those members of the FSB have a different style than in the past, however. The Communist Party was cruel, but it had its rules. The current people are like bandits -- no code, no rules, hard to distinguish from the Mafia. The gangster mentality started to spread after 2000; there were assassinations inside the country, of enemies of the regime. But there were so many contract killings at the time under Putin that it was difficult to tell which were the work of the FSB and which were not. In that atmosphere, it was easy to disguise an assassination.

The FSB has also become a protection racket. Some of those in business who are willing to go along with the FSB report everything to its operatives and also give 10 percent of their profits to the KGB's successor agency. And everyone is happy.

So in a way it's a big criminal state. The FSB has become like the Mafia in its methods and goals.

In 2003 the journalist and reformist politician Yuri Shchekochikhin was murdered in Russia. It was obvious from the way his "illness" developed that he was poisoned.

Anna Politkovskaya, a courageous journalist, honest and intelligent, was shot two months ago. Well before that -- in 2004 -- she was poisoned on a flight to the Caucasus. It was, I am certain, the work of the FSB. Afterward, the Putin-controlled media put out the usual propaganda to cover up the act. After Politkovskaya's death this year, many Russians said -- because she was Jewish and had American citizenship -- "Oh, just as well someone shot her; she was probably an American spy."

In July Russia's parliament passed a law, introduced by Putin, to permit the assassination of "enemies of the Russian regime" abroad. As a result, overeager -- perhaps chauvinistic, anti-Semitic or xenophobic -- factions within the FSB may suggest someone to kill. But there is no paper trail. (By the way, I don't think the recent illness of Yegor Gaidar -- a man whom nobody reads, whose importance is entirely in the past -- was due to poison. He is too insignificant to be killed by the regime.)

Here, too, the FSB has learned from the example of Joseph Stalin. Documents proving Stalin's atrocities continue to surface. To prevent such disclosures, orders for assassinations no longer have names or signatures on them, according to what I am told by my connections. Directives such as the one to assassinate Alexander Litvinenko are written to say, for example, "Request permission to carry out inquiry abroad," with no mention of the target. The document goes to an archive with nothing tying those involved to an assassination.

The first such killing took place three years ago, in Qatar. Zelimkhan Yandarbiyev, a former president of the Chechen republic, lived there as a pensioner, and was with his son and bodyguard when his car exploded. The two Russian intelligence agents who carried out the killing were caught, tried and imprisoned. But because Qatar wanted to avoid trouble with Russia, the prisoners were released to their home country after five months, to serve their sentences there. Once home, however, they were decorated rather than jailed.

Now, with Litvinenko, they have dared to kill a citizen of Britain on the soil of that country. Yandarbiyev, Shchekochikhin, Politkovskaya, Litvinenko: Russia has become a terrorist regime.

The writer, who was once a colonel in the Soviet KGB, defected to Britain in 1985.

DOJ_NMG_0106483

From: Miller, Charles S
Sent: Thursday, December 14, 2006 10:42 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 12/14/06 Civil Division News

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Commentary: 20 Year-Old Whistleblower Law: A Gift that Keeps on Giving

Bloomberg

December 14, 2006

Judge Rejects Guantanamo Inmate's Detention Challenge

By Jeffrey St.Onge

A judge threw out a challenge by Osama bin Laden's former driver to his detention at Guantanamo Bay, Cuba, saying a new U.S. law bars federal trial courts from hearing such cases.

U.S. District Judge James Robertson in Washington today dismissed the petition by Salim Ahmed Hamdan. The ruling is the first to apply the military-tribunal law that strips courts' authority to hear detention challenges by ``enemy combatants'' through a request for a writ of habeas corpus.

Hamdan, who is accused of conspiracy, won a U.S. Supreme Court ruling in June that Congress hadn't authorized military tribunals to try suspected terrorists. That ruling led Congress to enact the Military Commissions Act, signed by President George W. Bush on Oct. 17. The law requires inmates to go through a military review, with a limited right of appeal to the U.S. Court of Appeals for the D.C. Circuit.

DOJ_NMG_0106484

``Hamdan is to face a military commission newly designed, because of his efforts, by a Congress that finally stepped up to its responsibility, acting according to guidelines laid down by the Supreme Court,'' wrote Robertson. ``It is difficult to see how continued habeas jurisdiction could make further improvements in his tribunal.''

Robertson said Hamdan's bid for a court hearing ``is blocked by the jurisdiction-stripping language'' of the new law, adding that he has no separate constitutional right to file a habeas- corpus claim. Robertson was appointed by former President Bill Clinton.

Hundreds of Detainees

The Bush administration says the law strips hundreds of Guantanamo detainees of their right to a court hearing to challenge their confinement. The Guantanamo prison has drawn international criticism since it opened in 2002 to house suspected terrorists captured after the Sept. 11 attacks. Bush has repeatedly said he would like to close it.

After its decision in June, the Supreme Court sent Hamdan's case back to Robertson for further proceedings. Hamdan can appeal today's ruling to the D.C. Circuit, where a separate case brought by hundreds of Guantanamo Bay inmates is awaiting decision. The decision in that case is almost certain to be appealed to the Supreme Court, lawyers say.

Hamdan's lawyer, Neal Katyal, didn't immediately return a voicemail message seeking comment on the ruling.

Lawyers for Guantanamo detainees have argued that military tribunals would provide fewer rights than a federal court, and that the Constitution doesn't allow the U.S. to take away their right to challenge their detention in court.

Khalid Sheikh Mohammed

Among those who will be brought to trial under the law is Khalid Sheikh Mohammed, the alleged Sept. 11 mastermind. He and 13 other terrorism suspects, who were labeled ``high value'' and had been held in secret overseas prisons operated by the Central Intelligence Agency, were transferred to the Guantanamo Bay prison.

Thomas Wilner, a lawyer representing Guantanamo detainees in the separate case, said in an interview that Robertson's decision ``is not only significantly wrong, it misses the key argument'' based on the Supreme Court's decision that detainees have rights under legal precedent dating to the founding of the country.

Wilner said Robertson's ruling won't affect the D.C. Circuit's expected ruling on the separate Guantanamo case. That dispute involves Guantanamo detainees who haven't been charged with a crime -- the vast majority of about 430 inmates held at the U.S. naval base in Cuba.

Justice Department spokeswoman Kathleen Blomquist said the department was pleased with Robertson's ruling.

`More Process'

``The Constitution does not provide alien enemy combatants detained at Guantanamo Bay with the constitutional right to file a petition for habeas corpus,'' she said. ``Detainees may challenge their detention before fair military tribunals with an appeal to the D.C. Circuit, and that is more process than the United States has ever provided to enemy combatants in our past conflicts.''

Hamdan, who is from Yemen, worked for bin Laden in three stretches from 1996 to 2001, at least occasionally driving the al-Qaeda leader and delivering weapons. Hamdan's attorneys say he was a poor man who worked for bin Laden to earn money so that he could support his family.

The government says Hamdan conspired with bin Laden and other al-Qaeda leaders to wage war against the U.S. and attack civilians.

The case is Hamdan v. Rumsfeld, 04-1519, U.S. District Court for the District of Columbia.

END

New York Times

December 14, 2006

Judge Sets Back Guantánamo Detainees

By NEIL A. LEWIS

WASHINGTON, Dec. 13 — For the first time, a court has affirmed that a law enacted this fall accomplishes what the White House and its Congressional supporters sought: stripping the federal judiciary of the authority to hear challenges from detainees at Guantánamo Bay, Cuba.

DOJ_NMG_0106485

In a ruling Wednesday, Judge James Robertson of the Federal District Court here said Salim Ahmed Hamdan, a prisoner at Guantánamo, could no longer contest his detention before a federal court because, Judge Robertson said, Congress this fall explicitly eliminated his right to file a habeas corpus challenge.

The judge said the Military Commissions Act, passed by Congress in September and signed into law by President Bush the following month, was unambiguous in denying Guantánamo detainees the use of a habeas corpus statute. Like Mr. Hamdan, hundreds of other prisoners at the base have challenged their detention, in similar cases.

It was Judge Robertson who granted Mr. Hamdan's habeas petition in November 2004, abruptly halting his war crimes trial in the middle of proceedings at Guantánamo by ruling that the process was fatally flawed.

But in his decision Wednesday, the judge said circumstances had changed fundamentally with enactment of the new law. And not only is Mr. Hamdan barred from a challenge under the habeas statute, the judge said, he cannot follow the usual second avenue to bring a habeas challenge — invoking the Constitution — because it is unclear that noncitizens at Guantánamo have that right.

Mr. Hamdan is a Yemeni who was a driver for Osama bin Laden in Afghanistan and was captured there in November 2001. He has been at the center of a debate about the Bush administration's legal tactics in fighting terrorism, his challenge occupying not only the White House but also Congress and the courts — up to the Supreme Court, which will almost certainly have to revisit the case.

The Supreme Court first ruled in the Hamdan case in June, when it repudiated the administration's efforts to put Guantánamo detainees on trial before military commissions. That 5-to-3 ruling said Mr. Bush had overstepped his constitutional bounds by establishing the commissions without Congressional authorization. Further, the justices said a previous law stripping Guantánamo detainees of habeas corpus protections did so only prospectively — that is, it did not void the several hundred habeas petitions already filed in federal courts.

In response, the Republican-controlled Congress adopted the Military Commissions Act to address, explicitly and retroactively, the question of the habeas statute's application to Guantánamo.

Judge Robertson's opinion on Wednesday said in effect that in enacting the new law, Congress and the president had undone the basis of the Supreme Court's ruling.

The judge said that although Mr. Hamdan was asserting that he was entitled to habeas protection because he had never been tried properly, he would soon "face a military commission newly designed, because of his efforts, by a Congress that finally stepped up to its responsibility, acting according to guidelines laid down by the Supreme Court."

The issue of whether Mr. Hamdan and other Guantánamo detainees have a constitutional, rather than a statutory, right to habeas corpus is almost certain to form the heart of the legal debate that will next occur in the United States Court of Appeals for the District of Columbia Circuit, before an ultimate decision by the Supreme Court. The appeals court is already considering the application of the new law in dozens of other habeas cases brought by detainees.

But by the time the cases make their way through the system, Mr. Hamdan and some other prisoners may have already been tried by military commissions, making the habeas issue moot as it applies to them.

Once the Military Commissions Act was adopted this fall, senior Pentagon officials said they hoped to resume war crimes trials before the newly reconstituted commissions by next summer. Mr. Hamdan, who has maintained that he was only a driver at the bin Laden farm and not a terrorist, may well be one of the first to go before the new commissions.

END

AP

December 14, 2006

Father of Australian Guantanamo Bay detainee attacks U.S. court ruling

ADELAIDE, Australia_The father of the only Australian held at Guantanamo Bay said Thursday he is disgusted by a U.S. Federal Court decision that terror suspects imprisoned at the military base have no right to challenge their detention in the U.S. court system.

In the ruling Wednesday, U.S. District Judge James Robertson rejected a legal challenge by Salim Ahmed Hamdan, a former driver for al-Qaida mastermind Osama bin Laden, and upheld the Military Commissions Act, which strips the right of enemy combatants to seek their freedom in U.S. courts.

Terry Hicks, father of 31-year-old alleged Taliban fighter David Hicks, said the ruling left his son at the whim of the U.S.

military commission that would try his case.

"I think it is disgusting that the U.S. has taken away a person's normal court appeal process in this way," he said.

But Terry Hicks said he remained hopeful that his son will be released from Guantanamo by a lawsuit in the Australian Federal Court that starts Friday in Sydney.

Hicks' lawyers accuse Attorney General Philip Ruddock and Foreign Minister Alexander Downer of failing in their constitutional duty to assist Australian citizens overseas.

The lawyers say the Federal Court should order the two ministers to request that the United States repatriate Hicks, who has been in custody for five years.

Hicks' Pentagon-appointed lawyer Maj. Michael Mori arrived in Sydney on Thursday for the case.

Mori said the question of whether Guantanamo inmates can challenge their imprisonment will probably be determined by an appeal to the U.S. Supreme Court.

"We're not going to know the end result probably for another year and a half when it makes it back to the Supreme Court," Mori told Australian Broadcasting Corp. radio.

"As we've seen over the last five years, the administration has won at the lower courts and at the middle courts, but at the Supreme Court, they've always lost and that's what I expect would happen," he added.

END

Globe and Mail

December 14, 2006

THE ARAR REPORT

Judge's findings laid foundation for new investigation (Arar)

COLIN FREEZE AND JEFF SALLOT

OTTAWA -- Now winding up his work on the Maher Arar inquiry, Mr. Justice Dennis O'Connor will not be presiding over a new judicial inquiry announced this week. Yet in many ways, he has laid the groundwork for the new probe.

While he was tasked only with probing Canadian complicity in the Syrian detention of Mr. Arar, Judge O'Connor was clearly troubled by the intertwined cases of other Canadian Arabs who were targets of an RCMP investigation before ending up in Syrian jails.

"I did not conduct anything approaching a full review," Judge O'Connor wrote in his findings, adding that this would be "an enormously time-consuming task" outside of his mandate.

But he did say there was a" pattern of investigative practices" that included officials "accepting and relying upon information that might be the product of torture." And such practices, Judge O'Connor said, "show that Canadian officials' treatment of Mr. Arar was not unique. They are indicative of systemic problems that should be addressed by the relevant agencies."

What follows is a look at how Judge O'Connor highlighted problems in the cases of the three individuals, which will now be examined by former Supreme Court judge Frank Iacobucci.

Abdullah Almalki

Mr. Almalki, a Syrian-Canadian, worked for an Afghanistan-based charity in the early 1990s before returning to Canada to start an electronic-equipment export business.

Before long, Canadian agents were inviting him out for coffee to ask him questions about Afghanistan, and whether he was exporting any equipment to the Taliban or al-Qaeda. Mr. Almalki has always insisted he never sold any equipment to Afghanistan.

After the September, 2001, attacks in the United States, Mounties began to place Mr. Almalki under a microscope. He was arrested the next year in Damascus as he flew into Syria.

Judge O'Connor found that the Mounties faxed two lists of questions to Syrian military intelligence officials while Mr. Almalki was jailed there. "Depending on his willingness to answer truthfully and depending on the answers he provides to you, a second series of questions has been prepared for him," the fax said.

Mr. Almalki spent nearly two years jailed in Syria before he was freed and allowed to return to Canada, where he has never been charged with any crime.

Ahmad El Maati

Mr. El Maati, a Toronto truck driver, has said he is not surprised that Canadian counterterrorism investigators were very interested in him after the Sept. 11 attacks.

He had once taken flying lessons. Years earlier, he and his older brother, Amer, had once served with a *mujahedeen* force that had fought to topple the Soviet-backed regime in Afghanistan. But, Judge O'Connor noted, Mr. El Maati has never been charged with a crime and is still presumed innocent. Mr. El Maati says he was planning to attend an arranged wedding in Syria a month after the 9/11 attacks, when he was arrested at the Damascus airport.

The O'Connor report says the Mounties were soon expressing an interest in interviewing Mr. El Maati while he was in Syrian custody, and also in Egyptian custody, to which he was transferred within weeks of his arrests. Yet the RCMP wasn't successful in following through in either country.

A censored portion of the Arar report suggests that a confession extracted from Mr. El-Maati under torture in Syria could have figured into search warrants executed by the RCMP in Canada.

Mr. El Maati, who says he was coerced into making false confessions, was released to Canada in 2004 and now lives freely.

Muyyed Nurredin

A Canadian geologist from Toronto and a former principal of an Islamic school, he was arrested by the Syrians at a land border crossing with Iraq, his country of birth.

Judge O'Connor said there are fewer links between the Nureddin case and the other cases. He was not imprisoned in Syria until after Mr. Arar was released and he was held for only a month.

"Thus, drawing parallels between what happened to Mr. Arar and Mr. Nureddin is more difficult," Judge O'Connor wrote.

END

AP

December 14, 2006

Judge Demands Answers on Katrina Housing

By MATT APUZZO

Associated Press Writer

WASHINGTON_A federal judge called the Bush administration's handling of a Hurricane Katrina housing program "a legal disaster" Wednesday and ordered officials to explain a computer system that can neither precisely count evacuees nor provide reasons why they were denied aid.

U.S. District Judge Richard J. Leon, who ruled last month that the Federal Emergency Management Agency had violated evacuees' constitutional rights by eliminating their housing payments without notice, admonished the government for not moving fast enough to restart the program for between 3,600 and 5,500 storm victims.

"Let me make this clear," Leon told government attorney Michael Sitcov. "Tell FEMA that I'm expecting them to get going on this. Like immediately."

Leon ruled that FEMA mishandled the transition from a short-term housing program to a longer-term program this spring and summer. Instead of explaining why funding was being cut, FEMA provided only computer-generated and sometimes conflicting program codes, Leon said.

The judge ordered FEMA to explain those decisions so thousands of evacuees can understand the reasoning and decide whether to appeal.

"I'm not looking for a doctoral dissertation," Leon said. "I'm looking for a couple of paragraphs in plain English."

Sitcov said that FEMA's computer system cannot do what the judge wants. The eight-year-old system is set up only to produce program codes, he said. The program also cannot say for certain how many evacuees in Texas were covered by Leon's order or how many people appealed the denial of their aid, Sitcov said.

"It's not as adept at doing these kinds of machinations," said Sitcov, who said the best estimate of evacuees covered by the order was 5,479.

Leon appeared bewildered and ordered FEMA officials to testify Monday about the program. He said he didn't understand why the letters couldn't be written by hand. He said 10 employees, working overtime and on weekends could translate program codes into 5,000 understandable letters in two weeks _ nearly the amount of time that has passed since his ruling.

"This is a legal disaster. People's rights are being denied," Leon said. "I don't want us to get so mired in the minutiae and the law while, in the meantime, people who need help are not getting help."

FEMA has appealed Leon's order and is hoping a higher court will block its enforcement until the appeal plays out. That ruling is unlikely before next week, and Leon said he wants the agency to start working on the problem immediately.

"Two weeks have been lost and I don't want another day to be lost," Leon said. "We've got to get moving."

Sitcov said FEMA could not comply with the order to restart the housing program because the agreements to reimburse Texas cities for rental payments have expired. Leon said he's sure local governments would be willing to make those same agreements again and said he might order Texas officials to testify Monday.

Leon also scheduled a telephone conference Friday between FEMA and the Association of Community Organizations for Reform Now, which brought the lawsuit on behalf of hurricane victims.

END

AP
December 14, 2006

Cheney visit ruling appealed

From the Associated Press

WASHINGTON — The Bush administration asked an appeals court Wednesday to overrule a federal judge and allow the White House to keep secret any records of visitors to Vice President Dick Cheney's residence and office.

To make the visitor records public would be an "unprecedented intrusion into the daily operations of the vice presidency," the Justice Department argued in a 57-page brief to the U.S. Court of Appeals for the District of Columbia.

The government was responding to an October order, by U.S. District Judge Ricardo M. Urbina, to release two years of White House visitor logs to the Washington Post. The newspaper, researching the access lobbyists had to the White House, sought Secret Service records for anyone visiting Cheney and top aides and advisors.

Urbina questioned the government's argument that the logs are protected by Cheney's right to executive privilege.

END

DOJ_NMG_0106489

Boston Globe

December 14, 2006

Dukakis Testifies in Limone Trial

By Shelley Murphy
Globe Staff

Former Governor Michael S. Dukakis testified Wednesday that he carefully considered every inmate's request for clemency in the 1980s, even reviewing case files at home at night before deciding whether they should be set free.

But Dukakis said he only recalled one instance when the state's top federal prosecutor weighed in on a clemency petition — in 1983, when then US Attorney William F. Weld urged him to reject Peter J. Limone's bid for freedom.

Considering how ''unusual'' it was to get such a letter, Dukakis said he gave ''substantial'' weight to Weld's warning that Limone would ''assume charge of the day-to-day operations of organized crime in this area'' if released.

The governor said he urged the governor's council not to commute the life sentences of Limone and his codefendant, Louis Greco, in the 1980s, but obviously would have felt differently if he knew the men had been wrongfully convicted of the 1965 gangland slaying of petty thief Edward ''Teddy'' Deegan in Chelsea.

Dukakis, who served as governor from 1975 to 1978 and from 1983 to 1990, was called to the stand in a civil trial, where Limone, Joseph Salvati, and the families of Greco and Henry Tameleo, who are both dead, are seeking more than $100 million from the government for falsely imprisoning the men.

Later, on his way out of the courthouse, Dukakis said it was ''disgraceful'' that two Italian-American members of the parole board were investigated by the FBI for alleged ties to organized crime after they voted to commute Limone's sentence in 1983.

''Now that we know what was going on in the (FBI) office, we were all deceived,'' said Dukakis, referring to the racketeering conviction of former FBI agent John J. Connolly Jr. for his handling of longtime informants James ''Whitey'' Bulger and Stephen ''The Rifleman'' Flemmi, and to the murder indictment of former FBI agent H. Paul Rico, who died in jail while awaiting trial. ''In fact, the bureau itself was betrayed.''

Limone and Salvati spent more than 30 years in prison before they were exonerated five years ago after the revelation that secret FBI reports, never turned over at their 1968 trial, indicated they had been framed by the government's key witness, Mafia hitman Joseph ''The Animal'' Barboza. Tameleo and Greco died in prison.

Dukakis acknowledged he knew nothing about allegations that then-FBI agent Dennis Condon was aware Barboza was lying and yet vouched for his credibility during the trial.

But on the stand, Dukakis defended the integrity of Condon, who served as public safety commissioner during his administration. He later told reporters, ''There really wasn't a better public servant walking the earth, in my opinion.''

Barboza testified during the 1968 trial that Limone, who allegedly had ties to organized crime, paid him $7,500 to kill Deegan and that Tameleo, the mob's reputed consigliere, sanctioned the hit. Barboza, who was given leniency for his cooperation, claimed Salvati and Greco participated in the slaying.

In earlier testimony Wednesday, former defense attorney F. Lee Bailey testified that Barboza confided to him two years after the convictions that Rico was part of a plot to frame the four men.

Bailey said Barboza claimed that Rico told him the FBI wanted to prosecute ''high-profile'' organized crime figures and suggested he implicate Tameleo and Limone in Deegan's slaying.

''He said he was told (by Rico) to give us two and you can name two,'' said Bailey, adding that Barboza added Salvati and Greco because he disliked them.

Bailey said Barboza admitted protecting one of the true killers, his close friend Vincent ''Jimmy'' Flemmi, who was also an FBI informant. Flemmi, who died in prison in 1979, was the brother of longtime FBI informant, Stephen Flemmi.

Bailey said he agreed to represent Barboza in his recantation, but only after the mobster said he would take a lie detector test. But Bailey said the test was never given.

Barboza's possible recantation became public in 1970 when he signed an affidavit saying portions of his trial testimony were false. But later Barboza told federal prosecutors he was only pretending to recant as part of a plot to extort money from local Mafia leaders, according to court records.

Barboza was gunned down by another mobster in 1976 in San Francisco.

Rico died in January 2004, in jail, awaiting trial on charges that he helped Bulger and Stephen Flemmi orchestrate the 1981 slaying of Tulsa businessman Roger Wheeler.

END

Indianz.Com.

December 13, 2006

New Cobell judge has experience with DOI

The new judge for the Cobell trust fund lawsuit has experience with the Interior Department, though it hasn't always been a positive one.

U.S. District Judge James Robertson has sat on the bench since 1994, after being appointed by President Bill Clinton. In those years, he has several Indian law disputes on topics like land-into-trust, gaming and sovereignty.

But it's a recent case on federal recognition that tested Robertson's patience with the Bureau of Indian Affairs. He blasted the agency for failing to make a timely decision on the petition for the Mashpee Wampanoag Tribe.

"The people involved in making the decisions at the BIA have completely lost track of the whole concept of deadlines," Robertson said at a February 2005 hearing.

Robertson was so fed up with the inaction that he imposed deadlines on the agency. But rather than follow the order, government lawyers appealed and got it overturned.

The same scenario faces the judge as he takes on the largest class action against the government. Filed in 1996, the Cobell case has appealed nearly a dozen times as the government, during both the Clinton and Bush administrations, has sought to limit its trust responsibilities.

The effort ramped up during the Bush administration, resulting in the unprecedented removal of Judge Royce Lamberth. Government lawyers claimed he was biased, a charge they levied against two other court officials who also left the case.

Elouise Cobell, the lead plaintiff, hopes Robertson won't meet a similar end. She pledged to try and get the dispute resolved as soon as possible.

"We want to see this case resolved quickly," Cobell said last week after Robertson was assigned to the case. "We will work in good faith with Judge Robertson to end this century-long injustice that the government has done to Native people."

In his Indian law cases, Robertson has expressed sympathy for tribal plaintiffs. After being overturned on appeal in the Mashpee case, he continued to rail against the BIA and its management practices.

Robertson already knew about the federal recognition process from an earlier case he handled involving the Ramapough Mountain Tribe of New Jersey. He heard evidence of a leak to an unfriendly Congressman and alleged mishandling of documents but concluded the BIA didn't break the law by rejecting the tribe.

On land-into-trust, Robertson dealt with the Indian Gaming Regulatory Act and its application to restored tribes. He rejected an anti-casino group's attempt to block a land-into-trust acquisition for the Pokagon Band of Potawatomi Indians of Michigan.

Robertson heard more gaming-related issues in a lawsuit over membership in the Shakopee Mdewankanton Sioux Community of Minnesota. Some tribal members challenged the BIA's approval of an adoption ordinance, which would have spread casino per capita payments among more people.

In attempting to resolve the dispute, Robertson was careful not to tread on tribal rights. "The court is sensitive to the federal government's long-standing policy of encouraging tribal self-government and recognizes that this policy reflects the Indian tribes' retention of attributes of sovereignty over their members and territories," he wrote in December 2006.

But he questioned why the members who opposed the ordinance were excluded from Interior's appeals process. The case was sent back to the department for further review.

In a more recent case, Robertson heard from a small California tribe whose leaders have been embroiled in a leadership feud for several years. The dispute centered over the interpretation of a little-noticed amendment to the Indian Reorganization Act that was passed in March 2004.

Robertson refused to free the California Valley Miwok Tribe from federal oversight. The BIA refuses to recognize the tribe's governing structure and has pulled funding for the tribe's self-determination contracts due to the leadership fight.

Despite his experience, Robertson hasn't handled any trust-related cases. He came close in a lawsuit over BIA's decision to reject a lease for a hog farm on the Rosebud Sioux Reservation, but the case was transferred to a federal court in South Dakota.

DOJ_NMG_0106491

Robertson has heard a number of cases involving administrative law, which has been a central part of the Cobell lawsuit. Most of these cases involved environmental groups who challenged Interior's decision-making. One case was a challenge from a coal company.

END

AP

December 14, 2006

FBI testimony that terrorism expertise not important made public (Bassem Youssef)

By JOHN SOLOMON

Associated Press Writer

WASHINGTON_Lawyers for a once-decorated terror-fighting FBI agent are making public hundreds of pages of testimony from the bureau's top brass declaring that terrorism expertise has been given little weight in promoting agents since the Sept . 11 , 2001, attacks.

The evidence gathered during Agent Bassem Youssef's ongoing lawsuit against the FBI includes statements from the agency's director, Robert Mueller, and many of his top supervisors on how little Middle Eastern experience, Arabic language skills or formal anti-terrorism training has played in promotion decisions.

The testimony, some of which was reported by The Associated Press in 2005, is being posted Wednesday to a Web site for the public to see. It includes:

_Mueller defending the 2003 appointment of agent Gary Bald to the top terror-fighting job on grounds that he was qualified because he ran the Baltimore office when it investigated the 2002 Washington-area sniper shootings.

"He had the sniper case, which I don't know whether it was actually documented as a domestic terrorism program, but certainly it could fall under the category of domestic terrorism. So running the office gave him some exposure to terrorism matters," Mueller testified.

_Bald, who retired earlier this year, was asked about his grasp of Middle Eastern culture and history, and testified: "I wish that I had it. It would be nice."

_The agent assigned to oversee the Sept. 11 investigation at the Pentagon acknowledged she had no formal terrorism background. "I do not have a terrorism background myself," agent Ellen Knowlton testified.

_John Lewis, a deputy assistant director for counterterrorism, testified that there was no difference in recruiting an informant to infiltrate a white supremacist group or al-Qaida. "It doesn't make any difference whether somebody's from the Middle East or a white supremacist or from Australia," he said.

Youssef, the agent suing the bureau, alleges he was passed over for several promotions that could have better utilized his skills in the war on terror. The FBI denies discriminating against him.

Youssef's lawyer said Tuesday he was making the depositions public so Americans can see the FBI answers for themselves. "The American public has a right to know what really happened inside the FBI counterterrorism division after Sept. 11," attorney Stephen Kohn said.

The documents are to be posted Wednesday to http://www.whistleblowers.org/html/inside_the_fbi.html

An FBI spokesman did not immediately return a call seeking comment Tuesday. In the past, the FBI has declined to discuss the Youssef litigation but has said the agency has fundamentally reshaped itself to ensure the field agents on the ground who work the cases have the necessary skills, training and background for fighting terrorism. It has noted it hired or redeployed more than 1,000 agents to counterterrorism and hired an additional 1,200 intelligence analysts and linguists.

Youssef was credited with improving relations with Saudi Arabia during the late 1990s as the threat from al-Qaida leader Osama bin Laden grew and the bureau struggled to solve the case of the 1996 Khobar Towers bombing. He received special awards for his performance.

But after Sept. 11, Youssef repeatedly was passed over for top-level headquarters jobs in terrorism. Instead, he was offered same-rank positions in budgeting or exploiting intelligence from terrorism documents.

Louis Freeh, the former FBI director who left that job three months before the terrorist attacks, testified he believed Youssef should have gotten an important terror-fighting job in the post-Sept. 11 era

And one FBI supervisor, just-retired agent Paul Vick, testified he was concerned that Youssef's skills weren't utilized after Sept. 11 and that some colleagues had mistaken him for another agent who was Muslim and had refused certain work assignments on religious beliefs.

Youssef is Christian and never refused any assignments, his lawyer said.

END

St. Paul Pioneer Press

December 9, 2006

Judge rules against 2005 bankruptcy law; Restrictions on lawyers' advice, ads cited

BY JOHN WELBES
Pioneer Press

A portion of the new U.S. bankruptcy law unfairly restricts attorneys and violates the First Amendment, a U.S. District Court judge in Minneapolis ruled this week.

Ruling in a lawsuit that challenges the bankruptcy law's provisions, Judge James Rosenbaum noted that part of the law "forbids truthful and possibly efficacious advice" from an attorney to a client. "If this is the government's view of legal ethics, it is a form of ethics unfamiliar to the Court."

Rosenbaum's ruling, unveiled on Thursday, denied a motion by the U.S. government to dismiss the case that was brought by bankruptcy attorneys and two anonymous plaintiffs. The attorneys are from Milavetz, Gallop & Milavetz, a Twin Cities bankruptcy firm well-known for its advertising.

In 2005, President Bush signed the bankruptcy law that makes it harder for debt-ridden Americans to get rid of their financial obligations.

"This law was drawn up by credit card companies," Robert Milavetz, an attorney representing the plaintiffs, said Friday. "Congressmen didn't carefully read this act" before making it law, he said.

Specifically, Rosenbaum's ruling addressed a provision in the 2005 law that says attorneys can't advise their clients to take on more debt as the clients consider filing for bankruptcy. The law also dictates what attorney advertisements must say, and Rosenbaum noted that such regulation is done at the state level. He said the provisions would be unconstitutional if applied to attorneys.

The next step in the case is now up to the U.S. Department of Justice. Officials with the department couldn't be reached for comment Friday.

"I think it will go up through the appeals process," said Larry Ponoroff, dean of the law school at Tulane University in New Orleans. In its broadest sense, he said, Rosenbaum's decision "reveals how internally inconsistent and frankly poorly drafted the 2005 act is."

For the moment, Ponoroff said, bankruptcy lawyers practicing in Minnesota could take comfort in the decision if they choose to pass such information on to their clients.

END

OpEdNews.com

December 13, 2006

Opinion: Why Signing a Waiver to Avoid Vaccines Can Be Considered Abuse

By Anai Rhoads Ford

Recently, the Washington post printed an article about vaccine waivers that could jeopardise your parental rights:

"The American Academy of Pediatrics recommends that doctors ask parents who refuse to vaccinate their children to sign a waiver indicating they are aware of the risks of refusal."

Note: Despite that vaccines have been linked to asthma, autism, diabetes, and sudden infant death syndrome, the author implies that parents are being overly theatrical about the shots.

Know Your Rights

By endorsing this particular waiver, parents would essentially be signing an admittance of neglect and or "abuse" for refusing vaccines. The language contained in this waiver could put parents and caregivers in jeopardy down-the-line if they should ever find themselves in the courts due to their child's health problems, when confronted with child protective services, divorce, or just about any matter pertaining to that child that could be used against the parent(s).

Please read any waiver provided by your child's doctor carefully before signing. Instead, offer a formally written and signed letter that simply says that you do not wish to vaccinate your child. If you are unsure of the language in the waiver, buy some time by telling your doctor that you need to consult with a lawyer before signing it.

Know your rights - say no to vaccines. Your doctor will try to bully you - you have the right to refuse anything you feel is harmful to your child. If your doctor won't listen, go to another doctor who will.

Check your State's laws regarding exemption. Most States will allow you to avoid vaccinations if you have a religious or ethical reason. However - keep in mind that it is your right not to disclose your faith or your full reasons for not wanting to vaccinate your child.

Regarding School Admission

A signed document can and will be used as a legal document even in a public school. Unfortunately, private schools have a different set of rules not dictated by the government.

Do Vaccines Work?

Example One:

According to a report printed by The Lancet (21/9/1991), a polio outbreak began in Oman between the years of 1988 and 1989. This is significant because a polio outbreak occurred despite the children being vaccinated prior to the outbreak. Curiously, the region with the highest attack rate had the highest vaccine coverage, while the region with the lowest attack rate had the lowest vaccine coverage.

Example Two:

Sweden abandoned the whooping cough vaccine in 1979. Why? Out of 5,140 cases of whooping cough in 1978, it was found that 84 percent had been vaccinated at least three times. You may find this report in the BMJ 283:696-697, 1981.

Pay-outs

More than $1.1 billion in claims have been paid by the National Vaccine Injury Compensation Program to parents of children affected by vaccines. On average, each family received nearly a million dollars each. Sadly, the claims by the parents had to fit in the programme's extremely narrow definitions in order to qualify for compensation.

Naughty CDC

The CDC Vaccine Advisory Committee and its members get money from vaccine manufacturers.

They own stock in vaccine companies and get paid to conduct research.

As of 2003, the CDC has had 28 licensing agreements with companies and at least one university for vaccines.

Vaccines once endorsed by the CDC were pulled off the market after infants (and even some adults) had serious

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reactions. People had to die for the CDC to admit wrongdoing.

Why Your Doctor May Not Care

Your doctor gets paid by the companies that supply the vaccines for each and every vaccine.

A 1993 federal "Immunization Initiative" gave States more than $400 million in vaccine incentives and a $100 bounty for each child vaccinated with the shots the federal government recommended.

You should know that according to the February 1981 issue of the Journal of the American Medical Association (JAMA), 90 percent of obstetricians and 66 percent of pediatricians refused to take the rubella vaccine, and in 1990 a British survey showed that over 50 percent of doctors in the UK rejected the Hepatitis B vaccine. (British Med Jnl, 27/1/90).

The article, entitled "Feuding Over Vaccines" by Boodman, Sandra G., was printed in the Washington Post on 08 November 2005 on page F1.

END

The Conservative Voice

Commentary: 20 Year-Old Whistleblower Law: A Gift that Keeps on Giving

by Senator Chuck Grassley

Iowans tell me they want Congress to pull back on the reins and stop overspending. As Iowa's senior U.S. Senator, I couldn't agree more. When holiday shoppers go overboard in December, they often pay the price after the New Year when the bills are due.

Many households trim spending to get back on track. But when lawmakers ring up annual deficits that drive up the national debt, the burden is shifted to future generations.

Congress resumed writing the federal budget in red ink to address compelling needs of the nation. The War on Terror, reconstruction of the U.S. Gulf Coast following Hurricane Katrina and homeland security added up to significant spending pressures. Combining those spending priorities with built-in spending obligations that fund essential government services and entitlements added up to annual shortfalls.

Some lawmakers believe raising taxes on American families will erase this funding gap. They seem to forget that revenue is only one side of the equation. Hiking taxes won't curb lawmakers' spending appetite. What's more, the tax cuts I worked to see enacted during the last five years have resulted in more money flowing into the U.S. Treasury due to increased economic activity. So when the new Congress convenes in January, I'll continue to serve as a voice for hard-working taxpayers if the new Democratic leadership takes aim at marginal tax rate increases and investment income.

As the 109th Congress draws to a close, a glimmer of good news brings a dose of good tidings for taxpayers this holiday season. The U.S. Justice Department reports a record $3.1 billion was recovered this year thanks to a legal tool I have advocated for the last two decades. This represents nearly a billion dollars more than any preceding 12-month recovery.

Back in 1986, I authored legislation that amended the Civil War-era False Claims Act. My whistleblower amendments empower private citizens to protect Uncle Sam from swindlers who fraudulently claim federal funds.

Through my legislation, whistleblowers are enlisted to help fight fraud against the federal government. Since passage of my *qui tam* amendments, the federal government has recouped $18 billion in settlements and judgments under the False Claim Act from those who sought to rip off U.S. taxpayers. Of the $3.1 billion recovered by the Justice Department in fiscal year 2006, whistleblowers were responsible for $1.3 billion. The remainder was recovered through suits initiated by the government.

Thanks to this tool, average citizens may shield from fraud their own hard-earned tax dollars which are used to fund federal programs, including Medicare, Medicaid, defense contract payments, disaster assistance and other benefits, agricultural subsidies, grants and loans.

Considering the remarkable success of my *qui tam* amendments at the federal level, I recently advanced a provision that will help put this anti-fraud tool to work at the state level. The provision creates an incentive for states to encourage

whistleblowers to step forward with information that may help recover tax dollars lost to fraud.

The U.S. Justice Department refers to the False Claims Act as the federal government's primary weapon to fight fraud against the government.

My *qui tam* amendments allow private citizens to file suit on behalf of the United States against those who falsely or fraudulently claim federal payments. Individuals who knowingly submit false claims are liable for three times the government's loss plus civil penalties.

Recoveries in health care fraud, primarily in the vast Medicare and Medicaid programs, last year overwhelmingly led the way, accounting for 72 percent of the restored funds. Defense procurement fraud accounted for 20 percent of the $3.1 billion recovered under the False Claims Act.

It's regrettable the federal government is seen as a cash cow to be bilked by wrongdoers. Just as President Abraham Lincoln took aim at war profiteers during the Civil War by signing the False Claims Act into law, I'll continue to serve as a watchdog on Capitol Hill to ensure this tremendously adept tool remains available and relevant to assist in the fight against fraud in the 21st century.

END

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, December 15, 2006 8:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, December 15, 2006
Attachments:	agnb061215.pdf; agnb061215.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 15, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Warns Blind Sheik's Death Could Prompt Terror Attacks. CNN's Newsroom (12/14, Phillips) reported, "We begin this hour with the developing story. The FBI has sent out a bulletin warning that the expected death of an al Qaeda spiritual leader could lead to terror attacks against the United States. … The bulletin reminds agencies that" the so-called Blind Sheik, Omar Abdel-Rahman, "has called for attacks if he dies in prison. The bulletin includes what it says was his last will and testament, distributed at an al Qaeda press conference in 1998. Part of it read, 'My brothers, if they kill me – which they will certainly do – hold my funeral and send my corpse to my family. But do not let my blood be shed in vain. Rather, extract the most violent revenge.' Law enforcement sources stress that the bulletin is just meant to make all those in law enforcement aware of the possible threat, and there is no intelligence to suggest there are any attacks being planned. We'll have more on this developing story throughout the afternoon."

In a widely-distributed story, the AP (12/15, Jordan) also notes, "There is no credible indication that an attack on the U.S. is imminent, said several law enforcement officials," and reports that in the bulletin, "the FBI reported to federal intelligence officials that Abdel-Rahman had been rushed from prison to a Missouri hospital two days earlier for a blood transfusion. There, doctors discovered a tumor on his liver, according to the bulletin, which was described to The Associated Press by a law enforcement official. But U.S. Bureau of Prisons spokeswoman Tracy Billingsley said Abdel-Rahman's condition had stabilized, and he has since been moved back to prison." Newsday (12/15, Eisenberg) notes, "New York City Police Commissioner Ray Kelly said yesterday that the FBI had shared its assessment with his department, 'and we'll take appropriate precautions as, you know, as our intelligence indicates.'" House Homeland Security Committee Chairman Peter King "said that it was the FBI's job to advise of developments, but 'I don't think we should be overly concerned.'"

The New York Daily News (12/15, Meek, 729K) reports Abdel-Rahman "was rushed from a federal prison hospital in Springfield, Mo., to an emergency room after he started 'throwing up blood,' according to an FBI intelligence bulletin obtained by the Daily News. While under examination…to stop bleeding in his esophagus, doctors 'discovered a small tumor on his liver,' the FBI said. Abdel-Rahman is now stable and 'is not at death's door,' a U.S. official lamented. 'The guy is sick; he's falling apart,' the official added." USA Today (12/15, 3A, Johnson, 2.27M) reports on the bulletin, under the headline "Sheik's Declining Health Puts FBI On Alert," and the New York Times (12/14, Johnston, 1.16M) briefly reports on the alert, but does not mention the FBI. CNN's The Situation Room (12/14, Blitzer) and Fox News' Special Report

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with Brit Hume (12/14) also reported on the FBI bulletin, as do CNN.com (12/14, Arena), FoxNews.com (12/14, Bonisteel) and ABC News' The Blotter (12/14, Esposito, 11:31 a.m.).

FBI, DHS See No Credible Threats During Holiday Season. ABC News' The Blotter (12/14, Esposito, 4:03 p.m.) reported, "As the height of the holiday season approaches, the FBI and Department of Homeland Security say there are no known credible terrorist attacks in the making inside the United States, but crowded stores and New Year's celebrations remain attractive targets. This was a key finding of a 'Holiday Season Security Awareness' bulletin circulated Wednesday and obtained by ABCNews.com." ABC noted, "The report cited the Dec. 6 FBI arrest of Derrick Shareef on charges of plotting to detonate hand grenades at an Illinois shopping mall during the holiday season as a reminder of the potential threat."

US Bioterror Threat Seen As Real, Increasing. Under the headline "Behind This Very Real Threat," Newsday (12/15, Eisenberg) reports, "While the U.S. food supply is among the world's safest, experts say it is vulnerable to deliberate, as well as accidental, contamination -- a reality brought home by the deaths of three people and the sickening of hundreds as a result of tainted spinach, tomatoes and a still-unidentified food source at Taco Bell. The country's exposure to deliberate sabotage is increasing, moreover, as a result of the centralization of the food supply, growing foreign imports and the system's oversight by a 'fragmented and problem-laden' national safety system, in the words of a 2003 report by the Government Accounting Office. 'The threat from agroterrorism may not be widely recognized, but the threat is real and the impact could be devastating,' said FBI Deputy Director John Pistole, speaking at a recent summit of law enforcement and agriculture officials. Noting that documents about U.S. agriculture, which had been translated into Arabic, were discovered in Afghan caves, Pistole said that, while the FBI had no specific intelligence regarding attacks, 'the absence of a communicated threat does not prove the absence of a threat.'" However, Newsday notes, although "national response plans to agroterrorism have been prepared by agencies" since 9/11, "many say that recent contamination episodes are proof that such plans are inadequate."

LATimes Criticizes Lawmakers For Selective Criticism Of Dubai Ports Company. The Los Angeles Times (12/15, 850K) says in an editorial, "Six members of Congress traveled to the Dominican Republic on Sunday for a look at the future of U.S. port security. At Puerto Caucedo, east of Santo Domingo, they examined an X-ray scanning system for cargo containers. The port performing this cutting-edge work is operated by Dubai Ports World." That is "the same company that Congress thinks can't be trusted to run U.S. ports. Earlier this year, Dubai Ports World bought a British firm that operated several ports and cargo terminals in the U.S." On Sunday, "insurance giant American International Group agreed to buy the port operations. The lawmakers who spearheaded the xenophobic attacks on Dubai Ports World have since made a lot of self-congratulatory noises, but they have yet to explain why the Dubai company can be trusted to oversee foreign ports where cargo is screened before it's shipped to the U.S., but not ports in the U.S. itself."

HOMELAND RESPONSE:

Pelosi Calls For New Panel To Probe Intelligence Budget. USA Today (12/15, 4A, 2.27M) reports, "House Speaker-designate Nancy Pelosi called Thursday for creation of a congressional panel that would oversee the administration's intelligence budget." Pelosi "said the proposed intelligence oversight panel would be made up of lawmakers from the Appropriations Committee and the Select Committee on Intelligence, and would work within the Appropriations Committee. Such a panel, Pelosi said, 'makes oversight stronger and makes the American people safer.'"

The New York Times (12/15, Hulse, 1.16M) reports, "Advocates of the approach say it should provide some 'cross-pollination' that will lead to lawmakers' gaining more expertise and depth of knowledge about intelligence activities, giving them a greater ability to monitor operations and suggest changes." Rep. John A. Boehner, the GOP leader, "was noncommittal about the intelligence plan. He said he would 'take a look at her proposal and confer with my colleagues about it.'"

The AP (12/15, Shrader) reports that "through a series of hearings," the new committee "would examine the president's intelligence budget, prepare the classified details to the annual defense spending bill and conduct oversight of the use of appropriated funds by intelligence agencies." The AP also reports, "Pelosi's proposal does not follow the exact

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recommendation of the Sept. 11 commission. But it moves closer to the overhaul recommended two years ago when the commission found weaknesses in how Congress monitors the 16 intelligence agencies. A Democratic member of the Sept. 11 commission -- former Rep. Timothy Roemer of Indiana -- said the change would achieve the commission's two major goals: forcing spy agencies to disclose more to Congress, which they often have ignored, and linking the expanded oversight to the power of the purse."

The Washington Times (12/15, Bellantoni, 88K) reports that Pelosi, "who has served on both the intelligence and appropriations panels, has long advocated transparency in intelligence agencies." A "Republican appropriations aide, however, said the intelligence budgets must remain secret to prevent enemies from becoming aware of US spy programs. A transparent budget could signal to enemies, for example, large procurements such as satellite systems. The aide said 'one or two' appropriations staffers now have 'need-to-know' access."

The Washington Post (12/15, A8, Weisman, 690K) reports "appropriators, led by Rep. John P. Murtha (D-Pa.), a Pelosi ally and the incoming chairman of the Appropriations defense subcommittee, strongly objected to any efforts to strip them of jurisdiction over the intelligence budget. Democratic sources on the Appropriations, intelligence and Armed Services committees said last month that Pelosi was leaning toward establishing a panel to examine options for reorganizing the House along the lines suggested by the Sept. 11 commission." But "news reports on the issue emboldened commissioners and families of Sept. 11 victims to renew their push for stronger congressional oversight on intelligence. So Pelosi found a middle ground: Members of her intelligence oversight panel would come from both the intelligence and Appropriations committees, and would have the tasks of overseeing the intelligence agencies and drafting their budgets."

Pelosi Says Democrats Will Propose 100 Percent Screening Of Cargo. In an article focusing on Speaker-designate Nancy Pelosi's recommendation Thursday for the creation of a new House panel to oversee US spy agencies, the AP (12/14, Shrader) reported that such a move would be "a step toward adopting all the proposals of the anti-terror Sept. 11 commission." Referring to Republican efforts to adopt the commission's recommendations, Pelosi said Democrats would "go them one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach US shores." The AP added, "Less than 10 percent of cargo containers arriving at seaports are physically inspected." DHS Secretary Michael Chertoff said Thursday that his agency expects "to have virtually all containers coming into the US screened through radiation portal monitors" by the end of next year.

Chertoff Backs Wiretapping Program. Fox News Live (12/14, 2:36 pm, Herridge) reported that DHS Secretary Michael Chertoff "responded to statements made by the incoming head of the Senate Judiciary Committee, Patrick Leahy, that the administration's war on terror, specifically warantless wiretapping program, has gone too far." Chertoff "told Fox that he welcomes a debate with the senator and others on the hill because the American people must understand the value of this tool." Chertoff was shown saying, "Are we going to use all of the weapons that we have against an enemy, which is implacable, which as recently as August was targeting us for a very serious kind of plot? Or are we going to put those weapons away and then the American public is going to live with a significantly increased risk of a terrorism attack, which could result in the deaths of thousands of people."

Fox Special Report (12/15, story 8, 0:50, Hume) reported Chertoff "responded today with a certain amount of impatience to yesterdays assertions by incoming Senate Judiciary Committee chairman Patrick Leahy that the panel would exercise greater oversight of the Bush Administration's anti-terrorist programs, including electronic surveillance, conducted sometimes without warrants. Chertoff told Fox's Catherine Herridge there is a price to be paid if that tool is taken off the table."

Chertoff Defends Real ID. CNET News.com (12/14, Broache) reported DHS Secretary Michael Chertoff "defended forthcoming national ID cards" that will be required under the Real ID Act, saying they were "vital for security and consistent with privacy rights." Chertoff called the cards "an example (of) when security and privacy go hand in hand. It is a win-win for both." Chertoff cited an immigration raid Tuesday in which ICE agents "made more than 1,200 arrests related to immigration violations and unmasked criminal organizations stealing and trafficking in genuine birth certificates and Social Security cards belonging to US citizens. 'Do you think your privacy is better protected if someone can walk around with phony docs with your name

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and your Social Security number, or is your privacy better protected if you have the confidence that the identification relied upon is in fact reliable and uniquely tied to a single individual?' Chertoff asked rhetorically." CNET added that Chertoff "was likely trying to quell rampant skepticism about the IDs voiced by some privacy advocates, immigrants and other groups. Some have said they fear that the IDs are a stepping stone to a veritable police state, complete with ready surveillance of individuals."

DHS To Announce Rail Security Proposal. The AP (12/14, Miller) reported a rail security proposal to be announced Friday by the Department of Homeland Security "would require railroads to inspect rail cars and keep them in secure areas when not in use." The plan "falls short of the more stringent measures proposed by Democratic lawmakers who are set to take control of Congress next month." Rep. Bennie Thompson said he was "not convinced that all of the security gaps plaguing our current hazmat transport system will be filled by this proposal." DHS's "proposal would give the Transportation Security Administration authority to inspect railroads, rail yards and mass transit rail systems, according to documents obtained by The Associated Press from a person involved in the rulemaking process." The proposal "does not match what at least nine cities have proposed — rerouting around densely populated areas trains that are carrying hazardous material."

The New York Times (12/15, Wald, 1.16M) reports, "The proposal would…clarify how government workers inspect tank cars and railyards for compliance, establish rules on the chain of custody and handoff of dangerous cargoes and set communications requirements. … An official of the Homeland Security Department provided details of the plan on the condition that he not be identified further, because it has not been published." The Times does not mention the Democratic lawmakers' rail security proposals.

DHS Said To Be Suspending Plans For Exit-Monitoring System. Describing the news as "a major blow to the Bush administration's efforts to secure borders," the New York Times (12/15, Swarns, Lipton, 1.16M) reports "domestic security officials have for now given up" on the exit portion of the US Visit program, with DHS officials conceding "in recent days…that they lack the financing and technology to meet their deadline to have exit-monitoring systems at the 50 busiest land border crossings by next December." The assessment "sent alarms to Congress, where some Republicans and Democrats warned that suspending the monitoring plan would leave the United States vulnerable." The Times adds that DHS Secretary Michael Chertoff and other officials often call US Visit "a singular achievement in making the country safer. US Visit fingerprints and photographs 2 percent of the people entering the country, because Americans and most Canadians and Mexicans are exempt." However, "Efforts to determine whether visitors actually leave have faltered."

The Washington Post (12/15, A5, Hsu, 690K) reports spokesman Jarrod Agen said DHS "is looking at strategies for US-VISIT exit that are the most cost effective, and we are examining strategies for implementation at air and sea ports. We are also looking at land ports. However, there are costs associated, including the physical infrastructure as well as the economic impact, and we are in the process of evaluating all that data now.' Several homeland security officials said a final decision has yet to be made, but that, given the limited time and resources, the department intends to focus on expanding US-VISIT at airports, where the majority of visa holders exit the country."

GAO Says US Visit Entry System Aids Border Patrol, Recommends Improved Management Controls. Meanwhile, the AP (12/14) reported that a Government Accountability Office report issued Thursday found US Visit's entry system "has aided border patrol agents, but computer snafus and management shortfalls need to be resolved." GAO "investigators visited 21 border crossings and officials at every one said the US Visitor and Immigrant Status Indicator Technology program, which uses two fingerprints and a digital photograph to identify people, had improved their ability to process visitors and verify identities, according to the…report. … But US Customs and Border Protection officials at 12 of the 21 sites said 'computer slowdowns and freezes' hindered visitor processing and inspection times. At nine of those 12, 'computer processing problems were not always reported to CBP's computer help desk, as required by CBP guidelines,' according to the report." The report "recommended that DHS improve existing management controls for the system and develop performance measures to assess its impact at border crossings. The government watchdog agency also said DHS should describe how it will move to a biometric entry/exit capability and align US-VISIT with other border security systems being developed. In a written response, DHS officials said the computer problems

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are resolved, a preliminary monitoring system was established, and a working group was set up to determine how to provide detailed monitoring of all applications."

Industry Associations Oppose DHS Traveler Assessment System. The AP (12/14, Sniffen) reported eight major US, Canadian and European travel industry associations wrote DHS Secretary Michael Chertoff Wednesday to express their concern that the government's "far-reaching and invasive" system for assessing international travelers as potential terrorists "could do significant personal harm to them, and reduce the productivity of the organizations that field business travelers." However, Chertoff defended the program Thursday "as a legal effort 'to make sure that we don't inconvenience the rights of most travelers so that we can focus more sensibly and in a more risk-managed fashion on those people that do potentially pose a threat.'" The AP added that the travel associations "join some members of Congress and privacy advocates in criticizing the system."

NYTimes, WPost Criticize Administration For ACLU Subpoena. The New York Times (12/15, 1.16M) editorials, "The Bush administration is trampling on the First Amendment and well-established criminal law by trying to use a subpoena to force the American Civil Liberties Union to hand over a classified document in its possession. The dispute is shrouded in secrecy, and very little has been made public about the document, but we do not need to know what's in it to know what's at stake: if the government prevails, it will have engaged in prior restraint — almost always a serious infringement on free speech — and it could start using subpoenas to block reporting on matters of vital public concern."

The Washington Post (12/15, A34, 690K) says in an editorial, "In the latest manifestation of its disregard for First Amendment principles, the administration has used -- misused, to be more precise -- a grand jury subpoena to retrieve 'any and all copies' of a document, marked 'secret,' obtained by the American Civil Liberties Union. The ACLU's request that a federal judge quash the subpoena should be granted."

DC Area Said To Be Unprepared For Disaster. The Washington Post (12/15, A34, 690K) says in an editorial, "How well is the" Washington DC region "prepared to cope with thousands of casualties and prevent the spread of lethal contagions? Not very, according to a report from the Trust for America's Health, a private watchdog group that rated every state and the District on readiness to respond to a public health crisis." The report "ranked the District and Maryland near the bottom. Maryland, for example, would suffer a chronic shortage of hospital beds in the event of even a moderate pandemic. The District lags in demonstrating that it has the organization to quickly distribute medicine and equipment to communities throughout the city during a health emergency. In all, Maryland satisfied only four of 10 measurements of preparedness, and the District met only five."

WAR NEWS:

Bush's Iraq Strategy Expected To Include Boost In Troop Levels. McClatchy (12/15, Strobel, Landay) reports, "President Bush is weighing whether to make a deeper American commitment in Iraq despite growing public unhappiness with the war, according to senior US officials and former officials familiar with Bush's high-level review. The proposed changes, with a few exceptions, conflict with the recommendations of the bipartisan Iraq Study Group, which warned earlier this month against an open-ended commitment to Iraq and said American combat brigades could be out of Iraq by early 2008." While" some key decisions haven't been made yet, the senior officials said the emerging strategy" includes: "A shift in the primary US military mission in Iraq from combat to training an expanded Iraqi army, generally in line with the Iraq Study Group's recommendations. A possible short-term surge of as many as 40,000 more American troops to try to secure Baghdad, along with a permanent increase in the size of the US Army and the Marine Corps, which are badly strained by deployments in Iraq and Afghanistan." The strategy would also include "a revised Iraq political strategy aimed at forging a 'moderate center' of Shiite Muslim, Sunni Muslim Arab and Kurdish politicians, increased reconstruction funds and the rejection of "urgent, broad new diplomatic initiative in the Middle East to address the Israeli-Palestinian conflict and reach out to Iran and Syria," which had been suggested by the Baker commission.

The Wall Street Journal (12/15, A4, Dreazen, Jaffe, 2.04M) says Bush is "leaning toward temporarily sending as many as 20,000 additional US troops to Iraq, even as the Democrats taking charge of Congress demand a drawdown

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of forces." The "emerging plan is facing opposition from Iraqi officials adamant that more US forces aren't the answer." Also, "US military commanders in Baghdad have drawn up plans for the country that don't require any new personnel." The Journal adds, "Although White House officials stress that no final decisions have been made, several aides involved in the internal deliberations say…Bush and senior administration officials appear receptive to calls to temporarily send 15,000 to 30,000 new US forces to Iraq to bolster the 140,000 troops there."

Sen. John McCain, visiting Baghdad, said US commanders are discussing adding as many as 35,000 troops. The New York Times (12/15, Burns, 1.16M) reports McCain "said Thursday that American military commanders were discussing the possibility of adding as many as 10 more combat brigades -- a maximum of about 35,000 troops -- to 'bring the situation under control' while Iraq's divided political leaders seek solutions to the worsening bloodshed here." After "talks in Baghdad with Gen. George W. Casey Jr. and other top American generals," McCain "said a substantial United States troop increase was one of the strategy changes the generals were considering as they reviewed what he called 'a steadily deteriorating situation.'" He "said meetings with Iraqi government leaders showed that they, too, 'have certainly not ruled out the option of more troops.'"

The AP (12/15, Wagner) reports McCain said that "he realizes that few Americans favor deploying more US troops to Iraq, and that if such a move proved unsuccessful in the unpopular war it could hurt his presidential ambitions." But McCain "said Americans must realize that if US troops leave Iraq in chaos, groups such as al-Qaida 'will follow us home and that we will have a large conflict and greater challenges than those that we now face here in Iraq.'" Other senators, also in Iraq, appeared to concur. Sen. Joseph Lieberman said, "I feel strongly that more troops are required here." Sen. Lindsey Graham remarked, "I think it is most important to send more troops quickly. People are getting murdered and kidnapped. We need an overwhelming troop presence."

Meanwhile, USA Today (12/15, Jackson, 2.27M) reports the President "will be spending part of his holidays in 'continuous consultations' as he makes final decisions on a new Iraq war plan to be unveiled in the new year." White House spokesman Tony Snow "said Thursday that Bush will seek more information from a variety of sources, including members of the Iraqi government, Pentagon and the National Security Council, which is coordinating the administration's review of its war policy."

Rumsfeld Says Troop Levels Have Always Been In Line With Commanders' Requests. Defense Secretary Donald Rumsfeld said on Fox News (12/14, Hume), "The people who decide the levels of forces on the ground are not the Secretary of Defense or the President. We hear the recommendations, but the recommendations were made by the combatant commanders and by the members of the Joint Chiefs of Staff. And there hasn't been a minute in the last six years when we have not had the number of troops that the combatant commanders have requested."

Asked, also on Fox News (12/14, Hume), what his "greatest regret" of his tenure is, Rumsfeld said, "I guess that one would have hoped that Iraq and Afghanistan conflicts would have been concluded more rapidly. I think that's probably unrealistic. … It's taken longer than people had anticipated. It's more difficult. And we're in that unusual situation where the Department of Defense is looked at for the situations in those countries when the reality is that we can't lose a single military battle in either country at all. Not possible."

White House Pressing Iraqis To Reduce Sadr's Power. USA Today (12/15, 13A, Slavin, 2.27M) reports, "The Bush administration is pressing Iraqi politicians to form a new Cabinet to reduce the power of Muqtada al-Sadr, an anti-American cleric whose militia is responsible for much of the sectarian bloodshed in Iraq. Iraqi Vice President Tariq al-Hashimi, a moderate Sunni, said Thursday that President Bush told him the administration wants Iraqi politicians to form a coalition of 'moderate parties.' al-Hashimi met with Bush on Tuesday. Iraq's governing coalition includes mostly Shiite political parties and has six Cabinet ministers from al-Sadr's faction. A new coalition would reduce or eliminate al-Sadr loyalists and replace them with other Shiites, Kurds and moderate Sunni Arabs, al-Hashimi said." White House spokesman Gordon Johndroe "said the administration was not telling Iraqis what to do but the 'object of the moderate Iraqi leaders coming together is to stop the violence and create an Iraq that can govern, sustain and defend itself.' Asked whether that meant removing al-Sadr's faction from government, Johndroe said the Iraqis Bush had consulted are 'serious about taking action against those who would operate outside the rule of law.'"

The Los Angeles Times (12/15, Richter, 850K) reports that Hashimi, "who leads the Iraqi parliament's most

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important Sunni Arab group, said that Bush and other senior officials told him at a White House meeting this week that they believe 'for the present time, the only solution we have' is to create a new ruling alliance in hopes of strengthening a frail central government. Hashimi's comments, in an appearance at the U.S. Institute of Peace, offered new insight into the importance Bush is placing on the coalition-building effort at a time when the president and top aides are considering new strategies for Iraq. U.S. and Iraqi advocates of the approach hope it would give Iraqi Prime Minister Nouri Maliki a new freedom to take risky actions, such as trying to suppress militia violence. Maliki's freedom to act is believed to be limited by his dependence on radical Shiite Muslim cleric Muqtada Sadr, whose Al Mahdi army is blamed for sectarian attacks. Creation of a new governing coalition also could provide a means for picking a new prime minister if Iraqi and American leaders decide Maliki must be replaced."

Hashimi Expresses "Reservations" About Maliki's Performance. Iraqi Vice President Tariq al-Hashimi was asked on PBS' NewsHour (12/14, Suarez) if he thinks Iraqi Prime Minister Nouri al-Maliki "is doing a good job and doing a good enough job to remain in his post for the future." Hashimi said, "I do have reservations about his performances so far. And we were very frank with him in tackling various issues that are still pending. … Many, many decisions taken on the ground of non-consultation with us."

Kissinger Says "Outcome" In Iraq Not Dependent On Troop Levels. Ex-Secretary of State Henry Kissinger said on CNN's The Situation Room (12/14, Blitzer), "There's no sense adding more troops to the existing strategy. So it would have to be linked to whatever new the President presents. But I think it is a mistake to tie, in our thinking, the outcome in Iraq to the troop levels. The outcome in Iraq will have to depend on the degree to which we can create incentives for a political negotiation between the parties and political incentives to the outside countries to let the country develop with responsible stability."

Krauthammer Says ISG "Farce" Presents Bush With Opportunity. In his column in the Washington Post (12/15, A35, 690K), Charles Krauthammer writes, "As a result of the Iraq Study Group…Bush has been given one last chance to alter course on Iraq. This did not, however, come about the way James Baker intended. It came about because the long-anticipated report turned out to be, as is widely agreed, a farce." Krauthammer says "the report has fallen so flat that the field is now clear for the president to recommend to a war-weary country something new and bold." Bush "must do two things. First, as I've been agitating for, establish a new governing coalition in Baghdad that excludes Moqtada al-Sadr, a cancer that undermines the ability of Prime Minister Nouri al-Maliki and his government to work with us. It is encouraging that Bush has already begun such a maneuver by meeting with rival Shiite and Sunni parliamentary leaders. If we help produce a cross-sectarian government that would be an ally rather than a paralyzed semi-adversary of coalition forces, we should then undertake part two: 'Double down' our military effort. This means a surge in American troops with a specific mission: to secure Baghdad and (with the support of the Baghdad government -- a sine qua non) suppress Sadr's Mahdi Army. It is our last chance for success. Bush can thank the Iraq Study Group and its instant irrelevance for making it possible."

WSJournal Notes Iraqi Criticism Of ISG. An editorial in the Wall Street Journal (12/15, A20, 2.04M) relates that while the ISG report has faced "withering criticism here in the U.S," "the more revealing reaction has been from Iraq itself: 'Unrealistic,' 'inappropriate' and 'very dangerous' are among the kinder words used by Iraq's leaders to describe the ISG's work." Iraq President Jalal Talabani "reacted strongly to the ISG's suggestion that American support for his democratically elected government be conditioned on its meeting U.S.-determined 'milestones' toward that goal. That, he said, was an 'insult to the people of Iraq.'" The Journal says the "Iraqi criticism…underscores that the ISG report was less about winning in Baghdad than about splitting political differences in Washington. As Mr. Bush re-examines Iraq policy with an eye toward announcing significant changes early next year, we trust he understands better than the ISG that a partnership with the Iraqi government is essential to any successful outcome."

Bush Said To See Parallels Between His Presidency And Truman's. The Washington Post (12/15, A3, Abramowitz, 690K) reports, "He led the United States into war and saw his popularity plummet, yet some 60 years later his reputation has never been higher: It's small wonder Harry S. Truman seems to hold a special fascination for…Bush these days. That interest came into focus recently after Sen. Richard J. Durbin (D-Ill.) went public with an account of a meeting last Friday in which he said the president seemed to be comparing his situation to that of Truman in the late 1940s." According to" Durbin's account and another source familiar with the meeting, Bush told the gathering of

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congressional leaders that Truman's approach to dealing with the Cold War was not initially popular but that he was vindicated by history -- the implication being that Bush would be vindicated about Iraq as well." The Post adds, "White House aides later disputed this reading of Bush's comments, but the episode may offer a glimpse into the psychology of a president who, like Truman in his second term, seems beset by trouble and pressures on all sides and who is ready to look to history for some comfort and guidance. … By many accounts, Bush is fascinated by history and biography -- he reads extensively and meets periodically with presidential scholars -- and Truman has certainly seemed to be on his mind in recent months."

Schoomaker Says Wars Putting Dangerous Strain On Army. The New York Times (12/15, Shanker, Gordon, 1.16M) reports, "The review of Iraq policy by senior commanders appears to be headed toward a recommendation to increase the size of the American military, both to sustain a long-term commitment in Iraq and to leave the United States better positioned to deal with potential adversaries, in particular Iran and North Korea, Pentagon and military officials said Thursday." The "latest indication came when the Army chief of staff, Gen. Peter J. Schoomaker, called for expanding the force by adding more active-duty troops and by making more use of the National Guard and Reserve." The Times adds, "Officials who took part in the session or who were briefed on it would not give specific figures that were being discussed for growth goals. But their descriptions revealed a broad conclusion that has received increasing support in Washington: that regardless of the exact shape of President Bush's new strategy on Iraq, the Army and Marine Corps are stretched thin by their commitments around the globe, in particular in Iraq." That conclusion "is being punctuated by the departure of Defense Secretary Donald H. Rumsfeld, who officially leaves his post on Friday and who was long the champion of the idea that high technology and better intelligence could substitute for a bigger military."

The CBS Evening News (12/14, story 7, 2:05, Martin, 7.66M) reported, "Schoomaker wants more frequent call-ups of the Guard and Reserve, but Defense Secretary Rumsfeld has steadfastly refused, arguing the army needs to make better use of the troops it already has. With Rumsfeld on his way out, Schoomaker broke ranks and went public." Schoomaker was shown saying, "I have been recommending this all along." But NBC Nightly News (12/14, story 4, Miklaszewski, 9.87M) said "Guard and Reserve advocates argue increased deployments would put increased stress on those forces. Unlike active duty, Reserve troops are not full-time soldiers and most have full-time jobs." Major General Martin Umbarger, of the National Guard, was shown saying, "Wherever those teams are, it would be pretty tough on the soldiers' families and the employers." Miklaszewski: "Army officials say tonight in the short-term, they'll create two additional brigade combat teams out of the active duty forces they already have. But in the long-term, that's not nearly enough."

ABC World News (12/14, story 5, 2:05, Gibson, 8.78M) reported, "There was a startling admission from the Army's top general today. There's been a lot of talk in Congress, and by outside experts that operations in Iraq and Afghanistan are putting a dangerous strain on the army. Today, for the first time, the Army's Chief of Staff…said the same thing." ABC (Karl) added, "The Army is stretched so thin, it could break. That was the blunt warning from the Army Chief of Staff." Schoomaker: "This is like building an airplane while it's flying. And while you're building it, people are ripping pieces off the wings." Schoomaker "did not say how much bigger the Army needs to be. There are currently 512,000 active-duty soldiers. Recruiters could only add about another 6,000 or 7,000 a year. And growing the Army is costly. $1.2 billion for troops added. The strain on the Army and the Marine Corps makes sending more troops to Iraq a tough sell here at the Pentagon. Today, he told reporters, more troops should not be sent unless there's a purpose. And that purpose should be measurable."

The Washington Post (12/15, A1, Tyson, 690K) says Schoomaker's "highly public appeal for more troops and reserve call-ups appeared to be part of an Army campaign to lobby incoming Defense Secretary Robert M. Gates, who is to be sworn in Monday, to approve the desired policy changes as well as a significant increase in the Army budget." Democrats "said yesterday that they plan to hold hearings on the 'urgent' and 'critical' readiness problems of the Army and Marine Corps."

The AP (12/15, Baldor) reports that though Schoomaker "didn't give an exact number, he said it would take significant time and commitment by the nation, noting some 6,000 to 7,000 soldiers could be added per year." Officials also "need greater authority to tap into the National Guard and Reserve, long ago set up as a strategic reserve but now needed as an

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integral part of the nation's deployed forces, Schoomaker told a commission studying possible changes in those two forces." The Los Angeles Times (12/15, Barnes, 850K) runs a similar story under the headline "Army Is Stretched Too Thin." McClatchy (12/15, Brown), meanwhile, notes Schoomaker's "recommendations were first reported on Tuesday by McClatchy Newspapers."

Rice Rejects Idea Of Talks With Iran, Syria.

The Washington Post (12/15, A1, Kessler, Wright, 690K) reports on its front page Secretary Rice yesterday "rejected" the Iraq Study Group's recommendation that the United States seek the help of Syria and Iran in Iraq, "saying the 'compensation' required by any deal might be too high." She also "argued that neither country should need incentives to foster stability in Iraq." In an interview with the Post, Rice said, "If they have an interest in a stable Iraq, they will do it anyway," noting that she "did not want to trade away Lebanese sovereignty to Syria or allow Iran to obtain a nuclear weapon as a price for peace in Iraq." Rice also said there would be "no retreat" from the administration's push to promote democracy in the Middle East, a goal that was "deemphasized" by panel in its report last week but that Rice insisted was a "matter of strategic interest." She also "reiterated her commitment to pursuing peace between Palestinians and Israelis." The Post says Rice's remarks "indicated that, despite a maelstrom of criticism of Bush's policies by outside experts and Democrats, the administration's extensive review of policy in Iraq and the region will not yield major changes in its approach." Rice said that Bush could be "quite expansive" in terms of a policy review and that the new plan would be a "departure." But the president will "not radically change any of his long-term goals or commitment to Iraq, she said."

The Christian Science Monitor (12/15, Peterson, 59K) reports on the "growing chorus, from the Iraq Study Group to Mideast experts," who are calling on President Bush to engage "archenemy" Iran's aid in stabilizing Iraq. However, "even if Mr. Bush were to set aside his approach to Iran as part of an 'axis of evil,' the question remains of whether Iran is willing to help the US out in Iraq - and if so, at what price." Bush "has spoken disparagingly" of such involvement of Iran, but the Monitor suggests that Iran may be able to leverage the perceived need for its cooperation into a softening of the U.N.'s position on its nuclear program.

Rice Seen As Having "Low Visibility" In Iraq Debate. The Financial Times (12/15, Dinmore, Luce, Wallis) reports under the headline "Rice Lying Low At The Middle East Crossroads" that "while US policy in the Middle East has stalled at multiple crossroads in the search for a 'new way forward' in Iraq," Secretary Rice "has been notable only for her low visibility." Although she is "likely to play a pivotal role in the outcome…many are asking whether she will take the risk and seize the opportunity to direct a comprehensive change of course in the region in the two years they have left." According to the Times, Rice "appears to be on the brink of ignoring the first of the 79 recommendations of the Iraq Study Group – that she and Mr Bush launch a comprehensive 'new diplomatic offensive' by December 31," noting that in a recent interview with AFP, Rice said, "How long have American secretaries of state been shuttling back and forth trying to get a Palestinian state? Has it ever worked?"

State Department Says Prince Bandar Urged Rice Not To Engage Iran, Syria. AFP (12/15) reports Assistant Secretary McCormack said Saudi Arabia's former ambassador here recently visited Washington, "adding spice to reports he was involved in a power struggle which caused his successor to quit." The Washington Post reported Thursday that Prince Bandar bin Sultan was in the US capital recently to "counsel top officials against heeding mounting calls for talks with Iran or Syria." McCormack "reluctantly confirmed" Prince Bandar met Secretary Rice, "when pressed by reporters, but refused to divulge the substance of their conversation." AFP notes that "interestingly, the mission of Prince Bandar, current Saudi national security advisor, seems to directly conflict, on Iran, at least, with recent statements on Tehran by his successor as ambassador Prince Turki al-Faisal," who abruptly resigned Monday.

White House Criticizes Bill Nelson For Visiting Syria. The AP (12/14, Riechmann), in an article published in over 40 papers and websites, including the Washington Post, reports that a day after Florida Sen. Bill Nelson (D) met with Syrian President Bashar Assad to discuss the situation in Iraq Wednesday, White House Press Secretary Tony Snow called the meeting "inappropriate," and said that together with scheduled trips to Syria by such lawmakers as Massachusetts Sen. John Kerry, Connecticut Sen. Christopher Dodd (D) and Pennsylvania Sen. Arlen Specter (R) "send an unhelpful, mixed message to the Syrians." Dodd countered that "members of Congress 'need to go to hotspots not just garden spots. I can't think of a more critical part of the

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world than the Middle East and I can't think of a more critical player in affecting events in the region for good or for bad than Syria.'"

McClatchy (12/14, Clark) adds, "The White House on Thursday escalated its criticism" of Nelson, noting that "President Bush has accused Syria of backing the insurgents now fighting in Iraq." Nelson called his visit "a fact-finding tour of the Middle East," and cited a willingness on Assad's part to work with U.S. or Iraqi forces to secure their border. "Nelson said he viewed the talks as a 'crack in the door' for discussions to continue, but cautioned that he viewed the meeting 'with realism, not optimism.'" The piece notes that the Bush Administration's reluctance to follow the ISG's recommendation to engage Syria and Iran stems from the countries' ties to terrorist groups and to Syria's "record of meddling in Lebanon."

AFP (12/14) adds, "The White House sharply criticized" Nelson's trip "and warned Damascus not to see the visit as an indirect overture from Washington. 'Even lending a further specter of legitimacy to that government undermines the cause of democracy in the region,' spokesman Tony Snow said." The AFP notes that Kerry "lent qualified support" to the ISG's calls for engagement, "saying during a visit to Cairo: 'I think it's important to begin a discussion. 'I think it's important to talk, to have dialogue, but you don't give up your principles and you don't make deals that are against your larger interest,' Kerry said after meeting Egyptian President Hosni Mubarak."

The New York Times (12/15, Stolberg, 1.16M) reports that White House officials said the visit "was inappropriate and undermined democracy in the region," noting, "The visits are troublesome for the Bush administration because they come in the wake of the report by the bipartisan Iraq Study Group, which has called for the United States to engage in direct talks with Iran and Syria. Mr. Bush has steadfastly resisted such talks, and the visits by the senators could add to public pressure on the White House to change that policy." Moreover, "Specter, a moderate Republican who has often been at odds with the White House on domestic issues, said in a statement on the Senate floor this month that he had long advocated negotiating with Syria. 'We need to keep our friends close and our enemies closer,' he said." The Times suggests that the impasse over whether to engage Syria or to keep the country at a distance is symbolic of the broader U.S. policy dilemma in the region.

Kerry Calls For US Engagement With Iran, Syria. AFP (12/14) reports on Kerry's comments in Cairo urging President Bush "to kindle a dialogue with Iran and Syria in a bid to stabilize Iraq. 'I think it's important to talk, to have dialogue, but you don't give up your principles and you don't make deals that are against your larger interest,' Kerry told reporters after meeting Egyptian President Hosni Mubarak in Cairo. 'Syria needs to understand that and Iran needs to understand that, but I think it's important to begin a discussion.'"

Syrian Foreign Minister Backs ISG Recommendations. In a column in the Washington Post (12/15, A35, 690K), David Ignatius writes about having asked Syrian foreign minister Walid Moallem "what positions would Syria take if it entered a dialogue with the United States about Iraq and other Middle East issues." Ignatius notes that Moallem expressed eagerness for such talks, seeing them as crucial to the region's stability, adding "Moallem's comments are the most detailed Syrian response to the recommendations of the bipartisan Iraq Study Group. … As we made a line-by-line review of the group's recommendations involving Syria, Moallem expressed support for nearly every item. When I asked if Syrian President Bashar al-Assad endorsed these positions, he answered: 'He is the leader. I am expressing his ideas.'" Ignatius continues to detail Moallem's views on the broader regional issues, concluding, "Is this Syrian gambit for real? Is Moallem serious in his offer to talk with America about a comprehensive package of peace with Israel, stability for Iraq and compromise in Lebanon? The answer is that there's really only one way to find out, which is to explore further the ideas the Syrian foreign minister has put on the table."

Odierno Takes Charge Of US Troops In Baghdad. The Los Angeles Times (12/15, Hennessy-Fiske, 850K) reports Army Lt. Gen. Raymond Odierno "assumed command of U.S. troops at a ceremony in the capital on Thursday, vowing to pursue more than just combat to resolve the conflict in Iraq." Those who "know Odierno say the hard-charging general who plotted Hussein's capture as well as anti-insurgency operations may put more effort toward securing, rather than rebuilding, Iraq when he becomes the No. 2 U.S. commander here." Odierno "gained a reputation as an aggressive commander while leading the 4th Infantry Division in Sunni Arab-dominated parts of the country in 2003 and '04. Some military analysts have argued that the region's

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continued unrest can be traced to his heavy-handed methods."

Caldwell Says US Making Progress In Training Iraqi Army. In a USA Today op-ed (12/15, 20A), Maj. Gen. William B. Caldwell IV, spokesman for the Multi-National Force in Iraq, says, "The Iraqi people and the Multi-National Force-Iraq (MNF-I) share a vision for Iraq: a secure, stable and self-governing nation in which Iraqis find solutions to Iraqi problems. To do this, the government of Iraq must achieve national reconciliation, rebuild Iraq's infrastructure to provide basic services and — in partnership with coalition forces — defeat the terrorists and extremists seeking to sow the seeds of discord and division among the Iraqi people. The best way to achieve this last goal is to transition more authority and responsibility for Iraq's security to Iraqis. Iraqi forces have the best understanding of their culture, language and geography — all skills vital to defeating an insurgency. Once sufficiently trained, equipped and mentored, the Iraqi Security Force will be the most effective weapon against the foreign and extremist elements trying to tear apart Iraq." Today, Iraqis "are protected by a trained and equipped military and police force, one that will soon number more than 350,000. Quality is improving with quantity. Eighty percent of the Iraqi army is already operating with limited coalition support."

White House Defends Release Of Enemy Body Count. The AP (12/15) reports, "The White House expressed concern Thursday about what it believes is an impression that American forces in Iraq 'aren't doing anything, they're just targets.' In fact, said presidential spokesman Tony Snow, US troops are 'fighting the bad guys' and killing and capturing them." Snow "raised the point when asked to explain why President Bush, a day earlier, had said that 5,900 enemy forces had been killed or captured in Iraq during October, November and the first week of December. … 'There is quite often the impression...that our people aren't doing anything, they're just targets,' Snow said at his daily press briefing. 'And I think there's a certain amount of unease in the American public because they hear about deaths but they don't hear about what's going on.'"

First Lady Criticizes Media Coverage Of Iraq. NBC Nightly News (12/14, story 5, Williams, 9.87M) reported, "First Lady Laura Bush had something to say about Iraq today. It was during an appearance on MSNBC. Mrs. Bush was asked by Norah O'Donnell why she thinks only two out of 10 Americans in our latest 'NBC News/Wall Street Journal' poll say they approved of the President's handing in the war in Iraq. Mr. Bush placed the blame squarely on the news media." Laura Bush: "I do know that there are a lot of good things that are happening that aren't covered and I think the drum beat in the country from the media, from the only way people know what's happening unless they have a loved one deployed there, is discouraging." Williams: "Mrs. Bush went on to say she hopes for what she called more balanced coverage in the future. The recent report from the Iraq Study Group, however, specifically found that there has been significant underreporting of the violence in Iraq."

US Troops In Iraq, Afghanistan To Get Flame-Resistant Uniforms. USA Today (12/15, Brook, 2.27M) reports Pentagon officials say "flame-resistant uniforms will be standard issue for U.S. troops in Iraq and Afghanistan by early 2007." More than "160,000 suits made of the flame-retardant fabric NOMEX will be sent to combat zones, said Thomas Edwards, assistant deputy chief of staff for Army logistics." Edwards said the Pentagon "moved quickly…because Iraqi insurgents are using homemade bombs and targeting the fuel tanks of vehicles."

Ethnic, Sectarian Divisions Are Barrier To Critical Oil Law Provision. The New York Times (12/15, Wong, 1.16M) reports Iraqi politicians and ministers "are divided along ethnic and sectarian lines over a critical provision in a proposed national oil law, according to the country's oil minister. If the differences can be bridged, the draft could be unveiled soon, the minister, Hussain al-Shahristani, said this week." The oil law, "along with security, is considered a prerequisite for attracting the foreign investment that Iraq's oil sector desperately needs. The law would set guidelines for development contracts for as many as 60 oil fields in the country, Mr. Shahristani said in an interview." The law "is also a crucial step in the process of national reconciliation, American and Iraqi officials said, because it sets out rules for the equitable distribution of the country's oil wealth. That, in turn, could ease tensions over granting greater autonomy to Iraq's regions." Although agreement "has been reached on the sharing of oil revenues, representatives of the main Sunni Arab, Shiite and Kurdish political blocs remain at odds over the issue of control over contracts to develop oil fields, Mr. Shahristani said."

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Baghdad Kidnappings Said To Reflect Growing Lawlessness. McClatchy (12/15, Dulaimy, Allam) reports that on Thursday morning, "gunmen dressed in Iraqi police and army uniforms descended on the Sinak district and kidnapped dozens of shopkeepers and bystanders in the latest of a string of mass abductions in Baghdad." The "brazen attack took place barely a mile from the heavily guarded government compound known as the Green Zone, where Iraqi officials were preparing for a weekend conference on national reconciliation." The Sinak attack "was the most notable incident on a day packed with other violence that reflects the lawlessness that Iraqi Prime Minister Nouri al-Maliki's beleaguered government appears unable to curb. Police reported the discoveries of 45 bodies in the capital Thursday, 42 in the mainly Sunni Muslim western side and three in the predominantly Shiite Muslim eastern side." Polices said a "leading Shiite politician, Adil Abdul Mahdi, escaped an apparent assassination attempt Thursday when gunmen fired on his motorcade in a majority-Sunni neighborhood, police said."

The Los Angeles Times (12/15, Daragahi, 850K) reports, "None knew who 'they' were: uniformed men firing weapons in the air and herding people into trucks, just a few hundred yards from the edge of the U.S.-guarded 'Green Zone.'" But "most had suspected such a day might come to the Sinak market of downtown Baghdad. All knew to run at first sight of the uniformed gunmen who have become signature elements of the all-too-common mass kidnappings in the capital." This time, "at least 60 people disappeared within minutes, stuffed into four delivery trucks and hauled away toward eastern Baghdad." An Interior Ministry official "reported later that at least 23 of the shopkeepers had been released unharmed in northern Baghdad, after showing their captors identity cards bearing names associated with Shiite Muslims." The fate "of previous victims of mass kidnappings has been brutal: most show up dead within days, often with signs of torture, such as drill holes."

The Washington Post (12/15, A24, Raghavan, 690K) reports, "The mass abductions, brazen even by Baghdad standards, were the latest sign of worsening insecurity in the capital. Two days ago, 70 day laborers were killed in a car bomb attack in another busy district. A month ago, gunmen who claimed to be from the Shiite-run Interior Ministry seized as many as 150 people from an agency of the Ministry of Higher Education, which is controlled by a Sunni Arab party." Thursday's "well-orchestrated kidnappings did not appear to be sectarian in nature or a reprisal attack, shopkeepers and officials said."

Iraqi Boy Wants To Escape Violence, Come To New York. ABC World News (12/14, story 6, 3:05, Gibson, 8.78M) reported, "We are going to take 'A Closer Look,' tonight, at what it's like to grow up amid the chaos and violence in Iraq. The kidnapping and suicide bombings that we report on almost every night, are a daily reminder of the grave dangers that millions of Iraqis face every day." ABC (Harris) added Dan Azad, "who learned English while living in Texas with his aunt seven years ago, is a senior at Baghdad's ballet and music school." Outside of school, "Dan's world is small and stifling. He can hang out with his friends here. But because of the security situation, when classes are over, he's basically a prisoner in his parents' apartment." When he "graduates next spring, he's hoping, somehow, to go to college in New York City, either to study music or computers. He carries pictures of Manhattan in his cell phone."

Saddam's Capture Failed To Be Turning Point. The CBS Evening News (12/14, story 8, 2:10, Couric, 7.66M) reported, "It was three years ago today that we learned American soldiers have found Saddam Hussein hiding in a dark hole beneath a mud shack near his hometown in northern Iraq, but it wasn't the turning point many had predicted." Former Coalition Provisional Authority Administrator Paul Bremer: "Ladies and gentlemen, we got him. CBS (Pitts) added, "Those three words uttered three years ago were seen by so many as both a proclamation." President Bush: "And now the former dictator of Iraq will face the justice he denied to millions." Pitts: "And a promise, the lives of Iraq's people were about to change and America's sons and daughters had accomplished the most important part of their mission." But to "war-weary Americans, however, victory is proving more elusive than a tyrant in a spider hole."

The CBS Evening News (12/14, story 9, 1:45, Pinkston, 7.66M) reported, "Three years after the dictator's capture, Baghdad is the deadliest city on the face of the earth." A "new survey by an Iraqi Research Center finds 95% of the respondents believe security is worse now than it was under Saddam."

Accused Iraqi Expatriate Feels Deserted By US. The New York Times (12/15, Glanz, 1.16M) reports that of all "the Iraqi expatriates who returned to rule, rebuild and profit from their country after the invasion, none have fallen as

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far as Aiham Alsammarae, who was once the minister of electricity but now spends his days consumed with bitterness in a Baghdad jail as his lawyers fight multiple charges of corruption against him." Alsammarae, "an American citizen who lived in the Chicago area and built a thriving engineering firm there, is the only cabinet-level Iraqi official to be convicted and jailed for misusing money during his time in office. Four months ago, hearing that he was being accused of corruption, he walked into a Baghdad courthouse to find out if there were charges against him and was astonished to find himself placed under arrest pending trial. He has been in jail ever since." Alsammarae is "bitter because, he said, the United States has left him in his hour of need to the vagaries of an Iraqi court system that in many ways is still the opaque and frightening apparatus it was before the invasion."

Female Muslim Translator Profiled For Her Service In US Military. In a 2,750-word, front page article, the New York Times (12/15, A1, Elliott, 1.16M) profiles Fadwa Hamdan, who "belongs to the rare class of Muslim women who have signed up to become soldiers trained in Arabic translation." Such female linguists, it notes, "play a crucial role for the American armed forces in Iraq, where civilian women often feel uncomfortable interacting with male troops."

Suicide Bomber Attacks Shopping Area Of Afghan Town. The New York Times (12/15, Wafa, 1.16M) reports a suicide bomber "detonated his explosives in the center of a busy shopping street in the town of Qalat in southern Afghanistan on Thursday, killing four civilians and wounding 22 people, the provincial police chief said." Also on Thursday, President Hamid Karzai "wound up a visit to southern Afghanistan with a speech at a boys' high school in Kandahar in which he blamed neighboring Pakistan for supporting Taliban insurgents and suicide bombers."

Negroponte Says Pakistan Must Deal With Tribal Leaders. The Washington Post (12/15, A26, Pincus, 690K) reports Director of National Intelligence John D. Negroponte said that with "new fighting expected to break out next spring in Afghanistan, the Pakistani government will soon have to decide what it can do about the tribal authorities who have not been living up to their agreement to prevent Taliban and al-Qaeda fighters from moving back and forth across the border." At a meeting with Washington Post editors and reporters, Negroponte said, "Sooner or later, the government will have to reckon with it." But with "elections in Pakistan coming, the United States understands that President Pervez Musharraf 'has a domestic political balancing act to perform,' he added." In September, "representatives of the Pakistani government signed accords with tribal elders in North Waziristan in which those leaders agreed that they would not allow border crossings 'for any kind of militancy.' In return, Pakistani army units withdrew from that area." Negroponte said "the 'tribal authorities are not living up to the deal' and that back-and-forth travel by the Taliban and others 'causes serious problems.'"

Arlington Wreath Laying Effort Attracts Wide Following. ABC World News (12/14, story 11, 2:25, Gibson, 8.78M) reported, "For more than a decade, a man in Maine, without much fuss and without many people paying attention, really, has been bringing thousands of holiday wreaths from Maine to Arlington Cemetery, in Virginia, to decorate the graves of soldiers. This year, people have noticed. Big-time." ABC (Donvan) added, "For 14 years, it was word-of-mouth only that each December, the truck with the wreaths would arrive. Always at dawn, always dignified. With so little notice or with so little notice or fanfare, it was practically a Christmastime secret. Not this year. This year, word got out in a big way. And hundreds of people showed up to help with the wreath-laying."

NBC Nightly News (12/14, story 11, Faw, 9.87M) reported, "Today at Arlington National Cemetery, 5,300 wreaths were distributed. Fresh Maine balsam. Grown, harvested and assembled by Maine businessman Morrill Worcester, devoted father of six. 45 years ago, on his first trip to Washington with newspaper delivery boys, he was awestruck by Arlington." Morrill Worcester: "Many people there gave the ultimate sacrifice. It's something you never forget." Faw: "So 14 years ago, Worcester, now prosperous, decided it only be fitting that Arlington get free wreaths." This year, "there's one big difference. This neighborhood operation is going nationwide, has grown 200-fold. For that, you can thank the Internet. Worcester's Website was so popular, it led to Wreaths Across America which this holiday will distribute them at over 200 veterans' cemeteries."

USA Today (12/15, 1A, Hampson, 2.27M) reports, "Every December for the past 15 years, Morrill Worcester, owner of one of the world's largest holiday wreath companies, has taken time in the midst of his busiest season to haul a

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truckload of wreaths to Arlington from his small Downeast Maine town of Harrington. For years, he and a small band of volunteers laid the wreaths in virtual obscurity. But in the last 12 months that has changed, thanks to a dusting of snow last year at the cemetery, an evocative photograph, a sentimental poem and a chain e-mail. And this year, Worcester went national. A new program, "Wreaths Across America," shipped a total of about 1,300 wreaths to more than 200 national cemeteries and vets' memorials in all 50 states."

Bush Error At Press Conference Noted. The Washington Post's (12/15, A33) Al Kamen notes briefly in his "In the Loop" column that at his news conference last week, President Bush said: "I talk to families who die."

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DOJ Attorney Travel Time Legislation Sent To Bush. The Washington Post (12/15, D4, Barr, 690K) "Federal Diary" reports that after a "long flight through Congress, legislation that would permit Justice Department lawyers to claim time off for travel during off-duty hours has been sent to the president for his signature. Congress approved legislation in 2004 creating compensatory time off for federal employees, but the Justice Department decided it did not apply to the department's 9,000 lawyers because of a 1999 congressional restriction that limits their overtime pay. The law permits federal employees to receive time off when they travel on official business during off-duty hours, such as flying on a Sunday to attend a Monday morning meeting. Previous rules made it difficult for employees to qualify for compensation while traveling outside normal business hours." DOJ's "interpretation of the law triggered complaints inside the department. The National Association of Assistant United States Attorneys, which represents about 5,400 assistant U.S. attorneys, worked with Congress and the department on a legislative solution."

US Attorney McKay To Resign. The AP (12/14, Johnson) reports US Attorney John McKay, "the Justice Department's top lawyer in Western Washington, said Thursday he will resign next month to return to the private sector. The announcement came the same day McKay was notified that he would not be nominated to be a federal judge in Seattle, but the timing was purely coincidental, he said. McKay had hoped to fill the position created by U.S. District Judge John C. Coughenour's elevation to senior status.

CORPORATE SCANDALS:

Sycamore Networks Says It Has Not Fully Complied With DOJ, SEC Subpoenas. The Boston Business Journal (12/14) reports, "Sycamore Networks Inc.'s stock options problems have taken a new twist." The Massachusetts firm "says it hasn't been able to comply fully with subpoenas from the Department of Justice and the Securities and Exchange Commission because a former employee won't cooperate. In a suit filed in Suffolk Superior Court last month, Sycamore says Katherine B. Galli, who helped manage the company's stock option program for several years, has refused to return crucial documents Sycamore needs to respond to the federal investigators."

Dell Delays Filing Of Quarterly Report. Bloomberg (12/14, Guglielmo) reports Dell "delayed filing its quarterly report for the second time this year, citing an accounting probe by government regulators." In an SEC filing, Dell said a "report for the quarter ended Nov. 3 will be filed as soon as possible." Dell "also hasn't submitted a report for the second quarter ended Aug. 4. Chief Executive Officer Kevin Rollins said in August the SEC has been reviewing the company's revenue recognition and other financial reporting for a year. Dell disclosed last month the SEC had stepped up the probe into a formal investigation. The U.S. Justice Department is also reviewing the company's accounting."

SEC Probes Coherent's Options Practices. CFO.com (12/14, Taub) reports the SEC is investigating the options granting practices of Coherent Inc., "which makes lasers for commercial and scientific uses." Coherent "assured investors that it intends to cooperate with the inquiry. As a result of the probe, however, Coherent said it will delay the filing of its annual report due to its internal review into its option practices and related accounting."

Apollo Group Says Ex-Officers Backdated. The AP (12/14) reports, "For-profit education provider Apollo Group Inc. said Thursday a special committee found that certain former officers took steps 'that may have been intended to mask failures' in the company's process for

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approving the grant dates for stock options. In its final findings from its review of past stock option grants, the special panel confirmed preliminary findings that recorded grant dates may not have matched the actual day stock options were granted, but instead coincided with dates on which the company's stock traded at low levels." While such backdating "itself is not illegal," failure to disclose it "can have legal and tax ramifications."

SEC Loosens Interpretation Of Sarbanes-Oxley Auditing Requirements. The New York Times (12/14, Labaton, 1.16M) reports that the SEC, "responding to criticism that regulators had overreacted to years of major corporate scandals," issued a "flurry of deregulatory orders and proposals intended to lower costs to public companies. It said the moves would not reduce investor protection. In a daylong proceeding, the commission proposed a loose interpretation for smaller companies of an auditing provision of the Sarbanes-Oxley Act of 2002 that has come under attack from many companies. It also proposed a rule to make it easier for foreign companies to withdraw their securities from American markets. A number of companies have asked to withdraw, and officials said the current rules discouraged companies from listing on United States exchanges if they did not have the option of withdrawing later." The SEC "also adopted a rule that would save corporations the expense of mailing financial reports and proxy statements by enabling them to communicate with the vast majority of their investors through the Internet."

In his Washington Post (12/15, D1, 690K) column, Steven Pearlstein writes, "The tough new federal regulators who were deputized to clean up the accounting industry after Enron, WorldCom and the other scandals have been busy reviewing the work and procedures of the Big Four accounting firms. And guess what? Everything is now hunky-dory. There's no need to worry any longer about channel stuffing, accounting for derivatives or backdating of stock options. The auditors have it covered. We know this because not a single member of any Big Four accounting firm has been sanctioned or censured since the Public Company Accounting Oversight Board opened its doors in 2003. In fact, from what has been made public -- not much -- one might surmise that shoddy auditing has been found exclusively at a handful of small accounting firms."

Wall Street Executives Reap Big Paychecks. The Wall Street Journal (12/15, C1, Craig, Smith, 2.04M) reports, "Record profits at Wall Street's big brokerage firms are already translating into big paychecks for the Street's chief executives, with the first out of the gate, John Mack of Morgan Stanley, hauling in an estimated $41 million. But Mr. Mack's mark, disclosed yesterday evening, is likely to be eclipsed soon by one or more of his rivals. Compensation for Lloyd Blankfein, chief executive of Goldman Sachs Group Inc., will exceed $50 million, believed to be a record for big-firm CEOs, according to a person familiar with the matter. Last year, as president of Goldman, Mr. Blankfein made $38 million." Analysts say they "expect a handful of other CEOs could hit $40 million to $50 million or higher, including James Cayne of Bear Stearns Cos., Stan O'Neal of Merrill Lynch & Co. and Richard Fuld of Lehman Brothers Holdings Inc. The three made $30.3 million, $35.5 million and $34.5 million, respectively, last year."

New SEC Rules Take Effect Today. The Washington Post (12/15, D1, O'Hara, 690K) reports, "Shareholders can expect a clearer picture of how much top executives are paid as new rules go into effect today, requiring companies to clearly explain their compensation practices. The new regulations mark the biggest change to corporate pay disclosure in 25 years. They will force companies to release more information about different kinds of compensation and to more clearly justify those payments." The SEC "ordered the changes this year in response to a rising backlash against annual double-digit percentage increases in executive pay. The Corporate Library said this year that pay for chief executives at more than 1,700 public companies grew 16 percent in 2005, down from 30 percent in 2004."

CRIMINAL LAW:

DOJ Launches Criminal Probe Of Federal Oil, Gas Royalties Collection. The New York Times (12/15, Andrews, 1.16M) reports, "The Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service, which is already the focus of several inquiries into its collection of royalties for oil and gas produced on federal property. The new investigations are still in the early stages, said Congressional officials who were briefed this week by Earl E. Devaney, the Interior Department's chief independent

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investigator." The probes "are an unexpected development in what has already become a broad examination of the Interior Department's oversight of companies that pump more than $60 billion worth of oil and gas each year from publicly owned land and coastal waters."

The AP (12/15, Hebert) reports, "Some members of Congress have estimated that the royalty exemptions have cost the government $2 billion. Allred put the amount at 'somewhat less than $900 million.' Congressional auditors have put the total government loss for past and potential future production under the leases as high as $10 billion."

The Federal Times (12/15, Curl) reports, "Price thresholds are typically included in federal drilling leases that Interior signs with oil companies and they determine when and how much companies must pay the government for the oil it extracts from federal properties. Price thresholds were not included in the drilling leases Interior inked with companies in 1998 and 1999, resulting in those companies not paying any royalties. At Congress' request, the department's inspector general is investigating why they were not included in those leases. A spokesman for the department said the investigation will continue and the report is still expected out in the coming weeks."

Duke Lacrosse Defense Team Says Accuser Misidentified Accused. The Washington Post/AP (12/15, A10, Scott) reports attorneys for the Duke University lacrosse players accused of rape said in court papers that their clients' accuser "misidentified her alleged attackers in a photo lineup that was 'an incoherent mass of contradiction and error.'" The defense team "filed a motion asking a judge to bar prosecutors from using the photo lineup at their clients' trial and prevent the accuser from identifying the players from the witness stand. Duke University law professor James E. Coleman Jr. said the case would be 'effectively dismissed' if the court finds the lineup inadmissible 'and rules that it is so suggestive that there can't be an in-court identification.'"

Judge Sets April Trial Date For Jeffs. In a widely-distributed story, the AP (12/15, Dobner, Foy) reports polygamist leader Warren Jeffs "pleaded not guilty Thursday in state district court to two counts of rape by accomplice" for allegedly "forcing a 14-year-old girl to marry and have sex with an older cousin." The AP adds, "A trial was set for April 23. Prosecutors said the girl had no choice but to obey Jeffs, whose influence over his followers has been described as extraordinary, dictating everything from where they live to whom they should marry." The AP notes, "Jeffs was on the FBI's Ten Most Wanted list when he was arrested Aug. 28 in a traffic stop north of Las Vegas."

The Deseret Morning News (12/15, Winslow) reports Jeffs "remains jailed in the Purgatory Correctional Facility without bail. Defense lawyers agreed on Thursday to keep him there until they deal with issues of discovery in the case. Should Jeffs ever be granted bail, the FBI filed papers in federal court stating they will take him into custody immediately." The Salt Lake Tribune (12/15, Adams) also reports on the trial, noting that he was on the FBI most wanted list. Additionally, CNN's The Situation Room (12/14, Blitzer), CNN's Anderson Cooper 360 (12/14), Fox News' On the Record with Greta Van Susteren (12/14) and Fox News' Studio B with Shepard Smith (12/14) reported on the trial order.

Los Angeles Skid Row Fertile Ground For Fraud. The Los Angeles Times (12/15, Winton, 850K) reports Los Angeles' "skid row has become a magnet for fraud schemes that use the area's homeless population to rip off the federal government, authorities said this week as they launched a crackdown on the activities. In just the last few months, state and federal investigators have busted two food stamp scams, one of which involved a merchant who allegedly gave homeless people 50 cents on the dollar for their stamps, then charged the entire value -- $6 million -- to the government." In November, charges were filed "against a MacArthur Park-area clinic for allegedly rounding up homeless people with Medi-Cal or Medicare cards and giving them a battery of medical tests charged to government programs. Authorities allege the bogus tests cost taxpayers at least $1.6 million and perhaps much more. Another hospital in South Los Angeles is under investigation to determine whether it recruited homeless people for short stays at federal expense, according to law enforcement sources."

Business Software Alliance Pirated Software "Bounty Program" To Expire. Investor's Business Daily (12/15, Bonasia) writes that "anyone who sees pirated software in the workplace may want to file a report by New Year's Eve, when the Business Software Alliance plans to suspend a year-old bounty program for whistle-blowers. Under the program, the BSA offers rewards of up to $200,000 for workers who provide details about pirated software being

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used at their company. Payouts are based on reports that lead to a settlement. The rewards program is being put on hold on New Year's Day as a way to motivate workers 'to go from thought to action' in reporting cases before the year ends, said Jenny Blank, chief of enforcement at the BSA. Blank says the program will resume; she didn't say when." The program "seems to work. Tuesday, Burlington Coat Factory paid $300,000 to settle claims it used unlicensed software from Microsoft and McAfee. The BSA also says Payless ShoeSource paid $124,057 to settle claims for unlicensed copies of software from Adobe, Borland, Internet Security Systems, McAfee and Symantec. Payless agreed to delete any unlicensed software and buy replacements. The case was reported through the BSA's online form."

Chinese-Canadian Engineer Charged With Stealing Military Trade Secrets. In a widely-distributed story, the AP (12/15, Robertson) reports, "A Chinese engineer was charged Thursday with stealing trade secrets from a Silicon Valley company that made military training software and attempting to sell them to Asian governments. Xiaodong Sheldon Meng, 42, a Chinese national with Canadian citizenship, was indicted on 36 felony counts, including the rare charge of economic espionage to benefit a foreign government and various violations of military technology export laws." The AP notes, "Prosecutors say Meng stole the code for software made by his former employer, Quantum3D Inc., that's used to train military fighter pilots, and tried to sell it to the Royal Thai Air Force, the Royal Malaysian Air Force and a company with ties to China's military. … U.S. Attorney Kevin Ryan said the case highlights the threat U.S. businesses face from thieves looking to sell hard-won intellectual property overseas."

The Washington Times (12/15, Seper, 88K) reports, "The indictment includes three conspiracy counts, three counts of economic espionage and attempted economic espionage, two counts of violations of the Arms Export Control Act, 12 counts of theft of trade secrets and attempted theft of trade secrets, 15 counts of foreign and interstate transportation of stolen property, and three counts of making false statements to a government agency. 'The FBI is committed to aggressively pursue those attempting to illegally obtain and export trade secrets vital to maintaining the United States' position as a world leader in innovation,' said FBI Special Agent in Charge Charlene B. Thornton, who heads the bureau's San Francisco field office. 'Today's indictment highlights the value of cooperation between law enforcement and private industry in effectively conducting these investigations,' she said."

ABC News (12/14, Ryan) noted on its Web site, "FBI counterintelligence officials have deemed China one of the biggest economic and military threats to the United States. This threat has caused the FBI to set up counterintelligence field squads in every field office across the United States to scour for cases exactly like this one. The products Meng allegedly dealt with could be found on banned U.S. export munitions lists."

Two Chinese Immigrants To US Plead Guilty To Economic Espionage. The AP (12/15, Robertson) also reports that in an unrelated case, "Fei Ye, 40, a U.S. citizen from China, and Ming Zhong, 39, a permanent resident of the U.S. from China, pleaded guilty in San Jose federal court to two counts each of economic espionage to benefit a foreign government as part of a deal with prosecutors. … They were charged with stealing confidential microchip blueprints and other trade secrets from their employers and attempting to smuggle them to China. The indictment alleges they planned to start a microprocessor company with the financial backing of various Chinese government agencies." The AP notes, "A business partner who tipped off the FBI told investigators the startup, called Supervision Inc., had received $2 million in funding from two Chinese cities, Hangzhou and Guangzhou, to develop the new microprocessor, according to an affidavit."

Stora Enso Denies Price-Fixing Charges. The Milwaukee Journal Sentinel (12/15, Dresang, 255K) reports, "The Finnish parent of Wisconsin-based Stora Enso North America denied Thursday that it conspired to fix the prices it charged for coated papers used in magazines and high-volume catalogs in the United States." In a statement issued Thursday, the company said, "Stora Enso denies any wrongdoing and will enter a plea of not guilty when it appears before the court at the arraignment to respond to the indictment." The indictment "alleges that Wisconsin Rapids-based Stora Enso North America illegally set prices through an agreement with competitors from about August 2002 to June 2003. About the time U.S. antitrust authorities from the Justice Department began investigating Stora Enso in May 2004, their counterparts in the European Commission started similar probes in Europe."

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CIVIL RIGHTS:

DOJ Says Dallas County Jail Violates Inmates' Rights. The Fort Worth Star-Telegram (12/15, 223K) reports a DOJ report says the "Dallas County Jail, one of the largest in the country, violates the constitutional rights of inmates by failing to provide adequate medical and mental healthcare. … Page after page of violations are detailed in a letter" from DOJ, "which also found that prisoners are not kept in safe or sanitary conditions at the detention complex, the seventh largest in the United States. Among the more egregious examples were an HIV-positive prisoner who died in October 2005 from an infection after his antibiotic was withheld for 11 days and a woman who hanged herself in January 2003. Her records included an inmate request form she filled out two days earlier."

Report Says Los Angeles County Hate Crimes On The Rise. The Los Angeles Times (12/15, Rosenblatt, 850K) says reported incidents of hate crimes in Los Angeles County "increased for the first time in four years, while such incidents in schools have more than doubled from last year," according to the annual analysis by the Los Angeles County Commission on Human Relations. The report "tracked hate crimes reported to law enforcement or other agencies, but did not address which ones led to criminal charges or arrests. Conflicts between blacks and Latinos erupted on the streets, in jails and at schools, with school-based hate crimes soaring by 111%. Many of these incidents on or near campus occurred in South Los Angeles." The figure "does not include 11 of 14 large student scuffles last year. The commission did not receive reports on those incidents because it was difficult to determine if they were racially motivated."

New Jersey Legislature Approves Civil Unions Bill. The AP (12/15, Mulvihill) reports, "Ordered by New Jersey's highest court to offer marriage or its equivalent to gay couples, the Legislature voted Thursday to make New Jersey the third state to allow civil unions." Democratic Gov. Jon Corzine "said he would sign the measure, which would extend to same-sex couples all the rights and privileges available under state law to married people. The bill passed the Assembly 56-19 and the Senate 23-12."

The New York Times (12/15, Mansnerus, 1.16M) reports, "The Legislature voted on Thursday to make New Jersey the third state in the nation to recognize civil unions for same-sex couples. In doing so, it moved quickly to fulfill a court mandate to provide equal rights to gay couples but frustrated people on both sides of the emotional issue." New Jersey's "new unions, which would take effect 60 days after the governor gives the nod, would expand on the domestic partnership arrangements the state has had since 2004. Gay couples would gain benefits like adoption privileges, inheritance rights and the ability to take a partner's surname without going to court." But "gay-rights advocates continued to contend Thursday that the separate institutions were inherently unequal and promised to keep pushing for nothing short of marriage itself."

The Los Angeles Times (12/15, Barry, 850K) reports the bill "was hurried through the process in 10 days, giving marriage advocates little ability to argue their case, said Lambda Legal Defense Fund attorney David Buckel, who represented seven couples who sued the state for the right to marry. 'The irony is that the court referred this matter to the legislature because it did not want to short-circuit the democratic process,' he said. 'The legislature is doing just that.'"

Number Of Death Sentences Falls. The New York Times (12/15, Lewis, 1.16M) reports the "number of death sentences in the United States has dropped to its lowest level in decades, according to recent studies, including one released Thursday that predicts the trend will continue because of publicity about cases in which people are wrongly accused of crimes." The Death Penalty Information Center, "a group based in Washington, reported that the number of death sentences, which had remained at about 300 a year in the 1990s, began to drop steadily in 1999 and has declined almost 60 percent since then." At the Justice Department, "the Bureau of Statistics reported last week that there were 128 death sentences in 2005, down from 138 the year before. While the department study does not include an estimate for 2006, the Death Penalty Information Center, which opposes the death penalty and tracks cases closely, says the number for this year will be about 114." Defense lawyers, prosecutors, "and groups that study the application of the death penalty all say there are several reasons for the trend. Among them are increased publicity about cases other than murder in which DNA testing

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resulted in freeing people who had wrongly been convicted of crimes, producing skepticism about the reliability of verdicts; recent Supreme Court decisions requiring that juries be told when life in prison without possibility of parole is an option, and improved legal representation for capital defendants, including a sharp increase in using specialists to develop arguments for mitigation."

The Los Angeles Times (12/15, Weinstein, 850K) reports, "Executions in the U.S. declined to their lowest level in a decade this year, according to a study released Thursday by the Death Penalty Information Center, which opposes capital punishment. Fifty-three people have been executed this year, with no more scheduled until 2007." That is "down from 60 last year and a significant drop from the peak of 98 executions in 1999, the Washington-based organization said in a year-end report." Two-thirds "of Americans still support capital punishment, the Gallup Poll found this year, but for the first time in two decades, it found that more Americans prefer that the penalty for murder be life without parole rather than death, by 48% to 47%, noted the Death Penalty Information Center."

ANTITRUST:

DOJ Rebuts Reback On Telecom Mergers. CNET News.com (12/14, Broache) reports DOD "denied allegations that it fudged the analysis that prompted it to approve two telecommunications megamergers now under scrutiny by a federal judge. In a Thursday filing with U.S. District Judge Emmet Sullivan in Washington, D.C., Department of Justice lawyers took issue with accusations of wrongdoing lodged by opponents of the twin deals -- between AT&T and SBC Communications, and Verizon and MCI -- at a November 30 court hearing. T he public version of Thursday's document was redacted." Sullivan had given DOJ "the opportunity to respond to a lengthy presentation by Silicon Valley attorney Gary Reback on behalf of the Alliance for Competition in Telecommunications." Reback accused DOJ "of making up facts and ignoring critical considerations while analyzing the competitive impact of the deals. In its court filing, the Justice Department continued to defend its analysis, arguing that the allegations were 'based on mischaracterizations of relevant legal standards, misstatements of United States' positions, and misrepresentations of the factual record.' When approving the mergers, the Justice Department concluded that it needed to place limited condition s-- namely, requirements aimed at ensuring that the companies' competitors could gain access to fiber-optic connections in certain commercial buildings where Verizon and MCI or AT&T and SBC had been the only two companies supplying some types of connections."

FCC Chair Does Not Know When AT&T-BellSouth Merger Will Be Considered. The Washington Post (12/15, D3, Sipress, 690K) reports FCC Chairman Kevin Martin said he "did not know how soon it would consider AT&T's proposed $86 billion acquisition of BellSouth after the deal was left off the agenda for Wednesday's meeting because of a continuing stalemate between the commission's Republican and Democratic members." Martin, who supports the merger, "told reporters he was 'anxious' to set a date for the vote, which would create the country's largest provider of telephone, wireless and broadband services. AT&T and BellSouth have waited more than seven months for the commission to act despite Martin's efforts earlier this year to win quick approval of the transaction without conditions."

WSJournal Faults Democratic Commissioners For Delay. The Wall Street Journal (12/15, A20, 2.04M) editorializes, "Democrats are back in power in Washington, and one question is whether their wilderness years taught them anything about the wisdom of restraint in regulating business. One early sign that they've learned nothing is their behind-the-scenes effort to delay, and maybe deep-six, the $80 billion AT&T-BellSouth merger. The deal has the support of Big Labor, was approved by the Justice Department without conditions in October, and would help consumers by bringing more competition to telecom amid enormous technological change and business ferment. But the merger has been held up for months at the Federal Communications Commission, thanks to the political maneuvering of the two Democratic Commissioners, Michael Copps and Jonathan Adelstein. The pair have cited the size of the deal, the volume of public comment it has generated, and even the Justice Department's approval as reasons for delay. But what's really going on here is an old-fashioned regulatory hold up, in the armed-robbery sense of the word."

Airline Merger Talk May Be Mostly Hype. The Christian Science Monitor (12/15, Marks, 59K) writes, "Wall Street is so buoyant about possible mergers" among the "last six traditional carriers" in the US airline industry that "you'd think airline consolidation was the best thing for the industry

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since the jet engine replaced the turbo prop. But an increasing number of analysts are questioning that assumption, and suggesting that all the merger talk may in the end be just that - talk." Aviation consultant Michael Boyd said, "We're in an environment where everyone believes the mantra that consolidation is both necessary and inevitable, but it is neither. The carriers like American, Northwest, and Continental are making money. Why do they have to merge? We have a very competitive system now." The "latest round of merger talk was sparked by United Airlines' chief executive Glenn Tilton reiterating his stance that 'consolidation is good and overdue for the industry' at a shareholder's meeting earlier this week. That prompted a series of still unconfirmed reports that United and Continental Airlines were talking about just such a deal."

Antitrust Waiting Period Expires On Merck-Sirna Deal. The Silicon Valley/San Jose Business Journal (12/14) reports Merck and Sirna Therapeutics said the "federal regulatory antitrust waiting period has expired for Merck's $1.1 billion acquisition of Sirna. … The expiration of the Hart-Scott-Rodino waiting period satisfies one of the sale conditions, and the companies said consummation of the merger -- which is expected to occur in late December or early in the first quarter of 2007 -- remains subject to other customary closing conditions including approval by Sirna stockholders."

The AP (12/14) says Sirna "focuses on developing RNA interference, or gene-silencing technology. Drugs and treatments using the technology target specific genes at the root of a condition or disease, aiming to shutdown that gene, rendering the condition, such as a type of cancer, inactive."

US, European Firms To Buy Stake In German Broadcaster. The Wall Street Journal (12/15, C4, Esterl, 2.04M) reports, "The controlling shareholders of ProSiebenSat.1 Media AG have agreed to sell their stake in the German broadcaster to private-equity firms Kohlberg Kravis Roberts & Co. of the U.S. and Permira of Europe, according to people familiar with the matter. The bid for Germany's largest television broadcaster by advertising revenue was in the range of €28 to €29, or about $37 to $38, a share, valuing ProSiebenSat.1 at a bit less than €6 billion, or about $8 billion, these people said."

Hearst Expects To Complete Newspaper Acquisition Today. Editor & Publisher (12/14) reports Hearst Corp. expects to complete its purchase of the Torrance, California, Daily Breeze "on Friday as part of a deal to resell the newspaper to MediaNews Group Inc., according to a court document filed by the two newspaper operators."

Rochester Medical Settles With C.R. Bard. The AP (12/14) reports catheter maker Rochester Medical said it "reached a $49 million settlement with medical devices company C.R. Bard Inc. Under the terms of the agreement, Rochester Medical will dismiss C.R. Bard from a lawsuit it filed in March 2004 against C.R. Bard, Tyco International Ltd., Tyco Healthcare Group LP, Novation LLC, VHA Inc. and Premier Purchasing Partners LP. The lawsuit alleged that C.R. Bard, among others, conspired to exclude it from the market and violated antitrust laws."

Bond Market Antitrust Probe Could Spawn More Suits. Bloomberg (12/14, Rowley) reports, "The federal criminal antitrust probe into the municipal bond market that has yielded more than a dozen subpoenas of brokers, bankers and insurers may also lead to a spate of civil lawsuits by cities," according to antitrust expert Herbert Hovenkamp. Civil claims "typically follow in the wake of successful criminal price-fixing investigations by the U.S. Justice Department." Hovenkamp said that if it "turns out there is a nationwide conspiracy to fix interest rates' of investment contracts sold to local governments, 'it's got to be big.'"

Samsung, LCD Makers Could Face Massive Antitrust Penalties. Bloomberg (12/15, Cho) reports Samsung and "liquid-crystal display makers in Taiwan and Japan may face the largest antitrust penalty ever after a probe of possible price-fixing in the $69 billion industry. Fines may exceed $1 billion should authorities in the U.S., Europe, Japan and Korea uncover panel makers colluded." This week, LG.Philips LCD said it was "under investigation, spurring a two-day stock slide that erased about $1.6 billion in market value from the top five producers. Fines from the probe would undermine earnings in an industry where panel prices are forecast to slide more than 25 percent this year."

Japan Returns To International Acquisitions Scene. The Wall Street Journal (12/15, A1, Morse, Singer,

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2.04M) reports, "After a long retreat from the global mergers-and-acquisitions scene in the 1990s and early 2000s, Japanese companies are once again on the prowl. With the population of Japan expected to shrink rapidly in coming years, many Japanese firms are looking to tap into growing overseas markets quickly by acquiring existing companies. So far this year, Japanese firms have bought 294 foreign companies for a total of $18.1 billion, more than in all of 2005 and double the figure in 2004." Japan's "big banks and financial conglomerates are scouting rapidly growing markets in the U.S., China and elsewhere for growth opportunities.

ENVIRONMENT/INDIAN AFFAIRS:

Interior Department Approves Mohawk Casino Project. The New York Times (12/15, Bagli, 1.16M) reports that after "more than 10 years of delays, tribal recriminations and opposition from Atlantic City gambling interests, the effort to build a Las Vegas-style casino in the Catskills took a major step forward yesterday." The Interior Department "approved an environmental review of the St. Regis Mohawk Indian tribe's $600 million project. Proponents say the casino will bring thousands of jobs and tens of millions of dollars in revenue to a once thriving resort area known as the Borscht Belt."

FBI/DEA/ATF/USMS:

ATF Arrests College Student Over Pipe Bombs. The Pittsburgh Tribune-Review (12/15, Cato) reports ATF agents "arrested a California University of Pennsylvania student Thursday after tests showed he was storing numerous pipe bombs in his dorm room and his parents' Upper St. Clair home." Michael Blattner was charged with "unlawful possession and manufacture of destructive devices." US Magistrate Judge Francis X. Caiazza "set bond at $10,000 and ordered that Blattner undergo medical or psychiatric treatment. Blattner is being held in a Pittsburgh halfway house for observation, said Tom Stankiewicz, assistant special agent in charge of the Philadelphia ATF office. ATF agents and members of the Allegheny County Bomb Squad raided Blattner's dorm room and his parents' house Dec. 5. They collected numerous pipe bombs, materials and tools." Agents "recovered at least 22 pipe bombs from the two locations, court documents state. The explosive devices were wrapped in black electrical tape and ranged from 2 to 4 inches in length. Also seized were journals containing detailed plans for making improvised explosive devices, or IEDs. One drawing was titled 'medium pipebomb' and another 'Planted IED,' court documents show. Agents also found fragments from at least one exploded device, tools such as drills, ammunition used to create the explosive charge and shrapnel."

FBI Honors Philly Labor Leader With Director's Community Leadership Award. The Philadelphia Inquirer (12/15, Shiffman, 385K) reports, "The FBI honored a local labor leader yesterday for her crime-prevention efforts in Philadelphia. Janet Hammond Ryder is vice president of labor participation for the United Way of Southeastern Pennsylvania, director for labor participation for the Philadelphia Council AFL-CIO, and cohost of the weekly Labor to Neighbor show on WURD-AM (900). Ryder received the FBI Director's Community Leadership Award for her efforts to combat poverty, violence, drugs, gangs, and crime by reinforcing the value of education for inner-city youths." The Philadelphia Daily News (12/15, 106K) also briefly reported on Ryder's award.

Boston Columnist Calls FBI Fighting Of Civil Suit "A Disgrace." In a Boston Globe (12/15, 413K) column titled "A Travesty of Justice," Brian McGrory writes, "Spend a couple of days -- or, for that matter, a couple of minutes…listening to testimony in the lawsuit brought by four wrongfully convicted men against the FBI, and a few simple questions come to mind. Why is the federal government fighting this? … Why are 40-year-old documents being kept secret? Why isn't there a single person in the Justice Department with a shred of common sense?" McGrory adds, "FBI Director Robert Mueller ought to fly to Boston, all right, but rather than offer absurd excuses to" US District Judge Nancy Gertner," he needs to extend apologies and big payouts to the men who were framed by his agency so many decades ago and the families that have survived them." McGrory contrasts the case with the Brandon Mayfield settlement and concludes, "What the FBI and the rest of the Justice Department are doing in this trial isn't just an embarrassment, but a disgrace -- and it will undoubtedly prove to be an expensive one at that."

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Two Ecoterror Suspects Plead Guilty To Vail ELF Arson. In a widely-distributed story, the AP (12/15, Barnard) reports, "Two people who have admitted helping in the $12 million arson of a Vail, Colo., ski resort as part of an ecoterrorism campaign formally pleaded guilty Thursday to federal arson charges. Chelsea Dawn Gerlach and Stanislas Gregory Meyerhoff, both 29, had already pleaded guilty to some of the $20 million worth of arsons committed between 1996 and 2001 by a Eugene-based cell of the Earth Liberation Front known as the Family. Under plea deals with federal prosecutors, they agreed to have charges from the 1998 Vail arson transferred from Colorado to Oregon to be settled along with their other cases." The AP notes, "The Vail arson focused national attention on radical environmentalists who ascribed their attacks to the secretive Earth Liberation Front and Animal Liberation Front, characterized by the FBI as the nation's top domestic terrorism threats. The investigation went nowhere for years until a task force found an informant who got old friends to talk about the crimes in recorded conversations.

FBI, Police Departments Improve Training On Islamic Culture. Under the headline "Shiite? Sunni? Some In US Learn Who's Who," the Christian Science Monitor (12/15, MacDonald, 59K) reports, "Some in Congress may need a primer on Islamic extremists. Five years after 9/11, three members of the House Intelligence Committee in recent interviews couldn't answer basic questions about who's Sunni and who's Shiite in the Muslim world. But other American institutions are already boning up - especially when they have a stake in doing so." The Monitor notes, "The Federal Bureau of Investigation, for instance, will emphasize Muslim culture when it expands introductory training for new agents from 18 to 21 weeks next month. In upcoming sessions, trainees will 'drill down deeper' than they have in the past, for instance, into differences between radical Shiite cultures and radical Sunni ones, says Keith Slotter, assistant director of the FBI's training division. For the first time, new agent training will also cover dynamics surrounding suicide bombing. 'When a person from another culture says something, the meaning behind the words may not be the literal translation that an agent might want to jump to,' Mr. Slotter says. 'There are so many different nuances and aspects [that] to be an effective interviewer ... you're going to need those cultural skills.' Urban police are taking similar steps."

FBI Investigating Alleged Improper Work By Murphy Staff Members. KDKA-TV Pittsburgh (12/14) reported from a broadcast story, "A federal investigation is underway after allegations surfaced against US Rep. Tim Murphy. Sources tell KDKA federal agents have begun interviewing former Murphy staffers on whether they did political work for the congressman on government time. Murphy denies the allegations. … But while neither the FBI nor the U.S. Attorney's office will confirm or deny an investigation, the probe concerns just that." KDKA added, "'There were several times when staff was asked and basically pressured into doing campaign activities,' said Jayne O'Shaughnessy, a former staffer for Murphy. Documents obtained by KDKA at least suggest that."

FBI Searching For Fugitive Texas Official Wanted On Child Rape Charges. KRGV-TV Harlingen (12/14) reported on its Web site from a broadcast story, "There's now a federal arrest warrant for the Hidalgo County District Clerk. The FBI and Texas Rangers have joined the search for Omar Guerrero. He's looking at charges of avoiding prosecution. Federal agents believe Guerrero has left the state and possibly the country. … The federal warrant authorizes agents to arrest Guerrero anywhere in the world." KRGV noted, "Police say Guerrero raped a 15-year-old girl."

Florida FCI Guards Sentenced To Probation, Prison For Sex-With-Prisoners Scheme. The Tallahassee Democrat (12/15, Subramanyam, 50K) reports, "Two former federal correctional officers charged in connection with a sex-with-prisoners scandal were sentenced Thursday after they pleaded guilty to mail fraud. Vincent Johnson was sentenced to one year probation and Alfred Barnes to one year in prison with three years of supervised release. Chief Judge Robert L. Hinkle dismissed all other charges. … A third officer, E. Lavon Spence, was scheduled for sentencing Thursday after pleading guilty to mail fraud." The Democrat notes, "Johnson, Barnes and Spence were among five correctional officers arrested June 21 at the Federal Correctional Institution in Tallahassee. A sixth officer, Ralph Hill, was killed in a shootout at the prison after he opened fire on federal agents. A federal agent died, and a Bureau of Prisons employee was injured." The AP (12/15, Royse) adds, "The judge said he lightened Alfred

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Barnes' punishment in part because he cooperated with prosecutors in the case."

Philadelphia Drug Dealer Sentenced To Life For Murdering Witness. The Philadelphia Inquirer (12/15, Shaw, 385K) reports, "Felix Summers -- the reputed South Philadelphia drug dealer authorities say was at the center of a web of witness-retaliation and drug killings in his neighborhood -- was sentenced yesterday to life in prison without parole. Summers, 25, was convicted last month in the March 1999 shooting death of Charlotte Presley, 39, a witness against him in another homicide." To the life sentence, Common Pleas Court Judge Carolyn Engel Temin added "30 to 60 months for witness retaliation," which Assistant District Attorney Carlos Vega said "highlights the fact that this is not just a murder." The Inquirer notes, "Summers was also charged in the Aug. 16, 2001, shooting death of Veronica Rios, 15, a bystander who was" killed in the murder of another witness. "The FBI added Summers to its 10 Most Wanted list after Rios' slaying."

FBI Detains Disruptive Continental Flight Passenger In Texas. KHOU-TV Houston (12/14) reported on its Web site from a broadcast story, "A passenger onboard Continental flight from Hawaii to Houston who reportedly caused some type of disturbance onboard the aircraft is in federal custody. Noboru Akao arrived at federal court downtown Thursday morning, in shackles and an orange uniform." KWTX-TV Waco (12/14) noted, "According to an FBI press release, witnesses told FBI agents the man was disruptive and combative and groped a female flight attendant during the last two-and-a-half hours of the flight. The FBI said the man trashed a lavatory and eventually was restrained with flex cuffs to curb 'his increasingly aggressive behavior.'" The Houston Chronicle (12/15, George, 530K) reports Akao "had mixed his medication during the trip, federal authorities said Thursday. … Federal prosecutor Michael Schultz declined to specify the medications in open court." The Chronicle notes, "Houston police arrested Akao on Wednesday morning and handed him over to the FBI after the flight arrived at George Bush Intercontinental Airport."

US Agents' Business Cards Found Taped To Body In Mexico. The El Paso Times (12/14) reported U.S. law enforcement agencies "were informed by their Mexican counterparts that a man found murdered in Juárez last month had the bloodied business cards of two U.S. agents taped to his forehead. The victim, who has not been identified, was dropped from a van at the Chamizal park in Juárez on the afternoon of Nov. 23. The man had the cards of Immigration and Customs Enforcement agent Raul Bencomo and of a DEA agent with the first name Todd stuck to his forehead with masking tape." Officials with ICE and DEA "confirmed they were told about the cards found on the Chamizal body by Mexican authorities, but said they were not part of any investigation."

The AP (12/15, Caldwell) reports photographs of the victim "published in…the Spanish-language newsapaper El Diario de El Paso, show one of the business cards is from Raul M. Bencomo, a U.S. Immigration and Customs Enforcement agent. Bencomo oversaw a controversial drug informant who led authorities to the bodies of about a dozen men buried in the yard of a Juarez house in 2004. The second card, which is barely legible in the photos, is believed to be from a U.S. Drug Enforcement Administration agent." Media outlets that used the AP story include FOX News, the New York Times, Washington Post, Los Angeles Times, San Francisco Chronicle, and Dallas Morning News.

On its Web site, KDBC-TV, El Paso, Texas (12/15) reports, "On the front page of the Diario today... a story about a possible DEA Informant found murdered. The newspaper worries this story may have something to do with a suspicious car found in their parking lot. Diario Employees found a car with Mexican plates and the Diario logo on it in front of their building. The Mexican Woman driving it says she was sent for a job interview, but could not explain why she was driving the car or who sent her there."

Local TV Coverage. KTSM-TV, El Paso, Texas (12/14, 10:00 p.m.) aired, "Juarez police say execution style murders are becoming more frequent and more gruesome. Just last month an unidentified man was found at the Chamizal Park murdered with two bloodied business cards taped to his forehead. One card belonged to an Immigration and Customs Enforcement agent, the second to a DEA agent. One of the man's fingers had also been cut off and shoved into his mouth."

KVIA-TV, El Paso, Texas (12/14, 10:00 p.m.) noted a front-page story which ran in Thursday morning's edition of El Diario. KVIA reported, "The story outlines the murder of an alleged DEA informant whose body was found mutilated and dumped in the Chamizal Park in Ciudad Juarez."

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US Attorney Says Cyclist's Indictment In BALCO Investigation Marks New Phase. There are nearly 400 media references to the grand jury indictment of former world silver medalist cyclist Tammy Thomas. Most media outlets used the AP story. The AP (12/15) reports former world silver medalist cyclist Tammy Thomas "was the latest sports figure and first athlete to be indicted for hindering the three-year-old [federal steroids] probe. She faces three counts of perjury and one count of obstruction of justice." Kevin Ryan, the U.S. attorney for Northern California, "said Thursday's indictment, along with last month's obstruction of justice charges against track coach Trevor Graham, marks a new phase in the BALCO investigation. 'A third stage has begun as we bring charges against individuals who lied to investigators or committed perjury while testifying under oath to a federal grand jury,' he said."

The San Francisco Chronicle (12/14, 384K) reported a former world-class cyclist who "was caught up in the BALCO steroid scandal was indicted Thursday on charges of lying to a federal grand jury about her use of banned drugs. … Thomas also testified that she had never taken steroids and had never obtained steroids from anyone, according to the indictment. All the statements were lies, according to the indictment, which was handed up by a grand jury in San Francisco."

The New York Times (12/15, Wilson, 1.16M) reports the federal grand jury investigating steroid use in sports "yesterday indicted…Thomas for perjury and obstruction of justice, charging that she lied to another grand jury looking into the Bay Area Laboratory Co-Operative steroids case. Thomas received a lifetime competition ban in 2002 from the United States Anti-Doping Agency after she tested positive for the previously undetectable steroid norbolethone. … Thomas…testified to a grand jury in 2003 that she had never taken performance-enhancing drugs or received them from Patrick Arnold, the chemist who worked with BALCO in Burlingame, Calif."

The New York Daily News (12/15, 729K) reports the indictment "accuses Thomas of lying when she told the grand jury in 2003 that she never used performance-enhancing drugs. It also said she lied when she said she did not receive illegal drugs from Patrick Arnold, the chemist who created the once-undetectable steroid THG. Each charge carries a maximum of five years in prison and a $250,000 fine."

The San Jose Mercury News (12/15, 229K) reports a turn of events Thursday in the BALCO case "sent a chilling message to athletes connected to the inquiry: Anyone who allegedly lied to a federal grand jury investigating the use of drugs in sports could find themselves in a legal bind. Former world-class cyclist Tammy Thomas, now a law student in Michigan, became the first athlete indicted in the BALCO scandal when she was charged Thursday with three counts of perjury and one count of obstruction of justice. She faces a maximum of 20 years in prison and a $1 million fine."

Bloomberg (12/14) reported Thomas "declined to comment when reached by phone at her home in Lansing, Michigan. Thomas was banned for life from competitive cycling by the U.S. Anti-Doping Agency in 2002 after testing positive for the steroid norbolethone. It was the second time she failed a drug test. She tested positive for elevated testosterone at the 2000 U.S. Olympic Trials."

Local TV Coverage. KTVU-TV, San Francisco-Oakland-San Jose (12/14, 10:00 p.m.) aired, "The latest grand jury meeting here inside the federal building in San Francisco today indicted its first athlete for perjury. The indictment charges cyclist and former silver medallist Tammy Thomas with three counts of perjury and one count of obstruction of justice for allegedly lying to a grand jury investigating BALCO's performance-enhancing drugs. She denied ever taking them."

KOVR-TV, Sacramento-Stockton-Modesto (12/14, 5:00 p.m.) aired, "Tammy Thomas was indicted today by a federal grand jury. She is accused of hindering the [steroids] probe. Prosecutors say Thomas lied to the jury investigating a [steroid] ring which has affected many sports."

WLBT-TV, Jackson, Mississippi (12/14, 5:00 p.m.) aired, "Former elite cyclist and Yazoo City native Tammy Thomas has been indicted in the government's ongoing steroid probe. Thomas is accused of three counts of perjury and one count of obstruction of justice for allegedly lying to a federal grand jury. The grand jury was investigating a steroid ring that spanned across many sports."

In Wisconsin, 33 Charged In Cocaine-Ring Investigation. The Milwaukee Journal Sentinel (12/14, Doege, 255K) reported a federal grand jury "indicted 33 people Thursday on charges linking large-scale cocaine suppliers in Milwaukee to a tightly controlled network of dealers in Waukesha. The indictments and arrests, officials say, dried up the primary source of cocaine in the city of

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Waukesha while taking a handful of large-scale operators off the streets of Milwaukee. The charges result from a lengthy probe begun quietly in January 2004 by Waukesha County narcotics investigators whose work revealed that a single network of people was responsible for a large share of the cocaine finding its way into Waukesha. … 'I think that you can determine the significance of this case by the number of people arrested and the scope of their activity,' said James Bohn, assistant special agent in charge of the Milwaukee office of the U.S. Drug Enforcement Administration."

Seventeen Arrested In New York Drug Sweep. The Plattsburgh (NY) Press Republican (12/14) reported law-enforcement agencies "rounded up 17 people early Wednesday morning and charged them with numerous drug-related crimes. Most of the accused live in and around Plattsburgh and are suspected of dealing marijuana, heroin, methamphetamines, cocaine and crack. … DEA Resident Agent in Charge James T. Farnsworth said the arrests came after months of investigation and surveillance. He said it is becoming more common for people from the New York City area to move to the North Country to sell drugs because they can fetch a higher price here."

Five Pennsylvanians Accused Of Conspiring To Distribute Heroin. The Times Leader (12/14) reported five people from Hazleton and Freeland "were indicted last week in connection with an alleged heroin distribution conspiracy that operated in the Hazleton area since January. … The charges stem from an investigation by the federal Drug Enforcement Administration and Pennsylvania State Police."

DEA Says Texas Drug Ring Smuggled Proceeds In Detergent Containers. On its Web site, KSAT-TV, San Antonio, Texas (12/14) reports a San Antonio-based cocaine-smuggling ring "has been put out of business by the Drug Enforcement Agency, resulting in the seizure of 210 kilograms of cocaine, $4.5 million in cash and arrests of 29 people, including an elementary school teacher and an elderly woman." DEA agent Joe Arabit "said that the ring had been in operation for the past few years and had its roots in San Antonio, Floresville and Eagle Pass." The drugs "were smuggled from Mexico and distributed throughout Texas, Tennessee and Ohio, Arabit said. The proceeds from the sale of the drugs were then smuggled in containers of powdered detergent and large buckets of construction material."

Five Canadians Face Charges For Roles In Drug-Smuggling Scheme. In Calgary, the Globe and Mail (12/14) reported a long-running international smuggling operation that "used small planes to ferry illegal drugs between Alberta and Montana has been dismantled by police, who said yesterday that five Canadians face charges in connection with the plot. The nine-month investigation, dubbed Project IDEA, resulted in the seizure of $5.2-million worth of drugs, including 500 kilograms of marijuana, 30 kilograms of cocaine, 9,000 tablets of diazepam and 210 vials of ketamine." Authorities "worked with the U.S. Drug Enforcement Agency and U.S. Immigration Customs Enforcement to crack what Insp. McCallum described as an 'independent' operation."

The Calgary Sun (12/14) reported the drugs "have a combined street value of $5.2 million and were all seized in the United States."

Marijuana Bust In New Hampshire Called Largest In State's History. In Concord, the Eagle Tribune (12/14) reported police "seized four local homes and millions of dollars worth of marijuana plants…in what officials are calling the largest bust of its kind in the state's history." Police said homes "were being used as labs to grow thousands of marijuana plants. … In all, 10 homes in nine New Hampshire towns were seized, six people were arrested and $24 million worth of marijuana was recovered. Local and state police descended on the homes simultaneously…in the culmination of an investigation that included the U.S. Attorney's Office, the state Attorney General, Immigration and Customs Enforcement and the Drug Enforcement Administration."

Manchester's Union Leader (12/15) reports Chau Kelley, a board member with the Vietnamese Community of New Hampshire, "said a growing number of law-abiding Vietnamese immigrants in New Hampshire have become aware of organized crime rings in their midst. This week, as investigators orchestrated what may be the largest marijuana seizure in the state's history, those fears seemed to be confirmed. Law enforcement officials uncovered a massive drug ring Wednesday, confiscating $24 million worth of marijuana plants from 10 upscale homes along the Interstate

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93 corridor. Most of the homeowners had Vietnamese last names."

Man Accused Of Transporting Tons Of Marijuana Captured In Arizona. KVOA-TV, Tucson (12/15) reports on its Web site that DEA agents say they've "captured a high-profile drug runner right here in Tucson. His name is Carlos Molinares Nunez, and agents say he's responsible for moving tons and tons of marijuana through the Naco and Sasabe corridor." DEA officials "say his arrest has eliminated a significant source of supply for other drug trafficking organizations within the U.S. Molinares reportedly distributed marijuana from California to Florida."

DEA Agent Says California Dispensary Sells Marijuana For Nonmedical Use. In Oakland, the Daily Review (12/14) reported the owner and manager arrested in Tuesday's federal raid on the Local Patients Cooperative "were released on bond after their first court appearance Wednesday." According to the Daily Review, DEA agent Kenny Lee's affidavit says, "I believe that Hayward Local Patients Co-op attempts to disguise the breadth of its criminal activity by claiming that it caters exclusively to persons suffering from medical illnesses, when in fact persons without any medical condition can purchase marijuana ... at the retail establishment."

The Oakland (CA) Tribune (12/14, Richman) reported agents "arrested the two Tuesday on suspicion of conspiracy, marijuana distribution, and maintaining drug-involved premises. Drug Enforcement Administration and Internal Revenue Service agents raided the Foothill Boulevard cooperative and each suspect's home."

Michigan Doctor Released On Bond In Painkiller Case. The Toledo (OH) Blade (12/14) reported a suburban Detroit physician "accused of illegally prescribing painkillers to patients at his Toledo practice was released from federal custody…on a $500,000 property bond. U.S. District Judge James Carr allowed the release of Dr. Leo M. Ognen during a detention hearing in Toledo. … Ognen was indicted last week on drug conspiracy and drug distribution charges for writing prescriptions for millions of dollars worth of painkillers. The charges stem from a Drug Enforcement Administration investigation and search of the physician's former office…and a Toledo home owned by him and his wife."

Mexican Embassy Identifies Man Killed At Hospital As Drug Cartel Member. The El Paso Times (12/15) reports a man who "narrowly survived a street shooting in Juárez only to be followed by his attackers inside a hospital and killed Tuesday was one of the men who was videotaped unloading drugs from a crashed SUV during a standoff in Hudspeth County in January. César Alonso Gándara Reyes, 30, was first shot at...in a neighborhood near the Zaragoza Bridge on Tuesday afternoon, Juárez police said. He was transported to the Clínica Zaragoza…by someone who quickly left the hospital. While Gándara was being treated for his wounds, a group of men pretending to be police officers shot him on a gurney." According to the Times, Gándara was identified on the Mexican Embassy Web site as a member of the Escajeda family, a cell of the Juárez drug cartel. Thursday, DEA officials "said they had no information about Gándara's death."

IMMIGRATION:

Minneapolis Spot Known For Fake IDs Open In Spite Of Raids. The AP (12/14) reported a spot in Minneapolis "notorious for the sales of fake identifications was open for business this week despite the message immigration enforcers hoped to send with the recent high-profile raid on a Worthington meat packing plant. Even the New York Times reported last summer on the spot - the parking lot of the Kmart department store on Lake Street - and when a reporter for Minnesota Public Radio went there he found four young men with fake IDs to sell." A young man who spoke on condition of anonymity said the ICE raid "wouldn't slow down the trade in fake IDs because thousands of people will move in to replace those who were arrested."

Scholar Says Immigration Laws Create "Impossible Situation" For Employers. Tamar Jacoby, a senior fellow at the Manhattan Institute, in an op-ed in the Washington Post (12/15, A35, 690K) writes that while ICE's worksite immigration raids of six Swift & Co. meatpacking plants Tuesday could be seen as "perfectly justified," there is one "catch: Swift has been trying for years to comply with our poorly conceived immigration laws, coping as best it could with an impossible situation. Like a driver who finally goes through a broken traffic light, the company and its workers aren't the problem -- the system is." Jacoby continues, "Don't misunderstand: Swift is no band of saints. Everyone involved -

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- the company, its workers, the US government -- knows that the kind of compliance required to pass muster today is a charade. But it is a charade our dysfunctional immigration system has all but forced the firm and its workers to play."

Report About Illegals' Effect On Texas Economy Prompts Debate. The Washington Post (12/15, A2, Fears, 690K) reports Texas State Comptroller Carole Keeton Strayhorn's recent finding that "Illegal immigrants not only pay their fair share in taxes, but…are also good for the economy" has "sparked "a war of words over illegal immigration" in the state. State Rep. Leo Berman, "who introduced legislation that would bar Texas from recognizing children born to illegal immigrants in American hospitals as US citizens, called the report 'outrageous.'" The Post adds, "An official state document that contradicts the idea that immigrants are a financial burden can carry considerable weight as Democrats take control of Congress, and as potential candidates consider their options in the 2008 presidential election."

Immigration Laws Said To Create "Impossible Situation" For Employers. Tamar Jacoby, a senior fellow at the Manhattan Institute, in an op-ed in the Washington Post (12/15, A35, 690K) writes that while ICE's worksite immigration raids of six Swift & Co. meatpacking plants Tuesday could be seen as "perfectly justified," there is one "catch: Swift has been trying for years to comply with our poorly conceived immigration laws, coping as best it could with an impossible situation. Like a driver who finally goes through a broken traffic light, the company and its workers aren't the problem -- the system is." Jacoby continues, "Don't misunderstand: Swift is no band of saints. Everyone involved -- the company, its workers, the US government -- knows that the kind of compliance required to pass muster today is a charade. But it is a charade our dysfunctional immigration system has all but forced the firm and its workers to play."

Congress To Take Another Look At Border Fence Legislation. Fox News (12/14, Porteus) reported on its website, "The 700-mile border fence Congress approved for construction in a session-ending deal was little more than a fast act of political cosmetics in an election year and may never come to fruition, say immigration advocates looking ahead to the Democratic-led 110th Congress." Rep. Bennie Thompson, who "will re-evaluate the border fence issue" as chairman of the House Homeland Security Committee, "has said that while a physical fence may be a good idea in some urban areas, the issue is broader than a physical barrier." Fox added, "The border fence has come under fire from Democrats and pro-immigration groups as well as some Republicans who say erecting a fence isn't a substitute for comprehensive immigration reform." Meanwhile, "Bush and Homeland Security Secretary Michael Chertoff have both signaled concern about the border fence, and are looking to technology for a more politically satisfying solution."

TAX:

CONGRESS-ADMINISTRATION:

Johnson Responsive After Brain Surgery. The AP (12/15, Jalonick, Raum) reports, "Democratic Sen. Tim Johnson remained in critical condition but was described as recovering and holding his wife's hand Thursday after emergency overnight surgery to repair bleeding inside his brain. … 'He has been appropriately responsive to both word and touch. No further surgical intervention has been required,' said the physician, Adm. John Eisold. He had said earlier, 'The senator is recovering without complication.'"

The CBS Evening News (12/14, story 3, 2:10, Attkisson, 7.66M) said "it's too early for a long-term prognosis," while ABC World News (12/14, story 3, 2:45, Gibson, 8.78M) reported "the political prognosis has Washington preoccupied." ABC (Tapper) added, "In the political arena, Democrats worry about their paper-thin Senate majority. 51 votes to 49. If Johnson's Senate seat becomes vacant, South Dakota's Republican Governor, Mike Rounds, would likely appoint a Republican to replace him, creating a 50-50 Senate with Vice President Cheney the tie breaker. The Republicans would again control the Senate." Along similar lines, the AP (12/15, Kuhnhenn) reports this morning, "Suddenly, the Democrats' grip on the Senate looks very tenuous indeed."

The Argus Leader (12/15, Harriman) reports "incoming Sen. Minority Leader Harry Reid, D-Nev., maintained a hopeful demeanor even as speculation was at its darkest Thursday morning before news that Johnson was regaining consciousness was widely distributed. Reid said he had

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visited Johnson in the hospital before and after surgery. '"To me, he looked good,' Reid said in a press conference and predicted a full recovery for Johnson." USA Today (12/15, Kiely, 2.27M) reports Reid also "said he is continuing to organize for a Senate run by his party. 'There isn't a thing that has changed,' said Reid."

The Wall Street Journal (12/15, A5, Rogers, Lueck, 2.04M) notes that "if Mr. Johnson is recovering but still hospitalized when the new Congress convenes in January, Democrats would retain a 50-49 majority and be able to organize under Mr. Reid." But "dates here mean less since, unlike the House, Senate rules permit that body to reorganize at a later date in the new Congress if the balance of power changes." On its website, meanwhile, Time (12/14, Tumulty, 4.03M) pondered the possibility of Republicans filibustering the organizing resolution" in January. That scenario, says Time, presents a "truly extraordinary possibility: a chamber with a new Democratic leader, but the existing set of Republican committee chairmen. That is because, until an organizing resolution is passed, incoming Majority Leader Harry Reid would have no control over the committees. "

However, politicians of both parties are refusing to speculate on that possibility. The New York Times (12/15, Zernike, 1.16M) reports "even some Republican lawmakers and aides criticized news coverage of Mr. Johnson's illness as ghoulish, saying it put too much emphasis on who would control the Senate and not enough on his health." Sen. Trent Lott "brushed off questions about procedures if the membership split 50-50," and Sen. Mitch McConnell "issued a statement titled 'The recovery of Senator Tim Johnson' -- emphasis on recovery. 'I know all my Senate colleagues join me in praying for Senator Johnson's full and speedy recovery,' he said. 'Our thoughts are with his wife, Barbara, and his family during this time.'" Democratic "aides said they had not received any Republican requests to discuss any power-sharing rules." On Fox News (12/14, MacCallum), Lott said, "In the end, while it may not appear like it sometimes, we are sort of a full Senate family. And we know each others' spouses, and we do have more of a bond than people realize. So we're all just shocked and hoping for the very best. … My expectation and hope is that Tim will recover fully and come back and we'll go to work. You know, I'd like to be in the majority, but I don't want to do it that way."

USA Today (12/15, Harriman, Kiely, 2.27M) reports "Johnson's office was filled Thursday with flowers and cards brought by a steady stream of well-wishers rooting for the senator's recovery from brain surgery. One card was delivered by Benjamin Ready, a field representative for Republican Sen. John Thune." The White House also wished Johnson a speedy recovery. The Washington Times (12/15, Hurt, 88K), McClatchy (12/15, Talev), Bloomberg (12/15, Roberts) and CQ (12/15) run similar stories.

Meanwhile, a number of news reports suggest a hypothetical long-term incapacitation would not necessarily lead to Johnson's departure from the Senate. The Chicago Tribune (12/15, Parsons, Manier, 617K) reports, "As long as a senator is alive, there is no way to legally remove him or her from office for health reasons, experts said." And the Los Angeles Times (12/15, Hook, 850K), in a story titled "Senate Is Loath To Remove Disabled Members," says that is "an enduring tradition in one of the world's most exclusive clubs: Never has the Senate forced its members out of office because they have become physically or mentally incapable of serving." That "hands-off protocol could be a big boon to Democrats."

ABC World News (12/14, story 4, 1:45, Stephanopoulos, 8.78M) reported "Republicans really are signaling that they're going to give" Johnson "all the time he needs to recover. They're not going to make a political issue, even if he's gone from the chamber for a long period of time. As one aide told me, 'He's family.'" The CBS Evening News (12/14, story 5, 1:20, Borger, 7.66M) also said "Republicans are staying very far away from the conversation about just who is going to control the Senate at least for now. As one Republican said to me, 'This is not the way we want to win back the Senate.'" NBC Nightly News (12/14, story 2, Reid, 9.87M), meanwhile, noted that "political scientist Sarah Binder says Johnson can keep his seat even if he becomes incapacitated." Sarah Binder: "South Dakota law, when it defines vacancy mentions vacancy caused by death, resignation, expulsion. It does not make any reference to incapacitated Senators." Reid: "In fact, since 1942, eight US Senators have been absent for months, even years, due to serious illness without resigning. One is still serving. Joe Biden of Delaware spent more than six months recovering from brain aneurysm surgery in 1988."

The Washington Post (12/15, A1, Babington, 690K) reports, "Although Johnson's illness was the talk of Washington yesterday, politicians in both parties refrained from publicly discussing how the two-term senator's illness might affect the incoming 110th Congress. A few Democratic lobbyists and their spouses were dining Wednesday night at Sesto Senso, an Italian restaurant near Dupont Circle. As they

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discussed Johnson's condition, they folded their hands as if praying for him, a gesture that appeared tinged with political as well as heartfelt sentiments."

Johnson is suffering from a condition called arteriovenous malformation, or AVM. The Washington Post (12/15, A4, Brown, 690K) reports "the experience of other people who have suffered bleeding from arteriovenous malformations inside the brain suggests that…Johnson…has at least a 50-50 chance of full recovery. … Many people harbor arteriovenous malformations (AVMs) unknowingly for decades. When they bleed, 10 to 15 percent of patients die within hours, 35 percent suffer permanent disability and about 50 percent recover more or less completely." The Wall Street Journal (12/15, A5, Lueck, 2.04M), in a similar assessment titled "Senator's Chances Are Mixed For Recovery From Rare Disorder," says that "if he regains function quickly after surgery, recovery might take only a month or so. If he doesn't bounce back quickly, prospects for recovery are more variable and uncertain, but can take six months to a year." USA Today (12/15, 1A, Kiely, 2.27M) notes "patients with Johnson's condition frequently require a second operation to remove the problem blood vessels, according Sean Grady, chief of neurosurgery at the University of Pennsylvania." Grady "said such operations 'can pose a very high risk' depending on where the damaged blood vessels are in the brain." The New York Times and Los Angeles Times (12/15, Maugh, 850K) also run features on AVM.

The CBS Evening News (12/14, story 4, 1:30, Couric, 7.66M) interviewed Dr. Jon Lappok, who said, "We don't know again the specifics of the Senator's situation, so we can't say anything about him, but in general, patients can make a complete and total recovery." NBC Nightly News (12/14, story 3, Williams, 9.87M) spoke to Dr. Nancy Snyderman, who said, "The first 24 hours are crucial for normal complications after any kind of brain surgery like this. I think people are really watching because this happened in the temporal lobe, the part of the brain where speech and understanding of words happen. Every minor change in the ability to understand, the ability to articulate words, those can be seen as monumental steps, not in the next couple of hours or days but in the next couple of months." The Los Angeles Times (12/15, Levey, 850K) reports that "because the senator made it through the operation without incident, his odds of survival are high, experts said. However, it is unclear whether or to what extent he might be afflicted with permanent impairment."

News stories this morning describe the senator as an assuming and independent lawmaker. The AP (12/15, Kellman) reports he is "a rare senator who almost never has sought the spotlight. Asked by a local columnist if he ever tires of being described as boring, Johnson replied: Not at all." But "long before the two-term senator's medical crisis this week, Johnson won national attention by keeping Democrats guessing about whether they could count on his vote. He bucked his party by being only one of three Democrats to vote to confirm Justice Samuel Alito's nomination to the Supreme Court. He voted to ban late-term abortions. He said yes to a constitutional amendment to ban flag burning, anathema to most in his party." And "then there was perhaps the defining vote of Johnson's career: whether to authorize the use of military force in Iraq. Johnson voted yes, though he had a very personal reason to vote no: his oldest son, Brooks. Then 32 and a staff sergeant with the Army's 101st Airborne Division, Brooks would be among the first sent to the region, Johnson knew." The New York Times (12/15, Davey, 1.16M) titles its profile of Johnson "An Unfamiliar Spotlight For An Unassuming Senator."

Bipartisan House Task Force To Consider Independent Ethics Enforcer. The AP (12/15, Werner) reports House leaders are "creating a bipartisan task force on whether to establish an independent ethics panel to police the House, Speaker-to-be Nancy Pelosi said Thursday." Pelosi said Minority Leader John Boehner "has agreed to the idea. The task force has not been set up yet, but it will be expected to report back in March, she said." Pelosi "offered no details on what the outside ethics group might look like, saying that would be up to the task force." Pelosi said, "There is no question that the ethics process in the last couple of years has lost the confidence of the American people. I'm hopeful that it's possible that we can have an outside entity that will restore that confidence." The AP adds the establishment of "a permanent outside enforcement entity has been a priority of ethics reformers, but such proposals have failed to become law in the past. In March, the Senate voted 67-30 to reject creation of an Office of Public Integrity to oversee ethics violations by lawmakers." Among the "no votes were incoming Senate Majority Leader Harry Reid, D-Nev., and Sen. Dianne Feinstein, D-Calif., who will head the Senate Rules Committee, which has jurisdiction over ethics and lobbying."

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The Christian Science Monitor (12/15, Chaddock, 59K) reports, "Citing the mandate from voters in the midterm elections to clean up a culture of corruption," Pelosi "promised a sweeping reform agenda Thursday, including a first-ever 'outside enforcement mechanism' for congressional ethics." Other elements "unveiled this week include a ban on 'earmarks' or member projects for fiscal year 2007, a five-day congressional workweek to better process 'the people's business,' and a new oversight panel on intelligence along the lines proposed by the 9/11 Commission back in 2004." But even as House Democrats "try to burnish their image on ethics, they are being forced to work around the legal woes of their own members, including two in key positions." Rep. William Jefferson was reelected, but "Pelosi and the Democratic Steering Committee denied Mr. Jefferson his request to keep a seat on the powerful Ways and Means Committee, pending the outcome of a federal investigation." Rep. Alan Mollohan (D) of West Virginia is also "facing a federal investigation over earmarks he sponsored and profitable real estate deals."

Congressional Page Board Chairman Wants Monthly Meetings. The AP (12/15, Thomas) reports the incoming chairman "of the congressional Page Board said Thursday he hopes the panel will meet monthly and expand its membership to help prevent another scandal." Democratic Rep. Dale Kildee, "who will become the panel's chairman when Democrats take control of the House next year, said the board should meet regularly with directors of the program's school and dormitory and those who supervise the students during their work in Congress." Kildee said, "I think it's a very, very good program and the problem with the program was not the pages — it was a member and those who should have been more vigilant when this thing broke." The AP adds Kildee said "he supports incoming House Speaker Nancy Pelosi's call reform of the program. Pelosi said Monday she intends to introduce legislation early in the new Congress to increase oversight of the page program, require regular board meetings and add a parent of a current and a former page to the board."

Pelosi Says GOP To Get Only One Chance To Amend Top Democratic Bills. The Wall Street Journal/Dow Jones Newswires (12/15, Godfrey) reports incoming Speaker Nancy Pelosi said House Republicans will "be given only one chance to amend or debate a plan to curb oil and gas subsidies and other Democratic priorities." Legislation "cutting subsidies to oil and gas producers is one of Democrats' top six priorities for their first 100 hours in power. Pelosi said Thursday that the oil and gas legislation along with bills cutting student loan interest rates and requiring the government to negotiate prescription drug prices for Medicare would not go through the normal legislative process." Normally, legislation is "subjected to hearings and then considered by the committees of jurisdiction before being brought to the House floor. Pelosi said Thursday that because the measures are well known and have been voted upon in the past, the bills would be brought directly to the House floor for a vote." Republicans would be "given only one chance to amend the bill through a procedural maneuver known as a motion to recommit, Pelosi said."

Republicans Failed To Enact Environmental Priorities In 109th Congress. The Los Angeles Times (12/15, Boxall, 850K) reports, "If ever there was a Congress in which Republicans were positioned to remake the nation's environmental laws, it was the 109th. But by the time the session ended last week, the GOP's environmental agenda had been largely thwarted." Whether it "was rewriting the Endangered Species Act, opening up most of the nation's coastline to oil and gas drilling, or selling off public lands in the West, Republicans failed to enact a range of ambitious proposals." Though Republicans "came close to opening up Alaska's Arctic National Wildlife Refuge to oil drilling, the goal eluded them."

Fitzgerald Doesn't Disclose If Cheney Is On Witness List For Libby Trial. The AP (12/15, Apuzzo) reports special prosecutor Patrick Fitzgerald said "he does not expect any government officials to refuse to testify in the CIA leak trial, but he did not specifically say whether Vice President Dick Cheney or other top White House officials were on his witness list." Attorneys for Cheney's former chief of staff, I. Lewis "Scooter" Libby, "meanwhile, told a judge that two unidentified reporters may resist testifying on Libby's behalf in the case. The attorneys predicted the issue would be resolved before trial, however." Cheney has "said he may be called as a witness. If so, prosecutors could ask how the White House responded to those criticisms. Cheney was upset by Wilson's comments, Fitzgerald has said, and told Libby that Plame worked for the CIA." That conversation is "a key to Fitzgerald's perjury case. Libby testified that he learned

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about Plame's job from a reporter." Cheney could "also help prosecutors undermine Libby's defense that he was so preoccupied with national security matters, he forgot details about the less-important Plame issue. Prosecutors argue that Plame was a key concern of the vice president, and thus would have been important to Libby." Government officials "and journalists will be the key witnesses in the trial, which is scheduled to begin next month. Former New York Times reporter Judith Miller and NBC News Washington bureau chief Tim Russert are expected to be prosecution witnesses and Libby's lawyers said in court papers Thursday that several reporters will testify on Libby's behalf." Attorneys also said "they'd subpoenaed for the tape of Washington Post reporter Bob Woodward's interview with former Deputy Secretary of State Richard Armitage. Armitage has admitted he discussed Plame's job with Woodward in 2003 but said it was a passing, inadvertent comment."

Healthcare Bill Included Special Provisions Sought By Congressional Leaders. The New York Times (12/15, Pear, 1.16M) reports that by "slipping four sentences into a big bill passed last week, Speaker J. Dennis Hastert secured a major change in Medicare policy avidly sought by a few health insurers, in particular a multinational company with headquarters in his home state, Illinois." In the "final hours of the 109th Congress, the Senate Democratic leader, Harry Reid of Nevada, also got special treatment for a hospice in his state. The bill did not name the hospice, but specified the Medicare provider number for the intended beneficiary, the Nathan Adelson Hospice in rural Pahrump, Nev." Rep. Bill Thomas "inserted a provision earmarking $40 million for a valley fever vaccine sought by his constituents, while the Senate Republican leader, Bill Frist of Tennessee, obtained tens of millions of dollars for hospitals in his state." The Times adds, "These examples illustrate how power is exercised in the final, chaotic hours before Congress adjourns. Obscure provisions of interest to just a few lawmakers were quietly stuffed into a grab bag of legislation, with no indication of their parentage or purpose."

Black Caucus Urges Democratic Leaders To Hire More Minorities. The Washington Times (12/15, DeBose, 88K) reports the Congressional Black Caucus "has asked Democratic leaders to hire more minorities to work for House committees and on lawmakers' staffs, saying the dearth of diversity on Capitol Hill is a problem." In a letter "to House Speaker-elect Nancy Pelosi and the leaders of the Democratic Steering Committee, the CBC said the party must increase the number of minorities working for committees and subcommittees, which will be controlled by Democrats." Outgoing CBC Chairman Melvin Watt said the "hiring of black, Hispanic, Asian and other minority staffers has 'been a major problem' for years," adding, "All you have to do is look at the composition of committees, subcommittees and leadership staffs." The Times adds, "Committee staffers who spoke with The Washington Times on the condition of anonymity said that fewer than 50 minorities are among the hundreds of committee staffers." That number "does not include staff members of the black, Hispanic or Asian and Pacific Islander caucuses."

Chertoff Says FEMA's Post-Katrina Reform Not Done. The AP (12/15, Lumpkin) reports Homeland Security Secretary Michael Chertoff "delivered a backhanded slap Thursday at one of his agencies, saying it should not allow red tape to interfere with helping disaster victims." Chertoff, who "listed the Hurricane Katrina response as one of the 'transformative experiences' for the Federal Emergency Management Agency, said there is 'a lot more work to do' even though FEMA has been 'retooled.'" Chertoff noted "there still are 'tens of thousands of people who suffer the lingering effects' of last year's hurricane." Chertoff said, "We have to make sure that FEMA does not become so enmeshed in its own bureaucratic processes sometimes that they lose sight of the need to have simple commonsense and humanity in dealing with the public."

Dow Reaches New Record High. ABC World News (12/14, story 8, 0:20, Gibson, 8.78M) reported, "On Wall Street, another record high. Strong, quarterly profits, reported today from investment banking companies and a drop in jobless claims boosted optimism. The Dow was up more than 99 points to close at 12,416. And on the NASDAQ, stocks were up 21 points [to close at 2,453.85]." NBC Nightly News (12/14, story 7, Williams, 9.87M) also noted "the Dow end of year rally soaring into new record territory." The Washington Post/AP (12/15, D5), USA Today and Wall Street Journal (12/15, C1, Browning, 2.04M), among other sources, run similar reports this morning.

Prices For Imported Goods Climb 0.2%. The Wall Street Journal (12/15, Bater, 2.04M) reports US import prices "rose for the first time in three months in November despite a

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drop in petroleum costs." Prices for "imported goods rose 0.2%, after falling 2.3% in October and 2.2% in September, the Labor Department said Thursday. Economists surveyed by Dow Jones Newswires had expected November import prices would slip by 0.1%." In annual terms, "import prices increased 1.2% from November 2005, compared with the 6.4% a year earlier."

OPEC Plans To Reduce Output Starting In February. The Financial Times (12/15, Crooks, Mahtani, Hoyos) reports OPEC "yesterday moved to reassert its power over oil prices by agreeing to cut production early next year in spite of rising concerns over tightening world crude markets." OPEC "ministers meeting in Abuja agreed to cut output by 500,000 barrels a day from February 1." In a statement, the cartel "said the cut was justified on the basis that there was 'more than ample crude supply, high stocks levels and increasing spare capacity' in the market."

The New York Times (12/15, Mouawad, 1.16M) adds that OPEC's planned 2 percent reduction in output is "the group's second production cut in two months and its strongest indication yet that it would seek to keep oil prices above $60 a barrel next year." OPEC "had already agreed to a 4 percent production cut in October to prop up prices." The group also "said Angola would join the group next year, becoming its first new member since 1975. Angola, Africa's fastest-growing oil exporter, is a powerful addition to OPEC."

The Wall Street Journal (12/15, A2, Bahree, 2.04M) says OPEC's decision sends "a strong signal that it will try to prevent oil prices from sliding further." But "[t]he real impact of the cartel's latest output move on oil markets remains unclear. The big unknown is whether members of [OPEC] will actually implement the decision ... . Some OPEC officials say that will depend on demand in the next two months, the level of prices and the amount of oil held in inventories in major consumer countries." The Journal adds, "Oil prices rose yesterday, with light, sweet crude for January delivery up $1.14, or 1.9%, to $62.51 a barrel on the New York Mercantile Exchange."

The Washington Post/Bloomberg (12/15, D4, Critchlow, Pals) reports OPEC "is attempting to revive prices that have slid about 21 percent from a July record of $78.40 a barrel in New York. The cuts take effect about seven weeks before the end of the Northern Hemisphere winter, when demand for heating fuels typically starts to decline."

Large Majorities Support Stricter Fuel-Efficiency Requirements. The Wall Street Journal's (12/15, A4, Harwood) "Washington Wire" column reports a poll's finding that "87% of Democrats, 76% of independents and 74% of Republicans back requirements for more fuel efficiency even if that raises auto prices. That complicates auto makers' ability to mount filibuster against bipartisan Senate bill, sponsored by Democrat Obama and Republican Lugar, to raise CAFE standards." But "[i]ndustry may have better luck in the House, where Democratic powers Dingell and Hoyer call CAFE outmoded; they back tax incentives for auto makers and buyers as an alternative."

Friedman Urges Bush To Return To "Green" Texas Roots. In his New York Times (12/15, 1.16M) column, Thomas L. Friedman writes, "Which politician launched the Texas wind industry? Answer: Former Gov., now President, George W. Bush." Friedman says he is baffled at "how the same man who initiated one of the most effective renewable energy programs in America, has presided over an administration that for six years has dragged its feet on alternative energy, used its regulatory powers to weaken efficiency standards for major appliances and stuck its head in the sand on global warming." Friedman writes that the only way for Bush to salvage his legacy "is to get back in touch with [his] green Texas roots and devote the rest of [his] term to REALLY ending America's oil addiction, liberating us from dependence on petro-authoritarian regimes and making America the leader in renewable energies that combat climate change."

Trade Agency Clears Way For Some Steel Import Tariffs To End. The Wall Street Journal (12/15, Hitt, Glader, Spector, 2.04M) reports, "Decisions that signal the end of many U.S. steel tariffs promise struggling auto makers a boost, and reflect a shift in the political and economic fortunes of these two pillars of the U.S. economy." Heavy-equipment makers "will also benefit from a separate ruling yesterday by the U.S. International Trade Commission that clears the way for tariffs to lapse on cut-to-length plate steel from 11 countries." The end to tariffs "on corrosion-resistant steel essential to car making from Australia, Canada, France and Japan will benefit auto makers. Tariffs remain in place for the same type of steel from Germany and South Korea." Domestic steelmakers, "which have long received favored treatment in Washington, were surprised by the ruling. In addition, they face several more ITC reviews in coming

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months on products such as hot-rolled steel product, pipe and tubular goods as well as concrete-reinforcing bar, which is used in construction. Some oil companies also are said to be lining up to lobby for an elimination of tariffs on pipe and tubular goods."

Obama Not Interested In Being "Un-Hillary" Candidate. The Chicago Tribune (12/15, Pearson, 617K) reports that on the "cusp of a historic decision over whether to run for the White House, Sen. Barack Obama said Thursday that he believed he would be a 'viable candidate' for president who could move the nation beyond the generational politics that have defined the last 40 years." In a meeting with the Tribune editorial board, Obama said, "I wouldn't run if I didn't think I could win." The Tribune adds Obama "articulated a rationale for his potential candidacy, confidence in his ability to win and an assessment of potential opponents -- both Democrat and Republican." Obama said that he "would reveal his decision in January, following a two-week family vacation that returns him to his roots in Hawaii, setting an extraordinary arc for a politician who a little more than two years ago was a state senator toiling in Springfield." But Obama said "he viewed hype over his potential candidacy as 'transitory' and not something that would dictate his decision. He said he had no real concerns about his ability to put together a staff and raise the tens of millions of dollars he would need to wage a campaign against his potential opponents, including Democratic Sen. Hillary Rodham Clinton of New York." Asked for "his assessment of Clinton, Obama said, 'I think she'd be a capable president. She has gone through some battles that, in some cases unfairly, have created a perception about her that is different from how I am perceived.'" Obama said, "however, that he had no interest in being what he called 'the un-Hillary' -- a reference to serving as a standard bearer for Democrats looking for an alternative to Clinton." Speaking of "a potential match up with McCain, Obama said he was under no illusions how a GOP presidential campaign would be run against him. 'War hero against snot-nosed rookie,' Obama said."

CSMonitor Says Obama Not Ideology-Free. The Christian Science Monitor (12/15, 59K) notes in an editorial that Obama said "he's become a 'symbol' of voters' desire for 'something new.' Such self-deprecation could be sincere sentiment - or it could be skilled political rhetoric. It doesn't matter which, though, because the words of the junior senator from Illinois are true." People "don't know much about this Democratic fresh face; he's too inexperienced to have a long political track record. But they're obviously responding positively to what he symbolizes: a call to reach across the partisan and ideological divide in America." But it's "not as if Obama is stripped of ideology. He's pro-choice, pro-affirmative action, and supports 'universal' health care - traditional Democratic causes. The National Journal, a nonpartisan publication, gave him an 82.5 liberalism rating, higher than Sen. Clinton (79.8)."

Commission Calls For Major Changes To US Education System. Yesterday's report by the Commission on the Skills of the American Workforce received widespread, mostly positive, newspaper coverage but little TV coverage. Most stories mentioned proposals to test tenth-graders for college readiness, to offer universal pre-kindergarten and to raise teacher salaries. The CBS Evening News (12/14, story 10, 2:40, Couric, 7.66M) reported, "Forget No Child Left Behind; a lot of our children are being left behind by students in other nations." The commission "blames sub-par schools, and it's calling for a major course correction." CBS (Assuras) added, the report proposes "a radical overhaul to stream all students to college" and "schools could be run by groups of teachers or private companies. All four-year-olds and all low-income three-year-olds would enroll in universal pre-K, and high school students should be prepared to pass college-level board exams by age 16."

The AP (12/15, Zuckerbrod) focused on proposals for giving exams to tenth graders to determine whether they would "go on to community college or stay in school and study for more advanced tests that could earn them a place at a four-year college;" increasing teacher pay; and placing "independent contractors in charge of operating schools."

The New York Times (12/15, Herszenhorn, 1.16M) called it "a far-reaching redesign of the United States education system that would include having schools operated by independent contractors and giving states, rather than local districts, control over school financing." The commission was noted for having "two former federal education secretaries…two former labor secretaries…and an array of other luminaries." It "rethinks American schooling from top to bottom" and "was quickly hailed by some as a potentially groundbreaking document." But "the national teachers' unions were apprehensive."

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The Washington Post (12/15, A11, Haynes, 690K) reports the commission "proposed dramatic changes that would shake up American public education in an effort to make the nation more competitive globally" at an estimated cost of "about $60 billion." The Post identified "the most controversial recommendations" as "empowering school districts to sign contracts with companies and teachers to run the schools…and forcing teachers to give up pensions in exchange for large pay increases." The Post also noted that the commission was "funded by the Annie E. Casey Foundation, the Bill and Melinda Gates Foundation, the William and Flora Hewlett Foundation and the Lumina Foundation for Education."

The Chicago Tribune (12/15, Olszewski, Rado, 617K) says the recommendations would "end America's four-year high school and replace it with a more European-style model." But "unlike in Europe…teens would be encouraged to retake the exam to be developed by each state until they pass it."

The Christian Science Monitor (12/15, Paulson, 59K) reports that the commission warns that "many Americans are in danger of falling behind and seeing their standard of living plummet." It described major proposals while mentioning that they are "likely to encounter opposition."

Miller, Kennedy To Consider Proposals. The Wall Street Journal (12/15, A4, Tomsho, 2.04M) reports the commission argues that "to preserve its living standard, the U.S. must undertake a radical overhaul of its education system." CA7 Rep. George Miller, incoming chairman of the House Education and Workforce Committee, said that "some" of the proposals "should get serious attention in the next Congress." The report "also sparked immediate opposition" from "some educators" and "major teacher unions."

Bloomberg (12/15, Basken) reports, "The Gates Foundation and other sponsoring groups may pay states to help implement it." The report "faces opposition from teacher unions." But "congressional leaders from both parties, including the incoming Democratic chairman of the House and Senate education committees, Representative George Miller of California and Senator Edward Kennedy of Massachusetts, also praised the ambitiousness of the recommendations and promised to consider them." U.S. Secretary of Education Margaret Spellings "hasn't yet studied the report."

DARPA's Neuroscience Research Seen As Cause For Concern. The Wall Street Journal (12/15, Begley, 2.04M) reports the Pentagon's Defense Advanced Research Projects Agency, or Darpa, as "part of its mission to maintain U.S. military superiority 'by sponsoring revolutionary, high-payoff research,' the agency has expanded into neuroscience. Can the folks who brought you the Internet also bring you ways to look into brains -- and do you want them to?" Darpa has "good reason to fund neuroscience. Discoveries and new technologies such as noninvasive imaging to detect what the mind is doing might help analysts, pilots and grunts process and react better to barrages of data, and allow real-time assessment of head injuries on the battlefield. Brain-computer interfaces in which thoughts are electronically translated into signals that operate a computer or prosthetic limb might improve rehab for soldiers suffering grievous injuries." But as with "other 'dual use' technologies, however, the findings and gizmos born of Darpa's brain research may well find their way into civilian life, and in ways that trouble some ethicists." Jonathan Moreno of the University of Virginia, a former adviser on biodefense to the Department of Homeland Security, said, "There are reasons to be concerned about what uses these discoveries might be put to."

OTHER NEWS:

Local Elections Test Of Support For Ahmadinejad. The AP (12/15, Karimi) reports local elections to be held in Iran today are "expected to be a first test of support for hard-line President Mahmoud Ahmadinejad since he took office more than a year ago." Ahmadinejad "could face dissatisfaction among conservatives, some of whom feel he has been too caught up in confrontations with the West and has failed to deal with Iran's struggling economy." Meanwhile, reformers are "hoping the vote will show popular support on which to rebuild." However, participation in that vote was expected to be low "since there is very little difference among the candidates, who are carefully selected by Guardian Council, an election watchdog controlled by hard-liners."

NYTimes Says Holocaust Conference Is Reminder Rogues Should Not Be Underestimated. In an editorial, the New York Times (12/15, 1.16M) says this week's conference in Iran "of Holocaust deniers and racists was,

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predictably, a circus of Holocaust denial and racism argued by discredited scholars and even the former Ku Klux Klan leader, David Duke. But one should never underestimate the political power of these vicious ideas, even among supposedly respectable people across the Middle East and beyond." The Times notes that Ahmadinejad's claim that the Holocaust is "a myth ginned up to justify the creation of the state of Israel" is "frightening enough," but "couple that with his calls to wipe Israel off the map and his government's -- so far unrestrained -- drive to develop the technology needed to build a nuclear weapon, and you have even more reasons to keep yourself up at night."

Israel Bars Haniya From Entering Gaza With Cash. The New York Times (12/15, A3, Myre, 1.16M) reports in "a bizarre standoff that lasted more than seven hours on Thursday," Israel barred Palestinian Prime Minister Ismail Haniya from returning home to the Gaza Strip, "saying he was carrying tens of millions of dollars in cash that could be used for terrorist attacks." Haniya was finally allowed to cross from Egypt into the southern Gaza Strip late Thursday night, "but only after leaving the money with Hamas officials who stayed behind in Egypt." During his "lengthy wait," angry members of his Hamas party "shot up the Rafah border terminal, clashing first with Palestinian security forces on one side of the border and later with Egyptian security officials on the other side." It was not clear how much money Haniya was carrying, though the Israeli news media estimated it "at $35 million and said it had been packed in suitcases."

The Washington Post (12/15, A28, Wilson, 690K) notes the US has "threatened sanctions against any country or group that uses bank transfers to send money to Hamas," so officials have "resorted to carrying cash into Gaza in suitcases, a financing method that has embarrassed Israeli officials who hope the boycott weakens the movement and brings a change in the Palestinian government." The Financial Times (12/15, Devi) reports Haniya was "carrying $35 million in cash, believed to be part of the $350 million he raised during a regional tour that took in Iran, Syria and Qatar."

The AP (12/15, Barzak) says Thursday's "unrest was likely to strain the US-brokered deal that turned over control of the crossing to the Palestinians" last year.

Israeli Court Sanctions Targeted Killings. The Chicago Tribune (12/15, Greenberg, 617K) reports, "Sanctioning one of the most controversial tactics used by Israel in its conflict with the Palestinians, the Israeli Supreme Court on Thursday upheld the army's policy of targeted killing of militants but said the legality of each attack had to be determined case-by-case." The court "declined to issue a blanket ban on the practice, frequently used by the Israelis during six years of fighting with the Palestinians. Some human-rights groups have called the tactic execution without trial and a violation of international law." The Washington Post (12/15, A1, Wilson, 690K) says "the unanimous decision departs little from guidelines the military says it already follows in carrying out 'targeted killings,'" but "it does say commanders should allow an independent investigation to follow each assassination and recommends that the military compensate 'innocent civilians' harmed in the operation."

Lebanon's Shiites Question Hezbollah's Control. The Christian Science Monitor (12/15, Blanford, 59K) reports this month's protests in Beirut are "the most visible evidence" that Hezbollah is "now the undisputed representative of the country's Shiite community. Yet some of the party's coreligionists have started to publicly question Hezbollah's political monopoly," expressing concerns that "its ambitious gambit to topple the Western-backed government is intended to benefit backers in Iran and Syria and will be detrimental to the long-term interests of Shiites." Although Shiite "voices of dissent are few," the "are gaining more attention at a time when Lebanon is serving as a battleground in the emerging struggle between Iran and its regional allies…and the Sunni-dominated Arab world led by Saudi Arabia and Egypt."

LATimes Urges US To Stay Out Of Lebanese Politics. The Los Angeles Times (12/15, 850K) editorializes, "Two weeks ago, nobody was giving odds that Lebanese Prime Minister Fouad Siniora's government would survive the year." However, today "Siniora doesn't look much stronger, but his government is still in business, and the protesters have little to show for their efforts." The Times notes that "while Siniora's opponents attempt to dismiss him as a US puppet," it is "imperative" that the US not "make the mistake of sacrificing a shaky but functional democracy for token gestures at assistance in Iraq" as "consensus is beginning to form around the idea that negotiations with Syria are necessary."

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Survey Shows "Sharp" Decline In US Standing In Mideast. The Washington Times (12/15, Pfeiffer, 88K) reports attitudes about the US have "deteriorated sharply" in the Middle East in the past two years, according to a new survey of five countries in the region. The survey -- conducted in Saudi Arabia, Egypt, Morocco, Jordan and Lebanon -- "without exception" found "a strong majority expressed unfavorable opinions of the United States" with the lowest level in Jordan, where only 5 percent said they had a favorable view of the US. Survey respondents "tend to distinguish between US policy and the American people, but that distinction appears to have eroded in the past four years," according to James Zogby, president of the Arab American Institute, for whom the survey was conducted. Zogby, who said he "first noticed a distinct shift in 2004," cautioned that in order for the US to accomplish its goals in the region "you need regional support."

Congress, Government Agencies Learning More About Islamic Culture. Separately, the Christian Science Monitor (12/15, MacDonald, 59K) reports that while "some in Congress may need a primer on Islamic extremists…other American institutions are already boning up -- especially when they have a stake in doing so." For example, the FBI "will emphasize Muslim culture when it expands introductory training for new agents from 18 to 21 weeks next month." However, "certain key sectors of US society also display a dangerous ignorance," Muslim advocates say, and "topping the list this month" is Rep. Silvestre Reyes (D) of Texas, the incoming chairman of the House Intelligence Committee," who in an interview with Congressional Quarterly last week "could identify the historic Sunni-Shiite split but didn't know that Al Qaeda is Sunni or that Hezbollah…is Shiite."

Propaganda Puts Pyongyang's Commitment To Talks In Question. The Wall Street Journal (12/15, A8, Ramstad, 2.04M) reports North Korean "propaganda" is "putting a renewed focus on pride in the country's new nuclear capability, a sign that suggests disarmament talks next week will make little progress, Pyongyang watchers say." Brian Myers, a specialist in North Korean propaganda based in Seoul, said during the pate month, signs appeared on the streets of Pyongyang with slogans such as "Revel in the pride of being a country in the Nuclear Club," which he calls "a sign that nuclear capability has become a tool for the government to galvanize support at a time when the country is suffering food shortages and economic decay." Myers, who is "sometimes consulted by US diplomats and military officials for his observations on North Korea," told the Journal, "You really have to admire these State Department people who do these negotiations and go through these grueling talks for days and weeks -- They haven't given up on them."

Similarly, McClatchy (12/15, Johnson) says Pyongyang is "digging in its heels before crucial nuclear talks rev up Monday, raising questions over whether it wants to buy time or is ready to negotiate in earnest." The "blustery talk" from Pyongyang "may be designed to bolster a negotiating position for the talks."

The Los Angeles Times (12/15, Magnier, 850K) says that North Korea "has an interest in avoiding a quick resolution," noting that "the longer it keeps the program intact, the more likely the world is to accept its status as a member of the nuclear club, as Pakistan and India discovered." Also by "extending talks beyond the 2008 US elections," it "could bring it a new negotiating partner, in the form of a new administration, that it might find easier to deal with."

Meanwhile, AFP (12/15) reports Pyongyang "may stage a second nuclear weapons test to strengthen its hand during upcoming negotiations on scrapping its nuclear program," South Korea's new defense minister warned. As a result, Kim Jang-Soo "ordered the 650,000-strong military to step up combat-readiness to deter possible aggression from the North."

Rice Announces $1 Million Fund To Assist Human Rights Activists. The AP (12/15) reports Secretary of State Condoleezza Rice Thursday announced the State Department has established a $1 million emergency fund "to help cover such expenses as legal fees and medical bills for human rights activists." The department also "redefined US goals and expectations for international treatment of independent groups that promote democracy and human rights" in a 10-point statement of principles on NGOs. However, in "a slap at Russia, one principle says governments seeking to regulate the groups should aim to protect, not impede, their work." Russia was "not mentioned in literature the department handed out Thursday nor in Rice's brief remarks, but the United States has been concerned about a law passed this year that requires groups such as Amnesty International to register with the government."

The Washington Times (12/15, Kralev, 88K) notes that Rice also announced that, beginning next year, she will

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"bestow a Freedom Defenders Award on a foreign activist or nongovernmental organization and a Diplomacy for Freedom Award" on a US ambassador for "working to end tyranny and promote democracy."

Pentagon Seeks Creation Of New African Command. The AP (12/15, Jelinek) reports the Pentagon is recommending the creation of a new US military command for Africa," which is seen as having greater strategic importance to America since the start of the fight against terrorism." Officials say Africa also is "strategically more important because of increased efforts by China to involve itself and gain influence on the continent." Pentagon spokesman Bryan Whitman said a proposal has been sent to President Bush.

Egypt Arrests Opposition Leader After University Protest. The New York Times (12/15, A9, El-Naggar, 1.16M) reports Egypt Thursday arrested several leading members of the Muslim Brotherhood and more than 140 student members after a campus protest, saying the group "had formed what amounted to militant squads" that planned "acts of unrest." In a statement, Interior Ministry officials charged that the brotherhood had created what it called "deterrence committees," which were "trained in the arts of combat and provided with knives, sticks and chains, and appointed to start holding strikes and demonstrations and acts of unrest in the university."

Britain Abandons BAE-Saudi Bribery Probe. The Financial Times (12/15, A1, Adams, Boxell) reports on its front page that Britain was accused Thursday night of "caving in to intense pressure from Saudi Arabia" after Tony Blair's government intervened to end a Serious Fraud Office inquiry into bribery allegations against BAE Systems. The SFO's decision to abandon its investigation into the Al Yamamah oil-for-arms contracts "came under fierce attack from opposition peers and leading international lawyers." The decision was announced by Lord Goldsmith, the attorney-general, "on a day when the UK government appeared determined to rush out all its controversial news under the cover of the publication of a long-awaited police investigation into the death" of Princess Diana. The abandonment of the inquiry is "expected to save a multibillion-pound jet fighter contract with Riyadh and safeguard thousands of jobs."

King Abdullah's Son Rumored To Be Next Saudi Ambassador. The Washington Post's (12/15, A33) Al Kamen writes in his "In the Loop" column that "another name has emerged as a strong contender to become the next Saudi ambassador here" -- Mishal bin Abdullah, son of the Saudi king, who now serves at the United Nations in New York.

Bush Holds Malaria Summit. AFP (12/15, Knox) reports, "US President George W. Bush designated eight African countries as new beneficiaries of US aid to battle malaria, which kills one million people annually around the world." Bush added "Benin, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Mali and Zambia to his five-year, 1.2-billion-dollar President's Malaria Initiative (PMI) for Africa, bringing to 15 the number of countries covered." Bush, "speaking to US and African activists, civic leaders and government officials at a White House summit on the killer mosquito-borne disease, also proposed doubling US development aid to Africa by the end of the decade. 'This administration has doubled development aid to Africa during my presidency -- and I propose to double it again by the end of this decade,' he said." Also at the summit, First Lady Laura Bush "unveiled a 30-million-dollar plan to help African communities battle malaria by funding non-governmental organizations and civic and religious groups battling the disease."

The New York Times (12/15, Dugger, 1.16M) reports, "The top leaders of all the main malaria-fighting organizations -- from the World Health Organization to the World Bank, from the United States Agency for International Development to the Global Fund to Fight AIDS, Tuberculosis and Malaria, from the Bill & Melinda Gates Foundation to Unicef -- were at the forum, which the Bush administration titled the White House Summit on Malaria. They met for hours after the public session to plot strategy." Sen. Patrick J. Leahy, "a Vermont Democrat expected to lead the Senate appropriations subcommittee that oversees foreign aid, was at the forum and said he wanted to find a way to finance the administration's malaria program. 'We're trying to get the kind of money we spend in a day in Iraq,' he said. 'Somewhere we've got to have our priorities right. It's a moral issue.'"

The Washington Times (12/15, Carter, 88K) quotes Bush saying, "It is possible to eliminate malaria. … We know exactly what it will take to prevent and treat the disease. ... It is not going to require a miracle. It requires smart, sustained effort."

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On Fox News (12/14, MacCallum), First Lady Laura Bush discussed the problems she has seen firsthand in Africa. Mrs. Bush said, "They face many problems that developing countries face. And certainly pandemic disease is one of the worst things. Because of pandemic disease, schools don't have teachers because teachers have died, the economy is flat because workers aren't able to work because they're sick. And there are a lot of things that if we can eradicate diseases, like malaria, will help these countries in their development, in their economic development. And since malaria can be eradicated, all of us need to work together to make sure we do it."

US, Chinese Officials At Odds Over Yuan. The Washington Post (12/15, D1, Cha, 690K) reports, "US and Chinese leaders clashed publicly on the opening day of strategic economic talks, with Treasury Secretary Henry M. Paulson Jr. pushing China to revalue its currency and Chinese Vice Premier Wu Yi saying Americans do not have a full understanding of the situation. After standing by as US officials criticized her country's economic policies in the media during the past week, Wu set the tone for the meeting with assertive introductory remarks that spanned 20 typed pages and 5,000 years of Chinese history." Paulson "was equally aggressive in his follow-up speech, saying that the U.S. government's "strong view" is that China should allow its currency, the yuan, to be more flexible."

The Wall Street Journal (12/15, A2, Phillips, Batson, 2.04M) reports, "In the Great Hall of the People, under a painting of Chairman Mao Zedong and other revolutionary heroes, Chinese Vice Premier Wu Yi gave Treasury Secretary Henry Paulson and his delegation a history lesson about her country's struggles with poverty and foreign interference. American misconceptions about the Asian country aren't 'conducive' to good relations, she said as she opened two days of talks yesterday, according to the written text of the speech." Wu "reiterated longstanding Chinese complaints that foreign critics fail to grasp the extent of her country's huge economic and social challenges, from profound poverty to the waves of rural residents pouring into cities."

Ban Ki-moon Pledges Stronger Ties With US As New UN Chief. NBC Nightly News (12/14, story 6, , Williams, 9.87M) reported, "There has been a big change at the top at the United Nations here in New York. A South Korean, Ban Ki-Moon has been sworn in as the eighth secretary general in the history of the UN. He is the first Asian to lead the UN in 35 years. He replaces Kofi Annan who steps down at the end of this month after 10 years on the job."

The New York Times (12/15, A5, Hoge, 1.16M) reports that addressing the General Assembly hall after taking the oath, Ban "heaped praise" on Annan, "but in a subsequent news conference, he distanced himself from Mr. Annan's plea Monday that the United States return to a more multilateral foreign policy grounded in respect for international law." However, Ban acknowledged that the relationship between the United Nations and the United States had become "strained," but said that "in such a case it is very important to discuss, to resolve the difference of opinions, and I, as secretary general, will try to harmonize so that we can expect constructive contribution and participation of the United States." The AP (12/15, Lederer), AFP (12/15, Aziakou), Loa Angeles Times (12/15, Farley), Washington Post (12/15, A27, Lynch, 690K) and Washington Times (12/15, Pisik, 88K) also report the story.

Negroponte Says Castro Near Death. In an interview with the Washington Post (12/15, A23, DeYoung, 690K), Director of National Intelligence John Negroponte said Cuban President Fidel Castro is "very ill" and will not be alive "much longer...months, not years." Meanwhile, the Post notes that in a brief speech earlier this month, Raul Castro said Cuba is willing to open negotiations with the United States "to settle the long US-Cuba disagreement," but Assistant Secretary Shannon rejected that offer this week, telling reporters that the Bush administration will deal with Cuba "only when it shows a commitment to democracy."

Embargo Opponents Hope Democratic Congress Will Ease Restriction. McClatchy (12/15, Bachelet) reports the "Democrats' capture of Congress and Cuban leader Fidel Castro's illness have dramatically altered the battle lines over Cuba policy and given new hope to opponents of US sanctions." Congressional interest in Cuba is "growing" with six Democrats and four Republicans signing up for a trip Friday to Havana organized by the House International Relations Committee. However, "few observers expect Congress to end the trade embargo on Cuba anytime soon."

Cuba Vows To Defy US Reform Efforts. The AP (12/15, Arrington) reports Cuba "vowed to defy US efforts for economic and political change" in a front-page editorial Thursday in the Communist Party's newspaper, saying the US government "should not fool themselves." The newspaper

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also "criticized the American diplomatic mission in Havana for distributing books, medicine, clothes and shortwave radios to Cubans," saying the US Interests Section "acts like the central barracks of the counterrevolution."

Poll Finds 1 In 4 Cubans Satisfied With Level Of Freedom. The AP (12/15, Klug) reports a new Gallup Poll released Thursday found "about one-quarter of Cubans interviewed in the island's two biggest cities are satisfied with their freedom to choose what they do with their lives." When asked about the job performance of Cuba's leaders, "about 40 percent of those surveyed said they disapproved." Gallup conducted the survey only in two cities" because of the difficulty in getting around the island" and cautioned that the results are "not meant to be representative of Cuba's more than 11 million citizens."

Lugovoi Denies Role In Poison Plot. The Wall Street Journal (12/15, A1, Cullison, 2.04M) reports on its front page that former Russian spy Andrei Lugovoi, who now finds himself at the center of the investigation in the death of Alexander Litvinenko, is "deeply offended by suggestions that he helped kill Mr. Litvinenko." In a series of recent interviews with the Journal, Lugovoi "said he is now undergoing tests for radiation poisoning" himself and calls the allegations "nonsense." He insists that his business "required him to travel to London more than a dozen times this year," during which he would visit with Litvinenko, "who at one time worked as a bodyguard for the tycoon." Although Scotland Yard detectives "have not been allowed to directly question" Lugovoi, he "says he spoke to Russian investigators for three hours, however, in the presence of British detectives," and has "waived his right to a lawyer, saying he's a victim, not a perpetrator."

Columnist Calls Chavez Victory An "Assault" On Democracy. Wall Street Journal (12/15, A21, 2.04M) columnist Mary Anastasia O'Grady writes Venezuelan President Hugo Chávez "has for eight years been heading a devoutly anti-American government and he is widely considered the region's heir apparent to Fidel. But be prepared for the Venezuelan bad boy to become even more menacing to the US now" that he has won "legitimacy" by going "through an electoral exercise." O'Grady calls his election an "assault on Venezuelan democracy," saying the country is "not a democracy by any definition and Mr. Chávez is sure to be a thorn in the side of democrats for years to come. But legitimizing his abuse of power, in face of all the evidence, only makes things worse."

Proliferation Expert Criticizes US Nuclear Policy. Hnery Sokolski, executive director of the Nonproliferation Policy Education Center, writes in the Wall Street Journal (12/15, A20, 2.04M) that the Bush administration "has condoned or backed nuclear expansion in India, China, Brazil, Argentina, South Africa, Ukraine, France, Britain, Japan and Australia. Because of this and previous US winking at the nuclear fuel-making activities of key US allies, our own State Department's lawyers now eagerly insist that all nations have a right under the Nuclear Nonproliferation Treaty (NPT) to make nuclear power and fuel. All that's required, they say, is that states claim their activities have some conceivable civilian application and open them to occasional international visits." Sokolski says the "risk of pursuing such egregious policies is obvious: A world full of nuclear fuel-making states, claiming they are on the right side of the NPT, only days or weeks from having bombs."

WPost Welcomes Calderon's Early Actions As President. In an editorial, the Washington Post (12/15, A34, 690K) says that "when Felipe Calderon took office as Mexican president two weeks ago, the dominant question was whether he would be able to govern the country." However, the Post says Calderon has "opened his presidency with aggressiveness and skill," and "so far…has accompanied his law-and-order campaign with populist gestures: He slashed his own salary and the presidential budget and adopted some of the social spending measures championed by Andres Manuel Lopez Obrador, the failed presidential candidate who now seeks to destroy Mexico's democracy."

Congress Urged To Grant Treaty Approval By Two-Thirds Majority. Former State Dept. officials David Kaye and K. Russell LaMotte and illustrator Peter Hoey write in the New York Times (12/15, Kaye, Lamotte, Hoey, 1.16M) that the Democratic Congress can "help reverse the steep erosion of America's standing abroad, particularly the impression that the United States has disengaged from global problem-solving," by making "an impact in one significant area: by giving the required two-thirds majority vote to approve a raft of treaties awaiting action." The Senate, they note, now

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has before it "more than two dozen treaties submitted for approval by President Bush and his predecessors — some, in fact, were negotiated as long ago as the Eisenhower administration." Approving treaties "from this list," they argue, would "make a "good start" in "repair[ing] America's image now, even while the Democratic Congress and the White House battle over the future of Iraq policy."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Skid Row Scams Cost Taxpayers Millions."
"His Atlantic Records Shaped Pop Music."
"Believing Is Seeing."
"Senate Looks Out For Its Own."
"Breast Cancer Rates Fall."
"Army Is Stretched Too Thin."

USA Today:
"Malformation Caused Johnson's Bleeding."
"Gift Of Wreaths Touches Nation."
"Troops To Get Safer Garb."

New York Times:
"Reversing Trend, Big Drop Is Seen In Breast Cancer."
"U.S. Is Dropping Effort To Track If Visitors Leave."
"Legislators Vote For Gay Unions In New Jersey."
"From Head Scarf To Army Cap, Making A New Life."
"The Final Word On Diana's Death (Don't Bet on It)."
"Ill Senator Is Called Responsive."

Washington Post:
"Top U.S. General Says Army Will Need To Grow."
"Rice Says U.S. Won't Engage Iran, Syria."
"Some Metro Riders May Reach For Car Keys."
"Democratic Sen. Johnson In Stable Condition After Brain Surgery."
"Israeli High Court Backs Military On Its Policy Of 'Targeted Killings'."
"Kaine To Seek $500 Million In Bid To Alleviate Va.'s Traffic Ills."

Washington Times:
"'03 Sees Fall In Breast Cancer Rate."
"Minority Hiring On Hill Pushed."
"New York City Braces For Construction Chaos."
"Johnson 'Critical' After Surgery."
"Hanukkah Festivity Joins Methodist, Jewish Group."
"Israel Lets Haniyeh But Not The $35 Million."
"Computer-Free E-Mailing Attracts Low-Tech Seniors."

Detroit Free Press:
"Detroit Schools Dump 3 Tech Deals."
"Parties Aim For Primary In 2008."
"Hospitals Chase Down Million-Dollar Donors."
"Sales Rock For Instrument Of Tiger's Injury."
"US Breast Cancer Rates Fall Sharply."

Atlanta Journal-Constitution:
"Breats Cancer Decline A Shock."
"Flight Of Fancy."
"Democrats Forge Ahead As Senator Convalesces."
"Folks Wiped Off State Map Take Offense."

Houston Chronicle:
"Breast Cancer Rate Dropped With halt In Hormone Use."
"Catching Up With Tradition."
"State Discounts TAKS Cheating."
"After Tough, Inmate Is Cleared For Release."
"Close Door, Have A Seat, Pop A Cola."

Story Lineup From Last Night's Network News:
ABC: Breast Cancer Cases Decreasing; Breast Cancer Cases Decreasing-Analysis; Senator Johnson Critical Condition; Senator Johnson Condition-Analysis; Creating A Larger Army; Living In Baghdad; Missing Climbers-Oregon; Stock Market; Princess Diana Investigation; Ahmed Urdigan Obit; Honoring The Veterans.
CBS: Breast Cancer Cases Decreasing; Breast Cancer Cases Decreasing-Analysis; Senator Johnson Critical Condition; Arteriovenous Malformation-Analysis; Senate Balance Of Power; Missing Climbers-Oregon; Creating A Larger Army; Hussein Capture 3 Year Anniversary; Iraq Deadly Place; Education Reform; Ahmed Urdigan Obit; College Students Finding God.
NBC: Breast Cancer Cases Decreases; Senator Johnson Critical Condition; Arteriorvenous Malformation-Analysis; Creating A Larger Army; Laura Bush's Interview; New UN Secretary General; Stock Market; Princess Diana Investigation; Climate Change; Missing Climbers-Oregon; Honoring Our Veterans;

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

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PRESIDENT BUSH — President and Mrs. Bush participate in a Ceremony for 2006 Recipients of the Presidential Medal of Freedom, East Room, The White House; participates in Armed Forces Full Honor Review in Honor of the Secretary of Defense, the Pentagon; participates in reception for the diplomatic corps, State Department; President and Mrs. Bush participate in Holiday Reception for the Diplomatic Corps, United States Department of State.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MEDICAL CARE _ 9:30 a.m. - 5 p.m. Brookings Institution holds a conference on the problem and potential solutions involving medical care, including antitrust rules. Highlights: 9:30 a.m. Session on changing technology, physician cuylture and variations in treatment, with Thomas Lee of Harvard Medical School, Elliott Fisher of Dartmount Medical School and Steven Shortell of the School of Public Health University of California, Berkeley. 11 a.m. Session on systemic reorganization, with James Mongan of Partners HealthCare Sytems, Denis Cortese of Mayo Clinic, and Jonathan Perlin of HCA. 12:45 p.m. Luncheon address - Leonard Schaeffer, CEO, North Bristol Partners. Keynote address - Mark McClellan. 3 p.m. Session on tools for change, with Katherine Baicker, member, Council of Economic Advisers, others. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. David Sutherland, commander of 3rd Brigade Combat Team, 1st Cavalry Division, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

PUBLIC DIPLOMACY _ 9:30 a.m. The Center for Strategic and International Studies and Business for Diplomatic Action hold a forum with Harris Diamond of Weber Shandwick, Gary Knell of Sesame Workshop, others. Location: B-1 conference level, 1800 K St. NW.

RX DRUG ADHERENCE _ 9:30 a.m. The National Community Pharmacists Association, in partnership with Pharmacists for the Protection of Patient Care, hold a press briefing to release of new national survey on consumers' behaviors relating to prescription medication. The survey reveals that three-fourths of patients have not taken their prescriptions as directed. Location: National Press Club, Murrow Room.

CONGRESS _ 10 a.m. New York University, The Brookings Institution and RAND Corp. hold a conference on Congress' institutional barriers toward legislating for the future. Participants include former Sen. Tom Daschle, former Rep. Bill Frenzel, Paul Light of NYU, Sarah Binder of Brookings, James Dewar of RAND, and Calvin Mackenzie of Colby College. Location: Brookings Institution, 1775 Massachusetts Ave. NW.

ENERGY INITIATIVE _ 10 a.m. Former Sen. John Breaux and past US Conference of Mayors President Beverly O'Neill hold a news conference to announce a coalition of energy consumer and producer groups committed to finding new solutions to the nation's energy challenges. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

ENERGY-NRC _ 10 a.m. Energy Daily, others, hold a media breakfast with NRC Chairman Dale Klein. Location: National Press Club.

UNIONS-GOODYEAR _ 10:30 a.m. AFL-CIO President John Sweeney and USW President Leo Gerard hold a telephone briefing to discuss the ongoing strike at Goodyear. Contacts: Steve Smith, 202-637-5142.

RAILROADS-HAZARDOUS MATERIALS _ 11:15 a.m. Department of Homeland Security Secretary Michael Chertoff and TSA Deputy Administrator Robert Jamison hold a press conference on a new rail security package targeting high risk hazardous materials in transit. Location: TSA Headquarters, East Building, Town Hall, 601 S. 12th St., Arlington, Va.

ISG _ 12 p.m. The Middle East Institute holds a panel discussion on inside perspectives on the Iraq Study Group, with Amb. David Mack, Paul Hughes and James Placke, all of whom were part of the ISG's Expert Working Group structure. Location: 1761 N St. NW.

HEALTH CARE _ 12:15 p.m. The Commonwealth Fund and the Alliance for Health Reform sponsor a briefing on the Medicare P4P provider demonstration projects, with Robert Berenson of the Urban Institute, Robert Galvin of General Electric, Alan Nelson of the American College of physicians, others. Location: Columbus Club, Union Station.

IRAN _ 12:30 p.m. - 2 p.m. The Center for American Progress hosts a forum, "The Coming Crisis with Iran: A Conversation About Political, Diplomatic, and Miltary Options." Featured Panelists: Thomas Pickering, U.S. Representative to the United Nations, 1989-1992, Under Secretary of State for Political Affairs, 1997-2001; and Flynt Leverett, Senior Fellow, New America Foundation; Sam Gardiner, Colonel, United States Air Force (retired) The event

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will be moderated by Joe Cirincione, Senior Vice President, Center for American Progress. Jeffrey Laurenti, Senior Fellow, The Century Foundation, will preside. The following expert white papers will be released: Gareth Smyth, Iranian Politics and Nuclear Confrontation; Barry Posen, A Nuclear Iran: A Difficult but not Impossible Policy Problem; Flynt Leverett, Dealing with Tehran: Assessing U.S. Diplomatic Options; Bruce Jentleson, Sanctions Against Iran: Key Issues; and Sam Gardiner, The End of the Summer of Diplomacy. Location: Center for American Progress, 1333 H St. NW.

RUMSFELD _ 1:15 p.m. Secretary of Defense Rumsfeld will be honored at an armed forces full honor parade. President Bush, Vice President Cheney and Chairman of the Joint Chiefs of Staff, Gen. Peter Pace, Marine Corps, will attend. Location: Mall Entrance Parade Field, Pentagon.

MALARIA _ 2:30 p.m. - 3:30 p.m. Bonnie McElveen-Hunter, chairman of the American Red Cross, along with the US Agency for International Development and the US Department of State, hosts a meeting of key players in the fight against malaria and will be available for interviews. Location: American Red Cross Board of Governors Hall, 430 17th St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 15, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Warns Blind Sheik's Death Could Prompt Terror Attacks. CNN's Newsroom (12/14, Phillips) reported, "We begin this hour with the developing story. The FBI has sent out a bulletin warning that the expected death of an al Qaeda spiritual leader could lead to terror attacks against the United States. … The bulletin reminds agencies that" the so-called Blind Sheik, Omar Abdel-Rahman, "has called for attacks if he dies in prison. The bulletin includes what it says was his last will and testament, distributed at an al Qaeda press conference in 1998. Part of it read, 'My brothers, if they kill me – which they will certainly do – hold my funeral and send my corpse to my family. But do not let my blood be shed in vain. Rather, extract the most violent revenge.' Law enforcement sources stress that the bulletin is just meant to make all those in law enforcement aware of the possible threat, and there is no intelligence to suggest there are any attacks being planned. We'll have more on this developing story throughout the afternoon."

In a widely-distributed story, the AP (12/15, Jordan) also notes, "There is no credible indication that an attack on the U.S. is imminent, said several law enforcement officials," and reports that in the bulletin, "the FBI reported to federal intelligence officials that Abdel-Rahman had been rushed from prison to a Missouri hospital two days earlier for a blood transfusion. There, doctors discovered a tumor on his liver, according to the bulletin, which was described to The Associated Press by a law enforcement official. But U.S. Bureau of Prisons spokeswoman Tracy Billingsley said Abdel-Rahman's condition had stabilized, and he has since been moved back to prison." Newsday (12/15, Eisenberg) notes, "New York City Police Commissioner Ray Kelly said yesterday that the FBI had shared its assessment with his department, 'and we'll take appropriate precautions as, you know, as our intelligence indicates.'" House Homeland Security Committee Chairman Peter King "said that it was the FBI's job to advise of developments, but 'I don't think we should be overly concerned.'"

The New York Daily News (12/15, Meek, 729K) reports Abdel-Rahman "was rushed from a federal prison hospital in Springfield, Mo., to an emergency room after he started 'throwing up blood,' according to an FBI intelligence bulletin obtained by the Daily News. While under examination…to stop bleeding in his esophagus, doctors 'discovered a small tumor on his liver,' the FBI said. Abdel-Rahman is now stable and 'is not at death's door,' a U.S. official lamented. 'The guy is sick; he's falling apart,' the official added." USA Today (12/15, 3A, Johnson, 2.27M) reports on the bulletin, under the headline "Sheik's Declining Health Puts FBI On Alert," and the New York Times (12/14, Johnston, 1.16M) briefly reports on the alert, but does not mention the FBI. CNN's The Situation Room (12/14, Blitzer) and Fox News' Special Report with Brit Hume (12/14) also reported on the FBI bulletin, as do CNN.com (12/14, Arena), FoxNews.com (12/14, Bonisteel) and ABC News' The Blotter (12/14, Esposito, 11:31 a.m.).

FBI, DHS See No Credible Threats During Holiday Season. ABC News' The Blotter (12/14, Esposito, 4:03 p.m.) reported, "As the height of the holiday season approaches, the FBI and Department of Homeland Security say there are no known credible terrorist attacks in the making inside the United States, but crowded stores and New Year's celebrations remain attractive targets. This was a key finding of a 'Holiday Season Security Awareness' bulletin circulated Wednesday and obtained by ABCNews.com." ABC noted, "The report cited the Dec. 6 FBI arrest of Derrick Shareef on charges of plotting to detonate hand grenades at an Illinois shopping mall during the holiday season as a reminder of the potential threat."

US Bioterror Threat Seen As Real, Increasing. Under the headline "Behind This Very Real Threat," Newsday (12/15, Eisenberg) reports, "While the U.S. food supply is among the world's safest, experts say it is vulnerable to deliberate, as well as accidental, contamination -- a reality brought home by the deaths of three people and the sickening of hundreds as a result of tainted spinach, tomatoes and a still-unidentified food source at Taco Bell. The country's exposure to deliberate sabotage is increasing, moreover, as a result of the centralization of the food supply, growing foreign imports and the system's oversight by a 'fragmented and problem-laden' national safety system, in the words of a 2003 report by the Government Accounting Office. 'The threat from agroterrorism may not be widely recognized, but the threat is real and the impact could be devastating,' said FBI Deputy Director John Pistole, speaking at a recent summit of law enforcement and agriculture officials. Noting that documents about U.S. agriculture, which had been translated into Arabic, were discovered in Afghan caves, Pistole said that, while the FBI had no specific intelligence regarding attacks, 'the absence of a communicated threat does not prove the absence of a threat.'" However, Newsday notes, although "national response plans to agroterrorism have been prepared by agencies" since 9/11, "many say that recent contamination episodes are proof that such plans are inadequate."

LATimes Criticizes Lawmakers For Selective Criticism Of Dubai Ports Company. The Los Angeles Times (12/15, 850K) says in an editorial, "Six members of Congress traveled to the Dominican Republic on Sunday for a look at the future of U.S. port security. At Puerto Caucedo, east of Santo Domingo, they examined an X-ray

scanning system for cargo containers. The port performing this cutting-edge work is operated by Dubai Ports World." That is "the same company that Congress thinks can't be trusted to run U.S. ports. Earlier this year, Dubai Ports World bought a British firm that operated several ports and cargo terminals in the U.S." On Sunday, "insurance giant American International Group agreed to buy the port operations. The lawmakers who spearheaded the xenophobic attacks on Dubai Ports World have since made a lot of self-congratulatory noises, but they have yet to explain why the Dubai company can be trusted to oversee foreign ports where cargo is screened before it's shipped to the U.S., but not ports in the U.S. itself."

HOMELAND RESPONSE:

Pelosi Calls For New Panel To Probe Intelligence Budget. USA Today (12/15, 4A, 2.27M) reports, "House Speaker-designate Nancy Pelosi called Thursday for creation of a congressional panel that would oversee the administration's intelligence budget." Pelosi "said the proposed intelligence oversight panel would be made up of lawmakers from the Appropriations Committee and the Select Committee on Intelligence, and would work within the Appropriations Committee. Such a panel, Pelosi said, 'makes oversight stronger and makes the American people safer.'"

The New York Times (12/15, Hulse, 1.16M) reports, "Advocates of the approach say it should provide some 'cross-pollination' that will lead to lawmakers' gaining more expertise and depth of knowledge about intelligence activities, giving them a greater ability to monitor operations and suggest changes." Rep. John A. Boehner, the GOP leader, "was noncommittal about the intelligence plan. He said he would 'take a look at her proposal and confer with my colleagues about it.'"

The AP (12/15, Shrader) reports that "through a series of hearings," the new committee "would examine the president's intelligence budget, prepare the classified details to the annual defense spending bill and conduct oversight of the use of appropriated funds by intelligence agencies." The AP also reports, "Pelosi's proposal does not follow the exact recommendation of the Sept. 11 commission. But it moves closer to the overhaul recommended two years ago when the commission found weaknesses in how Congress monitors the 16 intelligence agencies. A Democratic member of the Sept. 11 commission -- former Rep. Timothy Roemer of Indiana -- said the change would achieve the commission's two major goals: forcing spy agencies to disclose more to Congress, which they often have ignored, and linking the expanded oversight to the power of the purse."

The Washington Times (12/15, Bellantoni, 88K) reports that Pelosi, "who has served on both the intelligence and appropriations panels, has long advocated transparency in intelligence agencies." A "Republican appropriations aide, however, said the intelligence budgets must remain secret to prevent enemies from becoming aware of US spy programs. A transparent budget could signal to enemies, for example, large procurements such as satellite systems. The aide said 'one or two' appropriations staffers now have 'need-to-know' access."

The Washington Post (12/15, A8, Weisman, 690K) reports "appropriators, led by Rep. John P. Murtha (D-Pa.), a Pelosi ally and the incoming chairman of the Appropriations defense subcommittee, strongly objected to any efforts to strip them of jurisdiction over the intelligence budget. Democratic sources on the Appropriations, intelligence and Armed Services committees said last month that Pelosi was leaning toward establishing a panel to examine options for reorganizing the House along the lines suggested by the Sept. 11 commission." But "news reports on the issue emboldened commissioners and families of Sept. 11 victims to renew their push for stronger congressional oversight on intelligence. So Pelosi found a middle ground: Members of her intelligence oversight panel would come from both the intelligence and Appropriations committees, and would have the tasks of overseeing the intelligence agencies and drafting their budgets."

Pelosi Says Democrats Will Propose 100 Percent Screening Of Cargo. In an article focusing on Speaker-designate Nancy Pelosi's recommendation Thursday for the creation of a new House panel to oversee US spy agencies, the AP (12/14, Shrader) reported that such a move would be "a step toward adopting all the proposals of the anti-terror Sept. 11 commission." Referring to Republican efforts to adopt the commission's recommendations, Pelosi said Democrats would "go them one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach US shores." The AP added, "Less than 10 percent of cargo containers arriving at seaports are physically inspected." DHS Secretary Michael Chertoff said Thursday that his agency expects "to have virtually all containers coming into the US screened through radiation portal monitors" by the end of next year.

Chertoff Backs Wiretapping Program. Fox News Live (12/14, 2:36 pm, Herridge) reported that DHS Secretary Michael Chertoff "responded to statements made by the incoming head of the Senate Judiciary Committee, Patrick Leahy, that the administration's war on terror, specifically warantless wiretapping program, has gone too far." Chertoff "told Fox that he welcomes a debate with the senator and others on the hill because the American people must

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understand the value of this tool." Chertoff was shown saying, "Are we going to use all of the weapons that we have against an enemy, which is implacable, which as recently as August was targeting us for a very serious kind of plot? Or are we going to put those weapons away and then the American public is going to live with a significantly increased risk of a terrorism attack, which could result in the deaths of thousands of people."

Fox Special Report (12/15, story 8, 0:50, Hume) reported Chertoff "responded today with a certain amount of impatience to yesterdays assertions by incoming Senate Judiciary Committee chairman Patrick Leahy that the panel would exercise greater oversight of the Bush Administration's anti-terrorist programs, including electronic surveillance, conducted sometimes without warrants. Chertoff told Fox's Catherine Herridge there is a price to be paid if that tool is taken off the table."

Chertoff Defends Real ID. CNET News.com (12/14, Broache) reported DHS Secretary Michael Chertoff "defended forthcoming national ID cards" that will be required under the Real ID Act, saying they were "vital for security and consistent with privacy rights." Chertoff called the cards "an example (of) when security and privacy go hand in hand. It is a win-win for both." Chertoff cited an immigration raid Tuesday in which ICE agents "made more than 1,200 arrests related to immigration violations and unmasked criminal organizations stealing and trafficking in genuine birth certificates and Social Security cards belonging to US citizens. 'Do you think your privacy is better protected if someone can walk around with phony docs with your name and your Social Security number, or is your privacy better protected if you have the confidence that the identification relied upon is in fact reliable and uniquely tied to a single individual?' Chertoff asked rhetorically." CNET added that Chertoff "was likely trying to quell rampant skepticism about the IDs voiced by some privacy advocates, immigrants and other groups. Some have said they fear that the IDs are a stepping stone to a veritable police state, complete with ready surveillance of individuals."

DHS To Announce Rail Security Proposal. The AP (12/14, Miller) reported a rail security proposal to be announced Friday by the Department of Homeland Security "would require railroads to inspect rail cars and keep them in secure areas when not in use." The plan "falls short of the more stringent measures proposed by Democratic lawmakers who are set to take control of Congress next month." Rep. Bennie Thompson said he was "not convinced that all of the security gaps plaguing our current hazmat transport system will be filled by this proposal." DHS's "proposal would give the Transportation Security Administration authority to inspect railroads, rail yards and mass transit rail systems, according to documents obtained by The Associated Press from a person involved in the rulemaking process." The proposal "does not match what at least nine cities have proposed — rerouting around densely populated areas trains that are carrying hazardous material."

The New York Times (12/15, Wald, 1.16M) reports, "The proposal would…clarify how government workers inspect tank cars and railyards for compliance, establish rules on the chain of custody and handoff of dangerous cargoes and set communications requirements. … An official of the Homeland Security Department provided details of the plan on the condition that he not be identified further, because it has not been published." The Times does not mention the Democratic lawmakers' rail security proposals.

DHS Said To Be Suspending Plans For Exit-Monitoring System. Describing the news as "a major blow to the Bush administration's efforts to secure borders," the New York Times (12/15, Swarns, Lipton, 1.16M) reports "domestic security officials have for now given up" on the exit portion of the US Visit program, with DHS officials conceding "in recent days…that they lack the financing and technology to meet their deadline to have exit-monitoring systems at the 50 busiest land border crossings by next December." The assessment "sent alarms to Congress, where some Republicans and Democrats warned that suspending the monitoring plan would leave the United States vulnerable." The Times adds that DHS Secretary Michael Chertoff and other officials often call US Visit "a singular achievement in making the country safer. US Visit fingerprints and photographs 2 percent of the people entering the country, because Americans and most Canadians and Mexicans are exempt." However, "Efforts to determine whether visitors actually leave have faltered."

The Washington Post (12/15, A5, Hsu, 690K) reports spokesman Jarrod Agen said DHS "is looking at strategies for US-VISIT exit that are the most cost effective, and we are examining strategies for implementation at air and sea ports. We are also looking at land ports. However, there are costs associated, including the physical infrastructure as well as the economic impact, and we are in the process of evaluating all that data now.' Several homeland security officials said a final decision has yet to be made, but that, given the limited time and resources, the department intends to focus on expanding US-VISIT at airports, where the majority of visa holders exit the country."

GAO Says US Visit Entry System Aids Border Patrol, Recommends Improved Management Controls. Meanwhile, the AP (12/14) reported that a Government Accountability Office report issued Thursday found US Visit's entry system "has aided border patrol agents, but computer snafus and management shortfalls need to be resolved." GAO "investigators visited 21 border crossings and officials at

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every one said the US Visitor and Immigrant Status Indicator Technology program, which uses two fingerprints and a digital photograph to identify people, had improved their ability to process visitors and verify identities, according to the…report. … But US Customs and Border Protection officials at 12 of the 21 sites said 'computer slowdowns and freezes' hindered visitor processing and inspection times. At nine of those 12, 'computer processing problems were not always reported to CBP's computer help desk, as required by CBP guidelines,' according to the report." The report "recommended that DHS improve existing management controls for the system and develop performance measures to assess its impact at border crossings. The government watchdog agency also said DHS should describe how it will move to a biometric entry/exit capability and align US-VISIT with other border security systems being developed. In a written response, DHS officials said the computer problems are resolved, a preliminary monitoring system was established, and a working group was set up to determine how to provide detailed monitoring of all applications."

Industry Associations Oppose DHS Traveler Assessment System. The AP (12/14, Sniffen) reported eight major US, Canadian and European travel industry associations wrote DHS Secretary Michael Chertoff Wednesday to express their concern that the government's "far-reaching and invasive" system for assessing international travelers as potential terrorists "could do significant personal harm to them, and reduce the productivity of the organizations that field business travelers." However, Chertoff defended the program Thursday "as a legal effort 'to make sure that we don't inconvenience the rights of most travelers so that we can focus more sensibly and in a more risk-managed fashion on those people that do potentially pose a threat.'" The AP added that the travel associations "join some members of Congress and privacy advocates in criticizing the system."

NYTimes, WPost Criticize Administration For ACLU Subpoena. The New York Times (12/15, 1.16M) editorials, "The Bush administration is trampling on the First Amendment and well-established criminal law by trying to use a subpoena to force the American Civil Liberties Union to hand over a classified document in its possession. The dispute is shrouded in secrecy, and very little has been made public about the document, but we do not need to know what's in it to know what's at stake: if the government prevails, it will have engaged in prior restraint — almost always a serious infringement on free speech — and it could start using subpoenas to block reporting on matters of vital public concern."

The Washington Post (12/15, A34, 690K) says in an editorial, "In the latest manifestation of its disregard for First Amendment principles, the administration has used -- misused, to be more precise -- a grand jury subpoena to retrieve 'any and all copies' of a document, marked 'secret,' obtained by the American Civil Liberties Union. The ACLU's request that a federal judge quash the subpoena should be granted."

DC Area Said To Be Unprepared For Disaster. The Washington Post (12/15, A34, 690K) says in an editorial, "How well is the" Washington DC region "prepared to cope with thousands of casualties and prevent the spread of lethal contagions? Not very, according to a report from the Trust for America's Health, a private watchdog group that rated every state and the District on readiness to respond to a public health crisis." The report "ranked the District and Maryland near the bottom. Maryland, for example, would suffer a chronic shortage of hospital beds in the event of even a moderate pandemic. The District lags in demonstrating that it has the organization to quickly distribute medicine and equipment to communities throughout the city during a health emergency. In all, Maryland satisfied only four of 10 measurements of preparedness, and the District met only five."

WAR NEWS:

Bush's Iraq Strategy Expected To Include Boost In Troop Levels. McClatchy (12/15, Strobel, Landay) reports, "President Bush is weighing whether to make a deeper American commitment in Iraq despite growing public unhappiness with the war, according to senior US officials and former officials familiar with Bush's high-level review. The proposed changes, with a few exceptions, conflict with the recommendations of the bipartisan Iraq Study Group, which warned earlier this month against an open-ended commitment to Iraq and said American combat brigades could be out of Iraq by early 2008." While" some key decisions haven't been made yet, the senior officials said the emerging strategy" includes: "A shift in the primary US military mission in Iraq from combat to training an expanded Iraqi army, generally in line with the Iraq Study Group's recommendations. A possible short-term surge of as many as 40,000 more American troops to try to secure Baghdad, along with a permanent increase in the size of the US Army and the Marine Corps, which are badly strained by deployments in Iraq and Afghanistan." The strategy would also include "a revised Iraq political strategy aimed at forging a 'moderate center' of Shiite Muslim, Sunni Muslim Arab and Kurdish politicians, increased reconstruction funds and the rejection of "urgent, broad new diplomatic initiative in the

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Middle East to address the Israeli-Palestinian conflict and reach out to Iran and Syria," which had been suggested by the Baker commission.

The Wall Street Journal (12/15, A4, Dreazen, Jaffe, 2.04M) says Bush is "leaning toward temporarily sending as many as 20,000 additional US troops to Iraq, even as the Democrats taking charge of Congress demand a drawdown of forces." The "emerging plan is facing opposition from Iraqi officials adamant that more US forces aren't the answer." Also, "US military commanders in Baghdad have drawn up plans for the country that don't require any new personnel." The Journal adds, "Although White House officials stress that no final decisions have been made, several aides involved in the internal deliberations say…Bush and senior administration officials appear receptive to calls to temporarily send 15,000 to 30,000 new US forces to Iraq to bolster the 140,000 troops there."

Sen. John McCain, visiting Baghdad, said US commanders are discussing adding as many as 35,000 troops. The New York Times (12/15, Burns, 1.16M) reports McCain "said Thursday that American military commanders were discussing the possibility of adding as many as 10 more combat brigades -- a maximum of about 35,000 troops -- to 'bring the situation under control' while Iraq's divided political leaders seek solutions to the worsening bloodshed here." After "talks in Baghdad with Gen. George W. Casey Jr. and other top American generals," McCain "said a substantial United States troop increase was one of the strategy changes the generals were considering as they reviewed what he called 'a steadily deteriorating situation.'" He "said meetings with Iraqi government leaders showed that they, too, 'have certainly not ruled out the option of more troops.'"

The AP (12/15, Wagner) reports McCain said that "he realizes that few Americans favor deploying more US troops to Iraq, and that if such a move proved unsuccessful in the unpopular war it could hurt his presidential ambitions." But McCain "said Americans must realize that if US troops leave Iraq in chaos, groups such as al-Qaida 'will follow us home and that we will have a large conflict and greater challenges than those that we now face here in Iraq.'" Other senators, also in Iraq, appeared to concur. Sen. Joseph Lieberman said, "I feel strongly that more troops are required here." Sen. Lindsey Graham remarked, "I think it is most important to send more troops quickly. People are getting murdered and kidnapped. We need an overwhelming troop presence."

Meanwhile, USA Today (12/15, Jackson, 2.27M) reports the President "will be spending part of his holidays in 'continuous consultations' as he makes final decisions on a new Iraq war plan to be unveiled in the new year." White House spokesman Tony Snow "said Thursday that Bush will seek more information from a variety of sources, including members of the Iraqi government, Pentagon and the National Security Council, which is coordinating the administration's review of its war policy."

Rumsfeld Says Troop Levels Have Always Been In Line With Commanders' Requests. Defense Secretary Donald Rumsfeld said on Fox News (12/14, Hume), "The people who decide the levels of forces on the ground are not the Secretary of Defense or the President. We hear the recommendations, but the recommendations were made by the combatant commanders and by the members of the Joint Chiefs of Staff. And there hasn't been a minute in the last six years when we have not had the number of troops that the combatant commanders have requested."

Asked, also on Fox News (12/14, Hume), what his "greatest regret" of his tenure is, Rumsfeld said, "I guess that one would have hoped that Iraq and Afghanistan conflicts would have been concluded more rapidly. I think that's probably unrealistic. … It's taken longer than people had anticipated. It's more difficult. And we're in that unusual situation where the Department of Defense is looked at for the situations in those countries when the reality is that we can't lose a single military battle in either country at all. Not possible."

White House Pressing Iraqis To Reduce Sadr's Power. USA Today (12/15, 13A, Slavin, 2.27M) reports, "The Bush administration is pressing Iraqi politicians to form a new Cabinet to reduce the power of Muqtada al-Sadr, an anti-American cleric whose militia is responsible for much of the sectarian bloodshed in Iraq. Iraqi Vice President Tariq al-Hashimi, a moderate Sunni, said Thursday that President Bush told him the administration wants Iraqi politicians to form a coalition of 'moderate parties.' al-Hashimi met with Bush on Tuesday. Iraq's governing coalition includes mostly Shiite political parties and has six Cabinet ministers from al-Sadr's faction. A new coalition would reduce or eliminate al-Sadr loyalists and replace them with other Shiites, Kurds and moderate Sunni Arabs, al-Hashimi said." White House spokesman Gordon Johndroe "said the administration was not telling Iraqis what to do but the 'object of the moderate Iraqi leaders coming together is to stop the violence and create an Iraq that can govern, sustain and defend itself.' Asked whether that meant removing al-Sadr's faction from government, Johndroe said the Iraqis Bush had consulted are 'serious about taking action against those who would operate outside the rule of law.'"

The Los Angeles Times (12/15, Richter, 850K) reports that Hashimi, "who leads the Iraqi parliament's most important Sunni Arab group, said that Bush and other senior officials told him at a White House meeting this week that they believe 'for the present time, the only solution we have' is to create a new ruling alliance in hopes of strengthening a frail central government. Hashimi's comments, in an appearance at the U.S. Institute of Peace, offered new insight into the importance Bush is placing on the coalition-building

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effort at a time when the president and top aides are considering new strategies for Iraq. U.S. and Iraqi advocates of the approach hope it would give Iraqi Prime Minister Nouri Maliki a new freedom to take risky actions, such as trying to suppress militia violence. Maliki's freedom to act is believed to be limited by his dependence on radical Shiite Muslim cleric Muqtada Sadr, whose Al Mahdi army is blamed for sectarian attacks. Creation of a new governing coalition also could provide a means for picking a new prime minister if Iraqi and American leaders decide Maliki must be replaced."

Hashimi Expresses "Reservations" About Maliki's Performance. Iraqi Vice President Tariq al-Hashimi was asked on PBS' NewsHour (12/14, Suarez) if he thinks Iraqi Prime Minister Nouri al-Maliki "is doing a good job and doing a good enough job to remain in his post for the future." Hashimi said, "I do have reservations about his performances so far. And we were very frank with him in tackling various issues that are still pending. … Many, many decisions taken on the ground of non-consultation with us."

Kissinger Says "Outcome" In Iraq Not Dependent On Troop Levels. Ex-Secretary of State Henry Kissinger said on CNN's The Situation Room (12/14, Blitzer), "There's no sense adding more troops to the existing strategy. So it would have to be linked to whatever new the President presents. But I think it is a mistake to tie, in our thinking, the outcome in Iraq to the troop levels. The outcome in Iraq will have to depend on the degree to which we can create incentives for a political negotiation between the parties and political incentives to the outside countries to let the country develop with responsible stability."

Krauthammer Says ISG "Farce" Presents Bush With Opportunity. In his column in the Washington Post (12/15, A35, 690K), Charles Krauthammer writes, "As a result of the Iraq Study Group…Bush has been given one last chance to alter course on Iraq. This did not, however, come about the way James Baker intended. It came about because the long-anticipated report turned out to be, as is widely agreed, a farce." Krauthammer says "the report has fallen so flat that the field is now clear for the president to recommend to a war-weary country something new and bold." Bush "must do two things. First, as I've been agitating for, establish a new governing coalition in Baghdad that excludes Moqtada al-Sadr, a cancer that undermines the ability of Prime Minister Nouri al-Maliki and his government to work with us. It is encouraging that Bush has already begun such a maneuver by meeting with rival Shiite and Sunni parliamentary leaders. If we help produce a cross-sectarian government that would be an ally rather than a paralyzed semi-adversary of coalition forces, we should then undertake part two: 'Double down' our military effort. This means a surge in American troops with a specific mission: to secure Baghdad and (with the support of the Baghdad government -- a sine qua non) suppress Sadr's Mahdi Army. It is our last chance for success. Bush can thank the Iraq Study Group and its instant irrelevance for making it possible."

WSJournal Notes Iraqi Criticism Of ISG. An editorial in the Wall Street Journal (12/15, A20, 2.04M) relates that while the ISG report has faced "withering criticism here in the U.S," "the more revealing reaction has been from Iraq itself: 'Unrealistic,' 'inappropriate' and 'very dangerous' are among the kinder words used by Iraq's leaders to describe the ISG's work." Iraq President Jalal Talabani "reacted strongly to the ISG's suggestion that American support for his democratically elected government be conditioned on its meeting U.S.-determined 'milestones' toward that goal. That, he said, was an 'insult to the people of Iraq.'" The Journal says the "Iraqi criticism…underscores that the ISG report was less about winning in Baghdad than about splitting political differences in Washington. As Mr. Bush re-examines Iraq policy with an eye toward announcing significant changes early next year, we trust he understands better than the ISG that a partnership with the Iraqi government is essential to any successful outcome."

Bush Said To See Parallels Between His Presidency And Truman's. The Washington Post (12/15, A3, Abramowitz, 690K) reports, "He led the United States into war and saw his popularity plummet, yet some 60 years later his reputation has never been higher: It's small wonder Harry S. Truman seems to hold a special fascination for…Bush these days. That interest came into focus recently after Sen. Richard J. Durbin (D-Ill.) went public with an account of a meeting last Friday in which he said the president seemed to be comparing his situation to that of Truman in the late 1940s." According to" Durbin's account and another source familiar with the meeting, Bush told the gathering of congressional leaders that Truman's approach to dealing with the Cold War was not initially popular but that he was vindicated by history -- the implication being that Bush would be vindicated about Iraq as well." The Post adds, "White House aides later disputed this reading of Bush's comments, but the episode may offer a glimpse into the psychology of a president who, like Truman in his second term, seems beset by trouble and pressures on all sides and who is ready to look to history for some comfort and guidance. … By many accounts, Bush is fascinated by history and biography -- he reads extensively and meets periodically with presidential scholars -- and Truman has certainly seemed to be on his mind in recent months."

Schoomaker Says Wars Putting Dangerous Strain On Army. The New York Times (12/15, Shanker, Gordon, 1.16M) reports, "The review of Iraq policy by senior commanders appears to be headed toward a recommendation to increase the size of the American military, both to sustain a long-term commitment in Iraq and to leave

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the United States better positioned to deal with potential adversaries, in particular Iran and North Korea, Pentagon and military officials said Thursday." The "latest indication came when the Army chief of staff, Gen. Peter J. Schoomaker, called for expanding the force by adding more active-duty troops and by making more use of the National Guard and Reserve." The Times adds, "Officials who took part in the session or who were briefed on it would not give specific figures that were being discussed for growth goals. But their descriptions revealed a broad conclusion that has received increasing support in Washington: that regardless of the exact shape of President Bush's new strategy on Iraq, the Army and Marine Corps are stretched thin by their commitments around the globe, in particular in Iraq." That conclusion "is being punctuated by the departure of Defense Secretary Donald H. Rumsfeld, who officially leaves his post on Friday and who was long the champion of the idea that high technology and better intelligence could substitute for a bigger military."

The CBS Evening News (12/14, story 7, 2:05, Martin, 7.66M) reported, "Schoomaker wants more frequent call-ups of the Guard and Reserve, but Defense Secretary Rumsfeld has steadfastly refused, arguing the army needs to make better use of the troops it already has. With Rumsfeld on his way out, Schoomaker broke ranks and went public." Schoomaker was shown saying, "I have been recommending this all along." But NBC Nightly News (12/14, story 4, Miklaszewski, 9.87M) said "Guard and Reserve advocates argue increased deployments would put increased stress on those forces. Unlike active duty, Reserve troops are not full-time soldiers and most have full-time jobs." Major General Martin Umbarger, of the National Guard, was shown saying, "Wherever those teams are, it would be pretty tough on the soldiers' families and the employers." Miklaszewski: "Army officials say tonight in the short-term, they'll create two additional brigade combat teams out of the active duty forces they already have. But in the long-term, that's not nearly enough."

ABC World News (12/14, story 5, 2:05, Gibson, 8.78M) reported, "There was a startling admission from the Army's top general today. There's been a lot of talk in Congress, and by outside experts that operations in Iraq and Afghanistan are putting a dangerous strain on the army. Today, for the first time, the Army's Chief of Staff…said the same thing." ABC (Karl) added, "The Army is stretched so thin, it could break. That was the blunt warning from the Army Chief of Staff." Schoomaker: "This is like building an airplane while it's flying. And while you're building it, people are ripping pieces off the wings." Schoomaker "did not say how much bigger the Army needs to be. There are currently 512,000 active-duty soldiers. Recruiters could only add about another 6,000 or 7,000 a year. And growing the Army is costly. $1.2 billion for troops added. The strain on the Army and the Marine Corps makes sending more troops to Iraq a tough sell here at the Pentagon. Today, he told reporters, more troops should not be sent unless there's a purpose. And that purpose should be measurable."

The Washington Post (12/15, A1, Tyson, 690K) says Schoomaker's "highly public appeal for more troops and reserve call-ups appeared to be part of an Army campaign to lobby incoming Defense Secretary Robert M. Gates, who is to be sworn in Monday, to approve the desired policy changes as well as a significant increase in the Army budget." Democrats "said yesterday that they plan to hold hearings on the 'urgent' and 'critical' readiness problems of the Army and Marine Corps."

The AP (12/15, Baldor) reports that though Schoomaker "didn't give an exact number, he said it would take significant time and commitment by the nation, noting some 6,000 to 7,000 soldiers could be added per year." Officials also "need greater authority to tap into the National Guard and Reserve, long ago set up as a strategic reserve but now needed as an integral part of the nation's deployed forces, Schoomaker told a commission studying possible changes in those two forces." The Los Angeles Times (12/15, Barnes, 850K) runs a similar story under the headline "Army Is Stretched Too Thin." McClatchy (12/15, Brown), meanwhile, notes Schoomaker's "recommendations were first reported on Tuesday by McClatchy Newspapers."

Rice Rejects Idea Of Talks With Iran, Syria. The Washington Post (12/15, A1, Kessler, Wright, 690K) reports on its front page Secretary Rice yesterday "rejected" the Iraq Study Group's recommendation that the United States seek the help of Syria and Iran in Iraq, "saying the 'compensation' required by any deal might be too high." She also "argued that neither country should need incentives to foster stability in Iraq." In an interview with the Post, Rice said, "If they have an interest in a stable Iraq, they will do it anyway," noting that she "did not want to trade away Lebanese sovereignty to Syria or allow Iran to obtain a nuclear weapon as a price for peace in Iraq." Rice also said there would be "no retreat" from the administration's push to promote democracy in the Middle East, a goal that was "deemphasized" by panel in its report last week but that Rice insisted was a "matter of strategic interest." She also "reiterated her commitment to pursuing peace between Palestinians and Israelis." The Post says Rice's remarks "indicated that, despite a maelstrom of criticism of Bush's policies by outside experts and Democrats, the administration's extensive review of policy in Iraq and the region will not yield major changes in its approach." Rice said that Bush could be "quite expansive" in terms of a policy review and that the new plan would be a "departure." But the president will "not radically change any of his long-term goals or commitment to Iraq, she said."

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The Christian Science Monitor (12/15, Peterson, 59K) reports on the "growing chorus, from the Iraq Study Group to Mideast experts," who are calling on President Bush to engage "archenemy" Iran's aid in stabilizing Iraq. However, "even if Mr. Bush were to set aside his approach to Iran as part of an 'axis of evil,' the question remains of whether Iran is willing to help the US out in Iraq - and if so, at what price." Bush "has spoken disparagingly" of such involvement of Iran, but the Monitor suggests that Iran may be able to leverage the perceived need for its cooperation into a softening of the U.N.'s position on its nuclear program.

Rice Seen As Having "Low Visibility" In Iraq Debate. The Financial Times (12/15, Dinmore, Luce, Wallis) reports under the headline "Rice Lying Low At The Middle East Crossroads" that "while US policy in the Middle East has stalled at multiple crossroads in the search for a 'new way forward' in Iraq," Secretary Rice "has been notable only for her low visibility." Although she is "likely to play a pivotal role in the outcome…many are asking whether she will take the risk and seize the opportunity to direct a comprehensive change of course in the region in the two years they have left." According to the Times, Rice "appears to be on the brink of ignoring the first of the 79 recommendations of the Iraq Study Group – that she and Mr Bush launch a comprehensive 'new diplomatic offensive' by December 31," noting that in a recent interview with AFP, Rice said, "How long have American secretaries of state been shuttling back and forth trying to get a Palestinian state? Has it ever worked?"

State Department Says Prince Bandar Urged Rice Not To Engage Iran, Syria. AFP (12/15) reports Assistant Secretary McCormack said Saudi Arabia's former ambassador here recently visited Washington, "adding spice to reports he was involved in a power struggle which caused his successor to quit." The Washington Post reported Thursday that Prince Bandar bin Sultan was in the US capital recently to "counsel top officials against heeding mounting calls for talks with Iran or Syria." McCormack "reluctantly confirmed" Prince Bandar met Secretary Rice, "when pressed by reporters, but refused to divulge the substance of their conversation." AFP notes that "interestingly, the mission of Prince Bandar, current Saudi national security advisor, seems to directly conflict, on Iran, at least, with recent statements on Tehran by his successor as ambassador Prince Turki al-Faisal," who abruptly resigned Monday.

White House Criticizes Bill Nelson For Visiting Syria. The AP (12/14, Riechmann), in an article published in over 40 papers and websites, including the Washington Post, reports that a day after Florida Sen. Bill Nelson (D) met with Syrian President Bashar Assad to discuss the situation in Iraq Wednesday, White House Press Secretary Tony Snow called the meeting "inappropriate," and said that together with scheduled trips to Syria by such lawmakers as Massachusetts Sen. John Kerry, Connecticut Sen. Christopher Dodd (D) and Pennsylvania Sen. Arlen Specter (R) "send an unhelpful, mixed message to the Syrians." Dodd countered that "members of Congress 'need to go to hotspots not just garden spots. I can't think of a more critical part of the world than the Middle East and I can't think of a more critical player in affecting events in the region for good or for bad than Syria.'"

McClatchy (12/14, Clark) adds, "The White House on Thursday escalated its criticism" of Nelson, noting that "President Bush has accused Syria of backing the insurgents now fighting in Iraq." Nelson called his visit "a fact-finding tour of the Middle East," and cited a willingness on Assad's part to work with U.S. or Iraqi forces to secure their border. "Nelson said he viewed the talks as a 'crack in the door' for discussions to continue, but cautioned that he viewed the meeting 'with realism, not optimism.'" The piece notes that the Bush Administration's reluctance to follow the ISG's recommendation to engage Syria and Iran stems from the countries' ties to terrorist groups and to Syria's "record of meddling in Lebanon."

AFP (12/14) adds, "The White House sharply criticized" Nelson's trip "and warned Damascus not to see the visit as an indirect overture from Washington. 'Even lending a further specter of legitimacy to that government undermines the cause of democracy in the region,' spokesman Tony Snow said." The AFP notes that Kerry "lent qualified support" to the ISG's calls for engagement, "saying during a visit to Cairo: 'I think it's important to begin a discussion. 'I think it's important to talk, to have dialogue, but you don't give up your principles and you don't make deals that are against your larger interest,' Kerry said after meeting Egyptian President Hosni Mubarak."

The New York Times (12/15, Stolberg, 1.16M) reports that White House officials said the visit "was inappropriate and undermined democracy in the region," noting, "The visits are troublesome for the Bush administration because they come in the wake of the report by the bipartisan Iraq Study Group, which has called for the United States to engage in direct talks with Iran and Syria. Mr. Bush has steadfastly resisted such talks, and the visits by the senators could add to public pressure on the White House to change that policy." Moreover, "Specter, a moderate Republican who has often been at odds with the White House on domestic issues, said in a statement on the Senate floor this month that he had long advocated negotiating with Syria. 'We need to keep our friends close and our enemies closer,' he said." The Times suggests that the impasse over whether to engage Syria or to keep the country at a distance is symbolic of the broader U.S. policy dilemma in the region.

Kerry Calls For US Engagement With Iran, Syria. AFP (12/14) reports on Kerry's comments in Cairo urging President Bush "to kindle a dialogue with Iran and Syria in a

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bid to stabilize Iraq. 'I think it's important to talk, to have dialogue, but you don't give up your principles and you don't make deals that are against your larger interest,' Kerry told reporters after meeting Egyptian President Hosni Mubarak in Cairo. 'Syria needs to understand that and Iran needs to understand that, but I think it's important to begin a discussion.'"

Syrian Foreign Minister Backs ISG Recommendations. In a column in the Washington Post (12/15, A35, 690K), David Ignatius writes about having asked Syrian foreign minister Walid Moallem "what positions would Syria take if it entered a dialogue with the United States about Iraq and other Middle East issues." Ignatius notes that Moallem expressed eagerness for such talks, seeing them as crucial to the region's stability, adding "Moallem's comments are the most detailed Syrian response to the recommendations of the bipartisan Iraq Study Group. … As we made a line-by-line review of the group's recommendations involving Syria, Moallem expressed support for nearly every item. When I asked if Syrian President Bashar al-Assad endorsed these positions, he answered: 'He is the leader. I am expressing his ideas.'" Ignatius continues to detail Moallem's views on the broader regional issues, concluding, "Is this Syrian gambit for real? Is Moallem serious in his offer to talk with America about a comprehensive package of peace with Israel, stability for Iraq and compromise in Lebanon? The answer is that there's really only one way to find out, which is to explore further the ideas the Syrian foreign minister has put on the table."

Odierno Takes Charge Of US Troops In Baghdad. The Los Angeles Times (12/15, Hennessy-Fiske, 850K) reports Army Lt. Gen. Raymond Odierno "assumed command of U.S. troops at a ceremony in the capital on Thursday, vowing to pursue more than just combat to resolve the conflict in Iraq." Those who "know Odierno say the hard-charging general who plotted Hussein's capture as well as anti-insurgency operations may put more effort toward securing, rather than rebuilding, Iraq when he becomes the No. 2 U.S. commander here." Odierno "gained a reputation as an aggressive commander while leading the 4th Infantry Division in Sunni Arab-dominated parts of the country in 2003 and '04. Some military analysts have argued that the region's continued unrest can be traced to his heavy-handed methods."

Caldwell Says US Making Progress In Training Iraqi Army. In a USA Today op-ed (12/15, 20A), Maj. Gen. William B. Caldwell IV, spokesman for the Multi-National Force in Iraq, says, "The Iraqi people and the Multi-National Force-Iraq (MNF-I) share a vision for Iraq: a secure, stable and self-governing nation in which Iraqis find solutions to Iraqi problems. To do this, the government of Iraq must achieve national reconciliation, rebuild Iraq's infrastructure to provide basic services and — in partnership with coalition forces — defeat the terrorists and extremists seeking to sow the seeds of discord and division among the Iraqi people. The best way to achieve this last goal is to transition more authority and responsibility for Iraq's security to Iraqis. Iraqi forces have the best understanding of their culture, language and geography — all skills vital to defeating an insurgency. Once sufficiently trained, equipped and mentored, the Iraqi Security Force will be the most effective weapon against the foreign and extremist elements trying to tear apart Iraq." Today, Iraqis "are protected by a trained and equipped military and police force, one that will soon number more than 350,000. Quality is improving with quantity. Eighty percent of the Iraqi army is already operating with limited coalition support."

White House Defends Release Of Enemy Body Count. The AP (12/15) reports, "The White House expressed concern Thursday about what it believes is an impression that American forces in Iraq 'aren't doing anything, they're just targets.' In fact, said presidential spokesman Tony Snow, US troops are 'fighting the bad guys' and killing and capturing them." Snow "raised the point when asked to explain why President Bush, a day earlier, had said that 5,900 enemy forces had been killed or captured in Iraq during October, November and the first week of December. … 'There is quite often the impression...that our people aren't doing anything, they're just targets,' Snow said at his daily press briefing. 'And I think there's a certain amount of unease in the American public because they hear about deaths but they don't hear about what's going on.'"

First Lady Criticizes Media Coverage Of Iraq. NBC Nightly News (12/14, story 5, Williams, 9.87M) reported, "First Lady Laura Bush had something to say about Iraq today. It was during an appearance on MSNBC. Mrs. Bush was asked by Norah O'Donnell why she thinks only two out of 10 Americans in our latest 'NBC News/Wall Street Journal' poll say they approved of the President's handing in the war in Iraq. Mr. Bush placed the blame squarely on the news media." Laura Bush: "I do know that there are a lot of good things that are happening that aren't covered and I think the drum beat in the country from the media, from the only way people know what's happening unless they have a loved one deployed there, is discouraging." Williams: "Mrs. Bush went on to say she hopes for what she called more balanced coverage in the future. The recent report from the Iraq Study Group, however, specifically found that there has been significant underreporting of the violence in Iraq."

US Troops In Iraq, Afghanistan To Get Flame-Resistant Uniforms. USA Today (12/15, Brook, 2.27M)

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reports Pentagon officials say "flame-resistant uniforms will be standard issue for U.S. troops in Iraq and Afghanistan by early 2007." More than "160,000 suits made of the flame-retardant fabric NOMEX will be sent to combat zones, said Thomas Edwards, assistant deputy chief of staff for Army logistics." Edwards said the Pentagon "moved quickly…because Iraqi insurgents are using homemade bombs and targeting the fuel tanks of vehicles."

Ethnic, Sectarian Divisions Are Barrier To Critical Oil Law Provision. The New York Times (12/15, Wong, 1.16M) reports Iraqi politicians and ministers "are divided along ethnic and sectarian lines over a critical provision in a proposed national oil law, according to the country's oil minister. If the differences can be bridged, the draft could be unveiled soon, the minister, Hussain al-Shahristani, said this week." The oil law, "along with security, is considered a prerequisite for attracting the foreign investment that Iraq's oil sector desperately needs. The law would set guidelines for development contracts for as many as 60 oil fields in the country, Mr. Shahristani said in an interview." The law "is also a crucial step in the process of national reconciliation, American and Iraqi officials said, because it sets out rules for the equitable distribution of the country's oil wealth. That, in turn, could ease tensions over granting greater autonomy to Iraq's regions." Although agreement "has been reached on the sharing of oil revenues, representatives of the main Sunni Arab, Shiite and Kurdish political blocs remain at odds over the issue of control over contracts to develop oil fields, Mr. Shahristani said."

Baghdad Kidnappings Said To Reflect Growing Lawlessness. McClatchy (12/15, Dulaimy, Allam) reports that on Thursday morning, "gunmen dressed in Iraqi police and army uniforms descended on the Sinak district and kidnapped dozens of shopkeepers and bystanders in the latest of a string of mass abductions in Baghdad." The "brazen attack took place barely a mile from the heavily guarded government compound known as the Green Zone, where Iraqi officials were preparing for a weekend conference on national reconciliation." The Sinak attack "was the most notable incident on a day packed with other violence that reflects the lawlessness that Iraqi Prime Minister Nouri al-Maliki's beleaguered government appears unable to curb. Police reported the discoveries of 45 bodies in the capital Thursday, 42 in the mainly Sunni Muslim western side and three in the predominantly Shiite Muslim eastern side." Polices said a "leading Shiite politician, Adil Abdul Mahdi, escaped an apparent assassination attempt Thursday when gunmen fired on his motorcade in a majority-Sunni neighborhood, police said."

The Los Angeles Times (12/15, Daragahi, 850K) reports, "None knew who 'they' were: uniformed men firing weapons in the air and herding people into trucks, just a few hundred yards from the edge of the U.S.-guarded 'Green Zone.'" But "most had suspected such a day might come to the Sinak market of downtown Baghdad. All knew to run at first sight of the uniformed gunmen who have become signature elements of the all-too-common mass kidnappings in the capital." This time, "at least 60 people disappeared within minutes, stuffed into four delivery trucks and hauled away toward eastern Baghdad." An Interior Ministry official "reported later that at least 23 of the shopkeepers had been released unharmed in northern Baghdad, after showing their captors identity cards bearing names associated with Shiite Muslims." The fate "of previous victims of mass kidnappings has been brutal: most show up dead within days, often with signs of torture, such as drill holes."

The Washington Post (12/15, A24, Raghavan, 690K) reports, "The mass abductions, brazen even by Baghdad standards, were the latest sign of worsening insecurity in the capital. Two days ago, 70 day laborers were killed in a car bomb attack in another busy district. A month ago, gunmen who claimed to be from the Shiite-run Interior Ministry seized as many as 150 people from an agency of the Ministry of Higher Education, which is controlled by a Sunni Arab party." Thursday's "well-orchestrated kidnappings did not appear to be sectarian in nature or a reprisal attack, shopkeepers and officials said."

Iraqi Boy Wants To Escape Violence, Come To New York. ABC World News (12/14, story 6, 3:05, Gibson, 8.78M) reported, "We are going to take 'A Closer Look,' tonight, at what it's like to grow up amid the chaos and violence in Iraq. The kidnapping and suicide bombings that we report on almost every night, are a daily reminder of the grave dangers that millions of Iraqis face every day." ABC (Harris) added Dan Azad, "who learned English while living in Texas with his aunt seven years ago, is a senior at Baghdad's ballet and music school." Outside of school, "Dan's world is small and stifling. He can hang out with his friends here. But because of the security situation, when classes are over, he's basically a prisoner in his parents' apartment." When he "graduates next spring, he's hoping, somehow, to go to college in New York City, either to study music or computers. He carries pictures of Manhattan in his cell phone."

Saddam's Capture Failed To Be Turning Point. The CBS Evening News (12/14, story 8, 2:10, Couric, 7.66M) reported, "It was three years ago today that we learned American soldiers have found Saddam Hussein hiding in a dark hole beneath a mud shack near his hometown in northern Iraq, but it wasn't the turning point many had predicted." Former Coalition Provisional Authority

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Administrator Paul Bremer: "Ladies and gentlemen, we got him. CBS (Pitts) added, "Those three words uttered three years ago were seen by so many as both a proclamation." President Bush: "And now the former dictator of Iraq will face the justice he denied to millions." Pitts: "And a promise, the lives of Iraq's people were about to change and America's sons and daughters had accomplished the most important part of their mission." But to "war-weary Americans, however, victory is proving more elusive than a tyrant in a spider hole."

The CBS Evening News (12/14, story 9, 1:45, Pinkston, 7.66M) reported, "Three years after the dictator's capture, Baghdad is the deadliest city on the face of the earth." A "new survey by an Iraqi Research Center finds 95% of the respondents believe security is worse now than it was under Saddam."

Accused Iraqi Expatriate Feels Deserted By US. The New York Times (12/15, Glanz, 1.16M) reports that of all "the Iraqi expatriates who returned to rule, rebuild and profit from their country after the invasion, none have fallen as far as Aiham Alsammarae, who was once the minister of electricity but now spends his days consumed with bitterness in a Baghdad jail as his lawyers fight multiple charges of corruption against him." Alsammarae, "an American citizen who lived in the Chicago area and built a thriving engineering firm there, is the only cabinet-level Iraqi official to be convicted and jailed for misusing money during his time in office. Four months ago, hearing that he was being accused of corruption, he walked into a Baghdad courthouse to find out if there were charges against him and was astonished to find himself placed under arrest pending trial. He has been in jail ever since." Alsammarae is "bitter because, he said, the United States has left him in his hour of need to the vagaries of an Iraqi court system that in many ways is still the opaque and frightening apparatus it was before the invasion."

Female Muslim Translator Profiled For Her Service In US Military. In a 2,750-word, front page article, the New York Times (12/15, A1, Elliott, 1.16M) profiles Fadwa Hamdan, who "belongs to the rare class of Muslim women who have signed up to become soldiers trained in Arabic translation." Such female linguists, it notes, "play a crucial role for the American armed forces in Iraq, where civilian women often feel uncomfortable interacting with male troops."

Suicide Bomber Attacks Shopping Area Of Afghan Town. The New York Times (12/15, Wafa, 1.16M) reports a suicide bomber "detonated his explosives in the center of a busy shopping street in the town of Qalat in southern Afghanistan on Thursday, killing four civilians and wounding 22 people, the provincial police chief said." Also on Thursday, President Hamid Karzai "wound up a visit to southern Afghanistan with a speech at a boys' high school in Kandahar in which he blamed neighboring Pakistan for supporting Taliban insurgents and suicide bombers."

Negroponte Says Pakistan Must Deal With Tribal Leaders. The Washington Post (12/15, A26, Pincus, 690K) reports Director of National Intelligence John D. Negroponte said that with "new fighting expected to break out next spring in Afghanistan, the Pakistani government will soon have to decide what it can do about the tribal authorities who have not been living up to their agreement to prevent Taliban and al-Qaeda fighters from moving back and forth across the border." At a meeting with Washington Post editors and reporters, Negroponte said, "Sooner or later, the government will have to reckon with it." But with "elections in Pakistan coming, the United States understands that President Pervez Musharraf 'has a domestic political balancing act to perform,' he added." In September, "representatives of the Pakistani government signed accords with tribal elders in North Waziristan in which those leaders agreed that they would not allow border crossings 'for any kind of militancy.' In return, Pakistani army units withdrew from that area." Negroponte said "the 'tribal authorities are not living up to the deal' and that back-and-forth travel by the Taliban and others 'causes serious problems.'"

Arlington Wreath Laying Effort Attracts Wide Following. ABC World News (12/14, story 11, 2:25, Gibson, 8.78M) reported, "For more than a decade, a man in Maine, without much fuss and without many people paying attention, really, has been bringing thousands of holiday wreaths from Maine to Arlington Cemetery, in Virginia, to decorate the graves of soldiers. This year, people have noticed. Big-time." ABC (Donvan) added, "For 14 years, it was word-of-mouth only that each December, the truck with the wreaths would arrive. Always at dawn, always dignified. With so little notice or with so little notice or fanfare, it was practically a Christmastime secret. Not this year. This year, word got out in a big way. And hundreds of people showed up to help with the wreath-laying."

NBC Nightly News (12/14, story 11, Faw, 9.87M) reported, "Today at Arlington National Cemetery, 5,300 wreaths were distributed. Fresh Maine balsam. Grown, harvested and assembled by Maine businessman Morrill Worcester, devoted father of six. 45 years ago, on his first trip to Washington with newspaper delivery boys, he was awestruck by Arlington." Morrill Worcester: "Many people there gave the ultimate sacrifice. It's something you never forget." Faw: "So 14 years ago, Worcester, now prosperous, decided it only be fitting that Arlington get free wreaths." This year, "there's one big difference. This neighborhood operation is going nationwide, has grown 200-fold. For that,

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you can thank the Internet. Worcester's Website was so popular, it led to Wreaths Across America which this holiday will distribute them at over 200 veterans' cemeteries."

USA Today (12/15, 1A, Hampson, 2.27M) reports, "Every December for the past 15 years, Morrill Worcester, owner of one of the world's largest holiday wreath companies, has taken time in the midst of his busiest season to haul a truckload of wreaths to Arlington from his small Downeast Maine town of Harrington. For years, he and a small band of volunteers laid the wreaths in virtual obscurity. But in the last 12 months that has changed, thanks to a dusting of snow last year at the cemetery, an evocative photograph, a sentimental poem and a chain e-mail. And this year, Worcester went national. A new program, "Wreaths Across America," shipped a total of about 1,300 wreaths to more than 200 national cemeteries and vets' memorials in all 50 states."

Bush Error At Press Conference Noted. The Washington Post's (12/15, A33) Al Kamen notes briefly in his "In the Loop" column that at his news conference last week, President Bush said: "I talk to families who die."

DOJ:

DOJ Attorney Travel Time Legislation Sent To Bush. The Washington Post (12/15, D4, Barr, 690K) "Federal Diary" reports that after a "long flight through Congress, legislation that would permit Justice Department lawyers to claim time off for travel during off-duty hours has been sent to the president for his signature. Congress approved legislation in 2004 creating compensatory time off for federal employees, but the Justice Department decided it did not apply to the department's 9,000 lawyers because of a 1999 congressional restriction that limits their overtime pay. The law permits federal employees to receive time off when they travel on official business during off-duty hours, such as flying on a Sunday to attend a Monday morning meeting. Previous rules made it difficult for employees to qualify for compensation while traveling outside normal business hours." DOJ's "interpretation of the law triggered complaints inside the department. The National Association of Assistant United States Attorneys, which represents about 5,400 assistant U.S. attorneys, worked with Congress and the department on a legislative solution."

US Attorney McKay To Resign. The AP (12/14, Johnson) reports US Attorney John McKay, "the Justice Department's top lawyer in Western Washington, said Thursday he will resign next month to return to the private sector. The announcement came the same day McKay was notified that he would not be nominated to be a federal judge in Seattle, but the timing was purely coincidental, he said. McKay had hoped to fill the position created by U.S. District Judge John C. Coughenour's elevation to senior status.

CORPORATE SCANDALS:

Sycamore Networks Says It Has Not Fully Complied With DOJ, SEC Subpoenas. The Boston Business Journal (12/14) reports, "Sycamore Networks Inc.'s stock options problems have taken a new twist." The Massachusetts firm "says it hasn't been able to comply fully with subpoenas from the Department of Justice and the Securities and Exchange Commission because a former employee won't cooperate. In a suit filed in Suffolk Superior Court last month, Sycamore says Katherine B. Galli, who helped manage the company's stock option program for several years, has refused to return crucial documents Sycamore needs to respond to the federal investigators."

Dell Delays Filing Of Quarterly Report. Bloomberg (12/14, Guglielmo) reports Dell "delayed filing its quarterly report for the second time this year, citing an accounting probe by government regulators." In an SEC filing, Dell said a "report for the quarter ended Nov. 3 will be filed as soon as possible." Dell "also hasn't submitted a report for the second quarter ended Aug. 4. Chief Executive Officer Kevin Rollins said in August the SEC has been reviewing the company's revenue recognition and other financial reporting for a year. Dell disclosed last month the SEC had stepped up the probe into a formal investigation. The U.S. Justice Department is also reviewing the company's accounting."

SEC Probes Coherent's Options Practices. CFO.com (12/14, Taub) reports the SEC is investigating the options granting practices of Coherent Inc., "which makes lasers for commercial and scientific uses." Coherent "assured investors that it intends to cooperate with the inquiry. As a result of the probe, however, Coherent said it will delay the filing of its annual report due to its internal review into its option practices and related accounting."

Apollo Group Says Ex-Officers Backdated. The AP (12/14) reports, "For-profit education provider Apollo Group Inc. said Thursday a special committee found that certain former officers took steps 'that may have been intended to mask failures' in the company's process for approving the grant dates for stock options. In its final findings from its review of past stock option grants, the special panel confirmed preliminary findings that recorded grant dates may not have matched the actual day stock options were granted, but instead coincided with dates on which the company's stock traded at low levels." While such

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backdating "itself is not illegal," failure to disclose it "can have legal and tax ramifications."

SEC Loosens Interpretation Of Sarbanes-Oxley Auditing Requirements. The New York Times (12/14, Labaton, 1.16M) reports that the SEC, "responding to criticism that regulators had overreacted to years of major corporate scandals," issued a "flurry of deregulatory orders and proposals intended to lower costs to public companies. It said the moves would not reduce investor protection. In a daylong proceeding, the commission proposed a loose interpretation for smaller companies of an auditing provision of the Sarbanes-Oxley Act of 2002 that has come under attack from many companies. It also proposed a rule to make it easier for foreign companies to withdraw their securities from American markets. A number of companies have asked to withdraw, and officials said the current rules discouraged companies from listing on United States exchanges if they did not have the option of withdrawing later." The SEC "also adopted a rule that would save corporations the expense of mailing financial reports and proxy statements by enabling them to communicate with the vast majority of their investors through the Internet."

In his Washington Post (12/15, D1, 690K) column, Steven Pearlstein writes, "The tough new federal regulators who were deputized to clean up the accounting industry after Enron, WorldCom and the other scandals have been busy reviewing the work and procedures of the Big Four accounting firms. And guess what? Everything is now hunky-dory. There's no need to worry any longer about channel stuffing, accounting for derivatives or backdating of stock options. The auditors have it covered. We know this because not a single member of any Big Four accounting firm has been sanctioned or censured since the Public Company Accounting Oversight Board opened its doors in 2003. In fact, from what has been made public -- not much -- one might surmise that shoddy auditing has been found exclusively at a handful of small accounting firms."

Wall Street Executives Reap Big Paychecks. The Wall Street Journal (12/15, C1, Craig, Smith, 2.04M) reports, "Record profits at Wall Street's big brokerage firms are already translating into big paychecks for the Street's chief executives, with the first out of the gate, John Mack of Morgan Stanley, hauling in an estimated $41 million. But Mr. Mack's mark, disclosed yesterday evening, is likely to be eclipsed soon by one or more of his rivals. Compensation for Lloyd Blankfein, chief executive of Goldman Sachs Group Inc., will exceed $50 million, believed to be a record for big-firm CEOs, according to a person familiar with the matter. Last year, as president of Goldman, Mr. Blankfein made $38 million." Analysts say they "expect a handful of other CEOs could hit $40 million to $50 million or higher, including James Cayne of Bear Stearns Cos., Stan O'Neal of Merrill Lynch & Co. and Richard Fuld of Lehman Brothers Holdings Inc. The three made $30.3 million, $35.5 million and $34.5 million, respectively, last year."

New SEC Rules Take Effect Today. The Washington Post (12/15, D1, O'Hara, 690K) reports, "Shareholders can expect a clearer picture of how much top executives are paid as new rules go into effect today, requiring companies to clearly explain their compensation practices. The new regulations mark the biggest change to corporate pay disclosure in 25 years. They will force companies to release more information about different kinds of compensation and to more clearly justify those payments." The SEC "ordered the changes this year in response to a rising backlash against annual double-digit percentage increases in executive pay. The Corporate Library said this year that pay for chief executives at more than 1,700 public companies grew 16 percent in 2005, down from 30 percent in 2004."

CRIMINAL LAW:

DOJ Launches Criminal Probe Of Federal Oil, Gas Royalties Collection. The New York Times (12/15, Andrews, 1.16M) reports, "The Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service, which is already the focus of several inquiries into its collection of royalties for oil and gas produced on federal property. The new investigations are still in the early stages, said Congressional officials who were briefed this week by Earl E. Devaney, the Interior Department's chief independent investigator." The probes "are an unexpected development in what has already become a broad examination of the Interior Department's oversight of companies that pump more than $60 billion worth of oil and gas each year from publicly owned land and coastal waters."

The AP (12/15, Hebert) reports, "Some members of Congress have estimated that the royalty exemptions have cost the government $2 billion. Allred put the amount at 'somewhat less than $900 million.' Congressional auditors have put the total government loss for past and potential future production under the leases as high as $10 billion."

The Federal Times (12/15, Curl) reports, "Price thresholds are typically included in federal drilling leases that Interior signs with oil companies and they determine when and how much companies must pay the government for the oil it extracts from federal properties. Price thresholds were not included in the drilling leases Interior inked with companies in 1998 and 1999, resulting in those companies not paying any royalties. At Congress' request, the department's inspector general is investigating why they were not included in those leases. A spokesman for the

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department said the investigation will continue and the report is still expected out in the coming weeks."

Duke Lacrosse Defense Team Says Accuser Misidentified Accused. The Washington Post/AP (12/15, A10, Scott) reports attorneys for the Duke University lacrosse players accused of rape said in court papers that their clients' accuser "misidentified her alleged attackers in a photo lineup that was 'an incoherent mass of contradiction and error.'" The defense team "filed a motion asking a judge to bar prosecutors from using the photo lineup at their clients' trial and prevent the accuser from identifying the players from the witness stand. Duke University law professor James E. Coleman Jr. said the case would be 'effectively dismissed' if the court finds the lineup inadmissible 'and rules that it is so suggestive that there can't be an in-court identification.'"

Judge Sets April Trial Date For Jeffs. In a widely-distributed story, the AP (12/15, Dobner, Foy) reports polygamist leader Warren Jeffs "pleaded not guilty Thursday in state district court to two counts of rape by accomplice" for allegedly "forcing a 14-year-old girl to marry and have sex with an older cousin." The AP adds, "A trial was set for April 23. Prosecutors said the girl had no choice but to obey Jeffs, whose influence over his followers has been described as extraordinary, dictating everything from where they live to whom they should marry." The AP notes, "Jeffs was on the FBI's Ten Most Wanted list when he was arrested Aug. 28 in a traffic stop north of Las Vegas."

The Deseret Morning News (12/15, Winslow) reports Jeffs "remains jailed in the Purgatory Correctional Facility without bail. Defense lawyers agreed on Thursday to keep him there until they deal with issues of discovery in the case. Should Jeffs ever be granted bail, the FBI filed papers in federal court stating they will take him into custody immediately." The Salt Lake Tribune (12/15, Adams) also reports on the trial, noting that he was on the FBI most wanted list. Additionally, CNN's The Situation Room (12/14, Blitzer), CNN's Anderson Cooper 360 (12/14), Fox News' On the Record with Greta Van Susteren (12/14) and Fox News' Studio B with Shepard Smith (12/14) reported on the trial order.

Los Angeles Skid Row Fertile Ground For Fraud. The Los Angeles Times (12/15, Winton, 850K) reports Los Angeles' "skid row has become a magnet for fraud schemes that use the area's homeless population to rip off the federal government, authorities said this week as they launched a crackdown on the activities. In just the last few months, state and federal investigators have busted two food stamp scams, one of which involved a merchant who allegedly gave homeless people 50 cents on the dollar for their stamps, then charged the entire value -- $6 million -- to the government." In November, charges were filed "against a MacArthur Park-area clinic for allegedly rounding up homeless people with Medi-Cal or Medicare cards and giving them a battery of medical tests charged to government programs. Authorities allege the bogus tests cost taxpayers at least $1.6 million and perhaps much more. Another hospital in South Los Angeles is under investigation to determine whether it recruited homeless people for short stays at federal expense, according to law enforcement sources."

Business Software Alliance Pirated Software "Bounty Program" To Expire. Investor's Business Daily (12/15, Bonasia) writes that "anyone who sees pirated software in the workplace may want to file a report by New Year's Eve, when the Business Software Alliance plans to suspend a year-old bounty program for whistle-blowers. Under the program, the BSA offers rewards of up to $200,000 for workers who provide details about pirated software being used at their company. Payouts are based on reports that lead to a settlement. The rewards program is being put on hold on New Year's Day as a way to motivate workers 'to go from thought to action' in reporting cases before the year ends, said Jenny Blank, chief of enforcement at the BSA. Blank says the program will resume; she didn't say when." The program "seems to work. Tuesday, Burlington Coat Factory paid $300,000 to settle claims it used unlicensed software from Microsoft and McAfee. The BSA also says Payless ShoeSource paid $124,057 to settle claims for unlicensed copies of software from Adobe, Borland, Internet Security Systems, McAfee and Symantec. Payless agreed to delete any unlicensed software and buy replacements. The case was reported through the BSA's online form."

Chinese-Canadian Engineer Charged With Stealing Military Trade Secrets. In a widely-distributed story, the AP (12/15, Robertson) reports, "A Chinese engineer was charged Thursday with stealing trade secrets from a Silicon Valley company that made military training software and attempting to sell them to Asian governments. Xiaodong Sheldon Meng, 42, a Chinese national with Canadian citizenship, was indicted on 36 felony counts, including the rare charge of economic espionage to benefit a foreign government and various violations of military technology export laws." The AP notes, "Prosecutors say Meng stole the code for software made by his former employer, Quantum3D Inc., that's used to train military fighter pilots, and tried to sell it to the Royal Thai Air Force, the Royal Malaysian Air Force and a company with ties to China's military. … U.S. Attorney Kevin Ryan said the case highlights the threat U.S. businesses face from thieves looking to sell hard-won intellectual property overseas."

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The Washington Times (12/15, Seper, 88K) reports, "The indictment includes three conspiracy counts, three counts of economic espionage and attempted economic espionage, two counts of violations of the Arms Export Control Act, 12 counts of theft of trade secrets and attempted theft of trade secrets, 15 counts of foreign and interstate transportation of stolen property, and three counts of making false statements to a government agency. 'The FBI is committed to aggressively pursue those attempting to illegally obtain and export trade secrets vital to maintaining the United States' position as a world leader in innovation,' said FBI Special Agent in Charge Charlene B. Thornton, who heads the bureau's San Francisco field office. 'Today's indictment highlights the value of cooperation between law enforcement and private industry in effectively conducting these investigations,' she said."

ABC News (12/14, Ryan) noted on its Web site, "FBI counterintelligence officials have deemed China one of the biggest economic and military threats to the United States. This threat has caused the FBI to set up counterintelligence field squads in every field office across the United States to scour for cases exactly like this one. The products Meng allegedly dealt with could be found on banned U.S. export munitions lists."

Two Chinese Immigrants To US Plead Guilty To Economic Espionage. The AP (12/15, Robertson) also reports that in an unrelated case, "Fei Ye, 40, a U.S. citizen from China, and Ming Zhong, 39, a permanent resident of the U.S. from China, pleaded guilty in San Jose federal court to two counts each of economic espionage to benefit a foreign government as part of a deal with prosecutors. … They were charged with stealing confidential microchip blueprints and other trade secrets from their employers and attempting to smuggle them to China. The indictment alleges they planned to start a microprocessor company with the financial backing of various Chinese government agencies." The AP notes, "A business partner who tipped off the FBI told investigators the startup, called Supervision Inc., had received $2 million in funding from two Chinese cities, Hangzhou and Guangzhou, to develop the new microprocessor, according to an affidavit."

Stora Enso Denies Price-Fixing Charges. The Milwaukee Journal Sentinel (12/15, Dresang, 255K) reports, "The Finnish parent of Wisconsin-based Stora Enso North America denied Thursday that it conspired to fix the prices it charged for coated papers used in magazines and high-volume catalogs in the United States." In a statement issued Thursday, the company said, "Stora Enso denies any wrongdoing and will enter a plea of not guilty when it appears before the court at the arraignment to respond to the indictment." The indictment "alleges that Wisconsin Rapids-based Stora Enso North America illegally set prices through an agreement with competitors from about August 2002 to June 2003. About the time U.S. antitrust authorities from the Justice Department began investigating Stora Enso in May 2004, their counterparts in the European Commission started similar probes in Europe."

CIVIL RIGHTS:

DOJ Says Dallas County Jail Violates Inmates' Rights. The Fort Worth Star-Telegram (12/15, 223K) reports a DOJ report says the "Dallas County Jail, one of the largest in the country, violates the constitutional rights of inmates by failing to provide adequate medical and mental healthcare. … Page after page of violations are detailed in a letter" from DOJ, "which also found that prisoners are not kept in safe or sanitary conditions at the detention complex, the seventh largest in the United States. Among the more egregious examples were an HIV-positive prisoner who died in October 2005 from an infection after his antibiotic was withheld for 11 days and a woman who hanged herself in January 2003. Her records included an inmate request form she filled out two days earlier."

Report Says Los Angeles County Hate Crimes On The Rise. The Los Angeles Times (12/15, Rosenblatt, 850K) says reported incidents of hate crimes in Los Angeles County "increased for the first time in four years, while such incidents in schools have more than doubled from last year," according to the annual analysis by the Los Angeles County Commission on Human Relations. The report "tracked hate crimes reported to law enforcement or other agencies, but did not address which ones led to criminal charges or arrests. Conflicts between blacks and Latinos erupted on the streets, in jails and at schools, with school-based hate crimes soaring by 111%. Many of these incidents on or near campus occurred in South Los Angeles." The figure "does not include 11 of 14 large student scuffles last year. The commission did not receive reports on those incidents because it was difficult to determine if they were racially motivated."

New Jersey Legislature Approves Civil Unions Bill. The AP (12/15, Mulvihill) reports, "Ordered by New Jersey's highest court to offer marriage or its equivalent to gay couples, the Legislature voted Thursday to make New Jersey the third state to allow civil unions." Democratic Gov. Jon Corzine "said he would sign the measure, which would extend to same-sex couples all the rights and privileges available under state law to married people. The bill passed the Assembly 56-19 and the Senate 23-12."

The New York Times (12/15, Mansnerus, 1.16M) reports, "The Legislature voted on Thursday to make New Jersey the third state in the nation to recognize civil unions for

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same-sex couples. In doing so, it moved quickly to fulfill a court mandate to provide equal rights to gay couples but frustrated people on both sides of the emotional issue." New Jersey's "new unions, which would take effect 60 days after the governor gives the nod, would expand on the domestic partnership arrangements the state has had since 2004. Gay couples would gain benefits like adoption privileges, inheritance rights and the ability to take a partner's surname without going to court." But "gay-rights advocates continued to contend Thursday that the separate institutions were inherently unequal and promised to keep pushing for nothing short of marriage itself."

The Los Angeles Times (12/15, Barry, 850K) reports the bill "was hurried through the process in 10 days, giving marriage advocates little ability to argue their case, said Lambda Legal Defense Fund attorney David Buckel, who represented seven couples who sued the state for the right to marry. 'The irony is that the court referred this matter to the legislature because it did not want to short-circuit the democratic process,' he said. 'The legislature is doing just that.'"

Number Of Death Sentences Falls. The New York Times (12/15, Lewis, 1.16M) reports the "number of death sentences in the United States has dropped to its lowest level in decades, according to recent studies, including one released Thursday that predicts the trend will continue because of publicity about cases in which people are wrongly accused of crimes." The Death Penalty Information Center, "a group based in Washington, reported that the number of death sentences, which had remained at about 300 a year in the 1990s, began to drop steadily in 1999 and has declined almost 60 percent since then." At the Justice Department, "the Bureau of Statistics reported last week that there were 128 death sentences in 2005, down from 138 the year before. While the department study does not include an estimate for 2006, the Death Penalty Information Center, which opposes the death penalty and tracks cases closely, says the number for this year will be about 114." Defense lawyers, prosecutors, "and groups that study the application of the death penalty all say there are several reasons for the trend. Among them are increased publicity about cases other than murder in which DNA testing resulted in freeing people who had wrongly been convicted of crimes, producing skepticism about the reliability of verdicts; recent Supreme Court decisions requiring that juries be told when life in prison without possibility of parole is an option, and improved legal representation for capital defendants, including a sharp increase in using specialists to develop arguments for mitigation."

The Los Angeles Times (12/15, Weinstein, 850K) reports, "Executions in the U.S. declined to their lowest level in a decade this year, according to a study released Thursday by the Death Penalty Information Center, which opposes capital punishment. Fifty-three people have been executed this year, with no more scheduled until 2007." That is "down from 60 last year and a significant drop from the peak of 98 executions in 1999, the Washington-based organization said in a year-end report." Two-thirds "of Americans still support capital punishment, the Gallup Poll found this year, but for the first time in two decades, it found that more Americans prefer that the penalty for murder be life without parole rather than death, by 48% to 47%, noted the Death Penalty Information Center."

ANTITRUST:

DOJ Rebuts Reback On Telecom Mergers. CNET News.com (12/14, Broache) reports DOD "denied allegations that it fudged the analysis that prompted it to approve two telecommunications megamergers now under scrutiny by a federal judge. In a Thursday filing with U.S. District Judge Emmet Sullivan in Washington, D.C., Department of Justice lawyers took issue with accusations of wrongdoing lodged by opponents of the twin deals -- between AT&T and SBC Communications, and Verizon and MCI -- at a November 30 court hearing. T he public version of Thursday's document was redacted." Sullivan had given DOJ "the opportunity to respond to a lengthy presentation by Silicon Valley attorney Gary Reback on behalf of the Alliance for Competition in Telecommunications." Reback accused DOJ "of making up facts and ignoring critical considerations while analyzing the competitive impact of the deals. In its court filing, the Justice Department continued to defend its analysis, arguing that the allegations were 'based on mischaracterizations of relevant legal standards, misstatements of United States' positions, and misrepresentations of the factual record.' When approving the mergers, the Justice Department concluded that it needed to place limited condition s-- namely, requirements aimed at ensuring that the companies' competitors could gain access to fiber-optic connections in certain commercial buildings where Verizon and MCI or AT&T and SBC had been the only two companies supplying some types of connections."

FCC Chair Does Not Know When AT&T-BellSouth Merger Will Be Considered. The Washington Post (12/15, D3, Sipress, 690K) reports FCC Chairman Kevin Martin said he "did not know how soon it would consider AT&T's proposed $86 billion acquisition of BellSouth after the deal was left off the agenda for Wednesday's meeting because of a continuing stalemate between the commission's Republican and Democratic members." Martin, who supports the merger, "told reporters he was 'anxious' to set a date for the vote, which would create the country's largest provider of

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telephone, wireless and broadband services. AT&T and BellSouth have waited more than seven months for the commission to act despite Martin's efforts earlier this year to win quick approval of the transaction without conditions."

WSJournal Faults Democratic Commissioners For Delay. The Wall Street Journal (12/15, A20, 2.04M) editorializes, "Democrats are back in power in Washington, and one question is whether their wilderness years taught them anything about the wisdom of restraint in regulating business. One early sign that they've learned nothing is their behind-the-scenes effort to delay, and maybe deep-six, the $80 billion AT&T-BellSouth merger. The deal has the support of Big Labor, was approved by the Justice Department without conditions in October, and would help consumers by bringing more competition to telecom amid enormous technological change and business ferment. But the merger has been held up for months at the Federal Communications Commission, thanks to the political maneuvering of the two Democratic Commissioners, Michael Copps and Jonathan Adelstein. The pair have cited the size of the deal, the volume of public comment it has generated, and even the Justice Department's approval as reasons for delay. But what's really going on here is an old-fashioned regulatory hold up, in the armed-robbery sense of the word."

Airline Merger Talk May Be Mostly Hype. The Christian Science Monitor (12/15, Marks, 59K) writes, "Wall Street is so buoyant about possible mergers" among the "last six traditional carriers" in the US airline industry that "you'd think airline consolidation was the best thing for the industry since the jet engine replaced the turbo prop. But an increasing number of analysts are questioning that assumption, and suggesting that all the merger talk may in the end be just that - talk." Aviation consultant Michael Boyd said, "We're in an environment where everyone believes the mantra that consolidation is both necessary and inevitable, but it is neither. The carriers like American, Northwest, and Continental are making money. Why do they have to merge? We have a very competitive system now." The "latest round of merger talk was sparked by United Airlines' chief executive Glenn Tilton reiterating his stance that 'consolidation is good and overdue for the industry' at a shareholder's meeting earlier this week. That prompted a series of still unconfirmed reports that United and Continental Airlines were talking about just such a deal."

Antitrust Waiting Period Expires On Merck-Sirna Deal. The Silicon Valley/San Jose Business Journal (12/14) reports Merck and Sirna Therapeutics said the "federal regulatory antitrust waiting period has expired for Merck's $1.1 billion acquisition of Sirna. … The expiration of the Hart-Scott-Rodino waiting period satisfies one of the sale conditions, and the companies said consummation of the merger -- which is expected to occur in late December or early in the first quarter of 2007 -- remains subject to other customary closing conditions including approval by Sirna stockholders."

The AP (12/14) says Sirna "focuses on developing RNA interference, or gene-silencing technology. Drugs and treatments using the technology target specific genes at the root of a condition or disease, aiming to shutdown that gene, rendering the condition, such as a type of cancer, inactive."

US, European Firms To Buy Stake In German Broadcaster. The Wall Street Journal (12/15, C4, Esterl, 2.04M) reports, "The controlling shareholders of ProSiebenSat.1 Media AG have agreed to sell their stake in the German broadcaster to private-equity firms Kohlberg Kravis Roberts & Co. of the U.S. and Permira of Europe, according to people familiar with the matter. The bid for Germany's largest television broadcaster by advertising revenue was in the range of €28 to €29, or about $37 to $38, a share, valuing ProSiebenSat.1 at a bit less than €6 billion, or about $8 billion, these people said."

Hearst Expects To Complete Newspaper Acquisition Today. Editor & Publisher (12/14) reports Hearst Corp. expects to complete its purchase of the Torrance, California, Daily Breeze "on Friday as part of a deal to resell the newspaper to MediaNews Group Inc., according to a court document filed by the two newspaper operators."

Rochester Medical Settles With C.R. Bard. The AP (12/14) reports catheter maker Rochester Medical said it "reached a $49 million settlement with medical devices company C.R. Bard Inc. Under the terms of the agreement, Rochester Medical will dismiss C.R. Bard from a lawsuit it filed in March 2004 against C.R. Bard, Tyco International Ltd., Tyco Healthcare Group LP, Novation LLC, VHA Inc. and Premier Purchasing Partners LP. The lawsuit alleged that C.R. Bard, among others, conspired to exclude it from the market and violated antitrust laws."

Bond Market Antitrust Probe Could Spawn More Suits. Bloomberg (12/14, Rowley) reports, "The federal criminal antitrust probe into the municipal bond market that has yielded more than a dozen subpoenas of brokers, bankers and insurers may also lead to a spate of civil lawsuits by cities," according to antitrust expert Herbert Hovenkamp. Civil claims "typically follow in the wake of successful criminal price-fixing investigations by the U.S. Justice Department." Hovenkamp said that if it "turns out there is a nationwide conspiracy to fix interest rates' of investment contracts sold to local governments, 'it's got to be big.'"

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Samsung, LCD Makers Could Face Massive Antitrust Penalties. Bloomberg (12/15, Cho) reports Samsung and "liquid-crystal display makers in Taiwan and Japan may face the largest antitrust penalty ever after a probe of possible price-fixing in the $69 billion industry. Fines may exceed $1 billion should authorities in the U.S., Europe, Japan and Korea uncover panel makers colluded." This week, LG.Philips LCD said it was "under investigation, spurring a two-day stock slide that erased about $1.6 billion in market value from the top five producers. Fines from the probe would undermine earnings in an industry where panel prices are forecast to slide more than 25 percent this year."

Japan Returns To International Acquisitions Scene. The Wall Street Journal (12/15, A1, Morse, Singer, 2.04M) reports, "After a long retreat from the global mergers-and-acquisitions scene in the 1990s and early 2000s, Japanese companies are once again on the prowl. With the population of Japan expected to shrink rapidly in coming years, many Japanese firms are looking to tap into growing overseas markets quickly by acquiring existing companies. So far this year, Japanese firms have bought 294 foreign companies for a total of $18.1 billion, more than in all of 2005 and double the figure in 2004." Japan's "big banks and financial conglomerates are scouting rapidly growing markets in the U.S., China and elsewhere for growth opportunities.

ENVIRONMENT/INDIAN AFFAIRS:

Interior Department Approves Mohawk Casino Project. The New York Times (12/15, Bagli, 1.16M) reports that after "more than 10 years of delays, tribal recriminations and opposition from Atlantic City gambling interests, the effort to build a Las Vegas-style casino in the Catskills took a major step forward yesterday." The Interior Department "approved an environmental review of the St. Regis Mohawk Indian tribe's $600 million project. Proponents say the casino will bring thousands of jobs and tens of millions of dollars in revenue to a once thriving resort area known as the Borscht Belt."

FBI/DEA/ATF/USMS:

ATF Arrests College Student Over Pipe Bombs. The Pittsburgh Tribune-Review (12/15, Cato) reports ATF agents "arrested a California University of Pennsylvania student Thursday after tests showed he was storing numerous pipe bombs in his dorm room and his parents' Upper St. Clair home." Michael Blattner was charged with "unlawful possession and manufacture of destructive devices." US Magistrate Judge Francis X. Caiazza "set bond at $10,000 and ordered that Blattner undergo medical or psychiatric treatment. Blattner is being held in a Pittsburgh halfway house for observation, said Tom Stankiewicz, assistant special agent in charge of the Philadelphia ATF office. ATF agents and members of the Allegheny County Bomb Squad raided Blattner's dorm room and his parents' house Dec. 5. They collected numerous pipe bombs, materials and tools." Agents "recovered at least 22 pipe bombs from the two locations, court documents state. The explosive devices were wrapped in black electrical tape and ranged from 2 to 4 inches in length. Also seized were journals containing detailed plans for making improvised explosive devices, or IEDs. One drawing was titled 'medium pipebomb' and another 'Planted IED,' court documents show. Agents also found fragments from at least one exploded device, tools such as drills, ammunition used to create the explosive charge and shrapnel."

FBI Honors Philly Labor Leader With Director's Community Leadership Award. The Philadelphia Inquirer (12/15, Shiffman, 385K) reports, "The FBI honored a local labor leader yesterday for her crime-prevention efforts in Philadelphia. Janet Hammond Ryder is vice president of labor participation for the United Way of Southeastern Pennsylvania, director for labor participation for the Philadelphia Council AFL-CIO, and cohost of the weekly Labor to Neighbor show on WURD-AM (900). Ryder received the FBI Director's Community Leadership Award for her efforts to combat poverty, violence, drugs, gangs, and crime by reinforcing the value of education for inner-city youths." The Philadelphia Daily News (12/15, 106K) also briefly reported on Ryder's award.

Boston Columnist Calls FBI Fighting Of Civil Suit "A Disgrace." In a Boston Globe (12/15, 413K) column titled "A Travesty of Justice," Brian McGrory writes, "Spend a couple of days -- or, for that matter, a couple of minutes…listening to testimony in the lawsuit brought by four wrongfully convicted men against the FBI, and a few simple questions come to mind. Why is the federal government fighting this? … Why are 40-year-old documents being kept secret? Why isn't there a single person in the Justice Department with a shred of common sense?" McGrory adds, "FBI Director Robert Mueller ought to fly to Boston, all right, but rather than offer absurd excuses to" US District Judge Nancy Gertner," he needs to extend apologies and big payouts to the men who were framed by his agency so many decades ago and the families that have survived them." McGrory contrasts the case with the Brandon Mayfield settlement and concludes, "What the FBI and the rest of the Justice Department are doing in this trial isn't just an

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embarrassment, but a disgrace -- and it will undoubtedly prove to be an expensive one at that."

Two Ecoterror Suspects Plead Guilty To Vail ELF Arson. In a widely-distributed story, the AP (12/15, Barnard) reports, "Two people who have admitted helping in the $12 million arson of a Vail, Colo., ski resort as part of an ecoterrorism campaign formally pleaded guilty Thursday to federal arson charges. Chelsea Dawn Gerlach and Stanislas Gregory Meyerhoff, both 29, had already pleaded guilty to some of the $20 million worth of arsons committed between 1996 and 2001 by a Eugene-based cell of the Earth Liberation Front known as the Family. Under plea deals with federal prosecutors, they agreed to have charges from the 1998 Vail arson transferred from Colorado to Oregon to be settled along with their other cases." The AP notes, "The Vail arson focused national attention on radical environmentalists who ascribed their attacks to the secretive Earth Liberation Front and Animal Liberation Front, characterized by the FBI as the nation's top domestic terrorism threats. The investigation went nowhere for years until a task force found an informant who got old friends to talk about the crimes in recorded conversations.

FBI, Police Departments Improve Training On Islamic Culture. Under the headline "Shiite? Sunni? Some In US Learn Who's Who," the Christian Science Monitor (12/15, MacDonald, 59K) reports, "Some in Congress may need a primer on Islamic extremists. Five years after 9/11, three members of the House Intelligence Committee in recent interviews couldn't answer basic questions about who's Sunni and who's Shiite in the Muslim world. But other American institutions are already boning up - especially when they have a stake in doing so." The Monitor notes, "The Federal Bureau of Investigation, for instance, will emphasize Muslim culture when it expands introductory training for new agents from 18 to 21 weeks next month. In upcoming sessions, trainees will 'drill down deeper' than they have in the past, for instance, into differences between radical Shiite cultures and radical Sunni ones, says Keith Slotter, assistant director of the FBI's training division. For the first time, new agent training will also cover dynamics surrounding suicide bombing. 'When a person from another culture says something, the meaning behind the words may not be the literal translation that an agent might want to jump to,' Mr. Slotter says. 'There are so many different nuances and aspects [that] to be an effective interviewer ... you're going to need those cultural skills.' Urban police are taking similar steps."

FBI Investigating Alleged Improper Work By Murphy Staff Members. KDKA-TV Pittsburgh (12/14) reported from a broadcast story, "A federal investigation is underway after allegations surfaced against US Rep. Tim Murphy. Sources tell KDKA federal agents have begun interviewing former Murphy staffers on whether they did political work for the congressman on government time. Murphy denies the allegations. … But while neither the FBI nor the U.S. Attorney's office will confirm or deny an investigation, the probe concerns just that." KDKA added, "'There were several times when staff was asked and basically pressured into doing campaign activities,' said Jayne O'Shaughnessy, a former staffer for Murphy. Documents obtained by KDKA at least suggest that."

FBI Searching For Fugitive Texas Official Wanted On Child Rape Charges. KRGV-TV Harlingen (12/14) reported on its Web site from a broadcast story, "There's now a federal arrest warrant for the Hidalgo County District Clerk. The FBI and Texas Rangers have joined the search for Omar Guerrero. He's looking at charges of avoiding prosecution. Federal agents believe Guerrero has left the state and possibly the country. … The federal warrant authorizes agents to arrest Guerrero anywhere in the world." KRGV noted, "Police say Guerrero raped a 15-year-old girl."

Florida FCI Guards Sentenced To Probation, Prison For Sex-With-Prisoners Scheme. The Tallahassee Democrat (12/15, Subramanyam, 50K) reports, "Two former federal correctional officers charged in connection with a sex-with-prisoners scandal were sentenced Thursday after they pleaded guilty to mail fraud. Vincent Johnson was sentenced to one year probation and Alfred Barnes to one year in prison with three years of supervised release. Chief Judge Robert L. Hinkle dismissed all other charges. … A third officer, E. Lavon Spence, was scheduled for sentencing Thursday after pleading guilty to mail fraud." The Democrat notes, "Johnson, Barnes and Spence were among five correctional officers arrested June 21 at the Federal Correctional Institution in Tallahassee. A sixth officer, Ralph Hill, was killed in a shootout at the prison after he opened fire on federal agents. A federal agent died, and a Bureau of Prisons employee was injured." The AP (12/15, Royse) adds, "The judge said he lightened Alfred Barnes' punishment in part because he cooperated with prosecutors in the case."

Philadelphia Drug Dealer Sentenced To Life For Murdering Witness. The Philadelphia Inquirer (12/15, Shaw, 385K) reports, "Felix Summers -- the reputed South Philadelphia drug dealer authorities say was at the center of a web of witness-retaliation and drug killings in his neighborhood -- was sentenced yesterday to life in prison

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without parole. Summers, 25, was convicted last month in the March 1999 shooting death of Charlotte Presley, 39, a witness against him in another homicide." To the life sentence, Common Pleas Court Judge Carolyn Engel Temin added "30 to 60 months for witness retaliation," which Assistant District Attorney Carlos Vega said "highlights the fact that this is not just a murder." The Inquirer notes, "Summers was also charged in the Aug. 16, 2001, shooting death of Veronica Rios, 15, a bystander who was" killed in the murder of another witness. "The FBI added Summers to its 10 Most Wanted list after Rios' slaying."

FBI Detains Disruptive Continental Flight Passenger In Texas. KHOU-TV Houston (12/14) reported on its Web site from a broadcast story, "A passenger onboard Continental flight from Hawaii to Houston who reportedly caused some type of disturbance onboard the aircraft is in federal custody. Noboru Akao arrived at federal court downtown Thursday morning, in shackles and an orange uniform." KWTX-TV Waco (12/14) noted, "According to an FBI press release, witnesses told FBI agents the man was disruptive and combative and groped a female flight attendant during the last two-and-a-half hours of the flight. The FBI said the man trashed a lavatory and eventually was restrained with flex cuffs to curb 'his increasingly aggressive behavior.'" The Houston Chronicle (12/15, George, 530K) reports Akao "had mixed his medication during the trip, federal authorities said Thursday. … Federal prosecutor Michael Schultz declined to specify the medications in open court." The Chronicle notes, "Houston police arrested Akao on Wednesday morning and handed him over to the FBI after the flight arrived at George Bush Intercontinental Airport."

US Agents' Business Cards Found Taped To Body In Mexico. The El Paso Times (12/14) reported U.S. law enforcement agencies "were informed by their Mexican counterparts that a man found murdered in Juárez last month had the bloodied business cards of two U.S. agents taped to his forehead. The victim, who has not been identified, was dropped from a van at the Chamizal park in Juárez on the afternoon of Nov. 23. The man had the cards of Immigration and Customs Enforcement agent Raul Bencomo and of a DEA agent with the first name Todd stuck to his forehead with masking tape." Officials with ICE and DEA "confirmed they were told about the cards found on the Chamizal body by Mexican authorities, but said they were not part of any investigation."

The AP (12/15, Caldwell) reports photographs of the victim "published in…the Spanish-language newsapaper El Diario de El Paso, show one of the business cards is from Raul M. Bencomo, a U.S. Immigration and Customs Enforcement agent. Bencomo oversaw a controversial drug informant who led authorities to the bodies of about a dozen men buried in the yard of a Juarez house in 2004. The second card, which is barely legible in the photos, is believed to be from a U.S. Drug Enforcement Administration agent." Media outlets that used the AP story include FOX News, the New York Times, Washington Post, Los Angeles Times, San Francisco Chronicle, and Dallas Morning News.

On its Web site, KDBC-TV, El Paso, Texas (12/15) reports, "On the front page of the Diario today... a story about a possible DEA Informant found murdered. The newspaper worries this story may have something to do with a suspicious car found in their parking lot. Diario Employees found a car with Mexican plates and the Diario logo on it in front of their building. The Mexican Woman driving it says she was sent for a job interview, but could not explain why she was driving the car or who sent her there."

Local TV Coverage. KTSM-TV, El Paso, Texas (12/14, 10:00 p.m.) aired, "Juarez police say execution style murders are becoming more frequent and more gruesome. Just last month an unidentified man was found at the Chamizal Park murdered with two bloodied business cards taped to his forehead. One card belonged to an Immigration and Customs Enforcement agent, the second to a DEA agent. One of the man's fingers had also been cut off and shoved into his mouth."

KVIA-TV, El Paso, Texas (12/14, 10:00 p.m.) noted a front-page story which ran in Thursday morning's edition of El Diario. KVIA reported, "The story outlines the murder of an alleged DEA informant whose body was found mutilated and dumped in the Chamizal Park in Ciudad Juarez."

US Attorney Says Cyclist's Indictment In BALCO Investigation Marks New Phase. There are nearly 400 media references to the grand jury indictment of former world silver medalist cyclist Tammy Thomas. Most media outlets used the AP story. The AP (12/15) reports former world silver medalist cyclist Tammy Thomas "was the latest sports figure and first athlete to be indicted for hindering the three-year-old [federal steroids] probe. She faces three counts of perjury and one count of obstruction of justice." Kevin Ryan, the U.S. attorney for Northern California, "said Thursday's indictment, along with last month's obstruction of justice charges against track coach Trevor Graham, marks a new phase in the BALCO investigation. 'A third stage has begun as we bring charges against individuals who lied to investigators or committed perjury while testifying under oath to a federal grand jury,' he said."

The San Francisco Chronicle (12/14, 384K) reported a former world-class cyclist who "was caught up in the BALCO steroid scandal was indicted Thursday on charges of lying to a federal grand jury about her use of banned drugs. … Thomas also testified that she had never taken steroids and

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had never obtained steroids from anyone, according to the indictment. All the statements were lies, according to the indictment, which was handed up by a grand jury in San Francisco."

The New York Times (12/15, Wilson, 1.16M) reports the federal grand jury investigating steroid use in sports "yesterday indicted…Thomas for perjury and obstruction of justice, charging that she lied to another grand jury looking into the Bay Area Laboratory Co-Operative steroids case. Thomas received a lifetime competition ban in 2002 from the United States Anti-Doping Agency after she tested positive for the previously undetectable steroid norbolethone. … Thomas…testified to a grand jury in 2003 that she had never taken performance-enhancing drugs or received them from Patrick Arnold, the chemist who worked with BALCO in Burlingame, Calif."

The New York Daily News (12/15, 729K) reports the indictment "accuses Thomas of lying when she told the grand jury in 2003 that she never used performance-enhancing drugs. It also said she lied when she said she did not receive illegal drugs from Patrick Arnold, the chemist who created the once-undetectable steroid THG. Each charge carries a maximum of five years in prison and a $250,000 fine."

The San Jose Mercury News (12/15, 229K) reports a turn of events Thursday in the BALCO case "sent a chilling message to athletes connected to the inquiry: Anyone who allegedly lied to a federal grand jury investigating the use of drugs in sports could find themselves in a legal bind. Former world-class cyclist Tammy Thomas, now a law student in Michigan, became the first athlete indicted in the BALCO scandal when she was charged Thursday with three counts of perjury and one count of obstruction of justice. She faces a maximum of 20 years in prison and a $1 million fine."

Bloomberg (12/14) reported Thomas "declined to comment when reached by phone at her home in Lansing, Michigan. Thomas was banned for life from competitive cycling by the U.S. Anti-Doping Agency in 2002 after testing positive for the steroid norbolethone. It was the second time she failed a drug test. She tested positive for elevated testosterone at the 2000 U.S. Olympic Trials."

Local TV Coverage. KTVU-TV, San Francisco-Oakland-San Jose (12/14, 10:00 p.m.) aired, "The latest grand jury meeting here inside the federal building in San Francisco today indicted its first athlete for perjury. The indictment charges cyclist and former silver medallist Tammy Thomas with three counts of perjury and one count of obstruction of justice for allegedly lying to a grand jury investigating BALCO's performance-enhancing drugs. She denied ever taking them."

KOVR-TV, Sacramento-Stockton-Modesto (12/14, 5:00 p.m.) aired, "Tammy Thomas was indicted today by a federal grand jury. She is accused of hindering the [steroids] probe. Prosecutors say Thomas lied to the jury investigating a [steroid] ring which has affected many sports."

WLBT-TV, Jackson, Mississippi (12/14, 5:00 p.m.) aired, "Former elite cyclist and Yazoo City native Tammy Thomas has been indicted in the government's ongoing steroid probe. Thomas is accused of three counts of perjury and one count of obstruction of justice for allegedly lying to a federal grand jury. The grand jury was investigating a steroid ring that spanned across many sports."

In Wisconsin, 33 Charged In Cocaine-Ring Investigation. The Milwaukee Journal Sentinel (12/14, Doege, 255K) reported a federal grand jury "indicted 33 people Thursday on charges linking large-scale cocaine suppliers in Milwaukee to a tightly controlled network of dealers in Waukesha. The indictments and arrests, officials say, dried up the primary source of cocaine in the city of Waukesha while taking a handful of large-scale operators off the streets of Milwaukee. The charges result from a lengthy probe begun quietly in January 2004 by Waukesha County narcotics investigators whose work revealed that a single network of people was responsible for a large share of the cocaine finding its way into Waukesha. … 'I think that you can determine the significance of this case by the number of people arrested and the scope of their activity,' said James Bohn, assistant special agent in charge of the Milwaukee office of the U.S. Drug Enforcement Administration."

Seventeen Arrested In New York Drug Sweep. The Plattsburgh (NY) Press Republican (12/14) reported law-enforcement agencies "rounded up 17 people early Wednesday morning and charged them with numerous drug-related crimes. Most of the accused live in and around Plattsburgh and are suspected of dealing marijuana, heroin, methamphetamines, cocaine and crack. … DEA Resident Agent in Charge James T. Farnsworth said the arrests came after months of investigation and surveillance. He said it is becoming more common for people from the New York City area to move to the North Country to sell drugs because they can fetch a higher price here."

Five Pennsylvanians Accused Of Conspiring To Distribute Heroin. The Times Leader (12/14) reported five people from Hazleton and Freeland "were indicted last week in connection with an alleged heroin distribution conspiracy that operated in the Hazleton area since January. … The charges stem from an investigation by the federal Drug Enforcement Administration and Pennsylvania State Police."

DEA Says Texas Drug Ring Smuggled Proceeds In Detergent Containers. On its Web site, KSAT-TV, San Antonio, Texas (12/14) reports a San

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Antonio-based cocaine-smuggling ring "has been put out of business by the Drug Enforcement Agency, resulting in the seizure of 210 kilograms of cocaine, $4.5 million in cash and arrests of 29 people, including an elementary school teacher and an elderly woman." DEA agent Joe Arabit "said that the ring had been in operation for the past few years and had its roots in San Antonio, Floresville and Eagle Pass." The drugs "were smuggled from Mexico and distributed throughout Texas, Tennessee and Ohio, Arabit said. The proceeds from the sale of the drugs were then smuggled in containers of powdered detergent and large buckets of construction material."

Five Canadians Face Charges For Roles In Drug-Smuggling Scheme. In Calgary, the Globe and Mail (12/14) reported a long-running international smuggling operation that "used small planes to ferry illegal drugs between Alberta and Montana has been dismantled by police, who said yesterday that five Canadians face charges in connection with the plot. The nine-month investigation, dubbed Project IDEA, resulted in the seizure of $5.2-million worth of drugs, including 500 kilograms of marijuana, 30 kilograms of cocaine, 9,000 tablets of diazepam and 210 vials of ketamine." Authorities "worked with the U.S. Drug Enforcement Agency and U.S. Immigration Customs Enforcement to crack what Insp. McCallum described as an 'independent' operation."

The Calgary Sun (12/14) reported the drugs "have a combined street value of $5.2 million and were all seized in the United States."

Marijuana Bust In New Hampshire Called Largest In State's History. In Concord, the Eagle Tribune (12/14) reported police "seized four local homes and millions of dollars worth of marijuana plants…in what officials are calling the largest bust of its kind in the state's history." Police said homes "were being used as labs to grow thousands of marijuana plants. … In all, 10 homes in nine New Hampshire towns were seized, six people were arrested and $24 million worth of marijuana was recovered. Local and state police descended on the homes simultaneously…in the culmination of an investigation that included the U.S. Attorney's Office, the state Attorney General, Immigration and Customs Enforcement and the Drug Enforcement Administration."

Manchester's Union Leader (12/15) reports Chau Kelley, a board member with the Vietnamese Community of New Hampshire, "said a growing number of law-abiding Vietnamese immigrants in New Hampshire have become aware of organized crime rings in their midst. This week, as investigators orchestrated what may be the largest marijuana seizure in the state's history, those fears seemed to be confirmed. Law enforcement officials uncovered a massive drug ring Wednesday, confiscating $24 million worth of marijuana plants from 10 upscale homes along the Interstate 93 corridor. Most of the homeowners had Vietnamese last names."

Man Accused Of Transporting Tons Of Marijuana Captured In Arizona. KVOA-TV, Tucson (12/15) reports on its Web site that DEA agents say they've "captured a high-profile drug runner right here in Tucson. His name is Carlos Molinares Nunez, and agents say he's responsible for moving tons and tons of marijuana through the Naco and Sasabe corridor." DEA officials "say his arrest has eliminated a significant source of supply for other drug trafficking organizations within the U.S. Molinares reportedly distributed marijuana from California to Florida."

DEA Agent Says California Dispensary Sells Marijuana For Nonmedical Use. In Oakland, the Daily Review (12/14) reported the owner and manager arrested in Tuesday's federal raid on the Local Patients Cooperative "were released on bond after their first court appearance Wednesday." According to the Daily Review, DEA agent Kenny Lee's affidavit says, "I believe that Hayward Local Patients Co-op attempts to disguise the breadth of its criminal activity by claiming that it caters exclusively to persons suffering from medical illnesses, when in fact persons without any medical condition can purchase marijuana ... at the retail establishment."

The Oakland (CA) Tribune (12/14, Richman) reported agents "arrested the two Tuesday on suspicion of conspiracy, marijuana distribution, and maintaining drug-involved premises. Drug Enforcement Administration and Internal Revenue Service agents raided the Foothill Boulevard cooperative and each suspect's home."

Michigan Doctor Released On Bond In Painkiller Case. The Toledo (OH) Blade (12/14) reported a suburban Detroit physician "accused of illegally prescribing painkillers to patients at his Toledo practice was released from federal custody…on a $500,000 property bond. U.S. District Judge James Carr allowed the release of Dr. Leo M. Ognen during a detention hearing in Toledo. … Ognen was indicted last week on drug conspiracy and drug distribution charges for writing prescriptions for millions of dollars worth of painkillers. The charges stem from a Drug Enforcement Administration investigation and search of the physician's former office…and a Toledo home owned by him and his wife."

Mexican Embassy Identifies Man Killed At Hospital As Drug Cartel Member. The El Paso

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Times (12/15) reports a man who "narrowly survived a street shooting in Juárez only to be followed by his attackers inside a hospital and killed Tuesday was one of the men who was videotaped unloading drugs from a crashed SUV during a standoff in Hudspeth County in January. César Alonso Gándara Reyes, 30, was first shot at...in a neighborhood near the Zaragoza Bridge on Tuesday afternoon, Juárez police said. He was transported to the Clínica Zaragoza…by someone who quickly left the hospital. While Gándara was being treated for his wounds, a group of men pretending to be police officers shot him on a gurney." According to the Times, Gándara was identified on the Mexican Embassy Web site as a member of the Escajeda family, a cell of the Juárez drug cartel. Thursday, DEA officials "said they had no information about Gándara's death."

IMMIGRATION:

Minneapolis Spot Known For Fake IDs Open In Spite Of Raids. The AP (12/14) reported a spot in Minneapolis "notorious for the sales of fake identifications was open for business this week despite the message immigration enforcers hoped to send with the recent high-profile raid on a Worthington meat packing plant. Even the New York Times reported last summer on the spot - the parking lot of the Kmart department store on Lake Street - and when a reporter for Minnesota Public Radio went there he found four young men with fake IDs to sell." A young man who spoke on condition of anonymity said the ICE raid "wouldn't slow down the trade in fake IDs because thousands of people will move in to replace those who were arrested."

Scholar Says Immigration Laws Create "Impossible Situation" For Employers. Tamar Jacoby, a senior fellow at the Manhattan Institute, in an op-ed in the Washington Post (12/15, A35, 690K) writes that while ICE's worksite immigration raids of six Swift & Co. meatpacking plants Tuesday could be seen as "perfectly justified," there is one "catch: Swift has been trying for years to comply with our poorly conceived immigration laws, coping as best it could with an impossible situation. Like a driver who finally goes through a broken traffic light, the company and its workers aren't the problem -- the system is." Jacoby continues, "Don't misunderstand: Swift is no band of saints. Everyone involved -- the company, its workers, the US government -- knows that the kind of compliance required to pass muster today is a charade. But it is a charade our dysfunctional immigration system has all but forced the firm and its workers to play."

Report About Illegals' Effect On Texas Economy Prompts Debate. The Washington Post (12/15, A2, Fears, 690K) reports Texas State Comptroller Carole Keeton Strayhorn's recent finding that "Illegal immigrants not only pay their fair share in taxes, but…are also good for the economy" has "sparked "a war of words over illegal immigration" in the state. State Rep. Leo Berman, "who introduced legislation that would bar Texas from recognizing children born to illegal immigrants in American hospitals as US citizens, called the report 'outrageous.'" The Post adds, "An official state document that contradicts the idea that immigrants are a financial burden can carry considerable weight as Democrats take control of Congress, and as potential candidates consider their options in the 2008 presidential election."

Immigration Laws Said To Create "Impossible Situation" For Employers. Tamar Jacoby, a senior fellow at the Manhattan Institute, in an op-ed in the Washington Post (12/15, A35, 690K) writes that while ICE's worksite immigration raids of six Swift & Co. meatpacking plants Tuesday could be seen as "perfectly justified," there is one "catch: Swift has been trying for years to comply with our poorly conceived immigration laws, coping as best it could with an impossible situation. Like a driver who finally goes through a broken traffic light, the company and its workers aren't the problem -- the system is." Jacoby continues, "Don't misunderstand: Swift is no band of saints. Everyone involved -- the company, its workers, the US government -- knows that the kind of compliance required to pass muster today is a charade. But it is a charade our dysfunctional immigration system has all but forced the firm and its workers to play."

Congress To Take Another Look At Border Fence Legislation. Fox News (12/14, Porteus) reported on its website, "The 700-mile border fence Congress approved for construction in a session-ending deal was little more than a fast act of political cosmetics in an election year and may never come to fruition, say immigration advocates looking ahead to the Democratic-led 110th Congress." Rep. Bennie Thompson, who "will re-evaluate the border fence issue" as chairman of the House Homeland Security Committee, "has said that while a physical fence may be a good idea in some urban areas, the issue is broader than a physical barrier." Fox added, "The border fence has come under fire from Democrats and pro-immigration groups as well as some Republicans who say erecting a fence isn't a substitute for comprehensive immigration reform." Meanwhile, "Bush and Homeland Security Secretary Michael Chertoff have both signaled concern about the border fence, and are looking to technology for a more politically satisfying solution."

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CONGRESS-ADMINISTRATION:

Johnson Responsive After Brain Surgery. The AP (12/15, Jalonick, Raum) reports, "Democratic Sen. Tim Johnson remained in critical condition but was described as recovering and holding his wife's hand Thursday after emergency overnight surgery to repair bleeding inside his brain. … 'He has been appropriately responsive to both word and touch. No further surgical intervention has been required,' said the physician, Adm. John Eisold. He had said earlier, 'The senator is recovering without complication.'"

The CBS Evening News (12/14, story 3, 2:10, Attkisson, 7.66M) said "it's too early for a long-term prognosis," while ABC World News (12/14, story 3, 2:45, Gibson, 8.78M) reported "the political prognosis has Washington preoccupied." ABC (Tapper) added, "In the political arena, Democrats worry about their paper-thin Senate majority. 51 votes to 49. If Johnson's Senate seat becomes vacant, South Dakota's Republican Governor, Mike Rounds, would likely appoint a Republican to replace him, creating a 50-50 Senate with Vice President Cheney the tie breaker. The Republicans would again control the Senate." Along similar lines, the AP (12/15, Kuhnhenn) reports this morning, "Suddenly, the Democrats' grip on the Senate looks very tenuous indeed."

The Argus Leader (12/15, Harriman) reports "incoming Sen. Minority Leader Harry Reid, D-Nev., maintained a hopeful demeanor even as speculation was at its darkest Thursday morning before news that Johnson was regaining consciousness was widely distributed. Reid said he had visited Johnson in the hospital before and after surgery. '"To me, he looked good,' Reid said in a press conference and predicted a full recovery for Johnson." USA Today (12/15, Kiely, 2.27M) reports Reid also "said he is continuing to organize for a Senate run by his party. 'There isn't a thing that has changed,' said Reid."

The Wall Street Journal (12/15, A5, Rogers, Lueck, 2.04M) notes that "if Mr. Johnson is recovering but still hospitalized when the new Congress convenes in January, Democrats would retain a 50-49 majority and be able to organize under Mr. Reid." But "dates here mean less since, unlike the House, Senate rules permit that body to reorganize at a later date in the new Congress if the balance of power changes." On its website, meanwhile, Time (12/14, Tumulty, 4.03M) pondered the possibility of Republicans filibustering the organizing resolution" in January. That scenario, says Time, presents a "truly extraordinary possibility: a chamber with a new Democratic leader, but the existing set of Republican committee chairmen. That is because, until an organizing resolution is passed, incoming Majority Leader Harry Reid would have no control over the committees. "

However, politicians of both parties are refusing to speculate on that possibility. The New York Times (12/15, Zernike, 1.16M) reports "even some Republican lawmakers and aides criticized news coverage of Mr. Johnson's illness as ghoulish, saying it put too much emphasis on who would control the Senate and not enough on his health." Sen. Trent Lott "brushed off questions about procedures if the membership split 50-50," and Sen. Mitch McConnell "issued a statement titled 'The recovery of Senator Tim Johnson' -- emphasis on recovery. 'I know all my Senate colleagues join me in praying for Senator Johnson's full and speedy recovery,' he said. 'Our thoughts are with his wife, Barbara, and his family during this time.'" Democratic "aides said they had not received any Republican requests to discuss any power-sharing rules." On Fox News (12/14, MacCallum), Lott said, "In the end, while it may not appear like it sometimes, we are sort of a full Senate family. And we know each others' spouses, and we do have more of a bond than people realize. So we're all just shocked and hoping for the very best. … My expectation and hope is that Tim will recover fully and come back and we'll go to work. You know, I'd like to be in the majority, but I don't want to do it that way."

USA Today (12/15, Harriman, Kiely, 2.27M) reports "Johnson's office was filled Thursday with flowers and cards brought by a steady stream of well-wishers rooting for the senator's recovery from brain surgery. One card was delivered by Benjamin Ready, a field representative for Republican Sen. John Thune." The White House also wished Johnson a speedy recovery. The Washington Times (12/15, Hurt, 88K), McClatchy (12/15, Talev), Bloomberg (12/15, Roberts) and CQ (12/15) run similar stories.

Meanwhile, a number of news reports suggest a hypothetical long-term incapacitation would not necessarily lead to Johnson's departure from the Senate. The Chicago Tribune (12/15, Parsons, Manier, 617K) reports, "As long as a senator is alive, there is no way to legally remove him or her from office for health reasons, experts said." And the Los Angeles Times (12/15, Hook, 850K), in a story titled "Senate Is Loath To Remove Disabled Members," says that is "an enduring tradition in one of the world's most exclusive clubs: Never has the Senate forced its members out of office because they have become physically or mentally incapable of serving." That "hands-off protocol could be a big boon to Democrats."

ABC World News (12/14, story 4, 1:45, Stephanopoulos, 8.78M) reported "Republicans really are signaling that they're going to give" Johnson "all the time he needs to recover. They're not going to make a political issue, even if he's gone from the chamber for a long period of time. As one aide told me, 'He's family.'" The CBS Evening News (12/14, story 5, 1:20, Borger, 7.66M) also said "Republicans are staying very far away from the conversation about just who is going to control the Senate at least for now. As one

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Republican said to me, 'This is not the way we want to win back the Senate.'" NBC Nightly News (12/14, story 2, Reid, 9.87M), meanwhile, noted that "political scientist Sarah Binder says Johnson can keep his seat even if he becomes incapacitated." Sarah Binder: "South Dakota law, when it defines vacancy mentions vacancy caused by death, resignation, expulsion. It does not make any reference to incapacitated Senators." Reid: "In fact, since 1942, eight US Senators have been absent for months, even years, due to serious illness without resigning. One is still serving. Joe Biden of Delaware spent more than six months recovering from brain aneurysm surgery in 1988."

The Washington Post (12/15, A1, Babington, 690K) reports, "Although Johnson's illness was the talk of Washington yesterday, politicians in both parties refrained from publicly discussing how the two-term senator's illness might affect the incoming 110th Congress. A few Democratic lobbyists and their spouses were dining Wednesday night at Sesto Senso, an Italian restaurant near Dupont Circle. As they discussed Johnson's condition, they folded their hands as if praying for him, a gesture that appeared tinged with political as well as heartfelt sentiments."

Johnson is suffering from a condition called arteriovenous malformation, or AVM. The Washington Post (12/15, A4, Brown, 690K) reports "the experience of other people who have suffered bleeding from arteriovenous malformations inside the brain suggests that…Johnson…has at least a 50-50 chance of full recovery. … Many people harbor arteriovenous malformations (AVMs) unknowingly for decades. When they bleed, 10 to 15 percent of patients die within hours, 35 percent suffer permanent disability and about 50 percent recover more or less completely." The Wall Street Journal (12/15, A5, Lueck, 2.04M), in a similar assessment titled "Senator's Chances Are Mixed For Recovery From Rare Disorder," says that "if he regains function quickly after surgery, recovery might take only a month or so. If he doesn't bounce back quickly, prospects for recovery are more variable and uncertain, but can take six months to a year." USA Today (12/15, 1A, Kiely, 2.27M) notes "patients with Johnson's condition frequently require a second operation to remove the problem blood vessels, according Sean Grady, chief of neurosurgery at the University of Pennsylvania." Grady "said such operations 'can pose a very high risk' depending on where the damaged blood vessels are in the brain." The New York Times and Los Angeles Times (12/15, Maugh, 850K) also run features on AVM.

The CBS Evening News (12/14, story 4, 1:30, Couric, 7.66M) interviewed Dr. Jon Lappok, who said, "We don't know again the specifics of the Senator's situation, so we can't say anything about him, but in general, patients can make a complete and total recovery." NBC Nightly News (12/14, story 3, Williams, 9.87M) spoke to Dr. Nancy Snyderman, who said, "The first 24 hours are crucial for normal complications after any kind of brain surgery like this. I think people are really watching because this happened in the temporal lobe, the part of the brain where speech and understanding of words happen. Every minor change in the ability to understand, the ability to articulate words, those can be seen as monumental steps, not in the next couple of hours or days but in the next couple of months." The Los Angeles Times (12/15, Levey, 850K) reports that "because the senator made it through the operation without incident, his odds of survival are high, experts said. However, it is unclear whether or to what extent he might be afflicted with permanent impairment."

News stories this morning describe the senator as an assuming and independent lawmaker. The AP (12/15, Kellman) reports he is "a rare senator who almost never has sought the spotlight. Asked by a local columnist if he ever tires of being described as boring, Johnson replied: Not at all." But "long before the two-term senator's medical crisis this week, Johnson won national attention by keeping Democrats guessing about whether they could count on his vote. He bucked his party by being only one of three Democrats to vote to confirm Justice Samuel Alito's nomination to the Supreme Court. He voted to ban late-term abortions. He said yes to a constitutional amendment to ban flag burning, anathema to most in his party." And "then there was perhaps the defining vote of Johnson's career: whether to authorize the use of military force in Iraq. Johnson voted yes, though he had a very personal reason to vote no: his oldest son, Brooks. Then 32 and a staff sergeant with the Army's 101st Airborne Division, Brooks would be among the first sent to the region, Johnson knew." The New York Times (12/15, Davey, 1.16M) titles its profile of Johnson "An Unfamiliar Spotlight For An Unassuming Senator."

Bipartisan House Task Force To Consider Independent Ethics Enforcer. The AP (12/15, Werner) reports House leaders are "creating a bipartisan task force on whether to establish an independent ethics panel to police the House, Speaker-to-be Nancy Pelosi said Thursday." Pelosi said Minority Leader John Boehner "has agreed to the idea. The task force has not been set up yet, but it will be expected to report back in March, she said." Pelosi "offered no details on what the outside ethics group might look like, saying that would be up to the task force." Pelosi said, "There is no question that the ethics process in the last couple of years has lost the confidence of the American people. I'm hopeful that it's possible that we can have an outside entity that will restore that confidence." The AP adds the establishment of "a permanent outside enforcement entity has been a priority of ethics reformers, but such proposals have failed to become law in the past. In March, the Senate voted 67-30 to reject creation of an Office

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of Public Integrity to oversee ethics violations by lawmakers." Among the "no votes were incoming Senate Majority Leader Harry Reid, D-Nev., and Sen. Dianne Feinstein, D-Calif., who will head the Senate Rules Committee, which has jurisdiction over ethics and lobbying."

The Christian Science Monitor (12/15, Chaddock, 59K) reports, "Citing the mandate from voters in the midterm elections to clean up a culture of corruption," Pelosi "promised a sweeping reform agenda Thursday, including a first-ever 'outside enforcement mechanism' for congressional ethics." Other elements "unveiled this week include a ban on 'earmarks' or member projects for fiscal year 2007, a five-day congressional workweek to better process 'the people's business,' and a new oversight panel on intelligence along the lines proposed by the 9/11 Commission back in 2004." But even as House Democrats "try to burnish their image on ethics, they are being forced to work around the legal woes of their own members, including two in key positions." Rep. William Jefferson was reelected, but "Pelosi and the Democratic Steering Committee denied Mr. Jefferson his request to keep a seat on the powerful Ways and Means Committee, pending the outcome of a federal investigation." Rep. Alan Mollohan (D) of West Virginia is also "facing a federal investigation over earmarks he sponsored and profitable real estate deals."

Congressional Page Board Chairman Wants Monthly Meetings. The AP (12/15, Thomas) reports the incoming chairman "of the congressional Page Board said Thursday he hopes the panel will meet monthly and expand its membership to help prevent another scandal." Democratic Rep. Dale Kildee, "who will become the panel's chairman when Democrats take control of the House next year, said the board should meet regularly with directors of the program's school and dormitory and those who supervise the students during their work in Congress." Kildee said, "I think it's a very, very good program and the problem with the program was not the pages — it was a member and those who should have been more vigilant when this thing broke." The AP adds Kildee said "he supports incoming House Speaker Nancy Pelosi's call reform of the program. Pelosi said Monday she intends to introduce legislation early in the new Congress to increase oversight of the page program, require regular board meetings and add a parent of a current and a former page to the board."

Pelosi Says GOP To Get Only One Chance To Amend Top Democratic Bills. The Wall Street Journal/Dow Jones Newswires (12/15, Godfrey) reports incoming Speaker Nancy Pelosi said House Republicans will "be given only one chance to amend or debate a plan to curb oil and gas subsidies and other Democratic priorities." Legislation "cutting subsidies to oil and gas producers is one of Democrats' top six priorities for their first 100 hours in power. Pelosi said Thursday that the oil and gas legislation along with bills cutting student loan interest rates and requiring the government to negotiate prescription drug prices for Medicare would not go through the normal legislative process." Normally, legislation is "subjected to hearings and then considered by the committees of jurisdiction before being brought to the House floor. Pelosi said Thursday that because the measures are well known and have been voted upon in the past, the bills would be brought directly to the House floor for a vote." Republicans would be "given only one chance to amend the bill through a procedural maneuver known as a motion to recommit, Pelosi said."

Republicans Failed To Enact Environmental Priorities In 109th Congress. The Los Angeles Times (12/15, Boxall, 850K) reports, "If ever there was a Congress in which Republicans were positioned to remake the nation's environmental laws, it was the 109th. But by the time the session ended last week, the GOP's environmental agenda had been largely thwarted." Whether it "was rewriting the Endangered Species Act, opening up most of the nation's coastline to oil and gas drilling, or selling off public lands in the West, Republicans failed to enact a range of ambitious proposals." Though Republicans "came close to opening up Alaska's Arctic National Wildlife Refuge to oil drilling, the goal eluded them."

Fitzgerald Doesn't Disclose If Cheney Is On Witness List For Libby Trial. The AP (12/15, Apuzzo) reports special prosecutor Patrick Fitzgerald said "he does not expect any government officials to refuse to testify in the CIA leak trial, but he did not specifically say whether Vice President Dick Cheney or other top White House officials were on his witness list." Attorneys for Cheney's former chief of staff, I. Lewis "Scooter" Libby, "meanwhile, told a judge that two unidentified reporters may resist testifying on Libby's behalf in the case. The attorneys predicted the issue would be resolved before trial, however." Cheney has "said he may be called as a witness. If so, prosecutors could ask how the White House responded to those criticisms. Cheney was upset by Wilson's comments, Fitzgerald has said, and told Libby that Plame worked for the CIA." That conversation is "a key to Fitzgerald's perjury case. Libby testified that he learned about Plame's job from a reporter." Cheney could "also help prosecutors undermine Libby's defense that he was so preoccupied with national security matters, he forgot details about the less-important Plame issue. Prosecutors argue that Plame was a key concern of the vice president, and thus would have been important to Libby." Government officials "and journalists will be the key witnesses in the trial, which is scheduled to begin next month. Former New York

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Times reporter Judith Miller and NBC News Washington bureau chief Tim Russert are expected to be prosecution witnesses and Libby's lawyers said in court papers Thursday that several reporters will testify on Libby's behalf." Attorneys also said "they'd subpoenaed for the tape of Washington Post reporter Bob Woodward's interview with former Deputy Secretary of State Richard Armitage. Armitage has admitted he discussed Plame's job with Woodward in 2003 but said it was a passing, inadvertent comment."

Healthcare Bill Included Special Provisions Sought By Congressional Leaders. The New York Times (12/15, Pear, 1.16M) reports that by "slipping four sentences into a big bill passed last week, Speaker J. Dennis Hastert secured a major change in Medicare policy avidly sought by a few health insurers, in particular a multinational company with headquarters in his home state, Illinois." In the "final hours of the 109th Congress, the Senate Democratic leader, Harry Reid of Nevada, also got special treatment for a hospice in his state. The bill did not name the hospice, but specified the Medicare provider number for the intended beneficiary, the Nathan Adelson Hospice in rural Pahrump, Nev." Rep. Bill Thomas "inserted a provision earmarking $40 million for a valley fever vaccine sought by his constituents, while the Senate Republican leader, Bill Frist of Tennessee, obtained tens of millions of dollars for hospitals in his state." The Times adds, "These examples illustrate how power is exercised in the final, chaotic hours before Congress adjourns. Obscure provisions of interest to just a few lawmakers were quietly stuffed into a grab bag of legislation, with no indication of their parentage or purpose."

Black Caucus Urges Democratic Leaders To Hire More Minorities. The Washington Times (12/15, DeBose, 88K) reports the Congressional Black Caucus "has asked Democratic leaders to hire more minorities to work for House committees and on lawmakers' staffs, saying the dearth of diversity on Capitol Hill is a problem." In a letter "to House Speaker-elect Nancy Pelosi and the leaders of the Democratic Steering Committee, the CBC said the party must increase the number of minorities working for committees and subcommittees, which will be controlled by Democrats." Outgoing CBC Chairman Melvin Watt said the "hiring of black, Hispanic, Asian and other minority staffers has 'been a major problem' for years," adding, "All you have to do is look at the composition of committees, subcommittees and leadership staffs." The Times adds, "Committee staffers who spoke with The Washington Times on the condition of anonymity said that fewer than 50 minorities are among the hundreds of committee staffers." That number "does not include staff members of the black, Hispanic or Asian and Pacific Islander caucuses."

Chertoff Says FEMA's Post-Katrina Reform Not Done. The AP (12/15, Lumpkin) reports Homeland Security Secretary Michael Chertoff "delivered a backhanded slap Thursday at one of his agencies, saying it should not allow red tape to interfere with helping disaster victims." Chertoff, who "listed the Hurricane Katrina response as one of the 'transformative experiences' for the Federal Emergency Management Agency, said there is 'a lot more work to do' even though FEMA has been 'retooled.'" Chertoff noted "there still are 'tens of thousands of people who suffer the lingering effects' of last year's hurricane." Chertoff said, "We have to make sure that FEMA does not become so enmeshed in its own bureaucratic processes sometimes that they lose sight of the need to have simple commonsense and humanity in dealing with the public."

Dow Reaches New Record High. ABC World News (12/14, story 8, 0:20, Gibson, 8.78M) reported, "On Wall Street, another record high. Strong, quarterly profits, reported today from investment banking companies and a drop in jobless claims boosted optimism. The Dow was up more than 99 points to close at 12,416. And on the NASDAQ, stocks were up 21 points [to close at 2,453.85]." NBC Nightly News (12/14, story 7, Williams, 9.87M) also noted "the Dow end of year rally soaring into new record territory." The Washington Post/AP (12/15, D5), USA Today and Wall Street Journal (12/15, C1, Browning, 2.04M), among other sources, run similar reports this morning.

Prices For Imported Goods Climb 0.2%. The Wall Street Journal (12/15, Bater, 2.04M) reports US import prices "rose for the first time in three months in November despite a drop in petroleum costs." Prices for "imported goods rose 0.2%, after falling 2.3% in October and 2.2% in September, the Labor Department said Thursday. Economists surveyed by Dow Jones Newswires had expected November import prices would slip by 0.1%." In annual terms, "import prices increased 1.2% from November 2005, compared with the 6.4% a year earlier."

OPEC Plans To Reduce Output Starting In February. The Financial Times (12/15, Crooks, Mahtani, Hoyos) reports OPEC "yesterday moved to reassert its power over oil prices by agreeing to cut production early next year in spite of rising concerns over tightening world crude markets." OPEC "ministers meeting in Abuja agreed to cut output by 500,000 barrels a day from February 1." In a statement, the cartel "said the cut was justified on the basis that there was 'more than ample crude supply, high stocks levels and increasing spare capacity' in the market."

The New York Times (12/15, Mouawad, 1.16M) adds that OPEC's planned 2 percent reduction in output is "the group's second production cut in two months and its

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strongest indication yet that it would seek to keep oil prices above $60 a barrel next year." OPEC "had already agreed to a 4 percent production cut in October to prop up prices." The group also "said Angola would join the group next year, becoming its first new member since 1975. Angola, Africa's fastest-growing oil exporter, is a powerful addition to OPEC."

The Wall Street Journal (12/15, A2, Bahree, 2.04M) says OPEC's decision sends "a strong signal that it will try to prevent oil prices from sliding further." But "[t]he real impact of the cartel's latest output move on oil markets remains unclear. The big unknown is whether members of [OPEC] will actually implement the decision ... . Some OPEC officials say that will depend on demand in the next two months, the level of prices and the amount of oil held in inventories in major consumer countries." The Journal adds, "Oil prices rose yesterday, with light, sweet crude for January delivery up $1.14, or 1.9%, to $62.51 a barrel on the New York Mercantile Exchange."

The Washington Post/Bloomberg (12/15, D4, Critchlow, Pals) reports OPEC "is attempting to revive prices that have slid about 21 percent from a July record of $78.40 a barrel in New York. The cuts take effect about seven weeks before the end of the Northern Hemisphere winter, when demand for heating fuels typically starts to decline."

Large Majorities Support Stricter Fuel-Efficiency Requirements. The Wall Street Journal's (12/15, A4, Harwood) "Washington Wire" column reports a poll's finding that "87% of Democrats, 76% of independents and 74% of Republicans back requirements for more fuel efficiency even if that raises auto prices. That complicates auto makers' ability to mount filibuster against bipartisan Senate bill, sponsored by Democrat Obama and Republican Lugar, to raise CAFE standards." But "[i]ndustry may have better luck in the House, where Democratic powers Dingell and Hoyer call CAFE outmoded; they back tax incentives for auto makers and buyers as an alternative."

Friedman Urges Bush To Return To "Green" Texas Roots. In his New York Times (12/15, 1.16M) column, Thomas L. Friedman writes, "Which politician launched the Texas wind industry? Answer: Former Gov., now President, George W. Bush." Friedman says he is baffled at "how the same man who initiated one of the most effective renewable energy programs in America, has presided over an administration that for six years has dragged its feet on alternative energy, used its regulatory powers to weaken efficiency standards for major appliances and stuck its head in the sand on global warming." Friedman writes that the only way for Bush to salvage his legacy "is to get back in touch with [his] green Texas roots and devote the rest of [his] term to REALLY ending America's oil addiction, liberating us from dependence on petro-authoritarian regimes and making America the leader in renewable energies that combat climate change."

Trade Agency Clears Way For Some Steel Import Tariffs To End. The Wall Street Journal (12/15, Hitt, Glader, Spector, 2.04M) reports, "Decisions that signal the end of many U.S. steel tariffs promise struggling auto makers a boost, and reflect a shift in the political and economic fortunes of these two pillars of the U.S. economy." Heavy-equipment makers "will also benefit from a separate ruling yesterday by the U.S. International Trade Commission that clears the way for tariffs to lapse on cut-to-length plate steel from 11 countries." The end to tariffs "on corrosion-resistant steel essential to car making from Australia, Canada, France and Japan will benefit auto makers. Tariffs remain in place for the same type of steel from Germany and South Korea." Domestic steelmakers, "which have long received favored treatment in Washington, were surprised by the ruling. In addition, they face several more ITC reviews in coming months on products such as hot-rolled steel product, pipe and tubular goods as well as concrete-reinforcing bar, which is used in construction. Some oil companies also are said to be lining up to lobby for an elimination of tariffs on pipe and tubular goods."

Obama Not Interested In Being "Un-Hillary" Candidate. The Chicago Tribune (12/15, Pearson, 617K) reports that on the "cusp of a historic decision over whether to run for the White House, Sen. Barack Obama said Thursday that he believed he would be a 'viable candidate' for president who could move the nation beyond the generational politics that have defined the last 40 years." In a meeting with the Tribune editorial board, Obama said, "I wouldn't run if I didn't think I could win." The Tribune adds Obama "articulated a rationale for his potential candidacy, confidence in his ability to win and an assessment of potential opponents -- both Democrat and Republican." Obama said that he "would reveal his decision in January, following a two-week family vacation that returns him to his roots in Hawaii, setting an extraordinary arc for a politician who a little more than two years ago was a state senator toiling in Springfield." But Obama said "he viewed hype over his potential candidacy as 'transitory' and not something that would dictate his decision. He said he had no real concerns about his ability to put together a staff and raise the tens of millions of dollars he would need to wage a campaign against his potential opponents, including Democratic Sen. Hillary Rodham Clinton of New York." Asked for "his assessment of Clinton, Obama said, 'I think she'd be a capable president. She has gone through some battles that, in some cases unfairly, have created a perception about her that is different from how I am perceived.'" Obama said, "however, that he had no interest in

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being what he called 'the un-Hillary' -- a reference to serving as a standard bearer for Democrats looking for an alternative to Clinton." Speaking of "a potential match up with McCain, Obama said he was under no illusions how a GOP presidential campaign would be run against him. 'War hero against snot-nosed rookie,' Obama said."

CSMonitor Says Obama Not Ideology-Free. The Christian Science Monitor (12/15, 59K) notes in an editorial that Obama said "he's become a 'symbol' of voters' desire for 'something new.' Such self-deprecation could be sincere sentiment - or it could be skilled political rhetoric. It doesn't matter which, though, because the words of the junior senator from Illinois are true." People "don't know much about this Democratic fresh face; he's too inexperienced to have a long political track record. But they're obviously responding positively to what he symbolizes: a call to reach across the partisan and ideological divide in America." But it's "not as if Obama is stripped of ideology. He's pro-choice, pro- affirmative action, and supports 'universal' health care - traditional Democratic causes. The National Journal, a nonpartisan publication, gave him an 82.5 liberalism rating, higher than Sen. Clinton (79.8)."

Commission Calls For Major Changes To US Education System. Yesterday's report by the Commission on the Skills of the American Workforce received widespread, mostly positive, newspaper coverage but little TV coverage. Most stories mentioned proposals to test tenth-graders for college readiness, to offer universal pre-kindergarten and to raise teacher salaries. The CBS Evening News (12/14, story 10, 2:40, Couric, 7.66M) reported, "Forget No Child Left Behind; a lot of our children are being left behind by students in other nations." The commission "blames sub-par schools, and it's calling for a major course correction." CBS (Assuras) added, the report proposes "a radical overhaul to stream all students to college" and "schools could be run by groups of teachers or private companies. All four-year-olds and all low-income three-year-olds would enroll in universal pre-K, and high school students should be prepared to pass college-level board exams by age 16."

The AP (12/15, Zuckerbrod) focused on proposals for giving exams to tenth graders to determine whether they would "go on to community college or stay in school and study for more advanced tests that could earn them a place at a four-year college;" increasing teacher pay; and placing "independent contractors in charge of operating schools."

The New York Times (12/15, Herszenhorn, 1.16M) called it "a far-reaching redesign of the United States education system that would include having schools operated by independent contractors and giving states, rather than local districts, control over school financing." The commission was noted for having "two former federal education secretaries…two former labor secretaries…and an array of other luminaries." It "rethinks American schooling from top to bottom" and "was quickly hailed by some as a potentially groundbreaking document." But "the national teachers' unions were apprehensive."

The Washington Post (12/15, A11, Haynes, 690K) reports the commission "proposed dramatic changes that would shake up American public education in an effort to make the nation more competitive globally" at an estimated cost of "about $60 billion." The Post identified "the most controversial recommendations" as "empowering school districts to sign contracts with companies and teachers to run the schools…and forcing teachers to give up pensions in exchange for large pay increases." The Post also noted that the commission was "funded by the Annie E. Casey Foundation, the Bill and Melinda Gates Foundation, the William and Flora Hewlett Foundation and the Lumina Foundation for Education."

The Chicago Tribune (12/15, Olszewski, Rado, 617K) says the recommendations would "end America's four-year high school and replace it with a more European-style model." But "unlike in Europe…teens would be encouraged to retake the exam to be developed by each state until they pass it."

The Christian Science Monitor (12/15, Paulson, 59K) reports that the commission warns that "many Americans are in danger of falling behind and seeing their standard of living plummet." It described major proposals while mentioning that they are "likely to encounter opposition."

Miller, Kennedy To Consider Proposals. The Wall Street Journal (12/15, A4, Tomsho, 2.04M) reports the commission argues that "to preserve its living standard, the U.S. must undertake a radical overhaul of its education system." CA7 Rep. George Miller, incoming chairman of the House Education and Workforce Committee, said that "some" of the proposals "should get serious attention in the next Congress." The report "also sparked immediate opposition" from "some educators" and "major teacher unions."

Bloomberg (12/15, Basken) reports, "The Gates Foundation and other sponsoring groups may pay states to help implement it." The report "faces opposition from teacher unions." But "congressional leaders from both parties, including the incoming Democratic chairman of the House and Senate education committees, Representative George Miller of California and Senator Edward Kennedy of Massachusetts, also praised the ambitiousness of the recommendations and promised to consider them." U.S. Secretary of Education Margaret Spellings "hasn't yet studied the report."

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DARPA's Neuroscience Research Seen As Cause For Concern. The Wall Street Journal (12/15, Begley, 2.04M) reports the Pentagon's Defense Advanced Research Projects Agency, or Darpa, as "part of its mission to maintain U.S. military superiority 'by sponsoring revolutionary, high-payoff research,' the agency has expanded into neuroscience. Can the folks who brought you the Internet also bring you ways to look into brains -- and do you want them to?" Darpa has "good reason to fund neuroscience. Discoveries and new technologies such as noninvasive imaging to detect what the mind is doing might help analysts, pilots and grunts process and react better to barrages of data, and allow real-time assessment of head injuries on the battlefield. Brain-computer interfaces in which thoughts are electronically translated into signals that operate a computer or prosthetic limb might improve rehab for soldiers suffering grievous injuries." But as with "other 'dual use' technologies, however, the findings and gizmos born of Darpa's brain research may well find their way into civilian life, and in ways that trouble some ethicists." Jonathan Moreno of the University of Virginia, a former adviser on biodefense to the Department of Homeland Security, said, "There are reasons to be concerned about what uses these discoveries might be put to."

OTHER NEWS:

Local Elections Test Of Support For Ahmadinejad. The AP (12/15, Karimi) reports local elections to be held in Iran today are "expected to be a first test of support for hard-line President Mahmoud Ahmadinejad since he took office more than a year ago." Ahmadinejad "could face dissatisfaction among conservatives, some of whom feel he has been too caught up in confrontations with the West and has failed to deal with Iran's struggling economy." Meanwhile, reformers are "hoping the vote will show popular support on which to rebuild." However, participation in that vote was expected to be low "since there is very little difference among the candidates, who are carefully selected by Guardian Council, an election watchdog controlled by hard-liners."

NYTimes Says Holocaust Conference Is Reminder Rogues Should Not Be Underestimated. In an editorial, the New York Times (12/15, 1.16M) says this week's conference in Iran "of Holocaust deniers and racists was, predictably, a circus of Holocaust denial and racism argued by discredited scholars and even the former Ku Klux Klan leader, David Duke. But one should never underestimate the political power of these vicious ideas, even among supposedly respectable people across the Middle East and beyond." The Times notes that Ahmadinejad's claim that the Holocaust is "a myth ginned up to justify the creation of the state of Israel" is "frightening enough," but "couple that with his calls to wipe Israel off the map and his government's -- so far unrestrained -- drive to develop the technology needed to build a nuclear weapon, and you have even more reasons to keep yourself up at night."

Israel Bars Haniya From Entering Gaza With Cash. The New York Times (12/15, A3, Myre, 1.16M) reports in "a bizarre standoff that lasted more than seven hours on Thursday," Israel barred Palestinian Prime Minister Ismail Haniya from returning home to the Gaza Strip, "saying he was carrying tens of millions of dollars in cash that could be used for terrorist attacks." Haniya was finally allowed to cross from Egypt into the southern Gaza Strip late Thursday night, "but only after leaving the money with Hamas officials who stayed behind in Egypt." During his "lengthy wait," angry members of his Hamas party "shot up the Rafah border terminal, clashing first with Palestinian security forces on one side of the border and later with Egyptian security officials on the other side." It was not clear how much money Haniya was carrying, though the Israeli news media estimated it "at $35 million and said it had been packed in suitcases."

The Washington Post (12/15, A28, Wilson, 690K) notes the US has "threatened sanctions against any country or group that uses bank transfers to send money to Hamas," so officials have "resorted to carrying cash into Gaza in suitcases, a financing method that has embarrassed Israeli officials who hope the boycott weakens the movement and brings a change in the Palestinian government." The Financial Times (12/15, Devi) reports Haniya was "carrying $35 million in cash, believed to be part of the $350 million he raised during a regional tour that took in Iran, Syria and Qatar."

The AP (12/15, Barzak) says Thursday's "unrest was likely to strain the US-brokered deal that turned over control of the crossing to the Palestinians" last year.

Israeli Court Sanctions Targeted Killings. The Chicago Tribune (12/15, Greenberg, 617K) reports, "Sanctioning one of the most controversial tactics used by Israel in its conflict with the Palestinians, the Israeli Supreme Court on Thursday upheld the army's policy of targeted killing of militants but said the legality of each attack had to be determined case-by-case." The court "declined to issue a blanket ban on the practice, frequently used by the Israelis during six years of fighting with the Palestinians. Some human-rights groups have called the tactic execution without trial and a violation of international law." The Washington Post (12/15, A1, Wilson, 690K) says "the unanimous decision departs little from guidelines the military says it already follows in carrying out 'targeted killings,'" but "it does say commanders should allow an independent investigation to

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follow each assassination and recommends that the military compensate 'innocent civilians' harmed in the operation."

Lebanon's Shiites Question Hezbollah's Control. The Christian Science Monitor (12/15, Blanford, 59K) reports this month's protests in Beirut are "the most visible evidence" that Hezbollah is "now the undisputed representative of the country's Shiite community. Yet some of the party's coreligionists have started to publicly question Hezbollah's political monopoly," expressing concerns that "its ambitious gambit to topple the Western-backed government is intended to benefit backers in Iran and Syria and will be detrimental to the long-term interests of Shiites." Although Shiite "voices of dissent are few," the "are gaining more attention at a time when Lebanon is serving as a battleground in the emerging struggle between Iran and its regional allies…and the Sunni-dominated Arab world led by Saudi Arabia and Egypt."

LATimes Urges US To Stay Out Of Lebanese Politics. The Los Angeles Times (12/15, 850K) editorializes, "Two weeks ago, nobody was giving odds that Lebanese Prime Minister Fouad Siniora's government would survive the year." However, today "Siniora doesn't look much stronger, but his government is still in business, and the protesters have little to show for their efforts." The Times notes that "while Siniora's opponents attempt to dismiss him as a US puppet," it is "imperative" that the US not "make the mistake of sacrificing a shaky but functional democracy for token gestures at assistance in Iraq" as "consensus is beginning to form around the idea that negotiations with Syria are necessary."

Survey Shows "Sharp" Decline In US Standing In Mideast. The Washington Times (12/15, Pfeiffer, 88K) reports attitudes about the US have "deteriorated sharply" in the Middle East in the past two years, according to a new survey of five countries in the region. The survey -- conducted in Saudi Arabia, Egypt, Morocco, Jordan and Lebanon -- "without exception" found "a strong majority expressed unfavorable opinions of the United States" with the lowest level in Jordan, where only 5 percent said they had a favorable view of the US. Survey respondents "tend to distinguish between US policy and the American people, but that distinction appears to have eroded in the past four years," according to James Zogby, president of the Arab American Institute, for whom the survey was conducted. Zogby, who said he "first noticed a distinct shift in 2004," cautioned that in order for the US to accomplish its goals in the region "you need regional support."

Congress, Government Agencies Learning More About Islamic Culture. Separately, the Christian Science Monitor (12/15, MacDonald, 59K) reports that while "some in Congress may need a primer on Islamic extremists…other American institutions are already boning up -- especially when they have a stake in doing so." For example, the FBI "will emphasize Muslim culture when it expands introductory training for new agents from 18 to 21 weeks next month." However, "certain key sectors of US society also display a dangerous ignorance," Muslim advocates say, and "topping the list this month" is Rep. Silvestre Reyes (D) of Texas, the incoming chairman of the House Intelligence Committee," who in an interview with Congressional Quarterly last week "could identify the historic Sunni-Shiite split but didn't know that Al Qaeda is Sunni or that Hezbollah…is Shiite."

Propaganda Puts Pyongyang's Commitment To Talks In Question. The Wall Street Journal (12/15, A8, Ramstad, 2.04M) reports North Korean "propaganda" is "putting a renewed focus on pride in the country's new nuclear capability, a sign that suggests disarmament talks next week will make little progress, Pyongyang watchers say." Brian Myers, a specialist in North Korean propaganda based in Seoul, said during the pate month, signs appeared on the streets of Pyongyang with slogans such as "Revel in the pride of being a country in the Nuclear Club," which he calls "a sign that nuclear capability has become a tool for the government to galvanize support at a time when the country is suffering food shortages and economic decay." Myers, who is "sometimes consulted by US diplomats and military officials for his observations on North Korea," told the Journal, "You really have to admire these State Department people who do these negotiations and go through these grueling talks for days and weeks -- They haven't given up on them."

Similarly, McClatchy (12/15, Johnson) says Pyongyang is "digging in its heels before crucial nuclear talks rev up Monday, raising questions over whether it wants to buy time or is ready to negotiate in earnest." The "blustery talk" from Pyongyang "may be designed to bolster a negotiating position for the talks."

The Los Angeles Times (12/15, Magnier, 850K) says that North Korea "has an interest in avoiding a quick resolution," noting that "the longer it keeps the program intact, the more likely the world is to accept its status as a member of the nuclear club, as Pakistan and India discovered." Also by "extending talks beyond the 2008 US elections," it "could bring it a new negotiating partner, in the form of a new administration, that it might find easier to deal with."

Meanwhile, AFP (12/15) reports Pyongyang "may stage a second nuclear weapons test to strengthen its hand during upcoming negotiations on scrapping its nuclear program," South Korea's new defense minister warned. As a result, Kim Jang-Soo "ordered the 650,000-strong military to step up combat-readiness to deter possible aggression from the North."

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Rice Announces $1 Million Fund To Assist Human Rights Activists. The AP (12/15) reports Secretary of State Condoleezza Rice Thursday announced the State Department has established a $1 million emergency fund "to help cover such expenses as legal fees and medical bills for human rights activists." The department also "redefined US goals and expectations for international treatment of independent groups that promote democracy and human rights" in a 10-point statement of principles on NGOs. However, in "a slap at Russia, one principle says governments seeking to regulate the groups should aim to protect, not impede, their work." Russia was "not mentioned in literature the department handed out Thursday nor in Rice's brief remarks, but the United States has been concerned about a law passed this year that requires groups such as Amnesty International to register with the government."

The Washington Times (12/15, Kralev, 88K) notes that Rice also announced that, beginning next year, she will "bestow a Freedom Defenders Award on a foreign activist or nongovernmental organization and a Diplomacy for Freedom Award" on a US ambassador for "working to end tyranny and promote democracy."

Pentagon Seeks Creation Of New African Command. The AP (12/15, Jelinek) reports the Pentagon is recommending the creation of a new US military command for Africa," which is seen as having greater strategic importance to America since the start of the fight against terrorism." Officials say Africa also is "strategically more important because of increased efforts by China to involve itself and gain influence on the continent." Pentagon spokesman Bryan Whitman said a proposal has been sent to President Bush.

Egypt Arrests Opposition Leader After University Protest. The New York Times (12/15, A9, El-Naggar, 1.16M) reports Egypt Thursday arrested several leading members of the Muslim Brotherhood and more than 140 student members after a campus protest, saying the group "had formed what amounted to militant squads" that planned "acts of unrest." In a statement, Interior Ministry officials charged that the brotherhood had created what it called "deterrence committees," which were "trained in the arts of combat and provided with knives, sticks and chains, and appointed to start holding strikes and demonstrations and acts of unrest in the university."

Britain Abandons BAE-Saudi Bribery Probe. The Financial Times (12/15, A1, Adams, Boxell) reports on its front page that Britain was accused Thursday night of "caving in to intense pressure from Saudi Arabia" after Tony Blair's government intervened to end a Serious Fraud Office inquiry into bribery allegations against BAE Systems. The SFO's decision to abandon its investigation into the Al Yamamah oil-for-arms contracts "came under fierce attack from opposition peers and leading international lawyers." The decision was announced by Lord Goldsmith, the attorney-general, "on a day when the UK government appeared determined to rush out all its controversial news under the cover of the publication of a long-awaited police investigation into the death" of Princess Diana. The abandonment of the inquiry is "expected to save a multibillion-pound jet fighter contract with Riyadh and safeguard thousands of jobs."

King Abdullah's Son Rumored To Be Next Saudi Ambassador. The Washington Post's (12/15, A33) Al Kamen writes in his "In the Loop" column that "another name has emerged as a strong contender to become the next Saudi ambassador here" -- Mishal bin Abdullah, son of the Saudi king, who now serves at the United Nations in New York.

Bush Holds Malaria Summit. AFP (12/15, Knox) reports, "US President George W. Bush designated eight African countries as new beneficiaries of US aid to battle malaria, which kills one million people annually around the world." Bush added "Benin, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Mali and Zambia to his five-year, 1.2-billion-dollar President's Malaria Initiative (PMI) for Africa, bringing to 15 the number of countries covered." Bush, "speaking to US and African activists, civic leaders and government officials at a White House summit on the killer mosquito-borne disease, also proposed doubling US development aid to Africa by the end of the decade. 'This administration has doubled development aid to Africa during my presidency -- and I propose to double it again by the end of this decade,' he said." Also at the summit, First Lady Laura Bush "unveiled a 30-million-dollar plan to help African communities battle malaria by funding non-governmental organizations and civic and religious groups battling the disease."

The New York Times (12/15, Dugger, 1.16M) reports, "The top leaders of all the main malaria-fighting organizations -- from the World Health Organization to the World Bank, from the United States Agency for International Development to the Global Fund to Fight AIDS, Tuberculosis and Malaria, from the Bill & Melinda Gates Foundation to Unicef -- were at the forum, which the Bush administration titled the White House Summit on Malaria. They met for hours after the public session to plot strategy." Sen. Patrick J. Leahy, "a Vermont Democrat expected to lead the Senate appropriations subcommittee that oversees foreign aid, was at the forum and said he wanted to find a way to finance the administration's malaria program. 'We're trying to get the kind of money we spend in a day in Iraq,' he said.

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'Somewhere we've got to have our priorities right. It's a moral issue.'"

The Washington Times (12/15, Carter, 88K) quotes Bush saying, "It is possible to eliminate malaria. … We know exactly what it will take to prevent and treat the disease. ... It is not going to require a miracle. It requires smart, sustained effort."

On Fox News (12/14, MacCallum), First Lady Laura Bush discussed the problems she has seen firsthand in Africa. Mrs. Bush said, "They face many problems that developing countries face. And certainly pandemic disease is one of the worst things. Because of pandemic disease, schools don't have teachers because teachers have died, the economy is flat because workers aren't able to work because they're sick. And there are a lot of things that if we can eradicate diseases, like malaria, will help these countries in their development, in their economic development. And since malaria can be eradicated, all of us need to work together to make sure we do it."

US, Chinese Officials At Odds Over Yuan. The Washington Post (12/15, D1, Cha, 690K) reports, "US and Chinese leaders clashed publicly on the opening day of strategic economic talks, with Treasury Secretary Henry M. Paulson Jr. pushing China to revalue its currency and Chinese Vice Premier Wu Yi saying Americans do not have a full understanding of the situation. After standing by as US officials criticized her country's economic policies in the media during the past week, Wu set the tone for the meeting with assertive introductory remarks that spanned 20 typed pages and 5,000 years of Chinese history." Paulson "was equally aggressive in his follow-up speech, saying that the U.S. government's "strong view" is that China should allow its currency, the yuan, to be more flexible."

The Wall Street Journal (12/15, A2, Phillips, Batson, 2.04M) reports, "In the Great Hall of the People, under a painting of Chairman Mao Zedong and other revolutionary heroes, Chinese Vice Premier Wu Yi gave Treasury Secretary Henry Paulson and his delegation a history lesson about her country's struggles with poverty and foreign interference. American misconceptions about the Asian country aren't 'conducive' to good relations, she said as she opened two days of talks yesterday, according to the written text of the speech." Wu "reiterated longstanding Chinese complaints that foreign critics fail to grasp the extent of her country's huge economic and social challenges, from profound poverty to the waves of rural residents pouring into cities."

Ban Ki-moon Pledges Stronger Ties With US As New UN Chief. NBC Nightly News (12/14, story 6, , Williams, 9.87M) reported, "There has been a big change at the top at the United Nations here in New York. A South Korean, Ban Ki-Moon has been sworn in as the eighth secretary general in the history of the UN. He is the first Asian to lead the UN in 35 years. He replaces Kofi Annan who steps down at the end of this month after 10 years on the job."

The New York Times (12/15, A5, Hoge, 1.16M) reports that addressing the General Assembly hall after taking the oath, Ban "heaped praise" on Annan, "but in a subsequent news conference, he distanced himself from Mr. Annan's plea Monday that the United States return to a more multilateral foreign policy grounded in respect for international law." However, Ban acknowledged that the relationship between the United Nations and the United States had become "strained," but said that "in such a case it is very important to discuss, to resolve the difference of opinions, and I, as secretary general, will try to harmonize so that we can expect constructive contribution and participation of the United States." The AP (12/15, Lederer), AFP (12/15, Aziakou), Loa Angeles Times (12/15, Farley), Washington Post (12/15, A27, Lynch, 690K) and Washington Times (12/15, Pisik, 88K) also report the story.

Negroponte Says Castro Near Death. In an interview with the Washington Post (12/15, A23, DeYoung, 690K), Director of National Intelligence John Negroponte said Cuban President Fidel Castro is "very ill" and will not be alive "much longer...months, not years." Meanwhile, the Post notes that in a brief speech earlier this month, Raul Castro said Cuba is willing to open negotiations with the United States "to settle the long US-Cuba disagreement," but Assistant Secretary Shannon rejected that offer this week, telling reporters that the Bush administration will deal with Cuba "only when it shows a commitment to democracy."

Embargo Opponents Hope Democratic Congress Will Ease Restriction. McClatchy (12/15, Bachelet) reports the "Democrats' capture of Congress and Cuban leader Fidel Castro's illness have dramatically altered the battle lines over Cuba policy and given new hope to opponents of US sanctions." Congressional interest in Cuba is "growing" with six Democrats and four Republicans signing up for a trip Friday to Havana organized by the House International Relations Committee. However, "few observers expect Congress to end the trade embargo on Cuba anytime soon."

Cuba Vows To Defy US Reform Efforts. The AP (12/15, Arrington) reports Cuba "vowed to defy US efforts for economic and political change" in a front-page editorial Thursday in the Communist Party's newspaper, saying the US government "should not fool themselves." The newspaper also "criticized the American diplomatic mission in Havana for distributing books, medicine, clothes and shortwave radios to Cubans," saying the US Interests Section "acts like the central barracks of the counterrevolution."

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Poll Finds 1 In 4 Cubans Satisfied With Level Of Freedom. The AP (12/15, Klug) reports a new Gallup Poll released Thursday found "about one-quarter of Cubans interviewed in the island's two biggest cities are satisfied with their freedom to choose what they do with their lives." When asked about the job performance of Cuba's leaders, "about 40 percent of those surveyed said they disapproved." Gallup conducted the survey only in two cities" because of the difficulty in getting around the island" and cautioned that the results are "not meant to be representative of Cuba's more than 11 million citizens."

Lugovoi Denies Role In Poison Plot. The Wall Street Journal (12/15, A1, Cullison, 2.04M) reports on its front page that former Russian spy Andrei Lugovoi, who now finds himself at the center of the investigation in the death of Alexander Litvinenko, is "deeply offended by suggestions that he helped kill Mr. Litvinenko." In a series of recent interviews with the Journal, Lugovoi "said he is now undergoing tests for radiation poisoning" himself and calls the allegations "nonsense." He insists that his business "required him to travel to London more than a dozen times this year," during which he would visit with Litvinenko, "who at one time worked as a bodyguard for the tycoon." Although Scotland Yard detectives "have not been allowed to directly question" Lugovoi, he "says he spoke to Russian investigators for three hours, however, in the presence of British detectives," and has "waived his right to a lawyer, saying he's a victim, not a perpetrator."

Columnist Calls Chavez Victory An "Assault" On Democracy. Wall Street Journal (12/15, A21, 2.04M) columnist Mary Anastasia O'Grady writes Venezuelan President Hugo Chávez "has for eight years been heading a devoutly anti-American government and he is widely considered the region's heir apparent to Fidel. But be prepared for the Venezuelan bad boy to become even more menacing to the US now" that he has won "legitimacy" by going "through an electoral exercise." O'Grady calls his election an "assault on Venezuelan democracy," saying the country is "not a democracy by any definition and Mr. Chávez is sure to be a thorn in the side of democrats for years to come. But legitimizing his abuse of power, in face of all the evidence, only makes things worse."

Proliferation Expert Criticizes US Nuclear Policy. Hnery Sokolski, executive director of the Nonproliferation Policy Education Center, writes in the Wall Street Journal (12/15, A20, 2.04M) that the Bush administration "has condoned or backed nuclear expansion in India, China, Brazil, Argentina, South Africa, Ukraine, France, Britain, Japan and Australia. Because of this and previous US winking at the nuclear fuel-making activities of key US allies, our own State Department's lawyers now eagerly insist that all nations have a right under the Nuclear Nonproliferation Treaty (NPT) to make nuclear power and fuel. All that's required, they say, is that states claim their activities have some conceivable civilian application and open them to occasional international visits." Sokolski says the "risk of pursuing such egregious policies is obvious: A world full of nuclear fuel-making states, claiming they are on the right side of the NPT, only days or weeks from having bombs."

WPost Welcomes Calderon's Early Actions As President. In an editorial, the Washington Post (12/15, A34, 690K) says that "when Felipe Calderon took office as Mexican president two weeks ago, the dominant question was whether he would be able to govern the country." However, the Post says Calderon has "opened his presidency with aggressiveness and skill," and "so far…has accompanied his law-and-order campaign with populist gestures: He slashed his own salary and the presidential budget and adopted some of the social spending measures championed by Andres Manuel Lopez Obrador, the failed presidential candidate who now seeks to destroy Mexico's democracy."

Congress Urged To Grant Treaty Approval By Two-Thirds Majority. Former State Dept. officials David Kaye and K. Russell LaMotte and illustrator Peter Hoey write in the New York Times (12/15, Kaye, Lamotte, Hoey, 1.16M) that the Democratic Congress can "help reverse the steep erosion of America's standing abroad, particularly the impression that the United States has disengaged from global problem-solving," by making "an impact in one significant area: by giving the required two-thirds majority vote to approve a raft of treaties awaiting action." The Senate, they note, now has before it "more than two dozen treaties submitted for approval by President Bush and his predecessors — some, in fact, were negotiated as long ago as the Eisenhower administration." Approving treaties "from this list," they argue, would "make a "good start" in "repair[ing] America's image now, even while the Democratic Congress and the White House battle over the future of Iraq policy."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Skid Row Scams Cost Taxpayers Millions."
"His Atlantic Records Shaped Pop Music."
"Believing Is Seeing."
"Senate Looks Out For Its Own."

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"Breast Cancer Rates Fall."
"Army Is Stretched Too Thin."

USA Today:
"Malformation Caused Johnson's Bleeding."
"Gift Of Wreaths Touches Nation."
"Troops To Get Safer Garb."

New York Times:
"Reversing Trend, Big Drop Is Seen In Breast Cancer."
"U.S. Is Dropping Effort To Track If Visitors Leave."
"Legislators Vote For Gay Unions In New Jersey."
"From Head Scarf To Army Cap, Making A New Life."
"The Final Word On Diana's Death (Don't Bet on It)."
"Ill Senator Is Called Responsive."

Washington Post:
"Top U.S. General Says Army Will Need To Grow."
"Rice Says U.S. Won't Engage Iran, Syria."
"Some Metro Riders May Reach For Car Keys."
"Democratic Sen. Johnson In Stable Condition After Brain Surgery."
"Israeli High Court Backs Military On Its Policy Of 'Targeted Killings'."
"Kaine To Seek $500 Million In Bid To Alleviate Va.'s Traffic Ills."

Washington Times:
"'03 Sees Fall In Breast Cancer Rate."
"Minority Hiring On Hill Pushed."
"New York City Braces For Construction Chaos."
"Johnson 'Critical' After Surgery."
"Hanukkah Festivity Joins Methodist, Jewish Group."
"Israel Lets Haniyeh But Not The $35 Million."
"Computer-Free E-Mailing Attracts Low-Tech Seniors."

Detroit Free Press:
"Detroit Schools Dump 3 Tech Deals."
"Parties Aim For Primary In 2008."
"Hospitals Chase Down Million-Dollar Donors."
"Sales Rock For Instrument Of Tiger's Injury."
"US Breast Cancer Rates Fall Sharply."

Atlanta Journal-Constitution:
"Breats Cancer Decline A Shock."
"Flight Of Fancy."
"Democrats Forge Ahead As Senator Convalesces."
"Folks Wiped Off State Map Take Offense."

Houston Chronicle:
"Breast Cancer Rate Dropped With halt In Hormone Use."
"Catching Up With Tradition."
"State Discounts TAKS Cheating."
"After Tough, Inmate Is Cleared For Release."
"Close Door, Have A Seat, Pop A Cola."

Story Lineup From Last Night's Network News:
ABC: Breast Cancer Cases Decreasing; Breast Cancer Cases Decreasing-Analysis; Senator Johnson Critical Condition; Senator Johnson Condition-Analysis; Creating A Larger Army; Living In Baghdad; Missing Climbers-Oregon; Stock Market; Princess Diana Investigation; Ahmed Urdigan Obit; Honoring The Veterans.
CBS: Breast Cancer Cases Decreasing; Breast Cancer Cases Decreasing-Analysis; Senator Johnson Critical Condition; Arteriovenous Malformation-Analysis; Senate Balance Of Power; Missing Climbers-Oregon; Creating A Larger Army; Hussein Capture 3 Year Anniversary; Iraq Deadly Place; Education Reform; Ahmed Urdigan Obit; College Students Finding God.
NBC: Breast Cancer Cases Decreases; Senator Johnson Critical Condition; Arteriorvenous Malformation-Analysis; Creating A Larger Army; Laura Bush's Interview; New UN Secretary General; Stock Market; Princess Diana Investigation; Climate Change; Missing Climbers-Oregon; Honoring Our Veterans;

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — President and Mrs. Bush participate in a Ceremony for 2006 Recipients of the Presidential Medal of Freedom, East Room, The White House; participates in Armed Forces Full Honor Review in Honor of the Secretary of Defense, the Pentagon; participates in reception for the diplomatic corps, State Department; President and Mrs. Bush participate in Holiday Reception for the Diplomatic Corps, United States Department of State.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MEDICAL CARE _ 9:30 a.m. - 5 p.m. Brookings Institution holds a conference on the problem and potential solutions involving medical care, including antitrust rules. Highlights: 9:30 a.m. Session on changing technology, physician cuylture and variations in treatment, with Thomas Lee of Harvard Medical School, Elliott Fisher of Dartmount Medical School and Steven Shortell of the School of Public Health University of California, Berkeley. 11 a.m. Session on systemic reorganization, with James Mongan of Partners HealthCare Sytems, Denis Cortese of Mayo Clinic, and Jonathan Perlin of HCA. 12:45 p.m. Luncheon address - Leonard Schaeffer, CEO, North Bristol Partners. Keynote address - Mark McClellan. 3 p.m. Session on tools for change, with Katherine Baicker, member, Council of

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Economic Advisers, others. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. David Sutherland, commander of 3rd Brigade Combat Team, 1st Cavalry Division, will brief live from Iraq to give an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

PUBLIC DIPLOMACY _ 9:30 a.m. The Center for Strategic and International Studies and Business for Diplomatic Action hold a forum with Harris Diamond of Weber Shandwick, Gary Knell of Sesame Workshop, others. Location: B-1 conference level, 1800 K St. NW.

RX DRUG ADHERENCE _ 9:30 a.m. The National Community Pharmacists Association, in partnership with Pharmacists for the Protection of Patient Care, hold a press briefing to release of new national survey on consumers' behaviors relating to prescription medication. The survey reveals that three-fourths of patients have not taken their prescriptions as directed. Location: National Press Club, Murrow Room.

CONGRESS _ 10 a.m. New York University, The Brookings Institution and RAND Corp. hold a conference on Congress' institutional barriers toward legislating for the future. Participants include former Sen. Tom Daschle, former Rep. Bill Frenzel, Paul Light of NYU, Sarah Binder of Brookings, James Dewar of RAND, and Calvin Mackenzie of Colby College. Location: Brookings Institution, 1775 Massachusetts Ave. NW.

ENERGY INITIATIVE _ 10 a.m. Former Sen. John Breaux and past US Conference of Mayors President Beverly O'Neill hold a news conference to announce a coalition of energy consumer and producer groups committed to finding new solutions to the nation's energy challenges. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

ENERGY-NRC _ 10 a.m. Energy Daily, others, hold a media breakfast with NRC Chairman Dale Klein. Location: National Press Club.

UNIONS-GOODYEAR _ 10:30 a.m. AFL-CIO President John Sweeney and USW President Leo Gerard hold a telephone briefing to discuss the ongoing strike at Goodyear. Contacts: Steve Smith, 202-637-5142.

RAILROADS-HAZARDOUS MATERIALS _ 11:15 a.m. Department of Homeland Security Secretary Michael Chertoff and TSA Deputy Administrator Robert Jamison hold a press conference on a new rail security package targeting high risk hazardous materials in transit. Location: TSA Headquarters, East Building, Town Hall, 601 S. 12th St., Arlington, Va.

ISG _ 12 p.m. The Middle East Institute holds a panel discussion on inside perspectives on the Iraq Study Group, with Amb. David Mack, Paul Hughes and James Placke, all of whom were part of the ISG's Expert Working Group structure. Location: 1761 N St. NW.

HEALTH CARE _ 12:15 p.m. The Commonwealth Fund and the Alliance for Health Reform sponsor a briefing on the Medicare P4P provider demonstration projects, with Robert Berenson of the Urban Institute, Robert Galvin of General Electric, Alan Nelson of the American College of physicians, others. Location: Columbus Club, Union Station.

IRAN _ 12:30 p.m. - 2 p.m. The Center for American Progress hosts a forum, "The Coming Crisis with Iran: A Conversation About Political, Diplomatic, and Miltary Options." Featured Panelists: Thomas Pickering, U.S. Representative to the United Nations, 1989-1992, Under Secretary of State for Political Affairs, 1997-2001; and Flynt Leverett, Senior Fellow, New America Foundation; Sam Gardiner, Colonel, United States Air Force (retired) The event will be moderated by Joe Cirincione, Senior Vice President, Center for American Progress. Jeffrey Laurenti, Senior Fellow, The Century Foundation, will preside. The following expert white papers will be released: Gareth Smyth, Iranian Politics and Nuclear Confrontation; Barry Posen, A Nuclear Iran: A Difficult but not Impossible Policy Problem; Flynt Leverett, Dealing with Tehran: Assessing U.S. Diplomatic Options; Bruce Jentleson, Sanctions Against Iran: Key Issues; and Sam Gardiner, The End of the Summer of Diplomacy. Location: Center for American Progress, 1333 H St. NW.

RUMSFELD _ 1:15 p.m. Secretary of Defense Rumsfeld will be honored at an armed forces full honor parade. President Bush, Vice President Cheney and Chairman of the Joint Chiefs of Staff, Gen. Peter Pace, Marine Corps, will attend. Location: Mall Entrance Parade Field, Pentagon.

MALARIA _ 2:30 p.m. - 3:30 p.m. Bonnie McElveen-Hunter, chairman of the American Red Cross, along with the US Agency for International Development and the US Department of State, hosts a meeting of key players in the fight against malaria and will be available for interviews. Location: American Red Cross Board of Governors Hall, 430 17th St. NW.

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DOJ_NMG_0106582

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, December 15, 2006 8:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Friday, December 15, 2006
Attachments:	dojclips061215.pdf; dojclips061215.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 15, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Warns About Attacks If Ill Cleric Dies (NSDY)

By Carol Eisenberg, Newsday Washington Bureau

Long Island Newsday, December 15, 2006

The FBI is putting out a warning saying if the sickly, blind Egyptian helf in the 1993 WTC bombing dies, it could trigger attacks against the U.S.

WASHINGTON -- The blind Egyptian cleric convicted in 1995 in connection with a plot to blow up the World Trade Center suffered a "medical emergency" at a federal prison in Springfield, Mo., last week, and the FBI is warning that his death could trigger attacks against the United States.

Law enforcement and homeland security officials said an FBI advisory was sent about the deteriorating condition of Sheik Omar Abdel-Rahman, 68, "out of an abundance of caution," and there was no specific threat information about planned attacks.

Sources said that the man considered a spiritual leader to the Islamist radical movement was rushed to a Springfield hospital emergency room last week after spitting up blood. A tumor was found on his liver and he was diagnosed with terminal liver cancer, the sources said. The cleric is now "stable," and has been returned to the prison, according to Bureau of Prisons spokeswoman Traci Billingsley.

New York City Police Commissioner Ray Kelly said yesterday that the FBI had shared its assessment with his department, "and we'll take appropriate precautions as, you know, as our intelligence indicates."

Abdel-Rahman was convicted in October 1995 of being part of a wide-ranging conspiracy to blow up the World Trade Center, bomb the United Nations and kill Egypt's president.

"He is a man of great substance and following in parts of the Islamic world, and there is no doubt that his death will provoke an outpouring of both sympathy and anger," said Vincent Cannistraro, a terrorism expert and former director of intelligence

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programs for the National Security Council. "Will that translate into a terrorist event? It's possible. But the case is more likely to create spontaneous violence abroad."

He discounted the likelihood of such incidents in the United States because of the lack of what he called "a substantial Muslim fundamentalist constituency."

Abdel-Rahman has long suffered from ill health, including diabetes. As his condition deteriorated, he was moved from a maximum-security prison in Colorado to the U.S. Medical Center for Federal Prisoners in Springfield, Mo. Six years ago, al-Qaida released the cleric's purported "last will and testament" in which he exhorted his followers to "extract the most violent revenge" if he died in U.S. custody.

"His death could arguably inspire others, but I think that more than anything, this is a cautionary step," Frank Cilluffo, director of the Homeland Security Policy Institute at George Washington University, said of the advisory. "I think it comes from the recognition that some solutions aren't going to be out of the FBI, but from state and local authorities, and any information they have ... could be valuable."

Rep. Peter King (R-Seaford), chairman of the House Homeland Security Committee, said that it was the FBI's job to advise of developments, but "I don't think we should be overly concerned."

Staff writer Herb Lowe contributed to this story.

Jailed Sheik Has Tumor On Liver (NYDN)

New York Daily News, December 15, 2006

WASHINGTON - The notorious blind Egyptian sheik who led the first terrorist assault on New York City is "falling apart" and was recently hospitalized, federal officials said yesterday.

Sheik Omar Abdel-Rahman, the imprisoned Islamic cleric known as the Blind Sheik, was rushed from a federal prison hospital in Springfield, Mo., to an emergency room after he started "throwing up blood," according to an FBI intelligence bulletin obtained by the Daily News.

While under examination at St. John's Regional Health Center's trauma unit on Dec. 6 to stop bleeding in his esophagus, doctors "discovered a small tumor on his liver," the FBI said.

Abdel-Rahman is now stable and "is not at death's door," a U.S. official lamented.

"The guy is sick; he's falling apart," the official added.

He is also back in prison.

The FBI sent notice to police agencies Dec. 8 because Rahman has begged for revenge if he died in an America prison.

Abdel-Rahman was convicted a decade ago and is serving a life sentence for planning to destroy city landmarks. He issued a religious fatwa to kill Americans that was cited by Osama Bin Laden, whose original Sept. 11 plot involved hijacking jets to secure Abdel-Rahman's release.

James Gordon Meek

Sheik's Declining Health Puts FBI On Alert (USAT)

By Kevin Johnson

USA Today, December 15, 2006

WASHINGTON — The FBI issued a security alert to law enforcement agencies last week because of the declining health of imprisoned terrorism conspirator Omar Abdel-Rahman, the blind Egyptian cleric who once called for attacks on America if he died in U.S. custody, two federal law enforcement officials said Thursday.

Rahman, 68, who has ties to al-Qaeda and is widely known as the "Blind Sheik," was sentenced to life in prison in 1996 after being convicted of assisting a plot to attack New York City landmarks. He suffers from diabetes and has been held at the U.S. Medical Center for Federal Prisoners in Springfield, Mo., said the officials, who described the contents of the Dec. 8 bulletin. The officials requested anonymity because they are not authorized to speak publicly on the matter. Rahman has been in declining health almost since his conviction more than a decade ago.

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The officials said that there was no indication an attack on the USA is coming, but that the FBI bulletin was a reminder that Rahman had called on terrorist associates to seek "the most violent revenge" if he died in U.S. custody. His statement was part of his will, which was made public in 1998.

U.S. Bureau of Prisons spokeswoman Tracy Billingsley, said Thursday that Rahman was taken to an undisclosed hospital for treatment last week, but that his condition stabilized and he was returned to the prison hospital. She declined to elaborate on his condition, citing federal prison policy.

Rahman, who has been praised in recent years by al-Qaeda leader Osama bin Laden and his deputy, Ayman al-Zawahri, was convicted of taking part in a plot to assassinate political and religious leaders and blow up the United Nations and other landmarks in New York City. At his sentencing hearing in New York, Rahman called his case "an extension of the American war against Islam."

The sentencing came nearly two years after the convictions of four men in the 1993 World Trade Center bombing, which killed six people and injured more than 1,000. Conspirators in the terrorist plot linked to Rahman were not charged in the '93 bombing but were accused of being part of the group that carried it out. Rahman is regarded as the spiritual leader of the radical Islamic group Al-Gamaa al-Islamiya, a group based in Egypt that has claimed responsibility for a 1997 attack at a Luxor temple in protest of the sheik's confinement by the United States.

Sheik's Illness Prompts Bulletin (NYT)

By David Johnston

The New York Times, December 15, 2006

The hospitalization of Sheik Omar Abdel Rahman, who is serving a life sentence at a Missouri prison for his role in a 1993 plot to bomb New York City landmarks, prompted the authorities to issue a bulletin saying that he had urged his followers to engage in violence if he died in custody, law enforcement officials said. The officials said they had received no credible threats associated with Sheik Abdel Rahman, a 69-year-old blind Islamic cleric, but sent the advisory Dec. 8 as a precaution, two days after the sheik was transferred to a Springfield, Mo., hospital for a blood transfusion. A spokesman for the Bureau of Prisons declined to describe details of the sheik's medical problem or say how long he was hospitalized, but said he was returned to the prison when his condition stabilized.

Feds Find No Credible Terror Threats For Holiday (ABC News)

By Richard Esposito

ABC News' The Blotter, December 15, 2006

As the height of the holiday season approaches, the FBI and Department of Homeland Security say there are no known credible terrorist attacks in the making inside the United States, but crowded stores and New Year's celebrations remain attractive targets.

This was a key finding of a "Holiday Season Security Awareness" bulletin circulated Wednesday and obtained by ABCNews.com

"DHS and the FBI currently have no credible intelligence that terrorist organizations are planning attacks against the Homeland during the holiday period," the bulletin stated. "Attacks overseas and disrupted plots abroad continue to suggest a focus on attacks against lightly-defended targets or facilities with lower security profiles. We continue to urge vigilance during the holiday period and ask law enforcement and security personnel to report suspicious activity."

The report cited the Dec. 6 FBI arrest of Derrick Shareef on charges of plotting to detonate hand grenades at an Illinois shopping mall during the holiday season as a reminder of the potential threat.

In a separate security report, the Department of Homeland Security Infrastructure Threat and Risk Analysis Center noted a continued interest on the part of al Qaeda in attacking a national monument or icon. The world-renowned Statue of Liberty and Washington Monument continue to be at the top of that terror wish list, that report said.

Click Here for Full Blotter Coverage.

"DHS lacks credible, specific evidence suggesting any terrorist group currently is targeting national monuments and icons (NMI) assets," the strategic sector assessment report said.

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"Nonethess, al-Qa'ida remains a serious threat and desires another strike in the United States. An attack against NMI assets (National Monuments and Icons) meet its targeting strategy of causing mass casualties and economic and psychologic al damage and would further its strategic goals."

One of a series of sector analyses produced regularly by the Department of Homeland Security, the report notes that "other extremist groups and homegrown Islamic radicals whose views are informed and inspired by, but not necessarily linked to, al-Qa'ida also are a threat to the sector."

"Two sector assets, the Statue of Liberty and the Washington Monument, have featured prominently in detainee and threat reporting."

National monuments and landmarks make a uniquely attractive target, the report said, because they attract large crowds, have symbolic value and allow relatively easy access.

"The NMI sector is unique because of the diverse values its assets represent. The most devastating attack against a particular NMI target would likely cause mass casualties and destroy the symbolic structure. Even a less severe attack, however, would undermine the great value placed in an austere and unblemished monument or icon, especially those that symbolize freedom and safety."

Behind This Very Real Threat (NSDY)

By Carol Eisenberg, Newsday Washington Bureau

Long Island Newsday, December 15, 2006

WASHINGTON - The common denominator was salad. Over several weeks, hundreds of people reported falling ill with diarrhea and severe intestinal distress after eating leafy green vegetables at salad bars.

The time was September 1984, the place a small town in Oregon called The Dalles.

It took more than a year before investigators determined that 751 people had been sickened, not by accidental contamination, but as a result of deliberate poisoning in what would be the first documented case of bioterrorism in the United States. An obscure religious sect had sprayed Salmonella typhimurium on salad bars and drinking cups in 10 restaurants in an attempt to influence an upcoming election.

"That was probably the first bona fide case of a biological terrorist act in the U.S. in terms of intentional contamination of the food supply," said Peter Chalk, a RAND Corp. terrorism expert. "But there have been other cases of this around the world in terms of simple extortion, carried out by criminals against food companies, as well as by animal rights activists and environmental extremists."

While the U.S. food supply is among the world's safest, experts say it is vulnerable to deliberate, as well as accidental, contamination - a reality brought home by the deaths of three people and the sickening of hundreds as a result of tainted spinach, tomatoes and a still-unidentified food source at Taco Bell. The country's exposure to deliberate sabotage is increasing, moreover, as a result of the centralization of the food supply, growing foreign imports and the system's oversight by a "fragmented and problem-laden" national safety system, in the words of a 2003 report by the Government Accounting Office.

Increased preparations

"The threat from agroterrorism may not be widely recognized, but the threat is real and the impact could be devastating," said FBI Deputy Director John Pistole, speaking at a recent summit of law enforcement and agriculture officials.

Noting that documents about U.S. agriculture, which had been translated into Arabic, were discovered in Afghan caves, Pistole said that, while the FBI had no specific intelligence regarding attacks, "the absence of a communicated threat does not prove the absence of a threat."

Since the Sept. 11 attacks, national response plans to agroterrorism have been prepared by agencies, including the Department of Homeland Security, the FBI, the Food and Drug Administration and the U.S. Department of Agriculture.

Stepped-up planning and surveillance have also been spurred by analyses showing growing criminal interest in biological agents. Nineteen of 27 confirmed terrorist efforts to use such agents around the world, and 40 of 56 confirmed criminal cases, occurred in the 1990s, according to a study by W. Seth Carus for National Defense University in Washington, D.C..

But many say that recent contamination episodes are proof that such plans are inadequate.

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"What these incidents show is that the actual oversight of the food supply is questionable," said Chalk, the Rand expert. "One of the major problems is that we require only self-regulation of the food processing industry and that the FDA lacks sufficient inspectors and resources to do the job."

Opinion is divided

Those deficiencies become magnified by the food industry's growing centralization, which could make the introduction of even a small amount of poison devastating. Two Stanford researchers published a study last year concluding that just a third of an ounce of botulinum toxin poured into a milk tanker could cause hundreds of thousands of deaths.

"Food poisoning and food contamination have always been with us," said Michael Pollan, author of "The Omnivore's Dilemma: A Natural History of Four Meals." But it doesn't become a national story like this until it affects hundreds of people. ... If you really cared about national security and public health, you would take steps to promote decentralization of the food supply."

Others, however, discount the terrorist threat. They say an attack on the food supply simply doesn't produce the shock value - or in most cases, the casualties - of crashing planes into buildings.

"If your intent is to kill people, then you can do it in a lot more effective ways," said Jean Weese, a food scientist at Auburn University in Alabama.

Intentional food poisonings

Cases of intentional poisonings of the food supply:

2003: Ninety-two people fall ill after purchasing ground beef from a Michigan supermarket that was intentionally contaminated with nicotine. An employee of the supermarket was subsequently indicted for the contamination of 200 pounds of beef.

1997: Israeli settlers spray pesticides on grapevines in two Palestinian villages, destroying up to 17,000 metric tons of grapes.

1990s: Before using sarin nerve gas in the Tokyo subways in 1995, which killed 12 people and sickened thousands, Aum Shinrikyo produced biological agents including botulinum and anthrax, and tried unsuccessfully to use them. The group outfitted three vehicles to disseminate botulinum toxin, according to testimony by former members, one of which was targeted at the U.S. Navy base at Yokosuka. The effort is believed to have failed because the agents were not sufficiently virulent.

1984: The Rajneeshee cult spreads salmonella in salad bars at 10 restaurants in The Dalles, Ore., to influence a local election. Health officials say that 751 people were sickened and more than 40 hospitalized.

1978: Members of a group calling itself the Arab Revolutionary Council poison Israeli oranges with mercury, injuring at least 12 people and reducing exports by 40 percent.

SOURCE: CONGRESSIONAL RESEARCH REPORT,

"AGROTERRORISM: THREATS AND PREPAREDNESS"

Port Protectionism Doesn't Work (LAT)

The Los Angeles Times, December 15, 2006

SIX MEMBERS OF Congress traveled to the Dominican Republic on Sunday for a look at the future of U.S. port security. At Puerto Caucedo, east of Santo Domingo, they examined an X-ray scanning system for cargo containers. The port performing this cutting-edge work is operated by Dubai Ports World.

Yes, that's the same company that Congress thinks can't be trusted to run U.S. ports. Earlier this year, Dubai Ports World bought a British firm that operated several ports and cargo terminals in the U.S. Unfortunately for the company, the deal came during an election year when lawmakers were having chest-thumping contests to prove who was tougher on national security. Though Dubai Ports World is headquartered in the United Arab Emirates, one of this country's strongest Middle Eastern allies, the fact that the UAE is a Muslim country was apparently enough to prove to lawmakers that the deal would make U.S. ports unsafe. Dubai Ports World headed off congressional action by promising to sell its U.S. assets.

On Sunday, insurance giant American International Group agreed to buy the port operations. The lawmakers who spearheaded the xenophobic attacks on Dubai Ports World have since made a lot of self-congratulatory noises, but they have yet to explain why the Dubai company can be trusted to oversee foreign ports where cargo is screened before it's shipped to the

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U.S., but not ports in the U.S. itself. Nor is it clear why these U.S. port facilities are better off being owned by a financial services company.

Puerto Caucedo isn't the only Dubai Ports World facility where new security programs for U.S. cargo are performed. Last week, Homeland Security Secretary Michael Chertoff announced that, starting in February, six foreign ports will scan U.S.-bound cargo for nuclear materials. Of those, only three will scan 100% of U.S.-bound containers, and two of the three are operated by Dubai Ports World.

Ports all over the U.S. are facing a capacity crunch amid a flood of imports, especially from Asia. For East Coast ports — like the ones just purchased by AIG — this problem will worsen in the long run after the widening of the Panama Canal. At a time when ports need money to expand, the United States has sent a self-defeating message to foreign port operators that they aren't welcome to invest here. Three of the four biggest such companies in the world (including Dubai Ports World) are foreign owned.

The best thing about the AIG deal is that it closes the chapter on one of the most embarrassing fits of isolationist hysteria in recent U.S. history. Unfortunately, with a pack of protectionist Democrats about to enter Congress, there could be more bouts of hysteria on the way.

HOMELAND RESPONSE:

Pelosi Wants Panel To Oversee Spy Budget (USAT)

USA Today, December 15, 2006

House Speaker-designate Nancy Pelosi called Thursday for creation of a congressional panel that would oversee the administration's intelligence budget.

The California Democrat said the proposed intelligence oversight panel would be made up of lawmakers from the Appropriations Committee and the Select Committee on Intelligence, and would work within the Appropriations Committee.

Such a panel, Pelosi said, "makes oversight stronger and makes the American people safer."

Pelosi also said:

•Democratic and Republican leaders have agreed to form a bipartisan task force that will study whether an outside, independent panel on ethics should be created to police the House. Republican leader John Boehner of Ohio has agreed to the idea.

•House Democrats have six objectives they hope to accomplish in the first 100 hours after they return to work and assume control in January.

Those six: Ethics and lobbying overhaul, implementing the 9/11 Commission recommendations, raising the federal minimum wage, cutting interest rates on student loans, making health care more affordable and cutting subsidies to the oil industry.

Chertoff defends risk-assessment program

Homeland Security Secretary Michael Chertoff defended the government's computerized system for assessing international travelers as potential terrorists.

He said it is a legal effort "to make sure that we don't inconvenience the rights of most travelers" while focusing "on those people that do potentially pose a threat." Seven major U.S. and foreign travel industry associations said Wednesday that the "far-reaching and invasive screening of millions of business travelers" could harm the travel industry. Details of the 16-year-old system were made public last month.

Fund created for human rights activists

The State Department announced a $1 million emergency fund to help cover such expenses as legal fees and medical bills for human rights activists. The fund is meant to pay short-term bills for people who take great risks by defending human rights.

Secretary of State Condoleezza Rice also redefined U.S. expectations for how groups that promote democracy and human rights will be treated around the world. People should be free to join them and the groups should be free to act within international law, the State Department said.

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Pentagon wants an African command

The Pentagon is recommending to President Bush that a new U.S. military command for Africa be created, Pentagon spokesman Bryan Whitman said. Commanders believe Africa's strategic importance has risen in the age of terrorism and operations there should not be split among several commands.

House Democrats Planning New Intelligence Oversight (NYT)

By Carl Hulse

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — Responding to a recommendation from the Sept. 11 commission, the incoming House speaker, Nancy Pelosi, said Thursday that House Democrats would create a new type of committee to better scrutinize spending on the nation's intelligence efforts.

The select committee, which would include the lawmakers who set intelligence policy as well as those who oversee the intelligence budget, is intended to address a central commission finding that Congressional oversight of intelligence matters was dysfunctional and needed to be more centralized. The committee will review intelligence spending requests, conduct hearings, make financing recommendations and assess how the money is spent.

The initiative is the latest indication from the Democratic leadership that it intends to be aggressive in the opening weeks of Congress, when the party coming into power may have its best opportunity to push through major changes.

"It's with really some degree of excitement, frankly, that I make this proposal," said Ms. Pelosi, who served on both the Appropriations and Intelligence Committees. "I know it will make the American people safer."

After the Sept. 11 commission issued its report in 2004, the Republican-led Congress explored the idea of making in-house changes sought by the panel. But few were seriously pursued after lawmakers ran into the traditional resistance from senior members of Congress unwilling to surrender any authority.

The Democratic proposal, which would apply to the House only, does not go as far as the commission recommended, but one member of the panel welcomed it on Thursday as a substantive step.

"I think it is a creative, bold solution," said Timothy J. Roemer, a former Democratic congressman who served on the panel and consulted with lawmakers on the new committee. "You can't point to the F.B.I. to clean up its culture and ask the C.I.A. to improve human intelligence without cleaning up your own backyard."

In another major break with House practice, Ms. Pelosi also formally announced that Democrats, with Republican cooperation, would form a task force to study ways the House could establish an independent entity to enforce House ethics rules.

"There's no question that the ethics process in the past couple of years has lost the confidence of the American people," said Ms. Pelosi, referring to a string of corruption cases that drew little response from the internal ethics panel, which has members from both parties.

Earlier this week, the leadership also announced that it would not try to complete a series of spending bills left on the table by Republicans. This would result in the unusual stalling of thousands of pet projects sought by lawmakers.

The new intelligence committee would be established through proposed changes in House rules to be presented to lawmakers when the 110th Congress convenes on Jan. 4. Under the Democratic proposal, it would consist of members of the Intelligence Committee as well as the Appropriations Committee and make recommendations to the full Appropriations Committee.

Advocates of the approach say it should provide some "cross-pollination" that will lead to lawmakers' gaining more expertise and depth of knowledge about intelligence activities, giving them a greater ability to monitor operations and suggest changes.

Ms. Pelosi said the plan "removes the barriers between the House appropriators and authorizers, makes the oversight stronger."

"What we are doing, I think, is quite remarkable and new," she said.

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Representative John A. Boehner of Ohio, the Republican leader, was noncommittal about the intelligence plan. He said he would "take a look at her proposal and confer with my colleagues about it."

The proposal would have to be approved by the entire House. Democrats, if they are united on the plan, would be able to override even unanimous opposition from Republicans in the new Congress.

Mr. Boehner took the opportunity to take a jab at Ms. Pelosi, accusing her of backtracking on a high-profile campaign pledge to adopt all of the remaining recommendations of the commission that Republicans resisted. The commission, for instance, had proposed a new joint House-Senate intelligence panel.

But Ms. Pelosi said it would not be possible to follow all the ideas suggested and indicated that Democrats, after pushing through the new internal rules, would immediately turn to other commission recommendations.

"We'll go them one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach U.S. shores," she said.

Senate Democrats have been less enthusiastic about making such changes, but the House action could step up pressure for a new approach to intelligence matters across the Rotunda as well. Senator Harry Reid of Nevada, the Democratic leader, said last week that he would consult committee chairmen to see what recommendations could be enacted.

On the ethics task force, Democrats said its findings on an independent watchdog would be due March 15. Ms. Pelosi said the group should determine how such an enforcement arm might work.

Pelosi Announces Intelligence Plans (AP)

By Katherine Shrader

AP, December 15, 2006

Speaker-designate Nancy Pelosi on Thursday recommended creating a House panel to closely examine U.S. spy agencies' actions and spending, a step toward adopting all the proposals of the anti-terror Sept. 11 commission.

Pelosi, D-Calif., said the panel would "protect the American people with the best possible intelligence, recognizing the role that Congress plays in all of this."

It also would shake up long-standing power structures in Congress.

The Select Intelligence Oversight Panel would be part of the powerful Appropriations Committee and would draw its membership from that spending committee and the Select Committee on Intelligence.

Through a series of hearings, it would examine the president's intelligence budget, prepare the classified details to the annual defense spending bill and conduct oversight of the use of appropriated funds by intelligence agencies.

Pelosi's proposal does not follow the exact recommendation of the Sept. 11 commission. But it moves closer to the overhaul recommended two years ago when the commission found weaknesses in how Congress monitors the 16 intelligence agencies.

A Democratic member of the Sept. 11 commission — former Rep. Timothy Roemer of Indiana — said the change would achieve the commission's two major goals: forcing spy agencies to disclose more to Congress, which they often have ignored, and linking the expanded oversight to the power of the purse.

"This is a major step forward in terms of correcting some of the dysfunction on Capitol Hill," Roemer said.

The commission's Republican chairman, former New Jersey Gov. Thomas Kean, said Pelosi's plan was a helpful step. But, he added, "It depends very much who the chairman is and who the members are."

Yet Rep. John Boehner of Ohio, who will lead House Republicans next year, was lukewarm about the proposal. "I appreciate the incoming speaker's efforts to reach out to Republicans in hopes of continuing to improve congressional oversight of America's intelligence systems," Boehner said in a statement.

The full House will have to approve Pelosi's proposal. It was one of six she outlined Thursday as her priorities for the first 100 legislative hours of the new Congress that convenes in January.

The others are ethics and lobbying overhaul; raising the federal minimum wage; cutting interest rates on student loans; making health care more affordable; and cutting subsidies to the oil industry.

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It also is not clear if the Senate would create a similar intelligence committee, which would be needed to avoid awkwardness as the two chambers work together on intelligence spending bills.

Incoming Senate Majority Leader Harry Reid, D-Nev., and other senators are reviewing Pelosi's proposal in the context of the Sept. 11 commission's recommendations, said his spokesman, Jim Manley.

U.S. intelligence agencies will continue to work closely with Congress, should it create the new panels, said Ross Feinstein, a spokesman for National Intelligence Director John Negroponte.

In late 2004, the Republican-controlled Congress put in place many post-Sept. 11 changes with a law that created a national intelligence director and other changes. Some of the most vexing recommendations were put aside.

Pelosi has pledged to improve on Republican efforts.

"We'll go them one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach U.S. shores," Pelosi said.

Less than 10 percent of cargo containers arriving at seaports are physically inspected. The Bush administration has said other security measures will permit officials to screen 100 percent of incoming containers — by checking each container's origin, destination and purported contents to see whether anything raises suspicions.

"By the end of next year, we expect to have virtually all containers coming into the U.S. screened through radiation portal monitors," Homeland Security Secretary Michael Chertoff said Thursday.

The potency of Pelosi's proposed overhaul will not be known until the Democrats go public with their legislation next year. For now, Pelosi is looking internally at how Congress will do its work.

The classified nature of intelligence spending creates risks that improper spending will go undetected. That became apparent this year when former Rep. Randy "Duke" Cunningham, R-Calif., was convicted of taking bribes in return for using classified legislation to steer government contracts to favored companies. Cunningham was a member of both the intelligence and appropriations committees.

In 2004, the Sept. 11 commission found widespread dissatisfaction with the way Congress oversees spy agencies, saying the current committee structure lacked the muscle to reign in spending.

The commission suggested two alternatives: form a joint House and Senate intelligence committee or create committees in each chamber that conduct the oversight and allocate money for the spy agencies.

Tweaking the second option, Pelosi would create an intelligence oversight subcommittee within the Appropriations Committee, rather than establishing a new stand-alone panel.

The success of her plan depends on her colleagues, some of whom would have to cede more control to Pelosi's new panel.

"Few things are more difficult to change in Washington than congressional committee jurisdictions and prerogatives," the Sept. 11 commission wrote. "To a member, these assignments are almost as important as the map of his or her congressional district."

New Panel To Check Intelligence Budgets (WT)

By Christina Bellantoni

The Washington Times, December 15, 2006

Speaker-elect Nancy Pelosi yesterday said intelligence budgets would get an extra layer of congressional oversight, giving Democrats opportunity to curb the scope of some of President Bush's programs.

Mrs. Pelosi said Democrats will create a select intelligence oversight panel that will function within the House Appropriations Committee.

The panel will be responsible for crafting the classified portion of the Defense Department's budget and will allow the lawmakers who authorize spy programs to have an additional role in funding them.

The California Democrat promised that the panel will hold hearings on the president's intelligence budget, which includes funding for the CIA and National Security Agency.

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The Permanent Select Committee on Intelligence now is the only panel that handles intelligence policy, and funds are allocated through the Appropriations defense subcommittee. Democrats propose bridging the two committees, creating a separate panel with a few members from each.

"I know it will make the American people safer," Mrs. Pelosi said.

The new panel, for example, could adjust funding for the NSA's wiretapping program, which many Democrats oppose, and oversee intelligence agencies' use of the funds.

The bipartisan National Commission on Terrorist Attacks Upon the United States said oversight would have helped avoid many of the intelligence failures leading up to the September 11 attacks.

It also called the intelligence agencies "too complex and secret," and lamented a shortage of oversight.

"Even the most basic information about how much money is actually allocated to or within the intelligence community, and most of its key components is shrouded from public view," the September 11 commission's report said.

Mrs. Pelosi, who has served on both the intelligence and appropriations panels, has long advocated transparency in intelligence agencies.

A Republican appropriations aide, however, said the intelligence budgets must remain secret to prevent enemies from becoming aware of U.S. spy programs.

A transparent budget could signal to enemies, for example, large procurements such as satellite systems. The aide said "one or two" appropriations staffers now have "need-to-know" access.

September 11 commission member John F. Lehman, a Republican former Navy secretary, said the plan to eliminate disconnect seems to be "a very good move in the right direction."

Former Rep. Timothy J. Roemer, an Indiana Democrat who served on the September 11 commission, said the idea is "creative" and "a major step forward" to meeting the panel's goals.

Incoming House Minority Leader John A. Boehner, Ohio Republican, said he is analyzing and discussing Mrs. Pelosi's plan with his colleagues.

Mr. Boehner will recommend which Republican members will serve on the panel, but Mrs. Pelosi has final appointment power. The chairmen and ranking members of both the full Appropriations Committee and the defense subcommittee will serve as ex-officio members of the new panel.

Pelosi Looks To Boost Oversight Of Intelligence And Ethics (WP)

By Jonathan Weisman

The Washington Post, December 15, 2006

House Speaker-elect Nancy Pelosi announced yesterday that she will create a new panel within the Appropriations Committee to oversee the nation's intelligence agencies and a House task force to examine establishing an outside ethics panel.

The twin moves demonstrated the delicate balance that Pelosi (D-Calif.) is trying to strike to maintain her political power while fulfilling the promises of the Democrats' successful 2006 campaign. Both decisions fall short of recommendations coming from the bipartisan commission that examined the attacks of Sept. 11, 2001, and from ethics groups. But they go well beyond what Republicans were willing to do while they controlled Congress and beyond even what some Democrats were anticipating in recent weeks.

"I think it's a significant step forward on improving oversight and a major step forward on correcting the dysfunction on Capitol Hill," former congressman Timothy J. Roemer (D-Ind.), a member of the Sept. 11 commission, said of the intelligence plan.

In 2004, the commission urged Congress either to create a House-Senate intelligence panel or grant the House and Senate intelligence committees the power not only to oversee the nation's intelligence agencies but also to fund them and shape intelligence policy. The intelligence committees' gains would come at the expense of the Armed Services committees and the Appropriations panels' defense subcommittees, which now control intelligence spending. But, the commissioners said,

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intelligence agencies were routinely ignoring the intelligence committees because those panels did not have the power of the purse.

Appropriators, led by Rep. John P. Murtha (D-Pa.), a Pelosi ally and the incoming chairman of the Appropriations defense subcommittee, strongly objected to any efforts to strip them of jurisdiction over the intelligence budget. Democratic sources on the Appropriations, intelligence and Armed Services committees said last month that Pelosi was leaning toward establishing a panel to examine options for reorganizing the House along the lines suggested by the Sept. 11 commission.

But news reports on the issue emboldened commissioners and families of Sept. 11 victims to renew their push for stronger congressional oversight on intelligence. So Pelosi found a middle ground: Members of her intelligence oversight panel would come from both the intelligence and Appropriations committees, and would have the tasks of overseeing the intelligence agencies and drafting their budgets. Those budgets, however, would be folded into the larger annual defense spending bill, which would still be under the jurisdiction of Murtha's subcommittee and the larger House Appropriations Committee.

The plan "removes the barriers between the House appropriators and authorizers, makes the oversight stronger and makes the American people safer," Pelosi said.

Incoming Senate Majority Leader Harry M. Reid (D-Nev.) would not promise to follow suit.

"We will work with key senators to carefully examine the House proposal as part of our larger discussion about the best ways to ensure implementation of the spirit and letter of the 9/11 commission's recommendations," said Reid spokesman Jim Manley.

Similarly, proposals to establish an outside panel of experts to examine ethics complaints have met staunch opposition from ethics committee members, who say they should be expected to do their job. Rep. Martin T. Meehan (Mass.), one of the Democrats' point men on the ethics package that will come to a vote in January, said last week that an outside panel would not be part of the initial wave of ethics rules but could come up later.

Pelosi put some weight behind that yesterday, saying she and Rep. John A. Boehner (R-Ohio), the incoming House minority leader, would create a panel to report back by late March on an outside panel.

Joan Claybrook, president of the watchdog group Public Citizen, said she is sympathetic to the internal politics involved. But she added that the panel "worries me enormously," saying "I think they ought to bite the bullet" and create an independent Office of Public Integrity now.

Aides close to Pelosi said that by creating such an investigatory panel, she is all but ensuring she will push for an outside group, possibly of former House members and judges, to examine ethics complaints and watch over ethics committee efforts.

Democratic leaders circulated their proposed rules changes yesterday ahead of a conference call with House Democrats. They include a ban on gifts and travel from lobbyists, preapproval from the ethics committee on all lawmakers' travel funded by outside groups, a ban on the use of corporate jets, and mandatory ethics training. Under the rules package, Republicans would be guaranteed some votes on amendments. Members would be given extra time to read bills before a vote is scheduled, and votes could no longer be held open indefinitely while House leaders twist arms to win passage.

House-Senate negotiating conferences would be opened somewhat, and provisions could no longer be sneaked into final agreements after the negotiations are closed.

On budget matters, rules would be reinstated saying tax cuts or spending increases would have to be offset by tax hikes or spending cuts to ensure the deficit does not expand. Special parliamentary rules that prohibit filibusters in the Senate could no longer be used on legislation that expands the budget deficit, a slap at Republicans who used such rules to pass successive waves of large tax cuts. And home-district pet projects, known as earmarks, would have to be claimed by their sponsors, who would have to certify that the earmarks would not benefit them or their spouses.

Pelosi Wants New House Committee To Oversee Spy Spending (AP)

By Katherine Shrader

The AP, December 15, 2006

DOJ_NMG_0106597

WASHINGTON -- Speaker-designate Nancy Pelosi on Thursday recommended creating a House panel to closely examine U.S. spy agencies' actions and spending, a step toward adopting all the proposals of the anti-terror Sept. 11 commission.

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It also would shake up long-standing power structures in Congress.

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The others are ethics and lobbying overhaul; raising the federal minimum wage; cutting interest rates on student loans; making health care more affordable; and cutting subsidies to the oil industry.

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Homeland Security Chief Defends Real ID Plan (CNET)

By Anne Broache

CNET News.com, December 15, 2006

WASHINGTON--U.S. Department of Homeland Security Secretary Michael Chertoff on Thursday defended forthcoming national ID cards as vital for security and consistent with privacy rights.

Chertoff said one of his agency's top goals next year is to forge ahead with recommendations for the controversial documents established by a federal law called the Real ID Act in May 2005. By 2008, Americans may be required to present such federally approved cards--which must be electronically readable--to travel on an airplane, open a bank account or take advantage of myriad government services such as Social Security.

Credit: DHS Michael Chertoff

"I think this is an example (of) when security and privacy go hand in hand," the Homeland Security chief said in a half-hour speech at George Washington University here. "It is a win-win for both."

The importance of such documents was magnified by an announcement Wednesday, Chertoff said. Federal authorities reported that they had made more than 1,200 arrests related to immigration violations and unmasked criminal organizations stealing and trafficking in genuine birth certificates and Social Security cards belonging to U.S. citizens.

"Do you think your privacy is better protected if someone can walk around with phony docs with your name and your Social Security number, or is your privacy better protected if you have the confidence that the identification relied upon is in fact reliable and uniquely tied to a single individual?" Chertoff asked rhetorically.

The upcoming federally approved IDs are intended to be a secure, tamperproof means of protecting Americans' identities while keeping out terrorists and other wrongdoers, Chertoff said.

The Homeland Security chief, who is nearing his two-year mark with the agency, was likely trying to quell rampant skepticism about the IDs voiced by some privacy advocates, immigrants and other groups. Some have said they fear that the IDs are a stepping stone to a veritable police state, complete with ready surveillance of individuals.

Some have argued that the idea of creating more tamperproof IDs is only a marginally better way to screen out those intent on committing terrorist acts because ID cards don't even begin to tackle a core crime prevention challenge: determining a person's unspoken intentions.

State governments have also been critical of the 2008 deadline and what they have said amounts to an unfunded mandate to switch over their systems. A September study released by the National Governors Association, National Conference of State Legislatures and American Association of Motor Vehicle Administrators estimated that the overhaul of their identification systems (PDF) would cost states more than $11 billion over five years. The New Hampshire state legislature even considered passing a law earlier this year that would prohibit the state from complying with the federal Real ID law.

Government Proposes Rail Security Plan (AP)

By Leslie Miller

AP, December 15, 2006

DOJ_NMG_0106599

A government proposal to prevent terrorists from attacking trains would require railroads to inspect rail cars and keep them in secure areas when not in use.

The plan, to be announced Friday, would affect freight and passenger rail systems.

The Homeland Security Department's proposal falls short of the more stringent measures proposed by Democratic lawmakers who are set to take control of Congress next month.

The incoming chairman of the House Homeland Security Committee indicated Congress may impose stricter requirements than those proposed by the Bush administration.

"I am not convinced that all of the security gaps plaguing our current hazmat transport system will be filled by this proposal," said Rep. Bennie Thompson, D-Miss.

A major concern is that terrorists would attack or sabotage a rail car filled with poisonous chemicals, which would spread quickly and kill thousands.

The proposal would give the Transportation Security Administration authority to inspect railroads, rail yards and mass transit rail systems, according to documents obtained by The Associated Press from a person involved in the rulemaking process.

The 708 railroads affected would have to designate a rail security coordinator to receive intelligence from the government, and would have to report significant security concerns and potential threats.

The proposal also would require receivers of hazardous materials to keep the rail car in a secure area until it is unloaded. Freight railroads would have to report the location of a rail car when requested by the government.

The plan does not match what at least nine cities have proposed — rerouting around densely populated areas trains that are carrying hazardous material.

The District of Columbia passed a law in 2005 banning hazardous material shipments within 2.2 miles of the Capitol. CSX Transportation sued; the case is pending.

"The only significant risk reduction is rerouting," said Fred Millar, a consultant to the city council in the nation's capital. "Anything short of rerouting isn't serious."

The rail industry fears that other cities would follow Washington's lead if the city prevails. Eight other cities have introduced legislation to ban hazardous shipments.

Railroads say forcing trains to take longer, circuitous routes would create a safety hazard by increasing the likelihood of an accident.

The Federal Railroad Administration has met with freight railroads in an effort to come up with voluntary efforts to secure hazardous materials.

TSA chief Kip Hawley previously was a senior executive with Union Pacific.

The eight cities that introduced legislation to require trains carrying hazardous material be rerouted around them, according to Millar, are Chicago, Boston, Philadelphia, Albany and Buffalo, N.Y., Cleveland, Baltimore and St. Louis.

Tighter Rule On Hazardous Rail Cargo Is Ready (NYT)

By Matthew L. Wald

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — Seeking to make rail shipments of chlorine and other hazardous chemicals less vulnerable to attack, the Homeland Security Department intends to announce a proposed rule on Friday to require railroads to track continuously tanker cars of "toxic inhalation hazards" and bar them from leaving the cars unattended or parked for long periods.

The proposal would also clarify how government workers inspect tank cars and railyards for compliance, establish rules on the chain of custody and handoff of dangerous cargoes and set communications requirements.

Each year, the railroads carry 1.7 million shipments of hazardous materials, of which 100,000 are toxic chemicals prone to become airborne in an accident. About 80 percent of the shipments that can become poison gases are chlorine, for purifying water and other applications, or anhydrous ammonia, for fertilizer.

DOJ_NMG_0106600

An official of the Homeland Security Department provided details of the plan on the condition that he not be identified further, because it has not been published. The plan is to be open for public comment for 60 days.

Among other changes, each railroad would have to have a round-the-clock security coordinator to receive tips on threats to cargoes and immediately inform the government of details like the location of cargo.

Many high-hazard cargoes move through densely populated areas, and some cities would like to ban them. The District of Columbia adopted an ordinance in February 2005 that requires permits for "ultra-hazardous materials," including explosives, flammable liquids like liquefied petroleum gas, toxic solids and toxic gases, from an area extending 2.2 miles from the Capitol.

CSX, which operates a stretch of tracks between the Federal buildings just south of the Mall, challenged the ordinance in court as unduly burdensome to interstate commerce. Enforcement has been blocked while the case works its way through the federal courts.

Fred Millar, a consultant to the City Council who drafted the ordinance, said eight cities were weighing similar rules: Albany, Baltimore, Boston, Buffalo, Chicago, Cleveland, Philadelphia and St. Louis.

The new rule would not address routes. Such rules would be sensible, Mr. Millar said, but railroads did not like them because they might be forced to give business to one another.

Officials say that the Transportation Department is considering rules on routes that could be published soon.

The domestic security proposal is that carriers would have to establish security zones around affected rail cars parked, loaded or unloaded in urban areas.

More than five years after the Sept. 11 terrorist attacks, few federal rules specifically try to prevent terrorists from attacking materials on the rails. Train crews carry manifests showing what they carry and where, and placards on tank cars identify the contents.

The coded placards identify the contents to emergency responders and anybody else with a readily available emergency response handbook.

U.S. Is Dropping Effort To Track If Visitors Leave (NYT)

By Rachel L. Swarns And Eric Lipton

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — In a major blow to the Bush administration's efforts to secure borders, domestic security officials have for now given up on plans to develop a facial or fingerprint recognition system to determine whether a vast majority of foreign visitors leave the country, officials say.

Domestic security officials had described the system, known as U.S. Visit, as critical to security and important in efforts to curb illegal immigration. Similarly, one-third of the overall total of illegal immigrants are believed to have overstayed their visas, a Congressional report says.

Tracking visitors took on particular urgency after the Sept. 11 terrorist attacks, when it became clear that some of the hijackers had remained in the country after their visas had expired.

But in recent days, officials at the Homeland Security Department have conceded that they lack the financing and technology to meet their deadline to have exit-monitoring systems at the 50 busiest land border crossings by next December. A vast majority of foreign visitors enter and exit by land from Mexico and Canada, and the policy shift means that officials will remain unable to track the departures.

A report released on Thursday by the Government Accountability Office, the nonpartisan investigative arm of Congress, restated those findings, reporting that the administration believes that it will take 5 to 10 years to develop technology that might allow for a cost-effective departure system.

Domestic security officials, who have allocated $1.7 billion since the 2003 fiscal year to track arrivals and departures, argue that creating the program with the existing technology would be prohibitively expensive.

They say it would require additional employees, new buildings and roads at border crossings, and would probably hamper the vital flow of commerce across those borders.

Congress ordered the creation of such a system in 1996.

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In an interview last week, the assistant secretary for homeland security policy, Stewart A. Baker, estimated that an exit system at the land borders would cost "tens of billions of dollars" and said the department had concluded that such a program was not feasible, at least for the time being.

"It is a pretty daunting set of costs, both for the U.S. government and the economy," Mr. Stewart said. "Congress has said, 'We want you to do it.' We are not going to ignore what Congress has said. But the costs here are daunting.

"There are a lot of good ideas and things that would make the country safer. But when you have to sit down and compare all the good ideas people have developed against each other, with a limited budget, you have to make choices that are much harder."

The news sent alarms to Congress, where some Republicans and Democrats warned that suspending the monitoring plan would leave the United States vulnerable.

Representative Dana Rohrabacher, a California Republican who is a departing subcommittee chairman on the House International Relations Committee, said the administration could not say it was protecting domestic security without creating a viable exit monitoring system.

"There will not be border security in this country until we have a knowledge of both entry and exit," Mr. Rohrabacher said. "We have to make a choice. Do we want to act and control our borders or do we want to have tens of millions of illegals continuing to pour into our country?"

Representative Bennie Thompson, the Mississippi Democrat who is set to lead the Homeland Security Committee, also expressed concern.

"It is imperative that Congress work in partnership with the department to develop a comprehensive border security system that ensures we know who is entering and exiting this country and one that cannot be defeated by imposters, criminals and terrorists," Mr. Thompson said in a statement Thursday.

In January 2004, domestic security officials began fingerprint scanning for arriving visitors. The program has screened more than 64 million travelers and prevented more than 1,300 criminals and immigration violators from entering, officials said.

Homeland Security Secretary Michael Chertoff and other officials often call the program a singular achievement in making the country safer. U.S. Visit fingerprints and photographs 2 percent of the people entering the country, because Americans and most Canadians and Mexicans are exempt.

Efforts to determine whether visitors actually leave have faltered. Departure monitoring would help officials hunt for foreigners who have not left, if necessary. Domestic security officials say, however, it would be too expensive to conduct fingerprint or facial recognition scans for land departures. Officials have experimented with less costly technologies, including a system that would monitor by radio data embedded in a travel form carried by foreigners as they depart by foot or in vehicles.

Tests of that technology, Radio Frequency Identification, found a high failure rate. At one border point, the system correctly identified 14 percent of the 166 vehicles carrying the embedded documents, the General Accountability Office reported.

The Congressional investigators noted the "numerous performance and reliability problems" with the technology and said it remained unclear how domestic security officials would be able to meet their legal obligation to create an exit program.

Some immigration analysts said stepping away from the program raised questions again about the commitment to enforce border security and immigration laws.

A senior policy analyst at the Center for Immigration Studies, Jessica Vaughn, said the government had long been too deferential to big businesses and travel groups that raised concerns that exit technology might disrupt travel and trade.

"I worry that the issue of cost is an excuse for not doing anything," said Ms. Vaughn, whose group advocates curbing immigration. Domestic security officials said they still hoped to find a way to create an exit system at land borders. "We would to do more testing," a spokesman for the department, Jarrod Agen, said. "We are evaluating the initial tests to determine how to move forward."

U.S. Preparing To Drop Tracking Of Foreigners' Departures By Land (WP)

By Spencer S. Hsu, Washington Post Staff Writer

The Washington Post, December 15, 2006

DOJ_NMG_0106602

U.S. homeland security officials are preparing to abandon plans to develop a system to track the departure of foreign visitors at land borders, citing cost and technical obstacles in scaling back a major post-Sept. 11 domestic security initiative, officials said.

Launched in 2004, US-VISIT was designed to automate the tracking of visitors upon entry and exit from the United States, using fingerprints and digital photographs to help find criminals, potential terrorists and visitors who illegally overstay.

The system, which has cost $1.7 billion so far, recorded 61 million people entering the country as of July through 115 airports, 15 seaports and 154 of 170 land ports.

But pilot projects have recorded only about 4 million people leaving the country, and US-VISIT officials have concluded that technology and personnel "cannot now be implemented" at land crossings without major delays in the flow of cross-border traffic, or without enormous cost to expand facilities, roads and communications links, according to a congressional report released yesterday.

"The department is looking at strategies for US-VISIT exit that are the most cost effective, and we are examining strategies for implementation at air and sea ports," said Jarrod Agen, a spokesman for the Department of Homeland Security. "We are also looking at land ports. However, there are costs associated, including the physical infrastructure as well as the economic impact, and we are in the process of evaluating all that data now."

Several homeland security officials said a final decision has yet to be made, but that, given the limited time and resources, the department intends to focus on expanding US-VISIT at airports, where the majority of visa holders exit the country. Although land ports register about 309 million border crossings a year, compared with 87 million airport crossings, the majority of land crossers are repeat travelers and Mexican, Canadian and U.S. citizens who do not need visas.

"It comes down to, we have to get at this elephant in chunks," one senior official said, speaking on the condition of anonymity because a formal decision has not been announced. "It's a recognition that over the short term, over the next couple of years, you can't do an exit system, holistically, land borders and air. Which one do you get more bang for your buck? It's air."

In comments reported by the New York Times and confirmed by Agen, DHS assistant secretary for policy Stewart A. Baker said a land-border exit system would cost "tens of billions of dollars," which he called daunting.

A report by the Government Accountability Office, Congress's audit arm, said it would cost $3 billion and take five to 10 years to implement a biometric system to confirm visitors' identities upon exit. But there is a December 2007 deadline for phasing it in at 50 major land crossings.

US-VISIT has captured 1,100 criminals using false documents, DHS officials said. They said other programs underway to integrate homeland security and FBI fingerprint databases -- which automatically generate risk assessments on travelers and track down immigration violators -- are offsetting the potential value of an exit system.

"Knowing that bad guys have left the country is important, but knowing the bad guy is coming in is more important," one DHS official said. "We want to do it, but it is not as high a priority as the entry piece of it."

The United States is testing the use of radio frequency identification technology -- involving tiny microchips with a unique code embedded in a tag on visitors' departure forms -- instead of a fingerprint or facial-scan system. But a January 2006 test correctly identified only 16 percent of 166 vehicles with RFID tags. Among the tags' drawbacks is that they cannot be physically tied to an individual.

GAO Finds Homeland Security Tech Issues (HC/AP)

By Dan Caterinicchia Ap Business Writer, The Associated Press

Houston Chronicle, December 15, 2006

WASHINGTON — The U.S. Department of Homeland Security system that uses biometric technology to screen people entering the country has aided border patrol agents, but computer snafus and management shortfalls need to be resolved, according to a report issued Thursday.

Government Accountability Office investigators visited 21 border crossings and officials at every one said the U.S. Visitor and Immigrant Status Indicator Technology program, which uses two fingerprints and a digital photograph to identify people, had improved their ability to process visitors and verify identities, according to the GAO report.

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But U.S. Customs and Border Protection officials at 12 of the 21 sites said "computer slowdowns and freezes" hindered visitor processing and inspection times. At nine of those 12, "computer processing problems were not always reported to CBP's computer help desk, as required by CBP guidelines," according to the report.

"These computer processing problems have the potential to not only inconvenience travelers because of the increased time needed to complete the inspection process, but to compromise security, particularly if CBP officers are unable to perform biometric checks, one of the critical reasons US-VISIT was installed," according to the report.

Bermuda-based Accenture Ltd., a management and technology consulting company, is the prime contractor for US-VISIT, and works on the program with Raytheon Co., SRA International Inc. and Titan Corp., part of L3 Communications Holdings Inc.

GAO recommended that DHS improve existing management controls for the system and develop performance measures to assess its impact at border crossings. The government watchdog agency also said DHS should describe how it will move to a biometric entry/exit capability and align US-VISIT with other border security systems being developed.

In a written response, DHS officials said the computer problems are resolved, a preliminary monitoring system was established, and a working group was set up to determine how to provide detailed monitoring of all applications.

Of more than 70 million visitors processed through US-VISIT since its inception nearly three years ago, more than 1,600 criminals or immigration violators have been denied entry, Robert Mocny, the program's acting director, said late last month. US-VISIT is in place at 116 airports, 15 seaports and 154 land ports of entry.

The GAO also found that DHS's plans to upgrade US-VISIT to collecting all 10 fingerprints may aid border security, but could increase processing times and adversely affect operations where space constraints, congestion and delays already exist.

Accenture is working on moving to the 10-fingerprint system that is becoming the worldwide standard, Mocny said. A company representative did not immediately return a call for comment Thursday afternoon.

DHS received $362 million for US-VISIT in the 2007 budget, $60 million of which is to upgrade to the 10-fingerprint system. Since 2004, the program has received more than $1 billion.

Shares of Accenture added 28 cents to $34.99 in afternoon trading, while Raytheon rose 17 cents to $52.42, SRA International dipped 15 centss at $27.30, and L3 Communications rose $1.91, or 2.3 percent, to $83.94, all on the New York Stock Exchange.

Travel Industry Groups Oppose Risk Tests (AP)

By Michael J. Sniffen

AP, December 15, 2006

Eight major U.S., Canadian and European travel industry associations urged the government to suspend a computerized system for assessing international travelers as potential terrorists.

"We are deeply concerned that such a far-reaching and invasive screening of millions of business travelers entering and exiting the U.S. could do significant personal harm to them, and reduce the productivity of the organizations that field business travelers," the organizations wrote Homeland Security Secretary Michael Chertoff on Wednesday.

In a speech Thursday, Chertoff defended the program as a legal effort "to make sure that we don't inconvenience the rights of most travelers so that we can focus more sensibly and in a more risk-managed fashion on those people that do potentially pose a threat."

The travel groups join some members of Congress and privacy advocates in criticizing the system, which The Associated Press disclosed last month has assigned risk assessments to millions of Americans and foreigners entering and leaving this country over the past four years.

In November, the Homeland Security Department slipped its first detailed public description of the program, which has operated since the late 1990s, into the Federal Register, a fine-print compendium of regulations. It said that travelers could not see their assessments to challenge them, the assessments would be kept 40 years and might be shared with state, local and foreign governments and even courts and private corporations under some circumstances.

The letter was circulated by the U.S.-based Business Travel Coalition, which lobbies for the interests of business travelers.

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Other signers included the Institute of Travel Management and the Guild of Travel Management Companies in Great Britain; the International Association of Exhibitions and Events and the Travel Management Alliance in the United States; the Association of Retail Travel Agents and Association of Canadian Travel Agencies in Canada; and the Netherlands Association for Travel Management. Twenty-four other corporate travel buyers and travel management companies here and abroad also signed the letter.

A Gag On Free Speech (NYT)

The New York Times, December 15, 2006

The Bush administration is trampling on the First Amendment and well-established criminal law by trying to use a subpoena to force the American Civil Liberties Union to hand over a classified document in its possession. The dispute is shrouded in secrecy, and very little has been made public about the document, but we do not need to know what's in it to know what's at stake: if the government prevails, it will have engaged in prior restraint — almost always a serious infringement on free speech — and it could start using subpoenas to block reporting on matters of vital public concern.

Justice Department lawyers have issued a grand jury subpoena to the A.C.L.U. demanding that it hand over "any and all copies" of the three-and-a-half-page government document, which was recently leaked to the group. The A.C.L.U. is asking a Federal District Court judge in Manhattan to quash the subpoena.

There are at least two serious problems with the government's action. It goes far beyond what the law recognizes as the legitimate purpose of a subpoena. Subpoenas are supposed to assist an investigation, but the government does not need access to the A.C.L.U.'s document for an investigation since it already has its own copy. It is instead trying to confiscate every available copy of the document to keep its contents secret. The A.C.L.U. says it knows of no other case in which a grand jury subpoena has been used this way.

The subpoena is also a prior restraint because the government is trying to stop the A.C.L.U. in advance from speaking about the document's contents. The Supreme Court has held that prior restraints are almost always unconstitutional. The danger is too great that the government will overreach and use them to ban protected speech or interfere with free expression by forcing the media, and other speakers, to wait for their words to be cleared in advance. The correct way to deal with speech is to evaluate its legality after it has occurred.

The Supreme Court affirmed these vital principles in the Pentagon Papers case, when it rejected the Nixon administration's attempts to stop The Times and The Washington Post from publishing government documents that reflected badly on its prosecution of the Vietnam War. If the Nixon administration had been able to use the technique that the Bush administration is trying now, it could have blocked publication simply by ordering the newspapers to hand over every copy they had of the papers.

If the A.C.L.U.'s description of its secret document is correct, there is no legitimate national defense issue. The document does not contain anything like intelligence sources or troop movements, the group says. It is merely a general statement of policy whose release "might perhaps be mildly embarrassing to the government." Given this administration's abysmal record on these issues, this case could set a disturbing and dangerous precedent. If the subpoena is enforced, the administration will have gained a powerful new tool for rolling back free-speech rights — one that could be used to deprive Americans of information they need to make informed judgments about their elected leaders' policies and actions.

Pentagon Papers Revisited (WP)

The Washington Post, December 15, 2006

NO ADMINISTRATION likes leaks. But not since the Nixon administration has the government so aggressively sought to crack down -- not just on leakers, but on reporters and others who obtain leaked material. In the latest manifestation of its disregard for First Amendment principles, the administration has used -- misused, to be more precise -- a grand jury subpoena to retrieve "any and all copies" of a document, marked "secret," obtained by the American Civil Liberties Union. The ACLU's request that a federal judge quash the subpoena should be granted.

The grand jury is an important tool for prosecutors to investigate wrongdoing -- not a vacuum cleaner for material the government wishes hadn't gotten out. The government is seeking to abuse the grand jury process to do an end run around the

constitutional prohibition against prior restraint enshrined in the Pentagon Papers case. In that 1971 ruling, the government wanted to stop the New York Times and The Post from publishing classified documents about the Vietnam War; the Supreme Court said no. What if the government, instead of suing to block publication, had simply issued a grand jury subpoena demanding that the newspapers return the Pentagon Papers? If the ACLU, which advocates and litigates on issues of public policy, can be forced to comply with such a subpoena, news organizations would be similarly at risk.

Why would that be so terrible? Because even in a time of war -- in fact, especially in a time of war -- vigorous public debate about controversial policies is essential. An uninformed public can't conduct such a debate, whether the topic is the CIA's secret prisons or the warrantless surveillance of telephone calls. As Justice Potter Stewart wrote in concurring with the Pentagon Papers ruling, "In the absence of the governmental checks and balances present in other areas of our national life, the only effective restraint upon executive policy and power in the areas of national defense and international affairs may lie in an enlightened citizenry -- in an informed and critical public opinion which alone can here protect the values of democratic government."

The government's aggressive -- the ACLU says unprecedented -- use of the subpoena power is especially disturbing because it appears so excessive under the circumstances. According to the ACLU, the 3 1/2 -page document, which came to it unsolicited, outlines "a set of general policy guidelines on a matter of longstanding concern to the ACLU." Its release "might perhaps be mildly embarrassing to the government but the document contains no information concerning matters such as troop movements, communications methods, intelligence sources or the like," the ACLU said. This does not appear to be a document so sensitive that its disclosure would inflict serious damage on national security. In addition, the government, to the extent that it has a legitimate interest in punishing leakers, apparently already knows who leaked it and to whom.

This subpoena, as the ACLU argues, has no "investigatory purpose" but only a "confiscatory, information-suppressive one." That might be in the Bush administration's interest. It's not in the public's.

When Disaster Strikes (WP)

The Washington Post, December 15, 2006

IMAGINE THAT a terrorist introduces the plague into downtown Washington, or that a nasty strain of bird flu flies in from Southeast Asia. How well is the region prepared to cope with thousands of casualties and prevent the spread of lethal contagions? Not very, according to a report from the Trust for America's Health, a private watchdog group that rated every state and the District on readiness to respond to a public health crisis.

The report ranked the District and Maryland near the bottom. Maryland, for example, would suffer a chronic shortage of hospital beds in the event of even a moderate pandemic. The District lags in demonstrating that it has the organization to quickly distribute medicine and equipment to communities throughout the city during a health emergency. In all, Maryland satisfied only four of 10 measurements of preparedness, and the District met only five.

Gregg A. Pane, director of the D.C. Health Department, says that the report gives a misleading picture of regional preparation; he notes that the city and its public health professionals have a great deal more experience planning for and responding to crises than other places in the country do. Mr. Pane is right that the measures used do not capture the whole picture. But he admits that there is room for improvement: Better organizing distribution of the pneumonia vaccine and other inoculations, for example, would enhance the city's ability to dispense critical medication during an emergency.

One way to boost the region's disaster preparedness depends on the new Congress, which should fund the ER One project -- a proposal that languished during the recent lame-duck session. The proposed revamp of Washington Hospital Center, which is the busiest acute-care center in the region, would not only vastly increase the region's bed capacity -- coveted real estate during a disaster -- but also provide special emergency training for doctors, nurses and first responders, and increase diagnostic lab space. Its backers plan many other innovations for the facility, which could serve as a model of emergency planning for the rest of the country.

WAR NEWS:

Bush Weighing Deeper Commitment In Iraq, Officials Say (MCT)

DOJ_NMG_0106606

By Warren P. Strobel And Jonathan S. Landay

McClatchy Newspapers, December 15, 2006

WASHINGTON - President Bush is weighing whether to make a deeper American commitment in Iraq despite growing public unhappiness with the war, according to senior U.S. officials and former officials familiar with Bush's high-level review.

The proposed changes, with a few exceptions, conflict with the recommendations of the bipartisan Iraq Study Group, which warned earlier this month against an open-ended commitment to Iraq and said American combat brigades could be out of Iraq by early 2008.

The president signaled Wednesday that neither the study group's pessimistic assessment nor the bleak situation in Iraq nor the results of the midterm elections have shaken his belief that victory in Iraq is possible.

"We're not going to give up," said Bush, who plans to announce his new strategy early next year.

While some key decisions haven't been made yet, the senior officials said the emerging strategy includes:

-A shift in the primary U.S. military mission in Iraq from combat to training an expanded Iraqi army, generally in line with the Iraq Study Group's recommendations.

-A possible short-term surge of as many as 40,000 more American troops to try to secure Baghdad, along with a permanent increase in the size of the U.S. Army and the Marine Corps, which are badly strained by deployments in Iraq and Afghanistan.

Military commanders look warily at a surge, saying that even 20,000 more soldiers and Marines may not be available and wouldn't necessarily help reduce Iraq's violence.

"We would not surge without a purpose," Gen. Peter Schoomaker, the Army's chief of staff, said Thursday. "And that purpose should be measurable."

-A revised Iraq political strategy aimed at forging a "moderate center" of Shiite Muslim, Sunni Muslim Arab and Kurdish politicians that would bolster embattled Prime Minister Nouri al Maliki. The goal would be to marginalize radical Shiite militias and Sunni insurgents.

-More money to combat rampant unemployment among Iraqi youths and to advance reconstruction, much of it funneled to groups, areas and leaders who support Maliki and oppose the radicals.

-Rejection of the study group's call for an urgent, broad new diplomatic initiative in the Middle East to address the Israeli-Palestinian conflict and reach out to Iran and Syria.

Instead, the administration is considering convening a conference of Iraq and neighboring countries - excluding Iran and Syria - as part of an effort to pressure the two countries to stop interfering in Iraq.

It remains far from clear whether these moves would help stabilize Iraq, where a civil war rages nearly four years after the U.S.-led invasion.

Only a year ago, on Nov. 30, 2005, Bush, under pressure to show progress, unveiled a "National Strategy for Victory in Iraq." Then, as now, he pledged to focus on training Iraq's security forces.

Bush also faces huge hurdles in getting public support behind his latest plan. Disapproval of his handling of Iraq has shot up to anywhere from 60 percent to 75 percent this month in polls.

"If he's going to trash the Iraq Study Group report, he's going to have to come up with something coherent, different and that is demonstrably better. I think he's not likely to persuade the country that he's done so," said Larry Diamond of Stanford University's Hoover Institution, who was among the study group's expert advisers.

The study group, chaired by former Secretary of State James A. Baker III and retired Congressman Lee Hamilton, released its report Dec. 6.

Bush appears to have been emboldened by criticism of its proposals as defeatist by members of the Republican Party's conservative wing and their allies on the Internet, the radio and cable TV.

Diamond and others close to the group said the report's primary value had been to focus White House and public attention on what the document termed the "grave and deteriorating" situation in Iraq.

The president and his national security team "are going to pick and choose from the Iraq report, and they're not going to choose much," a recently retired U.S. official predicted.

He and others spoke on the condition of anonymity because Bush's policy review is still under way.

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According to a senior State Department official, the president is listening closely to a former Republican secretary of state, but it isn't Baker. Henry Kissinger, a frequent White House visitor, has been to see Secretary of State Condoleezza Rice a half-dozen times, he said.

In recent public comments, Kissinger has warned that an early withdrawal of the 140,000 U.S. troops in Iraq could lead to the country's breakup, although he's also questioned whether victory in Iraq is possible.

In an interview Thursday with CNN, Kissinger said he didn't think Bush could achieve his goal of a democratic Iraq before his term ended in two years. But he said he thought that the president could fashion a strategy that stabilized the country, allowed normal civilian life to return and provided incentives to political leaders to reconcile internally and with other countries in the region.

Kissinger said he'd favor a temporary American troop increase if U.S. military commanders determined that it could make a difference as part of a broader political strategy.

"That, I think, is achievable. For that, I think, increased capability would play a role if only because it would show that the United States is not just running out ... because this conflict will not end in Iraq," Kissinger said. "We are dealing with a movement, and it's running through the Islamic world."

Two senior Iraqi officials confirmed Thursday that Bush is considering a short-term increase in the number of U.S. troops in Baghdad as part of a new strategy to contain the escalating civil war.

Iraqi Vice President Tariq al Hashemi, a leader of the country's Sunnis, said after a speech Thursday at a U.S. government-funded institute in Washington that he and Bush had discussed the option Tuesday in a meeting at the White House.

Hashemi said that while he favored the idea, Bush should set "a timetable" for eventually withdrawing all American forces, linked to "serious efforts to reform the Iraqi military and security forces."

The reforms must include re-enlisting Iraqi soldiers and low-ranking officers who'd been excluded from the new forces under sweeping U.S.-approved purges of members of Saddam Hussein's Baath Party, he said.

Iraqi Ambassador to the United States Samir Sumaidaie, in a brief interview after Hashemi's speech, said the options that Bush was reviewing included putting more Iraqi forces in the capital.

He and Hashemi confirmed that Bush and his top aides are exploring the formation of a new government coalition to strengthen Maliki.

In a memo leaked last month to The New York Times, National Security Adviser Stephen Hadley said the White House would consider "monetary support" for moderate Iraqi groups that broke with sectarian parties and backed Maliki.

Hashemi said he'd be willing to lead his bloc of Sunni politicians into such a coalition, despite sharp differences with potential Shiite and Kurdish members.

He urged caution in dealing with radical anti-American cleric Muqtada al-Sadr, who controls the largest bloc of Shiite seats in parliament and heads the Mahdi Army, the Shiite militia that's blamed for much of the anti-Sunni violence in Baghdad.

Hashemi suggested that there might be a way to crack down on the militia while drawing the firebrand cleric's supporters into a new coalition. Excluding Sadr's followers could trigger a backlash that worsens the violence, he said.

McClatchy correspondent John Walcott contributed to this report.

Call To Add U.S. Forces Is Resisted At Home, In Iraq (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, December 15, 2006

The Bush administration is leaning toward temporarily sending as many as 20,000 additional U.S. troops to Iraq, even as the Democrats taking charge of Congress demand a drawdown of forces.

U.S. officials say the increase is needed to make a new push to stabilize Baghdad and to bolster efforts to train the Iraqi army. The emerging plan is facing opposition from Iraqi officials adamant that more U.S. forces aren't the answer. U.S. military commanders in Baghdad have drawn up plans for the country that don't require any new personnel. The debate over whether to send additional U.S. forces to Iraq is the most visible manifestation of the high-level tumult roiling the Bush administration as it works to find a way forward there ahead of a presidential address to the nation early next year.

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Although White House officials stress that no final decisions have been made, several aides involved in the internal deliberations say President Bush and senior administration officials appear receptive to calls to temporarily send 15,000 to 30,000 new U.S. forces to Iraq to bolster the 140,000 troops there.

In recent meetings with Mr. Bush, senior Pentagon officials said increasing the number of U.S. troops in Iraq for a few months may improve conditions on the ground there but cautioned that timing would be critical, since limits on available troop equipment mean additional forces couldn't be sustained for a long period of time, according to people familiar with the discussions.

Pentagon officials said they would send additional U.S. forces to Iraq only if the personnel had a clear military mission. "We would not surge without a purpose," the Army's top general, Peter J. Schoomaker, told reporters yesterday. "And that purpose should be measurable."

The troop debate is taking place as U.S. forces in Iraq begin ramping up their efforts to shift the focus of U.S. combat forces to training and advising the struggling Iraqi army. Senior military officials in Baghdad are finishing a plan that would more than double -- and could triple -- the number of U.S. troops who live with and train Iraqi forces. The expansion of the training efforts would be accompanied by a phased redeployment of U.S. forces out of major cities such as Baghdad and onto a small number of large military facilities in more remote parts of the country.

The proposal to send more troops to Iraq is most closely identified publicly with Arizona Republican Sen. John McCain, a stalwart war supporter who argues that the U.S. venture will fail unless more troops are sent to the country.

Mr. McCain repeated that message yesterday on a brief trip to Baghdad with other senators, telling reporters there "is still a compelling reason to have an increase in troops here in Baghdad and in Anbar province in order to bring the sectarian violence under control" and to allow Iraq's political process to move ahead.

Deploying more U.S. forces to Iraq would be deeply unpopular in the U.S., where polls show that an increasing majority believes the U.S. is losing in Iraq, disapproves of the administration's handling of the war and wants to see a fixed timetable for a military withdrawal. A Wall Street Journal/NBC News poll this week found that declining public support for the war had brought Mr. Bush's overall approval ratings down to 34%, the lowest recorded to date in his presidency. The poll showed 35% of those surveyed favor a phased troop withdrawal "beginning immediately," up from 27% in July.

The idea is also running into strong opposition in Baghdad. Iraqi Prime Minister Nouri al-Maliki has flatly told Gen. George Casey, the top American military commander in Iraq, that he doesn't want more U.S. personnel deployed to the country, according to U.S. military officials. The U.S. sent thousands of additional combat personnel to Baghdad earlier this year in an attempt to quell the daily violence there, but American officials say Mr. Maliki has made clear that he wants to see those forces -- except for U.S. trainers and advisers -- moved out of the city.

Senior U.S. commanders on the ground in Iraq, meanwhile, say they aren't sure additional forces are needed in Iraq.

Lt. Gen. Peter Chiarelli's staff is finishing a plan to significantly expand the teams that live with and train Iraqi forces by breaking up some big U.S. combat units into smaller military-advisory teams. The current teams, which number 10 soldiers, could expand to as large as 40 soldiers. As many as one-third of the 4,000-soldier U.S. combat brigades could be broken into teams. But according to the current plan, the overall size of the force wouldn't increase. The plan, which would mark a radical change in the U.S. military approach, hasn't yet been formally approved by Gen. Casey.

Although some senior military commanders in the Pentagon support sending more forces to Iraq, some officers in Iraq question how much impact the additional troops would have. The skeptics argue that the military, strained by the lengthy deployments to Iraq and Afghanistan, could sustain the new forces in Iraq only for approximately six months. Critics of the proposal express concerns about where the additional forces would come from. Cobbling together 20,000 to 30,000 additional soldiers may require the Army to extend the deployments of units in Iraq.

Calling up National Guard troops would pose other problems. The White House would have to change Pentagon policies that allow the Army to call up National Guard and Army Reserve troops for a second Iraq tour. Such a move would be politically unpalatable.

Military Considers Sending As Many As 35,000 More U.S. Troops To Iraq, McCain Says (NYT)

DOJ_NMG_0106609

By John F. Burns

The New York Times, December 15, 2006

BAGHDAD, Dec. 14 — Senator John McCain said Thursday that American military commanders were discussing the possibility of adding as many as 10 more combat brigades — a maximum of about 35,000 troops — to "bring the situation under control" while Iraq's divided political leaders seek solutions to the worsening bloodshed here.

After talks in Baghdad with Gen. George W. Casey Jr. and other top American generals, Mr. McCain, an Arizona Republican, said a substantial United States troop increase was one of the strategy changes the generals were considering as they reviewed what he called "a steadily deteriorating situation."

He said meetings with Iraqi government leaders showed that they, too, "have certainly not ruled out the option of more troops."

"Five to 10 additional brigades is what is being discussed," Mr. McCain said, outlining an increase that could bring overall American troop strength to the highest levels since the invasion in March 2003. While American combat brigades vary, Pentagon officials say they average about 3,500 soldiers. At present, there are 15 combat brigades in Iraq, amounting to about 50,000 of the total American force of about 140,000.

"The American people are disappointed and frustrated with the Iraq war, but they want us to succeed if there is any way to do that," Mr. McCain told a news conference. Unlike some American military commanders who have said any troop increase should be temporary, he said any increase should last "until we can get the situation under control, or until it becomes clear that we can't."

Mr. McCain spoke as the leader of a Congressional delegation that included five senators who have been strong backers of the war, among them Senator Joseph I. Lieberman, who won re-election in Connecticut last month as an independent after losing the Democratic nomination to an antiwar challenger. Mr. Lieberman, too, spoke strongly in favor of a substantial troop increase, saying, "A failed state in Iraq will be a disaster for the region and the world."

Two other Republican senators in the group, Lindsey Graham of South Carolina and John Thune of South Dakota, said they also backed troop increases, but Senator Susan Collins, Republican of Maine, said she had yet to make up her mind. "I for one am not yet convinced that additional troops will pave the way for a peaceful Iraq," she said. "My fear is that if we have more troops sent to Iraq, we will just see more injuries and more deaths."

The trip amounted to a high-stakes campaign appearance by Mr. McCain, who is all but building his presidential campaign on the issue of Iraq. A leading contender for the Republican nomination in 2008, Mr. McCain strongly supported the original invasion but has shifted to criticizing the war's execution. He now holds the politically risky position that the Bush administration should send in more troops, or withdraw entirely.

But Mr. McCain said personal ambition would not guide his Iraq policy.

"I take the position I'm taking with the full knowledge that only 15 to 18 percent of the American people agree with my position that we need more troops," he said. Still, he said he supported the troop increase to stabilize the situation in Baghdad and other turbulent areas and give Iraqi leaders time to work out compromises to bring the Sunni insurgency and Sunni-Shiite sectarian violence under control.

The visit by Mr. McCain came at a time of disarray in Washington and across the United States over how to proceed in Iraq. Mr. McCain, a member of the Senate Armed Services Committee, is effectively doubling down his bet on the war, figuring that embracing a strong resolution in Iraq will give him an effective campaign cudgel. If the administration sends more troops, Mr. McCain can hope for a speedy resolution in Iraq that allows him to claim partial victory; if President Bush pulls back and chaos persists, he could contend that his advice was ignored.

Without a troop increase, Mr. McCain said at the news conference, "the results are going to be inevitable, in my view" — a defeat for America and for its Iraqi allies that would create a terrorist haven that could be used as a base for attacks in the United States.

He contrasted the situation with the Vietnam War, saying, "when we came home, the war was over." But now, he said, Iraq's Islamic militants "will follow us home" if the American effort fails.

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But even Mr. McCain, a decorated Vietnam hero, acknowledged the perils of his approach. He described a troop increase as "the least bad option" and said it could cost him his shot at the presidency. "I happen to feel that I have to do what my many years of life involved in the military dictate to me," he said. As if to emphasize his military credentials, he and other members of the delegation left Baghdad by helicopter after the news conference to fly to an embattled Marine base at Ramadi, 85 miles west of the capital, which is considered one of Iraq's deadliest places.

Although Mr. McCain did not say so, American commanders here are divided on the recommendations they will present to Mr. Bush, who has said he will announce a new strategy for the war in early January, officials familiar with the generals' discussions say.

General Casey, the top commander here, is said to be cautious, arguing that an increase could lower violence in Baghdad, at least temporarily, but that it could also encourage Iraq's feuding political leaders to delay tough decisions needed to stem the slide toward anarchy.

Lt. Gen. Peter W. Chiarelli, the second-highest-ranking American officer in Iraq, has been the allied forces' operational commander for the past year, and he has resisted a troop increase, the officials say, believing an American-financed job creation program could do as much to weaken the insurgents and political militias.

General Chiarelli's successor, Lt. Gen. Raymond T. Odierno, who took over at a ceremony in Baghdad on Thursday, is bullish, seeing a troop increase as a way for American and Iraqi troops to gain the upper hand in Baghdad and Anbar Province, a desert region virtually overrun by Sunni insurgents, the officials say.

Another cautionary voice has been that of Gen. John P. Abizaid, leader of the Central Command, which oversees the wars in Iraq and Afghanistan. General Abizaid has said increasing troop strength, especially in Baghdad, could have an impact on the mounting cycle of revenge in which Sunni suicide bombings of Shiite civilian targets have set off murderous attacks on Sunni civilians by Shiite death squads. But General Abizaid, like General Casey, has said the impact would be temporary if Iraqi politicians failed to end sectarian feuding.

Iraq's growing anarchy was highlighted Thursday by another mass kidnapping in central Baghdad that appeared to have been driven by sectarian motives. Masked gunmen in elite police uniforms abducted dozens of men in the morning from the Sinak neighborhood, an area of automobile spare-parts shops close to the Shiite working-class district of Sadr City, an Interior Ministry official and witnesses said.

The neighborhood is not far from the site of a suicide bombing on Tuesday in which at least 70 Shiite day laborers were killed and more than 230 wounded.

The gunmen drove up in cars with police markings and brandished automatic rifles, witnesses said. "People were in a panic," said a 36-year-old spare-parts merchant. "Some people were trying to close their shops and leave. Others were just trying to slip away. I walked away as fast as I could. A few seconds later, I heard heavy shooting."

Another merchant said he broke free from the gunmen before they could shove him into a car. "They seemed to know who they wanted to kidnap because they'd take one person and leave others behind," he said.

The men were blindfolded and driven off to a building in an unknown location, a Shiite man who was later freed said. He said the captives were shackled and kept in a poorly lighted room. The kidnappers asked the victims whether they were Sunni or Shiite, and whether they had ties to any terrorist groups.

By late Thursday, at least 25 abductees had been freed, all Shiites, the Interior Ministry official said. It was unclear how many others — presumably Sunnis, though that was impossible to determine — were still being held.

In the area of the predominantly Shiite city of Kut in southern Iraq, 17 bodies were found by a stream, police officials said. All the victims had been shot dead after being tortured.

In Baghdad, a car bomb exploded near an Iraqi Army patrol, killing two people, including one soldier and mortar rounds killed a woman, according to Interior Ministry reports.

McCain Calls For More Troops In Iraq (AP)

By Thomas Wagner

AP, December 15, 2006

DOJ_NMG_0106611

Sen. John McCain took his controversial proposal for curbing Iraq's sectarian violence to Baghdad on Thursday, calling for an additional 15,000 to 30,000 U.S. troops and joining a congressional delegation in telling Iraq's prime minister he must break his close ties with a radical Shiite cleric.

The lawmakers' trip came as the bloodshed showed no signs of abating. At least 74 more people were killed or found dead, including 65 bullet-riddled bodies bearing signs of torture. And gunmen in military uniforms kidnapped as many as 70 shopkeepers and bystanders from a commercial area in central Baghdad in what was apparently an attack against Sunnis; at least 25 were later released, police said.

McCain's position puts him at odds with American public opinion and with the bipartisan Iraq Study Group, which recommended withdrawing substantial number of U.S. troops over the coming year. The Army in recent days has been looking at how many additional troops could be sent to Iraq if President Bush decides a surge in forces would be helpful.

Army officials say only about 10,000 to 15,000 troops could be sent and an end to the war would have to be in sight because the deployment would drain the pool of available soldiers for combat. Further, many experts warn, there is no guarantee a surge in troops would work to settle the violence.

"We would not surge without a purpose," the Army's top general, Peter J. Schoomaker, told reporters Thursday in Washington. "And that purpose should be measurable."

McCain said he realizes that few Americans favor deploying more U.S. troops to Iraq, and that if such a move proved unsuccessful in the unpopular war it could hurt his presidential ambitions.

But the Arizona Republican said Americans must realize that if U.S. troops leave Iraq in chaos, groups such as al-Qaida "will follow us home and that we will have a large conflict and greater challenges than those that we now face here in Iraq."

"The American people are confused, they're frustrated, they're disappointed by the Iraq war, but they also want us to succeed if there's any way to do that," McCain told reporters in Baghdad.

He said conditions in some areas of Iraq have improved since his last visit in March, but "I believe there is still a compelling reason to have an increase in troops here in Baghdad and in Anbar province in order to bring the sectarian violence under control" and to "allow the political process to proceed."

Two other senators in the delegation, Joseph Lieberman, D-Conn., and Lindsey Graham, R-S.C., said they agreed.

"We need more, not less, U.S. troops here," Lieberman said.

Another senator in the group, moderate Republican Susan Collins of Maine, disagreed.

"Iraq is in crisis. The rising sectarian violence threatens the very existence of Iraq as a nation," she said. The current U.S. strategy in Iraq has failed, but "I'm not yet convinced that additional troops will pave the way to a peaceful Iraq in a lasting sense," Collins said.

"My fear is that if we have more troops sent to Iraq that we will just see more injuries and deaths, that we might have a short term impact, but without a long-term political settlement," she said.

Collins' remarks appeared to reflect the findings of the Iraq Study Group, which concluded that sustained increases in U.S. troops would not solve the fundamental problem and that violence would renew once those forces left the area.

While the senators were meeting with U.S. and Iraqi officials in Baghdad, Iraq's Sunni vice president, Tariq al-Hashemi, was in Washington, where he called on the Bush administration to set a timetable for withdrawal of U.S. troops. Al-Hashemi said the timetable should be "flexible" and depend on development of an Iraqi security force.

"You've done your job," al-Hashemi, who met with Bush this week, said at the United States Institute of Peace, a U.S.-financed think tank. Currently, however, "there is across-the-board chaos in my country," he said.

Graham said he was shocked by the situation in Baghdad.

"The first time I came here with Sen. McCain we went rug shopping. Yesterday, we moved around in a tank. It's one of the most dangerous places on the planet," he said.

The congressional delegation, which also included Republicans Sen. John Thune of South Dakota and Rep. Mark Kirk from Illinois, left Baghdad on Thursday to tour the southern port city of Basra and Ramadi, the insurgent stronghold west of Baghdad.

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Lieberman said the senators met with Prime Minister Nouri al-Maliki, a Shiite, and urged him to break his ties with Muqtada al-Sadr and disarm the anti-U.S. cleric's Mahdi Army militia, which has been blamed along with Sunni Arab insurgents for the sectarian violence and ruthless attacks on U.S. forces.

Al-Sadr controls 30 of the 275 parliament seats and is a key figure in al-Maliki's coalition.

Lieberman said the delegation left its meetings with al-Maliki, President Jalal Talabani and other Iraqi officials believing "there is a force of moderates within the context of Iraqi politics coming together to strengthen the center here against the extremists."

He said the delegation was "quite explicit" about "how important it is that the Iraqis themselves begin to take aggressive action to disarm the militias, to stop the sectarian violence and to involve all the people in country to governance," including promised provincial elections.

But the senator also said moderates in parliament may look for another leader if al-Maliki fails to do that.

"What the U.S. needs and wants, and has to demand, is that in return for all that we're putting on the line here is that they take on the extremists," Lieberman said. "That's what this battle is all about."

Bush Seeks Ideas On New War Plan Here And In Iraq (USAT)

By David Jackson

USA Today, December 15, 2006

WASHINGTON — President Bush will be spending part of his holidays in "continuous consultations" as he makes final decisions on a new Iraq war plan to be unveiled in the new year.

White House spokesman Tony Snow said Thursday that Bush will seek more information from a variety of sources, including members of the Iraqi government, Pentagon and the National Security Council, which is coordinating the administration's review of its war policy.

GOOD ADVICE: President gets advice from several sources

The result could make or break the United States' push for democracy in Iraq, according to those who have participated in the review.

"We've basically got about one more chance to get this right," said Stephen Biddle, a senior fellow with the Council on Foreign Relations who attended a White House meeting with Bush on Monday.

Said Snow: "The endpoint of what's going on right now is not a speech, it's policy. It is a way forward where the president will be instructing those involved to do things differently than they are doing now."

Since meeting with Iraqi Prime Minister Nouri al-Maliki in Jordan two weeks ago, Bush has listened to ideas on Iraq from heads of state and non-government experts, as well as military commanders.

The options include adding U.S. troops as well as minimizing the role of the estimated 140,000 troops already in Iraq. There have also been discussions about forging what Snow called a "moderate consensus" within the country's democratic government.

Some ideas have already been ruled out by Bush, including one to partition Iraq into Shiite, Sunni and Kurdish zones. He also has questioned a proposal to negotiate with Iraq's neighbors, Iran and Syria, in part, he says, because they are helping insurgents in Iraq.

The consequences for Bush and the United States go beyond Iraq.

Sen. John Kerry, D-Mass., who lost the 2004 presidential election to Bush, believes the war was poorly planned and has damaged U.S. credibility in the Middle East.

Jordan's King Abdullah II has said civil war in Iraq could spread to Lebanon and the Palestinian territories.

Bush, whose approval ratings have dropped as more U.S. troops have died, has repeatedly said a premature withdrawal could turn Iraq into a haven for terrorists eager to strike America: "The stakes are high in this fight."

Iraqi VP Says Bush Wants Coalition To Counter Al-Sadr (USAT)

By Barbara Slavin

USA Today, December 15, 2006

DOJ_NMG_0106613

WASHINGTON — The Bush administration is pressing Iraqi politicians to form a new Cabinet to reduce the power of Muqtada al-Sadr, an anti-American cleric whose militia is responsible for much of the sectarian bloodshed in Iraq.

Iraqi Vice President Tariq al-Hashimi, a moderate Sunni, said Thursday that President Bush told him the administration wants Iraqi politicians to form a coalition of "moderate parties." al-Hashimi met with Bush on Tuesday.

Iraq's governing coalition includes mostly Shiite political parties and has six Cabinet ministers from al-Sadr's faction. A new coalition would reduce or eliminate al-Sadr loyalists and replace them with other Shiites, Kurds and moderate Sunni Arabs, al-Hashimi said.

Bush is weighing changes to U.S. strategy in Iraq. Military options include boosting the number of American advisers to Iraqi forces and reducing the number of combat brigades.

The administration position is that military operations alone will not solve Iraq's problems. The United States encourages Iraq's government to find a political solution that will bring the country's rival factions together.

Gordon Johndroe, a White House spokesman, said the administration was not telling Iraqis what to do but the "object of the moderate Iraqi leaders coming together is to stop the violence and create an Iraq that can govern, sustain and defend itself."

Asked whether that meant removing al-Sadr's faction from government, Johndroe said the Iraqis Bush had consulted are "serious about taking action against those who would operate outside the rule of law." Bush has also met recently with Iraqi Prime Minister Nouri al-Maliki and Shiite leader Abdul-Aziz al-Hakim. He spoke by phone Wednesday with Iraqi President Jalal Talabani and Massoud Barzani, Johndroe said. Both are prominent Kurdish leaders.

Al-Sadr's Mahdi Army is among the most powerful militias in Iraq and is blamed for some of the attacks on Iraq's Sunni minority, according to the U.S. military.

Al-Hashimi, who has lost a sister and two brothers to assassins, cited horror stories of Sunnis going to hospitals to pick up the bodies of relatives, only to be arrested, tortured and murdered themselves. Bodies of Sunni men are dumped on the streets full of holes from drills, al-Hashimi said. The Health Ministry has denied any connection to killings.

Al-Maliki has been reluctant to break politically with al-Sadr, whose party controls 30 of the 275 seats in parliament. Support from al-Hashimi, whose bloc has 44 seats, could allow al-Maliki to stay in power without relying on al-Sadr.

"In theory, the numbers are there," for al-Maliki to rely on al-Hashimi instead of al-Sadr, said Larry Diamond, an Iraq expert at Stanford University's Hoover Institution who served as an adviser to the U.S.-led occupation authority in Iraq. "It's possible and probably a smart move on the part of the Bush administration" to encourage al-Maliki to break with al-Sadr, Diamond said. Two U.S. senators visiting Iraq, Joe Lieberman, D-Conn., and John McCain, R-Ariz., said Thursday that they urged al-Maliki to distance himself from al-Sadr.

Lieberman said he left a meeting with al-Maliki and Talabani believing "there is a force of moderates within the context of Iraqi politics coming together to strengthen the center here against the extremists." Kenneth Katzman, an Iraq expert at the Congressional Research Service, said he doubted al-Maliki would support a crackdown on the Mahdi Army, composed of thousands of working class Shiites. Al-Maliki "may need Sadr down the road," Katzman said.

Iraq's ambassador to Washington, Samir Sumaidaie, said it might be possible to keep al-Sadr in the new coalition if he agreed to let U.S. and Iraqi forces rein in "the more wild parts of the Mahdi Army."

Iraq Coalition Plan Gains Urgency (LAT)

By Paul Richter

The Los Angeles Times, December 15, 2006

WASHINGTON — President Bush and top aides have made the effort to build a new governing coalition in Iraq a top priority in their search for a new strategy, one of the country's two vice presidents said Thursday.

Tariq Hashimi, who leads the Iraqi parliament's most important Sunni Arab group, said that Bush and other senior officials told him at a White House meeting this week that they believe "for the present time, the only solution we have" is to create a new ruling alliance in hopes of strengthening a frail central government.

Hashimi's comments, in an appearance at the U.S. Institute of Peace, offered new insight into the importance Bush is placing on the coalition-building effort at a time when the president and top aides are considering new strategies for Iraq.

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U.S. and Iraqi advocates of the approach hope it would give Iraqi Prime Minister Nouri Maliki a new freedom to take risky actions, such as trying to suppress militia violence. Maliki's freedom to act is believed to be limited by his dependence on radical Shiite Muslim cleric Muqtada Sadr, whose Al Mahdi army is blamed for sectarian attacks.

Creation of a new governing coalition also could provide a means for picking a new prime minister if Iraqi and American leaders decide Maliki must be replaced. Some Iraqi advocates of the approach insist that is not their intent.

Stephen Hadley, Bush's national security advisor, wrote a classified memo last month that said the United States should urge Sunni and Shiite Muslim leaders to support Maliki if he sought to build a new political base. The United States could help the process by offering cash support to moderate groups that take part, Hadley wrote.

The Iraqi parliament is divided along sectarian lines and includes a large Shiite coalition, along with Kurdish, Sunni Arab and secular parties. The new grouping would break up the current Shiite alliance and ally two Shiite parties — Maliki's Islamic Dawa Party and the Supreme Council for Islamic Revolution in Iraq — with the two Kurdish parties and possibly smaller religious and secular groupings.

Bush told reporters Wednesday that he had spoken by telephone to two senior Kurdish leaders about the coalition-building idea, "which we support."

Yet the plan faces obstacles.

Maliki has been wary. And it remains unclear whether the approach could win the support of Grand Ayatollah Ali Sistani, Iraq's top Shiite religious leader, who has urged Shiite leaders to stick together.

Allies of Sadr have condemned the plan, and there is a risk of a violent backlash if the coalition tries to exclude Sadr, who now has considerable influence within the Shiite coalition.

Hadley, in his memo, acknowledged the difficulties of forming a coalition and said the task would require the U.S. to "use our own political capital."

Hashimi acknowledged that forming the new grouping could ignite a violent backlash from Sadr's many supporters, who now control 30 of parliament's 275 seats and five Cabinet ministries and have the country's most active Shiite militia.

In comments after his speech, Hashimi said coalition members might devise a way to allow some elements of Sadr's group in the coalition while excluding violent portions.

Juan R. Cole, a Middle East specialist at the University of Michigan, said he doubted the coalition would have much cohesion because of the continuing splintering of Iraq's political landscape.

"I can't imagine a situation in which you'd get a stable parliamentary coalition that would vote for the prime minister's policies on every issue," he said.

Hashimi, who has been very critical of the Maliki government, promised that he and his group would support the effort but said it would not bring about the wholesale overhaul of the political system that Iraq needs.

He criticized plans under discussion in the U.S. government to shift the U.S. military from combat to an advisory role. That approach, he said, would risk creating a "security vacuum."

In Baker's Blunder, A Chance For Bush (WP)

By Charles Krauthammer

The Washington Post, December 15, 2006

As a result of the Iraq Study Group, President Bush has been given one last chance to alter course on Iraq. This did not, however, come about the way James Baker intended. It came about because the long-anticipated report turned out to be, as is widely agreed, a farce. From its wildly hyped, multiple magazine-cover rollout (Annie Leibovitz in Men's Vogue, no less) to its mishmash of 79 (no less) recommendations, the report has fallen so flat that the field is now clear for the president to recommend to a war-weary country something new and bold.

The study group has not just been attacked by left and right, Democrat and Republican. It has invited ridicule. Seventy-nine recommendations. Interdependent, insists Baker. They should be taken as a whole. "I hope we don't treat this like a fruit salad and say, 'I like this but I don't like that.' " On the basis of what grand unifying vision? On the authority of what superior wisdom? A 10-person commission including such Middle East experts as Sandra Day O'Connor, Alan Simpson and Vernon Jordan?

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This kind of bipartisan elder-statesmen commission is perfectly appropriate as a consensus-building exercise for, say, a long-range problem such as Social Security. It is a ludicrous mechanism for devising strategic changes in the middle of a war.

Its major recommendation of gradual retreat is unremarkable -- exactly what you'd expect from a committee whose objective is consensus. It reflects a certain conventional wisdom in Washington that the war is already lost. And if that were true, we should indeed be retreating. And the sooner the better, even more quickly than the ISG recommends.

But having told us that the price of leaving Iraq to chaos is unacceptably high, the commission never attempts to come up with a plan for succeeding. Its only new initiative is to go regional and involve neighboring Syria and Iran.

Syria should stop infiltration, declares the report. And Iran "should stem the flow of equipment, technology, and training to any group resorting to violence in Iraq." Yes, and obesity should be eradicated, bird flu cured and traffic fatalities, particularly the multi-car variety, abolished. Such fatuous King Canute pronouncements give the report its air of detachment from reality.

This holding back of the tides is to be accomplished by negotiations with the likes of Iran. Baker admits that Iranian representatives told the commission that they are unlikely to cooperate. But we must press on, Baker insists, because we will thus expose Iran as "a rejectionist nation" that is "not . . . willing to help try and stabilize Iraq."

Now, there's a diplomatic achievement: undermining our hard-earned agreement with the Europeans to make any future approach to Iran dependent on the suspension of uranium enrichment in order to . . . demonstrate to the world that a country providing sophisticated weapons, roadside bombs and financial support to both sides of the civil war does not support stability there. Is there a sentient adult outside this commission who did not know that?

A major objective of the New Diplomatic Offensive (as if pompous capitalization makes for substance) is to bring Arab-Israeli peace. Baker thinks that if only the Israelis would surrender to Arab demands, all would be well in the Middle East.

Okay. Imagine that there is peace between Israel and the Arabs. No, imagine an even better solution from the Arab point of view -- an earthquake that tomorrow swallows Israel whole and sinks it (like Santorini, 1650 B.C.) into the Mediterranean. Does anyone imagine that the Shiites stop killing Sunnis? That al-Qaeda stops killing Americans? That Iran and Syria work any less assiduously to destabilize post-Saddam Hussein Iraq? It's these obvious absurdities that made the report so dismissible.

Now that these 10 establishment

sages have labored mightily to produce a mouse, the president has one last chance to come forward with a new strategy.

He must do two things. First, as I've been agitating for, establish a new governing coalition in Baghdad that excludes Moqtada al-Sadr, a cancer that undermines the ability of Prime Minister Nouri al-Maliki and his government to work with us. It is encouraging that Bush has already begun such a maneuver by meeting with rival Shiite and Sunni parliamentary leaders. If we help produce a cross-sectarian government that would be an ally rather than a paralyzed semi-adversary of coalition forces, we should then undertake part two: "Double down" our military effort. This means a surge in American troops with a specific mission: to secure Baghdad and (with the support of the Baghdad government -- a sine qua non) suppress Sadr's Mahdi Army.

It is our last chance for success. Bush can thank the Iraq Study Group and its instant irrelevance for making it possible.

Panned In Baghdad (WSJ)

The Wall Street Journal, December 15, 2006

Iraq Study Group Chairmen Jim Baker and Lee Hamilton have spent the past week defending their report against withering criticism here in the U.S. But the more revealing reaction has been from Iraq itself: "Unrealistic," "inappropriate" and "very dangerous" are among the kinder words used by Iraq's leaders to describe the ISG's work.

Consider Jalal Talabani. A secular-minded Kurd who has probably done more than any other leader to reach out across the country's sectarian divides, Iraq's President is no doubt sympathetic to the report's calls for "national reconciliation." But he reacted strongly to the ISG's suggestion that American support for his democratically elected government be conditioned on its meeting U.S.-determined "milestones" toward that goal. That, he said, was an "insult to the people of Iraq."

Mr. Talabani was also critical of the ISG's specific ideas for achieving reconciliation. Having helped bring such Sunni leaders as Adnan Dulaimi into the political process, he clearly understands the importance of giving the Sunnis a fair deal. But he bristled at the report's idea that reconciliation should be achieved through concessions to members of Saddam's Baath Party

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and other Sunni rejectionists. Fellow Kurdish leader Massoud Barzani echoed that criticism, saying the ISG wanted to reward "those who are against the political process and have conducted acts of violence."

On the issue of improving Iraq's security forces, Mr. Talabani also objected to the idea of embedding more American advisers inside Iraqi units. Like a number of Iraqis to whom we've spoken, Mr. Talabani believes one key to better security is increasing the freedom of Iraqi Army units to carry out independent operations based on their own intelligence and judgment. "Many people ask why there is no security, and that's because our hands are tied. The Prime Minister cannot move 10 soldiers from one place to another" without U.S. authorization, he said.

We think embedding is a useful idea, though that isn't the same as U.S. control of those units. Prime Minister Nouri al-Maliki agrees with Mr. Talabani on this, and he argued for more control of the Iraqi Army during his recent meeting with President Bush. While the PM's public reaction to the ISG report was much more muted, Mr. Maliki's advisers have made it clear they are as troubled as Mr. Talabani. "We were told there would not be pressure as such," said one. "If they do not support the government it will look as if they do not do what they preach [about democracy]," said another.

Shiite leader Abdul Aziz al-Hakim, who met with Mr. Bush last week, also said the ISG report "includes inaccurate information that's based on dishonest sources." Other Shiites objected to the ISG's suggestion that provisions of the Iraqi constitution, which was overwhelmingly ratified in a referendum last year, be reopened for debate. Iraq's Sunni leaders, meanwhile, were somewhat less critical of the ISG report. But they were hardly enthusiastic either.

We offer this roundup not because these Iraqis are infallible on how to move their country forward, and in fact they often disagree. But their reaction exposes the flawed conception of the ISG process, which is that a group of unelected American "wise men" were going to come up with policies that would somehow save Iraq's elected government from itself. "The report has a mentality that we are a colony where they impose their conditions and neglect our independence," the pro-American Talabani said pointedly.

This Iraqi criticism also underscores that the ISG report was less about winning in Baghdad than about splitting political differences in Washington. As Mr. Bush re-examines Iraq policy with an eye toward announcing significant changes early next year, we trust he understands better than the ISG that a partnership with the Iraqi government is essential to any successful outcome.

Truman's Trials Resonate For Bush (WP)

By Michael Abramowitz

The Washington Post, December 15, 2006

He led the United States into war and saw his popularity plummet, yet some 60 years later his reputation has never been higher: It's small wonder Harry S. Truman seems to hold a special fascination for President Bush these days.

That interest came into focus recently after Sen. Richard J. Durbin (D-Ill.) went public with an account of a meeting last Friday in which he said the president seemed to be comparing his situation to that of Truman in the late 1940s. According to Durbin's account and another source familiar with the meeting, Bush told the gathering of congressional leaders that Truman's approach to dealing with the Cold War was not initially popular but that he was vindicated by history -- the implication being that Bush would be vindicated about Iraq as well.

White House aides later disputed this reading of Bush's comments, but the episode may offer a glimpse into the psychology of a president who, like Truman in his second term, seems beset by trouble and pressures on all sides and who is ready to look to history for some comfort and guidance.

"Everyone loves a winner, and history reflects Harry Truman was a winner," said Rep. Ike Skelton (D-Mo.), whose father was a longtime friend of the late president and who met Truman as a young man. "It is all familiar front-yard psychology -- associate yourself with a winner."

By many accounts, Bush is fascinated by history and biography -- he reads extensively and meets periodically with presidential scholars -- and Truman has certainly seemed to be on his mind in recent months. In his commencement address this year at West Point, Bush discussed Truman at some length, lauding his early role in structuring U.S. forces and institutions for the Cold War.

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That speech was followed by repeated references to the Democratic 33rd president during the fall campaign, usually as part of cutting attacks on the party of Truman, which Bush said had become the "party of cut and run" in Iraq. In the 2004 presidential campaign, Bush also mentioned Truman repeatedly, often to praise his role in helping reconstruct Japan after World War II.

By coincidence, say White House aides, one of 10 recipients of the Presidential Medal of Freedom today will be David McCullough, whose 1992 biography of Truman did much to restore the luster of his presidency among the public. In a brief telephone interview this week from his home in Maine, McCullough described himself as "more honored" than he has ever been by the award, the highest civilian honor bestowed by the government, and he noted that the medal was created by Truman in 1945.

"I know that President Bush admires Harry Truman -- we have talked about that," McCullough said, though he was cautious about offering any snap assessments of the Bush presidency. "About 50 years has to go by before you can appraise a presidency -- the dust has to settle."

He did say he sees similarities between Truman and Bush, especially in their capacity to endure "merciless criticism and personal abuse" that he doubts "many of us could take."

Perhaps mindful that Bush-Truman comparisons would draw ridicule from Democrats -- the idea is already the subject of derision in the liberal blogosphere -- White House aides were careful to emphasize that the iconic liberal is only one of a number of inspirations for the president. "People do think about the Truman presidency -- but not only the Truman presidency," said one senior White House official, who was not authorized to speak publicly. "It is not as though it's a talisman or lighthouse for any of us."

The official and several other senior administration officials speak mainly about Truman's role in key events of the traumatic early days of the Cold War, including the Berlin Airlift, the passage of the Marshall Plan and defense of South Korea.

Bush has described the struggle against Islamic terrorism in generational terms, and the implication from his aides is that he is setting up structures and strategy to win this long war, even if, as with Truman, some of the particular actions are unpopular.

"By the actions he took, the institutions he built, the alliances he forged and the doctrines he set down, President Truman laid the foundations for America's victory in the Cold War," Bush told the graduating cadets at the U.S. Military Academy at West Point in May.

Democrats at last week's meeting seemed surprised by Bush's comments about Truman, but White House press secretary Tony Snow said Bush was making a point that as during Truman's presidency, the United States today faces an "ideological enemy with a global ambition . . . that we were going to have to figure out how to face over an extended period of time."

"I think it's important to note that the president was really not trying to compare himself to Harry Truman so much as to talk about the duration and nature of the struggle," Snow said.

Historians are divided about this kind of assessment from the administration. Fred I. Greenstein, a Princeton scholar regarded as a preeminent authority on the presidency, alluded to one major difference between Bush and Truman, often cited by Democrats. "The Marshall Plan was part of a broad-based diplomatic effort, and it was enacted by Truman's bipartisan leadership of a Republican Congress," he said in an e-mail. "Bush's efforts have been heavily unilateral internationally and divisive internally, except those just after 9/11."

James G. Hershberg, a Cold War historian at George Washington University, said he doubts that history will judge Bush as kindly as it has Truman, saying Truman's roles in fostering European recovery and building the NATO alliance were seen as solid accomplishments at the time. "Bush, by contrast, lacks any successes of comparable magnitude to compensate for his mismanagement of the Iraq war and will be hard-pressed to produce any in his last two years," he said.

But Greenstein said he has been struck by parallels between the two presidents, including their feistiness, the fact that neither seemed up to the job in their early months in office, that both had responses to crises that made them seem more presidential and that both saw their approval levels drop after stalemated wars. "As one who remembers the Truman presidency," he said, "I often have a sense of deja vu."

Top Commanders Appear Set To Urge Larger U.S. Military (NYT)

DOJ_NMG_0106618

By Thom Shanker And Michael R. Gordon

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — The review of Iraq policy by senior commanders appears to be headed toward a recommendation to increase the size of the American military, both to sustain a long-term commitment in Iraq and to leave the United States better positioned to deal with potential adversaries, in particular Iran and North Korea, Pentagon and military officials said Thursday.

The latest indication came when the Army chief of staff, Gen. Peter J. Schoomaker, called for expanding the force by adding more active-duty troops and by making more use of the National Guard and Reserve.

His statement, on Thursday, came a day after President Bush met with the Joint Chiefs of Staff in the Pentagon's secure conference room to discuss reshaping strategy in Iraq. That session, officials said, included a detailed discussion of whether the armed services are large enough to sustain the mission in Iraq and meet other global security threats.

Officials who took part in the session or who were briefed on it would not give specific figures that were being discussed for growth goals. But their descriptions revealed a broad conclusion that has received increasing support in Washington: that regardless of the exact shape of President Bush's new strategy on Iraq, the Army and Marine Corps are stretched thin by their commitments around the globe, in particular in Iraq.

That conclusion is being punctuated by the departure of Defense Secretary Donald H. Rumsfeld, who officially leaves his post on Friday and who was long the champion of the idea that high technology and better intelligence could substitute for a bigger military.

Although expanding the Army's size would be too slow a process to provide immediate relief for the force in Iraq, several ideas are being considered to fill the short-term demand for troops there, especially in Baghdad.

One proposal being studied, according to Pentagon officials, is accelerating the arrival in Iraq of a handful of combat brigades already scheduled to deploy there in 2007. Sending troops in early or keeping soldiers in Iraq past their scheduled departure has been a way to temporarily increase American troop presence in Iraq without ordering in forces that had not been on the deployment roster.

A new study by the American Enterprise Institute, a conservative research group in Washington, that was released on Thursday also called for a surge of forces to Baghdad over the near term on the grounds that the nascent Iraqi security force is not up to the task.

The report was written by the military historian Frederick W. Kagan and by Jack Keane, the retired general who served as vice chief of staff of the Army. It calls for adding four to five additional combat brigades to Baghdad and deploying them in neighborhoods that have mixed Sunni and Shiite populations and have been the scene of sectarian violence.

The report argues that this can be done without stretching the Army and Marines to the breaking point, but it also advocates increasing both forces by a total of at least 30,000 per year for the next two years.

At the Pentagon, even those not supporting the surge option argue that the Army needs to grow to sustain the force levels required in Afghanistan and Iraq and to meet other national security threats.

Officials who were briefed on the president's discussion with the Joint Chiefs said there was a consensus that the review of administration strategy in Iraq must be broadened to include decisions on how to prepare the American military for the global counterterrorism mission beyond Iraq.

In particular, they said there was a need to show enough force strength to deter potential adversaries from aggressive moves based on an assumption that American power was bogged down in Iraq.

"A lot of it was discussed yesterday with President Bush," said a senior Pentagon official who was briefed on the discussions by one of those in attendance.

The nation faces three choices or "we will break the active component," General Schoomaker said in an appearance before the Commission on the National Guard and Reserves. He said the choices included reducing demand on the military, which seems unlikely; gaining the guaranteed ability to mobilize the National Guard and Reserve; and increasing the size of the active forces.

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On the last point, said that "current demand on the force makes this a wise and prudent action." He gave no figure on his goal for the Army, but noted that even in an optimistic best case, the Army probably could grow by only 6,000 to 7,000 soldiers per year.

Congress authorized a 30,000-soldier increase in the active-duty Army after the Sept. 11 attacks in what was described as a temporary measure. Army officials say they hope to reach that authorized total troop strength of 512,000 by next year.

Gen. Gordon R. Sullivan, the former Army chief of staff who now heads the Association of the U.S. Army, a private support group, said in an interview that senior Army officers have told him in recent months that the service needs an active duty strength of some 535,000 to 540,000. General Sullivan said that figure assumed assured access to mobilize the National Guard and Reserves.

General Sullivan said his personal view was that the Army needed to have an active duty strength of more than 600,000 if such ability to mobilize the Guard and Reserves could not be guaranteed.

He noted that there has been a debate over the past few years as to whether the Army deployments were a "spike" or a "plateau."

"Surely, we know by now that it is a plateau," he said. "We are sending people back with 12 months dwell time. One reason we are doing it is that we don't have enough to spread this commitment out."

General Says Army Will Need To Grow (WP)

By Ann Scott Tyson

The Washington Post, December 15, 2006

Warning that the active-duty Army "will break" under the strain of today's war-zone rotations, the nation's top Army general yesterday called for expanding the force by 7,000 or more soldiers a year and lifting Pentagon restrictions on involuntary call-ups of Army National Guard and Army Reserve troops.

Gen. Peter J. Schoomaker, the Army's chief of staff, issued his most dire assessment yet of the toll of the wars in Iraq and Afghanistan on the nation's main ground force. At one point, he banged his hand on a House committee-room table, saying the continuation of today's Pentagon policies is "not right."

In particularly blunt testimony, Schoomaker said the Army began the Iraq war "flat-footed" with a $56 billion equipment shortage and 500,000 fewer soldiers than during the 1991 Persian Gulf War. Echoing the warnings from the post-Vietnam War era, when Gen. Edward C. Meyer, then the Army chief of staff, decried the "hollow Army," Schoomaker said it is critical to make changes now to shore up the force for what he called a long and dangerous war.

"The Army is incapable of generating and sustaining the required forces to wage the global war on terror . . . without its components -- active, Guard and reserve -- surging together," Schoomaker said in testimony before the congressionally created Commission on the National Guard and Reserves.

The burden on the Army's 507,000 active-duty soldiers -- who now spend more time at war than at home -- is simply too great, he said. "At this pace, without recurrent access to the reserve components, through remobilization, we will break the active component," he said, drawing murmurs around the hearing room.

The Army, which had 482,000 soldiers in 2001, plans to grow temporarily to 512,000. But the Army now seeks to make that increase permanent and to continue increasing its ranks by 7,000 or more a year, Schoomaker said. He said the total increase is under discussion.

"I recommend we continue to grow the Army so that we have choices," Schoomaker said, cautioning that it is ill advised to assume demand for American troops overseas will decrease. "Our history is replete with examples where we have guessed wrong: 1941, 1950, 2001, to name a few," he said. "We don't know what's ahead."

In light of such a sober assessment, Schoomaker voiced skepticism about the idea of an infusion of U.S. ground troops into Iraq, a message sources said he and the other members of the Joint Chiefs of Staff delivered to President Bush at the Pentagon on Wednesday.

"We should not surge without a purpose, and that purpose should be measurable and get us something," he told reporters after the hearing.

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Schoomaker's highly public appeal for more troops and reserve call-ups appeared to be part of an Army campaign to lobby incoming Defense Secretary Robert M. Gates, who is to be sworn in Monday, to approve the desired policy changes as well as a significant increase in the Army budget.

The Army estimates that every 10,000 additional soldiers will cost about $1.2 billion a year, up from $700 million in 2001 in part because of increased enlistment bonuses and other incentives. The Army will have to "gain additional resources to support that strategy," Schoomaker acknowledged.

Democrats, who will take charge of Congress next month, said yesterday that they plan to hold hearings on the "urgent" and "critical" readiness problems of the Army and Marine Corps. "Readiness levels for every unit must be raised and maintained at the highest possible level," Rep. Solomon P. Ortiz (D-Tex.), incoming chairman of the House Armed Services Committee's readiness panel, and Rep. Neil Abercrombie (D-Hawaii) said in an opinion article released yesterday. Two-thirds of Army units in the United States are now considered not ready to deploy.

The Army's manpower dilemma stems from current Pentagon policies: Although 55 percent of soldiers belong to the National Guard or the reserve, the Defense Department dictates that reservists can be mobilized involuntarily only once, and for no more than 24 months.

As a result, out of the total of 522,000 Army National Guard and reserve members, only about 90,000 are still available to be mobilized, according to Army data. "We're out of Schlitz," declared an Army chart depicting the shortage as a depleted barrel, saying this leaves "future missions in jeopardy."

Compounding the problem, the Pentagon has restricted repeated involuntary call-ups, leading to deeper and deeper holes in Army Guard and reserve units. Since the Sept. 11, 2001, attacks, hundreds of thousands of reserve soldiers have been mobilized for Iraq and Afghanistan. So when a unit is called to deploy, the only soldiers who can go are volunteers and new soldiers. The remainder are often drawn from dozens of units across the United States.

The result is systematically "broken" and "non-cohesive" units, said another Army chart titled "OSD-mandated Volunteer Policy Stresses the Force," referring to the office of the secretary of defense.

For example, Army Reserve units now must take an average of 62 percent of their soldiers for deployments from other units, compared with 6 percent in 2002 and 39 percent in 2003, according to the Army data. In one transportation company, only seven of 170 soldiers were eligible to deploy. The other 163 came from 65 other units in 49 locations, said the commission chairman, retired Marine Corps Maj. Gen. Arnold L. Punaro, who quoted a Marine Reserve officer as calling the policy "evil."

"Military necessity dictates that we deploy organized, trained, equipped cohesive units -- and you don't do that by pick-up teams," said Schoomaker, a decorated veteran of the Army's Delta Force who served in the ill-fated Desert One rescue mission in Iran in 1980.

"We must start this clock again . . . and field fully ready units. . . . We must change this policy," he said, banging his hand on the table for emphasis. He said later that he had detected "some movement" by Pentagon policymakers who have so far rejected a change on the politically sensitive issue.

In an interview yesterday on C-SPAN, Thomas F. Hall, assistant secretary of defense for reserve affairs, said that under the current authority Bush can mobilize up to 1 million reservists for no more than two "continuous" years, but the Pentagon policy under Defense Secretary Donald H. Rumsfeld has been more restrictive, limiting the time to two "cumulative" years. "The law does say 'continuous,' so you could have a break and recall them," Hall said.

Lt. Gen. Clyde Vaughn, chief of the 346,000-strong Army National Guard, said yesterday that his force is "poised for remobilization."

Vaughn said he thinks state Guard leaders will accept fresh call-ups sooner than planned as long as the deployments are limited to 12 months and draw on units that have been home the longest. He said the Guard could tolerate having units deploy for one year out of every five, instead of out of every six.

"One year is absolutely critical," he said, explaining that the 18 months it currently takes for a Guard unit to mobilize, train and deploy means too much time away from jobs and families. Schoomaker indicated that the Army is working on reducing the duration of Guard and reserve deployments to one year.

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Since 2001, the Army Guard has deployed 186,000 soldiers and the Army Reserve 164,000 soldiers for duty in Iraq and Afghanistan and in homeland-defense missions.

Army Chief Seeks More Forces, Reserves (AP)

By Lolita C. Baldor

AP, December 15, 2006

As President Bush weighs new strategies for Iraq, the Army's top general warned Thursday that his force "will break" without thousands more active duty troops and greater use of the reserves.

Noting the strain put on the force by operations in Iraq, Afghanistan and elsewhere in the global war on terrorism, Gen. Peter J. Schoomaker said he wants to grow his half-million-member Army beyond the 30,000 troops already added in recent years.

Though he didn't give an exact number, he said it would take significant time and commitment by the nation, noting some 6,000 to 7,000 soldiers could be added per year.

Officials also need greater authority to tap into the National Guard and Reserve, long ago set up as a strategic reserve but now needed as an integral part of the nation's deployed forces, Schoomaker told a commission studying possible changes in those two forces.

"Over the last five years, the sustained strategic demand ... is placing a strain on the Army's all-volunteer force," Schoomaker told the commission in a Capitol Hill hearing.

"At this pace ... we will break the active component" unless reserves can be called up more to help, Schoomaker said in prepared remarks.

Schoomaker's comments come as Bush continues his assessment of the Iraq war. Bush held three days of urgent meetings with top generals and other advisers. Over that time, Bush gathered advice from former and current commanders, including those in Iraq, as well as chiefs of the military services and other top Pentagon leaders.

White House spokesman Tony Snow declined to characterize Bush's response to Schoomaker's suggestion, but said Bush "takes seriously any of the requests from the service branch chiefs."

Speaking to reporters afterward, Schoomaker said Gen. George Casey, the top commander in Iraq, is looking at several military options for the war, including shifting many troops from combat missions to training Iraqi units. However, Schoomaker said, the military is more interested in getting the Iraqi security forces up to speed than anything.

Above all else, the military is looking at "how we generate Iraqi output," he said.

The Army in recent days has been looking at how many additional troops could be sent to Iraq, if the president decides a surge in forces would be helpful. But, officials say, only about 10,000 to 15,000 troops could be sent and an end to the war would have to be in sight because it would drain the pool of available soldiers for combat.

Further, many experts warn, there is no guarantee a surge would work to settle the violence.

"We would not surge without a purpose," Schoomaker told reporters. "And that purpose should be measurable."

He even heard from outside advisers who suggested he remove Marine Gen. Peter Pace as chairman of the Joint Chiefs of Staff, according to an official familiar with the meeting who asked not to be named because the discussions were private.

A number of administration officials have suggested privately that — while Bush has considered the possibility of a short-term troop increase — there is no consensus from the military on the wisdom of injecting a large number of additional troops.

Another option under discussion is increasing the number of U.S. troops who are placed inside Iraqi army and police units as advisers, providing a kind of on-the-job training that the senior military spokesman in Baghdad, Maj. Gen. William Caldwell, told reporters is already paying notable dividends.

The military has said that any adjustments in troop levels would be fruitless without accompanying improvements on the political and economic fronts, to reconcile the rival sectarian factions and to put young people to work.

Iraqi Vice President Tariq al-Hashemi, meanwhile, called on the Bush administration to set a timetable for withdrawal of U.S. troops from Iraq. At a news conference in Washington, al-Hashemi, a Sunni leader who met with Bush earlier this week, said the timetable should be "flexible" and depend on development of a capable Iraqi security force.

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"You've done your job," he said at the United States Institute of Peace, a U.S.-financed think tank.

Currently, however, he said, "There is across-the-board chaos in my country," with roaming bands of murderers.

Army Is Stretched Too Thin (LAT)

By Julian E. Barnes

The Los Angeles Times, December 15, 2006

WASHINGTON — The Army's top general said Thursday that the mission in Iraq "will break" the Army without an expansion of the size of the active-duty force or the remobilization of the National Guard and reserves.

Gen. Peter J. Schoomaker, the Army chief of staff, said the all-volunteer Army was being tested by a schedule that allowed less than a year at home for active-duty units between deployments to Iraq.

Boosting the size of the active-duty force would be expensive, and remobilizing the guard members and reservists who have already served in Iraq would be controversial and politically unpopular. But the high operational demand placed on the Army is unlikely to end soon, Schoomaker said. And without sending reservists to Iraq for additional tours or expanding the size of the active-duty Army, it would be difficult to meet the overseas demands.

The Army is officially allowed to have 482,000 soldiers, but Congress has temporarily authorized the service to grow by 30,000. So far, the Army has added 25,000 soldiers.

Testifying before the Commission on the National Guard and Reserves, which was created by Congress to examine challenges facing the reserve component, Schoomaker did not say precisely how much he wanted the Army to grow. But he said "current demand" made an increase "wise and prudent." His remarks left open the possibility that the Army would seek an increase beyond its current limit of 512,000.

"If the nation decides to further increase the size of the Army, it will take a significant amount of time and commitment from the nation," he said. "Optimistically, we could add 6,000 to 7,000 soldiers per year."

Last month, Marine Gen. James T. Conway said that an increase in his force was under consideration and that funding for a temporary boost in the size of the Corps could be included in next year's supplemental budget request.

Some outside experts — notably Frederick W. Kagan of the conservative American Enterprise Institute think tank in Washington — have suggested that the Army should grow annually by one division, about 20,000 people, until it reaches 750,000 soldiers.

Kagan said that from 1979 to 1991, America had an all-volunteer active-duty force of 780,000. "I do not believe we cannot find a way to recruit to a higher level," he said. "The president is going to have to call on the young people of this nation to come out and support this effort."

Such growth is possible, other experts say, but during an unpopular war, it would require large bonuses and pay increases that would eat into the military budget.

Kagan has proposed building up the Army in part to allow the military to send additional forces to Iraq.

In a proposal outlined Thursday, Kagan said that by speeding up rotations and extending tours, the Army and Marine Corps could add some 30,000 combat troops in 2007.

Army officials' estimates of how many soldiers they could add are much lower.

Army officials have been talking privately for months about the need to send guard and reserve units for second tours. But Schoomaker's remarks were the most forceful public presentation yet about the need to tap the reserves further.

Typically reservists must be mobilized for at least 18 months in order to serve in Iraq: six months to train and a year to serve in the war zone. Under current practice, the National Guard and reserves can be mobilized for only a single tour in Iraq. But Schoomaker said almost all of the reserve units had been called once since Sept. 11, 2001.

In early 2005, about 40% of the force in Iraq was made up of Guard troops and reserves. But because numerous soldiers and units have been mobilized, the Army has had to fill out units with volunteers from across the country who are willing to serve a second tour.

The Army wants to be able to send units to Iraq that have trained together, even if some of their members have already served an overseas tour.

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"In my view we must deploy our force in cohesive units, not as individual soldiers," Schoomaker said. "This will require us to remobilize units and reserve component soldiers."

Army officials believe under the law they are allowed to remobilize reservists for a second tour.

Top Pentagon officials have not yet allowed such involuntary remobilizations, but the policy is being examined by the Commission on the National Guard and Reserves.

General Says Army 'will Break' Without More Reserves (MCT)

By Drew Brown

McClatchy Newspapers, December 15, 2006

WASHINGTON - The Army's top general warned Thursday that the wars in Iraq and Afghanistan "will break" the active-duty Army unless the National Guard and Reserves are used more often and thousands of active-duty troops are added to the ranks.

With the all-volunteer force now in its fifth year of combat and facing unprecedented strains, Gen. Peter J. Schoomaker noted that active-duty combat brigades spend less than one year at home.

"At this pace, without recurrent access to the reserve components through remobilization, we will break the active component," Schoomaker told a panel appointed by Congress to recommend changes for the National Guard and Reserves.

Further, because nearly all part-time Army units have been called up to serve at least once in the war on terrorism and in Iraq, current mobilization policies mean that the Army must rely on individual volunteers to fill out units that are being deployed again.

"This runs counter to the military necessity of deploying trained, ready and cohesive units," Schoomaker said in testimony to the Commission on the National Guard and Reserves. "In my view, we must deploy our force in cohesive units, not as volunteers."

Schoomaker said the situation will require the Army to remobilize units and reserve component soldiers who already have served once in the war on terror and in Iraq. His recommendations were first reported on Tuesday by McClatchy Newspapers.

Commission chairman Arnold L. Punaro said there's broad agreement among military commanders who've testified in previous hearings that the Pentagon's policy for mobilizing reserve forces must change, but the frequency and duration of deployments remain in dispute.

"It's not sustainable," said Punaro, a retired Marine major general who's now an executive at defense contractor SAIC. "Whether it's feasible or not (to change the policy) remains to be seen."

Speaking to reporters after the hearing, Lt. Gen. Clyde Vaughn, the director of the Army National Guard, said he supports changing the policy so that citizen soldiers are called up to serve for no more than 12 months at a time. Under that model, the Army National Guard could provide as many as 60,000 combat troops for deployment "for a long time," Vaughn said.

"One year is absolutely critical," Vaughn said. "Eighteen months is too long."

Under current law, National Guard and Reserve forces can be called to active duty for up to two consecutive years under a partial mobilization, which is what President Bush declared after the terrorist attacks of Sept. 11, 2001.

But the practice under Defense Secretary Donald H. Rumsfeld has been to mobilize part-time troops for no more than 24 cumulative months. National Guard and Reserve troops called to service in Iraq and Afghanistan usually spend about six months training, then a year on the ground, leaving them only six months of eligibility to serve in other active-duty roles.

North Carolina Gov. Mike Easley, the National Governors Association's point man on National Guard issues, said the preparations take too long.

"Soldiers are spending way too much time at mobilization stations before they get to the fight," he said in a statement.

He also argued that thousands of active-duty soldiers have yet to serve in the war. "We should fully use all active-duty soldiers first before we ask the National Guard to do a second or even third round of deployments," Easley said.

More than 1 million American servicemen and women have served in Iraq and Afghanistan, many of them National Guard and Reserve troops.

Army officials say Schoomaker wants the 24-month restriction lifted so that units can go to war intact. Although that means that some part-time troops would have to serve again involuntarily in the short term, the goal by 2009 is for active-duty units to

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serve a year-long overseas deployment only once every three years, Army Reserve units to serve overseas only one out of every five years, and National Guard units to serve only one year overseas out of every six.

Unless current policies on reserve forces are changed, the country must either reduce the number of troops overseas or add troops to the active-duty Army, Schoomaker said.

Schoomaker said that current demands on the Army make it a "wise and prudent action" to add more troops than the 30,000 that Congress has approved in recent years. Schoomaker said the Army could "optimistically" add at least 6,000 to 7,000 more soldiers a year, or more with greater recruiting incentives.

The Army currently has about 500,000 active-duty troops. Reserve components make up 55 percent of the Army's total strength, with 196,000 troops in the Army Reserve and 345,000 in the National Guard.

Air Force Maj. Gen. Roger Lempke, president of the national Adjutants General Association, which represents the senior leadership of the Army and Air National Guard, said the National Guard already has called up about 75 percent of its soldiers.

Those soldiers aren't available now, he said, and he fears that the Army wants more rotations for troops to meet its needs overseas.

"If they get that access and do it the current way, I expect you're going to see more problems with recruitment and retention," said Lempke, the adjutant general for the Nebraska National Guard.

Lempke said Guard soldiers now are mobilized about two years out of every six or seven. He'd be willing to see troops deployed more often if they don't stay away as long.

"We could do one year in five," Lempke said. "We could support that, but we can't do 18 months every three years or less."

The commission is supposed to deliver a report to Congress by January 2008 that recommends changes to the National Guard and Reserve military forces.

McClatchy Newspapers correspondent Barbara Barrett contributed to this report.

Rice Rejects Overture To Iran And Syria (WP)

By Glenn Kessler And Robin Wright

The Washington Post, December 15, 2006

Secretary of State Condoleezza Rice yesterday rejected a bipartisan panel's recommendation that the United States seek the help of Syria and Iran in Iraq, saying the "compensation" required by any deal might be too high. She argued that neither country should need incentives to foster stability in Iraq.

"If they have an interest in a stable Iraq, they will do it anyway," Rice said in a wide-ranging interview with Washington Post reporters and editors. She said she did not want to trade away Lebanese sovereignty to Syria or allow Iran to obtain a nuclear weapon as a price for peace in Iraq.

Rice also said there would be no retreat from the administration's push to promote democracy in the Middle East, a goal that was de-emphasized by the Iraq Study Group in its report last week but that Rice insisted was a "matter of strategic interest." She reiterated her commitment to pursuing peace between Palestinians and Israelis -- a new effort that President Bush announced in September but that has yielded little so far.

"Get ready. We are going to the Middle East a lot," Rice said.

In a separate interview with Post editors and reporters, Director of National Intelligence John D. Negroponte provided an assessment of the situation in Iraq that did not deviate much from the Iraq Study Group's grim appraisal. He said the Iraqi insurgency could now finance itself from inside Iraq "through corruption, oil smuggling and kidnappings."

Rice's remarks indicated that, despite a maelstrom of criticism of Bush's policies by outside experts and Democrats, the administration's extensive review of policy in Iraq and the region will not yield major changes in its approach. Rice said that Bush could be "quite expansive" in terms of a policy review and that the new plan would be a "departure." But the president will not radically change any of his long-term goals or commitment to Iraq, she said.

Indeed, Rice argued that the Middle East is being rearranged in ways that provide the United States with new opportunities, what she repeatedly called a "new strategic context."

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She said the range of struggles in the Middle East, such as the election of Hamas in the Palestinian territories, the conflict between Hezbollah and the Lebanese government, and strife in Iraq, represents a "clarifying moment" between extremists and what she called mainstream Arabs.

"This is a time for pushing and consulting and pressing and seeing what we can do to take advantage of this new strategic context," Rice said.

But she said democracy in the Middle East is "not going to be concluded on our watch" and acknowledged that "we've not always been able to pursue it in ways that have been effective."

"I take that criticism," she added.

Rice's comments on Iran and Syria were among her strongest on one of the key recommendations of the Iraq panel, co-chaired by former secretary of state James A. Baker III and former congressman Lee H. Hamilton. The report noted that Iran cooperated with the United States on Afghanistan and urged the administration to "explore whether this model could be replicated in the case of Iraq."

Bush called Iran part of an "axis of evil" shortly after the 2001 Bonn conference that led to the formation of the Afghan government, a label that Iranian diplomats have said soured Tehran's interest in cooperation.

In May, Rice offered to join talks on Iran's nuclear program if Tehran suspended its uranium-enrichment program, but Iran has rejected that condition. She said that Syrian officials have been unreceptive to previous entreaties by U.S. diplomats.

Negroponte noted that Iran was in a "defensive posture" three years ago when Iraq was invaded, wondering whether it would soon be a target. But now, flush with oil wealth, he said, it has become a major factor in the Middle East.

Rice said the administration's goal over the next two years is to give Iraqis the space to marginalize extremists and create a moderate middle that can hold the country together. The violence may not have ended before the administration leaves office, she acknowledged, but she said she hopes that Iraqis would "get to a place that is sustainable" by the end of 2008.

Although the administration is reviewing its troubled strategy in Iraq, Rice said the United States ultimately does not hold the key to solving the country's multifaceted military and political crises.

"The solutions to what is happening in Iraq lie in Baghdad, in their ability to deal with their own political differences," she said. The U.S. role is only in a support capacity, she said, reflecting the emerging undercurrent of the ongoing White House policy review to shift the mission from combat to support in both security and political reconciliation.

Rice said Iraqi officials have appealed to the administration to show greater flexibility and to hand over more responsibility to the new government, which was elected last December and took office in May.

Rice voiced support for Prime Minister Nouri al-Maliki but said the full array of sectarian and ethnic leaders must be prepared to bring their diverse communities along in tackling the most sensitive issues, including political reconciliation and disarming militias.

The administration has been pressing this message in meetings with two of Iraq's most prominent leaders, Abdul Aziz al-Hakim, leader of Iraq's largest Shiite party, who was in Washington last week, and this week with Vice President Tariq al-Hashemi, the highest-ranking Sunni in Iraq's government.

"You can't ask a prime minister in a democracy to take difficult steps that nobody will back that up," Rice said.

Although Shiite militias and death squads are behind much of the sectarian violence, Rice said she believes that most Iraqi Shiites are "firmly" on the side of democracy. The Shiite-dominated government is committed to Iraq's national identity and does not want Iraq to be dominated by Iran, Rice said.

Could Iran Help The US Stabilize Iraq? (CSM)

By Scott Peterson

The Christian Science Monitor, December 15, 2006

TEHRAN, IRAN

The word "compromise" is rarely invoked when the leaders of archenemies Iran or the United States speak about each other.

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But as the crisis in Iraq deepens, President Bush is being asked by a growing chorus, from the Iraq Study Group to Mideast experts, to appeal directly to Iran for help.

So far in public - as well as through diplomatic channels, sources here say - Iran and the US are laying down irreconcilable, maximalist positions that reflect very different worldviews about what such contact should achieve.

But even if Mr. Bush were to set aside his approach to Iran as part of an "axis of evil," the question remains of whether Iran is willing to help the US out in Iraq - and if so, at what price.

"Now is not the best time [for Iran to help], because [American] intent is only to solve the problems of the US in Iraq, and not those of Iran," says Amir Mohebian, an editor of the conservative Resalat newspaper.

"If the US wants to solve its problems in Iraq, it must see that as a package" of issues with Iran, says Mr. Mohebian, who has close links with power centers in the Islamic Republic. "The US should consider Iran's new position in the region; not just as one country, but as a regional power."

Earlier this year, both Washington and Tehran approved Iraq-specific talks between their officials in Baghdad, though none are known to have occurred. More recently, Bush has spoken disparagingly of bringing Iran into the Iraq equation.

"Fundamentally, the Bush administration refuses to have comprehensive talks with the Iranians," says a Western diplomat, noting that US officials continue to say that Iran is a top state sponsor of terrorism and that its nuclear-power program is a cover to build atomic weapons. Iran rejects those charges. "[But] even if you plan to get in some sort of contact, it makes sense to say 'never,' " as an initial bargaining stance, says the diplomat.

The White House has wanted to limit any dialogue with Iran to Iraq, or, in a separate offer last June, to the nuclear file. But as Iraq has deteriorated, and the demand for talks with Iran has intensified, Iran feels increasingly that it can demand much in exchange.

James Baker, co-chair of the Iraq Study Group, which met with Javad Zarif, Iran's ambassador to the UN, has downplayed the likelihood of Iran's assistance.

"We're not naive enough to think that in this case [Iran] may want to help. They probably don't," Mr. Baker testified to Congress last week. "The president authorized me to approach the Iranian government. I did so. And they in effect said ... we would not be inclined to help you this time around."

Iran's price, analysts here say, could be a broader package that would, at the least, include ending action by the UN Security Council to draft a sanctions resolution over Iran's nuclear issue.

Iran may expect the US to accept its determination to continue enriching uranium, something the White House says must be suspended before talks. Recognition of the regime, after 27 years of estrangement, and a guarantee that Iran will not be a military target, are top priorities as well.

"I have no doubt, that if there is a serious attempt by the US administration for a comprehensive resolution of the problems between Iran and the US, Iran would be more than ready to help," says Nasser Hadian-Jazy, a political scientist at Tehran University. "But it is not going to be just about Iraq. Iran would be much more willing to do more, if it knew there is going to be a comprehensive [deal] with the US."

This calculus in Tehran represents a dramatic turnaround from the spring of 2003, when Iran's clerical leadership worried that they were "next" after Iraq on the target list for regime change.

Feeling vulnerable, Iran sent an unprecedented secret letter to the White House, offering to talk about everything from its controversial nuclear program to support for Hizbullah and Hamas militants.

But the Bush team dismissed the offer, and even scolded the Swiss ambassador in Tehran at the time for passing the message on. Today, with the US bogged down in Iraq and looking for a facesaving way out, it is the Iranians who want to define the terms of any cooperation.

They often cite Afghanistan in 2001, when Iran helped the US defeat the Taliban and push out Al Qaeda with extensive intelligence and diplomatic aid, only to be labeled part of the "axis of evil" weeks later.

"It's a game. We think the US wants to use Iranian power to solve their problem in Iraq before the presidential election in 2008," says Mr. Mohebian. "After victory ... then it will be back to the old 'axis of evil.' "

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A final Iranian decision will await more signals from the US, because "up to now, we hear only slogans," says Mohebian. "We don't want to look to the mouths of US leaders, but at their hands. After helping in Afghanistan, what was the result? It only helped the radicals in Iran."

Iran and the US share an interest in a stable Iraq that remains intact and is no longer a breeding ground for extremists, Iranian analysts say. But the Afghanistan case has made the regime uncertain.

"Now, if Iran helps the US contain the violence in Iraq, and [afterward the US] has a free hand, then 'OK, we're going to bomb you now. You are the next target,' " says Mr. Hadian-Jazy. "They should know which road they are putting a step in. They want to be sure."

Iran can't bring stability to Iraq, but it can use its influence - especially with fellow Shiites who run the embattled government - to ease the sectarian violence and help forge a unity government.

"The situation wouldn't be worse if Iran said it would help," says a European diplomat. "But the question is: How much better would it be?"

"[Iran] sees all this as pieces of a great big game, [and] the price will continue going up as the situation gets worse," says the diplomat. "The American request would include intelligence help - and this is very uncommon - [because Iranian] eyes and ears on the ground are the best in Iraq."

But such a request is far from certain. In a bid to talk over Iran's leaders, Bush has spoken kindly to the Iranian people, addressing their rich history and yearning for freedom, while accusing the government of supporting terrorism in Lebanon, the Palestinian territories, and Iraq, and secretly aiming for nuclear weapons.

Likewise, Iran's arch-conservative President Mahmoud Ahmadinejad - who has created friction with the West over comments about the destruction of Israel, and calling the Holocaust a "myth"- wrote a letter to the US public last week. Addressing "Noble Americans," Mr. Ahmadinejad said the American people were "God-fearing, truth-loving, and justice-seeking," according to an official translation, then blamed the administration for "blind and blanket support" of Israel, and for the "killing of hundreds of thousands of innocents" in Iraq that has not stopped terrorism.

"The sad experience of invading Iraq is before us all," he said, in an approach that contrasts sharply with that of his predecessor, President Mohamad Khatami, who touted a "dialogue of civilizations."

"As a counterpoint to George Bush and his irrational behavior, the right choice was not Mr. Khatami; the right choice was Mr. Ahmadinejad," says editor Mohebian. "If the US can calculate our behavior ... the US could attack us."

"Mr. Khatami showed all the pockets to [the US]," he adds. "But because the behavior of Ahmadinejad can't be forecast, [the US] can't calculate the reaction. So before any military action, they will think twice."

Rice Lying Low At The Middle East Crossroads (FT)

By Guy Dinmore And Edward Luce And William Wallis

Financial Times, December 15, 2006

While US policy in the Middle East has stalled at multiple crossroads in the search for a "new way forward" in Iraq, Condoleezza Rice, secretary of state, has been notable only for her low visibility.

As one of President George W. Bush's closest confidantes, Ms Rice is likely to play a pivotal role in the outcome, however. Still, many are asking whether she will take the risk and seize the opportunity to direct a comprehensive change of course in the region in the two years they have left.

A new low was plumbed in the US's international standing when, on the 10th day of Lebanon's summer war, with civilian casualties mounting from Israeli attacks, Ms Rice declared the world was witnessing the "birth pangs of a new Middle East".

Since then, the pro-western Lebanese government has been seriously weakened, the conflict in Iraq has intensified, and the Palestinian territories are close to civil war. Meanwhile, Washington's adversaries – Iran, Syria and Sudan – have been emboldened.

Ms Rice appears to be on the brink of ignoring the first of the 79 recommendations of the Iraq Study Group – that she and Mr Bush launch a comprehensive "new diplomatic offensive" by December 31.

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This would involve initiatives to support Iraq through an international support group, active engagement of Iran and Syria, and the launch of a "renewed and sustained commitment to a comprehensive Arab-Israeli peace on all fronts". Her personal role in exploiting this remains in doubt.

"How long have American secretaries of state been shuttling back and forth trying to get a Palestinian state? Has it ever worked?" she asked in an interview with Agence France Presse.

She and Mr Bush have repeatedly rejected the notion of unconditional engagement with Iran and Syria. Containment is driving policy towards Iran, but some European diplomats still believe there is a chance the US will restart a dialogue with Syria.

Allies of Ms Rice say there would be no gain for her at this stage in sticking her head above the parapet.

"The smart thing to do would be to be working quietly behind the scenes with the Saudis and the Israelis to try to get the peace process on the road again," says Dov Zakheim, a former Pentagon official.

M.R. Rosenberg, director of policy analysis at the Israel Policy Forum, which advocates a two-state solution to the Israeli-Palestinian conflict, said he was struck by the sense of urgency of Prince Turki al-Faisal, the Saudi ambassador, who abruptly terminated his mission to Washington on Monday. That day the ambassador stressed the importance of Israel and "moderate Arab states" working together to resolve their differences, as they faced what he called a common threat from Iran.

But Prince Turki did not seem optimistic that the Bush administration would launch such a serious initiative, Mr Rosenberg said.

Some see signs that Israel would be prepared to talk to Syria over the Golan Heights but that Washington is holding Tel Aviv back. "The Israelis are ready to talk to Syria – but it is being blocked in Washington," said Chas Freeman, a former US ambassador.

When Ms Rice has met her Middle Eastern counterparts in recent months, Arab officials tried to press the urgent need for momentum on the Arab-Israeli conflict to counter more radical agendas sweeping through the region.

"This has been the broad message every time she speaks to Arab foreign ministers. I think she gets it. But I think Washington is lost in its own dynamics and those dynamics still have a lot of ideology," said a senior Arab official.

So far, they say, she has lacked the entrepreneurial touch in the Middle East. "It's not easy trying to move the Palestinian-Israeli situation forward, especially if you have within your ranks people who believe Israel is always right whatever it does and the Palestinians are always evil," said an Arab diplomat. "Our problem with people like Condoleezza Rice is they take too long to understand the reality on the ground, which is a different reality than the one explained to them."

Others are even less generous. "They [Arab regimes] don't believe she can change the dynamics because they see her as part of the problem," says a well-connected Saudi commentator. "She is gung-ho on Iran and she doesn't believe there are two sides to the Palestinian problem." Since the Lebanon war Ms Rice has expressed regret that the US had not done more to stop the suffering of civilians. But she also sticks to blaming Hizbollah for their deaths and for triggering the conflict.

Emile El-Hokayem, analyst at the Stimson Center, a US-based think-tank, says others draw their own conclusions. "The lesson for many Arabs is that the US will always side with Israel no matter what, and that being America's ally does not necessarily bring substantive political benefits when most needed," he comments. "America emerged as unreliable in Lebanon and incompetent in Iraq. The consequences of this for America's image in the region are serious."

"Restarting the peace process might be a way for Secretary Rice to improve her record. But this is a long shot because none of the actors in the region seems ready to go down this road."

Saudi Ex-ambassador Urged No US Talks With Iran (AFP)

AFP, December 15, 2006

The US State Department said Saudi Arabia's former ambassador here recently visited Washington, adding spice to reports he was involved in a power struggle which caused his successor to quit.

Prince Bandar bin Sultan, was the kingdom's top envoy to the United States for 22 years until 2004. The Washington Post reported Thursday he was in the US capital recently to counsel top officials against heeding mounting calls for talks with Iran or Syria.

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State Department spokesman Sean McCormack reluctantly confirmed Prince Bandar met Secretary of State Condoleezza Rice, when pressed by reporters, but refused to divulge the substance of their conversation.

"I can't tell you the last time that he and the secretary met," McCormack said. "I'm sure that it's been within the past several weeks, but I can't tell you exactly when."

The Post quoted diplomats as saying many Saudis believed Syria had betrayed the Arab world by leaning closer to Iran in recent months.

Saudi Arabia has shown increasing signs of concern over Tehran's growing influence with Iraqi Shiite leaders, and its nuclear showdown with the West.

Interestingly, the mission of Prince Bandar, current Saudi national security advisor, seems to directly conflict, on Iran, at least, with recent statements on Tehran by his successor as ambassador Prince Turki al-Faisal.

Prince Turki set off a diplomatic mystery on Monday by suddenly resigning and leaving the United States for what were a Saudi official said were "personal reasons."

Among several theories about his departure, was a report that he was locked in a political feud with Bandar.

Signs of differences over Iran may hint at some of the reasons behind any clash, as Prince Turki has publicly urged the United States to enter into dialogue with Iran.

"Saudi Arabia talks to Iran frequently and frankly," Prince Turki said during an an appearance at the Center for Strategic and International Studies on October 4.

"I think for the United States not to talk to Iran is a mistake. We've found in our experience that when we did not talk to Iran -- our relations were broken for a period of a few years in the '90s -- we had more troubles with each other.

"But since then, our relationship has improved dramatically and beneficially for both our countries. So we think that negotiation and talking to people is more important than shutting the doors on them."

The United States is at loggerheads with the Islamic Republic over a series of issues, including Tehran's nuclear program, and also claims Tehran is deliberately fanning extremism in Iraq and the wider Middle East.

White House: Syrian Visits Hurt Progress (AP)

By Deb Riechmann

AP, December 15, 2006

The White House said Thursday that trips to Syria by U.S. lawmakers are a public relations victory for a government that is thwarting democratic reform in the Middle East.

The Bush administration has tried to discourage lawmakers from going to Syria, White House press secretary Tony Snow said. "We think it's inappropriate."

Sen. Ben Nelson, D-Fla., emerged from a meeting with Syrian President Bashar Assad in Damascus on Wednesday, saying Assad was willing to help control the Iraq-Syrian border. Nelson said he viewed Assad's remarks as "a crack in the door for discussions to continue. I approach this with realism, not optimism."

Snow said the trip by Nelson, a member of the Armed Services and Foreign Relations committees, and future visits to Syria expected by Sens. John Kerry, D-Mass., Christopher Dodd, D-Conn., and Arlen Specter, R-Pa., send an unhelpful, mixed message to the Syrians.

"We want to make sure that they understand that just because they have visitors does not mean that the position of the United States government has changed," Snow said.

Taking issue with the White House, Dodd said in a statement that members of Congress "need to go to hotspots not just garden spots. I can't think of a more critical part of the world than the Middle East and I can't think of a more critical player in affecting events in the region for good or for bad than Syria."

Kerry spokesman David Wade said the senators were engaged in fact finding, not negotiating. "If Ronald Reagan could talk to the 'evil empire,' surely United States senators with a responsibility to American troops can visit Syria," Wade said, referring to Reagan's description of the former Soviet Union.

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The bipartisan Iraq Study Group recommended that the administration engage in direct talks with Syria, but President Bush has reacted coolly to that suggestion.

"The point is that even lending a further specter of legitimacy to that government undermines the cause of democracy in the region," Snow said about Nelson's trip.

Nelson's spokesman Dan McLaughlin called the remarks a "baseless attack" and said the White House was producing the "same old tired, mean-spirited partisan politics" that were unhelpful to the situation in Iraq. McLaughlin defended Nelson's trip as par for the course for a senator who sits on three oversight committees: Armed Services, Foreign Relations and Intelligence.

"In Syria, he met with a man he's met with twice before — not to negotiate, which is the president's job, but to talk and gather facts and report back to Congress and the State Department," McLaughlin said. "Senators meet with heads of state all the time."

The United States has limited diplomatic ties with Syria because of its support of Hezbollah and Hamas, which the United States considers terrorist organizations. Bush expressed reluctance to seek help from Damascus on Iraq until the Syrian government curbs that support and reduces its influence in Lebanon.

"The Syrians should have absolutely no doubt that the position of the United States government is the same as it has been," Snow said.

Bush Administration Says Senator's Trip To Damascus Is A Mistake (MCT)

By Lesley Clark

McClatchy Newspapers, December 15, 2006

WASHINGTON - The White House on Thursday escalated its criticism of Florida Democratic Sen. Bill Nelson's defiant diplomacy to Syria as a parade of other senators prepared to meet with the president of the country.

At a press briefing, White House spokesman Tony Snow repeated his contention that the Nelson's trip was "not helpful" and "not appropriate." He charged that "lending a further specter of legitimacy to that government undermines the cause of democracy in the region."

President Bush has accused Syria of backing the insurgents now fighting in Iraq.

Nelson, on what he described as a fact-finding tour of the Middle East, told reporters on a conference call Wednesday that he met for an hour with Bashar Assad, saying the Syrian president "clearly indicated the willingness to cooperate" with the U.S. or Iraqi army to secure the border between the two countries. Nelson said he viewed the talks as a "crack in the door" for discussions to continue, but cautioned that he viewed the meeting "with realism, not optimism."

A spokesman for Nelson noted Thursday that senators "meet with heads of states all the time" and called Snow's criticism "the same-old, tired, mean-spirited partisan politics.

"Instead of launching partisan attacks, they should be doing what they recently promised to do: conduct business in a bipartisan way," said Nelson spokesman Dan McLaughlin. "That's the only way we're going to find a solution in Iraq.

Though the Iraq Study Group is recommending a stepped-up diplomatic effort involving Syria and Iran to stem the violence in neighboring Iraq, the White House has expressed reluctance, pointing to Syria's backing of terrorist groups and its record of meddling in Lebanon.

Snow insisted the visits were not undermining the president's stance. But he said the meeting at the presidential palace, along with planned visits by Senators John Kerry, D-Mass., Christopher Dodd, D-Conn., and Arlen Specter, R-Pa., could send confusing messages about the U.S. stance toward the country.

"The United States has a clear position, and you want to make sure that you're sending a clear message, and not mixed messages, to the Syrians about the fact that they have obligations," Snow said, noting that the U.S. insists Syria "stop serving as headquarters" for terrorist groups. "They would love for us to talk with them. But they've got to do something. We want to make sure that they understand that just because they have visitors does not mean that the position of the United States government has changed."

Nelson acknowledged Wednesday that the State Department was not happy with his decision to meet with Assad, but said he had a "constitutional role as a member of Congress" to meet with the president.

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McLaughlin noted that Nelson was not negotiating, "which is the president's job," but gathering facts to report back to Congress. Nelson was recently named to the Senate Intelligence Committee and is already a member of the Senate Armed Services and Foreign Relations committees.

White House Criticizes Senator's Syria Trip (AFP)

AFP, December 15, 2006

The White House sharply criticized a US senator's trip to Syria as "not helpful" and "not appropriate" and warned Damascus not to see the visit as an indirect overture from Washington.

"Even lending a further specter of legitimacy to that government undermines the cause of democracy in the region," spokesman Tony Snow said after Democratic Senator Ben Nelson met with Syrian President Bashar al-Assad.

"We do have diplomatic relations with the Syrians. And they do know what our position is. And that position is not going to change," he said. "The president is in charge of foreign policy. It may cost some people their credibility."

The Iraq Study Group led by former secretary of state James Baker recently urged US President George W. Bush to engage Tehran and Damascus in an effort to secure their help in quelling violence tearing Iraq apart.

On Thursday, Democratic Senator John Kerry, Bush's 2004 rival for the White House, lent qualified support to that suggestion, saying during a visit to Cairo: "I think it's important to begin a discussion."

"I think it's important to talk, to have dialogue, but you don't give up your principles and you don't make deals that are against your larger interest," Kerry said after meeting Egyptian President Hosni Mubarak.

The White House, however, took a dim view of the suggestion.

"The Syrians have been adventurous and meddlesome in Iraq, and in Lebanon, and working against the causes of democracy in both of those countries," Snow said. "It's absolutely vital that the democracies succeed in both places."

"And therefore, the Syrians should have absolutely no doubt that the position of the United States government is the same as it has been," he said.

"They need to stop harboring terrorists. They need to stop supporting terrorism in Iraq, Lebanon and elsewhere. They need to stop serving as headquarters for terrorist organizations. And they need to demonstrate goodwill," he said.

Nelson said Thursday he had had a "sharp disagreement" with Assad over UN-endorsed plans for an international tribunal into the February 2005 murder of Lebanese ex-premier Rafiq Hariri.

The senator from Florida, a member of the Senate Foreign Relations Committee, is the first US lawmaker to visit Damascus since January 2005. Fellow Democrat Chris Dodd is to travel to Damascus later in the week.

In a statement, Dodd said US lawmakers "need to go to hotspots not just garden spots. I cant think of a more critical part of the world than the Middle East, and I cant think of a more critical player in effecting events in the region for good or for bad than Syria."

"That is why I have decided to include a stop in Syria during my seven day fact finding trip to the region," Dodd said.

Snow dismissed such arguments.

"A lot of times a member of Congress may think, 'Well, I'm going to go there, and I'm going to tell them. I'm going to tell them exactly the same thing. I'm going to take a tough line,'" said the spokesman.

"You can take a tough line all you want, but the Syrians have already won a PR (public relations) victory. And so it's important to realize that in this case, it is not that there is a want of communication," he added.

White House Upset By Senator's Trip To Syria (NYT)

By Sheryl Gay Stolberg

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — The White House said Thursday that a Democratic senator's meeting with President Bashar al-Assad of Syria was inappropriate and undermined democracy in the region, while three more senators, including a Republican, made plans to visit Damascus in defiance of President Bush.

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The visits are troublesome for the Bush administration because they come in the wake of the report by the bipartisan Iraq Study Group, which has called for the United States to engage in direct talks with Iran and Syria. Mr. Bush has steadfastly resisted such talks, and the visits by the senators could add to public pressure on the White House to change that policy.

Senator Bill Nelson, Democrat of Florida, was in Damascus on Wednesday to meet with Mr. Assad; he later told reporters that he saw a "crack in the door" for the United States to cooperate with Syria on Iraq. Senators Christopher J. Dodd, Democrat of Connecticut; John Kerry, Democrat of Massachusetts; and Arlen Specter, Republican of Pennsylvania; all plan to visit Syria in the coming weeks.

All have been discouraged by the Bush administration from going, though both Mr. Nelson and Mr. Kerry, who were traveling separately in the Middle East on Thursday, said in interviews that they had visited Syria before without any complaint from the White House.

"The bottom line is we have a very clear and distinct responsibility to ask questions," said Mr. Kerry, speaking by telephone from Cairo. "A lot of Americans wish a lot more questions, a lot tougher questions, had been asked before we got into the mess we're in over here."

Mr. Dodd said, "Members need to go to hot spots, not just garden spots."

Mr. Specter, a moderate Republican who has often been at odds with the White House on domestic issues, said in a statement on the Senate floor this month that he had long advocated negotiating with Syria. "We need to keep our friends close and our enemies closer," he said.

The back-and-forth over Syria appeared to be emerging as a proxy for the broader battle over American policy in the Middle East, which is unfolding even as Mr. Bush weighs a new strategy for the United States in Iraq.

With the Democrats about to take control of Congress after an election that was widely viewed as a referendum on the war, the visits reflect an increasing willingness to challenge the White House over foreign policy. The sharpness of the White House response, meanwhile, suggests an appetite to use the issue as a basis for a political fight.

"We think it's inappropriate," Tony Snow, the White House press secretary, said on Thursday, adding, "The concern here, among other things, is that this does not strengthen the hand of democracy in the region."

Mr. Snow said the visits "may cost some people their credibility." He singled out Mr. Nelson in particular, saying the Florida senator "came back empty-handed" after his last meeting with Mr. Assad. At the time, the senator reported that Mr. Assad had told him he was willing to restart negotiations with the Israelis — but that has never happened.

The White House contends that Syria is helping to fuel the insurgency in Iraq, and it is particularly incensed at Syria for supporting Hezbollah, the militant group in Lebanon, and for trying to destabilize the Lebanese government. Mr. Nelson, who was in Lebanon on Thursday to meet with Prime Minister Fouad Siniora and other officials there, said in a telephone interview from Qatar, where he went after his stop in Lebanon, that he had "sharp exchanges" with Mr. Assad over that very issue — and that he reported those exchanges to Mr. Siniora.

"I told Prime Minister Siniora that I told Assad to keep his hands off Lebanon," the senator said. He said he approached his meetings in Syria with "realism, not optimism," and added of Mr. Assad, "I don't trust him at all."

Despite the harsh words from the White House, the Bush administration does have diplomatic ties with Syria, and Mr. Nelson said American Embassy officials have been "just ecstatic" to receive reports from his visits, "because so often they don't have access to a highly controversial leader in the country until somebody like a senator comes along."

Mr. Nelson said he had already briefed R. Nicholas Burns, the State Department's third ranking official, about his meeting with Mr. Assad.

While Mr. Nelson was in Damascus, the White House on Wednesday issued a statement under Mr. Bush's name in which the president called for the immediate release of Syrian political prisoners. "Syrians deserve a government whose legitimacy is grounded in the consent of the people, not brute force," the statement said.

Mr. Snow said Thursday that the statement was not timed to coincide with Mr. Nelson's visit.

Kerry Urges Bush To Engage Iran, Syria On Iraq (AFP)

AFP, December 15, 2006

DOJ_NMG_0106633

US Senator John Kerry urged his rival in the 2004 elections, President George W. Bush, to kindle a dialogue with Iran and Syria in a bid to stabilize Iraq.

"I think it's important to talk, to have dialogue, but you don't give up your principles and you don't make deals that are against your larger interest," Kerry told reporters after meeting Egyptian President Hosni Mubarak in Cairo.

"Syria needs to understand that and Iran needs to understand that, but I think it's important to begin a discussion."

Kerry, a Massachusetts Democrat, said his talks with Mubarak also covered the Middle East peace process and the situation in Lebanon.

"Syria needs to respect Lebanon's sovereignty," he stressed.

Kerry, whose Democratic Party will dominate the next US Congress, is still in the running to vie for the presidency a second time.

A review of US policy in Iraq co-authored by former secretary of state James Baker and published earlier this month urged the current US administration to engage Iran and Syria to help achieve peace and security in Iraq.

But Bush has vowed not be rushed into changing strategy and has resisted mounting calls to open fully-fledged talks with Syria and Iran.

What Syria Would Say (WP)

By David Ignatius

The Washington Post, December 15, 2006

DAMASCUS, Syria -- What positions would Syria take if it entered a dialogue with the United States about Iraq and other Middle East issues? I put that question Thursday to Walid Moallem, Syria's foreign minister, and he offered surprisingly strong support for the recommendations made last week in the Baker-Hamilton report.

"We are not against the U.S.," Moallem said. "To the contrary, we want to be part of a regional dialogue that, in our opinion, serves American interests in the region." He described America and the region as being at a "crossroads" and said: "Either we go for stability, or the region will fall, and religious civil wars and the extremists behind them will take over."

Moallem's comments are the most detailed Syrian response to the recommendations of the bipartisan Iraq Study Group, headed by former secretary of state James A. Baker III and former representative Lee H. Hamilton. As we made a line-by-line review of the group's recommendations involving Syria, Moallem expressed support for nearly every item. When I asked if Syrian President Bashar al-Assad endorsed these positions, he answered: "He is the leader. I am expressing his ideas."

Moallem portrayed Syria as a potential partner in stabilizing the region. He referred at one point to "the noble cause of peace between Syria and Israel." Later, he said that while Syria favors a timetable for U.S. withdrawal from Iraq, a rapid American withdrawal before Iraqis are ready to take over security would be "an immoral step."

The Bush administration has shown little interest in dialogue with Damascus, and the administration has been sharply critical of Syria's campaign against Lebanese Prime Minister Fouad Siniora, a key U.S. ally. Administration officials have said in the past that although Syria speaks of a desire for cooperation and dialogue, its actions -- in Lebanon and elsewhere -- have not matched its words.

A former Syrian ambassador to Washington, Moallem worked with Baker on diplomatic issues involving the 1991 Madrid peace conference, which opened the way for peace talks between Syria and Israel that were ultimately unsuccessful. The Syrian said that when they met again in September to discuss the Iraq Study Group, Baker asked him: " 'Walid, how can we return to the Syrian-American situation of the early 1990s, when we succeeded to build mutual trust?' I told him, 'This is our wish also in Syria.' "

Moallem argued that the Bush administration's efforts to isolate Syria have failed and that it's time for the administration to try another approach based on shared Syrian-American interests in three goals for the Mideast: peace, stability and prosperity. He said that although Syria hoped to recover the Golan Heights, it was not setting this as a condition for dialogue.

"A constructive dialogue has to start without preconditions," he said. He denied that Syria was seeking greater power in Lebanon as the price for its help in Iraq. "This is not a deal. This is not, 'We will do this if you give us Lebanon,' " he said. But he did note that if America wanted dialogue, "you need to reassure us about your good intentions concerning our stability."

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Syria has already begun implementing some of the Baker-Hamilton recommendations for Iraq, Moallem said. With this month's restoration of Syrian-Iraqi diplomatic ties, he explained, the two countries are beginning joint efforts to control their border and increase political and economic cooperation, as called for by the Iraq Study Group. "We are not doing this to please the U.S. We are doing what is in the Syrian and Iraqi interest," he said.

Moallem said he supported the report's recommendation for an Iraq Support Group that would draw in Syria and other neighboring states, but only after the Iraqis themselves had agreed on plans for disarming militias and ending sectarian divisions. He said that the timetable for withdrawing U.S. troops "depends on Iraqi ability to take over security" and that America's military role there should focus on training rather than fighting.

On the specific Baker-Hamilton recommendations involving Lebanon, Moallem also expressed general support. He said Syria wasn't shipping arms to Hezbollah, that it would "continue our cooperation" with the U.N. investigation of the murder of former Lebanese prime minister Rafiq al-Hariri and that it was "ready" to "achieve a deal on exchanging prisoners" with Israel. He also disclosed what he said was a previously unreported effort by Syria and Qatar to broker a compromise between the radical Palestinian group Hamas and the moderate Fatah faction of President Mahmoud Abbas.

Is this Syrian gambit for real? Is Moallem serious in his offer to talk with America about a comprehensive package of peace with Israel, stability for Iraq and compromise in Lebanon? The answer is that there's really only one way to find out, which is to explore further the ideas the Syrian foreign minister has put on the table.

Atranscriptof the writer's interview with Walid Moallem is available athttp://blog.washingtonpost.com/postglobal. David Ignatius co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues. His e-mail address isdavidignatius@washpost.com.

New General Takes The Reins As No. 2 U.S. Commander In Iraq (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 15, 2006

CAMP VICTORY, IRAQ — Army Lt. Gen. Raymond Odierno assumed command of U.S. troops at a ceremony in the capital on Thursday, vowing to pursue more than just combat to resolve the conflict in Iraq.

"This is not just a military solution only," he said to the crowd assembled outside one of Saddam Hussein's former palaces near the U.S. military headquarters. "It is a combination of diplomatic, economic and military programs."

But those who know Odierno say the hard-charging general who plotted Hussein's capture as well as anti-insurgency operations may put more effort toward securing, rather than rebuilding, Iraq when he becomes the No. 2 U.S. commander here.

Odierno gained a reputation as an aggressive commander while leading the 4th Infantry Division in Sunni Arab-dominated parts of the country in 2003 and '04. Some military analysts have argued that the region's continued unrest can be traced to his heavy-handed methods.

Odierno's predecessor, Army Lt. Gen. Peter Chiarelli, was seen as a champion of more comprehensive strategies aimed at winning over local populations, including large-scale public works programs and restrained firepower in the face of sectarian warfare.

Despite sporadic violent uprisings against his forces, Chiarelli, a former West Point professor, was able to stabilize the volatile Shiite Muslim neighborhood of Sadr City in Baghdad by putting locals to work on a large sewage system and assigning some of his top soldiers to work with nascent Iraqi security forces.

Chiarelli also is popular in Washington, where he is in contention to replace his commander, Gen. George W. Casey Jr., who may leave before summer.

At Thursday's ceremony, Casey praised Chiarelli's approach to securing Iraq.

"I will always remember your personal passion for building a better life for the Iraqi people," Casey told the crowd, which included U.S. Ambassador Zalmay Khalilzad and several regional U.S. military commanders.

Chiarelli spoke of working side by side with Iraqis in the last year to rebuild the country, in a speech sprinkled with quotes from President Theodore Roosevelt and economist John Stuart Mill.

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Odierno sat nearby, surveying the crowd of about 300 soldiers, sailors and Marines. He cut an imposing figure, still looking like the tight end he was at West Point: head shaved, jaw squared, brown eyes piercing. Raised by a World War II Army sergeant, Odierno saw his son enter the military and lose an arm after being wounded by insurgents in Baghdad.

When Odierno spoke, he paraphrased Gen. Douglas MacArthur, the hawkish World War II commander who advocated the use of nuclear weapons against the Chinese during the Korean War: "No man is entitled to the blessings of freedom unless he is vigilant in their protections."

People close to Odierno say his characterization as an overly aggressive commander with a style antithetical to Chiarelli's is unwarranted. They say he has become more attuned to the importance of "soft" power during his last two years as an assistant to Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff.

Chiarelli said Thursday that he believed Odierno shared his belief that it would take more than military force to bring peace to Iraq. Odierno suggested political solutions to the latest sectarian conflicts, such as setting a date for provincial elections and integrating sectarian militias into the army.

But he was at his most passionate when talking about counterinsurgency.

"We are going to go after any — any — individual who attacks the government, who attacks the security forces and who attacks coalition forces, no matter who they are and no matter who they are associated with," he said.

Odierno said his first task would be developing Iraqi security forces. His second: supporting Iraqi security forces "to defeat those extremists who do not want to conform to Iraq."

Odierno added that his style hadn't changed much since his days in the northern Iraqi city of Tikrit. "I'm aggressive in whatever I do," he said. "I'm an aggressive personality." Odierno's spokesman said the general planned to meet with commanders this week to discuss his strategy.

Lt. Col. Josslyn Aberle, a spokeswoman at Baghdad coalition headquarters who worked with Odierno in Tikrit, said he was aggressive, "but never overly aggressive." Members of the 4th Infantry Division have a reputation for fighting hard, she said, but they had to, at least at first.

"It was always going to be about more than combat power. We knew that," she said.

Michael O'Hanlon, a senior fellow in foreign policy studies at the Washington-based Brookings Institution who visited Odierno in Tikrit in 2003, said he saw the general use only "proper counterinsurgency methods," such as spending military money to create jobs for locals. That was also the approach taken in the northern city of Mosul by Gen. David H. Petraeus, commander of the Army's 101st Airborne Division and another possible contender for Casey's job.

"I think Odierno's legacy is clearly complex," O'Hanlon said. "He does not enjoy the reputation for excellence in counterinsurgency that Gen. Petraeus and Gen. Chiarelli and certain other officers enjoy. But the jury is still out in my mind on whether he will do this new job well. Quite possibly he can."

'We're Seeing Positive Results' (USAT)

By William B. Caldwell IV

USA Today, December 15, 2006

The Iraqi people and the Multi-National Force-Iraq (MNF-I) share a vision for Iraq: a secure, stable and self-governing nation in which Iraqis find solutions to Iraqi problems. To do this, the government of Iraq must achieve national reconciliation, rebuild Iraq's infrastructure to provide basic services and — in partnership with coalition forces — defeat the terrorists and extremists seeking to sow the seeds of discord and division among the Iraqi people.

The best way to achieve this last goal is to transition more authority and responsibility for Iraq's security to Iraqis. Iraqi forces have the best understanding of their culture, language and geography — all skills vital to defeating an insurgency. Once sufficiently trained, equipped and mentored, the Iraqi Security Force will be the most effective weapon against the foreign and extremist elements trying to tear apart Iraq.

For more than 30 years, the Iraqi army was a tool of oppression. Three years ago, there were virtually no security forces in Iraq. Today, Iraqis are protected by a trained and equipped military and police force, one that will soon number more than 350,000.

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Quality is improving with quantity. Eighty percent of the Iraqi army is already operating with limited coalition support. Recent independent Iraqi operations in Baghdad, Baqubah and elsewhere have captured senior leaders of al-Qaeda in Iraq, freed dozens of kidnapping victims and uncovered massive weapons caches that would have been turned into car bombs capable of killing hundreds of innocent Iraqis.

Challenges remain. Iraqi forces have deficiencies in logistics, leadership and, in some cases, loyalty. The best way for the Iraqi Security Force to enhance its capabilities and values is through partnership with coalition transition teams. So MNF-I has strengthened how we train and mentor Iraqi forces.

Transition teams combine the best kind of leadership: leadership by example, with the best kind of education: learning through experience. We are seeing positive results with the way these dedicated troops develop capable Iraqi forces that are loyal to the democratically elected, representative unity government and to all of Iraq's people. That is why we are creating more military, police and border transition teams, increasing their size and accelerating their use.

Exporting military professionalism and developing Iraqi forces are vital to our national interest. We win when they win.

Maj. Gen. William B. Caldwell IV is spokesman for the Multi-National Force in Iraq.

White House Defends Enemy Body Count (AP)

AP, December 15, 2006

The White House expressed concern Thursday about what it believes is an impression that American forces in Iraq "aren't doing anything, they're just targets."

In fact, said presidential spokesman Tony Snow, U.S. troops are "fighting the bad guys" and killing and capturing them.

Snow raised the point when asked to explain why President Bush, a day earlier, had said that 5,900 enemy forces had been killed or captured in Iraq during October, November and the first week of December.

Typically, Bush and White House officials do not talk about enemy body counts, although the Pentagon keeps a running total on the number of American losses. More than 2,930 members of the U.S. military have died since the beginning of the Iraq war in March 2003.

"There is quite often the impression ... that our people aren't doing anything, they're just targets," Snow said at his daily press briefing. "And I think there's a certain amount of unease in the American public because they hear about deaths but they don't hear about what's going on."

Snow said the government has been loath to do body counts since the practice was discredited during the Vietnam War. "But it probably is worth at least giving a general impression of relative battlefield success of what's going on."

Troops In Iraq To Get Fire-resistant Uniforms (USAT)

By Tom Vanden Brook

USA Today, December 15, 2006

WASHINGTON — Flame-resistant uniforms will be standard issue for U.S. troops in Iraq and Afghanistan by early 2007, Pentagon officials say.

More than 160,000 suits made of the flame-retardant fabric NOMEX will be sent to combat zones, said Thomas Edwards, assistant deputy chief of staff for Army logistics.

The Pentagon moved quickly, Edwards said, because Iraqi insurgents are using homemade bombs and targeting the fuel tanks of vehicles. The bombs, called improvised explosive devices, or IEDs, are the top killer of U.S. troops in Iraq.

"Guys in the area of operations said, 'Give us all the fireproof uniforms you can find and then kick up production,' " Edwards said.

After receiving the Army's request Sept. 21, the Pentagon shipped 70,000 suits by Oct. 13 to outfit troops who patrol outside U.S. bases, Edwards said. It will cost about $70 million for the uniforms, hoods and gloves.

NOMEX, a DuPont-manufactured fiber, resists burning for about 9 seconds, long enough to allow troops to escape from a burning vehicle, Edwards said.

Troops are urged to drink extra liquids to keep from overheating because of the suits' added layer of protection, said Lt. Col. Carl Ey, an Army spokesman.

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Margo Hughey, a 68-year-old grandmother from Columbus, Ind., said she has raised $2,000 to buy the suits for troops after learning of attacks with diesel-soaked explosives from relatives serving in Iraq. She and friend April Johnson, 41, also contacted Indiana's two senators — Republican Richard Lugar and Democrat Evan Bayh — because they did not believe the Pentagon had acted quickly enough.

"When I learned our own family members were in extreme danger, and it did not look like they would be supplied by the DOD (Department of Defense) or the Army I knew I must do something," Hughey said.

Lugar contacted the Pentagon but had not received a response, spokesman Andy Fisher said.

Edwards said the Pentagon moved quickly: "I don't know how long it took Granny to raise that two thousand bucks, but it couldn't have been a helluva lot faster than we did in getting these uniforms."

Sectarian And Ethnic Lines In Sand Stall Provision Of Iraqi Oil Law (NYT)

By Edward Wong

New York Times, December 15, 2006

BAGHDAD, Dec. 14 — Iraqi politicians and ministers are divided along ethnic and sectarian lines over a critical provision in a proposed national oil law, according to the country's oil minister. If the differences can be bridged, the draft could be unveiled soon, the minister, Hussain al-Shahristani, said this week.

The oil law, along with security, is considered a prerequisite for attracting the foreign investment that Iraq's oil sector desperately needs. The law would set guidelines for development contracts for as many as 60 oil fields in the country, Mr. Shahristani said in an interview.

The law is also a crucial step in the process of national reconciliation, American and Iraqi officials said, because it sets out rules for the equitable distribution of the country's oil wealth. That, in turn, could ease tensions over granting greater autonomy to Iraq's regions.

Sunni Arabs, who dominate the oil-poor areas of western Iraq, have opposed regional autonomy because they believe they would not get a fair share of the country's oil wealth, which is concentrated in the Shiite south and the Kurdish north. Although agreement has been reached on the sharing of oil revenues, representatives of the main Sunni Arab, Shiite and Kurdish political blocs remain at odds over the issue of control over contracts to develop oil fields, Mr. Shahristani said. The representatives sit on a committee that is reviewing a draft of the law written by the Oil Ministry.

The sticking point is regional versus central government control over the contracts. The Sunni Arabs want the central government's Oil Ministry to negotiate and approve development contracts, while the Kurds want the regional governments to have those powers, said Mr. Shahristani, a conservative Shiite. The Shiites fall in between; they say the law should permit each region to negotiate its own contracts, but they want the contracts to be subject to the approval of a proposed Federal Oil and Gas Council, Mr. Shahristani said.

American officials here have been increasing pressure on the Iraqis to present a draft of the law, and perhaps even approve it, by the end of the year. In its report, the Iraq Study Group said that an equitable distribution of oil wealth was necessary for national reconciliation, and recommended that the central government keep control of revenues and oil fields, to the chagrin of the Kurds, who insist on maximum autonomy.

Once the oil law is in place, the federal council will announce a round of bids for the development of fields that have been identified but are not producing, Mr. Shahristani said. Iraq has 80 known fields, 20 of which are producing oil and will be developed by the Iraq National Oil Company, he said. Development of the others would be offered up for bids.

Oil contracts signed with foreign companies by Saddam Hussein's government would be reviewed by the federal council to see whether they should be honored or scrapped, Mr. Shahristani said. The various parties have agreed that oil revenues will be allotted to the regions through the central government's budget process, he said. That means the central government would be able to use money to finance its needs before giving the rest to the regions. Earlier in the negotiations over the oil law, the Kurds had insisted that the revenues be automatically divided and distributed to the regions first.

Gunmen Kidnap Shopkeepers, Bystanders In Baghdad (MCT)

By Mohamed Al Dulaimy And Hannah Allam

DOJ_NMG_0106638

McClatchy Newspapers, December 15, 2006

BAGHDAD, Iraq - Kadhim Mahdi ran a lucrative carpentry business in west Baghdad, but he closed his shop when clashes and car bombs shut down his neighborhood.

Next, he became a grocer - until three other grocers in the area were assassinated. Then he fled without even daring to retrieve his expensive shopping carts and his electrical generator.

Mahdi moved across the Tigris River to east Baghdad six months ago, thinking that his new job selling spare parts for water pumps was so safe that he could even take his 4-year-old son to work with him.

On Thursday morning, however, Mahdi was feeding his son cake at his shop when gunmen dressed in Iraqi police and army uniforms descended on the Sinak district and kidnapped dozens of shopkeepers and bystanders in the latest of a string of mass abductions in Baghdad.

"They were shooting in the air and chasing after the crowds running away," Mahdi said. "My son asked me, 'Dad, are we going to die?'"

The brazen attack took place barely a mile from the heavily guarded government compound known as the Green Zone, where Iraqi officials were preparing for a weekend conference on national reconciliation.

The Sinak attack was the most notable incident on a day packed with other violence that reflects the lawlessness that Iraqi Prime Minister Nouri al-Maliki's beleaguered government appears unable to curb. Police reported the discoveries of 45 bodies in the capital Thursday, 42 in the mainly Sunni Muslim western side and three in the predominantly Shiite Muslim eastern side.

A leading Shiite politician, Adil Abdul Mahdi, escaped an apparent assassination attempt Thursday when gunmen fired on his motorcade in a majority-Sunni neighborhood, police said. Abdul Mahdi, of the Iranian-backed Supreme Council for the Islamic Revolution in Iraq, is considered a moderate Islamist and a favorite of Washington officials, who've tried unsuccessfully to maneuver him into the prime minister's seat.

At the scene of the mass kidnapping in Sinak, a small industrial area where Iraqis shop for refrigerator motors and power tools, Kadhim Mahdi and three other witnesses said that police at a checkpoint watched as the abductors rounded up 30 to 70 men and stuffed them into 10 or more paddy wagons and other vehicles that Iraqi security forces typically used.

The attack was especially confounding, the witnesses said, because the kidnappers didn't appear to follow a sectarian agenda, seizing Sunnis, Shiites and Christians alike.

"First, they came to a Sunni-owned shop ... they took him and I thought it was because he was a Sunni, but then they turned to the others," said Qahtan, 23, who escaped by hiding in the mud underneath a truck and was too scared to divulge his full name. "The second one was Christian, and he was telling him, 'I'm a Christian! I'm a Christian!' One of them answered, 'Christian, Shiite, Sunni, you're going to come with us.'"

Qahtan, who sells tools in Sinak, said he saw the gunmen load 30 men into the enclosed police-style vans and other vehicles bearing the camouflage markings of the Iraqi army, then return for others. He said the captives shouted for police to help them but that no one responded.

Another witness, Haider Jassim, 22, said a sniper had shot at passers-by earlier this week from a position near a bridge that leads to the area, so at first he was relieved that the security forces finally had responded. He said he quickly grew dismayed when the forces targeted merchants and began shooting randomly into crowds of people attempting to flee.

"There were two police vehicles, but they did nothing to help people," Jassim said. "On the contrary, they were positioned in a way that blocked the path after the (attackers) fled. ... We don't know who they were, but for sure they'll ask for ransom for some of (those seized), kill some and so on. Like the usual daily incidents."

Iraqi Interior Ministry officials said that as many as 29 of the abductees - all Shiites - were released unharmed Thursday evening. Police gave no information as to how many were kidnapped or who was behind the attack.

"On Saturday, when people come back to their shops, we'll count who is missing and find out the real number taken," Qahtan said. "They'll kill the Sunnis and throw them in a Shiite neighborhood and they'll kill the Shiites and throw them in a Sunni neighborhood after checking their IDs."

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Kadhim Mahdi, a Shiite, said he escaped by grabbing his son and running across the street to an apartment building, where residents offered them shelter. He said he cradled his trembling son in his arms and decided that it was time to look for yet another line of work.

Al Dulaimy is a McClatchy Newspapers special correspondent. Special correspondents Zained Obeid and Laith Hammoudi contributed to this report from Baghdad.

Panic, Then Quiet, As Kidnappers Strike (LAT)

By Borzou Daragahi

The Los Angeles Times, December 15, 2006

BAGHDAD, Iraq -- "They're here! They're here!"

The panicked cry rose from the crowd of shoppers and businessmen, sending them into a stampede past storefronts and shocked onlookers. Men, women and children fell over handcarts and folding chairs, knocking each other down, hiding behind buildings and seeking shelter in shops.

None knew who "they" were: uniformed men firing weapons in the air and herding people into trucks, just a few hundred yards from the edge of the U.S.-guarded "Green Zone."

But most had suspected such a day might come to the Sinak market of downtown Baghdad. All knew to run at first sight of the uniformed gunmen who have become signature elements of the all-too-common mass kidnappings in the capital.

"We weren't really surprised," said Hossein Abu Marwa, an employee of an air conditioner shop in the sprawling market. "We face such threats on a daily basis. Sometimes we hear they're coming from this side or that side. We don't know who is shooting. We don't know who is coming. Are they the resistance? Are they armed criminals? You don't know if they're Sunni. You don't know if they're Shiite."

This time, at least 60 people disappeared within minutes, stuffed into four delivery trucks and hauled away toward eastern Baghdad.

An Interior Ministry official reported later that at least 23 of the shopkeepers had been released unharmed in northern Baghdad, after showing their captors identity cards bearing names associated with Shiite Muslims.

The fate of previous victims of mass kidnappings has been brutal: most show up dead within days, often with signs of torture, such as drill holes.

Thursday's abduction took place in and around the auto-supply section of the open-air Sinak wholesale market, a few hundred yards from the headquarters of Iraq's Ministry of Defense.

It began around 10 a.m. when a convoy of between 10 and 13 sport-utility vehicles of the type often used by official security forces screeched into the market and sealed off the main roads, said witnesses.

Heavy gunfire ensued almost immediately.

"I saw the four-wheel drive cars arrive, about 10 of them, as well as trucks for transporting prisoners," he said. "I immediately realized something grave was going on." The shopkeepers said they clutched their guns as the drama began, fearful of criminals. When they realized the invaders came heavily armed and in official guise, they put their weapons away. "They were men in uniform," said Ahmad Jassem Saadi, the 39-year-old owner of a leather jacket shop. "What could I do?"

Saadi, along with a group of other shopkeepers, stood at the doors of their shops and watched. "They detained a group of people, and then they started taking other sellers and even passers-by," he said. "The people struggled. They were taken by force and put into trucks."

Some described the trucks as the type used to transport milk and meat products. Others said they were like armored vehicles used to take money.

They began to fill up.

The gunfire continued. The panic mounted.

Hassan Khafaji, shopping for a part to repair his broken-down 1990 Oldsmobile sedan, lay on the ground as the shooting continued. He crawled to an alley, stood up and fled.

"I just kept running and running until I got somewhere safe," he said.

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Yassin Hashim, who works at a refrigerator motor shop within the market's labyrinth of alleyways, helped an elderly man to his feet after the jittery mob knocked him to the ground. "He was too weak to get away," said Hashim.

"Some people were running and screaming," Saadi recalled. "Others were frozen in their place, watching."

"They were just looking for a place to hide," said Hashim. "Some people thought there were snipers."

The ordeal was over within 15 minutes, witnesses said. A detachment of Iraqi soldiers arrived and sealed off the area. Some witnesses described the kidnappers as police commandos, but a spokesman for the Ministry of Interior said the suspects wore army uniforms.

Afterward Saadi gathered around a group of shopkeepers consoling a local Christian restaurant owner, a middle-age man with salt-and-pepper hair, who was weeping. His son had been taken. "It was painful and I felt very sad," he said.

By then, around 11:30, the streets already had emptied. There were no customers and no shopkeepers. "I couldn't work," Saadi said. "We closed up the shop and went home."

Special correspondents in Baghdad contributed to this report.

Gunmen Kidnap Baghdad Shopkeepers, Bystanders (WP)

By Sudarsan Raghavan

The Washington Post, December 15, 2006

BAGHDAD, Dec. 14 -- Hardly a soul stirred on Thursday afternoon inside the warren of narrow dark alleys and side streets in Sanak, one of the Iraqi capital's busiest commercial districts. Shop after shop remained closed, their steel doors sealed with thick padlocks. Empty stalls, flanked by apartments filled with cowering residents, served as a silent coda to what had unfolded two hours earlier.

Gunmen in camouflage uniforms drove up in 11 cars at about 10 a.m. and surrounded the area, just around the corner from an Iraqi police checkpoint, witnesses said. Some wore black ski masks, others black bandannas. They casually went from business to business, spending 30 minutes rounding up at least 25 shopkeepers, witnesses said. The men hustled their captives past the stalls and stunned customers, grabbing a few bystanders along the way.

"They took Sunnis, Shiites and Christians," said Ziad Ali, one of the shopkeepers. "They did not differentiate. They even grabbed six boys."

The mass abductions, brazen even by Baghdad standards, were the latest sign of worsening insecurity in the capital. Two days ago, 70 day laborers were killed in a car bomb attack in another busy district. A month ago, gunmen who claimed to be from the Shiite-run Interior Ministry seized as many as 150 people from an agency of the Ministry of Higher Education, which is controlled by a Sunni Arab party.

Thursday's well-orchestrated kidnappings did not appear to be sectarian in nature or a reprisal attack, shopkeepers and officials said.

"This is very serious. This happened in the heart of Baghdad," said Mohammed al-Askari, a Defense Ministry spokesman. "This is to create a state of chaos, so they can say the government has failed, the political process has failed. This is aimed at stopping life in the city."

The assault occurred on a day when a U.S. congressional delegation, led by Sens. John McCain (R-Ariz.) and Joseph I. Lieberman (D-Conn.), visited Baghdad. McCain repeated his call to deploy more U.S. troops to Iraq, saying 15,000 to 30,000 more were needed to stem the sectarian violence and bring stability.

"The American people are confused, they're frustrated, they're disappointed by the Iraq war, but they also want us to succeed if there's any way to do that," McCain told reporters inside the U.S. Embassy.

Meanwhile, Lt. Gen. Raymond Odierno began his duties as the number two U.S. general in Iraq, replacing Lt. Gen. Peter W. Chiarelli. Odierno told reporters that sectarian strife and car bombs were the main challenges to security in the capital. He reiterated views stated earlier by Chiarelli that a multi-pronged effort that includes economic, political and military measures was needed to contain the violence.

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Sen. Lindsey O. Graham (R-S.C.) described the changes he saw in Baghdad in stark terms. "The first time I came here with Senator McCain, we went rug shopping," he said. "Yesterday, we moved around in a tank. It's one of the most dangerous places on the planet."

By Thursday evening, it was unclear how many people had been abducted in Sanak, with estimates ranging from 25 to as many as 70. Brig. Abdul-Karim Khalaf, an Interior Ministry spokesman, said that several victims were later released and that the investigation was continuing.

Khalaf said the kidnappers in Sanak, a bustling market for automotive spare parts, wore army uniforms. There is growing evidence that Shiite militias fomenting sectarian violence have infiltrated the police and to a lesser extent the army.

But Askari, the Defense Ministry spokesman, said investigators from the army also conducted interviews in Sanak and arrived at a different conclusion.

"Some of the police battalions wear the same camouflage uniforms as the army," Askari said. "And some of the people we interviewed said the vehicles they used were not the type used by the army."

He said Thursday's incident demonstrated how easy it still is to buy official police uniforms. "In the center of Baghdad, you can find people selling them. This is the responsibility of the Ministry of Interior, not the Ministry of Defense."

In addition to the uniforms, witnesses said, the gunmen wore official bulletproof vests and carried shields. They appeared to be targeting certain shops. Robbery did not appear to be a motive, witnesses said.

"It was not a matter of money," said Baha Hamdani, a store owner who was one of the few people orbiting the empty stalls and shuttered shops. "I had plenty of money, but they didn't come after me."

When asked why the gunmen targeted Sanak's merchants, he replied: "They took them in order to kill them. This is the only reason."

Ali, the shopkeeper, said the gunmen stopped rounding people up when they heard sharp claps from one of their leaders. Then they took the men and pushed them into their vehicles before driving off. The attack emptied the market. "Everyone ran upstairs," he said.

Hamdani said he and some other shopkeepers ran to the police checkpoint and asked for help. "They told us it was not their duty," he said.

Askari said the area fell under the responsibility of the police. Khalaf said there was no police checkpoint in the area, and that by the time officers responded to the incident, the kidnappers had fled.

Hamdani, who wore gray pants with oil stains, held up a small piece of metal from his shop. "Life has become as cheap as these spare parts," he said.

Bitter Detour For Expatriate Back In Iraq (NYT)

By James Glanz

The New York Times, December 15, 2006

BAGHDAD, Dec. 14 — Of all the Iraqi expatriates who returned to rule, rebuild and profit from their country after the invasion, none have fallen as far as Aiham Alsammarae, who was once the minister of electricity but now spends his days consumed with bitterness in a Baghdad jail as his lawyers fight multiple charges of corruption against him.

Mr. Alsammarae, an American citizen who lived in the Chicago area and built a thriving engineering firm there, is the only cabinet-level Iraqi official to be convicted and jailed for misusing money during his time in office. Four months ago, hearing that he was being accused of corruption, he walked into a Baghdad courthouse to find out if there were charges against him and was astonished to find himself placed under arrest pending trial. He has been in jail ever since.

During an interview in that jail on Thursday, Mr. Alsammarae still had the swept-back, perfectly arranged hair and obsessively polished shoes of his days in power, but he wore a shapeless zippered jacket over a beige shirt and pants rather than one of his elegant suits. Possibly in deference to his former rank, his "cell" was a converted office with a computer, a refrigerator, a potted plant, a thin mattress and other amenities — far better than what is provided to other prisoners in the jail.

But Mr. Alsammarae is bitter because, he said, the United States has left him in his hour of need to the vagaries of an Iraqi court system that in many ways is still the opaque and frightening apparatus it was before the invasion. "When somebody is giving

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his life to service as an American here, he should be dealt with in a different way," he said, complaining of what he called a lack of action by the American Embassy. "If they did anything for me, I am not aware of it."

As if to help make his point, the Iraqi justice system still had Mr. Alsammarae in jail on Thursday, several days after an appeals court overturned his conviction, on Oct. 11, on the first of the counts against him, involving payments for a single electricity generator in the southern Iraq.

An employee at the Central Criminal Court of Iraq confirmed that the 23-member appeals court had unanimously overturned the conviction but said that under Iraqi law, Mr. Alsammarae might have to remain in jail until the other charges against him were resolved.

Mr. Alsammarae's case is caught in an extraordinarily complex web of events that include American-sponsored efforts to fight official corruption and to improve the Iraqi court system while at the same time allowing the courts to operate independently of American influence. Mr. Alsammarae also faces the burden of having long been suspected of corruption by Iraqi and American officials, and he has been the target of lashing criticism for years in the Iraqi news media.

An American official in Baghdad familiar with the case said the embassy was in fact monitoring Mr. Alsammarae's situation closely.

"They have done everything they can to ensure his safety and fair treatment, but at the same time cannot interfere in a legitimate Iraqi court process," the official said.

Iraqi officials were generally less restrained. Saadi Mehdi Ali, who currently serves as inspector general in the Electricity Ministry, said he had reviewed the papers on Mr. Alsammarae's cases.

"Believe me, all the cases in which Aiham is accused, they are correct," he said. "He is accused with facts."

The cases involving Mr. Alsammarae began with investigations by the Commission on Public Integrity, an Iraqi organization independent of the government that was created by the United States. The commission has been praised by some officials as a much-needed breath of reform in a country long riddled by corruption, and derided by others as overzealous and politically motivated.

"It's politics," said Mr. Alsammarae, a secular Sunni Arab who was what he described as a midlevel member of Saddam Hussein's governing Baath Party as a student in the 1970s. The commission and the court system have both been accused of falling under the influence of Shiite politicians and Shiite-run militias.

Mr. Alsammarae arrived in Iraq just after the American invasion in 2003, looking for business opportunities. He was originally appointed electricity minister by L. Paul Bremer III, the leader of the American occupation authority, in August 2003. He stayed on until May 2005 in the Iraqi government that followed, run by Prime Minister Ayad Allawi.

Mr. Allawi, who has previously suggested publicly that the Commission on Public Integrity may have a political agenda, said through a colleague on Thursday that he stood by those remarks.

Ali Shbot, a spokesman for the commission, which is run by Rathi al-Rathi, said that those charges were ludicrous and that the commission was investigating politicians of all stripes. He said that of roughly 90 cabinet-level officials in previous Iraqi governments since the invasion, 18 have received either arrest warrants or subpoenas.

All but a few of those officials remain at large, having fled the country or gone into hiding. Mr. Shbot said there were also active corruption cases against about 80 former officials — deputy ministers, directors general or senior ministry advisers — at least some of whom are still in Iraq. In the same jail in Baghdad's protected Green Zone, a former deputy finance minister, Kareem Hmeed Faraj, is serving a three-year sentence.

But despite the general view that Iraqi governments have been corrupt, it is the sheer number of those cases that disturbs some officials who say they believe that politics is indeed coming into play.

"I applaud the notion of public integrity," said a senior Iraqi official who has followed the case and who spoke on the condition of anonymity for fear of prejudicing the cases. "But the problem with these guys, they are highly politicized. My view is that Judge Rathi is way out of his place."

But in a sign of the difficulties the former electricity minister faces, the official added, "I suspect that Aiham Alsammarae is a crook."

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From Head Scarf To Army Cap, Making A New Life (NYT)

By Andrea Elliott

The New York Times, December 15, 2006

LACKLAND AIR FORCE BASE, Tex. — Stomping her boots and swinging her bony arms, Fadwa Hamdan led a column of troops through this bleak Texas base.

Only six months earlier, she wore the head scarf of a pious Muslim woman and dropped her eyes in the presence of men. Now she was marching them to dinner.

"I'm gonna be a shooting man, a shooting man!" she cried, her Jordanian accent lost in the chanting voices. "The best I can for Uncle Sam, for Uncle Sam!"

The United States military has long prided itself on molding raw recruits into hardened soldiers. Perhaps none have undergone a transformation quite like that of Ms. Hamdan.

Forbidden by her husband to work, she raised five children behind the drawn curtains of their home in Saudi Arabia. She was not allowed to drive. On the rare occasions when she set foot outside, she wore a full-face veil.

Then her world unraveled. Separated from her husband, who had taken a second wife, and torn from her children, she moved to Queens to start over. Struggling to survive on her own, she answered a recruiting advertisement for the Army and enlisted in May.

Ms. Hamdan's passage through the military is a remarkable act of reinvention. It required courage and sacrifice. She had to remove her hijab, a sacred symbol of the faith she holds deeply. She had to embrace, at the age of 39, an arduous and unfamiliar life.

In return, she sought what the military has always promised new soldiers: a stable home, an adoptive family, a remade identity. She left one male-dominated culture for another, she said, in the hope of finding new strength along the way.

"Always, I dream I have power on the inside, and one day it's going to come out," said Ms. Hamdan, a small woman with delicate hands and sad, almond eyes.

She belongs to the rare class of Muslim women who have signed up to become soldiers trained in Arabic translation. Such female linguists play a crucial role for the American armed forces in Iraq, where civilian women often feel uncomfortable interacting with male troops.

Finding Arabic-speaking women willing to serve in the military has proved daunting. Of the 317 soldiers who have completed training in the Army linguist program since 2003, just 23 are women, 13 of them Muslim.

Ms. Hamdan wrestled with the decision for two years. Only in the Army, she decided, would she be able to save money to hire a lawyer and finally divorce her husband. She yearned to regain custody of her children and support them on her own. She thought of going to graduate school one day.

But when Ms. Hamdan finally enlisted, she was filled with as much fear as determination. There was no guarantee, with her broken English and frail physique, that she could meet the military's standards or survive its rigors.

"This is different world for me," she said at the time.

'This Is the Army'

It was around midnight on May 31 when a yellow school bus brought Ms. Hamdan and 16 other new soldiers to Lackland Air Force Base in San Antonio, a spread of parched grass and drab, low-lying buildings.

Ms. Hamdan had not scored high enough on the required English examination to go directly to basic training, so she was sent here for intensive language instruction.

At Lackland, soldiers enlisted in the Army linguist program known as 09-Lima have 24 weeks to improve their English and pass the exam. In that time, they follow a strict military regimen. They rise at 5 a.m. for physical training. They march to class. They drop to the ground for punitive push-ups.

When the bus arrived at the barracks that evening, Ms. Hamdan said, she hopped out first, her camouflage cap pulled low on her head.

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Standing by the metal stairs was Sgt. First Class Willie Brannon, an imposing 48-year-old man with a stern jaw and a leveling stare. He ordered the soldiers to change into shorts. Ms. Hamdan explained softly that she was Muslim and could not do this.

"This is the Army," he replied. "Everybody's the same."

Ms. Hamdan burst into tears.

The issue had arisen at the base before, and some of the Muslim women had been permitted to wear sweat pants instead of shorts. Officially, it would be Ms. Hamdan's choice.

But from the sidelines came two opposing directives, one in English and the other in Arabic. The drill sergeants wanted Ms. Hamdan to get used to wearing shorts, while several of the male Muslim soldiers tried to shame her into refusing.

"You're not supposed to show your legs," they told her.

For three weeks, she wore the blue nylon shorts, hitching up her white socks. Then she switched to sweat pants, even as the summer heat surpassed 100 degrees.

It helped, Ms. Hamdan thought, that there were so many similarities between Islam and the Army.

The command "Attention!" reminded her of the first step in the daily Muslim prayer, when one must stand completely still.

Soldiers, like Muslims, were instructed to eat with one hand. The women ate by themselves, and always walked with an escort, as Muslim women traditionally traveled.

The Army taught soldiers to live with order. They folded their fatigues as women folded their hijabs, and woke before sunrise as Ms. Hamdan had done all her life. They always marched behind a flag, as Muslims did in the days of the Prophet.

Nothing felt more familiar than the military's emphasis on respect. Soldiers learned to tuck their hands behind their backs when speaking to superiors.

When Ms. Hamdan tried this with Sergeant Brannon, she thought of her father. Her eyes automatically dropped to the floor, with customary Muslim modesty.

"Look me in the eye," the sergeant said. It was a command he had learned to deliver with care.

Sergeant Brannon, an African-American Baptist from North Carolina, had never met a Muslim before coming to Lackland. He soon concluded that the Muslim women in his charge had survived greater struggles outside the military than anything they would face inside it.

"They've been through a lot," he said.

Life Before the Service

Fadwa Hamdan was always a touch rebellious.

One of seven children, she was raised by her Palestinian parents in Amman, Jordan. Her father worked as a government irrigation official while her mother stayed at home with the children. They expected the same of their daughters.

But as a teenager, Ms. Hamdan rejected her many suitors. She wanted to see the world. At 19, she said, she secretly volunteered as a nurse with the Jordanian police, infuriating her parents. That same year, a visiting Palestinian doctor who lived in New York spotted her in the street.

He tracked down her home address, and spoke to her father. The next day, Ms. Hamdan learned she was engaged.

"Your dream has come true," Ms. Hamdan recalls her mother saying. "You're leaving Jordan."

Ms. Hamdan joined her husband in Staten Island in 1987. She felt nothing for him. He was 10 years her senior, and she found him stiff and dictatorial. He only let her leave the house with him, she said. If she upset him, he refused to speak to her for months.

She had children to fill the void. She became more religious, and began wearing the face veil known as a niqab. Eventually, the family moved to Saudi Arabia.

Weeks after Ms. Hamdan delivered her fifth child in 2000, she learned from her mother-in-law that her husband was taking a second wife in the West Bank city of Ramallah. Ms. Hamdan was shocked.

"I couldn't talk," she said.

The next summer, on a family vacation in Amman, her husband disappeared one evening with three of their children, she said. Days later she located two of her boys in Saudi Arabia, and learned that the new wife would be joining them.

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Ms. Hamdan's 8-year-old girl had been left with her grandparents in Ramallah. She tried to get the girl back, but her husband had kept the child's passport, she said.

When reached by telephone in Saudi Arabia, a man answering to her husband's name said, "This is her choice and I don't have anything to do with it," apparently referring to her decision to join the Army. Then he hung up.

It never occurred to Ms. Hamdan to seek a divorce. She feared that it would bring shame to her family. From Jordan, she fought for legal custody of the children. In 2002, a judge ruled that she could keep the three youngest children, but allotted her a meager alimony, not enough to cover their schooling. Reluctantly, she returned them to their father.

Alone in Amman, she felt like an outcast.

"The neighbors, they look at me," she said.

In September 2002, she moved to Queens to live with her brother and his wife. She returned to wearing a regular head scarf, or hijab, and started classes at a local community college. One night she came home late, she said, and her brother told her to leave. "She did not follow the rules of the house," the brother, Sam Saeed, said in an interview.

Ms. Hamdan did not know where to turn. Her father had refused to speak to her since she left Jordan. Over the next 10 days, she rode the subway at night and slept on a park bench in Queens. Finally, she walked into a hair salon in Brooklyn and approached a Lebanese Muslim woman.

"She was hysterical crying," said the woman, Helena Buiduon.

Ms. Hamdan stayed with Ms. Buiduon until she found her own apartment. She taught the Koran to children and worked in a doctor's office while earning an associate's degree in medical assistance.

Her life remained a struggle. She lived in a small, drafty apartment in the Bronx. Other Muslim immigrants found her puzzling.

Some people suggested that she was a "loose woman," she recalled, a notion that amused her given how little she wanted another relationship.

"I can't feel anything for anybody," she said. "I lived like jail. Just imagine you have a bird and the door is open. You think he will go back to this jail again? Never. He's just flying."

In 2003, she spotted an ad for the Army in an Arabic-language magazine. She met with a recruiter but cut the conversation short after learning she would have to remove her head scarf before enlisting.

Secretly, though, she kept imagining a new, military life. In March, she made up her mind.

"I broke the law with God," she said of her decision to remove her hijab. "I had to."

She put her belongings in storage. She began lifting 20-pound weights. She slipped off her veil in public a few times. She felt naked.

Two days before she left, she stopped by her brother's video shop in Queens to say goodbye.

Mr. Saeed was kneeling in prayer, as a Spanish rap video blasted from a television set. He stiffened at the sight of Ms. Hamdan, then kissed her on the cheek. They had not seen each other all year. Within minutes, an argument began.

"She'll never make it," Mr. Saeed said, looking away from his sister.

"Oh yeah?" she replied, her eyes widening.

"A Muslim woman is not allowed to travel alone," he said.

"What about working?" she said, her voice quivering. "Look at your wife, she works!"

"She likes to spend time here," he said.

Ms. Hamdan ran from the store crying.

"She won't make it," Mr. Saeed told a reporter after she left. "Woman always weak. She need a man to protect her."

Later, when Ms. Hamdan heard what her brother had said, she was silent.

"Why didn't he protect me?" she said.

What Happens Next

Life at Lackland — where soldiers cannot chew gum, wear makeup or leave the base — reminded Ms. Hamdan of her marriage.

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“Sometimes, when I’m by myself, I wonder how I have stayed here for six months,” she said as she sat outside her barracks one recent evening. “But I did it.”

She was among 39 men and women in the Army linguist program, in a company of 119 soldiers. The rest were immigrants from around the globe, there to improve their English in the hopes of entering boot camp.

Everyone, it seemed, had a sad story.

The women talked quietly after the lights went out. A Sudanese woman had come to the United States after most of her family died in a bombing in Khartoum. A 23-year-old woman had lost her Iranian mother in an honor killing.

A teenage Iraqi girl cried herself to sleep every night. She, like many other soldiers, began referring to Ms. Hamdan as “Mom.”

“They come into my arms,” said Ms. Hamdan, who was older than most of the others.

She missed being a mother, yet she rarely talked about her own children. She was learning not to cry, and that was a subject that broke her down. Privately, she called them in Saudi Arabia twice a week with 20-minute phone cards, four minutes per child.

As the summer wore on, it became clear that Ms. Hamdan was floundering in her English studies. She failed the exam repeatedly.

Physically, though, she was growing stronger. Push-ups and sit-ups no longer scared her. She found she was a fast runner.

On Aug. 10, she won the one-mile race for female soldiers in seven minutes flat, in sweat pants. The next week, she became a squad leader and bay commander, directing a column of soldiers during marches and keeping order in the female barracks.

Days later, she decided to wear the shorts again.

“What, we have a new soldier here?” Sergeant Brannon called out as she walked deliberately down the stairs.

“I am going to show the men I’m like them,” she told him later. “I’m a man now.”

“No, you’re not a man” he said.

“Yes, I’m a man.”

“No,” he said. “You’re a strong-willed woman.”

That became his nickname for her: strong-willed woman.

As Ms. Hamdan’s status rose with the drill sergeants, so did her standing among the soldiers.

“Sometimes I’m tough on them,” she said one recent weekday as she patrolled her floor. The women smiled from their bunk beds. “I like everything clean.”

Another morning, she sat in the mess hall, eating her daily breakfast of Froot Loops followed by nacho-cheese Doritos. A drill sergeant called out that the group had three minutes to finish, just as a clean-shaven soldier walked past Ms. Hamdan with a tray full of food. She shot him a hard look.

“Three minutes,” she repeated. “You hear that?”

The greatest shift for Ms. Hamdan came in her relationship with the male soldiers. They stopped taunting her about wearing shorts. When she gave orders, they listened.

“It seems like a heavy burden has been lifted from her,” Sergeant Brannon said.

Yet even as she felt herself changing, she remained steady in her faith. She never stopped praying five times a day. She attended the base’s mosque each Friday and fasted through the holy month of Ramadan.

On a recent Friday, she sat with her eyes closed on the mosque’s embroidered carpet, wearing a white veil and skirt over her Army fatigues.

“Staying on the straight path is not an easy matter, except for those who Allah helps to do so,” the Egyptian imam said in Arabic over a loudspeaker.

In November, Ms. Hamdan’s English score was still too low, by 11 points, even though she was performing better on the weekly quizzes. She was given a one-month extension, and one more chance.

She took her last exam in December, and failed again. She ran from her classroom.

“Don’t come looking for me,” she recalled telling a startled drill sergeant.

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By herself, Ms. Hamdan began walking across the base. Tears streamed down her face as she reached the two-story, concrete building that had long been her refuge.

She climbed the stairs of the mosque. Alone, she knelt on the carpet and prayed. Finally, she sat in silence. She felt at peace.

Ms. Hamdan will be discharged on Dec. 15. She is unsure of what the future holds. She may stay in Texas and look for a job. She may no longer wear a hijab in public. All she knows is that she is different now, and no less a Muslim for it.

"I can face men," she said. "I can fight. I can talk. I don't keep it inside."

She thought for a moment.

"I changed myself," she said. "I'm a new Fadwa. Strong female. I like this."

4 Are Killed And 22 Hurt In Bomb Attack In Afghanistan (NYT)

By Abdul Waheed Wafa

The New York Times, December 15, 2006

KABUL, Afghanistan, Dec. 14 — A suicide bomber detonated his explosives in the center of a busy shopping street in the town of Qalat in southern Afghanistan on Thursday, killing four civilians and wounding 22 people, the provincial police chief said.

"The attack occurred around noon today, when a highway police car was driving by in the bazaar," said the police chief, Gen. Noor Mohammad Paktin. He said that four children and two policemen were among the wounded.

Also on Thursday, President Hamid Karzai wound up a visit to southern Afghanistan with a speech at a boys' high school in Kandahar in which he blamed neighboring Pakistan for supporting Taliban insurgents and suicide bombers.

"Pakistan hopes to make slaves out of us, but we will not surrender," Mr. Karzai said.

Pakistan denies supporting the Taliban, but officials have admitted that some insurgents are infiltrating Afghanistan from Pakistan and that suicide bombers are being trained in Pakistan's tribal areas bordering Afghanistan.

A large number of tribesmen demonstrated Thursday in the eastern town of Khost against NATO's bombing on Tuesday of a compound in which five people were killed, including a 13-year-old girl, and four more people were wounded.

"The demonstration was peaceful today, but the demonstrators promised to continue their protest unless the government finds who gave the wrong information to NATO," said the provincial police chief, Muhammad Ayub.

An investigation is under way to find out exactly what happened. A private bank administrator and an Afghan intelligence officer were among the four people wounded in the bombing, Mr. Ayub said.

NATO expressed regret in a statement on Wednesday about the killing of the 13-year-old girl, but said its soldiers came under fire after surrounding the compound and calling on the people to surrender.

NATO planes bombed what the Atlantic alliance said was a Taliban command compound in the Panjwai district in Kandahar Province, killing some insurgents, Agence France-Presse reported, quoting a NATO spokesman.

Pakistan Will Have To Reckon With Tribal Leaders, Negroponte Says (WP)

By Walter Pincus

The Washington Post, December 15, 2006

With new fighting expected to break out next spring in Afghanistan, the Pakistani government will soon have to decide what it can do about the tribal authorities who have not been living up to their agreement to prevent Taliban and al-Qaeda fighters from moving back and forth across the border, according to Director of National Intelligence John D. Negroponte.

"Sooner or later, the government will have to reckon with it," Negroponte said yesterday at a lunch with Washington Post editors and reporters. But with elections in Pakistan coming, the United States understands that President Pervez Musharraf "has a domestic political balancing act to perform," he added.

In September, representatives of the Pakistani government signed accords with tribal elders in North Waziristan in which those leaders agreed that they would not allow border crossings "for any kind of militancy." In return, Pakistani army units withdrew from that area. Negroponte said yesterday that the "tribal authorities are not living up to the deal" and that back-and-forth travel by the Taliban and others "causes serious problems."

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Although Negroponte said that the growing Afghan insurgency is "no threat to the central government in Kabul," he noted that it is not clear whether the NATO forces there are large enough to handle the renewed fighting expected in the spring when the weather clears.

His downbeat assessment was supported by a recent report by Anthony H. Cordesman, a former Pentagon official who has just returned from Afghanistan where he received briefings from a U.S. Embassy team, including U.S. military commanders.

The Afghan insurgency grew in the past year because of financial and military aid from a sanctuary in Pakistan, while the weak Kabul government has not received enough military and economic support from NATO and the United States, according to Cordesman.

"Patience, a long-war strategy and adequate resources can make all the difference," said Cordesman, who holds the Arleigh A. Burke Chair in Strategy at the Center for Strategic and International Studies. He said in his report that he came away from Afghanistan believing that the effort could be successful, but that the "development of effective government and economy will take at least 5-10 years; no instant success is possible."

He told reporters on Wednesday that a plan, approved by both the State and Defense departments, is now before the Office of Management and Budget. The proposal from the U.S. Embassy team in Kabul calls for a twofold to threefold increase in aid, to nearly $6 billion. But he added that even if the expanded aid is included in a supplemental budget that will go to Congress in January, "it won't make a difference for at least a year."

Secretary of State Condoleezza Rice confirmed yesterday that a "big commitment" to Afghanistan is under consideration, with emphasis on "the reconstruction side." After 75 years of warfare, she told Post reporters and editors, the country has no infrastructure and no basis for an economy other than the poppy production financed by the drug trade.

"A major al-Qaeda and Taliban presence is building up in both Afghanistan and Pakistan" for a new offensive next year, Cordesman said. "These groups have de facto sanctuary in Pakistan, a major presence in the east and south, and a growing presence in western Afghanistan."

Judging from the declassified intelligence briefing he received, Cordesman said, the U.S. and NATO forces there are "insufficient" to secure the south and the west. He said more special forces are needed in the east where the troops "are spread very thin."

From sanctuaries in western and southern Pakistan, where the government has ceded control over border areas, al-Qaeda and Taliban cadres provide both financial and manpower support to the insurgent groups, Cordesman said. "This is a two-country war," he said, and the problems "are ultimately as dangerous to Pakistan as to Afghanistan and the U.S."

From a military standpoint, Cordesman said, "we are winning tactically but losing strategically." He noted that, during the Taliban offensives this fall, it was air power that led to success in the killing of many insurgents but that afterward there was no follow-up on the ground. The air war was more intense than most people realized, he said, noting that the U.S. military flew "as many sorties in Afghanistan as in Iraq" during that period.

He said what is needed is a U.S. and NATO commitment "that will extend to 2013 or longer and provide the necessary support and resources." In addition, at least five or more years will be necessary to create an effective Afghan government that can provide security and services to the country. "Political legitimacy in Afghanistan, as in most of the world," he said, "does not consist of how a government is chosen, but how well it is perceived to govern."

"We cannot afford to lose two wars -- in Iraq and Afghanistan," Cordesman said.

Gift Of Wreaths Touches Nation (USAT)

By Rick Hampson

USA Today, December 15, 2006

ARLINGTON, Va. — The rows of gravestones stretched out before him like time itself. But when John Lechler saw the date on one particular tombstone, he knew where to lay his wreath. And for a moment, Army Air Corps 2nd Lt. Gordon H. Sterling Jr., who died on Dec. 7, 1941, lived again.

The balsam fir wreath was from Maine — made by hand, decorated by hand, wrapped, boxed and loaded on a truck by hand, then driven 750 miles to Arlington National Cemetery.

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This is the miracle of Arlington. “When you first look at that sea of stones, you don’t get the impression of individuality,” says Tom Sherlock, the cemetery historian. “But if you stop for just a moment and look at the name on the stone, in that moment they’re thought of again, and they live again.”

Lechler was one of about 600 volunteers at the cemetery Thursday for what has become a new holiday tradition: placing Christmas wreaths — supplied by a Maine businessman who never got over his first sight of the cemetery — on more than 5,000 veterans’ graves.

“It’s great that we came together to show our gratitude, considering how tough it is for everybody with this war going on,” says Lechler, 42, an Ashburn, Va., resident who runs a sports training business and who never served in the military.

Every December for the past 15 years, Morrill Worcester, owner of one of the world’s largest holiday wreath companies, has taken time in the midst of his busiest season to haul a truckload of wreaths to Arlington from his small Downeast Maine town of Harrington.

For years, he and a small band of volunteers laid the wreaths in virtual obscurity. But in the last 12 months that has changed, thanks to a dusting of snow last year at the cemetery, an evocative photograph, a sentimental poem and a chain e-mail. And this year, Worcester went national. A new program, “Wreaths Across America,” shipped a total of about 1,300 wreaths to more than 200 national cemeteries and vets’ memorials in all 50 states.

Worcester, 56, says he wants to help Americans remember and honor deceased military veterans, particularly at Christmas, when they’re missed most. On the Wreaths Across America website, he makes this comment: “When people hear about what we’re doing, they want to know if I’m a veteran. I’m not. But I make it my business never to forget.”

On Thursday he looked at the crowd of volunteers — five times as many as last year’s — and said, “I didn’t realize there were this many people that felt like I do.”

This year, Worcester’s wreaths got to Arlington in a red, white and blue semi-trailer that followed U.S. Highway 1, escorted by a military veterans motorcycle group. In some towns, flag-waving crowds turned out to welcome the convoy as it passed through.

The wreaths were placed in a hilly, wooded section of the cemetery that has the graves of forgotten doughboys and GIs, as well as those of astronaut moonwalkers, Dr. Walter Reed and the general at Bastogne during the Battle of the Bulge who told the Nazi commander demanding his surrender “Nuts.”

“We want to honor the veterans, and we do it with the products we make ourselves,” says Worcester’s wife, Karen. “We’re like the Little Drummer Boy. He had his drum. We have our wreaths.”

Morrill Worcester’s road to Arlington began in 1962 when he won a trip to Washington for selling new subscriptions to the Bangor Daily News on his newspaper route.

He was 12, an impressionable age to visit a city filled with unforgettable sites. What struck him most was the national cemetery — now the final resting place of more than 300,000 — and its endless lines of perfectly aligned stones:

“That stuck with me all these years, the enormity of the cemetery,” Worcester says. “And the fact that everyone buried there had a personal story, and aspirations and plans for the future, like we all do.”

Years later, as a sophomore at the University of Maine, he realized there was money to be made in Christmas wreaths. He could buy wreaths that local people made at home and take them to Boston to sell to a wholesaler. That first year he sold 500.

It was the beginning of the Worcester Wreath Co., which in 1982 became a supplier for Maine’s mail order giant, L.L. Bean.

In 1992, during one of his company’s periodic expansions, Worcester got a call in December from one of his warehouses. “We’re up to our knees in wreaths,” his foreman announced — they’d overproduced several thousand.

“I said, ‘Well, I’m not just gonna throw them away,’ “ he recalls. “That’s when I thought of Arlington.” He called Washington for permission to lay his wreaths. To his surprise, he got it.

But when he arrived at Arlington, Worcester was stunned by the size of the area to be covered. It was just Worcester, his son and about a dozen others. It was raining. It took six hours. Afterward he was wet, tired — and exhilarated. There, buried in the Virginia soil, he had found the cost of freedom.

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Every December after that, Worcester, his family, his employees and his friends gathered on a Sunday to decorate wreaths and load them on a truck provided by a local company. Worcester and a few others drove to Arlington, laid 5,000 wreaths and were back at work within a few days.

Each year, Worcester was assigned a different part of the cemetery, usually an older section whose graves received less attention. Every stone got the same simple 20-inch wreath, adorned only with a red bow. Before leaving, the volunteers laid wreaths at the graves of John F. Kennedy and Robert F. Kennedy, the USS Maine memorial and the Tomb of the Unknowns.

When Worcester started his business in 1971, he was 21 — the average age, he would point out, of U.S. servicemen killed in World War II. He had a college draft deferment, but he never forgot the sacrifices of those who did serve.

"I'd been lucky," he says, "and I wanted to give back."

Christmas wreaths had made him rich. Now, he felt he was reclaiming the true meaning of a wreath, showing it as something more than a glitzy holiday ornament: "We wanted to get back to the simple idea of what a wreath represents — respect, honor, victory."

This was a different kind of victory, though — a victory of remembrance, a victory over death itself.

But, he is asked, what was the point of their sacrifice? Did the doughboys make the world safe for democracy in World War I? Did the Spanish-American War keep America free? And what about Iraq, a war which has steadily lost public support?

"This is non-political," Worcester replies. "These people died for us. If they died in vain, I don't know. But they all deserve our respect."

The tradition grew slowly. Every year there were a few more volunteers in Harrington to load the truck and a few more in Arlington to lay the wreaths. Every January there'd be a few more calls, e-mails or letters. Worcester says that apart from a newspaper story here and a broadcast report there, "it was almost a private thing."

Until December 2005.

When the day was almost over and all the wreaths had been laid, it started to snow. Around the same time, an Air Force news photographer covering the event went back for a final picture before heading back to the Pentagon.

Master Sgt. James Varhegyi had shot hundred of images that morning. In accordance with photojournalistic convention, almost all had people in them.

But this time Varhegyi took a picture that had no people, just rows of graves, decorated with bowed wreaths, on snowy ground. White, green, red — the colors of Christmas. He didn't think it was anything special.

When the Worcesters returned to Harrington, things quieted down as usual after Christmas. Except that instead of declining in January, the appreciative calls and e-mails began to increase.

Varhegyi's photo had been posted on an Air Force website, from which someone — the Worcesters don't know who — had lifted it, put it in an e-mail, and added a poem:

Rest easy, sleep well my brothers.

Know the line has held, your job is done.

Rest easy, sleep well.

Others have taken up where you fell, the line has held.

Peace, peace, and farewell …

"Please share this with everyone on your address list," the e-mail read. "You hear too much about the bad things people do. Everyone should hear about this."

The e-mail became an Internet sensation. It spread like a virus, so far and so fast that Snopes.com, a website devoted to exploring myths and rumors, investigated and confirmed its existence.

More and more people contacted Worcester Wreath Co. with questions, thanks and requests. By February, the company was getting 30 to 40 e-mails a day. People sent checks, which were returned. Company staffers found themselves devoting more and more time to phone calls about the Arlington effort.

One night, Sherry Scott, the office manager, was working late, trying to get caught up, when the phone rang:

"It was an elderly woman from Texas. She says, 'Tell me you're the company that lays the wreaths at Arlington.' When I said we were, there was silence. Then she started crying. She says, 'My Dad's buried at Arlington.' Then I started crying."

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Karen Worcester says that many people seemed to appreciate that even though they couldn't go to Arlington to visit a loved one's gravesite, "it's like we go for 'em." She'd print the e-mails out and read them to her husband at night. Sometimes they'd wind up crying.

She rose before dawn to read e-mails and write replies. She did not consider herself eloquent: "What do you say when someone tells you, 'I just buried my son.' ?"

By summer, hundreds of e-mails were coming in each day. Karen began to notice a refrain: "They said, 'Can you do that here where we are? Can't I get a wreath?' I thought, 'We can't do every grave. But we can do every cemetery.' "

Fine, said her husband: How?

By August, they knew.

Worcester Wreath would send six wreaths to veterans' cemeteries in every state. Members of the Civil Air Patrol, a national organization that has chapters in every state, would see that they were distributed.

UPS offered to ship the wreaths at no charge. A company in New Jersey provided 3,000 small flags. A Worcester Wreath employee was delegated to work solely on coordinating the program.

"And to think," Karen Worcester says, "it all started with, 'We made too many wreaths!' "

A final word about Lt. Sterling, courtesy of military historian David Aiken. When Japanese planes attacked Wheeler Field in central Oahu during their assault on Pearl Harbor, Sterling was on the ground. He was an assistant flight engineer; he'd passed his flight tests but had not progressed as rapidly as the other pilots. He saw that a group of P-36 fighters was beginning to taxi out, but the formation was short one plane. It sat empty on the tarmac, its engine idling.

Sterling climbed into the cockpit, handed his watch to the crew chief, and said, "Give this to my mother! I'm not coming back!"

He didn't. His plane was shot down off Oahu's eastern shore in a fight with a Japanese Zero and was never recovered. He is the only Air Force pilot still counted as missing in the battle.

Sterling was one of those who had, as Morrill Worcester puts it, "aspirations and plans for the future." His fiancée was a nurse at nearby Schofield Barracks. They had a date that afternoon.

In The 83rd Congress, A Senate In Constant Turmoil (WP)

By Al Kamen

The Washington Post, December 15, 2006

Sen. Tim Johnson's sudden illness has consumed the political class the past two days. Everyone is talking about what happens if the South Dakota Democrat leaves the Senate and is replaced by a Republican to create a 50-50 split. Democrats and Republicans alike are rushing out statements saying the standard "our thoughts and prayers are with him." That is, at a minimum, half true.

But the unsettled situation pales when compared with the bizarre 83rd Congress in 1953 and 1954, during which nine of the then-96 senators died, including one who committed suicide, and one resigned.

When the Senate convened on Jan. 3, 1953, the GOP was in charge 48 to 47, plus one former Republican, Sen. Wayne L. Morse-- an independent so independent that he moved his seat to the Senate aisle and would not vote with the Democrats to organize.

By Aug. 3 of that year, when the first session adjourned, three members -- including Majority Leader Robert A. Taft (R-Ohio) -- had died. When the next session began in January 1954, the Democrats had become the majority, 48-47-1, but they did not assume control. At one point during that session, as various members died, the D's even had a two-vote lead, but they never challenged Republican control of the body. The Senate adjourned Aug. 20 back where it had started, with the GOP holding a one-vote majority.

So why didn't the Democrats take over? For one thing, seems the "minority" leader, Sen. Lyndon Baines Johnson (D-Tex.), didn't particularly want to. He preferred to have the Republicans deal with Sen. Joseph McCarthy (R-Wis.), according to Senate associate historian Donald A. Ritchie.

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It was an ugly time at the Senate. Sen. Lester Hunt (D-Wyo.) committed suicide, shooting himself in his office in the Old Senate Office Building on June 19, 1954. McCarthyites were after Hunt, who strongly opposed McCarthy, and they threatened to reveal that Hunt's son had been arrested the year before, accused of soliciting a male undercover police officer in Lafayette Square. The McCarthyites wanted Hunt to announce he would not run again. He did so, then killed himself.

More important, there was "no way the Democrats could have claimed a majority," Ritchie said, "because the Republicans could have blocked them" with a filibuster, and in the Senate, most everything can be filibustered -- even by the minority.The Democrats' Five-Figure Fete

Mark your calendars! The Democratic Congressional Campaign Committee's first invite of the new year is to a "Swearing In Brunch and Celebration Concert" honoring Speaker-elect Nancy Pelosi on Jan. 4. The brunch is at 10:30 in the Members of Congress Room of the Library of Congress. "Please RSVP by December 20th."

The concert at the National Building Museum features Tony Bennett, Carole King and Wyclef Jean. Should be a most excellent show, though perhaps not worth each PAC's $15,000 "requested contribution" for two tickets. Make checks payable to the Democratic Congressional Campaign Committee.

Checkbook a little depleted these days? Not to worry. They give you till the end of next month to pay up.

Hmmm . . . 15 large? Tom DeLay would be proud.A Diplomat and a Scholar

For those of you keeping score, another name has emerged as a strong contender to become the next Saudi ambassador here. He's Mishal bin Abdullah, son of the Saudi king and now at the United Nations in New York. He's minister-in-charge at the Saudi ministry of foreign affairs.

Meanwhile, Loop Fans, after checking their yearbooks and memories, have been writing to say that although outgoing ambassador Prince Turki al-Faisal attended Georgetown University, he never graduated. Indeed, the Saudi Embassy bio does not say that he did. Turki "pursued an undergraduate degree at Georgetown University," the bio says, but it doesn't say whether he ever caught one.From Foreign to Domestic

Musical chairs . . . Douglas Holtz-Eakin, the former director of the Congressional Budget Office who now sits in the Paul A. Volcker Chair for International Economics at the Maurice R. Greenberg Center for Geoeconomic Studies at the Council on Foreign Relations here, will be sitting next month in the Economic Policy Chair, John McCain2008, the Exploratory Committee, which is in Arlington.

In his new job, Holtz-Eakin will be lining up against advisers to another potential presidential candidate, Massachusetts Gov. Mitt Romney: R. Glenn Hubbard and N. Greg Mankiw, both former White House Council of Economic Advisers chairs for President Bush. (Okay, maybe they don't have hyphenated last names, but their names each begin with an initial.) So the early indications are that Romney will be the tax cutter and McCain will be the spending cutter? And we know what the voters have always preferred.A One-Sided Conversation

Noted Bush observation. At his news conference last week, President Bush said: "I talk to families who die."

DOJ:

FEDERAL DIARY: Nearing Takeoff: Compensation For Justice Lawyers' Travel Time (WP)

By Stephen Barr

The Washington Post, December 15, 2006

After a long flight through Congress, legislation that would permit Justice Department lawyers to claim time off for travel during off-duty hours has been sent to the president for his signature.

Congress approved legislation in 2004 creating compensatory time off for federal employees, but the Justice Department decided it did not apply to the department's 9,000 lawyers because of a 1999 congressional restriction that limits their overtime pay.

The law permits federal employees to receive time off when they travel on official business during off-duty hours, such as flying on a Sunday to attend a Monday morning meeting. Previous rules made it difficult for employees to qualify for compensation while traveling outside normal business hours.

Justice's interpretation of the law triggered complaints inside the department. The National Association of Assistant United States Attorneys, which represents about 5,400 assistant U.S. attorneys, worked with Congress and the department on a legislative solution.

"It took us nearly two years of persistent effort," said Richard Delonis, president of the association.

After House members and senators introduced the comp-time bill to extend eligibility to Justice lawyers, Democratic and Republican senators kept it grounded to use as a bargaining chip on other issues. As Congress neared adjournment, the lame-duck Senate cleared the bill for takeoff to the White House.

Key supporters of the legislation included Sens. Daniel K. Akaka (D-Hawaii), Susan Collins (R-Maine), Joseph I. Lieberman (D-Conn.) and George V. Voinovich (R-Ohio) and Reps. Jon Porter (R-Nev.), Thomas M. Davis III (R-Va.), Danny K. Davis (D-Ill.), Henry A. Waxman (D-Calif.) and Chris Van Hollen (D-Md.).

Delonis said assistant U.S. attorneys and other Justice lawyers sometimes must travel on nights or weekends for court appearances and other duties, losing time that could be spent with their families. "This comp-time legislation passed by Congress sends an important message to these dedicated public servants, assuring that they do not bear an extra burden that Congress did not intend to impose," he said.

Congressional aides said they expected the president to sign the bill.Nader's View on the Post Office

A nonprofit group founded by consumer advocate Ralph Nader has released a new book on the U.S. Postal Service that calls for giving the public a greater role in setting postal priorities.

"The lack of citizen-consumers' involvement in the recently passed postal reform legislation has highlighted the need for a public dialogue about the future of our postal system," Nader said. "The book provides a starting point for that conversation."

The book, "Preserving the People's Post Office," is sponsored by Nader's Center for Study of Responsive Law and written by Christopher W. Shaw, a project director at the center.

Shaw and Nader call for creation of an independent Post Office Consumer Action Group as a way to give the public an organized voice to help counter the influence of large corporate mailers and private-sector parcel and express-mail companies.

Congress recently approved a measure that would overhaul Postal Service business operations for the first time since 1970, in part to provide magazines, credit card companies and banks with more predictable increases in postal rates.Talk Shows

Kathryn K. Troutman, founder of the Resume Place Inc., will be the guest on "FedTalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Vice Adm. John C. Harvey Jr., chief of naval personnel and deputy chief of naval operations for manpower, personnel, training and education, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

U.S. Attorney John McKay Announces Resignation (AP)

By Gene Johnson

AP, December 14, 2006

SEATTLE (AP) -- U.S. Attorney John McKay, the Justice Department's top lawyer in Western Washington, said Thursday he will resign next month to return to the private sector.

The announcement came the same day McKay was notified that he would not be nominated to be a federal judge in Seattle, but the timing was purely coincidental, he said. McKay had hoped to fill the position created by U.S. District Judge John C. Coughenour's elevation to senior status.

"I'm disappointed I didn't get the judgeship, but I'm excited about the new opportunities," he said.

McKay was nominated to the job by President Bush on Sept. 19, 2001, and confirmed by the U.S. Senate on Oct. 24 of that year. During his tenure, his office handled the sentencing of terrorist Ahmed Ressam, the indictment of an alleged eco-terrorism ring responsible for the firebombing of the University of Washington's horticulture center, and the prosecution of those responsible for building the first tunnel discovered under the U.S.-Canada border.

McKay said his resignation would take effect Jan. 26. He said he has no immediate plans for the future, but would begin speaking with law firms after he steps down and would probably take time off before starting a new job.

"I have been privileged to serve President Bush, and the people of Western Washington as United States attorney. Our work in the United States attorneys office has increased the safety and security of our community, while carefully safeguarding civil rights," McKay said in a news release.

Before his appointment, McKay was president of Legal Services Corp., in Washington, D.C., a private nonprofit corporation that provides legal representation for low-income Americans.

Attorney General Alberto Gonzalez has the authority to appoint an interim U.S. attorney whose term lasts until a permanent replacement can be nominated by the president and confirmed by the Senate.

In an interview Thursday, McKay said his greatest regret was that the assassination of 18-year Assistant U.S. Attorney Thomas Crane Wales, who was shot to death less than a month after McKay was nominated, remains unsolved.

CORPORATE SCANDALS:

Sycamore: Ex-exec Thwarts Options Probe (BZJRNL)

Boston Business Journal, December 14, 2006

Sycamore Networks Inc.'s stock options problems have taken a new twist.

The Chelmsford, Mass.-based communications equipment company says it hasn't been able to comply fully with subpoenas from the Department of Justice and the Securities and Exchange Commission because a former employee won't cooperate.

In a suit filed in Suffolk Superior Court last month, Sycamore says Katherine B. Galli, who helped manage the company's stock option program for several years, has refused to return crucial documents Sycamore needs to respond to the federal investigators.

Dell Delays Filing Quarterly Report, Cites SEC Probe (BLOOM)

By Connie Guglielmo

Bloomberg, December 14, 2006

Dec. 14 (Bloomberg) -- Dell Inc., the world's second-largest personal-computer maker, delayed filing its quarterly report for the second time this year, citing an accounting probe by government regulators.

A report for the quarter ended Nov. 3 will be filed as soon as possible, Round Rock, Texas-based Dell said today in a U.S. Securities and Exchange Commission filing. The company also hasn't submitted a report for the second quarter ended Aug. 4.

Chief Executive Officer Kevin Rollins said in August the SEC has been reviewing the company's revenue recognition and other financial reporting for a year. Dell disclosed last month the SEC had stepped up the probe into a formal investigation. The U.S. Justice Department is also reviewing the company's accounting.

"No determination has been made as to whether restatements of prior period financial statements will be required," Dell said in today's filing. "The company is not currently able to predict the extent or significance of any such changes, and those changes could materially affect previously announced results."

Dell reported third-quarter profit that beat analysts' estimates, according to preliminary figures released Nov. 21. Net income was $677 million, or 30 cents a share, on sales of $14.4 billion.

Federal scrutiny comes as Rollins works to boost sales and profit after losing U.S. customers alienated by Dell's poor customer service. Hewlett-Packard Co. recaptured the PC market lead last quarter after trailing Dell for three years.

Shares of Dell rose 80 cents, or 3.1 percent, to $26.87 at 4 p.m. New York time in Nasdaq Stock Market composite trading. They've lost 10 percent this year.

Coherent Faces Informal SEC Probe (CFO)

By Stephen Taub

DOJ_NMG_0106655

CFO.com, December 14, 2006

Another company's options granting practices are being investigated by the Securities and Exchange Commission. Coherent Inc., which makes lasers for commercial and scientific uses, said it received an informal inquiry from the San Francisco office of the SEC relating to the company's past granting of stock options.

The company, whose market capitalization is slightly less than $1 billion, assured investors that it intends to cooperate with the inquiry. As a result of the probe, however, Coherent said it will delay the filing of its annual report due to its internal review into its option practices and related accounting. Coherent also noted that it will not be able to file its annual report prior to the end of the 15-day extension provided by SEC rules. Coherent also said that it has not determined whether it needs to restate any previous financial statements or if it needs to record any non-cash adjustments. advertisement

The Associated Press said that a little more than 100 companies are currently under investigation by the SEC and/or the Justice Department for possible options backdating.

Apollo Finds Issues With Option Grants (AP)

AP, December 14, 2006

PHOENIX — For-profit education provider Apollo Group Inc. said Thursday a special committee found that certain former officers took steps "that may have been intended to mask failures" in the company's process for approving the grant dates for stock options.

In its final findings from its review of past stock option grants, the special panel confirmed preliminary findings that recorded grant dates may not have matched the actual day stock options were granted, but instead coincided with dates on which the company's stock traded at low levels.

Such a practice, known as backdating, increases the potential windfall from exercising the options. The practice itself is not illegal, but failure to disclose it can have legal and tax ramifications.

Apollo said the findings do not apply to any members of Apollo's current executive team. The company didn't name the former officers in a statement Thursday. Former chief financial officer Kendra B. Gonzales and former Controller Daniel E. Bachus left the company last month.

Apollo also said it will need to restate certain financials and file necessary amendments with the Securities and Exchange Commission, but has not yet determined when the filings will be made nor the magnitude of additional past liabilities.

Apollo also said it is unable to file its quarterly report for the period ending May 31, and its annual report for the fiscal year ending Aug. 31 on time and has requested an extension.

Apollo expects to take a charge of about $34 million related to bad-debt expensing.

Meanwhile, Apollo named 49-year-old K. Sue Redman, senior vice president and chief financial officer of Texas A&M University, to its board of directors.

There are currently 104 companies being reviewed by the Securities and Exchange Commission and/or the Department of Justice as of Dec. 14, according to an AP review. There are at least 90 other companies that have launched or completed internal reviews of their stock options practices that aren't currently facing a SEC or Department of Justice probe.

Shares of Apollo rose 9 cents to $40.13 in aftermarket electronic trading following a rise of 96 cents, or 2 percent, to $40.04 in the regular trading session on the Nasdaq.

S.E.C. Eases Regulations On Business (NYT)

By Stephen Labaton

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — Responding to criticism that regulators had overreacted to years of major corporate scandals, the Securities and Exchange Commission on Wednesday issued a flurry of deregulatory orders and proposals intended to lower costs to public companies. It said the moves would not reduce investor protection.

In a daylong proceeding, the commission proposed a loose interpretation for smaller companies of an auditing provision of the Sarbanes-Oxley Act of 2002 that has come under attack from many companies.

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It also proposed a rule to make it easier for foreign companies to withdraw their securities from American markets. A number of companies have asked to withdraw, and officials said the current rules discouraged companies from listing on United States exchanges if they did not have the option of withdrawing later.

"We hope these proposals, when combined, will make the U.S. markets more attractive and we will get more companies here," said John W. White, director of the commission's division of corporation finance.

Among other noteworthy proposals the S.E.C. issued was one that would increase the financial qualifications for investors in hedge funds, to a net worth of $2.5 million from the current standard of $1 million. Officials said the proposal had the effect of adjusting the original rule for inflation, just as hedge funds are becoming more popular among some less wealthy people. The agency also proposed a new provision on fraud to protect hedge fund investors.

Some officials said the two proposals could blunt attempts to impose other tougher regulations or disclosure requirements on hedge funds. Six months ago, a federal appeals court said the commission exceeded its authority when it tried to force hedge fund managers to register with it.

The S.E.C. also adopted a rule that would save corporations the expense of mailing financial reports and proxy statements by enabling them to communicate with the vast majority of their investors through the Internet. (Investors can continue to receive paper copies of proxies and other material through the mail if they request them.)

And it proposed rules that would make it easier and less costly for banks to offer brokerage services.

Taken together, the proposals and rules are expected to provide enormous savings for public companies and Wall Street investment houses. Senior officials at the commission said the proposals and rules would not reduce the regulatory protections already afforded to investors.

The S.E.C.'s deregulatory push came a day after the Justice Department, in response to similar complaints, imposed new limits on federal prosecutors in white-collar corruption cases. Under those new guidelines, prosecutors in the field will now have to obtain permission from senior officials before trying to get companies that are under investigation to waive their attorney-client privilege.

In weighing whether to seek the indictment of a company, the prosecutors will also no longer be permitted to consider whether the company is paying the legal fees of an employee involved in the inquiry.

In recent weeks, Bush administration officials and business groups have criticized some of the changes in corporate law, securities rules and criminal procedures that were enacted in the wake of accounting frauds five years ago at Enron, WorldCom and other highflying companies.

It remains to be seen whether the decisions by the commission and the Justice Department will take political pressure off Congress to go further, or whether the business groups that have been critical of the S.E.C. rules and the Justice Department's approach will be able to persuade lawmakers to retrench further.

The commission's votes on all the measures Wednesday were unanimous, testimony to both the changed regulatory climate and the political skills of the agency's chairman, Christopher Cox, a former Republican member of Congress. He tailored the changes to avoid the divisiveness that had troubled the tenure of his predecessor.

Mr. Cox said the unifying theme of the proposals and the new rules was to increase the competitiveness and transparency of companies and markets.

"If America's markets aren't competitive, investors lose," he said. "If America's markets are not transparent and open, investors lose."

Like the decision at the Justice Department, the changes announced by the commission on Wednesday fell short of what some companies and groups had sought. In the case of the auditing rules, for instance, many businesses had sought an exemption from the requirements of Section 404 of the Sarbanes-Oxley Act. That provision requires public companies to assess the controls they have put in place to ensure that their financial reports are reliable.

Instead of a blanket exemption, officials said, the proposed guidance would give many small companies a powerful new tool in restricting their auditors from engaging in what the executives viewed as expensive and unnecessary audits of financial controls that had minimum impact on financial statements. A companion new auditing standard is to be proposed next week by the Public Company Accounting Oversight Board.

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Under the guidance proposed by the S.E.C., executives would evaluate the design of only those financial controls that might carry the risk of having a material impact on financial statements. Commission officials emphasized that the guidance is being drafted to be less onerous on smaller or less intricate companies.

"Companies of all sizes and complexities will be able to conduct their evaluations more effectively and efficiently by following the proposed guidance," Mr. Cox said. "As smaller companies have less complex internal control systems than larger companies, this approach enables smaller companies, in particular, to scale and tailor their evaluation methods and procedures to fit their own facts and circumstances."

Auditing Reform: Mission Accomplished! (WP)

By Steven Pearlstein

The Washington Post, December 15, 2006

Wonderful news!

The tough new federal regulators who were deputized to clean up the accounting industry after Enron, WorldCom and the other scandals have been busy reviewing the work and procedures of the Big Four accounting firms.

And guess what?

Everything is now hunky-dory. There's no need to worry any longer about channel stuffing, accounting for derivatives or backdating of stock options. The auditors have it covered.

We know this because not a single member of any Big Four accounting firm has been sanctioned or censured since the Public Company Accounting Oversight Board opened its doors in 2003. In fact, from what has been made public -- not much -- one might surmise that shoddy auditing has been found exclusively at a handful of small accounting firms.

Just as encouraging, the PCAOB -- "Peekaboo" to its friends in the industry -- has declared that the Big Four accounting firms have made "substantial, good-faith progress" toward fixing the systematic problems board investigators found with their internal quality controls. In fact, there's been so much progress that, under the agency's authorizing statute, no investor or corporate audit committee will know those deficiencies ever existed.

What we have here is yet another success for what is called "supervisory" or "prudential" regulation -- a concept that is all the rage these days. Rather than an antagonistic, enforcement-oriented regulatory regime that makes examples of wrongdoers and requires detailed rules, prudential regulation rests on behind-the-scenes collaboration between regulator and regulated.

Everyone's favorite model is Britain's Financial Services Authority, whose "light touch" approach to regulation is alleged to be one reason London has pulled ahead of New York as the place to list and trade stocks. In the United States, prudentialists want to bring the industry-friendly approach used by regulators at the Federal Reserve, the Commodity Futures Trading Commission and the PCAOB to the heavy-handed lawmen of the Securities and Exchange Commission.

There's only one thing wrong. It's a terrible idea.

First, as former SEC chairman Arthur Levitt and others wisely point out, there's a big difference between bank regulators, who care only about maintaining the "safety and soundness" of the financial system, and securities regulators, whose aim is to provide full disclosure, fairness and a level playing field for investors. If regulators like those at the Fed had been in charge of securities regulation, they would have lent Enron whatever it needed to avoid collapse, hushed up the investigation into financial chicanery and sent Ken Lay into a luxurious retirement.

Second, as current SEC Chairman Chris Cox explains, principles-based regulation doesn't work so well in the context of the U.S. legal system.

The theory is that regulators would set down general principles and leave it to each company to decide how to implement them, without all the thou-shalt-nots. The regulator, however, reserves the last word in deciding whether a company's actions or policies pass muster. That's the way it works in Britain, where nobody dares defy the FSA.

But in this country, as soon as some company disagreed with the regulator, it would head straight to federal court to complain about "arbitrary" and "capricious" government oversight. In truth, the business community doesn't want to get lawyers out of the regulatory process -- just the government's lawyers.

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Perhaps the biggest problem with "prudential" regulation is that, by its nature, it overlooks the worst kind of abuses -- those that become so commonplace that everyone thinks they're acceptable. Recent examples range from "managing" quarterly earnings to doling out hot stock offerings to favored customers. At some level, the lawyers, the auditors and the regulators understood that they violated basic principles of fair dealing. And yet few thought to question these practices.

In the end, it took whistle-blowers and outsiders like journalists and state attorneys general to expose these abuses and force new rules. But in the closed loop of a prudential regulator system, none of that would have happened. The whole idea is to keep the heathens out and work things out behind the scenes, without lawsuits, public sanctions or disclosure of embarrassing details.

And that brings us back to the good folks at Peekaboo.

Pardon my skepticism, but I have trouble believing that, as the PCAOB asks us to believe, the Big Four have miraculously transformed their corporate cultures, pushed out the bad apples and fixed all their quality-control problems.

Could it be true? Perhaps. But as long as the PCAOB shrouds its every action involving the Big Four under a cloak of prudential secrecy, we'll never know, will we?

Street Chiefs In For Big Paydays (WSJ)

By Susanne Craig, Randall Smith

The Wall Street Journal, December 15, 2006

Record profits at Wall Street's big brokerage firms are already translating into big paychecks for the Street's chief executives, with the first out of the gate, John Mack of Morgan Stanley, hauling in an estimated $41 million.

But Mr. Mack's mark, disclosed yesterday evening, is likely to be eclipsed soon by one or more of his rivals. Compensation for Lloyd Blankfein, chief executive of Goldman Sachs Group Inc., will exceed $50 million, believed to be a record for big-firm CEOs, according to a person familiar with the matter. Last year, as president of Goldman, Mr. Blankfein made $38 million.

Analysts say they expect a handful of other CEOs could hit $40 million to $50 million or higher, including James Cayne of Bear Stearns Cos., Stan O'Neal of Merrill Lynch & Co. and Richard Fuld of Lehman Brothers Holdings Inc. The three made $30.3 million, $35.5 million and $34.5 million, respectively, last year.

Morgan Stanley yesterday said Mr. Mack received 461,821 shares valued at $36.2 million when awarded Tuesday, as well as options on an additional 178,945 shares valued at $4 million. The firm said the stock and options amounted to 100% of his 2006 compensation above his base pay, which was $337,534 last year. Mr. Mack took over the Wall Street firm in mid-2005 in the wake of a civil war in the executive suite. He received a signing bonus of $26.2 million when he landed, and the firm awarded him $13 million for his five months on the job last year, less than his peers.

During his first full year at the helm, Morgan Stanley reported nine-month profit more than doubled to $5.27 billion as net revenue rose 27% to $25.2 billion. Since the start of the year, its stock price is up 40%, second only to Goldman shares, which have surged 57% in the period.

It is bonus week on Wall Street, which is coming off a record year thanks to outsize trading and investment-banking returns across the board. "This has been another excellent year on Wall Street with earnings and stock up significantly, and CEOs will be paid accordingly," says Glenn Schorr, a stock analyst at UBS AG.

Goldman kicked things off with a bang Tuesday when it weighed in with record profits and plans to pay its employees $16.5 billion in compensation, the most ever for a Wall Street firm. Yesterday, Lehman and Bear disclosed their annual compensation payouts will be $8.67 billion and $4.34 billion, respectively. This translates into $334,000 per employee at Lehman and $320,000 at Bear. At Goldman, if the money were distributed equally, each employee would make $622,000.

Morgan Stanley is expected to report its annual compensation payout numbers Tuesday when it releases its fourth-quarter earnings. Merrill's numbers are due out in January.

All the money has Wall Street abuzz about who will make what this year. Bonuses are everything on Wall Street, a place where about half of all revenue is allocated to compensation and firms often pay out multimillion-dollar bonuses to make sure their best talent stays put. Top traders and bankers on Wall Street typically make a base salary of $100,000 to $250,000 -- the rest comes in a bonus. Employees tend to get their bonus numbers in the first two weeks of December -- with the cash coming early

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in the new year. Overall, bonuses are expected to be up 15% to 20% over 2005, with those at Goldman seeing increases as high as 30%.

"Goldman's revenues are up about 50% and the rest of the peer group is up 25% so when your employees are delivering that sort of revenue growth you would expect their compensation would rise accordingly," said Jeff Harte, analyst in Chicago with Sandler O'Neill.

Lehman was the first to give investors a glimpse of its CEO pay when it filed notice with the SEC this week that it had awarded Mr. Fuld, its top executive, nearly $11 million of restricted shares. This 141,543-share grant was down from last year's $14.9 million, but Lehman has yet to disclose other parts of Mr. Fuld's compensation package, including his cash bonus and options.

In 2005 Mr. Fuld made $34.5 million, including a cash bonus of $13.8 million and 450,000 stock options with an estimated value of about $5 million. Like most other firms, his total package is expected to be disclosed in February. He got more good news earlier this month when the firm disclosed plans to award him stock valued at $186 million over the next 10 years, by changing terms of grants dating back a decade.

These are heady numbers even in financial-services circles. Jim Weddle, senior partner at St. Louis brokerage firm Edward Jones, the country's fourth-largest brokerage based on number of financial advisers and the largest based on number of brokerage offices, made $6.8 million in 2005.

Executive Compensation Comes Into The Clear (WP)

By Terence O'Hara

The Washington Post, December 15, 2006

Shareholders can expect a clearer picture of how much top executives are paid as new rules go into effect today, requiring companies to clearly explain their compensation practices.

The new regulations mark the biggest change to corporate pay disclosure in 25 years. They will force companies to release more information about different kinds of compensation and to more clearly justify those payments.

The Securities and Exchange Commission ordered the changes this year in response to a rising backlash against annual double-digit percentage increases in executive pay. The Corporate Library said this year that pay for chief executives at more than 1,700 public companies grew 16 percent in 2005, down from 30 percent in 2004.

Executive compensation practices have played a key role in several high-profile corporate accounting scandals, including those at Fannie Mae and Enron. More recently, the SEC has launched investigations into allegations that more than 100 companies improperly backdated stock-option grants.

Rising compensation has been fueled by the growing use of incentive pay, such as cash bonuses, stock options and other awards. Those incentives have made it hard for investors to get a total pay number on top executives.

Starting today, companies must add a section to the annual proxy statement sent to shareholders that analyzes compensation. In this section, company directors and managers must describe in detail how they determined compensation for the chief executive and other top officials.

The rules also mandate the inclusion of a compensation table laying out the pay for the top five executives. The table includes items that previously were not considered part of a current year's compensation, such as stock-option awards and the change in pension value in the event of an executive's retirement. The SEC has also tightened rules for valuing and disclosing perks, including use of the company jet, club memberships and personal trainers.

"The new disclosure will allow not only shareholders but directors and management to compare themselves with other companies," said Andrew Gibson, a partner at accounting firm BDO Seidman, who has helped about 100 companies prepare for the new rules. "We'll get the numbers, see what other people are doing and go from there."

Some of the changes were driven by recent instances of hefty retirement pay and perks made available to prominent executives after their retirement, including former General Electric chief executive Jack Welch, that weren't clearly disclosed to shareholders.

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The new regulations do not include a provision commonly known as the "Katie Couric rule," which would require companies to disclose the pay of up to three non-executive employees whose compensation exceeds that of the top five executives. Business groups have resisted this proposal because of fear of poaching of highly valued and highly paid employees, such as celebrities and salespeople.

The SEC is working on a more limited version of that rule. Companies may be required to disclose the pay of employees who aren't necessarily among a company's top five officers, but only if they have significant authority or control over important parts of the business. Under that scenario, Couric wouldn't qualify for inclusion in CBS's proxy.

While the new rules promise to reveal more about how executives are paid, many compensation experts doubt they will curb the double-digit growth in pay for chief executives.

"It's a data-collection issue for most companies," Gibson said.

CRIMINAL LAW:

Criminal Inquiries Look At U.S. Oil-Gas Unit (NYT)

By Edmund L. Andrews

New York Times, December 15, 2006

WASHINGTON, Dec. 14 — The Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service, which is already the focus of several inquiries into its collection of royalties for oil and gas produced on federal property.

The new investigations are still in the early stages, said Congressional officials who were briefed this week by Earl E. Devaney, the Interior Department's chief independent investigator.

The investigations are an unexpected development in what has already become a broad examination of the Interior Department's oversight of companies that pump more than $60 billion worth of oil and gas each year from publicly owned land and coastal waters.

One Justice inquiry involves Interior Department officials in Denver who manage the government's fast-growing program to collect "royalties in kind," which are royalties in the form of oil and gas rather than in financial payments, people briefed on the investigation said.

That investigation is being run by the Justice Department's Public Integrity Section, which examines suspected criminal violations by federal employees. The focus of the second investigation is unclear, but it is being conducted by the inspector general with help from the Federal Bureau of Investigation.

Mr. Devaney, the department's inspector general, is already conducting two other investigations into suspected mismanagement of the minerals agency. And just last week, he issued a scathing criticism of the agency's system for auditing oil and gas royalty payments.

Mr. Devaney is also finishing up an investigation into how the Interior Department signed 1,100 oil and gas leases in the late 1990s that inadvertently permitted companies to avoid up to $10 billion in royalties over the next five years. The errors were made during the Clinton administration, but people briefed on Mr. Devaney's investigation said he had concluded that high-ranking agency officials either knew or should have known about the problem at least two years ago.

Representative Ed Markey, a Democrat from Massachusetts, said Thursday in a statement that Mr. Devaney had briefed his staff.

"The two criminal referrals by the Department of Interior's inspector general to the F.B.I. and Justice Department are proof positive that the conflicts of interest between Bush administration regulators and those they regulate in the oil and gas industry are costing the American taxpayers billions in royalty revenues," Mr. Markey said.

Word of the criminal investigations surfaced just as the Interior Department announced Thursday that five big oil producers had voluntarily renegotiated leases and agreed to not exploit a loophole that could save them hundreds of millions of dollars each.

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The leases gave companies an incentive to drill in deepwater in the Gulf of Mexico by letting them skip royalties on millions of barrels of oil and gas. But the leases omitted a standard escape clause that would have required the companies to pay in full if oil prices rose above about $34 a barrel. Interior officials have said the mistake, if left unchanged, could cost the government as much as $10 billion.

The Interior Department said Thursday that it had concluded new deals with BP, ConocoPhillips, Marathon Oil, Royal Dutch Shell and Walter Oil and Gas. Those companies hold about 17 percent of the flawed leases, according to Interior data.

But about 50 other companies have not yet agreed to change their leases. Among them is Chevron, one of the biggest potential beneficiaries of the error. Chevron and several partners could save more than $1 billion in royalties in years to come if the lease language is not changed.

Don Campbell, a spokesman for Chevron, said company executives had met several times with government officials to resolve the matter. Mr. Campbell said his company "put a reasonable offer forward" and would "look forward to further discussions."

The new agreements did little to mollify the Interior Department's Republican and Democratic critics in Congress.

The incoming Democratic chairman and the retiring Republican chairman of the House Government Reform Committee sent a letter to Attorney General Alberto R. Gonzales, suggesting that the leases might never have been valid and that the government might be able to force the companies to pay up.

Officials have provided few details about the new criminal investigations, except to say they are "related" to previous inquiries of the royalty-management program.

Started about six years ago, the royalty-in-kind program has become a multibillion trading program run from Denver. Since President Bush took office, Interior officials and many of the industry's biggest producers have argued that the government should collect as much of its royalties as possible through "in kind" payments because, they say, the accounting is much simpler.

In 2005, the Interior Department collected about $3 billion worth of royalties in oil and gas — about a third of the total. The government funnels much of the oil it receives to the Strategic Petroleum Reserve, but it sells virtually all its natural gas and sends the cash to the Treasury.

Congressional officials briefed this week by Mr. Devaney said he had cautioned that both of the criminal investigations would last several more months. Mr. Devaney said it was possible the investigations would not lead to criminal charges, though he suggested that they should at least lead to disciplinary actions.

5 Oil And Gas Companies To Pay Royalties (AP)

By H. Josef Hebert

AP, December 15, 2006

WASHINGTON — Five oil and gas companies, including Shell, ConocoPhillips and BP, have agreed to pay royalties on future production under flawed drilling leases in the Gulf of Mexico, the government said Thursday.

The companies are among 59 energy producers that hold the leases at issue from 1998 and 1999. Because of a government mistake, the leaseholders have avoided royalty payments on oil and gas taken from federal waters. The leases omitted language requiring royalties when prices reached a certain level.

The agreements with the five companies are "a step in the right direction" and may lead others to find a way to rework the flawed leases, said the Interior Department's assistant secretary, Stephen Allred.

Some members of Congress have estimated that the royalty exemptions have cost the government $2 billion. Allred put the amount at "somewhat less than $900 million."

Congressional auditors have put the total government loss for past and potential future production under the leases as high as $10 billion.

The companies that reached agreement to begin paying royalties as of this past Oct. 1 are Shell Oil Co., BP PLC, ConocoPhillips Co., Marathon Oil Co. and Walter Oil & Gas Corp.

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More than 1,040 of the leases were issued and about 570 are actively held by 59 companies, according to the Minerals Management Service, the agency that manages the leasing program. The companies that settled hold all or parts of 131 of the flawed leases.

"They're significant players," Allred told reporters.

He said other major leaseholders have refused to rework the deals and that some have refused even to discuss them.

Allred also acknowledged that the agreements Thursday deal only with royalties from future production and not oil and gas already taken.

"We do not believe that we have any ability to unilaterally change a contract," he said, explaining why the department is not seeking to recover royalties already lost from production.

The refusal of most of the companies to even discuss ways to correct the error in the 1998-99 leases has produced a political firestorm in Congress.

Both Democrats and Republicans have threatened to bar companies from future Gulf of Mexico drilling leases unless they agree to renegotiate the flawed leases.

Speaker-to-be Nancy Pelosi, D-Calif., said on Thursday that resolving the matter will be a priority in the House's first 100 legislative hours after Democrats take control in January.

Allred, however, said banning companies from future leases if they do not rework the flawed ones would lead to legal fights and significantly could reduce domestic oil and gas production.

"Our fear is that our program would shut down" if companies were banned from future lease sales, Allred said.

Reps. Henry Waxman, D-Calif., incoming chairman of the House Government Reform Committee, and GOP Rep. Tom Davis of Virginia, the current chairman, asked Attorney General Alberto Gonzales on Thursday to review the Interior Department's claim it cannot legally recover past royalty losses.

They cited a private law firm's analysis that argued the government has "legal recourse to immediately seek recovery of lost taxpayer revenue" from past production under the defective leases.

"It appears that the assertions by MMS that there are no available remedies may be incorrect," Waxman and Davis said.

Interior Strikes Deal On Owed Fees With Oil Companies; Foregoes Collecting $900 Million In Back Royalties (FEDT)

By Aimee Curl

Federal Times, December 15, 2006

The Interior Department today announced that six oil companies will begin paying the government its due for off-shore oil drilling under federal leases that lacked price thresholds with which to calculate the royalties.

But the deal with BP, ConocoPhillips, Marathon Oil Co., Shell, and Walter Oil and Gas Corp. is not retroactive. The companies began paying royalties on the leases as of Oct. 1, 2006, meaning that an estimated $900 million already lost will not be recovered.

The agreement applies to 131 of the 570 leases still active today that were signed in 1998 and 1999. A total of 1,040 leases were signed in those two years without price thresholds, said Gary Strasburg a spokesman for the Minerals Management Service, which oversees the program.

Price thresholds are typically included in federal drilling leases that Interior signs with oil companies and they determine when and how much companies must pay the government for the oil it extracts from federal properties. Price thresholds were not included in the drilling leases Interior inked with companies in 1998 and 1999, resulting in those companies not paying any royalties. At Congress' request, the department's inspector general is investigating why they were not included in those leases. A spokesman for the department said the investigation will continue and the report is still expected out in the coming weeks.

The Minerals Management Service is working on agreements with the other companies that are still not paying royalties, Strasburg said.

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The news of Interior's deal came just hours after leaders of the House Government Reform Committee sent a letter to Attorney General Alberto Gonzales asking him to re-evaluate whether lost payments from the off-shore drilling leases can be recovered.

The Minerals Management Service has said nothing can be done to recover this revenue retroactively.

However, the House committee leaders told Gonzales that one expert analysis found that the government has legal recourse to collect the lost revenues. The analysis was done by Stephen Lowey, of New York law firm Lowey Dannenberg Bemporad & Selinger P.C.

"If you disagree with his analysis, we would like you to provide the committee with a legal analysis explaining why the department takes a different position," said the letter, dated Dec. 14 and signed by Reps. Tom Davis, R-Va., Henry Waxman, D-Calif., Darrell Issa, R-Calif. and Diane Watson, D-Calif.

Complicating matters, according to the letter, is the fact that MMS has reportedly offered to forgo any federal claim to lost revenues in the past if oil companies begin to pay royalties in the future.

"Nearly two months ago, the director of MMS announced that the agency and oil companies were very close to agreement. If these agreements were premised on an erroneous assumption that MMS has no legal remedies, they may not adequately protect the interests of the taxpayer," the letter said.

Duke Athletes Ask Judge To Bar Use Of Photo Lineup (WP/AP)

By David Scott

The Washington Post, December 15, 2006

RALEIGH, N.C., Dec. 14 -- The woman who said she was raped at a party thrown by Duke's lacrosse team misidentified her alleged attackers in a photo lineup that was "an incoherent mass of contradiction and error," defense lawyers argued in court papers filed Thursday.

Attorneys for the three indicted players filed a motion asking a judge to bar prosecutors from using the photo lineup at their clients' trial and prevent the accuser from identifying the players from the witness stand.

Duke University law professor James E. Coleman Jr. said the case would be "effectively dismissed" if the court finds the lineup inadmissible "and rules that it is so suggestive that there can't be an in-court identification."

Within Thursday's motion, the defense highlights what it considers numerous holes in the accuser's story.

Among the details cited are examples of how the accuser's story changed in the hours and days after the party, that she has a history of bipolar disorder, that she identified two people as having attended the party who were not there, and that she identified four attackers during the April photo lineup.

An earlier defense motion argued the lineup was "unnecessarily suggestive" because the accuser was shown only photos of lacrosse players.

Thursday's motion adds details about efforts by police investigators and District Attorney Mike Nifong to assist the accuser in identifying the three men she said gang-raped her in a bathroom at a March 13 team party where she had been hired to perform as a stripper.

Based in part on those identifications, Reade Seligmann, Collin Finnerty and David Evans were indicted on charges of rape, kidnapping and sexual offense. All three players have insisted they are innocent.

"There is quite simply no evidence that any of the accuser's identifications or descriptions of her alleged attackers are in any way reliable," the defense motion says. "Rather the state is left with an incoherent mass of contradiction and error, one which not only raises the issue of a 'substantial likelihood of misidentification,' but which establishes that the accuser has in fact misidentified the defendants."

Nifong, who has generally refused to comment about the facts of the case, did not return a message seeking comment.

A hearing is scheduled for Friday, but it is unclear whether the defense might argue their motions filed Wednesday and Thursday. The hearing had been expected mostly to deal with scheduling.

Polygamist Leader Ordered To Stand Trial (USAT/AP)

By Jennifer Dobner And Paul Foy, Associated Press

DOJ_NMG_0106664

USA Today, December 15, 2006

ST. GEORGE, Utah — A polygamist church leader accused of forcing a 14-year-old girl to marry and have sex with an older cousin in 2001 was ordered Thursday to stand trial.

Warren Jeffs, 51, pleaded not guilty Thursday in state district court to two counts of rape by accomplice. The leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints could face up to life in prison if convicted. A trial was set for April 23.

Prosecutors said the girl had no choice but to obey Jeffs, whose influence over his followers has been described as extraordinary, dictating everything from where they live to whom they should marry.

The girl "expressed her disdain, reluctance, opposition and total dislike of sexual relations," Judge James Shumate said.

Jeffs was charged with two counts because prosecutors have said they believe they can prove at least two instances of sex.

"The state has overcharged Mr. Jeffs. And shame on the state," said defense lawyer Wally Bugden, who argued that Jeffs had acted no differently than a priest, rabbi or marriage counselor.

Bugden said Jeffs is being prosecuted for his faith, which holds that polygamy will bring men and their wives glory in heaven.

Washington County prosecutor Brock Belnap said: "People are entitled to whatever religious beliefs they want. But religion is no excuse for child abuse."

The woman, now 20, was not in the courtroom to hear Shumate's decision. She testified last month that she felt "completely trapped and defeated" during a ceremony at a Nevada motel — the "darkest time of my entire life."

The woman, identified as Jane Doe No. 4, left the sect after 3 1/2 years, remarried and had a baby last week.

Outside court, her attorney Roger Hoole said she was pleased with and relieved by the ruling.

In closing arguments, Bugden told Shumate he would be making a "factual leap" to find probable cause for a trial.

"Saying I don't want to get married is not the same as saying I don't want to have intercourse," Bugden said.

Prosecutors said Jeffs, who performed the wedding ceremony, was responsible for any trauma because he counseled her to submit to her husband, "mind, body and soul."

The girl and her cousin united in an FLDS religious ceremony but never held a valid marriage license. The cousin has not been charged.

Jeffs also faces felony charges in Arizona, accused there of arranging a marriage between a 16-year-old-girl and a 28-year-old man who was already married.

Jeffs was on the FBI's Ten Most Wanted list when he was arrested Aug. 28 in a traffic stop north of Las Vegas. He is being held without bail.

Jeffs' sect traces its roots to early Mormon theology, which promoted plural marriage. The modern Church of Jesus Christ of Latter-day Saints disavows polygamy and renounced the practice in 1890 as a condition of Utah statehood.

FLDS members consider themselves "fundamentalist Mormons," although the mainstream church disavows any connection. They also consider Jeffs a prophet of God with dominion over their salvation.

The church has 10,000 members mostly living in Colorado City, Ariz., and Hildale, Utah, on the Utah-Arizona border.

Authorities Launch Crackdown On L.A. Schemes (LAT)

By Richard Winton

The Los Angeles Times, December 15, 2006

L.A.'s skid row has become a magnet for fraud schemes that use the area's homeless population to rip off the federal government, authorities said this week as they launched a crackdown on the activities.

In just the last few months, state and federal investigators have busted two food stamp scams, one of which involved a merchant who allegedly gave homeless people 50 cents on the dollar for their stamps, then charged the entire value — $6 million — to the government.

In November, officials filed charges against a MacArthur Park-area clinic for allegedly rounding up homeless people with Medi-Cal or Medicare cards and giving them a battery of medical tests charged to government programs. Authorities allege the bogus tests cost taxpayers at least $1.6 million and perhaps much more.

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Another hospital in South Los Angeles is under investigation to determine whether it recruited homeless people for short stays at federal expense, according to law enforcement sources.

The incidents are the latest crime problem in skid row, a long-troubled area of downtown that is home to an estimated 10,000 homeless people and the largest drug-dealing bazaar in Los Angeles. The city is in the midst of a major effort to clean up the district.

But police worry that these latest scams are helping fuel skid row's drug trade by allowing homeless people to get cash to buy drugs.

"We have taxpayer money meant for food being converted to cash that goes to buy drugs from dealers and gang members," said LAPD Capt. Andrew Smith, who oversees policing on skid row.

Smith and other LAPD officials said there is also evidence that some drug dealers themselves are using food stamps as a form of currency.

In May, officers arrested eight people for allegedly running a crack cocaine ring in skid row. They found numerous food stamp debit cards in the hotel room where the ring operated. Detectives concluded the suspects were holding the cards as collateral for drug purchases.

Homeless advocates said skid row is a particularly easy target for scam artists because many of the transients receive government assistance. Though the government places strict limits on the kinds of items that can be purchased with food stamps, they said unscrupulous merchants with food-stamp card readers can cheat the system.

Stores that accept food stamp cards use an ATM-like machine in which people swipe their cards to purchase items. The machines, which require a personal identification number, were designed to reduce fraud.

But prosecutors alleged that in both of the skid row cases, the defendants used the machines to charge homeless people for items. Instead of food, the transients received a fraction of the dollar value credited to their cards, and the suspects recouped the full amount from the federal government, they said.

"It makes you sad and cynical the way some people take advantage of people here," said Andrew Bales, president of the Union Rescue Mission.

The mission's vice president of operations, Scott Johnson, said his team earlier this year began noticing vans soliciting homeless people several times a day with Medi-Cal or Medicare cards. He soon learned the people were being taken to an East Los Angeles clinic for medical tests.

"They'd pay $30 a day," he said.

The three owners of Workplace Industrial Management Clinic — Rudik Avakyan, Gayane Abramyan and Lusine Khatchatryan — were arrested in November on 37 felony counts and accused of fraudulently billing $1.6 million during the last two years. They have pleaded not guilty.

Court documents show that homeless people were brought by vans to the clinic two or three times a week. They were treated by the clinic's medical director, who prosecutors said was the late Mother Teresa's onetime personal physician. The state attorney general's office stressed in court documents that the doctor was not a part of the fraud and is considered an unwitting victim.

Prosecutors claim the clinic submitted bills for hundreds of "patients" — including 35 who were in fact deceased. In addition, the investigation revealed that the defendants billed the federal government for treatments when the physician was out of the country helping tsunami victims in Sri Lanka.

Last month, the U.S. attorney's office filed an even larger skid row case, this one involving mini-mart chain owner Tigran Malkhasyan and his assistant.

Assistant U.S. Atty. Doug Axel said that by government estimates, Malkhasyan used his corner markets throughout skid row to defraud the federal food stamp program of more than $6 million.

Much of the activity allegedly occurred at Malkhasyan's Hollyfood Marts, at the southeast corner of 5th and San Pedro streets. That one store took in $5.2 million in food stamps during the last four years — a staggering amount considering the business reported $380,000 a year in total sales.

He was arrested in an undercover sting by the U.S. Department of Agriculture.

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According to court records, Malkhasyan asked undercover agents for their food-stamp cards and their personal identification numbers and told them to come back later to collect 50 cents on the dollar.

Malkhasyan, a Pasadena resident, wrote $1.4 million in checks to himself from the markets' bank accounts, and an assistant received $784,000, authorities allege. Malkhasyan and employee Karine Atikyan last week pleaded not guilty to 22 counts of fraud and conspiracy and were freed on bond.

The alleged scam is one of several that prompted the Los Angeles County Board of Supervisors on Tuesday to order an investigation into the trafficking of food stamps. The county wants to know how much the scams are costing the county, which administers the stamps. Police officers said they have their work cut out for them on skid row.

Days after Malkhasyan was arrested, another man appeared at 5th and San Pedro streets, police said.

With transients lined up on the sidewalk, Willie Andrew Bassett allegedly swiped their food stamp debit cards through an electronic reader and gave the cardholders a fraction of the sum in cash.

When officers arrested him earlier this month, Bassett had $3,900 in his pockets.

Anti-Piracy Program Halting Cash Payouts To Employee Tipsters (IBD)

By J. Bonasia

Investor's Business Daily, December 15, 2006

Anyone who sees pirated software in the workplace may want to file a report by New Year's Eve, when the Business Software Alliance plans to suspend a year-old bounty program for whistle-blowers.

Under the program, the BSA offers rewards of up to $200,000 for workers who provide details about pirated software being used at their company. Payouts are based on reports that lead to a settlement.

The rewards program is being put on hold on New Year's Day as a way to motivate workers "to go from thought to action" in reporting cases before the year ends, said Jenny Blank, chief of enforcement at the BSA. Blank says the program will resume; she didn't say when.

"Our job is to educate those who do not take copyright laws seriously," she said. "Our view is that software piracy is primarily an ethical issue, and it can be hard to find a technology solution."

The program seems to work.

Tuesday, Burlington Coat Factory paid $300,000 to settle claims it used unlicensed software from Microsoft and McAfee.

The BSA also says Payless ShoeSource paid $124,057 to settle claims for unlicensed copies of software from Adobe, Borland, Internet Security Systems, McAfee and Symantec.

Payless agreed to delete any unlicensed software and buy replacements. The case was reported through the BSA's online form.

Symantec on Wednesday said it is suing a network of distributors the company claims sold counterfeit versions of its products. Named in the suit are ANYI, SILI, GT Micro, ASP Solutions, Mark Ma, Mike Lee, John Zhang and other affiliates.

Using illegal software can result in fines of up to $150,000 for each infraction. Since the BSA launched the program, the trade group has received 3,000 leads in the U.S. alone.

The BSA recently paid out $15,500 total to three people whose tips led to settlements. Ten others have also received various awards.

All money raised by the program through settlements helps fund efforts piracy education efforts.

In 2005, worldwide losses from such theft rose 5% from 2004, reaching $34.3 billion. Of personal computer software in the U.S., 21% was unlicensed, resulting in $6.9 billion in losses, says research firm IDC.

Pirating hurts software makers through lost sales, the BSA says. That translates to fewer industry jobs and less tax revenue for local economies.

The Justice Department has begun to crack down on the most egregious cases. In November, a three-person ring in California and Oregon was found guilty of a software piracy scheme that cost Microsoft more than $60 million.

Mirza Ali, 59, Sameena Ali, 52, and Keith Griffen, 55, were convicted of a conspiracy to sell discounted software for full price to dealers.

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In August, Danny Ferrer, 37, of Lakeland, Fla., received a six-year prison sentence and a $4.1 million fine for copyright infringement.

Ferrer pirated and sold bogus products from Adobe, Macromedia (now a unit of Adobe) and Autodesk, says the Software & Information Industry Association.

"This is not just a slap on the wrist anymore," Blank said. "The federal government takes this matter very seriously."

Ironically, the software development field itself is one of the leading culprits for piracy. Other industries most involved include sales and distribution, engineering, manufacturing, telecom and advertising.

Central and eastern Europe represented the biggest problem with a 69% piracy rate. Latin America was right behind at 68%. North America had the lowest rate, just 22%.

Vietnam and Zimbabwe topped the list of problem nations last year, both with a piracy rate of 90%.

"Piracy is so common in some of these countries that you almost have to wonder if they have more than one disk of software in the whole country," Blank said.

But because of the size of the U.S. market, it was responsible for the largest dollar-value losses last year.

Engineer Indicted For Alleged Espionage (NSDY/AP)

By Jordan Robertson, Ap Business Writer

Long Island Newsday, December 15, 2006

SAN JOSE, Calif. -- A Chinese engineer was charged Thursday with stealing trade secrets from a Silicon Valley company that made military training software and attempting to sell them to Asian governments.

Xiaodong Sheldon Meng, 42, a Chinese national with Canadian citizenship, was indicted on 36 felony counts, including the rare charge of economic espionage to benefit a foreign government and various violations of military technology export laws.

In an unrelated but similar economic espionage case, two other engineers pleaded guilty Thursday to stealing proprietary computer chip designs from four technology companies and attempting to smuggle them to China.

Prosecutors say Meng stole the code for software made by his former employer, Quantum3D Inc., that's used to train military fighter pilots, and tried to sell it to the Royal Thai Air Force, the Royal Malaysian Air Force and a company with ties to China's military.

Under U.S. law, anyone attempting to sell such information overseas must first obtain a license from the State Department and is subject to strict regulations. Meng never applied for such a license.

No foreign government or agent was named as a conspirator in the case, and prosecutors declined to discuss whether any of the secrets were sold or whether any foreign officials or agents knew about the alleged scheme.

In economic espionage cases, the law does not require proof of complicity by a foreign government, and investigators often don't know the extent of foreign involvement.

Meng's case marks only the third time in a decade prosecutors have charged someone with economic espionage to benefit a foreign government, the most serious crime under the Economic Espionage Act of 1996. A conviction carries a maximum penalty of 15 years in prison.

Meng's defense lawyer, Angela Hansen, called the charges "baseless" and said in a statement the government has "misinterpreted innocent acts."

U.S. Attorney Kevin Ryan said the case highlights the threat U.S. businesses face from thieves looking to sell hard-won intellectual property overseas. Few cases allege intent to benefit a foreign government because it's difficult to prove, but he said U.S. companies are frequently targeted by overseas concerns.

"Silicon Valley understands full well the threat they are faced with here," he told The Associated Press. "It's not only a threat to the economic value of the products being produced, but in some cases it's a threat to our national security and military infrastructure."

In the second case, Fei Ye, 40, a U.S. citizen from China, and Ming Zhong, 39, a permanent resident of the U.S. from China, pleaded guilty in San Jose federal court to two counts each of economic espionage to benefit a foreign government as part of a deal with prosecutors. Ye and Zhong initially faced 10 counts each, and had been scheduled to go to trial in January.

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They were charged with stealing confidential microchip blueprints and other trade secrets from their employers and attempting to smuggle them to China. The indictment alleges they planned to start a microprocessor company with the financial backing of various Chinese government agencies.

Ye and Zhong were arrested in 2001 at San Francisco International Airport, attempting to board a flight to China. Their luggage was allegedly crammed with thousands of pages of trade secrets stolen from four Silicon Valley companies -- NEC Electronics Corp., Sun Microsystems Inc., Transmeta Corp. and Trident Microsystems Inc.

The indictment alleges the men, former employees of those companies, stole schematic drawings of computer chips under development, internal instructions for the design and layout of circuits and components, and other confidential information from the companies.

Documents seized from their homes included a corporate charter and a fundraising application touting the project's ability to raise China's stature in the field of integrated circuit design, according to the indictment.

Other documents allegedly show a panel of Chinese government officials had reviewed the company's business plan, deemed it feasible and encouraged agencies to provide financial support.

A business partner who tipped off the FBI told investigators the startup, called Supervision Inc., had received $2 million in funding from two Chinese cities, Hangzhou and Guangzhou, to develop the new microprocessor, according to an affidavit.

Both said little during Thursday's 40-minute hearing, and afterward declined to comment through their defense lawyers.

Ye and Zhong, who remain free on bail following their pleas, are scheduled to be sentenced April 23. Each face a maximum of 30 years in prison.

James Pooley, an intellectual property litigator and adjunct law professor at the University of California, Berkeley, said the conviction -- the first of its kind -- was a much-needed victory for the Justice Department.

"You're finding people who aren't just trying to take something opportunistically from their employer. They're going places, planning to take trade secrets, and combining secrets from many different places," Pooley said. "This shows the problem is real and it's big."

The only other case to allege economic espionage involved two researchers indicted in Ohio in 2001 for allegedly stealing genetic materials used for Alzheimer's disease research and funneling it to a Japanese government-funded corporation.

But the case fizzled after Japan refused to extradite one defendant, Takashi Okamoto, because a Japanese judge ruled he had not violated U.S. laws. The other defendant, Hiroaki Serizawa, pleaded guilty in the U.S. to a much lesser charge of making false statements to investigators.

California Man Charged In Theft Of Military Secrets (WT)

By Jerry Seper

The Washington Times, December 15, 2006

A former Chinese national has been charged in a 36-count indictment in the theft of military trade secrets that authorities said he sought to sell to China, Malaysia and Thailand.

U.S. Attorney Kevin V. Ryan in California said Xiaodong Sheldon Meng, 42, of Cupertino, Calif., is charged with stealing military combat and commercial simulation software and other materials from his San Jose, Calif.-based former employer, Quantum3D Inc.

"This case highlights the vital importance of protecting the intellectual property and trade secrets not only in Silicon Valley but also for our country's businesses," Mr. Ryan said in announcing the indictment, which was handed up Wednesday.

"The alleged economic espionage and theft and export of trade secrets such as these -- visual simulation training software that has military application, no less -- has real consequences that could jeopardize our country's military advantages in the world, in addition to creating substantial financial losses for our businesses, which legitimately developed and owned this information," he said.

Mr. Ryan said the economic espionage charges accuse Mr. Meng, a former resident of Beijing of stealing trade secrets from Quantum3D with the intent they would be used to benefit the governments of China, Thailand and Malaysia.

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The indictment said Mr. Meng stole numerous Quantum3D products, including "viXsen" and "nVSensor," which were used exclusively in military applications, and designed for precision training of military fighter pilots in night-vision scenarios among other applications. Both products are classified as defense articles on the U.S. Munitions List and cannot be sent outside the United States without an export license.

Many of Quantum3D's products were designed primarily for military purposes, including combat training in simulated real-time conditions and the use of advanced infrared, electro-optical and night-vision goggles.

According to the indictment, Mr. Meng took up employment with a competing company, Orad, to "pursue other career development opportunities in China." At one point, it said, Mr. Meng altered the Quantum3D's Mantis program to reflect the name of a program, which belonged to Orad, and used that program as part of a demonstration project in China.

The indictment includes three conspiracy counts, three counts of economic espionage and attempted economic espionage, two counts of violations of the Arms Export Control Act, 12 counts of theft of trade secrets and attempted theft of trade secrets, 15 counts of foreign and interstate transportation of stolen property, and three counts of making false statements to a government agency.

"The FBI is committed to aggressively pursue those attempting to illegally obtain and export trade secrets vital to maintaining the United States' position as a world leader in innovation," said FBI Special Agent in Charge Charlene B. Thornton, who heads the bureau's San Francisco field office.

"Today's indictment highlights the value of cooperation between law enforcement and private industry in effectively conducting these investigations," she said.

Mr. Ryan said Quantum3D cooperated fully in the government's investigation.

Mr. Meng is scheduled to be appear before U.S. Magistrate Judge Howard R. Lloyd in San Jose on Monday. He initially was charged by criminal complaint on Dec. 9, 2004, and the original indictment remains under seal. He currently is free on $500,000 bond. If convicted, he faces 55 years in prison and fines totaling $2.5 million.

Paper Company Denies Misconduct (MJS)

By Joel Dresang

Milwaukee Journal Sentinel, December 15, 2006

The Finnish parent of Wisconsin-based Stora Enso North America denied Thursday that it conspired to fix the prices it charged for coated papers used in magazines and high-volume catalogs in the United States.

"Stora Enso denies any wrongdoing and will enter a plea of not guilty when it appears before the court at the arraignment to respond to the indictment," the company said in a statement issued Thursday. The indictment came Wednesday from a federal grand jury in Connecticut.

The indictment alleges that Wisconsin Rapids-based Stora Enso North America illegally set prices through an agreement with competitors from about August 2002 to June 2003.

About the time U.S. antitrust authorities from the Justice Department began investigating Stora Enso in May 2004, their counterparts in the European Commission started similar probes in Europe.

Last month, the European Commission notified Stora Enso that it had dropped its investigation of a suspected publication paper cartel in Europe. In August, European Commission investigators told Stora Enso they had stopped looking into allegations of anti-competitive pricing on fine writing paper in Europe.

"Both of these major European Union cases, the investigations have been stopped," Kari Vainio, executive vice president for corporate communications at Stora Enso, said in an interview from London.

"They are not related," Vainio said of the cases. "They just happened to start about the same time."

Vainio expressed confidence that, like the other cases, Stora Enso will prevail in the U.S. case.

"It's time for the legal process to decide what is the outcome, which we feel will be positive from our point of view," Vainio said.

If found guilty, the company could be fined up to $10 million, U.S. Justice officials said. But the fine could be increased to twice the gain derived from the alleged crime or twice the loss suffered by alleged victims if either of those is higher.

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Stora Enso North America has about 2,700 employees at six mills in Wisconsin. The Finnish company acquired the company six years ago through a $4.4 billion buyout of Consolidated Papers Inc.

CIVIL RIGHTS:

Dallas Jail Violates Rights Of Inmates, U.S. Report Says (FWST)

The Fort Worth Star-Telegram, December 15, 2006

DALLAS - The Dallas County Jail, one of the largest in the country, violates the constitutional rights of inmates by failing to provide adequate medical and mental healthcare, according to a federal report.

Page after page of violations are detailed in a letter from the U.S. Department of Justice, which also found that prisoners are not kept in safe or sanitary conditions at the detention complex, the seventh largest in the United States.

Among the more egregious examples were an HIV-positive prisoner who died in October 2005 from an infection after his antibiotic was withheld for 11 days and a woman who hanged herself in January 2003. Her records included an inmate request form she filled out two days earlier.

"I need to see the doctor to get my medicine straightened out. I am not getting my meds that my doctor faxed prior orders for me, and I brought in the medication myself and paid for it," it said. "I cannot afford to be treated this way! Please help me! I need my medicine."

There is no indication that the woman, identified only as M.K., received the medicine.

The 47-page letter, dated Dec. 8 and signed by Assistant Attorney General Wan J. Kim, was addressed to County Judge Margaret Keliher, who was defeated in the November election and leaves office at the end of the month. She did not immediately return a phone call from The Associated Press.

Dallas Sheriff Lupe Valdez has not seen the report, said spokesman Raul Reyna, who referred questions to Keliher.

The letter indicates that federal authorities expect to resolve the problems by working with county officials. If they are unable to, they warn that a lawsuit could be filed.

In February 2005, a separate report found that lapses in medical care in the Dallas County jail system resulted in undetected illnesses, excess costs and risks to the public. That report was produced at Keliher's request by Health Management Associates, partly as a response to the near death of James Mims. The mentally ill inmate's psychiatric medications were withheld for two months.

"If you listen to the local leaders, everything's fine. 'Problem? What problem?'" said Dallas lawyer David Finn, who represents Mims in a federal lawsuit.

In November 2005, the Department of Justice's Civil Rights Division notified the county that it would investigate conditions at the jail.

L.A. County Hate Crimes Jump 26% (LAT)

By Susannah Rosenblatt

The Los Angeles Times, December 15, 2006

Reported incidents of hate crimes in Los Angeles County increased for the first time in four years, while such incidents in schools have more than doubled from last year, according to a report released Thursday.

The 26% spike in reported countywide hate crimes last year was fueled primarily by a nearly 50% jump in racially motivated offenses, especially toward immigrants and between African Americans and Latinos, according to an annual analysis by the county Commission on Human Relations.

The report tracked hate crimes reported to law enforcement or other agencies, but did not address which ones led to criminal charges or arrests.

Conflicts between blacks and Latinos erupted on the streets, in jails and at schools, with school-based hate crimes soaring by 111%. Many of these incidents on or near campus occurred in South Los Angeles, the report said. The figure does not include

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11 of 14 large student scuffles last year. The commission did not receive reports on those incidents because it was difficult to determine if they were racially motivated.

"All it takes is one incident," Supervisor Yvonne Brathwaite Burke said.

The rise in hate crimes reported across the county bucks state and national downward trends, the commission found. The city of Los Angeles also measured a roughly 10% dip in hate crimes, said Assistant Chief Earl Paysinger of the Los Angeles Police Department.

Yet the number of reported hate crimes recorded last year — 633 — is still the second-lowest number since 1990. The 2004 tally was 502 incidents.

Violent acts of prejudice are "a virus in the petri dish of our society," Paysinger said. "It remains a significant challenge. The first step in inoculating us from this disease is awareness."

Nearly two-thirds of incidents last year were racially motivated, with 15% caused by religious intolerance and 15% related to sexual orientation. Attacks related to sexual orientation dropped by about a quarter from last year.

Blacks were the most common victims of hate crimes in 2005, followed by Latinos; gay, lesbian, bisexual and transgender individuals; and Jews. Violence and vandalism were the most widespread offenses.

"The first step to solving this problem is identifying it," said Amanda Susskind, regional director of the Anti-Defamation League. "This is not a problem that's going away soon."

The commission's report highlighted simmering tensions between blacks and Latinos: the majority of suspects in anti-black crimes were Latino and vice versa, according to the organization's data. Hostilities sparked by heated debate regarding immigration could account in part for the increase in anti-Latino incidents, said Robin S. Toma, executive director of the commission.

The commission analyzed white supremacist crime for the first time and found 17% of hate crimes were perpetrated by such groups locally, compared with just 5% nationwide.

Commission members stressed that hate crimes still are widely underreported, and true statistics could be far greater than the numbers presented Thursday, especially in schools, jails and juvenile detention halls. Language barriers, distrust of law enforcement and fear of retaliation discourage people from reporting hate crimes, Toma said.

Toma also attributed gang-related hate crimes — 11% of the racially motivated attacks from last year — to a lack of opportunities for youth, struggling schools and scarce jobs. He said the bulk of these crimes occur in low socioeconomic groups.

"The lack of resources creates an environment of violence," said the Rev. Eric P. Lee, executive director of the Southern Christian Leadership Conference of Greater Los Angeles.

The county commission defines hate crimes as offenses involving bias, hatred or prejudice based on a victim's "real or perceived" race, religion, national origin, disability, gender or sexual orientation.

Two-thirds of the data came from the Los Angeles Police Department and the county Sheriff's Department, with the rest provided by local police forces, school districts, community organizations and victims.

NJ Lawmakers Approve Civil Unions (AP)

By Geoff Mulvihill

AP, December 15, 2006

Ordered by New Jersey's highest court to offer marriage or its equivalent to gay couples, the Legislature voted Thursday to make New Jersey the third state to allow civil unions.

Democratic Gov. Jon Corzine said he would sign the measure, which would extend to same-sex couples all the rights and privileges available under state law to married people. The bill passed the Assembly 56-19 and the Senate 23-12.

"Love counts," Democratic Assemblyman Wilfredo Caraballo, a chief sponsor of the bill, said as the debate opened. "The gender of whom one loves should not matter to the state."

But Republican Assemblyman Ronald S. Dancer said: "It's my personal belief, faith and religious practice that marriage has been defined in the Bible. And this is one time that I cannot compromise my personal beliefs and faiths."

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Massachusetts is the only state to allow gay marriage. Vermont and Connecticut have civil unions, and California has domestic partnerships that work similarly. Since 2004 New Jersey has had a more limited version of domestic partnerships.

Among the benefits gay couples would get under New Jersey's civil unions bill are adoption rights, hospital visitation rights and inheritance rights. Officials could begin granting civil unions 60 days after the governor signs the legislation; Corzine did not say when he would do so.

The bill was drafted in response to a New Jersey Supreme Court ruling in October that required the state to extend the rights and benefits of marriage to gay couples within 180 days. The court, in its 4-3 ruling, left it up to the Legislature to decide whether to call such unions "marriages" or something else.

Gay rights groups have argued that not calling such unions "marriage" creates a different, and inferior, institution. But they welcomed Thursday's legislation as a step toward gaining the right to marry.

Some lawmakers also considered Thursday's action to be an interim step on the way to full marriage rights.

"This should be called what it is — marriage." said Democratic Sen. Loretta Weinberg, a sponsor of the bill. She said the title should be changed after there has been some time to study how the civil unions bill works.

Steven Goldstein, director of the gay rights advocacy organization Garden State Equality, said he expects gay couples to be able to get married in New Jersey within two years.

Legislators Vote For Gay Unions In New Jersey (NYT)

By Laura Mansnerus

The New York Times, December 15, 2006

TRENTON, Dec. 14 — The Legislature voted on Thursday to make New Jersey the third state in the nation to recognize civil unions for same-sex couples. In doing so, it moved quickly to fulfill a court mandate to provide equal rights to gay couples but frustrated people on both sides of the emotional issue.

Gov. Jon S. Corzine, who is expected to sign the measure into law, said, "I think we're doing the right thing."

In joining Vermont and Connecticut in establishing the parallel institution of civil unions, New Jersey shunned the option of opening marriage to same-sex couples. Massachusetts is the only state that allows gay marriage, and it has a residency requirement; some same-sex couples have married in Canada.

New Jersey's new unions, which would take effect 60 days after the governor gives the nod, would expand on the domestic partnership arrangements the state has had since 2004. Gay couples would gain benefits like adoption privileges, inheritance rights and the ability to take a partner's surname without going to court.

But gay-rights advocates continued to contend Thursday that the separate institutions were inherently unequal and promised to keep pushing for nothing short of marriage itself.

"We're planning a massive rally the day the civil union law takes effect, to pre-empt the idea that this is a day for celebration," said Steven Goldstein, the chairman of Garden State Equality, a gay-rights group.

Still, about 20 supporters of gay rights who had gathered in the gallery for the hourlong floor debate cheered when the Assembly voted 56 to 19 in midafternoon to approve the measure. They also applauded when Assemblyman Reed Gusciora, a Princeton Democrat, said, "The distance between nothing and civil unions is greater than the distance between civil unions and marriage."

But Assemblyman Ronald S. Dancer, a Republican from Ocean County, said that the bill was an affront to the Bible, and that "this is one time that I cannot compromise my personal beliefs and faiths."

The Senate passed the bill 23 to 12.

The civil union law was written under pressure, in response to a directive by the New Jersey Supreme Court seven weeks ago that the state grant gay and lesbian couples exactly the same financial benefits and legal rights as married heterosexual couples.

The Supreme Court gave the Legislature 180 days to decide whether gay couples should be allowed to marry or placed on a separate, parallel track. Both houses quickly settled on the civil union route, sending it through in just 10 days from introduction to final votes.

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While the Legislature was instructed not to fall short of equality in the benefits it extended, conservatives lobbied to reserve the word "marriage" for heterosexuals, and on Thursday Republicans tried unsuccessfully to amend the bill to define marriage as the union of one man and one woman.

"I believe the foundation of our state is families, marriage, one man, one woman," said Senator Robert W. Singer, the Republican from Jackson who sponsored the amendment proposal. "Why do you want to crumble that? We're not taking away anyone's rights, just sanctifying what marriage is."

Without the amendment, the legislation leaves open the possibility of allowing same-sex marriage.

"Give us two to five years," said Assemblyman Wilfredo Caraballo, the Newark Democrat who introduced the civil unions measure. "In a year and a half or two years we'll see that the world hasn't collapsed, heterosexuals are still getting married and God hasn't thrown fire and brimstone on us."

Mr. Caraballo said proponents of gay marriage could not have pushed through a full marriage bill by the court's deadline in April.

He noted that just three years ago, it was a struggle to enact the limited package of rights and benefits that characterize domestic partnerships. "We had to twist arms to get 41 votes," he said.

But Mr. Goldstein pointed to the legislators, including some Republicans, who had said the civil union bill did not go far enough. "Today's debate for civil unions could be summed up in two words: buyer's remorse, for legislators who wish they were voting for full marriage equality," he said.

David Buckel, of the Lambda Legal Defense and Education Fund, said after the Senate vote, "This law hit with a dull thud."

Mr. Buckel represents the couples whose lawsuit led to the Oct. 25 Supreme Court decision, in which the justices held unanimously that to deny them the full rights accorded married heterosexual couples violated their equal protection rights. He said he would consult his clients about going to the court again to argue that the new law does not meet its mandate.

Few legislators have said explicitly that they oppose civil unions. In the floor debate Thursday, several Republicans raised other objections (no Democrat voted against the measure).

Assemblyman Richard A. Merkt of Morris County contended that the Supreme Court had overreached, saying, "I expect once again this Legislature will surrender its authority as it has many times in the last 40 years."

Social conservatives had focused their efforts on retaining the traditional definition of marriage. Len Deo, the president of the New Jersey Family Policy Council, said at a news conference Thursday with Senator Singer that the civil union bill "moves us toward same-sex marriage."

"People have a right to rights," Mr. Deo said, "but they don't have a right to redefine an institution that's served us well for 2,000 years."

New Jersey Lawmakers Approve Gay Civil Unions (LAT)

By Ellen Barry

The Los Angeles Times, December 15, 2006

NEW YORK — Ordered by the state Supreme Court to allow gay marriage or create a legal equivalent, New Jersey lawmakers on Thursday chose to allow civil unions, making New Jersey the third state to do so.

Vermont and Connecticut allow civil unions, which include all the legal rights of marriage. Massachusetts is the only state that allows gay couples to marry.

Seven weeks ago, New Jersey's Supreme Court ruled by a 4 to 3 margin that gay couples are constitutionally guaranteed the benefits of marriage. But the majority ruling left it to legislators to resolve the thorny question of whether to call their unions "marriage," reasoning that "the great engine for social change in this country has always been the democratic process."

The ruling gave legislators six months to resolve the matter.

New Jersey's elected officials -- among them Democratic Gov. Jon S. Corzine -- made it clear immediately that they preferred civil unions. The bill was hurried through the process in 10 days, giving marriage advocates little ability to argue their case, said Lambda Legal Defense Fund attorney David Buckel, who represented seven couples who sued the state for the right

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to marry. "The irony is that the court referred this matter to the legislature because it did not want to short-circuit the democratic process," he said. "The legislature is doing just that."

Others saw Thursday's vote as a victory for gay rights. By guaranteeing same-sex couples rights equivalent to marriage, lawmakers "have told the world that marriage no longer matters," said Robert Knight of the Media Research Center, who opposes gay marriage. "This is a social wrecking ball."

Steven Goldstein, chair of Garden State Equality, said he was "jubilant for the future," because so many elected officials had committed to press for marriage rights later. A marriage equality law would expand the legal definition of marriage to include same-sex couples.

"Mark my words, New Jersey will see the marriage equality law passed by this legislature within the next year or two," he said.

In the days after the New Jersey Supreme Court's long-awaited ruling, one thing became clear: Voters in New Jersey were at ease with the notion of civil unions. A Quinnipiac University poll taken in early December found that 60 percent of respondents supported civil unions, and 35 percent opposed them. Asked whether gays should be able to marry, 50 percent said no, while 44 percent said yes.

There was little backing for a constitutional ban on gay marriage. Fifty-eight percent of voters opposed that idea; 37 percent supported it.

"We need to take a deep breath and a hard look at political reality at this point in time in New Jersey," wrote Democratic state Sen. Loretta Weinberg, who sponsored the civil union bill, in an editorial last week in the Record in Bergen County.

"I have no doubt personally that we eventually will have gay marriages in New Jersey without any word symbols to diminish the beauty of two committed people of the same sex who love each other," she continued. "It would be wrong to delay providing the needed rights of marriage that will come with enactment of this legislation because of a dispute over words."

Matt Foreman, executive director of the Washington, D.C.-based National Gay and Lesbian Task Force, said he was greatly encouraged by New Jersey's embrace of civil unions. Six years ago, when Vermont legislators passed a similar bill, it was only after a debate "that took months and nearly tore the state apart," he said.

"What I think is remarkable is that civil unions isnow widely seen by almost everyone as a fallback position, not a huge leap forward," he said.

The civil unions bill passed the state Assembly by 59-19 and the state Senate by a vote of 23-12. Corzine has said he will sign it. The law will create a 13-member Civil Union Review Commission, which will study how well the unions work, evaluate similar statutes in other states, and make changes to improve the law.

Legal challenges by gay couples seeking to marry are still pending in Maryland, Connecticut and California. Twenty-six states have sought to pre-empt rulings by explicitly banning the practice in their constitutions. Supreme Courts in Washington and New York last July upheld state laws limiting marriage to one man and one woman.

Death Sentences Decline, And Experts Offer Reasons (NYT)

By Neil A. Lewis

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — The number of death sentences in the United States has dropped to its lowest level in decades, according to recent studies, including one released Thursday that predicts the trend will continue because of publicity about cases in which people are wrongly accused of crimes.

The Death Penalty Information Center, a group based in Washington, reported that the number of death sentences, which had remained at about 300 a year in the 1990s, began to drop steadily in 1999 and has declined almost 60 percent since then.

At the Justice Department, the Bureau of Statistics reported last week that there were 128 death sentences in 2005, down from 138 the year before. While the department study does not include an estimate for 2006, the Death Penalty Information Center, which opposes the death penalty and tracks cases closely, says the number for this year will be about 114.

Defense lawyers, prosecutors, and groups that study the application of the death penalty all say there are several reasons for the trend. Among them are increased publicity about cases other than murder in which DNA testing resulted in freeing people

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who had wrongly been convicted of crimes, producing skepticism about the reliability of verdicts; recent Supreme Court decisions requiring that juries be told when life in prison without possibility of parole is an option, and improved legal representation for capital defendants, including a sharp increase in using specialists to develop arguments for mitigation.

Mitigation specialists assist defense lawyers by investigating and presenting evidence to persuade juries to spare the defendant's life.

Richard C. Dieter, who heads the Death Penalty Information Center, said in an interview that the number of executions and the total population on death rows throughout the country had also declined in recent years.

But Mr. Dieter said that the annual rate of death sentences was the best index for judging the trend because it showed what verdicts were rendered by juries in particular time periods. The other figures can be misleading. For example, if executions went up suddenly, that would mean an abrupt decrease in the death row population.

A Gallup poll earlier this year showed that for the first time, Americans were almost evenly split when asked to choose which is a better penalty for murder, a death sentence or a life sentence without possibility of parole. Until recently, the public had overwhelmingly responded in favor of the death penalty.

Mr. Dieter said that the effect of the exposure of cases in which DNA established a person's innocence after conviction was hard to measure but probably significant.

"You could call this the DNA era," he said. "It's been quite a phenomenon over the last eight years and has had a great impact in raising doubts about the reliability of verdicts."

Joshua Marquis, the district attorney in Clatsop County, Oregon, agreed that the publicity over wrongful convictions overturned by DNA evidence might be a factor.

But Mr. Marquis, a vice president of the National District Attorneys Association, said it was not one of the significant reasons but was promoted by groups like Mr. Dieter's who want to "create the myth of innocence, that the public should be fearful of the death penalty because we're executing innocent people."

Mr. Marquis said DNA testing, usually used in crimes like rape, had never established that an innocent person was executed. The reasons for the decline in the death penalty, he said, generally involved greater discrimination among prosecutors in bringing capital cases and the significant drop in the rates of violent crime and murders.

Christina Swarns, director of the criminal justice project at the NAACP Legal Defense and Educational Fund, said the fact that there had been no proven case of DNA testing demonstrating an innocent person's having been executed, might soon change with investigations of three executions in Missouri and Texas.

Other possible factors in the reduction of death sentences, experts say, are the truth-in-sentencing laws and recent Supreme Court opinions that require juries to be told when a sentence of life in prison without parole means just that. Mr. Marquis said that in Oregon, people sentenced to life used to serve little more than eight years on average.

The Supreme Court, in a series of rulings chastising South Carolina courts over several years, said juries must be told when they are able to impose a sentence of life that will insure that the inmate will never be released. Mr. Dieter said that in the past juries often imposed death sentences because they believed, sometimes correctly, that the defendant could be released before death.

Robert Rothman, a member of the American Bar Association's committee on the death penalty, said that the increased use of mitigation specialists by defense lawyers has also contributed to the decreasing frequency of the death penalty.

Mr. Rothman, an Atlanta lawyer, said that the specialists were experts at investigating a defendant's background and preparing it for presentation to a jury. He said the bar association's guidelines now make clear that a lawyer has an obligation not only to argue a client is innocent but also to present a thorough argument for the mitigating circumstances.

Executions In U.S. Drop To A 10-year Low (LAT)

By Henry Weinstein

The Los Angeles Times, December 15, 2006

Executions in the U.S. declined to their lowest level in a decade this year, according to a study released Thursday by the Death Penalty Information Center, which opposes capital punishment.

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Fifty-three people have been executed this year, with no more scheduled until 2007.

That is down from 60 last year and a significant drop from the peak of 98 executions in 1999, the Washington-based organization said in a year-end report.

Two-thirds of Americans still support capital punishment, the Gallup Poll found this year, but for the first time in two decades, it found that more Americans prefer that the penalty for murder be life without parole rather than death, by 48% to 47%, noted the Death Penalty Information Center.

The attitude is a marked change from last year, when the Gallup Poll reported that 56% of Americans preferred the death penalty compared with 39% who supported life without parole.

This year's developments come amid exonerations of individuals who had been sentenced to death and amid challenges to the lethal-injection process that have led to execution stays in several states, including California, for most of the year.

A ruling is expected soon from U.S. District Judge Jeremy Fogel in San Jose on whether California's lethal injection procedure presents an unnecessary risk of inflicting severe pain on condemned inmates and thereby violates the constitutional prohibition of cruel and unusual punishment.

Similar challenges have delayed executions in Arkansas, Delaware, Maryland, Missouri, New Jersey, Ohio and South Dakota and in three federal cases.

Further fuel was added to the lethal-injection controversy this week when an execution in Florida took 30 minutes — twice as long as usual. Witnesses said the condemned man, Angel Diaz, appeared to be grimacing. Gov. Jeb Bush said an investigation would be conducted.

In addition to the decline in executions, fewer people were sent to death rows by juries, said Richard Dieter, executive director of the organization that released the study.

Dieter estimated that based on the most recent statistics available, the number of capital sentences imposed this year would total 114. That compares with 125 death sentences last year, according to Bureau of Justice statistics, and is a steep decline from the 276 imposed in 1999.

"The American public has turned an important corner in this debate," Dieter said.

"Support for the death penalty is on the decline, and more people are embracing the alternative sentence of life without parole, which is now available in almost every state."

Thirty-seven states permit capital punishment.

"Capital punishment is risky, expensive and could result in irreversible error," Dieter said.

"Fewer people are now willing to put their faith in such a flawed policy."

Less crime may be a factor

Joshua Marquis, vice president of the National District Attorneys Assn., strongly disagreed, attributing the drop in death sentences instead to a recent nationwide reduction in violent crime generally "and murder specifically," as well as to jurors and prosecutors who were "becoming appropriately more discriminating about when to respectively seek and impose a death sentence."

The Gallup Poll found this year that 63% thought an innocent person had been executed in the last five years and 64% thought the death penalty had no deterrent effect.

On the other hand, 60% said they thought the death penalty was administered fairly, and only 21% thought the death penalty was imposed too often.

Death penalty foes said they were heartened by a number of developments this year beyond the decline in death sentences and executions.

New Jersey became the first state to enact a moratorium on executions through legislation, and it joined states including California and North Carolina in forming a commission to study the fairness and reliability of the death penalty. New York legislators declined to reinstate the state's death penalty statute, which had been thrown out by a court.

Dieter also noted that the American Bar Assn. overwhelmingly passed a resolution in August calling for an exemption from the death penalty for the severely mentally ill.

A similar resolution was endorsed earlier by leading mental health groups.

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Texas still leads

The number of executions may have decreased nationally, but Texas, the nation's perennial leader, executed five more people this year than in 2005. Texas' 24 executions represented 45% of the national total. Ohio was second, with five.

There are 3,316 inmates on death rows nationwide, with California having by far the most at 655.

California executed one person this year — the 13th in the state since capital punishment was reinstated, in 1977.

ANTITRUST:

Feds Defend Approval Of Telecom Megamergers (CNET)

By Anne Broache

CNET News.com, December 14, 2006

The U.S. Justice Department on Thursday denied allegations that it fudged the analysis that prompted it to approve two telecommunications megamergers now under scrutiny by a federal judge.

In a Thursday filing with U.S. District Judge Emmet Sullivan in Washington, D.C., Department of Justice lawyers took issue with accusations of wrongdoing lodged by opponents of the twin deals--between AT&T and SBC Communications, and Verizon and MCI--at a November 30 court hearing. The public version of Thursday's document was redacted.

Sullivan had given the Justice Department the opportunity to respond to a lengthy presentation by Silicon Valley attorney Gary Reback on behalf of the Alliance for Competition in Telecommunications, a group formed to oppose the deals. Reback accused the Justice Department of making up facts and ignoring critical considerations while analyzing the competitive impact of the deals.

In its court filing, the Justice Department continued to defend its analysis, arguing that the allegations were "based on mischaracterizations of relevant legal standards, misstatements of United States' positions, and misrepresentations of the factual record."

When approving the mergers, the Justice Department concluded that it needed to place limited conditions--namely, requirements aimed at ensuring that the companies' competitors could gain access to fiber-optic connections in certain commercial buildings where Verizon and MCI or AT&T and SBC had been the only two companies supplying some types of connections.

Reback had argued that the antitrust analysis should have considered situations in which three competitors became just two, or even those in which four competitors were whittled down to three by the melding of the companies.

The Justice Department's filing represents the Justice Department's latest attempt to persuade Judge Sullivan that he should sign off on the deals. Since the summer, Sullivan has been pressuring the government to provide additional information about why it believes the mergers satisfy the "public interest."

A 1974 federal antitrust law called the Tunney Act calls for a court to vet agreements negotiated between the Justice Department and the companies involved to ensure the deals meet that standard. Congress recently amended the law to give judges even greater latitude in reviewing cases.

At the latest hearing involving attorneys for the government, the telephone companies and outside interest groups, attorneys for Verizon and AT&T said they were convinced that the Justice Department's conditions erased any possible antitrust concerns. Sullivan, however, said he did not plan to "rubber stamp" the deals and left no indication as to when he might arrive at a decision.

Stalemate Keeps AT& T-BellSouth Merger Off Of FCC's Agenda (WP)

By Alan Sipress

The Washington Post, December 15, 2006

Federal Communications Commission Chairman Kevin J. Martin said yesterday he did not know how soon it would consider AT&T's proposed $86 billion acquisition of BellSouth after the deal was left off the agenda for Wednesday's meeting because of a continuing stalemate between the commission's Republican and Democratic members.

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Martin, an advocate of the merger, told reporters he was "anxious" to set a date for the vote, which would create the country's largest provider of telephone, wireless and broadband services. AT&T and BellSouth have waited more than seven months for the commission to act despite Martin's efforts earlier this year to win quick approval of the transaction without conditions.

The FCC has repeatedly delayed voting on the merger in recent months because of a stalemate between Republican supporters of the deal and their Democratic counterparts, who want to impose safeguards meant to protect consumers and ensure competition within the industry.

One of the main obstacles is disagreement over whether to require a "net neutrality" condition that would bar AT&T from asking different Internet services to pay different prices for using its lines.

To break the deadlock on the five-member board, the FCC's general counsel ruled last week that the potential swing vote, Republican Commissioner Robert M. McDowell, could take part in the consideration despite his concerns of a conflict of interest. McDowell has so far refrained from participating in the commission's review of the proposed merger because he previously worked as senior vice president for Comptel, as association that lobbied on behalf of companies competing with AT&T and BellSouth.

The opinion from the general counsel, Samuel Feder, left open the option for McDowell to abstain. McDowell, a Virginia lawyer, has yet to say whether he will ultimately participate in the vote, and if does, where he might stand on the conditions under debate.

In a letter to Feder this month, AT&T and BellSouth senior executives said they would not object to McDowell's participation, suggesting this would shift the dynamic on the commission in their favor, despite his earlier lobbying work.

"Commissioner McDowell stated at his confirmation hearing that he will be 'a fair, judicious, impartial, thorough and thoughtful adjudicator, arbiter and policymaker' and that he will 'prejudge nothing,' and we take him at his word," wrote AT&T Senior Vice President Robert W. Quinn Jr. and BellSouth Vice President Jonathan Banks.

But Gigi B. Sohn, president of Public Knowledge, a public interest group in the District that has opposed efforts to approve the merger without conditions, said last week that McDowell's participation would compromise the FCC's integrity.

"It is unseemly to try to force the commissioner to violate the ethical constraints not only of the commission, but of the Virginia Bar as well," Sohn said. "A better solution would be for Chairman Martin to reconsider his opposition to the pro-competitive and pro-consumer merger conditions."

The proposed acquisition has dramatically increased in value since it was presented to the FCC because of rising stock prices. If approved, the merger would reunite much of the AT&T telecommunications empire broken apart by the federal government 22 years ago because of concerns over competition.

Despite Feder's intervention, it has become increasingly clear in recent days that the merger would likely not be ready for FCC action at its regular meeting Wednesday. Martin said last week it would be difficult for the commissioners to reach an agreement in time. Even if McDowell decides to weigh in, he might need several weeks to familiarize himself with the debate and read the extensive filings by the companies and their supporters and critics, industry analysts said.

Should a majority of commissioners come to an understanding on any conditions, the merger could still be added to the Wednesday agenda or taken up at separate special meeting. The FCC is also not legally required to vote on the deal in public and could approve the acquisition without meeting at all.

Merger Hold Up (WSJ)

The Wall Street Journal, December 15, 2006

Democrats are back in power in Washington, and one question is whether their wilderness years taught them anything about the wisdom of restraint in regulating business. One early sign that they've learned nothing is their behind-the-scenes effort to delay, and maybe deep-six, the $80 billion AT&T-BellSouth merger.

The deal has the support of Big Labor, was approved by the Justice Department without conditions in October, and would help consumers by bringing more competition to telecom amid enormous technological change and business ferment. But the

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merger has been held up for months at the Federal Communications Commission, thanks to the political maneuvering of the two Democratic Commissioners, Michael Copps and Jonathan Adelstein.

The pair have cited the size of the deal, the volume of public comment it has generated, and even the Justice Department's approval as reasons for delay. But what's really going on here is an old-fashioned regulatory hold up, in the armed-robbery sense of the word. The two Democratic Commissioners want the combined company to accede to "Net neutrality" commitments that go well beyond the FCC's own policy paper on the matter.

Net neutrality is a solution in search of a problem. It is supposed to require that network operators like AT&T or Verizon behave in a "non-discriminatory" way toward Web site operators like Yahoo or Google. In practice, this means restricting the ability of the telecom companies to set market prices for use of their broadband pipes.

But companies aren't likely to invest in laying those pipes if they can't get a market return. And the conditions the Democrats are trying to extort from AT&T could even exceed those found in the several bills that failed to pass Congress this past year. In all of this they are carrying water for rich special interests, in particular Google and the rabble-rousing left-wingers at MoveOn.org. * * *

In a better world, a Democratic minority on the five-member FCC wouldn't be able to use a merger review to engage in back-door regulating. AT&T has already agreed to abide by the FCC's "four principles" of Net neutrality, which is itself a nonbinding document but the closest thing to a public policy on the matter. But Commissioners Copps and Adelstein still won't let the merger proceed.

The Commission's three Republicans would normally still have a majority. But one of them, Robert McDowell -- who would in all likelihood vote to approve the merger without conditions -- must confront an "ethics letter" presented to the Senate at the time of his confirmation in May. In that letter, Mr. McDowell agreed not to vote on any matter to which his former employer, the telecom industry group Comptel, is a party. And Comptel has since made itself a party by weighing in against the AT&T -BellSouth deal.

Last week the FCC's general counsel gave Mr. McDowell a new letter authorizing him to participate in considering the merger. However, sources with knowledge of the matter tell us that Mr. McDowell feels somewhat less than comforted by this ethics "comfort letter." The political risk he runs is that if he votes to approve the merger, Mr. McDowell could incur the trumped-up "ethics" wrath of the new Democratic committee chairmen who are allied with the FCC Democrats. The likes of John Dingell and Ed Markey could make life miserable or worse for Mr. McDowell, as they did for so many others back when they ran Congress before 1994.

In short, the Democrats on the FCC and in Congress are engaged in a kind of bad cop-worse cop routine with Mr. McDowell: Either he must stay recused on the merger so they can extort more concessions from the new AT&T, or he can vote for the merger and risk spending the rest of his days answering subpoenas. Never mind that if Mr. McDowell does stay recused, the two companies might very well let the merger die rather than submit to regulation that would hamper their ability to recoup their investment in laying broadband pipe.

Strangely, some of our free-market friends in Washington are painting Mr. McDowell as the villain for refusing to step into this bear trap. The AT&T merger was already on the table when Mr. McDowell was confirmed and Comptel's objection to the deal was foreseeable even then. Rather than pillory Mr. McDowell, public attention ought to be on the Democratic minority on the commission as the forces trying to use this merger for their own narrow political purposes. * * *

The real conflict of interest here is not Mr. McDowell's past association with Comptel. It's the Democrats' willingness to carry water for Google and MoveOn.org in the Net neutrality debate. Net neutrality lost so resoundingly in the last Congress that it's unclear even now whether the Democrats have the votes to pass a law imposing it. They certainly do not have the votes at the FCC to impose neutrality requirements via regulation.

A Net neutrality condition has nothing to do with the merits of this merger. If the deal falls apart over this special-interest vindictiveness, it will be a sign that the bad, old anti-business Dems are back in charge.

If More US Airlines Merge, Who Would Benefit? (CSM)

By Alexandra Marks

DOJ_NMG_0106680

The Christian Science Monitor, December 15, 2006

Wall Street is so buoyant about possible mergers among the nation's last six traditional carriers, you'd think airline consolidation was the best thing for the industry since the jet engine replaced the turbo prop.

But an increasing number of analysts are questioning that assumption, and suggesting that all the merger talk may in the end be just that - talk.

"We're in an environment where everyone believes the mantra that consolidation is both necessary and inevitable, but it is neither," says Michael Boyd, president of the Boyd Group, aviation consultants in Evergreen, Colo. "The carriers like American, Northwest, and Continental are making money. Why do they have to merge? We have a very competitive system now."

This latest round of merger talk was sparked by United Airlines' chief executive Glenn Tilton reiterating his stance that "consolidation is good and overdue for the industry" at a shareholder's meeting earlier this week. That prompted a series of still unconfirmed reports that United and Continental Airlines were talking about just such a deal.

Both companies' stock went up more than 5 percent, and it fueled speculation that US Airways' proposed hostile acquisition of Delta Air Lines was gaining momentum. That, in turn, prompted other reports that American Airlines and Northwest were also talking about joining forces - not necessarily because they want to, but because they would have to as a defensive move so they could compete with their potentially merged rivals.

If all the frenzied speculation pans out, the nation would go from six traditional carriers to three. That could put the profitable, but still financially fragile, carriers firmly back in the black, Wall Street analysts crowed.

But an increasing number of airline analysts are raising red flags, noting that federal regulators may not find such a scenario as appealing as the airlines' stockholders and top management teams.

Congressional leaders have also signaled their concern that mergers like a US Airways-Delta one could raise serious antitrust issues. Those two airlines fly similar routes in the South and East, and each owns one of the two shuttles between Boston, New York, and Washington. If a deal were approved, one of the shuttles would have to be sold, say experts. But that wouldn't address other antitrust issues that could drive up prices and reduce consumer choice in a variety of cities.

"If you put US Airways together with Delta, and there's no additional strength there, that's all about reducing competition," says Mr. Boyd. "It's Wall Street wanting to make money that's driving the merger talk."

Advocates of the mergers, like US Airways chief executive Doug Parker, say there is still too much "fragmentation" in the current aviation system, which undermines the airlines' pricing power. That continues to make it difficult for them to fully recover from the past five years' losses, which amount to more than $30 billion. With efficiencies gained from a merged company, Delta and US Airways would be able to further cut costs and reduce capacity by about 10 percent, according to Mr. Parker. Similar moves in the past have already helped his company return to profitability, he says.

"US Airways is the product of several successful mergers, most recently the combination of America West and US Airways," he said last week. "Working together, we have blended employees and cultures to create a new standard in the industry, which combines the best attributes of a low-fare carrier and a full-service airline. We fully expect the 'New Delta' to exceed these already high standards in the marketplace."

US Airways still needs the backing of the Delta creditors' committee to proceed with its takeover plans. Delta's management and most employees are still opposed to a takeover and are determined that the company will emerge from bankruptcy as a stand-alone entity.

United is reportedly watching the US Airways proposal to determine whether the market, Congress, and regulators would also warm to the idea of a United-Continental merger. If the US Airways-Delta merger fails, United is expected to be less likely to move ahead.

Aviation analysts like Kevin Mitchell of the Business Travel Coalition in Radnor, Pa., believe that would be the best scenario. He argues that a flurry of mergers right now would raise prices, overcrowd already-packed planes, and create chaos for customer service for years to come precisely because it is so difficult to merge aviation corporate cultures.

"Of course, Wall Street is going to push it," he says. "What's good for investors, shareholders, and management may not be good for others: Lots of employees will be laid off, and customers can look forward to 20 to 30 percent price hikes and several years of customer-service [misery]."

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Antitrust Wait Ends In $1.1B Sirna Acquisition (BZJRNL)

Silicon Valley/San Jose Business Journal, December 14, 2006

Merck & Co. Inc. and Sirna Therapeutics Inc. said Thursday that the federal regulatory antitrust waiting period has expired for Merck's $1.1 billion acquisition of Sirna.

Whitehouse Station, N.J.-based Merck (NYSE:MRK - News) and San Francisco-based Sirna (NASDAQ:RNAI - News) agreed on Oct. 30 to the purchase at $13 a share in an all-cash transaction.

The expiration of the Hart-Scott-Rodino waiting period satisfies one of the sale conditions, and the companies said consummation of the merger -- which is expected to occur in late December or early in the first quarter of 2007 -- remains subject to other customary closing conditions including approval by Sirna stockholders.

Sirna Therapeutics is a clinical-stage biotechnology company developing RNAi-based therapies for serious diseases and conditions, including age-related macular degeneration, hepatitis C, dermatology, asthma, respiratory syncytial virus and Huntington's disease.

Merck-Sirna Deal Clears Waiting Period (AP)

AP, December 14, 2006

NEW YORK — The federal antitrust waiting period for pharmaceutical company Merck & Co.'s $1.1 billion buyout of biotechnology firm Sirna Therapeutics Inc. expired Thursday.

Merck and Sirna announced the buyout Oct. 30 and expect the deal to close either this month or during the first quarter.

Whitehouse Station, N.J.-based Merck offered $13 per share for Sirna, nearly a 102 percent premium over its closing price of $6.45 on the Nasdaq prior to the bid's announcement. Sirna shareholders are scheduled to vote on the buyout offer Dec. 28.

Sirna focuses on developing RNA interference, or gene-silencing technology. Drugs and treatments using the technology target specific genes at the root of a condition or disease, aiming to shutdown that gene, rendering the condition, such as a type of cancer, inactive.

The San Francisco-based company saw revenue of $4.9 million in 2005, compared with Merck's $22 billion in annual sales.

Shares of Merck added 47 cents to $43.81 in morning trading on the New York Stock Exchange, while Sirna shares edged up 2 cents to $12.93 on the Nasdaq.

ProSieben Holders To Sell Stake In Private Buyout (WSJ)

By Mike Esterl

The Wall Street Journal, December 15, 2006

FRANKFURT -- The controlling shareholders of ProSiebenSat.1 Media AG have agreed to sell their stake in the German broadcaster to private-equity firms Kohlberg Kravis Roberts & Co. of the U.S. and Permira of Europe, according to people familiar with the matter.

The bid for Germany's largest television broadcaster by advertising revenue was in the range of €28 to €29, or about $37 to $38, a share, valuing ProSiebenSat.1 at a bit less than €6 billion, or about $8 billion, these people said.

The bid beat out a rival offer from Turkish media group Dogan Yayin Holding as well as a joint bid from Britain's Apax Partners and the investment arm of U.S.-based Goldman Sachs Group Inc.

KKR and London- and Frankfurt-based Permira are interested in combining ProSiebenSat.1 with SBS Broadcasting, which they acquired last year for €1.69 billion. SBS has television-broadcasting operations in nine European countries, but not in Germany. The addition of ProSiebenSat.1 would create a more powerful rival to big European broadcaster RTL Group, which is controlled by Bertelsmann AG of Germany.

A spokesman for German Media Partners LP, ProSiebenSat.1's controlling shareholder group since 2003, declined to comment. KKR and Permira also declined to comment.

German Media Partners, headed by investor Haim Saban, put ProSiebenSat.1 on the block in October. This is the second time since 2005 that the consortium of private-equity investors has agreed to sell its 50.5% capital stake and 88% voting stake in

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the broadcaster. An earlier deal that would have transferred control to German publisher Axel Springer AG was blocked in January 2006 by domestic regulators, who feared a tie-up would give Springer too much sway over public opinion.

German Media Partners had hoped to attract as much as €35 apiece for its shares, valuing the broadcaster at about €6.5 billion. Such a price would have represented roughly four times the group's initial investment and a big increase from Springer's offer of €23.37 a share in August of last year, when Germany's economy and ad market were weaker. ProSiebenSat.1 expects to book an operating profit of close to €500 million this year, about three times that of 2003.

At €28 to €29 a share, ProSiebenSat.1 would be valued at between 11.5 and 12 times earnings before interest, taxes, depreciation and amortization, according to one person close to the transaction. That would put it in line with other commercial European broadcasters, the person added.

German Media Partners comprises Saban Capital Group Funds, Bain Capital Partner Funds, Hellman & Friedman Funds, Thomas H. Lee Partners Funds, Providence Equity Funds, Quadrangle Funds and Alpine Funds.

Hearst Expects To Close "Daily Breeze" Purchase This Week (E&P)

Editor & Publisher, December 14, 2006

TORRANCE, Calif. Hearst Corp. expects to complete its purchase of the Daily Breeze on Friday as part of a deal to resell the newspaper to MediaNews Group Inc., according to a court document filed by the two newspaper operators.

The document was filed Wednesday in a pending federal antitrust case involving Denver-based MediaNews and New York-based Hearst, owner of the San Francisco Chronicle, over their plans to consolidate some of the business operations of their San Francisco Bay area newspapers.

A San Francisco investor is trying to block the deal, claiming such cooperation violates antitrust laws.

The two companies also said they had finished negotiations in their swap deal. Under the agreement, Hearst will purchase the Torrance-based Breeze from The Copley Press Inc. and then sell it to MediaNews along with two other publications, the Monterey County (Calif.) Herald and the St. Paul (Minn.) Pioneer Press.

San Diego-based Copley, whose flagship paper is the San Diego Union-Tribune, cited competitive pressures when it indicated in June it wanted to sell its Copley Los Angeles Newspapers. Those papers include the Breeze, the Palos Verdes Peninsula News and The Beach Reporter.

Rochester Medical Settles With C.R. Bard (AP)

AP, December 14, 2006

STEWARTVILLE, Minn. (AP) -- Catheter maker Rochester Medical Corp. said Thursday it reached a $49 million settlement with medical devices company C.R. Bard Inc.

Under the terms of the agreement, Rochester Medical will dismiss C.R. Bard from a lawsuit it filed in March 2004 against C.R. Bard, Tyco International Ltd., Tyco Healthcare Group LP, Novation LLC, VHA Inc. and Premier Purchasing Partners LP.

The lawsuit alleged that C.R. Bard, among others, conspired to exclude it from the market and violated antitrust laws.

C.R. Bard has agreed to pay Rochester $49 million, and it plans to take a fourth-quarter pretax charge to reflect the settlement.

Last month Rochester Medical reached a settlement with Premier Inc. and Premier Purchasing Partners LP that dismisses the companies from an anti-competition lawsuit.

The company said the litigation continues against the other defendants in the case, which is scheduled to go to trial in May 2007.

VHA and Novation said they believe the charges in Rochester Medical Corporations lawsuit are without merit, and they plan to vigorously defend against the claims.

The other defendants named in the lawsuit were not immediately available to comment.

Shares of Rochester Medical were trading at $12.35 in the after-hours session, up 97 cents, or 8.5 percent, from Thursday's closing price of $11.38 on the Nasdaq.

Municipal Bond Probe May Spur Damage Claims, Legal Experts Say (BLOOM)

DOJ_NMG_0106683

By James Rowley

Bloomberg, December 14, 2006

Dec. 14 (Bloomberg) -- The federal criminal antitrust probe into the municipal bond market that has yielded more than a dozen subpoenas of brokers, bankers and insurers may also lead to a spate of civil lawsuits by cities, said an antitrust expert at the University of Iowa law school.

Civil claims typically follow in the wake of successful criminal price-fixing investigations by the U.S. Justice Department. For example, a government probe of vitamin producers prompted more than $3 billion in civil settlements beginning in 1999.

"If it turns out there is a nationwide conspiracy to fix interest rates" of investment contracts sold to local governments, "it's got to be big," said Herbert Hovenkamp, 58, a University of Iowa law professor and editor of the most widely cited treatise on U.S. antitrust law.

The basis for civil suits by cities could be a claim they were overcharged by an alleged conspiracy to rig bids on the contracts they buy to invest bond proceeds. Municipalities need to invest the money until it is required for projects.

Among the firms the Justice Department has subpoenaed are New York-based JPMorgan Chase & Co., the third-largest U.S. bank, American International Group Inc., the world's largest insurer, and Financial Security Assurance Holdings Ltd., a unit of Brussels-based Dexia SA.

The probe is still in its early stages and criminal charges may be more than a year away. Should the probe result in convictions, it would encourage state and local governments to go to court to seek damages triple their actual losses. Damage awards in successful price-fixing suits are automatically tripled, except in cases where the Justice Department grants a company amnesty from prosecution in return for blowing the whistle on the criminal conspiracy.

Lower Returns

In the vitamin conspiracy, evidence of a global cartel led to guilty pleas by Roche Holding AG and BASF AG in a case that prosecutors nicknamed "Vitamins Inc." The pleas helped bulk purchasers of vitamins win a $1.2 billion settlement with the two companies and other participants in the scheme. The two companies also paid criminal fines totaling $725 million.

Another 130 bulk purchasers of vitamins, including such companies as Kellogg Co., Tyson Foods Inc. and Campbell Soup Co., representing more than $2 billion in purchases, negotiated separate settlements that remain confidential.

Those settlements were spurred by the threat of class- action claims by thousands of consumers. Suits against the investment banks and other defendants probably would move at a slower pace.

Class Actions

"You wouldn't necessarily see an announcement of this investigation trigger the filing of a whole bunch of class actions," said Washington lawyer William Isaacson, 46, who represents plaintiffs for the law firm of Boies, Schiller and Flexner in Washington.

City governments will exercise "a fair amount of caution" and would want to first "figure out how much is at stake," he said.

Plaintiffs' lawyers probably wouldn't file a traditional class-action case, in which the court is asked to allow a lawsuit on behalf of all consumers who bought a particular product from a company. In such cases, an individual consumer has the right to opt out of the lawsuit and bring a separate claim.

In the case of the bond probe, governments must consent in the first place to be a plaintiff. Still, a trial lawyer might be able to file a class-action suit on behalf of all cities that choose to participate, Isaacson said.

Also, a state attorney general may be able to sue on behalf of all public borrowers in the state, Hovenkamp said.

Interest Payments

In the almost 200-year-old municipal bond market, states and localities have more than $2 trillion of outstanding debt on bonds sold to pay for projects such as roads and schools.

States and cities buy guaranteed investment contracts from such companies as New York-based AIG and Charlotte, North Carolina-based Bank of America Corp. The cities use the contracts to invest proceeds from bond sales until the money is needed to pay for projects.

Local governments aren't allowed to profit from the reinvestment of tax-exempt bond proceeds and must rebate any earnings, or arbitrage, to the IRS.

Sometimes, cities face a situation when the prevailing market results in a rate on the investment contract that is below the yield on the bonds.

If, for example, a municipality sells bonds with a yield of 4.5 percent and can invest the proceeds in an investment contract at 4.2 percent, the condition is known as "negative arbitrage." A damage claim could arise if a city can prove that an auction was rigged to lower the rate of the contract, below the market rate of 4.2 percent.

Yield Burning

Still, cities may be able to bring a price-fixing claim against banks and brokers who sold them a contract that yielded more than the interest on the bond, said Clinton A. Krislov, 57, a Chicago lawyer who has filed overcharge complaints on behalf of Illinois municipalities.

In an earlier probe of the bond market, Banc One Capital Markets Inc. and seven other securities dealers agreed in 2000 to pay $13.5 million to settle federal allegations that firms overcharged municipalities for Treasury securities.

The practice, known as yield burning, occurs when brokerages raise the prices on the Treasury bonds used by municipalities refinancing outstanding debt. Because municipalities are barred from making money on their tax-exempt transactions, underwriters raise the price and "burn down" the yield on the securities.

Samsung Electronics, LCD Makers May Face Record Antitrust Fines (BLOOM)

By Kevin Cho

Bloomberg, December 15, 2006

Dec. 15 (Bloomberg) -- Samsung Electronics Co. of South Korea and liquid-crystal display makers in Taiwan and Japan may face the largest antitrust penalty ever after a probe of possible price-fixing in the $69 billion industry.

Fines may exceed $1 billion should authorities in the U.S., Europe, Japan and Korea uncover panel makers colluded, said analysts at Daewoo Securities Co. and Hyundai Securities Co. That would top the $729 million paid by four computer-chip makers following a U.S. probe that ended this year, and the record $752 million fine imposed on vitamin makers in 2001.

LG.Philips LCD Co., the second-largest panel maker after Samsung, said this week it was under investigation, spurring a two-day stock slide that erased about $1.6 billion in market value from the top five producers. Fines from the probe would undermine earnings in an industry where panel prices are forecast to slide more than 25 percent this year.

"This is just more bad news for LCD makers, which are already struggling," said Lee Seung Jun, who manages $760 million at CJ Asset Management Co. in Seoul. "Investors hate this kind of uncertainty, which could last for a long time."

Seoul-based LG.Philips said on Dec. 11 it was being investigated for "possible anticompetitive conduct in the LCD industry." Samsung, Taiwan's AU Optronics Corp. and Chi Mei Optoelectronics Corp., as well as Japan's Sharp Corp. have since said they are being investigated. All of the companies said they are cooperating with authorities.

More than 10 companies are being questioned for price-fixing, said Akinori Yamada, a director of management and planning at Japan's Fair Trade Commission in Tokyo.

Global Investigation

LCDs are the flat-panels that are replacing bulkier glass- tubes in computer monitors and televisions. Industry sales will rise 14 percent to $69 billion this year, according to estimates by researcher DisplaySearch.

The U.S. Justice Department, the European Commission, and regulators in Korea limited their comments this week to saying they are examining the possibility of anticompetitive behavior in the industry. Taiwan, home to three of the world's five largest LCD makers, is monitoring developments and isn't investigating any companies, the island's antitrust regulator said.

"The combined fines could bloat to top 1 trillion won ($1.1 billion) in the worst-case scenario," said Jason Kang, an analyst at Seoul-based Daewoo Securities.

Samsung, the world's largest LCD maker, may face as much as 952 billion won in fines, while LG.Philips may pay as much as 931 billion won, Hyundai Securities analyst Jeff Kim said. Still, it would probably take years before any fines are paid, he said.

Penalty Rules

The penalties can be bigger than what the two analysts expect. Europe may fine as much as 10 percent of a company's annual revenue, including sales of unrelated products. Suwon- based Samsung's sales last year were 80.6 trillion won.

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The U.S. Justice Department can fine companies $100 million, double the offender's profits, or twice the victims' losses, whichever is largest. In Japan and South Korea, penalties may be as high as 10 percent of the related product's sales during the period of the offense.

Some analysts and lawyers said they weren't able to provide estimates of the penalties because regulators and the companies haven't disclosed when the alleged violations occurred, the types of LCDs involved, or the identities of the possible offenders.

"Details are scarce because this investigation is just beginning," said Lee Eun Jai, a lawyer familiar with antitrust cases at Seoul-based Lee & Ko.

Reversal of Fortune

Authorities are probably investigating possible price-fixing in 2004 or before, when industry profits were peaking, according to JPMorgan Chase & Co. analyst J.J. Park. Average profit margins at the three largest producers in the first half of 2004 exceeded 30 percent, compared with losses now.

Prices of TV panels fall about 25 percent to 30 percent annually, according to Hyundai's Kim. Lower prices prove "healthy" competition, Sharp spokeswoman Miyuki Nakayama said.

In 2001, eight drugmakers including Roche Holding AG and BASF AG were fined a record 855 million euros, equivalent to $752 million at the time, after European Union officials found them guilty of colluding on vitamin prices. The fines were subsequently reduced to 790 million euros.

Price-fixing of chips known as dynamic random access memory led to a $300 million fine for top producer Samsung. Korea's Hynix Semiconductor Inc., Germany's Infineon Technologies AG, and Japan's Elpida Memory Inc. had to pay a combined $429 million.

The probe into the LCD industry follows a global investigation into airlines that began in February. U.S., European and Asian authorities are questioning companies including British Airways Plc, Japan Airlines Corp. and Singapore Airlines Ltd. for possible price-fixing of fuel surcharges.

"This is an important case because of the global nature of the investigation and the size of the industry," said Lee & Ko's Lee. "It's likely we're going to see more of these global investigations."

Japan Returns To Global Stage As An Acquirer (WSJ)

By Andrew Morse, Jason Singer

The Wall Street Journal, December 15, 2006

Japan is back as a global buyer.

The country's biggest tobacco company is close to agreeing on the nation's largest-ever foreign acquisition, with an offer valued at $14.8 billion. The proposed transaction caps a series of deals that reflects a new assertiveness by Japanese companies as the world's second-largest economy continues to rebound from more than a decadelong slump.

Japan Tobacco Inc. has offered to acquire cigarette maker Gallaher Group PLC of Britain for nearly £7.5 billion, according to people familiar with the situation. They said an agreement could be announced as early as today.

Japan Tobacco confirmed it was in talks with Gallaher, whose brands include Benson & Hedges and Silk Cut, and said it would release details when they were finalized. Gallaher said in a statement yesterday that it was in discussions about a possible cash offer of £1.140 a share.

The proposed deal marks one of the highest-profile foreign forays by corporate Japan since it stirred worries in the U.S. in the 1980s and early 1990s with a wave of investments that resulted in the takeover of such American icons as the Pebble Beach golf course in California, New York's Rockefeller Center and Hollywood's Columbia Pictures.

After a long retreat from the global mergers-and-acquisitions scene in the 1990s and early 2000s, Japanese companies are once again on the prowl. With the population of Japan expected to shrink rapidly in coming years, many Japanese firms are looking to tap into growing overseas markets quickly by acquiring existing companies. So far this year, Japanese firms have bought 294 foreign companies for a total of $18.1 billion, more than in all of 2005 and double the figure in 2004, according to Thomson Financial.

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"The attitude [of Japanese management] has changed," said Robert Snell, the head of corporate banking at Citigroup Inc.'s Tokyo branch.

Sectors that could see more Japanese acquisitions include the car-parts industry, as suppliers to the big Japanese auto makers look for ways to get closer to their main customers' overseas factories. Already Japanese firms such as engine-parts maker Asahi Tec Corp. and bearings maker NTN Corp. have bought companies in the U.S. and Europe. Last week, Japanese tire giant Bridgestone Corp. said it would pay $1.05 billion for Bandag Inc., an Iowa company that makes equipment for retreading tires, a new area for Bridgestone.

Japan's big banks and financial conglomerates are scouting rapidly growing markets in the U.S., China and elsewhere for growth opportunities. Brokerage-firm giant Nomura Holdings Inc. recently spent $1.2 billion to acquire electronic stockbroker Instinet Inc. The deal gave Nomura access to both new markets and new trading technologies.

"There is a pronounced increase in the interest Japanese companies have in looking for overseas acquisitions, particularly in the U.S.," said James Neissa, chairman of global mergers and acquisitions at UBS AG.

The new round of Japanese deal making is markedly different from the one that peaked in 1990, when Japanese acquirers purchased 429 foreign companies for a combined $25.3 billion. During their buying spree they spent top dollar for trophy properties. In many cases, including the Pebble Beach and Rockefeller Center deals, they bought at the height of the market and ended up selling their acquisitions at a loss.

These days, more Japanese companies are thinking strategically about how an acquisition will fit into their operations. Japan Tobacco wants Gallaher because of its strong presence in Russia and Eastern Europe, growing markets that Japan Tobacco wants to crack.

Earlier this year, a consortium led by Toshiba Corp. outbid other interested companies to buy power-plant manufacturer Westinghouse Electric Co. for $5.4 billion because it views nuclear power as a driver of growth in the future.

Japan's new acquisitiveness comes in a banner year for mergers and acquisitions. M&A value globally has topped $3 trillion, according to research firm Dealogic, the second-highest on record, after the dot-com-fueled deal-making frenzy in 2000. Foreign buyers have flocked to Europe, where many industries haven't consolidated to the extent they have in the U.S., and to Britain in particular. Companies from India, Brazil and Spain have all announced deals for British firms that top Japan Tobacco's proposed $14.8 billion acquisition of Gallaher.

In contrast to the 1980s, Japan is finding itself more welcome in foreign markets today. That's partly because it has opened its own markets more widely to imports since then, helping to eliminate a major source of friction with its trading partners. Though it runs a trade surplus with the U.S., which reached $8.3 billion in October, Japan has been replaced by China as the global economic boogeyman. China's trade surplus with the U.S. in October was $24.4 billion.

Japanese companies also are more globally attuned than before, aware that their futures depend on being able to grow overseas. As a result, they are careful not to disturb political sensibilities abroad.

One big change in the way Japanese companies approach deals: They are now more willing to embrace sophisticated financial techniques. That contrasts with their more risk-averse management style in the past, marked by an insistence on paying cash. The shift allows companies to raise more money and embark on bigger deals.

Indeed, some Japanese companies are using lots of debt to make acquisitions. Earlier this year, Nippon Sheet Glass Co. bought Pilkington PLC, a British rival that was twice its size, in a $3.8 billion deal. Nippon Sheet Glass used loans and some of its own equity to pay for the deal, in a structure similar to ones employed by private-equity firms. It managed to do so without crimping its own credit rating by piling the debt onto Pilkington, rather than Nippon Sheet Glass itself. Several other buyers of British businesses have since copied the move.

Others are using complex financial instruments to project more financial strength. Japanese Internet-and-telecommunications conglomerate Softbank Corp. bought the Japanese mobile-phone operations of Vodafone Group PLC this year in a deal valued at $15.6 billion. Softbank arranged the final financing for the deal by pledging the cash flow from the Vodafone operations as collateral for the loans it took out.

That structure, known as a whole-business securitization, walls the mobile-phone unit off from the rest of Softbank until the debt is paid off. Softbank's whole-business securitization deal was the biggest of its kind in the world.

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Some Japanese companies have even risked their reputations by launching hostile takeover bids in Japan. The attempts failed, but they were viewed as a potential harbinger of more aggressive deal making both at home and abroad. In a widely watched takeover battle this summer, Oji Paper Co. launched an unsolicited $1.4 billion bid for rival Hokuetsu Paper Mills Ltd., in the first hostile takeover battle between two Japanese blue-chip companies.

"There are an increasing number of managers who understand that they have to be more aggressive if they want to ensure growth," said Yasu Hatakeyama, who heads the Tokyo office of Lazard Ltd.

Japan Tobacco, beset by slowing cigarette sales in its home market, where the population is aging and smoking is increasingly falling out of favor among younger generations, has been looking to expand in faster-growing markets. Three years ago, it made an unsuccessfully $1.15 billion bid for Tekel, a state-owned tobacco company in Turkey.

Speculation it would adopt a more aggressive overseas acquisition strategy has mounted since Hiroshi Kimura was named president and chief executive in April. That's because Mr. Kimura oversaw Japan Tobacco's 1999 purchase of the international operations of RJR Nabisco Holdings Co., and served as their head.

Analysts said the company will probably have to pay for more than half of the proposed Gallaher transaction with debt. It had $7.8 billion in cash on its books as of March 31, according to its annual report.

Japan Tobacco's proposed deal for Gallaher would far exceed the largest Japanese acquisition of a foreign company to date. That record is held by mobile-phone operator NTT DoCoMo Inc.'s $9.8 billion purchase of a stake in AT&T Wireless Group in 2001. DoCoMo subsequently sold its stake to Cingular Wireless in 2004. Japan Tobacco is in second place with its 1999 RJR Nabisco deal, valued at $7.8 billion.

Merrill Lynch & Co. is advising Japan Tobacco, while Dresdner Kleinwort is advising Gallaher.

ENVIRONMENT/INDIAN AFFAIRS:

Casino Plan For Catskills Moves Closer To Reality With Interior Department's Approval (NYT)

By Charles V. Bagli

The New York Times, December 15, 2006

After more than 10 years of delays, tribal recriminations and opposition from Atlantic City gambling interests, the effort to build a Las Vegas-style casino in the Catskills took a major step forward yesterday.

The Interior Department approved an environmental review of the St. Regis Mohawk Indian tribe's $600 million project. Proponents say the casino will bring thousands of jobs and tens of millions of dollars in revenue to a once thriving resort area known as the Borscht Belt.

James E. Cason, the associate deputy secretary for Indian affairs at the Interior Department, said yesterday that he was notifying the Mohawks, whose reservation straddles the Canadian border, that the agency determined that the proposed casino on 30 acres next to the racetrack outside Monticello in Sullivan County would not have a significant environmental impact.

The longtime harness racing track, owned by Empire Resorts, which would build the new casino, is currently the site of Monticello Gaming and Raceway. It now features more than 1,500 electronic gambling machines, including video poker, where patrons can wager from pennies to $10. A similar setup with the electronic machines is in place just north of New York City at Yonkers Raceway, which is about 85 miles southeast of Monticello.

"It's a step in what's been a long process for Monticello," Mr. Cason said of the casino, which would include table games like blackjack, roulette, craps and the more traditional slot machines as well as the current electronic ones.

Mr. Cason, who said "there is not an environmental impediment" to the new casino in Monticello, added that he was sending a notice to Gov. George E. Pataki, who has long supported Indian casinos in the Catskills, asking him to concur.

As recently as May 25, Mr. Pataki urged the Interior Department to expedite its review of the Mohawk casino, which he "strongly supports." A spokesman for the governor said yesterday that Mr. Pataki, who leaves office in two weeks, had not yet received the notification.

The federal determination formally revives a project that first received approval in April 2000, when the Interior Department ruled that a casino at the racetrack would be a boon to both the tribe and the surrounding communities.

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"This is great news for the Mohawk people, as well as the people of Sullivan County who have been waiting for this project to become a reality for well over 10 years now," Chief Lorraine M. White of the Mohawks said yesterday.

The next step in that reality is for the Mohawks and New York State to amend a gambling compact and revenue-sharing agreement before construction can begin. The tribe may also have to fend off a lawsuit by environmentalists.

While Mr. Pataki, a Republican, is expected to send a concurrence letter before he leaves office, the compact negotiations would presumably fall to the incoming governor, Eliot Spitzer, a Democrat, who has generally said he supports tribal casinos in the Catskills.

Chief White said the tribe had already agreed to provide the state with up to 25 percent of the slot machine revenues and to collect sales taxes for the state. The Mohawks also agreed to provide Sullivan County and Monticello with $20 million a year.

The political climate nationally has turned against what are known as off-reservation casinos, with Senator John McCain, a Republican from Arizona, leading an effort to curtail or even eliminate them. If the Monticello casino is built, it will be the fourth such casino established since the National Indian Gaming Regulatory Act was passed in 1988.

The Mohawk casino "may actually be the last off-reservation casino," said Prof. I. Nelson Rose of Whittier Law School in California, an expert on Indian gambling.

There are currently four tribal casinos on reservations in New York. But for casino operators and the tribes, the prize has always been the Catskills, which is closer to New York City than either Atlantic City gambling or the two Indian casinos in Connecticut.

Empire Resorts says the casino in Monticello would attract 6.1 million visitors annually. Analysts estimate that it could take a 15 percent bite out of Atlantic City gambling revenues. "It's exciting to get going," said David P. Hanlon, the chairman of Empire.

Under federal law, Empire can transfer 30 acres to the tribe for a casino project. Empire would build and operate the casino under a contract with the Mohawks.

News of the latest move by the Interior Department was greeted with delight and relief by tribal chiefs on the Akwesasne Reservation and, 400 miles south, by officials in Sullivan County.

"This is great news," said Anthony P. Cellini, supervisor of the Town of Thompson, which includes the village of Monticello. "It's about time. This will have a major economic impact on the county. I think you'll see an economic development explosion."

There has been a burst of second-home construction in Sullivan County. But many of the hotels and bungalow colonies that were in the county in the 1940s and '50s are gone. And along Broadway, the once bustling main road in Monticello, there are mostly vacant parking spaces and empty storefronts.

Not everyone is thrilled. The Natural Resources Defense Council has said that the federal government failed to adequately assess the casino's environmental impacts. Rosa Lee, treasurer of Casino-Free Sullivan County, said that a casino would generate road-clogging traffic, pollution and crime, ruining the bucolic environment that now exists.

"The paybacks the casinos are offering don't begin to touch the impacts from the casino," she said.

But elected officials like Senator Charles E. Schumer, Representative Maurice D. Hinchey, State Senator John J. Bonacic and Sullivan County legislators support the Mohawk plan.

If the project goes forward, it will be a victory for Empire Resorts and Robert Berman, a local resident who in 1994 conceived the idea. Mr. Berman suffered innumerable setbacks over the years, including a falling-out with the Mohawks in 2000, but always kept at it.

"After 12 long years, the federal approvals have been secured by Governor Pataki," Mr. Berman said. "Now it's at the state's sole discretion whether thousands of jobs can be created and the Catskills can be revitalized."

FBI/DEA/ATF/USMS:

Pipe Bombs Lead To Arrest (PITTTRIB)

By Jason Cato

Pittsburgh Tribune-Review, December 15, 2006

DOJ_NMG_0106689

Federal agents arrested a California University of Pennsylvania student Thursday after tests showed he was storing numerous pipe bombs in his dorm room and his parents' Upper St. Clair home.

Agents charged Michael Blattner, 18, with unlawful possession and manufacture of destructive devices.

He was taken into custody at his parents' Harrogate Road home by agents with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

U.S. Magistrate Judge Francis X. Caiazza set bond at $10,000 and ordered that Blattner undergo medical or psychiatric treatment. Blattner is being held in a Pittsburgh halfway house for observation, said Tom Stankiewicz, assistant special agent in charge of the Philadelphia ATF office.

ATF agents and members of the Allegheny County Bomb Squad raided Blattner's dorm room and his parents' house Dec. 5. They collected numerous pipe bombs, materials and tools.

"Pipe bombs have been used to kill and maim people and to damage property and are inherently dangerous to people and property," ATF agent Matthew Regentin said in court papers.

Agents recovered at least 22 pipe bombs from the two locations, court documents state. The explosive devices were wrapped in black electrical tape and ranged from 2 to 4 inches in length.

Also seized were journals containing detailed plans for making improvised explosive devices, or IEDs. One drawing was titled "medium pipebomb" and another "Planted IED," court documents show. Agents also found fragments from at least one exploded device, tools such as drills, ammunition used to create the explosive charge and shrapnel.

Blattner told authorities he was experimenting with making "fireworks," according to the criminal complaint filed against him yesterday.

Authorities were tipped off by employees at the Home Depot in Collier, who became suspicious when Blattner bought a length of pipe and end caps on Dec. 2.

Purchase records from Dick's Sporting Goods show Blattner opened a charge account in January shortly after turning 18, the legal age in Pennsylvania for buying ammunition. Agents discovered that Blattner bought more than $170 worth of shotgun shells, other ammunition, carbon dioxide cartridges and .50-caliber pellets at the sporting goods retailer between Sept. 15 and Dec. 1.

When Eric Rudolph detonated a pipe bomb in Atlanta's Centennial Olympic Park during the 1996 Summer Olympics, two people were killed and more than 100 were injured.

In 1999, Eric Harris and Dylan Klebold used pipe bombs during their massacre at Columbine High School in Colorado.

In August, police in Salem, Ore., found four pipe bombs scattered around the city. Three were attached to cars, and another was found on a roadside. No one was injured, and police arrested Lonnie Troy Glinski in the case.

The devices found in Blattner's possession were tested in the ATF National Laboratory in Rockville, Md.

"There was some explosive material in the pipes," Stankiewicz said.

Stankiewicz refused to comment on the motive for creating the pipe bombs or whether more arrests are expected. He said the investigation is ongoing.

Blattner will appear in court next on Wednesday.

FBI Hails Phila. Labor Leader's Crime-prevention Work (PHI)

The Philadelphia Inquirer, December 15, 2006

The FBI honored a local labor leader yesterday for her crime-prevention efforts in Philadelphia.

Janet Hammond Ryder is vice president of labor participation for the United Way of Southeastern Pennsylvania, director for labor participation for the Philadelphia Council AFL-CIO, and cohost of the weekly Labor to Neighbor show on WURD-AM (900). Ryder received the FBI Director's Community Leadership Award for her efforts to combat poverty, violence, drugs, gangs, and crime by reinforcing the value of education for inner-city youths.

Briefly... CITY/REGION (PHI)

The Philadelphia Inquirer, December 15, 2006

Police see breakthrough

DOJ_NMG_0106690

in 'Screwdriver Bandit' case

Investigators believe they've made a break in the case of the notorious "Screwdriver Bandit."

Cops said yesterday they have a man in custody who likely is the culprit who robbed nine college-aged women at screwdriver-point in several parts of the city between Nov. 9 and Nov. 17.

The suspect was arrested in an unrelated incident late last month.

One investigator said police are reviewing their evidence and still talking with victims and witnesses. A formal announcement on the case was expected later today.

N.J. woman carjacked,

robbed; suspect sought

A man armed with a knife forced his way into the car of a 20-year-old woman in the Echelon Mall parking lot in Voorhees, N.J., Monday night and drove her to an ATM machine in Gibbs- boro, police said.

The man forced the woman her to withdraw several hundred dollars in cash and then drove to an apartment in Linden wold, police said, where he bought narcotics.

He then drove to a Ramada Inn in Hammonton and was preparing to check them into a room when she broke away from him and ran, police said.

He caught up with her in the parking lot, but she struggled with him and he fled.

Police identified the assailant as Stephen M. Rule, 29.

He is charged with carjacking, kidnapping, robbery, possession of a knife for an unlawful purpose and possession of a controlled dangerous substance.

He is being sought.

Janet H. Ryder receives

FBI community award

The FBI's 2006 Community Leadership Award has been presented to Janet Hammond Ryder, vice president of labor participation for the United Way of Southeastern Pennsylvania and the Philadelphia AFL-CIO Council.

The award is presented to individuals who have made an outstanding contribution toward crime prevention and community awareness.

Ryder also is co-host of a weekly radio show, "Labor to Neighbor," on WURD (900-AM).

A Travesty Of Injustice (BOS)

By Brian Mcgrory, Globe Columnist

The Boston Globe, December 15, 2006

Spend a couple of days -- or, for that matter, a couple of minutes -- in the Moakley federal courthouse listening to testimony in the lawsuit brought by four wrongfully convicted men against the FBI, and a few simple questions come to mind.

Why is the federal government fighting this? Why haven't Joe Salvati and Peter Limone already been paid for the 30 years they spent in jail? Why are 40-year-old documents being kept secret? Why isn't there a single person in the Justice Department with a shred of common sense?

Don't get me wrong. For pure legal drama, it doesn't get much better than what's happening in Courtroom 3 these days.

First off, there's the parade of swaggering legal eagles like F. Lee Bailey and Jack I . Zalkind taking the witness stand to decimate the FBI. Zalkind, for example, quipped after a long day of testimony, "At $450 an hour, I'd like to get out of here."

There was the cameo appearance of former governor Michael S . Dukakis on Wednesday afternoon. He strode from the witness stand out into the hallway, where he declared the actions of the FBI "disgraceful."

Then there's the unfailingly brainy and always brassy judge, Nancy Gertner, who began Tuesday morning's court session by threatening to haul the director of the FBI in front of her.

The plaintiffs' table is lined with so many lawyers -- nine, most days -- that it looks like a reenactment of da Vinci's "The Last Supper." The government attorneys act as if they haven't slept in a month. Even Gertner appeared to take pity one morning, telling them, "You've been asked to litigate this case with one hand tied behind your back."

But there shouldn't be the need for pity. There shouldn't be any reason for Limone and Salvati to give up more of their lives to dutifully sit in the front row and relive the loss of their freedom.

Because there shouldn't be a trial at all.

In fact, it should be the opposite. FBI Director Robert Mueller ought to fly to Boston, all right, but rather than offer absurd excuses to Gertner, he needs to extend apologies and big payouts to the men who were framed by his agency so many decades ago and the families that have survived them.

Let's not draw too fine a point on this: The Boston office of the FBI was for too many years its own crime family. It sanctioned murders. It turned a blind eye toward drug-running. It wrought havoc on the everyday lives of everyday people, all, supposedly, in the name of ridding the town of the Mafia. And in this case, it intentionally hid evidence that would have exonerated four men who were wrongly convicted in the 1965 murder of a petty thief.

Two of the men, including a World War II hero, died in prison. Two others, Salvati and Limone, were released a few years ago. Salvati has since lived a simple life filled with family and odd jobs and friends who have survived his ordeal.

To this day, the federal government has never offered a settlement. When the two sides met with Gertner earlier this year, the government lawyers said there would be no offer forthcoming.

Salvati and Limone are both in their 70s, and you get the sense the government would rather see them die than compensate them for their loss of freedom.

Contrast that to the government's handling of a case in Oregon, where a lawyer was wrongly implicated by the FBI in the 2004 Madrid terrorist bombings and jailed for two weeks. The Justice Department wrote him a $2 million check last month, accompanied by an apology.

If two weeks in jail are worth $2 million, then by my calculation, Salvati alone would be owed $1.6 billion. Makes you think the geniuses down in Washington should have rethought that stand about not settling.

What the FBI and the rest of the Justice Department are doing in this trial isn't just an embarrassment, but a disgrace -- and it will undoubtedly prove to be an expensive one at that.

2 Plead Guilty In Ski Resort Fire (NSDY/AP)

By Jeff Barnard, Associated Press Writer

Long Island Newsday, December 15, 2006

EUGENE, Ore. -- Two people who have admitted helping in the $12 million arson of a Vail, Colo., ski resort as part of an ecoterrorism campaign formally pleaded guilty Thursday to federal arson charges.

Chelsea Dawn Gerlach and Stanislas Gregory Meyerhoff, both 29, had already pleaded guilty to some of the $20 million worth of arsons committed between 1996 and 2001 by a Eugene-based cell of the Earth Liberation Front known as the Family. Under plea deals with federal prosecutors, they agreed to have charges from the 1998 Vail arson transferred from Colorado to Oregon to be settled along with their other cases.

Prosecutors have recommended a 10-year prison sentence for Gerlach, who is to be sentenced April 18, and 15 years and eight months for Meyerhoff, who has a sentencing hearing scheduled for April 10.

The Vail arson focused national attention on radical environmentalists who ascribed their attacks to the secretive Earth Liberation Front and Animal Liberation Front, characterized by the FBI as the nation's top domestic terrorism threats. The investigation went nowhere for years until a task force found an informant who got old friends to talk about the crimes in recorded conversations.

Two others indicted in the Vail arson, Josephine Sunshine Overaker and Rebecca J. Rubin, remain at large.

The Vail arson was one of 20 fires in Oregon, Washington, California, Wyoming and Colorado blamed by federal investigators on the Family. Twelve people -- 10 in Oregon and two in Washington -- have pleaded guilty in the cases, and others remain at large. The alleged leader of the group, William C. Rodgers, committed suicide in an Arizona jail in December 2005.

The lodge destroyed in Vail, about 100 miles west of Denver, has been rebuilt.

Shiite? Sunni? Some In US Learn Who's Who. (CSM)

By G. Jeffrey Macdonald

DOJ_NMG_0106692

The Christian Science Monitor, December 15, 2006

Some in Congress may need a primer on Islamic extremists. Five years after 9/11, three members of the House Intelligence Committee in recent interviews couldn't answer basic questions about who's Sunni and who's Shiite in the Muslim world. But other American institutions are already boning up - especially when they have a stake in doing so. For example:

• Law-enforcement agencies, from the FBI to the New York Police Department are learning Muslim customs in attempts to do their jobs more effectively.

• Major hospitals, including one in Tampa, Fla., are training staff to honor Muslim beliefs about the body.

• Business groups are studying Islamic law in order to raise capital among Muslims, who aren't allowed to charge interest.

In general, Americans don't know much about Muslims, surveys show. The Pew Forum on Religion & Public Life found that the share of those saying they knew "not very much" or "nothing at all" about Islam actually grew from 61 percent in 2001 to 66 percent in 2005. In another 2005 Pew finding, 62 percent failed to identify Allah and the Koran as the terms Muslims use for God and sacred scripture.

Certain key sectors of US society also display a dangerous ignorance, Muslim advocates say. Topping the list this month is Rep. Silvestre Reyes (D) of Texas, the incoming chairman of the House Intelligence Committee. In an interview with Congressional Quarterly last week, he could identify the historic Sunni-Shiite split but didn't know that Al Qaeda is Sunni or that Hizbullah, which fought Israel this summer in Lebanon, is Shiite.

GOP Reps. Jo Ann Davis and Terry Everett, also on the intelligence committee, fared worse when the Congressional Quarterly interviewed them last summer.

But even on Capitol Hill, there are pockets of hope, Muslim advocates say. Congressmen tend to know more about Islamic culture when their own futures depend on working well with Muslims.

"In areas where there are large Muslim populations, you tend to see that members of Congress are more in tune with the thinking of the Muslim community," says Corey Saylor, national legislative director for the Council on American-Islamic Relations, a Muslim advocacy group in Washington. Among those with few Muslim constituents, he says, knowledge of Islamic culture is "better than it was five years ago, but we still have a long way to go."

That same trend shows up in other sectors of society. Where the stakes are high, Americans are doing their homework. FBI beefs up Muslim culture training

The Federal Bureau of Investigation, for instance, will emphasize Muslim culture when it expands introductory training for new agents from 18 to 21 weeks next month. In upcoming sessions, trainees will "drill down deeper" than they have in the past, for instance, into differences between radical Shiite cultures and radical Sunni ones, says Keith Slotter, assistant director of the FBI's training division. For the first time, new agent training will also cover dynamics surrounding suicide bombing.

"When a person from another culture says something, the meaning behind the words may not be the literal translation that an agent might want to jump to," Mr. Slotter says. "There are so many different nuances and aspects [that] to be an effective interviewer ... you're going to need those cultural skills."

Urban police are taking similar steps. About 100 members of the New York Police Department's hostage negotiating team, for instance, earlier this year spent a day learning to foster cooperation by honoring Muslim customs. For example, when entering a home, leave dogs outside and don't step on prayer rugs. In San Jose, Police Chief Rob Davis is a Mormon, but he has in the past fasted each day during the Muslim holy month of Ramadan in order to foster understanding and closer ties with Muslims in his city.

Sometimes, the passion for knowledge has proved fleeting. When the Houston Police Department first offered a monthly continuing education course on Muslim culture at a local mosque in 2003, every class was near capacity with about 30 officers in attendance. But the department discontinued the course last year because not enough officers were signing up. The sharp decline in numbers coincided with a department policy shift.

"We used to have classes on city time, but now that you have to go on your own time, the majority of officers don't want to take this class," says Muzaffar Siddiqi, the department's liaison to Muslims. They're taking other courses online because "they can just sit at home and do it."

Some business people are also trying to learn more. Earlier this year, managers at East Cameron Partners, an energy development firm in Houston, studied Islamic finance in order to raise funds in the Middle East for oil and gas exploration. The result was the first-ever US issue of sukuk, an Islamic bond that generates revenue from sales, profits, or leases rather than interest. In September, International Swaps and Derivatives Association in New York began studying Islamic law requirements in order to craft international standards for more cross-cultural deals. Focus on healthcare concerns

In healthcare, Tampa General Hospital has emphasized Muslim culture in its two-year-old diversity training program, which counts as continuing education for many of the hospital's 5,000 staffers. In March, Muslims will make their fourth presentation - more than any other group - to an expected crowd of about 150.

The education has had immediate on-the-job value for medical staff, according to the Rev. William Baugh, director of pastoral care at Tampa General. They now try to have women physicians visit Muslim female patients "because of the tremendous modesty," he says. And when a patient dies, nurses now accommodate family members who insist on taking the body to wash it.

Guards In Prison Sex Scandal Sentenced (WP/AP)

By David Royse, The Associated Press

The Washington Post, December 15, 2006

TALLAHASSEE, Fla. -- A former federal prison guard who admitted smuggling contraband to inmates for money and sex in a scandal that ended with a deadly shootout was sentenced to a year in prison Thursday.

The judge said he lightened Alfred Barnes' punishment in part because he cooperated with prosecutors in the case, which ensnared six guards at a women's prison.

One of them, Ralph Hill, was killed in a June 21 gunfight he started at the Tallahassee Federal Correctional Institution when federal agents came to arrest them. One of the agents also was killed and a prison officer was wounded.

A second former guard sentenced Thursday, Vincent Johnson, shielded a federal agent who came under fire in the shootout, U.S. District Judge Robert Hinkle said.

Johnson, who was sentenced to a year of probation, was not accused of participating in the sex-for-contraband scheme but admitted coercing inmates to keep quiet about it.

Barnes, 43, of Thomasville, Ga., and Johnson, 40, of Tallahassee, pleaded guilty to conspiracy to commit mail fraud in September; the government dropped other charges.

Former guards Gregory Dixon and Alan Moore were convicted and are to be sentenced in January. E. Lavon Spence pleaded guilty but has had his sentencing delayed after suffering a stroke.

None of the surviving guards has been implicated in the shootout.

Murderer Of Witness Gets Life In Prison (PHI)

By Julie Shaw

The Philadelphia Inquirer, December 15, 2006

Felix Summers - the reputed South Philadelphia drug dealer authorities say was at the center of a web of witness-retaliation and drug killings in his neighborhood - was sentenced yesterday to life in prison without parole.

Summers, 25, was convicted last month in the March 1999 shooting death of Charlotte Presley, 39, a witness against him in another homicide.

Just two months shy of his 18th birthday at the time of the crime, Summers was not eligible for the death penalty. In a ruling last year, the U.S. Supreme Court banned the execution of juvenile killers.

Yesterday, in a fairly empty courtroom, Common Pleas Court Judge Carolyn Engel Temin handed Summers the automatic life sentence on first-degree murder, topped by 30 to 60 months for witness retaliation.

Summers, a bearded, heavyset man, declined to make any statement.

An aunt, Phyllis Summers, 43, showed up shortly after the brief sentencing ended and said outside the courtroom as she wiped away tears: "I just want to say that he's not the monster people think he is."

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Assistant District Attorney Carlos Vega said that the judge's additional sentence on the witness-retaliation charge "highlights the fact that this is not just a murder. It's a pretty horrible murder in that he killed a witness."

Earlier this week, Vega described Summers as the center of a "spider web" of people who were his associates or who were potential witnesses against him. Summers lived on the 500 block of Hoffman Street, near the scene of various killings on or near South Fifth.

The first two juries in the Presley murder case had deadlocked, resulting in mistrials.

Vega argued at last month's trial that Summers killed Presley because she was a witness against him in the Jan. 12, 1999, drive-by shooting death of John Niles, 19, at Fifth and Mifflin. Authorities have said the shooting was drug-related.

Presley had told police she saw Summers pull the trigger.

About 4 a.m. March 29, 1999, Summers, who enlisted the help of neighbor Diana Meirino, went to Presley's third-floor apartment on South Fifth, near Mifflin. When Presley came to the door, Summers shot her twice in the face. She died at the scene.

Summers' then-girlfriend, Sherrie Hewett, testified at last month's trial. Hewett, who is in the district attorney's witness relocation program, was in a minivan outside the apartment when the shooting occurred. She testified that Summers wanted to ask Presley why she was telling police that he shot someone.

Jack McMahon, Summers' defense attorney, argued that this was a case of mistaken identity and that Hewett was a scorned girlfriend.

At the Niles murder trial in 2000, Summers was acquitted. By then, Presley was dead, and another witness failed to show.

Summers was also charged in the Aug. 16, 2001, shooting death of Veronica Rios, 15, a bystander who was at Fifth and Pierce Streets with others when three men in a car came by. Two gunmen jumped out of the car and opened fire, killing Rios and injuring five people, including Joseph Mulhern, 18. Police have said the gunmen believed Mulhern, the intended target, was cooperating in a drug investigation.

A month later, Meirino, 22, was shot to death outside her South Fifth Street home. Police arrested Summers' cousin, Alvin Lawrence. Charges were later dropped after a key witness died of a drug overdose. Summers was not charged in that case.

Vega, however, while not implicating Summers, said this week that "he was the only person in all of Philadelphia who was to gain" from Meirino's death. Meirino was expected to testify against Summers in the killings of Presley and of Rios, which she had also witnessed.

The FBI added Summers to its 10 Most Wanted list after Rios' slaying.

At Summers and his codefendants' 2002 preliminary hearing in Rios' murder, Mulhern reluctantly testified. By the time the case went to trial two years later, Mulhern was dead. Summers and his two codefendants were acquitted.

Mulhern was killed after being shot multiple times in the chest on the 500 block of Sigel Street, near his home, at 11:23 p.m. Nov. 16, 2003, said Officer Beth Skala, a police spokeswoman. Two neighborhood men, Julio Esteves and Paul Luvice, were arrested, but were acquitted in an October trial.

Brian McMonagle, Esteves' defense lawyer, said he did not believe Mulhern's death was related to the 2001 shooting. He said his client and Luvice were acquitted because witnesses in the case were not credible.

Officials Say Man Arrested After Mixing Pills On Flight (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, December 15, 2006

Passenger held on a charge of interfering with a flight attendant

A 66-year-old man who was arrested after a disturbance aboard a Continental Airlines flight to Houston had mixed his medication during the trip, federal authorities said Thursday.

Noboru Akao, a Japanese citizen and U.S. permanent resident alien, also put his hand up a flight attendant's skirt and "made a mess" in a restroom after mixing his pills, U.S. Magistrate Judge Frances Stacy said as she read from a criminal complaint in a hearing.

DOJ_NMG_0106695

Federal prosecutor Michael Schultz declined to specify the medications in open court. Continental spokesman David Messing said he did not know whether Akao was served alcohol during the seven-hour flight from Honolulu.

Houston police arrested Akao on Wednesday morning and handed him over to the FBI after the flight arrived at George Bush Intercontinental Airport. He was charged with interfering with a flight attendant.

According to the complaint, Akao became "disruptive" and "combative" during the last 2 1/2 hours of the flight. He finally was restrained in plastic handcuffs and placed in a jump seat, away from other passengers.

Akao, who moved to the United States in 1986, communicated in court through his interpreter and frequently bowed toward the judge to indicate that he understood the proceedings.

If convicted, Akao faces a maximum of 20 years in prison and a $250,000 fine. A hearing to review evidence and consider bail is scheduled for Monday.

Body In Mexican Park Had U.S.agents' Business Cards (HC/AP)

By Alicia A. Caldwell, Associated Press

Houston Chronicle, December 15, 2006

EL PASO — Business cards of two U.S. law enforcement officials were found taped to the head of a man whose bloody body was dumped in a Mexican park last month, federal officials said today.

Mexican authorities said the unidentified victim's body was left in a popular park in Ciudad Juarez, across the Rio Grande, the afternoon of Nov. 23. He was found with a finger stuffed in his mouth, a traditional punishment dealt out by drug traffickers to informers.

Photographs of the victim published in today's edition of the Spanish-language newsapaper El Diario de El Paso, show one of the business cards is from Raul M. Bencomo, a U.S. Immigration and Customs Enforcement agent. Bencomo oversaw a controversial drug informant who led authorities to the bodies of about a dozen men buried in the yard of a Juarez house in 2004.

The second card, which is barely legible in the photos, is believed to be from a U.S. Drug Enforcement Administration agent.

Officials with ICE and DEA said today that the agencies were notified about the discovery but do not have any role in investigating the killing.

"This matter is under investigation by Mexican authorities," ICE spokesman Carl Rusnok said in a written statement. "It would be inappropriate for ICE to comment out of respect for the integrity of the Mexican investigation. We have a strong relationship with our law enforcement counterparts and will assist if requested."

Chihuahua Attorney General Patricia Gonzalez told reporters today that her office sent photographs of the body to U.S. authorities in El Paso and requested their help in identifying him. It was unclear who sent the photos to the newspaper.

It also was unclear today what, if any, connection the killing has to Bencomo. His bloodied U.S. Department of Treasury-embossed card appears to be several years old. Treasury officials have not overseen immigration agents since ICE was formed under the Department of Homeland Security in 2003.

Bencomo's informant, Guillermo Ramirez Peyro, who also goes by "Lalo," has been accused of working for the Juarez drug cartel run by Vicente Carrillo Fuentes while he was being paid by U.S. authorities.

An El Paso lawyer for Bencomo, who is being sued by relatives of at least one of the victims found at the Juarez house, was not immediately available today.

Ramirez, who is being held on immigration charges, is in U.S. custody at an undisclosed location. A spokeswoman for the Executive Office of Immigration Review, which oversees immigration cases, said she could not discuss details of the case.

Jodi Goodwin, Ramirez's Harlingen lawyer, said Ramirez is fighting deportation and fears that he will be killed if he returns to Mexico.

Goodwin said today she did not know if the Nov. 23 killing had any connection to her client.

"I don't have any information to be able to make any kind of connection," Goodwin said.

Associated Press Writer Olga Rodriguez contributed to this report from Monterrey, Mexico.

Cyclist Indicted In Steroids Probe (NYT/AP)

DOJ_NMG_0106696

By The Associated Press

The New York Times, December 15, 2006

Filed at 11:11 p.m. ET

SAN FRANCISCO (AP) -- Prosecutors sent a clear message Thursday to Barry Bonds and everyone else linked to the federal steroids investigation: lie to us, and we'll come after you.

Former world silver medalist cyclist Tammy Thomas, 36, was the latest sports figure and first athlete to be indicted for hindering the 3-year-old grand jury probe. She faces three counts of perjury and one count of obstruction of justice.

Thomas was ordered to appear in court Jan. 5. Each count carries a maximum of five years in prison and a $250,000 fine.

She did not immediately return calls seeking comment.

Kevin Ryan, the U.S. attorney for Northern California, said Thursday's indictment, along with last month's obstruction of justice charges against track coach Trevor Graham, marks a new phase in the BALCO investigation.

"A third stage has begun as we bring charges against individuals who lied to investigators or committed perjury while testifying under oath to a federal grand jury," he said.

The first stage, Ryan said, netted guilty pleas from Bay Area Laboratory Co-Operative founder Victor Conte, BALCO vice president James Valente and track coach Remi Korchemny. Also convicted was Greg Anderson, Bonds' personal trainer, who served three months and is back in prison for refusing to testify against Bonds.

Authorities suspect Bonds, like Thomas, lied to the 2003 grand jury when he said he never knowingly used steroids. An investigation of the San Francisco Giants slugger for perjury and possible tax-evasion charges is ongoing.

"On one level, the agents on the BALCO case and the U.S. Attorney's office were unfairly attacked for targeting only certain high-profile people," said Travis Tygart, general counsel for the U.S. Anti-Doping Agency. "Now, it appears obvious the only targets in the investigation were those who broke the law, and justice will be served on those who violated it regardless of their fame and notoriety."

The second stage involved the conviction of Patrick Arnold, the Illinois chemist who created the banned substances distributed by BALCO, Ryan said.

Thomas was banned for life in August 2002 after the performance-enhancing drug norbolethone, an obscure and previously undetectable steroid, was found in her urine.

"That was the first proof that there were these designer drugs out there," said Don Catlin, director of the UCLA Olympic doping lab. "It told me that there would be others coming."

Norbolethone originally was tested by Wyeth Laboratories in human trials during the 1960s as a potential treatment to help severely short people grow and for conditions causing weight loss. The company abandoned development of the steroid in the early 1970s, and it never was marketed.

It languished in obscurity until Arnold dusted off Wyeth's recipe and made new batches to boost athletic performance.

USADA didn't test for the steroid until Catlin determined Thomas had used it. This likely was the prelude to THG, the designer drug created by Arnold at the heart of the BALCO investigation.

Thomas' indictment adds cycling, a sport often associated with doping, to a probe that already has exposed steroid use in professional baseball, football and track and field.

The Yazoo City, Miss. native, was a silver medalist in individual sprint at the 2001 World Track Cycling Championships. Thomas always has maintained her innocence and said the results might have been triggered by contraceptives she was using.

The indictment accuses Thomas of lying when she told the grand jury in October 2003 that she never used performance-enhancing drugs. She also is said to have lied when she testified that she did not get illegal drugs from Arnold, who currently is serving a three-month sentence in a West Virginia federal prison.

Thomas was granted immunity from prosecution if she told the truth, according to the indictment.

She was subpoenaed to testify after agents raided the BALCO laboratory and allegedly found evidence linking her to steroid use.

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Graham, a coach for track stars Marion Jones, Justin Gatlin and Tim Montgomery, was indicted last month for allegedly lying when he said he did not distribute steroids to his athletes or tell them where they could be obtained. He has pleaded not guilty.

Darryl Seibel, a spokesman for the U.S. Olympic Committee, declined to comment on the specifics of the Thomas indictment.

"We have continually stressed the need to bring more resources to bear in order to eliminate doping from every segment of sport," he said. "This is a national issue, and nothing less than an aggressive, sustained effort with significant leadership from the U.S. government will solve the problem."

AP Sports Writer Eddie Pells contributed to this report

Cyclist Indicted In BALCO Steroid Scandal (SFC)

By Lance Williams And Mark Fainaru-wada, Chronicle Staff Writers

San Francisco Chronicle, December 15, 2006

(12-14) 12:51 PST -- A former world-class cyclist who was caught up in the BALCO steroid scandal was indicted Thursday on charges of lying to a federal grand jury about her use of banned drugs.

Tammy Thomas, who won the silver medal at the 2001 World Track Cycling Championships, was charged with perjury and obstruction of justice in connection with her Oct. 30, 2003 testimony before the grand jury that was investigating the Bay Area Laboratory Cooperative sports doping case.

In 2002, Thomas was banned from cycling for life after she tested positive for a little-known steroid promoted by an Illinois chemist associated with BALCO.

But the indictment states that the following year, before the BALCO grand jury, Thomas denied under oath that she had ever obtained banned drugs from the chemist, Patrick Arnold, who himself pleaded guilty to steroid conspiracy charges earlier this year.

Thomas also testified that she had never taken steroids and had never obtained steroids from anyone, according to the indictment.

All the statements were lies, according to the indictment, which was handed up by a grand jury in San Francisco.

A perjury conviction carries a maximum sentence of five years in prison.

Thomas is the second sports figure to be accused of lying in the BALCO probe. Last month, track coach Trevor Graham, who has coached Olympic superstars Marion Jones and Justin Gatlin, was accused of making false statements to BALCO investigators when he told them he had never distributed banned drugs to athletes. Graham pleaded not guilty and is awaiting trial.

In addition, Giants outfielder Barry Bonds is under investigation for lying to the BALCO grand jury, according to informed sources and to remarks a judge has made in court. Bonds' trainer, Greg Anderson, has been imprisoned for contempt of court because he refused to testify before a grand jury investigating Bonds.

Thomas, 36, who is thought to live in Michigan, could not be reached for comment.

Thomas is a muscular woman with a husky voice and facial hair. She once told a reporter that people often mistook her for a man, and her cycling career was marred by doping allegations.

In 2000, she was suspended for a year after testing positive for elevated testosterone levels. She claimed she was innocent, and, acting as her own lawyer, sued Dr. Don Catlin, director of the sports doping laboratory at the University of California-Los Angeles, claiming her urine sample had been mishandled there. The lawsuit was dismissed.

In 2002, Thomas was caught using the steroid norbolethone, a drug that had been developed by Wyeth Laboratories in the 1960s for medical purposes but never marketed. Arnold had learned of the drug from an old pharmacology textbook and distributed it to athletes and to BALCO founder Victor Conte as an undetectable steroid, court records show.

Arnold presumed that authorities would be unable to detect the use of the drug because it was unknown to modern science. But Catlin's laboratory found it in Thomas' blood sample, and she was banned from cycling for life.

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On Oct. 30, 2003, the indictment says, Thomas testified that the only product she had ever gotten from Arnold was a legal nutritional supplement. She was asked three times if she had used steroids, and each time she said no, the indictment charges.

Conte, Anderson and two other men pleaded guilty in the BALCO steroids conspiracy case last year.

E-mail the writers at lwilliams@sfchronicle.com and mfainaru-wada@sfchronicle.com.

Former American Cyclist Indicted As Balco Inquiry Takes New Step (NYT)

By Duff Wilson

The New York Times, December 15, 2006

The federal grand jury investigating steroid use in sports yesterday indicted a former cyclist, Tammy Thomas, for perjury and obstruction of justice, charging that she lied to another grand jury looking into the Bay Area Laboratory Co-Operative steroids case.

Thomas received a lifetime competition ban in 2002 from the United States Anti-Doping Agency after she tested positive for the previously undetectable steroid norbolethone.

Kevin V. Ryan, the United States attorney for the Northern District of California, said in a written statement that the charges were part of a new stage of the case targeting people that federal investigators believe lied to them or to the grand jury during the three-year investigation into Balco.

That category includes Barry Bonds, who is still under investigation for suspicion of perjury during his grand jury testimony; Trevor Graham, the track coach, who was indicted last month for allegedly making false statements to investigators; and others.

Graham, who had sparked the Balco investigation by sending a syringe to investigators, has pleaded not guilty and is free on bond. The syringe contained a previously undetectable steroid known as THG, or the clear.

Michael L. Rains, Bonds's criminal defense lawyer, said yesterday that he did not know what the indictment of Thomas might mean for Bonds. "I don't think it's bad news for Barry at all," Rains said, "but keep in mind Greg Anderson continues to reside over in federal prison in Dublin, and they may be waiting to see if he has a nervous breakdown or something and talks."

Anderson, Bonds's childhood friend and former trainer, has defied court orders to testify to the Balco grand jury about Bonds. Anderson was sent to jail for contempt of court, and will be asked again to testify.

Thomas, a world champion cyclist, testified to a grand jury in 2003 that she had never taken performance-enhancing drugs or received them from Patrick Arnold, the chemist who worked with Balco in Burlingame, Calif.

Thomas's failed drug test that led to her lifetime suspension was her second doping offense.

She did not return a telephone call seeking comment.

Ryan said in his statement that the federal investigation has "generally unfolded in three distinct stages."

"In the early stages of the investigation, the individuals who distributed steroids to some of the nation's top-flight athletes were indicted and convicted," he said. "In the second stage, we developed the evidence to indict and convict the creator of the undetectable steroid THG distributed through Balco.

"A third stage has begun as we bring charges against individuals who lied to investigators or committed perjury while testifying under oath to a federal grand jury. Our investigation into each of these stages will continue as the evidence develops."

Cyclist Cited For Perjury (NYDN)

By Michael O'keeffe, Daily News Sports Writer

New York Daily News, December 15, 2006

A federal prosecutor sent a strong warning to Barry Bonds and other elite athletes yesterday after former cyclist Tammy Thomas was indicted for hindering the BALCO investigation: If we can prove you lied, you will be prosecuted.

Thomas faces three counts of perjury and one count of obstruction of justice for allegedly giving false testimony while under oath to the BALCO grand jury.

"Perjury undermines the fundamental mission of our investigative and judicial processes - to uncover the truth," U.S. Attorney for Northern California Kevin Ryan said in a statement. "Lying under oath to a grand jury must be vigorously prosecuted or else this essential truth-finding mission is significantly undermined."

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The indictment accuses Thomas of lying when she told the grand jury in 2003 that she never used performance-enhancing drugs. It also said she lied when she said she did not receive illegal drugs from Patrick Arnold, the chemist who created the once-undetectable steroid THG. Each charge carries a maximum of five years in prison and a $250,000 fine.

Bonds is the focus of an ongoing perjury and tax-evasion investigation, but that probe has apparently stalled because trainer Greg Anderson chose to go to prison rather than testify against the San Francisco slugger. The Thomas indictment, along with obstruction charges brought against track coach Trevor Graham, make it clear that prosecutors won't give up easy.

"The investigation into doping in sports has generally unfolded in three distinct stages....A third stage has begun as we bring charges against individuals who lied to investigators or committed perjury while testifying under oath to a federal grand jury," Ryan said.

The first stage targeted steroid distributors, including Anderson and BALCO founder Victor Conte. The second stage, according to Ryan, focused on Arnold, who created the banned substances distributed by BALCO.

Thomas was banned from competition in August 2002 after norbolethone, a designer drug formulated to evade detection, was found in her urine. Norbolethone was originally tested by Wyeth Laboratories as a potential treatment to help severely short people grow. It languished in obscurity until Arnold dusted off Wyeth's recipe and made new batches to boost athletic performance.

The U.S. Anti-Doping Agency wasn't testing for the steroid until the UCLA Olympic drug testing laboratory determined Thomas had used the once-obscure steroid. The lab also uncovered THG, the designer drug created by Arnold at the heart of the BALCO investigation.

Thomas was a silver medalist in individual sprint at the 2001 World Track Cycling Championships, but her attempts to make the 2000 U.S. Olympic team ended because of high testosterone levels. She said the results were triggered by contraceptives and has always maintained her innocence.

The Associated Press contributed to this report

Cyclist Faces Perjury Charge In Balco Probe (MERCN)

By Elliott Almond

The San Jose Mercury News, December 15, 2006

Perhaps Barry Bonds should be more concerned about facing a perjury charge than major league pitching next season.

A turn of events Thursday in the Balco Laboratory case sent a chilling message to athletes connected to the inquiry: Anyone who allegedly lied to a federal grand jury investigating the use of drugs in sports could find themselves in a legal bind.

Former world-class cyclist Tammy Thomas, now a law student in Michigan, became the first athlete indicted in the Balco scandal when she was charged Thursday with three counts of perjury and one count of obstruction of justice. She faces a maximum of 20 years in prison and a $1 million fine.

"A third stage has begun," U.S. Attorney Kevin V. Ryan said in a statement.

Thomas, who was banned for life in 2002 after testing positive for the steroid norbolethone, didn't immediately return calls or e-mails. She has denied using illegal drugs in past interviews with the Mercury News.

The action in the 4 1/2-year-old case is not expected to be the government's last.

"If this is phase three, why not indict Barry?" Bonds' attorney Michael Rains said Thursday. "The simple answer -- they need the testimony of Greg Anderson."

Bonds' trainer, who pleaded guilty to distributing steroids and laundering money, is in prison on a contempt charge because he has refused to testify against the Giants slugger.

Bonds, 42, is being investigated for lying under oath in 2003 when he testified that he believed the substances he took were flaxseed oil and an arthritis balm. Prosecutors believe those substances were "the clear" and "the cream," performance-enhancing drugs distributed by Balco.

Investigators confiscated calendars and ledgers allegedly showing drug schedules and payments for Bonds and other baseball players from Anderson's home.

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"Barry maintains he told the grand jury the truth to the extent that he knows the truth," Rains said. "They hit him with documents he had never seen before."

Bonds could also face charges for failing to report tens of thousands of dollars in income from the sale of memorabilia. Rains dismissed the possibility, saying the government's evidence is weak.

Another possible target for perjury is Marion Jones, an Olympic gold-medal sprinter who also testified in 2003. If she denied using performance-enhancing drugs, Jones might have a problem because her ex-husband, C.J. Hunter, said under oath that he gave the sprinter banned drugs and saw Jones inject herself.

At least two other grand jury witnesses who worked with her former coach, Trevor Graham, have testified in the case. Also, Balco mastermind Victor Conte Jr. has said in interviews with the Mercury News and others that he supplied Jones with performance-enhancing drugs. Jones repeatedly has denied all allegations.

Graham, Jones' coach when she won five medals at the 2000 Olympics, was charged last month for giving false statements to Balco investigators. He has pleaded not guilty.

Former Cyclist Charged With Hindering Steroid Probe (Update2) (BLOOM)

By Bob Bensch

Bloomberg, December 15, 2006

Dec. 14 (Bloomberg) -- Tammy Thomas, a cyclist banned from the sport for using performance-enhancing drugs, was charged with hindering a federal investigation into steroid use by athletes. She is the first athlete indicted in the probe.

Thomas, 36, a silver medalist at the 2001 World Track Cycling Championships, was indicted on three counts of perjury and one of obstruction of justice, the U.S. Attorney's Office in San Francisco said today in a statement. Prosecutors said she gave false testimony to a grand jury.

Thomas declined to comment when reached by phone at her home in Lansing, Michigan.

Thomas was banned for life from competitive cycling by the U.S. Anti-Doping Agency in 2002 after testing positive for the steroid norbolethone. It was the second time she failed a drug test. She tested positive for elevated testosterone at the 2000 U.S. Olympic Trials.

Thomas is accused in the indictment of lying when she told a grand jury in 2003 she never took performance-enhancing drugs. She also said she never received illegal drugs from Patrick Arnold, a chemist who pleaded guilty in April to making and distributing the steroid tetrahydrogestrinone, or THG, and supplying it to the Bay Area Laboratory Co-Operative, or Balco, the California lab at the center of the investigation, the indictment said.

Indictments

Grand juries in the investigation also indicted Balco's co-founders, two track coach and a trainer for baseball All-Star Barry Bonds. The panel has heard testimony regarding steroid use from Bonds and other athletes, including baseball's Jason Giambi, without returning charges against them.

Thomas was ordered to appear in court Jan. 5. Each perjury count carries a maximum five-year prison sentence and a $250,000 fine. Obstruction is punishable by a 10-year sentence and a $250,000 fine.

Thomas was second in the sprint competition at the 2001 World Championships and was ranked second in the world in the event at the time of her suspension.

The case is U.S. v. Thomas 06-0803, U.S. District Court, Northern District of California (San Francisco).

33 Indicted On Drug Ring Charges Tying City, Suburbs (MJS)

By David Doege

Milwaukee Journal Sentinel, December 15, 2006

Waukesha's main line shut down, officials say

In a case authorities say demonstrates the growing ties between urban and suburban drug traffickers, a federal grand jury indicted 33 people Thursday on charges linking large-scale cocaine suppliers in Milwaukee to a tightly controlled network of dealers in Waukesha.

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The indictments and arrests, officials say, dried up the primary source of cocaine in the city of Waukesha while taking a handful of large-scale operators off the streets of Milwaukee.

"This is going to go down as the largest, most significant drug investigation in the history of our county," said Waukesha County Sheriff Daniel Trawicki.

The charges result from a lengthy probe begun quietly in January 2004 by Waukesha County narcotics investigators whose work revealed that a single network of people was responsible for a large share of the cocaine finding its way into Waukesha.

"The buys we were making, the information we were getting kept leading us back to a particular group of people, a particular group of residences," said Lt. Charles Wood, operational supervisor of the Waukesha County Metro Drug Enforcement Group.

After state and federal agencies joined the inquiry, which featured court-approved telephone taps, investigators linked the cocaine peddled in Waukesha to large-scale suppliers in Milwaukee.

"This was an investigation that was not going to just stay in Waukesha," said Daniel Layber, special agent in charge of the Milwaukee office of the state Division of Criminal Investigation. "It used to be that the drug dealers that you saw in Waukesha were relatively small. It sure isn't that way anymore." Phone calls monitored

Court records show that while the major players were constantly watching their backs and taking steps to insulate themselves from the drugs, money and drug deals carried out by underlings, investigators were secretly monitoring their conversations to keep abreast of their activities while learning of more associates.

"During the court-ordered monitoring of these communications between July 11, 2006, and September 8, 2006, over 1,000 intercepted calls were drug-related," according to a criminal complaint in the case. "Over 50 people involved in trafficking cocaine were identified."

One conversation took place Aug. 11, according to the complaint, when investigators listened as Javier Aguilera, accused of being a major marijuana and cocaine trafficker in Waukesha, told his father, accused of delivering drugs and collecting drug debts for his son as well as himself, where to find cocaine and money hidden in the their Arcadian Ave. home.

"I have it there in the house, in your room," Javier Aguilera told Brijido Aguilera, according to the complaint. "You know, there's a small box in the room where the mirror is.

"I tossed it in there. I don't know if Mom puts her gold in there or what, but I left your earnings in there, too."

In another conversation, according to the complaint, investigators listened as the father complained to the son about his methods during a discussion on what to do with a 10-pound marijuana shipment.

"Listen, I've been calling you for some time, but you don't answer the damn telephone," the elder Aguilera said. "I can't work like that."

After the son told his father to stow the marijuana in the garage until he arrived, the elder Aguilera said, "It's there in the same place, but one thing, don't speak to me in that tone of voice."

As investigators went from phone to phone, the conversations they heard eventually led them to figures in Milwaukee who supplied buyers with kilograms of cocaine.

"I got the buns," Teodoro Meraz told Andrew Oblak during a conversation Oct. 6, after Meraz received a shipment of cocaine and was offering to sell a kilogram - or a bun - to Oblak.

In addition to charging suspected high-, mid- and street-level dealers, the indictment included people accused of packaging and cutting cocaine, and a woman accused of storing it.

On July 31, Javier Aguilera called Kayla Lapp just after she had ordered dinner at a restaurant with her mother; he told her that he needed her to meet him immediately at her Waukesha home so that he could retrieve cocaine from his stash there for an impending deal, according to the complaint.

"Why can't you just wait 'til we're done eating?" Lapp said, according to the complaint.

"Because I need it now," Aguilera replied, the complaint says. "Because it's cash."

Charged in the indictment and complaint with supplying kilograms of cocaine were: Meraz, 27, of St. Francis; Gabriel Urbina, 29, of Milwaukee; Antonio Cruz, 56, of Milwaukee; Oblak, 20, of Milwaukee; Richard Welsh, 18, of Milwaukee; and Ana Hurtado, 37, of Milwaukee.

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Javier Aguilera, 29, was charged in the complaint with being at the top of the Waukesha network, directing his father, 51, and others who distributed multiple-ounce quantities of cocaine to street-level dealers.

The others charged in the case include: Pedro Romo, 27; Alejandro Romo, 21; Fidel Moreno, 21; Jose Meraz, 31; Federico A. Meza, 27; Leonardo Urbina, 30; Elias Perez, 22; Michael V. Popp, 23; Wagas Tariq, 23; Usman Tariq, 22; Jeffrey Scott Wingert, 34; Enrique Urbina, 23; Jose R. Quinonez, 25; Miguel A. Valdez, 29; Christian Gabriel Martinez, 21; Miguel Healy, 34; Jose Godina, 29; Sal Uribe, 27; Juan Carlos Flores-Bobadillia, 20; Rick J. Rivera, 27; Francisco R. Aguilera, 23; Sean D. Kruschke, 30; Jonathan David Colla, 23; Jose Alfredo Aguilera, 21; and Lapp, 19. The complaint did not list their hometowns.

"I think that you can determine the significance of this case by the number of people arrested and the scope of their activity," said James Bohn, assistant special agent in charge of the Milwaukee office of the U.S. Drug Enforcement Administration.

Search warrants were executed recently at a home in St. Francis, three homes in Milwaukee and five homes in Waukesha, court records say.

"As a result of the search warrants, we're holding 11 cars that we're hoping to seize," said Wood, of the Waukesha County Metro Drug Enforcement Group. "We also seized 2 kilos of cocaine, cash and three residences that we expect will become the subject of forfeiture proceedings."

Five From Hazleton, Freeland Indicted On Heroin Conspiracy Charges (TLPA)

Times Leader (NE PA), December 15, 2006

Five people from Hazleton and Freeland were indicted last week in connection with an alleged heroin distribution conspiracy that operated in the Hazleton area since January, the U.S. Attorney's Office announced today.

Thomas A. Marino, U.S. Attorney for the Middle District of Pennsylvania, said the following suspects were charged with conspiracy to distribute more than 100 grams of heroin:

• Anthony Rish, 55, of Freeland
• Sheryl Raab, 46, of Freeland
• Margaret Grohman, 51, of Hazleton
• Anthony Mundo, 36, of Freeland
• Michael Bonney, 27, of Hazleton

Marino said the defendants were also charged with additional counts of distribution of heroin – Rish with four counts, Raab with three counts, Grohman with seven counts, Mundo with six counts, and Bonney with one count.

The charges stem from an investigation by the federal Drug Enforcement Administration and Pennsylvania State Police.

Marino said each of the defendants faces a sentence of five to 40 years in prison, a fine of up to $2 million, and a period of supervised release of four years to life to follow any sentence of imprisonment if convicted of the conspiracy charge.

Each count of distribution of heroin carries a potential maximum sentence of 20 years in prison, a $1 million fine and at least three years of supervised release, he said.

Marino said Assistant U.S. District Attorney Francis P. Sempa is prosecuting the case.

Marijuana Co-op Duo Out On Bail (CCT)

By Josh Richman

The Contra Costa Times, December 15, 2006

OAKLAND - Two people arrested in a raid at a Hayward medical marijuana cooperative were selling the drug to anyone, not just people with medical conditions, the federal government contends.

The attorney for Hayward residents Shon Matthew Squier, 34, and Valerie Lynn Herschel, 23, the Local Patients Cooperative owner and manager, respectively, says the two were working legally with Hayward and the Alameda County Sheriff's Office.

Agents arrested the two Tuesday on suspicion of conspiracy, marijuana distribution and maintaining drug-involved premises. Drug Enforcement Administration and Internal Revenue Service agents raided the Foothill Boulevard cooperative and each suspect's home.

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Federal Magistrate Judge Wayne Brazil told them Wednesday that each of the crimes is punishable by as many as 20 years in prison and involve maximum fines of $500,000 to $1 million.

Brazil ordered Squier freed on $300,000 bond and Herschel freed on $100,000 bond, each secured by their homes. Both are due back in court Jan. 5.

Brazil warned Squier and Herschel, 23, that although there's a debate over the conflict between the state's medical marijuana law and the federal ban, "those debates unfortunately are irrelevant to what goes on in this court" and state law provides them no defense. "Congress gets to decide," he said.

Until their properties can be assessed and posted to secure their freedom, their families have signed promises to pay should either defendant leave town. Herschel's parents and Squier's fiancee and sister were in court Wednesday.

After Wednesday's hearing, defense attorney Bruce Atwater noted that IRS agents took part in Tuesday's raid and that prosecutors are emphasizing the money that flowed through Squier's account. Atwater said he believes tax charges will figure prominently when a federal grand jury indicts the two next month. He called it a "backdoor way" for the federal government to persecute medical marijuana providers.

Squier and Herschel "worked well with the city; they worked well with the Alameda County Sheriff's (Office). ... They were compliant with state law," Atwater said. "I guess their crime is that they made too much money."

In an affidavit, DEA Special Agent Kenny Lee wrote: "I believe that Hayward Local Patients Co-op attempts to disguise the breadth of its criminal activity by claiming that it caters exclusively to persons suffering from medical illnesses, when in fact persons without any medical condition can purchase marijuana ... at the retail establishment."

Reach Josh Richman of the Oakland Tribune at jrichman@angnewspapers.com or 510-208-6428.

IMMIGRATION:

The System Is The Problem (WP)

By Tamar Jacoby

The Washington Post, December 15, 2006

At dawn on Tuesday more than a thousand Immigration and Customs Enforcement agents descended on six plants owned by Swift & Co., one of the country's largest meat processors. Some 1,300 workers were arrested, and operations at all six slaughterhouses were suspended.

Seen in one light, the raids were perfectly justified. Both employer and employees were breaking the law. It's a law that's being violated on a massive scale from coast to coast, and the public is increasingly upset about it.

The only catch: Swift has been trying for years to comply with our poorly conceived immigration laws, coping as best it could with an impossible situation. Like a driver who finally goes through a broken traffic light, the company and its workers aren't the problem -- the system is.

Both Swift and its employees -- who bore the brunt of the punishment -- are caught in an economic bind far bigger than themselves. Meat processing is dirty and dangerous. Fewer and fewer members of the increasingly educated American workforce are interested in the jobs.

As a result, although it now pays an average of $13 an hour, or $25,000 a year, the industry increasingly relies on foreign workers, not because they're cheap -- $25,000 a year is what trained paramedics and college-educated kindergarten teachers make in meatpacking states such as Iowa and Kansas -- but simply because they'll do the work. If immigrants weren't available, companies such as Swift would have to close, and both meatpacking and the agriculture that depends on it -- cattle and hog producers -- would eventually move to other countries.

Not only that, but U.S. law makes the bind much worse for both employers and employees. Despite the meatpacking industry's well-known need for foreign labor, the United States offers virtually no way for these workers to enter the country legally. Every year the economy as a whole creates some 500,000 more unskilled jobs than Americans want to do, yet we issue only 5,000 year-round visas for the immigrants who might fill them. For companies such as Swift and its workers, there's no good answer, and it's not surprising that many break the law.

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But even that isn't the end of the cruel twists of Swift's story. Far from ignoring or shrugging off the law, the firm has been trying to comply with it. When job applicants started showing up with what the company suspected were false papers, it tried inquiring into their backgrounds -- only to be sued for discrimination by the Justice Department.

When the government created a program meant to help employers verify that their workers were in the country legally by checking Social Security numbers against a central database, Swift was among the first to sign up. And when that program didn't seem to be catching the worst offenders -- people using not false Social Security cards but stolen ones -- Swift came to Washington to testify in Congress about the problem. The reward: That was precisely the offense that ICE raided the company for on Tuesday.

Don't misunderstand: Swift is no band of saints. Everyone involved -- the company, its workers, the U.S. government -- knows that the kind of compliance required to pass muster today is a charade. But it is a charade our dysfunctional immigration system has all but forced the firm and its workers to play.

Does this mean it's all right to break the law? Of course not.

Our nudge-nudge, wink-wink immigration system -- unrealistic laws, all but ignored on the ground -- must be replaced by a law enforcement regime that works: more honest quotas, enforced to the letter, including in the workplace. Raids such as those that took place this week would be justified in the context of an immigration overhaul of the kind proposed by the president and passed by the Senate last spring. Workers need a legal way to enter the country. Businesses need a legitimate way to get workers, plus a reliable verification system -- not unlike credit card verification -- to tell them which workers are legal and which aren't. And once these things are in place, there will be no excuse for breaking the rules.

But until then, raids of the kind that occurred this week can only be counterproductive: Companies trying to do the right thing will be driven out of business, even as those happy to flout the law will find themselves with more of a competitive advantage. And meanwhile illegal workers will be driven further underground.

I happened to be with a group of employers when the Swift raids were announced -- not food-processing companies but contractors, landscapers, growers and others who also count on unskilled workers -- brought together by their growing anger at the broken immigration system and the lies it makes them tell.

"What am I supposed to do?" one employer asked bitterly. "I'm paying $22.50 an hour. I still can't find enough workers. I'm making less and less money as a result -- I've stopped bidding for lots of jobs. And I could go to jail just for trying to get the work done."

And the sad truth is, he can't do much. Only Congress can fix the system he and his workers are trapped in. As the Swift raids remind us, it's a job that cannot wait.

Tamar Jacoby is a senior fellow at the Manhattan Institute.

Texas Official's Report Ignites A New Border Conflict (WP)

By Darryl Fears

The Washington Post, December 15, 2006

It is a Texas showdown, a war of words over illegal immigration at the border.

State Comptroller Carole Keeton Strayhorn fired the first shot with a recent report that, for some, says the unthinkable: Illegal immigrants not only pay their fair share in taxes, but they are also good for the economy.

"The absence of 1.4 million undocumented immigrants in Texas . . .would have been a loss to our gross state product of $17.7 billion," Strayhorn said in a statement. Overall, the report said, illegal immigrants put about $420 million more into state coffers than they take out.

Strayhorn billed the report as the first ever by a state finance official, a crucial step forward. But for Texans who believe hundreds of thousands of illegal immigrants are overrunning their state, the report is a misstep.

State Rep. Leo Berman (R-Tyler), who introduced legislation that would bar Texas from recognizing children born to illegal immigrants in American hospitals as U.S. citizens, called the report "outrageous."

Dan Stein, a spokesman for the Washington-based Federation for American Immigration Reform (FAIR), which supports measures to deter illegal immigration, ripped the report as a composite of "design flaws, assumptions and conclusions in direct

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contrast to our years of exhaustive studies on this issue, and to our most recent Texas report, which shows illegal aliens cost Texas taxpayers $3.7 billion annually."

In these times of tough proposals against illegal immigration in Congress and huge protest marches by illegal immigrant workers and their supporters, it is not surprising that the comptroller's report caused a stir.

An official state document that contradicts the idea that immigrants are a financial burden can carry considerable weight as Democrats take control of Congress, and as potential candidates consider their options in the 2008 presidential election.

Supporters of illegal immigrants embraced the report. John TrasviÃ±a, president of the Mexican American Legal Defense and Education Fund, said it "confirms what MALDEF and immigration experts have long known -- we all benefit from the contributions of immigrants."

The Texas study may be the first by a state, but it is hardly the first of its kind. Previous studies on the financial impact of illegal immigrants have been undertaken by a number of groups, including the nonpartisan Urban Institute and the Center for Immigration Studies.

Undocumented workers in the Washington area, according to the Urban Institute, pay a hefty share of taxes, but they contribute less than they should because many are paid off the books and do not file yearly tax forms. A report by the Center for Immigration Studies, which favors reduced immigration, said that illegal-immigrant households imposed $26 billion in costs on the federal government while paying $16 billion in taxes. This week, Immigration and Customs Enforcement authorities raided meatpacking plants in six states in search of illegal immigrants they said were using illegally obtained Social Security numbers.

Early in the year, the House tried to crack down on the immigration problem with a tough proposal that would have turned about 12 million illegal immigrants in the country into instant felons.

Opponents said they went too far, and millions of illegal immigrants and their supporters marched in Dallas, Los Angeles, Chicago, Washington, Phoenix and other cities.

That is the environment that Strayhorn stepped into with her report and its bold introduction: "The Comptroller's report estimates that undocumented immigrants in Texas generate more taxes and other revenue than the state spends on them."

Drawing on estimates from a report by the Pew Hispanic Center in Washington, the report said 1.4 million to 1.6 million illegal immigrants live in Texas, about 14 percent of the U.S. total.

Texas has no state income tax, so immigrants pay sales and property taxes, along with various state fees. "Undocumented immigrants produced $1.58 billion in state revenues, which exceeded the $1.16 billion in state services they received," Strayhorn reported.

Strayhorn, an unsuccessful candidate for governor in the last election, favors a guest-worker program, prompting criticism from opponents who say her report was motivated by politics.

FAIR said the report plays down the impact of illegal immigration by not counting the children of illegal immigrants who had become U.S. citizens. In a previous report, FAIR estimated that Texas schools paid more than $1.7 billion to educate illegal immigrants and the legal children of illegal immigrants in 2003-2004.

"This report is a slap in the face to anyone with common sense," Stein said.

Berman deferred to more conservative reports, such as one from the Lone Star Foundation in Austin. It says illegal immigrants drain $4.5 billion from the Texas economy, mostly in health-care costs.

"Parkland Hospital in Dallas, and the public hospital in Houston, has a 70 percent birth rate from illegal aliens," Berman said.

TrasviÃ±a of MALDEF said he hopes Strayhorn's report will compel other politicians to "reject divisive legislation" by Berman and others "aimed at forcing undocumented immigrants further into the shadows."

CONGRESS-ADMINISTRATION:

Sen. Johnson 'Recovering' After Surgery (AP)

By Mary Clare Jalonick And Tom Raum

AP, December 15, 2006

DOJ_NMG_0106706

Democratic Sen. Tim Johnson remained in critical condition but was described as recovering and holding his wife's hand Thursday after emergency overnight surgery to repair bleeding inside his brain.

His sudden illness had raised questions over whether the Democrats would hold their newly won slim control of the Senate.

The South Dakota lawmaker, 59, was on "an uncomplicated postoperative course," the U.S. Capitol physician said after visiting him Thursday afternoon. Johnson suffered a hemorrhage in his brain caused by a rare and sometimes fatal condition.

"He has been appropriately responsive to both word and touch. No further surgical intervention has been required," said the physician, Adm. John Eisold. He had said earlier, "The senator is recovering without complication."

Johnson was responding to the voice of his wife, Barbara, and following directions after the surgery, the senator's office said in a statement. "He was reaching for and holding her hand."

Johnson was stricken as Democrats prepared to take fragile 51-49 control of the new Senate when it convenes in three weeks. Democrats seized control of both chambers of Congress from Republicans in November midterm elections.

If Johnson were to leave office, a replacement would be named by South Dakota's Republican governor, Mike Rounds. A Republican appointee would create a 50-50 tie and effectively allow the GOP to retain Senate control because of Vice President Dick Cheney's tie-breaking vote.

Johnson was rushed to the George Washington University Hospital at midday Wednesday after becoming disoriented and stammering during a conference call with reporters.

Eisold, the Capitol physician, said doctors stopped bleeding in Johnson's brain and drained the blood that had accumulated there. "It is premature to determine whether further surgery will be required or to assess any long-term prognosis," Eisold said.

On Thursday afternoon, Johnson underwent an additional procedure to prevent blood clots. The procedure is standard after surgery, said Julianne Fisher, Johnson's spokeswoman. Otherwise, she said, there were no new developments. "No news is good news," she said.

Johnson's condition, also known as AVM, or arteriovenous malformation, causes arteries and veins to grow abnormally large, become tangled and sometimes burst. The condition is often present from birth.

Johnson spokesman Noah Pinegar said the senator's diagnosis was a surprise. "No one was aware of it, including Tim," he said.

Sen. Harry Reid, D-Nev., who is to become majority leader when the new Senate convenes on Jan. 4, said, "We're all praying for a full recovery. We're confident that will be the case."

Reid, who visited Johnson at the hospital Wednesday night and again Thursday morning, told reporters the senator "really looks good." However, Reid declined to provide any details of Johnson's medical condition.

Politically, "there isn't a thing that's changed," he said, adding that he was keeping incoming Senate Republican leader Mitch McConnell of Kentucky "totally advised" of developments.

Outgoing Senate Majority Leader Bill Frist, R-Tenn., visited the hospital Thursday afternoon.

Senate historian Donald Ritchie said senators serve out their terms unless they resign or die. He said there was precedent for senators remaining in the Senate even though illness kept them away from the chamber for long periods.

Just this year, Sen. Jay Rockefeller, a West Virginia Democrat, missed three months of votes because of back surgery. Sen. Joseph R. Biden Jr., D-Del., was away for seven months in 1988 after undergoing surgery for brain aneurysms.

In 1969, another South Dakota senator, Karl Mundt, a Republican, suffered a stroke while in office. Mundt continued to serve until the end of his term in January 1973, although he was unable to attend Senate sessions and was stripped of his committee assignments by fellow Republicans in 1972.

The White House offered best wishes.

"Our prayers are with Senator Johnson," said White House Press Secretary Tony Snow. "Look, he's a great guy, and it's one of these things where everybody's concerned and our thoughts and prayers are with him, his family, his staff, his colleagues."

Johnson, who turns 60 in two weeks, was taken to the hospital by ambulance after experiencing what his office initially said was a possible stroke.

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In a conference call with reporters, Johnson at first had answered questions normally but then had begun to stutter. He paused, then continued stammering before appearing to recover and ending the call.

Johnson spokeswoman Fisher said that after making the call from the recording studio in the basement of the Capitol, the senator walked back to his office but appeared to not be feeling well.

The Capitol physician came to his office and examined him, and it was decided he should go to the hospital.

Arteriovenous malformation is believed to affect about 300,000 Americans, according to the National Institute of Neurological Disorders and Stroke. The institute's Web site said only about 12 percent of those have any symptoms. The symptoms, which range in severity, can include severe headaches, memory loss and dizziness.

It's common to take several days for someone to wake up after AVM surgery, said Dr. Sean Grady, neurosurgery chairman at the Hospital of the University of Pennsylvania. Someone who is awake and alert and talking in the first day or two typically has a shorter recovery — in the range of 4 to 8 weeks, he said. If it takes longer to wake up, it in turn takes more months to recover.

"We wouldn't make any immediate long-term prognoses for at least one to two days," he cautioned. "There can be a period of time where the brain is still swollen and the patient may have trouble responding."

The senator's wife, Barbara Johnson, said the family "is encouraged and optimistic."

South Dakota's governor, elected to a second four-year term last month, has been widely seen as the Republican candidate with the best chance to challenge Johnson in two years.

Other than Rounds himself, top possibilities if a replacement senator were needed include Lt. Gov. Dennis Daugaard and state Public Utilities Commission Chairman Dusty Johnson, considered a rising star in the Republican Party. Retiring GOP legislative leaders, such as state House Speaker Matthew Michels and Senate Majority Leader Eric Bogue, also might be considered.

Johnson was first elected in 1996 and is up for re-election in 2008.

The last time the Senate convened with a perfect balance of 50 Republicans and 50 Democrats was in January 2001. Then, the two parties struck a power-sharing agreement that gave control of the Senate to Republicans but gave Democrats equal representation on committees.

Johnson, a centrist Democrat, was elected to the Senate after serving 10 years in the House. He narrowly defeated Republican John Thune in his 2002 re-election bid. Thune defeated Sen. Tom Daschle, the former Senate Democratic leader, two years later.

Daschle visited Johnson in the hospital on Thursday along with Reid.

Johnson is in line to become chairman of the Senate Ethics Committee.

He underwent prostate cancer treatment in 2004, and subsequent tests have shown him to be clear of the disease.

Johnson is the second senator to become ill after the Nov. 7 election. Wyoming Sen. Craig Thomas, a Republican, was diagnosed with leukemia on Election Day. He is back at work.

Johnson's Illness Threatens Dems' Power (AP)

By Jim Kuhnhenn

AP, December 15, 2006

Suddenly, the Democrats' grip on the Senate looks very tenuous indeed. With the party poised to take power with a 51-49 edge in January, Sen. Tim Johnson's unexpected hospitalization ignited the possibility of a 50-50 Senate and a return to the unprecedented power-sharing pact that existed during the first half of 2001.

Johnson's illness alone would not create a vacancy in the Senate. Senators have convalesced for months, even years, and retained their Senate seats. Another South Dakota Senator, Republican Karl Mundt, was incapacitated by a stroke in 1969, but served until the end of his term in 1972.

Only resignation, death or expulsion by two-thirds of the Senate can create a vacancy.

If Johnson's seat would become vacant sometime in the next two years, South Dakota Gov. Michael Rounds, a Republican, would select a replacement. A GOP appointment would split the Senate anew, giving Vice President Dick Cheney the tie-breaking role and, thus, the numerical majority in the chamber to the Republicans.

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But that doesn't necessarily mean Republicans would be in charge.

On Jan. 4, the first day of the new Congress, the Senate will vote on a resolution that will officially establish Democrats as the party in the majority, give Democratic Leader Harry Reid of Nevada control over the legislative agenda, set the ratios of committee representation and other organizational matters.

That organizing resolution would still govern, even if the membership of the Senate changed. Senate associate historian Don Ritchie said the resolution could include language that spells out what would happen if there is an even split.

"This is really a matter of discussion between the Democratic and Republican leaders," Ritchie said.

But current and former GOP Senate officials said such a step would be highly unlikely. Indeed, such a move would probably paralyze the Senate.

If a 50-50 split occurs before Jan. 4, however, the parties would likely have to negotiate a power sharing agreement similar to the one then-Republican Leader Trent Lott of Mississippi and Democratic Leader Tom Daschle of South Dakota negotiated in 2000.

Under that agreement, the parties split their representation on committees evenly. Committee staff positions and funding were also split equally. Republicans chose the committee chairmen and controlled the agenda on the Senate floor. Under the terms of the deal, any party that gained a numerical majority would then have control of the Senate.

By June 2001, Sen. Jim Jeffords of Vermont switched from being a Republican to an Independent who caucused with Democrats, putting Democrats in charge.

Before that, Ritchie said, "we have not had any formal means of changing party majorities."

If the Senate splits once again, Republicans would insist on drafting a new organizing resolution, prompting the same kind of difficult negotiations that Daschle and Lott had in 2000.

Absent some kind of deal, the Senate could see itself repeating history.

In 1953-54, Republicans kept control of the Senate even though the deaths of several senators gave the numerical plurality to Democrats. The arrangement made the Senate virtually ungovernable for the GOP.

"I have the responsibilities of being the majority leader in this body without having a majority," Republican Leader William Knowland of California complained at the time.

To which then-Democratic Leader Lyndon B. Johnson of Texas replied: "If anyone has more problems than a majority leader with a minority, it is a minority leader with a majority."

Sen. Johnson Recovering From Surgery Amid Tide Of Sympathy And Well Wishes (AL)

By Peter Harriman

Argus Leader, December 15, 2006

The tide of concern, sympathy and good wishes that has been rising across South Dakota since Sen. Tim Johnson was stricken by bleeding in his brain Wednesday was surmounted by a little whitecap of optimism today.

Following surgery Wednesday night to drain the bleeding and repair the circulatory defect that caused it, Johnson began to regain consciousness today.

"Specifically, he has been appropriately responsive to both word and touch," announced Admiral John Eisold, attending physician of the U.S. Capitol.

Johnson's wife, Barbara, cast that dry report in more human, hopeful terms. The senator was responding to her voice and following directions after surgery, she said.

By this morning he was reaching for and holding her hand.

"I would like to thank the people of South Dakota for their love and support as Tim has met this unexpected challenge. Our family is very pleased with his progress and the excellent care he is receiving at George Washington University Hospital. We ask for your continued prayers as Tim continues through the recovery process," she said.

Julianne Fisher, Johnson's spokesman, said there is not yet a reliable forecast on how long it will take Johnson to recover.

Speculation throughout much of the day as South Dakota waited for reports on Johnson's condition swirled around whether Johnson would recover fully or would be left with permanent brain injuries.

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Would he be able to continue to serve out the Senate term to which he was elected in 2002 or would be replaced by Gov. Mike Rounds?

Also, would a lengthy recuperation imperil any time-sensitive legislation Johnson hoped to shepherd through the new Congress next year?

Incoming Sen. Minority Leader Harry Reid, D-Nev., maintained a hopeful demeanor even as speculation was at its darkest Thursday morning before news that Johnson was regaining consciousness was widely distributed.

Reid said he had visited Johnson in the hospital before and after surgery. "To me, he looked good," Reid said in a press conference and predicted a full recovery for Johnson.

Sympathy came from both sides of the political aisle, even as Democrats hold onto a narrow advantage in the Senate.

"My expectation and hope is that Tim will recover fully and come back," said Sen. Trent Lott of Mississippi, who will serve as the deputy Republican leader of the Senate next year.

"I'd like to be in the majority, but I don't want to do it that way."

Before he became ill Johnson had planned to be back in South Dakota today for the start of the holiday season, doing the array of serious and sociable things a Senator does in the home state. He had a meeting scheduled with the Lewis Clark Rural Water System board of directors next week, and he and his wife were planning to make an appearance at the Children's Inn celebrity gift wrapping center at the Empire Mall and wrap Christmas presents.

Johnson's sudden brain injury changed all that. In his Sioux Falls field office today, a new artificial Christmas tree remained in a long cardboard carton unopened. The six staff members carried out accustomed duties. But eyes continually drifted to Blackberry and computer screens and ears listened for phones for updates on the Senator's condition.

Floral arrangements and get well cards were on display. Benjamin Ready, Sen. John Thune's field representative, stopped by in mid afternoon to deliver one such card.

"They've been wonderful," Johnson's South Dakota Field Representative Sharon Boysen said of Thune's staff.

In addition, Rep. Stephanie Herseth "and her staff brought us lunch today," Boysen said. "There were Crispy Cremes here this morning. There's a steady stream of people coming by to give us their support.

"The outpouring from South Dakotans has been amazing," she said. "There have been hundreds of e-mails and phone calls from South Dakotans giving us their support and their best wishes to Barb and Tim."

Sioux Falls Mayor Dave Munson observed "that pretty much sums up how people feel about Tim Johnson in South Dakota."

As the state waited for news and wondered about Johnson's future, it also had an opportunity to contemplate its two-term Senator with the understated style and the reputation for penetrating policy analysis, perseverance, meticulous cultivation of consensus, attention to state interests and honesty.

"One of the things I've always admired about Tim is he usually levels with me, even when I have to hear something I don't want to hear," Pierre broadcaster, writer and conservationist Tony Dean mused.

"He is one of our key Native American supporters," said Craig Dillon, a member of the Oglala Sioux tribal council.

Johnson apparently suffered the brain injury at the conclusion of a telephone news conference Wednesday morning, when he had difficulty articulating an answer to a question.

He was able to walk back to his office from the studio where the interview was conducted, but by the time he arrived he had difficulty speaking and was unable to open the office door. The physician attending the Senate was immediately summoned and Johnson was sent to the George Washington University Medical Center by ambulance. He had surgery Wednesday night.

Johnson's immediate family was with him today. Jean Beddow, the mother-in-law of Johnson's son Brendan, said from her home in Sioux Falls "the surgery went as well as expected. ...We don't know anything more than that. It's wait-and-see."

She added she is regularly apprised of Johnson's situation, and "I can tell you that what you are hearing on the news is very accurate from what I know."

Since late Wednesday, the tape recording of Johnson's stumbling speech as the injury apparently afflicted him has been widely broadcast.

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That infuriates Beddow. “It’s one of the most grandiose miscarriages of justice in the world that they are playing that,” she said.

But the sound of the Senator struggling to speak also suggested the seriousness of his injury, and it seemed to sharpen concern for him. Munson spoke to that.

“It’s kind of a tense time for all of us in South Dakota,” the mayor said today afternoon.

“We’re all just sitting, waiting for any news.

“There are a powerful lot of people cheering for him.”

Late today, it seemed, they might have had a bit of good news to cheer about.

Reach Peter Harriman at 575-3615. Wire services contributed to this report.

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Sen. Johnson Recovering From Surgery For Bleeding In Brain (USAT)

By Kathy Kiely

USA Today, December 15, 2006

WASHINGTON — Democratic Sen. Tim Johnson was “responsive to both word and touch” Thursday evening following emergency brain surgery but the uncertainty of his long-term prognosis casts doubt on the nation’s political landscape.

Adm. John Eisold, attending physician of the U.S. Capitol, said in a statement the two-term senator has not required further surgery since doctors at George Washington University overnight stopped bleeding. The condition, caused by a malformation of blood vessels, is congenital. It was undiagnosed in Johnson, who turns 60 on Dec. 28.

ON DEADLINE: More details

Johnson was stricken Wednesday afternoon, as he had trouble talking to reporters in a conference call. His illness comes as Democrats prepare to take control of the Senate on Jan. 4 with 51 votes, including those of two independents.

If Johnson is unable to complete the remaining two years of his term, it would be up to South Dakota’s Republican Gov. Mike Rounds to appoint a replacement, presumably from his party.

That would shift the balance of power in the Senate to the GOP because Vice President Cheney, a Republican, would cast the vote to break a 50-50 tie.

Republicans at the Capitol showed no signs that they will press for Johnson to resign. Johnson, first elected in 1996, is up for re-election in 2008.

“My expectation and hope is that Tim will recover fully and come back,” Sen. Trent Lott, R-Miss., who will serve as his party’s deputy leader next year, said on Fox News. “I’d like to be in the majority, but I don’t want it to be that way.”

Senate Democratic leader Harry Reid of Nevada said he is continuing to organize for a Senate run by his party. "There isn't a thing that has changed," said Reid, after visiting Johnson at the hospital. "To me, he looked very good."

Wishes for Johnson's recovery came from lawmakers in both parties and President Bush.

"Our prayers are with Sen. Johnson," said White House press secretary Tony Snow. "He's a great guy."

Eisold on Thursday morning called it "premature" to forecast the senator's long-term prognosis, or whether he will need more surgery. Patients with Johnson's condition frequently require a second operation to remove the problem blood vessels, according Sean Grady, chief of neurosurgery at the University of Pennsylvania.

Grady said such operations "can pose a very high risk" depending on where the damaged blood vessels are in the brain.

What The Fate Of Johnson's Seat May Portend (WSJ)

By David Rogers And Sarah Lueck

The Wall Street Journal, December 15, 2006

WASHINGTON -- "There isn't a thing that's changed," Senate Democratic Leader Harry Reid said yesterday after visiting his stricken colleague, South Dakota Sen. Tim Johnson, at the hospital. But Democrats were trying to shake off the nightmare of possibly losing power so quickly after November's elections.

The soft-spoken 59-year-old senator was listed in critical condition after surgery to address bleeding in the brain. Mr. Johnson's family was hopeful for his recovery from what doctors called an arteriovenous malformation, a tangle of blood vessels, usually present from birth, that caused bleeding in his brain. The next 48 hours could tell a lot after surgery to remove the blood and help stabilize the malformation.

But rarely has a senator been stricken in office with more potential impact politically. Since sweeping the midterm elections last month, Senate Democrats have been celebrating the 51 votes they will claim in January. But that power and the accompanying committee chairmanships would slip away if Mr. Johnson doesn't recover and is succeeded by an appointed Republican.

The House will remain Democratic, and incoming Speaker Nancy Pelosi of California already is moving ahead with her own agenda of ethics overhaul, tighter intelligence oversight and other initiatives separate from the Senate. But she and other top House Democrats have close ties with Senate Democratic leaders, many of whom, like Mr. Reid, began their careers in the House. Loss of the Senate would be deeply felt and make it easier for President Bush to try to stare down Congress and isolate the House.

The extent of any lasting brain damage Mr. Johnson may have suffered was unclear. In general, recovery time for such an ailment can range from four to six weeks to as much as six months or a year if the damage is more severe, said M. Sean Grady, chairman of the neurosurgery department at the University of Pennsylvania Health System in Philadelphia.

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If Mr. Johnson is recovering but still hospitalized when the new Congress convenes in January, Democrats would retain a 50-49 majority and be able to organize under Mr. Reid. But dates here mean less since, unlike the House, Senate rules permit that body to reorganize at a later date in the new Congress if the balance of power changes.

Under South Dakota law, if a senator dies or resigns, a successor will be named by the sitting governor to serve until the next general election. South Dakota's governor is Michael Rounds, a Republican. Even before Mr. Johnson's cerebral hemorrhage this week, Mr. Rounds was a recruitment target for national Republicans wanting him to challenge the senator in 2008. These ambitions could shape Mr. Rounds's decision, but he must be sensitive to South Dakota's sentiments if he is to run for the seat in two years.

Less clear is what happens if Mr. Johnson is left incapacitated and pressure builds for him to resign. "There are only two things I'm aware of that would create a vacancy at that level ... death or resignation," said Chris Nelson, South Dakota's secretary of state.

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Senate history is peppered with examples of senators staying away for months because of illness or surgery. Republican Sen. Karl Mundt, also of South Dakota, stopped appearing in the Senate after being disabled by a stroke in 1969, but he remained in office until his term expired in 1972.

Mr. Mundt's chief of staff, Robert McCaughey, ran the office, and recalled in an interview yesterday that he couldn't vote or speak for Mr. Mundt at committee meetings. But he briefed Mr. Mundt nearly every day as the senator sat in an easy chair in his home two blocks from the office. Mr. Mundt could speak haltingly and followed Senate business, but didn't always understand conversation, Mr. McCaughey said.

He said he wanted Mr. Mundt, a longtime friend and employer, to resign his seat, but faced opposition from Mrs. Mundt. "He wasn't able to carry out his duties," said Mr. McCaughey. "I felt he was taking a voice from the people of South Dakota." At one point, South Dakota's Republican governor -- fearing a loss of the governorship to a Democrat in 1970 -- pleaded personally with Mr. Mundt to resign. "He didn't seem to understand that he should resign," Mr. McCaughey said.

If Mr. Johnson is succeeded by a Republican, the Senate would be split 50-50, much as it was after the 2000 elections when the two parties had to work out a historic power-sharing relationship. With Vice President Dick Cheney available to break any tie, Republicans retained the majority and chairmanships. But many of the committees were split evenly and special deference was given to the Democratic leadership to make a motion to call up legislation.

Among individual committees, a shift in chairmanships can be significant. Sen. Carl Levin (D., Mich.) the new Armed Services Committee chairman, wants the U.S. to begin to withdraw from Iraq, for example; Sen. John McCain (R., Ariz.), who would succeed him, wants more troops sent.

Sens. Barbara Boxer (D., Calif.) and James Inhofe (R., Okla.), who would trade places at the Environment and Public Works Committee, are at opposite ends of the spectrum on issues like global warming. Sen. Edward Kennedy (D., Mass.) is much more a friend of labor than Sen. Michael Enzi (R., Wyo.), who would reclaim the Health, Education, Labor and Pensions Committee. And with a new farm bill in the offing, cotton and peanut interests would be delighted to have Sen. Saxby Chambliss (R., Ga.) take back the Senate Agriculture Committee from Sen. Tom Harkin (D., Iowa.)

But lost in such speculation is the fact that whoever is chairman, nothing gets done in the Senate unless there is some larger consensus on the floor. As well as consigning them to the minority, November's elections left their mark on the mind-set of surviving Republicans as well.

When Sen. Joseph Biden (D., Del.), the incoming chairman of the Senate Foreign Relations Committee, announced January hearings on the administration's Iraq policy, for example, former Chairman Richard Lugar (R., Ind.) was supportive. And in the closing days of the 109th Congress last week, individual Republicans were showing more independence on budget and other issues from the White House, which can't expect the same level of support as in the past, whoever is in charge.

As A Senator Is Felled, A January Vote Looms Big (TIME)

By Karen Tumulty

Time, December 15, 2006

The incapacitation of South Dakota Senator Tim Johnson has put all eyes in Washington on what is normally a little-noticed Senate vote now scheduled for Jan. 4. It is called the "organizing resolution," and is the bit of internal housekeeping that determines how committee memberships will be allotted between the two parties, as well as who will get to serve as chairman and ranking members of each of the panels. These resolutions traditionally stand until the next Congress, even if the makeup of the chamber shifts to put the other party in the majority, which is why precedent would seem to dictate that the Chamber would stay in Democratic hands, even if Johnson is replaced by a Republican.

But don't count on it this time. Even if Johnson ultimately recovers from the congenital blood disorder known as arteriovenous malformation, which required emergency surgery Wednesday night, it now looks highly unlikely that he will healthy enough to vote on Jan. 4. With Johnson unable to vote, Democrats still have enough votes to win, with 50 votes (including the two independent Senators, Joe Lieberman of Connecticut and Bernie Sanders of Vermont) to 49 for the Republicans. But Democrats now fear the real possibility that Republicans will filibuster that resolution. They could insist — just as the Democrats did after the 2000 election that left the chamber evenly split, with Vice President Dick Cheney as the tie-breaker and one Republican Senator

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seriously ill — on an "out clause" that stipulates that control of the chamber goes to them if they somehow manage to achieve a majority during the course of the session. As both sides remember, that clause came in handy for the Democrats a few months later, when Vermont's Jim Jeffords abruptly declared himself an independent and gave the Democrats a one-vote majority. And the same thing could happen again, if Johnson or any other Democrat is replaced by a Republican ovr the course of the session.

If the Republicans filibuster, and the question drags on into January or even beyond, it presents another truly extraordinary possibility: a chamber with a new Democratic leader, but the existing set of Republican committee chairmen. That is because, until an organizing resolution is passed, incoming Majority Leader Harry Reid would have no control over the committees.

Ill Senator Is Called Responsive (NYT)

By Kate Zernike

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — Senator Tim Johnson, Democrat of South Dakota, was said to be in critical condition but "responsive" Thursday after an operation to stop bleeding in his brain, and Democrats declared that his condition would not imperil the narrow majority they will carry into the Senate next month.

The attending physician of the Capitol, Adm. John F. Eisold, who examined Mr. Johnson before he was sent to the hospital Wednesday, said the bleeding was caused by a rare tangling of the blood vessels in the brain, known as a congenital arteriovenous malformation, that physicians say often goes undetected. The operation successfully drained the blood and stabilized the problem, Admiral Eisold said in a statement released by Mr. Johnson's office.

"He has been appropriately responsive to both word and touch," Admiral Eisold said. "No further surgical intervention has been required."

For a second day, Washington and the political world were riveted by Mr. Johnson's condition and the possibility that it could undo the result of last month's Senate elections, which gave control of the chamber to the Democrats. While emphasizing that they were concerned only for Mr. Johnson and his family, members of both parties could not escape the dramatic if hypothetical implications should he die or be unable to continue in office: that South Dakota's Republican governor would name a replacement for the next two years and, assuming that replacement was a Republican, shift control of the Senate back to President Bush's party.

Mr. Johnson, who had attracted little attention outside of agriculture circles in his 10 years in the Senate and decade in the House, was suddenly in the spotlight, with cable news channels breaking in with every update on his progress.

Late in the afternoon, Mr. Johnson's wife, Barbara, said in a statement that he was responding to her voice and following directions after the operation, which began late Wednesday, and that he was reaching for her hand and holding it by Thursday morning.

A spokesman for Mr. Johnson said his doctors were watching to see whether bleeding recurred in the next 48 to 72 hours.

Doctors who specialize in the condition said that in the overwhelming majority of cases the bleeding does not cause long-term damage, particularly for someone who showed the symptoms Mr. Johnson did. But they said the outcome might not be known for weeks or months.

According to precedent, Mr. Johnson, who will turn 60 on Dec. 28, would lose his seat only if he died or resigned. In that case, Gov. Mike Rounds would choose a replacement to fill the vacancy until a special election in November 2008.

Even if Mr. Johnson is unable to vote in January, the Democrats would have a 50-49 majority in the Senate, which would allow them to pass a series of resolutions awarding them chairmanships and majority membership of committees.

Senator Harry Reid of Nevada, the Democratic leader, appeared before reporters and cameras on Thursday morning and said that he had just visited Mr. Johnson in his room and that "he looked great."

Mr. Reid declined to say whether he believed Mr. Johnson looked well enough to be able to return to the Senate, saying that anything he said would only raise more questions among reporters. "To me," he said, "he looked very good."

Mr. Reid, who spent much of Wednesday at the hospital, also said that he had spoken to Senator Mitch McConnell of Kentucky, the incoming Republican leader, and that both sides in the Senate were proceeding as they were before Mr. Johnson's illness, with the Democrats expecting to assume their 51-49 majority.

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"There isn't a thing that changes," Mr. Reid said, adding that the Republicans selected names for their smaller memberships of committees on Wednesday.

Mr. Johnson's illness highlighted the fragility of the Democrats' new majority. The Senate press gallery handed out copies of the relevant provisions of South Dakota election law, as well a special organizing resolution passed in 2001, when the Senate was split 50-50, that outlined how the two parties shared power.

In the South Dakota capital, Mr. Rounds appealed for prayers for the senator — not speculation about what would happen if he died.

Even some Republican lawmakers and aides criticized news coverage of Mr. Johnson's illness as ghoulish, saying it put too much emphasis on who would control the Senate and not enough on his health. Senator Trent Lott of Mississippi, who is to become the No. 2 Republican in the Senate in January, brushed off questions about procedures if the membership split 50-50. "We don't even want to talk about that," he told Fox News, adding, "I'd like to be in the majority, but I don't want to do it that way."

Mr. McConnell issued a statement titled "The recovery of Senator Tim Johnson" — emphasis on recovery. "I know all my Senate colleagues join me in praying for Senator Johnson's full and speedy recovery," he said. "Our thoughts are with his wife, Barbara, and his family during this time."

Mr. Reid said Mr. McConnell was "thoughtful" in a telephone conversation Wednesday. And Democratic aides said they had not received any Republican requests to discuss any power-sharing rules.

An estimated 300,000 Americans have arteriovenous malformations, said Dr. Jay P. Mohr, the principal investigator in a National Institutes of Health study of the condition and the director of the stroke center at Columbia University Medical Center. Most cases go undetected, Dr. Mohr said, and there is bleeding in only about 30,000. Of the patients with bleeding, Dr. Mohr said, only about 10 percent to 20 percent suffer damage severe enough that they can no longer function as they did before. About half are left with such minor problems, he said, that "they aren't sure they had a stroke."

Noah Pinegar, a spokesman for Mr. Johnson, said the senator began to stutter midday Wednesday during his weekly conference call with reporters from the Senate recording studio in the Capitol, then recovered and ended the call. He then walked back to his office across the street. Aides said that he seemed weak, but that he did not collapse as a Senate official had said earlier, and they summoned Admiral Eisold. The doctor sent Mr. Johnson by ambulance to George Washington University Hospital, where he underwent tests before the operation.

Specialists in the condition, while emphasizing that they did not know the specifics of Mr. Johnson's case, varied in their assessment of the likely damage. Dr. Mohr said that what had been reported — that Mr. Johnson could still hold the phone and walk — "suggests to me that the brain was not totally destroyed." Very likely, he said, doctors discovered blood that had leaked in the ventricles, which could be removed "with very little damage to the adjacent brain."

"He was able to get up and walk around and report to a local hospital," Dr. Mohr said. "These are the things that could make for a favorable result."

Good Wishes Pour In For Sen. Johnson (USAT)

By Peter Harriman And Kathy Kiely

USA Today, December 15, 2006

SIOUX FALLS, S.D. — The new, artificial Christmas tree for Sen. Tim Johnson's office here remained unopened in a long cardboard box. Instead, Johnson's office was filled Thursday with flowers and cards brought by a steady stream of well-wishers rooting for the senator's recovery from brain surgery.

One card was delivered by Benjamin Ready, a field representative for Republican Sen. John Thune. Johnson, a Democrat, beat Thune by 524 votes in the closest Senate race of 2002. When Thune was elected to the Senate two years later, the home-state colleagues vowed to make their Senate relationship work.

That bipartisan cooperation was evident after Johnson's surgery.

"They've been wonderful," Johnson's field representative Sharon Boysen said of Thune's staff.

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Rep. Stephanie Herseth, a Democrat and the state's lone member of the House of Representatives, and her staff "brought us lunch today," Boysen said. "There were Krispy Kremes here this morning." Boysen called the outpouring from the state "amazing."

Johnson's willingness to build a relationship with former rival Thune has become a model in the Senate. As South Dakota's senior senator lay in critical condition at George Washington University Hospital in the nation's capital, Johnson's Senate colleagues were following a page from his playbook.

"I know all my Senate colleagues join me in praying for Senator Johnson's full and speedy recovery," incoming Senate Republican leader Mitch McConnell of Kentucky said in a statement.

Last month's election gave the Republicans 49 votes in the Senate and the Democrats 51, including Joe Lieberman of Connecticut and Bernie Sanders of Vermont, elected as independents. Sanders and Lieberman voted for Sen. Harry Reid, D-Nev., as their leader and have said they will align and vote with the Democratic caucus next term.

If Johnson cannot finish his term and GOP Gov. Mike Rounds appoints someone from his own party as a replacement, power will shift to Republicans because in a 50-50 Senate, Vice President Cheney would break a tie.

No member of Congress has ever been forced out of office for reasons of physical infirmity, according to John Fortier of the American Enterprise Institute.

Fortier studied the history of congressional succession as executive director of the Continuity of Government Commission, a group formed after the 9/11 attacks to determine how Congress could continue if many members became incapacitated. During the 1940s, he said, the Virginia Legislature tried to remove Carter Glass, a Senate Democrat who missed nearly four years of votes before dying in office at the age of 84. That move, Fortier said, "didn't get very far."

South Dakota Sen. Karl Mundt, a Republican, offered to resign after being paralyzed by a stroke in 1969 but only on the condition that his wife be appointed in his place, said Donald Ritchie of the Senate Historical Office. Mundt's request was denied by South Dakota's governor, and the senator remained in office for more than three years, until his term expired. Ritchie said senators have not pressured ailing colleagues to leave.

"The Senate has never vacated a seat," he said. "It has always left that decision to the senator, the family or the voters."

Peter Harriman writes daily for the Argus Leader in Sioux Falls, S.D. Kiely reported from Washington.

Johnson 'Critical' After Surgery (WT)

By Charles Hurt

The Washington Times, December 15, 2006

Sen. Tim Johnson remained in critical condition last night from surgery to relieve bleeding inside his brain and untangle a malformation of arteries, although doctors and aides said his recovery from the major surgery was going on "without complication."

The South Dakota Democrat, who turns 60 this month, "was found to have had an intracerebral bleed caused by a congenital arteriovenous malformation," said Adm. John Eisold, the attending physician of the U.S. Capitol. "He underwent successful surgery to evacuate the blood and stabilize the malformation."

During a brief press conference yesterday morning, incoming Majority Leader Harry Reid, who had spent much of the previous 24 hours at George Washington University Hospital with Mr. Johnson, said the senator "looks great." He declined to answer any specific medical questions.

Late yesterday afternoon, Dr. Eisold issued another statement saying that Mr. Johnson, "has continued to have an uncomplicated post-operative course. Specifically, he has been appropriately responsive to both word and touch."

It is premature, he said, "to determine whether further surgery will be required or to assess any long-term prognosis."

The senator also underwent an additional procedure to prevent blood clots, which Johnson spokeswoman Julianne Fisher said was standard after the surgery. His office also said Mr. Johnson was responsive to his wife's voice.

It is also premature, aides on Capitol Hill said, to determine what affect Mr. Johnson's ailment might have on the Senate, where Democrats will enjoy a 51-49 caucus advantage over Republicans when the next session of Congress begins next month.

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If Mr. Johnson becomes unable to continue serving as the senior senator from South Dakota, a replacement would be named by the state's Republican governor, Michael Rounds. If Mr. Rounds were to choose a Republican as a replacement, it would give the party -- with Vice President Dick Cheney's tie-breaking vote -- a one-seat advantage.

Well before Mr. Johnson's illness surfaced Wednesday during a telephone interview with reporters, Senate Republicans had been negotiating with Democrats about the exact wording of the organizing resolution that is the first vote by the Senate and establishes ground rules for how the Senate operates.

Normally, there is no provision to allow control to change hands in mid-Congress -- even if the party that controls the chamber, for some reason, loses its majority.

In 2001, the last time the Senate teetered on such a narrow margin, Republicans allowed a clause to be included in the organizing resolution that would change control of the chamber if they lost their slim majority. A few months later, when Sen. James M. Jeffords of Vermont quit the Republican Party and caucused with Democrats, that clause gave Democrats control of the chamber.

Senate Republicans have argued to include the same clause in the upcoming organizing resolution but dropped any public reference to it since Mr. Johnson became ill. Yesterday, they were steering reporters' questions away from any calculations about any change in power.

Incoming Minority Leader Mitch McConnell, Kentucky Republican, issued a statement "on the recovery of" Mr. Johnson.

"I know all my Senate colleagues join me in praying for Senator Johnson's full and speedy recovery," he said. "Our thoughts are with his wife, Barbara, and his family during this time."

Democratic Senator Survives Brain Surgery (MCT)

By Margaret Talev

McClatchy Newspapers, December 15, 2006

WASHINGTON - Democrats said Thursday that they expect to take control of the Senate next month as planned, after Sen. Tim Johnson of South Dakota survived emergency brain surgery hours earlier.

The Capitol's physician, Adm. John Eisold, said an operation to drain blood from Johnson's brain had been successful and that he was "recovering without complication." Nevertheless, the 59-year-old Democrat remained in critical condition.

Aides and lawmakers wouldn't say whether Johnson would be able to return to work when the Senate convenes on Jan. 4, 2007 - or even if Johnson was conscious after surgery.

What mattered from a political perspective was that he was alive. A senator can be incapacitated or indefinitely absent without relinquishing his or her seat. If Johnson remains in office, Democrats will run the Senate with a 51-49 majority. (Sen. Joseph Lieberman of Connecticut won re-election as an Independent, but has vowed to join the Democrats for organizing purposes. So has Independent Bernie Sanders of Vermont.) Democrats also won a 31-seat majority - 233-202- in the House of Representatives in November's elections.

However, If Johnson were to vacate his Senate seat, South Dakota's Gov. Mike Rounds, a Republican, would name a replacement to serve the final two years of Johnson's term.

If Rounds appointed a Republican, that would lead to a 50-50 partisan split in the Senate, with Vice President Dick Cheney, a Republican, having the power to cast tie-breaking votes - including on top leadership posts and how committees are organized, said Senate historian Richard Baker. In that scenario, the Democrats' dramatic victory in November's mid-term Senate elections could be lost before they ever take power.

But that seemed increasingly unlikely Thursday.

"There isn't a thing that's changed," Sen. Harry Reid, D-Nev., the next majority leader, said in a midday update after briefing Sen. Mitch McConnell, R-Ky., the next minority leader. "The Republicans selected their committees yesterday. We've completed ours. . . .

"We're all praying for a full recovery," Reid said. "We're confident that will be the case."

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Reid spent much of the previous night at the George Washington University Hospital. Johnson was rushed there Wednesday afternoon from Capitol Hill after becoming disoriented and suffering other stroke-like symptoms. Other lawmakers and friends stopped by the hospital throughout the day Thursday.

Doctors ruled out a stroke or heart attack. Instead, they determined that Johnson has a congenital malformation that causes blood vessels in the brain to tangle and burst.

Eisold said Thursday morning that it was too soon to know Johnson's long-term prognosis or whether he would need another operation.

At 5 p.m., Johnson's office issued a second statement from Eisold, saying that Johnson "has continued to have an uncomplicated post-operative course. Specifically, he has been appropriately responsive to both word and touch. No further surgical intervention has been required."

Johnson's staff seemed upbeat. Around noon, several of his staff members gathered privately for pizza. One told a visitor, "He's going to be fine."

Sen. Trent Lott, R-Miss., who'll be the second-ranking Republican in the next Senate, told Fox News: "My expectation and hope is that Tim will recover fully and come back and we'll go to work. You know, I'd like to be in the majority, but I don't want to do it that way."

In the 20th century, several senators took extended absences for illness without resigning, historian Baker said.

Sen. Joe Biden, D-Del., missed seven months after surgery for a brain aneurysm in 1988. He's now incoming chairman of the Foreign Relations Committee.

Karl Mundt, a South Dakota Republican, had a debilitating stroke in 1969 but refused to leave until his term was up in January 1973.

Clair Engle, a California Democrat, could not talk or walk after brain cancer surgeries, but was brought into the chamber for a key vote on the Civil Rights Act of 1964 the month before he died.

Senator Tim Johnson Has Brain Surgery, Doctor Says (Update6) (BLOOM)

By William Roberts

Bloomberg, December 15, 2006

Dec. 14 (Bloomberg) -- Senator Tim Johnson underwent surgery to relieve bleeding in his brain and treat a congenital malformation of his arteries, his doctor said. Control of the new U.S. Senate may depend on Johnson's health.

Johnson, 59, is having an "uncomplicated" recovery, is responsive to word and touch and has not needed further surgery, Admiral John Eisold, the attending physician of the U.S. Capitol, said in a statement this afternoon.

Eisold said earlier today that Johnson "was found to have had an intracerebral bleed caused by a congenital arteriovenous malformation." He underwent "successful surgery to evacuate the blood and stabilize the malformation."

Johnson's wife Barbara said in a statement that after the surgery, Johnson was responding to her voice, following instructions, and reaching for and holding her hand.

He is in critical condition, said an aide to Johnson who asked to remain anonymous.

Johnson, a South Dakota Democrat, was taken by ambulance to George Washington University Hospital in Washington yesterday afternoon after becoming disoriented during a conference call with reporters.

Democrats would have a 51-49 majority in the next session of Congress that begins Jan. 4 if Johnson retains his seat. If his seat were to become vacant, South Dakota Governor Mike Rounds, a Republican, may appoint a Republican replacement, shifting the partisan balance to 50-50 and giving Republicans control through the tie-breaking vote of Vice President Dick Cheney.

Split

The Senate had a 50-50 split between Democrats and Republicans following the 2000 election. The parties negotiated a power-sharing arrangement under which Republican senators chaired committees that had equal numbers of Democrats and Republicans. Leaders of both parties shared control of legislation reaching the Senate floor.

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Democrats took the majority back five months later when Senator James Jeffords of Vermont quit the Republican Party and became an independent who voted with the Democrats.

Senate Democratic leader Harry Reid of Nevada, who recovered from a mild stroke last year, said Johnson looked good during a visit at the hospital and is confident he will have a full recovery.

"There isn't a thing that has changed," regarding Democratic control of the Senate in the next Congress, Reid said.

Confident

Johnson is one of 26 Democratic senators whose death or resignation would jeopardize Democrats' control of the chamber because their successor would be appointed by a Republican governor. That number will fall to 18 in January when the governorships of Arkansas, Colorado, Maryland, Massachusetts and New York switch to Democratic from Republican control.

House Speaker Nancy Pelosi said at a press conference today that Johnson "is recovering and we are hopefully going to get some good news." She refused to address how his illness might determine control of the Senate.

First lady Laura Bush said she and President George W. Bush learned of Johnson's condition this morning.

"We're praying, like I know all the people of South Dakota are, for his very, very speedy recovery," she said in an interview on CBS's "Early Show."

Vacancies

While vacancies aren't uncommon in the Senate, they can only occur "by death or resignation," said Richard Baker, the Senate historian.

"There either has to be a death certificate or there has to be a letter of resignation," he said. "Nobody has the power to determine a vacancy for a person who is still living."

Some lawmakers in the past have kept their seats in spite of long illnesses.

In 1969, South Dakota Senator Karl Mundt, a Republican, suffered a stroke that prevented him from voting, according to Slate, an Internet-based daily magazine. He kept his seat for three more years after South Dakota's governor refused his request to appoint Mundt's wife to replace him, Slate reported.

In the 1940s, Senator Carter Glass of Virginia, an 87-year- old Democrat, failed to vote for two years of votes due to illness while refusing calls to retire, Slate reported.

Johnson became disoriented while on a conference call with South Dakota and regional reporters at about 11:45 a.m. Washington time yesterday, according to Noah Pinegar, an aide to the senator.

Stutter

Johnson appeared to stutter in response to a question, then seemed to recover, asking if there were any additional questions before signing off, the Associated Press reported.

Johnson later walked with aides from the Capitol back to his office in the Hart Senate Office Building, a distance of about two city blocks, Pinegar said. Aides called the Capitol's attending physician, and Johnson was later taken by ambulance to the hospital. Johnson was conscious and talking throughout, Pinegar said.

Johnson went into brain surgery at approximately 7 p.m. Washington time last night and emerged at 12:30 a.m. today, according to Julianne Fisher, Johnson's spokeswoman.

"He came through the surgery and is doing well," she said.

The extent of impairment to Johnson's motor and cognitive functions is likely to become clear over the next two to three days, Fisher said.

"After having a surgery like this, the thing to do is wait," Fisher said.

Larry B. Goldstein, a Duke University neurologist, said it appears that Johnson was born with a malformation of brain blood vessels that burst, causing a type of stroke.

'No Symptoms'

"They can cause absolutely no symptoms for a lifetime or they can cause bleeding without warning," Goldstein, a spokesman for the American Stroke Association, said in a telephone interview today.

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Johnson's surgeons would have performed an operation to remove the blood clot and seal off the weakened vessels using one of several approaches, Goldstein said. Strokes can alter speech, memory, personality, vision, gait, and the ability to move one's arms and legs.

"There could be no consequences or, if it's an important area of the brain and it's a large area, they could be severe," Goldstein said.

Johnson, an advocate for U.S. farmers and agricultural commodity producers, is in his second term in the Senate. He was re-elected in 2002 by just 528 votes out of more than 334,000 cast. An attorney, he had served five terms in the House of Representatives from 1986 to 1996 before winning his Senate seat. He is up for re-election in 2008.

Control Of Senate At Issue As Sen. Johnson Undergoes Brain Surgery (CQ)

By Martin Kady II

Congressional Quarterly, December 15, 2006

UPDATE (5 p.m.) — Johnson's office has released the following statement: "Admiral John Eisold, Attending Physician of the United States Capitol said, 'Senator Tim Johnson has continued to have an uncomplicated post-operative course. Specifically, he has been appropriately responsive to both word and touch. No further surgical intervention has been required.'"

Written by Martin Kady II and Martha Angle.

Sen. Tim Johnson remained in critical condition in George Washington University Hospital on Thursday following surgery for bleeding in the brain, as Capitol Hill swirled with speculation about the impact of his condition on control of the Senate in the 110th Congress.

Admiral John Eisold, attending physician of the U.S. Capitol, said in a statement Thursday morning, "Subsequent to his admission to George Washington University Hospital yesterday, Senator Tim Johnson was found to have had an intracerebral bleed caused by a congenital arteriovenous malformation. He underwent successful surgery to evacuate the blood and stabilize the malformation."

The statement said Johnson was "recovering without complication in the critical care unit," but cautioned it was "premature to determine whether further surgery will be required or to assess any long-term prognosis."

Johnson's condition immediately raised questions about control of the Senate in the 110th Congress, which convenes Jan. 4. Democrats won a 51-49 edge in the November elections, but the Senate cannot function without the adoption of an organizing resolution.

That resolution is subject to filibuster, and if Republicans refused to adopt it on grounds that Johnson is incapacitated and incompetent to fulfill his duties, the chamber would be at a standstill. At the same time, only Johnson himself — or his family, acting under a power of attorney — could resign his seat, creating a vacancy that South Dakota's Republican governor would fill. A Republican successor would create a 50-50 tie, giving the GOP operational control as a result of Vice President Dick Cheney's tie-breaking vote.

If Johnson survives, the Democrats would still be in control by 50-49 until and unless he resigned.

The South Dakota Democrat was admitted to the hospital at midday Wednesday after being examined at his Capitol Hill office by a Senate physician. Johnson, who will turn 60 in two weeks, realized something was wrong when he stuttered inexplicably during a conference call interview with reporters earlier in the day.

If Johnson dies or resigns before the end of his term, which runs through 2008, an interim replacement would be appointed by South Dakota Republican Gov. Mike Rounds to serve the remainder of his term. The seat would be filled permanently in the regular 2008 November general election.

Such a scenario would create a 50-50 Senate tie in the 110th Congress, with Cheney giving the GOP control. That was the situation that prevailed at the start of the 107th Congress, when the 2000 elections resulted in a 50-50 tie. Democrats held up adoption of an organizing resolution for months while they negotiated equal representation on all Senate committees and an even division of staff and budgets. But all chairmanships and control of the Senate floor remained with Republicans.

In June 2001, Republican James M. Jeffords of Vermont left the GOP and became an independent aligned with Democrats, shifting control of the Senate to them for the remainder of that Congress. Reid at Johnson's Bedside

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Democrat Harry Reid of Nevada, who is in line to become the new Senate majority leader next month, rushed to the hospital on Wednesday after Johnson was transported there and returned to his colleague's bedside again Thursday morning. He was joined by former Senate Democratic leader Tom Daschle of South Dakota, who is a close friend of Johnson's.

Reid told reporters Thursday that Johnson "really looks good." But he refused to answer questions about whether the senator was conscious and did not answer directly when asked whether Johnson would be able to serve in the new Congress.

"We all pray for a full recovery and believe that will be the case," Reid said.

Asked about the impact on control of the Senate, Reid said, "There isn't a thing that has changed."

He said he had talked with Sen. Mitch McConnell, R-Ky., who will be the top GOP leader in the new Congress, but their conversation focused on Johnson's health, not the impact of his condition on organizing the Senate.

Democrats were proceeding with their preparations for the new Congress on the assumption that they will be in control.

Johnson, who was expected to chair the Ethics Committee, was first elected to the Senate in 1996 after serving five terms in the House. He won re-election in 2002, narrowly defeating Republican John Thune, who went on to oust Daschle from the Senate in 2004 and his now Johnson's colleague.

Johnson is a cancer survivor, having undergone successful surgery for prostate cancer in 2004. No Exact Precedent

Never in Senate history has a death or vacancy switched the balance of power in the way it would if Johnson died or resigned, according to the Senate Historian Don Ritchie. In the House, however, the balance of power switched in 1930 between the November election and the start of the new Congress. Back then, a new Congress was sworn in the March after the election. A total of 14 members died and a variety of special elections switched control of the House from Republicans to Democrats by the time the Congress was actually seated in December 1931, Ritchie said.

In the Senate, no such power shift has ever taken place. During the 83rd Congress, in 1953-1954, Republicans started with a small majority, but nine members died throughout that Congress, giving Democrats the voting majority. However, Republicans maintained formal control of the chamber because the organizing resolution had already been adopted and Republicans could have filibustered any new one that switched control to the Democrats.

Johnson's situation is unique because there is no Congress in session, and his long- term prognosis is uncertain. His family, through its power of attorney, does have the power to resign on his behalf if necessary.

That occurred in Maryland's 5th District a quarter-century ago. Rep. Gladys Noon Spellman, D-Md., suffered a massive heart attack in 1980 but won re-election. She never recovered, however, and her family said she could not serve. Democrat Steny H. Hoyer, who will serve as the House majority leader in the 110th Congress, was elected to succeed her in a special election.

Johnson does not need to be sworn in at the beginning of the 110th Congress because he is in the middle of his term.

Even if Johnson remains unable to attend to his regular Senate duties for a long period, he can still remain in office, according to Senate historian Richard Baker. There is no constitutional provision for the removal of incapacitated senators.

On the contrary, there is ample precedent for senators being absent for long periods due to health issues, including a former senator from South Dakota, who suffered a stroke in 1969. Republican Sen. Karl Earl Mundt (1948-1973) remained technically in office through the final years of his last term because he refused to resign.

In 1964, California Democrat Clair Engle (1959-1964), who had been absent from the Senate for months due to a brain tumor that had paralyzed him, was wheeled into the Senate on a gurney during the roll call vote on the landmark 1964 Civil Rights Act. Unable to speak, when his name was called, he lifted his arm and pointed to his eye, indicating an "aye" vote. He died in office.

More recently, in 1988, Sen. Joseph R. Biden Jr., D-Del., took a seven-month leave of absence to recover from brain surgery.

Baker said, given the history and tradition of the Senate, a senator remains a senator "as long as he's alive and breathing."

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I think that whatever happens with the technicalities, the Congress should respect the wishes of the voters, who clearly stated their desire for who should lead our country. To swoop in and wrest control seems despicable and opportunistic.

Posted by Stuart at 1:10 PM; Dec. 14, 2006

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If it comes down to an appointment, wouldn't it be something if Gov. Rounds appointed a Dem. After all, the people of SD elected a Dem. It would be an approriate honoring to Sen Johnson and his family. Might even tend to unite our country.

Posted by harold richardson at 1:55 PM; Dec. 14, 2006

It is unthinkable that the whim of a governor could change the balance of power in the congress as decided by the electorate.

Posted by Carl Berge at 2:47 PM; Dec. 14, 2006

As part of my exercising my obligations as a citizen, I have written to Senator Johnson at least once a month since the aftermath of Nov 2004 selection.

I follow his voting record and query him on it. I've urged him to initiate or participate in actions that would bring great changes to this status quo.

Senator Johnson has answered every letter, explaining his position both ideologically and politically in lengthy, literate and clear replies obviously written to me, in no way formated.

While he is not a grand-stander, his ego takes a back seat to getting things done for SD in a manner of bipartisanship that he must have had long before we lost Senator Daschle.

Finding info about him on the net under his hospital was difficult since most references were to meetings, speeches, agreements he was working with them for easing the burdens of seniors v Medicare. Behind the scenes yet in the top third of senatorial power brokers.

Posted by Pamela Rose PhD at 3:41 PM; Dec. 14, 2006

Why will the Senate have only 99 members "unless and until Johnson resigns"? That can happen only if Johnson doesn't vote. If you know that he can't vote in January, please cite your sources. In any case please explain why a 50-49 majority could result in a filibuster. Is it any less a majority than 51-49, or do you have information that a two vote margin would result in a filibuster?

Posted by wallace sanders at 5:06 PM; Dec. 14, 2006

Senator Recovering From Brain Surgery (CHIT)

By Christi Parsons And Jeremy Manier

Chicago Tribune, December 15, 2006

WASHINGTON -- Colleagues kept a close watch Thursday on Sen. Tim Johnson (D-S.D.) as he recovered from brain surgery in a local hospital, offering hopeful reports about his condition while also quietly calculating its potential to determine control of the Senate for the next two years.

Democrats emerged from Johnson's hospital room saying he was doing well in the day following his surgery, although neither prospective Senate Majority Leader Harry Reid nor former Sen. Tom Daschle of South Dakota gave details about Johnson's health. Adm. John Eisold, the Capitol physician, said Johnson had been "responsive to both word and touch" and that he didn't immediately need any more surgery.

Johnson was responding to the voice of his wife, Barbara, and following directions after the surgery, the senator's office said in a statement, adding, "He was reaching for and holding her hand."

While friends adopted a positive tone about Johnson's state of health, staffers and elected officials were analyzing every conceivable version of political events to come over the next few weeks, during which time Democrats have been expecting to assume control of the Senate. If Johnson, 59, were to resign, Republican Gov. Mike Rounds of South Dakota could appoint any replacement he wished.

Reid (D-Nev.) said there is no reason to think Democrats would not take the reins when the new Congress takes office. Johnson "really looks good" and friends are "confident" of his full recovery, he said after visiting the ailing two-term senator on Thursday.

"There isn't a thing that's changed," Reid said. "I have a very busy schedule today, going ahead and getting ready for the next year."

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As long as a senator is alive, there is no way to legally remove him or her from office for health reasons, experts said. The Democrats are set to have a 51-49 majority in January. If Johnson were unable to attend the organizational Senate session and cast a vote, the Democrats and one independent could still vote 50-49 to install Reid and other Democrats in positions of leadership for the next two years.

But Johnson's resignation or death would most likely mean a Republican replacement and therefore a 50-50 split, with Republican Vice President Dick Cheney, who serves as president of the Senate, holding the tie-breaking vote.

Eisold said that Johnson had sustained an intracerebral bleed caused by a malformation of arteries, and that he underwent surgery to evacuate the blood. He said Johnson's surgery was successful and that, as of late Thursday, he had "continued to have an uncomplicated post-operative course." Specialists say it can take days to wake up after the kind of emergency surgery Johnson underwent late Wednesday.

More than 90 percent of patients who suffer a brain hemorrhage like Johnson's make a good recovery, though it is common for that process to take several months, experts said. Key points to watch will be whether the senator can hold a conversation, make normal movements and avoid a potentially fatal recurrence of bleeding.

"This condition has a better prognosis than most serious illnesses," said Dr. Matthew Fink, chief of stroke and critical care neurology at the New York-Presbyterian Hospital/Weill Cornell Medical Center.

Although Johnson's office said Wednesday that he did not have a stroke, medical experts said that is the correct term whenever a patient experiences bleeding in the brain, as Johnson did. In his case, the stroke stemmed from a rare condition in which some major arteries and veins in the brain are connected directly, rather than through a series of smaller blood vessels.

That direct connection produces strain akin to plugging a home appliance into a main power generator, said Dr. Mark Alberts, head of the stroke program at Northwestern University. Over time the strain can weaken veins in the brain and cause them to rupture.

Assuming Johnson's medical team caught his hemorrhage at an early stage, Johnson stands a good chance of recovering in a period of weeks to months, doctors said.

"It sounds like he's stable, which is good," Alberts said.

Once Johnson's doctors are sure they have treated the immediate problem of bleeding, they will need to fix, possibly through more surgery, his underlying disorder, whose technical name is arteriovenous malformation, or AVM. Only thorough treatment of the disorder can ensure that a patient will not experience bleeding again.

Although it is rare for patients to come through a serious stroke with no long-term effects, experts said Johnson's problem is somewhat less likely to produce long-term problems than a stroke caused by blockage of a major artery.

Just weeks after the fall elections spelled a dramatic turnaround of the House and Senate from Republican to Democratic control, Johnson's health scare could possibly mean a surprising reversal for the upper chamber.

But senators have held on to their seats despite serious health problems. One former South Dakota senator, Republican Karl Mundt, had a stroke in 1969 and then refused to resign until January 1973, said Senate historian Richard Baker.

More recently, Sen. David Pryor (D-Ark.) suffered a heart attack in 1991 and was out from April until September of that year. Sen. Joseph Biden Jr. (D-Del.) was out for several months in 1988 as a result of a brain aneurysm, Baker said.

And in 1964 Sen. Clair Engle (D-Calif.)—unable to speak because of a brain tumor—cast a critical "aye" vote for the Civil Rights Act by solemnly lifting his hand and pointing to his eye to signal affirmation.

Nothing in the Constitution, in law or in Senate rules provides for the ouster of a member for health reasons, Baker said.

"The Constitution has specific requirements for a senator, such as age, citizenship and residency, but not robust health," he said. "The idea was to give the Senate and its members independence."

Only once in history has control of the chamber changed in the middle of a session. In 2001, Sen. James Jeffords of Vermont, elected as a Republican, announced he would instead caucus with Democrats as an independent, giving Democrats a one-vote majority. And because of the narrowness of the majority prior to that, Democratic leaders had negotiated a deal at the beginning of that Congress that they would change party control if the majority shifted during the term, according to Baker.

In this case, Republicans may still try to negotiate such a deal before the new Congress is sworn in.

Christi Parsons reported from Washington and Jeremy Manier reported from Chicago.

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Senate Is Loath To Remove Disabled Members (LAT)

By Janet Hook

The Los Angeles Times, December 15, 2006

WASHINGTON — Carter Glass was the dean of the U.S. Senate and chairman of the Appropriations Committee when he became incapacitated with heart trouble in the 1940s. The enfeebled octogenarian was absent from the Capitol for four full years, unable to answer a roll call on the Senate floor, cut off from all visitors by his wife.

Local newspapers began to clamor for his resignation, but the Virginia Democrat refused. His Senate colleagues allowed Glass to keep his seat, and even his powerful chairmanship.

That was more than a half-century ago, but it illustrates an enduring tradition in one of the world's most exclusive clubs: Never has the Senate forced its members out of office because they have become physically or mentally incapable of serving.

That hands-off protocol could be a big boon to Democrats today, as they ponder the possibility that Sen. Tim Johnson, D-S.D., could be incapacitated for months or longer following emergency surgery to treat bleeding in his brain. If Johnson dies or leaves office before the new Congress convenes next month, it will erase Democrats' fragile 51-49 majority and return control of the Senate to Republicans.

But if he survives and history is any guide, the only force that will drive Johnson from office before his term expires in 2008 is a decision by the senator himself or his family. The Senate -- not state governors or voters -- has the constitutional power to force a member out, but has been loathe to use it.

"No one in the Senate wants to have that kind of responsibility for judging whether another member is capable or not," said Don Ritchie, associate Senate historian. "The Senate is a family, as well as a club. There's a real sense of sticking together."

There have been a couple of examples of House seats being declared vacant because of inability to serve, but they involved cases where lawmakers were elected while incapacitated and were unable to take their seats. Most recently, Gladys Noon Spellman, a longtime House member from Maryland, suffered a heart attack and went into a coma shortly before election day in 1980, but her name remained on the ballot and she was re-elected. Because she was still in a coma when the new Congress convened, she was unable to be sworn in, and her family eventually asked that her seat be declared vacant.

Aging and infirm politicians are able to linger in the halls of Congress in part because they are surrounded by armies of aides who can obscure a distressing reality, both to the public and the politician.

Sen. Strom Thurmond, R-S.C., who turned 100 while still in office, was so frail at the end of his career that he could hardly walk onto the Senate floor without gripping the arms of staff members.

"They made sure he showed up to vote, and that's what counted," said Ritchie.

But history is replete with examples of other infirm lawmakers who could not even show up to vote, talk or maintain consciousness -- and yet were allowed to keep their seats.

In the mid-19th century, Sen. Charles Sumner of Massachusetts was absent from the Senate for more than three years after being beaten with a cane on the Senate floor by Rep. Preston Brooks of South Carolina in a dispute over slavery. Despite Sumner's incapacity, the Massachusetts legislature re-elected him.

In 1964, a California Democrat voted in the Senate even when he could not speak. Clair Engle, partially paralyzed by repeated operations for brain cancer, was carried onto the Senate floor to cast a key vote on the Civil Rights Act. Voiceless, he pointed to his eye to signify an "aye" vote.

A previous occupant of Johnson's South Dakota Senate seat, Karl E. Mundt, suffered a debilitating stroke in 1969 and was in a coma for a long period of time. He refused to resign, even under pressure from fellow Republicans who feared the GOP would lose the governorship in 1970, and remained formally in his seat until his term expired in 1973.

Sen. Joseph R. Biden Jr., D-Del., was away from the Senate for seven months in 1988 for brain surgery. While recovering at Walter Reed Army Medical Center, he shared a suite for three months with another incapacitated senator, John Stennis, D-Miss., who continued as chairman of the Senate Appropriations Committee even after the loss of a leg to cancer slowed him considerably.

When Stennis' predecessor as Appropriations chairman, Glass, refused to quit, Virginia newspapers were near unanimous in calling for his retirement. The Staunton News Leader led the call with a mid-1945 editorial: "It is plainly the duty of Mrs. Carter

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Glass to make it clear to her husband that his age and physical condition disbar him from further duty in the Senate and to prevail on him to tender his resignation."

But Glass hung on, even though he was away from the Senate from June 1942 until his death in May 1946. It probably helped that he remained nominally in charge of the committee that holds Congress' purse strings.

"He was a powerful, influential senator, and no one wanted to remove him," said Ritchie.

Democratic Sen. Johnson In Stable Condition After Brain Surgery (WP)

By Charles Babington

The Washington Post, December 15, 2006

Sen. Tim Johnson (D-S.D.) was in stable condition yesterday after emergency brain surgery, prompting optimism among family and friends and at least temporarily stanching speculation that the Democrats' narrow control of the next Senate might be in jeopardy.

But Capitol aides predicted tough negotiations between the two parties early next month over the rules for organizing the new Senate, particularly those that would address the possibility that a Democratic seat could be vacated because of illness or death.

Even if Johnson recuperates fully, aides and advisers said, Democrats will be painfully aware that they remain one fatal illness -- or one party switch -- away from a Republican claim on their majority, which has stood at 51 to 49 since the Nov. 7 elections. The two parties may clash in particular over an agreement made in 2001 that enabled Democrats to seize the majority after one Republican senator switched parties. Republicans are likely to try to revive the precedent, according to the congressional aides, and Democrats are likely to fight it.

Johnson, 59, was rushed from his Senate office to George Washington University Hospital on Wednesday, suffering from bleeding in the brain caused by a congenital tangle of blood vessels, the U.S. Capitol physician said yesterday.

"He underwent successful surgery to evacuate the blood and stabilize the malformation," said the physician, Adm. John Eisold. He later said that Johnson "has continued to have an uncomplicated post-operative course. Specifically, he has been appropriately responsive to both word and touch. No further surgical intervention has been required."

Senate Democratic leader Harry M. Reid (Nev.) and former party leader Thomas A. Daschle (S.D.) visited Johnson at the hospital Wednesday and yesterday. Reid later told reporters at the Capitol that Johnson "really looks good" and was receiving "the best care." He declined to say whether Johnson was conscious during his visits.

The Constitution provides for governors to fill U.S. Senate vacancies, whereas House vacancies must be filled through elections. Johnson can remain in the Senate through the end of his term, regardless of his medical condition. In recent decades, senators have missed up to four years of votes because of illness or old age without giving up their seats.

Should Johnson's seat become vacant before Jan. 4, South Dakota Gov. Mike Rounds, a Republican, could replace him with a Republican, resulting in a 50-50 Senate when Congress opens. Vice President Cheney, as Senate president, would break tie votes in the Republicans' favor, giving them the majority.

If Johnson's or any other Democrat's seat switches to the GOP after the new Senate is underway, however, even Cheney's tie-breaking powers could leave Republicans facing a difficult-to-impossible battle to seize control. Barring an agreement to the contrary, Democrats could filibuster efforts to reorganize the chamber and proceed to assume committee chairmanships.

"There isn't a thing that's changed," Reid said of his party's 51 to 49 edge. Both parties have made their committee assignments, he said, and he is "getting ready for the next year."

Sen. Trent Lott (R-Miss.) told Fox News: "My expectation and hope is that Tim will recover fully and come back and we'll go to work. You know, I'd like to be in the majority, but I don't want to do it that way."

Although Johnson's illness was the talk of Washington yesterday, politicians in both parties refrained from publicly discussing how the two-term senator's illness might affect the incoming 110th Congress. A few Democratic lobbyists and their spouses were dining Wednesday night at Sesto Senso, an Italian restaurant near Dupont Circle. As they discussed Johnson's condition, they folded their hands as if praying for him, a gesture that appeared tinged with political as well as heartfelt sentiments.

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Daschle said in an interview: "I am encouraged. He is doing reasonably well. . . . There was progress today."

Reid would not entertain the possibility that Johnson's illness could conceivably cost his party the Senate majority before the 110th Congress convenes in three weeks.

Senate seats can become vacant between elections only by death or resignation. "There is no mechanism" to remove even a severely incapacitated senator against his or her will, said the associate Senate historian, Donald A. Ritchie. In the 1940s, he said, then-Sen. Carter Glass of Virginia missed four years of votes and other Senate activities yet held his seat.

In 1964, Ritchie said, then-Sen. Clair Engle of California was wheeled into the chamber despite suffering from a brain tumor. "He pointed to his eye" to indicate his "aye" vote for an important measure, Ritchie said.

If Johnson's recovery should leave him unable to attend the new Congress's opening, Democrats would still hold a 50 to 49 voting edge and the majority.

Republicans have health concerns of their own. Sen. Craig Thomas (R-Wyo.) won election to a third six-year term on Nov. 7 and began treatment for leukemia two days later. A Senate vacancy in Wyoming would be filled by Gov. Dave Freudenthal, a Democrat.

In 2001, Republicans controlled a 50-50 Senate, thanks to Cheney's tie-breaking authority. The chamber suddenly shifted to Democratic control when Sen. James M. Jeffords (Vt.) left the GOP and caucused with Democrats.

Republicans might have managed to thwart the power shift had they not agreed earlier to an organizing resolution granting majority privileges to Democrats if they achieved a numerical advantage. Without that agreement, Republicans might have been able to filibuster or otherwise block Democrats' efforts to reorganize the chamber in their favor.

Daschle negotiated the 2001 deal for his party. Asked if GOP leaders are likely to seek similar language in the next Senate's organizing resolution, Daschle said via e-mail that "it is reasonable to expect that the precedents we set in '00 and '01 will serve as a guide in '07."

Senate Republican leader Mitch McConnell (Ky.) declined to comment on such matters yesterday, saying only that he wished Johnson a full and speedy recovery.

Reid's and McConnell's efforts to negotiate the next Senate's organizing rules could prove challenging, because both parties are in a position to block the rules' adoption through unlimited debate. Republicans might cite the 2001 language as a precedent, said Reid spokesman Jim Manley, but Democrats will note that the rules for the subsequent Senate -- which Republicans controlled 51 to 49 -- contained no such provisions.

Congressional aides said the 51 to 49 Democratic edge could play into the hands of senators such as Joseph I. Lieberman (Conn.). Elected last month as an independent after losing the Democratic primary, he is the subject of frequent speculation that he might emulate Jeffords by joining the GOP if his Democratic colleagues displease him.

Senators may rush to support Lieberman's bills, one GOP aide said yesterday, "and if he holds a fundraiser, everybody will be there."

Experts Optimistic About Senator's Recovery (WP)

By David Brown

The Washington Post, December 15, 2006

The experience of other people who have suffered bleeding from arteriovenous malformations inside the brain suggests that Sen. Tim Johnson (D-S.D.), who underwent emergency surgery for that condition Wednesday night, has at least a 50-50 chance of full recovery.

The 59-year-old senator may need another operation or other procedure to completely defuse the abnormal tangle of blood vessels inside his head that he was born with. But statistics suggest that his chance of suffering another bleeding episode in the near future is less than 10 percent and that his brain function is likely to improve from now on.

"I think his prognosis for recovery is very good," said Laligam Sekhar, a neurosurgeon at Harborview Medical Center in Seattle and former chairman of neurosurgery at George Washington Medical Center, where Johnson was treated. "Any disability now is going to depend on where the malformation was and what his condition was going into surgery."

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Johnson's physicians provided no details on his condition. But the senator's office said he responded to his wife's voice and held her hand, and the Capitol physician, John Eisold, said he is "appropriately responsive to both word and touch" -- suggesting that he is conscious and may be able to communicate.

Many people harbor arteriovenous malformations (AVMs) unknowingly for decades. When they bleed, 10 to 15 percent of patients die within hours, 35 percent suffer permanent disability and about 50 percent recover more or less completely. The prevalence of AVMs is not known with precision, though one estimate is that about one-half of 1 percent of people have them.

They are often described as looking like "a bag of worms." They can be different sizes and may grow over time, though most apparently arise from a defect present at birth.

As their name implies, arteriovenous malformations are abnormal growths in which arteries feed directly into veins. Blood in the arteries is under high pressure, and the veins are not built to handle the pressure. Over time, the stress can cause them to leak -- or burst.

Johnson's first reported symptom was a sudden loss of coherent speech while he was on a telephone call with reporters. That suggests he may have had a small bleed near the brain's speech center, which in 90 percent of people is on the left.

Outside its normal channels, blood is highly irritating and can cause small arteries to clamp shut and temporarily starve local areas of oxygen and nutrients. A less likely explanation is that irritation by the AVM itself caused a localized seizure. In either case, a small part of the brain could be stunned and its functions temporarily lost.

Johnson did not immediately undergo surgery, which suggests that his symptoms diminished after he went to the hospital. Details of his treatment were not released, but he almost certainly had brain scans that revealed both the bleeding and the presence of the malformation.

Later, however, he was taken to the operating room. That suggests something happened -- probably a new hemorrhage and new symptoms.

"With an AVM, you are not rushed to emergency surgery unless you either rebleed or the consequences of the hemorrhage force you to operate because the pressure inside the brain is too high," said Robert Spetzler, head of the Barrow Neurological Institute at St. Joseph's Hospital in Phoenix and a leading authority on treating the condition.

The purpose of the operation would have been to reduce the pressure by taking out the clotted blood and to stop the bleeding. Some or all of the AVM might also have been removed, though that is often hard to do.

The surgery is difficult and dangerous. If the bleeding is coming from a weakened vein "downstream" of the defect, the surgeon cannot simply tie off that area. High-pressure blood will continue to flow in and will have an even smaller route out -- raising the pressure in the malformation even higher.

"If he ligates the vein first, it just basically explodes in his face," said William O. Bank, chief of neuro-interventional radiology at Washington Hospital Center.

Instead, the surgeon must cut off the flow in the arteries feeding the malformation. There may be many; if the bleeding is extensive, they may be hard to find; and getting to them may require touching the already highly unstable defect.

"It becomes very technically difficult," Bank said.

If the bleeding can be stopped, most surgeons will leave definitive treatment of the AVM for another day, once the patient has recovered. A neuroradiologist will thread a catheter from an artery in the thigh into the brain and release a dye that will fill the AVM and outline its structure.

The radiologist can then inject a gluelike substance that shuts down blood flow in the arteries to the AVM. Alternatively, a surgeon can cut the malformation out. AVMs can also be cauterized from outside the skull by crossing beams of gamma radiation and causing pinpoint burns in the blood vessels, which then form scar tissue and close off.

An AVM has about a 10 percent chance of bleeding a second time in the six months after a first hemorrhage. After that, the risk falls to what it is before the first bleed -- about 3 to 4 percent a year.

Senator's Chances Are Mixed For Recovery From Rare Disorder (WSJ)

By Sarah Lueck

The Wall Street Journal, December 15, 2006

DOJ_NMG_0106727

WASHINGTON -- The blood-vessel abnormality that put South Dakota Sen. Tim Johnson in the hospital is relatively rare. Patients who suffer from it may have a good shot at recovery, depending on how much bleeding they have suffered.

Arteriovenous malformations, or AVMs, are tangles of blood vessels that disrupt the flow of blood and are believed in most cases to be present from birth. An estimated 300,000 Americans have AVMs of the brain or spinal cord, but only about 36,000 show symptoms, according to the National Library of Medicine, a part of the National Institutes of Health. In the case of brain AVMs, patients might experience symptoms such as headaches, seizures and visual disturbances.

One of the biggest dangers of AVMs is bleeding in the brain, as Mr. Johnson had. An estimated 5% to 10% of people with AVM ruptures die, said M. Sean Grady, chairman of the neurosurgery department at the University of Pennsylvania Health System in Philadelphia. That is much better than the 50% survival rate associated with aneurysms, he added. And when ruptures are caught early, as appears to have been the case with Mr. Johnson, quick action to repair the bleeding can improve chances for survival and recovery.

Mr. Johnson underwent a five-hour surgery to remove the blood and stabilize the AVM. A statement from Capitol physician John Eisold released late yesterday afternoon said the lawmaker had been "appropriately responsive to both word and touch."

In the coming days, doctors will begin to ascertain whether Mr. Johnson may have sustained permanent damage, how much if so, and how long he might take to recover. If he regains function quickly after surgery, recovery might take only a month or so. If he doesn't bounce back quickly, prospects for recovery are more variable and uncertain, but can take six months to a year.

"You can be hopeful about having a very good outcome," said Daniel Hanley, a professor of neurology and head of brain-injury outcomes at Johns Hopkins University in Baltimore. "We do know surgery can be successful; we also know it's not always successful."

Little is known about the details of Mr. Johnson's situation. And in terms of how he might have been affected long term, much depends on the extent of the bleeding he suffered and the size and location of the AVM.

Judging by the speech difficulty Mr. Johnson experienced before he was stricken, the malformation probably was on the left side of his brain, which controls speech, Dr. Grady said. Patients with damage in this area may have difficulty generating speech or may have paralysis on the right side of their bodies, he added.

Physicians can find AVMs using imaging technologies. Removal of the AVM, through surgery or other means, may be considered, but this is a matter of some debate in the medical community. Decisions have to be made on a case-by-case basis, because the surgery carries risks. The National Institute of Neurological Disorders and Stroke, part of the NIH, is working with Columbia University to learn more about AVMs with a long-term study.

Malformation Caused Johnson's Bleeding (USAT)

By Kathy Kiely

USA Today, December 15, 2006

WASHINGTON — Democratic Sen. Tim Johnson was "responsive to both word and touch" Thursday evening following emergency brain surgery but the uncertainty of his long-term prognosis casts doubt on the nation's political landscape.

Adm. John Eisold, attending physician of the U.S. Capitol, said in a statement the two-term senator has not required further surgery since doctors at George Washington University overnight stopped bleeding. The condition, caused by a malformation of blood vessels, is congenital. It was undiagnosed in Johnson, who turns 60 on Dec. 28.

Johnson was stricken Wednesday afternoon, as he had trouble talking to reporters in a conference call. His illness comes as Democrats prepare to take control of the Senate on Jan. 4 with 51 votes, including those of two independents.

If Johnson is unable to complete the remaining two years of his term, it would be up to South Dakota's Republican Gov. Mike Rounds to appoint a replacement, presumably from his party.

That would shift the balance of power in the Senate to the GOP because Vice President Cheney, a Republican, would cast the vote to break a 50-50 tie.

Republicans at the Capitol showed no signs that they will press for Johnson to resign. Johnson, first elected in 1996, is up for re-election in 2008.

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"My expectation and hope is that Tim will recover fully and come back," Sen. Trent Lott, R-Miss., who will serve as his party's deputy leader next year, said on Fox News. "I'd like to be in the majority, but I don't want it to be that way."

Senate Democratic leader Harry Reid of Nevada said he is continuing to organize for a Senate run by his party. "There isn't a thing that has changed," said Reid, after visiting Johnson at the hospital. "To me, he looked very good."

Wishes for Johnson's recovery came from lawmakers in both parties and President Bush.

"Our prayers are with Sen. Johnson," said White House press secretary Tony Snow. "He's a great guy."

Eisold on Thursday morning called it "premature" to forecast the senator's long-term prognosis, or whether he will need more surgery. Patients with Johnson's condition frequently require a second operation to remove the problem blood vessels, according Sean Grady, chief of neurosurgery at the University of Pennsylvania.

Grady said such operations "can pose a very high risk" depending on where the damaged blood vessels are in the brain.

In a statement issued by Johnson's office, the senator's wife, Barbara, said her family is "encouraged and optimistic."

Birth Defect Led To Stroke In Senator, Doctors Say (NYT)

By Lawrence K. Altman

The New York Times, December 15, 2006

Senator Tim Johnson suffered an unusual form of stroke, one due to bleeding into his brain from an abnormality present from birth, according to a statement from Adm. John F. Eisold, the attending physician of the Capitol, and interviews with neurological experts.

Mr. Johnson, 59, is in an intensive care unit at George Washington University Hospital after undergoing emergency surgery for the stroke late Wednesday. He is being heavily sedated to rest his brain, a standard treatment after such surgery.

Mr. Johnson, a Democrat from South Dakota, is expected to be in intensive care for several days — also standard — while doctors determine if any brain damage occurred that would affect movement or intellectual ability. Admiral Eisold and experts not involved in Mr. Johnson's case said it was too early to tell how well he might recover.

Admiral Eisold and Mr. Johnson's family have not said where in the brain the bleeding occurred or how large the hemorrhage was, and they have not disclosed other factors that could be important in determining the seriousness of his illness. For example, it is not known whether doctors had previously detected the malformation in Mr. Johnson's brain.

One expert, Dr. David J. Langer of Manhattan, said that the type of stroke and the speed with which the doctors operated offered a guarded prognosis.

"The fact that he had emergency surgery after an event during the day suggests that he had bleeding that was life-threatening," said Dr. Langer, who directs cerebro-vascular neurosurgery at St. Luke's-Roosevelt, Beth Israel and Long Island College Hospital. "You don't just take the blood out to take it out, you only take it out when a life is threatened," he said, "and that means he was deteriorating in his level of consciousness. There would be no other reason for an emergency operation."

Dr. Langer said that if Mr. Johnson's condition was deteriorating rapidly, doctors most likely did not have time to obtain critical details from a magnetic resonance imaging scan and probably operated after performing a CT X-ray scan. In general, malformations of the sort that caused Mr. Johnson's stroke are best detected on M.R.I.'s.

In such circumstances, Dr. Langer said, neurosurgeons often cannot determine the cause of the bleeding until they operate.

Dr. David S. Liebeskind, associate director of the University of California, Los Angeles, Stroke Center said that surgery for arteriovenous malformations can be as complex as any involving the brain.

In Mr. Johnson's favor, said Dr. Liebeskind, is that "it sounds like they caught this problem fairly early" and "could intervene before further damage occurred."

But he and other experts said that Mr. Johnson's prognosis would depend in part on what doctors observe as they monitor and test him over the next few days.

Standard care would involve seeking evidence of swelling of his brain and signs of further bleeding as well as preventing seizures. The doctors will monitor Mr. Johnson's heart function in part because such strokes can put great stress on the body.

The doctors are expected to lighten the sedation after a few days to look for damage.

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Dr. Lee H. Schwamm, director of acute stroke care at Massachusetts General Hospital in Boston, said that initial findings may not reflect a patient's long-term outcome.

Patients with mild neurological disabilities usually recover well. But patients with serious disabilities do not necessarily have a bad outcome and can recover significantly.

Studies have shown that fewer than 0.5 percent of people have arteriovenous malformations and that some forms of them are hereditary.

The malformations are characterized by a direct connection between arteries and veins. Normally, blood vessels known as capillaries serve as the connections.

Although the malformations are present from birth, it often takes years for the pressure to build to the point of rupturing.

Doctors have been detecting arteriovenous malformations more frequently since the introduction of CT and M.R.I. scans beginning in the mid-1970's. Before then, doctors had no way to detect such malformations until they bled.

The malformations are sometimes found on scans among patients who receive them after complaining of headaches and nonspecific symptoms. But many such incidentally detected malformations are small, leaving doctors uncertain whether and how to treat them. This is among the reasons that Dr. Jay P. Mohr at Columbia University is leading a federally sponsored study to determine among other things whether it is better to operate early or to watch and wait.

What Is Arteriovenous Malformation, Or AVM? (LAT)

By Thomas H. Maugh Ii

The Los Angeles Times, December 15, 2006

An arteriovenous malformation, or AVM, such as that suffered by Sen. Tim Johnson (D-S.D.) is like the four-level interchange writ large — a complicated, tangled mass of blood vessels that connect arteries to veins but serve no useful purpose.

Present at birth, the tangles lie hidden and symptom-less in the brain for decades. But eventually, the constant pressure produced when the muscular arteries pump blood directly into the weaker, more fragile veins causes the veins to spring small leaks.

Often the bleeding stops spontaneously and the victim is not aware of anything other than perhaps a headache. Occasionally, the bleeding is more severe and the patient, like Johnson, suffers a full-fledged stroke.

The chances for survival and recovery depend on how soon the stroke is detected and treated and where in the brain the AVM is located.

Johnson's stroke was detected quickly when he suffered aphasia — a difficulty understanding or expressing language and completing sentences — during a telephone conference call and surgery was performed within hours.

His surgeons have not revealed where the AVM was located, so forecasting his recovery is difficult.

"We need to know where it was located, how big the blood clot was and what it was pressing on," said Dr. John Frazee, a neurosurgeon at UCLA's Geffen School of Medicine. "If it destroyed important tissue because it was deep in the brain, it could have a serious effect. If it was located peripherally, it might not do much damage at all."

The fact that Johnson is healthy, is not overweight and apparently does not suffer from hypertension increases his odds of recovery, Frazee said.

AVMs affect an estimated 300,000 Americans, according to the National Institutes of Health. Each year, about 12% of them suffer symptoms severe enough to be noticeable, and 1% die from bleeding into the brain.

Typically, the stroke produced by an AVM is less severe than that produced by an aneurysm, according to Dr. Keith Siller, medical director of the Comprehensive Stroke Care Center at NYU Medical Center in New York.

An aneurysm occurs in an artery, where the blood is under higher pressure, and a rupture can be devastating. "An AVM is more of a lower level lesion because a vein is bleeding and it is under lower pressure. Usually the prognosis is better and the disability is less than it is with an aneurysm."

There are several ways to attack an AVM, depending on where it is and the urgency of the situation. Often, interventional radiologists will begin by threading a thin catheter through an artery to the site of the AVM, where they will use beads, glue or coils to block the artery, preventing blood from reaching the weakened or bleeding area.

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Often that is sufficient to cure the problem. Sometimes, it is necessary to surgically remove the mass of tangled vessels to prevent more problems.

When the tangle is actively bleeding, the first recourse is to seal it surgically, remove clotted blood and ease pressure at the same time. But that is tricky, Siller said, because of the risk of damaging healthy brain tissue during the procedure.

Because there are no specific events that trigger bleeding in an AVM, Frazee tells surviving patients that there is no reason to change their lifestyle. He does recommend against the use of aspirin, ibuprofen and similar drugs because, if bleeding does recur, they could make it worse.

Senator's Improvement Connected To Control Of Chamber (LAT)

By Noam N. Levey

The Los Angeles Times, December 15, 2006

WASHINGTON — With control of the Senate potentially hanging in the balance, Democratic Sen. Tim Johnson showed signs of recovering Thursday from emergency surgery to relieve bleeding in his brain.

Johnson, 59, remained in critical condition. But Adm. John Eisold, the Capitol physician, said the South Dakotan was making an "uncomplicated" recovery and did not appear to require more surgery a day after being rushed from his office to George Washington University Hospital.

As Johnson lay in the critical care unit less than three miles from Capitol Hill, senior lawmakers sought to downplay talk of a possible shift in power in the Senate. Still, Johnson's health underscored the Democrats' tenuous hold on the chamber in the two-year congressional session that begins in early January.

If Johnson dies or resigns, South Dakota's Republican governor has the power to appoint a replacement that could wipe out the 51-49 majority the Democrats won in November's election.

Because a 50-50 tie would be broken by Vice President Dick Cheney, control of the Senate would revert to Republican hands.

Speculation about such a shift coursed through the Capitol after Johnson was taken to the hospital Wednesday afternoon after he became disoriented during a conference call with reporters.

Subsequent testing found internal bleeding in his head linked to a condition known as arteriovenous malformation, a congenital defect that produces a tangle of arteries and veins. In rare cases, the condition can prove fatal.

Emergency surgery Wednesday night relieved the bleeding, according to Eisold.

In a statement released by Johnson's office, Eisold said that in the wake of the surgery, the senator "has been appropriately responsive to both word and touch. No further surgical intervention has been required."

Johnson's wife, Barbara, said in a statement that the family was "encouraged and optimistic" about her husband's recovery prospects.

Because the senator made it through the operation without incident, his odds of survival are high, experts said. However, it is unclear whether or to what extent he might be afflicted with permanent impairment.

Those with arteriovenous malformation in the brain can suffer physical weakness, speech problems or paralysis, depending on where in the brain the malformation is located.

Even if Johnson is permanently incapacitated, history suggests there is little chance he would have to relinquish his seat. The Senate never has forced a member out of office for health reasons, even when senators spent years unable to make it to the floor to cast a vote.

The political consequences if Johnson's seat were to become vacant fueled a scramble for constant updates on his health and a rush to analyze any arcane Senate rule or South Dakota law that could come into play in replacing him.

If a Republican took over the seat, Sen. Mitch McConnell, R-Ky., presumably would become majority leader and the GOP would continue to determine the issues considered by the chamber. Democrats still would control the House, which the party won in November's vote, but Democratic hopes of a Congress united in challenging President Bush's policies -- especially concerning the war in Iraq -- would be dashed.

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Sen. Harry Reid, the Nevada Democrat slated to become majority leader when the next Congress convenes, traveled to the hospital Wednesday night shortly after word surfaced of Johnson's health problem. Thursday morning, Reid declined to give a prognosis. "Whatever I say about his medical condition would not be enough for you," he said. He added, "He looked very good."

Elsewhere on Capitol Hill, Senate librarians were sent digging into the congressional record for information on how the chamber operated when it was split 50-50 after the 2000 elections

At that time, Republicans assumed control of the chamber and its committees because Cheney was the incoming vice president. But as the Senate convened in January 2001, leaders from both parties struck an agreement in which representation on committees and staffing for those panels were split evenly.

That accord ended five months later, when Republican Sen. James M. Jeffords of Vermont decided to become an independent who caucused with Democrats. That gave Democrats control of the chamber.

Republicans won back the majority in the 2002 election and held it in the 2004 vote.

The election code in South Dakota gives the governor the power to fill a vacant Senate seat, said Chris Nelson, the secretary of state. An election for the seat would occur in November 2008.

Johnson's term is due to expire then anyway, and GOP Gov. Mike Rounds has been mentioned as a strong potential candidate against him.

Johnson held South Dakota's lone House seat before winning election to the Senate in 1996. He barely won re-election in 2002, defeating Republican John Thune by less than 550 votes. Thune then beat Democrat Tom Daschle, the Senate minority leader, in a highly contentious battle in 2004.

Johnson's close call has made him a top target for GOP strategists eyeing the 2008 campaign.

A centrist who has largely has avoided the spotlight, Johnson gained some attention in 2002 when he voted for the invasion of Iraq at the same time his son was in theArmy. Johnson's son went on to serve in Afghanistan and Iraq.

Sen. Johnson Seldom In The Spotlight (AP)

By Laurie Kellman

AP, December 15, 2006

Tim Johnson is a rare senator who almost never has sought the spotlight. Asked by a local columnist if he ever tires of being described as boring, Johnson replied: Not at all.

"He's not one of the flashy stars that's always looking for the camera in D.C.," said Bill Richardson, head of the political science department at Johnson's alma mater, the University of South Dakota.

But long before the two-term senator's medical crisis this week, Johnson won national attention by keeping Democrats guessing about whether they could count on his vote.

He bucked his party by being only one of three Democrats to vote to confirm Justice Samuel Alito's nomination to the Supreme Court. He voted to ban late-term abortions. He said yes to a constitutional amendment to ban flag burning, anathema to most in his party.

And then there was perhaps the defining vote of Johnson's career: whether to authorize the use of military force in Iraq. Johnson voted yes, though he had a very personal reason to vote no: his oldest son, Brooks.

Then 32 and a staff sergeant with the Army's 101st Airborne Division, Brooks would be among the first sent to the region, Johnson knew.

"I talked to Brooks prior to this vote and his response was, 'Dad, you do what is right for the country and I'll do what is right as a soldier,'" Johnson recalled. "I said on the (Senate) floor that it's very likely I would be sending my own son into combat."

Brooks has since returned safely and had a son, one of Johnson's three young grandchildren, according to the senator's Web site.

Johnson acknowledged that some view him "as this sort of dour Scandinavian."

"But I think that we Scandinavians have a sense of humor, too," he said in a 2002 interview with The Associated Press. His wit is described by many as self-deprecating.

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Political drama was nowhere to be found in Johnson's childhood. So low-key was his family that Johnson didn't know his parents' political affiliation until he went to college (they were Democrats).

The political bug bit Tim Johnson at 17, when he attended the 1964 Republican National Convention in San Francisco. After law school, he went on to serve in the state House and Senate.

In 1986, Johnson was narrowly elected to the U.S. House seat vacated by Tom Daschle, who had been elected to the Senate.

A decade later, Johnson defeated Sen. Larry Pressler, then the chairman of the Senate Commerce Committee. Johnson was barely re-elected to a second term, beating Republican John Thune by only 524 votes.

He has suffered serious illness before, battling prostate cancer in 2004. His wife, Barbara, has twice faced breast cancer. They have three children.

Columnist David Kranz of the Sioux Falls, S.D., Argus Leader — the one who asked Johnson about being considered dull — wrote that all the fuss over his medical condition "would be appalling" to the steady, unassuming senator.

An Unfamiliar Spotlight For An Unassuming Senator (NYT)

By Monica Davey

The New York Times, December 15, 2006

SIOUX FALLS, S.D., Dec. 14 — Thanks to an intersection of misfortune and simple arithmetic, the illness of Senator Tim Johnson, a no-frills, no-fanfare Democrat and a fourth-generation South Dakotan, swiftly turned into a topic for speculation across the country.

But the last place Mr. Johnson, 59, would ever want to find himself, people in his state say, is smack in the center of the national spotlight, and especially over the partisan split in the Senate. And the same holds true for many ordinary South Dakotans.

Here in a state of about 770,000, people said they were reeling on Thursday from the prospect of being thrust into a national political scramble, repulsed by all the talk in Washington of possible succession, and, most of all, waiting anxiously for news about the health of the senator many residents simply call Tim.

"He works quietly — silently," said Jan Nicolay, a former Republican legislator who served in the statehouse in Pierre when Mr. Johnson was a lawmaker there. "He doesn't do grandstanding and he never looks for publicity. He's a quiet, behind-the-scenes worker who doesn't play party politics and who wouldn't like all this attention one bit."

In Pierre, Sioux Falls and Vermillion, Mr. Johnson's hometown, political leaders from both parties refused to speculate about what could happen if he were not to return to the Senate.

John Thune, the state's other senator and a Republican, issued a brief statement encouraging South Dakotans to keep Mr. Johnson in their prayers. Russ Levsen, a spokesman for Representative Stephanie Herseth, a Democrat and the state's only member of the House, said she had issued a similar plea, as did Gov. Michael Rounds, a Republican.

But beyond the prayers, most political leaders said little, or nothing — at least not publicly.

"South Dakotans find all this talk of succession to be completely unnecessary and distasteful at this point," Mr. Levsen said.

In the case of a vacancy in the Senate, state law calls for Mr. Rounds to appoint a replacement for the remainder of the term.

Some historians here pointed to another health crisis, in which the provision was never used: In 1969, Senator Karl Mundt, Republican of South Dakota, suffered a debilitating stroke, but remained in office for four more years.

In South Dakota, Republicans control both the House and the Senate, and the state has generally voted Republican for president, most recently giving President Bush nearly 60 percent of the vote in 2004.

But it is also a state where Democrats, like former Senator Tom Daschle, Ms. Herseth and Mr. Johnson have thrived — mostly, people here say, on their individual appeal.

"The truth is, if you asked most people here what party Tim Johnson belongs to, they would tell you they don't know," said David Kranz, the longtime political columnist for The Argus Leader of Sioux Falls. "When people say 'Why has he done so well?' the answer is that he really has never done anything that made people mad. And he isn't real loud and noisy about it, but he doesn't always vote with his party."

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Mr. Johnson, who earlier served in the State Legislature and the United States House, has cast votes, Mr. Kranz said, that may not have played well within his party nationally but that South Dakotans largely supported. He voted to confirm Samuel A. Alito Jr. to the Supreme Court and for President Bush's tax cuts.

Here, Mr. Johnson is the guy who will sit for hours to talk, not run off when the cameras turn off; the great-grandson of a South Dakotan who homesteaded near Centerville; the man whose family has "already taken its share" (cancer both for him and his wife, Barbara, and deployments for their military son, Brooks, to places including Iraq).

Never flashy, never loud, maybe even a tad dull.

"He's a fine young man," said Donna Schafer, a Republican state legislator who, like so many other people here, has a personal link to Mr. Johnson's family. (She taught one of his sons in school years ago.) "I was out with a group last night — Republicans and Democrats — and everyone of them was just struck at how tragic this is."

House Considers Independent Ethics Panel (AP)

By Erica Werner

AP, December 15, 2006

House leaders are creating a bipartisan task force on whether to establish an independent ethics panel to police the House, Speaker-to-be Nancy Pelosi said Thursday.

Pelosi, D-Calif., said Republican leader John Boehner of Ohio has agreed to the idea. The task force has not been set up yet, but it will be expected to report back in March, she said.

Pelosi offered no details on what the outside ethics group might look like, saying that would be up to the task force.

"There is no question that the ethics process in the last couple of years has lost the confidence of the American people," Pelosi told a news conference. "I'm hopeful that it's possible that we can have an outside entity that will restore that confidence."

Congress has been hit by a series of ethical black eyes, including the page scandal, the Jack Abramoff lobbying scandal, and the bribery scandal that sent former Republican Rep. Randy "Duke" Cunningham to prison.

The House ethics committee has been largely inactive throughout. It concluded last week that Republican lawmakers and aides failed for a decade to protect male pages from sexual come-ons by former Rep. Mark Foley, R-Fla., but that no rules were broken and no one should be punished.

Establishment of a permanent outside enforcement entity has been a priority of ethics reformers, but such proposals have failed to become law in the past. In March, the Senate voted 67-30 to reject creation of an Office of Public Integrity to oversee ethics violations by lawmakers.

Among the no votes were incoming Senate Majority Leader Harry Reid, D-Nev., and Sen. Dianne Feinstein, D-Calif., who will head the Senate Rules Committee, which has jurisdiction over ethics and lobbying.

Feinstein is concerned that an outside panel could be abused by people aiming to publicize grudges, spokesman Howard Gantman said. She will not include the proposal in ethics legislation she is introducing next month but is considering holding a hearing on such ideas.

Members of the Senate ethics committee have objected to an outside panel, saying they could investigate wrongdoing themselves. Some lawmakers also believe the Constitution gives members of Congress the responsibility to police themselves, not give the job to outsiders.

Some senators plan to revive the public integrity office idea next year, including Republican Susan Collins of Maine and Democrats Joseph Lieberman of Connecticut and Russ Feingold of Wisconsin.

Democrats have complained about a "Republican culture of corruption," a theme of November's elections in which they wrested control of Congress from the GOP. They promised to vigorously pursue an ethics overhaul; Pelosi pledged to enact lobbying changes as part of her agenda for Congress' first 100 legislative hours.

Proposals include banning lobbyist-paid meals and gifts and privately funded travel, forcing lobbyists to disclose more of their activities and requiring lawmakers and senior staff to wait two years instead of one to lobby their former colleagues after leaving Capitol Hill.

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Democrats also want to make lawmakers disclose authorship of "earmarks," the home state spending projects often slipped into bills with little disclosure. Lawmakers would have to disclose any post-employment job negotiations.

Bills that would put in place some of these changes passed the House and Senate this year, but negotiators could not reach agreement on final legislation. The efforts were criticized as too weak by watchdog groups.

Fred Wertheimer, president of the ethics watchdog group Democracy 21, welcomed Pelosi's proposal. "Unless we replace the current failed enforcement process with a new one, we face the same problem of ethics rules being ignored that we've seen in the past," he said.

For at least one of Pelosi's House Democrats, her plan did not go far enough.

"I would conclude that the study process is unnecessary," said Rep. Mike Castle, D-Del., contending an outside enforcement entity should be offered as part of Pelosi's first 100 hours. "My goal is to make this ethics process as strong as possible, and that doesn't include studies — it only includes action."

First Steps Toward Ethics Reform In Congress (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 15, 2006

WASHINGTON

Even as Democrats vowed this week to tackle ethics reform head on when they take up the gavels on Capitol Hill in January, they are already wary of land mines that could shatter their bid to rebuild Congress's image.

Citing the mandate from voters in the midterm elections to clean up a culture of corruption, incoming House speaker Nancy Pelosi promised a sweeping reform agenda Thursday, including a first-ever "outside enforcement mechanism" for congressional ethics.

"The ethics process over the last few years has lost the confidence of the American people," she said in a briefing with reporters, where she predicted the "most honest and open Congress in history."

Other elements unveiled this week include a ban on "earmarks" or member projects for fiscal year 2007, a five-day congressional workweek to better process "the people's business," and a new oversight panel on intelligence along the lines proposed by the 9/11 Commission back in 2004.

But even as House Democrats try to burnish their image on ethics, they are being forced to work around the legal woes of their own members, including two in key positions.

The reelection of Rep. William Jefferson (D) of Louisiana in a runoff, despite the $90,000 in possible payoffs that federal investigators found stashed in his home freezer, stunned many of his colleagues, who had expected the eight-term lawmaker to lose the contest. To defuse criticism, Ms. Pelosi and the Democratic Steering Committee denied Mr. Jefferson his request to keep a seat on the powerful Ways and Means Committee, pending the outcome of a federal investigation.

Rep. Alan Mollohan (D) of West Virginia is facing a federal investigation over earmarks he sponsored and profitable real estate deals. He is in line to chair the subcommittee that oversees the budget of the agency that is investigating him - a decision now pending in the House Appropriations Committee. Some members of the Congressional Black Caucus say that Democrats are holding Mr. Jefferson, who is black, to a higher standard than they are Mr. Mollohan. Republicans say both cases signal that Democrats face their own culture-of-corruption issues.

Other potential pitfalls for ethics reform are the unfinished spending bills, including the thousands of earmarks attached to them.

Democrats could have just slogged through the bills, as Republicans did with leftover spending legislation when the GOP took back control of the Senate in 2003. Instead, Democrats last week opted to pass a joint resolution that is expected to keep spending for FY 2007 at the level of FY 2006 - with some adjustments - and put a hold on earmarks until FY 2008.

"It is not a perfect solution, but it is the best available given the fiscal mess the 109th Congress has left behind," said Pelosi and incoming Senate majority leader Harry Reid in a joint statement.

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Fiscal watchdog groups praised the decision to eliminate earmarks for this fiscal year, but say Democrats will need to be more explicit about reforms than they have been to date if they are to clean up the corruption and appearance of wrongdoing associated with the earmark process.

"There is a serious intent to make some dramatic changes in how Congress operates, but whether here is the political will to enact proposals that will actually do that remains to be seen," says Ellen Miller of the Sunlight Foundation, a new coalition to promote transparency and accountability in government.

Others are waiting to see the details. "Democrats need to do more than disclose the sponsor and recipient of an earmark. They must also limit the number and amount that can be spent on earmarks, prohibit earmarks not subject to a committee hearing...," says Tom Schatz, president of Citizens Against Government Waste. Only two Democrats voted last week to require the Pentagon to evaluate the effectiveness of earmarks, he adds.

In the Senate, meanwhile, Democrats are still working on a comprehensive ethics package. "Ethics, lobby, and earmark reform will be the first bill we'll do," says Democratic leadership spokesman Jim Manley.

But this week, they are also concerned about whether they will lose control of the chamber. Sen. Tim Johnson (D) of South Dakota was rushed to the hospital for emergency surgery Wednesday. If he is unable to serve, the Republican governor of South Dakota, Mike Rounds, would appoint his replacement. Should he choose a member of his own party, the new Senate, which is divided 51-49, would become 50-50. Because Vice President Dick Cheney would cast any tying vote, the Senate would revert to Republican control. In the past, however, senators have served despite being incapacitated.

"No one has ever been removed from the Senate on the grounds of physical or mental incapacity. It's only been on the grounds of treason," says Senate historian Richard Baker. The Senate expelled 14 senators for treason during the Civil War - the last time a senator has been removed. Over the years, senators have been absent for months at a time when coping with disability. "The Constitution is specific on qualifications to be a senator, and one of them is not robust good health," Mr. Baker adds.

Page Board Chair Wants Monthly Meetings (AP)

By Ken Thomas

AP, December 15, 2006

The incoming chairman of the congressional Page Board said Thursday he hopes the panel will meet monthly and expand its membership to help prevent another scandal.

Rep. Dale Kildee, D-Mich., who will become the panel's chairman when Democrats take control of the House next year, said the board should meet regularly with directors of the program's school and dormitory and those who supervise the students during their work in Congress.

"I think it's a very, very good program and the problem with the program was not the pages — it was a member and those who should have been more vigilant when this thing broke," Kildee said in an interview with The Associated Press.

Kildee said he supports incoming House Speaker Nancy Pelosi's call reform of the program. Pelosi said Monday she intends to introduce legislation early in the new Congress to increase oversight of the page program, require regular board meetings and add a parent of a current and a former page to the board.

An ethics committee report last week on former Rep. Mark Foley's improper sexual advances toward male pages found no evidence that lawmakers or aides violated any rules. But it noted a pattern of conduct among many people involved "to remain willfully ignorant of the potential consequences" of Foley's conduct.

Foley, R-Fla., abruptly resigned his seat Sept. 29 after sexually explicit computer messages sent to teenage pages were disclosed in media reports.

Kildee, a former high school Latin teacher and board member since 1985, said the panel had "gone six or seven months without meeting" before the public learned of Foley's salacious messages and "a lot of members weren't even aware that there even was a page board."

"Hopefully, though, the whole Congress will learn from this and recognize what our responsibility is," Kildee said. He said Congress has "an obligation" to approve reforms to the program shortly after it convenes in January.

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After Foley's resignation, Kildee criticized the Page Board chairman, Rep. John Shimkus, R-Ill., for not informing other board members about over-friendly e-mails from Foley to a page.

According to the report, Shimkus and the House clerk met with Foley in the fall of 2005 about e-mails sent to one page, but Foley assured them he was only acting as a mentor to the boy. After Foley resigned, Shimkus told the other Republican member of the Page Board — Rep. Shelley Moore Capito of West Virginia — why he never informed Kildee.

Shimkus said, "Dale's a nice guy, but he's a Democrat, and I was afraid it would be blown out of proportion," the report said.

Kildee said he would "have called for a page board meeting. When you have a 52-year-old person writing even what they thought at the time were overfriendly text messages to 16-, 17-year-olds, that should raise some alarm bells."

The Page Board consists of three lawmakers, the House clerk and the sergeant at arms. The board does not run the program day-to-day but watches over it. Teenagers from around the country, sponsored by lawmakers, attend a congressional school and perform messenger jobs.

Pelosi: GOP To Get 1 Chance To Amend Top Democratic Bills (WSJ/DJ)

By John Godfrey

Wall Street Journal/Dow Jones, December 15, 2006

WASHINGTON (Dow Jones)--House Republicans will be given only one chance to amend or debate a plan to curb oil and gas subsidies and other Democratic priorities, incoming House Speaker Nancy Pelosi, D-Calif., said Thursday.

Pelosi is to become Speaker of the House when Democrats take majority control of the House in January. Legislation cutting subsidies to oil and gas producers is one of Democrats' top six priorities for their first 100 hours in power.

Pelosi said Thursday that the oil and gas legislation along with bills cutting student loan interest rates and requiring the government to negotiate prescription drug prices for Medicare would not go through the normal legislative process.

Normally, legislation is subjected to hearings and then considered by the committees of jurisdiction before being brought to the House floor. Pelosi said Thursday that because the measures are well known and have been voted upon in the past, the bills would be brought directly to the House floor for a vote.

And Republicans would be given only one chance to amend the bill through a procedural maneuver known as a motion to recommit, Pelosi said.

"They would have the motion to recommit," Pelosi said.

"These are not new to the Congress," Pelosi said at a press conference Thursday morning.

"All of these have been vetted through the committee process, some of them have even passed on the floor," Pelosi said.

For example, legislation requiring oil companies to pay royalties on federal leases when the price of oil surpasses $40 per barrel has "passed the House not once, but twice."

Likewise, the House has voted in various forms to dapprove an increase in the federal minimum wage and to increase funding for stem cell research, Pelosi said.

But because the details of their plans have not been made public, it is unclear whether portions of those plans won't have been vetted.

For example, Democrats have promised to offset the cost of cutting student loan interest rates.

The most likely target will be student loan subsidies paid by the federal government to lenders. While Congress pared back those subsidies in a budget bill this year, Congress has not debated in the past the estimated $12 billion in further cuts that would be required.

GOP Misses Chance To Reshape Environmental Laws (LAT)

By Bettina Boxall

The Los Angeles Times, December 15, 2006

If ever there was a Congress in which Republicans were positioned to remake the nation's environmental laws, it was the 109th. But by the time the session ended last week, the GOP's environmental agenda had been largely thwarted.

Whether it was rewriting the Endangered Species Act, opening up most of the nation's coastline to oil and gas drilling, or selling off public lands in the West, Republicans failed to enact a range of ambitious proposals.

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"It was the best chance for Republican-shaped initiatives for as long we can remember," said Daniel Kemmis, senior fellow at the Center for the Rocky Mountain West at the University of Montana.

Republicans began the session with majorities in both chambers, a sympathetic president, and a tough-talking property rights champion in charge of a key environmental committee.

That they went home empty-handed, Kemmis and others say, is testament to a changing, greening West; the pitfalls of overreaching; and an emerging alliance between environmentalists and a traditional GOP base, hunters and anglers.

"The so-called hook-and-bullet constituency has become more concerned about protecting public lands, protecting open space in general. I don't think that's going to change," he said.

Though Republicans came close to opening up Alaska's Arctic National Wildlife Refuge to oil drilling, the goal eluded them.

Ben Lieberman of the conservative Heritage Foundation called it "quite striking" that the legislation died despite $3-a-gallon gasoline, an oilman in the White House and growing public support. The GOP expanded oil drilling in the Gulf of Mexico but did not muster enough votes to lift a long-standing federal ban on new oil and gas drilling off much of the nation's coastline.

"I just don't think the Republicans made the case that these changes could be made in an environmentally friendly way and in a way that would make a real difference at the pump or in terms of electricity prices," Lieberman said.

A proposal by House Resources Committee Chairman Richard W. Pombo (R-Tracy) to slash royalty payments on oil shale production on federal land died. So too did a House-passed bill that would have restricted environmental reviews of salvage logging to remove dead or dying trees in national forests.

Legislation tying the designation of new federal wilderness areas in Utah and Idaho to the sale of public lands for development never reached Bush's desk. The administration proposal to raise money for a rural schools program by selling off national forest parcels was scrapped in the face of congressional opposition.

And Pombo's legislation to overhaul the Endangered Species Act, requiring the government to pay property owners if the law restricted their land use, was blocked in the Senate by moderate Republican Lincoln Chafee of Rhode Island.

Neither Pombo nor Chafee will return to the Capitol to continue their duel, as both were defeated in the midterm election.

As House resources chairman, Pombo, a passionate foe of the Endangered Species Act and a defender of property rights, was in a key position to advance his agenda. But his reputation for anti-environmental rhetoric made the seven-term incumbent a polarizing figure.

"I think anything Pombo did would have been perceived as overreaching because people expected his committee to gut the ESA. But I really don't see his bill as overreaching," said Terry Anderson, a senior fellow at Stanford University's Hoover Institution. "I think it was in large part a dose of what conservative conservation would be about."

Pombo also talked of revamping another pillar of environmental law, the National Environmental Policy Act. That effort never made it out of committee.

"It's really hard to get controversial bills passed; it takes a long time," mused Myron Ebell, an energy expert with the Competitive Enterprise Institute, a pro-market group.

Wilderness Society Executive Vice President Don Barry, an Interior Department official under the Clinton administration, said the GOP had its own boldness to blame for the string of defeats.

He cited the Bush administration's proposal to auction national forest parcels. The idea inflamed sportsmen groups concerned about losing access to public land and was eventually disowned by even conservative Republican senators in the West.

"I think it was a huge miscalculation," Barry said. "They found the hunting and fishing community just totally in revolt. It blew up in their faces, and the next thing you know, you have people like [Montana GOP Sen.] Conrad Burns denouncing it."

The GOP won passage of forest thinning legislation in 2003, and made a variety of other gains, though most of them resulted from the Bush administration's use of executive power.

The administration revoked a ban on snowmobiles in Yellowstone National Park; expedited oil and gas drilling on western federal lands, including areas nominated for wilderness protection; and rewrote air pollution regulations at the oil industry's

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request. It also dropped a Clinton-era road-building ban in national forest backcountry, although that move was recently overturned by a federal judge.

The interior West has traditionally been a stronghold of anti-government sentiment favoring development of public lands. But the political landscape is shifting as newcomers migrate from the coasts, more Democrats get elected, and local economies diversify beyond ranching, mining and logging.

"There's been a maturing of political perspective in this part of the world," Kemmis said. "Some of it comes from new people moving in. But a lot of it just has to do with an awareness that the economy has changed. And if you're going to protect the economic viability of your community, you've got to be looking at protecting open spaces and protecting ecosystems. I think that is the deeper transformation."

Such thinking helped win last-minute passage of measures stopping new energy leasing on more than 400,000 acres on the eastern slope of the Rocky Mountains in Montana, as well as barring oil drilling and mining in northern New Mexico's Valle Vidal, an area popular among hunters and anglers.

If the Republicans hurt their interests by pushing for too much in the last session, therein lies a lesson for the Democrats, said Richard M. Frank, executive director of the California Center for Environmental Law & Policy at UC Berkeley.

"It is the middle on which either end of the political spectrum has to focus in actually getting any legislation of this type done," Frank said. "Only the future will tell if they'll be any more successful in developing that kind of consensus."

Fitzgerald Mum On Cheney In Leak Case (AP)

By Matt Apuzzo

AP, December 15, 2006

Special Prosecutor Patrick Fitzgerald said Thursday that he does not expect any government officials to refuse to testify in the CIA leak trial, but he did not specifically say whether Vice President Dick Cheney or other top White House officials were on his witness list.

Attorneys for Cheney's former chief of staff, I. Lewis "Scooter" Libby, meanwhile, told a judge that two unidentified reporters may resist testifying on Libby's behalf in the case. The attorneys predicted the issue would be resolved before trial, however.

Libby is accused of lying to investigators about what he told reporters regarding former CIA operative Valerie Plame. Plame's identity was leaked to reporters around the time that her husband, former ambassador Joseph Wilson, publicly criticized the Bush administration's prewar intelligence on Iraq.

Cheney has said he may be called as a witness. If so, prosecutors could ask how the White House responded to those criticisms. Cheney was upset by Wilson's comments, Fitzgerald has said, and told Libby that Plame worked for the CIA.

That conversation is a key to Fitzgerald's perjury case. Libby testified that he learned about Plame's job from a reporter.

Cheney could also help prosecutors undermine Libby's defense that he was so preoccupied with national security matters, he forgot details about the less-important Plame issue. Prosecutors argue that Plame was a key concern of the vice president, and thus would have been important to Libby.

Sitting presidents, including Clinton and Ford, have testified in criminal cases but presidential historians and separation-of-powers experts said they knew of no vice president who has done so. The first President Bush was subpoenaed to testify in the Iran-Contra trial of Oliver North. At the time, Bush was Reagan's vice president, but Bush was president by the time a judge ruled he did not need to testify.

Government officials and journalists will be the key witnesses in the trial, which is scheduled to begin next month. Former New York Times reporter Judith Miller and NBC News Washington bureau chief Tim Russert are expected to be prosecution witnesses and Libby's lawyers said in court papers Thursday that several reporters will testify on Libby's behalf.

Attorneys also said they'd subpoenaed for the tape of Washington Post reporter Bob Woodward's interview with former Deputy Secretary of State Richard Armitage. Armitage has admitted he discussed Plame's job with Woodward in 2003 but said it was a passing, inadvertent comment.

Woodward's tape has been turned over to prosecutors and Libby's attorneys said they expect no objection to their subpoena.

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Cheney would be the most anticipated witness of the trial. He and Libby got to know each other when Cheney was defense secretary under the first President Bush. Libby has been extremely loyal to Cheney and, in return, had the vice president's unwavering trust.

By 2000, Libby was working as a top adviser to Cheney in the presidential campaign and then followed him to the White House. In the White House, he was known as "Cheney's Cheney" for being as trusted a problem solver for the vice president as Cheney was for Bush.

Even after Libby's indictment, Cheney called him "one of the finest men I've ever known."

Last-Minute Inserts Offer Benefits In Medicare Bill (NYT)

By Robert Pear

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — By slipping four sentences into a big bill passed last week, Speaker J. Dennis Hastert secured a major change in Medicare policy avidly sought by a few health insurers, in particular a multinational company with headquarters in his home state, Illinois.

In the final hours of the 109th Congress, the Senate Democratic leader, Harry Reid of Nevada, also got special treatment for a hospice in his state. The bill did not name the hospice, but specified the Medicare provider number for the intended beneficiary, the Nathan Adelson Hospice in rural Pahrump, Nev.

Representative Bill Thomas, Republican of California, inserted a provision earmarking $40 million for a valley fever vaccine sought by his constituents, while the Senate Republican leader, Bill Frist of Tennessee, obtained tens of millions of dollars for hospitals in his state.

These examples illustrate how power is exercised in the final, chaotic hours before Congress adjourns. Obscure provisions of interest to just a few lawmakers were quietly stuffed into a grab bag of legislation, with no indication of their parentage or purpose.

The White House has indicated that President Bush will sign the bill, which deals not only with health care but also with a variety of tax and trade issues. The bill, for example, creates a special tax depreciation allowance for property used to produce ethanol from corn stalks, regulates the use of wine names like Champagne and Chablis, and suspends the tariff on imported rayon fibers used in making certain tampons.

Mr. Hastert's provision showed up mysteriously after House and Senate negotiators had finished writing the bill. The provision was added by the House Rules Committee, just a few hours before the bill went to the House floor last week.

Congressional aides, Medicare officials and insurance lobbyists said the main proponent of the measure was the Aon Corporation and its subsidiary, Sterling Life Insurance Company. Aon, a Fortune 500 company, is based in Chicago and does business in more than 120 countries.

Under current law, Medicare beneficiaries can sign up for a prescription drug plan or a private Medicare Advantage plan from Nov. 15 to Dec. 31 each year. They have a limited ability to make changes through March 31 and are generally locked in for the remainder of the year.

Mr. Hastert's amendment permits certain Medicare Advantage plans, like Aon's, to enroll people throughout the year. Ron Bonjean, a spokesman for Mr. Hastert, said the purpose was "to get more people enrolled in Medicare Advantage plans." Al Orendorff, a spokesman for Aon, said, "We are not going to comment."

The provision could benefit several other insurers, but Larry Oday, a lawyer and lobbyist for Aon, said the company was "actively involved in consideration of this piece of legislation" and had led opposition to the lock-in requirement.

The addition of the provision infuriated Senate negotiators from both parties.

Senator Charles E. Grassley, the Iowa Republican who is chairman of the Senate Finance Committee, said the provision did not go through the regular legislative process.

"It disturbs me that this major policy change — one that treats some plans unfairly — was included at the last minute by the House Rules Committee," Mr. Grassley said.

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The senior Democrat on the Finance Committee, Senator Max Baucus of Montana, said: "I soundly rejected this proposal during negotiations with our House colleagues. They were clearly informed of my position. Our final agreement did not include this provision."

Mr. Reid's amendment provided $3.8 million in relief to the Nathan Adelson Hospice. Medicare officials said they had overpaid the hospice and were trying to recover that amount.

Mr. Reid said the legislation would overturn "a flawed administrative ruling" by the federal Centers for Medicare and Medicaid Services. The legislation retroactively designates the Adelson hospice in Pahrump as a branch of one in Las Vegas, making more money available.

Hospice trustees used their influence with the state's Congressional delegation, and the hospice retained a Washington law firm, Hogan & Hartson. But Carole A. Fisher, president of the hospice, said Mr. Reid and Nevada's Republican senator, John Ensign, "were the real champions of our cause, who ensured that we got relief from our Medicare debt."

In Tennessee, hospitals estimate that they will get at least $131 million because of the provision added by Mr. Frist, who is retiring from the Senate next month. The money will go to about 90 hospitals serving disproportionate numbers of low-income Medicaid patients and people without insurance.

Craig A. Becker, president of the Tennessee Hospital Association, said his organization had received help from an influential Washington lobbyist: Thomas A. Scully, former administrator of the Centers for Medicare and Medicaid Services, who is now a lawyer at Alston & Bird.

The same section of the bill provides $10 million for hospitals in Hawaii. That state's senators, Daniel K. Akaka and Daniel K. Inouye, both Democrats, have been trying to get such an allotment for years.

Hawaii, like Tennessee, is exempted from many requirements of the federal Medicaid law because of a waiver granted by federal officials. The waivers give the states a great deal of freedom in setting eligibility and benefits, but do not provide the extra money available to other states for hospitals serving large numbers of poor people.

In seeking money for a vaccine against valley fever, Mr. Thomas said he was addressing a serious health problem caused by inhalation of a soil-borne fungus in southwestern states.

"The disease is especially prevalent in Kern County, Calif., which I represent," Mr. Thomas said. "Unfortunately, there is no vaccine for valley fever, and there is no private industry interest in making the investment, estimated at $40 million, needed for development of the vaccine."

Among those seeking the legislation was Sandra P. Larson, executive director of the Valley Fever Americas Foundation in Bakersfield, Calif. "Thomas is the guy who got this done for us," Ms. Larson said. "We are so appreciative."

Minority Hiring On Hill Pushed (WT)

By Brian Debose

The Washington Times, December 15, 2006

The Congressional Black Caucus has asked Democratic leaders to hire more minorities to work for House committees and on lawmakers' staffs, saying the dearth of diversity on Capitol Hill is a problem.

In a letter to House Speaker-elect Nancy Pelosi and the leaders of the Democratic Steering Committee, the CBC said the party must increase the number of minorities working for committees and subcommittees, which will be controlled by Democrats.

The hiring of black, Hispanic, Asian and other minority staffers has "been a major problem" for years, said outgoing CBC Chairman Melvin Watt, North Carolina Democrat.

"All you have to do is look at the composition of committees, subcommittees and leadership staffs," Mr. Watt said, adding that the lack of diversity extends to legislators' staffs.

Although Mr. Watt did not provide numbers, committee staffers who spoke with The Washington Times on the condition of anonymity said that fewer than 50 minorities are among the hundreds of committee staffers.

That number does not include staff members of the black, Hispanic or Asian and Pacific Islander caucuses.

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Mrs. Pelosi, California Democrat, has promised to make minority hiring a priority for incoming committee chairman and has met with incoming CBC chairman, Rep. Carolyn Cheeks Kilpatrick, Michigan Democrat.

"This is the right time to address this, and we will be working with the speaker to increase those numbers," Mrs. Kilpatrick said.

Despite the Democratic Party's historical ties to minorities, Capitol Hill Republicans are said to have a better reputation for hiring minorities.

According to a running joke one House staffer shared with The Times, "the only people who hire blacks and Hispanics around here are blacks, Hispanics and Republicans."

Rep. Gregory W. Meeks, New York Democrat and a member of the Congressional Black Caucus, did not dispute the charge.

"I've heard it, and I've looked around and found myself scratching my head," he said. "That has been said and it is a challenge for us to make sure our numbers are better."

The mission starts with interviewing and accepting the recommendations of minority members and current staffers to build a larger pool of talent, Mr. Meeks said.

Congressional jobs, he said, are often won on the strength of who you know as opposed to what you know.

Mr. Watt said he does not think that Republicans have a more diverse staff than Democrats do, but cautioned that, "there should be no question about it" if his party is going to stand on a platform built on diversity.

Rep. Rosa DeLauro, Connecticut Democrat and chairman of the Democratic Steering Committee, said there's nothing to fix.

"I don't believe there is a problem," she said, adding that minority hiring always has been and will continue to be a priority among Democrats.

"Our speaker-designate has always said that our membership on committees and our committee staffs should reflect the diversity of the country, so that has been, I think, an ongoing process and it will continue to be," she said.

A study by DiversityInc. magazine in June showed that 7.6 percent of a 1,000 Senate staff positions were held by blacks, Hispanics or Asians. No other studies have been conducted in recent years, but the diversity ratios in the House are not much better in either party, say staffers.

Chertoff Says FEMA Still Has Work To Do (AP)

By Beverley Lumpkin

AP, December 15, 2006

Homeland Security Secretary Michael Chertoff delivered a backhanded slap Thursday at one of his agencies, saying it should not allow red tape to interfere with helping disaster victims.

Chertoff, who listed the Hurricane Katrina response as one of the "transformative experiences" for the Federal Emergency Management Agency, said there is "a lot more work to do" even though FEMA has been "retooled."

The secretary noted there still are "tens of thousands of people who suffer the lingering effects" of last year's hurricane.

"We have to make sure that FEMA does not become so enmeshed in its own bureaucratic processes sometimes that they lose sight of the need to have simple commonsense and humanity in dealing with the public," he said.

On Wednesday, a federal judge in Washington said the Bush administration's handling of a post-Katrina housing program was "a legal disaster." Two weeks ago, U.S. District Judge Richard J. Leon ruled that FEMA mishandled the program and violated the constitutional rights of as many as 5,500 storm victims.

A statement from FEMA following Chertoff's comments said that in providing housing for Katrina victims, FEMA had done "something it has never done before. ... Our efforts were not perfect. ... We used the authorities, programs and policies that we had to work with and we did the right thing."

Chertoff, in remarks at George Washington University's Homeland Security Policy Institute, said he wanted to sum up lessons learned and to look forward to the next two years.

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Chertoff listed his broad goals and priorities for the coming year as protecting the country against threats; making sure critical infrastructure is "sufficiently hardened" to reduce vulnerability; building 21st-century response capabilities; and unifying his department "into a seamless whole."

Speaker-designate Nancy Pelosi has promised that Democrats will take even stronger steps on homeland security.

Pelosi pledged that the Democrats would enact all the recommendations of the Sept. 11 commission. In addition, she said, "We'll go them (the commission) one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach U.S. shores."

Dow Sets Another Record Close On Strong Corporate Profits (WP/AP)

The Washington Post, December 15, 2006

NEW YORK, Dec. 14 -- Wall Street resumed its fourth-quarter rally Thursday, pushing the Dow Jones industrial average to its first close above 12,400 after a series of strong company earnings reports and a drop in unemployment claims revived investors' confidence in the economy.

The Dow rose 99.26, or 0.81 percent, to a new closing record of 12,416.76, after hitting a new trading high of 12,431.26 during the session. The Dow, which last hit a record close of 12,342.56 on Nov. 17, is up 16 percent this year. The Standard & Poor's 500-stock index climbed 12.28, or 0.87 percent, to a six-year record of 1425.49, after reaching a six-year trading high of 1427.23. The Nasdaq Stock Market rose 21.44, or 0.88 percent, to 2453.85.

Wall Street, which stalled this week on interest rate and economic concerns, was reinvigorated by robust quarterly profits from Bear Stearns, Lehman Brothers and Costco, as well as healthy outlooks from Citigroup and Honeywell International.

Investors were also encouraged by the Labor Department's report that the number of Americans filing for unemployment benefits fell for a second straight week. The data suggested that the economy isn't cooling as quickly as some investors feared.

Airline stocks fell because of oil prices, which rose after the Organization of the Petroleum Exporting Countries said it was keeping its production target for now but making cuts in February. Higher energy prices were a boon to oil companies' stocks.

U.S. stocks aren't the only equities that have rallied. China's Shanghai Composite Index hit a record closing high on Thursday, and Australian and New Zealand markets also hit new marks.Movers

Bear Stearns climbed $4.07, to $159.96.

Lehman Brothers slipped 29 cents, to $76.08, as investors were disappointed it didn't produce record fourth-quarter profit.

Costco rose 97 cents, to $54.11.

Citigroup gained 79 cents, to $53.11.

Honeywell rose 83 cents, to $42.69.

Continental Airlines gave up 42 cents, to $44.34.

ConocoPhillips rose $2.07, to $73.07.

Markets Go On Record-breaking Binge (USAT)

By Matt Krantz

USA Today, December 15, 2006

Name just about any major stock market index and odds are it hit a record high this week.

Everything from the Dow Jones industrials, Dow utilities, small-stock Russell 2000 and NYSE composite closed at or briefly topped high-water marks Thursday as investors celebrated signs the economy is gently slowing down but not falling off a cliff.

The Dow industrials, the commonly followed market benchmark, jumped 99.26 points to 12,416.76, beating its previous high of 12,342.55 on Nov. 17 and notching its first close above 12,400.

"Holy cow, Dow," says Michael Farr, president of investment company Farr Miller & Washington. "When people go home and check their portfolios, they're going to see more money."

At the same time, though, some investors may feel they're missing out on the new-high party. It's probably not surprising the Nasdaq composite index is still more than 50% from its high, given the overheated mania for dot-coms and tech that drove it earlier in the decade. But arguably the most popular index of them all for actual investments, the Standard & Poor's 500, is still 6.7% below the high it notched in 2000.

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The reasons a new high is elusive to the S&P 500, however, are the same reasons explaining why many of the other indexes are doing so well, including:

•Small-stock explosion. The fact the S&P 500 holds shares of large-company stocks is a big reason it has catching up to do. The Russell 2000 benchmark of small-company stocks is up 38% since the S&P 500 peaked. The small-stock influence is dramatic if you consider the entire market, measured by the DJ Wilshire 5000 index, is just 2.7% away from its high. Small stocks account for roughly 15% of its value, says Bob Waid of Wilshire Associates.

•Mathematical illusions. The Dow doesn't contain small-company stocks, either. But it is getting a lift from the way it is calculated: Stocks with the highest share prices get the greatest influence on the average's value. If the Dow were calculated by giving companies with the greatest market value the greatest weight, as is the norm for most indexes, including the S&P 500, it would be 13% below its high in 2000, S&P says.

•A resurging IPO market. Initial public offerings have turned in giant returns this year, gaining 9.4% on their first days and 19.0% this year, Dealogic says.

Newly public companies can't be included in the S&P 500 until they've reported quarterly results for at least a year. And most IPOs are too small to qualify anyway, so this contribution is missing. The Russell 2000 includes IPOs, and it is adding 29 more today.

S&P 500 investors will get their turn, says Jack Ablin of Harris Private Bank. "The small-cap advantage is beginning to roll over," he says. "Quality is on sale."

Dow Hits Record Over 12400 Mark Despite Oil Rise (WSJ)

By E.s. Browning

The Wall Street Journal, December 15, 2006

The Dow Jones Industrial Average surged to another record finish, its first in nearly a month, as robust economic and profit reports sent investors scurrying to pump more money into stocks.

The Dow jumped 99.26 points, or 0.81%, to 12416.76, easily surpassing the record 12342.56 set Nov. 17. The Dow is up 15.9% so far this year, at its 19th record finish since October began. Some investors who had been betting that the Nov. 17 record would prove to be the year's high were forced to jump back in, to avoid being left behind.

The gains came despite a $1.14 jump in oil futures to $62.51 a barrel, as the Organization of Petroleum Exporting Countries announced plans to cut oil output in February. The price jump ordinarily would have provoked worries about the impact of rebounding energy prices on consumer spending.

It was a day of stock records around the world; highs were also hit yesterday in China, Canada, Brazil and elsewhere. (See article on page C12.)

Investors now will be biting their nails as they await this morning's release of November consumer-price data, which have the potential to stifle the euphoria. Given recent economic signals that prices are under control and that economic growth is moderating, investors are betting that consumer prices will show more signs of restraint. Any suggestion to the contrary could damage the stock rally.

There was little apparent concern about that yesterday, as the Standard & Poor's 500-stock index also accelerated, recording another six-year closing high. It rose 0.87%, or 12.28 points, to 1425.49, its highest finish since autumn 2000. It is up 14.2% this year, but still isn't near its record of 1527.46, set in March 2000.

"The market clearly has a very positive momentum that is going to take quite a bit to shake off," said John Caldwell, chief investment strategist at McDonald Investments, a brokerage and money-management arm of KeyCorp in Cleveland. He said that money managers are continuing to put aside doubts and jump in, fearing the market will get ahead of them.

Stocks also may have been helped by "quadruple witching," the quarterly expiration of futures and options contracts on stocks and stock indexes, which occurs at the end of this week. To balance their options exposure, traders sometimes must buy or sell stocks and stock indexes, which can exaggerate market moves and inflate trading volume.

The biggest gains came shortly after trading began, on the back of strong profit reports from brokerage firms Bear Stearns and Lehman Brothers. Honeywell International, one of the 30 stocks in the Dow industrials, forecast strong yearly profit.

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Networking-equipment developer Ciena posted its first quarterly profit in five years, exceeding analysts' expectations. Costco Wholesale also beat analysts' quarterly profit expectations, helping calm concerns about consumer spending.

Contributing to the momentum, a monthly report on regional manufacturing activity from the Federal Reserve Bank of New York leaked out a day early and then was officially released. It showed manufacturing growth slipping a bit, but holding up better than economists had expected.

A weekly report showed new jobless claims at a surprisingly low level last week, reinforcing Wednesday's strong report on November retail sales and suggesting the housing slowdown isn't hurting consumers as much as feared.

The Nasdaq Composite Index rose 0.88%, or 21.44 points, to 2453.85, approaching a new multiyear high. It is far from its own record close of 5048.62, which also dates from March 2000. It is up 11.3% for 2006. The Russell 2000 small-stock index rose 0.69% to 794.22, just 3.20 points short of its record close on Dec. 5.

Bond prices fell and yields rose again, as the strong economic and profit news further stifled hopes that the Federal Reserve will decide to cut its target interest rate early next year.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 2.72 billion shares, as 2,128 stocks rose and 1,206 fell.

Bonds fell2. The 10-year Treasury note fell 6/32, or $1.88 for each $1,000 invested, pushing up the yield to 4.601%. The 30-year bond fell 17/32 to yield 4.719%.

The dollar strengthened3, to 117.83 yen, from 117.51, as the euro fell against the dollar to $1.3149 from $1.3213.

Import Prices Climb 0.2% After Two-Month Decline (WSJ)

By Jeff Bater

The Wall Street Journal, December 15, 2006

U.S. import prices rose for the first time in three months in November despite a drop in petroleum costs.

Prices for imported goods rose 0.2%, after falling 2.3% in October and 2.2% in September, the Labor Department said Thursday. Economists surveyed by Dow Jones Newswires had expected November import prices would slip by 0.1%.

In annual terms, import prices increased 1.2% from November 2005, compared with the 6.4% a year earlier.

Petroleum import prices tumbled by 1.6% last month compared to October, and rose 1.5% on the year. Excluding petroleum, import prices were up 0.7% in November versus October and 1.3% on the year.

The Federal Reserve decided this week to hold the federal-funds rate at 5.25% a fourth straight time, judging the economy will expand modestly going forward and inflation pressures will likely moderate over time.

The Labor Department's report showed that prices for imported capital goods were unchanged last month, as were consumer goods import prices.

Prices for nonpetroleum industrial supplies and materials imports rose 2.9%. Natural-gas prices surged 30.3%, the largest increase since 39.5% in November 2004. Foods, feeds, and beverages prices increased 0.4%.

Import prices were unchanged on the month for goods from the European Union. Prices increased 1.7% for goods from Canada and were down 0.2% for products from Mexico. Prices from China were unchanged. Import prices from Japan decreased 0.1%.

Overall U.S. export prices rose 0.4% last month. Export prices grew 3.9% in the 12 months since November 2005. Prices of agricultural exports increased 4.4%, and prices of non-agricultural exports rose 0.1%.

Jobless Claims Drop by 20,000

A separate report from the Labor Department showed that the number of idled workers filing new claims for unemployment benefits fell last week to its lowest level in two months.

New claims for unemployment insurance decreased by 20,000 to a seasonally adjusted 304,000 in the week ended Dec. 9 from an unrevised 324,000, the Labor Department said Thursday. The level was the lowest since new claims dropped to 300,000 the week ending Oct. 14. The four-week moving average for jobless claims fell by 1,500 to 327,250.

Opec Flexes Its Muscles By Agreeing To Cut Production (FT)

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By Ed Crooks And Dino Mahtani And Carola Hoyos

Financial Times, December 15, 2006

The Organisation of the Petroleum Exporting Countries yesterday moved to reassert its power over oil prices by agreeing to cut production early next year in spite of rising concerns over tightening world crude markets.

Opec ministers meeting in Abuja agreed to cut output by 500,000 barrels a day from February 1. The move came after a 1.2m b/d cut announced in October, and sent prices higher.

Crude prices rose, with January West Texas Intermediary crude rising $1.15 to end at $62.52 in New York trading. The WTI benchmark price has risen 10 per cent in the past month.

Opec also broadened its reach by adding Angola as a member - boosting its share of world production from 40 to 43 per cent - while also calling a rare heads of state summit next year inSaudi Arabia.

Opec last met in the kingdom in 1980. In its 46-year history, Opec has held only two summits of heads of state, with the most recent one in 2000 in Caracas.

Analysts saw the move as highlighting Saudi Arabia's increasing assertiveness within the cartel, which comes as Riyadh is also stepping up its political activity in the Middle East, even at the risk of angering the US, its major western ally.

Adam Sieminski, chief energy economist at Deutsche Bank, said: "In addition to flexing its muscles externally, Saudi Arabia, with the heads of state meeting, wants to make sure that the group keeps working together for the long term."

Saudi Arabia has played a pivotal role in Opec, in which it is the biggest producer.

But, in the past, the kingdom has sought to keep a low profile within the cartel to avoid straining its relationship with the US and Europe.

In a statement, Opec said the cut was justified on the basis that there was "more than ample crude supply, high stocks levels and increasing spare capacity" in the market.

The cartel estimates that non-Opec oil production will rise by 1.8m b/d next year, its fastest rate since 1984, and that global economic growth will slow.

However, the cut was criticised by the International Energy Agency, the industrialised countries' energy watchdog, which had warned that world oil markets were tightening.

Lawrence Eagles, of the IEA, said: "The announcement of further cuts is unwelcome, particularly in the light of existing high prices, elevated supply risks and the onset of the peak winter heating season."

The IEA estimated that Opec production actually fell by only half the 1.2m b/d target last month. Opec itself believes compliance has been better, although still short of the target.

OPEC Sets Reduction In Output (NYT)

By Jad Mouawad

New York Times, December 15, 2006

The OPEC oil cartel said yesterday that it planned to reduce its output by nearly 2 percent in February, the group's second production cut in two months and its strongest indication yet that it would seek to keep oil prices above $60 a barrel next year.

Representatives from OPEC nations agreed to pare their production to 25.8 million barrels a day, from 26.3 million barrels, starting on Feb. 1. The group had already agreed to a 4 percent production cut in October to prop up prices.

"I hope the market appreciates we are working so diligently to bring supply and demand in balance, to have inventories at a reasonable level so that we do not have gyrations," Ali al-Naimi, the Saudi oil minister, told reporters at the meeting in Abuja, Nigeria.

The Organization of the Petroleum Exporting Countries, which accounts for 40 percent of the world's oil exports, also said Angola would join the group next year, becoming its first new member since 1975.

Angola, Africa's fastest-growing oil exporter, is a powerful addition to OPEC, which has 11 members. Foreign oil companies have invested heavily in Angola in recent years and expect its production to grow sharply in the coming decade. Angola pumps 1.4 million barrels a day, ranking it above Qatar and Indonesia within OPEC.

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Some OPEC producers have expressed concern that shrinking demand next year might cause prices to fall if production were left unchecked. But with oil prices still hovering around $60 a barrel and commercial inventories down substantially over the last months, analysts were surprised by OPEC's decision.

"This makes an incredibly tight market even tighter," said Edward Morse, the chief energy economist at Lehman Brothers in New York. "It's a very aggressive, assertive move. Clearly, some OPEC members want to keep a $60 floor."

Oil futures on the New York Mercantile Exchange rose after the announcement by OPEC. Crude oil for January delivery rose $1.14, to $62.51 a barrel yesterday. Prices had lost more than $20 a barrel since hitting a record close of $77.03 this summer. That fall prompted OPEC to abandon its two-year- old policy of keeping its taps open to keep markets well supplied.

After touching a low for the year of $55 in November, prices have since rebounded, mostly as OPEC has curbed supplies.

"They are jawboning the market and trying to show they are being aggressive," said Roger Diwan, a managing director at PFC Energy, a consultant in Washington. "The question is, Are they being too aggressive?"

In a statement released at the end of the one-day meeting, OPEC said that "market fundamentals clearly indicate that there is more than ample crude supply, high stock levels and increasing spare capacity."

Saudi Arabia, the main power broker within OPEC and the world's biggest oil exporter, has taken the lead in reducing its own output and is behind the cartel's recent shift to curb supplies. Though some critics have been skeptical about past compliance, the Saudi minister estimated that OPEC members have adhered to about 80 percent of the cuts agreed upon at the last emergency meeting, held in Doha, Qatar, on Oct. 19.

But since OPEC does not publish production figures, there is very little reliable data for oil markets. Mr. Morse of Lehman estimates that OPEC countries have actually pared production by only 700,000 barrels a day, instead of 1.2 million barrels, since the October meeting. He expects OPEC will cut only another 300,000 barrels, starting in February, instead of 500,000 barrels as agreed to yesterday.

According to the latest report from the International Energy Agency, OPEC production fell by 550,000 barrels a day in November, to 28.9 million. That figure includes the production of Iraq, which does not have an OPEC quota.

Analysts at the energy agency, which represents consumers, have warned OPEC not to cut its production further as higher energy prices could erode economic growth. The agency trimmed its forecast for Chinese demand growth to 5.6 percent in 2006, from a previous estimate of 6.2 percent.

OPEC said yesterday in a statement that it expected global oil demand to grow by 1.3 million barrels a day in 2007. But it expects new supplies from non-OPEC producers to grow by 1.8 million barrels a day. This would be the largest one-year rise in non-OPEC supplies since 1984, according to OPEC.

In the lead-up to the meeting, Edmund Daukoru, Nigeria's oil minister and OPEC president for this year, said there was a general support for a production cut. The representatives of Algeria, Venezuela, Iran and Indonesia all agreed about a need to trim production. In recent weeks oil inventories held by consuming nations fell sharply. In the United States, the world's biggest market, oil product stocks have fallen by 54 million barrels since October, a drop of nearly a million barrels a day.

Lawrence J. Goldstein, the president of the Petroleum Industry Research Foundation in New York, said OPEC ministers should be careful how they manage the market in coming months.

He suggested that high energy costs could reduce consumption.

"That's a trend OPEC and the Saudis should not be ignoring," he said, "because at the end of the day they want to sell, and if you want to sell, you need a vibrant economy, particularly in the United States."

OPEC's Cut Aims To Prop Up Prices (WSJ)

By Bhushan Bahree

Wall Street Journal, December 15, 2006

ABUJA, Nigeria -- OPEC, in announcing it plans to slice its output by an additional 1.9% starting Feb. 1, is sending a strong signal that it will try to prevent oil prices from sliding further.

The real impact of the cartel's latest output move on oil markets remains unclear. The big unknown is whether members of the Organization of Petroleum Exporting Countries will actually implement the decision, which calls for a collective cut of

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500,000 barrels a day. Some OPEC officials say that will depend on demand in the next two months, the level of prices and the amount of oil held in inventories in major consumer countries. (See related article on page C2.)

OPEC's decision to cut oil production2 reflects its view that prices of $60 a barrel aren't hurting the global economy, says Oppenheimer energy analyst Fadel Gheit. He speaks with WSJ commodities reporter Peter McKay.

But the announcement signals OPEC's intention to keep oil supply tight to shore up prices and trim global oil inventories, whose buildup this year was threatening the cartel's power. OPEC's move comes even as prices have stabilized in the wake of a much larger 4% cut in October. A week ago, OPEC had been leaning against a second cut. But in recent days, a chorus of fears arose about a possible softening of oil demand early next year.

Crude prices swooned to $56 a barrel in November after peaking at a nominal high of $77.03 July 14. Oil prices rose yesterday, with light, sweet crude for January delivery up $1.14, or 1.9%, to $62.51 a barrel on the New York Mercantile Exchange. January Brent on London's ICE futures exchange rose 79 cents to $62.12 a barrel.

One factor making it difficult to parse the impact of yesterday's decision is that, so far, OPEC members haven't fully complied with the prior round of reductions. That move called for an output cut of 1.2 million barrels a day, or about 4%, to 26.3 million barrels a day, effective Nov. 1. Independent estimates of OPEC's compliance generally put the actual reductions at about 600,000 barrels a day. Saudi oil minister Ali Naimi, the effective leader of OPEC, said yesterday that compliance was nearly 80%, meaning that supply had been cut by almost one million barrels a day.

Even modest compliance with the new cut could spell pain for oil consumers, however. In February 2004, OPEC announced production cuts just as world oil demand began soaring. OPEC reversed course and began pumping flat-out to sate demand instead, but prices jumped anyway.

In a brief interview after yesterday's meeting, Mr. Naimi said OPEC won't deny the market extra barrels of oil if they are really needed. "What did we do before?" he asked rhetorically, alluding to the move to ramp up output in 2004 after the aborted cut. "People don't know the trouble we go to, to balance the market," Mr. Naimi said. "Without us, the oil market would be chaotic."

A senior OPEC official said the cut was a pre-emptive measure meant to ensure the cartel has a mechanism in place to reduce supply immediately if needed. But if buyers demand more oil than the cartel is forecasting, he said, OPEC will deliver it. "We need an agreement to cut [supply]," this official said. "We don't need an agreement to supply more oil if customers really want it."

Indeed, some analysts view yesterday's decision as an insurance policy to be used should prices weaken next year, when some estimates show that the rise in output from non-OPEC producers will exceed anticipated growth in world demand for petroleum.

"This is an option on a second cut," said Roger Diwan, an analyst at PFC Energy in Washington "They want to signal an aggressive oil-market-management strategy, but the decision also allows them to retract it if the market overtightens," Mr. Diwan said.

The entry of Angola on Jan. 1 should strengthen the cartel by bringing into OPEC's fold a country whose oil output is soaring. OPEC accepted Angola as its 12th member -- the first entrant since 1973. Angola estimates that its production will rise to about two million barrels a day by the second half of 2007 from about 1.4 million barrels a day currently.

Angola won't participate in the February cuts. But Qatar's oil minister, Abdullah bin Hamad Al Attiyah, said Angola would be party to OPEC's output decisions from March onward.

OPEC Plans Another Cutback In Oil Production (BLOOM)

By Andy Critchlow And Fred Pals

Bloomberg, December 15, 2006

OPEC, whose member nations produce 40 percent of the world's oil, said yesterday it would cut output by 1.9 percent in February. OPEC also accepted Angola as a member to gain greater control over global crude supplies.

Production will be pared by 500,000 barrels a day as of Feb. 1, OPEC President Edmund Daukoru told journalists in Abuja, the Nigerian capital. The cut is in addition to the 1.2 million barrel-a-day reduction agreed upon by the OPEC at its previous meeting on Oct. 20 in Doha, Qatar.

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The 11-member group, known formally as the Organization of the Petroleum Exporting Countries, is attempting to revive prices that have slid about 21 percent from a July record of $78.40 a barrel in New York. The cuts take effect about seven weeks before the end of the Northern Hemisphere winter, when demand for heating fuels typically starts to decline.

"OPEC is sending a message that it is trying to control supply and keep a floor under the price," said Mike Wittner, the London-based head of energy market research at Calyon, a unit of Credit Agricole SA. "It's a compromise between the countries that wanted a cut and those that wanted a rollover."

Oil rose yesterday on speculation that OPEC's meeting would result in lower supplies, jumping $1.14, or 1.9 percent, to $62.51 a barrel on the New York Mercantile Exchange.

"The decision is short-term bullish but it won't push prices up by several dollars," Wittner said.

Angola's membership will be effective Jan. 1, said Daukoru, who is also Nigeria's oil minister. Angola won't be bound by the new agreement until March 1, he said.

Angola will be the first country to join OPEC since Gabon, which became a member in 1975 only to exit in 1994. Nigeria, the group's fifth-largest producer and a member since 1971, was the last existing member to join, according to the group's Web site.

Americans Open To New Kinds Of Candidates (WSJ)

By John Harwood

The Wall Street Journal, December 15, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

AMERICANS ASSERT their readiness for new kinds of presidential wannabes.

In new Wall Street Journal/NBC News poll, eight in 10 Americans would be "comfortable" or "enthusiastic" about an African-American or woman running for president. That apparent openness -- reflected across race, region and age groups -- is encouraging news for leading 2008 Democrats Clinton and Obama.

Though just 19% would have "some reservations" or be "very uncomfortable" about a Jewish candidate, 53% would about a Mormon seeking the White House. Misgivings are higher among conservatives and evangelicals, underscoring need for Massachusetts Gov. Romney to address the issue the way JFK defused concerns about Catholicism in 1960.

More Americans express doubts about a candidate who served in Bush's cabinet (59%) than one who is gay or lesbian (53%).

DEMOCRATS BENEFIT from post-election good feeling.

Some 46% of Americans give Democrats a positive rating, up from 36% in January. Just 29% rate the party negatively, down from 35% in January. A 46%-33% plurality rates Republicans negatively.

Americans remain "grouchy" toward Republicans, says Republican pollster Bill McInturff, who conducts the poll with Democratic counterpart Peter Hart. The strongest sign: though Americans identified themselves with the two parties in equal proportions on Election Day 2004, Democrats now boast a robust 44%-31% edge. Next six months will be critical, McInturff says, in determining whether that edge persists into 2008.

AUTO MAKERS FACE heat from public and lawmakers for higher fuel efficiency.

Fully 87% of Democrats, 76% of independents and 74% of Republicans back requirements for more fuel efficiency even if that raises auto prices. That complicates auto makers' ability to mount filibuster against bipartisan Senate bill, sponsored by Democrat Obama and Republican Lugar, to raise CAFE standards.

Industry may have better luck in the House, where Democratic powers Dingell and Hoyer call CAFE outmoded; they back tax incentives for auto makers and buyers as an alternative. Though Americans overall split on expanding nuclear power in new energy strategy, liberals remain opposed by 59%-35%.

Rollback of oil company tax breaks, blocked by lame-duck Republican Congress, is favored by 48% plurality of Bush 2004 voters.

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HEAR ME? Only one in four Americans says Bush got their message from midterm elections and is making needed adjustments. But 41% say the president heard but isn't adjusting; 18% assert he hasn't gotten the message. Seven in 10 expect little change.

LOW EXPECTATIONS: Only a third of Americans expect a new Congress more ethical than the old one; just one-fourth envision one that is less partisan. Incoming Speaker Pelosi's image moves into the black, barely: 25% positive, 23% negative.

HISPANICS STRONGLY support Bush's temporary-worker program for illegal immigrants. But 52% of whites and 59% of blacks express opposition.

IN WHOSE NAME? By 53%-39%, public says the U.S. doesn't owe it to killed or wounded American soldiers to stay in Iraq "until the mission is completed." But Americans split on whether the U.S. owes it to Iraqis to stay until their country is stabilized; 46% say yes, 47% no.

DEFICIT RATES scant public attention, but agencies fear budget cuts.

Just 5% of Americans identify red ink as top priority for Washington. But Bush, seeking high ground on an issue mavericks in both parties have targeted, plans in Saturday radio address to challenge congressional Democrats to move aggressively against special-project "earmarks."

Democrats' decision to shelve leftover spending bills in favor of continued stop-gap funding heightens bureaucratic anxiety. Administrative office of U.S. courts warns safety could be endangered by staff shortfall in probation offices, since "felons released from prison ... would not receive" adequate supervision.

Concern is highest at agencies such as SEC and State that had been slated for 2007 increases.

MINOR MEMOS: An independent Bloomberg presidential bid, scoring among upscale independents, gives Clinton a 40%-39% edge over McCain in three-way 2008 race. ... Kerry draws positive ratings from just 48% of those who voted for him two years ago.

Whichever Way The Wind Blows (NYT)

By Thomas L. Friedman

New York Times, December 15, 2006

Midland, Tex.

Time for another news quiz: Which American state produces more wind-generated electricity than any other? Answer: Texas. Next question — this one you'll never get: Which politician launched the Texas wind industry? Answer: Former Gov., now President, George W. Bush.

Yes, there are many things that baffle me about President Bush, but none more than how the same man who initiated one of the most effective renewable energy programs in America, has presided over an administration that for six years has dragged its feet on alternative energy, used its regulatory powers to weaken efficiency standards for major appliances and stuck its head in the sand on global warming.

I'll wait for historians to sort that out. But here is some immediate advice I can give the president: If you want to salvage any positive legacy, it will not come from Iraq. There are only tears left there. No, the only way for you, Mr. President, to salvage any legacy is to get back in touch with your green Texas roots and devote the rest of your term to REALLY ending America's oil addiction, liberating us from dependence on petro-authoritarian regimes and making America the leader in renewable energies that combat climate change.

If this isn't the core of Mr. Bush's next State of the Union, he might as well go back to Crawford now. At least there he might be able to contemplate what went wrong with his presidency under lights powered by clean, wind-generated electricity that he promoted.

I came down to West Texas, the Saudi Arabia of wind, to find out how it all happened. Pat Wood, a friend of the president, was chairman of Texas's Public Utility Commission when the push for wind energy started.

"At the end of a meeting on transmission policy in mid-1996," he recalled, "I was on my way out the door of the governor's office, when Governor Bush said to me, 'Pat, we like wind.' He was at his desk. I said, 'We what?' He said: 'You heard me. Go get smart on wind.' "

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Mr. Wood, his fellow commissioners and the Texas utilities did just that. They conducted polls and were stunned by the results: Texas electricity customers were ready to pay a little extra to get more clean renewable energy. So Mr. Bush instructed Mr. Wood to work on wind with the utilities and the environmentalists. Together, they created the Texas Renewable Portfolio Mandate, which Mr. Bush got passed by the Texas Legislature in 1999, as part of a power competition bill. The mandate stipulated that Texas power companies had to produce 2,000 new megawatts of electricity from renewables, mostly wind, by 2009.

What happened? A dozen new companies jumped into the Texas market and built wind turbines to meet the mandate — so many that the 2,000-megawatt goal was reached in 2005. So now the Texas Legislature has upped the mandate to 5,000 megawatts by 2015. Everyone knows they'll beat that, too, because all this investment has driven down the costs and made wind power in Texas competitive with clean coal, nuclear and natural gas, even without the temporary tax break. Mr. Wood says he thinks Texas could be producing 15 percent of all its energy from renewables by 2015.

An energy wiz, Mr. Wood now advises Airtricity, an Irish wind-power company that also entered the Texas market. He and I toured its new wind farm near Midland, which will provide enough wind electricity — 125 megawatts — to power 40,000 homes in Dallas, replacing gas, nuclear and coal. The farm consists of giant turbines that sprout like Star Wars machine-monsters from the hardscrabble plains around Midland — amid the mesquite, rattlesnakes and oil-pumping jacks.

When Mr. Bush ran for governor, his motto was: "What Texans can dream, Texans can do." Just substitute "Americans" for "Texans," and he's already got the last line of his next State of the Union. What would the substance be? First, let's set a Texas-like renewable energy mandate for every state. Second, let's forge a national electricity transmission grid from the Dakotas to Texas to take wind electricity from where it is best produced to the big cities where it is most needed. Finally, let's create a long-term tax subsidy for building and buying plug-in hybrid cars. Wind energy is produced abundantly at night, when demand is lowest. Electric hybrids would be charged at night. That would mean hybrid electric cars, which emit virtually no carbon, could be powered by wind, which produces no carbon. If that scaled, it could be better than Kyoto.

You got something better to do, Mr. President?

Trade Ruling On Steel May Boost Auto Industry (WSJ)

By Greg Hitt, Paul Glader And Mike Spector

The Wall Street Journal, December 15, 2006

Decisions that signal the end of many U.S. steel tariffs promise struggling auto makers a boost, and reflect a shift in the political and economic fortunes of these two pillars of the U.S. economy.

Heavy-equipment makers will also benefit from a separate ruling yesterday by the U.S. International Trade Commission that clears the way for tariffs to lapse on cut-to-length plate steel from 11 countries.

The end to tariffs on corrosion-resistant steel essential to car making from Australia, Canada, France and Japan will benefit auto makers. Tariffs remain in place for the same type of steel from Germany and South Korea.

Domestic steelmakers, which have long received favored treatment in Washington, were surprised by the ruling. In addition, they face several more ITC reviews in coming months on products such as hot-rolled steel product, pipe and tubular goods as well as concrete-reinforcing bar, which is used in construction. Some oil companies also are said to be lining up to lobby for an elimination of tariffs on pipe and tubular goods.

"It's very disappointing," said Dan DiMicco, chairman and CEO of Charlotte, N.C.-based Nucor Corp., one of the U.S.'s three largest steel producers that had lobbied to keep the trade restrictions. Mr. DiMicco said he was glad the restrictions for galvanized products were kept in place on products from South Korea and Germany, which make up 40% of total tonnage involved in the case, but he was disappointed the other 60% from Australia, Canada, Japan and France could now be imported into the U.S. with fewer restrictions.

Mr. DiMicco said the steelmakers are planning an appeal. Yesterday, shares in Nucor fell $1.44, or 2.41%, to $58.33 in 4 p.m. New York Stock Exchange composite trading.

The decision by the ITC, an independent agency with broad authority over U.S. trade policy, represents an important victory for the auto industry that had waged a strong campaign against the duties this year.

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The duties on steel imports "have been virtually impossible to take off," said Stephen Biegun, Ford Motor Co.'s vice president for international governmental affairs. "This is a tectonic shift that has occurred here."

All of the duties were implemented more than a decade ago. At the time, the steel industry was reeling from the dumping of low-priced, subsidized imports into the market. Today, the steel industry is strong and profitable, and the auto companies argued that the duties are no longer needed and that the elimination of the duties would inject more competition into the steel industry.

The case brought together rival U.S. and Japanese auto makers -- General Motors Corp., Ford, and DaimlerChrysler AG joined forces with Toyota Motor Corp., Honda Motor Co., and Nissan Motor Co. -- in a first-ever alliance in a trade dispute. Yesterday, auto shares rose in 4 p.m. composite trading on the New York Stock Exchange: General Motors rose 32 cents, or 1.09%, to $29.77; Ford 23 cents, up 3.34%, to $7,11; and DaimlerChrysler up 40 cents, or 0.66%, to $60.64. Toyota's American depositary shares rose $1.45, or 1.17%, to $125.70; Honda's ADS were up 27 cents, or 0.76%, to $36.03.

As a practical matter, the ITC action won't immediately result in the elimination of the duties. The commission must notify the Commerce Department of its decision, expected by Jan. 17. The department would then issue orders eliminating the duties.

The impact of the ITC vote is likely to ripple through the auto industry. Auto-parts suppliers, for example, have felt the brunt of higher commodities costs, including steel. Many parts suppliers had signed contracts in the past few years that required annual price decreases on certain components. And auto makers, in turn, were loath to provide relief to suppliers when materials costs skyrocketed.

In moving to eliminate duties on imported "cut-to-length plate" steel important to heavy-equipment makers, the ITC determined domestic steel producers wouldn't be harmed by the elimination of duties on imports from 11 countries.

Companies such as Caterpillar Inc. and Deere & Co. are expected to benefit. For Caterpillar, in particular, it's a big win. The Peoria, Ill., company is one of the largest U.S. users of plate steel.The end of the tariffs could help it make its products more efficiently, said Bill Lane, Caterpillar's Washington director of governmental affairs. Yesterday, in 4 p.m. New York Stock Exchange composite trading Caterpillar's shares were up 63 cents, or 1.02%, to $62.12; Deere was up $1.41, or 1.49%, to $96.11.

Obama: Not 'the Un-Hillary' (CHIT)

By Rick Pearson

Chicago Tribune, December 15, 2006

On the cusp of a historic decision over whether to run for the White House, Sen. Barack Obama said Thursday that he believed he would be a "viable candidate" for president who could move the nation beyond the generational politics that have defined the last 40 years.

"I wouldn't run if I didn't think I could win," Obama (D-Ill.) said in a wide-ranging, hourlong interview with the Tribune editorial board in which the senator articulated a rationale for his potential candidacy, confidence in his ability to win and an assessment of potential opponents—both Democrat and Republican.

Obama said that he would reveal his decision in January, following a two-week family vacation that returns him to his roots in Hawaii, setting an extraordinary arc for a politician who a little more than two years ago was a state senator toiling in Springfield.

"Obviously, I find myself at an interesting moment in time," said Obama, who has ignited a stunning level of excitement nationwide with the prospects of his candidacy. At the same time, Obama said he viewed hype over his potential candidacy as "transitory" and not something that would dictate his decision.

He said he had no real concerns about his ability to put together a staff and raise the tens of millions of dollars he would need to wage a campaign against his potential opponents, including Democratic Sen. Hillary Rodham Clinton of New York.

But he said he would have to weigh heavily the burdens that a campaign would place on his family, with his wife and two young daughters, making sure they would not "unduly suffer" from the hothouse atmosphere a White House run would create.

"Do I have something that is sufficiently unique to offer to the country that it is worth putting my family through a presidential campaign?" he said. "Politically, I think I would be a viable candidate. So that's a threshold question and I wouldn't run if I didn't think I could win."

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His best-selling book, demands for him to campaign for other Democrats during the recent midterm elections, and the remarkable attention he has commanded in appearances in states with early nominating contests have combined to quickly thrust Obama into the upper tier of Democratic presidential contenders.

He also conceded that he has never been through anything approaching the level of scrutiny that a presidential campaign would bring on him, his family, and almost anyone who has been associated with him.

He said that his two books, the first an autobiography written when he was in his late 30s, and the second, a more policy-oriented book, offer much detail about who he is and his views on issues.

Asked how he would address the issue of his relative lack of experience, Obama said that he thought that the campaign itself —how he managed it, his position on issues and his framing of a vision for the country—would answer the question. "That experience question would be answered at the end of the campaign," he said.

"The test of leadership in my mind is not going to be what's on a paper resume," Obama said. Vice President Dick Cheney, a former defense secretary, and outgoing Defense Secretary Donald Rumsfeld "had the best resume on paper of any foreign policy team and the result has been what I consider to be one of the biggest foreign policy mistakes in our history," he said.

Should Obama seek the Democratic nomination, he would face a large field, many with much longer resumes than Illinois junior senator. But in three national polls released this week, Obama has leapfrogged many of those contenders and put himself in a position to be an alternative to Clinton, who, like Obama, has not declared her candidacy.

Obama said he was not concerned about being able to compete either in fundraising or in staffing should he enter the race.

"I don't want it to sound like raising $50 million to $60 million is easy," he said. "It's hard, but I think it's something that we could do."

Though he was born in 1961, Obama cast himself as the face of a post-Baby Boomer generation not fundamentally shaped by Vietnam and the culture conflicts of the 1960s. He said he could "help turn the page in ways that other candidates can't do."

Sounding very much like a candidate, Obama called Clinton, 59, a "tough, disciplined, smart, intelligent public servant." But, compared to Clinton, he maintained he was able to look at "some issues differently as a consequence of being of a slightly different generation."

When asked his assessment of Clinton, Obama said, "I think she'd be a capable president.

"She has gone through some battles that, in some cases unfairly, have created a perception about her that is different from how I am perceived," he said.

Obama said, however, that he had no interest in being what he called "the un-Hillary"—a reference to serving as a standard bearer for Democrats looking for an alternative to Clinton.

As for Republicans, Obama said that he placed Sen. John McCain of Arizona in the same position as Clinton holds among Democrats, with great name recognition and resources and the ability to sew up much of the party establishment. But he also said he considered Massachusetts Gov. Mitt Romney an "attractive candidate," though he said Romney was "making a mistake in trying to look more conservative than he may be" to gain core conservative support.

Speaking of a potential match up with McCain, Obama said he was under no illusions how a GOP presidential campaign would be run against him.

"War hero against snot-nosed rookie," Obama said.

The first-term Illinois senator said he consulted earlier this week with Mayor Richard Daley on a potential presidential bid, but declined to discuss specifics.

But Obama acknowledged "it was stupid" of him to get involved in the purchase almost one year ago of a strip of property adjoining his $1.65 million home from Antoin "Tony" Rezko, who owned a vacant lot next door. Rezko, a political insider and fundraiser, was indicted in October on charges of trying to extort campaign donations and kickbacks from firms seeking state business. Rezko has pleaded not guilty.

"I am the first one to acknowledge that it was a boneheaded move for me to purchase this 10-foot strip from Rezko, given that he was already under a cloud of concern," Obama said. "I will also acknowledge that from his perspective, he no doubt

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believed that by buying the piece of property next to me that he would, if not be doing me a favor, it would help strengthen our relationship."

On the same day that Obama and his wife closed on their home, Rezko's wife, Rita, closed on the $625,000 vacant lot next door. Both lots had once been part of the same estate, but the owner listed them as separate parcels.

Obama said he has known Rezko for 20 years and "he had never asked me for anything. I've never done any favors for him."

"There was no sense of betrayal of the public trust here," Obama said.

Taking 'Obama-mania' In Stride (CSM)

The Christian Science Monitor, December 15, 2006

This is less about me, and more about you. That was Barack Obama's explanation for his rock-star welcome in New Hampshire last weekend. The possible presidential candidate said he's become a "symbol" of voters' desire for "something new."

Such self-deprecation could be sincere sentiment - or it could be skilled political rhetoric. It doesn't matter which, though, because the words of the junior senator from Illinois are true.

People don't know much about this Democratic fresh face; he's too inexperienced to have a long political track record. But they're obviously responding positively to what he symbolizes: a call to reach across the partisan and ideological divide in America.

What voters are looking for in 2008 is "someone who is seen as independent and detached from the traditional centers of power of each party," says Andrew Kohut, president of the Pew Research Center, a nonpartisan polling and research group.

Those qualities aren't the sole purview of any single candidate, though. Indeed, the field that's shaping up (and these look to be about two dozen so far), contains several examples of folks who have reached across the aisle.

John McCain, the senator from Arizona and an expected Republican presidential candidate, has earned a reputation for independence. In his 2000 presidential bid he criss-crossed the country in his "Straight Talk Express" bus. He can pull any number of bipartisan credentials from his pocket, including campaign-finance reform.

And what would you call, for instance, former GOP mayor of New York Rudy Giuliani, who brought his city together after 9/11? A unifier perhaps? And yes, the rap on New York Sen. Hillary Clinton - the accepted Democratic presidential front-runner - may be that she's polarizing, but didn't she and her husband storm the country in 1992 as "new Democrats," i.e., centrists? She's made a concerted effort to work with Senate Republicans, including a 2005 bill she co-sponsored with GOP Sen. Lindsey Graham related to incentives for domestic manufacturing.

Senator Obama is tapping into a public desire for a unified approach to today's challenges. "There's a moment that we are living through in our history right now where we've got a series of very important decisions to make, and we have the opportunity to make them, not as Democrats, not as Republicans, but as Americans," he said last weekend. As the son of a white Kansan mother and black Kenyan father, he literally embodies cross-cultural and cross-racial unity.

But it's not as if Obama is stripped of ideology. He's pro-choice, pro- affirmative action, and supports "universal" health care - traditional Democratic causes. The National Journal, a nonpartisan publication, gave him an 82.5 liberalism rating, higher than Sen. Clinton (79.8).

McCain, meanwhile, has been insisting that he's more conservative than people think he is. Last May for instance, he spoke at Jerry Falwell's Liberty University - after blasting him for intolerance in 2000. So, is his conservative claim a feint to partisan primary voters or true confessions?

Voters indeed may yearn for a candidate above the political fray. But will they be able to recognize one?

Commission Seeks School System Overhaul (AP)

By Nancy Zuckerbrod

AP, December 15, 2006

Education and business leaders urged an overhaul of the U.S. school system, including ending high school at the 10th grade for many students. Current teaching is failing to prepare young Americans for the global economy, members of a bipartisan panel said Thursday.

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Beginning teachers should earn more, according to the group, and money for this idea could come from the scrapping of conventional teacher pension plans in favor of other benefits such as 401(k)s.

"People have got to understand what we've got is not working. It's not working for kids, but it's not working for teachers either," said William Brock, a former congressman who was labor secretary and trade representative in the Reagan administration.

The Commission on the Skills of the American Workforce was organized by people who launched a group by the same name about 16 years ago. That commission made a series of recommendations, several of which were enacted.

Under the new group's proposal, students would finish 10th grade and then take exams. Depending on how well the students perform, they could go on to community college or stay in school and study for more advanced tests that could earn them a place at a four-year college. Somewhat similar systems are in place in other countries.

The report says that by not spending today's resources on 11th- and 12th-graders and through other changes, the government could eventually save an estimated $60 billion.

The money could pay, for example, for new pre-kindergarten programs and higher teacher salaries, which the report said would help recruit top graduates into the profession.

The commission recommends paying beginning teachers about $45,000 per year, currently the median amount paid to teachers — meaning half earn more than that and half earn less.

To help cover the cost, the commission recommends moving away from traditional, defined benefit pensions to less generous retirement plans commonly found in the private sector.

Antonia Cortese, executive vice president of the American Federation of Teachers, said teachers should not have to lose benefits in order to make more.

One other major shift would put independent contractors in charge of operating schools, though the schools would remain public. States would oversee the funding.

Cortese also was critical of that idea. "Blowing up the governance system is very drastic, and we don't know what will happen in its place," she said.

Chuck Saylors, a school board member and parent in Taylors, S.C., said shifting control to the states from the local districts would be controversial. "Mainly because we have done it the same way for so long," Saylors said, adding that he was glad the group had put forward thought-provoking ideas.

The report notes the U.S. had 30 percent of the world's population of college students three decades ago, but that has fallen to 14 percent. The commission also cites poor performance by U.S. students in exams when compared with students in other advanced industrial nations.

"We may want to wait to think about these changes, but quite simply the world will not wait for us to catch up," said Thomas Payzant, a commission member who recently stepped down as Boston's school superintendent.

The commission's work was financed by several foundations, including the Bill & Melinda Gates Foundation.

Among the initiatives from the first commission that the government enacted were a push for states to develop achievement standards and stepped-up training for high school graduates going directly into the work force.

The current commission includes are former education secretaries Rod Paige and Richard Riley; former Labor Secretary Ray Marshall; former Michigan Gov. John Engler; and Joel Klein, chancellor of the New York City schools.

Expert Panel Proposes Far-Reaching Redesign Of The American Education System (NYT)

By David M. Herszenhorn

The New York Times, December 15, 2006

Warning that Americans face a grave risk of losing their prosperity and high quality of life to better educated workers overseas, a panel of education, labor and other public policy experts yesterday proposed a far-reaching redesign of the United States education system that would include having schools operated by independent contractors and giving states, rather than local districts, control over school financing.

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The panel, the New Commission on the Skills of the American Workforce, included two former federal education secretaries, Rod Paige, a Republican, and Richard W. Riley, a Democrat; two former labor secretaries, William E. Brock, a Republican, and Ray Marshall, a Democrat; and an array of other luminaries, including former Gov. John Engler of Michigan, and the New York City schools chancellor, Joel I. Klein.

The commission's report, released at a news conference in Washington, rethinks American schooling from top to bottom, going beyond the achievement goals of the federal education law known as No Child Left Behind, and farther than many initiatives being pursued by the Bush administration or by experimental state and local school authorities. Among other things, the report proposes starting school for most children at age 3, and requiring all students to pass board exams to graduate from high school, which for many would end after 10th grade. Students could then go to a community or technical college, or spend two years preparing for selective colleges and universities.

"We have run out the string on a whole series of initiatives that were viewed as hopeful," said Lewis H. Spence, commissioner of the Massachusetts Department of Social Services and a member of the panel. "This puts a whole new set of ideas on the table."

Mr. Spence, a former deputy schools chancellor in New York City, and other commission members acknowledged that enacting the proposals would be difficult, requiring legislation in all states and the cooperation of the federal government. Some, like one for merit pay for teachers, would require renegotiating teacher contracts nationwide and persuading local school boards to relinquish authority and take a new role enforcing performance contracts with schools.

"You can't implement something like this overnight," said Mr. Klein, who had been scheduled to appear at yesterday's news conference with Mayor Michael R. Bloomberg of New York, but whose flights were grounded by thick fog in Washington. Mr. Klein strongly applauded the commission's proposals, and pointed to many efforts in New York — including sharp increases in teacher pay, a new master-teacher career step; increased roles for private groups in running public schools and performance agreements signed by 331 principals in exchange for greater freedom from superintendents — as examples of how some of the commission's goals could begin to be accomplished. "We need to think big," he said.

The commission's work was quickly hailed by some as a potentially groundbreaking document. "This report has the potential to change the debate on education at the national level," said Jack Jennings, the president of the Center on Education Policy, who is a Democrat and prominent expert on the federal education law.

The national teachers' unions were apprehensive. Antonia Cortese, executive vice president of the American Federation of Teachers, said the proposals included "some seriously flawed ideas with faddish allure that won't produce better academic results." Reg Weaver, the president of the National Education Association, urged "caution in calling for drastic changes."

The commission was organized by the National Center on Education and the Economy, a nonprofit, nonpartisan group based in Washington, and partly financed by the Bill and Melinda Gates foundation. The center organized a similar commission that issued a similar report 16 years ago. Marc S. Tucker, the group's president, said globalization had created new urgency. "There is this growing mismatch between the demands of the economy and what our schools are supplying," Mr. Tucker said.

In its report, the commission warned of dire consequences should the country not adopt a strikingly bold approach. "If we continue on our current course, and the number of nations outpacing us in the education race continues to grow at its current rate," it said, "the American standard of living will steadily fall relative to those nations, rich and poor, that are doing a better job."

"If the gap gets to a certain but unknowable point," the report said, "the world's investors will conclude that they can get a greater return on their funds elsewhere, and it will be almost impossible to reverse course."

Paul Romer, an economist at Stanford University, said that some of the fears about competition with India and China might be overblown but that the education system still needed improvement. He said the current effort was driven by improvements in technology, much as advances in the early 20th century led to universal high school.

"High productivity investments in education are one of the most universally supported and effective policies that governments have ever undertaken," he said. "The left and the right are both on board for high payoffs in education."

Schools Report Urges Drastic Change, Higher Salaries (WP)

By V. Dion Haynes

DOJ_NMG_0106756

The Washington Post, December 15, 2006

An independent commission yesterday proposed dramatic changes that would shake up American public education in an effort to make the nation more competitive globally. The recommendations include authorizing school districts to pay companies to run all their schools; enrolling many students in college after the 10th grade; and paying teachers about $100,000 annually.

The New Commission on the Skills of the American Workforce -- a bipartisan panel that includes former Cabinet secretaries and governors in addition to federal and state education officials and business and civic leaders -- issued the recommendations in a report on the future workforce. The commissioners warned that unless improvements are made in the nation's public schools and colleges by 2021, a large number of jobs would be lost to countries including India and China, where workers are better educated and paid much less than their U.S. counterparts.

"We're calling for a complete shake-up from top to bottom," Charles Knapp, chairman of the commission, said at a news conference.

"The United States has one of the highest costs of education but produces mediocre results," added Knapp, former president of the University of Georgia. "The recommendations are absolutely necessary if we want America to maintain its standard of living."

The 170-page report, "Tough Choices or Tough Times," is the result of a year-long study by the panel, which includes New York Mayor Michael R. Bloomberg; Joel I. Klein, chancellor of the New York City public schools; former Michigan governor John Engler, president of the National Association of Manufacturers; Roderick R. Paige, former secretary of the U.S. Department of Education; Marc H. Morial, president and chief executive of the National Urban League and former mayor of New Orleans; and D.C. School Superintendent Clifford B. Janey. It was funded by the Annie E. Casey Foundation, the Bill and Melinda Gates Foundation, the William and Flora Hewlett Foundation and the Lumina Foundation for Education.

Implementing all the recommendations, commission members said, would cost about $60 billion.

Education experts expect the study to spur public debates in legislatures and school board chambers across the country, much like the groundbreaking 1983 report "A Nation at Risk."

The report will prompt "constitutional changes, cultural shifts and changes in political will," said Andrew Romanoff, speaker of the Colorado House, who plans to introduce a measure incorporating a recommendation to increase offerings of early childhood education programs. "The report will provide the basis for our conversation."

The most controversial recommendations include empowering school districts to sign contracts with companies and teachers to run the schools -- which would replace schools' administrative structures with something similar to that in charter schools -- and forcing teachers to give up pensions in exchange for large pay increases.

Districts, they said, should relinquish control to the most highly qualified contractors, who would be rewarded for successfully running schools -- or fired if student performance languishes.

The schools "would be like charter schools in one crucial respect: They would be highly entrepreneurial," said Marc Tucker, vice chairman of the commission and staff director and president of the National Center on Education and the Economy.

But Anne L. Bryant, executive director of the National School Boards Association, said hiring contractors to run the schools would create "a huge new set of enterprises that we have no evidence will work." Moreover, it would negate the administrative economies of scale provided by a central office and "add a great deal of costs to a school," she said. "We've seen that to an extent with charter schools."

Boosting teacher pay would draw better candidates to the profession, commission members said. They recommend that schools increase teacher pay by at least $20,000 -- to $45,000 for beginners and $95,000 for experienced ones working a regular school calendar. Teachers who work year-round, they said, would be paid $110,000.

Teachers would get the raises in exchange for giving up pensions and switching to 401(k) retirement plans.

Reg Weaver, president of the National Education Association, agreed that teacher pay should be increased. However, "it is shortsighted to call for salary programs that increase teacher pay but deplete retirement benefits," he said in a statement.

The proposal also calls for:

Â· Setting up "personal competitiveness accounts" for all citizens to cover the cost of retraining if their jobs are phased out.

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Â· Allowing students in vocational courses to graduate from high school after the 10th grade and enroll in trade schools or community colleges if they pass exams demonstrating academic competency. High-performing college-prep students would spend the 11th and 12th grades taking advanced courses and then, after graduation, enroll in college as sophomores and juniors.

Tucker said the recommendations would take 15 years to implement, but he predicted that they would result "in what will plausibly be the best national public school system in the world."

Panel: Revamp U.S. High Schools (CHIT)

By Lori Olszewski And Diane Rado

Chicago Tribune, December 15, 2006

Most high school students could leave after their sophomore year and go to community college or vocational training under a proposal endorsed by a prestigious panel on Thursday.

The report from the New Commission on the Skills of the American Workforce touches on all aspects of education, but some of its most unusual proposals would end America's four-year high school and replace it with a more European-style model.

The plan is one of the most expansive educational proposals to surface at a time when federal officials are encouraging experimentation in the nation's school districts to help boost high school graduation rates and help Americans better compete with foreign workers. Unlike many education reports, this one is supported by several respected education leaders, including former U.S. Secretaries of Education Richard W. Riley and Roderick Paige. Riley served a Democrat; Paige served a Republican.

Rather than requiring students to remain in high school for four years, the report proposes a rigorous 10th-grade test that would allow those who pass to leave school two years early, which proponents say could help reduce the dropout rate, among other positive effects. They could then go on to technical or vocational training or academic work in preparation for a four-year institution.

The juniors and seniors left in high school would either be teens in remedial classes working to pass the exam or youngsters who chose to stay and pursue challenging academic work so they could attend elite institutions.

Other countries do it

"It may seem radical to some Americans, but many countries do it," said commissioner and former Secretary of Labor William Brock of the goal of making sure most 16-year-olds are ready to leave high school for higher education. "Who would say our young people are less capable?"

Unlike in Europe, though, doors would not permanently close to students who fail the American 10th-grade exams. Teens would be encouraged to retake the exam to be developed by each state until they pass it.

Still, reservations about the controversial proposals surfaced on a variety of fronts.

"There are some seriously flawed ideas," said Antonia Cortese, executive vice president of the American Federation of Teachers.

She said, "We don't need a distracting, massive restructuring to help high schoolers reach high standards."

The commission says that much of the plan could be funded by an estimated $67 billion in savings from high school and college programs that would no longer be necessary under the proposal. But those savings would not be fully realized for another 15 years, making it uncertain where the start-up money would come from for the program. The commission also hopes to raise money to launch demonstration projects in interested states.

A number of Chicago high school students on Thursday were open to the idea of going to college early, but they thought it might not be for everyone. They said their friends change interests and careers from day to day.

"A positive is that it would help you see where you are (academically) in time to do something about it," said Derell Bonner, 16, a junior at Prosser High School. "But I think 16 is too young to really know what you want to do."

Commissioners said, however, young people already are making choices at 16 that will limit the rest of their lives, such as dropping out.

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"This country is cooked if we don't make a vast improvement in the outcomes for our kids," said Marc Tucker, a major architect of the proposals as vice chairman and staff director of the private, non-partisan commission.

Tucker, a national expert on education and the economy, was on a previous commission that issued a report that helped spur the national education standards movement and resulted in legislation.

Dropout rate too high

The nation's staggering dropout rates drain the economy and continue to erode the middle class, especially in urban areas like Chicago where about half the students don't finish school, the report said. Even students who get a high school diploma and go on to college often must take remedial courses because they don't have the skills to succeed academically.

The report comes after a surge in interest in high school reform during the last several years fueled by philanthropist Bill Gates and a National Governors Association summit in February 2005 that drew attention to the need for higher standards to better prepare students for college or work.

Since then, several states, including Illinois, have increased high school graduation requirements. But only 11 states—Illinois not among them—have in place the rigorous requirements experts believe will truly prepare students for the world beyond high school, said Matt Gandal, executive vice president of Achieve Inc., a sponsor of the governors' summit.

Florida made a splash this week with its efforts to keep students in high school, by requiring all incoming freshmen next year to choose "majors." But a number of people expressed worry that both the Florida proposal and a move for a 10th-grade test could result in a form of tracking. They feared that some students could be steered away from challenging universities.

"The only tracking here is tracking everyone toward college," said Tucker, who emphasized that the students who failed the 10th-grade test would be given additional chances to pass it after they received academic help. The key, many critics said, is whether the nation is really ready to devote the resources to get students up to speed, especially low-income youngsters.

Need to alter entire system

Indeed, the commission report cautions against fiddling with one part of the education system without also addressing broader issues. They include proposals to make preschool available to all, to raise teacher salaries funded partly by reducing retirement benefits and to send more state money to the most disadvantaged students.

One of the most controversial ideas would strip local school boards and administrations of their traditional powers and to contract with private corporations to manage public schools.

The nation's teacher unions both issued statements opposing the move to raise teacher salaries while reducing retirement benefits.

Chester E. Finn Jr., president of the Thomas B. Fordham Foundation, praised the report for a blunt approach that could shake up the education establishment. He compared it to the groundbreaking "Nation at Risk" report of 1983, which paved the way for many educational reforms.

"There is something to offend everybody, and that approximates my own definition of consensus—a uniform level of pain felt by everybody," Finn said.

To Fix US Schools, Panel Says, Start Over (CSM)

By Amanda Paulson

The Christian Science Monitor, December 15, 2006

What if the solution to American students' stagnant performance levels and the wide achievement gap between white and minority students wasn't more money, smaller schools, or any of the reforms proposed in recent years, but rather a new education system altogether?

That's the conclusion of a bipartisan group of scholars and business leaders, school chancellors and education commissioners, and former cabinet secretaries and governors. They declare that America's public education system, designed to meet the needs of 100 years ago when the workplace revolved around an assembly line, is unsuited to today's global marketplace. Already, they warn, many Americans are in danger of falling behind and seeing their standard of living plummet.

In its place, the group proposes a series of controversial reforms:

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• Offer universal pre-kindergarten programs and opportunities for continuing education for adults without high school diplomas.

• Create state board exams that students could pass at age 16 to move either on to community college or to a university-level high school curriculum.

• Improve school salaries in exchange for reducing secure pension benefits, and pay teachers more to work with at-risk kids, for longer hours, or for high performance.

• Create curriculums that emphasize creativity and abstract concepts over rote learning or mastery of facts.

"We've squeezed everything we can out of a system that was designed a century ago," says Marc Tucker, president of the National Center on Education and the Economy, and vice chairman of the New Commission on the Skills of the American Workforce, which produced the report. "We've not only put in lots more money and not gotten significantly better results, we've also tried every program we can think of and not gotten significantly better results at scale. This is the sign of a system that has reached its limits."

The report is getting attention in part because of those involved - people like William Brock, the former senator and Reagan-era Labor secretary; John Engler, National Association of Manufacturers president and former Michigan governor; and Joel Klein, chancellor of New York's public schools.

It's also unusual in its scope and ambition, looking at public education in the context of changes in the global economy and workforce needs, and examining education for everyone from preschoolers to adults.

Many of the ideas are likely to encounter opposition. Even the group's proponents insist the report isn't an exact blueprint, but a framework - one they hope will be used to jumpstart a national conversation and entice a few states to experiment with overhauls inspired by these ideas, much the way states led the way with welfare reform in the early 1990s.

The report "is calling for a certain revolution, but it hasn't been put together by revolutionaries," says Mr. Tucker, optimistic that even the controversial ideas are politically feasible. "If you don't like the proposals we put on the ground, come up with some that will work better."

The commission insists, though, that these ideas won't work if only the least controversial and least costly are "cherry-picked" by states, emphasizing that they complement and bolster each other.

One of the biggest proposed changes - the state board examinations that would allow qualified 10th graders to move on to college - would eventually add up to $67 billion in savings that could be reallocated elsewhere, the report estimates. In the transition period, commission members acknowledge, significant but feasible costs would be necessary.

Adults, too, would get access to the education needed to pass the new state board exams, and the commission suggests creating "personal competitiveness accounts" - created at birth and added to over time - that would help pay for continuing education throughout an individual's work life.

Another proposal: Scrap local school funding for a state-funded system that offers more to the needy districts but doesn't diminish the resources of wealthy districts. The report then calls for giving schools far more autonomy - making them, in essence, contract schools run by teachers or others who are monitored by districts but not owned by them.

Many of the suggestions have already run into opposition. Anne Bryant, executive director of the National School Boards Association, says she applauds the goals and some recommendations, but worries that the financial aspects don't add up. Decentralized school districts would weaken the system, Dr. Bryant says.

"It's a groundbreaking report, but how much ground can you afford to break before you start rattling what's really working in order to fix what is not?" she asks. "There's a leap of faith here in about 10 different areas."

But proponents insist that in a world that increasingly rewards only highly skilled, creative workers - in which America spends the second highest amount on education of any industrialized nation but performs in the bottom part of the pack - reforms this drastic are necessary.

"I think we've tried to do what we can to improve American schools within the current context," says Jack Jennings, president of the Center on Education Policy, who says the commission has sparked an important debate. "Now we need to think much more daringly."

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Report Calls For Overhaul Of U.S. Education System (WSJ)

By Robert Tomsho

The Wall Street Journal, December 15, 2006

To preserve its living standard, the U.S. must undertake a radical overhaul of its education system, according to a new report that is spurring debate among policy makers, legislators and teacher unions.

The report, by a group known as the Commission on the Skills of the American Workforce, which includes former governors and cabinet secretaries from both political parties, proposes eliminating local control and funding of public schools and turning their management over to private contractors. It would end high school after 10th grade for some students who opt for two-year colleges.

The report endorses mandatory entrance exams for public colleges and universities, and calls for attracting talented young teachers by increasing salaries, while cutting pensions for retirees.

Though these proposals aren't likely to be adopted wholesale in the short run, U.S. Rep. George Miller, chairman-designate of the House Education and Workforce Committee, said some of them should get serious attention in the next Congress.

New York Mayor Michael Bloomberg endorsed the thrust of the commission's findings. Joel Klein, chancellor of New York City schools and a commission member, said the report is "clearly right and solid" but cautioned against implementing it too quickly.

The report also sparked immediate opposition. Some educators said the proposed college-entrance exams would unnecessarily limit access, and major teacher unions objected to pay changes and a loss of local control.

Members were appointed by the National Center on Education and the Economy, a centrist think tank influential in shaping the 1990s debate over educational standards.

The report comes at a time of changing political agendas, as leadership of Congress shifts and presidential aspirants lash together 2008 platforms. In addition, the No Child Left Behind law, mandating that all students should be proficient in reading and math by 2014, is up for reauthorization in 2007.

"I think people are going to pay close attention" to the report, said Dane Linn, education-division director for the National Governors Association.

Two former labor leaders on the commission dissented from part of the report. Morton Bahr, ex-president of the Communications Workers of America, and Dal Lawrence, past president of the Toledo Federation of Teachers, called letting private contractors run all public schools "an open door for profiteers."

Finding that the U.S. share of the global college-educated work force has fallen to about 14% from about 30% in the 1970s, the report said emerging countries like India are producing more highly educated workers even as only half of U.S. students who go to college earn a degree.

To prepare more U.S. students for postsecondary education, the commission calls for universal preschool, extra resources for at-risk students and, to equalize funding, state control of school finances. It proposes paying for such initiatives with an estimated $67 billion in savings it says would result, in part from an overhaul of public high schools.

Under its plan, after 10th grade, all students would take so-called board exams in core subjects. Although students could take the tests repeatedly during their junior and senior years, no one could gain entry to any public college or university without passing.

Those who passed on their first try could skip the rest of high school and immediately move on to community colleges and technical schools. In preparation for four-year colleges, students passing with higher scores would continue studying in high school for a more rigorous second round of exams, along the lines of current Advanced Placement tests.

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U.S. Schools Overhaul Sought, Using Private Control (Update3) (BLOOM)

By Paul Basken

Bloomberg, December 15, 2006

DOJ_NMG_0106761

Dec. 14 (Bloomberg) -- U.S. public schools should be run by private contractors who would graduate most students by 10th grade, concluded an expert commission sponsored by the Bill and Melinda Gates Foundation.

The plan also calls for state funding to replace local property taxes, free pre-kindergarten and higher teacher pay on a merit-based system. The Gates Foundation and other sponsoring groups may pay states to help implement it, organizers said.

The commission includes executives from Viacom Inc. and Lucent Technologies Inc. and school officials from New York, Massachusetts and California. It wants to end an "insane" U.S. school system that's producing students who can't handle either college or the workplace, said one of its members, former U.S. Labor Secretary William Brock.

"Our children must be given the ability to compete in a global economy," rather than a school system that leads the world in drop-out rates, Brock said. "If you're not worried about that, you have to become worried."

U.S. Education Secretary Margaret Spellings hasn't yet studied the report, though she already is pursuing steps such as toughening school standards, offering privately managed alternatives and increasing merit-based teacher pay, spokeswoman Katherine McLane said.

"The department shares many of the concerns and goals raised in this thought-provoking report," McLane said.

Opposition

The plan faces opposition from teacher unions, which expressed concern about the proposal to hand operations over to private contractors, and to shift the structure of teacher retirement pay.

The Gates Foundation, one of the commission's sponsors, has been experimenting with some of the ideas the panel proposed today and is ready to help states implement more of them, said Tom Vander Ark, the foundation's education director.

"We would certainly like to see the states where we're working adopt these sorts of recommendations and would certainly be open to helping them plan and implement these ideas in a thoughtful way," Vander Ark said in an interview.

Congressional leaders from both parties, including the incoming Democratic chairman of the House and Senate education committees, Representative George Miller of California and Senator Edward Kennedy of Massachusetts, also praised the ambitiousness of the recommendations and promised to consider them.

Skills Commission

The panel, called the Commission on the Skills of the American Workforce, estimates that its plan would cost little more than the $500 billion the U.S. currently spends each year on kindergarten through 12th grade education. The federal government provides about 9 percent of the current total, with the rest split between state revenue and local property taxes.

The commission plan proposes that states take control of the amount now provided by local governments to reduce inequities in spending between richer and poorer communities, said Marc Tucker, a co-author of the report and president of the Washington-based National Center on Education and the Economy. He said the states should then increase that spending by about $30 billion a year.

The plan also suggests adding about $19 billion a year more to teacher salaries to create a merit-based compensation system that would increase pay to a peak of $110,000 a year.

Costs Offset

The added costs of about $60 billion a year would be offset by graduating about 60 percent of students after the 10th grade, when tests would show they are ready for jobs or college. The commission predicted its improvements eventually would leave about 95 percent of all high school graduates ready for college.

The nation's largest teachers union, the 3.2 million-member National Education Association, said that recommendations such as state funding and private control of schools "could potentially disenfranchise poorer communities and eliminate community voices." The NEA, in a written statement, did say the report "shed light on some very real issues," including the need for more access to pre-kindergarten and better high schools.

The 1.3 million-member American Federation of Teachers warned of "enormous upheaval" from allowing private control of schools and from graduating students early.

Gates-funded projects in such places as Boston and Oakland show the change doesn't have to be that unsettling, since the same people who now run their schools might continue to run them, just as private contractors who are held more accountable for results, Vander Ark said. "It wouldn't have to be a mass revolution," he said.

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The proposed tax shift "might be popular," since local property tax is seen by Americans as the least-fair method of state and local taxation, said Bill Ahern, spokesman for the Tax Foundation, a Washington-based advocacy group.

Funding Policies

The Education Trust, a Washington-based research and advocacy group, released a state-by-state analysis yesterday concluding that U.S. school funding policies leave poor and minority students with the worst schools, including less- qualified teachers and less-demanding curriculum.

Schools in districts with low-income students receive $907 less per student than those in wealthier districts, based on 2003 figures, the Education Trust said. The gap is as high as $2,280 in New York and $2,065 in Illinois, the organization said.

Members of the skills commission include Michael Dolan, chief financial officer of Viacom; Henry Schacht, former chairman and chief executive officer of Lucent; John Engler, president of the National Association of Manufacturers; and former U.S. Education Secretaries Roderick Paige and Richard Riley.

Others on the panel are Marc Morial, president of the National Urban League; Morton Bahr, former president of the Communications Workers of America; Charles Reed, chancellor of the California State University System; and school system chiefs Joel Klein of New York City, Thomas Payzant of Boston and Clifford Janey of Washington, D.C.

A Pentagon Agency Is Looking At Brains -- And Raising Eyebrows (WSJ)

By Sharon Begley

The Wall Street Journal, December 15, 2006

In a request issued in October, a government agency asked researchers for "innovative" ways to monitor the brain as it learns and acquires skills, such as by tracking when brain waves flip from those characteristic of novices to those of experts, and noninvasive ways to speed up the process.

In February, the agency said it was interested in ways to use EEGs to detect when a brain had found what it was looking for in a photograph, such as a familiar face in a crowd.

As part of the same program, the agency awarded Lockheed Martin $650,000 in August to develop technology to monitor a brain's cognitive activity in real time and, if the device senses overload, make changes such as slowing the flow of data the brain is receiving.

In a progress report to the agency's "Augmented Cognition" program, a company said in September that it had completed development of a portable, wearable system of sensors that assess cognitive function, producing a readout showing how a brain's pattern of thought-related activity deviates "from that of the normal population."

The requests came from, and the report went to, the Pentagon's Defense Advanced Research Projects Agency. Established in 1958, Darpa is best known for inventing the forerunner of the Internet. For decades it lavished most of its support on physics. But lately, as part of its mission to maintain U.S. military superiority "by sponsoring revolutionary, high-payoff research," the agency has expanded into neuroscience.

Can the folks who brought you the Internet also bring you ways to look into brains -- and do you want them to?

Darpa has good reason to fund neuroscience. Discoveries and new technologies such as noninvasive imaging to detect what the mind is doing might help analysts, pilots and grunts process and react better to barrages of data, and allow real-time assessment of head injuries on the battlefield. Brain-computer interfaces in which thoughts are electronically translated into signals that operate a computer or prosthetic limb might improve rehab for soldiers suffering grievous injuries.

As with other "dual use" technologies, however, the findings and gizmos born of Darpa's brain research may well find their way into civilian life, and in ways that trouble some ethicists. Darpa's interest in neuroscience is "extensive and growing," says Jonathan Moreno of the University of Virginia, a former adviser on biodefense to the Department of Homeland Security. "There are reasons to be concerned about what uses these discoveries might be put to."

The Augmented Cognition program, for instance, seeks technologies that will "measure and track a subject's cognitive state in real time." The agency is partway there. One prototype helmet monitors brain states, which may include those associated with anger, aggression, anxiety, fatigue, deception -- in principle, any mental state -- and transmit the data wirelessly to a command center.

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In battle, that would let commanders redeploy soldiers who are in no state to fight or carry out certain missions; you might not want a soldier who is boiling over with rage to search civilians. How an office supervisor, airport screener or job interviewer might make use of the technology is left to the reader's imagination.

A Darpa project using fMRI imaging of brain activity applies the discovery that recognizing a face or place you've seen before triggers a characteristic pattern of cortical activity. Do you recognize this terrorist training camp? This terrorist? The benefits could be huge. As with polygraphs and fingerprint analysis, however, technologies can be widely deployed without a solid scientific foundation about their rate of false positives, with the result that they send the innocent to prison.

In a new book, "Mind Wars," Prof. Moreno describes a Darpa project on a drug called CX717, which enables sleep-deprived people to maintain memory and cognitive function. In a world where students take Ritalin to give them a boost on the SAT and Provigil to pull all-nighters, there is no reason to think CX717, if it passes more tests, will be confined to military pilots on long-haul flights. If the drug doesn't succeed in keeping a sleep-deprived brain sharp, maybe Darpa-funded research on neurostimulation -- little zaps of electricity to improve cognitive performance -- will.

Presumably, workers and students will have the legal right to reject such "enhancements," Prof. Moreno says. Soldiers might not. Should they? Will employers or others pressure people to accept better thinking through technology? Will the use of such "augmented cognition" by business competitors have the same effect as steroids in baseball, where the perception that everyone is using them exerts pressure to do the same, to keep the playing field level? There has been virtually no debate on the ethical questions raised by the brave new brain technologies.

Ever since the atomic bomb, physicists have known that their work has potential military uses, and have spoken up about it. But on the morality of sending orders directly to the brain (of a soldier, employee, child, prisoner ...), or of devices that read thoughts and intentions from afar, neuroscientists have been strangely silent. The time to speak up is before the genie is out of the bottle.

OTHER NEWS:

Local Elections Test For Iran President (AP)

By Nasser Karimi

AP, December 15, 2006

Iranians go to the polls Friday for local council elections that are expected to be a first test of support for hard-line President Mahmoud Ahmadinejad since he took office more than a year ago.

Ahmadinejad could face dissatisfaction among conservatives, some of whom feel he has been too caught up in confrontations with the West and has failed to deal with Iran's struggling economy.

Reformists — whose movement was largely crushed by hard-liners after dominating the councils, parliament and the presidency in the late 1990s and early 2000s — are hoping the vote will show popular support on which to rebuild.

All 233,000 candidates, including some 5,000 women, for town and city councils across the country were vetted by parliamentary committees, which are dominated by hard-liners. The committees disqualified about 10,000 nominees, reports said.

In the capital of Tehran, candidates plastered streets and squares of the city with posters and placards and flooded cell phones with election-related text messages.

Voters also will elect the Assembly of Experts, a body of 86 senior clerics that is charged with monitoring Iran's supreme leader and choosing his successor.

However, participation in that vote was expected to be low since there is very little difference among the candidates, who are carefully selected by Guardian Council, an election watchdog controlled by hard-liners.

The external controls on elections have been key in ensuring the ultimate authority of Iran's Islamic cleric leadership. It will be only the third time that Iranians vote for local councils, a reform introduced by former reformist President Mohammad Khatami in 1999.

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About 46 million Iranians are eligible to vote in the elections for 113,000 seats in about 45,000 city and village councils. The councils approve community budgets and planning projects. In smaller cities and towns, the councils elect mayor — although in Tehran and other large cities, they only propose nominees, among whom the Interior Ministry chooses.

About 64 percent of eligible voters were expected to take part in the elections, Iran's official news agency IRNA said, based on a survey it conducted in five major cities. Results were expected Sunday or Monday.

Most importantly, the vote could be a measure of conservatives' support — or lack thereof — for Ahmadinejad, who won 2005 presidential elections riding overwhelming backing from hard-liners.

"Division among conservatives is the most significant point of (Friday's) election. Its result can also affect further elections in the coming years," said Saeed Laylaz, a political analyst in the Kargozaran daily newspaper. Parliament and presidential elections are expected to be held in 2009.

Even some hard-liners have complained that Ahmadinejad, who ran on a platform of justice and creating jobs, has boosted Iran's rhetoric against the West but has failed to fix Iran's internal problems, including high unemployment, estimated at 11 percent.

Ahmadinejad has refused to back down on Iran's nuclear ambitions despite Western threats of sanctions. The U.S. accuses Iran of seeking to develop nuclear weapons, a claim Tehran denies. The president has also touted himself as a strong anti-Israeli leader, saying Israel will be "wiped out" and sponsoring a conference of Holocaust deniers earlier this week, causing international outrage.

Many of the Tehran races pit Ahmadinejad supporters against backers of fellow conservative Mayor Mohammad Bagher Ghalibaf, an Iraq-Iran war veteran and commercial airline pilot.

One of the pro-Ahmadinejad candidates is the president's sister, Parvin Ahmadinejad, who has used slogans including "Justice with No Exception" as part of her campaign.

Despite the vetting done by the committees, some reformist candidates were also in the race, including two former vice presidents and one former Cabinet member from Khatami's administration.

Reformers lost control of the councils in 2003, then lost parliament in 2004 before Khatami had to leave office in 2005 because of term limits.

Rogues And Fools (NYT)

The New York Times, December 15, 2006

This week's conference in Iran of Holocaust deniers and racists was, predictably, a circus of Holocaust denial and racism argued by discredited scholars and even the former Ku Klux Klan leader, David Duke. But one should never underestimate the political power of these vicious ideas, even among supposedly respectable people across the Middle East and beyond.

President Mahmoud Ahmadinejad of Iran apparently believes his claims that the murder of six million Jews by the Nazis is a myth ginned up to justify the creation of the state of Israel. That is frightening enough. Couple that with his calls to wipe Israel off the map and his government's — so far unrestrained — drive to develop the technology needed to build a nuclear weapon, and you have even more reasons to keep yourself up at night.

What is also frightening is that Mr. Ahmadinejad believes there is political benefit in these hate-filled lies and may well be right.

He is clearly hoping they will divert Iranians' attention away from his failure to rein in corruption and improve the economy. (The conference opened just days before nationwide elections for City Councils.) These lies have already pumped up his standing even in the streets of Sunni-led Arab countries like Egypt, trumping suspicions of Shiite-led Iran's growing regional power.

This week's conference is another reminder as to why the power of rogues and fools should never be underestimated. And why history's truths must never be taken for granted or forgotten.

Israel Bars Hamas Official Carrying Millions (NYT)

By Greg Myre

The New York Times, December 15, 2006

DOJ_NMG_0106765

JERUSALEM, Dec. 14 — In a bizarre standoff that lasted more than seven hours on Thursday, Israel barred the Palestinian prime minister, Ismail Haniya, from returning home to the Gaza Strip, saying he was carrying tens of millions of dollars in cash that could be used for terrorist attacks.

Mr. Haniya was finally allowed to cross from Egypt into the southern Gaza Strip late Thursday night, but only after leaving the money with Hamas officials who stayed behind in Egypt.

During his lengthy wait, dozens of angry gunmen from his Hamas movement shot up the Rafah border terminal, clashing first with Palestinian security forces on one side of the border and later with Egyptian security officials on the other side. At least 15 Palestinians were hurt, and most were believed to be from Hamas.

After Mr. Haniya reached the Gaza side, another round of shooting broke out and one of his sons was wounded and one of his bodyguards killed.

It was not clear how much money Mr. Haniya was carrying, though the Israeli news media put it at $35 million and said it had been packed in suitcases.

Several Hamas officials have ferried huge sums of cash into Gaza since the group came to power early this year, saying the money was desperately needed to pay government salaries after the cutoff of Western assistance.

The chaotic scenes along the border encapsulated the multiple crises facing the Palestinians: the continuing conflict with Israel, the Palestinians' internecine battles and their worsening financial plight.

Ghazi Hamad, a spokesman for the Hamas government who was traveling with Mr. Haniya, said in a telephone interview that he and other Hamas officials had the money in El Arish, Egypt, about 30 miles from the border. He declined to give the amount.

Other Palestinian officials said the money would be handed over to the Arab League in Cairo until a way could be found to get it to the Palestinian areas.

The Palestinians did not say where Mr. Haniya had obtained the money, though speculation focused on Iran. Mr. Haniya spent more than two weeks traveling in the Middle East, including a stop in Iran, which pledged $250 million to the Palestinian government.

The Palestinians have not placed any restrictions on the amount of cash that can be brought through Rafah as long as the money is declared at the border.

However, a senior Israeli security official said Israel acted because "we have reason to believe the money will be used to strengthen Hamas and will be used for terror." The official did not provide additional details or say how Israel knew that Mr. Haniya was trying to bring money into Gaza.

With internal Palestinian tensions escalating in the Gaza Strip, Mr. Haniya cut short his extended tour of the Middle East. He flew from Sudan to Egypt, and began heading overland Thursday afternoon toward the Gaza border. But before he arrived, Israel's defense minister, Amir Peretz, ordered the crossing closed.

Israel has no troops in Gaza, but it does have forces in southern Israel, just a few miles away from the Rafah crossing, and they could move into Gaza quickly if its order was defied.

Egypt closed its side of the border, and the Palestinian side shut down when the clashes erupted between the Hamas gunmen and the Palestinian security forces, who are loyal to the Palestinian Authority president, Mahmoud Abbas, from the rival Fatah movement.

Israel and Western countries cut the flow of money to the Palestinian government after Hamas came to power in March. The Hamas government has been able to pay salaries only partly and sporadically.

The Palestinian Authority needs more than $150 million a month for salaries and other basic expenses, and Hamas officials have sought to bring in at least a portion of that amount on their trips abroad.

When the Palestinians took control of the Rafah border crossing in November 2005, it allowed Palestinians in Gaza to travel to Egypt and on to the wider world without having to go through Israeli security.

Thursday's episode demonstrated Israel's ability to shut down the border even when its security forces are not present.

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Elsewhere in Gaza, Palestinian internal tensions were still running high. The Palestinian security forces arrested a suspect in the killing of three young sons of a Palestinian security official who were gunned down on Monday as they were being driven to school.

The suspect, Hisham Mkhaimar, belongs to the Popular Resistance Committees, and his arrest ignited a gun battle between the security forces and members of his faction. Shortly afterward, the Popular Resistance Committees kidnapped a member of the security forces and said he would not be released until Mr. Mkhaimar was freed.

In the West Bank, Israeli troops shot dead two Palestinian militants in one confrontation, and killed another Palestinian man in clashes with stone throwers, the military and Palestinian witnesses said.

In Israel, the High Court of Justice addressed one of the most contentious issues in the past six years of violence between Israel and the Palestinians. It ruled that Israel's targeted killings of Palestinian militants were legitimate in some circumstances.

But the court said Israel's military must exhaust other options first, like trying to arrest suspects, and must take into account the possibility of harming innocent civilians.

Palestinian Premier Barred At Border (WP)

By Scott Wilson

The Washington Post, December 15, 2006

JERUSALEM, Dec. 14 -- Palestinian Prime Minister Ismail Haniyeh was stranded for much of Thursday in the Egyptian Sinai after Israel barred him from entering the Gaza Strip with millions of dollars in cash, a standoff that prompted armed demonstrations by his Hamas movement and gunfire as his convoy crossed the border hours later without the money.

Haniyeh attempted to enter Gaza through the Rafah crossing just after noon following a 16-day trip to Iran, Syria and other states that do not have relations with Israel. Some of those governments have pledged money to Hamas, whose administration has been effectively bankrupted by the international aid boycott that followed its victory in January legislative elections.

The United States also has threatened sanctions against any country or group that uses bank transfers to send money to Hamas, a radical Islamic movement that does not recognize the Jewish state's right to exist. In recent months, Hamas officials have resorted to carrying cash into Gaza in suitcases, a financing method that has embarrassed Israeli officials who hope the boycott weakens the movement and brings a change in the Palestinian government.

The rules governing the operation of the border terminal at Rafah allow travelers to bring an unlimited amount of money through the crossing as long as it is declared to the European Union monitoring mission stationed there.

Israeli security officials said that Haniyeh was carrying "a few tens of millions of dollars" and that it was "very likely to be used for terrorist activities." They did not offer evidence to support the assertion. After cutting short what was planned to be a month-long trip, Haniyeh was returning to Gaza to address rising partisan violence in the territory.

But as Haniyeh arrived at the Egyptian side of the crossing, Israeli Defense Ministry officials contacted the E.U. delegation and ordered it closed. The order came from Defense Minister Amir Peretz.

A few hours later, several dozen gunmen from Hamas's military wing, the Izzedine al-Qassam Brigades, opened fire at the crossing in an attempt to force it open. They also clashed with members of the presidential guard loyal to the rival Fatah movement.

Israeli security officials informed Haniyeh that he could enter Gaza without the money, something the prime minister agreed to do as night fell. The Egyptian intelligence chief, Omar Suleiman, then arranged for Haniyeh to leave the money in the port city of El Arish with two Hamas officials, who will escort it to Arab League headquarters in Cairo.

By the time the deal was made, the E.U. monitors had abandoned the crossing because of gunfire. But Haniyeh's convoy was allowed to pass into Gaza just before 11 p.m. amid gunshots in the area of the crossing terminal that killed his bodyguard and lightly wounded his son and a political adviser.

After decades of managing the passage and patrolling the border, Israel effectively turned over the Rafah crossing to Palestinian and Egyptian responsibility following the withdrawal of Israeli settlers and troops from Gaza last year.

The crossing is Gaza's main gateway to the outside world, although Israeli officials fear it also serves as the entry point for foreign intelligence agents arriving to train Hamas's armed wing.

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Earlier in the day, Israeli forces killed a 26-year-old member of the al-Aqsa Martyrs Brigades near the West Bank city of Nablus. In a separate incident, Israeli soldiers fatally shot a 27-year-old Palestinian throwing rocks at forces near the Israeli settlement of Ariel.

The Israeli military said at least one Palestinian rocket fired from Gaza landed in southern Israel on Thursday evening, causing no injuries.

Palestinian PM Found With $35m In Cash (FT)

By Sharmila Devi

Financial Times, December 15, 2006

Israel on Thursday prevented Ismail Haniyeh, the Palestinian prime minister, from returning to Gaza in order to stop him bringing in cash possibly donated by Iran.

Reports said Mr Haniyeh, from the Hamas movement, was carrying $35m (€26.5m, £17.8m) in cash, believed to be part of the $350m he raised during a regional tour that took in Iran, Syria and Qatar. He was later allowed entry, but without the cash.

However, anger spilt over into violence following the order to close the Rafah terminal on the Gaza-Egypt border, given by Amir Peretz, Israeli defence minister.

The closure prompted about 2,000 Hamas supporters to storm the terminal where they had a gun battle with guards. Others used explosives to blow a gap in the concrete wall dividing Gaza and Egypt.

Mushir al-Masri, a Hamas legislator, said the closure "could lead the region to an explosion and the Zionist enemy and its allies will bear the responsibility for the consequences".

The European Union monitoring team at Rafah said its 16 staff were evacuated and safe.

Hamas members have carried about $80m in cash into Gaza since March, when the west imposed an aid boycott aimed at bringing down the Islamic movement but which has increased poverty across the occupied territories.

The clashes at Rafah came as Hamas supporters threatened to defy any call for new elections that Fatah's Mahmoud Abbas, Palestinian Authority president, may make in a speech tomorrow.

Months of negotiations between Fatah and Hamas for a national unity government have foundered, along with hopes for an easing of the western boycott. But Hamas and independent analysts say Mr Abbas has no legal authority to call early elections.

Mr Haniyeh cut short his trip abroad to deal with the internal turmoil. Hamas to-day plans to celebrate the 19th anniversary of its foundation with marches and demonstrations in Gaza.

There were clashes in Gaza and the West Bank this week after Fatah blamed Hamas for the shooting dead on Monday of three young boys who were the sons of an intelligence official loyal to Mr Abbas.

Hamas In Control Of Gaza Border Crossing (AP)

By Ibrahim Barzak

AP, December 15, 2006

Hamas gunmen seized control of the Gaza Strip's border crossing with Egypt on Thursday in a ferocious gunbattle with Fatah-allied border guards after Israel blocked the Hamas prime minister from crossing with tens of millions of dollars in aid.

More than two dozen people were wounded in the fighting, deepening factional violence that has pushed the rivals closer to civil war. One of the injured was an adult son of Prime Minister Ismail Haniyeh.

Haniyeh cut short a trip abroad and was trying to return to Gaza in a bid to quell the infighting between Hamas and Fatah. He finally was allowed to cross into Gaza late Thursday, but it was unclear whether he brought money for the cash-strapped Palestinian government.

After he crossed, there was a new burst of gunfire and Haniyeh's convoy was forced to speed away. Officials said Haniyeh was unharmed but his son was shot and slightly injured in the clashes.

Earlier Thursday, pro-Fatah Palestinian officers arrested a Hamas-linked militant in the killing of the three young sons of a Fatah security chief. The militant's allies retaliated by kidnapping a security officer.

Thursday's gunbattle at the border erupted after Hamas militants, angry that Israel was preventing Haniyeh from returning, stormed the Rafah terminal.

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The pro-Fatah Presidential Guard, responsible for securing the area, opened fire, setting off a gunfight. Terrified travelers ran for cover, some carrying their luggage. Crying women and children hid behind walls and taxis, while the European monitors who police the crossing fled. Two Hamas militants were among those wounded.

The Hamas militants, chanting "God is Great, let's liberate this place" took over the arrival hall, and border guards escorted the European monitors to safety. Two loud explosions rocked the area, and security officials said militants had blown a hole in the border fence about a half mile from the terminal.

The rampage destroyed furniture and computer equipment inside the terminal and plunged the area into darkness. Hospital officials said at least 27 people were wounded, two seriously.

With the terminal closed, Haniyeh was stranded on the Egyptian side of the border for several hours. Late Thursday, the Presidential Guard regained control of the terminal and the European monitors moved back in.

Thursday's unrest was likely to strain the U.S.-brokered deal that turned over control of the crossing to the Palestinians last year after four decades of Israeli control. The border can only operate in the presence of European monitors.

Israeli Defense Minister Amir Peretz, working with the EU monitors, had ordered the border closed to prevent Haniyeh from bringing in tens of millions of dollars he raised during a tour of Muslim countries, security officials said.

A senior Israeli security official said they were not trying to block Haniyeh's entry, only to keep out the money. The official said Israel had information the money would be used to strengthen Hamas or fund terror attacks, but he declined to provide further details. The official spoke on condition of anonymity because he was not authorized to discuss the matter with the press.

A Palestinian official said Haniyeh was carrying $35 million he raised during his trip, which included stops in Syria and Iran.

Haniyeh left Gaza on Nov. 28 for what was supposed to be a monthlong trip to the Muslim world, with the goal of raising money for his government.

The Palestinian Authority has been crippled by international economic sanctions that have left it unable to pay full salaries to its 165,000 workers. Israel and Western donor nations cut off hundreds of millions of dollars for the government after Hamas won legislative elections early this year, demanding the militant group renounce violence and recognize Israel.

Hamas officials have brought in more than $50 million to Gaza this year — far short of the government's needs.

Palestinian President Mahmoud Abbas, of Fatah, has been trying to persuade Hamas to join his more moderate party in a coalition government in hopes of lifting the sanctions. But talks between the sides broke down late last month.

Tensions heightened after Abbas threatened to call new elections, drawing charges from Hamas that he is plotting a coup. Abbas is scheduled to deliver a speech outlining his plan on Saturday.

The latest violence broke out Monday when gunmen riddled the car of a Fatah security officer, killing his three sons. Fatah accused Hamas of carrying out the shooting — a charge Hamas denied. The officer, apparently the target of the attack, was not in the car.

On Wednesday, gunmen in the southern Gaza Strip ambushed a Hamas commander and killed him in an execution-style slaying outside a courthouse. Hamas accused Fatah of being behind the killing.

Israel's High Court OKs Targeted Attacks (CHIT)

By Joel Greenberg

Chicago Tribune, December 15, 2006

JERUSALEM -- Sanctioning one of the most controversial tactics used by Israel in its conflict with the Palestinians, the Israeli Supreme Court on Thursday upheld the army's policy of targeted killing of militants but said the legality of each attack had to be determined case-by-case.

The court declined to issue a blanket ban on the practice, frequently used by the Israelis during six years of fighting with the Palestinians. Some human-rights groups have called the tactic execution without trial and a violation of international law.

Targeted killings are often carried out from the air, with unmanned drones or helicopters firing missiles at cars in Palestinian cities, often wounding or killing bystanders along with the intended targets. According to figures compiled by Israeli human-rights group B'tselem, 339 Palestinians were killed in targeted attacks over the past six years, 129 of them bystanders.

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"It cannot be determined in advance that every targeted killing is prohibited according to customary international law, just as it cannot be determined in advance that every targeted killing is permissible under customary international law," the court said in a unanimous ruling by a three-judge panel. "There is thus no escaping examination of each and every case."

Two human-rights groups, The Public Committee Against Torture in Israel and the Palestinian Society for the Protection of Human Rights and the Environment, petitioned the court in 2002 to ban the targeted killing policy, but a decision was repeatedly delayed.

The Israeli army has defended the tactic as an effective means of preventing militant attacks in cases in which the arrest of those involved is not possible, as is often the case in the Gaza Strip, from which the Israeli army withdrew last year.

The army says that the tactic is permissible in the context of an armed conflict and that civilian casualties are caused because militants operate in civilian areas.

In the most widely criticized Israeli strike, in July 2002, the air force dropped a 1-ton bomb on a house, killing Salah Shehadeh, the commander of the armed wing of Hamas, along with his bodyguard and 12 civilians, eight of them children.

The attack brought calls by some rights groups for criminal charges against the officers involved, including the current army chief of staff, Lt. Gen. Dan Halutz, who was the air force chief at the time.

In 2004 Israel killed the wheelchair-bound founder and leader of Hamas, Sheik Ahmad Yassin, in an air strike that also killed five bystanders. A later attack killed Yassin's successor, Abdel Aziz Rantisi.

The court ruling, written by retired Chief Justice Aharon Barak, who was completing a backlog of decisions left from his tenure, listed several limits on the use of targeted killing.

"Well-based, strong and convincing information ... which has been most thoroughly verified is needed" regarding the identity and activities of the targeted person and he should not be attacked if less harmful means, such as arrest, can be used.

"Every effort must be made to minimize harm to innocent civilians," and such harm "must be proportional" to the military advantage gained by the attack. For example, shooting at a sniper firing from a house is permitted even if an innocent passerby might be harmed, but not bombing the house from the air and hitting scores of residents and bystanders, the ruling said.

Targeted killings should be investigated after they are carried out to determine the circumstances of the attack and whether the target was accurately identified, and compensation should be paid if innocent civilians were harmed, the ruling said.

"The fight against terror is subject to the rule of law," the court said. "We must balance security needs and human rights ... The ends do not justify the means."

Michael Sfard, an attorney for the petitioners, criticized the ruling, saying it "sanctions at least parts of the liquidation policy."

"It's pretty clear to me that the army interprets the ruling as a license to kill, this time a license to kill from the court," Sfard added.

Israeli Arab lawmakers said the ruling authorizes war crimes. "You can't give an officer or the army the title of both judge and executioner and give him the tools for execution in the field," said Ahmad Tibi, one of the legislators.

A Hamas spokesman in Gaza, Ismail Radwan, said the ruling "gives judicial cover for terrorist practices by the government."

But Shai Nitzan, the Israeli deputy state attorney, said the ruling sanctions a legal form of combat.

"We are talking about a state of war, and in war you can attack the terrorists with any legal method, and targeted killing, as we argued, is a legal method," Nitzan said.

Israeli High Court Backs Military On Its Policy Of 'Targeted Killings' (WP)

By Scott Wilson

The Washington Post, December 15, 2006

JERUSALEM, Dec. 14 -- Israel's high court upheld Thursday the military's right to assassinate members of groups the state defines as terrorist organizations, but cautioned that such operations should always be weighed first against the potential harm to civilian bystanders and the human rights of the target.

The unanimous decision departs little from guidelines the military says it already follows in carrying out "targeted killings," the terminology used by the government and by the court in its ruling. But it does say commanders should allow an independent

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investigation to follow each assassination and recommends that the military compensate "innocent civilians" harmed in the operation.

Under current practice, Israel's military works with Shin Bet, the domestic security service, to compile lists of Palestinians who are influential or active figures in armed groups. Using eavesdropping equipment, aerial surveillance and informants, air force pilots or drone operators receive detailed information about a target's movements, most commonly in the Gaza Strip, where the army no longer operates regularly on the ground.

Military officers say the decision to strike is made -- sometimes in a matter of minutes -- by balancing the threat posed by the target against the potential for injuring bystanders. Many of the strikes have killed civilians in addition to targeted individuals.

Israeli military officials said they would review the court's findings in coming days. But one senior officer who specializes in matters of international law said the ruling, although vague in places, appeared to be a "validation" of existing policies regarding assassinations, and he expected few new restrictions to be implemented.

The decision states that military commanders must have "strong and convincing" information before ordering an assassination, and should not do so "if a less harmful means can be employed," namely, arrest. The ruling also says that "every effort must be made to minimize harm to innocent civilians."

"The need to balance casts a heavy load on those whose job it is to provide security," the three-judge panel wrote. "Not every efficient means is also legal. The ends do not justify the means."

The ruling has been awaited outside Israel for what it might add to the debate underway in many countries, including the United States, over how to ensure basic human rights in what the Bush administration calls the "war on terrorism." Following Israel's lead, the U.S. military and intelligence agencies have also used drones to carry out assassinations, including a November 2002 strike on a car in Yemen that killed six suspected members of al-Qaeda.

The decision, one of the last to be issued by retiring Chief Justice Aharon Barak, represented a disappointing defeat for Israeli and Palestinian human rights organizations that have called the tactic, pioneered during the most recent Palestinian uprising, a war crime.

Hawkish lawmakers and officials from Israel's security establishment expressed pleasant surprise at the ruling, given that Barak, an activist judge throughout his decades-long career, has often come down against the military in cases where human rights and security measures appear to conflict. The court said the state "must balance security needs and human rights."

The ruling stemmed from a petition filed by two human rights organizations -- one Israeli, one Palestinian -- challenging the state's right to assassinate members of Hamas, the al-Aqsa Martyrs Brigades and other armed groups fighting the Jewish state. In its decision, the court said the "starting point of the legal analysis is that between Israel and the terrorist organizations active in the Judea, Samaria and the Gaza Strip" -- referring to the territory Israel occupied in the 1967 Middle East war -- "there exists a continuous situation of armed conflict."

The ruling states that international law applies to the Israeli-Palestinian conflict, saying "it is not an internal state conflict that is subject to the rules of law enforcement."

The practice of targeted assassination began officially in November 2000, when an Israeli helicopter fired missiles at a car carrying Hussein Abayat, a senior member of the al-Aqsa Martyrs Brigades, near the city of Bethlehem. The strike killed Abayat and two bystanders.

Israeli security officials have argued that targeted killings are among their most effective tools against the armed groups, which have carried out scores of suicide attacks against Israeli civilians, fight from civilian areas and employ other guerrilla tactics that pose challenges to Israel's conventional army.

But many of the assassinations have been conducted by Israeli attack helicopters, drones or fighter aircraft, and civilian casualties are common. B'Tselem, an Israeli human rights group, reports that in operations over the past six years Israeli security forces have assassinated 210 intended targets but also killed 129 bystanders.

"Anyone who thinks that in this kind of warfare things cannot go wrong and mistakes cannot happen does not know in what world he is living," Maj. Gen. Giora Eiland, the former head of Israel's National Security Council, told Israel's Army Radio. "Compare the terrorist attacks that were taking place only four years ago with those taking place today. In the last analysis, we are

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now living in an incomparably better situation now than what we lived in then. How do you think that came about? It is partly due to targeted killings."

Barak, who once ruled that Israeli officials could not use torture during interrogations even to stop imminent suicide bombings, rejected in Thursday's decision the concept of "unlawful combatants" employed by the Bush administration to justify detaining suspects without charges.

Instead, the court decided that "members of the terrorist organizations are not combatants," but civilians who relinquish certain legal protections when they participate directly in "hostilities" intended to "harm the army or civilians."

By way of offering guidelines to military commanders responsible for ordering assassinations, the decision says that "shooting at a terrorist sniper shooting at soldiers or civilians from his porch is permitted, even if an innocent passerby is harmed. Such harm conforms to the principle of proportionality.

"However, that is not the case if the building is bombed from the air and scores of its residents and passersby are harmed," it continues. "Between these two extremes are the hard cases. Thus a meticulous examination of every case is required."

In reviewing specific cases, the ruling said, "the Court will ask itself if a reasonable military commander could have made the decision which was made." Human rights lawyers criticized that advice, along with several other aspects of the decision, as overly vague.

"Here the court has done something that will create a cloud of illegality over many missions, because the officer will not know what is allowed and what is prohibited," said Michael Sfard, the attorney for the petitioners in the case. "When you go to court, at least you expect to get a clear ruling."

Sfard also represents petitioners in the case of Salah Shehada, a Hamas military commander killed in July 2002 when an Israeli F-16 dropped a one-ton bomb on his house in Gaza, killing him and 14 others, including nine children. Sfard said he will seek a new hearing "on the basis of this ruling, which obliges the court to order a criminal investigation."

In Lebanon, Hizbullah's Rise Provokes Shiite Dissent (CSM)

By Nicholas Blanford

The Christian Science Monitor, December 15, 2006

BEIRUT, LEBANON

Hizbullah's ability to draw hundreds of thousands of Shiites to central Beirut to rally against the Lebanese government is the most visible evidence that the militants are now the undisputed representative of the country's Shiite community.

Yet some of the party's coreligionists have started to publicly question Hizbullah's political monopoly. They worry that its ambitious gambit to topple the Western-backed government is intended to benefit backers in Iran and Syria and will be detrimental to the long-term interests of Shiites.

"Hizbullah's actions definitely are not in the interests of Shiites nor of Lebanon," says Sheikh Ali al-Amine, the Shiite mufti of the Jabal Amel district of south Lebanon.

Shiite voices of dissent are few, but are gaining more attention at a time when Lebanon is serving as a battleground in the emerging struggle between Iran and its regional allies - dubbed by some as a "Shiite crescent" - and the Sunni-dominated Arab world led by Saudi Arabia and Egypt.

Hizbullah is caught in the vortex of this regional contest, torn between satisfying the demands of its foreign patrons while serving the needs of its domestic Shiite constituency.

Demonstrations calling for the resignation of Lebanese Prime Minister Fouad Siniora have been ongoing since Dec. 1. Since then, the numbers of Hizbullah and opposition supporters filling downtown Beirut seem to ebb and flow at the call of Hizbullah chief Sheikh Hassan Nasrallah.

Thursday, in a bid to ease the political crisis, the Lebanese government and opposition groups agreed on a national unity cabinet in which major decisions could be taken only by consensus, said Arab League chief Amr Moussa. He told reporters, however, that more talks were required to conclude the deal.

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Mr. Moussa called on all the parties to defuse the tension and expressed hope that the remaining issues could be resolved in the next two weeks. "Progress is clear and consensus is rising. Please be patient a bit longer," he said. "We hope to finish in the next two weeks or at the end of the month." The anti-Hizbullah voices

Sheikh Amine has become Hizbullah's most visible critic after sparking controversy four months ago by publicly refuting Hizbullah's claim of a "divine victory" in its summer war against Israel. Still, he appears an unlikely critic of Hizbullah.

Wearing a black turban that marks him as a descendent of the prophet Muhammad, he was once close to Hizbullah and in 1981 taught the youthful Hassan Nasrallah at a Shiite seminary in the Iranian city of Qom. The sheikh remembers the future Hizbullah leader as "clever and a quick learner."

"I never wanted to turn myself into a figure of opposition to Hizbullah. But during the war I saw mistakes," he says. "The aim of Hizbullah is to capture all the Shiite sect and push it into the unknown."

During the war, Mona Fayyad, a professor at the Lebanese University in Beirut, penned an acerbic opinion piece titled "To be a Shiite now," railing against the sect's subservience to Hizbullah.

"To be a Shiite is to keep silent and not to ask what is the purpose of liberating a country. Is it to destroy it all over again and to make it possible for it to be occupied once more?" she wrote.

A year ago, Mohammed Mattar, a Shiite lawyer, filed a lawsuit against a prominent Hizbullah cleric who had issued a fatwa, or religious edict, forbidding any Shiite from accepting a ministerial post after the pro-Hizbullah ministers walked out of the government.

"The edict crossed the red line between democracy and a parliamentary system run by the clergy," Mr. Mattar says, describing the fatwa as the "politics of intimidation."

The lawsuit, which was signed by five Shiites and three Christians, was, he says, "bold, but ultimately you have to defend the principles of the republic. If you want to live in a society ruled by clerics, go to Iran."

Those that have spoken out against Hizbullah say they have been subjected to subtle intimidation. Amine had to cancel his e-mail address after receiving anonymous hate mail, while others have been told they are not welcome at social events.

Lokman Slim, a vocal Hizbullah critic who heads Hayya Bina, a political reform group, says his name was included on two "lists of dishonor" circulated on the Web during the war.

"The Hayya Bina website was shut down during the war due to kindly advice, slash, threats," he says with a wry smile.

Hizbullah's dominance of Shiite politics in Lebanon has its roots in the Lebanese state's historical neglect of the Shiite community. Traditionally marginalized by Lebanon's Christian and Sunni elite and ruled by a handful of feudal clans, the Shiites were mainly confined to the impoverished rural south and east.

Hizbullah was established with Iranian support in the wake of Israel's 1982 invasion of Lebanon and soon began to challenge the already existing Amal Movement for dominance of Shiite politics.

Both groups secured loyalty through offering services to their constituents. Nabih Berri, the leader of Amal and Lebanon's parliamentary speaker, adopted a typically Lebanese system of patronage, using his influence within the state to provide his supporters with employment in government institutions. From shadow militia to Shiite institution

Hizbullah, which initially operated outside the state, used Iranian funds to build a shadow social welfare network for poor Shiites that included schools and hospitals. The battlefield successes of Hizbullah's military wing against Israeli occupation forces further sustained its popularity and earned it a regional standing.

Today, Hizbullah is a formidable multifaceted organization, arguably the second-largest employer after the Lebanese state, with some 35,000 Shiite families directly or indirectly dependent on the party.

Last year, it formed a strategic alliance with rival Amal, effectively absorbing the movement into its own apparatus. That leaves Hizbullah as the only real representative of Shiites, making it all but impossible for an alternative Shiite political entity to emerge.

"According to opinion polls, Hizbullah commands the support of over 90 percent of the community and it's very difficult for any new group to compete against that," says Amal Saad-Ghorayeb of the Carnegie Endowment's Middle East Center in Beirut.

Hizbullah's Shiite opponents argue that the party's popularity is lower than the polls suggest. But they agree that the state's historical disregard for Shiites is to blame as it created a social and political vacuum that was subsequently filled by Hizbullah.

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Although they say there is a need for a political alternative, swaying Shiite public opinion away from Hizbullah is a near hopeless task.

"We are unable to compete against Hizbullah as secular republican Shiites," says Mr. Slim. "They have God on their side, and it's impossible to compete."

Lebanese Government Still Standing (LAT)

The Los Angeles Times, December 15, 2006

With the pro-Hezbollah movement and its Syrian backers at an impasse, the U.S. should leave well enough alone.

TWO WEEKS AGO, nobody was giving odds that Lebanese Prime Minister Fouad Siniora's government would survive the year. Popular street demonstrations had brought together the major Shiite parties with a weird pro-Syrian coalition led by the Maronite Christian former general Michel Aoun (once a mortal enemy of Syria, confusingly enough). Siniora dismissed the protests as a coup d'etat engineered by Hezbollah and its Syrian backers, but without Shiite representation, his own government looked illegitimate and Hezbollah strongman Hassan Nasrallah's demand for a "national unity" government seemed almost reasonable.

Today, Siniora doesn't look much stronger, but his government is still in business, and the protesters have little to show for their efforts. Sunni Arab governments have supported the prime minister, and the pro-Hezbollah movement is, for the time being, in a stalemate. It is Hezbollah's pro-Syrian faction that remains locked out of the government (which the two major Shiite parties quit in November) and facing a crisis of momentum.

What lessons can we draw from this impasse? First, the current demonstrations are different from the protests last year, which were driven by public rage over the assassination of former Prime Minister Rafik Hariri, a crime in which Syria and its Lebanese clients were probably involved.

It's also clear that for all of Hezbollah's attempts to claim the banner of Lebanon's forgotten Shiites, there is more at stake here than an attempt to give voice to the disenfranchised. It was Hezbollah, along with the more moderate Shiite party Amal, that decided to quit the government last month after a cabinet-stacking power play failed. Nabih Berri, the Amal leader who has been a player in Lebanese politics almost since the time of King Solomon, has participated in governments far dicier than this one, and there is nothing stopping Lebanon's large Shiite minority from being represented in even greater strength than it was before Hezbollah's walkout.

While Siniora's opponents attempt to dismiss him as a U.S. puppet, he leads a broad coalition of Sunnis, Christians, Druze and other groups. Nevertheless, there is an issue here for the United States. In 1990, Lebanon was a chip awarded to Syria in return for its participation in the Persian Gulf War coalition. Now that a bipartisan consensus is beginning to form around the idea that negotiations with Syria are necessary, it's imperative that the U.S. not again make the mistake of sacrificing a shaky but functional democracy for token gestures at assistance in Iraq.

U.S. Standing Sinks In Mideast (WT)

By Eric Pfeiffer

The Washington Times, December 15, 2006

Attitudes about the United States have deteriorated sharply in the Middle East in the past two years, a survey of five countries in the region shows.

U.S. policy, such as support for Israel, has long been criticized in the Middle East, but a majority of those polled now hold negative views of the American people as well.

"What these numbers say to me is that people are dramatically affected by our policies," said James Zogby, president of the Arab American Institute, for whom the survey was conducted. "Our people and our products are at risk in the region."

The survey was conducted in Saudi Arabia, Egypt, Morocco, Jordan and Lebanon. Without exception, a strong majority expressed unfavorable opinions of the United States. The lowest level was in Jordan, where only 5 percent said they had a favorable view of the United States in general. In 2002, Jordanian favorability of the U.S. was the second highest in the region, at 34 percent.

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Survey respondents tend to distinguish between U.S. policy and the American people, but that distinction appears to have eroded in the past four years. Mr. Zogby said he first noticed a distinct shift in 2004. In the 2006 survey, only a plurality of Lebanese polled expressed a favorable view of the American people, with 44 percent approving and 18 percent expressing unfavorable views.

The American people are viewed least favorably in Saudi Arabia, where 18 percent said they had a favorable opinion and 34 percent expressed an unfavorable opinion. At the same time, 50 percent of Saudis say they like American products, compared with 24 percent who do not.

"Our policy [In Iraq] drags everything," Mr. Zogby said. "The negatives have become very pronounced."

Middle Eastern poll respondents cited the Iraq war and perceived U.S. support for Israel over the Palestinians as their biggest concerns. "One is the immediate wound while the other is the defining wound," Mr. Zogby said.

The Iraq Study Group, which recently submitted a list of 79 policy recommendations to President Bush, says the Israeli-Arab conflict is tied directly to the escalating violence in Iraq. The group has recommended that the White House emphasize a broader Middle East peace process as part of its effort to improve the situation in Iraq.

"You can accomplish good things in Iraq but you need regional support," Mr. Zogby said. "They would be wise to look at what the commission has proposed."

The one aspect of U.S. society to receive a net positive rating from all five Middle Eastern countries was the American education system.

North Korea Emphasizes Nuclear Pride (WSJ)

By Evan Ramstad

The Wall Street Journal, December 15, 2006

SEOUL, South Korea -- North Korean propaganda is putting a renewed focus on pride in the country's new nuclear capability, a sign that suggests disarmament talks next week will make little progress, Pyongyang watchers say.

Immediately after North Korea's Oct. 9 nuclear-bomb test, the country's state-controlled news media claimed its weapons were a great benefit for the country, says Brian Myers, a specialist in North Korean propaganda based in Seoul. And last month, signs appeared on the streets of Pyongyang with slogans such as "Revel in the pride of being a country in the Nuclear Club."

State propaganda is one of the few windows into North Korea's nominally communist dictatorship, which controls the flow of information and people into and out of the country. The first job held by dictator Kim Jong Il was in the propaganda department.

Mr. Myers says the current campaign is a sign that nuclear capability has become a tool for the government to galvanize support at a time when the country is suffering food shortages and economic decay.

Little Headway Is Expected

Only a handful of researchers study the propaganda. One reason is the difficulty of the Korean language. Another is that few people are willing to bet that the country, which has appeared to be on the brink of collapse for more than a decade, will sustain a career's work. Mr. Myers is one of only two non-Koreans who regularly visit Seoul's North Korean cultural center.

The other non-Korean regular at the cultural center, Andrei Lankov, a Russian scholar of Korean history, agrees that next week's talks will make little headway. "I can't see North Korea willing to give up nuclear weapons," he says. "And I don't think the United States or the others will offer what it will take for them to consider it."

A month after the nuclear test, North Korea agreed to return to the six-nation disarmament talks it has boycotted since November 2005. Since the early 1990s, the U.S. and others have offered money, food and other assistance to the impoverished country in an effort to persuade it not to build atomic weapons, fearing Pyongyang would either use the weapons or sell them to terrorists.

Mr. Myers, the 43-year-old son of a U.S. Army chaplain, lived around the world while growing up. He became interested in propaganda when he spent a year as a high-school student in apartheid-era South Africa. He then lived in Germany in the years before its reunification. He later made North Korean propaganda the topic of his doctoral thesis and now teaches Korean literature and North Korean culture at Dongseo University in Busan, South Korea's second-largest city.

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North Korean news media for 60 years have dished out a steady diet of criticism of Americans, Japanese and South Koreans. Newspapers still run stories playing up American-inflicted damage during the 1950-53 Korean War, when the communist-backed North and the U.S.-backed South fought for control of the Korean Peninsula. They describe South Korea as a hostage to the U.S., which stations about 25,000 military personnel here. Novels portray American and Japanese armies as too scared to invade because of Mr. Kim's cunning strategies. Posters call for the destruction of U.S. nuclear weapons, and magazines depict Americans as clowns or animals.

Several months ago, Mr. Myers says, posters appeared in the streets of Pyongyang depicting a nuclear bomb and urging people to "Prepare to Die" or "Dare to Die." That meant the government had added a nuclear element to the message of constant war -- there has still been no formal end to the Korean War halted by a 1953 truce between North and South -- that the regime uses to help maintain totalitarian control. "They're trying to let people know they have nothing to fear, that the United States will regularly confront North Korea and try to bully it, but that because of Kim Jong Il, America will never succeed," Mr. Myers says.

'Completely New Angle'

Following the October nuclear test, North Korean newspapers claimed South Koreans were just as happy about the test as North Koreans and that the nuclear program was enabling South Korean business to flourish. The logic appeared to be that the U.S. military was intimidated by the North's nuclear program and that without this, the U.S. might have started a damaging confrontation.

Mr. Myers believes the Kim regime is trying to cope with North Koreans' finding out, chiefly through smuggled videos, that South Korea is much wealthier. So his government is responding by saying the South is wealthy because the North has put economic priority on the military. "This is a completely new angle," he says. "In the North Korea of old, they would have not seen any reason to present South Korean capitalists as being happy with the nuclear program. It shows that Marxist-Leninism is being leached out of the ideology and that all you have left is nationalism."

Mr. Myers is sometimes consulted by U.S. diplomats and military officials for his observations on North Korea. "You really have to admire these State Department people who do these negotiations and go through these grueling talks for days and weeks," Mr. Myers said. "They haven't given up on them. I never have expected anything from the talks with the North Koreans."

North Korean Talks To Resume Monday (MCT)

By Tim Johnson

McClatchy Newspapers, December 15, 2006

BEIJING _ North Korea is digging in its heels before crucial nuclear talks rev up Monday, raising questions over whether it wants to buy time or is ready to negotiate in earnest.

In recent days Pyongyang's main government-controlled newspaper has dismissed any suggestion that the lure of a massive aid package might pry the North from its nuclear weapons program.

If North Korea listens to the "sweet talk" of the West and accepts massive aid to give up its nuclear weapons, "it will lead to our destruction," said an editorial in the Rodong Shinmun earlier this month. The editorial went on to assert that Europe and the United States hoodwinked Libya a few years ago with a similar deal and stiffed the former Communist bloc nations of Eastern Europe in pledges that led them to capitalism.

Blustery talk from Pyongyang may be designed to bolster a negotiating position for the talks, which come 10 weeks after the North conducted its first nuclear test.

Amid reports of pending U.S. incentives to stir North Korea to action at the talks, a senior Bush administration official said North Korean envoys led him to believe in late November that Pyongyang may be ready to take specific steps toward dismantling its nuclear program.

"There were indications that the DPRK (Democratic People's Republic of Korea), the North Koreans, would be prepared to deal in specifics at the coming round," Christopher Hill, an assistant secretary of state who is the chief U.S. envoy on North Korea, said in a briefing in Washington.

Hill said Washington wants "concrete progress," not just talk, at the negotiations.

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China tried to dampen expectations Thursday, and one veteran North Korea watcher voiced skepticism whether the sixth round of negotiations _ and the first after a 13-month stalemate _ would lead to any breakthrough.

"The six-party talks are likely to remain a meaningless exercise," said Andrei Lankov, a Russian-born expert on North Korea at Seoul's Kookmin University, referring to the talks hosted by China that include the two Koreas, Russia, Japan and the United States. "The North Korean side is not willing to consider any serious concessions."

With a successful nuclear test under their belt, Lankov said, North Korean officials "are not in the mood to compromise. . . . From their point of view, giving up the nuclear weapons is unnecessary and unthinkable."

North Korea is believed to be the world's ninth nuclear power.

Hill arrives in Beijing Sunday, after a possible stop in Tokyo, and said he would meet immediately in informal talks with Russian, Chinese and North Korean envoys.

The six-party negotiations, which China began hosting in 2003, formally begin Monday and are open-ended in length and flexible in format.

A flurry of media reports around the region offered conflicting signs about the positions of Washington and Pyongyang in the run-up to the talks. In Seoul, the quasi-official Yonhap news agency, citing diplomatic sources, said the Bush administration has offered Pyongyang a written security guarantee in exchange for concrete actions to end its nuclear program.

A South Korean newspaper, the Hankook Ilbo, reported that North Korea has told the United States that it's willing to shut down the key Yongbyon nuclear complex and accept inspections by U.N. nuclear monitors if conditions are met, mainly the lifting of U.S. sanctions imposed on the North over its alleged counterfeiting of U.S. currency.

One critical question remains unclear: Is North Korea willing to consider giving up its nuclear weapons in exchange for abundant aid, diplomatic recognition and security guarantees?

Hill said he didn't know if Pyongyang had yet made that strategic decision.

"I wish I could answer that question," Hill said. "At this point, I cannot tell whether that choice has been made or not."

The Bush administration says it believes North Korea has enough nuclear material for anywhere from eight to 10 bombs. As time passes, the number may be growing.

The former president of South Korea's military academy, Jang Joon-ik, told Yonhap this week he believes Pyongyang will have 55 kilograms (121 pounds) of weapons-grade plutonium by the end of the year, and that continued reprocessing of spent fuel rods would give it enough fissile material to produce 50 nuclear bombs by 2010.

N. Korea Coming Back To The Table (LAT)

By Mark Magnier

The Los Angeles Times, December 15, 2006

BEIJING — After a 13-month boycott, a nuclear test and much posturing, North Korea returns Monday to six-nation talks that have yielded few results and resume with few expectations.

An important focus for early jostling will be timing and deadlines, analysts said. Secretary of State Condoleezza Rice has called on the North to dismantle its nuclear weapons program within two years in exchange for aid, energy assistance and improved relations.

North Korea has an interest in avoiding a quick resolution. The longer it keeps the program intact, the more likely the world is to accept its status as a member of the nuclear club, as Pakistan and India discovered. Extending talks beyond the 2008 U.S. elections also could bring it a new negotiating partner, in the form of a new administration, that it might find easier to deal with.

As always, each participant in the talks will be looking over its shoulder. Though the U.S. and the other parties — China, South Korea, Japan and Russia — favor quick results, they don't want to push North Korea so hard that it walks away.

The last time North Korea left in a huff, the standoff led to its Oct. 9 test of what experts believe was a relatively small nuclear device — probably less than 1 kiloton, or about 7% of the explosive capability of the 1945 Hiroshima bomb. Another breakdown in negotiations could lead to a second test.

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The regime in Pyongyang, North Korea's capital, has an interest in producing a more powerful and technologically sophisticated explosion. Such a test would not only bolster the country's deterrence against attack but would also raise its weapons program's value as a bargaining chip, offering hope that other countries will pay it more to disband the program.

A key short-term reason North Korea is returning to the table could be the carrots and sticks China quietly offered its neighbor, calling into question how motivated Pyongyang is to achieve real progress.

The longer North Korea keeps the other nations talking, the less likely they are to impose cargo inspections on it or strictly implement economic sanctions involving luxury goods and conventional, ballistic, chemical and nuclear weapons under United Nations Resolution 1718, a measure passed unanimously by the Security Council on Oct. 14.

In recent weeks there has been some narrowing of the wide gap between the U.S. and North Korea in at least two areas: financial sanctions and direct talks.

Pyongyang has been incensed by the sanctions the U.S. imposed in 2005 involving at least $24 million in North Korean assets at a Macao bank. The action was taken in response to Pyongyang's reported money laundering, weapons proliferation and counterfeiting activities, and Washington has insisted this issue be handled outside the six-party framework.

In recent weeks, however, the Bush administration has said that $12 million of the funds might not be related to illegal activity, and officials have indicated a greater willingness to bring the issue into the talks.

After long maintaining that the administration would not hold direct talks with Pyongyang, chief U.S. negotiator Christopher Hill met with his North Korean counterpart Nov. 28. The three-way meetings also involved China, but Beijing officials left the two alone for substantial periods.

"So in effect, the United States was talking directly with North Korea," said Shi Yuanhua, deputy director of the Center for Korean Studies at Fudan University in Shanghai. "The Americans have made their greatest compromise so far."

But huge differences remain as Washington insists on a complete dismantling of the nuclear weapons program before anything else, even as North Korea insists on compensation before it dismantles a program it has been working on and using as leverage since 1990.

"It would certainly be good if we could solve this within two years," said Yan Xuetong, a professor at Beijing's Qinghua University. "But looking at cases in South Africa, Ukraine, Libya, it can take decades to solve a nuclear crisis. This one has only lasted 16 years."

Analysts say that if this round of talks both prevents the North from testing again and stops other nations from tightening sanctions on the regime — in effect a stand-down on both sides — that in itself will be a small achievement.

"Everyone wants good results," said Zhang Liangui, a Korea expert at the Central Party School in Beijing. "Without deadlines and an agreement on holding regular talks, however, that's just a nice wish."

NKorea May Stage Second Nuclear Test During Six-party Talks: Minister (AFP)

AFP, December 15, 2006

North Korea may stage a second nuclear weapons test to strengthen its hand during upcoming negotiations on scrapping its nuclear programme, South Korea's new defence minister has warned.

Kim Jang-Soo, a former army chief of staff, ordered the 650,000-strong military to step up combat-readiness to deter possible aggression from the North, the defence ministry said.

"We have to be thoroughly prepared to counter the possibility of a second or third nuclear test by North Korea and a possible hostile act by it in the process of negotiations over its nuclear weapons programme," Kim said in a message to troops.

The six-nation nuclear talks are set to resume in Beijing on Monday, 13 months after the North walked out. They involve the two Koreas, the United States, China, Japan and Russia.

The North staged its first nuclear test on October 9, sparking international condemnation and United Nations sanctions.

Later that month North Korean leader Kim Jong-Il told China that he had no plans for a second test but that increased international pressure could trigger "further measures".

Defence minister Kim issued his letter after a closed-door meeting of 130 senior commanders, including General Kim Kwan-Jin, chairman of the Joint Chiefs of Staff, and the army, navy and air force chiefs of staff.

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The defence minister also urged no further delay in the planned relocation of US bases to Pyeongtaek south of Seoul.

The defence ministry said this week that South Korea would not be able to complete a major relocation of US military bases by 2008 as scheduled, due to protests by residents and a dispute over cost-sharing.

The US forces want to consolidate 35 US bases scattered across the nation into two hub bases by 2008, including one at Pyeongtaek.

Some 29,500 troops are stationed in the country, a legacy of the Korean War. The number is set to drop to 25,000 by 2008.

$1M Fund Intended To Assist Activists (AP)

AP, December 15, 2006

The State Department announced a $1 million emergency fund Thursday to help cover such expenses as legal fees and medical bills for human rights activists.

The fund is meant to pay short-term bills for people who take great risks by defending human rights "in countries where tyranny persists," the department said.

Secretary of State Condoleezza Rice also redefined U.S. goals and expectations for international treatment of independent groups that promote democracy and human rights.

People should be able to freely join such groups, which the State Department calls non-governmental organizations or NGOs, and the groups should be free to act within international law, the department said.

"Whenever NGOs and other human rights defenders are under siege, freedom and democracy are undermined. The world's democracies must push back," Rice said in commemorating national human rights week. "We must defend the defenders."

The department issued a 10-point statement of principles on NGOs.

In a slap at Russia, one principle says governments seeking to regulate the groups should aim to protect, not impede, their work. Russia was not mentioned in literature the department handed out Thursday nor in Rice's brief remarks, but the United States has been concerned about a law passed this year that requires groups such as Amnesty International to register with the government.

Another such group, the non-governmental National Endowment for Democracy, said Wednesday that Russia had "steadily retreated from democratic reform" under President Vladimir Putin.

Bush Creates Activists' Funding (WT)

By Nicholas Kralev

The Washington Times, December 15, 2006

The Bush administration will create a $1 million fund to support democracy and human rights advocates around the world who are being harassed and persecuted by their governments, Secretary of State Condoleezza Rice said yesterday.

Miss Rice also announced that, beginning next year, she will bestow a Freedom Defenders Award on a foreign activist or nongovernmental organization and a Diplomacy for Freedom Award on a U.S. ambassador for "working to end tyranny and promote democracy."

"The fund will begin at $1 million and will be replenished each year as needed," the secretary said. "This fund, to be administered by the State Department, will enable us to quickly disburse small grants to human rights defenders facing extraordinary needs due to government repression. This funding, for example, could go to cover legal or medical costs or short-term support to meet the pressing needs of an activist's family."

The initiative, announced at a State Department ceremony to mark Human Rights Week, is the administration's response to a global trend of government crackdown on NGOs, said U.S. officials. They cited Russia and other former Soviet republics in Central Asia as examples of some of the most drastic measures.

A Russian law limiting the activities of NGOs and their ability to receive support from abroad sparked criticism from Washington and concern about their work with American and other Western organizations in the vast country.

The governments in Moscow and Central Asia "mischaracterized the recent color revolutions" in Georgia, Ukraine and Kyrgyzstan, said a senior officer at a U.S. organization that promotes democracy around the world.

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"Those governments wrongly concluded that the color revolutions were somehow fomented by the United States and by NGOs," said the officer, who asked not to be named for fear of retribution. "What actually took place was that pro-democracy organizations were supporting a credible democratic process, not a particular election outcome."

Barry F. Lowenkron, assistant secretary of state for democracy, human rights and labor, said that, in addition to Russia, Belarus, Kazakhstan, Uzbekistan and others, countries in Asia, Latin America, Africa and the Middle East have "pushed back against NGOs."

Even though the situation in Indonesia, Malaysia, China and Vietnam is not as grim as that in Iran, Burma or Venezuela, "a clear statement in support of NGOs is needed," Mr. Lowenkron told reporters. He said the $1 million will come out of the $60 million budget of his bureau, pointing out that it is only "one vehicle" the administration will use to promote the rights of NGOs.

He also said that, if a foreign government does not allow U.S. funding to reach its recipients, the issue will become part of the relationship with that country.

American groups active overseas welcomed Miss Rice's announcement yesterday.

"The amount of money is not as important as the political message this is sending," said Kenneth D. Wollack, president of the National Democratic Institute. "Any initiative that gives concrete expression to our commitment to human rights, democracy and the rule of law is something to be welcomed and should draw strong bipartisan support."

Pentagon Calls For New African Command (AP)

By Pauline Jelinek

AP, December 15, 2006

The Pentagon is recommending a new U.S. military command for Africa, which is seen as having greater strategic importance to America since the start of the fight against terrorism.

The Defense Department has sent the proposal to President Bush for his approval, Pentagon spokesman Bryan Whitman said Thursday.

The U.S. military has a system under which each region of the world is overseen by a specific command. Africa is split among several commands, which have been increasing activities on the continent greatly in recent years.

Central Command, which controls the Horn of Africa, set up a task force there in attempt to catch any al-Qaida escaping from Afghanistan after the war started in late 2001. It has since has expanded to humanitarian and other missions.

The European Command has sent Special Forces to do training exercises in North Africa and worked on humanitarian projects, medical training and other missions such as harbor maintenance in oil-producing nations in the Gulf of Guinea.

The various types of operations are aimed at building partnerships and strengthening the ability of African governments and militaries — as well as winning hearts and minds.

The hope is that the efforts will make African nations less vulnerable to the recruiting efforts of terrorists and help drive out those already using Africa as a safe haven.

Officials say Africa also is strategically more important because of increased efforts by China to involve itself and gain influence on the continent.

Egypt Arrests Opposition Leaders After A Protest (NYT)

By Mona El-Naggar

The New York Times, December 15, 2006

CAIRO, Dec. 14 — Egypt on Thursday arrested several leading members of the Muslim Brotherhood, the banned but powerful opposition group, and more than 140 student members after a campus protest. The government said the group had formed what amounted to militant squads that planned "acts of unrest."

The arrests followed a demonstration at Al Azhar University in which dozens of students, some in militant-type clothing with black face masks, paraded through the university campus while performing what looked liked martial exercises.

In a statement, Interior Ministry officials charged that the brotherhood had created what it called "deterrence committees," which were "trained in the arts of combat and provided with knives, sticks and chains, and appointed to start holding strikes and demonstrations and acts of unrest in the university."

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The Muslim Brotherhood, the largest and most organized opposition force in Egypt, has a violent history and was banned after trying to assassinate Gamal Abdel Nasser when he was the prime minister. But the brotherhood disavowed violence in the 1970s and has instead tried to spread its influence through politics and by creating an extensive network of social services.

It has been tolerated, even while many of its leaders and members are often jailed, as part of a cold peace between the brotherhood and the government.

Candidates allied with the brotherhood did well in the parliamentary elections last year, weakening the governing party's power monopoly.

But the sight of brotherhood members parading in costumes that resembled the militant attire of the Palestinian group Hamas apparently crossed a red line. The students immediately apologized, and brotherhood leaders said it was a mistake, but the arrests were ordered anyway, and included the detention of one of the group's top officials.

"What happened was peculiar and wrong, and the students apologized, and the apology should have been accepted," said Essam el-Erian, a leading member of the group.

The Azhar students were protesting because they had been barred from offering their own slate in student government elections.

UK Drops BAE-Saudi Bribery Probe (FT)

By Christopher Adams And James Boxell

Financial Times, December 15, 2006

Britain was accused on Thursday night of caving in to intense pressure from Saudi Arabia after Tony Blair's government intervened to end a Serious Fraud Office inquiry into bribery allegations against BAE Systems.

The SFO's decision to abandon its investigation into the Al Yamamah oil-for-arms contracts came under fierce attack from opposition peers and leading international lawyers.

The decision was announced by Lord Goldsmith, the attorney-general, on a day when the UK government appeared determined to rush out all its controversial news under the cover of the publication of a long-awaited police investigation into the death of Diana, Princess of Wales.

Mr Blair also chose Thursday as the best day to make himself available to police seeking to question him over allegations that honours were sold in return for political donations. The event made him the first sitting prime minister to be questioned in a criminal inquiry.

The abandonment of the BAE inquiry is expected to save a multibillion-pound jet fighter contract with Riyadh and safeguard thousands of jobs. BAE in recent weeks had run a media and lobbying campaign warning that Saudi Arabia would scrap the deal and purchase French Rafale jets instead unless the inquiry was dropped.

For more than two years, the SFO had been investigating allegations of slush funds and other unethical practices surrounding the 20-year-old Al Yamamah oil-for-arms agreement with Riyadh, the UK's biggest export deal.

The proposed deal to purchase 72 Eurofighters would supercede the Al Yamamah contracts and could eventually be worth as much as £40bn (€60bn) to BAE. A similar sum has been made from Al Yamamah, in which BAE supplied Tornado fighter jets, among other military equipment.

But the SFO's decision to seek bank account information from Switzerland in relation to its Al Yamamah probe sparked anger in Riyadh, leading to a suspension of commercial talks over a purchase of the Eurofighters.

BAE, which has always denied any wrongdoing, welcomed the attorney-general's statement. Officials were unaware of whether the Eurofighter talks had recommenced, though the decision to abandon the probe is certain to remove any obstacles to the deal, Britain's biggest export agreement. The Ministry of Defence refused to comment.

The decision to halt the investigation followed a warning by the prime minister that the SFO's inquiry risked causing "serious damage" to British security, intelligence and diplomatic co-operation with the Saudis.

Mr Blair, backed by Margaret Beckett, the foreign secretary, and Des Browne, defence secretary, argued that continuing the inquiry could leave Britain exposed in the war against terrorism by threatening the flow of Middle East intelligence. His intervention followed months of public and behind-the-scenes pressure by Saudi Arabia and BAE to end the inquiry.

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Lord Goldsmith said the SFO had taken the decision on public interest grounds and in part because of "the need to safeguard national and international security". Uncertainty over how long the inquiry would take, and whether a prosecution could be brought, was also a factor.

He said: "It has been necessary to balance the need to maintain the rule of law against the wider public interest. No weight has been given to commercial interests or to the national economic interest."

Insiders said Mr Blair's influence had been crucial.

"Everybody wanted it [the inquiry] to go away," said one source. However, suggestions that Mr Blair spoke with the Saudi ruler King Abdullah about the issue were denied by Downing Street.

White House Hosts Malaria Summit (AFP)

By Olivier Knox

AFP, December 15, 2006

US President George W. Bush designated eight African countries as new beneficiaries of US aid to battle malaria, which kills one million people annually around the world.

Bush added Benin, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Mali and Zambia to his five-year, 1.2-billion-dollar President's Malaria Initiative (PMI) for Africa, bringing to 15 the number of countries covered.

"For malaria, we know exactly what it takes to prevent and treat the disease. The only question is whether we have the will to act," said the US president, who unveiled the program last year.

Bush, speaking to US and African activists, civic leaders and government officials at a White House summit on the killer mosquito-borne disease, also proposed doubling US development aid to Africa by the end of the decade.

"This administration has doubled development aid to Africa during my presidency -- and I propose to double it again by the end of this decade," he said.

Also at the summit, First Lady Laura Bush unveiled a 30-million-dollar plan to help African communities battle malaria by funding non-governmental organizations and civic and religious groups battling the disease.

"It will encourage more charitable organizations to join the fight" and will complement work by African governments by "creating independent, sustainable malaria-control programs" in villages across the continent, she said.

Malaria kills more than a million people a year, 90 percent of them in Africa, according to the World Health Organization (WHO). It is the leading cause of death for children under five in Africa.

The summit also aimed to raise awareness in the United States about the disease and galvanize public-private cooperation to fight its spread.

"One American with just 10 dollars can help save a life in Africa. A school, a church or a team can help save a village. Together, Americans can help protect an entire continent," the White House said in a statement.

The participants included African and UN officials, non-governmental organizations and stars, including South African singer Yvonne Chaka Chaka, a UNICEF goodwill ambassador for malaria.

PMI aid in Angola, Tanzania and Uganda has already reached six million people, said retired admiral Timothy Ziemer, who leads the initiative. The assistance includes spraying against mosquitoes, drug treatment and handing out bed nets to protect humans from the insects.

Four other countries -- Malawi, Mozambique, Rwanda and Senegal -- have been picked to receive the assistance.

John Bridgeland, who heads the non-profit campaign Malaria No More, said his group would use the summit to rally private support for the cause.

"It's literally our base camp, where this is a first step in ... a three-month undertaking to help galvanize and organize the private sector," said Bridgeland, a former Bush aide.

Other summit participants included US Secretary of State Condoleezza Rice, WHO chief Margaret Chan and Melinda Gates, the co-chair of the Bill and Melinda Gates Foundation.

The Gates Foundation of Microsoft founder Bill Gates and his wife, Melinda, pledged 83.5 million dollars Monday in new grants to boost access to bed nets and treatment, as well as speed research on vaccines.

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Bush Celebrates Early Victories In Campaign Against Malaria (NYT)

By Celia W. Dugger

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — Malaria, a deadly tropical disease long overshadowed by AIDS, shared the stage with the president and the first lady on Thursday when the Bushes were the hosts of a forum at the National Geographic Society to raise the profile of this neglected scourge.

The gathering highlighted the growing efforts of influential evangelical, business and charitable leaders to raise money and mobilize volunteers against malaria, which kills 800,000 African children each year. Their rallying cry: Donate $10 for a mosquito net, save a life.

It also gave President Bush, whose reputation for compassionate conservatism has taken a beating during the grueling war in Iraq, a moment to bask in some of the early victories in the five-year, $1.2 billion campaign against the disease that his administration undertook a year and a half ago.

For example, on one of the spice islands of Zanzibar, where the United States helped distribute mosquito nets to cover every slumbering pregnant woman and child younger than 5 years old, the number of malaria cases has plummeted almost 90 percent since last year.

"So we're acting and we're leading," Mr. Bush said. "And with partners across the world we are helping the people of Africa turn the tide against malaria."

Melinda Gates, who with her husband, Bill, has invested heavily in research for a malaria vaccine, told the Who's Who of global malaria warriors packed into the auditorium that a decade ago, their number would have fit in a broom closet.

The top leaders of all the main malaria-fighting organizations — from the World Health Organization to the World Bank, from the United States Agency for International Development to the Global Fund to Fight AIDS, Tuberculosis and Malaria, from the Bill & Melinda Gates Foundation to Unicef — were at the forum, which the Bush administration titled the White House Summit on Malaria. They met for hours after the public session to plot strategy.

A Gallup poll that was done free for Malaria No More in recent days found that while 96 percent of Americans counted AIDS as a very serious problem in Africa, only two-thirds knew that malaria was also a grave threat.

Malaria No More, a nonprofit group of business and charitable groups that organized in response to a challenge from Mr. Bush, talked up its Web site, www.malarianomore.org, as a place where people can donate $10 to provide a family with a mosquito net to prevent malaria, and the education to use it properly.

The big money, however, has come from big donors. The Global Fund has so far committed $2.6 billion to malaria. The Gates Foundation has promised to spend $766 million. The World Bank has approved $357 million in loans.

The president's Malaria Initiative is supposed to gradually ramp up spending. But money for this year's programs in Uganda, Tanzania, Angola, Mozambique, Rwanda, Senegal and Malawi — $135 million — is still uncertain. Whether it survives depends on collaboration between the administration and Democratic leaders in Congress.

Senator Patrick J. Leahy, a Vermont Democrat expected to lead the Senate appropriations subcommittee that oversees foreign aid, was at the forum and said he wanted to find a way to finance the administration's malaria program. "We're trying to get the kind of money we spend in a day in Iraq," he said. "Somewhere we've got to have our priorities right. It's a moral issue."

Bush Says Ending Malaria 'Possible' (WT)

By Tom Carter

The Washington Times, December 15, 2006

Malaria, a disease that kills two African children every minute, can be eliminated if governments, private business and religious organizations have the will to make it happen, President Bush said yesterday.

"It is possible to eliminate malaria," Mr. Bush said at the White House Summit on Malaria. "We know exactly what it will take to prevent and treat the disease ... It is not going to require a miracle. It requires smart, sustained effort."

Some of the world's leading global health specialists gathered at the National Geographic Society to announce a new initiative called Malaria No More.

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The program will focus on the mosquito-borne disease in a massive publicity campaign to encourage every American to "save a life" by contributing $10 for a bed net treated with insecticide to prevent mosquitoes from biting at night.

In June 2005, Mr. Bush created a five-year $1.2 billion program to fight malaria in Africa, called the President's Malaria Initiative. On the island of Zanzibar in Tanzania, where PMI is getting bed nets to people, spraying insecticides in houses and getting medicine to those who are infected, malaria has dropped by 90 percent since last year.

"Your taxpayer money is working to save lives," said Mr. Bush, announcing the PMI campaign will expand to eight more African countries next year.

The program already is operating in Uganda, Tanzania, Angola, Malawi, Mozambique, Rwanda and Senegal. The countries to be added are Benin, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Mali and Zambia.

Related private initiatives were announced yesterday by Paul Wolfowitz, president of the World Bank; Richard Feachem, executive director of the Global Fund to Fight Aids, Tuberculosis and Malaria; Melinda Gates, co-chair of the Bill and Melinda Gates Foundation; Dr. Steven Phillips, medical director of Exxon Mobil Corp.; Ann Veneman, head of UNICEF; Rick Warren, pastor of the Saddleback Church; and the U.S. heads of the United Way, Boys and Girls Club and the Red Cross.

Laura Bush, who has made preventing and treating malaria a focus of her efforts as first lady, organized and convened the conference.

"Any individual who can raise $10, can buy a net and save a life," Mrs. Bush said.

It was not clear why the Malaria No More nets would cost $10; Mr. Feachem of the Global Fund said in his presentation that nets cost between $5 and $6. It was suggested that the extra money may be used for education.

Roger Bate, head of Africa Fighting Malaria, which has been working on malaria for a decade, said he was gratified that powerful people with money are finally paying attention, but that getting bed nets into African homes is only a first step.

"Research done last summer by [the U.S. Agency for International Development] in Togo and Zambia found that the bed nets had been distributed to 90 percent of the homes but only hung up in 70 percent," he said.

"And only 56 percent were being used on the night they were surveyed. They have to be used, even on hot nights. If that [extra $4] is used for education on this, that would be good."

U.S., China Clash On Currency (WP)

By Ariana Eunjung Cha

The Washington Post, December 15, 2006

BEIJING, Dec. 14 -- U.S. and Chinese leaders clashed publicly on the opening day of strategic economic talks, with Treasury Secretary Henry M. Paulson Jr. pushing China to revalue its currency and Chinese Vice Premier Wu Yi saying Americans do not have a full understanding of the situation.

After standing by as U.S. officials criticized her country's economic policies in the media during the past week, Wu set the tone for the meeting with assertive introductory remarks that spanned 20 typed pages and 5,000 years of Chinese history.

"Some American friends are not only having limited knowledge of, but harboring much misunderstanding about, the reality in China," Wu said, according to a copy of her remarks provided by the Ministry of Foreign Affairs. For example, Wu noted that China needed to create enough jobs to absorb an estimated 300 million rural workers -- equal to the entire population of the United States -- into its urban economy in the next two decades.

Paulson was equally aggressive in his follow-up speech, saying that the U.S. government's "strong view" is that China should allow its currency, the yuan, to be more flexible. Most countries allow the value of their currencies to be set in global markets, but China intervenes to keep its currency pegged to the dollar at an exchange rate that many Western economists regard as skewed in China's favor.

The Chinese economy "would be more effective under a regime where currency values are determined in a competitive, open marketplace based upon economic fundamentals," Paulson said. A revaluation of the yuan upward would make U.S. goods cheaper in China and Chinese goods more expensive in the United States.

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Throughout the day, U.S. officials pushed on issues such as trying to resolve the huge trade imbalance between the two countries and making sure that China lives up to commitments it made five years ago when it joined the World Trade Organization. By the afternoon, they said they were optimistic.

"They were very much in a receiving mode," Labor Secretary Elaine L. Chao said in an interview with reporters. "They were listening very carefully."

Commerce Secretary Carlos M. Gutierrez said that the meeting "exceeded expectations" and that "it was a very candid . . . honest, solid dialogue."

High-level U.S. officials, interviewed after the close of meetings for the day, said the two sides agreed on many things in principle, such as the need to keep their economies open to other countries. But specific measures and a timetable were less clear, with the United States pushing for rapid change and China seeking to move cautiously.

Skepticism toward foreign trade, particularly with China, played a major role in the recent U.S. elections, and proposals for punitive tariffs or other protectionist measures could gain support in Congress next year.

"I sense that they have an understanding of the stakes," Gutierrez said. "And the stakes are very large. You are talking about a lot of business, a lot of jobs on both sides. We are their No. 1 customer."

While most of the day was focused on U.S. requests of Beijing, China also listed some priorities: fewer obstacles to the export of U.S. technology and to Chinese investment in the United States. The complaint about U.S. export controls, in particular, led to some tense exchanges, U.S. delegates said,

"They would like no restrictions, and we have restrictions, so there are certain things that they would like that we can't give on," Guttierez said.

U.S. Trade Representative Susan C. Schwab said in an interview that she told the Chinese that their country was "slowing if not backsliding" on economic reforms.

Paulson is a former Wall Street executive who has made dozens of trips to China. He has taken command of the Bush administration's economic discussions with that country and took a high-level delegation of Cabinet members and others with him on this trip as he seeks to make progress toward resolving thorny disputes.

The format of the meeting included formal presentations and broad debate on issues such as China's transport problems and the U.S. culture of easy credit.

Perhaps the meeting's most anticipated and sensitive talks -- about whether China should allow the yuan to rise in value -- were anchored by a statement from Federal Reserve Chairman Ben S. Bernanke, who accompanied Paulson on the trip.

Bernanke said an increase in the currency's value would benefit China, according to U.S. officials present at the talk.

"Other people piped in to say the U.S. has a very interested stake in China's economic well-being," Chao said.

China Entreats U.S. To Broaden Its Understanding (WSJ)

By Michael M. Phillips And Andrew Batson

The Wall Street Journal, December 15, 2006

BEIJING -- From the first moment of this week's top-level economic talks here between the U.S. and China, the hosts made clear what they believe to be the root of bilateral tensions: Americans simply don't understand China.

In the Great Hall of the People, under a painting of Chairman Mao Zedong and other revolutionary heroes, Chinese Vice Premier Wu Yi gave Treasury Secretary Henry Paulson and his delegation a history lesson about her country's struggles with poverty and foreign interference. American misconceptions about the Asian country aren't "conducive" to good relations, she said as she opened two days of talks yesterday, according to the written text of the speech.

"Throughout all these years' interactions with all quarters of the U.S., the government and the public, we have had the genuine feeling that some American friends are not only having limited knowledge -- but [also] harboring much misunderstanding -- about the reality in China," said Ms. Wu, who is considered an advocate of economic change.

Ms. Wu reiterated longstanding Chinese complaints that foreign critics fail to grasp the extent of her country's huge economic and social challenges, from profound poverty to the waves of rural residents pouring into cities. She and other Chinese officials also have said foreigners misread Beijing's efforts to address those problems through economic development as a threat

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to its trading partners. Chinese officials argue they have done more to address foreign complaints than critics acknowledge, but that ultimately China must move at its own pace to avoid triggering social unrest.

The American delegation came to Beijing hoping to create a mood of mutual trust that would spur progress on a host of contentious issues, from piracy of U.S. computer software to market access for U.S. financial-service companies to China's alleged practice of keeping its currency weak against the dollar. The Americans here sense that U.S. lawmakers, worried by the huge U.S. trade deficit and the loss of manufacturing jobs, are ready to blame China and are flirting with protectionist legislation.

"It is in everyone's interest that China's growth continues and in doing so that it strengthens the world economy," Mr. Paulson told the Chinese in the closed-door session, according to a copy of the speech. "This dialogue can help us work together to do just that while reducing tensions along the way."

Mr. Paulson has described this round of talks as the beginning of two years of strategic dialogue aimed at creating a climate in which thorny trade, financial, energy and other issues can eventually be resolved. He has gone to great lengths to reduce expectations that this week's meetings would produce instant changes in Chinese policies.

Nonetheless, the participants couldn't avoid the issues of the day. Tensions over the currency issue are particularly sharp, with American manufacturers charging that the weak yuan gives Chinese companies an unfair edge over their American competitors.

Federal Reserve Board Chairman Ben Bernanke told the Chinese that their economy would benefit if they were to allow the yuan to rise against the dollar, according to Labor Secretary Elaine Chao, who participated in the talks. And Mr. Paulson said that eventually China should allow the yuan to move unfettered against other currencies. "We believe that China should move toward such a system over the next several years," Mr. Paulson said. "And of course you understand our strong view that in the meantime, more currency flexibility is necessary."

Ms. Wu repeated earlier statements that China seeks a "rough balance" between imports and exports, rather than its current large trade surplus, and that Beijing intends to move toward a system that would let markets set the yuan's value. The yuan has gained almost 5.9% against the dollar since the Chinese initially allowed it to move against the dollar in July 2005.

The size of the gathering had a slightly stifling effect on what Mr. Paulson hoped would be a free-flowing conversation about the long-term economic issues that both countries face. In the cavernous Golden Hall, 14 senior Chinese officials, backed by 72 aides, faced off with 13 senior U.S. representatives, including seven of cabinet rank, with 48 aides of their own. Participants who wanted to speak had to place their name cards on end as a signal; their names were then entered into a queue posted on a giant video screen. A senior U.S. official nevertheless described discussions as "honest and frank."

Ms. Wu opened the event with a presentation that included a map of China's ancient trade routes, accompanying a speech that ran from the Silk Road and the Opium War to farm policy and taxation. She characterized the main purpose of the talks as educating U.S. officials.

"Our particular hope is to let people in the world know that China's development is an opportunity instead of a threat," she said, emphasizing that China is committed to trade and economic liberalization.

That language was intended to reassure her audience. U.S. officials have publicly worried that China may slow down the pace of overhaul now that it has largely completed the market-opening commitments it made upon joining the World Trade Organization in 2001.

according to one person present, and several U.S. officials urged the Chinese to accelerate overhauls. "We've got to move as quickly as possible, and whatever we're doing today, we've got to do it quicker," Commerce Secretary Carlos Gutierrez told reporters.

Ms. Wu emphasized the challenge of promoting equitable growth in a country where 150 million people -- more than 10% of the population -- live on less than a dollar a day and where 300 million people are expected to migrate from the fields to the cities over the next 20 years.

U.S. officials took the Chinese lecture in stride. "The reason we are having this dialogue is to improve the understanding between our two countries," one senior U.S. official said.

New U.N. Leader Is Sworn In And Promises To Rebuild Trust (NYT)

DOJ_NMG_0106786

By Warren Hoge

The New York Times, December 15, 2006

UNITED NATIONS, Dec. 14 — Ban Ki-moon of South Korea was sworn in Thursday as the next secretary general of the United Nations, and he pledged to rebuild faith in an organization that has been tarnished by scandal and riven by disputes between rich and poor nations.

"You could say that I am a man on a mission, and my mission could be dubbed 'Operation Restore Trust:' trust in the organization, and trust between member states and the Secretariat," he said.

He added, "I hope this mission is not 'Mission: Impossible.' "

Mr. Ban, 62, takes office on Jan. 1, succeeding Kofi Annan, 68, who is at the end of his second five-year term.

Addressing the packed General Assembly hall after taking the oath, Mr. Ban heaped praise on Mr. Annan, who received two standing ovations, as a man of "high ideals, noble aspirations and bold initiatives."

But in a subsequent news conference, he distanced himself from Mr. Annan's plea Monday that the United States return to a more multilateral foreign policy grounded in respect for international law.

"That, I think, was his own personal assessment and insight, which he gained during his tenure," he said.

Mr. Ban, who had strong United States backing, acknowledged that the relationship between the United Nations and the United States had become strained.

"But even in such a case," he said, "it is very important to discuss, to resolve the difference of opinions, and I, as secretary general, will try to harmonize so that we can expect constructive contribution and participation of the United States."

Mr. Ban was emphatic in answering questions about the campaign in Iran to cast doubt on the Holocaust and about statements by Iran's president, Mahmoud Ahmadinejad, that Israel should be wiped off the map.

He said denying the Holocaust was "not acceptable," as was urging the elimination of a nation or people."

He also pledged to become "directly and personally engaged" in trying to persuade Sudan to accept United Nations peacekeepers for Darfur.

Calling the Middle East "the most serious issue" today he urged Israeli and Palestinian leaders to deal directly with each other.

He stumbled only once, appearing uncomprehending when a Canadian reporter asked a question in French. Traditionally, French speakers have held the job, and Mr. Ban had underscored the point by giving part of his address in French.

"I was not able to follow everything you said," he told the questioner, and asked for a translation.

The question was, "I would like to know why, in your view, it is important that French should remain the second official working language of the United Nations."

Ban Sworn In As U.N. Secretary-general (AP)

By Edith M. Lederer

AP, December 15, 2006

South Korea's Ban Ki-moon was sworn in Thursday as the eighth secretary-general of the United Nations, promising to make his top priority the restoration of trust in the world body that has been tarnished by corruption scandals.

Ban, 62, will take the reins of the United Nations on Jan. 1 when Kofi Annan steps down after 10 years at the helm. He will be the first Asian to lead the organization in 35 years

Ban will oversee an organization with some 92,000 peacekeepers around the world and a $5 billion annual budget. Its reputation has been battered by scandals in the oil-for-food program in Iraq and in peacekeeping procurement, and its outdated practices need reform to meet the challenges of the 21st century.

General Assembly President Sheikha Haya Rashed Al Khalifa administered the oath of office to the career diplomat who served as South Korea's foreign minister. Ban swore to conduct himself solely in the interests of the United Nations and to refuse to accept instructions from any government or other authority.

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In a brief address, Ban told delegates from the 192 U.N. member states that he was "deeply mindful" of key words in the oath — "loyalty, discretion and conscience" — which he said "will be my watchwords as I carry out my duties as secretary-general."

He pledged "to set the highest ethical standard" and "work to enhance morale, professionalism and accountability among staff members, which in turn will help us serve member states better, and restore trust in the organization."

"The good name of the United Nations is one of its most valuable assets — but also one of its most vulnerable," Ban said.

He promised to strengthen the three pillars of the United Nations — security development and human rights — in order to build "a more peaceful, more prosperous and more just world for succeeding generations."

"As we pursue our collective endeavor to reach that goal, my first priority will be to restore trust," Ban said. "I will seek to act as a harmonizer and bridge-builder."

He said one of his "core tasks will be to breathe new life and inject renewed confidence into the sometimes weary Secretariat."

"The member states need a Secretariat that is dynamic and courageous, and not a Secretariat that is passive and timid," he said.

Ban also paid warm tribute to Annan, saying "it is an honor to follow in your revered footsteps."

"Your tenure has been marked by high ideals, noble aspirations, and bold initiatives," he said. "Your courage and vision have inspired the world. ... You have given the United Nations new relevance to the people's lives."

Before the ceremony, diplomats also paid tribute to Annan and approved a resolution lauding his "many bold initiatives" to reduce poverty, promote peace and security, protect the environment and launch the reform process. They rose and gave him a sustained standing ovation.

In his farewell speech, Annan said that "despite many difficulties and some setbacks, in the past decade we have achieved much that I am proud of."

At a time of sweeping change, he said, the U.N. reoriented and remolded itself, "became more transparent, accountable and responsive ... (and) began to better address the needs of individuals worldwide."

The United Nations and its member also accepted that development, security and human rights "must go hand in hand," he said.

"I depart convinced that today's U.N. does more than ever before, and does it better than ever before. Yet our work is far from complete — indeed, it never will be," Annan said.

He told the General Assembly, which appointed Ban in October, that "you have chosen well."

"Our organization will be in safe hands," Annan said.

Then, looking at Ban, he said the new secretary-general already had a distinguished career in international diplomacy.

"But I can safely tell you that your most rewarding years lie just ahead," Annan said. "I wish you both the strength and the courage to make the most of them."

Ban Ki-moon Sworn In As Next UN Chief (AFP)

By Gerard Aziakou

AFP, December 15, 2006

South Korea's Ban Ki-moon was sworn in as the next UN secretary general at a General Assembly ceremony during which he vowed to be "a harmonizer and bridge-builder" and build on the legacy of the incumbent, Kofi Annan.

"I, Ban Ki-moon, solemnly swear to exercise in all loyalty, discretion and conscience the functions entrusted to me as secretary general of the United Nations," said Ban as he took the oath, his left hand resting on the UN charter.

The 62-year-old South Korean is to officially take up his post on January 1, 2007.

"I add my voice to the many tributes that have been paid to you today," Ban told Annan, who is to step down on December 31 after completing two five-year terms.

Ban vowed to build on the legacy of the outgoing Ghanaian UN chief, adding that one of his priorities would be to "breathe new life and inject renewed confidence into the sometimes weary (UN) Secretariat."

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"By strengthening the three pillars of our United Nations -- security, development and human rights -- we can build a more peaceful, more prosperous and more just world for succeeding," the South Korean former foreign minister said to loud applause from the packed assembly.

Mindful of the recent corruption and sexual abuse scandals that have tarnished the world body, Ban promised to "set the highest ethical standard" and to "lead by example".

"My first priority will be to restore trust," he added, in apparent reference to the polarization between rich and poor UN member states over UN reforms. "I will seek to act as a harmonizer and bridge-builder."

Addressing a news conference later in the day, the secretary general-designate described the tragedy in Sudan's Darfur region as "unacceptable" and pledged to be personally engaged in efforts to end the bloodshed there.

And he took Iran to task for hosting a conference casting doubt on the Holocaust.

"The denial of the Holocaust is not acceptable," he said. "Nor is it acceptable to call for the elimination of any state or people," he added in reference to Iranian President Mahmoud Ahmadinejad's remarks that Israel should be "wiped off" the map and "would soon disappear".

He also said the deteriorating Middle East situation would be one of his priorities, particularly the need to settle the Israeli-Palestinian conflict.

He also urged Iran to resume negotiations with European powers to settle the standoff with the Security Council over its nuclear program "in a peaceful way".

On a lighter note, Ban flunked a French language test when he was was unable to answer a reporter's question posed in French as to why French should remain the second working language of the world body, after English.

After he fumbled a "je n'ai pas pu (I was not able)", an aide came to his rescue and translated the question into English, to which Ban replied that the decision to give priority to French was made by UN member states for reasons of "convenience and practicality."

By tradition, the UN secretary general is required to have a working knowledge of French.

Ban has been working assiduously on his French since he launched his bid to succeed Annan early this year. France's UN Ambassador Jean-Marc de La Sabliere certified that Ban's French was adequate.

Meanwhile the US acting Ambassador to the UN, Alejandro Wolff, whose country played a key role in Ban's appointment, said the South Korean "commands our full respect."

"We have full confidence in his ability, his goodwill and his desire to serve and to achieve," the US delegate said. "We look forward to working with the new secretary general and other member states to achieve our shared goal of making the United Nations stronger and more effective and thus further honor Kofi Annan's vision."

Earlier Thursday, the 192-member General Assembly paid a warm tribute to Annan, hailing his "exceptional contribution to international peace and security".

The assembly gave Annan a standing ovation and adopted by acclamation a resolution "acknowledging with deep gratitude" his "indefatigable efforts and dedicated service" over the past 10 years.

Ban has been at UN headquarters in New York since November working on setting up a transition team ahead of his official assumption of duties.

His election by the General Assembly last October was a mere formality after the powerful 15-member Security Council recommended him.

Ban will become the UN's eighth secretary general and the first Asian UN chief since U Thant of Burma led the organization from 1961 to 1971. He will lead a staff of over 15,000, drawn from more than 170 nations.

Ban Sworn In As U.N. Secretary (LAT)

By Maggie Farley

The Los Angeles Times, December 15, 2006

UNITED NATIONS — South Korea's former foreign minister, Ban Ki-moon, took the oath of office Thursday morning to become the United Nations' eighth secretary-general.

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Ban, 62, pledged that after he officially takes up his post Jan. 1, he would try to restore trust in the institution tainted by scandal and management lapses and to bridge divisions between rich and poor nations.

"I look forward with a mixture of awe and enthusiasm to taking up my duties as secretary-general of the United Nations," he said after being sworn in.

Before Ban took his oath in the vaulted General Assembly hall, representatives from 192 countries gave a thundering ovation to outgoing Secretary-General Kofi Annan, 68, who will step down after 10 years in office.

Although Annan brought international spotlight to the issues of human rights and development, saying they deserve as much attention as matters of war and peace, his tenure also was blemished by findings of corruption and mismanagement in the $64-billion Iraq oil-for-food scandal.

Annan's grand vision of reforming the institution was scuttled by developing countries, which viewed the changes as a power grab by U.N. bureaucrats and by the United States, which proposed a more stringent plan.

While praising Annan's "high ideals, noble aspirations and bold initiatives," Ban hinted at a shift from his predecessor's approach.

"The time has come for a new day in relations between the secretariat and member states," he said. "The dark night of distrust and disrespect has lasted far too long."

He also said he would strive to "lead by example" to set high ethical standards at the world body, a statement also seen by diplomats as a subtle swipe at Annan and the scandals that have been exposed at U.N. agencies under his watch.

Ban, whose career as a South Korean diplomat kept him largely out of the spotlight, has said that his modest and unassuming demeanor should not be mistaken for weakness or indecision.

He told the press that he would not evade questions, as he was reputed to do as foreign minister.

"Your colleagues in Korea may have dubbed me the 'slippery eel' because I was too charming for them to be able to catch me," he said. "But I promise today that I can be a pretty straight shooter when I need to."

Addressing concerns that he would be more of an administrator than a leader, Ban said that he was willing to personally engage to find solutions to the standoffs involving Darfur, Iran and North Korea.

"The suffering of the people of Darfur is simply unacceptable," he told reporters. He said he would push leaders in Sudan to allow U.N. peacekeepers to protect the people of Darfur if the government could not halt the violence.

He also said he would meet with Iranian leaders "wherever and when" to discuss their denial of the Holocaust, an attitude he called "not acceptable." He told a news conference that among the many crises in the world, the conflict between Israelis and Palestinians was at the core of tensions in the Middle East and "the most serious issue with which we must deal." He said he planned to revitalize the "road map" peace initiative and to speak soon with leaders in the region.

But Ban left most of his concrete plans and policies vague, saying he would like to resolve issues in the Middle East, Lebanon, Iran and Iraq in each case "in a peaceful way through dialogue."

The new secretary-general also made it clear that despite all his calls for dialogue, he won't be doing it in French.

French is the second official working language of the United Nations, and Ban's resume says that he speaks it — an unstated requirement for his new post. French President Jacques Chirac interviewed Ban to make sure he could pass muster as a Francophone.

But when a Canadian reporter asked Ban in French why it should be one of the U.N.'s working languages, he didn't understand.

"If you speak 'lentement en francais' [slowly in French] I will do my best," he said.

In the end, he relied on an interpreter and answered the question in English, earning him a new nickname from the press corps: "Franco-phony."

Incoming U.N. Chief Ban Pledges To Restore Trust (WP)

By Colum Lynch

The Washington Post, December 15, 2006

DOJ_NMG_0106790

UNITED NATIONS, Dec. 14 -- South Korean diplomat Ban Ki Moon was sworn in Thursday as the United Nations' eighth secretary general in a ritualistic General Assembly ceremony as the United States and other countries praised Kofi Annan's 10-year stewardship of the world's premier political institution.

Ban, 62, said his priority when he takes office Jan. 1 is to restore public confidence and civility to a body that has been buffeted by corruption and sexual misconduct scandals, and has been riven by feuding over its future between its weakest and most powerful countries.

"You could say that I'm a man on a mission, and my mission could be dubbed Operation Restore Trust: trust in the organization and trust between member states and the secretariat," Ban said at a news conference after the ceremony. "I hope this mission is not mission impossible."

Ban's remarks constituted an implicit rebuke of Annan, a Nobel Peace Prize laureate whose legacy was tarnished by his mismanagement of the agency's $64 billion oil-for-food program in Iraq. But Annan, who sat expressionless through much of the ceremony, received a rousing standing ovation and eulogistic tributes from representatives of Asian, African, European and Latin American countries.

Even the United States, whose outgoing ambassador, John R. Bolton, rarely had anything nice to say about Annan, bid an effusive farewell to the Ghanaian civil servant.

Alejandro D. Wolff, the acting U.S. ambassador, said Annan had been "a champion of human rights" and a defender of the poor and disadvantaged who "worked tirelessly" to serve "the millions of people who look to the U.N. to help them improve their lives."

"We salute today Secretary General Kofi Annan for his decade of dedicated service as the U.N.'s chief diplomat and administrator," he said, crediting Annan with backing some of Washington's most important foreign policy goals. He "has pushed the U.N. to do its part in the global struggle against extremism, proliferation of weapons of mass destruction, and terrorist threats."

But the focus of attention quickly shifted to Ban. He outlined his administrative and political priorities, saying he would move to resolve crises in North Korea; Darfur, Sudan; and the Middle East, including the "very hot and deteriorating situations in Lebanon and in Iraq, too."

He said he would select top officials primarily on the basis of merit, but would be mindful of the need to ensure geographical and gender balance in hiring. He said he will seek to identify a woman to serve as his deputy.

"One of my core tasks will be to breathe new life and inject renewed confidence into the sometimes weary [U.N.] secretariat," he said. "As secretary general, I will aim to reward the talent and skill of staff."

Ban said he will serve as a "bridge" between the rich and poor members, who have clashed over a range of issues, including revision of the U.N. bureaucracy and the promotion of human rights.

Ban sought to counter speculation that he is too discreet and cautious to confront the world's tyrants or stand up to the big powers. But he conceded that he can be evasive at times, recalling that the Korean news media had affectionately dubbed him the "Slippery Eel" because of how he can avoid answering sensitive questions.

"But that nickname was given because I was very friendly with the media. You should understand that. But I promise today that I can be a pretty straight shooter when I need to."

Ban sounded off on Iranian President Mahmoud Ahmadinejad's calls for the destruction of Israel and his hosting of a Holocaust conference that included many speakers who questioned the Nazis' mass murder of more than 6 million Jews.

"Denying historical facts, especially on such an important subject as the Holocaust, is just not acceptable. Nor is it acceptable to call for the elimination of any state or people," Ban said. "I'd like to see this fundamental principle respected both in rhetoric and practice by all the members of the international community."

He urged the international community to support Iraq's political transition, citing the "inability" of Iraqi authorities and the U.S.-led multinational force to "secure peace and security."

Ban stumbled as he tried to cross a critical rite of passage at the United Nations: speaking publicly in French, one of the institution's two official languages. Asked in French why that language merited its designation when more people speak Arabic or Chinese, Ban paused before asking the reporter to repeat the question slowly, saying in French that "it is very difficult for me, off the cuff, to reply in French." After hearing the question a second time, he called for an interpreter.

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S. Korea's Ban Sworn In As U.N. Secretary-general (WT)

By Betsy Pisik

The Washington Times, December 15, 2006

NEW YORK -- Ban Ki-moonwas sworn in yesterday morning as the eighth secretary-general of the United Nations, promising to restore confidence in an organization that has been tainted by corruption and ethics violations.

The former foreign minister of South Korea took the oath of the office with his hand on a bound copy of the U.N. Charter, promising "not to seek or accept instructions ... from any government or other authority external to the organization."

He also pledged "to breathe new life and inject renewed confidence into the sometimes weary Secretariat."

Mr. Ban, 62, will become secretary-general on Jan. 1, 2007, succeeding Kofi Annan.

He inherits an organization that has been demoralized by the oil-for-food scandal, a perceived double standard in disciplining errant senior officials and persistent criticism from U.S. conservatives.

In addition, the organization has been nearly impotent in resolving the killing in Darfur and reducing tensions in the Middle East.

Mr. Ban will have to make swift and demonstrable progress on U.N. management reforms, human rights issues and security enhancement to win over skeptical observers -- many of them within the organization or powerful governments.

The next secretary-general said he is reviewing all senior U.N. positions, and plans to make staff appointments starting in January. For the key roll of deputy secretary-general, he said, he is leaning toward female candidates.

Pressed by reporters on how he perceived the organization's role in the Middle East, Mr. Ban sounded strong support for Israel and frustration on Iraq.

He was asked by an Iranian reporter whether Israel's perceived acknowledgement of holding nuclear weapons doesn't destabilize the Middle East.

"The Middle East question is of course the most serious issue with which we must deal," he said.

Mr. Ban pledged to become personally involved in tense challenges such as Darfur, the Middle East and North Korea.

The General Assembly also yesterday paid tribute to Mr. Annan, 68, with two sustained standing ovations and a half-dozen speeches. He leaves the organization after more than four decades as an international civil servant.

Acting U.S. Ambassador Alejandro Wolff praised Mr. Annan in a brief ceremony for using his voice and office to promote human rights and development, counterterrorism, conflict prevention and recovery.

"Since early in his first term, Kofi Annan has worked tirelessly to make the U.N. a more efficient and effective organization," Mr. Wolff said. "He has understood the need for the U.N. to evolve and reform to meet the challenges of today's world, and to use its resources wisely to better serve its member states and the millions of people who look to the U.N. to help them improve their lives."

Like a half-dozen speakers before him, Mr. Ban paid tribute to Mr. Annan, who will leave the organization on Dec. 31.

"It is an honor to follow in your revered footsteps," he said. "Your tenure has been marked by high ideals, noble aspirations and bold initiatives."

Castro Near Death, U.S. Intelligence Chief Says (WP)

By Karen Deyoung

The Washington Post, December 15, 2006

Cuban President Fidel Castro is very ill and close to death, Director of National Intelligence John D. Negroponte said yesterday.

"Everything we see indicates it will not be much longer . . . months, not years," Negroponte told a meeting of Washington Post editors and reporters.

Castro relinquished power for the first time in 47 years after surgery July 31 for an undisclosed intestinal disorder. His brother, Raul, has assumed Castro's duties, but Cuban authorities have repeatedly insisted that he is recovering and eventually will return to office. He was last seen in an Oct. 28 video, shown on Cuban national television, in which he appeared gaunt and weak and warned that his convalescence would be lengthy.

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The Cuban leader did not show up as anticipated at a Dec. 2 national celebration in Havana scheduled to commemorate his 80th birthday and the 50th anniversary of the Cuban revolution. In a brief speech at the event, Raul Castro imparted no message from his brother but said that Cuba is willing to open negotiations with the United States "to settle the long U.S.-Cuba disagreement."

In rejecting the offer this week, Assistant Secretary of State Thomas Shannon told reporters that the Bush administration will deal with Cuba's Communist government only when it shows a commitment to democracy. During the period of uncertainty under Raul Castro, Shannon said, "the regime has actually become harder and more orthodox and is not in a position to signal in any meaningful way what direction it will take post-Fidel."

Congressional advocates of easing long-standing U.S. sanctions against Cuba are scheduled to fly to the island today for a three-day visit exploring potential policy changes under Raul Castro. The bipartisan group of 10 is the largest congressional delegation to visit Cuba.

After Years Of Setbacks, Embargo Opponents See Glimmer Of Hope (MCT)

By Pablo Bachelet

McClatchy Newspapers, December 15, 2006

WASHINGTON - The Democrats' capture of Congress and Cuban leader Fidel Castro's illness have dramatically altered the battle lines over Cuba policy and given new hope to opponents of U.S. sanctions.

"There's a re-energizing of the base of people who want to work to change this policy," said Mavis Anderson of Butterfield, Minn., the head of the Cuba program for the Latin America Working Group, a left-leaning advocacy organization based in Washington. "Outside of Congress, certainly people are excited that there may be some new openings. Inside the Congress, I think that will come."

In recent years, President Bush has cut back everything from U.S. travel to bank transfers and gift packages to the island, meeting little resistance in a Republican-controlled Congress.

But now the ailing Castro is largely viewed as unlikely to return to power. Democrats, traditionally less inclined to back the sanctions against Cuba, are set to control Congress for the first time since 1994. Bush is in his final two years in office, and his brother, Florida Gov. Jeb Bush, is leaving office in January.

On top of that perfect-storm scenario, a report last month by the watchdog Government Accountability Office questioned the efficiency of U.S. democracy programs to support dissidents on the island, giving more fuel to foes who argue that a change in policy is overdue.

"If you're a hard-liner on policy toward Cuba, things are not looking very good for you," said Tomas Bilbao, the executive director of the Cuba Study Group, a centrist nonpartisan organization in Miami and Washington that promotes new ideas on Cuba policy.

Congressional interest in Cuba is growing as the island continues to chart its course in the post-Fidel Castro era.

Six Democrats and four Republicans have signed up for a trip to Havana organized by the House International Relations Committee. The visit, which begins Friday, is an initiative of Arizona Republican Rep. Jeff Flake, a vocal supporter of more U.S. engagement with Cuba.

"People are talking about Cuba again," said Sarah Stephens, the director of the Freedom to Travel Campaign, an organization that seeks to overturn the travel ban against U.S. citizens. She said the group had confirmed meetings with Cuban National Assembly President Ricardo Alarcon and Foreign Minister Felipe Perez Roque, and that it might meet with Cuba's interim leader, Raul Castro.

Few observers expect Congress to end the trade embargo on Cuba anytime soon, a decision that ultimately belongs to the legislative branch after the 1996 Helms-Burton Act said Cuba must initiate a democratic path as a condition for lifting sanctions.

But opponents are expected to challenge key portions of the Cuba policy, including funding levels for the South Florida-based Radio and TV Marti and the travel ban for most U.S. citizens. Observers say the 2004 restrictions on travel by Cuban-American citizens to the island - who now can go only once every three years instead of annually - are especially vulnerable.

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Several Democrats who are skeptical of Bush's Cuba policies will chair committees that will give them a platform on Cuba matters, including New York Rep. Charles Rangel on the Ways and Means Committee, Michigan Rep. John Conyers on the House Judiciary Committee and Wisconsin Rep. David Obey on the House Appropriations Committee.

In the Senate, Delaware Sen. Joseph Biden is expected to head the Foreign Relations Committee and Sen. Max Baucus of Montana, who once held up Treasury Department nominations to protest restrictions on U.S. trade with Cuba, probably will chair the Finance Committee.

But bills need to pass the floor of both chambers, where supporters of the embargo think that members will be reluctant to change policy when Havana may be on the eve of a historic shift because of Castro's illness.

"I am fully confident that, despite our reversals in Congress, U.S. sanctions will be kept on the Cuban dictatorship until a democratic transition is genuinely under way," said Florida Republican Rep. Lincoln Diaz-Balart, one of the staunchest defenders of Bush's policies on Cuba. "We have bipartisan solid support for Cuba's freedom in Congress, and George W. Bush is still president."

The Latin America Working Group counts 182 representatives from both parties as favoring a change in Cuba policy, well short of the 218 needed to pass bills.

The big uncertainty is the 50-plus-member freshman class, dominated by Democrats. But congressional votes on Cuba tend to muddy, as farm-state Republicans often vote for more trade with Cuba, while many Democrats join Republican colleagues in keeping the restrictions on Havana.

Cuba Vows To Defy U.S. Efforts At Change (AP)

By Vanessa Arrington

AP, December 15, 2006

Cuba vowed to defy U.S. efforts for economic and political change on the island in a front-page editorial Thursday in the Communist Party's newspaper that also referred to dissidents as "mercenaries" and "counterrevolutionary puppies."

Members of the U.S. government "should not fool themselves," the editorial said. "The Cuban government and people will take charge, as they've done until now, of guaranteeing the complete failure of these plans ... to encourage the subversion and internal counterrevolution in our country."

Washington maintains a decades-old trade and travel embargo against Cuba. The Bush administration has adopted even stricter policies aimed at squeezing the island's economy and pushing out the communist leadership.

The editorial comes at a time of uncertainty in Cuba, with the island's longtime leader Fidel Castro ailing and out of sight. The 80-year-old has not been seen since July, when he temporarily handed power over to his younger brother Raul so he could recover from intestinal surgery.

The elder Castro's failure to show up at his own delayed birthday celebration this month has fueled speculation that he is more sick than originally thought. Cuba has warned the U.S. government against trying to take advantage of the situation and Raul Castro has repeated his brother's warning that the island is prepared to defend itself against any U.S. aggression.

The U.S. has dedicated $80 million to what it describes as the promotion of democracy in Cuba over the next few years.

The party newspaper criticized the American diplomatic mission in Havana for distributing books, medicine, clothes and shortwave radios to Cubans, saying the U.S. Interests Section "acts like the central barracks of the counterrevolution."

The Cuban government frequently accuses dissidents of working with U.S. officials to undermine the island's system. That charge — denied by the dissidents and Washington — was used against 75 activists rounded up in the spring of 2003 and sentenced to prison terms ranging from six to 28 years.

"The poorly named dissident movement is no more than a group financed and directed by the U.S. government, true mercenaries ... at the service of the Cuban people's historic enemy: Yankee imperialism," the editorial said.

"No matter how much money they spend, they'll never be able to bend the will of the Cuban people," it added.

On Wednesday, a senior State Department official said the deterioration in Castro's health has been accompanied by the rise of hardline elements to key positions in Cuba.

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"With Fidel Castro still alive, the regime has become more orthodox," said Thomas Shannon, who heads the State Department's Western Hemisphere affairs bureau. "It is hard to say what position it will take post-Fidel."

Poll: 1 In 4 Cubans OK With Freedoms (AP)

By Foster Klug

AP, December 15, 2006

About one-quarter of Cubans interviewed in the island's two biggest cities are satisfied with their freedom to choose what they do with their lives, according to a poll released Thursday.

When asked about the job performance of Cuba's leaders, about 40 percent of those surveyed said they disapproved, the Gallup Poll found. Not quite half gave their approval. The poll surveyed 600 people in Havana and 400 in Santiago.

The survey comes as Cuba is at a crossroads. Leader Fidel Castro is ill and questions abound about whether he will recover and what will happen if he does not.

Castro's autocratic rule has fueled widespread criticism, though he has supporters, including Venezuelan President Hugo Chavez.

Gallup conducted the Cuba survey only in two cities because of the difficulty in getting around the island and because of the absence of a reliable way to buy food and provisions, said Carlos Denton, president of CID Gallup Central America.

The results are not meant to be representative of Cuba's more than 11 million citizens — only a look at those nearly 3 million people living in Havana and Santiago, Gallup officials said.

According to the survey:

_When asked about the "ideal partner" for Cuba to increase commercial ties with, the United States was most commonly mentioned, followed by China and Venezuela. The U.S. government maintains a decades-old trade and travel embargo against Cuba.

_Nearly all of those interviewed said they thought Cuban health care was accessible to any person who needed it, regardless of their economic status.

_Nearly all said Cubans who wanted to study have access to education, regardless of their economic situation.

_Only about 40 percent said Cubans can get ahead by working hard.

_About two-thirds of the respondents who had jobs said they were satisfied with them.

Ten people from other Latin American countries conducted the interviews along with 10 Cubans, mostly college students Gallup had previously dealt with. The workers tried to stay away from the homes of people responsible for reporting on neighborhood activities to the government. Such homes, Gallup said, are on nearly every block.

The interviews were not monitored by the Cuban government, the polling group said, and no incentives to answer questions were given to respondents. Gallup said it did not request governmental permission to conduct the survey.

The poll workers entered their results daily in computers at the Internet cafes that have sprung up to cater to tourists. They burned their data each night to avoid having the results recovered by the government.

Jesus Rios, Gallup's director of research for Latin America, said that the questions were the same ones his company uses in similar polls all over the world and were not customized for Cuba.

The poll was conducted Sept. 1-15 with residents above the age of 15. The margin of error was plus or minus 3 percentage points for the total sample.

A Central Character In Russian Whodunit Says He Was A Victim (WSJ)

By Alan Cullison

The Wall Street Journal, December 15, 2006

MOSCOW -- For 15 years, a former Kremlin security agent named Andrei Lugovoi deftly navigated the treacherous waters of post-Soviet Russia.

In the 1990s, he guarded top government officials, and three times traveled with them to the U.S., where he says he once stood next to President Clinton at the White House. Even a 14-month stint in jail in 2001 didn't throw him for long. Within months,

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he bounced back to become head of a private-security company whose clients included legislators, governors and even some Kremlin critics.

Today, some of those clients wonder whether he was guarding them or spying for the Kremlin. Mr. Lugovoi, 41 years old, is now at the center of the investigation by Britain's Scotland Yard into the death of Kremlin critic Alexander Litvinenko, who was poisoned by radioactive polonium 210 in London last month.

Trusted by many of the dissident exile Russian community in London, Mr. Lugovoi in October introduced the victim, a longtime acquaintance, to Moscow businessman Dmitry Kovtun. When the three met a second time Nov. 1, at the Pine Bar of London's Millennium Hotel, police believe Mr. Litvinenko got the fatal dose of polonium. Police are investigating whether Mr. Kovtun brought the poison from Moscow via Hamburg, Germany.

Since police have found traces of polonium in Mr. Lugovoi's London hotel, as well as in a Hamburg car and an apartment used by Mr. Kovtun, the widening investigation has opened a window onto a netherworld of former Russian agents who turn their secret contacts into lucrative careers.

In the Russia of President Vladimir Putin, whom Russian media have quoted as saying there's no such thing as a former KGB agent, the case highlights how blurred the distinction can be between active and retired operatives when ex-spies are still in great demand for their services and expertise.

In several phone interviews, Mr. Lugovoi said he is deeply offended by suggestions that he helped kill Mr. Litvinenko. He said he is now undergoing tests for radiation poisoning in a Moscow hospital. "It's nonsense," he said, that he still has ties to Russian security services. "I have a private company, and it guards many people who have only good things to say about me."

The Kremlin has vehemently denied that it had anything to do with Mr. Litvinenko's poisoning. Russia's state-run television has suggested that he poisoned himself, or that other oppositionists killed him in an effort to generate bad publicity for the Kremlin.

Mr. Lugovoi was trusted by some of the country's opposition because of his jail term, when he was charged with conspiring to help one of his clients, a critic of Mr. Putin, escape from prison in Moscow.

Now some wonder whether the prison term -- as well as Mr. Lugovoi's subsequent business dealings -- may have been an elaborate ruse to infiltrate the ranks of the Kremlin opposition and report on them.

Sergei Dorenko, a prominent radio personality and critic of Mr. Putin, said he has let go his bodyguards from Mr. Lugovoi's firm, effective Jan. 1. As Kremlin control tightens throughout Russia, he said, it isn't clear who works for whom.

"If they want to hurt you, I'm not sure there is any defense," said Mr. Dorenko. "In that case, I don't need a bodyguard -- what I really need is a witness."

Mr. Lugovoi's long history of working around Russia's ruling elite includes a few mysterious episodes with political overtones.

A graduate of the Soviet Union's equivalent of West Point, he commanded a platoon of Kremlin guards in the waning years of the Cold War. After the Soviet collapse in 1991, he was chief bodyguard to top officials such as acting Prime Minister Yegor Gaidar and Foreign Minister Andrei Kozyrev.

In 1996, he says, he left government service to head up security at the main state TV channel, which was controlled at the time by the politically powerful businessman Boris Berezovsky.

But when Mr. Putin came to office in 2000, the political winds shifted dramatically. Mr. Berezovsky came under pressure and left the country to avoid criminal charges. Prosecutors jailed one of his associates, Nikolai Glushkov, on charges that he had looted OAO Aeroflot, the national airline, where Mr. Glushkov was CEO.

Mr. Lugovoi was arrested, too, in 2001, when police said he tried to help Mr. Glushkov escape from prison during a visit to a local hospital. Mr. Glushkov said the escape charges were just a trick to keep him in prison and that Mr. Lugovoi might have been part of the plot. While sitting in court, he said, Mr. Lugovoi let slip that he was talking to officers of Russia's FSB, the successor to the KGB, while he was in prison. None of those conversations turned up in court records, Mr. Glushkov says.

When Mr. Lugovoi was released from prison the following year, he headed up the security firm "Ninth Wave," which he said he founded with some friends.

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Mr. Glushkov said he was suspicious of Mr. Lugovoi's quick success. After Mr. Glushkov was released from prison in 2004, he says he invited Mr. Lugovoi to his house for a chat. "I tried to get him to tell me about his conversations with the FSB and where his money was coming from," Mr. Glushkov said. "He didn't explain one or the other."

Mr. Lugovoi said he was "shocked" at Mr. Glushkov's accusations. He said the meeting never happened.

Mr. Glushkov said he advised Mr. Berezovsky, now living in London, to stay away from Mr. Lugovoi. But Mr. Glushkov said the tycoon didn't listen. Others say Mr. Berezovsky may have even helped Mr. Lugovoi's business by recommending his security company to political allies still living in Russia.

One of them was Ivan Rybkin, a former speaker of Russia's Parliament who made an abortive Berezovsky-backed attempt to run against Mr. Putin for president in 2004. Eight private security guards watched Mr. Rybkin, and occasionally Mr. Lugovoi would stop in to check on them, Mr. Rybkin says.

As the campaign entered the home stretch, Mr. Rybkin disappeared. When he resurfaced a few days later, he said that while on a trip to Kiev, he had been drugged and that two men had made a videotape of him that was embarrassing in some unspecified way, before he regained consciousness. He dropped out of the presidential race and retired from politics.

Mr. Rybkin said he always felt uneasy under Mr. Lugovoi's care. It was never clear, he said, whether his security guards were watching him, or trying to learn his next move. He fired Mr. Lugovoi's guards in 2004, and now lives with his family -- and without security guards -- at a dacha outside Moscow.

"Now I only trust my brother," said Mr. Rybkin.

That mishap didn't dent Mr. Lugovoi's business, however. Last year, he plowed his profits into a new venture -- a brewery producing wine, beer and kvas, a Russian beverage made from fermented bread.

He says the business required him to travel to London more than a dozen times this year. While in London, he would often visit his old boss, Mr. Berezovsky, as well as Mr. Litvinenko, who at one time worked as a bodyguard for the tycoon.

Mr. Litvinenko, who fled to London in 2000, had written two books there that were both deeply critical of Mr. Putin and Mr. Litvinenko's former employers in the security services.

In mid-October, Mr. Lugovoi took a trip to London, and brought with him Mr. Kovtun, a fellow military-academy graduate who also said he had moved to the private sector, as a consultant to foreign firms in Russia. Mr. Lugovoi said he introduced Mr. Kovtun to Mr. Litvinenko so they could share business contacts.

Mr. Lugovoi and Mr. Kovtun returned to London two weeks later. This time Mr. Kovtun traveled via Hamburg, where he served back in the days of the Soviet Union. Police said Mr. Kovtun left traces of polonium on his ex-wife's sofa, where he slept, and on the seat of a BMW that picked him up at the airport.

In London, the three men met again Nov. 1 at the Pine Bar of the Millennium Hotel.

Detectives from Scotland Yard flew to Moscow but have not been allowed to directly question either of the men, who both say they have been hospitalized with polonium poisoning. Mr. Lugovoi says he spoke to Russian investigators for three hours, however, in the presence of British detectives. Mr. Lugovoi waived his right to a lawyer, saying he's a victim, not a perpetrator. "I have nothing to hide," he said.

Defining Democracy Down (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, December 15, 2006

Over the course of five days in Caracas last week, I couldn't help but notice the ubiquitous image of President Hugo Chávez peering down from hundreds of his campaign banners that read "Vote against the devil; vote against the empire." The nationalistic message denouncing President George W. Bush and the U.S. blanketed the capital.

On election night, as it became clear that more votes had been cast for Mr. Chávez than for candidate Manuel Rosales, the president appeared on the balcony of Miraflores, the presidential palace, to proclaim that "the devil who tries to dominate the world," had suffered another defeat.

The red-clad Chávez dramatically recited from the Lord's Prayer and then borrowed from it for his own prophesy. "Thy kingdom come," he bellowed, and thereafter, "the kingdom of socialism." The ailing Fidel Castro reportedly sent a short

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message from Havana congratulating Mr. Chávez and noting that "the victory was resounding, crushing and without parallel in the history of our America."

Mr. Chávez has for eight years been heading a devoutly anti-American government and he is widely considered the region's heir apparent to Fidel. But be prepared for the Venezuelan bad boy to become even more menacing to the U.S. now. The reason, in a word, is "legitimacy." Having gone through an electoral exercise against candidate Rosales, who managed to garner nearly 40% of the vote, Mr. Chávez is likely to be emboldened by the conventional notion around the region that he heads a "democracy."

This is regrettable. There isn't a shred of evidence to support the claim that Venezuela has a democracy and voices for freedom are badly needed to point out this reality.

The assault on Venezuelan democracy, which began before Mr. Chávez came to power, has been possible largely because of state corruption. But the Chávez government has taken the concept to a whole new level. In this space last week I cited a report by Gustavo Coronel, a former director of the state oil company. His paper, "Corruption, Mismanagement and Abuse of Power in Hugo Chávez's Venezuela," published by the Cato Institute, deserves a fuller airing.

Mr. Coronel, who was the Venezuelan representative for Transparency International from 1996-2000, has painstakingly traced the "hypercorruption" that is now flourishing as a result of record oil income, poor management, and the "ideological predilections" of a president trying to "play a messianic role in world affairs." In 23 pages he neatly shows that Mr. Chávez, who claims to represent the progressive left, is nothing but an old-fashioned authoritarian otherwise known in Latin America as a caudillo.

The report properly notes that government corruption is "the violation of public interest for personal or partisan gain," a definition that goes beyond graft to "the use and abuse of political power." Chávez corruption includes the 1999 constituent assembly, which was packed with his supporters and given supraconstitutional powers to dissolve the country's democratic institutions and create new ones made up of pro-Chávez actors. "This ended with all Venezuelan political institutions under the control of the government and eliminated effective checks and balances," Mr. Coronel writes. "From that moment on . . . Venezuela ceased to be a democracy."

Since then the government has used its unchecked power to "spend" the country's oil wealth arbitrarily and without any accountability. Using the data from the Center for Economic Research in Caracas, Mr. Coronel identifies $17 billion in Venezuelan "donations to politically friendly countries," various infrastructure projects around the region and weapons purchases. Bolivian President Evo Morales, who famously used street violence to bring down two elected governments, got $30 million on a visit to Caracas in January. "According to the Venezuelan Central Bank," Mr. Coronel writes, "about $22.5 billion has been transferred to accounts abroad by the Chávez government since 2004." Some $12 billion of it, he says, remains unaccounted for.

Mr. Coronel notes that "according to Transparency International 95% of all known public contracts are awarded without bidding." In a country where the state owns the oil and the oil is the economy this means massive politicized fraud. False invoicing and the signing of contracts with "nonexistent suppliers" are among the tricks of the trade and explain why the country is witnessing the "emergence of a new rich 'revolutionary' class."

The politicized Supreme Court, National Electoral Council (CNE) and state-owned oil company PdVSA no longer have any transparency obligations. The CNE, for example, has not allowed an independent audit of the voter registry, which contains almost 17 million names, "a statistical improbabilty" in a country of 26 million, "60% of whom are too young to register." With Chávez carte blanche comes power to destroy political enemies too. After a PdVSA strike to oppose the politicization of the oil company 20,000 skilled employees were fired in violation of Venezuelan labor laws.

Drug trafficking through Venezuela has also boomed under the Chávez government and there is good reason to believe the military is involved. A May report for Jane's Intelligence Review by Andy Webb-Vidal contains an interview with a former Colombian guerrilla who knows how to get illegal substances into Venezuela: "Once across the river, the [Colombian rebels] would make a payment to the National Guard and then transport the drugs in four-wheel drive vehicles."

Just days after the election, Mr. Chávez took off on a South American tour to exert his regional leadership as a man chosen by the people. His aircraft was escorted by the first two of 30 Russian-made warplanes that Venezuela has recently ordered. Back home his government had just announced a joint venture with Iran to make cars in Venezuela.

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Venezuela is not a democracy by any definition and Mr. Chávez is sure to be a thorn in the side of democrats for years to come. But legitimizing his abuse of power, in face of all the evidence, only makes things worse.

Hair-Raising New World (WSJ)

By Henry Sokolski

The Wall Street Journal, December 15, 2006

Israeli officials this week made two painfully honest nuclear pronouncements. The first -- Prime Minister Ehud Olmert's indirect admission on Monday that Israel had nuclear weapons -- got the lion's share of attention. Another statement, however, was easily as interesting: On Wednesday Israeli officials publicly applauded Saudi Arabia's announcement that it and its Gulf Cooperation Council (GCC) neighbors intended to develop "peaceful nuclear energy." Why Jerusalem's endorsement? Because, as Israeli officials explained, these Arab nations' announcement was "directed against Iran." That is, it threatened to check Iran's bomb activities with a Sunni nuclear-weapons option.

Welcome to the new nuclear age where peace is the sturdy child of terror and "peaceful nuclear energy" is the not-so-secret weapon of choice. Unlike Washington, which last month applauded Egypt and earlier Turkey (two other Iran-fearing nations) for the utility and peacefulness of their own just-announced nuclear programs, Israel deserves credit for candidly outing such projects for what they truly are -- nuclear-weapons options.

Still, even with Israel's atomic honesty and America's embrace of a new world full of nuclear-energy programs and a growing number of mutually-not-so-deterred states, no one has yet thought through just how hair-raising this new world is likely to be. Without any luck, in 15 to 20 years, we could see a Middle East (Turkey, Algeria, Egypt, Iran, Saudi Arabia, Morocco, Syria and Israel), an Asia (Vietnam, Indonesia, Burma, Malaysia, Australia, Japan, Taiwan, Korea, China, India and Pakistan), and even a Latin America (Mexico, Venezuela, Cuba, Argentina and Brazil) full of nuclear weapons-ready states.

This may seem far-fetched but consider: The U.S. is now encouraging nuclear power to sustain economic growth and save the world from global warming. The Bush administration has condoned or backed nuclear expansion in India, China, Brazil, Argentina, South Africa, Ukraine, France, Britain, Japan and Australia. Because of this and previous U.S. winking at the nuclear fuel-making activities of key U.S. allies, our own State Department's lawyers now eagerly insist that all nations have a right under the Nuclear Nonproliferation Treaty (NPT) to make nuclear power and fuel. All that's required, they say, is that states claim their activities have some conceivable civilian application and open them to occasional international visits.

The risk of pursuing such egregious policies is obvious: A world full of nuclear fuel-making states, claiming they are on the right side of the NPT, only days or weeks from having bombs.

The latest idea that is supposed to prevent this is to assure countries affordable (i.e., subsidized) nuclear fuel and reactors in order to bribe them to forgo nuclear fuel-making. If this is not enough, the International Atomic Energy Agency recently suggested that perhaps it would also be useful to share "proliferation resistant" -- but not necessarily proliferation proof -- reprocessing technologies (a key way to make nuclear-weapons fuel). All of this, of course, would be voluntary. Countries that signed up could change their minds.

Much of this is worse than doing nothing. Such subsidized nuclear aid, at a minimum, will undermine whatever moral or economic authority we might otherwise have to scold or isolate would-be bomb makers about their unnecessary, uneconomical and dangerous activities.

What then should we do instead? The short answer is to rely more on market mechanisms and less on government guessing to guide us through the myriad of choices that must be made to fuel and generate clean, economical electricity. Fortunately, the most dangerous nuclear activities, like nuclear fuel-making, are uneconomical as is producing large amounts of nuclear power in oil- and gas-rich countries with small electrical grids (e.g., much of the Middle East). There are also a number of non-nuclear ways to reduce greenhouse gas emissions. We need to exploit this.

First, we should encourage open international bidding on the construction of large electrical power generators and their related fuel-making plants. Winning bids in any national competition should go not to the priciest or the most subsidized project but rather to the option that is the best value in producing a desired amount of clean electricity. Here, one might begin by pushing the Global Energy Charter for Sustainable Development, a popular treaty which calls for "open and competitive" energy markets.

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Second, we must recognize that to meet tough greenhouse-gas emission goals, a consumption tax on carbon-generating fuels will be necessary. Besides making its introduction revenue neutral and progressive through tax reform (income and other tax reductions, plus rebates for citizens who are poor), these new taxes should be accompanied with an early sunset on all the fuel-specific subsidies now in place for nuclear and natural gas, oil, clean coal and renewables. Anything less would only stack the deck higher in favor of nuclear against safer, less subsidized alternatives.

Firms building and operating fuel-making and electricity-generating plants would have to assume the full costs of financing, insuring and decommissioning them. In the case of nuclear facilities, they also would have to assume the expense of safeguarding and physically securing them against diversions and terrorist and military attacks. Ideally, keeping governments from subsidizing these activities should be a priority not only for national governments, but for trade organizations like the EU and WTO.

Under such a market regime, nations that choose to subsidize any particular form of energy production would be called to account for undermining economic fairness. If they subsidized nuclear activities, they also could also be collared for threatening international security. Certainly, subsidizing nuclear fuel-making (where the world capacity is projected to exceed demand for the next decade or more) makes no economic sense.

Would this stop nuclear proliferation? No. But, unlike today's interpretation of the NPT, which ignores suspicious "civilian" nuclear undertakings even when it's obvious that they lack any economic rationale, it would help flag worrisome nuclear activities far sooner -- well before a nation came anywhere near making bombs. Would it stifle nuclear power? No. A carbon tax should favor nuclear power but no more than cheaper, clean alternatives.

Would it take care of a nuclear-ready Iran? Hardly. Only military, economic and diplomatic efforts to squeeze Iran (as we did the Soviet Union during the Cold War) can handle that problem. But it would prevent Iran from becoming an international nuclear model. It certainly would be far more effective in promoting nonproliferation than any American-led effort to subsidize atomic power, and clearly less risky than backing Israeli and GCC efforts to surround Iran with peaceful nuclear-weapons options.

Mr. Sokolski is executive director of the Nonproliferation Policy Education Center is editor of "Taming the Next Set of Strategic Weapons Threats" (Strategic Studies Institute, 2006).

A Tough Beginning (WP)

The Washington Post, December 15, 2006

WHEN FELIPE CalderÃ³n took office as Mexican president two weeks ago, the dominant question was whether he would be able to govern the country. Having won election by a razor-thin margin, he faced a virtual insurrection on the part of the leftist populist he defeated, plus a separate standoff with militants attempting to overthrow an unpopular state governor and escalating violence by drug traffickers. It wasn't even clear that he would manage to take the oath of office, since opposition militants vowed to physically block him from entering Congress.

Fortunately Mr. CalderÃ³n has opened his presidency with aggressiveness and skill. He outmaneuvered the congressional dissidents at his swearing-in; five days later, he ordered the arrest of one of the main leaders of the violent protests in Oaxaca state. Next came a raid on the offices of Oaxaca state police and prosecutors, who had failed to act against those who shot and killed some of the anti-government protesters.

This week Mr. CalderÃ³n launched an offensive against the drug traffickers, dispatching 6,500 federal forces to his home state of Michoacan. Feuding gangsters there have committed some 500 murders this year, including a series of grisly beheadings. Though no one expects that the gangs will be quickly vanquished, the new president has sent an important message: He does not intend to allow his narrow election to produce a weak or indecisive government.

That is fortunate, because after six years of passivity and political impasse under former president Vicente Fox, Mexico badly needs an effective leader. In addition to the dangers of political rebellion and criminal disorder, Mexico's economy is being held back by monopolies and unions whose resistance to competition and deregulation needs to be tackled. There are also unnecessary obstacles to foreign investment, especially in the energy sector. Mr. CalderÃ³n has spoken of the need for tax and fiscal reform that would leave the government less dependent on revenue from the state oil company.

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So far Mr. CalderÃ³n has accompanied his law-and-order campaign with populist gestures: He slashed his own salary and the presidential budget and adopted some of the social spending measures championed by AndrÃ©s Manuel LÃ³pez Obrador, the failed presidential candidate who now seeks to destroy Mexico's democracy. Considering the divided electorate and Mr. CalderÃ³n's shaky starting point, that looks wise. Good politics and aggressive law enforcement should help to increase and consolidate the new president's authority. Then he will have to use it to push through the institutional and structural reforms Mexico needs to thrive.

Pacts Americana? (NYT)

By David Kaye, K. Russell Lamotte And Peter Hoey

The New York Times, December 15, 2006

WHAT can the incoming Democratic Congress do to help reverse the steep erosion of America's standing abroad, particularly the impression that the United States has disengaged from global problem-solving? Though the President dominates foreign policy, the Senate can make an impact in one significant area: by giving the required two-thirds majority vote to approve a raft of treaties awaiting action.

The Senate has before it more than two dozen treaties submitted for approval by President Bush and his predecessors — some, in fact, were negotiated as long ago as the Eisenhower administration. These agreements are not like the Kyoto Protocol on climate change or the statute that established the International Criminal Court, which are too controversial even to be transmitted to the Senate.

Indeed, these are widely supported pacts, making it difficult to discern why many stalled in the first place: perhaps it's as simple as a senator's vague concerns about "sovereignty," a lack of domestic constituency or the press of other legislative business.

Early approval of key agreements in areas of great international concern, like the environment and the laws of war, would show the world that the United States is committed to solving global problems. To hit the point home, the Senate should act within the first six months of the next Congress. Quick approval for most is eminently doable.

There is a pressing need to repair America's image now, even while the Democratic Congress and the White House battle over the future of Iraq policy. Approving treaties from this list would make a good start.

DOJ_NMG_0106801

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 15, 2006 7:45 AM EST

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TERRORISM NEWS:

FBI Warns About Attacks If Ill Cleric Dies (NSDY)

By Carol Eisenberg, Newsday Washington Bureau
Long Island Newsday, December 15, 2006

The FBI is putting out a warning saying if the sickly, blind Egyptian helf in the 1993 WTC bombing dies, it could trigger attacks against the U.S.

DOJ_NMG_0106804

WASHINGTON -- The blind Egyptian cleric convicted in 1995 in connection with a plot to blow up the World Trade Center suffered a "medical emergency" at a federal prison in Springfield, Mo., last week, and the FBI is warning that his death could trigger attacks against the United States.

Law enforcement and homeland security officials said an FBI advisory was sent about the deteriorating condition of Sheik Omar Abdel-Rahman, 68, "out of an abundance of caution," and there was no specific threat information about planned attacks.

Sources said that the man considered a spiritual leader to the Islamist radical movement was rushed to a Springfield hospital emergency room last week after spitting up blood. A tumor was found on his liver and he was diagnosed with terminal liver cancer, the sources said. The cleric is now "stable," and has been returned to the prison, according to Bureau of Prisons spokeswoman Traci Billingsley.

New York City Police Commissioner Ray Kelly said yesterday that the FBI had shared its assessment with his department, "and we'll take appropriate precautions as, you know, as our intelligence indicates."

Abdel-Rahman was convicted in October 1995 of being part of a wide-ranging conspiracy to blow up the World Trade Center, bomb the United Nations and kill Egypt's president.

"He is a man of great substance and following in parts of the Islamic world, and there is no doubt that his death will provoke an outpouring of both sympathy and anger," said Vincent Cannistraro, a terrorism expert and former director of intelligence programs for the National Security Council. "Will that translate into a terrorist event? It's possible. But the case is more likely to create spontaneous violence abroad."

He discounted the likelihood of such incidents in the United States because of the lack of what he called "a substantial Muslim fundamentalist constituency."

Abdel-Rahman has long suffered from ill health, including diabetes. As his condition deteriorated, he was moved from a maximum-security prison in Colorado to the U.S. Medical Center for Federal Prisoners in Springfield, Mo. Six years ago, al-Qaida released the cleric's purported "last will and testament" in which he exhorted his followers to "extract the most violent revenge" if he died in U.S. custody.

"His death could arguably inspire others, but I think that more than anything, this is a cautionary step," Frank Cilluffo, director of the Homeland Security Policy Institute at George Washington University, said of the advisory. "I think it comes from the recognition that some solutions aren't going to be out of the FBI, but from state and local authorities, and any information they have ... could be valuable."

Rep. Peter King (R-Seaford), chairman of the House Homeland Security Committee, said that it was the FBI's job to advise of developments, but "I don't think we should be overly concerned."

Staff writer Herb Lowe contributed to this story.

Jailed Sheik Has Tumor On Liver (NYDN)

New York Daily News, December 15, 2006

WASHINGTON - The notorious blind Egyptian sheik who led the first terrorist assault on New York City is "falling apart" and was recently hospitalized, federal officials said yesterday.

Sheik Omar Abdel-Rahman, the imprisoned Islamic cleric known as the Blind Sheik, was rushed from a federal prison hospital in Springfield, Mo., to an emergency room after he started "throwing up blood," according to an FBI intelligence bulletin obtained by the Daily News.

While under examination at St. John's Regional Health Center's trauma unit on Dec. 6 to stop bleeding in his esophagus, doctors "discovered a small tumor on his liver," the FBI said.

Abdel-Rahman is now stable and "is not at death's door," a U.S. official lamented.

"The guy is sick; he's falling apart," the official added.

He is also back in prison.

The FBI sent notice to police agencies Dec. 8 because Rahman has begged for revenge if he died in an America prison.

Abdel-Rahman was convicted a decade ago and is serving a life sentence for planning to destroy city landmarks. He issued a religious fatwa to kill Americans that was cited by Osama Bin Laden, whose original Sept. 11 plot involved hijacking jets to secure Abdel-Rahman's release.

James Gordon Meek

Sheik's Declining Health Puts FBI On Alert (USAT)

By Kevin Johnson

USA Today, December 15, 2006

DOJ_NMG_0106805

WASHINGTON — The FBI issued a security alert to law enforcement agencies last week because of the declining health of imprisoned terrorism conspirator Omar Abdel-Rahman, the blind Egyptian cleric who once called for attacks on America if he died in U.S. custody, two federal law enforcement officials said Thursday.

Rahman, 68, who has ties to al-Qaeda and is widely known as the "Blind Sheik," was sentenced to life in prison in 1996 after being convicted of assisting a plot to attack New York City landmarks. He suffers from diabetes and has been held at the U.S. Medical Center for Federal Prisoners in Springfield, Mo., said the officials, who described the contents of the Dec. 8 bulletin. The officials requested anonymity because they are not authorized to speak publicly on the matter. Rahman has been in declining health almost since his conviction more than a decade ago.

The officials said that there was no indication an attack on the USA is coming, but that the FBI bulletin was a reminder that Rahman had called on terrorist associates to seek "the most violent revenge" if he died in U.S. custody. His statement was part of his will, which was made public in 1998.

U.S. Bureau of Prisons spokeswoman Tracy Billingsley, said Thursday that Rahman was taken to an undisclosed hospital for treatment last week, but that his condition stabilized and he was returned to the prison hospital. She declined to elaborate on his condition, citing federal prison policy.

Rahman, who has been praised in recent years by al-Qaeda leader Osama bin Laden and his deputy, Ayman al-Zawahri, was convicted of taking part in a plot to assassinate political and religious leaders and blow up the United Nations and other landmarks in New York City. At his sentencing hearing in New York, Rahman called his case "an extension of the American war against Islam."

The sentencing came nearly two years after the convictions of four men in the 1993 World Trade Center bombing, which killed six people and injured more than 1,000. Conspirators in the terrorist plot linked to Rahman were not charged in the '93 bombing but were accused of being part of the group that carried it out. Rahman is regarded as the spiritual leader of the radical Islamic group Al-Gamaa al-Islamiya, a group based in Egypt that has claimed responsibility for a 1997 attack at a Luxor temple in protest of the sheik's confinement by the United States.

Sheik's Illness Prompts Bulletin (NYT)

By David Johnston

The New York Times, December 15, 2006

The hospitalization of Sheik Omar Abdel Rahman, who is serving a life sentence at a Missouri prison for his role in a 1993 plot to bomb New York City landmarks, prompted the authorities to issue a bulletin saying that he had urged his followers to engage in violence if he died in custody, law enforcement officials said. The officials said they had received no credible threats associated with Sheik Abdel Rahman, a 69-year-old blind Islamic cleric, but sent the advisory Dec. 8 as a precaution, two days after the sheik was transferred to a Springfield, Mo., hospital for a blood transfusion. A spokesman for the Bureau of Prisons declined to describe details of the sheik's medical problem or say how long he was hospitalized, but said he was returned to the prison when his condition stabilized.

Feds Find No Credible Terror Threats For Holiday (ABC News)

By Richard Esposito

ABC News' The Blotter, December 15, 2006

As the height of the holiday season approaches, the FBI and Department of Homeland Security say there are no known credible terrorist attacks in the making inside the United States, but crowded stores and New Year's celebrations remain attractive targets.

This was a key finding of a "Holiday Season Security Awareness" bulletin circulated Wednesday and obtained by ABCNews.com

"DHS and the FBI currently have no credible intelligence that terrorist organizations are planning attacks against the Homeland during the holiday period," the bulletin stated. "Attacks overseas and disrupted plots abroad continue to suggest a focus on attacks against lightly-defended targets or facilities with lower security profiles. We continue to urge vigilance during the holiday period and ask law enforcement and security personnel to report suspicious activity."

The report cited the Dec. 6 FBI arrest of Derrick Shareef on charges of plotting to detonate hand grenades at an Illinois shopping mall during the holiday season as a reminder of the potential threat.

In a separate security report, the Department of Homeland Security Infrastructure Threat and Risk Analysis Center noted a continued interest on the part of al Qaeda in attacking a national monument or icon. The world-renowned Statue of Liberty and Washington Monument continue to be at the top of that terror wish list, that report said.

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"DHS lacks credible, specific evidence suggesting any terrorist group currently is targeting national monuments and icons (NMI) assets," the strategic sector assessment report said.

"Nonethess, al-Qa'ida remains a serious threat and desires another strike in the United States. An attack against NMI assets (National Monuments and Icons) meet its targeting strategy of causing mass casualties and economic and psychological damage and would further its strategic goals."

One of a series of sector analyses produced regularly by the Department of Homeland Security, the report notes that "other extremist groups and homegrown Islamic radicals whose views are informed and inspired by, but not necessarily linked to, al-Qa'ida also are a threat to the sector."

"Two sector assets, the Statue of Liberty and the Washington Monument, have featured prominently in detainee and threat reporting."

National monuments and landmarks make a uniquely attractive target, the report said, because they attract large crowds, have symbolic value and allow relatively easy access.

"The NMI sector is unique because of the diverse values its assets represent. The most devastating attack against a particular NMI target would likely cause mass casualties and destroy the symbolic structure. Even a less severe attack, however, would undermine the great value placed in an austere and unblemished monument or icon, especially those that symbolize freedom and safety."

Behind This Very Real Threat (NSDY)

By Carol Eisenberg, Newsday Washington Bureau

Long Island Newsday, December 15, 2006

WASHINGTON - The common denominator was salad. Over several weeks, hundreds of people reported falling ill with diarrhea and severe intestinal distress after eating leafy green vegetables at salad bars.

The time was September 1984, the place a small town in Oregon called The Dalles.

It took more than a year before investigators determined that 751 people had been sickened, not by accidental contamination, but as a result of deliberate poisoning in what would be the first documented case of bioterrorism in the United States. An obscure religious sect had sprayed Salmonella typhimurium on salad bars and drinking cups in 10 restaurants in an attempt to influence an upcoming election.

"That was probably the first bona fide case of a biological terrorist act in the U.S. in terms of intentional contamination of the food supply," said Peter Chalk, a RAND Corp. terrorism expert. "But there have been other cases of this around the world in terms of simple extortion, carried out by criminals against food companies, as well as by animal rights activists and environmental extremists."

While the U.S. food supply is among the world's safest, experts say it is vulnerable to deliberate, as well as accidental, contamination - a reality brought home by the deaths of three people and the sickening of hundreds as a result of tainted spinach, tomatoes and a still-unidentified food source at Taco Bell. The country's exposure to deliberate sabotage is increasing, moreover, as a result of the centralization of the food supply, growing foreign imports and the system's oversight by a "fragmented and problem-laden" national safety system, in the words of a 2003 report by the Government Accounting Office.

Increased preparations

"The threat from agroterrorism may not be widely recognized, but the threat is real and the impact could be devastating," said FBI Deputy Director John Pistole, speaking at a recent summit of law enforcement and agriculture officials.

Noting that documents about U.S. agriculture, which had been translated into Arabic, were discovered in Afghan caves, Pistole said that, while the FBI had no specific intelligence regarding attacks, "the absence of a communicated threat does not prove the absence of a threat."

Since the Sept. 11 attacks, national response plans to agroterrorism have been prepared by agencies, including the Department of Homeland Security, the FBI, the Food and Drug Administration and the U.S. Department of Agriculture.

Stepped-up planning and surveillance have also been spurred by analyses showing growing criminal interest in biological agents. Nineteen of 27 confirmed terrorist efforts to use such agents around the world, and 40 of 56 confirmed criminal cases, occurred in the 1990s, according to a study by W. Seth Carus for National Defense University in Washington, D.C..

But many say that recent contamination episodes are proof that such plans are inadequate.

"What these incidents show is that the actual oversight of the food supply is questionable," said Chalk, the Rand expert. "One of the major problems is that we require only self-regulation of the food processing industry and that the FDA lacks sufficient inspectors and resources to do the job."

Opinion is divided

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Those deficiencies become magnified by the food industry's growing centralization, which could make the introduction of even a small amount of poison devastating. Two Stanford researchers published a study last year concluding that just a third of an ounce of botulinum toxin poured into a milk tanker could cause hundreds of thousands of deaths.

"Food poisoning and food contamination have always been with us," said Michael Pollan, author of "The Omnivore's Dilemma: A Natural History of Four Meals." But it doesn't become a national story like this until it affects hundreds of people. ... If you really cared about national security and public health, you would take steps to promote decentralization of the food supply."

Others, however, discount the terrorist threat. They say an attack on the food supply simply doesn't produce the shock value - or in most cases, the casualties - of crashing planes into buildings.

"If your intent is to kill people, then you can do it in a lot more effective ways," said Jean Weese, a food scientist at Auburn University in Alabama.

Intentional food poisonings

Cases of intentional poisonings of the food supply:

2003: Ninety-two people fall ill after purchasing ground beef from a Michigan supermarket that was intentionally contaminated with nicotine. An employee of the supermarket was subsequently indicted for the contamination of 200 pounds of beef.

1997: Israeli settlers spray pesticides on grapevines in two Palestinian villages, destroying up to 17,000 metric tons of grapes.

1990s: Before using sarin nerve gas in the Tokyo subways in 1995, which killed 12 people and sickened thousands, Aum Shinrikyo produced biological agents including botulinum and anthrax, and tried unsuccessfully to use them. The group outfitted three vehicles to disseminate botulinum toxin, according to testimony by former members, one of which was targeted at the U.S. Navy base at Yokosuka. The effort is believed to have failed because the agents were not sufficiently virulent.

1984: The Rajneeshee cult spreads salmonella in salad bars at 10 restaurants in The Dalles, Ore., to influence a local election. Health officials say that 751 people were sickened and more than 40 hospitalized.

1978: Members of a group calling itself the Arab Revolutionary Council poison Israeli oranges with mercury, injuring at least 12 people and reducing exports by 40 percent.

SOURCE: CONGRESSIONAL RESEARCH REPORT,

"AGROTERRORISM: THREATS AND PREPAREDNESS"

Port Protectionism Doesn't Work (LAT)

The Los Angeles Times, December 15, 2006

SIX MEMBERS OF Congress traveled to the Dominican Republic on Sunday for a look at the future of U.S. port security. At Puerto Caucedo, east of Santo Domingo, they examined an X-ray scanning system for cargo containers. The port performing this cutting-edge work is operated by Dubai Ports World.

Yes, that's the same company that Congress thinks can't be trusted to run U.S. ports. Earlier this year, Dubai Ports World bought a British firm that operated several ports and cargo terminals in the U.S. Unfortunately for the company, the deal came during an election year when lawmakers were having chest-thumping contests to prove who was tougher on national security. Though Dubai Ports World is headquartered in the United Arab Emirates, one of this country's strongest Middle Eastern allies, the fact that the UAE is a Muslim country was apparently enough to prove to lawmakers that the deal would make U.S. ports unsafe. Dubai Ports World headed off congressional action by promising to sell its U.S. assets.

On Sunday, insurance giant American International Group agreed to buy the port operations. The lawmakers who spearheaded the xenophobic attacks on Dubai Ports World have since made a lot of self-congratulatory noises, but they have yet to explain why the Dubai company can be trusted to oversee foreign ports where cargo is screened before it's shipped to the U.S., but not ports in the U.S. itself. Nor is it clear why these U.S. port facilities are better off being owned by a financial services company.

Puerto Caucedo isn't the only Dubai Ports World facility where new security programs for U.S. cargo are performed. Last week, Homeland Security Secretary Michael Chertoff announced that, starting in February, six foreign ports will scan U.S.-bound cargo for nuclear materials. Of those, only three will scan 100% of U.S.-bound containers, and two of the three are operated by Dubai Ports World.

Ports all over the U.S. are facing a capacity crunch amid a flood of imports, especially from Asia. For East Coast ports — like the ones just purchased by AIG — this problem will worsen in the long run after the widening of the Panama Canal. At a time when ports need money to expand, the United States has sent a self-defeating message to foreign port operators that they aren't welcome to invest here. Three of the four biggest such companies in the world (including Dubai Ports World) are foreign owned.

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The best thing about the AIG deal is that it closes the chapter on one of the most embarrassing fits of isolationist hysteria in recent U.S. history. Unfortunately, with a pack of protectionist Democrats about to enter Congress, there could be more bouts of hysteria on the way.

HOMELAND RESPONSE:

Pelosi Wants Panel To Oversee Spy Budget (USAT)

USA Today, December 15, 2006

House Speaker-designate Nancy Pelosi called Thursday for creation of a congressional panel that would oversee the administration's intelligence budget.

The California Democrat said the proposed intelligence oversight panel would be made up of lawmakers from the Appropriations Committee and the Select Committee on Intelligence, and would work within the Appropriations Committee.

Such a panel, Pelosi said, "makes oversight stronger and makes the American people safer."

Pelosi also said:

·Democratic and Republican leaders have agreed to form a bipartisan task force that will study whether an outside, independent panel on ethics should be created to police the House. Republican leader John Boehner of Ohio has agreed to the idea.

·House Democrats have six objectives they hope to accomplish in the first 100 hours after they return to work and assume control in January.

Those six: Ethics and lobbying overhaul, implementing the 9/11 Commission recommendations, raising the federal minimum wage, cutting interest rates on student loans, making health care more affordable and cutting subsidies to the oil industry.

Chertoff defends risk-assessment program

Homeland Security Secretary Michael Chertoff defended the government's computerized system for assessing international travelers as potential terrorists.

He said it is a legal effort "to make sure that we don't inconvenience the rights of most travelers" while focusing "on those people that do potentially pose a threat." Seven major U.S. and foreign travel industry associations said Wednesday that the "far-reaching and invasive screening of millions of business travelers" could harm the travel industry. Details of the 16-year-old system were made public last month.

Fund created for human rights activists

The State Department announced a $1 million emergency fund to help cover such expenses as legal fees and medical bills for human rights activists. The fund is meant to pay short-term bills for people who take great risks by defending human rights.

Secretary of State Condoleezza Rice also redefined U.S. expectations for how groups that promote democracy and human rights will be treated around the world. People should be free to join them and the groups should be free to act within international law, the State Department said.

Pentagon wants an African command

The Pentagon is recommending to President Bush that a new U.S. military command for Africa be created, Pentagon spokesman Bryan Whitman said. Commanders believe Africa's strategic importance has risen in the age of terrorism and operations there should not be split among several commands.

House Democrats Planning New Intelligence Oversight (NYT)

By Carl Hulse

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — Responding to a recommendation from the Sept. 11 commission, the incoming House speaker, Nancy Pelosi, said Thursday that House Democrats would create a new type of committee to better scrutinize spending on the nation's intelligence efforts.

The select committee, which would include the lawmakers who set intelligence policy as well as those who oversee the intelligence budget, is intended to address a central commission finding that Congressional oversight of intelligence matters was dysfunctional and needed to be more centralized. The committee will review intelligence spending requests, conduct hearings, make financing recommendations and assess how the money is spent.

The initiative is the latest indication from the Democratic leadership that it intends to be aggressive in the opening weeks of Congress, when the party coming into power may have its best opportunity to push through major changes.

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"It's with really some degree of excitement, frankly, that I make this proposal," said Ms. Pelosi, who served on both the Appropriations and Intelligence Committees. "I know it will make the American people safer."

After the Sept. 11 commission issued its report in 2004, the Republican-led Congress explored the idea of making in-house changes sought by the panel. But few were seriously pursued after lawmakers ran into the traditional resistance from senior members of Congress unwilling to surrender any authority.

The Democratic proposal, which would apply to the House only, does not go as far as the commission recommended, but one member of the panel welcomed it on Thursday as a substantive step.

"I think it is a creative, bold solution," said Timothy J. Roemer, a former Democratic congressman who served on the panel and consulted with lawmakers on the new committee. "You can't point to the F.B.I. to clean up its culture and ask the C.I.A. to improve human intelligence without cleaning up your own backyard."

In another major break with House practice, Ms. Pelosi also formally announced that Democrats, with Republican cooperation, would form a task force to study ways the House could establish an independent entity to enforce House ethics rules.

"There's no question that the ethics process in the past couple of years has lost the confidence of the American people," said Ms. Pelosi, referring to a string of corruption cases that drew little response from the internal ethics panel, which has members from both parties.

Earlier this week, the leadership also announced that it would not try to complete a series of spending bills left on the table by Republicans. This would result in the unusual stalling of thousands of pet projects sought by lawmakers.

The new intelligence committee would be established through proposed changes in House rules to be presented to lawmakers when the 110th Congress convenes on Jan. 4. Under the Democratic proposal, it would consist of members of the Intelligence Committee as well as the Appropriations Committee and make recommendations to the full Appropriations Committee.

Advocates of the approach say it should provide some "cross-pollination" that will lead to lawmakers' gaining more expertise and depth of knowledge about intelligence activities, giving them a greater ability to monitor operations and suggest changes.

Ms. Pelosi said the plan "removes the barriers between the House appropriators and authorizers, makes the oversight stronger."

"What we are doing, I think, is quite remarkable and new," she said.

Representative John A. Boehner of Ohio, the Republican leader, was noncommittal about the intelligence plan. He said he would "take a look at her proposal and confer with my colleagues about it."

The proposal would have to be approved by the entire House. Democrats, if they are united on the plan, would be able to override even unanimous opposition from Republicans in the new Congress.

Mr. Boehner took the opportunity to take a jab at Ms. Pelosi, accusing her of backtracking on a high-profile campaign pledge to adopt all of the remaining recommendations of the commission that Republicans resisted. The commission, for instance, had proposed a new joint House-Senate intelligence panel.

But Ms. Pelosi said it would not be possible to follow all the ideas suggested and indicated that Democrats, after pushing through the new internal rules, would immediately turn to other commission recommendations.

"We'll go them one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach U.S. shores," she said.

Senate Democrats have been less enthusiastic about making such changes, but the House action could step up pressure for a new approach to intelligence matters across the Rotunda as well. Senator Harry Reid of Nevada, the Democratic leader, said last week that he would consult committee chairmen to see what recommendations could be enacted.

On the ethics task force, Democrats said its findings on an independent watchdog would be due March 15. Ms. Pelosi said the group should determine how such an enforcement arm might work.

Pelosi Announces Intelligence Plans (AP)

By Katherine Shrader

AP, December 15, 2006

Speaker-designate Nancy Pelosi on Thursday recommended creating a House panel to closely examine U.S. spy agencies' actions and spending, a step toward adopting all the proposals of the anti-terror Sept. 11 commission.

Pelosi, D-Calif., said the panel would "protect the American people with the best possible intelligence, recognizing the role that Congress plays in all of this."

It also would shake up long-standing power structures in Congress.

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The Select Intelligence Oversight Panel would be part of the powerful Appropriations Committee and would draw its membership from that spending committee and the Select Committee on Intelligence.

Through a series of hearings, it would examine the president's intelligence budget, prepare the classified details to the annual defense spending bill and conduct oversight of the use of appropriated funds by intelligence agencies.

Pelosi's proposal does not follow the exact recommendation of the Sept. 11 commission. But it moves closer to the overhaul recommended two years ago when the commission found weaknesses in how Congress monitors the 16 intelligence agencies.

A Democratic member of the Sept. 11 commission — former Rep. Timothy Roemer of Indiana — said the change would achieve the commission's two major goals: forcing spy agencies to disclose more to Congress, which they often have ignored, and linking the expanded oversight to the power of the purse.

"This is a major step forward in terms of correcting some of the dysfunction on Capitol Hill," Roemer said.

The commission's Republican chairman, former New Jersey Gov. Thomas Kean, said Pelosi's plan was a helpful step. But, he added, "It depends very much who the chairman is and who the members are."

Yet Rep. John Boehner of Ohio, who will lead House Republicans next year, was lukewarm about the proposal. "I appreciate the incoming speaker's efforts to reach out to Republicans in hopes of continuing to improve congressional oversight of America's intelligence systems," Boehner said in a statement.

The full House will have to approve Pelosi's proposal. It was one of six she outlined Thursday as her priorities for the first 100 legislative hours of the new Congress that convenes in January.

The others are ethics and lobbying overhaul; raising the federal minimum wage; cutting interest rates on student loans; making health care more affordable; and cutting subsidies to the oil industry.

It also is not clear if the Senate would create a similar intelligence committee, which would be needed to avoid awkwardness as the two chambers work together on intelligence spending bills.

Incoming Senate Majority Leader Harry Reid, D-Nev., and other senators are reviewing Pelosi's proposal in the context of the Sept. 11 commission's recommendations, said his spokesman, Jim Manley.

U.S. intelligence agencies will continue to work closely with Congress, should it create the new panels, said Ross Feinstein, a spokesman for National Intelligence Director John Negroponte.

In late 2004, the Republican-controlled Congress put in place many post-Sept. 11 changes with a law that created a national intelligence director and other changes. Some of the most vexing recommendations were put aside.

Pelosi has pledged to improve on Republican efforts.

"We'll go them one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach U.S. shores," Pelosi said.

Less than 10 percent of cargo containers arriving at seaports are physically inspected. The Bush administration has said other security measures will permit officials to screen 100 percent of incoming containers — by checking each container's origin, destination and purported contents to see whether anything raises suspicions.

"By the end of next year, we expect to have virtually all containers coming into the U.S. screened through radiation portal monitors," Homeland Security Secretary Michael Chertoff said Thursday.

The potency of Pelosi's proposed overhaul will not be known until the Democrats go public with their legislation next year. For now, Pelosi is looking internally at how Congress will do its work.

The classified nature of intelligence spending creates risks that improper spending will go undetected. That became apparent this year when former Rep. Randy "Duke" Cunningham, R-Calif., was convicted of taking bribes in return for using classified legislation to steer government contracts to favored companies. Cunningham was a member of both the intelligence and appropriations committees.

In 2004, the Sept. 11 commission found widespread dissatisfaction with the way Congress oversees spy agencies, saying the current committee structure lacked the muscle to reign in spending.

The commission suggested two alternatives: form a joint House and Senate intelligence committee or create committees in each chamber that conduct the oversight and allocate money for the spy agencies.

Tweaking the second option, Pelosi would create an intelligence oversight subcommittee within the Appropriations Committee, rather than establishing a new stand-alone panel.

The success of her plan depends on her colleagues, some of whom would have to cede more control to Pelosi's new panel.

"Few things are more difficult to change in Washington than congressional committee jurisdictions and prerogatives," the Sept. 11 commission wrote. "To a member, these assignments are almost as important as the map of his or her congressional district."

DOJ_NMG_0106811

New Panel To Check Intelligence Budgets (WT)

By Christina Bellantoni

The Washington Times, December 15, 2006

Speaker-elect Nancy Pelosi yesterday said intelligence budgets would get an extra layer of congressional oversight, giving Democrats opportunity to curb the scope of some of President Bush's programs.

Mrs. Pelosi said Democrats will create a select intelligence oversight panel that will function within the House Appropriations Committee.

The panel will be responsible for crafting the classified portion of the Defense Department's budget and will allow the lawmakers who authorize spy programs to have an additional role in funding them.

The California Democrat promised that the panel will hold hearings on the president's intelligence budget, which includes funding for the CIA and National Security Agency.

The Permanent Select Committee on Intelligence now is the only panel that handles intelligence policy, and funds are allocated through the Appropriations defense subcommittee. Democrats propose bridging the two committees, creating a separate panel with a few members from each.

"I know it will make the American people safer," Mrs. Pelosi said.

The new panel, for example, could adjust funding for the NSA's wiretapping program, which many Democrats oppose, and oversee intelligence agencies' use of the funds.

The bipartisan National Commission on Terrorist Attacks Upon the United States said oversight would have helped avoid many of the intelligence failures leading up to the September 11 attacks.

It also called the intelligence agencies "too complex and secret," and lamented a shortage of oversight.

"Even the most basic information about how much money is actually allocated to or within the intelligence community, and most of its key components is shrouded from public view," the September 11 commission's report said.

Mrs. Pelosi, who has served on both the intelligence and appropriations panels, has long advocated transparency in intelligence agencies.

A Republican appropriations aide, however, said the intelligence budgets must remain secret to prevent enemies from becoming aware of U.S. spy programs.

A transparent budget could signal to enemies, for example, large procurements such as satellite systems. The aide said "one or two" appropriations staffers now have "need-to-know" access.

September 11 commission member John F. Lehman, a Republican former Navy secretary, said the plan to eliminate disconnect seems to be "a very good move in the right direction."

Former Rep. Timothy J. Roemer, an Indiana Democrat who served on the September 11 commission, said the idea is "creative" and "a major step forward" to meeting the panel's goals.

Incoming House Minority Leader John A. Boehner, Ohio Republican, said he is analyzing and discussing Mrs. Pelosi's plan with his colleagues.

Mr. Boehner will recommend which Republican members will serve on the panel, but Mrs. Pelosi has final appointment power. The chairmen and ranking members of both the full Appropriations Committee and the defense subcommittee will serve as ex-officio members of the new panel.

Pelosi Looks To Boost Oversight Of Intelligence And Ethics (WP)

By Jonathan Weisman

The Washington Post, December 15, 2006

House Speaker-elect Nancy Pelosi announced yesterday that she will create a new panel within the Appropriations Committee to oversee the nation's intelligence agencies and a House task force to examine establishing an outside ethics panel.

The twin moves demonstrated the delicate balance that Pelosi (D-Calif.) is trying to strike to maintain her political power while fulfilling the promises of the Democrats' successful 2006 campaign. Both decisions fall short of recommendations coming from the bipartisan commission that examined the attacks of Sept. 11, 2001, and from ethics groups. But they go well beyond what Republicans were willing to do while they controlled Congress and beyond even what some Democrats were anticipating in recent weeks.

"I think it's a significant step forward on improving oversight and a major step forward on correcting the dysfunction on Capitol Hill," former congressman Timothy J. Roemer (D-Ind.), a member of the Sept. 11 commission, said of the intelligence plan.

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In 2004, the commission urged Congress either to create a House-Senate intelligence panel or grant the House and Senate intelligence committees the power not only to oversee the nation's intelligence agencies but also to fund them and shape intelligence policy. The intelligence committees' gains would come at the expense of the Armed Services committees and the Appropriations panels' defense subcommittees, which now control intelligence spending. But, the commissioners said, intelligence agencies were routinely ignoring the intelligence committees because those panels did not have the power of the purse.

Appropriators, led by Rep. John P. Murtha (D-Pa.), a Pelosi ally and the incoming chairman of the Appropriations defense subcommittee, strongly objected to any efforts to strip them of jurisdiction over the intelligence budget. Democratic sources on the Appropriations, intelligence and Armed Services committees said last month that Pelosi was leaning toward establishing a panel to examine options for reorganizing the House along the lines suggested by the Sept. 11 commission.

But news reports on the issue emboldened commissioners and families of Sept. 11 victims to renew their push for stronger congressional oversight on intelligence. So Pelosi found a middle ground: Members of her intelligence oversight panel would come from both the intelligence and Appropriations committees, and would have the tasks of overseeing the intelligence agencies and drafting their budgets. Those budgets, however, would be folded into the larger annual defense spending bill, which would still be under the jurisdiction of Murtha's subcommittee and the larger House Appropriations Committee.

The plan "removes the barriers between the House appropriators and authorizers, makes the oversight stronger and makes the American people safer," Pelosi said.

Incoming Senate Majority Leader Harry M. Reid (D-Nev.) would not promise to follow suit.

"We will work with key senators to carefully examine the House proposal as part of our larger discussion about the best ways to ensure implementation of the spirit and letter of the 9/11 commission's recommendations," said Reid spokesman Jim Manley.

Similarly, proposals to establish an outside panel of experts to examine ethics complaints have met staunch opposition from ethics committee members, who say they should be expected to do their job. Rep. Martin T. Meehan (Mass.), one of the Democrats' point men on the ethics package that will come to a vote in January, said last week that an outside panel would not be part of the initial wave of ethics rules but could come up later.

Pelosi put some weight behind that yesterday, saying she and Rep. John A. Boehner (R-Ohio), the incoming House minority leader, would create a panel to report back by late March on an outside panel.

Joan Claybrook, president of the watchdog group Public Citizen, said she is sympathetic to the internal politics involved. But she added that the panel "worries me enormously," saying "I think they ought to bite the bullet" and create an independent Office of Public Integrity now.

Aides close to Pelosi said that by creating such an investigatory panel, she is all but ensuring she will push for an outside group, possibly of former House members and judges, to examine ethics complaints and watch over ethics committee efforts.

Democratic leaders circulated their proposed rules changes yesterday ahead of a conference call with House Democrats. They include a ban on gifts and travel from lobbyists, preapproval from the ethics committee on all lawmakers' travel funded by outside groups, a ban on the use of corporate jets, and mandatory ethics training. Under the rules package, Republicans would be guaranteed some votes on amendments. Members would be given extra time to read bills before a vote is scheduled, and votes could no longer be held open indefinitely while House leaders twist arms to win passage.

House-Senate negotiating conferences would be opened somewhat, and provisions could no longer be sneaked into final agreements after the negotiations are closed.

On budget matters, rules would be reinstated saying tax cuts or spending increases would have to be offset by tax hikes or spending cuts to ensure the deficit does not expand. Special parliamentary rules that prohibit filibusters in the Senate could no longer be used on legislation that expands the budget deficit, a slap at Republicans who used such rules to pass successive waves of large tax cuts. And home-district pet projects, known as earmarks, would have to be claimed by their sponsors, who would have to certify that the earmarks would not benefit them or their spouses.

Pelosi Wants New House Committee To Oversee Spy Spending (AP)

By Katherine Shrader

The AP, December 15, 2006

WASHINGTON -- Speaker-designate Nancy Pelosi on Thursday recommended creating a House panel to closely examine U.S. spy agencies' actions and spending, a step toward adopting all the proposals of the anti-terror Sept. 11 commission.

Pelosi, D-Calif., said the panel would "protect the American people with the best possible intelligence, recognizing the role that Congress plays in all of this."

It also would shake up long-standing power structures in Congress.

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The Select Intelligence Oversight Panel would be part of the powerful Appropriations Committee and would draw its membership from that spending committee and the Select Committee on Intelligence.

Through a series of hearings, it would examine the president's intelligence budget, prepare the classified details to the annual defense spending bill and conduct oversight of the use of appropriated funds by intelligence agencies.

Pelosi's proposal does not follow the exact recommendation of the Sept. 11 commission. But it moves closer to the overhaul recommended two years ago when the commission found weaknesses in how Congress monitors the 16 intelligence agencies.

A Democratic member of the Sept. 11 commission -- former Rep. Timothy Roemer of Indiana -- said the change would achieve the commission's two major goals: forcing spy agencies to disclose more to Congress, which they often have ignored, and linking the expanded oversight to the power of the purse.

"This is a major step forward in terms of correcting some of the dysfunction on Capitol Hill," Roemer said.

The commission's Republican chairman, former New Jersey Gov. Thomas Kean, said Pelosi's plan was a helpful step. But, he added, "It depends very much who the chairman is and who the members are."

Yet Rep. John Boehner of Ohio, who will lead House Republicans next year, was lukewarm about the proposal. "I appreciate the incoming speaker's efforts to reach out to Republicans in hopes of continuing to improve congressional oversight of America's intelligence systems," Boehner said in a statement.

The full House will have to approve Pelosi's proposal. It was one of six she outlined Thursday as her priorities for the first 100 legislative hours of the new Congress that convenes in January.

The others are ethics and lobbying overhaul; raising the federal minimum wage; cutting interest rates on student loans; making health care more affordable; and cutting subsidies to the oil industry.

It also is not clear if the Senate would create a similar intelligence committee, which would be needed to avoid awkwardness as the two chambers work together on intelligence spending bills.

Incoming Senate Majority Leader Harry Reid, D-Nev., and other senators are reviewing Pelosi's proposal in the context of the Sept. 11 commission's recommendations, said his spokesman, Jim Manley.

In late 2004, the Republican-controlled Congress put in place many post-Sept. 11 changes with a law that created a national intelligence director and other changes. Some of the most vexing recommendations were put aside.

Pelosi has pledged to improve on Republican efforts.

"We'll go them one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach U.S. shores," Pelosi said.

Less than 10 percent of cargo containers arriving at seaports are physically inspected. The Bush administration has said other security measures will permit officials to screen 100 percent of incoming containers -- by checking each container's origin, destination and purported contents to see whether anything raises suspicions.

"By the end of next year, we expect to have virtually all containers coming into the U.S. screened through radiation portal monitors," Homeland Security Secretary Michael Chertoff said Thursday.

The potency of Pelosi's proposed overhaul will not be known until the Democrats go public with their legislation next year. For now, Pelosi is looking internally at how Congress will do its work.

The classified nature of intelligence spending creates risks that improper spending will go undetected. That became apparent this year when former Rep. Randy "Duke" Cunningham, R-Calif., was convicted of taking bribes in return for using classified legislation to steer government contracts to favored companies. Cunningham was a member of both the intelligence and appropriations committees.

In 2004, the Sept. 11 commission found widespread dissatisfaction with the way Congress oversees spy agencies, saying the current committee structure lacked the muscle to reign in spending.

The commission suggested two alternatives: form a joint House and Senate intelligence committee or create committees in each chamber that conduct the oversight and allocate money for the spy agencies.

Tweaking the second option, Pelosi would create an intelligence oversight subcommittee within the Appropriations Committee, rather than establishing a new stand-alone panel.

The success of her plan depends on her colleagues, some of whom would have to cede more control to Pelosi's new panel.

"Few things are more difficult to change in Washington than congressional committee jurisdictions and prerogatives," the Sept. 11 commission wrote. "To a member, these assignments are almost as important as the map of his or her congressional district."

Homeland Security Chief Defends Real ID Plan (CNET)

By Anne Broache

CNET News.com, December 15, 2006

WASHINGTON--U.S. Department of Homeland Security Secretary Michael Chertoff on Thursday defended forthcoming national ID cards as vital for security and consistent with privacy rights.

Chertoff said one of his agency's top goals next year is to forge ahead with recommendations for the controversial documents established by a federal law called the Real ID Act in May 2005. By 2008, Americans may be required to present such federally approved cards--which must be electronically readable--to travel on an airplane, open a bank account or take advantage of myriad government services such as Social Security.

Credit: DHS Michael Chertoff

"I think this is an example (of) when security and privacy go hand in hand," the Homeland Security chief said in a half-hour speech at George Washington University here. "It is a win-win for both."

The importance of such documents was magnified by an announcement Wednesday, Chertoff said. Federal authorities reported that they had made more than 1,200 arrests related to immigration violations and unmasked criminal organizations stealing and trafficking in genuine birth certificates and Social Security cards belonging to U.S. citizens.

"Do you think your privacy is better protected if someone can walk around with phony docs with your name and your Social Security number, or is your privacy better protected if you have the confidence that the identification relied upon is in fact reliable and uniquely tied to a single individual?" Chertoff asked rhetorically.

The upcoming federally approved IDs are intended to be a secure, tamperproof means of protecting Americans' identities while keeping out terrorists and other wrongdoers, Chertoff said.

The Homeland Security chief, who is nearing his two-year mark with the agency, was likely trying to quell rampant skepticism about the IDs voiced by some privacy advocates, immigrants and other groups. Some have said they fear that the IDs are a stepping stone to a veritable police state, complete with ready surveillance of individuals.

Some have argued that the idea of creating more tamperproof IDs is only a marginally better way to screen out those intent on committing terrorist acts because ID cards don't even begin to tackle a core crime prevention challenge: determining a person's unspoken intentions.

State governments have also been critical of the 2008 deadline and what they have said amounts to an unfunded mandate to switch over their systems. A September study released by the National Governors Association, National Conference of State Legislatures and American Association of Motor Vehicle Administrators estimated that the overhaul of their identification systems (PDF) would cost states more than $11 billion over five years. The New Hampshire state legislature even considered passing a law earlier this year that would prohibit the state from complying with the federal Real ID law.

Government Proposes Rail Security Plan (AP)

By Leslie Miller

AP, December 15, 2006

A government proposal to prevent terrorists from attacking trains would require railroads to inspect rail cars and keep them in secure areas when not in use.

The plan, to be announced Friday, would affect freight and passenger rail systems.

The Homeland Security Department's proposal falls short of the more stringent measures proposed by Democratic lawmakers who are set to take control of Congress next month.

The incoming chairman of the House Homeland Security Committee indicated Congress may impose stricter requirements than those proposed by the Bush administration.

"I am not convinced that all of the security gaps plaguing our current hazmat transport system will be filled by this proposal," said Rep. Bennie Thompson, D-Miss.

A major concern is that terrorists would attack or sabotage a rail car filled with poisonous chemicals, which would spread quickly and kill thousands.

The proposal would give the Transportation Security Administration authority to inspect railroads, rail yards and mass transit rail systems, according to documents obtained by The Associated Press from a person involved in the rulemaking process.

The 708 railroads affected would have to designate a rail security coordinator to receive intelligence from the government, and would have to report significant security concerns and potential threats.

The proposal also would require receivers of hazardous materials to keep the rail car in a secure area until it is unloaded. Freight railroads would have to report the location of a rail car when requested by the government.

DOJ_NMG_0106815

The plan does not match what at least nine cities have proposed — rerouting around densely populated areas trains that are carrying hazardous material.

The District of Columbia passed a law in 2005 banning hazardous material shipments within 2.2 miles of the Capitol. CSX Transportation sued; the case is pending.

"The only significant risk reduction is rerouting," said Fred Millar, a consultant to the city council in the nation's capital. "Anything short of rerouting isn't serious."

The rail industry fears that other cities would follow Washington's lead if the city prevails. Eight other cities have introduced legislation to ban hazardous shipments.

Railroads say forcing trains to take longer, circuitous routes would create a safety hazard by increasing the likelihood of an accident.

The Federal Railroad Administration has met with freight railroads in an effort to come up with voluntary efforts to secure hazardous materials.

TSA chief Kip Hawley previously was a senior executive with Union Pacific.

The eight cities that introduced legislation to require trains carrying hazardous material be rerouted around them, according to Millar, are Chicago, Boston, Philadelphia, Albany and Buffalo, N.Y., Cleveland, Baltimore and St. Louis.

Tighter Rule On Hazardous Rail Cargo Is Ready (NYT)

By Matthew L. Wald

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — Seeking to make rail shipments of chlorine and other hazardous chemicals less vulnerable to attack, the Homeland Security Department intends to announce a proposed rule on Friday to require railroads to track continuously tanker cars of "toxic inhalation hazards" and bar them from leaving the cars unattended or parked for long periods.

The proposal would also clarify how government workers inspect tank cars and railyards for compliance, establish rules on the chain of custody and handoff of dangerous cargoes and set communications requirements.

Each year, the railroads carry 1.7 million shipments of hazardous materials, of which 100,000 are toxic chemicals prone to become airborne in an accident. About 80 percent of the shipments that can become poison gases are chlorine, for purifying water and other applications, or anhydrous ammonia, for fertilizer.

An official of the Homeland Security Department provided details of the plan on the condition that he not be identified further, because it has not been published. The plan is to be open for public comment for 60 days.

Among other changes, each railroad would have to have a round-the-clock security coordinator to receive tips on threats to cargoes and immediately inform the government of details like the location of cargo.

Many high-hazard cargoes move through densely populated areas, and some cities would like to ban them. The District of Columbia adopted an ordinance in February 2005 that requires permits for "ultra-hazardous materials," including explosives, flammable liquids like liquefied petroleum gas, toxic solids and toxic gases, from an area extending 2.2 miles from the Capitol.

CSX, which operates a stretch of tracks between the Federal buildings just south of the Mall, challenged the ordinance in court as unduly burdensome to interstate commerce. Enforcement has been blocked while the case works its way through the federal courts.

Fred Millar, a consultant to the City Council who drafted the ordinance, said eight cities were weighing similar rules: Albany, Baltimore, Boston, Buffalo, Chicago, Cleveland, Philadelphia and St. Louis.

The new rule would not address routes. Such rules would be sensible, Mr. Millar said, but railroads did not like them because they might be forced to give business to one another.

Officials say that the Transportation Department is considering rules on routes that could be published soon.

The domestic security proposal is that carriers would have to establish security zones around affected rail cars parked, loaded or unloaded in urban areas.

More than five years after the Sept. 11 terrorist attacks, few federal rules specifically try to prevent terrorists from attacking materials on the rails. Train crews carry manifests showing what they carry and where, and placards on tank cars identify the contents.

The coded placards identify the contents to emergency responders and anybody else with a readily available emergency response handbook.

U.S. Is Dropping Effort To Track If Visitors Leave (NYT)

By Rachel L. Swarns And Eric Lipton

The New York Times, December 15, 2006

DOJ_NMG_0106816

WASHINGTON, Dec. 14 — In a major blow to the Bush administration's efforts to secure borders, domestic security officials have for now given up on plans to develop a facial or fingerprint recognition system to determine whether a vast majority of foreign visitors leave the country, officials say.

Domestic security officials had described the system, known as U.S. Visit, as critical to security and important in efforts to curb illegal immigration. Similarly, one-third of the overall total of illegal immigrants are believed to have overstayed their visas, a Congressional report says.

Tracking visitors took on particular urgency after the Sept. 11 terrorist attacks, when it became clear that some of the hijackers had remained in the country after their visas had expired.

But in recent days, officials at the Homeland Security Department have conceded that they lack the financing and technology to meet their deadline to have exit-monitoring systems at the 50 busiest land border crossings by next December. A vast majority of foreign visitors enter and exit by land from Mexico and Canada, and the policy shift means that officials will remain unable to track the departures.

A report released on Thursday by the Government Accountability Office, the nonpartisan investigative arm of Congress, restated those findings, reporting that the administration believes that it will take 5 to 10 years to develop technology that might allow for a cost-effective departure system.

Domestic security officials, who have allocated $1.7 billion since the 2003 fiscal year to track arrivals and departures, argue that creating the program with the existing technology would be prohibitively expensive.

They say it would require additional employees, new buildings and roads at border crossings, and would probably hamper the vital flow of commerce across those borders.

Congress ordered the creation of such a system in 1996.

In an interview last week, the assistant secretary for homeland security policy, Stewart A. Baker, estimated that an exit system at the land borders would cost "tens of billions of dollars" and said the department had concluded that such a program was not feasible, at least for the time being.

"It is a pretty daunting set of costs, both for the U.S. government and the economy," Mr. Stewart said. "Congress has said, 'We want you to do it.' We are not going to ignore what Congress has said. But the costs here are daunting.

"There are a lot of good ideas and things that would make the country safer. But when you have to sit down and compare all the good ideas people have developed against each other, with a limited budget, you have to make choices that are much harder."

The news sent alarms to Congress, where some Republicans and Democrats warned that suspending the monitoring plan would leave the United States vulnerable.

Representative Dana Rohrabacher, a California Republican who is a departing subcommittee chairman on the House International Relations Committee, said the administration could not say it was protecting domestic security without creating a viable exit monitoring system.

"There will not be border security in this country until we have a knowledge of both entry and exit," Mr. Rohrabacher said. "We have to make a choice. Do we want to act and control our borders or do we want to have tens of millions of illegals continuing to pour into our country?"

Representative Bennie Thompson, the Mississippi Democrat who is set to lead the Homeland Security Committee, also expressed concern.

"It is imperative that Congress work in partnership with the department to develop a comprehensive border security system that ensures we know who is entering and exiting this country and one that cannot be defeated by imposters, criminals and terrorists," Mr. Thompson said in a statement Thursday.

In January 2004, domestic security officials began fingerprint scanning for arriving visitors. The program has screened more than 64 million travelers and prevented more than 1,300 criminals and immigration violators from entering, officials said.

Homeland Security Secretary Michael Chertoff and other officials often call the program a singular achievement in making the country safer. U.S. Visit fingerprints and photographs 2 percent of the people entering the country, because Americans and most Canadians and Mexicans are exempt.

Efforts to determine whether visitors actually leave have faltered. Departure monitoring would help officials hunt for foreigners who have not left, if necessary. Domestic security officials say, however, it would be too expensive to conduct fingerprint or facial recognition scans for land departures. Officials have experimented with less costly technologies, including a system that would monitor by radio data embedded in a travel form carried by foreigners as they depart by foot or in vehicles.

Tests of that technology, Radio Frequency Identification, found a high failure rate. At one border point, the system correctly identified 14 percent of the 166 vehicles carrying the embedded documents, the General Accountability Office reported.

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The Congressional investigators noted the "numerous performance and reliability problems" with the technology and said it remained unclear how domestic security officials would be able to meet their legal obligation to create an exit program.

Some immigration analysts said stepping away from the program raised questions again about the commitment to enforce border security and immigration laws.

A senior policy analyst at the Center for Immigration Studies, Jessica Vaughn, said the government had long been too deferential to big businesses and travel groups that raised concerns that exit technology might disrupt travel and trade.

"I worry that the issue of cost is an excuse for not doing anything," said Ms. Vaughn, whose group advocates curbing immigration. Domestic security officials said they still hoped to find a way to create an exit system at land borders. "We would to do more testing," a spokesman for the department, Jarrod Agen, said. "We are evaluating the initial tests to determine how to move forward."

U.S. Preparing To Drop Tracking Of Foreigners' Departures By Land (WP)

By Spencer S. Hsu, Washington Post Staff Writer

The Washington Post, December 15, 2006

U.S. homeland security officials are preparing to abandon plans to develop a system to track the departure of foreign visitors at land borders, citing cost and technical obstacles in scaling back a major post-Sept. 11 domestic security initiative, officials said.

Launched in 2004, US-VISIT was designed to automate the tracking of visitors upon entry and exit from the United States, using fingerprints and digital photographs to help find criminals, potential terrorists and visitors who illegally overstay.

The system, which has cost $1.7 billion so far, recorded 61 million people entering the country as of July through 115 airports, 15 seaports and 154 of 170 land ports.

But pilot projects have recorded only about 4 million people leaving the country, and US-VISIT officials have concluded that technology and personnel "cannot now be implemented" at land crossings without major delays in the flow of cross-border traffic, or without enormous cost to expand facilities, roads and communications links, according to a congressional report released yesterday.

"The department is looking at strategies for US-VISIT exit that are the most cost effective, and we are examining strategies for implementation at air and sea ports," said Jarrod Agen, a spokesman for the Department of Homeland Security. "We are also looking at land ports. However, there are costs associated, including the physical infrastructure as well as the economic impact, and we are in the process of evaluating all that data now."

Several homeland security officials said a final decision has yet to be made, but that, given the limited time and resources, the department intends to focus on expanding US-VISIT at airports, where the majority of visa holders exit the country. Although land ports register about 309 million border crossings a year, compared with 87 million airport crossings, the majority of land crossers are repeat travelers and Mexican, Canadian and U.S. citizens who do not need visas.

"It comes down to, we have to get at this elephant in chunks," one senior official said, speaking on the condition of anonymity because a formal decision has not been announced. "It's a recognition that over the short term, over the next couple of years, you can't do an exit system, holistically, land borders and air. Which one do you get more bang for your buck? It's air."

In comments reported by the New York Times and confirmed by Agen, DHS assistant secretary for policy Stewart A. Baker said a land-border exit system would cost "tens of billions of dollars," which he called daunting.

A report by the Government Accountability Office, Congress's audit arm, said it would cost $3 billion and take five to 10 years to implement a biometric system to confirm visitors' identities upon exit. But there is a December 2007 deadline for phasing it in at 50 major land crossings.

US-VISIT has captured 1,100 criminals using false documents, DHS officials said. They said other programs underway to integrate homeland security and FBI fingerprint databases -- which automatically generate risk assessments on travelers and track down immigration violators -- are offsetting the potential value of an exit system.

"Knowing that bad guys have left the country is important, but knowing the bad guy is coming in is more important," one DHS official said. "We want to do it, but it is not as high a priority as the entry piece of it."

The United States is testing the use of radio frequency identification technology -- involving tiny microchips with a unique code embedded in a tag on visitors' departure forms -- instead of a fingerprint or facial-scan system. But a January 2006 test correctly identified only 16 percent of 166 vehicles with RFID tags. Among the tags' drawbacks is that they cannot be physically tied to an individual.

GAO Finds Homeland Security Tech Issues (HC/AP)

By Dan Caterinicchia Ap Business Writer, The Associated Press

DOJ_NMG_0106818

Houston Chronicle, December 15, 2006

WASHINGTON — The U.S. Department of Homeland Security system that uses biometric technology to screen people entering the country has aided border patrol agents, but computer snafus and management shortfalls need to be resolved, according to a report issued Thursday.

Government Accountability Office investigators visited 21 border crossings and officials at every one said the U.S. Visitor and Immigrant Status Indicator Technology program, which uses two fingerprints and a digital photograph to identify people, had improved their ability to process visitors and verify identities, according to the GAO report.

But U.S. Customs and Border Protection officials at 12 of the 21 sites said "computer slowdowns and freezes" hindered visitor processing and inspection times. At nine of those 12, "computer processing problems were not always reported to CBP's computer help desk, as required by CBP guidelines," according to the report.

"These computer processing problems have the potential to not only inconvenience travelers because of the increased time needed to complete the inspection process, but to compromise security, particularly if CBP officers are unable to perform biometric checks, one of the critical reasons US-VISIT was installed," according to the report.

Bermuda-based Accenture Ltd., a management and technology consulting company, is the prime contractor for US-VISIT, and works on the program with Raytheon Co., SRA International Inc. and Titan Corp., part of L3 Communications Holdings Inc.

GAO recommended that DHS improve existing management controls for the system and develop performance measures to assess its impact at border crossings. The government watchdog agency also said DHS should describe how it will move to a biometric entry/exit capability and align US-VISIT with other border security systems being developed.

In a written response, DHS officials said the computer problems are resolved, a preliminary monitoring system was established, and a working group was set up to determine how to provide detailed monitoring of all applications.

Of more than 70 million visitors processed through US-VISIT since its inception nearly three years ago, more than 1,600 criminals or immigration violators have been denied entry, Robert Mocny, the program's acting director, said late last month. US-VISIT is in place at 116 airports, 15 seaports and 154 land ports of entry.

The GAO also found that DHS's plans to upgrade US-VISIT to collecting all 10 fingerprints may aid border security, but could increase processing times and adversely affect operations where space constraints, congestion and delays already exist.

Accenture is working on moving to the 10-fingerprint system that is becoming the worldwide standard, Mocny said. A company representative did not immediately return a call for comment Thursday afternoon.

DHS received $362 million for US-VISIT in the 2007 budget, $60 million of which is to upgrade to the 10-fingerprint system. Since 2004, the program has received more than $1 billion.

Shares of Accenture added 28 cents to $34.99 in afternoon trading, while Raytheon rose 17 cents to $52.42, SRA International dipped 15 centss at $27.30, and L3 Communications rose $1.91, or 2.3 percent, to $83.94, all on the New York Stock Exchange.

Travel Industry Groups Oppose Risk Tests (AP)

By Michael J. Sniffen

AP, December 15, 2006

Eight major U.S., Canadian and European travel industry associations urged the government to suspend a computerized system for assessing international travelers as potential terrorists.

"We are deeply concerned that such a far-reaching and invasive screening of millions of business travelers entering and exiting the U.S. could do significant personal harm to them, and reduce the productivity of the organizations that field business travelers," the organizations wrote Homeland Security Secretary Michael Chertoff on Wednesday.

In a speech Thursday, Chertoff defended the program as a legal effort "to make sure that we don't inconvenience the rights of most travelers so that we can focus more sensibly and in a more risk-managed fashion on those people that do potentially pose a threat."

The travel groups join some members of Congress and privacy advocates in criticizing the system, which The Associated Press disclosed last month has assigned risk assessments to millions of Americans and foreigners entering and leaving this country over the past four years.

In November, the Homeland Security Department slipped its first detailed public description of the program, which has operated since the late 1990s, into the Federal Register, a fine-print compendium of regulations. It said that travelers could not see their assessments to challenge them, the assessments would be kept 40 years and might be shared with state, local and foreign governments and even courts and private corporations under some circumstances.

The letter was circulated by the U.S.-based Business Travel Coalition, which lobbies for the interests of business travelers.

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Other signers included the Institute of Travel Management and the Guild of Travel Management Companies in Great Britain; the International Association of Exhibitions and Events and the Travel Management Alliance in the United States; the Association of Retail Travel Agents and Association of Canadian Travel Agencies in Canada; and the Netherlands Association for Travel Management. Twenty-four other corporate travel buyers and travel management companies here and abroad also signed the letter.

A Gag On Free Speech (NYT)

The New York Times, December 15, 2006

The Bush administration is trampling on the First Amendment and well-established criminal law by trying to use a subpoena to force the American Civil Liberties Union to hand over a classified document in its possession. The dispute is shrouded in secrecy, and very little has been made public about the document, but we do not need to know what's in it to know what's at stake: if the government prevails, it will have engaged in prior restraint — almost always a serious infringement on free speech — and it could start using subpoenas to block reporting on matters of vital public concern.

Justice Department lawyers have issued a grand jury subpoena to the A.C.L.U. demanding that it hand over "any and all copies" of the three-and-a-half-page government document, which was recently leaked to the group. The A.C.L.U. is asking a Federal District Court judge in Manhattan to quash the subpoena.

There are at least two serious problems with the government's action. It goes far beyond what the law recognizes as the legitimate purpose of a subpoena. Subpoenas are supposed to assist an investigation, but the government does not need access to the A.C.L.U.'s document for an investigation since it already has its own copy. It is instead trying to confiscate every available copy of the document to keep its contents secret. The A.C.L.U. says it knows of no other case in which a grand jury subpoena has been used this way.

The subpoena is also a prior restraint because the government is trying to stop the A.C.L.U. in advance from speaking about the document's contents. The Supreme Court has held that prior restraints are almost always unconstitutional. The danger is too great that the government will overreach and use them to ban protected speech or interfere with free expression by forcing the media, and other speakers, to wait for their words to be cleared in advance. The correct way to deal with speech is to evaluate its legality after it has occurred.

The Supreme Court affirmed these vital principles in the Pentagon Papers case, when it rejected the Nixon administration's attempts to stop The Times and The Washington Post from publishing government documents that reflected badly on its prosecution of the Vietnam War. If the Nixon administration had been able to use the technique that the Bush administration is trying now, it could have blocked publication simply by ordering the newspapers to hand over every copy they had of the papers.

If the A.C.L.U.'s description of its secret document is correct, there is no legitimate national defense issue. The document does not contain anything like intelligence sources or troop movements, the group says. It is merely a general statement of policy whose release "might perhaps be mildly embarrassing to the government." Given this administration's abysmal record on these issues, this case could set a disturbing and dangerous precedent. If the subpoena is enforced, the administration will have gained a powerful new tool for rolling back free-speech rights — one that could be used to deprive Americans of information they need to make informed judgments about their elected leaders' policies and actions.

Pentagon Papers Revisited (WP)

The Washington Post, December 15, 2006

NO ADMINISTRATION likes leaks. But not since the Nixon administration has the government so aggressively sought to crack down -- not just on leakers, but on reporters and others who obtain leaked material. In the latest manifestation of its disregard for First Amendment principles, the administration has used -- misused, to be more precise -- a grand jury subpoena to retrieve "any and all copies" of a document, marked "secret," obtained by the American Civil Liberties Union. The ACLU's request that a federal judge quash the subpoena should be granted.

The grand jury is an important tool for prosecutors to investigate wrongdoing -- not a vacuum cleaner for material the government wishes hadn't gotten out. The government is seeking to abuse the grand jury process to do an end run around the constitutional prohibition against prior restraint enshrined in the Pentagon Papers case. In that 1971 ruling, the government wanted to stop the New York Times and The Post from publishing classified documents about the Vietnam War; the Supreme Court said no. What if the government, instead of suing to block publication, had simply issued a grand jury subpoena demanding that the newspapers return the Pentagon Papers? If the ACLU, which advocates and litigates on issues of public policy, can be forced to comply with such a subpoena, news organizations would be similarly at risk.

Why would that be so terrible? Because even in a time of war -- in fact, especially in a time of war -- vigorous public debate about controversial policies is essential. An uninformed public can't conduct such a debate, whether the topic is the CIA's secret

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prisons or the warrantless surveillance of telephone calls. As Justice Potter Stewart wrote in concurring with the Pentagon Papers ruling, "In the absence of the governmental checks and balances present in other areas of our national life, the only effective restraint upon executive policy and power in the areas of national defense and international affairs may lie in an enlightened citizenry -- in an informed and critical public opinion which alone can here protect the values of democratic government."

The government's aggressive -- the ACLU says unprecedented -- use of the subpoena power is especially disturbing because it appears so excessive under the circumstances. According to the ACLU, the 3 1/2 -page document, which came to it unsolicited, outlines "a set of general policy guidelines on a matter of longstanding concern to the ACLU." Its release "might perhaps be mildly embarrassing to the government but the document contains no information concerning matters such as troop movements, communications methods, intelligence sources or the like," the ACLU said. This does not appear to be a document so sensitive that its disclosure would inflict serious damage on national security. In addition, the government, to the extent that it has a legitimate interest in punishing leakers, apparently already knows who leaked it and to whom.

This subpoena, as the ACLU argues, has no "investigatory purpose" but only a "confiscatory, information-suppressive one." That might be in the Bush administration's interest. It's not in the public's.

When Disaster Strikes (WP)

The Washington Post, December 15, 2006

IMAGINE THAT a terrorist introduces the plague into downtown Washington, or that a nasty strain of bird flu flies in from Southeast Asia. How well is the region prepared to cope with thousands of casualties and prevent the spread of lethal contagions? Not very, according to a report from the Trust for America's Health, a private watchdog group that rated every state and the District on readiness to respond to a public health crisis.

The report ranked the District and Maryland near the bottom. Maryland, for example, would suffer a chronic shortage of hospital beds in the event of even a moderate pandemic. The District lags in demonstrating that it has the organization to quickly distribute medicine and equipment to communities throughout the city during a health emergency. In all, Maryland satisfied only four of 10 measurements of preparedness, and the District met only five.

Gregg A. Pane, director of the D.C. Health Department, says that the report gives a misleading picture of regional preparation; he notes that the city and its public health professionals have a great deal more experience planning for and responding to crises than other places in the country do. Mr. Pane is right that the measures used do not capture the whole picture. But he admits that there is room for improvement: Better organizing distribution of the pneumonia vaccine and other inoculations, for example, would enhance the city's ability to dispense critical medication during an emergency.

One way to boost the region's disaster preparedness depends on the new Congress, which should fund the ER One project -- a proposal that languished during the recent lame-duck session. The proposed revamp of Washington Hospital Center, which is the busiest acute-care center in the region, would not only vastly increase the region's bed capacity -- coveted real estate during a disaster -- but also provide special emergency training for doctors, nurses and first responders, and increase diagnostic lab space. Its backers plan many other innovations for the facility, which could serve as a model of emergency planning for the rest of the country.

WAR NEWS:

Bush Weighing Deeper Commitment In Iraq, Officials Say (MCT)

By Warren P. Strobel And Jonathan S. Landay

McClatchy Newspapers, December 15, 2006

WASHINGTON - President Bush is weighing whether to make a deeper American commitment in Iraq despite growing public unhappiness with the war, according to senior U.S. officials and former officials familiar with Bush's high-level review.

The proposed changes, with a few exceptions, conflict with the recommendations of the bipartisan Iraq Study Group, which warned earlier this month against an open-ended commitment to Iraq and said American combat brigades could be out of Iraq by early 2008.

The president signaled Wednesday that neither the study group's pessimistic assessment nor the bleak situation in Iraq nor the results of the midterm elections have shaken his belief that victory in Iraq is possible.

"We're not going to give up," said Bush, who plans to announce his new strategy early next year.

While some key decisions haven't been made yet, the senior officials said the emerging strategy includes:

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-A shift in the primary U.S. military mission in Iraq from combat to training an expanded Iraqi army, generally in line with the Iraq Study Group's recommendations.

-A possible short-term surge of as many as 40,000 more American troops to try to secure Baghdad, along with a permanent increase in the size of the U.S. Army and the Marine Corps, which are badly strained by deployments in Iraq and Afghanistan.

Military commanders look warily at a surge, saying that even 20,000 more soldiers and Marines may not be available and wouldn't necessarily help reduce Iraq's violence.

"We would not surge without a purpose," Gen. Peter Schoomaker, the Army's chief of staff, said Thursday. "And that purpose should be measurable."

-A revised Iraq political strategy aimed at forging a "moderate center" of Shiite Muslim, Sunni Muslim Arab and Kurdish politicians that would bolster embattled Prime Minister Nouri al Maliki. The goal would be to marginalize radical Shiite militias and Sunni insurgents.

-More money to combat rampant unemployment among Iraqi youths and to advance reconstruction, much of it funneled to groups, areas and leaders who support Maliki and oppose the radicals.

-Rejection of the study group's call for an urgent, broad new diplomatic initiative in the Middle East to address the Israeli-Palestinian conflict and reach out to Iran and Syria.

Instead, the administration is considering convening a conference of Iraq and neighboring countries - excluding Iran and Syria - as part of an effort to pressure the two countries to stop interfering in Iraq.

It remains far from clear whether these moves would help stabilize Iraq, where a civil war rages nearly four years after the U.S.-led invasion.

Only a year ago, on Nov. 30, 2005, Bush, under pressure to show progress, unveiled a "National Strategy for Victory in Iraq." Then, as now, he pledged to focus on training Iraq's security forces.

Bush also faces huge hurdles in getting public support behind his latest plan. Disapproval of his handling of Iraq has shot up to anywhere from 60 percent to 75 percent this month in polls.

"If he's going to trash the Iraq Study Group report, he's going to have to come up with something coherent, different and that is demonstrably better. I think he's not likely to persuade the country that he's done so," said Larry Diamond of Stanford University's Hoover Institution, who was among the study group's expert advisers.

The study group, chaired by former Secretary of State James A. Baker III and retired Congressman Lee Hamilton, released its report Dec. 6.

Bush appears to have been emboldened by criticism of its proposals as defeatist by members of the Republican Party's conservative wing and their allies on the Internet, the radio and cable TV.

Diamond and others close to the group said the report's primary value had been to focus White House and public attention on what the document termed the "grave and deteriorating" situation in Iraq.

The president and his national security team "are going to pick and choose from the Iraq report, and they're not going to choose much," a recently retired U.S. official predicted.

He and others spoke on the condition of anonymity because Bush's policy review is still under way.

According to a senior State Department official, the president is listening closely to a former Republican secretary of state, but it isn't Baker. Henry Kissinger, a frequent White House visitor, has been to see Secretary of State Condoleezza Rice a half-dozen times, he said.

In recent public comments, Kissinger has warned that an early withdrawal of the 140,000 U.S. troops in Iraq could lead to the country's breakup, although he's also questioned whether victory in Iraq is possible.

In an interview Thursday with CNN, Kissinger said he didn't think Bush could achieve his goal of a democratic Iraq before his term ended in two years. But he said he thought that the president could fashion a strategy that stabilized the country, allowed normal civilian life to return and provided incentives to political leaders to reconcile internally and with other countries in the region.

Kissinger said he'd favor a temporary American troop increase if U.S. military commanders determined that it could make a difference as part of a broader political strategy.

"That, I think, is achievable. For that, I think, increased capability would play a role if only because it would show that the United States is not just running out ... because this conflict will not end in Iraq," Kissinger said. "We are dealing with a movement, and it's running through the Islamic world."

Two senior Iraqi officials confirmed Thursday that Bush is considering a short-term increase in the number of U.S. troops in Baghdad as part of a new strategy to contain the escalating civil war.

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Iraqi Vice President Tariq al Hashemi, a leader of the country's Sunnis, said after a speech Thursday at a U.S. government-funded institute in Washington that he and Bush had discussed the option Tuesday in a meeting at the White House.

Hashemi said that while he favored the idea, Bush should set "a timetable" for eventually withdrawing all American forces, linked to "serious efforts to reform the Iraqi military and security forces."

The reforms must include re-enlisting Iraqi soldiers and low-ranking officers who'd been excluded from the new forces under sweeping U.S.-approved purges of members of Saddam Hussein's Baath Party, he said.

Iraqi Ambassador to the United States Samir Sumaidaie, in a brief interview after Hashemi's speech, said the options that Bush was reviewing included putting more Iraqi forces in the capital.

He and Hashemi confirmed that Bush and his top aides are exploring the formation of a new government coalition to strengthen Maliki.

In a memo leaked last month to The New York Times, National Security Adviser Stephen Hadley said the White House would consider "monetary support" for moderate Iraqi groups that broke with sectarian parties and backed Maliki.

Hashemi said he'd be willing to lead his bloc of Sunni politicians into such a coalition, despite sharp differences with potential Shiite and Kurdish members.

He urged caution in dealing with radical anti-American cleric Muqtada al-Sadr, who controls the largest bloc of Shiite seats in parliament and heads the Mahdi Army, the Shiite militia that's blamed for much of the anti-Sunni violence in Baghdad.

Hashemi suggested that there might be a way to crack down on the militia while drawing the firebrand cleric's supporters into a new coalition. Excluding Sadr's followers could trigger a backlash that worsens the violence, he said.

McClatchy correspondent John Walcott contributed to this report.

Call To Add U.S. Forces Is Resisted At Home, In Iraq (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, December 15, 2006

The Bush administration is leaning toward temporarily sending as many as 20,000 additional U.S. troops to Iraq, even as the Democrats taking charge of Congress demand a drawdown of forces.

U.S. officials say the increase is needed to make a new push to stabilize Baghdad and to bolster efforts to train the Iraqi army. The emerging plan is facing opposition from Iraqi officials adamant that more U.S. forces aren't the answer. U.S. military commanders in Baghdad have drawn up plans for the country that don't require any new personnel. The debate over whether to send additional U.S. forces to Iraq is the most visible manifestation of the high-level tumult roiling the Bush administration as it works to find a way forward there ahead of a presidential address to the nation early next year.

Although White House officials stress that no final decisions have been made, several aides involved in the internal deliberations say President Bush and senior administration officials appear receptive to calls to temporarily send 15,000 to 30,000 new U.S. forces to Iraq to bolster the 140,000 troops there.

In recent meetings with Mr. Bush, senior Pentagon officials said increasing the number of U.S. troops in Iraq for a few months may improve conditions on the ground there but cautioned that timing would be critical, since limits on available troop equipment mean additional forces couldn't be sustained for a long period of time, according to people familiar with the discussions.

Pentagon officials said they would send additional U.S. forces to Iraq only if the personnel had a clear military mission. "We would not surge without a purpose," the Army's top general, Peter J. Schoomaker, told reporters yesterday. "And that purpose should be measurable."

The troop debate is taking place as U.S. forces in Iraq begin ramping up their efforts to shift the focus of U.S. combat forces to training and advising the struggling Iraqi army. Senior military officials in Baghdad are finishing a plan that would more than double -- and could triple -- the number of U.S. troops who live with and train Iraqi forces. The expansion of the training efforts would be accompanied by a phased redeployment of U.S. forces out of major cities such as Baghdad and onto a small number of large military facilities in more remote parts of the country.

The proposal to send more troops to Iraq is most closely identified publicly with Arizona Republican Sen. John McCain, a stalwart war supporter who argues that the U.S. venture will fail unless more troops are sent to the country.

Mr. McCain repeated that message yesterday on a brief trip to Baghdad with other senators, telling reporters there "is still a compelling reason to have an increase in troops here in Baghdad and in Anbar province in order to bring the sectarian violence under control" and to allow Iraq's political process to move ahead.

Deploying more U.S. forces to Iraq would be deeply unpopular in the U.S., where polls show that an increasing majority believes the U.S. is losing in Iraq, disapproves of the administration's handling of the war and wants to see a fixed timetable for a

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military withdrawal. A Wall Street Journal/NBC News poll this week found that declining public support for the war had brought Mr. Bush's overall approval ratings down to 34%, the lowest recorded to date in his presidency. The poll showed 35% of those surveyed favor a phased troop withdrawal "beginning immediately," up from 27% in July.

The idea is also running into strong opposition in Baghdad. Iraqi Prime Minister Nouri al-Maliki has flatly told Gen. George Casey, the top American military commander in Iraq, that he doesn't want more U.S. personnel deployed to the country, according to U.S. military officials. The U.S. sent thousands of additional combat personnel to Baghdad earlier this year in an attempt to quell the daily violence there, but American officials say Mr. Maliki has made clear that he wants to see those forces -- except for U.S. trainers and advisers -- moved out of the city.

Senior U.S. commanders on the ground in Iraq, meanwhile, say they aren't sure additional forces are needed in Iraq.

Lt. Gen. Peter Chiarelli's staff is finishing a plan to significantly expand the teams that live with and train Iraqi forces by breaking up some big U.S. combat units into smaller military-advisory teams. The current teams, which number 10 soldiers, could expand to as large as 40 soldiers. As many as one-third of the 4,000-soldier U.S. combat brigades could be broken into teams. But according to the current plan, the overall size of the force wouldn't increase. The plan, which would mark a radical change in the U.S. military approach, hasn't yet been formally approved by Gen. Casey.

Although some senior military commanders in the Pentagon support sending more forces to Iraq, some officers in Iraq question how much impact the additional troops would have. The skeptics argue that the military, strained by the lengthy deployments to Iraq and Afghanistan, could sustain the new forces in Iraq only for approximately six months. Critics of the proposal express concerns about where the additional forces would come from. Cobbling together 20,000 to 30,000 additional soldiers may require the Army to extend the deployments of units in Iraq.

Calling up National Guard troops would pose other problems. The White House would have to change Pentagon policies that allow the Army to call up National Guard and Army Reserve troops for a second Iraq tour. Such a move would be politically unpalatable.

Military Considers Sending As Many As 35,000 More U.S. Troops To Iraq, McCain Says (NYT)

By John F. Burns

The New York Times, December 15, 2006

BAGHDAD, Dec. 14 — Senator John McCain said Thursday that American military commanders were discussing the possibility of adding as many as 10 more combat brigades — a maximum of about 35,000 troops — to "bring the situation under control" while Iraq's divided political leaders seek solutions to the worsening bloodshed here.

After talks in Baghdad with Gen. George W. Casey Jr. and other top American generals, Mr. McCain, an Arizona Republican, said a substantial United States troop increase was one of the strategy changes the generals were considering as they reviewed what he called "a steadily deteriorating situation."

He said meetings with Iraqi government leaders showed that they, too, "have certainly not ruled out the option of more troops."

"Five to 10 additional brigades is what is being discussed," Mr. McCain said, outlining an increase that could bring overall American troop strength to the highest levels since the invasion in March 2003. While American combat brigades vary, Pentagon officials say they average about 3,500 soldiers. At present, there are 15 combat brigades in Iraq, amounting to about 50,000 of the total American force of about 140,000.

"The American people are disappointed and frustrated with the Iraq war, but they want us to succeed if there is any way to do that," Mr. McCain told a news conference. Unlike some American military commanders who have said any troop increase should be temporary, he said any increase should last "until we can get the situation under control, or until it becomes clear that we can't."

Mr. McCain spoke as the leader of a Congressional delegation that included five senators who have been strong backers of the war, among them Senator Joseph I. Lieberman, who won re-election in Connecticut last month as an independent after losing the Democratic nomination to an antiwar challenger. Mr. Lieberman, too, spoke strongly in favor of a substantial troop increase, saying, "A failed state in Iraq will be a disaster for the region and the world."

Two other Republican senators in the group, Lindsey Graham of South Carolina and John Thune of South Dakota, said they also backed troop increases, but Senator Susan Collins, Republican of Maine, said she had yet to make up her mind. "I for one am not yet convinced that additional troops will pave the way for a peaceful Iraq," she said. "My fear is that if we have more troops sent to Iraq, we will just see more injuries and more deaths."

The trip amounted to a high-stakes campaign appearance by Mr. McCain, who is all but building his presidential campaign on the issue of Iraq. A leading contender for the Republican nomination in 2008, Mr. McCain strongly supported the original

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invasion but has shifted to criticizing the war's execution. He now holds the politically risky position that the Bush administration should send in more troops, or withdraw entirely.

But Mr. McCain said personal ambition would not guide his Iraq policy.

"I take the position I'm taking with the full knowledge that only 15 to 18 percent of the American people agree with my position that we need more troops," he said. Still, he said he supported the troop increase to stabilize the situation in Baghdad and other turbulent areas and give Iraqi leaders time to work out compromises to bring the Sunni insurgency and Sunni-Shiite sectarian violence under control.

The visit by Mr. McCain came at a time of disarray in Washington and across the United States over how to proceed in Iraq. Mr. McCain, a member of the Senate Armed Services Committee, is effectively doubling down his bet on the war, figuring that embracing a strong resolution in Iraq will give him an effective campaign cudgel. If the administration sends more troops, Mr. McCain can hope for a speedy resolution in Iraq that allows him to claim partial victory; if President Bush pulls back and chaos persists, he could contend that his advice was ignored.

Without a troop increase, Mr. McCain said at the news conference, "the results are going to be inevitable, in my view" — a defeat for America and for its Iraqi allies that would create a terrorist haven that could be used as a base for attacks in the United States.

He contrasted the situation with the Vietnam War, saying, "when we came home, the war was over." But now, he said, Iraq's Islamic militants "will follow us home" if the American effort fails.

But even Mr. McCain, a decorated Vietnam hero, acknowledged the perils of his approach. He described a troop increase as "the least bad option" and said it could cost him his shot at the presidency. "I happen to feel that I have to do what my many years of life involved in the military dictate to me," he said. As if to emphasize his military credentials, he and other members of the delegation left Baghdad by helicopter after the news conference to fly to an embattled Marine base at Ramadi, 85 miles west of the capital, which is considered one of Iraq's deadliest places.

Although Mr. McCain did not say so, American commanders here are divided on the recommendations they will present to Mr. Bush, who has said he will announce a new strategy for the war in early January, officials familiar with the generals' discussions say.

General Casey, the top commander here, is said to be cautious, arguing that an increase could lower violence in Baghdad, at least temporarily, but that it could also encourage Iraq's feuding political leaders to delay tough decisions needed to stem the slide toward anarchy.

Lt. Gen. Peter W. Chiarelli, the second-highest-ranking American officer in Iraq, has been the allied forces' operational commander for the past year, and he has resisted a troop increase, the officials say, believing an American-financed job creation program could do as much to weaken the insurgents and political militias.

General Chiarelli's successor, Lt. Gen. Raymond T. Odierno, who took over at a ceremony in Baghdad on Thursday, is bullish, seeing a troop increase as a way for American and Iraqi troops to gain the upper hand in Baghdad and Anbar Province, a desert region virtually overrun by Sunni insurgents, the officials say.

Another cautionary voice has been that of Gen. John P. Abizaid, leader of the Central Command, which oversees the wars in Iraq and Afghanistan. General Abizaid has said increasing troop strength, especially in Baghdad, could have an impact on the mounting cycle of revenge in which Sunni suicide bombings of Shiite civilian targets have set off murderous attacks on Sunni civilians by Shiite death squads. But General Abizaid, like General Casey, has said the impact would be temporary if Iraqi politicians failed to end sectarian feuding.

Iraq's growing anarchy was highlighted Thursday by another mass kidnapping in central Baghdad that appeared to have been driven by sectarian motives. Masked gunmen in elite police uniforms abducted dozens of men in the morning from the Sinak neighborhood, an area of automobile spare-parts shops close to the Shiite working-class district of Sadr City, an Interior Ministry official and witnesses said.

The neighborhood is not far from the site of a suicide bombing on Tuesday in which at least 70 Shiite day laborers were killed and more than 230 wounded.

The gunmen drove up in cars with police markings and brandished automatic rifles, witnesses said. "People were in a panic," said a 36-year-old spare-parts merchant. "Some people were trying to close their shops and leave. Others were just trying to slip away. I walked away as fast as I could. A few seconds later, I heard heavy shooting."

Another merchant said he broke free from the gunmen before they could shove him into a car. "They seemed to know who they wanted to kidnap because they'd take one person and leave others behind," he said.

The men were blindfolded and driven off to a building in an unknown location, a Shiite man who was later freed said. He said the captives were shackled and kept in a poorly lighted room. The kidnappers asked the victims whether they were Sunni or Shiite, and whether they had ties to any terrorist groups.

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By late Thursday, at least 25 abductees had been freed, all Shiites, the Interior Ministry official said. It was unclear how many others — presumably Sunnis, though that was impossible to determine — were still being held.

In the area of the predominantly Shiite city of Kut in southern Iraq, 17 bodies were found by a stream, police officials said. All the victims had been shot dead after being tortured.

In Baghdad, a car bomb exploded near an Iraqi Army patrol, killing two people, including one soldier and mortar rounds killed a woman, according to Interior Ministry reports.

McCain Calls For More Troops In Iraq (AP)

By Thomas Wagner

AP, December 15, 2006

Sen. John McCain took his controversial proposal for curbing Iraq's sectarian violence to Baghdad on Thursday, calling for an additional 15,000 to 30,000 U.S. troops and joining a congressional delegation in telling Iraq's prime minister he must break his close ties with a radical Shiite cleric.

The lawmakers' trip came as the bloodshed showed no signs of abating. At least 74 more people were killed or found dead, including 65 bullet-riddled bodies bearing signs of torture. And gunmen in military uniforms kidnapped as many as 70 shopkeepers and bystanders from a commercial area in central Baghdad in what was apparently an attack against Sunnis; at least 25 were later released, police said.

McCain's position puts him at odds with American public opinion and with the bipartisan Iraq Study Group, which recommended withdrawing substantial number of U.S. troops over the coming year. The Army in recent days has been looking at how many additional troops could be sent to Iraq if President Bush decides a surge in forces would be helpful.

Army officials say only about 10,000 to 15,000 troops could be sent and an end to the war would have to be in sight because the deployment would drain the pool of available soldiers for combat. Further, many experts warn, there is no guarantee a surge in troops would work to settle the violence.

"We would not surge without a purpose," the Army's top general, Peter J. Schoomaker, told reporters Thursday in Washington. "And that purpose should be measurable."

McCain said he realizes that few Americans favor deploying more U.S. troops to Iraq, and that if such a move proved unsuccessful in the unpopular war it could hurt his presidential ambitions.

But the Arizona Republican said Americans must realize that if U.S. troops leave Iraq in chaos, groups such as al-Qaida "will follow us home and that we will have a large conflict and greater challenges than those that we now face here in Iraq."

"The American people are confused, they're frustrated, they're disappointed by the Iraq war, but they also want us to succeed if there's any way to do that," McCain told reporters in Baghdad.

He said conditions in some areas of Iraq have improved since his last visit in March, but "I believe there is still a compelling reason to have an increase in troops here in Baghdad and in Anbar province in order to bring the sectarian violence under control" and to "allow the political process to proceed."

Two other senators in the delegation, Joseph Lieberman, D-Conn., and Lindsey Graham, R-S.C., said they agreed.

"We need more, not less, U.S. troops here," Lieberman said.

Another senator in the group, moderate Republican Susan Collins of Maine, disagreed.

"Iraq is in crisis. The rising sectarian violence threatens the very existence of Iraq as a nation," she said. The current U.S. strategy in Iraq has failed, but "I'm not yet convinced that additional troops will pave the way to a peaceful Iraq in a lasting sense," Collins said.

"My fear is that if we have more troops sent to Iraq that we will just see more injuries and deaths, that we might have a short term impact, but without a long-term political settlement," she said.

Collins' remarks appeared to reflect the findings of the Iraq Study Group, which concluded that sustained increases in U.S. troops would not solve the fundamental problem and that violence would renew once those forces left the area.

While the senators were meeting with U.S. and Iraqi officials in Baghdad, Iraq's Sunni vice president, Tariq al-Hashemi, was in Washington, where he called on the Bush administration to set a timetable for withdrawal of U.S. troops. Al-Hashemi said the timetable should be "flexible" and depend on development of an Iraqi security force.

"You've done your job," al-Hashemi, who met with Bush this week, said at the United States Institute of Peace, a U.S.-financed think tank. Currently, however, "there is across-the-board chaos in my country," he said.

Graham said he was shocked by the situation in Baghdad.

"The first time I came here with Sen. McCain we went rug shopping. Yesterday, we moved around in a tank. It's one of the most dangerous places on the planet," he said.

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The congressional delegation, which also included Republicans Sen. John Thune of South Dakota and Rep. Mark Kirk from Illinois, left Baghdad on Thursday to tour the southern port city of Basra and Ramadi, the insurgent stronghold west of Baghdad.

Lieberman said the senators met with Prime Minister Nouri al-Maliki, a Shiite, and urged him to break his ties with Muqtada al-Sadr and disarm the anti-U.S. cleric's Mahdi Army militia, which has been blamed along with Sunni Arab insurgents for the sectarian violence and ruthless attacks on U.S. forces.

Al-Sadr controls 30 of the 275 parliament seats and is a key figure in al-Maliki's coalition.

Lieberman said the delegation left its meetings with al-Maliki, President Jalal Talabani and other Iraqi officials believing "there is a force of moderates within the context of Iraqi politics coming together to strengthen the center here against the extremists."

He said the delegation was "quite explicit" about "how important it is that the Iraqis themselves begin to take aggressive action to disarm the militias, to stop the sectarian violence and to involve all the people in country to governance," including promised provincial elections.

But the senator also said moderates in parliament may look for another leader if al-Maliki fails to do that.

"What the U.S. needs and wants, and has to demand, is that in return for all that we're putting on the line here is that they take on the extremists," Lieberman said. "That's what this battle is all about."

Bush Seeks Ideas On New War Plan Here And In Iraq (USAT)

By David Jackson

USA Today, December 15, 2006

WASHINGTON — President Bush will be spending part of his holidays in "continuous consultations" as he makes final decisions on a new Iraq war plan to be unveiled in the new year.

White House spokesman Tony Snow said Thursday that Bush will seek more information from a variety of sources, including members of the Iraqi government, Pentagon and the National Security Council, which is coordinating the administration's review of its war policy.

GOOD ADVICE: President gets advice from several sources

The result could make or break the United States' push for democracy in Iraq, according to those who have participated in the review.

"We've basically got about one more chance to get this right," said Stephen Biddle, a senior fellow with the Council on Foreign Relations who attended a White House meeting with Bush on Monday.

Said Snow: "The endpoint of what's going on right now is not a speech, it's policy. It is a way forward where the president will be instructing those involved to do things differently than they are doing now."

Since meeting with Iraqi Prime Minister Nouri al-Maliki in Jordan two weeks ago, Bush has listened to ideas on Iraq from heads of state and non-government experts, as well as military commanders.

The options include adding U.S. troops as well as minimizing the role of the estimated 140,000 troops already in Iraq. There have also been discussions about forging what Snow called a "moderate consensus" within the country's democratic government.

Some ideas have already been ruled out by Bush, including one to partition Iraq into Shiite, Sunni and Kurdish zones. He also has questioned a proposal to negotiate with Iraq's neighbors, Iran and Syria, in part, he says, because they are helping insurgents in Iraq.

The consequences for Bush and the United States go beyond Iraq.

Sen. John Kerry, D-Mass., who lost the 2004 presidential election to Bush, believes the war was poorly planned and has damaged U.S. credibility in the Middle East.

Jordan's King Abdullah II has said civil war in Iraq could spread to Lebanon and the Palestinian territories.

Bush, whose approval ratings have dropped as more U.S. troops have died, has repeatedly said a premature withdrawal could turn Iraq into a haven for terrorists eager to strike America: "The stakes are high in this fight."

Iraqi VP Says Bush Wants Coalition To Counter Al-Sadr (USAT)

By Barbara Slavin

USA Today, December 15, 2006

WASHINGTON — The Bush administration is pressing Iraqi politicians to form a new Cabinet to reduce the power of Muqtada al-Sadr, an anti-American cleric whose militia is responsible for much of the sectarian bloodshed in Iraq.

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Iraqi Vice President Tariq al-Hashimi, a moderate Sunni, said Thursday that President Bush told him the administration wants Iraqi politicians to form a coalition of "moderate parties." al-Hashimi met with Bush on Tuesday.

Iraq's governing coalition includes mostly Shiite political parties and has six Cabinet ministers from al-Sadr's faction. A new coalition would reduce or eliminate al-Sadr loyalists and replace them with other Shiites, Kurds and moderate Sunni Arabs, al-Hashimi said.

Bush is weighing changes to U.S. strategy in Iraq. Military options include boosting the number of American advisers to Iraqi forces and reducing the number of combat brigades.

The administration position is that military operations alone will not solve Iraq's problems. The United States encourages Iraq's government to find a political solution that will bring the country's rival factions together.

Gordon Johndroe, a White House spokesman, said the administration was not telling Iraqis what to do but the "object of the moderate Iraqi leaders coming together is to stop the violence and create an Iraq that can govern, sustain and defend itself."

Asked whether that meant removing al-Sadr's faction from government, Johndroe said the Iraqis Bush had consulted are "serious about taking action against those who would operate outside the rule of law." Bush has also met recently with Iraqi Prime Minister Nouri al-Maliki and Shiite leader Abdul-Aziz al-Hakim. He spoke by phone Wednesday with Iraqi President Jalal Talabani and Massoud Barzani, Johndroe said. Both are prominent Kurdish leaders.

Al-Sadr's Mahdi Army is among the most powerful militias in Iraq and is blamed for some of the attacks on Iraq's Sunni minority, according to the U.S. military.

Al-Hashimi, who has lost a sister and two brothers to assassins, cited horror stories of Sunnis going to hospitals to pick up the bodies of relatives, only to be arrested, tortured and murdered themselves. Bodies of Sunni men are dumped on the streets full of holes from drills, al-Hashimi said. The Health Ministry has denied any connection to killings.

Al-Maliki has been reluctant to break politically with al-Sadr, whose party controls 30 of the 275 seats in parliament. Support from al-Hashimi, whose bloc has 44 seats, could allow al-Maliki to stay in power without relying on al-Sadr.

"In theory, the numbers are there," for al-Maliki to rely on al-Hashimi instead of al-Sadr, said Larry Diamond, an Iraq expert at Stanford University's Hoover Institution who served as an adviser to the U.S.-led occupation authority in Iraq. "It's possible and probably a smart move on the part of the Bush administration" to encourage al-Maliki to break with al-Sadr, Diamond said. Two U.S. senators visiting Iraq, Joe Lieberman, D-Conn., and John McCain, R-Ariz., said Thursday that they urged al-Maliki to distance himself from al-Sadr.

Lieberman said he left a meeting with al-Maliki and Talabani believing "there is a force of moderates within the context of Iraqi politics coming together to strengthen the center here against the extremists." Kenneth Katzman, an Iraq expert at the Congressional Research Service, said he doubted al-Maliki would support a crackdown on the Mahdi Army, composed of thousands of working class Shiites. Al-Maliki "may need Sadr down the road," Katzman said.

Iraq's ambassador to Washington, Samir Sumaidaie, said it might be possible to keep al-Sadr in the new coalition if he agreed to let U.S. and Iraqi forces rein in "the more wild parts of the Mahdi Army."

Iraq Coalition Plan Gains Urgency (LAT)

By Paul Richter

The Los Angeles Times, December 15, 2006

WASHINGTON — President Bush and top aides have made the effort to build a new governing coalition in Iraq a top priority in their search for a new strategy, one of the country's two vice presidents said Thursday.

Tariq Hashimi, who leads the Iraqi parliament's most important Sunni Arab group, said that Bush and other senior officials told him at a White House meeting this week that they believe "for the present time, the only solution we have" is to create a new ruling alliance in hopes of strengthening a frail central government.

Hashimi's comments, in an appearance at the U.S. Institute of Peace, offered new insight into the importance Bush is placing on the coalition-building effort at a time when the president and top aides are considering new strategies for Iraq.

U.S. and Iraqi advocates of the approach hope it would give Iraqi Prime Minister Nouri Maliki a new freedom to take risky actions, such as trying to suppress militia violence. Maliki's freedom to act is believed to be limited by his dependence on radical Shiite Muslim cleric Muqtada Sadr, whose Al Mahdi army is blamed for sectarian attacks.

Creation of a new governing coalition also could provide a means for picking a new prime minister if Iraqi and American leaders decide Maliki must be replaced. Some Iraqi advocates of the approach insist that is not their intent.

Stephen Hadley, Bush's national security advisor, wrote a classified memo last month that said the United States should urge Sunni and Shiite Muslim leaders to support Maliki if he sought to build a new political base. The United States could help the process by offering cash support to moderate groups that take part, Hadley wrote.

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The Iraqi parliament is divided along sectarian lines and includes a large Shiite coalition, along with Kurdish, Sunni Arab and secular parties. The new grouping would break up the current Shiite alliance and ally two Shiite parties — Maliki's Islamic Dawa Party and the Supreme Council for Islamic Revolution in Iraq — with the two Kurdish parties and possibly smaller religious and secular groupings.

Bush told reporters Wednesday that he had spoken by telephone to two senior Kurdish leaders about the coalition-building idea, "which we support."

Yet the plan faces obstacles.

Maliki has been wary. And it remains unclear whether the approach could win the support of Grand Ayatollah Ali Sistani, Iraq's top Shiite religious leader, who has urged Shiite leaders to stick together.

Allies of Sadr have condemned the plan, and there is a risk of a violent backlash if the coalition tries to exclude Sadr, who now has considerable influence within the Shiite coalition.

Hadley, in his memo, acknowledged the difficulties of forming a coalition and said the task would require the U.S. to "use our own political capital."

Hashimi acknowledged that forming the new grouping could ignite a violent backlash from Sadr's many supporters, who now control 30 of parliament's 275 seats and five Cabinet ministries and have the country's most active Shiite militia.

In comments after his speech, Hashimi said coalition members might devise a way to allow some elements of Sadr's group in the coalition while excluding violent portions.

Juan R. Cole, a Middle East specialist at the University of Michigan, said he doubted the coalition would have much cohesion because of the continuing splintering of Iraq's political landscape.

"I can't imagine a situation in which you'd get a stable parliamentary coalition that would vote for the prime minister's policies on every issue," he said.

Hashimi, who has been very critical of the Maliki government, promised that he and his group would support the effort but said it would not bring about the wholesale overhaul of the political system that Iraq needs.

He criticized plans under discussion in the U.S. government to shift the U.S. military from combat to an advisory role. That approach, he said, would risk creating a "security vacuum."

In Baker's Blunder, A Chance For Bush (WP)

By Charles Krauthammer

The Washington Post, December 15, 2006

As a result of the Iraq Study Group, President Bush has been given one last chance to alter course on Iraq. This did not, however, come about the way James Baker intended. It came about because the long-anticipated report turned out to be, as is widely agreed, a farce. From its wildly hyped, multiple magazine-cover rollout (Annie Leibovitz in Men's Vogue, no less) to its mishmash of 79 (no less) recommendations, the report has fallen so flat that the field is now clear for the president to recommend to a war-weary country something new and bold.

The study group has not just been attacked by left and right, Democrat and Republican. It has invited ridicule. Seventy-nine recommendations. Interdependent, insists Baker. They should be taken as a whole. "I hope we don't treat this like a fruit salad and say, 'I like this but I don't like that.' " On the basis of what grand unifying vision? On the authority of what superior wisdom? A 10-person commission including such Middle East experts as Sandra Day O'Connor, Alan Simpson and Vernon Jordan?

This kind of bipartisan elder-statesmen commission is perfectly appropriate as a consensus-building exercise for, say, a long-range problem such as Social Security. It is a ludicrous mechanism for devising strategic changes in the middle of a war.

Its major recommendation of gradual retreat is unremarkable -- exactly what you'd expect from a committee whose objective is consensus. It reflects a certain conventional wisdom in Washington that the war is already lost. And if that were true, we should indeed be retreating. And the sooner the better, even more quickly than the ISG recommends.

But having told us that the price of leaving Iraq to chaos is unacceptably high, the commission never attempts to come up with a plan for succeeding. Its only new initiative is to go regional and involve neighboring Syria and Iran.

Syria should stop infiltration, declares the report. And Iran "should stem the flow of equipment, technology, and training to any group resorting to violence in Iraq." Yes, and obesity should be eradicated, bird flu cured and traffic fatalities, particularly the multi-car variety, abolished. Such fatuous King Canute pronouncements give the report its air of detachment from reality.

This holding back of the tides is to be accomplished by negotiations with the likes of Iran. Baker admits that Iranian representatives told the commission that they are unlikely to cooperate. But we must press on, Baker insists, because we will thus expose Iran as "a rejectionist nation" that is "not . . . willing to help try and stabilize Iraq."

Now, there's a diplomatic achievement: undermining our hard-earned agreement with the Europeans to make any future approach to Iran dependent on the suspension of uranium enrichment in order to . . . demonstrate to the world that a country

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providing sophisticated weapons, roadside bombs and financial support to both sides of the civil war does not support stability there. Is there a sentient adult outside this commission who did not know that?

A major objective of the New Diplomatic Offensive (as if pompous capitalization makes for substance) is to bring Arab-Israeli peace. Baker thinks that if only the Israelis would surrender to Arab demands, all would be well in the Middle East.

Okay. Imagine that there is peace between Israel and the Arabs. No, imagine an even better solution from the Arab point of view -- an earthquake that tomorrow swallows Israel whole and sinks it (like Santorini, 1650 B.C.) into the Mediterranean. Does anyone imagine that the Shiites stop killing Sunnis? That al-Qaeda stops killing Americans? That Iran and Syria work any less assiduously to destabilize post-Saddam Hussein Iraq? It's these obvious absurdities that made the report so dismissible.

Now that these 10 establishment

sages have labored mightily to produce a mouse, the president has one last chance to come forward with a new strategy.

He must do two things. First, as I've been agitating for, establish a new governing coalition in Baghdad that excludes Moqtada al-Sadr, a cancer that undermines the ability of Prime Minister Nouri al-Maliki and his government to work with us. It is encouraging that Bush has already begun such a maneuver by meeting with rival Shiite and Sunni parliamentary leaders. If we help produce a cross-sectarian government that would be an ally rather than a paralyzed semi-adversary of coalition forces, we should then undertake part two: "Double down" our military effort. This means a surge in American troops with a specific mission: to secure Baghdad and (with the support of the Baghdad government -- a sine qua non) suppress Sadr's Mahdi Army.

It is our last chance for success. Bush can thank the Iraq Study Group and its instant irrelevance for making it possible.

Panned In Baghdad (WSJ)

The Wall Street Journal, December 15, 2006

Iraq Study Group Chairmen Jim Baker and Lee Hamilton have spent the past week defending their report against withering criticism here in the U.S. But the more revealing reaction has been from Iraq itself: "Unrealistic," "inappropriate" and "very dangerous" are among the kinder words used by Iraq's leaders to describe the ISG's work.

Consider Jalal Talabani. A secular-minded Kurd who has probably done more than any other leader to reach out across the country's sectarian divides, Iraq's President is no doubt sympathetic to the report's calls for "national reconciliation." But he reacted strongly to the ISG's suggestion that American support for his democratically elected government be conditioned on its meeting U.S.-determined "milestones" toward that goal. That, he said, was an "insult to the people of Iraq."

Mr. Talabani was also critical of the ISG's specific ideas for achieving reconciliation. Having helped bring such Sunni leaders as Adnan Dulaimi into the political process, he clearly understands the importance of giving the Sunnis a fair deal. But he bristled at the report's idea that reconciliation should be achieved through concessions to members of Saddam's Baath Party and other Sunni rejectionists. Fellow Kurdish leader Massoud Barzani echoed that criticism, saying the ISG wanted to reward "those who are against the political process and have conducted acts of violence."

On the issue of improving Iraq's security forces, Mr. Talabani also objected to the idea of embedding more American advisers inside Iraqi units. Like a number of Iraqis to whom we've spoken, Mr. Talabani believes one key to better security is increasing the freedom of Iraqi Army units to carry out independent operations based on their own intelligence and judgment. "Many people ask why there is no security, and that's because our hands are tied. The Prime Minister cannot move 10 soldiers from one place to another" without U.S. authorization, he said.

We think embedding is a useful idea, though that isn't the same as U.S. control of those units. Prime Minister Nouri al-Maliki agrees with Mr. Talabani on this, and he argued for more control of the Iraqi Army during his recent meeting with President Bush. While the PM's public reaction to the ISG report was much more muted, Mr. Maliki's advisers have made it clear they are as troubled as Mr. Talabani. "We were told there would not be pressure as such," said one. "If they do not support the government it will look as if they do not do what they preach [about democracy]," said another.

Shiite leader Abdul Aziz al-Hakim, who met with Mr. Bush last week, also said the ISG report "includes inaccurate information that's based on dishonest sources." Other Shiites objected to the ISG's suggestion that provisions of the Iraqi constitution, which was overwhelmingly ratified in a referendum last year, be reopened for debate. Iraq's Sunni leaders, meanwhile, were somewhat less critical of the ISG report. But they were hardly enthusiastic either.

We offer this roundup not because these Iraqis are infallible on how to move their country forward, and in fact they often disagree. But their reaction exposes the flawed conception of the ISG process, which is that a group of unelected American "wise men" were going to come up with policies that would somehow save Iraq's elected government from itself. "The report has a mentality that we are a colony where they impose their conditions and neglect our independence," the pro-American Talabani said pointedly.

This Iraqi criticism also underscores that the ISG report was less about winning in Baghdad than about splitting political differences in Washington. As Mr. Bush re-examines Iraq policy with an eye toward announcing significant changes early next

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year, we trust he understands better than the ISG that a partnership with the Iraqi government is essential to any successful outcome.

Truman's Trials Resonate For Bush (WP)

By Michael Abramowitz

The Washington Post, December 15, 2006

He led the United States into war and saw his popularity plummet, yet some 60 years later his reputation has never been higher: It's small wonder Harry S. Truman seems to hold a special fascination for President Bush these days.

That interest came into focus recently after Sen. Richard J. Durbin (D-Ill.) went public with an account of a meeting last Friday in which he said the president seemed to be comparing his situation to that of Truman in the late 1940s. According to Durbin's account and another source familiar with the meeting, Bush told the gathering of congressional leaders that Truman's approach to dealing with the Cold War was not initially popular but that he was vindicated by history -- the implication being that Bush would be vindicated about Iraq as well.

White House aides later disputed this reading of Bush's comments, but the episode may offer a glimpse into the psychology of a president who, like Truman in his second term, seems beset by trouble and pressures on all sides and who is ready to look to history for some comfort and guidance.

"Everyone loves a winner, and history reflects Harry Truman was a winner," said Rep. Ike Skelton (D-Mo.), whose father was a longtime friend of the late president and who met Truman as a young man. "It is all familiar front-yard psychology -- associate yourself with a winner."

By many accounts, Bush is fascinated by history and biography -- he reads extensively and meets periodically with presidential scholars -- and Truman has certainly seemed to be on his mind in recent months. In his commencement address this year at West Point, Bush discussed Truman at some length, lauding his early role in structuring U.S. forces and institutions for the Cold War.

That speech was followed by repeated references to the Democratic 33rd president during the fall campaign, usually as part of cutting attacks on the party of Truman, which Bush said had become the "party of cut and run" in Iraq. In the 2004 presidential campaign, Bush also mentioned Truman repeatedly, often to praise his role in helping reconstruct Japan after World War II.

By coincidence, say White House aides, one of 10 recipients of the Presidential Medal of Freedom today will be David McCullough, whose 1992 biography of Truman did much to restore the luster of his presidency among the public. In a brief telephone interview this week from his home in Maine, McCullough described himself as "more honored" than he has ever been by the award, the highest civilian honor bestowed by the government, and he noted that the medal was created by Truman in 1945.

"I know that President Bush admires Harry Truman -- we have talked about that," McCullough said, though he was cautious about offering any snap assessments of the Bush presidency. "About 50 years has to go by before you can appraise a presidency -- the dust has to settle."

He did say he sees similarities between Truman and Bush, especially in their capacity to endure "merciless criticism and personal abuse" that he doubts "many of us could take."

Perhaps mindful that Bush-Truman comparisons would draw ridicule from Democrats -- the idea is already the subject of derision in the liberal blogosphere -- White House aides were careful to emphasize that the iconic liberal is only one of a number of inspirations for the president. "People do think about the Truman presidency -- but not only the Truman presidency," said one senior White House official, who was not authorized to speak publicly. "It is not as though it's a talisman or lighthouse for any of us."

The official and several other senior administration officials speak mainly about Truman's role in key events of the traumatic early days of the Cold War, including the Berlin Airlift, the passage of the Marshall Plan and defense of South Korea.

Bush has described the struggle against Islamic terrorism in generational terms, and the implication from his aides is that he is setting up structures and strategy to win this long war, even if, as with Truman, some of the particular actions are unpopular.

"By the actions he took, the institutions he built, the alliances he forged and the doctrines he set down, President Truman laid the foundations for America's victory in the Cold War," Bush told the graduating cadets at the U.S. Military Academy at West Point in May.

Democrats at last week's meeting seemed surprised by Bush's comments about Truman, but White House press secretary Tony Snow said Bush was making a point that as during Truman's presidency, the United States today faces an "ideological enemy with a global ambition . . . that we were going to have to figure out how to face over an extended period of time."

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"I think it's important to note that the president was really not trying to compare himself to Harry Truman so much as to talk about the duration and nature of the struggle," Snow said.

Historians are divided about this kind of assessment from the administration. Fred I. Greenstein, a Princeton scholar regarded as a preeminent authority on the presidency, alluded to one major difference between Bush and Truman, often cited by Democrats. "The Marshall Plan was part of a broad-based diplomatic effort, and it was enacted by Truman's bipartisan leadership of a Republican Congress," he said in an e-mail. "Bush's efforts have been heavily unilateral internationally and divisive internally, except those just after 9/11."

James G. Hershberg, a Cold War historian at George Washington University, said he doubts that history will judge Bush as kindly as it has Truman, saying Truman's roles in fostering European recovery and building the NATO alliance were seen as solid accomplishments at the time. "Bush, by contrast, lacks any successes of comparable magnitude to compensate for his mismanagement of the Iraq war and will be hard-pressed to produce any in his last two years," he said.

But Greenstein said he has been struck by parallels between the two presidents, including their feistiness, the fact that neither seemed up to the job in their early months in office, that both had responses to crises that made them seem more presidential and that both saw their approval levels drop after stalemated wars. "As one who remembers the Truman presidency," he said, "I often have a sense of deja vu."

Top Commanders Appear Set To Urge Larger U.S. Military (NYT)

By Thom Shanker And Michael R. Gordon

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — The review of Iraq policy by senior commanders appears to be headed toward a recommendation to increase the size of the American military, both to sustain a long-term commitment in Iraq and to leave the United States better positioned to deal with potential adversaries, in particular Iran and North Korea, Pentagon and military officials said Thursday.

The latest indication came when the Army chief of staff, Gen. Peter J. Schoomaker, called for expanding the force by adding more active-duty troops and by making more use of the National Guard and Reserve.

His statement, on Thursday, came a day after President Bush met with the Joint Chiefs of Staff in the Pentagon's secure conference room to discuss reshaping strategy in Iraq. That session, officials said, included a detailed discussion of whether the armed services are large enough to sustain the mission in Iraq and meet other global security threats.

Officials who took part in the session or who were briefed on it would not give specific figures that were being discussed for growth goals. But their descriptions revealed a broad conclusion that has received increasing support in Washington: that regardless of the exact shape of President Bush's new strategy on Iraq, the Army and Marine Corps are stretched thin by their commitments around the globe, in particular in Iraq.

That conclusion is being punctuated by the departure of Defense Secretary Donald H. Rumsfeld, who officially leaves his post on Friday and who was long the champion of the idea that high technology and better intelligence could substitute for a bigger military.

Although expanding the Army's size would be too slow a process to provide immediate relief for the force in Iraq, several ideas are being considered to fill the short-term demand for troops there, especially in Baghdad.

One proposal being studied, according to Pentagon officials, is accelerating the arrival in Iraq of a handful of combat brigades already scheduled to deploy there in 2007. Sending troops in early or keeping soldiers in Iraq past their scheduled departure has been a way to temporarily increase American troop presence in Iraq without ordering in forces that had not been on the deployment roster.

A new study by the American Enterprise Institute, a conservative research group in Washington, that was released on Thursday also called for a surge of forces to Baghdad over the near term on the grounds that the nascent Iraqi security force is not up to the task.

The report was written by the military historian Frederick W. Kagan and by Jack Keane, the retired general who served as vice chief of staff of the Army. It calls for adding four to five additional combat brigades to Baghdad and deploying them in neighborhoods that have mixed Sunni and Shiite populations and have been the scene of sectarian violence.

The report argues that this can be done without stretching the Army and Marines to the breaking point, but it also advocates increasing both forces by a total of at least 30,000 per year for the next two years.

At the Pentagon, even those not supporting the surge option argue that the Army needs to grow to sustain the force levels required in Afghanistan and Iraq and to meet other national security threats.

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Officials who were briefed on the president's discussion with the Joint Chiefs said there was a consensus that the review of administration strategy in Iraq must be broadened to include decisions on how to prepare the American military for the global counterterrorism mission beyond Iraq.

In particular, they said there was a need to show enough force strength to deter potential adversaries from aggressive moves based on an assumption that American power was bogged down in Iraq.

"A lot of it was discussed yesterday with President Bush," said a senior Pentagon official who was briefed on the discussions by one of those in attendance.

The nation faces three choices or "we will break the active component," General Schoomaker said in an appearance before the Commission on the National Guard and Reserves. He said the choices included reducing demand on the military, which seems unlikely; gaining the guaranteed ability to mobilize the National Guard and Reserve; and increasing the size of the active forces.

On the last point, said that "current demand on the force makes this a wise and prudent action." He gave no figure on his goal for the Army, but noted that even in an optimistic best case, the Army probably could grow by only 6,000 to 7,000 soldiers per year.

Congress authorized a 30,000-soldier increase in the active-duty Army after the Sept. 11 attacks in what was described as a temporary measure. Army officials say they hope to reach that authorized total troop strength of 512,000 by next year.

Gen. Gordon R. Sullivan, the former Army chief of staff who now heads the Association of the U.S. Army, a private support group, said in an interview that senior Army officers have told him in recent months that the service needs an active duty strength of some 535,000 to 540,000. General Sullivan said that figure assumed assured access to mobilize the National Guard and Reserves.

General Sullivan said his personal view was that the Army needed to have an active duty strength of more than 600,000 if such ability to mobilize the Guard and Reserves could not be guaranteed.

He noted that there has been a debate over the past few years as to whether the Army deployments were a "spike" or a "plateau."

"Surely, we know by now that it is a plateau," he said. "We are sending people back with 12 months dwell time. One reason we are doing it is that we don't have enough to spread this commitment out."

General Says Army Will Need To Grow (WP)

By Ann Scott Tyson

The Washington Post, December 15, 2006

Warning that the active-duty Army "will break" under the strain of today's war-zone rotations, the nation's top Army general yesterday called for expanding the force by 7,000 or more soldiers a year and lifting Pentagon restrictions on involuntary call-ups of Army National Guard and Army Reserve troops.

Gen. Peter J. Schoomaker, the Army's chief of staff, issued his most dire assessment yet of the toll of the wars in Iraq and Afghanistan on the nation's main ground force. At one point, he banged his hand on a House committee-room table, saying the continuation of today's Pentagon policies is "not right."

In particularly blunt testimony, Schoomaker said the Army began the Iraq war "flat-footed" with a $56 billion equipment shortage and 500,000 fewer soldiers than during the 1991 Persian Gulf War. Echoing the warnings from the post-Vietnam War era, when Gen. Edward C. Meyer, then the Army chief of staff, decried the "hollow Army," Schoomaker said it is critical to make changes now to shore up the force for what he called a long and dangerous war.

"The Army is incapable of generating and sustaining the required forces to wage the global war on terror . . . without its components -- active, Guard and reserve -- surging together," Schoomaker said in testimony before the congressionally created Commission on the National Guard and Reserves.

The burden on the Army's 507,000 active-duty soldiers -- who now spend more time at war than at home -- is simply too great, he said. "At this pace, without recurrent access to the reserve components, through remobilization, we will break the active component," he said, drawing murmurs around the hearing room.

The Army, which had 482,000 soldiers in 2001, plans to grow temporarily to 512,000. But the Army now seeks to make that increase permanent and to continue increasing its ranks by 7,000 or more a year, Schoomaker said. He said the total increase is under discussion.

"I recommend we continue to grow the Army so that we have choices," Schoomaker said, cautioning that it is ill advised to assume demand for American troops overseas will decrease. "Our history is replete with examples where we have guessed wrong: 1941, 1950, 2001, to name a few," he said. "We don't know what's ahead."

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In light of such a sober assessment, Schoomaker voiced skepticism about the idea of an infusion of U.S. ground troops into Iraq, a message sources said he and the other members of the Joint Chiefs of Staff delivered to President Bush at the Pentagon on Wednesday.

"We should not surge without a purpose, and that purpose should be measurable and get us something," he told reporters after the hearing.

Schoomaker's highly public appeal for more troops and reserve call-ups appeared to be part of an Army campaign to lobby incoming Defense Secretary Robert M. Gates, who is to be sworn in Monday, to approve the desired policy changes as well as a significant increase in the Army budget.

The Army estimates that every 10,000 additional soldiers will cost about $1.2 billion a year, up from $700 million in 2001 in part because of increased enlistment bonuses and other incentives. The Army will have to "gain additional resources to support that strategy," Schoomaker acknowledged.

Democrats, who will take charge of Congress next month, said yesterday that they plan to hold hearings on the "urgent" and "critical" readiness problems of the Army and Marine Corps. "Readiness levels for every unit must be raised and maintained at the highest possible level," Rep. Solomon P. Ortiz (D-Tex.), incoming chairman of the House Armed Services Committee's readiness panel, and Rep. Neil Abercrombie (D-Hawaii) said in an opinion article released yesterday. Two-thirds of Army units in the United States are now considered not ready to deploy.

The Army's manpower dilemma stems from current Pentagon policies: Although 55 percent of soldiers belong to the National Guard or the reserve, the Defense Department dictates that reservists can be mobilized involuntarily only once, and for no more than 24 months.

As a result, out of the total of 522,000 Army National Guard and reserve members, only about 90,000 are still available to be mobilized, according to Army data. "We're out of Schlitz," declared an Army chart depicting the shortage as a depleted barrel, saying this leaves "future missions in jeopardy."

Compounding the problem, the Pentagon has restricted repeated involuntary call-ups, leading to deeper and deeper holes in Army Guard and reserve units. Since the Sept. 11, 2001, attacks, hundreds of thousands of reserve soldiers have been mobilized for Iraq and Afghanistan. So when a unit is called to deploy, the only soldiers who can go are volunteers and new soldiers. The remainder are often drawn from dozens of units across the United States.

The result is systematically "broken" and "non-cohesive" units, said another Army chart titled "OSD-mandated Volunteer Policy Stresses the Force," referring to the office of the secretary of defense.

For example, Army Reserve units now must take an average of 62 percent of their soldiers for deployments from other units, compared with 6 percent in 2002 and 39 percent in 2003, according to the Army data. In one transportation company, only seven of 170 soldiers were eligible to deploy. The other 163 came from 65 other units in 49 locations, said the commission chairman, retired Marine Corps Maj. Gen. Arnold L. Punaro, who quoted a Marine Reserve officer as calling the policy "evil."

"Military necessity dictates that we deploy organized, trained, equipped cohesive units -- and you don't do that by pick-up teams," said Schoomaker, a decorated veteran of the Army's Delta Force who served in the ill-fated Desert One rescue mission in Iran in 1980.

"We must start this clock again . . . and field fully ready units. . . . We must change this policy," he said, banging his hand on the table for emphasis. He said later that he had detected "some movement" by Pentagon policymakers who have so far rejected a change on the politically sensitive issue.

In an interview yesterday on C-SPAN, Thomas F. Hall, assistant secretary of defense for reserve affairs, said that under the current authority Bush can mobilize up to 1 million reservists for no more than two "continuous" years, but the Pentagon policy under Defense Secretary Donald H. Rumsfeld has been more restrictive, limiting the time to two "cumulative" years. "The law does say 'continuous,' so you could have a break and recall them," Hall said.

Lt. Gen. Clyde Vaughn, chief of the 346,000-strong Army National Guard, said yesterday that his force is "poised for remobilization."

Vaughn said he thinks state Guard leaders will accept fresh call-ups sooner than planned as long as the deployments are limited to 12 months and draw on units that have been home the longest. He said the Guard could tolerate having units deploy for one year out of every five, instead of out of every six.

"One year is absolutely critical," he said, explaining that the 18 months it currently takes for a Guard unit to mobilize, train and deploy means too much time away from jobs and families. Schoomaker indicated that the Army is working on reducing the duration of Guard and reserve deployments to one year.

Since 2001, the Army Guard has deployed 186,000 soldiers and the Army Reserve 164,000 soldiers for duty in Iraq and Afghanistan and in homeland-defense missions.

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Army Chief Seeks More Forces, Reserves (AP)

By Lolita C. Baldor

AP, December 15, 2006

As President Bush weighs new strategies for Iraq, the Army's top general warned Thursday that his force "will break" without thousands more active duty troops and greater use of the reserves.

Noting the strain put on the force by operations in Iraq, Afghanistan and elsewhere in the global war on terrorism, Gen. Peter J. Schoomaker said he wants to grow his half-million-member Army beyond the 30,000 troops already added in recent years.

Though he didn't give an exact number, he said it would take significant time and commitment by the nation, noting some 6,000 to 7,000 soldiers could be added per year.

Officials also need greater authority to tap into the National Guard and Reserve, long ago set up as a strategic reserve but now needed as an integral part of the nation's deployed forces, Schoomaker told a commission studying possible changes in those two forces.

"Over the last five years, the sustained strategic demand ... is placing a strain on the Army's all-volunteer force," Schoomaker told the commission in a Capitol Hill hearing.

"At this pace ... we will break the active component" unless reserves can be called up more to help, Schoomaker said in prepared remarks.

Schoomaker's comments come as Bush continues his assessment of the Iraq war. Bush held three days of urgent meetings with top generals and other advisers. Over that time, Bush gathered advice from former and current commanders, including those in Iraq, as well as chiefs of the military services and other top Pentagon leaders.

White House spokesman Tony Snow declined to characterize Bush's response to Schoomaker's suggestion, but said Bush "takes seriously any of the requests from the service branch chiefs."

Speaking to reporters afterward, Schoomaker said Gen. George Casey, the top commander in Iraq, is looking at several military options for the war, including shifting many troops from combat missions to training Iraqi units. However, Schoomaker said, the military is more interested in getting the Iraqi security forces up to speed than anything.

Above all else, the military is looking at "how we generate Iraqi output," he said.

The Army in recent days has been looking at how many additional troops could be sent to Iraq, if the president decides a surge in forces would be helpful. But, officials say, only about 10,000 to 15,000 troops could be sent and an end to the war would have to be in sight because it would drain the pool of available soldiers for combat.

Further, many experts warn, there is no guarantee a surge would work to settle the violence.

"We would not surge without a purpose," Schoomaker told reporters. "And that purpose should be measurable."

He even heard from outside advisers who suggested he remove Marine Gen. Peter Pace as chairman of the Joint Chiefs of Staff, according to an official familiar with the meeting who asked not to be named because the discussions were private.

A number of administration officials have suggested privately that — while Bush has considered the possibility of a short-term troop increase — there is no consensus from the military on the wisdom of injecting a large number of additional troops.

Another option under discussion is increasing the number of U.S. troops who are placed inside Iraqi army and police units as advisers, providing a kind of on-the-job training that the senior military spokesman in Baghdad, Maj. Gen. William Caldwell, told reporters is already paying notable dividends.

The military has said that any adjustments in troop levels would be fruitless without accompanying improvements on the political and economic fronts, to reconcile the rival sectarian factions and to put young people to work.

Iraqi Vice President Tariq al-Hashemi, meanwhile, called on the Bush administration to set a timetable for withdrawal of U.S. troops from Iraq. At a news conference in Washington, al-Hashemi, a Sunni leader who met with Bush earlier this week, said the timetable should be "flexible" and depend on development of a capable Iraqi security force.

"You've done your job," he said at the United States Institute of Peace, a U.S.-financed think tank.

Currently, however, he said, "There is across-the-board chaos in my country," with roaming bands of murderers.

Army Is Stretched Too Thin (LAT)

By Julian E. Barnes

The Los Angeles Times, December 15, 2006

WASHINGTON — The Army's top general said Thursday that the mission in Iraq "will break" the Army without an expansion of the size of the active-duty force or the remobilization of the National Guard and reserves.

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Gen. Peter J. Schoomaker, the Army chief of staff, said the all-volunteer Army was being tested by a schedule that allowed less than a year at home for active-duty units between deployments to Iraq.

Boosting the size of the active-duty force would be expensive, and remobilizing the guard members and reservists who have already served in Iraq would be controversial and politically unpopular. But the high operational demand placed on the Army is unlikely to end soon, Schoomaker said. And without sending reservists to Iraq for additional tours or expanding the size of the active-duty Army, it would be difficult to meet the overseas demands.

The Army is officially allowed to have 482,000 soldiers, but Congress has temporarily authorized the service to grow by 30,000. So far, the Army has added 25,000 soldiers.

Testifying before the Commission on the National Guard and Reserves, which was created by Congress to examine challenges facing the reserve component, Schoomaker did not say precisely how much he wanted the Army to grow. But he said "current demand" made an increase "wise and prudent." His remarks left open the possibility that the Army would seek an increase beyond its current limit of 512,000.

"If the nation decides to further increase the size of the Army, it will take a significant amount of time and commitment from the nation," he said. "Optimistically, we could add 6,000 to 7,000 soldiers per year."

Last month, Marine Gen. James T. Conway said that an increase in his force was under consideration and that funding for a temporary boost in the size of the Corps could be included in next year's supplemental budget request.

Some outside experts — notably Frederick W. Kagan of the conservative American Enterprise Institute think tank in Washington — have suggested that the Army should grow annually by one division, about 20,000 people, until it reaches 750,000 soldiers.

Kagan said that from 1979 to 1991, America had an all-volunteer active-duty force of 780,000. "I do not believe we cannot find a way to recruit to a higher level," he said. "The president is going to have to call on the young people of this nation to come out and support this effort."

Such growth is possible, other experts say, but during an unpopular war, it would require large bonuses and pay increases that would eat into the military budget.

Kagan has proposed building up the Army in part to allow the military to send additional forces to Iraq.

In a proposal outlined Thursday, Kagan said that by speeding up rotations and extending tours, the Army and Marine Corps could add some 30,000 combat troops in 2007.

Army officials' estimates of how many soldiers they could add are much lower.

Army officials have been talking privately for months about the need to send guard and reserve units for second tours. But Schoomaker's remarks were the most forceful public presentation yet about the need to tap the reserves further.

Typically reservists must be mobilized for at least 18 months in order to serve in Iraq: six months to train and a year to serve in the war zone. Under current practice, the National Guard and reserves can be mobilized for only a single tour in Iraq. But Schoomaker said almost all of the reserve units had been called once since Sept. 11, 2001.

In early 2005, about 40% of the force in Iraq was made up of Guard troops and reserves. But because numerous soldiers and units have been mobilized, the Army has had to fill out units with volunteers from across the country who are willing to serve a second tour.

The Army wants to be able to send units to Iraq that have trained together, even if some of their members have already served an overseas tour.

"In my view we must deploy our force in cohesive units, not as individual soldiers," Schoomaker said. "This will require us to remobilize units and reserve component soldiers."

Army officials believe under the law they are allowed to remobilize reservists for a second tour.

Top Pentagon officials have not yet allowed such involuntary remobilizations, but the policy is being examined by the Commission on the National Guard and Reserves.

General Says Army 'will Break' Without More Reserves (MCT)

By Drew Brown

McClatchy Newspapers, December 15, 2006

WASHINGTON - The Army's top general warned Thursday that the wars in Iraq and Afghanistan "will break" the active-duty Army unless the National Guard and Reserves are used more often and thousands of active-duty troops are added to the ranks.

With the all-volunteer force now in its fifth year of combat and facing unprecedented strains, Gen. Peter J. Schoomaker noted that active-duty combat brigades spend less than one year at home.

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"At this pace, without recurrent access to the reserve components through remobilization, we will break the active component," Schoomaker told a panel appointed by Congress to recommend changes for the National Guard and Reserves.

Further, because nearly all part-time Army units have been called up to serve at least once in the war on terrorism and in Iraq, current mobilization policies mean that the Army must rely on individual volunteers to fill out units that are being deployed again.

"This runs counter to the military necessity of deploying trained, ready and cohesive units," Schoomaker said in testimony to the Commission on the National Guard and Reserves. "In my view, we must deploy our force in cohesive units, not as volunteers."

Schoomaker said the situation will require the Army to remobilize units and reserve component soldiers who already have served once in the war on terror and in Iraq. His recommendations were first reported on Tuesday by McClatchy Newspapers.

Commission chairman Arnold L. Punaro said there's broad agreement among military commanders who've testified in previous hearings that the Pentagon's policy for mobilizing reserve forces must change, but the frequency and duration of deployments remain in dispute.

"It's not sustainable," said Punaro, a retired Marine major general who's now an executive at defense contractor SAIC. "Whether it's feasible or not (to change the policy) remains to be seen."

Speaking to reporters after the hearing, Lt. Gen. Clyde Vaughn, the director of the Army National Guard, said he supports changing the policy so that citizen soldiers are called up to serve for no more than 12 months at a time. Under that model, the Army National Guard could provide as many as 60,000 combat troops for deployment "for a long time," Vaughn said.

"One year is absolutely critical," Vaughn said. "Eighteen months is too long."

Under current law, National Guard and Reserve forces can be called to active duty for up to two consecutive years under a partial mobilization, which is what President Bush declared after the terrorist attacks of Sept. 11, 2001.

But the practice under Defense Secretary Donald H. Rumsfeld has been to mobilize part-time troops for no more than 24 cumulative months. National Guard and Reserve troops called to service in Iraq and Afghanistan usually spend about six months training, then a year on the ground, leaving them only six months of eligibility to serve in other active-duty roles.

North Carolina Gov. Mike Easley, the National Governors Association's point man on National Guard issues, said the preparations take too long.

"Soldiers are spending way too much time at mobilization stations before they get to the fight," he said in a statement.

He also argued that thousands of active-duty soldiers have yet to serve in the war. "We should fully use all active-duty soldiers first before we ask the National Guard to do a second or even third round of deployments," Easley said.

More than 1 million American servicemen and women have served in Iraq and Afghanistan, many of them National Guard and Reserve troops.

Army officials say Schoomaker wants the 24-month restriction lifted so that units can go to war intact. Although that means that some part-time troops would have to serve again involuntarily in the short term, the goal by 2009 is for active-duty units to serve a year-long overseas deployment only once every three years, Army Reserve units to serve overseas only one out of every five years, and National Guard units to serve only one year overseas out of every six.

Unless current policies on reserve forces are changed, the country must either reduce the number of troops overseas or add troops to the active-duty Army, Schoomaker said.

Schoomaker said that current demands on the Army make it a "wise and prudent action" to add more troops than the 30,000 that Congress has approved in recent years. Schoomaker said the Army could "optimistically" add at least 6,000 to 7,000 more soldiers a year, or more with greater recruiting incentives.

The Army currently has about 500,000 active-duty troops. Reserve components make up 55 percent of the Army's total strength, with 196,000 troops in the Army Reserve and 345,000 in the National Guard.

Air Force Maj. Gen. Roger Lempke, president of the national Adjutants General Association, which represents the senior leadership of the Army and Air National Guard, said the National Guard already has called up about 75 percent of its soldiers.

Those soldiers aren't available now, he said, and he fears that the Army wants more rotations for troops to meet its needs overseas.

"If they get that access and do it the current way, I expect you're going to see more problems with recruitment and retention," said Lempke, the adjutant general for the Nebraska National Guard.

Lempke said Guard soldiers now are mobilized about two years out of every six or seven. He'd be willing to see troops deployed more often if they don't stay away as long.

"We could do one year in five," Lempke said. "We could support that, but we can't do 18 months every three years or less."

The commission is supposed to deliver a report to Congress by January 2008 that recommends changes to the National Guard and Reserve military forces.

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McClatchy Newspapers correspondent Barbara Barrett contributed to this report.

Rice Rejects Overture To Iran And Syria (WP)

By Glenn Kessler And Robin Wright

The Washington Post, December 15, 2006

Secretary of State Condoleezza Rice yesterday rejected a bipartisan panel's recommendation that the United States seek the help of Syria and Iran in Iraq, saying the "compensation" required by any deal might be too high. She argued that neither country should need incentives to foster stability in Iraq.

"If they have an interest in a stable Iraq, they will do it anyway," Rice said in a wide-ranging interview with Washington Post reporters and editors. She said she did not want to trade away Lebanese sovereignty to Syria or allow Iran to obtain a nuclear weapon as a price for peace in Iraq.

Rice also said there would be no retreat from the administration's push to promote democracy in the Middle East, a goal that was de-emphasized by the Iraq Study Group in its report last week but that Rice insisted was a "matter of strategic interest." She reiterated her commitment to pursuing peace between Palestinians and Israelis -- a new effort that President Bush announced in September but that has yielded little so far.

"Get ready. We are going to the Middle East a lot," Rice said.

In a separate interview with Post editors and reporters, Director of National Intelligence John D. Negroponte provided an assessment of the situation in Iraq that did not deviate much from the Iraq Study Group's grim appraisal. He said the Iraqi insurgency could now finance itself from inside Iraq "through corruption, oil smuggling and kidnappings."

Rice's remarks indicated that, despite a maelstrom of criticism of Bush's policies by outside experts and Democrats, the administration's extensive review of policy in Iraq and the region will not yield major changes in its approach. Rice said that Bush could be "quite expansive" in terms of a policy review and that the new plan would be a "departure." But the president will not radically change any of his long-term goals or commitment to Iraq, she said.

Indeed, Rice argued that the Middle East is being rearranged in ways that provide the United States with new opportunities, what she repeatedly called a "new strategic context."

She said the range of struggles in the Middle East, such as the election of Hamas in the Palestinian territories, the conflict between Hezbollah and the Lebanese government, and strife in Iraq, represents a "clarifying moment" between extremists and what she called mainstream Arabs.

"This is a time for pushing and consulting and pressing and seeing what we can do to take advantage of this new strategic context," Rice said.

But she said democracy in the Middle East is "not going to be concluded on our watch" and acknowledged that "we've not always been able to pursue it in ways that have been effective."

"I take that criticism," she added.

Rice's comments on Iran and Syria were among her strongest on one of the key recommendations of the Iraq panel, co-chaired by former secretary of state James A. Baker III and former congressman Lee H. Hamilton. The report noted that Iran cooperated with the United States on Afghanistan and urged the administration to "explore whether this model could be replicated in the case of Iraq."

Bush called Iran part of an "axis of evil" shortly after the 2001 Bonn conference that led to the formation of the Afghan government, a label that Iranian diplomats have said soured Tehran's interest in cooperation.

In May, Rice offered to join talks on Iran's nuclear program if Tehran suspended its uranium-enrichment program, but Iran has rejected that condition. She said that Syrian officials have been unreceptive to previous entreaties by U.S. diplomats.

Negroponte noted that Iran was in a "defensive posture" three years ago when Iraq was invaded, wondering whether it would soon be a target. But now, flush with oil wealth, he said, it has become a major factor in the Middle East.

Rice said the administration's goal over the next two years is to give Iraqis the space to marginalize extremists and create a moderate middle that can hold the country together. The violence may not have ended before the administration leaves office, she acknowledged, but she said she hopes that Iraqis would "get to a place that is sustainable" by the end of 2008.

Although the administration is reviewing its troubled strategy in Iraq, Rice said the United States ultimately does not hold the key to solving the country's multifaceted military and political crises.

"The solutions to what is happening in Iraq lie in Baghdad, in their ability to deal with their own political differences," she said. The U.S. role is only in a support capacity, she said, reflecting the emerging undercurrent of the ongoing White House policy review to shift the mission from combat to support in both security and political reconciliation.

Rice said Iraqi officials have appealed to the administration to show greater flexibility and to hand over more responsibility to the new government, which was elected last December and took office in May.

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Rice voiced support for Prime Minister Nouri al-Maliki but said the full array of sectarian and ethnic leaders must be prepared to bring their diverse communities along in tackling the most sensitive issues, including political reconciliation and disarming militias.

The administration has been pressing this message in meetings with two of Iraq's most prominent leaders, Abdul Aziz al-Hakim, leader of Iraq's largest Shiite party, who was in Washington last week, and this week with Vice President Tariq al-Hashemi, the highest-ranking Sunni in Iraq's government.

"You can't ask a prime minister in a democracy to take difficult steps that nobody will back that up," Rice said.

Although Shiite militias and death squads are behind much of the sectarian violence, Rice said she believes that most Iraqi Shiites are "firmly" on the side of democracy. The Shiite-dominated government is committed to Iraq's national identity and does not want Iraq to be dominated by Iran, Rice said.

Could Iran Help The US Stabilize Iraq? (CSM)

By Scott Peterson

The Christian Science Monitor, December 15, 2006

TEHRAN, IRAN

The word "compromise" is rarely invoked when the leaders of archenemies Iran or the United States speak about each other.

But as the crisis in Iraq deepens, President Bush is being asked by a growing chorus, from the Iraq Study Group to Mideast experts, to appeal directly to Iran for help.

So far in public - as well as through diplomatic channels, sources here say - Iran and the US are laying down irreconcilable, maximalist positions that reflect very different worldviews about what such contact should achieve.

But even if Mr. Bush were to set aside his approach to Iran as part of an "axis of evil," the question remains of whether Iran is willing to help the US out in Iraq - and if so, at what price.

"Now is not the best time [for Iran to help], because [American] intent is only to solve the problems of the US in Iraq, and not those of Iran," says Amir Mohebian, an editor of the conservative Resalat newspaper.

"If the US wants to solve its problems in Iraq, it must see that as a package" of issues with Iran, says Mr. Mohebian, who has close links with power centers in the Islamic Republic. "The US should consider Iran's new position in the region; not just as one country, but as a regional power."

Earlier this year, both Washington and Tehran approved Iraq-specific talks between their officials in Baghdad, though none are known to have occurred. More recently, Bush has spoken disparagingly of bringing Iran into the Iraq equation.

"Fundamentally, the Bush administration refuses to have comprehensive talks with the Iranians," says a Western diplomat, noting that US officials continue to say that Iran is a top state sponsor of terrorism and that its nuclear-power program is a cover to build atomic weapons. Iran rejects those charges. "[But] even if you plan to get in some sort of contact, it makes sense to say 'never,' " as an initial bargaining stance, says the diplomat.

The White House has wanted to limit any dialogue with Iran to Iraq, or, in a separate offer last June, to the nuclear file. But as Iraq has deteriorated, and the demand for talks with Iran has intensified, Iran feels increasingly that it can demand much in exchange.

James Baker, co-chair of the Iraq Study Group, which met with Javad Zarif, Iran's ambassador to the UN, has downplayed the likelihood of Iran's assistance.

"We're not naive enough to think that in this case [Iran] may want to help. They probably don't," Mr. Baker testified to Congress last week. "The president authorized me to approach the Iranian government. I did so. And they in effect said ... we would not be inclined to help you this time around."

Iran's price, analysts here say, could be a broader package that would, at the least, include ending action by the UN Security Council to draft a sanctions resolution over Iran's nuclear issue.

Iran may expect the US to accept its determination to continue enriching uranium, something the White House says must be suspended before talks. Recognition of the regime, after 27 years of estrangement, and a guarantee that Iran will not be a military target, are top priorities as well.

"I have no doubt, that if there is a serious attempt by the US administration for a comprehensive resolution of the problems between Iran and the US, Iran would be more than ready to help," says Nasser Hadian-Jazy, a political scientist at Tehran University. "But it is not going to be just about Iraq. Iran would be much more willing to do more, if it knew there is going to be a comprehensive [deal] with the US."

This calculus in Tehran represents a dramatic turnaround from the spring of 2003, when Iran's clerical leadership worried that they were "next" after Iraq on the target list for regime change.

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Feeling vulnerable, Iran sent an unprecedented secret letter to the White House, offering to talk about everything from its controversial nuclear program to support for Hizbullah and Hamas militants.

But the Bush team dismissed the offer, and even scolded the Swiss ambassador in Tehran at the time for passing the message on. Today, with the US bogged down in Iraq and looking for a facesaving way out, it is the Iranians who want to define the terms of any cooperation.

They often cite Afghanistan in 2001, when Iran helped the US defeat the Taliban and push out Al Qaeda with extensive intelligence and diplomatic aid, only to be labeled part of the "axis of evil" weeks later.

"It's a game. We think the US wants to use Iranian power to solve their problem in Iraq before the presidential election in 2008," says Mr. Mohebian. "After victory ... then it will be back to the old 'axis of evil.' "

A final Iranian decision will await more signals from the US, because "up to now, we hear only slogans," says Mohebian. "We don't want to look to the mouths of US leaders, but at their hands. After helping in Afghanistan, what was the result? It only helped the radicals in Iran."

Iran and the US share an interest in a stable Iraq that remains intact and is no longer a breeding ground for extremists, Iranian analysts say. But the Afghanistan case has made the regime uncertain.

"Now, if Iran helps the US contain the violence in Iraq, and [afterward the US] has a free hand, then 'OK, we're going to bomb you now. You are the next target,' " says Mr. Hadian-Jazy. "They should know which road they are putting a step in. They want to be sure."

Iran can't bring stability to Iraq, but it can use its influence - especially with fellow Shiites who run the embattled government - to ease the sectarian violence and help forge a unity government.

"The situation wouldn't be worse if Iran said it would help," says a European diplomat. "But the question is: How much better would it be?"

"[Iran] sees all this as pieces of a great big game, [and] the price will continue going up as the situation gets worse," says the diplomat. "The American request would include intelligence help - and this is very uncommon - [because Iranian] eyes and ears on the ground are the best in Iraq."

But such a request is far from certain. In a bid to talk over Iran's leaders, Bush has spoken kindly to the Iranian people, addressing their rich history and yearning for freedom, while accusing the government of supporting terrorism in Lebanon, the Palestinian territories, and Iraq, and secretly aiming for nuclear weapons.

Likewise, Iran's arch-conservative President Mahmoud Ahmadinejad - who has created friction with the West over comments about the destruction of Israel, and calling the Holocaust a "myth"- wrote a letter to the US public last week. Addressing "Noble Americans," Mr. Ahmadinejad said the American people were "God-fearing, truth-loving, and justice-seeking," according to an official translation, then blamed the administration for "blind and blanket support" of Israel, and for the "killing of hundreds of thousands of innocents" in Iraq that has not stopped terrorism.

"The sad experience of invading Iraq is before us all," he said, in an approach that contrasts sharply with that of his predecessor, President Mohamad Khatami, who touted a "dialogue of civilizations."

"As a counterpoint to George Bush and his irrational behavior, the right choice was not Mr. Khatami; the right choice was Mr. Ahmadinejad," says editor Mohebian. "If the US can calculate our behavior ... the US could attack us."

"Mr. Khatami showed all the pockets to [the US]," he adds. "But because the behavior of Ahmadinejad can't be forecast, [the US] can't calculate the reaction. So before any military action, they will think twice."

Rice Lying Low At The Middle East Crossroads (FT)

By Guy Dinmore And Edward Luce And William Wallis

Financial Times, December 15, 2006

While US policy in the Middle East has stalled at multiple crossroads in the search for a "new way forward" in Iraq, Condoleezza Rice, secretary of state, has been notable only for her low visibility.

As one of President George W. Bush's closest confidantes, Ms Rice is likely to play a pivotal role in the outcome, however. Still, many are asking whether she will take the risk and seize the opportunity to direct a comprehensive change of course in the region in the two years they have left.

A new low was plumbed in the US's international standing when, on the 10th day of Lebanon's summer war, with civilian casualties mounting from Israeli attacks, Ms Rice declared the world was witnessing the "birth pangs of a new Middle East".

Since then, the pro-western Lebanese government has been seriously weakened, the conflict in Iraq has intensified, and the Palestinian territories are close to civil war. Meanwhile, Washington's adversaries – Iran, Syria and Sudan – have been emboldened.

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Ms Rice appears to be on the brink of ignoring the first of the 79 recommendations of the Iraq Study Group – that she and Mr Bush launch a comprehensive "new diplomatic offensive" by December 31.

This would involve initiatives to support Iraq through an international support group, active engagement of Iran and Syria, and the launch of a "renewed and sustained commitment to a comprehensive Arab-Israeli peace on all fronts". Her personal role in exploiting this remains in doubt.

"How long have American secretaries of state been shuttling back and forth trying to get a Palestinian state? Has it ever worked?" she asked in an interview with Agence France Presse.

She and Mr Bush have repeatedly rejected the notion of unconditional engagement with Iran and Syria. Containment is driving policy towards Iran, but some European diplomats still believe there is a chance the US will restart a dialogue with Syria.

Allies of Ms Rice say there would be no gain for her at this stage in sticking her head above the parapet.

"The smart thing to do would be to be working quietly behind the scenes with the Saudis and the Israelis to try to get the peace process on the road again," says Dov Zakheim, a former Pentagon official.

M.R. Rosenberg, director of policy analysis at the Israel Policy Forum, which advocates a two-state solution to the Israeli-Palestinian conflict, said he was struck by the sense of urgency of Prince Turki al-Faisal, the Saudi ambassador, who abruptly terminated his mission to Washington on Monday. That day the ambassador stressed the importance of Israel and "moderate Arab states" working together to resolve their differences, as they faced what he called a common threat from Iran.

But Prince Turki did not seem optimistic that the Bush administration would launch such a serious initiative, Mr Rosenberg said.

Some see signs that Israel would be prepared to talk to Syria over the Golan Heights but that Washington is holding Tel Aviv back. "The Israelis are ready to talk to Syria – but it is being blocked in Washington," said Chas Freeman, a former US ambassador.

When Ms Rice has met her Middle Eastern counterparts in recent months, Arab officials tried to press the urgent need for momentum on the Arab-Israeli conflict to counter more radical agendas sweeping through the region.

"This has been the broad message every time she speaks to Arab foreign ministers. I think she gets it. But I think Washington is lost in its own dynamics and those dynamics still have a lot of ideology," said a senior Arab official.

So far, they say, she has lacked the entrepreneurial touch in the Middle East. "It's not easy trying to move the Palestinian-Israeli situation forward, especially if you have within your ranks people who believe Israel is always right whatever it does and the Palestinians are always evil," said an Arab diplomat. "Our problem with people like Condoleezza Rice is they take too long to understand the reality on the ground, which is a different reality than the one explained to them."

Others are even less generous. "They [Arab regimes] don't believe she can change the dynamics because they see her as part of the problem," says a well-connected Saudi commentator. "She is gung-ho on Iran and she doesn't believe there are two sides to the Palestinian problem." Since the Lebanon war Ms Rice has expressed regret that the US had not done more to stop the suffering of civilians. But she also sticks to blaming Hizbollah for their deaths and for triggering the conflict.

Emile El-Hokayem, analyst at the Stimson Center, a US-based think-tank, says others draw their own conclusions. "The lesson for many Arabs is that the US will always side with Israel no matter what, and that being America's ally does not necessarily bring substantive political benefits when most needed," he comments. "America emerged as unreliable in Lebanon and incompetent in Iraq. The consequences of this for America's image in the region are serious."

"Restarting the peace process might be a way for Secretary Rice to improve her record. But this is a long shot because none of the actors in the region seems ready to go down this road."

Saudi Ex-ambassador Urged No US Talks With Iran (AFP)

AFP, December 15, 2006

The US State Department said Saudi Arabia's former ambassador here recently visited Washington, adding spice to reports he was involved in a power struggle which caused his successor to quit.

Prince Bandar bin Sultan, was the kingdom's top envoy to the United States for 22 years until 2004. The Washington Post reported Thursday he was in the US capital recently to counsel top officials against heeding mounting calls for talks with Iran or Syria.

State Department spokesman Sean McCormack reluctantly confirmed Prince Bandar met Secretary of State Condoleezza Rice, when pressed by reporters, but refused to divulge the substance of their conversation.

"I can't tell you the last time that he and the secretary met," McCormack said. "I'm sure that it's been within the past several weeks, but I can't tell you exactly when."

The Post quoted diplomats as saying many Saudis believed Syria had betrayed the Arab world by leaning closer to Iran in recent months.

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Saudi Arabia has shown increasing signs of concern over Tehran's growing influence with Iraqi Shiite leaders, and its nuclear showdown with the West.

Interestingly, the mission of Prince Bandar, current Saudi national security advisor, seems to directly conflict, on Iran, at least, with recent statements on Tehran by his successor as ambassador Prince Turki al-Faisal.

Prince Turki set off a diplomatic mystery on Monday by suddenly resigning and leaving the United States for what were a Saudi official said were "personal reasons."

Among several theories about his departure, was a report that he was locked in a political feud with Bandar.

Signs of differences over Iran may hint at some of the reasons behind any clash, as Prince Turki has publicly urged the United States to enter into dialogue with Iran.

"Saudi Arabia talks to Iran frequently and frankly," Prince Turki said during an an appearance at the Center for Strategic and International Studies on October 4.

"I think for the United States not to talk to Iran is a mistake. We've found in our experience that when we did not talk to Iran -- our relations were broken for a period of a few years in the '90s -- we had more troubles with each other.

"But since then, our relationship has improved dramatically and beneficially for both our countries. So we think that negotiation and talking to people is more important than shutting the doors on them."

The United States is at loggerheads with the Islamic Republic over a series of issues, including Tehran's nuclear program, and also claims Tehran is deliberately fanning extremism in Iraq and the wider Middle East.

White House: Syrian Visits Hurt Progress (AP)

By Deb Riechmann

AP, December 15, 2006

The White House said Thursday that trips to Syria by U.S. lawmakers are a public relations victory for a government that is thwarting democratic reform in the Middle East.

The Bush administration has tried to discourage lawmakers from going to Syria, White House press secretary Tony Snow said. "We think it's inappropriate."

Sen. Ben Nelson, D-Fla., emerged from a meeting with Syrian President Bashar Assad in Damascus on Wednesday, saying Assad was willing to help control the Iraq-Syrian border. Nelson said he viewed Assad's remarks as "a crack in the door for discussions to continue. I approach this with realism, not optimism."

Snow said the trip by Nelson, a member of the Armed Services and Foreign Relations committees, and future visits to Syria expected by Sens. John Kerry, D-Mass., Christopher Dodd, D-Conn., and Arlen Specter, R-Pa., send an unhelpful, mixed message to the Syrians.

"We want to make sure that they understand that just because they have visitors does not mean that the position of the United States government has changed," Snow said.

Taking issue with the White House, Dodd said in a statement that members of Congress "need to go to hotspots not just garden spots. I can't think of a more critical part of the world than the Middle East and I can't think of a more critical player in affecting events in the region for good or for bad than Syria."

Kerry spokesman David Wade said the senators were engaged in fact finding, not negotiating. "If Ronald Reagan could talk to the 'evil empire,' surely United States senators with a responsibility to American troops can visit Syria," Wade said, referring to Reagan's description of the former Soviet Union.

The bipartisan Iraq Study Group recommended that the administration engage in direct talks with Syria, but President Bush has reacted coolly to that suggestion.

"The point is that even lending a further specter of legitimacy to that government undermines the cause of democracy in the region," Snow said about Nelson's trip.

Nelson's spokesman Dan McLaughlin called the remarks a "baseless attack" and said the White House was producing the "same old tired, mean-spirited partisan politics" that were unhelpful to the situation in Iraq. McLaughlin defended Nelson's trip as par for the course for a senator who sits on three oversight committees: Armed Services, Foreign Relations and Intelligence.

"In Syria, he met with a man he's met with twice before — not to negotiate, which is the president's job, but to talk and gather facts and report back to Congress and the State Department," McLaughlin said. "Senators meet with heads of state all the time."

The United States has limited diplomatic ties with Syria because of its support of Hezbollah and Hamas, which the United States considers terrorist organizations. Bush expressed reluctance to seek help from Damascus on Iraq until the Syrian government curbs that support and reduces its influence in Lebanon.

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"The Syrians should have absolutely no doubt that the position of the United States government is the same as it has been," Snow said.

Bush Administration Says Senator's Trip To Damascus Is A Mistake (MCT)

By Lesley Clark

McClatchy Newspapers, December 15, 2006

WASHINGTON - The White House on Thursday escalated its criticism of Florida Democratic Sen. Bill Nelson's defiant diplomacy to Syria as a parade of other senators prepared to meet with the president of the country.

At a press briefing, White House spokesman Tony Snow repeated his contention that the Nelson's trip was "not helpful" and "not appropriate." He charged that "lending a further specter of legitimacy to that government undermines the cause of democracy in the region."

President Bush has accused Syria of backing the insurgents now fighting in Iraq.

Nelson, on what he described as a fact-finding tour of the Middle East, told reporters on a conference call Wednesday that he met for an hour with Bashar Assad, saying the Syrian president "clearly indicated the willingness to cooperate" with the U.S. or Iraqi army to secure the border between the two countries. Nelson said he viewed the talks as a "crack in the door" for discussions to continue, but cautioned that he viewed the meeting "with realism, not optimism."

A spokesman for Nelson noted Thursday that senators "meet with heads of states all the time" and called Snow's criticism "the same-old, tired, mean-spirited partisan politics.

"Instead of launching partisan attacks, they should be doing what they recently promised to do: conduct business in a bipartisan way," said Nelson spokesman Dan McLaughlin. "That's the only way we're going to find a solution in Iraq.

Though the Iraq Study Group is recommending a stepped-up diplomatic effort involving Syria and Iran to stem the violence in neighboring Iraq, the White House has expressed reluctance, pointing to Syria's backing of terrorist groups and its record of meddling in Lebanon.

Snow insisted the visits were not undermining the president's stance. But he said the meeting at the presidential palace, along with planned visits by Senators John Kerry, D-Mass., Christopher Dodd, D-Conn., and Arlen Specter, R-Pa., could send confusing messages about the U.S. stance toward the country.

"The United States has a clear position, and you want to make sure that you're sending a clear message, and not mixed messages, to the Syrians about the fact that they have obligations," Snow said, noting that the U.S. insists Syria "stop serving as headquarters" for terrorist groups. "They would love for us to talk with them. But they've got to do something. We want to make sure that they understand that just because they have visitors does not mean that the position of the United States government has changed."

Nelson acknowledged Wednesday that the State Department was not happy with his decision to meet with Assad, but said he had a "constitutional role as a member of Congress" to meet with the president.

McLaughlin noted that Nelson was not negotiating, "which is the president's job," but gathering facts to report back to Congress. Nelson was recently named to the Senate Intelligence Committee and is already a member of the Senate Armed Services and Foreign Relations committees.

White House Criticizes Senator's Syria Trip (AFP)

AFP, December 15, 2006

The White House sharply criticized a US senator's trip to Syria as "not helpful" and "not appropriate" and warned Damascus not to see the visit as an indirect overture from Washington.

"Even lending a further specter of legitimacy to that government undermines the cause of democracy in the region," spokesman Tony Snow said after Democratic Senator Ben Nelson met with Syrian President Bashar al-Assad.

"We do have diplomatic relations with the Syrians. And they do know what our position is. And that position is not going to change," he said. "The president is in charge of foreign policy. It may cost some people their credibility."

The Iraq Study Group led by former secretary of state James Baker recently urged US President George W. Bush to engage Tehran and Damascus in an effort to secure their help in quelling violence tearing Iraq apart.

On Thursday, Democratic Senator John Kerry, Bush's 2004 rival for the White House, lent qualified support to that suggestion, saying during a visit to Cairo: "I think it's important to begin a discussion."

"I think it's important to talk, to have dialogue, but you don't give up your principles and you don't make deals that are against your larger interest," Kerry said after meeting Egyptian President Hosni Mubarak.

The White House, however, took a dim view of the suggestion.

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"The Syrians have been adventurous and meddlesome in Iraq, and in Lebanon, and working against the causes of democracy in both of those countries," Snow said. "It's absolutely vital that the democracies succeed in both places."

"And therefore, the Syrians should have absolutely no doubt that the position of the United States government is the same as it has been," he said.

"They need to stop harboring terrorists. They need to stop supporting terrorism in Iraq, Lebanon and elsewhere. They need to stop serving as headquarters for terrorist organizations. And they need to demonstrate goodwill," he said.

Nelson said Thursday he had had a "sharp disagreement" with Assad over UN-endorsed plans for an international tribunal into the February 2005 murder of Lebanese ex-premier Rafiq Hariri.

The senator from Florida, a member of the Senate Foreign Relations Committee, is the first US lawmaker to visit Damascus since January 2005. Fellow Democrat Chris Dodd is to travel to Damascus later in the week.

In a statement, Dodd said US lawmakers "need to go to hotspots not just garden spots. I cant think of a more critical part of the world than the Middle East, and I cant think of a more critical player in effecting events in the region for good or for bad than Syria."

"That is why I have decided to include a stop in Syria during my seven day fact finding trip to the region," Dodd said.

Snow dismissed such arguments.

"A lot of times a member of Congress may think, 'Well, I'm going to go there, and I'm going to tell them. I'm going to tell them exactly the same thing. I'm going to take a tough line,'" said the spokesman.

"You can take a tough line all you want, but the Syrians have already won a PR (public relations) victory. And so it's important to realize that in this case, it is not that there is a want of communication," he added.

White House Upset By Senator's Trip To Syria (NYT)

By Sheryl Gay Stolberg

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — The White House said Thursday that a Democratic senator's meeting with President Bashar al-Assad of Syria was inappropriate and undermined democracy in the region, while three more senators, including a Republican, made plans to visit Damascus in defiance of President Bush.

The visits are troublesome for the Bush administration because they come in the wake of the report by the bipartisan Iraq Study Group, which has called for the United States to engage in direct talks with Iran and Syria. Mr. Bush has steadfastly resisted such talks, and the visits by the senators could add to public pressure on the White House to change that policy.

Senator Bill Nelson, Democrat of Florida, was in Damascus on Wednesday to meet with Mr. Assad; he later told reporters that he saw a "crack in the door" for the United States to cooperate with Syria on Iraq. Senators Christopher J. Dodd, Democrat of Connecticut; John Kerry, Democrat of Massachusetts; and Arlen Specter, Republican of Pennsylvania; all plan to visit Syria in the coming weeks.

All have been discouraged by the Bush administration from going, though both Mr. Nelson and Mr. Kerry, who were traveling separately in the Middle East on Thursday, said in interviews that they had visited Syria before without any complaint from the White House.

"The bottom line is we have a very clear and distinct responsibility to ask questions," said Mr. Kerry, speaking by telephone from Cairo. "A lot of Americans wish a lot more questions, a lot tougher questions, had been asked before we got into the mess we're in over here."

Mr. Dodd said, "Members need to go to hot spots, not just garden spots."

Mr. Specter, a moderate Republican who has often been at odds with the White House on domestic issues, said in a statement on the Senate floor this month that he had long advocated negotiating with Syria. "We need to keep our friends close and our enemies closer," he said.

The back-and-forth over Syria appeared to be emerging as a proxy for the broader battle over American policy in the Middle East, which is unfolding even as Mr. Bush weighs a new strategy for the United States in Iraq.

With the Democrats about to take control of Congress after an election that was widely viewed as a referendum on the war, the visits reflect an increasing willingness to challenge the White House over foreign policy. The sharpness of the White House response, meanwhile, suggests an appetite to use the issue as a basis for a political fight.

"We think it's inappropriate," Tony Snow, the White House press secretary, said on Thursday, adding, "The concern here, among other things, is that this does not strengthen the hand of democracy in the region."

Mr. Snow said the visits "may cost some people their credibility." He singled out Mr. Nelson in particular, saying the Florida senator "came back empty-handed" after his last meeting with Mr. Assad. At the time, the senator reported that Mr. Assad had told him he was willing to restart negotiations with the Israelis — but that has never happened.

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The White House contends that Syria is helping to fuel the insurgency in Iraq, and it is particularly incensed at Syria for supporting Hezbollah, the militant group in Lebanon, and for trying to destabilize the Lebanese government. Mr. Nelson, who was in Lebanon on Thursday to meet with Prime Minister Fouad Siniora and other officials there, said in a telephone interview from Qatar, where he went after his stop in Lebanon, that he had "sharp exchanges" with Mr. Assad over that very issue — and that he reported those exchanges to Mr. Siniora.

"I told Prime Minister Siniora that I told Assad to keep his hands off Lebanon," the senator said. He said he approached his meetings in Syria with "realism, not optimism," and added of Mr. Assad, "I don't trust him at all."

Despite the harsh words from the White House, the Bush administration does have diplomatic ties with Syria, and Mr. Nelson said American Embassy officials have been "just ecstatic" to receive reports from his visits, "because so often they don't have access to a highly controversial leader in the country until somebody like a senator comes along."

Mr. Nelson said he had already briefed R. Nicholas Burns, the State Department's third ranking official, about his meeting with Mr. Assad.

While Mr. Nelson was in Damascus, the White House on Wednesday issued a statement under Mr. Bush's name in which the president called for the immediate release of Syrian political prisoners. "Syrians deserve a government whose legitimacy is grounded in the consent of the people, not brute force," the statement said.

Mr. Snow said Thursday that the statement was not timed to coincide with Mr. Nelson's visit.

Kerry Urges Bush To Engage Iran, Syria On Iraq (AFP)

AFP, December 15, 2006

US Senator John Kerry urged his rival in the 2004 elections, President George W. Bush, to kindle a dialogue with Iran and Syria in a bid to stabilize Iraq.

"I think it's important to talk, to have dialogue, but you don't give up your principles and you don't make deals that are against your larger interest," Kerry told reporters after meeting Egyptian President Hosni Mubarak in Cairo.

"Syria needs to understand that and Iran needs to understand that, but I think it's important to begin a discussion."

Kerry, a Massachusetts Democrat, said his talks with Mubarak also covered the Middle East peace process and the situation in Lebanon.

"Syria needs to respect Lebanon's sovereignty," he stressed.

Kerry, whose Democratic Party will dominate the next US Congress, is still in the running to vie for the presidency a second time.

A review of US policy in Iraq co-authored by former secretary of state James Baker and published earlier this month urged the current US administration to engage Iran and Syria to help achieve peace and security in Iraq.

But Bush has vowed not be rushed into changing strategy and has resisted mounting calls to open fully-fledged talks with Syria and Iran.

What Syria Would Say (WP)

By David Ignatius

The Washington Post, December 15, 2006

DAMASCUS, Syria -- What positions would Syria take if it entered a dialogue with the United States about Iraq and other Middle East issues? I put that question Thursday to Walid Moallem, Syria's foreign minister, and he offered surprisingly strong support for the recommendations made last week in the Baker-Hamilton report.

"We are not against the U.S.," Moallem said. "To the contrary, we want to be part of a regional dialogue that, in our opinion, serves American interests in the region." He described America and the region as being at a "crossroads" and said: "Either we go for stability, or the region will fall, and religious civil wars and the extremists behind them will take over."

Moallem's comments are the most detailed Syrian response to the recommendations of the bipartisan Iraq Study Group, headed by former secretary of state James A. Baker III and former representative Lee H. Hamilton. As we made a line-by-line review of the group's recommendations involving Syria, Moallem expressed support for nearly every item. When I asked if Syrian President Bashar al-Assad endorsed these positions, he answered: "He is the leader. I am expressing his ideas."

Moallem portrayed Syria as a potential partner in stabilizing the region. He referred at one point to "the noble cause of peace between Syria and Israel." Later, he said that while Syria favors a timetable for U.S. withdrawal from Iraq, a rapid American withdrawal before Iraqis are ready to take over security would be "an immoral step."

The Bush administration has shown little interest in dialogue with Damascus, and the administration has been sharply critical of Syria's campaign against Lebanese Prime Minister Fouad Siniora, a key U.S. ally. Administration officials have said in

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the past that although Syria speaks of a desire for cooperation and dialogue, its actions -- in Lebanon and elsewhere -- have not matched its words.

A former Syrian ambassador to Washington, Moallem worked with Baker on diplomatic issues involving the 1991 Madrid peace conference, which opened the way for peace talks between Syria and Israel that were ultimately unsuccessful. The Syrian said that when they met again in September to discuss the Iraq Study Group, Baker asked him: " 'Walid, how can we return to the Syrian-American situation of the early 1990s, when we succeeded to build mutual trust?' I told him, 'This is our wish also in Syria.' "

Moallem argued that the Bush administration's efforts to isolate Syria have failed and that it's time for the administration to try another approach based on shared Syrian-American interests in three goals for the Mideast: peace, stability and prosperity. He said that although Syria hoped to recover the Golan Heights, it was not setting this as a condition for dialogue.

"A constructive dialogue has to start without preconditions," he said. He denied that Syria was seeking greater power in Lebanon as the price for its help in Iraq. "This is not a deal. This is not, 'We will do this if you give us Lebanon,' " he said. But he did note that if America wanted dialogue, "you need to reassure us about your good intentions concerning our stability."

Syria has already begun implementing some of the Baker-Hamilton recommendations for Iraq, Moallem said. With this month's restoration of Syrian-Iraqi diplomatic ties, he explained, the two countries are beginning joint efforts to control their border and increase political and economic cooperation, as called for by the Iraq Study Group. "We are not doing this to please the U.S. We are doing what is in the Syrian and Iraqi interest," he said.

Moallem said he supported the report's recommendation for an Iraq Support Group that would draw in Syria and other neighboring states, but only after the Iraqis themselves had agreed on plans for disarming militias and ending sectarian divisions. He said that the timetable for withdrawing U.S. troops "depends on Iraqi ability to take over security" and that America's military role there should focus on training rather than fighting.

On the specific Baker-Hamilton recommendations involving Lebanon, Moallem also expressed general support. He said Syria wasn't shipping arms to Hezbollah, that it would "continue our cooperation" with the U.N. investigation of the murder of former Lebanese prime minister Rafiq al-Hariri and that it was "ready" to "achieve a deal on exchanging prisoners" with Israel. He also disclosed what he said was a previously unreported effort by Syria and Qatar to broker a compromise between the radical Palestinian group Hamas and the moderate Fatah faction of President Mahmoud Abbas.

Is this Syrian gambit for real? Is Moallem serious in his offer to talk with America about a comprehensive package of peace with Israel, stability for Iraq and compromise in Lebanon? The answer is that there's really only one way to find out, which is to explore further the ideas the Syrian foreign minister has put on the table.

Atranscriptof the writer's interview with Walid Moallem is available athttp://blog.washingtonpost.com/postglobal. David Ignatius co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues. His e-mail address isdavidignatius@washpost.com.

New General Takes The Reins As No. 2 U.S. Commander In Iraq (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 15, 2006

CAMP VICTORY, IRAQ — Army Lt. Gen. Raymond Odierno assumed command of U.S. troops at a ceremony in the capital on Thursday, vowing to pursue more than just combat to resolve the conflict in Iraq.

"This is not just a military solution only," he said to the crowd assembled outside one of Saddam Hussein's former palaces near the U.S. military headquarters. "It is a combination of diplomatic, economic and military programs."

But those who know Odierno say the hard-charging general who plotted Hussein's capture as well as anti-insurgency operations may put more effort toward securing, rather than rebuilding, Iraq when he becomes the No. 2 U.S. commander here.

Odierno gained a reputation as an aggressive commander while leading the 4th Infantry Division in Sunni Arab-dominated parts of the country in 2003 and '04. Some military analysts have argued that the region's continued unrest can be traced to his heavy-handed methods.

Odierno's predecessor, Army Lt. Gen. Peter Chiarelli, was seen as a champion of more comprehensive strategies aimed at winning over local populations, including large-scale public works programs and restrained firepower in the face of sectarian warfare.

Despite sporadic violent uprisings against his forces, Chiarelli, a former West Point professor, was able to stabilize the volatile Shiite Muslim neighborhood of Sadr City in Baghdad by putting locals to work on a large sewage system and assigning some of his top soldiers to work with nascent Iraqi security forces.

Chiarelli also is popular in Washington, where he is in contention to replace his commander, Gen. George W. Casey Jr., who may leave before summer.

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At Thursday's ceremony, Casey praised Chiarelli's approach to securing Iraq.

"I will always remember your personal passion for building a better life for the Iraqi people," Casey told the crowd, which included U.S. Ambassador Zalmay Khalilzad and several regional U.S. military commanders.

Chiarelli spoke of working side by side with Iraqis in the last year to rebuild the country, in a speech sprinkled with quotes from President Theodore Roosevelt and economist John Stuart Mill.

Odierno sat nearby, surveying the crowd of about 300 soldiers, sailors and Marines. He cut an imposing figure, still looking like the tight end he was at West Point: head shaved, jaw squared, brown eyes piercing. Raised by a World War II Army sergeant, Odierno saw his son enter the military and lose an arm after being wounded by insurgents in Baghdad.

When Odierno spoke, he paraphrased Gen. Douglas MacArthur, the hawkish World War II commander who advocated the use of nuclear weapons against the Chinese during the Korean War: "No man is entitled to the blessings of freedom unless he is vigilant in their protections."

People close to Odierno say his characterization as an overly aggressive commander with a style antithetical to Chiarelli's is unwarranted. They say he has become more attuned to the importance of "soft" power during his last two years as an assistant to Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff.

Chiarelli said Thursday that he believed Odierno shared his belief that it would take more than military force to bring peace to Iraq. Odierno suggested political solutions to the latest sectarian conflicts, such as setting a date for provincial elections and integrating sectarian militias into the army.

But he was at his most passionate when talking about counterinsurgency.

"We are going to go after any — any — individual who attacks the government, who attacks the security forces and who attacks coalition forces, no matter who they are and no matter who they are associated with," he said.

Odierno said his first task would be developing Iraqi security forces. His second: supporting Iraqi security forces "to defeat those extremists who do not want to conform to Iraq."

Odierno added that his style hadn't changed much since his days in the northern Iraqi city of Tikrit. "I'm aggressive in whatever I do," he said. "I'm an aggressive personality." Odierno's spokesman said the general planned to meet with commanders this week to discuss his strategy.

Lt. Col. Josslyn Aberle, a spokeswoman at Baghdad coalition headquarters who worked with Odierno in Tikrit, said he was aggressive, "but never overly aggressive." Members of the 4th Infantry Division have a reputation for fighting hard, she said, but they had to, at least at first.

"It was always going to be about more than combat power. We knew that," she said.

Michael O'Hanlon, a senior fellow in foreign policy studies at the Washington-based Brookings Institution who visited Odierno in Tikrit in 2003, said he saw the general use only "proper counterinsurgency methods," such as spending military money to create jobs for locals. That was also the approach taken in the northern city of Mosul by Gen. David H. Petraeus, commander of the Army's 101st Airborne Division and another possible contender for Casey's job.

"I think Odierno's legacy is clearly complex," O'Hanlon said. "He does not enjoy the reputation for excellence in counterinsurgency that Gen. Petraeus and Gen. Chiarelli and certain other officers enjoy. But the jury is still out in my mind on whether he will do this new job well. Quite possibly he can."

'We're Seeing Positive Results' (USAT)

By William B. Caldwell IV

USA Today, December 15, 2006

The Iraqi people and the Multi-National Force-Iraq (MNF-I) share a vision for Iraq: a secure, stable and self-governing nation in which Iraqis find solutions to Iraqi problems. To do this, the government of Iraq must achieve national reconciliation, rebuild Iraq's infrastructure to provide basic services and — in partnership with coalition forces — defeat the terrorists and extremists seeking to sow the seeds of discord and division among the Iraqi people.

The best way to achieve this last goal is to transition more authority and responsibility for Iraq's security to Iraqis. Iraqi forces have the best understanding of their culture, language and geography — all skills vital to defeating an insurgency. Once sufficiently trained, equipped and mentored, the Iraqi Security Force will be the most effective weapon against the foreign and extremist elements trying to tear apart Iraq.

For more than 30 years, the Iraqi army was a tool of oppression. Three years ago, there were virtually no security forces in Iraq. Today, Iraqis are protected by a trained and equipped military and police force, one that will soon number more than 350,000.

Quality is improving with quantity. Eighty percent of the Iraqi army is already operating with limited coalition support. Recent independent Iraqi operations in Baghdad, Baqubah and elsewhere have captured senior leaders of al-Qaeda in Iraq, freed

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dozens of kidnapping victims and uncovered massive weapons caches that would have been turned into car bombs capable of killing hundreds of innocent Iraqis.

Challenges remain. Iraqi forces have deficiencies in logistics, leadership and, in some cases, loyalty. The best way for the Iraqi Security Force to enhance its capabilities and values is through partnership with coalition transition teams. So MNF-I has strengthened how we train and mentor Iraqi forces.

Transition teams combine the best kind of leadership: leadership by example, with the best kind of education: learning through experience. We are seeing positive results with the way these dedicated troops develop capable Iraqi forces that are loyal to the democratically elected, representative unity government and to all of Iraq's people. That is why we are creating more military, police and border transition teams, increasing their size and accelerating their use.

Exporting military professionalism and developing Iraqi forces are vital to our national interest. We win when they win.

Maj. Gen. William B. Caldwell IV is spokesman for the Multi-National Force in Iraq.

White House Defends Enemy Body Count (AP)

AP, December 15, 2006

The White House expressed concern Thursday about what it believes is an impression that American forces in Iraq "aren't doing anything, they're just targets."

In fact, said presidential spokesman Tony Snow, U.S. troops are "fighting the bad guys" and killing and capturing them.

Snow raised the point when asked to explain why President Bush, a day earlier, had said that 5,900 enemy forces had been killed or captured in Iraq during October, November and the first week of December.

Typically, Bush and White House officials do not talk about enemy body counts, although the Pentagon keeps a running total on the number of American losses. More than 2,930 members of the U.S. military have died since the beginning of the Iraq war in March 2003.

"There is quite often the impression ... that our people aren't doing anything, they're just targets," Snow said at his daily press briefing. "And I think there's a certain amount of unease in the American public because they hear about deaths but they don't hear about what's going on."

Snow said the government has been loath to do body counts since the practice was discredited during the Vietnam War. "But it probably is worth at least giving a general impression of relative battlefield success of what's going on."

Troops In Iraq To Get Fire-resistant Uniforms (USAT)

By Tom Vanden Brook

USA Today, December 15, 2006

WASHINGTON — Flame-resistant uniforms will be standard issue for U.S. troops in Iraq and Afghanistan by early 2007, Pentagon officials say.

More than 160,000 suits made of the flame-retardant fabric NOMEX will be sent to combat zones, said Thomas Edwards, assistant deputy chief of staff for Army logistics.

The Pentagon moved quickly, Edwards said, because Iraqi insurgents are using homemade bombs and targeting the fuel tanks of vehicles. The bombs, called improvised explosive devices, or IEDs, are the top killer of U.S. troops in Iraq.

"Guys in the area of operations said, 'Give us all the fireproof uniforms you can find and then kick up production,' " Edwards said.

After receiving the Army's request Sept. 21, the Pentagon shipped 70,000 suits by Oct. 13 to outfit troops who patrol outside U.S. bases, Edwards said. It will cost about $70 million for the uniforms, hoods and gloves.

NOMEX, a DuPont-manufactured fiber, resists burning for about 9 seconds, long enough to allow troops to escape from a burning vehicle, Edwards said.

Troops are urged to drink extra liquids to keep from overheating because of the suits' added layer of protection, said Lt. Col. Carl Ey, an Army spokesman.

Margo Hughey, a 68-year-old grandmother from Columbus, Ind., said she has raised $2,000 to buy the suits for troops after learning of attacks with diesel-soaked explosives from relatives serving in Iraq. She and friend April Johnson, 41, also contacted Indiana's two senators — Republican Richard Lugar and Democrat Evan Bayh — because they did not believe the Pentagon had acted quickly enough.

"When I learned our own family members were in extreme danger, and it did not look like they would be supplied by the DOD (Department of Defense) or the Army I knew I must do something," Hughey said.

Lugar contacted the Pentagon but had not received a response, spokesman Andy Fisher said.

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Edwards said the Pentagon moved quickly: "I don't know how long it took Granny to raise that two thousand bucks, but it couldn't have been a helluva lot faster than we did in getting these uniforms."

Sectarian And Ethnic Lines In Sand Stall Provision Of Iraqi Oil Law (NYT)

By Edward Wong

New York Times, December 15, 2006

BAGHDAD, Dec. 14 — Iraqi politicians and ministers are divided along ethnic and sectarian lines over a critical provision in a proposed national oil law, according to the country's oil minister. If the differences can be bridged, the draft could be unveiled soon, the minister, Hussain al-Shahristani, said this week.

The oil law, along with security, is considered a prerequisite for attracting the foreign investment that Iraq's oil sector desperately needs. The law would set guidelines for development contracts for as many as 60 oil fields in the country, Mr. Shahristani said in an interview.

The law is also a crucial step in the process of national reconciliation, American and Iraqi officials said, because it sets out rules for the equitable distribution of the country's oil wealth. That, in turn, could ease tensions over granting greater autonomy to Iraq's regions.

Sunni Arabs, who dominate the oil-poor areas of western Iraq, have opposed regional autonomy because they believe they would not get a fair share of the country's oil wealth, which is concentrated in the Shiite south and the Kurdish north. Although agreement has been reached on the sharing of oil revenues, representatives of the main Sunni Arab, Shiite and Kurdish political blocs remain at odds over the issue of control over contracts to develop oil fields, Mr. Shahristani said. The representatives sit on a committee that is reviewing a draft of the law written by the Oil Ministry.

The sticking point is regional versus central government control over the contracts. The Sunni Arabs want the central government's Oil Ministry to negotiate and approve development contracts, while the Kurds want the regional governments to have those powers, said Mr. Shahristani, a conservative Shiite. The Shiites fall in between; they say the law should permit each region to negotiate its own contracts, but they want the contracts to be subject to the approval of a proposed Federal Oil and Gas Council, Mr. Shahristani said.

American officials here have been increasing pressure on the Iraqis to present a draft of the law, and perhaps even approve it, by the end of the year. In its report, the Iraq Study Group said that an equitable distribution of oil wealth was necessary for national reconciliation, and recommended that the central government keep control of revenues and oil fields, to the chagrin of the Kurds, who insist on maximum autonomy.

Once the oil law is in place, the federal council will announce a round of bids for the development of fields that have been identified but are not producing, Mr. Shahristani said. Iraq has 80 known fields, 20 of which are producing oil and will be developed by the Iraq National Oil Company, he said. Development of the others would be offered up for bids.

Oil contracts signed with foreign companies by Saddam Hussein's government would be reviewed by the federal council to see whether they should be honored or scrapped, Mr. Shahristani said. The various parties have agreed that oil revenues will be allotted to the regions through the central government's budget process, he said. That means the central government would be able to use money to finance its needs before giving the rest to the regions. Earlier in the negotiations over the oil law, the Kurds had insisted that the revenues be automatically divided and distributed to the regions first.

Gunmen Kidnap Shopkeepers, Bystanders In Baghdad (MCT)

By Mohamed Al Dulaimy And Hannah Allam

McClatchy Newspapers, December 15, 2006

BAGHDAD, Iraq - Kadhim Mahdi ran a lucrative carpentry business in west Baghdad, but he closed his shop when clashes and car bombs shut down his neighborhood.

Next, he became a grocer - until three other grocers in the area were assassinated. Then he fled without even daring to retrieve his expensive shopping carts and his electrical generator.

Mahdi moved across the Tigris River to east Baghdad six months ago, thinking that his new job selling spare parts for water pumps was so safe that he could even take his 4-year-old son to work with him.

On Thursday morning, however, Mahdi was feeding his son cake at his shop when gunmen dressed in Iraqi police and army uniforms descended on the Sinak district and kidnapped dozens of shopkeepers and bystanders in the latest of a string of mass abductions in Baghdad.

"They were shooting in the air and chasing after the crowds running away," Mahdi said. "My son asked me, 'Dad, are we going to die?'"

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The brazen attack took place barely a mile from the heavily guarded government compound known as the Green Zone, where Iraqi officials were preparing for a weekend conference on national reconciliation.

The Sinak attack was the most notable incident on a day packed with other violence that reflects the lawlessness that Iraqi Prime Minister Nouri al-Maliki's beleaguered government appears unable to curb. Police reported the discoveries of 45 bodies in the capital Thursday, 42 in the mainly Sunni Muslim western side and three in the predominantly Shiite Muslim eastern side.

A leading Shiite politician, Adil Abdul Mahdi, escaped an apparent assassination attempt Thursday when gunmen fired on his motorcade in a majority-Sunni neighborhood, police said. Abdul Mahdi, of the Iranian-backed Supreme Council for the Islamic Revolution in Iraq, is considered a moderate Islamist and a favorite of Washington officials, who've tried unsuccessfully to maneuver him into the prime minister's seat.

At the scene of the mass kidnapping in Sinak, a small industrial area where Iraqis shop for refrigerator motors and power tools, Kadhim Mahdi and three other witnesses said that police at a checkpoint watched as the abductors rounded up 30 to 70 men and stuffed them into 10 or more paddy wagons and other vehicles that Iraqi security forces typically used.

The attack was especially confounding, the witnesses said, because the kidnappers didn't appear to follow a sectarian agenda, seizing Sunnis, Shiites and Christians alike.

"First, they came to a Sunni-owned shop ... they took him and I thought it was because he was a Sunni, but then they turned to the others," said Qahtan, 23, who escaped by hiding in the mud underneath a truck and was too scared to divulge his full name. "The second one was Christian, and he was telling him, 'I'm a Christian! I'm a Christian!' One of them answered, 'Christian, Shiite, Sunni, you're going to come with us.'"

Qahtan, who sells tools in Sinak, said he saw the gunmen load 30 men into the enclosed police-style vans and other vehicles bearing the camouflage markings of the Iraqi army, then return for others. He said the captives shouted for police to help them but that no one responded.

Another witness, Haider Jassim, 22, said a sniper had shot at passers-by earlier this week from a position near a bridge that leads to the area, so at first he was relieved that the security forces finally had responded. He said he quickly grew dismayed when the forces targeted merchants and began shooting randomly into crowds of people attempting to flee.

"There were two police vehicles, but they did nothing to help people," Jassim said. "On the contrary, they were positioned in a way that blocked the path after the (attackers) fled. ... We don't know who they were, but for sure they'll ask for ransom for some of (those seized), kill some and so on. Like the usual daily incidents."

Iraqi Interior Ministry officials said that as many as 29 of the abductees - all Shiites - were released unharmed Thursday evening. Police gave no information as to how many were kidnapped or who was behind the attack.

"On Saturday, when people come back to their shops, we'll count who is missing and find out the real number taken," Qahtan said. "They'll kill the Sunnis and throw them in a Shiite neighborhood and they'll kill the Shiites and throw them in a Sunni neighborhood after checking their IDs."

Kadhim Mahdi, a Shiite, said he escaped by grabbing his son and running across the street to an apartment building, where residents offered them shelter. He said he cradled his trembling son in his arms and decided that it was time to look for yet another line of work.

Al Dulaimy is a McClatchy Newspapers special correspondent. Special correspondents Zained Obeid and Laith Hammoudi contributed to this report from Baghdad.

Panic, Then Quiet, As Kidnappers Strike (LAT)

By Borzou Daragahi

The Los Angeles Times, December 15, 2006

BAGHDAD, Iraq -- "They're here! They're here!"

The panicked cry rose from the crowd of shoppers and businessmen, sending them into a stampede past storefronts and shocked onlookers. Men, women and children fell over handcarts and folding chairs, knocking each other down, hiding behind buildings and seeking shelter in shops.

None knew who "they" were: uniformed men firing weapons in the air and herding people into trucks, just a few hundred yards from the edge of the U.S.-guarded "Green Zone."

But most had suspected such a day might come to the Sinak market of downtown Baghdad. All knew to run at first sight of the uniformed gunmen who have become signature elements of the all-too-common mass kidnappings in the capital.

"We weren't really surprised," said Hossein Abu Marwa, an employee of an air conditioner shop in the sprawling market. "We face such threats on a daily basis. Sometimes we hear they're coming from this side or that side. We don't know who is shooting. We don't know who is coming. Are they the resistance? Are they armed criminals? You don't know if they're Sunni. You don't know if they're Shiite."

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This time, at least 60 people disappeared within minutes, stuffed into four delivery trucks and hauled away toward eastern Baghdad.

An Interior Ministry official reported later that at least 23 of the shopkeepers had been released unharmed in northern Baghdad, after showing their captors identity cards bearing names associated with Shiite Muslims.

The fate of previous victims of mass kidnappings has been brutal: most show up dead within days, often with signs of torture, such as drill holes.

Thursday's abduction took place in and around the auto-supply section of the open-air Sinak wholesale market, a few hundred yards from the headquarters of Iraq's Ministry of Defense.

It began around 10 a.m. when a convoy of between 10 and 13 sport-utility vehicles of the type often used by official security forces screeched into the market and sealed off the main roads, said witnesses.

Heavy gunfire ensued almost immediately.

"I saw the four-wheel drive cars arrive, about 10 of them, as well as trucks for transporting prisoners," he said. "I immediately realized something grave was going on." The shopkeepers said they clutched their guns as the drama began, fearful of criminals. When they realized the invaders came heavily armed and in official guise, they put their weapons away. "They were men in uniform," said Ahmad Jassem Saadi, the 39-year-old owner of a leather jacket shop. "What could I do?"

Saadi, along with a group of other shopkeepers, stood at the doors of their shops and watched. "They detained a group of people, and then they started taking other sellers and even passers-by," he said. "The people struggled. They were taken by force and put into trucks."

Some described the trucks as the type used to transport milk and meat products. Others said they were like armored vehicles used to take money.

They began to fill up.

The gunfire continued. The panic mounted.

Hassan Khafaji, shopping for a part to repair his broken-down 1990 Oldsmobile sedan, lay on the ground as the shooting continued. He crawled to an alley, stood up and fled.

"I just kept running and running until I got somewhere safe," he said.

Yassin Hashim, who works at a refrigerator motor shop within the market's labyrinth of alleyways, helped an elderly man to his feet after the jittery mob knocked him to the ground. "He was too weak to get away," said Hashim.

"Some people were running and screaming," Saadi recalled. "Others were frozen in their place, watching."

"They were just looking for a place to hide," said Hashim. "Some people thought there were snipers."

The ordeal was over within 15 minutes, witnesses said. A detachment of Iraqi soldiers arrived and sealed off the area. Some witnesses described the kidnappers as police commandos, but a spokesman for the Ministry of Interior said the suspects wore army uniforms.

Afterward Saadi gathered around a group of shopkeepers consoling a local Christian restaurant owner, a middle-age man with salt-and-pepper hair, who was weeping. His son had been taken. "It was painful and I felt very sad," he said.

By then, around 11:30, the streets already had emptied. There were no customers and no shopkeepers. "I couldn't work," Saadi said. "We closed up the shop and went home."

Special correspondents in Baghdad contributed to this report.

Gunmen Kidnap Baghdad Shopkeepers, Bystanders (WP)

By Sudarsan Raghavan

The Washington Post, December 15, 2006

BAGHDAD, Dec. 14 -- Hardly a soul stirred on Thursday afternoon inside the warren of narrow dark alleys and side streets in Sanak, one of the Iraqi capital's busiest commercial districts. Shop after shop remained closed, their steel doors sealed with thick padlocks. Empty stalls, flanked by apartments filled with cowering residents, served as a silent coda to what had unfolded two hours earlier.

Gunmen in camouflage uniforms drove up in 11 cars at about 10 a.m. and surrounded the area, just around the corner from an Iraqi police checkpoint, witnesses said. Some wore black ski masks, others black bandannas. They casually went from business to business, spending 30 minutes rounding up at least 25 shopkeepers, witnesses said. The men hustled their captives past the stalls and stunned customers, grabbing a few bystanders along the way.

"They took Sunnis, Shiites and Christians," said Ziad Ali, one of the shopkeepers. "They did not differentiate. They even grabbed six boys."

The mass abductions, brazen even by Baghdad standards, were the latest sign of worsening insecurity in the capital. Two days ago, 70 day laborers were killed in a car bomb attack in another busy district. A month ago, gunmen who claimed to be

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from the Shiite-run Interior Ministry seized as many as 150 people from an agency of the Ministry of Higher Education, which is controlled by a Sunni Arab party.

Thursday's well-orchestrated kidnappings did not appear to be sectarian in nature or a reprisal attack, shopkeepers and officials said.

"This is very serious. This happened in the heart of Baghdad," said Mohammed al-Askari, a Defense Ministry spokesman. "This is to create a state of chaos, so they can say the government has failed, the political process has failed. This is aimed at stopping life in the city."

The assault occurred on a day when a U.S. congressional delegation, led by Sens. John McCain (R-Ariz.) and Joseph I. Lieberman (D-Conn.), visited Baghdad. McCain repeated his call to deploy more U.S. troops to Iraq, saying 15,000 to 30,000 more were needed to stem the sectarian violence and bring stability.

"The American people are confused, they're frustrated, they're disappointed by the Iraq war, but they also want us to succeed if there's any way to do that," McCain told reporters inside the U.S. Embassy.

Meanwhile, Lt. Gen. Raymond Odierno began his duties as the number two U.S. general in Iraq, replacing Lt. Gen. Peter W. Chiarelli. Odierno told reporters that sectarian strife and car bombs were the main challenges to security in the capital. He reiterated views stated earlier by Chiarelli that a multi-pronged effort that includes economic, political and military measures was needed to contain the violence.

Sen. Lindsey O. Graham (R-S.C.) described the changes he saw in Baghdad in stark terms. "The first time I came here with Senator McCain, we went rug shopping," he said. "Yesterday, we moved around in a tank. It's one of the most dangerous places on the planet."

By Thursday evening, it was unclear how many people had been abducted in Sanak, with estimates ranging from 25 to as many as 70. Brig. Abdul-Karim Khalaf, an Interior Ministry spokesman, said that several victims were later released and that the investigation was continuing.

Khalaf said the kidnappers in Sanak, a bustling market for automotive spare parts, wore army uniforms. There is growing evidence that Shiite militias fomenting sectarian violence have infiltrated the police and to a lesser extent the army.

But Askari, the Defense Ministry spokesman, said investigators from the army also conducted interviews in Sanak and arrived at a different conclusion.

"Some of the police battalions wear the same camouflage uniforms as the army," Askari said. "And some of the people we interviewed said the vehicles they used were not the type used by the army."

He said Thursday's incident demonstrated how easy it still is to buy official police uniforms. "In the center of Baghdad, you can find people selling them. This is the responsibility of the Ministry of Interior, not the Ministry of Defense."

In addition to the uniforms, witnesses said, the gunmen wore official bulletproof vests and carried shields. They appeared to be targeting certain shops. Robbery did not appear to be a motive, witnesses said.

"It was not a matter of money," said Baha Hamdani, a store owner who was one of the few people orbiting the empty stalls and shuttered shops. "I had plenty of money, but they didn't come after me."

When asked why the gunmen targeted Sanak's merchants, he replied: "They took them in order to kill them. This is the only reason."

Ali, the shopkeeper, said the gunmen stopped rounding people up when they heard sharp claps from one of their leaders. Then they took the men and pushed them into their vehicles before driving off. The attack emptied the market. "Everyone ran upstairs," he said.

Hamdani said he and some other shopkeepers ran to the police checkpoint and asked for help. "They told us it was not their duty," he said.

Askari said the area fell under the responsibility of the police. Khalaf said there was no police checkpoint in the area, and that by the time officers responded to the incident, the kidnappers had fled.

Hamdani, who wore gray pants with oil stains, held up a small piece of metal from his shop. "Life has become as cheap as these spare parts," he said.

Bitter Detour For Expatriate Back In Iraq (NYT)

By James Glanz

The New York Times, December 15, 2006

BAGHDAD, Dec. 14 — Of all the Iraqi expatriates who returned to rule, rebuild and profit from their country after the invasion, none have fallen as far as Aiham Alsammarae, who was once the minister of electricity but now spends his days consumed with bitterness in a Baghdad jail as his lawyers fight multiple charges of corruption against him.

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Mr. Alsammarae, an American citizen who lived in the Chicago area and built a thriving engineering firm there, is the only cabinet-level Iraqi official to be convicted and jailed for misusing money during his time in office. Four months ago, hearing that he was being accused of corruption, he walked into a Baghdad courthouse to find out if there were charges against him and was astonished to find himself placed under arrest pending trial. He has been in jail ever since.

During an interview in that jail on Thursday, Mr. Alsammarae still had the swept-back, perfectly arranged hair and obsessively polished shoes of his days in power, but he wore a shapeless zippered jacket over a beige shirt and pants rather than one of his elegant suits. Possibly in deference to his former rank, his "cell" was a converted office with a computer, a refrigerator, a potted plant, a thin mattress and other amenities — far better than what is provided to other prisoners in the jail.

But Mr. Alsammarae is bitter because, he said, the United States has left him in his hour of need to the vagaries of an Iraqi court system that in many ways is still the opaque and frightening apparatus it was before the invasion. "When somebody is giving his life to service as an American here, he should be dealt with in a different way," he said, complaining of what he called a lack of action by the American Embassy. "If they did anything for me, I am not aware of it."

As if to help make his point, the Iraqi justice system still had Mr. Alsammarae in jail on Thursday, several days after an appeals court overturned his conviction, on Oct. 11, on the first of the counts against him, involving payments for a single electricity generator in the southern Iraq.

An employee at the Central Criminal Court of Iraq confirmed that the 23-member appeals court had unanimously overturned the conviction but said that under Iraqi law, Mr. Alsammarae might have to remain in jail until the other charges against him were resolved.

Mr. Alsammarae's case is caught in an extraordinarily complex web of events that include American-sponsored efforts to fight official corruption and to improve the Iraqi court system while at the same time allowing the courts to operate independently of American influence. Mr. Alsammarae also faces the burden of having long been suspected of corruption by Iraqi and American officials, and he has been the target of lashing criticism for years in the Iraqi news media.

An American official in Baghdad familiar with the case said the embassy was in fact monitoring Mr. Alsammarae's situation closely.

"They have done everything they can to ensure his safety and fair treatment, but at the same time cannot interfere in a legitimate Iraqi court process," the official said.

Iraqi officials were generally less restrained. Saadi Mehdi Ali, who currently serves as inspector general in the Electricity Ministry, said he had reviewed the papers on Mr. Alsammarae's cases.

"Believe me, all the cases in which Aiham is accused, they are correct," he said. "He is accused with facts."

The cases involving Mr. Alsammarae began with investigations by the Commission on Public Integrity, an Iraqi organization independent of the government that was created by the United States. The commission has been praised by some officials as a much-needed breath of reform in a country long riddled by corruption, and derided by others as overzealous and politically motivated.

"It's politics," said Mr. Alsammarae, a secular Sunni Arab who was what he described as a midlevel member of Saddam Hussein's governing Baath Party as a student in the 1970s. The commission and the court system have both been accused of falling under the influence of Shiite politicians and Shiite-run militias.

Mr. Alsammarae arrived in Iraq just after the American invasion in 2003, looking for business opportunities. He was originally appointed electricity minister by L. Paul Bremer III, the leader of the American occupation authority, in August 2003. He stayed on until May 2005 in the Iraqi government that followed, run by Prime Minister Ayad Allawi.

Mr. Allawi, who has previously suggested publicly that the Commission on Public Integrity may have a political agenda, said through a colleague on Thursday that he stood by those remarks.

Ali Shbot, a spokesman for the commission, which is run by Rathi al-Rathi, said that those charges were ludicrous and that the commission was investigating politicians of all stripes. He said that of roughly 90 cabinet-level officials in previous Iraqi governments since the invasion, 18 have received either arrest warrants or subpoenas.

All but a few of those officials remain at large, having fled the country or gone into hiding. Mr. Shbot said there were also active corruption cases against about 80 former officials — deputy ministers, directors general or senior ministry advisers — at least some of whom are still in Iraq. In the same jail in Baghdad's protected Green Zone, a former deputy finance minister, Kareem Hmeed Faraj, is serving a three-year sentence.

But despite the general view that Iraqi governments have been corrupt, it is the sheer number of those cases that disturbs some officials who say they believe that politics is indeed coming into play.

"I applaud the notion of public integrity," said a senior Iraqi official who has followed the case and who spoke on the condition of anonymity for fear of prejudicing the cases. "But the problem with these guys, they are highly politicized. My view is that Judge Rathi is way out of his place."

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But in a sign of the difficulties the former electricity minister faces, the official added, "I suspect that Aiham Alsammarae is a crook."

From Head Scarf To Army Cap, Making A New Life (NYT)

By Andrea Elliott

The New York Times, December 15, 2006

LACKLAND AIR FORCE BASE, Tex. — Stomping her boots and swinging her bony arms, Fadwa Hamdan led a column of troops through this bleak Texas base.

Only six months earlier, she wore the head scarf of a pious Muslim woman and dropped her eyes in the presence of men. Now she was marching them to dinner.

"I'm gonna be a shooting man, a shooting man!" she cried, her Jordanian accent lost in the chanting voices. "The best I can for Uncle Sam, for Uncle Sam!"

The United States military has long prided itself on molding raw recruits into hardened soldiers. Perhaps none have undergone a transformation quite like that of Ms. Hamdan.

Forbidden by her husband to work, she raised five children behind the drawn curtains of their home in Saudi Arabia. She was not allowed to drive. On the rare occasions when she set foot outside, she wore a full-face veil.

Then her world unraveled. Separated from her husband, who had taken a second wife, and torn from her children, she moved to Queens to start over. Struggling to survive on her own, she answered a recruiting advertisement for the Army and enlisted in May.

Ms. Hamdan's passage through the military is a remarkable act of reinvention. It required courage and sacrifice. She had to remove her hijab, a sacred symbol of the faith she holds deeply. She had to embrace, at the age of 39, an arduous and unfamiliar life.

In return, she sought what the military has always promised new soldiers: a stable home, an adoptive family, a remade identity. She left one male-dominated culture for another, she said, in the hope of finding new strength along the way.

"Always, I dream I have power on the inside, and one day it's going to come out," said Ms. Hamdan, a small woman with delicate hands and sad, almond eyes.

She belongs to the rare class of Muslim women who have signed up to become soldiers trained in Arabic translation. Such female linguists play a crucial role for the American armed forces in Iraq, where civilian women often feel uncomfortable interacting with male troops.

Finding Arabic-speaking women willing to serve in the military has proved daunting. Of the 317 soldiers who have completed training in the Army linguist program since 2003, just 23 are women, 13 of them Muslim.

Ms. Hamdan wrestled with the decision for two years. Only in the Army, she decided, would she be able to save money to hire a lawyer and finally divorce her husband. She yearned to regain custody of her children and support them on her own. She thought of going to graduate school one day.

But when Ms. Hamdan finally enlisted, she was filled with as much fear as determination. There was no guarantee, with her broken English and frail physique, that she could meet the military's standards or survive its rigors.

"This is different world for me," she said at the time.

'This Is the Army'

It was around midnight on May 31 when a yellow school bus brought Ms. Hamdan and 16 other new soldiers to Lackland Air Force Base in San Antonio, a spread of parched grass and drab, low-lying buildings.

Ms. Hamdan had not scored high enough on the required English examination to go directly to basic training, so she was sent here for intensive language instruction.

At Lackland, soldiers enlisted in the Army linguist program known as 09-Lima have 24 weeks to improve their English and pass the exam. In that time, they follow a strict military regimen. They rise at 5 a.m. for physical training. They march to class. They drop to the ground for punitive push-ups.

When the bus arrived at the barracks that evening, Ms. Hamdan said, she hopped out first, her camouflage cap pulled low on her head.

Standing by the metal stairs was Sgt. First Class Willie Brannon, an imposing 48-year-old man with a stern jaw and a leveling stare. He ordered the soldiers to change into shorts. Ms. Hamdan explained softly that she was Muslim and could not do this.

"This is the Army," he replied. "Everybody's the same."

Ms. Hamdan burst into tears.

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The issue had arisen at the base before, and some of the Muslim women had been permitted to wear sweat pants instead of shorts. Officially, it would be Ms. Hamdan's choice.

But from the sidelines came two opposing directives, one in English and the other in Arabic. The drill sergeants wanted Ms. Hamdan to get used to wearing shorts, while several of the male Muslim soldiers tried to shame her into refusing.

"You're not supposed to show your legs," they told her.

For three weeks, she wore the blue nylon shorts, hitching up her white socks. Then she switched to sweat pants, even as the summer heat surpassed 100 degrees.

It helped, Ms. Hamdan thought, that there were so many similarities between Islam and the Army.

The command "Attention!" reminded her of the first step in the daily Muslim prayer, when one must stand completely still.

Soldiers, like Muslims, were instructed to eat with one hand. The women ate by themselves, and always walked with an escort, as Muslim women traditionally traveled.

The Army taught soldiers to live with order. They folded their fatigues as women folded their hijabs, and woke before sunrise as Ms. Hamdan had done all her life. They always marched behind a flag, as Muslims did in the days of the Prophet.

Nothing felt more familiar than the military's emphasis on respect. Soldiers learned to tuck their hands behind their backs when speaking to superiors.

When Ms. Hamdan tried this with Sergeant Brannon, she thought of her father. Her eyes automatically dropped to the floor, with customary Muslim modesty.

"Look me in the eye," the sergeant said. It was a command he had learned to deliver with care.

Sergeant Brannon, an African-American Baptist from North Carolina, had never met a Muslim before coming to Lackland. He soon concluded that the Muslim women in his charge had survived greater struggles outside the military than anything they would face inside it.

"They've been through a lot," he said.

Life Before the Service

Fadwa Hamdan was always a touch rebellious.

One of seven children, she was raised by her Palestinian parents in Amman, Jordan. Her father worked as a government irrigation official while her mother stayed at home with the children. They expected the same of their daughters.

But as a teenager, Ms. Hamdan rejected her many suitors. She wanted to see the world. At 19, she said, she secretly volunteered as a nurse with the Jordanian police, infuriating her parents. That same year, a visiting Palestinian doctor who lived in New York spotted her in the street.

He tracked down her home address, and spoke to her father. The next day, Ms. Hamdan learned she was engaged.

"Your dream has come true," Ms. Hamdan recalls her mother saying. "You're leaving Jordan."

Ms. Hamdan joined her husband in Staten Island in 1987. She felt nothing for him. He was 10 years her senior, and she found him stiff and dictatorial. He only let her leave the house with him, she said. If she upset him, he refused to speak to her for months.

She had children to fill the void. She became more religious, and began wearing the face veil known as a niqab. Eventually, the family moved to Saudi Arabia.

Weeks after Ms. Hamdan delivered her fifth child in 2000, she learned from her mother-in-law that her husband was taking a second wife in the West Bank city of Ramallah. Ms. Hamdan was shocked.

"I couldn't talk," she said.

The next summer, on a family vacation in Amman, her husband disappeared one evening with three of their children, she said. Days later she located two of her boys in Saudi Arabia, and learned that the new wife would be joining them.

Ms. Hamdan's 8-year-old girl had been left with her grandparents in Ramallah. She tried to get the girl back, but her husband had kept the child's passport, she said.

When reached by telephone in Saudi Arabia, a man answering to her husband's name said, "This is her choice and I don't have anything to do with it," apparently referring to her decision to join the Army. Then he hung up.

It never occurred to Ms. Hamdan to seek a divorce. She feared that it would bring shame to her family. From Jordan, she fought for legal custody of the children. In 2002, a judge ruled that she could keep the three youngest children, but allotted her a meager alimony, not enough to cover their schooling. Reluctantly, she returned them to their father.

Alone in Amman, she felt like an outcast.

"The neighbors, they look at me," she said.

In September 2002, she moved to Queens to live with her brother and his wife. She returned to wearing a regular head scarf, or hijab, and started classes at a local community college. One night she came home late, she said, and her brother told her to leave. "She did not follow the rules of the house," the brother, Sam Saeed, said in an interview.

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Ms. Hamdan did not know where to turn. Her father had refused to speak to her since she left Jordan. Over the next 10 days, she rode the subway at night and slept on a park bench in Queens. Finally, she walked into a hair salon in Brooklyn and approached a Lebanese Muslim woman.

"She was hysterical crying," said the woman, Helena Buiduon.

Ms. Hamdan stayed with Ms. Buiduon until she found her own apartment. She taught the Koran to children and worked in a doctor's office while earning an associate's degree in medical assistance.

Her life remained a struggle. She lived in a small, drafty apartment in the Bronx. Other Muslim immigrants found her puzzling.

Some people suggested that she was a "loose woman," she recalled, a notion that amused her given how little she wanted another relationship.

"I can't feel anything for anybody," she said. "I lived like jail. Just imagine you have a bird and the door is open. You think he will go back to this jail again? Never. He's just flying."

In 2003, she spotted an ad for the Army in an Arabic-language magazine. She met with a recruiter but cut the conversation short after learning she would have to remove her head scarf before enlisting.

Secretly, though, she kept imagining a new, military life. In March, she made up her mind.

"I broke the law with God," she said of her decision to remove her hijab. "I had to."

She put her belongings in storage. She began lifting 20-pound weights. She slipped off her veil in public a few times. She felt naked.

Two days before she left, she stopped by her brother's video shop in Queens to say goodbye.

Mr. Saeed was kneeling in prayer, as a Spanish rap video blasted from a television set. He stiffened at the sight of Ms. Hamdan, then kissed her on the cheek. They had not seen each other all year. Within minutes, an argument began.

"She'll never make it," Mr. Saeed said, looking away from his sister.

"Oh yeah?" she replied, her eyes widening.

"A Muslim woman is not allowed to travel alone," he said.

"What about working?" she said, her voice quivering. "Look at your wife, she works!"

"She likes to spend time here," he said.

Ms. Hamdan ran from the store crying.

"She won't make it," Mr. Saeed told a reporter after she left. "Woman always weak. She need a man to protect her."

Later, when Ms. Hamdan heard what her brother had said, she was silent.

"Why didn't he protect me?" she said.

What Happens Next

Life at Lackland — where soldiers cannot chew gum, wear makeup or leave the base — reminded Ms. Hamdan of her marriage.

"Sometimes, when I'm by myself, I wonder how I have stayed here for six months," she said as she sat outside her barracks one recent evening. "But I did it."

She was among 39 men and women in the Army linguist program, in a company of 119 soldiers. The rest were immigrants from around the globe, there to improve their English in the hopes of entering boot camp.

Everyone, it seemed, had a sad story.

The women talked quietly after the lights went out. A Sudanese woman had come to the United States after most of her family died in a bombing in Khartoum. A 23-year-old woman had lost her Iranian mother in an honor killing.

A teenage Iraqi girl cried herself to sleep every night. She, like many other soldiers, began referring to Ms. Hamdan as "Mom."

"They come into my arms," said Ms. Hamdan, who was older than most of the others.

She missed being a mother, yet she rarely talked about her own children. She was learning not to cry, and that was a subject that broke her down. Privately, she called them in Saudi Arabia twice a week with 20-minute phone cards, four minutes per child.

As the summer wore on, it became clear that Ms. Hamdan was floundering in her English studies. She failed the exam repeatedly.

Physically, though, she was growing stronger. Push-ups and sit-ups no longer scared her. She found she was a fast runner.

On Aug. 10, she won the one-mile race for female soldiers in seven minutes flat, in sweat pants. The next week, she became a squad leader and bay commander, directing a column of soldiers during marches and keeping order in the female barracks.

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Days later, she decided to wear the shorts again.

"What, we have a new soldier here?" Sergeant Brannon called out as she walked deliberately down the stairs.

"I am going to show the men I'm like them," she told him later. "I'm a man now."

"No, you're not a man" he said.

"Yes, I'm a man."

"No," he said. "You're a strong-willed woman."

That became his nickname for her: strong-willed woman.

As Ms. Hamdan's status rose with the drill sergeants, so did her standing among the soldiers.

"Sometimes I'm tough on them," she said one recent weekday as she patrolled her floor. The women smiled from their bunk beds. "I like everything clean."

Another morning, she sat in the mess hall, eating her daily breakfast of Froot Loops followed by nacho-cheese Doritos. A drill sergeant called out that the group had three minutes to finish, just as a clean-shaven soldier walked past Ms. Hamdan with a tray full of food. She shot him a hard look.

"Three minutes," she repeated. "You hear that?"

The greatest shift for Ms. Hamdan came in her relationship with the male soldiers. They stopped taunting her about wearing shorts. When she gave orders, they listened.

"It seems like a heavy burden has been lifted from her," Sergeant Brannon said.

Yet even as she felt herself changing, she remained steady in her faith. She never stopped praying five times a day. She attended the base's mosque each Friday and fasted through the holy month of Ramadan.

On a recent Friday, she sat with her eyes closed on the mosque's embroidered carpet, wearing a white veil and skirt over her Army fatigues.

"Staying on the straight path is not an easy matter, except for those who Allah helps to do so," the Egyptian imam said in Arabic over a loudspeaker.

In November, Ms. Hamdan's English score was still too low, by 11 points, even though she was performing better on the weekly quizzes. She was given a one-month extension, and one more chance.

She took her last exam in December, and failed again. She ran from her classroom.

"Don't come looking for me," she recalled telling a startled drill sergeant.

By herself, Ms. Hamdan began walking across the base. Tears streamed down her face as she reached the two-story, concrete building that had long been her refuge.

She climbed the stairs of the mosque. Alone, she knelt on the carpet and prayed. Finally, she sat in silence. She felt at peace.

Ms. Hamdan will be discharged on Dec. 15. She is unsure of what the future holds. She may stay in Texas and look for a job. She may no longer wear a hijab in public. All she knows is that she is different now, and no less a Muslim for it.

"I can face men," she said. "I can fight. I can talk. I don't keep it inside."

She thought for a moment.

"I changed myself," she said. "I'm a new Fadwa. Strong female. I like this."

4 Are Killed And 22 Hurt In Bomb Attack In Afghanistan (NYT)

By Abdul Waheed Wafa

The New York Times, December 15, 2006

KABUL, Afghanistan, Dec. 14 — A suicide bomber detonated his explosives in the center of a busy shopping street in the town of Qalat in southern Afghanistan on Thursday, killing four civilians and wounding 22 people, the provincial police chief said.

"The attack occurred around noon today, when a highway police car was driving by in the bazaar," said the police chief, Gen. Noor Mohammad Paktin. He said that four children and two policemen were among the wounded.

Also on Thursday, President Hamid Karzai wound up a visit to southern Afghanistan with a speech at a boys' high school in Kandahar in which he blamed neighboring Pakistan for supporting Taliban insurgents and suicide bombers.

"Pakistan hopes to make slaves out of us, but we will not surrender," Mr. Karzai said.

Pakistan denies supporting the Taliban, but officials have admitted that some insurgents are infiltrating Afghanistan from Pakistan and that suicide bombers are being trained in Pakistan's tribal areas bordering Afghanistan.

A large number of tribesmen demonstrated Thursday in the eastern town of Khost against NATO's bombing on Tuesday of a compound in which five people were killed, including a 13-year-old girl, and four more people were wounded.

"The demonstration was peaceful today, but the demonstrators promised to continue their protest unless the government finds who gave the wrong information to NATO," said the provincial police chief, Muhammad Ayub.

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An investigation is under way to find out exactly what happened. A private bank administrator and an Afghan intelligence officer were among the four people wounded in the bombing, Mr. Ayub said.

NATO expressed regret in a statement on Wednesday about the killing of the 13-year-old girl, but said its soldiers came under fire after surrounding the compound and calling on the people to surrender.

NATO planes bombed what the Atlantic alliance said was a Taliban command compound in the Panjwai district in Kandahar Province, killing some insurgents, Agence France-Presse reported, quoting a NATO spokesman.

Pakistan Will Have To Reckon With Tribal Leaders, Negroponte Says (WP)

By Walter Pincus

The Washington Post, December 15, 2006

With new fighting expected to break out next spring in Afghanistan, the Pakistani government will soon have to decide what it can do about the tribal authorities who have not been living up to their agreement to prevent Taliban and al-Qaeda fighters from moving back and forth across the border, according to Director of National Intelligence John D. Negroponte.

"Sooner or later, the government will have to reckon with it," Negroponte said yesterday at a lunch with Washington Post editors and reporters. But with elections in Pakistan coming, the United States understands that President Pervez Musharraf "has a domestic political balancing act to perform," he added.

In September, representatives of the Pakistani government signed accords with tribal elders in North Waziristan in which those leaders agreed that they would not allow border crossings "for any kind of militancy." In return, Pakistani army units withdrew from that area. Negroponte said yesterday that the "tribal authorities are not living up to the deal" and that back-and-forth travel by the Taliban and others "causes serious problems."

Although Negroponte said that the growing Afghan insurgency is "no threat to the central government in Kabul," he noted that it is not clear whether the NATO forces there are large enough to handle the renewed fighting expected in the spring when the weather clears.

His downbeat assessment was supported by a recent report by Anthony H. Cordesman, a former Pentagon official who has just returned from Afghanistan where he received briefings from a U.S. Embassy team, including U.S. military commanders.

The Afghan insurgency grew in the past year because of financial and military aid from a sanctuary in Pakistan, while the weak Kabul government has not received enough military and economic support from NATO and the United States, according to Cordesman.

"Patience, a long-war strategy and adequate resources can make all the difference," said Cordesman, who holds the Arleigh A. Burke Chair in Strategy at the Center for Strategic and International Studies. He said in his report that he came away from Afghanistan believing that the effort could be successful, but that the "development of effective government and economy will take at least 5-10 years; no instant success is possible."

He told reporters on Wednesday that a plan, approved by both the State and Defense departments, is now before the Office of Management and Budget. The proposal from the U.S. Embassy team in Kabul calls for a twofold to threefold increase in aid, to nearly $6 billion. But he added that even if the expanded aid is included in a supplemental budget that will go to Congress in January, "it won't make a difference for at least a year."

Secretary of State Condoleezza Rice confirmed yesterday that a "big commitment" to Afghanistan is under consideration, with emphasis on "the reconstruction side." After 75 years of warfare, she told Post reporters and editors, the country has no infrastructure and no basis for an economy other than the poppy production financed by the drug trade.

"A major al-Qaeda and Taliban presence is building up in both Afghanistan and Pakistan" for a new offensive next year, Cordesman said. "These groups have de facto sanctuary in Pakistan, a major presence in the east and south, and a growing presence in western Afghanistan."

Judging from the declassified intelligence briefing he received, Cordesman said, the U.S. and NATO forces there are "insufficient" to secure the south and the west. He said more special forces are needed in the east where the troops "are spread very thin."

From sanctuaries in western and southern Pakistan, where the government has ceded control over border areas, al-Qaeda and Taliban cadres provide both financial and manpower support to the insurgent groups, Cordesman said. "This is a two-country war," he said, and the problems "are ultimately as dangerous to Pakistan as to Afghanistan and the U.S."

From a military standpoint, Cordesman said, "we are winning tactically but losing strategically." He noted that, during the Taliban offensives this fall, it was air power that led to success in the killing of many insurgents but that afterward there was no follow-up on the ground. The air war was more intense than most people realized, he said, noting that the U.S. military flew "as many sorties in Afghanistan as in Iraq" during that period.

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He said what is needed is a U.S. and NATO commitment "that will extend to 2013 or longer and provide the necessary support and resources." In addition, at least five or more years will be necessary to create an effective Afghan government that can provide security and services to the country. "Political legitimacy in Afghanistan, as in most of the world," he said, "does not consist of how a government is chosen, but how well it is perceived to govern."

"We cannot afford to lose two wars -- in Iraq and Afghanistan," Cordesman said.

Gift Of Wreaths Touches Nation (USAT)

By Rick Hampson

USA Today, December 15, 2006

ARLINGTON, Va. — The rows of gravestones stretched out before him like time itself. But when John Lechler saw the date on one particular tombstone, he knew where to lay his wreath. And for a moment, Army Air Corps 2nd Lt. Gordon H. Sterling Jr., who died on Dec. 7, 1941, lived again.

The balsam fir wreath was from Maine — made by hand, decorated by hand, wrapped, boxed and loaded on a truck by hand, then driven 750 miles to Arlington National Cemetery.

This is the miracle of Arlington. "When you first look at that sea of stones, you don't get the impression of individuality," says Tom Sherlock, the cemetery historian. "But if you stop for just a moment and look at the name on the stone, in that moment they're thought of again, and they live again."

Lechler was one of about 600 volunteers at the cemetery Thursday for what has become a new holiday tradition: placing Christmas wreaths — supplied by a Maine businessman who never got over his first sight of the cemetery — on more than 5,000 veterans' graves.

"It's great that we came together to show our gratitude, considering how tough it is for everybody with this war going on," says Lechler, 42, an Ashburn, Va., resident who runs a sports training business and who never served in the military.

Every December for the past 15 years, Morrill Worcester, owner of one of the world's largest holiday wreath companies, has taken time in the midst of his busiest season to haul a truckload of wreaths to Arlington from his small Downeast Maine town of Harrington.

For years, he and a small band of volunteers laid the wreaths in virtual obscurity. But in the last 12 months that has changed, thanks to a dusting of snow last year at the cemetery, an evocative photograph, a sentimental poem and a chain e-mail. And this year, Worcester went national. A new program, "Wreaths Across America," shipped a total of about 1,300 wreaths to more than 200 national cemeteries and vets' memorials in all 50 states.

Worcester, 56, says he wants to help Americans remember and honor deceased military veterans, particularly at Christmas, when they're missed most. On the Wreaths Across America website, he makes this comment: "When people hear about what we're doing, they want to know if I'm a veteran. I'm not. But I make it my business never to forget."

On Thursday he looked at the crowd of volunteers — five times as many as last year's — and said, "I didn't realize there were this many people that felt like I do."

This year, Worcester's wreaths got to Arlington in a red, white and blue semi-trailer that followed U.S. Highway 1, escorted by a military veterans motorcycle group. In some towns, flag-waving crowds turned out to welcome the convoy as it passed through.

The wreaths were placed in a hilly, wooded section of the cemetery that has the graves of forgotten doughboys and GIs, as well as those of astronaut moonwalkers, Dr. Walter Reed and the general at Bastogne during the Battle of the Bulge who told the Nazi commander demanding his surrender "Nuts."

"We want to honor the veterans, and we do it with the products we make ourselves," says Worcester's wife, Karen. "We're like the Little Drummer Boy. He had his drum. We have our wreaths."

Morrill Worcester's road to Arlington began in 1962 when he won a trip to Washington for selling new subscriptions to the Bangor Daily News on his newspaper route.

He was 12, an impressionable age to visit a city filled with unforgettable sites. What struck him most was the national cemetery — now the final resting place of more than 300,000 — and its endless lines of perfectly aligned stones:

"That stuck with me all these years, the enormity of the cemetery," Worcester says. "And the fact that everyone buried there had a personal story, and aspirations and plans for the future, like we all do."

Years later, as a sophomore at the University of Maine, he realized there was money to be made in Christmas wreaths. He could buy wreaths that local people made at home and take them to Boston to sell to a wholesaler. That first year he sold 500.

It was the beginning of the Worcester Wreath Co., which in 1982 became a supplier for Maine's mail order giant, L.L. Bean.

In 1992, during one of his company's periodic expansions, Worcester got a call in December from one of his warehouses. "We're up to our knees in wreaths," his foreman announced — they'd overproduced several thousand.

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"I said, 'Well, I'm not just gonna throw them away,' " he recalls. "That's when I thought of Arlington." He called Washington for permission to lay his wreaths. To his surprise, he got it.

But when he arrived at Arlington, Worcester was stunned by the size of the area to be covered. It was just Worcester, his son and about a dozen others. It was raining. It took six hours. Afterward he was wet, tired — and exhilarated. There, buried in the Virginia soil, he had found the cost of freedom.

Every December after that, Worcester, his family, his employees and his friends gathered on a Sunday to decorate wreaths and load them on a truck provided by a local company. Worcester and a few others drove to Arlington, laid 5,000 wreaths and were back at work within a few days.

Each year, Worcester was assigned a different part of the cemetery, usually an older section whose graves received less attention. Every stone got the same simple 20-inch wreath, adorned only with a red bow. Before leaving, the volunteers laid wreaths at the graves of John F. Kennedy and Robert F. Kennedy, the USS Maine memorial and the Tomb of the Unknowns.

When Worcester started his business in 1971, he was 21 — the average age, he would point out, of U.S. servicemen killed in World War II. He had a college draft deferment, but he never forgot the sacrifices of those who did serve.

"I'd been lucky," he says, "and I wanted to give back."

Christmas wreaths had made him rich. Now, he felt he was reclaiming the true meaning of a wreath, showing it as something more than a glitzy holiday ornament: "We wanted to get back to the simple idea of what a wreath represents — respect, honor, victory."

This was a different kind of victory, though — a victory of remembrance, a victory over death itself.

But, he is asked, what was the point of their sacrifice? Did the doughboys make the world safe for democracy in World War I? Did the Spanish-American War keep America free? And what about Iraq, a war which has steadily lost public support?

"This is non-political," Worcester replies. "These people died for us. If they died in vain, I don't know. But they all deserve our respect."

The tradition grew slowly. Every year there were a few more volunteers in Harrington to load the truck and a few more in Arlington to lay the wreaths. Every January there'd be a few more calls, e-mails or letters. Worcester says that apart from a newspaper story here and a broadcast report there, "it was almost a private thing."

Until December 2005.

When the day was almost over and all the wreaths had been laid, it started to snow. Around the same time, an Air Force news photographer covering the event went back for a final picture before heading back to the Pentagon.

Master Sgt. James Varhegyi had shot hundred of images that morning. In accordance with photojournalistic convention, almost all had people in them.

But this time Varhegyi took a picture that had no people, just rows of graves, decorated with bowed wreaths, on snowy ground. White, green, red — the colors of Christmas. He didn't think it was anything special.

When the Worcesters returned to Harrington, things quieted down as usual after Christmas. Except that instead of declining in January, the appreciative calls and e-mails began to increase.

Varhegyi's photo had been posted on an Air Force website, from which someone — the Worcesters don't know who — had lifted it, put it in an e-mail, and added a poem:

Rest easy, sleep well my brothers.
Know the line has held, your job is done.
Rest easy, sleep well.
Others have taken up where you fell, the line has held.
Peace, peace, and farewell …

"Please share this with everyone on your address list," the e-mail read. "You hear too much about the bad things people do. Everyone should hear about this."

The e-mail became an Internet sensation. It spread like a virus, so far and so fast that Snopes.com, a website devoted to exploring myths and rumors, investigated and confirmed its existence.

More and more people contacted Worcester Wreath Co. with questions, thanks and requests. By February, the company was getting 30 to 40 e-mails a day. People sent checks, which were returned. Company staffers found themselves devoting more and more time to phone calls about the Arlington effort.

One night, Sherry Scott, the office manager, was working late, trying to get caught up, when the phone rang:

"It was an elderly woman from Texas. She says, 'Tell me you're the company that lays the wreaths at Arlington.' When I said we were, there was silence. Then she started crying. She says, 'My Dad's buried at Arlington.' Then I started crying."

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Karen Worcester says that many people seemed to appreciate that even though they couldn't go to Arlington to visit a loved one's gravesite, "it's like we go for 'em." She'd print the e-mails out and read them to her husband at night. Sometimes they'd wind up crying.

She rose before dawn to read e-mails and write replies. She did not consider herself eloquent: "What do you say when someone tells you, 'I just buried my son.' ?"

By summer, hundreds of e-mails were coming in each day. Karen began to notice a refrain: "They said, 'Can you do that here where we are? Can't I get a wreath?' I thought, 'We can't do every grave. But we can do every cemetery.' "

Fine, said her husband: How?

By August, they knew.

Worcester Wreath would send six wreaths to veterans' cemeteries in every state. Members of the Civil Air Patrol, a national organization that has chapters in every state, would see that they were distributed.

UPS offered to ship the wreaths at no charge. A company in New Jersey provided 3,000 small flags. A Worcester Wreath employee was delegated to work solely on coordinating the program.

"And to think," Karen Worcester says, "it all started with, 'We made too many wreaths!' "

A final word about Lt. Sterling, courtesy of military historian David Aiken. When Japanese planes attacked Wheeler Field in central Oahu during their assault on Pearl Harbor, Sterling was on the ground. He was an assistant flight engineer; he'd passed his flight tests but had not progressed as rapidly as the other pilots. He saw that a group of P-36 fighters was beginning to taxi out, but the formation was short one plane. It sat empty on the tarmac, its engine idling.

Sterling climbed into the cockpit, handed his watch to the crew chief, and said, "Give this to my mother! I'm not coming back!"

He didn't. His plane was shot down off Oahu's eastern shore in a fight with a Japanese Zero and was never recovered. He is the only Air Force pilot still counted as missing in the battle.

Sterling was one of those who had, as Morrill Worcester puts it, "aspirations and plans for the future." His fiancée was a nurse at nearby Schofield Barracks. They had a date that afternoon.

In The 83rd Congress, A Senate In Constant Turmoil (WP)

By Al Kamen

The Washington Post, December 15, 2006

Sen. Tim Johnson's sudden illness has consumed the political class the past two days. Everyone is talking about what happens if the South Dakota Democrat leaves the Senate and is replaced by a Republican to create a 50-50 split. Democrats and Republicans alike are rushing out statements saying the standard "our thoughts and prayers are with him." That is, at a minimum, half true.

But the unsettled situation pales when compared with the bizarre 83rd Congress in 1953 and 1954, during which nine of the then-96 senators died, including one who committed suicide, and one resigned.

When the Senate convened on Jan. 3, 1953, the GOP was in charge 48 to 47, plus one former Republican, Sen. Wayne L. Morse-- an independent so independent that he moved his seat to the Senate aisle and would not vote with the Democrats to organize.

By Aug. 3 of that year, when the first session adjourned, three members -- including Majority Leader Robert A. Taft (R-Ohio) -- had died. When the next session began in January 1954, the Democrats had become the majority, 48-47-1, but they did not assume control. At one point during that session, as various members died, the D's even had a two-vote lead, but they never challenged Republican control of the body. The Senate adjourned Aug. 20 back where it had started, with the GOP holding a one-vote majority.

So why didn't the Democrats take over? For one thing, seems the "minority" leader, Sen. Lyndon Baines Johnson (D-Tex.), didn't particularly want to. He preferred to have the Republicans deal with Sen. Joseph McCarthy (R-Wis.), according to Senate associate historian Donald A. Ritchie.

It was an ugly time at the Senate. Sen. Lester Hunt (D-Wyo.) committed suicide, shooting himself in his office in the Old Senate Office Building on June 19, 1954. McCarthyites were after Hunt, who strongly opposed McCarthy, and they threatened to reveal that Hunt's son had been arrested the year before, accused of soliciting a male undercover police officer in Lafayette Square. The McCarthyites wanted Hunt to announce he would not run again. He did so, then killed himself.

More important, there was "no way the Democrats could have claimed a majority," Ritchie said, "because the Republicans could have blocked them" with a filibuster, and in the Senate, most everything can be filibustered -- even by the minority.The Democrats' Five-Figure Fete

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Mark your calendars! The Democratic Congressional Campaign Committee's first invite of the new year is to a "Swearing In Brunch and Celebration Concert" honoring Speaker-elect Nancy Pelosi on Jan. 4. The brunch is at 10:30 in the Members of Congress Room of the Library of Congress. "Please RSVP by December 20th."

The concert at the National Building Museum features Tony Bennett, Carole King and Wyclef Jean. Should be a most excellent show, though perhaps not worth each PAC's $15,000 "requested contribution" for two tickets. Make checks payable to the Democratic Congressional Campaign Committee.

Checkbook a little depleted these days? Not to worry. They give you till the end of next month to pay up.

Hmmm . . . 15 large? Tom DeLay would be proud.A Diplomat and a Scholar

For those of you keeping score, another name has emerged as a strong contender to become the next Saudi ambassador here. He's Mishal bin Abdullah, son of the Saudi king and now at the United Nations in New York. He's minister-in-charge at the Saudi ministry of foreign affairs.

Meanwhile, Loop Fans, after checking their yearbooks and memories, have been writing to say that although outgoing ambassador Prince Turki al-Faisal attended Georgetown University, he never graduated. Indeed, the Saudi Embassy bio does not say that he did. Turki "pursued an undergraduate degree at Georgetown University," the bio says, but it doesn't say whether he ever caught one.From Foreign to Domestic

Musical chairs . . . Douglas Holtz-Eakin, the former director of the Congressional Budget Office who now sits in the Paul A. Volcker Chair for International Economics at the Maurice R. Greenberg Center for Geoeconomic Studies at the Council on Foreign Relations here, will be sitting next month in the Economic Policy Chair, John McCain2008, the Exploratory Committee, which is in Arlington.

In his new job, Holtz-Eakin will be lining up against advisers to another potential presidential candidate, Massachusetts Gov. Mitt Romney: R. Glenn Hubbard and N. Greg Mankiw, both former White House Council of Economic Advisers chairs for President Bush. (Okay, maybe they don't have hyphenated last names, but their names each begin with an initial.) So the early indications are that Romney will be the tax cutter and McCain will be the spending cutter? And we know what the voters have always preferred.A One-Sided Conversation

Noted Bush observation. At his news conference last week, President Bush said: "I talk to families who die."

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FEDERAL DIARY: Nearing Takeoff: Compensation For Justice Lawyers' Travel Time (WP)

By Stephen Barr

The Washington Post, December 15, 2006

After a long flight through Congress, legislation that would permit Justice Department lawyers to claim time off for travel during off-duty hours has been sent to the president for his signature.

Congress approved legislation in 2004 creating compensatory time off for federal employees, but the Justice Department decided it did not apply to the department's 9,000 lawyers because of a 1999 congressional restriction that limits their overtime pay.

The law permits federal employees to receive time off when they travel on official business during off-duty hours, such as flying on a Sunday to attend a Monday morning meeting. Previous rules made it difficult for employees to qualify for compensation while traveling outside normal business hours.

Justice's interpretation of the law triggered complaints inside the department. The National Association of Assistant United States Attorneys, which represents about 5,400 assistant U.S. attorneys, worked with Congress and the department on a legislative solution.

"It took us nearly two years of persistent effort," said Richard Delonis, president of the association.

After House members and senators introduced the comp-time bill to extend eligibility to Justice lawyers, Democratic and Republican senators kept it grounded to use as a bargaining chip on other issues. As Congress neared adjournment, the lame-duck Senate cleared the bill for takeoff to the White House.

Key supporters of the legislation included Sens. Daniel K. Akaka (D-Hawaii), Susan Collins (R-Maine), Joseph I. Lieberman (D-Conn.) and George V. Voinovich (R-Ohio) and Reps. Jon Porter (R-Nev.), Thomas M. Davis III (R-Va.), Danny K. Davis (D-Ill.), Henry A. Waxman (D-Calif.) and Chris Van Hollen (D-Md.).

Delonis said assistant U.S. attorneys and other Justice lawyers sometimes must travel on nights or weekends for court appearances and other duties, losing time that could be spent with their families. "This comp-time legislation passed by

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Congress sends an important message to these dedicated public servants, assuring that they do not bear an extra burden that Congress did not intend to impose," he said.

Congressional aides said they expected the president to sign the bill.Nader's View on the Post Office

A nonprofit group founded by consumer advocate Ralph Nader has released a new book on the U.S. Postal Service that calls for giving the public a greater role in setting postal priorities.

"The lack of citizen-consumers' involvement in the recently passed postal reform legislation has highlighted the need for a public dialogue about the future of our postal system," Nader said. "The book provides a starting point for that conversation."

The book, "Preserving the People's Post Office," is sponsored by Nader's Center for Study of Responsive Law and written by Christopher W. Shaw, a project director at the center.

Shaw and Nader call for creation of an independent Post Office Consumer Action Group as a way to give the public an organized voice to help counter the influence of large corporate mailers and private-sector parcel and express-mail companies.

Congress recently approved a measure that would overhaul Postal Service business operations for the first time since 1970, in part to provide magazines, credit card companies and banks with more predictable increases in postal rates.Talk Shows

Kathryn K. Troutman, founder of the Resume Place Inc., will be the guest on "FedTalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Vice Adm. John C. Harvey Jr., chief of naval personnel and deputy chief of naval operations for manpower, personnel, training and education, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

U.S. Attorney John McKay Announces Resignation (AP)

By Gene Johnson

AP, December 14, 2006

SEATTLE (AP) -- U.S. Attorney John McKay, the Justice Department's top lawyer in Western Washington, said Thursday he will resign next month to return to the private sector.

The announcement came the same day McKay was notified that he would not be nominated to be a federal judge in Seattle, but the timing was purely coincidental, he said. McKay had hoped to fill the position created by U.S. District Judge John C. Coughenour's elevation to senior status.

"I'm disappointed I didn't get the judgeship, but I'm excited about the new opportunities," he said.

McKay was nominated to the job by President Bush on Sept. 19, 2001, and confirmed by the U.S. Senate on Oct. 24 of that year. During his tenure, his office handled the sentencing of terrorist Ahmed Ressam, the indictment of an alleged eco-terrorism ring responsible for the firebombing of the University of Washington's horticulture center, and the prosecution of those responsible for building the first tunnel discovered under the U.S.-Canada border.

McKay said his resignation would take effect Jan. 26. He said he has no immediate plans for the future, but would begin speaking with law firms after he steps down and would probably take time off before starting a new job.

"I have been privileged to serve President Bush, and the people of Western Washington as United States attorney. Our work in the United States attorneys office has increased the safety and security of our community, while carefully safeguarding civil rights," McKay said in a news release.

Before his appointment, McKay was president of Legal Services Corp., in Washington, D.C., a private nonprofit corporation that provides legal representation for low-income Americans.

Attorney General Alberto Gonzalez has the authority to appoint an interim U.S. attorney whose term lasts until a permanent replacement can be nominated by the president and confirmed by the Senate.

In an interview Thursday, McKay said his greatest regret was that the assassination of 18-year Assistant U.S. Attorney Thomas Crane Wales, who was shot to death less than a month after McKay was nominated, remains unsolved.

CORPORATE SCANDALS:

Sycamore: Ex-exec Thwarts Options Probe (BZJRNL)

Boston Business Journal, December 14, 2006

Sycamore Networks Inc.'s stock options problems have taken a new twist.

The Chelmsford, Mass.-based communications equipment company says it hasn't been able to comply fully with subpoenas from the Department of Justice and the Securities and Exchange Commission because a former employee won't cooperate.

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In a suit filed in Suffolk Superior Court last month, Sycamore says Katherine B. Galli, who helped manage the company's stock option program for several years, has refused to return crucial documents Sycamore needs to respond to the federal investigators.

Dell Delays Filing Quarterly Report, Cites SEC Probe (BLOOM)

By Connie Guglielmo

Bloomberg, December 14, 2006

Dec. 14 (Bloomberg) -- Dell Inc., the world's second-largest personal-computer maker, delayed filing its quarterly report for the second time this year, citing an accounting probe by government regulators.

A report for the quarter ended Nov. 3 will be filed as soon as possible, Round Rock, Texas-based Dell said today in a U.S. Securities and Exchange Commission filing. The company also hasn't submitted a report for the second quarter ended Aug. 4.

Chief Executive Officer Kevin Rollins said in August the SEC has been reviewing the company's revenue recognition and other financial reporting for a year. Dell disclosed last month the SEC had stepped up the probe into a formal investigation. The U.S. Justice Department is also reviewing the company's accounting.

"No determination has been made as to whether restatements of prior period financial statements will be required," Dell said in today's filing. "The company is not currently able to predict the extent or significance of any such changes, and those changes could materially affect previously announced results."

Dell reported third-quarter profit that beat analysts' estimates, according to preliminary figures released Nov. 21. Net income was $677 million, or 30 cents a share, on sales of $14.4 billion.

Federal scrutiny comes as Rollins works to boost sales and profit after losing U.S. customers alienated by Dell's poor customer service. Hewlett-Packard Co. recaptured the PC market lead last quarter after trailing Dell for three years.

Shares of Dell rose 80 cents, or 3.1 percent, to $26.87 at 4 p.m. New York time in Nasdaq Stock Market composite trading. They've lost 10 percent this year.

Coherent Faces Informal SEC Probe (CFO)

By Stephen Taub

CFO.com, December 14, 2006

Another company's options granting practices are being investigated by the Securities and Exchange Commission. Coherent Inc., which makes lasers for commercial and scientific uses, said it received an informal inquiry from the San Francisco office of the SEC relating to the company's past granting of stock options.

The company, whose market capitalization is slightly less than $1 billion, assured investors that it intends to cooperate with the inquiry. As a result of the probe, however, Coherent said it will delay the filing of its annual report due to its internal review into its option practices and related accounting. Coherent also noted that it will not be able to file its annual report prior to the end of the 15-day extension provided by SEC rules. Coherent also said that it has not determined whether it needs to restate any previous financial statements or if it needs to record any non-cash adjustments. advertisement

The Associated Press said that a little more than 100 companies are currently under investigation by the SEC and/or the Justice Department for possible options backdating.

Apollo Finds Issues With Option Grants (AP)

AP, December 14, 2006

PHOENIX — For-profit education provider Apollo Group Inc. said Thursday a special committee found that certain former officers took steps "that may have been intended to mask failures" in the company's process for approving the grant dates for stock options.

In its final findings from its review of past stock option grants, the special panel confirmed preliminary findings that recorded grant dates may not have matched the actual day stock options were granted, but instead coincided with dates on which the company's stock traded at low levels.

Such a practice, known as backdating, increases the potential windfall from exercising the options. The practice itself is not illegal, but failure to disclose it can have legal and tax ramifications.

Apollo said the findings do not apply to any members of Apollo's current executive team. The company didn't name the former officers in a statement Thursday. Former chief financial officer Kendra B. Gonzales and former Controller Daniel E. Bachus left the company last month.

Apollo also said it will need to restate certain financials and file necessary amendments with the Securities and Exchange Commission, but has not yet determined when the filings will be made nor the magnitude of additional past liabilities.

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Apollo also said it is unable to file its quarterly report for the period ending May 31, and its annual report for the fiscal year ending Aug. 31 on time and has requested an extension.

Apollo expects to take a charge of about $34 million related to bad-debt expensing.

Meanwhile, Apollo named 49-year-old K. Sue Redman, senior vice president and chief financial officer of Texas A&M University, to its board of directors.

There are currently 104 companies being reviewed by the Securities and Exchange Commission and/or the Department of Justice as of Dec. 14, according to an AP review. There are at least 90 other companies that have launched or completed internal reviews of their stock options practices that aren't currently facing a SEC or Department of Justice probe.

Shares of Apollo rose 9 cents to $40.13 in aftermarket electronic trading following a rise of 96 cents, or 2 percent, to $40.04 in the regular trading session on the Nasdaq.

S.E.C. Eases Regulations On Business (NYT)

By Stephen Labaton

The New York Times, December 14, 2006

WASHINGTON, Dec. 13 — Responding to criticism that regulators had overreacted to years of major corporate scandals, the Securities and Exchange Commission on Wednesday issued a flurry of deregulatory orders and proposals intended to lower costs to public companies. It said the moves would not reduce investor protection.

In a daylong proceeding, the commission proposed a loose interpretation for smaller companies of an auditing provision of the Sarbanes-Oxley Act of 2002 that has come under attack from many companies.

It also proposed a rule to make it easier for foreign companies to withdraw their securities from American markets. A number of companies have asked to withdraw, and officials said the current rules discouraged companies from listing on United States exchanges if they did not have the option of withdrawing later.

"We hope these proposals, when combined, will make the U.S. markets more attractive and we will get more companies here," said John W. White, director of the commission's division of corporation finance.

Among other noteworthy proposals the S.E.C. issued was one that would increase the financial qualifications for investors in hedge funds, to a net worth of $2.5 million from the current standard of $1 million. Officials said the proposal had the effect of adjusting the original rule for inflation, just as hedge funds are becoming more popular among some less wealthy people. The agency also proposed a new provision on fraud to protect hedge fund investors.

Some officials said the two proposals could blunt attempts to impose other tougher regulations or disclosure requirements on hedge funds. Six months ago, a federal appeals court said the commission exceeded its authority when it tried to force hedge fund managers to register with it.

The S.E.C. also adopted a rule that would save corporations the expense of mailing financial reports and proxy statements by enabling them to communicate with the vast majority of their investors through the Internet. (Investors can continue to receive paper copies of proxies and other material through the mail if they request them.)

And it proposed rules that would make it easier and less costly for banks to offer brokerage services.

Taken together, the proposals and rules are expected to provide enormous savings for public companies and Wall Street investment houses. Senior officials at the commission said the proposals and rules would not reduce the regulatory protections already afforded to investors.

The S.E.C.'s deregulatory push came a day after the Justice Department, in response to similar complaints, imposed new limits on federal prosecutors in white-collar corruption cases. Under those new guidelines, prosecutors in the field will now have to obtain permission from senior officials before trying to get companies that are under investigation to waive their attorney-client privilege.

In weighing whether to seek the indictment of a company, the prosecutors will also no longer be permitted to consider whether the company is paying the legal fees of an employee involved in the inquiry.

In recent weeks, Bush administration officials and business groups have criticized some of the changes in corporate law, securities rules and criminal procedures that were enacted in the wake of accounting frauds five years ago at Enron, WorldCom and other highflying companies.

It remains to be seen whether the decisions by the commission and the Justice Department will take political pressure off Congress to go further, or whether the business groups that have been critical of the S.E.C. rules and the Justice Department's approach will be able to persuade lawmakers to retrench further.

The commission's votes on all the measures Wednesday were unanimous, testimony to both the changed regulatory climate and the political skills of the agency's chairman, Christopher Cox, a former Republican member of Congress. He tailored the changes to avoid the divisiveness that had troubled the tenure of his predecessor.

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Mr. Cox said the unifying theme of the proposals and the new rules was to increase the competitiveness and transparency of companies and markets.

"If America's markets aren't competitive, investors lose," he said. "If America's markets are not transparent and open, investors lose."

Like the decision at the Justice Department, the changes announced by the commission on Wednesday fell short of what some companies and groups had sought. In the case of the auditing rules, for instance, many businesses had sought an exemption from the requirements of Section 404 of the Sarbanes-Oxley Act. That provision requires public companies to assess the controls they have put in place to ensure that their financial reports are reliable.

Instead of a blanket exemption, officials said, the proposed guidance would give many small companies a powerful new tool in restricting their auditors from engaging in what the executives viewed as expensive and unnecessary audits of financial controls that had minimum impact on financial statements. A companion new auditing standard is to be proposed next week by the Public Company Accounting Oversight Board.

Under the guidance proposed by the S.E.C., executives would evaluate the design of only those financial controls that might carry the risk of having a material impact on financial statements. Commission officials emphasized that the guidance is being drafted to be less onerous on smaller or less intricate companies.

"Companies of all sizes and complexities will be able to conduct their evaluations more effectively and efficiently by following the proposed guidance," Mr. Cox said. "As smaller companies have less complex internal control systems than larger companies, this approach enables smaller companies, in particular, to scale and tailor their evaluation methods and procedures to fit their own facts and circumstances."

Auditing Reform: Mission Accomplished! (WP)

By Steven Pearlstein

The Washington Post, December 15, 2006

Wonderful news!

The tough new federal regulators who were deputized to clean up the accounting industry after Enron, WorldCom and the other scandals have been busy reviewing the work and procedures of the Big Four accounting firms.

And guess what?

Everything is now hunky-dory. There's no need to worry any longer about channel stuffing, accounting for derivatives or backdating of stock options. The auditors have it covered.

We know this because not a single member of any Big Four accounting firm has been sanctioned or censured since the Public Company Accounting Oversight Board opened its doors in 2003. In fact, from what has been made public -- not much -- one might surmise that shoddy auditing has been found exclusively at a handful of small accounting firms.

Just as encouraging, the PCAOB -- "Peekaboo" to its friends in the industry -- has declared that the Big Four accounting firms have made "substantial, good-faith progress" toward fixing the systematic problems board investigators found with their internal quality controls. In fact, there's been so much progress that, under the agency's authorizing statute, no investor or corporate audit committee will know those deficiencies ever existed.

What we have here is yet another success for what is called "supervisory" or "prudential" regulation -- a concept that is all the rage these days. Rather than an antagonistic, enforcement-oriented regulatory regime that makes examples of wrongdoers and requires detailed rules, prudential regulation rests on behind-the-scenes collaboration between regulator and regulated.

Everyone's favorite model is Britain's Financial Services Authority, whose "light touch" approach to regulation is alleged to be one reason London has pulled ahead of New York as the place to list and trade stocks. In the United States, prudentialists want to bring the industry-friendly approach used by regulators at the Federal Reserve, the Commodity Futures Trading Commission and the PCAOB to the heavy-handed lawmen of the Securities and Exchange Commission.

There's only one thing wrong. It's a terrible idea.

First, as former SEC chairman Arthur Levitt and others wisely point out, there's a big difference between bank regulators, who care only about maintaining the "safety and soundness" of the financial system, and securities regulators, whose aim is to provide full disclosure, fairness and a level playing field for investors. If regulators like those at the Fed had been in charge of securities regulation, they would have lent Enron whatever it needed to avoid collapse, hushed up the investigation into financial chicanery and sent Ken Lay into a luxurious retirement.

Second, as current SEC Chairman Chris Cox explains, principles-based regulation doesn't work so well in the context of the U.S. legal system.

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The theory is that regulators would set down general principles and leave it to each company to decide how to implement them, without all the thou-shalt-nots. The regulator, however, reserves the last word in deciding whether a company's actions or policies pass muster. That's the way it works in Britain, where nobody dares defy the FSA.

But in this country, as soon as some company disagreed with the regulator, it would head straight to federal court to complain about "arbitrary" and "capricious" government oversight. In truth, the business community doesn't want to get lawyers out of the regulatory process -- just the government's lawyers.

Perhaps the biggest problem with "prudential" regulation is that, by its nature, it overlooks the worst kind of abuses -- those that become so commonplace that everyone thinks they're acceptable. Recent examples range from "managing" quarterly earnings to doling out hot stock offerings to favored customers. At some level, the lawyers, the auditors and the regulators understood that they violated basic principles of fair dealing. And yet few thought to question these practices.

In the end, it took whistle-blowers and outsiders like journalists and state attorneys general to expose these abuses and force new rules. But in the closed loop of a prudential regulator system, none of that would have happened. The whole idea is to keep the heathens out and work things out behind the scenes, without lawsuits, public sanctions or disclosure of embarrassing details.

And that brings us back to the good folks at Peekaboo.

Pardon my skepticism, but I have trouble believing that, as the PCAOB asks us to believe, the Big Four have miraculously transformed their corporate cultures, pushed out the bad apples and fixed all their quality-control problems.

Could it be true? Perhaps. But as long as the PCAOB shrouds its every action involving the Big Four under a cloak of prudential secrecy, we'll never know, will we?

Street Chiefs In For Big Paydays (WSJ)

By Susanne Craig, Randall Smith

The Wall Street Journal, December 15, 2006

Record profits at Wall Street's big brokerage firms are already translating into big paychecks for the Street's chief executives, with the first out of the gate, John Mack of Morgan Stanley, hauling in an estimated $41 million.

But Mr. Mack's mark, disclosed yesterday evening, is likely to be eclipsed soon by one or more of his rivals. Compensation for Lloyd Blankfein, chief executive of Goldman Sachs Group Inc., will exceed $50 million, believed to be a record for big-firm CEOs, according to a person familiar with the matter. Last year, as president of Goldman, Mr. Blankfein made $38 million.

Analysts say they expect a handful of other CEOs could hit $40 million to $50 million or higher, including James Cayne of Bear Stearns Cos., Stan O'Neal of Merrill Lynch & Co. and Richard Fuld of Lehman Brothers Holdings Inc. The three made $30.3 million, $35.5 million and $34.5 million, respectively, last year.

Morgan Stanley yesterday said Mr. Mack received 461,821 shares valued at $36.2 million when awarded Tuesday, as well as options on an additional 178,945 shares valued at $4 million. The firm said the stock and options amounted to 100% of his 2006 compensation above his base pay, which was $337,534 last year. Mr. Mack took over the Wall Street firm in mid-2005 in the wake of a civil war in the executive suite. He received a signing bonus of $26.2 million when he landed, and the firm awarded him $13 million for his five months on the job last year, less than his peers.

During his first full year at the helm, Morgan Stanley reported nine-month profit more than doubled to $5.27 billion as net revenue rose 27% to $25.2 billion. Since the start of the year, its stock price is up 40%, second only to Goldman shares, which have surged 57% in the period.

It is bonus week on Wall Street, which is coming off a record year thanks to outsize trading and investment-banking returns across the board. "This has been another excellent year on Wall Street with earnings and stock up significantly, and CEOs will be paid accordingly," says Glenn Schorr, a stock analyst at UBS AG.

Goldman kicked things off with a bang Tuesday when it weighed in with record profits and plans to pay its employees $16.5 billion in compensation, the most ever for a Wall Street firm. Yesterday, Lehman and Bear disclosed their annual compensation payouts will be $8.67 billion and $4.34 billion, respectively. This translates into $334,000 per employee at Lehman and $320,000 at Bear. At Goldman, if the money were distributed equally, each employee would make $622,000.

Morgan Stanley is expected to report its annual compensation payout numbers Tuesday when it releases its fourth-quarter earnings. Merrill's numbers are due out in January.

All the money has Wall Street abuzz about who will make what this year. Bonuses are everything on Wall Street, a place where about half of all revenue is allocated to compensation and firms often pay out multimillion-dollar bonuses to make sure their best talent stays put. Top traders and bankers on Wall Street typically make a base salary of $100,000 to $250,000 -- the rest comes in a bonus. Employees tend to get their bonus numbers in the first two weeks of December -- with the cash coming

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early in the new year. Overall, bonuses are expected to be up 15% to 20% over 2005, with those at Goldman seeing increases as high as 30%.

"Goldman's revenues are up about 50% and the rest of the peer group is up 25% so when your employees are delivering that sort of revenue growth you would expect their compensation would rise accordingly," said Jeff Harte, analyst in Chicago with Sandler O'Neill.

Lehman was the first to give investors a glimpse of its CEO pay when it filed notice with the SEC this week that it had awarded Mr. Fuld, its top executive, nearly $11 million of restricted shares. This 141,543-share grant was down from last year's $14.9 million, but Lehman has yet to disclose other parts of Mr. Fuld's compensation package, including his cash bonus and options.

In 2005 Mr. Fuld made $34.5 million, including a cash bonus of $13.8 million and 450,000 stock options with an estimated value of about $5 million. Like most other firms, his total package is expected to be disclosed in February. He got more good news earlier this month when the firm disclosed plans to award him stock valued at $186 million over the next 10 years, by changing terms of grants dating back a decade.

These are heady numbers even in financial-services circles. Jim Weddle, senior partner at St. Louis brokerage firm Edward Jones, the country's fourth-largest brokerage based on number of financial advisers and the largest based on number of brokerage offices, made $6.8 million in 2005.

Executive Compensation Comes Into The Clear (WP)

By Terence O'Hara

The Washington Post, December 15, 2006

Shareholders can expect a clearer picture of how much top executives are paid as new rules go into effect today, requiring companies to clearly explain their compensation practices.

The new regulations mark the biggest change to corporate pay disclosure in 25 years. They will force companies to release more information about different kinds of compensation and to more clearly justify those payments.

The Securities and Exchange Commission ordered the changes this year in response to a rising backlash against annual double-digit percentage increases in executive pay. The Corporate Library said this year that pay for chief executives at more than 1,700 public companies grew 16 percent in 2005, down from 30 percent in 2004.

Executive compensation practices have played a key role in several high-profile corporate accounting scandals, including those at Fannie Mae and Enron. More recently, the SEC has launched investigations into allegations that more than 100 companies improperly backdated stock-option grants.

Rising compensation has been fueled by the growing use of incentive pay, such as cash bonuses, stock options and other awards. Those incentives have made it hard for investors to get a total pay number on top executives.

Starting today, companies must add a section to the annual proxy statement sent to shareholders that analyzes compensation. In this section, company directors and managers must describe in detail how they determined compensation for the chief executive and other top officials.

The rules also mandate the inclusion of a compensation table laying out the pay for the top five executives. The table includes items that previously were not considered part of a current year's compensation, such as stock-option awards and the change in pension value in the event of an executive's retirement. The SEC has also tightened rules for valuing and disclosing perks, including use of the company jet, club memberships and personal trainers.

"The new disclosure will allow not only shareholders but directors and management to compare themselves with other companies," said Andrew Gibson, a partner at accounting firm BDO Seidman, who has helped about 100 companies prepare for the new rules. "We'll get the numbers, see what other people are doing and go from there."

Some of the changes were driven by recent instances of hefty retirement pay and perks made available to prominent executives after their retirement, including former General Electric chief executive Jack Welch, that weren't clearly disclosed to shareholders.

The new regulations do not include a provision commonly known as the "Katie Couric rule," which would require companies to disclose the pay of up to three non-executive employees whose compensation exceeds that of the top five executives. Business groups have resisted this proposal because of fear of poaching of highly valued and highly paid employees, such as celebrities and salespeople.

The SEC is working on a more limited version of that rule. Companies may be required to disclose the pay of employees who aren't necessarily among a company's top five officers, but only if they have significant authority or control over important parts of the business. Under that scenario, Couric wouldn't qualify for inclusion in CBS's proxy.

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While the new rules promise to reveal more about how executives are paid, many compensation experts doubt they will curb the double-digit growth in pay for chief executives.

"It's a data-collection issue for most companies," Gibson said.

CRIMINAL LAW:

Criminal Inquiries Look At U.S. Oil-Gas Unit (NYT)

By Edmund L. Andrews

New York Times, December 15, 2006

WASHINGTON, Dec. 14 — The Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service, which is already the focus of several inquiries into its collection of royalties for oil and gas produced on federal property.

The new investigations are still in the early stages, said Congressional officials who were briefed this week by Earl E. Devaney, the Interior Department's chief independent investigator.

The investigations are an unexpected development in what has already become a broad examination of the Interior Department's oversight of companies that pump more than $60 billion worth of oil and gas each year from publicly owned land and coastal waters.

One Justice inquiry involves Interior Department officials in Denver who manage the government's fast-growing program to collect "royalties in kind," which are royalties in the form of oil and gas rather than in financial payments, people briefed on the investigation said.

That investigation is being run by the Justice Department's Public Integrity Section, which examines suspected criminal violations by federal employees. The focus of the second investigation is unclear, but it is being conducted by the inspector general with help from the Federal Bureau of Investigation.

Mr. Devaney, the department's inspector general, is already conducting two other investigations into suspected mismanagement of the minerals agency. And just last week, he issued a scathing criticism of the agency's system for auditing oil and gas royalty payments.

Mr. Devaney is also finishing up an investigation into how the Interior Department signed 1,100 oil and gas leases in the late 1990s that inadvertently permitted companies to avoid up to $10 billion in royalties over the next five years. The errors were made during the Clinton administration, but people briefed on Mr. Devaney's investigation said he had concluded that high-ranking agency officials either knew or should have known about the problem at least two years ago.

Representative Ed Markey, a Democrat from Massachusetts, said Thursday in a statement that Mr. Devaney had briefed his staff.

"The two criminal referrals by the Department of Interior's inspector general to the F.B.I. and Justice Department are proof positive that the conflicts of interest between Bush administration regulators and those they regulate in the oil and gas industry are costing the American taxpayers billions in royalty revenues," Mr. Markey said.

Word of the criminal investigations surfaced just as the Interior Department announced Thursday that five big oil producers had voluntarily renegotiated leases and agreed to not exploit a loophole that could save them hundreds of millions of dollars each.

The leases gave companies an incentive to drill in deepwater in the Gulf of Mexico by letting them skip royalties on millions of barrels of oil and gas. But the leases omitted a standard escape clause that would have required the companies to pay in full if oil prices rose above about $34 a barrel. Interior officials have said the mistake, if left unchanged, could cost the government as much as $10 billion.

The Interior Department said Thursday that it had concluded new deals with BP, ConocoPhillips, Marathon Oil, Royal Dutch Shell and Walter Oil and Gas. Those companies hold about 17 percent of the flawed leases, according to Interior data.

But about 50 other companies have not yet agreed to change their leases. Among them is Chevron, one of the biggest potential beneficiaries of the error. Chevron and several partners could save more than $1 billion in royalties in years to come if the lease language is not changed.

Don Campbell, a spokesman for Chevron, said company executives had met several times with government officials to resolve the matter. Mr. Campbell said his company "put a reasonable offer forward" and would "look forward to further discussions."

The new agreements did little to mollify the Interior Department's Republican and Democratic critics in Congress.

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The incoming Democratic chairman and the retiring Republican chairman of the House Government Reform Committee sent a letter to Attorney General Alberto R. Gonzales, suggesting that the leases might never have been valid and that the government might be able to force the companies to pay up.

Officials have provided few details about the new criminal investigations, except to say they are "related" to previous inquiries of the royalty-management program.

Started about six years ago, the royalty-in-kind program has become a multibillion trading program run from Denver. Since President Bush took office, Interior officials and many of the industry's biggest producers have argued that the government should collect as much of its royalties as possible through "in kind" payments because, they say, the accounting is much simpler.

In 2005, the Interior Department collected about $3 billion worth of royalties in oil and gas — about a third of the total. The government funnels much of the oil it receives to the Strategic Petroleum Reserve, but it sells virtually all its natural gas and sends the cash to the Treasury.

Congressional officials briefed this week by Mr. Devaney said he had cautioned that both of the criminal investigations would last several more months. Mr. Devaney said it was possible the investigations would not lead to criminal charges, though he suggested that they should at least lead to disciplinary actions.

5 Oil And Gas Companies To Pay Royalties (AP)

By H. Josef Hebert

AP, December 15, 2006

WASHINGTON — Five oil and gas companies, including Shell, ConocoPhillips and BP, have agreed to pay royalties on future production under flawed drilling leases in the Gulf of Mexico, the government said Thursday.

The companies are among 59 energy producers that hold the leases at issue from 1998 and 1999. Because of a government mistake, the leaseholders have avoided royalty payments on oil and gas taken from federal waters. The leases omitted language requiring royalties when prices reached a certain level.

The agreements with the five companies are "a step in the right direction" and may lead others to find a way to rework the flawed leases, said the Interior Department's assistant secretary, Stephen Allred.

Some members of Congress have estimated that the royalty exemptions have cost the government $2 billion. Allred put the amount at "somewhat less than $900 million."

Congressional auditors have put the total government loss for past and potential future production under the leases as high as $10 billion.

The companies that reached agreement to begin paying royalties as of this past Oct. 1 are Shell Oil Co., BP PLC, ConocoPhillips Co., Marathon Oil Co. and Walter Oil & Gas Corp.

More than 1,040 of the leases were issued and about 570 are actively held by 59 companies, according to the Minerals Management Service, the agency that manages the leasing program. The companies that settled hold all or parts of 131 of the flawed leases.

"They're significant players," Allred told reporters.

He said other major leaseholders have refused to rework the deals and that some have refused even to discuss them.

Allred also acknowledged that the agreements Thursday deal only with royalties from future production and not oil and gas already taken.

"We do not believe that we have any ability to unilaterally change a contract," he said, explaining why the department is not seeking to recover royalties already lost from production.

The refusal of most of the companies to even discuss ways to correct the error in the 1998-99 leases has produced a political firestorm in Congress.

Both Democrats and Republicans have threatened to bar companies from future Gulf of Mexico drilling leases unless they agree to renegotiate the flawed leases.

Speaker-to-be Nancy Pelosi, D-Calif., said on Thursday that resolving the matter will be a priority in the House's first 100 legislative hours after Democrats take control in January.

Allred, however, said banning companies from future leases if they do not rework the flawed ones would lead to legal fights and significantly could reduce domestic oil and gas production.

"Our fear is that our program would shut down" if companies were banned from future lease sales, Allred said.

Reps. Henry Waxman, D-Calif., incoming chairman of the House Government Reform Committee, and GOP Rep. Tom Davis of Virginia, the current chairman, asked Attorney General Alberto Gonzales on Thursday to review the Interior Department's claim it cannot legally recover past royalty losses.

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They cited a private law firm's analysis that argued the government has "legal recourse to immediately seek recovery of lost taxpayer revenue" from past production under the defective leases.

"It appears that the assertions by MMS that there are no available remedies may be incorrect," Waxman and Davis said.

Interior Strikes Deal On Owed Fees With Oil Companies; Foregoes Collecting $900 Million In Back Royalties (FEDT)

By Aimee Curl

Federal Times, December 15, 2006

The Interior Department today announced that six oil companies will begin paying the government its due for off-shore oil drilling under federal leases that lacked price thresholds with which to calculate the royalties.

But the deal with BP, ConocoPhillips, Marathon Oil Co., Shell, and Walter Oil and Gas Corp. is not retroactive. The companies began paying royalties on the leases as of Oct. 1, 2006, meaning that an estimated $900 million already lost will not be recovered.

The agreement applies to 131 of the 570 leases still active today that were signed in 1998 and 1999. A total of 1,040 leases were signed in those two years without price thresholds, said Gary Strasburg a spokesman for the Minerals Management Service, which oversees the program.

Price thresholds are typically included in federal drilling leases that Interior signs with oil companies and they determine when and how much companies must pay the government for the oil it extracts from federal properties. Price thresholds were not included in the drilling leases Interior inked with companies in 1998 and 1999, resulting in those companies not paying any royalties. At Congress' request, the department's inspector general is investigating why they were not included in those leases. A spokesman for the department said the investigation will continue and the report is still expected out in the coming weeks.

The Minerals Management Service is working on agreements with the other companies that are still not paying royalties, Strasburg said.

The news of Interior's deal came just hours after leaders of the House Government Reform Committee sent a letter to Attorney General Alberto Gonzales asking him to re-evaluate whether lost payments from the off-shore drilling leases can be recovered.

The Minerals Management Service has said nothing can be done to recover this revenue retroactively.

However, the House committee leaders told Gonzales that one expert analysis found that the government has legal recourse to collect the lost revenues. The analysis was done by Stephen Lowey, of New York law firm Lowey Dannenberg Bemporad & Selinger P.C.

"If you disagree with his analysis, we would like you to provide the committee with a legal analysis explaining why the department takes a different position," said the letter, dated Dec. 14 and signed by Reps. Tom Davis, R-Va., Henry Waxman, D-Calif., Darrell Issa, R-Calif. and Diane Watson, D-Calif.

Complicating matters, according to the letter, is the fact that MMS has reportedly offered to forgo any federal claim to lost revenues in the past if oil companies begin to pay royalties in the future.

"Nearly two months ago, the director of MMS announced that the agency and oil companies were very close to agreement. If these agreements were premised on an erroneous assumption that MMS has no legal remedies, they may not adequately protect the interests of the taxpayer," the letter said.

Duke Athletes Ask Judge To Bar Use Of Photo Lineup (WP/AP)

By David Scott

The Washington Post, December 15, 2006

RALEIGH, N.C., Dec. 14 -- The woman who said she was raped at a party thrown by Duke's lacrosse team misidentified her alleged attackers in a photo lineup that was "an incoherent mass of contradiction and error," defense lawyers argued in court papers filed Thursday.

Attorneys for the three indicted players filed a motion asking a judge to bar prosecutors from using the photo lineup at their clients' trial and prevent the accuser from identifying the players from the witness stand.

Duke University law professor James E. Coleman Jr. said the case would be "effectively dismissed" if the court finds the lineup inadmissible "and rules that it is so suggestive that there can't be an in-court identification."

Within Thursday's motion, the defense highlights what it considers numerous holes in the accuser's story.

Among the details cited are examples of how the accuser's story changed in the hours and days after the party, that she has a history of bipolar disorder, that she identified two people as having attended the party who were not there, and that she identified four attackers during the April photo lineup.

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An earlier defense motion argued the lineup was "unnecessarily suggestive" because the accuser was shown only photos of lacrosse players.

Thursday's motion adds details about efforts by police investigators and District Attorney Mike Nifong to assist the accuser in identifying the three men she said gang-raped her in a bathroom at a March 13 team party where she had been hired to perform as a stripper.

Based in part on those identifications, Reade Seligmann, Collin Finnerty and David Evans were indicted on charges of rape, kidnapping and sexual offense. All three players have insisted they are innocent.

"There is quite simply no evidence that any of the accuser's identifications or descriptions of her alleged attackers are in any way reliable," the defense motion says. "Rather the state is left with an incoherent mass of contradiction and error, one which not only raises the issue of a 'substantial likelihood of misidentification,' but which establishes that the accuser has in fact misidentified the defendants."

Nifong, who has generally refused to comment about the facts of the case, did not return a message seeking comment.

A hearing is scheduled for Friday, but it is unclear whether the defense might argue their motions filed Wednesday and Thursday. The hearing had been expected mostly to deal with scheduling.

Polygamist Leader Ordered To Stand Trial (USAT/AP)

By Jennifer Dobner And Paul Foy, Associated Press

USA Today, December 15, 2006

ST. GEORGE, Utah — A polygamist church leader accused of forcing a 14-year-old girl to marry and have sex with an older cousin in 2001 was ordered Thursday to stand trial.

Warren Jeffs, 51, pleaded not guilty Thursday in state district court to two counts of rape by accomplice. The leader of the Fundamentalist Church of Jesus Christ of Latter Day Saints could face up to life in prison if convicted. A trial was set for April 23.

Prosecutors said the girl had no choice but to obey Jeffs, whose influence over his followers has been described as extraordinary, dictating everything from where they live to whom they should marry.

The girl "expressed her disdain, reluctance, opposition and total dislike of sexual relations," Judge James Shumate said.

Jeffs was charged with two counts because prosecutors have said they believe they can prove at least two instances of sex.

"The state has overcharged Mr. Jeffs. And shame on the state," said defense lawyer Wally Bugden, who argued that Jeffs had acted no differently than a priest, rabbi or marriage counselor.

Bugden said Jeffs is being prosecuted for his faith, which holds that polygamy will bring men and their wives glory in heaven.

Washington County prosecutor Brock Belnap said: "People are entitled to whatever religious beliefs they want. But religion is no excuse for child abuse."

The woman, now 20, was not in the courtroom to hear Shumate's decision. She testified last month that she felt "completely trapped and defeated" during a ceremony at a Nevada motel — the "darkest time of my entire life."

The woman, identified as Jane Doe No. 4, left the sect after 3 1/2 years, remarried and had a baby last week.

Outside court, her attorney Roger Hoole said she was pleased with and relieved by the ruling.

In closing arguments, Bugden told Shumate he would be making a "factual leap" to find probable cause for a trial.

"Saying I don't want to get married is not the same as saying I don't want to have intercourse," Bugden said.

Prosecutors said Jeffs, who performed the wedding ceremony, was responsible for any trauma because he counseled her to submit to her husband, "mind, body and soul."

The girl and her cousin united in an FLDS religious ceremony but never held a valid marriage license. The cousin has not been charged.

Jeffs also faces felony charges in Arizona, accused there of arranging a marriage between a 16-year-old-girl and a 28-year-old man who was already married.

Jeffs was on the FBI's Ten Most Wanted list when he was arrested Aug. 28 in a traffic stop north of Las Vegas. He is being held without bail.

Jeffs' sect traces its roots to early Mormon theology, which promoted plural marriage. The modern Church of Jesus Christ of Latter-day Saints disavows polygamy and renounced the practice in 1890 as a condition of Utah statehood.

FLDS members consider themselves "fundamentalist Mormons," although the mainstream church disavows any connection. They also consider Jeffs a prophet of God with dominion over their salvation.

The church has 10,000 members mostly living in Colorado City, Ariz., and Hildale, Utah, on the Utah-Arizona border.

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Authorities Launch Crackdown On L.A. Schemes (LAT)

By Richard Winton

The Los Angeles Times, December 15, 2006

L.A.'s skid row has become a magnet for fraud schemes that use the area's homeless population to rip off the federal government, authorities said this week as they launched a crackdown on the activities.

In just the last few months, state and federal investigators have busted two food stamp scams, one of which involved a merchant who allegedly gave homeless people 50 cents on the dollar for their stamps, then charged the entire value — $6 million — to the government.

In November, officials filed charges against a MacArthur Park-area clinic for allegedly rounding up homeless people with Medi-Cal or Medicare cards and giving them a battery of medical tests charged to government programs. Authorities allege the bogus tests cost taxpayers at least $1.6 million and perhaps much more.

Another hospital in South Los Angeles is under investigation to determine whether it recruited homeless people for short stays at federal expense, according to law enforcement sources.

The incidents are the latest crime problem in skid row, a long-troubled area of downtown that is home to an estimated 10,000 homeless people and the largest drug-dealing bazaar in Los Angeles. The city is in the midst of a major effort to clean up the district.

But police worry that these latest scams are helping fuel skid row's drug trade by allowing homeless people to get cash to buy drugs.

"We have taxpayer money meant for food being converted to cash that goes to buy drugs from dealers and gang members," said LAPD Capt. Andrew Smith, who oversees policing on skid row.

Smith and other LAPD officials said there is also evidence that some drug dealers themselves are using food stamps as a form of currency.

In May, officers arrested eight people for allegedly running a crack cocaine ring in skid row. They found numerous food stamp debit cards in the hotel room where the ring operated. Detectives concluded the suspects were holding the cards as collateral for drug purchases.

Homeless advocates said skid row is a particularly easy target for scam artists because many of the transients receive government assistance. Though the government places strict limits on the kinds of items that can be purchased with food stamps, they said unscrupulous merchants with food-stamp card readers can cheat the system.

Stores that accept food stamp cards use an ATM-like machine in which people swipe their cards to purchase items. The machines, which require a personal identification number, were designed to reduce fraud.

But prosecutors alleged that in both of the skid row cases, the defendants used the machines to charge homeless people for items. Instead of food, the transients received a fraction of the dollar value credited to their cards, and the suspects recouped the full amount from the federal government, they said.

"It makes you sad and cynical the way some people take advantage of people here," said Andrew Bales, president of the Union Rescue Mission.

The mission's vice president of operations, Scott Johnson, said his team earlier this year began noticing vans soliciting homeless people several times a day with Medi-Cal or Medicare cards. He soon learned the people were being taken to an East Los Angeles clinic for medical tests.

"They'd pay $30 a day," he said.

The three owners of Workplace Industrial Management Clinic — Rudik Avakyan, Gayane Abramyan and Lusine Khatchatryan — were arrested in November on 37 felony counts and accused of fraudulently billing $1.6 million during the last two years. They have pleaded not guilty.

Court documents show that homeless people were brought by vans to the clinic two or three times a week. They were treated by the clinic's medical director, who prosecutors said was the late Mother Teresa's onetime personal physician. The state attorney general's office stressed in court documents that the doctor was not a part of the fraud and is considered an unwitting victim.

Prosecutors claim the clinic submitted bills for hundreds of "patients" — including 35 who were in fact deceased. In addition, the investigation revealed that the defendants billed the federal government for treatments when the physician was out of the country helping tsunami victims in Sri Lanka.

Last month, the U.S. attorney's office filed an even larger skid row case, this one involving mini-mart chain owner Tigran Malkhasyan and his assistant.

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Assistant U.S. Atty. Doug Axel said that by government estimates, Malkhasyan used his corner markets throughout skid row to defraud the federal food stamp program of more than $6 million.

Much of the activity allegedly occurred at Malkhasyan's Hollyfood Marts, at the southeast corner of 5th and San Pedro streets. That one store took in $5.2 million in food stamps during the last four years — a staggering amount considering the business reported $380,000 a year in total sales.

He was arrested in an undercover sting by the U.S. Department of Agriculture.

According to court records, Malkhasyan asked undercover agents for their food-stamp cards and their personal identification numbers and told them to come back later to collect 50 cents on the dollar.

Malkhasyan, a Pasadena resident, wrote $1.4 million in checks to himself from the markets' bank accounts, and an assistant received $784,000, authorities allege. Malkhasyan and employee Karine Atikyan last week pleaded not guilty to 22 counts of fraud and conspiracy and were freed on bond.

The alleged scam is one of several that prompted the Los Angeles County Board of Supervisors on Tuesday to order an investigation into the trafficking of food stamps. The county wants to know how much the scams are costing the county, which administers the stamps. Police officers said they have their work cut out for them on skid row.

Days after Malkhasyan was arrested, another man appeared at 5th and San Pedro streets, police said.

With transients lined up on the sidewalk, Willie Andrew Bassett allegedly swiped their food stamp debit cards through an electronic reader and gave the cardholders a fraction of the sum in cash.

When officers arrested him earlier this month, Bassett had $3,900 in his pockets.

Anti-Piracy Program Halting Cash Payouts To Employee Tipsters (IBD)

By J. Bonasia

Investor's Business Daily, December 15, 2006

Anyone who sees pirated software in the workplace may want to file a report by New Year's Eve, when the Business Software Alliance plans to suspend a year-old bounty program for whistle-blowers.

Under the program, the BSA offers rewards of up to $200,000 for workers who provide details about pirated software being used at their company. Payouts are based on reports that lead to a settlement.

The rewards program is being put on hold on New Year's Day as a way to motivate workers "to go from thought to action" in reporting cases before the year ends, said Jenny Blank, chief of enforcement at the BSA. Blank says the program will resume; she didn't say when.

"Our job is to educate those who do not take copyright laws seriously," she said. "Our view is that software piracy is primarily an ethical issue, and it can be hard to find a technology solution."

The program seems to work.

Tuesday, Burlington Coat Factory paid $300,000 to settle claims it used unlicensed software from Microsoft and McAfee.

The BSA also says Payless ShoeSource paid $124,057 to settle claims for unlicensed copies of software from Adobe, Borland, Internet Security Systems, McAfee and Symantec.

Payless agreed to delete any unlicensed software and buy replacements. The case was reported through the BSA's online form.

Symantec on Wednesday said it is suing a network of distributors the company claims sold counterfeit versions of its products. Named in the suit are ANYI, SILI, GT Micro, ASP Solutions, Mark Ma, Mike Lee, John Zhang and other affiliates.

Using illegal software can result in fines of up to $150,000 for each infraction. Since the BSA launched the program, the trade group has received 3,000 leads in the U.S. alone.

The BSA recently paid out $15,500 total to three people whose tips led to settlements. Ten others have also received various awards.

All money raised by the program through settlements helps fund efforts piracy education efforts.

In 2005, worldwide losses from such theft rose 5% from 2004, reaching $34.3 billion. Of personal computer software in the U.S., 21% was unlicensed, resulting in $6.9 billion in losses, says research firm IDC.

Pirating hurts software makers through lost sales, the BSA says. That translates to fewer industry jobs and less tax revenue for local economies.

The Justice Department has begun to crack down on the most egregious cases. In November, a three-person ring in California and Oregon was found guilty of a software piracy scheme that cost Microsoft more than $60 million.

Mirza Ali, 59, Sameena Ali, 52, and Keith Griffen, 55, were convicted of a conspiracy to sell discounted software for full price to dealers.

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In August, Danny Ferrer, 37, of Lakeland, Fla., received a six-year prison sentence and a $4.1 million fine for copyright infringement.

Ferrer pirated and sold bogus products from Adobe, Macromedia (now a unit of Adobe) and Autodesk, says the Software & Information Industry Association.

"This is not just a slap on the wrist anymore," Blank said. "The federal government takes this matter very seriously."

Ironically, the software development field itself is one of the leading culprits for piracy. Other industries most involved include sales and distribution, engineering, manufacturing, telecom and advertising.

Central and eastern Europe represented the biggest problem with a 69% piracy rate. Latin America was right behind at 68%. North America had the lowest rate, just 22%.

Vietnam and Zimbabwe topped the list of problem nations last year, both with a piracy rate of 90%.

"Piracy is so common in some of these countries that you almost have to wonder if they have more than one disk of software in the whole country," Blank said.

But because of the size of the U.S. market, it was responsible for the largest dollar-value losses last year.

Engineer Indicted For Alleged Espionage (NSDY/AP)

By Jordan Robertson, Ap Business Writer

Long Island Newsday, December 15, 2006

SAN JOSE, Calif. -- A Chinese engineer was charged Thursday with stealing trade secrets from a Silicon Valley company that made military training software and attempting to sell them to Asian governments.

Xiaodong Sheldon Meng, 42, a Chinese national with Canadian citizenship, was indicted on 36 felony counts, including the rare charge of economic espionage to benefit a foreign government and various violations of military technology export laws.

In an unrelated but similar economic espionage case, two other engineers pleaded guilty Thursday to stealing proprietary computer chip designs from four technology companies and attempting to smuggle them to China.

Prosecutors say Meng stole the code for software made by his former employer, Quantum3D Inc., that's used to train military fighter pilots, and tried to sell it to the Royal Thai Air Force, the Royal Malaysian Air Force and a company with ties to China's military.

Under U.S. law, anyone attempting to sell such information overseas must first obtain a license from the State Department and is subject to strict regulations. Meng never applied for such a license.

No foreign government or agent was named as a conspirator in the case, and prosecutors declined to discuss whether any of the secrets were sold or whether any foreign officials or agents knew about the alleged scheme.

In economic espionage cases, the law does not require proof of complicity by a foreign government, and investigators often don't know the extent of foreign involvement.

Meng's case marks only the third time in a decade prosecutors have charged someone with economic espionage to benefit a foreign government, the most serious crime under the Economic Espionage Act of 1996. A conviction carries a maximum penalty of 15 years in prison.

Meng's defense lawyer, Angela Hansen, called the charges "baseless" and said in a statement the government has "misinterpreted innocent acts."

U.S. Attorney Kevin Ryan said the case highlights the threat U.S. businesses face from thieves looking to sell hard-won intellectual property overseas. Few cases allege intent to benefit a foreign government because it's difficult to prove, but he said U.S. companies are frequently targeted by overseas concerns.

"Silicon Valley understands full well the threat they are faced with here," he told The Associated Press. "It's not only a threat to the economic value of the products being produced, but in some cases it's a threat to our national security and military infrastructure."

In the second case, Fei Ye, 40, a U.S. citizen from China, and Ming Zhong, 39, a permanent resident of the U.S. from China, pleaded guilty in San Jose federal court to two counts each of economic espionage to benefit a foreign government as part of a deal with prosecutors. Ye and Zhong initially faced 10 counts each, and had been scheduled to go to trial in January.

They were charged with stealing confidential microchip blueprints and other trade secrets from their employers and attempting to smuggle them to China. The indictment alleges they planned to start a microprocessor company with the financial backing of various Chinese government agencies.

Ye and Zhong were arrested in 2001 at San Francisco International Airport, attempting to board a flight to China. Their luggage was allegedly crammed with thousands of pages of trade secrets stolen from four Silicon Valley companies -- NEC Electronics Corp., Sun Microsystems Inc., Transmeta Corp. and Trident Microsystems Inc.

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The indictment alleges the men, former employees of those companies, stole schematic drawings of computer chips under development, internal instructions for the design and layout of circuits and components, and other confidential information from the companies.

Documents seized from their homes included a corporate charter and a fundraising application touting the project's ability to raise China's stature in the field of integrated circuit design, according to the indictment.

Other documents allegedly show a panel of Chinese government officials had reviewed the company's business plan, deemed it feasible and encouraged agencies to provide financial support.

A business partner who tipped off the FBI told investigators the startup, called Supervision Inc., had received $2 million in funding from two Chinese cities, Hangzhou and Guangzhou, to develop the new microprocessor, according to an affidavit.

Both said little during Thursday's 40-minute hearing, and afterward declined to comment through their defense lawyers.

Ye and Zhong, who remain free on bail following their pleas, are scheduled to be sentenced April 23. Each face a maximum of 30 years in prison.

James Pooley, an intellectual property litigator and adjunct law professor at the University of California, Berkeley, said the conviction -- the first of its kind -- was a much-needed victory for the Justice Department.

"You're finding people who aren't just trying to take something opportunistically from their employer. They're going places, planning to take trade secrets, and combining secrets from many different places," Pooley said. "This shows the problem is real and it's big."

The only other case to allege economic espionage involved two researchers indicted in Ohio in 2001 for allegedly stealing genetic materials used for Alzheimer's disease research and funneling it to a Japanese government-funded corporation.

But the case fizzled after Japan refused to extradite one defendant, Takashi Okamoto, because a Japanese judge ruled he had not violated U.S. laws. The other defendant, Hiroaki Serizawa, pleaded guilty in the U.S. to a much lesser charge of making false statements to investigators.

California Man Charged In Theft Of Military Secrets (WT)

By Jerry Seper

The Washington Times, December 15, 2006

A former Chinese national has been charged in a 36-count indictment in the theft of military trade secrets that authorities said he sought to sell to China, Malaysia and Thailand.

U.S. Attorney Kevin V. Ryan in California said Xiaodong Sheldon Meng, 42, of Cupertino, Calif., is charged with stealing military combat and commercial simulation software and other materials from his San Jose, Calif.-based former employer, Quantum3D Inc.

"This case highlights the vital importance of protecting the intellectual property and trade secrets not only in Silicon Valley but also for our country's businesses," Mr. Ryan said in announcing the indictment, which was handed up Wednesday.

"The alleged economic espionage and theft and export of trade secrets such as these -- visual simulation training software that has military application, no less -- has real consequences that could jeopardize our country's military advantages in the world, in addition to creating substantial financial losses for our businesses, which legitimately developed and owned this information," he said.

Mr. Ryan said the economic espionage charges accuse Mr. Meng, a former resident of Beijing of stealing trade secrets from Quantum3D with the intent they would be used to benefit the governments of China, Thailand and Malaysia.

The indictment said Mr. Meng stole numerous Quantum3D products, including "viXsen" and "nVSensor," which were used exclusively in military applications, and designed for precision training of military fighter pilots in night-vision scenarios among other applications. Both products are classified as defense articles on the U.S. Munitions List and cannot be sent outside the United States without an export license.

Many of Quantum3D's products were designed primarily for military purposes, including combat training in simulated real-time conditions and the use of advanced infrared, electro-optical and night-vision goggles.

According to the indictment, Mr. Meng took up employment with a competing company, Orad, to "pursue other career development opportunities in China." At one point, it said, Mr. Meng altered the Quantum3D's Mantis program to reflect the name of a program, which belonged to Orad, and used that program as part of a demonstration project in China.

The indictment includes three conspiracy counts, three counts of economic espionage and attempted economic espionage, two counts of violations of the Arms Export Control Act, 12 counts of theft of trade secrets and attempted theft of trade secrets, 15 counts of foreign and interstate transportation of stolen property, and three counts of making false statements to a government agency.

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"The FBI is committed to aggressively pursue those attempting to illegally obtain and export trade secrets vital to maintaining the United States' position as a world leader in innovation," said FBI Special Agent in Charge Charlene B. Thornton, who heads the bureau's San Francisco field office.

"Today's indictment highlights the value of cooperation between law enforcement and private industry in effectively conducting these investigations," she said.

Mr. Ryan said Quantum3D cooperated fully in the government's investigation.

Mr. Meng is scheduled to be appear before U.S. Magistrate Judge Howard R. Lloyd in San Jose on Monday. He initially was charged by criminal complaint on Dec. 9, 2004, and the original indictment remains under seal. He currently is free on $500,000 bond. If convicted, he faces 55 years in prison and fines totaling $2.5 million.

Paper Company Denies Misconduct (MJS)

By Joel Dresang

Milwaukee Journal Sentinel, December 15, 2006

The Finnish parent of Wisconsin-based Stora Enso North America denied Thursday that it conspired to fix the prices it charged for coated papers used in magazines and high-volume catalogs in the United States.

"Stora Enso denies any wrongdoing and will enter a plea of not guilty when it appears before the court at the arraignment to respond to the indictment," the company said in a statement issued Thursday. The indictment came Wednesday from a federal grand jury in Connecticut.

The indictment alleges that Wisconsin Rapids-based Stora Enso North America illegally set prices through an agreement with competitors from about August 2002 to June 2003.

About the time U.S. antitrust authorities from the Justice Department began investigating Stora Enso in May 2004, their counterparts in the European Commission started similar probes in Europe.

Last month, the European Commission notified Stora Enso that it had dropped its investigation of a suspected publication paper cartel in Europe. In August, European Commission investigators told Stora Enso they had stopped looking into allegations of anti-competitive pricing on fine writing paper in Europe.

"Both of these major European Union cases, the investigations have been stopped," Kari Vainio, executive vice president for corporate communications at Stora Enso, said in an interview from London.

"They are not related," Vainio said of the cases. "They just happened to start about the same time."

Vainio expressed confidence that, like the other cases, Stora Enso will prevail in the U.S. case.

"It's time for the legal process to decide what is the outcome, which we feel will be positive from our point of view," Vainio said.

If found guilty, the company could be fined up to $10 million, U.S. Justice officials said. But the fine could be increased to twice the gain derived from the alleged crime or twice the loss suffered by alleged victims if either of those is higher.

Stora Enso North America has about 2,700 employees at six mills in Wisconsin. The Finnish company acquired the company six years ago through a $4.4 billion buyout of Consolidated Papers Inc.

CIVIL RIGHTS:

Dallas Jail Violates Rights Of Inmates, U.S. Report Says (FWST)

The Fort Worth Star-Telegram, December 15, 2006

DALLAS - The Dallas County Jail, one of the largest in the country, violates the constitutional rights of inmates by failing to provide adequate medical and mental healthcare, according to a federal report.

Page after page of violations are detailed in a letter from the U.S. Department of Justice, which also found that prisoners are not kept in safe or sanitary conditions at the detention complex, the seventh largest in the United States.

Among the more egregious examples were an HIV-positive prisoner who died in October 2005 from an infection after his antibiotic was withheld for 11 days and a woman who hanged herself in January 2003. Her records included an inmate request form she filled out two days earlier.

"I need to see the doctor to get my medicine straightened out. I am not getting my meds that my doctor faxed prior orders for me, and I brought in the medication myself and paid for it," it said. "I cannot afford to be treated this way! Please help me! I need my medicine."

There is no indication that the woman, identified only as M.K., received the medicine.

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The 47-page letter, dated Dec. 8 and signed by Assistant Attorney General Wan J. Kim, was addressed to County Judge Margaret Keliher, who was defeated in the November election and leaves office at the end of the month. She did not immediately return a phone call from The Associated Press.

Dallas Sheriff Lupe Valdez has not seen the report, said spokesman Raul Reyna, who referred questions to Keliher.

The letter indicates that federal authorities expect to resolve the problems by working with county officials. If they are unable to, they warn that a lawsuit could be filed.

In February 2005, a separate report found that lapses in medical care in the Dallas County jail system resulted in undetected illnesses, excess costs and risks to the public. That report was produced at Keliher's request by Health Management Associates, partly as a response to the near death of James Mims. The mentally ill inmate's psychiatric medications were withheld for two months.

"If you listen to the local leaders, everything's fine. 'Problem? What problem?'" said Dallas lawyer David Finn, who represents Mims in a federal lawsuit.

In November 2005, the Department of Justice's Civil Rights Division notified the county that it would investigate conditions at the jail.

L.A. County Hate Crimes Jump 26% (LAT)

By Susannah Rosenblatt

The Los Angeles Times, December 15, 2006

Reported incidents of hate crimes in Los Angeles County increased for the first time in four years, while such incidents in schools have more than doubled from last year, according to a report released Thursday.

The 26% spike in reported countywide hate crimes last year was fueled primarily by a nearly 50% jump in racially motivated offenses, especially toward immigrants and between African Americans and Latinos, according to an annual analysis by the county Commission on Human Relations.

The report tracked hate crimes reported to law enforcement or other agencies, but did not address which ones led to criminal charges or arrests.

Conflicts between blacks and Latinos erupted on the streets, in jails and at schools, with school-based hate crimes soaring by 111%. Many of these incidents on or near campus occurred in South Los Angeles, the report said. The figure does not include 11 of 14 large student scuffles last year. The commission did not receive reports on those incidents because it was difficult to determine if they were racially motivated.

"All it takes is one incident," Supervisor Yvonne Brathwaite Burke said.

The rise in hate crimes reported across the county bucks state and national downward trends, the commission found. The city of Los Angeles also measured a roughly 10% dip in hate crimes, said Assistant Chief Earl Paysinger of the Los Angeles Police Department.

Yet the number of reported hate crimes recorded last year — 633 — is still the second-lowest number since 1990. The 2004 tally was 502 incidents.

Violent acts of prejudice are "a virus in the petri dish of our society," Paysinger said. "It remains a significant challenge. The first step in inoculating us from this disease is awareness."

Nearly two-thirds of incidents last year were racially motivated, with 15% caused by religious intolerance and 15% related to sexual orientation. Attacks related to sexual orientation dropped by about a quarter from last year.

Blacks were the most common victims of hate crimes in 2005, followed by Latinos; gay, lesbian, bisexual and transgender individuals; and Jews. Violence and vandalism were the most widespread offenses.

"The first step to solving this problem is identifying it," said Amanda Susskind, regional director of the Anti-Defamation League. "This is not a problem that's going away soon."

The commission's report highlighted simmering tensions between blacks and Latinos: the majority of suspects in anti-black crimes were Latino and vice versa, according to the organization's data. Hostilities sparked by heated debate regarding immigration could account in part for the increase in anti-Latino incidents, said Robin S. Toma, executive director of the commission.

The commission analyzed white supremacist crime for the first time and found 17% of hate crimes were perpetrated by such groups locally, compared with just 5% nationwide.

Commission members stressed that hate crimes still are widely underreported, and true statistics could be far greater than the numbers presented Thursday, especially in schools, jails and juvenile detention halls. Language barriers, distrust of law enforcement and fear of retaliation discourage people from reporting hate crimes, Toma said.

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Toma also attributed gang-related hate crimes — 11% of the racially motivated attacks from last year — to a lack of opportunities for youth, struggling schools and scarce jobs. He said the bulk of these crimes occur in low socioeconomic groups.

"The lack of resources creates an environment of violence," said the Rev. Eric P. Lee, executive director of the Southern Christian Leadership Conference of Greater Los Angeles.

The county commission defines hate crimes as offenses involving bias, hatred or prejudice based on a victim's "real or perceived" race, religion, national origin, disability, gender or sexual orientation.

Two-thirds of the data came from the Los Angeles Police Department and the county Sheriff's Department, with the rest provided by local police forces, school districts, community organizations and victims.

NJ Lawmakers Approve Civil Unions (AP)

By Geoff Mulvihill

AP, December 15, 2006

Ordered by New Jersey's highest court to offer marriage or its equivalent to gay couples, the Legislature voted Thursday to make New Jersey the third state to allow civil unions.

Democratic Gov. Jon Corzine said he would sign the measure, which would extend to same-sex couples all the rights and privileges available under state law to married people. The bill passed the Assembly 56-19 and the Senate 23-12.

"Love counts," Democratic Assemblyman Wilfredo Caraballo, a chief sponsor of the bill, said as the debate opened. "The gender of whom one loves should not matter to the state."

But Republican Assemblyman Ronald S. Dancer said: "It's my personal belief, faith and religious practice that marriage has been defined in the Bible. And this is one time that I cannot compromise my personal beliefs and faiths."

Massachusetts is the only state to allow gay marriage. Vermont and Connecticut have civil unions, and California has domestic partnerships that work similarly. Since 2004 New Jersey has had a more limited version of domestic partnerships.

Among the benefits gay couples would get under New Jersey's civil unions bill are adoption rights, hospital visitation rights and inheritance rights. Officials could begin granting civil unions 60 days after the governor signs the legislation; Corzine did not say when he would do so.

The bill was drafted in response to a New Jersey Supreme Court ruling in October that required the state to extend the rights and benefits of marriage to gay couples within 180 days. The court, in its 4-3 ruling, left it up to the Legislature to decide whether to call such unions "marriages" or something else.

Gay rights groups have argued that not calling such unions "marriage" creates a different, and inferior, institution. But they welcomed Thursday's legislation as a step toward gaining the right to marry.

Some lawmakers also considered Thursday's action to be an interim step on the way to full marriage rights.

"This should be called what it is — marriage." said Democratic Sen. Loretta Weinberg, a sponsor of the bill. She said the title should be changed after there has been some time to study how the civil unions bill works.

Steven Goldstein, director of the gay rights advocacy organization Garden State Equality, said he expects gay couples to be able to get married in New Jersey within two years.

Legislators Vote For Gay Unions In New Jersey (NYT)

By Laura Mansnerus

The New York Times, December 15, 2006

TRENTON, Dec. 14 — The Legislature voted on Thursday to make New Jersey the third state in the nation to recognize civil unions for same-sex couples. In doing so, it moved quickly to fulfill a court mandate to provide equal rights to gay couples but frustrated people on both sides of the emotional issue.

Gov. Jon S. Corzine, who is expected to sign the measure into law, said, "I think we're doing the right thing."

In joining Vermont and Connecticut in establishing the parallel institution of civil unions, New Jersey shunned the option of opening marriage to same-sex couples. Massachusetts is the only state that allows gay marriage, and it has a residency requirement; some same-sex couples have married in Canada.

New Jersey's new unions, which would take effect 60 days after the governor gives the nod, would expand on the domestic partnership arrangements the state has had since 2004. Gay couples would gain benefits like adoption privileges, inheritance rights and the ability to take a partner's surname without going to court.

But gay-rights advocates continued to contend Thursday that the separate institutions were inherently unequal and promised to keep pushing for nothing short of marriage itself.

"We're planning a massive rally the day the civil union law takes effect, to pre-empt the idea that this is a day for celebration," said Steven Goldstein, the chairman of Garden State Equality, a gay-rights group.

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Still, about 20 supporters of gay rights who had gathered in the gallery for the hourlong floor debate cheered when the Assembly voted 56 to 19 in midafternoon to approve the measure. They also applauded when Assemblyman Reed Gusciora, a Princeton Democrat, said, "The distance between nothing and civil unions is greater than the distance between civil unions and marriage."

But Assemblyman Ronald S. Dancer, a Republican from Ocean County, said that the bill was an affront to the Bible, and that "this is one time that I cannot compromise my personal beliefs and faiths."

The Senate passed the bill 23 to 12.

The civil union law was written under pressure, in response to a directive by the New Jersey Supreme Court seven weeks ago that the state grant gay and lesbian couples exactly the same financial benefits and legal rights as married heterosexual couples.

The Supreme Court gave the Legislature 180 days to decide whether gay couples should be allowed to marry or placed on a separate, parallel track. Both houses quickly settled on the civil union route, sending it through in just 10 days from introduction to final votes.

While the Legislature was instructed not to fall short of equality in the benefits it extended, conservatives lobbied to reserve the word "marriage" for heterosexuals, and on Thursday Republicans tried unsuccessfully to amend the bill to define marriage as the union of one man and one woman.

"I believe the foundation of our state is families, marriage, one man, one woman," said Senator Robert W. Singer, the Republican from Jackson who sponsored the amendment proposal. "Why do you want to crumble that? We're not taking away anyone's rights, just sanctifying what marriage is."

Without the amendment, the legislation leaves open the possibility of allowing same-sex marriage.

"Give us two to five years," said Assemblyman Wilfredo Caraballo, the Newark Democrat who introduced the civil unions measure. "In a year and a half or two years we'll see that the world hasn't collapsed, heterosexuals are still getting married and God hasn't thrown fire and brimstone on us."

Mr. Caraballo said proponents of gay marriage could not have pushed through a full marriage bill by the court's deadline in April.

He noted that just three years ago, it was a struggle to enact the limited package of rights and benefits that characterize domestic partnerships. "We had to twist arms to get 41 votes," he said.

But Mr. Goldstein pointed to the legislators, including some Republicans, who had said the civil union bill did not go far enough. "Today's debate for civil unions could be summed up in two words: buyer's remorse, for legislators who wish they were voting for full marriage equality," he said.

David Buckel, of the Lambda Legal Defense and Education Fund, said after the Senate vote, "This law hit with a dull thud."

Mr. Buckel represents the couples whose lawsuit led to the Oct. 25 Supreme Court decision, in which the justices held unanimously that to deny them the full rights accorded married heterosexual couples violated their equal protection rights. He said he would consult his clients about going to the court again to argue that the new law does not meet its mandate.

Few legislators have said explicitly that they oppose civil unions. In the floor debate Thursday, several Republicans raised other objections (no Democrat voted against the measure).

Assemblyman Richard A. Merkt of Morris County contended that the Supreme Court had overreached, saying, "I expect once again this Legislature will surrender its authority as it has many times in the last 40 years."

Social conservatives had focused their efforts on retaining the traditional definition of marriage. Len Deo, the president of the New Jersey Family Policy Council, said at a news conference Thursday with Senator Singer that the civil union bill "moves us toward same-sex marriage."

"People have a right to rights," Mr. Deo said, "but they don't have a right to redefine an institution that's served us well for 2,000 years."

New Jersey Lawmakers Approve Gay Civil Unions (LAT)

By Ellen Barry

The Los Angeles Times, December 15, 2006

NEW YORK — Ordered by the state Supreme Court to allow gay marriage or create a legal equivalent, New Jersey lawmakers on Thursday chose to allow civil unions, making New Jersey the third state to do so.

Vermont and Connecticut allow civil unions, which include all the legal rights of marriage. Massachusetts is the only state that allows gay couples to marry.

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Seven weeks ago, New Jersey's Supreme Court ruled by a 4 to 3 margin that gay couples are constitutionally guaranteed the benefits of marriage. But the majority ruling left it to legislators to resolve the thorny question of whether to call their unions "marriage," reasoning that "the great engine for social change in this country has always been the democratic process."

The ruling gave legislators six months to resolve the matter.

New Jersey's elected officials -- among them Democratic Gov. Jon S. Corzine -- made it clear immediately that they preferred civil unions. The bill was hurried through the process in 10 days, giving marriage advocates little ability to argue their case, said Lambda Legal Defense Fund attorney David Buckel, who represented seven couples who sued the state for the right to marry. "The irony is that the court referred this matter to the legislature because it did not want to short-circuit the democratic process," he said. "The legislature is doing just that."

Others saw Thursday's vote as a victory for gay rights. By guaranteeing same-sex couples rights equivalent to marriage, lawmakers "have told the world that marriage no longer matters," said Robert Knight of the Media Research Center, who opposes gay marriage. "This is a social wrecking ball."

Steven Goldstein, chair of Garden State Equality, said he was "jubilant for the future," because so many elected officials had committed to press for marriage rights later. A marriage equality law would expand the legal definition of marriage to include same-sex couples.

"Mark my words, New Jersey will see the marriage equality law passed by this legislature within the next year or two," he said.

In the days after the New Jersey Supreme Court's long-awaited ruling, one thing became clear: Voters in New Jersey were at ease with the notion of civil unions. A Quinnipiac University poll taken in early December found that 60 percent of respondents supported civil unions, and 35 percent opposed them. Asked whether gays should be able to marry, 50 percent said no, while 44 percent said yes.

There was little backing for a constitutional ban on gay marriage. Fifty-eight percent of voters opposed that idea; 37 percent supported it.

"We need to take a deep breath and a hard look at political reality at this point in time in New Jersey," wrote Democratic state Sen. Loretta Weinberg, who sponsored the civil union bill, in an editorial last week in the Record in Bergen County.

"I have no doubt personally that we eventually will have gay marriages in New Jersey without any word symbols to diminish the beauty of two committed people of the same sex who love each other," she continued. "It would be wrong to delay providing the needed rights of marriage that will come with enactment of this legislation because of a dispute over words."

Matt Foreman, executive director of the Washington, D.C.-based National Gay and Lesbian Task Force, said he was greatly encouraged by New Jersey's embrace of civil unions. Six years ago, when Vermont legislators passed a similar bill, it was only after a debate "that took months and nearly tore the state apart," he said.

"What I think is remarkable is that civil unions isnow widely seen by almost everyone as a fallback position, not a huge leap forward," he said.

The civil unions bill passed the state Assembly by 59-19 and the state Senate by a vote of 23-12. Corzine has said he will sign it. The law will create a 13-member Civil Union Review Commission, which will study how well the unions work, evaluate similar statutes in other states, and make changes to improve the law.

Legal challenges by gay couples seeking to marry are still pending in Maryland, Connecticut and California. Twenty-six states have sought to pre-empt rulings by explicitly banning the practice in their constitutions. Supreme Courts in Washington and New York last July upheld state laws limiting marriage to one man and one woman.

Death Sentences Decline, And Experts Offer Reasons (NYT)

By Neil A. Lewis

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — The number of death sentences in the United States has dropped to its lowest level in decades, according to recent studies, including one released Thursday that predicts the trend will continue because of publicity about cases in which people are wrongly accused of crimes.

The Death Penalty Information Center, a group based in Washington, reported that the number of death sentences, which had remained at about 300 a year in the 1990s, began to drop steadily in 1999 and has declined almost 60 percent since then.

At the Justice Department, the Bureau of Statistics reported last week that there were 128 death sentences in 2005, down from 138 the year before. While the department study does not include an estimate for 2006, the Death Penalty Information Center, which opposes the death penalty and tracks cases closely, says the number for this year will be about 114.

Defense lawyers, prosecutors, and groups that study the application of the death penalty all say there are several reasons for the trend. Among them are increased publicity about cases other than murder in which DNA testing resulted in freeing people

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who had wrongly been convicted of crimes, producing skepticism about the reliability of verdicts; recent Supreme Court decisions requiring that juries be told when life in prison without possibility of parole is an option, and improved legal representation for capital defendants, including a sharp increase in using specialists to develop arguments for mitigation.

Mitigation specialists assist defense lawyers by investigating and presenting evidence to persuade juries to spare the defendant's life.

Richard C. Dieter, who heads the Death Penalty Information Center, said in an interview that the number of executions and the total population on death rows throughout the country had also declined in recent years.

But Mr. Dieter said that the annual rate of death sentences was the best index for judging the trend because it showed what verdicts were rendered by juries in particular time periods. The other figures can be misleading. For example, if executions went up suddenly, that would mean an abrupt decrease in the death row population.

A Gallup poll earlier this year showed that for the first time, Americans were almost evenly split when asked to choose which is a better penalty for murder, a death sentence or a life sentence without possibility of parole. Until recently, the public had overwhelmingly responded in favor of the death penalty.

Mr. Dieter said that the effect of the exposure of cases in which DNA established a person's innocence after conviction was hard to measure but probably significant.

"You could call this the DNA era," he said. "It's been quite a phenomenon over the last eight years and has had a great impact in raising doubts about the reliability of verdicts."

Joshua Marquis, the district attorney in Clatsop County, Oregon, agreed that the publicity over wrongful convictions overturned by DNA evidence might be a factor.

But Mr. Marquis, a vice president of the National District Attorneys Association, said it was not one of the significant reasons but was promoted by groups like Mr. Dieter's who want to "create the myth of innocence, that the public should be fearful of the death penalty because we're executing innocent people."

Mr. Marquis said DNA testing, usually used in crimes like rape, had never established that an innocent person was executed. The reasons for the decline in the death penalty, he said, generally involved greater discrimination among prosecutors in bringing capital cases and the significant drop in the rates of violent crime and murders.

Christina Swarns, director of the criminal justice project at the NAACP Legal Defense and Educational Fund, said the fact that there had been no proven case of DNA testing demonstrating an innocent person's having been executed, might soon change with investigations of three executions in Missouri and Texas.

Other possible factors in the reduction of death sentences, experts say, are the truth-in-sentencing laws and recent Supreme Court opinions that require juries to be told when a sentence of life in prison without parole means just that. Mr. Marquis said that in Oregon, people sentenced to life used to serve little more than eight years on average.

The Supreme Court, in a series of rulings chastising South Carolina courts over several years, said juries must be told when they are able to impose a sentence of life that will insure that the inmate will never be released. Mr. Dieter said that in the past juries often imposed death sentences because they believed, sometimes correctly, that the defendant could be released before death.

Robert Rothman, a member of the American Bar Association's committee on the death penalty, said that the increased use of mitigation specialists by defense lawyers has also contributed to the decreasing frequency of the death penalty.

Mr. Rothman, an Atlanta lawyer, said that the specialists were experts at investigating a defendant's background and preparing it for presentation to a jury. He said the bar association's guidelines now make clear that a lawyer has an obligation not only to argue a client is innocent but also to present a thorough argument for the mitigating circumstances.

Executions In U.S. Drop To A 10-year Low (LAT)

By Henry Weinstein

The Los Angeles Times, December 15, 2006

Executions in the U.S. declined to their lowest level in a decade this year, according to a study released Thursday by the Death Penalty Information Center, which opposes capital punishment.

Fifty-three people have been executed this year, with no more scheduled until 2007.

That is down from 60 last year and a significant drop from the peak of 98 executions in 1999, the Washington-based organization said in a year-end report.

Two-thirds of Americans still support capital punishment, the Gallup Poll found this year, but for the first time in two decades, it found that more Americans prefer that the penalty for murder be life without parole rather than death, by 48% to 47%, noted the Death Penalty Information Center.

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The attitude is a marked change from last year, when the Gallup Poll reported that 56% of Americans preferred the death penalty compared with 39% who supported life without parole.

This year's developments come amid exonerations of individuals who had been sentenced to death and amid challenges to the lethal-injection process that have led to execution stays in several states, including California, for most of the year.

A ruling is expected soon from U.S. District Judge Jeremy Fogel in San Jose on whether California's lethal injection procedure presents an unnecessary risk of inflicting severe pain on condemned inmates and thereby violates the constitutional prohibition of cruel and unusual punishment.

Similar challenges have delayed executions in Arkansas, Delaware, Maryland, Missouri, New Jersey, Ohio and South Dakota and in three federal cases.

Further fuel was added to the lethal-injection controversy this week when an execution in Florida took 30 minutes — twice as long as usual. Witnesses said the condemned man, Angel Diaz, appeared to be grimacing. Gov. Jeb Bush said an investigation would be conducted.

In addition to the decline in executions, fewer people were sent to death rows by juries, said Richard Dieter, executive director of the organization that released the study.

Dieter estimated that based on the most recent statistics available, the number of capital sentences imposed this year would total 114. That compares with 125 death sentences last year, according to Bureau of Justice statistics, and is a steep decline from the 276 imposed in 1999.

"The American public has turned an important corner in this debate," Dieter said.

"Support for the death penalty is on the decline, and more people are embracing the alternative sentence of life without parole, which is now available in almost every state."

Thirty-seven states permit capital punishment.

"Capital punishment is risky, expensive and could result in irreversible error," Dieter said.

"Fewer people are now willing to put their faith in such a flawed policy."

Less crime may be a factor

Joshua Marquis, vice president of the National District Attorneys Assn., strongly disagreed, attributing the drop in death sentences instead to a recent nationwide reduction in violent crime generally "and murder specifically," as well as to jurors and prosecutors who were "becoming appropriately more discriminating about when to respectively seek and impose a death sentence."

The Gallup Poll found this year that 63% thought an innocent person had been executed in the last five years and 64% thought the death penalty had no deterrent effect.

On the other hand, 60% said they thought the death penalty was administered fairly, and only 21% thought the death penalty was imposed too often.

Death penalty foes said they were heartened by a number of developments this year beyond the decline in death sentences and executions.

New Jersey became the first state to enact a moratorium on executions through legislation, and it joined states including California and North Carolina in forming a commission to study the fairness and reliability of the death penalty. New York legislators declined to reinstate the state's death penalty statute, which had been thrown out by a court.

Dieter also noted that the American Bar Assn. overwhelmingly passed a resolution in August calling for an exemption from the death penalty for the severely mentally ill.

A similar resolution was endorsed earlier by leading mental health groups.

Texas still leads

The number of executions may have decreased nationally, but Texas, the nation's perennial leader, executed five more people this year than in 2005. Texas' 24 executions represented 45% of the national total. Ohio was second, with five.

There are 3,316 inmates on death rows nationwide, with California having by far the most at 655.

California executed one person this year — the 13th in the state since capital punishment was reinstated, in 1977.

ANTITRUST:

Feds Defend Approval Of Telecom Megamergers (CNET)

By Anne Broache

CNET News.com, December 14, 2006

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The U.S. Justice Department on Thursday denied allegations that it fudged the analysis that prompted it to approve two telecommunications megamergers now under scrutiny by a federal judge.

In a Thursday filing with U.S. District Judge Emmet Sullivan in Washington, D.C., Department of Justice lawyers took issue with accusations of wrongdoing lodged by opponents of the twin deals--between AT&T and SBC Communications, and Verizon and MCI--at a November 30 court hearing. The public version of Thursday's document was redacted.

Sullivan had given the Justice Department the opportunity to respond to a lengthy presentation by Silicon Valley attorney Gary Reback on behalf of the Alliance for Competition in Telecommunications, a group formed to oppose the deals. Reback accused the Justice Department of making up facts and ignoring critical considerations while analyzing the competitive impact of the deals.

In its court filing, the Justice Department continued to defend its analysis, arguing that the allegations were "based on mischaracterizations of relevant legal standards, misstatements of United States' positions, and misrepresentations of the factual record."

When approving the mergers, the Justice Department concluded that it needed to place limited conditions--namely, requirements aimed at ensuring that the companies' competitors could gain access to fiber-optic connections in certain commercial buildings where Verizon and MCI or AT&T and SBC had been the only two companies supplying some types of connections.

Reback had argued that the antitrust analysis should have considered situations in which three competitors became just two, or even those in which four competitors were whittled down to three by the melding of the companies.

The Justice Department's filing represents the Justice Department's latest attempt to persuade Judge Sullivan that he should sign off on the deals. Since the summer, Sullivan has been pressuring the government to provide additional information about why it believes the mergers satisfy the "public interest."

A 1974 federal antitrust law called the Tunney Act calls for a court to vet agreements negotiated between the Justice Department and the companies involved to ensure the deals meet that standard. Congress recently amended the law to give judges even greater latitude in reviewing cases.

At the latest hearing involving attorneys for the government, the telephone companies and outside interest groups, attorneys for Verizon and AT&T said they were convinced that the Justice Department's conditions erased any possible antitrust concerns. Sullivan, however, said he did not plan to "rubber stamp" the deals and left no indication as to when he might arrive at a decision.

Stalemate Keeps AT& T-BellSouth Merger Off Of FCC's Agenda (WP)

By Alan Sipress

The Washington Post, December 15, 2006

Federal Communications Commission Chairman Kevin J. Martin said yesterday he did not know how soon it would consider AT&T's proposed $86 billion acquisition of BellSouth after the deal was left off the agenda for Wednesday's meeting because of a continuing stalemate between the commission's Republican and Democratic members.

Martin, an advocate of the merger, told reporters he was "anxious" to set a date for the vote, which would create the country's largest provider of telephone, wireless and broadband services. AT&T and BellSouth have waited more than seven months for the commission to act despite Martin's efforts earlier this year to win quick approval of the transaction without conditions.

The FCC has repeatedly delayed voting on the merger in recent months because of a stalemate between Republican supporters of the deal and their Democratic counterparts, who want to impose safeguards meant to protect consumers and ensure competition within the industry.

One of the main obstacles is disagreement over whether to require a "net neutrality" condition that would bar AT&T from asking different Internet services to pay different prices for using its lines.

To break the deadlock on the five-member board, the FCC's general counsel ruled last week that the potential swing vote, Republican Commissioner Robert M. McDowell, could take part in the consideration despite his concerns of a conflict of interest. McDowell has so far refrained from participating in the commission's review of the proposed merger because he previously worked as senior vice president for Comptel, as association that lobbied on behalf of companies competing with AT&T and BellSouth.

The opinion from the general counsel, Samuel Feder, left open the option for McDowell to abstain. McDowell, a Virginia lawyer, has yet to say whether he will ultimately participate in the vote, and if does, where he might stand on the conditions under debate.

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In a letter to Feder this month, AT&T and BellSouth senior executives said they would not object to McDowell's participation, suggesting this would shift the dynamic on the commission in their favor, despite his earlier lobbying work.

"Commissioner McDowell stated at his confirmation hearing that he will be 'a fair, judicious, impartial, thorough and thoughtful adjudicator, arbiter and policymaker' and that he will 'prejudge nothing,' and we take him at his word," wrote AT&T Senior Vice President Robert W. Quinn Jr. and BellSouth Vice President Jonathan Banks.

But Gigi B. Sohn, president of Public Knowledge, a public interest group in the District that has opposed efforts to approve the merger without conditions, said last week that McDowell's participation would compromise the FCC's integrity.

"It is unseemly to try to force the commissioner to violate the ethical constraints not only of the commission, but of the Virginia Bar as well," Sohn said. "A better solution would be for Chairman Martin to reconsider his opposition to the pro-competitive and pro-consumer merger conditions."

The proposed acquisition has dramatically increased in value since it was presented to the FCC because of rising stock prices. If approved, the merger would reunite much of the AT&T telecommunications empire broken apart by the federal government 22 years ago because of concerns over competition.

Despite Feder's intervention, it has become increasingly clear in recent days that the merger would likely not be ready for FCC action at its regular meeting Wednesday. Martin said last week it would be difficult for the commissioners to reach an agreement in time. Even if McDowell decides to weigh in, he might need several weeks to familiarize himself with the debate and read the extensive filings by the companies and their supporters and critics, industry analysts said.

Should a majority of commissioners come to an understanding on any conditions, the merger could still be added to the Wednesday agenda or taken up at separate special meeting. The FCC is also not legally required to vote on the deal in public and could approve the acquisition without meeting at all.

Merger Hold Up (WSJ)

The Wall Street Journal, December 15, 2006

Democrats are back in power in Washington, and one question is whether their wilderness years taught them anything about the wisdom of restraint in regulating business. One early sign that they've learned nothing is their behind-the-scenes effort to delay, and maybe deep-six, the $80 billion AT&T-BellSouth merger.

The deal has the support of Big Labor, was approved by the Justice Department without conditions in October, and would help consumers by bringing more competition to telecom amid enormous technological change and business ferment. But the merger has been held up for months at the Federal Communications Commission, thanks to the political maneuvering of the two Democratic Commissioners, Michael Copps and Jonathan Adelstein.

The pair have cited the size of the deal, the volume of public comment it has generated, and even the Justice Department's approval as reasons for delay. But what's really going on here is an old-fashioned regulatory hold up, in the armed-robbery sense of the word. The two Democratic Commissioners want the combined company to accede to "Net neutrality" commitments that go well beyond the FCC's own policy paper on the matter.

Net neutrality is a solution in search of a problem. It is supposed to require that network operators like AT&T or Verizon behave in a "non-discriminatory" way toward Web site operators like Yahoo or Google. In practice, this means restricting the ability of the telecom companies to set market prices for use of their broadband pipes.

But companies aren't likely to invest in laying those pipes if they can't get a market return. And the conditions the Democrats are trying to extort from AT&T could even exceed those found in the several bills that failed to pass Congress this past year. In all of this they are carrying water for rich special interests, in particular Google and the rabble-rousing left-wingers at MoveOn.org. * * *

In a better world, a Democratic minority on the five-member FCC wouldn't be able to use a merger review to engage in back-door regulating. AT&T has already agreed to abide by the FCC's "four principles" of Net neutrality, which is itself a nonbinding document but the closest thing to a public policy on the matter. But Commissioners Copps and Adelstein still won't let the merger proceed.

The Commission's three Republicans would normally still have a majority. But one of them, Robert McDowell -- who would in all likelihood vote to approve the merger without conditions -- must confront an "ethics letter" presented to the Senate at the time of his confirmation in May. In that letter, Mr. McDowell agreed not to vote on any matter to which his former employer, the telecom industry group Comptel, is a party. And Comptel has since made itself a party by weighing in against the AT&T-BellSouth deal.

Last week the FCC's general counsel gave Mr. McDowell a new letter authorizing him to participate in considering the merger. However, sources with knowledge of the matter tell us that Mr. McDowell feels somewhat less than comforted by this ethics "comfort letter." The political risk he runs is that if he votes to approve the merger, Mr. McDowell could incur the trumped-

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up "ethics" wrath of the new Democratic committee chairmen who are allied with the FCC Democrats. The likes of John Dingell and Ed Markey could make life miserable or worse for Mr. McDowell, as they did for so many others back when they ran Congress before 1994.

In short, the Democrats on the FCC and in Congress are engaged in a kind of bad cop-worse cop routine with Mr. McDowell: Either he must stay recused on the merger so they can extort more concessions from the new AT&T, or he can vote for the merger and risk spending the rest of his days answering subpoenas. Never mind that if Mr. McDowell does stay recused, the two companies might very well let the merger die rather than submit to regulation that would hamper their ability to recoup their investment in laying broadband pipe.

Strangely, some of our free-market friends in Washington are painting Mr. McDowell as the villain for refusing to step into this bear trap. The AT&T merger was already on the table when Mr. McDowell was confirmed and Comptel's objection to the deal was foreseeable even then. Rather than pillory Mr. McDowell, public attention ought to be on the Democratic minority on the commission as the forces trying to use this merger for their own narrow political purposes. * * *

The real conflict of interest here is not Mr. McDowell's past association with Comptel. It's the Democrats' willingness to carry water for Google and MoveOn.org in the Net neutrality debate. Net neutrality lost so resoundingly in the last Congress that it's unclear even now whether the Democrats have the votes to pass a law imposing it. They certainly do not have the votes at the FCC to impose neutrality requirements via regulation.

A Net neutrality condition has nothing to do with the merits of this merger. If the deal falls apart over this special-interest vindictiveness, it will be a sign that the bad, old anti-business Dems are back in charge.

If More US Airlines Merge, Who Would Benefit? (CSM)

By Alexandra Marks

The Christian Science Monitor, December 15, 2006

Wall Street is so buoyant about possible mergers among the nation's last six traditional carriers, you'd think airline consolidation was the best thing for the industry since the jet engine replaced the turbo prop.

But an increasing number of analysts are questioning that assumption, and suggesting that all the merger talk may in the end be just that - talk.

"We're in an environment where everyone believes the mantra that consolidation is both necessary and inevitable, but it is neither," says Michael Boyd, president of the Boyd Group, aviation consultants in Evergreen, Colo. "The carriers like American, Northwest, and Continental are making money. Why do they have to merge? We have a very competitive system now."

This latest round of merger talk was sparked by United Airlines' chief executive Glenn Tilton reiterating his stance that "consolidation is good and overdue for the industry" at a shareholder's meeting earlier this week. That prompted a series of still unconfirmed reports that United and Continental Airlines were talking about just such a deal.

Both companies' stock went up more than 5 percent, and it fueled speculation that US Airways' proposed hostile acquisition of Delta Air Lines was gaining momentum. That, in turn, prompted other reports that American Airlines and Northwest were also talking about joining forces - not necessarily because they want to, but because they would have to as a defensive move so they could compete with their potentially merged rivals.

If all the frenzied speculation pans out, the nation would go from six traditional carriers to three. That could put the profitable, but still financially fragile, carriers firmly back in the black, Wall Street analysts crowed.

But an increasing number of airline analysts are raising red flags, noting that federal regulators may not find such a scenario as appealing as the airlines' stockholders and top management teams.

Congressional leaders have also signaled their concern that mergers like a US Airways-Delta one could raise serious antitrust issues. Those two airlines fly similar routes in the South and East, and each owns one of the two shuttles between Boston, New York, and Washington. If a deal were approved, one of the shuttles would have to be sold, say experts. But that wouldn't address other antitrust issues that could drive up prices and reduce consumer choice in a variety of cities.

"If you put US Airways together with Delta, and there's no additional strength there, that's all about reducing competition," says Mr. Boyd. "It's Wall Street wanting to make money that's driving the merger talk."

Advocates of the mergers, like US Airways chief executive Doug Parker, say there is still too much "fragmentation" in the current aviation system, which undermines the airlines' pricing power. That continues to make it difficult for them to fully recover from the past five years' losses, which amount to more than $30 billion. With efficiencies gained from a merged company, Delta and US Airways would be able to further cut costs and reduce capacity by about 10 percent, according to Mr. Parker. Similar moves in the past have already helped his company return to profitability, he says.

"US Airways is the product of several successful mergers, most recently the combination of America West and US Airways," he said last week. "Working together, we have blended employees and cultures to create a new standard in the

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industry, which combines the best attributes of a low-fare carrier and a full-service airline. We fully expect the 'New Delta' to exceed these already high standards in the marketplace."

US Airways still needs the backing of the Delta creditors' committee to proceed with its takeover plans. Delta's management and most employees are still opposed to a takeover and are determined that the company will emerge from bankruptcy as a stand-alone entity.

United is reportedly watching the US Airways proposal to determine whether the market, Congress, and regulators would also warm to the idea of a United-Continental merger. If the US Airways-Delta merger fails, United is expected to be less likely to move ahead.

Aviation analysts like Kevin Mitchell of the Business Travel Coalition in Radnor, Pa., believe that would be the best scenario. He argues that a flurry of mergers right now would raise prices, overcrowd already-packed planes, and create chaos for customer service for years to come precisely because it is so difficult to merge aviation corporate cultures.

"Of course, Wall Street is going to push it," he says. "What's good for investors, shareholders, and management may not be good for others: Lots of employees will be laid off, and customers can look forward to 20 to 30 percent price hikes and several years of customer-service [misery]."

Antitrust Wait Ends In $1.1B Sirna Acquisition (BZJRNL)

Silicon Valley/San Jose Business Journal, December 14, 2006

Merck & Co. Inc. and Sirna Therapeutics Inc. said Thursday that the federal regulatory antitrust waiting period has expired for Merck's $1.1 billion acquisition of Sirna.

Whitehouse Station, N.J.-based Merck (NYSE:MRK - News) and San Francisco-based Sirna (NASDAQ:RNAI - News) agreed on Oct. 30 to the purchase at $13 a share in an all-cash transaction.

The expiration of the Hart-Scott-Rodino waiting period satisfies one of the sale conditions, and the companies said consummation of the merger -- which is expected to occur in late December or early in the first quarter of 2007 -- remains subject to other customary closing conditions including approval by Sirna stockholders.

Sirna Therapeutics is a clinical-stage biotechnology company developing RNAi-based therapies for serious diseases and conditions, including age-related macular degeneration, hepatitis C, dermatology, asthma, respiratory syncytial virus and Huntington's disease.

Merck-Sirna Deal Clears Waiting Period (AP)

AP, December 14, 2006

NEW YORK — The federal antitrust waiting period for pharmaceutical company Merck & Co.'s $1.1 billion buyout of biotechnology firm Sirna Therapeutics Inc. expired Thursday.

Merck and Sirna announced the buyout Oct. 30 and expect the deal to close either this month or during the first quarter.

Whitehouse Station, N.J.-based Merck offered $13 per share for Sirna, nearly a 102 percent premium over its closing price of $6.45 on the Nasdaq prior to the bid's announcement. Sirna shareholders are scheduled to vote on the buyout offer Dec. 28.

Sirna focuses on developing RNA interference, or gene-silencing technology. Drugs and treatments using the technology target specific genes at the root of a condition or disease, aiming to shutdown that gene, rendering the condition, such as a type of cancer, inactive.

The San Francisco-based company saw revenue of $4.9 million in 2005, compared with Merck's $22 billion in annual sales.

Shares of Merck added 47 cents to $43.81 in morning trading on the New York Stock Exchange, while Sirna shares edged up 2 cents to $12.93 on the Nasdaq.

ProSieben Holders To Sell Stake In Private Buyout (WSJ)

By Mike Esterl

The Wall Street Journal, December 15, 2006

FRANKFURT -- The controlling shareholders of ProSiebenSat.1 Media AG have agreed to sell their stake in the German broadcaster to private-equity firms Kohlberg Kravis Roberts & Co. of the U.S. and Permira of Europe, according to people familiar with the matter.

The bid for Germany's largest television broadcaster by advertising revenue was in the range of €28 to €29, or about $37 to $38, a share, valuing ProSiebenSat.1 at a bit less than €6 billion, or about $8 billion, these people said.

The bid beat out a rival offer from Turkish media group Dogan Yayin Holding as well as a joint bid from Britain's Apax Partners and the investment arm of U.S.-based Goldman Sachs Group Inc.

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KKR and London- and Frankfurt-based Permira are interested in combining ProSiebenSat.1 with SBS Broadcasting, which they acquired last year for €1.69 billion. SBS has television-broadcasting operations in nine European countries, but not in Germany. The addition of ProSiebenSat.1 would create a more powerful rival to big European broadcaster RTL Group, which is controlled by Bertelsmann AG of Germany.

A spokesman for German Media Partners LP, ProSiebenSat.1's controlling shareholder group since 2003, declined to comment. KKR and Permira also declined to comment.

German Media Partners, headed by investor Haim Saban, put ProSiebenSat.1 on the block in October. This is the second time since 2005 that the consortium of private-equity investors has agreed to sell its 50.5% capital stake and 88% voting stake in the broadcaster. An earlier deal that would have transferred control to German publisher Axel Springer AG was blocked in January 2006 by domestic regulators, who feared a tie-up would give Springer too much sway over public opinion.

German Media Partners had hoped to attract as much as €35 apiece for its shares, valuing the broadcaster at about €6.5 billion. Such a price would have represented roughly four times the group's initial investment and a big increase from Springer's offer of €23.37 a share in August of last year, when Germany's economy and ad market were weaker. ProSiebenSat.1 expects to book an operating profit of close to €500 million this year, about three times that of 2003.

At €28 to €29 a share, ProSiebenSat.1 would be valued at between 11.5 and 12 times earnings before interest, taxes, depreciation and amortization, according to one person close to the transaction. That would put it in line with other commercial European broadcasters, the person added.

German Media Partners comprises Saban Capital Group Funds, Bain Capital Partner Funds, Hellman & Friedman Funds, Thomas H. Lee Partners Funds, Providence Equity Funds, Quadrangle Funds and Alpine Funds.

Hearst Expects To Close "Daily Breeze" Purchase This Week (E&P)

Editor & Publisher, December 14, 2006

TORRANCE, Calif. Hearst Corp. expects to complete its purchase of the Daily Breeze on Friday as part of a deal to resell the newspaper to MediaNews Group Inc., according to a court document filed by the two newspaper operators.

The document was filed Wednesday in a pending federal antitrust case involving Denver-based MediaNews and New York-based Hearst, owner of the San Francisco Chronicle, over their plans to consolidate some of the business operations of their San Francisco Bay area newspapers.

A San Francisco investor is trying to block the deal, claiming such cooperation violates antitrust laws.

The two companies also said they had finished negotiations in their swap deal. Under the agreement, Hearst will purchase the Torrance-based Breeze from The Copley Press Inc. and then sell it to MediaNews along with two other publications, the Monterey County (Calif.) Herald and the St. Paul (Minn.) Pioneer Press.

San Diego-based Copley, whose flagship paper is the San Diego Union-Tribune, cited competitive pressures when it indicated in June it wanted to sell its Copley Los Angeles Newspapers. Those papers include the Breeze, the Palos Verdes Peninsula News and The Beach Reporter.

Rochester Medical Settles With C.R. Bard (AP)

AP, December 14, 2006

STEWARTVILLE, Minn. (AP) -- Catheter maker Rochester Medical Corp. said Thursday it reached a $49 million settlement with medical devices company C.R. Bard Inc.

Under the terms of the agreement, Rochester Medical will dismiss C.R. Bard from a lawsuit it filed in March 2004 against C.R. Bard, Tyco International Ltd., Tyco Healthcare Group LP, Novation LLC, VHA Inc. and Premier Purchasing Partners LP.

The lawsuit alleged that C.R. Bard, among others, conspired to exclude it from the market and violated antitrust laws.

C.R. Bard has agreed to pay Rochester $49 million, and it plans to take a fourth-quarter pretax charge to reflect the settlement.

Last month Rochester Medical reached a settlement with Premier Inc. and Premier Purchasing Partners LP that dismisses the companies from an anti-competition lawsuit.

The company said the litigation continues against the other defendants in the case, which is scheduled to go to trial in May 2007.

VHA and Novation said they believe the charges in Rochester Medical Corporations lawsuit are without merit, and they plan to vigorously defend against the claims.

The other defendants named in the lawsuit were not immediately available to comment.

Shares of Rochester Medical were trading at $12.35 in the after-hours session, up 97 cents, or 8.5 percent, from Thursday's closing price of $11.38 on the Nasdaq.

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Municipal Bond Probe May Spur Damage Claims, Legal Experts Say (BLOOM)

By James Rowley

Bloomberg, December 14, 2006

Dec. 14 (Bloomberg) -- The federal criminal antitrust probe into the municipal bond market that has yielded more than a dozen subpoenas of brokers, bankers and insurers may also lead to a spate of civil lawsuits by cities, said an antitrust expert at the University of Iowa law school.

Civil claims typically follow in the wake of successful criminal price-fixing investigations by the U.S. Justice Department. For example, a government probe of vitamin producers prompted more than $3 billion in civil settlements beginning in 1999.

"If it turns out there is a nationwide conspiracy to fix interest rates" of investment contracts sold to local governments, "it's got to be big," said Herbert Hovenkamp, 58, a University of Iowa law professor and editor of the most widely cited treatise on U.S. antitrust law.

The basis for civil suits by cities could be a claim they were overcharged by an alleged conspiracy to rig bids on the contracts they buy to invest bond proceeds. Municipalities need to invest the money until it is required for projects.

Among the firms the Justice Department has subpoenaed are New York-based JPMorgan Chase & Co., the third-largest U.S. bank, American International Group Inc., the world's largest insurer, and Financial Security Assurance Holdings Ltd., a unit of Brussels-based Dexia SA.

The probe is still in its early stages and criminal charges may be more than a year away. Should the probe result in convictions, it would encourage state and local governments to go to court to seek damages triple their actual losses. Damage awards in successful price-fixing suits are automatically tripled, except in cases where the Justice Department grants a company amnesty from prosecution in return for blowing the whistle on the criminal conspiracy.

Lower Returns

In the vitamin conspiracy, evidence of a global cartel led to guilty pleas by Roche Holding AG and BASF AG in a case that prosecutors nicknamed "Vitamins Inc." The pleas helped bulk purchasers of vitamins win a $1.2 billion settlement with the two companies and other participants in the scheme. The two companies also paid criminal fines totaling $725 million.

Another 130 bulk purchasers of vitamins, including such companies as Kellogg Co., Tyson Foods Inc. and Campbell Soup Co., representing more than $2 billion in purchases, negotiated separate settlements that remain confidential.

Those settlements were spurred by the threat of class- action claims by thousands of consumers. Suits against the investment banks and other defendants probably would move at a slower pace.

Class Actions

"You wouldn't necessarily see an announcement of this investigation trigger the filing of a whole bunch of class actions," said Washington lawyer William Isaacson, 46, who represents plaintiffs for the law firm of Boies, Schiller and Flexner in Washington.

City governments will exercise "a fair amount of caution" and would want to first "figure out how much is at stake," he said.

Plaintiffs' lawyers probably wouldn't file a traditional class-action case, in which the court is asked to allow a lawsuit on behalf of all consumers who bought a particular product from a company. In such cases, an individual consumer has the right to opt out of the lawsuit and bring a separate claim.

In the case of the bond probe, governments must consent in the first place to be a plaintiff. Still, a trial lawyer might be able to file a class-action suit on behalf of all cities that choose to participate, Isaacson said.

Also, a state attorney general may be able to sue on behalf of all public borrowers in the state, Hovenkamp said.

Interest Payments

In the almost 200-year-old municipal bond market, states and localities have more than $2 trillion of outstanding debt on bonds sold to pay for projects such as roads and schools.

States and cities buy guaranteed investment contracts from such companies as New York-based AIG and Charlotte, North Carolina-based Bank of America Corp. The cities use the contracts to invest proceeds from bond sales until the money is needed to pay for projects.

Local governments aren't allowed to profit from the reinvestment of tax-exempt bond proceeds and must rebate any earnings, or arbitrage, to the IRS.

Sometimes, cities face a situation when the prevailing market results in a rate on the investment contract that is below the yield on the bonds.

If, for example, a municipality sells bonds with a yield of 4.5 percent and can invest the proceeds in an investment contract at 4.2 percent, the condition is known as "negative arbitrage." A damage claim could arise if a city can prove that an auction was rigged to lower the rate of the contract, below the market rate of 4.2 percent.

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Yield Burning

Still, cities may be able to bring a price-fixing claim against banks and brokers who sold them a contract that yielded more than the interest on the bond, said Clinton A. Krislov, 57, a Chicago lawyer who has filed overcharge complaints on behalf of Illinois municipalities.

In an earlier probe of the bond market, Banc One Capital Markets Inc. and seven other securities dealers agreed in 2000 to pay $13.5 million to settle federal allegations that firms overcharged municipalities for Treasury securities.

The practice, known as yield burning, occurs when brokerages raise the prices on the Treasury bonds used by municipalities refinancing outstanding debt. Because municipalities are barred from making money on their tax-exempt transactions, underwriters raise the price and "burn down" the yield on the securities.

Samsung Electronics, LCD Makers May Face Record Antitrust Fines (BLOOM)

By Kevin Cho

Bloomberg, December 15, 2006

Dec. 15 (Bloomberg) -- Samsung Electronics Co. of South Korea and liquid-crystal display makers in Taiwan and Japan may face the largest antitrust penalty ever after a probe of possible price-fixing in the $69 billion industry.

Fines may exceed $1 billion should authorities in the U.S., Europe, Japan and Korea uncover panel makers colluded, said analysts at Daewoo Securities Co. and Hyundai Securities Co. That would top the $729 million paid by four computer-chip makers following a U.S. probe that ended this year, and the record $752 million fine imposed on vitamin makers in 2001.

LG.Philips LCD Co., the second-largest panel maker after Samsung, said this week it was under investigation, spurring a two-day stock slide that erased about $1.6 billion in market value from the top five producers. Fines from the probe would undermine earnings in an industry where panel prices are forecast to slide more than 25 percent this year.

"This is just more bad news for LCD makers, which are already struggling," said Lee Seung Jun, who manages $760 million at CJ Asset Management Co. in Seoul. "Investors hate this kind of uncertainty, which could last for a long time."

Seoul-based LG.Philips said on Dec. 11 it was being investigated for "possible anticompetitive conduct in the LCD industry." Samsung, Taiwan's AU Optronics Corp. and Chi Mei Optoelectronics Corp., as well as Japan's Sharp Corp. have since said they are being investigated. All of the companies said they are cooperating with authorities.

More than 10 companies are being questioned for price-fixing, said Akinori Yamada, a director of management and planning at Japan's Fair Trade Commission in Tokyo.

Global Investigation

LCDs are the flat-panels that are replacing bulkier glass- tubes in computer monitors and televisions. Industry sales will rise 14 percent to $69 billion this year, according to estimates by researcher DisplaySearch.

The U.S. Justice Department, the European Commission, and regulators in Korea limited their comments this week to saying they are examining the possibility of anticompetitive behavior in the industry. Taiwan, home to three of the world's five largest LCD makers, is monitoring developments and isn't investigating any companies, the island's antitrust regulator said.

"The combined fines could bloat to top 1 trillion won ($1.1 billion) in the worst-case scenario," said Jason Kang, an analyst at Seoul-based Daewoo Securities.

Samsung, the world's largest LCD maker, may face as much as 952 billion won in fines, while LG.Philips may pay as much as 931 billion won, Hyundai Securities analyst Jeff Kim said. Still, it would probably take years before any fines are paid, he said.

Penalty Rules

The penalties can be bigger than what the two analysts expect. Europe may fine as much as 10 percent of a company's annual revenue, including sales of unrelated products. Suwon- based Samsung's sales last year were 80.6 trillion won.

The U.S. Justice Department can fine companies $100 million, double the offender's profits, or twice the victims' losses, whichever is largest. In Japan and South Korea, penalties may be as high as 10 percent of the related product's sales during the period of the offense.

Some analysts and lawyers said they weren't able to provide estimates of the penalties because regulators and the companies haven't disclosed when the alleged violations occurred, the types of LCDs involved, or the identities of the possible offenders.

"Details are scarce because this investigation is just beginning," said Lee Eun Jai, a lawyer familiar with antitrust cases at Seoul-based Lee & Ko.

Reversal of Fortune

Authorities are probably investigating possible price-fixing in 2004 or before, when industry profits were peaking, according to JPMorgan Chase & Co. analyst J.J. Park. Average profit margins at the three largest producers in the first half of 2004 exceeded 30 percent, compared with losses now.

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Prices of TV panels fall about 25 percent to 30 percent annually, according to Hyundai's Kim. Lower prices prove "healthy" competition, Sharp spokeswoman Miyuki Nakayama said.

In 2001, eight drugmakers including Roche Holding AG and BASF AG were fined a record 855 million euros, equivalent to $752 million at the time, after European Union officials found them guilty of colluding on vitamin prices. The fines were subsequently reduced to 790 million euros.

Price-fixing of chips known as dynamic random access memory led to a $300 million fine for top producer Samsung. Korea's Hynix Semiconductor Inc., Germany's Infineon Technologies AG, and Japan's Elpida Memory Inc. had to pay a combined $429 million.

The probe into the LCD industry follows a global investigation into airlines that began in February. U.S., European and Asian authorities are questioning companies including British Airways Plc, Japan Airlines Corp. and Singapore Airlines Ltd. for possible price-fixing of fuel surcharges.

"This is an important case because of the global nature of the investigation and the size of the industry," said Lee & Ko's Lee. "It's likely we're going to see more of these global investigations."

Japan Returns To Global Stage As An Acquirer (WSJ)

By Andrew Morse, Jason Singer

The Wall Street Journal, December 15, 2006

Japan is back as a global buyer.

The country's biggest tobacco company is close to agreeing on the nation's largest-ever foreign acquisition, with an offer valued at $14.8 billion. The proposed transaction caps a series of deals that reflects a new assertiveness by Japanese companies as the world's second-largest economy continues to rebound from more than a decadelong slump.

Japan Tobacco Inc. has offered to acquire cigarette maker Gallaher Group PLC of Britain for nearly £7.5 billion, according to people familiar with the situation. They said an agreement could be announced as early as today.

Japan Tobacco confirmed it was in talks with Gallaher, whose brands include Benson & Hedges and Silk Cut, and said it would release details when they were finalized. Gallaher said in a statement yesterday that it was in discussions about a possible cash offer of £1.140 a share.

The proposed deal marks one of the highest-profile foreign forays by corporate Japan since it stirred worries in the U.S. in the 1980s and early 1990s with a wave of investments that resulted in the takeover of such American icons as the Pebble Beach golf course in California, New York's Rockefeller Center and Hollywood's Columbia Pictures.

After a long retreat from the global mergers-and-acquisitions scene in the 1990s and early 2000s, Japanese companies are once again on the prowl. With the population of Japan expected to shrink rapidly in coming years, many Japanese firms are looking to tap into growing overseas markets quickly by acquiring existing companies. So far this year, Japanese firms have bought 294 foreign companies for a total of $18.1 billion, more than in all of 2005 and double the figure in 2004, according to Thomson Financial.

"The attitude [of Japanese management] has changed," said Robert Snell, the head of corporate banking at Citigroup Inc.'s Tokyo branch.

Sectors that could see more Japanese acquisitions include the car-parts industry, as suppliers to the big Japanese auto makers look for ways to get closer to their main customers' overseas factories. Already Japanese firms such as engine-parts maker Asahi Tec Corp. and bearings maker NTN Corp. have bought companies in the U.S. and Europe. Last week, Japanese tire giant Bridgestone Corp. said it would pay $1.05 billion for Bandag Inc., an Iowa company that makes equipment for retreading tires, a new area for Bridgestone.

Japan's big banks and financial conglomerates are scouting rapidly growing markets in the U.S., China and elsewhere for growth opportunities. Brokerage-firm giant Nomura Holdings Inc. recently spent $1.2 billion to acquire electronic stockbroker Instinet Inc. The deal gave Nomura access to both new markets and new trading technologies.

"There is a pronounced increase in the interest Japanese companies have in looking for overseas acquisitions, particularly in the U.S.," said James Neissa, chairman of global mergers and acquisitions at UBS AG.

The new round of Japanese deal making is markedly different from the one that peaked in 1990, when Japanese acquirers purchased 429 foreign companies for a combined $25.3 billion. During their buying spree they spent top dollar for trophy properties. In many cases, including the Pebble Beach and Rockefeller Center deals, they bought at the height of the market and ended up selling their acquisitions at a loss.

These days, more Japanese companies are thinking strategically about how an acquisition will fit into their operations. Japan Tobacco wants Gallaher because of its strong presence in Russia and Eastern Europe, growing markets that Japan Tobacco wants to crack.

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Earlier this year, a consortium led by Toshiba Corp. outbid other interested companies to buy power-plant manufacturer Westinghouse Electric Co. for $5.4 billion because it views nuclear power as a driver of growth in the future.

Japan's new acquisitiveness comes in a banner year for mergers and acquisitions. M&A value globally has topped $3 trillion, according to research firm Dealogic, the second-highest on record, after the dot-com-fueled deal-making frenzy in 2000. Foreign buyers have flocked to Europe, where many industries haven't consolidated to the extent they have in the U.S., and to Britain in particular. Companies from India, Brazil and Spain have all announced deals for British firms that top Japan Tobacco's proposed $14.8 billion acquisition of Gallaher.

In contrast to the 1980s, Japan is finding itself more welcome in foreign markets today. That's partly because it has opened its own markets more widely to imports since then, helping to eliminate a major source of friction with its trading partners. Though it runs a trade surplus with the U.S., which reached $8.3 billion in October, Japan has been replaced by China as the global economic boogeyman. China's trade surplus with the U.S. in October was $24.4 billion.

Japanese companies also are more globally attuned than before, aware that their futures depend on being able to grow overseas. As a result, they are careful not to disturb political sensibilities abroad.

One big change in the way Japanese companies approach deals: They are now more willing to embrace sophisticated financial techniques. That contrasts with their more risk-averse management style in the past, marked by an insistence on paying cash. The shift allows companies to raise more money and embark on bigger deals.

Indeed, some Japanese companies are using lots of debt to make acquisitions. Earlier this year, Nippon Sheet Glass Co. bought Pilkington PLC, a British rival that was twice its size, in a $3.8 billion deal. Nippon Sheet Glass used loans and some of its own equity to pay for the deal, in a structure similar to ones employed by private-equity firms. It managed to do so without crimping its own credit rating by piling the debt onto Pilkington, rather than Nippon Sheet Glass itself. Several other buyers of British businesses have since copied the move.

Others are using complex financial instruments to project more financial strength. Japanese Internet-and-telecommunications conglomerate Softbank Corp. bought the Japanese mobile-phone operations of Vodafone Group PLC this year in a deal valued at $15.6 billion. Softbank arranged the final financing for the deal by pledging the cash flow from the Vodafone operations as collateral for the loans it took out.

That structure, known as a whole-business securitization, walls the mobile-phone unit off from the rest of Softbank until the debt is paid off. Softbank's whole-business securitization deal was the biggest of its kind in the world.

Some Japanese companies have even risked their reputations by launching hostile takeover bids in Japan. The attempts failed, but they were viewed as a potential harbinger of more aggressive deal making both at home and abroad. In a widely watched takeover battle this summer, Oji Paper Co. launched an unsolicited $1.4 billion bid for rival Hokuetsu Paper Mills Ltd., in the first hostile takeover battle between two Japanese blue-chip companies.

"There are an increasing number of managers who understand that they have to be more aggressive if they want to ensure growth," said Yasu Hatakeyama, who heads the Tokyo office of Lazard Ltd.

Japan Tobacco, beset by slowing cigarette sales in its home market, where the population is aging and smoking is increasingly falling out of favor among younger generations, has been looking to expand in faster-growing markets. Three years ago, it made an unsuccessfully $1.15 billion bid for Tekel, a state-owned tobacco company in Turkey.

Speculation it would adopt a more aggressive overseas acquisition strategy has mounted since Hiroshi Kimura was named president and chief executive in April. That's because Mr. Kimura oversaw Japan Tobacco's 1999 purchase of the international operations of RJR Nabisco Holdings Co., and served as their head.

Analysts said the company will probably have to pay for more than half of the proposed Gallaher transaction with debt. It had $7.8 billion in cash on its books as of March 31, according to its annual report.

Japan Tobacco's proposed deal for Gallaher would far exceed the largest Japanese acquisition of a foreign company to date. That record is held by mobile-phone operator NTT DoCoMo Inc.'s $9.8 billion purchase of a stake in AT&T Wireless Group in 2001. DoCoMo subsequently sold its stake to Cingular Wireless in 2004. Japan Tobacco is in second place with its 1999 RJR Nabisco deal, valued at $7.8 billion.

Merrill Lynch & Co. is advising Japan Tobacco, while Dresdner Kleinwort is advising Gallaher.

ENVIRONMENT/INDIAN AFFAIRS:

Casino Plan For Catskills Moves Closer To Reality With Interior Department's Approval (NYT)

By Charles V. Bagli

The New York Times, December 15, 2006

DOJ_NMG_0106892

After more than 10 years of delays, tribal recriminations and opposition from Atlantic City gambling interests, the effort to build a Las Vegas-style casino in the Catskills took a major step forward yesterday.

The Interior Department approved an environmental review of the St. Regis Mohawk Indian tribe's $600 million project. Proponents say the casino will bring thousands of jobs and tens of millions of dollars in revenue to a once thriving resort area known as the Borscht Belt.

James E. Cason, the associate deputy secretary for Indian affairs at the Interior Department, said yesterday that he was notifying the Mohawks, whose reservation straddles the Canadian border, that the agency determined that the proposed casino on 30 acres next to the racetrack outside Monticello in Sullivan County would not have a significant environmental impact.

The longtime harness racing track, owned by Empire Resorts, which would build the new casino, is currently the site of Monticello Gaming and Raceway. It now features more than 1,500 electronic gambling machines, including video poker, where patrons can wager from pennies to $10. A similar setup with the electronic machines is in place just north of New York City at Yonkers Raceway, which is about 85 miles southeast of Monticello.

"It's a step in what's been a long process for Monticello," Mr. Cason said of the casino, which would include table games like blackjack, roulette, craps and the more traditional slot machines as well as the current electronic ones.

Mr. Cason, who said "there is not an environmental impediment" to the new casino in Monticello, added that he was sending a notice to Gov. George E. Pataki, who has long supported Indian casinos in the Catskills, asking him to concur.

As recently as May 25, Mr. Pataki urged the Interior Department to expedite its review of the Mohawk casino, which he "strongly supports." A spokesman for the governor said yesterday that Mr. Pataki, who leaves office in two weeks, had not yet received the notification.

The federal determination formally revives a project that first received approval in April 2000, when the Interior Department ruled that a casino at the racetrack would be a boon to both the tribe and the surrounding communities.

"This is great news for the Mohawk people, as well as the people of Sullivan County who have been waiting for this project to become a reality for well over 10 years now," Chief Lorraine M. White of the Mohawks said yesterday.

The next step in that reality is for the Mohawks and New York State to amend a gambling compact and revenue-sharing agreement before construction can begin. The tribe may also have to fend off a lawsuit by environmentalists.

While Mr. Pataki, a Republican, is expected to send a concurrence letter before he leaves office, the compact negotiations would presumably fall to the incoming governor, Eliot Spitzer, a Democrat, who has generally said he supports tribal casinos in the Catskills.

Chief White said the tribe had already agreed to provide the state with up to 25 percent of the slot machine revenues and to collect sales taxes for the state. The Mohawks also agreed to provide Sullivan County and Monticello with $20 million a year.

The political climate nationally has turned against what are known as off-reservation casinos, with Senator John McCain, a Republican from Arizona, leading an effort to curtail or even eliminate them. If the Monticello casino is built, it will be the fourth such casino established since the National Indian Gaming Regulatory Act was passed in 1988.

The Mohawk casino "may actually be the last off-reservation casino," said Prof. I. Nelson Rose of Whittier Law School in California, an expert on Indian gambling.

There are currently four tribal casinos on reservations in New York. But for casino operators and the tribes, the prize has always been the Catskills, which is closer to New York City than either Atlantic City gambling or the two Indian casinos in Connecticut.

Empire Resorts says the casino in Monticello would attract 6.1 million visitors annually. Analysts estimate that it could take a 15 percent bite out of Atlantic City gambling revenues. "It's exciting to get going," said David P. Hanlon, the chairman of Empire.

Under federal law, Empire can transfer 30 acres to the tribe for a casino project. Empire would build and operate the casino under a contract with the Mohawks.

News of the latest move by the Interior Department was greeted with delight and relief by tribal chiefs on the Akwesasne Reservation and, 400 miles south, by officials in Sullivan County.

"This is great news," said Anthony P. Cellini, supervisor of the Town of Thompson, which includes the village of Monticello. "It's about time. This will have a major economic impact on the county. I think you'll see an economic development explosion."

There has been a burst of second-home construction in Sullivan County. But many of the hotels and bungalow colonies that were in the county in the 1940s and '50s are gone. And along Broadway, the once bustling main road in Monticello, there are mostly vacant parking spaces and empty storefronts.

Not everyone is thrilled. The Natural Resources Defense Council has said that the federal government failed to adequately assess the casino's environmental impacts. Rosa Lee, treasurer of Casino-Free Sullivan County, said that a casino would generate road-clogging traffic, pollution and crime, ruining the bucolic environment that now exists.

"The paybacks the casinos are offering don't begin to touch the impacts from the casino," she said.

But elected officials like Senator Charles E. Schumer, Representative Maurice D. Hinchey, State Senator John J. Bonacic and Sullivan County legislators support the Mohawk plan.

If the project goes forward, it will be a victory for Empire Resorts and Robert Berman, a local resident who in 1994 conceived the idea. Mr. Berman suffered innumerable setbacks over the years, including a falling-out with the Mohawks in 2000, but always kept at it.

"After 12 long years, the federal approvals have been secured by Governor Pataki," Mr. Berman said. "Now it's at the state's sole discretion whether thousands of jobs can be created and the Catskills can be revitalized."

FBI/DEA/ATF/USMS:

Pipe Bombs Lead To Arrest (PITTTRIB)

By Jason Cato

Pittsburgh Tribune-Review, December 15, 2006

Federal agents arrested a California University of Pennsylvania student Thursday after tests showed he was storing numerous pipe bombs in his dorm room and his parents' Upper St. Clair home.

Agents charged Michael Blattner, 18, with unlawful possession and manufacture of destructive devices.

He was taken into custody at his parents' Harrogate Road home by agents with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

U.S. Magistrate Judge Francis X. Caiazza set bond at $10,000 and ordered that Blattner undergo medical or psychiatric treatment. Blattner is being held in a Pittsburgh halfway house for observation, said Tom Stankiewicz, assistant special agent in charge of the Philadelphia ATF office.

ATF agents and members of the Allegheny County Bomb Squad raided Blattner's dorm room and his parents' house Dec. 5. They collected numerous pipe bombs, materials and tools.

"Pipe bombs have been used to kill and maim people and to damage property and are inherently dangerous to people and property," ATF agent Matthew Regentin said in court papers.

Agents recovered at least 22 pipe bombs from the two locations, court documents state. The explosive devices were wrapped in black electrical tape and ranged from 2 to 4 inches in length.

Also seized were journals containing detailed plans for making improvised explosive devices, or IEDs. One drawing was titled "medium pipebomb" and another "Planted IED," court documents show. Agents also found fragments from at least one exploded device, tools such as drills, ammunition used to create the explosive charge and shrapnel.

Blattner told authorities he was experimenting with making "fireworks," according to the criminal complaint filed against him yesterday.

Authorities were tipped off by employees at the Home Depot in Collier, who became suspicious when Blattner bought a length of pipe and end caps on Dec. 2.

Purchase records from Dick's Sporting Goods show Blattner opened a charge account in January shortly after turning 18, the legal age in Pennsylvania for buying ammunition. Agents discovered that Blattner bought more than $170 worth of shotgun shells, other ammunition, carbon dioxide cartridges and .50-caliber pellets at the sporting goods retailer between Sept. 15 and Dec. 1.

When Eric Rudolph detonated a pipe bomb in Atlanta's Centennial Olympic Park during the 1996 Summer Olympics, two people were killed and more than 100 were injured.

In 1999, Eric Harris and Dylan Klebold used pipe bombs during their massacre at Columbine High School in Colorado.

In August, police in Salem, Ore., found four pipe bombs scattered around the city. Three were attached to cars, and another was found on a roadside. No one was injured, and police arrested Lonnie Troy Glinski in the case.

The devices found in Blattner's possession were tested in the ATF National Laboratory in Rockville, Md.

"There was some explosive material in the pipes," Stankiewicz said.

Stankiewicz refused to comment on the motive for creating the pipe bombs or whether more arrests are expected. He said the investigation is ongoing.

Blattner will appear in court next on Wednesday.

FBI Hails Phila. Labor Leader's Crime-prevention Work (PHI)

The Philadelphia Inquirer, December 15, 2006

DOJ_NMG_0106894

The FBI honored a local labor leader yesterday for her crime-prevention efforts in Philadelphia.

Janet Hammond Ryder is vice president of labor participation for the United Way of Southeastern Pennsylvania, director for labor participation for the Philadelphia Council AFL-CIO, and cohost of the weekly Labor to Neighbor show on WURD-AM (900). Ryder received the FBI Director's Community Leadership Award for her efforts to combat poverty, violence, drugs, gangs, and crime by reinforcing the value of education for inner-city youths.

Briefly... CITY/REGION (PHI)

The Philadelphia Inquirer, December 15, 2006

Police see breakthrough

in 'Screwdriver Bandit' case

Investigators believe they've made a break in the case of the notorious "Screwdriver Bandit."

Cops said yesterday they have a man in custody who likely is the culprit who robbed nine college-aged women at screwdriver-point in several parts of the city between Nov. 9 and Nov. 17.

The suspect was arrested in an unrelated incident late last month.

One investigator said police are reviewing their evidence and still talking with victims and witnesses. A formal announcement on the case was expected later today.

N.J. woman carjacked,

robbed; suspect sought

A man armed with a knife forced his way into the car of a 20-year-old woman in the Echelon Mall parking lot in Voorhees, N.J., Monday night and drove her to an ATM machine in Gibbs- boro, police said.

The man forced the woman her to withdraw several hundred dollars in cash and then drove to an apartment in Lindenwold, police said, where he bought narcotics.

He then drove to a Ramada Inn in Hammonton and was preparing to check them into a room when she broke away from him and ran, police said.

He caught up with her in the parking lot, but she struggled with him and he fled.

Police identified the assailant as Stephen M. Rule, 29.

He is charged with carjacking, kidnapping, robbery, possession of a knife for an unlawful purpose and possession of a controlled dangerous substance.

He is being sought.

Janet H. Ryder receives

FBI community award

The FBI's 2006 Community Leadership Award has been presented to Janet Hammond Ryder, vice president of labor participation for the United Way of Southeastern Pennsylvania and the Philadelphia AFL-CIO Council.

The award is presented to individuals who have made an outstanding contribution toward crime prevention and community awareness.

Ryder also is co-host of a weekly radio show, "Labor to Neighbor," on WURD (900-AM).

A Travesty Of Injustice (BOS)

By Brian Mcgrory, Globe Columnist

The Boston Globe, December 15, 2006

Spend a couple of days -- or, for that matter, a couple of minutes -- in the Moakley federal courthouse listening to testimony in the lawsuit brought by four wrongfully convicted men against the FBI, and a few simple questions come to mind.

Why is the federal government fighting this? Why haven't Joe Salvati and Peter Limone already been paid for the 30 years they spent in jail? Why are 40-year-old documents being kept secret? Why isn't there a single person in the Justice Department with a shred of common sense?

Don't get me wrong. For pure legal drama, it doesn't get much better than what's happening in Courtroom 3 these days.

First off, there's the parade of swaggering legal eagles like F. Lee Bailey and Jack I . Zalkind taking the witness stand to decimate the FBI. Zalkind, for example, quipped after a long day of testimony, "At $450 an hour, I'd like to get out of here."

There was the cameo appearance of former governor Michael S . Dukakis on Wednesday afternoon. He strode from the witness stand out into the hallway, where he declared the actions of the FBI "disgraceful."

Then there's the unfailingly brainy and always brassy judge, Nancy Gertner, who began Tuesday morning's court session by threatening to haul the director of the FBI in front of her.

The plaintiffs' table is lined with so many lawyers -- nine, most days -- that it looks like a reenactment of da Vinci's "The Last Supper." The government attorneys act as if they haven't slept in a month. Even Gertner appeared to take pity one morning, telling them, "You've been asked to litigate this case with one hand tied behind your back."

But there shouldn't be the need for pity. There shouldn't be any reason for Limone and Salvati to give up more of their lives to dutifully sit in the front row and relive the loss of their freedom.

Because there shouldn't be a trial at all.

In fact, it should be the opposite. FBI Director Robert Mueller ought to fly to Boston, all right, but rather than offer absurd excuses to Gertner, he needs to extend apologies and big payouts to the men who were framed by his agency so many decades ago and the families that have survived them.

Let's not draw too fine a point on this: The Boston office of the FBI was for too many years its own crime family. It sanctioned murders. It turned a blind eye toward drug-running. It wrought havoc on the everyday lives of everyday people, all, supposedly, in the name of ridding the town of the Mafia. And in this case, it intentionally hid evidence that would have exonerated four men who were wrongly convicted in the 1965 murder of a petty thief.

Two of the men, including a World War II hero, died in prison. Two others, Salvati and Limone, were released a few years ago. Salvati has since lived a simple life filled with family and odd jobs and friends who have survived his ordeal.

To this day, the federal government has never offered a settlement. When the two sides met with Gertner earlier this year, the government lawyers said there would be no offer forthcoming.

Salvati and Limone are both in their 70s, and you get the sense the government would rather see them die than compensate them for their loss of freedom.

Contrast that to the government's handling of a case in Oregon, where a lawyer was wrongly implicated by the FBI in the 2004 Madrid terrorist bombings and jailed for two weeks. The Justice Department wrote him a $2 million check last month, accompanied by an apology.

If two weeks in jail are worth $2 million, then by my calculation, Salvati alone would be owed $1.6 billion. Makes you think the geniuses down in Washington should have rethought that stand about not settling.

What the FBI and the rest of the Justice Department are doing in this trial isn't just an embarrassment, but a disgrace -- and it will undoubtedly prove to be an expensive one at that.

2 Plead Guilty In Ski Resort Fire (NSDY/AP)

By Jeff Barnard, Associated Press Writer

Long Island Newsday, December 15, 2006

EUGENE, Ore. -- Two people who have admitted helping in the $12 million arson of a Vail, Colo., ski resort as part of an ecoterrorism campaign formally pleaded guilty Thursday to federal arson charges.

Chelsea Dawn Gerlach and Stanislas Gregory Meyerhoff, both 29, had already pleaded guilty to some of the $20 million worth of arsons committed between 1996 and 2001 by a Eugene-based cell of the Earth Liberation Front known as the Family. Under plea deals with federal prosecutors, they agreed to have charges from the 1998 Vail arson transferred from Colorado to Oregon to be settled along with their other cases.

Prosecutors have recommended a 10-year prison sentence for Gerlach, who is to be sentenced April 18, and 15 years and eight months for Meyerhoff, who has a sentencing hearing scheduled for April 10.

The Vail arson focused national attention on radical environmentalists who ascribed their attacks to the secretive Earth Liberation Front and Animal Liberation Front, characterized by the FBI as the nation's top domestic terrorism threats. The investigation went nowhere for years until a task force found an informant who got old friends to talk about the crimes in recorded conversations.

Two others indicted in the Vail arson, Josephine Sunshine Overaker and Rebecca J. Rubin, remain at large.

The Vail arson was one of 20 fires in Oregon, Washington, California, Wyoming and Colorado blamed by federal investigators on the Family. Twelve people -- 10 in Oregon and two in Washington -- have pleaded guilty in the cases, and others remain at large. The alleged leader of the group, William C. Rodgers, committed suicide in an Arizona jail in December 2005.

The lodge destroyed in Vail, about 100 miles west of Denver, has been rebuilt.

Shiite? Sunni? Some In US Learn Who's Who. (CSM)

By G. Jeffrey Macdonald

The Christian Science Monitor, December 15, 2006

DOJ_NMG_0106896

Some in Congress may need a primer on Islamic extremists. Five years after 9/11, three members of the House Intelligence Committee in recent interviews couldn't answer basic questions about who's Sunni and who's Shiite in the Muslim world. But other American institutions are already boning up - especially when they have a stake in doing so. For example:

· Law-enforcement agencies, from the FBI to the New York Police Department are learning Muslim customs in attempts to do their jobs more effectively.

· Major hospitals, including one in Tampa, Fla., are training staff to honor Muslim beliefs about the body.

· Business groups are studying Islamic law in order to raise capital among Muslims, who aren't allowed to charge interest.

In general, Americans don't know much about Muslims, surveys show. The Pew Forum on Religion & Public Life found that the share of those saying they knew "not very much" or "nothing at all" about Islam actually grew from 61 percent in 2001 to 66 percent in 2005. In another 2005 Pew finding, 62 percent failed to identify Allah and the Koran as the terms Muslims use for God and sacred scripture.

Certain key sectors of US society also display a dangerous ignorance, Muslim advocates say. Topping the list this month is Rep. Silvestre Reyes (D) of Texas, the incoming chairman of the House Intelligence Committee. In an interview with Congressional Quarterly last week, he could identify the historic Sunni-Shiite split but didn't know that Al Qaeda is Sunni or that Hizbullah, which fought Israel this summer in Lebanon, is Shiite.

GOP Reps. Jo Ann Davis and Terry Everett, also on the intelligence committee, fared worse when the Congressional Quarterly interviewed them last summer.

But even on Capitol Hill, there are pockets of hope, Muslim advocates say. Congressmen tend to know more about Islamic culture when their own futures depend on working well with Muslims.

"In areas where there are large Muslim populations, you tend to see that members of Congress are more in tune with the thinking of the Muslim community," says Corey Saylor, national legislative director for the Council on American-Islamic Relations, a Muslim advocacy group in Washington. Among those with few Muslim constituents, he says, knowledge of Islamic culture is "better than it was five years ago, but we still have a long way to go."

That same trend shows up in other sectors of society. Where the stakes are high, Americans are doing their homework. FBI beefs up Muslim culture training

The Federal Bureau of Investigation, for instance, will emphasize Muslim culture when it expands introductory training for new agents from 18 to 21 weeks next month. In upcoming sessions, trainees will "drill down deeper" than they have in the past, for instance, into differences between radical Shiite cultures and radical Sunni ones, says Keith Slotter, assistant director of the FBI's training division. For the first time, new agent training will also cover dynamics surrounding suicide bombing.

"When a person from another culture says something, the meaning behind the words may not be the literal translation that an agent might want to jump to," Mr. Slotter says. "There are so many different nuances and aspects [that] to be an effective interviewer ... you're going to need those cultural skills."

Urban police are taking similar steps. About 100 members of the New York Police Department's hostage negotiating team, for instance, earlier this year spent a day learning to foster cooperation by honoring Muslim customs. For example, when entering a home, leave dogs outside and don't step on prayer rugs. In San Jose, Police Chief Rob Davis is a Mormon, but he has in the past fasted each day during the Muslim holy month of Ramadan in order to foster understanding and closer ties with Muslims in his city.

Sometimes, the passion for knowledge has proved fleeting. When the Houston Police Department first offered a monthly continuing education course on Muslim culture at a local mosque in 2003, every class was near capacity with about 30 officers in attendance. But the department discontinued the course last year because not enough officers were signing up. The sharp decline in numbers coincided with a department policy shift.

"We used to have classes on city time, but now that you have to go on your own time, the majority of officers don't want to take this class," says Muzaffar Siddiqi, the department's liaison to Muslims. They're taking other courses online because "they can just sit at home and do it."

Some business people are also trying to learn more. Earlier this year, managers at East Cameron Partners, an energy development firm in Houston, studied Islamic finance in order to raise funds in the Middle East for oil and gas exploration. The result was the first-ever US issue of sukuk, an Islamic bond that generates revenue from sales, profits, or leases rather than interest. In September, International Swaps and Derivatives Association in New York began studying Islamic law requirements in order to craft international standards for more cross-cultural deals. Focus on healthcare concerns

In healthcare, Tampa General Hospital has emphasized Muslim culture in its two-year-old diversity training program, which counts as continuing education for many of the hospital's 5,000 staffers. In March, Muslims will make their fourth presentation - more than any other group - to an expected crowd of about 150.

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The education has had immediate on-the-job value for medical staff, according to the Rev. William Baugh, director of pastoral care at Tampa General. They now try to have women physicians visit Muslim female patients "because of the tremendous modesty," he says. And when a patient dies, nurses now accommodate family members who insist on taking the body to wash it.

Guards In Prison Sex Scandal Sentenced (WP/AP)

By David Royse, The Associated Press

The Washington Post, December 15, 2006

TALLAHASSEE, Fla. -- A former federal prison guard who admitted smuggling contraband to inmates for money and sex in a scandal that ended with a deadly shootout was sentenced to a year in prison Thursday.

The judge said he lightened Alfred Barnes' punishment in part because he cooperated with prosecutors in the case, which ensnared six guards at a women's prison.

One of them, Ralph Hill, was killed in a June 21 gunfight he started at the Tallahassee Federal Correctional Institution when federal agents came to arrest them. One of the agents also was killed and a prison officer was wounded.

A second former guard sentenced Thursday, Vincent Johnson, shielded a federal agent who came under fire in the shootout, U.S. District Judge Robert Hinkle said.

Johnson, who was sentenced to a year of probation, was not accused of participating in the sex-for-contraband scheme but admitted coercing inmates to keep quiet about it.

Barnes, 43, of Thomasville, Ga., and Johnson, 40, of Tallahassee, pleaded guilty to conspiracy to commit mail fraud in September; the government dropped other charges.

Former guards Gregory Dixon and Alan Moore were convicted and are to be sentenced in January. E. Lavon Spence pleaded guilty but has had his sentencing delayed after suffering a stroke.

None of the surviving guards has been implicated in the shootout.

Murderer Of Witness Gets Life In Prison (PHI)

By Julie Shaw

The Philadelphia Inquirer, December 15, 2006

Felix Summers - the reputed South Philadelphia drug dealer authorities say was at the center of a web of witness-retaliation and drug killings in his neighborhood - was sentenced yesterday to life in prison without parole.

Summers, 25, was convicted last month in the March 1999 shooting death of Charlotte Presley, 39, a witness against him in another homicide.

Just two months shy of his 18th birthday at the time of the crime, Summers was not eligible for the death penalty. In a ruling last year, the U.S. Supreme Court banned the execution of juvenile killers.

Yesterday, in a fairly empty courtroom, Common Pleas Court Judge Carolyn Engel Temin handed Summers the automatic life sentence on first-degree murder, topped by 30 to 60 months for witness retaliation.

Summers, a bearded, heavyset man, declined to make any statement.

An aunt, Phyllis Summers, 43, showed up shortly after the brief sentencing ended and said outside the courtroom as she wiped away tears: "I just want to say that he's not the monster people think he is."

Assistant District Attorney Carlos Vega said that the judge's additional sentence on the witness-retaliation charge "highlights the fact that this is not just a murder. It's a pretty horrible murder in that he killed a witness."

Earlier this week, Vega described Summers as the center of a "spider web" of people who were his associates or who were potential witnesses against him. Summers lived on the 500 block of Hoffman Street, near the scene of various killings on or near South Fifth.

The first two juries in the Presley murder case had deadlocked, resulting in mistrials.

Vega argued at last month's trial that Summers killed Presley because she was a witness against him in the Jan. 12, 1999, drive-by shooting death of John Niles, 19, at Fifth and Mifflin. Authorities have said the shooting was drug-related.

Presley had told police she saw Summers pull the trigger.

About 4 a.m. March 29, 1999, Summers, who enlisted the help of neighbor Diana Meirino, went to Presley's third-floor apartment on South Fifth, near Mifflin. When Presley came to the door, Summers shot her twice in the face. She died at the scene.

Summers' then-girlfriend, Sherrie Hewett, testified at last month's trial. Hewett, who is in the district attorney's witness relocation program, was in a minivan outside the apartment when the shooting occurred. She testified that Summers wanted to ask Presley why she was telling police that he shot someone.

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Jack McMahon, Summers' defense attorney, argued that this was a case of mistaken identity and that Hewett was a scorned girlfriend.

At the Niles murder trial in 2000, Summers was acquitted. By then, Presley was dead, and another witness failed to show.

Summers was also charged in the Aug. 16, 2001, shooting death of Veronica Rios, 15, a bystander who was at Fifth and Pierce Streets with others when three men in a car came by. Two gunmen jumped out of the car and opened fire, killing Rios and injuring five people, including Joseph Mulhern, 18. Police have said the gunmen believed Mulhern, the intended target, was cooperating in a drug investigation.

A month later, Meirino, 22, was shot to death outside her South Fifth Street home. Police arrested Summers' cousin, Alvin Lawrence. Charges were later dropped after a key witness died of a drug overdose. Summers was not charged in that case.

Vega, however, while not implicating Summers, said this week that "he was the only person in all of Philadelphia who was to gain" from Meirino's death. Meirino was expected to testify against Summers in the killings of Presley and of Rios, which she had also witnessed.

The FBI added Summers to its 10 Most Wanted list after Rios' slaying.

At Summers and his codefendants' 2002 preliminary hearing in Rios' murder, Mulhern reluctantly testified. By the time the case went to trial two years later, Mulhern was dead. Summers and his two codefendants were acquitted.

Mulhern was killed after being shot multiple times in the chest on the 500 block of Sigel Street, near his home, at 11:23 p.m. Nov. 16, 2003, said Officer Beth Skala, a police spokeswoman. Two neighborhood men, Julio Esteves and Paul Luvice, were arrested, but were acquitted in an October trial.

Brian McMonagle, Esteves' defense lawyer, said he did not believe Mulhern's death was related to the 2001 shooting. He said his client and Luvice were acquitted because witnesses in the case were not credible.

Officials Say Man Arrested After Mixing Pills On Flight (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, December 15, 2006

Passenger held on a charge of interfering with a flight attendant

A 66-year-old man who was arrested after a disturbance aboard a Continental Airlines flight to Houston had mixed his medication during the trip, federal authorities said Thursday.

Noboru Akao, a Japanese citizen and U.S. permanent resident alien, also put his hand up a flight attendant's skirt and "made a mess" in a restroom after mixing his pills, U.S. Magistrate Judge Frances Stacy said as she read from a criminal complaint in a hearing.

Federal prosecutor Michael Schultz declined to specify the medications in open court. Continental spokesman David Messing said he did not know whether Akao was served alcohol during the seven-hour flight from Honolulu.

Houston police arrested Akao on Wednesday morning and handed him over to the FBI after the flight arrived at George Bush Intercontinental Airport. He was charged with interfering with a flight attendant.

According to the complaint, Akao became "disruptive" and "combative" during the last 2 1/2 hours of the flight. He finally was restrained in plastic handcuffs and placed in a jump seat, away from other passengers.

Akao, who moved to the United States in 1986, communicated in court through his interpreter and frequently bowed toward the judge to indicate that he understood the proceedings.

If convicted, Akao faces a maximum of 20 years in prison and a $250,000 fine. A hearing to review evidence and consider bail is scheduled for Monday.

Body In Mexican Park Had U.S.agents' Business Cards (HC/AP)

By Alicia A. Caldwell, Associated Press

Houston Chronicle, December 15, 2006

EL PASO — Business cards of two U.S. law enforcement officials were found taped to the head of a man whose bloody body was dumped in a Mexican park last month, federal officials said today.

Mexican authorities said the unidentified victim's body was left in a popular park in Ciudad Juarez, across the Rio Grande, the afternoon of Nov. 23. He was found with a finger stuffed in his mouth, a traditional punishment dealt out by drug traffickers to informers.

Photographs of the victim published in today's edition of the Spanish-language newsapaper El Diario de El Paso, show one of the business cards is from Raul M. Bencomo, a U.S. Immigration and Customs Enforcement agent. Bencomo oversaw a controversial drug informant who led authorities to the bodies of about a dozen men buried in the yard of a Juarez house in 2004.

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The second card, which is barely legible in the photos, is believed to be from a U.S. Drug Enforcement Administration agent.

Officials with ICE and DEA said today that the agencies were notified about the discovery but do not have any role in investigating the killing.

"This matter is under investigation by Mexican authorities," ICE spokesman Carl Rusnok said in a written statement. "It would be inappropriate for ICE to comment out of respect for the integrity of the Mexican investigation. We have a strong relationship with our law enforcement counterparts and will assist if requested."

Chihuahua Attorney General Patricia Gonzalez told reporters today that her office sent photographs of the body to U.S. authorities in El Paso and requested their help in identifying him. It was unclear who sent the photos to the newspaper.

It also was unclear today what, if any, connection the killing has to Bencomo. His bloodied U.S. Department of Treasury-embossed card appears to be several years old. Treasury officials have not overseen immigration agents since ICE was formed under the Department of Homeland Security in 2003.

Bencomo's informant, Guillermo Ramirez Peyro, who also goes by "Lalo," has been accused of working for the Juarez drug cartel run by Vicente Carrillo Fuentes while he was being paid by U.S. authorities.

An El Paso lawyer for Bencomo, who is being sued by relatives of at least one of the victims found at the Juarez house, was not immediately available today.

Ramirez, who is being held on immigration charges, is in U.S. custody at an undisclosed location. A spokeswoman for the Executive Office of Immigration Review, which oversees immigration cases, said she could not discuss details of the case.

Jodi Goodwin, Ramirez's Harlingen lawyer, said Ramirez is fighting deportation and fears that he will be killed if he returns to Mexico.

Goodwin said today she did not know if the Nov. 23 killing had any connection to her client.

"I don't have any information to be able to make any kind of connection," Goodwin said.

Associated Press Writer Olga Rodriguez contributed to this report from Monterrey, Mexico.

Cyclist Indicted In Steroids Probe (NYT/AP)

By The Associated Press

The New York Times, December 15, 2006

Filed at 11:11 p.m. ET

SAN FRANCISCO (AP) -- Prosecutors sent a clear message Thursday to Barry Bonds and everyone else linked to the federal steroids investigation: lie to us, and we'll come after you.

Former world silver medalist cyclist Tammy Thomas, 36, was the latest sports figure and first athlete to be indicted for hindering the 3-year-old grand jury probe. She faces three counts of perjury and one count of obstruction of justice.

Thomas was ordered to appear in court Jan. 5. Each count carries a maximum of five years in prison and a $250,000 fine.

She did not immediately return calls seeking comment.

Kevin Ryan, the U.S. attorney for Northern California, said Thursday's indictment, along with last month's obstruction of justice charges against track coach Trevor Graham, marks a new phase in the BALCO investigation.

"A third stage has begun as we bring charges against individuals who lied to investigators or committed perjury while testifying under oath to a federal grand jury," he said.

The first stage, Ryan said, netted guilty pleas from Bay Area Laboratory Co-Operative founder Victor Conte, BALCO vice president James Valente and track coach Remi Korchemny. Also convicted was Greg Anderson, Bonds' personal trainer, who served three months and is back in prison for refusing to testify against Bonds.

Authorities suspect Bonds, like Thomas, lied to the 2003 grand jury when he said he never knowingly used steroids. An investigation of the San Francisco Giants slugger for perjury and possible tax-evasion charges is ongoing.

"On one level, the agents on the BALCO case and the U.S. Attorney's office were unfairly attacked for targeting only certain high-profile people," said Travis Tygart, general counsel for the U.S. Anti-Doping Agency. "Now, it appears obvious the only targets in the investigation were those who broke the law, and justice will be served on those who violated it regardless of their fame and notoriety."

The second stage involved the conviction of Patrick Arnold, the Illinois chemist who created the banned substances distributed by BALCO, Ryan said.

Thomas was banned for life in August 2002 after the performance-enhancing drug norbolethone, an obscure and previously undetectable steroid, was found in her urine.

"That was the first proof that there were these designer drugs out there," said Don Catlin, director of the UCLA Olympic doping lab. "It told me that there would be others coming."

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Norbolethone originally was tested by Wyeth Laboratories in human trials during the 1960s as a potential treatment to help severely short people grow and for conditions causing weight loss. The company abandoned development of the steroid in the early 1970s, and it never was marketed.

It languished in obscurity until Arnold dusted off Wyeth's recipe and made new batches to boost athletic performance.

USADA didn't test for the steroid until Catlin determined Thomas had used it. This likely was the prelude to THG, the designer drug created by Arnold at the heart of the BALCO investigation.

Thomas' indictment adds cycling, a sport often associated with doping, to a probe that already has exposed steroid use in professional baseball, football and track and field.

The Yazoo City, Miss. native, was a silver medalist in individual sprint at the 2001 World Track Cycling Championships. Thomas always has maintained her innocence and said the results might have been triggered by contraceptives she was using.

The indictment accuses Thomas of lying when she told the grand jury in October 2003 that she never used performance-enhancing drugs. She also is said to have lied when she testified that she did not get illegal drugs from Arnold, who currently is serving a three-month sentence in a West Virginia federal prison.

Thomas was granted immunity from prosecution if she told the truth, according to the indictment.

She was subpoenaed to testify after agents raided the BALCO laboratory and allegedly found evidence linking her to steroid use.

Graham, a coach for track stars Marion Jones, Justin Gatlin and Tim Montgomery, was indicted last month for allegedly lying when he said he did not distribute steroids to his athletes or tell them where they could be obtained. He has pleaded not guilty.

Darryl Seibel, a spokesman for the U.S. Olympic Committee, declined to comment on the specifics of the Thomas indictment.

"We have continually stressed the need to bring more resources to bear in order to eliminate doping from every segment of sport," he said. "This is a national issue, and nothing less than an aggressive, sustained effort with significant leadership from the U.S. government will solve the problem."

AP Sports Writer Eddie Pells contributed to this report

Cyclist Indicted In BALCO Steroid Scandal (SFC)

By Lance Williams And Mark Fainaru-wada, Chronicle Staff Writers

San Francisco Chronicle, December 15, 2006

(12-14) 12:51 PST -- A former world-class cyclist who was caught up in the BALCO steroid scandal was indicted Thursday on charges of lying to a federal grand jury about her use of banned drugs.

Tammy Thomas, who won the silver medal at the 2001 World Track Cycling Championships, was charged with perjury and obstruction of justice in connection with her Oct. 30, 2003 testimony before the grand jury that was investigating the Bay Area Laboratory Cooperative sports doping case.

In 2002, Thomas was banned from cycling for life after she tested positive for a little-known steroid promoted by an Illinois chemist associated with BALCO.

But the indictment states that the following year, before the BALCO grand jury, Thomas denied under oath that she had ever obtained banned drugs from the chemist, Patrick Arnold, who himself pleaded guilty to steroid conspiracy charges earlier this year.

Thomas also testified that she had never taken steroids and had never obtained steroids from anyone, according to the indictment.

All the statements were lies, according to the indictment, which was handed up by a grand jury in San Francisco.

A perjury conviction carries a maximum sentence of five years in prison.

Thomas is the second sports figure to be accused of lying in the BALCO probe. Last month, track coach Trevor Graham, who has coached Olympic superstars Marion Jones and Justin Gatlin, was accused of making false statements to BALCO investigators when he told them he had never distributed banned drugs to athletes. Graham pleaded not guilty and is awaiting trial.

In addition, Giants outfielder Barry Bonds is under investigation for lying to the BALCO grand jury, according to informed sources and to remarks a judge has made in court. Bonds' trainer, Greg Anderson, has been imprisoned for contempt of court because he refused to testify before a grand jury investigating Bonds.

Thomas, 36, who is thought to live in Michigan, could not be reached for comment.

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Thomas is a muscular woman with a husky voice and facial hair. She once told a reporter that people often mistook her for a man, and her cycling career was marred by doping allegations.

In 2000, she was suspended for a year after testing positive for elevated testosterone levels. She claimed she was innocent, and, acting as her own lawyer, sued Dr. Don Catlin, director of the sports doping laboratory at the University of California-Los Angeles, claiming her urine sample had been mishandled there. The lawsuit was dismissed.

In 2002, Thomas was caught using the steroid norbolethone, a drug that had been developed by Wyeth Laboratories in the 1960s for medical purposes but never marketed. Arnold had learned of the drug from an old pharmacology textbook and distributed it to athletes and to BALCO founder Victor Conte as an undetectable steroid, court records show.

Arnold presumed that authorities would be unable to detect the use of the drug because it was unknown to modern science. But Catlin's laboratory found it in Thomas' blood sample, and she was banned from cycling for life.

On Oct. 30, 2003, the indictment says, Thomas testified that the only product she had ever gotten from Arnold was a legal nutritional supplement. She was asked three times if she had used steroids, and each time she said no, the indictment charges.

Conte, Anderson and two other men pleaded guilty in the BALCO steroids conspiracy case last year.

E-mail the writers at lwilliams@sfchronicle.com and mfainaru-wada@sfchronicle.com.

Former American Cyclist Indicted As Balco Inquiry Takes New Step (NYT)

By Duff Wilson

The New York Times, December 15, 2006

The federal grand jury investigating steroid use in sports yesterday indicted a former cyclist, Tammy Thomas, for perjury and obstruction of justice, charging that she lied to another grand jury looking into the Bay Area Laboratory Co-Operative steroids case.

Thomas received a lifetime competition ban in 2002 from the United States Anti-Doping Agency after she tested positive for the previously undetectable steroid norbolethone.

Kevin V. Ryan, the United States attorney for the Northern District of California, said in a written statement that the charges were part of a new stage of the case targeting people that federal investigators believe lied to them or to the grand jury during the three-year investigation into Balco.

That category includes Barry Bonds, who is still under investigation for suspicion of perjury during his grand jury testimony; Trevor Graham, the track coach, who was indicted last month for allegedly making false statements to investigators; and others.

Graham, who had sparked the Balco investigation by sending a syringe to investigators, has pleaded not guilty and is free on bond. The syringe contained a previously undetectable steroid known as THG, or the clear.

Michael L. Rains, Bonds's criminal defense lawyer, said yesterday that he did not know what the indictment of Thomas might mean for Bonds. "I don't think it's bad news for Barry at all," Rains said, "but keep in mind Greg Anderson continues to reside over in federal prison in Dublin, and they may be waiting to see if he has a nervous breakdown or something and talks."

Anderson, Bonds's childhood friend and former trainer, has defied court orders to testify to the Balco grand jury about Bonds. Anderson was sent to jail for contempt of court, and will be asked again to testify.

Thomas, a world champion cyclist, testified to a grand jury in 2003 that she had never taken performance-enhancing drugs or received them from Patrick Arnold, the chemist who worked with Balco in Burlingame, Calif.

Thomas's failed drug test that led to her lifetime suspension was her second doping offense.

She did not return a telephone call seeking comment.

Ryan said in his statement that the federal investigation has "generally unfolded in three distinct stages."

"In the early stages of the investigation, the individuals who distributed steroids to some of the nation's top-flight athletes were indicted and convicted," he said. "In the second stage, we developed the evidence to indict and convict the creator of the undetectable steroid THG distributed through Balco.

"A third stage has begun as we bring charges against individuals who lied to investigators or committed perjury while testifying under oath to a federal grand jury. Our investigation into each of these stages will continue as the evidence develops."

Cyclist Cited For Perjury (NYDN)

By Michael O'keeffe, Daily News Sports Writer

New York Daily News, December 15, 2006

A federal prosecutor sent a strong warning to Barry Bonds and other elite athletes yesterday after former cyclist Tammy Thomas was indicted for hindering the BALCO investigation: If we can prove you lied, you will be prosecuted.

Thomas faces three counts of perjury and one count of obstruction of justice for allegedly giving false testimony while under oath to the BALCO grand jury.

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"Perjury undermines the fundamental mission of our investigative and judicial processes - to uncover the truth," U.S. Attorney for Northern California Kevin Ryan said in a statement. "Lying under oath to a grand jury must be vigorously prosecuted or else this essential truth-finding mission is significantly undermined."

The indictment accuses Thomas of lying when she told the grand jury in 2003 that she never used performance-enhancing drugs. It also said she lied when she said she did not receive illegal drugs from Patrick Arnold, the chemist who created the once-undetectable steroid THG. Each charge carries a maximum of five years in prison and a $250,000 fine.

Bonds is the focus of an ongoing perjury and tax-evasion investigation, but that probe has apparently stalled because trainer Greg Anderson chose to go to prison rather than testify against the San Francisco slugger. The Thomas indictment, along with obstruction charges brought against track coach Trevor Graham, make it clear that prosecutors won't give up easy.

"The investigation into doping in sports has generally unfolded in three distinct stages....A third stage has begun as we bring charges against individuals who lied to investigators or committed perjury while testifying under oath to a federal grand jury," Ryan said.

The first stage targeted steroid distributors, including Anderson and BALCO founder Victor Conte. The second stage, according to Ryan, focused on Arnold, who created the banned substances distributed by BALCO.

Thomas was banned from competition in August 2002 after norbolethone, a designer drug formulated to evade detection, was found in her urine. Norbolethone was originally tested by Wyeth Laboratories as a potential treatment to help severely short people grow. It languished in obscurity until Arnold dusted off Wyeth's recipe and made new batches to boost athletic performance.

The U.S. Anti-Doping Agency wasn't testing for the steroid until the UCLA Olympic drug testing laboratory determined Thomas had used the once-obscure steroid. The lab also uncovered THG, the designer drug created by Arnold at the heart of the BALCO investigation.

Thomas was a silver medalist in individual sprint at the 2001 World Track Cycling Championships, but her attempts to make the 2000 U.S. Olympic team ended because of high testosterone levels. She said the results were triggered by contraceptives and has always maintained her innocence.

The Associated Press contributed to this report

Cyclist Faces Perjury Charge In Balco Probe (MERCN)

By Elliott Almond

The San Jose Mercury News, December 15, 2006

Perhaps Barry Bonds should be more concerned about facing a perjury charge than major league pitching next season.

A turn of events Thursday in the Balco Laboratory case sent a chilling message to athletes connected to the inquiry: Anyone who allegedly lied to a federal grand jury investigating the use of drugs in sports could find themselves in a legal bind.

Former world-class cyclist Tammy Thomas, now a law student in Michigan, became the first athlete indicted in the Balco scandal when she was charged Thursday with three counts of perjury and one count of obstruction of justice. She faces a maximum of 20 years in prison and a $1 million fine.

"A third stage has begun," U.S. Attorney Kevin V. Ryan said in a statement.

Thomas, who was banned for life in 2002 after testing positive for the steroid norbolethone, didn't immediately return calls or e-mails. She has denied using illegal drugs in past interviews with the Mercury News.

The action in the 4 1/2-year-old case is not expected to be the government's last.

"If this is phase three, why not indict Barry?" Bonds' attorney Michael Rains said Thursday. "The simple answer -- they need the testimony of Greg Anderson."

Bonds' trainer, who pleaded guilty to distributing steroids and laundering money, is in prison on a contempt charge because he has refused to testify against the Giants slugger.

Bonds, 42, is being investigated for lying under oath in 2003 when he testified that he believed the substances he took were flaxseed oil and an arthritis balm. Prosecutors believe those substances were "the clear" and "the cream," performance-enhancing drugs distributed by Balco.

Investigators confiscated calendars and ledgers allegedly showing drug schedules and payments for Bonds and other baseball players from Anderson's home.

"Barry maintains he told the grand jury the truth to the extent that he knows the truth," Rains said. "They hit him with documents he had never seen before."

Bonds could also face charges for failing to report tens of thousands of dollars in income from the sale of memorabilia. Rains dismissed the possibility, saying the government's evidence is weak.

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Another possible target for perjury is Marion Jones, an Olympic gold-medal sprinter who also testified in 2003. If she denied using performance-enhancing drugs, Jones might have a problem because her ex-husband, C.J. Hunter, said under oath that he gave the sprinter banned drugs and saw Jones inject herself.

At least two other grand jury witnesses who worked with her former coach, Trevor Graham, have testified in the case. Also, Balco mastermind Victor Conte Jr. has said in interviews with the Mercury News and others that he supplied Jones with performance-enhancing drugs. Jones repeatedly has denied all allegations.

Graham, Jones' coach when she won five medals at the 2000 Olympics, was charged last month for giving false statements to Balco investigators. He has pleaded not guilty.

Former Cyclist Charged With Hindering Steroid Probe (Update2) (BLOOM)

By Bob Bensch

Bloomberg, December 15, 2006

Dec. 14 (Bloomberg) -- Tammy Thomas, a cyclist banned from the sport for using performance-enhancing drugs, was charged with hindering a federal investigation into steroid use by athletes. She is the first athlete indicted in the probe.

Thomas, 36, a silver medalist at the 2001 World Track Cycling Championships, was indicted on three counts of perjury and one of obstruction of justice, the U.S. Attorney's Office in San Francisco said today in a statement. Prosecutors said she gave false testimony to a grand jury.

Thomas declined to comment when reached by phone at her home in Lansing, Michigan.

Thomas was banned for life from competitive cycling by the U.S. Anti-Doping Agency in 2002 after testing positive for the steroid norbolethone. It was the second time she failed a drug test. She tested positive for elevated testosterone at the 2000 U.S. Olympic Trials.

Thomas is accused in the indictment of lying when she told a grand jury in 2003 she never took performance-enhancing drugs. She also said she never received illegal drugs from Patrick Arnold, a chemist who pleaded guilty in April to making and distributing the steroid tetrahydrogestrinone, or THG, and supplying it to the Bay Area Laboratory Co-Operative, or Balco, the California lab at the center of the investigation, the indictment said.

Indictments

Grand juries in the investigation also indicted Balco's co-founders, two track coach and a trainer for baseball All-Star Barry Bonds. The panel has heard testimony regarding steroid use from Bonds and other athletes, including baseball's Jason Giambi, without returning charges against them.

Thomas was ordered to appear in court Jan. 5. Each perjury count carries a maximum five-year prison sentence and a $250,000 fine. Obstruction is punishable by a 10-year sentence and a $250,000 fine.

Thomas was second in the sprint competition at the 2001 World Championships and was ranked second in the world in the event at the time of her suspension.

The case is U.S. v. Thomas 06-0803, U.S. District Court, Northern District of California (San Francisco).

33 Indicted On Drug Ring Charges Tying City, Suburbs (MJS)

By David Doege

Milwaukee Journal Sentinel, December 15, 2006

Waukesha's main line shut down, officials say

In a case authorities say demonstrates the growing ties between urban and suburban drug traffickers, a federal grand jury indicted 33 people Thursday on charges linking large-scale cocaine suppliers in Milwaukee to a tightly controlled network of dealers in Waukesha.

The indictments and arrests, officials say, dried up the primary source of cocaine in the city of Waukesha while taking a handful of large-scale operators off the streets of Milwaukee.

"This is going to go down as the largest, most significant drug investigation in the history of our county," said Waukesha County Sheriff Daniel Trawicki.

The charges result from a lengthy probe begun quietly in January 2004 by Waukesha County narcotics investigators whose work revealed that a single network of people was responsible for a large share of the cocaine finding its way into Waukesha.

"The buys we were making, the information we were getting kept leading us back to a particular group of people, a particular group of residences," said Lt. Charles Wood, operational supervisor of the Waukesha County Metro Drug Enforcement Group.

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After state and federal agencies joined the inquiry, which featured court-approved telephone taps, investigators linked the cocaine peddled in Waukesha to large-scale suppliers in Milwaukee.

"This was an investigation that was not going to just stay in Waukesha," said Daniel Layber, special agent in charge of the Milwaukee office of the state Division of Criminal Investigation. "It used to be that the drug dealers that you saw in Waukesha were relatively small. It sure isn't that way anymore." Phone calls monitored

Court records show that while the major players were constantly watching their backs and taking steps to insulate themselves from the drugs, money and drug deals carried out by underlings, investigators were secretly monitoring their conversations to keep abreast of their activities while learning of more associates.

"During the court-ordered monitoring of these communications between July 11, 2006, and September 8, 2006, over 1,000 intercepted calls were drug-related," according to a criminal complaint in the case. "Over 50 people involved in trafficking cocaine were identified."

One conversation took place Aug. 11, according to the complaint, when investigators listened as Javier Aguilera, accused of being a major marijuana and cocaine trafficker in Waukesha, told his father, accused of delivering drugs and collecting drug debts for his son as well as himself, where to find cocaine and money hidden in the their Arcadian Ave. home.

"I have it there in the house, in your room," Javier Aguilera told Brijido Aguilera, according to the complaint. "You know, there's a small box in the room where the mirror is.

"I tossed it in there. I don't know if Mom puts her gold in there or what, but I left your earnings in there, too."

In another conversation, according to the complaint, investigators listened as the father complained to the son about his methods during a discussion on what to do with a 10-pound marijuana shipment.

"Listen, I've been calling you for some time, but you don't answer the damn telephone," the elder Aguilera said. "I can't work like that."

After the son told his father to stow the marijuana in the garage until he arrived, the elder Aguilera said, "It's there in the same place, but one thing, don't speak to me in that tone of voice."

As investigators went from phone to phone, the conversations they heard eventually led them to figures in Milwaukee who supplied buyers with kilograms of cocaine.

"I got the buns," Teodoro Meraz told Andrew Oblak during a conversation Oct. 6, after Meraz received a shipment of cocaine and was offering to sell a kilogram - or a bun - to Oblak.

In addition to charging suspected high-, mid- and street-level dealers, the indictment included people accused of packaging and cutting cocaine, and a woman accused of storing it.

On July 31, Javier Aguilera called Kayla Lapp just after she had ordered dinner at a restaurant with her mother; he told her that he needed her to meet him immediately at her Waukesha home so that he could retrieve cocaine from his stash there for an impending deal, according to the complaint.

"Why can't you just wait 'til we're done eating?" Lapp said, according to the complaint.

"Because I need it now," Aguilera replied, the complaint says. "Because it's cash."

Charged in the indictment and complaint with supplying kilograms of cocaine were: Meraz, 27, of St. Francis; Gabriel Urbina, 29, of Milwaukee; Antonio Cruz, 56, of Milwaukee; Oblak, 20, of Milwaukee; Richard Welsh, 18, of Milwaukee; and Ana Hurtado, 37, of Milwaukee.

Javier Aguilera, 29, was charged in the complaint with being at the top of the Waukesha network, directing his father, 51, and others who distributed multiple-ounce quantities of cocaine to street-level dealers.

The others charged in the case include: Pedro Romo, 27; Alejandro Romo, 21; Fidel Moreno, 21; Jose Meraz, 31; Federico A. Meza, 27; Leonardo Urbina, 30; Elias Perez, 22; Michael V. Popp, 23; Wagas Tariq, 23; Usman Tariq, 22; Jeffrey Scott Wingert, 34; Enrique Urbina, 23; Jose R. Quinonez, 25; Miguel A. Valdez, 29; Christian Gabriel Martinez, 21; Miguel Healy, 34; Jose Godina, 29; Sal Uribe, 27; Juan Carlos Flores-Bobadillia, 20; Rick J. Rivera, 27; Francisco R. Aguilera, 23; Sean D. Kruschke, 30; Jonathan David Colla, 23; Jose Alfredo Aguilera, 21; and Lapp, 19. The complaint did not list their hometowns.

"I think that you can determine the significance of this case by the number of people arrested and the scope of their activity," said James Bohn, assistant special agent in charge of the Milwaukee office of the U.S. Drug Enforcement Administration.

Search warrants were executed recently at a home in St. Francis, three homes in Milwaukee and five homes in Waukesha, court records say.

"As a result of the search warrants, we're holding 11 cars that we're hoping to seize," said Wood, of the Waukesha County Metro Drug Enforcement Group. "We also seized 2 kilos of cocaine, cash and three residences that we expect will become the subject of forfeiture proceedings."

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Five From Hazleton, Freeland Indicted On Heroin Conspiracy Charges (TLPA)

Times Leader (NE PA), December 15, 2006

Five people from Hazleton and Freeland were indicted last week in connection with an alleged heroin distribution conspiracy that operated in the Hazleton area since January, the U.S. Attorney's Office announced today.

Thomas A. Marino, U.S. Attorney for the Middle District of Pennsylvania, said the following suspects were charged with conspiracy to distribute more than 100 grams of heroin:

· Anthony Rish, 55, of Freeland
· Sheryl Raab, 46, of Freeland
· Margaret Grohman, 51, of Hazleton
· Anthony Mundo, 36, of Freeland
· Michael Bonney, 27, of Hazleton

Marino said the defendants were also charged with additional counts of distribution of heroin – Rish with four counts, Raab with three counts, Grohman with seven counts, Mundo with six counts, and Bonney with one count.

The charges stem from an investigation by the federal Drug Enforcement Administration and Pennsylvania State Police.

Marino said each of the defendants faces a sentence of five to 40 years in prison, a fine of up to $2 million, and a period of supervised release of four years to life to follow any sentence of imprisonment if convicted of the conspiracy charge.

Each count of distribution of heroin carries a potential maximum sentence of 20 years in prison, a $1 million fine and at least three years of supervised release, he said.

Marino said Assistant U.S. District Attorney Francis P. Sempa is prosecuting the case.

Marijuana Co-op Duo Out On Bail (CCT)

By Josh Richman

The Contra Costa Times, December 15, 2006

OAKLAND - Two people arrested in a raid at a Hayward medical marijuana cooperative were selling the drug to anyone, not just people with medical conditions, the federal government contends.

The attorney for Hayward residents Shon Matthew Squier, 34, and Valerie Lynn Herschel, 23, the Local Patients Cooperative owner and manager, respectively, says the two were working legally with Hayward and the Alameda County Sheriff's Office.

Agents arrested the two Tuesday on suspicion of conspiracy, marijuana distribution and maintaining drug-involved premises. Drug Enforcement Administration and Internal Revenue Service agents raided the Foothill Boulevard cooperative and each suspect's home.

Federal Magistrate Judge Wayne Brazil told them Wednesday that each of the crimes is punishable by as many as 20 years in prison and involve maximum fines of $500,000 to $1 million.

Brazil ordered Squier freed on $300,000 bond and Herschel freed on $100,000 bond, each secured by their homes. Both are due back in court Jan. 5.

Brazil warned Squier and Herschel, 23, that although there's a debate over the conflict between the state's medical marijuana law and the federal ban, "those debates unfortunately are irrelevant to what goes on in this court" and state law provides them no defense. "Congress gets to decide," he said.

Until their properties can be assessed and posted to secure their freedom, their families have signed promises to pay should either defendant leave town. Herschel's parents and Squier's fiancee and sister were in court Wednesday.

After Wednesday's hearing, defense attorney Bruce Atwater noted that IRS agents took part in Tuesday's raid and that prosecutors are emphasizing the money that flowed through Squier's account. Atwater said he believes tax charges will figure prominently when a federal grand jury indicts the two next month. He called it a "backdoor way"' for the federal government to persecute medical marijuana providers.

Squier and Herschel "worked well with the city; they worked well with the Alameda County Sheriff's (Office). ... They were compliant with state law," Atwater said. "I guess their crime is that they made too much money."

In an affidavit, DEA Special Agent Kenny Lee wrote: "I believe that Hayward Local Patients Co-op attempts to disguise the breadth of its criminal activity by claiming that it caters exclusively to persons suffering from medical illnesses, when in fact persons without any medical condition can purchase marijuana ... at the retail establishment."

Reach Josh Richman of the Oakland Tribune at jrichman@angnewspapers.com or 510-208-6428.

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IMMIGRATION:

The System Is The Problem (WP)

By Tamar Jacoby

The Washington Post, December 15, 2006

At dawn on Tuesday more than a thousand Immigration and Customs Enforcement agents descended on six plants owned by Swift & Co., one of the country's largest meat processors. Some 1,300 workers were arrested, and operations at all six slaughterhouses were suspended.

Seen in one light, the raids were perfectly justified. Both employer and employees were breaking the law. It's a law that's being violated on a massive scale from coast to coast, and the public is increasingly upset about it.

The only catch: Swift has been trying for years to comply with our poorly conceived immigration laws, coping as best it could with an impossible situation. Like a driver who finally goes through a broken traffic light, the company and its workers aren't the problem -- the system is.

Both Swift and its employees -- who bore the brunt of the punishment -- are caught in an economic bind far bigger than themselves. Meat processing is dirty and dangerous. Fewer and fewer members of the increasingly educated American workforce are interested in the jobs.

As a result, although it now pays an average of $13 an hour, or $25,000 a year, the industry increasingly relies on foreign workers, not because they're cheap -- $25,000 a year is what trained paramedics and college-educated kindergarten teachers make in meatpacking states such as Iowa and Kansas -- but simply because they'll do the work. If immigrants weren't available, companies such as Swift would have to close, and both meatpacking and the agriculture that depends on it -- cattle and hog producers -- would eventually move to other countries.

Not only that, but U.S. law makes the bind much worse for both employers and employees. Despite the meatpacking industry's well-known need for foreign labor, the United States offers virtually no way for these workers to enter the country legally. Every year the economy as a whole creates some 500,000 more unskilled jobs than Americans want to do, yet we issue only 5,000 year-round visas for the immigrants who might fill them. For companies such as Swift and its workers, there's no good answer, and it's not surprising that many break the law.

But even that isn't the end of the cruel twists of Swift's story. Far from ignoring or shrugging off the law, the firm has been trying to comply with it. When job applicants started showing up with what the company suspected were false papers, it tried inquiring into their backgrounds -- only to be sued for discrimination by the Justice Department.

When the government created a program meant to help employers verify that their workers were in the country legally by checking Social Security numbers against a central database, Swift was among the first to sign up. And when that program didn't seem to be catching the worst offenders -- people using not false Social Security cards but stolen ones -- Swift came to Washington to testify in Congress about the problem. The reward: That was precisely the offense that ICE raided the company for on Tuesday.

Don't misunderstand: Swift is no band of saints. Everyone involved -- the company, its workers, the U.S. government -- knows that the kind of compliance required to pass muster today is a charade. But it is a charade our dysfunctional immigration system has all but forced the firm and its workers to play.

Does this mean it's all right to break the law? Of course not.

Our nudge-nudge, wink-wink immigration system -- unrealistic laws, all but ignored on the ground -- must be replaced by a law enforcement regime that works: more honest quotas, enforced to the letter, including in the workplace. Raids such as those that took place this week would be justified in the context of an immigration overhaul of the kind proposed by the president and passed by the Senate last spring. Workers need a legal way to enter the country. Businesses need a legitimate way to get workers, plus a reliable verification system -- not unlike credit card verification -- to tell them which workers are legal and which aren't. And once these things are in place, there will be no excuse for breaking the rules.

But until then, raids of the kind that occurred this week can only be counterproductive: Companies trying to do the right thing will be driven out of business, even as those happy to flout the law will find themselves with more of a competitive advantage. And meanwhile illegal workers will be driven further underground.

I happened to be with a group of employers when the Swift raids were announced -- not food-processing companies but contractors, landscapers, growers and others who also count on unskilled workers -- brought together by their growing anger at the broken immigration system and the lies it makes them tell.

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"What am I supposed to do?" one employer asked bitterly. "I'm paying $22.50 an hour. I still can't find enough workers. I'm making less and less money as a result -- I've stopped bidding for lots of jobs. And I could go to jail just for trying to get the work done."

And the sad truth is, he can't do much. Only Congress can fix the system he and his workers are trapped in. As the Swift raids remind us, it's a job that cannot wait.

Tamar Jacoby is a senior fellow at the Manhattan Institute.

Texas Official's Report Ignites A New Border Conflict (WP)

By Darryl Fears

The Washington Post, December 15, 2006

It is a Texas showdown, a war of words over illegal immigration at the border.

State Comptroller Carole Keeton Strayhorn fired the first shot with a recent report that, for some, says the unthinkable: Illegal immigrants not only pay their fair share in taxes, but they are also good for the economy.

"The absence of 1.4 million undocumented immigrants in Texas . . .would have been a loss to our gross state product of $17.7 billion," Strayhorn said in a statement. Overall, the report said, illegal immigrants put about $420 million more into state coffers than they take out.

Strayhorn billed the report as the first ever by a state finance official, a crucial step forward. But for Texans who believe hundreds of thousands of illegal immigrants are overrunning their state, the report is a misstep.

State Rep. Leo Berman (R-Tyler), who introduced legislation that would bar Texas from recognizing children born to illegal immigrants in American hospitals as U.S. citizens, called the report "outrageous."

Dan Stein, a spokesman for the Washington-based Federation for American Immigration Reform (FAIR), which supports measures to deter illegal immigration, ripped the report as a composite of "design flaws, assumptions and conclusions in direct contrast to our years of exhaustive studies on this issue, and to our most recent Texas report, which shows illegal aliens cost Texas taxpayers $3.7 billion annually."

In these times of tough proposals against illegal immigration in Congress and huge protest marches by illegal immigrant workers and their supporters, it is not surprising that the comptroller's report caused a stir.

An official state document that contradicts the idea that immigrants are a financial burden can carry considerable weight as Democrats take control of Congress, and as potential candidates consider their options in the 2008 presidential election.

Supporters of illegal immigrants embraced the report. John TrasviÃ±a, president of the Mexican American Legal Defense and Education Fund, said it "confirms what MALDEF and immigration experts have long known -- we all benefit from the contributions of immigrants."

The Texas study may be the first by a state, but it is hardly the first of its kind. Previous studies on the financial impact of illegal immigrants have been undertaken by a number of groups, including the nonpartisan Urban Institute and the Center for Immigration Studies.

Undocumented workers in the Washington area, according to the Urban Institute, pay a hefty share of taxes, but they contribute less than they should because many are paid off the books and do not file yearly tax forms. A report by the Center for Immigration Studies, which favors reduced immigration, said that illegal-immigrant households imposed $26 billion in costs on the federal government while paying $16 billion in taxes. This week, Immigration and Customs Enforcement authorities raided meatpacking plants in six states in search of illegal immigrants they said were using illegally obtained Social Security numbers.

Early in the year, the House tried to crack down on the immigration problem with a tough proposal that would have turned about 12 million illegal immigrants in the country into instant felons.

Opponents said they went too far, and millions of illegal immigrants and their supporters marched in Dallas, Los Angeles, Chicago, Washington, Phoenix and other cities.

That is the environment that Strayhorn stepped into with her report and its bold introduction: "The Comptroller's report estimates that undocumented immigrants in Texas generate more taxes and other revenue than the state spends on them."

Drawing on estimates from a report by the Pew Hispanic Center in Washington, the report said 1.4 million to 1.6 million illegal immigrants live in Texas, about 14 percent of the U.S. total.

Texas has no state income tax, so immigrants pay sales and property taxes, along with various state fees. "Undocumented immigrants produced $1.58 billion in state revenues, which exceeded the $1.16 billion in state services they received," Strayhorn reported.

Strayhorn, an unsuccessful candidate for governor in the last election, favors a guest-worker program, prompting criticism from opponents who say her report was motivated by politics.

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FAIR said the report plays down the impact of illegal immigration by not counting the children of illegal immigrants who had become U.S. citizens. In a previous report, FAIR estimated that Texas schools paid more than $1.7 billion to educate illegal immigrants and the legal children of illegal immigrants in 2003-2004.

"This report is a slap in the face to anyone with common sense," Stein said.

Berman deferred to more conservative reports, such as one from the Lone Star Foundation in Austin. It says illegal immigrants drain $4.5 billion from the Texas economy, mostly in health-care costs.

"Parkland Hospital in Dallas, and the public hospital in Houston, has a 70 percent birth rate from illegal aliens," Berman said.

TrasviÃ±a of MALDEF said he hopes Strayhorn's report will compel other politicians to "reject divisive legislation" by Berman and others "aimed at forcing undocumented immigrants further into the shadows."

CONGRESS-ADMINISTRATION:

Sen. Johnson 'Recovering' After Surgery (AP)

By Mary Clare Jalonick And Tom Raum

AP, December 15, 2006

Democratic Sen. Tim Johnson remained in critical condition but was described as recovering and holding his wife's hand Thursday after emergency overnight surgery to repair bleeding inside his brain.

His sudden illness had raised questions over whether the Democrats would hold their newly won slim control of the Senate.

The South Dakota lawmaker, 59, was on "an uncomplicated postoperative course," the U.S. Capitol physician said after visiting him Thursday afternoon. Johnson suffered a hemorrhage in his brain caused by a rare and sometimes fatal condition.

"He has been appropriately responsive to both word and touch. No further surgical intervention has been required," said the physician, Adm. John Eisold. He had said earlier, "The senator is recovering without complication."

Johnson was responding to the voice of his wife, Barbara, and following directions after the surgery, the senator's office said in a statement. "He was reaching for and holding her hand."

Johnson was stricken as Democrats prepared to take fragile 51-49 control of the new Senate when it convenes in three weeks. Democrats seized control of both chambers of Congress from Republicans in November midterm elections.

If Johnson were to leave office, a replacement would be named by South Dakota's Republican governor, Mike Rounds. A Republican appointee would create a 50-50 tie and effectively allow the GOP to retain Senate control because of Vice President Dick Cheney's tie-breaking vote.

Johnson was rushed to the George Washington University Hospital at midday Wednesday after becoming disoriented and stammering during a conference call with reporters.

Eisold, the Capitol physician, said doctors stopped bleeding in Johnson's brain and drained the blood that had accumulated there. "It is premature to determine whether further surgery will be required or to assess any long-term prognosis," Eisold said.

On Thursday afternoon, Johnson underwent an additional procedure to prevent blood clots. The procedure is standard after surgery, said Julianne Fisher, Johnson's spokeswoman. Otherwise, she said, there were no new developments. "No news is good news," she said.

Johnson's condition, also known as AVM, or arteriovenous malformation, causes arteries and veins to grow abnormally large, become tangled and sometimes burst. The condition is often present from birth.

Johnson spokesman Noah Pinegar said the senator's diagnosis was a surprise. "No one was aware of it, including Tim," he said.

Sen. Harry Reid, D-Nev., who is to become majority leader when the new Senate convenes on Jan. 4, said, "We're all praying for a full recovery. We're confident that will be the case."

Reid, who visited Johnson at the hospital Wednesday night and again Thursday morning, told reporters the senator "really looks good." However, Reid declined to provide any details of Johnson's medical condition.

Politically, "there isn't a thing that's changed," he said, adding that he was keeping incoming Senate Republican leader Mitch McConnell of Kentucky "totally advised" of developments.

Outgoing Senate Majority Leader Bill Frist, R-Tenn., visited the hospital Thursday afternoon.

Senate historian Donald Ritchie said senators serve out their terms unless they resign or die. He said there was precedent for senators remaining in the Senate even though illness kept them away from the chamber for long periods.

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Just this year, Sen. Jay Rockefeller, a West Virginia Democrat, missed three months of votes because of back surgery. Sen. Joseph R. Biden Jr., D-Del., was away for seven months in 1988 after undergoing surgery for brain aneurysms.

In 1969, another South Dakota senator, Karl Mundt, a Republican, suffered a stroke while in office. Mundt continued to serve until the end of his term in January 1973, although he was unable to attend Senate sessions and was stripped of his committee assignments by fellow Republicans in 1972.

The White House offered best wishes.

"Our prayers are with Senator Johnson," said White House Press Secretary Tony Snow. "Look, he's a great guy, and it's one of these things where everybody's concerned and our thoughts and prayers are with him, his family, his staff, his colleagues."

Johnson, who turns 60 in two weeks, was taken to the hospital by ambulance after experiencing what his office initially said was a possible stroke.

In a conference call with reporters, Johnson at first had answered questions normally but then had begun to stutter. He paused, then continued stammering before appearing to recover and ending the call.

Johnson spokeswoman Fisher said that after making the call from the recording studio in the basement of the Capitol, the senator walked back to his office but appeared to not be feeling well.

The Capitol physician came to his office and examined him, and it was decided he should go to the hospital.

Arteriovenous malformation is believed to affect about 300,000 Americans, according to the National Institute of Neurological Disorders and Stroke. The institute's Web site said only about 12 percent of those have any symptoms. The symptoms, which range in severity, can include severe headaches, memory loss and dizziness.

It's common to take several days for someone to wake up after AVM surgery, said Dr. Sean Grady, neurosurgery chairman at the Hospital of the University of Pennsylvania. Someone who is awake and alert and talking in the first day or two typically has a shorter recovery — in the range of 4 to 8 weeks, he said. If it takes longer to wake up, it in turn takes more months to recover.

"We wouldn't make any immediate long-term prognoses for at least one to two days," he cautioned. "There can be a period of time where the brain is still swollen and the patient may have trouble responding."

The senator's wife, Barbara Johnson, said the family "is encouraged and optimistic."

South Dakota's governor, elected to a second four-year term last month, has been widely seen as the Republican candidate with the best chance to challenge Johnson in two years.

Other than Rounds himself, top possibilities if a replacement senator were needed include Lt. Gov. Dennis Daugaard and state Public Utilities Commission Chairman Dusty Johnson, considered a rising star in the Republican Party. Retiring GOP legislative leaders, such as state House Speaker Matthew Michels and Senate Majority Leader Eric Bogue, also might be considered.

Johnson was first elected in 1996 and is up for re-election in 2008.

The last time the Senate convened with a perfect balance of 50 Republicans and 50 Democrats was in January 2001. Then, the two parties struck a power-sharing agreement that gave control of the Senate to Republicans but gave Democrats equal representation on committees.

Johnson, a centrist Democrat, was elected to the Senate after serving 10 years in the House. He narrowly defeated Republican John Thune in his 2002 re-election bid. Thune defeated Sen. Tom Daschle, the former Senate Democratic leader, two years later.

Daschle visited Johnson in the hospital on Thursday along with Reid.

Johnson is in line to become chairman of the Senate Ethics Committee.

He underwent prostate cancer treatment in 2004, and subsequent tests have shown him to be clear of the disease.

Johnson is the second senator to become ill after the Nov. 7 election. Wyoming Sen. Craig Thomas, a Republican, was diagnosed with leukemia on Election Day. He is back at work.

Johnson's Illness Threatens Dems' Power (AP)

By Jim Kuhnhenn

AP, December 15, 2006

Suddenly, the Democrats' grip on the Senate looks very tenuous indeed. With the party poised to take power with a 51-49 edge in January, Sen. Tim Johnson's unexpected hospitalization ignited the possibility of a 50-50 Senate and a return to the unprecedented power-sharing pact that existed during the first half of 2001.

Johnson's illness alone would not create a vacancy in the Senate. Senators have convalesced for months, even years, and retained their Senate seats. Another South Dakota Senator, Republican Karl Mundt, was incapacitated by a stroke in 1969, but served until the end of his term in 1972.

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Only resignation, death or expulsion by two-thirds of the Senate can create a vacancy.

If Johnson's seat would become vacant sometime in the next two years, South Dakota Gov. Michael Rounds, a Republican, would select a replacement. A GOP appointment would split the Senate anew, giving Vice President Dick Cheney the tie-breaking role and, thus, the numerical majority in the chamber to the Republicans.

But that doesn't necessarily mean Republicans would be in charge.

On Jan. 4, the first day of the new Congress, the Senate will vote on a resolution that will officially establish Democrats as the party in the majority, give Democratic Leader Harry Reid of Nevada control over the legislative agenda, set the ratios of committee representation and other organizational matters.

That organizing resolution would still govern, even if the membership of the Senate changed. Senate associate historian Don Ritchie said the resolution could include language that spells out what would happen if there is an even split.

"This is really a matter of discussion between the Democratic and Republican leaders," Ritchie said.

But current and former GOP Senate officials said such a step would be highly unlikely. Indeed, such a move would probably paralyze the Senate.

If a 50-50 split occurs before Jan. 4, however, the parties would likely have to negotiate a power sharing agreement similar to the one then-Republican Leader Trent Lott of Mississippi and Democratic Leader Tom Daschle of South Dakota negotiated in 2000.

Under that agreement, the parties split their representation on committees evenly. Committee staff positions and funding were also split equally. Republicans chose the committee chairmen and controlled the agenda on the Senate floor. Under the terms of the deal, any party that gained a numerical majority would then have control of the Senate.

By June 2001, Sen. Jim Jeffords of Vermont switched from being a Republican to an Independent who caucused with Democrats, putting Democrats in charge.

Before that, Ritchie said, "we have not had any formal means of changing party majorities."

If the Senate splits once again, Republicans would insist on drafting a new organizing resolution, prompting the same kind of difficult negotiations that Daschle and Lott had in 2000.

Absent some kind of deal, the Senate could see itself repeating history.

In 1953-54, Republicans kept control of the Senate even though the deaths of several senators gave the numerical plurality to Democrats. The arrangement made the Senate virtually ungovernable for the GOP.

"I have the responsibilities of being the majority leader in this body without having a majority," Republican Leader William Knowland of California complained at the time.

To which then-Democratic Leader Lyndon B. Johnson of Texas replied: "If anyone has more problems than a majority leader with a minority, it is a minority leader with a majority."

Sen. Johnson Recovering From Surgery Amid Tide Of Sympathy And Well Wishes (AL)

By Peter Harriman

Argus Leader, December 15, 2006

The tide of concern, sympathy and good wishes that has been rising across South Dakota since Sen. Tim Johnson was stricken by bleeding in his brain Wednesday was surmounted by a little whitecap of optimism today.

Following surgery Wednesday night to drain the bleeding and repair the circulatory defect that caused it, Johnson began to regain consciousness today.

"Specifically, he has been appropriately responsive to both word and touch," announced Admiral John Eisold, attending physician of the U.S. Capitol.

Johnson's wife, Barbara, cast that dry report in more human, hopeful terms. The senator was responding to her voice and following directions after surgery, she said.

By this morning he was reaching for and holding her hand.

"I would like to thank the people of South Dakota for their love and support as Tim has met this unexpected challenge. Our family is very pleased with his progress and the excellent care he is receiving at George Washington University Hospital. We ask for your continued prayers as Tim continues through the recovery process," she said.

Julianne Fisher, Johnson's spokesman, said there is not yet a reliable forecast on how long it will take Johnson to recover.

Speculation throughout much of the day as South Dakota waited for reports on Johnson's condition swirled around whether Johnson would recover fully or would be left with permanent brain injuries.

Would he be able to continue to serve out the Senate term to which he was elected in 2002 or would be replaced by Gov. Mike Rounds?

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Also, would a lengthy recuperation imperil any time-sensitive legislation Johnson hoped to shepherd through the new Congress next year?

Incoming Sen. Minority Leader Harry Reid, D-Nev., maintained a hopeful demeanor even as speculation was at its darkest Thursday morning before news that Johnson was regaining consciousness was widely distributed.

Reid said he had visited Johnson in the hospital before and after surgery. “To me, he looked good,” Reid said in a press conference and predicted a full recovery for Johnson.

Sympathy came from both sides of the political aisle, even as Democrats hold onto a narrow advantage in the Senate.

“My expectation and hope is that Tim will recover fully and come back,” said Sen. Trent Lott of Mississippi, who will serve as the deputy Republican leader of the Senate next year.

“I’d like to be in the majority, but I don’t want to do it that way.”

Before he became ill Johnson had planned to be back in South Dakota today for the start of the holiday season, doing the array of serious and sociable things a Senator does in the home state. He had a meeting scheduled with the Lewis Clark Rural Water System board of directors next week, and he and his wife were planning to make an appearance at the Children’s Inn celebrity gift wrapping center at the Empire Mall and wrap Christmas presents.

Johnson’s sudden brain injury changed all that. In his Sioux Falls field office today, a new artificial Christmas tree remained in a long cardboard carton unopened. The six staff members carried out accustomed duties. But eyes continually drifted to Blackberry and computer screens and ears listened for phones for updates on the Senator’s condition.

Floral arrangements and get well cards were on display. Benjamin Ready, Sen. John Thune’s field representative, stopped by in mid afternoon to deliver one such card.

“They’ve been wonderful,” Johnson’s South Dakota Field Representative Sharon Boysen said of Thune’s staff.

In addition, Rep. Stephanie Herseth “and her staff brought us lunch today,” Boysen said. “There were Crispy Cremes here this morning. There’s a steady stream of people coming by to give us their support.

“The outpouring from South Dakotans has been amazing,” she said. “There have been hundreds of e-mails and phone calls from South Dakotans giving us their support and their best wishes to Barb and Tim.”

Sioux Falls Mayor Dave Munson observed “that pretty much sums up how people feel about Tim Johnson in South Dakota.”

As the state waited for news and wondered about Johnson’s future, it also had an opportunity to contemplate its two-term Senator with the understated style and the reputation for penetrating policy analysis, perseverance, meticulous cultivation of consensus, attention to state interests and honesty.

“One of the things I’ve always admired about Tim is he usually levels with me, even when I have to hear something I don’t want to hear,” Pierre broadcaster, writer and conservationist Tony Dean mused.

“He is one of our key Native American supporters,” said Craig Dillon, a member of the Oglala Sioux tribal council.

Johnson apparently suffered the brain injury at the conclusion of a telephone news conference Wednesday morning, when he had difficulty articulating an answer to a question.

He was able to walk back to his office from the studio where the interview was conducted, but by the time he arrived he had difficulty speaking and was unable to open the office door. The physician attending the Senate was immediately summoned and Johnson was sent to the George Washington University Medical Center by ambulance. He had surgery Wednesday night.

Johnson’s immediate family was with him today. Jean Beddow, the mother-in-law of Johnson’s son Brendan, said from her home in Sioux Falls “the surgery went as well as expected. ...We don’t know anything more than that. It’s wait-and-see.”

She added she is regularly apprised of Johnson’s situation, and “I can tell you that what you are hearing on the news is very accurate from what I know.”

Since late Wednesday, the tape recording of Johnson’s stumbling speech as the injury apparently afflicted him has been widely broadcast.

That infuriates Beddow. “It’s one of the most grandiose miscarriages of justice in the world that they are playing that,” she said.

But the sound of the Senator struggling to speak also suggested the seriousness of his injury, and it seemed to sharpen concern for him. Munson spoke to that.

“It’s kind of a tense time for all of us in South Dakota,” the mayor said today afternoon.

“We’re all just sitting, waiting for any news.

“There are a powerful lot of people cheering for him.”

Late today, it seemed, they might have had a bit of good news to cheer about.

Reach Peter Harriman at 575-3615. Wire services contributed to this report.

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Sen. Johnson Recovering From Surgery For Bleeding In Brain (USAT)

By Kathy Kiely
USA Today, December 15, 2006

WASHINGTON — Democratic Sen. Tim Johnson was "responsive to both word and touch" Thursday evening following emergency brain surgery but the uncertainty of his long-term prognosis casts doubt on the nation's political landscape.

Adm. John Eisold, attending physician of the U.S. Capitol, said in a statement the two-term senator has not required further surgery since doctors at George Washington University overnight stopped bleeding. The condition, caused by a malformation of blood vessels, is congenital. It was undiagnosed in Johnson, who turns 60 on Dec. 28.

ON DEADLINE: More details

Johnson was stricken Wednesday afternoon, as he had trouble talking to reporters in a conference call. His illness comes as Democrats prepare to take control of the Senate on Jan. 4 with 51 votes, including those of two independents.

If Johnson is unable to complete the remaining two years of his term, it would be up to South Dakota's Republican Gov. Mike Rounds to appoint a replacement, presumably from his party.

That would shift the balance of power in the Senate to the GOP because Vice President Cheney, a Republican, would cast the vote to break a 50-50 tie.

Republicans at the Capitol showed no signs that they will press for Johnson to resign. Johnson, first elected in 1996, is up for re-election in 2008.

"My expectation and hope is that Tim will recover fully and come back," Sen. Trent Lott, R-Miss., who will serve as his party's deputy leader next year, said on Fox News. "I'd like to be in the majority, but I don't want it to be that way."

Senate Democratic leader Harry Reid of Nevada said he is continuing to organize for a Senate run by his party. "There isn't a thing that has changed," said Reid, after visiting Johnson at the hospital. "To me, he looked very good."

Wishes for Johnson's recovery came from lawmakers in both parties and President Bush.

"Our prayers are with Sen. Johnson," said White House press secretary Tony Snow. "He's a great guy."

Eisold on Thursday morning called it "premature" to forecast the senator's long-term prognosis, or whether he will need more surgery. Patients with Johnson's condition frequently require a second operation to remove the problem blood vessels, according Sean Grady, chief of neurosurgery at the University of Pennsylvania.

Grady said such operations "can pose a very high risk" depending on where the damaged blood vessels are in the brain.

What The Fate Of Johnson's Seat May Portend (WSJ)

By David Rogers And Sarah Lueck
The Wall Street Journal, December 15, 2006

WASHINGTON -- "There isn't a thing that's changed," Senate Democratic Leader Harry Reid said yesterday after visiting his stricken colleague, South Dakota Sen. Tim Johnson, at the hospital. But Democrats were trying to shake off the nightmare of possibly losing power so quickly after November's elections.

The soft-spoken 59-year-old senator was listed in critical condition after surgery to address bleeding in the brain. Mr. Johnson's family was hopeful for his recovery from what doctors called an arteriovenous malformation, a tangle of blood vessels,

usually present from birth, that caused bleeding in his brain. The next 48 hours could tell a lot after surgery to remove the blood and help stabilize the malformation.

But rarely has a senator been stricken in office with more potential impact politically. Since sweeping the midterm elections last month, Senate Democrats have been celebrating the 51 votes they will claim in January. But that power and the accompanying committee chairmanships would slip away if Mr. Johnson doesn't recover and is succeeded by an appointed Republican.

The House will remain Democratic, and incoming Speaker Nancy Pelosi of California already is moving ahead with her own agenda of ethics overhaul, tighter intelligence oversight and other initiatives separate from the Senate. But she and other top House Democrats have close ties with Senate Democratic leaders, many of whom, like Mr. Reid, began their careers in the House. Loss of the Senate would be deeply felt and make it easier for President Bush to try to stare down Congress and isolate the House.

The extent of any lasting brain damage Mr. Johnson may have suffered was unclear. In general, recovery time for such an ailment can range from four to six weeks to as much as six months or a year if the damage is more severe, said M. Sean Grady, chairman of the neurosurgery department at the University of Pennsylvania Health System in Philadelphia.

WASHINGTON WIRE

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If Mr. Johnson is recovering but still hospitalized when the new Congress convenes in January, Democrats would retain a 50-49 majority and be able to organize under Mr. Reid. But dates here mean less since, unlike the House, Senate rules permit that body to reorganize at a later date in the new Congress if the balance of power changes.

Under South Dakota law, if a senator dies or resigns, a successor will be named by the sitting governor to serve until the next general election. South Dakota's governor is Michael Rounds, a Republican. Even before Mr. Johnson's cerebral hemorrhage this week, Mr. Rounds was a recruitment target for national Republicans wanting him to challenge the senator in 2008. These ambitions could shape Mr. Rounds's decision, but he must be sensitive to South Dakota's sentiments if he is to run for the seat in two years.

Less clear is what happens if Mr. Johnson is left incapacitated and pressure builds for him to resign. "There are only two things I'm aware of that would create a vacancy at that level ... death or resignation," said Chris Nelson, South Dakota's secretary of state.

Senate history is peppered with examples of senators staying away for months because of illness or surgery. Republican Sen. Karl Mundt, also of South Dakota, stopped appearing in the Senate after being disabled by a stroke in 1969, but he remained in office until his term expired in 1972.

Mr. Mundt's chief of staff, Robert McCaughey, ran the office, and recalled in an interview yesterday that he couldn't vote or speak for Mr. Mundt at committee meetings. But he briefed Mr. Mundt nearly every day as the senator sat in an easy chair in his home two blocks from the office. Mr. Mundt could speak haltingly and followed Senate business, but didn't always understand conversation, Mr. McCaughey said.

He said he wanted Mr. Mundt, a longtime friend and employer, to resign his seat, but faced opposition from Mrs. Mundt. "He wasn't able to carry out his duties," said Mr. McCaughey. "I felt he was taking a voice from the people of South Dakota." At one point, South Dakota's Republican governor -- fearing a loss of the governorship to a Democrat in 1970 -- pleaded personally with Mr. Mundt to resign. "He didn't seem to understand that he should resign," Mr. McCaughey said.

If Mr. Johnson is succeeded by a Republican, the Senate would be split 50-50, much as it was after the 2000 elections when the two parties had to work out a historic power-sharing relationship. With Vice President Dick Cheney available to break any tie, Republicans retained the majority and chairmanships. But many of the committees were split evenly and special deference was given to the Democratic leadership to make a motion to call up legislation.

Among individual committees, a shift in chairmanships can be significant. Sen. Carl Levin (D., Mich.) the new Armed Services Committee chairman, wants the U.S. to begin to withdraw from Iraq, for example; Sen. John McCain (R., Ariz.), who would succeed him, wants more troops sent.

Sens. Barbara Boxer (D., Calif.) and James Inhofe (R., Okla.), who would trade places at the Environment and Public Works Committee, are at opposite ends of the spectrum on issues like global warming. Sen. Edward Kennedy (D., Mass.) is much more a friend of labor than Sen. Michael Enzi (R., Wyo.), who would reclaim the Health, Education, Labor and Pensions Committee. And with a new farm bill in the offing, cotton and peanut interests would be delighted to have Sen. Saxby Chambliss (R., Ga.) take back the Senate Agriculture Committee from Sen. Tom Harkin (D., Iowa.)

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But lost in such speculation is the fact that whoever is chairman, nothing gets done in the Senate unless there is some larger consensus on the floor. As well as consigning them to the minority, November's elections left their mark on the mind-set of surviving Republicans as well.

When Sen. Joseph Biden (D., Del.), the incoming chairman of the Senate Foreign Relations Committee, announced January hearings on the administration's Iraq policy, for example, former Chairman Richard Lugar (R., Ind.) was supportive. And in the closing days of the 109th Congress last week, individual Republicans were showing more independence on budget and other issues from the White House, which can't expect the same level of support as in the past, whoever is in charge.

As A Senator Is Felled, A January Vote Looms Big (TIME)

By Karen Tumulty

Time, December 15, 2006

The incapacitation of South Dakota Senator Tim Johnson has put all eyes in Washington on what is normally a little-noticed Senate vote now scheduled for Jan. 4. It is called the "organizing resolution," and is the bit of internal housekeeping that determines how committee memberships will be allotted between the two parties, as well as who will get to serve as chairman and ranking members of each of the panels. These resolutions traditionally stand until the next Congress, even if the makeup of the chamber shifts to put the other party in the majority, which is why precedent would seem to dictate that the Chamber would stay in Democratic hands, even if Johnson is replaced by a Republican.

But don't count on it this time. Even if Johnson ultimately recovers from the congenital blood disorder known as arteriovenous malformation, which required emergency surgery Wednesday night, it now looks highly unlikely that he will healthy enough to vote on Jan. 4. With Johnson unable to vote, Democrats still have enough votes to win, with 50 votes (including the two independent Senators, Joe Lieberman of Connecticut and Bernie Sanders of Vermont) to 49 for the Republicans. But Democrats now fear the real possibility that Republicans will filibuster that resolution. They could insist — just as the Democrats did after the 2000 election that left the chamber evenly split, with Vice President Dick Cheney as the tie-breaker and one Republican Senator seriously ill — on an "out clause" that stipulates that control of the chamber goes to them if they somehow manage to achieve a majority during the course of the session. As both sides remember, that clause came in handy for the Democrats a few months later, when Vermont's Jim Jeffords abruptly declared himself an independent and gave the Democrats a one-vote majority. And the same thing could happen again, if Johnson or any other Democrat is replaced by a Republican ovr the course of the session.

If the Republicans filibuster, and the question drags on into January or even beyond, it presents another truly extraordinary possibility: a chamber with a new Democratic leader, but the existing set of Republican committee chairmen. That is because, until an organizing resolution is passed, incoming Majority Leader Harry Reid would have no control over the committees.

Ill Senator Is Called Responsive (NYT)

By Kate Zernike

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — Senator Tim Johnson, Democrat of South Dakota, was said to be in critical condition but "responsive" Thursday after an operation to stop bleeding in his brain, and Democrats declared that his condition would not imperil the narrow majority they will carry into the Senate next month.

The attending physician of the Capitol, Adm. John F. Eisold, who examined Mr. Johnson before he was sent to the hospital Wednesday, said the bleeding was caused by a rare tangling of the blood vessels in the brain, known as a congenital arteriovenous malformation, that physicians say often goes undetected. The operation successfully drained the blood and stabilized the problem, Admiral Eisold said in a statement released by Mr. Johnson's office.

"He has been appropriately responsive to both word and touch," Admiral Eisold said. "No further surgical intervention has been required."

For a second day, Washington and the political world were riveted by Mr. Johnson's condition and the possibility that it could undo the result of last month's Senate elections, which gave control of the chamber to the Democrats. While emphasizing that they were concerned only for Mr. Johnson and his family, members of both parties could not escape the dramatic if hypothetical implications should he die or be unable to continue in office: that South Dakota's Republican governor would name a replacement for the next two years and, assuming that replacement was a Republican, shift control of the Senate back to President Bush's party.

Mr. Johnson, who had attracted little attention outside of agriculture circles in his 10 years in the Senate and decade in the House, was suddenly in the spotlight, with cable news channels breaking in with every update on his progress.

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Late in the afternoon, Mr. Johnson's wife, Barbara, said in a statement that he was responding to her voice and following directions after the operation, which began late Wednesday, and that he was reaching for her hand and holding it by Thursday morning.

A spokesman for Mr. Johnson said his doctors were watching to see whether bleeding recurred in the next 48 to 72 hours.

Doctors who specialize in the condition said that in the overwhelming majority of cases the bleeding does not cause long-term damage, particularly for someone who showed the symptoms Mr. Johnson did. But they said the outcome might not be known for weeks or months.

According to precedent, Mr. Johnson, who will turn 60 on Dec. 28, would lose his seat only if he died or resigned. In that case, Gov. Mike Rounds would choose a replacement to fill the vacancy until a special election in November 2008.

Even if Mr. Johnson is unable to vote in January, the Democrats would have a 50-49 majority in the Senate, which would allow them to pass a series of resolutions awarding them chairmanships and majority membership of committees.

Senator Harry Reid of Nevada, the Democratic leader, appeared before reporters and cameras on Thursday morning and said that he had just visited Mr. Johnson in his room and that "he looked great."

Mr. Reid declined to say whether he believed Mr. Johnson looked well enough to be able to return to the Senate, saying that anything he said would only raise more questions among reporters. "To me," he said, "he looked very good."

Mr. Reid, who spent much of Wednesday at the hospital, also said that he had spoken to Senator Mitch McConnell of Kentucky, the incoming Republican leader, and that both sides in the Senate were proceeding as they were before Mr. Johnson's illness, with the Democrats expecting to assume their 51-49 majority.

"There isn't a thing that changes," Mr. Reid said, adding that the Republicans selected names for their smaller memberships of committees on Wednesday.

Mr. Johnson's illness highlighted the fragility of the Democrats' new majority. The Senate press gallery handed out copies of the relevant provisions of South Dakota election law, as well a special organizing resolution passed in 2001, when the Senate was split 50-50, that outlined how the two parties shared power.

In the South Dakota capital, Mr. Rounds appealed for prayers for the senator — not speculation about what would happen if he died.

Even some Republican lawmakers and aides criticized news coverage of Mr. Johnson's illness as ghoulish, saying it put too much emphasis on who would control the Senate and not enough on his health. Senator Trent Lott of Mississippi, who is to become the No. 2 Republican in the Senate in January, brushed off questions about procedures if the membership split 50-50. "We don't even want to talk about that," he told Fox News, adding, "I'd like to be in the majority, but I don't want to do it that way."

Mr. McConnell issued a statement titled "The recovery of Senator Tim Johnson" — emphasis on recovery. "I know all my Senate colleagues join me in praying for Senator Johnson's full and speedy recovery," he said. "Our thoughts are with his wife, Barbara, and his family during this time."

Mr. Reid said Mr. McConnell was "thoughtful" in a telephone conversation Wednesday. And Democratic aides said they had not received any Republican requests to discuss any power-sharing rules.

An estimated 300,000 Americans have arteriovenous malformations, said Dr. Jay P. Mohr, the principal investigator in a National Institutes of Health study of the condition and the director of the stroke center at Columbia University Medical Center. Most cases go undetected, Dr. Mohr said, and there is bleeding in only about 30,000. Of the patients with bleeding, Dr. Mohr said, only about 10 percent to 20 percent suffer damage severe enough that they can no longer function as they did before. About half are left with such minor problems, he said, that "they aren't sure they had a stroke."

Noah Pinegar, a spokesman for Mr. Johnson, said the senator began to stutter midday Wednesday during his weekly conference call with reporters from the Senate recording studio in the Capitol, then recovered and ended the call. He then walked back to his office across the street. Aides said that he seemed weak, but that he did not collapse as a Senate official had said earlier, and they summoned Admiral Eisold. The doctor sent Mr. Johnson by ambulance to George Washington University Hospital, where he underwent tests before the operation.

Specialists in the condition, while emphasizing that they did not know the specifics of Mr. Johnson's case, varied in their assessment of the likely damage. Dr. Mohr said that what had been reported — that Mr. Johnson could still hold the phone and walk — "suggests to me that the brain was not totally destroyed." Very likely, he said, doctors discovered blood that had leaked in the ventricles, which could be removed "with very little damage to the adjacent brain."

"He was able to get up and walk around and report to a local hospital," Dr. Mohr said. "These are the things that could make for a favorable result."

Good Wishes Pour In For Sen. Johnson (USAT)

By Peter Harriman And Kathy Kiely

DOJ_NMG_0106916

USA Today, December 15, 2006

SIOUX FALLS, S.D. — The new, artificial Christmas tree for Sen. Tim Johnson's office here remained unopened in a long cardboard box. Instead, Johnson's office was filled Thursday with flowers and cards brought by a steady stream of well-wishers rooting for the senator's recovery from brain surgery.

One card was delivered by Benjamin Ready, a field representative for Republican Sen. John Thune. Johnson, a Democrat, beat Thune by 524 votes in the closest Senate race of 2002. When Thune was elected to the Senate two years later, the home-state colleagues vowed to make their Senate relationship work.

That bipartisan cooperation was evident after Johnson's surgery.

"They've been wonderful," Johnson's field representative Sharon Boysen said of Thune's staff.

Rep. Stephanie Herseth, a Democrat and the state's lone member of the House of Representatives, and her staff "brought us lunch today," Boysen said. "There were Krispy Kremes here this morning." Boysen called the outpouring from the state "amazing."

Johnson's willingness to build a relationship with former rival Thune has become a model in the Senate. As South Dakota's senior senator lay in critical condition at George Washington University Hospital in the nation's capital, Johnson's Senate colleagues were following a page from his playbook.

"I know all my Senate colleagues join me in praying for Senator Johnson's full and speedy recovery," incoming Senate Republican leader Mitch McConnell of Kentucky said in a statement.

Last month's election gave the Republicans 49 votes in the Senate and the Democrats 51, including Joe Lieberman of Connecticut and Bernie Sanders of Vermont, elected as independents. Sanders and Lieberman voted for Sen. Harry Reid, D-Nev., as their leader and have said they will align and vote with the Democratic caucus next term.

If Johnson cannot finish his term and GOP Gov. Mike Rounds appoints someone from his own party as a replacement, power will shift to Republicans because in a 50-50 Senate, Vice President Cheney would break a tie.

No member of Congress has ever been forced out of office for reasons of physical infirmity, according to John Fortier of the American Enterprise Institute.

Fortier studied the history of congressional succession as executive director of the Continuity of Government Commission, a group formed after the 9/11 attacks to determine how Congress could continue if many members became incapacitated. During the 1940s, he said, the Virginia Legislature tried to remove Carter Glass, a Senate Democrat who missed nearly four years of votes before dying in office at the age of 84. That move, Fortier said, "didn't get very far."

South Dakota Sen. Karl Mundt, a Republican, offered to resign after being paralyzed by a stroke in 1969 but only on the condition that his wife be appointed in his place, said Donald Ritchie of the Senate Historical Office. Mundt's request was denied by South Dakota's governor, and the senator remained in office for more than three years, until his term expired. Ritchie said senators have not pressured ailing colleagues to leave.

"The Senate has never vacated a seat," he said. "It has always left that decision to the senator, the family or the voters."

Peter Harriman writes daily for the Argus Leader in Sioux Falls, S.D. Kiely reported from Washington.

Johnson 'Critical' After Surgery (WT)

By Charles Hurt

The Washington Times, December 15, 2006

Sen. Tim Johnson remained in critical condition last night from surgery to relieve bleeding inside his brain and untangle a malformation of arteries, although doctors and aides said his recovery from the major surgery was going on "without complication."

The South Dakota Democrat, who turns 60 this month, "was found to have had an intracerebral bleed caused by a congenital arteriovenous malformation," said Adm. John Eisold, the attending physician of the U.S. Capitol. "He underwent successful surgery to evacuate the blood and stabilize the malformation."

During a brief press conference yesterday morning, incoming Majority Leader Harry Reid, who had spent much of the previous 24 hours at George Washington University Hospital with Mr. Johnson, said the senator "looks great." He declined to answer any specific medical questions.

Late yesterday afternoon, Dr. Eisold issued another statement saying that Mr. Johnson, "has continued to have an uncomplicated post-operative course. Specifically, he has been appropriately responsive to both word and touch."

It is premature, he said, "to determine whether further surgery will be required or to assess any long-term prognosis."

The senator also underwent an additional procedure to prevent blood clots, which Johnson spokeswoman Julianne Fisher said was standard after the surgery. His office also said Mr. Johnson was responsive to his wife's voice.

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It is also premature, aides on Capitol Hill said, to determine what affect Mr. Johnson's ailment might have on the Senate, where Democrats will enjoy a 51-49 caucus advantage over Republicans when the next session of Congress begins next month.

If Mr. Johnson becomes unable to continue serving as the senior senator from South Dakota, a replacement would be named by the state's Republican governor, Michael Rounds. If Mr. Rounds were to choose a Republican as a replacement, it would give the party -- with Vice President Dick Cheney's tie-breaking vote -- a one-seat advantage.

Well before Mr. Johnson's illness surfaced Wednesday during a telephone interview with reporters, Senate Republicans had been negotiating with Democrats about the exact wording of the organizing resolution that is the first vote by the Senate and establishes ground rules for how the Senate operates.

Normally, there is no provision to allow control to change hands in mid-Congress -- even if the party that controls the chamber, for some reason, loses its majority.

In 2001, the last time the Senate teetered on such a narrow margin, Republicans allowed a clause to be included in the organizing resolution that would change control of the chamber if they lost their slim majority. A few months later, when Sen. James M. Jeffords of Vermont quit the Republican Party and caucused with Democrats, that clause gave Democrats control of the chamber.

Senate Republicans have argued to include the same clause in the upcoming organizing resolution but dropped any public reference to it since Mr. Johnson became ill. Yesterday, they were steering reporters' questions away from any calculations about any change in power.

Incoming Minority Leader Mitch McConnell, Kentucky Republican, issued a statement "on the recovery of" Mr. Johnson.

"I know all my Senate colleagues join me in praying for Senator Johnson's full and speedy recovery," he said. "Our thoughts are with his wife, Barbara, and his family during this time."

Democratic Senator Survives Brain Surgery (MCT)

By Margaret Talev

McClatchy Newspapers, December 15, 2006

WASHINGTON - Democrats said Thursday that they expect to take control of the Senate next month as planned, after Sen. Tim Johnson of South Dakota survived emergency brain surgery hours earlier.

The Capitol's physician, Adm. John Eisold, said an operation to drain blood from Johnson's brain had been successful and that he was "recovering without complication." Nevertheless, the 59-year-old Democrat remained in critical condition.

Aides and lawmakers wouldn't say whether Johnson would be able to return to work when the Senate convenes on Jan. 4, 2007 - or even if Johnson was conscious after surgery.

What mattered from a political perspective was that he was alive. A senator can be incapacitated or indefinitely absent without relinquishing his or her seat. If Johnson remains in office, Democrats will run the Senate with a 51-49 majority. (Sen. Joseph Lieberman of Connecticut won re-election as an Independent, but has vowed to join the Democrats for organizing purposes. So has Independent Bernie Sanders of Vermont.) Democrats also won a 31-seat majority - 233-202- in the House of Representatives in November's elections.

However, If Johnson were to vacate his Senate seat, South Dakota's Gov. Mike Rounds, a Republican, would name a replacement to serve the final two years of Johnson's term.

If Rounds appointed a Republican, that would lead to a 50-50 partisan split in the Senate, with Vice President Dick Cheney, a Republican, having the power to cast tie-breaking votes - including on top leadership posts and how committees are organized, said Senate historian Richard Baker. In that scenario, the Democrats' dramatic victory in November's mid-term Senate elections could be lost before they ever take power.

But that seemed increasingly unlikely Thursday.

"There isn't a thing that's changed," Sen. Harry Reid, D-Nev., the next majority leader, said in a midday update after briefing Sen. Mitch McConnell, R-Ky., the next minority leader. "The Republicans selected their committees yesterday. We've completed ours. . . .

"We're all praying for a full recovery," Reid said. "We're confident that will be the case."

Reid spent much of the previous night at the George Washington University Hospital. Johnson was rushed there Wednesday afternoon from Capitol Hill after becoming disoriented and suffering other stroke-like symptoms. Other lawmakers and friends stopped by the hospital throughout the day Thursday.

Doctors ruled out a stroke or heart attack. Instead, they determined that Johnson has a congenital malformation that causes blood vessels in the brain to tangle and burst.

Eisold said Thursday morning that it was too soon to know Johnson's long-term prognosis or whether he would need another operation.

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At 5 p.m., Johnson's office issued a second statement from Eisold, saying that Johnson "has continued to have an uncomplicated post-operative course. Specifically, he has been appropriately responsive to both word and touch. No further surgical intervention has been required."

Johnson's staff seemed upbeat. Around noon, several of his staff members gathered privately for pizza. One told a visitor, "He's going to be fine."

Sen. Trent Lott, R-Miss., who'll be the second-ranking Republican in the next Senate, told Fox News: "My expectation and hope is that Tim will recover fully and come back and we'll go to work. You know, I'd like to be in the majority, but I don't want to do it that way."

In the 20th century, several senators took extended absences for illness without resigning, historian Baker said.

Sen. Joe Biden, D-Del., missed seven months after surgery for a brain aneurysm in 1988. He's now incoming chairman of the Foreign Relations Committee.

Karl Mundt, a South Dakota Republican, had a debilitating stroke in 1969 but refused to leave until his term was up in January 1973.

Clair Engle, a California Democrat, could not talk or walk after brain cancer surgeries, but was brought into the chamber for a key vote on the Civil Rights Act of 1964 the month before he died.

Senator Tim Johnson Has Brain Surgery, Doctor Says (Update6) (BLOOM)

By William Roberts

Bloomberg, December 15, 2006

Dec. 14 (Bloomberg) -- Senator Tim Johnson underwent surgery to relieve bleeding in his brain and treat a congenital malformation of his arteries, his doctor said. Control of the new U.S. Senate may depend on Johnson's health.

Johnson, 59, is having an "uncomplicated" recovery, is responsive to word and touch and has not needed further surgery, Admiral John Eisold, the attending physician of the U.S. Capitol, said in a statement this afternoon.

Eisold said earlier today that Johnson "was found to have had an intracerebral bleed caused by a congenital arteriovenous malformation." He underwent "successful surgery to evacuate the blood and stabilize the malformation."

Johnson's wife Barbara said in a statement that after the surgery, Johnson was responding to her voice, following instructions, and reaching for and holding her hand.

He is in critical condition, said an aide to Johnson who asked to remain anonymous.

Johnson, a South Dakota Democrat, was taken by ambulance to George Washington University Hospital in Washington yesterday afternoon after becoming disoriented during a conference call with reporters.

Democrats would have a 51-49 majority in the next session of Congress that begins Jan. 4 if Johnson retains his seat. If his seat were to become vacant, South Dakota Governor Mike Rounds, a Republican, may appoint a Republican replacement, shifting the partisan balance to 50-50 and giving Republicans control through the tie-breaking vote of Vice President Dick Cheney.

Split

The Senate had a 50-50 split between Democrats and Republicans following the 2000 election. The parties negotiated a power-sharing arrangement under which Republican senators chaired committees that had equal numbers of Democrats and Republicans. Leaders of both parties shared control of legislation reaching the Senate floor.

Democrats took the majority back five months later when Senator James Jeffords of Vermont quit the Republican Party and became an independent who voted with the Democrats.

Senate Democratic leader Harry Reid of Nevada, who recovered from a mild stroke last year, said Johnson looked good during a visit at the hospital and is confident he will have a full recovery.

"There isn't a thing that has changed," regarding Democratic control of the Senate in the next Congress, Reid said.

Confident

Johnson is one of 26 Democratic senators whose death or resignation would jeopardize Democrats' control of the chamber because their successor would be appointed by a Republican governor. That number will fall to 18 in January when the governorships of Arkansas, Colorado, Maryland, Massachusetts and New York switch to Democratic from Republican control.

House Speaker Nancy Pelosi said at a press conference today that Johnson "is recovering and we are hopefully going to get some good news." She refused to address how his illness might determine control of the Senate.

First lady Laura Bush said she and President George W. Bush learned of Johnson's condition this morning.

"We're praying, like I know all the people of South Dakota are, for his very, very speedy recovery," she said in an interview on CBS's "Early Show."

Vacancies

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While vacancies aren't uncommon in the Senate, they can only occur "by death or resignation," said Richard Baker, the Senate historian.

"There either has to be a death certificate or there has to be a letter of resignation," he said. "Nobody has the power to determine a vacancy for a person who is still living."

Some lawmakers in the past have kept their seats in spite of long illnesses.

In 1969, South Dakota Senator Karl Mundt, a Republican, suffered a stroke that prevented him from voting, according to Slate, an Internet-based daily magazine. He kept his seat for three more years after South Dakota's governor refused his request to appoint Mundt's wife to replace him, Slate reported.

In the 1940s, Senator Carter Glass of Virginia, an 87-year- old Democrat, failed to vote for two years of votes due to illness while refusing calls to retire, Slate reported.

Johnson became disoriented while on a conference call with South Dakota and regional reporters at about 11:45 a.m. Washington time yesterday, according to Noah Pinegar, an aide to the senator.

Stutter

Johnson appeared to stutter in response to a question, then seemed to recover, asking if there were any additional questions before signing off, the Associated Press reported.

Johnson later walked with aides from the Capitol back to his office in the Hart Senate Office Building, a distance of about two city blocks, Pinegar said. Aides called the Capitol's attending physician, and Johnson was later taken by ambulance to the hospital. Johnson was conscious and talking throughout, Pinegar said.

Johnson went into brain surgery at approximately 7 p.m. Washington time last night and emerged at 12:30 a.m. today, according to Julianne Fisher, Johnson's spokeswoman.

"He came through the surgery and is doing well," she said.

The extent of impairment to Johnson's motor and cognitive functions is likely to become clear over the next two to three days, Fisher said.

"After having a surgery like this, the thing to do is wait," Fisher said.

Larry B. Goldstein, a Duke University neurologist, said it appears that Johnson was born with a malformation of brain blood vessels that burst, causing a type of stroke.

'No Symptoms'

"They can cause absolutely no symptoms for a lifetime or they can cause bleeding without warning," Goldstein, a spokesman for the American Stroke Association, said in a telephone interview today.

Johnson's surgeons would have performed an operation to remove the blood clot and seal off the weakened vessels using one of several approaches, Goldstein said. Strokes can alter speech, memory, personality, vision, gait, and the ability to move one's arms and legs.

"There could be no consequences or, if it's an important area of the brain and it's a large area, they could be severe," Goldstein said.

Johnson, an advocate for U.S. farmers and agricultural commodity producers, is in his second term in the Senate. He was re-elected in 2002 by just 528 votes out of more than 334,000 cast. An attorney, he had served five terms in the House of Representatives from 1986 to 1996 before winning his Senate seat. He is up for re-election in 2008.

Control Of Senate At Issue As Sen. Johnson Undergoes Brain Surgery (CQ)

By Martin Kady II

Congressional Quarterly, December 15, 2006

UPDATE (5 p.m.) — Johnson's office has released the following statement: "Admiral John Eisold, Attending Physician of the United States Capitol said, 'Senator Tim Johnson has continued to have an uncomplicated post-operative course. Specifically, he has been appropriately responsive to both word and touch. No further surgical intervention has been required.'"

Written by Martin Kady II and Martha Angle.

Sen. Tim Johnson remained in critical condition in George Washington University Hospital on Thursday following surgery for bleeding in the brain, as Capitol Hill swirled with speculation about the impact of his condition on control of the Senate in the 110th Congress.

Admiral John Eisold, attending physician of the U.S. Capitol, said in a statement Thursday morning, "Subsequent to his admission to George Washington University Hospital yesterday, Senator Tim Johnson was found to have had an intracerebral bleed caused by a congenital arteriovenous malformation. He underwent successful surgery to evacuate the blood and stabilize the malformation."

DOJ_NMG_0106920

The statement said Johnson was "recovering without complication in the critical care unit," but cautioned it was "premature to determine whether further surgery will be required or to assess any long-term prognosis."

Johnson's condition immediately raised questions about control of the Senate in the 110th Congress, which convenes Jan. 4. Democrats won a 51-49 edge in the November elections, but the Senate cannot function without the adoption of an organizing resolution.

That resolution is subject to filibuster, and if Republicans refused to adopt it on grounds that Johnson is incapacitated and incompetent to fulfill his duties, the chamber would be at a standstill. At the same time, only Johnson himself — or his family, acting under a power of attorney — could resign his seat, creating a vacancy that South Dakota's Republican governor would fill. A Republican successor would create a 50-50 tie, giving the GOP operational control as a result of Vice President Dick Cheney's tie-breaking vote.

If Johnson survives, the Democrats would still be in control by 50-49 until and unless he resigned.

The South Dakota Democrat was admitted to the hospital at midday Wednesday after being examined at his Capitol Hill office by a Senate physician. Johnson, who will turn 60 in two weeks, realized something was wrong when he stuttered inexplicably during a conference call interview with reporters earlier in the day.

If Johnson dies or resigns before the end of his term, which runs through 2008, an interim replacement would be appointed by South Dakota Republican Gov. Mike Rounds to serve the remainder of his term. The seat would be filled permanently in the regular 2008 November general election.

Such a scenario would create a 50-50 Senate tie in the 110th Congress, with Cheney giving the GOP control. That was the situation that prevailed at the start of the 107th Congress, when the 2000 elections resulted in a 50-50 tie. Democrats held up adoption of an organizing resolution for months while they negotiated equal representation on all Senate committees and an even division of staff and budgets. But all chairmanships and control of the Senate floor remained with Republicans.

In June 2001, Republican James M. Jeffords of Vermont left the GOP and became an independent aligned with Democrats, shifting control of the Senate to them for the remainder of that Congress. Reid at Johnson's Bedside

Democrat Harry Reid of Nevada, who is in line to become the new Senate majority leader next month, rushed to the hospital on Wednesday after Johnson was transported there and returned to his colleague's bedside again Thursday morning. He was joined by former Senate Democratic leader Tom Daschle of South Dakota, who is a close friend of Johnson's.

Reid told reporters Thursday that Johnson "really looks good." But he refused to answer questions about whether the senator was conscious and did not answer directly when asked whether Johnson would be able to serve in the new Congress.

"We all pray for a full recovery and believe that will be the case," Reid said.

Asked about the impact on control of the Senate, Reid said, "There isn't a thing that has changed."

He said he had talked with Sen. Mitch McConnell, R-Ky., who will be the top GOP leader in the new Congress, but their conversation focused on Johnson's health, not the impact of his condition on organizing the Senate.

Democrats were proceeding with their preparations for the new Congress on the assumption that they will be in control.

Johnson, who was expected to chair the Ethics Committee, was first elected to the Senate in 1996 after serving five terms in the House. He won re-election in 2002, narrowly defeating Republican John Thune, who went on to oust Daschle from the Senate in 2004 and his now Johnson's colleague.

Johnson is a cancer survivor, having undergone successful surgery for prostate cancer in 2004. No Exact Precedent

Never in Senate history has a death or vacancy switched the balance of power in the way it would if Johnson died or resigned, according to the Senate Historian Don Ritchie. In the House, however, the balance of power switched in 1930 between the November election and the start of the new Congress. Back then, a new Congress was sworn in the March after the election. A total of 14 members died and a variety of special elections switched control of the House from Republicans to Democrats by the time the Congress was actually seated in December 1931, Ritchie said.

In the Senate, no such power shift has ever taken place. During the 83rd Congress, in 1953-1954, Republicans started with a small majority, but nine members died throughout that Congress, giving Democrats the voting majority. However, Republicans maintained formal control of the chamber because the organizing resolution had already been adopted and Republicans could have filibustered any new one that switched control to the Democrats.

Johnson's situation is unique because there is no Congress in session, and his long- term prognosis is uncertain. His family, through its power of attorney, does have the power to resign on his behalf if necessary.

That occurred in Maryland's 5th District a quarter-century ago. Rep. Gladys Noon Spellman, D-Md., suffered a massive heart attack in 1980 but won re-election. She never recovered, however, and her family said she could not serve. Democrat Steny H. Hoyer, who will serve as the House majority leader in the 110th Congress, was elected to succeed her in a special election.

Johnson does not need to be sworn in at the beginning of the 110th Congress because he is in the middle of his term.

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Even if Johnson remains unable to attend to his regular Senate duties for a long period, he can still remain in office, according to Senate historian Richard Baker. There is no constitutional provision for the removal of incapacitated senators.

On the contrary, there is ample precedent for senators being absent for long periods due to health issues, including a former senator from South Dakota, who suffered a stroke in 1969. Republican Sen. Karl Earl Mundt (1948-1973) remained technically in office through the final years of his last term because he refused to resign.

In 1964, California Democrat Clair Engle (1959-1964), who had been absent from the Senate for months due to a brain tumor that had paralyzed him, was wheeled into the Senate on a gurney during the roll call vote on the landmark 1964 Civil Rights Act. Unable to speak, when his name was called, he lifted his arm and pointed to his eye, indicating an "aye" vote. He died in office.

More recently, in 1988, Sen. Joseph R. Biden Jr., D-Del., took a seven-month leave of absence to recover from brain surgery.

Baker said, given the history and tradition of the Senate, a senator remains a senator "as long as he's alive and breathing."

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I think that whatever happens with the technicalities, the Congress should respect the wishes of the voters, who clearly stated their desire for who should lead our country. To swoop in and wrest control seems despicable and opportunistic.

Posted by Stuart at 1:10 PM; Dec. 14, 2006

If it comes down to an appointment, wouldn't it be something if Gov. Rounds appointed a Dem. After all, the people of SD elected a Dem. It would be an approriate honoring to Sen Johnson and his family. Might even tend to unite our country.

Posted by harold richardson at 1:55 PM; Dec. 14, 2006

It is unthinkable that the whim of a governor could change the balance of power in the congress as decided by the electorate.

Posted by Carl Berge at 2:47 PM; Dec. 14, 2006

As part of my exercising my obligations as a citizen, I have written to Senator Johnson at least once a month since the aftermath of Nov 2004 selection.

I follow his voting record and query him on it. I've urged him to initiate or participate in actions that would bring great changes to this status quo.

Senator Johnson has answered every letter, explaining his position both ideologically and politically in lengthy, literate and clear replies obviously written to me, in no way formated.

While he is not a grand-stander, his ego takes a back seat to getting things done for SD in a manner of bipartisanship that he must have had long before we lost Senator Daschle.

Finding info about him on the net under his hospital was difficult since most references were to meetings, speeches, agreements he was working with them for easing the burdens of seniors v Medicare. Behind the scenes yet in the top third of senatorial power brokers.

Posted by Pamela Rose PhD at 3:41 PM; Dec. 14, 2006

Why will the Senate have only 99 members "unless and until Johnson resigns"? That can happen only if Johnson doesn't vote. If you know that he can't vote in January, please cite your sources. In any case please explain why a 50-49 majority could result in a filibuster. Is it any less a majority than 51-49, or do you have information that a two vote margin would result in a filibuster?

Posted by wallace sanders at 5:06 PM; Dec. 14, 2006

Senator Recovering From Brain Surgery (CHIT)

By Christi Parsons And Jeremy Manier

Chicago Tribune, December 15, 2006

WASHINGTON -- Colleagues kept a close watch Thursday on Sen. Tim Johnson (D-S.D.) as he recovered from brain surgery in a local hospital, offering hopeful reports about his condition while also quietly calculating its potential to determine control of the Senate for the next two years.

Democrats emerged from Johnson's hospital room saying he was doing well in the day following his surgery, although neither prospective Senate Majority Leader Harry Reid nor former Sen. Tom Daschle of South Dakota gave details about Johnson's health. Adm. John Eisold, the Capitol physician, said Johnson had been "responsive to both word and touch" and that he didn't immediately need any more surgery.

Johnson was responding to the voice of his wife, Barbara, and following directions after the surgery, the senator's office said in a statement, adding, "He was reaching for and holding her hand."

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While friends adopted a positive tone about Johnson's state of health, staffers and elected officials were analyzing every conceivable version of political events to come over the next few weeks, during which time Democrats have been expecting to assume control of the Senate. If Johnson, 59, were to resign, Republican Gov. Mike Rounds of South Dakota could appoint any replacement he wished.

Reid (D-Nev.) said there is no reason to think Democrats would not take the reins when the new Congress takes office. Johnson "really looks good" and friends are "confident" of his full recovery, he said after visiting the ailing two-term senator on Thursday.

"There isn't a thing that's changed," Reid said. "I have a very busy schedule today, going ahead and getting ready for the next year."

As long as a senator is alive, there is no way to legally remove him or her from office for health reasons, experts said. The Democrats are set to have a 51-49 majority in January. If Johnson were unable to attend the organizational Senate session and cast a vote, the Democrats and one independent could still vote 50-49 to install Reid and other Democrats in positions of leadership for the next two years.

But Johnson's resignation or death would most likely mean a Republican replacement and therefore a 50-50 split, with Republican Vice President Dick Cheney, who serves as president of the Senate, holding the tie-breaking vote.

Eisold said that Johnson had sustained an intracerebral bleed caused by a malformation of arteries, and that he underwent surgery to evacuate the blood. He said Johnson's surgery was successful and that, as of late Thursday, he had "continued to have an uncomplicated post-operative course." Specialists say it can take days to wake up after the kind of emergency surgery Johnson underwent late Wednesday.

More than 90 percent of patients who suffer a brain hemorrhage like Johnson's make a good recovery, though it is common for that process to take several months, experts said. Key points to watch will be whether the senator can hold a conversation, make normal movements and avoid a potentially fatal recurrence of bleeding.

"This condition has a better prognosis than most serious illnesses," said Dr. Matthew Fink, chief of stroke and critical care neurology at the New York-Presbyterian Hospital/Weill Cornell Medical Center.

Although Johnson's office said Wednesday that he did not have a stroke, medical experts said that is the correct term whenever a patient experiences bleeding in the brain, as Johnson did. In his case, the stroke stemmed from a rare condition in which some major arteries and veins in the brain are connected directly, rather than through a series of smaller blood vessels.

That direct connection produces strain akin to plugging a home appliance into a main power generator, said Dr. Mark Alberts, head of the stroke program at Northwestern University. Over time the strain can weaken veins in the brain and cause them to rupture.

Assuming Johnson's medical team caught his hemorrhage at an early stage, Johnson stands a good chance of recovering in a period of weeks to months, doctors said.

"It sounds like he's stable, which is good," Alberts said.

Once Johnson's doctors are sure they have treated the immediate problem of bleeding, they will need to fix, possibly through more surgery, his underlying disorder, whose technical name is arteriovenous malformation, or AVM. Only thorough treatment of the disorder can ensure that a patient will not experience bleeding again.

Although it is rare for patients to come through a serious stroke with no long-term effects, experts said Johnson's problem is somewhat less likely to produce long-term problems than a stroke caused by blockage of a major artery.

Just weeks after the fall elections spelled a dramatic turnaround of the House and Senate from Republican to Democratic control, Johnson's health scare could possibly mean a surprising reversal for the upper chamber.

But senators have held on to their seats despite serious health problems. One former South Dakota senator, Republican Karl Mundt, had a stroke in 1969 and then refused to resign until January 1973, said Senate historian Richard Baker.

More recently, Sen. David Pryor (D-Ark.) suffered a heart attack in 1991 and was out from April until September of that year. Sen. Joseph Biden Jr. (D-Del.) was out for several months in 1988 as a result of a brain aneurysm, Baker said.

And in 1964 Sen. Clair Engle (D-Calif.)—unable to speak because of a brain tumor—cast a critical "aye" vote for the Civil Rights Act by solemnly lifting his hand and pointing to his eye to signal affirmation.

Nothing in the Constitution, in law or in Senate rules provides for the ouster of a member for health reasons, Baker said.

"The Constitution has specific requirements for a senator, such as age, citizenship and residency, but not robust health," he said. "The idea was to give the Senate and its members independence."

Only once in history has control of the chamber changed in the middle of a session. In 2001, Sen. James Jeffords of Vermont, elected as a Republican, announced he would instead caucus with Democrats as an independent, giving Democrats a one-vote majority. And because of the narrowness of the majority prior to that, Democratic leaders had negotiated a deal at the beginning of that Congress that they would change party control if the majority shifted during the term, according to Baker.

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In this case, Republicans may still try to negotiate such a deal before the new Congress is sworn in.

Christi Parsons reported from Washington and Jeremy Manier reported from Chicago.

Senate Is Loath To Remove Disabled Members (LAT)

By Janet Hook

The Los Angeles Times, December 15, 2006

WASHINGTON — Carter Glass was the dean of the U.S. Senate and chairman of the Appropriations Committee when he became incapacitated with heart trouble in the 1940s. The enfeebled octogenarian was absent from the Capitol for four full years, unable to answer a roll call on the Senate floor, cut off from all visitors by his wife.

Local newspapers began to clamor for his resignation, but the Virginia Democrat refused. His Senate colleagues allowed Glass to keep his seat, and even his powerful chairmanship.

That was more than a half-century ago, but it illustrates an enduring tradition in one of the world's most exclusive clubs: Never has the Senate forced its members out of office because they have become physically or mentally incapable of serving.

That hands-off protocol could be a big boon to Democrats today, as they ponder the possibility that Sen. Tim Johnson, D-S.D., could be incapacitated for months or longer following emergency surgery to treat bleeding in his brain. If Johnson dies or leaves office before the new Congress convenes next month, it will erase Democrats' fragile 51-49 majority and return control of the Senate to Republicans.

But if he survives and history is any guide, the only force that will drive Johnson from office before his term expires in 2008 is a decision by the senator himself or his family. The Senate -- not state governors or voters -- has the constitutional power to force a member out, but has been loathe to use it.

"No one in the Senate wants to have that kind of responsibility for judging whether another member is capable or not," said Don Ritchie, associate Senate historian. "The Senate is a family, as well as a club. There's a real sense of sticking together."

There have been a couple of examples of House seats being declared vacant because of inability to serve, but they involved cases where lawmakers were elected while incapacitated and were unable to take their seats. Most recently, Gladys Noon Spellman, a longtime House member from Maryland, suffered a heart attack and went into a coma shortly before election day in 1980, but her name remained on the ballot and she was re-elected. Because she was still in a coma when the new Congress convened, she was unable to be sworn in, and her family eventually asked that her seat be declared vacant.

Aging and infirm politicians are able to linger in the halls of Congress in part because they are surrounded by armies of aides who can obscure a distressing reality, both to the public and the politician.

Sen. Strom Thurmond, R-S.C., who turned 100 while still in office, was so frail at the end of his career that he could hardly walk onto the Senate floor without gripping the arms of staff members.

"They made sure he showed up to vote, and that's what counted," said Ritchie.

But history is replete with examples of other infirm lawmakers who could not even show up to vote, talk or maintain consciousness -- and yet were allowed to keep their seats.

In the mid-19th century, Sen. Charles Sumner of Massachusetts was absent from the Senate for more than three years after being beaten with a cane on the Senate floor by Rep. Preston Brooks of South Carolina in a dispute over slavery. Despite Sumner's incapacity, the Massachusetts legislature re-elected him.

In 1964, a California Democrat voted in the Senate even when he could not speak. Clair Engle, partially paralyzed by repeated operations for brain cancer, was carried onto the Senate floor to cast a key vote on the Civil Rights Act. Voiceless, he pointed to his eye to signify an "aye" vote.

A previous occupant of Johnson's South Dakota Senate seat, Karl E. Mundt, suffered a debilitating stroke in 1969 and was in a coma for a long period of time. He refused to resign, even under pressure from fellow Republicans who feared the GOP would lose the governorship in 1970, and remained formally in his seat until his term expired in 1973.

Sen. Joseph R. Biden Jr., D-Del., was away from the Senate for seven months in 1988 for brain surgery. While recovering at Walter Reed Army Medical Center, he shared a suite for three months with another incapacitated senator, John Stennis, D-Miss., who continued as chairman of the Senate Appropriations Committee even after the loss of a leg to cancer slowed him considerably.

When Stennis' predecessor as Appropriations chairman, Glass, refused to quit, Virginia newspapers were near unanimous in calling for his retirement. The Staunton News Leader led the call with a mid-1945 editorial: "It is plainly the duty of Mrs. Carter Glass to make it clear to her husband that his age and physical condition disbar him from further duty in the Senate and to prevail on him to tender his resignation."

But Glass hung on, even though he was away from the Senate from June 1942 until his death in May 1946. It probably helped that he remained nominally in charge of the committee that holds Congress' purse strings.

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"He was a powerful, influential senator, and no one wanted to remove him," said Ritchie.

Democratic Sen. Johnson In Stable Condition After Brain Surgery (WP)

By Charles Babington

The Washington Post, December 15, 2006

Sen. Tim Johnson (D-S.D.) was in stable condition yesterday after emergency brain surgery, prompting optimism among family and friends and at least temporarily stanching speculation that the Democrats' narrow control of the next Senate might be in jeopardy.

But Capitol aides predicted tough negotiations between the two parties early next month over the rules for organizing the new Senate, particularly those that would address the possibility that a Democratic seat could be vacated because of illness or death.

Even if Johnson recuperates fully, aides and advisers said, Democrats will be painfully aware that they remain one fatal illness -- or one party switch -- away from a Republican claim on their majority, which has stood at 51 to 49 since the Nov. 7 elections. The two parties may clash in particular over an agreement made in 2001 that enabled Democrats to seize the majority after one Republican senator switched parties. Republicans are likely to try to revive the precedent, according to the congressional aides, and Democrats are likely to fight it.

Johnson, 59, was rushed from his Senate office to George Washington University Hospital on Wednesday, suffering from bleeding in the brain caused by a congenital tangle of blood vessels, the U.S. Capitol physician said yesterday.

"He underwent successful surgery to evacuate the blood and stabilize the malformation," said the physician, Adm. John Eisold. He later said that Johnson "has continued to have an uncomplicated post-operative course. Specifically, he has been appropriately responsive to both word and touch. No further surgical intervention has been required."

Senate Democratic leader Harry M. Reid (Nev.) and former party leader Thomas A. Daschle (S.D.) visited Johnson at the hospital Wednesday and yesterday. Reid later told reporters at the Capitol that Johnson "really looks good" and was receiving "the best care." He declined to say whether Johnson was conscious during his visits.

The Constitution provides for governors to fill U.S. Senate vacancies, whereas House vacancies must be filled through elections. Johnson can remain in the Senate through the end of his term, regardless of his medical condition. In recent decades, senators have missed up to four years of votes because of illness or old age without giving up their seats.

Should Johnson's seat become vacant before Jan. 4, South Dakota Gov. Mike Rounds, a Republican, could replace him with a Republican, resulting in a 50-50 Senate when Congress opens. Vice President Cheney, as Senate president, would break tie votes in the Republicans' favor, giving them the majority.

If Johnson's or any other Democrat's seat switches to the GOP after the new Senate is underway, however, even Cheney's tie-breaking powers could leave Republicans facing a difficult-to-impossible battle to seize control. Barring an agreement to the contrary, Democrats could filibuster efforts to reorganize the chamber and proceed to assume committee chairmanships.

"There isn't a thing that's changed," Reid said of his party's 51 to 49 edge. Both parties have made their committee assignments, he said, and he is "getting ready for the next year."

Sen. Trent Lott (R-Miss.) told Fox News: "My expectation and hope is that Tim will recover fully and come back and we'll go to work. You know, I'd like to be in the majority, but I don't want to do it that way."

Although Johnson's illness was the talk of Washington yesterday, politicians in both parties refrained from publicly discussing how the two-term senator's illness might affect the incoming 110th Congress. A few Democratic lobbyists and their spouses were dining Wednesday night at Sesto Senso, an Italian restaurant near Dupont Circle. As they discussed Johnson's condition, they folded their hands as if praying for him, a gesture that appeared tinged with political as well as heartfelt sentiments.

Daschle said in an interview: "I am encouraged. He is doing reasonably well. . . . There was progress today."

Reid would not entertain the possibility that Johnson's illness could conceivably cost his party the Senate majority before the 110th Congress convenes in three weeks.

Senate seats can become vacant between elections only by death or resignation. "There is no mechanism" to remove even a severely incapacitated senator against his or her will, said the associate Senate historian, Donald A. Ritchie. In the 1940s, he said, then-Sen. Carter Glass of Virginia missed four years of votes and other Senate activities yet held his seat.

In 1964, Ritchie said, then-Sen. Clair Engle of California was wheeled into the chamber despite suffering from a brain tumor. "He pointed to his eye" to indicate his "aye" vote for an important measure, Ritchie said.

If Johnson's recovery should leave him unable to attend the new Congress's opening, Democrats would still hold a 50 to 49 voting edge and the majority.

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Republicans have health concerns of their own. Sen. Craig Thomas (R-Wyo.) won election to a third six-year term on Nov. 7 and began treatment for leukemia two days later. A Senate vacancy in Wyoming would be filled by Gov. Dave Freudenthal, a Democrat.

In 2001, Republicans controlled a 50-50 Senate, thanks to Cheney's tie-breaking authority. The chamber suddenly shifted to Democratic control when Sen. James M. Jeffords (Vt.) left the GOP and caucused with Democrats.

Republicans might have managed to thwart the power shift had they not agreed earlier to an organizing resolution granting majority privileges to Democrats if they achieved a numerical advantage. Without that agreement, Republicans might have been able to filibuster or otherwise block Democrats' efforts to reorganize the chamber in their favor.

Daschle negotiated the 2001 deal for his party. Asked if GOP leaders are likely to seek similar language in the next Senate's organizing resolution, Daschle said via e-mail that "it is reasonable to expect that the precedents we set in '00 and '01 will serve as a guide in '07."

Senate Republican leader Mitch McConnell (Ky.) declined to comment on such matters yesterday, saying only that he wished Johnson a full and speedy recovery.

Reid's and McConnell's efforts to negotiate the next Senate's organizing rules could prove challenging, because both parties are in a position to block the rules' adoption through unlimited debate. Republicans might cite the 2001 language as a precedent, said Reid spokesman Jim Manley, but Democrats will note that the rules for the subsequent Senate -- which Republicans controlled 51 to 49 -- contained no such provisions.

Congressional aides said the 51 to 49 Democratic edge could play into the hands of senators such as Joseph I. Lieberman (Conn.). Elected last month as an independent after losing the Democratic primary, he is the subject of frequent speculation that he might emulate Jeffords by joining the GOP if his Democratic colleagues displease him.

Senators may rush to support Lieberman's bills, one GOP aide said yesterday, "and if he holds a fundraiser, everybody will be there."

Experts Optimistic About Senator's Recovery (WP)

By David Brown

The Washington Post, December 15, 2006

The experience of other people who have suffered bleeding from arteriovenous malformations inside the brain suggests that Sen. Tim Johnson (D-S.D.), who underwent emergency surgery for that condition Wednesday night, has at least a 50-50 chance of full recovery.

The 59-year-old senator may need another operation or other procedure to completely defuse the abnormal tangle of blood vessels inside his head that he was born with. But statistics suggest that his chance of suffering another bleeding episode in the near future is less than 10 percent and that his brain function is likely to improve from now on.

"I think his prognosis for recovery is very good," said Laligam Sekhar, a neurosurgeon at Harborview Medical Center in Seattle and former chairman of neurosurgery at George Washington Medical Center, where Johnson was treated. "Any disability now is going to depend on where the malformation was and what his condition was going into surgery."

Johnson's physicians provided no details on his condition. But the senator's office said he responded to his wife's voice and held her hand, and the Capitol physician, John Eisold, said he is "appropriately responsive to both word and touch" -- suggesting that he is conscious and may be able to communicate.

Many people harbor arteriovenous malformations (AVMs) unknowingly for decades. When they bleed, 10 to 15 percent of patients die within hours, 35 percent suffer permanent disability and about 50 percent recover more or less completely. The prevalence of AVMs is not known with precision, though one estimate is that about one-half of 1 percent of people have them.

They are often described as looking like "a bag of worms." They can be different sizes and may grow over time, though most apparently arise from a defect present at birth.

As their name implies, arteriovenous malformations are abnormal growths in which arteries feed directly into veins. Blood in the arteries is under high pressure, and the veins are not built to handle the pressure. Over time, the stress can cause them to leak -- or burst.

Johnson's first reported symptom was a sudden loss of coherent speech while he was on a telephone call with reporters. That suggests he may have had a small bleed near the brain's speech center, which in 90 percent of people is on the left.

Outside its normal channels, blood is highly irritating and can cause small arteries to clamp shut and temporarily starve local areas of oxygen and nutrients. A less likely explanation is that irritation by the AVM itself caused a localized seizure. In either case, a small part of the brain could be stunned and its functions temporarily lost.

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Johnson did not immediately undergo surgery, which suggests that his symptoms diminished after he went to the hospital. Details of his treatment were not released, but he almost certainly had brain scans that revealed both the bleeding and the presence of the malformation.

Later, however, he was taken to the operating room. That suggests something happened -- probably a new hemorrhage and new symptoms.

"With an AVM, you are not rushed to emergency surgery unless you either rebleed or the consequences of the hemorrhage force you to operate because the pressure inside the brain is too high," said Robert Spetzler, head of the Barrow Neurological Institute at St. Joseph's Hospital in Phoenix and a leading authority on treating the condition.

The purpose of the operation would have been to reduce the pressure by taking out the clotted blood and to stop the bleeding. Some or all of the AVM might also have been removed, though that is often hard to do.

The surgery is difficult and dangerous. If the bleeding is coming from a weakened vein "downstream" of the defect, the surgeon cannot simply tie off that area. High-pressure blood will continue to flow in and will have an even smaller route out -- raising the pressure in the malformation even higher.

"If he ligates the vein first, it just basically explodes in his face," said William O. Bank, chief of neuro-interventional radiology at Washington Hospital Center.

Instead, the surgeon must cut off the flow in the arteries feeding the malformation. There may be many; if the bleeding is extensive, they may be hard to find; and getting to them may require touching the already highly unstable defect.

"It becomes very technically difficult," Bank said.

If the bleeding can be stopped, most surgeons will leave definitive treatment of the AVM for another day, once the patient has recovered. A neuroradiologist will thread a catheter from an artery in the thigh into the brain and release a dye that will fill the AVM and outline its structure.

The radiologist can then inject a gluelike substance that shuts down blood flow in the arteries to the AVM. Alternatively, a surgeon can cut the malformation out. AVMs can also be cauterized from outside the skull by crossing beams of gamma radiation and causing pinpoint burns in the blood vessels, which then form scar tissue and close off.

An AVM has about a 10 percent chance of bleeding a second time in the six months after a first hemorrhage. After that, the risk falls to what it is before the first bleed -- about 3 to 4 percent a year.

Senator's Chances Are Mixed For Recovery From Rare Disorder (WSJ)

By Sarah Lueck

The Wall Street Journal, December 15, 2006

WASHINGTON -- The blood-vessel abnormality that put South Dakota Sen. Tim Johnson in the hospital is relatively rare. Patients who suffer from it may have a good shot at recovery, depending on how much bleeding they have suffered.

Arteriovenous malformations, or AVMs, are tangles of blood vessels that disrupt the flow of blood and are believed in most cases to be present from birth. An estimated 300,000 Americans have AVMs of the brain or spinal cord, but only about 36,000 show symptoms, according to the National Library of Medicine, a part of the National Institutes of Health. In the case of brain AVMs, patients might experience symptoms such as headaches, seizures and visual disturbances.

One of the biggest dangers of AVMs is bleeding in the brain, as Mr. Johnson had. An estimated 5% to 10% of people with AVM ruptures die, said M. Sean Grady, chairman of the neurosurgery department at the University of Pennsylvania Health System in Philadelphia. That is much better than the 50% survival rate associated with aneurysms, he added. And when ruptures are caught early, as appears to have been the case with Mr. Johnson, quick action to repair the bleeding can improve chances for survival and recovery.

Mr. Johnson underwent a five-hour surgery to remove the blood and stabilize the AVM. A statement from Capitol physician John Eisold released late yesterday afternoon said the lawmaker had been "appropriately responsive to both word and touch."

In the coming days, doctors will begin to ascertain whether Mr. Johnson may have sustained permanent damage, how much if so, and how long he might take to recover. If he regains function quickly after surgery, recovery might take only a month or so. If he doesn't bounce back quickly, prospects for recovery are more variable and uncertain, but can take six months to a year.

"You can be hopeful about having a very good outcome," said Daniel Hanley, a professor of neurology and head of brain-injury outcomes at Johns Hopkins University in Baltimore. "We do know surgery can be successful; we also know it's not always successful."

Little is known about the details of Mr. Johnson's situation. And in terms of how he might have been affected long term, much depends on the extent of the bleeding he suffered and the size and location of the AVM.

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Judging by the speech difficulty Mr. Johnson experienced before he was stricken, the malformation probably was on the left side of his brain, which controls speech, Dr. Grady said. Patients with damage in this area may have difficulty generating speech or may have paralysis on the right side of their bodies, he added.

Physicians can find AVMs using imaging technologies. Removal of the AVM, through surgery or other means, may be considered, but this is a matter of some debate in the medical community. Decisions have to be made on a case-by-case basis, because the surgery carries risks. The National Institute of Neurological Disorders and Stroke, part of the NIH, is working with Columbia University to learn more about AVMs with a long-term study.

Malformation Caused Johnson's Bleeding (USAT)

By Kathy Kiely

USA Today, December 15, 2006

WASHINGTON — Democratic Sen. Tim Johnson was "responsive to both word and touch" Thursday evening following emergency brain surgery but the uncertainty of his long-term prognosis casts doubt on the nation's political landscape.

Adm. John Eisold, attending physician of the U.S. Capitol, said in a statement the two-term senator has not required further surgery since doctors at George Washington University overnight stopped bleeding. The condition, caused by a malformation of blood vessels, is congenital. It was undiagnosed in Johnson, who turns 60 on Dec. 28.

Johnson was stricken Wednesday afternoon, as he had trouble talking to reporters in a conference call. His illness comes as Democrats prepare to take control of the Senate on Jan. 4 with 51 votes, including those of two independents.

If Johnson is unable to complete the remaining two years of his term, it would be up to South Dakota's Republican Gov. Mike Rounds to appoint a replacement, presumably from his party.

That would shift the balance of power in the Senate to the GOP because Vice President Cheney, a Republican, would cast the vote to break a 50-50 tie.

Republicans at the Capitol showed no signs that they will press for Johnson to resign. Johnson, first elected in 1996, is up for re-election in 2008.

"My expectation and hope is that Tim will recover fully and come back," Sen. Trent Lott, R-Miss., who will serve as his party's deputy leader next year, said on Fox News. "I'd like to be in the majority, but I don't want it to be that way."

Senate Democratic leader Harry Reid of Nevada said he is continuing to organize for a Senate run by his party. "There isn't a thing that has changed," said Reid, after visiting Johnson at the hospital. "To me, he looked very good."

Wishes for Johnson's recovery came from lawmakers in both parties and President Bush.

"Our prayers are with Sen. Johnson," said White House press secretary Tony Snow. "He's a great guy."

Eisold on Thursday morning called it "premature" to forecast the senator's long-term prognosis, or whether he will need more surgery. Patients with Johnson's condition frequently require a second operation to remove the problem blood vessels, according Sean Grady, chief of neurosurgery at the University of Pennsylvania.

Grady said such operations "can pose a very high risk" depending on where the damaged blood vessels are in the brain.

In a statement issued by Johnson's office, the senator's wife, Barbara, said her family is "encouraged and optimistic."

Birth Defect Led To Stroke In Senator, Doctors Say (NYT)

By Lawrence K. Altman

The New York Times, December 15, 2006

Senator Tim Johnson suffered an unusual form of stroke, one due to bleeding into his brain from an abnormality present from birth, according to a statement from Adm. John F. Eisold, the attending physician of the Capitol, and interviews with neurological experts.

Mr. Johnson, 59, is in an intensive care unit at George Washington University Hospital after undergoing emergency surgery for the stroke late Wednesday. He is being heavily sedated to rest his brain, a standard treatment after such surgery.

Mr. Johnson, a Democrat from South Dakota, is expected to be in intensive care for several days — also standard — while doctors determine if any brain damage occurred that would affect movement or intellectual ability. Admiral Eisold and experts not involved in Mr. Johnson's case said it was too early to tell how well he might recover.

Admiral Eisold and Mr. Johnson's family have not said where in the brain the bleeding occurred or how large the hemorrhage was, and they have not disclosed other factors that could be important in determining the seriousness of his illness. For example, it is not known whether doctors had previously detected the malformation in Mr. Johnson's brain.

One expert, Dr. David J. Langer of Manhattan, said that the type of stroke and the speed with which the doctors operated offered a guarded prognosis.

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"The fact that he had emergency surgery after an event during the day suggests that he had bleeding that was life-threatening," said Dr. Langer, who directs cerebro-vascular neurosurgery at St. Luke's-Roosevelt, Beth Israel and Long Island College Hospital. "You don't just take the blood out to take it out, you only take it out when a life is threatened," he said, "and that means he was deteriorating in his level of consciousness. There would be no other reason for an emergency operation."

Dr. Langer said that if Mr. Johnson's condition was deteriorating rapidly, doctors most likely did not have time to obtain critical details from a magnetic resonance imaging scan and probably operated after performing a CT X-ray scan. In general, malformations of the sort that caused Mr. Johnson's stroke are best detected on M.R.I.'s.

In such circumstances, Dr. Langer said, neurosurgeons often cannot determine the cause of the bleeding until they operate.

Dr. David S. Liebeskind, associate director of the University of California, Los Angeles, Stroke Center said that surgery for arteriovenous malformations can be as complex as any involving the brain.

In Mr. Johnson's favor, said Dr. Liebeskind, is that "it sounds like they caught this problem fairly early" and "could intervene before further damage occurred."

But he and other experts said that Mr. Johnson's prognosis would depend in part on what doctors observe as they monitor and test him over the next few days.

Standard care would involve seeking evidence of swelling of his brain and signs of further bleeding as well as preventing seizures. The doctors will monitor Mr. Johnson's heart function in part because such strokes can put great stress on the body.

The doctors are expected to lighten the sedation after a few days to look for damage.

Dr. Lee H. Schwamm, director of acute stroke care at Massachusetts General Hospital in Boston, said that initial findings may not reflect a patient's long-term outcome.

Patients with mild neurological disabilities usually recover well. But patients with serious disabilities do not necessarily have a bad outcome and can recover significantly.

Studies have shown that fewer than 0.5 percent of people have arteriovenous malformations and that some forms of them are hereditary.

The malformations are characterized by a direct connection between arteries and veins. Normally, blood vessels known as capillaries serve as the connections.

Although the malformations are present from birth, it often takes years for the pressure to build to the point of rupturing.

Doctors have been detecting arteriovenous malformations more frequently since the introduction of CT and M.R.I. scans beginning in the mid-1970's. Before then, doctors had no way to detect such malformations until they bled.

The malformations are sometimes found on scans among patients who receive them after complaining of headaches and nonspecific symptoms. But many such incidentally detected malformations are small, leaving doctors uncertain whether and how to treat them. This is among the reasons that Dr. Jay P. Mohr at Columbia University is leading a federally sponsored study to determine among other things whether it is better to operate early or to watch and wait.

What Is Arteriovenous Malformation, Or AVM? (LAT)

By Thomas H. Maugh Ii

The Los Angeles Times, December 15, 2006

An arteriovenous malformation, or AVM, such as that suffered by Sen. Tim Johnson (D-S.D.) is like the four-level interchange writ large — a complicated, tangled mass of blood vessels that connect arteries to veins but serve no useful purpose.

Present at birth, the tangles lie hidden and symptom-less in the brain for decades. But eventually, the constant pressure produced when the muscular arteries pump blood directly into the weaker, more fragile veins causes the veins to spring small leaks.

Often the bleeding stops spontaneously and the victim is not aware of anything other than perhaps a headache. Occasionally, the bleeding is more severe and the patient, like Johnson, suffers a full-fledged stroke.

The chances for survival and recovery depend on how soon the stroke is detected and treated and where in the brain the AVM is located.

Johnson's stroke was detected quickly when he suffered aphasia — a difficulty understanding or expressing language and completing sentences — during a telephone conference call and surgery was performed within hours.

His surgeons have not revealed where the AVM was located, so forecasting his recovery is difficult.

"We need to know where it was located, how big the blood clot was and what it was pressing on," said Dr. John Frazee, a neurosurgeon at UCLA's Geffen School of Medicine. "If it destroyed important tissue because it was deep in the brain, it could have a serious effect. If it was located peripherally, it might not do much damage at all."

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The fact that Johnson is healthy, is not overweight and apparently does not suffer from hypertension increases his odds of recovery, Frazee said.

AVMs affect an estimated 300,000 Americans, according to the National Institutes of Health. Each year, about 12% of them suffer symptoms severe enough to be noticeable, and 1% die from bleeding into the brain.

Typically, the stroke produced by an AVM is less severe than that produced by an aneurysm, according to Dr. Keith Siller, medical director of the Comprehensive Stroke Care Center at NYU Medical Center in New York.

An aneurysm occurs in an artery, where the blood is under higher pressure, and a rupture can be devastating. "An AVM is more of a lower level lesion because a vein is bleeding and it is under lower pressure. Usually the prognosis is better and the disability is less than it is with an aneurysm."

There are several ways to attack an AVM, depending on where it is and the urgency of the situation. Often, interventional radiologists will begin by threading a thin catheter through an artery to the site of the AVM, where they will use beads, glue or coils to block the artery, preventing blood from reaching the weakened or bleeding area.

Often that is sufficient to cure the problem. Sometimes, it is necessary to surgically remove the mass of tangled vessels to prevent more problems.

When the tangle is actively bleeding, the first recourse is to seal it surgically, remove clotted blood and ease pressure at the same time. But that is tricky, Siller said, because of the risk of damaging healthy brain tissue during the procedure.

Because there are no specific events that trigger bleeding in an AVM, Frazee tells surviving patients that there is no reason to change their lifestyle. He does recommend against the use of aspirin, ibuprofen and similar drugs because, if bleeding does recur, they could make it worse.

Senator's Improvement Connected To Control Of Chamber (LAT)

By Noam N. Levey

The Los Angeles Times, December 15, 2006

WASHINGTON — With control of the Senate potentially hanging in the balance, Democratic Sen. Tim Johnson showed signs of recovering Thursday from emergency surgery to relieve bleeding in his brain.

Johnson, 59, remained in critical condition. But Adm. John Eisold, the Capitol physician, said the South Dakotan was making an "uncomplicated" recovery and did not appear to require more surgery a day after being rushed from his office to George Washington University Hospital.

As Johnson lay in the critical care unit less than three miles from Capitol Hill, senior lawmakers sought to downplay talk of a possible shift in power in the Senate. Still, Johnson's health underscored the Democrats' tenuous hold on the chamber in the two-year congressional session that begins in early January.

If Johnson dies or resigns, South Dakota's Republican governor has the power to appoint a replacement that could wipe out the 51-49 majority the Democrats won in November's election.

Because a 50-50 tie would be broken by Vice President Dick Cheney, control of the Senate would revert to Republican hands.

Speculation about such a shift coursed through the Capitol after Johnson was taken to the hospital Wednesday afternoon after he became disoriented during a conference call with reporters.

Subsequent testing found internal bleeding in his head linked to a condition known as arteriovenous malformation, a congenital defect that produces a tangle of arteries and veins. In rare cases, the condition can prove fatal.

Emergency surgery Wednesday night relieved the bleeding, according to Eisold.

In a statement released by Johnson's office, Eisold said that in the wake of the surgery, the senator "has been appropriately responsive to both word and touch. No further surgical intervention has been required."

Johnson's wife, Barbara, said in a statement that the family was "encouraged and optimistic" about her husband's recovery prospects.

Because the senator made it through the operation without incident, his odds of survival are high, experts said. However, it is unclear whether or to what extent he might be afflicted with permanent impairment.

Those with arteriovenous malformation in the brain can suffer physical weakness, speech problems or paralysis, depending on where in the brain the malformation is located.

Even if Johnson is permanently incapacitated, history suggests there is little chance he would have to relinquish his seat. The Senate never has forced a member out of office for health reasons, even when senators spent years unable to make it to the floor to cast a vote.

The political consequences if Johnson's seat were to become vacant fueled a scramble for constant updates on his health and a rush to analyze any arcane Senate rule or South Dakota law that could come into play in replacing him.

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If a Republican took over the seat, Sen. Mitch McConnell, R-Ky., presumably would become majority leader and the GOP would continue to determine the issues considered by the chamber. Democrats still would control the House, which the party won in November's vote, but Democratic hopes of a Congress united in challenging President Bush's policies -- especially concerning the war in Iraq -- would be dashed.

Sen. Harry Reid, the Nevada Democrat slated to become majority leader when the next Congress convenes, traveled to the hospital Wednesday night shortly after word surfaced of Johnson's health problem. Thursday morning, Reid declined to give a prognosis. "Whatever I say about his medical condition would not be enough for you," he said. He added, "He looked very good."

Elsewhere on Capitol Hill, Senate librarians were sent digging into the congressional record for information on how the chamber operated when it was split 50-50 after the 2000 elections

At that time, Republicans assumed control of the chamber and its committees because Cheney was the incoming vice president. But as the Senate convened in January 2001, leaders from both parties struck an agreement in which representation on committees and staffing for those panels were split evenly.

That accord ended five months later, when Republican Sen. James M. Jeffords of Vermont decided to become an independent who caucused with Democrats. That gave Democrats control of the chamber.

Republicans won back the majority in the 2002 election and held it in the 2004 vote.

The election code in South Dakota gives the governor the power to fill a vacant Senate seat, said Chris Nelson, the secretary of state. An election for the seat would occur in November 2008.

Johnson's term is due to expire then anyway, and GOP Gov. Mike Rounds has been mentioned as a strong potential candidate against him.

Johnson held South Dakota's lone House seat before winning election to the Senate in 1996. He barely won re-election in 2002, defeating Republican John Thune by less than 550 votes. Thune then beat Democrat Tom Daschle, the Senate minority leader, in a highly contentious battle in 2004.

Johnson's close call has made him a top target for GOP strategists eyeing the 2008 campaign.

A centrist who has largely has avoided the spotlight, Johnson gained some attention in 2002 when he voted for the invasion of Iraq at the same time his son was in theArmy. Johnson's son went on to serve in Afghanistan and Iraq.

Sen. Johnson Seldom In The Spotlight (AP)

By Laurie Kellman

AP, December 15, 2006

Tim Johnson is a rare senator who almost never has sought the spotlight. Asked by a local columnist if he ever tires of being described as boring, Johnson replied: Not at all.

"He's not one of the flashy stars that's always looking for the camera in D.C.," said Bill Richardson, head of the political science department at Johnson's alma mater, the University of South Dakota.

But long before the two-term senator's medical crisis this week, Johnson won national attention by keeping Democrats guessing about whether they could count on his vote.

He bucked his party by being only one of three Democrats to vote to confirm Justice Samuel Alito's nomination to the Supreme Court. He voted to ban late-term abortions. He said yes to a constitutional amendment to ban flag burning, anathema to most in his party.

And then there was perhaps the defining vote of Johnson's career: whether to authorize the use of military force in Iraq. Johnson voted yes, though he had a very personal reason to vote no: his oldest son, Brooks.

Then 32 and a staff sergeant with the Army's 101st Airborne Division, Brooks would be among the first sent to the region, Johnson knew.

"I talked to Brooks prior to this vote and his response was, 'Dad, you do what is right for the country and I'll do what is right as a soldier,'" Johnson recalled. "I said on the (Senate) floor that it's very likely I would be sending my own son into combat."

Brooks has since returned safely and had a son, one of Johnson's three young grandchildren, according to the senator's Web site.

Johnson acknowledged that some view him "as this sort of dour Scandinavian."

"But I think that we Scandinavians have a sense of humor, too," he said in a 2002 interview with The Associated Press. His wit is described by many as self-deprecating.

Political drama was nowhere to be found in Johnson's childhood. So low-key was his family that Johnson didn't know his parents' political affiliation until he went to college (they were Democrats).

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The political bug bit Tim Johnson at 17, when he attended the 1964 Republican National Convention in San Francisco. After law school, he went on to serve in the state House and Senate.

In 1986, Johnson was narrowly elected to the U.S. House seat vacated by Tom Daschle, who had been elected to the Senate.

A decade later, Johnson defeated Sen. Larry Pressler, then the chairman of the Senate Commerce Committee. Johnson was barely re-elected to a second term, beating Republican John Thune by only 524 votes.

He has suffered serious illness before, battling prostate cancer in 2004. His wife, Barbara, has twice faced breast cancer. They have three children.

Columnist David Kranz of the Sioux Falls, S.D., Argus Leader — the one who asked Johnson about being considered dull — wrote that all the fuss over his medical condition "would be appalling" to the steady, unassuming senator.

An Unfamiliar Spotlight For An Unassuming Senator (NYT)

By Monica Davey

The New York Times, December 15, 2006

SIOUX FALLS, S.D., Dec. 14 — Thanks to an intersection of misfortune and simple arithmetic, the illness of Senator Tim Johnson, a no-frills, no-fanfare Democrat and a fourth-generation South Dakotan, swiftly turned into a topic for speculation across the country.

But the last place Mr. Johnson, 59, would ever want to find himself, people in his state say, is smack in the center of the national spotlight, and especially over the partisan split in the Senate. And the same holds true for many ordinary South Dakotans.

Here in a state of about 770,000, people said they were reeling on Thursday from the prospect of being thrust into a national political scramble, repulsed by all the talk in Washington of possible succession, and, most of all, waiting anxiously for news about the health of the senator many residents simply call Tim.

"He works quietly — silently," said Jan Nicolay, a former Republican legislator who served in the statehouse in Pierre when Mr. Johnson was a lawmaker there. "He doesn't do grandstanding and he never looks for publicity. He's a quiet, behind-the-scenes worker who doesn't play party politics and who wouldn't like all this attention one bit."

In Pierre, Sioux Falls and Vermillion, Mr. Johnson's hometown, political leaders from both parties refused to speculate about what could happen if he were not to return to the Senate.

John Thune, the state's other senator and a Republican, issued a brief statement encouraging South Dakotans to keep Mr. Johnson in their prayers. Russ Levsen, a spokesman for Representative Stephanie Herseth, a Democrat and the state's only member of the House, said she had issued a similar plea, as did Gov. Michael Rounds, a Republican.

But beyond the prayers, most political leaders said little, or nothing — at least not publicly.

"South Dakotans find all this talk of succession to be completely unnecessary and distasteful at this point," Mr. Levsen said.

In the case of a vacancy in the Senate, state law calls for Mr. Rounds to appoint a replacement for the remainder of the term.

Some historians here pointed to another health crisis, in which the provision was never used: In 1969, Senator Karl Mundt, Republican of South Dakota, suffered a debilitating stroke, but remained in office for four more years.

In South Dakota, Republicans control both the House and the Senate, and the state has generally voted Republican for president, most recently giving President Bush nearly 60 percent of the vote in 2004.

But it is also a state where Democrats, like former Senator Tom Daschle, Ms. Herseth and Mr. Johnson have thrived — mostly, people here say, on their individual appeal.

"The truth is, if you asked most people here what party Tim Johnson belongs to, they would tell you they don't know," said David Kranz, the longtime political columnist for The Argus Leader of Sioux Falls. "When people say 'Why has he done so well?' the answer is that he really has never done anything that made people mad. And he isn't real loud and noisy about it, but he doesn't always vote with his party."

Mr. Johnson, who earlier served in the State Legislature and the United States House, has cast votes, Mr. Kranz said, that may not have played well within his party nationally but that South Dakotans largely supported. He voted to confirm Samuel A. Alito Jr. to the Supreme Court and for President Bush's tax cuts.

Here, Mr. Johnson is the guy who will sit for hours to talk, not run off when the cameras turn off; the great-grandson of a South Dakotan who homesteaded near Centerville; the man whose family has "already taken its share" (cancer both for him and his wife, Barbara, and deployments for their military son, Brooks, to places including Iraq).

Never flashy, never loud, maybe even a tad dull.

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"He's a fine young man," said Donna Schafer, a Republican state legislator who, like so many other people here, has a personal link to Mr. Johnson's family. (She taught one of his sons in school years ago.) "I was out with a group last night — Republicans and Democrats — and everyone of them was just struck at how tragic this is."

House Considers Independent Ethics Panel (AP)

By Erica Werner

AP, December 15, 2006

House leaders are creating a bipartisan task force on whether to establish an independent ethics panel to police the House, Speaker-to-be Nancy Pelosi said Thursday.

Pelosi, D-Calif., said Republican leader John Boehner of Ohio has agreed to the idea. The task force has not been set up yet, but it will be expected to report back in March, she said.

Pelosi offered no details on what the outside ethics group might look like, saying that would be up to the task force.

"There is no question that the ethics process in the last couple of years has lost the confidence of the American people," Pelosi told a news conference. "I'm hopeful that it's possible that we can have an outside entity that will restore that confidence."

Congress has been hit by a series of ethical black eyes, including the page scandal, the Jack Abramoff lobbying scandal, and the bribery scandal that sent former Republican Rep. Randy "Duke" Cunningham to prison.

The House ethics committee has been largely inactive throughout. It concluded last week that Republican lawmakers and aides failed for a decade to protect male pages from sexual come-ons by former Rep. Mark Foley, R-Fla., but that no rules were broken and no one should be punished.

Establishment of a permanent outside enforcement entity has been a priority of ethics reformers, but such proposals have failed to become law in the past. In March, the Senate voted 67-30 to reject creation of an Office of Public Integrity to oversee ethics violations by lawmakers.

Among the no votes were incoming Senate Majority Leader Harry Reid, D-Nev., and Sen. Dianne Feinstein, D-Calif., who will head the Senate Rules Committee, which has jurisdiction over ethics and lobbying.

Feinstein is concerned that an outside panel could be abused by people aiming to publicize grudges, spokesman Howard Gantman said. She will not include the proposal in ethics legislation she is introducing next month but is considering holding a hearing on such ideas.

Members of the Senate ethics committee have objected to an outside panel, saying they could investigate wrongdoing themselves. Some lawmakers also believe the Constitution gives members of Congress the responsibility to police themselves, not give the job to outsiders.

Some senators plan to revive the public integrity office idea next year, including Republican Susan Collins of Maine and Democrats Joseph Lieberman of Connecticut and Russ Feingold of Wisconsin.

Democrats have complained about a "Republican culture of corruption," a theme of November's elections in which they wrested control of Congress from the GOP. They promised to vigorously pursue an ethics overhaul; Pelosi pledged to enact lobbying changes as part of her agenda for Congress' first 100 legislative hours.

Proposals include banning lobbyist-paid meals and gifts and privately funded travel, forcing lobbyists to disclose more of their activities and requiring lawmakers and senior staff to wait two years instead of one to lobby their former colleagues after leaving Capitol Hill.

Democrats also want to make lawmakers disclose authorship of "earmarks," the home state spending projects often slipped into bills with little disclosure. Lawmakers would have to disclose any post-employment job negotiations.

Bills that would put in place some of these changes passed the House and Senate this year, but negotiators could not reach agreement on final legislation. The efforts were criticized as too weak by watchdog groups.

Fred Wertheimer, president of the ethics watchdog group Democracy 21, welcomed Pelosi's proposal. "Unless we replace the current failed enforcement process with a new one, we face the same problem of ethics rules being ignored that we've seen in the past," he said.

For at least one of Pelosi's House Democrats, her plan did not go far enough.

"I would conclude that the study process is unnecessary," said Rep. Mike Castle, D-Del., contending an outside enforcement entity should be offered as part of Pelosi's first 100 hours. "My goal is to make this ethics process as strong as possible, and that doesn't include studies — it only includes action."

First Steps Toward Ethics Reform In Congress (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 15, 2006

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WASHINGTON

Even as Democrats vowed this week to tackle ethics reform head on when they take up the gavels on Capitol Hill in January, they are already wary of land mines that could shatter their bid to rebuild Congress's image.

Citing the mandate from voters in the midterm elections to clean up a culture of corruption, incoming House speaker Nancy Pelosi promised a sweeping reform agenda Thursday, including a first-ever "outside enforcement mechanism" for congressional ethics.

"The ethics process over the last few years has lost the confidence of the American people," she said in a briefing with reporters, where she predicted the "most honest and open Congress in history."

Other elements unveiled this week include a ban on "earmarks" or member projects for fiscal year 2007, a five-day congressional workweek to better process "the people's business," and a new oversight panel on intelligence along the lines proposed by the 9/11 Commission back in 2004.

But even as House Democrats try to burnish their image on ethics, they are being forced to work around the legal woes of their own members, including two in key positions.

The reelection of Rep. William Jefferson (D) of Louisiana in a runoff, despite the $90,000 in possible payoffs that federal investigators found stashed in his home freezer, stunned many of his colleagues, who had expected the eight-term lawmaker to lose the contest. To defuse criticism, Ms. Pelosi and the Democratic Steering Committee denied Mr. Jefferson his request to keep a seat on the powerful Ways and Means Committee, pending the outcome of a federal investigation.

Rep. Alan Mollohan (D) of West Virginia is facing a federal investigation over earmarks he sponsored and profitable real estate deals. He is in line to chair the subcommittee that oversees the budget of the agency that is investigating him - a decision now pending in the House Appropriations Committee. Some members of the Congressional Black Caucus say that Democrats are holding Mr. Jefferson, who is black, to a higher standard than they are Mr. Mollohan. Republicans say both cases signal that Democrats face their own culture-of-corruption issues.

Other potential pitfalls for ethics reform are the unfinished spending bills, including the thousands of earmarks attached to them.

Democrats could have just slogged through the bills, as Republicans did with leftover spending legislation when the GOP took back control of the Senate in 2003. Instead, Democrats last week opted to pass a joint resolution that is expected to keep spending for FY 2007 at the level of FY 2006 - with some adjustments - and put a hold on earmarks until FY 2008.

"It is not a perfect solution, but it is the best available given the fiscal mess the 109th Congress has left behind," said Pelosi and incoming Senate majority leader Harry Reid in a joint statement.

Fiscal watchdog groups praised the decision to eliminate earmarks for this fiscal year, but say Democrats will need to be more explicit about reforms than they have been to date if they are to clean up the corruption and appearance of wrongdoing associated with the earmark process.

"There is a serious intent to make some dramatic changes in how Congress operates, but whether here is the political will to enact proposals that will actually do that remains to be seen," says Ellen Miller of the Sunlight Foundation, a new coalition to promote transparency and accountability in government.

Others are waiting to see the details. "Democrats need to do more than disclose the sponsor and recipient of an earmark. They must also limit the number and amount that can be spent on earmarks, prohibit earmarks not subject to a committee hearing...," says Tom Schatz, president of Citizens Against Government Waste. Only two Democrats voted last week to require the Pentagon to evaluate the effectiveness of earmarks, he adds.

In the Senate, meanwhile, Democrats are still working on a comprehensive ethics package. "Ethics, lobby, and earmark reform will be the first bill we'll do," says Democratic leadership spokesman Jim Manley.

But this week, they are also concerned about whether they will lose control of the chamber. Sen. Tim Johnson (D) of South Dakota was rushed to the hospital for emergency surgery Wednesday. If he is unable to serve, the Republican governor of South Dakota, Mike Rounds, would appoint his replacement. Should he choose a member of his own party, the new Senate, which is divided 51-49, would become 50-50. Because Vice President Dick Cheney would cast any tying vote, the Senate would revert to Republican control. In the past, however, senators have served despite being incapacitated.

"No one has ever been removed from the Senate on the grounds of physical or mental incapacity. It's only been on the grounds of treason," says Senate historian Richard Baker. The Senate expelled 14 senators for treason during the Civil War - the last time a senator has been removed. Over the years, senators have been absent for months at a time when coping with disability. "The Constitution is specific on qualifications to be a senator, and one of them is not robust good health," Mr. Baker adds.

Page Board Chair Wants Monthly Meetings (AP)

DOJ_NMG_0106934

By Ken Thomas
AP, December 15, 2006

The incoming chairman of the congressional Page Board said Thursday he hopes the panel will meet monthly and expand its membership to help prevent another scandal.

Rep. Dale Kildee, D-Mich., who will become the panel's chairman when Democrats take control of the House next year, said the board should meet regularly with directors of the program's school and dormitory and those who supervise the students during their work in Congress.

"I think it's a very, very good program and the problem with the program was not the pages — it was a member and those who should have been more vigilant when this thing broke," Kildee said in an interview with The Associated Press.

Kildee said he supports incoming House Speaker Nancy Pelosi's call reform of the program. Pelosi said Monday she intends to introduce legislation early in the new Congress to increase oversight of the page program, require regular board meetings and add a parent of a current and a former page to the board.

An ethics committee report last week on former Rep. Mark Foley's improper sexual advances toward male pages found no evidence that lawmakers or aides violated any rules. But it noted a pattern of conduct among many people involved "to remain willfully ignorant of the potential consequences" of Foley's conduct.

Foley, R-Fla., abruptly resigned his seat Sept. 29 after sexually explicit computer messages sent to teenage pages were disclosed in media reports.

Kildee, a former high school Latin teacher and board member since 1985, said the panel had "gone six or seven months without meeting" before the public learned of Foley's salacious messages and "a lot of members weren't even aware that there even was a page board."

"Hopefully, though, the whole Congress will learn from this and recognize what our responsibility is," Kildee said. He said Congress has "an obligation" to approve reforms to the program shortly after it convenes in January.

After Foley's resignation, Kildee criticized the Page Board chairman, Rep. John Shimkus, R-Ill., for not informing other board members about over-friendly e-mails from Foley to a page.

According to the report, Shimkus and the House clerk met with Foley in the fall of 2005 about e-mails sent to one page, but Foley assured them he was only acting as a mentor to the boy. After Foley resigned, Shimkus told the other Republican member of the Page Board — Rep. Shelley Moore Capito of West Virginia — why he never informed Kildee.

Shimkus said, "Dale's a nice guy, but he's a Democrat, and I was afraid it would be blown out of proportion," the report said.

Kildee said he would "have called for a page board meeting. When you have a 52-year-old person writing even what they thought at the time were overfriendly text messages to 16-, 17-year-olds, that should raise some alarm bells."

The Page Board consists of three lawmakers, the House clerk and the sergeant at arms. The board does not run the program day-to-day but watches over it. Teenagers from around the country, sponsored by lawmakers, attend a congressional school and perform messenger jobs.

Pelosi: GOP To Get 1 Chance To Amend Top Democratic Bills (WSJ/DJ)

By John Godfrey
Wall Street Journal/Dow Jones, December 15, 2006

WASHINGTON (Dow Jones)--House Republicans will be given only one chance to amend or debate a plan to curb oil and gas subsidies and other Democratic priorities, incoming House Speaker Nancy Pelosi, D-Calif., said Thursday.

Pelosi is to become Speaker of the House when Democrats take majority control of the House in January. Legislation cutting subsidies to oil and gas producers is one of Democrats' top six priorities for their first 100 hours in power.

Pelosi said Thursday that the oil and gas legislation along with bills cutting student loan interest rates and requiring the government to negotiate prescription drug prices for Medicare would not go through the normal legislative process.

Normally, legislation is subjected to hearings and then considered by the committees of jurisdiction before being brought to the House floor. Pelosi said Thursday that because the measures are well known and have been voted upon in the past, the bills would be brought directly to the House floor for a vote.

And Republicans would be given only one chance to amend the bill through a procedural maneuver known as a motion to recommit, Pelosi said.

"They would have the motion to recommit," Pelosi said.

"These are not new to the Congress," Pelosi said at a press conference Thursday morning.

"All of these have been vetted through the committee process, some of them have even passed on the floor," Pelosi said.

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For example, legislation requiring oil companies to pay royalties on federal leases when the price of oil surpasses $40 per barrel has "passed the House not once, but twice."

Likewise, the House has voted in various forms to dapprove an increase in the federal minimum wage and to increase funding for stem cell research, Pelosi said.

But because the details of their plans have not been made public, it is unclear whether portions of those plans won't have been vetted.

For example, Democrats have promised to offset the cost of cutting student loan interest rates.

The most likely target will be student loan subsidies paid by the federal government to lenders. While Congress pared back those subsidies in a budget bill this year, Congress has not debated in the past the estimated $12 billion in further cuts that would be required.

GOP Misses Chance To Reshape Environmental Laws (LAT)

By Bettina Boxall

The Los Angeles Times, December 15, 2006

If ever there was a Congress in which Republicans were positioned to remake the nation's environmental laws, it was the 109th. But by the time the session ended last week, the GOP's environmental agenda had been largely thwarted.

Whether it was rewriting the Endangered Species Act, opening up most of the nation's coastline to oil and gas drilling, or selling off public lands in the West, Republicans failed to enact a range of ambitious proposals.

"It was the best chance for Republican-shaped initiatives for as long we can remember," said Daniel Kemmis, senior fellow at the Center for the Rocky Mountain West at the University of Montana.

Republicans began the session with majorities in both chambers, a sympathetic president, and a tough-talking property rights champion in charge of a key environmental committee.

That they went home empty-handed, Kemmis and others say, is testament to a changing, greening West; the pitfalls of overreaching; and an emerging alliance between environmentalists and a traditional GOP base, hunters and anglers.

"The so-called hook-and-bullet constituency has become more concerned about protecting public lands, protecting open space in general. I don't think that's going to change," he said.

Though Republicans came close to opening up Alaska's Arctic National Wildlife Refuge to oil drilling, the goal eluded them.

Ben Lieberman of the conservative Heritage Foundation called it "quite striking" that the legislation died despite $3-a-gallon gasoline, an oilman in the White House and growing public support. The GOP expanded oil drilling in the Gulf of Mexico but did not muster enough votes to lift a long-standing federal ban on new oil and gas drilling off much of the nation's coastline.

"I just don't think the Republicans made the case that these changes could be made in an environmentally friendly way and in a way that would make a real difference at the pump or in terms of electricity prices," Lieberman said.

A proposal by House Resources Committee Chairman Richard W. Pombo (R-Tracy) to slash royalty payments on oil shale production on federal land died. So too did a House-passed bill that would have restricted environmental reviews of salvage logging to remove dead or dying trees in national forests.

Legislation tying the designation of new federal wilderness areas in Utah and Idaho to the sale of public lands for development never reached Bush's desk. The administration proposal to raise money for a rural schools program by selling off national forest parcels was scrapped in the face of congressional opposition.

And Pombo's legislation to overhaul the Endangered Species Act, requiring the government to pay property owners if the law restricted their land use, was blocked in the Senate by moderate Republican Lincoln Chafee of Rhode Island.

Neither Pombo nor Chafee will return to the Capitol to continue their duel, as both were defeated in the midterm election.

As House resources chairman, Pombo, a passionate foe of the Endangered Species Act and a defender of property rights, was in a key position to advance his agenda. But his reputation for anti-environmental rhetoric made the seven-term incumbent a polarizing figure.

"I think anything Pombo did would have been perceived as overreaching because people expected his committee to gut the ESA. But I really don't see his bill as overreaching," said Terry Anderson, a senior fellow at Stanford University's Hoover Institution. "I think it was in large part a dose of what conservative conservation would be about."

Pombo also talked of revamping another pillar of environmental law, the National Environmental Policy Act. That effort never made it out of committee.

"It's really hard to get controversial bills passed; it takes a long time," mused Myron Ebell, an energy expert with the Competitive Enterprise Institute, a pro-market group.

Wilderness Society Executive Vice President Don Barry, an Interior Department official under the Clinton administration, said the GOP had its own boldness to blame for the string of defeats.

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He cited the Bush administration's proposal to auction national forest parcels. The idea inflamed sportsmen groups concerned about losing access to public land and was eventually disowned by even conservative Republican senators in the West.

"I think it was a huge miscalculation," Barry said. "They found the hunting and fishing community just totally in revolt. It blew up in their faces, and the next thing you know, you have people like [Montana GOP Sen.] Conrad Burns denouncing it."

The GOP won passage of forest thinning legislation in 2003, and made a variety of other gains, though most of them resulted from the Bush administration's use of executive power.

The administration revoked a ban on snowmobiles in Yellowstone National Park; expedited oil and gas drilling on western federal lands, including areas nominated for wilderness protection; and rewrote air pollution regulations at the oil industry's request. It also dropped a Clinton-era road-building ban in national forest backcountry, although that move was recently overturned by a federal judge.

The interior West has traditionally been a stronghold of anti-government sentiment favoring development of public lands. But the political landscape is shifting as newcomers migrate from the coasts, more Democrats get elected, and local economies diversify beyond ranching, mining and logging.

"There's been a maturing of political perspective in this part of the world," Kemmis said. "Some of it comes from new people moving in. But a lot of it just has to do with an awareness that the economy has changed. And if you're going to protect the economic viability of your community, you've got to be looking at protecting open spaces and protecting ecosystems. I think that is the deeper transformation."

Such thinking helped win last-minute passage of measures stopping new energy leasing on more than 400,000 acres on the eastern slope of the Rocky Mountains in Montana, as well as barring oil drilling and mining in northern New Mexico's Valle Vidal, an area popular among hunters and anglers.

If the Republicans hurt their interests by pushing for too much in the last session, therein lies a lesson for the Democrats, said Richard M. Frank, executive director of the California Center for Environmental Law & Policy at UC Berkeley.

"It is the middle on which either end of the political spectrum has to focus in actually getting any legislation of this type done," Frank said. "Only the future will tell if they'll be any more successful in developing that kind of consensus."

Fitzgerald Mum On Cheney In Leak Case (AP)

By Matt Apuzzo

AP, December 15, 2006

Special Prosecutor Patrick Fitzgerald said Thursday that he does not expect any government officials to refuse to testify in the CIA leak trial, but he did not specifically say whether Vice President Dick Cheney or other top White House officials were on his witness list.

Attorneys for Cheney's former chief of staff, I. Lewis "Scooter" Libby, meanwhile, told a judge that two unidentified reporters may resist testifying on Libby's behalf in the case. The attorneys predicted the issue would be resolved before trial, however.

Libby is accused of lying to investigators about what he told reporters regarding former CIA operative Valerie Plame. Plame's identity was leaked to reporters around the time that her husband, former ambassador Joseph Wilson, publicly criticized the Bush administration's prewar intelligence on Iraq.

Cheney has said he may be called as a witness. If so, prosecutors could ask how the White House responded to those criticisms. Cheney was upset by Wilson's comments, Fitzgerald has said, and told Libby that Plame worked for the CIA.

That conversation is a key to Fitzgerald's perjury case. Libby testified that he learned about Plame's job from a reporter.

Cheney could also help prosecutors undermine Libby's defense that he was so preoccupied with national security matters, he forgot details about the less-important Plame issue. Prosecutors argue that Plame was a key concern of the vice president, and thus would have been important to Libby.

Sitting presidents, including Clinton and Ford, have testified in criminal cases but presidential historians and separation-of-powers experts said they knew of no vice president who has done so. The first President Bush was subpoenaed to testify in the Iran-Contra trial of Oliver North. At the time, Bush was Reagan's vice president, but Bush was president by the time a judge ruled he did not need to testify.

Government officials and journalists will be the key witnesses in the trial, which is scheduled to begin next month. Former New York Times reporter Judith Miller and NBC News Washington bureau chief Tim Russert are expected to be prosecution witnesses and Libby's lawyers said in court papers Thursday that several reporters will testify on Libby's behalf.

Attorneys also said they'd subpoenaed for the tape of Washington Post reporter Bob Woodward's interview with former Deputy Secretary of State Richard Armitage. Armitage has admitted he discussed Plame's job with Woodward in 2003 but said it was a passing, inadvertent comment.

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Woodward's tape has been turned over to prosecutors and Libby's attorneys said they expect no objection to their subpoena.

Cheney would be the most anticipated witness of the trial. He and Libby got to know each other when Cheney was defense secretary under the first President Bush. Libby has been extremely loyal to Cheney and, in return, had the vice president's unwavering trust.

By 2000, Libby was working as a top adviser to Cheney in the presidential campaign and then followed him to the White House. In the White House, he was known as "Cheney's Cheney" for being as trusted a problem solver for the vice president as Cheney was for Bush.

Even after Libby's indictment, Cheney called him "one of the finest men I've ever known."

Last-Minute Inserts Offer Benefits In Medicare Bill (NYT)

By Robert Pear

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — By slipping four sentences into a big bill passed last week, Speaker J. Dennis Hastert secured a major change in Medicare policy avidly sought by a few health insurers, in particular a multinational company with headquarters in his home state, Illinois.

In the final hours of the 109th Congress, the Senate Democratic leader, Harry Reid of Nevada, also got special treatment for a hospice in his state. The bill did not name the hospice, but specified the Medicare provider number for the intended beneficiary, the Nathan Adelson Hospice in rural Pahrump, Nev.

Representative Bill Thomas, Republican of California, inserted a provision earmarking $40 million for a valley fever vaccine sought by his constituents, while the Senate Republican leader, Bill Frist of Tennessee, obtained tens of millions of dollars for hospitals in his state.

These examples illustrate how power is exercised in the final, chaotic hours before Congress adjourns. Obscure provisions of interest to just a few lawmakers were quietly stuffed into a grab bag of legislation, with no indication of their parentage or purpose.

The White House has indicated that President Bush will sign the bill, which deals not only with health care but also with a variety of tax and trade issues. The bill, for example, creates a special tax depreciation allowance for property used to produce ethanol from corn stalks, regulates the use of wine names like Champagne and Chablis, and suspends the tariff on imported rayon fibers used in making certain tampons.

Mr. Hastert's provision showed up mysteriously after House and Senate negotiators had finished writing the bill. The provision was added by the House Rules Committee, just a few hours before the bill went to the House floor last week.

Congressional aides, Medicare officials and insurance lobbyists said the main proponent of the measure was the Aon Corporation and its subsidiary, Sterling Life Insurance Company. Aon, a Fortune 500 company, is based in Chicago and does business in more than 120 countries.

Under current law, Medicare beneficiaries can sign up for a prescription drug plan or a private Medicare Advantage plan from Nov. 15 to Dec. 31 each year. They have a limited ability to make changes through March 31 and are generally locked in for the remainder of the year.

Mr. Hastert's amendment permits certain Medicare Advantage plans, like Aon's, to enroll people throughout the year. Ron Bonjean, a spokesman for Mr. Hastert, said the purpose was "to get more people enrolled in Medicare Advantage plans." Al Orendorff, a spokesman for Aon, said, "We are not going to comment."

The provision could benefit several other insurers, but Larry Oday, a lawyer and lobbyist for Aon, said the company was "actively involved in consideration of this piece of legislation" and had led opposition to the lock-in requirement.

The addition of the provision infuriated Senate negotiators from both parties.

Senator Charles E. Grassley, the Iowa Republican who is chairman of the Senate Finance Committee, said the provision did not go through the regular legislative process.

"It disturbs me that this major policy change — one that treats some plans unfairly — was included at the last minute by the House Rules Committee," Mr. Grassley said.

The senior Democrat on the Finance Committee, Senator Max Baucus of Montana, said: "I soundly rejected this proposal during negotiations with our House colleagues. They were clearly informed of my position. Our final agreement did not include this provision."

Mr. Reid's amendment provided $3.8 million in relief to the Nathan Adelson Hospice. Medicare officials said they had overpaid the hospice and were trying to recover that amount.

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Mr. Reid said the legislation would overturn "a flawed administrative ruling" by the federal Centers for Medicare and Medicaid Services. The legislation retroactively designates the Adelson hospice in Pahrump as a branch of one in Las Vegas, making more money available.

Hospice trustees used their influence with the state's Congressional delegation, and the hospice retained a Washington law firm, Hogan & Hartson. But Carole A. Fisher, president of the hospice, said Mr. Reid and Nevada's Republican senator, John Ensign, "were the real champions of our cause, who ensured that we got relief from our Medicare debt."

In Tennessee, hospitals estimate that they will get at least $131 million because of the provision added by Mr. Frist, who is retiring from the Senate next month. The money will go to about 90 hospitals serving disproportionate numbers of low-income Medicaid patients and people without insurance.

Craig A. Becker, president of the Tennessee Hospital Association, said his organization had received help from an influential Washington lobbyist: Thomas A. Scully, former administrator of the Centers for Medicare and Medicaid Services, who is now a lawyer at Alston & Bird.

The same section of the bill provides $10 million for hospitals in Hawaii. That state's senators, Daniel K. Akaka and Daniel K. Inouye, both Democrats, have been trying to get such an allotment for years.

Hawaii, like Tennessee, is exempted from many requirements of the federal Medicaid law because of a waiver granted by federal officials. The waivers give the states a great deal of freedom in setting eligibility and benefits, but do not provide the extra money available to other states for hospitals serving large numbers of poor people.

In seeking money for a vaccine against valley fever, Mr. Thomas said he was addressing a serious health problem caused by inhalation of a soil-borne fungus in southwestern states.

"The disease is especially prevalent in Kern County, Calif., which I represent," Mr. Thomas said. "Unfortunately, there is no vaccine for valley fever, and there is no private industry interest in making the investment, estimated at $40 million, needed for development of the vaccine."

Among those seeking the legislation was Sandra P. Larson, executive director of the Valley Fever Americas Foundation in Bakersfield, Calif. "Thomas is the guy who got this done for us," Ms. Larson said. "We are so appreciative."

Minority Hiring On Hill Pushed (WT)

By Brian Debose

The Washington Times, December 15, 2006

The Congressional Black Caucus has asked Democratic leaders to hire more minorities to work for House committees and on lawmakers' staffs, saying the dearth of diversity on Capitol Hill is a problem.

In a letter to House Speaker-elect Nancy Pelosi and the leaders of the Democratic Steering Committee, the CBC said the party must increase the number of minorities working for committees and subcommittees, which will be controlled by Democrats.

The hiring of black, Hispanic, Asian and other minority staffers has "been a major problem" for years, said outgoing CBC Chairman Melvin Watt, North Carolina Democrat.

"All you have to do is look at the composition of committees, subcommittees and leadership staffs," Mr. Watt said, adding that the lack of diversity extends to legislators' staffs.

Although Mr. Watt did not provide numbers, committee staffers who spoke with The Washington Times on the condition of anonymity said that fewer than 50 minorities are among the hundreds of committee staffers.

That number does not include staff members of the black, Hispanic or Asian and Pacific Islander caucuses.

Mrs. Pelosi, California Democrat, has promised to make minority hiring a priority for incoming committee chairman and has met with incoming CBC chairman, Rep. Carolyn Cheeks Kilpatrick, Michigan Democrat.

"This is the right time to address this, and we will be working with the speaker to increase those numbers," Mrs. Kilpatrick said.

Despite the Democratic Party's historical ties to minorities, Capitol Hill Republicans are said to have a better reputation for hiring minorities.

According to a running joke one House staffer shared with The Times, "the only people who hire blacks and Hispanics around here are blacks, Hispanics and Republicans."

Rep. Gregory W. Meeks, New York Democrat and a member of the Congressional Black Caucus, did not dispute the charge.

"I've heard it, and I've looked around and found myself scratching my head," he said. "That has been said and it is a challenge for us to make sure our numbers are better."

The mission starts with interviewing and accepting the recommendations of minority members and current staffers to build a larger pool of talent, Mr. Meeks said.

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Congressional jobs, he said, are often won on the strength of who you know as opposed to what you know.

Mr. Watt said he does not think that Republicans have a more diverse staff than Democrats do, but cautioned that, "there should be no question about it" if his party is going to stand on a platform built on diversity.

Rep. Rosa DeLauro, Connecticut Democrat and chairman of the Democratic Steering Committee, said there's nothing to fix.

"I don't believe there is a problem," she said, adding that minority hiring always has been and will continue to be a priority among Democrats.

"Our speaker-designate has always said that our membership on committees and our committee staffs should reflect the diversity of the country, so that has been, I think, an ongoing process and it will continue to be," she said.

A study by DiversityInc. magazine in June showed that 7.6 percent of a 1,000 Senate staff positions were held by blacks, Hispanics or Asians. No other studies have been conducted in recent years, but the diversity ratios in the House are not much better in either party, say staffers.

Chertoff Says FEMA Still Has Work To Do (AP)

By Beverley Lumpkin

AP, December 15, 2006

Homeland Security Secretary Michael Chertoff delivered a backhanded slap Thursday at one of his agencies, saying it should not allow red tape to interfere with helping disaster victims.

Chertoff, who listed the Hurricane Katrina response as one of the "transformative experiences" for the Federal Emergency Management Agency, said there is "a lot more work to do" even though FEMA has been "retooled."

The secretary noted there still are "tens of thousands of people who suffer the lingering effects" of last year's hurricane.

"We have to make sure that FEMA does not become so enmeshed in its own bureaucratic processes sometimes that they lose sight of the need to have simple commonsense and humanity in dealing with the public," he said.

On Wednesday, a federal judge in Washington said the Bush administration's handling of a post-Katrina housing program was "a legal disaster." Two weeks ago, U.S. District Judge Richard J. Leon ruled that FEMA mishandled the program and violated the constitutional rights of as many as 5,500 storm victims.

A statement from FEMA following Chertoff's comments said that in providing housing for Katrina victims, FEMA had done "something it has never done before. ... Our efforts were not perfect. ... We used the authorities, programs and policies that we had to work with and we did the right thing."

Chertoff, in remarks at George Washington University's Homeland Security Policy Institute, said he wanted to sum up lessons learned and to look forward to the next two years.

Chertoff listed his broad goals and priorities for the coming year as protecting the country against threats; making sure critical infrastructure is "sufficiently hardened" to reduce vulnerability; building 21st-century response capabilities; and unifying his department "into a seamless whole."

Speaker-designate Nancy Pelosi has promised that Democrats will take even stronger steps on homeland security.

Pelosi pledged that the Democrats would enact all the recommendations of the Sept. 11 commission. In addition, she said, "We'll go them (the commission) one better on port security, where we have even tougher proposals to screen 100 percent of the containers long before they reach U.S. shores."

Dow Sets Another Record Close On Strong Corporate Profits (WP/AP)

The Washington Post, December 15, 2006

NEW YORK, Dec. 14 -- Wall Street resumed its fourth-quarter rally Thursday, pushing the Dow Jones industrial average to its first close above 12,400 after a series of strong company earnings reports and a drop in unemployment claims revived investors' confidence in the economy.

The Dow rose 99.26, or 0.81 percent, to a new closing record of 12,416.76, after hitting a new trading high of 12,431.26 during the session. The Dow, which last hit a record close of 12,342.56 on Nov. 17, is up 16 percent this year. The Standard & Poor's 500-stock index climbed 12.28, or 0.87 percent, to a six-year record of 1425.49, after reaching a six-year trading high of 1427.23. The Nasdaq Stock Market rose 21.44, or 0.88 percent, to 2453.85.

Wall Street, which stalled this week on interest rate and economic concerns, was reinvigorated by robust quarterly profits from Bear Stearns, Lehman Brothers and Costco, as well as healthy outlooks from Citigroup and Honeywell International.

Investors were also encouraged by the Labor Department's report that the number of Americans filing for unemployment benefits fell for a second straight week. The data suggested that the economy isn't cooling as quickly as some investors feared.

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Airline stocks fell because of oil prices, which rose after the Organization of the Petroleum Exporting Countries said it was keeping its production target for now but making cuts in February. Higher energy prices were a boon to oil companies' stocks.

U.S. stocks aren't the only equities that have rallied. China's Shanghai Composite Index hit a record closing high on Thursday, and Australian and New Zealand markets also hit new marks.Movers

Bear Stearns climbed $4.07, to $159.96.

Lehman Brothers slipped 29 cents, to $76.08, as investors were disappointed it didn't produce record fourth-quarter profit.

Costco rose 97 cents, to $54.11.

Citigroup gained 79 cents, to $53.11.

Honeywell rose 83 cents, to $42.69.

Continental Airlines gave up 42 cents, to $44.34.

ConocoPhillips rose $2.07, to $73.07.

Markets Go On Record-breaking Binge (USAT)

By Matt Krantz

USA Today, December 15, 2006

Name just about any major stock market index and odds are it hit a record high this week.

Everything from the Dow Jones industrials, Dow utilities, small-stock Russell 2000 and NYSE composite closed at or briefly topped high-water marks Thursday as investors celebrated signs the economy is gently slowing down but not falling off a cliff.

The Dow industrials, the commonly followed market benchmark, jumped 99.26 points to 12,416.76, beating its previous high of 12,342.55 on Nov. 17 and notching its first close above 12,400.

"Holy cow, Dow," says Michael Farr, president of investment company Farr Miller & Washington. "When people go home and check their portfolios, they're going to see more money."

At the same time, though, some investors may feel they're missing out on the new-high party. It's probably not surprising the Nasdaq composite index is still more than 50% from its high, given the overheated mania for dot-coms and tech that drove it earlier in the decade. But arguably the most popular index of them all for actual investments, the Standard & Poor's 500, is still 6.7% below the high it notched in 2000.

The reasons a new high is elusive to the S&P 500, however, are the same reasons explaining why many of the other indexes are doing so well, including:

·Small-stock explosion. The fact the S&P 500 holds shares of large-company stocks is a big reason it has catching up to do. The Russell 2000 benchmark of small-company stocks is up 38% since the S&P 500 peaked. The small-stock influence is dramatic if you consider the entire market, measured by the DJ Wilshire 5000 index, is just 2.7% away from its high. Small stocks account for roughly 15% of its value, says Bob Waid of Wilshire Associates.

·Mathematical illusions. The Dow doesn't contain small-company stocks, either. But it is getting a lift from the way it is calculated: Stocks with the highest share prices get the greatest influence on the average's value. If the Dow were calculated by giving companies with the greatest market value the greatest weight, as is the norm for most indexes, including the S&P 500, it would be 13% below its high in 2000, S&P says.

·A resurging IPO market. Initial public offerings have turned in giant returns this year, gaining 9.4% on their first days and 19.0% this year, Dealogic says.

Newly public companies can't be included in the S&P 500 until they've reported quarterly results for at least a year. And most IPOs are too small to qualify anyway, so this contribution is missing. The Russell 2000 includes IPOs, and it is adding 29 more today.

S&P 500 investors will get their turn, says Jack Ablin of Harris Private Bank. "The small-cap advantage is beginning to roll over," he says. "Quality is on sale."

Dow Hits Record Over 12400 Mark Despite Oil Rise (WSJ)

By E.s. Browning

The Wall Street Journal, December 15, 2006

The Dow Jones Industrial Average surged to another record finish, its first in nearly a month, as robust economic and profit reports sent investors scurrying to pump more money into stocks.

The Dow jumped 99.26 points, or 0.81%, to 12416.76, easily surpassing the record 12342.56 set Nov. 17. The Dow is up 15.9% so far this year, at its 19th record finish since October began. Some investors who had been betting that the Nov. 17 record would prove to be the year's high were forced to jump back in, to avoid being left behind.

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The gains came despite a $1.14 jump in oil futures to $62.51 a barrel, as the Organization of Petroleum Exporting Countries announced plans to cut oil output in February. The price jump ordinarily would have provoked worries about the impact of rebounding energy prices on consumer spending.

It was a day of stock records around the world; highs were also hit yesterday in China, Canada, Brazil and elsewhere. (See article on page C12.)

Investors now will be biting their nails as they await this morning's release of November consumer-price data, which have the potential to stifle the euphoria. Given recent economic signals that prices are under control and that economic growth is moderating, investors are betting that consumer prices will show more signs of restraint. Any suggestion to the contrary could damage the stock rally.

There was little apparent concern about that yesterday, as the Standard & Poor's 500-stock index also accelerated, recording another six-year closing high. It rose 0.87%, or 12.28 points, to 1425.49, its highest finish since autumn 2000. It is up 14.2% this year, but still isn't near its record of 1527.46, set in March 2000.

"The market clearly has a very positive momentum that is going to take quite a bit to shake off," said John Caldwell, chief investment strategist at McDonald Investments, a brokerage and money-management arm of KeyCorp in Cleveland. He said that money managers are continuing to put aside doubts and jump in, fearing the market will get ahead of them.

Stocks also may have been helped by "quadruple witching," the quarterly expiration of futures and options contracts on stocks and stock indexes, which occurs at the end of this week. To balance their options exposure, traders sometimes must buy or sell stocks and stock indexes, which can exaggerate market moves and inflate trading volume.

The biggest gains came shortly after trading began, on the back of strong profit reports from brokerage firms Bear Stearns and Lehman Brothers. Honeywell International, one of the 30 stocks in the Dow industrials, forecast strong yearly profit. Networking-equipment developer Ciena posted its first quarterly profit in five years, exceeding analysts' expectations. Costco Wholesale also beat analysts' quarterly profit expectations, helping calm concerns about consumer spending.

Contributing to the momentum, a monthly report on regional manufacturing activity from the Federal Reserve Bank of New York leaked out a day early and then was officially released. It showed manufacturing growth slipping a bit, but holding up better than economists had expected.

A weekly report showed new jobless claims at a surprisingly low level last week, reinforcing Wednesday's strong report on November retail sales and suggesting the housing slowdown isn't hurting consumers as much as feared.

The Nasdaq Composite Index rose 0.88%, or 21.44 points, to 2453.85, approaching a new multiyear high. It is far from its own record close of 5048.62, which also dates from March 2000. It is up 11.3% for 2006. The Russell 2000 small-stock index rose 0.69% to 794.22, just 3.20 points short of its record close on Dec. 5.

Bond prices fell and yields rose again, as the strong economic and profit news further stifled hopes that the Federal Reserve will decide to cut its target interest rate early next year.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 2.72 billion shares, as 2,128 stocks rose and 1,206 fell.

Bonds fell2. The 10-year Treasury note fell 6/32, or $1.88 for each $1,000 invested, pushing up the yield to 4.601%. The 30-year bond fell 17/32 to yield 4.719%.

The dollar strengthened3, to 117.83 yen, from 117.51, as the euro fell against the dollar to $1.3149 from $1.3213.

Import Prices Climb 0.2% After Two-Month Decline (WSJ)

By Jeff Bater

The Wall Street Journal, December 15, 2006

U.S. import prices rose for the first time in three months in November despite a drop in petroleum costs.

Prices for imported goods rose 0.2%, after falling 2.3% in October and 2.2% in September, the Labor Department said Thursday. Economists surveyed by Dow Jones Newswires had expected November import prices would slip by 0.1%.

In annual terms, import prices increased 1.2% from November 2005, compared with the 6.4% a year earlier.

Petroleum import prices tumbled by 1.6% last month compared to October, and rose 1.5% on the year. Excluding petroleum, import prices were up 0.7% in November versus October and 1.3% on the year.

The Federal Reserve decided this week to hold the federal-funds rate at 5.25% a fourth straight time, judging the economy will expand modestly going forward and inflation pressures will likely moderate over time.

The Labor Department's report showed that prices for imported capital goods were unchanged last month, as were consumer goods import prices.

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Prices for nonpetroleum industrial supplies and materials imports rose 2.9%. Natural-gas prices surged 30.3%, the largest increase since 39.5% in November 2004. Foods, feeds, and beverages prices increased 0.4%.

Import prices were unchanged on the month for goods from the European Union. Prices increased 1.7% for goods from Canada and were down 0.2% for products from Mexico. Prices from China were unchanged. Import prices from Japan decreased 0.1%.

Overall U.S. export prices rose 0.4% last month. Export prices grew 3.9% in the 12 months since November 2005. Prices of agricultural exports increased 4.4%, and prices of non-agricultural exports rose 0.1%.

Jobless Claims Drop by 20,000

A separate report from the Labor Department showed that the number of idled workers filing new claims for unemployment benefits fell last week to its lowest level in two months.

New claims for unemployment insurance decreased by 20,000 to a seasonally adjusted 304,000 in the week ended Dec. 9 from an unrevised 324,000, the Labor Department said Thursday. The level was the lowest since new claims dropped to 300,000 the week ending Oct. 14. The four-week moving average for jobless claims fell by 1,500 to 327,250.

Opec Flexes Its Muscles By Agreeing To Cut Production (FT)

By Ed Crooks And Dino Mahtani And Carola Hoyos

Financial Times, December 15, 2006

The Organisation of the Petroleum Exporting Countries yesterday moved to reassert its power over oil prices by agreeing to cut production early next year in spite of rising concerns over tightening world crude markets.

Opec ministers meeting in Abuja agreed to cut output by 500,000 barrels a day from February 1. The move came after a 1.2m b/d cut announced in October, and sent prices higher.

Crude prices rose, with January West Texas Intermediary crude rising $1.15 to end at $62.52 in New York trading. The WTI benchmark price has risen 10 per cent in the past month.

Opec also broadened its reach by adding Angola as a member - boosting its share of world production from 40 to 43 per cent - while also calling a rare heads of state summit next year inSaudi Arabia.

Opec last met in the kingdom in 1980. In its 46-year history, Opec has held only two summits of heads of state, with the most recent one in 2000 in Caracas.

Analysts saw the move as highlighting Saudi Arabia's increasing assertiveness within the cartel, which comes as Riyadh is also stepping up its political activity in the Middle East, even at the risk of angering the US, its major western ally.

Adam Sieminski, chief energy economist at Deutsche Bank, said: "In addition to flexing its muscles externally, Saudi Arabia, with the heads of state meeting, wants to make sure that the group keeps working together for the long term."

Saudi Arabia has played a pivotal role in Opec, in which it is the biggest producer.

But, in the past, the kingdom has sought to keep a low profile within the cartel to avoid straining its relationship with the US and Europe.

In a statement, Opec said the cut was justified on the basis that there was "more than ample crude supply, high stocks levels and increasing spare capacity" in the market.

The cartel estimates that non-Opec oil production will rise by 1.8m b/d next year, its fastest rate since 1984, and that global economic growth will slow.

However, the cut was criticised by the International Energy Agency, the industrialised countries' energy watchdog, which had warned that world oil markets were tightening.

Lawrence Eagles, of the IEA, said: "The announcement of further cuts is unwelcome, particularly in the light of existing high prices, elevated supply risks and the onset of the peak winter heating season."

The IEA estimated that Opec production actually fell by only half the 1.2m b/d target last month. Opec itself believes compliance has been better, although still short of the target.

OPEC Sets Reduction In Output (NYT)

By Jad Mouawad

New York Times, December 15, 2006

The OPEC oil cartel said yesterday that it planned to reduce its output by nearly 2 percent in February, the group's second production cut in two months and its strongest indication yet that it would seek to keep oil prices above $60 a barrel next year.

Representatives from OPEC nations agreed to pare their production to 25.8 million barrels a day, from 26.3 million barrels, starting on Feb. 1. The group had already agreed to a 4 percent production cut in October to prop up prices.

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"I hope the market appreciates we are working so diligently to bring supply and demand in balance, to have inventories at a reasonable level so that we do not have gyrations," Ali al-Naimi, the Saudi oil minister, told reporters at the meeting in Abuja, Nigeria.

The Organization of the Petroleum Exporting Countries, which accounts for 40 percent of the world's oil exports, also said Angola would join the group next year, becoming its first new member since 1975.

Angola, Africa's fastest-growing oil exporter, is a powerful addition to OPEC, which has 11 members. Foreign oil companies have invested heavily in Angola in recent years and expect its production to grow sharply in the coming decade. Angola pumps 1.4 million barrels a day, ranking it above Qatar and Indonesia within OPEC.

Some OPEC producers have expressed concern that shrinking demand next year might cause prices to fall if production were left unchecked. But with oil prices still hovering around $60 a barrel and commercial inventories down substantially over the last months, analysts were surprised by OPEC's decision.

"This makes an incredibly tight market even tighter," said Edward Morse, the chief energy economist at Lehman Brothers in New York. "It's a very aggressive, assertive move. Clearly, some OPEC members want to keep a $60 floor."

Oil futures on the New York Mercantile Exchange rose after the announcement by OPEC. Crude oil for January delivery rose $1.14, to $62.51 a barrel yesterday. Prices had lost more than $20 a barrel since hitting a record close of $77.03 this summer. That fall prompted OPEC to abandon its two-year- old policy of keeping its taps open to keep markets well supplied.

After touching a low for the year of $55 in November, prices have since rebounded, mostly as OPEC has curbed supplies.

"They are jawboning the market and trying to show they are being aggressive," said Roger Diwan, a managing director at PFC Energy, a consultant in Washington. "The question is, Are they being too aggressive?"

In a statement released at the end of the one-day meeting, OPEC said that "market fundamentals clearly indicate that there is more than ample crude supply, high stock levels and increasing spare capacity."

Saudi Arabia, the main power broker within OPEC and the world's biggest oil exporter, has taken the lead in reducing its own output and is behind the cartel's recent shift to curb supplies. Though some critics have been skeptical about past compliance, the Saudi minister estimated that OPEC members have adhered to about 80 percent of the cuts agreed upon at the last emergency meeting, held in Doha, Qatar, on Oct. 19.

But since OPEC does not publish production figures, there is very little reliable data for oil markets. Mr. Morse of Lehman estimates that OPEC countries have actually pared production by only 700,000 barrels a day, instead of 1.2 million barrels, since the October meeting. He expects OPEC will cut only another 300,000 barrels, starting in February, instead of 500,000 barrels as agreed to yesterday.

According to the latest report from the International Energy Agency, OPEC production fell by 550,000 barrels a day in November, to 28.9 million. That figure includes the production of Iraq, which does not have an OPEC quota.

Analysts at the energy agency, which represents consumers, have warned OPEC not to cut its production further as higher energy prices could erode economic growth. The agency trimmed its forecast for Chinese demand growth to 5.6 percent in 2006, from a previous estimate of 6.2 percent.

OPEC said yesterday in a statement that it expected global oil demand to grow by 1.3 million barrels a day in 2007. But it expects new supplies from non-OPEC producers to grow by 1.8 million barrels a day. This would be the largest one-year rise in non-OPEC supplies since 1984, according to OPEC.

In the lead-up to the meeting, Edmund Daukoru, Nigeria's oil minister and OPEC president for this year, said there was a general support for a production cut. The representatives of Algeria, Venezuela, Iran and Indonesia all agreed about a need to trim production. In recent weeks oil inventories held by consuming nations fell sharply. In the United States, the world's biggest market, oil product stocks have fallen by 54 million barrels since October, a drop of nearly a million barrels a day.

Lawrence J. Goldstein, the president of the Petroleum Industry Research Foundation in New York, said OPEC ministers should be careful how they manage the market in coming months.

He suggested that high energy costs could reduce consumption.

"That's a trend OPEC and the Saudis should not be ignoring," he said, "because at the end of the day they want to sell, and if you want to sell, you need a vibrant economy, particularly in the United States."

OPEC's Cut Aims To Prop Up Prices (WSJ)

By Bhushan Bahree

Wall Street Journal, December 15, 2006

ABUJA, Nigeria -- OPEC, in announcing it plans to slice its output by an additional 1.9% starting Feb. 1, is sending a strong signal that it will try to prevent oil prices from sliding further.

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The real impact of the cartel's latest output move on oil markets remains unclear. The big unknown is whether members of the Organization of Petroleum Exporting Countries will actually implement the decision, which calls for a collective cut of 500,000 barrels a day. Some OPEC officials say that will depend on demand in the next two months, the level of prices and the amount of oil held in inventories in major consumer countries. (See related article on page C2.)

OPEC's decision to cut oil production2 reflects its view that prices of $60 a barrel aren't hurting the global economy, says Oppenheimer energy analyst Fadel Gheit. He speaks with WSJ commodities reporter Peter McKay.

But the announcement signals OPEC's intention to keep oil supply tight to shore up prices and trim global oil inventories, whose buildup this year was threatening the cartel's power. OPEC's move comes even as prices have stabilized in the wake of a much larger 4% cut in October. A week ago, OPEC had been leaning against a second cut. But in recent days, a chorus of fears arose about a possible softening of oil demand early next year.

Crude prices swooned to $56 a barrel in November after peaking at a nominal high of $77.03 July 14. Oil prices rose yesterday, with light, sweet crude for January delivery up $1.14, or 1.9%, to $62.51 a barrel on the New York Mercantile Exchange. January Brent on London's ICE futures exchange rose 79 cents to $62.12 a barrel.

One factor making it difficult to parse the impact of yesterday's decision is that, so far, OPEC members haven't fully complied with the prior round of reductions. That move called for an output cut of 1.2 million barrels a day, or about 4%, to 26.3 million barrels a day, effective Nov. 1. Independent estimates of OPEC's compliance generally put the actual reductions at about 600,000 barrels a day. Saudi oil minister Ali Naimi, the effective leader of OPEC, said yesterday that compliance was nearly 80%, meaning that supply had been cut by almost one million barrels a day.

Even modest compliance with the new cut could spell pain for oil consumers, however. In February 2004, OPEC announced production cuts just as world oil demand began soaring. OPEC reversed course and began pumping flat-out to sate demand instead, but prices jumped anyway.

In a brief interview after yesterday's meeting, Mr. Naimi said OPEC won't deny the market extra barrels of oil if they are really needed. "What did we do before?" he asked rhetorically, alluding to the move to ramp up output in 2004 after the aborted cut. "People don't know the trouble we go to, to balance the market," Mr. Naimi said. "Without us, the oil market would be chaotic."

A senior OPEC official said the cut was a pre-emptive measure meant to ensure the cartel has a mechanism in place to reduce supply immediately if needed. But if buyers demand more oil than the cartel is forecasting, he said, OPEC will deliver it. "We need an agreement to cut [supply]," this official said. "We don't need an agreement to supply more oil if customers really want it."

Indeed, some analysts view yesterday's decision as an insurance policy to be used should prices weaken next year, when some estimates show that the rise in output from non-OPEC producers will exceed anticipated growth in world demand for petroleum.

"This is an option on a second cut," said Roger Diwan, an analyst at PFC Energy in Washington "They want to signal an aggressive oil-market-management strategy, but the decision also allows them to retract it if the market overtightens," Mr. Diwan said.

The entry of Angola on Jan. 1 should strengthen the cartel by bringing into OPEC's fold a country whose oil output is soaring. OPEC accepted Angola as its 12th member -- the first entrant since 1973. Angola estimates that its production will rise to about two million barrels a day by the second half of 2007 from about 1.4 million barrels a day currently.

Angola won't participate in the February cuts. But Qatar's oil minister, Abdullah bin Hamad Al Attiyah, said Angola would be party to OPEC's output decisions from March onward.

OPEC Plans Another Cutback In Oil Production (BLOOM)

By Andy Critchlow And Fred Pals

Bloomberg, December 15, 2006

OPEC, whose member nations produce 40 percent of the world's oil, said yesterday it would cut output by 1.9 percent in February. OPEC also accepted Angola as a member to gain greater control over global crude supplies.

Production will be pared by 500,000 barrels a day as of Feb. 1, OPEC President Edmund Daukoru told journalists in Abuja, the Nigerian capital. The cut is in addition to the 1.2 million barrel-a-day reduction agreed upon by the OPEC at its previous meeting on Oct. 20 in Doha, Qatar.

The 11-member group, known formally as the Organization of the Petroleum Exporting Countries, is attempting to revive prices that have slid about 21 percent from a July record of $78.40 a barrel in New York. The cuts take effect about seven weeks before the end of the Northern Hemisphere winter, when demand for heating fuels typically starts to decline.

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"OPEC is sending a message that it is trying to control supply and keep a floor under the price," said Mike Wittner, the London-based head of energy market research at Calyon, a unit of Credit Agricole SA. "It's a compromise between the countries that wanted a cut and those that wanted a rollover."

Oil rose yesterday on speculation that OPEC's meeting would result in lower supplies, jumping $1.14, or 1.9 percent, to $62.51 a barrel on the New York Mercantile Exchange.

"The decision is short-term bullish but it won't push prices up by several dollars," Wittner said.

Angola's membership will be effective Jan. 1, said Daukoru, who is also Nigeria's oil minister. Angola won't be bound by the new agreement until March 1, he said.

Angola will be the first country to join OPEC since Gabon, which became a member in 1975 only to exit in 1994. Nigeria, the group's fifth-largest producer and a member since 1971, was the last existing member to join, according to the group's Web site.

Americans Open To New Kinds Of Candidates (WSJ)

By John Harwood

The Wall Street Journal, December 15, 2006

See updates to Washington Wire each weekday at www.washwire.com1.

AMERICANS ASSERT their readiness for new kinds of presidential wannabes.

In new Wall Street Journal/NBC News poll, eight in 10 Americans would be "comfortable" or "enthusiastic" about an African-American or woman running for president. That apparent openness -- reflected across race, region and age groups -- is encouraging news for leading 2008 Democrats Clinton and Obama.

Though just 19% would have "some reservations" or be "very uncomfortable" about a Jewish candidate, 53% would about a Mormon seeking the White House. Misgivings are higher among conservatives and evangelicals, underscoring need for Massachusetts Gov. Romney to address the issue the way JFK defused concerns about Catholicism in 1960.

More Americans express doubts about a candidate who served in Bush's cabinet (59%) than one who is gay or lesbian (53%).

DEMOCRATS BENEFIT from post-election good feeling.

Some 46% of Americans give Democrats a positive rating, up from 36% in January. Just 29% rate the party negatively, down from 35% in January. A 46%-33% plurality rates Republicans negatively.

Americans remain "grouchy" toward Republicans, says Republican pollster Bill McInturff, who conducts the poll with Democratic counterpart Peter Hart. The strongest sign: though Americans identified themselves with the two parties in equal proportions on Election Day 2004, Democrats now boast a robust 44%-31% edge. Next six months will be critical, McInturff says, in determining whether that edge persists into 2008.

AUTO MAKERS FACE heat from public and lawmakers for higher fuel efficiency.

Fully 87% of Democrats, 76% of independents and 74% of Republicans back requirements for more fuel efficiency even if that raises auto prices. That complicates auto makers' ability to mount filibuster against bipartisan Senate bill, sponsored by Democrat Obama and Republican Lugar, to raise CAFE standards.

Industry may have better luck in the House, where Democratic powers Dingell and Hoyer call CAFE outmoded; they back tax incentives for auto makers and buyers as an alternative. Though Americans overall split on expanding nuclear power in new energy strategy, liberals remain opposed by 59%-35%.

Rollback of oil company tax breaks, blocked by lame-duck Republican Congress, is favored by 48% plurality of Bush 2004 voters.

HEAR ME? Only one in four Americans says Bush got their message from midterm elections and is making needed adjustments. But 41% say the president heard but isn't adjusting; 18% assert he hasn't gotten the message. Seven in 10 expect little change.

LOW EXPECTATIONS: Only a third of Americans expect a new Congress more ethical than the old one; just one-fourth envision one that is less partisan. Incoming Speaker Pelosi's image moves into the black, barely: 25% positive, 23% negative.

HISPANICS STRONGLY support Bush's temporary-worker program for illegal immigrants. But 52% of whites and 59% of blacks express opposition.

IN WHOSE NAME? By 53%-39%, public says the U.S. doesn't owe it to killed or wounded American soldiers to stay in Iraq "until the mission is completed." But Americans split on whether the U.S. owes it to Iraqis to stay until their country is stabilized; 46% say yes, 47% no.

DEFICIT RATES scant public attention, but agencies fear budget cuts.

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Just 5% of Americans identify red ink as top priority for Washington. But Bush, seeking high ground on an issue mavericks in both parties have targeted, plans in Saturday radio address to challenge congressional Democrats to move aggressively against special-project "earmarks."

Democrats' decision to shelve leftover spending bills in favor of continued stop-gap funding heightens bureaucratic anxiety. Administrative office of U.S. courts warns safety could be endangered by staff shortfall in probation offices, since "felons released from prison ... would not receive" adequate supervision.

Concern is highest at agencies such as SEC and State that had been slated for 2007 increases.

MINOR MEMOS: An independent Bloomberg presidential bid, scoring among upscale independents, gives Clinton a 40%-39% edge over McCain in three-way 2008 race. ... Kerry draws positive ratings from just 48% of those who voted for him two years ago.

Whichever Way The Wind Blows (NYT)

By Thomas L. Friedman

New York Times, December 15, 2006

Midland, Tex.

Time for another news quiz: Which American state produces more wind-generated electricity than any other? Answer: Texas. Next question — this one you'll never get: Which politician launched the Texas wind industry? Answer: Former Gov., now President, George W. Bush.

Yes, there are many things that baffle me about President Bush, but none more than how the same man who initiated one of the most effective renewable energy programs in America, has presided over an administration that for six years has dragged its feet on alternative energy, used its regulatory powers to weaken efficiency standards for major appliances and stuck its head in the sand on global warming.

I'll wait for historians to sort that out. But here is some immediate advice I can give the president: If you want to salvage any positive legacy, it will not come from Iraq. There are only tears left there. No, the only way for you, Mr. President, to salvage any legacy is to get back in touch with your green Texas roots and devote the rest of your term to REALLY ending America's oil addiction, liberating us from dependence on petro-authoritarian regimes and making America the leader in renewable energies that combat climate change.

If this isn't the core of Mr. Bush's next State of the Union, he might as well go back to Crawford now. At least there he might be able to contemplate what went wrong with his presidency under lights powered by clean, wind-generated electricity that he promoted.

I came down to West Texas, the Saudi Arabia of wind, to find out how it all happened. Pat Wood, a friend of the president, was chairman of Texas's Public Utility Commission when the push for wind energy started.

"At the end of a meeting on transmission policy in mid-1996," he recalled, "I was on my way out the door of the governor's office, when Governor Bush said to me, 'Pat, we like wind.' He was at his desk. I said, 'We what?' He said: 'You heard me. Go get smart on wind.' "

Mr. Wood, his fellow commissioners and the Texas utilities did just that. They conducted polls and were stunned by the results: Texas electricity customers were ready to pay a little extra to get more clean renewable energy. So Mr. Bush instructed Mr. Wood to work on wind with the utilities and the environmentalists. Together, they created the Texas Renewable Portfolio Mandate, which Mr. Bush got passed by the Texas Legislature in 1999, as part of a power competition bill. The mandate stipulated that Texas power companies had to produce 2,000 new megawatts of electricity from renewables, mostly wind, by 2009.

What happened? A dozen new companies jumped into the Texas market and built wind turbines to meet the mandate — so many that the 2,000-megawatt goal was reached in 2005. So now the Texas Legislature has upped the mandate to 5,000 megawatts by 2015. Everyone knows they'll beat that, too, because all this investment has driven down the costs and made wind power in Texas competitive with clean coal, nuclear and natural gas, even without the temporary tax break. Mr. Wood says he thinks Texas could be producing 15 percent of all its energy from renewables by 2015.

An energy wiz, Mr. Wood now advises Airtricity, an Irish wind-power company that also entered the Texas market. He and I toured its new wind farm near Midland, which will provide enough wind electricity — 125 megawatts — to power 40,000 homes in Dallas, replacing gas, nuclear and coal. The farm consists of giant turbines that sprout like Star Wars machine-monsters from the hardscrabble plains around Midland — amid the mesquite, rattlesnakes and oil-pumping jacks.

When Mr. Bush ran for governor, his motto was: "What Texans can dream, Texans can do." Just substitute "Americans" for "Texans," and he's already got the last line of his next State of the Union. What would the substance be? First, let's set a Texas-like renewable energy mandate for every state. Second, let's forge a national electricity transmission grid from the Dakotas to

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Texas to take wind electricity from where it is best produced to the big cities where it is most needed. Finally, let's create a long-term tax subsidy for building and buying plug-in hybrid cars. Wind energy is produced abundantly at night, when demand is lowest. Electric hybrids would be charged at night. That would mean hybrid electric cars, which emit virtually no carbon, could be powered by wind, which produces no carbon. If that scaled, it could be better than Kyoto.

You got something better to do, Mr. President?

Trade Ruling On Steel May Boost Auto Industry (WSJ)

By Greg Hitt, Paul Glader And Mike Spector

The Wall Street Journal, December 15, 2006

Decisions that signal the end of many U.S. steel tariffs promise struggling auto makers a boost, and reflect a shift in the political and economic fortunes of these two pillars of the U.S. economy.

Heavy-equipment makers will also benefit from a separate ruling yesterday by the U.S. International Trade Commission that clears the way for tariffs to lapse on cut-to-length plate steel from 11 countries.

The end to tariffs on corrosion-resistant steel essential to car making from Australia, Canada, France and Japan will benefit auto makers. Tariffs remain in place for the same type of steel from Germany and South Korea.

Domestic steelmakers, which have long received favored treatment in Washington, were surprised by the ruling. In addition, they face several more ITC reviews in coming months on products such as hot-rolled steel product, pipe and tubular goods as well as concrete-reinforcing bar, which is used in construction. Some oil companies also are said to be lining up to lobby for an elimination of tariffs on pipe and tubular goods.

"It's very disappointing," said Dan DiMicco, chairman and CEO of Charlotte, N.C.-based Nucor Corp., one of the U.S.'s three largest steel producers that had lobbied to keep the trade restrictions. Mr. DiMicco said he was glad the restrictions for galvanized products were kept in place on products from South Korea and Germany, which make up 40% of total tonnage involved in the case, but he was disappointed the other 60% from Australia, Canada, Japan and France could now be imported into the U.S. with fewer restrictions.

Mr. DiMicco said the steelmakers are planning an appeal. Yesterday, shares in Nucor fell $1.44, or 2.41%, to $58.33 in 4 p.m. New York Stock Exchange composite trading.

The decision by the ITC, an independent agency with broad authority over U.S. trade policy, represents an important victory for the auto industry that had waged a strong campaign against the duties this year.

The duties on steel imports "have been virtually impossible to take off," said Stephen Biegun, Ford Motor Co.'s vice president for international governmental affairs. "This is a tectonic shift that has occurred here."

All of the duties were implemented more than a decade ago. At the time, the steel industry was reeling from the dumping of low-priced, subsidized imports into the market. Today, the steel industry is strong and profitable, and the auto companies argued that the duties are no longer needed and that the elimination of the duties would inject more competition into the steel industry.

The case brought together rival U.S. and Japanese auto makers -- General Motors Corp., Ford, and DaimlerChrysler AG joined forces with Toyota Motor Corp., Honda Motor Co., and Nissan Motor Co. -- in a first-ever alliance in a trade dispute. Yesterday, auto shares rose in 4 p.m. composite trading on the New York Stock Exchange: General Motors rose 32 cents, or 1.09%, to $29.77; Ford 23 cents, up 3.34%, to $7,11; and DaimlerChrysler up 40 cents, or 0.66%, to $60.64. Toyota's American depositary shares rose $1.45, or 1.17%, to $125.70; Honda's ADS were up 27 cents, or 0.76%, to $36.03.

As a practical matter, the ITC action won't immediately result in the elimination of the duties. The commission must notify the Commerce Department of its decision, expected by Jan. 17. The department would then issue orders eliminating the duties.

The impact of the ITC vote is likely to ripple through the auto industry. Auto-parts suppliers, for example, have felt the brunt of higher commodities costs, including steel. Many parts suppliers had signed contracts in the past few years that required annual price decreases on certain components. And auto makers, in turn, were loath to provide relief to suppliers when materials costs skyrocketed.

In moving to eliminate duties on imported "cut-to-length plate" steel important to heavy-equipment makers, the ITC determined domestic steel producers wouldn't be harmed by the elimination of duties on imports from 11 countries.

Companies such as Caterpillar Inc. and Deere & Co. are expected to benefit. For Caterpillar, in particular, it's a big win. The Peoria, Ill., company is one of the largest U.S. users of plate steel.The end of the tariffs could help it make its products more efficiently, said Bill Lane, Caterpillar's Washington director of governmental affairs. Yesterday, in 4 p.m. New York Stock Exchange composite trading Caterpillar's shares were up 63 cents, or 1.02%, to $62.12; Deere was up $1.41, or 1.49%, to $96.11.

Obama: Not 'the Un-Hillary' (CHIT)

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By Rick Pearson

Chicago Tribune, December 15, 2006

On the cusp of a historic decision over whether to run for the White House, Sen. Barack Obama said Thursday that he believed he would be a "viable candidate" for president who could move the nation beyond the generational politics that have defined the last 40 years.

"I wouldn't run if I didn't think I could win," Obama (D-Ill.) said in a wide-ranging, hourlong interview with the Tribune editorial board in which the senator articulated a rationale for his potential candidacy, confidence in his ability to win and an assessment of potential opponents—both Democrat and Republican.

Obama said that he would reveal his decision in January, following a two-week family vacation that returns him to his roots in Hawaii, setting an extraordinary arc for a politician who a little more than two years ago was a state senator toiling in Springfield.

"Obviously, I find myself at an interesting moment in time," said Obama, who has ignited a stunning level of excitement nationwide with the prospects of his candidacy. At the same time, Obama said he viewed hype over his potential candidacy as "transitory" and not something that would dictate his decision.

He said he had no real concerns about his ability to put together a staff and raise the tens of millions of dollars he would need to wage a campaign against his potential opponents, including Democratic Sen. Hillary Rodham Clinton of New York.

But he said he would have to weigh heavily the burdens that a campaign would place on his family, with his wife and two young daughters, making sure they would not "unduly suffer" from the hothouse atmosphere a White House run would create.

"Do I have something that is sufficiently unique to offer to the country that it is worth putting my family through a presidential campaign?" he said. "Politically, I think I would be a viable candidate. So that's a threshold question and I wouldn't run if I didn't think I could win."

His best-selling book, demands for him to campaign for other Democrats during the recent midterm elections, and the remarkable attention he has commanded in appearances in states with early nominating contests have combined to quickly thrust Obama into the upper tier of Democratic presidential contenders.

He also conceded that he has never been through anything approaching the level of scrutiny that a presidential campaign would bring on him, his family, and almost anyone who has been associated with him.

He said that his two books, the first an autobiography written when he was in his late 30s, and the second, a more policy-oriented book, offer much detail about who he is and his views on issues.

Asked how he would address the issue of his relative lack of experience, Obama said that he thought that the campaign itself —how he managed it, his position on issues and his framing of a vision for the country—would answer the question. "That experience question would be answered at the end of the campaign," he said.

"The test of leadership in my mind is not going to be what's on a paper resume," Obama said. Vice President Dick Cheney, a former defense secretary, and outgoing Defense Secretary Donald Rumsfeld "had the best resume on paper of any foreign policy team and the result has been what I consider to be one of the biggest foreign policy mistakes in our history," he said.

Should Obama seek the Democratic nomination, he would face a large field, many with much longer resumes than Illinois junior senator. But in three national polls released this week, Obama has leapfrogged many of those contenders and put himself in a position to be an alternative to Clinton, who, like Obama, has not declared her candidacy.

Obama said he was not concerned about being able to compete either in fundraising or in staffing should he enter the race.

"I don't want it to sound like raising $50 million to $60 million is easy," he said. "It's hard, but I think it's something that we could do."

Though he was born in 1961, Obama cast himself as the face of a post-Baby Boomer generation not fundamentally shaped by Vietnam and the culture conflicts of the 1960s. He said he could "help turn the page in ways that other candidates can't do."

Sounding very much like a candidate, Obama called Clinton, 59, a "tough, disciplined, smart, intelligent public servant." But, compared to Clinton, he maintained he was able to look at "some issues differently as a consequence of being of a slightly different generation."

When asked his assessment of Clinton, Obama said, "I think she'd be a capable president.

"She has gone through some battles that, in some cases unfairly, have created a perception about her that is different from how I am perceived," he said.

Obama said, however, that he had no interest in being what he called "the un-Hillary"—a reference to serving as a standard bearer for Democrats looking for an alternative to Clinton.

As for Republicans, Obama said that he placed Sen. John McCain of Arizona in the same position as Clinton holds among Democrats, with great name recognition and resources and the ability to sew up much of the party establishment. But he also

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said he considered Massachusetts Gov. Mitt Romney an "attractive candidate," though he said Romney was "making a mistake in trying to look more conservative than he may be" to gain core conservative support.

Speaking of a potential match up with McCain, Obama said he was under no illusions how a GOP presidential campaign would be run against him.

"War hero against snot-nosed rookie," Obama said.

The first-term Illinois senator said he consulted earlier this week with Mayor Richard Daley on a potential presidential bid, but declined to discuss specifics.

But Obama acknowledged "it was stupid" of him to get involved in the purchase almost one year ago of a strip of property adjoining his $1.65 million home from Antoin "Tony" Rezko, who owned a vacant lot next door. Rezko, a political insider and fundraiser, was indicted in October on charges of trying to extort campaign donations and kickbacks from firms seeking state business. Rezko has pleaded not guilty.

"I am the first one to acknowledge that it was a boneheaded move for me to purchase this 10-foot strip from Rezko, given that he was already under a cloud of concern," Obama said. "I will also acknowledge that from his perspective, he no doubt believed that by buying the piece of property next to me that he would, if not be doing me a favor, it would help strengthen our relationship."

On the same day that Obama and his wife closed on their home, Rezko's wife, Rita, closed on the $625,000 vacant lot next door. Both lots had once been part of the same estate, but the owner listed them as separate parcels.

Obama said he has known Rezko for 20 years and "he had never asked me for anything. I've never done any favors for him."

"There was no sense of betrayal of the public trust here," Obama said.

Taking 'Obama-mania' In Stride (CSM)

The Christian Science Monitor, December 15, 2006

This is less about me, and more about you. That was Barack Obama's explanation for his rock-star welcome in New Hampshire last weekend. The possible presidential candidate said he's become a "symbol" of voters' desire for "something new."

Such self-deprecation could be sincere sentiment - or it could be skilled political rhetoric. It doesn't matter which, though, because the words of the junior senator from Illinois are true.

People don't know much about this Democratic fresh face; he's too inexperienced to have a long political track record. But they're obviously responding positively to what he symbolizes: a call to reach across the partisan and ideological divide in America.

What voters are looking for in 2008 is "someone who is seen as independent and detached from the traditional centers of power of each party," says Andrew Kohut, president of the Pew Research Center, a nonpartisan polling and research group.

Those qualities aren't the sole purview of any single candidate, though. Indeed, the field that's shaping up (and these look to be about two dozen so far), contains several examples of folks who have reached across the aisle.

John McCain, the senator from Arizona and an expected Republican presidential candidate, has earned a reputation for independence. In his 2000 presidential bid he criss-crossed the country in his "Straight Talk Express" bus. He can pull any number of bipartisan credentials from his pocket, including campaign-finance reform.

And what would you call, for instance, former GOP mayor of New York Rudy Giuliani, who brought his city together after 9/11? A unifier perhaps? And yes, the rap on New York Sen. Hillary Clinton - the accepted Democratic presidential front-runner - may be that she's polarizing, but didn't she and her husband storm the country in 1992 as "new Democrats," i.e., centrists? She's made a concerted effort to work with Senate Republicans, including a 2005 bill she co-sponsored with GOP Sen. Lindsey Graham related to incentives for domestic manufacturing.

Senator Obama is tapping into a public desire for a unified approach to today's challenges. "There's a moment that we are living through in our history right now where we've got a series of very important decisions to make, and we have the opportunity to make them, not as Democrats, not as Republicans, but as Americans," he said last weekend. As the son of a white Kansan mother and black Kenyan father, he literally embodies cross-cultural and cross-racial unity.

But it's not as if Obama is stripped of ideology. He's pro-choice, pro- affirmative action, and supports "universal" health care - traditional Democratic causes. The National Journal, a nonpartisan publication, gave him an 82.5 liberalism rating, higher than Sen. Clinton (79.8).

McCain, meanwhile, has been insisting that he's more conservative than people think he is. Last May for instance, he spoke at Jerry Falwell's Liberty University - after blasting him for intolerance in 2000. So, is his conservative claim a feint to partisan primary voters or true confessions?

Voters indeed may yearn for a candidate above the political fray. But will they be able to recognize one?

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Commission Seeks School System Overhaul (AP)

By Nancy Zuckerbrod

AP, December 15, 2006

Education and business leaders urged an overhaul of the U.S. school system, including ending high school at the 10th grade for many students. Current teaching is failing to prepare young Americans for the global economy, members of a bipartisan panel said Thursday.

Beginning teachers should earn more, according to the group, and money for this idea could come from the scrapping of conventional teacher pension plans in favor of other benefits such as 401(k)s.

"People have got to understand what we've got is not working. It's not working for kids, but it's not working for teachers either," said William Brock, a former congressman who was labor secretary and trade representative in the Reagan administration.

The Commission on the Skills of the American Workforce was organized by people who launched a group by the same name about 16 years ago. That commission made a series of recommendations, several of which were enacted.

Under the new group's proposal, students would finish 10th grade and then take exams. Depending on how well the students perform, they could go on to community college or stay in school and study for more advanced tests that could earn them a place at a four-year college. Somewhat similar systems are in place in other countries.

The report says that by not spending today's resources on 11th- and 12th-graders and through other changes, the government could eventually save an estimated $60 billion.

The money could pay, for example, for new pre-kindergarten programs and higher teacher salaries, which the report said would help recruit top graduates into the profession.

The commission recommends paying beginning teachers about $45,000 per year, currently the median amount paid to teachers — meaning half earn more than that and half earn less.

To help cover the cost, the commission recommends moving away from traditional, defined benefit pensions to less generous retirement plans commonly found in the private sector.

Antonia Cortese, executive vice president of the American Federation of Teachers, said teachers should not have to lose benefits in order to make more.

One other major shift would put independent contractors in charge of operating schools, though the schools would remain public. States would oversee the funding.

Cortese also was critical of that idea. "Blowing up the governance system is very drastic, and we don't know what will happen in its place," she said.

Chuck Saylors, a school board member and parent in Taylors, S.C., said shifting control to the states from the local districts would be controversial. "Mainly because we have done it the same way for so long," Saylors said, adding that he was glad the group had put forward thought-provoking ideas.

The report notes the U.S. had 30 percent of the world's population of college students three decades ago, but that has fallen to 14 percent. The commission also cites poor performance by U.S. students in exams when compared with students in other advanced industrial nations.

"We may want to wait to think about these changes, but quite simply the world will not wait for us to catch up," said Thomas Payzant, a commission member who recently stepped down as Boston's school superintendent.

The commission's work was financed by several foundations, including the Bill & Melinda Gates Foundation.

Among the initiatives from the first commission that the government enacted were a push for states to develop achievement standards and stepped-up training for high school graduates going directly into the work force.

The current commission includes are former education secretaries Rod Paige and Richard Riley; former Labor Secretary Ray Marshall; former Michigan Gov. John Engler; and Joel Klein, chancellor of the New York City schools.

Expert Panel Proposes Far-Reaching Redesign Of The American Education System (NYT)

By David M. Herszenhorn

The New York Times, December 15, 2006

Warning that Americans face a grave risk of losing their prosperity and high quality of life to better educated workers overseas, a panel of education, labor and other public policy experts yesterday proposed a far-reaching redesign of the United States education system that would include having schools operated by independent contractors and giving states, rather than local districts, control over school financing.

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The panel, the New Commission on the Skills of the American Workforce, included two former federal education secretaries, Rod Paige, a Republican, and Richard W. Riley, a Democrat; two former labor secretaries, William E. Brock, a Republican, and Ray Marshall, a Democrat; and an array of other luminaries, including former Gov. John Engler of Michigan, and the New York City schools chancellor, Joel I. Klein.

The commission's report, released at a news conference in Washington, rethinks American schooling from top to bottom, going beyond the achievement goals of the federal education law known as No Child Left Behind, and farther than many initiatives being pursued by the Bush administration or by experimental state and local school authorities. Among other things, the report proposes starting school for most children at age 3, and requiring all students to pass board exams to graduate from high school, which for many would end after 10th grade. Students could then go to a community or technical college, or spend two years preparing for selective colleges and universities.

"We have run out the string on a whole series of initiatives that were viewed as hopeful," said Lewis H. Spence, commissioner of the Massachusetts De partment of Social Services and a member of the panel. "This puts a whole new set of ideas on the table."

Mr. Spence, a former deputy schools chancellor in New York City, and other commission members acknowledged that enacting the proposals would be difficult, requiring legislation in all states and the cooperation of the federal government. Some, like one for merit pay for teachers, would require renegotiating teacher contracts nationwide and persuading local school boards to relinquish authority and take a new role enforcing performance contracts with schools.

"You can't implement something like this overnight," said Mr. Klein, who had been scheduled to appear at yesterday's news conference with Mayor Michael R. Bloomberg of New York, but whose flights were grounded by thick fog in Washington. Mr. Klein strongly applauded the commission's proposals, and pointed to many efforts in New York — including sharp increases in teacher pay, a new master-teacher career step; increased roles for private groups in running public schools and performance agreements signed by 331 principals in exchange for greater freedom from superintendents — as examples of how some of the commission's goals could begin to be accomplished. "We need to think big," he said.

The commission's work was quickly hailed by some as a potentially groundbreaking document. "This report has the potential to change the debate on education at the national level," said Jack Jennings, the president of the Center on Education Policy, who is a Democrat and prominent expert on the federal education law.

The national teachers' unions were apprehensive. Antonia Cortese, executive vice president of the American Federation of Teachers, said the proposals included "some seriously flawed ideas with faddish allure that won't produce better academic results." Reg Weaver, the president of the National Education Association, urged "caution in calling for drastic changes."

The commission was organized by the National Center on Education and the Economy, a nonprofit, nonpartisan group based in Washington, and partly financed by the Bill and Melinda Gates foundation. The center organized a similar commission that issued a similar report 16 years ago. Marc S. Tucker, the group's president, said globalization had created new urgency. "There is this growing mismatch between the demands of the economy and what our schools are supplying," Mr. Tucker said.

In its report, the commission warned of dire consequences should the country not adopt a strikingly bold approach. "If we continue on our current course, and the number of nations outpacing us in the education race continues to grow at its current rate," it said, "the American standard of living will steadily fall relative to those nations, rich and poor, that are doing a better job."

"If the gap gets to a certain but unknowable point," the report said, "the world's investors will conclude that they can get a greater return on their funds elsewhere, and it will be almost impossible to reverse course."

Paul Romer, an economist at Stanford University, said that some of the fears about competition with India and China might be overblown but that the education system still needed improvement. He said the current effort was driven by improvements in technology, much as advances in the early 20th century led to universal high school.

"High productivity investments in education are one of the most universally supported and effective policies that governments have ever undertaken," he said. "The left and the right are both on board for high payoffs in education."

Schools Report Urges Drastic Change, Higher Salaries (WP)

By V. Dion Haynes

The Washington Post, December 15, 2006

An independent commission yesterday proposed dramatic changes that would shake up American public education in an effort to make the nation more competitive globally. The recommendations include authorizing school districts to pay companies to run all their schools; enrolling many students in college after the 10th grade; and paying teachers about $100,000 annually.

The New Commission on the Skills of the American Workforce -- a bipartisan panel that includes former Cabinet secretaries and governors in addition to federal and state education officials and business and civic leaders -- issued the recommendations in a report on the future workforce. The commissioners warned that unless improvements are made in the

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nation's public schools and colleges by 2021, a large number of jobs would be lost to countries including India and China, where workers are better educated and paid much less than their U.S. counterparts.

"We're calling for a complete shake-up from top to bottom," Charles Knapp, chairman of the commission, said at a news conference.

"The United States has one of the highest costs of education but produces mediocre results," added Knapp, former president of the University of Georgia. "The recommendations are absolutely necessary if we want America to maintain its standard of living."

The 170-page report, "Tough Choices or Tough Times," is the result of a year-long study by the panel, which includes New York Mayor Michael R. Bloomberg; Joel I. Klein, chancellor of the New York City public schools; former Michigan governor John Engler, president of the National Association of Manufacturers; Roderick R. Paige, former secretary of the U.S. Department of Education; Marc H. Morial, president and chief executive of the National Urban League and former mayor of New Orleans; and D.C. School Superintendent Clifford B. Janey. It was funded by the Annie E. Casey Foundation, the Bill and Melinda Gates Foundation, the William and Flora Hewlett Foundation and the Lumina Foundation for Education.

Implementing all the recommendations, commission members said, would cost about $60 billion.

Education experts expect the study to spur public debates in legislatures and school board chambers across the country, much like the groundbreaking 1983 report "A Nation at Risk."

The report will prompt "constitutional changes, cultural shifts and changes in political will," said Andrew Romanoff, speaker of the Colorado House, who plans to introduce a measure incorporating a recommendation to increase offerings of early childhood education programs. "The report will provide the basis for our conversation."

The most controversial recommendations include empowering school districts to sign contracts with companies and teachers to run the schools -- which would replace schools' administrative structures with something similar to that in charter schools -- and forcing teachers to give up pensions in exchange for large pay increases.

Districts, they said, should relinquish control to the most highly qualified contractors, who would be rewarded for successfully running schools -- or fired if student performance languishes.

The schools "would be like charter schools in one crucial respect: They would be highly entrepreneurial," said Marc Tucker, vice chairman of the commission and staff director and president of the National Center on Education and the Economy.

But Anne L. Bryant, executive director of the National School Boards Association, said hiring contractors to run the schools would create "a huge new set of enterprises that we have no evidence will work." Moreover, it would negate the administrative economies of scale provided by a central office and "add a great deal of costs to a school," she said. "We've seen that to an extent with charter schools."

Boosting teacher pay would draw better candidates to the profession, commission members said. They recommend that schools increase teacher pay by at least $20,000 -- to $45,000 for beginners and $95,000 for experienced ones working a regular school calendar. Teachers who work year-round, they said, would be paid $110,000.

Teachers would get the raises in exchange for giving up pensions and switching to 401(k) retirement plans.

Reg Weaver, president of the National Education Association, agreed that teacher pay should be increased. However, "it is shortsighted to call for salary programs that increase teacher pay but deplete retirement benefits," he said in a statement.

The proposal also calls for:

Â· Setting up "personal competitiveness accounts" for all citizens to cover the cost of retraining if their jobs are phased out.

Â· Allowing students in vocational courses to graduate from high school after the 10th grade and enroll in trade schools or community colleges if they pass exams demonstrating academic competency. High-performing college-prep students would spend the 11th and 12th grades taking advanced courses and then, after graduation, enroll in college as sophomores and juniors.

Tucker said the recommendations would take 15 years to implement, but he predicted that they would result "in what will plausibly be the best national public school system in the world."

Panel: Revamp U.S. High Schools (CHIT)

By Lori Olszewski And Diane Rado

Chicago Tribune, December 15, 2006

Most high school students could leave after their sophomore year and go to community college or vocational training under a proposal endorsed by a prestigious panel on Thursday.

The report from the New Commission on the Skills of the American Workforce touches on all aspects of education, but some of its most unusual proposals would end America's four-year high school and replace it with a more European-style model.

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The plan is one of the most expansive educational proposals to surface at a time when federal officials are encouraging experimentation in the nation's school districts to help boost high school graduation rates and help Americans better compete with foreign workers. Unlike many education reports, this one is supported by several respected education leaders, including former U.S. Secretaries of Education Richard W. Riley and Roderick Paige. Riley served a Democrat; Paige served a Republican.

Rather than requiring students to remain in high school for four years, the report proposes a rigorous 10th-grade test that would allow those who pass to leave school two years early, which proponents say could help reduce the dropout rate, among other positive effects. They could then go on to technical or vocational training or academic work in preparation for a four-year institution.

The juniors and seniors left in high school would either be teens in remedial classes working to pass the exam or youngsters who chose to stay and pursue challenging academic work so they could attend elite institutions.

Other countries do it

"It may seem radical to some Americans, but many countries do it," said commissioner and former Secretary of Labor William Brock of the goal of making sure most 16-year-olds are ready to leave high school for higher education. "Who would say our young people are less capable?"

Unlike in Europe, though, doors would not permanently close to students who fail the American 10th-grade exams. Teens would be encouraged to retake the exam to be developed by each state until they pass it.

Still, reservations about the controversial proposals surfaced on a variety of fronts.

"There are some seriously flawed ideas," said Antonia Cortese, executive vice president of the American Federation of Teachers.

She said, "We don't need a distracting, massive restructuring to help high schoolers reach high standards."

The commission says that much of the plan could be funded by an estimated $67 billion in savings from high school and college programs that would no longer be necessary under the proposal. But those savings would not be fully realized for another 15 years, making it uncertain where the start-up money would come from for the program. The commission also hopes to raise money to launch demonstration projects in interested states.

A number of Chicago high school students on Thursday were open to the idea of going to college early, but they thought it might not be for everyone. They said their friends change interests and careers from day to day.

"A positive is that it would help you see where you are (academically) in time to do something about it," said Derell Bonner, 16, a junior at Prosser High School. "But I think 16 is too young to really know what you want to do."

Commissioners said, however, young people already are making choices at 16 that will limit the rest of their lives, such as dropping out.

"This country is cooked if we don't make a vast improvement in the outcomes for our kids," said Marc Tucker, a major architect of the proposals as vice chairman and staff director of the private, non-partisan commission.

Tucker, a national expert on education and the economy, was on a previous commission that issued a report that helped spur the national education standards movement and resulted in legislation.

Dropout rate too high

The nation's staggering dropout rates drain the economy and continue to erode the middle class, especially in urban areas like Chicago where about half the students don't finish school, the report said. Even students who get a high school diploma and go on to college often must take remedial courses because they don't have the skills to succeed academically.

The report comes after a surge in interest in high school reform during the last several years fueled by philanthropist Bill Gates and a National Governors Association summit in February 2005 that drew attention to the need for higher standards to better prepare students for college or work.

Since then, several states, including Illinois, have increased high school graduation requirements. But only 11 states—Illinois not among them—have in place the rigorous requirements experts believe will truly prepare students for the world beyond high school, said Matt Gandal, executive vice president of Achieve Inc., a sponsor of the governors' summit.

Florida made a splash this week with its efforts to keep students in high school, by requiring all incoming freshmen next year to choose "majors." But a number of people expressed worry that both the Florida proposal and a move for a 10th-grade test could result in a form of tracking. They feared that some students could be steered away from challenging universities.

"The only tracking here is tracking everyone toward college," said Tucker, who emphasized that the students who failed the 10th-grade test would be given additional chances to pass it after they received academic help. The key, many critics said, is whether the nation is really ready to devote the resources to get students up to speed, especially low-income youngsters.

Need to alter entire system

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Indeed, the commission report cautions against fiddling with one part of the education system without also addressing broader issues. They include proposals to make preschool available to all, to raise teacher salaries funded partly by reducing retirement benefits and to send more state money to the most disadvantaged students.

One of the most controversial ideas would strip local school boards and administrations of their traditional powers and to contract with private corporations to manage public schools.

The nation's teacher unions both issued statements opposing the move to raise teacher salaries while reducing retirement benefits.

Chester E. Finn Jr., president of the Thomas B. Fordham Foundation, praised the report for a blunt approach that could shake up the education establishment. He compared it to the groundbreaking "Nation at Risk" report of 1983, which paved the way for many educational reforms.

"There is something to offend everybody, and that approximates my own definition of consensus—a uniform level of pain felt by everybody," Finn said.

To Fix US Schools, Panel Says, Start Over (CSM)

By Amanda Paulson

The Christian Science Monitor, December 15, 2006

What if the solution to American students' stagnant performance levels and the wide achievement gap between white and minority students wasn't more money, smaller schools, or any of the reforms proposed in recent years, but rather a new education system altogether?

That's the conclusion of a bipartisan group of scholars and business leaders, school chancellors and education commissioners, and former cabinet secretaries and governors. They declare that America's public education system, designed to meet the needs of 100 years ago when the workplace revolved around an assembly line, is unsuited to today's global marketplace. Already, they warn, many Americans are in danger of falling behind and seeing their standard of living plummet.

In its place, the group proposes a series of controversial reforms:

· Offer universal pre-kindergarten programs and opportunities for continuing education for adults without high school diplomas.

· Create state board exams that students could pass at age 16 to move either on to community college or to a university-level high school curriculum.

· Improve school salaries in exchange for reducing secure pension benefits, and pay teachers more to work with at-risk kids, for longer hours, or for high performance.

· Create curriculums that emphasize creativity and abstract concepts over rote learning or mastery of facts.

"We've squeezed everything we can out of a system that was designed a century ago," says Marc Tucker, president of the National Center on Education and the Economy, and vice chairman of the New Commission on the Skills of the American Workforce, which produced the report. "We've not only put in lots more money and not gotten significantly better results, we've also tried every program we can think of and not gotten significantly better results at scale. This is the sign of a system that has reached its limits."

The report is getting attention in part because of those involved - people like William Brock, the former senator and Reagan-era Labor secretary; John Engler, National Association of Manufacturers president and former Michigan governor; and Joel Klein, chancellor of New York's public schools.

It's also unusual in its scope and ambition, looking at public education in the context of changes in the global economy and workforce needs, and examining education for everyone from preschoolers to adults.

Many of the ideas are likely to encounter opposition. Even the group's proponents insist the report isn't an exact blueprint, but a framework - one they hope will be used to jumpstart a national conversation and entice a few states to experiment with overhauls inspired by these ideas, much the way states led the way with welfare reform in the early 1990s.

The report "is calling for a certain revolution, but it hasn't been put together by revolutionaries," says Mr. Tucker, optimistic that even the controversial ideas are politically feasible. "If you don't like the proposals we put on the ground, come up with some that will work better."

The commission insists, though, that these ideas won't work if only the least controversial and least costly are "cherry-picked" by states, emphasizing that they complement and bolster each other.

One of the biggest proposed changes - the state board examinations that would allow qualified 10th graders to move on to college - would eventually add up to $67 billion in savings that could be reallocated elsewhere, the report estimates. In the transition period, commission members acknowledge, significant but feasible costs would be necessary.

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Adults, too, would get access to the education needed to pass the new state board exams, and the commission suggests creating "personal competitiveness accounts" - created at birth and added to over time - that would help pay for continuing education throughout an individual's work life.

Another proposal: Scrap local school funding for a state-funded system that offers more to the needy districts but doesn't diminish the resources of wealthy districts. The report then calls for giving schools far more autonomy - making them, in essence, contract schools run by teachers or others who are monitored by districts but not owned by them.

Many of the suggestions have already run into opposition. Anne Bryant, executive director of the National School Boards Association, says she applauds the goals and some recommendations, but worries that the financial aspects don't add up. Decentralized school districts would weaken the system, Dr. Bryant says.

"It's a groundbreaking report, but how much ground can you afford to break before you start rattling what's really working in order to fix what is not?" she asks. "There's a leap of faith here in about 10 different areas."

But proponents insist that in a world that increasingly rewards only highly skilled, creative workers - in which America spends the second highest amount on education of any industrialized nation but performs in the bottom part of the pack - reforms this drastic are necessary.

"I think we've tried to do what we can to improve American schools within the current context," says Jack Jennings, president of the Center on Education Policy, who says the commission has sparked an important debate. "Now we need to think much more daringly."

Report Calls For Overhaul Of U.S. Education System (WSJ)

By Robert Tomsho

The Wall Street Journal, December 15, 2006

To preserve its living standard, the U.S. must undertake a radical overhaul of its education system, according to a new report that is spurring debate among policy makers, legislators and teacher unions.

The report, by a group known as the Commission on the Skills of the American Workforce, which includes former governors and cabinet secretaries from both political parties, proposes eliminating local control and funding of public schools and turning their management over to private contractors. It would end high school after 10th grade for some students who opt for two-year colleges.

The report endorses mandatory entrance exams for public colleges and universities, and calls for attracting talented young teachers by increasing salaries, while cutting pensions for retirees.

Though these proposals aren't likely to be adopted wholesale in the short run, U.S. Rep. George Miller, chairman-designate of the House Education and Workforce Committee, said some of them should get serious attention in the next Congress.

New York Mayor Michael Bloomberg endorsed the thrust of the commission's findings. Joel Klein, chancellor of New York City schools and a commission member, said the report is "clearly right and solid" but cautioned against implementing it too quickly.

The report also sparked immediate opposition. Some educators said the proposed college-entrance exams would unnecessarily limit access, and major teacher unions objected to pay changes and a loss of local control.

Members were appointed by the National Center on Education and the Economy, a centrist think tank influential in shaping the 1990s debate over educational standards.

The report comes at a time of changing political agendas, as leadership of Congress shifts and presidential aspirants lash together 2008 platforms. In addition, the No Child Left Behind law, mandating that all students should be proficient in reading and math by 2014, is up for reauthorization in 2007.

"I think people are going to pay close attention" to the report, said Dane Linn, education-division director for the National Governors Association.

Two former labor leaders on the commission dissented from part of the report. Morton Bahr, ex-president of the Communications Workers of America, and Dal Lawrence, past president of the Toledo Federation of Teachers, called letting private contractors run all public schools "an open door for profiteers."

Finding that the U.S. share of the global college-educated work force has fallen to about 14% from about 30% in the 1970s, the report said emerging countries like India are producing more highly educated workers even as only half of U.S. students who go to college earn a degree.

To prepare more U.S. students for postsecondary education, the commission calls for universal preschool, extra resources for at-risk students and, to equalize funding, state control of school finances. It proposes paying for such initiatives with an estimated $67 billion in savings it says would result, in part from an overhaul of public high schools.

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Under its plan, after 10th grade, all students would take so-called board exams in core subjects. Although students could take the tests repeatedly during their junior and senior years, no one could gain entry to any public college or university without passing.

Those who passed on their first try could skip the rest of high school and immediately move on to community colleges and technical schools. In preparation for four-year colleges, students passing with higher scores would continue studying in high school for a more rigorous second round of exams, along the lines of current Advanced Placement tests.

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U.S. Schools Overhaul Sought, Using Private Control (Update3) (BLOOM)

By Paul Basken

Bloomberg, December 15, 2006

Dec. 14 (Bloomberg) -- U.S. public schools should be run by private contractors who would graduate most students by 10th grade, concluded an expert commission sponsored by the Bill and Melinda Gates Foundation.

The plan also calls for state funding to replace local property taxes, free pre-kindergarten and higher teacher pay on a merit-based system. The Gates Foundation and other sponsoring groups may pay states to help implement it, organizers said.

The commission includes executives from Viacom Inc. and Lucent Technologies Inc. and school officials from New York, Massachusetts and California. It wants to end an "insane" U.S. school system that's producing students who can't handle either college or the workplace, said one of its members, former U.S. Labor Secretary William Brock.

"Our children must be given the ability to compete in a global economy," rather than a school system that leads the world in drop-out rates, Brock said. "If you're not worried about that, you have to become worried."

U.S. Education Secretary Margaret Spellings hasn't yet studied the report, though she already is pursuing steps such as toughening school standards, offering privately managed alternatives and increasing merit-based teacher pay, spokeswoman Katherine McLane said.

"The department shares many of the concerns and goals raised in this thought-provoking report," McLane said.

Opposition

The plan faces opposition from teacher unions, which expressed concern about the proposal to hand operations over to private contractors, and to shift the structure of teacher retirement pay.

The Gates Foundation, one of the commission's sponsors, has been experimenting with some of the ideas the panel proposed today and is ready to help states implement more of them, said Tom Vander Ark, the foundation's education director.

"We would certainly like to see the states where we're working adopt these sorts of recommendations and would certainly be open to helping them plan and implement these ideas in a thoughtful way," Vander Ark said in an interview.

Congressional leaders from both parties, including the incoming Democratic chairman of the House and Senate education committees, Representative George Miller of California and Senator Edward Kennedy of Massachusetts, also praised the ambitiousness of the recommendations and promised to consider them.

Skills Commission

The panel, called the Commission on the Skills of the American Workforce, estimates that its plan would cost little more than the $500 billion the U.S. currently spends each year on kindergarten through 12th grade education. The federal government provides about 9 percent of the current total, with the rest split between state revenue and local property taxes.

The commission plan proposes that states take control of the amount now provided by local governments to reduce inequities in spending between richer and poorer communities, said Marc Tucker, a co-author of the report and president of the Washington-based National Center on Education and the Economy. He said the states should then increase that spending by about $30 billion a year.

The plan also suggests adding about $19 billion a year more to teacher salaries to create a merit-based compensation system that would increase pay to a peak of $110,000 a year.

Costs Offset

The added costs of about $60 billion a year would be offset by graduating about 60 percent of students after the 10th grade, when tests would show they are ready for jobs or college. The commission predicted its improvements eventually would leave about 95 percent of all high school graduates ready for college.

The nation's largest teachers union, the 3.2 million-member National Education Association, said that recommendations such as state funding and private control of schools "could potentially disenfranchise poorer communities and eliminate community voices." The NEA, in a written statement, did say the report "shed light on some very real issues," including the need for more access to pre-kindergarten and better high schools.

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The 1.3 million-member American Federation of Teachers warned of "enormous upheaval" from allowing private control of schools and from graduating students early.

Gates-funded projects in such places as Boston and Oakland show the change doesn't have to be that unsettling, since the same people who now run their schools might continue to run them, just as private contractors who are held more accountable for results, Vander Ark said. "It wouldn't have to be a mass revolution," he said.

The proposed tax shift "might be popular," since local property tax is seen by Americans as the least-fair method of state and local taxation, said Bill Ahern, spokesman for the Tax Foundation, a Washington-based advocacy group.

Funding Policies

The Education Trust, a Washington-based research and advocacy group, released a state-by-state analysis yesterday concluding that U.S. school funding policies leave poor and minority students with the worst schools, including less- qualified teachers and less-demanding curriculum.

Schools in districts with low-income students receive $907 less per student than those in wealthier districts, based on 2003 figures, the Education Trust said. The gap is as high as $2,280 in New York and $2,065 in Illinois, the organization said.

Members of the skills commission include Michael Dolan, chief financial officer of Viacom; Henry Schacht, former chairman and chief executive officer of Lucent; John Engler, president of the National Association of Manufacturers; and former U.S. Education Secretaries Roderick Paige and Richard Riley.

Others on the panel are Marc Morial, president of the National Urban League; Morton Bahr, former president of the Communications Workers of America; Charles Reed, chancellor of the California State University System; and school system chiefs Joel Klein of New York City, Thomas Payzant of Boston and Clifford Janey of Washington, D.C.

A Pentagon Agency Is Looking At Brains -- And Raising Eyebrows (WSJ)

By Sharon Begley

The Wall Street Journal, December 15, 2006

In a request issued in October, a government agency asked researchers for "innovative" ways to monitor the brain as it learns and acquires skills, such as by tracking when brain waves flip from those characteristic of novices to those of experts, and noninvasive ways to speed up the process.

In February, the agency said it was interested in ways to use EEGs to detect when a brain had found what it was looking for in a photograph, such as a familiar face in a crowd.

As part of the same program, the agency awarded Lockheed Martin $650,000 in August to develop technology to monitor a brain's cognitive activity in real time and, if the device senses overload, make changes such as slowing the flow of data the brain is receiving.

In a progress report to the agency's "Augmented Cognition" program, a company said in September that it had completed development of a portable, wearable system of sensors that assess cognitive function, producing a readout showing how a brain's pattern of thought-related activity deviates "from that of the normal population."

The requests came from, and the report went to, the Pentagon's Defense Advanced Research Projects Agency. Established in 1958, Darpa is best known for inventing the forerunner of the Internet. For decades it lavished most of its support on physics. But lately, as part of its mission to maintain U.S. military superiority "by sponsoring revolutionary, high-payoff research," the agency has expanded into neuroscience.

Can the folks who brought you the Internet also bring you ways to look into brains -- and do you want them to?

Darpa has good reason to fund neuroscience. Discoveries and new technologies such as noninvasive imaging to detect what the mind is doing might help analysts, pilots and grunts process and react better to barrages of data, and allow real-time assessment of head injuries on the battlefield. Brain-computer interfaces in which thoughts are electronically translated into signals that operate a computer or prosthetic limb might improve rehab for soldiers suffering grievous injuries.

As with other "dual use" technologies, however, the findings and gizmos born of Darpa's brain research may well find their way into civilian life, and in ways that trouble some ethicists. Darpa's interest in neuroscience is "extensive and growing," says Jonathan Moreno of the University of Virginia, a former adviser on biodefense to the Department of Homeland Security. "There are reasons to be concerned about what uses these discoveries might be put to."

The Augmented Cognition program, for instance, seeks technologies that will "measure and track a subject's cognitive state in real time." The agency is partway there. One prototype helmet monitors brain states, which may include those associated with anger, aggression, anxiety, fatigue, deception -- in principle, any mental state -- and transmit the data wirelessly to a command center.

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In battle, that would let commanders redeploy soldiers who are in no state to fight or carry out certain missions; you might not want a soldier who is boiling over with rage to search civilians. How an office supervisor, airport screener or job interviewer might make use of the technology is left to the reader's imagination.

A Darpa project using fMRI imaging of brain activity applies the discovery that recognizing a face or place you've seen before triggers a characteristic pattern of cortical activity. Do you recognize this terrorist training camp? This terrorist? The benefits could be huge. As with polygraphs and fingerprint analysis, however, technologies can be widely deployed without a solid scientific foundation about their rate of false positives, with the result that they send the innocent to prison.

In a new book, "Mind Wars," Prof. Moreno describes a Darpa project on a drug called CX717, which enables sleep-deprived people to maintain memory and cognitive function. In a world where students take Ritalin to give them a boost on the SAT and Provigil to pull all-nighters, there is no reason to think CX717, if it passes more tests, will be confined to military pilots on long-haul flights. If the drug doesn't succeed in keeping a sleep-deprived brain sharp, maybe Darpa-funded research on neurostimulation -- little zaps of electricity to improve cognitive performance -- will.

Presumably, workers and students will have the legal right to reject such "enhancements," Prof. Moreno says. Soldiers might not. Should they? Will employers or others pressure people to accept better thinking through technology? Will the use of such "augmented cognition" by business competitors have the same effect as steroids in baseball, where the perception that everyone is using them exerts pressure to do the same, to keep the playing field level? There has been virtually no debate on the ethical questions raised by the brave new brain technologies.

Ever since the atomic bomb, physicists have known that their work has potential military uses, and have spoken up about it. But on the morality of sending orders directly to the brain (of a soldier, employee, child, prisoner ...), or of devices that read thoughts and intentions from afar, neuroscientists have been strangely silent. The time to speak up is before the genie is out of the bottle.

OTHER NEWS:

Local Elections Test For Iran President (AP)

By Nasser Karimi

AP, December 15, 2006

Iranians go to the polls Friday for local council elections that are expected to be a first test of support for hard-line President Mahmoud Ahmadinejad since he took office more than a year ago.

Ahmadinejad could face dissatisfaction among conservatives, some of whom feel he has been too caught up in confrontations with the West and has failed to deal with Iran's struggling economy.

Reformists — whose movement was largely crushed by hard-liners after dominating the councils, parliament and the presidency in the late 1990s and early 2000s — are hoping the vote will show popular support on which to rebuild.

All 233,000 candidates, including some 5,000 women, for town and city councils across the country were vetted by parliamentary committees, which are dominated by hard-liners. The committees disqualified about 10,000 nominees, reports said.

In the capital of Tehran, candidates plastered streets and squares of the city with posters and placards and flooded cell phones with election-related text messages.

Voters also will elect the Assembly of Experts, a body of 86 senior clerics that is charged with monitoring Iran's supreme leader and choosing his successor.

However, participation in that vote was expected to be low since there is very little difference among the candidates, who are carefully selected by Guardian Council, an election watchdog controlled by hard-liners.

The external controls on elections have been key in ensuring the ultimate authority of Iran's Islamic cleric leadership. It will be only the third time that Iranians vote for local councils, a reform introduced by former reformist President Mohammad Khatami in 1999.

About 46 million Iranians are eligible to vote in the elections for 113,000 seats in about 45,000 city and village councils. The councils approve community budgets and planning projects. In smaller cities and towns, the councils elect mayor — although in Tehran and other large cities, they only propose nominees, among whom the Interior Ministry chooses.

About 64 percent of eligible voters were expected to take part in the elections, Iran's official news agency IRNA said, based on a survey it conducted in five major cities. Results were expected Sunday or Monday.

Most importantly, the vote could be a measure of conservatives' support — or lack thereof — for Ahmadinejad, who won 2005 presidential elections riding overwhelming backing from hard-liners.

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"Division among conservatives is the most significant point of (Friday's) election. Its result can also affect further elections in the coming years," said Saeed Laylaz, a political analyst in the Kargozaran daily newspaper. Parliament and presidential elections are expected to be held in 2009.

Even some hard-liners have complained that Ahmadinejad, who ran on a platform of justice and creating jobs, has boosted Iran's rhetoric against the West but has failed to fix Iran's internal problems, including high unemployment, estimated at 11 percent.

Ahmadinejad has refused to back down on Iran's nuclear ambitions despite Western threats of sanctions. The U.S. accuses Iran of seeking to develop nuclear weapons, a claim Tehran denies. The president has also touted himself as a strong anti-Israeli leader, saying Israel will be "wiped out" and sponsoring a conference of Holocaust deniers earlier this week, causing international outrage.

Many of the Tehran races pit Ahmadinejad supporters against backers of fellow conservative Mayor Mohammad Bagher Ghalibaf, an Iraq-Iran war veteran and commercial airline pilot.

One of the pro-Ahmadinejad candidates is the president's sister, Parvin Ahmadinejad, who has used slogans including "Justice with No Exception" as part of her campaign.

Despite the vetting done by the committees, some reformist candidates were also in the race, including two former vice presidents and one former Cabinet member from Khatami's administration.

Reformers lost control of the councils in 2003, then lost parliament in 2004 before Khatami had to leave office in 2005 because of term limits.

Rogues And Fools (NYT)

The New York Times, December 15, 2006

This week's conference in Iran of Holocaust deniers and racists was, predictably, a circus of Holocaust denial and racism argued by discredited scholars and even the former Ku Klux Klan leader, David Duke. But one should never underestimate the political power of these vicious ideas, even among supposedly respectable people across the Middle East and beyond.

President Mahmoud Ahmadinejad of Iran apparently believes his claims that the murder of six million Jews by the Nazis is a myth ginned up to justify the creation of the state of Israel. That is frightening enough. Couple that with his calls to wipe Israel off the map and his government's — so far unrestrained — drive to develop the technology needed to build a nuclear weapon, and you have even more reasons to keep yourself up at night.

What is also frightening is that Mr. Ahmadinejad believes there is political benefit in these hate-filled lies and may well be right.

He is clearly hoping they will divert Iranians' attention away from his failure to rein in corruption and improve the economy. (The conference opened just days before nationwide elections for City Councils.) These lies have already pumped up his standing even in the streets of Sunni-led Arab countries like Egypt, trumping suspicions of Shiite-led Iran's growing regional power.

This week's conference is another reminder as to why the power of rogues and fools should never be underestimated. And why history's truths must never be taken for granted or forgotten.

Israel Bars Hamas Official Carrying Millions (NYT)

By Greg Myre

The New York Times, December 15, 2006

JERUSALEM, Dec. 14 — In a bizarre standoff that lasted more than seven hours on Thursday, Israel barred the Palestinian prime minister, Ismail Haniya, from returning home to the Gaza Strip, saying he was carrying tens of millions of dollars in cash that could be used for terrorist attacks.

Mr. Haniya was finally allowed to cross from Egypt into the southern Gaza Strip late Thursday night, but only after leaving the money with Hamas officials who stayed behind in Egypt.

During his lengthy wait, dozens of angry gunmen from his Hamas movement shot up the Rafah border terminal, clashing first with Palestinian security forces on one side of the border and later with Egyptian security officials on the other side. At least 15 Palestinians were hurt, and most were believed to be from Hamas.

After Mr. Haniya reached the Gaza side, another round of shooting broke out and one of his sons was wounded and one of his bodyguards killed.

It was not clear how much money Mr. Haniya was carrying, though the Israeli news media put it at $35 million and said it had been packed in suitcases.

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Several Hamas officials have ferried huge sums of cash into Gaza since the group came to power early this year, saying the money was desperately needed to pay government salaries after the cutoff of Western assistance.

The chaotic scenes along the border encapsulated the multiple crises facing the Palestinians: the continuing conflict with Israel, the Palestinians' internecine battles and their worsening financial plight.

Ghazi Hamad, a spokesman for the Hamas government who was traveling with Mr. Haniya, said in a telephone interview that he and other Hamas officials had the money in El Arish, Egypt, about 30 miles from the border. He declined to give the amount.

Other Palestinian officials said the money would be handed over to the Arab League in Cairo until a way could be found to get it to the Palestinian areas.

The Palestinians did not say where Mr. Haniya had obtained the money, though speculation focused on Iran. Mr. Haniya spent more than two weeks traveling in the Middle East, including a stop in Iran, which pledged $250 million to the Palestinian government.

The Palestinians have not placed any restrictions on the amount of cash that can be brought through Rafah as long as the money is declared at the border.

However, a senior Israeli security official said Israel acted because "we have reason to believe the money will be used to strengthen Hamas and will be used for terror." The official did not provide additional details or say how Israel knew that Mr. Haniya was trying to bring money into Gaza.

With internal Palestinian tensions escalating in the Gaza Strip, Mr. Haniya cut short his extended tour of the Middle East. He flew from Sudan to Egypt, and began heading overland Thursday afternoon toward the Gaza border. But before he arrived, Israel's defense minister, Amir Peretz, ordered the crossing closed.

Israel has no troops in Gaza, but it does have forces in southern Israel, just a few miles away from the Rafah crossing, and they could move into Gaza quickly if its order was defied.

Egypt closed its side of the border, and the Palestinian side shut down when the clashes erupted between the Hamas gunmen and the Palestinian security forces, who are loyal to the Palestinian Authority president, Mahmoud Abbas, from the rival Fatah movement.

Israel and Western countries cut the flow of money to the Palestinian government after Hamas came to power in March. The Hamas government has been able to pay salaries only partly and sporadically.

The Palestinian Authority needs more than $150 million a month for salaries and other basic expenses, and Hamas officials have sought to bring in at least a portion of that amount on their trips abroad.

When the Palestinians took control of the Rafah border crossing in November 2005, it allowed Palestinians in Gaza to travel to Egypt and on to the wider world without having to go through Israeli security.

Thursday's episode demonstrated Israel's ability to shut down the border even when its security forces are not present.

Elsewhere in Gaza, Palestinian internal tensions were still running high. The Palestinian security forces arrested a suspect in the killing of three young sons of a Palestinian security official who were gunned down on Monday as they were being driven to school.

The suspect, Hisham Mkhaimar, belongs to the Popular Resistance Committees, and his arrest ignited a gun battle between the security forces and members of his faction. Shortly afterward, the Popular Resistance Committees kidnapped a member of the security forces and said he would not be released until Mr. Mkhaimar was freed.

In the West Bank, Israeli troops shot dead two Palestinian militants in one confrontation, and killed another Palestinian man in clashes with stone throwers, the military and Palestinian witnesses said.

In Israel, the High Court of Justice addressed one of the most contentious issues in the past six years of violence between Israel and the Palestinians. It ruled that Israel's targeted killings of Palestinian militants were legitimate in some circumstances.

But the court said Israel's military must exhaust other options first, like trying to arrest suspects, and must take into account the possibility of harming innocent civilians.

Palestinian Premier Barred At Border (WP)

By Scott Wilson

The Washington Post, December 15, 2006

JERUSALEM, Dec. 14 -- Palestinian Prime Minister Ismail Haniyeh was stranded for much of Thursday in the Egyptian Sinai after Israel barred him from entering the Gaza Strip with millions of dollars in cash, a standoff that prompted armed demonstrations by his Hamas movement and gunfire as his convoy crossed the border hours later without the money.

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Haniyeh attempted to enter Gaza through the Rafah crossing just after noon following a 16-day trip to Iran, Syria and other states that do not have relations with Israel. Some of those governments have pledged money to Hamas, whose administration has been effectively bankrupted by the international aid boycott that followed its victory in January legislative elections.

The United States also has threatened sanctions against any country or group that uses bank transfers to send money to Hamas, a radical Islamic movement that does not recognize the Jewish state's right to exist. In recent months, Hamas officials have resorted to carrying cash into Gaza in suitcases, a financing method that has embarrassed Israeli officials who hope the boycott weakens the movement and brings a change in the Palestinian government.

The rules governing the operation of the border terminal at Rafah allow travelers to bring an unlimited amount of money through the crossing as long as it is declared to the European Union monitoring mission stationed there.

Israeli security officials said that Haniyeh was carrying "a few tens of millions of dollars" and that it was "very likely to be used for terrorist activities." They did not offer evidence to support the assertion. After cutting short what was planned to be a month-long trip, Haniyeh was returning to Gaza to address rising partisan violence in the territory.

But as Haniyeh arrived at the Egyptian side of the crossing, Israeli Defense Ministry officials contacted the E.U. delegation and ordered it closed. The order came from Defense Minister Amir Peretz.

A few hours later, several dozen gunmen from Hamas's military wing, the Izzedine al-Qassam Brigades, opened fire at the crossing in an attempt to force it open. They also clashed with members of the presidential guard loyal to the rival Fatah movement.

Israeli security officials informed Haniyeh that he could enter Gaza without the money, something the prime minister agreed to do as night fell. The Egyptian intelligence chief, Omar Suleiman, then arranged for Haniyeh to leave the money in the port city of El Arish with two Hamas officials, who will escort it to Arab League headquarters in Cairo.

By the time the deal was made, the E.U. monitors had abandoned the crossing because of gunfire. But Haniyeh's convoy was allowed to pass into Gaza just before 11 p.m. amid gunshots in the area of the crossing terminal that killed his bodyguard and lightly wounded his son and a political adviser.

After decades of managing the passage and patrolling the border, Israel effectively turned over the Rafah crossing to Palestinian and Egyptian responsibility following the withdrawal of Israeli settlers and troops from Gaza last year.

The crossing is Gaza's main gateway to the outside world, although Israeli officials fear it also serves as the entry point for foreign intelligence agents arriving to train Hamas's armed wing.

Earlier in the day, Israeli forces killed a 26-year-old member of the al-Aqsa Martyrs Brigades near the West Bank city of Nablus. In a separate incident, Israeli soldiers fatally shot a 27-year-old Palestinian throwing rocks at forces near the Israeli settlement of Ariel.

The Israeli military said at least one Palestinian rocket fired from Gaza landed in southern Israel on Thursday evening, causing no injuries.

Palestinian PM Found With $35m In Cash (FT)

By Sharmila Devi

Financial Times, December 15, 2006

Israel on Thursday prevented Ismail Haniyeh, the Palestinian prime minister, from returning to Gaza in order to stop him bringing in cash possibly donated by Iran.

Reports said Mr Haniyeh, from the Hamas movement, was carrying $35m (€26.5m, £17.8m) in cash, believed to be part of the $350m he raised during a regional tour that took in Iran, Syria and Qatar. He was later allowed entry, but without the cash.

However, anger spilt over into violence following the order to close the Rafah terminal on the Gaza-Egypt border, given by Amir Peretz, Israeli defence minister.

The closure prompted about 2,000 Hamas supporters to storm the terminal where they had a gun battle with guards. Others used explosives to blow a gap in the concrete wall dividing Gaza and Egypt.

Mushir al-Masri, a Hamas legislator, said the closure "could lead the region to an explosion and the Zionist enemy and its allies will bear the responsibility for the consequences".

The European Union monitoring team at Rafah said its 16 staff were evacuated and safe.

Hamas members have carried about $80m in cash into Gaza since March, when the west imposed an aid boycott aimed at bringing down the Islamic movement but which has increased poverty across the occupied territories.

The clashes at Rafah came as Hamas supporters threatened to defy any call for new elections that Fatah's Mahmoud Abbas, Palestinian Authority president, may make in a speech tomorrow.

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Months of negotiations between Fatah and Hamas for a national unity government have foundered, along with hopes for an easing of the western boycott. But Hamas and independent analysts say Mr Abbas has no legal authority to call early elections.

Mr Haniyeh cut short his trip abroad to deal with the internal turmoil. Hamas to-day plans to celebrate the 19th anniversary of its foundation with marches and demonstrations in Gaza.

There were clashes in Gaza and the West Bank this week after Fatah blamed Hamas for the shooting dead on Monday of three young boys who were the sons of an intelligence official loyal to Mr Abbas.

Hamas In Control Of Gaza Border Crossing (AP)

By Ibrahim Barzak

AP, December 15, 2006

Hamas gunmen seized control of the Gaza Strip's border crossing with Egypt on Thursday in a ferocious gunbattle with Fatah-allied border guards after Israel blocked the Hamas prime minister from crossing with tens of millions of dollars in aid.

More than two dozen people were wounded in the fighting, deepening factional violence that has pushed the rivals closer to civil war. One of the injured was an adult son of Prime Minister Ismail Haniyeh.

Haniyeh cut short a trip abroad and was trying to return to Gaza in a bid to quell the infighting between Hamas and Fatah. He finally was allowed to cross into Gaza late Thursday, but it was unclear whether he brought money for the cash-strapped Palestinian government.

After he crossed, there was a new burst of gunfire and Haniyeh's convoy was forced to speed away. Officials said Haniyeh was unharmed but his son was shot and slightly injured in the clashes.

Earlier Thursday, pro-Fatah Palestinian officers arrested a Hamas-linked militant in the killing of the three young sons of a Fatah security chief. The militant's allies retaliated by kidnapping a security officer.

Thursday's gunbattle at the border erupted after Hamas militants, angry that Israel was preventing Haniyeh from returning, stormed the Rafah terminal.

The pro-Fatah Presidential Guard, responsible for securing the area, opened fire, setting off a gunfight. Terrified travelers ran for cover, some carrying their luggage. Crying women and children hid behind walls and taxis, while the European monitors who police the crossing fled. Two Hamas militants were among those wounded.

The Hamas militants, chanting "God is Great, let's liberate this place" took over the arrival hall, and border guards escorted the European monitors to safety. Two loud explosions rocked the area, and security officials said militants had blown a hole in the border fence about a half mile from the terminal.

The rampage destroyed furniture and computer equipment inside the terminal and plunged the area into darkness. Hospital officials said at least 27 people were wounded, two seriously.

With the terminal closed, Haniyeh was stranded on the Egyptian side of the border for several hours. Late Thursday, the Presidential Guard regained control of the terminal and the European monitors moved back in.

Thursday's unrest was likely to strain the U.S.-brokered deal that turned over control of the crossing to the Palestinians last year after four decades of Israeli control. The border can only operate in the presence of European monitors.

Israeli Defense Minister Amir Peretz, working with the EU monitors, had ordered the border closed to prevent Haniyeh from bringing in tens of millions of dollars he raised during a tour of Muslim countries, security officials said.

A senior Israeli security official said they were not trying to block Haniyeh's entry, only to keep out the money. The official said Israel had information the money would be used to strengthen Hamas or fund terror attacks, but he declined to provide further details. The official spoke on condition of anonymity because he was not authorized to discuss the matter with the press.

A Palestinian official said Haniyeh was carrying $35 million he raised during his trip, which included stops in Syria and Iran.

Haniyeh left Gaza on Nov. 28 for what was supposed to be a monthlong trip to the Muslim world, with the goal of raising money for his government.

The Palestinian Authority has been crippled by international economic sanctions that have left it unable to pay full salaries to its 165,000 workers. Israel and Western donor nations cut off hundreds of millions of dollars for the government after Hamas won legislative elections early this year, demanding the militant group renounce violence and recognize Israel.

Hamas officials have brought in more than $50 million to Gaza this year — far short of the government's needs.

Palestinian President Mahmoud Abbas, of Fatah, has been trying to persuade Hamas to join his more moderate party in a coalition government in hopes of lifting the sanctions. But talks between the sides broke down late last month.

Tensions heightened after Abbas threatened to call new elections, drawing charges from Hamas that he is plotting a coup. Abbas is scheduled to deliver a speech outlining his plan on Saturday.

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The latest violence broke out Monday when gunmen riddled the car of a Fatah security officer, killing his three sons. Fatah accused Hamas of carrying out the shooting — a charge Hamas denied. The officer, apparently the target of the attack, was not in the car.

On Wednesday, gunmen in the southern Gaza Strip ambushed a Hamas commander and killed him in an execution-style slaying outside a courthouse. Hamas accused Fatah of being behind the killing.

Israel's High Court OKs Targeted Attacks (CHIT)

By Joel Greenberg

Chicago Tribune, December 15, 2006

JERUSALEM -- Sanctioning one of the most controversial tactics used by Israel in its conflict with the Palestinians, the Israeli Supreme Court on Thursday upheld the army's policy of targeted killing of militants but said the legality of each attack had to be determined case-by-case.

The court declined to issue a blanket ban on the practice, frequently used by the Israelis during six years of fighting with the Palestinians. Some human-rights groups have called the tactic execution without trial and a violation of international law.

Targeted killings are often carried out from the air, with unmanned drones or helicopters firing missiles at cars in Palestinian cities, often wounding or killing bystanders along with the intended targets. According to figures compiled by Israeli human-rights group B'tselem, 339 Palestinians were killed in targeted attacks over the past six years, 129 of them bystanders.

"It cannot be determined in advance that every targeted killing is prohibited according to customary international law, just as it cannot be determined in advance that every targeted killing is permissible under customary international law," the court said in a unanimous ruling by a three-judge panel. "There is thus no escaping examination of each and every case."

Two human-rights groups, The Public Committee Against Torture in Israel and the Palestinian Society for the Protection of Human Rights and the Environment, petitioned the court in 2002 to ban the targeted killing policy, but a decision was repeatedly delayed.

The Israeli army has defended the tactic as an effective means of preventing militant attacks in cases in which the arrest of those involved is not possible, as is often the case in the Gaza Strip, from which the Israeli army withdrew last year.

The army says that the tactic is permissible in the context of an armed conflict and that civilian casualties are caused because militants operate in civilian areas.

In the most widely criticized Israeli strike, in July 2002, the air force dropped a 1-ton bomb on a house, killing Salah Shehadeh, the commander of the armed wing of Hamas, along with his bodyguard and 12 civilians, eight of them children.

The attack brought calls by some rights groups for criminal charges against the officers involved, including the current army chief of staff, Lt. Gen. Dan Halutz, who was the air force chief at the time.

In 2004 Israel killed the wheelchair-bound founder and leader of Hamas, Sheik Ahmad Yassin, in an air strike that also killed five bystanders. A later attack killed Yassin's successor, Abdel Aziz Rantisi.

The court ruling, written by retired Chief Justice Aharon Barak, who was completing a backlog of decisions left from his tenure, listed several limits on the use of targeted killing.

"Well-based, strong and convincing information ... which has been most thoroughly verified is needed" regarding the identity and activities of the targeted person and he should not be attacked if less harmful means, such as arrest, can be used.

"Every effort must be made to minimize harm to innocent civilians," and such harm "must be proportional" to the military advantage gained by the attack. For example, shooting at a sniper firing from a house is permitted even if an innocent passerby might be harmed, but not bombing the house from the air and hitting scores of residents and bystanders, the ruling said.

Targeted killings should be investigated after they are carried out to determine the circumstances of the attack and whether the target was accurately identified, and compensation should be paid if innocent civilians were harmed, the ruling said.

"The fight against terror is subject to the rule of law," the court said. "We must balance security needs and human rights ... The ends do not justify the means."

Michael Sfard, an attorney for the petitioners, criticized the ruling, saying it "sanctions at least parts of the liquidation policy."

"It's pretty clear to me that the army interprets the ruling as a license to kill, this time a license to kill from the court," Sfard added.

Israeli Arab lawmakers said the ruling authorizes war crimes. "You can't give an officer or the army the title of both judge and executioner and give him the tools for execution in the field," said Ahmad Tibi, one of the legislators.

A Hamas spokesman in Gaza, Ismail Radwan, said the ruling "gives judicial cover for terrorist practices by the government."

But Shai Nitzan, the Israeli deputy state attorney, said the ruling sanctions a legal form of combat.

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"We are talking about a state of war, and in war you can attack the terrorists with any legal method, and targeted killing, as we argued, is a legal method," Nitzan said.

Israeli High Court Backs Military On Its Policy Of 'Targeted Killings' (WP)

By Scott Wilson

The Washington Post, December 15, 2006

JERUSALEM, Dec. 14 -- Israel's high court upheld Thursday the military's right to assassinate members of groups the state defines as terrorist organizations, but cautioned that such operations should always be weighed first against the potential harm to civilian bystanders and the human rights of the target.

The unanimous decision departs little from guidelines the military says it already follows in carrying out "targeted killings," the terminology used by the government and by the court in its ruling. But it does say commanders should allow an independent investigation to follow each assassination and recommends that the military compensate "innocent civilians" harmed in the operation.

Under current practice, Israel's military works with Shin Bet, the domestic security service, to compile lists of Palestinians who are influential or active figures in armed groups. Using eavesdropping equipment, aerial surveillance and informants, air force pilots or drone operators receive detailed information about a target's movements, most commonly in the Gaza Strip, where the army no longer operates regularly on the ground.

Military officers say the decision to strike is made -- sometimes in a matter of minutes -- by balancing the threat posed by the target against the potential for injuring bystanders. Many of the strikes have killed civilians in addition to targeted individuals.

Israeli military officials said they would review the court's findings in coming days. But one senior officer who specializes in matters of international law said the ruling, although vague in places, appeared to be a "validation" of existing policies regarding assassinations, and he expected few new restrictions to be implemented.

The decision states that military commanders must have "strong and convincing" information before ordering an assassination, and should not do so "if a less harmful means can be employed," namely, arrest. The ruling also says that "every effort must be made to minimize harm to innocent civilians."

"The need to balance casts a heavy load on those whose job it is to provide security," the three-judge panel wrote. "Not every efficient means is also legal. The ends do not justify the means."

The ruling has been awaited outside Israel for what it might add to the debate underway in many countries, including the United States, over how to ensure basic human rights in what the Bush administration calls the "war on terrorism." Following Israel's lead, the U.S. military and intelligence agencies have also used drones to carry out assassinations, including a November 2002 strike on a car in Yemen that killed six suspected members of al-Qaeda.

The decision, one of the last to be issued by retiring Chief Justice Aharon Barak, represented a disappointing defeat for Israeli and Palestinian human rights organizations that have called the tactic, pioneered during the most recent Palestinian uprising, a war crime.

Hawkish lawmakers and officials from Israel's security establishment expressed pleasant surprise at the ruling, given that Barak, an activist judge throughout his decades-long career, has often come down against the military in cases where human rights and security measures appear to conflict. The court said the state "must balance security needs and human rights."

The ruling stemmed from a petition filed by two human rights organizations -- one Israeli, one Palestinian -- challenging the state's right to assassinate members of Hamas, the al-Aqsa Martyrs Brigades and other armed groups fighting the Jewish state. In its decision, the court said the "starting point of the legal analysis is that between Israel and the terrorist organizations active in the Judea, Samaria and the Gaza Strip" -- referring to the territory Israel occupied in the 1967 Middle East war -- "there exists a continuous situation of armed conflict."

The ruling states that international law applies to the Israeli-Palestinian conflict, saying "it is not an internal state conflict that is subject to the rules of law enforcement."

The practice of targeted assassination began officially in November 2000, when an Israeli helicopter fired missiles at a car carrying Hussein Abayat, a senior member of the al-Aqsa Martyrs Brigades, near the city of Bethlehem. The strike killed Abayat and two bystanders.

Israeli security officials have argued that targeted killings are among their most effective tools against the armed groups, which have carried out scores of suicide attacks against Israeli civilians, fight from civilian areas and employ other guerrilla tactics that pose challenges to Israel's conventional army.

But many of the assassinations have been conducted by Israeli attack helicopters, drones or fighter aircraft, and civilian casualties are common. B'Tselem, an Israeli human rights group, reports that in operations over the past six years Israeli security forces have assassinated 210 intended targets but also killed 129 bystanders.

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"Anyone who thinks that in this kind of warfare things cannot go wrong and mistakes cannot happen does not know in what world he is living," Maj. Gen. Giora Eiland, the former head of Israel's National Security Council, told Israel's Army Radio. "Compare the terrorist attacks that were taking place only four years ago with those taking place today. In the last analysis, we are now living in an incomparably better situation now than what we lived in then. How do you think that came about? It is partly due to targeted killings."

Barak, who once ruled that Israeli officials could not use torture during interrogations even to stop imminent suicide bombings, rejected in Thursday's decision the concept of "unlawful combatants" employed by the Bush administration to justify detaining suspects without charges.

Instead, the court decided that "members of the terrorist organizations are not combatants," but civilians who relinquish certain legal protections when they participate directly in "hostilities" intended to "harm the army or civilians."

By way of offering guidelines to military commanders responsible for ordering assassinations, the decision says that "shooting at a terrorist sniper shooting at soldiers or civilians from his porch is permitted, even if an innocent passerby is harmed. Such harm conforms to the principle of proportionality.

"However, that is not the case if the building is bombed from the air and scores of its residents and passersby are harmed," it continues. "Between these two extremes are the hard cases. Thus a meticulous examination of every case is required."

In reviewing specific cases, the ruling said, "the Court will ask itself if a reasonable military commander could have made the decision which was made." Human rights lawyers criticized that advice, along with several other aspects of the decision, as overly vague.

"Here the court has done something that will create a cloud of illegality over many missions, because the officer will not know what is allowed and what is prohibited," said Michael Sfard, the attorney for the petitioners in the case. "When you go to court, at least you expect to get a clear ruling."

Sfard also represents petitioners in the case of Salah Shehada, a Hamas military commander killed in July 2002 when an Israeli F-16 dropped a one-ton bomb on his house in Gaza, killing him and 14 others, including nine children. Sfard said he will seek a new hearing "on the basis of this ruling, which obliges the court to order a criminal investigation."

In Lebanon, Hizbullah's Rise Provokes Shiite Dissent (CSM)

By Nicholas Blanford

The Christian Science Monitor, December 15, 2006

BEIRUT, LEBANON

Hizbullah's ability to draw hundreds of thousands of Shiites to central Beirut to rally against the Lebanese government is the most visible evidence that the militants are now the undisputed representative of the country's Shiite community.

Yet some of the party's coreligionists have started to publicly question Hizbullah's political monopoly. They worry that its ambitious gambit to topple the Western-backed government is intended to benefit backers in Iran and Syria and will be detrimental to the long-term interests of Shiites.

"Hizbullah's actions definitely are not in the interests of Shiites nor of Lebanon," says Sheikh Ali al-Amine, the Shiite mufti of the Jabal Amel district of south Lebanon.

Shiite voices of dissent are few, but are gaining more attention at a time when Lebanon is serving as a battleground in the emerging struggle between Iran and its regional allies - dubbed by some as a "Shiite crescent" - and the Sunni-dominated Arab world led by Saudi Arabia and Egypt.

Hizbullah is caught in the vortex of this regional contest, torn between satisfying the demands of its foreign patrons while serving the needs of its domestic Shiite constituency.

Demonstrations calling for the resignation of Lebanese Prime Minister Fouad Siniora have been ongoing since Dec. 1. Since then, the numbers of Hizbullah and opposition supporters filling downtown Beirut seem to ebb and flow at the call of Hizbullah chief Sheikh Hassan Nasrallah.

Thursday, in a bid to ease the political crisis, the Lebanese government and opposition groups agreed on a national unity cabinet in which major decisions could be taken only by consensus, said Arab League chief Amr Moussa. He told reporters, however, that more talks were required to conclude the deal.

Mr. Moussa called on all the parties to defuse the tension and expressed hope that the remaining issues could be resolved in the next two weeks. "Progress is clear and consensus is rising. Please be patient a bit longer," he said. "We hope to finish in the next two weeks or at the end of the month." The anti-Hizbullah voices

Sheikh Amine has become Hizbullah's most visible critic after sparking controversy four months ago by publicly refuting Hizbullah's claim of a "divine victory" in its summer war against Israel. Still, he appears an unlikely critic of Hizbullah.

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Wearing a black turban that marks him as a descendent of the prophet Muhammad, he was once close to Hizbullah and in 1981 taught the youthful Hassan Nasrallah at a Shiite seminary in the Iranian city of Qom. The sheikh remembers the future Hizbullah leader as "clever and a quick learner."

"I never wanted to turn myself into a figure of opposition to Hizbullah. But during the war I saw mistakes," he says. "The aim of Hizbullah is to capture all the Shiite sect and push it into the unknown."

During the war, Mona Fayyad, a professor at the Lebanese University in Beirut, penned an acerbic opinion piece titled "To be a Shiite now," railing against the sect's subservience to Hizbullah.

"To be a Shiite is to keep silent and not to ask what is the purpose of liberating a country. Is it to destroy it all over again and to make it possible for it to be occupied once more?" she wrote.

A year ago, Mohammed Mattar, a Shiite lawyer, filed a lawsuit against a prominent Hizbullah cleric who had issued a fatwa, or religious edict, forbidding any Shiite from accepting a ministerial post after the pro-Hizbullah ministers walked out of the government.

"The edict crossed the red line between democracy and a parliamentary system run by the clergy," Mr. Mattar says, describing the fatwa as the "politics of intimidation."

The lawsuit, which was signed by five Shiites and three Christians, was, he says, "bold, but ultimately you have to defend the principles of the republic. If you want to live in a society ruled by clerics, go to Iran."

Those that have spoken out against Hizbullah say they have been subjected to subtle intimidation. Amine had to cancel his e-mail address after receiving anonymous hate mail, while others have been told they are not welcome at social events.

Lokman Slim, a vocal Hizbullah critic who heads Hayya Bina, a political reform group, says his name was included on two "lists of dishonor" circulated on the Web during the war.

"The Hayya Bina website was shut down during the war due to kindly advice, slash, threats," he says with a wry smile.

Hizbullah's dominance of Shiite politics in Lebanon has its roots in the Lebanese state's historical neglect of the Shiite community. Traditionally marginalized by Lebanon's Christian and Sunni elite and ruled by a handful of feudal clans, the Shiites were mainly confined to the impoverished rural south and east.

Hizbullah was established with Iranian support in the wake of Israel's 1982 invasion of Lebanon and soon began to challenge the already existing Amal Movement for dominance of Shiite politics.

Both groups secured loyalty through offering services to their constituents. Nabih Berri, the leader of Amal and Lebanon's parliamentary speaker, adopted a typically Lebanese system of patronage, using his influence within the state to provide his supporters with employment in government institutions. From shadow militia to Shiite institution

Hizbullah, which initially operated outside the state, used Iranian funds to build a shadow social welfare network for poor Shiites that included schools and hospitals. The battlefield successes of Hizbullah's military wing against Israeli occupation forces further sustained its popularity and earned it a regional standing.

Today, Hizbullah is a formidable multifaceted organization, arguably the second-largest employer after the Lebanese state, with some 35,000 Shiite families directly or indirectly dependent on the party.

Last year, it formed a strategic alliance with rival Amal, effectively absorbing the movement into its own apparatus. That leaves Hizbullah as the only real representative of Shiites, making it all but impossible for an alternative Shiite political entity to emerge.

"According to opinion polls, Hizbullah commands the support of over 90 percent of the community and it's very difficult for any new group to compete against that," says Amal Saad-Ghorayeb of the Carnegie Endowment's Middle East Center in Beirut.

Hizbullah's Shiite opponents argue that the party's popularity is lower than the polls suggest. But they agree that the state's historical disregard for Shiites is to blame as it created a social and political vacuum that was subsequently filled by Hizbullah. Although they say there is a need for a political alternative, swaying Shiite public opinion away from Hizbullah is a near hopeless task.

"We are unable to compete against Hizbullah as secular republican Shiites," says Mr. Slim. "They have God on their side, and it's impossible to compete."

Lebanese Government Still Standing (LAT)

The Los Angeles Times, December 15, 2006

With the pro-Hezbollah movement and its Syrian backers at an impasse, the U.S. should leave well enough alone.

TWO WEEKS AGO, nobody was giving odds that Lebanese Prime Minister Fouad Siniora's government would survive the year. Popular street demonstrations had brought together the major Shiite parties with a weird pro-Syrian coalition led by the Maronite Christian former general Michel Aoun (once a mortal enemy of Syria, confusingly enough). Siniora dismissed the protests as a coup d'etat engineered by Hezbollah and its Syrian backers, but without Shiite representation, his own government

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looked illegitimate and Hezbollah strongman Hassan Nasrallah's demand for a "national unity" government seemed almost reasonable.

Today, Siniora doesn't look much stronger, but his government is still in business, and the protesters have little to show for their efforts. Sunni Arab governments have supported the prime minister, and the pro-Hezbollah movement is, for the time being, in a stalemate. It is Hezbollah's pro-Syrian faction that remains locked out of the government (which the two major Shiite parties quit in November) and facing a crisis of momentum.

What lessons can we draw from this impasse? First, the current demonstrations are different from the protests last year, which were driven by public rage over the assassination of former Prime Minister Rafik Hariri, a crime in which Syria and its Lebanese clients were probably involved.

It's also clear that for all of Hezbollah's attempts to claim the banner of Lebanon's forgotten Shiites, there is more at stake here than an attempt to give voice to the disenfranchised. It was Hezbollah, along with the more moderate Shiite party Amal, that decided to quit the government last month after a cabinet-stacking power play failed. Nabih Berri, the Amal leader who has been a player in Lebanese politics almost since the time of King Solomon, has participated in governments far dicier than this one, and there is nothing stopping Lebanon's large Shiite minority from being represented in even greater strength than it was before Hezbollah's walkout.

While Siniora's opponents attempt to dismiss him as a U.S. puppet, he leads a broad coalition of Sunnis, Christians, Druze and other groups. Nevertheless, there is an issue here for the United States. In 1990, Lebanon was a chip awarded to Syria in return for its participation in the Persian Gulf War coalition. Now that a bipartisan consensus is beginning to form around the idea that negotiations with Syria are necessary, it's imperative that the U.S. not again make the mistake of sacrificing a shaky but functional democracy for token gestures at assistance in Iraq.

U.S. Standing Sinks In Mideast (WT)

By Eric Pfeiffer

The Washington Times, December 15, 2006

Attitudes about the United States have deteriorated sharply in the Middle East in the past two years, a survey of five countries in the region shows.

U.S. policy, such as support for Israel, has long been criticized in the Middle East, but a majority of those polled now hold negative views of the American people as well.

"What these numbers say to me is that people are dramatically affected by our policies," said James Zogby, president of the Arab American Institute, for whom the survey was conducted. "Our people and our products are at risk in the region."

The survey was conducted in Saudi Arabia, Egypt, Morocco, Jordan and Lebanon. Without exception, a strong majority expressed unfavorable opinions of the United States. The lowest level was in Jordan, where only 5 percent said they had a favorable view of the United States in general. In 2002, Jordanian favorability of the U.S. was the second highest in the region, at 34 percent.

Survey respondents tend to distinguish between U.S. policy and the American people, but that distinction appears to have eroded in the past four years. Mr. Zogby said he first noticed a distinct shift in 2004. In the 2006 survey, only a plurality of Lebanese polled expressed a favorable view of the American people, with 44 percent approving and 18 percent expressing unfavorable views.

The American people are viewed least favorably in Saudi Arabia, where 18 percent said they had a favorable opinion and 34 percent expressed an unfavorable opinion. At the same time, 50 percent of Saudis say they like American products, compared with 24 percent who do not.

"Our policy [In Iraq] drags everything," Mr. Zogby said. "The negatives have become very pronounced."

Middle Eastern poll respondents cited the Iraq war and perceived U.S. support for Israel over the Palestinians as their biggest concerns. "One is the immediate wound while the other is the defining wound," Mr. Zogby said.

The Iraq Study Group, which recently submitted a list of 79 policy recommendations to President Bush, says the Israeli-Arab conflict is tied directly to the escalating violence in Iraq. The group has recommended that the White House emphasize a broader Middle East peace process as part of its effort to improve the situation in Iraq.

"You can accomplish good things in Iraq but you need regional support," Mr. Zogby said. "They would be wise to look at what the commission has proposed."

The one aspect of U.S. society to receive a net positive rating from all five Middle Eastern countries was the American education system.

North Korea Emphasizes Nuclear Pride (WSJ)

DOJ_NMG_0106968

By Evan Ramstad

The Wall Street Journal, December 15, 2006

SEOUL, South Korea -- North Korean propaganda is putting a renewed focus on pride in the country's new nuclear capability, a sign that suggests disarmament talks next week will make little progress, Pyongyang watchers say.

Immediately after North Korea's Oct. 9 nuclear-bomb test, the country's state-controlled news media claimed its weapons were a great benefit for the country, says Brian Myers, a specialist in North Korean propaganda based in Seoul. And last month, signs appeared on the streets of Pyongyang with slogans such as "Revel in the pride of being a country in the Nuclear Club."

State propaganda is one of the few windows into North Korea's nominally communist dictatorship, which controls the flow of information and people into and out of the country. The first job held by dictator Kim Jong Il was in the propaganda department.

Mr. Myers says the current campaign is a sign that nuclear capability has become a tool for the government to galvanize support at a time when the country is suffering food shortages and economic decay.

Little Headway Is Expected

Only a handful of researchers study the propaganda. One reason is the difficulty of the Korean language. Another is that few people are willing to bet that the country, which has appeared to be on the brink of collapse for more than a decade, will sustain a career's work. Mr. Myers is one of only two non-Koreans who regularly visit Seoul's North Korean cultural center.

The other non-Korean regular at the cultural center, Andrei Lankov, a Russian scholar of Korean history, agrees that next week's talks will make little headway. "I can't see North Korea willing to give up nuclear weapons," he says. "And I don't think the United States or the others will offer what it will take for them to consider it."

A month after the nuclear test, North Korea agreed to return to the six-nation disarmament talks it has boycotted since November 2005. Since the early 1990s, the U.S. and others have offered money, food and other assistance to the impoverished country in an effort to persuade it not to build atomic weapons, fearing Pyongyang would either use the weapons or sell them to terrorists.

Mr. Myers, the 43-year-old son of a U.S. Army chaplain, lived around the world while growing up. He became interested in propaganda when he spent a year as a high-school student in apartheid-era South Africa. He then lived in Germany in the years before its reunification. He later made North Korean propaganda the topic of his doctoral thesis and now teaches Korean literature and North Korean culture at Dongseo University in Busan, South Korea's second-largest city.

North Korean news media for 60 years have dished out a steady diet of criticism of Americans, Japanese and South Koreans. Newspapers still run stories playing up American-inflicted damage during the 1950-53 Korean War, when the communist-backed North and the U.S.-backed South fought for control of the Korean Peninsula. They describe South Korea as a hostage to the U.S., which stations about 25,000 military personnel here. Novels portray American and Japanese armies as too scared to invade because of Mr. Kim's cunning strategies. Posters call for the destruction of U.S. nuclear weapons, and magazines depict Americans as clowns or animals.

Several months ago, Mr. Myers says, posters appeared in the streets of Pyongyang depicting a nuclear bomb and urging people to "Prepare to Die" or "Dare to Die." That meant the government had added a nuclear element to the message of constant war -- there has still been no formal end to the Korean War halted by a 1953 truce between North and South -- that the regime uses to help maintain totalitarian control. "They're trying to let people know they have nothing to fear, that the United States will regularly confront North Korea and try to bully it, but that because of Kim Jong Il, America will never succeed," Mr. Myers says.

'Completely New Angle'

Following the October nuclear test, North Korean newspapers claimed South Koreans were just as happy about the test as North Koreans and that the nuclear program was enabling South Korean business to flourish. The logic appeared to be that the U.S. military was intimidated by the North's nuclear program and that without this, the U.S. might have started a damaging confrontation.

Mr. Myers believes the Kim regime is trying to cope with North Koreans' finding out, chiefly through smuggled videos, that South Korea is much wealthier. So his government is responding by saying the South is wealthy because the North has put economic priority on the military. "This is a completely new angle," he says. "In the North Korea of old, they would have not seen any reason to present South Korean capitalists as being happy with the nuclear program. It shows that Marxist-Leninism is being leached out of the ideology and that all you have left is nationalism."

Mr. Myers is sometimes consulted by U.S. diplomats and military officials for his observations on North Korea. "You really have to admire these State Department people who do these negotiations and go through these grueling talks for days and weeks," Mr. Myers said. "They haven't given up on them. I never have expected anything from the talks with the North Koreans."

DOJ_NMG_0106969

North Korean Talks To Resume Monday (MCT)

By Tim Johnson

McClatchy Newspapers, December 15, 2006

BEIJING _ North Korea is digging in its heels before crucial nuclear talks rev up Monday, raising questions over whether it wants to buy time or is ready to negotiate in earnest.

In recent days Pyongyang's main government-controlled newspaper has dismissed any suggestion that the lure of a massive aid package might pry the North from its nuclear weapons program.

If North Korea listens to the "sweet talk" of the West and accepts massive aid to give up its nuclear weapons, "it will lead to our destruction," said an editorial in the Rodong Shinmun earlier this month. The editorial went on to assert that Europe and the United States hoodwinked Libya a few years ago with a similar deal and stiffed the former Communist bloc nations of Eastern Europe in pledges that led them to capitalism.

Blustery talk from Pyongyang may be designed to bolster a negotiating position for the talks, which come 10 weeks after the North conducted its first nuclear test.

Amid reports of pending U.S. incentives to stir North Korea to action at the talks, a senior Bush administration official said North Korean envoys led him to believe in late November that Pyongyang may be ready to take specific steps toward dismantling its nuclear program.

"There were indications that the DPRK (Democratic People's Republic of Korea), the North Koreans, would be prepared to deal in specifics at the coming round," Christopher Hill, an assistant secretary of state who is the chief U.S. envoy on North Korea, said in a briefing in Washington.

Hill said Washington wants "concrete progress," not just talk, at the negotiations.

China tried to dampen expectations Thursday, and one veteran North Korea watcher voiced skepticism whether the sixth round of negotiations _ and the first after a 13-month stalemate _ would lead to any breakthrough.

"The six-party talks are likely to remain a meaningless exercise," said Andrei Lankov, a Russian-born expert on North Korea at Seoul's Kookmin University, referring to the talks hosted by China that include the two Koreas, Russia, Japan and the United States. "The North Korean side is not willing to consider any serious concessions."

With a successful nuclear test under their belt, Lankov said, North Korean officials "are not in the mood to compromise. . . . From their point of view, giving up the nuclear weapons is unnecessary and unthinkable."

North Korea is believed to be the world's ninth nuclear power.

Hill arrives in Beijing Sunday, after a possible stop in Tokyo, and said he would meet immediately in informal talks with Russian, Chinese and North Korean envoys.

The six-party negotiations, which China began hosting in 2003, formally begin Monday and are open-ended in length and flexible in format.

A flurry of media reports around the region offered conflicting signs about the positions of Washington and Pyongyang in the run-up to the talks. In Seoul, the quasi-official Yonhap news agency, citing diplomatic sources, said the Bush administration has offered Pyongyang a written security guarantee in exchange for concrete actions to end its nuclear program.

A South Korean newspaper, the Hankook Ilbo, reported that North Korea has told the United States that it's willing to shut down the key Yongbyon nuclear complex and accept inspections by U.N. nuclear monitors if conditions are met, mainly the lifting of U.S. sanctions imposed on the North over its alleged counterfeiting of U.S. currency.

One critical question remains unclear: Is North Korea willing to consider giving up its nuclear weapons in exchange for abundant aid, diplomatic recognition and security guarantees?

Hill said he didn't know if Pyongyang had yet made that strategic decision.

"I wish I could answer that question," Hill said. "At this point, I cannot tell whether that choice has been made or not."

The Bush administration says it believes North Korea has enough nuclear material for anywhere from eight to 10 bombs. As time passes, the number may be growing.

The former president of South Korea's military academy, Jang Joon-ik, told Yonhap this week he believes Pyongyang will have 55 kilograms (121 pounds) of weapons-grade plutonium by the end of the year, and that continued reprocessing of spent fuel rods would give it enough fissile material to produce 50 nuclear bombs by 2010.

N. Korea Coming Back To The Table (LAT)

By Mark Magnier

The Los Angeles Times, December 15, 2006

DOJ_NMG_0106970

BEIJING — After a 13-month boycott, a nuclear test and much posturing, North Korea returns Monday to six-nation talks that have yielded few results and resume with few expectations.

An important focus for early jostling will be timing and deadlines, analysts said. Secretary of State Condoleezza Rice has called on the North to dismantle its nuclear weapons program within two years in exchange for aid, energy assistance and improved relations.

North Korea has an interest in avoiding a quick resolution. The longer it keeps the program intact, the more likely the world is to accept its status as a member of the nuclear club, as Pakistan and India discovered. Extending talks beyond the 2008 U.S. elections also could bring it a new negotiating partner, in the form of a new administration, that it might find easier to deal with.

As always, each participant in the talks will be looking over its shoulder. Though the U.S. and the other parties — China, South Korea, Japan and Russia — favor quick results, they don't want to push North Korea so hard that it walks away.

The last time North Korea left in a huff, the standoff led to its Oct. 9 test of what experts believe was a relatively small nuclear device — probably less than 1 kiloton, or about 7% of the explosive capability of the 1945 Hiroshima bomb. Another breakdown in negotiations could lead to a second test.

The regime in Pyongyang, North Korea's capital, has an interest in producing a more powerful and technologically sophisticated explosion. Such a test would not only bolster the country's deterrence against attack but would also raise its weapons program's value as a bargaining chip, offering hope that other countries will pay it more to disband the program.

A key short-term reason North Korea is returning to the table could be the carrots and sticks China quietly offered its neighbor, calling into question how motivated Pyongyang is to achieve real progress.

The longer North Korea keeps the other nations talking, the less likely they are to impose cargo inspections on it or strictly implement economic sanctions involving luxury goods and conventional, ballistic, chemical and nuclear weapons under United Nations Resolution 1718, a measure passed unanimously by the Security Council on Oct. 14.

In recent weeks there has been some narrowing of the wide gap between the U.S. and North Korea in at least two areas: financial sanctions and direct talks.

Pyongyang has been incensed by the sanctions the U.S. imposed in 2005 involving at least $24 million in North Korean assets at a Macao bank. The action was taken in response to Pyongyang's reported money laundering, weapons proliferation and counterfeiting activities, and Washington has insisted this issue be handled outside the six-party framework.

In recent weeks, however, the Bush administration has said that $12 million of the funds might not be related to illegal activity, and officials have indicated a greater willingness to bring the issue into the talks.

After long maintaining that the administration would not hold direct talks with Pyongyang, chief U.S. negotiator Christopher Hill met with his North Korean counterpart Nov. 28. The three-way meetings also involved China, but Beijing officials left the two alone for substantial periods.

"So in effect, the United States was talking directly with North Korea," said Shi Yuanhua, deputy director of the Center for Korean Studies at Fudan University in Shanghai. "The Americans have made their greatest compromise so far."

But huge differences remain as Washington insists on a complete dismantling of the nuclear weapons program before anything else, even as North Korea insists on compensation before it dismantles a program it has been working on and using as leverage since 1990.

"It would certainly be good if we could solve this within two years," said Yan Xuetong, a professor at Beijing's Qinghua University. "But looking at cases in South Africa, Ukraine, Libya, it can take decades to solve a nuclear crisis. This one has only lasted 16 years."

Analysts say that if this round of talks both prevents the North from testing again and stops other nations from tightening sanctions on the regime — in effect a stand-down on both sides — that in itself will be a small achievement.

"Everyone wants good results," said Zhang Liangui, a Korea expert at the Central Party School in Beijing. "Without deadlines and an agreement on holding regular talks, however, that's just a nice wish."

NKorea May Stage Second Nuclear Test During Six-party Talks: Minister (AFP)

AFP, December 15, 2006

North Korea may stage a second nuclear weapons test to strengthen its hand during upcoming negotiations on scrapping its nuclear programme, South Korea's new defence minister has warned.

Kim Jang-Soo, a former army chief of staff, ordered the 650,000-strong military to step up combat-readiness to deter possible aggression from the North, the defence ministry said.

"We have to be thoroughly prepared to counter the possibility of a second or third nuclear test by North Korea and a possible hostile act by it in the process of negotiations over its nuclear weapons programme," Kim said in a message to troops.

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The six-nation nuclear talks are set to resume in Beijing on Monday, 13 months after the North walked out. They involve the two Koreas, the United States, China, Japan and Russia.

The North staged its first nuclear test on October 9, sparking international condemnation and United Nations sanctions.

Later that month North Korean leader Kim Jong-Il told China that he had no plans for a second test but that increased international pressure could trigger "further measures".

Defence minister Kim issued his letter after a closed-door meeting of 130 senior commanders, including General Kim Kwan-Jin, chairman of the Joint Chiefs of Staff, and the army, navy and air force chiefs of staff.

The defence minister also urged no further delay in the planned relocation of US bases to Pyeongtaek south of Seoul.

The defence ministry said this week that South Korea would not be able to complete a major relocation of US military bases by 2008 as scheduled, due to protests by residents and a dispute over cost-sharing.

The US forces want to consolidate 35 US bases scattered across the nation into two hub bases by 2008, including one at Pyeongtaek.

Some 29,500 troops are stationed in the country, a legacy of the Korean War. The number is set to drop to 25,000 by 2008.

$1M Fund Intended To Assist Activists (AP)

AP, December 15, 2006

The State Department announced a $1 million emergency fund Thursday to help cover such expenses as legal fees and medical bills for human rights activists.

The fund is meant to pay short-term bills for people who take great risks by defending human rights "in countries where tyranny persists," the department said.

Secretary of State Condoleezza Rice also redefined U.S. goals and expectations for international treatment of independent groups that promote democracy and human rights.

People should be able to freely join such groups, which the State Department calls non-governmental organizations or NGOs, and the groups should be free to act within international law, the department said.

"Whenever NGOs and other human rights defenders are under siege, freedom and democracy are undermined. The world's democracies must push back," Rice said in commemorating national human rights week. "We must defend the defenders."

The department issued a 10-point statement of principles on NGOs.

In a slap at Russia, one principle says governments seeking to regulate the groups should aim to protect, not impede, their work. Russia was not mentioned in literature the department handed out Thursday nor in Rice's brief remarks, but the United States has been concerned about a law passed this year that requires groups such as Amnesty International to register with the government.

Another such group, the non-governmental National Endowment for Democracy, said Wednesday that Russia had "steadily retreated from democratic reform" under President Vladimir Putin.

Bush Creates Activists' Funding (WT)

By Nicholas Kralev

The Washington Times, December 15, 2006

The Bush administration will create a $1 million fund to support democracy and human rights advocates around the world who are being harassed and persecuted by their governments, Secretary of State Condoleezza Rice said yesterday.

Miss Rice also announced that, beginning next year, she will bestow a Freedom Defenders Award on a foreign activist or nongovernmental organization and a Diplomacy for Freedom Award on a U.S. ambassador for "working to end tyranny and promote democracy."

"The fund will begin at $1 million and will be replenished each year as needed," the secretary said. "This fund, to be administered by the State Department, will enable us to quickly disburse small grants to human rights defenders facing extraordinary needs due to government repression. This funding, for example, could go to cover legal or medical costs or short-term support to meet the pressing needs of an activist's family."

The initiative, announced at a State Department ceremony to mark Human Rights Week, is the administration's response to a global trend of government crackdown on NGOs, said U.S. officials. They cited Russia and other former Soviet republics in Central Asia as examples of some of the most drastic measures.

A Russian law limiting the activities of NGOs and their ability to receive support from abroad sparked criticism from Washington and concern about their work with American and other Western organizations in the vast country.

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The governments in Moscow and Central Asia "mischaracterized the recent color revolutions" in Georgia, Ukraine and Kyrgyzstan, said a senior officer at a U.S. organization that promotes democracy around the world.

"Those governments wrongly concluded that the color revolutions were somehow fomented by the United States and by NGOs," said the officer, who asked not to be named for fear of retribution. "What actually took place was that pro-democracy organizations were supporting a credible democratic process, not a particular election outcome."

Barry F. Lowenkron, assistant secretary of state for democracy, human rights and labor, said that, in addition to Russia, Belarus, Kazakhstan, Uzbekistan and others, countries in Asia, Latin America, Africa and the Middle East have "pushed back against NGOs."

Even though the situation in Indonesia, Malaysia, China and Vietnam is not as grim as that in Iran, Burma or Venezuela, "a clear statement in support of NGOs is needed," Mr. Lowenkron told reporters. He said the $1 million will come out of the $60 million budget of his bureau, pointing out that it is only "one vehicle" the administration will use to promote the rights of NGOs.

He also said that, if a foreign government does not allow U.S. funding to reach its recipients, the issue will become part of the relationship with that country.

American groups active overseas welcomed Miss Rice's announcement yesterday.

"The amount of money is not as important as the political message this is sending," said Kenneth D. Wollack, president of the National Democratic Institute. "Any initiative that gives concrete expression to our commitment to human rights, democracy and the rule of law is something to be welcomed and should draw strong bipartisan support."

Pentagon Calls For New African Command (AP)

By Pauline Jelinek

AP, December 15, 2006

The Pentagon is recommending a new U.S. military command for Africa, which is seen as having greater strategic importance to America since the start of the fight against terrorism.

The Defense Department has sent the proposal to President Bush for his approval, Pentagon spokesman Bryan Whitman said Thursday.

The U.S. military has a system under which each region of the world is overseen by a specific command. Africa is split among several commands, which have been increasing activities on the continent greatly in recent years.

Central Command, which controls the Horn of Africa, set up a task force there in attempt to catch any al-Qaida escaping from Afghanistan after the war started in late 2001. It has since has expanded to humanitarian and other missions.

The European Command has sent Special Forces to do training exercises in North Africa and worked on humanitarian projects, medical training and other missions such as harbor maintenance in oil-producing nations in the Gulf of Guinea.

The various types of operations are aimed at building partnerships and strengthening the ability of African governments and militaries — as well as winning hearts and minds.

The hope is that the efforts will make African nations less vulnerable to the recruiting efforts of terrorists and help drive out those already using Africa as a safe haven.

Officials say Africa also is strategically more important because of increased efforts by China to involve itself and gain influence on the continent.

Egypt Arrests Opposition Leaders After A Protest (NYT)

By Mona El-Naggar

The New York Times, December 15, 2006

CAIRO, Dec. 14 — Egypt on Thursday arrested several leading members of the Muslim Brotherhood, the banned but powerful opposition group, and more than 140 student members after a campus protest. The government said the group had formed what amounted to militant squads that planned "acts of unrest."

The arrests followed a demonstration at Al Azhar University in which dozens of students, some in militant-type clothing with black face masks, paraded through the university campus while performing what looked liked martial exercises.

In a statement, Interior Ministry officials charged that the brotherhood had created what it called "deterrence committees," which were "trained in the arts of combat and provided with knives, sticks and chains, and appointed to start holding strikes and demonstrations and acts of unrest in the university."

The Muslim Brotherhood, the largest and most organized opposition force in Egypt, has a violent history and was banned after trying to assassinate Gamal Abdel Nasser when he was the prime minister. But the brotherhood disavowed violence in the 1970s and has instead tried to spread its influence through politics and by creating an extensive network of social services.

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It has been tolerated, even while many of its leaders and members are often jailed, as part of a cold peace between the brotherhood and the government.

Candidates allied with the brotherhood did well in the parliamentary elections last year, weakening the governing party's power monopoly.

But the sight of brotherhood members parading in costumes that resembled the militant attire of the Palestinian group Hamas apparently crossed a red line. The students immediately apologized, and brotherhood leaders said it was a mistake, but the arrests were ordered anyway, and included the detention of one of the group's top officials.

"What happened was peculiar and wrong, and the students apologized, and the apology should have been accepted," said Essam el-Erian, a leading member of the group.

The Azhar students were protesting because they had been barred from offering their own slate in student government elections.

UK Drops BAE-Saudi Bribery Probe (FT)

By Christopher Adams And James Boxell

Financial Times, December 15, 2006

Britain was accused on Thursday night of caving in to intense pressure from Saudi Arabia after Tony Blair's government intervened to end a Serious Fraud Office inquiry into bribery allegations against BAE Systems.

The SFO's decision to abandon its investigation into the Al Yamamah oil-for-arms contracts came under fierce attack from opposition peers and leading international lawyers.

The decision was announced by Lord Goldsmith, the attorney-general, on a day when the UK government appeared determined to rush out all its controversial news under the cover of the publication of a long-awaited police investigation into the death of Diana, Princess of Wales.

Mr Blair also chose Thursday as the best day to make himself available to police seeking to question him over allegations that honours were sold in return for political donations. The event made him the first sitting prime minister to be questioned in a criminal inquiry.

The abandonment of the BAE inquiry is expected to save a multibillion-pound jet fighter contract with Riyadh and safeguard thousands of jobs. BAE in recent weeks had run a media and lobbying campaign warning that Saudi Arabia would scrap the deal and purchase French Rafale jets instead unless the inquiry was dropped.

For more than two years, the SFO had been investigating allegations of slush funds and other unethical practices surrounding the 20-year-old Al Yamamah oil-for-arms agreement with Riyadh, the UK's biggest export deal.

The proposed deal to purchase 72 Eurofighters would supercede the Al Yamamah contracts and could eventually be worth as much as £40bn (€60bn) to BAE. A similar sum has been made from Al Yamamah, in which BAE supplied Tornado fighter jets, among other military equipment.

But the SFO's decision to seek bank account information from Switzerland in relation to its Al Yamamah probe sparked anger in Riyadh, leading to a suspension of commercial talks over a purchase of the Eurofighters.

BAE, which has always denied any wrongdoing, welcomed the attorney-general's statement. Officials were unaware of whether the Eurofighter talks had recommenced, though the decision to abandon the probe is certain to remove any obstacles to the deal, Britain's biggest export agreement. The Ministry of Defence refused to comment.

The decision to halt the investigation followed a warning by the prime minister that the SFO's inquiry risked causing "serious damage" to British security, intelligence and diplomatic co-operation with the Saudis.

Mr Blair, backed by Margaret Beckett, the foreign secretary, and Des Browne, defence secretary, argued that continuing the inquiry could leave Britain exposed in the war against terrorism by threatening the flow of Middle East intelligence. His intervention followed months of public and behind-the-scenes pressure by Saudi Arabia and BAE to end the inquiry.

Lord Goldsmith said the SFO had taken the decision on public interest grounds and in part because of "the need to safeguard national and international security". Uncertainty over how long the inquiry would take, and whether a prosecution could be brought, was also a factor.

He said: "It has been necessary to balance the need to maintain the rule of law against the wider public interest. No weight has been given to commercial interests or to the national economic interest."

Insiders said Mr Blair's influence had been crucial.

"Everybody wanted it [the inquiry] to go away," said one source. However, suggestions that Mr Blair spoke with the Saudi ruler King Abdullah about the issue were denied by Downing Street.

White House Hosts Malaria Summit (AFP)

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By Olivier Knox

AFP, December 15, 2006

US President George W. Bush designated eight African countries as new beneficiaries of US aid to battle malaria, which kills one million people annually around the world.

Bush added Benin, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Mali and Zambia to his five-year, 1.2-billion-dollar President's Malaria Initiative (PMI) for Africa, bringing to 15 the number of countries covered.

"For malaria, we know exactly what it takes to prevent and treat the disease. The only question is whether we have the will to act," said the US president, who unveiled the program last year.

Bush, speaking to US and African activists, civic leaders and government officials at a White House summit on the killer mosquito-borne disease, also proposed doubling US development aid to Africa by the end of the decade.

"This administration has doubled development aid to Africa during my presidency -- and I propose to double it again by the end of this decade," he said.

Also at the summit, First Lady Laura Bush unveiled a 30-million-dollar plan to help African communities battle malaria by funding non-governmental organizations and civic and religious groups battling the disease.

"It will encourage more charitable organizations to join the fight" and will complement work by African governments by "creating independent, sustainable malaria-control programs" in villages across the continent, she said.

Malaria kills more than a million people a year, 90 percent of them in Africa, according to the World Health Organization (WHO). It is the leading cause of death for children under five in Africa.

The summit also aimed to raise awareness in the United States about the disease and galvanize public-private cooperation to fight its spread.

"One American with just 10 dollars can help save a life in Africa. A school, a church or a team can help save a village. Together, Americans can help protect an entire continent," the White House said in a statement.

The participants included African and UN officials, non-governmental organizations and stars, including South African singer Yvonne Chaka Chaka, a UNICEF goodwill ambassador for malaria.

PMI aid in Angola, Tanzania and Uganda has already reached six million people, said retired admiral Timothy Ziemer, who leads the initiative. The assistance includes spraying against mosquitoes, drug treatment and handing out bed nets to protect humans from the insects.

Four other countries -- Malawi, Mozambique, Rwanda and Senegal -- have been picked to receive the assistance.

John Bridgeland, who heads the non-profit campaign Malaria No More, said his group would use the summit to rally private support for the cause.

"It's literally our base camp, where this is a first step in ... a three-month undertaking to help galvanize and organize the private sector," said Bridgeland, a former Bush aide.

Other summit participants included US Secretary of State Condoleezza Rice, WHO chief Margaret Chan and Melinda Gates, the co-chair of the Bill and Melinda Gates Foundation.

The Gates Foundation of Microsoft founder Bill Gates and his wife, Melinda, pledged 83.5 million dollars Monday in new grants to boost access to bed nets and treatment, as well as speed research on vaccines.

Bush Celebrates Early Victories In Campaign Against Malaria (NYT)

By Celia W. Dugger

The New York Times, December 15, 2006

WASHINGTON, Dec. 14 — Malaria, a deadly tropical disease long overshadowed by AIDS, shared the stage with the president and the first lady on Thursday when the Bushes were the hosts of a forum at the National Geographic Society to raise the profile of this neglected scourge.

The gathering highlighted the growing efforts of influential evangelical, business and charitable leaders to raise money and mobilize volunteers against malaria, which kills 800,000 African children each year. Their rallying cry: Donate $10 for a mosquito net, save a life.

It also gave President Bush, whose reputation for compassionate conservatism has taken a beating during the grueling war in Iraq, a moment to bask in some of the early victories in the five-year, $1.2 billion campaign against the disease that his administration undertook a year and a half ago.

For example, on one of the spice islands of Zanzibar, where the United States helped distribute mosquito nets to cover every slumbering pregnant woman and child younger than 5 years old, the number of malaria cases has plummeted almost 90 percent since last year.

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"So we're acting and we're leading," Mr. Bush said. "And with partners across the world we are helping the people of Africa turn the tide against malaria."

Melinda Gates, who with her husband, Bill, has invested heavily in research for a malaria vaccine, told the Who's Who of global malaria warriors packed into the auditorium that a decade ago, their number would have fit in a broom closet.

The top leaders of all the main malaria-fighting organizations — from the World Health Organization to the World Bank, from the United States Agency for International Development to the Global Fund to Fight AIDS, Tuberculosis and Malaria, from the Bill & Melinda Gates Foundation to Unicef — were at the forum, which the Bush administration titled the White House Summit on Malaria. They met for hours after the public session to plot strategy.

A Gallup poll that was done free for Malaria No More in recent days found that while 96 percent of Americans counted AIDS as a very serious problem in Africa, only two-thirds knew that malaria was also a grave threat.

Malaria No More, a nonprofit group of business and charitable groups that organized in response to a challenge from Mr. Bush, talked up its Web site, www.malarianomore.org, as a place where people can donate $10 to provide a family with a mosquito net to prevent malaria, and the education to use it properly.

The big money, however, has come from big donors. The Global Fund has so far committed $2.6 billion to malaria. The Gates Foundation has promised to spend $766 million. The World Bank has approved $357 million in loans.

The president's Malaria Initiative is supposed to gradually ramp up spending. But money for this year's programs in Uganda, Tanzania, Angola, Mozambique, Rwanda, Senegal and Malawi — $135 million — is still uncertain. Whether it survives depends on collaboration between the administration and Democratic leaders in Congress.

Senator Patrick J. Leahy, a Vermont Democrat expected to lead the Senate appropriations subcommittee that oversees foreign aid, was at the forum and said he wanted to find a way to finance the administration's malaria program. "We're trying to get the kind of money we spend in a day in Iraq," he said. "Somewhere we've got to have our priorities right. It's a moral issue."

Bush Says Ending Malaria 'Possible' (WT)

By Tom Carter

The Washington Times, December 15, 2006

Malaria, a disease that kills two African children every minute, can be eliminated if governments, private business and religious organizations have the will to make it happen, President Bush said yesterday.

"It is possible to eliminate malaria," Mr. Bush said at the White House Summit on Malaria. "We know exactly what it will take to prevent and treat the disease ... It is not going to require a miracle. It requires smart, sustained effort."

Some of the world's leading global health specialists gathered at the National Geographic Society to announce a new initiative called Malaria No More.

The program will focus on the mosquito-borne disease in a massive publicity campaign to encourage every American to "save a life" by contributing $10 for a bed net treated with insecticide to prevent mosquitoes from biting at night.

In June 2005, Mr. Bush created a five-year $1.2 billion program to fight malaria in Africa, called the President's Malaria Initiative. On the island of Zanzibar in Tanzania, where PMI is getting bed nets to people, spraying insecticides in houses and getting medicine to those who are infected, malaria has dropped by 90 percent since last year.

"Your taxpayer money is working to save lives," said Mr. Bush, announcing the PMI campaign will expand to eight more African countries next year.

The program already is operating in Uganda, Tanzania, Angola, Malawi, Mozambique, Rwanda and Senegal. The countries to be added are Benin, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Mali and Zambia.

Related private initiatives were announced yesterday by Paul Wolfowitz, president of the World Bank; Richard Feachem, executive director of the Global Fund to Fight Aids, Tuberculosis and Malaria; Melinda Gates, co-chair of the Bill and Melinda Gates Foundation; Dr. Steven Phillips, medical director of Exxon Mobil Corp.; Ann Veneman, head of UNICEF; Rick Warren, pastor of the Saddleback Church; and the U.S. heads of the United Way, Boys and Girls Club and the Red Cross.

Laura Bush, who has made preventing and treating malaria a focus of her efforts as first lady, organized and convened the conference.

"Any individual who can raise $10, can buy a net and save a life," Mrs. Bush said.

It was not clear why the Malaria No More nets would cost $10; Mr. Feachem of the Global Fund said in his presentation that nets cost between $5 and $6. It was suggested that the extra money may be used for education.

Roger Bate, head of Africa Fighting Malaria, which has been working on malaria for a decade, said he was gratified that powerful people with money are finally paying attention, but that getting bed nets into African homes is only a first step.

"Research done last summer by [the U.S. Agency for International Development] in Togo and Zambia found that the bed nets had been distributed to 90 percent of the homes but only hung up in 70 percent," he said.

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"And only 56 percent were being used on the night they were surveyed. They have to be used, even on hot nights. If that [extra $4] is used for education on this, that would be good."

U.S., China Clash On Currency (WP)

By Ariana Eunjung Cha

The Washington Post, December 15, 2006

BEIJING, Dec. 14 -- U.S. and Chinese leaders clashed publicly on the opening day of strategic economic talks, with Treasury Secretary Henry M. Paulson Jr. pushing China to revalue its currency and Chinese Vice Premier Wu Yi saying Americans do not have a full understanding of the situation.

After standing by as U.S. officials criticized her country's economic policies in the media during the past week, Wu set the tone for the meeting with assertive introductory remarks that spanned 20 typed pages and 5,000 years of Chinese history.

"Some American friends are not only having limited knowledge of, but harboring much misunderstanding about, the reality in China," Wu said, according to a copy of her remarks provided by the Ministry of Foreign Affairs. For example, Wu noted that China needed to create enough jobs to absorb an estimated 300 million rural workers -- equal to the entire population of the United States -- into its urban economy in the next two decades.

Paulson was equally aggressive in his follow-up speech, saying that the U.S. government's "strong view" is that China should allow its currency, the yuan, to be more flexible. Most countries allow the value of their currencies to be set in global markets, but China intervenes to keep its currency pegged to the dollar at an exchange rate that many Western economists regard as skewed in China's favor.

The Chinese economy "would be more effective under a regime where currency values are determined in a competitive, open marketplace based upon economic fundamentals," Paulson said. A revaluation of the yuan upward would make U.S. goods cheaper in China and Chinese goods more expensive in the United States.

Throughout the day, U.S. officials pushed on issues such as trying to resolve the huge trade imbalance between the two countries and making sure that China lives up to commitments it made five years ago when it joined the World Trade Organization. By the afternoon, they said they were optimistic.

"They were very much in a receiving mode," Labor Secretary Elaine L. Chao said in an interview with reporters. "They were listening very carefully."

Commerce Secretary Carlos M. Gutierrez said that the meeting "exceeded expectations" and that "it was a very candid . . . honest, solid dialogue."

High-level U.S. officials, interviewed after the close of meetings for the day, said the two sides agreed on many things in principle, such as the need to keep their economies open to other countries. But specific measures and a timetable were less clear, with the United States pushing for rapid change and China seeking to move cautiously.

Skepticism toward foreign trade, particularly with China, played a major role in the recent U.S. elections, and proposals for punitive tariffs or other protectionist measures could gain support in Congress next year.

"I sense that they have an understanding of the stakes," Gutierrez said. "And the stakes are very large. You are talking about a lot of business, a lot of jobs on both sides. We are their No. 1 customer."

While most of the day was focused on U.S. requests of Beijing, China also listed some priorities: fewer obstacles to the export of U.S. technology and to Chinese investment in the United States. The complaint about U.S. export controls, in particular, led to some tense exchanges, U.S. delegates said,

"They would like no restrictions, and we have restrictions, so there are certain things that they would like that we can't give on," Guttierez said.

U.S. Trade Representative Susan C. Schwab said in an interview that she told the Chinese that their country was "slowing if not backsliding" on economic reforms.

Paulson is a former Wall Street executive who has made dozens of trips to China. He has taken command of the Bush administration's economic discussions with that country and took a high-level delegation of Cabinet members and others with him on this trip as he seeks to make progress toward resolving thorny disputes.

The format of the meeting included formal presentations and broad debate on issues such as China's transport problems and the U.S. culture of easy credit.

Perhaps the meeting's most anticipated and sensitive talks -- about whether China should allow the yuan to rise in value -- were anchored by a statement from Federal Reserve Chairman Ben S. Bernanke, who accompanied Paulson on the trip.

Bernanke said an increase in the currency's value would benefit China, according to U.S. officials present at the talk.

"Other people piped in to say the U.S. has a very interested stake in China's economic well-being," Chao said.

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China Entreats U.S. To Broaden Its Understanding (WSJ)

By Michael M. Phillips And Andrew Batson

The Wall Street Journal, December 15, 2006

BEIJING -- From the first moment of this week's top-level economic talks here between the U.S. and China, the hosts made clear what they believe to be the root of bilateral tensions: Americans simply don't understand China.

In the Great Hall of the People, under a painting of Chairman Mao Zedong and other revolutionary heroes, Chinese Vice Premier Wu Yi gave Treasury Secretary Henry Paulson and his delegation a history lesson about her country's struggles with poverty and foreign interference. American misconceptions about the Asian country aren't "conducive" to good relations, she said as she opened two days of talks yesterday, according to the written text of the speech.

"Throughout all these years' interactions with all quarters of the U.S., the government and the public, we have had the genuine feeling that some American friends are not only having limited knowledge -- but [also] harboring much misunderstanding -- about the reality in China," said Ms. Wu, who is considered an advocate of economic change.

Ms. Wu reiterated longstanding Chinese complaints that foreign critics fail to grasp the extent of her country's huge economic and social challenges, from profound poverty to the waves of rural residents pouring into cities. She and other Chinese officials also have said foreigners misread Beijing's efforts to address those problems through economic development as a threat to its trading partners. Chinese officials argue they have done more to address foreign complaints than critics acknowledge, but that ultimately China must move at its own pace to avoid triggering social unrest.

The American delegation came to Beijing hoping to create a mood of mutual trust that would spur progress on a host of contentious issues, from piracy of U.S. computer software to market access for U.S. financial-service companies to China's alleged practice of keeping its currency weak against the dollar. The Americans here sense that U.S. lawmakers, worried by the huge U.S. trade deficit and the loss of manufacturing jobs, are ready to blame China and are flirting with protectionist legislation.

"It is in everyone's interest that China's growth continues and in doing so that it strengthens the world economy," Mr. Paulson told the Chinese in the closed-door session, according to a copy of the speech. "This dialogue can help us work together to do just that while reducing tensions along the way."

Mr. Paulson has described this round of talks as the beginning of two years of strategic dialogue aimed at creating a climate in which thorny trade, financial, energy and other issues can eventually be resolved. He has gone to great lengths to reduce expectations that this week's meetings would produce instant changes in Chinese policies.

Nonetheless, the participants couldn't avoid the issues of the day. Tensions over the currency issue are particularly sharp, with American manufacturers charging that the weak yuan gives Chinese companies an unfair edge over their American competitors.

Federal Reserve Board Chairman Ben Bernanke told the Chinese that their economy would benefit if they were to allow the yuan to rise against the dollar, according to Labor Secretary Elaine Chao, who participated in the talks. And Mr. Paulson said that eventually China should allow the yuan to move unfettered against other currencies. "We believe that China should move toward such a system over the next several years," Mr. Paulson said. "And of course you understand our strong view that in the meantime, more currency flexibility is necessary."

Ms. Wu repeated earlier statements that China seeks a "rough balance" between imports and exports, rather than its current large trade surplus, and that Beijing intends to move toward a system that would let markets set the yuan's value. The yuan has gained almost 5.9% against the dollar since the Chinese initially allowed it to move against the dollar in July 2005.

The size of the gathering had a slightly stifling effect on what Mr. Paulson hoped would be a free-flowing conversation about the long-term economic issues that both countries face. In the cavernous Golden Hall, 14 senior Chinese officials, backed by 72 aides, faced off with 13 senior U.S. representatives, including seven of cabinet rank, with 48 aides of their own. Participants who wanted to speak had to place their name cards on end as a signal; their names were then entered into a queue posted on a giant video screen. A senior U.S. official nevertheless described discussions as "honest and frank."

Ms. Wu opened the event with a presentation that included a map of China's ancient trade routes, accompanying a speech that ran from the Silk Road and the Opium War to farm policy and taxation. She characterized the main purpose of the talks as educating U.S. officials.

"Our particular hope is to let people in the world know that China's development is an opportunity instead of a threat," she said, emphasizing that China is committed to trade and economic liberalization.

That language was intended to reassure her audience. U.S. officials have publicly worried that China may slow down the pace of overhaul now that it has largely completed the market-opening commitments it made upon joining the World Trade Organization in 2001.

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according to one person present, and several U.S. officials urged the Chinese to accelerate overhauls. "We've got to move as quickly as possible, and whatever we're doing today, we've got to do it quicker," Commerce Secretary Carlos Gutierrez told reporters.

Ms. Wu emphasized the challenge of promoting equitable growth in a country where 150 million people -- more than 10% of the population -- live on less than a dollar a day and where 300 million people are expected to migrate from the fields to the cities over the next 20 years.

U.S. officials took the Chinese lecture in stride. "The reason we are having this dialogue is to improve the understanding between our two countries," one senior U.S. official said.

New U.N. Leader Is Sworn In And Promises To Rebuild Trust (NYT)

By Warren Hoge

The New York Times, December 15, 2006

UNITED NATIONS, Dec. 14 — Ban Ki-moon of South Korea was sworn in Thursday as the next secretary general of the United Nations, and he pledged to rebuild faith in an organization that has been tarnished by scandal and riven by disputes between rich and poor nations.

"You could say that I am a man on a mission, and my mission could be dubbed 'Operation Restore Trust:' trust in the organization, and trust between member states and the Secretariat," he said.

He added, "I hope this mission is not 'Mission: Impossible.' "

Mr. Ban, 62, takes office on Jan. 1, succeeding Kofi Annan, 68, who is at the end of his second five-year term.

Addressing the packed General Assembly hall after taking the oath, Mr. Ban heaped praise on Mr. Annan, who received two standing ovations, as a man of "high ideals, noble aspirations and bold initiatives."

But in a subsequent news conference, he distanced himself from Mr. Annan's plea Monday that the United States return to a more multilateral foreign policy grounded in respect for international law.

"That, I think, was his own personal assessment and insight, which he gained during his tenure," he said.

Mr. Ban, who had strong United States backing, acknowledged that the relationship between the United Nations and the United States had become strained.

"But even in such a case," he said, "it is very important to discuss, to resolve the difference of opinions, and I, as secretary general, will try to harmonize so that we can expect constructive contribution and participation of the United States."

Mr. Ban was emphatic in answering questions about the campaign in Iran to cast doubt on the Holocaust and about statements by Iran's president, Mahmoud Ahmadinejad, that Israel should be wiped off the map.

He said denying the Holocaust was "not acceptable," as was urging the elimination of a nation or people."

He also pledged to become "directly and personally engaged" in trying to persuade Sudan to accept United Nations peacekeepers for Darfur.

Calling the Middle East "the most serious issue" today he urged Israeli and Palestinian leaders to deal directly with each other.

He stumbled only once, appearing uncomprehending when a Canadian reporter asked a question in French. Traditionally, French speakers have held the job, and Mr. Ban had underscored the point by giving part of his address in French.

"I was not able to follow everything you said," he told the questioner, and asked for a translation.

The question was, "I would like to know why, in your view, it is important that French should remain the second official working language of the United Nations."

Ban Sworn In As U.N. Secretary-general (AP)

By Edith M. Lederer

AP, December 15, 2006

South Korea's Ban Ki-moon was sworn in Thursday as the eighth secretary-general of the United Nations, promising to make his top priority the restoration of trust in the world body that has been tarnished by corruption scandals.

Ban, 62, will take the reins of the United Nations on Jan. 1 when Kofi Annan steps down after 10 years at the helm. He will be the first Asian to lead the organization in 35 years

Ban will oversee an organization with some 92,000 peacekeepers around the world and a $5 billion annual budget. Its reputation has been battered by scandals in the oil-for-food program in Iraq and in peacekeeping procurement, and its outdated practices need reform to meet the challenges of the 21st century.

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General Assembly President Sheikha Haya Rashed Al Khalifa administered the oath of office to the career diplomat who served as South Korea's foreign minister. Ban swore to conduct himself solely in the interests of the United Nations and to refuse to accept instructions from any government or other authority.

In a brief address, Ban told delegates from the 192 U.N. member states that he was "deeply mindful" of key words in the oath — "loyalty, discretion and conscience" — which he said "will be my watchwords as I carry out my duties as secretary-general."

He pledged "to set the highest ethical standard" and "work to enhance morale, professionalism and accountability among staff members, which in turn will help us serve member states better, and restore trust in the organization."

"The good name of the United Nations is one of its most valuable assets — but also one of its most vulnerable," Ban said.

He promised to strengthen the three pillars of the United Nations — security development and human rights — in order to build "a more peaceful, more prosperous and more just world for succeeding generations."

"As we pursue our collective endeavor to reach that goal, my first priority will be to restore trust," Ban said. "I will seek to act as a harmonizer and bridge-builder."

He said one of his "core tasks will be to breathe new life and inject renewed confidence into the sometimes weary Secretariat."

"The member states need a Secretariat that is dynamic and courageous, and not a Secretariat that is passive and timid," he said.

Ban also paid warm tribute to Annan, saying "it is an honor to follow in your revered footsteps."

"Your tenure has been marked by high ideals, noble aspirations, and bold initiatives," he said. "Your courage and vision have inspired the world. ... You have given the United Nations new relevance to the people's lives."

Before the ceremony, diplomats also paid tribute to Annan and approved a resolution lauding his "many bold initiatives" to reduce poverty, promote peace and security, protect the environment and launch the reform process. They rose and gave him a sustained standing ovation.

In his farewell speech, Annan said that "despite many difficulties and some setbacks, in the past decade we have achieved much that I am proud of."

At a time of sweeping change, he said, the U.N. reoriented and remolded itself, "became more transparent, accountable and responsive ... (and) began to better address the needs of individuals worldwide."

The United Nations and its member also accepted that development, security and human rights "must go hand in hand," he said.

"I depart convinced that today's U.N. does more than ever before, and does it better than ever before. Yet our work is far from complete — indeed, it never will be," Annan said.

He told the General Assembly, which appointed Ban in October, that "you have chosen well."

"Our organization will be in safe hands," Annan said.

Then, looking at Ban, he said the new secretary-general already had a distinguished career in international diplomacy.

"But I can safely tell you that your most rewarding years lie just ahead," Annan said. "I wish you both the strength and the courage to make the most of them."

Ban Ki-moon Sworn In As Next UN Chief (AFP)

By Gerard Aziakou

AFP, December 15, 2006

South Korea's Ban Ki-moon was sworn in as the next UN secretary general at a General Assembly ceremony during which he vowed to be "a harmonizer and bridge-builder" and build on the legacy of the incumbent, Kofi Annan.

"I, Ban Ki-moon, solemnly swear to exercise in all loyalty, discretion and conscience the functions entrusted to me as secretary general of the United Nations," said Ban as he took the oath, his left hand resting on the UN charter.

The 62-year-old South Korean is to officially take up his post on January 1, 2007.

"I add my voice to the many tributes that have been paid to you today," Ban told Annan, who is to step down on December 31 after completing two five-year terms.

Ban vowed to build on the legacy of the outgoing Ghanaian UN chief, adding that one of his priorities would be to "breathe new life and inject renewed confidence into the sometimes weary (UN) Secretariat."

"By strengthening the three pillars of our United Nations -- security, development and human rights -- we can build a more peaceful, more prosperous and more just world for succeeding," the South Korean former foreign minister said to loud applause from the packed assembly.

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Mindful of the recent corruption and sexual abuse scandals that have tarnished the world body, Ban promised to "set the highest ethical standard" and to "lead by example".

"My first priority will be to restore trust," he added, in apparent reference to the polarization between rich and poor UN member states over UN reforms. "I will seek to act as a harmonizer and bridge-builder."

Addressing a news conference later in the day, the secretary general-designate described the tragedy in Sudan's Darfur region as "unacceptable" and pledged to be personally engaged in efforts to end the bloodshed there.

And he took Iran to task for hosting a conference casting doubt on the Holocaust.

"The denial of the Holocaust is not acceptable," he said. "Nor is it acceptable to call for the elimination of any state or people," he added in reference to Iranian President Mahmoud Ahmadinejad's remarks that Israel should be "wiped off" the map and "would soon disappear".

He also said the deteriorating Middle East situation would be one of his priorities, particularly the need to settle the Israeli-Palestinian conflict.

He also urged Iran to resume negotiations with European powers to settle the standoff with the Security Council over its nuclear program "in a peaceful way".

On a lighter note, Ban flunked a French language test when he was was unable to answer a reporter's question posed in French as to why French should remain the second working language of the world body, after English.

After he fumbled a "je n'ai pas pu (I was not able)", an aide came to his rescue and translated the question into English, to which Ban replied that the decision to give priority to French was made by UN member states for reasons of "convenience and practicality."

By tradition, the UN secretary general is required to have a working knowledge of French.

Ban has been working assiduously on his French since he launched his bid to succeed Annan early this year. France's UN Ambassador Jean-Marc de La Sabliere certified that Ban's French was adequate.

Meanwhile the US acting Ambassador to the UN, Alejandro Wolff, whose country played a key role in Ban's appointment, said the South Korean "commands our full respect."

"We have full confidence in his ability, his goodwill and his desire to serve and to achieve," the US delegate said. "We look forward to working with the new secretary general and other member states to achieve our shared goal of making the United Nations stronger and more effective and thus further honor Kofi Annan's vision."

Earlier Thursday, the 192-member General Assembly paid a warm tribute to Annan, hailing his "exceptional contribution to international peace and security".

The assembly gave Annan a standing ovation and adopted by acclamation a resolution "acknowledging with deep gratitude" his "indefatigable efforts and dedicated service" over the past 10 years.

Ban has been at UN headquarters in New York since November working on setting up a transition team ahead of his official assumption of duties.

His election by the General Assembly last October was a mere formality after the powerful 15-member Security Council recommended him.

Ban will become the UN's eighth secretary general and the first Asian UN chief since U Thant of Burma led the organization from 1961 to 1971. He will lead a staff of over 15,000, drawn from more than 170 nations.

Ban Sworn In As U.N. Secretary (LAT)

By Maggie Farley

The Los Angeles Times, December 15, 2006

UNITED NATIONS — South Korea's former foreign minister, Ban Ki-moon, took the oath of office Thursday morning to become the United Nations' eighth secretary-general.

Ban, 62, pledged that after he officially takes up his post Jan. 1, he would try to restore trust in the institution tainted by scandal and management lapses and to bridge divisions between rich and poor nations.

"I look forward with a mixture of awe and enthusiasm to taking up my duties as secretary-general of the United Nations," he said after being sworn in.

Before Ban took his oath in the vaulted General Assembly hall, representatives from 192 countries gave a thundering ovation to outgoing Secretary-General Kofi Annan, 68, who will step down after 10 years in office.

Although Annan brought international spotlight to the issues of human rights and development, saying they deserve as much attention as matters of war and peace, his tenure also was blemished by findings of corruption and mismanagement in the $64-billion Iraq oil-for-food scandal.

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Annan's grand vision of reforming the institution was scuttled by developing countries, which viewed the changes as a power grab by U.N. bureaucrats and by the United States, which proposed a more stringent plan.

While praising Annan's "high ideals, noble aspirations and bold initiatives," Ban hinted at a shift from his predecessor's approach.

"The time has come for a new day in relations between the secretariat and member states," he said. "The dark night of distrust and disrespect has lasted far too long."

He also said he would strive to "lead by example" to set high ethical standards at the world body, a statement also seen by diplomats as a subtle swipe at Annan and the scandals that have been exposed at U.N. agencies under his watch.

Ban, whose career as a South Korean diplomat kept him largely out of the spotlight, has said that his modest and unassuming demeanor should not be mistaken for weakness or indecision.

He told the press that he would not evade questions, as he was reputed to do as foreign minister.

"Your colleagues in Korea may have dubbed me the 'slippery eel' because I was too charming for them to be able to catch me," he said. "But I promise today that I can be a pretty straight shooter when I need to."

Addressing concerns that he would be more of an administrator than a leader, Ban said that he was willing to personally engage to find solutions to the standoffs involving Darfur, Iran and North Korea.

"The suffering of the people of Darfur is simply unacceptable," he told reporters. He said he would push leaders in Sudan to allow U.N. peacekeepers to protect the people of Darfur if the government could not halt the violence.

He also said he would meet with Iranian leaders "wherever and when" to discuss their denial of the Holocaust, an attitude he called "not acceptable." He told a news conference that among the many crises in the world, the conflict between Israelis and Palestinians was at the core of tensions in the Middle East and "the most serious issue with which we must deal." He said he planned to revitalize the "road map" peace initiative and to speak soon with leaders in the region.

But Ban left most of his concrete plans and policies vague, saying he would like to resolve issues in the Middle East, Lebanon, Iran and Iraq in each case "in a peaceful way through dialogue."

The new secretary-general also made it clear that despite all his calls for dialogue, he won't be doing it in French.

French is the second official working language of the United Nations, and Ban's resume says that he speaks it — an unstated requirement for his new post. French President Jacques Chirac interviewed Ban to make sure he could pass muster as a Francophone.

But when a Canadian reporter asked Ban in French why it should be one of the U.N.'s working languages, he didn't understand.

"If you speak 'lentement en francais' [slowly in French] I will do my best," he said.

In the end, he relied on an interpreter and answered the question in English, earning him a new nickname from the press corps: "Franco-phony."

Incoming U.N. Chief Ban Pledges To Restore Trust (WP)

By Colum Lynch

The Washington Post, December 15, 2006

UNITED NATIONS, Dec. 14 -- South Korean diplomat Ban Ki Moon was sworn in Thursday as the United Nations' eighth secretary general in a ritualistic General Assembly ceremony as the United States and other countries praised Kofi Annan's 10-year stewardship of the world's premier political institution.

Ban, 62, said his priority when he takes office Jan. 1 is to restore public confidence and civility to a body that has been buffeted by corruption and sexual misconduct scandals, and has been riven by feuding over its future between its weakest and most powerful countries.

"You could say that I'm a man on a mission, and my mission could be dubbed Operation Restore Trust: trust in the organization and trust between member states and the secretariat," Ban said at a news conference after the ceremony. "I hope this mission is not mission impossible."

Ban's remarks constituted an implicit rebuke of Annan, a Nobel Peace Prize laureate whose legacy was tarnished by his mismanagement of the agency's $64 billion oil-for-food program in Iraq. But Annan, who sat expressionless through much of the ceremony, received a rousing standing ovation and eulogistic tributes from representatives of Asian, African, European and Latin American countries.

Even the United States, whose outgoing ambassador, John R. Bolton, rarely had anything nice to say about Annan, bid an effusive farewell to the Ghanaian civil servant.

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Alejandro D. Wolff, the acting U.S. ambassador, said Annan had been "a champion of human rights" and a defender of the poor and disadvantaged who "worked tirelessly" to serve "the millions of people who look to the U.N. to help them improve their lives."

"We salute today Secretary General Kofi Annan for his decade of dedicated service as the U.N.'s chief diplomat and administrator," he said, crediting Annan with backing some of Washington's most important foreign policy goals. He "has pushed the U.N. to do its part in the global struggle against extremism, proliferation of weapons of mass destruction, and terrorist threats."

But the focus of attention quickly shifted to Ban. He outlined his administrative and political priorities, saying he would move to resolve crises in North Korea; Darfur, Sudan; and the Middle East, including the "very hot and deteriorating situations in Lebanon and in Iraq, too."

He said he would select top officials primarily on the basis of merit, but would be mindful of the need to ensure geographical and gender balance in hiring. He said he will seek to identify a woman to serve as his deputy.

"One of my core tasks will be to breathe new life and inject renewed confidence into the sometimes weary [U.N.] secretariat," he said. "As secretary general, I will aim to reward the talent and skill of staff."

Ban said he will serve as a "bridge" between the rich and poor members, who have clashed over a range of issues, including revision of the U.N. bureaucracy and the promotion of human rights.

Ban sought to counter speculation that he is too discreet and cautious to confront the world's tyrants or stand up to the big powers. But he conceded that he can be evasive at times, recalling that the Korean news media had affectionately dubbed him the "Slippery Eel" because of how he can avoid answering sensitive questions.

"But that nickname was given because I was very friendly with the media. You should understand that. But I promise today that I can be a pretty straight shooter when I need to."

Ban sounded off on Iranian President Mahmoud Ahmadinejad's calls for the destruction of Israel and his hosting of a Holocaust conference that included many speakers who questioned the Nazis' mass murder of more than 6 million Jews.

"Denying historical facts, especially on such an important subject as the Holocaust, is just not acceptable. Nor is it acceptable to call for the elimination of any state or people," Ban said. "I'd like to see this fundamental principle respected both in rhetoric and practice by all the members of the international community."

He urged the international community to support Iraq's political transition, citing the "inability" of Iraqi authorities and the U.S.-led multinational force to "secure peace and security."

Ban stumbled as he tried to cross a critical rite of passage at the United Nations: speaking publicly in French, one of the institution's two official languages. Asked in French why that language merited its designation when more people speak Arabic or Chinese, Ban paused before asking the reporter to repeat the question slowly, saying in French that "it is very difficult for me, off the cuff, to reply in French." After hearing the question a second time, he called for an interpreter.

S. Korea's Ban Sworn In As U.N. Secretary-general (WT)

By Betsy Pisik

The Washington Times, December 15, 2006

NEW YORK -- Ban Ki-moonwas sworn in yesterday morning as the eighth secretary-general of the United Nations, promising to restore confidence in an organization that has been tainted by corruption and ethics violations.

The former foreign minister of South Korea took the oath of the office with his hand on a bound copy of the U.N. Charter, promising "not to seek or accept instructions ... from any government or other authority external to the organization."

He also pledged "to breathe new life and inject renewed confidence into the sometimes weary Secretariat."

Mr. Ban, 62, will become secretary-general on Jan. 1, 2007, succeeding Kofi Annan.

He inherits an organization that has been demoralized by the oil-for-food scandal, a perceived double standard in disciplining errant senior officials and persistent criticism from U.S. conservatives.

In addition, the organization has been nearly impotent in resolving the killing in Darfur and reducing tensions in the Middle East.

Mr. Ban will have to make swift and demonstrable progress on U.N. management reforms, human rights issues and security enhancement to win over skeptical observers -- many of them within the organization or powerful governments.

The next secretary-general said he is reviewing all senior U.N. positions, and plans to make staff appointments starting in January. For the key roll of deputy secretary-general, he said, he is leaning toward female candidates.

Pressed by reporters on how he perceived the organization's role in the Middle East, Mr. Ban sounded strong support for Israel and frustration on Iraq.

He was asked by an Iranian reporter whether Israel's perceived acknowledgement of holding nuclear weapons doesn't destabilize the Middle East.

"The Middle East question is of course the most serious issue with which we must deal," he said.

Mr. Ban pledged to become personally involved in tense challenges such as Darfur, the Middle East and North Korea.

The General Assembly also yesterday paid tribute to Mr. Annan, 68, with two sustained standing ovations and a half-dozen speeches. He leaves the organization after more than four decades as an international civil servant.

Acting U.S. Ambassador Alejandro Wolff praised Mr. Annan in a brief ceremony for using his voice and office to promote human rights and development, counterterrorism, conflict prevention and recovery.

"Since early in his first term, Kofi Annan has worked tirelessly to make the U.N. a more efficient and effective organization," Mr. Wolff said. "He has understood the need for the U.N. to evolve and reform to meet the challenges of today's world, and to use its resources wisely to better serve its member states and the millions of people who look to the U.N. to help them improve their lives."

Like a half-dozen speakers before him, Mr. Ban paid tribute to Mr. Annan, who will leave the organization on Dec. 31.

"It is an honor to follow in your revered footsteps," he said. "Your tenure has been marked by high ideals, noble aspirations and bold initiatives."

Castro Near Death, U.S. Intelligence Chief Says (WP)

By Karen Deyoung

The Washington Post, December 15, 2006

Cuban President Fidel Castro is very ill and close to death, Director of National Intelligence John D. Negroponte said yesterday.

"Everything we see indicates it will not be much longer . . . months, not years," Negroponte told a meeting of Washington Post editors and reporters.

Castro relinquished power for the first time in 47 years after surgery July 31 for an undisclosed intestinal disorder. His brother, Raul, has assumed Castro's duties, but Cuban authorities have repeatedly insisted that he is recovering and eventually will return to office. He was last seen in an Oct. 28 video, shown on Cuban national television, in which he appeared gaunt and weak and warned that his convalescence would be lengthy.

The Cuban leader did not show up as anticipated at a Dec. 2 national celebration in Havana scheduled to commemorate his 80th birthday and the 50th anniversary of the Cuban revolution. In a brief speech at the event, Raul Castro imparted no message from his brother but said that Cuba is willing to open negotiations with the United States "to settle the long U.S.-Cuba disagreement."

In rejecting the offer this week, Assistant Secretary of State Thomas Shannon told reporters that the Bush administration will deal with Cuba's Communist government only when it shows a commitment to democracy. During the period of uncertainty under Raul Castro, Shannon said, "the regime has actually become harder and more orthodox and is not in a position to signal in any meaningful way what direction it will take post-Fidel."

Congressional advocates of easing long-standing U.S. sanctions against Cuba are scheduled to fly to the island today for a three-day visit exploring potential policy changes under Raul Castro. The bipartisan group of 10 is the largest congressional delegation to visit Cuba.

After Years Of Setbacks, Embargo Opponents See Glimmer Of Hope (MCT)

By Pablo Bachelet

McClatchy Newspapers, December 15, 2006

WASHINGTON - The Democrats' capture of Congress and Cuban leader Fidel Castro's illness have dramatically altered the battle lines over Cuba policy and given new hope to opponents of U.S. sanctions.

"There's a re-energizing of the base of people who want to work to change this policy," said Mavis Anderson of Butterfield, Minn., the head of the Cuba program for the Latin America Working Group, a left-leaning advocacy organization based in Washington. "Outside of Congress, certainly people are excited that there may be some new openings. Inside the Congress, I think that will come."

In recent years, President Bush has cut back everything from U.S. travel to bank transfers and gift packages to the island, meeting little resistance in a Republican-controlled Congress.

But now the ailing Castro is largely viewed as unlikely to return to power. Democrats, traditionally less inclined to back the sanctions against Cuba, are set to control Congress for the first time since 1994. Bush is in his final two years in office, and his brother, Florida Gov. Jeb Bush, is leaving office in January.

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On top of that perfect-storm scenario, a report last month by the watchdog Government Accountability Office questioned the efficiency of U.S. democracy programs to support dissidents on the island, giving more fuel to foes who argue that a change in policy is overdue.

"If you're a hard-liner on policy toward Cuba, things are not looking very good for you," said Tomas Bilbao, the executive director of the Cuba Study Group, a centrist nonpartisan organization in Miami and Washington that promotes new ideas on Cuba policy.

Congressional interest in Cuba is growing as the island continues to chart its course in the post-Fidel Castro era.

Six Democrats and four Republicans have signed up for a trip to Havana organized by the House International Relations Committee. The visit, which begins Friday, is an initiative of Arizona Republican Rep. Jeff Flake, a vocal supporter of more U.S. engagement with Cuba.

"People are talking about Cuba again," said Sarah Stephens, the director of the Freedom to Travel Campaign, an organization that seeks to overturn the travel ban against U.S. citizens. She said the group had confirmed meetings with Cuban National Assembly President Ricardo Alarcon and Foreign Minister Felipe Perez Roque, and that it might meet with Cuba's interim leader, Raul Castro.

Few observers expect Congress to end the trade embargo on Cuba anytime soon, a decision that ultimately belongs to the legislative branch after the 1996 Helms-Burton Act said Cuba must initiate a democratic path as a condition for lifting sanctions.

But opponents are expected to challenge key portions of the Cuba policy, including funding levels for the South Florida-based Radio and TV Marti and the travel ban for most U.S. citizens. Observers say the 2004 restrictions on travel by Cuban-American citizens to the island - who now can go only once every three years instead of annually - are especially vulnerable.

Several Democrats who are skeptical of Bush's Cuba policies will chair committees that will give them a platform on Cuba matters, including New York Rep. Charles Rangel on the Ways and Means Committee, Michigan Rep. John Conyers on the House Judiciary Committee and Wisconsin Rep. David Obey on the House Appropriations Committee.

In the Senate, Delaware Sen. Joseph Biden is expected to head the Foreign Relations Committee and Sen. Max Baucus of Montana, who once held up Treasury Department nominations to protest restrictions on U.S. trade with Cuba, probably will chair the Finance Committee.

But bills need to pass the floor of both chambers, where supporters of the embargo think that members will be reluctant to change policy when Havana may be on the eve of a historic shift because of Castro's illness.

"I am fully confident that, despite our reversals in Congress, U.S. sanctions will be kept on the Cuban dictatorship until a democratic transition is genuinely under way," said Florida Republican Rep. Lincoln Diaz-Balart, one of the staunchest defenders of Bush's policies on Cuba. "We have bipartisan solid support for Cuba's freedom in Congress, and George W. Bush is still president."

The Latin America Working Group counts 182 representatives from both parties as favoring a change in Cuba policy, well short of the 218 needed to pass bills.

The big uncertainty is the 50-plus-member freshman class, dominated by Democrats. But congressional votes on Cuba tend to muddy, as farm-state Republicans often vote for more trade with Cuba, while many Democrats join Republican colleagues in keeping the restrictions on Havana.

Cuba Vows To Defy U.S. Efforts At Change (AP)

By Vanessa Arrington

AP, December 15, 2006

Cuba vowed to defy U.S. efforts for economic and political change on the island in a front-page editorial Thursday in the Communist Party's newspaper that also referred to dissidents as "mercenaries" and "counterrevolutionary puppies."

Members of the U.S. government "should not fool themselves," the editorial said. "The Cuban government and people will take charge, as they've done until now, of guaranteeing the complete failure of these plans ... to encourage the subversion and internal counterrevolution in our country."

Washington maintains a decades-old trade and travel embargo against Cuba. The Bush administration has adopted even stricter policies aimed at squeezing the island's economy and pushing out the communist leadership.

The editorial comes at a time of uncertainty in Cuba, with the island's longtime leader Fidel Castro ailing and out of sight. The 80-year-old has not been seen since July, when he temporarily handed power over to his younger brother Raul so he could recover from intestinal surgery.

The elder Castro's failure to show up at his own delayed birthday celebration this month has fueled speculation that he is more sick than originally thought. Cuba has warned the U.S. government against trying to take advantage of the situation and Raul Castro has repeated his brother's warning that the island is prepared to defend itself against any U.S. aggression.

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The U.S. has dedicated $80 million to what it describes as the promotion of democracy in Cuba over the next few years.

The party newspaper criticized the American diplomatic mission in Havana for distributing books, medicine, clothes and shortwave radios to Cubans, saying the U.S. Interests Section "acts like the central barracks of the counterrevolution."

The Cuban government frequently accuses dissidents of working with U.S. officials to undermine the island's system. That charge — denied by the dissidents and Washington — was used against 75 activists rounded up in the spring of 2003 and sentenced to prison terms ranging from six to 28 years.

"The poorly named dissident movement is no more than a group financed and directed by the U.S. government, true mercenaries ... at the service of the Cuban people's historic enemy: Yankee imperialism," the editorial said.

"No matter how much money they spend, they'll never be able to bend the will of the Cuban people," it added.

On Wednesday, a senior State Department official said the deterioration in Castro's health has been accompanied by the rise of hardline elements to key positions in Cuba.

"With Fidel Castro still alive, the regime has become more orthodox," said Thomas Shannon, who heads the State Department's Western Hemisphere affairs bureau. "It is hard to say what position it will take post-Fidel."

Poll: 1 In 4 Cubans OK With Freedoms (AP)

By Foster Klug

AP, December 15, 2006

About one-quarter of Cubans interviewed in the island's two biggest cities are satisfied with their freedom to choose what they do with their lives, according to a poll released Thursday.

When asked about the job performance of Cuba's leaders, about 40 percent of those surveyed said they disapproved, the Gallup Poll found. Not quite half gave their approval. The poll surveyed 600 people in Havana and 400 in Santiago.

The survey comes as Cuba is at a crossroads. Leader Fidel Castro is ill and questions abound about whether he will recover and what will happen if he does not.

Castro's autocratic rule has fueled widespread criticism, though he has supporters, including Venezuelan President Hugo Chavez.

Gallup conducted the Cuba survey only in two cities because of the difficulty in getting around the island and because of the absence of a reliable way to buy food and provisions, said Carlos Denton, president of CID Gallup Central America.

The results are not meant to be representative of Cuba's more than 11 million citizens — only a look at those nearly 3 million people living in Havana and Santiago, Gallup officials said.

According to the survey:

_When asked about the "ideal partner" for Cuba to increase commercial ties with, the United States was most commonly mentioned, followed by China and Venezuela. The U.S. government maintains a decades-old trade and travel embargo against Cuba.

_Nearly all of those interviewed said they thought Cuban health care was accessible to any person who needed it, regardless of their economic status.

_Nearly all said Cubans who wanted to study have access to education, regardless of their economic situation.

_Only about 40 percent said Cubans can get ahead by working hard.

_About two-thirds of the respondents who had jobs said they were satisfied with them.

Ten people from other Latin American countries conducted the interviews along with 10 Cubans, mostly college students Gallup had previously dealt with. The workers tried to stay away from the homes of people responsible for reporting on neighborhood activities to the government. Such homes, Gallup said, are on nearly every block.

The interviews were not monitored by the Cuban government, the polling group said, and no incentives to answer questions were given to respondents. Gallup said it did not request governmental permission to conduct the survey.

The poll workers entered their results daily in computers at the Internet cafes that have sprung up to cater to tourists. They burned their data each night to avoid having the results recovered by the government.

Jesus Rios, Gallup's director of research for Latin America, said that the questions were the same ones his company uses in similar polls all over the world and were not customized for Cuba.

The poll was conducted Sept. 1-15 with residents above the age of 15. The margin of error was plus or minus 3 percentage points for the total sample.

A Central Character In Russian Whodunit Says He Was A Victim (WSJ)

By Alan Cullison

The Wall Street Journal, December 15, 2006

DOJ_NMG_0106986

MOSCOW -- For 15 years, a former Kremlin security agent named Andrei Lugovoi deftly navigated the treacherous waters of post-Soviet Russia.

In the 1990s, he guarded top government officials, and three times traveled with them to the U.S., where he says he once stood next to President Clinton at the White House. Even a 14-month stint in jail in 2001 didn't throw him for long. Within months, he bounced back to become head of a private-security company whose clients included legislators, governors and even some Kremlin critics.

Today, some of those clients wonder whether he was guarding them or spying for the Kremlin. Mr. Lugovoi, 41 years old, is now at the center of the investigation by Britain's Scotland Yard into the death of Kremlin critic Alexander Litvinenko, who was poisoned by radioactive polonium 210 in London last month.

Trusted by many of the dissident exile Russian community in London, Mr. Lugovoi in October introduced the victim, a longtime acquaintance, to Moscow businessman Dmitry Kovtun. When the three met a second time Nov. 1, at the Pine Bar of London's Millennium Hotel, police believe Mr. Litvinenko got the fatal dose of polonium. Police are investigating whether Mr. Kovtun brought the poison from Moscow via Hamburg, Germany.

Since police have found traces of polonium in Mr. Lugovoi's London hotel, as well as in a Hamburg car and an apartment used by Mr. Kovtun, the widening investigation has opened a window onto a netherworld of former Russian agents who turn their secret contacts into lucrative careers.

In the Russia of President Vladimir Putin, whom Russian media have quoted as saying there's no such thing as a former KGB agent, the case highlights how blurred the distinction can be between active and retired operatives when ex-spies are still in great demand for their services and expertise.

In several phone interviews, Mr. Lugovoi said he is deeply offended by suggestions that he helped kill Mr. Litvinenko. He said he is now undergoing tests for radiation poisoning in a Moscow hospital. "It's nonsense," he said, that he still has ties to Russian security services. "I have a private company, and it guards many people who have only good things to say about me."

The Kremlin has vehemently denied that it had anything to do with Mr. Litvinenko's poisoning. Russia's state-run television has suggested that he poisoned himself, or that other oppositionists killed him in an effort to generate bad publicity for the Kremlin.

Mr. Lugovoi was trusted by some of the country's opposition because of his jail term, when he was charged with conspiring to help one of his clients, a critic of Mr. Putin, escape from prison in Moscow.

Now some wonder whether the prison term -- as well as Mr. Lugovoi's subsequent business dealings -- may have been an elaborate ruse to infiltrate the ranks of the Kremlin opposition and report on them.

Sergei Dorenko, a prominent radio personality and critic of Mr. Putin, said he has let go his bodyguards from Mr. Lugovoi's firm, effective Jan. 1. As Kremlin control tightens throughout Russia, he said, it isn't clear who works for whom.

"If they want to hurt you, I'm not sure there is any defense," said Mr. Dorenko. "In that case, I don't need a bodyguard -- what I really need is a witness."

Mr. Lugovoi's long history of working around Russia's ruling elite includes a few mysterious episodes with political overtones.

A graduate of the Soviet Union's equivalent of West Point, he commanded a platoon of Kremlin guards in the waning years of the Cold War. After the Soviet collapse in 1991, he was chief bodyguard to top officials such as acting Prime Minister Yegor Gaidar and Foreign Minister Andrei Kozyrev.

In 1996, he says, he left government service to head up security at the main state TV channel, which was controlled at the time by the politically powerful businessman Boris Berezovsky.

But when Mr. Putin came to office in 2000, the political winds shifted dramatically. Mr. Berezovsky came under pressure and left the country to avoid criminal charges. Prosecutors jailed one of his associates, Nikolai Glushkov, on charges that he had looted OAO Aeroflot, the national airline, where Mr. Glushkov was CEO.

Mr. Lugovoi was arrested, too, in 2001, when police said he tried to help Mr. Glushkov escape from prison during a visit to a local hospital. Mr. Glushkov said the escape charges were just a trick to keep him in prison and that Mr. Lugovoi might have been part of the plot. While sitting in court, he said, Mr. Lugovoi let slip that he was talking to officers of Russia's FSB, the successor to the KGB, while he was in prison. None of those conversations turned up in court records, Mr. Glushkov says.

When Mr. Lugovoi was released from prison the following year, he headed up the security firm "Ninth Wave," which he said he founded with some friends.

Mr. Glushkov said he was suspicious of Mr. Lugovoi's quick success. After Mr. Glushkov was released from prison in 2004, he says he invited Mr. Lugovoi to his house for a chat. "I tried to get him to tell me about his conversations with the FSB and where his money was coming from," Mr. Glushkov said. "He didn't explain one or the other."

Mr. Lugovoi said he was "shocked" at Mr. Glushkov's accusations. He said the meeting never happened.

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Mr. Glushkov said he advised Mr. Berezovsky, now living in London, to stay away from Mr. Lugovoi. But Mr. Glushkov said the tycoon didn't listen. Others say Mr. Berezovsky may have even helped Mr. Lugovoi's business by recommending his security company to political allies still living in Russia.

One of them was Ivan Rybkin, a former speaker of Russia's Parliament who made an abortive Berezovsky-backed attempt to run against Mr. Putin for president in 2004. Eight private security guards watched Mr. Rybkin, and occasionally Mr. Lugovoi would stop in to check on them, Mr. Rybkin says.

As the campaign entered the home stretch, Mr. Rybkin disappeared. When he resurfaced a few days later, he said that while on a trip to Kiev, he had been drugged and that two men had made a videotape of him that was embarrassing in some unspecified way, before he regained consciousness. He dropped out of the presidential race and retired from politics.

Mr. Rybkin said he always felt uneasy under Mr. Lugovoi's care. It was never clear, he said, whether his security guards were watching him, or trying to learn his next move. He fired Mr. Lugovoi's guards in 2004, and now lives with his family -- and without security guards -- at a dacha outside Moscow.

"Now I only trust my brother," said Mr. Rybkin.

That mishap didn't dent Mr. Lugovoi's business, however. Last year, he plowed his profits into a new venture -- a brewery producing wine, beer and kvas, a Russian beverage made from fermented bread.

He says the business required him to travel to London more than a dozen times this year. While in London, he would often visit his old boss, Mr. Berezovsky, as well as Mr. Litvinenko, who at one time worked as a bodyguard for the tycoon.

Mr. Litvinenko, who fled to London in 2000, had written two books there that were both deeply critical of Mr. Putin and Mr. Litvinenko's former employers in the security services.

In mid-October, Mr. Lugovoi took a trip to London, and brought with him Mr. Kovtun, a fellow military-academy graduate who also said he had moved to the private sector, as a consultant to foreign firms in Russia. Mr. Lugovoi said he introduced Mr. Kovtun to Mr. Litvinenko so they could share business contacts.

Mr. Lugovoi and Mr. Kovtun returned to London two weeks later. This time Mr. Kovtun traveled via Hamburg, where he served back in the days of the Soviet Union. Police said Mr. Kovtun left traces of polonium on his ex-wife's sofa, where he slept, and on the seat of a BMW that picked him up at the airport.

In London, the three men met again Nov. 1 at the Pine Bar of the Millennium Hotel.

Detectives from Scotland Yard flew to Moscow but have not been allowed to directly question either of the men, who both say they have been hospitalized with polonium poisoning. Mr. Lugovoi says he spoke to Russian investigators for three hours, however, in the presence of British detectives. Mr. Lugovoi waived his right to a lawyer, saying he's a victim, not a perpetrator. "I have nothing to hide," he said.

Defining Democracy Down (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, December 15, 2006

Over the course of five days in Caracas last week, I couldn't help but notice the ubiquitous image of President Hugo Chávez peering down from hundreds of his campaign banners that read "Vote against the devil; vote against the empire." The nationalistic message denouncing President George W. Bush and the U.S. blanketed the capital.

On election night, as it became clear that more votes had been cast for Mr. Chávez than for candidate Manuel Rosales, the president appeared on the balcony of Miraflores, the presidential palace, to proclaim that "the devil who tries to dominate the world," had suffered another defeat.

The red-clad Chávez dramatically recited from the Lord's Prayer and then borrowed from it for his own prophesy. "Thy kingdom come," he bellowed, and thereafter, "the kingdom of socialism." The ailing Fidel Castro reportedly sent a short message from Havana congratulating Mr. Chávez and noting that "the victory was resounding, crushing and without parallel in the history of our America."

Mr. Chávez has for eight years been heading a devoutly anti-American government and he is widely considered the region's heir apparent to Fidel. But be prepared for the Venezuelan bad boy to become even more menacing to the U.S. now. The reason, in a word, is "legitimacy." Having gone through an electoral exercise against candidate Rosales, who managed to garner nearly 40% of the vote, Mr. Chávez is likely to be emboldened by the conventional notion around the region that he heads a "democracy."

This is regrettable. There isn't a shred of evidence to support the claim that Venezuela has a democracy and voices for freedom are badly needed to point out this reality.

The assault on Venezuelan democracy, which began before Mr. Chávez came to power, has been possible largely because of state corruption. But the Chávez government has taken the concept to a whole new level. In this space last week I

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cited a report by Gustavo Coronel, a former director of the state oil company. His paper, "Corruption, Mismanagement and Abuse of Power in Hugo Chávez's Venezuela," published by the Cato Institute, deserves a fuller airing.

Mr. Coronel, who was the Venezuelan representative for Transparency International from 1996-2000, has painstakingly traced the "hypercorruption" that is now flourishing as a result of record oil income, poor management, and the "ideological predilections" of a president trying to "play a messianic role in world affairs." In 23 pages he neatly shows that Mr. Chávez, who claims to represent the progressive left, is nothing but an old-fashioned authoritarian otherwise known in Latin America as a caudillo.

The report properly notes that government corruption is "the violation of public interest for personal or partisan gain," a definition that goes beyond graft to "the use and abuse of political power." Chávez corruption includes the 1999 constituent assembly, which was packed with his supporters and given supraconstitutional powers to dissolve the country's democratic institutions and create new ones made up of pro-Chávez actors. "This ended with all Venezuelan political institutions under the control of the government and eliminated effective checks and balances," Mr. Coronel writes. "From that moment on . . . Venezuela ceased to be a democracy."

Since then the government has used its unchecked power to "spend" the country's oil wealth arbitrarily and without any accountability. Using the data from the Center for Economic Research in Caracas, Mr. Coronel identifies $17 billion in Venezuelan "donations to politically friendly countries," various infrastructure projects around the region and weapons purchases. Bolivian President Evo Morales, who famously used street violence to bring down two elected governments, got $30 million on a visit to Caracas in January. "According to the Venezuelan Central Bank," Mr. Coronel writes, "about $22.5 billion has been transferred to accounts abroad by the Chávez government since 2004." Some $12 billion of it, he says, remains unaccounted for.

Mr. Coronel notes that "according to Transparency International 95% of all known public contracts are awarded without bidding." In a country where the state owns the oil and the oil is the economy this means massive politicized fraud. False invoicing and the signing of contracts with "nonexistent suppliers" are among the tricks of the trade and explain why the country is witnessing the "emergence of a new rich 'revolutionary' class."

The politicized Supreme Court, National Electoral Council (CNE) and state-owned oil company PdVSA no longer have any transparency obligations. The CNE, for example, has not allowed an independent audit of the voter registry, which contains almost 17 million names, "a statistical improbabilty" in a country of 26 million, "60% of whom are too young to register." With Chávez carte blanche comes power to destroy political enemies too. After a PdVSA strike to oppose the politicization of the oil company 20,000 skilled employees were fired in violation of Venezuelan labor laws.

Drug trafficking through Venezuela has also boomed under the Chávez government and there is good reason to believe the military is involved. A May report for Jane's Intelligence Review by Andy Webb-Vidal contains an interview with a former Colombian guerrilla who knows how to get illegal substances into Venezuela: "Once across the river, the [Colombian rebels] would make a payment to the National Guard and then transport the drugs in four-wheel drive vehicles."

Just days after the election, Mr. Chávez took off on a South American tour to exert his regional leadership as a man chosen by the people. His aircraft was escorted by the first two of 30 Russian-made warplanes that Venezuela has recently ordered. Back home his government had just announced a joint venture with Iran to make cars in Venezuela.

Venezuela is not a democracy by any definition and Mr. Chávez is sure to be a thorn in the side of democrats for years to come. But legitimizing his abuse of power, in face of all the evidence, only makes things worse.

Hair-Raising New World (WSJ)

By Henry Sokolski

The Wall Street Journal, December 15, 2006

Israeli officials this week made two painfully honest nuclear pronouncements. The first -- Prime Minister Ehud Olmert's indirect admission on Monday that Israel had nuclear weapons -- got the lion's share of attention. Another statement, however, was easily as interesting: On Wednesday Israeli officials publicly applauded Saudi Arabia's announcement that it and its Gulf Cooperation Council (GCC) neighbors intended to develop "peaceful nuclear energy." Why Jerusalem's endorsement? Because, as Israeli officials explained, these Arab nations' announcement was "directed against Iran." That is, it threatened to check Iran's bomb activities with a Sunni nuclear-weapons option.

Welcome to the new nuclear age where peace is the sturdy child of terror and "peaceful nuclear energy" is the not-so-secret weapon of choice. Unlike Washington, which last month applauded Egypt and earlier Turkey (two other Iran-fearing nations) for the utility and peacefulness of their own just-announced nuclear programs, Israel deserves credit for candidly outing such projects for what they truly are -- nuclear-weapons options.

Still, even with Israel's atomic honesty and America's embrace of a new world full of nuclear-energy programs and a growing number of mutually-not-so-deterred states, no one has yet thought through just how hair-raising this new world is likely

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to be. Without any luck, in 15 to 20 years, we could see a Middle East (Turkey, Algeria, Egypt, Iran, Saudi Arabia, Morocco, Syria and Israel), an Asia (Vietnam, Indonesia, Burma, Malaysia, Australia, Japan, Taiwan, Korea, China, India and Pakistan), and even a Latin America (Mexico, Venezuela, Cuba, Argentina and Brazil) full of nuclear weapons-ready states.

This may seem far-fetched but consider: The U.S. is now encouraging nuclear power to sustain economic growth and save the world from global warming. The Bush administration has condoned or backed nuclear expansion in India, China, Brazil, Argentina, South Africa, Ukraine, France, Britain, Japan and Australia. Because of this and previous U.S. winking at the nuclear fuel-making activities of key U.S. allies, our own State Department's lawyers now eagerly insist that all nations have a right under the Nuclear Nonproliferation Treaty (NPT) to make nuclear power and fuel. All that's required, they say, is that states claim their activities have some conceivable civilian application and open them to occasional international visits.

The risk of pursuing such egregious policies is obvious: A world full of nuclear fuel-making states, claiming they are on the right side of the NPT, only days or weeks from having bombs.

The latest idea that is supposed to prevent this is to assure countries affordable (i.e., subsidized) nuclear fuel and reactors in order to bribe them to forgo nuclear fuel-making. If this is not enough, the International Atomic Energy Agency recently suggested that perhaps it would also be useful to share "proliferation resistant" -- but not necessarily proliferation proof -- reprocessing technologies (a key way to make nuclear-weapons fuel). All of this, of course, would be voluntary. Countries that signed up could change their minds.

Much of this is worse than doing nothing. Such subsidized nuclear aid, at a minimum, will undermine whatever moral or economic authority we might otherwise have to scold or isolate would-be bomb makers about their unnecessary, uneconomical and dangerous activities.

What then should we do instead? The short answer is to rely more on market mechanisms and less on government guessing to guide us through the myriad of choices that must be made to fuel and generate clean, economical electricity. Fortunately, the most dangerous nuclear activities, like nuclear fuel-making, are uneconomical as is producing large amounts of nuclear power in oil- and gas-rich countries with small electrical grids (e.g., much of the Middle East). There are also a number of non-nuclear ways to reduce greenhouse gas emissions. We need to exploit this.

First, we should encourage open international bidding on the construction of large electrical power generators and their related fuel-making plants. Winning bids in any national competition should go not to the priciest or the most subsidized project but rather to the option that is the best value in producing a desired amount of clean electricity. Here, one might begin by pushing the Global Energy Charter for Sustainable Development, a popular treaty which calls for "open and competitive" energy markets.

Second, we must recognize that to meet tough greenhouse-gas emission goals, a consumption tax on carbon-generating fuels will be necessary. Besides making its introduction revenue neutral and progressive through tax reform (income and other tax reductions, plus rebates for citizens who are poor), these new taxes should be accompanied with an early sunset on all the fuel-specific subsidies now in place for nuclear and natural gas, oil, clean coal and renewables. Anything less would only stack the deck higher in favor of nuclear against safer, less subsidized alternatives.

Firms building and operating fuel-making and electricity-generating plants would have to assume the full costs of financing, insuring and decommissioning them. In the case of nuclear facilities, they also would have to assume the expense of safeguarding and physically securing them against diversions and terrorist and military attacks. Ideally, keeping governments from subsidizing these activities should be a priority not only for national governments, but for trade organizations like the EU and WTO.

Under such a market regime, nations that choose to subsidize any particular form of energy production would be called to account for undermining economic fairness. If they subsidized nuclear activities, they also could also be collared for threatening international security. Certainly, subsidizing nuclear fuel-making (where the world capacity is projected to exceed demand for the next decade or more) makes no economic sense.

Would this stop nuclear proliferation? No. But, unlike today's interpretation of the NPT, which ignores suspicious "civilian" nuclear undertakings even when it's obvious that they lack any economic rationale, it would help flag worrisome nuclear activities far sooner -- well before a nation came anywhere near making bombs. Would it stifle nuclear power? No. A carbon tax should favor nuclear power but no more than cheaper, clean alternatives.

Would it take care of a nuclear-ready Iran? Hardly. Only military, economic and diplomatic efforts to squeeze Iran (as we did the Soviet Union during the Cold War) can handle that problem. But it would prevent Iran from becoming an international nuclear model. It certainly would be far more effective in promoting nonproliferation than any American-led effort to subsidize atomic power, and clearly less risky than backing Israeli and GCC efforts to surround Iran with peaceful nuclear-weapons options.

Mr. Sokolski is executive director of the Nonproliferation Policy Education Center is editor of "Taming the Next Set of Strategic Weapons Threats" (Strategic Studies Institute, 2006).

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A Tough Beginning (WP)

The Washington Post, December 15, 2006

WHEN FELIPE CalderÃ³n took office as Mexican president two weeks ago, the dominant question was whether he would be able to govern the country. Having won election by a razor-thin margin, he faced a virtual insurrection on the part of the leftist populist he defeated, plus a separate standoff with militants attempting to overthrow an unpopular state governor and escalating violence by drug traffickers. It wasn't even clear that he would manage to take the oath of office, since opposition militants vowed to physically block him from entering Congress.

Fortunately Mr. CalderÃ³n has opened his presidency with aggressiveness and skill. He outmaneuvered the congressional dissidents at his swearing-in; five days later, he ordered the arrest of one of the main leaders of the violent protests in Oaxaca state. Next came a raid on the offices of Oaxaca state police and prosecutors, who had failed to act against those who shot and killed some of the anti-government protesters.

This week Mr. CalderÃ³n launched an offensive against the drug traffickers, dispatching 6,500 federal forces to his home state of Michoacan. Feuding gangsters there have committed some 500 murders this year, including a series of grisly beheadings. Though no one expects that the gangs will be quickly vanquished, the new president has sent an important message: He does not intend to allow his narrow election to produce a weak or indecisive government.

That is fortunate, because after six years of passivity and political impasse under former president Vicente Fox, Mexico badly needs an effective leader. In addition to the dangers of political rebellion and criminal disorder, Mexico's economy is being held back by monopolies and unions whose resistance to competition and deregulation needs to be tackled. There are also unnecessary obstacles to foreign investment, especially in the energy sector. Mr. CalderÃ³n has spoken of the need for tax and fiscal reform that would leave the government less dependent on revenue from the state oil company.

So far Mr. CalderÃ³n has accompanied his law-and-order campaign with populist gestures: He slashed his own salary and the presidential budget and adopted some of the social spending measures championed by AndrÃ©s Manuel LÃ³pez Obrador, the failed presidential candidate who now seeks to destroy Mexico's democracy. Considering the divided electorate and Mr. CalderÃ³n's shaky starting point, that looks wise. Good politics and aggressive law enforcement should help to increase and consolidate the new president's authority. Then he will have to use it to push through the institutional and structural reforms Mexico needs to thrive.

Pacts Americana? (NYT)

By David Kaye, K. Russell Lamotte And Peter Hoey

The New York Times, December 15, 2006

WHAT can the incoming Democratic Congress do to help reverse the steep erosion of America's standing abroad, particularly the impression that the United States has disengaged from global problem-solving? Though the President dominates foreign policy, the Senate can make an impact in one significant area: by giving the required two-thirds majority vote to approve a raft of treaties awaiting action.

The Senate has before it more than two dozen treaties submitted for approval by President Bush and his predecessors — some, in fact, were negotiated as long ago as the Eisenhower administration. These agreements are not like the Kyoto Protocol on climate change or the statute that established the International Criminal Court, which are too controversial even to be transmitted to the Senate.

Indeed, these are widely supported pacts, making it difficult to discern why many stalled in the first place: perhaps it's as simple as a senator's vague concerns about "sovereignty," a lack of domestic constituency or the press of other legislative business.

Early approval of key agreements in areas of great international concern, like the environment and the laws of war, would show the world that the United States is committed to solving global problems. To hit the point home, the Senate should act within the first six months of the next Congress. Quick approval for most is eminently doable.

There is a pressing need to repair America's image now, even while the Democratic Congress and the White House battle over the future of Iraq policy. Approving treaties from this list would make a good start.

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Miller, Charles S

From: Miller, Charles S
Sent: Friday, December 15, 2006 10:38 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 12/15/06 Civil Division News

Yale students sue federal officials over immigration raid

Hicks' latest court bid for freedom delayed until February

German foreign minister says government was not complicit in alleged CIA kidnapping (al-Masri)

Munaf files against Romania in UN Human Rights Committee

Profs Assail Anti-Terror Act; Harvard professors take on Bush administration and enlist unlikely allies

Arar still on U.S. watch list: U.S. ambassador

Opinion: A travesty of injustice (Limone, Salvati)

AP

December 14, 2006

Yale students sue federal officials over immigration raid

NEW HAVEN, Conn._A group of Yale University students sued federal officials today, accusing them of participating in a campaign to harass immigrants in Danbury.

The lawsuit was filed against the U.S . Department of Homeland Security on behalf of several immigration advocacy groups. It seeks records related to a sting operation in September that led to eleven arrests.

Simon Moshenberg, a Yale Law School student involved in the case, says the students fear that the way the arrests took place may have violated the Constitution.

The sting involved an undercover officer posing as a building contractor who drove to a day-laborer site in Danbury in search of workers. The lawsuit says the officer transported eleven men to the purported work site where they were arrested.

Moshenberg says lawful stings are supposed to be focused on specific suspects, not a group of people who look Latino.

A spokesman at the homeland security agency says the agency focuses on specific violations based on intelligence and does not conduct random enforcement.

END

Australian Associated Press

December 15, 2006

Hicks' latest court bid for freedom delayed until February

By Belinda Tasker

SYDNEY, Dec 15 AAP - Australian terror suspect David Hicks has suffered a setback in his latest attempt to be freed from the Guantanamo Bay jail, where he has spent five years.

Hicks' legal team today took his fight to the Federal Court in Sydney, where they are seeking orders for the Commonwealth government to demand US authorities release the Adelaide man.

His lawyers, led by NSW constitutional barrister Brett Walker, SC, had hoped to be granted a hearing in early January, saying the case was of the utmost urgency.

But Justice Brian Tamberlin instead set a date of February 26 after agreeing with the government's\l "l" lawyers\l "l" that he first had to decide whether he had the power to hear Hicks' case.

In papers filed with the court, the government argues Hicks' case should be thrown out because he has "no reasonable prospect" of success.

The commonwealth's solicitor-general David Bennett, QC, also attacked the timing of the case, saying it was "grossly unreasonable" given the court and lawyers were due to take their annual summer break.

"The plaintiff has had five years during which proceedings of this sort could have been commenced," he told the court.

Dr Bennett disputed claims by Hicks' lawyers that Australia should demand Hicks' freedom, based on Britain's success in having nine of its citizens freed from the Cuban prison.

But Mr Walker argued the federal government was bound by the constitution to protect all its citizens and should seek his release.

"(The) commonwealth owes a duty of protection or has a function to protect Mr Hicks as an Australian citizen overseas," he said.

Mr Walker also wants the court to review decisions by Foreign Minister Alexander Downer and Attorney-General Philip Ruddock not to seek Hicks' release because of their belief that he cannot be tried here if set free.

Outside the court, Hicks' Adelaide-based lawyer David McLeod expressed disappointment at the delay in the case.

"David wanted to have this matter heard as quickly as possible, we wanted it heard as quickly as possible," he told reporters.

"The fact that it's now not going to be heard until February is a concern but it simply recognises the judicial timetable and the fact that these things do take time."

Hicks has been imprisoned at Guantanamo Bay since January 2002 after being arrested in Afghanistan on or around December 9, 2001, during the US invasion.

He had pleaded not guilty to charges of conspiracy, attempted murder and aiding the enemy.

However, the charges were dropped after the US Supreme Court in June declared illegal the military tribunals set up to try Hicks and other inmates.

The Australian government believes Hicks could face charges next month with the enactment of new regulations governing the US military commission expected to try him.

Hicks' Pentagon lawyer Major Michael Mori was in Sydney today to support his client's latest bid for freedom.

Major Mori said he visited Hicks, who remains in solitary confinement, last week.

"He's trying to hang in the best he can," he told reporters.

"I don't know how he survives every day, but his desire to see his family and the support that he knows is out here in Australia helps him get through each day."

Also lending his support today was former Guantanamo inmate Mamdouh Habib, who was released in January 2005 at the request of the Australian government.

"People supported me and I have to support this guy because I believe David Hicks is a victim of the government," said Mr Habib.

END

AP

December 15, 2006

German foreign minister says government was not complicit in alleged CIA kidnapping (al-Masri)

BERLIN_Germany's foreign minister said Thursday that he did not know of the CIA's alleged kidnapping of a German man until after the man was released.

Khaled al-Masri, a German citizen of Lebanese descent, says he was seized in Macedonia on Dec. 31, 2003, and taken by CIA agents to Afghanistan, where he was allegedly abused before being released in Albania in May 2004.

"Germany provided no assistance to the kidnapping of a German citizen," Foreign Minister Frank-Walter Steinmeier said on his way into a parliamentary committee hearing on the case.

Germany's opposition parties sought the creation of the committee to investigate whether the government\l "l" was complicit in el Masri's case.

Steinmeier, who was chief of staff under former Chancellor Gerhard Schroeder at the time, said he only learned that el Masri had been in custody after his release.

Al-Masri has asked a federal appeals court in Richmond, Va., to reinstate a lawsuit he filed against the CIA. A judge dismissed the lawsuit in May, ruling that a trial could harm national security by revealing details about CIA activities.

END

Hot News (Romania)

Dec. 14, 2006

Munaf files against Romania in UN Human Rights Committee

Mohammad Munaf - the Romanian / Iraqi / US citizen involved in the kidnapping of three Romanian journalists - had his lawyers filing a complaint against Romania at the United Nations' Human Rights Committee. The lawyers claim that Romania broke Munaf's rights in refusing to offer him diplomatic assistance. Munaf was sentenced to death by hanging two months ago.

The purpose of the action is to determine Bucharest authorities to demand that Munaf's sentence is commuted from death to life in jail.

Romania did nothing in the case, although the Romanian embassy in Baghdad could have prevented the transfer into American custody after Munaf's release along with the hostages, the document reads (Munaf posed as a hostage as the rest of the group).

END

Harvard Crimson

December 15, 2006

Profs Assail Anti-Terror Act; Harvard professors take on Bush administration and enlist unlikely allies

By PARAS D. BHAYANI and KEVIN ZHOU

Crimson Staff Writers

A group of elite law professors from Harvard filed a legal brief this week asserting that one of the Bush administration's central anti-terror policies is unconstitutional, a move that brought together ideologues from across the political spectrum.

The "friend-of-the-court" brief, filed in the case of suspected al Qaeda agent Ali Saleh Kahlah al-Marri, argues that the Military Commissions Act violates the Constitution. The professors argue that the act denies al-Marri the right to a writ of habeas corpus—an order requiring that a "court of law review the legal adequacy of the executive's grounds for detaining" an individual, according to Frank I. Michelman, Harvard's Walmsley university professor and one of the scholars who signed the brief.

Since it was filed Tuesday, the brief has made a large splash in legal circles principally because two well-known conservatives—Steven G. Calabresi of Northwestern University and Richard A. Epstein of the University of Chicago—joined in the brief.

The Bush administration "figured out every constitutional protection you'd want and they removed them," Epstein told The Associated Press. He added that while he considers many of his liberal colleagues, including Koh, to be "mad on many issues," the government's interpretation in this case was "beyond the pale."

The brief was largely the work of three academics: Armstrong Professor of International, Foreign, and Comparative Law Gerald L. Neuman '73; Bemis Visiting Professor in International Law Sarah H. Cleveland; and Yale Law School Dean Harold H. Koh '75, a member of the Harvard Board of Overseers.

Neuman, in a Crimson interview yesterday, stressed the need for habeas corpus review, saying that it "is important for determining whether a person has been lawfully classified as an 'enemy combatant.'"

"The fact that the government applies the label is not enough," Neuman said, adding that the process for determining who is an enemy combatant should distinguish between those who are "arrested in the United States [and] those who have never taken up arms against the United States on a foreign battlefield."

The brief was also signed by Loeb University Professor Laurence H. Tribe '62, Smith Professor of Law Martha L. Minow, and Cromwell Professor of Law, Emeritus David L. Shapiro '54.

The professors focused their criticisms on the act's stipulation that no court has the "jurisdiction to hear or consider an application for a writ of habeas corpus filed by or on behalf of an alien detained by the United States."

The professors wrote that allowing such a statute "would constitute a permanent abrogation of the writ," and that the Bush administration's "interpretation would be vastly threatening to the liberty of more than 20 million noncitizens residing in the United States."

END

CBC News

December 15, 2006

Arar still on U.S. watch list: U.S. ambassador

Despite being exonerated by a federal inquiry, Maher Arar remains on a U.S. government watch list, says the U.S. ambassador to Canada.

David Wilkins became ambassador to Canada in June, replacing Paul Cellucci.
(Canadian Press)

In an interview with CBC Radio's *The House*, Ambassador David Wilkins confirmed Arar remains on the American border lookout system.

"My information is that he is on the watch list and has been since he was deported, yes," he said.

Four years ago, the RCMP mistakenly labelled Arar as an Islamic extremist and asked Washington to place a lookout for Arar. The former Ottawa engineer was detained at a New York airport in late 2002 and deported to Syria, where he spent a year being tortured in a prison.

END

Boston Globe
December 15, 2006

Opinion: A travesty of injustice (Limone, Salvati)

By Brian McGrory, Globe Columnist

Spend a couple of days -- or, for that matter, a couple of minutes -- in the Moakley federal courthouse listening to testimony in the lawsuit brought by four wrongfully convicted men against the FBI, and a few simple questions come to mind.

Why is the federal government fighting this? Why haven't Joe Salvati and Peter Limone already been paid for the 30 years they spent in jail? Why are 40-year-old documents being kept secret? Why isn't there a single person in the Justice Department with a shred of common sense?

Don't get me wrong. For pure legal drama, it doesn't get much better than what's happening in Courtroom 3 these days.

First off, there's the parade of swaggering legal eagles like F. Lee Bailey and Jack I . Zalkind taking the witness stand to decimate the FBI. Zalkind, for example, quipped after a long day of testimony, "At $450 an hour, I'd like to get out of here."

There was the cameo appearance of former governor Michael S . Dukakis on Wednesday afternoon. He strode from the witness stand out into the hallway, where he declared the actions of the FBI "disgraceful."

Then there's the unfailingly brainy and always brassy judge, Nancy Gertner, who began Tuesday morning's court session by threatening to haul the director of the FBI in front of her.

The plaintiffs' table is lined with so many lawyers -- nine, most days -- that it looks like a reenactment of da Vinci's "The Last Supper." The government attorneys act as if they haven't slept in a month. Even Gertner appeared to take pity one morning, telling them, "You've been asked to litigate this case with one hand tied behind your back."

But there shouldn't be the need for pity. There shouldn't be any reason for Limone and Salvati to give up more of their lives to dutifully sit in the front row and relive the loss of their freedom.

Because there shouldn't be a trial at all.

In fact, it should be the opposite. FBI Director Robert Mueller ought to fly to Boston, all right, but rather than offer absurd excuses to Gertner, he needs to extend apologies and big payouts to the men who were framed by his agency so many decades ago and the families that have survived them.

Let's not draw too fine a point on this: The Boston office of the FBI was for too many years its own crime family. It sanctioned murders. It turned a blind eye toward drug-running. It wrought havoc on the everyday lives of everyday people, all, supposedly, in the name of ridding the town of the Mafia. And in this case, it intentionally hid evidence that would have exonerated four men who were wrongly convicted in the 1965 murder of a petty thief.

Two of the men, including a World War II hero, died in prison. Two others, Salvati and Limone, were released a few years ago. Salvati has since lived a simple life filled with family and odd jobs and friends who have survived his ordeal.

To this day, the federal government has never offered a settlement. When the two sides met with Gertner earlier this year, the government lawyers said there would be no offer forthcoming.

Salvati and Limone are both in their 70s, and you get the sense the government would rather see them die than compensate them for their loss of freedom.

Contrast that to the government's handling of a case in Oregon, where a lawyer was wrongly implicated by the FBI in the 2004 Madrid terrorist bombings and jailed for two weeks. The Justice Department wrote him a $2 million check last month, accompanied by an apology.

If two weeks in jail are worth $2 million, then by my calculation, Salvati alone would be owed $1.6 billion. Makes you think the geniuses down in Washington should have rethought that stand about not settling.

What the FBI and the rest of the Justice Department are doing in this trial isn't just an embarrassment, but a disgrace -- and it will undoubtedly prove to be an expensive one at that.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 18, 2006 8:10 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Monday, December 18, 2006
Attachments:	agnb061218.pdf; agnb061218.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 18, 2006 7:45 AM EST

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TERRORISM NEWS:

US Sent Home 33 Guantanamo Detainees Last Week. The Washington Post (12/18, A19, White) reports 33 Guantanamo Bay detainees "were returned to their home countries over the past week, part of a government effort to reduce the facility's population to a core group of terrorism suspects who could be held indefinitely." On Sunday, the Pentagon said it "transferred 17 detainees to their home countries over the weekend: seven to Afghanistan, five to Yemen, three to Kazakhstan, one to Libya and one to Bangladesh. Military officials announced Thursday that 16 detainees were sent to Saudi Arabia last week." With their departure, "Guantanamo now holds about 395 detainees, almost none of whom have been charged with a crime."

Difficulties Have Kept Even "Easy" Guantanamo Cases From Going To Trial. In a front-page story running nearly 3,000 words, the Wall Street Journal (12/18, Bravin) writes that even "'easy' cases have lingered" at Guantanamo because of difficulties with intelligence-sharing, the fact that witnesses are "scattered across the globe," and defense attorney challenges that have "paralyzed proceedings. … Such challenges help explain why the Bush administration failed to complete a single Guantánamo trial in the five years before the Supreme Court struck the system down in June."

Military Rehearsing For Detainee Hearings. The AP (12/17, Melia) reports the US military "is rehearsing for hearings on whether 14 top terror suspects can be held indefinitely without charge as enemy combatants, but defense lawyers say the outcome is preordained." Khalid Sheikh Mohammed "and the 13 others will be the highest-profile detainees to undergo the so-called Combatant Status Review Tribunals, and the first to do so in two years."

LATimes Says Writ Of Habeas Corpus Must Be Protected. The Los Angeles Times (12/18) editorializes that as outgoing Senate Judiciary Chairman Arlen Specter "points out, the Constitution allows for the suspension" of the writ of habeas corpus "only in times of invasion or rebellion, and 'we are suffering neither of those alternatives at the present time.' Habeas protection for enemy combatants -- not just those at Guantanamo but other aliens who might be detained in the future -- is not just a legal nicety. Without such protection, real injustices could be suffered by flesh-and-blood individuals."

HOMELAND RESPONSE:

DOJ, ACLU Battle Over War On Terror's "Information Front." The Christian Science Monitor (12/18, Marks) writes about "the latest battle in one key arena of the Bush administration's war on terror -- the information front." Both civil libertarians at the ACLU and attorneys at the Justice Department "agree that nothing less than the nature of American society is at stake, although each side sees different threats. The administration says the danger comes from technically savvy terrorists who are out to exploit the nation's open society in order to undermine it. Critics contend that the real peril comes from the administration itself, which, they charge, is abusing the classification system to shield its activities from public scrutiny, thus undermining the workings of democracy."

Hentoff Condemns Guantanamo Hearings. In his column appearing in the Village Voice (12/18), Nat Hentoff writes, "During the mutual-admiration hearing before

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the Senate Committee on Armed Services—which led to the unanimous confirmation of former CIA chief Robert Gates to be Donald Rumsfeld's successor—no senator asked Gates if he approves of the Pentagon's 'extreme . . . emergency' insistence on a $125 million appropriation to construct a permanent compound for a war-crimes court at Guantánamo" slated for war-crimes trials for Guantanamo detainees. Hentoff writes, "Unlike the Nuremberg war-crimes trials of the Nazis, there will be no government officials in the dock, but rather—as detailed in my last column—prisoners against whom the United States has itself committed war crimes under the Geneva Conventions and our own War Crimes act." Hentoff adds, "Our rampant lawlessness during the past four years at Guantánamo has long been "controversial" in the international press and among human rights groups. But the extent and depth of our abuse of these prisoners—resulting in a number of desperation suicides—have been illuminated with damning clarity in a series of reports by New Jersey's Seton Hall University School of Law."

WAR NEWS:

Powell Says US Losing In Iraq, Sounds Skeptical Note About Troop Surge. The Iraq war continued to dominate media coverage on Sunday. In particular, former Secretary of State Colin Powell's appearance on CBS' Face the Nation (12/17, Schieffer) generated a lot of coverage, much of it negative toward the Bush Administration. NBC Nightly News (12/17, story 2, 2:50, Seigenthaler) said that as President Bush considers "his options…on a change of course for Iraq," there was "a sobering view from his former Secretary of State, who says US forces are losing." NBC (Corke) added, "Usually a good soldier doesn't complain in public, but today, General Colin Powell, the man the Administration tapped to help bolster its case for the war in Iraq, says that America was less safe than when the war began. In his most extensive public comments about the war, former Secretary of State Colin Powell today offered a damning assessment." Powell was shown saying, "It's grave and deteriorating and we're not winning, we are losing. … I am not persuaded that another surge of troops into Baghdad for the purpose of suppressing this communitarian violence or civil war will work." The general also "said the war was still winnable, but he also seemed to criticize outgoing Defense Secretary Donald Rumsfeld for not sending in more troops after the fall of Saddam Hussein." The Washington Times (12/18, Pfeiffer) notes Powell, "whose so-called Powell Doctrine calls for the use of overwhelming force in military conflicts, said he thinks force levels should have been increased after the fall of Saddam Hussein in order to fill the security vacuum that led to the Iraq insurgency."

ABC World News (12/17, story 2, 2:35, Morrell) also reported Powell gave a "blunt assessment of the plan to send thousands more troops into Iraq: It will not work." Powell was shown saying, "There needs to be a clear mission that these additional troops are going to be performing. Is it to secure Baghdad? In which case the American Army isn't large enough to secure Baghdad. And we should not use our troops as policemen." USA Today (12/18, 10A, Slavin) quotes Powell saying the US Army "is about broken" and "could not support sending a significant increase of soldiers to Iraq. 'That surge cannot be sustained,'" he said. The New York Times (12/18, Johnston) runs a similar piece titled "Powell Doubts Need To Raise Troop Levels."

Powell also disagreed with the Administration on whether Iraq is in the middle of a civil war. He said on CBS' Face The Nation (12/17, Schieffer), said, "It seemed to me that this looks like a civil war and we ought to call it that." And backing much of what was proposed by the Iraq study group, Powell went on to say, "I think you have to talk to a country like Syria. It's a little discordant to see that we're not talking to them. … Iran is a little difficult. … But at the same time, I think that low-level conversations of the kind we had earlier might give us some channels of communication. Now, I have no illusions that either Syria or Iran want to help us in Iraq. I am also quite confident that what is happening in Iraq is self-generated for the most part. … Do they get marginal support and some support from Iran and Syria? You bet they do. … But at the same time, I've looked down on many people over the years, in the course of my military and diplomatic career, and I still had to talk to them."

Powell added that "ultimately…the Iraqis are the key to the solution. … The number one priority has to be working with the Iraqi government and their strategy, provide security for the people of Baghdad initially. That's the center of gravity. But I think ultimately, with our help, it has to be done by the Iraqis. They're the ones who have to solve this internecine civil war, communitarian conflict that they're in."

The Washington Post (12/18, A20, Deyoung) reports, "During Bush's first term, Powell was often on the losing side of disagreements with then-Defense Secretary Donald H.

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Rumsfeld, Vice President Cheney and the president over a range of foreign policy issues, including the Arab-Israeli peace process, North Korea and Iraq." Although "he ultimately supported the 2003 invasion of Iraq -- and played a major role in building public backing for war when he delivered a UN Security Council speech saying Saddam Hussein possessed weapons of mass destruction -- he objected to the administration's detention and interrogation policies for 'enemy combatants' and privately questioned the lack of planning and troop strength for postwar Iraq." Powell's "low-key departure from office in January 2005, after Bush's request for his resignation, stood in contrast to Friday's ceremonial farewell to Rumsfeld, whose retirement festivities at the Pentagon were attended by Bush and Cheney." Asked "whether he agreed with Cheney's assessment that Rumsfeld was 'the finest defense secretary this nation has ever had,' Powell demurred. 'Well, that's the vice president's judgment,' he said. 'I've known many fine secretaries of defense. ... But it's history that will judge the performance of all of us in this troubling time...and it is a history that I think will ultimately be written as a result of what happens in Iraq.'"

Democrats Split On Temporary Troop Increase. NBC Nightly News (12/17, story 2, 2:50, Corke) reported Bush is considering "increasing the number of troops by 20,000 or more to get the violence under control. Underscoring the divisive nature of the debate, leading Democrats are at odds over what is the next best course of action." Sen. Edward Kennedy: "I have been convinced by the generals and the commanders in Iraq that have made a convincing case that they feel that just adding more troops is going to delay the decision making by the Iraqi government." But "incoming Senate Majority Leader Harry Reid said the idea is worth trying." Sen. Harry Reid: "If there were some plan to send in some more troops for a very, very short period of time in an effort to get us out of there by the beginning of 2008 as the Iraq Study Group suggested, then I would go along with it."

Reid was asked on ABC's This Week (12/17, Stephanopoulos) if he would support the deployment of additional troops to Iraq. Reid said, "If it's for a surge, that is, for two or three months and it's part of a program to get us out of there as indicated by this time next year, then, sure, I'll go along with it."

The AP (12/18) reports "likely presidential hopeful Sen. Joe Biden said Sunday that he opposes sending additional troops to Iraq, even as the idea seemed to gain support from the Senate's leading Democrat, incoming majority leader Harry Reid. 'I will not to support a surge of troops unless it's tied to some reason for me to believe that they have a political solution,' said Biden, incoming chairman of the Senate Foreign Relations Committee."

Asked on CNN's Late Edition (12/17, Blitzer) about additional troops, Sen. Jack Reed said, "What is the mission of these new troops? Are they going to go take on these sectarian militias? Are they going to simply augment troops that are on the ground today? This is a city of six million people. It will require a huge number of security forces, not just another 15,000. My sense is that this is more of a political gesture."

Asked on Fox News Sunday (12/17, Wallace) about additional troops, Sen. Edward Kennedy said, "I don't believe that would stabilize the country, nor do I think it'll bring victory. … What is absolutely necessary is a political resolution and determination by the Iraqi government." Democrats' "commitment is to the troops, so they're not getting caught in a crossfire and a civil war, which they are."

Rep.-elect Joe Sestak, a retired Navy vice admiral described by ABC This Week (12/17) host George Stephanopoulos as "the highest-ranking military officer ever elected to the House," said on Stephanopoulos' show, "In Iraq, we're on the road to nowhere. Putting more troops on that road is not in the interest of the United States. We have moved troops from Anbar into Baghdad before. There was not only no dent in violence, it's actually increased. We doubled our forces in Baghdad. If we double and triple those forces, what we're doing is merely putting a Band-Aid out there."

More Commentary On New US Strategy. In an op-ed for the New York Times (12/18), Major Ben Connable writes, "What will become of Iraqi villages, towns and cities as we pull out? Although past is not necessarily prologue, recent experience in Anbar Province may be instructive. American units have already withdrawn from the western Euphrates River valley — twice, in fact. ... The consequences were immediate and bloody. Insurgents assumed control of several towns and villages. They tortured and executed police officers, local politicians, friendly tribal leaders and informants. They murdered contractors who had worked with the Americans or the Iraqi government." Connable predicts of a US departure, "Insurgents of all stripes would make the most of the combined American and Iraqi withdrawal, harassing the departing convoys with homemade bombs and small-arms fire. Videos of insurgents dancing in the streets

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would become prevalent on the Internet and international television."

Retired Army Lt. Gen. Dan Christman said on CNN's Late Edition (12/17, Blitzer) that Bush "needs obviously to change strategy, in my judgment. I think he's on the path to doing that, as a result of the Iraq Study Group -- a change in strategy, essentially moving from a direct ground combat role into a long-term training establishment for the Iraqi military."

Clinton White House Chief of Staff John Podesta said on CNN's Late Edition (12/17, Blitzer), "The Iraq Study Group put it right. It's grave and deteriorating. And I think we're on a downhill slide in Iraq, and I think that until the President changes his strategy and changes his course, we're going to continue on that downhill slide, and the chaos will continue."

Kevin Ryan, a retired Army brigadier general, is a senior fellow at the Belfer Center for Science and International Affairs at Harvard's John F. Kennedy School of Government, writes in the Washington Post (12/18, A25), "The stage has been set for a serious discussion about the appropriate size for our Army: a discussion that should balance resources with demands. … The lack of ground forces has an impact beyond the ability to commit more troops to Iraq. Our published defense strategy requires a military that can defend our homeland, sustain two major wars, be present in key regions abroad and fight a global war on terrorism. With Marine and Army ground forces barely large enough to fight the two major wars, the other security tasks are left to flyovers and ship visits from our Air Force and Navy." Ryan adds, 'Throughout the 1980s we recruited an Army of more than 750,000 entirely from volunteers: the same Army that won the Persian Gulf War. It will take several years to recruit additional troops and build the organizations and facilities to house them, but these numbers are well within our reach."

Newt Gingrich said on NBC's Meet The Press (12/17, Russert), "The war's a failure in part because the strategy…has been wrong consistently, it's been a strategy that was far too American. Second, it's a failure because the instruments of national power don't work. … I think the Administration shouldn't just focus narrowly on Iraq. They should look, first of all, at the larger war, which does include Iran, it does include North Korea, it does include al-Qaeda. And they should look second at what are the strategic changes necessary to win in Iraq."

Dozens Of Aid Workers Kidnapped In Iraq.

NBC Nightly News (12/17, story 3, 2:45, Seigenthaler) reported, "In Baghdad…there was more violence. Insurgents kidnapped dozens of Iraqis. Another example of the obstacles facing US and Iraqi forces." NBC (Maceda) added, "Not even the offices of the Iraqi Red Crescent are safe. Gunmen wearing Iraqi uniforms abducted dozens of aid workers and guards. This, the sixth mass kidnapping in Baghdad this year, targeting either Sunnis or Shi'ites. It happened on the final day of Prime Minister Nouri al-Maliki's much time-touted national reconciliation conference which US tells NBC News provided good speeches but no breakthroughs to end the bloodshed."

The AP (12/18, Torchia) reports, "Pierre Kraehenbuehl, director of operations of the International Committee of the Red Cross, said in Geneva that seven abductees were released. The Dutch Foreign Ministry said three Iraqi security guards at its embassy building in Baghdad -- adjacent to the Red Crescent offices -- were also kidnapped, but were later released." The Red Crescent, "which is part of the international Red Cross movement, has around 1,000 staff and some 200,000 volunteers in Iraq. It works closely with the International Committee of the Red Cross, which visits detainees and tries to provide food, water and medicine to Iraqis." The Los Angeles Times (12/18, Hennessy-Fiske) and Washington Post (12/18, A20, Raghavan, Trejos), among other sources, run similar reports this morning.

Field Commanders Lack Good Intelligence On Insurgents. The Washington Times (12/18, Scarborough) reports, "The chairman of the House Permanent Select Committee on Intelligence says he has traveled to Iraq eight times to assess US intelligence collection, and each time he returns to Washington struck by the lack of knowledge about the insurgency that is killing hundreds of American troops. 'When I come back from Iraq, or even a briefing here, you learn how tough intelligence is,' said Rep. Peter Hoekstra, Michigan Republican. 'I don't walk out of there believing that I've got a crystal-clear picture of what the insurgency is, what the scope of it is, what the magnitude is, what the capabilities are. How much is international? How much is external? How much is al Qaeda? How much is Iranian? How much is Syrian? I walk out with lots of unanswered questions.'" The Times adds, "The fact that US command lacks broad knowledge about the enemy in Iraq, in the opinion of Mr. Hoekstra and others, has brought a steady stream of criticism. … Defense sources have told The Washington Times that when field commanders return to the US from Iraq, one of

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their chief complaints is a lack on information about the enemy."

Blair Visits Iraq, Offers Support To Maliki Government. The AP (12/18, Lawless) reports, "British Prime Minister Tony Blair took his Middle East peace tour to Iraq on Sunday, urging support for its fragile government and seeking to draw the violence-wracked country into his vision of a global battle against extremism. Standing in front of a Lynx helicopter in a cavernous hangar, Blair told some of the 7,000 British troops serving in southern Iraq they were fighting on behalf of 'people of tolerance and moderation' around the world."

Iraqi VP Says Sunnis Endangered By "Ethnic Cleansing." The Financial Times (12/18, Dinsmore) reports, "Vice-president Tariq al-Hashimi, Iraq's most senior politician from the Sunni Arab minority, said on Sunday that more US troops were needed in Baghdad to stop the 'systematic cleansing' of the Sunni community by Shia militias. Some 3,000 Iraqis were fleeing the country daily and Iraqi forces were insufficient, incompetent and corrupted, he said [on CNN]." Hashimi also "said there was 'no consensus' between the US and Iraq on how to tackle security." Colin Powell's doubts about the effectiveness of a troop surge are also quoted by the FT.

Saudis Claim Iran Has Created Shiite "State Within A State" In Iraq. The Washington Times (12/18, Behn) reports, "Iran has effectively created a Shi'ite 'state within a state' in neighboring Iraq, defying both Iraqi Sunnis and neighboring Sunni nations, according to a Saudi security report." Iranian forces "are providing Shi'ite militias with weapons and training, Iranian charities are pouring funds into schools and hospitals, and Tehran is actively supporting pro-Iranian Iraqi politicians, the report said." The study, which "has not been publicly distributed," "states that the Sunni insurgency numbers about 77,000, while the Shi'ite militia forces total about 35,000." CFR analyst Isobel Coleman "cautions that the report, while not necessarily inaccurate, is not impartial," while RAND analyst Ed O'Connell "said the Iranian intelligence was trying to counter Saddam Hussein's former formidable spy network, Iraqi Intelligence Service (IIS), or the Mukhabarat."

Special Forces Missions Said To Clash With CIA, Upset Allies. The Los Angeles Times (12/18, Miller) reports senior intelligence and military officials say Special Forces teams "sent overseas on secret spying missions have clashed with the CIA and carried out operations in countries that are staunch US allies, prompting a new effort by the agency and the Pentagon to tighten the rules for military units engaged in espionage." The missions "are part of a highly classified program that officials say has better positioned the United States to track terrorist networks and capture or kill enemy operatives in regions such as the Horn of Africa, where weak governments are unable to respond to emerging threats." But they have "also led to several embarrassing incidents" for the US, and some intelligence officials say the teams "have sometimes launched missions without informing the CIA, duplicating or even jeopardizing existing operations."

France Pulling 200 Special Forces Out Of Afghanistan. The New York Times (12/18, A10) and the Washington Post (12/18, A18) both carry versions of an AP report that France will withdraw approximately 200 special forces from Jalalabad, Afghanistan. A contingent of 1,100 French troops deployed under NATO command will remain in Kabul.

NATO's Increased Use Of Air Power Undermining Support Among Afghanis. The Christian Science Monitor (12/18, Morarjee) reports that "with so few boots on the ground," NATO is increasingly relying on air power in Afghanistan, which "has led to thousands of civilian deaths. The devastating air offenses are undermining support for the Afghan government, say human rights workers and Afghan officials, and are turning public opinion in the four southern provinces of Afghanistan against NATO forces, who took command of the south from the US in August."

DOJ:

Republicans Worry About Potential Ideological Shift In Fourth Circuit. The Washington Post (12/18, A1, Markon, Shear, 690K) reports, "A number of prominent Republican appointees have left or announced plans to leave the U.S. Court of Appeals for the 4th Circuit, which has played a key role in terrorism cases and has long been known for forceful conservative rulings and judicial personalities." This "growing list of vacancies" is "heightening concern among Republicans that one of the nation's most conservative and influential courts could soon

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come under moderate or even liberal control, Republicans and legal scholars say." The Post adds, "Republican concerns also are fueled by the pending Democratic takeover of Congress, as several of President Bush's 4th Circuit nominees were already bottled up in the Senate when Republicans ran it. From the GOP's perspective, the situation now will worsen."

New E-Mail Discovery Rules Noted. The Miami Herald (12/18, Meeks, 286K) reports, "If your business is sued for copyright infringement, restraint of trade or employment discrimination, having a means in place to track electronic data is critical to successfully defending the case. Otherwise, you're likely to lose -- and pay hefty damages -- even before stepping into a federal courtroom. … Under the new rules, both parties in a lawsuit must disclose their electronically stored information, along with any other materials they plan to use to prove their cases. … Small-business owners can no longer use the excuse that they have not been able to go through their e-mail archives in time for the initial disclosures."

CORPORATE SCANDALS:

Investigation Derails Siemens Reorganization. The Wall Street Journal (12/18, A1, Esterl) reports, "When turnaround artist Klaus Kleinfeld became chief executive of storied German conglomerate Siemens AG in early 2005, he vowed to shake things up. Nearly two years later, Mr. Kleinfeld finds himself under intense pressure, haunted by his company's past. A widening money-laundering and bribery investigation is shining a harsh spotlight on management and threatening to unravel his aggressive restructuring drive. Europe's largest engineering company said last week it has found about half a billion dollars in suspicious transactions spanning the past seven years -- twice the amount German authorities flagged in November after more than 200 police raided the offices and homes of employees. … Prosecutors say Mr. Kleinfeld is a witness in the fraud investigation, not a suspect. But the scandal represents the latest and biggest distraction for the 49-year-old executive. He spent much of the autumn wrestling with fallout from an ill-timed salary hike and a messy divestment that brought a barrage of criticism from unions and politicians. It also raises serious questions about oversight at the company, which books more than $100 billion in annual revenue."

Documents Highlight HP Counsel's Failure to Stop Pretexting. Law.com (12/18, Reisinger) reports, that while "little has been said" of the role of former HP counsel Ann Baskins' "role in the spying efforts" at Hewlett Packard, "an in-depth analysis of more than 1,500 pages of documents, as well as interviews with people close to the investigation, offers insights into how she let the spying probe spin out of control. … In the end, the HP scandal comes down to this: The spying probe became a runaway train. And Ann Baskins was the person in the best position to recognize the danger and stop it. But she didn't. In fact, the records show that from June 2005 to April 2006, Baskins raised legal questions about the tactics at least six times. But she never pushed for a definitive answer about whether the methods used were, in fact, lawful. Or, more importantly, whether they were unwise and dangerous to the company. In retrospect she could have, and should have, shut down the throttle on this train long before it crashed."

Study Finds Directors Received Backdated Options. The New York Times (12/18, Dash) reports, "Board members were not just blissfully ignorant or willfully blind bystanders when they backdated stock option grants for corporate executives, according to a new study. Some 1,400 outside directors themselves may have received manipulated grants over the past decade. The research, to be released today, sheds new light on the stock options manipulation that has entangled more than 120 companies in a nationwide scandal. It suggests that what has been widely seen as a dot-com phenomenon to enrich managers in the executive suite probably extended to directors in the boardroom as well. The study, sponsored by the Harvard Law School Program on Corporate Governance, also raises serious questions about corporate governance if the outside directors, who are supposed to act as a final backstop against bad practices, received — and in many cases may have even approved — fraudulent option grants."

The Washington Post (12/18, O'Hara) reports, "According to the study, 9 percent of 29,000 option grants to outside directors from 1996 to 2005 were granted on a day when the company stock price was at a monthly low. The likelihood of such a concentration of 'lucky' grants is so low as to be statistically impossible, the study's authors said. …

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The study found the "lucky grants" at about 460 firms, involving about 1,400 outside directors."

CRIMINAL LAW:

Florida And California Halt Of Executions Seen As Likely to Curb Death Penalty Nationwide. USA Today (12/18, 8A, Dorell, Johnson, 2.27M) reports, "The questions over lethal injection that have led executions to be halted in Florida and California are likely to curb the use of the death penalty across the USA, according to analysts who support capital punishment and others who oppose it. However, it's unclear whether the increasing focus on whether lethal injection is unconstitutionally painful represents a significant and lasting turn against the death penalty or a temporary slowdown in executions that will end once procedures for injections are improved." Kent Scheidegger, legal director at the Criminal Justice Legal Foundation, a pro-death-penalty group, "calls the controversy over lethal injection — which is used in nearly all of the 38 states that have the death penalty — 'a significant but temporary setback' for capital punishment that will lead to fewer executions only until problems with injections are resolved."

Hackers Deploy "Ransomware" To Extort Money From Users. USA Today (12/18, 5B, Swartz, 2.27M) reports, "In the latest online scam, cybercrooks are breaking into the PCs of small businesses and individuals, locking up data and demanding money in return for freeing it. So-called ransomware is the latest iteration of extortion on the Internet. Typically, hackers threaten to disrupt the websites of companies with a deluge of data unless they are paid. With ransomware, however, online crooks implant malicious computer code on websites in hopes of breaking into the PCs of consumers and remotely encrypting a victim's files and photographs. The thieves demand a ransom through an online-payment service such as PayPal or e-gold."

Gonzales Says Probe Of Duke Rape Prosecutor Is Possible. On its Web site, WRAL-TV of Raleigh, NC (12/17, Charbonneau) reported, "The United States Attorney General suggested Sunday that his office might investigate the way District Attorney Mike Nifong has handled the Duke lacrosse rape case. In an interview with Fox News on Sunday, United States Attorney General Alberto Gonzales confirmed he received a letter asking for a federal probe into the investigation, in which an exotic dancer claims three lacrosse players raped her at a March 13 party." NC3 Rep. Walter B. Jones (R) "sent Gonzales the letter last week asking for a federal investigation into possible prosecutorial misconduct, and specifically, to determine whether the defendants' civil rights were violated." WRAL-TV added, "Gonzales said that even though the case is a state and local matter, the federal government could still become involved 'if an investigation is conducted in such a way that civil rights laws are violated, that would be something that we might look into."

WSVN- TV (12/17, 10:00 p.m.) broadcast in Miami, "The investigation into the Duke lacrosse scandal intensifying again tonight. The North Carolina Congressman asked the US Attorney General Alberto Gonzalez, who you see here, to step in. Jones wrote a letter asking if the accused lacrosse players' civil rights were being violated. The congressman also wants the attorney in charge of the case to be prosecuted for alleged misconduct of his own."

CIVIL LAW:

Start-Up Develops Copyright-Enforcement Software. The Wall Street Journal (12/18, B1, Delaney, 2.04M) reports, "To deal with the mounting copyright issues swirling around video and other content online," privately held Attributor Corp., a startup, "is taking a novel approach: combing the entire Web for unauthorized uses." The company is testing "a system to scan the billions of pages on the Web for clients' audio, video, images and text -- potentially making it easier for owners to request that Web sites take content down or provide payment for its use."

Law Affecting Video-Sharing Sites Is "Murky." The Christian Science Monitor (12/18, Wood, 59K) reports that the law on services like YouTube is "murky," and "likely to get murkier before it gets clearer, say experts in intellectual property law." The Monitor writes, "Several companies such as Time Warner have been threatening YouTube with copyright infringement lawsuits. Now that Internet giant Google has purchased YouTube, experts expect that the rampant disregard of copyright law shown by early YouTube users, at least, is likely to get resolved - but they caution that each successive new technology can put early users, in particular, on nebulous legal ground, especially if financial profit is involved." Mark McCreary, a partner at Fox

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Rothschild, which handles IP cases, and other experts, say "those who watch videos at YouTube - whether or not such content is copyrighted - are unlikely to be pursued with the same fervor with which the music industry prosecuted those who downloaded music free of charge via the file-sharing website Napster."

CIVIL RIGHTS:

Houston Police Face Discrimination Question In Use Of Tasers. The Washington Post (12/18, A3, Moreno) reports, "Roiled by allegations of using unjustified deadly force against Latino suspects, the Houston Police Department began using stun guns two years ago so officers could avoid pulling the trigger of an automatic weapon. Now officers are facing a new question: Are they using the high-voltage Taser -- what police call a less-than-lethal 'intermediary' weapon -- indiscriminately against black suspects? The recent arrest and use of a Taser against a black professional football player has once again put the police department of the nation's fourth-largest city under scrutiny."

Companies Apply Different Techniques To Promote Tolerance, Diversity. The Wall Street Journal (12/18, B3, Dvorak) reports on companies trying to help "leaders -- still predominantly white and male -- come to grips with an increasingly diverse work force and customer base. Experts say such efforts can be a valuable addition to traditional diversity training because they can foster a deeper understanding of unfamiliar cultures and help executives see how they are perceived. … Some companies, such as financial firm Wachovia Corp., urge executives to work with organizations representing other demographic groups." Other companies "encourage deeper immersion. Raytheon's missile-systems division in 2004 required managers to spend a day in a wheelchair in the office to better understand the concerns of disabled employees. Raytheon also asks executives to act as liaisons for employee 'affinity groups,' which bring together workers of specific races, genders, sexual orientations or religions."

National Federation Of Blind President Does Not Support Currency Lawsuit. In an op-ed appearing in the New York Times (12/18) Marc Maurer, president of the National Federation of the Blind, notes Judge James Robertson's recent ruling that US currency discriminates against the blind. He writes, "[A]as president of the National Federation of the Blind, the nation's oldest and largest organization of the blind, I believe that Judge Robertson's ruling is wrong." He adds, "[W]hile blind people cannot identify paper currency by touch, that does not prevent us from spending money. When we hand merchants our money, they take it and provide us with the goods or services we have paid for, no questions asked. People with whom we transact business provide us with correct change if needed, and we then organize the money in a manner that allows us to identify it in the future. We transact business in this way every day. … While it is crucial that minorities have a voice in society, it is also the responsibility of every minority group to use that voice wisely and not to cry "discrimination" when no discrimination has occurred. The blind of America will fight discrimination wherever we find it, but we achieve nothing by falsely portraying ourselves as victims and engaging in frivolous litigation."

Houston Chronicle Calls Administration's Currency Appeal "Mean." The Houston Chronicle (12/18) editorializes, "When it comes right down to it, there is no way to sugarcoat the Bush administration's objection to revamping the nation's paper currency to make it distinguishable to the visually impaired. It's contrary to federal law banning discrimination against the disabled in government programs. And it's downright mean. … Sight-impaired adults, like the rest of us, value their ability to live as independently as possible. According to their advocates, when it comes to distinguishing between denominations of currency, the blind use folding systems that help them distinguish, say, a $10 bill from a $20. But that only assists a person in knowing which bill to hand a clerk. A person who cannot see still has to rely on the honesty of the sales clerk to return the correct change."

ANTITRUST:

Express Scripts Prepares Offer To Stop Caremark Takeover Of CVS. The Wall Street Journal (12/18, Berman, 2.04M) reports, "Pharmacy-benefit manager Express Scripts Inc. was last night preparing a $26 billion cash and stock offer for Caremark Rx Inc., in an effort to break up the company's existing takeover deal with drug chain CVS Corp., people familiar with the matter said. An offer could be launched as early as today, these people said. It could set off a back-and-forth struggle for Caremark, of

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Nashville, Tenn., at a time when the company's deal with CVS was gaining credibility in the market. That transaction -- which awarded no premium to Caremark's shareholders -- initially failed to convince investors, who pushed shares in both companies downward." Express Scripts "is a far smaller company than Caremark, with a market capitalization of $9.3 billion, and debt of around $1.6 billion. The intended offer shows how the immense financings used to fund private-equity deals are also being used by corporate buyers trolling for acquisitions."

The New York Times (12/18, Sorkin) reports, "The bid by benefits manager Express Scripts for rival Caremark Rx tops a competing offer by the CVS drugstore chain in a bold move that evokes memories of the big buyout deals of the 1980s. Pharmacy benefit managers act as the middleman between drug companies and employers that offer drug subsidies to their workers as part of health-care coverage. By acquiring Caremark Rx, which is double its size, Express Scripts would by far become the largest pharmacy benefits manager in the nation."

Private Apollo Group Buys Into Real Estate Firm. The New York Times (12/18, Sorkin, De La Merced) reports, "Realogy, the giant real estate franchisor that owns Coldwell Banker, Century 21 and Sotheby's International Realty agreed yesterday to be sold to Apollo Group, the private equity firm, for about $9 billion. The deal marks the latest play by private equity firms to buy into the real estate business just as it appears to have peaked. Just two weeks ago, Blackstone Group led a $36 billion deal to acquire Equity Office Properties Trust, the nation's largest office building owner and manager, for about $36 billion, which was the biggest buyout in history. … Realogy is among the biggest players in the real estate field, taking part in a fourth of all home sales nationally. It has more than 300,000 agents among its franchises, almost three times more than its closest rival, Re/Max International. It is also a player in commercial real estate through its Coldwell Banker Commercial arm."

The Bloomberg (12/18) reports, "Although the company's takeover would allow stockholders ;to realize the value of Realogy's fundamentally strong businesses,' the purchase price 'takes into account the substantial pressures and uncertainties facing the residential real estate markets that may well continue for some time,' Chief Executive Henry R. Silverman said in a statement."

Harrah's "Poised" To Accept Private-Equity Buyout. The Wall Street Journal (12/18, A3, Sanders, Berman) reports, "Gambling giant Harrah's Entertainment Inc. yesterday was poised to accept a bid valued at roughly $16.7 billion from two private-equity firms, which are expected to retain its current management and strategy, people familiar with the matter said. If a deal with Apollo Management and Texas Pacific Group is completed, Chairman and Chief Executive Gary Loveman is expected to stay at the helm of Las Vegas-based Harrah's, the world's largest casino operator by revenue. The company's plans -- including a redevelopment of its numerous properties and vast land holdings along the Las Vegas Strip -- also are expected to proceed, these people said."

Computer Chip Companies Undergo "Dealmaking Frenzy." USA Today (12/18, 1B, Kessler) reports, "Computer chip companies are in a dealmaking frenzy — gobbling up rivals or going private — as they attempt to adjust to a changing industry. Nearly $40 billion worth of deals have been announced or closed since August, and chip analysts say more are on the way. … The semiconductor industry has always been competitive. But the tech boom of the 1990s created dozens of midsize chipmakers, says semiconductor analyst John Barber at researcher Gartner."

Congress To Hold Hearings On Impact Of Airline Mergers. The Arizona Republic (12/18, Geewax) reports, "Even though the new Congress won't convene until January, key lawmakers are preparing for hearings to examine the economic impact of possible airline mergers. Many members of Congress are condemning the potential deals, while few, if any, are supporting the idea of industry consolidation. … Perhaps the most controversial of the potential acquisitions involves US Airways Group Inc.'s unsolicited $8.7 billion bid for Delta Air Lines Inc. The two carriers have routes that overlap significantly along the East Coast, and hubs relatively near each other in the West." The Republic adds, "Concerns about a loss of competition grew dramatically last week when UAL Corp., parent of United Airlines, and Continental Airlines Inc. announced they are considering a possible merger. In addition, AirTran Holdings Inc. offered to buy Midwest Air Group Inc. for about $290 million. With so many carriers now in play, the number of concerned congressmen is on the rise."

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Brookings Fellows Inveigh Against Government Intervention In Airline Mergers. In a commentary appearing in the Wall Street Journal (12/18, A16, 2.04M), Robert W. Crandall and Clifford Winston, senior fellows at the Brookings Institution, write, "Almost on cue, members of Congress have responded" to potential mergers in the airline industry "with predictions that fares will rise, service will be reduced, and more mergers will surely follow. Not to appear soft on threats to competition, the Justice Department has expressed its concern that the proposed mergers raise antitrust concerns and has vowed to conduct thorough investigations." Crandall and Winston opine, "Mergers may harm consumers if they are the route to (or the root of) market power and ultimately allow the combined firm to increase consumer prices and reduce service. … But our research suggests that government efforts to address such threats do little to improve consumer welfare and sometimes actually reduce it. More importantly, government often misses fruitful opportunities to benefit consumers because it eschews market-oriented policies." They add, "Rather than attempt to combat airline mergers, government policy makers could have a much more beneficial impact on the welfare of air travelers by pursuing policies that increase competition on international and domestic routes."

National Governments' Objections Undermine European Commission's Authority Over Mergers. The Financial Times (12/18, Buck) reports, "The European Commission has regularly courted controversy by blocking mergers and takeovers. Last week, the Brussels-based regulator learnt that defending such deals can be just as hard. The Commission could only look on in frustration as Spain's Abertis and Autostrade, the Italian motorway operator, abandoned a €25bn ($33bn) merger that would have created a new pan-European infrastructure group. … Neelie Kroes, the EU competition commissioner, and Charlie McCreevy, the EU internal market commissioner, had warned Rome repeatedly to mind its own business. Both ruled that Italy's objections violated EU law and threatened to file a legal challenge - but their intervention still failed to save the deal. Worryingly for Brussels, Abertis/Autostrade is no isolated case. While cross-border mergers and takeovers in the European Union have increased during recent years, a growing number of deals face stiff opposition from governments and national regulators. To the Commission - which by law has the exclusive power to scrutinise and approve big pan-European mergers - such national meddling presents a serious challenge to its authority."

ENVIRONMENT/INDIAN AFFAIRS:

Inhofe Says Global Warming "Alarmists" Silencing Dissenters. In a letter to the Wall Street Journal (12/18, A17) Oklahoma Sen. James Inhofe (R) writes, "Those who wish to quell opposing viewpoints on manmade global warming do so because of a number of inconvenient facts about both the science of climate change and the economic harm their proposed 'solutions' would cause the American people." He adds, "Despite enjoying a huge advantage in funding over skeptics, liberal special interests groups have had almost no impact in convincing policymakers to pass economically destructive climate legislation in the U.S. Now it appears those same alarmists are panicking and adopting a new agenda: to silence those who disagree with their views. I find it troubling that two of my colleagues in the Senate would join the campaign to shut down the ongoing debate on the science of global warming."

WSJournal Says "Unleashing Private Sector" Key To Lowering Air Temperatures. The Wall Street Journal (12/18) editorializes, "Climate-change activists and Democrats on Capitol Hill are gearing up to push the US to limit so-called greenhouse gases. In their telling, America must save mankind from an eco-Apocalypse by adopting the arbitrary targets popular with Europe and other Kyoto Protocol signatories. Well, let's look at results in the real world, as opposed to this Kyoto spin. Recent data show that placing artificial limits on emissions hasn't done all that much to reduce emissions, and may even be counterproductive. Contrary to caricature, the American approach offers more promise than Europe's. … If global-warming activists were as interested in lowering air temperatures as they are in expanding the role of the state, they'd understand that the key to reducing carbon emissions lies in unleashing the private sector, not capping it. That's the real lesson from the policies -- and the results -- in Europe and the US."

FBI/DEA/ATF/USMS:

Marin County Sheriffs To Shift Tactics Against Marijuana Growers. The Marin (CA)

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Independent-Journal (12/18, Wolfcale) reports, "The dope growers who ripped up Marin parkland to plant acres of marijuana valued at more than $100 million this summer, then got away as authorities moved in, might not be as lucky next year. County sheriff, federal park rangers and other officials are planning a crackdown aimed at ensuring extensive growing operations don't take root again. … Marin County Sheriff Robert Doyle said deputies will coordinate plans with other Marin authorities to thwart the growers."

IMMIGRATION:

NYTimes Says Swift Raids Show Need For Comprehensive Immigration Reform. The New York Times (12/18) editorializes that to blame Swift & Company and the illegal immigrant workers arrested there in raids last week "misses the bigger picture. Swift and its workers are merely Exhibit A in an immigration system that is failing in all of its parts. It is a system that rewards illegality and pays lip service to lawfulness and order. … The Swift raids are powerful evidence that I-9's and Basic Pilot are ineffective and disingenuous, a nod to by-the-books technical lawfulness that allows a far vaster world of illegality to flourish." Meanwhile, "Immigration reform built on piecemeal enforcement — factory raids and border walls — won't solve the problem of the 12 million illegal immigrants already here. The American economy wouldn't stand the shock if the Swift raids were multiplied to levels beyond the merely symbolic. The system needs what Mr. Bush and Congress have refused to give it: a way to end the sham" through comprehensive immigration reform.

"Largely Unprotected" Northern Border Seen As Terror Risk. USA Today (12/18, 4A, Hall) reports on the northern border, along which there are "slim sections" where "anyone can drive the back roads that flow from Canada into the United States." The situation "worries local police, Border Patrol officers and members of Congress alike. Many say the USA's northern border — more than 4,000 miles of open and largely unprotected land — remains a dangerously weak link in the nation's post-9/11 effort to shore up security against terrorist attacks." Sen. Byron Dorgan says security along the border has improved since 9/11, but, "There should be no less anxiety about it." Border Patrol Chief David Aguilar notes that "new helicopters and more agents" are headed north and "disputes the notion that the Canadian border has been 'forgotten' by the Homeland Security Department."

TAX:

Facing Tax Liabilities, More Americans Abroad Renounce Citizenship. The New York Times (12/18, Carvajal) reports, "Historically, small numbers of Americans have turned in their passports every year for political and economic reasons, with the numbers reaching a high of about 2,000 during the Vietnam War in the early 1970s. But after Congress sharply raised taxes this year for many Americans living abroad, some international tax lawyers say they detect rising demand from citizens to renounce ties with the United States, the only developed country that taxes it citizens while they live overseas. Americans abroad are also taxed in the countries where they live."

CONGRESS-ADMINISTRATION:

Myers Likely To Face "Tough Fight" If Renominated To 9th Circuit. The AP (12/18, Wittmeyer) reports, "If President George W. Bush renominates a controversial Republican Idaho lawyer for a seat on the 9th U.S. Circuit Court of Appeals, he's going to have a tough fight ahead of him, Senate leaders say. The nomination of Boise lawyer William Gerry Myers III, which has been stalled in the Senate for three years, may have almost reached an end. Now that Democrats have control of Congress, a consensus has formed on Capitol Hill that Myers -- who has stirred up some of the fiercest Democratic opposition of all Bush's judicial nominees -- has almost no chance of getting through."

Pro-Environment Shift In Congress Under Democrats No Sure Thing. The Los Angeles Times (12/18, Simon) writes that while "environmentalists are busy these days crafting their holiday wish-list, giddy about the prospects for success in the new Democratic-controlled Congress," industry groups "are gearing up to fight, and their forces may include more than the usual Republican allies." The Times says "the politics surrounding environmental issues have proved hard to predict, largely because the potential economic impact of stronger regulation tends to scramble partisan loyalties. Democrats from auto-making

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states, for example, have fought efforts to mandate stricter miles-per-gallon rules for vehicles. These crosscurrents could cause the push for an aggressive environmental agenda to become an object lesson on the limits of what can actually be achieved in the Congress that will convene in January."

NYTimes Says Democrats Must Keep Promise On Ethics Reform. The New York Times (12/18, A28) editorializes, "The Democrats promised sweeping ethics reform in this year's campaign, and now they have control of Congress. But procrastination is a legendary Capitol vice, and there are worrisome signs that the Democrats may already be indulging. … Rather than committing wholeheartedly" to the need for an independent, nonpartisan ethics body, incoming Speaker Nancy Pelosi "is opting to create a bipartisan task force to study the issue and report back by mid-March." Pelosi and incoming Senate Majority Leader Harry Reid "should keep foremost in mind the voters' anticipation of a cleaner, more quickly responsive Congress."

Federal Employees Unions Have High Hopes For Democratic Congress. The Washington Post (12/18, A23, Goldfarb) reports that "unions that represent most federal employees" have argued since 2001 that the Bush Administration "has been hostile to the needs of workers -- keeping pay raises low, trying to prevent employees from organizing in the departments of Defense and Homeland Security, and outsourcing government jobs to the private sector. Now, the change in control of Congress gives unions much more powerful allies in the legislative branch." American Federation of Government Employees National President John Gage said, "We're hoping not only we'll have more access to committees and Congress, but that word will get down to the political appointees in the departments."

NYTimes Says GOP To Blame For Appropriations Stalemate. The New York Times (12/18, A28) editorializes that "under normal circumstances," for Congress to decide to operate "under old budgets would be a dereliction of lawmakers' duty to weigh needs and resources, and spend tax dollars accordingly. But the current situation is hardly normal. The departing Republican-led Congress was supposed to nail down the government's spending plans for 2007 before it adjourned, but it neglected to do so. … During the lame duck session, they did not even try to complete the spending bills -- a crass attempt to force the new Democratic majority to expend time and energy cleaning up the mess. By choosing to operate much of next year's government at the 2006 level, the Democrats avoid that trap. But solving the political problem creates some practical ones. President Bush, for example, will have to step up during the year to ask for more money as needed."

OTHER NEWS:

Rumors Suggest Zelikow Forced Out Over Policy, Leaked Memos. The Washington Post's (12/18, A23) Al Kamen writes in his "In the Loop" column that "the rumors at Foggy Bottom were that counselor Philip Zelikow, who had been advising his close friend of many years, Condoleezza Rice, on Iraq and other matters, was eased out last month because he wasn't on the same page with the administration." Some insiders felt there were "suspicious leaks of his internal memos -- taking issue with administration policy on Iraq and the Middle East -- in books and articles, culminating with one at the end of November in the New York Times that was headlined: 'Rice's Counselor Gives Advice Others May Not Want to Hear.' That one was called the last straw."

WPost Says Maryland Justice System Needs "Thorough Examination." In an editorial, the Washington Post (12/18, A24) examines the "appalling details" of the case of Lawrence Banks, who spent "nine years, four months and 18 days…in a Maryland prison for murdering two people, one of whom was his 17-year-old son." Banks "is now a figure in a new double-murder investigation -- raise troubling questions about Maryland's justice system. … This was a botched case, and it raises new questions in Maryland's long-running debate over truth in sentencing. … It is time for a thorough examination of the system."

Justice Stevens Says Flag-Burning Amendment Not Needed. The Washington Post/AP (12/18, A23) reports Supreme Court Justice John Paul Stevens, who "twice voted to outlaw burning the U.S. flag," now says there is "no need to amend the Constitution to protect Old Glory." In a September address to the Chicago Bar Association that recently aired on C-SPAN, Stevens said

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the court's two 5-4 flag burning rulings "seem to have solved the problem because no one burns flags anymore."

Internet Changed Campaign Fundraising Strategies In 2006. USA Today (12/18, 6A, Schouten) writes that "this year's midterm elections offered fresh examples of the ways the Internet is changing how candidates in both parties raise money as they scramble to collect the $20, $30 and $50 donations needed in the aftermath of changes to campaign-finance laws in 2002 that banned large donations." Online fundraising "has proved a cost-effective and lightning-fast method to raise cash, rally the faithful and promote or smear office seekers," and "could transform fundraising in presidential races."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs HR 5682, the US-India Peaceful Atomic Energy Cooperation Act, East Room; meets with Jewish leaders, Roosevelt Room; participates in ceremonial swearing in of Robert Gates as Defense Secretary, the Pentagon; makes remarks at a Hanukkah reception, Bookseller's Area, White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: FOIA FORUM _ 10 a.m. - 12 p.m. The Labor Department holds a public forum to discuss and seek input on its Freedom of Information Act (FOIA) processes. Location: Labor Department Auditorium, Room N-2700, 200 Independence Ave. NW.

RYAN _ 10 a.m. Swearing in ceremony for Assistant Treasury Secretary Anthony Ryan, with Treasury Secretary Paulson, others. Location: Cash Room, main Treasury.

TOWNSEND-PANDEMIC FLU _ 10 a.m. White House Homeland Security Adviser Frances Townsend will discuss ``Preparing for a Pandemic: The National Strategy for Pandemic Influenza." Location: National Press Club, Murrow Room.

CONGO _ 10 a.m. - 12 p.m. The Brookings Institution will host a discussion on the the humanitarian crisis in the Democratic Republic of Congo, with with opening remarks by Ambassador William Swing, special representative of the Secretary General in the DRC. Following his remarks, leading experts will discuss how the international community can support efforts to end the violence. Participants include: Anthony Gambino, former director, USAID Mission to the DRC; William O'Neill, author of A New Challenge for Peacekeepers: The Internally Displaced; and Susan E. Rice, senior fellow, Brookings and former assistant secretary of state for African affairs during the Clinton Administration. Michael O'Hanlon, senior fellow, Brookings, will moderate the discussion. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAN ISSUES _ 11 a.m. The Century Foundation hosts a teleconference with the authors of three white papers on Iran. Partcipants are: Barry Posen, Ford International Professor of Political Science, MIT, author of A Nuclear-Armed Iran: A Difficult But Not Impossible Policy Problem; Bruce Jentleson, professor of Political Science, Duke University and author of Sanctions Against Iran: Key Issues; and Sam Gardiner, Colonel, USAF (Ret), author, The End of the ``Summer of Diplomacy": Assessing U.S. Military Options on Iran. Notes: To participate, call: 888-868-9083; Conference ID No. 8232444.

MILTON FRIEDMAN REMEMBRANCE _ 12 p.m. Cato Executive Vice president David Boaz delivers comments at a video presentation of ``Free to Choose: Tyranny of Control," a remembrance of the late economist Milton Friedman. Location: Room 2168, Rayburn House Office Building.

US-IRAN _ 12:15 p.m. - 1:45 p.m. The New America Foundation hosts a discussion, ``Dealing with Tehran: Assessing US Diplomatic Options Toward Iran," with New America Senior Fellow Flynt Leverett, the author of a new report on the subject. Location: New America Foundation, 1630 Connecticut Ave, NW, 7th Floor.

INFLUENZA _ 2 p.m. - 3:30 p.m. The Center for Strategic and International Studies (CSIS) hosts a panel discussion on the just completed Bamako Conference on Avian and Pandemic Influenza with three of the leading members of the US delegation to the conference. Location: CSI, B1 Conference Center, 1800 K St. NW.

DOHA _ 4 p.m. - 6 p.m. The Center for Global Development hosts a discussion, ``Delivering on Doha." Discussants: Ernesto Zedillo, former president of Mexico, now director of the Yale Center for the Study of Globalization, and professor at Yale; and Kimberley Elliott, joint senior fellow, Center for Global Development and Peterson Institute for International Economics, author of ``Delivering on Doha:

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Farm Trade and the Poor." Location: C. Fred Bergsetn Conference Center, Peterson Institute for International Economics, 1750 Massachusetts Ave. NW.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"U.S. Seeks To Rein In Its Military Spy Teams."
"The Getty's Answer Man."
"The High-Flying Ducks Just Aren't On Our Radar."
"N.Y. Stock Exchange Is Going Global."
"China's Official Opulence."

USA Today:

"More Shoppers Take Online Plunge; Sales Hit $670 Million In Record Day."
"One Last Shot For A Beloved Bruiser."
"States Struggle To Cover Retirees."

New York Times:

"Former U.S. Detainee In Iraq Recalls Torment."
"Drug Files Show Maker Promoted Unapproved Use."
"In Chinese Boomtown, Middle Class Pushes Back."
"Drug Middleman Plans Hostile Bid For Rival."
"Knicks' Coach A Focus Of Inquiry After Foul Ignited Garden Brawl."
"Wood Boilers Cut Heating Bills. The Rub? Secondhand Smoke."

Washington Post:

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"U.S. Sees Growing Threats In Somalia."
"Conservatives' Grip On Key VA. Court at risk."
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"Saudis Report Shi'ite 'State' Inside Of Iraq."
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"On Oregon Peak, Promise Fades AS Body Discovered."

Story Lineup From Last Night's Network News:

ABC: Missing Climbers-Oregon; More Troops To Iraq; Iraqi Internal Struggle; Hamas & Fatah Agreement; Iranian Elections; Episcopal Schism; Basket Ball Brawl; Sense of Smell; Harvard's New Lecturer; Honoring The Fallen's Kids;
CBS: Preempted By Football.
NBC: Missing Climbers-Oregon; More Troops To Iraq; Iraq Sectarian Violence; Hamas & Fatah Ceasefire; Space Shuttle; NBA Basketball Brawl; Warming Trend; Honoring The Fallen's Kids; New Orleans Football.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: OR-Body Of Missing Climber Found; Pacific Northwest-Power Outages; Six-Nation Talks On North Korea's Nuclear Program; Gas Prices; Episcopalians Fighting Over Place Of Women And Gays In Church; British Hospitals Ban Neckties Over Germ Concerns.
CBS: OR-Body Of Missing Climber Found; Six-Nation Talks On North Korea's Nuclear Program; Palestinian Ceasefire Between Hamas And Fatah Marred By Gunfire; Colin Powell, Sen. Reid-Iraq; Sen. Reid-Iraq; Weekend Box Office; NBA Brawl-Punishments To Be Announced.
NPR: Six-Nation Talks On North Korea's Nuclear Program; Colin Powell, Sen. Reid-Iraq; Gates To Be Sworn In As Defense Secretary; UN-Darfur Aid; OR-Body Of Missing Climber Found; Space Shuttle; Senegal-Shipwrecked Migrant Boat; Indonesia-Earthquake.

DOJ_NMG_0107014

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 18, 2006 7:45 AM EST

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TERRORISM NEWS:

US Sent Home 33 Guantanamo Detainees Last Week. The Washington Post (12/18, A19, White) reports 33 Guantanamo Bay detainees "were returned to their home countries over the past week, part of a government effort to reduce the facility's population to a core group of terrorism suspects who could be held indefinitely." On Sunday, the Pentagon said it "transferred 17 detainees to their home countries over the weekend: seven to Afghanistan, five to Yemen, three to Kazakhstan, one to Libya and one to Bangladesh. Military officials announced Thursday that 16 detainees were sent to Saudi Arabia last week." With their departure, "Guantanamo now holds about 395 detainees, almost none of whom have been charged with a crime."

Difficulties Have Kept Even "Easy" Guantanamo Cases From Going To Trial. In a front-page story running nearly 3,000 words, the Wall Street Journal (12/18, Bravin) writes that even "'easy' cases have lingered" at Guantanamo because of difficulties with intelligence-sharing, the fact that witnesses are "scattered across the globe," and defense attorney challenges that have "paralyzed proceedings. … Such challenges help explain why the Bush administration failed to complete a single Guantánamo trial in the five years before the Supreme Court struck the system down in June."

Military Rehearsing For Detainee Hearings. The AP (12/17, Melia) reports the US military "is rehearsing for hearings on whether 14 top terror suspects can be held indefinitely without charge as enemy combatants, but defense lawyers say the outcome is preordained." Khalid Sheikh Mohammed "and the 13 others will be the highest-profile detainees to undergo the so-called Combatant Status Review Tribunals, and the first to do so in two years."

LATimes Says Writ Of Habeas Corpus Must Be Protected. The Los Angeles Times (12/18) editorializes that as outgoing Senate Judiciary Chairman Arlen Specter "points out, the Constitution allows for the suspension" of the writ of habeas corpus "only in times of invasion or rebellion, and 'we are suffering neither of those alternatives at the present time.' Habeas protection for enemy combatants -- not just those at Guantanamo but other aliens who might be detained in the future -- is not just a legal nicety. Without such protection, real injustices could be suffered by flesh-and-blood individuals."

HOMELAND RESPONSE:

DOJ, ACLU Battle Over War On Terror's "Information Front." The Christian Science Monitor (12/18, Marks) writes about "the latest battle in one key arena of the Bush administration's war on terror -- the information front." Both civil libertarians at the ACLU and attorneys at the Justice Department "agree that nothing less than the nature of American society is at stake, although each side sees different threats. The administration says the danger comes from technically savvy terrorists who are out to exploit the nation's open society in order to undermine it. Critics contend that the real peril comes from the administration itself, which, they charge, is abusing the classification system to shield its activities from public scrutiny, thus undermining the workings of democracy."

Hentoff Condemns Guantanamo Hearings. In his column appearing in the Village Voice (12/18), Nat Hentoff writes, "During the mutual-admiration hearing before the Senate Committee on Armed Services—which led to the unanimous confirmation of former CIA chief Robert Gates to be Donald Rumsfeld's successor—no senator asked Gates if he approves of the Pentagon's 'extreme . . . emergency' insistence on a $125 million appropriation to construct a permanent compound for a war-crimes court at Guantánamo" slated for war-crimes trials for Guantanamo detainees. Hentoff writes, "Unlike the Nuremberg war-crimes trials of the Nazis, there will be no government officials in the dock, but rather—as detailed in my last column—prisoners against whom the United States has itself committed war crimes under the Geneva Conventions and our own War Crimes act." Hentoff adds, "Our rampant lawlessness during the past four years at Guantánamo has long been "controversial" in the international press and among human rights groups. But the extent and depth of our abuse of these prisoners—resulting in a number of desperation suicides—have been illuminated with damning clarity in a series of reports by New Jersey's Seton Hall University School of Law."

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WAR NEWS:

Powell Says US Losing In Iraq, Sounds Skeptical Note About Troop Surge. The Iraq war continued to dominate media coverage on Sunday. In particular, former Secretary of State Colin Powell's appearance on CBS' Face the Nation (12/17, Schieffer) generated a lot of coverage, much of it negative toward the Bush Administration. NBC Nightly News (12/17, story 2, 2:50, Seigenthaler) said that as President Bush considers "his options…on a change of course for Iraq," there was "a sobering view from his former Secretary of State, who says US forces are losing." NBC (Corke) added, "Usually a good soldier doesn't complain in public, but today, General Colin Powell, the man the Administration tapped to help bolster its case for the war in Iraq, says that America was less safe than when the war began. In his most extensive public comments about the war, former Secretary of State Colin Powell today offered a damning assessment." Powell was shown saying, "It's grave and deteriorating and we're not winning, we are losing. … I am not persuaded that another surge of troops into Baghdad for the purpose of suppressing this communitarian violence or civil war will work." The general also "said the war was still winnable, but he also seemed to criticize outgoing Defense Secretary Donald Rumsfeld for not sending in more troops after the fall of Saddam Hussein." The Washington Times (12/18, Pfeiffer) notes Powell, "whose so-called Powell Doctrine calls for the use of overwhelming force in military conflicts, said he thinks force levels should have been increased after the fall of Saddam Hussein in order to fill the security vacuum that led to the Iraq insurgency."

ABC World News (12/17, story 2, 2:35, Morrell) also reported Powell gave a "blunt assessment of the plan to send thousands more troops into Iraq: It will not work." Powell was shown saying, "There needs to be a clear mission that these additional troops are going to be performing. Is it to secure Baghdad? In which case the American Army isn't large enough to secure Baghdad. And we should not use our troops as policemen." USA Today (12/18, 10A, Slavin) quotes Powell saying the US Army "is about broken" and "could not support sending a significant increase of soldiers to Iraq. 'That surge cannot be sustained,'" he said. The New York Times (12/18, Johnston) runs a similar piece titled "Powell Doubts Need To Raise Troop Levels."

Powell also disagreed with the Administration on whether Iraq is in the middle of a civil war. He said on CBS' Face The Nation (12/17, Schieffer), said, "It seemed to me that this looks like a civil war and we ought to call it that." And backing much of what was proposed by the Iraq study group, Powell went on to say, "I think you have to talk to a country like Syria. It's a little discordant to see that we're not talking to them. … Iran is a little difficult. … But at the same time, I think that low-level conversations of the kind we had earlier might give us some channels of communication. Now, I have no illusions that either Syria or Iran want to help us in Iraq. I am also quite confident that what is happening in Iraq is self-generated for the most part. … Do they get marginal support and some support from Iran and Syria? You bet they do. … But at the same time, I've looked down on many people over the years, in the course of my military and diplomatic career, and I still had to talk to them."

Powell added that "ultimately…the Iraqis are the key to the solution. … The number one priority has to be working with the Iraqi government and their strategy, provide security for the people of Baghdad initially. That's the center of gravity. But I think ultimately, with our help, it has to be done by the Iraqis. They're the ones who have to solve this internecine civil war, communitarian conflict that they're in."

The Washington Post (12/18, A20, Deyoung) reports, "During Bush's first term, Powell was often on the losing side of disagreements with then-Defense Secretary Donald H. Rumsfeld, Vice President Cheney and the president over a range of foreign policy issues, including the Arab-Israeli peace process, North Korea and Iraq." Although "he ultimately supported the 2003 invasion of Iraq -- and played a major role in building public backing for war when he delivered a UN Security Council speech saying Saddam Hussein possessed weapons of mass destruction -- he objected to the administration's detention and interrogation policies for 'enemy combatants' and privately questioned the lack of planning and troop strength for postwar Iraq." Powell's "low-key departure from office in January 2005, after Bush's request for his resignation, stood in contrast to Friday's ceremonial farewell to Rumsfeld, whose retirement festivities at the Pentagon were attended by Bush and Cheney." Asked "whether he agreed with Cheney's assessment that Rumsfeld was 'the finest defense secretary this nation has ever had,' Powell demurred. 'Well, that's the vice president's judgment,' he said. 'I've known many fine secretaries of defense. ... But it's history that will judge the performance of all of us in this troubling time...and it is a history that I think will ultimately be written as a result of what happens in Iraq.'"

Democrats Split On Temporary Troop Increase. NBC Nightly News (12/17, story 2, 2:50, Corke) reported Bush is considering "increasing the number of troops by 20,000 or more to get the violence under control. Underscoring the divisive nature of the debate, leading Democrats are at odds over what is the next best course of action." Sen. Edward Kennedy: "I have been convinced by the generals and the commanders in Iraq that have made a convincing case that they feel that just adding more troops is going to delay the decision making by the Iraqi government."

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But "incoming Senate Majority Leader Harry Reid said the idea is worth trying." Sen. Harry Reid: "If there were some plan to send in some more troops for a very, very short period of time in an effort to get us out of there by the beginning of 2008 as the Iraq Study Group suggested, then I would go along with it."

Reid was asked on ABC's This Week (12/17, Stephanopoulos) if he would support the deployment of additional troops to Iraq. Reid said, "If it's for a surge, that is, for two or three months and it's part of a program to get us out of there as indicated by this time next year, then, sure, I'll go along with it."

The AP (12/18) reports "likely presidential hopeful Sen. Joe Biden said Sunday that he opposes sending additional troops to Iraq, even as the idea seemed to gain support from the Senate's leading Democrat, incoming majority leader Harry Reid. 'I will not to support a surge of troops unless it's tied to some reason for me to believe that they have a political solution,' said Biden, incoming chairman of the Senate Foreign Relations Committee."

Asked on CNN's Late Edition (12/17, Blitzer) about additional troops, Sen. Jack Reed said, "What is the mission of these new troops? Are they going to go take on these sectarian militias? Are they going to simply augment troops that are on the ground today? This is a city of six million people. It will require a huge number of security forces, not just another 15,000. My sense is that this is more of a political gesture."

Asked on Fox News Sunday (12/17, Wallace) about additional troops, Sen. Edward Kennedy said, "I don't believe that would stabilize the country, nor do I think it'll bring victory. … What is absolutely necessary is a political resolution and determination by the Iraqi government." Democrats' "commitment is to the troops, so they're not getting caught in a crossfire and a civil war, which they are."

Rep.-elect Joe Sestak, a retired Navy vice admiral described by ABC This Week (12/17) host George Stephanopoulos as "the highest-ranking military officer ever elected to the House," said on Stephanopoulos' show, "In Iraq, we're on the road to nowhere. Putting more troops on that road is not in the interest of the United States. We have moved troops from Anbar into Baghdad before. There was not only no dent in violence, it's actually increased. We doubled our forces in Baghdad. If we double and triple those forces, what we're doing is merely putting a Band-Aid out there."

More Commentary On New US Strategy. In an op-ed for the New York Times (12/18), Major Ben Connable writes, "What will become of Iraqi villages, towns and cities as we pull out? Although past is not necessarily prologue, recent experience in Anbar Province may be instructive. American units have already withdrawn from the western Euphrates River valley — twice, in fact. ... The consequences were immediate and bloody. Insurgents assumed control of several towns and villages. They tortured and executed police officers, local politicians, friendly tribal leaders and informants. They murdered contractors who had worked with the Americans or the Iraqi government." Connable predicts of a US departure, "Insurgents of all stripes would make the most of the combined American and Iraqi withdrawal, harassing the departing convoys with homemade bombs and small-arms fire. Videos of insurgents dancing in the streets would become prevalent on the Internet and international television."

Retired Army Lt. Gen. Dan Christman said on CNN's Late Edition (12/17, Blitzer) that Bush "needs obviously to change strategy, in my judgment. I think he's on the path to doing that, as a result of the Iraq Study Group -- a change in strategy, essentially moving from a direct ground combat role into a long-term training establishment for the Iraqi military."

Clinton White House Chief of Staff John Podesta said on CNN's Late Edition (12/17, Blitzer), "The Iraq Study Group put it right. It's grave and deteriorating. And I think we're on a downhill slide in Iraq, and I think that until the President changes his strategy and changes his course, we're going to continue on that downhill slide, and the chaos will continue."

Kevin Ryan, a retired Army brigadier general, is a senior fellow at the Belfer Center for Science and International Affairs at Harvard's John F. Kennedy School of Government, writes in the Washington Post (12/18, A25), "The stage has been set for a serious discussion about the appropriate size for our Army: a discussion that should balance resources with demands. … The lack of ground forces has an impact beyond the ability to commit more troops to Iraq. Our published defense strategy requires a military that can defend our homeland, sustain two major wars, be present in key regions abroad and fight a global war on terrorism. With Marine and Army ground forces barely large enough to fight the two major wars, the other security tasks are left to flyovers and ship visits from our Air Force and Navy." Ryan adds, 'Throughout the 1980s we recruited an Army of more than 750,000 entirely from volunteers: the same Army that won the Persian Gulf War. It will take several years to recruit additional troops and build the organizations and facilities to house them, but these numbers are well within our reach."

Newt Gingrich said on NBC's Meet The Press (12/17, Russert), "The war's a failure in part because the strategy…has been wrong consistently, it's been a strategy that was far too American. Second, it's a failure because the instruments of national power don't work. … I think the Administration shouldn't just focus narrowly on Iraq. They should look, first of all, at the larger war, which does include Iran, it does include North Korea, it does include al-Qaeda. And they should look second at what are the strategic changes necessary to win in Iraq."

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Dozens Of Aid Workers Kidnapped In Iraq. NBC Nightly News (12/17, story 3, 2:45, Seigenthaler) reported, "In Baghdad…there was more violence. Insurgents kidnapped dozens of Iraqis. Another example of the obstacles facing US and Iraqi forces." NBC (Maceda) added, "Not even the offices of the Iraqi Red Crescent are safe. Gunmen wearing Iraqi uniforms abducted dozens of aid workers and guards. This, the sixth mass kidnapping in Baghdad this year, targeting either Sunnis or Shi'ites. It happened on the final day of Prime Minister Nouri al-Maliki's much time-touted national reconciliation conference which US tells NBC News provided good speeches but no breakthroughs to end the bloodshed."

The AP (12/18, Torchia) reports, "Pierre Kraehenbuehl, director of operations of the International Committee of the Red Cross, said in Geneva that seven abductees were released. The Dutch Foreign Ministry said three Iraqi security guards at its embassy building in Baghdad -- adjacent to the Red Crescent offices -- were also kidnapped, but were later released." The Red Crescent, "which is part of the international Red Cross movement, has around 1,000 staff and some 200,000 volunteers in Iraq. It works closely with the International Committee of the Red Cross, which visits detainees and tries to provide food, water and medicine to Iraqis." The Los Angeles Times (12/18, Hennessy-Fiske) and Washington Post (12/18, A20, Raghavan, Trejos), among other sources, run similar reports this morning.

Field Commanders Lack Good Intelligence On Insurgents. The Washington Times (12/18, Scarborough) reports, "The chairman of the House Permanent Select Committee on Intelligence says he has traveled to Iraq eight times to assess US intelligence collection, and each time he returns to Washington struck by the lack of knowledge about the insurgency that is killing hundreds of American troops. 'When I come back from Iraq, or even a briefing here, you learn how tough intelligence is,' said Rep. Peter Hoekstra, Michigan Republican. 'I don't walk out of there believing that I've got a crystal-clear picture of what the insurgency is, what the scope of it is, what the magnitude is, what the capabilities are. How much is international? How much is external? How much is al Qaeda? How much is Iranian? How much is Syrian? I walk out with lots of unanswered questions.'" The Times adds, "The fact that US command lacks broad knowledge about the enemy in Iraq, in the opinion of Mr. Hoekstra and others, has brought a steady stream of criticism. … Defense sources have told The Washington Times that when field commanders return to the US from Iraq, one of their chief complaints is a lack on information about the enemy."

Blair Visits Iraq, Offers Support To Maliki Government. The AP (12/18, Lawless) reports, "British Prime Minister Tony Blair took his Middle East peace tour to Iraq on Sunday, urging support for its fragile government and seeking to draw the violence-wracked country into his vision of a global battle against extremism. Standing in front of a Lynx helicopter in a cavernous hangar, Blair told some of the 7,000 British troops serving in southern Iraq they were fighting on behalf of 'people of tolerance and moderation' around the world."

Iraqi VP Says Sunnis Endangered By "Ethnic Cleansing." The Financial Times (12/18, Dinsmore) reports, "Vice-president Tariq al-Hashimi, Iraq's most senior politician from the Sunni Arab minority, said on Sunday that more US troops were needed in Baghdad to stop the 'systematic cleansing' of the Sunni community by Shia militias. Some 3,000 Iraqis were fleeing the country daily and Iraqi forces were insufficient, incompetent and corrupted, he said [on CNN]." Hashimi also "said there was 'no consensus' between the US and Iraq on how to tackle security." Colin Powell's doubts about the effectiveness of a troop surge are also quoted by the FT.

Saudis Claim Iran Has Created Shiite "State Within A State" In Iraq. The Washington Times (12/18, Behn) reports, "Iran has effectively created a Shi'ite 'state within a state' in neighboring Iraq, defying both Iraqi Sunnis and neighboring Sunni nations, according to a Saudi security report." Iranian forces "are providing Shi'ite militias with weapons and training, Iranian charities are pouring funds into schools and hospitals, and Tehran is actively supporting pro-Iranian Iraqi politicians, the report said." The study, which "has not been publicly distributed," "states that the Sunni insurgency numbers about 77,000, while the Shi'ite militia forces total about 35,000." CFR analyst Isobel Coleman "cautions that the report, while not necessarily inaccurate, is not impartial," while RAND analyst Ed O'Connell "said the Iranian intelligence was trying to counter Saddam Hussein's former formidable spy network, Iraqi Intelligence Service (IIS), or the Mukhabarat."

Special Forces Missions Said To Clash With CIA, Upset Allies. The Los Angeles Times (12/18, Miller) reports senior intelligence and military officials say Special Forces teams "sent overseas on secret spying missions have clashed with the CIA and carried out operations in countries that are staunch US allies, prompting a new effort by the agency and the Pentagon to tighten the rules for military units engaged in espionage." The missions "are part of a highly classified program that officials say has better positioned the United States to track terrorist networks and capture or kill enemy operatives in regions such as the Horn of Africa, where weak governments are unable to

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respond to emerging threats." But they have "also led to several embarrassing incidents" for the US, and some intelligence officials say the teams "have sometimes launched missions without informing the CIA, duplicating or even jeopardizing existing operations."

France Pulling 200 Special Forces Out Of Afghanistan. The New York Times (12/18, A10) and the Washington Post (12/18, A18) both carry versions of an AP report that France will withdraw approximately 200 special forces from Jalalabad, Afghanistan. A contingent of 1,100 French troops deployed under NATO command will remain in Kabul.

NATO's Increased Use Of Air Power Undermining Support Among Afghanis. The Christian Science Monitor (12/18, Morarjee) reports that "with so few boots on the ground," NATO is increasingly relying on air power in Afghanistan, which "has led to thousands of civilian deaths. The devastating air offenses are undermining support for the Afghan government, say human rights workers and Afghan officials, and are turning public opinion in the four southern provinces of Afghanistan against NATO forces, who took command of the south from the US in August."

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Republicans Worry About Potential Ideological Shift In Fourth Circuit. The Washington Post (12/18, A1, Markon, Shear, 690K) reports, "A number of prominent Republican appointees have left or announced plans to leave the U.S. Court of Appeals for the 4th Circuit, which has played a key role in terrorism cases and has long been known for forceful conservative rulings and judicial personalities." This "growing list of vacancies" is "heightening concern among Republicans that one of the nation's most conservative and influential courts could soon come under moderate or even liberal control, Republicans and legal scholars say." The Post adds, "Republican concerns also are fueled by the pending Democratic takeover of Congress, as several of President Bush's 4th Circuit nominees were already bottled up in the Senate when Republicans ran it. From the GOP's perspective, the situation now will worsen."

New E-Mail Discovery Rules Noted. The Miami Herald (12/18, Meeks, 286K) reports, "If your business is sued for copyright infringement, restraint of trade or employment discrimination, having a means in place to track electronic data is critical to successfully defending the case. Otherwise, you're likely to lose -- and pay hefty damages -- even before stepping into a federal courtroom. … Under the new rules, both parties in a lawsuit must disclose their electronically stored information, along with any other materials they plan to use to prove their cases. … Small-business owners can no longer use the excuse that they have not been able to go through their e-mail archives in time for the initial disclosures."

CORPORATE SCANDALS:

Investigation Derails Siemens Reorganization. The Wall Street Journal (12/18, A1, Esterl) reports, "When turnaround artist Klaus Kleinfeld became chief executive of storied German conglomerate Siemens AG in early 2005, he vowed to shake things up. Nearly two years later, Mr. Kleinfeld finds himself under intense pressure, haunted by his company's past. A widening money-laundering and bribery investigation is shining a harsh spotlight on management and threatening to unravel his aggressive restructuring drive. Europe's largest engineering company said last week it has found about half a billion dollars in suspicious transactions spanning the past seven years -- twice the amount German authorities flagged in November after more than 200 police raided the offices and homes of employees. … Prosecutors say Mr. Kleinfeld is a witness in the fraud investigation, not a suspect. But the scandal represents the latest and biggest distraction for the 49-year-old executive. He spent much of the autumn wrestling with fallout from an ill-timed salary hike and a messy divestment that brought a barrage of criticism from unions and politicians. It also raises serious questions about oversight at the company, which books more than $100 billion in annual revenue."

Documents Highlight HP Counsel's Failure to Stop Pretexting. Law.com (12/18, Reisinger) reports, that while "little has been said" of the role of former HP counsel Ann Baskins' "role in the spying efforts" at Hewlett Packard, "an in-depth analysis of more than 1,500 pages of documents, as well as interviews with people close to the investigation, offers insights into how she let the spying probe spin out of control. … In the end, the HP scandal comes down to this: The spying probe became a runaway train. And Ann Baskins was the person in the best position to recognize the danger and stop it. But she didn't. In fact, the records show that from June 2005 to April 2006, Baskins raised legal questions about the tactics at least six times. But she never pushed for a definitive answer about whether the methods used were, in fact, lawful. Or, more importantly, whether they were unwise and dangerous to the company. In retrospect she could have, and should have, shut down the throttle on this train long before it crashed."

Study Finds Directors Received Backdated Options. The New York Times (12/18, Dash) reports, "Board members were not just blissfully ignorant or willfully

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blind bystanders when they backdated stock option grants for corporate executives, according to a new study. Some 1,400 outside directors themselves may have received manipulated grants over the past decade. The research, to be released today, sheds new light on the stock options manipulation that has entangled more than 120 companies in a nationwide scandal. It suggests that what has been widely seen as a dot-com phenomenon to enrich managers in the executive suite probably extended to directors in the boardroom as well. The study, sponsored by the Harvard Law School Program on Corporate Governance, also raises serious questions about corporate governance if the outside directors, who are supposed to act as a final backstop against bad practices, received — and in many cases may have even approved — fraudulent option grants."

The Washington Post (12/18, O'Hara) reports, "According to the study, 9 percent of 29,000 option grants to outside directors from 1996 to 2005 were granted on a day when the company stock price was at a monthly low. The likelihood of such a concentration of 'lucky' grants is so low as to be statistically impossible, the study's authors said. … The study found the "lucky grants" at about 460 firms, involving about 1,400 outside directors."

CRIMINAL LAW:

Florida And California Halt Of Executions Seen As Likely to Curb Death Penalty Nationwide. USA Today (12/18, 8A, Dorell, Johnson, 2.27M) reports, "The questions over lethal injection that have led executions to be halted in Florida and California are likely to curb the use of the death penalty across the USA, according to analysts who support capital punishment and others who oppose it. However, it's unclear whether the increasing focus on whether lethal injection is unconstitutionally painful represents a significant and lasting turn against the death penalty or a temporary slowdown in executions that will end once procedures for injections are improved." Kent Scheidegger, legal director at the Criminal Justice Legal Foundation, a pro-death-penalty group, "calls the controversy over lethal injection — which is used in nearly all of the 38 states that have the death penalty — 'a significant but temporary setback' for capital punishment that will lead to fewer executions only until problems with injections are resolved."

Hackers Deploy "Ransomware" To Extort Money From Users. USA Today (12/18, 5B, Swartz, 2.27M) reports, "In the latest online scam, cybercrooks are breaking into the PCs of small businesses and individuals, locking up data and demanding money in return for freeing it. So-called ransomware is the latest iteration of extortion on the Internet. Typically, hackers threaten to disrupt the websites of companies with a deluge of data unless they are paid. With ransomware, however, online crooks implant malicious computer code on websites in hopes of breaking into the PCs of consumers and remotely encrypting a victim's files and photographs. The thieves demand a ransom through an online-payment service such as PayPal or e-gold."

Gonzales Says Probe Of Duke Rape Prosecutor Is Possible. On its Web site, WRAL-TV of Raleigh, NC (12/17, Charbonneau) reported, "The United States Attorney General suggested Sunday that his office might investigate the way District Attorney Mike Nifong has handled the Duke lacrosse rape case. In an interview with Fox News on Sunday, United States Attorney General Alberto Gonzales confirmed he received a letter asking for a federal probe into the investigation, in which an exotic dancer claims three lacrosse players raped her at a March 13 party." NC3 Rep. Walter B. Jones (R) "sent Gonzales the letter last week asking for a federal investigation into possible prosecutorial misconduct, and specifically, to determine whether the defendants' civil rights were violated." WRAL-TV added, "Gonzales said that even though the case is a state and local matter, the federal government could still become involved 'if an investigation is conducted in such a way that civil rights laws are violated, that would be something that we might look into."

WSVN- TV (12/17, 10:00 p.m.) broadcast in Miami, "The investigation into the Duke lacrosse scandal intensifying again tonight. The North Carolina Congressman asked the US Attorney General Alberto Gonzalez, who you see here, to step in. Jones wrote a letter asking if the accused lacrosse players' civil rights were being violated. The congressman also wants the attorney in charge of the case to be prosecuted for alleged misconduct of his own."

CIVIL LAW:

Start-Up Develops Copyright-Enforcement Software. The Wall Street Journal (12/18, B1, Delaney, 2.04M) reports, "To deal with the mounting copyright issues swirling around video and other content online," privately held Attributor Corp., a startup, "is taking a novel approach: combing the entire Web for unauthorized uses." The company is testing "a system to scan the billions of pages on the Web for clients' audio, video, images and text -- potentially making it easier for owners to request that Web sites take content down or provide payment for its use."

Law Affecting Video-Sharing Sites Is "Murky." The Christian Science Monitor (12/18, Wood, 59K) reports that the law on services like YouTube is "murky," and "likely to get murkier before it gets clearer, say experts in intellectual property law." The Monitor writes, "Several companies such

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as Time Warner have been threatening YouTube with copyright infringement lawsuits. Now that Internet giant Google has purchased YouTube, experts expect that the rampant disregard of copyright law shown by early YouTube users, at least, is likely to get resolved - but they caution that each successive new technology can put early users, in particular, on nebulous legal ground, especially if financial profit is involved." Mark McCreary, a partner at Fox Rothschild, which handles IP cases, and other experts, say "those who watch videos at YouTube - whether or not such content is copyrighted - are unlikely to be pursued with the same fervor with which the music industry prosecuted those who downloaded music free of charge via the file-sharing website Napster."

CIVIL RIGHTS:

Houston Police Face Discrimination Question In Use Of Tasers. The Washington Post (12/18, A3, Moreno) reports, "Roiled by allegations of using unjustified deadly force against Latino suspects, the Houston Police Department began using stun guns two years ago so officers could avoid pulling the trigger of an automatic weapon. Now officers are facing a new question: Are they using the high-voltage Taser -- what police call a less-than-lethal 'intermediary' weapon -- indiscriminately against black suspects? The recent arrest and use of a Taser against a black professional football player has once again put the police department of the nation's fourth-largest city under scrutiny."

Companies Apply Different Techniques To Promote Tolerance, Diversity. The Wall Street Journal (12/18, B3, Dvorak) reports on companies trying to help "leaders -- still predominantly white and male -- come to grips with an increasingly diverse work force and customer base. Experts say such efforts can be a valuable addition to traditional diversity training because they can foster a deeper understanding of unfamiliar cultures and help executives see how they are perceived. … Some companies, such as financial firm Wachovia Corp., urge executives to work with organizations representing other demographic groups." Other companies "encourage deeper immersion. Raytheon's missile-systems division in 2004 required managers to spend a day in a wheelchair in the office to better understand the concerns of disabled employees. Raytheon also asks executives to act as liaisons for employee 'affinity groups,' which bring together workers of specific races, genders, sexual orientations or religions."

National Federation Of Blind President Does Not Support Currency Lawsuit. In an op-ed appearing in the New York Times (12/18) Marc Maurer, president of the National Federation of the Blind, notes Judge James Robertson's recent ruling that US currency discriminates against the blind. He writes, "[A]as president of the National Federation of the Blind, the nation's oldest and largest organization of the blind, I believe that Judge Robertson's ruling is wrong." He adds, "[W]hile blind people cannot identify paper currency by touch, that does not prevent us from spending money. When we hand merchants our money, they take it and provide us with the goods or services we have paid for, no questions asked. People with whom we transact business provide us with correct change if needed, and we then organize the money in a manner that allows us to identify it in the future. We transact business in this way every day. … While it is crucial that minorities have a voice in society, it is also the responsibility of every minority group to use that voice wisely and not to cry "discrimination" when no discrimination has occurred. The blind of America will fight discrimination wherever we find it, but we achieve nothing by falsely portraying ourselves as victims and engaging in frivolous litigation."

Houston Chronicle Calls Administration's Currency Appeal "Mean." The Houston Chronicle (12/18) editorializes, "When it comes right down to it, there is no way to sugarcoat the Bush administration's objection to revamping the nation's paper currency to make it distinguishable to the visually impaired. It's contrary to federal law banning discrimination against the disabled in government programs. And it's downright mean. … Sight-impaired adults, like the rest of us, value their ability to live as independently as possible. According to their advocates, when it comes to distinguishing between denominations of currency, the blind use folding systems that help them distinguish, say, a $10 bill from a $20. But that only assists a person in knowing which bill to hand a clerk. A person who cannot see still has to rely on the honesty of the sales clerk to return the correct change."

ANTITRUST:

Express Scripts Prepares Offer To Stop Caremark Takeover Of CVS. The Wall Street Journal (12/18, Berman, 2.04M) reports, "Pharmacy-benefit manager Express Scripts Inc. was last night preparing a $26 billion cash and stock offer for Caremark Rx Inc., in an effort to break up the company's existing takeover deal with drug chain CVS Corp., people familiar with the matter said. An offer could be launched as early as today, these people said. It could set off a back-and-forth struggle for Caremark, of

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Nashville, Tenn., at a time when the company's deal with CVS was gaining credibility in the market. That transaction -- which awarded no premium to Caremark's shareholders -- initially failed to convince investors, who pushed shares in both companies downward." Express Scripts "is a far smaller company than Caremark, with a market capitalization of $9.3 billion, and debt of around $1.6 billion. The intended offer shows how the immense financings used to fund private-equity deals are also being used by corporate buyers trolling for acquisitions."

The New York Times (12/18, Sorkin) reports, "The bid by benefits manager Express Scripts for rival Caremark Rx tops a competing offer by the CVS drugstore chain in a bold move that evokes memories of the big buyout deals of the 1980s. Pharmacy benefit managers act as the middleman between drug companies and employers that offer drug subsidies to their workers as part of health-care coverage. By acquiring Caremark Rx, which is double its size, Express Scripts would by far become the largest pharmacy benefits manager in the nation."

Private Apollo Group Buys Into Real Estate Firm. The New York Times (12/18, Sorkin, De La Merced) reports, "Realogy, the giant real estate franchisor that owns Coldwell Banker, Century 21 and Sotheby's International Realty agreed yesterday to be sold to Apollo Group, the private equity firm, for about $9 billion. The deal marks the latest play by private equity firms to buy into the real estate business just as it appears to have peaked. Just two weeks ago, Blackstone Group led a $36 billion deal to acquire Equity Office Properties Trust, the nation's largest office building owner and manager, for about $36 billion, which was the biggest buyout in history. … Realogy is among the biggest players in the real estate field, taking part in a fourth of all home sales nationally. It has more than 300,000 agents among its franchises, almost three times more than its closest rival, Re/Max International. It is also a player in commercial real estate through its Coldwell Banker Commercial arm."

The Bloomberg (12/18) reports, "Although the company's takeover would allow stockholders ;to realize the value of Realogy's fundamentally strong businesses,' the purchase price 'takes into account the substantial pressures and uncertainties facing the residential real estate markets that may well continue for some time,' Chief Executive Henry R. Silverman said in a statement."

Harrah's "Poised" To Accept Private-Equity Buyout. The Wall Street Journal (12/18, A3, Sanders, Berman) reports, "Gambling giant Harrah's Entertainment Inc. yesterday was poised to accept a bid valued at roughly $16.7 billion from two private-equity firms, which are expected to retain its current management and strategy, people familiar with the matter said. If a deal with Apollo Management and Texas Pacific Group is completed, Chairman and Chief Executive Gary Loveman is expected to stay at the helm of Las Vegas-based Harrah's, the world's largest casino operator by revenue. The company's plans -- including a redevelopment of its numerous properties and vast land holdings along the Las Vegas Strip -- also are expected to proceed, these people said."

Computer Chip Companies Undergo "Dealmaking Frenzy." USA Today (12/18, 1B, Kessler) reports, "Computer chip companies are in a dealmaking frenzy — gobbling up rivals or going private — as they attempt to adjust to a changing industry. Nearly $40 billion worth of deals have been announced or closed since August, and chip analysts say more are on the way. … The semiconductor industry has always been competitive. But the tech boom of the 1990s created dozens of midsize chipmakers, says semiconductor analyst John Barber at researcher Gartner."

Congress To Hold Hearings On Impact Of Airline Mergers. The Arizona Republic (12/18, Geewax) reports, "Even though the new Congress won't convene until January, key lawmakers are preparing for hearings to examine the economic impact of possible airline mergers. Many members of Congress are condemning the potential deals, while few, if any, are supporting the idea of industry consolidation. … Perhaps the most controversial of the potential acquisitions involves US Airways Group Inc.'s unsolicited $8.7 billion bid for Delta Air Lines Inc. The two carriers have routes that overlap significantly along the East Coast, and hubs relatively near each other in the West." The Republic adds, "Concerns about a loss of competition grew dramatically last week when UAL Corp., parent of United Airlines, and Continental Airlines Inc. announced they are considering a possible merger. In addition, AirTran Holdings Inc. offered to buy Midwest Air Group Inc. for about $290 million. With so many carriers now in play, the number of concerned congressmen is on the rise."

Brookings Fellows Inveigh Against Government Intervention In Airline Mergers. In a commentary appearing in the Wall Street Journal (12/18, A16, 2.04M), Robert W. Crandall and Clifford Winston, senior fellows at the Brookings Institution, write, "Almost on cue, members of Congress have responded" to potential mergers in the airline industry "with predictions that fares will rise, service will be reduced, and more mergers will surely follow. Not to appear soft on threats to competition, the Justice Department has expressed its concern that the proposed mergers raise antitrust concerns and has vowed to conduct thorough investigations." Crandall and Winston opine, "Mergers may

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harm consumers if they are the route to (or the root of) market power and ultimately allow the combined firm to increase consumer prices and reduce service. … But our research suggests that government efforts to address such threats do little to improve consumer welfare and sometimes actually reduce it. More importantly, government often misses fruitful opportunities to benefit consumers because it eschews market-oriented policies." They add, "Rather than attempt to combat airline mergers, government policy makers could have a much more beneficial impact on the welfare of air travelers by pursuing policies that increase competition on international and domestic routes."

National Governments' Objections Undermine European Commission's Authority Over Mergers. The Financial Times (12/18, Buck) reports, "The European Commission has regularly courted controversy by blocking mergers and takeovers. Last week, the Brussels-based regulator learnt that defending such deals can be just as hard. The Commission could only look on in frustration as Spain's Abertis and Autostrade, the Italian motorway operator, abandoned a €25bn ($33bn) merger that would have created a new pan-European infrastructure group. … Neelie Kroes, the EU competition commissioner, and Charlie McCreevy, the EU internal market commissioner, had warned Rome repeatedly to mind its own business. Both ruled that Italy's objections violated EU law and threatened to file a legal challenge - but their intervention still failed to save the deal. Worryingly for Brussels, Abertis/Autostrade is no isolated case. While cross-border mergers and takeovers in the European Union have increased during recent years, a growing number of deals face stiff opposition from governments and national regulators. To the Commission - which by law has the exclusive power to scrutinise and approve big pan-European mergers - such national meddling presents a serious challenge to its authority."

ENVIRONMENT/INDIAN AFFAIRS:

Inhofe Says Global Warming "Alarmists" Silencing Dissenters. In a letter to the Wall Street Journal (12/18, A17) Oklahoma Sen. James Inhofe (R) writes, "Those who wish to quell opposing viewpoints on manmade global warming do so because of a number of inconvenient facts about both the science of climate change and the economic harm their proposed 'solutions' would cause the American people." He adds, "Despite enjoying a huge advantage in funding over skeptics, liberal special interests groups have had almost no impact in convincing policymakers to pass economically destructive climate legislation in the U.S. Now it appears those same alarmists are panicking and adopting a new agenda: to silence those who disagree with their views. I find it troubling that two of my colleagues in the Senate would join the campaign to shut down the ongoing debate on the science of global warming."

WSJournal Says "Unleashing Private Sector" Key To Lowering Air Temperatures. The Wall Street Journal (12/18) editorializes, "Climate-change activists and Democrats on Capitol Hill are gearing up to push the US to limit so-called greenhouse gases. In their telling, America must save mankind from an eco-Apocalypse by adopting the arbitrary targets popular with Europe and other Kyoto Protocol signatories. Well, let's look at results in the real world, as opposed to this Kyoto spin. Recent data show that placing artificial limits on emissions hasn't done all that much to reduce emissions, and may even be counterproductive. Contrary to caricature, the American approach offers more promise than Europe's. … If global-warming activists were as interested in lowering air temperatures as they are in expanding the role of the state, they'd understand that the key to reducing carbon emissions lies in unleashing the private sector, not capping it. That's the real lesson from the policies -- and the results -- in Europe and the US."

FBI/DEA/ATF/USMS:

Marin County Sheriffs To Shift Tactics Against Marijuana Growers. The Marin (CA) Independent-Journal (12/18, Wolfcale) reports, "The dope growers who ripped up Marin parkland to plant acres of marijuana valued at more than $100 million this summer, then got away as authorities moved in, might not be as lucky next year. County sheriff, federal park rangers and other officials are planning a crackdown aimed at ensuring extensive growing operations don't take root again. … Marin County Sheriff Robert Doyle said deputies will coordinate plans with other Marin authorities to thwart the growers."

IMMIGRATION:

NYTimes Says Swift Raids Show Need For Comprehensive Immigration Reform. The New York Times (12/18) editorializes that to blame Swift & Company and the illegal immigrant workers arrested there in raids last week "misses the bigger picture. Swift and its workers are merely Exhibit A in an immigration system that is failing in all of its parts. It is a system that rewards illegality and pays lip service to lawfulness and order. … The Swift raids are powerful evidence that I-9's and Basic Pilot are ineffective and disingenuous, a nod to by-the-books technical lawfulness that allows a far vaster world of illegality to flourish." Meanwhile, "Immigration reform built on piecemeal

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enforcement — factory raids and border walls — won't solve the problem of the 12 million illegal immigrants already here. The American economy wouldn't stand the shock if the Swift raids were multiplied to levels beyond the merely symbolic. The system needs what Mr. Bush and Congress have refused to give it: a way to end the sham" through comprehensive immigration reform.

"Largely Unprotected" Northern Border Seen As Terror Risk. USA Today (12/18, 4A, Hall) reports on the northern border, along which there are "slim sections" where "anyone can drive the back roads that flow from Canada into the United States." The situation "worries local police, Border Patrol officers and members of Congress alike. Many say the USA's northern border — more than 4,000 miles of open and largely unprotected land — remains a dangerously weak link in the nation's post-9/11 effort to shore up security against terrorist attacks." Sen. Byron Dorgan says security along the border has improved since 9/11, but, "There should be no less anxiety about it." Border Patrol Chief David Aguilar notes that "new helicopters and more agents" are headed north and "disputes the notion that the Canadian border has been 'forgotten' by the Homeland Security Department."

TAX:

Facing Tax Liabilities, More Americans Abroad Renounce Citizenship. The New York Times (12/18, Carvajal) reports, "Historically, small numbers of Americans have turned in their passports every year for political and economic reasons, with the numbers reaching a high of about 2,000 during the Vietnam War in the early 1970s. But after Congress sharply raised taxes this year for many Americans living abroad, some international tax lawyers say they detect rising demand from citizens to renounce ties with the United States, the only developed country that taxes it citizens while they live overseas. Americans abroad are also taxed in the countries where they live."

CONGRESS-ADMINISTRATION:

Myers Likely To Face "Tough Fight" If Renominated To 9th Circuit. The AP (12/18, Wittmeyer) reports, "If President George W. Bush renominates a controversial Republican Idaho lawyer for a seat on the 9th U.S. Circuit Court of Appeals, he's going to have a tough fight ahead of him, Senate leaders say. The nomination of Boise lawyer William Gerry Myers III, which has been stalled in the Senate for three years, may have almost reached an end. Now that Democrats have control of Congress, a consensus has formed on Capitol Hill that Myers -- who has stirred up some of the fiercest Democratic opposition of all Bush's judicial nominees -- has almost no chance of getting through."

Pro-Environment Shift In Congress Under Democrats No Sure Thing. The Los Angeles Times (12/18, Simon) writes that while "environmentalists are busy these days crafting their holiday wish-list, giddy about the prospects for success in the new Democratic-controlled Congress," industry groups "are gearing up to fight, and their forces may include more than the usual Republican allies." The Times says "the politics surrounding environmental issues have proved hard to predict, largely because the potential economic impact of stronger regulation tends to scramble partisan loyalties. Democrats from auto-making states, for example, have fought efforts to mandate stricter miles-per-gallon rules for vehicles. These crosscurrents could cause the push for an aggressive environmental agenda to become an object lesson on the limits of what can actually be achieved in the Congress that will convene in January."

NYTimes Says Democrats Must Keep Promise On Ethics Reform. The New York Times (12/18, A28) editorializes, "The Democrats promised sweeping ethics reform in this year's campaign, and now they have control of Congress. But procrastination is a legendary Capitol vice, and there are worrisome signs that the Democrats may already be indulging. … Rather than committing wholeheartedly" to the need for an independent, nonpartisan ethics body, incoming Speaker Nancy Pelosi "is opting to create a bipartisan task force to study the issue and report back by mid-March." Pelosi and incoming Senate Majority Leader Harry Reid "should keep foremost in mind the voters' anticipation of a cleaner, more quickly responsive Congress."

Federal Employees Unions Have High Hopes For Democratic Congress. The Washington Post (12/18, A23, Goldfarb) reports that "unions that represent most federal employees" have argued since 2001 that the Bush Administration "has been hostile to the needs of workers -- keeping pay raises low, trying to prevent employees from organizing in the departments of Defense and Homeland Security, and outsourcing government jobs to the private sector. Now, the change in control of Congress gives unions much more powerful allies in the legislative branch." American Federation of Government Employees National President John Gage said, "We're hoping not only we'll have more access to committees and Congress, but that word will get down to the political appointees in the departments."

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NYTimes Says GOP To Blame For Appropriations Stalemate. The New York Times (12/18, A28) editorializes that "under normal circumstances," for Congress to decide to operate "under old budgets would be a dereliction of lawmakers' duty to weigh needs and resources, and spend tax dollars accordingly. But the current situation is hardly normal. The departing Republican-led Congress was supposed to nail down the government's spending plans for 2007 before it adjourned, but it neglected to do so. … During the lame duck session, they did not even try to complete the spending bills -- a crass attempt to force the new Democratic majority to expend time and energy cleaning up the mess. By choosing to operate much of next year's government at the 2006 level, the Democrats avoid that trap. But solving the political problem creates some practical ones. President Bush, for example, will have to step up during the year to ask for more money as needed."

OTHER NEWS:

Rumors Suggest Zelikow Forced Out Over Policy, Leaked Memos. The Washington Post's (12/18, A23) Al Kamen writes in his "In the Loop" column that "the rumors at Foggy Bottom were that counselor Philip Zelikow, who had been advising his close friend of many years, Condoleezza Rice, on Iraq and other matters, was eased out last month because he wasn't on the same page with the administration." Some insiders felt there were "suspicious leaks of his internal memos -- taking issue with administration policy on Iraq and the Middle East -- in books and articles, culminating with one at the end of November in the New York Times that was headlined: 'Rice's Counselor Gives Advice Others May Not Want to Hear.' That one was called the last straw."

WPost Says Maryland Justice System Needs "Thorough Examination." In an editorial, the Washington Post (12/18, A24) examines the "appalling details" of the case of Lawrence Banks, who spent "nine years, four months and 18 days…in a Maryland prison for murdering two people, one of whom was his 17-year-old son." Banks "is now a figure in a new double-murder investigation -- raise troubling questions about Maryland's justice system. … This was a botched case, and it raises new questions in Maryland's long-running debate over truth in sentencing. … It is time for a thorough examination of the system."

Justice Stevens Says Flag-Burning Amendment Not Needed. The Washington Post/AP (12/18, A23) reports Supreme Court Justice John Paul Stevens, who "twice voted to outlaw burning the U.S. flag," now says there is "no need to amend the Constitution to protect Old Glory." In a September address to the Chicago Bar Association that recently aired on C-SPAN, Stevens said the court's two 5-4 flag burning rulings "seem to have solved the problem because no one burns flags anymore."

Internet Changed Campaign Fundraising Strategies In 2006. USA Today (12/18, 6A, Schouten) writes that "this year's midterm elections offered fresh examples of the ways the Internet is changing how candidates in both parties raise money as they scramble to collect the $20, $30 and $50 donations needed in the aftermath of changes to campaign-finance laws in 2002 that banned large donations." Online fundraising "has proved a cost-effective and lightning-fast method to raise cash, rally the faithful and promote or smear office seekers," and "could transform fundraising in presidential races."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs HR 5682, the US-India Peaceful Atomic Energy Cooperation Act, East Room; meets with Jewish leaders, Roosevelt Room; participates in ceremonial swearing in of Robert Gates as Defense Secretary, the Pentagon; makes remarks at a Hanukkah reception, Bookseller's Area, White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: FOIA FORUM _ 10 a.m. - 12 p.m. The Labor Department holds a public forum to discuss and seek input on its Freedom of Information Act (FOIA) processes. Location: Labor Department Auditorium, Room N-2700, 200 Independence Ave. NW.

RYAN _ 10 a.m. Swearing in ceremony for Assistant Treasury Secretary Anthony Ryan, with Treasury Secretary Paulson, others. Location: Cash Room, main Treasury.

TOWNSEND-PANDEMIC FLU _ 10 a.m. White House Homeland Security Adviser Frances Townsend will discuss ``Preparing for a Pandemic: The National Strategy for Pandemic Influenza." Location: National Press Club, Murrow Room.

CONGO _ 10 a.m. - 12 p.m. The Brookings Institution will host a discussion on the the humanitarian crisis in the Democratic Republic of Congo, with with opening remarks by Ambassador William Swing, special representative of the Secretary General in the DRC. Following his remarks, leading experts will discuss how the international community can

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support efforts to end the violence. Participants include: Anthony Gambino, former director, USAID Mission to the DRC; William O'Neill, author of A New Challenge for Peacekeepers: The Internally Displaced; and Susan E. Rice, senior fellow, Brookings and former assistant secretary of state for African affairs during the Clinton Administration. Michael O'Hanlon, senior fellow, Brookings, will moderate the discussion. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAN ISSUES _ 11 a.m. The Century Foundation hosts a teleconference with the authors of three white papers on Iran. Partcipants are: Barry Posen, Ford International Professor of Political Science, MIT, author of A Nuclear-Armed Iran: A Difficult But Not Impossible Policy Problem; Bruce Jentleson, professor of Political Science, Duke University and author of Sanctions Against Iran: Key Issues; and Sam Gardiner, Colonel, USAF (Ret), author, The End of the ``Summer of Diplomacy'': Assessing U.S. Military Options on Iran. Notes: To participate, call: 888-868-9083; Conference ID No. 8232444.

MILTON FRIEDMAN REMEMBRANCE _ 12 p.m. Cato Executive Vice president David Boaz delivers comments at a video presentation of ``Free to Choose: Tyranny of Control,'' a remembrance of the late economist Milton Friedman. Location: Room 2168, Rayburn House Office Building.

US-IRAN _ 12:15 p.m. - 1:45 p.m. The New America Foundation hosts a discussion, ``Dealing with Tehran: Assessing US Diplomatic Options Toward Iran,'' with New America Senior Fellow Flynt Leverett, the author of a new report on the subject. Location: New America Foundation, 1630 Connecticut Ave, NW, 7th Floor.

INFLUENZA _ 2 p.m. - 3:30 p.m. The Center for Strategic and International Studies (CSIS) hosts a panel discussion on the just completed Bamako Conference on Avian and Pandemic Influenza with three of the leading members of the US delegation to the conference. Location: CSI, B1 Conference Center, 1800 K St. NW.

DOHA _ 4 p.m. - 6 p.m. The Center for Global Development hosts a discussion, ``Delivering on Doha.'' Discussants: Ernesto Zedillo, former president of Mexico, now director of the Yale Center for the Study of Globalization, and professor at Yale; and Kimberley Elliott, joint senior fellow, Center for Global Development and Peterson Institute for International Economics, author of ``Delivering on Doha: Farm Trade and the Poor.'' Location: C. Fred Bergsetn Conference Center, Peterson Institute for International Economics, 1750 Massachusetts Ave. NW.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"U.S. Seeks To Rein In Its Military Spy Teams."
"The Getty's Answer Man."
"The High-Flying Ducks Just Aren't On Our Radar."
"N.Y. Stock Exchange Is Going Global."
"China's Official Opulence."

USA Today:
"More Shoppers Take Online Plunge; Sales Hit $670 Million In Record Day."
"One Last Shot For A Beloved Bruiser."
"States Struggle To Cover Retirees."

New York Times:
"Former U.S. Detainee In Iraq Recalls Torment."
"Drug Files Show Maker Promoted Unapproved Use."
"In Chinese Boomtown, Middle Class Pushes Back."
"Drug Middleman Plans Hostile Bid For Rival."
"Knicks' Coach A Focus Of Inquiry After Foul Ignited Garden Brawl."
"Wood Boilers Cut Heating Bills. The Rub? Secondhand Smoke."

Washington Post:
"7 VA. Parishes Vote to Sever Ties."
"U.S. Sees Growing Threats In Somalia."
"Conservatives' Grip On Key VA. Court at risk."
"Nothing New Here And That's The Point."
"Regular Folks, Shooting History."

Washington Times:
"8 Virginia Flocks Break Away."
"Saudis Report Shi'ite 'State' Inside Of Iraq."
"Page E-mails Show Foley Aware Of Risk."
"Russia Rises On global Oil Demand."
"Fatah Hamas Broker Cease-Fire."
"More Than Dreaming Of White-Christmas."

Detroit Free Press:
"Minnesota Lawmaker Takes Hits Over Quran."
"GM's Lansing Plants Turning It Around."
"Christmas Snow? Maybe."
"Games Of Learning Take Action To Lure Kids."

Atlanta Journal-Constitution:
"Nuke talks To be Tough."
"Signs of Recession?
"Perdue Had Explanation Of Tax Break."
"One Last Thank-Ya Oera-Much."

Houston Chronicle:
"Kidnappings On Rise In South Texas."
"St. George Place In Zone Defense."
"Autism Fuels Call For School Vouchers."
"Companies See Wellness Plans As Cure To Rising Cost."
"On Oregon Peak, Promise Fades AS Body Discovered."

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Story Lineup From Last Night's Network News:

ABC: Missing Climbers-Oregon; More Troops To Iraq; Iraqi Internal Struggle; Hamas & Fatah Agreement; Iranian Elections; Episcopal Schism; Basket Ball Brawl; Sense of Smell; Harvard's New Lecturer; Honoring The Fallen's Kids;
CBS: Preempted By Football.
NBC: Missing Climbers-Oregon; More Troops To Iraq; Iraq Sectarian Violence; Hamas & Fatah Ceasefire; Space Shuttle; NBA Basketball Brawl; Warming Trend; Honoring The Fallen's Kids; New Orleans Football.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: OR-Body Of Missing Climber Found; Pacific Northwest-Power Outages; Six-Nation Talks On North Korea's Nuclear Program; Gas Prices; Episcopalians Fighting Over Place Of Women And Gays In Church; British Hospitals Ban Neckties Over Germ Concerns.
CBS: OR-Body Of Missing Climber Found; Six-Nation Talks On North Korea's Nuclear Program; Palestinian Ceasefire Between Hamas And Fatah Marred By Gunfire; Colin Powell, Sen. Reid-Iraq; Sen. Reid-Iraq; Weekend Box Office; NBA Brawl-Punishments To Be Announced.
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From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 18, 2006 8:10 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Monday, December 18, 2006
Attachments:	dojclips061218.pdf; dojclips061218.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 18, 2006 7:45 AM EST

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TERRORISM NEWS:

US Sends Home 33 Detainees From Guantanamo Bay (WP)

By Josh White

The Washington Post, December 18, 2006

Thirty-three detainees who had been held at the U.S. military detention facility at Guantanamo Bay, Cuba, were returned to their home countries over the past week, part of a government effort to reduce the facility's population to a core group of terrorism suspects who could be held indefinitely.

The Defense Department announced yesterday that it transferred 17 detainees to their home countries over the weekend: seven to Afghanistan, five to Yemen, three to Kazakhstan, one to Libya and one to Bangladesh. Military officials announced Thursday that 16 detainees were sent to Saudi Arabia last week.

With the transfer of the 33 detainees -- nearly 8 percent of the facility's population -- Guantanamo now holds about 395 detainees, almost none of whom have been charged with a crime. State Department officials have been working to reducesignificantly reduce the number of Guantanamo detainees through lengthy negotiations with other countries, although the United States is unwilling to release detainees into the custody of nations where they would likely be abused, tortured or killed.

A large percentage of the remaining population is from Saudi Arabia and Yemen.

According to Pentagon figures, approximately 380 detainees have departed Guantanamo for at least 29 countries since 2002, meaning the facility's current population represents slightly more than half of the suspects captured and transferred to U.S. custody in Cuba. An additional 85 detainees are slated for transfer or release to their home nations pending the outcome of diplomatic discussions. Their departure would leave the number of detainees at Guantanamo at about 310.

"Departure of these remaining detainees approved for transfer or release is subject to ongoing discussions between the United States and other nations," according to a Defense Department news release yesterday. "The United States does not desire to hold detainees for any longer than necessary."

Guantanamo did not accept new detainees from September 2004 to this past September, when 14 high-value suspects who had been in secret CIA custody were moved to Cuba.

Fenced In At Guantanamo, Even "Easy" Cases Have Lingered (WSJ)

DOJ_NMG_0107032

By Jess Bravin

The Wall Street Journal, December 18, 2006

After an hours-long firefight in an Afghan village called Ab Khail, an enemy fighter hurled a grenade at Sgt. First Class Christopher Speer, causing fatal injuries. For more than a year, Maj. Jeffrey Groharing, a Marine Corps prosecutor, has been trying to bring the alleged killer to justice.

Winning a conviction should have been easy. The suspect, Omar Ahmed Khadr, a Toronto-born teenager whose relatives have ties to al Qaeda, was captured after the July 2002 skirmish and taken to Guantánamo Bay. Under an order President Bush issued in November 2001, Mr. Khadr could claim few of the rights afforded defendants in civilian courts or courts-martial.

But for Maj. Groharing, the case of U.S. v. Omar Khadr, slated for an American military commission at Guantánamo, has been a headache. Intelligence agencies refused to share their files with the prosecutor, fearing their methods or sources might be disclosed. Soldiers who witnessed the incident are scattered across the globe. Defense attorneys hurled a series of legal challenges that paralyzed proceedings. And the crime scene -- a remote village still contested by Taliban fighters -- was all but obliterated by American bombs, making it nearly impossible to conduct an independent investigation.

Such challenges help explain why the Bush administration failed to complete a single Guantánamo trial in the five years before the Supreme Court struck the system down in June. The decision threw into limbo the prosecution of Mr. Khadr and nine other Guantánamo prisoners who were charged prior to the high court ruling. Congress has since passed the Military Commissions Act, which grants defendants some of the rights President Bush previously had sought to deny. But even when the deck was stacked in the government's favor, prosecutors struggled to convict fighters captured overseas amid a continuing conflict.

"At the end of the day, the question is: Can you actually try a case under these conditions?" says Prof. Robert Chesney, a specialist in national-security law at Wake Forest University.

Maj. Groharing acknowledges that the Guantánamo cases have had "some fits and starts," and presented challenges that few other prosecutors face. He says the effort is nonetheless worthwhile.

"What's the alternative? To not hold him accountable? We are certainly not going to give him a pass for killing a U.S. service member and plotting to kill many more," the prosecutor says. "The difference between us and al Qaeda is that when we had him on the battlefield, we didn't summarily execute him," he says.

The U.S. has employed forms of military commissions in past conflicts, most recently World War II, when hundreds of Axis officials and soldiers were tried for offenses such as crimes against humanity and mistreatment of American prisoners of war. But those trials took place after fighting had ended and before the introduction of stricter courtroom and evidentiary standards, as laid out by the Geneva Conventions, the U.S. Uniform Code of Military Justice and other laws.

Air Force Col. Moe Davis, the chief Guantánamo prosecutor, estimates that about 70 of some 435 Guantánamo prisoners will eventually face trial for specific war crimes; the rest will be held until the U.S. determines they no longer pose a threat. Those expected to face military trial include Khalid Sheikh Mohammed and Ramzi Binalshibh, alleged plotters of the Sept. 11, 2001, terror attacks. President Bush transferred them in September from a secret Central Intelligence Agency prison to Guantánamo.

The majority of the defendants are relative unknowns whose alleged crimes fall short of the catastrophic hijacking attacks. Mr. Khadr was selected as an early prosecution target precisely because his case seemed so simple. Of the prisoners previously charged, Mr. Khadr is the only one accused of killing anybody. Sgt. Speer's combat death, alone of the 194 American military personnel killed by enemy fire in and around Afghanistan, is the only one that has prompted a murder charge.

In contrast to some other cases, "we have a crime scene, we have facts, we have witnesses," says Maj. Groharing.

Defense attorneys say the allegations against Mr. Khadr amount to nothing other than taking part in a battle he didn't start.

The Marine attorney assigned to represent Mr. Khadr, Lt. Col. Colby Vokey, initially was barred by his commander from communicating with reporters after filing an affidavit accusing Guantánamo prison guards of abusing detainees.

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Muneer Ahmad, an American University law professor helping represent Mr. Khadr, says: "It's hard to think this is a case prosecuted solely on its merits without regard to the political benefits to the administration."

Mr. Khadr, he adds, "has been punished for the perceived sins of his family."

Mr. Khadr's father, Ahmed Said Khadr, an Egyptian-born Canadian citizen, was closely identified with extremist Islamic causes. In the 1980s, Ahmed Khadr traveled to Pakistan and Afghanistan, where he became a confidant of Osama bin Laden. In 1993, Mr. Khadr moved his family to Afghanistan, where U.S. authorities say he funneled money to al Qaeda under cover of charity work.

Mr. Khadr's boys trained at al Qaeda-run camps and played with Mr. bin Laden's children, Khadr family members said in interviews with the Canadian Broadcasting Corp. According to Pentagon charges, "while traveling with his father, Omar Khadr saw or personally met senior al Qaeda leaders," including Mr. bin Laden, Ayman al-Zawahiri and Muhammed Atef.

After the U.S. invaded Afghanistan to topple the Taliban regime in October 2001, the Khadrs scattered. Ahmed Khadr was killed by Pakistani forces in an October 2003 battle that also left his youngest son paralyzed.

Omar, meanwhile, "received approximately one month of one-on-one, private al Qaeda basic training" arranged by his father, Pentagon charges say, including "the use of rocket-propelled grenades, rifles, pistols, grenades and explosives."

In late July 2002, U.S. forces picked up satellite telephone transmissions from a village about seven miles outside Khost, Afghanistan, says retired Army Sgt. First Class Layne Morris, part of the unit sent to reconnoiter. Mr. Morris's account of the day is corroborated by contemporary news reports, charging documents and other court papers, including a successful civil suit filed by Mr. Morris and the widow of Sgt. Speer in U.S. District Court in Utah.

The Khadr family's Canadian lawyer, Dennis Edney, contends that suit was illegitimate and that it may color Mr. Morris's credibility.

According to Mr. Morris and press accounts, a detachment of about 40 U.S. soldiers, along with a few allied Afghan militiamen, headed to Ab Khail. Mr. Morris recalls leading a five-man squad to a compound outside the main village, with a mud wall surrounding a homestead with buildings and animal pens.

The sergeant peered through the compound's green metal gate, spotting what he says were well-dressed Arabs with AK-47 machine guns sitting around a fire. "They looked at me and I looked at them," Mr. Morris says.

Mr. Morris backed up, ordered his soldiers into position and called for reinforcements. About 100 villagers were hanging around watching events unfold. About 45 minutes later, the rest of the detachment arrived, including Sgt. Speer. The Americans took cover and sent the Afghans into the compound to inquire further, Mr. Morris says.

The men inside immediately shot the Afghans dead and began firing guns and throwing grenades at the U.S. soldiers, Mr. Morris says. The ensuing battle was ferocious, costing Mr. Morris his right eye, wounding four other Americans and ending only after U.S. F-18s dropped two 500-pound bombs on the compound, destroying it.

U.S. soldiers, assuming the enemy fighters were all dead, advanced on the compound, Mr. Morris says. That's when Mr. Khadr, then 15, allegedly rose and threw a grenade that wounded Sgt. Speer, a 28-year-old medic.

The soldiers shot Mr. Khadr. When they got to his prone body, he begged them, in English, to finish him off, Mr. Morris says. U.S. soldiers said at the time in press interviews they restrained their desire to do so and instead ordered medical treatment. Mr. Khadr survived, but lost most sight in his left eye. His three companions, all Arabs, were dead.

Sgt. Speer, shrapnel lodged in his head, was taken to an Army hospital in Germany, where he died on Aug. 7. Mr. Khadr was sent to Guantánamo Bay.

Maj. Groharing, 36, had long nursed dreams of becoming a Marine. He didn't join the Corps until 1996 after graduating from the University of Nebraska law school and a brief but unexciting exposure to private practice. For most of his career, he worked as a defense attorney representing Marines accused of crimes. He sometimes found the role uncomfortable, he says, partly because it involved standing up to commanders who want the offenders punished.

In 2002, he was transferred from San Diego to Washington, D.C., for a job with the Marine Corps commandant's legal counsel. Eager for experience at the prosecution table, he next sought appointment to the Office of Military Commissions.

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"I wanted to do something that needed to be done," says Maj. Groharing. After he arrived in June 2005, Guantánamo reporters nicknamed him "Kevin Bacon," after his resemblance to the actor who played a Marine prosecutor in the picture, "A Few Good Men."

Prosecutors had already requested that President Bush authorize charges against Mr. Khadr based on the voluminous array of potential evidence. Over three years of detention, Mr. Khadr had told interrogators about his father's activities and connections, shedding light on al Qaeda's organizational structure, military officials say.

Soldiers who took part in the battle could be called to testify, along with relatives of Sgt. Speer. Both would likely hold weight with the seven U.S. officers appointed as judges. To top it off, soldiers had recovered a video tape from Ab Khail, which the Pentagon says shows a smiling Mr. Khadr building and planting bombs.

In November 2005, the administration formally charged Mr. Khadr with conspiracy, murder by an unprivileged belligerent, attempted murder by an unprivileged belligerent and aiding the enemy. The charges stem from Mr. Khadr's classification as an unlawful combatant, or a person who has no right to commit acts of war; if he was adjudged to be part of a regular army, his actions likely would be considered legal under the rules of war.

Maj. Groharing went to Guantánamo to personally deliver the news. He recalls thinking that Mr. Khadr looked "somewhat hardened, far from a typical teenager" and "a bit arrogant, cocky."

Mr. Khadr didn't appear know who the Marine was. "He advised me he didn't want me to be his lawyer. I said, 'I'm not your lawyer,' " and handed him the charges.

Mr. Khadr already had an impressive legal team. His family in Canada had hired counsel. In addition, Prof. Ahmad and a faculty colleague, Richard Wilson, represented him in civil litigation challenging his detention at Guantánamo. To these were added an Army lawyer and Col. Vokey, an experienced military defense counsel.

Mr. Khadr's lawyers say none of the charges are crimes, citing a variety of legal arguments. They note the Supreme Court plurality has found that conspiracy is not a war crime, based on post-World War II precedents that considered the charge too vague.

Prof. Ahmed says murder by an unprivileged belligerent "has never been recognized as a violation of the laws of war," and was instead "invented" by the Bush administration. The other charge, aiding the enemy, makes no sense, the law professor adds, because Mr. Khadr owes no allegiance to the U.S. Lastly, because Mr. Khadr was 15 at the time of the alleged crime, he should be treated as a juvenile, says Prof. Ahmad, following historic precedent.

His attorneys allege Mr. Khadr was subjected to years of abuse, including being used as a "human mop" to clean up urine, being shackled until he soiled himself, and being threatened with deportation to Egypt, where he would be raped.

Col. Davis, the chief Guantánamo prosecutor, says the allegations are under review and have not to date been substantiated. Maj. Groharing says if he ever gets his case into a courtroom, he can deal with such objections by citing evidence collected prior to the interrogation.

That wasn't the only problem. The prosecution needed help from other Pentagon offices but instead found uneven support for the commission plan. The tribunals had originated with Bush political appointees rather than professional military lawyers, many of whom thought existing court-martial procedures were more than adequate. Defense Secretary Donald Rumsfeld had little time for the commissions, officials say, since administration lawyers concluded prisoners could be held indefinitely, regardless of whether they were tried or even acquitted.

In the Pentagon bureaucracy, ambivalence translated into inertia, if not outright resistance. Intelligence agents refused to make key material available. Maj. Groharing tacked over his desk an intelligence report he received whose entire contents had been blacked out.

"There's an inherent conflict between what they're doing and what we're doing," Maj. Groharing says he realized. And the intelligence mission "trumps what we're doing."

Maj. Groharing says he was prepared to try his case based on the paper files and interviews with surviving U.S. servicemen. But Col. Vokey, the defense attorney, wanted to interview witnesses and gather evidence himself. Because that meant a trip to contested areas of Afghanistan and regions of Pakistan unfriendly to Americans, Maj. Groharing had to make arrangements for his adversary's travel, something the prosecutor considered "awkward."

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Col. Vokey agrees, saying he didn't want to conduct his investigation with the prosecutor "looking over my shoulder." (Shortly before this article's publication, Col. Vokey said the ban on his communication with journalists had been lifted.)

By chance, lawyers in other military commission cases had business of their own in the region and the office planned a group trip. Maj. Groharing decided to go, too, so he could attend Col. Vokey's depositions and hunt down additional witnesses of his own.

The group flew to Islamabad, Pakistan, in May. Col. Vokey immediately came down with food poisoning "and that put him down for a week," the prosecutor says. "From that day on, he never had another kebab or naan."

After a stop in Peshawar, a border city where Ahmed Khadr once volunteered for a charity called Human Concern International, the group flew to Bagram air base in Afghanistan. From there, they took a helicopter to Khost, where an Army unit was assembled to escort the lawyers, now wearing Kevlar battle gear, to the crime scene.

At first, they couldn't find the village. When the convoy of six Humvees and some 25 soldiers finally rumbled into Ab Khail, villagers surrounded the U.S. group. The prosecutor wanted to find witnesses who would say that foreign fighters had been in the compound.

Several villagers "clearly remembered" the incident, Maj. Groharing says, before the village elder showed up and took charge of the encounter. "Anyone we tried to talk to, he would always jump in and answer for everyone else," the prosecutor says. The elder denied the very essence of the prosecution case: that al Qaeda fighters had fought U.S. soldiers in the village.

"There wasn't going to be a 'Perry Mason' moment where all of a sudden he admitted everything when I confronted him with the evidence," Maj. Groharing says.

Both the prosecutor and the defense attorney tried various feints to distract the elder. "We did talk to some folks on the side without him, but we also didn't want to upset the apple cart," Maj. Groharing says. "We wouldn't be doing a very good job of winning hearts and minds" by offending the local establishment.

The Americans examined the new compound, which had been built over the rubble of the previous buildings, noting a few reused bricks with bullet holes and spotting the shrapnel-damaged green metal gate, leaning unused against the compound's mud wall. After about three frustrating hours, they gave up and returned to Khost, Maj. Groharing says.

Their last stop was Jalalabad, a southern Afghan city where Ahmed Khadr ran an organization called Health and Education Project International. The U.S. says it was a front for financing al Qaeda. Col. Vokey wanted to interview the organization's current director.

Narrow streets and congested traffic made it impossible for their Humvees to maneuver, forcing the uniformed U.S. lawyers to walk the last few blocks. As they approached, explosions went off, Maj. Groharing recalls. Arriving at the address, they found a crowd watching the entire city block in flames.

"We were looking at the map and the grid coordinates and, no kidding, it's the place Col. Vokey wanted to see," Maj. Groharing says. The two lawyers, fearing for their safety, quickly left the scene.

The case against Mr. Khadr is now one of many held up by the Supreme Court's decision to strike down the Bush administration's original commission plan. Maj. Groharing says he expects to refile charges after the Pentagon draws up rules and procedures implementing the new system of military commissions, to be completed as soon as January. The Bush administration, meanwhile, plans to build a courtroom complex at Guantánamo by July 2007 at a cost of up to $125 million.

But lawmakers of both parties have questioned the courtroom project, and the ultimate fate of military commission trials remains unclear. Last week a federal judge found Guantánamo prisoners had no right to challenge the Military Commissions Act, but the outgoing and incoming chairmen of the Senate Judiciary Committee, Sens. Arlen Specter (R., Pa.) and Patrick Leahy (D., Vt.), have said they plan to revisit the legislation.

U.S. Military Rehearses Terror Hearings (AP)

By Michael Melia

AP, December 17, 2006

The U.S. military is rehearsing for hearings on whether 14 top terror suspects can be held indefinitely without charge as enemy combatants, but defense lawyers say the outcome is preordained.

Khalid Sheikh Mohammed, alleged mastermind of the Sept. 11 attacks, and the 13 others will be the highest-profile detainees to undergo the so-called Combatant Status Review Tribunals, and the first to do so in two years. The proceedings, expected early next year, are open to the media.

At the hearings, a military panel will evaluate whether the men should be classified as "enemy combatants," a designation which allows them to be held indefinitely and prevents them from challenging their detention in the U.S. court system.

"The biggest thing we're doing is opening up the books, reviewing procedures and conducting rehearsals so that we do it correctly," Navy Capt. Philip Waddingham told reporters who recently visited Guantanamo. He is the lead officer at Guantanamo for the Pentagon-based office in charge of determining detainees' status.

It is unclear whether Mohammed and the others — who until recently were being held in secret CIA prisons — will agree to attend the hearings. If they do, the military says they will remain shackled and would be forbidden to talk to reporters.

The rehearsals are being conducted inside the same space reserved for the hearings — a small room inside a trailer equipped with a few leather chairs, one plastic seat for the detainee, and little else.

Combatant Status Review Tribunals were held for 558 detainees between July 2004 and January 2005. All but 38 were deemed enemy combatants.

Defense attorneys have condemned the hearings as shams because classified evidence is withheld from the detainees and they are not afforded defense lawyers.

"There is no question that these 14 have no chance," said Brent Mickum, an attorney who represents two Britons at Guantanamo. "The decision has (already) been made that they are enemy combatants."

At the hearings, a panel of three officers will evaluate whether detainees merit the designation. A military "personal representative" will help prisoners prepare for the proceedings.

Bush announced on Sept. 6 that the 14 detainees had been transferred to Guantanamo.

Mohammed, who was believed to be the No. 3 al-Qaida leader, has not been seen in public since he was captured in Pakistan in 2003. The others include the alleged architects of the USS Cole bombing in Yemen in 2000 and the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

The 14 are in a maximum-security section of the prison, which sprawls over a cactus-studded patch of arid ground overlooking the Caribbean. Officials say they are treated like other detainees, and can receive reading materials and have access to mail censored by the military.

Waddingham said in September that he expected the hearings for the 14 new detainees to be held within three months. That timeframe has been pushed back to early 2007 as top officials at the Pentagon, the Justice Department and the military Joint Task Force in charge of the prison camps coordinate the proceedings, he said.

About 380 men have been transferred from Guantanamo to other countries since the detention center opened in January 2002. About 395 detainees remain, most of them held for nearly five years without charge on suspicion of links to al-Qaida or the Taliban.

U.S. authorities repatriated a 28-year-old Bangladeshi man on Sunday after years of imprisonment in Guantanamo, a police official at the airport in Bangladesh's capital Dhaka said. The official, Tahera Banu, said the man was being interrogated.

Give Habeas A Chance (LAT)

The Los Angeles Times, December 18, 2006

SEN. ARLEN SPECTER (R-Pa.), who has often complained about judicial second-guessing of congressional reasoning, practically pleaded with the Supreme Court recently to substitute its judgment for that of the legislative branch. Specter believes that prisoners at Guantanamo Bay should be able to file habeas corpus petitions challenging their

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confinement, and he offered legislation that would have allowed them to do so. It failed, and Specter ended up voting for a bill that denies them that right, later expressing confidence that the Supreme Court would "clean it up."

Now Specter is having second — or is it third? — thoughts. Earlier this month, he joined with his successor as Judiciary Committee chairman, Sen. Patrick J. Leahy (D-Vt.), in introducing the Habeas Corpus Restoration Act of 2006. The bill, which presumably will be reintroduced in January, would repeal provisions of the Military Commissions Act that withheld habeas protection from foreigners deemed "enemy combatants."

That law has already resulted in a legal defeat for Salim Ahmed Hamdan, the former driver for Osama bin Laden who won a victory in the Supreme Court in June. Last week, a federal judge ruled that the law barred Hamdan, who is imprisoned at Guantanamo, from challenging his confinement in court. But the judge also ruled that the law was unconstitutional because it denied habeas rights to foreigners living in the U.S.

Of the 51 senators who voted against affording habeas protection to present and future enemy combatants, six will be missing from the next Congress. Prospects for remedial legislation would seem equally bright in the new House of Representatives, where Democrats will have a majority of 233 to 202. Even if the majorities for passage weren't veto-proof, President Bush might think twice about rejecting legislation restoring a privilege with roots in the Magna Carta.

As Specter points out, the Constitution allows for the suspension of the writ only in times of invasion or rebellion, and "we are suffering neither of those alternatives at the present time." Habeas protection for enemy combatants — not just those at Guantanamo but other aliens who might be detained in the future — is not just a legal nicety. Without such protection, real injustices could be suffered by flesh-and-blood individuals.

Mark Denbeaux, a Seton Hall University law professor who studied transcripts of proceedings in which Guantanamo inmates were classified as enemy combatants, has said that the process afforded prisoners little opportunity to contest the allegations against them. "These were not hearings," he said. "These were shams." Even if he's wrong, the military has nothing to fear from the ancient safeguard of habeas corpus.

HOMELAND RESPONSE:

New Twist On Government Control Of Data: Use Of Subpoenas (CSM)

By Alexandra Marks

The Christian Science Monitor, December 18, 2006

When Anthony Romero finally read the document marked "secret" that the Justice Department was subpoenaing "any and all copies of," he scratched his head.

"It simply had nothing to do with national security. If anything, it might be mildly embarrassing to the government," he says.

And so Mr. Romero, executive director of the American Civil Liberties Union, decided to fight. That kicked off the latest battle in one key arena of the Bush administration's war on terror - the information front.

Both sides agree that nothing less than the nature of American society is at stake, although each side sees different threats. The administration says the danger comes from technically savvy terrorists who are out to exploit the nation's open society in order to undermine it. Critics contend that the real peril comes from the administration itself, which, they charge, is abusing the classification system to shield its activities from public scrutiny, thus undermining the workings of democracy.

This struggle between the needs to protect national security and civil liberties goes back to the Alien and Sedition Acts of 1798, which were passed to silence critics of the war with France. Such practices became more formalized in 1940, when the Roosevelt administration issued the first executive order creating a classification system. But since 9/11, the struggle has intensified.

"Democracy cannot give you a perfectly clear line between the balance of transparency and secrecy," says James Carafano, a senior fellow at the Heritage Foundation, a conservative think tank in Washington. "That will always create natural tensions, particularly at a time when we see we do have a lot of enemies." Revised approach after 9/11

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Since 9/11, the Bush administration has sought to keep secret any and all information that it believes could potentially be used by terrorists. In March 2003, it issued a broad executive order that extended the authority to classify information from agencies like the Department of Agriculture, Health and Human Services, and the Environmental Protection Agency. It's also extended the time information could be kept secret, from 10 years to 25 years. Moreover, it began a campaign to reclassify millions of documents from earlier administrations that had previously been declassified.

In 2005, more than 15 million additional documents were classified, a record amount, according to the Information Security Oversight Office of the National Archives. It cost the United States an estimated $7.7 billion to keep all the nation's information under wraps, according to the ISOO - an increase of more than 50 percent since 2001.

Critics say this is a significant overclassification of information. They say it's denied the public access to crucial policy debates about the fight against terrorism as well as the way the war in Iraq has been waged.

In addition, they contend, this administration has used the rubric of national security to cover up controversial activities - from the Abu Ghraib prison abuses to the National Security Agency's domestic wiretapping.

"[National security has] been abused to shield high-level political leadership on the torture issue. It's been used as a way to intimate the press [and] create a climate of fear and intimidation about government employees to dissuade whistle-blowers," says Romero of the ACLU.

Some academics also argue that large amounts of information that have nothing to do with national security have been reclassified - which has undermined their ability to do basic historical as well as scientific research.

"It's an unprecedented situation," says Larry Berman, a professor of political science at the University of California at Davis, who is suing the CIA for access to documents from the Johnson administration. "This current administration has set back freedom on information and access to knowledge for generations." How the government sees it

From the administration's point of view, however, the problem is not so much secrecy but the Internet and computer-savvy terrorists, who can use the free flow of information within the nation's open, democratic system to invent creative ways to attack it.

"This isn't the same world we lived in 10 years ago," says William Banks, director of the Institute for National Security and Counterterrorism at Syracuse University in New York. "The dynamics of information have changed dramatically because of the Internet and the ease of data collection and transference."

To address that new technical reality, the administration has tried to prevent access to information that, if cobbled together properly, could give terrorists clues as to how the government functions. It's become known as the "mosaic theory" - that one piece of information on its own may seem harmless, but together with others, it can result in a larger picture that enemies could use. This has created a new paradigm that has allowed the administration to expand its definition of what should be kept secret.

"It basically says, 'Just trust us that even though this piece may seem innocuous, we know that if it's connected to other pieces of information that it can be dangerous,' " says Professor Banks.

That brings the issue back to the ACLU document, which the Justice Department has subpoenaed from the ACLU. Neither the Justice Department nor the US Attorney's Office would comment on it. The ACLU will not reveal its contents either, awaiting the outcome of its effort to quash the subpoena. But Romero says the document is a "classic example of overclassification." He also says the US Attorney's Office is abusing the grand-jury system, which is set up as an investigative body.

"The government's attempt to suppress information using the grand-jury process is truly chilling and is unprecedented," said Romero in a statement. "This subpoena serves no legitimate investigative purpose."

Mr. Carafano of the Heritage Foundation says that overclassification is a problem in every administration, and he does not believe the current one has particularly abused the process.

"Is overclassification a problem? Absolutely," he says. "Are there people who try to cover up their mistakes using it? Absolutely. Is there's going to be a constant tension around this issue? Absolutely. But if somebody thinks that if they vote the bums out of office this will change, they're wrong."

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Our Own Nuremberg Trials (VV)

By Nat Hentoff

Village Voice, December 18, 2006

The new secretary of defense, Robert Gates, warden of the "worst of the worst" in Guantánamo.

photo: www.defenselink.mil/During the mutual-admiration hearing before the Senate Committee on Armed Services—which led to the unanimous confirmation of former CIA chief Robert Gates to be Donald Rumsfeld's successor—no senator asked Gates if he approves of the Pentagon's "extreme . . . emergency" insistence on a $125 million appropriation to construct a permanent compound for a war-crimes court at Guantánamo. There, in 2007, war-crimes trials will be held for dozens of Guantánamo "detainees." The facilities will accommodate simultaneous proceedings.

Unlike the Nuremberg war-crimes trials of the Nazis, there will be no government officials in the dock, but rather—as detailed in my last column—prisoners against whom the United States has itself committed war crimes under the Geneva Conventions and our own War Crimes act. These crimes include their conditions of confinement and a total lack of the due process that the Supreme Court ordered in Rasul v. Bush (2004) and Hamdan v. Rumsfeld (2006).

Each of the defendants will have already been designated as an "enemy combatant" by previous "administrative" Combatant Status Review Tribunals at Guantánamo. At these sham hearings they were presumed guilty before any of the "evidence" against them (which they were not permitted to see) was aired. That means the presumption of guilt will continue at the war-crimes trials.

The world will watch the total transmogrification of America's much self-praised "rule of law." There are objections to this rush for funds to house the American Nuremberg trials. On December 3, Republican congressman James Walsh, chair of the House Appropriations Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies—which is in charge of military construction projects—refused to authorize the Pentagon's "national security" appropriation.

Walsh is angry at the absence of any public debate on this expenditure and, he cogently adds, "The issue of the tribunals is very controversial. For them to move this fast makes me wonder why."

Congressman Walsh will no longer chair that crucial committee in January. But in view of the Democratic congressional leadership's enveloping embrace of the new defense secretary, Robert Gates, will lawmakers prevent him from going ahead with the compound at Guantánamo? And if the Democrats hold up the appropriation, will Gates proceed with the trials in more cramped quarters? (On December 10, the Pentagon suddenly postponed its proposal—leaving it to be decided by the next Congress.)

Our rampant lawlessness during the past four years at Guantánamo has long been "controversial" in the international press and among human rights groups. But the extent and depth of our abuse of these prisoners—resulting in a number of desperation suicides—have been illuminated with damning clarity in a series of reports by New Jersey's Seton Hall University School of Law, the most recent of which, "No-Hearing Hearings," I reported on last week.

The Seton Hall revelations have reached beyond the metropolitan press to, for example, the Anniston Star in Alabama. A December 1 editorial, "The Gitmo Games," quotes from the Seton Hall findings, and concludes:

"The military is holding something less than a kangaroo court that results in putting people away—without charging them with any specific wrongdoing—for an indefinite period of time . . . History will be very unkind to the rulers who constructed this very unjust, un-American system.

"Those un-American rulers, of course, include George W. Bush, Dick Cheney, John Ashcroft and Alberto Gonzales, a coven of lawyers at the Defense Department and the White House, and Donald Rumsfeld. Will Robert Gates take his place among them?"

The Anniston Star's indictment-editorial ends: "[History] also will be unkind to people who tolerated [this un-American system.]" That means us.

A Seton Hall Law School report from February 8, which I did not cite last week, by professor Mark Denbeaux and Joshua Denbeaux and law students at this exemplary school, presents the case against the United States in anticipation of the war-crimes trials at Guantánamo next year. "A Profile of 517 Detainees Through Analysis of Department of Defense

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Data" provides "a window into the Government's detaining only those the President has called 'the worst of the worst.' " You can now determine for yourself how dangerous the great majority of the defendants are in the forthcoming American Nuremberg trials:

"Only 8 percent of the detainees were characterized as al Qaeda fighters. Of the remaining detainees, 40 percent have no definitive connection with al Qaeda at all and 18 percent have no definitive affiliation with either al Qaeda or the Taliban."

The report continues: "The Government has detained numerous persons based on mere affiliations with a large number of groups that are, in fact, not on the Department of Homeland Security terrorist watchlist . . . A large majority—60 percent—are detained merely because they are 'associated with' a group or groups the Government asserts are terrorist organizations. (And members of almost 72 percent of those groups are allowed into the U.S.)"

Remember, these findings are based entirely on Department of Defense records. (Robert Gates can fact-check them.) Also, among "the worst of the worst":

"Only 5 percent of the detainees were captured by United States forces. Eighty-six percent of the detainees were arrested by either Pakistan or the Northern Alliance and turned over to United States custody. This 86 percent of the detainees captured by Pakistan or the Northern Alliance were handed over to the United States at a time when the United States offered large bounties for capture of suspected enemies." No questions asked.

Remember, too, that in the 2006 Military Commissions Act, Congress stripped from all these prisoners any meaningful right to utilize our federal courts, thereby defying our own Supreme Court.

Co-author Joshua Denbeaux tells me: "The government's own documents proved that the government's claims that the prisoners were the 'worst of the worst' was a false and shameful public relations ploy . . . We hope that our reports will convince Congress to amend the Military Commissions Act and restore federal jurisdiction." If that happens, the prisoners could contest their conditions of confinement, their imprisonment, and their sentences.

Should the new Democrat-controlled Congress not do that, the American Nuremberg trials could begin—and later, the defendants' last resort may be the John Roberts Supreme Court. But however Congress or the high court eventually decides, we will again be disgraced around the world.

WAR NEWS:

Reid Backs 'Surge' Of Troops In Iraq With '08 Pullout (WT)

By Eric Pfeiffer

The Washington Times, December 18, 2006

The Senate's incoming majority leader said he would support a temporary increase of U.S. military forces in Iraq, so long as any such act was tied to a withdrawal by 2008.

"If it's for a surge -- that is, for two or three months -- and it's part of a program to get us out of there as indicated by this time next year, then, sure, I'll go along with it," Sen. Harry Reid, Nevada Democrat, said on ABC's "This Week."

However, other Democrats and former Secretary of State Colin L. Powell said such an increase in troop levels would not make much of a difference.

"Over this summer, the United States and Iraqi forces launched Operation Forward Together. It began in June, and then phase two began in August with thousands of American troops going into Baghdad to try to stabilize the situation," Mr. Powell said on CBS's "Face the Nation."

"They haven't stabilized the situation. So we have tried this surge of troops over the summer. I am not persuaded that another surge of troops into Baghdad for the purposes of suppressing this communitarian violence, this civil war, will work," he said.

Mr. Powell, whose so-called Powell Doctrine calls for the use of overwhelming force in military conflicts, said he thinks force levels should have been increased after the fall of Saddam Hussein in order to fill the security vacuum that led to the Iraq insurgency.

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During his interview, Mr. Powell said he supports many of the proposals contained in the Iraq Study Group's 79 policy recommendations recently submitted to President Bush.

The bipartisan panel rejected a call for increased troop levels, which have been made most vocally by Sen. John McCain, Arizona Republican, who is weighing a possible 2008 presidential campaign.

A short-term increase in troop levels was also rejected by Sen. Edward M. Kennedy, Massachusetts Democrat and a member of the Senate Armed Services Committee.

"Well, I respect Harry Reid on it, but that's not where I am," Mr. Kennedy told "Fox News Sunday." "The generals who have testified before the Armed Services Committee think that we would add to being a crutch for the Iraqi civilian government in not making the right judgments and decisions. I think that is a persuasive case and is one that I support."

Although Mr. Reid said he would support a short-term troop increase, it was pointed out by "This Week" moderator George Stephanopoulos that one of the troop-increase proposals being considered by Mr. Bush would take place over 18 to 24 months.

"All I can do is shake my head," Mr. Reid said in response. "I have no military experience, but I have political experience. The American people will not allow this war to go on as it has. It simply is a war that will not be won militarily. It can only be won politically."

Sen. Jack Reed, Rhode Island Democrat, also appeared to reject the idea of sending more troops to Baghdad.

"I'd be very skeptical," Mr. Reed, who also sits on the Armed Services Committee, told CNN's "Late Edition." "General Schoomaker, the Army chief of staff, pointed out that surging troops without a purpose doesn't make any sense. So I think we'd all have to understand what the purpose of this increase would be."

Powell Says Troops Stretched Too Thin (USAT)

By Barbara Slavin,

USA Today, December 18, 2006

Former secretary of State Colin Powell said Sunday that the U.S. Army "is about broken" and could not support sending a significant increase of soldiers to Iraq.

"That surge cannot be sustained," Powell said. "The current active Army … and the Marine Corps is not large enough for the kinds of missions they're being asked to perform."

Powell, a 35-year Army veteran and former chairman of the Joint Chiefs of Staff, said he doubted a temporary increase in U.S. forces in Iraq now would change the outcome of the war. The United States was "losing" but had not yet lost, he said.

Speaking on the CBS program, Face the Nation, Powell said that increasing the number of U.S. troops in Iraq from 140,000 to 160,000 or more would force the military to keep soldiers currently in Iraq there longer and to accelerate the arrival of others. That would hurt a force already strained by repeated and extended deployments since 9/11. The White House has said it is considering a number of options that would alter U.S. strategy in Iraq, including a temporary surge of U.S. forces.

Several Iraq war supporters, including Sen. John McCain, R-Ariz., have called for a major increase in U.S. troops in Iraq and criticized the administration for not sending more soldiers there in 2003.

Incoming Senate Majority Leader Harry Reid, D-Nev., told ABC's This Week that he could back a brief increase in forces if "it's part of a program to get us out of there."

However, U.S. commanders are worried about the impact of such a plan. Gen. Peter Schoomaker, the Army's chief of staff, told the House Armed Services Committee on Friday that the active duty Army of 507,000 "will break" unless the force is expanded by 7,000 or more soldiers a year.

He also called for increased deployment of the Army National Guard and Reserves, which have already seen record call-ups since the 9/11 attacks.

As a military leader, Powell articulated a philosophy that came to be known as the Powell doctrine. It rejected the use of U.S. military force without a clear mission and overwhelming numbers deployed against an enemy.

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The conflict in Iraq, Powell said, has become a civil war that requires an Iraqi political solution. "It's very difficult to see how the American Army can impose its will in this sort of conflict," he said.

Powell Doubts Need To Raise Troop Levels (NYT)

By David Johnston

The New York Times, December 18, 2006

WASHINGTON. Dec. 17 — Colin L. Powell, the former secretary of state and former chairman of the Joints Chiefs of Staff, said Sunday that the Army was "about broken" and that he saw nothing to justify an increase in troops in Iraq.

"I am not persuaded that another surge of troops into Baghdad for the purposes of suppression of this communitarian violence, this civil war, will work," he said in an interview on the CBS News program "Face the Nation."

"But if somebody proposes that additional troops be sent," Mr. Powell said, "if I were still chairman of the Joint Chiefs of Staff, my first question to whoever is proposing it: what mission is it that these troops are to accomplish?"

Mr. Powell said heavy demands on the Army had meant "a backlog of equipment that is not being repaired" and "repetitive tours" for soldiers assigned to Iraq. "So if you surge now," he said, "you're going to be bringing in troops from the United States who have already been kept there even longer."

Mr. Powell said the United States should be talking directly with the governments of Syria and Iran in an effort to stabilize the region — a contrast to the policy of the Bush administration, which has not engaged in such talks.

In a separate interview on the ABC News program "This Week," Senator Harry Reid of Nevada, the incoming Democratic majority leader, said he could support a troop increase only if it were temporary. "If it's for a surge, that is, for two or three months, and it's part of a program to get us out of there as indicated by this time next year, then, sure, I'll go along with it."

Mr. Reid added: "The American people will not allow this war to go on as it has. It simply is a war that will not be won militarily. It can only be won politically."

Powell Says U.S. Losing In Iraq, Calls For Drawdown By Mid-2007 (WP)

By Karen Deyoung

The Washington Post, December 18, 2006

Former secretary of state Colin L. Powell said yesterday that the United States is losing what he described as a "civil war" in Iraq and that he is not persuaded that an increase in U.S. troops there would reverse the situation. Instead, he called for a new strategy that would relinquish responsibility for Iraqi security to the government in Baghdad sooner rather than later, with a U.S. drawdown to begin by the middle of next year.

Powell's comments broke his long public silence on the issue and placed him at odds with the administration. President Bush is considering options for a new military strategy -- among them a "surge" of 15,000 to 30,000 troops added to the current 140,000 in Iraq, to secure Baghdad and to accelerate the training of Iraqi forces, as Sen. John McCain (R-Ariz.) and others have proposed; or a redirection of the U.S. military away from the insurgency to focus mainly on hunting al-Qaeda terrorists, as the nation's top military leaders proposed last week in a meeting with the president.

But Bush has rejected the dire conclusions of the Iraq Study Group and its recommendations to set parameters for a phased withdrawal to begin next year, and he has insisted that the violence in Iraq is not a civil war.

"I agree with the assessment of Mr. Baker and Mr. Hamilton," Powell said, referring to the study group's leaders, former secretary of state James A. Baker III and former Indiana congressman Lee H. Hamilton (D). The situation in Iraq is "grave and deteriorating, and we're not winning, we are losing. We haven't lost. And this is the time, now, to start to put in place the kinds of strategies that will turn this situation around."

Speaking on CBS's "Face the Nation," Powell seemed to draw as much from his 35-year Army career, including four years as chairman of the Joint Chiefs of Staff, as from his more recent and difficult tenure as Bush's chief diplomat.

The summer's surge of U.S. troops to try to stabilize Baghdad failed, he said, and any new attempt is unlikely to succeed. "If somebody proposes that additional troops be sent, if I was still chairman of the Joint Chiefs of Staff, my first

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question . . . is what mission is it these troops are supposed to accomplish? . . . Is it something that is really accomplishable? . . . Do we have enough troops to accomplish it?"

Although he said he agrees with Gen. John P. Abizaid, the top U.S. commander in the Middle East, that there should be an increase in U.S. advisers to the Iraqi military, he said that "sooner or later, you have to begin the baton pass, passing it off to the Iraqis for their security and to begin the drawdown of U.S. forces. I think that's got to happen sometime before the middle of next year."

Before any decision to increase troops, he said, "I'd want to have a clear understanding of what it is they're going for, how long they're going for. And let's be clear about something else. . . . There really are no additional troops. All we would be doing is keeping some of the troops who were there, there longer and escalating or accelerating the arrival of other troops."

He added: "That's how you surge. And that surge cannot be sustained."

The "active Army is about broken," Powell said. Even beyond Iraq, the Army and Marines have to "grow in size, in my military judgment," he said, adding that Congress must provide significant additional funding to sustain them.

Powell also agreed with the study group's recommendation that the administration open talks with Syria and Iran as it seeks a solution to the Iraq problem. Bush and Secretary of State Condoleezza Rice have explicitly rejected talks until Syria ends its destabilizing influence in Lebanon and its support for anti-Israel militants, and until Iran suspends its nuclear enrichment program. The administration has charged both countries with aiding the Iraqi insurgency.

"Do they get marginal support from Iran and Syria? You bet they do," Powell said of the Iraq militants. "I have no illusions that either Syria or Iran want to help us in Iraq. I am also quite confident that what is happening in Iraq is self-generated for the most part. The money, the resources, the weapons are in Iraq already."

He added: "Are Iran and Syria regimes that I look down upon? I certainly do. But at the same time, I've looked down on many people over the years, in the course of my military and diplomatic career, and I still had to talk to them."

During Bush's first term, Powell was often on the losing side of disagreements with then-Defense Secretary Donald H. Rumsfeld, Vice President Cheney and the president over a range of foreign policy issues, including the Arab-Israeli peace process, North Korea and Iraq. Although he ultimately supported the 2003 invasion of Iraq -- and played a major role in building public backing for war when he delivered a U.N. Security Council speech saying Saddam Hussein possessed weapons of mass destruction -- he objected to the administration's detention and interrogation policies for "enemy combatants" and privately questioned the lack of planning and troop strength for postwar Iraq.

His low-key departure from office in January 2005, after Bush's request for his resignation, stood in contrast to Friday's ceremonial farewell to Rumsfeld, whose retirement festivities at the Pentagon were attended by Bush and Cheney. Asked yesterday whether he agreed with Cheney's assessment that Rumsfeld was "the finest defense secretary this nation has ever had," Powell demurred.

"Well, that's the vice president's judgment," he said. "I've known many fine secretaries of defense. . . . But it's history that will judge the performance of all of us in this troubling time . . . and it is a history that I think will ultimately be written as a result of what happens in Iraq."

Biden Opposes Iraq Troop Surge (BOS)

The Boston Globe, December 18, 2006

MANCHESTER, N.H. --Likely presidential hopeful Sen. Joe Biden said Sunday that he opposes sending additional troops to Iraq, even as the idea seemed to gain support from the Senate's leading Democrat, incoming majority leader Harry Reid.

"I will not to support a surge of troops unless it's tied to some reason for me to believe that they have a political solution," said Biden, incoming chairman of the Senate Foreign Relations Committee.

Biden, D-Del., said any proposal to send about 30,000 more U.S. troops to Iraq should only follow a political solution that will end sectarian violence and civil unrest.

Earlier, Reid said he would be open only to a short-term increase.

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"If the commanders on the ground said this is just for a short period of time, we'll go along with that," said Reid, citing a time frame such as two months to three months. But a period of 18 months to 24 months would be too long, he said.

"The American people will not allow this war to go on as it has. It simply is a war that will not be won militarily. It can only be won politically," Reid said.

Biden spoke at Southern New Hampshire University to about 100 people Sunday afternoon, in an appearance sponsored by the World Affairs Council of New Hampshire.

His speech was part a weekend swing through New Hampshire, aimed at boosting his chances in the state's first-in-the-nation presidential primary.

"The president and others who support the surge have it exactly backwards," Biden said.

He added that Iraqis should construct and hold to a political settlement for peace before the United States sends additional support.

Biden, however, held out little hope that a Democrat-controlled Congress would be able to force President Bush's hand on Iraq. Although Congress could withhold spending for military efforts in Iraq, Biden said such a move would only deny needed supplies to troops and would not speed a pullout.

Instead, Biden said it will be up to Republicans to join Democrats in convincing Bush to change course on Iraq.

Biden said the main challenge in Iraq is a cycle of sectarian violence and revenge killings. He said any peace initiatives must give each ethnic group an incentive to support a united Iraq, including a share of oil revenues.

Biden proposes that the Iraqis set up three semi-autonomous regions, one each to be overseen by the Suunis, Shiites and Kurds, with a central government having limited federal powers.

He would also include countries neighboring Iraq in peace talks, including Syria, Iran and Turkey.

A War That Abhors A Vacuum (NYT)

By Ben Connable

The New York Times, December 18, 2006

Washington

THE niceties are up for debate: phased or partial withdrawal from Iraq would entail pulling troops back to their bases across the country, or leapfrogging backward to the nearest international border, or redeploying to bases in nearby countries.

But whatever the final prescription, the debate must include a sober look at the street-level impact of withdrawal. What will become of Iraqi villages, towns and cities as we pull out? Although past is not necessarily prologue, recent experience in Anbar Province may be instructive.

American units have already withdrawn from the western Euphrates River valley — twice, in fact. As the insurgency heated up in early 2004, the Seventh Marine Regiment pulled up stakes and went to fight insurgents in eastern Anbar, leaving the rest of the province in the hands of a battalion of troops. The Marines balanced obvious risk against the possible reward of overwhelming some of the insurgent groups in the east.

The consequences were immediate and bloody. Insurgents assumed control of several towns and villages. They tortured and executed police officers, local politicians, friendly tribal leaders and informants. They murdered contractors who had worked with the Americans or the Iraqi government. They tore down American-financed reconstruction projects and in a few cases imposed an extreme version of Islamic law. Many Iraqi military units collapsed in the absence of United States support.

The insurgents celebrated their self-described victory and exploited the withdrawal for propaganda purposes. Baathist-led insurgents used the opportunity to establish training camps and weapons caches in the farmland and along the river banks while other groups, including Al Qaeda, smuggled in fighters, suicide bombers and money to support operations in Ramadi, Falluja and Baghdad. Western Iraq became a temporary haven for criminals, terrorists and thousands of local thugs who made up de facto mini-regimes in the absence of a stabilizing force.

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When the Seventh Marines returned to western Anbar it was essentially forced to retake some of the towns it once controlled. Many local Iraqis were openly hostile; the battle for the hearts and minds of the population was set back months, if not years. With the politicians murdered, local civil administration was almost nonexistent and any influence held by the central government was lost.

The Seventh Marine Regiment pulled up stakes again in November 2004 to join the second fight for Falluja. Conscious of the damage done by the earlier withdrawal, the Marines left behind more troops in an effort to stem the inevitable surge of insurgent and criminal gangs; Iraqi forces were not yet ready to assume control.

Despite this Marine presence, the results were similar. What had been rebuilt in the summer crumbled in the fall.

The two withdrawals left the western Euphrates River valley in a shambles. At the end of 2005 the Marines were forced to conduct sweep and clear operations from Anbar's capital, Ramadi, to the Syrian border town of Husayba. As they pushed west they uncovered hundreds of weapons caches, elaborate insurgent propaganda centers, carefully camouflaged training camps, suicide vehicle factories and complex criminal networks that were feeding a steady stream of money to insurgents and terrorists across the country. Marine units settled back in, spread out and brought attack levels to unprecedented lows.

Since 2005, the situation in Anbar has significantly deteriorated. But as bad as things have become, American and Iraqi forces retain some degree of control in even the most turbulent areas. The border cities of Husayba and Qaim are relatively stable and have effective security and government. Falluja, also stable, is a model for Iraqi-American military cooperation. Advisers are embedded with Iraqi units across the province. American-supported tribes are beginning to combat Al Qaeda in Iraq in the east. Anbar is down but not out, thanks to the American troops along the Euphrates River.

American presence might be likened to a control rod in a nuclear reactor: Leave it in place and the potential energy of the insurgents and criminals is mostly kept in check; remove it and the energy becomes kinetic. Withdrawal of United States presence from any town or city in Anbar will almost certainly lead to the creation of safe havens for western Iraq's impenetrable snarl of foreign fighters, nationalist insurgents and local thugs. Many abandoned cities and towns would come to closely resemble the Falluja of mid-2004.

If American forces conduct even a phased withdrawal before the full certification of Iraqi Army battalions, those units incapable of sustaining independent operations would be forced to pull back alongside their minders, or collapse as their logistics and fire support lifelines disappeared. Most local police forces would scatter, be co-opted or slaughtered wholesale, as they were in 2004.

Insurgents of all stripes would make the most of the combined American and Iraqi withdrawal, harassing the departing convoys with homemade bombs and small-arms fire. Videos of insurgents dancing in the streets would become prevalent on the Internet and international television. No public relations campaign could succeed in painting an early phased withdrawal as anything but a strategic defeat.

"Redeployed" in large bases far from the enemy centers of gravity, American troops wouldn't be able to keep insurgent groups from forming semi-conventional units. This pattern has repeated itself countless times across Iraq and follows historic guerrilla-warfare models: insurgents exploit any safe haven to strengthen and train their forces. The longer they are left alone, the stronger they become. As our presence in the countryside diminishes, our ability to gather intelligence and to protect valuable infrastructure, communications lines and friendly tribal areas will deteriorate rapidly.

Should the Iraqi Army stay in place as American units withdraw, the American advisers embedded within these units probably would have to be removed, leaving nobody to control air support, coordinate unit pay from Baghdad, supervise the monthly convoys to take troops home on leave, prevent gross violations of the Geneva Convention or shore up shaky leadership. Given patient support, most of these units eventually will develop the capacity to conduct independent operations. However, some adviser teams already report that their Iraqi counterparts have said they intend to desert if the Americans leave too soon.

Although Anbar may be the most violent province in Iraq per capita, it is relatively free of the sectarian tensions found in Baghdad and the center. The confusion caused by withdrawal would be compounded as religious, militia and political

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loyalties divided inadequately prepared military and police units. Full-scale ethnic killing would become a very real possibility.

For some, the collapse of Iraqi society into Hobbesian mayhem is inevitable no matter how many American troops remain on the ground. A few argue that disintegration of the Iraqi state actually would bring about the national catharsis that seems so elusive today — that absolute civil war would be a greater good.

This cold calculus ignores the very real impact of an American withdrawal on the people we now protect. Any debate that does not consider the bloody reality we would leave in our wake does a disservice to the people of Iraq and the troops who have fought so hard to defend them.

Stretched Too Thin (WP)

By Kevin Ryan

The Washington Post, December 18, 2006

When America's top general in charge of Iraq, John Abizaid, told Congress last month that our Army was unable to increase the number of troops deployed in Iraq, it was a first-of-its-kind admission from a senior defense official: that our ground forces had reached their capacity for military action. "This is not an Army that was built to sustain a 'long war,' " Abizaid told students at a Harvard lecture two days later. This is an Army built to achieve victory with speed and precision. This is a short-war Army fighting a long war.

On Dec. 6, the day after Robert Gates told Congress that he is "open to the possibility of an increase" in the size of our ground forces, the Iraq Study Group released its report, which declared that "America's military capacity is stretched thin." And last week the Army's chief of staff, Gen. Peter Schoomaker, told Congress that the Army is prepared to add up to 7,000 soldiers per year to its ranks if authorized.

The stage has been set for a serious discussion about the appropriate size for our Army: a discussion that should balance resources with demands. Today the 37 combat brigades of the active Army are almost totally consumed by the wars in Iraq and Afghanistan. With all units either deployed, returning from deployment or preparing to deploy, there are none left to prepare for other contingencies. Active brigades have only 14 months at home before they are recalled for their next 12-month deployment. The National Guard can muster only two or three of its 15 enhanced brigades at any given time, largely because of crippling equipment shortages.

The lack of ground forces has an impact beyond the ability to commit more troops to Iraq. Our published defense strategy requires a military that can defend our homeland, sustain two major wars, be present in key regions abroad and fight a global war on terrorism. With Marine and Army ground forces barely large enough to fight the two major wars, the other security tasks are left to flyovers and ship visits from our Air Force and Navy. According to Schoomaker, America is "on a dangerous path that dictates we must increase our strategic depth, increase readiness and reduce our operational risk." If Afghanistan and Iraq are typical of the two-war capability called for in our defense strategy, our Army must be able to sustain a deployment of 14 brigades. To do this and achieve the Defense Department goal of two years at home for every year in combat, the Army would need 56 brigades in its structure. To meet the demands of homeland defense, foreign presence and a global war on terrorism, one could make a good case that America must be able to sustain an additional five to seven brigades in deployment, which would require 20 to 28 more brigades in the structure.

A rough estimate therefore of active and Guard brigades needed for our defense strategy would be between 76 and 84. And these numbers assume that America's other ground force, the Marine Corps, continues to provide the forces it already does in the Middle East and around the globe. Currently the Army has 52 brigades (37 active and 15 enhanced Guard) and has authority to build to 70 brigades (42 active and 28 Guard), but Congress has not authorized enough troops to man these units.

The 2007 defense budget pays for only 512,000 active-duty soldiers. The Army needs a minimum of 575,000 to man the brigades our defense strategy requires. America must bring its military capabilities back in balance with its strategic demands.

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Support is building to correct this mismatch. Colin Powell, the former secretary of state and chairman of the Joint Chiefs, said yesterday that both the Army and Marine Corps need to grow in size. Former Army chief of staff Gordon Sullivan has called for the active Army to have between 560,000 and 600,000 soldiers. Republican Sen. John McCain of Arizona has called for the active Army and Marine Corps to increase by 100,000 troops. The United States Army Relief Act, sponsored by Democratic senators Jack Reed, Hillary Clinton, Joe Lieberman and Bill Nelson, calls for an increase in end strength of 20,000 per year over the next four years. These recommendations all bring us closer to the mark.

Throughout the 1980s we recruited an Army of more than 750,000 entirely from volunteers: the same Army that won the Persian Gulf War. It will take several years to recruit additional troops and build the organizations and facilities to house them, but these numbers are well within our reach.

The writer, a retired Army brigadier general, is a senior fellow at the Belfer Center for Science and International Affairs at Harvard's John F. Kennedy School of Government. His last assignment was as deputy director for Army strategy, plans and policy.

Gunmen Kidnap Aid Workers In Baghdad (AP)

By Christopher Torchia

AP, December 18, 2006

Gunmen in Iraqi army uniforms burst into Red Crescent offices on Sunday and kidnapped more than two dozen people at the humanitarian organization in the latest sign of the country's growing lawlessness.

British Prime Minister Tony Blair, in Iraq on his sixth visit since the 2003 invasion, appealed for international support for Iraq's fragile government, saying the bloodshed was being carried out "by the very forces worldwide who are trying to prevent moderation."

Blair and his Iraqi counterpart, Nouri al-Maliki, discussed preparations by British military units in Basra, the main city in southern Iraq, to turn over security to Iraqi forces. Britain expects to withdraw several thousand troops from Iraq next year, despite concerns that Iraqi forces are not ready to keep order on their own.

"Our task — ours, the Americans, the whole of the coalition, the international community and the Iraqis themselves — is to make sure that the forces of terrorism don't defeat the will of the people to have a democracy," Blair said.

In the latest violence, gunmen in five pickup trucks pulled up at the office of the Iraqi Red Crescent in downtown Baghdad and abducted 25 employees, police said. A Red Crescent official, who spoke on condition of anonymity because of safety concerns, said the gunmen left women behind.

Pierre Kraehenbuehl, director of operations of the International Committee of the Red Cross, said in Geneva that seven abductees were released. The Dutch Foreign Ministry said three Iraqi security guards at its embassy building in Baghdad — adjacent to the Red Crescent offices — were also kidnapped, but were later released.

The Red Crescent, which is part of the international Red Cross movement, has around 1,000 staff and some 200,000 volunteers in Iraq. It works closely with the International Committee of the Red Cross, which visits detainees and tries to provide food, water and medicine to Iraqis.

"We don't know who they are. We don't know why they did this," said Antonella Notari, a Red Cross spokeswoman in Geneva.

She also said the organization was in contact with the Iraqi Interior Ministry, which denied any involvement and had assured that they were searching for the abductees.

Mazin Abdellaha, secretary-general of the Iraqi Red Crescent, appealed to the kidnappers to release the captives.

"They represent a humanitarian agency that works for the general good, and this agency helps all people regardless of their sect or ethnicity," Abdellaha said.

At least half a dozen mass kidnappings have been carried out in the Iraqi capital this year, possibly by armed groups linked to the sectarian conflict between Sunnis and Shiites.

The abduction comes just days after the organization's vice president, Dr. Jamal al-Karbouli, said American forces represented a greater danger to its work than insurgents.

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"The insurgents, they are Iraqis, a lot of them are Iraqis, and they respect the Iraqis. And they respect our (the Red Crescent's) identity, which is neutrality," al-Karbouli said Friday.

Lt. Col. Christopher Garver, a U.S. military spokesman in Baghdad, said in response that the U.S.-led coalition forces "strive to ensure they are respectful when they conduct interaction with the local population."

On Thursday, gunmen in military uniforms kidnapped dozens of people in central Baghdad, police said. The attackers drove up to the busy Sanak area in about 10 sport utility vehicles and began rounding up shop owners and bystanders. Police said 50 to 70 people were abducted, but at least two dozen were later released.

On Sunday, the U.S. military said a roadside bomb killed three American soldiers and injured a fourth serviceman north of Baghdad. The soldiers were clearing a route so another unit could move through the area on Saturday, the military said in a statement.

The toll raised to 57 the number of Americans killed in Iraq in December. At least 2,945 members of the U.S. military have died since the U.S.-led invasion in March 2003, according to an Associated Press count.

British and Iraqi troops in Basra are conducting a neighborhood-by-neighborhood sweep aimed at rooting out weapons and militants and launching reconstruction projects. Its completion in the new year will likely trigger an announcement that Britain is slashing its troop numbers.

Britain has some 7,000 troops in Iraq, most based around the city of Basra in the south — the largest commitment of any country after the United States. More than 120 British personnel have died in the country since the U.S.-led invasion in 2003 that ousted Saddam Hussein.

"The operation there for the Iraqi forces to take control of security of the city is going well," Blair said.

Late on Sunday afternoon, Blair flew to Basra to visit some of the troops stationed there.

"Our country and other countries like it are having to rediscover what it means to fight for what you believe in," Blair told the soldiers.

"You are not fighting a state, but fighting a set of ideas and ideologies, a group of extremists who share the same perspective," he said.

Among those killed in violence were two policeman, an Iraqi soldier and a municipal official in Baghdad; and a police officer in Kut, southeast of the capital.

Baghdad Red Crescent Workers Abducted (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 18, 2006

— Gunmen wearing Iraqi army uniforms kidnapped more than two dozen people from the Baghdad offices of the Red Crescent humanitarian group on Sunday, and the U.S. military announced the deaths of three more American soldiers.

The gunmen pulled up to the Red Crescent building near downtown Baghdad's Andalus Square about 11:30 a.m. in two police cars and 20 other cars, a spokesman for the aid organization said. Staff members thought the men were police and allowed them to enter the building, he said.

Once inside, the kidnappers separated men from women and abducted an estimated 28 men, according to the spokesman. The victims included Red Crescent staff, visitors and three guards from the Dutch Embassy, which has been vacated but still shares the office, he said.

Red Crescent staff called the Iraqi Interior and Defense ministries and were told neither had troops in the area, said the spokesman, who requested anonymity because of concerns for his safety.

"We do not suspect anyone, as we are a humanitarian organization that does no harm to any bloc," he said.

The Red Crescent, which is affiliated with the International Committee of the Red Cross, has about 1,000 staffers and 200,000 volunteers in Iraq, providing food, water and medicine.

The U.S. military announced Sunday that three U.S. soldiers stationed in Baghdad were killed Saturday by a roadside bomb while on a combat mission north of the capital.

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Their deaths bring the U.S. military toll so far this month to at least 57, on pace to surpass the 69 tallied in November, according to www.icasualties.org, which tracks casualties in the conflict. In October, 106 American soldiers were killed, according to the website.

So far, the website shows, 2,946 American troops have been killed in Iraq since the U.S.-led invasion began in March 2003.

Commenting on the dire situation in the war-torn country, former Secretary of State Colin L. Powell said Sunday on CBS' "Face the Nation" that a temporary increase in the number of U.S. troops in Iraq, an idea under serious consideration by the White House, would probably not quell sectarian violence in Baghdad because U.S. forces are already overextended.

"The American army isn't large enough to secure Baghdad," said Powell, a retired Army general who served as chairman of the Joint Chiefs of Staff during the 1991 Persian Gulf War. "I am not persuaded that another surge of troops into Baghdad for the purposes of suppressing this communitarian violence, this civil war, will work."

But Tariq Hashimi, one of Iraq's two vice presidents, argued on CNN's "Late Edition" that more U.S. forces were needed in the Iraqi capital. "Iraqi troops, across the board, they are insufficient, incompetent and many of them [are] corrupted," said Hashimi, who met last week with President Bush.

The incoming Senate majority leader, Harry Reid of Nevada, said on ABC's "This Week" that he would support a U.S. troop increase "for two or three months ... [if] it's part of a program to get us out of there as indicated by this time next year."

Also on Sunday, British Prime Minister Tony Blair met with Iraqi Prime Minister Nouri Maliki in Baghdad and then with British troops in the southern city of Basra. It was Blair's sixth visit to Iraq since 2003.

Blair commended Maliki's efforts to end sectarian violence and added that British troops would continue to train Iraqi soldiers and police "so that in time the Iraqi people can take full responsibility for their affairs." More than 7,000 British troops are in Iraq, primarily in the south.

During the 24 hours ending Sunday night, meanwhile, Baghdad police found 36 bodies. All of the victims had been shot several times; some had been handcuffed, blindfolded and tortured, according to the Interior Ministry.

Sunni Muslim militias killed at least one woman in attacks on two villages near Taji, about 12 miles north of Baghdad, Taji police said.

Militia members, mainly former fighters loyal to Saddam Hussein, had been sniping and firing mortar shells into the area for the last four days, the police said.

The insurgents set up makeshift checkpoints and burned a house in an effort to evict residents, police said, adding that the woman who was killed had refused to leave.

In the city of Iskandariya, about 25 miles south of Baghdad, two men were killed late Saturday after gunmen opened fire at them, according to a relative who delivered the victims' bodies to police Sunday.

In Hillah, a roadside bomb killed a soldier and injured another Sunday. The U.S. Consulate and an American base in the southern city were hit in a mortar attack, according to police.

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Times staff writers Leslie Hoffecker in Washington and Zeena Kareem, Suhail Ahmad and Raheem Salman in Baghdad, along with special correspondents in Baghdad, Hillah and Taji, contributed to this report.

Kidnappers Strike Red Crescent's Iraq Office (WP)

By Sudarsan Raghavan And Nancy Trejos

The Washington Post, December 18, 2006

BAGHDAD, Dec. 17 -- The kidnappers had left his father's cellphone on a wooden desk in the Iraqi Red Crescent Society office Sunday morning. But Wathiq Adnan did not know that as he stood in the front yard, his face as gloomy as the cold, rain-soaked sky.

Outside the compound, a cluster of police vehicles and four U.S. military Humvees were parked. They had arrived too late to stop the gunmen, who had worn police uniforms and carried police-issued guns, witnesses said.

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Inside, a police intelligence officer was questioning Ayad al-Ikabi, a Red Crescent official.

"Were those who were kidnapped from different sects?" asked the official, who wore a dark suit.

"We are all mixed," replied Ikabi, who wore a black leather jacket and had a black pistol tucked into his belt.

Moments later, Ikabi and other officials walked into the two-story, oatmeal-colored office in an affluent section of Karrada, a neighborhood in central Baghdad. Adnan, who works at a different Red Crescent office, followed them.

It has become a familiar story in Baghdad. Gangs of gunmen, dressed in camouflage uniforms and driving official police vehicles, abduct dozens of employees in broad daylight, motivated by sectarian tensions, a bid for ransom or merely a desire to undermine a weak government unable to provide security for its citizens. They leave the women but take the men, then calmly drive off without firing a shot.

Almost the only difference Sunday was the target: a humanitarian organization, linked to the International Committee of the Red Cross, that has helped Iraqis cope in a nation that offers little comfort. The kidnappers took about 25 employees and a few visitors, employees said. The assault began at 11:30 a.m. and ended 15 minutes later.

The office is located in a part of the capital that is surrounded by checkpoints and concrete barriers largely because the Dutch Embassy is nearby. The gunmen also seized three embassy guards as they left.

"I don't know why this happened," Ikabi said before going into the office. "We are not connected to any sect or any political party."

The kidnappings took place less than a mile from Iraqi Prime Minister Nouri-al Maliki's residence in the fortified Green Zone, where al-Maliki met with British Prime Minister Tony Blair on Sunday. Blair, who made an unannounced visit to Baghdad, pledged to keep his country's troops in Iraq "until the job is done."

"Don't be under any doubt at all, British troops will remain until the job is done, and that job is building up the Iraqi capability," Blair said, echoing statements by President Bush about U.S. troops.

"I reiterated our determination to stand foursquare behind you and the Iraqi people in ensuring that your democracy is not destroyed by terrorism, by sectarianism, by those who wish to live in hatred rather than peace," Blair said.

Asked about Sunday's kidnapping, and whether the United States and Britain were responsible for the security breakdown, Blair responded testily.

"Who is creating the difficulty in Iraq today?" he asked. "Who is creating the challenges? Who is creating the bloodshed? Terrorists and former supporters of Hussein who are trying to destroy Iraq's new democracy."

The mass abduction Sunday was the third in Baghdad in just over a month. On Thursday, gunmen rounded up about 25 shopkeepers in a busy commercial district. And on Nov. 15, 150 employees were seized from a Ministry of Higher Education agency in Karrada. In both cases, the gunmen wore police or military uniforms, witnesses said.

Abu Kara, whose shop is near the Red Crescent office, said several dusty sedans and pickup trucks with tinted black windows pulled up Sunday morning. Some of the gunmen wore camouflage uniforms while others were in civilian clothes, he said. He quickly stepped into his shop, he recalled, but a couple of gunmen ordered him and three other employees outside and told him to sit on a small white chair outside his store.

"They placed a Kalashnikov to my head," he said. "They were afraid we would use our cellphones to call for help."

The gunmen passed the tall walls of the compound and entered the office through a glass door. They broke down locked doors and sought out the men. According to Ikabi, they stole nothing. Then they left.

"They didn't fire a single shot," Abu Kara said.

Down a short corridor on the first floor, Adnan caught a glimpse of what he considers the important part of what had happened. He walked into the office used by his father, who was in charge of distributing the charity's drugs. On his desk were papers and orange folders, the signs of a busy day interrupted.

That's when Adnan spotted the gray-and-black cellphone with the silver key chain. It showed 12 missed calls.

He picked it up and stared at it. Then it rang.

Adnan answered.

The caller's voice was unfamiliar.

"Who are you? Whom have you called? Abu Wathiq?" Adnan asked.

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The man said he was calling for his father.

"Tell me who you are." Adnan pressed, his voice growing frantic. "I am his son."

The man told him he was a friend of his father's.

Adnan said he would talk to him later. It wasn't the kidnappers.

Then his own phone started to ring. It was a relative. Adnan gave him directions to the Red Crescent office, then walked outside again in a daze.

"I have no idea who would do this," he said. "Only God knows."

"This is not personal," he added. "This is a general thing. It happens all the time in Iraq. There is no security. If there was security, would there be kidnappings?"

His phone rang again. Another relative. More directions.

Clutching his father's cellphone, Adnan walked to the road. Qasim Mahdi had arrived to search for his nephew, Falah, also kidnapped. Falah's sister, who had come with Mahdi, began to scream, then wail and beat her chest. Some local residents took her into their house to comfort her.

Outside, Mahdi raised his hands to the sky.

"Is there a government?" he asked, addressing no one in particular.

Down the street, past the police vehicles, Adnan's phone rang again.

Special correspondents Saad al-Izzi and K.I. Ibrahim in Baghdad contributed to this report.

'Unanswered Questions' Cloud Decisions On Iraq (WT)

By Rowan Scarborough

The Washington Times, December 18, 2006

The chairman of the House Permanent Select Committee on Intelligence says he has traveled to Iraq eight times to assess U.S. intelligence collection, and each time he returns to Washington struck by the lack of knowledge about the insurgency that is killing hundreds of American troops.

"When I come back from Iraq, or even a briefing here, you learn how tough intelligence is," said Rep. Peter Hoekstra, Michigan Republican. "I don't walk out of there believing that I've got a crystal-clear picture of what the insurgency is, what the scope of it is, what the magnitude is, what the capabilities are. How much is international? How much is external? How much is al Qaeda? How much is Iranian? How much is Syrian? I walk out with lots of unanswered questions."

The fact that U.S. command lacks broad knowledge about the enemy in Iraq, in the opinion of Mr. Hoekstra and others, has brought a steady stream of criticism.

Most recently, the Iraq Study Group, a bipartisan commission led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, reported, "Our government still does not understand very well either the insurgency in Iraq or the role of the militias."

The Iraq Study Group report said intelligence agencies "are not doing enough to map the insurgency, dissect it and understand it on a national and provincial level. The analytic community's knowledge of the organization, leadership, financing and operations of militias, as well as their relationship to government security forces, also falls far short of what policy-makers need to know."

Defense sources have told The Washington Times that when field commanders return to the U.S. from Iraq, one of their chief complaints is a lack on information about the enemy.

Michael Ledeen, a military analyst at the American Enterprise Institute, said the U.S. will never gain the full support of the Iraqi people, and thus better tips, until the locals are confident of a U.S. victory.

"For people to think we have a good chance to win, they have to see us beating Iran and Syria," said Mr. Ledeen, referring to the two countries supporting the insurgency. "We will never have the full cooperation of the people of Iraq until people see we are waging war against Iran and Syria."

He said the Bush administration, which is reviewing Iraq strategy, should start by helping foment insurrection against Iran's hard-line Islamic leaders and provide support to dissidents in Syria.

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The Pentagon's Defense Intelligence Agency labeled as "inaccurate" the Iraq Study Group's assertion that the DIA had fewer than 10 analysts with more than two years of experience examining the insurgency. The agency said it has more than 300 analysts focused on Iraq, 49 of whom look exclusively at the insurgency.

"DIA is committed to providing the best possible military intelligence to the men and women in uniform and to the nation in its ongoing war against terrorism and extremism," the agency said.

Mr. Hoekstra is sympathetic toward the intelligence community's challenge in Iraq.

"I think you have to take a look at it two ways," he said. "You have to take a look at it and say, 'The intelligence may be terrible, but does that mean the intelligence capability is terrible?' It just may be very, very hard."

He added, "This is one of the things I do have an appreciation with the intelligence community on, is that the standard has been, the information you give us has to be as clear as 'two plus two is four.' Anything less than that gold standard of giving us perfect information means that the intelligence is terrible. ... Sometimes I sense that policy-makers believe if they get perfect information from intelligence, it gives them the answer as to what to do. That is not going to happen. You'll only have more or less information with which to make a decision."

Blair Urges Support For Iraq Government (AP)

By Jill Lawless

AP, December 18, 2006

British Prime Minister Tony Blair took his Middle East peace tour to Iraq on Sunday, urging support for its fragile government and seeking to draw the violence-wracked country into his vision of a global battle against extremism.

Standing in front of a Lynx helicopter in a cavernous hangar, Blair told some of the 7,000 British troops serving in southern Iraq they were fighting on behalf of "people of tolerance and moderation" around the world.

"This is real conflict, real battle, and it is a different kind of enemy — not fighting a state, but fighting a set of ideas and ideologies, a group of extremists who share the same perspectives," Blair said. "What we need to try to do is build an alliance of moderate people against the extreme."

Blair is President Bush's staunchest ally in the Iraq war, and Britain has some 7,000 troops in Iraq, most based around Basra in the south. It's the largest troop commitment of any country after the United States.

During what has become an annual holiday-season visit to the region, Blair told troops that extremism was causing havoc in neighborhoods from Basra to London — a reference to the July 2005 transit bombings in the British capital that killed 52 people.

"The crazy thing about today's world is it actually comes back to our own streets," he said. "All over the world the same struggle is going on, and if we don't stand up and fight for the people of tolerance and moderation who want to live together, whatever their fate, then the people of hatred and sectarianism will triumph."

Battling extremism has been the theme of Blair's trip to the region, which has included stops in Turkey and Egypt. He arrived in Israel Sunday night, and will later travel to the Palestinian territories and the United Arab Emirates.

Blair's visit to Baghdad early Sunday was a surprise stop on his tour, designed to demonstrate support for the fragile attempts to halt Iraq's seemingly unstoppable bloodshed.

After meetings with Prime Minister Nouri al-Maliki, Blair urged the international community to ensure that democracy is not defeated by terrorism. But as he flew into the heavily fortified Green Zone aboard a military helicopter, news broke of the latest violent episode — a mass kidnapping carried out by gunmen in Iraqi army uniforms at the office of the Iraqi Red Crescent aid organization.

Blair insisted Iraq has made progress since the 2003 U.S.-led invasion.

"The first time I arrived in this country there was no proper functioning democracy. Today there is," Blair said at a joint news conference with al-Maliki. "Our task — ours, the Americans, the whole of the coalition, the international community and the Iraqis themselves — is to make sure that the forces of terrorism don't defeat the will of the people to have a democracy."

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The trip — Blair's sixth to Iraq since the U.S.-led 2003 invasion — was not announced in advance for security reasons. The British leader also met with Iraqi President Jalal Talabani and senior U.S. officials in Baghdad.

Iraq's Sunnis 'risk Ethnic Cleansing' (FT)

By Guy Dinmore In Washington

Financial Times, December 18, 2006

Vice-president Tariq al-Hashimi, Iraq's most senior politician from the Sunni Arab minority, said on Sunday that more US troops were needed in Baghdad to stop the "systematic cleansing" of the Sunni community by Shia militias.

Some 3,000 Iraqis were fleeing the country daily and Iraqi forces were insufficient, incompetent and corrupted, he said. There is intense speculation in Washington that President George W. Bush will propose "surging" some 30,000 more US troops into Iraq in a last-ditch effort to secure the city and Anbar province.

However, in an interview broadcast by CNN, Mr Hashimi said there was "no consensus" between the US and Iraq on how to tackle security. He also said the Bush administration had told him last week that US troops were "insufficient to handle the security as required in Baghdad".

Colin Powell, former secretary of state, agreed. "We have tried this surge of troops over the summer. I am not persuaded that another surge of troops into Baghdad for the purposes of suppressing this communitarian violence, this civil war, will work."

Saudis Report Shi'ite 'State' Inside Of Iraq (WT)

By Sharon Behn, The Washington Times

The Washington Times, December 18, 2006

Iran has effectively created a Shi'ite "state within a state" in neighboring Iraq, defying both Iraqi Sunnis and neighboring Sunni nations, according to a Saudi security report.

Iranian military forces are providing Shi'ite militias with weapons and training, Iranian charities are pouring funds into schools and hospitals, and Tehran is actively supporting pro-Iranian Iraqi politicians, the report said.

"Where the Americans have failed, the Iranians have stepped in," said the report by the Saudi National Security Assessment Project, a Riyadh-based consultancy commissioned by the Saudi government to provide security and intelligence assessments.

The report, submitted to the Saudi government in March, has not been publicly distributed.

Citing interviews with intelligence and military officials in Iraq and surrounding region, the report states that the Sunni insurgency numbers about 77,000, while the Shi'ite militia forces total about 35,000.

According to the report, Iran also is infiltrating Iraq through its al Quds forces -- the special command division of the Iranian Revolutionary Guard Corps (IRGC) -- which specialize in intelligence operations in unconventional warfare.

RAND Corp. senior defense analyst Ed O'Connell said the Iranian intelligence was trying to counter Saddam Hussein's former formidable spy network, Iraqi Intelligence Service (IIS), or the Mukhabarat. Under Saddam's regime, he said, roughly one of every six Iraqi adults was a paid or unpaid informant -- a network that did not disappear with the arrival of the U.S.-led coalition.

"The real story in Iraq is this below-the-surface 'unconventional war' between the old IIS, which could become a more overt Saudi proxy -- and the al Quds special directorate intelligence-counterintelligence," Mr. O'Connell said.

The Saudi security report was directed by Nawaf Obaid -- who recently was fired for writing an article in The Washington Post warning that Saudi Arabia would not stand idly by and allow Iraq's Shi'ites to destroy its Sunni population.

Washington diplomats and analysts say Mr. Obaid's dismissal was more window-dressing than a real punitive action.

The report states that the Iranian levers of influence in Iraq include a broad network of informants, military and logistical support of armed groups, and social welfare campaigns.

It adds that Tehran has "sought to influence Iraq's political process by giving support to new various parties, in particular, to the SCIRI," or Supreme Council for Islamic Revolution in Iraq, the leading Shi'ite party.

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Analysts say some Saudi citizens are raising funds for Sunni insurgents.

"I have heard them say it is not hard to line up a couple hundred thousand dollars and send it to the insurgents across the border," said Isobel Coleman, a senior fellow at the Council for Foreign Relations.

Despite claims by SCIRI leader that the party's private militia, the Iran-backed Badr Organization, formerly known as the Badr Brigade, has surrendered its weapons, gun-toting Badr members are still visible on the streets of Baghdad.

The Saudi study says the Badr Organization is still about 25,000-strong, and the party has roughly 3 million supporters. Anti-American cleric Muqtada al-Sadr's militia, the Mahdi Army, is thought to number just under 10,000, while his party has the support of about 1.5 million Shi'ites.

"Each of these groups is beholden in some way to Iran and has ties to its intelligence and security services," the report says.

It adds: "Recent intelligence indicates that IRGC officers are currently operating in Iraq certain Shi'ite militias and actual army and police units."

U.S. officials have acknowledged that Shi'ite militias have infiltrated the police, but stopped short of saying that there is direct Iranian involvement in the security forces.

Mrs. Coleman cautions that the report, while not necessarily inaccurate, is not impartial.

"It is alarmist about the Iranians, and Mr. Obaid comes with a bias. Not that it is wrong, but it is not unbiased," she said.

The Saudi study was the result of five months of cooperation with Iraq and neighboring countries and dozens of interviews with current military and intelligence officials in the region, Mr. Obaid wrote in the preface to the 40-page report.

"Ordinary police and military officers now have a stronger allegiance to the Badr Organization or the Mahdi Army than to their own units," the report says, adding that the Badr Organization is the "key vehicle Iran is using to achieve its military, security and intelligence aims."

The study also provides details on the Sunni insurgency. It cites Iraqi tribal leaders as saying that the insurgency is run mainly by former commanders and high-level military officers of the Ba'athist regime. Only a smaller group is religiously inspired and includes foreign fighters.

Of the 77,000 active members of the insurgency, the "jihadis" number about 17,000, of which some 5,000 are from North Africa, Sudan, Yemen, Egypt and Saudi Arabia.

The remaining 60,000 are members of the former military or Saddam's paramilitary Fedayeen forces. The officer corps of the insurgency has "command and control facilities in Syria as well as bases in strategic locations, where Sunnis constitute the majority of the urban population."

Given the centuries-old tribal, familial and religious ties between Iraq's Sunnis and Saudi Arabia, the assessment concludes that "Saudi Arabia has a special responsibility to ensure the continued welfare and security of Sunnis in Iraq."

Its recommendations to the Saudi government included a comprehensive strategy that would include overt and covert components to deal with the worst-case scenario of full-blown civil war.

It also calls on the government to communicate the assessment to the United States; make it clear to Iran that if its covert activities did not stop the Saudi leadership would counter them; and extend an invitation to the highest Iraqi Shi'ite leader, Ayatollah Ali al-Sistani, to reassure the Shi'ite community.

Clandestine Military Teams Clash With CIA, Allies (LAT)

By Greg Miller

The Los Angeles Times, December 18, 2006

WASHINGTON -- U.S. Special Forces teams sent overseas on secret spying missions have clashed with the CIA and carried out operations in countries that are staunch U.S. allies, prompting a new effort by the agency and the Pentagon to tighten the rules for military units engaged in espionage, according to senior U.S. intelligence and military officials.

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The spy missions are part of a highly classified program that officials say has better positioned the United States to track terrorist networks and capture or kill enemy operatives in regions such as the Horn of Africa, where weak governments are unable to respond to emerging threats.

But the initiative has also led to several embarrassing incidents for the United States, including a shootout in Paraguay and the exposure of a sensitive intelligence operation in East Africa, according to current and former officials familiar with the matter. And to date, the Special Forces espionage effort has not led to the capture of a significant terrorism suspect.

Some intelligence officials have complained that Special Forces teams have sometimes launched missions without informing the CIA, duplicating or even jeopardizing existing operations. And they questioned deploying military teams in friendly nations -- including in Europe -- at a time when combat units are in short supply in war zones.

The program was approved in the aftermath of the Sept. 11 attacks by Secretary of Defense Donald H. Rumsfeld, and is expected to get close scrutiny by his successor, Robert M. Gates, who takes over Monday and has been critical of the expansion of the military's intelligence operations.

Senior officials at the CIA and the Pentagon defended the program and said they would urge Gates to support it. But they acknowledged risks for the United States in its growing reliance on Special Forces troops and other military units for espionage.

"We are at war out there and frankly we need all the help that we can get," said Marine Maj. Gen. Michael E. Ennis, who since February has served as a senior CIA official in charge of coordinating human intelligence operations with the military. "But at the same time we have to be very careful that we don't disrupt established relationships with other governments, with their liaison services, or [do] anything that would embarrass the United States."

Ennis acknowledged "really egregious mistakes" in the program, but said collaboration has improved between the CIA and the military.

"What we are seeing now, primarily, are coordination problems," Ennis said in an interview with the Los Angeles Times. "And really, they are fewer and fewer."

The issue underscores the sensitivity of using elite combat forces for espionage missions that have traditionally been the domain of the CIA.

After Sept. 11, the Bush administration gave expanded authority to the Special Operations Command, which oversees the Army Green Berets, Navy SEALs and other elite units, in the fight against terrorism. At the same time, Rumsfeld, who lacked confidence in the CIA, directed a major expansion of the military's involvement in intelligence gathering to make the Pentagon less dependent on the agency.

Officials said this led to the secret deployment of small teams of Special Forces troops, known as military liaison elements, or MLEs, to American embassies to serve as intelligence operatives. Members of the teams undergo special training in espionage at Ft. Bragg and other facilities, according to officials familiar with the program.

The troops typically work in civilian clothes and function much like CIA case officers, cultivating sources in other governments or Islamic organizations. One objective, officials said, is to generate information that could be used to plan clandestine operations such as capturing or killing terrorism suspects.

In a written response to questions from the Times, a spokesman for the Special Operations Command in Tampa, Fla., described MLEs as "individuals or small teams that deploy in support of (regional military commanders) in select countries, and always with the U.S. ambassador and country team's concurrence and support."

But critics point to a series of incidents in recent years that have caused diplomatic problems for the United States.

In 2004, members of an MLE team operating in Paraguay shot and killed an armed assailant who tried to rob them outside a bar, said former intelligence officials familiar with the incident. U.S. officials removed the members of the team from the country, the officials said.

In another incident, members of a team in East Africa were arrested by the local government after their espionage activity was discovered.

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"It was a compromised surveillance activity," said a former senior CIA official familiar with the incident. The official said members of the unit "got rolled up by locals and we got them out." The former official declined to name the country or provide other details.

He said it was an isolated example of an operation that was exposed, but that coordination problems were frequent.

"They're pretty freewheeling," the former CIA official said of the military teams. It was not uncommon, he said, for CIA station chiefs to learn of military intelligence operations only after they were underway, and that many conflicted with existing operations being carried out by the CIA or the foreign country's intelligence service.

Such problems "really are quite costly," said John Brennan, who was director of the National Counterterrorism Center before retiring from government last year. "It can cost peoples' lives, can cost sensitive programs and can set back foreign policy interests."

Brennan declined to comment on specific incidents.

There have also been questions about where teams have been sent. Although conceived to bolster the U.S. presence in global trouble spots, the units have carried out operations in friendly nations in Europe and Southeast Asia where it is more difficult to justify, officials said.

On at least one occasion, a team tracked an Islamic militant in Europe. "They were trying to acquire certain information about a certain individual," said a former high-ranking U.S. intelligence official who spoke on condition of anonymity. The official declined to name the country, but said it was a NATO ally and that the host government was unaware of the mission.

Critics said such operations risk angering U.S. allies with a dubious prospect for payoff. In some countries where MLE teams are located, "There's not a chance ... we're going to send somebody in there to snatch somebody unilaterally," said a government official familiar with the program.

At a time when the military is stretched thin, the official questioned the priority of using Special Forces for espionage, noting that the MLE program has not produced a significant success in terms of disrupting a plot or capturing a terrorist suspect.

"These are a highly trained, short-supply resource of the U.S. government," the official said. "What ... are they doing there instead of Pakistan or Afghanistan?"

Gates, the former director of the CIA poised to run the Pentagon, has voiced concern over the military's encroachment on CIA missions. In an opinion piece published this year, Gates said that "more than a few CIA veterans, including me, are unhappy about the dominance of the Defense Dept. in the intelligence arena and the decline in the CIA's central role."

In response to such conflicts, the administration previously designated the CIA director as the head of all U.S. human-spying operations overseas, with CIA station chiefs serving as coordinators in specific countries.

Ennis, whose position at the CIA was created last year, said the agency and the Pentagon are developing a more rigorous system for screening proposed military intelligence operations.

"Like a pilot with a checklist," CIA station chiefs will be required to sign off on all aspects of a proposed military intelligence operation before it is allowed to proceed, Ennis said. The CIA station chief, he added, "would look at the risk in terms of embarrassment to the government. Do they have the right level of training to do what they claim that they want to do, and is this already being done somewhere else?"

Col. Samuel Taylor, director of public affairs for the Special Operations Command, dismissed the suggestion of coordination problems with other agencies, saying, "We have an excellent, effective and productive working relationship with the CIA."

France To Pull Troops Fighting Against Taliban In Afghanistan (NYT/AP)

The New York Times, December 18, 2006

DOJ_NMG_0107057

PARIS, Dec. 17 (AP) — France announced on Sunday that it intended to withdraw its approximately 200 troops, all of them special forces, from a southern Afghan city, where they are taking part with NATO troops in a counterinsurgency operation.

Despite the strong engagement by 32,800 NATO troops, fighters allied with the country's former Taliban rulers have been gaining strength.

France has been reluctant to have its forces in Afghanistan, a total of 1,100 troops, serve outside the relatively safe Afghan capital, Kabul. The decision would remove elite troops based in the southeastern city of Jalalabad.

"There is a general reorganization" of the French troops, Defense Minister Michèle Alliot-Marie said during a visit to Afghanistan. Her remarks were broadcast on France-Info radio.

Among planned changes is a "withdrawal of special forces from Jalalabad in the coming weeks," she said.

The NATO contingent will remain in Afghanistan, Capt. Sébastien Caron, the Defense Ministry press officer, said in Paris.

On Saturday, Senator John McCain, Republican of Arizona, said that Afghan, American, Canadian, British and Dutch forces had done most of the fighting in Afghanistan over the past year at a time when ambushes, suicide bombings and other attacks had multiplied. Those nations have also borne the brunt of the casualties. Senator McCain called on NATO nations to send troops into more dangerous areas of Afghanistan.

The violence in Afghanistan this year has been the heaviest since the fall of the Taliban, in late 2001, with especially heavy fighting in the southern part of the country, and suicide attacks and roadside bombs.

The elite French troops have been deployed in southeastern Afghanistan since July 2003 to help in the fight against fighters believed to be linked to Al Qaeda and the Taliban and to help search for Al Qaeda's leader, Osama bin Laden.

Captain Caron said the decision to withdraw the special forces was made "in concert with our partners, notably the Americans."

Ms. Alliot-Marie said that France intended to maintain its air power, "which has backed up coalition forces numerous times," and that it was adding two helicopters in the zone between Jalalabad and Kabul.

She said that France also planned to train Afghan special forces "because it appears important to us that the Afghans see that it is their own forces which are retaking the theater" of war.

French Unit To Leave Afghanistan (WP/AP)

The Washington Post, December 18, 2006

PARIS, Dec. 17 -- France on Sunday announced the withdrawal of its 200-member contingent of elite special forces from Afghanistan -- all of its ground forces directly engaged in anti-terrorism operations in the country.

The elite troops have been deployed in Afghanistan since July 2003 to help bolster the fight against al-Qaeda and the Taliban militia.

A contingent of 1,100 French troops deployed under NATO command will remain in the capital, Kabul, Capt. Sebastien Caron, press officer for the French Defense Ministry, said in Paris.

Defense Minister Michele Alliot-Marie, on a visit to Afghanistan, announced "a general reorganization" of troops that includes a "withdrawal of special forces from Jalalabad in the coming weeks." Her remarks were aired on France-Info radio.

The decision comes during a resurgence by the Taliban, which has stepped up its attacks on NATO's International Security Assistance Force in recent months.

Sen. John McCain (R-Ariz.) said Saturday that Afghan, U.S., Canadian, British and Dutch forces have done most of the fighting over the past year, as ambushes, suicide bombings and other attacks have multiplied.

Air War Costs NATO Afghan Supporters (CSM)

By Rachel Morarjee

The Christian Science Monitor, December 18, 2006

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At a large gathering with Afghan President Hamid Karzai in this southern city last Tuesday, Abdul Ghafar sat among hundreds in the audience, clutching a piece of paper. On it were the names of 20 members of his family killed two months ago in a NATO airstrike.

"This was my uncle's family. Eleven children, six women, and three innocent men were killed. He lost everyone but one small girl," he said. Mr. Ghafar was hoping to receive compensation from the Afghan government. "We got nothing," he said.

Ghafar's extended family in the southern Panjwai district are among the nearly 4,000 people killed since the beginning of 2006 in a Taliban resurgence that is using civilians as human shields against escalating NATO air attacks.

The US-based Human Rights Watch estimates that more than 1,000 of those killed were civilians. A recent spate of suicide bombings here has stoked public anger even further.

The increased violence has left NATO generals begging for more troop contributions from reluctant member nations. Just Sunday, the French defense minister announced plans to withdraw the 200 special forces troops deployed under US command in southeastern Afghanistan.

But with so few boots on the ground, the increased reliance on air power has led to thousands of civilian deaths. The devastating air offenses are undermining support for the Afghan government, say human rights workers and Afghan officials, and are turning public opinion in the four southern provinces of Afghanistan against NATO forces, who took command of the south from the US in August.

The US Air Force dropped 987 bombs between June and November and fired some 146,000 cannon rounds as air support for NATO allies in the south. US aircraft fired more bombs in the first six months of this year than in the first three years of its campaign against the Taliban, according to figures released by the Pentagon.

President Karzai's meeting last Tuesday of NATO and US generals, ambassadors, and Afghan ministers in Kandahar - southern Afghanistan's largest city and a former Taliban stronghold - was an attempt to examine better methods for tackling the insurgency and curbing civilian deaths.

But even as top military officials met, NATO troops posted at a checkpoint in Kandahar shot and killed a local tribal elder who was driving a motorbike. The man had failed to heed warning signals as he drove to the meeting with Karzai.

The Tuesday visit came three days after Karzai wept openly on national television about his helplessness to protect the Afghan people from US, NATO, and Taliban violence.

"We can't prevent the coalition from bombing the terrorists, and our children are dying because of that," he said with tears in his eyes during a speech to mark International Human Rights Day, Dec. 10. At the Kandahar meeting, Karzai saved some of his harshest criticism for his Pakistani neighbors, a country he says has been actively helping the Taliban.

"The problem is not Taliban, we don't see it that way," Karzai told reporters. "The problem is with Pakistan."

"NATO's strategy has eroded support for its mission as well as for Karzai - nothing could be more telling than Karzai weeping and complaining about NATO killing Afghan civilians," says Sam Zia-Zarifi, Asia research director for Human Rights Watch.

"We are extremely worried - it hurts us, it hurts Afghan civilians. We are worried by it, NATO is also worried by it, and we are working together to reduce such casualties," President Karzai told reporters in Kandahar. "We know that is damaging to our image, and more importantly we do not want to harm innocent people."

In contrast to the US, NATO has no unified approach to compensating civilians killed during fighting, instead placing the financial burden on the individual nations engaged in the fiercest fighting in the south: Canada, Britain, the Netherlands, and Romania.

By providing much-needed financial aid for the families of victims killed by airstrikes, the Taliban has been able to garner support in the southern provinces, says Sarah Holewinski of the Campaign for Innocent Victims in Conflict (CIVIC), a Washington-based human rights group.

"If NATO doesn't find a way to win the trust and support of the Afghan people, the Taliban will," she says. "In fact they already are."

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Fighting against Taliban insurgents who are dressed in civilian clothes and hidden among the civilian population is a difficult task. But the sharp escalation in violence has many southern Afghans asking whether NATO troops are making their lives safer or, ultimately, more dangerous.

Many Afghans in Kandahar say that they would prefer NATO convoys to avoid the city, because they act as magnets for suicide bombs and the NATO soldiers tend to shoot indiscriminately into crowds.

"When we see a military convoy coming we stop our car and leave it where it is. We run and we hide," says Neamatullah, who fled his village in the nearby Panjwai suburb after NATO airstrikes in May killed dozens of civilians. "Both sides are fighting each other for power," he says. "But our lives and homes are ruined."

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Conservatives' Grip On Key Virginia Court Is At Risk (WP)

By Jerry Markon, Michael D. Shear

The Washington Post, December 18, 2006

A growing list of vacancies on the federal appeals court in Richmond is heightening concern among Republicans that one of the nation's most conservative and influential courts could soon come under moderate or even liberal control, Republicans and legal scholars say.

A number of prominent Republican appointees have left or announced plans to leave the U.S. Court of Appeals for the 4th Circuit, which has played a key role in terrorism cases and has long been known for forceful conservative rulings and judicial personalities.

Republican concerns also are fueled by the pending Democratic takeover of Congress, as several of President Bush's 4th Circuit nominees were already bottled up in the Senate when Republicans ran it. From the GOP's perspective, the situation now will worsen.

The 4th Circuit's rulings affect everyone who lives, works or owns a business in the area, which encompasses Maryland, Virginia, West Virginia and the Carolinas. The court's influence also has been widely felt nationally, and the emerging battle over it is part of a broader struggle for control of the federal judiciary.

"I think everyone is concerned because the 4th Circuit literally hangs in the balance here," said Jay Sekulow, chief counsel for the conservative American Center for Law and Justice, who has advised the White House on judicial nominees. "With the nature of the cases the court has been taking, especially on the terrorism issue, its direction is really critical."

Nan Aron, president of the liberal Alliance for Justice, said the new political landscape will force Bush to work closely with Democrats "to pick fair and open-minded judges who don't lean either to the right or the left" if he wants to get the administration's nominees confirmed. "If there were any way to appoint judges to move the 4th Circuit in a more moderate direction, that would be beneficial to both the circuit and to the country," she said.

The 15-member court has three vacancies, and a fourth judgeship will open in July. That would leave the bench with six Republican and five Democratic appointees by summer. In addition, one of those six Republican appointees has announced plans to take senior status as soon as a replacement can be confirmed. Senior judges receive full pay and hear cases but can take a reduced workload and are not considered active-service members of the court.

Some of the 4th Circuit's best-known rulings, upheld by the Supreme Court, include striking down a law allowing rape victims to sue their attackers in federal court and preventing the Food and Drug Administration from regulating tobacco.

In 1999, the 4th Circuit overturned the requirement that police read suspects their rights before interrogating them. The Supreme Court later reaffirmed the Miranda rights.

During the Bush administration, the 4th Circuit has been the court of choice on national security, issuing key rulings that backed the government on the detention of enemy combatants and the prosecution of Sept. 11, 2001, conspirator

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Zacarias Moussaoui. The court's conservative majority has included some of the nation's most prominent judges, including J. Michael Luttig and J. Harvie Wilkinson III.

Jan LaRue, chief counsel for Concerned Women for America, said she and other conservatives are disappointed with Bush and Senate Republicans for not pushing harder to fill the vacancies before losing control of the Senate.

"Now all they've done is managed to kick the can down the road, and we've lost the majority," said LaRue, whose group advocates for conservative jurists. "That circuit in the wrong hands could certainly move toward the center-left."

White House officials blamed Senate Democrats for the logjam. "The president has nominated several highly qualified people to fill vacancies on the 4th Circuit, and the Democrats have succeeded in each instance in blocking them," White House spokeswoman Dana M. Perino said. "We will continue to work to find highly qualified nominees and look forward to their confirmations."

The overall struggle for control of the federal courts is expected to grow even fiercer as Democrats take charge of the Senate with a razor-thin majority, assuming that Sen. Tim Johnson (D-S.D.), who has been hospitalized in recent days, continues in office. Although some conservatives blame Bush for failing to reshape the lower courts as effectively as he has the Supreme Court, others are joining him in aiming frustration at Democrats, who have used their minority power to block 4th Circuit and other appointments.

A victory by a Democrat in the 2008 presidential election, Republicans and legal experts say, could accelerate a philosophical shift in the court. "Imagine the people Hillary Clinton would appoint to the 4th Circuit," said Carl Tobias, a law professor at the University of Richmond.

The first of the current 4th Circuit vacancies has lingered since 1994, when Judge J. Dickson Phillips Jr. took senior status. Bush's nominee, U.S. District Judge Terrence W. Boyle Jr., has not overcome strong Democratic opposition.

In 2000, Judge Francis D. Murnaghan Jr. died. Bush nominated Virginia conservative Claude A. Allen in 2003, but he also was blocked by Democrats. Allen later resigned as Bush's top domestic policy adviser and pleaded guilty to shoplifting charges. Bush has not nominated anyone else for that vacancy.

Conservatives were then shocked when Luttig resigned in May to take a top corporate job at Boeing Co. Bush has nominated no one to replace him. Chief Judge William W. Wilkins Jr., a Ronald Reagan appointee who was the first chairman of the U.S. Sentencing Commission, recently announced that he will take senior status in July, creating a fourth vacancy. The new chief judge will be Karen Williams of South Carolina, the court's first female chief judge. She was appointed by President George H.W. Bush.

Another Republican appointee, H. Emory Widener Jr., 83, is planning to take senior status when his successor is confirmed. But Bush's nominee, Pentagon general counsel William J. Haynes II, has drawn strong opposition from Democrats and even from Republican Sen. Lindsey O. Graham (S.C.).

Even though the 11 judges who would remain by summer are split 6-5 in favor of Republican appointees, some court observers say that Democrats might gain effective control because Judge Allyson K. Duncan often votes with the court's moderate-to-liberal bloc. She was appointed by Bush in 2003, with strong support from John Edwards, a former Democratic senator from North Carolina and vice presidential candidate.

Yet predicting the court's precise direction is difficult. University of Pittsburgh law professor Arthur Hellman, for example, said two Clinton appointees -- judges William B. Traxler Jr. and Robert B. King -- are "fairly conservative." Hellman and some Republicans expressed surprise that Bush has not moved to fill Luttig's seat and keeps renominating Boyle and Haynes when they couldn't win confirmation in a Republican-led Senate.

Federal Rules Make Storing E-mail Mandatory (MH)

By Thomas J. Meeks

The Miami Herald, December 18, 2006

If your business is sued for copyright infringement, restraint of trade or employment discrimination, having a means in place to track electronic data is critical to successfully defending the case. Otherwise, you're likely to lose -- and pay hefty damages -- even before stepping into a federal courtroom.

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On Dec. 1, new federal rules went into effect creating a legal obligation for Florida business owners to store their e-mail messages and other electronic documents for use on demand. The rules are mandatory in all federal cases, including copyright or trademark infringement matters, securities or antitrust claims, cases involving the Americans with Disabilities Act and other employment lawsuits.

Under the new rules, both parties in a lawsuit must disclose their electronically stored information, along with any other materials they plan to use to prove their cases.

That means Florida business owners need to know exactly what information is stored on their networks, individual computers and electronic archives -- and how that information can be used to support their legal position.

Small-business owners can no longer use the excuse that they have not been able to go through their e-mail archives in time for the initial disclosures.

Therefore, the failure to produce information may prevent business owners from using that information, which may be the best evidence in their favor at the trial.

What should you do as a small-business owner? Consult with legal counsel in advance rather than waiting to respond to a lawsuit and risk having important evidence excluded from your case. A lawyer will institute litigation hold procedures to preserve relevant electronic information if your business becomes the target of a lawsuit or if you file a lawsuit as the plaintiff. Holding and reviewing electronic data does not necessarily mean every file is delivered to the opposing attorney. That depends on the legal strategy in the case. But preserving electronic data prevents the opposing attorney from arguing that the business owner allowed vital evidence to be destroyed.

Florida's small-business owners must understand that all the e-mails and electronic files transmitted through their company's network and the Internet are now potential evidence in a federal lawsuit. Having effective processes in place to preserve and access this data is now one of the fundamental elements of any successful courtroom strategy.

CORPORATE SCANDALS:

Ethics Hurdle Corruption Scandal At Siemens May Derail Restructuring Drive (WSJ)

By Mike Esterl

The Wall Street Journal, December 18, 2006

FRANKFURT -- When turnaround artist Klaus Kleinfeld became chief executive of storied German conglomerate Siemens AG in early 2005, he vowed to shake things up.

Nearly two years later, Mr. Kleinfeld finds himself under intense pressure, haunted by his company's past. A widening money-laundering and bribery investigation is shining a harsh spotlight on management and threatening to unravel his aggressive restructuring drive.

Europe's largest engineering company said last week it has found about half a billion dollars in suspicious transactions spanning the past seven years -- twice the amount German authorities flagged in November after more than 200 police raided the offices and homes of employees. Prosecutors in Germany, Italy and Switzerland suspect company officials were running an elaborate network of secret bank accounts and sham consulting contracts to bribe potential customers, and more managers and employers could face arrest as the investigation continues. If authorities find that Siemens didn't do enough to thwart the alleged scheme -- or that senior management condoned it -- the company could face costly lawsuits and bans on lucrative public-sector contracts.

The cross-border investigation is focusing on alleged wrongdoing at the financially troubled telecommunications unit, the same unit Mr. Kleinfeld has been trying to dismantle rapidly to boost profits. That effort was thrown further into doubt last week after Siemens and Nokia Corp. of Finland, citing the criminal probe, said they would delay the planned merger1 of their network carrier businesses, which will have combined revenue of $12.23 billion.

Prosecutors say Mr. Kleinfeld is a witness in the fraud investigation, not a suspect. But the scandal represents the latest and biggest distraction for the 49-year-old executive. He spent much of the autumn wrestling with fallout from an ill-

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timed salary hike and a messy divestment that brought a barrage of criticism from unions and politicians. It also raises serious questions about oversight at the company, which books more than $100 billion in annual revenue.

The mounting challenges for Mr. Kleinfeld at the helm of the 159-year-old concern highlight how tough it is to push through radical change in corporate Germany, where a manager's hands often are tied by a culture of consensus and traditions don't die easily. The challenge may be particularly acute at Siemens, which is involved in huge infrastructure projects around the world and has faced a series of corruption allegations involving overseas sales practices.

Mr. Kleinfeld told investors in a conference call last week that Siemens had beefed up its compliance procedures in recent years. Still, he acknowledged the suspicious transactions that have been uncovered thus far are "quite staggering" and that Siemens needs to do more. "I want to make one thing crystal clear here: There is a zero tolerance policy by the management," he said.

Though his job is not seen to be in immediate jeopardy, Mr. Kleinfeld has been increasingly subjected to public criticism in recent weeks -- a far cry from two years ago, when a German magazine christened him "Wonder Boy" on its cover.

Mr. Kleinfeld, who declined to be interviewed for this article, was raised in working-class surroundings of the Bremen shipyards in northern Germany. He made his biggest mark in New York City, where he headed Siemens's U.S. unit from 2002 until the end of 2003 and quickly brought the huge, money-losing operation into the black by shuttering divisions and slashing more than 10,000 jobs. "It was kind of brutal, but it was exciting," recalls Scott Moyer, a former Siemens executive in the U.S. "We really wonder if he slept."

Mr. Kleinfeld didn't slow down when he returned to the head office in Munich in January of 2005 to succeed Heinrich von Pierer. He vowed that each of the company's dozen units -- which make everything from medical scanners and steam turbines to high-speed trains and light bulbs -- would meet ambitious profit margin targets by the spring of 2007 to finally bring them in line with top industry peers. Soon after, Mr. Kleinfeld announced that 5,400 jobs at the information-technology unit -- more than 10% of the unit's work force -- would be cut, including 2,400 jobs in Germany.

He moved quickly to reshape the company's portfolio to better capitalize on what he calls "megatrends" of the 21st century: growing urbanization, dwindling resources and aging populations. The company made a string of acquisitions in areas like medical diagnostics, water-filtration systems and clean-energy technologies.

At the same time Mr. Kleinfeld brought the ax down on the sacred -- if sickly -- cow of Siemens: its money-losing telecom-equipment unit. The division, Siemens's biggest, was embedded in the DNA of a company that started out making telegraphs. Shutting down entire divisions in Germany, where workers enjoy strong protections and can demand hefty severance packages, also is difficult and costly. He paid Taiwan's BenQ Corp. to take the struggling wireless-handset business off his hands last year.

He took an even bigger step in June of this year, agreeing to fold most of the remainder of the telecom business into a 50-50 joint venture with Nokia. After that deal and the planned sale of its enterprise networks business, which supplies telecom equipment to corporate clients, the rest of Siemens's telecom operations will be absorbed by other parts of the company.

In the process, Mr. Kleinfeld, who reports to a supervisory board of shareholder and labor representatives, antagonized workers at a company that is one of Germany's biggest employers. He sent emails in English to workers who quickly came to regard him as a ruthless American-style capitalist only interested in the company's bottom line and its share price. "Morale is very low," says Wolfgang Müller, a union representative on Siemens's supervisory board. "A lot of workers feel that no job, no business within the company is safe anymore."

Dissatisfaction bubbled over in September, when workers learned that Mr. Kleinfeld and other members of the management board would receive a 30% salary increase. A few days later, BenQ Mobile, the handset unit that Siemens had unloaded a year earlier, filed for bankruptcy. Labor leaders accused Siemens of not having done enough to protect the unit's 3,000 German workers during the sale process.

The political firestorm quickly spread. The country's best-selling tabloid published a picture of a grinning Mr. Kleinfeld on its cover alongside the headline "The Ruinator." Chancellor Angela Merkel urged Siemens to step in with

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help. Trying to quell the criticism, Siemens announced it would set up a $26.75 million fund to benefit workers at the unit -- even though the unit no longer belonged to Siemens.

Mr. Kleinfeld, acknowledging executives had been "put in a corner," said the management board also would forgo its salary increase. Siemens has set aside another $26.75 million for the fund since then -- and could be on the hook for more.

At the company's annual news conference in November, Mr. Kleinfeld complained of being "attacked from left and right" in the German media over the pay hike and BenQ. "It's clearly a German phenomenon we have," Mr. Kleinfeld said.

He also delivered some good news: Net profit in the fiscal quarter ended Sept. 30 soared eightfold to $469.3 million as restructuring costs eased and signs of a turnaround surfaced. "2007 will be a good year for Siemens," he predicted. Investors were pleased with the result. The company's share price, long an underperformer among Germany's blue-chip stocks, rose 3% that day.

The following week, German police, responding to information gathered by authorities in other countries, raided about 30 offices and homes of current and former Siemens employees. Police seized 36,000 documents. Prosecutors have since arrested more than half a dozen suspects as they try to determine the scope of the alleged wrongdoing and how far up the corporate ladder it traveled. Siemens says it is cooperating fully with authorities. It attributes the alleged wrongdoing to "individual acts," adding that it appears confined to the telecom unit.

Prosecutors in Italy and Liechtenstein say Siemens tried to halt their inquiries in 2004, when they approached the company about suspicious transactions. Cuno Tarfusser, an Italian prosecutor, says Siemens filed repeated motions to block the review of bank data from an account in Austria involving about $75 million in transactions. On the company's balance sheet, the payments appeared to be for consulting fees -- but no consulting work was done, according to prosecutors.

Police searched Mr. Kleinfeld's office as part of the broader raid. He recently hired a high-profile lawyer to advise him on the investigation. Among those jailed thus far are Thomas Ganswindt, a former management board member who left Siemens at the end of September, and Michael Kutschenreuter, a former chief financial officer at the telecom unit who was heading Siemens's real-estate division at the time of his arrest.

Lawyers for the two men would not make them available for comment. Michael Rosenthal, a lawyer for Mr. Ganswindt, said his client is in jail "because he refuses to tell prosecutors what they wanted to hear." Mr. Rosenthal said his plans to appeal the detention could take months.

Mr. von Pierer, who became chairman of the supervisory board after running Siemens for nearly 13 years, is also feeling the heat. Some corporate-governance advocates have called on him to resign, citing a conflict of interest between his oversight role on the supervisory board and his position as chief executive when much of the alleged fraud occurred. Mr. von Pierer has rejected those calls2.

Siemens is no stranger to corruption scandals. In March, German prosecutors charged two former employees of the power-generation unit of offering $4.6 million in bribes to win Italian natural-gas contracts. U.S. authorities indicted a medical unit of Siemens in January, accusing the subsidiary of forming a sham business with a minority firm to win a $49 million contract from an Illinois hospital system. Last year, a United Nations-appointed panel accused three Siemens subsidiaries of paying $1.6 million in kickbacks tied to the U.N.'s oil-for-food program in Iraq.

The German case is pending after Siemens reached a financial settlement in Milan earlier this year without admitting or denying guilt. A Siemens spokesman said that the company hasn't uncovered any wrongdoing in the oil-for-food program, and that the indictment in Illinois is unjustified.

The current investigation dwarfs earlier accusations of wrongdoing -- and threatens to damage Germany's reputation as a clean place to do business. Corruption allegations recently have hit other corporate titans such as auto maker DaimlerChrysler AG, which is being investigated by U.S. authorities for alleged bribes and has acknowledged making "improper payments." German authorities say documented cases of white-collar crimes rose 10% in 2005.

The German chapter of corruption watchdog Transparency International suspended Siemens's membership two years ago and last week moved to expel the company, an unusual step. While the U.S. outlawed the bribing of foreign

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officials in 1978, German companies were allowed to write off bribes as expenses until as recently as 1999. "I think Siemens is deficient," says Joachim Schwalbach, a professor at Humboldt University's Institute of Management in Berlin. "They're not best in class."

One complicating factor for Mr. Kleinfeld was his role at the telecom business at the center of the scandal. After returning to Munich from the U.S. in 2004, he was given special oversight of the telecom business. He held that role for nine months, before handing it over to Mr. Ganswindt, who earlier had been responsible for day-to-day operations of the unit.

In a conference call with investors last week, Mr. Kleinfeld was asked how such large suspicious payments could have been missed. He said the alleged fraud at the unit started a few years before his arrival and that he was focused in 2004 on the strategic restructuring of the business, which he described as "a colossal task."

Still, he acknowledged the suspicious transactions uncovered thus far are "quite staggering" and that Siemens needs to do more.

Siemens recently hired an ombudsman and retained a law firm to conduct an independent inquiry into the company's financial controls. KPMG, Siemens's longtime auditor, is cooperating with prosecutors as a witness. Siemens also has hired Michael Hershman, a co-founder of Transparency International, as a compliance adviser. He is acting as a private consultant.

The scandal could have serious financial repercussions for Siemens, which lists its shares in Frankfurt and on the New York Stock Exchange. In a regulatory filing with the U.S. Securities and Exchange Commission last week, the company warned that the SEC and U.S. Department of Justice may launch investigations of their own to determine if the company broke U.S. laws. It also warned that proof of wrongdoing could have "a material adverse effect" on its business if foreign governments ban Siemens from competing for public-sector contracts.

As a result of the scandal, Siemens announced $128.4 million in deferred and current income-tax charges for the past seven years and restated its net income for the most recent fiscal year ended September, lowering it by $55.8 million, to $2.29 billion.

A tie-up between Siemens and Nokia to create the world's third-largest supplier of equipment to telecom carriers behind Alcatel-Lucent of France and Telefon AB LM Ericsson of Sweden will have to wait. The companies said last week they now expect to close the transaction in the first quarter of 2007 instead of Jan. 1 as originally planned. The merger is subject to a follow-up agreement based "on the results and consequences" of a compliance review by Siemens, they added.

The scandal also complicates Siemens's recent efforts to sell a majority stake in its unprofitable enterprise networks business. That business isn't included in the planned venture with Nokia and has a bit more than $2.29 billion in annual revenue.

Despite the uncertainty, investors haven't jumped ship. Many still believe that Mr. Kleinfeld is making the right moves and that the company's net income should keep climbing on the back of recent restructuring steps. Safa Muhtaseb, a portfolio manager at Brandywine Global Investment Management in Philadelphia, believes the investigation is likely contained and that the turnaround is progressing. But he also recognizes it could take time. "You can't unwind some of the decisions that took years, and in some cases decades, to make," says Mr. Muhtaseb, whose firm owns shares in Siemens.

The share price of Siemens has climbed 20% since Mr. Kleinfeld became chief executive -- far less than the 56% surge in Germany's blue-chip DAX stock index over the same period.

Did Ann Baskins See No Evil At HP? (LAW)

By Sue Reisinger

Law.com, December 18, 2006

A disheveled Ann Baskins stood on Sept. 28 before a congressional committee investigating the Hewlett-Packard Co. spying scandal. Baskins' eyes were puffy, her face wan, her forehead deeply lined, and her usually neatly kept hair was

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pulled back and askew. Just hours earlier she had made the painful decision to resign as general counsel of the giant computer company.

Standing before the committee, she held her right hand in the air and swore to tell the truth. Then, on the first question, Baskins exercised her Fifth Amendment right to remain silent and refused to tell anything.

While Baskins sat quietly, former HP Chairwoman Patricia Dunn and CEO Mark Hurd told the committee that Baskins was to blame for the mess. They said that she had given them bad legal advice, and that she knew about and permitted the use of "pretexting" -- using false pretenses to obtain personal information about others. Even Baskins' longtime friend and HP's outside counsel, Larry Sonsini of Wilson Sonsini Goodrich & Rosati, told Congress: "I think the record has become quite clear that who was in charge [of the spying] was the HP internal legal department. They took the responsibility on, rightly or wrongly."

THE TROUBLES BASKINS MAY STILL FACE

So far, that was the public low for Baskins' career. In private, the due bills keep rolling in. By mid-November, Baskins and Palo Alto, Calif.-based HP were facing investigations by the California attorney general's office, the U.S. Attorney in San Francisco, the Federal Bureau of Investigation, the Federal Communications Commission and the Securities and Exchange Commission. (As yet, Baskins has not been charged with any crimes.)

At least one of five shareholder suits against HP accuses Baskins of insider trading and damaging the corporation. There are potential invasion of privacy suits from individuals whose phone records were stolen. And two phone companies have sued the detective agencies used in the pretexting; one of the suits also names as defendants "unidentified companies" and individuals that conspired with the agency to do the pretexting.

By some measure, Baskins has dodged the worst of the fallout. HP ousted Dunn and Kevin Hunsaker, the senior counsel in Baskins' office who oversaw the spying efforts. The California attorney general has indicted the pair, along with three private investigators, on four criminal counts related to the spying. The AG alleges that Dunn and Hunsaker personally provided home and cell phone numbers to the private investigators. All five defendants pled not guilty and await trial. If convicted on all counts, they each face a maximum of 12 years in prison and $55,000 in fines.

HER ROLE IN THE SCANDAL

Little has been written about Baskins' role in the spying efforts, but an in-depth analysis of more than 1,500 pages of documents, as well as interviews with people close to the investigation, offers insights into how she let the spying probe spin out of control. The records, which include HP e-mails and interviews conducted by lawyers at Palo Alto-based Wilson Sonsini as part of the company's internal investigation, were made public by the House committee.

In the end, the HP scandal comes down to this: The spying probe became a runaway train. And Ann Baskins was the person in the best position to recognize the danger and stop it. But she didn't. In fact, the records show that from June 2005 to April 2006, Baskins raised legal questions about the tactics at least six times. But she never pushed for a definitive answer about whether the methods used were, in fact, lawful. Or, more importantly, whether they were unwise and dangerous to the company. In retrospect she could have, and should have, shut down the throttle on this train long before it crashed.

"Part of your responsibility as general counsel is to ask hard questions about whether conduct is just technically legal, or arguably illegal, or beyond the fringes of fraud," says Deborah Rhode, a professor of legal ethics and professional responsibility at Stanford Law School. "She was in the best position to see it and stop it."

Even Baskins concedes that she should have done more. Her attorney, K. Lee Blalack II, says Baskins would not comment for this story. But Blalack says that Baskins fully recognizes that instead of solely focusing on whether the investigation was legal, Baskins also should have questioned whether it was ethical. "She regrets that she did not do so," says Blalack, a partner in the Washington, D.C., office of O'Melveny & Myers.

BLEEDING HEWLETT-PACKARD BLUE

According to those close to her, it wasn't like Baskins to fail to ask the right questions. She had deftly managed the legal issues that arose in HP's $8 billion spin-off of Agilent Technologies Inc. in 1999. And she won praise in 2002 for her handling of the controversial $22 billion merger with Compaq Computer Corp., including the sensitive civil suit brought by

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the heirs of HP's founders, who tried to block the deal. Baskins was both a survivor of corporate politics and the very model of a good company soldier. Even during the congressional hearing, Dunn praised Baskins' commitment to the tech giant, adding, "Ann Baskins bleeds Hewlett-Packard blue ink."

A 1980 graduate of University of California, Los Angeles School of Law, Baskins spent only about a year in private practice. She joined HP in 1982 and slowly worked her way up the ranks. She was named vice president and corporate secretary in 1999 and general counsel in early 2000. Along the way she married Thomas DeFilipps, a Wilson Sonsini partner.

Philadelphia attorney Michael Holston, a longtime friend of Baskins, whose firm Morgan, Lewis & Bockius was brought in by HP execs to investigate the spying probe, calls Baskins "a terrific lawyer who did a great job for HP for nearly 25 years. And she is a woman of the highest ethical standards."

But the praise isn't universal. A former HP in-house lawyer, who requested anonymity because the attorney started a new job, is not surprised that the GC didn't step in to stop the spying. "Baskins was indecisive and disconnected as a manager," says the attorney, who declined to elaborate.

THE BEGINNING OF THE END: DUNN'S PROJECT KONA

The beginning of the end for Baskins, 51, came in February of 2005, when Dunn and her allies on the board forced out then-CEO and Chairwoman Carleton "Carly" Fiorina. The directors chose Dunn to chair the board.

On April 1 Hurd became CEO, but someone had leaked news of his appointment to the press a few days earlier. An irate Dunn hired a Boston-based private investigator named Ron DeLia to search for the leaker. (The California attorney general later accused Dunn of providing DeLia with the home, office and cell phone numbers of various HP directors and managers.) Records show that Dunn initiated those first spying efforts -- without Baskins' knowledge -- on April 19.

Dunn named the spy probe Project Kona because she was vacationing in Hawaii at the time. (Neither Dunn nor her lawyer, James Brosnahan, a senior partner at Morrison & Foerster in San Francisco, returned calls for this story. DeLia also declined to comment through his attorney, John Williams, of Manchester, Williams & Seibert in San Jose.)

Why did Dunn act on her own at first? Records suggest she may have done so because HP's internal corporate politics were roiling. Dunn suspected everyone, including Baskins, as a possible leaker. And Baskins noted in the Wilson Sonsini interviews that her working relationship with Dunn and the board was "strained" by all the distrust at that time.

Dunn brought Baskins into the loop two months later. On June 14, according to e-mails and congressional testimony, DeLia e-mailed a seven-page report to Dunn that discussed the phone record searches and used the word "pretexting." Dunn forwarded a copy to Baskins the same day. This e-mail is the earliest mention of Baskins' involvement in any document that has so far been made public.

Dunn told DeLia that Baskins would join them in a teleconference call the next day to discuss the report. During that June 15 call, DeLia told the two women that telephone records were obtained by ruse from a telecommunications carrier, and he explained the word "pretexting" to them, according to the complaint filed by the attorney general's office. Baskins made sketchy, handwritten notes referring to "pretexting."

According to an affidavit attached to the AG's complaint, "DeLia recalled that Baskins was curious about pretexting and concerned about its legality, and had asked DeLia whether it was lawful. DeLia replied that he was aware of no laws that made pretexting illegal, and was aware of no criminal prosecutions for such activities." Asked in later interviews why she didn't challenge the pretexting when she first learned it involved acts of deceit, Baskins said that Dunn hadn't asked for her opinion. Her relationship with Dunn was such, Baskins added, that "you answered what you were asked" and no more.

E-mails show that pretexting continued through August 2005. That's when Anthony "Tony" Gentilucci, the manager of HP Global Security investigations and a member of the spy team, reported that the probe still could not find the leaker. But his final report offered helpful suggestions for future spying efforts. He advised engaging "HP legal [department in order] to invoke the attorney-client privilege"; assigning an attorney to direct the investigation; and conducting all future briefings "verbally and keeping written work product to a minimum." With that advice, Baskins put the issue behind her -- or so she thought.

BASKINS LAUNCHES KONA II, RELIES ON HUNSAKER

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A new leak occurred in January 2006. A story on CNET Networks Inc., a technology news service, reported confidential information about a potential HP acquisition. At Hurd's and Dunn's urging, Baskins quickly launched a new spy probe, dubbed Kona II. Baskins assigned Hunsaker, a six-year HP veteran and her senior counsel, to run it. He reported back to Baskins every other day, and to Dunn and Baskins together once a week, according to records. On Jan. 23, Hunsaker e-mailed HP security that he was heading the new leak probe, at Baskins' request, "in order to protect the attorney-client privilege in the event there is litigation or a government inquiry of some sort."

Baskins also asked Hunsaker to further explore the legality of pretexting. This was the second opportunity, after initially learning about the technique from DeLia six months earlier, that Baskins had to demand in-depth research by an expert in criminal law. But that didn't happen. Instead, on Jan. 30 Hunsaker sent the now-infamous e-mail to Gentilucci, asking, "How does Ron [DeLia] get cell and home phone records? Is it all aboveboard?"

Gentilucci replied that ruses are common in investigations. He said pretexting has been used in a number of probes, and "has not been challenged," although phone company employees could be held liable. His e-mail concluded: "I think it's on the edge, but aboveboard."

Hunsaker responded with four words that have haunted him ever since: "I shouldn't have asked." Then Hunsaker, in an e-mail, sought DeLia's assurances about the spying tactics. Again DeLia, as he had done in Kona I, insisted in e-mails that pretexting was lawful.

Michael Pancer, Hunsaker's attorney, says Baskins did nothing illegal here, and neither did his client. Pancer, a solo practitioner in San Diego, says Hunsaker would not comment for this story. But Pancer defends pretexting. "This [board leak] was a serious problem, and Kevin's ethical duty was to take every legal step necessary to help his client," Pancer says.

HUNSAKER'S RESEARCH ON PRETEXTING

In interviews with the Wilson Sonsini lawyers, Hunsaker explained how, at Baskins' urging, he researched the issue of pretexting. He said he did about an hour's worth of online reading. If he had looked at the Web sites of the Federal Trade Commission or FCC -- and there is no record that he did -- Hunsaker would have seen that those agencies have a serious problem with pretexting and consider it illegal. In fact, the FTC at the time was investigating five private eye companies for pretexting. FTC lawyers sued the five companies for "unfair and deceptive practices" in May. In addition, more than 10 states, as well as Congress, were considering specific legislation to outlaw pretexting. Several states have since made pretexting a crime.

Hunsaker admitted in the Wilson Sonsini interviews that he knew about a Verizon Communications Inc. privacy suit against an online company for pretexting. Actually, Verizon had filed two such privacy suits in 2005 against pretexters, and that fact also was available online. There is no record that anyone at HP thought to call the GC of Verizon or any other phone company to ask them about pretexting. Ironically, the president of Verizon is Lawrence Babbio Jr., who sits on HP's board of directors. But no one asked Babbio for his thoughts on pretexting. (Hunsaker would later say they did not pretext Babbio's phone records.)

So, steeped in blissful ignorance, the HP spy team kept on pretexting until Feb. 7, when the method faced its only real challenge. That's when two HP security employees, who were members of Hunsaker's spy team, saw some of the detailed phone records being collected. Former law enforcement officers, they went to their supervisor and questioned the legality and ethics of obtaining personal phone records. The supervisor confronted Hunsaker, who promised to relay their concerns to the "executives sponsoring this investigation" before proceeding or using the data.

There is no record available of whether Hunsaker kept his promise.

BASKINS HAS ANOTHER CHANCE TO ASK THE TOUGH QUESTIONS

Whether spurred by her own doubts or others', Baskins in early February ordered Hunsaker to undertake "a full process check" on the investigation, including the legality of its methods. This was yet another chance to ask the tough questions and to demand an outside counsel's opinion. Instead, she again turned to Hunsaker, who again merely asked DeLia to reassure them on the law.

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To answer the question this time, DeLia, according to his Wilson Sonsini interview, turned to his outside attorney, John Kiernan, with whom he shared office space. Kiernan told DeLia that pretexting was not a crime. The attorney, a partner at Boston-based Bonner Kiernan Trebach & Crociata, wouldn't comment for this story. But in the Wilson Sonsini interviews, Kiernan said that neither HP nor DeLia had ever hired him to research the issue. He had based his quick comments to DeLia on a study done a year earlier by a law student who was clerking in his office. The clerk, Valerie Kloecker, is now an associate with Kiernan's firm and also wouldn't comment.

But on the basis of Kiernan's snap opinion, DeLia e-mailed Hunsaker, saying that "right now" (February 2006) there were no state or federal laws prohibiting pretexting. DeLia's e-mail went on to say there "is a risk of litigation." And added: "Note: the Federal Trade Commission has jurisdiction."

There is no record available to show whether Hunsaker relayed this "risk of litigation" to Baskins, or whether he bothered to check with the FTC. Apparently satisfied with whatever Hunsaker did tell her, Baskins let the probe continue.

POSSIBLE SOURCE OF LEAK IS UNCOVERED

On March 10 Hunsaker sent an 18-page draft report to Dunn, Baskins and Hurd. It connected board member George "Jay" Keyworth II to the leaks, and said the investigation was still ongoing. It did not mention the word "pretexting," but said on page three that "the investigation team obtained, reviewed, and analyzed HP and third-party phone records to identify calls made to or from reporters or other individuals of interest." A footnote added: "It should be noted that, with respect to non-HP phone records, the investigation team utilized a lawful investigative methodology commonly utilized by entities such as law firms and licensed security firms in the United States to obtain such records."

Shortly before Dunn and Baskins were to discuss the report with Hurd at a March 15 meeting in Los Angeles, Baskins apparently grew uneasy. She asked Hunsaker to talk with outside counsel about pretexting in case Hurd had questions. Again, Baskins had a chance to demand a written opinion from an outside criminal lawyer. But once more, she relied on Hunsaker, who asked Gentilucci to call DeLia's lawyer, Kiernan.

This time Kiernan had a paralegal respond to HP. The paralegal gave Gentilucci an "update in which she said she could not find additional lawsuits or criminal charges to indicate that pretexting was (had become) illegal." Hunsaker reported back to Baskins that he had confirmed the legality of pretexting with outside counsel.

BASKINS, DUNN AND HURD CONSULT SONSINI

On March 15 Baskins and Dunn told Hurd that the probe concluded that Keyworth, a noted physicist, was the leaker. Before they confronted Keyworth, the executives decided to consult Larry Sonsini, who would later tell Congress that he was asked in mid-April only to look at "the sufficiency of evidence." Sonsini said he wasn't asked for, and didn't offer, any opinion about pretexting at this time.

E-mails between Baskins, Dunn and Hunsaker indicate that Baskins shared Sonsini's comments with them during an April 15 conference call. The records do not indicate what Sonsini said, but two incidents the following week suggest that Baskins was growing more cautious.

First, Hunsaker was moved out of HP's legal department to become director of ethics. His lawyer, Pancer, calls it a promotion for his hard work. In an e-mail to his spy team, Hunsaker says simply that he's "no longer a member of the HP legal department." His new title was "director of ethics and SBC [standards of business conduct] compliance," and he would report to a senior vice president in marketing.

In the other incident that hints at Baskins' fears, she asked Hunsaker once again to discuss the legality of pretexting, this time in a memo. On April 24 Hunsaker e-mailed a one-page copy of his note to Gentilucci and DeLia. The e-mail says it was prepared "per Ann Baskins' specific request."

The note explains that the phone records were obtained using pretexting. To confirm the legality of pretexting, the memo cites three efforts. First, Hunsaker "conducted some preliminary legal research and determined that [pretexting] is not unlawful." Second, DeLia contacted the agency he subcontracted to do the pretexting, and the company said its methods "were not unlawful." Third, Gentilucci contacted attorney John Kiernan, whose firm "had conducted extensive research on this issue, and that the practice of pretexting ... is not unlawful."

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Hunsaker concludes: "As a result, the investigation team is confident that all phone records information ... was obtained in a lawful manner." After reading this memo, was Baskins as confident? If not, she could have tried to derail this runaway train a final time before the report went to the board. But she didn't.

At HP's May 18 board meeting, the directors were told that Keyworth was the leaker. When the board voted 6 to 3 to ask Keyworth to resign, director Thomas Perkins angrily quit in protest.

HP'S INTERNAL INVESTIGATIONS GO PUBLIC

Throughout June and July, Perkins, a high-profile Silicon Valley venture capitalist, challenged the legality of the investigation and demanded answers from Baskins and Sonsini. Sonsini replied with his now oft-quoted e-mail: "I am sure Ann Baskins looked into the legality of every step of the inquiry and was satisfied that it was conducted properly."

That wasn't enough for Perkins, who made the entire mess public in late July. He told the attorney general's office, the SEC and others about the investigation, including the pretexting. He also told the SEC he objected to how HP had portrayed his resignation in an 8-K filing.

Now facing a public outcry, HP in August asked Sonsini's firm to conduct an internal "investigation of the investigation." Partners Steven Schatz and David Berger conducted phone interviews of the participants -- including four separate interviews with Baskins, and seven with Hunsaker. (Schatz said that no one at the law firm would comment for this story.) Baskins was allowed to sit in on several of the interviews, and even to participate in Kiernan's interview.

By the time the interviews were finished in late August, Baskins had to know she was in trouble. In her interviews with the lawyers, she was often evasive. For example, when asked about a July 2005 meeting on Kona I, Baskins "reported that her calendar does not show any meeting in mid-July of 2005." Baskins used a lot of "I don't recall" answers, and contradicted herself several times in different interviews, especially about her knowledge of pretexting and about her role in Kona I and Kona II.

The Wilson Sonsini report on Aug. 30 concluded that "all persons involved" acted in good faith, but that "certain errors in judgment were made." While the use of pretexting at the time "was not generally unlawful," the report said the subcontractors may have used Social Security numbers while pretexting, "which more likely than not violates federal law." The report did not fault Baskins or Hurd, who "reasonably relied" on Hunsaker's assurances.

THE SCANDAL SNOWBALLS

But Baskins still wasn't off the hook. The scandal snowballed through September, and HP hired another outside law firm, Morgan Lewis, to do a second internal investigation. The company also filed a new document with the SEC, outlining the spy probe and admitting that it had spied on at least two HP employees, seven members of its board, nine reporters and their relatives.

That's when the dominoes started falling. Morgan Lewis came up with undisclosed, and what Hurd called "disturbing," findings about the spying operation. Dunn immediately resigned. Gentilucci and Hunsaker were also forced out. Baskins offered her resignation, but Hurd at first refused it.

Then the law enforcers and regulators opened their investigations. And Congress got into the act by demanding that Baskins and others at HP appear before the House subcommittee. The subcommittee had introduced a bill making pretexting a federal crime in January, and used HP to make its point for passage on national TV.

Baskins flew to the hearing on an HP corporate jet, along with her second attorney, Cristina Arguedas, a partner in Arguedas, Cassman & Headley in Berkeley, Calif. At the time, Baskins' lawyers were urging her to take the Fifth Amendment and not testify. But Baskins knew that the general counsel of HP could not refuse to answer Congress' questions and still keep her job.

Early on Sept. 28 Baskins made the agonizing decision to resign and not testify. In a letter to the congressional committee, Baskins' lawyers wrote, "Given the current environment, Ms. Baskins simply has no choice" but to refuse to testify. (Baskins left the company with a $3.6 million severance package.)

DID BASKINS ACT ETHICALLY THROUGHOUT HP'S INVESTIGATIONS?

Baskins may not be criminally liable for her role in Kona II. But some legal experts say that her ethical decisions were not beyond reproach. One critic is Rhode, the Stanford law professor, who looks at the psychology of what she calls "a

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moral meltdown." Rhode points out that this wasn't misconduct spurred by greed or self-dealing. In Baskins' case, she was reacting to what she viewed as unethical behavior -- a board member's leak -- and probably felt that she had a right to do whatever necessary to track down the leaker. "These [Baskins, et al.] were individuals who felt they were morally justified," according to Rhode.

One GC who has overseen investigations for his Fortune 500 media company says that beyond the legal and the ethical issues, Baskins failed to ask the crucial question: "How will all this affect the company if it shows up on page one of The New York Times?"

In Baskins' defense, Blalack argues that she was supervising more than 250 lawyers, and more than 600 employees globally. Under those circumstances, Blalack says, Baskins often had to rely on assurances from her subordinates. "Ms. Baskins asked for and received multiple assurances [from Hunsaker] that these investigative techniques were lawful," he insists.

In the end, Baskins' downfall came because of what she decided not to see. Susan Hackett, senior vice president and general counsel of the Association of Corporate Counsel, argues that it is unfair to expect GCs "to see around corners." But the unfortunate truth is, when it came to the legality of spying, Baskins had blinders on.

Study Finds Outside Directors Also Got Backdated Options (NYT)

By Eric Dash

The New York Times, December 18, 2006

Board members were not just blissfully ignorant or willfully blind bystanders when they backdated stock option grants for corporate executives, according to a new study. Some 1,400 outside directors themselves may have received manipulated grants over the past decade.

The research, to be released today, sheds new light on the stock options manipulation that has entangled more than 120 companies in a nationwide scandal. It suggests that what has been widely seen as a dot-com phenomenon to enrich managers in the executive suite probably extended to directors in the boardroom as well.

The study, sponsored by the Harvard Law School Program on Corporate Governance, also raises serious questions about corporate governance if the outside directors, who are supposed to act as a final backstop against bad practices, received — and in many cases may have even approved — fraudulent option grants.

“Opportunistic timing of directors’ grants is unlikely to have large dollar significance,” said Lucian A. Bebchuk, a Harvard Law School professor who is one of the study’s three authors. “But it has a large governance significance.”

The study is the latest in a series of papers by academic and governance research groups to explain the size and scope of the stock option scandal. More than 120 companies are under investigation by the Securities and Exchange Commission, ranging from Apple to the United Health Group and dozens of technology companies. The Justice Department and the Internal Revenue Service are conducting separate reviews. At least 60 executives and directors have been forced out or fired.

The study looked at about 30,000 directors at some 6,500 companies who were granted stock options from 1995 to 2005. By comparing the percentage of grants made at monthly low prices with the portion they expected had they been randomly assigned, the researchers were able to identify the proportion of the grants that appeared to have been manipulated.

They concluded that board members at about 460 companies, or seven percent of all publicly traded companies, probably received manipulated options. About 1,400 outside directors, or about 4.6 percent of board members, probably benefited from manipulated option grants.

However, the researchers attempted only to identify broad patterns in the data, not specific companies or board members. Nor did they calculate the potential dollar amount of the backdating benefit for the directors, which was probably far less than the potentially six- or seven- figure pay increase that the average executive received.

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Backdating options is not necessarily illegal and the practice has been reduced by tougher reporting requirements introduced with the Sarbanes-Oxley Act of 2002. But even today, it can raise serious accounting, disclosure and tax issues. Most governance experts consider it bad practice.

The new research also helps debunk the common belief that outside directors would be immune to receiving manipulated stock options because their grants were typically awarded around the time of a company's annual meeting.

In fact, about 29 percent of the time, a company's directors were granted stock options on the same date as those given to executives, the study found. Those grants were much more likely to have been awarded at a favorable price than random chance might predict, and those odds increased when a grant was made at the same time as the chief executive's.

Other studies, such as one by the Corporate Library, has looked at whether directors on the boards at companies where stock option manipulation was commonplace may have passed along the practice to other boards. However, this appears to be the first study to measure the extent of outside directors who directly benefited from the practice.

The study comes at a time when the S.E.C. is indicating that it may take action against other so-called gatekeepers, including outside directors. One of the researchers, Yaniv Grinstein of Cornell, is working as a visiting scholar at the agency. And last summer, one of its commissioners publicly put board members on notice.

"If the facts permit, and I want to emphasize that all of our enforcement cases are very fact-specific, it wouldn't surprise me to see charges brought against outside directors," Roel C. Campos, an S.E.C. commissioner, said last August.

'Lucky' Stock Options Not Limited To Executives (WP)

By Terence O'Hara

The Washington Post, December 18, 2006

Chief executives weren't the only ones enjoying near-guaranteed profits from stock options in the past decade. Outside directors at hundreds of American companies also received option grants that are likely to have been manipulated, a new study found.

According to the study, 9 percent of 29,000 option grants to outside directors from 1996 to 2005 were granted on a day when the company stock price was at a monthly low. The likelihood of such a concentration of "lucky" grants is so low as to be statistically impossible, the study's authors said.

"It's like going to Vegas thousands of times and betting on red every time and winning more than half the time," said Lucian Bebchuk, the Harvard University professor who co-authored the report, titled "Lucky Directors," with Cornell University's Yaniv Grinstein and Urs Peyer, a professor at the French business school Insead. "From a numerical standpoint, it can't be random. There has to be some manipulation of the outcome."

The study found the "lucky grants" at about 460 firms, involving about 1,400 outside directors.

Outside directors are board members who aren't management, and they are the shareholders' chief representatives, responsible for overseeing management and making sure executives don't profit unnecessarily at shareholder expense. The Securities and Exchange Commission, following similar studies in recent years that focused on executive stock option grants, has been investigating options backdating.

More than 130 such companies have disclosed probes of their options-granting practices, and a handful of chief executives have lost their jobs because of backdating.

Options give the holder the right to buy company stock at a preset price, usually on the date the option is awarded.

When options are awarded to executives, they allow executives to profit from the rise in the stock price.

But when an option is priced at a date in the past when the price was low, it essentially guarantees a profit, thus negating the rationale for options.

Until this study, however, no one had focused on option grants to directors.

Bebchuk said the lack of attention was because the vast majority of options awarded to directors fall on the date of the annual meeting and are typically much smaller than executive options.

"In the data, we found that directors' grants are equally susceptible to manipulation," Bebchuk said.

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A lucky director grant was more likely at companies where executives received lucky grants, the study found. And firms with a higher incidence of lucky option grants were more likely to have governance practices considered unfriendly to shareholders, such as a minority of independent directors on the board.

The firms were also more likely to have "entrenching" bylaws, which make it difficult for shareholders to remove directors.

The study is not the first to raise questions about a possible link between options backdating practices and board governance practices. A study by the Corporate Library of 120 companies implicated in backdating found a high incidence of interlocking directors, or directors who served on more than one company that backdated.

The study suggested that backdating practices may have spread from company to company through these interlocking director relationships.

CRIMINAL LAW:

Executions Drop As States Debate Lethal Injection (USAT)

By Oren Dorell, Kevin Johnson

USA Today, December 18, 2006

The questions over lethal injection that have led executions to be halted in Florida and California are likely to curb the use of the death penalty across the USA, according to analysts who support capital punishment and others who oppose it.

However, it's unclear whether the increasing focus on whether lethal injection is unconstitutionally painful represents a significant and lasting turn against the death penalty or a temporary slowdown in executions that will end once procedures for injections are improved.

"I think we're headed towards fewer executions," says Deborah Denno, a professor at Fordham University Law School who was on the U.S. Sentencing Commission from 1994 to 1997. She says a range of problems in the nation's death penalty system — unqualified public defenders, the need for more DNA testing and questions about lethal injections, for example — have prevented capital punishment from being applied fairly.

Kent Scheidegger, legal director of the Criminal Justice Legal Foundation, which supports the death penalty, disagrees that the decline will last.

He calls the controversy over lethal injection — which is used in nearly all of the 38 states that have the death penalty — "a significant but temporary setback" for capital punishment that will lead to fewer executions only until problems with injections are resolved.

He notes that public opinion surveys consistently have shown that about two-thirds of Americans support the death penalty.

Scheidegger says the debate over injections is somewhat overblown. "Why are we that concerned about whether a convicted murderer feels some pain at death?" he asks. "It's supposed to be punishment."

For years, executions have declined and courts have been increasingly reluctant to issue death sentences as a range of issues have raised questions about how the death penalty is used. The wrangling over lethal injection is the latest battle front in that debate.

On Friday, Florida Gov. Jeb Bush suspended executions in that state and appointed a panel to examine whether lethal injections represent an unconstitutional "cruel and unusual punishment" under the Eighth Amendment. Bush's decision came after it took a state execution team two injections and 34 minutes — more than twice the usual time — to kill convicted murderer Angel Diaz.

A state medical examiner determined that needles used to administer a three-chemical mix in executions were not inserted directly into Diaz's veins.

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Shortly after Bush's announcement, federal Judge Jeremy Fogel in San Jose ruled that California's lethal injection system violated the Eighth Amendment, although Fogel left open the possibility that the state could come up with a protocol for executions that would be acceptable.

The moves by Bush and Fogel came a few days after the Death Penalty Information Center, a group in Washington, D.C., that opposes capital punishment, linked a decline in executions to legal disputes in Florida, California, Maryland, Missouri and several other states. The lawsuits challenge the expertise of the teams that implant the intravenous lines into condemned inmates and regulate the flow of the lethal drugs.

In agreeing that convicted killer Michael Morales' execution should be put on hold, Fogel cited a "pervasive lack of professionalism" in California's lethal injection protocols.

Among other things, Fogel said, prison execution teams were poorly screened and the chemicals used in executions sometimes have not been prepared properly.

State protocols for lethal chemicals vary, but most involve a barbiturate to make the inmate unconscious, a paralyzing agent and potassium chloride to stop the heart.

Cybercrooks Hold PC Data Captive (USAT)

By Jon Swartz

USA Today, December 18, 2006

SAN FRANCISCO — For ransom: your sensitive computer files.

In the latest online scam, cybercrooks are breaking into the PCs of small businesses and individuals, locking up data and demanding money in return for freeing it.

So-called ransomware is the latest iteration of extortion on the Internet. Typically, hackers threaten to disrupt the websites of companies with a deluge of data unless they are paid.

With ransomware, however, online crooks implant malicious computer code on websites in hopes of breaking into the PCs of consumers and remotely encrypting a victim's files and photographs. The thieves demand a ransom through an online-payment service such as PayPal or e-gold.

According to security firm Websense, one recent victim was the tech administrator at a company in the Northeast. His PC was infected by malicious code, which scrambled company files. An e-mailed ransom note demanded $200 for the digital keys to unlock the files.

The victim did not pay because he doubted his data would be returned even if he paid, says Dan Hubbard, vice president of security and research at Websense. Most of the stolen files were recovered from a backup disk, Hubbard says.

Another recent ransomware case occurred at an Internet cafe in South America. The victims' e-mail accounts were held captive, and they received ransom notes in Spanish, according to Websense.

There are no known statistics on ransomware. But officials at Websense, McAfee and other security companies have noted more instances through their field operations in the last several months.

Employees or small businesses are the typical targets of the scam, security experts say. Ransoms are usually small so victims will pay and not report the crime.

Online crooks count on employees taking laptops home and, unprotected by a company firewall, inadvertently downloading ransomware code from infected websites onto their PCs, says John Thielens, vice president of security firm Tumbleweed Communications.

"Crooks may be toying with it to see if it's successful," Hubbard says. "They may be fishing for sensitive information at a Fortune 500 company for a big payday."

Security experts advise consumers to avoid unfamiliar websites and keep backups of important files on removable devices.

Nifong Probe Possible, U.S. Attorney General Says (WRAL)

WRAL-TV, December 18, 2006

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Raleigh — The United States Attorney General suggested Sunday that his office might investigate the way District Attorney Mike Nifong has handled the Duke lacrosse rape case.

In an interview with Fox News on Sunday, United States Attorney General Alberto Gonzales confirmed he received a letter asking for a federal probe into the investigation, in which an exotic dancer claims three lacrosse players raped her at a March 13 party.

"Well, that is a letter that we recently received," Gonzales told Fox News' Brian Wilson. "It's being evaluated at the (Department of Justice). I can't say anything -- anything beyond that."

Rep. Walter B. Jones, R-North Carolina, sent Gonzales the letter last week asking for a federal investigation into possible prosecutorial misconduct, and specifically, to determine whether the defendants' civil rights were violated.

"I was offended by the way (Nifong) has handled this case," Jones told WRAL last week. "I think he has been out of control."

Gonzales said that even though the case is a state and local matter, the federal government could still become involved "if an investigation is conducted in such a way that civil rights laws are violated, that would be something that we might look into," Gonzales said.

Last week, defense attorneys also filed several motions in the case. One, criticizing the way DNA evidence was revealed, indicated that no DNA from any of the defendants was found on the accuser's body but that there were numerous male matches.

"There was no attempt to hide anything from the way the report was done," Nifong told reporters on Friday. "If anything, we were trying to be fair to all the people who were not going to be involved in this case."

Other motions asked that a photographic lineup be dismissed as evidence, because it was slanted. A third motion asked for a change of venue, saying that Nifong has polarized the local community with comments he made during the initial stages of the investigation.

All three men charged in the case – David Evans, 23, Collin Finnerty, 20, and Reade Seligmann, 20 -- have maintained their innocence from the beginning.

The next hearing is scheduled for Feb. 5 when defense attorneys are expected to ask Judge Osmond Smith to throw out the photo identification lineup.

The accuser in this case is also expected to be in court.

CIVIL LAW:

Copyright Tool Will Scan Web For Violations (WSJ)

By Kevin J. Delaney

The Wall Street Journal, December 18, 2006

To deal with the mounting copyright issues swirling around video and other content online, a start-up founded by some respected Silicon Valley executives is taking a novel approach: combing the entire Web for unauthorized uses.

Privately held Attributor Corp. of Redwood City, Calif., has begun testing a system to scan the billions of pages on the Web for clients' audio, video, images and text -- potentially making it easier for owners to request that Web sites take content down or provide payment for its use.

The start-up, which was founded last year and has been in "stealth" mode, is emerging into the public eye today, at a time when some media and entertainment companies' frustration with difficulties identifying infringing uses of their content online is increasing. The problem has intensified with the proliferation and increasing usage of sites such as Google Inc.'s YouTube, which lets consumers post video clips.

Media and entertainment companies have so far relied on a combination of technology and their own scanning to protect their content online -- but with mixed results. Media companies have used digital-rights management technology designed to make it hard to copy or transfer files. But such measures have often proved to be clumsy, despised by consumers or quickly thwarted. That's the case for DRM technology built into DVDs to prevent them from being ripped

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onto computers, for example. Entertainment and media companies have also relied on their own staff to scan Web sites for infringing content. But even when such content is spotted and taken down, the companies often see the content pop up in the same places or elsewhere soon after.

"We all know that as soon as somebody comes up with a way to secure a piece of property, somebody else will come within days and crack it," says Lawrence Iser, a partner at law firm Kinsella Weitzman Iser Kump & Aldisert in Santa Monica, Calif., who represents musical artists and other entertainment industry clients.

Though its service isn't out yet, Attributor appears to go further than existing techniques for weeding out unauthorized uses of content online. While companies are tackling parts of the same problem -- Indigo Stream Technologies Ltd., based in Gibraltar, offers a free service called Copyscape that analyzes a Web page and then uses Google's search engine to see whether the text is duplicated elsewhere on the Web -- Attributor's approach is seemingly more comprehensive.

Its co-founders, former Yahoo Inc. executive Jim Brock, and Jim Pitkow, a Silicon Valley entrepreneur who has sold companies to Google and VeriSign Inc., claim to have cracked the thorny computer-science problem of scouring the entire Web by using undisclosed technology to efficiently process and comb through chunks of content. The company says it will have over 10 billion Web pages in its index before the end of this month.

"If it works, it's a fantastic invention," Mr. Iser says.

It's unclear whether such a service will be welcomed by Internet companies that allow users to post content. YouTube, News Corp.'s MySpace and others already face copyright lawsuits. In some cases, they're building systems to identify pirated materials consumers upload to their sites, and say they're open to sharing revenue with content owners.

Attributor plans to announce today that it has received about $10 million in funding to date from investors including Sigma Partners, Selby Venture Partners, Draper Richards, First Round Capital and Amicus Capital.

Attributor analyzes the content of clients, who could range from individuals to big media companies, using a technique known as "digital fingerprinting," which determines unique and identifying characteristics of content. It uses these digital fingerprints to search its index of the Web for the content. The company claims to be able to spot a customer's content based on the appearance of as little as a few sentences of text or a few seconds of audio or video. It will provide customers with alerts and a dashboard of identified uses of their content on the Web and the context in which it is used.

The content owners can then try to negotiate revenue from whoever is using it or request that it be taken down. In some cases, they may decide the content is being used fairly or to acceptable promotional ends. Attributor plans to help automate the interaction between content owners and those using their content on the Web, though it declines to specify how.

Company executives believe its system will provide transparency and accountability to encourage more owners to put their content online with confidence they'll be able to police its use, and share in any profits.

"We believe that we can provide an infrastructure that will support all kinds of outcomes and remedies, which will align the interests of content owners, content hosts and search engines around legitimate syndication and monetization," says Mr. Brock, Attributor's chief executive.

"We see this as a way to take us out of the course we've been on, which is more litigation," says Mr. Pitkow, who is chief technology officer.

Attributor has begun testing the system, and won't release it officially until the first quarter of next year. The co-founders' track records, however, lend credibility to their claims. As Yahoo's first outside counsel, Mr. Brock tackled Internet copyright issues for the Internet company as far back as 1994 and later oversaw some of its core businesses as a senior vice president. Mr. Pitkow is a computer science Ph.D. who worked at Xerox's legendary PARC research facility. In 2001, he helped to sell the intellectual property of Outride Inc., where he was president and chairman, to Google. Last year, he sold Moreover Technologies, where he was CEO and chairman, to VeriSign.

"They're real guys who have solved hard-core problems," says Ali Aydar, chief operating officer of Snocap Inc., a digital-music registry start-up. Snocap and Attributor share a backer in Silicon Valley investor Ron Conway. "Content

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owners I've talked to outside of the music business would love a system which tells them where their content is being utilized," Mr. Aydar adds.

Attributor executives decline to say how frequently they will update their Web index, a key factor in their ability to stay on top of postings. They also say they won't at least initially monitor peer-to-peer file swapping systems, where large amounts of pirated music, movies, TV shows and software are traded.

The YouTube World Opens An Untamed Frontier For Copyright Law (CSM)

By Daniel B. Wood

The Christian Science Monitor, December 18, 2006

LOS ANGELES

Larry Richard is one of the millions to have discovered the world of YouTube, the free website that allows people to post, watch, and share video clips. When he receives a link to the site, usually via e-mail, he spends a few moments to click and watch a clip on his computer screen - sometimes a video of a friend's singing recital, other times a snippet of a foreign commercial or a monologue from late-night TV.

"It's entertaining, it's information, it's a community of people sharing things," says Mr. Richard, a marketing consultant in Santa Monica, Calif. But is it legal, given that at least some of what he's watching is copyrighted material being disseminated by individuals who clearly do not hold the copyright?

The law on this matter is murky, and likely to get murkier before it gets clearer, say experts in intellectual property law.

Several companies such as Time Warner have been threatening YouTube with copyright infringement lawsuits. Now that Internet giant Google has purchased YouTube, experts expect that the rampant disregard of copyright law shown by early YouTube users, at least, is likely to get resolved - but they caution that each successive new technology can put early users, in particular, on nebulous legal ground, especially if financial profit is involved.

"As more and more technology comes along, the legal underpinnings governing them are not becoming clearer," says Mark McCreary, a partner in the Technology and Venture Finance Group of Fox Rothschild, which handles intellectual property cases. Increasing ability to download video clips from YouTube and to watch videos on iPods and cellphones will present users with more opportunities to violate copyright - wittingly or unwittingly, he says.

Still, those who watch videos at YouTube - whether or not such content is copyrighted - are unlikely to be pursued with the same fervor with which the music industry prosecuted those who downloaded music free of charge via the file-sharing website Napster, say Mr. McCreary and other experts.

"The very big difference between today's YouTube and the music-sharing of MP3 files of several years ago is that you have to watch and you can't - absent the knowledge of advanced hackers - copy it for your own use," says David Axtell, an intellectual property specialist at the law firm Leonard, Street and Deinard in Minneapolis. "During Napster's heyday, people were making their own digital copies and using them on their own."

But concerns should be higher for those who actually submit videos for posting and watching, say Mr. Axtell and others. Because copying and distributing copyrighted material is illegal, people who post that material on YouTube without permission are more likely to be held liable.

"There certainly will be more litigation, and Google has set aside hundreds of millions in a war chest in recognition of this," says Kevin Parks, a copyright specialist with the law firm Leydig, Voit and Mayer in Chicago.

On the side of the YouTubites are those who argue that use of such copyrighted material falls into "fair use" provisions of the law.

"It's up to the courts to continually balance the rights of those who own copyrighted material with the need for society to adapt to emerging technology," says Perry Binder, assistant professor of legal studies at Georgia State University.

Copyright laws, which give exclusive legal right to a writer, editor, composer, publisher or distributor to publish, produce, sell, or distribute an artistic work are unambiguous, experts say. But how many copies of something a person may make for personal use is far more open to interpretation by judges and courts.

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Mr. Binder says movie and TV industries are figuring out how to handle the more serious abuses, such as excessive downloading by casual users, profiting from the sale of a downloaded video, and having a website that links to copyrighted videos, particularly if the Web page profits from drawing traffic to the pages.

"These people should expect 'cease and desist' letters from attorneys and face the threat of a lawsuit if copyrighted material is not taken down immediately," says Binder.

For its part, YouTube directs users to common-sense "Dos and Don'ts" at its online help center. Users are asked not to send pornography, videos of dangerous or illegal acts (such as animal abuse or bombmaking), violence, and to avoid the malicious use of stereotypes.

"We ask our users to respect copyrighted material and to only upload videos they have made or obtained the rights to use," says Jenny Nielsen, marketing manager at YouTube. "Our policy prohibits inappropriate content.... Users can flag content they feel is inappropriate and once it is flagged, YouTube reviews the material and reserves the right to remove videos from the system."

Meanwhile, YouTube's power has prompted content creators to see how they can make money from the site's content that is copyrighted. Companies such as CBS and three major recording companies - Universal Music Group, Warner Music, and Sony BMG Music Entertainment - have inked deals with Google/YouTube to share revenues generated by copyrighted content on the site.

As part of an experimental "brand channel" at the site, CBS in October agreed to offer free video clips for downloading. By Thanksgiving, 300 such clips had drawn 30 million viewers. More than 35,000 have subscribed to the free channel and CBS claims its "Late Show with David Letterman" now boasts 200,000 more viewers and its "Late Late Show with Craig Ferguson" has 7 percent more viewers.

"YouTube has not only held the threats at bay, but also shown it can be a revenue boon for old media," says Chris Taylor, senior editor of Business 2.0 Magazine.

CIVIL RIGHTS:

In Houston, Questions Of Bias Over Tasers (WP)

By Sylvia Moreno

The Washington Post, December 18, 2006

HOUSTON -- Roiled by allegations of using unjustified deadly force against Latino suspects, the Houston Police Department began using stun guns two years ago so officers could avoid pulling the trigger of an automatic weapon.

Now officers are facing a new question: Are they using the high-voltage Taser -- what police call a less-than-lethal "intermediary" weapon -- indiscriminately against black suspects? The recent arrest and use of a Taser against a black professional football player has once again put the police department of the nation's fourth-largest city under scrutiny.

The incident occurred around 1 p.m. Nov. 14, when Houston Texans lineman Fred Weary was stopped by police for changing lanes without signaling. An officer said later that Weary "looked suspicious" inside the vehicle and that when the 6-foot-4, 308-pound National Football League player was asked to place his hands on his car, he became "verbally combative," failed to obey orders and made threatening moves toward police. Weary was zapped with a stun gun, which knocked him to the ground. He subsequently described the pain of the shock as worse than any he has experienced on a football field.

The arrest and Taser deployment might simply have been another number in police statistics, but for Weary's fame. Instead, the incident -- and a Houston judge's decision to dismiss charges of resisting arrest because of insufficient evidence -- have become a rallying point for black activists and some city officials who say police unjustly use stun guns against black suspects. Police data show that in almost 1,000 Taser deployments since December 2004, 63 percent of the suspects were black. Houston's population of 1.95 million is 25 percent black.

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"If that brother was not a Texans football player, if that brother didn't have the resources that he has, he would have been another big brother that was Tased, and that's it," said New Black Panther Nation's Quanell X, who organized a community meeting with police officials earlier this month to discuss Taser policy and police treatment of blacks.

"Not until a high-profile African American football player was Tased did the city sit up and notice," he said. "We need a cease-and-desist order of those Tasers until there is a complete and independent study of their use."

For a year, Houston City Council member Ada Edwards, who is black, has sought a medical study on the effects of the Taser and also a moratorium on its use because "we have such a preponderance of minorities being Tased," she said. Now Houston Mayor Bill White has called for an independent review of Taser use.

City Council member Adrian Garcia, chairman of the council's public-safety committee, said an oversight group of civil rights advocates and residents had already been created to review Taser policy because of "concern about racial issues." But Garcia said he was convinced that Taser use had cut down on police shootings and saved lives.

In a letter published in the Dec. 2 Houston Chronicle, Police Chief Harold L. Hurtt said the department's Taser-training staff had identified 39 instances in which officers used Tasers against an armed suspect when they could have been justified in using deadly force. "That statistic easily could have translated into 39 more officer-involved shooting incidents," Hurtt wrote.

Facing a small, emotional crowd at the community meeting, Charles McClelland, executive assistant chief of police, said Taser use is minimal. About 3,500 police officers, who receive special training, carry stun guns. Tasers were deployed just under 1,000 times over the past two years -- against one-half of 1 percent of suspects arrested -- and half the people arrested in that period were black. During those two years, officers were assaulted 700 times.

"We're not Tasing 1 percent of the people that we arrest," McClelland said. "What this debate has sparked is a golden opportunity to move to the next level, and that's the Taser Cam."

Forty stun guns with tiny video and audio recorders in the handle are being tested by Houston officers. McClelland said the upgraded Taser would "protect the public from abuse, protect officers from frivolous complaints and . . . assist in court to sustain or exonerate suspects."

Michael Dirden, head of the police department's internal-affairs division, said 50 to 60 complaints have been filed against officers for inappropriate Taser use -- including against children. After investigations, one officer was fired, five officers were disciplined and almost two dozen officers were sent for additional training.

Although the resisting-arrest charge against Weary was dismissed, the Harris County district attorney's office is still reviewing the case to determine whether the NFL player should be charged with a crime such as interfering with the duties of an officer. Assistant District Attorney Paul Doyle said that the officers' radio-dispatch tapes had been subpoenaed and that his office is seeking video footage of the intersection where the arrest occurred.

Weary's attorney, Charley A. Davidson, said he has found two witnesses who will corroborate the player's account that, as he placed his hands atop the car, he asked officers why he was being arrested. "The way the two officers described the scene was different than the way everyone else described it," Davidson said.

Theory & Practice How Executives Are Pushed To Foster Diversity (WSJ)

By Phred Dvorak

The Wall Street Journal, December 18, 2006

TWO YEARS AGO, Rod Bond, an executive at a U.S. unit of French food-services company Sodexho Alliance SA, accompanied female colleagues to a meeting of the Women's Food Service Forum, where he was a rare man among roughly 1,500 women.

"That's a profound experience," says Mr. Bond, 57 years old. It prompted him to wonder how women managers of his generation had felt when they started their careers amid a sea of men. "I can begin to feel what it must have felt like to be different," Mr. Bond says.

That is the kind of reaction Sodexho and other companies hope to provoke in executives, as they try to help leaders -- still predominantly white and male -- come to grips with an increasingly diverse work force and customer base. Experts

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say such efforts can be a valuable addition to traditional diversity training because they can foster a deeper understanding of unfamiliar cultures and help executives see how they are perceived. "Dealing with difference is also dealing with how other people see you," says Hayward Bell, chief diversity officer at defense and aerospace manufacturer Raytheon Co.

Some companies, such as financial firm Wachovia Corp., urge executives to work with organizations representing other demographic groups. Wachovia's head of human resources, Shannon McFayden, who is white, serves on the board of the United Negro College Fund. John Cole, who heads banking for midsize businesses around New York, advises groups of women business owners and attends a year-end holiday gathering of one such group. "That puts me in quite the minority," says Mr. Cole.

Others encourage deeper immersion. Raytheon's missile-systems division in 2004 required managers to spend a day in a wheelchair in the office to better understand the concerns of disabled employees. Raytheon also asks executives to act as liaisons for employee "affinity groups," which bring together workers of specific races, genders, sexual orientations or religions.

"To really engage people, you have to create a series of epiphanies and take leaders through those epiphanies," says Rohini Anand, Sodexho's chief diversity officer.

Peter Bye, a consultant on diversity and former corporate diversity director for AT&T Inc., says working with people from other demographic groups can give executives insights that can't be learned in a class. However, he cautions executives need to mentally prepare themselves for the experience. Executives who have an "us versus them" attitude toward people who are different from themselves can get scared and defensive when suddenly thrown into a situation where they are in the minority, Mr. Bye says.

Experts say executives should be asked to do things that relate to their work, so they can see how diversity is relevant. "If it's a contrived experience, it's almost dismissible," says Anne McMahon, a management professor and workplace-diversity expert at the Williamson College of Business Administration in Youngstown, Ohio.

Sodexho's efforts complement an extensive diversity-training program that includes outside speakers. The company also encourages executives to mentor younger employees from different demographic groups. And it backs up the program with money: 25% of executives' bonuses are linked to diversity objectives independent of financial performance, such as hiring or training minority staff.

Ms. Anand asked Mr. Bond to sponsor the affinity group for women employees when it formed about four years ago. Mr. Bond, who runs the Sodexho division that serves public schools, says participating in the group helped him appreciate the concerns of women employees. One of the group's first requests was for a lactation room at headquarters, where new mothers could pump breast milk. "It's just one of those things I'd never thought about," says Mr. Bond.

Working with the group also made Mr. Bond more sensitive to women's feelings, he says. Recently, he found himself annoyed by a TV comedian making jokes about divorce, all at the wife's expense. Mr. Bond says he has also changed the social activities he plans for his colleagues, arranging excursions such as dinner cruises instead of golf outings, which he thinks appeal primarily to men.

Lorna Donatone, who ran a Sodexho unit that supplies food services for cruises, chaired the women's affinity group when Mr. Bond became its sponsor. She urged him to attend the Women's Food Service Forum event, arguing it would be a valuable experience, as well as a good networking opportunity. Ms. Donatone, who is of Swedish-German ancestry, later asked to sponsor Sodexho's Latino affinity group, to gain experience with a different culture.

Ms. Donatone says the experience of hearing a lot of Spanish spoken underscored for her the importance of language and prompted her to produce more bilingual promotional materials for her cruise services. Ms. Donatone says her work with the Latino group had an unexpected bonus: As she explored Latino culture, she started to reflect for the first time on her own roots.

"I grew up in Nebraska, and everyone looked exactly like me," says Ms. Donatone. "It was just never something I thought about much. Now I start thinking: 'That recipe from my mother was Swedish.'"

The Midas Touch (NYT)

DOJ_NMG_0107080

By Marc Maurer

The New York Times, December 18, 2006

IN a ruling in a lawsuit last month, Judge James Robertson of Federal District Court said that United States currency discriminates against blind people because bills are all the same size and cannot be distinguished by touch. His decision was applauded by some advocates for the blind, including the American Council of the Blind, which brought the lawsuit. But as president of the National Federation of the Blind, the nation's oldest and largest organization of the blind, I believe that Judge Robertson's ruling is wrong.

Discrimination occurs when the blind are barred from enjoying benefits, goods or services. This definition of discrimination is what most people understand the word to mean. If a landlord refuses to rent an apartment to someone because of race, color, creed or disability, then discrimination occurs. Sometimes people with disabilities are barred from certain facilities or services because of the way they are designed. A person in a wheelchair cannot climb the steps of a public building; if the building does not have a wheelchair ramp, that person is prevented from entering it. In another example, my group is suing the Target Corporation because the company's Web site doesn't accommodate the special text-reading software that the blind use to surf the Internet. In both cases, a person with a disability is kept out of a public place or denied use of a service, just as African-Americans were not welcome at whites-only lunch counters.

But while blind people cannot identify paper currency by touch, that does not prevent us from spending money. When we hand merchants our money, they take it and provide us with the goods or services we have paid for, no questions asked. People with whom we transact business provide us with correct change if needed, and we then organize the money in a manner that allows us to identify it in the future. We transact business in this way every day.

There is no evidence that the blind are shortchanged more often than the sighted; if a question does arise about a particular transaction, it is the responsibility of the blind person to sort out the matter. Identifying money by feel, as the blind are often able to do in many other countries, may be more convenient, but inconvenience is not the same thing as discrimination.

While it is crucial that minorities have a voice in society, it is also the responsibility of every minority group to use that voice wisely and not to cry "discrimination" when no discrimination has occurred. The blind of America will fight discrimination wherever we find it, but we achieve nothing by falsely portraying ourselves as victims and engaging in frivolous litigation.

Blind Indifference (HC)

Houston Chronicle, December 18, 2006

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When it comes right down to it, there is no way to sugarcoat the Bush administration's objection to revamping the nation's paper currency to make it distinguishable to the visually impaired. It's contrary to federal law banning discrimination against the disabled in government programs. And it's downright mean.

On Tuesday the administration, through the Justice Department, appealed a ruling by U.S. District Judge James Robertson, which requires the Treasury Department to develop paper money with features that would allow blind people to tell the difference between denominations. Robertson's order had been prompted by a lawsuit brought by the American Council for the Blind, which asked that bills be made in different sizes or that textured features be added to aid in differentiating bills.

Such changes would not be ground-breaking. Of 180 countries that use paper money, only the United States prints bills that are uniform in size, color and feel in every denomination.

Justice Department lawyers countered that blind people simply should use portable money reading devices to make purchases, or they should use credit cards. But the government has no plans to provide these machines, which cost around $350. Nor does it have a plan to deal with people who are not eligible for credit cards, including children and some of the large percentage of visually impaired Americans who are unemployed because of their disability.

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Sight-impaired adults, like the rest of us, value their ability to live as independently as possible. According to their advocates, when it comes to distinguishing between denominations of currency, the blind use folding systems that help them distinguish, say, a $10 bill from a $20. But that only assists a person in knowing which bill to hand a clerk. A person who cannot see still has to rely on the honesty of the sales clerk to return the correct change.

This is not as it should be. Yes, it will cost money to redesign the nation's currency, but the Treasury Department has been in the process of adding new, anticounterfeit features to paper money for years. Officials should have taken the opportunity to deal with the issue of fairness to blind consumers during that process. It's late, but it's not too late to make this long-overdue change for the better.

ANTITRUST:

CVS-Caremark Deal Faces A $26 Billion Threat (WSJ)

By Dennis K. Berman

The Wall Street Journal, December 18, 2006

Pharmacy-benefit manager Express Scripts Inc. was last night preparing a $26 billion cash and stock offer for Caremark Rx Inc., in an effort to break up the company's existing takeover deal with drug chain CVS Corp., people familiar with the matter said.

An offer could be launched as early as today, these people said. It could set off a back-and-forth struggle for Caremark, of Nashville, Tenn., at a time when the company's deal with CVS was gaining credibility in the market. That transaction -- which awarded no premium to Caremark's shareholders -- initially failed to convince investors, who pushed shares in both companies downward.

Further terms of the offer weren't clear. An Express Scripts spokesman declined to comment. A Caremark spokesman couldn't immediately be reached.

Friday, Caremark's shares ended at $50.30 in composite trading on the New York Stock Exchange.

Maryland Heights, Mo.-based Express Scripts is a far smaller company than Caremark, with a market capitalization of $9.3 billion, and debt of around $1.6 billion. The intended offer shows how the immense financings used to fund private-equity deals are also being used by corporate buyers trolling for acquisitions. In many ways, an Express Scripts offer would be akin to a leveraged buyout, with Express Scripts putting far more debt on its books than currently, while also accepting a lower credit rating.

Pharmacy-benefit managers such as Express Scripts and Caremark control the flow of medications through retail stores and health institutions.

Relatively smaller players such as Express have little choice but to act forcefully, as both macro-economic factors and street-level competition are reshaping the business.

Amid growing overall health costs, distribution is one of the expenses that insurers and the government are trying to squeeze. In the meantime, retail behemoth Wal-Mart Stores Inc. said it would begin charging $4 each for certain generic prescriptions, further pressuring both drug stores and the pharmacy managers.

It is likely that the cost-savings of the combination would be greater for the two than for Caremark and CVS, which owns a relatively small PBM of its own.

Those savings probably factor in heavily to the premium that Express Scripts plan to propose.

Putting together Express and Caremark would be an aggressive maneuver, given that the two rank as the third- and second-largest PBMs, respectively. It was unclear last night whether Express would propose any specific plans to address federal antitrust concerns, though such issues would surely be of prime concern for Caremark's board of directors.

Antitrust cases have been very rare during the Bush administration, especially after the Justice Department suffered a stinging defeat in its 2005 case against Oracle Corp., in its hostile bid for PeopleSoft Corp.

Health matters, however, are likely to receive greater scrutiny from federal authorities and state officials, who have for years lodged investigations into how the PBMs price and market their drugs.

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For the first six months of the year, Caremark reported net income of $483.9 million on revenue of $18.35 billion.

Drug Middleman Plans Hostile Bid For Rival (NYT)

By Andrew Ross Sorkin

The New York Times, December 18, 2006

In an audacious takeover bid that could lead to lower drug prices for consumers, a company that manages employee drug plans will make a $26 billion hostile bid for a much larger rival, according to people briefed on the offer.

The bid by benefits manager Express Scripts for rival Caremark Rx tops a competing offer by the CVS drugstore chain in a bold move that evokes memories of the big buyout deals of the 1980s.

Pharmacy benefit managers act as the middleman between drug companies and employers that offer drug subsidies to their workers as part of health-care coverage. By acquiring Caremark Rx, which is double its size, Express Scripts would by far become the largest pharmacy benefits manager in the nation.

Together they would have even more clout when negotiating prices with drug makers for clients, typically big corporations and their employees. The deal would also save the combined company as much as $500 million a year by reducing overlapping costs.

Both pharmacy benefit managers and drug makers are under increasing pressure to keep drug prices low from all sides. Prices offered at the pharmacy counter have also come under threat in recent months by Wal-Mart, which said it would offer certain generic drugs for $4.

The takeover bid seeks to scuttle Caremark Rx's agreement last month to merge with CVS, the second-biggest drugstore chain in the country. That deal was expected to transform the drug industry.

Spokesmen for Express Scripts, Caremark and CVS could not be reached for comment.

The four largest prescription benefit mangers — Caremark, Medco Health Solutions, Wellpoint and Express Scripts — handle about 75 percent of the $235 billion spent on prescription medicines every year.

The takeover bid comes amid a record-setting year for mergers. As of the beginning of this month, there have been $3.3 trillion worth of deals in more than 32,000 transactions, according to Thomson Financial. Not since the days of the corporate raiders of the 1980's, as captured in films like "Wall Street" and books like "Barbarians at the Gate," have deal makers been so central in reshaping corporate America.

The bid will pit Express Scripts, with a market value of $9.3 billion, against the much-larger CVS, worth some $25 billion, in a battle over Caremark Rx. It is possible that a bidding war could ensue, with both suitors ratcheting up their offers. Any deal could face scrutiny from regulators in Washington.

The offer by Express Scripts is a throwback to the 1980's in two ways: it is a rare hostile bid that could spark a fierce bidding war, and it relies heavily on debt, some $14 billion.

Buyers do not like to get into bidding wars: they can get expensive quickly and they can drive away important employees and customers, eroding the value of the business they want. Even as merger activity has accelerated, the number of deals in the United States that had two or more bidders has fallen sharply this year, according to Thomson.

But companies are increasingly willing to use debt in deals. The $26 billion offer is a vivid illustration of the role that cheap credit is playing in fueling the explosion in takeovers. Historically, low interest rates and a flood of available cash have enabled private equity firms to buy out bigger and bigger companies.

In those cases, the firms typically put up a quarter or so of the value of the company and borrow the rest, planning to use the companies' revenues to pay off the loans. And even as the amount of debt used in these deals has risen to record levels, investors have stayed sanguine that the risks of default are low.

Now, Express Scripts is using the same weapon employed by private equity and leveraging itself or borrowing against the combined company to try to win Caremark. Other companies have also drunken deeply from the debt pool: the mining giant Freeport-McMoran Copper and Gold is essentially borrowing $15 billion to pursue its $25.9 billion takeover of Phelps Dodge.

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The takeover bid by Express Scripts is being orchestrated by its chief executive, George Paz, who joined the company in 1998, as senior vice president and chief financial officer before becoming president in 2003 and then chief executive in 2005. Before Express Scripts, he was a partner at the accounting firm Coopers & Lybrand and then executive vice president and finance chief for Life Partners Group.

It is unclear how investors will react to Express Scripts' offer. Express Scripts had widely been considered a takeover target, not an acquirer, because of its small size. Indeed, its bid for Caremark could also put it into play. Kemp Dolliver, an analyst at Cowen & Company, wrote in a research note after the CVS-Caremark announcement that Express Scripts could be bought by Walgreen, Wal-Mart or Aetna.

The proposed merger between CVS and Caremark received a mixed reception by investors. When it was first announced, shares in both companies tumbled, but they have returned to close to where they started after the deal. In that deal, Caremark received no premium for its shares. Shares of Caremark closed Friday at $50.30.

Under the proposed offer by Express Scripts, Caremark shareholders would receive just shy of $58.50 a share in Express Scripts stock and cash, people briefed on the offer said, representing a 22 percent premium. Exact terms of the breakdown between stock and cash could not be learned.

Under Mr. Paz, Express Scripts has made several acquisitions, most recently acquiring Priority Healthcare Corporation for $1.3 billion in cash in July 2005.

Express Scripts, with some 13,000 employees, was formed in 1986 and went public in 1992. The company is based in Maryland Heights, Mo.

In 2003, New York's attorney general, Eliot Spitzer, began an investigation into claims that Express Scripts had over billed the state's health care plans. In 2004, Mr. Spitzer sued the company in state court in Albany for breach of contract.

Latest Deal In Real Estate For $9 Billion (NYT)

By Andrew Ross Sorkin And Michael J. De La Merced

The New York Times, December 18, 2006

Realogy, the giant real estate franchisor that owns Coldwell Banker, Century 21 and Sotheby's International Realty agreed yesterday to be sold to Apollo Group, the private equity firm, for about $9 billion.

The deal marks the latest play by private equity firms to buy into the real estate business just as it appears to have peaked. Just two weeks ago, Blackstone Group led a $36 billion deal to acquire Equity Office Properties Trust, the nation's largest office building owner and manager, for about $36 billion, which was the biggest buyout in history.

The deal will be another huge payday for Henry R. Silverman, the architect behind Cendant, the conglomerate that Realogy was part of until it broke itself into four pieces earlier this year in an effort to revive its flagging stock price.

Mr. Silverman, who had been criticized for huge paydays while he was at Cendant, stands to make about $135 million by selling all of his shares and stock options as part of the deal. Mr. Silverman, who is now the chairman and chief executive of Realogy, is expected to stay on until his contract expires at the end of next year. However, Mr. Silverman will not be an equity participant with Apollo in the deal, and his out-of-the-money stock options (those below the strike price) will be canceled.

"I think it is a conflict to be the C.E.O. and to be the buyer," Mr. Silverman said in an interview, taking a swipe at management-led buyouts where the chief executive buys out his own company.

Realogy is among the biggest players in the real estate field, taking part in a fourth of all home sales nationally. It has more than 300,000 agents among its franchises, almost three times more than its closest rival, Re/Max International. It is also a player in commercial real estate through its Coldwell Banker Commercial arm.

Yet the company has seen its fortunes decline as the real estate market has slumped. Sales have dropped from 2005, a record year, and more homes are staying on the market longer. The rise in home prices has slackened to the slowest pace seen since 1998, according to government reports. And the National Association of Realtors said earlier this month that it expected home sales to continue to decline next year.

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Moreover, Internet-based brokerages and discount shops may have dealt a further blow to traditional real estate brokerages. Commissions have fallen to an average of 5 percent from 6 percent a decade ago, although experts say that slide had begun before the entrance of the discounters.

For the quarter that ended Sept. 30, Realogy reported net revenue of $1.73 billion, a decline from the $2.08 billion it earned as a part of Cendant a year ago.

"Our earnings are going down," Mr. Silverman said. "We're probably not going to see a recovery until 2009. This deal is an insurance policy."

He said he had decided to pursue the deal with Apollo, which approached the company earlier this year, because, "we need to be owned by someone with a five-year time horizon," suggesting that many public shareholders, including hedge funds, have a "five-second horizon."

Under the terms of the deal, Realogy shareholders will receive $30 a share in cash, a premium over the stock's Friday closing price of $25.50. Apollo said it would commit $2 billion of equity to Realogy.

The deal is expected to close in the spring of 2007, but Realogy may solicit other buyout proposals until Feb. 14. in what is known as a "go shop" provision. Should it accept another offer, Realogy will pay Apollo a breakup fee.

Mr. Silverman said the company decided against a full auction because it could be "very destabilizing to the staff and customers." He said that the deal with Apollo meant "an outcome is guaranteed" that company would be sold and that a potential higher offer could still be sought.

Apollo, which said that it was strongly positioned to take Realogy forward, is no stranger to the company or the industry. In 1997, Apollo and Cendant formed NRT, or National Realty Trust, as a joint venture to consolidate various fragments in the residential real estate market. NRT revenues then grew to $3 billion by 2001, and it made 200 acquisitions and added $1.5 billion in annual commission revenues. Cendant bought out Apollo's stake in NRT in 2002.

"Realogy's powerful real estate brands and their long heritage of leadership in the industry serve as a strong platform for future growth and we are pleased to again have it as part of our investment portfolio," Marc Becker, a partner at Apollo, said in a statement.

Realogy, along with the rest of its former Cendant brethren, has long been seen as a potential target for a private equity buyer. Its $500 million in annual cash flow and relatively small debt were seen as attractive to such firms. And analysts have said that residential real estate companies like Realogy often find rough times on Wall Street, where the cyclical drops in the housing markets have taken a toll on such companies' share prices. Some of Realogy's competitors, like Re/Max, are already privately held.

Evercore Partners advised Realogy on the deal, while Skadden Arps Slate Meagher & Flom served as legal counsel. J. P. Morgan Chase and Credit Suisse were Apollo's financial advisers, while Wachtell Lipton Rosen & Katz worked as its legal counsel. J. P. Morgan, Credit Suisse and Bears Stearns will provide Apollo with debt financing.

Realogy Agrees To $6.4-billion Sale (BLOOM)

Bloomberg, December 18, 2006

Realogy Corp., the largest U.S. residential real estate broker, agreed to be acquired by private equity firm Apollo Management for about $6.4 billion amid a slump in the U.S. housing market.

Residential brokers including Realogy have been hurt by a U.S. housing market slowdown.

Home prices fell in about a third of U.S. metropolitan areas in the third quarter as the slump forced sellers to accept lower bids, the National Assn. of Realtors said last month.

Although the company's takeover would allow stockholders "to realize the value of Realogy's fundamentally strong businesses," the purchase price "takes into account the substantial pressures and uncertainties facing the residential real estate markets that may well continue for some time," Chief Executive Henry R. Silverman said in a statement.

Realogy shareholders would receive $30 a share, Parsippany, N.J.-based Realogy said Sunday in a statement. That's 18% more than the stock's closing price Friday. Including debt, the deal is valued at about $9 billion, Realogy said.

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The purchase must be approved by the holders of a majority of Realogy's shares and receive antitrust and insurance approvals. Realogy and Apollo plan to complete the purchase by the middle of next year.

Under the terms of the agreement, Realogy may solicit proposals from other potential buyers until Feb. 14. Any proposals would be considered by a special committee and independent advisors, Realogy said.

The company is the world's largest real estate franchisor. Its companies include Century 21, Coldwell Banker, Coldwell Banker Commercial, ERA and Southeby's International Realty. It has 15,000 employees worldwide and 320,000 brokers and sales associates.

Harrah's Close To Accepting $16.7 Billion Buyout (WSJ)

By Peter Sanders And Dennis K. Berman

The Wall Street Journal, December 18, 2006

Gambling giant Harrah's Entertainment Inc. yesterday was poised to accept a bid valued at roughly $16.7 billion from two private-equity firms, which are expected to retain its current management and strategy, people familiar with the matter said.

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If a deal with Apollo Management and Texas Pacific Group is completed, Chairman and Chief Executive Gary Loveman is expected to stay at the helm of Las Vegas-based Harrah's, the world's largest casino operator by revenue. The company's plans -- including a redevelopment of its numerous properties and vast land holdings along the Las Vegas Strip -- also are expected to proceed, these people said.

The two sides continued last night to haggle over the final details, and it was unclear whether they would reach an agreement today. A deal, which would value Harrah's at $90 a share in cash, would be one of the largest private-equity buyouts.

Harrah's plan for Las Vegas, delayed for months but due to be announced early next year, is expected to include not just new hotel rooms, but also huge retail and restaurant offerings intended to keep visitors on Harrah's property as long as possible. Industry observers have speculated that a buyout by private-equity firms would let the plans proceed without pressure from Wall Street and public investors, who have worried that the Las Vegas construction market has grown increasingly crowded and expensive in recent years. The Harrah's redevelopment faces competition from a $7 billion MGM Mirage project and a proposed $4 billion complex from Boyd Gaming Corp., among others.

If a sale is reached, Harrah's could shed some of its 39 casinos around the nation in order to streamline an organization that ballooned with new employees and properties after its 2005 acquisition of rival Caesars Entertainment Inc.

On Friday, shares of Harrah's were up 40 cents in 4 p.m. New York Stock Exchange composite trading to $79.50, 13% below the final offer price. They had climbed as high as $83.33 after the initial unsolicited bid was announced more than two months ago. Harrah's had a market value on Friday of about $14.8 billion. Last year, the company earned $236.4 million on revenue of $7.1 billion. As of Sept. 30, Harrah's was carrying about $11 billion of debt.

A deal, which would require top executives from Apollo and Texas Pacific to undergo the lengthy casino-licensure process in every jurisdiction where Harrah's operates casinos, would be expected to close within 12 to 18 months,

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according to people with knowledge of the details. There will likely be a provision in the proposed deal that includes penalties for Apollo and Texas Pacific should the deal take longer to close.

Harrah's has been mum on the status of any deal since it first received an $81-a-share offer from the private-equity firms on Oct. 2. That bid was quickly raised to $83.50 a share in cash, but Harrah's never acknowledged the updated offer or any subsequent movement by potential bidders.

The company set a Dec. 12 deadline for any bids, and it received one for $87 a share from Apollo and Texas Pacific as well as an $87-a-share cash-and-stock offer from regional casino operator Penn National Gaming Inc., Wyomissing, Pa. Harrah's board began meeting last Wednesday and reviewed the offers through the weekend, according to people close to the matter. Officials from Harrah's and the private-equity firms declined to comment. An official from Penn National didn't immediately return a call for comment.

Harrah's is just the latest target in a private-equity buying binge this year that shows no sign of abating during 2007. With so much cash to spend, the buyout shops are plunging deeper into areas where they were once loathe to tread. Such areas include casinos, which deliver reliable cash flows but require the rigorous licensing process that delves into individuals' financial and personal backgrounds.

Earlier this month, Station Casinos Inc., a Las Vegas casino company that caters largely to the city's local gamblers, announced it had received an offer of $81 a share from a management-led consortium to take the company private. The company's board continues to evaluate that bid.

Consolidation Sweeps Through Chipmaking Industry (USAT)

By Michelle Kessler

USA Today, December 18, 2006

SAN FRANCISCO — Computer chip companies are in a dealmaking frenzy — gobbling up rivals or going private — as they attempt to adjust to a changing industry.

Nearly $40 billion worth of deals have been announced or closed since August, and chip analysts say more are on the way. The biggest so far:

•Freescale Semiconductor, the former chipmaking arm of Motorola, was bought out by a consortium of investors for $17.6 billion this month. A majority stake in Philips Semiconductor was similarly purchased for $11 billion in September. It is now named NXP.

•Computer processor-maker Advanced Micro Devices bought graphics chipmaker ATI Technologies in September for $5.4 billion. A few weeks later, ATI rival Nvidia bought PortalPlayer, best known for making chips for Apple's iPod media player, for $352 million.

•LSI Logic has announced plans to buy Agere Systems for $4 billion. Both make chips for consumer electronics and other devices.

Among smaller deals: SanDisk's $250 million purchase of Matrix Semiconductor and Cisco Systems' $12.5 million purchase of Nemo Systems. Cellphone chipmaker Qualcomm made two recent acquisitions: Airgo Networks and a division of RF Micro Devices. Terms were not disclosed.

"You're seeing consolidation," says LSI Logic CEO Abhi Talwalkar. "It offers you at least some immunity to this crazy market."

The semiconductor industry has always been competitive. But the tech boom of the 1990s created dozens of midsize chipmakers, says semiconductor analyst John Barber at researcher Gartner.

Many went after specialty markets, because there used to be big technical differences between products. A PC and a cellphone, for example, didn't share many parts.

Now, digital technology has eliminated many of the differences, says Michael Hara, a vice president at Nvidia. That's allowed bigger chipmakers such as Nvidia, best known for its PC chips, to push into phones, music players and other once-specialized markets.

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At the same time, development costs are soaring as chips get tinier. In 2000, a typical chip cost between $5 million and $10 million to design, Barber says. Today, it's between $10 million and $20 million.

That makes it hard to be a midsize chipmaker. "You either need to niche yourself or get bigger," Talwalkar says.

Going private is another option, says chip analyst Jim Feldhan at Semico Research. Eliminating the day-to-day pressure of Wall Street can make it easier to do business in a tough market, he says.

Feldhan and others say they expect consolidation to continue. "Smaller companies are looking for help," says Hara.

But don't expect the industry to shrink to one or two big players, Feldhan says. Start-ups keep entering the market, because chipmaking can be lucrative, he says. Some will quickly be acquired or go out of business; others will likely become the next generation of major players, he says.

Congress Prepares For Hearings Over Airline Mergers (AZREP)

By Marilyn Geewax, Cox News Service

The Arizona Republic, December 18, 2006

WASHINGTON - Even though the new Congress won't convene until January, key lawmakers are preparing for hearings to examine the economic impact of possible airline mergers.

Many members of Congress are condemning the potential deals, while few, if any, are supporting the idea of industry consolidation.

Congress has no direct role to play in approving mergers, but it could help sway public perceptions and increase political pressure on the Department of Justice to reject the airline transactions on antitrust grounds.

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Perhaps the most controversial of the potential acquisitions involves US Airways Group Inc.'s unsolicited $8.7 billion bid for Delta Air Lines Inc. The two carriers have routes that overlap significantly along the East Coast, and hubs relatively near each other in the West.

Congressmen representing Phoenix, Atlanta, Cincinnati, Pittsburgh, Philadelphia, Salt Lake City, Charlotte, N.C., and other cities where the two airlines have major operations fear that a merger would wipe out jobs, diminish air service and drive up ticket prices, said Rep. John Lewis, D-Ga.

Concerns about a loss of competition grew dramatically last week when UAL Corp., parent of United Airlines, and Continental Airlines Inc. announced they are considering a possible merger. In addition, AirTran Holdings Inc. offered to buy Midwest Air Group Inc. for about $290 million. With so many carriers now in play, the number of concerned congressmen is on the rise.

"We can voice our opinion," Lewis said, "and because we all represent different parts of the country, speaking out could have a tremendous impact on what happens."

James Oberstar, D-Minn., is incoming chairman of the House Transportation Committee. He said recently that if it appears that the US Airways takeover of Delta would be going forward in the new year, he would hold a hearing into the matter. Teri Rucker, a spokeswoman for Daniel Inouye, D-Hawaii, the incoming chairman of the Senate Commerce Committee, said that panel also plans to hold a hearing.

Oberstar said by publicly exposing the potential dangers of airline consolidation, his committee may be able to "throw cold water" on merger mania.

"We can nudge the Justice Department to take the action" it must to prevent a loss in competition, he said.

Oberstar also said opposition to consolidation is bipartisan.

"I've heard from members on both sides of the aisle," he said, as worries have grown about the economic impact on jobs and service.

"I haven't heard anyone come forward and say this is a really good deal," he said.

Michael Boyd, president of the Boyd Group Inc., an aviation consulting firm, agreed that Congress would become involved because so many lawmakers represent cities with huge stakes in the outcome.

"There are a lot of dogs in this fight," he said.

Delta management opposes the transaction with US Airways, but if it were to go forward, the two carriers would have to drop routes to avoid expensive redundancies and overcome antitrust concerns.

That could eliminate jobs and flights, especially in smaller cities, like Savannah, Ga., and West Palm Beach, Fla.

"Any Georgia legislator who doesn't stand up against this merger isn't doing his constituents any good," Boyd said.

Earlier this month, the two chief executives, Delta's Gerald Grinstein and US Airways' Doug Parker, each met with Oberstar to discuss their views.

Darryl Jenkins, an industry consultant based in northern Virginia, said that whether Congress gets deeply engaged in the issue of airline competition may depend on the views of creditors owed money by Delta, which is under the protection of Bankruptcy Court.

If by next month those creditors are in favor of the deal, then the bankruptcy judge may in turn support it, and the transaction could be completed. That would push the other deals forward, too.

"Everyone is interested in this (Delta deal) because if one merger goes through, then two or three other mergers will follow," Jenkins said.

Unfriendly Skies (WSJ)

By Robert W. Crandall And Clifford Winston

The Wall Street Journal, December 18, 2006

Almost on cue, members of Congress have responded to US Airways' interest in acquiring Delta Air Lines, and a possible deal between United Airlines and Continental Airlines, with predictions that fares will rise, service will be reduced, and more mergers will surely follow. Not to appear soft on threats to competition, the Justice Department has expressed its concern that the proposed mergers raise antitrust concerns and has vowed to conduct thorough investigations.

Mergers may harm consumers if they are the route to (or the root of) market power and ultimately allow the combined firm to increase consumer prices and reduce service. In such cases, enforcement of the antitrust laws could improve consumer welfare by blocking the mergers before they occur and by discouraging future harmful mergers. But our research suggests that government efforts to address such threats do little to improve consumer welfare and sometimes actually reduce it. More importantly, government often misses fruitful opportunities to benefit consumers because it eschews market-oriented policies.

The empirical evidence on the main factors that influence airlines to merge their operations does not suggest that these mergers are driven by a desire to obtain market power. In a 2000 paper, Steven Morrison and Clifford Winston analyzed the determinants of all the actual and attempted airline mergers since the 1978 deregulation. They found that carriers are generally not motivated to merge for anticompetitive reasons, but rather by the acquiring carriers' desire to expand their international routes -- which are far more profitable than most domestic routes due to government-to-government agreements that limit entry -- and by the acquired carriers' need to be rescued from financial distress.

Clearly, gaining access to additional international routes is an important consideration in the two mergers under discussion. US Airways would gain from having access to international routes currently served by Delta, and United and Continental could gain from expanding their portfolio of international routes. Because Delta is in the process of emerging from bankruptcy, it appears to have solved its financial problems on its own and is therefore not enthusiastic about a merger with US Airways.

What about evidence on the effects of previous mergers on travelers? In the aforementioned paper, the authors found that the USAir-Piedmont merger and the Northwest-Republic and TWA-Ozark mergers, which were opposed by the Justice Department but approved by the U.S. Department of Transportation (at the time DOT had jurisdiction in the matter), had benign effects on fares while increasing travelers' accumulation of frequent flier miles.

Today's airline industry has become very competitive because of the expansion of low-cost carriers such as Southwest, JetBlue and AirTran, whose combined market share currently approaches one-third of the domestic market. Any potential anticompetitive effects of a US Airways-Delta merger or a United-Continental merger would be quickly tempered by the responses of these low-cost carriers. The larger "legacy" (pre-deregulation) carriers now face

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competition from low-cost carriers on nearly three-quarters of their domestic routes. Low cost carriers have expanded their presence even to such markets as Philadelphia and Pittsburgh that had traditionally been dominated by legacy carriers, and they are poised to provide additional capacity in any markets that are adversely affected by any of the proposed mergers. Low-cost carriers can and do move very quickly to mitigate any increase in fares initiated by the legacy carriers -- whether caused by a merger or simply by unilateral action.

Ultimately, the effect on travelers of changes in airline market structure caused by mergers or other forces depends on the specific carriers that exit a market and the specific carriers that take their place. For example, a recent study found that in the year 2000 travelers would have been $20 billion worse off due to higher fares and less frequent service if Southwest Airlines did not exist at all. In contrast, consumers would actually have been better off during that year if US Airways had left the industry because more efficient carriers, such as Southwest, would have entered its routes. Because any initial contraction in service and increase in fares by merged legacy carriers is likely to attract entry by low-cost carriers, fares would quickly decline to or possibly below pre-merger levels and return service frequency to or possibly above pre-merger levels. Trustbusters would be prudent if they simply exercised a reasonable degree of patience in the wake of such combinations.

Rather than attempt to combat airline mergers, government policy makers could have a much more beneficial impact on the welfare of air travelers by pursuing policies that increase competition on international and domestic routes. With one swift stroke, deregulation of international markets would eliminate a major motivation for many of the mergers. The U.S. government has been negotiating so-called "Open Skies" agreements with other countries for several years, but negotiations have invariably stalled for a variety of reasons. One issue is the government-mandated limit on foreign ownership of U.S. carriers, currently capped at 49%. Ending any limits on foreign ownership would also make it easier for struggling U.S. carriers to attract foreign capital to help solve their financial problems and possibly eliminate another major reason that carriers seek a merger.

Allowing foreign carriers to serve U.S. domestic routes (cabotage) would provide another source of competition that would benefit air travelers. Think of how foreign transplants have transformed the automobile and steel industries to the benefit of consumers. Sir Richard Branson has expressed an interest in starting up a Virgin Airways operation in the U.S. but faces ownership issues, among other obstacles.

Still another way that policy makers could potentially stimulate airline competition is to privatize U.S. airports, thereby allowing them to compete aggressively for air carrier service. Competitive entry at some airports is constrained by insufficient gates and terminal space. Given the contractual relationship governing publicly owned airports and the incumbent airlines that help pay their bonds, some airports have limited incentives to attract additional carriers.

Federal policy makers' attempts to correct market failures, such as those deriving from monopoly power, have in practice frequently been an abject failure, and missed opportunities to improve market performance. The latest round of proposed airline mergers illustrates the problem: Policy makers will undoubtedly find it politically expedient to use the antitrust laws in an inappropriate manner, instead of standing up to the entrenched interests who oppose changes in current government policies that would have a far more beneficial impact on competition in the airline industry.

Messrs. Crandall and Winston are senior fellows at the Brookings Institution. Mr. Winston is author of "Government Failure versus Market Failure" (Brookings, 2006).

National Meddling Presents Serious Challenge To Brussels (FT)

By Tobias Buck

Financial Times, December 18, 2006

The European Commission has regularly courted controversy by blocking mergers and takeovers. Last week, the Brussels-based regulator learnt that defending such deals can be just as hard.

The Commission could only look on in frustration as Spain's Abertis and Autostrade, the Italian motorway operator, abandoned a €25bn ($33bn) merger that would have created a new pan-European infrastructure group.

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The deal was waved through by Brussels in September, but the groups came under such intense political and regulatory pressure from the Italian government that they decided to call off the deal on Wednesday.

Neelie Kroes, the EU competition commissioner, and Charlie McCreevy, the EU internal market commissioner, had warned Rome repeatedly to mind its own business. Both ruled that Italy's objections violated EU law and threatened to file a legal challenge - but their intervention still failed to save the deal.

Worryingly for Brussels, Abertis/Autostrade is noisolated case. While cross-border mergers and takeovers in the European Union have increased during recent years, a growing number of deals face stiff opposition from governments and national regulators.

To the Commission - which by law has the exclusive power to scrutinise and approve big pan-European mergers - such national meddling presents a serious challenge to its authority.

To business leaders, it serves as a powerful reminder that large cross-border deals can be torpedoed by political and national sensitivities - in spite of the regulatory and political backing from Brussels.

The first sign of trouble came last year, when the Commission fought a fierce battle with the Italian central bank governor over his attempt to derail two foreign takeovers of domestic banks.

After months of legal wrangling and political drama, Antonio Fazio was forced to leave office, clearing the way for ABN Amro's takeover of Banco Antonveneta.

The next clash over banking takeovers took place in Warsaw, after the Polish government tried to prevent Italy's UniCredit from winning control of the nation's second largest bank, BPH.

Brussels launched legal proceedings against the government in March this year, but was sidelined when UniCredit struck a deal with Warsaw that allowed the takeover to go ahead in return for selling 200 of BPH's 466 branches.

By far the biggest test of the Commission powers and ability, however, is still being played out. Eon, the German energy giant, has been waiting for almost a year for Spain to drop its objections to its €37bn take-over bid for Endesa, the Spanish utility. Brussels has already ruled the government's objections illegal under European law, and has opened infringement procedures against Spain.

The problem for the Commission is that Brussels lacks the instruments to bring recalcitrant governments into line.

Although the regulator enjoys sweeping powers to police the internal market and crack down on antitrust abuses and illegal subsidies, it usually takes several years for the Commission to bring its cases to an end.

Infringement cases - in which governments are prosecuted for breaking EU laws - require the Commission to send out a first warning, which is followed by a formal ruling and, eventually, a challenge before the European Court of Justice.

The court then takes two to three years to issue a final ruling.

As Mr McCreevy told the Financial Times in a recent interview: "Companies can't wait around forever. They can't wait for law to take its course. Some member states know that. They know that time is their friend."

While in the past the mere threat of Commission action could be enough to bring recalcitrant member states into line, many officials fear that a growing number of member states today have no qualms about ignoring Brussels' edicts.

The waiting game is made even easier, as one senior Commission officials pointed out last week, by the recent "proliferation of national regulators" in EU member states.

This means that many obstacles to cross-border takeovers are not directly thrown up by governments, but by more or less independent bodies not directly answerable to Brussels.

ENVIRONMENT/INDIAN AFFAIRS:

What Green Activists Don't Want You To Know (WSJ)

By Senator James Inhofe (R., Okla.)

Wall Street Journal, December 18, 2006

I write to applaud your Dec. 4 editorial "Global Warming Gag Order1." I also read with interest the responses from your readers ("Senators' 'Chill Out' Letter to Exxon Creates a Heated Reaction2," Letters to the Editor, Dec. 13). As

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chairman of the Senate Committee on Environment and Public Works for the past four years, I have held several hearings examining the fears of manmade catastrophic global warming, and I have spoken publicly on this issue more than any other senator.

Those who wish to quell opposing viewpoints on manmade global warming do so because of a number of inconvenient facts about both the science of climate change and the economic harm their proposed "solutions" would cause the American people.

What the activists and special interest groups don't want you to know is that 60 scientists wrote an open letter to Canadian Prime Minister Harper this year stating, "If, back in the mid-1990s, we knew what we know today about climate, Kyoto would almost certainly not exist, because we would have concluded it was not necessary."

They don't want you to know that Claude Allegre, a leading French scientist who is a member of both the U.S. and French National Academies of Sciences, recently defected from the alarmist camp, and now says the cause of global warming is "unknown." They don't want you to know that the U.N.'s Intergovernmental Panel on Climate Change is expected to revise downward significantly its estimate of man's contribution to global warming in its upcoming Fourth Assessment Report or that another U.N. report recently found that emissions from cows were more damaging to the planet than C02 from cars.

And they certainly don't want you to know that their favored solution, the Kyoto Protocol -- often referred to by supporters as merely a "first step" -- would cost the average American family more than $2,700 a year while having no measurable impact on global temperature.

Despite enjoying a huge advantage in funding over skeptics, liberal special interests groups have had almost no impact in convincing policymakers to pass economically destructive climate legislation in the U.S. Now it appears those same alarmists are panicking and adopting a new agenda: to silence those who disagree with their views. I find it troubling that two of my colleagues in the Senate would join the campaign to shut down the ongoing debate on the science of global warming.

Europe V. America On CO2 (WSJ)

The Wall Street Journal, December 18, 2006

Climate-change activists and Democrats on Capitol Hill are gearing up to push the U.S. to limit so-called greenhouse gases. In their telling, America must save mankind from an eco-Apocalypse by adopting the arbitrary targets popular with Europe and other Kyoto Protocol signatories.

Well, let's look at results in the real world, as opposed to this Kyoto spin. Recent data show that placing artificial limits on emissions hasn't done all that much to reduce emissions, and may even be counterproductive. Contrary to caricature, the American approach offers more promise than Europe's.

As the nearby chart shows, CO2 emissions growth in the U.S. far outpaced that of the 15 "old" members of the European Union from 1990-95 and especially from 1995-2000, when Mr. Climate Change himself, Al Gore, was the second-most powerful man in America. But, lo, the U.S. has outperformed the EU-15 since 2000, according to the latest U.N. data. America's rate of growth in CO2 emissions from 2000-04 was eight percentage points lower than from 1995-2000.

By comparison, the EU-15 saw an increase of 2.3 points. Only two EU states, Britain and Sweden, are on track to meet their Kyoto emissions commitments by 2010. Six more might meet their targets if they approve and implement new, as yet unspecified, policies to restrict carbon output, while seven of the 15 will miss their goals.

Cynics play down America's improvement, noting that its economy cooled from the earlier years to 2000-04. True, but the EU-15 also had lower economic growth in the latest period and still saw its emissions growth rate double. What's more, the U.S. economy expanded 38% faster than the EU-15 in 2000-04, and its population twice as fast. So the trend lines, for now, are reversing. That may frustrate the green lobby because so much of its fund raising depends on vilifying the U.S. But facts are facts, no matter how underreported they are.

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Europe's dismal record is explained by its approach to reducing emissions. The centerpiece of the Continent's plan is a carbon-trading scheme in which companies in CO2-heavy industries receive tradable permits for a certain amount of emissions. If they emit more CO2, they must buy credits from firms that are under quota. The idea is to force companies to emit less CO2 by making it prohibitively expensive to keep the status quo.

All this scheme has done so far is provide further proof that government cannot replicate the wisdom of markets. A red-faced European Commission recently admitted that it allowed more permits than there were emissions in 2005-07, keeping permit prices low and undermining the entire system. When Brussels tried to make amends by ordering several member states to cut carbon permits by 7% more than expected for 2008-2012, industry and national capitals squealed. The market hadn't priced in such a dramatic reduction. With carbon permits trading relatively cheaply, firms have been able to get by with minimal changes to the way they do business. That has minimized Kyoto's economic impact.

Once the supply of permits is more in line with the eurocrats' ambitious environmental goals, though, expect European industry to take a big hit. The number of firms moving manufacturing work to countries without emissions caps, such as China and India, will only grow. That might make Europe's emissions data look good, but it will have zero net effect on the world's production of greenhouse gases.

Some companies may elect to purchase cleaner equipment, but the rising cost of compliance -- i.e., buying more carbon permits at higher prices once the supply is slashed -- will eat into the money available for developing the next generation of clean technology. In short, Europe offers no magic solution for capping greenhouse gases.

America may even have a few things to teach the Old World. The U.S. strategy has been to keep economic growth strong and provide incentives for private industry to develop cleaner technologies. For instance, the Bush Administration has proposed $1 billion in tax credits for nine new coal-fired power plants that will double efficiency and reduce pollution compared with older generations. China is picking up on these tactics. This year it bought $58 million in machines from Caterpillar Inc. that trap methane in coal mines and use it to power electric generators.

If global-warming activists were as interested in lowering air temperatures as they are in expanding the role of the state, they'd understand that the key to reducing carbon emissions lies in unleashing the private sector, not capping it. That's the real lesson from the policies -- and the results -- in Europe and the U.S.

FBI/DEA/ATF/USMS:

Marin Changes Course In War On Marijuana Growers (MIJ)

By Joe Wolfcale

Marin Independent-Journal, December 18, 2006

The dope growers who ripped up Marin parkland to plant acres of marijuana valued at more than $100 million this summer, then got away as authorities moved in, might not be as lucky next year.

County sheriff, federal park rangers and other officials are planning a crackdown aimed at ensuring extensive growing operations don't take root again.

"There's no doubt we'll be intensifying our efforts next year," said Marin County sheriff's Lt. Scott Anderson, who coordinates county marijuana eradication efforts. "I don't think anyone thought we'd see the level of marijuana cultivation on public lands that we did this season."

Authorities say 43,356 marijuana plants were discovered in 24 plots, many on both sides of Bolinas Ridge, with most flourishing in elaborate, sophisticated grow sites on public land.

Marin County Sheriff Robert Doyle said deputies will coordinate plans with other Marin authorities to thwart the growers.

"Not only is it illegal, it's also a huge threat to the safety of our residents," Doyle said. "We'll do everything we can to eradicate the problem.

"We fully intend to flush it out."

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Point Reyes National Seashore Superintendent Don Neubacher wants federal aid so rangers can step up eradication efforts next season.

Neubacher said Point Reyes authorities have already met to discuss the problem.

"We need more aerial surveillance and more of a presence and adequate personnel to prohibit this from happening again," Neubacher said. "What happened this summer was shocking to us. These growers are bold. I'd say there's a good chance they will come back. I think the money will be well spent."

The grow sitesA total of 26,165 marijuana plants were found on Marin Municipal Water District land, 10,335 on national seashore land and 6,856 on private property between July 21 and Sept. 20.

In one grow site, plants more than 10 feet tall were so laden with plump sinsemilla buds, the stalks sagged parallel to the ground because of the weight.

Law enforcement agencies seized the plants in a series of raids that included agents of the National Park Service, U.S. Park Police, the Marin County Water District, Sonoma and Marin County sheriff's offices and the Marin Major Crimes Task Force. Aerial support was provided by the California Highway Patrol and Air National Guard.

No one was charged with growing the marijuana, although two Hispanic men from the East Bay were arrested for allegedly carrying a concealed weapon in a car and possession of cocaine and methamphetamine. They were found in a remote West Marin area during the harvest season.

Police did come close to nailing some of those tending the marijuana gardens, however - so close that officers found plates of steaming scrambling eggs left behind by the growers.

Another time, three Hispanic men were seen in the pot fields, but fled.

"Take a walk on Mount Tamalpais and see the vastness of the area and you can certainly see how someone could pull this off," Doyle said. "Growing and harvesting marijuana is big business. It's high-quality stuff. I know an exhaustive search was done and I think we made a significant dent."

In early September, authorities discovered 1,200 plants that were cut and stacked near Kent Lake waiting to be destroyed the next day, were stolen overnight. The pot was valued at $3 million.

Doyle said stationing deputies overnight at the remote site was not worth the risk of a confrontation with growers.

"It just wasn't worth it," Doyle said. "I don't know if there's any sense of embarrassment on our part," in light of the stolen pot, he said. "We just couldn't put deputies out in the middle of nowhere. If there had been some sort of shootout, people in the community would have vilified us."

Drug sophisticates

The growers used complex irrigation systems, sometimes running several hundred feet of plastic tubing through trees and shrubs to provide water. Some farms were discovered 30 to 40 yards from a trail, while others were accessible only after lengthy hikes in rugged terrain.

Some sites had man-made reservoirs that used water siphoned from streams and creeks. Remote hillsides were terraced. Trees were cut, pesticides and fertilizers used, and small game slaughtered. Piles of debris were found.

The camp sites providing shelter for the growers included propane stoves and sleeping quarters. Most grow sites were several years old - tree roots had begun to grow over camp structures.

Most camps had escape routes. Ammunition was found, but no guns.

"Putting a pricetag on the environmental damage is difficult," Point Reyes National Seashore spokesman John Dell'Osso said. "This type of large-scale planting threatens the very mission of the park service. We want to provide the natural resources of the area while providing safe recreational opportunities for our residents, both of which were threatened."

He noted the farms in remote areas, sometimes hidden by a canopy of trees, were nurtured by rich soil and nearby water sources. "These plants have incredibly ideal situations," Dell'Osso said.

Marin Conservation Corps and National Park Service personnel worked last week to clear debris from the grow sites. A helicopter from the Air National Guard lifted out more than 60 cubic yards of waste, including irrigation pipes, garbage bags, fertilizer and pesticides.

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Point Reyes National Seashore officials said it cost more than $100,000 to clean up the mess.

"We are now at a point where we can safely say we have removed all of the debris left behind," Colin Smith, the seashore's chief enforcement ranger, said. "We hope this will discourage these individuals from coming back."

Statewide problem

Marin's situation is similar to what is happening across California.

Marin was ranked 12th this year in marijuana seizures, according to statistics from the state attorney general office's Campaign Against Marijuana Planting.

The state reported 1,675,681 plants confiscated in 2006, up from 1.1 million the year before, with most seized on public lands. Estimated wholesale value of the statewide haul was put at $6.7 billion.

"Certainly for us it was a record seizure year," said Kent Shaw, assistant chief of the Department of Justice's Bureau of Narcotics Enforcement in Sacramento. "We definitely realize we have to put more resources in that direction. We're definitely seeing signs we're having an impact on some of these organizations. I'm not surprised at all by what we're seeing.

"They're not only growing more of it, the potency of what they can produce is getting better" and far more potent, he said. "Some of these stalks look like trees."

Authorities say they believe cultivation efforts are the work of major Mexican drug cartels that find growing pot in California is easier than smuggling it across the border.

Authorities back the assertion by pointing to similarities in the construction of the marijuana camp sites, evidence found at the sites, including food, trash and gear, and intelligence gathered across the state by narcotics investigators.

State authorities estimate more than 50 percent of marijuana sold in the United States originates from California. The growers are predominately Mexican nationals in the United States illegally, state and local officials say.

"We've found cells operating numerous grow sites," state narcotics chief Shaw said. "They're large organizations. It just depends on how far their tentacles reach. In some counties, these people operate with fairly liberal impunity.

"They select areas that will create the greatest return and where they're less likely to go to jail."

Frank Egger of Fairfax, who served on the Town Council for four decades, said more needs to be done to protect the community.

"Our residents hike and recreate all over that mountain," Egger said. "I think that's the issue no one's looking at. This county's going to have to get a handle on it, and they better do it fairly quickly.

"It's clearly a safety issue," he said. "We could be doing more."

Water board member Alex Forman was shocked about the scope of the operation.

"I think it shows how incredibly vast the wild open spaces are in these areas," Forman said. "I wouldn't blame local law enforcement. I'm not surprised no one's been caught. I don't think anyone was expecting they'd be so clever about it.

"We know now there's a problem. We just have to control it."

National parks officials said the drug sweeps this summer might scare off growers.

"We're hoping that the effort we put out this summer will hopefully deter this type of illegal activity," Dell'Osso said.

Doyle said before next year's growing season begins, officials with the sheriff's department will sit down with other authorities and devise a coordinated plan.

"It's not going to be easy," Doyle said. "People have to realize these are vast areas and these people are dangerous."

But Doyle said one thing is for sure.

"We'll do everything we can to eliminate those groves."

Read more West Marin stories at the IJ's West Marin page.

IMMIGRATION:

Swift Raids (NYT)

The New York Times, December 18, 2006

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When federal immigration officials raided six plants owned by Swift & Company, the world's second largest beef and pork processor, last Tuesday, they brought Spanish translators. They knew exactly what kind of worker is found in low-paying, strenuous jobs in this country: recent Latino arrivals with limited skills and, in many cases, no legal papers. Nearly 1,300 people — almost 10 percent of Swift's work force — were taken away in what the government said was the largest but not the last assault on the underground immigrant economy.

The raids have led some people to heap scorn on Swift and, of course, on the illegal immigrants, particularly the dozens of detainees who have been charged with identity theft and other crimes. But doing so misses the bigger picture. Swift and its workers are merely Exhibit A in an immigration system that is failing in all of its parts.

It is a system that rewards illegality and pays lip service to lawfulness and order.

Swift insists that it is a model corporate citizen. It obeyed the rules, which require it to check workers' identity papers and file so-called I-9 forms attesting to that. And it went further, participating in the federal Basic Pilot program, a system of checking Social Security numbers that President Bush has touted as a way to crack down on immigration fraud. The company says that prying any more aggressively into workers' legal status would leave it open to civil rights lawsuits.

The Swift raids are powerful evidence that I-9's and Basic Pilot are ineffective and disingenuous, a nod to by-the-books technical lawfulness that allows a far vaster world of illegality to flourish. Swift and other large-scale employers of immigrants, like farms and hotels, may insist that they never knowingly hire people illegally. But as long as the jobs they offer are the kinds whose pay and conditions consistently fail to attract native-born Americans, their protests will ring hollow. This system is brilliantly efficient at bringing lots of cheap products and services to market, which is great unless you mind its essential lawlessness, anonymity and reliance on an enormous work force of silent, compliant, frightened people whose bitter choice is to stay here illegally or go home and be desperately poor.

Swift, by its lights, was doing the right thing. The federal government was doing the right thing, waking up, belatedly, to workplace enforcement. And yet it's impossible to see how this will work over the long term. Immigration reform built on piecemeal enforcement — factory raids and border walls — won't solve the problem of the 12 million illegal immigrants already here. The American economy wouldn't stand the shock if the Swift raids were multiplied to levels beyond the merely symbolic.

The system needs what Mr. Bush and Congress have refused to give it: a way to end the sham. Comprehensive immigration reform is good for the economy, giving companies access to a secure and stable work force. It is good for national security, allowing law enforcement to go after real criminals and leave honest working people alone. And it is good for the immigrant workers across the country, terrorized by Tuesday's raids, who just want to keep doing their jobs, no matter how hard and distasteful.

Focus Shifts North Amid Terror Fears (USAT)

By Mimi Hall

USA Today, December 18, 2006

Police, lawmakers say 'the forgotten border' is difficult to secure — and too easy to cross

Along slim sections of the nation's vast northern border, anyone can drive the back roads that flow from Canada into the United States.

So it's only natural for Caribou (Maine) Police Chief Michael Gahagan to be concerned that terrorists could be in some of those cars.

"It worries us every day," Gahagan says.

It worries local police, Border Patrol officers and members of Congress alike.

Many say the USA's northern border — more than 4,000 miles of open and largely unprotected land — remains a dangerously weak link in the nation's post-9/11 effort to shore up security against terrorist attacks.

To cross it legally, people can pull up at any of 89 official points of entry from Seattle to eastern Maine. Some are huge, multilane crossings that process tourists and commercial trucks; others are small crossings, open only certain hours of the day, that generally handle only cars.

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But it's still easy to cross illegally, across hundreds of small back roads, through the woods or over the mountains.

"It's a big, porous border and it's very difficult to secure," says Sen. Byron Dorgan, D-N.D., who made headlines in 2001 when he held up an orange traffic cone in the Senate as an example of the kinds of barriers often used to block roads on the Canadian border.

Five years later, Dorgan says, northern border security has improved — but not nearly enough. "There should be no less anxiety about it," he says. "Terrorists will search for the weakest link when trying to enter this country."

The flood of illegal immigrants across the U.S. border with Mexico has focused the government's attention south for years.

Roughly nine out of 10 of the nation's 12,000 Border Patrol agents work along the Mexican border, in Texas, New Mexico, Arizona and California. The Homeland Security Department's new multibillion-dollar plan to tighten security with more cameras, sensors and fences is being set up along the southern border, starting in Arizona.

The northern border "really is the forgotten border," says T.J. Bonner, president of the National Border Patrol Council, the union that represents Homeland Security's Border Patrol agents. "We're just so vulnerable up there."

Critics of the government's southern-border focus, such as Dorgan, acknowledge the need to concentrate on the area where hundreds of thousands of people illegally enter the country each year to look for work and sell drugs.

Intelligence officials long have said the northern border is no less of a security concern when it comes to the potential for terrorists to sneak in to the United States.

Homeland Security Department chief intelligence officer Charles Allen won't talk about classified intelligence reports, but he says not a day goes by when he doesn't worry about the northern border.

The arrests in Canada last June of 17 alleged terrorists with 3 tons of ammonium nitrate, the same kind of fertilizer used to make the deadly Oklahoma City bomb in 1995, intensified those concerns in Allen's department and at police stations along the border.

Local police such as Gahagan say that although security at official points of entry — including at big, busy crossings such as Detroit and Buffalo — has tightened considerably, there are still hundreds of easily accessible routes into the USA.

And just as technology has helped the Border Patrol zero in on suspects, it also has helped those trying to sneak people or drugs into the country, Gahagan says.

Smugglers, who are paid up to $10,000 per person to get people across the border, drop illegal immigrants in the woods with a Global Positioning System device so the person picking them up can easily find them, Gahagan says.

And in his remote area, Gahagan says he has no way of knowing how many people make it across — or, disturbingly, why they're trying to get through.

"It's very rugged country and extremely difficult" to protect, says Rep. Norm Dicks, D-Wash. "We need more agents. And we're gonna have to use more technology."

Border Patrol Chief David Aguilar says more resources are on the way, including new helicopters and more agents. He disputes the notion that the Canadian border has been "forgotten" by the Homeland Security Department. "The northern border is at the forefront of our concerns about security and enforcement," he says.

But agent Darryl Schermerhorn, who works in northwest Washington state, says the equipment the Border Patrol relies on now is nearly useless in some cases. Cameras along the border are poorly placed and often fog up or shake, the ground sensors fail, and the old four-wheel-drives and ATVs break down. He added that there are too few agents to read camera images and to patrol remote areas.

If a camera does pick up someone crossing a remote road, by the time an agent can get there to check it out, the person is long gone — into the United States.

"It happens all the time," Schermerhorn says. He says the agents on the northern border are no better off in terms of protecting the country than they were on 9/11.

"If someone has a vested interest in getting in here," he says, "they'd probably be better off coming across the northern border."

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TAX:

Some Americans Abroad Turn In Passports (NYT)

By Doreen Carvajal

The New York Times, December 18, 2006

PARIS, Dec. 17 — She is a former marine, a native Californian and, now, an ex-American who prefers to remain discreet about abandoning her citizenship. After 10 years of warily considering options, she turned in her United States passport last month without ceremony, becoming an alien in the view of her homeland.

"It's a really hard thing to do," said the woman, a 16-year resident of Geneva who had tired of the cost and time of filing yearly United States tax returns on top of her Swiss taxes. "I just kept putting this off. But it's my kids and the estate tax. I don't care if I die with only one Swiss franc to my name, but the U.S. shouldn't get money I earned here when I die."

Historically, small numbers of Americans have turned in their passports every year for political and economic reasons, with the numbers reaching a high of about 2,000 during the Vietnam War in the early 1970s.

But after Congress sharply raised taxes this year for many Americans living abroad, some international tax lawyers say they detect rising demand from citizens to renounce ties with the United States, the only developed country that taxes it citizens while they live overseas. Americans abroad are also taxed in the countries where they live.

"The administrative costs of being an American and living outside the U.S. have gone up dramatically," said Marnin Michaels, a tax lawyer with Baker & McKenzie in Zurich.

So far this year, the Internal Revenue Service has tallied 509 Americans who have given up their citizenship, said Anthony Burke, an I.R.S. spokesman in Washington. He said complete figures were still being calculated.

Applications to renounce citizenship are on the rise at the American Embassy in Paris, according to an official who spoke on condition of anonymity. At the embassy in London, the number of applications was reported to be fairly stable over the past two years, though it would be hard to spot a recent surge because applications are taking longer to process there than in past years. Neither embassy would disclose exact figures. A spokeswoman for the American Embassy in London, Karen Maxfield, said Americans living abroad usually took the step "because they do not have strong ties to the United States and do not believe that they will ever live there in the future."

"All have two citizenships and generally say they would like to simplify their lives by giving up a citizenship they are not using," she said.

Andy Sundberg, a director of the Geneva-based American Citizens Abroad, has been tracking renunciations dating back to the 1960s through annual Treasury Department figures. He considers the numbers low compared with some stretches in the past, like the early 1970s. But he has also noticed a recent increase in interest among Americans in renouncing their citizenship.

"I think the cup is boiling over for a number of people living abroad," Mr. Sundberg said. "With the Internet and the speed and the ubiquity of information, people are more aware of what's happening." With the changes in the tax laws, he said, some Americans living abroad fear "they're heading toward a real storm."

He cited a survey by the American Chamber of Commerce in Singapore, which polled its members in October and November and found that many were considering returning to the United States because of the higher taxes.

Concern about taxes among Americans living abroad has surged since President Bush signed into law a bill that sharply raises tax rates for those with incomes of more than $82,400 a year. The legislation also increases taxes on employer-provided benefits like housing allowances.

The changes, enacted in May, apply retroactively to Jan. 1, 2006.

Matthew Ledvina, an international tax lawyer in Geneva, said demand for legal counsel on the citizenship issue was coming largely from American citizens who held second passports and who had minimal ties to the United States.

"There are incentives to do it before the end of the year so that you can minimize your future reporting," he said.

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Mr. Ledvina said the waiting period for appointments at the American Embassy in London had increased from a few days to more than three and a half months. He said he had recently approached embassies in Vienna, Bern, London, Paris and Brussels before finally getting an appointment in Amsterdam for a client's renunciation application.

The legal ritual of renunciation is largely unique to the United States because other countries base taxation on residency, not citizenship, according to Ingmar Dörr, a tax lawyer with Lovells in Munich.

"We don't have that issue," he said. "We only have the problem that rich people who don't want to pay taxes in Germany just move to a lower-tax country in Switzerland."

For some Americans abroad, motivations for renunciation are mixed and complex, involving social concerns, political displeasure with their government and other reasons. But it is clear that taxation plays a large role for many, even though few are willing to admit that because of penalties enacted a decade ago.

In 1996, Congress tried to address a wave of tax-driven expatriation by the wealthy by requiring former citizens to file tax returns for a decade and forbidding Americans who renounced their passports for tax reasons from visiting the United States.

But in practice, the government is mainly interested in wealthier ex-citizens with a net worth of more than $2 million — few of whom pay further United States taxes because they generally avoid making American financial investments after giving up citizenship, Mr. Ledvina said. As for the rule barring entry to tax refugees, he said, it has not been enforced by the authorities.

Still, that possibility prompts ex-citizens to tread carefully and remain discreet about their choices.

"I didn't give up my citizenship with a sense of hostility," said an importer in Geneva who renounced her citizenship as President Bush was taking office in 2001. "I gave it up with a sense of fairness."

CONGRESS-ADMINISTRATION:

Judicial Nominee's Chance May Be Coming To End (JH)

By Alicia Wittmeyer

Jackson Hole Star-Tribune, December 18, 2006

BOISE, Idaho -- If President George W. Bush renominates a controversial Republican Idaho lawyer for a seat on the 9th U.S. Circuit Court of Appeals, he's going to have a tough fight ahead of him, Senate leaders say.

The nomination of Boise lawyer William Gerry Myers III, which has been stalled in the Senate for three years, may have almost reached an end. Now that Democrats have control of Congress, a consensus has formed on Capitol Hill that Myers -- who has stirred up some of the fiercest Democratic opposition of all Bush's judicial nominees -- has almost no chance of getting through.

"I think he's definitely a well-qualified nominee, but whether he can make it through a Democratic Congress is a different story," said Dan Whiting, spokesman for Sen. Larry Craig, R-Idaho, who first submitted Myers to Bush as a potential nominee.

That's especially true now that some have suggested Myers may have misled senators about meeting lobbyist Jack Abramoff during questioning by the Senate Judiciary Committee, lawmakers say.

"The reality is this president's nominee hasn't been able to win support for the past two years from a Congress controlled by his own political party," said Tracy Schmaler, spokeswoman for Sen. Patrick Leahy, D-Vt., incoming chairman of the Judiciary Committee.

Leahy said in a speech last week that Bush "squandered an opportunity to fill Idaho's vacancy" on the 9th Circuit by renominating Myers on Nov. 15, in a last-ditch effort to push his nominees through before Congress changed hands.

Myers, the former top lawyer at the Interior Department, was first nominated to the seat in May 2003 to fill a vacancy left by retiring Idaho Judge Tom Nelson.

He's one of two Bush nominees from Idaho -- along with Idaho 6th District Judge Norman Randy Smith -- up for judgeships on the 9th Circuit, which hears appeals from courts in nine Western states, as well as the territories of Guam

and the Northern Mariana Islands. Republicans have supported Smith and Myers, saying they would bring ideological balance to one of the most liberal courts in the nation.

When Myers was nominated, liberal groups immediately attacked his record of opposing environmental protections when he worked as a lobbyist for cattle and mining interests. American Indian groups have also spoken out against him, in particular for an Interior Department decision that cleared the way for a gold mine in California that they say threatens tribal lands.

"I think the Senate ought to only confirm individuals who merit the highest respect in the country," said Nan Aron, President of the liberal judicial watchdog group Alliance for Justice, which has been a major voice against Myer's nomination. "And certainly William Myer's record proves that he's unqualified for a lifetime seat on the 9th Circuit."

A report in The Denver Post raised more questions for the embattled nominee earlier this month. The story, based on information obtained through a public records search, showed Myers was among two dozen people who attended a dinner party with Jack Abramoff in September 2001.

But in a March 2005 letter to Leahy, Myers wrote that after "searching his memory and files" he couldn't remember having any contact with Abramoff.

Abramoff, a once-powerful lobbyist, pleaded guilty in an influence-peddling scandal and is cooperating with a wide-ranging Justice Department probe of alleged corruption on Capitol Hill and in the executive branch.

If Bush renominates Myers, the nominee will have many questions to answer about his ethics record, Leahy said in the Dec. 8 speech.

Leahy suggested this month that Bush nominate Smith for the judge seat that would be filled by Myers. California Democrats have opposed Smith's nomination, because he would replace a California judge, but have had less to say about his record than Myers'.

But Republican lawmakers say they're skeptical of the chances for even the less controversial potential judges.

"I think it's going to be tough to get any of President's Bush's nominees through a Democratic Congress," Whiting said. "We'll see what Chairman Leahy has in store."

Green Laws No Slam-dunk In New Congress (LAT)

By Richard Simon

The Los Angeles Times, December 18, 2006

WASHINGTON — Steps to curb global warming. Tougher fuel economy standards for automobiles. Repeal of massive tax breaks for the oil industry.

Environmentalists are busy these days crafting their holiday wish-list, giddy about the prospects for success in the new Democratic-controlled Congress.

But industry groups are gearing up to fight, and their forces may include more than the usual Republican allies.

"We're confident that there are plenty of Democrats who know and understand us," said Charles Drevna of the National Petrochemical & Refiners Assn.

Drevna's confidence is probably well-placed. The politics surrounding environmental issues have proved hard to predict, largely because the potential economic impact of stronger regulation tends to scramble partisan loyalties. Democrats from auto-making states, for example, have fought efforts to mandate stricter miles-per-gallon rules for vehicles.

These crosscurrents could cause the push for an aggressive environmental agenda to become an object lesson on the limits of what can actually be achieved in the Congress that will convene in January.

New chief for key panel

Key to the enthusiasm among environmentalists is the impending change at the helm of the Senate Environment and Public Works Committee.

Sen. Barbara Boxer (D-Calif.), who has called global warming "the greatest challenge of our generation," will replace Sen. James M. Inhofe (R-Okla.), who has dismissed man-made climate change as a "hoax."

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Perhaps no other transfer of committee chairs is as dramatic. Boxer drives a hybrid Toyota Prius. Inhofe drives a Jeep.

Boxer says that California's new global warming law — whose goal is to reduce emissions of carbon dioxide and other greenhouse gases by 25% by 2020 — should be a model for the nation. Inhofe derides it as a "job killer."

Boxer received a perfect score from the League of Conservation Voters for her Senate votes this year. Inhofe received a 0.

Environmentalists say that after years of fighting GOP attempts to roll back environmental laws, they now can go on the offensive.

"It's as if the winds have shifted and proponents of environmental controls finally have the winds at our backs," said Frank O'Donnell of Clean Air Watch.

The precarious nature of this shift was driven home last week when Sen. Tim Johnson (D-S.D.) underwent brain surgery.

Should Johnson die or resign and be replaced by a Republican, the GOP would regain control of the closely divided Senate, denying Boxer and other Democrats committee chairmanships. With Johnson's condition improving, however, plans for the Democratic takeover are proceeding.

Difficult goals

Boxer has set an ambitious agenda that includes advancing legislation on global warming and reinstituting a tax on the oil and chemical industries to pay for clean up of contaminated sites. She also has pledged tough oversight of the Environmental Protection Agency.

But she faces a daunting task in trying to move her bills through Congress — and past President Bush's veto pen.

For anything controversial, such as mandatory caps on emissions linked to global warming, she probably would face Senate filibusters — perhaps joined by some of her fellow Democrats.

Nor will assent from the House be an easy matter.

Asked to assess Boxer's prospects for enacting a law to cap emissions, Sen. Larry E. Craig (R-Idaho) said: "She hasn't called John Dingell."

Dingell, a Michigan Democrat who will chair the House Energy and Commerce Committee, has been a champion of automakers, who have opposed California's effort to reduce tailpipe emissions linked to global warming. He also has helped thwart congressional efforts to toughen miles-per-gallon rules for vehicles.

Although noncommittal about specific legislation, Dingell made clear that his approach differs from Boxer's.

"Democrats want a sound environment," he said. "But remember, this is a big country, and different parts of the country are affected differently" by environmental laws.

He did say, however, "I cannot support destituting the United States to address the problem of global warming. If we're going to pitch in … then everybody is going to have to do so."

Boxer plans to hold hearings on climate change, including calling California Gov. Arnold Schwarzenegger to Washington to testify about the state's cutting-edge laws on the issue.

Boxer pledges to take global warming legislation "as far as we possibly can take it" with the makeup of the new Congress.

And even if her efforts fall short, environmentalists say she and like-minded lawmakers could play a crucial role in laying the groundwork for future federal action.

House maneuvering

As industry lobbyists prepare to battle Boxer, they also are looking for help from Democrats to block an effort planned by House Speaker-to-be Nancy Pelosi (D-San Francisco) to repeal tax breaks for oil and natural gas industries.

"We do have a lot of Democrats who understand the importance of domestic oil production," said Jeff Eshelman of the Independent Petroleum Assn. of America, a trade group for independent oil and gas producers.

Sen. Jeff Bingaman (D-N.M.), incoming chairman of the Senate Energy and Natural Resources Committee, has taken a cautious posture on repealing the tax breaks.

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"Many of those tax breaks were put in place to encourage production here in this country," he said in a recent interview on CNBC. "It's very much in our interests that we maximize production here and not depend more and more on foreign oil."

Sen. Mary L. Landrieu (D-La.), who represents an energy-producing state and sometimes votes with Republicans on energy issues, also looms as a potential obstacle to Pelosi's efforts.

"Programs such as those that encourage deep water [energy] exploration or help keep our small, independent energy producers in business are among the keys to American energy independence," she said in a statement.

No easy job

Evidence of the daunting task facing environmentalists — even when dealing with a Democratic Congress — was provided during debate on a wide-ranging energy bill in 2005. A proposal to significantly increase fuel-economy requirements for automobiles drew 28 votes in the 100-member Senate.

"On several occasions over the past six years, members of Congress have rejected, by an overwhelming bipartisan majority, legislative attempts to increase fuel economy standards," said Charles Territo, director of communications for the Alliance of Automobile Manufacturers, a trade association.

Environmentalists acknowledge the obstacles they face.

"It took a long time to bring about some of our core environmental protections that have been in place for decades," said Tiernan Sittenfeld, legislative director for the League of Conservation Voters. "This is not going to happen overnight, and we recognize that."

Just Do It (NYT)

The New York Times, December 18, 2006

The Democrats promised sweeping ethics reform in this year's campaign, and now they have control of Congress. But procrastination is a legendary Capitol vice, and there are worrisome signs that the Democrats may already be indulging.

The most glaring lapse of the Republican-controlled Congress was the abject failure of the House ethics committee to police misbehavior, highlighted by the panel's studied avoidance of the Jack Abramoff lobbying mess. Members were shielded and allegations muffled.

The need for an independent body staffed by nonpartisan professionals to investigate complaints would seem beyond debate. Good ideas for that were circulating this year, notably a proposal for the creation of an office of public integrity by Representatives Christopher Shays, Republican of Connecticut, and Martin Meehan, Democrat of Massachusetts.

Rather than committing wholeheartedly to the need for an independent panel, the incoming speaker, Nancy Pelosi, is opting to create a bipartisan task force to study the issue and report back by mid-March. If the motive is a careful sales pitch to secure the idea on both sides of the aisle, voters may tolerate a two-month study approach. But the task force should not be an excuse for more delay or to dumb down a much-needed anticorruption monitor. The fact that the Republican leader, John Boehner of Ohio, has signed on to the study is hardly encouraging, since he was a principal in the failure of the last Congress to pass effective ethics controls.

We are more encouraged by early papers prepared by Ms. Pelosi's office that outline other needed reforms, beginning with the banning of gifts, meals and travel money from lobbyists. Putting the brakes on lawmakers' borrowing corporate jets for regal-class travel is another promising step reported to be on the Democrats' agenda, as are requirements to disclose and limit the earmarking of pork spending for favored pleaders.

But Ms. Pelosi hasn't shared these ideas with the public yet, and each detail can attract a thousand devils in the muddlers' art of Washington deal-making. Ms. Pelosi and Harry Reid, the Senate Democratic leader, have a great opportunity to lead the way with clear proposals, offered up front before the usual Congressional scrum blurs the issue.

The two new leaders should keep foremost in mind the voters' anticipation of a cleaner, more quickly responsive Congress.

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Unions Hope Democrats Will Counter GOP Policy Changes (WP)

By Zachary A. Goldfarb

The Washington Post, December 18, 2006

As a member of the Democratic minority, Rep. Chris Van Hollen (Md.) fought a Bush administration policy that increasingly opened up federal jobs to private contracting.

Although he and colleagues had some success, Van Hollen said that when the 110th Congress takes over next month and the Democrats are in the majority, he will have greater ability to combat the administration's policies on federal employees. "It's had a demoralizing effect on the federal workforce," he said. "I do think now we're in a better position to fix things."

For the past six years, unions that represent most federal employees have argued that the Bush administration has been hostile to the needs of workers -- keeping pay raises low, trying to prevent employees from organizing in the departments of Defense and Homeland Security, and outsourcing government jobs to the private sector.

Now, the change in control of Congress gives unions much more powerful allies in the legislative branch. Democratic lawmakers pledge to work on issues of central concern to the unions, but the administration outlines other priorities for the workforce and disputes any notion it has not pursued a course beneficial to workers.

The election of Rep. Steny H. Hoyer (D-Md.) as majority leader is seen as a boon for federal workers. Hoyer, who will be the House's second most powerful figure, represents Southern Maryland's 5th Congressional District, home to thousands of government employees.

Hoyer said he will work to create a "more cooperative relationship with the White House" to ensure pay raises and to contain rising health premiums. While he praised several Republican colleagues, such as Rep. Thomas M. Davis III (Va.), outgoing chairman of the Government Reform Committee, Hoyer said: "Republicans made it much harder to ensure federal employees received fair and competitive annual pay adjustments. . . . They also did virtually nothing to help resist the White House effort to outsource federal jobs to private contractors."

John Gage, national president of the American Federation of Government Employees, said that as soon as the Bush administration came to power in 2001, it wiped out "our partnerships with agencies, and since that time our ability to sit down with the agencies and work out problems and differences has really declined." AFGE is the largest union of government employees, representing 700,000 federal and D.C. government workers.

With the new Congress, Gage said, "we're hoping not only we'll have more access to committees and Congress, but that word will get down to the political appointees in the departments."

Labor unions were a major source of support to Democrats in the midterm elections. The AFL-CIO spent roughly $40 million on a get-out-the-vote operation, and union members contributed substantial sums to Democratic candidates. Hoyer was not in a competitive race but received more than $300,000 in money from labor-affiliated political action committees.

Clay Johnson III, deputy director for management at the Office of Management and Budget, called labor's criticisms of the administration "rhetoric."

"The idea that management would be hostile to employees is just foreign to me," Johnson said. "Everybody's focused on what we can do that's smart and professional and effective, to make sure we have the best and most effective workforce possible."

Johnson said the administration's goal in its final two years is to strengthen a management system that rewards employees who perform exceptionally. "I believe that employees want to be respected. They want to be challenged. They want to be held accountable. They want to grow professionally," he said.

According to the unions, federal workers have more pressing needs.

"We expect the Democratic Congress to support the federal employees with regard to wages, health insurance and retirement," said Beth Moten, AFGE's legislative and political director. "We expect them to support federal bargaining rights, and we expect them to work for reforms so that federal workers don't lose their jobs because of procedures or political influence,"

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No issue has been more divisive than "contracting out," the phrase critics use to describe the outsourcing of government jobs to private contractors. Unions have fought efforts to transfer jobs at Walter Reed Army Medical Center, the Internal Revenue Service and elsewhere. Colleen M. Kelley, national president of the National Treasury Employees Union, said one worrisome trend is the IRS's interest in using private debt-collection agencies. "There are going to be problems with taxpayer privacy," she said.

In 2003, the administration revised Circular A-76, which lays out the rules for job competitions, to direct agencies to evaluate whether more jobs could be privatized. The effort has faced stiff resistance on Capitol Hill. Democrats have argued that agencies are under pressure to privatize jobs that should be confined to government workers.

"I am not opposed to privatization, but if it occurs with federal jobs, then it must be legal and fair," said Sen. Barbara A. Mikulski (D-Md.), incoming chairman of the Appropriations subcommittee on commerce, justice and science, which will have authority over many of these issues. She also has many government employees as constituents.

The debate over privatization, among other disputes, is occurring against a backdrop of profound demographic change in the civil service. In the next 10 years, as much as 60 percent of the government's 1.8 million workers will become eligible to retire. "The long-term challenge for the federal government is to continue to attract the best and the brightest people. We've got to make sure we can replenish the federal workforce," Van Hollen said.

Appropriate Appropriations (NYT)

The New York Times, December 18, 2006

The incoming Democratic chairmen of Congress's appropriations committees announced last week that a big chunk of the federal government will operate next year under 2006 budgets. That will allow the new Congress to focus on programs where needs are great — and rising — like veterans' health care and low-income housing. It will also free up time to pursue a fresh legislative agenda.

Under normal circumstances, operating under old budgets would be a dereliction of lawmakers' duty to weigh needs and resources, and spend tax dollars accordingly. But the current situation is hardly normal. The departing Republican-led Congress was supposed to nail down the government's spending plans for 2007 before it adjourned, but it neglected to do so, passing only 2 of the 11 required appropriations bills.

The delay was initially due to infighting among Republicans, sparked by President Bush, who gunned for a spending limit that was so low that many Republicans were unwilling to support it openly. The delay dragged on as Republican leaders refused to hold difficult votes before the midterm elections. Then, during the lame duck session, they did not even try to complete the spending bills — a crass attempt to force the new Democratic majority to expend time and energy cleaning up the mess.

By choosing to operate much of next year's government at the 2006 level, the Democrats avoid that trap. But solving the political problem creates some practical ones. President Bush, for example, will have to step up during the year to ask for more money as needed.

But Mr. Bush is to blame for this problem in the first place. Next year he will have the chance to make amends, if only he will take it.

OTHER NEWS:

So Long, Farewell, Auf Wiedersehen, Rumsfeld (WP)

By Al Kamen

The Washington Post, December 18, 2006

Outgoing Defense Secretary Donald Rumsfeld has been on the "farewell" circuit of late, going to see the troops in Iraq, saying goodbye to various folks at the Pentagon and around town.

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On Friday we had the fine Pentagon parade featuring the Army fife and bugle something. (Marching with the Army you've got, not the Army you want.) Earlier this month, he did interviews with two news folks -- Laura Ingraham and, for balance, Cal Thomas.

Rumsfeld told Thomas he hadn't given much thought about what he'd do after today's departure. Thomas invited him over to his home theater -- complete with surround sound -- to watch a movie.

"I have not been in six years to the movies," Rumsfeld said.

"It'll be fun," Thomas said in the broadcast interview. "I got one for you that'd you'd really love. . . . It's called 'Akeelah and the Bee.' Starbucks is involved in it. It's about a little African American girl, 11 years old, growing up in Crenshaw in L.A. Her father's been killed by some hoodie. Her brother's about to become a hoodie. And they discover that she has this great gift of spelling. Laurence Fishburne is in it, Angela Bassett. She goes out and redeems everybody. I mean, this is about every value we care about. Hard work, overcoming, honesty, integrity. I'm sitting there, I'm bawling away. I'm cheering for the kid."

"It's A-K-E-E-L-A-H -- maybe," Thomas said, " 'and the Bee' as in 'spelling bee.' I guarantee you I'll give you your money back if you don't love this movie. You will absolutely love this. It's got everything. There's not a white guy -- the only white guy in it is the principal of the school. Everybody else is minority, everybody else gets along."

"Did you like 'The Sound of Music'?" Rumsfeld asked.

"Of course I liked 'The Sound of Music,' " Thomas said.

"Well, so did I," Rumsfeld said. "People laugh at that."

"Well, I want to [tell] you something," Thomas said. "I stalked Julie Andrews for 40 years before I finally got her."

"Is that right?"

"On our shelf, a picture of us having tea together in New York," Thomas said.

"How long ago?" the defense secretary asked.

"Two years. But I . . ."

"She's showing her years," Rumsfeld observed.

"Yeah, well -- no, she looks great," Thomas said.

Rumsfeld laughed.

"I waited for her outside the Majestic Theater in 1962 in the rain," Thomas continued. "That's when it started."

Rumsfeld laughed.

"And that's how I opened the letter to her, you know," Thomas said, according to the transcript. "So anyway, you got more important things to do." Well, maybe not.

"Good to see you," Rumsfeld said.

"Good to see you," Thomas said, "and let's stay in touch."

Maybe lunch sometime?The Replacements

The rumor mill is working overtime at the Agency for International Development, where morale is said to be a bit low these days. Word is that the administrator, former Eli Lilly and AT&T top executive Randall Tobias, is leaving early next year after his big reorganization plan, putting the office of reconstruction and stabilization into AID and rearranging a bunch of other offices, is finalized.

There were even candidates being mentioned as likely prospects to replace Tobias -- John Herbst, who runs the reconstruction office, and James Kunder, assistant AID administrator.

Tobias was said to be going back to Indiana to run for governor or senator or something. But the governor, Mitch Daniels, is a Republican and is apparently running again in 2008. Sen. Richard Lugar (R) was just re-elected and Sen. Evan Bayh (D) isn't up until 2010.

Asked Friday whether Tobias was on his way out, State Department spokesman Sean McCormack said, "He's got no plans to leave in the near future."After State, State School

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While we're at it, the rumors at Foggy Bottom were that counselor Philip Ze likow, who had been advising his close friend of many years, Condoleezza Rice, on Iraq and other matters, was eased out last month because he wasn't on the same page with the administration.

Some insiders felt there were suspicious leaks of his internal memos -- taking issue with administration policy on Iraq and the Middle East -- in books and articles, culminating with one at the end of November in the New York Times that was headlined: "Rice's Counselor Gives Advice Others May Not Want to Hear." That one was called the last straw.

Rice, cornered by The Washington Post's Peter Baker after her visit last week to The Post, said she didn't give him the boot. "Nooooo," she said. "Philip and I had an understanding that it would be about two years. So he had to go back or he'd lose his chair" at the University of Virginia.

Must be a really tough crowd down there in Charlottesville.

Justice? (WP)

The Washington Post, December 18, 2006

NINE YEARS, four months and 18 days: That's the amount of time that Lawrence Banks spent in a Maryland prison for murdering two people, one of whom was his 17-year-old son. The appalling details of this case -- which have come to light only because Mr. Banks is now a figure in a new double-murder investigation -- raise troubling questions about Maryland's justice system. So far, there haven't been any answers -- only the spectacle of public officials trying to shift the blame.

The facts, as reported by The Post's Ruben Castaneda and Eric Rich, are chilling. A 22-year-old woman and her 9-month-old baby were shot to death in Laurel last week. The woman had recently sought a protective order against Mr. Banks, a man with a history of violence -- including tossing his infant daughter through a glass window in 1976 and the separate murders of his son and another man on the same day in 1991. For those two murders, Mr. Banks was able to get a remarkable deal from prosecutors in Baltimore City and Anne Arundel County. Instead of the 30-year maximum set out by Maryland sentencing guidelines for each second-degree murder, he got 20 years for each, served concurrently.

The Baltimore prosecutor said she wanted to avoid putting Mr. Banks's teenage daughter, who had been subjected to abuse, through the ordeal of testifying. Anne Arundel prosecutors said they had no evidence or motive. Each looked to the other to see that a dangerous murderer was put away. Why didn't Anne Arundel push for Mr. Banks to serve his sentence consecutively with the Baltimore sentence, rather than concurrently? Was Baltimore consulted about the bargain brokered in Anne Arundel? Should the sentencing judges have rejected the plea agreements? It is noteworthy that the Baltimore judge who sentenced Mr. Banks for his son's murder denied his 1993 appeal for a reduction saying the "sentence was too low to begin with."

There are always extenuating circumstances in the prosecution of criminal cases. But this was a botched case, and it raises new questions in Maryland's long-running debate over truth in sentencing. Mr. Banks served less than half of his sentence, and his release came about not as a result of being judged eligible for or worthy of parole but because of diminution credits granted for good behavior. It makes sense to reward inmates who have model records or earn educational credits, but because the lenient treatment afforded Mr. Banks is not unusual, it is time for a thorough examination of the system. We hope that need is noted by Gov.-elect Martin O'Malley (D) and the incoming members of the General Assembly.

Flag-Burning Foe Says Law Not Needed (WP/AP)

The Washington Post, December 18, 2006

Supreme Court Justice John Paul Stevens has twice voted to outlaw burning the U.S. flag, in memorable dissents that emphasized the flag's great symbolic value.

Now, however, the 86-year-old justice says there is no need to amend the Constitution to protect Old Glory.

In 5-to-4 decisions in 1989 and 1990, the Supreme Court held that burning the flag is protected by the First Amendment.

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"Ironically, those decisions seem to have solved the problem because no one burns flags anymore," Stevens said in a speech to the Chicago Bar Association in September, recently aired on C-SPAN.

Congress has continued to try to amend the Constitution to permit legislation that would prohibit desecration of the flag. The Senate fell one vote short of the required two-thirds majority in June.

In 1989, Stevens, a World War II veteran, evoked images of the D-Day assault on Omaha Beach in writing that if liberty and equality are worth fighting for, "it cannot be true that the flag that uniquely symbolizes their power is not itself worthy of protection from unnecessary desecration."

He allowed then for the possibility that the court's majority might have gotten it right. "Conceivably, that value will be enhanced by the Court's conclusion that our national commitment to free expression is so strong that even the United States, as ultimate guarantor of that freedom, is without power to prohibit the desecration of its unique symbol. But I am unpersuaded."

Stevens said in Chicago that he remains convinced that he interpreted the Constitution correctly and continues to be proud of his dissents in the flag desecration cases.

Yet he paid homage to the five justices -- William J. Brennan Jr., Thurgood Marshall, Harry A. Blackmun, Antonin Scalia and Anthony M. Kennedy -- who carried the day in both cases.

"If one were to burn a flag today, the act would convey a message of freedom that ours is a society that is strong enough to tolerate such acts by those whom we despise," Stevens said. "Today, one could not burn a flag without reminding every observer that we cherish our freedom."

Internet Critical Tool For Political Cash (USAT)

By Fredreka Schouten

USA Today, December 18, 2006

WASHINGTON — Retired naval officer Joe Sestak out-raised incumbent Republican Curt Weldon to seize a House seat in suburban Philadelphia — aided by nearly $900,000 in Internet contributions. "Netroots" activists helped propel Virginia's incoming Democratic Sen. Jim Webb in the early days of his race. And in 18 hours, the Internet-based political action committee MoveOn.org Political Action raised $500,000 online to buy airtime for advertising that targeted Republicans in four congressional races.

This year's midterm elections offered fresh examples of the ways the Internet is changing how candidates in both parties raise money as they scramble to collect the $20, $30 and $50 donations needed in the aftermath of changes to campaign-finance laws in 2002 that banned large donations. Online fundraising has proved a cost-effective and lightning-fast method to raise cash, rally the faithful and promote or smear office seekers.

It also could transform fundraising in presidential races. "It's inevitable that the Internet will become the principal means of fundraising from now on," said Anthony Corrado, a campaign-finance expert at Colby College in Waterville, Maine. "It's the only way you get a million people to each give you $10 on the same day."

ActBlue, an online clearinghouse that has raised more than $17 million since 2004, plans to use that power. It recently won approval from federal regulators to stockpile cash for yet-undeclared presidential candidates.

While Democrats have scored many of the high-profile campaign successes on the Web, Republicans say they are not far behind in capitalizing on the Internet's potential.

ABCPAC.com, a GOP website launched in September, has raised $300,000 for candidates, said its chairman, Frank Donatelli, a public-affairs consultant and longtime Republican activist. Following ActBlue's lead, the PAC also will raise money to draft presidential contenders.

It's hard to quantify Internet contributions in campaigns because candidates and political parties are not required to disclose which donations came via the Web, but online activity played a role in several closely watched races this year.

In Pennsylvania, online cash to Sestak helped catapult the political newcomer ahead of the 10-term congressman in the money race. Campaign-finance reports show Sestak raised nearly $3.2 million to Weldon's $2.7 million through Nov.

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27. Sestak, a retired Navy vice admiral, said he had no clue of the role the Web would play in the race when he announced his candidacy Feb. 2.

He caught on. Sestak called for U.S. troop withdrawals from Iraq by the end of 2007 — a message that resonated with netroots activists opposed to the war. In June, he spoke to liberal bloggers at the first YearlyKos convention. (Attention to the race also spiked with news of an FBI probe into whether Weldon used his influence to help his lobbyist daughter. Weldon has denied wrongdoing.)

The Web became "an absolutely critical source" of money, Sestak said. In four days, a single e-mail solicitation raised $88,000.

Candidates such as Jesse Ventura, the former pro wrestler who became Minnesota governor in 1999, and Sen. John McCain, R-Ariz., who sought the presidency in 2000, were among those with strong Web appeal years before former Vermont governor Howard Dean outpaced better-known rivals through online fundraising before the 2004 Democratic presidential primaries.

"Television benefited candidates who were telegenic and, most importantly, people who had money because TV is so expensive," said Carol Darr, director of the Institute for Politics, Democracy & the Internet at George Washington University. "The Internet tends to benefit the mavericks who have a compelling message."

Web-based activists such as Eli Pariser, executive director of MoveOn.org, relish their new role. In the 2005-06 election cycle, MoveOn.org Political Action, the group's PAC, raised $28 million, he said. That's almost on par with the $30 million the group collected during the high-profile presidential campaign two years ago, Pariser said.

"The presidential race that's coming up is one where online fundraising has the power to completely level the playing field," he said.

Benjamin Rahn, the 29-year-old president of ActBlue, said the Web opens up politics. "Anyone can get up and running and have a website for free. People don't need to go through the traditional party structures."

That said, online watchers say Internet givers have more in common with large donors than they do the general population. "They don't have as much money as big donors, but they are still middle-aged, upper income and highly educated," Darr said.

Just because the midterms are over, that doesn't mean the race for cash via the Internet is done. Recently, the National Republican Congressional Committee issued an e-mail plea to supporters to help retire $2 million in debt. Donors who sent in $100 or more were promised a 2007 daily planner.

Outgoing committee spokesman Ed Patru declined to say how much the appeal has raised. Contribution amounts garnered from the Internet are "not something we discuss," he said. "It's something that gets into the strategy side of things."

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, DECEMBER 18, 2006 7:45 AM EST

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TERRORISM NEWS:

US Sends Home 33 Detainees From Guantanamo Bay (WP)

By Josh White

The Washington Post, December 18, 2006

Thirty-three detainees who had been held at the U.S. military detention facility at Guantanamo Bay, Cuba, were returned to their home countries over the past week, part of a government effort to reduce the facility's population to a core group of terrorism suspects who could be held indefinitely.

The Defense Department announced yesterday that it transferred 17 detainees to their home countries over the weekend: seven to Afghanistan, five to Yemen, three to Kazakhstan, one to Libya and one to Bangladesh. Military officials announced Thursday that 16 detainees were sent to Saudi Arabia last week.

With the transfer of the 33 detainees -- nearly 8 percent of the facility's population -- Guantanamo now holds about 395 detainees, almost none of whom have been charged with a crime. State Department officials have been working to reducesignificantly reduce the number of Guantanamo detainees through lengthy negotiations with other countries, although the United States is unwilling to release detainees into the custody of nations where they would likely be abused, tortured or killed.

A large percentage of the remaining population is from Saudi Arabia and Yemen.

According to Pentagon figures, approximately 380 detainees have departed Guantanamo for at least 29 countries since 2002, meaning the facility's current population represents slightly more than half of the suspects captured and transferred to U.S. custody in Cuba. An additional 85 detainees are slated for transfer or release to their home nations pending the outcome of diplomatic discussions. Their departure would leave the number of detainees at Guantanamo at about 310.

"Departure of these remaining detainees approved for transfer or release is subject to ongoing discussions between the United States and other nations," according to a Defense Department news release yesterday. "The United States does not desire to hold detainees for any longer than necessary."

Guantanamo did not accept new detainees from September 2004 to this past September, when 14 high-value suspects who had been in secret CIA custody were moved to Cuba.

Fenced In At Guantanamo, Even "Easy" Cases Have Lingered (WSJ)

By Jess Bravin

The Wall Street Journal, December 18, 2006

After an hours-long firefight in an Afghan village called Ab Khail, an enemy fighter hurled a grenade at Sgt. First Class Christopher Speer, causing fatal injuries. For more than a year, Maj. Jeffrey Groharing, a Marine Corps prosecutor, has been trying to bring the alleged killer to justice.

Winning a conviction should have been easy. The suspect, Omar Ahmed Khadr, a Toronto-born teenager whose relatives have ties to al Qaeda, was captured after the July 2002 skirmish and taken to Guantánamo Bay. Under an order President Bush issued in November 2001, Mr. Khadr could claim few of the rights afforded defendants in civilian courts or courts-martial.

But for Maj. Groharing, the case of U.S. v. Omar Khadr, slated for an American military commission at Guantánamo, has been a headache. Intelligence agencies refused to share their files with the prosecutor, fearing their methods or sources might be disclosed. Soldiers who witnessed the incident are scattered across the globe. Defense attorneys hurled a series of legal challenges that paralyzed proceedings. And the crime scene -- a remote village still contested by Taliban fighters -- was all but obliterated by American bombs, making it nearly impossible to conduct an independent investigation.

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Such challenges help explain why the Bush administration failed to complete a single Guantánamo trial in the five years before the Supreme Court struck the system down in June. The decision threw into limbo the prosecution of Mr. Khadr and nine other Guantánamo prisoners who were charged prior to the high court ruling. Congress has since passed the Military Commissions Act, which grants defendants some of the rights President Bush previously had sought to deny. But even when the deck was stacked in the government's favor, prosecutors struggled to convict fighters captured overseas amid a continuing conflict.

"At the end of the day, the question is: Can you actually try a case under these conditions?" says Prof. Robert Chesney, a specialist in national-security law at Wake Forest University.

Maj. Groharing acknowledges that the Guantánamo cases have had "some fits and starts," and presented challenges that few other prosecutors face. He says the effort is nonetheless worthwhile.

"What's the alternative? To not hold him accountable? We are certainly not going to give him a pass for killing a U.S. service member and plotting to kill many more," the prosecutor says. "The difference between us and al Qaeda is that when we had him on the battlefield, we didn't summarily execute him," he says.

The U.S. has employed forms of military commissions in past conflicts, most recently World War II, when hundreds of Axis officials and soldiers were tried for offenses such as crimes against humanity and mistreatment of American prisoners of war. But those trials took place after fighting had ended and before the introduction of stricter courtroom and evidentiary standards, as laid out by the Geneva Conventions, the U.S. Uniform Code of Military Justice and other laws.

Air Force Col. Moe Davis, the chief Guantánamo prosecutor, estimates that about 70 of some 435 Guantánamo prisoners will eventually face trial for specific war crimes; the rest will be held until the U.S. determines they no longer pose a threat. Those expected to face military trial include Khalid Sheikh Mohammed and Ramzi Binalshibh, alleged plotters of the Sept. 11, 2001, terror attacks. President Bush transferred them in September from a secret Central Intelligence Agency prison to Guantánamo.

The majority of the defendants are relative unknowns whose alleged crimes fall short of the catastrophic hijacking attacks. Mr. Khadr was selected as an early prosecution target precisely because his case seemed so simple. Of the prisoners previously charged, Mr. Khadr is the only one accused of killing anybody. Sgt. Speer's combat death, alone of the 194 American military personnel killed by enemy fire in and around Afghanistan, is the only one that has prompted a murder charge.

In contrast to some other cases, "we have a crime scene, we have facts, we have witnesses," says Maj. Groharing.

Defense attorneys say the allegations against Mr. Khadr amount to nothing other than taking part in a battle he didn't start.

The Marine attorney assigned to represent Mr. Khadr, Lt. Col. Colby Vokey, initially was barred by his commander from communicating with reporters after filing an affidavit accusing Guantánamo prison guards of abusing detainees. Muneer Ahmad, an American University law professor helping represent Mr. Khadr, says: "It's hard to think this is a case prosecuted solely on its merits without regard to the political benefits to the administration."

Mr. Khadr, he adds, "has been punished for the perceived sins of his family."

Mr. Khadr's father, Ahmed Said Khadr, an Egyptian-born Canadian citizen, was closely identified with extremist Islamic causes. In the 1980s, Ahmed Khadr traveled to Pakistan and Afghanistan, where he became a confidant of Osama bin Laden. In 1993, Mr. Khadr moved his family to Afghanistan, where U.S. authorities say he funneled money to al Qaeda under cover of charity work.

Mr. Khadr's boys trained at al Qaeda-run camps and played with Mr. bin Laden's children, Khadr family members said in interviews with the Canadian Broadcasting Corp. According to Pentagon charges, "while traveling with his father, Omar Khadr saw or personally met senior al Qaeda leaders," including Mr. bin Laden, Ayman al-Zawahiri and Muhammed Atef.

After the U.S. invaded Afghanistan to topple the Taliban regime in October 2001, the Khadrs scattered. Ahmed Khadr was killed by Pakistani forces in an October 2003 battle that also left his youngest son paralyzed.

Omar, meanwhile, "received approximately one month of one-on-one, private al Qaeda basic training" arranged by his father, Pentagon charges say, including "the use of rocket-propelled grenades, rifles, pistols, grenades and explosives."

In late July 2002, U.S. forces picked up satellite telephone transmissions from a village about seven miles outside Khost, Afghanistan, says retired Army Sgt. First Class Layne Morris, part of the unit sent to reconnoiter. Mr. Morris's account of the day is corroborated by contemporary news reports, charging documents and other court papers, including a successful civil suit filed by Mr. Morris and the widow of Sgt. Speer in U.S. District Court in Utah.

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The Khadr family's Canadian lawyer, Dennis Edney, contends that suit was illegitimate and that it may color Mr. Morris's credibility.

According to Mr. Morris and press accounts, a detachment of about 40 U.S. soldiers, along with a few allied Afghan militiamen, headed to Ab Khail. Mr. Morris recalls leading a five-man squad to a compound outside the main village, with a mud wall surrounding a homestead with buildings and animal pens.

The sergeant peered through the compound's green metal gate, spotting what he says were well-dressed Arabs with AK-47 machine guns sitting around a fire. "They looked at me and I looked at them," Mr. Morris says.

Mr. Morris backed up, ordered his soldiers into position and called for reinforcements. About 100 villagers were hanging around watching events unfold. About 45 minutes later, the rest of the detachment arrived, including Sgt. Speer. The Americans took cover and sent the Afghans into the compound to inquire further, Mr. Morris says.

The men inside immediately shot the Afghans dead and began firing guns and throwing grenades at the U.S. soldiers, Mr. Morris says. The ensuing battle was ferocious, costing Mr. Morris his right eye, wounding four other Americans and ending only after U.S. F-18s dropped two 500-pound bombs on the compound, destroying it.

U.S. soldiers, assuming the enemy fighters were all dead, advanced on the compound, Mr. Morris says. That's when Mr. Khadr, then 15, allegedly rose and threw a grenade that wounded Sgt. Speer, a 28-year-old medic.

The soldiers shot Mr. Khadr. When they got to his prone body, he begged them, in English, to finish him off, Mr. Morris says. U.S. soldiers said at the time in press interviews they restrained their desire to do so and instead ordered medical treatment. Mr. Khadr survived, but lost most sight in his left eye. His three companions, all Arabs, were dead.

Sgt. Speer, shrapnel lodged in his head, was taken to an Army hospital in Germany, where he died on Aug. 7. Mr. Khadr was sent to Guantánamo Bay.

Maj. Groharing, 36, had long nursed dreams of becoming a Marine. He didn't join the Corps until 1996 after graduating from the University of Nebraska law school and a brief but unexciting exposure to private practice. For most of his career, he worked as a defense attorney representing Marines accused of crimes. He sometimes found the role uncomfortable, he says, partly because it involved standing up to commanders who want the offenders punished.

In 2002, he was transferred from San Diego to Washington, D.C., for a job with the Marine Corps commandant's legal counsel. Eager for experience at the prosecution table, he next sought appointment to the Office of Military Commissions.

"I wanted to do something that needed to be done," says Maj. Groharing. After he arrived in June 2005, Guantánamo reporters nicknamed him "Kevin Bacon," after his resemblance to the actor who played a Marine prosecutor in the picture, "A Few Good Men."

Prosecutors had already requested that President Bush authorize charges against Mr. Khadr based on the voluminous array of potential evidence. Over three years of detention, Mr. Khadr had told interrogators about his father's activities and connections, shedding light on al Qaeda's organizational structure, military officials say.

Soldiers who took part in the battle could be called to testify, along with relatives of Sgt. Speer. Both would likely hold weight with the seven U.S. officers appointed as judges. To top it off, soldiers had recovered a video tape from Ab Khail, which the Pentagon says shows a smiling Mr. Khadr building and planting bombs.

In November 2005, the administration formally charged Mr. Khadr with conspiracy, murder by an unprivileged belligerent, attempted murder by an unprivileged belligerent and aiding the enemy. The charges stem from Mr. Khadr's classification as an unlawful combatant, or a person who has no right to commit acts of war; if he was adjudged to be part of a regular army, his actions likely would be considered legal under the rules of war.

Maj. Groharing went to Guantánamo to personally deliver the news. He recalls thinking that Mr. Khadr looked "somewhat hardened, far from a typical teenager" and "a bit arrogant, cocky."

Mr. Khadr didn't appear know who the Marine was. "He advised me he didn't want me to be his lawyer. I said, 'I'm not your lawyer,' " and handed him the charges.

Mr. Khadr already had an impressive legal team. His family in Canada had hired counsel. In addition, Prof. Ahmad and a faculty colleague, Richard Wilson, represented him in civil litigation challenging his detention at Guantánamo. To these were added an Army lawyer and Col. Vokey, an experienced military defense counsel.

Mr. Khadr's lawyers say none of the charges are crimes, citing a variety of legal arguments. They note the Supreme Court plurality has found that conspiracy is not a war crime, based on post-World War II precedents that considered the charge too vague.

Prof. Ahmed says murder by an unprivileged belligerent "has never been recognized as a violation of the laws of war," and was instead "invented" by the Bush administration. The other charge, aiding the enemy, makes no sense, the

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law professor adds, because Mr. Khadr owes no allegiance to the U.S. Lastly, because Mr. Khadr was 15 at the time of the alleged crime, he should be treated as a juvenile, says Prof. Ahmad, following historic precedent.

His attorneys allege Mr. Khadr was subjected to years of abuse, including being used as a "human mop" to clean up urine, being shackled until he soiled himself, and being threatened with deportation to Egypt, where he would be raped.

Col. Davis, the chief Guantánamo prosecutor, says the allegations are under review and have not to date been substantiated. Maj. Groharing says if he ever gets his case into a courtroom, he can deal with such objections by citing evidence collected prior to the interrogation.

That wasn't the only problem. The prosecution needed help from other Pentagon offices but instead found uneven support for the commission plan. The tribunals had originated with Bush political appointees rather than professional military lawyers, many of whom thought existing court-martial procedures were more than adequate. Defense Secretary Donald Rumsfeld had little time for the commissions, officials say, since administration lawyers concluded prisoners could be held indefinitely, regardless of whether they were tried or even acquitted.

In the Pentagon bureaucracy, ambivalence translated into inertia, if not outright resistance. Intelligence agents refused to make key material available. Maj. Groharing tacked over his desk an intelligence report he received whose entire contents had been blacked out.

"There's an inherent conflict between what they're doing and what we're doing," Maj. Groharing says he realized. And the intelligence mission "trumps what we're doing."

Maj. Groharing says he was prepared to try his case based on the paper files and interviews with surviving U.S. servicemen. But Col. Vokey, the defense attorney, wanted to interview witnesses and gather evidence himself. Because that meant a trip to contested areas of Afghanistan and regions of Pakistan unfriendly to Americans, Maj. Groharing had to make arrangements for his adversary's travel, something the prosecutor considered "awkward."

Col. Vokey agrees, saying he didn't want to conduct his investigation with the prosecutor "looking over my shoulder." (Shortly before this article's publication, Col. Vokey said the ban on his communication with journalists had been lifted.)

By chance, lawyers in other military commission cases had business of their own in the region and the office planned a group trip. Maj. Groharing decided to go, too, so he could attend Col. Vokey's depositions and hunt down additional witnesses of his own.

The group flew to Islamabad, Pakistan, in May. Col. Vokey immediately came down with food poisoning "and that put him down for a week," the prosecutor says. "From that day on, he never had another kebab or naan."

After a stop in Peshawar, a border city where Ahmed Khadr once volunteered for a charity called Human Concern International, the group flew to Bagram air base in Afghanistan. From there, they took a helicopter to Khost, where an Army unit was assembled to escort the lawyers, now wearing Kevlar battle gear, to the crime scene.

At first, they couldn't find the village. When the convoy of six Humvees and some 25 soldiers finally rumbled into Ab Khail, villagers surrounded the U.S. group. The prosecutor wanted to find witnesses who would say that foreign fighters had been in the compound.

Several villagers "clearly remembered" the incident, Maj. Groharing says, before the village elder showed up and took charge of the encounter. "Anyone we tried to talk to, he would always jump in and answer for everyone else," the prosecutor says. The elder denied the very essence of the prosecution case: that al Qaeda fighters had fought U.S. soldiers in the village.

"There wasn't going to be a 'Perry Mason' moment where all of a sudden he admitted everything when I confronted him with the evidence," Maj. Groharing says.

Both the prosecutor and the defense attorney tried various feints to distract the elder. "We did talk to some folks on the side without him, but we also didn't want to upset the apple cart," Maj. Groharing says. "We wouldn't be doing a very good job of winning hearts and minds" by offending the local establishment.

The Americans examined the new compound, which had been built over the rubble of the previous buildings, noting a few reused bricks with bullet holes and spotting the shrapnel-damaged green metal gate, leaning unused against the compound's mud wall. After about three frustrating hours, they gave up and returned to Khost, Maj. Groharing says.

Their last stop was Jalalabad, a southern Afghan city where Ahmed Khadr ran an organization called Health and Education Project International. The U.S. says it was a front for financing al Qaeda. Col. Vokey wanted to interview the organization's current director.

Narrow streets and congested traffic made it impossible for their Humvees to maneuver, forcing the uniformed U.S. lawyers to walk the last few blocks. As they approached, explosions went off, Maj. Groharing recalls. Arriving at the address, they found a crowd watching the entire city block in flames.

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"We were looking at the map and the grid coordinates and, no kidding, it's the place Col. Vokey wanted to see," Maj. Groharing says. The two lawyers, fearing for their safety, quickly left the scene.

The case against Mr. Khadr is now one of many held up by the Supreme Court's decision to strike down the Bush administration's original commission plan. Maj. Groharing says he expects to refile charges after the Pentagon draws up rules and procedures implementing the new system of military commissions, to be completed as soon as January. The Bush administration, meanwhile, plans to build a courtroom complex at Guantánamo by July 2007 at a cost of up to $125 million.

But lawmakers of both parties have questioned the courtroom project, and the ultimate fate of military commission trials remains unclear. Last week a federal judge found Guantánamo prisoners had no right to challenge the Military Commissions Act, but the outgoing and incoming chairmen of the Senate Judiciary Committee, Sens. Arlen Specter (R., Pa.) and Patrick Leahy (D., Vt.), have said they plan to revisit the legislation.

U.S. Military Rehearses Terror Hearings (AP)

By Michael Melia

AP, December 17, 2006

The U.S. military is rehearsing for hearings on whether 14 top terror suspects can be held indefinitely without charge as enemy combatants, but defense lawyers say the outcome is preordained.

Khalid Sheikh Mohammed, alleged mastermind of the Sept. 11 attacks, and the 13 others will be the highest-profile detainees to undergo the so-called Combatant Status Review Tribunals, and the first to do so in two years. The proceedings, expected early next year, are open to the media.

At the hearings, a military panel will evaluate whether the men should be classified as "enemy combatants," a designation which allows them to be held indefinitely and prevents them from challenging their detention in the U.S. court system.

"The biggest thing we're doing is opening up the books, reviewing procedures and conducting rehearsals so that we do it correctly," Navy Capt. Philip Waddingham told reporters who recently visited Guantanamo. He is the lead officer at Guantanamo for the Pentagon-based office in charge of determining detainees' status.

It is unclear whether Mohammed and the others — who until recently were being held in secret CIA prisons — will agree to attend the hearings. If they do, the military says they will remain shackled and would be forbidden to talk to reporters.

The rehearsals are being conducted inside the same space reserved for the hearings — a small room inside a trailer equipped with a few leather chairs, one plastic seat for the detainee, and little else.

Combatant Status Review Tribunals were held for 558 detainees between July 2004 and January 2005. All but 38 were deemed enemy combatants.

Defense attorneys have condemned the hearings as shams because classified evidence is withheld from the detainees and they are not afforded defense lawyers.

"There is no question that these 14 have no chance," said Brent Mickum, an attorney who represents two Britons at Guantanamo. "The decision has (already) been made that they are enemy combatants."

At the hearings, a panel of three officers will evaluate whether detainees merit the designation. A military "personal representative" will help prisoners prepare for the proceedings.

Bush announced on Sept. 6 that the 14 detainees had been transferred to Guantanamo.

Mohammed, who was believed to be the No. 3 al-Qaida leader, has not been seen in public since he was captured in Pakistan in 2003. The others include the alleged architects of the USS Cole bombing in Yemen in 2000 and the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

The 14 are in a maximum-security section of the prison, which sprawls over a cactus-studded patch of arid ground overlooking the Caribbean. Officials say they are treated like other detainees, and can receive reading materials and have access to mail censored by the military.

Waddingham said in September that he expected the hearings for the 14 new detainees to be held within three months. That timeframe has been pushed back to early 2007 as top officials at the Pentagon, the Justice Department and the military Joint Task Force in charge of the prison camps coordinate the proceedings, he said.

About 380 men have been transferred from Guantanamo to other countries since the detention center opened in January 2002. About 395 detainees remain, most of them held for nearly five years without charge on suspicion of links to al-Qaida or the Taliban.

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U.S. authorities repatriated a 28-year-old Bangladeshi man on Sunday after years of imprisonment in Guantanamo, a police official at the airport in Bangladesh's capital Dhaka said. The official, Tahera Banu, said the man was being interrogated.

Give Habeas A Chance (LAT)

The Los Angeles Times, December 18, 2006

SEN. ARLEN SPECTER (R-Pa.), who has often complained about judicial second-guessing of congressional reasoning, practically pleaded with the Supreme Court recently to substitute its judgment for that of the legislative branch. Specter believes that prisoners at Guantanamo Bay should be able to file habeas corpus petitions challenging their confinement, and he offered legislation that would have allowed them to do so. It failed, and Specter ended up voting for a bill that denies them that right, later expressing confidence that the Supreme Court would "clean it up."

Now Specter is having second — or is it third? — thoughts. Earlier this month, he joined with his successor as Judiciary Committee chairman, Sen. Patrick J. Leahy (D-Vt.), in introducing the Habeas Corpus Restoration Act of 2006. The bill, which presumably will be reintroduced in January, would repeal provisions of the Military Commissions Act that withheld habeas protection from foreigners deemed "enemy combatants."

That law has already resulted in a legal defeat for Salim Ahmed Hamdan, the former driver for Osama bin Laden who won a victory in the Supreme Court in June. Last week, a federal judge ruled that the law barred Hamdan, who is imprisoned at Guantanamo, from challenging his confinement in court. But the judge also ruled that the law was unconstitutional because it denied habeas rights to foreigners living in the U.S.

Of the 51 senators who voted against affording habeas protection to present and future enemy combatants, six will be missing from the next Congress. Prospects for remedial legislation would seem equally bright in the new House of Representatives, where Democrats will have a majority of 233 to 202. Even if the majorities for passage weren't veto-proof, President Bush might think twice about rejecting legislation restoring a privilege with roots in the Magna Carta.

As Specter points out, the Constitution allows for the suspension of the writ only in times of invasion or rebellion, and "we are suffering neither of those alternatives at the present time." Habeas protection for enemy combatants — not just those at Guantanamo but other aliens who might be detained in the future — is not just a legal nicety. Without such protection, real injustices could be suffered by flesh-and-blood individuals.

Mark Denbeaux, a Seton Hall University law professor who studied transcripts of proceedings in which Guantanamo inmates were classified as enemy combatants, has said that the process afforded prisoners little opportunity to contest the allegations against them. "These were not hearings," he said. "These were shams." Even if he's wrong, the military has nothing to fear from the ancient safeguard of habeas corpus.

HOMELAND RESPONSE:

New Twist On Government Control Of Data: Use Of Subpoenas (CSM)

By Alexandra Marks

The Christian Science Monitor, December 18, 2006

When Anthony Romero finally read the document marked "secret" that the Justice Department was subpoenaing "any and all copies of," he scratched his head.

"It simply had nothing to do with national security. If anything, it might be mildly embarrassing to the government," he says.

And so Mr. Romero, executive director of the American Civil Liberties Union, decided to fight. That kicked off the latest battle in one key arena of the Bush administration's war on terror - the information front.

Both sides agree that nothing less than the nature of American society is at stake, although each side sees different threats. The administration says the danger comes from technically savvy terrorists who are out to exploit the nation's open society in order to undermine it. Critics contend that the real peril comes from the administration itself, which, they charge, is abusing the classification system to shield its activities from public scrutiny, thus undermining the workings of democracy.

This struggle between the needs to protect national security and civil liberties goes back to the Alien and Sedition Acts of 1798, which were passed to silence critics of the war with France. Such practices became more formalized in 1940, when the Roosevelt administration issued the first executive order creating a classification system. But since 9/11, the struggle has intensified.

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"Democracy cannot give you a perfectly clear line between the balance of transparency and secrecy," says James Carafano, a senior fellow at the Heritage Foundation, a conservative think tank in Washington. "That will always create natural tensions, particularly at a time when we see we do have a lot of enemies." Revised approach after 9/11

Since 9/11, the Bush administration has sought to keep secret any and all information that it believes could potentially be used by terrorists. In March 2003, it issued a broad executive order that extended the authority to classify information from agencies like the Department of Agriculture, Health and Human Services, and the Environmental Protection Agency. It's also extended the time information could be kept secret, from 10 years to 25 years. Moreover, it began a campaign to reclassify millions of documents from earlier administrations that had previously been declassified.

In 2005, more than 15 million additional documents were classified, a record amount, according to the Information Security Oversight Office of the National Archives. It cost the United States an estimated $7.7 billion to keep all the nation's information under wraps, according to the ISOO - an increase of more than 50 percent since 2001.

Critics say this is a significant overclassification of information. They say it's denied the public access to crucial policy debates about the fight against terrorism as well as the way the war in Iraq has been waged.

In addition, they contend, this administration has used the rubric of national security to cover up controversial activities - from the Abu Ghraib prison abuses to the National Security Agency's domestic wiretapping.

"[National security has] been abused to shield high-level political leadership on the torture issue. It's been used as a way to intimate the press [and] create a climate of fear and intimidation about government employees to dissuade whistle-blowers," says Romero of the ACLU.

Some academics also argue that large amounts of information that have nothing to do with national security have been reclassified - which has undermined their ability to do basic historical as well as scientific research.

"It's an unprecedented situation," says Larry Berman, a professor of political science at the University of California at Davis, who is suing the CIA for access to documents from the Johnson administration. "This current administration has set back freedom on information and access to knowledge for generations." How the government sees it

From the administration's point of view, however, the problem is not so much secrecy but the Internet and computer-savvy terrorists, who can use the free flow of information within the nation's open, democratic system to invent creative ways to attack it.

"This isn't the same world we lived in 10 years ago," says William Banks, director of the Institute for National Security and Counterterrorism at Syracuse University in New York. "The dynamics of information have changed dramatically because of the Internet and the ease of data collection and transference."

To address that new technical reality, the administration has tried to prevent access to information that, if cobbled together properly, could give terrorists clues as to how the government functions. It's become known as the "mosaic theory" - that one piece of information on its own may seem harmless, but together with others, it can result in a larger picture that enemies could use. This has created a new paradigm that has allowed the administration to expand its definition of what should be kept secret.

"It basically says, 'Just trust us that even though this piece may seem innocuous, we know that if it's connected to other pieces of information that it can be dangerous,' " says Professor Banks.

That brings the issue back to the ACLU document, which the Justice Department has subpoenaed from the ACLU. Neither the Justice Department nor the US Attorney's Office would comment on it. The ACLU will not reveal its contents either, awaiting the outcome of its effort to quash the subpoena. But Romero says the document is a "classic example of overclassification." He also says the US Attorney's Office is abusing the grand-jury system, which is set up as an investigative body.

"The government's attempt to suppress information using the grand-jury process is truly chilling and is unprecedented," said Romero in a statement. "This subpoena serves no legitimate investigative purpose."

Mr. Carafano of the Heritage Foundation says that overclassification is a problem in every administration, and he does not believe the current one has particularly abused the process.

"Is overclassification a problem? Absolutely," he says. "Are there people who try to cover up their mistakes using it? Absolutely. Is there's going to be a constant tension around this issue? Absolutely. But if somebody thinks that if they vote the bums out of office this will change, they're wrong."

Our Own Nuremberg Trials (VV)

By Nat Hentoff

Village Voice, December 18, 2006

The new secretary of defense, Robert Gates, warden of the "worst of the worst" in Guantánamo.

photo: www.defenselink.mil/During the mutual-admiration hearing before the Senate Committee on Armed Services—which led to the unanimous confirmation of former CIA chief Robert Gates to be Donald Rumsfeld's successor—no senator asked Gates if he approves of the Pentagon's "extreme . . . emergency" insistence on a $125 million appropriation to construct a permanent compound for a war-crimes court at Guantánamo. There, in 2007, war-crimes trials will be held for dozens of Guantánamo "detainees." The facilities will accommodate simultaneous proceedings.

Unlike the Nuremberg war-crimes trials of the Nazis, there will be no government officials in the dock, but rather—as detailed in my last column—prisoners against whom the United States has itself committed war crimes under the Geneva Conventions and our own War Crimes act. These crimes include their conditions of confinement and a total lack of the due process that the Supreme Court ordered in Rasul v. Bush (2004) and Hamdan v. Rumsfeld (2006).

Each of the defendants will have already been designated as an "enemy combatant" by previous "administrative" Combatant Status Review Tribunals at Guantánamo. At these sham hearings they were presumed guilty before any of the "evidence" against them (which they were not permitted to see) was aired. That means the presumption of guilt will continue at the war-crimes trials.

The world will watch the total transmogrification of America's much self-praised "rule of law." There are objections to this rush for funds to house the American Nuremberg trials. On December 3, Republican congressman James Walsh, chair of the House Appropriations Subcommittee on Military Quality of Life and Veterans Affairs, and Related Agencies—which is in charge of military construction projects—refused to authorize the Pentagon's "national security" appropriation.

Walsh is angry at the absence of any public debate on this expenditure and, he cogently adds, "The issue of the tribunals is very controversial. For them to move this fast makes me wonder why."

Congressman Walsh will no longer chair that crucial committee in January. But in view of the Democratic congressional leadership's enveloping embrace of the new defense secretary, Robert Gates, will lawmakers prevent him from going ahead with the compound at Guantánamo? And if the Democrats hold up the appropriation, will Gates proceed with the trials in more cramped quarters? (On December 10, the Pentagon suddenly postponed its proposal—leaving it to be decided by the next Congress.)

Our rampant lawlessness during the past four years at Guantánamo has long been "controversial" in the international press and among human rights groups. But the extent and depth of our abuse of these prisoners—resulting in a number of desperation suicides—have been illuminated with damning clarity in a series of reports by New Jersey's Seton Hall University School of Law, the most recent of which, "No-Hearing Hearings," I reported on last week.

The Seton Hall revelations have reached beyond the metropolitan press to, for example, the Anniston Star in Alabama. A December 1 editorial, "The Gitmo Games," quotes from the Seton Hall findings, and concludes:

"The military is holding something less than a kangaroo court that results in putting people away—without charging them with any specific wrongdoing—for an indefinite period of time . . . History will be very unkind to the rulers who constructed this very unjust, un-American system.

"Those un-American rulers, of course, include George W. Bush, Dick Cheney, John Ashcroft and Alberto Gonzales, a coven of lawyers at the Defense Department and the White House, and Donald Rumsfeld. Will Robert Gates take his place among them?"

The Anniston Star's indictment-editorial ends: "[History] also will be unkind to people who tolerated [this un-American system.]" That means us.

A Seton Hall Law School report from February 8, which I did not cite last week, by professor Mark Denbeaux and Joshua Denbeaux and law students at this exemplary school, presents the case against the United States in anticipation of the war-crimes trials at Guantánamo next year. "A Profile of 517 Detainees Through Analysis of Department of Defense Data" provides "a window into the Government's detaining only those the President has called 'the worst of the worst.' " You can now determine for yourself how dangerous the great majority of the defendants are in the forthcoming American Nuremberg trials:

"Only 8 percent of the detainees were characterized as al Qaeda fighters. Of the remaining detainees, 40 percent have no definitive connection with al Qaeda at all and 18 percent have no definitive affiliation with either al Qaeda or the Taliban."

The report continues: "The Government has detained numerous persons based on mere affiliations with a large number of groups that are, in fact, not on the Department of Homeland Security terrorist watchlist . . . A large majority—60 percent—are detained merely because they are 'associated with' a group or groups the Government asserts are terrorist organizations. (And members of almost 72 percent of those groups are allowed into the U.S.)"

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Remember, these findings are based entirely on Department of Defense records. (Robert Gates can fact-check them.) Also, among "the worst of the worst":

"Only 5 percent of the detainees were captured by United States forces. Eighty-six percent of the detainees were arrested by either Pakistan or the Northern Alliance and turned over to United States custody. This 86 percent of the detainees captured by Pakistan or the Northern Alliance were handed over to the United States at a time when the United States offered large bounties for capture of suspected enemies." No questions asked.

Remember, too, that in the 2006 Military Commissions Act, Congress stripped from all these prisoners any meaningful right to utilize our federal courts, thereby defying our own Supreme Court.

Co-author Joshua Denbeaux tells me: "The government's own documents proved that the government's claims that the prisoners were the 'worst of the worst' was a false and shameful public relations ploy . . . We hope that our reports will convince Congress to amend the Military Commissions Act and restore federal jurisdiction." If that happens, the prisoners could contest their conditions of confinement, their imprisonment, and their sentences.

Should the new Democrat-controlled Congress not do that, the American Nuremberg trials could begin—and later, the defendants' last resort may be the John Roberts Supreme Court. But however Congress or the high court eventually decides, we will again be disgraced around the world.

WAR NEWS:

Reid Backs 'Surge' Of Troops In Iraq With '08 Pullout (WT)

By Eric Pfeiffer

The Washington Times, December 18, 2006

The Senate's incoming majority leader said he would support a temporary increase of U.S. military forces in Iraq, so long as any such act was tied to a withdrawal by 2008.

"If it's for a surge -- that is, for two or three months -- and it's part of a program to get us out of there as indicated by this time next year, then, sure, I'll go along with it," Sen. Harry Reid, Nevada Democrat, said on ABC's "This Week."

However, other Democrats and former Secretary of State Colin L. Powell said such an increase in troop levels would not make much of a difference.

"Over this summer, the United States and Iraqi forces launched Operation Forward Together. It began in June, and then phase two began in August with thousands of American troops going into Baghdad to try to stabilize the situation," Mr. Powell said on CBS's "Face the Nation."

"They haven't stabilized the situation. So we have tried this surge of troops over the summer. I am not persuaded that another surge of troops into Baghdad for the purposes of suppressing this communitarian violence, this civil war, will work," he said.

Mr. Powell, whose so-called Powell Doctrine calls for the use of overwhelming force in military conflicts, said he thinks force levels should have been increased after the fall of Saddam Hussein in order to fill the security vacuum that led to the Iraq insurgency.

During his interview, Mr. Powell said he supports many of the proposals contained in the Iraq Study Group's 79 policy recommendations recently submitted to President Bush.

The bipartisan panel rejected a call for increased troop levels, which have been made most vocally by Sen. John McCain, Arizona Republican, who is weighing a possible 2008 presidential campaign.

A short-term increase in troop levels was also rejected by Sen. Edward M. Kennedy, Massachusetts Democrat and a member of the Senate Armed Services Committee.

"Well, I respect Harry Reid on it, but that's not where I am," Mr. Kennedy told "Fox News Sunday." "The generals who have testified before the Armed Services Committee think that we would add to being a crutch for the Iraqi civilian government in not making the right judgments and decisions. I think that is a persuasive case and is one that I support."

Although Mr. Reid said he would support a short-term troop increase, it was pointed out by "This Week" moderator George Stephanopoulos that one of the troop-increase proposals being considered by Mr. Bush would take place over 18 to 24 months.

"All I can do is shake my head," Mr. Reid said in response. "I have no military experience, but I have political experience. The American people will not allow this war to go on as it has. It simply is a war that will not be won militarily. It can only be won politically."

Sen. Jack Reed, Rhode Island Democrat, also appeared to reject the idea of sending more troops to Baghdad.

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"I'd be very skeptical," Mr. Reed, who also sits on the Armed Services Committee, told CNN's "Late Edition." "General Schoomaker, the Army chief of staff, pointed out that surging troops without a purpose doesn't make any sense. So I think we'd all have to understand what the purpose of this increase would be."

Powell Says Troops Stretched Too Thin (USAT)

By Barbara Slavin,

USA Today, December 18, 2006

Former secretary of State Colin Powell said Sunday that the U.S. Army "is about broken" and could not support sending a significant increase of soldiers to Iraq.

"That surge cannot be sustained," Powell said. "The current active Army … and the Marine Corps is not large enough for the kinds of missions they're being asked to perform."

Powell, a 35-year Army veteran and former chairman of the Joint Chiefs of Staff, said he doubted a temporary increase in U.S. forces in Iraq now would change the outcome of the war. The United States was "losing" but had not yet lost, he said.

Speaking on the CBS program, Face the Nation, Powell said that increasing the number of U.S. troops in Iraq from 140,000 to 160,000 or more would force the military to keep soldiers currently in Iraq there longer and to accelerate the arrival of others. That would hurt a force already strained by repeated and extended deployments since 9/11. The White House has said it is considering a number of options that would alter U.S. strategy in Iraq, including a temporary surge of U.S. forces.

Several Iraq war supporters, including Sen. John McCain, R-Ariz., have called for a major increase in U.S. troops in Iraq and criticized the administration for not sending more soldiers there in 2003.

Incoming Senate Majority Leader Harry Reid, D-Nev., told ABC's This Week that he could back a brief increase in forces if "it's part of a program to get us out of there."

However, U.S. commanders are worried about the impact of such a plan. Gen. Peter Schoomaker, the Army's chief of staff, told the House Armed Services Committee on Friday that the active duty Army of 507,000 "will break" unless the force is expanded by 7,000 or more soldiers a year.

He also called for increased deployment of the Army National Guard and Reserves, which have already seen record call-ups since the 9/11 attacks.

As a military leader, Powell articulated a philosophy that came to be known as the Powell doctrine. It rejected the use of U.S. military force without a clear mission and overwhelming numbers deployed against an enemy.

The conflict in Iraq, Powell said, has become a civil war that requires an Iraqi political solution. "It's very difficult to see how the American Army can impose its will in this sort of conflict," he said.

Powell Doubts Need To Raise Troop Levels (NYT)

By David Johnston

The New York Times, December 18, 2006

WASHINGTON. Dec. 17 — Colin L. Powell, the former secretary of state and former chairman of the Joints Chiefs of Staff, said Sunday that the Army was “about broken” and that he saw nothing to justify an increase in troops in Iraq.

“I am not persuaded that another surge of troops into Baghdad for the purposes of suppression of this communitarian violence, this civil war, will work,” he said in an interview on the CBS News program “Face the Nation.”

“But if somebody proposes that additional troops be sent,” Mr. Powell said, “if I were still chairman of the Joint Chiefs of Staff, my first question to whoever is proposing it: what mission is it that these troops are to accomplish?”

Mr. Powell said heavy demands on the Army had meant “a backlog of equipment that is not being repaired” and “repetitive tours” for soldiers assigned to Iraq. “So if you surge now,” he said, “you’re going to be bringing in troops from the United States who have already been kept there even longer.”

Mr. Powell said the United States should be talking directly with the governments of Syria and Iran in an effort to stabilize the region — a contrast to the policy of the Bush administration, which has not engaged in such talks.

In a separate interview on the ABC News program “This Week,” Senator Harry Reid of Nevada, the incoming Democratic majority leader, said he could support a troop increase only if it were temporary. “If it’s for a surge, that is, for two or three months, and it’s part of a program to get us out of there as indicated by this time next year, then, sure, I’ll go along with it.”

Mr. Reid added: “The American people will not allow this war to go on as it has. It simply is a war that will not be won militarily. It can only be won politically.”

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Powell Says U.S. Losing In Iraq, Calls For Drawdown By Mid-2007 (WP)

By Karen Deyoung

The Washington Post, December 18, 2006

Former secretary of state Colin L. Powell said yesterday that the United States is losing what he described as a "civil war" in Iraq and that he is not persuaded that an increase in U.S. troops there would reverse the situation. Instead, he called for a new strategy that would relinquish responsibility for Iraqi security to the government in Baghdad sooner rather than later, with a U.S. drawdown to begin by the middle of next year.

Powell's comments broke his long public silence on the issue and placed him at odds with the administration. President Bush is considering options for a new military strategy -- among them a "surge" of 15,000 to 30,000 troops added to the current 140,000 in Iraq, to secure Baghdad and to accelerate the training of Iraqi forces, as Sen. John McCain (R-Ariz.) and others have proposed; or a redirection of the U.S. military away from the insurgency to focus mainly on hunting al-Qaeda terrorists, as the nation's top military leaders proposed last week in a meeting with the president.

But Bush has rejected the dire conclusions of the Iraq Study Group and its recommendations to set parameters for a phased withdrawal to begin next year, and he has insisted that the violence in Iraq is not a civil war.

"I agree with the assessment of Mr. Baker and Mr. Hamilton," Powell said, referring to the study group's leaders, former secretary of state James A. Baker III and former Indiana congressman Lee H. Hamilton (D). The situation in Iraq is "grave and deteriorating, and we're not winning, we are losing. We haven't lost. And this is the time, now, to start to put in place the kinds of strategies that will turn this situation around."

Speaking on CBS's "Face the Nation," Powell seemed to draw as much from his 35-year Army career, including four years as chairman of the Joint Chiefs of Staff, as from his more recent and difficult tenure as Bush's chief diplomat.

The summer's surge of U.S. troops to try to stabilize Baghdad failed, he said, and any new attempt is unlikely to succeed. "If somebody proposes that additional troops be sent, if I was still chairman of the Joint Chiefs of Staff, my first question . . . is what mission is it these troops are supposed to accomplish? . . . Is it something that is really accomplishable? . . . Do we have enough troops to accomplish it?"

Although he said he agrees with Gen. John P. Abizaid, the top U.S. commander in the Middle East, that there should be an increase in U.S. advisers to the Iraqi military, he said that "sooner or later, you have to begin the baton pass, passing it off to the Iraqis for their security and to begin the drawdown of U.S. forces. I think that's got to happen sometime before the middle of next year."

Before any decision to increase troops, he said, "I'd want to have a clear understanding of what it is they're going for, how long they're going for. And let's be clear about something else. . . . There really are no additional troops. All we would be doing is keeping some of the troops who were there, there longer and escalating or accelerating the arrival of other troops."

He added: "That's how you surge. And that surge cannot be sustained."

The "active Army is about broken," Powell said. Even beyond Iraq, the Army and Marines have to "grow in size, in my military judgment," he said, adding that Congress must provide significant additional funding to sustain them.

Powell also agreed with the study group's recommendation that the administration open talks with Syria and Iran as it seeks a solution to the Iraq problem. Bush and Secretary of State Condoleezza Rice have explicitly rejected talks until Syria ends its destabilizing influence in Lebanon and its support for anti-Israel militants, and until Iran suspends its nuclear enrichment program. The administration has charged both countries with aiding the Iraqi insurgency.

"Do they get marginal support from Iran and Syria? You bet they do," Powell said of the Iraq militants. "I have no illusions that either Syria or Iran want to help us in Iraq. I am also quite confident that what is happening in Iraq is self-generated for the most part. The money, the resources, the weapons are in Iraq already."

He added: "Are Iran and Syria regimes that I look down upon? I certainly do. But at the same time, I've looked down on many people over the years, in the course of my military and diplomatic career, and I still had to talk to them."

During Bush's first term, Powell was often on the losing side of disagreements with then-Defense Secretary Donald H. Rumsfeld, Vice President Cheney and the president over a range of foreign policy issues, including the Arab-Israeli peace process, North Korea and Iraq. Although he ultimately supported the 2003 invasion of Iraq -- and played a major role in building public backing for war when he delivered a U.N. Security Council speech saying Saddam Hussein possessed weapons of mass destruction -- he objected to the administration's detention and interrogation policies for "enemy combatants" and privately questioned the lack of planning and troop strength for postwar Iraq.

His low-key departure from office in January 2005, after Bush's request for his resignation, stood in contrast to Friday's ceremonial farewell to Rumsfeld, whose retirement festivities at the Pentagon were attended by Bush and

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Cheney. Asked yesterday whether he agreed with Cheney's assessment that Rumsfeld was "the finest defense secretary this nation has ever had," Powell demurred.

"Well, that's the vice president's judgment," he said. "I've known many fine secretaries of defense. . . . But it's history that will judge the performance of all of us in this troubling time . . . and it is a history that I think will ultimately be written as a result of what happens in Iraq."

Biden Opposes Iraq Troop Surge (BOS)

The Boston Globe, December 18, 2006

MANCHESTER, N.H. --Likely presidential hopeful Sen. Joe Biden said Sunday that he opposes sending additional troops to Iraq, even as the idea seemed to gain support from the Senate's leading Democrat, incoming majority leader Harry Reid.

"I will not to support a surge of troops unless it's tied to some reason for me to believe that they have a political solution," said Biden, incoming chairman of the Senate Foreign Relations Committee.

Biden, D-Del., said any proposal to send about 30,000 more U.S. troops to Iraq should only follow a political solution that will end sectarian violence and civil unrest.

Earlier, Reid said he would be open only to a short-term increase.

"If the commanders on the ground said this is just for a short period of time, we'll go along with that," said Reid, citing a time frame such as two months to three months. But a period of 18 months to 24 months would be too long, he said.

"The American people will not allow this war to go on as it has. It simply is a war that will not be won militarily. It can only be won politically," Reid said.

Biden spoke at Southern New Hampshire University to about 100 people Sunday afternoon, in an appearance sponsored by the World Affairs Council of New Hampshire.

His speech was part a weekend swing through New Hampshire, aimed at boosting his chances in the state's first-in-the-nation presidential primary.

"The president and others who support the surge have it exactly backwards," Biden said.

He added that Iraqis should construct and hold to a political settlement for peace before the United States sends additional support.

Biden, however, held out little hope that a Democrat-controlled Congress would be able to force President Bush's hand on Iraq. Although Congress could withhold spending for military efforts in Iraq, Biden said such a move would only deny needed supplies to troops and would not speed a pullout.

Instead, Biden said it will be up to Republicans to join Democrats in convincing Bush to change course on Iraq.

Biden said the main challenge in Iraq is a cycle of sectarian violence and revenge killings. He said any peace initiatives must give each ethnic group an incentive to support a united Iraq, including a share of oil revenues.

Biden proposes that the Iraqis set up three semi-autonomous regions, one each to be overseen by the Suunis, Shiites and Kurds, with a central government having limited federal powers.

He would also include countries neighboring Iraq in peace talks, including Syria, Iran and Turkey.

A War That Abhors A Vacuum (NYT)

By Ben Connable

The New York Times, December 18, 2006

Washington

THE niceties are up for debate: phased or partial withdrawal from Iraq would entail pulling troops back to their bases across the country, or leapfrogging backward to the nearest international border, or redeploying to bases in nearby countries.

But whatever the final prescription, the debate must include a sober look at the street-level impact of withdrawal. What will become of Iraqi villages, towns and cities as we pull out? Although past is not necessarily prologue, recent experience in Anbar Province may be instructive.

American units have already withdrawn from the western Euphrates River valley — twice, in fact. As the insurgency heated up in early 2004, the Seventh Marine Regiment pulled up stakes and went to fight insurgents in eastern Anbar, leaving the rest of the province in the hands of a battalion of troops. The Marines balanced obvious risk against the possible reward of overwhelming some of the insurgent groups in the east.

The consequences were immediate and bloody. Insurgents assumed control of several towns and villages. They tortured and executed police officers, local politicians, friendly tribal leaders and informants. They murdered contractors

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who had worked with the Americans or the Iraqi government. They tore down American-financed reconstruction projects and in a few cases imposed an extreme version of Islamic law. Many Iraqi military units collapsed in the absence of United States support.

The insurgents celebrated their self-described victory and exploited the withdrawal for propaganda purposes. Baathist-led insurgents used the opportunity to establish training camps and weapons caches in the farmland and along the river banks while other groups, including Al Qaeda, smuggled in fighters, suicide bombers and money to support operations in Ramadi, Falluja and Baghdad. Western Iraq became a temporary haven for criminals, terrorists and thousands of local thugs who made up de facto mini-regimes in the absence of a stabilizing force.

When the Seventh Marines returned to western Anbar it was essentially forced to retake some of the towns it once controlled. Many local Iraqis were openly hostile; the battle for the hearts and minds of the population was set back months, if not years. With the politicians murdered, local civil administration was almost nonexistent and any influence held by the central government was lost.

The Seventh Marine Regiment pulled up stakes again in November 2004 to join the second fight for Falluja. Conscious of the damage done by the earlier withdrawal, the Marines left behind more troops in an effort to stem the inevitable surge of insurgent and criminal gangs; Iraqi forces were not yet ready to assume control.

Despite this Marine presence, the results were similar. What had been rebuilt in the summer crumbled in the fall.

The two withdrawals left the western Euphrates River valley in a shambles. At the end of 2005 the Marines were forced to conduct sweep and clear operations from Anbar's capital, Ramadi, to the Syrian border town of Husayba. As they pushed west they uncovered hundreds of weapons caches, elaborate insurgent propaganda centers, carefully camouflaged training camps, suicide vehicle factories and complex criminal networks that were feeding a steady stream of money to insurgents and terrorists across the country. Marine units settled back in, spread out and brought attack levels to unprecedented lows.

Since 2005, the situation in Anbar has significantly deteriorated. But as bad as things have become, American and Iraqi forces retain some degree of control in even the most turbulent areas. The border cities of Husayba and Qaim are relatively stable and have effective security and government. Falluja, also stable, is a model for Iraqi-American military cooperation. Advisers are embedded with Iraqi units across the province. American-supported tribes are beginning to combat Al Qaeda in Iraq in the east. Anbar is down but not out, thanks to the American troops along the Euphrates River.

American presence might be likened to a control rod in a nuclear reactor: Leave it in place and the potential energy of the insurgents and criminals is mostly kept in check; remove it and the energy becomes kinetic. Withdrawal of United States presence from any town or city in Anbar will almost certainly lead to the creation of safe havens for western Iraq's impenetrable snarl of foreign fighters, nationalist insurgents and local thugs. Many abandoned cities and towns would come to closely resemble the Falluja of mid-2004.

If American forces conduct even a phased withdrawal before the full certification of Iraqi Army battalions, those units incapable of sustaining independent operations would be forced to pull back alongside their minders, or collapse as their logistics and fire support lifelines disappeared. Most local police forces would scatter, be co-opted or slaughtered wholesale, as they were in 2004.

Insurgents of all stripes would make the most of the combined American and Iraqi withdrawal, harassing the departing convoys with homemade bombs and small-arms fire. Videos of insurgents dancing in the streets would become prevalent on the Internet and international television. No public relations campaign could succeed in painting an early phased withdrawal as anything but a strategic defeat.

"Redeployed" in large bases far from the enemy centers of gravity, American troops wouldn't be able to keep insurgent groups from forming semi-conventional units. This pattern has repeated itself countless times across Iraq and follows historic guerrilla-warfare models: insurgents exploit any safe haven to strengthen and train their forces. The longer they are left alone, the stronger they become. As our presence in the countryside diminishes, our ability to gather intelligence and to protect valuable infrastructure, communications lines and friendly tribal areas will deteriorate rapidly.

Should the Iraqi Army stay in place as American units withdraw, the American advisers embedded within these units probably would have to be removed, leaving nobody to control air support, coordinate unit pay from Baghdad, supervise the monthly convoys to take troops home on leave, prevent gross violations of the Geneva Convention or shore up shaky leadership. Given patient support, most of these units eventually will develop the capacity to conduct independent operations. However, some adviser teams already report that their Iraqi counterparts have said they intend to desert if the Americans leave too soon.

Although Anbar may be the most violent province in Iraq per capita, it is relatively free of the sectarian tensions found in Baghdad and the center. The confusion caused by withdrawal would be compounded as religious, militia and

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political loyalties divided inadequately prepared military and police units. Full-scale ethnic killing would become a very real possibility.

For some, the collapse of Iraqi society into Hobbesian mayhem is inevitable no matter how many American troops remain on the ground. A few argue that disintegration of the Iraqi state actually would bring about the national catharsis that seems so elusive today — that absolute civil war would be a greater good.

This cold calculus ignores the very real impact of an American withdrawal on the people we now protect. Any debate that does not consider the bloody reality we would leave in our wake does a disservice to the people of Iraq and the troops who have fought so hard to defend them.

Stretched Too Thin (WP)

By Kevin Ryan

The Washington Post, December 18, 2006

When America's top general in charge of Iraq, John Abizaid, told Congress last month that our Army was unable to increase the number of troops deployed in Iraq, it was a first-of-its-kind admission from a senior defense official: that our ground forces had reached their capacity for military action. "This is not an Army that was built to sustain a 'long war,' " Abizaid told students at a Harvard lecture two days later. This is an Army built to achieve victory with speed and precision. This is a short-war Army fighting a long war.

On Dec. 6, the day after Robert Gates told Congress that he is "open to the possibility of an increase" in the size of our ground forces, the Iraq Study Group released its report, which declared that "America's military capacity is stretched thin." And last week the Army's chief of staff, Gen. Peter Schoomaker, told Congress that the Army is prepared to add up to 7,000 soldiers per year to its ranks if authorized.

The stage has been set for a serious discussion about the appropriate size for our Army: a discussion that should balance resources with demands. Today the 37 combat brigades of the active Army are almost totally consumed by the wars in Iraq and Afghanistan. With all units either deployed, returning from deployment or preparing to deploy, there are none left to prepare for other contingencies. Active brigades have only 14 months at home before they are recalled for their next 12-month deployment. The National Guard can muster only two or three of its 15 enhanced brigades at any given time, largely because of crippling equipment shortages.

The lack of ground forces has an impact beyond the ability to commit more troops to Iraq. Our published defense strategy requires a military that can defend our homeland, sustain two major wars, be present in key regions abroad and fight a global war on terrorism. With Marine and Army ground forces barely large enough to fight the two major wars, the other security tasks are left to flyovers and ship visits from our Air Force and Navy. According to Schoomaker, America is "on a dangerous path that dictates we must increase our strategic depth, increase readiness and reduce our operational risk." If Afghanistan and Iraq are typical of the two-war capability called for in our defense strategy, our Army must be able to sustain a deployment of 14 brigades. To do this and achieve the Defense Department goal of two years at home for every year in combat, the Army would need 56 brigades in its structure. To meet the demands of homeland defense, foreign presence and a global war on terrorism, one could make a good case that America must be able to sustain an additional five to seven brigades in deployment, which would require 20 to 28 more brigades in the structure.

A rough estimate therefore of active and Guard brigades needed for our defense strategy would be between 76 and 84. And these numbers assume that America's other ground force, the Marine Corps, continues to provide the forces it already does in the Middle East and around the globe. Currently the Army has 52 brigades (37 active and 15 enhanced Guard) and has authority to build to 70 brigades (42 active and 28 Guard), but Congress has not authorized enough troops to man these units.

The 2007 defense budget pays for only 512,000 active-duty soldiers. The Army needs a minimum of 575,000 to man the brigades our defense strategy requires. America must bring its military capabilities back in balance with its strategic demands.

Support is building to correct this mismatch. Colin Powell, the former secretary of state and chairman of the Joint Chiefs, said yesterday that both the Army and Marine Corps need to grow in size. Former Army chief of staff Gordon Sullivan has called for the active Army to have between 560,000 and 600,000 soldiers. Republican Sen. John McCain of Arizona has called for the active Army and Marine Corps to increase by 100,000 troops. The United States Army Relief Act, sponsored by Democratic senators Jack Reed, Hillary Clinton, Joe Lieberman and Bill Nelson, calls for an increase in end strength of 20,000 per year over the next four years. These recommendations all bring us closer to the mark.

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Throughout the 1980s we recruited an Army of more than 750,000 entirely from volunteers: the same Army that won the Persian Gulf War. It will take several years to recruit additional troops and build the organizations and facilities to house them, but these numbers are well within our reach.

The writer, a retired Army brigadier general, is a senior fellow at the Belfer Center for Science and International Affairs at Harvard's John F. Kennedy School of Government. His last assignment was as deputy director for Army strategy, plans and policy.

Gunmen Kidnap Aid Workers In Baghdad (AP)

By Christopher Torchia

AP, December 18, 2006

Gunmen in Iraqi army uniforms burst into Red Crescent offices on Sunday and kidnapped more than two dozen people at the humanitarian organization in the latest sign of the country's growing lawlessness.

British Prime Minister Tony Blair, in Iraq on his sixth visit since the 2003 invasion, appealed for international support for Iraq's fragile government, saying the bloodshed was being carried out "by the very forces worldwide who are trying to prevent moderation."

Blair and his Iraqi counterpart, Nouri al-Maliki, discussed preparations by British military units in Basra, the main city in southern Iraq, to turn over security to Iraqi forces. Britain expects to withdraw several thousand troops from Iraq next year, despite concerns that Iraqi forces are not ready to keep order on their own.

"Our task — ours, the Americans, the whole of the coalition, the international community and the Iraqis themselves — is to make sure that the forces of terrorism don't defeat the will of the people to have a democracy," Blair said.

In the latest violence, gunmen in five pickup trucks pulled up at the office of the Iraqi Red Crescent in downtown Baghdad and abducted 25 employees, police said. A Red Crescent official, who spoke on condition of anonymity because of safety concerns, said the gunmen left women behind.

Pierre Kraehenbuehl, director of operations of the International Committee of the Red Cross, said in Geneva that seven abductees were released. The Dutch Foreign Ministry said three Iraqi security guards at its embassy building in Baghdad — adjacent to the Red Crescent offices — were also kidnapped, but were later released.

The Red Crescent, which is part of the international Red Cross movement, has around 1,000 staff and some 200,000 volunteers in Iraq. It works closely with the International Committee of the Red Cross, which visits detainees and tries to provide food, water and medicine to Iraqis.

"We don't know who they are. We don't know why they did this," said Antonella Notari, a Red Cross spokeswoman in Geneva.

She also said the organization was in contact with the Iraqi Interior Ministry, which denied any involvement and had assured that they were searching for the abductees.

Mazin Abdellaha, secretary-general of the Iraqi Red Crescent, appealed to the kidnappers to release the captives.

"They represent a humanitarian agency that works for the general good, and this agency helps all people regardless of their sect or ethnicity," Abdellaha said.

At least half a dozen mass kidnappings have been carried out in the Iraqi capital this year, possibly by armed groups linked to the sectarian conflict between Sunnis and Shiites.

The abduction comes just days after the organization's vice president, Dr. Jamal al-Karbouli, said American forces represented a greater danger to its work than insurgents.

"The insurgents, they are Iraqis, a lot of them are Iraqis, and they respect the Iraqis. And they respect our (the Red Crescent's) identity, which is neutrality," al-Karbouli said Friday.

Lt. Col. Christopher Garver, a U.S. military spokesman in Baghdad, said in response that the U.S.-led coalition forces "strive to ensure they are respectful when they conduct interaction with the local population."

On Thursday, gunmen in military uniforms kidnapped dozens of people in central Baghdad, police said. The attackers drove up to the busy Sanak area in about 10 sport utility vehicles and began rounding up shop owners and bystanders. Police said 50 to 70 people were abducted, but at least two dozen were later released.

On Sunday, the U.S. military said a roadside bomb killed three American soldiers and injured a fourth serviceman north of Baghdad. The soldiers were clearing a route so another unit could move through the area on Saturday, the military said in a statement.

The toll raised to 57 the number of Americans killed in Iraq in December. At least 2,945 members of the U.S. military have died since the U.S.-led invasion in March 2003, according to an Associated Press count.

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British and Iraqi troops in Basra are conducting a neighborhood-by-neighborhood sweep aimed at rooting out weapons and militants and launching reconstruction projects. Its completion in the new year will likely trigger an announcement that Britain is slashing its troop numbers.

Britain has some 7,000 troops in Iraq, most based around the city of Basra in the south — the largest commitment of any country after the United States. More than 120 British personnel have died in the country since the U.S.-led invasion in 2003 that ousted Saddam Hussein.

"The operation there for the Iraqi forces to take control of security of the city is going well," Blair said.

Late on Sunday afternoon, Blair flew to Basra to visit some of the troops stationed there.

"Our country and other countries like it are having to rediscover what it means to fight for what you believe in," Blair told the soldiers.

"You are not fighting a state, but fighting a set of ideas and ideologies, a group of extremists who share the same perspective," he said.

Among those killed in violence were two policeman, an Iraqi soldier and a municipal official in Baghdad; and a police officer in Kut, southeast of the capital.

Baghdad Red Crescent Workers Abducted (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 18, 2006

— Gunmen wearing Iraqi army uniforms kidnapped more than two dozen people from the Baghdad offices of the Red Crescent humanitarian group on Sunday, and the U.S. military announced the deaths of three more American soldiers.

The gunmen pulled up to the Red Crescent building near downtown Baghdad's Andalus Square about 11:30 a.m. in two police cars and 20 other cars, a spokesman for the aid organization said. Staff members thought the men were police and allowed them to enter the building, he said.

Once inside, the kidnappers separated men from women and abducted an estimated 28 men, according to the spokesman. The victims included Red Crescent staff, visitors and three guards from the Dutch Embassy, which has been vacated but still shares the office, he said.

Red Crescent staff called the Iraqi Interior and Defense ministries and were told neither had troops in the area, said the spokesman, who requested anonymity because of concerns for his safety.

"We do not suspect anyone, as we are a humanitarian organization that does no harm to any bloc," he said.

The Red Crescent, which is affiliated with the International Committee of the Red Cross, has about 1,000 staffers and 200,000 volunteers in Iraq, providing food, water and medicine.

The U.S. military announced Sunday that three U.S. soldiers stationed in Baghdad were killed Saturday by a roadside bomb while on a combat mission north of the capital.

Their deaths bring the U.S. military toll so far this month to at least 57, on pace to surpass the 69 tallied in November, according to www.icasualties.org, which tracks casualties in the conflict. In October, 106 American soldiers were killed, according to the website.

So far, the website shows, 2,946 American troops have been killed in Iraq since the U.S.-led invasion began in March 2003.

Commenting on the dire situation in the war-torn country, former Secretary of State Colin L. Powell said Sunday on CBS' "Face the Nation" that a temporary increase in the number of U.S. troops in Iraq, an idea under serious consideration by the White House, would probably not quell sectarian violence in Baghdad because U.S. forces are already overextended.

"The American army isn't large enough to secure Baghdad," said Powell, a retired Army general who served as chairman of the Joint Chiefs of Staff during the 1991 Persian Gulf War. "I am not persuaded that another surge of troops into Baghdad for the purposes of suppressing this communitarian violence, this civil war, will work."

But Tariq Hashimi, one of Iraq's two vice presidents, argued on CNN's "Late Edition" that more U.S. forces were needed in the Iraqi capital. "Iraqi troops, across the board, they are insufficient, incompetent and many of them [are] corrupted," said Hashimi, who met last week with President Bush.

The incoming Senate majority leader, Harry Reid of Nevada, said on ABC's "This Week" that he would support a U.S. troop increase "for two or three months ... [if] it's part of a program to get us out of there as indicated by this time next year."

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Also on Sunday, British Prime Minister Tony Blair met with Iraqi Prime Minister Nouri Maliki in Baghdad and then with British troops in the southern city of Basra. It was Blair's sixth visit to Iraq since 2003.

Blair commended Maliki's efforts to end sectarian violence and added that British troops would continue to train Iraqi soldiers and police "so that in time the Iraqi people can take full responsibility for their affairs." More than 7,000 British troops are in Iraq, primarily in the south.

During the 24 hours ending Sunday night, meanwhile, Baghdad police found 36 bodies. All of the victims had been shot several times; some had been handcuffed, blindfolded and tortured, according to the Interior Ministry.

Sunni Muslim militias killed at least one woman in attacks on two villages near Taji, about 12 miles north of Baghdad, Taji police said.

Militia members, mainly former fighters loyal to Saddam Hussein, had been sniping and firing mortar shells into the area for the last four days, the police said.

The insurgents set up makeshift checkpoints and burned a house in an effort to evict residents, police said, adding that the woman who was killed had refused to leave.

In the city of Iskandariya, about 25 miles south of Baghdad, two men were killed late Saturday after gunmen opened fire at them, according to a relative who delivered the victims' bodies to police Sunday.

In Hillah, a roadside bomb killed a soldier and injured another Sunday. The U.S. Consulate and an American base in the southern city were hit in a mortar attack, according to police.

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Times staff writers Leslie Hoffecker in Washington and Zeena Kareem, Suhail Ahmad and Raheem Salman in Baghdad, along with special correspondents in Baghdad, Hillah and Taji, contributed to this report.

Kidnappers Strike Red Crescent's Iraq Office (WP)

By Sudarsan Raghavan And Nancy Trejos

The Washington Post, December 18, 2006

BAGHDAD, Dec. 17 -- The kidnappers had left his father's cellphone on a wooden desk in the Iraqi Red Crescent Society office Sunday morning. But Wathiq Adnan did not know that as he stood in the front yard, his face as gloomy as the cold, rain-soaked sky.

Outside the compound, a cluster of police vehicles and four U.S. military Humvees were parked. They had arrived too late to stop the gunmen, who had worn police uniforms and carried police-issued guns, witnesses said.

Inside, a police intelligence officer was questioning Ayad al-Ikabi, a Red Crescent official.

"Were those who were kidnapped from different sects?" asked the official, who wore a dark suit.

"We are all mixed," replied Ikabi, who wore a black leather jacket and had a black pistol tucked into his belt.

Moments later, Ikabi and other officials walked into the two-story, oatmeal-colored office in an affluent section of Karrada, a neighborhood in central Baghdad. Adnan, who works at a different Red Crescent office, followed them.

It has become a familiar story in Baghdad. Gangs of gunmen, dressed in camouflage uniforms and driving official police vehicles, abduct dozens of employees in broad daylight, motivated by sectarian tensions, a bid for ransom or merely a desire to undermine a weak government unable to provide security for its citizens. They leave the women but take the men, then calmly drive off without firing a shot.

Almost the only difference Sunday was the target: a humanitarian organization, linked to the International Committee of the Red Cross, that has helped Iraqis cope in a nation that offers little comfort. The kidnappers took about 25 employees and a few visitors, employees said. The assault began at 11:30 a.m. and ended 15 minutes later.

The office is located in a part of the capital that is surrounded by checkpoints and concrete barriers largely because the Dutch Embassy is nearby. The gunmen also seized three embassy guards as they left.

"I don't know why this happened," Ikabi said before going into the office. "We are not connected to any sect or any political party."

The kidnappings took place less than a mile from Iraqi Prime Minister Nouri-al Maliki's residence in the fortified Green Zone, where al-Maliki met with British Prime Minister Tony Blair on Sunday. Blair, who made an unannounced visit to Baghdad, pledged to keep his country's troops in Iraq "until the job is done."

"Don't be under any doubt at all, British troops will remain until the job is done, and that job is building up the Iraqi capability," Blair said, echoing statements by President Bush about U.S. troops.

"I reiterated our determination to stand foursquare behind you and the Iraqi people in ensuring that your democracy is not destroyed by terrorism, by sectarianism, by those who wish to live in hatred rather than peace," Blair said.

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Asked about Sunday's kidnapping, and whether the United States and Britain were responsible for the security breakdown, Blair responded testily.

"Who is creating the difficulty in Iraq today?" he asked. "Who is creating the challenges? Who is creating the bloodshed? Terrorists and former supporters of Hussein who are trying to destroy Iraq's new democracy."

The mass abduction Sunday was the third in Baghdad in just over a month. On Thursday, gunmen rounded up about 25 shopkeepers in a busy commercial district. And on Nov. 15, 150 employees were seized from a Ministry of Higher Education agency in Karrada. In both cases, the gunmen wore police or military uniforms, witnesses said.

Abu Kara, whose shop is near the Red Crescent office, said several dusty sedans and pickup trucks with tinted black windows pulled up Sunday morning. Some of the gunmen wore camouflage uniforms while others were in civilian clothes, he said. He quickly stepped into his shop, he recalled, but a couple of gunmen ordered him and three other employees outside and told him to sit on a small white chair outside his store.

"They placed a Kalashnikov to my head," he said. "They were afraid we would use our cellphones to call for help."

The gunmen passed the tall walls of the compound and entered the office through a glass door. They broke down locked doors and sought out the men. According to Ikabi, they stole nothing. Then they left.

"They didn't fire a single shot," Abu Kara said.

Down a short corridor on the first floor, Adnan caught a glimpse of what he considers the important part of what had happened. He walked into the office used by his father, who was in charge of distributing the charity's drugs. On his desk were papers and orange folders, the signs of a busy day interrupted.

That's when Adnan spotted the gray-and-black cellphone with the silver key chain. It showed 12 missed calls.

He picked it up and stared at it. Then it rang.

Adnan answered.

The caller's voice was unfamiliar.

"Who are you? Whom have you called? Abu Wathiq?" Adnan asked.

The man said he was calling for his father.

"Tell me who you are." Adnan pressed, his voice growing frantic. "I am his son."

The man told him he was a friend of his father's.

Adnan said he would talk to him later. It wasn't the kidnappers.

Then his own phone started to ring. It was a relative. Adnan gave him directions to the Red Crescent office, then walked outside again in a daze.

"I have no idea who would do this," he said. "Only God knows."

"This is not personal," he added. "This is a general thing. It happens all the time in Iraq. There is no security. If there was security, would there be kidnappings?"

His phone rang again. Another relative. More directions.

Clutching his father's cellphone, Adnan walked to the road. Qasim Mahdi had arrived to search for his nephew, Falah, also kidnapped. Falah's sister, who had come with Mahdi, began to scream, then wail and beat her chest. Some local residents took her into their house to comfort her.

Outside, Mahdi raised his hands to the sky.

"Is there a government?" he asked, addressing no one in particular.

Down the street, past the police vehicles, Adnan's phone rang again.

Special correspondents Saad al-Izzi and K.I. Ibrahim in Baghdad contributed to this report.

'Unanswered Questions' Cloud Decisions On Iraq (WT)

By Rowan Scarborough

The Washington Times, December 18, 2006

The chairman of the House Permanent Select Committee on Intelligence says he has traveled to Iraq eight times to assess U.S. intelligence collection, and each time he returns to Washington struck by the lack of knowledge about the insurgency that is killing hundreds of American troops.

"When I come back from Iraq, or even a briefing here, you learn how tough intelligence is," said Rep. Peter Hoekstra, Michigan Republican. "I don't walk out of there believing that I've got a crystal-clear picture of what the insurgency is, what the scope of it is, what the magnitude is, what the capabilities are. How much is international? How much is external? How much is al Qaeda? How much is Iranian? How much is Syrian? I walk out with lots of unanswered questions."

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The fact that U.S. command lacks broad knowledge about the enemy in Iraq, in the opinion of Mr. Hoekstra and others, has brought a steady stream of criticism.

Most recently, the Iraq Study Group, a bipartisan commission led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, reported, "Our government still does not understand very well either the insurgency in Iraq or the role of the militias."

The Iraq Study Group report said intelligence agencies "are not doing enough to map the insurgency, dissect it and understand it on a national and provincial level. The analytic community's knowledge of the organization, leadership, financing and operations of militias, as well as their relationship to government security forces, also falls far short of what policy-makers need to know."

Defense sources have told The Washington Times that when field commanders return to the U.S. from Iraq, one of their chief complaints is a lack on information about the enemy.

Michael Ledeen, a military analyst at the American Enterprise Institute, said the U.S. will never gain the full support of the Iraqi people, and thus better tips, until the locals are confident of a U.S. victory.

"For people to think we have a good chance to win, they have to see us beating Iran and Syria," said Mr. Ledeen, referring to the two countries supporting the insurgency. "We will never have the full cooperation of the people of Iraq until people see we are waging war against Iran and Syria."

He said the Bush administration, which is reviewing Iraq strategy, should start by helping foment insurrection against Iran's hard-line Islamic leaders and provide support to dissidents in Syria.

The Pentagon's Defense Intelligence Agency labeled as "inaccurate" the Iraq Study Group's assertion that the DIA had fewer than 10 analysts with more than two years of experience examining the insurgency. The agency said it has more than 300 analysts focused on Iraq, 49 of whom look exclusively at the insurgency.

"DIA is committed to providing the best possible military intelligence to the men and women in uniform and to the nation in its ongoing war against terrorism and extremism," the agency said.

Mr. Hoekstra is sympathetic toward the intelligence community's challenge in Iraq.

"I think you have to take a look at it two ways," he said. "You have to take a look at it and say, 'The intelligence may be terrible, but does that mean the intelligence capability is terrible?' It just may be very, very hard."

He added, "This is one of the things I do have an appreciation with the intelligence community on, is that the standard has been, the information you give us has to be as clear as 'two plus two is four.' Anything less than that gold standard of giving us perfect information means that the intelligence is terrible. ... Sometimes I sense that policy-makers believe if they get perfect information from intelligence, it gives them the answer as to what to do. That is not going to happen. You'll only have more or less information with which to make a decision."

Blair Urges Support For Iraq Government (AP)

By Jill Lawless

AP, December 18, 2006

British Prime Minister Tony Blair took his Middle East peace tour to Iraq on Sunday, urging support for its fragile government and seeking to draw the violence-wracked country into his vision of a global battle against extremism.

Standing in front of a Lynx helicopter in a cavernous hangar, Blair told some of the 7,000 British troops serving in southern Iraq they were fighting on behalf of "people of tolerance and moderation" around the world.

"This is real conflict, real battle, and it is a different kind of enemy — not fighting a state, but fighting a set of ideas and ideologies, a group of extremists who share the same perspectives," Blair said. "What we need to try to do is build an alliance of moderate people against the extreme."

Blair is President Bush's staunchest ally in the Iraq war, and Britain has some 7,000 troops in Iraq, most based around Basra in the south. It's the largest troop commitment of any country after the United States.

During what has become an annual holiday-season visit to the region, Blair told troops that extremism was causing havoc in neighborhoods from Basra to London — a reference to the July 2005 transit bombings in the British capital that killed 52 people.

"The crazy thing about today's world is it actually comes back to our own streets," he said. "All over the world the same struggle is going on, and if we don't stand up and fight for the people of tolerance and moderation who want to live together, whatever their fate, then the people of hatred and sectarianism will triumph."

Battling extremism has been the theme of Blair's trip to the region, which has included stops in Turkey and Egypt. He arrived in Israel Sunday night, and will later travel to the Palestinian territories and the United Arab Emirates.

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Blair's visit to Baghdad early Sunday was a surprise stop on his tour, designed to demonstrate support for the fragile attempts to halt Iraq's seemingly unstoppable bloodshed.

After meetings with Prime Minister Nouri al-Maliki, Blair urged the international community to ensure that democracy is not defeated by terrorism. But as he flew into the heavily fortified Green Zone aboard a military helicopter, news broke of the latest violent episode — a mass kidnapping carried out by gunmen in Iraqi army uniforms at the office of the Iraqi Red Crescent aid organization.

Blair insisted Iraq has made progress since the 2003 U.S.-led invasion.

"The first time I arrived in this country there was no proper functioning democracy. Today there is," Blair said at a joint news conference with al-Maliki. "Our task — ours, the Americans, the whole of the coalition, the international community and the Iraqis themselves — is to make sure that the forces of terrorism don't defeat the will of the people to have a democracy."

The trip — Blair's sixth to Iraq since the U.S.-led 2003 invasion — was not announced in advance for security reasons. The British leader also met with Iraqi President Jalal Talabani and senior U.S. officials in Baghdad.

Iraq's Sunnis 'risk Ethnic Cleansing' (FT)

By Guy Dinmore In Washington

Financial Times, December 18, 2006

Vice-president Tariq al-Hashimi, Iraq's most senior politician from the Sunni Arab minority, said on Sunday that more US troops were needed in Baghdad to stop the "systematic cleansing" of the Sunni community by Shia militias.

Some 3,000 Iraqis were fleeing the country daily and Iraqi forces were insufficient, incompetent and corrupted, he said. There is intense speculation in Washington that President George W. Bush will propose "surging" some 30,000 more US troops into Iraq in a last-ditch effort to secure the city and Anbar province.

However, in an interview broadcast by CNN, Mr Hashimi said there was "no consensus" between the US and Iraq on how to tackle security. He also said the Bush administration had told him last week that US troops were "insufficient to handle the security as required in Baghdad".

Colin Powell, former secretary of state, agreed. "We have tried this surge of troops over the summer. I am not persuaded that another surge of troops into Baghdad for the purposes of suppressing this communitarian violence, this civil war, will work."

Saudis Report Shi'ite 'State' Inside Of Iraq (WT)

By Sharon Behn, The Washington Times

The Washington Times, December 18, 2006

Iran has effectively created a Shi'ite "state within a state" in neighboring Iraq, defying both Iraqi Sunnis and neighboring Sunni nations, according to a Saudi security report.

Iranian military forces are providing Shi'ite militias with weapons and training, Iranian charities are pouring funds into schools and hospitals, and Tehran is actively supporting pro-Iranian Iraqi politicians, the report said.

"Where the Americans have failed, the Iranians have stepped in," said the report by the Saudi National Security Assessment Project, a Riyadh-based consultancy commissioned by the Saudi government to provide security and intelligence assessments.

The report, submitted to the Saudi government in March, has not been publicly distributed.

Citing interviews with intelligence and military officials in Iraq and surrounding region, the report states that the Sunni insurgency numbers about 77,000, while the Shi'ite militia forces total about 35,000.

According to the report, Iran also is infiltrating Iraq through its al Quds forces -- the special command division of the Iranian Revolutionary Guard Corps (IRGC) -- which specialize in intelligence operations in unconventional warfare.

RAND Corp. senior defense analyst Ed O'Connell said the Iranian intelligence was trying to counter Saddam Hussein's former formidable spy network, Iraqi Intelligence Service (IIS), or the Mukhabarat. Under Saddam's regime, he said, roughly one of every six Iraqi adults was a paid or unpaid informant -- a network that did not disappear with the arrival of the U.S.-led coalition.

"The real story in Iraq is this below-the-surface 'unconventional war' between the old IIS, which could become a more overt Saudi proxy -- and the al Quds special directorate intelligence-counterintelligence," Mr. O'Connell said.

The Saudi security report was directed by Nawaf Obaid -- who recently was fired for writing an article in The Washington Post warning that Saudi Arabia would not stand idly by and allow Iraq's Shi'ites to destroy its Sunni population.

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Washington diplomats and analysts say Mr. Obaid's dismissal was more window-dressing than a real punitive action.

The report states that the Iranian levers of influence in Iraq include a broad network of informants, military and logistical support of armed groups, and social welfare campaigns.

It adds that Tehran has "sought to influence Iraq's political process by giving support to new various parties, in particular, to the SCIRI," or Supreme Council for Islamic Revolution in Iraq, the leading Shi'ite party.

Analysts say some Saudi citizens are raising funds for Sunni insurgents.

"I have heard them say it is not hard to line up a couple hundred thousand dollars and send it to the insurgents across the border," said Isobel Coleman, a senior fellow at the Council for Foreign Relations.

Despite claims by SCIRI leader that the party's private militia, the Iran-backed Badr Organization, formerly known as the Badr Brigade, has surrendered its weapons, gun-toting Badr members are still visible on the streets of Baghdad.

The Saudi study says the Badr Organization is still about 25,000-strong, and the party has roughly 3 million supporters. Anti-American cleric Muqtada al-Sadr's militia, the Mahdi Army, is thought to number just under 10,000, while his party has the support of about 1.5 million Shi'ites.

"Each of these groups is beholden in some way to Iran and has ties to its intelligence and security services," the report says.

It adds: "Recent intelligence indicates that IRGC officers are currently operating in Iraq certain Shi'ite militias and actual army and police units."

U.S. officials have acknowledged that Shi'ite militias have infiltrated the police, but stopped short of saying that there is direct Iranian involvement in the security forces.

Mrs. Coleman cautions that the report, while not necessarily inaccurate, is not impartial.

"It is alarmist about the Iranians, and Mr. Obaid comes with a bias. Not that it is wrong, but it is not unbiased," she said.

The Saudi study was the result of five months of cooperation with Iraq and neighboring countries and dozens of interviews with current military and intelligence officials in the region, Mr. Obaid wrote in the preface to the 40-page report.

"Ordinary police and military officers now have a stronger allegiance to the Badr Organization or the Mahdi Army than to their own units," the report says, adding that the Badr Organization is the "key vehicle Iran is using to achieve its military, security and intelligence aims."

The study also provides details on the Sunni insurgency. It cites Iraqi tribal leaders as saying that the insurgency is run mainly by former commanders and high-level military officers of the Ba'athist regime. Only a smaller group is religiously inspired and includes foreign fighters.

Of the 77,000 active members of the insurgency, the "jihadis" number about 17,000, of which some 5,000 are from North Africa, Sudan, Yemen, Egypt and Saudi Arabia.

The remaining 60,000 are members of the former military or Saddam's paramilitary Fedayeen forces. The officer corps of the insurgency has "command and control facilities in Syria as well as bases in strategic locations, where Sunnis constitute the majority of the urban population."

Given the centuries-old tribal, familial and religious ties between Iraq's Sunnis and Saudi Arabia, the assessment concludes that "Saudi Arabia has a special responsibility to ensure the continued welfare and security of Sunnis in Iraq."

Its recommendations to the Saudi government included a comprehensive strategy that would include overt and covert components to deal with the worst-case scenario of full-blown civil war.

It also calls on the government to communicate the assessment to the United States; make it clear to Iran that if its covert activities did not stop the Saudi leadership would counter them; and extend an invitation to the highest Iraqi Shi'ite leader, Ayatollah Ali al-Sistani, to reassure the Shi'ite community.

Clandestine Military Teams Clash With CIA, Allies (LAT)

By Greg Miller

The Los Angeles Times, December 18, 2006

WASHINGTON -- U.S. Special Forces teams sent overseas on secret spying missions have clashed with the CIA and carried out operations in countries that are staunch U.S. allies, prompting a new effort by the agency and the Pentagon to tighten the rules for military units engaged in espionage, according to senior U.S. intelligence and military officials.

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The spy missions are part of a highly classified program that officials say has better positioned the United States to track terrorist networks and capture or kill enemy operatives in regions such as the Horn of Africa, where weak governments are unable to respond to emerging threats.

But the initiative has also led to several embarrassing incidents for the United States, including a shootout in Paraguay and the exposure of a sensitive intelligence operation in East Africa, according to current and former officials familiar with the matter. And to date, the Special Forces espionage effort has not led to the capture of a significant terrorism suspect.

Some intelligence officials have complained that Special Forces teams have sometimes launched missions without informing the CIA, duplicating or even jeopardizing existing operations. And they questioned deploying military teams in friendly nations -- including in Europe -- at a time when combat units are in short supply in war zones.

The program was approved in the aftermath of the Sept. 11 attacks by Secretary of Defense Donald H. Rumsfeld, and is expected to get close scrutiny by his successor, Robert M. Gates, who takes over Monday and has been critical of the expansion of the military's intelligence operations.

Senior officials at the CIA and the Pentagon defended the program and said they would urge Gates to support it. But they acknowledged risks for the United States in its growing reliance on Special Forces troops and other military units for espionage.

"We are at war out there and frankly we need all the help that we can get," said Marine Maj. Gen. Michael E. Ennis, who since February has served as a senior CIA official in charge of coordinating human intelligence operations with the military. "But at the same time we have to be very careful that we don't disrupt established relationships with other governments, with their liaison services, or [do] anything that would embarrass the United States."

Ennis acknowledged "really egregious mistakes" in the program, but said collaboration has improved between the CIA and the military.

"What we are seeing now, primarily, are coordination problems," Ennis said in an interview with the Los Angeles Times. "And really, they are fewer and fewer."

The issue underscores the sensitivity of using elite combat forces for espionage missions that have traditionally been the domain of the CIA.

After Sept. 11, the Bush administration gave expanded authority to the Special Operations Command, which oversees the Army Green Berets, Navy SEALs and other elite units, in the fight against terrorism. At the same time, Rumsfeld, who lacked confidence in the CIA, directed a major expansion of the military's involvement in intelligence gathering to make the Pentagon less dependent on the agency.

Officials said this led to the secret deployment of small teams of Special Forces troops, known as military liaison elements, or MLEs, to American embassies to serve as intelligence operatives. Members of the teams undergo special training in espionage at Ft. Bragg and other facilities, according to officials familiar with the program.

The troops typically work in civilian clothes and function much like CIA case officers, cultivating sources in other governments or Islamic organizations. One objective, officials said, is to generate information that could be used to plan clandestine operations such as capturing or killing terrorism suspects.

In a written response to questions from the Times, a spokesman for the Special Operations Command in Tampa, Fla., described MLEs as "individuals or small teams that deploy in support of (regional military commanders) in select countries, and always with the U.S. ambassador and country team's concurrence and support."

But critics point to a series of incidents in recent years that have caused diplomatic problems for the United States.

In 2004, members of an MLE team operating in Paraguay shot and killed an armed assailant who tried to rob them outside a bar, said former intelligence officials familiar with the incident. U.S. officials removed the members of the team from the country, the officials said.

In another incident, members of a team in East Africa were arrested by the local government after their espionage activity was discovered.

"It was a compromised surveillance activity," said a former senior CIA official familiar with the incident. The official said members of the unit "got rolled up by locals and we got them out." The former official declined to name the country or provide other details.

He said it was an isolated example of an operation that was exposed, but that coordination problems were frequent.

"They're pretty freewheeling," the former CIA official said of the military teams. It was not uncommon, he said, for CIA station chiefs to learn of military intelligence operations only after they were underway, and that many conflicted with existing operations being carried out by the CIA or the foreign country's intelligence service.

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Such problems "really are quite costly," said John Brennan, who was director of the National Counterterrorism Center before retiring from government last year. "It can cost peoples' lives, can cost sensitive programs and can set back foreign policy interests."

Brennan declined to comment on specific incidents.

There have also been questions about where teams have been sent. Although conceived to bolster the U.S. presence in global trouble spots, the units have carried out operations in friendly nations in Europe and Southeast Asia where it is more difficult to justify, officials said.

On at least one occasion, a team tracked an Islamic militant in Europe. "They were trying to acquire certain information about a certain individual," said a former high-ranking U.S. intelligence official who spoke on condition of anonymity. The official declined to name the country, but said it was a NATO ally and that the host government was unaware of the mission.

Critics said such operations risk angering U.S. allies with a dubious prospect for payoff. In some countries where MLE teams are located, "There's not a chance ... we're going to send somebody in there to snatch somebody unilaterally," said a government official familiar with the program.

At a time when the military is stretched thin, the official questioned the priority of using Special Forces for espionage, noting that the MLE program has not produced a significant success in terms of disrupting a plot or capturing a terrorist suspect.

"These are a highly trained, short-supply resource of the U.S. government," the official said. "What ... are they doing there instead of Pakistan or Afghanistan?"

Gates, the former director of the CIA poised to run the Pentagon, has voiced concern over the military's encroachment on CIA missions. In an opinion piece published this year, Gates said that "more than a few CIA veterans, including me, are unhappy about the dominance of the Defense Dept. in the intelligence arena and the decline in the CIA's central role."

In response to such conflicts, the administration previously designated the CIA director as the head of all U.S. human-spying operations overseas, with CIA station chiefs serving as coordinators in specific countries.

Ennis, whose position at the CIA was created last year, said the agency and the Pentagon are developing a more rigorous system for screening proposed military intelligence operations.

"Like a pilot with a checklist," CIA station chiefs will be required to sign off on all aspects of a proposed military intelligence operation before it is allowed to proceed, Ennis said. The CIA station chief, he added, "would look at the risk in terms of embarrassment to the government. Do they have the right level of training to do what they claim that they want to do, and is this already being done somewhere else?"

Col. Samuel Taylor, director of public affairs for the Special Operations Command, dismissed the suggestion of coordination problems with other agencies, saying, "We have an excellent, effective and productive working relationship with the CIA."

France To Pull Troops Fighting Against Taliban In Afghanistan (NYT/AP)

The New York Times, December 18, 2006

PARIS, Dec. 17 (AP) — France announced on Sunday that it intended to withdraw its approximately 200 troops, all of them special forces, from a southern Afghan city, where they are taking part with NATO troops in a counterinsurgency operation.

Despite the strong engagement by 32,800 NATO troops, fighters allied with the country's former Taliban rulers have been gaining strength.

France has been reluctant to have its forces in Afghanistan, a total of 1,100 troops, serve outside the relatively safe Afghan capital, Kabul. The decision would remove elite troops based in the southeastern city of Jalalabad.

"There is a general reorganization" of the French troops, Defense Minister Michèle Alliot-Marie said during a visit to Afghanistan. Her remarks were broadcast on France-Info radio.

Among planned changes is a "withdrawal of special forces from Jalalabad in the coming weeks," she said.

The NATO contingent will remain in Afghanistan, Capt. Sébastien Caron, the Defense Ministry press officer, said in Paris.

On Saturday, Senator John McCain, Republican of Arizona, said that Afghan, American, Canadian, British and Dutch forces had done most of the fighting in Afghanistan over the past year at a time when ambushes, suicide bombings and other attacks had multiplied. Those nations have also borne the brunt of the casualties. Senator McCain called on NATO nations to send troops into more dangerous areas of Afghanistan.

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The violence in Afghanistan this year has been the heaviest since the fall of the Taliban, in late 2001, with especially heavy fighting in the southern part of the country, and suicide attacks and roadside bombs.

The elite French troops have been deployed in southeastern Afghanistan since July 2003 to help in the fight against fighters believed to be linked to Al Qaeda and the Taliban and to help search for Al Qaeda's leader, Osama bin Laden.

Captain Caron said the decision to withdraw the special forces was made "in concert with our partners, notably the Americans."

Ms. Alliot-Marie said that France intended to maintain its air power, "which has backed up coalition forces numerous times," and that it was adding two helicopters in the zone between Jalalabad and Kabul.

She said that France also planned to train Afghan special forces "because it appears important to us that the Afghans see that it is their own forces which are retaking the theater" of war.

French Unit To Leave Afghanistan (WP/AP)

The Washington Post, December 18, 2006

PARIS, Dec. 17 -- France on Sunday announced the withdrawal of its 200-member contingent of elite special forces from Afghanistan -- all of its ground forces directly engaged in anti-terrorism operations in the country.

The elite troops have been deployed in Afghanistan since July 2003 to help bolster the fight against al-Qaeda and the Taliban militia.

A contingent of 1,100 French troops deployed under NATO command will remain in the capital, Kabul, Capt. Sebastien Caron, press officer for the French Defense Ministry, said in Paris.

Defense Minister Michele Alliot-Marie, on a visit to Afghanistan, announced "a general reorganization" of troops that includes a "withdrawal of special forces from Jalalabad in the coming weeks." Her remarks were aired on France-Info radio.

The decision comes during a resurgence by the Taliban, which has stepped up its attacks on NATO's International Security Assistance Force in recent months.

Sen. John McCain (R-Ariz.) said Saturday that Afghan, U.S., Canadian, British and Dutch forces have done most of the fighting over the past year, as ambushes, suicide bombings and other attacks have multiplied.

Air War Costs NATO Afghan Supporters (CSM)

By Rachel Morarjee

The Christian Science Monitor, December 18, 2006

At a large gathering with Afghan President Hamid Karzai in this southern city last Tuesday, Abdul Ghafar sat among hundreds in the audience, clutching a piece of paper. On it were the names of 20 members of his family killed two months ago in a NATO airstrike.

"This was my uncle's family. Eleven children, six women, and three innocent men were killed. He lost everyone but one small girl," he said. Mr. Ghafar was hoping to receive compensation from the Afghan government. "We got nothing," he said.

Ghafar's extended family in the southern Panjwai district are among the nearly 4,000 people killed since the beginning of 2006 in a Taliban resurgence that is using civilians as human shields against escalating NATO air attacks.

The US-based Human Rights Watch estimates that more than 1,000 of those killed were civilians. A recent spate of suicide bombings here has stoked public anger even further.

The increased violence has left NATO generals begging for more troop contributions from reluctant member nations. Just Sunday, the French defense minister announced plans to withdraw the 200 special forces troops deployed under US command in southeastern Afghanistan.

But with so few boots on the ground, the increased reliance on air power has led to thousands of civilian deaths. The devastating air offenses are undermining support for the Afghan government, say human rights workers and Afghan officials, and are turning public opinion in the four southern provinces of Afghanistan against NATO forces, who took command of the south from the US in August.

The US Air Force dropped 987 bombs between June and November and fired some 146,000 cannon rounds as air support for NATO allies in the south. US aircraft fired more bombs in the first six months of this year than in the first three years of its campaign against the Taliban, according to figures released by the Pentagon.

President Karzai's meeting last Tuesday of NATO and US generals, ambassadors, and Afghan ministers in Kandahar - southern Afghanistan's largest city and a former Taliban stronghold - was an attempt to examine better methods for tackling the insurgency and curbing civilian deaths.

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But even as top military officials met, NATO troops posted at a checkpoint in Kandahar shot and killed a local tribal elder who was driving a motorbike. The man had failed to heed warning signals as he drove to the meeting with Karzai.

The Tuesday visit came three days after Karzai wept openly on national television about his helplessness to protect the Afghan people from US, NATO, and Taliban violence.

"We can't prevent the coalition from bombing the terrorists, and our children are dying because of that," he said with tears in his eyes during a speech to mark International Human Rights Day, Dec. 10. At the Kandahar meeting, Karzai saved some of his harshest criticism for his Pakistani neighbors, a country he says has been actively helping the Taliban.

"The problem is not Taliban, we don't see it that way," Karzai told reporters. "The problem is with Pakistan."

"NATO's strategy has eroded support for its mission as well as for Karzai - nothing could be more telling than Karzai weeping and complaining about NATO killing Afghan civilians," says Sam Zia-Zarifi, Asia research director for Human Rights Watch.

"We are extremely worried - it hurts us, it hurts Afghan civilians. We are worried by it, NATO is also worried by it, and we are working together to reduce such casualties," President Karzai told reporters in Kandahar. "We know that is damaging to our image, and more importantly we do not want to harm innocent people."

In contrast to the US, NATO has no unified approach to compensating civilians killed during fighting, instead placing the financial burden on the individual nations engaged in the fiercest fighting in the south: Canada, Britain, the Netherlands, and Romania.

By providing much-needed financial aid for the families of victims killed by airstrikes, the Taliban has been able to garner support in the southern provinces, says Sarah Holewinski of the Campaign for Innocent Victims in Conflict (CIVIC), a Washington-based human rights group.

"If NATO doesn't find a way to win the trust and support of the Afghan people, the Taliban will," she says. "In fact they already are."

Fighting against Taliban insurgents who are dressed in civilian clothes and hidden among the civilian population is a difficult task. But the sharp escalation in violence has many southern Afghans asking whether NATO troops are making their lives safer or, ultimately, more dangerous.

Many Afghans in Kandahar say that they would prefer NATO convoys to avoid the city, because they act as magnets for suicide bombs and the NATO soldiers tend to shoot indiscriminately into crowds.

"When we see a military convoy coming we stop our car and leave it where it is. We run and we hide," says Neamatullah, who fled his village in the nearby Panjwai suburb after NATO airstrikes in May killed dozens of civilians. "Both sides are fighting each other for power," he says. "But our lives and homes are ruined."

DOJ:

Conservatives' Grip On Key Virginia Court Is At Risk (WP)

By Jerry Markon, Michael D. Shear

The Washington Post, December 18, 2006

A growing list of vacancies on the federal appeals court in Richmond is heightening concern among Republicans that one of the nation's most conservative and influential courts could soon come under moderate or even liberal control, Republicans and legal scholars say.

A number of prominent Republican appointees have left or announced plans to leave the U.S. Court of Appeals for the 4th Circuit, which has played a key role in terrorism cases and has long been known for forceful conservative rulings and judicial personalities.

Republican concerns also are fueled by the pending Democratic takeover of Congress, as several of President Bush's 4th Circuit nominees were already bottled up in the Senate when Republicans ran it. From the GOP's perspective, the situation now will worsen.

The 4th Circuit's rulings affect everyone who lives, works or owns a business in the area, which encompasses Maryland, Virginia, West Virginia and the Carolinas. The court's influence also has been widely felt nationally, and the emerging battle over it is part of a broader struggle for control of the federal judiciary.

"I think everyone is concerned because the 4th Circuit literally hangs in the balance here," said Jay Sekulow, chief counsel for the conservative American Center for Law and Justice, who has advised the White House on judicial nominees. "With the nature of the cases the court has been taking, especially on the terrorism issue, its direction is really critical."

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Nan Aron, president of the liberal Alliance for Justice, said the new political landscape will force Bush to work closely with Democrats "to pick fair and open-minded judges who don't lean either to the right or the left" if he wants to get the administration's nominees confirmed. "If there were any way to appoint judges to move the 4th Circuit in a more moderate direction, that would be beneficial to both the circuit and to the country," she said.

The 15-member court has three vacancies, and a fourth judgeship will open in July. That would leave the bench with six Republican and five Democratic appointees by summer. In addition, one of those six Republican appointees has announced plans to take senior status as soon as a replacement can be confirmed. Senior judges receive full pay and hear cases but can take a reduced workload and are not considered active-service members of the court.

Some of the 4th Circuit's best-known rulings, upheld by the Supreme Court, include striking down a law allowing rape victims to sue their attackers in federal court and preventing the Food and Drug Administration from regulating tobacco.

In 1999, the 4th Circuit overturned the requirement that police read suspects their rights before interrogating them. The Supreme Court later reaffirmed the Miranda rights.

During the Bush administration, the 4th Circuit has been the court of choice on national security, issuing key rulings that backed the government on the detention of enemy combatants and the prosecution of Sept. 11, 2001, conspirator Zacarias Moussaoui. The court's conservative majority has included some of the nation's most prominent judges, including J. Michael Luttig and J. Harvie Wilkinson III.

Jan LaRue, chief counsel for Concerned Women for America, said she and other conservatives are disappointed with Bush and Senate Republicans for not pushing harder to fill the vacancies before losing control of the Senate.

"Now all they've done is managed to kick the can down the road, and we've lost the majority," said LaRue, whose group advocates for conservative jurists. "That circuit in the wrong hands could certainly move toward the center-left."

White House officials blamed Senate Democrats for the logjam. "The president has nominated several highly qualified people to fill vacancies on the 4th Circuit, and the Democrats have succeeded in each instance in blocking them," White House spokeswoman Dana M. Perino said. "We will continue to work to find highly qualified nominees and look forward to their confirmations."

The overall struggle for control of the federal courts is expected to grow even fiercer as Democrats take charge of the Senate with a razor-thin majority, assuming that Sen. Tim Johnson (D-S.D.), who has been hospitalized in recent days, continues in office. Although some conservatives blame Bush for failing to reshape the lower courts as effectively as he has the Supreme Court, others are joining him in aiming frustration at Democrats, who have used their minority power to block 4th Circuit and other appointments.

A victory by a Democrat in the 2008 presidential election, Republicans and legal experts say, could accelerate a philosophical shift in the court. "Imagine the people Hillary Clinton would appoint to the 4th Circuit," said Carl Tobias, a law professor at the University of Richmond.

The first of the current 4th Circuit vacancies has lingered since 1994, when Judge J. Dickson Phillips Jr. took senior status. Bush's nominee, U.S. District Judge Terrence W. Boyle Jr., has not overcome strong Democratic opposition.

In 2000, Judge Francis D. Murnaghan Jr. died. Bush nominated Virginia conservative Claude A. Allen in 2003, but he also was blocked by Democrats. Allen later resigned as Bush's top domestic policy adviser and pleaded guilty to shoplifting charges. Bush has not nominated anyone else for that vacancy.

Conservatives were then shocked when Luttig resigned in May to take a top corporate job at Boeing Co. Bush has nominated no one to replace him. Chief Judge William W. Wilkins Jr., a Ronald Reagan appointee who was the first chairman of the U.S. Sentencing Commission, recently announced that he will take senior status in July, creating a fourth vacancy. The new chief judge will be Karen Williams of South Carolina, the court's first female chief judge. She was appointed by President George H.W. Bush.

Another Republican appointee, H. Emory Widener Jr., 83, is planning to take senior status when his successor is confirmed. But Bush's nominee, Pentagon general counsel William J. Haynes II, has drawn strong opposition from Democrats and even from Republican Sen. Lindsey O. Graham (S.C.).

Even though the 11 judges who would remain by summer are split 6-5 in favor of Republican appointees, some court observers say that Democrats might gain effective control because Judge Allyson K. Duncan often votes with the court's moderate-to-liberal bloc. She was appointed by Bush in 2003, with strong support from John Edwards, a former Democratic senator from North Carolina and vice presidential candidate.

Yet predicting the court's precise direction is difficult. University of Pittsburgh law professor Arthur Hellman, for example, said two Clinton appointees -- judges William B. Traxler Jr. and Robert B. King -- are "fairly conservative."

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Hellman and some Republicans expressed surprise that Bush has not moved to fill Luttig's seat and keeps renominating Boyle and Haynes when they couldn't win confirmation in a Republican-led Senate.

Federal Rules Make Storing E-mail Mandatory (MH)

By Thomas J. Meeks

The Miami Herald, December 18, 2006

If your business is sued for copyright infringement, restraint of trade or employment discrimination, having a means in place to track electronic data is critical to successfully defending the case. Otherwise, you're likely to lose -- and pay hefty damages -- even before stepping into a federal courtroom.

On Dec. 1, new federal rules went into effect creating a legal obligation for Florida business owners to store their e-mail messages and other electronic documents for use on demand. The rules are mandatory in all federal cases, including copyright or trademark infringement matters, securities or antitrust claims, cases involving the Americans with Disabilities Act and other employment lawsuits.

Under the new rules, both parties in a lawsuit must disclose their electronically stored information, along with any other materials they plan to use to prove their cases.

That means Florida business owners need to know exactly what information is stored on their networks, individual computers and electronic archives -- and how that information can be used to support their legal position.

Small-business owners can no longer use the excuse that they have not been able to go through their e-mail archives in time for the initial disclosures.

Therefore, the failure to produce information may prevent business owners from using that information, which may be the best evidence in their favor at the trial.

What should you do as a small-business owner? Consult with legal counsel in advance rather than waiting to respond to a lawsuit and risk having important evidence excluded from your case. A lawyer will institute litigation hold procedures to preserve relevant electronic information if your business becomes the target of a lawsuit or if you file a lawsuit as the plaintiff. Holding and reviewing electronic data does not necessarily mean every file is delivered to the opposing attorney. That depends on the legal strategy in the case. But preserving electronic data prevents the opposing attorney from arguing that the business owner allowed vital evidence to be destroyed.

Florida's small-business owners must understand that all the e-mails and electronic files transmitted through their company's network and the Internet are now potential evidence in a federal lawsuit. Having effective processes in place to preserve and access this data is now one of the fundamental elements of any successful courtroom strategy.

CORPORATE SCANDALS:

Ethics Hurdle Corruption Scandal At Siemens May Derail Restructuring Drive (WSJ)

By Mike Esterl

The Wall Street Journal, December 18, 2006

FRANKFURT -- When turnaround artist Klaus Kleinfeld became chief executive of storied German conglomerate Siemens AG in early 2005, he vowed to shake things up.

Nearly two years later, Mr. Kleinfeld finds himself under intense pressure, haunted by his company's past. A widening money-laundering and bribery investigation is shining a harsh spotlight on management and threatening to unravel his aggressive restructuring drive.

Europe's largest engineering company said last week it has found about half a billion dollars in suspicious transactions spanning the past seven years -- twice the amount German authorities flagged in November after more than 200 police raided the offices and homes of employees. Prosecutors in Germany, Italy and Switzerland suspect company officials were running an elaborate network of secret bank accounts and sham consulting contracts to bribe potential customers, and more managers and employers could face arrest as the investigation continues. If authorities find that Siemens didn't do enough to thwart the alleged scheme -- or that senior management condoned it -- the company could face costly lawsuits and bans on lucrative public-sector contracts.

The cross-border investigation is focusing on alleged wrongdoing at the financially troubled telecommunications unit, the same unit Mr. Kleinfeld has been trying to dismantle rapidly to boost profits. That effort was thrown further into doubt last week after Siemens and Nokia Corp. of Finland, citing the criminal probe, said they would delay the planned merger1 of their network carrier businesses, which will have combined revenue of $12.23 billion.

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Prosecutors say Mr. Kleinfeld is a witness in the fraud investigation, not a suspect. But the scandal represents the latest and biggest distraction for the 49-year-old executive. He spent much of the autumn wrestling with fallout from an ill-timed salary hike and a messy divestment that brought a barrage of criticism from unions and politicians. It also raises serious questions about oversight at the company, which books more than $100 billion in annual revenue.

The mounting challenges for Mr. Kleinfeld at the helm of the 159-year-old concern highlight how tough it is to push through radical change in corporate Germany, where a manager's hands often are tied by a culture of consensus and traditions don't die easily. The challenge may be particularly acute at Siemens, which is involved in huge infrastructure projects around the world and has faced a series of corruption allegations involving overseas sales practices.

Mr. Kleinfeld told investors in a conference call last week that Siemens had beefed up its compliance procedures in recent years. Still, he acknowledged the suspicious transactions that have been uncovered thus far are "quite staggering" and that Siemens needs to do more. "I want to make one thing crystal clear here: There is a zero tolerance policy by the management," he said.

Though his job is not seen to be in immediate jeopardy, Mr. Kleinfeld has been increasingly subjected to public criticism in recent weeks -- a far cry from two years ago, when a German magazine christened him "Wonder Boy" on its cover.

Mr. Kleinfeld, who declined to be interviewed for this article, was raised in working-class surroundings of the Bremen shipyards in northern Germany. He made his biggest mark in New York City, where he headed Siemens's U.S. unit from 2002 until the end of 2003 and quickly brought the huge, money-losing operation into the black by shuttering divisions and slashing more than 10,000 jobs. "It was kind of brutal, but it was exciting," recalls Scott Moyer, a former Siemens executive in the U.S. "We really wonder if he slept."

Mr. Kleinfeld didn't slow down when he returned to the head office in Munich in January of 2005 to succeed Heinrich von Pierer. He vowed that each of the company's dozen units -- which make everything from medical scanners and steam turbines to high-speed trains and light bulbs -- would meet ambitious profit margin targets by the spring of 2007 to finally bring them in line with top industry peers. Soon after, Mr. Kleinfeld announced that 5,400 jobs at the information-technology unit -- more than 10% of the unit's work force -- would be cut, including 2,400 jobs in Germany.

He moved quickly to reshape the company's portfolio to better capitalize on what he calls "megatrends" of the 21st century: growing urbanization, dwindling resources and aging populations. The company made a string of acquisitions in areas like medical diagnostics, water-filtration systems and clean-energy technologies.

At the same time Mr. Kleinfeld brought the ax down on the sacred -- if sickly -- cow of Siemens: its money-losing telecom-equipment unit. The division, Siemens's biggest, was embedded in the DNA of a company that started out making telegraphs. Shutting down entire divisions in Germany, where workers enjoy strong protections and can demand hefty severance packages, also is difficult and costly. He paid Taiwan's BenQ Corp. to take the struggling wireless-handset business off his hands last year.

He took an even bigger step in June of this year, agreeing to fold most of the remainder of the telecom business into a 50-50 joint venture with Nokia. After that deal and the planned sale of its enterprise networks business, which supplies telecom equipment to corporate clients, the rest of Siemens's telecom operations will be absorbed by other parts of the company.

In the process, Mr. Kleinfeld, who reports to a supervisory board of shareholder and labor representatives, antagonized workers at a company that is one of Germany's biggest employers. He sent emails in English to workers who quickly came to regard him as a ruthless American-style capitalist only interested in the company's bottom line and its share price. "Morale is very low," says Wolfgang Müller, a union representative on Siemens's supervisory board. "A lot of workers feel that no job, no business within the company is safe anymore."

Dissatisfaction bubbled over in September, when workers learned that Mr. Kleinfeld and other members of the management board would receive a 30% salary increase. A few days later, BenQ Mobile, the handset unit that Siemens had unloaded a year earlier, filed for bankruptcy. Labor leaders accused Siemens of not having done enough to protect the unit's 3,000 German workers during the sale process.

The political firestorm quickly spread. The country's best-selling tabloid published a picture of a grinning Mr. Kleinfeld on its cover alongside the headline "The Ruinator." Chancellor Angela Merkel urged Siemens to step in with help. Trying to quell the criticism, Siemens announced it would set up a $26.75 million fund to benefit workers at the unit -- even though the unit no longer belonged to Siemens.

Mr. Kleinfeld, acknowledging executives had been "put in a corner," said the management board also would forgo its salary increase. Siemens has set aside another $26.75 million for the fund since then -- and could be on the hook for more.

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At the company's annual news conference in November, Mr. Kleinfeld complained of being "attacked from left and right" in the German media over the pay hike and BenQ. "It's clearly a German phenomenon we have," Mr. Kleinfeld said.

He also delivered some good news: Net profit in the fiscal quarter ended Sept. 30 soared eightfold to $469.3 million as restructuring costs eased and signs of a turnaround surfaced. "2007 will be a good year for Siemens," he predicted. Investors were pleased with the result. The company's share price, long an underperformer among Germany's blue-chip stocks, rose 3% that day.

The following week, German police, responding to information gathered by authorities in other countries, raided about 30 offices and homes of current and former Siemens employees. Police seized 36,000 documents. Prosecutors have since arrested more than half a dozen suspects as they try to determine the scope of the alleged wrongdoing and how far up the corporate ladder it traveled. Siemens says it is cooperating fully with authorities. It attributes the alleged wrongdoing to "individual acts," adding that it appears confined to the telecom unit.

Prosecutors in Italy and Liechtenstein say Siemens tried to halt their inquiries in 2004, when they approached the company about suspicious transactions. Cuno Tarfusser, an Italian prosecutor, says Siemens filed repeated motions to block the review of bank data from an account in Austria involving about $75 million in transactions. On the company's balance sheet, the payments appeared to be for consulting fees -- but no consulting work was done, according to prosecutors.

Police searched Mr. Kleinfeld's office as part of the broader raid. He recently hired a high-profile lawyer to advise him on the investigation. Among those jailed thus far are Thomas Ganswindt, a former management board member who left Siemens at the end of September, and Michael Kutschenreuter, a former chief financial officer at the telecom unit who was heading Siemens's real-estate division at the time of his arrest.

Lawyers for the two men would not make them available for comment. Michael Rosenthal, a lawyer for Mr. Ganswindt, said his client is in jail "because he refuses to tell prosecutors what they wanted to hear." Mr. Rosenthal said his plans to appeal the detention could take months.

Mr. von Pierer, who became chairman of the supervisory board after running Siemens for nearly 13 years, is also feeling the heat. Some corporate-governance advocates have called on him to resign, citing a conflict of interest between his oversight role on the supervisory board and his position as chief executive when much of the alleged fraud occurred. Mr. von Pierer has rejected those calls2.

Siemens is no stranger to corruption scandals. In March, German prosecutors charged two former employees of the power-generation unit of offering $4.6 million in bribes to win Italian natural-gas contracts. U.S. authorities indicted a medical unit of Siemens in January, accusing the subsidiary of forming a sham business with a minority firm to win a $49 million contract from an Illinois hospital system. Last year, a United Nations-appointed panel accused three Siemens subsidiaries of paying $1.6 million in kickbacks tied to the U.N.'s oil-for-food program in Iraq.

The German case is pending after Siemens reached a financial settlement in Milan earlier this year without admitting or denying guilt. A Siemens spokesman said that the company hasn't uncovered any wrongdoing in the oil-for-food program, and that the indictment in Illinois is unjustified.

The current investigation dwarfs earlier accusations of wrongdoing -- and threatens to damage Germany's reputation as a clean place to do business. Corruption allegations recently have hit other corporate titans such as auto maker DaimlerChrysler AG, which is being investigated by U.S. authorities for alleged bribes and has acknowledged making "improper payments." German authorities say documented cases of white-collar crimes rose 10% in 2005.

The German chapter of corruption watchdog Transparency International suspended Siemens's membership two years ago and last week moved to expel the company, an unusual step. While the U.S. outlawed the bribing of foreign officials in 1978, German companies were allowed to write off bribes as expenses until as recently as 1999. "I think Siemens is deficient," says Joachim Schwalbach, a professor at Humboldt University's Institute of Management in Berlin. "They're not best in class."

One complicating factor for Mr. Kleinfeld was his role at the telecom business at the center of the scandal. After returning to Munich from the U.S. in 2004, he was given special oversight of the telecom business. He held that role for nine months, before handing it over to Mr. Ganswindt, who earlier had been responsible for day-to-day operations of the unit.

In a conference call with investors last week, Mr. Kleinfeld was asked how such large suspicious payments could have been missed. He said the alleged fraud at the unit started a few years before his arrival and that he was focused in 2004 on the strategic restructuring of the business, which he described as "a colossal task."

Still, he acknowledged the suspicious transactions uncovered thus far are "quite staggering" and that Siemens needs to do more.

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Siemens recently hired an ombudsman and retained a law firm to conduct an independent inquiry into the company's financial controls. KPMG, Siemens's longtime auditor, is cooperating with prosecutors as a witness. Siemens also has hired Michael Hershman, a co-founder of Transparency International, as a compliance adviser. He is acting as a private consultant.

The scandal could have serious financial repercussions for Siemens, which lists its shares in Frankfurt and on the New York Stock Exchange. In a regulatory filing with the U.S. Securities and Exchange Commission last week, the company warned that the SEC and U.S. Department of Justice may launch investigations of their own to determine if the company broke U.S. laws. It also warned that proof of wrongdoing could have "a material adverse effect" on its business if foreign governments ban Siemens from competing for public-sector contracts.

As a result of the scandal, Siemens announced $128.4 million in deferred and current income-tax charges for the past seven years and restated its net income for the most recent fiscal year ended September, lowering it by $55.8 million, to $2.29 billion.

A tie-up between Siemens and Nokia to create the world's third-largest supplier of equipment to telecom carriers behind Alcatel-Lucent of France and Telefon AB LM Ericsson of Sweden will have to wait. The companies said last week they now expect to close the transaction in the first quarter of 2007 instead of Jan. 1 as originally planned. The merger is subject to a follow-up agreement based "on the results and consequences" of a compliance review by Siemens, they added.

The scandal also complicates Siemens's recent efforts to sell a majority stake in its unprofitable enterprise networks business. That business isn't included in the planned venture with Nokia and has a bit more than $2.29 billion in annual revenue.

Despite the uncertainty, investors haven't jumped ship. Many still believe that Mr. Kleinfeld is making the right moves and that the company's net income should keep climbing on the back of recent restructuring steps. Safa Muhtaseb, a portfolio manager at Brandywine Global Investment Management in Philadelphia, believes the investigation is likely contained and that the turnaround is progressing. But he also recognizes it could take time. "You can't unwind some of the decisions that took years, and in some cases decades, to make," says Mr. Muhtaseb, whose firm owns shares in Siemens.

The share price of Siemens has climbed 20% since Mr. Kleinfeld became chief executive -- far less than the 56% surge in Germany's blue-chip DAX stock index over the same period.

Did Ann Baskins See No Evil At HP? (LAW)

By Sue Reisinger

Law.com, December 18, 2006

A disheveled Ann Baskins stood on Sept. 28 before a congressional committee investigating the Hewlett-Packard Co. spying scandal. Baskins' eyes were puffy, her face wan, her forehead deeply lined, and her usually neatly kept hair was pulled back and askew. Just hours earlier she had made the painful decision to resign as general counsel of the giant computer company.

Standing before the committee, she held her right hand in the air and swore to tell the truth. Then, on the first question, Baskins exercised her Fifth Amendment right to remain silent and refused to tell anything.

While Baskins sat quietly, former HP Chairwoman Patricia Dunn and CEO Mark Hurd told the committee that Baskins was to blame for the mess. They said that she had given them bad legal advice, and that she knew about and permitted the use of "pretexting" -- using false pretenses to obtain personal information about others. Even Baskins' longtime friend and HP's outside counsel, Larry Sonsini of Wilson Sonsini Goodrich & Rosati, told Congress: "I think the record has become quite clear that who was in charge [of the spying] was the HP internal legal department. They took the responsibility on, rightly or wrongly."

THE TROUBLES BASKINS MAY STILL FACE

So far, that was the public low for Baskins' career. In private, the due bills keep rolling in. By mid-November, Baskins and Palo Alto, Calif.-based HP were facing investigations by the California attorney general's office, the U.S. Attorney in San Francisco, the Federal Bureau of Investigation, the Federal Communications Commission and the Securities and Exchange Commission. (As yet, Baskins has not been charged with any crimes.)

At least one of five shareholder suits against HP accuses Baskins of insider trading and damaging the corporation. There are potential invasion of privacy suits from individuals whose phone records were stolen. And two phone companies have sued the detective agencies used in the pretexting; one of the suits also names as defendants "unidentified companies" and individuals that conspired with the agency to do the pretexting.

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By some measure, Baskins has dodged the worst of the fallout. HP ousted Dunn and Kevin Hunsaker, the senior counsel in Baskins' office who oversaw the spying efforts. The California attorney general has indicted the pair, along with three private investigators, on four criminal counts related to the spying. The AG alleges that Dunn and Hunsaker personally provided home and cell phone numbers to the private investigators. All five defendants pled not guilty and await trial. If convicted on all counts, they each face a maximum of 12 years in prison and $55,000 in fines.

HER ROLE IN THE SCANDAL

Little has been written about Baskins' role in the spying efforts, but an in-depth analysis of more than 1,500 pages of documents, as well as interviews with people close to the investigation, offers insights into how she let the spying probe spin out of control. The records, which include HP e-mails and interviews conducted by lawyers at Palo Alto-based Wilson Sonsini as part of the company's internal investigation, were made public by the House committee.

In the end, the HP scandal comes down to this: The spying probe became a runaway train. And Ann Baskins was the person in the best position to recognize the danger and stop it. But she didn't. In fact, the records show that from June 2005 to April 2006, Baskins raised legal questions about the tactics at least six times. But she never pushed for a definitive answer about whether the methods used were, in fact, lawful. Or, more importantly, whether they were unwise and dangerous to the company. In retrospect she could have, and should have, shut down the throttle on this train long before it crashed.

"Part of your responsibility as general counsel is to ask hard questions about whether conduct is just technically legal, or arguably illegal, or beyond the fringes of fraud," says Deborah Rhode, a professor of legal ethics and professional responsibility at Stanford Law School. "She was in the best position to see it and stop it."

Even Baskins concedes that she should have done more. Her attorney, K. Lee Blalack II, says Baskins would not comment for this story. But Blalack says that Baskins fully recognizes that instead of solely focusing on whether the investigation was legal, Baskins also should have questioned whether it was ethical. "She regrets that she did not do so," says Blalack, a partner in the Washington, D.C., office of O'Melveny & Myers.

BLEEDING HEWLETT-PACKARD BLUE

According to those close to her, it wasn't like Baskins to fail to ask the right questions. She had deftly managed the legal issues that arose in HP's $8 billion spin-off of Agilent Technologies Inc. in 1999. And she won praise in 2002 for her handling of the controversial $22 billion merger with Compaq Computer Corp., including the sensitive civil suit brought by the heirs of HP's founders, who tried to block the deal. Baskins was both a survivor of corporate politics and the very model of a good company soldier. Even during the congressional hearing, Dunn praised Baskins' commitment to the tech giant, adding, "Ann Baskins bleeds Hewlett-Packard blue ink."

A 1980 graduate of University of California, Los Angeles School of Law, Baskins spent only about a year in private practice. She joined HP in 1982 and slowly worked her way up the ranks. She was named vice president and corporate secretary in 1999 and general counsel in early 2000. Along the way she married Thomas DeFilipps, a Wilson Sonsini partner.

Philadelphia attorney Michael Holston, a longtime friend of Baskins, whose firm Morgan, Lewis & Bockius was brought in by HP execs to investigate the spying probe, calls Baskins "a terrific lawyer who did a great job for HP for nearly 25 years. And she is a woman of the highest ethical standards."

But the praise isn't universal. A former HP in-house lawyer, who requested anonymity because the attorney started a new job, is not surprised that the GC didn't step in to stop the spying. "Baskins was indecisive and disconnected as a manager," says the attorney, who declined to elaborate.

THE BEGINNING OF THE END: DUNN'S PROJECT KONA

The beginning of the end for Baskins, 51, came in February of 2005, when Dunn and her allies on the board forced out then-CEO and Chairwoman Carleton "Carly" Fiorina. The directors chose Dunn to chair the board.

On April 1 Hurd became CEO, but someone had leaked news of his appointment to the press a few days earlier. An irate Dunn hired a Boston-based private investigator named Ron DeLia to search for the leaker. (The California attorney general later accused Dunn of providing DeLia with the home, office and cell phone numbers of various HP directors and managers.) Records show that Dunn initiated those first spying efforts -- without Baskins' knowledge -- on April 19.

Dunn named the spy probe Project Kona because she was vacationing in Hawaii at the time. (Neither Dunn nor her lawyer, James Brosnahan, a senior partner at Morrison & Foerster in San Francisco, returned calls for this story. DeLia also declined to comment through his attorney, John Williams, of Manchester, Williams & Seibert in San Jose.)

Why did Dunn act on her own at first? Records suggest she may have done so because HP's internal corporate politics were roiling. Dunn suspected everyone, including Baskins, as a possible leaker. And Baskins noted in the Wilson Sonsini interviews that her working relationship with Dunn and the board was "strained" by all the distrust at that time.

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Dunn brought Baskins into the loop two months later. On June 14, according to e-mails and congressional testimony, DeLia e-mailed a seven-page report to Dunn that discussed the phone record searches and used the word "pretexting." Dunn forwarded a copy to Baskins the same day. This e-mail is the earliest mention of Baskins' involvement in any document that has so far been made public.

Dunn told DeLia that Baskins would join them in a teleconference call the next day to discuss the report. During that June 15 call, DeLia told the two women that telephone records were obtained by ruse from a telecommunications carrier, and he explained the word "pretexting" to them, according to the complaint filed by the attorney general's office. Baskins made sketchy, handwritten notes referring to "pretexting."

According to an affidavit attached to the AG's complaint, "DeLia recalled that Baskins was curious about pretexting and concerned about its legality, and had asked DeLia whether it was lawful. DeLia replied that he was aware of no laws that made pretexting illegal, and was aware of no criminal prosecutions for such activities." Asked in later interviews why she didn't challenge the pretexting when she first learned it involved acts of deceit, Baskins said that Dunn hadn't asked for her opinion. Her relationship with Dunn was such, Baskins added, that "you answered what you were asked" and no more.

E-mails show that pretexting continued through August 2005. That's when Anthony "Tony" Gentilucci, the manager of HP Global Security investigations and a member of the spy team, reported that the probe still could not find the leaker. But his final report offered helpful suggestions for future spying efforts. He advised engaging "HP legal [department in order] to invoke the attorney-client privilege"; assigning an attorney to direct the investigation; and conducting all future briefings "verbally and keeping written work product to a minimum." With that advice, Baskins put the issue behind her -- or so she thought.

BASKINS LAUNCHES KONA II, RELIES ON HUNSAKER

A new leak occurred in January 2006. A story on CNET Networks Inc., a technology news service, reported confidential information about a potential HP acquisition. At Hurd's and Dunn's urging, Baskins quickly launched a new spy probe, dubbed Kona II. Baskins assigned Hunsaker, a six-year HP veteran and her senior counsel, to run it. He reported back to Baskins every other day, and to Dunn and Baskins together once a week, according to records. On Jan. 23, Hunsaker e-mailed HP security that he was heading the new leak probe, at Baskins' request, "in order to protect the attorney-client privilege in the event there is litigation or a government inquiry of some sort."

Baskins also asked Hunsaker to further explore the legality of pretexting. This was the second opportunity, after initially learning about the technique from DeLia six months earlier, that Baskins had to demand in-depth research by an expert in criminal law. But that didn't happen. Instead, on Jan. 30 Hunsaker sent the now-infamous e-mail to Gentilucci, asking, "How does Ron [DeLia] get cell and home phone records? Is it all aboveboard?"

Gentilucci replied that ruses are common in investigations. He said pretexting has been used in a number of probes, and "has not been challenged," although phone company employees could be held liable. His e-mail concluded: "I think it's on the edge, but aboveboard."

Hunsaker responded with four words that have haunted him ever since: "I shouldn't have asked." Then Hunsaker, in an e-mail, sought DeLia's assurances about the spying tactics. Again DeLia, as he had done in Kona I, insisted in e-mails that pretexting was lawful.

Michael Pancer, Hunsaker's attorney, says Baskins did nothing illegal here, and neither did his client. Pancer, a solo practitioner in San Diego, says Hunsaker would not comment for this story. But Pancer defends pretexting. "This [board leak] was a serious problem, and Kevin's ethical duty was to take every legal step necessary to help his client," Pancer says.

HUNSAKER'S RESEARCH ON PRETEXTING

In interviews with the Wilson Sonsini lawyers, Hunsaker explained how, at Baskins' urging, he researched the issue of pretexting. He said he did about an hour's worth of online reading. If he had looked at the Web sites of the Federal Trade Commission or FCC -- and there is no record that he did -- Hunsaker would have seen that those agencies have a serious problem with pretexting and consider it illegal. In fact, the FTC at the time was investigating five private eye companies for pretexting. FTC lawyers sued the five companies for "unfair and deceptive practices" in May. In addition, more than 10 states, as well as Congress, were considering specific legislation to outlaw pretexting. Several states have since made pretexting a crime.

Hunsaker admitted in the Wilson Sonsini interviews that he knew about a Verizon Communications Inc. privacy suit against an online company for pretexting. Actually, Verizon had filed two such privacy suits in 2005 against pretexters, and that fact also was available online. There is no record that anyone at HP thought to call the GC of Verizon or any other phone company to ask them about pretexting. Ironically, the president of Verizon is Lawrence Babbio Jr., who sits on HP's

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board of directors. But no one asked Babbio for his thoughts on pretexting. (Hunsaker would later say they did not pretext Babbio's phone records.)

So, steeped in blissful ignorance, the HP spy team kept on pretexting until Feb. 7, when the method faced its only real challenge. That's when two HP security employees, who were members of Hunsaker's spy team, saw some of the detailed phone records being collected. Former law enforcement officers, they went to their supervisor and questioned the legality and ethics of obtaining personal phone records. The supervisor confronted Hunsaker, who promised to relay their concerns to the "executives sponsoring this investigation" before proceeding or using the data.

There is no record available of whether Hunsaker kept his promise.

BASKINS HAS ANOTHER CHANCE TO ASK THE TOUGH QUESTIONS

Whether spurred by her own doubts or others', Baskins in early February ordered Hunsaker to undertake "a full process check" on the investigation, including the legality of its methods. This was yet another chance to ask the tough questions and to demand an outside counsel's opinion. Instead, she again turned to Hunsaker, who again merely asked DeLia to reassure them on the law.

To answer the question this time, DeLia, according to his Wilson Sonsini interview, turned to his outside attorney, John Kiernan, with whom he shared office space. Kiernan told DeLia that pretexting was not a crime. The attorney, a partner at Boston-based Bonner Kiernan Trebach & Crociata, wouldn't comment for this story. But in the Wilson Sonsini interviews, Kiernan said that neither HP nor DeLia had ever hired him to research the issue. He had based his quick comments to DeLia on a study done a year earlier by a law student who was clerking in his office. The clerk, Valerie Kloecker, is now an associate with Kiernan's firm and also wouldn't comment.

But on the basis of Kiernan's snap opinion, DeLia e-mailed Hunsaker, saying that "right now" (February 2006) there were no state or federal laws prohibiting pretexting. DeLia's e-mail went on to say there "is a risk of litigation." And added: "Note: the Federal Trade Commission has jurisdiction."

There is no record available to show whether Hunsaker relayed this "risk of litigation" to Baskins, or whether he bothered to check with the FTC. Apparently satisfied with whatever Hunsaker did tell her, Baskins let the probe continue.

POSSIBLE SOURCE OF LEAK IS UNCOVERED

On March 10 Hunsaker sent an 18-page draft report to Dunn, Baskins and Hurd. It connected board member George "Jay" Keyworth II to the leaks, and said the investigation was still ongoing. It did not mention the word "pretexting," but said on page three that "the investigation team obtained, reviewed, and analyzed HP and third-party phone records to identify calls made to or from reporters or other individuals of interest." A footnote added: "It should be noted that, with respect to non-HP phone records, the investigation team utilized a lawful investigative methodology commonly utilized by entities such as law firms and licensed security firms in the United States to obtain such records."

Shortly before Dunn and Baskins were to discuss the report with Hurd at a March 15 meeting in Los Angeles, Baskins apparently grew uneasy. She asked Hunsaker to talk with outside counsel about pretexting in case Hurd had questions. Again, Baskins had a chance to demand a written opinion from an outside criminal lawyer. But once more, she relied on Hunsaker, who asked Gentilucci to call DeLia's lawyer, Kiernan.

This time Kiernan had a paralegal respond to HP. The paralegal gave Gentilucci an "update in which she said she could not find additional lawsuits or criminal charges to indicate that pretexting was (had become) illegal." Hunsaker reported back to Baskins that he had confirmed the legality of pretexting with outside counsel.

BASKINS, DUNN AND HURD CONSULT SONSINI

On March 15 Baskins and Dunn told Hurd that the probe concluded that Keyworth, a noted physicist, was the leaker. Before they confronted Keyworth, the executives decided to consult Larry Sonsini, who would later tell Congress that he was asked in mid-April only to look at "the sufficiency of evidence." Sonsini said he wasn't asked for, and didn't offer, any opinion about pretexting at this time.

E-mails between Baskins, Dunn and Hunsaker indicate that Baskins shared Sonsini's comments with them during an April 15 conference call. The records do not indicate what Sonsini said, but two incidents the following week suggest that Baskins was growing more cautious.

First, Hunsaker was moved out of HP's legal department to become director of ethics. His lawyer, Pancer, calls it a promotion for his hard work. In an e-mail to his spy team, Hunsaker says simply that he's "no longer a member of the HP legal department." His new title was "director of ethics and SBC [standards of business conduct] compliance," and he would report to a senior vice president in marketing.

In the other incident that hints at Baskins' fears, she asked Hunsaker once again to discuss the legality of pretexting, this time in a memo. On April 24 Hunsaker e-mailed a one-page copy of his note to Gentilucci and DeLia. The e-mail says it was prepared "per Ann Baskins' specific request."

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The note explains that the phone records were obtained using pretexting. To confirm the legality of pretexting, the memo cites three efforts. First, Hunsaker "conducted some preliminary legal research and determined that [pretexting] is not unlawful." Second, DeLia contacted the agency he subcontracted to do the pretexting, and the company said its methods "were not unlawful." Third, Gentilucci contacted attorney John Kiernan, whose firm "had conducted extensive research on this issue, and that the practice of pretexting ... is not unlawful."

Hunsaker concludes: "As a result, the investigation team is confident that all phone records information ... was obtained in a lawful manner." After reading this memo, was Baskins as confident? If not, she could have tried to derail this runaway train a final time before the report went to the board. But she didn't.

At HP's May 18 board meeting, the directors were told that Keyworth was the leaker. When the board voted 6 to 3 to ask Keyworth to resign, director Thomas Perkins angrily quit in protest.

HP'S INTERNAL INVESTIGATIONS GO PUBLIC

Throughout June and July, Perkins, a high-profile Silicon Valley venture capitalist, challenged the legality of the investigation and demanded answers from Baskins and Sonsini. Sonsini replied with his now oft-quoted e-mail: "I am sure Ann Baskins looked into the legality of every step of the inquiry and was satisfied that it was conducted properly."

That wasn't enough for Perkins, who made the entire mess public in late July. He told the attorney general's office, the SEC and others about the investigation, including the pretexting. He also told the SEC he objected to how HP had portrayed his resignation in an 8-K filing.

Now facing a public outcry, HP in August asked Sonsini's firm to conduct an internal "investigation of the investigation." Partners Steven Schatz and David Berger conducted phone interviews of the participants -- including four separate interviews with Baskins, and seven with Hunsaker. (Schatz said that no one at the law firm would comment for this story.) Baskins was allowed to sit in on several of the interviews, and even to participate in Kiernan's interview.

By the time the interviews were finished in late August, Baskins had to know she was in trouble. In her interviews with the lawyers, she was often evasive. For example, when asked about a July 2005 meeting on Kona I, Baskins "reported that her calendar does not show any meeting in mid-July of 2005." Baskins used a lot of "I don't recall" answers, and contradicted herself several times in different interviews, especially about her knowledge of pretexting and about her role in Kona I and Kona II.

The Wilson Sonsini report on Aug. 30 concluded that "all persons involved" acted in good faith, but that "certain errors in judgment were made." While the use of pretexting at the time "was not generally unlawful," the report said the subcontractors may have used Social Security numbers while pretexting, "which more likely than not violates federal law." The report did not fault Baskins or Hurd, who "reasonably relied" on Hunsaker's assurances.

THE SCANDAL SNOWBALLS

But Baskins still wasn't off the hook. The scandal snowballed through September, and HP hired another outside law firm, Morgan Lewis, to do a second internal investigation. The company also filed a new document with the SEC, outlining the spy probe and admitting that it had spied on at least two HP employees, seven members of its board, nine reporters and their relatives.

That's when the dominoes started falling. Morgan Lewis came up with undisclosed, and what Hurd called "disturbing," findings about the spying operation. Dunn immediately resigned. Gentilucci and Hunsaker were also forced out. Baskins offered her resignation, but Hurd at first refused it.

Then the law enforcers and regulators opened their investigations. And Congress got into the act by demanding that Baskins and others at HP appear before the House subcommittee. The subcommittee had introduced a bill making pretexting a federal crime in January, and used HP to make its point for passage on national TV.

Baskins flew to the hearing on an HP corporate jet, along with her second attorney, Cristina Arguedas, a partner in Arguedas, Cassman & Headley in Berkeley, Calif. At the time, Baskins' lawyers were urging her to take the Fifth Amendment and not testify. But Baskins knew that the general counsel of HP could not refuse to answer Congress' questions and still keep her job.

Early on Sept. 28 Baskins made the agonizing decision to resign and not testify. In a letter to the congressional committee, Baskins' lawyers wrote, "Given the current environment, Ms. Baskins simply has no choice" but to refuse to testify. (Baskins left the company with a $3.6 million severance package.)

DID BASKINS ACT ETHICALLY THROUGHOUT HP'S INVESTIGATIONS?

Baskins may not be criminally liable for her role in Kona II. But some legal experts say that her ethical decisions were not beyond reproach. One critic is Rhode, the Stanford law professor, who looks at the psychology of what she calls "a moral meltdown." Rhode points out that this wasn't misconduct spurred by greed or self-dealing. In Baskins' case, she was reacting to what she viewed as unethical behavior -- a board member's leak -- and probably felt that she had a right to

do whatever necessary to track down the leaker. "These [Baskins, et al.] were individuals who felt they were morally justified," according to Rhode.

One GC who has overseen investigations for his Fortune 500 media company says that beyond the legal and the ethical issues, Baskins failed to ask the crucial question: "How will all this affect the company if it shows up on page one of The New York Times?"

In Baskins' defense, Blalack argues that she was supervising more than 250 lawyers, and more than 600 employees globally. Under those circumstances, Blalack says, Baskins often had to rely on assurances from her subordinates. "Ms. Baskins asked for and received multiple assurances [from Hunsaker] that these investigative techniques were lawful," he insists.

In the end, Baskins' downfall came because of what she decided not to see. Susan Hackett, senior vice president and general counsel of the Association of Corporate Counsel, argues that it is unfair to expect GCs "to see around corners." But the unfortunate truth is, when it came to the legality of spying, Baskins had blinders on.

Study Finds Outside Directors Also Got Backdated Options (NYT)

By Eric Dash

The New York Times, December 18, 2006

Board members were not just blissfully ignorant or willfully blind bystanders when they backdated stock option grants for corporate executives, according to a new study. Some 1,400 outside directors themselves may have received manipulated grants over the past decade.

The research, to be released today, sheds new light on the stock options manipulation that has entangled more than 120 companies in a nationwide scandal. It suggests that what has been widely seen as a dot-com phenomenon to enrich managers in the executive suite probably extended to directors in the boardroom as well.

The study, sponsored by the Harvard Law School Program on Corporate Governance, also raises serious questions about corporate governance if the outside directors, who are supposed to act as a final backstop against bad practices, received — and in many cases may have even approved — fraudulent option grants.

“Opportunistic timing of directors’ grants is unlikely to have large dollar significance,” said Lucian A. Bebchuk, a Harvard Law School professor who is one of the study’s three authors. “But it has a large governance significance.”

The study is the latest in a series of papers by academic and governance research groups to explain the size and scope of the stock option scandal. More than 120 companies are under investigation by the Securities and Exchange Commission, ranging from Apple to the United Health Group and dozens of technology companies. The Justice Department and the Internal Revenue Service are conducting separate reviews. At least 60 executives and directors have been forced out or fired.

The study looked at about 30,000 directors at some 6,500 companies who were granted stock options from 1995 to 2005. By comparing the percentage of grants made at monthly low prices with the portion they expected had they been randomly assigned, the researchers were able to identify the proportion of the grants that appeared to have been manipulated.

They concluded that board members at about 460 companies, or seven percent of all publicly traded companies, probably received manipulated options. About 1,400 outside directors, or about 4.6 percent of board members, probably benefited from manipulated option grants.

However, the researchers attempted only to identify broad patterns in the data, not specific companies or board members. Nor did they calculate the potential dollar amount of the backdating benefit for the directors, which was probably far less than the potentially six- or seven- figure pay increase that the average executive received.

Backdating options is not necessarily illegal and the practice has been reduced by tougher reporting requirements introduced with the Sarbanes-Oxley Act of 2002. But even today, it can raise serious accounting, disclosure and tax issues. Most governance experts consider it bad practice.

The new research also helps debunk the common belief that outside directors would be immune to receiving manipulated stock options because their grants were typically awarded around the time of a company’s annual meeting.

In fact, about 29 percent of the time, a company’s directors were granted stock options on the same date as those given to executives, the study found. Those grants were much more likely to have been awarded at a favorable price than random chance might predict, and those odds increased when a grant was made at the same time as the chief executive’s.

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Other studies, such as one by the Corporate Library, has looked at whether directors on the boards at companies where stock option manipulation was commonplace may have passed along the practice to other boards. However, this appears to be the first study to measure the extent of outside directors who directly benefited from the practice.

The study comes at a time when the S.E.C. is indicating that it may take action against other so-called gatekeepers, including outside directors. One of the researchers, Yaniv Grinstein of Cornell, is working as a visiting scholar at the agency. And last summer, one of its commissioners publicly put board members on notice.

"If the facts permit, and I want to emphasize that all of our enforcement cases are very fact-specific, it wouldn't surprise me to see charges brought against outside directors," Roel C. Campos, an S.E.C. commissioner, said last August.

'Lucky' Stock Options Not Limited To Executives (WP)

By Terence O'Hara

The Washington Post, December 18, 2006

Chief executives weren't the only ones enjoying near-guaranteed profits from stock options in the past decade. Outside directors at hundreds of American companies also received option grants that are likely to have been manipulated, a new study found.

According to the study, 9 percent of 29,000 option grants to outside directors from 1996 to 2005 were granted on a day when the company stock price was at a monthly low. The likelihood of such a concentration of "lucky" grants is so low as to be statistically impossible, the study's authors said.

"It's like going to Vegas thousands of times and betting on red every time and winning more than half the time," said Lucian Bebchuk, the Harvard University professor who co-authored the report, titled "Lucky Directors," with Cornell University's Yaniv Grinstein and Urs Peyer, a professor at the French business school Insead. "From a numerical standpoint, it can't be random. There has to be some manipulation of the outcome."

The study found the "lucky grants" at about 460 firms, involving about 1,400 outside directors.

Outside directors are board members who aren't management, and they are the shareholders' chief representatives, responsible for overseeing management and making sure executives don't profit unnecessarily at shareholder expense. The Securities and Exchange Commission, following similar studies in recent years that focused on executive stock option grants, has been investigating options backdating.

More than 130 such companies have disclosed probes of their options-granting practices, and a handful of chief executives have lost their jobs because of backdating.

Options give the holder the right to buy company stock at a preset price, usually on the date the option is awarded.

When options are awarded to executives, they allow executives to profit from the rise in the stock price.

But when an option is priced at a date in the past when the price was low, it essentially guarantees a profit, thus negating the rationale for options.

Until this study, however, no one had focused on option grants to directors.

Bebchuk said the lack of attention was because the vast majority of options awarded to directors fall on the date of the annual meeting and are typically much smaller than executive options.

"In the data, we found that directors' grants are equally susceptible to manipulation," Bebchuk said.

A lucky director grant was more likely at companies where executives received lucky grants, the study found. And firms with a higher incidence of lucky option grants were more likely to have governance practices considered unfriendly to shareholders, such as a minority of independent directors on the board.

The firms were also more likely to have "entrenching" bylaws, which make it difficult for shareholders to remove directors.

The study is not the first to raise questions about a possible link between options backdating practices and board governance practices. A study by the Corporate Library of 120 companies implicated in backdating found a high incidence of interlocking directors, or directors who served on more than one company that backdated.

The study suggested that backdating practices may have spread from company to company through these interlocking director relationships.

CRIMINAL LAW:

Executions Drop As States Debate Lethal Injection (USAT)

DOJ_NMG_0107145

By Oren Dorell, Kevin Johnson

USA Today, December 18, 2006

The questions over lethal injection that have led executions to be halted in Florida and California are likely to curb the use of the death penalty across the USA, according to analysts who support capital punishment and others who oppose it.

However, it's unclear whether the increasing focus on whether lethal injection is unconstitutionally painful represents a significant and lasting turn against the death penalty or a temporary slowdown in executions that will end once procedures for injections are improved.

"I think we're headed towards fewer executions," says Deborah Denno, a professor at Fordham University Law School who was on the U.S. Sentencing Commission from 1994 to 1997. She says a range of problems in the nation's death penalty system — unqualified public defenders, the need for more DNA testing and questions about lethal injections, for example — have prevented capital punishment from being applied fairly.

Kent Scheidegger, legal director of the Criminal Justice Legal Foundation, which supports the death penalty, disagrees that the decline will last.

He calls the controversy over lethal injection — which is used in nearly all of the 38 states that have the death penalty — "a significant but temporary setback" for capital punishment that will lead to fewer executions only until problems with injections are resolved.

He notes that public opinion surveys consistently have shown that about two-thirds of Americans support the death penalty.

Scheidegger says the debate over injections is somewhat overblown. "Why are we that concerned about whether a convicted murderer feels some pain at death?" he asks. "It's supposed to be punishment."

For years, executions have declined and courts have been increasingly reluctant to issue death sentences as a range of issues have raised questions about how the death penalty is used. The wrangling over lethal injection is the latest battle front in that debate.

On Friday, Florida Gov. Jeb Bush suspended executions in that state and appointed a panel to examine whether lethal injections represent an unconstitutional "cruel and unusual punishment" under the Eighth Amendment. Bush's decision came after it took a state execution team two injections and 34 minutes — more than twice the usual time — to kill convicted murderer Angel Diaz.

A state medical examiner determined that needles used to administer a three-chemical mix in executions were not inserted directly into Diaz's veins.

Shortly after Bush's announcement, federal Judge Jeremy Fogel in San Jose ruled that California's lethal injection system violated the Eighth Amendment, although Fogel left open the possibility that the state could come up with a protocol for executions that would be acceptable.

The moves by Bush and Fogel came a few days after the Death Penalty Information Center, a group in Washington, D.C., that opposes capital punishment, linked a decline in executions to legal disputes in Florida, California, Maryland, Missouri and several other states. The lawsuits challenge the expertise of the teams that implant the intravenous lines into condemned inmates and regulate the flow of the lethal drugs.

In agreeing that convicted killer Michael Morales' execution should be put on hold, Fogel cited a "pervasive lack of professionalism" in California's lethal injection protocols.

Among other things, Fogel said, prison execution teams were poorly screened and the chemicals used in executions sometimes have not been prepared properly.

State protocols for lethal chemicals vary, but most involve a barbiturate to make the inmate unconscious, a paralyzing agent and potassium chloride to stop the heart.

Cybercrooks Hold PC Data Captive (USAT)

By Jon Swartz

USA Today, December 18, 2006

SAN FRANCISCO — For ransom: your sensitive computer files.

In the latest online scam, cybercrooks are breaking into the PCs of small businesses and individuals, locking up data and demanding money in return for freeing it.

So-called ransomware is the latest iteration of extortion on the Internet. Typically, hackers threaten to disrupt the websites of companies with a deluge of data unless they are paid.

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With ransomware, however, online crooks implant malicious computer code on websites in hopes of breaking into the PCs of consumers and remotely encrypting a victim's files and photographs. The thieves demand a ransom through an online-payment service such as PayPal or e-gold.

According to security firm Websense, one recent victim was the tech administrator at a company in the Northeast. His PC was infected by malicious code, which scrambled company files. An e-mailed ransom note demanded $200 for the digital keys to unlock the files.

The victim did not pay because he doubted his data would be returned even if he paid, says Dan Hubbard, vice president of security and research at Websense. Most of the stolen files were recovered from a backup disk, Hubbard says.

Another recent ransomware case occurred at an Internet cafe in South America. The victims' e-mail accounts were held captive, and they received ransom notes in Spanish, according to Websense.

There are no known statistics on ransomware. But officials at Websense, McAfee and other security companies have noted more instances through their field operations in the last several months.

Employees or small businesses are the typical targets of the scam, security experts say. Ransoms are usually small so victims will pay and not report the crime.

Online crooks count on employees taking laptops home and, unprotected by a company firewall, inadvertently downloading ransomware code from infected websites onto their PCs, says John Thielens, vice president of security firm Tumbleweed Communications.

"Crooks may be toying with it to see if it's successful," Hubbard says. "They may be fishing for sensitive information at a Fortune 500 company for a big payday."

Security experts advise consumers to avoid unfamiliar websites and keep backups of important files on removable devices.

Nifong Probe Possible, U.S. Attorney General Says (WRAL)

WRAL-TV, December 18, 2006

Raleigh — The United States Attorney General suggested Sunday that his office might investigate the way District Attorney Mike Nifong has handled the Duke lacrosse rape case.

In an interview with Fox News on Sunday, United States Attorney General Alberto Gonzales confirmed he received a letter asking for a federal probe into the investigation, in which an exotic dancer claims three lacrosse players raped her at a March 13 party.

"Well, that is a letter that we recently received," Gonzales told Fox News' Brian Wilson. "It's being evaluated at the (Department of Justice). I can't say anything -- anything beyond that."

Rep. Walter B. Jones, R-North Carolina, sent Gonzales the letter last week asking for a federal investigation into possible prosecutorial misconduct, and specifically, to determine whether the defendants' civil rights were violated.

"I was offended by the way (Nifong) has handled this case," Jones told WRAL last week. "I think he has been out of control."

Gonzales said that even though the case is a state and local matter, the federal government could still become involved "if an investigation is conducted in such a way that civil rights laws are violated, that would be something that we might look into," Gonzales said.

Last week, defense attorneys also filed several motions in the case. One, criticizing the way DNA evidence was revealed, indicated that no DNA from any of the defendants was found on the accuser's body but that there were numerous male matches.

"There was no attempt to hide anything from the way the report was done," Nifong told reporters on Friday. "If anything, we were trying to be fair to all the people who were not going to be involved in this case."

Other motions asked that a photographic lineup be dismissed as evidence, because it was slanted. A third motion asked for a change of venue, saying that Nifong has polarized the local community with comments he made during the initial stages of the investigation.

All three men charged in the case – David Evans, 23, Collin Finnerty, 20, and Reade Seligmann, 20 -- have maintained their innocence from the beginning.

The next hearing is scheduled for Feb. 5 when defense attorneys are expected to ask Judge Osmond Smith to throw out the photo identification lineup.

The accuser in this case is also expected to be in court.

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CIVIL LAW:

Copyright Tool Will Scan Web For Violations (WSJ)

By Kevin J. Delaney

The Wall Street Journal, December 18, 2006

To deal with the mounting copyright issues swirling around video and other content online, a start-up founded by some respected Silicon Valley executives is taking a novel approach: combing the entire Web for unauthorized uses.

Privately held Attributor Corp. of Redwood City, Calif., has begun testing a system to scan the billions of pages on the Web for clients' audio, video, images and text -- potentially making it easier for owners to request that Web sites take content down or provide payment for its use.

The start-up, which was founded last year and has been in "stealth" mode, is emerging into the public eye today, at a time when some media and entertainment companies' frustration with difficulties identifying infringing uses of their content online is increasing. The problem has intensified with the proliferation and increasing usage of sites such as Google Inc.'s YouTube, which lets consumers post video clips.

Media and entertainment companies have so far relied on a combination of technology and their own scanning to protect their content online -- but with mixed results. Media companies have used digital-rights management technology designed to make it hard to copy or transfer files. But such measures have often proved to be clumsy, despised by consumers or quickly thwarted. That's the case for DRM technology built into DVDs to prevent them from being ripped onto computers, for example. Entertainment and media companies have also relied on their own staff to scan Web sites for infringing content. But even when such content is spotted and taken down, the companies often see the content pop up in the same places or elsewhere soon after.

"We all know that as soon as somebody comes up with a way to secure a piece of property, somebody else will come within days and crack it," says Lawrence Iser, a partner at law firm Kinsella Weitzman Iser Kump & Aldisert in Santa Monica, Calif., who represents musical artists and other entertainment industry clients.

Though its service isn't out yet, Attributor appears to go further than existing techniques for weeding out unauthorized uses of content online. While companies are tackling parts of the same problem -- Indigo Stream Technologies Ltd., based in Gibraltar, offers a free service called Copyscape that analyzes a Web page and then uses Google's search engine to see whether the text is duplicated elsewhere on the Web -- Attributor's approach is seemingly more comprehensive.

Its co-founders, former Yahoo Inc. executive Jim Brock, and Jim Pitkow, a Silicon Valley entrepreneur who has sold companies to Google and VeriSign Inc., claim to have cracked the thorny computer-science problem of scouring the entire Web by using undisclosed technology to efficiently process and comb through chunks of content. The company says it will have over 10 billion Web pages in its index before the end of this month.

"If it works, it's a fantastic invention," Mr. Iser says.

It's unclear whether such a service will be welcomed by Internet companies that allow users to post content. YouTube, News Corp.'s MySpace and others already face copyright lawsuits. In some cases, they're building systems to identify pirated materials consumers upload to their sites, and say they're open to sharing revenue with content owners.

Attributor plans to announce today that it has received about $10 million in funding to date from investors including Sigma Partners, Selby Venture Partners, Draper Richards, First Round Capital and Amicus Capital.

Attributor analyzes the content of clients, who could range from individuals to big media companies, using a technique known as "digital fingerprinting," which determines unique and identifying characteristics of content. It uses these digital fingerprints to search its index of the Web for the content. The company claims to be able to spot a customer's content based on the appearance of as little as a few sentences of text or a few seconds of audio or video. It will provide customers with alerts and a dashboard of identified uses of their content on the Web and the context in which it is used.

The content owners can then try to negotiate revenue from whoever is using it or request that it be taken down. In some cases, they may decide the content is being used fairly or to acceptable promotional ends. Attributor plans to help automate the interaction between content owners and those using their content on the Web, though it declines to specify how.

Company executives believe its system will provide transparency and accountability to encourage more owners to put their content online with confidence they'll be able to police its use, and share in any profits.

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"We believe that we can provide an infrastructure that will support all kinds of outcomes and remedies, which will align the interests of content owners, content hosts and search engines around legitimate syndication and monetization," says Mr. Brock, Attributor's chief executive.

"We see this as a way to take us out of the course we've been on, which is more litigation," says Mr. Pitkow, who is chief technology officer.

Attributor has begun testing the system, and won't release it officially until the first quarter of next year. The co-founders' track records, however, lend credibility to their claims. As Yahoo's first outside counsel, Mr. Brock tackled Internet copyright issues for the Internet company as far back as 1994 and later oversaw some of its core businesses as a senior vice president. Mr. Pitkow is a computer science Ph.D. who worked at Xerox's legendary PARC research facility. In 2001, he helped to sell the intellectual property of Outride Inc., where he was president and chairman, to Google. Last year, he sold Moreover Technologies, where he was CEO and chairman, to VeriSign.

"They're real guys who have solved hard-core problems," says Ali Aydar, chief operating officer of Snocap Inc., a digital-music registry start-up. Snocap and Attributor share a backer in Silicon Valley investor Ron Conway. "Content owners I've talked to outside of the music business would love a system which tells them where their content is being utilized," Mr. Aydar adds.

Attributor executives decline to say how frequently they will update their Web index, a key factor in their ability to stay on top of postings. They also say they won't at least initially monitor peer-to-peer file swapping systems, where large amounts of pirated music, movies, TV shows and software are traded.

The YouTube World Opens An Untamed Frontier For Copyright Law (CSM)

By Daniel B. Wood

The Christian Science Monitor, December 18, 2006

LOS ANGELES

Larry Richard is one of the millions to have discovered the world of YouTube, the free website that allows people to post, watch, and share video clips. When he receives a link to the site, usually via e-mail, he spends a few moments to click and watch a clip on his computer screen - sometimes a video of a friend's singing recital, other times a snippet of a foreign commercial or a monologue from late-night TV.

"It's entertaining, it's information, it's a community of people sharing things," says Mr. Richard, a marketing consultant in Santa Monica, Calif. But is it legal, given that at least some of what he's watching is copyrighted material being disseminated by individuals who clearly do not hold the copyright?

The law on this matter is murky, and likely to get murkier before it gets clearer, say experts in intellectual property law.

Several companies such as Time Warner have been threatening YouTube with copyright infringement lawsuits. Now that Internet giant Google has purchased YouTube, experts expect that the rampant disregard of copyright law shown by early YouTube users, at least, is likely to get resolved - but they caution that each successive new technology can put early users, in particular, on nebulous legal ground, especially if financial profit is involved.

"As more and more technology comes along, the legal underpinnings governing them are not becoming clearer," says Mark McCreary, a partner in the Technology and Venture Finance Group of Fox Rothschild, which handles intellectual property cases. Increasing ability to download video clips from YouTube and to watch videos on iPods and cellphones will present users with more opportunities to violate copyright - wittingly or unwittingly, he says.

Still, those who watch videos at YouTube - whether or not such content is copyrighted - are unlikely to be pursued with the same fervor with which the music industry prosecuted those who downloaded music free of charge via the file-sharing website Napster, say Mr. McCreary and other experts.

"The very big difference between today's YouTube and the music-sharing of MP3 files of several years ago is that you have to watch and you can't - absent the knowledge of advanced hackers - copy it for your own use," says David Axtell, an intellectual property specialist at the law firm Leonard, Street and Deinard in Minneapolis. "During Napster's heyday, people were making their own digital copies and using them on their own."

But concerns should be higher for those who actually submit videos for posting and watching, say Mr. Axtell and others. Because copying and distributing copyrighted material is illegal, people who post that material on YouTube without permission are more likely to be held liable.

"There certainly will be more litigation, and Google has set aside hundreds of millions in a war chest in recognition of this," says Kevin Parks, a copyright specialist with the law firm Leydig, Voit and Mayer in Chicago.

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On the side of the YouTubites are those who argue that use of such copyrighted material falls into "fair use" provisions of the law.

"It's up to the courts to continually balance the rights of those who own copyrighted material with the need for society to adapt to emerging technology," says Perry Binder, assistant professor of legal studies at Georgia State University.

Copyright laws, which give exclusive legal right to a writer, editor, composer, publisher or distributor to publish, produce, sell, or distribute an artistic work are unambiguous, experts say. But how many copies of something a person may make for personal use is far more open to interpretation by judges and courts.

Mr. Binder says movie and TV industries are figuring out how to handle the more serious abuses, such as excessive downloading by casual users, profiting from the sale of a downloaded video, and having a website that links to copyrighted videos, particularly if the Web page profits from drawing traffic to the pages.

"These people should expect 'cease and desist' letters from attorneys and face the threat of a lawsuit if copyrighted material is not taken down immediately," says Binder.

For its part, YouTube directs users to common-sense "Dos and Don'ts" at its online help center. Users are asked not to send pornography, videos of dangerous or illegal acts (such as animal abuse or bombmaking), violence, and to avoid the malicious use of stereotypes.

"We ask our users to respect copyrighted material and to only upload videos they have made or obtained the rights to use," says Jenny Nielsen, marketing manager at YouTube. "Our policy prohibits inappropriate content.... Users can flag content they feel is inappropriate and once it is flagged, YouTube reviews the material and reserves the right to remove videos from the system."

Meanwhile, YouTube's power has prompted content creators to see how they can make money from the site's content that is copyrighted. Companies such as CBS and three major recording companies - Universal Music Group, Warner Music, and Sony BMG Music Entertainment - have inked deals with Google/YouTube to share revenues generated by copyrighted content on the site.

As part of an experimental "brand channel" at the site, CBS in October agreed to offer free video clips for downloading. By Thanksgiving, 300 such clips had drawn 30 million viewers. More than 35,000 have subscribed to the free channel and CBS claims its "Late Show with David Letterman" now boasts 200,000 more viewers and its "Late Late Show with Craig Ferguson" has 7 percent more viewers.

"YouTube has not only held the threats at bay, but also shown it can be a revenue boon for old media," says Chris Taylor, senior editor of Business 2.0 Magazine.

CIVIL RIGHTS:

In Houston, Questions Of Bias Over Tasers (WP)

By Sylvia Moreno

The Washington Post, December 18, 2006

HOUSTON -- Roiled by allegations of using unjustified deadly force against Latino suspects, the Houston Police Department began using stun guns two years ago so officers could avoid pulling the trigger of an automatic weapon.

Now officers are facing a new question: Are they using the high-voltage Taser -- what police call a less-than-lethal "intermediary" weapon -- indiscriminately against black suspects? The recent arrest and use of a Taser against a black professional football player has once again put the police department of the nation's fourth-largest city under scrutiny.

The incident occurred around 1 p.m. Nov. 14, when Houston Texans lineman Fred Weary was stopped by police for changing lanes without signaling. An officer said later that Weary "looked suspicious" inside the vehicle and that when the 6-foot-4, 308-pound National Football League player was asked to place his hands on his car, he became "verbally combative," failed to obey orders and made threatening moves toward police. Weary was zapped with a stun gun, which knocked him to the ground. He subsequently described the pain of the shock as worse than any he has experienced on a football field.

The arrest and Taser deployment might simply have been another number in police statistics, but for Weary's fame. Instead, the incident -- and a Houston judge's decision to dismiss charges of resisting arrest because of insufficient evidence -- have become a rallying point for black activists and some city officials who say police unjustly use stun guns against black suspects. Police data show that in almost 1,000 Taser deployments since December 2004, 63 percent of the suspects were black. Houston's population of 1.95 million is 25 percent black.

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"If that brother was not a Texans football player, if that brother didn't have the resources that he has, he would have been another big brother that was Tased, and that's it," said New Black Panther Nation's Quanell X, who organized a community meeting with police officials earlier this month to discuss Taser policy and police treatment of blacks.

"Not until a high-profile African American football player was Tased did the city sit up and notice," he said. "We need a cease-and-desist order of those Tasers until there is a complete and independent study of their use."

For a year, Houston City Council member Ada Edwards, who is black, has sought a medical study on the effects of the Taser and also a moratorium on its use because "we have such a preponderance of minorities being Tased," she said. Now Houston Mayor Bill White has called for an independent review of Taser use.

City Council member Adrian Garcia, chairman of the council's public-safety committee, said an oversight group of civil rights advocates and residents had already been created to review Taser policy because of "concern about racial issues." But Garcia said he was convinced that Taser use had cut down on police shootings and saved lives.

In a letter published in the Dec. 2 Houston Chronicle, Police Chief Harold L. Hurtt said the department's Taser-training staff had identified 39 instances in which officers used Tasers against an armed suspect when they could have been justified in using deadly force. "That statistic easily could have translated into 39 more officer-involved shooting incidents," Hurtt wrote.

Facing a small, emotional crowd at the community meeting, Charles McClelland, executive assistant chief of police, said Taser use is minimal. About 3,500 police officers, who receive special training, carry stun guns. Tasers were deployed just under 1,000 times over the past two years -- against one-half of 1 percent of suspects arrested -- and half the people arrested in that period were black. During those two years, officers were assaulted 700 times.

"We're not Tasing 1 percent of the people that we arrest," McClelland said. "What this debate has sparked is a golden opportunity to move to the next level, and that's the Taser Cam."

Forty stun guns with tiny video and audio recorders in the handle are being tested by Houston officers. McClelland said the upgraded Taser would "protect the public from abuse, protect officers from frivolous complaints and . . . assist in court to sustain or exonerate suspects."

Michael Dirden, head of the police department's internal-affairs division, said 50 to 60 complaints have been filed against officers for inappropriate Taser use -- including against children. After investigations, one officer was fired, five officers were disciplined and almost two dozen officers were sent for additional training.

Although the resisting-arrest charge against Weary was dismissed, the Harris County district attorney's office is still reviewing the case to determine whether the NFL player should be charged with a crime such as interfering with the duties of an officer. Assistant District Attorney Paul Doyle said that the officers' radio-dispatch tapes had been subpoenaed and that his office is seeking video footage of the intersection where the arrest occurred.

Weary's attorney, Charley A. Davidson, said he has found two witnesses who will corroborate the player's account that, as he placed his hands atop the car, he asked officers why he was being arrested. "The way the two officers described the scene was different than the way everyone else described it," Davidson said.

Theory & Practice How Executives Are Pushed To Foster Diversity (WSJ)

By Phred Dvorak

The Wall Street Journal, December 18, 2006

TWO YEARS AGO, Rod Bond, an executive at a U.S. unit of French food-services company Sodexho Alliance SA, accompanied female colleagues to a meeting of the Women's Food Service Forum, where he was a rare man among roughly 1,500 women.

"That's a profound experience," says Mr. Bond, 57 years old. It prompted him to wonder how women managers of his generation had felt when they started their careers amid a sea of men. "I can begin to feel what it must have felt like to be different," Mr. Bond says.

That is the kind of reaction Sodexho and other companies hope to provoke in executives, as they try to help leaders -- still predominantly white and male -- come to grips with an increasingly diverse work force and customer base. Experts say such efforts can be a valuable addition to traditional diversity training because they can foster a deeper understanding of unfamiliar cultures and help executives see how they are perceived. "Dealing with difference is also dealing with how other people see you," says Hayward Bell, chief diversity officer at defense and aerospace manufacturer Raytheon Co.

Some companies, such as financial firm Wachovia Corp., urge executives to work with organizations representing other demographic groups. Wachovia's head of human resources, Shannon McFayden, who is white, serves on the board of the United Negro College Fund. John Cole, who heads banking for midsize businesses around New York, advises

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groups of women business owners and attends a year-end holiday gathering of one such group. "That puts me in quite the minority," says Mr. Cole.

Others encourage deeper immersion. Raytheon's missile-systems division in 2004 required managers to spend a day in a wheelchair in the office to better understand the concerns of disabled employees. Raytheon also asks executives to act as liaisons for employee "affinity groups," which bring together workers of specific races, genders, sexual orientations or religions.

"To really engage people, you have to create a series of epiphanies and take leaders through those epiphanies," says Rohini Anand, Sodexho's chief diversity officer.

Peter Bye, a consultant on diversity and former corporate diversity director for AT&T Inc., says working with people from other demographic groups can give executives insights that can't be learned in a class. However, he cautions executives need to mentally prepare themselves for the experience. Executives who have an "us versus them" attitude toward people who are different from themselves can get scared and defensive when suddenly thrown into a situation where they are in the minority, Mr. Bye says.

Experts say executives should be asked to do things that relate to their work, so they can see how diversity is relevant. "If it's a contrived experience, it's almost dismissible," says Anne McMahon, a management professor and workplace-diversity expert at the Williamson College of Business Administration in Youngstown, Ohio.

Sodexho's efforts complement an extensive diversity-training program that includes outside speakers. The company also encourages executives to mentor younger employees from different demographic groups. And it backs up the program with money: 25% of executives' bonuses are linked to diversity objectives independent of financial performance, such as hiring or training minority staff.

Ms. Anand asked Mr. Bond to sponsor the affinity group for women employees when it formed about four years ago. Mr. Bond, who runs the Sodexho division that serves public schools, says participating in the group helped him appreciate the concerns of women employees. One of the group's first requests was for a lactation room at headquarters, where new mothers could pump breast milk. "It's just one of those things I'd never thought about," says Mr. Bond.

Working with the group also made Mr. Bond more sensitive to women's feelings, he says. Recently, he found himself annoyed by a TV comedian making jokes about divorce, all at the wife's expense. Mr. Bond says he has also changed the social activities he plans for his colleagues, arranging excursions such as dinner cruises instead of golf outings, which he thinks appeal primarily to men.

Lorna Donatone, who ran a Sodexho unit that supplies food services for cruises, chaired the women's affinity group when Mr. Bond became its sponsor. She urged him to attend the Women's Food Service Forum event, arguing it would be a valuable experience, as well as a good networking opportunity. Ms. Donatone, who is of Swedish-German ancestry, later asked to sponsor Sodexho's Latino affinity group, to gain experience with a different culture.

Ms. Donatone says the experience of hearing a lot of Spanish spoken underscored for her the importance of language and prompted her to produce more bilingual promotional materials for her cruise services. Ms. Donatone says her work with the Latino group had an unexpected bonus: As she explored Latino culture, she started to reflect for the first time on her own roots.

"I grew up in Nebraska, and everyone looked exactly like me," says Ms. Donatone. "It was just never something I thought about much. Now I start thinking: 'That recipe from my mother was Swedish.'"

The Midas Touch (NYT)

By Marc Maurer

The New York Times, December 18, 2006

IN a ruling in a lawsuit last month, Judge James Robertson of Federal District Court said that United States currency discriminates against blind people because bills are all the same size and cannot be distinguished by touch. His decision was applauded by some advocates for the blind, including the American Council of the Blind, which brought the lawsuit. But as president of the National Federation of the Blind, the nation's oldest and largest organization of the blind, I believe that Judge Robertson's ruling is wrong.

Discrimination occurs when the blind are barred from enjoying benefits, goods or services. This definition of discrimination is what most people understand the word to mean. If a landlord refuses to rent an apartment to someone because of race, color, creed or disability, then discrimination occurs. Sometimes people with disabilities are barred from certain facilities or services because of the way they are designed. A person in a wheelchair cannot climb the steps of a public building; if the building does not have a wheelchair ramp, that person is prevented from entering it. In another example, my group is suing the Target Corporation because the company's Web site doesn't accommodate the special

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text-reading software that the blind use to surf the Internet. In both cases, a person with a disability is kept out of a public place or denied use of a service, just as African-Americans were not welcome at whites-only lunch counters.

But while blind people cannot identify paper currency by touch, that does not prevent us from spending money. When we hand merchants our money, they take it and provide us with the goods or services we have paid for, no questions asked. People with whom we transact business provide us with correct change if needed, and we then organize the money in a manner that allows us to identify it in the future. We transact business in this way every day.

There is no evidence that the blind are shortchanged more often than the sighted; if a question does arise about a particular transaction, it is the responsibility of the blind person to sort out the matter. Identifying money by feel, as the blind are often able to do in many other countries, may be more convenient, but inconvenience is not the same thing as discrimination.

While it is crucial that minorities have a voice in society, it is also the responsibility of every minority group to use that voice wisely and not to cry "discrimination" when no discrimination has occurred. The blind of America will fight discrimination wherever we find it, but we achieve nothing by falsely portraying ourselves as victims and engaging in frivolous litigation.

Blind Indifference (HC)

Houston Chronicle, December 18, 2006

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When it comes right down to it, there is no way to sugarcoat the Bush administration's objection to revamping the nation's paper currency to make it distinguishable to the visually impaired. It's contrary to federal law banning discrimination against the disabled in government programs. And it's downright mean.

On Tuesday the administration, through the Justice Department, appealed a ruling by U.S. District Judge James Robertson, which requires the Treasury Department to develop paper money with features that would allow blind people to tell the difference between denominations. Robertson's order had been prompted by a lawsuit brought by the American Council for the Blind, which asked that bills be made in different sizes or that textured features be added to aid in differentiating bills.

Such changes would not be ground-breaking. Of 180 countries that use paper money, only the United States prints bills that are uniform in size, color and feel in every denomination.

Justice Department lawyers countered that blind people simply should use portable money reading devices to make purchases, or they should use credit cards. But the government has no plans to provide these machines, which cost around $350. Nor does it have a plan to deal with people who are not eligible for credit cards, including children and some of the large percentage of visually impaired Americans who are unemployed because of their disability.

Sight-impaired adults, like the rest of us, value their ability to live as independently as possible. According to their advocates, when it comes to distinguishing between denominations of currency, the blind use folding systems that help them distinguish, say, a $10 bill from a $20. But that only assists a person in knowing which bill to hand a clerk. A person who cannot see still has to rely on the honesty of the sales clerk to return the correct change.

This is not as it should be. Yes, it will cost money to redesign the nation's currency, but the Treasury Department has been in the process of adding new, anticounterfeit features to paper money for years. Officials should have taken the opportunity to deal with the issue of fairness to blind consumers during that process. It's late, but it's not too late to make this long-overdue change for the better.

ANTITRUST:

CVS-Caremark Deal Faces A $26 Billion Threat (WSJ)

By Dennis K. Berman

The Wall Street Journal, December 18, 2006

Pharmacy-benefit manager Express Scripts Inc. was last night preparing a $26 billion cash and stock offer for Caremark Rx Inc., in an effort to break up the company's existing takeover deal with drug chain CVS Corp., people familiar with the matter said.

An offer could be launched as early as today, these people said. It could set off a back-and-forth struggle for Caremark, of Nashville, Tenn., at a time when the company's deal with CVS was gaining credibility in the market. That

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transaction -- which awarded no premium to Caremark's shareholders -- initially failed to convince investors, who pushed shares in both companies downward.

Further terms of the offer weren't clear. An Express Scripts spokesman declined to comment. A Caremark spokesman couldn't immediately be reached.

Friday, Caremark's shares ended at $50.30 in composite trading on the New York Stock Exchange.

Maryland Heights, Mo.-based Express Scripts is a far smaller company than Caremark, with a market capitalization of $9.3 billion, and debt of around $1.6 billion. The intended offer shows how the immense financings used to fund private-equity deals are also being used by corporate buyers trolling for acquisitions. In many ways, an Express Scripts offer would be akin to a leveraged buyout, with Express Scripts putting far more debt on its books than currently, while also accepting a lower credit rating.

Pharmacy-benefit managers such as Express Scripts and Caremark control the flow of medications through retail stores and health institutions.

Relatively smaller players such as Express have little choice but to act forcefully, as both macro-economic factors and street-level competition are reshaping the business.

Amid growing overall health costs, distribution is one of the expenses that insurers and the government are trying to squeeze. In the meantime, retail behemoth Wal-Mart Stores Inc. said it would begin charging $4 each for certain generic prescriptions, further pressuring both drug stores and the pharmacy managers.

It is likely that the cost-savings of the combination would be greater for the two than for Caremark and CVS, which owns a relatively small PBM of its own.

Those savings probably factor in heavily to the premium that Express Scripts plan to propose.

Putting together Express and Caremark would be an aggressive maneuver, given that the two rank as the third- and second-largest PBMs, respectively. It was unclear last night whether Express would propose any specific plans to address federal antitrust concerns, though such issues would surely be of prime concern for Caremark's board of directors.

Antitrust cases have been very rare during the Bush administration, especially after the Justice Department suffered a stinging defeat in its 2005 case against Oracle Corp., in its hostile bid for PeopleSoft Corp.

Health matters, however, are likely to receive greater scrutiny from federal authorities and state officials, who have for years lodged investigations into how the PBMs price and market their drugs.

For the first six months of the year, Caremark reported net income of $483.9 million on revenue of $18.35 billion.

Drug Middleman Plans Hostile Bid For Rival (NYT)

By Andrew Ross Sorkin

The New York Times, December 18, 2006

In an audacious takeover bid that could lead to lower drug prices for consumers, a company that manages employee drug plans will make a $26 billion hostile bid for a much larger rival, according to people briefed on the offer.

The bid by benefits manager Express Scripts for rival Caremark Rx tops a competing offer by the CVS drugstore chain in a bold move that evokes memories of the big buyout deals of the 1980s.

Pharmacy benefit managers act as the middleman between drug companies and employers that offer drug subsidies to their workers as part of health-care coverage. By acquiring Caremark Rx, which is double its size, Express Scripts would by far become the largest pharmacy benefits manager in the nation.

Together they would have even more clout when negotiating prices with drug makers for clients, typically big corporations and their employees. The deal would also save the combined company as much as $500 million a year by reducing overlapping costs.

Both pharmacy benefit managers and drug makers are under increasing pressure to keep drug prices low from all sides. Prices offered at the pharmacy counter have also come under threat in recent months by Wal-Mart, which said it would offer certain generic drugs for $4.

The takeover bid seeks to scuttle Caremark Rx's agreement last month to merge with CVS, the second-biggest drugstore chain in the country. That deal was expected to transform the drug industry.

Spokesmen for Express Scripts, Caremark and CVS could not be reached for comment.

The four largest prescription benefit mangers — Caremark, Medco Health Solutions, Wellpoint and Express Scripts — handle about 75 percent of the $235 billion spent on prescription medicines every year.

The takeover bid comes amid a record-setting year for mergers. As of the beginning of this month, there have been $3.3 trillion worth of deals in more than 32,000 transactions, according to Thomson Financial. Not since the days of the

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corporate raiders of the 1980's, as captured in films like "Wall Street" and books like "Barbarians at the Gate," have deal makers been so central in reshaping corporate America.

The bid will pit Express Scripts, with a market value of $9.3 billion, against the much-larger CVS, worth some $25 billion, in a battle over Caremark Rx. It is possible that a bidding war could ensue, with both suitors ratcheting up their offers. Any deal could face scrutiny from regulators in Washington.

The offer by Express Scripts is a throwback to the 1980's in two ways: it is a rare hostile bid that could spark a fierce bidding war, and it relies heavily on debt, some $14 billion.

Buyers do not like to get into bidding wars: they can get expensive quickly and they can drive away important employees and customers, eroding the value of the business they want. Even as merger activity has accelerated, the number of deals in the United States that had two or more bidders has fallen sharply this year, according to Thomson.

But companies are increasingly willing to use debt in deals. The $26 billion offer is a vivid illustration of the role that cheap credit is playing in fueling the explosion in takeovers. Historically, low interest rates and a flood of available cash have enabled private equity firms to buy out bigger and bigger companies.

In those cases, the firms typically put up a quarter or so of the value of the company and borrow the rest, planning to use the companies' revenues to pay off the loans. And even as the amount of debt used in these deals has risen to record levels, investors have stayed sanguine that the risks of default are low.

Now, Express Scripts is using the same weapon employed by private equity and leveraging itself or borrowing against the combined company to try to win Caremark. Other companies have also drunken deeply from the debt pool: the mining giant Freeport-McMoran Copper and Gold is essentially borrowing $15 billion to pursue its $25.9 billion takeover of Phelps Dodge.

The takeover bid by Express Scripts is being orchestrated by its chief executive, George Paz, who joined the company in 1998, as senior vice president and chief financial officer before becoming president in 2003 and then chief executive in 2005. Before Express Scripts, he was a partner at the accounting firm Coopers & Lybrand and then executive vice president and finance chief for Life Partners Group.

It is unclear how investors will react to Express Scripts' offer. Express Scripts had widely been considered a takeover target, not an acquirer, because of its small size. Indeed, its bid for Caremark could also put it into play. Kemp Dolliver, an analyst at Cowen & Company, wrote in a research note after the CVS-Caremark announcement that Express Scripts could be bought by Walgreen, Wal-Mart or Aetna.

The proposed merger between CVS and Caremark received a mixed reception by investors. When it was first announced, shares in both companies tumbled, but they have returned to close to where they started after the deal. In that deal, Caremark received no premium for its shares. Shares of Caremark closed Friday at $50.30.

Under the proposed offer by Express Scripts, Caremark shareholders would receive just shy of $58.50 a share in Express Scripts stock and cash, people briefed on the offer said, representing a 22 percent premium. Exact terms of the breakdown between stock and cash could not be learned.

Under Mr. Paz, Express Scripts has made several acquisitions, most recently acquiring Priority Healthcare Corporation for $1.3 billion in cash in July 2005.

Express Scripts, with some 13,000 employees, was formed in 1986 and went public in 1992. The company is based in Maryland Heights, Mo.

In 2003, New York's attorney general, Eliot Spitzer, began an investigation into claims that Express Scripts had over billed the state's health care plans. In 2004, Mr. Spitzer sued the company in state court in Albany for breach of contract.

Latest Deal In Real Estate For $9 Billion (NYT)

By Andrew Ross Sorkin And Michael J. De La Merced

The New York Times, December 18, 2006

Realogy, the giant real estate franchisor that owns Coldwell Banker, Century 21 and Sotheby's International Realty agreed yesterday to be sold to Apollo Group, the private equity firm, for about $9 billion.

The deal marks the latest play by private equity firms to buy into the real estate business just as it appears to have peaked. Just two weeks ago, Blackstone Group led a $36 billion deal to acquire Equity Office Properties Trust, the nation's largest office building owner and manager, for about $36 billion, which was the biggest buyout in history.

The deal will be another huge payday for Henry R. Silverman, the architect behind Cendant, the conglomerate that Realogy was part of until it broke itself into four pieces earlier this year in an effort to revive its flagging stock price.

Mr. Silverman, who had been criticized for huge paydays while he was at Cendant, stands to make about $135 million by selling all of his shares and stock options as part of the deal. Mr. Silverman, who is now the chairman and chief

executive of Realogy, is expected to stay on until his contract expires at the end of next year. However, Mr. Silverman will not be an equity participant with Apollo in the deal, and his out-of-the-money stock options (those below the strike price) will be canceled.

"I think it is a conflict to be the C.E.O. and to be the buyer," Mr. Silverman said in an interview, taking a swipe at management-led buyouts where the chief executive buys out his own company.

Realogy is among the biggest players in the real estate field, taking part in a fourth of all home sales nationally. It has more than 300,000 agents among its franchises, almost three times more than its closest rival, Re/Max International. It is also a player in commercial real estate through its Coldwell Banker Commercial arm.

Yet the company has seen its fortunes decline as the real estate market has slumped. Sales have dropped from 2005, a record year, and more homes are staying on the market longer. The rise in home prices has slackened to the slowest pace seen since 1998, according to government reports. And the National Association of Realtors said earlier this month that it expected home sales to continue to decline next year.

Moreover, Internet-based brokerages and discount shops may have dealt a further blow to traditional real estate brokerages. Commissions have fallen to an average of 5 percent from 6 percent a decade ago, although experts say that slide had begun before the entrance of the discounters.

For the quarter that ended Sept. 30, Realogy reported net revenue of $1.73 billion, a decline from the $2.08 billion it earned as a part of Cendant a year ago.

"Our earnings are going down," Mr. Silverman said. "We're probably not going to see a recovery until 2009. This deal is an insurance policy."

He said he had decided to pursue the deal with Apollo, which approached the company earlier this year, because, "we need to be owned by someone with a five-year time horizon," suggesting that many public shareholders, including hedge funds, have a "five-second horizon."

Under the terms of the deal, Realogy shareholders will receive $30 a share in cash, a premium over the stock's Friday closing price of $25.50. Apollo said it would commit $2 billion of equity to Realogy.

The deal is expected to close in the spring of 2007, but Realogy may solicit other buyout proposals until Feb. 14. in what is known as a "go shop" provision. Should it accept another offer, Realogy will pay Apollo a breakup fee.

Mr. Silverman said the company decided against a full auction because it could be "very destabilizing to the staff and customers." He said that the deal with Apollo meant "an outcome is guaranteed" that company would be sold and that a potential higher offer could still be sought.

Apollo, which said that it was strongly positioned to take Realogy forward, is no stranger to the company or the industry. In 1997, Apollo and Cendant formed NRT, or National Realty Trust, as a joint venture to consolidate various fragments in the residential real estate market. NRT revenues then grew to $3 billion by 2001, and it made 200 acquisitions and added $1.5 billion in annual commission revenues. Cendant bought out Apollo's stake in NRT in 2002.

"Realogy's powerful real estate brands and their long heritage of leadership in the industry serve as a strong platform for future growth and we are pleased to again have it as part of our investment portfolio," Marc Becker, a partner at Apollo, said in a statement.

Realogy, along with the rest of its former Cendant brethren, has long been seen as a potential target for a private equity buyer. Its $500 million in annual cash flow and relatively small debt were seen as attractive to such firms. And analysts have said that residential real estate companies like Realogy often find rough times on Wall Street, where the cyclical drops in the housing markets have taken a toll on such companies' share prices. Some of Realogy's competitors, like Re/Max, are already privately held.

Evercore Partners advised Realogy on the deal, while Skadden Arps Slate Meagher & Flom served as legal counsel. J. P. Morgan Chase and Credit Suisse were Apollo's financial advisers, while Wachtell Lipton Rosen & Katz worked as its legal counsel. J. P. Morgan, Credit Suisse and Bears Stearns will provide Apollo with debt financing.

Realogy Agrees To $6.4-billion Sale (BLOOM)

Bloomberg, December 18, 2006

Realogy Corp., the largest U.S. residential real estate broker, agreed to be acquired by private equity firm Apollo Management for about $6.4 billion amid a slump in the U.S. housing market.

Residential brokers including Realogy have been hurt by a U.S. housing market slowdown.

Home prices fell in about a third of U.S. metropolitan areas in the third quarter as the slump forced sellers to accept lower bids, the National Assn. of Realtors said last month.

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Although the company's takeover would allow stockholders "to realize the value of Realogy's fundamentally strong businesses," the purchase price "takes into account the substantial pressures and uncertainties facing the residential real estate markets that may well continue for some time," Chief Executive Henry R. Silverman said in a statement.

Realogy shareholders would receive $30 a share, Parsippany, N.J.-based Realogy said Sunday in a statement. That's 18% more than the stock's closing price Friday. Including debt, the deal is valued at about $9 billion, Realogy said.

The purchase must be approved by the holders of a majority of Realogy's shares and receive antitrust and insurance approvals. Realogy and Apollo plan to complete the purchase by the middle of next year.

Under the terms of the agreement, Realogy may solicit proposals from other potential buyers until Feb. 14. Any proposals would be considered by a special committee and independent advisors, Realogy said.

The company is the world's largest real estate franchisor. Its companies include Century 21, Coldwell Banker, Coldwell Banker Commercial, ERA and Southeby's International Realty. It has 15,000 employees worldwide and 320,000 brokers and sales associates.

Harrah's Close To Accepting $16.7 Billion Buyout (WSJ)

By Peter Sanders And Dennis K. Berman

The Wall Street Journal, December 18, 2006

Gambling giant Harrah's Entertainment Inc. yesterday was poised to accept a bid valued at roughly $16.7 billion from two private-equity firms, which are expected to retain its current management and strategy, people familiar with the matter said.

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10/02/06

If a deal with Apollo Management and Texas Pacific Group is completed, Chairman and Chief Executive Gary Loveman is expected to stay at the helm of Las Vegas-based Harrah's, the world's largest casino operator by revenue. The company's plans -- including a redevelopment of its numerous properties and vast land holdings along the Las Vegas Strip -- also are expected to proceed, these people said.

The two sides continued last night to haggle over the final details, and it was unclear whether they would reach an agreement today. A deal, which would value Harrah's at $90 a share in cash, would be one of the largest private-equity buyouts.

Harrah's plan for Las Vegas, delayed for months but due to be announced early next year, is expected to include not just new hotel rooms, but also huge retail and restaurant offerings intended to keep visitors on Harrah's property as long as possible. Industry observers have speculated that a buyout by private-equity firms would let the plans proceed without pressure from Wall Street and public investors, who have worried that the Las Vegas construction market has grown increasingly crowded and expensive in recent years. The Harrah's redevelopment faces competition from a $7 billion MGM Mirage project and a proposed $4 billion complex from Boyd Gaming Corp., among others.

If a sale is reached, Harrah's could shed some of its 39 casinos around the nation in order to streamline an organization that ballooned with new employees and properties after its 2005 acquisition of rival Caesars Entertainment Inc.

On Friday, shares of Harrah's were up 40 cents in 4 p.m. New York Stock Exchange composite trading to $79.50, 13% below the final offer price. They had climbed as high as $83.33 after the initial unsolicited bid was announced more than two months ago. Harrah's had a market value on Friday of about $14.8 billion. Last year, the company earned $236.4 million on revenue of $7.1 billion. As of Sept. 30, Harrah's was carrying about $11 billion of debt.

A deal, which would require top executives from Apollo and Texas Pacific to undergo the lengthy casino-licensure process in every jurisdiction where Harrah's operates casinos, would be expected to close within 12 to 18 months, according to people with knowledge of the details. There will likely be a provision in the proposed deal that includes penalties for Apollo and Texas Pacific should the deal take longer to close.

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Harrah's has been mum on the status of any deal since it first received an $81-a-share offer from the private-equity firms on Oct. 2. That bid was quickly raised to $83.50 a share in cash, but Harrah's never acknowledged the updated offer or any subsequent movement by potential bidders.

The company set a Dec. 12 deadline for any bids, and it received one for $87 a share from Apollo and Texas Pacific as well as an $87-a-share cash-and-stock offer from regional casino operator Penn National Gaming Inc., Wyomissing, Pa. Harrah's board began meeting last Wednesday and reviewed the offers through the weekend, according to people close to the matter. Officials from Harrah's and the private-equity firms declined to comment. An official from Penn National didn't immediately return a call for comment.

Harrah's is just the latest target in a private-equity buying binge this year that shows no sign of abating during 2007. With so much cash to spend, the buyout shops are plunging deeper into areas where they were once loathe to tread. Such areas include casinos, which deliver reliable cash flows but require the rigorous licensing process that delves into individuals' financial and personal backgrounds.

Earlier this month, Station Casinos Inc., a Las Vegas casino company that caters largely to the city's local gamblers, announced it had received an offer of $81 a share from a management-led consortium to take the company private. The company's board continues to evaluate that bid.

Consolidation Sweeps Through Chipmaking Industry (USAT)

By Michelle Kessler

USA Today, December 18, 2006

SAN FRANCISCO — Computer chip companies are in a dealmaking frenzy — gobbling up rivals or going private — as they attempt to adjust to a changing industry.

Nearly $40 billion worth of deals have been announced or closed since August, and chip analysts say more are on the way. The biggest so far:

·Freescale Semiconductor, the former chipmaking arm of Motorola, was bought out by a consortium of investors for $17.6 billion this month. A majority stake in Philips Semiconductor was similarly purchased for $11 billion in September. It is now named NXP.

·Computer processor-maker Advanced Micro Devices bought graphics chipmaker ATI Technologies in September for $5.4 billion. A few weeks later, ATI rival Nvidia bought PortalPlayer, best known for making chips for Apple's iPod media player, for $352 million.

·LSI Logic has announced plans to buy Agere Systems for $4 billion. Both make chips for consumer electronics and other devices.

Among smaller deals: SanDisk's $250 million purchase of Matrix Semiconductor and Cisco Systems' $12.5 million purchase of Nemo Systems. Cellphone chipmaker Qualcomm made two recent acquisitions: Airgo Networks and a division of RF Micro Devices. Terms were not disclosed.

"You're seeing consolidation," says LSI Logic CEO Abhi Talwalkar. "It offers you at least some immunity to this crazy market."

The semiconductor industry has always been competitive. But the tech boom of the 1990s created dozens of midsize chipmakers, says semiconductor analyst John Barber at researcher Gartner.

Many went after specialty markets, because there used to be big technical differences between products. A PC and a cellphone, for example, didn't share many parts.

Now, digital technology has eliminated many of the differences, says Michael Hara, a vice president at Nvidia. That's allowed bigger chipmakers such as Nvidia, best known for its PC chips, to push into phones, music players and other once-specialized markets.

At the same time, development costs are soaring as chips get tinier. In 2000, a typical chip cost between $5 million and $10 million to design, Barber says. Today, it's between $10 million and $20 million.

That makes it hard to be a midsize chipmaker. "You either need to niche yourself or get bigger," Talwalkar says.

Going private is another option, says chip analyst Jim Feldhan at Semico Research. Eliminating the day-to-day pressure of Wall Street can make it easier to do business in a tough market, he says.

Feldhan and others say they expect consolidation to continue. "Smaller companies are looking for help," says Hara.

But don't expect the industry to shrink to one or two big players, Feldhan says. Start-ups keep entering the market, because chipmaking can be lucrative, he says. Some will quickly be acquired or go out of business; others will likely become the next generation of major players, he says.

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Congress Prepares For Hearings Over Airline Mergers (AZREP)

By Marilyn Geewax, Cox News Service

The Arizona Republic, December 18, 2006

WASHINGTON - Even though the new Congress won't convene until January, key lawmakers are preparing for hearings to examine the economic impact of possible airline mergers.

Many members of Congress are condemning the potential deals, while few, if any, are supporting the idea of industry consolidation.

Congress has no direct role to play in approving mergers, but it could help sway public perceptions and increase political pressure on the Department of Justice to reject the airline transactions on antitrust grounds.

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Perhaps the most controversial of the potential acquisitions involves US Airways Group Inc.'s unsolicited $8.7 billion bid for Delta Air Lines Inc. The two carriers have routes that overlap significantly along the East Coast, and hubs relatively near each other in the West.

Congressmen representing Phoenix, Atlanta, Cincinnati, Pittsburgh, Philadelphia, Salt Lake City, Charlotte, N.C., and other cities where the two airlines have major operations fear that a merger would wipe out jobs, diminish air service and drive up ticket prices, said Rep. John Lewis, D-Ga.

Concerns about a loss of competition grew dramatically last week when UAL Corp., parent of United Airlines, and Continental Airlines Inc. announced they are considering a possible merger. In addition, AirTran Holdings Inc. offered to buy Midwest Air Group Inc. for about $290 million. With so many carriers now in play, the number of concerned congressmen is on the rise.

"We can voice our opinion," Lewis said, "and because we all represent different parts of the country, speaking out could have a tremendous impact on what happens."

James Oberstar, D-Minn., is incoming chairman of the House Transportation Committee. He said recently that if it appears that the US Airways takeover of Delta would be going forward in the new year, he would hold a hearing into the matter. Teri Rucker, a spokeswoman for Daniel Inouye, D-Hawaii, the incoming chairman of the Senate Commerce Committee, said that panel also plans to hold a hearing.

Oberstar said by publicly exposing the potential dangers of airline consolidation, his committee may be able to "throw cold water" on merger mania.

"We can nudge the Justice Department to take the action" it must to prevent a loss in competition, he said.

Oberstar also said opposition to consolidation is bipartisan.

"I've heard from members on both sides of the aisle," he said, as worries have grown about the economic impact on jobs and service.

"I haven't heard anyone come forward and say this is a really good deal," he said.

Michael Boyd, president of the Boyd Group Inc., an aviation consulting firm, agreed that Congress would become involved because so many lawmakers represent cities with huge stakes in the outcome.

"There are a lot of dogs in this fight," he said.

Delta management opposes the transaction with US Airways, but if it were to go forward, the two carriers would have to drop routes to avoid expensive redundancies and overcome antitrust concerns.

That could eliminate jobs and flights, especially in smaller cities, like Savannah, Ga., and West Palm Beach, Fla.

"Any Georgia legislator who doesn't stand up against this merger isn't doing his constituents any good," Boyd said.

Earlier this month, the two chief executives, Delta's Gerald Grinstein and US Airways' Doug Parker, each met with Oberstar to discuss their views.

Darryl Jenkins, an industry consultant based in northern Virginia, said that whether Congress gets deeply engaged in the issue of airline competition may depend on the views of creditors owed money by Delta, which is under the protection of Bankruptcy Court.

If by next month those creditors are in favor of the deal, then the bankruptcy judge may in turn support it, and the transaction could be completed. That would push the other deals forward, too.

"Everyone is interested in this (Delta deal) because if one merger goes through, then two or three other mergers will follow," Jenkins said.

Unfriendly Skies (WSJ)

By Robert W. Crandall And Clifford Winston

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The Wall Street Journal, December 18, 2006

Almost on cue, members of Congress have responded to US Airways' interest in acquiring Delta Air Lines, and a possible deal between United Airlines and Continental Airlines, with predictions that fares will rise, service will be reduced, and more mergers will surely follow. Not to appear soft on threats to competition, the Justice Department has expressed its concern that the proposed mergers raise antitrust concerns and has vowed to conduct thorough investigations.

Mergers may harm consumers if they are the route to (or the root of) market power and ultimately allow the combined firm to increase consumer prices and reduce service. In such cases, enforcement of the antitrust laws could improve consumer welfare by blocking the mergers before they occur and by discouraging future harmful mergers. But our research suggests that government efforts to address such threats do little to improve consumer welfare and sometimes actually reduce it. More importantly, government often misses fruitful opportunities to benefit consumers because it eschews market-oriented policies.

The empirical evidence on the main factors that influence airlines to merge their operations does not suggest that these mergers are driven by a desire to obtain market power. In a 2000 paper, Steven Morrison and Clifford Winston analyzed the determinants of all the actual and attempted airline mergers since the 1978 deregulation. They found that carriers are generally not motivated to merge for anticompetitive reasons, but rather by the acquiring carriers' desire to expand their international routes -- which are far more profitable than most domestic routes due to government-to-government agreements that limit entry -- and by the acquired carriers' need to be rescued from financial distress.

Clearly, gaining access to additional international routes is an important consideration in the two mergers under discussion. US Airways would gain from having access to international routes currently served by Delta, and United and Continental could gain from expanding their portfolio of international routes. Because Delta is in the process of emerging from bankruptcy, it appears to have solved its financial problems on its own and is therefore not enthusiastic about a merger with US Airways.

What about evidence on the effects of previous mergers on travelers? In the aforementioned paper, the authors found that the USAir-Piedmont merger and the Northwest-Republic and TWA-Ozark mergers, which were opposed by the Justice Department but approved by the U.S. Department of Transportation (at the time DOT had jurisdiction in the matter), had benign effects on fares while increasing travelers' accumulation of frequent flier miles.

Today's airline industry has become very competitive because of the expansion of low-cost carriers such as Southwest, JetBlue and AirTran, whose combined market share currently approaches one-third of the domestic market. Any potential anticompetitive effects of a US Airways-Delta merger or a United-Continental merger would be quickly tempered by the responses of these low-cost carriers. The larger "legacy" (pre-deregulation) carriers now face competition from low-cost carriers on nearly three-quarters of their domestic routes. Low cost carriers have expanded their presence even to such markets as Philadelphia and Pittsburgh that had traditionally been dominated by legacy carriers, and they are poised to provide additional capacity in any markets that are adversely affected by any of the proposed mergers. Low-cost carriers can and do move very quickly to mitigate any increase in fares initiated by the legacy carriers -- whether caused by a merger or simply by unilateral action.

Ultimately, the effect on travelers of changes in airline market structure caused by mergers or other forces depends on the specific carriers that exit a market and the specific carriers that take their place. For example, a recent study found that in the year 2000 travelers would have been $20 billion worse off due to higher fares and less frequent service if Southwest Airlines did not exist at all. In contrast, consumers would actually have been better off during that year if US Airways had left the industry because more efficient carriers, such as Southwest, would have entered its routes. Because any initial contraction in service and increase in fares by merged legacy carriers is likely to attract entry by low-cost carriers, fares would quickly decline to or possibly below pre-merger levels and return service frequency to or possibly above pre-merger levels. Trustbusters would be prudent if they simply exercised a reasonable degree of patience in the wake of such combinations.

Rather than attempt to combat airline mergers, government policy makers could have a much more beneficial impact on the welfare of air travelers by pursuing policies that increase competition on international and domestic routes. With one swift stroke, deregulation of international markets would eliminate a major motivation for many of the mergers. The U.S. government has been negotiating so-called "Open Skies" agreements with other countries for several years, but negotiations have invariably stalled for a variety of reasons. One issue is the government-mandated limit on foreign ownership of U.S. carriers, currently capped at 49%. Ending any limits on foreign ownership would also make it easier for struggling U.S. carriers to attract foreign capital to help solve their financial problems and possibly eliminate another major reason that carriers seek a merger.

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Allowing foreign carriers to serve U.S. domestic routes (cabotage) would provide another source of competition that would benefit air travelers. Think of how foreign transplants have transformed the automobile and steel industries to the benefit of consumers. Sir Richard Branson has expressed an interest in starting up a Virgin Airways operation in the U.S. but faces ownership issues, among other obstacles.

Still another way that policy makers could potentially stimulate airline competition is to privatize U.S. airports, thereby allowing them to compete aggressively for air carrier service. Competitive entry at some airports is constrained by insufficient gates and terminal space. Given the contractual relationship governing publicly owned airports and the incumbent airlines that help pay their bonds, some airports have limited incentives to attract additional carriers.

Federal policy makers' attempts to correct market failures, such as those deriving from monopoly power, have in practice frequently been an abject failure, and missed opportunities to improve market performance. The latest round of proposed airline mergers illustrates the problem: Policy makers will undoubtedly find it politically expedient to use the antitrust laws in an inappropriate manner, instead of standing up to the entrenched interests who oppose changes in current government policies that would have a far more beneficial impact on competition in the airline industry.

Messrs. Crandall and Winston are senior fellows at the Brookings Institution. Mr. Winston is author of "Government Failure versus Market Failure" (Brookings, 2006).

National Meddling Presents Serious Challenge To Brussels (FT)

By Tobias Buck

Financial Times, December 18, 2006

The European Commission has regularly courted controversy by blocking mergers and takeovers. Last week, the Brussels-based regulator learnt that defending such deals can be just as hard.

The Commission could only look on in frustration as Spain's Abertis and Autostrade, the Italian motorway operator, abandoned a €25bn ($33bn) merger that would have created a new pan-European infrastructure group.

The deal was waved through by Brussels in September, but the groups came under such intense political and regulatory pressure from the Italian government that they decided to call off the deal on Wednesday.

Neelie Kroes, the EU competition commissioner, and Charlie McCreevy, the EU internal market commissioner, had warned Rome repeatedly to mind its own business. Both ruled that Italy's objections violated EU law and threatened to file a legal challenge - but their intervention still failed to save the deal.

Worryingly for Brussels, Abertis/Autostrade is noisolated case. While cross-border mergers and takeovers in the European Union have increased during recent years, a growing number of deals face stiff opposition from governments and national regulators.

To the Commission - which by law has the exclusive power to scrutinise and approve big pan-European mergers - such national meddling presents a serious challenge to its authority.

To business leaders, it serves as a powerful reminder that large cross-border deals can be torpedoed by political and national sensitivities - in spite of the regulatory and political backing from Brussels.

The first sign of trouble came last year, when the Commission fought a fierce battle with the Italian central bank governor over his attempt to derail two foreign takeovers of domestic banks.

After months of legal wrangling and political drama, Antonio Fazio was forced to leave office, clearing the way for ABN Amro's takeover of Banco Antonveneta.

The next clash over banking takeovers took place in Warsaw, after the Polish government tried to prevent Italy's UniCredit from winning control of the nation's second largest bank, BPH.

Brussels launched legal proceedings against the government in March this year, but was sidelined when UniCredit struck a deal with Warsaw that allowed the takeover to go ahead in return for selling 200 of BPH's 466 branches.

By far the biggest test of the Commission powers and ability, however, is still being played out. Eon, the German energy giant, has been waiting for almost a year for Spain to drop its objections to its €37bn take-over bid for Endesa, the Spanish utility. Brussels has already ruled the government's objections illegal under European law, and has opened infringement procedures against Spain.

The problem for the Commission is that Brussels lacks the instruments to bring recalcitrant governments into line.

Although the regulator enjoys sweeping powers to police the internal market and crack down on antitrust abuses and illegal subsidies, it usually takes several years for the Commission to bring its cases to an end.

Infringement cases - in which governments are prosecuted for breaking EU laws - require the Commission to send out a first warning, which is followed by a formal ruling and, eventually, a challenge before the European Court of Justice.

The court then takes two to three years to issue a final ruling.

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As Mr McCreevy told the Financial Times in a recent interview: "Companies can't wait around forever. They can't wait for law to take its course. Some member states know that. They know that time is their friend."

While in the past the mere threat of Commission action could be enough to bring recalcitrant member states into line, many officials fear that a growing number of member states today have no qualms about ignoring Brussels' edicts.

The waiting game is made even easier, as one senior Commission officials pointed out last week, by the recent "proliferation of national regulators" in EU member states.

This means that many obstacles to cross-border takeovers are not directly thrown up by governments, but by more or less independent bodies not directly answerable to Brussels.

ENVIRONMENT/INDIAN AFFAIRS:

What Green Activists Don't Want You To Know (WSJ)

By Senator James Inhofe (R., Okla.)

Wall Street Journal, December 18, 2006

I write to applaud your Dec. 4 editorial "Global Warming Gag Order1." I also read with interest the responses from your readers ("Senators' 'Chill Out' Letter to Exxon Creates a Heated Reaction2," Letters to the Editor, Dec. 13). As chairman of the Senate Committee on Environment and Public Works for the past four years, I have held several hearings examining the fears of manmade catastrophic global warming, and I have spoken publicly on this issue more than any other senator.

Those who wish to quell opposing viewpoints on manmade global warming do so because of a number of inconvenient facts about both the science of climate change and the economic harm their proposed "solutions" would cause the American people.

What the activists and special interest groups don't want you to know is that 60 scientists wrote an open letter to Canadian Prime Minister Harper this year stating, "If, back in the mid-1990s, we knew what we know today about climate, Kyoto would almost certainly not exist, because we would have concluded it was not necessary."

They don't want you to know that Claude Allegre, a leading French scientist who is a member of both the U.S. and French National Academies of Sciences, recently defected from the alarmist camp, and now says the cause of global warming is "unknown." They don't want you to know that the U.N.'s Intergovernmental Panel on Climate Change is expected to revise downward significantly its estimate of man's contribution to global warming in its upcoming Fourth Assessment Report or that another U.N. report recently found that emissions from cows were more damaging to the planet than C02 from cars.

And they certainly don't want you to know that their favored solution, the Kyoto Protocol -- often referred to by supporters as merely a "first step" -- would cost the average American family more than $2,700 a year while having no measurable impact on global temperature.

Despite enjoying a huge advantage in funding over skeptics, liberal special interests groups have had almost no impact in convincing policymakers to pass economically destructive climate legislation in the U.S. Now it appears those same alarmists are panicking and adopting a new agenda: to silence those who disagree with their views. I find it troubling that two of my colleagues in the Senate would join the campaign to shut down the ongoing debate on the science of global warming.

Europe V. America On CO2 (WSJ)

The Wall Street Journal, December 18, 2006

Climate-change activists and Democrats on Capitol Hill are gearing up to push the U.S. to limit so-called greenhouse gases. In their telling, America must save mankind from an eco-Apocalypse by adopting the arbitrary targets popular with Europe and other Kyoto Protocol signatories.

Well, let's look at results in the real world, as opposed to this Kyoto spin. Recent data show that placing artificial limits on emissions hasn't done all that much to reduce emissions, and may even be counterproductive. Contrary to caricature, the American approach offers more promise than Europe's.

As the nearby chart shows, CO2 emissions growth in the U.S. far outpaced that of the 15 "old" members of the European Union from 1990-95 and especially from 1995-2000, when Mr. Climate Change himself, Al Gore, was the second-most powerful man in America. But, lo, the U.S. has outperformed the EU-15 since 2000, according to the latest

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U.N. data. America's rate of growth in CO2 emissions from 2000-04 was eight percentage points lower than from 1995-2000.

By comparison, the EU-15 saw an increase of 2.3 points. Only two EU states, Britain and Sweden, are on track to meet their Kyoto emissions commitments by 2010. Six more might meet their targets if they approve and implement new, as yet unspecified, policies to restrict carbon output, while seven of the 15 will miss their goals.

Cynics play down America's improvement, noting that its economy cooled from the earlier years to 2000-04. True, but the EU-15 also had lower economic growth in the latest period and still saw its emissions growth rate double. What's more, the U.S. economy expanded 38% faster than the EU-15 in 2000-04, and its population twice as fast. So the trend lines, for now, are reversing. That may frustrate the green lobby because so much of its fund raising depends on vilifying the U.S. But facts are facts, no matter how underreported they are.

Europe's dismal record is explained by its approach to reducing emissions. The centerpiece of the Continent's plan is a carbon-trading scheme in which companies in CO2-heavy industries receive tradable permits for a certain amount of emissions. If they emit more CO2, they must buy credits from firms that are under quota. The idea is to force companies to emit less CO2 by making it prohibitively expensive to keep the status quo.

All this scheme has done so far is provide further proof that government cannot replicate the wisdom of markets. A red-faced European Commission recently admitted that it allowed more permits than there were emissions in 2005-07, keeping permit prices low and undermining the entire system. When Brussels tried to make amends by ordering several member states to cut carbon permits by 7% more than expected for 2008-2012, industry and national capitals squealed. The market hadn't priced in such a dramatic reduction. With carbon permits trading relatively cheaply, firms have been able to get by with minimal changes to the way they do business. That has minimized Kyoto's economic impact.

Once the supply of permits is more in line with the eurocrats' ambitious environmental goals, though, expect European industry to take a big hit. The number of firms moving manufacturing work to countries without emissions caps, such as China and India, will only grow. That might make Europe's emissions data look good, but it will have zero net effect on the world's production of greenhouse gases.

Some companies may elect to purchase cleaner equipment, but the rising cost of compliance -- i.e., buying more carbon permits at higher prices once the supply is slashed -- will eat into the money available for developing the next generation of clean technology. In short, Europe offers no magic solution for capping greenhouse gases.

America may even have a few things to teach the Old World. The U.S. strategy has been to keep economic growth strong and provide incentives for private industry to develop cleaner technologies. For instance, the Bush Administration has proposed $1 billion in tax credits for nine new coal-fired power plants that will double efficiency and reduce pollution compared with older generations. China is picking up on these tactics. This year it bought $58 million in machines from Caterpillar Inc. that trap methane in coal mines and use it to power electric generators.

If global-warming activists were as interested in lowering air temperatures as they are in expanding the role of the state, they'd understand that the key to reducing carbon emissions lies in unleashing the private sector, not capping it. That's the real lesson from the policies -- and the results -- in Europe and the U.S.

FBI/DEA/ATF/USMS:

Marin Changes Course In War On Marijuana Growers (MIJ)

By Joe Wolfcale

Marin Independent-Journal, December 18, 2006

The dope growers who ripped up Marin parkland to plant acres of marijuana valued at more than $100 million this summer, then got away as authorities moved in, might not be as lucky next year.

County sheriff, federal park rangers and other officials are planning a crackdown aimed at ensuring extensive growing operations don't take root again.

"There's no doubt we'll be intensifying our efforts next year," said Marin County sheriff's Lt. Scott Anderson, who coordinates county marijuana eradication efforts. "I don't think anyone thought we'd see the level of marijuana cultivation on public lands that we did this season."

Authorities say 43,356 marijuana plants were discovered in 24 plots, many on both sides of Bolinas Ridge, with most flourishing in elaborate, sophisticated grow sites on public land.

Marin County Sheriff Robert Doyle said deputies will coordinate plans with other Marin authorities to thwart the growers.

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"Not only is it illegal, it's also a huge threat to the safety of our residents," Doyle said. "We'll do everything we can to eradicate the problem.

"We fully intend to flush it out."

Point Reyes National Seashore Superintendent Don Neubacher wants federal aid so rangers can step up eradication efforts next season.

Neubacher said Point Reyes authorities have already met to discuss the problem.

"We need more aerial surveillance and more of a presence and adequate personnel to prohibit this from happening again," Neubacher said. "What happened this summer was shocking to us. These growers are bold. I'd say there's a good chance they will come back. I think the money will be well spent."

The grow sitesA total of 26,165 marijuana plants were found on Marin Municipal Water District land, 10,335 on national seashore land and 6,856 on private property between July 21 and Sept. 20.

In one grow site, plants more than 10 feet tall were so laden with plump sinsemilla buds, the stalks sagged parallel to the ground because of the weight.

Law enforcement agencies seized the plants in a series of raids that included agents of the National Park Service, U.S. Park Police, the Marin County Water District, Sonoma and Marin County sheriff's offices and the Marin Major Crimes Task Force. Aerial support was provided by the California Highway Patrol and Air National Guard.

No one was charged with growing the marijuana, although two Hispanic men from the East Bay were arrested for allegedly carrying a concealed weapon in a car and possession of cocaine and methamphetamine. They were found in a remote West Marin area during the harvest season.

Police did come close to nailing some of those tending the marijuana gardens, however - so close that officers found plates of steaming scrambling eggs left behind by the growers.

Another time, three Hispanic men were seen in the pot fields, but fled.

"Take a walk on Mount Tamalpais and see the vastness of the area and you can certainly see how someone could pull this off," Doyle said. "Growing and harvesting marijuana is big business. It's high-quality stuff. I know an exhaustive search was done and I think we made a significant dent."

In early September, authorities discovered 1,200 plants that were cut and stacked near Kent Lake waiting to be destroyed the next day, were stolen overnight. The pot was valued at $3 million.

Doyle said stationing deputies overnight at the remote site was not worth the risk of a confrontation with growers.

"It just wasn't worth it," Doyle said. "I don't know if there's any sense of embarrassment on our part," in light of the stolen pot, he said. "We just couldn't put deputies out in the middle of nowhere. If there had been some sort of shootout, people in the community would have vilified us."

Drug sophisticates

The growers used complex irrigation systems, sometimes running several hundred feet of plastic tubing through trees and shrubs to provide water. Some farms were discovered 30 to 40 yards from a trail, while others were accessible only after lengthy hikes in rugged terrain.

Some sites had man-made reservoirs that used water siphoned from streams and creeks. Remote hillsides were terraced. Trees were cut, pesticides and fertilizers used, and small game slaughtered. Piles of debris were found.

The camp sites providing shelter for the growers included propane stoves and sleeping quarters. Most grow sites were several years old - tree roots had begun to grow over camp structures.

Most camps had escape routes. Ammunition was found, but no guns.

"Putting a pricetag on the environmental damage is difficult," Point Reyes National Seashore spokesman John Dell'Osso said. "This type of large-scale planting threatens the very mission of the park service. We want to provide the natural resources of the area while providing safe recreational opportunities for our residents, both of which were threatened."

He noted the farms in remote areas, sometimes hidden by a canopy of trees, were nurtured by rich soil and nearby water sources. "These plants have incredibly ideal situations," Dell'Osso said.

Marin Conservation Corps and National Park Service personnel worked last week to clear debris from the grow sites. A helicopter from the Air National Guard lifted out more than 60 cubic yards of waste, including irrigation pipes, garbage bags, fertilizer and pesticides.

Point Reyes National Seashore officials said it cost more than $100,000 to clean up the mess.

"We are now at a point where we can safely say we have removed all of the debris left behind," Colin Smith, the seashore's chief enforcement ranger, said. "We hope this will discourage these individuals from coming back."

Statewide problem

Marin's situation is similar to what is happening across California.

Marin was ranked 12th this year in marijuana seizures, according to statistics from the state attorney general office's Campaign Against Marijuana Planting.

The state reported 1,675,681 plants confiscated in 2006, up from 1.1 million the year before, with most seized on public lands. Estimated wholesale value of the statewide haul was put at $6.7 billion.

"Certainly for us it was a record seizure year," said Kent Shaw, assistant chief of the Department of Justice's Bureau of Narcotics Enforcement in Sacramento. "We definitely realize we have to put more resources in that direction. We're definitely seeing signs we're having an impact on some of these organizations. I'm not surprised at all by what we're seeing.

"They're not only growing more of it, the potency of what they can produce is getting better" and far more potent, he said. "Some of these stalks look like trees."

Authorities say they believe cultivation efforts are the work of major Mexican drug cartels that find growing pot in California is easier than smuggling it across the border.

Authorities back the assertion by pointing to similarities in the construction of the marijuana camp sites, evidence found at the sites, including food, trash and gear, and intelligence gathered across the state by narcotics investigators.

State authorities estimate more than 50 percent of marijuana sold in the United States originates from California. The growers are predominately Mexican nationals in the United States illegally, state and local officials say.

"We've found cells operating numerous grow sites," state narcotics chief Shaw said. "They're large organizations. It just depends on how far their tentacles reach. In some counties, these people operate with fairly liberal impunity.

"They select areas that will create the greatest return and where they're less likely to go to jail."

Frank Egger of Fairfax, who served on the Town Council for four decades, said more needs to be done to protect the community.

"Our residents hike and recreate all over that mountain," Egger said. "I think that's the issue no one's looking at. This county's going to have to get a handle on it, and they better do it fairly quickly.

"It's clearly a safety issue," he said. "We could be doing more."

Water board member Alex Forman was shocked about the scope of the operation.

"I think it shows how incredibly vast the wild open spaces are in these areas," Forman said. "I wouldn't blame local law enforcement. I'm not surprised no one's been caught. I don't think anyone was expecting they'd be so clever about it.

"We know now there's a problem. We just have to control it."

National parks officials said the drug sweeps this summer might scare off growers.

"We're hoping that the effort we put out this summer will hopefully deter this type of illegal activity," Dell'Osso said.

Doyle said before next year's growing season begins, officials with the sheriff's department will sit down with other authorities and devise a coordinated plan.

"It's not going to be easy," Doyle said. "People have to realize these are vast areas and these people are dangerous."

But Doyle said one thing is for sure.

"We'll do everything we can to eliminate those groves."

Read more West Marin stories at the IJ's West Marin page.

IMMIGRATION:

Swift Raids (NYT)

The New York Times, December 18, 2006

When federal immigration officials raided six plants owned by Swift & Company, the world's second largest beef and pork processor, last Tuesday, they brought Spanish translators. They knew exactly what kind of worker is found in low-paying, strenuous jobs in this country: recent Latino arrivals with limited skills and, in many cases, no legal papers. Nearly 1,300 people — almost 10 percent of Swift's work force — were taken away in what the government said was the largest but not the last assault on the underground immigrant economy.

The raids have led some people to heap scorn on Swift and, of course, on the illegal immigrants, particularly the dozens of detainees who have been charged with identity theft and other crimes. But doing so misses the bigger picture. Swift and its workers are merely Exhibit A in an immigration system that is failing in all of its parts.

It is a system that rewards illegality and pays lip service to lawfulness and order.

Swift insists that it is a model corporate citizen. It obeyed the rules, which require it to check workers' identity papers and file so-called I-9 forms attesting to that. And it went further, participating in the federal Basic Pilot program, a system of checking Social Security numbers that President Bush has touted as a way to crack down on immigration fraud. The company says that prying any more aggressively into workers' legal status would leave it open to civil rights lawsuits.

The Swift raids are powerful evidence that I-9's and Basic Pilot are ineffective and disingenuous, a nod to by-the-books technical lawfulness that allows a far vaster world of illegality to flourish. Swift and other large-scale employers of immigrants, like farms and hotels, may insist that they never knowingly hire people illegally. But as long as the jobs they offer are the kinds whose pay and conditions consistently fail to attract native-born Americans, their protests will ring hollow. This system is brilliantly efficient at bringing lots of cheap products and services to market, which is great unless you mind its essential lawlessness, anonymity and reliance on an enormous work force of silent, compliant, frightened people whose bitter choice is to stay here illegally or go home and be desperately poor.

Swift, by its lights, was doing the right thing. The federal government was doing the right thing, waking up, belatedly, to workplace enforcement. And yet it's impossible to see how this will work over the long term. Immigration reform built on piecemeal enforcement — factory raids and border walls — won't solve the problem of the 12 million illegal immigrants already here. The American economy wouldn't stand the shock if the Swift raids were multiplied to levels beyond the merely symbolic.

The system needs what Mr. Bush and Congress have refused to give it: a way to end the sham. Comprehensive immigration reform is good for the economy, giving companies access to a secure and stable work force. It is good for national security, allowing law enforcement to go after real criminals and leave honest working people alone. And it is good for the immigrant workers across the country, terrorized by Tuesday's raids, who just want to keep doing their jobs, no matter how hard and distasteful.

Focus Shifts North Amid Terror Fears (USAT)

By Mimi Hall

USA Today, December 18, 2006

Police, lawmakers say 'the forgotten border' is difficult to secure — and too easy to cross

Along slim sections of the nation's vast northern border, anyone can drive the back roads that flow from Canada into the United States.

So it's only natural for Caribou (Maine) Police Chief Michael Gahagan to be concerned that terrorists could be in some of those cars.

"It worries us every day," Gahagan says.

It worries local police, Border Patrol officers and members of Congress alike.

Many say the USA's northern border — more than 4,000 miles of open and largely unprotected land — remains a dangerously weak link in the nation's post-9/11 effort to shore up security against terrorist attacks.

To cross it legally, people can pull up at any of 89 official points of entry from Seattle to eastern Maine. Some are huge, multilane crossings that process tourists and commercial trucks; others are small crossings, open only certain hours of the day, that generally handle only cars.

But it's still easy to cross illegally, across hundreds of small back roads, through the woods or over the mountains.

"It's a big, porous border and it's very difficult to secure," says Sen. Byron Dorgan, D-N.D., who made headlines in 2001 when he held up an orange traffic cone in the Senate as an example of the kinds of barriers often used to block roads on the Canadian border.

Five years later, Dorgan says, northern border security has improved — but not nearly enough. "There should be no less anxiety about it," he says. "Terrorists will search for the weakest link when trying to enter this country."

The flood of illegal immigrants across the U.S. border with Mexico has focused the government's attention south for years.

Roughly nine out of 10 of the nation's 12,000 Border Patrol agents work along the Mexican border, in Texas, New Mexico, Arizona and California. The Homeland Security Department's new multibillion-dollar plan to tighten security with more cameras, sensors and fences is being set up along the southern border, starting in Arizona.

The northern border "really is the forgotten border," says T.J. Bonner, president of the National Border Patrol Council, the union that represents Homeland Security's Border Patrol agents. "We're just so vulnerable up there."

Critics of the government's southern-border focus, such as Dorgan, acknowledge the need to concentrate on the area where hundreds of thousands of people illegally enter the country each year to look for work and sell drugs.

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Intelligence officials long have said the northern border is no less of a security concern when it comes to the potential for terrorists to sneak in to the United States.

Homeland Security Department chief intelligence officer Charles Allen won't talk about classified intelligence reports, but he says not a day goes by when he doesn't worry about the northern border.

The arrests in Canada last June of 17 alleged terrorists with 3 tons of ammonium nitrate, the same kind of fertilizer used to make the deadly Oklahoma City bomb in 1995, intensified those concerns in Allen's department and at police stations along the border.

Local police such as Gahagan say that although security at official points of entry — including at big, busy crossings such as Detroit and Buffalo — has tightened considerably, there are still hundreds of easily accessible routes into the USA.

And just as technology has helped the Border Patrol zero in on suspects, it also has helped those trying to sneak people or drugs into the country, Gahagan says.

Smugglers, who are paid up to $10,000 per person to get people across the border, drop illegal immigrants in the woods with a Global Positioning System device so the person picking them up can easily find them, Gahagan says.

And in his remote area, Gahagan says he has no way of knowing how many people make it across — or, disturbingly, why they're trying to get through.

"It's very rugged country and extremely difficult" to protect, says Rep. Norm Dicks, D-Wash. "We need more agents. And we're gonna have to use more technology."

Border Patrol Chief David Aguilar says more resources are on the way, including new helicopters and more agents. He disputes the notion that the Canadian border has been "forgotten" by the Homeland Security Department. "The northern border is at the forefront of our concerns about security and enforcement," he says.

But agent Darryl Schermerhorn, who works in northwest Washington state, says the equipment the Border Patrol relies on now is nearly useless in some cases. Cameras along the border are poorly placed and often fog up or shake, the ground sensors fail, and the old four-wheel-drives and ATVs break down. He added that there are too few agents to read camera images and to patrol remote areas.

If a camera does pick up someone crossing a remote road, by the time an agent can get there to check it out, the person is long gone — into the United States.

"It happens all the time," Schermerhorn says. He says the agents on the northern border are no better off in terms of protecting the country than they were on 9/11.

"If someone has a vested interest in getting in here," he says, "they'd probably be better off coming across the northern border."

TAX:

Some Americans Abroad Turn In Passports (NYT)

By Doreen Carvajal

The New York Times, December 18, 2006

PARIS, Dec. 17 — She is a former marine, a native Californian and, now, an ex-American who prefers to remain discreet about abandoning her citizenship. After 10 years of warily considering options, she turned in her United States passport last month without ceremony, becoming an alien in the view of her homeland.

“It’s a really hard thing to do,” said the woman, a 16-year resident of Geneva who had tired of the cost and time of filing yearly United States tax returns on top of her Swiss taxes. “I just kept putting this off. But it’s my kids and the estate tax. I don’t care if I die with only one Swiss franc to my name, but the U.S. shouldn’t get money I earned here when I die.”

Historically, small numbers of Americans have turned in their passports every year for political and economic reasons, with the numbers reaching a high of about 2,000 during the Vietnam War in the early 1970s.

But after Congress sharply raised taxes this year for many Americans living abroad, some international tax lawyers say they detect rising demand from citizens to renounce ties with the United States, the only developed country that taxes it citizens while they live overseas. Americans abroad are also taxed in the countries where they live.

“The administrative costs of being an American and living outside the U.S. have gone up dramatically,” said Marnin Michaels, a tax lawyer with Baker & McKenzie in Zurich.

So far this year, the Internal Revenue Service has tallied 509 Americans who have given up their citizenship, said Anthony Burke, an I.R.S. spokesman in Washington. He said complete figures were still being calculated.

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Applications to renounce citizenship are on the rise at the American Embassy in Paris, according to an official who spoke on condition of anonymity. At the embassy in London, the number of applications was reported to be fairly stable over the past two years, though it would be hard to spot a recent surge because applications are taking longer to process there than in past years. Neither embassy would disclose exact figures. A spokeswoman for the American Embassy in London, Karen Maxfield, said Americans living abroad usually took the step "because they do not have strong ties to the United States and do not believe that they will ever live there in the future."

"All have two citizenships and generally say they would like to simplify their lives by giving up a citizenship they are not using," she said.

Andy Sundberg, a director of the Geneva-based American Citizens Abroad, has been tracking renunciations dating back to the 1960s through annual Treasury Department figures. He considers the numbers low compared with some stretches in the past, like the early 1970s. But he has also noticed a recent increase in interest among Americans in renouncing their citizenship.

"I think the cup is boiling over for a number of people living abroad," Mr. Sundberg said. "With the Internet and the speed and the ubiquity of information, people are more aware of what's happening." With the changes in the tax laws, he said, some Americans living abroad fear "they're heading toward a real storm."

He cited a survey by the American Chamber of Commerce in Singapore, which polled its members in October and November and found that many were considering returning to the United States because of the higher taxes.

Concern about taxes among Americans living abroad has surged since President Bush signed into law a bill that sharply raises tax rates for those with incomes of more than $82,400 a year. The legislation also increases taxes on employer-provided benefits like housing allowances.

The changes, enacted in May, apply retroactively to Jan. 1, 2006.

Matthew Ledvina, an international tax lawyer in Geneva, said demand for legal counsel on the citizenship issue was coming largely from American citizens who held second passports and who had minimal ties to the United States.

"There are incentives to do it before the end of the year so that you can minimize your future reporting," he said.

Mr. Ledvina said the waiting period for appointments at the American Embassy in London had increased from a few days to more than three and a half months. He said he had recently approached embassies in Vienna, Bern, London, Paris and Brussels before finally getting an appointment in Amsterdam for a client's renunciation application.

The legal ritual of renunciation is largely unique to the United States because other countries base taxation on residency, not citizenship, according to Ingmar Dörr, a tax lawyer with Lovells in Munich.

"We don't have that issue," he said. "We only have the problem that rich people who don't want to pay taxes in Germany just move to a lower-tax country in Switzerland."

For some Americans abroad, motivations for renunciation are mixed and complex, involving social concerns, political displeasure with their government and other reasons. But it is clear that taxation plays a large role for many, even though few are willing to admit that because of penalties enacted a decade ago.

In 1996, Congress tried to address a wave of tax-driven expatriation by the wealthy by requiring former citizens to file tax returns for a decade and forbidding Americans who renounced their passports for tax reasons from visiting the United States.

But in practice, the government is mainly interested in wealthier ex-citizens with a net worth of more than $2 million — few of whom pay further United States taxes because they generally avoid making American financial investments after giving up citizenship, Mr. Ledvina said. As for the rule barring entry to tax refugees, he said, it has not been enforced by the authorities.

Still, that possibility prompts ex-citizens to tread carefully and remain discreet about their choices.

"I didn't give up my citizenship with a sense of hostility," said an importer in Geneva who renounced her citizenship as President Bush was taking office in 2001. "I gave it up with a sense of fairness."

CONGRESS-ADMINISTRATION:

Judicial Nominee's Chance May Be Coming To End (JH)

By Alicia Wittmeyer

Jackson Hole Star-Tribune, December 18, 2006

BOISE, Idaho -- If President George W. Bush renominates a controversial Republican Idaho lawyer for a seat on the 9th U.S. Circuit Court of Appeals, he's going to have a tough fight ahead of him, Senate leaders say.

The nomination of Boise lawyer William Gerry Myers III, which has been stalled in the Senate for three years, may have almost reached an end. Now that Democrats have control of Congress, a consensus has formed on Capitol Hill that Myers -- who has stirred up some of the fiercest Democratic opposition of all Bush's judicial nominees -- has almost no chance of getting through.

"I think he's definitely a well-qualified nominee, but whether he can make it through a Democratic Congress is a different story," said Dan Whiting, spokesman for Sen. Larry Craig, R-Idaho, who first submitted Myers to Bush as a potential nominee.

That's especially true now that some have suggested Myers may have misled senators about meeting lobbyist Jack Abramoff during questioning by the Senate Judiciary Committee, lawmakers say.

"The reality is this president's nominee hasn't been able to win support for the past two years from a Congress controlled by his own political party," said Tracy Schmaler, spokeswoman for Sen. Patrick Leahy, D-Vt., incoming chairman of the Judiciary Committee.

Leahy said in a speech last week that Bush "squandered an opportunity to fill Idaho's vacancy" on the 9th Circuit by renominating Myers on Nov. 15, in a last-ditch effort to push his nominees through before Congress changed hands.

Myers, the former top lawyer at the Interior Department, was first nominated to the seat in May 2003 to fill a vacancy left by retiring Idaho Judge Tom Nelson.

He's one of two Bush nominees from Idaho -- along with Idaho 6th District Judge Norman Randy Smith -- up for judgeships on the 9th Circuit, which hears appeals from courts in nine Western states, as well as the territories of Guam and the Northern Mariana Islands. Republicans have supported Smith and Myers, saying they would bring ideological balance to one of the most liberal courts in the nation.

When Myers was nominated, liberal groups immediately attacked his record of opposing environmental protections when he worked as a lobbyist for cattle and mining interests. American Indian groups have also spoken out against him, in particular for an Interior Department decision that cleared the way for a gold mine in California that they say threatens tribal lands.

"I think the Senate ought to only confirm individuals who merit the highest respect in the country," said Nan Aron, President of the liberal judicial watchdog group Alliance for Justice, which has been a major voice against Myer's nomination. "And certainly William Myer's record proves that he's unqualified for a lifetime seat on the 9th Circuit."

A report in The Denver Post raised more questions for the embattled nominee earlier this month. The story, based on information obtained through a public records search, showed Myers was among two dozen people who attended a dinner party with Jack Abramoff in September 2001.

But in a March 2005 letter to Leahy, Myers wrote that after "searching his memory and files" he couldn't remember having any contact with Abramoff.

Abramoff, a once-powerful lobbyist, pleaded guilty in an influence-peddling scandal and is cooperating with a wide-ranging Justice Department probe of alleged corruption on Capitol Hill and in the executive branch.

If Bush renominates Myers, the nominee will have many questions to answer about his ethics record, Leahy said in the Dec. 8 speech.

Leahy suggested this month that Bush nominate Smith for the judge seat that would be filled by Myers. California Democrats have opposed Smith's nomination, because he would replace a California judge, but have had less to say about his record than Myers'.

But Republican lawmakers say they're skeptical of the chances for even the less controversial potential judges.

"I think it's going to be tough to get any of President's Bush's nominees through a Democratic Congress," Whiting said. "We'll see what Chairman Leahy has in store."

Green Laws No Slam-dunk In New Congress (LAT)

By Richard Simon

The Los Angeles Times, December 18, 2006

WASHINGTON — Steps to curb global warming. Tougher fuel economy standards for automobiles. Repeal of massive tax breaks for the oil industry.

Environmentalists are busy these days crafting their holiday wish-list, giddy about the prospects for success in the new Democratic-controlled Congress.

But industry groups are gearing up to fight, and their forces may include more than the usual Republican allies.

"We're confident that there are plenty of Democrats who know and understand us," said Charles Drevna of the National Petrochemical & Refiners Assn.

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Drevna's confidence is probably well-placed. The politics surrounding environmental issues have proved hard to predict, largely because the potential economic impact of stronger regulation tends to scramble partisan loyalties. Democrats from auto-making states, for example, have fought efforts to mandate stricter miles-per-gallon rules for vehicles.

These crosscurrents could cause the push for an aggressive environmental agenda to become an object lesson on the limits of what can actually be achieved in the Congress that will convene in January.

New chief for key panel

Key to the enthusiasm among environmentalists is the impending change at the helm of the Senate Environment and Public Works Committee.

Sen. Barbara Boxer (D-Calif.), who has called global warming "the greatest challenge of our generation," will replace Sen. James M. Inhofe (R-Okla.), who has dismissed man-made climate change as a "hoax."

Perhaps no other transfer of committee chairs is as dramatic. Boxer drives a hybrid Toyota Prius. Inhofe drives a Jeep.

Boxer says that California's new global warming law — whose goal is to reduce emissions of carbon dioxide and other greenhouse gases by 25% by 2020 — should be a model for the nation. Inhofe derides it as a "job killer."

Boxer received a perfect score from the League of Conservation Voters for her Senate votes this year. Inhofe received a 0.

Environmentalists say that after years of fighting GOP attempts to roll back environmental laws, they now can go on the offensive.

"It's as if the winds have shifted and proponents of environmental controls finally have the winds at our backs," said Frank O'Donnell of Clean Air Watch.

The precarious nature of this shift was driven home last week when Sen. Tim Johnson (D-S.D.) underwent brain surgery.

Should Johnson die or resign and be replaced by a Republican, the GOP would regain control of the closely divided Senate, denying Boxer and other Democrats committee chairmanships. With Johnson's condition improving, however, plans for the Democratic takeover are proceeding.

Difficult goals

Boxer has set an ambitious agenda that includes advancing legislation on global warming and reinstituting a tax on the oil and chemical industries to pay for clean up of contaminated sites. She also has pledged tough oversight of the Environmental Protection Agency.

But she faces a daunting task in trying to move her bills through Congress — and past President Bush's veto pen.

For anything controversial, such as mandatory caps on emissions linked to global warming, she probably would face Senate filibusters — perhaps joined by some of her fellow Democrats.

Nor will assent from the House be an easy matter.

Asked to assess Boxer's prospects for enacting a law to cap emissions, Sen. Larry E. Craig (R-Idaho) said: "She hasn't called John Dingell."

Dingell, a Michigan Democrat who will chair the House Energy and Commerce Committee, has been a champion of automakers, who have opposed California's effort to reduce tailpipe emissions linked to global warming. He also has helped thwart congressional efforts to toughen miles-per-gallon rules for vehicles.

Although noncommittal about specific legislation, Dingell made clear that his approach differs from Boxer's.

"Democrats want a sound environment," he said. "But remember, this is a big country, and different parts of the country are affected differently" by environmental laws.

He did say, however, "I cannot support destituting the United States to address the problem of global warming. If we're going to pitch in … then everybody is going to have to do so."

Boxer plans to hold hearings on climate change, including calling California Gov. Arnold Schwarzenegger to Washington to testify about the state's cutting-edge laws on the issue.

Boxer pledges to take global warming legislation "as far as we possibly can take it" with the makeup of the new Congress.

And even if her efforts fall short, environmentalists say she and like-minded lawmakers could play a crucial role in laying the groundwork for future federal action.

House maneuvering

As industry lobbyists prepare to battle Boxer, they also are looking for help from Democrats to block an effort planned by House Speaker-to-be Nancy Pelosi (D-San Francisco) to repeal tax breaks for oil and natural gas industries.

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"We do have a lot of Democrats who understand the importance of domestic oil production," said Jeff Eshelman of the Independent Petroleum Assn. of America, a trade group for independent oil and gas producers.

Sen. Jeff Bingaman (D-N.M.), incoming chairman of the Senate Energy and Natural Resources Committee, has taken a cautious posture on repealing the tax breaks.

"Many of those tax breaks were put in place to encourage production here in this country," he said in a recent interview on CNBC. "It's very much in our interests that we maximize production here and not depend more and more on foreign oil."

Sen. Mary L. Landrieu (D-La.), who represents an energy-producing state and sometimes votes with Republicans on energy issues, also looms as a potential obstacle to Pelosi's efforts.

"Programs such as those that encourage deep water [energy] exploration or help keep our small, independent energy producers in business are among the keys to American energy independence," she said in a statement.

No easy job

Evidence of the daunting task facing environmentalists — even when dealing with a Democratic Congress — was provided during debate on a wide-ranging energy bill in 2005. A proposal to significantly increase fuel-economy requirements for automobiles drew 28 votes in the 100-member Senate.

"On several occasions over the past six years, members of Congress have rejected, by an overwhelming bipartisan majority, legislative attempts to increase fuel economy standards," said Charles Territo, director of communications for the Alliance of Automobile Manufacturers, a trade association.

Environmentalists acknowledge the obstacles they face.

"It took a long time to bring about some of our core environmental protections that have been in place for decades," said Tiernan Sittenfeld, legislative director for the League of Conservation Voters. "This is not going to happen overnight, and we recognize that."

Just Do It (NYT)

The New York Times, December 18, 2006

The Democrats promised sweeping ethics reform in this year's campaign, and now they have control of Congress. But procrastination is a legendary Capitol vice, and there are worrisome signs that the Democrats may already be indulging.

The most glaring lapse of the Republican-controlled Congress was the abject failure of the House ethics committee to police misbehavior, highlighted by the panel's studied avoidance of the Jack Abramoff lobbying mess. Members were shielded and allegations muffled.

The need for an independent body staffed by nonpartisan professionals to investigate complaints would seem beyond debate. Good ideas for that were circulating this year, notably a proposal for the creation of an office of public integrity by Representatives Christopher Shays, Republican of Connecticut, and Martin Meehan, Democrat of Massachusetts.

Rather than committing wholeheartedly to the need for an independent panel, the incoming speaker, Nancy Pelosi, is opting to create a bipartisan task force to study the issue and report back by mid-March. If the motive is a careful sales pitch to secure the idea on both sides of the aisle, voters may tolerate a two-month study approach. But the task force should not be an excuse for more delay or to dumb down a much-needed anticorruption monitor. The fact that the Republican leader, John Boehner of Ohio, has signed on to the study is hardly encouraging, since he was a principal in the failure of the last Congress to pass effective ethics controls.

We are more encouraged by early papers prepared by Ms. Pelosi's office that outline other needed reforms, beginning with the banning of gifts, meals and travel money from lobbyists. Putting the brakes on lawmakers' borrowing corporate jets for regal-class travel is another promising step reported to be on the Democrats' agenda, as are requirements to disclose and limit the earmarking of pork spending for favored pleaders.

But Ms. Pelosi hasn't shared these ideas with the public yet, and each detail can attract a thousand devils in the muddlers' art of Washington deal-making. Ms. Pelosi and Harry Reid, the Senate Democratic leader, have a great opportunity to lead the way with clear proposals, offered up front before the usual Congressional scrum blurs the issue.

The two new leaders should keep foremost in mind the voters' anticipation of a cleaner, more quickly responsive Congress.

Unions Hope Democrats Will Counter GOP Policy Changes (WP)

By Zachary A. Goldfarb

DOJ_NMG_0107171

The Washington Post, December 18, 2006

As a member of the Democratic minority, Rep. Chris Van Hollen (Md.) fought a Bush administration policy that increasingly opened up federal jobs to private contracting.

Although he and colleagues had some success, Van Hollen said that when the 110th Congress takes over next month and the Democrats are in the majority, he will have greater ability to combat the administration's policies on federal employees. "It's had a demoralizing effect on the federal workforce," he said. "I do think now we're in a better position to fix things."

For the past six years, unions that represent most federal employees have argued that the Bush administration has been hostile to the needs of workers -- keeping pay raises low, trying to prevent employees from organizing in the departments of Defense and Homeland Security, and outsourcing government jobs to the private sector.

Now, the change in control of Congress gives unions much more powerful allies in the legislative branch. Democratic lawmakers pledge to work on issues of central concern to the unions, but the administration outlines other priorities for the workforce and disputes any notion it has not pursued a course beneficial to workers.

The election of Rep. Steny H. Hoyer (D-Md.) as majority leader is seen as a boon for federal workers. Hoyer, who will be the House's second most powerful figure, represents Southern Maryland's 5th Congressional District, home to thousands of government employees.

Hoyer said he will work to create a "more cooperative relationship with the White House" to ensure pay raises and to contain rising health premiums. While he praised several Republican colleagues, such as Rep. Thomas M. Davis III (Va.), outgoing chairman of the Government Reform Committee, Hoyer said: "Republicans made it much harder to ensure federal employees received fair and competitive annual pay adjustments. . . . They also did virtually nothing to help resist the White House effort to outsource federal jobs to private contractors."

John Gage, national president of the American Federation of Government Employees, said that as soon as the Bush administration came to power in 2001, it wiped out "our partnerships with agencies, and since that time our ability to sit down with the agencies and work out problems and differences has really declined." AFGE is the largest union of government employees, representing 700,000 federal and D.C. government workers.

With the new Congress, Gage said, "we're hoping not only we'll have more access to committees and Congress, but that word will get down to the political appointees in the departments."

Labor unions were a major source of support to Democrats in the midterm elections. The AFL-CIO spent roughly $40 million on a get-out-the-vote operation, and union members contributed substantial sums to Democratic candidates. Hoyer was not in a competitive race but received more than $300,000 in money from labor-affiliated political action committees.

Clay Johnson III, deputy director for management at the Office of Management and Budget, called labor's criticisms of the administration "rhetoric."

"The idea that management would be hostile to employees is just foreign to me," Johnson said. "Everybody's focused on what we can do that's smart and professional and effective, to make sure we have the best and most effective workforce possible."

Johnson said the administration's goal in its final two years is to strengthen a management system that rewards employees who perform exceptionally. "I believe that employees want to be respected. They want to be challenged. They want to be held accountable. They want to grow professionally," he said.

According to the unions, federal workers have more pressing needs.

"We expect the Democratic Congress to support the federal employees with regard to wages, health insurance and retirement," said Beth Moten, AFGE's legislative and political director. "We expect them to support federal bargaining rights, and we expect them to work for reforms so that federal workers don't lose their jobs because of procedures or political influence,"

No issue has been more divisive than "contracting out," the phrase critics use to describe the outsourcing of government jobs to private contractors. Unions have fought efforts to transfer jobs at Walter Reed Army Medical Center, the Internal Revenue Service and elsewhere. Colleen M. Kelley, national president of the National Treasury Employees Union, said one worrisome trend is the IRS's interest in using private debt-collection agencies. "There are going to be problems with taxpayer privacy," she said.

In 2003, the administration revised Circular A-76, which lays out the rules for job competitions, to direct agencies to evaluate whether more jobs could be privatized. The effort has faced stiff resistance on Capitol Hill. Democrats have argued that agencies are under pressure to privatize jobs that should be confined to government workers.

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"I am not opposed to privatization, but if it occurs with federal jobs, then it must be legal and fair," said Sen. Barbara A. Mikulski (D-Md.), incoming chairman of the Appropriations subcommittee on commerce, justice and science, which will have authority over many of these issues. She also has many government employees as constituents.

The debate over privatization, among other disputes, is occurring against a backdrop of profound demographic change in the civil service. In the next 10 years, as much as 60 percent of the government's 1.8 million workers will become eligible to retire. "The long-term challenge for the federal government is to continue to attract the best and the brightest people. We've got to make sure we can replenish the federal workforce," Van Hollen said.

Appropriate Appropriations (NYT)

The New York Times, December 18, 2006

The incoming Democratic chairmen of Congress's appropriations committees announced last week that a big chunk of the federal government will operate next year under 2006 budgets. That will allow the new Congress to focus on programs where needs are great — and rising — like veterans' health care and low-income housing. It will also free up time to pursue a fresh legislative agenda.

Under normal circumstances, operating under old budgets would be a dereliction of lawmakers' duty to weigh needs and resources, and spend tax dollars accordingly. But the current situation is hardly normal. The departing Republican-led Congress was supposed to nail down the government's spending plans for 2007 before it adjourned, but it neglected to do so, passing only 2 of the 11 required appropriations bills.

The delay was initially due to infighting among Republicans, sparked by President Bush, who gunned for a spending limit that was so low that many Republicans were unwilling to support it openly. The delay dragged on as Republican leaders refused to hold difficult votes before the midterm elections. Then, during the lame duck session, they did not even try to complete the spending bills — a crass attempt to force the new Democratic majority to expend time and energy cleaning up the mess.

By choosing to operate much of next year's government at the 2006 level, the Democrats avoid that trap. But solving the political problem creates some practical ones. President Bush, for example, will have to step up during the year to ask for more money as needed.

But Mr. Bush is to blame for this problem in the first place. Next year he will have the chance to make amends, if only he will take it.

OTHER NEWS:

So Long, Farewell, Auf Wiedersehen, Rumsfeld (WP)

By Al Kamen

The Washington Post, December 18, 2006

Outgoing Defense Secretary Donald Rumsfeld has been on the "farewell" circuit of late, going to see the troops in Iraq, saying goodbye to various folks at the Pentagon and around town.

On Friday we had the fine Pentagon parade featuring the Army fife and bugle something. (Marching with the Army you've got, not the Army you want.) Earlier this month, he did interviews with two news folks -- Laura Ingraham and, for balance, Cal Thomas.

Rumsfeld told Thomas he hadn't given much thought about what he'd do after today's departure. Thomas invited him over to his home theater -- complete with surround sound -- to watch a movie.

"I have not been in six years to the movies," Rumsfeld said.

"It'll be fun," Thomas said in the broadcast interview. "I got one for you that'd you'd really love. . . . It's called 'Akeelah and the Bee.' Starbucks is involved in it. It's about a little African American girl, 11 years old, growing up in Crenshaw in L.A. Her father's been killed by some hoodie. Her brother's about to become a hoodie. And they discover that she has this great gift of spelling. Laurence Fishburne is in it, Angela Bassett. She goes out and redeems everybody. I mean, this is about every value we care about. Hard work, overcoming, honesty, integrity. I'm sitting there, I'm bawling away. I'm cheering for the kid."

"It's A-K-E-E-L-A-H -- maybe," Thomas said, " 'and the Bee' as in 'spelling bee.' I guarantee you I'll give you your money back if you don't love this movie. You will absolutely love this. It's got everything. There's not a white guy -- the only white guy in it is the principal of the school. Everybody else is minority, everybody else gets along."

"Did you like 'The Sound of Music'?" Rumsfeld asked.

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"Of course I liked 'The Sound of Music,' " Thomas said.

"Well, so did I," Rumsfeld said. "People laugh at that."

"Well, I want to [tell] you something," Thomas said. "I stalked Julie Andrews for 40 years before I finally got her."

"Is that right?"

"On our shelf, a picture of us having tea together in New York," Thomas said.

"How long ago?" the defense secretary asked.

"Two years. But I . . ."

"She's showing her years," Rumsfeld observed.

"Yeah, well -- no, she looks great," Thomas said.

Rumsfeld laughed.

"I waited for her outside the Majestic Theater in 1962 in the rain," Thomas continued. "That's when it started."

Rumsfeld laughed.

"And that's how I opened the letter to her, you know," Thomas said, according to the transcript. "So anyway, you got more important things to do." Well, maybe not.

"Good to see you," Rumsfeld said.

"Good to see you," Thomas said, "and let's stay in touch."

Maybe lunch sometime?The Replacements

The rumor mill is working overtime at the Agency for International Development, where morale is said to be a bit low these days. Word is that the administrator, former Eli Lilly and AT&T top executive Randall Tobias, is leaving early next year after his big reorganization plan, putting the office of reconstruction and stabilization into AID and rearranging a bunch of other offices, is finalized.

There were even candidates being mentioned as likely prospects to replace Tobias -- John Herbst, who runs the reconstruction office, and James Kunder, assistant AID administrator.

Tobias was said to be going back to Indiana to run for governor or senator or something. But the governor, Mitch Daniels, is a Republican and is apparently running again in 2008. Sen. Richard Lugar (R) was just re-elected and Sen. Evan Bayh (D) isn't up until 2010.

Asked Friday whether Tobias was on his way out, State Department spokesman Sean McCormack said, "He's got no plans to leave in the near future."After State, State School

While we're at it, the rumors at Foggy Bottom were that counselor Philip Ze likow, who had been advising his close friend of many years, Condoleezza Rice, on Iraq and other matters, was eased out last month because he wasn't on the same page with the administration.

Some insiders felt there were suspicious leaks of his internal memos -- taking issue with administration policy on Iraq and the Middle East -- in books and articles, culminating with one at the end of November in the New York Times that was headlined: "Rice's Counselor Gives Advice Others May Not Want to Hear." That one was called the last straw.

Rice, cornered by The Washington Post's Peter Baker after her visit last week to The Post, said she didn't give him the boot. "Nooooo," she said. "Philip and I had an understanding that it would be about two years. So he had to go back or he'd lose his chair" at the University of Virginia.

Must be a really tough crowd down there in Charlottesville.

Justice? (WP)

The Washington Post, December 18, 2006

NINE YEARS, four months and 18 days: That's the amount of time that Lawrence Banks spent in a Maryland prison for murdering two people, one of whom was his 17-year-old son. The appalling details of this case -- which have come to light only because Mr. Banks is now a figure in a new double-murder investigation -- raise troubling questions about Maryland's justice system. So far, there haven't been any answers -- only the spectacle of public officials trying to shift the blame.

The facts, as reported by The Post's Ruben Castaneda and Eric Rich, are chilling. A 22-year-old woman and her 9-month-old baby were shot to death in Laurel last week. The woman had recently sought a protective order against Mr. Banks, a man with a history of violence -- including tossing his infant daughter through a glass window in 1976 and the separate murders of his son and another man on the same day in 1991. For those two murders, Mr. Banks was able to get a remarkable deal from prosecutors in Baltimore City and Anne Arundel County. Instead of the 30-year maximum set out by Maryland sentencing guidelines for each second-degree murder, he got 20 years for each, served concurrently.

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The Baltimore prosecutor said she wanted to avoid putting Mr. Banks's teenage daughter, who had been subjected to abuse, through the ordeal of testifying. Anne Arundel prosecutors said they had no evidence or motive. Each looked to the other to see that a dangerous murderer was put away. Why didn't Anne Arundel push for Mr. Banks to serve his sentence consecutively with the Baltimore sentence, rather than concurrently? Was Baltimore consulted about the bargain brokered in Anne Arundel? Should the sentencing judges have rejected the plea agreements? It is noteworthy that the Baltimore judge who sentenced Mr. Banks for his son's murder denied his 1993 appeal for a reduction saying the "sentence was too low to begin with."

There are always extenuating circumstances in the prosecution of criminal cases. But this was a botched case, and it raises new questions in Maryland's long-running debate over truth in sentencing. Mr. Banks served less than half of his sentence, and his release came about not as a result of being judged eligible for or worthy of parole but because of diminution credits granted for good behavior. It makes sense to reward inmates who have model records or earn educational credits, but because the lenient treatment afforded Mr. Banks is not unusual, it is time for a thorough examination of the system. We hope that need is noted by Gov.-elect Martin O'Malley (D) and the incoming members of the General Assembly.

Flag-Burning Foe Says Law Not Needed (WP/AP)

The Washington Post, December 18, 2006

Supreme Court Justice John Paul Stevens has twice voted to outlaw burning the U.S. flag, in memorable dissents that emphasized the flag's great symbolic value.

Now, however, the 86-year-old justice says there is no need to amend the Constitution to protect Old Glory.

In 5-to-4 decisions in 1989 and 1990, the Supreme Court held that burning the flag is protected by the First Amendment.

"Ironically, those decisions seem to have solved the problem because no one burns flags anymore," Stevens said in a speech to the Chicago Bar Association in September, recently aired on C-SPAN.

Congress has continued to try to amend the Constitution to permit legislation that would prohibit desecration of the flag. The Senate fell one vote short of the required two-thirds majority in June.

In 1989, Stevens, a World War II veteran, evoked images of the D-Day assault on Omaha Beach in writing that if liberty and equality are worth fighting for, "it cannot be true that the flag that uniquely symbolizes their power is not itself worthy of protection from unnecessary desecration."

He allowed then for the possibility that the court's majority might have gotten it right. "Conceivably, that value will be enhanced by the Court's conclusion that our national commitment to free expression is so strong that even the United States, as ultimate guarantor of that freedom, is without power to prohibit the desecration of its unique symbol. But I am unpersuaded."

Stevens said in Chicago that he remains convinced that he interpreted the Constitution correctly and continues to be proud of his dissents in the flag desecration cases.

Yet he paid homage to the five justices -- William J. Brennan Jr., Thurgood Marshall, Harry A. Blackmun, Antonin Scalia and Anthony M. Kennedy -- who carried the day in both cases.

"If one were to burn a flag today, the act would convey a message of freedom that ours is a society that is strong enough to tolerate such acts by those whom we despise," Stevens said. "Today, one could not burn a flag without reminding every observer that we cherish our freedom."

Internet Critical Tool For Political Cash (USAT)

By Fredreka Schouten

USA Today, December 18, 2006

WASHINGTON — Retired naval officer Joe Sestak out-raised incumbent Republican Curt Weldon to seize a House seat in suburban Philadelphia — aided by nearly $900,000 in Internet contributions. "Netroots" activists helped propel Virginia's incoming Democratic Sen. Jim Webb in the early days of his race. And in 18 hours, the Internet-based political action committee MoveOn.org Political Action raised $500,000 online to buy airtime for advertising that targeted Republicans in four congressional races.

This year's midterm elections offered fresh examples of the ways the Internet is changing how candidates in both parties raise money as they scramble to collect the $20, $30 and $50 donations needed in the aftermath of changes to campaign-finance laws in 2002 that banned large donations. Online fundraising has proved a cost-effective and lightning-fast method to raise cash, rally the faithful and promote or smear office seekers.

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It also could transform fundraising in presidential races. "It's inevitable that the Internet will become the principal means of fundraising from now on," said Anthony Corrado, a campaign-finance expert at Colby College in Waterville, Maine. "It's the only way you get a million people to each give you $10 on the same day."

ActBlue, an online clearinghouse that has raised more than $17 million since 2004, plans to use that power. It recently won approval from federal regulators to stockpile cash for yet-undeclared presidential candidates.

While Democrats have scored many of the high-profile campaign successes on the Web, Republicans say they are not far behind in capitalizing on the Internet's potential.

ABCPAC.com, a GOP website launched in September, has raised $300,000 for candidates, said its chairman, Frank Donatelli, a public-affairs consultant and longtime Republican activist. Following ActBlue's lead, the PAC also will raise money to draft presidential contenders.

It's hard to quantify Internet contributions in campaigns because candidates and political parties are not required to disclose which donations came via the Web, but online activity played a role in several closely watched races this year.

In Pennsylvania, online cash to Sestak helped catapult the political newcomer ahead of the 10-term congressman in the money race. Campaign-finance reports show Sestak raised nearly $3.2 million to Weldon's $2.7 million through Nov. 27. Sestak, a retired Navy vice admiral, said he had no clue of the role the Web would play in the race when he announced his candidacy Feb. 2.

He caught on. Sestak called for U.S. troop withdrawals from Iraq by the end of 2007 — a message that resonated with netroots activists opposed to the war. In June, he spoke to liberal bloggers at the first YearlyKos convention. (Attention to the race also spiked with news of an FBI probe into whether Weldon used his influence to help his lobbyist daughter. Weldon has denied wrongdoing.)

The Web became "an absolutely critical source" of money, Sestak said. In four days, a single e-mail solicitation raised $88,000.

Candidates such as Jesse Ventura, the former pro wrestler who became Minnesota governor in 1999, and Sen. John McCain, R-Ariz., who sought the presidency in 2000, were among those with strong Web appeal years before former Vermont governor Howard Dean outpaced better-known rivals through online fundraising before the 2004 Democratic presidential primaries.

"Television benefited candidates who were telegenic and, most importantly, people who had money because TV is so expensive," said Carol Darr, director of the Institute for Politics, Democracy & the Internet at George Washington University. "The Internet tends to benefit the mavericks who have a compelling message."

Web-based activists such as Eli Pariser, executive director of MoveOn.org, relish their new role. In the 2005-06 election cycle, MoveOn.org Political Action, the group's PAC, raised $28 million, he said. That's almost on par with the $30 million the group collected during the high-profile presidential campaign two years ago, Pariser said.

"The presidential race that's coming up is one where online fundraising has the power to completely level the playing field," he said.

Benjamin Rahn, the 29-year-old president of ActBlue, said the Web opens up politics. "Anyone can get up and running and have a website for free. People don't need to go through the traditional party structures."

That said, online watchers say Internet givers have more in common with large donors than they do the general population. "They don't have as much money as big donors, but they are still middle-aged, upper income and highly educated," Darr said.

Just because the midterms are over, that doesn't mean the race for cash via the Internet is done. Recently, the National Republican Congressional Committee issued an e-mail plea to supporters to help retire $2 million in debt. Donors who sent in $100 or more were promised a 2007 daily planner.

Outgoing committee spokesman Ed Patru declined to say how much the appeal has raised. Contribution amounts garnered from the Internet are "not something we discuss," he said. "It's something that gets into the strategy side of things."

DOJ_NMG_0107176

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 18, 2006 8:11 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, December 17, 2006
Attachments:	agnb061217.pdf; agnb061217.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 17, 2006 7:45 AM EST

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TERRORISM NEWS:

British Pilots Oppose Armed Air Marshals. The Washington Times (12/17, Hudson, 88K) reports that British pilots "oppose a proposed change in the United States' visa-waiver program that would require participating countries to provide armed security on U.S.-bound foreign airlines or allow U.S. air marshals to protect such flights. 'Any need to carry weapons on aircraft should be recognized as a failure of the airport security systems,' the British Air Line Pilots Association (BALPA) said. British pilots favor 'proper passenger profiling' through a 'database of potential terrorists, their known aliases and all their known associates as well as known disruptive passengers,' the association said in a statement."

NYTimes Sees "Unfinished Business" In Bush's War On Terror. In a lengthy editorial entitled "Unfinished Business," the New York Times (12/17, WK11, 1.16M) criticizes "the legacy of a Republican Congress that enabled the President's imperial visions of his authority. It leaves the new Democratic majority with much urgent, unfinished business to restore due process, civil liberties and the balance of powers." The Times discusses how military tribunals used a "broad definition of 'illegal enemy combatant,' which could subject legal United States residents to summary imprisonment; its repudiation of the Geneva Conventions to allow the president to decide what prisoner abuse he will permit; its denial of the basic right of appeal to any noncitizen designated as an 'illegal enemy combatant'; and its stripping of the powers of federal courts. The law is also far too lax on the use of coerced evidence and secret evidence." The Times condemns CIA secret prisons "which house foreign citizens who are often abducted off the streets of their hometowns and brutalized," and also outlines the presidential and congressional initiatives that "authorized the National Security Agency to ignore federal law and eavesdrop on telephone calls and e-mail between the United States and other countries without a warrant" while "Republican lawmakers have introduced bills that would legalize the program after the fact." The Times ends its list with a discussion of American "spy agencies' prewar failure to figure out that there were no weapons of mass destruction in Iraq, and promised to deliver a report on whether Mr. Bush and his team pressured the agencies to cherry-pick or hype evidence — or lied outright to Americans." The Times concludes that "the midterm elections prove that…the American public has not been blinded or deafened to what this country stands for and the need for truth."

Columnist Examines Jurisprudence In Hamdan Case. In her Washington Post (12/17, B2, 690K) column, Emily Bazelon writes that "on Wednesday, a federal judge dismissed the habeas corpus petition of Salim Ahmed Hamdan, a detainee at Guantanamo Bay, Cuba." Bazelon asserts that Hamdan's petition "was dismissed because of the Military Commissions Act, which Congress passed last fall to take away the habeas rights of Guantanamo Bay detainees. The MCA is a classic example of 'jurisdiction stripping.'" Bazelon argues that the judiciary branch is weakened when Congress is able to "take cases away from judges." Bazelon asserts that "the MCA is such a law" that can strip "the right to habeas corpus granted by federal statute." Bazelon asserts that Congress should not be able to "strip the courts of the authority to hear certain claims or cases" and that "these days it's more often judges whom we can count on, if we can count on anyone, to stand up for the procedural rights of murder defendants and Guantanamo Bay detainees."

HOMELAND RESPONSE:

Democrats Will Push To Limit Domestic Spying Program. The AP (12/16, Kravets) reported that while federal agents "continue to eavesdrop on Americans' electronic communications without warrants a year after President Bush confirmed the practice, and experts say a new Congress' efforts to limit the program could trigger a constitutional showdown. High-ranking Democrats set to take control of both chambers are mulling ways to curb the program Bush secretly authorized a month after the Sept. 11 attacks. The White House argues the Constitution gives the president wartime powers to eavesdrop that he wouldn't have during times of peace." The AP added that the President, "however, can veto legislation, including a law demanding the National Security Agency obtain warrants before monitoring communications. Such a veto would force Congress to muster a two-thirds vote to override;" which remains probable

since Bush "said he had no intention of halting what he called a "vital tool" in the war on terror."

Federal Court Takes Closer Look At Padilla Case. The Los Angeles Times (12/17, Serrano, 850K) reports that a federal judge in Miami "will soon make one of the most important rulings in the Bush administration's war on terrorism and decide whether to publicly explore evidence that an accused terrorist was brutally mistreated for years inside a one-man isolation cell," Jose Padilla. Padilla's lawyers "have asked U.S. District Judge Marcia Cooke to set him free because of the abuse they say he suffered. Though federal judges rarely dismiss criminal charges before trial, the allegations are so extreme that they may prompt Cooke to hold a pretrial hearing in what would be the first public court examination into how detainees were handled after the Sept. 11 attacks." The Times points out that Padilla has asserted that he has been tortured in many ways during his federal detainment and much of this case "is weighing on the judge" who "began her career as a Legal Aid attorney and public defender in Michigan" and who has ruled "in August that there were overlapping charges" and "she dismissed the most serious conspiracy charge, which could have brought a life sentence, and left intact two counts that could get Padilla 20 years for providing material support to terrorists."

WAR NEWS:

Bush Takes "Most Dramatic" Options For Iraq Off Table. Coverage of President Bush's deliberations on Iraq saw a troop increase as likely while simultaneously questioning the depth of his commitment to rethinking his strategy.

The AP (12/16) reports President Bush "has taken the most dramatic options off the table as he tries to change direction in Iraq, leaving him with a list of modest military and diplomatic moves to announce in the new year." He is seen as likely to "reject the Iraq Study Group's recommendation to pull back most combat forces by early 2008," as well as the idea of "a firm exit timetable." On the other hand, "he is likely to endorse the basic idea recommended by the commission and others to condition at least some U.S. military and economic engagement to the performance of Iraq's government." A diplomatic option that Bush is "almost certain to reject: stop trying to recruit greater Sunni participation in a unified government and cast U.S. fortunes with the Shiite and Kurdish majority." Other diplomatic options include wooing "the Sunni elite by guaranteeing them a share of oil revenue and reversing the previous policy of 'de-Baathification'" and building "a more structured network of Arab nations with a goal of clamping down on the violence in Iraq." He "also is likely to endorse a renewed effort to resolve other Middle East conflicts as a means to an end in Iraq."

The Washington Post (12/17, A1, Baker, 690K) reports that Bush faces a "difficult" question: "At what point does determination to a cause become self-defeating folly? ... The notion of bending to critics or even popular will cuts against his grain. Yet it is also true that at key moments in his career, Bush has been willing to abandon his position and shift gears dramatically," such as when he embraced creating DHS "as if it were his own" idea. The Post continues, "Still, history shows that Bush does not change easily or quickly. For years, he ignored calls to fire" Defense Secretary Donald Rumsfeld, "even when the idea was endorsed by his own top aides. He waited to oust Rumsfeld until the day after midterm elections handed Congress to Democrats." Reagan-era DOD Assistant Secretary Lawrence Korb said Bush "has basically confused stubbornness with steadfastness."

Bush Ponders Sending More Troops To Iraq. All three networks reported on the possibility of more troops being sent to Iraq. ABC World News (12/16, lead story, 2:05, Weir, 8.78M) reported, "We begin with the war in Iraq and the very real possibility that many more American forces will soon be headed there. In the wake of the scathing report from the Iraq Study Group, President Bush promised to come up with a new plan." ABC (Morrell) added, "Officials close to the process tell ABC News Mr. Bush will likely call for a major surge of US troops in Iraq. That surge could include more than 30,000 additional troops, bringing the total to 164,000, the highest level yet. Most would go to Baghdad, more than doubling the number there. The rest would head to al-Anbar Province, a last-ditch attempt to stabilize the heart of Iraq." Army Chief of Staff Gen. Peter Schoomaker,: "As it currently stands, the army is incapable of generating and sustaining the required forces to wage the global war on terror." Morrell: "Still, President Bush has asked his military planners to figure out how to get the extra forces he wants. Among the ideas being considered, extending tours of duty from 12 to 15 months for soldiers, from seven to nine months for Marines."

The CBS Evening News (12/16, story 4, 2:15, Attkisson, 7.66M) reported, "In the battle for Iraq, the surge in US troops…could be launched within days after Christmas.

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Here's the plan: boost the current 134,000 troops by another 15,000 to 20,000." CBS (Pinkston) added, "In an unusually quiet day for Baghdad, car bombs and kidnappings gave way to a new effort to negotiate a way out of a nightmare of violence. At an Iraqi reconciliation conference, embattled Prime Minister Nouri al Maliki issued a surprising invitation. Asking former members of Saddam's army to come back to fight insurgents. But there's a growing feeling in Washington that the key to ending the violence is not the Iraqi but US troops. President Bush seems prepared to send more troops."

NBC Nightly News (12/16, story 3, 1:40, Seigenthaler, 9.87M) reported, "We turn now to the war in Iraq and the options facing President Bush. While the White House says tonight that all options are still on the table, the President is considering one plan to increase the number of US troops in Iraq." NBC (Corke) added, "For some time here in Washington, there has been talk of increasing US force levels in Iraq, but there appears to be a sharpening of that debate here as the White House is to be strongly considering an increase of 20,000 troop or more to that region. That number could actually grow to more than 30,000, we're also told and that's significant because when you think about it, there are only about 17,000 or so troops in and around Baghdad. ... Most of the additional forces there would be there to train the Iraqis, not simply to increase the number of boots on the ground patrolling the streets of Baghdad."

Ex-DOD Secretary Perry Warns Of Iraq "Quagmire." The Washington Post/AP (12/17) reports that former Defense Secretary William Perry "said Saturday that Iraq could turn into a 'quagmire' if the Bush administration fails to change strategy." Perry delivered the "Democratic Party's weekly radio address," in which he "reiterated the recommendations of last week's report from the Iraq Study Group" and said, "I believe that [quagmire] is likely to happen if we 'stay the course' in Iraq."

Composition Of Bush's Advisers Shifts. ABC World News (12/16, story 2, 2:15, Weir, 8.78M) reported, "John Hendren takes a look at who will have the President's ear." ABC (Hendren) added, "President Bush's listening tour already marks a dramatic change from the small group of advisers he called on in the lead-up to the war in Iraq. Paul Wolfowitz, then the deputy Defense Secretary, first proposed invading Iraq in an emergency cabinet meeting at Camp David less than a week after the 9/11 attacks." Observer "fear while he may be hearing many options in the end he may end up only listening to the same key advisers whose counsel he's followed all along. ... While Donald Rumsfeld is already out as Defense Secretary, some are suggesting the top generals in this war, Peter Pace and John Abizaid, should also go."

Maliki Considers Including Nonviolent Baathists In Iraqi Government. ABC World News (12/16, story 3, 0:35, Weir, 8.78M) reported, "Iraq's deep political and ethnic divisions are very much in evidence this weekend. A national reconciliation conference opened in Baghdad with plenty of buildup from the Iraqi government and the White House. While Prime Minister Nouri al Maliki is, again, urging former members of Saddam Hussein's forces to join the new Iraqi Army, key Sunni and Shiite leaders are boycotting the meeting, dimming hopes the talks will accomplish much of anything."

NBC Nightly News (12/16, story 4, 2:00, Seigenthaler, 9.87M) reported, "In Baghdad, an attempt today by an Iraqi government to bring together Sunnis and Shiites." NBC (Arraf) added, "It was one of the defining US acts in Iraq. ... Many believe it helped launch the insurgency. ... This conference is billed as the best, maybe last hope for bringing together political leaders who can help stop the fighting. Former [CPA head] Paul Bremer declared Saddam's Baath Party illegal in 2003. Tens of thousands of ordinary Iraqis were left without work in a policy called debaathification. This politician says they now have a new word less offensive to many Iraqis: De-Saddamfication, excluding only those most loyal to Saddam but not all Baath Party members."

CNN (12/16, Whitfield) reported, "The latest bid to end Iraq's religious and political turmoil: a national reconciliation conference. Iraq's Shiite prime minister offered a gesture to Sunnis at the two-day conference. He proposed constitutional amnesty for members of the Sunni-dominated Ba'ath Party who have committed no serious crimes."

Roadside Bombs Killing US Troops At Record Rate. The Boston Globe (12/17, Bender, 413K) reports in a highly critical article, "US troops in Iraq are dying in roadside bombings at a higher rate than any period since the war began ... but commanders still have no effective means to monitor the deadliest routes for patrols, according to Pentagon officials and documents. ... In October, 53 US troops died from improvised explosive devices, while in November, 49 troop deaths were blamed on so-called IEDs -- the second and third highest monthly tolls of the war." The

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Globe continues, "Officials at the Joint IED Defeat Organization admit that most of the billions of dollars they get each year goes to developing high-tech gear to detect or disarm bombs rather than addressing the root of the problem: finding out where the bombs come from and who is planting them. ... That has spurred outrage among military officers, Pentagon contractors, and members of Congress. They charge that, after spending billions of taxpayer dollars to address the problem there is still virtually no solid intelligence on how the bombers operate." In addition, blame goes to "commanders in the field, who some specialists say aren't forthcoming about the extent of the problem. A previously unpublicized assessment generated by the Republican staff of the House Armed Services Committee and obtained by the Globe effectively accused the generals of hedging the truth when Congress asks what they need to protect the troops."

US Trainers Fault Iraqi Forces' Quality. The Los Angeles Times (12/17, Perry, 850K) reports pessimistically, "As U.S. forces train Iraqis to take more responsibility in fighting insurgents in Al Anbar province, they say that leadership in the Iraqis' enlisted ranks remains in short supply." Trainers fault the Iraqis for lack of independence and untrustworthiness. Maj. Sean Riordan said, "They are particularly dependent on strong, forceful leaders, and when they lose one, they have trouble continuing." The Times continues, "At this station, Marines and Iraqi soldiers went on joint missions but details often had to be withheld from the Iraqis for fear they would inform the insurgents." The Marines try to work closely with the Iraqi army but "appear more distant from the Iraqi police. While the army is mostly composed of Shiites, the police, recruited locally, are nearly all Sunni Arabs. ... one former police officer from Karmah was shot and killed by a Marine while planting a roadside bomb in nearby Saqlawiya."

Iraqi Legal System Crushed By Weight Of War. The New York Times (12/17, A1, Moss, 1.16M) reports in a pessimistic article exceeding 5,000 words, "The United States established the Central Criminal Court of Iraq three years ago, envisioning it as a pillar of a new democracy. But like the faltering effort to create effective Iraqi security forces, the system for detaining, charging and trying suspects has instead become another weak link in the rule of law in Iraq, according to an examination of the justice system by The New York Times. ... Almost every aspect of the judicial system is lacking, poorly serving not just detainees but also Iraqi citizens and troops trying to maintain order. Soldiers who have little if any training in gathering evidence or sorting the guilty from the innocent are left to decide whom to detain. ... Tens of thousands of detainees have been released by the Americans, often under political pressure from the Iraqis, but American soldiers complain they are apprehending many dangerous insurgents again and again. At the same time, detainees are held for long periods by the Americans without being charged, in some instances for as long as two years."

Gunmen Stage Mass Baghdad Kidnapping. The AP (12/17) reports, "Gunmen in Iraqi army uniforms staged a mass kidnapping on Sunday at the office of the Iraqi Red Crescent in downtown Baghdad, police said. An [anonymous] official of the Iraqi aid group said the assailants abducted 20 to 30 employees and visitors, but left women behind. ... Several mass kidnappings have been carried out in the Iraqi capital in recent months, possibly by armed groups on either side of the sectarian conflict between Sunnis and Shiites."

Reserves, National Guard Strained By War. McClatchy (12/17, Montgomery) reports, "The nation's National Guard and Reserve forces are displaying signs of strain after five years of deployments in what has become the biggest active-duty mobilization since the Korean War. ... many Guard units are struggling with chronic equipment shortages and funding problems that threaten their ability to respond to disasters and other emergencies in their home states. Thousands of reservists are serving in patchwork units cobbled together in piecemeal fashion from other units, often with little or no sense of cohesion."

LATimes Contributors Debate Value Of Talks With Iran, Syria. Two Los Angeles Times op-eds discuss negotiations with Iran and Syria. In the Los Angeles Times (12/17, 850K), researcher Joseph McMillan writes that US negotiators with the two countries should remember, "Fighting and talking are two sides of the same coin," "keep expectations realistic," "understand the role of passion," and "patience, patience." McMillan emphasizes, "If our adversaries perceive that the primary aim of U.S. policy is the fastest possible extrication of U.S. troops from Iraq, then, just as happened in Vietnam, it will become impossible for American diplomats to achieve anything more than that."

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Also in the Los Angeles Times (12/17, 850K), Republican attorneys David Rivkin and Lee Casey argue against any negotiations with the two countries, saying, "Other than an immediate withdrawal of U.S. forces from Iraq, it is difficult to conceive a course of action more perilous to our interests in the Middle East than seeking the Baker-style assistance of Iran and Syria. ... What does not make sense is to open a dialogue with two of Washington's bitterest enemies without a clear notion of whether their help in Iraq would be worth the price in the long run."

Military Rehearsing For Detainee Hearings. The AP (12/17, Melia) reports the US military "is rehearsing for hearings on whether 14 top terror suspects can be held indefinitely without charge as enemy combatants, but defense lawyers say the outcome is preordained." Khalid Sheikh Mohammed "and the 13 others will be the highest-profile detainees to undergo the so-called Combatant Status Review Tribunals, and the first to do so in two years."

DOJ:

Gonzales Urges Employees To Report Child Pornography On Workplace Computers. In a letter to the editor in the New York Times Magazine (12/17) Attorney General Alberto R. Gonzale responds to advice dispensed by the magazine's ethicist. Gonzales writes, "When a technician discovered child pornography on the company president's computer, the Ethicist advised 'silence' (Dec. 3). This advice was reckless and naïve. Each image of child pornography is a crime scene, and its possession is a felony in 42 states and under federal law. Furthermore, reproducing such images again victimizes the innocent child. The Ethicist flippantly advises silence because speaking up would be 'too ineffectual in protecting children.' But real children have been rescued by the discovery of images. Without the images, we cannot find and rescue victims or punish the predators. … I urge all Americans to reject this poor advice."

CORPORATE SCANDALS:

Pendulum May Be "Swinging Back," Away From Federal Oversight. The New York Times (12/17, Labaton, 1.16M) reported, "Is the pendulum swinging back, to less federal oversight and more self regulation? The question arises because prosecutors and regulators in Washington took steps last week — almost exactly five years after Enron filed for bankruptcy — to roll back some of the tough new measures adopted in that first blush of scandal. … The timing was somewhat jarring. Fannie Mae, the nation's largest mortgage finance company, was suing its auditors last week for claiming they were negligent in helping to prepare financial statements that led to a $6.3 billion restatement of earnings, and The Wall Street Journal was uncovering a new scandal involving the improper back-dating of executive stock options." The Times added, "The Sarbanes-Oxley law was approved in 2002 as lawmakers grew concerned that they might be swept out of office by millions of middle- and lower-income investors who owned their share of the marketplace through mutual funds, I.R.A.'s, 401 (k)'s, and 529 college-savings programs. Since then, as the scandals and trials have receded to the back pages, investors have poured even more money into the markets and a new and deregulatory-minded mood has taken hold in Washington. … Some business groups, as well as the treasury secretary, Henry M. Paulson, have raised concerns that more companies are listing their stock overseas because of the regulatory climate in the United States." The AP (12/17, Gordon) refers to the new rules as "two early Christmas gifts for corporate America -- with potentially far-reaching effects for investors and the financial landscape."

New Rules Offer Require More Information On Executives' Pay. The AP (12/16, Gordon) reports, "Investors are getting access to clearer and more detailed information from public companies on their top executives' pay packages and perks under federal rules that took effect on Friday. Companies' 2006 annual reports issued early next year will reflect the changes, which were ordered by the Securities and Exchange Commission in July in a major overhaul of disclosure rules for executive compensation. The new requirements include disclosure of the dating of stock option grants to executives. Companies must provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options."

Federal Investigators Subpoena Information From Georgia City's Finance Office. The Macon Telegraph (12/17, Fain, 59K) reports, "Federal

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investigators served the city of Macon's finance office with two subpoenas in the past three months, seeking massive amounts of information in an ongoing Justice Department inquiry into the city's use of federal grants. The subpoenas, released to The Telegraph under the Georgia Open Records Act, commanded the city to turn over financial data as part of a Justice Department investigation into 'allegations of misconduct. … Federal investigators, by law, cannot comment on an ongoing investigation or even confirm its existence, U.S. Attorney Max Wood said. But several city sources, including Macon Finance Director Adah Roberts and Mayor Jack Ellis, said the subpoenas appear to target the city's so-called faith-based program."

CRIMINAL LAW:

Boston Street Violence Draws Gonzales' Attention. The Boston Herald (12/16, Johnson, 184K) reports, "The blood spilled on Boston's streets this year drew the attention of the nation's top prosecutor yesterday as he attended a conference on gang violence at a time when the city hopes a fractured gang truce can stop a street war from erupting." Attorney General Roberto Gonzales: "I am concerned that, despite the diligence of the men and women in this room, preliminary crime reports in Boston for the first six months of this year show an increase in violent crime." The Herald adds, "Gonzales, who was in town to speak at the annual Project Safe Neighborhood Conference at the Boston Convention and Exhibition Center, said the feds have put street violence under a microscope, not just in Boston, but across the country."

Rape Down, But Victims' Advocates Say Rape Remains Underreported. The Stamford Advocate (12/17, Lee, 24K) reports, "Rape has dipped more than 85 percent since the 1970s, according to the U.S. Department of Justice. Last year, the number of rapes decreased by nearly 2 percent nationwide, even as other violent crimes increased, the FBI reported. Law enforcement officials say the trend could be the result of an increased jail population, and that rapists, who often commit other crimes such as burglary and robberies, are behind bars. Although the national statistics might be applauded, some experts and advocates aren't clapping just yet. Victim advocates and experts say the numbers are unreliable, and that despite greater awareness and outreach with crisis centers, support groups and hot lines, rape remains an underreported crime."

CIVIL RIGHTS:

Racial Disparity Leads San Francisco Police To Probe For Possible Discrimination. The San Francisco Chronicle (12/17, Sward, 384K) reports, "San Francisco police arrest African Americans for serious crime at a much higher rate than officers in California's other biggest cities. The disparity between San Francisco's black felony arrest rates and the seven other largest cities' -- measured by the number of African Americans arrested per 1,000 black residents -- is so large that many experts and civic leaders who reviewed the numbers said they are "disturbing" and require an investigation. The numbers prompt several questions, all of which basically boil down to this: Is the high arrest rate of African Americans because of the way the San Francisco Police Department does its policing, or because of criminal activity within the community?" Merrick Bobb, "nationally recognized expert in police practices:" "The strongly disparate impact of San Francisco policing on African Americans begs for a convincing set of reasons based solidly on empirical fact."

Port Chester's Residents Have "Wide Range" Of Reactions To Discrimination Suit. The Lower Hudson Journal News (12/17, Hughes) reports that Port Chester "residents had a wide range of reactions yesterday to the news that federal officials have filed a lawsuit aimed at forcing an election district system that would increase the likelihood a Hispanic candidate could win a seat on the Board of Trustees. Out of dozens of residents interviewed yesterday, only a handful were aware that the U.S. Department of Justice has been pressuring the village to address concerns that a municipality where more than 46 percent of the population self-identified as Hispanic in the last census does not have a single Hispanic elected official on its six-member Board of Trustees. … Among those who knew about the situation, there was wide disagreement about whether there even is a problem and what, if anything, should be done by the federal government."

DOJ Intervenes In Indians' Challenge To Elections. The AP (12/17) reports, "The U.S. Department of Justice is intervening in a federal lawsuit in which five

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American Indians are challenging Fremont County's system of holding at-large elections. The department filed notice Thursday that it is intervening in the case for the limited purpose of defending the constitutionality of the federal Voting Rights Act. … In its notice of intervention filed in the lawsuit this week, the Civil Rights Division of the U.S. Department of Justice stated that the United States has a right to intervene in any lawsuit in which the constitutionality of federal laws is questioned."

ANTITRUST:

Hedge Funds Bet On Airline Mergers. The Chicago Tribune (12/17, Johnsson, Oneal, 617K) reported, "Hedge funds are investing heavily in United Airlines and other old-line carriers, drawn by the prospect of wide-scale mergers and better times ahead for U.S. carriers. After a spending spree this year, hedge funds control nearly 50 percent of the shares outstanding at US Airways Group, about 30 percent at both United and American Airlines and 16 percent at Continental Airlines, Securities and Exchange Commission filings show. … Given their clout and focus on generating quick returns, the hedge funds are emerging as a force that could push the industry into wide-scale consolidation, analysts say."

Airlines Must Surmount Obstacles Before Merging. The Houston Chronicle (12/17, Hensel, Hem, 530K) reports, "Since preliminary merger talks between Continental and United airlines became public last week, the talk of industry consolidation has grown louder and the market value of both airlines has increased. No matter the buzz, there are obstacles, though surmountable, to such a deal getting struck, and pitfalls to it ultimately succeeding."

Lawmakers Prepared To Hold Hearings On Possible Airline Mergers. The Atlanta Journal-Constitution (12/17, Geewax, 379K) reports, "Even though the new Congress won't convene until January, key lawmakers already are preparing for hearings to examine the economic impact of possible airline mergers. Many members of Congress are condemning the potential deals, while few, if any, support the idea of industry consolidation. Congress has no direct role in approving mergers, but it could help sway public perceptions and increase political pressure on the Justice Department to reject the airline transactions on antitrust grounds." The Journal-Constitution adds, "Perhaps the most controversial of the potential acquisitions involves US Airways Group Inc.'s unsolicited $8.7 billion bid for Delta Air Lines Inc. The two carriers have routes that overlap significantly along the East Coast, as well as hubs relatively near each other in the West."

"Business Traveler" Columnist Sees More Expenses For Consumers. In his "Business Traveler" column in the Web site of USA Today (12/17, 2.27M), David Grossman writes, "A number of airline chief executives have been predicting, warning, and perhaps secretly wishing for a round of consolidation. Those who foster the idea of remaking the big six into the big three see a world of decreased competition, fewer flights, and decreased seating capacity. This would help the surviving three airlines better cut costs and boost revenues … at the expense of business and leisure travelers alike."

Credit Reports To Have Higher Fees. Credit Reports The Los Angeles Times (12/17, Harney, 850K) reports, "Home buyers and refinancers face higher fees for credit reports beginning Jan. 1 — a price boost that has mortgage, credit-industry and consumer groups fuming. Some believe that the higher fees will have an inordinately heavy effect on moderate-income and minority first-time mortgage applicants who have nontraditional credit patterns, marginal credit scores or 'thin' credit files. … At the core of the controversy is a policy change by national credit bureaus Equifax and Experian that neither company announced publicly: Beginning next month, they expect to be paid every time a lender or a mortgage investor obtains an applicant's credit file as part of the funding process."

IMMIGRATION:

Recent Immigration Raids Worry Many Companies. The Los Angeles Times (12/17, Riccardi, Gaouette, 850K) reports that "the raid of six Swift & Co. meat packing plants last week spotlighted the fine line employers face because of increased government scrutiny: Make sure your employees are in the U.S. legally, but don't push too hard to find out. This time, federal inspectors detained 1,300 Swift workers suspected of providing stolen Social Security numbers to the company" while "four years ago, the company's requirement that Latino job applicants provide proof of their legal status led to a $200,000 fine for discrimination." The Times adds that at a news conference last week, Homeland Security Secretary Michael Chertoff "emphasized the importance of focusing on workplaces. 'We

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all know the primary economic engine that draws in illegal migration is work,' Chertoff said a day after the Swift raids. 'And when businesses are built upon systemic violations of the law … that is a problem we have to attack.'"

CONGRESS-ADMINISTRATION:

Bush Wants To Join With Democrats On Cutting Spending, Earmarks. The Washington Times (12/17, Dinan, 88K) reports on its front page that President Bush "challenged Democrats to live up to their pledge to cut pork-barrel spending, using his weekly radio address to suggest they join forces to crack down on earmarks in spending bills. Mr. Bush called it a 'top priority' for Congress when lawmakers return next year." The Times says the White House "has been trying to find an issue where it has common ground with Democrats, and spending is an obvious area, particularly given Democrats' campaign and post-campaign pledges to cut waste." Bush's "own party was unable to rein in earmarks during its time in control of Congress, and many Republican leaders in Congress staunchly defend the current system."

Panetta Urges Bush, Congressional Democrats To Work Together. The Houston Chronicle (12/17, Kilday, 530K) writes that Clinton White House Chief of Staff Leon Panetta "said President Bush and the newly elected Democratic Congress must work together to confront the nation's problems." Panetta said, "There's a fundamental decision that both the president and the Democratic Congress have to make. And that is whether they are going to work together to govern the country, or whether they are going to be in confrontation or gridlock for the next two years."

Failure Of Congress To Pass Spending Bills Imperils Programs. The Washington Post (12/17, Weisman, Montgomery, 690K) reports on its front page that the "Republican-controlled Congress's decision to adjourn a week ago before completing many of the spending bills that finance the federal government will reverberate in ways large and small, such as understaffed U.S. attorney's offices, delayed renovations at the University of Bridgeport in Connecticut and a scuttled global nuclear energy exchange." The GOP "left behind just enough spending authority to keep the government operating through mid-February, less than halfway through the 2007 fiscal year that began Oct. 1. Democrats have signaled that when they take control of Congress in January they will extend that funding authority for the remainder of the year based largely on the previous year's spending levels, which will result in many cuts in programs."

Broder Says Pelosi Will Change House Management Style. In his Washington Post (12/17, B7, 690K) column, David Broder writes that incoming House Speaker Nancy Pelosi is signaling "that the management of the House of Representatives is going to change substantively -- and not just symbolically -- when Pelosi is sworn in on Jan. 4 as the first woman to hold the third-highest office in the land. No one -- including Pelosi herself -- can tell you all the ways the House will change. When I interviewed her last week, it became apparent that she was just getting into the details of her new position. That may seem odd, but I find it believable that during her campaigning and fundraising these past two years, her focus was not on becoming speaker but, as she said, on 'getting the Democrats back in the majority' after 12 years out of power. … The small gestures she has made to the Republicans suggest a willingness to accommodate, rather than a vindictive reaction to the Democratic victory. That bodes well for the future."

WPost Praises Pelosi Intelligence Proposal, But Not Reyes Pick. The Washington Post (12/17, B6, 690K) editorializes, "House Speaker-to-be Nancy Pelosi…has come up with a deft solution to a problem identified by the Sept. 11 commission: the disjointed and inadequate congressional oversight of intelligence." Pelosi wants to "create an intelligence oversight panel within the appropriations committee, responsible for reviewing spending and recommending spending levels. In a key departure, this committee would include not only appropriators but members of the intelligence committee. This is a clever approach that merits serious consideration" by incoming Senate Majority Leader Harry Reid. The Post goes on to say, "We wish we could be as enthusiastic about Ms. Pelosi's choice to head the intelligence committee," Rep. Silvestre Reyes, who in a recent CQ.com interview "exhibited a troubling lack of familiarity with basic knowledge that ought to be expected of someone in that important position." Reyes "has a steep learning curve ahead."

OTHER NEWS:

Obama Says He Regrets "Boneheaded" Real Estate Deal. The Washington Post (12/17, A6, Slevin, 690K) reports Sen. Barack Obama says he "erred by creating

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the appearance" that Chicago "dealmaker and campaign fundraiser" Tony Rezko had done Obama a favor by selling Obama a portion of a lot Rezko owned. Rezko is "often in the headlines for being on the wrong side of good government. Indicted in October on influence-peddling charges, he also has a habit of befriending prospective political stars." Obama said in a Friday interview, "There's no doubt that this was a mistake on my part. 'Boneheaded' would be accurate. There's no doubt I should have seen some red flags in terms of me purchasing a piece of property from him." The Post says that "for the first time since he entered the national spotlight, the 45-year-old freshman senator found himself on the defensive, discussing a personal decision he had come to regret."

Time Names "You" Person Of The Year. The Washington Post/AP (12/17, A17) reports Time magazine named "each and every one of us" its Person of the Year, citing "the shift from institutions to individuals -- citizens of the new digital democracy, as the magazine put it. The winners this year were anyone using or creating content online." Time.com (12/17), previewing the December 25 issue cover story, says that while "there are individuals we could blame for the many painful and disturbing things that happened in 2006," a look at the year "through a different lens" shows "another story, one that isn't about conflict or great men. It's a story about community and collaboration on a scale never seen before." Bloomberg (12/17, Hart, Dentch) and BBC.com (12/17) also report on the choice.

NYTimes Slams "Bogus Prep Schools" For Athletes. The New York Times (12/17, WK11, 1.16M) editorializes that many "bogus 'prep schools'" exist for "barely literate high school athletes" to "launder their transcripts by taking pablum courses and sometimes by taking no courses at all. The athletes then go on to big-time sports universities, where they fail or exhaust their playing years before landing back on the streets without job prospects or college degrees" in a "prep school scheme was meant to circumvent academic qualification rules…by the National Collegiate Athletic Association," which "was slow to recognize the seriousness of the problem, has finally adopted policies to root it out."

Brooks Says Newspaper Headlines Reveal Our Age Of Anxiety. In an op-ed in the New York Times (12/17, WK12, 1.16M) David Brooks writes that "if you spend a few weeks poring over the highlights from a year's worth of magazines, you also get a window on the spirit of the times. And 2006, let it be said, felt to many like the year of losing ground." Many headlines points to the view that the West is losing ground politically, socially and economically causing anxiety in many. Yet Brooks asserts that "most of this broader existential gloom about America is absurd. The U.S. is in extraordinarily strong shape economically and socially. And whatever their short-term strengths, the Sadrs of the world simply do not have a social model that large numbers of people will want to live under."

Conservative Schism Could Produce Election Win For Iranian Moderates. The New York Times (12/17, Fathi, 1.16M) reports, "Early electoral returns on Saturday suggested that a moderate former president, Ali Akbar Hashemi Rafsanjani, had a strong a lead over a conservative opponent in at least one of the elections held Friday." Iranian media reported that "most candidates" on Rafsanjani's slate "were headed for a victory in the elections for the 86-member Assembly of Experts. Muhammad Taqi Mesbah-Yazdi, the hard-line cleric, had also received enough votes to get elected." Turnout appears to have been about 60 percent, and that "carries political significance" because the "results could suggest whether [President Mahmoud] Ahmadinejad still enjoys strong popularity or people were casting their votes to protest his policies"

However, an AP (12/17, Dareini) report says preliminary results "showed [Ahmadinejad's] conservative opponents leading in elections for local councils and a powerful clerical body, widely considered a test of popular approval for the hardline leader." His "anti-Israel rhetoric and staunch stand on Iran's nuclear program are believed to have divided the conservatives who voted him into power." Iranian media "reported unofficial results Saturday showing that no single party would be able to claim outright victory in Friday's elections, partly because of divisions within the conservative faction."

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

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US Senate: Not in session.

US House: Not in session.

Other: FOIA FORUM _ The Labor Department holds a public forum to discuss and seek input on its Freedom of Information Act (FOIA) processes. Location: Labor Department Auditorium, Room N-2700, 200 Independence Ave. NW. Contacts: Dolline Hatchett, 202-693-4650

NATIONAL MENORAH _ 4 p.m. The National Park Service hosts the lighting ceremony for the National Chanukah Menorah, billed as the world's largest. Location: The Ellipse in front of the White House, 16th Street and Constitution Avenue NW. Contacts: Adam Segal, 202-422-4673

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Many Are Vulnerable In Jail As Inmates Roam."
"A Pattern Of Preying On 401(k)s."
"Perez Hilton Takes Their Best Shots."
"Iraqi Army Open To Hussein Loyalists."

New York Times:

"Legal System In Iraq Staggers Beneath The Weight Of War."
"Leader Orders Early Elections For Palestinians."
"Eli Lilly Said To Play Down Risk Of Top Pill."
"Episcopalians Are Reaching Point Of Revolt."
"Late In Life, Finding A Bonanza In Life Insurance."
"From The Lips Of Children, Tips To The Ears Of Investors."

Washington Post:

"Dad, Redefined."
"Congress's Inaction Threatens Funding."
"Devices Can Interfere With Peaceful Death."
"Stubborn Or Stalwart, Bush Is Loath To Budge."
"Parents Opt For IB Classes In Grade Schools."

Washington Times:

"Iraqi Factions Spurn Summit."
"Abbas Calls For Early Vote."
"Bayh Out, Edwards In Race For 2008."
"NASCAR Videos 'Golden' For Troops."

Atlanta Journal-Constitution:

"1 State Title Game, But 2 Champions."
"State's Film Biz Doubles In '06."
"Hutchins Not Easy To Label."
"Northwest Still Without Power."

Dallas Morning News:

"Win Bolsters Cowboys' Playoff Push."
"Mexican Girl's Tragic Odyssey All Too Common."
"Hundreds Gather For Tribute To Lamar Hunt."
"Mt. Hood Search Ends For The Day."
"Do Campaign Funds Bankroll A Cushy Lifestyle?"
"Hebron Near Its Breaking Point."
"For Believers, Sacred Signs Are Everywhere."

Houston Chronicle:

"Many Still Don't See Women As Sex Predators."
"Houston Teen Left In Nigeria Tells Of Hardship, Hope."
"Sweeps Get Chimneys Soot-Free For Santa."
"Returning Soldiers Suffer From Stress Disorder."
"Charters Still No Threat To Texas Public Schools."
"Progress Slow In HPD Recruiting Effort."
"UH Makeover Plan Includes New Shops, Housing."
"This Season's Hottest Gifts For The Coolest Techies."
"Mexico's Chief Aims To End Drug-Related Violence."

Story Lineup From Last Night's Network News:

ABC: More Troops To Iraq; The President's Advisers; National Reconciliation Conference-Iraq; Call For New Elections-Palestine; Still No Power; Campaign 2008; Space Shuttle; Sending Gifts; New Ways To Advertise; Police Shooting Protest.

CBS: Still Without Power; More Troops To Iraq; Call For New Elections-Palestine; Campaign 2008; Prostitute Killings-Britain; Space Shuttle; DNA Island.

NBC: Still Without Power; More Troops To Iraq; National Reconciliation Conference-Iraq; Call For New Elections-Palestine; Police Shooting Protest; Prostitute Killings-Britain; Wall Street Bonuses; Space Shuttle.

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DOJ_NMG_0107188

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 17, 2006 7:45 AM EST

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TERRORISM NEWS:

British Pilots Oppose Armed Air Marshals. The Washington Times (12/17, Hudson, 88K) reports that British pilots "oppose a proposed change in the United States' visa-waiver program that would require participating countries to provide armed security on U.S.-bound foreign airlines or allow U.S. air marshals to protect such flights. 'Any need to carry weapons on aircraft should be recognized as a failure of the airport security systems,' the British Air Line Pilots Association (BALPA) said. British pilots favor 'proper

passenger profiling' through a 'database of potential terrorists, their known aliases and all their known associates as well as known disruptive passengers,' the association said in a statement."

NYTimes Sees "Unfinished Business" In Bush's War On Terror. In a lengthy editorial entitled "Unfinished Business," the New York Times (12/17, WK11, 1.16M) criticizes "the legacy of a Republican Congress that enabled the President's imperial visions of his authority. It leaves the new Democratic majority with much urgent, unfinished business to restore due process, civil liberties and the balance of powers." The Times discusses how military tribunals used a "broad definition of 'illegal enemy combatant,' which could subject legal United States residents to summary imprisonment; its repudiation of the Geneva Conventions to allow the president to decide what prisoner abuse he will permit; its denial of the basic right of appeal to any noncitizen designated as an 'illegal enemy combatant'; and its stripping of the powers of federal courts. The law is also far too lax on the use of coerced evidence and secret evidence." The Times condemns CIA secret prisons "which house foreign citizens who are often abducted off the streets of their hometowns and brutalized," and also outlines the presidential and congressional initiatives that "authorized the National Security Agency to ignore federal law and eavesdrop on telephone calls and e-mail between the United States and other countries without a warrant" while "Republican lawmakers have introduced bills that would legalize the program after the fact." The Times ends its list with a discussion of American "spy agencies' prewar failure to figure out that there were no weapons of mass destruction in Iraq, and promised to deliver a report on whether Mr. Bush and his team pressured the agencies to cherry-pick or hype evidence — or lied outright to Americans." The Times concludes that "the midterm elections prove that…the American public has not been blinded or deafened to what this country stands for and the need for truth."

Columnist Examines Jurisprudence In Hamdan Case. In her Washington Post (12/17, B2, 690K) column, Emily Bazelon writes that "on Wednesday, a federal judge dismissed the habeas corpus petition of Salim Ahmed Hamdan, a detainee at Guantanamo Bay, Cuba." Bazelon asserts that Hamdan's petition "was dismissed because of the Military Commissions Act, which Congress passed last fall to take away the habeas rights of Guantanamo Bay detainees. The MCA is a classic example of 'jurisdiction stripping.'" Bazelon argues that the judiciary branch is weakened when Congress is able to "take cases away from judges." Bazelon asserts that "the MCA is such a law" that can strip "the right to habeas corpus granted by federal statute." Bazelon asserts that Congress should not be able to "strip the courts of the authority to hear certain claims or cases" and that "these days it's more often judges whom we can count on, if we can count on anyone, to stand up for the procedural rights of murder defendants and Guantanamo Bay detainees."

HOMELAND RESPONSE:

Democrats Will Push To Limit Domestic Spying Program. The AP (12/16, Kravets) reported that while federal agents "continue to eavesdrop on Americans' electronic communications without warrants a year after President Bush confirmed the practice, and experts say a new Congress' efforts to limit the program could trigger a constitutional showdown. High-ranking Democrats set to take control of both chambers are mulling ways to curb the program Bush secretly authorized a month after the Sept. 11 attacks. The White House argues the Constitution gives the president wartime powers to eavesdrop that he wouldn't have during times of peace." The AP added that the President, "however, can veto legislation, including a law demanding the National Security Agency obtain warrants before monitoring communications. Such a veto would force Congress to muster a two-thirds vote to override;" which remains probable since Bush "said he had no intention of halting what he called a "vital tool" in the war on terror."

Federal Court Takes Closer Look At Padilla Case. The Los Angeles Times (12/17, Serrano, 850K) reports that a federal judge in Miami "will soon make one of the most important rulings in the Bush administration's war on terrorism and decide whether to publicly explore evidence that an accused terrorist was brutally mistreated for years inside a one-man isolation cell," Jose Padilla. Padilla's lawyers "have asked U.S. District Judge Marcia Cooke to set him free because of the abuse they say he suffered. Though federal judges rarely dismiss criminal charges before trial, the allegations are so extreme that they may prompt Cooke to hold a pretrial hearing in what would be the first public court examination into how detainees were handled after the Sept. 11 attacks." The Times points out that Padilla has asserted that he has been tortured in many ways during his federal detainment and much of this case "is weighing on the judge" who "began her career as a Legal Aid attorney and public defender in Michigan" and who has ruled "in August that there were overlapping charges" and "she dismissed the most serious conspiracy charge, which could have brought a life sentence, and left intact two counts that could get Padilla 20 years for providing material support to terrorists."

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WAR NEWS:

Bush Takes "Most Dramatic" Options For Iraq Off Table. Coverage of President Bush's deliberations on Iraq saw a troop increase as likely while simultaneously questioning the depth of his commitment to rethinking his strategy.

The AP (12/16) reports President Bush "has taken the most dramatic options off the table as he tries to change direction in Iraq, leaving him with a list of modest military and diplomatic moves to announce in the new year." He is seen as likely to "reject the Iraq Study Group's recommendation to pull back most combat forces by early 2008," as well as the idea of "a firm exit timetable." On the other hand, "he is likely to endorse the basic idea recommended by the commission and others to condition at least some U.S. military and economic engagement to the performance of Iraq's government." A diplomatic option that Bush is "almost certain to reject: stop trying to recruit greater Sunni participation in a unified government and cast U.S. fortunes with the Shiite and Kurdish majority." Other diplomatic options include wooing "the Sunni elite by guaranteeing them a share of oil revenue and reversing the previous policy of 'de-Baathification'" and building "a more structured network of Arab nations with a goal of clamping down on the violence in Iraq." He "also is likely to endorse a renewed effort to resolve other Middle East conflicts as a means to an end in Iraq."

The Washington Post (12/17, A1, Baker, 690K) reports that Bush faces a "difficult" question: "At what point does determination to a cause become self-defeating folly? ... The notion of bending to critics or even popular will cuts against his grain. Yet it is also true that at key moments in his career, Bush has been willing to abandon his position and shift gears dramatically," such as when he embraced creating DHS "as if it were his own" idea. The Post continues, "Still, history shows that Bush does not change easily or quickly. For years, he ignored calls to fire" Defense Secretary Donald Rumsfeld, "even when the idea was endorsed by his own top aides. He waited to oust Rumsfeld until the day after midterm elections handed Congress to Democrats." Reagan-era DOD Assistant Secretary Lawrence Korb said Bush "has basically confused stubbornness with steadfastness."

Bush Ponders Sending More Troops To Iraq. All three networks reported on the possibility of more troops being sent to Iraq. ABC World News (12/16, lead story, 2:05, Weir, 8.78M) reported, "We begin with the war in Iraq and the very real possibility that many more American forces will soon be headed there. In the wake of the scathing report from the Iraq Study Group, President Bush promised to come up with a new plan." ABC (Morrell) added, "Officials close to the process tell ABC News Mr. Bush will likely call for a major surge of US troops in Iraq. That surge could include more than 30,000 additional troops, bringing the total to 164,000, the highest level yet. Most would go to Baghdad, more than doubling the number there. The rest would head to al-Anbar Province, a last-ditch attempt to stabilize the heart of Iraq." Army Chief of Staff Gen. Peter Schoomaker,: "As it currently stands, the army is incapable of generating and sustaining the required forces to wage the global war on terror." Morrell: "Still, President Bush has asked his military planners to figure out how to get the extra forces he wants. Among the ideas being considered, extending tours of duty from 12 to 15 months for soldiers, from seven to nine months for Marines."

The CBS Evening News (12/16, story 4, 2:15, Attkisson, 7.66M) reported, "In the battle for Iraq, the surge in US troops…could be launched within days after Christmas. Here's the plan: boost the current 134,000 troops by another 15,000 to 20,000." CBS (Pinkston) added, "In an unusually quiet day for Baghdad, car bombs and kidnappings gave way to a new effort to negotiate a way out of a nightmare of violence. At an Iraqi reconciliation conference, embattled Prime Minister Nouri al Maliki issued a surprising invitation. Asking former members of Saddam's army to come back to fight insurgents. But there's a growing feeling in Washington that the key to ending the violence is not the Iraqi but US troops. President Bush seems prepared to send more troops."

NBC Nightly News (12/16, story 3, 1:40, Seigenthaler, 9.87M) reported, "We turn now to the war in Iraq and the options facing President Bush. While the White House says tonight that all options are still on the table, the President is considering one plan to increase the number of US troops in Iraq." NBC (Corke) added, "For some time here in Washington, there has been talk of increasing US force levels in Iraq, but there appears to be a sharpening of that debate here as the White House is to be strongly considering an increase of 20,000 troop or more to that region. That number could actually grow to more than 30,000, we're also told and that's significant because when you think about it, there are only about 17,000 or so troops in and around Baghdad. ... Most of the additional forces there would be there to train the Iraqis, not simply to increase the number of boots on the ground patrolling the streets of Baghdad."

Ex-DOD Secretary Perry Warns Of Iraq "Quagmire." The Washington Post/AP (12/17) reports that former Defense Secretary William Perry "said Saturday that Iraq could turn into a 'quagmire' if the Bush administration fails to change strategy." Perry delivered the "Democratic Party's weekly radio address," in which he "reiterated the recommendations of last week's report from the Iraq Study Group" and said, "I believe that [quagmire] is likely to happen if we 'stay the course' in Iraq."

Composition Of Bush's Advisers Shifts. ABC World News (12/16, story 2, 2:15, Weir, 8.78M) reported, "John

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Hendren takes a look at who will have the President's ear." ABC (Hendren) added, "President Bush's listening tour already marks a dramatic change from the small group of advisers he called on in the lead-up to the war in Iraq. Paul Wolfowitz, then the deputy Defense Secretary, first proposed invading Iraq in an emergency cabinet meeting at Camp David less than a week after the 9/11 attacks." Observer "fear while he may be hearing many options in the end he may end up only listening to the same key advisers whose counsel he's followed all along. ... While Donald Rumsfeld is already out as Defense Secretary, some are suggesting the top generals in this war, Peter Pace and John Abizaid, should also go."

Maliki Considers Including Nonviolent Baathists In Iraqi Government. ABC World News (12/16, story 3, 0:35, Weir, 8.78M) reported, "Iraq's deep political and ethnic divisions are very much in evidence this weekend. A national reconciliation conference opened in Baghdad with plenty of buildup from the Iraqi government and the White House. While Prime Minister Nouri al Maliki is, again, urging former members of Saddam Hussein's forces to join the new Iraqi Army, key Sunni and Shiite leaders are boycotting the meeting, dimming hopes the talks will accomplish much of anything."

NBC Nightly News (12/16, story 4, 2:00, Seigenthaler, 9.87M) reported, "In Baghdad, an attempt today by an Iraqi government to bring together Sunnis and Shiites." NBC (Arraf) added, "It was one of the defining US acts in Iraq. ... Many believe it helped launch the insurgency. ... This conference is billed as the best, maybe last hope for bringing together political leaders who can help stop the fighting. Former [CPA head] Paul Bremer declared Saddam's Baath Party illegal in 2003. Tens of thousands of ordinary Iraqis were left without work in a policy called debaathification. This politician says they now have a new word less offensive to many Iraqis: De-Saddamfication, excluding only those most loyal to Saddam but not all Baath Party members."

CNN (12/16, Whitfield) reported, "The latest bid to end Iraq's religious and political turmoil: a national reconciliation conference. Iraq's Shiite prime minister offered a gesture to Sunnis at the two-day conference. He proposed constitutional amnesty for members of the Sunni-dominated Ba'ath Party who have committed no serious crimes."

Roadside Bombs Killing US Troops At Record Rate. The Boston Globe (12/17, Bender, 413K) reports in a highly critical article, "US troops in Iraq are dying in roadside bombings at a higher rate than any period since the war began ... but commanders still have no effective means to monitor the deadliest routes for patrols, according to Pentagon officials and documents. ... In October, 53 US troops died from improvised explosive devices, while in November, 49 troop deaths were blamed on so-called IEDs -- the second and third highest monthly tolls of the war." The Globe continues, "Officials at the Joint IED Defeat Organization admit that most of the billions of dollars they get each year goes to developing high-tech gear to detect or disarm bombs rather than addressing the root of the problem: finding out where the bombs come from and who is planting them. ... That has spurred outrage among military officers, Pentagon contractors, and members of Congress. They charge that, after spending billions of taxpayer dollars to address the problem there is still virtually no solid intelligence on how the bombers operate." In addition, blame goes to "commanders in the field, who some specialists say aren't forthcoming about the extent of the problem. A previously unpublicized assessment generated by the Republican staff of the House Armed Services Committee and obtained by the Globe effectively accused the generals of hedging the truth when Congress asks what they need to protect the troops."

US Trainers Fault Iraqi Forces' Quality. The Los Angeles Times (12/17, Perry, 850K) reports pessimistically, "As U.S. forces train Iraqis to take more responsibility in fighting insurgents in Al Anbar province, they say that leadership in the Iraqis' enlisted ranks remains in short supply." Trainers fault the Iraqis for lack of independence and untrustworthiness. Maj. Sean Riordan said, "They are particularly dependent on strong, forceful leaders, and when they lose one, they have trouble continuing." The Times continues, "At this station, Marines and Iraqi soldiers went on joint missions but details often had to be withheld from the Iraqis for fear they would inform the insurgents." The Marines try to work closely with the Iraqi army but "appear more distant from the Iraqi police. While the army is mostly composed of Shiites, the police, recruited locally, are nearly all Sunni Arabs. ... one former police officer from Karmah was shot and killed by a Marine while planting a roadside bomb in nearby Saqlawiya."

Iraqi Legal System Crushed By Weight Of War. The New York Times (12/17, A1, Moss, 1.16M) reports in a pessimistic article exceeding 5,000 words, "The United States established the Central Criminal Court of Iraq three years ago, envisioning it as a pillar of a new democracy. But like the faltering effort to create effective Iraqi security forces, the system for detaining, charging and trying suspects has instead become another weak link in the rule of law in Iraq, according to an examination of the justice system by The New York Times. ... Almost every aspect of the judicial system is lacking, poorly serving not just detainees but also Iraqi citizens and troops trying to maintain order. Soldiers who have little if any training in gathering evidence or sorting the guilty from the innocent are left to decide whom to detain.

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... Tens of thousands of detainees have been released by the Americans, often under political pressure from the Iraqis, but American soldiers complain they are apprehending many dangerous insurgents again and again. At the same time, detainees are held for long periods by the Americans without being charged, in some instances for as long as two years."

Gunmen Stage Mass Baghdad Kidnapping. The AP (12/17) reports, "Gunmen in Iraqi army uniforms staged a mass kidnapping on Sunday at the office of the Iraqi Red Crescent in downtown Baghdad, police said. An [anonymous] official of the Iraqi aid group said the assailants abducted 20 to 30 employees and visitors, but left women behind. ... Several mass kidnappings have been carried out in the Iraqi capital in recent months, possibly by armed groups on either side of the sectarian conflict between Sunnis and Shiites."

Reserves, National Guard Strained By War. McClatchy (12/17, Montgomery) reports, "The nation's National Guard and Reserve forces are displaying signs of strain after five years of deployments in what has become the biggest active-duty mobilization since the Korean War. ... many Guard units are struggling with chronic equipment shortages and funding problems that threaten their ability to respond to disasters and other emergencies in their home states. Thousands of reservists are serving in patchwork units cobbled together in piecemeal fashion from other units, often with little or no sense of cohesion."

LATimes Contributors Debate Value Of Talks With Iran, Syria. Two Los Angeles Times op-eds discuss negotiations with Iran and Syria. In the Los Angeles Times (12/17, 850K), researcher Joseph McMillan writes that US negotiators with the two countries should remember, "Fighting and talking are two sides of the same coin," "keep expectations realistic," "understand the role of passion," and "patience, patience." McMillan emphasizes, "If our adversaries perceive that the primary aim of U.S. policy is the fastest possible extrication of U.S. troops from Iraq, then, just as happened in Vietnam, it will become impossible for American diplomats to achieve anything more than that."

Also in the Los Angeles Times (12/17, 850K), Republican attorneys David Rivkin and Lee Casey argue against any negotiations with the two countries, saying, "Other than an immediate withdrawal of U.S. forces from Iraq, it is difficult to conceive a course of action more perilous to our interests in the Middle East than seeking the Baker-style assistance of Iran and Syria. ... What does not make sense is to open a dialogue with two of Washington's bitterest enemies without a clear notion of whether their help in Iraq would be worth the price in the long run."

Military Rehearsing For Detainee Hearings. The AP (12/17, Melia) reports the US military "is rehearsing for hearings on whether 14 top terror suspects can be held indefinitely without charge as enemy combatants, but defense lawyers say the outcome is preordained." Khalid Sheikh Mohammed "and the 13 others will be the highest-profile detainees to undergo the so-called Combatant Status Review Tribunals, and the first to do so in two years."

DOJ:

Gonzales Urges Employees To Report Child Pornography On Workplace Computers. In a letter to the editor in the New York Times Magazine (12/17) Attorney General Alberto R. Gonzale responds to advice dispensed by the magazine's ethicist. Gonzales writes, "When a technician discovered child pornography on the company president's computer, the Ethicist advised 'silence' (Dec. 3). This advice was reckless and naïve. Each image of child pornography is a crime scene, and its possession is a felony in 42 states and under federal law. Furthermore, reproducing such images again victimizes the innocent child. The Ethicist flippantly advises silence because speaking up would be 'too ineffectual in protecting children.' But real children have been rescued by the discovery of images. Without the images, we cannot find and rescue victims or punish the predators. … I urge all Americans to reject this poor advice."

CORPORATE SCANDALS:

Pendulum May Be "Swinging Back," Away From Federal Oversight. The New York Times (12/17, Labaton, 1.16M) reported, "Is the pendulum swinging back, to less federal oversight and more self regulation? The question arises because prosecutors and regulators in Washington took steps last week — almost exactly five years after Enron filed for bankruptcy — to roll back some of the tough new measures adopted in that first blush of scandal. … The timing was somewhat jarring. Fannie Mae, the nation's largest mortgage finance company, was suing its auditors last week for claiming they were negligent in helping to prepare financial statements that led to a $6.3 billion restatement of earnings, and The Wall Street Journal was uncovering a new scandal involving the improper back-dating of executive stock options." The Times added, "The Sarbanes-Oxley law was approved in 2002 as lawmakers grew concerned that they might be swept out of office by millions of middle- and lower-income investors who owned their share of the marketplace through mutual funds, I.R.A.'s, 401 (k)'s, and 529 college-

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savings programs. Since then, as the scandals and trials have receded to the back pages, investors have poured even more money into the markets and a new and deregulatory-minded mood has taken hold in Washington. … Some business groups, as well as the treasury secretary, Henry M. Paulson, have raised concerns that more companies are listing their stock overseas because of the regulatory climate in the United States." The AP (12/17, Gordon) refers to the new rules as "two early Christmas gifts for corporate America -- with potentially far-reaching effects for investors and the financial landscape."

New Rules Offer Require More Information On Executives' Pay. The AP (12/16, Gordon) reports, "Investors are getting access to clearer and more detailed information from public companies on their top executives' pay packages and perks under federal rules that took effect on Friday. Companies' 2006 annual reports issued early next year will reflect the changes, which were ordered by the Securities and Exchange Commission in July in a major overhaul of disclosure rules for executive compensation. The new requirements include disclosure of the dating of stock option grants to executives. Companies must provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options."

Federal Investigators Subpoena Information From Georgia City's Finance Office. The Macon Telegraph (12/17, Fain, 59K) reports, "Federal investigators served the city of Macon's finance office with two subpoenas in the past three months, seeking massive amounts of information in an ongoing Justice Department inquiry into the city's use of federal grants. The subpoenas, released to The Telegraph under the Georgia Open Records Act, commanded the city to turn over financial data as part of a Justice Department investigation into 'allegations of misconduct. … Federal investigators, by law, cannot comment on an ongoing investigation or even confirm its existence, U.S. Attorney Max Wood said. But several city sources, including Macon Finance Director Adah Roberts and Mayor Jack Ellis, said the subpoenas appear to target the city's so-called faith-based program."

CRIMINAL LAW:

Boston Street Violence Draws Gonzales' Attention. The Boston Herald (12/16, Johnson, 184K) reports, "The blood spilled on Boston's streets this year drew the attention of the nation's top prosecutor yesterday as he attended a conference on gang violence at a time when the city hopes a fractured gang truce can stop a street war from erupting." Attorney General Roberto Gonzales: "I am concerned that, despite the diligence of the men and women in this room, preliminary crime reports in Boston for the first six months of this year show an increase in violent crime." The Herald adds, "Gonzales, who was in town to speak at the annual Project Safe Neighborhood Conference at the Boston Convention and Exhibition Center, said the feds have put street violence under a microscope, not just in Boston, but across the country."

Rape Down, But Victims' Advocates Say Rape Remains Underreported. The Stamford Advocate (12/17, Lee, 24K) reports, "Rape has dipped more than 85 percent since the 1970s, according to the U.S. Department of Justice. Last year, the number of rapes decreased by nearly 2 percent nationwide, even as other violent crimes increased, the FBI reported. Law enforcement officials say the trend could be the result of an increased jail population, and that rapists, who often commit other crimes such as burglary and robberies, are behind bars. Although the national statistics might be applauded, some experts and advocates aren't clapping just yet. Victim advocates and experts say the numbers are unreliable, and that despite greater awareness and outreach with crisis centers, support groups and hot lines, rape remains an underreported crime."

CIVIL RIGHTS:

Racial Disparity Leads San Francisco Police To Probe For Possible Discrimination. The San Francisco Chronicle (12/17, Sward, 384K) reports, "San Francisco police arrest African Americans for serious crime at a much higher rate than officers in California's other biggest cities. The disparity between San Francisco's black felony arrest rates and the seven other largest cities' -- measured by the number of African Americans arrested per 1,000 black residents -- is so large that many experts and civic leaders who reviewed the numbers said they are "disturbing" and require an investigation. The numbers prompt several questions, all of which basically boil down to this: Is the high arrest rate of African Americans because of the way the San Francisco Police Department does its policing, or because of criminal activity within the community?" Merrick Bobb, "nationally recognized expert in police practices:" "The strongly disparate impact of San Francisco policing on African Americans begs for a convincing set of reasons based solidly on empirical fact."

Port Chester's Residents Have "Wide Range" Of Reactions To Discrimination Suit. The Lower

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Hudson Journal News (12/17, Hughes) reports that Port Chester "residents had a wide range of reactions yesterday to the news that federal officials have filed a lawsuit aimed at forcing an election district system that would increase the likelihood a Hispanic candidate could win a seat on the Board of Trustees. Out of dozens of residents interviewed yesterday, only a handful were aware that the U.S. Department of Justice has been pressuring the village to address concerns that a municipality where more than 46 percent of the population self-identified as Hispanic in the last census does not have a single Hispanic elected official on its six-member Board of Trustees. … Among those who knew about the situation, there was wide disagreement about whether there even is a problem and what, if anything, should be done by the federal government."

DOJ Intervenes In Indians' Challenge To Elections. The AP (12/17) reports, "The U.S. Department of Justice is intervening in a federal lawsuit in which five American Indians are challenging Fremont County's system of holding at-large elections. The department filed notice Thursday that it is intervening in the case for the limited purpose of defending the constitutionality of the federal Voting Rights Act. … In its notice of intervention filed in the lawsuit this week, the Civil Rights Division of the U.S. Department of Justice stated that the United States has a right to intervene in any lawsuit in which the constitutionality of federal laws is questioned."

ANTITRUST:

Hedge Funds Bet On Airline Mergers. The Chicago Tribune (12/17, Johnsson, Oneal, 617K) reported, "Hedge funds are investing heavily in United Airlines and other old-line carriers, drawn by the prospect of wide-scale mergers and better times ahead for U.S. carriers. After a spending spree this year, hedge funds control nearly 50 percent of the shares outstanding at US Airways Group, about 30 percent at both United and American Airlines and 16 percent at Continental Airlines, Securities and Exchange Commission filings show. … Given their clout and focus on generating quick returns, the hedge funds are emerging as a force that could push the industry into wide-scale consolidation, analysts say."

Airlines Must Surmount Obstacles Before Merging. The Houston Chronicle (12/17, Hensel, Hem, 530K) reports, "Since preliminary merger talks between Continental and United airlines became public last week, the talk of industry consolidation has grown louder and the market value of both airlines has increased. No matter the buzz, there are obstacles, though surmountable, to such a deal getting struck, and pitfalls to it ultimately succeeding."

Lawmakers Prepared To Hold Hearings On Possible Airline Mergers. The Atlanta Journal-Constitution (12/17, Geewax, 379K) reports, "Even though the new Congress won't convene until January, key lawmakers already are preparing for hearings to examine the economic impact of possible airline mergers. Many members of Congress are condemning the potential deals, while few, if any, support the idea of industry consolidation. Congress has no direct role in approving mergers, but it could help sway public perceptions and increase political pressure on the Justice Department to reject the airline transactions on antitrust grounds." The Journal-Constitution adds, "Perhaps the most controversial of the potential acquisitions involves US Airways Group Inc.'s unsolicited $8.7 billion bid for Delta Air Lines Inc. The two carriers have routes that overlap significantly along the East Coast, as well as hubs relatively near each other in the West."

"Business Traveler" Columnist Sees More Expenses For Consumers. In his "Business Traveler" column in the Web site of USA Today (12/17, 2.27M), David Grossman writes, "A number of airline chief executives have been predicting, warning, and perhaps secretly wishing for a round of consolidation. Those who foster the idea of remaking the big six into the big three see a world of decreased competition, fewer flights, and decreased seating capacity. This would help the surviving three airlines better cut costs and boost revenues … at the expense of business and leisure travelers alike."

Credit Reports To Have Higher Fees. Credit Reports The Los Angeles Times (12/17, Harney, 850K) reports, "Home buyers and refinancers face higher fees for credit reports beginning Jan. 1 — a price boost that has mortgage, credit-industry and consumer groups fuming. Some believe that the higher fees will have an inordinately heavy effect on moderate-income and minority first-time mortgage applicants who have nontraditional credit patterns, marginal credit scores or 'thin' credit files. … At the core of the controversy is a policy change by national credit bureaus Equifax and Experian that neither company announced publicly: Beginning next month, they expect to be paid every time a lender or a mortgage investor obtains an applicant's credit file as part of the funding process."

IMMIGRATION:

Recent Immigration Raids Worry Many Companies. The Los Angeles Times (12/17, Riccardi, Gaouette, 850K) reports that "the raid of six Swift & Co. meat packing plants last week spotlighted the fine line employers face because of increased government scrutiny: Make sure your employees are in the U.S. legally, but don't push too

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hard to find out. This time, federal inspectors detained 1,300 Swift workers suspected of providing stolen Social Security numbers to the company" while "four years ago, the company's requirement that Latino job applicants provide proof of their legal status led to a $200,000 fine for discrimination." The Times adds that at a news conference last week, Homeland Security Secretary Michael Chertoff "emphasized the importance of focusing on workplaces. 'We all know the primary economic engine that draws in illegal migration is work,' Chertoff said a day after the Swift raids. 'And when businesses are built upon systemic violations of the law … that is a problem we have to attack.'"

CONGRESS-ADMINISTRATION:

Bush Wants To Join With Democrats On Cutting Spending, Earmarks. The Washington Times (12/17, Dinan, 88K) reports on its front page that President Bush "challenged Democrats to live up to their pledge to cut pork-barrel spending, using his weekly radio address to suggest they join forces to crack down on earmarks in spending bills. Mr. Bush called it a 'top priority' for Congress when lawmakers return next year." The Times says the White House "has been trying to find an issue where it has common ground with Democrats, and spending is an obvious area, particularly given Democrats' campaign and post-campaign pledges to cut waste." Bush's "own party was unable to rein in earmarks during its time in control of Congress, and many Republican leaders in Congress staunchly defend the current system."

Panetta Urges Bush, Congressional Democrats To Work Together. The Houston Chronicle (12/17, Kilday, 530K) writes that Clinton White House Chief of Staff Leon Panetta "said President Bush and the newly elected Democratic Congress must work together to confront the nation's problems." Panetta said, "There's a fundamental decision that both the president and the Democratic Congress have to make. And that is whether they are going to work together to govern the country, or whether they are going to be in confrontation or gridlock for the next two years."

Failure Of Congress To Pass Spending Bills Imperils Programs. The Washington Post (12/17, Weisman, Montgomery, 690K) reports on its front page that the "Republican-controlled Congress's decision to adjourn a week ago before completing many of the spending bills that finance the federal government will reverberate in ways large and small, such as understaffed U.S. attorney's offices, delayed renovations at the University of Bridgeport in Connecticut and a scuttled global nuclear energy exchange." The GOP "left behind just enough spending authority to keep the government operating through mid-February, less than halfway through the 2007 fiscal year that began Oct. 1. Democrats have signaled that when they take control of Congress in January they will extend that funding authority for the remainder of the year based largely on the previous year's spending levels, which will result in many cuts in programs."

Broder Says Pelosi Will Change House Management Style. In his Washington Post (12/17, B7, 690K) column, David Broder writes that incoming House Speaker Nancy Pelosi is signaling "that the management of the House of Representatives is going to change substantively -- and not just symbolically -- when Pelosi is sworn in on Jan. 4 as the first woman to hold the third-highest office in the land. No one -- including Pelosi herself -- can tell you all the ways the House will change. When I interviewed her last week, it became apparent that she was just getting into the details of her new position. That may seem odd, but I find it believable that during her campaigning and fundraising these past two years, her focus was not on becoming speaker but, as she said, on 'getting the Democrats back in the majority' after 12 years out of power. … The small gestures she has made to the Republicans suggest a willingness to accommodate, rather than a vindictive reaction to the Democratic victory. That bodes well for the future."

WPost Praises Pelosi Intelligence Proposal, But Not Reyes Pick. The Washington Post (12/17, B6, 690K) editorializes, "House Speaker-to-be Nancy Pelosi…has come up with a deft solution to a problem identified by the Sept. 11 commission: the disjointed and inadequate congressional oversight of intelligence." Pelosi wants to "create an intelligence oversight panel within the appropriations committee, responsible for reviewing spending and recommending spending levels. In a key departure, this committee would include not only appropriators but members of the intelligence committee. This is a clever approach that merits serious consideration" by incoming Senate Majority Leader Harry Reid. The Post goes on to say, "We wish we could be as enthusiastic about Ms. Pelosi's choice to head the intelligence committee," Rep. Silvestre Reyes, who in a recent CQ.com interview "exhibited a troubling lack of familiarity with basic knowledge that ought to be expected of someone in that important position." Reyes "has a steep learning curve ahead."

OTHER NEWS:

Obama Says He Regrets "Boneheaded" Real Estate Deal. The Washington Post (12/17, A6, Slevin, 690K) reports Sen. Barack Obama says he "erred by creating the appearance" that Chicago "dealmaker and campaign fundraiser" Tony Rezko had done Obama a favor by selling

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Obama a portion of a lot Rezko owned. Rezko is "often in the headlines for being on the wrong side of good government. Indicted in October on influence-peddling charges, he also has a habit of befriending prospective political stars." Obama said in a Friday interview, "There's no doubt that this was a mistake on my part. 'Boneheaded' would be accurate. There's no doubt I should have seen some red flags in terms of me purchasing a piece of property from him." The Post says that "for the first time since he entered the national spotlight, the 45-year-old freshman senator found himself on the defensive, discussing a personal decision he had come to regret."

Time Names "You" Person Of The Year. The Washington Post/AP (12/17, A17) reports Time magazine named "each and every one of us" its Person of the Year, citing "the shift from institutions to individuals -- citizens of the new digital democracy, as the magazine put it. The winners this year were anyone using or creating content online." Time.com (12/17), previewing the December 25 issue cover story, says that while "there are individuals we could blame for the many painful and disturbing things that happened in 2006," a look at the year "through a different lens" shows "another story, one that isn't about conflict or great men. It's a story about community and collaboration on a scale never seen before." Bloomberg (12/17, Hart, Dentch) and BBC.com (12/17) also report on the choice.

NYTimes Slams "Bogus Prep Schools" For Athletes. The New York Times (12/17, WK11, 1.16M) editorializes that many "bogus 'prep schools'" exist for "barely literate high school athletes" to "launder their transcripts by taking pablum courses and sometimes by taking no courses at all. The athletes then go on to big-time sports universities, where they fail or exhaust their playing years before landing back on the streets without job prospects or college degrees" in a "prep school scheme was meant to circumvent academic qualification rules…by the National Collegiate Athletic Association," which "was slow to recognize the seriousness of the problem, has finally adopted policies to root it out."

Brooks Says Newspaper Headlines Reveal Our Age Of Anxiety. In an op-ed in the New York Times (12/17, WK12, 1.16M) David Brooks writes that "if you spend a few weeks poring over the highlights from a year's worth of magazines, you also get a window on the spirit of the times. And 2006, let it be said, felt to many like the year of losing ground." Many headlines points to the view that the West is losing ground politically, socially and economically causing anxiety in many. Yet Brooks asserts that "most of this broader existential gloom about America is absurd. The U.S. is in extraordinarily strong shape economically and socially. And whatever their short-term strengths, the Sadrs of the world simply do not have a social model that large numbers of people will want to live under."

Conservative Schism Could Produce Election Win For Iranian Moderates. The New York Times (12/17, Fathi, 1.16M) reports, "Early electoral returns on Saturday suggested that a moderate former president, Ali Akbar Hashemi Rafsanjani, had a strong a lead over a conservative opponent in at least one of the elections held Friday." Iranian media reported that "most candidates" on Rafsanjani's slate "were headed for a victory in the elections for the 86-member Assembly of Experts. Muhammad Taqi Mesbah-Yazdi, the hard-line cleric, had also received enough votes to get elected." Turnout appears to have been about 60 percent, and that "carries political significance" because the "results could suggest whether [President Mahmoud] Ahmadinejad still enjoys strong popularity or people were casting their votes to protest his policies"

However, an AP (12/17, Dareini) report says preliminary results "showed [Ahmadinejad's] conservative opponents leading in elections for local councils and a powerful clerical body, widely considered a test of popular approval for the hardline leader." His "anti-Israel rhetoric and staunch stand on Iran's nuclear program are believed to have divided the conservatives who voted him into power." Iranian media "reported unofficial results Saturday showing that no single party would be able to claim outright victory in Friday's elections, partly because of divisions within the conservative faction."

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: FOIA FORUM _ The Labor Department holds a public forum to discuss and seek input on its Freedom of Information Act (FOIA) processes. Location: Labor Department Auditorium, Room N-2700, 200 Independence Ave. NW. Contacts: Dolline Hatchett, 202-693-4650

NATIONAL MENORAH _ 4 p.m. The National Park Service hosts the lighting ceremony for the National Chanukah Menorah, billed as the world's largest. Location: The Ellipse in front of the White House, 16th Street and Constitution Avenue NW. Contacts: Adam Segal, 202-422-4673

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THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Many Are Vulnerable In Jail As Inmates Roam."
"A Pattern Of Preying On 401(k)s."
"Perez Hilton Takes Their Best Shots."
"Iraqi Army Open To Hussein Loyalists."

New York Times:
"Legal System In Iraq Staggers Beneath The Weight Of War."
"Leader Orders Early Elections For Palestinians."
"Eli Lilly Said To Play Down Risk Of Top Pill."
"Episcopalians Are Reaching Point Of Revolt."
"Late In Life, Finding A Bonanza In Life Insurance."
"From The Lips Of Children, Tips To The Ears Of Investors."

Washington Post:
"Dad, Redefined."
"Congress's Inaction Threatens Funding."
"Devices Can Interfere With Peaceful Death."
"Stubborn Or Stalwart, Bush Is Loath To Budge."
"Parents Opt For IB Classes In Grade Schools."

Washington Times:
"Iraqi Factions Spurn Summit."
"Abbas Calls For Early Vote."
"Bayh Out, Edwards In Race For 2008."
"NASCAR Videos 'Golden' For Troops."

Atlanta Journal-Constitution:
"1 State Title Game, But 2 Champions."
"State's Film Biz Doubles In '06."
"Hutchins Not Easy To Label."
"Northwest Still Without Power."

Dallas Morning News:
"Win Bolsters Cowboys' Playoff Push."
"Mexican Girl's Tragic Odyssey All Too Common."
"Hundreds Gather For Tribute To Lamar Hunt."
"Mt. Hood Search Ends For The Day."
"Do Campaign Funds Bankroll A Cushy Lifestyle?"
"Hebron Near Its Breaking Point."
"For Believers, Sacred Signs Are Everywhere."

Houston Chronicle:
"Many Still Don't See Women As Sex Predators."
"Houston Teen Left In Nigeria Tells Of Hardship, Hope."
"Sweeps Get Chimneys Soot-Free For Santa."
"Returning Soldiers Suffer From Stress Disorder."
"Charters Still No Threat To Texas Public Schools."
"Progress Slow In HPD Recruiting Effort."
"UH Makeover Plan Includes New Shops, Housing."
"This Season's Hottest Gifts For The Coolest Techies."
"Mexico's Chief Aims To End Drug-Related Violence."

Story Lineup From Last Night's Network News:
ABC: More Troops To Iraq; The President's Advisers; National Reconciliation Conference-Iraq; Call For New Elections-Palestine; Still No Power; Campaign 2008; Space Shuttle; Sending Gifts; New Ways To Advertise; Police Shooting Protest.
CBS: Still Without Power; More Troops To Iraq; Call For New Elections-Palestine; Campaign 2008; Prostitute Killings-Britain; Space Shuttle; DNA Island.
NBC: Still Without Power; More Troops To Iraq; National Reconciliation Conference-Iraq; Call For New Elections-Palestine; Police Shooting Protest; Prostitute Killings-Britain; Wall Street Bonuses; Space Shuttle.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 18, 2006 8:11 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Sunday, December 17, 2006
Attachments:	dojclips061217.pdf; dojclips061217.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 17, 2006 7:45 AM EST

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TERRORISM NEWS:

British Pilots Say No To Armed Marshals (WT)

By Audrey Hudson

The Washington Times, December 17, 2006

British pilots oppose a proposed change in the United States' visa-waiver program that would require participating countries to provide armed security on U.S.-bound foreign airlines or allow U.S. air marshals to protect such flights.

"Any need to carry weapons on aircraft should be recognized as a failure of the airport security systems," the British Air Line Pilots Association (BALPA) said.

British pilots favor "proper passenger profiling" through a "database of potential terrorists, their known aliases and all their known associates as well as known disruptive passengers," the association said in a statement provided to The Washington Times.

Jarrod Agen, spokesman for the Homeland Security Department, said the program is in the early stages of being revamped to strengthen security, and changes still need to be discussed with foreign governments and approved by Congress.

"This is part of the issue, to have the ability to have federal air marshals on these international flights as part of the visa-waiver program," Mr. Agen said.

The proposal says the United States will ask the 27 countries that participate in the visa-waiver program to cooperate with the air marshal program.

"The United States benefits from the enhanced security of allowing U.S. federal air marshals to operate aboard international flights to and from the United States," it states.

The air marshal program requires personnel be sharpshooters who are able to requalify at a shooting range several times a year and carry Sig Sauer 9mm pistols.

Armed U.S. marshals already are permitted to fly on U.S.-owned airlines overseas. If air marshals in other countries do not meet U.S. standards, one option is to provide U.S. marshals for foreign airlines, Mr. Agen said.

The air marshal initiative is one of several reform measures the Homeland Security Department is pushing for the participating countries, including electronic travel authorizations, a passenger information exchange and stronger airport security standards.

"The United States will equally accept the burden of new security measures and will not require citizens of visa-waiver countries to adopt measures that we are unwilling to undertake ourselves," Homeland Security Secretary Michael Chertoff said.

The visa-waiver program allows travelers from participating countries to enter the United States without a visa if they have an e-passport with biometrics data, or a machine-readable passport issued before Oct. 26.

"Long-distance flights are in jeopardy" if not protected by armed marshals, former air marshal Robert MacLean said.

"The key to the [Federal Air Marshal Service] being successful is to have [marshals] on as many different flights that can be covered," said Spencer Pickard, an air marshal in Las Vegas.

David Mackett, a commercial airline pilot and president of the Airline Pilots Security Alliance, said there is no alternative to defending aircraft with armed weapons, but that protection by marshals is too costly.

"With 30,000 flights a day, using air marshals, it would cost $14 billion per year and take a force the size of the U.S. Coast Guard -- it simply can't be done," Mr. Mackett said.

Instead, he said Congress should revamp the Federal Flight Deck Officer program to encourage more pilots to seek weapons training.

"Using armed pilots, we could protect every flight in the sky for about $30 million a year because the pilots ask no compensation," Mr. Mackett said.

The BALPA threatened to strike when Congress voted to allow American pilots to carry weapons when flying overseas, and the measure was withdrawn.

"BALPA is indeed still opposed to armed air marshals," spokesman Keith Bill said last week.

Unfinished Business (NYT)

The New York Times, December 17, 2006

Some recent images from George W. Bush's war on terror:

-- Jose Padilla, the supposed dirty bomber, submitting while guards blindfolded him and covered his ears for a walk from his cell to a dentist's chair.

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-- Government lawyers arguing that a prisoner could not testify that he was tortured by American agents, because their brutality was a secret.

-- A judge dismissing another prisoner's challenge to his detention, after a new law stripped basic rights from those Mr. Bush has designated "illegal enemy combatants."

-- The White House scorning lawmakers' attempts to rein in Mr. Bush's illegal domestic spying.

This is the legacy of a Republican Congress that enabled the president's imperial visions of his authority. It leaves the new Democratic majority with much urgent, unfinished business to restore due process, civil liberties and the balance of powers.

Military Tribunals

In the heat of the midterm campaign, Congress was stampeded into establishing military courts for suspected terrorists. The measure improved on Mr. Bush's own kangaroo courts, which were struck down by the Supreme Court. But the bill over all was a national disgrace.

Among the many things that Congress needs to fix are the bill's broad definition of "illegal enemy combatant," which could subject legal United States residents to summary imprisonment; its repudiation of the Geneva Conventions to allow the president to decide what prisoner abuse he will permit; its denial of the basic right of appeal to any noncitizen designated as an "illegal enemy combatant"; and its stripping of the powers of federal courts. The law is also far too lax on the use of coerced evidence and secret evidence. The definition of torture should be changed to reflect civilized norms.

We were greatly encouraged last week when Senator Patrick Leahy, the Vermont Democrat who will head the Judiciary Committee, said fixing this bill would be a priority for his panel.

The C.I.A. Prisons

At the insistence of Mr. Bush and Vice President Dick Cheney, the Military Commissions Act gave legal cover to the Central Intelligence Agency's secret illegal prisons, which house foreign citizens who are often abducted off the streets of their hometowns and brutalized. Congress should at minimum bring these prisons under the rule of law, and make sure that C.I.A. interrogators are given clear instructions comporting with American values. Ideally, Congress would investigate and decide whether this operation has any national security value, and if it doesn't, immediately close the prisons down.

Domestic Spying

Mr. Bush personally authorized the National Security Agency to ignore federal law and eavesdrop on telephone calls and e-mail between the United States and other countries without a warrant. Republican lawmakers have introduced bills that would legalize the program after the fact. The only remotely sensible measure is from Senator Dianne Feinstein, the California Democrat who has proposed forcing the eavesdropping back under the 1978 surveillance law and giving the administration a bit more flexibility to do electronic surveillance.

But we agree with Senator John Rockefeller IV, the incoming chairman of the Senate Intelligence Committee, who says more needs to be known about the program before enacting new laws. The administration has stymied Congressional efforts to look into the spying operation, refusing even to turn over the presidential order creating it.

The Intelligence on Iraq

Nearly two and a half years ago, the Senate Intelligence Committee reported on the nation's spy agencies' prewar failure to figure out that there were no weapons of mass destruction in Iraq, and promised to deliver a report on whether Mr. Bush and his team pressured the agencies to cherry-pick or hype evidence — or lied outright to Americans.

Senator Pat Roberts of Kansas, the Republican head of the intelligence panel, dragged out the second phase of the report, with the aim of killing it. We hope Mr. Rockefeller finishes the job.

That will require heavy lifting on the most important section, comparing the statements of administration officials to what they knew about the intelligence. Mr. Roberts insisted that it cover every public statement by any administration official or member of Congress dating back to 1991. What President Bill Clinton or Senator Hillary Clinton said about Iraq is irrelevant. What matters is what was said by Mr. Bush and Mr. Cheney — who ordered the invasion of Iraq — and by their aides. We hope Mr. Rockefeller's committee will sift through the hundreds of statements collected so far and focus on the ones that matter.

Unhappily, this is not an exhaustive list and there will be big fights over many of these issues. But it is not too late to take action. The midterm elections prove that despite all the posturing and fearmongering, the American public has not been blinded or deafened to what this country stands for and the need for truth.

Blocking Justice (WP)

By Emily Bazelon

The Washington Post, December 17, 2006

DOJ_NMG_0107202

On Wednesday, a federal judge dismissed the habeas corpus petition of Salim Ahmed Hamdan, a detainee at Guantanamo Bay, Cuba. Latin for "you have the body," habeas corpus allows detainees to ask a court to order their warden to explain the basis for their detention. Hamdan's petition was dismissed because of the Military Commissions Act, which Congress passed last fall to take away the habeas rights of Guantanamo Bay detainees. The MCA is a classic example of "jurisdiction stripping." When the courts hand down rulings that Congress doesn't like, lawmakers sometimes retaliate by trying to take away their power to hear certain kinds of cases, or by strictly limiting what they can do.

That is also the story behind another case this week, in which the Supreme Court reversed a lower court's decision to grant a new trial in a murder case. At the original trial, the victim's family members wore large buttons with his picture on them, which the U.S. Court of Appeals for the 9th Circuit ruling violated the rights of the defendant, Mathew Musladin. Musladin brought a habeas corpus petition arguing that the buttons could have prejudiced the jury. Most of the Supreme Court justices agreed that seeing the victim's picture every day didn't exactly dispose the jury to be more fair. But the federal courts could not intervene, they ruled unanimously, because of a 1996 statute that allows them to give habeas relief only when the state courts have gotten the law utterly wrong.

Why does Congress get to take cases away from judges? In his book "America's Constitution," Yale law professor Akhil Reed Amar points out that judges weren't the heroes of the revolution. They were appointed by the British crown. The Constitution's drafters gave Congress weapons to use against the courts without giving judges much to defend themselves with. The president can draw his veto pen if Congress goes after him. The Supreme Court has to find a straight-faced way to declare a law unconstitutional when it weakens the judiciary's powers, Amar writes.

The MCA is such a law. It also may be unconstitutional in some cases. But Hamdan's case isn't one of them, according to last week's ruling by U.S. District Judge James Robertson. Hamdan's problem is that he's a non-citizen whose contact with the United States has been "involuntary." The MCA stripped Hamdan of the right to habeas corpus granted by federal statute. There are also constitutional rights to habeas. But non-citizens don't have the sort of "substantial connection with our country" that justifies invoking the constitutional right to habeas corpus, the Supreme Court ruled in 1990 in United States v. Verdugo-Urquidez.

If Robertson is right that this ruling applies to Hamdan -- a question the Supreme Court will eventually settle -- hundreds of Guantanamo Bay detainees won't get federal habeas review either.

The limitations of habeas review, in the wake of Congress's tinkering, are on display in cases such as Musladin's. The legislation that Congress passed in 1996 says that the federal courts can't grant a habeas petition that state courts have turned down unless the state court decision "was contrary to, or involved an unreasonable application of, clearly established Federal law, as determined by the Supreme Court." That is a high bar. The ruling in Musladin's case underscores how high: The 9th Circuit was wrong to spend its time determining whether it was fair for the victim's family to wear the photo buttons in front of the jury. Instead, the federal courts can only look to see whether the Supreme Court has already said it's not fair.

There are reasons for federal judges to defer to state judges -- among them the principle of comity, according to which different branches of government show respect for one another, and the principle of finality, which in this context basically means that you get your habeas crack in the state courts, and that's enough. But habeas review has historically given defendants a chance to air their appeals outside the state system, with its giant caseloads and sometimes rushed rulings. Congress's 1996 habeas law has largely choked off this avenue. Consider Justice Anthony M. Kennedy's concurrence in Musladin's appeal. "Buttons proclaiming a message relevant to the case ought to be prohibited as a matter of course," he wrote, and called for a new rule to make it so -- in a future case. In other words, too late for Mathew Musladin.

If Musladin's predicament doesn't move you, consider that of Paul Gregory House. Twenty years ago, a Tennessee jury convicted him of a woman's murder after FBI testing appeared to show his semen on her clothing and her blood on his jeans. He was sentenced to death.

Then DNA testing showed that the semen on the victim's clothes came from her husband, and that the blood on House's jeans came from autopsy samples that spilled in the crime lab. Whoops. But House still had a big problem: His claims of innocence were barred by state procedural rules. Would the federal courts pry open the doors?

It was hardly a slam-dunk. Last June, in a dissent by Chief Justice John G. Roberts Jr., four justices said that the courts need not reconsider House's appeal, because he had not proved his innocence. But five justices said that House should get his second day in court because he had shown that it was likely that no reasonable juror would find him guilty beyond a reasonable doubt.

Even so, House doesn't get out of prison, nor is he spared the death penalty. He doesn't automatically get a new trial. Because of the 1996 habeas law, he has to plunge back into the procedural thicket.

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Letting Congress strip the courts of the authority to hear certain claims or cases means giving more power to the people, who can elect their lawmakers but not their federal judges. From a pre-revolutionary vantage point, that made sense. But these days it's more often judges whom we can count on, if we can count on anyone, to stand up for the procedural rights of murder defendants and Guantanamo Bay detainees. Should Congress be able to block them?

Emily Bazelon writes about family issues and law for Slate, the online magazine at www.slate.com.

HOMELAND RESPONSE:

Showdown Looms Over Domestic Spying (AP)

By David Kravets

AP, December 16, 2006

SAN FRANCISCO --Federal agents continue to eavesdrop on Americans' electronic communications without warrants a year after President Bush confirmed the practice, and experts say a new Congress' efforts to limit the program could trigger a constitutional showdown.

High-ranking Democrats set to take control of both chambers are mulling ways to curb the program Bush secretly authorized a month after the Sept. 11 attacks. The White House argues the Constitution gives the president wartime powers to eavesdrop that he wouldn't have during times of peace.

"As a practical matter, the president can do whatever he wants as long as he has the capacity and executive branch officials to do it," said Carl Tobias, a legal scholar at the University of Richmond in Virginia.

Lawmakers could impeach or withhold funding, or quash judicial nominations, among other measures.

The president, however, can veto legislation, including a law demanding the National Security Agency obtain warrants before monitoring communications. Such a veto would force Congress to muster a two-thirds vote to override.

"He could take the position he doesn't have to comply with whatever a new Congress says," said Vikram Amar, a law professor at the University of California, Hastings, and a former Supreme Court clerk.

Douglas Kmiec, a former Justice Department official under former presidents Reagan and George H.W. Bush, speculated the younger Bush would assert executive authority to continue eavesdropping in the face of new legislation -- perhaps leaving the Supreme Court as the final arbiter.

"He has as much a constitutional obligation to assert himself, just as much as Congress does," Kmiec said. "We do need an arbitrator, an interpreter. That's what the courts, the third branch of government, was intended to be."

On Dec. 17, 2005, Bush publicly acknowledged for the first time he had authorized the NSA to monitor, without approval from a judge, phone calls and e-mails that come into or originate in the U.S. and involve people the government suspects of having terrorist links.

Bush said he had no intention of halting what he called a "vital tool" in the war on terror.

When the Republican-controlled Congress adjourned last week, it left the spying program unchecked.

The next move falls to the Democrats who take control in January and are considering a proposal to demands Bush get warrants and others lengthening the time between surveillance and when a warrant must be obtained.

A spokesman for Sen. Harry Reid, the incoming Senate majority leader from Nevada, said the eavesdropping issue "is something he expects to tackle early next year."

"He doesn't believe in giving the president a blank check to listen to the phone conversations of millions of Americans," spokesman Jim Manley said.

Jennifer Crider, a spokeswoman for Nancy Pelosi, the San Francisco Democrat who will become House speaker, said eavesdropping legislation was under consideration and hearings on the topic were likely early next year.

Decisions are pending in dozens of lawsuits challenging the program.

The Cincinnati-based 6th U.S. Circuit Court of Appeals, the highest court squarely confronted with the issue so far, is to hear the American Civil Liberties Union's challenge Jan. 31. One stop short of the Supreme Court, the appeals court will review a Detroit judge's ruling that the program was unconstitutional.

The case is American Civil Liberties Union v. National Security Agency, 06-2095.

Padilla Terror Case Gets Closer Look (LAT)

By Richard A. Serrano

The Los Angeles Times, December 17, 2006

DOJ_NMG_0107204

WASHINGTON — A federal judge in Miami will soon make one of the most important rulings in the Bush administration's war on terrorism and decide whether to publicly explore evidence that an accused terrorist was brutally mistreated for years inside a one-man isolation cell.

The allegations involve Jose Padilla, a U.S. citizen once portrayed as one of the most dangerous Al Qaeda operatives ever arrested. Padilla's lawyers have asked U.S. District Judge Marcia Cooke to set him free because of the abuse they say he suffered.

Though federal judges rarely dismiss criminal charges before trial, the allegations are so extreme that they may prompt Cooke to hold a pretrial hearing in what would be the first public court examination into how detainees were handled after the Sept. 11 attacks.

Padilla's lawyers also hope to shut down his case by proving that his incarceration as an "enemy combatant" at a Navy brig for more than three years without charges had left him incompetent to stand trial.

Any hearing before the trial, scheduled for next month, could prove explosive, as defense lawyers are leaning toward putting Padilla on the witness stand. That too would be a first — a Sept. 11-era detainee testifying about his treatment.

He has told his lawyers and mental-health experts that he was held without sunlight, adequate food or a clock, and was injected with truth-serum drugs to coerce him to talk. At times, he said, his wrists and torso were chained to the cell floor.

Further heightening the drama is a defense request to question military officials about conditions at the brig. Some officials have expressed concerns in written reports that Padilla and two other enemy combatants held in the brig outside Charleston, S.C., were abused.

'No merit whatsoever'

Federal prosecutors repeatedly have denied that Padilla was mistreated. "Mr. Padilla's allegations of torture have no merit whatsoever," prosecutors said in court filings.

Padilla was arrested in 2002 on suspicion of trying to detonate a radioactive "dirty bomb" in the U.S. The Department of Justice, led by then-Atty. Gen. John Ashcroft, castigated Padilla as a major terrorist menace but eventually scaled back its assessment and filed lesser charges of conspiracy.

Prosecutors say they can prove he was part of a "North American terror support cell" that sent money and supplies to terrorists in Bosnia and Chechnya. The government is urging the judge to deny Padilla's dismissal request — without airing the claims in a court hearing.

The judge, a former federal prosecutor and a defense lawyer appointed to the bench by President Bush, has scheduled a meeting Monday with both sides, and could rule then on the torture and competency questions.

Should she grant a hearing into the allegations, that would mark a major victory for criminal defense lawyers and human rights activists who have said the administration routinely violated the constitutional rights of detainees arrested after the 2001 terrorist attacks on New York and the Pentagon.

"This is a very fair judge," said Neal Sonnett, a Miami attorney who chaired an American Bar Assn. task force on enemy combatants. "She's very bright. She knows the law very well. And I think this is the kind of case in which the court understands that the world is watching."

Chances of dismissal

Sonnett and other legal experts noted that dismissal motions seldom are granted because they deny prosecutors the chance to put on their case.

"A lot of bad things were probably done to Mr. Padilla," said Carl Tobias, a law professor at the University of Richmond in Virginia who has monitored many of the terrorism cases. "But that doesn't mean you automatically get a dismissal."

Padilla, 36, was born in Brooklyn, raised in Chicago and, after embracing Islam in South Florida, moved to Egypt where he allegedly became involved with terrorist groups.

He was taken into custody in May 2002 at Chicago's O'Hare International Airport after stepping off a plane from Zurich. Law enforcement officials said his arrest broke up a plot in which Padilla was sent back to attack targets in the U.S.

In June 2002, Bush designated him an "enemy combatant," and the military put him in the Navy brig. In November 2005, he was charged with aiding terrorists abroad. Last January, he was moved to a federal jail in Miami to await trial. He was moved into the federal system before the Supreme Court could rule on whether a U.S. citizen could be indefinitely detained as an enemy combatant.

Andrew Patel of New York, one of the defense lawyers, said the defense was not allowed into the brig until March 2004, only to discover that Padilla was alone in a two-tiered wing of 10 cells.

"Mr. Padilla was the only person housed in that unit," Patel said. "He had no contact with other human beings."

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Patel said the cell windows were blocked; no natural light entered the 9-by-7 space. There was no mirror, no clock, no calendar: just a slot in the door for food and a steel platform for a bed.

Sometimes Padilla suffered deep chest pains and feared a heart attack. "He could neither breathe nor move," Patel said.

Another time, Patel said, Padilla smelled a "terrible odor" and believed that guards had pumped a noxious gas into the cell.

He was often kept awake by loud noises or low temperatures, Patel said. Other times, he says, he was given a truth serum that lawyers said they believed was some form of LSD or PCP.

He coughed up blood, Patel said. He repeatedly scratched the back of his hand. He rapidly blinked his eyes. Goose bumps dotted his arms and neck.

Sometimes he sat bolt upright in his chair, as "if he had been stuck by a cattle prod." He showed little emotion about his trial, Patel said, seeming more like "a piece of furniture."

When Patel tried to discuss the case, he said, Padilla would beg off. "Please, please, please," he would say, fearful that if he helped his lawyers, he would be returned to the brig and solitary confinement.

Observations from experts

Dr. Angela Hegarty, a New York psychiatrist who examined Padilla for the defense over five days in June and September, told the judge the prisoner often "begged his guards not to put him in the cage."

She said Padilla could not understand that his trial was drawing near. "He has large memory gaps related to his detention, and he is unable to place events in chronological order," she said.

She concluded that Padilla, whom she said believed he was going to die during his detention, is suffering from post-traumatic stress disorder. "Mr. Padilla," she said, "periodically concludes that no matter what, win or lose, he will be going back to the brig, where he will die."

The defense team filed a new report Wednesday from Patricia Zapf, a clinical psychologist in New York, who examined Padilla twice in October. She concluded he suffered from depression and paranoia, and had "difficulty with memory, attention and concentration."

She said he told her that he did not want to testify — that he feared it would be too much like what he underwent during interrogations. Padilla "appears to be in a fragile psychological state," Zapf concluded.

Though it is not clear whether the government has had its own experts examine Padilla to counter what the defense has learned, prosecutors have insisted Padilla was never harmed.

"The government in the strongest terms denies Padilla's allegations of torture — allegations made without support and without citing a shred" of evidence in court, they told the judge in court filings. They declined to discuss the case outside of the courtroom.

Government lawyers also told the judge that she should rule on Padilla's competency before deciding whether to hold a hearing into the torture allegations — pretrial skirmishing that could delay the long-awaited trial.

Indeed, much is weighing on the judge. Cooke, 52, began her career as a Legal Aid attorney and public defender in Michigan and worked through most of the 1990s in the U.S. attorney's office in Miami. Bush appointed her to the federal bench in November 2003; she was confirmed the following May.

She has proved decisive in the Padilla matter already, ruling in August that there were overlapping charges filed against him. She dismissed the most serious conspiracy charge, which could have brought a life sentence, and left intact two counts that could get Padilla 20 years for providing material support to terrorists.

Twenty years is far less than what the government wants; they have appealed her decision.

WAR NEWS:

Go Big, Go Long, Go Wide: Bush's No-exit Options For Iraq (AP)

AP, December 16, 2006

WASHINGTON- President Bush has taken the most dramatic options off the table as he tries to change direction in Iraq, leaving him with a list of modest military and diplomatic moves to announce in the new year.

Bush probably will ignore the boldest suggestions from a bipartisan commission that studied U.S. options in Iraq, adopting some of the group's lesser prescriptions alongside those drafted by his civilian and military advisers.

The White House National Security Council has compiled recommendations from several agencies as the administration's internal reassessment of Iraq policy nears an end. Bush plans to address the nation in early January, two months after heavy Republican losses in congressional elections.

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A look at some of the president's options:

On the military front, there are various ways to "go big," by adding 10,000 to 20,000 troops to the approximately 135,000 U.S. forces in Iraq. Bush has gotten competing advice about how many troops to add, whether to define their mission as temporary or long term and whether to add troops at all.

Some military officers doubt that the results from any increase would be worth the damage to the Army's readiness. Others advocate adding forces and launching an offensive against Shiite militia leader Muqtada al-Sadr while increasing industrial and economic aid to civilians.

Sen. John McCain, R-Ariz., has said the U.S. should send five to 10 more brigades of combat soldiers, translating to 15,000 to 30,000 additional troops. The current U.S. force includes about 15 combat brigades made up of 50,000 to 60,000 soldiers. Bush has been told that adding up to 20,000 troops would be fairly easy to arrange and a short-term surge of up to 50,000 could be done with difficulty.

The additional troops would be assigned primarily in Baghdad, where sectarian killing has surged out of control in the past 10 months. Some could go to Anbar province, where U.S. forces have been unable to dislodge the Sunni-led anti-government insurgency.

Another element of the "go big" idea is increasing the total size of the military. The chiefs of the Army and Marine Corps want to expand the size of their services, although departing Defense Secretary Donald H. Rumsfeld opposed it. He cited an estimated cost of $1.2 billion a year for each 10,000 extra troops. The Army also wants the ability to mobilize Guard and Reserve troops more frequently than is now allowed; some in Congress are likely to resist such a change.

Bush probably will reject the Iraq Study Group's recommendation to pull back most combat forces by early 2008. Proposals before him include integrating or embedding more U.S. advisers in Iraqi Army units to provide guidance on tactics and leadership. The long-term goal would be a shift away from a primarily combat role, which some advisers say consigns U.S. forces to a defensive posture as they await the next attack by insurgents.

No matter how it is calibrated, this "go long" shift would reinforce the administration's recognition that U.S. troops will be in Iraq for years to come. Bush has rejected any suggestion for a quick withdrawal of U.S. forces, as some lawmakers recommend, and probably will not set a firm exit timetable. He is likely to endorse the basic idea recommended by the commission and others to condition at least some U.S. military and economic engagement to the performance of Iraq's government. Economic steps could include a significant jobs program. Unemployment in Iraq is estimated at between 20 percent and 60 percent.

Diplomatic options include expanding the U.S. outreach to various centers of power in Iraq and engaging Iraq's neighbors to help in a more vigorous and formal way - the "go wide" strategy. Bush probably will endorse elements of this approach while ruling out a new overture to U.S. adversaries Iran and Syria.

The State Department has recommended the U.S. keep supporting the shaky government of Prime Minister Nouri al-Maliki but "diversify our portfolio," as one official put it. Seeking common ground with leaders in and out of government would help protect U.S. interests if, for example, al-Maliki were to lose power.

The starkest choice for diplomacy is one Bush is almost certain to reject: stop trying to recruit greater Sunni participation in a unified government and cast U.S. fortunes with the Shiite and Kurdish majority. Sunnis make up about 20 percent of the population but are blamed for fanning insurgent violence that accounts for most U.S. casualties.

A competing plan would woo the Sunni elite by guaranteeing them a share of oil revenue and reversing the previous policy of "de-Baathification," which purged ex-members of Saddam Hussein's Sunni-led Baathist rule from the top layers of government institutions.

Bush is weighing plans for a more structured network of Arab nations with a goal of clamping down on the violence in Iraq. This regional forum could become an expanded version of an existing State Department-backed initiative, offering a framework for countries to discuss Iraq and meet with Iraqi leaders.

Such a partnership presumably would have to include Iran and Syria. Those countries, which share borders with Iraq, hold great influence inside Iraq. U.S. diplomats would participate alongside Iranian and Syrian representatives but Bush probably will not endorse direct negotiations with them, as the Iraq Study Group recommended.

Secretary of State Condoleezza Rice has said both nations would probably use direct talks to seek unacceptable "compensation" from the United States. If Iran and Syria see it as in their interest to help Iraq they will do so on their own, she suggested to reporters last week.

Bush also is likely to endorse a renewed effort to resolve other Middle East conflicts as a means to an end in Iraq.

Stubborn Or Stalwart, Bush Is Loath To Budge (WP)

By Peter Baker

DOJ_NMG_0107207

The Washington Post, December 17, 2006

In the late 19th century, the queen of England sent the president of the United States a desk made from the timbers of a decommissioned ship, the HMS Resolute. Almost every occupant of the White House since then has made the Resolute his desk. Perhaps more than most, President Bush has taken its name to heart.

But now, as Bush rethinks his strategy in Iraq and approaches one of the most fateful moments of his presidency, he confronts difficult questions: At what point does determination to a cause become self-defeating folly? Can he change direction in a meaningful way without sacrificing principle?

For Bush, this is a tension that goes to the heart of his political identity and governing style. He captured and retained the presidency in part by portraying two successive Democratic opponents as finger-in-the-wind politicians without a core set of beliefs. The notion of bending to critics or even popular will cuts against his grain. Yet it is also true that at key moments in his career, Bush has been willing to abandon his position and shift gears dramatically.

No position has been more central to Bush's leadership than his decision to invade Iraq in 2003 and his unyielding defense of his conduct of the war ever since. But he went out of his way last week to give the appearance of a man genuinely seeking new ideas as he shuffled between the White House, the State Department and the Pentagon's ultra-secure "tank," and then delayed making a decision while he and his team debated the options.

"I think George W. Bush is a totally pragmatic politician," said former senator Alan K. Simpson (R-Wyo.), a member of the bipartisan Iraq Study Group, which recommended a new course. "He's going to do outreach. . . . He is a total realist. He knows that the solid, march-in-step Republicans, at least in the House, are gone. . . . Now his legacy depends on the national interest, not partisanship."

Others don't buy it. On its Web site last week, the Democratic National Committee said Bush could be "the most stubborn man on Earth" for not immediately embracing the study group's plan. Critics predicted that any new strategy he announces after the holidays will be little more than a dressed-up version of "stay the course." And a recent Washington Post-ABC News poll found that 66 percent of Americans do not think Bush is willing to change his policies in Iraq.

"I just don't believe that this president, with this vice president whispering in his ear every moment, is oriented to change," said retired Col. Larry Wilkerson, who was chief of staff to Secretary of State Colin L. Powell in Bush's first term. "And even if he were, I don't believe his administration is capable of implementing change."

Lawrence J. Korb, a former Pentagon official under President Ronald Reagan, agreed. "When it comes to Iraq, he has basically confused stubbornness with steadfastness," said Korb, who is now at the liberal Center for American Progress. "I think he believes that regardless of what other people say, if he simply stays the course, he'll be eventually proved right. But what he fails to see is the current course isn't working and he has options."

The perception of Bush as unusually stubborn has defined his tenure to some extent, much to the consternation of adversaries and sometimes even allies. But Bush was deeply influenced by the fate of his father, whose decision to break his no-new-taxes pledge as president helped doom his reelection. The lesson: Stick to decisions regardless of shifts in political winds.

The seemingly unshakeable confidence in the rightness of his positions has helped the current president weather political storms that might overwhelm others. For a man who presides over an unpopular war, just lost Congress and faces a final two years with constrained options, Bush gives little sign of self-pity. At holiday parties for friends and family in recent days, he has found himself bucking up others depressed by the turn in his political fortunes. "Don't worry, it's not as bad as it looks," he told one friend visiting the White House. "There's a lot we can get done."

The friend, who shared the private moments on the condition of anonymity, was struck by how upbeat Bush seemed. "But he's not a fool," the friend added. "He knows how bad all this is, trust me. There is some resignation that this is where he finds himself. I know he's got a lot of second thoughts about how he got there. Anybody would."

Bush decided a long time ago that expressing second thoughts publicly would be seen as a sign of weakness, according to some close to him. "I'm oftentimes asked about, 'Well, you're stubborn,' and all this," Bush told a group of conservative journalists in September. "If you believe in a strategy, in Washington, D.C., you've got to stick to that strategy, see? People want you to change. It's tactics that shift, but the strategic vision has not, and will not, shift."

Despite Bush's reputation as unbending, he has reversed himself before in the interest of expediency. During battles over education legislation or funds for religious charities, he changed key positions. Perhaps the most notable example was the creation of the Department of Homeland Security, which he strongly resisted until embracing the idea as if it were his own.

"He always starts out by stressing his maximum position and then doesn't budge until he absolutely has to," said Bruce Buchanan, a professor at the University of Texas at Austin who has watched Bush's career for years. "He could conceivably be doing that right now."

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Advisers reject the idea that Bush never changes. " 'Stubborn' is just a convenient characterization that's not really accurate," said Mark McKinnon, his political strategist. McKinnon recalled how Bush pivoted after losing the New Hampshire primary in 2000. "That was a serious blow, and we had to really redirect the campaign strategically. He recognized that we had to amend our strategy, and we did."

John Bridgeland, Bush's former domestic policy adviser, said the president is more interested in other points of view than people think he is. He drills aides with questions that challenge even his own beliefs. "He's like a boxer, and he'll hit you right between the eyes with a really tough question," Bridgeland said. "And if you don't have a really good answer, he'll tell you you're losing altitude."

Still, history shows that Bush does not change easily or quickly. For years, he ignored calls to fire Defense Secretary Donald H. Rumsfeld, even when the idea was endorsed by his own top aides. He waited to oust Rumsfeld until the day after midterm elections handed Congress to Democrats -- too little, too late, in the minds of Republicans who grumbled that he cost them their majorities. Robert M. Gates will take over the Pentagon tomorrow with different views about how to proceed. The question is whether Bush will heed him.

"He changes his mind all the time, as any thinking human being would," said David Frum, a former Bush speechwriter and sometime critic. "He probably changes his mind somewhat less than other politicians do, but he's not set in concrete." Having said that, Frum said Iraq is too critical to waver on. "A lot of people want him to change his mind on the central decision of his presidency. And on that, he hasn't, he shouldn't, and he won't."

Ex-Defense Chief Warns On Iraq Direction (WP/AP)

The Washington Post/AP, December 17, 2006

WASHINGTON -- Former Defense Secretary William Perry, a member of the Iraq Study Group, said Saturday that Iraq could turn into a "quagmire" if the Bush administration fails to change strategy.

Perry, who led the Pentagon under President Clinton, delivered the Democratic Party's weekly radio address.

Referring to the Vietnam War, Perry said: "The term 'quagmire' recalls one of the saddest periods in American history, which we do not want to relive. But I believe that is likely to happen if we 'stay the course' in Iraq."

Perry reiterated the recommendations of last week's report from the Iraq Study Group, a bipartisan commission led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton.

"We need to accelerate the training of Iraqi army and police forces," Perry said. "We need to begin to pull out U.S. combat brigades, with the goal of having all except rapid-reaction forces out by first quarter of 2008. ... We need to push friendly regional powers to assist. We need to put pressure on unfriendly regional powers to stop arming militias and fomenting violence. And finally, we need to invigorate the Israeli-Palestinian peace process."

President Bush has been meeting over the last week with current and former military leaders _ as well as advisers from other parts of the government _ to assess possible new strategies for the Iraq war. But he has made it clear he will not map out a new war strategy until his new defense secretary, Robert Gates, has taken over and offered his counsel.

The Iraq Study Group report was critical of just about every aspect of the administration's war policies. Bush welcomed some of its recommendations but dismissed others, particularly the call for withdrawing a substantial number of U.S. troops over the next year.

Perry said he believed the report "will frame the debate in our country this coming year. And it will demonstrate that it is possible, even in the poisonous political climate that now exists, to address important national problems in a truly bipartisan manner."

Roadside Bombs Kill Troops At Highest Rate Of Iraq War (BOS)

By Bryan Bender

The Boston Globe, December 17, 2006

WASHINGTON -- US troops in Iraq are dying in roadside bombings at a higher rate than any period since the war began -- some in follow-up attacks in the same locations -- but commanders still have no effective means to monitor the deadliest routes for patrols, according to Pentagon officials and documents.

Military deaths from roadside bombs have hit an all-time high in recent months: In October, 53 US troops died from improvised explosive devices, while in November, 49 troop deaths were blamed on so-called IEDs -- the second and third highest monthly tolls of the war, official statistics and casualty reports show.

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That is far higher than the overall monthly average of 28 IED-related deaths since July 2003, when the data were first compiled. And in the three previous months, between 22 and 29 soldiers and Marines died from roadside bombs.

But the Pentagon office charged with solving the problem is still a step behind the bombers.

Officials at the Joint IED Defeat Organization admit that most of the billions of dollars they get each year goes to developing high-tech gear to detect or disarm bombs rather than addressing the root of the problem: finding out where the bombs come from and who is planting them.

"The enemy has the ability to freely fabricate IED and car bombs, plant and set ambushes, rocket, mortar and IED attacks, and have the recruits and resources crossing borders to reinforce and resupply the insurgent forces undetected," according to a recent briefing prepared for top Pentagon officials responsible for counter-insurgency strategy.

December is on track to become the deadliest month of all. According to news reports, 53 soldiers died as of Dec. 16; Pentagon data indicates that roughly 60 percent of all casualties this month came from roadside bombings. Throughout much of the war, IEDs have caused about half of all US combat deaths in Iraq, according to a September study by the nonpartisan Congressional Research Service. .

That has spurred outrage among military officers, Pentagon contractors, and members of Congress. They charge that, after spending billions of taxpayer dollars to address the problem there is still virtually no solid intelligence on how the bombers operate.

Senator Gordon Smith , a Republican from Oregon who had been a longtime supporter of the Iraq war, put it bluntly in his critique of the Iraq war on the Senate floor last week:

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day. That is absurd. It may even be criminal. I cannot support that anymore."

The Joint IED Defeat Organization, which had been hailed as the "Manhattan Project" of the roadside bomb problem, "has been a disaster," said Ed O'Connell , a counter-insurgency specialist at the government-funded Rand Corporation in Santa Monica, Calif. , who has advised US commanders in Iraq.

For its part, the organization claims some progress. They say that the percentage of bombs that are disarmed or detonated before they can kill or maim has remained "stable and consistent" over the past 18 months, and they say there are now fewer casualties per IED attack.

The "vast majority" of IEDs are disarmed or otherwise rendered harmless, the office said in a statement.

But officials acknowledged that the number of roadside bombings has "risen dramatically over the last two years," though they would not provide statistics.

That increase has confounded the military and raised questions about whether gathering intelligence on the bombers should be the office's top priority. The Pentagon briefing paper, provided by a defense contractor to the Globe, concluded that there is "an urgent need" in both Iraq and Afghanistan for "persistent surveillance" to track the bombers and neutralize the IEDs.

Congress this fall set aside $100 million to acquire new aircraft for what the military calls "wide field of view" surveillance: watching particularly active areas and intercepting the bombers. The goal would be to make it "a suicide mission" for insurgents to plant a bomb, according to a report attached to the 2007 Defense Authorization Bill.

Cheap and lethal, roadside bombs are the tactic of choice for both Sunni and Shia Muslim insurgent groups opposed to the US military presence. Authorities believe some insurgents are getting supplies and training from Iran and the Lebanese militant group Hezbollah.

Most of the explosives, US officials say, are assembled with munitions left over from Saddam Hussein's arsenal, while others are built from explosives smuggled across Iraq's porous borders. They are triggered by a variety of inexpensive means, including trip wires, cellphones, and household timers, and the insurgents have created increasingly sophisticated bombs to stay a step ahead of US countermeasures.

But in its detailed assessment of the Iraq war, the bipartisan Iraq Study Group concluded that, nearly four years into the war, US forces know little about insurgent operations.

And, after spending almost $2 billion this year on IED countermeasures, according to the study group, the White House "has not put forward a request to invest comparable resources in trying to understand the people who fabricate, plant and explode those devices."

For its part, the IED office told the Globe that it spends 63 percent of its budget on ways to "defeat the device," while only 30 percent goes to attacking "the network" that creates and plants the bombs. The rest of its budget is spent on new training methods for US troops operating in Iraq and Afghanistan.

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But military specialists say that the Pentagon needs to pay more attention to dissecting the "kill chain" -- the source of the bomb components, who made the bomb, and who planted it.

"We can't even detect their explosives," said Loren Thompson , a military specialist at the Lexington Institution, an Arlington, Va., think tank that supports strong military preparedness. "We don't have the resources to police or survey every road. The IED problem is a case study of how military transformation has failed.

"It sounds like a threat where good intelligence and good surveillance would make a big difference," she said. "But we don't seem to be able to develop those things."

That lack of intelligence, however, is not only blamed on the IED office but also on commanders in the field, who some specialists say aren't forthcoming about the extent of the problem.

A previously unpublicized assessment generated by the Republican staff of the House Armed Services Committee and obtained by the Globe effectively accused the generals of hedging the truth when Congress asks what they need to protect the troops.

The 2005 congressional report said that on numerous occasions, generals assured lawmakers that they have "complete [intelligence, surveillance and reconnaissance] coverage over the respective theater battlespace; and in effect, 'they get everything.' " That has repeatedly been proven wrong, it said.

"The assumption then has always been that the troops also 'get everything' in the way of warning and intelligence, but this has not been the case," the report said. "The fact that the enemy still has the ability to go out at night and set dozens of IEDs, mine and cut pipelines, and have hundreds of new recruits coming in to join and reinforce the insurgent forces undetected gives testament to the fact that something is gravely wrong."

Ties That Bind Iraqi Forces Break Easily (LAT)

By Tony Perry

The Los Angeles Times, December 17, 2006

KARMAH, IRAQ — As U.S. forces train Iraqis to take more responsibility in fighting insurgents in Al Anbar province, they say that leadership in the Iraqis' enlisted ranks remains in short supply.

An Iraqi army unit here sagged after the death of one of its soldiers, whom Marines nicknamed Sgt. Barnes after a hard-nosed character in the movie "Platoon." And Marines say the unit's combat effectiveness fell apart after a sergeant they respected was killed by a roadside bomb.

"As long as they have one or two guys who know what they're doing, the rest follow them," said Marine Lance Cpl. Andrew Gendron, 20.

Maj. Sean Riordan, the executive officer of the Marines' 2nd Battalion, 8th Regiment, speaks Arabic and has worked with the armies of Kuwait, Oman, Saudi Arabia and the United Arab Emirates. The problem facing the Iraqis is common to many armies in the Arab world, he said.

"They do not have a very broad-based approach to decision-making," Riordan said. "They are particularly dependent on strong, forceful leaders, and when they lose one, they have trouble continuing."

Master Sgt. Daniel Masters, 44, a 21-year Marine veteran, said armies of the former Soviet bloc faced similar problems because of centralized decision-making. Many of the officers in former Iraqi President Saddam Hussein's army were trained by the Soviets.

Masters is in charge of the Marine contingent at a tiny, ramshackle compound for Iraqi police and soldiers and Marines in this farming community outside Fallouja. The police fled recently after threats from insurgents, and the soldiers were transferred elsewhere. Masters hopes they will return.

A year ago the Marine Corps changed its priorities to emphasize the training of Iraqi security forces. At this station, Marines and Iraqi soldiers went on joint missions but details often had to be withheld from the Iraqis for fear they would inform the insurgents.

"You want to trust them, but you really can't," said Lance Cpl. Robert Warren, 20.

First Lt. Scott Burlison, 38, said he had seen signs that Iraqi troops were improving, but that the soldiers needed better equipment and logistical support from the central government in Baghdad.

The effort to work with Iraqi forces also has helped improve relations with the local population, he said.

"They're not so much negative around here as neutral to us, which is better than negative," he said. "Nobody expects them to be our best friends."

First Sgt. Paul Archie, 37, said the hardscrabble upbringing of many of the Iraqi soldiers has served them well, but that they need better leadership.

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"They've grown up fighting. For them it's nothing new to see an AK-47," he said. "They're not cowards."

One soldier who had earned the Marines' trust was named Saddam Hussein. He was an Iraqi special forces sergeant who fought against the U.S.-led invasion in 2003, and later cooperated with the Americans. He was killed by a roadside bomb.

The Marines appear more distant from the Iraqi police. While the army is mostly composed of Shiites, the police, recruited locally, are nearly all Sunni Arabs.

Police suspected of ties to the Sunni-led insurgency were recently purged by the government. A few days later one former police officer from Karmah was shot and killed by a Marine while planting a roadside bomb in nearby Saqlawiya.

The police stationed here fled after a campaign of intimidation by insurgents. Several had been killed. Insurgents warned the local gas station not to sell them gas for their vehicles.

"Twenty of them just turned in their badges and walked away — left their weapons and walked," said Cpl. Evan Wicha, 23. In other areas, there have been clashes between police and Iraqi soldiers.

In Karmah and elsewhere, Marines are incredulous at the idea of being able to simply quit and go home. In an informal discussion, someone joked that such a military unit was ideal.

"Not if they're your allies," another responded.

Legal System In Iraq Staggers Beneath The Weight Of War (NYT)

By Michael Moss

The New York Times, December 17, 2006

BAGHDAD — In a cavernous room that once displayed gifts given to Saddam Hussein, eight men in yellow prison garb sat on the floor facing the wall, guarded by two American soldiers.

Among them was Abdulla Sultan Khalaf, a Ministry of Industry employee seized by American troops who said they found 10 blasting caps and 100 sticks of TNT. When his name was called, he stood, walked into a cagelike defendant's box and peered over the wooden slats at a panel of three Iraqi judges of the central court.

The judges reviewed evidence prepared by an American military lawyer — testimony from two soldiers, photographs and a sketch of the scene.

The evidence went largely unchallenged, because Mr. Khalaf had no lawyer. The judges appointed one, but Mr. Khalaf had no chance to speak with him. Mr. Khalaf told the judges that the soldiers were probably chasing a rogue nephew and denied that the explosives were his or ever in his house. "Let me examine the pictures," he insisted. The judges ignored him. His lawyer said nothing, beyond declaring Mr. Khalaf's innocence. The trial lasted 15 minutes.

The judges conducted six trials of similar length and depth before lunch, then deliberated for four minutes. Five defendants were found guilty; one was acquitted. "The evidence is enough," Judge Saeb Khorsheed Ahmed said in convicting Mr. Khalaf. "Thirty years."

The United States established the Central Criminal Court of Iraq three years ago, envisioning it as a pillar of a new democracy. But like the faltering effort to create effective Iraqi security forces, the system for detaining, charging and trying suspects has instead become another weak link in the rule of law in Iraq, according to an examination of the justice system by The New York Times.

The stakes are rising. The court has begun sentencing American-held detainees to death by hanging, 14 this year.

Almost every aspect of the judicial system is lacking, poorly serving not just detainees but also Iraqi citizens and troops trying to maintain order.

Soldiers who have little if any training in gathering evidence or sorting the guilty from the innocent are left to decide whom to detain. The military conducts reviews to decide whom to release, yet neither Iraqi detainees nor defense lawyers are allowed to attend, according to military documents and interviews.

Tens of thousands of detainees have been released by the Americans, often under political pressure from the Iraqis, but American soldiers complain they are apprehending many dangerous insurgents again and again. At the same time, detainees are held for long periods by the Americans without being charged, in some instances for as long as two years.

Even detainees who are formally charged and brought to the Iraqi court have little ability to develop a defense against evidence collected by American lawyers and soldiers. Most defense lawyers are appointed by the court and paid $15 per case. Even if they are so inclined, they are largely unable to gather evidence because of the threat of violence. One American lawyer said that in 100 cases he handled, not one defense lawyer had introduced evidence or witnesses.

The central court resembles the narrow end of a funnel crowded with suspects captured by American and Iraqi forces. No figures are available on prisoners held by Iraqis, but the Americans have held about 61,500 over the past three years and are now holding 14,000, military officials say. Roughly 3,000 have been charged and tried in the Iraqi court.

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The court acquits nearly half of the defendants, but both Americans and Iraqis involved in the process say that political interference, threats from militants and the judges' fear for their lives weigh heavily in many verdicts. The military has found housing in the protected Green Zone for only 12 of the 30 judges on the criminal court. The others commute to work.

"The most fundamental thing that we need to do in Iraq is establish the rule of law," said Mark Waller, an Air Force Reserve major and deputy district attorney in Colorado, who spent four months this year in Baghdad helping to prosecute detainees. "It's the cornerstone of a civilization. Without it you have anarchy. And we are falling short."

Beyond the scandal at Abu Ghraib and the trial of Mr. Hussein, the system of holding and prosecuting detainees in Iraq has largely escaped public scrutiny. The day-to-day details of these government operations emerged from interviews with American and Iraqi officials, former detainees, a review of military records and a visit to proceedings in the Iraqi court normally closed to the public.

A classified Pentagon assessment completed in June of the American effort to strengthen Iraqi justice found one sign of progress: the prosecution of former senior government officials. Everything else, from training judges to building court capacity to minimizing civil rights abuses by Iraqi security forces, had fallen behind, according to the assessment by the National Security Council.

"Iraq's judiciary is technically independent but unable and unwilling to assert itself or provide a balance to Iraq's powerful political parties," it said. "The criminal justice system is overloaded and lacks the capacity to consistently process those arrested and/or detained."

Even though the American military helps to prosecute cases in the court, it does not always release detainees whose cases are dismissed, officials acknowledged in interviews. Maj. Gen. John D. Gardner, the commander of American detainee operations, orders those defendants held if the military believes they remain a threat. According to military officials, this has happened approximately 60 times, or in about 4 percent of the dismissed cases.

American officials said that within the confines of the nascent Iraqi justice system they were striving to protect American troops, while promoting due process. "Our goal is to balance detaining the people who are the real threats, and releasing those who are not, and that's a fine line," General Gardner said.

The justice system is most troubling for people like Intisar Jaafar. Her 29-year-old son, Laith al-Ani, was taken from his home in Baghdad by American troops in October 2004 in a search for weapons his mother said they never found. The military said he was a "security detainee" but would not elaborate.

Mr. Ani, a women's clothing merchant, is being held at Camp Bucca in the desert of southern Iraq, his relatives said. They have made the daylong trip to visit him, but it brought them no more information about when he might be charged, released or brought to court.

In a recent letter he drew a caged heart reaching out to his wife and two children, and wrote, "I hope I can be dust in the storms of Bucca so that I can reach you."

A Grand Vision

At 9 a.m. on a recent Monday, two United States Army trucks guarded by seven Humvees pulled to a halt in central Baghdad, just outside the protected Green Zone.

The soldiers fanned out with their rifles ready as a man in a black hood and yellow prison garb emerged, followed by more than 30 others, their hands and feet shackled.

The men shuffled down two flights of stairs into the Central Criminal Court.

The courthouse did not exist before the war, with most criminal cases left to provincial judges. In 2003, the Bush administration decided Iraq also needed a central court — like the American federal judiciary — for major national crimes like significant corruption or violence.

The vision was grand.

"Evil doers will face justice in honest and fair Iraqi courts," L. Paul Bremer III, the administrator of the Coalition Provisional Authority, said in an address to the Iraqi people in November 2003.

Zuhair Maliky, an Iraqi lawyer tapped by the Americans as a chief judge, said: "It was to be a model for all of the courts around the country, where students would come to read the records and learn how courts work. There was to be a library, a conference room where judges would give lectures, and computers where court records would be kept."

But that vision has run into the realities of Iraq — the insurgency, a lack of resources and politics.

Security concerns have effectively closed proceedings to the public. Court records are not kept on computers, but mostly in paper files held together by yarn. And the daily proceedings, observed by a reporter, are hardly a model of deliberative justice.

That day's defendants came from two American detention camps and from sundry Iraqi jails.

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Shortly past 10 a.m., two American soldiers escorted Hussan Lotfi Abdulla upstairs to a judge's office for a preliminary hearing. Mr. Abdulla, who had been in detention for nearly two years, sat next to his court-appointed Iraqi lawyer, whom he had never met.

Facing them in front of the judge's desk was Capt. Lisa Gorog, a military lawyer who had come to Baghdad to help the military unit that runs the American detention operations in Iraq.

The unit is doubling its legal staff to more than 100 lawyers and aides, drawn largely from the military and prosecutor's offices throughout the United States.

Even for experienced prosecutors, identifying strong cases among the mass of detainees is difficult given the quality of the evidence. Capt. Matt McCall, who focuses on men like Mr. Abdulla who have been detained in the volatile Anbar Province in western Iraq, said he had to sift through the files of 50 detainees to find 2 that he thought could be convicted. The rest were left in detention either because the soldiers who captured them were not readily available as witnesses or because the evidence was too weak, he said.

The case against Mr. Abdulla presented its own challenges. The one-page case summary prepared by Captain Gorog for the judge said Mr. Abdulla was detained on Jan. 27, 2005, when American soldiers grew suspicious of the taxi in which he was riding. When they forced it to stop, a man got out and tossed a grenade, which did not explode. They killed the man, and searched the taxi where they said they found rocket-propelled grenades, launchers and armor-piercing ammunition.

But Mr. Abdulla had another problem. He is Syrian but had no passport when he was detained. He faced at least 15 years in prison if Captain Gorog could show he had come to Iraq illegally to fight.

After the judge asked some perfunctory questions, Captain Gorog jumped in.

"Why did you come to Iraq?" she asked through an interpreter.

"For work and study," he replied.

"Why did you come to Ramadi?"

"To visit a friend."

"Didn't you know the man throwing the grenade?"

"No. I heard the explosions, but I was lying on the ground."

"How did you know it was a grenade?"

"The investigator told me."

"He was right there! Didn't you see the incident?"

"I was handcuffed on the ground. I didn't see it."

Mr. Abdulla's lawyer remained silent. The judge, who reserved judgment on whether Mr. Abdulla would be tried, asked the clerk to write a one-page summary of the hearing, which the lawyer signed without reading.

In the hall later, Mr. Abdulla's lawyer, who asked not to be identified for fear he would be killed, said he had been given the case just moments before the hearing and would have liked to have met with Mr. Abdulla, "to know how to defend him." But he said lawyers had stopped asking to meet with American detainees because judges had denied their requests.

"They said it's the Americans who don't allow this," the lawyer said. "It's in order that we don't dictate what they say."

American detention officials denied that was their policy but said it was difficult to arrange for defense lawyers to meet defendants either at detention camps or at the courthouse before the proceedings.

Although Iraq has an inquisitorial system in which judges are empowered to investigate, question witnesses and elicit evidence, defendants have a constitutional right to a lawyer. "We can't imagine a fair judiciary system without a defense lawyer where he can practice his duty," said Diya al-Saadie, who until this month ran the Iraqi Bar Association.

Karen Hanrahan, an international law expert who was the State Department's rule-of-law coordinator in Iraq until recently, devised a plan to create a public defender system to train and pay defense lawyers. She said it was never financed in part because judicial planning was dominated by American prosecutors who took a dim view of defense lawyers.

American lawyers have been brought in to help prosecute cases. Iraqi judges have been flown to Prague and The Hague for workshops. But, Ms. Hanrahan said, "there was no effort to train and work with lawyers."

Charles W. Larson Sr., the United States attorney for the Northern District of Iowa and an adviser in Iraq in 2004 and 2005, said his team was mindful of defense lawyers but chose to focus on helping judges because "it is a judicially driven system."

Rapid-Fire Proceedings

By late morning, the courthouse halls bustled with court personnel, private security guards, Iraqi police, American soldiers and their detainees.

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At 11:30 a.m., Judge Saeb Ahmed, the chief judge, entered a large courtroom and took the middle of three seats at the dais. Behind him, the scales of justice had been painted on the wall. Black Hawk helicopters passed outside the windows. Explosions could be heard in the distance.

Judge Ahmed and his colleagues had a full docket, but they worked quickly.

The first two men to stand trial were detained by Iraqi security forces on Jan. 3, 2005, in connection with several Baghdad attacks, one on a hospital. Their families had hired a lawyer, Abdul Ami Ali, for $2,500, and with a flourish he told the judges that he had learned that one of the alleged attacks never occurred. He produced a letter from the hospital administrator to prove it. Judge Ahmed added the letter to the defendants' file, ended the trial and called the next case.

Sad Mahmud Saleh, a 24-year-old truck driver, was accused by American soldiers of having contraband weapons, including a hand grenade, in his house. His trial consisted largely of Judge Ahmed asking questions. At one point the judge stood and raised his voice.

"Are you a terrorist?" he asked.

"No," Mr. Saleh replied, standing in the tall wooden defendant's box.

"Are you involved in any organization?"

"No."

"Why did they bring you here?"

Mr. Saleh's lawyer, appointed to represent him just as the trial began, simply asked for mercy.

After four more trials, each lasting about 15 minutes, the judges adjourned and cleared the courtroom. It was 1:05 p.m.

At 1:09, they reopened the doors and announced their verdicts and the sentences.

The American military lawyers had mixed results.

Saif Raad Mohammed, who was detained in January 2005 when soldiers said they found a machine gun with a silencer in his home, was sentenced to six years in prison.

The judges issued a string of long sentences, including 30 years for Mr. Saleh in the hand grenade case, and 30 years for the hospital attackers.

The defendants' lawyer was devastated, saying he figured that the hospital administrator's letter would have at least prompted the judges to investigate. Judge Ahmed declined to discuss any of that day's trials or make available any court records. But The Times obtained the judges' one-page written decision in the hospital attack case. It made no mention of the administrator's letter.

The judges dismissed the case against a man accused of joining an armed group after the Iraqi prosecutor told them there was not sufficient evidence.

He smiled as his verdict was read, but he did not leave the courthouse a free man. All the American-held detainees were taken back to the detention center. Those found guilty would be sent to Iraqi prisons. The man whose case was dismissed would be reviewed again by American military officials, who would determine whether to release him.

Overcrowded Stockades

The population of American-held detainees now crowding the central court and the prison camps grew quickly and unexpectedly. Shortly after Mr. Hussein was toppled, American soldiers began pulling looters and other troublemakers off the street.

Judge Gilbert S. Merritt, a federal judge from Nashville, Tenn., who was in Baghdad to help rebuild the justice system, said he asked American officials, "What are you going to do with these people now that you've picked them up?"

"They were holding them, here and there in stockades, and most were taken to Abu Ghraib, the only facility that the Americans knew about," Judge Merritt said.

When the insurgency took hold, the trickle of petty thieves turned into a torrent of people suspected of being terrorists and captured fighters. By the time the Abu Ghraib abuse scandal was disclosed in the spring of 2004, the Americans were holding about 7,500 people.

Largely unnoticed, the flood of detainees has only increased since then. But neither the Americans troops, who were fighting an insurgency for which they were not prepared, nor the newly reconstituted Iraqi police, had a comprehensive plan for handling them.

Untold numbers of detainees have also been captured and questioned by American soldiers, then turned over to Iraqi security forces who often hold prisoners in miserable conditions.

Early last year, a United States Army unit in Baquba found 450 people, including a few women and children, living in hot, fetid cells built for 150. The Iraqis seemed to have little idea where the detainees had come from and had no means to adjudicate

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their cases. Lt. Col. Robert Risberg, an officer in the unit, said they discovered that roughly a third of the prisoners had originally been captured by the Americans.

"A majority were people lost in this bureaucratic mess, and it took a while to straighten it out," he said.

The development of the American detainee operation in Iraq runs contrary to the Pentagon's practice of avoiding the role of jailer in a foreign country and instead, working to speedily transfer prisoners of war to allies. Maj. James F. Gebhardt, a retired Army historian, said this doctrine stemmed from the Korean War when murderous gangs and infiltrators ravaged the American detention camps.

But in Iraq, where detainees were seen as potential sources of intelligence on the insurgency, the military built its own detention facilities and then put a team in charge that had little experience handling long-term detainees. After the Abu Ghraib scandal in 2004, a new detention unit — Task Force 134 — was formed, but it started with a staff of just five to manage facilities holding 5,000 detainees. By the following summer the number had doubled to 10,000.

With the closing of Abu Ghraib in August, the Americans are holding its detainees mainly in two prisons that at times have been filled beyond capacity: Camp Bucca, a sprawling complex in southern Iraqi, and Camp Cropper near the Baghdad airport.

Military commanders have come under political as well as legal pressure to keep detainees moving through the system. Iraqi officials have persuaded the Americans to release detainees, saying the long detentions are contributing to unrest and violence.

The military conducts reviews in the camps to screen detainees for release. Many have been swept up at the scene of bombings or other violence, and the detention camp boards have recommended releasing as many as 60 percent of the detainees whose cases they reviewed.

Officials have sought to tighten the evidentiary standards used in deciding whether to detain suspects. Last year, for example, Maj. Gen. William H. Brandenburg, then the task force commander, became concerned about a swipe test that soldiers used on suspects to detect gunpowder. The test was so unreliable that cigarette lighter residue and even a common hand lotion would register as gunpowder.

Military officials have another reason to thin their camps. The longer people remain in detention, the more likely they are to be hardened by the experience, officials say.

"We know that inside the compounds, individuals are trying to recruit and promote a fundamentalist network, and we are trying to mitigate that by fighting a small counterinsurgency," General Gardner said. In an effort to thwart recruitment, detainees are grouped by level of ideology and are given moderate Arab newspapers.

But releasing detainees carries its own risk. Officials estimate that 6 percent of released detainees, or about 2,800, have been recaptured, some in battles with American troops. Soldiers in Mosul were outraged last year to discover that their commander, Lt. Col. Erik Kurilla, had been shot by a man who was set free by the Iraqi court two weeks earlier.

In September, soldiers captured a man suspected of fighting with Al Qaeda in a raid in western Iraq only to find that he was first caught in September 2005 and released in June in the Iraqi government's unity and reconciliation program, according to military records and interviews.

The release of detainees is such a concern for Americans that the military has put the onus on soldiers to act like police officers and collect evidence. An instructional guide warns that without "sufficient evidence for prosecution, the detainee will be released" and "may attempt to attack soldiers again."

The guide instructs soldiers to take witness statements, document tests for explosives and record serial numbers of contraband weapons. It also tells soldiers how to use photographic evidence to its best effect.

When suspects are caught away from or fleeing a crime scene, like a bomb or a weapons cache, the guide tells soldiers to take pictures of the suspects at the scene. For example, the guide lays out this chain of events: "Your squad conducts a raid on a house, in the house you find 2 adult males. 50 meters from the house you find a large weapons cache buried 2 feet underground."

Among the instructions: "Take pictures of the individuals with the cache."

A Case Falls Apart

On May 12, 2005, a car bomb exploded near a market in southern Baghdad, killing at least 17 people, and the Wolf Brigade flexed its might.

The brigade, an Iraqi commando unit, stormed a neighborhood in eastern Baghdad and arrested four men. By the next day, Iraqis could see results for themselves.

The four men appeared on "Terrorism in the Grip of Justice," a prime-time television show broadcast by Iraqiya, which featured commando interrogations. They confessed on the air.

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But one year later, the four men, who were held in Iraqi detention and faced death by hanging, walked out of the central court, with all charges dismissed.

Their story, pieced together through interviews and court records, is one of a narrow escape from Iraq's fractured system of justice. It is also the story of an unlikely civil rights lawyer who beat the system for the four men and a handful of others.

Faraj Mahmoud, 42, a grocer, was not totally shocked when he and his two brothers were arrested that night, with a friend.

Their families had emigrated from Palestine after the 1948 war, and like other Sunni refugees had been favored by Mr. Hussein over Iraq's own Shiite peoples.

The Wolf Brigade, an Interior Ministry unit made up mostly of poor, young Shiites from Sadr City, had developed a reputation for singling out Palestinians and using torture to extract confessions. The unit's commander, Abu Walid, who questioned the men on the show, has denied the charges.

In recent interviews, the four men, who have fled Iraq, said they had been tortured in a variety of ways. " 'We will beat you until your meat is cooked,' " one of the men, Amer Mahmoud, 27, an auto mechanic, said an interrogator had told him.

Faraj Mahmoud, who had married six days before he was captured, said he was stripped and hanged from the ceiling. An electric prod applied to his genitals made his body bounce off the walls, he said. Hania Mufti, a Human Rights Watch official with extensive knowledge of Iraq's jails, said other prisoners had described similar abuses.

The men said their captors also threatened to fetch their families, and they saw naked women and girls being walked through the jail. That is when they all signed confessions.

Among those watching the television show the night the men confessed was Abdul Razzaq, a 31-year-old Iraqi lawyer, and he agreed to take the case without a fee.

Mr. Razzaq handled mostly divorces before the war. After the invasion he began representing mostly criminal defendants. It took him two and a half months to find the four men in the Iraqi detention system. A jailer demanded $50 to lead him to their cell, he said. It smelled so bad that the jailer wore a mask. "All four of us started to cry," Amer Mahmoud said. "The lawyer started to cry. We didn't want to let him go."

Mr. Razzaq picked apart the case. For starters, one of the Mahmoud brothers had confessed to hiding 600 pounds of TNT beneath the backseat of a car, an Opel, that has no space for such a load.

The lawyer found 14 witnesses who he said could provide alibis for the men. He got statements from the police saying that a string of other attacks to which the men confessed had never taken place.

He also went after the man who had directed the Wolf Brigade to his clients. The court eventually agreed that the man, who had confessed as well, was mentally incompetent.

Along the way, Mr. Razzaq said, the Central Criminal Court was typically frustrating. Clerks asked for money to hasten the preparation of judicial orders, a practice that other lawyers have also alleged. The judge who held the preliminary hearing grew impatient, ordering the four men returned to jail for more questioning, he said.

The trial was still months away when Mr. Razzaq received a note, signed by the families of victims of the car bombing: "This is the last notification to you, for you will be a victim and a cheap sacrifice goat for terrorists. Do not defend those atheistic Palestinian criminals and their followers (the worshipers of the atheist, Saddam), or else your destiny shall be death for sure."

On May 21, 2006, a three-judge panel ordered the release of all four men and their accuser. Citing their confessions at the hands of the Wolf Brigade, the judges wrote, "If it is assumed that the initial confession was correct, it was not supported by any convincing evidence."

Faraj Mahmoud said: "We couldn't believe our feet were touching the ground. It seemed like there were a thousand people at home, singing. No one expected us to get released."

Two days later, the men and their families fled Iraq. Mr. Razzaq then won an acquittal for a Syrian truck driver detained for not having a passport. But the man was kidnapped as he emerged from the prison with three other freed prisoners and was never seen again, Mr. Razzaq said.

He blames himself. "If I had not gotten him out of prison, he would still be there, alive," he said. Discouraged about practicing law in Iraq, Mr. Razzaq fled the country in October.

The Military Under Pressure

Many of the cases the American military has brought to the Iraqi central court involve multiple defendants. And the evidence connecting them to a specific attack or other crime often varies widely. As a result, despite many victories for the military in court, about half of the 3,000 American-held detainees who have gone to trial have walked free.

There is much finger-pointing about why prosecutions fail.

"We're in a wartime situation where judges unfortunately have to be concerned with their livelihood and their lives," said Judge John J. Carroll III, a federal judge from North Carolina, who was a military lawyer in Baghdad this year. "We've had cases

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where the detainees should have been convicted and weren't because of political pressure, from the government and even from terrorist groups, indirectly."

Qasim Hassan al-Aboudi, the manager of legal and media affairs for the Higher Judicial Council in Iraq, blames the Americans for bringing cases without the kind of evidence that Iraqi law requires.

"Your troops make many mistakes," he said. "Sometimes they destroy the weapons without documenting them, and they put detainees in for a long time so that other detainees can coach them on what to say in court. We can see that criminals get away, but it's not the judicial system's fault. It's the fault of the mistakes in gathering evidence. We have to respect the law."

The military is starting to bolster its cases with forensic evidence, including fingerprints and bullet-shard analysis, as well as a video conferencing system that allows soldiers who have returned to the United States to testify in the Iraqi court.

Officials overseeing detention operations said they recognized the importance of defense lawyers, and in an effort to help detainees with their cases they are creating legal assistance centers at detention camps.

The gravity of the cases is increasing as the central court imposes more death penalties. Ten of the 14 American-held detainees sentenced to hang have been convicted since September, and all 14 are awaiting transfer to Iraqi executioners pending an automatic review by Iraq's court of appeals. Mr. Hussein, who has been sentence to die, was convicted in a special tribunal.

The military declined to identify the men facing death but said they included a man from Saudi Arabia who admitted traveling to Iraq to fight, a Tunisian who participated in dozens of attacks on American troops and three members of a kidnapping ring.

Also awaiting death is Mohammad Munaf, a 54-year-old man born in Iraq who became an American citizen in 2000. He was convicted on Oct. 12 of helping to arrange the kidnapping of three Romanian journalists, who were released unharmed.

Given the state of the justice system in Iraq, however, using the death penalty concerns even one of the American prosecutors who helped bring cases against detainees.

"There are a lot of bad guys out there trying to kill U.S. troops and I want nothing more than to stop those guys," said Mr. Waller, the Colorado deputy district attorney and Air Force Reserve major. But he said the Iraqi court system needed safeguards to prevent innocent defendants from being sent to the gallows.

"If I had the right guy and I had the right case I think I'd be O.K. with that," Mr. Waller said. But, today in Iraq, he said, "I don't think that situation would present itself."

Gunmen Stage Mass Kidnapping In Baghdad (AP)

AP, December 17, 2006

Gunmen in Iraqi army uniforms staged a mass kidnapping on Sunday at the office of the Iraqi Red Crescent in downtown Baghdad, police said.

An official of the Iraqi aid group said the assailants abducted 20 to 30 employees and visitors, but left women behind. The official spoke on condition of anonymity because of security concerns.

Police, however, said they did not know how many people were kidnapped at the office in Andalus square. They said the gunmen arrived at the office in five pickup trucks.

The Red Crescent, which is part of the international Red Cross movement, has about 1,000 staff and some 200,000 volunteers in Iraq. It works closely with the International Committee of the Red Cross, which visits detainees and tries to provide food, water and medicine to Iraqis.

Several mass kidnappings have been carried out in the Iraqi capital in recent months, possibly by armed groups on either side of the sectarian conflict between Sunnis and Shiites.

On Thursday, gunmen in military uniforms kidnapped people from a commercial area in central Baghdad, police said. The attackers drove up in about 10 sport utility vehicles and began rounding up shop owners and bystanders. Police said 50 to 70 people were abducted, but at least two dozen were later released.

Last month, gunmen in Interior Ministry commando uniforms abducted scores of men from a Higher Education Ministry office building. The Education Ministry is predominantly Sunni Arab. About half of the victims were released.

Reserves, National Guard Feel The Strain (BOS/MCT)

By Dave Montgomery, Mcclatchy Newspapers

The Boston Globe/McClatchy, December 17, 2006

A half-million called up since the 9/11 attacks

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WASHINGTON -- The nation's National Guard and Reserve forces are displaying signs of strain after five years of deployments in what has become the biggest active-duty mobilization since the Korean War.

More than 500,000 Guard and Reserve troops have served in active duty since the Sept. 11 terrorist attacks, and they've made up nearly half of the force fighting against terrorists and in combat missions in Iraq and Afghanistan.

Military leaders, pointing to an upswing in recruiting and retention, describe the nation's reserve force as the most professional and combat-seasoned in history, bonded by a keen sense of patriotism.

But at the same time, many Guard units are struggling with chronic equipment shortages and funding problems that threaten their ability to respond to disasters and other emergencies in their home states. Thousands of reservists are serving in patchwork units cobbled together in piecemeal fashion from other units, often with little or no sense of cohesion.

"I think you're seeing the leading-edge indicators of strain and fraying the edges," said Arnold L. Punaro, a retired Marine Corps general who chairs a commission looking into a possible overhaul of the Guard and Reserve. "And, yes, they are doing a good job of recruiting and retention, but at what cost and how long can they sustain it?"

The widening concerns over the reserve component come at a time when US military leaders are pressing for even more reinforcements from the Guard and Reserves to help ease the pressure on active-duty forces.

General Peter J. Schoomaker, the Army's top general, warned Punaro's commission on Thursday that the wars in Afghanistan and Iraq "will break" the active-duty force unless the Pentagon changes its mobilization policy to allow more involuntary call-ups from the Guard and Reserve. Schoomaker also wants to add thousands of active-duty forces.

Lieutenant General David Poythress, the state adjutant general for the Georgia National Guard, said he agreed with Schoomaker that there need to be changes in the Army's structure, since it's configured to fight high-intensity, short-duration wars, not the grinding guerrilla conflicts in Iraq and Afghanistan. But he expressed concern that the National Guard may be carrying too much of the load.

"You need readily available manpower on both the active and the reserve side," Poythress said. "There is a danger of breaking the Army, but there is an equivalent danger of breaking the Guard. Guardsmen don't sign up to be full-time soldiers. If that's what they wanted, they'd join the active Army."

Reserve advocates are noticing indications that some 30-something junior officers and noncommissioned officers are thinking about pulling the plug on their reserve status to keep from falling behind on the civilian career ladder.

"They're at a point in their civilian career where they're making their mark," said Lieutenant General Charles G. Rodriguez of Austin, adjutant general for the Texas National Guard. "Now is the time for them to punch their tickets and do all the hard things in their civilian jobs. If they're not there, they can't punch those tickets."

Of the 88,500 currently mobilized, California has the largest contingent (4,559), followed by Texas (3,935), Pennsylvania (3,578), and Minnesota (3,079).

The Army National Guard and Army Reserve represent the biggest share of deployments, but all of the other services also have sent thousands of their reservists into active-duty service. More than 4,000 personnel have been deployed from Naval Air Station Fort Worth, the nation's largest joint reserve base, which serves as home to some 20 major units attached to the Air Force, Army, Marines, and Texas Air National Guard.

Lieutenant General Jack C. Stultz, commander of the Army Reserve who's also a 25-year employee of Procter and Gamble in Orlando, Fla., said the men and women in today's Reserve and Guard are vastly different from the Reserve unit he joined in 1979. Back then, he said, the unit commander opened the annual two-week active tour by asking who'd buy the beer for the end-of-tour party.

"These kids are the next Greatest Generation," Stultz said, referring to a name commonly given to America's World War II generation. "We've got a different caliber of soldier than we did in 1979."

Thousands joined up in the patriotic surge after the terrorist attacks. Members of the Guard have been deployed to Iraq and Afghanistan and also have served in antiterrorism missions in Africa and peacekeeping forces in Bosnia and Kosovo.

How To Talk To Enemies (LAT)

By Joseph McMillan

The Los Angeles Times, December 17, 2006

CAN WE negotiate productively with our enemies in the midst of a war? It's not something most Americans find appealing, scarred as we are by the memory of protracted and ultimately unsatisfactory peace talks during the Korean and Vietnam wars.

But it's what the Iraq Study Group, chaired by James A. Baker III and Lee H. Hamilton, says we need to do to extract ourselves from the mess in Iraq.

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Not only do they want us to launch a "new diplomatic offensive" that would include Iran and Syria — two countries with which our relations have long verged on active hostility — they are calling for us "to engage all parties in Iraq," even militia chiefs like Muqtada Sadr and leading figures in the Sunni insurgency.

To some degree, American skepticism about talking to the enemy is justified. Under the best of circumstances, it is a risky business, as 2,500 years or more of diplomatic history bear out. The wartime diplomacy that Baker and Hamilton call for promises to be especially tricky, given the number of parties involved and the nature of their involvement in the conflict. Nevertheless, history demonstrates that talking while fighting, when conducted by statesmen who understand the distinction between wartime and peacetime diplomacy, can make a big difference in the outcome of a war. As we move forward, however, it is important to remember a few things:

• Fighting and talking are two sides of the same coin. Wartime diplomacy is most effective when actions on the battlefield are directed toward shaping the adversary's willingness to come to terms. Ideally, the enemy must believe that any delay on his part in reaching an agreement will lead to a worse outcome.

One reason the Korean armistice negotiations dragged on in the early 1950s was that the American negotiators representing the United Nations Command agreed at the outset of the talks that the final cease-fire line would follow the existing line of contact between the forces. North Korea was told, in effect, that there would be no real price for its refusal to come to terms.

As we enter the complicated array of negotiations with Iraq's neighbors and warring factions, we must find a way to convince each of our adversaries that the price of recalcitrance will be a certain and painful loss — not a military loss but a serious political loss — for itself or its proxies.

Unfortunately, the Iraq Study Group report fails to offer any ideas for using our considerable military presence in Iraq to achieve such leverage. On the contrary, the recommendation to set in motion the inexorable withdrawal of U.S. combat forces yields a situation in which military pressure is relinquished with respect to our adversaries and exercised only against our ally, the government of Iraq!

• Keep expectations realistic. The diplomat cannot expect to gain at the conference table what his armed forces cannot plausibly gain in the field. Moreover, he must understand that although he has no control over them, military operations will inevitably affect the course of his negotiations.

In August 1814, when American and British diplomats convened in Ghent, Belgium, to negotiate an end to the War of 1812, the British side opened the talks by laying out a series of extravagant demands. One would have required the United States to give up most of what we know as the Midwest to create an independent state under Indian tribal sovereignty as a buffer between the U.S. and British-held Canada. Another called for the U.S. to cede a slice of northern Maine to provide a more direct transit corridor between Quebec and Halifax.

The British maintained these positions even after a series of U.S. victories in mid-September made it clear that they had no decisive military advantage to leverage. It took a frank assessment from the Duke of Wellington — "I confess that I think you have no right, from the state of the war, to demand any concession of territory from America" — to induce the British diplomats to lower their sights. Like Wellington, Baker and Hamilton make a compelling case for lowering our sights. What they don't provide is a military strategy that would preclude having to lower them even further in the future.

• Understand the role of passion. In his 1716 essay, "On the Manner of Negotiating with Princes," the French diplomat Francois de Callieres identified a "phlegmatic temper" as one of a diplomat's most desirable personal attributes. But in wartime, the parties that are engaged in combat are unlikely to bargain coolly and rationally, no matter the negotiator's personality. They will inevitably be affected by the sentiment, memorably expressed by Abraham Lincoln in 1863, that "these dead shall not have died in vain."

Even worse, the diplomat may find his own words or his armed forces' actions unexpectedly stiffening rather than weakening the adversary's resolve. Just as the London Blitz of 1940-41 made the British less, rather than more, likely to accept a negotiated peace with Adolf Hitler, the burning of Washington in August 1814 reinforced American resolve not to accept a humiliating peace with Britain.

In the case of Iraq, some of the parties we have to deal with — particularly the external ones — are not yet as inflamed by passion as the Sunni and Shiite populations within Iraq. But we have learned to our detriment how easily public anger can be roused to fever pitch in the Middle East. Part of the close interagency coordination called for in the Baker-Hamilton study must be aimed at keeping passions from becoming even more heated than they already are.

• Patience, patience. Above all, Callieres told his masters, the successful diplomat requires "a patience which no trial can break down." In a wartime situation, however, it is not the patience of the negotiator himself that is the key, but that of his government and people. Obviously the side that is more eager for peace is at a distinct disadvantage in the bargaining process,

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as the British government — under pressure from merchants weary of shipping losses and landowners weary of wartime property taxes — found in 1814.

As those in the region evaluate American opinion polls, election results and the Baker-Hamilton report, they are likely to conclude that we, like the British in 1814, are tired of a war in which military victory seems unattainable and in which any possible political benefits may not be worth the cost.

If our adversaries perceive that the primary aim of U.S. policy is the fastest possible extrication of U.S. troops from Iraq, then, just as happened in Vietnam, it will become impossible for American diplomats to achieve anything more than that.

The Baker-Hamilton study rightly points out that "time is running out" to fix Washington's strategy toward Iraq, and it offers a useful if incomplete manual for carrying out the necessary repairs. If we are not willing to give a new strategy time to work, however, it won't matter how well it is designed.

Joseph McMillan is a senior research fellow at the Institute for National Strategic Studies, which is part of the National Defense University.

No Talks With Iran And Syria (LAT)

By David B. Rivkin Jr., Lee A. Casey

The Los Angeles Times, December 17, 2006

SHOULD THE United States negotiate directly with Syria and Iran over the future of Iraq? These countries are sworn enemies of the U.S., governed by relentlessly repressive governments.

Yet the Iraq Study Group argued that the U.S. has often negotiated with unsavory regimes, including the Soviet government during the Cold War, and that skillful American diplomacy can steer discussions away from matters on which the U.S. absolutely will not compromise — such as Iran's nuclear weapons program — and toward Iraq, where we might be able to work together. According to this argument, even if negotiations with Damascus and Tehran fail, there is nothing to be lost by talking.

Unfortunately, this argument is fallacious. In fact, there is a great deal to lose.

Winston Churchill's aphorism that "to jaw-jaw is always better than to war-war" has been cited often, but it was not representative of his policy while in office. In fact, despite pressure from his Cabinet, Churchill refused in 1940 to negotiate with Italy's Benito Mussolini, fearing Britain's will to prosecute a tough war against Germany would be undermined by hopes of a separate peace with one of Adolf Hitler's allies.

Indeed, history is replete with examples of well-intentioned negotiations gone wrong — ill-judged at the outset or so badly managed in practice that they inflamed rather than calmed tensions. The most famous is the tragic spectacle of British and French appeasement of Hitler during the 1930s, but U.S. Cold War diplomacy is also rich with instances of talks that backfired.

During the September 1959 U.S.-Soviet summit, for example, President Eisenhower fed Nikita Khrushchev's vanity, calling him a great leader and hosting the Soviet delegation at Camp David. Eisenhower also agreed to hold another summit in 1960 to be largely devoted to Germany, which was a major Cold War flashpoint and a key Soviet diplomatic priority.

From this, Moscow concluded that Washington was overawed by the growing Soviet military power and that it could be persuaded to abandon Berlin. To encourage this, Khrushchev intensified his efforts, through the use of boastful rhetoric and doctored intelligence, to deceive the U.S. into believing that Soviet nuclear forces were much larger than American forces — the famous "missile bluff." Eisenhower's diplomacy raised hopes to unrealistic levels, tensions actually increased and NATO's cohesion was weakened.

The June 1961 Kennedy-Khrushchev summit in Vienna was equally unhelpful, convincing the Soviet leader that the young new president was weak. As a result, Moscow increased pressure on Berlin and, in 1962, took an enormous strategic gamble by surreptitiously installing missiles in Cuba. Khrushchev's miscalculation, rooted in his misreading of American diplomacy, brought the world closer to nuclear war than it has been before or since.

Of course, there are times when talking to an enemy makes good sense. When he was secretary of State, Iraq Study Group Co-Chairman James A. Baker III himself ably conducted a successful dialogue with Mikhail Gorbachev as the Soviet Union dissolved in the early 1990s.

But negotiations are unpredictable, and timing is all-important; they should never be commenced without realistic, identifiable goals and a clear idea of what compromises are acceptable. Any notion that the U.S. could open talks with Syria or Iran without being prepared to give something (in return for something) is wrongheaded and dishonest. The very act of negotiating (at least of negotiating in good faith) implies a willingness to strike a deal, to accept a quid pro quo.

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The questions, therefore, for Baker and others who support immediate, unconditional, direct talks with Syrian President Bashar Assad and the Iranian mullahs are what exactly does the U.S. hope to gain from their assistance in Iraq, and what would it be prepared to give in return? Those questions have not been answered, and it is unlikely that they will be anytime soon.

At the same time, the costs of talking to Damascus and Tehran are clear. For example, the U.S. and France have diligently worked to isolate Syria, primarily because of its suspected involvement in the assassination of senior Lebanese officials. Engaging Damascus diplomatically would instantly relegitimize the Assad regime.

Similarly, the U.S. has spent years building a coalition within the U.N. Security Council to impose sanctions on Iran over its nuclear weapons program, insisting that Iran must suspend uranium enrichment activities as a precondition for any serious diplomatic dialogue. Abandoning this posture precipitously, and opening an unconditional dialogue, would be humiliating and would irrevocably undermine all of this diplomatic spade work.

Ironically, the Iraq Study Group, for all of its emphasis on diplomacy, vastly underestimates the forces that diplomatic discourse can unleash. Diplomacy is a serious exercise, capable of producing either good or bad consequences.

Jaw-jaw matters a great deal, especially when conducted by a great power like the U.S. This explains why most rogue regimes are eager to dance a diplomatic minuet with the U.S., whether they acknowledge it or not. They grasp that once the U.S. begins to talk to them, it implicitly legitimizes at least some of their positions and impedes the building of regional and global coalitions against them.

Other than an immediate withdrawal of U.S. forces from Iraq, it is difficult to conceive a course of action more perilous to our interests in the Middle East than seeking the Baker-style assistance of Iran and Syria.

This does not mean that the United States should not talk to reprehensible regimes, or to its enemies, when such talks are in the national interest — as they sometimes are. Although the Bush administration has often declared that, as a matter of principle, it would eschew negotiations with the world's rogues and despots, its bark has been far worse than its bite. Indeed, its attempts to use multilateral diplomacy to persuade Iran and North Korea to curb their nuclear ambitions reflect traditional realpolitik considerations. This approach has merit because its multilateral framework limits the ability of Iran and North Korea to split the U.S. from the rest of the world, and because concrete concessions are being sought upfront from both of these countries.

What does not make sense is to open a dialogue with two of Washington's bitterest enemies without a clear notion of whether their help in Iraq would be worth the price in the long run.

David B. Rivkin Jr. and Lee A. Casey are partners in a Washington law firm and served in the Justice Department under presidents Reagan and George H.W. Bush.

U.S. Military Rehearses Terror Hearings (AP)

By Michael Melia, Associated Press Writer

AP, December 17, 2006

The U.S. military is rehearsing for hearings on whether 14 top terror suspects can be held indefinitely without charge as enemy combatants, but defense lawyers say the outcome is preordained.

Khalid Sheikh Mohammed, alleged mastermind of the Sept. 11 attacks, and the 13 others will be the highest-profile detainees to undergo the so-called Combatant Status Review Tribunals, and the first to do so in two years. The proceedings, expected early next year, are open to the media.

At the hearings, a military panel will evaluate whether the men should be classified as "enemy combatants," a designation which allows them to be held indefinitely and prevents them from challenging their detention in the U.S. court system.

"The biggest thing we're doing is opening up the books, reviewing procedures and conducting rehearsals so that we do it correctly," Navy Capt. Philip Waddingham told reporters who recently visited Guantanamo. He is the lead officer at Guantanamo for the Pentagon-based office in charge of determining detainees' status.

It is unclear whether Mohammed and the others — who until recently were being held in secret CIA prisons — will agree to attend the hearings. If they do, the military says they will remain shackled and would be forbidden to talk to reporters.

The rehearsals are being conducted inside the same space reserved for the hearings — a small room inside a trailer equipped with a few leather chairs, one plastic seat for the detainee, and little else.

Combatant Status Review Tribunals were held for 558 detainees between July 2004 and January 2005. All but 38 were deemed enemy combatants.

Defense attorneys have condemned the hearings as shams because classified evidence is withheld from the detainees and they are not afforded defense lawyers.

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"There is no question that these 14 have no chance," said Brent Mickum, an attorney who represents two Britons at Guantanamo. "The decision has (already) been made that they are enemy combatants."

At the hearings, a panel of three officers will evaluate whether detainees merit the designation. A military "personal representative" will help prisoners prepare for the proceedings.

Bush announced on Sept. 6 that the 14 detainees had been transferred to Guantanamo.

Mohammed, who was believed to be the No. 3 al-Qaida leader, has not been seen in public since he was captured in Pakistan in 2003. The others include the alleged architects of the USS Cole bombing in Yemen in 2000 and the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

The 14 are in a maximum-security section of the prison, which sprawls over a cactus-studded patch of arid ground overlooking the Caribbean. Officials say they are treated like other detainees, and can receive reading materials and have access to mail censored by the military.

Waddingham said in September that he expected the hearings for the 14 new detainees to be held within three months. That timeframe has been pushed back to early 2007 as top officials at the Pentagon, the Justice Department and the military Joint Task Force in charge of the prison camps coordinate the proceedings, he said.

About 380 men have been transferred from Guantanamo to other countries since the detention center opened in January 2002. About 395 detainees remain, most of them held for nearly five years without charge on suspicion of links to al-Qaida or the Taliban.

U.S. authorities repatriated a 28-year-old Bangladeshi man on Sunday after years of imprisonment in Guantanamo, a police official at the airport in Bangladesh's capital Dhaka said. The official, Tahera Banu, said the man was being interrogated.

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Letters (NYT)

The New York Times, December 17, 2006

Open-Source Spying

The allure of a "spy system . . . that can quickly assemble disparate pieces that are already lying around" is so very American and so very wrong (Clive Thompson, Dec. 3). America has always been conflicted over the role of classic espionage. Thus, the idea of discerning high-value intelligence from behind a desk in Washington (by harvesting open sources of information and sharing this data via wiki or blog technology) has real appeal. In fact, it is no substitute for human and technical penetrations of our enemies. Sept. 11 was not simply the result of a failure to share intelligence or employ the latest data-analysis tool. It was the result of not having sufficient intelligence penetrations of Al Qaeda. A well-placed source is more efficient, more reliable and more useful than a million disparate pieces of information.

Robert Bigman

Bethesda, Md. The Boss's Computer

When a technician discovered child pornography on the company president's computer, the Ethicist advised "silence" (Dec. 3). This advice was reckless and naïve.

Each image of child pornography is a crime scene, and its possession is a felony in 42 states and under federal law. Furthermore, reproducing such images again victimizes the innocent child. The Ethicist flippantly advises silence because speaking up would be "too ineffectual in protecting children." But real children have been rescued by the discovery of images. Without the images, we cannot find and rescue victims or punish the predators. The Ethicist demonstrates a disappointing lack of understanding of how law enforcement works.

This is unacceptable, and I urge all Americans to reject this poor advice. A child's life could hang in the balance all because a self-described "ethicist" muses over vague excuses rather than advising immediate action.

Alberto R. Gonzales

United States Attorney General

Washington

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The employee should make sure he's protected as a whistleblower and then call the police. They'll figure out if the activity is illegal. That's their job, and it is our job, as good citizens, to report suspected crime.

Kristen Fehlhaber

Swampscott, Mass.

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I disagree with the Ethicist's conclusion that the employee's "best recourse" is silence. Without revealing particulars, he might first check with corporate counsel, risk management or human resources about the company's policy on company-owned computers. Many companies have a policy that clearly states that all material, including e-mail, generated or stored on a company-owned computer, is company property, and that employees have no right or expectation of privacy with respect to such materials. Further, the company may have expectations that its Internet technicians report known or suspected illegal use of its equipment.

If his company has such a policy, he might then advise corporate counsel that he saw what looked like illegal materials on an (unnamed) person's computer and ask what he should do. If counsel chooses to investigate, it should do so within the context of the company's policies. Even if no action or investigation is taken once the party is known (e.g., the president is the owner of the company), it is counsel's responsibility to advise the president to clear out the material and cease any further activity at the risk of imperiling his company. Federal authorities can and do investigate people who visit or download materials from such Web sites.

An internal investigation does not necessarily mean that his job, reputation or company is imperiled, though certainly at most companies any person other than the owner would have his job at risk for misuse of company property.

While I don't disagree with the Ethicist's opinion on the technician's personal moral obligations, my personal values would make it impossible for me to stomach working for this president, and I would probably report him.

Elizabeth J. Carmichael
Risk Manager
Five Colleges Incorporated
Mount Holyoke College
South Hadley, Mass. Do Immigrant's Make Us Safer?

Eyal Press's essay (Dec. 3) on the lower crime rates in immigrant communities was thought-provoking. As to why immigrants commit less violent crime, common sense suggests they came here, whether legally or illegally, to work, and they're too busy doing that — and are too well rewarded by economic opportunities they find here that don't exist in their former countries. Illegal immigrants may be deterred from criminality by the relatively high penalty of deportation for even minor crimes, even when they're innocent of any crime beyond entering the country. The data for minor crimes may be biased by underreporting of victimization suffered by illegal immigrants who, with good cause, fear deportation.

Robert F. Mulligan
Associate Professor of Economics
Western Carolina University
Cullowhee, N.C.
What It Takes To Make a Student

Paul Tough's article (Nov. 26) on closing the race and class gaps in school performance usefully looked beyond what schools do to what parents do and to the enormous gaps in parent-child communication among middle-class and poorer families, in vocabulary, in the ratio of encouragement to discouragement and in promoting questioning and critical discussion, rather than simple obedience to orders.

But what lies behind this "parenting gap"? Might the poor and less-skilled working-class parents be replicating with their children what they experience on the job — limited opportunities to develop a wide range of skills, demands for simple obedience rather than discussion of what to do next, an authoritarian environment of bosses and managers full of "negative communications" and the frustrations of low pay, low recognition for their work and pervasive powerlessness?

Longer school hours, intensive tutoring and more quality pre-schooling may reduce the school-performance gap between the economic classes, but they cannot eliminate it. Schools are asked to overcome the effects of a system of stratification in which some people do the thinking and give the orders while other people are expected to simply obey orders and perform repetitive tasks out of fear of losing their jobs, while raising families on very low incomes. Schooling by itself cannot destratify a class society; class structure keeps reproducing itself. It needs to be attacked head on.

Allen H. Barton
Chapel Hill, N.C.

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Your article on education spent only a few lines on an obstacle of charter schools — the teachers' union. A review of the National Education Association's Web site shows that the union is not merely "skeptical" of charter schools but also fights other

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potential reforms, including vouchers and merit pay. The only "solution" consistently advocated by the teachers' union is to put additional money into a system that has failed for the vast majority of poor, minority students.

S.D. Steele

Newton, Mass.

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My thanks to Paul Tough for a thorough analysis of No Child Left Behind as it applies to minority students. He did not mention, however, one of the most pernicious aspects of the legislation as it affects most of our classrooms: it treats all schools as if they were the same.

This failure to distinguish among different schools with their very different student populations and, therefore, different needs, makes solving the problems of low-performing schools impossible and, as I have been experiencing for the past five years, injects unnecessary and often counterproductive requirements into schools that had been performing well. As a result, our worst schools only seem better and our best schools are in danger of slipping into mediocrity (simpler textbooks that all students can read; simpler classes that all students can pass).

The statistics cited at the beginning of Tough's article indicate that we are reducing the performance gap as much by causing high-performing schools to do worse as by helping low-performing schools to do better.

George Wallach

Fremont, Calif.

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Your article omits mention of an enormous factor in children's lives today: the influence of a frenetic, often-violent and fiercely anti-intellectual popular culture.

While it is true that middle-class children may wallow in this morass of video games and rap videos as well, less-privileged youngsters do not have the advantage of parents who can offer an alternative behavioral universe. I recently tutored a fifth-grade girl who couldn't name the president of the United States, but effortlessly pinpointed the profile and dispositions of a pantheon of pop stars.

Doug Brin

New York

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This was a very encouraging article about people actually doing something to address a longstanding national problem. Instead of profiting from sales of polemical books and television appearances, organizations like Kipp are on the ground making a real difference. I am concerned, however, about Kipp's desire not to attract too many well-prepared students. It is these very students that have the most to lose if they remain in inadequate public schools. Surrounded by peers that often view high academic achievement as "acting white," they risk succumbing to the prevailing low standards.

Raheem M. Cash

Alexandria, Va.

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Paul Tough accurately points out that a child's family life is the dominant factor in determining success at school. I've taught for 15 years in a public high school. The first week of every school year, I ask each class for a show of hands to the question "How many of you ate dinner with your family (TV turned off) at least three of the last seven nights?" Overwhelmingly, the lifted hands belong to students who will maintain a high class average, will do well on standardized tests, will speak and write with an advanced vocabulary and will not be a discipline problem.

No Child Should Be Left Behind at Home — but that is a tough one to legislate.

Jjay Moore

Abilene, Tex. Long After We Withdrew

Drawing parallels between America as Vietnam's "leading trading partner" today and Iraq 30 years from now is wishful thinking (David Rieff, Nov. 26). Iraq is more likely to look to China for trade and business. Just as China is Vietnam's historic rival, America's imperial misadventure in Iraq has made it Iraq's. The wounds inflicted upon Iraq will not scab over quickly; little is forgiven or ever forgotten there. In Iraq "the long march of history" is measured not in decades but in centuries.

Scheherazade Al-Abed

Greenwich, Conn.

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Thank you for

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Harriet Brown's article on anorexia (Nov. 26). From the other side of the planet (far northern Australia), our family has a story achingly similar to Harriet's. We watched in stunned horror as anorexia transformed our bright, beautiful, happy 14-year-old daughter into a starving, terrified, angry and withdrawn child. Like Harriet, we treated our daughter using the Maudsley approach, taking full control of her diet until she was capable of doing it again herself. Despite anorexia's fierce resistance, a regime of good food and healthy weight gain lifted our daughter from the black pit of anorexia, and she has now resumed her normal, happy life.

Tim Wood and Bridget Bonnin

Cairns, Australia

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Harriet Brown's account of her daughter's struggle with anorexia gave me a ray of hope. Having worked with therapists and other health-care professionals to help my elder daughter through her eating disorder, we have returned to them for their advice, care and expertise as our younger daughter battles her own demons in her eating disorder. No parent should try to treat this illness alone. Brown's story does not stress enough the need to involve professionals with expertise in treating teens with eating disorders as essential partners with parents. It's a bewildering and exhausting journey, even with the best of professional care.

Susan Smith

East Moriches, N.Y.

• As a psychologist who encounters young girls and women with eating disorders, and their families, on a daily basis, I was troubled by the reference to a "parentectomy" as a descriptor of the more "conventional" approach to the treatment of anorexia.

While not a proponent of Maudsley, I, too, see the family as "the best chance a child has for recovery." However, as acknowledged in many other areas of parenting (and relationships in general), those closest to a person or most invested are often not best able to objectively address that person's problems. It is for precisely this reason that surgeons do not operate on their own children.

Instead, we see food and eating as metaphors for deeper emotional issues, and accordingly, we ask parents to join their adolescent's treatment by committing to parenting and family therapy. In so doing, parents convey an openness to the notion that the marital and larger family dynamics also "weigh in" on the issues with which their children grapple.

Of course, anorexia is a life-threatening disorder, and a child must reach a standard of medical and nutritional stability before she can effectively participate in, and benefit from, psychological treatment.

Rebecca Harcsztark

Director

Intensive Outpatient Services

The Koch Center

Hohokus, N.J.

•

As a social worker who has worked in the field of treating eating disorders since 1989, I was overwhelmed by the parents' love for their daughter and the lengths they took in order to get her on the road to recovery. This approach of refeeding is a wonderful way to make her feel safe by showing that she is loved and cared for. Too often anorexia is thought of as an illness that stems from issues of control. Children who develop eating disorders do so, in part, because they are feeling unsafe and unable to express feelings of sadness, anger, embarrassment or depression. For many who are unable to articulate or define their feelings, it is easier to say, "I feel fat." And often we see families getting into power struggles around food and weight, rather than helping these children express their feelings.

Part of society's misunderstanding of the illness is the belief that once treatment is given, the demons that Brown described go away. Families are better off knowing that the demons will always be there. Recovery is when the demons no longer control the behavior.

Jennifer Kelman

Boca Raton, Fla. Head Trip

The photographs by Joel-Peter Witkin are described as "an artful homage to this season's all-important accessory: the hat" (Style, Nov. 26). And yet, many of these photos display naked women. Removing women's clothes doesn't draw attention to their hats. Instead, the reader's eye goes to the breasts.

Judy Einzig

San Francisco

•

I cried with relief to read that

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Harriet Brown's anorexic daughter, Kitty, had eaten some cake on her own. I also appreciated the juxtaposition of Brown's article with Joel-Peter Witkin's wonderful photos of models wearing hats. Some were thin, some were buxom, some were neither, yet all were beautiful and sexy. Let's hope that magazine readers become more accustomed to seeing that attractive women need not conform to one body type.

David Stone

New Paltz, N.Y. Playing With Ideas

Kudos to Daphne Merkin for her intelligent essay on

Tom Stoppard (Nov. 26). Her task, made more difficult by an elusive Stoppard, was enriched by her self-reflection and her remarkable insight into Stoppard's endeavors to keep a veil between himself and the probing of an inquisitive public. Her portrait gave us a true picture of this brilliant, very private man.

Janice Ruotolo

Scarborough, N.Y.

•

A well-recognized trait of women is a need to know as much as possible about a man with whom they have a relationship; Merkin's article demonstrates the pique when the male resists. Her article was subverted by recurrent unflattering references to Stoppard's attitudes and various preferences. Furthermore, although she acknowledges that he has been labeled "conservative," she failed to detail not only why but also how his positions have, at times, made him a pariah among the left in London; witness the hue and cry when he made remarks considered inimical to some modern artists and their works several years ago. She might have fixed on one of the major themes of "The Coast of Utopia," which suggests that the concept of collectivism that mesmerized the intellectual European community during the 19th century probably led to a number of the horrors of the 20th century.

Stephen M. Nagy Jr.

Sacramento, Calif. Anti-Fan Club

I have been searching for a good reason to dislike the Internet, and

Rob Walker's Nov. 26 Consumed column fits the bill. I don't know why I am so shocked by this phenomenon of a group rallying in cyberspace to proclaim contempt for someone or something. Hey, it's a free market of ideas out there. The Internet isn't exactly a crowded theater, and no one is exactly yelling, <object.title class="Movie" idsrc="nyt_ttl" value="211057">"Fire!"</object.title>

Except: I recall my colleague, Rabbi A. A Web-smart bar mitzvah kid didn't like her, and he created an "I Hate Rabbi A." Web site. The site was adolescent and mean-spirited. She prevailed on the teenager (and his parents) to remove the site. They refused.

Soon afterward, Rabbi A. applied for another position, and when the search committee Googled her, they found the hateful Web site. It was sufficient to end her candidacy.

The Internet is an unregulated and chaotic jungle that combines usefulness, nonsense, wisdom and sheer bombast. And, sadly, there is nothing that its victims can do about it.

Rabbi Jeffrey K. Salkin

Atlanta Gay Donor or Gay Dead?

John Bowe's article (Nov. 19) increases awareness about the reality of the diversity of family life in America. Ozzie and Harriet are, and always have been, a myth.

While Bowe explores the families of gay fathers and gay donors as somehow "redefining" family, the simple truth is that extended and complex family structures are the norm and are hardly unique to gay- and lesbian-headed families.

As lesbian mothers of twin 4-year-old boys, my partner and I raise our children with the help of a network of loving friends, neighbors, aunts, uncles, grandparents and other family members. We know firsthand how important all of these relationships are to the well-being of our sons. Gay fathers and gay donors could say the same thing about their families.

Jennifer Chrisler

Washington

•

What I consider a significant cause of stress on lesbian and gay parents did not come up in your article. A high percentage of young gay parents may find themselves left to raise their children while alienated from their families and the communities in which they live. Rejected by their own families, they are often without the reassuring benefit of unconditional parental love, and the relief of practical support.

Claudia Glassman

Brimfield, Mass.

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It amazed me that John Bowe managed to write an article about gay fathers and co-parenting that depicted such a skewed collection of seemingly self-indulgent gay men and controlling lesbians. Now maybe you can do an article on full-time gay fathers, those of us who stay up all night with a sick infant, soothe tears from a child's face, host a gaggle of toddlers at a birthday party and communicate openly with the people with whom they have chosen to parent. My husband and I, along with our co-parent and our 1-year-old daughter, have created a nurturing three-parent, two-household family. As she grows up, our daughter will know the love of a committed full-time father — she's got two of them!

David Shneer

Denver China's African Adventure

As

James Traub's article (Nov. 19) makes clear, the United States should be taking a close look at China's energetic campaign of engagement with Africa, both for what it tells us about Chinese intentions and what it means for our interests.

The visible signs of Chinese engagement in Africa — from new soccer stadiums to better roads — are clear to any traveler to the continent. Unfortunately, in places like Angola, Zimbabwe and Sudan, China has also shown a willingness to support authoritarian or corrupt governments and ignore human rights violations.

China's willingness to do business with some of Africa's most repressive regimes is not only bad for Africa — it is also self-defeating. Corrupt African regimes harbor terrorists, mismanage economies and often generate regional instability that isn't in any nation's interest. As we learned during the cold war, American strategic interests in Africa will be advanced by sticking to our principles and by supporting good governance, democratic institutions and human rights. We should treat China's growing engagement in Africa not as a threat but as a reminder of the strategic significance of a part of the world too often ignored. In the vast and diverse continent of Africa, critically important partners, markets, and leaders — as well as real security threats — are emerging. The United States should ensure that our efforts and investments pay off for the people of Africa and international security.

Russ Feingold

United States Senate

(Incoming Chairman, the Senate Foreign Relations Committee's Subcommittee on Africa)

Washington

•

Gabe Hudson's Lives column (Nov. 19) brought back some mixed memories. In 1955, I completed a similar course at Camp Lejeune. After graduation, I was kept on for a year as a platoon sergeant. The essay's conclusion struck a responsive chord; the guy you hate the most could be the one who saves your life. In 1960, as an infantry platoon leader, I had a C.O. who fit that description. He had received the Navy Cross for heroism at the Chosin Reservoir and drove us relentlessly. Though we all hated him, we also respected him. If our company went to war, he was the guy we wanted to lead us. But I do take issue with another part of Hudson's conclusion. The guys he called Meat and Potatoes stole a rifle from one of their fellow marines, his most important possession. In my day, that kind of action would rank right up there with losing your weapon. They were lucky to only get their butts chewed. Had they been my troops, I would have recommended them for nonjudicial punishment.

If I were now in Iraq and had Meat and Potatoes as my fellow squad members, I would be concerned. What kind of stunt might they hatch to teach another marine a lesson and get somebody killed in the process? Could I depend on them in combat? I think not.

Richard C. Reynolds

Santa Fe, N.M.

CORPORATE SCANDALS:

A Push To Fix The Fix On Wall Street (NYT)

By Stephen Labaton

The New York Times, December 17, 2006

AFTER Enron and then WorldCom foundered amid multibillion-dollar accounting scandals, exposing layers of corporate malfeasance that are still coming to light now, Washington moved belatedly but forcefully to stiffen regulations, toughen enforcement and improve corporate audits.

The goal was to shore up confidence in Wall Street, particularly among individual investors who had been pushed more than ever into the stock and bond markets by the decline of company pension and health-insurance plans, along with soaring college costs. Tales from thousands of investors who lost their life savings were a powerful indictment of lax government oversight.

Is the pendulum swinging back, to less federal oversight and more self regulation?

The question arises because prosecutors and regulators in Washington took steps last week — almost exactly five years after Enron filed for bankruptcy — to roll back some of the tough new measures adopted in that first blush of scandal.

The Justice Department started by saying it would restrict prosecutors in corporate corruption cases. The Securities and Exchange Commission followed a day later by proposing looser auditing standards for thousands of smaller public companies.

The timing was somewhat jarring. Fannie Mae, the nation's largest mortgage finance company, was suing its auditors last week for claiming they were negligent in helping to prepare financial statements that led to a $6.3 billion restatement of earnings, and The Wall Street Journal was uncovering a new scandal involving the improper back-dating of executive stock options.

Some investor groups and outside experts criticized the proposals, saying they open loopholes in the law that unscrupulous companies are likely to exploit, effectively defanging the post-Enron changes. But others said that the adjustments by the Justice Department and the commission did not represent a wholesale retreat.

Indeed, they suggested that the changes announced last week could actually benefit small investors by taking pressure off the new Congress to go much further in rolling back the post-Enron rules, as the United States Chamber of Commerce and other groups advocate. They are seeking to curtail shareholder lawsuits and cap the liability of accounting firms.

"We still are living under the shadow of Enron and WorldCom and that has tempered the business community's attempts at more precipitous action," said Joel Seligman, a securities law expert and authority on the history of the S.E.C. who is also the president of the University of Rochester.

Mr. Seligman and others also said that the commission's action on small companies, an interpretation of Section 404 of the Sarbanes-Oxley Act, was an appropriate trimming of a rule that was being applied to excess. That section requires public companies to assess their internal financial controls, a process that became a lightening rod for criticism because of its costs.

The Sarbanes-Oxley law was approved in 2002 as lawmakers grew concerned that they might be swept out of office by millions of middle- and lower-income investors who owned their share of the marketplace through mutual funds, I.R.A.'s, 401 (k)'s, and 529 college-savings programs.

Since then, as the scandals and trials have receded to the back pages, investors have poured even more money into the markets and a new and deregulatory-minded mood has taken hold in Washington. This Thursday, that movement will be on full display in a federal district court here, where a judge will consider a case that challenges the validity of the Public Company Accounting Oversight Board, a new agency created by the Sarbanes-Oxley law to oversee auditors.

Some business groups, as well as the treasury secretary, Henry M. Paulson, have raised concerns that more companies are listing their stock overseas because of the regulatory climate in the United States.

Last month, a committee of academics and businessmen headed by R. Glenn Hubbard, the former chairman of the Council of Economic Advisers and now dean of the Columbia Business School, and John L. Thornton, a former president and co-chief operating officer of the Goldman Sachs Group and the current chairman of the Brookings Institution, proposed a series of measures they said would address this problem. The remedies include protecting corporations from criminal and civil cases, imposing new restrictions on shareholder lawsuits, and capping the liability of accounting firms.

AT the core of critics' arguments is the idea that American laws make foreign markets more attractive than domestic ones.

But some experts discount that link and point to other reasons why more companies are seeking out foreign markets. Listing and underwriting fees are significantly lower in many countries, and a number of companies that have recently listed in Europe and elsewhere overseas would never have met the disclosure or financial standards of American markets, even with the latest changes.

"You can reduce American regulations to zero and overseas markets would still be attractive to some companies," said Richard C. Breeden, a former chairman of the S.E.C. "The proportion of offerings in the United States is going down. But India is getting richer and China is getting richer, and these trends reflect that."

Wall Street firms like Goldman Sachs are also posting record earnings, Mr. Breeden added, a sign that American underwriters have not suffered.

Barbara Roper, director of investor protection at the Consumer Federation of America, said it was also incorrect to blame shareholder lawsuits for the growing appeal of foreign markets, or to assert that such litigation has been unduly burdensome.

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The number of securities lawsuits has steadily and dramatically declined in recent years, Ms. Roper said, with a 45 percent drop in the first six months of this year. On an annualized basis, she added, the number of cases are at the lowest level in 10 years.

Ms. Roper attributed the trend to better corporate governance and the Sarbanes-Oxley Act. Moreover, only five shareholder lawsuits cited accounting firms in 2005; in the first half of this year, only one.

Other experts said that last week's actions could represent the high water mark for the retrenchment.

"Given the significant amount of change that took place, I'm not surprised that there is this counterrevolution," said Charles M. Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. "What is significant is that there is no attempt here to throw the piano out the window. What we are seeing instead is simply a movement of the furniture around the room. The changes being made are really at the margins and there remains a broad consensus that the bigger changes that were made were reasonable ones."

Justice, SEC Actions Backpedal A Bit On Post-scandal Rules (AP)

By Marcy Gordon

AP, December 17, 2006

WASHINGTON -- They were two early Christmas gifts for corporate America -- with potentially far-reaching effects for investors and the financial landscape.

At the Justice Department and the Securities and Exchange Commission, separate actions last week both had the effect of easing landmark rules laid down in response to the 2002 crisis of corporate malfeasance.

Culminating an intense monthslong lobbying campaign by an array of companies, the five SEC commissioners voted at a public meeting Wednesday to propose a plan giving corporate managers more flexibility in assessing the strength of internal financial controls. It would especially benefit smaller companies.

The sweeping anti-fraud law known as Sarbanes-Oxley was enacted in 2002 amid the wave of scandals that engulfed Enron Corp., WorldCom Inc. and other big corporations.

The law contains a key section requiring public companies to assess the strength of their internal safeguards to ensure that their financial statements are accurate.

Companies have complained to the SEC that those rules are overly burdensome and costly, especially for smaller businesses.

The Justice Department, meanwhile, restricted its prosecutors' ability to crack down on companies that withhold confidential information during criminal fraud investigations, in new guidelines issued Tuesday that clipped back the aggressive legal tactics authorized after the scandals.

They bar the government from seeking harsher penalties for companies that won't cooperate with prosecutors -- either by denying the prosecutors corporate attorney-client communications or by helping their employees under investigation by covering their legal fees.

"The real issue is how do you get the balance right?" said Joel Seligman, the president of the University of Rochester and an expert on securities law.

The new policy might be closer to striking a balance between the need to prosecute corporate crime and the "unequivocal" right of defendants to litigate, he suggested.

The policy "is going to set the tone," Seligman said.

Deputy Attorney General Paul McNulty, who wrote the new guidelines, said they won't hinder prosecutors from vigorously pursuing companies accused of fraud and other white-collar crimes.

But critics, including a group representing whistle-blowers, called the changes a setback for shareholders and employees who risk losing billions if scandal-tainted corporations aren't fully prosecuted.

They accused the Justice Department of caving in to pressure from business interests.

The actions by both the Justice Department, which carries out the Bush administration's policies, and the independent regulator SEC might eliminate the need for Congress to act in similar veins.

Some business-friendly Democrats who are assuming power positions in January have expressed support for Sarbanes-Oxley relief for companies -- and their preference for the SEC to wield its regulatory scalpel as opposed to Congress' heavier hand of legislation.

The SEC move was a "reasonable approach" in light of the disproportionate burden of the financial-control rules on small companies, said James Cox, a professor at Duke University who also is a securities-law specialist.

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Still, he said, with more leeway under the SEC plan -- allowing, for example, less stringent testing of internal controls for some companies, "Those (financial) numbers are going to be less trustworthy than they would be otherwise. ... Investor protection's going to suffer."

SEC officials insisted that would not happen. Agency Chairman Christopher Cox called the new plan "making Sarbanes-Oxley work for investors at the right price."

McNulty said the new prosecutorial policy should help companies curb fraud internally by encouraging open talk between corporate attorneys and their clients. "It, in no way, slows down the ability to prosecute these cases successfully," he said.

The actions of both agencies follow a report issued last month by an influential private-sector group, the Committee on Capital Markets Regulation, that has been part of the business push for a softening of the laws and rules that flowed from the 2002 scandals. That campaign has gained traction with Treasury Secretary Henry Paulson questioning recently whether regulations are hurting the competitiveness of U.S. financial markets by driving some companies away from them.

Among the committee's recommendations: easing of the financial-control rules under Sarbanes-Oxley and tightening the legal standard the government must meet to charge companies with crimes.

The group also urged reducing the liability of auditors in shareholder lawsuits over accounting fraud and a shift to a financial regulatory system based on principles rather than rules.

Closer Look At Corporate Pay (AP)

By Marcy Gordon

AP, December 16, 2006

WASHINGTON — Investors are getting access to clearer and more detailed information from public companies on their top executives' pay packages and perks under federal rules that took effect on Friday.

Companies' 2006 annual reports issued early next year will reflect the changes, which were ordered by the Securities and Exchange Commission in July in a major overhaul of disclosure rules for executive compensation.

The new requirements include disclosure of the dating of stock option grants to executives. Companies must provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options. Suspect timing of option grants has turned into corporate America's scandal of the year, with more than 100 companies under investigation by the SEC or the Justice Department, more than $5 billion in profit erased by restatements and 18 CEOs swept out of office.

An academic study completed this fall found that corporate executives gained an average of $600,000 a year each from backdating of stock options between 2000 and 2004. By contrast, shareholders were hurt by an average loss in market value of 8 percent, or $500 million, for each affected company from the negative publicity of being under government investiga-

tion, the researchers at the University of Michigan found.

When stock options are backdated, they are issued retroactively to coincide with low points in a company's share price — fattening profit for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can run afoul of federal accounting and tax laws.

For the first time, under the new disclosure rules, companies are required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives. Most of the disclosures, in annual reports and other regulatory filings, must be written in plain English.

The rules were designed to enhance corporate accountability and address an issue that has angered company shareholders and the public: lavish compensation for executives, unrelated to their performance, even as companies stumble and lay off employees.

In the SEC's 72-year history, no other issue has stirred as much interest, with more than 20,000 letters filed during the public comment period that followed the proposal being floated last January, according to agency officials.

The SEC removed from its original proposal, though, a requirement for companies to disclose the pay details of as many as three non-executive employees whose individual compensation exceeds that of any of their top five executives.

Federal Finance Probe Still Lives (MACT)

By Travis Fain

The Macon Telegraph, December 17, 2006

Federal investigators served the city of Macon's finance office with two subpoenas in the past three months, seeking massive amounts of information in an ongoing Justice Department inquiry into the city's use of federal grants.

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The subpoenas, released to The Telegraph under the Georgia Open Records Act, commanded the city to turn over financial data as part of a Justice Department investigation into "allegations of misconduct."

The first subpoena, dated Sept. 29, demanded documentation for every purchase card transaction made by the Macon Police Department from June 2002 through July 2004. The other, dated Dec. 4, sought documentation for 63 separate journal entries in city financial records.

Federal investigators, by law, cannot comment on an ongoing investigation or even confirm its existence, U.S. Attorney Max Wood said. But several city sources, including Macon Finance Director Adah Roberts and Mayor Jack Ellis, said the subpoenas appear to target the city's so-called faith-based program.

That program, a federally funded initiative run by the Macon Police Department in 2002 and 2003, is officially called the Safe Schools Initiative. That program, which split a $1 million grant between the city and various church youth programs, was one of several city initiatives that a Bibb County grand jury investigation targeted before District Attorney Howard Simms handed the inquiry over to the U.S. Attorney's Office in July 2005.

The subpoenas show that inquiry continues, though few details have leaked out.

City Councilwoman Elaine Lucas said the public is ready for answers and an end to the investigation.

"I think anything that's at the federal level is serious," she said. "And I would hope that with this kind of in-depth investigation that we would finally know the truth ... good or bad."

Since the investigation was turned over to federal officials, several area preachers and former city employees told The Telegraph they have been contacted by an investigator asking questions about the Safe Schools Initiative.

Police Chief Mike Burns said the police department received its own subpoena from the Justice Department in August. That subpoena called for "documentation on all federal grants for the police department from fiscal years 2002 through 2004," Burns wrote in an e-mail to The Telegraph.

Ellis on Friday directed questions about the most recent subpoenas to former Police Chief Rodney Monroe, who headed the department during the Safe Schools Initiative. Monroe left in early 2005 to become chief of the Richmond, Va., police department. He has not returned phone calls seeking comment about the initiative in the past and did not respond to a phone message or an e-mail Friday.

Said Ellis: "I have all the faith and trust in Chief Monroe that this grant was executed in a proper manner. ... Whatever information (investigators) have asked for, as far as I know, has been provided."

The September subpoena took several weeks for the city to fill. In late October, numerous boxes of information were carried by firefighters from City Hall to the Bibb County District Attorney's Office, where assistant district attorney Sharrell Lewis works. Lewis has been assigned to the U.S. Attorney's Office to help with the case.

"It was 40-something (boxes) as I recall," Simms said. "It filled up half the hallway."

Simms said his office called the U.S. Attorney's Office and the boxes were picked up, but he's not sure where they were taken. The U.S. attorney has an office in Macon, but the subpoenas state that the documents were bound for the Office of the Inspector General in Arlington, Va. Letters accompanying both subpoenas are signed by the special agent in charge of the Department of Justice's Fraud Detection Office there.

The December subpoena has not yet been filled, and the deadline is Jan. 5.

The information will join an already huge cache of documents collected in the inquiry, which now spans more than two and a half years. That includes the local grand jury investigation and the current federal one. Simms has said his office compiled more than 500,000 documents into 50 three-ring binders during his involvement.

No one has been indicted as a result of the inquiry, and Ellis has repeatedly referred to the investigation as a politically motivated witch hunt. Though not indicted by the grand jury, former City Finance Director Kelly Clark was arrested on a conspiracy charge in 2005. But that charge was dismissed, which Ellis has pointed to as a vindication.

City Council President Anita Ponder said a federal inquiry is obviously a concern.

"Any time there's a federal subpoena for any reason," she said, "that's a red flag. ... The jury is still out in my mind as to the severity of it."

CRIMINAL LAW:

U.S. Attorney General: Hub's Violent Crime Grave Concern (BOSH)

By O'Ryan Johnson

Boston Herald, December 16, 2006

The blood spilled on Boston's streets this year drew the attention of the nation's top prosecutor yesterday as he attended a conference on gang violence at a time when the city hopes a fractured gang truce can stop a street war from erupting.

"I am concerned that, despite the diligence of the men and women in this room, preliminary crime reports in Boston for the first six months of this year show an increase in violent crime," said Attorney General Alberto Gonzales.

Nonfatal shootings are up 10 percent this year, while fatal shootings are up 13 percent. With 71 murders on the year, Boston is approaching last year's 10-year record homicide total of 75.

Gonzales, who was in town to speak at the annual Project Safe Neighborhood Conference at the Boston Convention and Exhibition Center, said the feds have put street violence under a microscope, not just in Boston, but across the country.

"To help cities like Boston - and any city or state facing a violent crime challenge - Justice Department officals have been traveling the country, meeting with state and local law enforcement in areas that have violent crime increases and those that have experienced decreases so we can better understand why in each case," he said.

In Boston, a cease-fire between long-feuding gangbangers from H-Block and Heath Street was strained when H-Block peacemaker Jahmol Norfleet, 20, was murdered.

Sexual Assault Stats May Not Tell Whole Story (STAMADV)

By Natasha Lee

The Stamford Advocate, December 17, 2006

The afternoon rape of a woman inside a downtown hotel parking garage in October was one of 22 reported in Stamford this year and reflects a gradual increase in reported rapes over the last four years.

Such statistics and public attention on sexual predators, including "To Catch a Predator" on "Dateline NBC" and high-profile sex-assault cases, such as one involving Duke University lacrosse players, would suggest sexual violence is on a rapid rise. National statistics, however, indicate otherwise.

Rape has dipped more than 85 percent since the 1970s, according to the U.S. Department of Justice. Last year, the number of rapes decreased by nearly 2 percent nationwide, even as other violent crimes increased, the FBI reported.

Law enforcement officials say the trend could be the result of an increased jail population, and that rapists, who often commit other crimes such as burglary and robberies, are behind bars.

Although the national statistics might be applauded, some experts and advocates aren't clapping just yet.

Victim advocates and experts say the numbers are unreliable, and that despite greater awareness and outreach with crisis centers, support groups and hot lines, rape remains an underreported crime.

Some advocates and crisis centers are leery about accepting data that is not representative of the population they serve, said Susan Howley, director of public policy for the Washington D.C.-based National Center for Victims of Crime.

"Sexual assault advocates have reservations," she said. "Especially when sexual assault groups are not seeing the number of clients decline and still have more people coming through than they can serve."

Advocates say surveys, such as the National Crime Victimization Survey conducted by the Justice Department, exclude populations more vulnerable to rape and other sex crimes, including homeless victims, mentally ill and disabled victims, and immigrant victims. The survey said only 38 percent of rapes and sexual assaults were reported last year.

The annual survey, released last year, interviews about 134,000 people, 12 years and older, about crimes committed against them.

The statistics don't reveal much about the crime, said Dean Kilpatrick, director of the National Crime Victims Research & Treatment Center in Charleston, S.C. For instance, the survey does not indicate what types of rape, such as date rape or stranger rape, are increasing or decreasing - information that could help crisis centers and advocates target groups most likely affected, he said.

Also, the survey limits its definition of rape to sexual intercourse by penetration, which could lead to the exclusion of many cases, Kilpatrick said.

"It is so insensitive to picking up rape cases that it doesn't make a lot of sense to put great credence in terms of the data," he said.

In Stamford, reported rape cases peaked in 1998 and 1999, with 32 and 35 respectively, according to police. Those same years, the Justice Department reported 0.9 rapes for every 1,000 people. Stamford's population in the 2000 census was about 180,000.

Stamford police statistics show a sharp decline the following year, with nine reported rapes in 2000, but the numbers crept back up in subsequent years. Last year, 18 cases of rape were reported in Stamford, up from 12 in 2004.

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Stamford police say the higher numbers don't necessarily mean an increase in assaults. The increase could suggest more victims are coming forward, said Stamford Officer Joanne Anzenberger, who helps train officers on how to handle victims of sexual assault.

Anzenberger credits improved police training and the department working with the Stamford-based Sexual Assault Crisis & Education Center for contributing to the increase.

"Better training . . . results in a professional approach that does not leave the victim feeling as though she is being assaulted a second time by uncaring police officers," she said.

Officers' approach to rape victims has also changed over the last 25 years, Anzenberger said.

"(Police) used to expect you to fight them (attackers) off. . . . If someone is holding a gun to you and demanding that you give them money, are you going to put up a fight? Why is this any different?" she said.

Still, the national decline remains a mystery.

Local advocates and law enforcement officials say those numbers warrant several explanations.

One might be that while there are fewer incidents of stranger rape, victims sexually assaulted by relatives or friends are remaining silent.

"The national statistic speaks to the myth of the guy jumping out of the bushes and sexually assaulting a woman," said Cathy Malloy, executive director of the crisis center in Stamford. The center serves lower Fairfield County, and has provided services to victims 21Ú2 years old to age 94.

Often, victims of acquaintance rape are reluctant to report the crime because they may not recognize the attack as a crime, feel shame or worry about being believed or blamed, advocates say.

Even with strong victims' rights laws and efforts by police and prosecutors to help ease the process of reporting a rape, people still don't like to talk about it.

"It's like AIDS, there's less of a stigma than there was, but there still is," said Kari Pesavento, the center's director of operations. "It's still the only crime that people are blamed for. If I get mugged, then the suspect is blamed. But in cases of rape, the victim is blamed for what happened to them."

For fiscal years 2004 to 2006, the center served 762 victims of sexual assault, and officials say the center has not seen a dramatic decline.

"We've been here for 30 years, and we're still struggling," said Malloy, whose husband is Stamford Mayor Dannel Malloy. "We wish we could be out of business, but we're busier than we've ever been and we're using every ounce we have to raise awareness."

High-profile rape cases, such as the cases of basketball star Kobe Bryant and William Kennedy Smith, may have an impact a victim's willingness to come forward out of fear of public criticism and exposure of their personal lives, said Dr. Kathleen Casey Jordan, a professor of justice and law administration at Western Connecticut State University in Danbury.

Still, there has been progress. Women are more careful about putting themselves at risk, Jordan said.

"Women are a lot more savvy about their behaviors. Women have reconciled that they have the right to walk alone, drink alone, flirt with men, but these behaviors are often stupid, and irresponsible, not illegal, but not wise," she said.

Sexual assault education is also increasing, not only in schools and on college campuses, but in church groups and other organizations, Pesavento said.

"I think the biggest message that anyone can send to a victim is that they're in control and that if they need help, there's places out there to help," she said.

CIVIL RIGHTS:

HIGH BLACK ARREST RATE RAISES CALL FOR INQUIRY Range Of Explanations Offered By Experts, Officials For S.F.'s Disparity With Other Cities (SFC)

By Susan Sward

San Francisco Chronicle, December 17, 2006

San Francisco police arrest African Americans for serious crime at a much higher rate than officers in California's other biggest cities.

Black people in San Francisco are arrested for felonies at nearly twice the rate they are in Sacramento. They are arrested at twice the rate of black people in Fresno, three times the rate in San Jose, Los Angeles, Long Beach and San Diego, and four times the rate in Oakland.

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The disparity between San Francisco's black felony arrest rates and the seven other largest cities' -- measured by the number of African Americans arrested per 1,000 black residents -- is so large that many experts and civic leaders who reviewed the numbers said they are "disturbing" and require an investigation.

The numbers prompt several questions, all of which basically boil down to this: Is the high arrest rate of African Americans because of the way the San Francisco Police Department does its policing, or because of criminal activity within the community?

Mayor Gavin Newsom and Police Chief Heather Fong said they do not think the department is going after African Americans in an unfair manner. They also said they were consulting experts to try to learn why the arrest numbers look the way they do.

Newsom said he found the numbers "outrageous" but was not shocked by them because of the time he has spent attempting to tackle the root causes of poverty.

"There is no question in my mind that this deserves immediate attention and investigation, and I will be doing that," Newsom said. He said the investigation would be conducted by a University of South Florida criminologist, Lorie Fridell, who will "do aggressive data analysis" of the arrest numbers and report back to him and Fong in about two months.

While Fong said the arrest numbers merit review, she suggested that the disparity exists in part because the perception that sometimes San Francisco is "soft on crime" may draw criminals from out of the city who feel they can come here and "not be held accountable."

Fong's staff said they hand-counted arrests made by the Tenderloin Task Force last year and found that more than 60 percent of the African Americans arrested were listed on booking cards as "no local" -- a term often applied to transients -- or gave addresses outside San Francisco. The department does not have similar data for other districts besides the Tenderloin, which police looked at because they believe many nonresidents are involved in drug dealing and other crimes there.

San Francisco officers arrest criminal suspects as they find them, not based on the color of their skin, Fong said.

"I don't think just by looking at the numbers, you can prove or disprove that there is any targeting," she said, adding that factors such as repeat offenders and out-of-town criminals influence the numbers.

Others who reviewed the numbers for The Chronicle found them startling.

"What is significant about these numbers is that they beg serious attention," said San Francisco District Attorney Kamala Harris. "These numbers are clearly based on a legitimate collection of data and are not based on emotional cries."

Merrick Bobb, a nationally recognized expert in police practices, said the city must look harder to explain the numbers.

"The strongly disparate impact of San Francisco policing on African Americans begs for a convincing set of reasons based solidly on empirical fact," said Bobb, who heads a nonprofit organization in Los Angeles that advises departments nationwide.

"The SFPD, to date, has not persuasively explained what legitimate factors cause San Francisco to have felony arrest patterns so different" from the state's other biggest cities, Bobb said.

Sheriff Michael Hennessey, who runs the city's jails and has tracked their racial composition for years, said his lockup population reflects the black arrest rate. "The disparity is just incredibly dramatic," he said. "If you are an adult white male, your chances of being in my jail are 1 in 365, and if you are an adult black male, your chances are 1 in 23."

The Chronicle began examining the city's black felony arrest rate after its investigation of the department's use of force, published in February, found officers were arresting African Americans and reporting use of force on them at rates about five times greater than their presence in the city's population.

San Francisco police cited several factors they say contribute to African Americans accounting for about half of all felony arrests in the city, where they are less than 8 percent of the population. In 2005, 1 out of 3 arrests of black people involved narcotics.

Officers interviewed by The Chronicle said most of the dealers coming from out of town by BART or car to sell drugs -- primarily crack cocaine and sometimes methamphetamine -- are African Americans. Moreover, said Capt. Timothy Hettrich, head of the narcotics division, black drug dealers often sell out in the open on street corners, thus increasing their chances for arrest.

Fong also has said that some of the offenders are arrested time and again, thereby increasing the black arrest numbers.

Also, she said, the department has had to devote a lot of resources to combatting gangs of youths responsible for many of the city's black-on-black homicides. William Whitfield, an African American officer who has worked in the department for more than a decade, said factors such as out-of-town criminals do affect arrests.

"I've seen that with my own eyes -- I got a guy once with an automatic weapon around his neck on a shoestring coming off of BART," Whitfield said. "He had the weapon under his jacket, and I was buying dope undercover. I saw him walk up from BART, and when they moved in and arrested him and the crew he was working with, they found the weapon. He was an Oakland guy."

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Whitfield said many black criminals today quickly resort to violence and this occurs at a younger and younger age. People are "selling dope in the Sunset, don't get me wrong, but they aren't shooting each other over it, and they are out in the Bayview and the Fillmore. It's not all about dope and gangs, either, because you've got that everywhere. Sometimes a shooting is a personal beef, sometimes it's jealousy, sometimes it's as simple as, 'You were looking at my girlfriend.' "

'Disturbing' numbers

Many experts acknowledge that the factors Fong and her officers cite may contribute to the city's black arrest rate. They also note that in cities throughout America, African Americans are arrested in numbers that exceed their presence in the population.

But they say the black arrest rate in San Francisco is so much higher than other California cities that the disparity cannot be explained completely by the factors cited by police.

"America's criminal justice system disproportionately affects African Americans, and San Francisco is no exception," said Bobb, the police practices expert. "What stands out in this city is the degree of disproportion, which is higher than what I've seen elsewhere on the West Coast."

Joseph Marshall, a member of the San Francisco Police Commission and co-founder of the Omega Boys Club who has worked with at-risk youth for decades, said he knows the Police Department has made a concerted effort to combat black gang violence "to reduce the homicides, and those numbers are down."

But he added: "These numbers on arrest rates are disturbing and scream for an explanation. Is there something going on within the SFPD that makes the numbers so different?"

James Bell, executive director of the San Francisco-based W. Haywood Burns Institute for Juvenile Justice Fairness and Equity, has been wrestling for years with Marshall's question. About 60 percent of juveniles detained in the city are black.

"If you are an intelligent, caring person in San Francisco, you should be disquieted that in a supposedly liberal city, black youths are so much in the overwhelming majority among the detainees," Bell said. "The numbers are just too disparate for anyone to credibly advance the 'you-do-the-crime, you-do-the-time' syndrome as an explanation. To believe these numbers, you'd have to believe that white kids in places like the Haight and the Sunset are basically doing no crime."

Hettrich, who heads the narcotics division, says numbers don't convey what police confront.

"The real story is we go after the drugs, and we go where we have had complaints," Hettrich said in a ride-along interview where he pointed out drug dealing hot spots around the city and the high numbers of African Americans and Latinos making sales. "Those arrest numbers may indicate we are doing a good job in areas where we have had complaints.

"Color means nothing to us," Hettrich said. "We are prejudiced against dealers."

David Dockery, an African American officer who walks a beat in the predominantly black Hunters Point housing projects, said most citizens "want more of us out there. If I could stand in front of their houses all day long, that's what they'd like."

Dockery and his African American partner, Officer Mike Robinson, said the department's crime chasing is "color blind." They also said what many officers believe -- that criminals are drawn to San Francisco because they feel that if caught, their punishment in the courts will be lighter than it would be in surrounding counties. "We know a guy with four cases pending," Robinson said. "Where does this stop?"

Answers, not speculation

San Francisco's high black arrest rate is not of recent origin: 20 years ago, San Francisco was making black felony arrests at a rate much higher than California's seven other largest cities, state Justice Department reports show. In 1986, for example, San Francisco's black felony arrest rate was almost 45 percent greater than Los Angeles' and almost 51 percent higher than Oakland's.

In the decades since then, San Francisco's black felony arrest rate has climbed by more than 35 percent while the other seven major California cities' rates have dropped -- often by a considerable amount. During those 20 years, Los Angeles' black felony arrest rate dropped by more than 36 percent and Oakland's declined by more than 52 percent.

When evaluating why San Francisco's black arrest numbers are so different from the other cities', Bobb said speculation is not productive.

"It is not helpful, in the absence of thorough research and hard evidence, for the SFPD merely to speculate as to possible reasons, just as it is unproductive for others to speculate that there must be police antipathy to African Americans," Bobb said.

A second review was conducted at The Chronicle's request by Samuel Walker, a criminal justice professor emeritus from the University of Nebraska, Omaha, who has consulted with the U.S. Justice Department on matters ranging from police use of force to questions of race-based civil rights violations by police agencies.

Walker concluded that San Francisco police are targeting black people in their law enforcement efforts. To him, the numbers indicate that "many law-abiding citizens" are confronted by officers "solely because of their skin color."

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"No other factor than race could possibly explain the San Francisco arrest data given the fact that they are so far out of line compared with other departments," Walker said.

Two figures in San Francisco's criminal justice system expressed similar conclusions.

Public Defender Jeff Adachi said that he does not believe the department has a go-after-black-suspects plan, but he added that by focusing on heavily black neighborhoods plagued by crime and violence, police inevitably drive black arrest numbers up and often use those high numbers as proof they are in the right spots to catch the criminals.

"I believe that the San Francisco Police Department has focused its efforts, in terms of 'crime crackdowns,' in those neighborhoods where there is a high concentration of blacks -- the Western Addition, Tenderloin, Visitacion Valley, Potrero Hill, Ingleside Terrace and Bayview-Hunters Point," he said. "This has long been the trend since the crack cocaine epidemic, when task forces were formed to focus buy-bust operations in those neighborhoods."

Sheriff Hennessey said the problem does not just lie with the police.

"I think this is a reflection of institutionalized racism: You are more likely to get arrested for the same act if you're black, you are more likely to be retained in jail for the same crime if you are black, and society is more likely to care less about your incarceration if you are black," Hennessey said.

Officers in the department said they go where the crime and violence is happening.

Mikail Ali and Toney Chaplin, African American inspectors in the gang task force, said police concentrate their efforts on areas where violence is occurring.

"African American youth are shooting each other at a rate far greater than other groups, so we try to get those kids on some charge if we can't get them on a homicide," Chaplin said. Ali added: "Social neglect by the community, government and business have caused environments populated predominantly by black people to be conducive to crime and violence, and law enforcement ends up having to deal with the bottom line -- young black kids killing one another at a disproportionate rate."

The community perception

Chief Fong says officers are taught to treat all citizens equally. Police Academy recruits are given 52 hours of training -- more than twice the state requirement -- on discrimination and cultural diversity as it relates to African Americans, and other races and segments of society, including gays and lesbians, seniors and the homeless.

But in San Francisco's black neighborhoods, many believe police give them special attention.

At the Ella Hill Hutch Community Center -- a hub of activity for African American youths living in the Western Addition -- Executive Director George Smith says he is blunt with young people about what he believes they face.

"I tell young kids that you shouldn't break the law because this is a system so poised to arrest young African American males," Smith said.

Guy Hudson, who works two jobs as a city athletics coach and as a security guard, knows many of the kids in black neighborhoods all over town, and he said that many black people believe they often can "talk things over" with police in San Francisco when that wouldn't work in Oakland, Santa Clara or Daly City.

Even so, Hudson says, it's a reality that police focus on black people in San Francisco. He recalls the time three officers stopped him in Hunters Point after he "drove down a hill a little fast" and they emerged from their car "pointing guns at my head."

Hudson, 42, said he asked them, "Out in the avenues, would you be jumping out of your car with an automatic machinegun?"

The police eventually let him go. Before they drove off, Hudson said, one of them told him that someone recently had fired shots at an officer on Harbor Road. Hudson said he responded: "That gives you the right to pull pistols on everyone in the community?"

Police Commissioner Marshall, who is African American, wrote a book, "Street Soldier," in which he described the deep-seated antipathy black people hold for police. "There's not a black person I know who doesn't see the police as an occupying force in the community. At the same time, though, I'm convinced that if black folks stopped blowing each other's brains out, they'd be in a much better position to deal with police issues."

However, there are African Americans who approve of the way officers conduct themselves in their neighborhoods.

Al Harris, who lives in the Ingleside and works as an organizer for the Safety Network group, which is funded by the Mayor's Office of Criminal Justice, says police often have to confront a "pretty rough world -- you go into neighborhoods and you're hated. In some neighborhoods, it's instilled from when kids are little that the police are the enemy."

"I think the police are doing a pretty good job," Harris added. "I know officers who do all kinds of good stuff for the kids, participating in community events, giving toys at Christmas, hundreds of turkeys at Thanksgiving."

Asked about whether it appears that police are targeting black people for arrest, Harris said: "Definitely not. There's no need to target the African American kids. They're the ones out on the streets selling the drugs."

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Earlier study

The numbers revealing the high arrest rate of black people in the city are not the first statistical indication that African Americans get special police attention.

In 2002 the American Civil Liberties Union issued a report, "A Department in Denial: The San Francisco Police Department's Failure To Address Racial Profiling," which found black motorists were more than three times as likely to be searched as whites after a traffic stop.

That year San Francisco police arrested black people for felonies at the department's highest rate in the years reviewed by The Chronicle -- 171 for every 1,000 African Americans in the city's population.

The next year, the department adopted a new general order establishing its commitment to "unbiased policing" and stating officers "must be able to articulate specific facts and circumstances that support reasonable suspicion or probable cause" for detaining, stopping, arresting and searching citizens or seizing their property.

The black arrest rate began to drop. In 2003 it was 150 per 1,000, in 2004 it was 146, and in 2005 it was 145. Even in that last year, though, the rate was three times higher than Los Angeles, San Jose, Long Beach and San Diego and four times higher than Oakland.

Search for explanation

Looking at the 2000 U.S. census to try to find possible reasons for the arrest rate, The Chronicle found some similarities and some differences between San Francisco and the seven other cities.

Like black residents of those other cities, San Francisco African Americans' median household income lags considerably behind that of the city's total population, and their level of education is also typically years behind that of the total population.

Police Commissioner Marshall says answers that might seem at least part of the explanation -- such as poverty, lack of education and the flight of large numbers of middle-class black residents from the city in recent decades -- end up providing no real guidance, because those patterns are found in other cities where the arrest rates are far lower.

In two ways, though, San Francisco does stand out: During the 1990s, the city's African American population declined faster than in any other major U.S. city, dropping by 23 percent, according to 2000 census figures.

The black percentage of population also dropped in Oakland, San Jose, Los Angeles and San Diego. In Fresno, Long Beach and Sacramento, it rose somewhat. Today San Francisco, which is 7.8 percent African American, has the second smallest proportion of black people among the state's eight biggest cities. San Jose, with 3.5 percent, has the smallest, and Oakland, with almost 36 percent, has the largest.

A second difference involved unemployment numbers. While African Americans in all the cities had high unemployment numbers, only in San Francisco was their unemployment rate -- 6.2 percent -- more than double that of the rest of the population.

Need for investigation

Walker, the Nebraska criminal justice professor, said San Francisco's high black arrest rate should be investigated by the U.S. Justice Department and the state attorney general's office.

Fong said she did not feel the need for a state or U.S. Justice Department investigation of San Francisco's black felony arrest rate. Instead, she said she was consulting with outside experts and plans a review of department policies to see if changes are warranted.

She added that the department's efforts to analyze its arrest record are made difficult by the fact its record keeping system is being overhauled and she can't "go to a computer right now and pull up arrest data with all this information you have spoken about."

Newsom said while he is convinced there is no "significant racial profiling in our department," he cannot "in good conscience defend the disparity" between San Francisco and other cities' black arrest rates. Referring to the arrest numbers, he said, "On face value, they are outrageous."

The mayor added that as he has worked to push programs tackling concentrated poverty in the city, such as a tax credit for working families, he has concluded "the issues of crime for me are overwhelmingly correlated with issues of poverty."

Newsom added that Fridell, the University of South Florida associate professor of criminology selected by the city to review its arrest data, was picked in part because she has special expertise in the area of racial profiling.

One way or another, San Francisco has to discover why it is arresting black citizens at a higher rate than the other California cities, said Bobb, the Los Angeles police practices expert.

What is at stake is the concept of equal treatment under the law, he said.

"The Supreme Court has held that the Constitution prohibits selective enforcement of the law based on considerations such as race," Bobb said. "Courts across the country have ruled that using impermissible racial classifications in determining whom to stop, detain and search violates the equal protection clause."

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Walker, the law enforcement expert who has consulted for the Justice Department, says the San Francisco Police Department "should be looking at its own operation to see if there's anything it could be doing differently."

The equal protection under law guarantee of the 14th Amendment is "the bedrock of all civil rights laws in the United States and a fundamental principle upon which our country is based," he said.

Jack Jacqua, who founded the Omega Boys Club with Marshall, said the policing of black people in San Francisco is a problem for the city and its leaders.

While he acknowledged that police have "the most dangerous, difficult job in America," he said they "most times treat poor kids from the hood differently than they do more affluent kids."

Jacqua, who has devoted his life to working with at-risk youths, added that many black youths come from "a population where there is virtually no middle class because the middle class people can't afford to live here, and many of these youngsters end up in the criminal justice system."

It works this way, Jacqua said: If a kid shoplifts in the Sunset District, police are probably going to call Mom and Dad and have them take their child home. "But if you shoplift downtown and your address is in the Bayview, then they will take you to jail."

As for the black community, he said much of it "is a mess -- it's destroying itself. Not enough people are involved in standing up and challenging these youngsters to take responsibility for their lives. Where is the leadership?"

And what of the city's liberal political establishment that has reigned for many years?

"The bottom line," said Jacqua, "is that poor blacks are in the way of what this city wants to be, though the city won't admit it because 'we're liberal and believe in diversity.' But the city really doesn't want poor folks and especially poor black folks."

VOICES: From double standards to police strategy to social factors, there's no tidy explanation

Heather Fong, San Francisco police chief: "I support the crime-fighting efforts of the officers of this department, who day after day, under challenging and perilous circumstances, work tirelessly to protect the people of San Francisco, and do so in an impartial manner."

Victoria Gray, social worker for the nonprofit Family Service Agency: "If you are out here black, selling drugs and your pockets full of drugs and you get busted and holler 'Racism!' -- that's not racism. ... Of course there's racism. This is America. But everything isn't linked to racism. ... You have to understand all our men want is a piece of the American pie, the American dream. I don't blame them for wanting some of the pie, but I blame them for how they go about it."

Damone Hale, member of the San Francisco Juvenile Probation Commission and an attorney who has represented many young African Americans: "You see officers whose talk is rude and disrespectful, and time and again the only distinguishing factors we could find is that the defendant is African American. It's consistent and this treatment is permitted by our society."

Arlene Ackerman, former San Francisco school superintendent now teaching at Columbia University's Teachers College in New York City: "I believe that race in San Francisco is the elephant in the room and people refuse to talk about it and if you bring it up, then you are the racist. I felt more uncomfortable as a black person in San Francisco than I have felt in any other city. ... Someone has to be courageous and step up and address the issue of race in the city, starting in the education system and moving through the criminal justice system."

Delores Jones-Brown, a former prosecutor who is interim director of the Center on Race, Crime and Justice at the City University of New York's John Jay College of Criminal Justice: "Typically when we see disproportionate arrest rates for African Americans or other minorities, it is because the police have focused their forces or hot-spot policing on areas with large minority populations. What is the harm of targeting? Innocent people who are unfortunate enough to live in economically depressed neighborhoods aren't given the same measure of constitutional rights as their more affluent counterparts: They are stopped and frisked, have their cars and persons searched even without permission -- simply by virtue of where they live. It's unacceptable."

William Whitfield, officer who joined the San Francisco Police Department in 1994: "If I had to put my finger on one thing, it's the homes. I look at the kids on the corners, and 9 times out of 10 there's no dad and maybe 7 times out of 10 there's no mom in their lives and they are being raised by an aunt or grandma. Kids aren't being raised as I was -- there's just not that accountability in the homes. If they had someone at home they knew they had to answer to, that would stop a whole lot of it."

Tim Nichols, ex-San Francisco police officer, on the high black arrest rate: "It comes from the fact the majority of officers who want to take on criminals are in the Bayview and the Fillmore, which are heavily black. I don't believe it's racism. ... Officers have to pick and choose the severity of the crime they want to spend their time on, and officers who make a lot of arrests generally go after hard-core criminals." He also said black drug dealers are particularly visible: "How often do you see a group of whites standing on the street corner selling narcotics? Generally whites don't sell on the corner."

Sharen Hewitt, director of the Community Leadership Academy and Emergency Response project, which helps connect low-income clients with services, said when she has watched what happens on a Friday night on Union Street where the crowds are predominantly white, she finds "kids tearing up, fighting, smoking marijuana, drinking in the streets, guys being abusive to

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women, young men publicly urinating, and I don't see a whole lot of them being arrested. Some of these behaviors are developmentally appropriate, but I don't think African American young men get the luxury of having errors."

Reaction Mixed On Federal Lawsuit Charging Anti-Hispanic Bias (LH)

By Bill Hughes

Lower Hudson Journal News, December 17, 2006

PORT CHESTER - Village residents had a wide range of reactions yesterday to the news that federal officials have filed a lawsuit aimed at forcing an election district system that would increase the likelihood a Hispanic candidate could win a seat on the Board of Trustees.

Out of dozens of residents interviewed yesterday, only a handful were aware that the U.S. Department of Justice has been pressuring the village to address concerns that a municipality where more than 46 percent of the population self-identified as Hispanic in the last census does not have a single Hispanic elected official on its six-member Board of Trustees.

That pressure culminated with Friday's announcement that the department is suing the village to force some course of action to change the situation.

Among those who knew about the situation, there was wide disagreement about whether there even is a problem and what, if anything, should be done by the federal government.

"It's kind of like turning the game to make something happen that should just happen on its own," said Gabriel Hernandez, a 22-year-old registered Democrat who volunteers as a poll worker and studies business at Westchester Community College.

"I think we do really need a little more Hispanic representation, but we also need people in there who know what they're doing," Hernandez said. "You can't just have people in there because they're Hispanic, or black or white, or whatever. It just makes no sense to say, 'Oh, there's nobody Hispanic in there, so let's put someone in just based on the fact that he's Spanish,' when that person might not be qualified.

"To me, being Hispanic, that's like an offense to say, 'Oh, if they're not going to do it on their own, we'll make it happen for them,' " Hernandez added.

Carole McDermott, a lifelong resident of the village who was buying stamps at the post office on Westchester Avenue, said she didn't understand the logic behind establishing voting districts to replace the at-large designation for all six trustee seats.

"Isn't that how democracy's supposed to work?" McDermott asked. "I've never voted for somebody based on their ethnicity. Why should I, or anybody else for that matter, start now? Because somebody in Washington says we should?"

Others welcomed the idea of districts, agreeing with the contention that the all at-large system dilutes the collective strength of the Hispanic community to get behind a single candidate.

Alberto Rodriguez, a registered member of the Conservative Party, said that while he would not personally vote for a candidate based on ethnicity, he would support the creation of voting districts because he believes it would inspire more diversity on future ballots.

"There's always been like a status quo here - you accept whatever you get," Rodriguez said. "Dividing the locations based upon geography would probably enhance things and probably motivate a qualified Hispanic individual to seek nomination as a trustee."

In an interview Friday, Mayor Gerald Logan denounced the lawsuit, saying that voter apathy, not discrimination, was the primary problem in Port Chester. With roughly 21,600 residents 18 years and over, more than 3,000 of whom are believed to be Hispanic, a total of only 2,600 residents voted in the last election, Logan said.

Join the discussion on the Port Chester voting districts in the "Port Chester" forum at LoHud.com.

Feds Intervene In Indian Voting Case (AP)

AP, December 17, 2006

CHEYENNE -- The U.S. Department of Justice is intervening in a federal lawsuit in which five American Indians are challenging Fremont County's system of holding at-large elections.

The department filed notice Thursday that it is intervening in the case for the limited purpose of defending the constitutionality of the federal Voting Rights Act.

Five members of the Eastern Shoshone and Northern Arapaho tribes, represented by the American Civil Liberties Union, sued Fremont County last year. They claim the county's system of holding at-large elections violates Voting Rights Act by impermissibly diluting the American Indian vote.

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The Mountain States Legal Foundation, based in Lakewood, Colo., is defending Fremont County. In its answer to the lawsuit filed late last year, the foundation argued that it would be unconstitutional to hold Fremont County to the section of the Voting Rights Act which prohibits practices that dilute minority voting.

Fremont County Attorney Ed Newell on Friday referred questions to the Mountain States Legal Foundation, but efforts to reach lawyers there were unsuccessful.

In its notice of intervention filed in the lawsuit this week, the Civil Rights Division of the U.S. Department of Justice stated that the United States has a right to intervene in any lawsuit in which the constitutionality of federal laws is questioned.

Laughlin McDonald, director of the ACLU's Voting Rights Project in Atlanta, said Friday that he believes abolishing at-large elections would help everyone in Fremont County.

"I think if we succeed in this suit, nobody loses," McDonald said. "If we succeed, and if we get a system that allows all the groups in that county to participate in that process, that really fulfills the premise of democracy."

McDonald said the lawsuit is set for trial in February before U.S. District Judge Alan Johnson in Lander.

Federal appeals courts have already rejected Mountain States Legal Foundation's argument that the Voting Rights Act is unconstitutional in a Montana case. The U.S. Supreme Court ultimately declined to review that case.

In last month's general election, Fremont County voters elected Keja Whiteman, a member of the Turtle Mountain Band of Chippewa, to one of three open seats on the county commission in an at-large election. The ACLU announced that it would continue with its lawsuit nonetheless.

"It frequently happens that minorities won't get elected until a lawsuit is filed; it's happened in a number of cases," McDonald said, adding that the fact that a minority person was elected didn't resolve the issue.

Fremont County Attorney Newell last month called Whiteman's election "a great thing for Fremont County."

Newell said Whiteman's election was proof that the county "isn't full of racists who vote along racial lines." And he said he believes Whiteman's success has weakened the ACLU's case.

"The entire premise of that lawsuit was an American Indian couldn't get elected, and this is clear proof that premise is false," Newell said. "She clearly got support from many Republicans and non-Indians to win like she did. She deserved to get elected, and she did."

In a field of six candidates, Whiteman received 6,422 votes -- more than 18 percent of all votes cast. She won four of the six precincts in Lander, where most of the voters are not American Indians.

ANTITRUST:

Airline Deals Can Bog Down In The Details (HC)

By Bill Hensel Jr. And Brad Hem

Houston Chronicle, December 17, 2006

It's one thing to talk about merging two big airlines. Making it happen is another.

Since preliminary merger talks between Continental and United airlines became public last week, the talk of industry consolidation has grown louder and the market value of both airlines has increased.

No matter the buzz, there are obstacles, though surmountable, to such a deal getting struck, and pitfalls to it ultimately succeeding.

Before the airlines could reach a deal, many issues beg to be decided: Who runs the merged carrier? What is the name? Where is the headquarters?

Executives also look at fleet and route network compatibility and decide if potential labor kinks can be smoothed.

After any deal is struck, the parties wait to find out: Are there legal challenges or regulatory bombs? Is there problematic political fallout if the merged airline decides to shut down a hub or hubs?

"Big hurdles remain," Goldman Sachs airline analyst Robert Barry said in a recent report. "Airline mergers are never easy."

Continental Airlines Chairman and Chief Executive Officer Larry Kellner has not been enthusiastic about a merger but might decide he has no real choice. Experts say the carrier's board may feel pressure by shareholders to make a deal.

Kellner said again in a message to employees Friday he prefers that the Houston-based airline stay independent. But he also said the airline will do what it must to be competitive if the industry landscape changes.

Glenn Tilton, chairman, CEO and president of United, also weighed in to his employees in a taped message Friday.

"We continue to believe the industry would benefit from consolidation and that change of that kind is overdue," Tilton said. "We're in control of our decisions, and no one will be making them for us."

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With US Airways making a hostile bid for Delta Air Lines and AirTran Airways doing the same for Midwest Airlines, the industry could indeed be shifting around Continental.

CEO egosIf there is a Continental-United merger, most industry watchers believe it makes sense for Kellner to be the CEO. But that doesn't address the issue of whether Tilton would take a payout and retire or stick around as chairman or in some other capacity.

A big issue in mergers is always who is to be in control, said antitrust lawyer Jim Eiszner of Shook, Hardy & Bacon in Kansas City, Mo.

That was a concern when Continental and United talked previously, according to former Continental Chairman and CEO Gordon Bethune, who said executives from the two airlines met about four years ago to talk about a merger.

"That was an issue long before I retired," said Bethune, who stepped down at the end of 2004.

After spending years working to build the company into one of the industry's best, Continental leaders aren't going to simply hand the reins over, he said, to an airline that has had "mediocre management."

"The leadership of Continental is not going to ditch the employees," Bethune said. "It is not about getting a payday and moving on. Being leader of the company, you have a huge obligation."

The ability to complete a merger and the details that would follow come down to CEO egos, said Roger King, an analyst with research firm CreditSights.

The question is whether Kellner or Tilton would be willing to step aside and let the other team take over.

"If they can't make that work, the whole thing will fall apart," King said.

There shouldn't be much debate, King said. Kellner runs a successful airline, he added.

Even though King favors Kellner's team running any combination, he believes the name would be United because it's better known worldwide. Others experts agree it has superior brand recognition.

United, the second-largest airline in the U.S. after American Airlines, is based just outside Chicago, while Continental, No. 4, has its headquarters in Houston.

A vote for HoustonTerry Trippler, an airline expert with myvacationpassort.com, said he thought the headquarters of a merged company should be in Houston because it would be cheaper to operate than in Chicago. But CEOs can feel strongly about ties to a headquarters city.

The two airlines' route networks complement each other, and their fleets, while different, could probably mesh without too much difficulty.

Goldman Sachs said the merger would be a powerful combination.

"Continental's strengths in secondary Europe markets, the northeastern U.S. and Latin America are a great fit with United's Pacific, primary European market and West Coast strength," Barry wrote.

Continental and United have minimal competitive overlap, Eiszner noted.

Anthony Sabino, professor of law and business at St. John's University in New York, called the possible merger of United and Continental "the watershed event the industry has been waiting for."

A marriage of the two would create a megacarrier, he said, with the heft and solvency to stave off domestic and foreign competition.

Sabino said a merger of United's transcontinental and Pacific routes with Continental's flights to Europe, Latin America and the eastern half of the nation would be a "snug fit."

A load of other factorsIf a deal does get announced, there are still potential obstacles to overcome.

One could be what Northwest Airlines does. It has a so-called "golden share" of Continental that would allow it to block a takeover of Continental by United. It's generally believed, however, that the golden share wouldn't preclude Continental from being an acquirer.

Regulators and politicians could also intercede. The Justice Department could try to block any deal on antitrust grounds, Standard & Poor's airline analyst Philip Baggaley noted.

The Justice Department might also take a stern look at the so-called failing company defense, Eiszner said. Regulators might look more favorably on any type of big merger if one party is failing or at risk of failing.

In this case, Continental is healthy and United has just successfully emerged from bankruptcy.

Politicians might consider fears over rising ticket prices or potential hub shutdowns. Some are already sounding alarms.

The Business Travel Coalition called the potential United-Continental deal the ultimate warning of a "tsunami" of airline mergers most worrisome to business travel advocates.

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"The market power of resultant, reconfigured global alliances with antitrust immunity could be stunning," said Kevin Mitchell, the coalition's chairman. "The coalition believes that corporations that fund business travel activities would pay higher ticket prices as capacity would be removed as a consequence of these proposed mergers."

When it comes to hubs, industry experts say Continental's Houston and New York-area hubs are strong and are likely to remain in operation if a merger happens. The fate of its Cleveland hub is less clear.

Speed of deal an unknownHow quickly any deal might happen remains a question mark. That could depend, in part, on what happens with other carriers, including US Airways and its bid for Delta.

"If it appears that the bid could be successful, that could trigger other moves, such as a competing bid from United or Northwest for Delta," S&P's Baggaley wrote.

Continental and United were in their preliminary talks even before US Airways announced its move for Delta.

"It has been clear that consolidation was on its way," aviation consultant Alan Sbarra said. "What happens is even an airline that wants to go it alone needs to be proactive so they can control their own fate."

Lawmakers Alarmed By Airline Deals Concerns Include Loss Of Service And Jobs, As Well As Higher Ticket Prices. (AJC)

By Marilyn Geewax

The Atlanta Journal-Constitution, December 17, 2006

Washington —- Even though the new Congress won't convene until January, key lawmakers already are preparing for hearings to examine the economic impact of possible airline mergers.

Many members of Congress are condemning the potential deals, while few, if any, support the idea of industry consolidation. Congress has no direct role in approving mergers, but it could help sway public perceptions and increase political pressure on the Justice Department to reject the airline transactions on antitrust grounds.

Perhaps the most controversial of the potential acquisitions involves US Airways Group Inc.'s unsolicited $8.7 billion bid for Delta Air Lines Inc. The two carriers have routes that overlap significantly along the East Coast, as well as hubs relatively near each other in the West. Congressmen representing Atlanta, Cincinnati, Pittsburgh, Philadelphia, Salt Lake City, Phoenix, Charlotte and other cities where the two airlines have major operations fear that a merger would wipe out jobs, diminish air service and drive up ticket prices, Rep. John Lewis (D-Ga.) said.

Concerns about a loss of competition grew dramatically last week when word surfaced that UAL Corp., parent of United Airlines, and Continental Airlines are considering a merger. In addition, AirTran Holdings Inc. offered to buy Midwest Air Group for about $290 million. With so many carriers now in play, the number of concerned congressmen is growing.

"We can voice our opinion," Lewis said. "And because we all represent different parts of the country, speaking out could have a tremendous impact on what happens."

Last week, incoming House Transportation Committee Chairman James Oberstar (D-Minn.) said that if it appears that the US Airways takeover of Delta would be going forward in the new year, he would hold a hearing on the matter. Teri Rucker, a spokeswoman for incoming Senate Commerce Committee Chairman Daniel Inouye (D-Hawaii), said that panel also is planning a hearing.

Oberstar said that by publicly exposing the potential dangers of airline consolidation, his committee may be able to "throw cold water" on merger mania. "We can nudge the Justice Department to take the action they must" to prevent a loss in competition, he said.

Oberstar also said opposition to consolidation is bipartisan.

"I've heard from members on both sides of the aisle" as worries have grown about the impact on jobs and service, he said. "I haven't heard anyone come forward and say this is a really good deal."

Michael Boyd, president of Boyd Group Inc., an aviation consulting firm, agreed that Congress would become involved because so many lawmakers represent cities with huge stakes in the outcome. "There are a lot of dogs in this fight," he said.

Delta management opposes the transaction with US Airways, but if the deal were to go forward, the carriers would have to drop routes to avoid expensive redundancies and overcome antitrust concerns. That could eliminate jobs and flights, especially in smaller cities such as Savannah and West Palm Beach, Fla.

"Any Georgia legislator who doesn't stand up against this merger isn't doing his constituents any good," Boyd said.

Indeed, many already have jumped into the battle, making floor statements and working behind the scenes in Washington. For example, Rep. David Scott (D-Ga.) made a House floor speech shortly before the 109th Congress adjourned, saying that members of Congress should "do everything we can to stop this merger from going through on the grounds that it is anti-competitive, it is anti-consumer and it is anti-American."

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In recent weeks, Sen. Johnny Isakson (R-Ga.) talked to White House chief of staff Joshua Bolten and Attorney General Alberto Gonzales, and in a Senate floor speech, said a Delta-US Airways combination "would lead us to singular service in many cities, an absence of competition, an inevitable increase in rates and, unfortunately, less than the healthiest aviation industry."

Earlier this month, the two chief executives, Delta's Gerald Grinstein and US Airways' Doug Parker, each met with Oberstar to discuss their views.

Darryl Jenkins, an industry consultant based in Northern Virginia, said that whether Congress gets deeply engaged on the issue of airline competition may depend upon the views of creditors owed money by Delta, which is under the protection of a bankruptcy court. If by next month those creditors are in favor of the deal, then the bankruptcy judge may in turn support it and the transaction could be completed, pending Justice Department approval. That would push the other deals forward, too.

"Everyone is interested in this [Delta deal] because if one merger goes through, then two or three other mergers will follow," Jenkins said.

Lawmakers who want to head off that scenario should focus on stopping the deal, he said.

"It's a way to rally the troops," he said.

Airline Mergers: Déjà Vu All Over Again? (USAT)

USA Today, December 17, 2006

At the beginning of 1985 there were around 20 major airlines in the USA. Two years later half of them had disappeared – the victims of a wave of mergers that rocked the travel industry. Well-known brands like AirCal, Ozark, Piedmont, PSA, Republic, and Western Airlines disappeared almost overnight and other brands like American, Delta, and Northwest suddenly became much larger players.

Now everyone's wondering if it's about to happen again with recent merger talk between Delta-US Airways, AirTran-Midwest Airlines, and Continental-United Airlines. By the time you read this, more airlines may have joined the list of those reported to be in merger talks.

A number of airline chief executives have been predicting, warning, and perhaps secretly wishing for a round of consolidation. Those who foster the idea of remaking the big six into the big three see a world of decreased competition, fewer flights, and decreased seating capacity. This would help the surviving three airlines better cut costs and boost revenues … at the expense of business and leisure travelers alike.

Pulling it off

Some airlines have been shopping around, looking for an opportunity to merge. But pulling off an airline merger is no simple task. Managements of both companies must be amenable to the idea. Successfully integrating two disparate companies often with incompatible assets (like airplanes and routes) and contentious labor forces has foiled many an airline merger. And even if both managements can achieve harmonious union, many airline mergers are subsequently struck down as anti-competitive by the Department of Justice (DOJ).

A merger between smaller players like AirTran and Frontier might be easier to implement. But merger talks between large airlines, like Delta and US Airways or Continental and United, are much more likely to hit a dead end. Therefore, even though there are some big names out there pushing for mergers, like United's chief executive, Glenn Tilton, and US Airways chief executive, Doug Parker, I think it's still unlikely that any big six, network airlines will combine in 2007. But if history is our guide, I will say that if just one successful merger occurs among the big six it would likely unleash a new round of consolidation like the one we experienced in 1986-7.

Potential pairings

So if consolidation occurs, what will it look like? Who is likely to combine with whom? Airlines are busy talking to airlines. But in the end, if the Justice Department won't approve it, it's not going to happen. So I think it makes sense to sort out the potential pairings according to those that are likely to pass DOJ scrutiny and those that probably won't, or at least they probably "shouldn't" pass due to their adverse impact on competition.

I have divided the possible airline mergers into two categories: pairings with complimentary route structures, and those with overlapping routes. Although all airline mergers will probably result in reduced capacity and less competition, it is my contention that those airlines with overlapping route structures are the greatest threat to competition while those with complimentary route structures that don't overlap are less threatening and therefore more likely to pass scrutiny by the regulators.

As I reported in a recent column, the biggest problem with Delta-US Airways is the huge number of overlapping routes. If US Airways wants to grow, they would be better off pursuing American, Northwest, or United since they have primarily complimentary route structures. A combination with Continental and Delta, which also fly primarily up and down the east coast, would be very bad for competition.

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Continental-United

Continental and United are already talking and they have a complimentary route structure. This would be a good merger if they can pull it off. Continental's Houston hub would give United at long last a solid foothold in the South and an alternative to Chicago and Denver when inclement weather strikes the Midwest. Continental's Newark hub would give United lots of feed for east-west routes. The combined Pacific, Latin America, and Europe routes could benefit both airlines.

But Northwest may be the spoiler

The biggest problem with Continental-United or Continental and anyone is the fact that Northwest has a financial investment in Continental that gives the carrier veto power over any other combination. This effectively takes Continental out of the merger market unless Northwest is willing to allow Continental to merge, a very unlikely scenario given that any Continental merger would likely generate increased competition for Northwest.

United's other options

If Continental is prevented from pairing with United, I believe United's other two merger options are Delta and US Airways. Both have positives and negatives. US Airways is small; Delta is very large. Both are heavily concentrated on the east coast where United is not that strong. Both airlines have a north-south route network and a Northeast shuttle that United would want. Although Delta and United have complimentary route networks, the resulting combined airline would be so large that a Delta-United merger may not pass DOJ scrutiny anyway.

The pursuit of Northwest

Northwest operates in the north central part of the country and in the Pacific where competition is limited. Therefore, Northwest is actually is a good merger partner for just about anyone in the big six except United due to United's extensive Pacific route overlap.

Other alternatives

Although I would expect to continue to hear a lot about potential mergers in the airline industry, hopefully none of them will come to fruition this year. Perhaps instead more airlines will operate marketing agreements like the recent one announced by AirTran and Frontier Airlines which should not result in higher airfares or service reductions. And hopefully DOJ will intervene if any mergers show the potential for curtailing competition and consumer options. But there really isn't much a frequent flier – or airline employee — can do but hope that it's not 1986-7 déjà vu all over again.

Read previous columns

Send David your feedback: David Grossman is a veteran business traveler and former airline industry executive. He writes a column every other week on topics of interest and concern to business travelers. E-mail him at travel@usatoday.com.

Credit Bureau Changes Will Cost Buyers Who Must Shop Loans (LAT)

By Kenneth R. Harney

The Los Angeles Times, December 17, 2006

WASHINGTON — Home buyers and refinancers face higher fees for credit reports beginning Jan. 1 — a price boost that has mortgage, credit-industry and consumer groups fuming.

Some believe that the higher fees will have an inordinately heavy effect on moderate-income and minority first-time mortgage applicants who have nontraditional credit patterns, marginal credit scores or "thin" credit files.

They also predict that as a result of the increased costs, mortgage loan officers may not shop as aggressively for such clients — leaving those applicants with worse mortgage choices than they would have otherwise.

At the core of the controversy is a policy change by national credit bureaus Equifax and Experian that neither company announced publicly: Beginning next month, they expect to be paid every time a lender or a mortgage investor obtains an applicant's credit file as part of the funding process.

To understand the significance of the change, consider how mortgage brokers — who originate an estimated two of every three new home loans — go about their business. Brokers do not loan their own money; they connect borrowers with lenders. To do so, they must shop applications to competing "wholesale" lenders who generally have different interest rates, loan terms and specializations.

The shopping process involves sharing borrowers' key financial information, property details, credit reports and scores with potential lenders. For home buyers with straightforward credit backgrounds, high scores and substantial assets, a broker might need to send an applicant's file to only one or two lenders.

However, for applicants with more complicated credit histories and marginal scores, brokers often need to shop loan files more widely. Under the policy changes ordered by Equifax and Experian, each time a broker shops an application package to a potential lender, "reissue" fees would have to be paid to the credit bureaus. Under current practices, no additional fees are due.

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Spokesmen for the two bureaus confirmed the policy change but would not discuss the higher fees to be charged. They said the change was designed to allow the bureaus to better comply with the federal Fair Credit Reporting Act, which requires them to track each exposure of a consumer's credit data. TransUnion, the third national credit bureau, has not said whether it intends to change its policy and did not respond to a request for comment.

"The whole goal," said David Rubinger of Equifax, "is strict compliance with [the law] and the security of credit information." Donald Girard of Experian said: "We believe we should be fairly compensated" each time the company's data are accessed. Harry Dinham, president of the National Assn. of Mortgage Brokers, a McLean, Va.-based trade group with about 30,000 members, estimated that for some loan applicants with marginal or incomplete credit profiles, brokers' add-on credit fees resulting from the new policy could raise total costs to the borrower by $100 to $200. For others, it would likely be less.

John Taylor, chief executive of the National Community Reinvestment Coalition, which represents a network of local groups that work with minority and moderate-income consumers, denounced the forthcoming fee increases as a "revenue grab" that "will be paid disproportionately by people of color."

An extra charge of $100 or $200 "may not sound like a lot," Taylor said, "but it moves the line on who is going to be able to afford to buy a house."

A potentially much more costly effect on minorities, recent immigrants and sub-prime applicants, said Terry Clemans, executive director of the National Credit Reporting Assn., is that some brokers, to avoid the new, higher charges, "will simply not send files to as many" wholesale lenders for competing offers. That, in turn, could mean that borrowers with complicated credit profiles requiring more extensive shopping "could end up with worse terms than they otherwise might have received" — higher rates, higher fees, less generous underwriting terms, Clemans said.

Brokers association President Dinham said, "We intend to fight this …. We think it is unfair that consumers are being forced to pay more but are getting no additional benefit." One independent credit reporting agency, Columbus, Ohio-based CBC Cos. Inc., has filed suit against Equifax over the issue, charging antitrust violations. Equifax has asked the U.S. District Court in Columbus to dismiss the suit, but no decision is expected before the end of the year.

Bottom line: Unlike other segments of the economy, there's no price competition for credit in the mortgage arena. When the bureaus say they want more, you pay more.

Comments for Kenneth R. Harney can be sent to kenharney@earthlink.net.

IMMIGRATION:

Employers' Immigration Pains (LAT)

By Nicholas Riccardi, Nicole Gaouette

The Los Angeles Times, December 17, 2006

DENVER — The raid of six Swift & Co. meat packing plants last week spotlighted the fine line employers face because of increased government scrutiny: Make sure your employees are in the U.S. legally, but don't push too hard to find out.

This time, federal inspectors detained 1,300 Swift workers suspected of providing stolen Social Security numbers to the company. But four years ago, the company's requirement that Latino job applicants provide proof of their legal status led to a $200,000 fine for discrimination.

"Employers are very much hamstrung — if they go too far, they run the risk of a discrimination lawsuit," said David J. Ceccanecchio, an attorney for Wolf Block in Philadelphia who advises businesses that hire immigrants. "If they accept documents at face value, they run the risk" of becoming targets of stepped-up federal enforcement of immigration laws.

In the last year, the federal government has arrested 716 individuals for employing illegal immigrants, compared with 25 in 2002. In addition to the Swift raids last week, a Southern California fence-building company was fined $5 million for employing illegal immigrants, and two Florida men were each sentenced to more than four years in prison for "leasing" illegal workers to various companies.

At a news conference in Washington on Wednesday, Homeland Security Secretary Michael Chertoff emphasized the importance of focusing on workplaces.

"We all know the primary economic engine that draws in illegal migration is work," Chertoff said a day after the Swift raids. "And when businesses are built upon systemic violations of the law … that is a problem we have to attack."

Some observers say that attack has changed the dynamic at workplaces nationwide, leading employers to worry more about becoming targets of immigration raids than of anti-discrimination suits.

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"There was more of a balance before," said immigration attorney Elena Park of the firm Cozen O'Connor. Federal law requires businesses to have job applicants fill out an I-9 form and to verify that the person can legally work in the United States by checking documents — usually a Social Security card and photo identification. But employers are prohibited from asking for additional documentation to prove legal residency.

"All the I-9s say in big, bold letters that the employee chooses what ID to show you, and if you ask for more, you can be sued for discrimination," said Angelo Amador, director of immigration policy for the U.S. Chamber of Commerce.

Unless the documents appear to be forged, employers must accept them and verify Social Security numbers with the Social Security Administration — a process that can take months.

Even if employers receive a "no-match" warning that workers' identities don't correspond to their Social Security numbers, their next move is a matter of dispute.

In June, the Department of Homeland Security issued a proposed rule that companies give workers 60 days to resolve discrepancies in their Social Security records. But the Equal Employment Opportunity Commission warned that the proposal could lead businesses to violate nondiscrimination laws, and the rule has not been adopted.

The Cincinnati clothing manufacturer Cintas Corp., which employs 32,000 people nationwide, this fall began to require its workers to resolve discrepancies within 63 days or be placed on unpaid leave. Religious leaders and unions trying to organize Cintas workers protested, and Rep. Bennie Thompson (D-Miss.), incoming chair of the House Committee on Homeland Security, warned the company in a letter last month that it may be violating anti-discrimination laws.

Cintas said its new policy was unrelated to the proposed Homeland Security rule. "It got changed this year to ensure that we're in compliance with the law and that our employees are eligible to work in the United States," said spokesman Mike Wallner. Employees can resume work after they resolve the matter with the Social Security Administration, he said.

Cintas is not the only company to take such a step. Last month, Smithfield Foods Inc. fired a few dozen workers at a Tar Heel, N.C., slaughtering plant who had received "no-match" letters. A thousand workers walked off the job in protest, and Smithfield rehired the dismissed laborers, giving them time to resolve the problem.

Labor groups contended that Smithfield, which a federal court ruled in May had harassed union backers, was trying to stifle organizing drives. But Smithfield officials said they were simply trying to do the right thing.

"We're getting battered from both sides," spokesman Dennis Pittman said. "We're just trying to figure out the law and follow it."

Legal experts say the anti-discrimination clauses exist to protect would-be employees often subject to the most scrutiny: low-income people with few documents.

"If an employer asks you to prove you're here legally, what would you bring to the employer" other than a Social Security card? asked Keith Cunningham-Parmeter, a law professor at Willamette University in Salem, Ore. "A passport? Those are the sort of things that low-wage workers don't necessarily have in their desk drawer."

Immigrant rights groups that warn of the dangers of employers aggressively questioning their workers have long pointed to the employment discrimination case the Department of Justice filed against Swift in 2002.

The complaint says that, since 1990, Swift's Worthington, Minn., plant requested extra proof of legal residence from job applicants "perceived to be non-U.S. citizens or foreign-born."

Arcenio Martinez applied for a job at the plant in 2000. A legal U.S. resident, he was asked to show a Social Security card and a work permit — more than was requested from non-Latinoappearing applicants, the complaint says. Even though he produced both documents, Martinez was not hired. Another applicant, a U.S. citizen who did not speak English, was asked for a birth certificate, driver's license and Social Security card before he was hired.

The federal government sought $2.5 million from Swift but settled for $200,000. Nonetheless, in a release, the Justice Department called it the largest employment discrimination case based on immigration status in history.

"Anyone who is entitled to work should be treated equally and without discrimination in the employment market," Assistant Atty. Gen. for Civil Rights Ralph F. Boyd Jr. said in a statement.

In testimony before the House Small Business Committee in June, Jack Shandey, Swift senior vice president for human resources, cited the case to highlight what he called contradictory government expectations of business. "To repeat, our company found itself in hot water for allegedly pushing too hard to ensure employees possessed the status they claimed," he said.

Now Swift is feeling pressure from another source.

The company since 1999 has used a federal online system, called Basic Pilot, for speedy verification of its workers' Social Security numbers. But Immigration and Customs Enforcement agents found that many Swift plant employees were using stolen Social Security numbers that were not flagged by that system.

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Chertoff said investigators advised Swift about the case and about the pending raid of the company's plants. The company interviewed suspected workers, and about 400 were dismissed, quit or did not show up for work. It also asked a federal judge in Texas to bar Immigration and Customs from raiding its plants. The judge refused, and the raids went ahead Tuesday.

Swift did not return repeated calls but has argued that it has been obeying the law.

CONGRESS-ADMINISTRATION:

Bush Challenges Democrats To Cut Spending Earmarks (WT)

By Stephen Dinan

The Washington Times, December 17, 2006

President Bush yesterday challenged Democrats to live up to their pledge to cut pork-barrel spending, using his weekly radio address to suggest they join forces to crack down on earmarks in spending bills.

Mr. Bush called it a "top priority" for Congress when lawmakers return next year.

The administration has been trying to find an issue where it has common ground with Democrats, and spending is an obvious area, particularly given Democrats' campaign and post-campaign pledges to cut waste.

"That was one of the clear messages American voters sent in the midterm elections," Mr. Bush said. "And one of the best ways we can impose more discipline on federal spending is by addressing the problem of earmarks."

Mr. Bush's own party was unable to rein in earmarks during its time in control of Congress, and many Republican leaders in Congress staunchly defend the current system.

Earmarks are line-items written into bills or congressional reports that direct money to specific projects, often at the whim of a single member of Congress and without any formal review or chance for a vote on the House or Senate floor.

Opponents refer to them as pork-barrel spending, and the Congressional Research Service says they ballooned after Republicans took control of Congress in 1995.

For example, earmarks in the spending bill for the Commerce, Justice and State departments grew from 253 in fiscal 1994 to 1,722 in fiscal 2005. The dollar value nearly doubled, as did the percentage of the total bill dedicated to earmarks: from 11.5 percent in 1994 to 21.8 percent in 2005.

Sensing the potency of the issue, Democrats have pledged to keep earmarks out of spending when they complete the fiscal 2007 appropriations process and to prevent earmarks in future spending bills until they pass a reform package that makes earmarks more transparent.

It would be a major step if Mr. Bush and Democrats in Congress could come to an agreement.

While applauding the president's challenge, Sen. Jim DeMint, South Carolina Republican, said Mr. Bush could do more to cut down on earmarks by refusing to follow through on those included in reports, which do not have the force of law.

"By rejecting this secret spending for politicians' pet projects, federal agencies could focus these funds on their core missions and serve true national priorities," Mr. DeMint said.

Among the options being floated on Capitol Hill are requiring every earmark to be listed along with its sponsor and some specific information about the provision, preventing earmarks that would benefit a lawmaker or those tied to him or her and allowing an up-or-down vote to strip individual earmarks from bills.

Mr. Bush said earmarks create the chance for wasteful spending "such as a swimming pool or a teapot museum." According to Citizens Against Government Waste, the Teapot Museum in Sparta, N.C., received $500,000 in federal spending during the last fiscal year.

But some members of Congress, including top Republicans on the House and Senate appropriations committees, argue members of Congress know their districts better than federal bureaucrats, so they are better at directing spending.

And while Mr. Bush points to questionable spending, defenders point to the Iraq Study Group, which was the result of a $1 million earmark.

The House passed an earmark-reform proposal this year, but the Senate did not.

Panetta Urges Bush, Congress To Just Get Along (HC)

By Anne Marie Kilday

Houston Chronicle, December 17, 2006

Former White House Chief of Staff Leon Panetta, who served on the Iraq Study Group, said President Bush and the newly elected Democratic Congress must work together to confront the nation's problems.

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"There's a fundamental decision that both the president and the Democratic Congress have to make. And that is whether they are going to work together to govern the country, or whether they are going to be in confrontation or gridlock for the next two years," Panetta said. "It's not going to be easy for either side to do that."

Panetta was in Houston on Friday to speak to a group of Houston business leaders about the new Congress. He said there may be opportunities for the president and congressional Democrats to reach agreement on key issues, such as immigration and education.

The Iraq Study Group, co-chaired by Houston lawyer and former Secretary of State James A. Baker III and former U.S. Rep. Lee Hamilton, D-Ind., released its final report about 10 days ago. Bush has said he will study the report before making a formal response in January.

"These are not easy issues," Panetta said. "I think the president needs to take the time to look at these issues and hopefully make the right decision."

Possible opportunities Panetta said Baker did a good job chairing the group, forging a unanimous report by the 10-member panel.

"We had some tough debates, but they were always civil. Nobody ever pounded the table and threatened to walk out. Everybody basically said, 'OK, we have some differences, let's work our way through it.' And, frankly, that's the way things are supposed to work in Washington," the former California congressman said.

Addressing future U.S. policy and strategy in Iraq is very important because of the lives at stake and the strong divisions in the country over the war, Panetta said.

An Army veteran of the Vietnam War, Panetta said our troops today have strong support from the American people.

"I think that the one thing I really see is the American people, despite divisions over the war, don't blame the troops. They really are supportive of the men and women in Iraq. And I think the troops over there understand that," he said.

'A very violent place' The visit to Iraq by the study group brought home the reality of the dangers soldiers stationed there face, Panetta said.

"Going into Baghdad, you have to wear a helmet and a flak jacket on the airplane, and we had to drop in a spiral descent from 10,000 feet, just to avoid missiles," Panetta said. "Then they put us onto helicopters to take us into the Green Zone, and we were still wearing our helmets and flak jackets, and there were attack helicopters firing flares in order to divert any heat-seeking missiles. So, that whole thing ... well, we suddenly realized that it really was a battle zone.

"And at night, you could hear the helicopters coming in. And I asked what that was about, and they said they were delivering the wounded. So, you realize that Iraq is a very violent place," Panetta said.

"Even if you get them 50,000 to 100,000 additional troops, the military commanders say it would only produce a temporary change," Panetta said.

"There really is no military victory in Iraq. The only way you can win is if the Iraqis govern themselves and control the violence," Panetta said.

"The goal is a stable Iraq. And that stability may not necessarily be achieved through the democratic process."

Panetta said Washington policymakers "always underestimate the intelligence of the American people."

Congress's Inaction Threatens Funding (WP)

By Jonathan Weisman, Lori Montgomery

The Washington Post, December 17, 2006

The Republican-controlled Congress's decision to adjourn a week ago before completing many of the spending bills that finance the federal government will reverberate in ways large and small, such as understaffed U.S. attorney's offices, delayed renovations at the University of Bridgeport in Connecticut and a scuttled global nuclear energy exchange.

Republican leaders left behind just enough spending authority to keep the government operating through mid-February, less than halfway through the 2007 fiscal year that began Oct. 1. Democrats have signaled that when they take control of Congress in January they will extend that funding authority for the remainder of the year based largely on the previous year's spending levels, which will result in many cuts in programs.

The Democrats also will do something that is certain to anger many lawmakers but cheer critics of excessive government spending: They will wipe out thousands of lawmakers' pet projects, or earmarks, that have been a source of great controversy on Capitol Hill. In the past, lawmakers have peppered individual spending bills with earmarks benefiting special interests. But the funding resolution the Democrats intend to pass in lieu of spending bills will be devoid of earmarks.

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Among the casualties will be $3 million for AIDS and homelessness programs in San Francisco pushed by House Speaker-elect Nancy Pelosi (D-Calif.) and $3 million to establish the Charles B. Rangel Center for Public Service at City College of New York, pushed by the center's namesake, the Democrats' incoming House Ways and Means Committee chairman.

Efforts championed by President Bush, such as "clean coal" technology, will take a big hit, but so will programs favored by Democrats. The federal judiciary would run out of money to pay lawyers for poor defendants by July, effectively locking up the wheels of justice because trials could not proceed without legal representation for defendants.

Democrats say they had little choice but to take this tightfisted approach after Republicans dumped so many unfinished spending bills in their lap. "We did not call the shots here," maintained incoming House Appropriations Committee Chairman David R. Obey (D-Wis.), who said that with the fiscal year well underway and Democrats assuming power with a full slate of priorities, he will have little choice but to put the government on autopilot. "We will try to provide modest adjustments where we can, but a lot of people will be left short."

But some Republicans suspect that's not the full story.

"What the Democrats didn't say is that they probably intend to take the earmark savings and spend it elsewhere," said Rep. Dave Weldon (R-Fla.), who was hoping to get $3 million for a new autism research center at the Florida Institute of Technology.

The collapse of the budget process was a long time coming, with roots stretching back to the Republican revolution of 1994. But this year, the system finally buckled under the weight of the president's austere spending recommendations, a difficult election year and the Republican leadership's efforts to placate both its most ardent conservatives and its endangered moderates.

Congress was able to pass only two of its 11 annual spending bills, those that fund defense and homeland security. Republicans punted spending measures for virtually every one of the government's domestic programs to the Democrats who assume control Jan. 4. Then last week, Democrats announced they would punt, too. A joint House-Senate resolution -- rather than carefully tailored spending bills -- will keep the government open through the end of the fiscal year, Sept. 30, largely at last year's levels.

The consequences will be substantial. At the Justice Department, officials said a resolution financing the government largely at 2006 levels would only worsen a severe staffing shortage at offices of U.S. attorneys around the country. The vacancy rate for federal prosecutors stands at about 10 percent on average, and House Democrats reported earlier this year that some larger offices have rates surpassing 20 percent.

The federal court system would not be spared, either. Operating at current funding levels would leave the judiciary with a $270 million shortfall for salaries and expenses, said Dick Carelli, spokesman for the Administrative Office of the U.S. Courts. Furloughs, layoffs or attrition would be needed to trim the payroll by 7 percent -- or almost 3,000 probation officers, court clerk workers and pretrial service staff members -- by the close of the fiscal year, Carelli said.

The Department of Energy is looking at a 20 percent cut in its administrative budget and could be forced to lay off many of the 960 people who help manage the department -- secretarial aides, lawyers and human resources staffers, said Craig Stevens, a department spokesman.

New presidential initiatives for 2007, such as the Global Nuclear Energy Partnership, FutureGen, a clean coal initiative, and a health-care information technology program, are not likely to be funded, agency officials say.

Democrats will make some adjustments in the joint resolution to address the most pressing needs, especially in the Department of Veterans Affairs health-care system, which needs $3 billion more just to keep covering all the veterans it covers now, and the Federal Bureau of Investigation, which could lose 500 agents under current funding levels, said Tom Gavin, spokesman for incoming Senate Appropriations Committee Chairman Robert C. Byrd (D-W.Va.).

What is certain is that thousands of earmarks will get nothing, at least until October, when fiscal 2008 begins. About $400,000 in hospital equipment for Perris, Calif., $1.5 million in biotechnology grants for the Illinois Institute of Technology, and another $1.5 million for bridge and street repairs in Columbus, Ohio, will be wiped out.

Budget hawks who have been crusading against such home-district projects hailed the Democrats' decision as an unexpected stroke of political bravery. Bush praised the move yesterday in his weekly radio address.

But the lawmakers who worked to get those projects into the now-dashed spending bills were left quietly fuming. Obey said Friday that he has fielded "a steady stream of calls from people in high dudgeon."

"I will work to reverse this decision," promised Rep. Christopher Shays (R-Conn.), who lost a transit center for Bridgeport, a waste-to-energy program for Stamford and a train station for South Norwalk.

It has been nearly 20 years since congressional failures left the government to be financed under spending guidelines and formulas rather than line-by-line policymaking. But to federal budget experts, this year's breakdown was hardly surprising. Not since 1994, the last year of Democratic control, has Congress actually passed all of its spending bills. Republican leaders almost

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ensured logjams by populating the House Budget Committee with conservative spending hawks whose views on the size of government were fundamentally different from many of the appropriators who would have to flesh out the committee's budget blueprints. Ultimately, compromises in those conservative principles have been laid at the feet of the Clinton White House, the demands of the post-Sept. 11 government, or a Democratic-controlled Senate, said Scott Lilly, a former Democratic staff director of the House Appropriations Committee.

But this year, conservatives dug in, backed by the White House and GOP leaders. Bush's domestic spending request for the fiscal year that began Oct. 1 actually sliced $2.2 billion from the 2006 level.

Rather than face a public fight over the cuts necessary to meet that goal, House Republican leaders decided not to bring the largest domestic spending bill, funding labor, health and education programs, to a vote before the election. The Senate did even less. Senate Majority Leader Bill Frist (R-Tenn.) simply decided none of the domestic spending bills would get time on the Senate floor before the election.

"The breakdown of regular order this cycle -- indeed the failure to get our bills done -- should be squarely placed at the feet of the departing Senate majority leader," said outgoing House Appropriations Committee Chairman Jerry Lewis (R-Calif.).

Pelosi's House Diplomacy (WP)

By David S. Broder

The Washington Post, December 17, 2006

One day last week, Speaker-to-be Nancy Pelosi picked up the phone and asked John Boehner of Ohio, the Republican leader of the House, if he would like to suggest some ways they could ensure better supervision of the page program, the subject of so much controversy in the scandal that led to the resignation of Florida Rep. Mark Foley.

Another day, when the San Francisco Democrat learned that her predecessor as speaker, Illinois Republican Dennis Hastert, was unhappy about losing his spacious office suite, she quietly found two rooms for him near the prime space allocated to the Ways and Means Committee.

Both moves were insignificant in themselves, and neither drew any notice. But they signal that the management of the House of Representatives is going to change substantively -- and not just symbolically -- when Pelosi is sworn in on Jan. 4 as the first woman to hold the third-highest office in the land.

No one -- including Pelosi herself -- can tell you all the ways the House will change. When I interviewed her last week, it became apparent that she was just getting into the details of her new position. That may seem odd, but I find it believable that during her campaigning and fundraising these past two years, her focus was not on becoming speaker but, as she said, on "getting the Democrats back in the majority" after 12 years out of power.

"It was not until I was nominated in the Democratic caucus [for speaker] that it hit me," she said.

But Pelosi has been thinking for a long time about how she would manage the House, if she ever got the chance. Two years ago, she and others in the Democratic leadership sent Hastert a letter outlining changes in House rules and procedures that would end some of the flagrant abuses of the legislative process that have taken place. The letter said that Democrats would live by the same new rules if and when they were the majority.

That was repeated a year ago, and Pelosi says it stands today.

It means, among other things, an end to congressional rides on corporate planes, a block on the revolving door between congressional staff jobs and lobbying shops, and a process that will make it harder to slip in special-interest earmarks.

It also means a radical overhaul of House rules -- a strict time limit on roll calls to prevent prolonged arm-twisting of reluctant members, and a requirement that conference committees work in the open and include minority party members.

After a decade of bitter partisanship that has all but crippled efforts to deal with major national problems, Pelosi is determined to try to return the House to what it was in an earlier era -- "where you debated ideas and listened to each other's arguments."

That does not mean she is abandoning the Democratic agenda. Far from it. But it does mean that she has grasped the key to doing her job: "I am the speaker of the House," not the leader of the Democratic Caucus. She expects few interventions in floor debate, and she is picking her spots carefully from a flood of television interview requests.

The transition from partisan combatant to speaker is not easy. In the view of many in her caucus, she erred when she intervened on behalf of Rep. John Murtha of Pennsylvania against Rep. Steny Hoyer of Maryland for majority leader. Hoyer's victory was a black eye for her, but it may not have long-term effects. Hoyer is an able floor leader, and Pelosi has named an ally of hers, Illinois Rep. Rahm Emanuel, as caucus chairman and has transferred many of the public relations responsibilities to him.

The small gestures she has made to the Republicans suggest a willingness to accommodate, rather than a vindictive reaction to the Democratic victory.

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That bodes well for the future.

Intelligence Ignorance (WP)

The Washington Post, December 17, 2006

HOUSE SPEAKER-to-be Nancy Pelosi (D-Calif.) has come up with a deft solution to a problem identified by the Sept. 11 commission: the disjointed and inadequate congressional oversight of intelligence. It's not the solution that the commission endorsed, so Ms. Pelosi and the Democrats will take some hits for failing to live up to the letter of their pledge to enact all the commission's recommendations. But her proposal could go a long way toward fixing the dysfunctional organization the panel addressed.

The fundamental problem, for intelligence and other matters, is the separation between committees with substantive authority over particular departments or agencies (authorizers) and those who wield the power of the purse (appropriators). You can guess which executive officials are more responsive to. This problem is exacerbated when it comes to intelligence because its spending has been considered by the appropriations subcommittee responsible for all military spending. That means that intelligence issues don't get enough attention and that intelligence spending priorities may be skewed in the direction of military hardware.

To fix this disconnect, the Sept. 11 commission recommended that the House and Senate intelligence committees, either as separate panels or fused into one, be given both substantive and budgetary authority. Not surprisingly, that didn't sit too well with appropriators jealous of ceding any power. The Pelosi compromise would create an intelligence oversight panel within the appropriations committee, responsible for reviewing spending and recommending spending levels. In a key departure, this committee would include not only appropriators but members of the intelligence committee. This is a clever approach that merits serious consideration by the incoming Senate majority leader, Harry M. Reid (D-Nev.).

We wish we could be as enthusiastic about Ms. Pelosi's choice to head the intelligence committee. In an interview with Congressional Quarterly's http://CQ.com, the incoming chairman, Silvestre Reyes (D-Tex.), exhibited a troubling lack of familiarity with basic knowledge that ought to be expected of someone in that important position. Asked whether al-Qaeda was Sunni or Shiite, Mr. Reyes replied, "Al-Qaeda, they have both . . . Predominantly -- probably Shiite." In fact, al-Qaeda's members are adherents of the Sunni branch of Islam and their viciousness toward Shiites is a key fact of recent Iraqi history. Mr. Reyes also flubbed a question about Hezbollah.

In a telephone interview, Mr. Reyes said he had misunderstood some of the questions but added, "My position is I screwed it up and will admit it and move on from there." As to doubts about his capabilities, he said, "It's my expectation that people, once they get an opportunity to see my work, won't have that doubt."

We hope he's right. In our interview, Mr. Reyes said he was not enthusiastic about some of the recommendations by the Iraq Study Group but couldn't name them. "I can't speak to the specifics, some I was not enthused about in there," he said. "Let me defer until I get my book. I know I tabbed and highlighted it." Mr. Reyes has a steep learning curve ahead.

OTHER NEWS:

Obama Says He Regrets Land Deal With Fundraiser (WP)

By Peter Slevin

The Washington Post, December 17, 2006

CHICAGO. Dec. 16 -- Antoin "Tony" Rezko is a political insider, an energetic Chicago dealmaker and campaign fundraiser often in the headlines for being on the wrong side of good government. Indicted in October on influence-peddling charges, he also has a habit of befriending prospective political stars.

One of them was Sen. Barack Obama (D-Ill.), who was offered a job by Rezko in the early 1990s while a top student at Harvard Law School. Obama did not take it, but over the years, the two men stayed in touch, and Rezko backed Obama's successful 2004 U.S. Senate campaign, raising money and contributing his own.

In June 2005, in what Obama now describes as a "boneheaded" mistake, Obama and Rezko's wife bought adjacent properties on Chicago's South Side, closing the deals on the same day. Seven months later, wanting a bigger yard for his $1.65 million house, Obama bought a slice of the Rezko property for $104,500.

After news of the deal broke last month in the Chicago Tribune, Obama said he had erred by creating the appearance that Rezko had done him a favor by selling him a portion of the lot. For the first time since he entered the national spotlight, the 45-year-old freshman senator found himself on the defensive, discussing a personal decision he had come to regret.

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"There's no doubt that this was a mistake on my part. 'Boneheaded' would be accurate," Obama said in a telephone interview Friday. "There's no doubt I should have seen some red flags in terms of me purchasing a piece of property from him."

Obama recently donated to charity $11,500 that Rezko had contributed to his federal campaign account.

There have been no allegations that Obama, whose political fortunes are soaring as he mulls a run for president, broke the law or committed any ethics violations. He said he has done no government business with Rezko, who is facing charges in two unrelated criminal cases.

But leaders of Chicago watchdog organizations describe Obama's behavior as a surprising error in judgment, particularly for a politician noted for his tactical skills, his ambition and his support of state and federal ethics legislation.

"It's disappointing because there has been speculation about Tony Rezko, and whether he was crossing ethical lines, for a number of years," said Cynthia Canary, director of the Illinois Campaign for Political Reform.

Jay Stewart, executive director of Chicago's Better Government Association, said, "Being a lawyer, he did everything by the book, but there's a higher expectation of him."

To Chicago political observers, it made sense that Rezko tried to get close to Obama. A Syrian-born businessman whose fortunes seemed to rise and fall with his latest deal, Rezko was known for cultivating politicians, including Illinois Gov. Rod Blagojevich (D) and Rep. Luis V. Gutierrez (D-Ill.).

Rezko created a real estate development company and operated dozens of Chinese eateries and pizza restaurants. After Blagojevich rode into office in 2002, Rezko emerged as a friend and close adviser. He recommended people for significant state jobs and, a federal grand jury charged, soon tried to shake down investment firms that wanted to do business with Illinois.

In one instance, Rezko and Stuart Levine, a member of two state boards, allegedly demanded that a firm seeking investment business pay a $2 million fee to a middleman or give $1.5 million to the campaign of "a certain public official," later identified as Blagojevich.

The company refused. Levine pleaded guilty this fall to federal charges and is cooperating with authorities. Blagojevich, who has not been charged, denied wrongdoing and accused Rezko of betrayal.

Chicago authorities alleged last year that Rezko set up a front minority company to win permission to open three Panda Express outlets at O'Hare International Airport. His nominal partner was Jabir Herbert Muhammad, son of the late Nation of Islam founder Elijah Muhammad.

Rezko and Muhammad settled the matter, which became public in 2005, months before Obama's house purchase. Without admitting wrongdoing, they agreed to end their O'Hare operations and were disqualified from the city's minority business program.

When Obama and his wife, Michelle, a hospital executive, decided to move with their two young girls from their Hyde Park condominium, they chose a spacious three-story Georgian revival home on a tree-lined street in the Kenwood neighborhood, not far from the University of Chicago. The owner had listed the house -- nearly 100 years old, with four fireplaces and a wine cellar -- and an adjacent lot as separate parcels.

The Obamas purchased the house, which had been on the market for several months, for $300,000 below the list price. On the day they closed, Rezko's wife, Rita, closed on the 9,000-square-foot lot next door for the asking price of $625,000.

Obama said Rezko, who knows the neighborhood, was one of several people he called for advice on the real estate market. Rezko told him he knew the developer who renovated the house. In a later conversation, Rezko said he intended to buy the empty lot and build on it.

Later, the Obamas bought a 10-foot-by-150-foot piece of the lot for $104,500. An appraisal put the value of the strip at $40,500, a spokesman said, but Obama considered it fair to pay one-sixth of the original price for one-sixth of the lot.

"It wasn't something we needed to have," Obama said. "It was something I thought would be nice, if it worked economically for him."

Rezko and Obama collaborated to build a fence separating the properties, and Obama has paid his landscapers to mow the lawn on the Rezko lot. Obama, who said city code required Rezko to fence the lot, paid for legal and design work to ensure it was done properly, while Rezko paid for the fence.

Obama said that he was unaware of Rezko's brewing troubles in 2005 and that Rezko sought no favors. He described himself, after eight years in the Illinois Senate and two on Capitol Hill, as careful to live within strict ethical boundaries -- refusing to allow lobbyists to pay for meals, for example, and reimbursing people for golf outings.

"I'm very proud of how I've conducted myself during the entire time I've been in public service," Obama said. "My hope would be that people come away saying, 'He's not perfect, but he owns up to his mistakes and tries to correct them as quickly as possible.' I hope they look at the entire body of my public service and would note that this is the first time anything has ever come up."

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Stewart, of the Better Government Association, said Obama took responsibility and did not shy away from questions. If there are no further revelations, he said, "it's going to wind up being a footnote," but "if anything further comes out, it's a different story."

To Those Who Surf: Time Salutes You (WP/AP)

The Washington Post, December 17, 2006

NEW YORK -- Congratulations! You are the Time magazine "Person of the Year."

The annual honor for 2006 went to each and every one of us, as Time cited the shift from institutions to individuals -- citizens of the new digital democracy, as the magazine put it. The winners this year were anyone using or creating content online.

"If you choose an individual, you have to justify how that person affected millions of people," said Richard Stengel, who took over as Time's managing editor earlier this year. "But if you choose millions of people, you don't have to justify it to anyone."

Time did cite 26 "People Who Mattered," including North Korea's Kim Jong Il, Pope Benedict XVI, President Bush, Vice President Cheney and Defense Secretary Donald Rumsfeld.

Stengel said that if it came down to one individual, it probably would have been Iranian President Mahmoud Ahmadinejad. "It just felt to me a little off selecting him," Stengel said.

The 2006 "Person of the Year" package hits newsstands Monday. The cover shows a white keyboard with a mirror for a computer screen -- showing readers their reflection.

Person Of The Year: You (TIME)

Time.com, December 17, 2006

From the December 25, 2006 issue of TIME magazine

[TIME.com] -- The "Great Man" theory of history is usually attributed to the Scottish philosopher Thomas Carlyle, who wrote that "the history of the world is but the biography of great men." He believed that it is the few, the powerful and the famous who shape our collective destiny as a species. That theory took a serious beating this year.

To be sure, there are individuals we could blame for the many painful and disturbing things that happened in 2006. The conflict in Iraq only got bloodier and more entrenched. A vicious skirmish erupted between Israel and Lebanon. A war dragged on in Sudan. A tin-pot dictator in North Korea got the Bomb, and the President of Iran wants to go nuclear too. Meanwhile nobody fixed global warming, and Sony didn't make enough PlayStation3s.

But look at 2006 through a different lens and you'll see another story, one that isn't about conflict or great men. It's a story about community and collaboration on a scale never seen before. It's about the cosmic compendium of knowledge Wikipedia and the million-channel people's network YouTube and the online metropolis MySpace. It's about the many wresting power from the few and helping one another for nothing and how that will not only change the world, but also change the way the world changes.

The tool that makes this possible is the World Wide Web. Not the Web that Tim Berners-Lee hacked together (15 years ago, according to Wikipedia) as a way for scientists to share research. It's not even the overhyped dotcom Web of the late 1990s. The new Web is a very different thing. It's a tool for bringing together the small contributions of millions of people and making them matter. Silicon Valley consultants call it Web 2.0, as if it were a new version of some old software. But it's really a revolution.

And we are so ready for it. We're ready to balance our diet of predigested news with raw feeds from Baghdad and Boston and Beijing. You can learn more about how Americans live just by looking at the backgrounds of YouTube videos those rumpled bedrooms and toy-strewn basement rec rooms than you could from 1,000 hours of network television.

And we didn't just watch, we also worked. Like crazy. We made Facebook profiles and Second Life avatars and reviewed books at Amazon and recorded podcasts. We blogged about our candidates losing and wrote songs about getting dumped. We camcordered bombing runs and built open-source software.

America loves its solitary geniuses its Einsteins, its Edisons, its Jobses but those lonely dreamers may have to learn to play with others. Car companies are running open design contests. Microsoft is working overtime to fend off user-created Linux. We're looking at an explosion of productivity and innovation, and it's just getting started, as millions of minds that would otherwise have drowned in obscurity get backhauled into the global intellectual economy.

Who are these people? Seriously, who actually sits down after a long day at work and says, I'm not going to watch Lost tonight. I'm going to turn on my computer and make a movie starring my pet iguana? I'm going to mash up 50 Cent's vocals with Queen's instrumentals? I'm going to blog about my state of mind or the state of the nation or the steak-frites at the new bistro down the street? Who has that time and that energy and that passion?

The answer is, you do. And for seizing the reins of the global media, for founding and framing the new digital democracy, for working for nothing and beating the pros at their own game, TIME's Person of the Year for 2006 is you.

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Sure, it's a mistake to romanticize all this any more than is strictly necessary. Web 2.0 harnesses the stupidity of crowds as well as its wisdom. Some of the comments on YouTube make you weep for the future of humanity just for the spelling alone, never mind the obscenity and the naked hatred.

But that's what makes all this interesting. Web 2.0 is a massive social experiment, and like any experiment worth trying, it could fail. There's no road map for how an organism that's not a bacterium lives and works together on this planet in numbers in excess of 6 billion. But 2006 gave us some ideas. This is an opportunity to build a new kind of international understanding, not politician to politician, great man to great man, but citizen to citizen, person to person. It's a chance for people to look at a computer screen and really, genuinely wonder who's out there looking back at them. Go on. Tell us you're not just a little bit curious.

Web Users Of Content Sites Time's "Person Of Year" (BLOOM)

By Dan Hart And Courtney Dentch

Bloomberg, December 17, 2006

Dec. 16 (Bloomberg) -- Time Warner Inc.'s Time magazine named Internet users behind the self-made content on sites such as YouTube Inc. and MySpace.com as its ``Person of the Year,'' reflecting the Web's ``digital democracy.''

``For seizing the reins of the global media, for founding and framing the new digital democracy, for working for nothing and beating the pros at their own game, Time's Person of the Year for 2006 is you,'' staff writer Lev Grossman wrote in the cover story.

Time's selection of ``you,'' published in the magazine's Dec. 25 issue, was made from a list of nominees including Iranian President Mahmoud Ahmadinejad, China's President Hu Jintao, former Secretary of State James Baker and North Korean leader Kim Jong Il.

The issue will be on newsstands Dec. 18 and features a reflective mylar cover that allows readers to see themselves mirrored in a computer screen above the word ``you.''

``A mother in Baghdad with a videophone can let you see a roadside bombing, or a patron in a nightclub can show you a racist rant by a famous comedian,'' Time Editor Richard Stengel wrote. ``These blogs and videos bring events to the rest of us in ways that are often more immediate and authentic than traditional media.''

100 Million Videos

YouTube, founded in 2005, draws users that watch 100 million videos a day. That traffic drew a $1.65 billion offer in October from Google Inc., the Internet's most visited search engine, to buy the video-sharing site.

News Corp. bought MySpace.com, a social-network site where users create their own profiles, for $650 million last year, while Yahoo! Inc. has offered $1 billion to buy Facebook.com, a site that started with college students and expanded to allow anyone to use it.

Other Web sites have sprung up to compete with MySpace and Facebook such as Piczo and XuQa.com.

The magazine also recognized ``newsmakers,'' those whose actions in the past year have affected people's lives, for better or worse.

Chavez to Colbert

The list includes Venezuelan President Hugo Chavez, Pope Benedict XVI and Cuba's Raul Castro. U.S. newsmakers included President George W. Bush, Vice President Dick Cheney, former Washington lobbyist Jack Abramoff, Ford Motor Co.'s Bill Ford, comedian Stephen Colbert and the Iraq Study Group.

Last year, Microsoft Corp. Chairman Bill Gates, his wife Melinda Gates and rock star Bono were named by Time as its ``Persons of the Year'' for 2005 for their philanthropic efforts. President Bush was named ``Person of the Year'' for 2004, and the American soldier was chosen in 2003.

``Person of the Year'' doesn't necessarily honor its recipient, and controversial cover choices for issue have included Adolf Hitler in 1983 and Josef Stalin in 1939 and 1942.

Time magazine started the annual cover story in 1927 with Charles Lindbergh, the aviator who made the first solo trans-Atlantic flight. The first woman selected was Wallace Warfield Simpson, whom Britain's Edward VIII abdicated the throne for, in 1936. The magazine also has awarded the cover to phenomena, such as the computer in 1982.

Other recent winners include New York Mayor Rudolph Giuliani in 2001; Bush in 2000; and, in 1999, Jeffrey Bezos, founder and chief executive officer of Amazon.com Inc.

The only three-time ``Man of the Year'' was former President Franklin Roosevelt in 1932, 1934 and 1941.

"You" Named Time's Person Of 2006 (BBC)

DOJ_NMG_0107255

BBC.com, December 17, 2006

"You" have been named as Time magazine's Person of the Year for the growth and influence of user-generated content on the internet.

The US magazine praised the public for "seizing the reins of the global media" and filling the web's virtual world.

Time has been giving out its somewhat controversial awards since 1927, aiming to identify who most affected the news.

Iranian President Mahmoud Ahmadinejad, Chinese leader Hu Jintao and North Korea's Jong-il were 2006 contenders.

Microsoft founder Bill Gates, his wife Melinda and rock star Bono won the accolade last year and recent winners also include President George W Bush, in 2004, and "The American Soldier" in 2003.

'Wresting power'

The magazine said naming a collectivity rather than an individual reflected the way the internet was shifting the balance of power within the media through blogs, videos and social networks.

Time cited websites such as YouTube, Facebook, MySpace and Wikipedia, which allow users to interact with the web, by uploading and publishing their own comments, videos, pictures and links.

"It's about the many wresting power from the few and helping one another for nothing and how that will not only change the world, but also change the way the world changes," Time magazine's Lev Grossman writes.

Time praised the tool that made such broad collaboration possible - the web.

"It's a tool for bringing together the small contributions of millions of people and making them matter," Mr Grossman said.

Time aims to pick "the person or persons who most affected the news and our lives, for good or for ill".

Previous winners have often sparked controversy - including Adolf Hitler in 1938 and, in 1979, Iran's Ayatollah Khomeini.

Fighting The "Prep School" Scandal (NYT)

The New York Times, December 17, 2006

Insiders have long whispered among themselves about bogus “prep schools” where barely literate high school athletes launder their transcripts by taking pablum courses and sometimes by taking no courses at all. The athletes then go on to big-time sports universities, where they fail or exhaust their playing years before landing back on the streets without job prospects or college degrees.

The prep school scheme was meant to circumvent academic qualification rules for college athletes laid out years ago by the National Collegiate Athletic Association. The N.C.A.A., which was slow to recognize the seriousness of the problem, has finally adopted policies to root it out. But those policies will not do the job unless the organization takes a hard-line approach with everyone involved, including powerhouse prep schools with friends in high places and college athletics departments that knowingly recruit students who do not meet academic guidelines.

The prep school scheme sends a dangerous message to poor neighborhoods, where young people too often ignore their studies, believing that they will magically become millionaires once the world sees their athletic talents. Even worse, it encourages students to drop out of legitimate schools before graduation — at which point their grade-point averages would be written in stone — to sign up with fake schools that can help them rewrite their academic records.

The N.C.A.A. has begun to scrutinize nontraditional schools for their academic programs and has actually decertified some. The organization has also stepped up its review of athletes’ transcripts and will pay special attention to athletes who attended several schools, showed sudden and implausible jumps in grade-point average, transferred to another school late in the senior year or took an implausible number of courses in one semester.

These measures are encouraging as far as they go. But the N.C.A.A. will need to wade much deeper into the problem if it hopes to break this scheme. For starters, it needs to make clear not just what courses high school athletes need to take to become eligible for college sports, but when they should take them. Until that happens, those who exploit young athletes will always be tempted to counterfeit the academic record at the last possible moment.

This Age Of Anxiety (NYT)

By David Brooks

The New York Times, December 17, 2006

The Sidney Awards, named for Sidney Hook, are a nice way to honor the best magazine essays of the year and to pass along a few nutritious holiday reading recommendations. But if you spend a few weeks poring over the highlights from a year’s worth of magazines, you also get a window on the spirit of the times.

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And 2006, let it be said, felt to many like the year of losing ground. There was a general sense that the forces of moderation in the Middle East were losing ground to the forces of radical Shiism. (The folks at Time are crazy if they don't name Nasrallah, Ahmadinejad and Sadr People of the Year.)

There was also a sense that we were losing ground in Iraq. One of the best magazine writers on that story, George Packer of The New Yorker, tended to profile American dissidents who were trying to change the way we fight that war.

In an April essay, "The Lesson of Tal Afar," Packer followed Col. H. R. McMaster, who argued that the Iraq war was as much a psychological and anthropological problem as a military and political one. Then, in December, his "Knowing the Enemy" appeared, about freethinkers in the Pentagon and elsewhere who were studying how Hezbollah and the Iraqi insurgents create narratives that demoralize their enemies, energize believers and create a sense of historical momentum.

One gets the feeling from his articles that America's enemies are playing a different game. They're waging an open-source campaign for cultural symbols, while we're oblivious to anything we can't drive over or kill.

The next great source of anxiety in 2006 was economic. The most influential article on this subject was Alan Blinder's essay "Offshoring: The Next Industrial Revolution" in Foreign Affairs. Blinder undermined many moderate Democrats' faith in free trade by arguing the negative effects of globalization will be much broader than previously thought. It's not just the unskilled who will lose jobs, but also people who provide "impersonal services" that can be delivered over the Internet: radiologists, accountants, even college professors.

Two or three times more Americans work at these sorts of jobs, Blinder observed, than work at manufacturing jobs.

Then there was a series of articles propelled by parental anxiety. In The Atlantic, Caitlin Flanagan wrote "Are You There God? It's Me, Monica," a sharp look at the way fellatio is supposedly becoming a casual element in teenage friendships.

"I'm not, however, terrified by the oral-sex craze," Flanagan wrote. "If I were to learn that my children had engaged in oral sex — outside a romantic relationship, and as young adolescents — I would be sad. But I wouldn't think that they had been damaged by the experience; I wouldn't think I had failed catastrophically as a mother, or that they would need therapy. Because I don't have daughters, I have sons."

Political writers offered policy prescriptions to parents who were falling behind. Karen Kornbluh wrote "Families Valued," in Democracy: A Journal of Ideas, on ways Democrats could make life easier for busy "juggler families." Yuval Levin had a parallel essay called "Putting Parents First" in The Weekly Standard, urging Republicans to face up to the tensions between free market dynamism and healthy family stability.

Finally, there was the sense the forces of decency were losing ground to primordial ugliness, especially anti-Semitism. John Mearsheimer and Stephen Walt wrote a fevered essay on the power of the Israel Lobby, which cleared ground for a million anti-Semitic rants. Jimmy Carter has just published a book intended to make Israelis look like racists.

I'm not sure the classic essay on this latest recrudescence has been written, but Anne Applebaum had a useful piece in Slate called "Holocaust Denial Is No Joke," and Adam Garfinkle has a comprehensive look at "The Madness of Jewcentricity" in The American Interest.

It all adds up to quite a gloomy — though well-crafted — collection of essays, culminating in a National Journal piece by Paul Starobin called "Beyond Hegemony" on life in an age of declining American power.

I have to say, I'm as pessimistic about the Middle East as the next guy, but most of this broader existential gloom about America is absurd. The U.S. is in extraordinarily strong shape economically and socially. And whatever their short-term strengths, the Sadrs of the world simply do not have a social model that large numbers of people will want to live under.

Buck up, but stay informed.

Moderate Ex-President Takes Early Lead In Iran Vote (NYT)

By Nazila Fathi

The New York Times, December 17, 2006

TEHRAN, Dec.16 — Early electoral returns on Saturday suggested that a moderate former president, Ali Akbar Hashemi Rafsanjani, had a strong a lead over a conservative opponent in at least one of the elections held Friday.

The semi-official Fars news agency reported that most candidates on the slate led by Mr. Rafsanjani were headed for a victory in the elections for the 86-member Assembly of Experts. Muhammad Taqi Mesbah-Yazdi, the hard-line cleric, had also received enough votes to get elected. Other Web sites reported that Mr. Rafsanjani received far more votes personally than Mr. Mesbah-Yazdi.

Officials close to President Mahmoud Ahmadinejad backed Mr. Mesbah-Yazdi, who has often declared his opposition to democracy. "The vote for Mr. Rafsanjani was a clear message showing that the average middle class who came out to vote for

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him against Mr. Ahmadinejad last year has become stronger," said Saeed Leylaz, a political analyst. "This is because of Mr. Ahmadinejad's radical and wrong policies."

Mr. Rafsanjani lost the election for president last year to Mr. Ahmadinejad in a runoff.

The Interior Ministry said Sunday that the turnout for the double elections held Friday, the local council elections and the Assembly of Experts, was around 60 percent.

That is above the previous figure of 12 percent in 2003 for the local city council elections and 46 percent in 1998 for the Assembly of Experts.

The turnout carries political significance, and the results could suggest whether Mr. Ahmadinejad still enjoys strong popularity or people were casting their votes to protest his policies.

Reformers said they had won a majority in the local councils in at least four cities — Arak, Golestan, Ilam and Bushehr — where the counting had been completed, their Web site emruz.info reported.

Most analysts are expecting the 15-member council in Tehran to be divided among the reformers, the supporters of Mr. Ahmadinejad and supporters of the current mayor, Mohammad Baqer Qalibaf, also a hard-liner.

But reformers said they feared that the votes could be tampered with by supporters of Mr. Ahmadinejad, who were responsible for supervising the elections. In a statement on their Web site, they warned that if votes were tampered with, "There will be huge costs."

Early Results: Iran's Conservatives Lead (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, December 17, 2006

Early returns on Saturday showed hard-line President Mahmoud Ahmadinejad's conservative opponents leading in elections for local councils and a powerful clerical body, widely considered a test of popular approval for the hardline leader.

Ahmadinejad's anti-Israel rhetoric and staunch stand on Iran's nuclear program are believed to have divided the conservatives who voted him into power. Some conservatives feel Ahmadinejad has spent too much time confronting the West and failed to deal with Iran's struggling economy.

Tehran newspapers and semiofficial news agencies reported unofficial results Saturday showing that no single party would be able to claim outright victory in Friday's elections, partly because of divisions within the conservative faction.

Iran's political scene is broadly split between conservative and pro-reform camps.

Officials have said preliminary results are expected Sunday, with final results coming Monday or later.

The semiofficial Mehr news agency said unofficial results showed candidates who support Ahmadinejad trailing in Tehran's municipal elections behind supporters of Mayor Mohammed Bagher Qalibaf, a moderate conservative.

Former President Hashemi Rafsanjani, considered an Ahmadinejad opponent, was leading in the Assembly of Experts election in Tehran, the official Islamic Republic News Agency reported. The assembly is a body of 86 senior clerics that monitors Iran's supreme leader and chooses his successor.

The race for the assembly is dominated by two main rivals: Rafsanjani and Ayatollah Mohammad Taqi Mesbah Yazdi, widely seen as Ahmadinejad's spiritual mentor.

Reformists are hoping the local elections would show there is still public support for their policies. They held the presidency and dominated parliament and local councils in the late 1990s and early 2000s, but hard-liners have dominated in recent years.

Government officials touted Friday's high voter turnout as a "message" to the West.

"Through their impressive turnout under the current sensitive circumstances, the Iranian people sent a clear message to enemies of Iran's development," IRNA quoted Interior Minister Mostafa Pourmohammadi as saying.

The minister was apparently referring to Western critics of Iran's nuclear program. Iran says its program is intended only for generating fuel, but the U.S. and its European allies believe it aims to produce nuclear weapons.

Iran started having council elections after a reform introduced in 1999 by President Mohammed Khatami.

More than 233,000 candidates ran for more than 113,000 council seats in cities, towns and villages across the vast nation on Friday. Local councils elect the mayor and approve community budgets and planning projects.

All municipal council candidates, including some 5,000 women, were vetted by parliamentary committees dominated by hard-liners. The committees disqualified about 10,000 nominees, reports said.

DOJ_NMG_0107258

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 17, 2006 7:45 AM EST

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TERRORISM NEWS:

British Pilots Say No To Armed Marshals (WT)

By Audrey Hudson

The Washington Times, December 17, 2006

British pilots oppose a proposed change in the United States' visa-waiver program that would require participating countries to provide armed security on U.S.-bound foreign airlines or allow U.S. air marshals to protect such flights.

"Any need to carry weapons on aircraft should be recognized as a failure of the airport security systems," the British Air Line Pilots Association (BALPA) said.

British pilots favor "proper passenger profiling" through a "database of potential terrorists, their known aliases and all their known associates as well as known disruptive passengers," the association said in a statement provided to The Washington Times.

Jarrod Agen, spokesman for the Homeland Security Department, said the program is in the early stages of being revamped to strengthen security, and changes still need to be discussed with foreign governments and approved by Congress.

"This is part of the issue, to have the ability to have federal air marshals on these international flights as part of the visa-waiver program," Mr. Agen said.

The proposal says the United States will ask the 27 countries that participate in the visa-waiver program to cooperate with the air marshal program.

"The United States benefits from the enhanced security of allowing U.S. federal air marshals to operate aboard international flights to and from the United States," it states.

The air marshal program requires personnel be sharpshooters who are able to requalify at a shooting range several times a year and carry Sig Sauer 9mm pistols.

Armed U.S. marshals already are permitted to fly on U.S.-owned airlines overseas. If air marshals in other countries do not meet U.S. standards, one option is to provide U.S. marshals for foreign airlines, Mr. Agen said.

The air marshal initiative is one of several reform measures the Homeland Security Department is pushing for the participating countries, including electronic travel authorizations, a passenger information exchange and stronger airport security standards.

"The United States will equally accept the burden of new security measures and will not require citizens of visa-waiver countries to adopt measures that we are unwilling to undertake ourselves," Homeland Security Secretary Michael Chertoff said.

The visa-waiver program allows travelers from participating countries to enter the United States without a visa if they have an e-passport with biometrics data, or a machine-readable passport issued before Oct. 26.

"Long-distance flights are in jeopardy" if not protected by armed marshals, former air marshal Robert MacLean said.

"The key to the [Federal Air Marshal Service] being successful is to have [marshals] on as many different flights that can be covered," said Spencer Pickard, an air marshal in Las Vegas.

David Mackett, a commercial airline pilot and president of the Airline Pilots Security Alliance, said there is no alternative to defending aircraft with armed weapons, but that protection by marshals is too costly.

"With 30,000 flights a day, using air marshals, it would cost $14 billion per year and take a force the size of the U.S. Coast Guard -- it simply can't be done," Mr. Mackett said.

Instead, he said Congress should revamp the Federal Flight Deck Officer program to encourage more pilots to seek weapons training.

"Using armed pilots, we could protect every flight in the sky for about $30 million a year because the pilots ask no compensation," Mr. Mackett said.

The BALPA threatened to strike when Congress voted to allow American pilots to carry weapons when flying overseas, and the measure was withdrawn.

"BALPA is indeed still opposed to armed air marshals," spokesman Keith Bill said last week.

Unfinished Business (NYT)

The New York Times, December 17, 2006

Some recent images from George W. Bush's war on terror:

-- Jose Padilla, the supposed dirty bomber, submitting while guards blindfolded him and covered his ears for a walk from his cell to a dentist's chair.

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-- Government lawyers arguing that a prisoner could not testify that he was tortured by American agents, because their brutality was a secret.

-- A judge dismissing another prisoner's challenge to his detention, after a new law stripped basic rights from those Mr. Bush has designated "illegal enemy combatants."

-- The White House scorning lawmakers' attempts to rein in Mr. Bush's illegal domestic spying.

This is the legacy of a Republican Congress that enabled the president's imperial visions of his authority. It leaves the new Democratic majority with much urgent, unfinished business to restore due process, civil liberties and the balance of powers.

Military Tribunals

In the heat of the midterm campaign, Congress was stampeded into establishing military courts for suspected terrorists. The measure improved on Mr. Bush's own kangaroo courts, which were struck down by the Supreme Court. But the bill over all was a national disgrace.

Among the many things that Congress needs to fix are the bill's broad definition of "illegal enemy combatant," which could subject legal United States residents to summary imprisonment; its repudiation of the Geneva Conventions to allow the president to decide what prisoner abuse he will permit; its denial of the basic right of appeal to any noncitizen designated as an "illegal enemy combatant"; and its stripping of the powers of federal courts. The law is also far too lax on the use of coerced evidence and secret evidence. The definition of torture should be changed to reflect civilized norms.

We were greatly encouraged last week when Senator Patrick Leahy, the Vermont Democrat who will head the Judiciary Committee, said fixing this bill would be a priority for his panel.

The C.I.A. Prisons

At the insistence of Mr. Bush and Vice President Dick Cheney, the Military Commissions Act gave legal cover to the Central Intelligence Agency's secret illegal prisons, which house foreign citizens who are often abducted off the streets of their hometowns and brutalized. Congress should at minimum bring these prisons under the rule of law, and make sure that C.I.A. interrogators are given clear instructions comporting with American values. Ideally, Congress would investigate and decide whether this operation has any national security value, and if it doesn't, immediately close the prisons down.

Domestic Spying

Mr. Bush personally authorized the National Security Agency to ignore federal law and eavesdrop on telephone calls and e-mail between the United States and other countries without a warrant. Republican lawmakers have introduced bills that would legalize the program after the fact. The only remotely sensible measure is from Senator Dianne Feinstein, the California Democrat who has proposed forcing the eavesdropping back under the 1978 surveillance law and giving the administration a bit more flexibility to do electronic surveillance.

But we agree with Senator John Rockefeller IV, the incoming chairman of the Senate Intelligence Committee, who says more needs to be known about the program before enacting new laws. The administration has stymied Congressional efforts to look into the spying operation, refusing even to turn over the presidential order creating it.

The Intelligence on Iraq

Nearly two and a half years ago, the Senate Intelligence Committee reported on the nation's spy agencies' prewar failure to figure out that there were no weapons of mass destruction in Iraq, and promised to deliver a report on whether Mr. Bush and his team pressured the agencies to cherry-pick or hype evidence — or lied outright to Americans.

Senator Pat Roberts of Kansas, the Republican head of the intelligence panel, dragged out the second phase of the report, with the aim of killing it. We hope Mr. Rockefeller finishes the job.

That will require heavy lifting on the most important section, comparing the statements of administration officials to what they knew about the intelligence. Mr. Roberts insisted that it cover every public statement by any administration official or member of Congress dating back to 1991. What President Bill Clinton or Senator Hillary Clinton said about Iraq is irrelevant. What matters is what was said by Mr. Bush and Mr. Cheney — who ordered the invasion of Iraq — and by their aides. We hope Mr. Rockefeller's committee will sift through the hundreds of statements collected so far and focus on the ones that matter.

Unhappily, this is not an exhaustive list and there will be big fights over many of these issues. But it is not too late to take action. The midterm elections prove that despite all the posturing and fearmongering, the American public has not been blinded or deafened to what this country stands for and the need for truth.

Blocking Justice (WP)

By Emily Bazelon

The Washington Post, December 17, 2006

On Wednesday, a federal judge dismissed the habeas corpus petition of Salim Ahmed Hamdan, a detainee at Guantanamo Bay, Cuba. Latin for "you have the body," habeas corpus allows detainees to ask a court to order their warden to

explain the basis for their detention. Hamdan's petition was dismissed because of the Military Commissions Act, which Congress passed last fall to take away the habeas rights of Guantanamo Bay detainees. The MCA is a classic example of "jurisdiction stripping." When the courts hand down rulings that Congress doesn't like, lawmakers sometimes retaliate by trying to take away their power to hear certain kinds of cases, or by strictly limiting what they can do.

That is also the story behind another case this week, in which the Supreme Court reversed a lower court's decision to grant a new trial in a murder case. At the original trial, the victim's family members wore large buttons with his picture on them, which the U.S. Court of Appeals for the 9th Circuit ruling violated the rights of the defendant, Mathew Musladin. Musladin brought a habeas corpus petition arguing that the buttons could have prejudiced the jury. Most of the Supreme Court justices agreed that seeing the victim's picture every day didn't exactly dispose the jury to be more fair. But the federal courts could not intervene, they ruled unanimously, because of a 1996 statute that allows them to give habeas relief only when the state courts have gotten the law utterly wrong.

Why does Congress get to take cases away from judges? In his book "America's Constitution," Yale law professor Akhil Reed Amar points out that judges weren't the heroes of the revolution. They were appointed by the British crown. The Constitution's drafters gave Congress weapons to use against the courts without giving judges much to defend themselves with. The president can draw his veto pen if Congress goes after him. The Supreme Court has to find a straight-faced way to declare a law unconstitutional when it weakens the judiciary's powers, Amar writes.

The MCA is such a law. It also may be unconstitutional in some cases. But Hamdan's case isn't one of them, according to last week's ruling by U.S. District Judge James Robertson. Hamdan's problem is that he's a non-citizen whose contact with the United States has been "involuntary." The MCA stripped Hamdan of the right to habeas corpus granted by federal statute. There are also constitutional rights to habeas. But non-citizens don't have the sort of "substantial connection with our country" that justifies invoking the constitutional right to habeas corpus, the Supreme Court ruled in 1990 in United States v. Verdugo-Urquidez.

If Robertson is right that this ruling applies to Hamdan -- a question the Supreme Court will eventually settle -- hundreds of Guantanamo Bay detainees won't get federal habeas review either.

The limitations of habeas review, in the wake of Congress's tinkering, are on display in cases such as Musladin's. The legislation that Congress passed in 1996 says that the federal courts can't grant a habeas petition that state courts have turned down unless the state court decision "was contrary to, or involved an unreasonable application of, clearly established Federal law, as determined by the Supreme Court." That is a high bar. The ruling in Musladin's case underscores how high: The 9th Circuit was wrong to spend its time determining whether it was fair for the victim's family to wear the photo buttons in front of the jury. Instead, the federal courts can only look to see whether the Supreme Court has already said it's not fair.

There are reasons for federal judges to defer to state judges -- among them the principle of comity, according to which different branches of government show respect for one another, and the principle of finality, which in this context basically means that you get your habeas crack in the state courts, and that's enough. But habeas review has historically given defendants a chance to air their appeals outside the state system, with its giant caseloads and sometimes rushed rulings. Congress's 1996 habeas law has largely choked off this avenue. Consider Justice Anthony M. Kennedy's concurrence in Musladin's appeal. "Buttons proclaiming a message relevant to the case ought to be prohibited as a matter of course," he wrote, and called for a new rule to make it so -- in a future case. In other words, too late for Mathew Musladin.

If Musladin's predicament doesn't move you, consider that of Paul Gregory House. Twenty years ago, a Tennessee jury convicted him of a woman's murder after FBI testing appeared to show his semen on her clothing and her blood on his jeans. He was sentenced to death.

Then DNA testing showed that the semen on the victim's clothes came from her husband, and that the blood on House's jeans came from autopsy samples that spilled in the crime lab. Whoops. But House still had a big problem: His claims of innocence were barred by state procedural rules. Would the federal courts pry open the doors?

It was hardly a slam-dunk. Last June, in a dissent by Chief Justice John G. Roberts Jr., four justices said that the courts need not reconsider House's appeal, because he had not proved his innocence. But five justices said that House should get his second day in court because he had shown that it was likely that no reasonable juror would find him guilty beyond a reasonable doubt.

Even so, House doesn't get out of prison, nor is he spared the death penalty. He doesn't automatically get a new trial. Because of the 1996 habeas law, he has to plunge back into the procedural thicket.

Letting Congress strip the courts of the authority to hear certain claims or cases means giving more power to the people, who can elect their lawmakers but not their federal judges. From a pre-revolutionary vantage point, that made sense. But these days it's more often judges whom we can count on, if we can count on anyone, to stand up for the procedural rights of murder defendants and Guantanamo Bay detainees. Should Congress be able to block them?

DOJ_NMG_0107262

Emily Bazelon writes about family issues and law for Slate, the online magazine at www.slate.com.

HOMELAND RESPONSE:

Showdown Looms Over Domestic Spying (AP)

By David Kravets

AP, December 16, 2006

SAN FRANCISCO --Federal agents continue to eavesdrop on Americans' electronic communications without warrants a year after President Bush confirmed the practice, and experts say a new Congress' efforts to limit the program could trigger a constitutional showdown.

High-ranking Democrats set to take control of both chambers are mulling ways to curb the program Bush secretly authorized a month after the Sept. 11 attacks. The White House argues the Constitution gives the president wartime powers to eavesdrop that he wouldn't have during times of peace.

"As a practical matter, the president can do whatever he wants as long as he has the capacity and executive branch officials to do it," said Carl Tobias, a legal scholar at the University of Richmond in Virginia.

Lawmakers could impeach or withhold funding, or quash judicial nominations, among other measures.

The president, however, can veto legislation, including a law demanding the National Security Agency obtain warrants before monitoring communications. Such a veto would force Congress to muster a two-thirds vote to override.

"He could take the position he doesn't have to comply with whatever a new Congress says," said Vikram Amar, a law professor at the University of California, Hastings, and a former Supreme Court clerk.

Douglas Kmiec, a former Justice Department official under former presidents Reagan and George H.W. Bush, speculated the younger Bush would assert executive authority to continue eavesdropping in the face of new legislation -- perhaps leaving the Supreme Court as the final arbiter.

"He has as much a constitutional obligation to assert himself, just as much as Congress does," Kmiec said. "We do need an arbitrator, an interpreter. That's what the courts, the third branch of government, was intended to be."

On Dec. 17, 2005, Bush publicly acknowledged for the first time he had authorized the NSA to monitor, without approval from a judge, phone calls and e-mails that come into or originate in the U.S. and involve people the government suspects of having terrorist links.

Bush said he had no intention of halting what he called a "vital tool" in the war on terror.

When the Republican-controlled Congress adjourned last week, it left the spying program unchecked.

The next move falls to the Democrats who take control in January and are considering a proposal to demands Bush get warrants and others lengthening the time between surveillance and when a warrant must be obtained.

A spokesman for Sen. Harry Reid, the incoming Senate majority leader from Nevada, said the eavesdropping issue "is something he expects to tackle early next year."

"He doesn't believe in giving the president a blank check to listen to the phone conversations of millions of Americans," spokesman Jim Manley said.

Jennifer Crider, a spokeswoman for Nancy Pelosi, the San Francisco Democrat who will become House speaker, said eavesdropping legislation was under consideration and hearings on the topic were likely early next year.

Decisions are pending in dozens of lawsuits challenging the program.

The Cincinnati-based 6th U.S. Circuit Court of Appeals, the highest court squarely confronted with the issue so far, is to hear the American Civil Liberties Union's challenge Jan. 31. One stop short of the Supreme Court, the appeals court will review a Detroit judge's ruling that the program was unconstitutional.

The case is American Civil Liberties Union v. National Security Agency, 06-2095.

Padilla Terror Case Gets Closer Look (LAT)

By Richard A. Serrano

The Los Angeles Times, December 17, 2006

WASHINGTON — A federal judge in Miami will soon make one of the most important rulings in the Bush administration's war on terrorism and decide whether to publicly explore evidence that an accused terrorist was brutally mistreated for years inside a one-man isolation cell.

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The allegations involve Jose Padilla, a U.S. citizen once portrayed as one of the most dangerous Al Qaeda operatives ever arrested. Padilla's lawyers have asked U.S. District Judge Marcia Cooke to set him free because of the abuse they say he suffered.

Though federal judges rarely dismiss criminal charges before trial, the allegations are so extreme that they may prompt Cooke to hold a pretrial hearing in what would be the first public court examination into how detainees were handled after the Sept. 11 attacks.

Padilla's lawyers also hope to shut down his case by proving that his incarceration as an "enemy combatant" at a Navy brig for more than three years without charges had left him incompetent to stand trial.

Any hearing before the trial, scheduled for next month, could prove explosive, as defense lawyers are leaning toward putting Padilla on the witness stand. That too would be a first — a Sept. 11-era detainee testifying about his treatment.

He has told his lawyers and mental-health experts that he was held without sunlight, adequate food or a clock, and was injected with truth-serum drugs to coerce him to talk. At times, he said, his wrists and torso were chained to the cell floor.

Further heightening the drama is a defense request to question military officials about conditions at the brig. Some officials have expressed concerns in written reports that Padilla and two other enemy combatants held in the brig outside Charleston, S.C., were abused.

'No merit whatsoever'

Federal prosecutors repeatedly have denied that Padilla was mistreated. "Mr. Padilla's allegations of torture have no merit whatsoever," prosecutors said in court filings.

Padilla was arrested in 2002 on suspicion of trying to detonate a radioactive "dirty bomb" in the U.S. The Department of Justice, led by then-Atty. Gen. John Ashcroft, castigated Padilla as a major terrorist menace but eventually scaled back its assessment and filed lesser charges of conspiracy.

Prosecutors say they can prove he was part of a "North American terror support cell" that sent money and supplies to terrorists in Bosnia and Chechnya. The government is urging the judge to deny Padilla's dismissal request — without airing the claims in a court hearing.

The judge, a former federal prosecutor and a defense lawyer appointed to the bench by President Bush, has scheduled a meeting Monday with both sides, and could rule then on the torture and competency questions.

Should she grant a hearing into the allegations, that would mark a major victory for criminal defense lawyers and human rights activists who have said the administration routinely violated the constitutional rights of detainees arrested after the 2001 terrorist attacks on New York and the Pentagon.

"This is a very fair judge," said Neal Sonnett, a Miami attorney who chaired an American Bar Assn. task force on enemy combatants. "She's very bright. She knows the law very well. And I think this is the kind of case in which the court understands that the world is watching."

Chances of dismissal

Sonnett and other legal experts noted that dismissal motions seldom are granted because they deny prosecutors the chance to put on their case.

"A lot of bad things were probably done to Mr. Padilla," said Carl Tobias, a law professor at the University of Richmond in Virginia who has monitored many of the terrorism cases. "But that doesn't mean you automatically get a dismissal."

Padilla, 36, was born in Brooklyn, raised in Chicago and, after embracing Islam in South Florida, moved to Egypt where he allegedly became involved with terrorist groups.

He was taken into custody in May 2002 at Chicago's O'Hare International Airport after stepping off a plane from Zurich. Law enforcement officials said his arrest broke up a plot in which Padilla was sent back to attack targets in the U.S.

In June 2002, Bush designated him an "enemy combatant," and the military put him in the Navy brig. In November 2005, he was charged with aiding terrorists abroad. Last January, he was moved to a federal jail in Miami to await trial. He was moved into the federal system before the Supreme Court could rule on whether a U.S. citizen could be indefinitely detained as an enemy combatant.

Andrew Patel of New York, one of the defense lawyers, said the defense was not allowed into the brig until March 2004, only to discover that Padilla was alone in a two-tiered wing of 10 cells.

"Mr. Padilla was the only person housed in that unit," Patel said. "He had no contact with other human beings."

Patel said the cell windows were blocked; no natural light entered the 9-by-7 space. There was no mirror, no clock, no calendar: just a slot in the door for food and a steel platform for a bed.

Sometimes Padilla suffered deep chest pains and feared a heart attack. "He could neither breathe nor move," Patel said.

Another time, Patel said, Padilla smelled a "terrible odor" and believed that guards had pumped a noxious gas into the cell.

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He was often kept awake by loud noises or low temperatures, Patel said. Other times, he says, he was given a truth serum that lawyers said they believed was some form of LSD or PCP.

He coughed up blood, Patel said. He repeatedly scratched the back of his hand. He rapidly blinked his eyes. Goose bumps dotted his arms and neck.

Sometimes he sat bolt upright in his chair, as "if he had been stuck by a cattle prod." He showed little emotion about his trial, Patel said, seeming more like "a piece of furniture."

When Patel tried to discuss the case, he said, Padilla would beg off. "Please, please, please," he would say, fearful that if he helped his lawyers, he would be returned to the brig and solitary confinement.

Observations from experts

Dr. Angela Hegarty, a New York psychiatrist who examined Padilla for the defense over five days in June and September, told the judge the prisoner often "begged his guards not to put him in the cage."

She said Padilla could not understand that his trial was drawing near. "He has large memory gaps related to his detention, and he is unable to place events in chronological order," she said.

She concluded that Padilla, whom she said believed he was going to die during his detention, is suffering from post-traumatic stress disorder. "Mr. Padilla," she said, "periodically concludes that no matter what, win or lose, he will be going back to the brig, where he will die."

The defense team filed a new report Wednesday from Patricia Zapf, a clinical psychologist in New York, who examined Padilla twice in October. She concluded he suffered from depression and paranoia, and had "difficulty with memory, attention and concentration."

She said he told her that he did not want to testify — that he feared it would be too much like what he underwent during interrogations. Padilla "appears to be in a fragile psychological state," Zapf concluded.

Though it is not clear whether the government has had its own experts examine Padilla to counter what the defense has learned, prosecutors have insisted Padilla was never harmed.

"The government in the strongest terms denies Padilla's allegations of torture — allegations made without support and without citing a shred" of evidence in court, they told the judge in court filings. They declined to discuss the case outside of the courtroom.

Government lawyers also told the judge that she should rule on Padilla's competency before deciding whether to hold a hearing into the torture allegations — pretrial skirmishing that could delay the long-awaited trial.

Indeed, much is weighing on the judge. Cooke, 52, began her career as a Legal Aid attorney and public defender in Michigan and worked through most of the 1990s in the U.S. attorney's office in Miami. Bush appointed her to the federal bench in November 2003; she was confirmed the following May.

She has proved decisive in the Padilla matter already, ruling in August that there were overlapping charges filed against him. She dismissed the most serious conspiracy charge, which could have brought a life sentence, and left intact two counts that could get Padilla 20 years for providing material support to terrorists.

Twenty years is far less than what the government wants; they have appealed her decision.

WAR NEWS:

Go Big, Go Long, Go Wide: Bush's No-exit Options For Iraq (AP)

AP, December 16, 2006

WASHINGTON- President Bush has taken the most dramatic options off the table as he tries to change direction in Iraq, leaving him with a list of modest military and diplomatic moves to announce in the new year.

Bush probably will ignore the boldest suggestions from a bipartisan commission that studied U.S. options in Iraq, adopting some of the group's lesser prescriptions alongside those drafted by his civilian and military advisers.

The White House National Security Council has compiled recommendations from several agencies as the administration's internal reassessment of Iraq policy nears an end. Bush plans to address the nation in early January, two months after heavy Republican losses in congressional elections.

A look at some of the president's options:

On the military front, there are various ways to "go big," by adding 10,000 to 20,000 troops to the approximately 135,000 U.S. forces in Iraq. Bush has gotten competing advice about how many troops to add, whether to define their mission as temporary or long term and whether to add troops at all.

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Some military officers doubt that the results from any increase would be worth the damage to the Army's readiness. Others advocate adding forces and launching an offensive against Shiite militia leader Muqtada al-Sadr while increasing industrial and economic aid to civilians.

Sen. John McCain, R-Ariz., has said the U.S. should send five to 10 more brigades of combat soldiers, translating to 15,000 to 30,000 additional troops. The current U.S. force includes about 15 combat brigades made up of 50,000 to 60,000 soldiers. Bush has been told that adding up to 20,000 troops would be fairly easy to arrange and a short-term surge of up to 50,000 could be done with difficulty.

The additional troops would be assigned primarily in Baghdad, where sectarian killing has surged out of control in the past 10 months. Some could go to Anbar province, where U.S. forces have been unable to dislodge the Sunni-led anti-government insurgency.

Another element of the "go big" idea is increasing the total size of the military. The chiefs of the Army and Marine Corps want to expand the size of their services, although departing Defense Secretary Donald H. Rumsfeld opposed it. He cited an estimated cost of $1.2 billion a year for each 10,000 extra troops. The Army also wants the ability to mobilize Guard and Reserve troops more frequently than is now allowed; some in Congress are likely to resist such a change.

Bush probably will reject the Iraq Study Group's recommendation to pull back most combat forces by early 2008. Proposals before him include integrating or embedding more U.S. advisers in Iraqi Army units to provide guidance on tactics and leadership. The long-term goal would be a shift away from a primarily combat role, which some advisers say consigns U.S. forces to a defensive posture as they await the next attack by insurgents.

No matter how it is calibrated, this "go long" shift would reinforce the administration's recognition that U.S. troops will be in Iraq for years to come. Bush has rejected any suggestion for a quick withdrawal of U.S. forces, as some lawmakers recommend, and probably will not set a firm exit timetable. He is likely to endorse the basic idea recommended by the commission and others to condition at least some U.S. military and economic engagement to the performance of Iraq's government. Economic steps could include a significant jobs program. Unemployment in Iraq is estimated at between 20 percent and 60 percent.

Diplomatic options include expanding the U.S. outreach to various centers of power in Iraq and engaging Iraq's neighbors to help in a more vigorous and formal way - the "go wide" strategy. Bush probably will endorse elements of this approach while ruling out a new overture to U.S. adversaries Iran and Syria.

The State Department has recommended the U.S. keep supporting the shaky government of Prime Minister Nouri al-Maliki but "diversify our portfolio," as one official put it. Seeking common ground with leaders in and out of government would help protect U.S. interests if, for example, al-Maliki were to lose power.

The starkest choice for diplomacy is one Bush is almost certain to reject: stop trying to recruit greater Sunni participation in a unified government and cast U.S. fortunes with the Shiite and Kurdish majority. Sunnis make up about 20 percent of the population but are blamed for fanning insurgent violence that accounts for most U.S. casualties.

A competing plan would woo the Sunni elite by guaranteeing them a share of oil revenue and reversing the previous policy of "de-Baathification," which purged ex-members of Saddam Hussein's Sunni-led Baathist rule from the top layers of government institutions.

Bush is weighing plans for a more structured network of Arab nations with a goal of clamping down on the violence in Iraq. This regional forum could become an expanded version of an existing State Department-backed initiative, offering a framework for countries to discuss Iraq and meet with Iraqi leaders.

Such a partnership presumably would have to include Iran and Syria. Those countries, which share borders with Iraq, hold great influence inside Iraq. U.S. diplomats would participate alongside Iranian and Syrian representatives but Bush probably will not endorse direct negotiations with them, as the Iraq Study Group recommended.

Secretary of State Condoleezza Rice has said both nations would probably use direct talks to seek unacceptable "compensation" from the United States. If Iran and Syria see it as in their interest to help Iraq they will do so on their own, she suggested to reporters last week.

Bush also is likely to endorse a renewed effort to resolve other Middle East conflicts as a means to an end in Iraq.

Stubborn Or Stalwart, Bush Is Loath To Budge (WP)

By Peter Baker

The Washington Post, December 17, 2006

In the late 19th century, the queen of England sent the president of the United States a desk made from the timbers of a decommissioned ship, the HMS Resolute. Almost every occupant of the White House since then has made the Resolute his desk. Perhaps more than most, President Bush has taken its name to heart.

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But now, as Bush rethinks his strategy in Iraq and approaches one of the most fateful moments of his presidency, he confronts difficult questions: At what point does determination to a cause become self-defeating folly? Can he change direction in a meaningful way without sacrificing principle?

For Bush, this is a tension that goes to the heart of his political identity and governing style. He captured and retained the presidency in part by portraying two successive Democratic opponents as finger-in-the-wind politicians without a core set of beliefs. The notion of bending to critics or even popular will cuts against his grain. Yet it is also true that at key moments in his career, Bush has been willing to abandon his position and shift gears dramatically.

No position has been more central to Bush's leadership than his decision to invade Iraq in 2003 and his unyielding defense of his conduct of the war ever since. But he went out of his way last week to give the appearance of a man genuinely seeking new ideas as he shuffled between the White House, the State Department and the Pentagon's ultra-secure "tank," and then delayed making a decision while he and his team debated the options.

"I think George W. Bush is a totally pragmatic politician," said former senator Alan K. Simpson (R-Wyo.), a member of the bipartisan Iraq Study Group, which recommended a new course. "He's going to do outreach. . . . He is a total realist. He knows that the solid, march-in-step Republicans, at least in the House, are gone. . . . Now his legacy depends on the national interest, not partisanship."

Others don't buy it. On its Web site last week, the Democratic National Committee said Bush could be "the most stubborn man on Earth" for not immediately embracing the study group's plan. Critics predicted that any new strategy he announces after the holidays will be little more than a dressed-up version of "stay the course." And a recent Washington Post-ABC News poll found that 66 percent of Americans do not think Bush is willing to change his policies in Iraq.

"I just don't believe that this president, with this vice president whispering in his ear every moment, is oriented to change," said retired Col. Larry Wilkerson, who was chief of staff to Secretary of State Colin L. Powell in Bush's first term. "And even if he were, I don't believe his administration is capable of implementing change."

Lawrence J. Korb, a former Pentagon official under President Ronald Reagan, agreed. "When it comes to Iraq, he has basically confused stubbornness with steadfastness," said Korb, who is now at the liberal Center for American Progress. "I think he believes that regardless of what other people say, if he simply stays the course, he'll be eventually proved right. But what he fails to see is the current course isn't working and he has options."

The perception of Bush as unusually stubborn has defined his tenure to some extent, much to the consternation of adversaries and sometimes even allies. But Bush was deeply influenced by the fate of his father, whose decision to break his no-new-taxes pledge as president helped doom his reelection. The lesson: Stick to decisions regardless of shifts in political winds.

The seemingly unshakeable confidence in the rightness of his positions has helped the current president weather political storms that might overwhelm others. For a man who presides over an unpopular war, just lost Congress and faces a final two years with constrained options, Bush gives little sign of self-pity. At holiday parties for friends and family in recent days, he has found himself bucking up others depressed by the turn in his political fortunes. "Don't worry, it's not as bad as it looks," he told one friend visiting the White House. "There's a lot we can get done."

The friend, who shared the private moments on the condition of anonymity, was struck by how upbeat Bush seemed. "But he's not a fool," the friend added. "He knows how bad all this is, trust me. There is some resignation that this is where he finds himself. I know he's got a lot of second thoughts about how he got there. Anybody would."

Bush decided a long time ago that expressing second thoughts publicly would be seen as a sign of weakness, according to some close to him. "I'm oftentimes asked about, 'Well, you're stubborn,' and all this," Bush told a group of conservative journalists in September. "If you believe in a strategy, in Washington, D.C., you've got to stick to that strategy, see? People want you to change. It's tactics that shift, but the strategic vision has not, and will not, shift."

Despite Bush's reputation as unbending, he has reversed himself before in the interest of expediency. During battles over education legislation or funds for religious charities, he changed key positions. Perhaps the most notable example was the creation of the Department of Homeland Security, which he strongly resisted until embracing the idea as if it were his own.

"He always starts out by stressing his maximum position and then doesn't budge until he absolutely has to," said Bruce Buchanan, a professor at the University of Texas at Austin who has watched Bush's career for years. "He could conceivably be doing that right now."

Advisers reject the idea that Bush never changes. " 'Stubborn' is just a convenient characterization that's not really accurate," said Mark McKinnon, his political strategist. McKinnon recalled how Bush pivoted after losing the New Hampshire primary in 2000. "That was a serious blow, and we had to really redirect the campaign strategically. He recognized that we had to amend our strategy, and we did."

John Bridgeland, Bush's former domestic policy adviser, said the president is more interested in other points of view than people think he is. He drills aides with questions that challenge even his own beliefs. "He's like a boxer, and he'll hit you right

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between the eyes with a really tough question," Bridgeland said. "And if you don't have a really good answer, he'll tell you you're losing altitude."

Still, history shows that Bush does not change easily or quickly. For years, he ignored calls to fire Defense Secretary Donald H. Rumsfeld, even when the idea was endorsed by his own top aides. He waited to oust Rumsfeld until the day after midterm elections handed Congress to Democrats -- too little, too late, in the minds of Republicans who grumbled that he cost them their majorities. Robert M. Gates will take over the Pentagon tomorrow with different views about how to proceed. The question is whether Bush will heed him.

"He changes his mind all the time, as any thinking human being would," said David Frum, a former Bush speechwriter and sometime critic. "He probably changes his mind somewhat less than other politicians do, but he's not set in concrete." Having said that, Frum said Iraq is too critical to waver on. "A lot of people want him to change his mind on the central decision of his presidency. And on that, he hasn't, he shouldn't, and he won't."

Ex-Defense Chief Warns On Iraq Direction (WP/AP)

The Washington Post/AP, December 17, 2006

WASHINGTON -- Former Defense Secretary William Perry, a member of the Iraq Study Group, said Saturday that Iraq could turn into a "quagmire" if the Bush administration fails to change strategy.

Perry, who led the Pentagon under President Clinton, delivered the Democratic Party's weekly radio address.

Referring to the Vietnam War, Perry said: "The term 'quagmire' recalls one of the saddest periods in American history, which we do not want to relive. But I believe that is likely to happen if we 'stay the course' in Iraq."

Perry reiterated the recommendations of last week's report from the Iraq Study Group, a bipartisan commission led by former Secretary of State James A. Baker III and former Rep. Lee Hamilton.

"We need to accelerate the training of Iraqi army and police forces," Perry said. "We need to begin to pull out U.S. combat brigades, with the goal of having all except rapid-reaction forces out by first quarter of 2008. ... We need to push friendly regional powers to assist. We need to put pressure on unfriendly regional powers to stop arming militias and fomenting violence. And finally, we need to invigorate the Israeli-Palestinian peace process."

President Bush has been meeting over the last week with current and former military leaders _ as well as advisers from other parts of the government _ to assess possible new strategies for the Iraq war. But he has made it clear he will not map out a new war strategy until his new defense secretary, Robert Gates, has taken over and offered his counsel.

The Iraq Study Group report was critical of just about every aspect of the administration's war policies. Bush welcomed some of its recommendations but dismissed others, particularly the call for withdrawing a substantial number of U.S. troops over the next year.

Perry said he believed the report "will frame the debate in our country this coming year. And it will demonstrate that it is possible, even in the poisonous political climate that now exists, to address important national problems in a truly bipartisan manner."

Roadside Bombs Kill Troops At Highest Rate Of Iraq War (BOS)

By Bryan Bender

The Boston Globe, December 17, 2006

WASHINGTON -- US troops in Iraq are dying in roadside bombings at a higher rate than any period since the war began -- some in follow-up attacks in the same locations -- but commanders still have no effective means to monitor the deadliest routes for patrols, according to Pentagon officials and documents.

Military deaths from roadside bombs have hit an all-time high in recent months: In October, 53 US troops died from improvised explosive devices, while in November, 49 troop deaths were blamed on so-called IEDs -- the second and third highest monthly tolls of the war, official statistics and casualty reports show.

That is far higher than the overall monthly average of 28 IED-related deaths since July 2003, when the data were first compiled. And in the three previous months, between 22 and 29 soldiers and Marines died from roadside bombs.

But the Pentagon office charged with solving the problem is still a step behind the bombers.

Officials at the Joint IED Defeat Organization admit that most of the billions of dollars they get each year goes to developing high-tech gear to detect or disarm bombs rather than addressing the root of the problem: finding out where the bombs come from and who is planting them.

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"The enemy has the ability to freely fabricate IED and car bombs, plant and set ambushes, rocket, mortar and IED attacks, and have the recruits and resources crossing borders to reinforce and resupply the insurgent forces undetected," according to a recent briefing prepared for top Pentagon officials responsible for counter-insurgency strategy.

December is on track to become the deadliest month of all. According to news reports, 53 soldiers died as of Dec. 16; Pentagon data indicates that roughly 60 percent of all casualties this month came from roadside bombings. Throughout much of the war, IEDs have caused about half of all US combat deaths in Iraq, according to a September study by the nonpartisan Congressional Research Service. .

That has spurred outrage among military officers, Pentagon contractors, and members of Congress. They charge that, after spending billions of taxpayer dollars to address the problem there is still virtually no solid intelligence on how the bombers operate.

Senator Gordon Smith , a Republican from Oregon who had been a longtime supporter of the Iraq war, put it bluntly in his critique of the Iraq war on the Senate floor last week:

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day. That is absurd. It may even be criminal. I cannot support that anymore."

The Joint IED Defeat Organization, which had been hailed as the "Manhattan Project" of the roadside bomb problem, "has been a disaster," said Ed O'Connell , a counter-insurgency specialist at the government-funded Rand Corporation in Santa Monica, Calif. , who has advised US commanders in Iraq.

For its part, the organization claims some progress. They say that the percentage of bombs that are disarmed or detonated before they can kill or maim has remained "stable and consistent" over the past 18 months, and they say there are now fewer casualties per IED attack.

The "vast majority" of IEDs are disarmed or otherwise rendered harmless, the office said in a statement.

But officials acknowledged that the number of roadside bombings has "risen dramatically over the last two years," though they would not provide statistics.

That increase has confounded the military and raised questions about whether gathering intelligence on the bombers should be the office's top priority. The Pentagon briefing paper, provided by a defense contractor to the Globe, concluded that there is "an urgent need" in both Iraq and Afghanistan for "persistent surveillance" to track the bombers and neutralize the IEDs.

Congress this fall set aside $100 million to acquire new aircraft for what the military calls "wide field of view" surveillance: watching particularly active areas and intercepting the bombers. The goal would be to make it "a suicide mission" for insurgents to plant a bomb, according to a report attached to the 2007 Defense Authorization Bill.

Cheap and lethal, roadside bombs are the tactic of choice for both Sunni and Shia Muslim insurgent groups opposed to the US military presence. Authorities believe some insurgents are getting supplies and training from Iran and the Lebanese militant group Hezbollah.

Most of the explosives, US officials say, are assembled with munitions left over from Saddam Hussein's arsenal, while others are built from explosives smuggled across Iraq's porous borders. They are triggered by a variety of inexpensive means, including trip wires, cellphones, and household timers, and the insurgents have created increasingly sophisticated bombs to stay a step ahead of US countermeasures.

But in its detailed assessment of the Iraq war, the bipartisan Iraq Study Group concluded that, nearly four years into the war, US forces know little about insurgent operations.

And, after spending almost $2 billion this year on IED countermeasures, according to the study group, the White House "has not put forward a request to invest comparable resources in trying to understand the people who fabricate, plant and explode those devices."

For its part, the IED office told the Globe that it spends 63 percent of its budget on ways to "defeat the device," while only 30 percent goes to attacking "the network" that creates and plants the bombs. The rest of its budget is spent on new training methods for US troops operating in Iraq and Afghanistan.

But military specialists say that the Pentagon needs to pay more attention to dissecting the "kill chain" -- the source of the bomb components, who made the bomb, and who planted it.

"We can't even detect their explosives," said Loren Thompson , a military specialist at the Lexington Institution, an Arlington, Va., think tank that supports strong military preparedness. "We don't have the resources to police or survey every road. The IED problem is a case study of how military transformation has failed.

"It sounds like a threat where good intelligence and good surveillance would make a big difference," she said. "But we don't seem to be able to develop those things."

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That lack of intelligence, however, is not only blamed on the IED office but also on commanders in the field, who some specialists say aren't forthcoming about the extent of the problem.

A previously unpublicized assessment generated by the Republican staff of the House Armed Services Committee and obtained by the Globe effectively accused the generals of hedging the truth when Congress asks what they need to protect the troops.

The 2005 congressional report said that on numerous occasions, generals assured lawmakers that they have "complete [intelligence, surveillance and reconnaissance] coverage over the respective theater battlespace; and in effect, 'they get everything.' " That has repeatedly been proven wrong, it said.

"The assumption then has always been that the troops also 'get everything' in the way of warning and intelligence, but this has not been the case," the report said. "The fact that the enemy still has the ability to go out at night and set dozens of IEDs, mine and cut pipelines, and have hundreds of new recruits coming in to join and reinforce the insurgent forces undetected gives testament to the fact that something is gravely wrong."

Ties That Bind Iraqi Forces Break Easily (LAT)

By Tony Perry

The Los Angeles Times, December 17, 2006

KARMAH, IRAQ — As U.S. forces train Iraqis to take more responsibility in fighting insurgents in Al Anbar province, they say that leadership in the Iraqis' enlisted ranks remains in short supply.

An Iraqi army unit here sagged after the death of one of its soldiers, whom Marines nicknamed Sgt. Barnes after a hard-nosed character in the movie "Platoon." And Marines say the unit's combat effectiveness fell apart after a sergeant they respected was killed by a roadside bomb.

"As long as they have one or two guys who know what they're doing, the rest follow them," said Marine Lance Cpl. Andrew Gendron, 20.

Maj. Sean Riordan, the executive officer of the Marines' 2nd Battalion, 8th Regiment, speaks Arabic and has worked with the armies of Kuwait, Oman, Saudi Arabia and the United Arab Emirates. The problem facing the Iraqis is common to many armies in the Arab world, he said.

"They do not have a very broad-based approach to decision-making," Riordan said. "They are particularly dependent on strong, forceful leaders, and when they lose one, they have trouble continuing."

Master Sgt. Daniel Masters, 44, a 21-year Marine veteran, said armies of the former Soviet bloc faced similar problems because of centralized decision-making. Many of the officers in former Iraqi President Saddam Hussein's army were trained by the Soviets.

Masters is in charge of the Marine contingent at a tiny, ramshackle compound for Iraqi police and soldiers and Marines in this farming community outside Fallouja. The police fled recently after threats from insurgents, and the soldiers were transferred elsewhere. Masters hopes they will return.

A year ago the Marine Corps changed its priorities to emphasize the training of Iraqi security forces. At this station, Marines and Iraqi soldiers went on joint missions but details often had to be withheld from the Iraqis for fear they would inform the insurgents.

"You want to trust them, but you really can't," said Lance Cpl. Robert Warren, 20.

First Lt. Scott Burlison, 38, said he had seen signs that Iraqi troops were improving, but that the soldiers needed better equipment and logistical support from the central government in Baghdad.

The effort to work with Iraqi forces also has helped improve relations with the local population, he said.

"They're not so much negative around here as neutral to us, which is better than negative," he said. "Nobody expects them to be our best friends."

First Sgt. Paul Archie, 37, said the hardscrabble upbringing of many of the Iraqi soldiers has served them well, but that they need better leadership.

"They've grown up fighting. For them it's nothing new to see an AK-47," he said. "They're not cowards."

One soldier who had earned the Marines' trust was named Saddam Hussein. He was an Iraqi special forces sergeant who fought against the U.S.-led invasion in 2003, and later cooperated with the Americans. He was killed by a roadside bomb.

The Marines appear more distant from the Iraqi police. While the army is mostly composed of Shiites, the police, recruited locally, are nearly all Sunni Arabs.

Police suspected of ties to the Sunni-led insurgency were recently purged by the government. A few days later one former police officer from Karmah was shot and killed by a Marine while planting a roadside bomb in nearby Saqlawiya.

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The police stationed here fled after a campaign of intimidation by insurgents. Several had been killed. Insurgents warned the local gas station not to sell them gas for their vehicles.

"Twenty of them just turned in their badges and walked away — left their weapons and walked," said Cpl. Evan Wicha, 23. In other areas, there have been clashes between police and Iraqi soldiers.

In Karmah and elsewhere, Marines are incredulous at the idea of being able to simply quit and go home. In an informal discussion, someone joked that such a military unit was ideal.

"Not if they're your allies," another responded.

Legal System In Iraq Staggers Beneath The Weight Of War (NYT)

By Michael Moss

The New York Times, December 17, 2006

BAGHDAD — In a cavernous room that once displayed gifts given to Saddam Hussein, eight men in yellow prison garb sat on the floor facing the wall, guarded by two American soldiers.

Among them was Abdulla Sultan Khalaf, a Ministry of Industry employee seized by American troops who said they found 10 blasting caps and 100 sticks of TNT. When his name was called, he stood, walked into a cagelike defendant's box and peered over the wooden slats at a panel of three Iraqi judges of the central court.

The judges reviewed evidence prepared by an American military lawyer — testimony from two soldiers, photographs and a sketch of the scene.

The evidence went largely unchallenged, because Mr. Khalaf had no lawyer. The judges appointed one, but Mr. Khalaf had no chance to speak with him. Mr. Khalaf told the judges that the soldiers were probably chasing a rogue nephew and denied that the explosives were his or ever in his house. "Let me examine the pictures," he insisted. The judges ignored him. His lawyer said nothing, beyond declaring Mr. Khalaf's innocence. The trial lasted 15 minutes.

The judges conducted six trials of similar length and depth before lunch, then deliberated for four minutes. Five defendants were found guilty; one was acquitted. "The evidence is enough," Judge Saeb Khorsheed Ahmed said in convicting Mr. Khalaf. "Thirty years."

The United States established the Central Criminal Court of Iraq three years ago, envisioning it as a pillar of a new democracy. But like the faltering effort to create effective Iraqi security forces, the system for detaining, charging and trying suspects has instead become another weak link in the rule of law in Iraq, according to an examination of the justice system by The New York Times.

The stakes are rising. The court has begun sentencing American-held detainees to death by hanging, 14 this year.

Almost every aspect of the judicial system is lacking, poorly serving not just detainees but also Iraqi citizens and troops trying to maintain order.

Soldiers who have little if any training in gathering evidence or sorting the guilty from the innocent are left to decide whom to detain. The military conducts reviews to decide whom to release, yet neither Iraqi detainees nor defense lawyers are allowed to attend, according to military documents and interviews.

Tens of thousands of detainees have been released by the Americans, often under political pressure from the Iraqis, but American soldiers complain they are apprehending many dangerous insurgents again and again. At the same time, detainees are held for long periods by the Americans without being charged, in some instances for as long as two years.

Even detainees who are formally charged and brought to the Iraqi court have little ability to develop a defense against evidence collected by American lawyers and soldiers. Most defense lawyers are appointed by the court and paid $15 per case. Even if they are so inclined, they are largely unable to gather evidence because of the threat of violence. One American lawyer said that in 100 cases he handled, not one defense lawyer had introduced evidence or witnesses.

The central court resembles the narrow end of a funnel crowded with suspects captured by American and Iraqi forces. No figures are available on prisoners held by Iraqis, but the Americans have held about 61,500 over the past three years and are now holding 14,000, military officials say. Roughly 3,000 have been charged and tried in the Iraqi court.

The court acquits nearly half of the defendants, but both Americans and Iraqis involved in the process say that political interference, threats from militants and the judges' fear for their lives weigh heavily in many verdicts. The military has found housing in the protected Green Zone for only 12 of the 30 judges on the criminal court. The others commute to work.

"The most fundamental thing that we need to do in Iraq is establish the rule of law," said Mark Waller, an Air Force Reserve major and deputy district attorney in Colorado, who spent four months this year in Baghdad helping to prosecute detainees. "It's the cornerstone of a civilization. Without it you have anarchy. And we are falling short."

Beyond the scandal at Abu Ghraib and the trial of Mr. Hussein, the system of holding and prosecuting detainees in Iraq has largely escaped public scrutiny. The day-to-day details of these government operations emerged from interviews with American

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and Iraqi officials, former detainees, a review of military records and a visit to proceedings in the Iraqi court normally closed to the public.

A classified Pentagon assessment completed in June of the American effort to strengthen Iraqi justice found one sign of progress: the prosecution of former senior government officials. Everything else, from training judges to building court capacity to minimizing civil rights abuses by Iraqi security forces, had fallen behind, according to the assessment by the National Security Council.

"Iraq's judiciary is technically independent but unable and unwilling to assert itself or provide a balance to Iraq's powerful political parties," it said. "The criminal justice system is overloaded and lacks the capacity to consistently process those arrested and/or detained."

Even though the American military helps to prosecute cases in the court, it does not always release detainees whose cases are dismissed, officials acknowledged in interviews. Maj. Gen. John D. Gardner, the commander of American detainee operations, orders those defendants held if the military believes they remain a threat. According to military officials, this has happened approximately 60 times, or in about 4 percent of the dismissed cases.

American officials said that within the confines of the nascent Iraqi justice system they were striving to protect American troops, while promoting due process. "Our goal is to balance detaining the people who are the real threats, and releasing those who are not, and that's a fine line," General Gardner said.

The justice system is most troubling for people like Intisar Jaafar. Her 29-year-old son, Laith al-Ani, was taken from his home in Baghdad by American troops in October 2004 in a search for weapons his mother said they never found. The military said he was a "security detainee" but would not elaborate.

Mr. Ani, a women's clothing merchant, is being held at Camp Bucca in the desert of southern Iraq, his relatives said. They have made the daylong trip to visit him, but it brought them no more information about when he might be charged, released or brought to court.

In a recent letter he drew a caged heart reaching out to his wife and two children, and wrote, "I hope I can be dust in the storms of Bucca so that I can reach you."

A Grand Vision

At 9 a.m. on a recent Monday, two United States Army trucks guarded by seven Humvees pulled to a halt in central Baghdad, just outside the protected Green Zone.

The soldiers fanned out with their rifles ready as a man in a black hood and yellow prison garb emerged, followed by more than 30 others, their hands and feet shackled.

The men shuffled down two flights of stairs into the Central Criminal Court.

The courthouse did not exist before the war, with most criminal cases left to provincial judges. In 2003, the Bush administration decided Iraq also needed a central court — like the American federal judiciary — for major national crimes like significant corruption or violence.

The vision was grand.

"Evil doers will face justice in honest and fair Iraqi courts," L. Paul Bremer III, the administrator of the Coalition Provisional Authority, said in an address to the Iraqi people in November 2003.

Zuhair Maliky, an Iraqi lawyer tapped by the Americans as a chief judge, said: "It was to be a model for all of the courts around the country, where students would come to read the records and learn how courts work. There was to be a library, a conference room where judges would give lectures, and computers where court records would be kept."

But that vision has run into the realities of Iraq — the insurgency, a lack of resources and politics.

Security concerns have effectively closed proceedings to the public. Court records are not kept on computers, but mostly in paper files held together by yarn. And the daily proceedings, observed by a reporter, are hardly a model of deliberative justice.

That day's defendants came from two American detention camps and from sundry Iraqi jails.

Shortly past 10 a.m., two American soldiers escorted Hussan Lotfi Abdulla upstairs to a judge's office for a preliminary hearing. Mr. Abdulla, who had been in detention for nearly two years, sat next to his court-appointed Iraqi lawyer, whom he had never met.

Facing them in front of the judge's desk was Capt. Lisa Gorog, a military lawyer who had come to Baghdad to help the military unit that runs the American detention operations in Iraq.

The unit is doubling its legal staff to more than 100 lawyers and aides, drawn largely from the military and prosecutor's offices throughout the United States.

Even for experienced prosecutors, identifying strong cases among the mass of detainees is difficult given the quality of the evidence. Capt. Matt McCall, who focuses on men like Mr. Abdulla who have been detained in the volatile Anbar Province in western Iraq, said he had to sift through the files of 50 detainees to find 2 that he thought could be convicted. The rest were left in

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detention either because the soldiers who captured them were not readily available as witnesses or because the evidence was too weak, he said.

The case against Mr. Abdulla presented its own challenges. The one-page case summary prepared by Captain Gorog for the judge said Mr. Abdulla was detained on Jan. 27, 2005, when American soldiers grew suspicious of the taxi in which he was riding. When they forced it to stop, a man got out and tossed a grenade, which did not explode. They killed the man, and searched the taxi where they said they found rocket-propelled grenades, launchers and armor-piercing ammunition.

But Mr. Abdulla had another problem. He is Syrian but had no passport when he was detained. He faced at least 15 years in prison if Captain Gorog could show he had come to Iraq illegally to fight.

After the judge asked some perfunctory questions, Captain Gorog jumped in.

"Why did you come to Iraq?" she asked through an interpreter.

"For work and study," he replied.

"Why did you come to Ramadi?"

"To visit a friend."

"Didn't you know the man throwing the grenade?"

"No. I heard the explosions, but I was lying on the ground."

"How did you know it was a grenade?"

"The investigator told me."

"He was right there! Didn't you see the incident?"

"I was handcuffed on the ground. I didn't see it."

Mr. Abdulla's lawyer remained silent. The judge, who reserved judgment on whether Mr. Abdulla would be tried, asked the clerk to write a one-page summary of the hearing, which the lawyer signed without reading.

In the hall later, Mr. Abdulla's lawyer, who asked not to be identified for fear he would be killed, said he had been given the case just moments before the hearing and would have liked to have met with Mr. Abdulla, "to know how to defend him." But he said lawyers had stopped asking to meet with American detainees because judges had denied their requests.

"They said it's the Americans who don't allow this," the lawyer said. "It's in order that we don't dictate what they say."

American detention officials denied that was their policy but said it was difficult to arrange for defense lawyers to meet defendants either at detention camps or at the courthouse before the proceedings.

Although Iraq has an inquisitorial system in which judges are empowered to investigate, question witnesses and elicit evidence, defendants have a constitutional right to a lawyer. "We can't imagine a fair judiciary system without a defense lawyer where he can practice his duty," said Diya al-Saadie, who until this month ran the Iraqi Bar Association.

Karen Hanrahan, an international law expert who was the State Department's rule-of-law coordinator in Iraq until recently, devised a plan to create a public defender system to train and pay defense lawyers. She said it was never financed in part because judicial planning was dominated by American prosecutors who took a dim view of defense lawyers.

American lawyers have been brought in to help prosecute cases. Iraqi judges have been flown to Prague and The Hague for workshops. But, Ms. Hanrahan said, "there was no effort to train and work with lawyers."

Charles W. Larson Sr., the United States attorney for the Northern District of Iowa and an adviser in Iraq in 2004 and 2005, said his team was mindful of defense lawyers but chose to focus on helping judges because "it is a judicially driven system."

Rapid-Fire Proceedings

By late morning, the courthouse halls bustled with court personnel, private security guards, Iraqi police, American soldiers and their detainees.

At 11:30 a.m., Judge Saeb Ahmed, the chief judge, entered a large courtroom and took the middle of three seats at the dais. Behind him, the scales of justice had been painted on the wall. Black Hawk helicopters passed outside the windows. Explosions could be heard in the distance.

Judge Ahmed and his colleagues had a full docket, but they worked quickly.

The first two men to stand trial were detained by Iraqi security forces on Jan. 3, 2005, in connection with several Baghdad attacks, one on a hospital. Their families had hired a lawyer, Abdul Ami Ali, for $2,500, and with a flourish he told the judges that he had learned that one of the alleged attacks never occurred. He produced a letter from the hospital administrator to prove it. Judge Ahmed added the letter to the defendants' file, ended the trial and called the next case.

Sad Mahmud Saleh, a 24-year-old truck driver, was accused by American soldiers of having contraband weapons, including a hand grenade, in his house. His trial consisted largely of Judge Ahmed asking questions. At one point the judge stood and raised his voice.

"Are you a terrorist?" he asked.

"No," Mr. Saleh replied, standing in the tall wooden defendant's box.

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"Are you involved in any organization?"

"No."

"Why did they bring you here?"

Mr. Saleh's lawyer, appointed to represent him just as the trial began, simply asked for mercy.

After four more trials, each lasting about 15 minutes, the judges adjourned and cleared the courtroom. It was 1:05 p.m.

At 1:09, they reopened the doors and announced their verdicts and the sentences.

The American military lawyers had mixed results.

Saif Raad Mohammed, who was detained in January 2005 when soldiers said they found a machine gun with a silencer in his home, was sentenced to six years in prison.

The judges issued a string of long sentences, including 30 years for Mr. Saleh in the hand grenade case, and 30 years for the hospital attackers.

The defendants' lawyer was devastated, saying he figured that the hospital administrator's letter would have at least prompted the judges to investigate. Judge Ahmed declined to discuss any of that day's trials or make available any court records. But The Times obtained the judges' one-page written decision in the hospital attack case. It made no mention of the administrator's letter.

The judges dismissed the case against a man accused of joining an armed group after the Iraqi prosecutor told them there was not sufficient evidence.

He smiled as his verdict was read, but he did not leave the courthouse a free man. All the American-held detainees were taken back to the detention center. Those found guilty would be sent to Iraqi prisons. The man whose case was dismissed would be reviewed again by American military officials, who would determine whether to release him.

Overcrowded Stockades

The population of American-held detainees now crowding the central court and the prison camps grew quickly and unexpectedly. Shortly after Mr. Hussein was toppled, American soldiers began pulling looters and other troublemakers off the street.

Judge Gilbert S. Merritt, a federal judge from Nashville, Tenn., who was in Baghdad to help rebuild the justice system, said he asked American officials, "What are you going to do with these people now that you've picked them up?"

"They were holding them, here and there in stockades, and most were taken to Abu Ghraib, the only facility that the Americans knew about," Judge Merritt said.

When the insurgency took hold, the trickle of petty thieves turned into a torrent of people suspected of being terrorists and captured fighters. By the time the Abu Ghraib abuse scandal was disclosed in the spring of 2004, the Americans were holding about 7,500 people.

Largely unnoticed, the flood of detainees has only increased since then. But neither the Americans troops, who were fighting an insurgency for which they were not prepared, nor the newly reconstituted Iraqi police, had a comprehensive plan for handling them.

Untold numbers of detainees have also been captured and questioned by American soldiers, then turned over to Iraqi security forces who often hold prisoners in miserable conditions.

Early last year, a United States Army unit in Baquba found 450 people, including a few women and children, living in hot, fetid cells built for 150. The Iraqis seemed to have little idea where the detainees had come from and had no means to adjudicate their cases. Lt. Col. Robert Risberg, an officer in the unit, said they discovered that roughly a third of the prisoners had originally been captured by the Americans.

"A majority were people lost in this bureaucratic mess, and it took a while to straighten it out," he said.

The development of the American detainee operation in Iraq runs contrary to the Pentagon's practice of avoiding the role of jailer in a foreign country and instead, working to speedily transfer prisoners of war to allies. Maj. James F. Gebhardt, a retired Army historian, said this doctrine stemmed from the Korean War when murderous gangs and infiltrators ravaged the American detention camps.

But in Iraq, where detainees were seen as potential sources of intelligence on the insurgency, the military built its own detention facilities and then put a team in charge that had little experience handling long-term detainees. After the Abu Ghraib scandal in 2004, a new detention unit — Task Force 134 — was formed, but it started with a staff of just five to manage facilities holding 5,000 detainees. By the following summer the number had doubled to 10,000.

With the closing of Abu Ghraib in August, the Americans are holding its detainees mainly in two prisons that at times have been filled beyond capacity: Camp Bucca, a sprawling complex in southern Iraqi, and Camp Cropper near the Baghdad airport.

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Military commanders have come under political as well as legal pressure to keep detainees moving through the system. Iraqi officials have persuaded the Americans to release detainees, saying the long detentions are contributing to unrest and violence.

The military conducts reviews in the camps to screen detainees for release. Many have been swept up at the scene of bombings or other violence, and the detention camp boards have recommended releasing as many as 60 percent of the detainees whose cases they reviewed.

Officials have sought to tighten the evidentiary standards used in deciding whether to detain suspects. Last year, for example, Maj. Gen. William H. Brandenburg, then the task force commander, became concerned about a swipe test that soldiers used on suspects to detect gunpowder. The test was so unreliable that cigarette lighter residue and even a common hand lotion would register as gunpowder.

Military officials have another reason to thin their camps. The longer people remain in detention, the more likely they are to be hardened by the experience, officials say.

"We know that inside the compounds, individuals are trying to recruit and promote a fundamentalist network, and we are trying to mitigate that by fighting a small counterinsurgency," General Gardner said. In an effort to thwart recruitment, detainees are grouped by level of ideology and are given moderate Arab newspapers.

But releasing detainees carries its own risk. Officials estimate that 6 percent of released detainees, or about 2,800, have been recaptured, some in battles with American troops. Soldiers in Mosul were outraged last year to discover that their commander, Lt. Col. Erik Kurilla, had been shot by a man who was set free by the Iraqi court two weeks earlier.

In September, soldiers captured a man suspected of fighting with Al Qaeda in a raid in western Iraq only to find that he was first caught in September 2005 and released in June in the Iraqi government's unity and reconciliation program, according to military records and interviews.

The release of detainees is such a concern for Americans that the military has put the onus on soldiers to act like police officers and collect evidence. An instructional guide warns that without "sufficient evidence for prosecution, the detainee will be released" and "may attempt to attack soldiers again."

The guide instructs soldiers to take witness statements, document tests for explosives and record serial numbers of contraband weapons. It also tells soldiers how to use photographic evidence to its best effect.

When suspects are caught away from or fleeing a crime scene, like a bomb or a weapons cache, the guide tells soldiers to take pictures of the suspects at the scene. For example, the guide lays out this chain of events: "Your squad conducts a raid on a house, in the house you find 2 adult males. 50 meters from the house you find a large weapons cache buried 2 feet underground."

Among the instructions: "Take pictures of the individuals with the cache."

A Case Falls Apart

On May 12, 2005, a car bomb exploded near a market in southern Baghdad, killing at least 17 people, and the Wolf Brigade flexed its might.

The brigade, an Iraqi commando unit, stormed a neighborhood in eastern Baghdad and arrested four men. By the next day, Iraqis could see results for themselves.

The four men appeared on "Terrorism in the Grip of Justice," a prime-time television show broadcast by Iraqiya, which featured commando interrogations. They confessed on the air.

But one year later, the four men, who were held in Iraqi detention and faced death by hanging, walked out of the central court, with all charges dismissed.

Their story, pieced together through interviews and court records, is one of a narrow escape from Iraq's fractured system of justice. It is also the story of an unlikely civil rights lawyer who beat the system for the four men and a handful of others.

Faraj Mahmoud, 42, a grocer, was not totally shocked when he and his two brothers were arrested that night, with a friend.

Their families had emigrated from Palestine after the 1948 war, and like other Sunni refugees had been favored by Mr. Hussein over Iraq's own Shiite peoples.

The Wolf Brigade, an Interior Ministry unit made up mostly of poor, young Shiites from Sadr City, had developed a reputation for singling out Palestinians and using torture to extract confessions. The unit's commander, Abu Walid, who questioned the men on the show, has denied the charges.

In recent interviews, the four men, who have fled Iraq, said they had been tortured in a variety of ways. " 'We will beat you until your meat is cooked,' " one of the men, Amer Mahmoud, 27, an auto mechanic, said an interrogator had told him.

Faraj Mahmoud, who had married six days before he was captured, said he was stripped and hanged from the ceiling. An electric prod applied to his genitals made his body bounce off the walls, he said. Hania Mufti, a Human Rights Watch official with extensive knowledge of Iraq's jails, said other prisoners had described similar abuses.

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The men said their captors also threatened to fetch their families, and they saw naked women and girls being walked through the jail. That is when they all signed confessions.

Among those watching the television show the night the men confessed was Abdul Razzaq, a 31-year-old Iraqi lawyer, and he agreed to take the case without a fee.

Mr. Razzaq handled mostly divorces before the war. After the invasion he began representing mostly criminal defendants. It took him two and a half months to find the four men in the Iraqi detention system. A jailer demanded $50 to lead him to their cell, he said. It smelled so bad that the jailer wore a mask. "All four of us started to cry," Amer Mahmoud said. "The lawyer started to cry. We didn't want to let him go."

Mr. Razzaq picked apart the case. For starters, one of the Mahmoud brothers had confessed to hiding 600 pounds of TNT beneath the backseat of a car, an Opel, that has no space for such a load.

The lawyer found 14 witnesses who he said could provide alibis for the men. He got statements from the police saying that a string of other attacks to which the men confessed had never taken place.

He also went after the man who had directed the Wolf Brigade to his clients. The court eventually agreed that the man, who had confessed as well, was mentally incompetent.

Along the way, Mr. Razzaq said, the Central Criminal Court was typically frustrating. Clerks asked for money to hasten the preparation of judicial orders, a practice that other lawyers have also alleged. The judge who held the preliminary hearing grew impatient, ordering the four men returned to jail for more questioning, he said.

The trial was still months away when Mr. Razzaq received a note, signed by the families of victims of the car bombing: "This is the last notification to you, for you will be a victim and a cheap sacrifice goat for terrorists. Do not defend those atheistic Palestinian criminals and their followers (the worshipers of the atheist, Saddam), or else your destiny shall be death for sure."

On May 21, 2006, a three-judge panel ordered the release of all four men and their accuser. Citing their confessions at the hands of the Wolf Brigade, the judges wrote, "If it is assumed that the initial confession was correct, it was not supported by any convincing evidence."

Faraj Mahmoud said: "We couldn't believe our feet were touching the ground. It seemed like there were a thousand people at home, singing. No one expected us to get released."

Two days later, the men and their families fled Iraq. Mr. Razzaq then won an acquittal for a Syrian truck driver detained for not having a passport. But the man was kidnapped as he emerged from the prison with three other freed prisoners and was never seen again, Mr. Razzaq said.

He blames himself. "If I had not gotten him out of prison, he would still be there, alive," he said. Discouraged about practicing law in Iraq, Mr. Razzaq fled the country in October.

The Military Under Pressure

Many of the cases the American military has brought to the Iraqi central court involve multiple defendants. And the evidence connecting them to a specific attack or other crime often varies widely. As a result, despite many victories for the military in court, about half of the 3,000 American-held detainees who have gone to trial have walked free.

There is much finger-pointing about why prosecutions fail.

"We're in a wartime situation where judges unfortunately have to be concerned with their livelihood and their lives," said Judge John J. Carroll III, a federal judge from North Carolina, who was a military lawyer in Baghdad this year. "We've had cases where the detainees should have been convicted and weren't because of political pressure, from the government and even from terrorist groups, indirectly."

Qasim Hassan al-Aboudi, the manager of legal and media affairs for the Higher Judicial Council in Iraq, blames the Americans for bringing cases without the kind of evidence that Iraqi law requires.

"Your troops make many mistakes," he said. "Sometimes they destroy the weapons without documenting them, and they put detainees in for a long time so that other detainees can coach them on what to say in court. We can see that criminals get away, but it's not the judicial system's fault. It's the fault of the mistakes in gathering evidence. We have to respect the law."

The military is starting to bolster its cases with forensic evidence, including fingerprints and bullet-shard analysis, as well as a video conferencing system that allows soldiers who have returned to the United States to testify in the Iraqi court.

Officials overseeing detention operations said they recognized the importance of defense lawyers, and in an effort to help detainees with their cases they are creating legal assistance centers at detention camps.

The gravity of the cases is increasing as the central court imposes more death penalties. Ten of the 14 American-held detainees sentenced to hang have been convicted since September, and all 14 are awaiting transfer to Iraqi executioners pending an automatic review by Iraq's court of appeals. Mr. Hussein, who has been sentence to die, was convicted in a special tribunal.

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The military declined to identify the men facing death but said they included a man from Saudi Arabia who admitted traveling to Iraq to fight, a Tunisian who participated in dozens of attacks on American troops and three members of a kidnapping ring.

Also awaiting death is Mohammad Munaf, a 54-year-old man born in Iraq who became an American citizen in 2000. He was convicted on Oct. 12 of helping to arrange the kidnapping of three Romanian journalists, who were released unharmed.

Given the state of the justice system in Iraq, however, using the death penalty concerns even one of the American prosecutors who helped bring cases against detainees.

"There are a lot of bad guys out there trying to kill U.S. troops and I want nothing more than to stop those guys," said Mr. Waller, the Colorado deputy district attorney and Air Force Reserve major. But he said the Iraqi court system needed safeguards to prevent innocent defendants from being sent to the gallows.

"If I had the right guy and I had the right case I think I'd be O.K. with that," Mr. Waller said. But, today in Iraq, he said, "I don't think that situation would present itself."

Gunmen Stage Mass Kidnapping In Baghdad (AP)

AP, December 17, 2006

Gunmen in Iraqi army uniforms staged a mass kidnapping on Sunday at the office of the Iraqi Red Crescent in downtown Baghdad, police said.

An official of the Iraqi aid group said the assailants abducted 20 to 30 employees and visitors, but left women behind. The official spoke on condition of anonymity because of security concerns.

Police, however, said they did not know how many people were kidnapped at the office in Andalus square. They said the gunmen arrived at the office in five pickup trucks.

The Red Crescent, which is part of the international Red Cross movement, has about 1,000 staff and some 200,000 volunteers in Iraq. It works closely with the International Committee of the Red Cross, which visits detainees and tries to provide food, water and medicine to Iraqis.

Several mass kidnappings have been carried out in the Iraqi capital in recent months, possibly by armed groups on either side of the sectarian conflict between Sunnis and Shiites.

On Thursday, gunmen in military uniforms kidnapped people from a commercial area in central Baghdad, police said. The attackers drove up in about 10 sport utility vehicles and began rounding up shop owners and bystanders. Police said 50 to 70 people were abducted, but at least two dozen were later released.

Last month, gunmen in Interior Ministry commando uniforms abducted scores of men from a Higher Education Ministry office building. The Education Ministry is predominantly Sunni Arab. About half of the victims were released.

Reserves, National Guard Feel The Strain (BOS/MCT)

By Dave Montgomery, Mcclatchy Newspapers

The Boston Globe/McClatchy, December 17, 2006

A half-million called up since the 9/11 attacks

WASHINGTON -- The nation's National Guard and Reserve forces are displaying signs of strain after five years of deployments in what has become the biggest active-duty mobilization since the Korean War.

More than 500,000 Guard and Reserve troops have served in active duty since the Sept. 11 terrorist attacks, and they've made up nearly half of the force fighting against terrorists and in combat missions in Iraq and Afghanistan.

Military leaders, pointing to an upswing in recruiting and retention, describe the nation's reserve force as the most professional and combat-seasoned in history, bonded by a keen sense of patriotism.

But at the same time, many Guard units are struggling with chronic equipment shortages and funding problems that threaten their ability to respond to disasters and other emergencies in their home states. Thousands of reservists are serving in patchwork units cobbled together in piecemeal fashion from other units, often with little or no sense of cohesion.

"I think you're seeing the leading-edge indicators of strain and fraying the edges," said Arnold L. Punaro, a retired Marine Corps general who chairs a commission looking into a possible overhaul of the Guard and Reserve. "And, yes, they are doing a good job of recruiting and retention, but at what cost and how long can they sustain it?"

The widening concerns over the reserve component come at a time when US military leaders are pressing for even more reinforcements from the Guard and Reserves to help ease the pressure on active-duty forces.

General Peter J. Schoomaker, the Army's top general, warned Punaro's commission on Thursday that the wars in Afghanistan and Iraq "will break" the active-duty force unless the Pentagon changes its mobilization policy to allow more involuntary call-ups from the Guard and Reserve. Schoomaker also wants to add thousands of active-duty forces.

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Lieutenant General David Poythress, the state adjutant general for the Georgia National Guard, said he agreed with Schoomaker that there need to be changes in the Army's structure, since it's configured to fight high-intensity, short-duration wars, not the grinding guerrilla conflicts in Iraq and Afghanistan. But he expressed concern that the National Guard may be carrying too much of the load.

"You need readily available manpower on both the active and the reserve side," Poythress said. "There is a danger of breaking the Army, but there is an equivalent danger of breaking the Guard. Guardsmen don't sign up to be full-time soldiers. If that's what they wanted, they'd join the active Army."

Reserve advocates are noticing indications that some 30-something junior officers and noncommissioned officers are thinking about pulling the plug on their reserve status to keep from falling behind on the civilian career ladder.

"They're at a point in their civilian career where they're making their mark," said Lieutenant General Charles G. Rodriguez of Austin, adjutant general for the Texas National Guard. "Now is the time for them to punch their tickets and do all the hard things in their civilian jobs. If they're not there, they can't punch those tickets."

Of the 88,500 currently mobilized, California has the largest contingent (4,559), followed by Texas (3,935), Pennsylvania (3,578), and Minnesota (3,079).

The Army National Guard and Army Reserve represent the biggest share of deployments, but all of the other services also have sent thousands of their reservists into active-duty service. More than 4,000 personnel have been deployed from Naval Air Station Fort Worth, the nation's largest joint reserve base, which serves as home to some 20 major units attached to the Air Force, Army, Marines, and Texas Air National Guard.

Lieutenant General Jack C. Stultz, commander of the Army Reserve who's also a 25-year employee of Procter and Gamble in Orlando, Fla., said the men and women in today's Reserve and Guard are vastly different from the Reserve unit he joined in 1979. Back then, he said, the unit commander opened the annual two-week active tour by asking who'd buy the beer for the end-of-tour party.

"These kids are the next Greatest Generation," Stultz said, referring to a name commonly given to America's World War II generation. "We've got a different caliber of soldier than we did in 1979."

Thousands joined up in the patriotic surge after the terrorist attacks. Members of the Guard have been deployed to Iraq and Afghanistan and also have served in antiterrorism missions in Africa and peacekeeping forces in Bosnia and Kosovo.

How To Talk To Enemies (LAT)

By Joseph McMillan

The Los Angeles Times, December 17, 2006

CAN WE negotiate productively with our enemies in the midst of a war? It's not something most Americans find appealing, scarred as we are by the memory of protracted and ultimately unsatisfactory peace talks during the Korean and Vietnam wars.

But it's what the Iraq Study Group, chaired by James A. Baker III and Lee H. Hamilton, says we need to do to extract ourselves from the mess in Iraq.

Not only do they want us to launch a "new diplomatic offensive" that would include Iran and Syria — two countries with which our relations have long verged on active hostility — they are calling for us "to engage all parties in Iraq," even militia chiefs like Muqtada Sadr and leading figures in the Sunni insurgency.

To some degree, American skepticism about talking to the enemy is justified. Under the best of circumstances, it is a risky business, as 2,500 years or more of diplomatic history bear out. The wartime diplomacy that Baker and Hamilton call for promises to be especially tricky, given the number of parties involved and the nature of their involvement in the conflict. Nevertheless, history demonstrates that talking while fighting, when conducted by statesmen who understand the distinction between wartime and peacetime diplomacy, can make a big difference in the outcome of a war. As we move forward, however, it is important to remember a few things:

· Fighting and talking are two sides of the same coin. Wartime diplomacy is most effective when actions on the battlefield are directed toward shaping the adversary's willingness to come to terms. Ideally, the enemy must believe that any delay on his part in reaching an agreement will lead to a worse outcome.

One reason the Korean armistice negotiations dragged on in the early 1950s was that the American negotiators representing the United Nations Command agreed at the outset of the talks that the final cease-fire line would follow the existing line of contact between the forces. North Korea was told, in effect, that there would be no real price for its refusal to come to terms.

As we enter the complicated array of negotiations with Iraq's neighbors and warring factions, we must find a way to convince each of our adversaries that the price of recalcitrance will be a certain and painful loss — not a military loss but a serious political loss — for itself or its proxies.

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Unfortunately, the Iraq Study Group report fails to offer any ideas for using our considerable military presence in Iraq to achieve such leverage. On the contrary, the recommendation to set in motion the inexorable withdrawal of U.S. combat forces yields a situation in which military pressure is relinquished with respect to our adversaries and exercised only against our ally, the government of Iraq!

· Keep expectations realistic. The diplomat cannot expect to gain at the conference table what his armed forces cannot plausibly gain in the field. Moreover, he must understand that although he has no control over them, military operations will inevitably affect the course of his negotiations.

In August 1814, when American and British diplomats convened in Ghent, Belgium, to negotiate an end to the War of 1812, the British side opened the talks by laying out a series of extravagant demands. One would have required the United States to give up most of what we know as the Midwest to create an independent state under Indian tribal sovereignty as a buffer between the U.S. and British-held Canada. Another called for the U.S. to cede a slice of northern Maine to provide a more direct transit corridor between Quebec and Halifax.

The British maintained these positions even after a series of U.S. victories in mid-September made it clear that they had no decisive military advantage to leverage. It took a frank assessment from the Duke of Wellington — "I confess that I think you have no right, from the state of the war, to demand any concession of territory from America" — to induce the British diplomats to lower their sights. Like Wellington, Baker and Hamilton make a compelling case for lowering our sights. What they don't provide is a military strategy that would preclude having to lower them even further in the future.

· Understand the role of passion. In his 1716 essay, "On the Manner of Negotiating with Princes," the French diplomat Francois de Callieres identified a "phlegmatic temper" as one of a diplomat's most desirable personal attributes. But in wartime, the parties that are engaged in combat are unlikely to bargain coolly and rationally, no matter the negotiator's personality. They will inevitably be affected by the sentiment, memorably expressed by Abraham Lincoln in 1863, that "these dead shall not have died in vain."

Even worse, the diplomat may find his own words or his armed forces' actions unexpectedly stiffening rather than weakening the adversary's resolve. Just as the London Blitz of 1940-41 made the British less, rather than more, likely to accept a negotiated peace with Adolf Hitler, the burning of Washington in August 1814 reinforced American resolve not to accept a humiliating peace with Britain.

In the case of Iraq, some of the parties we have to deal with — particularly the external ones — are not yet as inflamed by passion as the Sunni and Shiite populations within Iraq. But we have learned to our detriment how easily public anger can be roused to fever pitch in the Middle East. Part of the close interagency coordination called for in the Baker-Hamilton study must be aimed at keeping passions from becoming even more heated than they already are.

· Patience, patience. Above all, Callieres told his masters, the successful diplomat requires "a patience which no trial can break down." In a wartime situation, however, it is not the patience of the negotiator himself that is the key, but that of his government and people. Obviously the side that is more eager for peace is at a distinct disadvantage in the bargaining process, as the British government — under pressure from merchants weary of shipping losses and landowners weary of wartime property taxes — found in 1814.

As those in the region evaluate American opinion polls, election results and the Baker-Hamilton report, they are likely to conclude that we, like the British in 1814, are tired of a war in which military victory seems unattainable and in which any possible political benefits may not be worth the cost.

If our adversaries perceive that the primary aim of U.S. policy is the fastest possible extrication of U.S. troops from Iraq, then, just as happened in Vietnam, it will become impossible for American diplomats to achieve anything more than that.

The Baker-Hamilton study rightly points out that "time is running out" to fix Washington's strategy toward Iraq, and it offers a useful if incomplete manual for carrying out the necessary repairs. If we are not willing to give a new strategy time to work, however, it won't matter how well it is designed.

Joseph McMillan is a senior research fellow at the Institute for National Strategic Studies, which is part of the National Defense University.

No Talks With Iran And Syria (LAT)

By David B. Rivkin Jr., Lee A. Casey

The Los Angeles Times, December 17, 2006

SHOULD THE United States negotiate directly with Syria and Iran over the future of Iraq? These countries are sworn enemies of the U.S., governed by relentlessly repressive governments.

Yet the Iraq Study Group argued that the U.S. has often negotiated with unsavory regimes, including the Soviet government during the Cold War, and that skillful American diplomacy can steer discussions away from matters on which the

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U.S. absolutely will not compromise — such as Iran's nuclear weapons program — and toward Iraq, where we might be able to work together. According to this argument, even if negotiations with Damascus and Tehran fail, there is nothing to be lost by talking.

Unfortunately, this argument is fallacious. In fact, there is a great deal to lose.

Winston Churchill's aphorism that "to jaw-jaw is always better than to war-war" has been cited often, but it was not representative of his policy while in office. In fact, despite pressure from his Cabinet, Churchill refused in 1940 to negotiate with Italy's Benito Mussolini, fearing Britain's will to prosecute a tough war against Germany would be undermined by hopes of a separate peace with one of Adolf Hitler's allies.

Indeed, history is replete with examples of well-intentioned negotiations gone wrong — ill-judged at the outset or so badly managed in practice that they inflamed rather than calmed tensions. The most famous is the tragic spectacle of British and French appeasement of Hitler during the 1930s, but U.S. Cold War diplomacy is also rich with instances of talks that backfired.

During the September 1959 U.S.-Soviet summit, for example, President Eisenhower fed Nikita Khrushchev's vanity, calling him a great leader and hosting the Soviet delegation at Camp David. Eisenhower also agreed to hold another summit in 1960 to be largely devoted to Germany, which was a major Cold War flashpoint and a key Soviet diplomatic priority.

From this, Moscow concluded that Washington was overawed by the growing Soviet military power and that it could be persuaded to abandon Berlin. To encourage this, Khrushchev intensified his efforts, through the use of boastful rhetoric and doctored intelligence, to deceive the U.S. into believing that Soviet nuclear forces were much larger than American forces — the famous "missile bluff." Eisenhower's diplomacy raised hopes to unrealistic levels, tensions actually increased and NATO's cohesion was weakened.

The June 1961 Kennedy-Khrushchev summit in Vienna was equally unhelpful, convincing the Soviet leader that the young new president was weak. As a result, Moscow increased pressure on Berlin and, in 1962, took an enormous strategic gamble by surreptitiously installing missiles in Cuba. Khrushchev's miscalculation, rooted in his misreading of American diplomacy, brought the world closer to nuclear war than it has been before or since.

Of course, there are times when talking to an enemy makes good sense. When he was secretary of State, Iraq Study Group Co-Chairman James A. Baker III himself ably conducted a successful dialogue with Mikhail Gorbachev as the Soviet Union dissolved in the early 1990s.

But negotiations are unpredictable, and timing is all-important; they should never be commenced without realistic, identifiable goals and a clear idea of what compromises are acceptable. Any notion that the U.S. could open talks with Syria or Iran without being prepared to give something (in return for something) is wrongheaded and dishonest. The very act of negotiating (at least of negotiating in good faith) implies a willingness to strike a deal, to accept a quid pro quo.

The questions, therefore, for Baker and others who support immediate, unconditional, direct talks with Syrian President Bashar Assad and the Iranian mullahs are what exactly does the U.S. hope to gain from their assistance in Iraq, and what would it be prepared to give in return? Those questions have not been answered, and it is unlikely that they will be anytime soon.

At the same time, the costs of talking to Damascus and Tehran are clear. For example, the U.S. and France have diligently worked to isolate Syria, primarily because of its suspected involvement in the assassination of senior Lebanese officials. Engaging Damascus diplomatically would instantly relegitimize the Assad regime.

Similarly, the U.S. has spent years building a coalition within the U.N. Security Council to impose sanctions on Iran over its nuclear weapons program, insisting that Iran must suspend uranium enrichment activities as a precondition for any serious diplomatic dialogue. Abandoning this posture precipitously, and opening an unconditional dialogue, would be humiliating and would irrevocably undermine all of this diplomatic spade work.

Ironically, the Iraq Study Group, for all of its emphasis on diplomacy, vastly underestimates the forces that diplomatic discourse can unleash. Diplomacy is a serious exercise, capable of producing either good or bad consequences.

Jaw-jaw matters a great deal, especially when conducted by a great power like the U.S. This explains why most rogue regimes are eager to dance a diplomatic minuet with the U.S., whether they acknowledge it or not. They grasp that once the U.S. begins to talk to them, it implicitly legitimizes at least some of their positions and impedes the building of regional and global coalitions against them.

Other than an immediate withdrawal of U.S. forces from Iraq, it is difficult to conceive a course of action more perilous to our interests in the Middle East than seeking the Baker-style assistance of Iran and Syria.

This does not mean that the United States should not talk to reprehensible regimes, or to its enemies, when such talks are in the national interest — as they sometimes are. Although the Bush administration has often declared that, as a matter of principle, it would eschew negotiations with the world's rogues and despots, its bark has been far worse than its bite. Indeed, its attempts to use multilateral diplomacy to persuade Iran and North Korea to curb their nuclear ambitions reflect traditional realpolitik considerations. This approach has merit because its multilateral framework limits the ability of Iran and North Korea to

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split the U.S. from the rest of the world, and because concrete concessions are being sought upfront from both of these countries.

What does not make sense is to open a dialogue with two of Washington's bitterest enemies without a clear notion of whether their help in Iraq would be worth the price in the long run.

David B. Rivkin Jr. and Lee A. Casey are partners in a Washington law firm and served in the Justice Department under presidents Reagan and George H.W. Bush.

U.S. Military Rehearses Terror Hearings (AP)

By Michael Melia, Associated Press Writer

AP, December 17, 2006

The U.S. military is rehearsing for hearings on whether 14 top terror suspects can be held indefinitely without charge as enemy combatants, but defense lawyers say the outcome is preordained.

Khalid Sheikh Mohammed, alleged mastermind of the Sept. 11 attacks, and the 13 others will be the highest-profile detainees to undergo the so-called Combatant Status Review Tribunals, and the first to do so in two years. The proceedings, expected early next year, are open to the media.

At the hearings, a military panel will evaluate whether the men should be classified as "enemy combatants," a designation which allows them to be held indefinitely and prevents them from challenging their detention in the U.S. court system.

"The biggest thing we're doing is opening up the books, reviewing procedures and conducting rehearsals so that we do it correctly," Navy Capt. Philip Waddingham told reporters who recently visited Guantanamo. He is the lead officer at Guantanamo for the Pentagon-based office in charge of determining detainees' status.

It is unclear whether Mohammed and the others — who until recently were being held in secret CIA prisons — will agree to attend the hearings. If they do, the military says they will remain shackled and would be forbidden to talk to reporters.

The rehearsals are being conducted inside the same space reserved for the hearings — a small room inside a trailer equipped with a few leather chairs, one plastic seat for the detainee, and little else.

Combatant Status Review Tribunals were held for 558 detainees between July 2004 and January 2005. All but 38 were deemed enemy combatants.

Defense attorneys have condemned the hearings as shams because classified evidence is withheld from the detainees and they are not afforded defense lawyers.

"There is no question that these 14 have no chance," said Brent Mickum, an attorney who represents two Britons at Guantanamo. "The decision has (already) been made that they are enemy combatants."

At the hearings, a panel of three officers will evaluate whether detainees merit the designation. A military "personal representative" will help prisoners prepare for the proceedings.

Bush announced on Sept. 6 that the 14 detainees had been transferred to Guantanamo.

Mohammed, who was believed to be the No. 3 al-Qaida leader, has not been seen in public since he was captured in Pakistan in 2003. The others include the alleged architects of the USS Cole bombing in Yemen in 2000 and the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

The 14 are in a maximum-security section of the prison, which sprawls over a cactus-studded patch of arid ground overlooking the Caribbean. Officials say they are treated like other detainees, and can receive reading materials and have access to mail censored by the military.

Waddingham said in September that he expected the hearings for the 14 new detainees to be held within three months. That timeframe has been pushed back to early 2007 as top officials at the Pentagon, the Justice Department and the military Joint Task Force in charge of the prison camps coordinate the proceedings, he said.

About 380 men have been transferred from Guantanamo to other countries since the detention center opened in January 2002. About 395 detainees remain, most of them held for nearly five years without charge on suspicion of links to al-Qaida or the Taliban.

U.S. authorities repatriated a 28-year-old Bangladeshi man on Sunday after years of imprisonment in Guantanamo, a police official at the airport in Bangladesh's capital Dhaka said. The official, Tahera Banu, said the man was being interrogated.

DOJ:

Letters (NYT)

The New York Times, December 17, 2006

Open-Source Spying

The allure of a "spy system . . . that can quickly assemble disparate pieces that are already lying around" is so very American and so very wrong (Clive Thompson, Dec. 3). America has always been conflicted over the role of classic espionage. Thus, the idea of discerning high-value intelligence from behind a desk in Washington (by harvesting open sources of information and sharing this data via wiki or blog technology) has real appeal. In fact, it is no substitute for human and technical penetrations of our enemies. Sept. 11 was not simply the result of a failure to share intelligence or employ the latest data-analysis tool. It was the result of not having sufficient intelligence penetrations of Al Qaeda. A well-placed source is more efficient, more reliable and more useful than a million disparate pieces of information.

Robert Bigman

Bethesda, Md. The Boss's Computer

When a technician discovered child pornography on the company president's computer, the Ethicist advised "silence" (Dec. 3). This advice was reckless and naïve.

Each image of child pornography is a crime scene, and its possession is a felony in 42 states and under federal law. Furthermore, reproducing such images again victimizes the innocent child. The Ethicist flippantly advises silence because speaking up would be "too ineffectual in protecting children." But real children have been rescued by the discovery of images. Without the images, we cannot find and rescue victims or punish the predators. The Ethicist demonstrates a disappointing lack of understanding of how law enforcement works.

This is unacceptable, and I urge all Americans to reject this poor advice. A child's life could hang in the balance all because a self-described "ethicist" muses over vague excuses rather than advising immediate action.

Alberto R. Gonzales

United States Attorney General

Washington

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The employee should make sure he's protected as a whistleblower and then call the police. They'll figure out if the activity is illegal. That's their job, and it is our job, as good citizens, to report suspected crime.

Kristen Fehlhaber

Swampscott, Mass.

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I disagree with the Ethicist's conclusion that the employee's "best recourse" is silence. Without revealing particulars, he might first check with corporate counsel, risk management or human resources about the company's policy on company-owned computers. Many companies have a policy that clearly states that all material, including e-mail, generated or stored on a company-owned computer, is company property, and that employees have no right or expectation of privacy with respect to such materials. Further, the company may have expectations that its Internet technicians report known or suspected illegal use of its equipment.

If his company has such a policy, he might then advise corporate counsel that he saw what looked like illegal materials on an (unnamed) person's computer and ask what he should do. If counsel chooses to investigate, it should do so within the context of the company's policies. Even if no action or investigation is taken once the party is known (e.g., the president is the owner of the company), it is counsel's responsibility to advise the president to clear out the material and cease any further activity at the risk of imperiling his company. Federal authorities can and do investigate people who visit or download materials from such Web sites.

An internal investigation does not necessarily mean that his job, reputation or company is imperiled, though certainly at most companies any person other than the owner would have his job at risk for misuse of company property.

While I don't disagree with the Ethicist's opinion on the technician's personal moral obligations, my personal values would make it impossible for me to stomach working for this president, and I would probably report him.

Elizabeth J. Carmichael

Risk Manager

Five Colleges Incorporated

Mount Holyoke College

South Hadley, Mass. Do Immigrant's Make Us Safer?

Eyal Press's essay (Dec. 3) on the lower crime rates in immigrant communities was thought-provoking. As to why immigrants commit less violent crime, common sense suggests they came here, whether legally or illegally, to work, and they're too busy doing that — and are too well rewarded by economic opportunities they find here that don't exist in their former countries. Illegal immigrants may be deterred from criminality by the relatively high penalty of deportation for even minor crimes,

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even when they're innocent of any crime beyond entering the country. The data for minor crimes may be biased by underreporting of victimization suffered by illegal immigrants who, with good cause, fear deportation.

Robert F. Mulligan
Associate Professor of Economics
Western Carolina University
Cullowhee, N.C.

What It Takes To Make a Student

Paul Tough's article (Nov. 26) on closing the race and class gaps in school performance usefully looked beyond what schools do to what parents do and to the enormous gaps in parent-child communication among middle-class and poorer families, in vocabulary, in the ratio of encouragement to discouragement and in promoting questioning and critical discussion, rather than simple obedience to orders.

But what lies behind this "parenting gap"? Might the poor and less-skilled working-class parents be replicating with their children what they experience on the job — limited opportunities to develop a wide range of skills, demands for simple obedience rather than discussion of what to do next, an authoritarian environment of bosses and managers full of "negative communications" and the frustrations of low pay, low recognition for their work and pervasive powerlessness?

Longer school hours, intensive tutoring and more quality pre-schooling may reduce the school-performance gap between the economic classes, but they cannot eliminate it. Schools are asked to overcome the effects of a system of stratification in which some people do the thinking and give the orders while other people are expected to simply obey orders and perform repetitive tasks out of fear of losing their jobs, while raising families on very low incomes. Schooling by itself cannot destratify a class society; class structure keeps reproducing itself. It needs to be attacked head on.

Allen H. Barton
Chapel Hill, N.C.

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Your article on education spent only a few lines on an obstacle of charter schools — the teachers' union. A review of the National Education Association's Web site shows that the union is not merely "skeptical" of charter schools but also fights other potential reforms, including vouchers and merit pay. The only "solution" consistently advocated by the teachers' union is to put additional money into a system that has failed for the vast majority of poor, minority students.

S.D. Steele
Newton, Mass.

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My thanks to Paul Tough for a thorough analysis of No Child Left Behind as it applies to minority students. He did not mention, however, one of the most pernicious aspects of the legislation as it affects most of our classrooms: it treats all schools as if they were the same.

This failure to distinguish among different schools with their very different student populations and, therefore, different needs, makes solving the problems of low-performing schools impossible and, as I have been experiencing for the past five years, injects unnecessary and often counterproductive requirements into schools that had been performing well. As a result, our worst schools only seem better and our best schools are in danger of slipping into mediocrity (simpler textbooks that all students can read; simpler classes that all students can pass).

The statistics cited at the beginning of Tough's article indicate that we are reducing the performance gap as much by causing high-performing schools to do worse as by helping low-performing schools to do better.

George Wallach
Fremont, Calif.

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Your article omits mention of an enormous factor in children's lives today: the influence of a frenetic, often-violent and fiercely anti-intellectual popular culture.

While it is true that middle-class children may wallow in this morass of video games and rap videos as well, less-privileged youngsters do not have the advantage of parents who can offer an alternative behavioral universe. I recently tutored a fifth-grade girl who couldn't name the president of the United States, but effortlessly pinpointed the profile and dispositions of a pantheon of pop stars.

Doug Brin
New York

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This was a very encouraging article about people actually doing something to address a longstanding national problem. Instead of profiting from sales of polemical books and television appearances, organizations like Kipp are on the ground making a real difference. I am concerned, however, about Kipp's desire not to attract too many well-prepared students. It is these very students that have the most to lose if they remain in inadequate public schools. Surrounded by peers that often view high academic achievement as "acting white," they risk succumbing to the prevailing low standards.

Raheem M. Cash

Alexandria, Va.

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Paul Tough accurately points out that a child's family life is the dominant factor in determining success at school. I've taught for 15 years in a public high school. The first week of every school year, I ask each class for a show of hands to the question "How many of you ate dinner with your family (TV turned off) at least three of the last seven nights?" Overwhelmingly, the lifted hands belong to students who will maintain a high class average, will do well on standardized tests, will speak and write with an advanced vocabulary and will not be a discipline problem.

No Child Should Be Left Behind at Home — but that is a tough one to legislate.

Jjay Moore

Abilene, Tex. Long After We Withdrew

Drawing parallels between America as Vietnam's "leading trading partner" today and Iraq 30 years from now is wishful thinking (David Rieff, Nov. 26). Iraq is more likely to look to China for trade and business. Just as China is Vietnam's historic rival, America's imperial misadventure in Iraq has made it Iraq's. The wounds inflicted upon Iraq will not scab over quickly; little is forgiven or ever forgotten there. In Iraq "the long march of history" is measured not in decades but in centuries.

Scheherazade Al-Abed

Greenwich, Conn.

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Thank you for

Harriet Brown's article on anorexia (Nov. 26). From the other side of the planet (far northern Australia), our family has a story achingly similar to Harriet's. We watched in stunned horror as anorexia transformed our bright, beautiful, happy 14-year-old daughter into a starving, terrified, angry and withdrawn child. Like Harriet, we treated our daughter using the Maudsley approach, taking full control of her diet until she was capable of doing it again herself. Despite anorexia's fierce resistance, a regime of good food and healthy weight gain lifted our daughter from the black pit of anorexia, and she has now resumed her normal, happy life.

Tim Wood and Bridget Bonnin

Cairns, Australia

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Harriet Brown's account of her daughter's struggle with anorexia gave me a ray of hope. Having worked with therapists and other health-care professionals to help my elder daughter through her eating disorder, we have returned to them for their advice, care and expertise as our younger daughter battles her own demons in her eating disorder. No parent should try to treat this illness alone. Brown's story does not stress enough the need to involve professionals with expertise in treating teens with eating disorders as essential partners with parents. It's a bewildering and exhausting journey, even with the best of professional care.

Susan Smith

East Moriches, N.Y.

· As a psychologist who encounters young girls and women with eating disorders, and their families, on a daily basis, I was troubled by the reference to a "parentectomy" as a descriptor of the more "conventional" approach to the treatment of anorexia.

While not a proponent of Maudsley, I, too, see the family as "the best chance a child has for recovery." However, as acknowledged in many other areas of parenting (and relationships in general), those closest to a person or most invested are often not best able to objectively address that person's problems. It is for precisely this reason that surgeons do not operate on their own children.

Instead, we see food and eating as metaphors for deeper emotional issues, and accordingly, we ask parents to join their adolescent's treatment by committing to parenting and family therapy. In so doing, parents convey an openness to the notion that the marital and larger family dynamics also "weigh in" on the issues with which their children grapple.

Of course, anorexia is a life-threatening disorder, and a child must reach a standard of medical and nutritional stability before she can effectively participate in, and benefit from, psychological treatment.

Rebecca Harcsztark

Director

Intensive Outpatient Services

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The Koch Center
Hohokus, N.J.
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As a social worker who has worked in the field of treating eating disorders since 1989, I was overwhelmed by the parents' love for their daughter and the lengths they took in order to get her on the road to recovery. This approach of refeeding is a wonderful way to make her feel safe by showing that she is loved and cared for. Too often anorexia is thought of as an illness that stems from issues of control. Children who develop eating disorders do so, in part, because they are feeling unsafe and unable to express feelings of sadness, anger, embarrassment or depression. For many who are unable to articulate or define their feelings, it is easier to say, "I feel fat." And often we see families getting into power struggles around food and weight, rather than helping these children express their feelings.

Part of society's misunderstanding of the illness is the belief that once treatment is given, the demons that Brown described go away. Families are better off knowing that the demons will always be there. Recovery is when the demons no longer control the behavior.

Jennifer Kelman
Boca Raton, Fla. Head Trip

The photographs by Joel-Peter Witkin are described as "an artful homage to this season's all-important accessory: the hat" (Style, Nov. 26). And yet, many of these photos display naked women. Removing women's clothes doesn't draw attention to their hats. Instead, the reader's eye goes to the breasts.

Judy Einzig
San Francisco
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I cried with relief to read that

Harriet Brown's anorexic daughter, Kitty, had eaten some cake on her own. I also appreciated the juxtaposition of Brown's article with Joel-Peter Witkin's wonderful photos of models wearing hats. Some were thin, some were buxom, some were neither, yet all were beautiful and sexy. Let's hope that magazine readers become more accustomed to seeing that attractive women need not conform to one body type.

David Stone
New Paltz, N.Y. Playing With Ideas

Kudos to Daphne Merkin for her intelligent essay on

Tom Stoppard (Nov. 26). Her task, made more difficult by an elusive Stoppard, was enriched by her self-reflection and her remarkable insight into Stoppard's endeavors to keep a veil between himself and the probing of an inquisitive public. Her portrait gave us a true picture of this brilliant, very private man.

Janice Ruotolo
Scarborough, N.Y.
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A well-recognized trait of women is a need to know as much as possible about a man with whom they have a relationship; Merkin's article demonstrates the pique when the male resists. Her article was subverted by recurrent unflattering references to Stoppard's attitudes and various preferences. Furthermore, although she acknowledges that he has been labeled "conservative," she failed to detail not only why but also how his positions have, at times, made him a pariah among the left in London; witness the hue and cry when he made remarks considered inimical to some modern artists and their works several years ago. She might have fixed on one of the major themes of "The Coast of Utopia," which suggests that the concept of collectivism that mesmerized the intellectual European community during the 19th century probably led to a number of the horrors of the 20th century.

Stephen M. Nagy Jr.
Sacramento, Calif. Anti-Fan Club

I have been searching for a good reason to dislike the Internet, and

Rob Walker's Nov. 26 Consumed column fits the bill. I don't know why I am so shocked by this phenomenon of a group rallying in cyberspace to proclaim contempt for someone or something. Hey, it's a free market of ideas out there. The Internet isn't exactly a crowded theater, and no one is exactly yelling, <object.title class="Movie" idsrc="nyt_ttl" value="211057">"Fire!"</object.title>

Except: I recall my colleague, Rabbi A. A Web-smart bar mitzvah kid didn't like her, and he created an "I Hate Rabbi A." Web site. The site was adolescent and mean-spirited. She prevailed on the teenager (and his parents) to remove the site. They refused.

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Soon afterward, Rabbi A. applied for another position, and when the search committee Googled her, they found the hateful Web site. It was sufficient to end her candidacy.

The Internet is an unregulated and chaotic jungle that combines usefulness, nonsense, wisdom and sheer bombast. And, sadly, there is nothing that its victims can do about it.

Rabbi Jeffrey K. Salkin

Atlanta Gay Donor or Gay Dead?

John Bowe's article (Nov. 19) increases awareness about the reality of the diversity of family life in America. Ozzie and Harriet are, and always have been, a myth.

While Bowe explores the families of gay fathers and gay donors as somehow "redefining" family, the simple truth is that extended and complex family structures are the norm and are hardly unique to gay- and lesbian-headed families.

As lesbian mothers of twin 4-year-old boys, my partner and I raise our children with the help of a network of loving friends, neighbors, aunts, uncles, grandparents and other family members. We know firsthand how important all of these relationships are to the well-being of our sons. Gay fathers and gay donors could say the same thing about their families.

Jennifer Chrisler

Washington

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What I consider a significant cause of stress on lesbian and gay parents did not come up in your article. A high percentage of young gay parents may find themselves left to raise their children while alienated from their families and the communities in which they live. Rejected by their own families, they are often without the reassuring benefit of unconditional parental love, and the relief of practical support.

Claudia Glassman

Brimfield, Mass.

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It amazed me that John Bowe managed to write an article about gay fathers and co-parenting that depicted such a skewed collection of seemingly self-indulgent gay men and controlling lesbians. Now maybe you can do an article on full-time gay fathers, those of us who stay up all night with a sick infant, soothe tears from a child's face, host a gaggle of toddlers at a birthday party and communicate openly with the people with whom they have chosen to parent. My husband and I, along with our co-parent and our 1-year-old daughter, have created a nurturing three-parent, two-household family. As she grows up, our daughter will know the love of a committed full-time father — she's got two of them!

David Shneer

Denver China's African Adventure

As

James Traub's article (Nov. 19) makes clear, the United States should be taking a close look at China's energetic campaign of engagement with Africa, both for what it tells us about Chinese intentions and what it means for our interests.

The visible signs of Chinese engagement in Africa — from new soccer stadiums to better roads — are clear to any traveler to the continent. Unfortunately, in places like Angola, Zimbabwe and Sudan, China has also shown a willingness to support authoritarian or corrupt governments and ignore human rights violations.

China's willingness to do business with some of Africa's most repressive regimes is not only bad for Africa — it is also self-defeating. Corrupt African regimes harbor terrorists, mismanage economies and often generate regional instability that isn't in any nation's interest. As we learned during the cold war, American strategic interests in Africa will be advanced by sticking to our principles and by supporting good governance, democratic institutions and human rights. We should treat China's growing engagement in Africa not as a threat but as a reminder of the strategic significance of a part of the world too often ignored. In the vast and diverse continent of Africa, critically important partners, markets, and leaders — as well as real security threats — are emerging. The United States should ensure that our efforts and investments pay off for the people of Africa and international security.

Russ Feingold

United States Senate

(Incoming Chairman, the Senate Foreign Relations Committee's Subcommittee on Africa)

Washington

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Gabe Hudson's Lives column (Nov. 19) brought back some mixed memories. In 1955, I completed a similar course at Camp Lejeune. After graduation, I was kept on for a year as a platoon sergeant. The essay's conclusion struck a responsive chord; the guy you hate the most could be the one who saves your life. In 1960, as an infantry platoon leader, I had a C.O. who

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fit that description. He had received the Navy Cross for heroism at the Chosin Reservoir and drove us relentlessly. Though we all hated him, we also respected him. If our company went to war, he was the guy we wanted to lead us. But I do take issue with another part of Hudson's conclusion. The guys he called Meat and Potatoes stole a rifle from one of their fellow marines, his most important possession. In my day, that kind of action would rank right up there with losing your weapon. They were lucky to only get their butts chewed. Had they been my troops, I would have recommended them for nonjudicial punishment.

If I were now in Iraq and had Meat and Potatoes as my fellow squad members, I would be concerned. What kind of stunt might they hatch to teach another marine a lesson and get somebody killed in the process? Could I depend on them in combat? I think not.

Richard C. Reynolds
Santa Fe, N.M.

CORPORATE SCANDALS:

A Push To Fix The Fix On Wall Street (NYT)

By Stephen Labaton
The New York Times, December 17, 2006

AFTER Enron and then WorldCom foundered amid multibillion-dollar accounting scandals, exposing layers of corporate malfeasance that are still coming to light now, Washington moved belatedly but forcefully to stiffen regulations, toughen enforcement and improve corporate audits.

The goal was to shore up confidence in Wall Street, particularly among individual investors who had been pushed more than ever into the stock and bond markets by the decline of company pension and health-insurance plans, along with soaring college costs. Tales from thousands of investors who lost their life savings were a powerful indictment of lax government oversight.

Is the pendulum swinging back, to less federal oversight and more self regulation?

The question arises because prosecutors and regulators in Washington took steps last week — almost exactly five years after Enron filed for bankruptcy — to roll back some of the tough new measures adopted in that first blush of scandal.

The Justice Department started by saying it would restrict prosecutors in corporate corruption cases. The Securities and Exchange Commission followed a day later by proposing looser auditing standards for thousands of smaller public companies.

The timing was somewhat jarring. Fannie Mae, the nation's largest mortgage finance company, was suing its auditors last week for claiming they were negligent in helping to prepare financial statements that led to a $6.3 billion restatement of earnings, and The Wall Street Journal was uncovering a new scandal involving the improper back-dating of executive stock options.

Some investor groups and outside experts criticized the proposals, saying they open loopholes in the law that unscrupulous companies are likely to exploit, effectively defanging the post-Enron changes. But others said that the adjustments by the Justice Department and the commission did not represent a wholesale retreat.

Indeed, they suggested that the changes announced last week could actually benefit small investors by taking pressure off the new Congress to go much further in rolling back the post-Enron rules, as the United States Chamber of Commerce and other groups advocate. They are seeking to curtail shareholder lawsuits and cap the liability of accounting firms.

"We still are living under the shadow of Enron and WorldCom and that has tempered the business community's attempts at more precipitous action," said Joel Seligman, a securities law expert and authority on the history of the S.E.C. who is also the president of the University of Rochester.

Mr. Seligman and others also said that the commission's action on small companies, an interpretation of Section 404 of the Sarbanes-Oxley Act, was an appropriate trimming of a rule that was being applied to excess. That section requires public companies to assess their internal financial controls, a process that became a lightening rod for criticism because of its costs.

The Sarbanes-Oxley law was approved in 2002 as lawmakers grew concerned that they might be swept out of office by millions of middle- and lower-income investors who owned their share of the marketplace through mutual funds, I.R.A.'s, 401 (k)'s, and 529 college-savings programs.

Since then, as the scandals and trials have receded to the back pages, investors have poured even more money into the markets and a new and deregulatory-minded mood has taken hold in Washington. This Thursday, that movement will be on full display in a federal district court here, where a judge will consider a case that challenges the validity of the Public Company Accounting Oversight Board, a new agency created by the Sarbanes-Oxley law to oversee auditors.

Some business groups, as well as the treasury secretary, Henry M. Paulson, have raised concerns that more companies are listing their stock overseas because of the regulatory climate in the United States.

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Last month, a committee of academics and businessmen headed by R. Glenn Hubbard, the former chairman of the Council of Economic Advisers and now dean of the Columbia Business School, and John L. Thornton, a former president and co-chief operating officer of the Goldman Sachs Group and the current chairman of the Brookings Institution, proposed a series of measures they said would address this problem. The remedies include protecting corporations from criminal and civil cases, imposing new restrictions on shareholder lawsuits, and capping the liability of accounting firms.

AT the core of critics' arguments is the idea that American laws make foreign markets more attractive than domestic ones.

But some experts discount that link and point to other reasons why more companies are seeking out foreign markets. Listing and underwriting fees are significantly lower in many countries, and a number of companies that have recently listed in Europe and elsewhere overseas would never have met the disclosure or financial standards of American markets, even with the latest changes.

"You can reduce American regulations to zero and overseas markets would still be attractive to some companies," said Richard C. Breeden, a former chairman of the S.E.C. "The proportion of offerings in the United States is going down. But India is getting richer and China is getting richer, and these trends reflect that."

Wall Street firms like Goldman Sachs are also posting record earnings, Mr. Breeden added, a sign that American underwriters have not suffered.

Barbara Roper, director of investor protection at the Consumer Federation of America, said it was also incorrect to blame shareholder lawsuits for the growing appeal of foreign markets, or to assert that such litigation has been unduly burdensome.

The number of securities lawsuits has steadily and dramatically declined in recent years, Ms. Roper said, with a 45 percent drop in the first six months of this year. On an annualized basis, she added, the number of cases are at the lowest level in 10 years.

Ms. Roper attributed the trend to better corporate governance and the Sarbanes-Oxley Act. Moreover, only five shareholder lawsuits cited accounting firms in 2005; in the first half of this year, only one.

Other experts said that last week's actions could represent the high water mark for the retrenchment.

"Given the significant amount of change that took place, I'm not surprised that there is this counterrevolution," said Charles M. Elson, director of the John L. Weinberg Center for Corporate Governance at the University of Delaware. "What is significant is that there is no attempt here to throw the piano out the window. What we are seeing instead is simply a movement of the furniture around the room. The changes being made are really at the margins and there remains a broad consensus that the bigger changes that were made were reasonable ones."

Justice, SEC Actions Backpedal A Bit On Post-scandal Rules (AP)

By Marcy Gordon

AP, December 17, 2006

WASHINGTON -- They were two early Christmas gifts for corporate America -- with potentially far-reaching effects for investors and the financial landscape.

At the Justice Department and the Securities and Exchange Commission, separate actions last week both had the effect of easing landmark rules laid down in response to the 2002 crisis of corporate malfeasance.

Culminating an intense monthslong lobbying campaign by an array of companies, the five SEC commissioners voted at a public meeting Wednesday to propose a plan giving corporate managers more flexibility in assessing the strength of internal financial controls. It would especially benefit smaller companies.

The sweeping anti-fraud law known as Sarbanes-Oxley was enacted in 2002 amid the wave of scandals that engulfed Enron Corp., WorldCom Inc. and other big corporations.

The law contains a key section requiring public companies to assess the strength of their internal safeguards to ensure that their financial statements are accurate.

Companies have complained to the SEC that those rules are overly burdensome and costly, especially for smaller businesses.

The Justice Department, meanwhile, restricted its prosecutors' ability to crack down on companies that withhold confidential information during criminal fraud investigations, in new guidelines issued Tuesday that clipped back the aggressive legal tactics authorized after the scandals.

They bar the government from seeking harsher penalties for companies that won't cooperate with prosecutors -- either by denying the prosecutors corporate attorney-client communications or by helping their employees under investigation by covering their legal fees.

"The real issue is how do you get the balance right?" said Joel Seligman, the president of the University of Rochester and an expert on securities law.

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The new policy might be closer to striking a balance between the need to prosecute corporate crime and the "unequivocal" right of defendants to litigate, he suggested.

The policy "is going to set the tone," Seligman said.

Deputy Attorney General Paul McNulty, who wrote the new guidelines, said they won't hinder prosecutors from vigorously pursuing companies accused of fraud and other white-collar crimes.

But critics, including a group representing whistle-blowers, called the changes a setback for shareholders and employees who risk losing billions if scandal-tainted corporations aren't fully prosecuted.

They accused the Justice Department of caving in to pressure from business interests.

The actions by both the Justice Department, which carries out the Bush administration's policies, and the independent regulator SEC might eliminate the need for Congress to act in similar veins.

Some business-friendly Democrats who are assuming power positions in January have expressed support for Sarbanes-Oxley relief for companies -- and their preference for the SEC to wield its regulatory scalpel as opposed to Congress' heavier hand of legislation.

The SEC move was a "reasonable approach" in light of the disproportionate burden of the financial-control rules on small companies, said James Cox, a professor at Duke University who also is a securities-law specialist.

Still, he said, with more leeway under the SEC plan -- allowing, for example, less stringent testing of internal controls for some companies, "Those (financial) numbers are going to be less trustworthy than they would be otherwise. ... Investor protection's going to suffer."

SEC officials insisted that would not happen. Agency Chairman Christopher Cox called the new plan "making Sarbanes-Oxley work for investors at the right price."

McNulty said the new prosecutorial policy should help companies curb fraud internally by encouraging open talk between corporate attorneys and their clients. "It, in no way, slows down the ability to prosecute these cases successfully," he said.

The actions of both agencies follow a report issued last month by an influential private-sector group, the Committee on Capital Markets Regulation, that has been part of the business push for a softening of the laws and rules that flowed from the 2002 scandals. That campaign has gained traction with Treasury Secretary Henry Paulson questioning recently whether regulations are hurting the competitiveness of U.S. financial markets by driving some companies away from them.

Among the committee's recommendations: easing of the financial-control rules under Sarbanes-Oxley and tightening the legal standard the government must meet to charge companies with crimes.

The group also urged reducing the liability of auditors in shareholder lawsuits over accounting fraud and a shift to a financial regulatory system based on principles rather than rules.

Closer Look At Corporate Pay (AP)

By Marcy Gordon

AP, December 16, 2006

WASHINGTON — Investors are getting access to clearer and more detailed information from public companies on their top executives' pay packages and perks under federal rules that took effect on Friday.

Companies' 2006 annual reports issued early next year will reflect the changes, which were ordered by the Securities and Exchange Commission in July in a major overhaul of disclosure rules for executive compensation.

The new requirements include disclosure of the dating of stock option grants to executives. Companies must provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options. Suspect timing of option grants has turned into corporate America's scandal of the year, with more than 100 companies under investigation by the SEC or the Justice Department, more than $5 billion in profit erased by restatements and 18 CEOs swept out of office.

An academic study completed this fall found that corporate executives gained an average of $600,000 a year each from backdating of stock options between 2000 and 2004. By contrast, shareholders were hurt by an average loss in market value of 8 percent, or $500 million, for each affected company from the negative publicity of being under government investiga-

tion, the researchers at the University of Michigan found.

When stock options are backdated, they are issued retroactively to coincide with low points in a company's share price — fattening profit for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can run afoul of federal accounting and tax laws.

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For the first time, under the new disclosure rules, companies are required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives. Most of the disclosures, in annual reports and other regulatory filings, must be written in plain English.

The rules were designed to enhance corporate accountability and address an issue that has angered company shareholders and the public: lavish compensation for executives, unrelated to their performance, even as companies stumble and lay off employees.

In the SEC's 72-year history, no other issue has stirred as much interest, with more than 20,000 letters filed during the public comment period that followed the proposal being floated last January, according to agency officials.

The SEC removed from its original proposal, though, a requirement for companies to disclose the pay details of as many as three non-executive employees whose individual compensation exceeds that of any of their top five executives.

Federal Finance Probe Still Lives (MACT)

By Travis Fain

The Macon Telegraph, December 17, 2006

Federal investigators served the city of Macon's finance office with two subpoenas in the past three months, seeking massive amounts of information in an ongoing Justice Department inquiry into the city's use of federal grants.

The subpoenas, released to The Telegraph under the Georgia Open Records Act, commanded the city to turn over financial data as part of a Justice Department investigation into "allegations of misconduct."

The first subpoena, dated Sept. 29, demanded documentation for every purchase card transaction made by the Macon Police Department from June 2002 through July 2004. The other, dated Dec. 4, sought documentation for 63 separate journal entries in city financial records.

Federal investigators, by law, cannot comment on an ongoing investigation or even confirm its existence, U.S. Attorney Max Wood said. But several city sources, including Macon Finance Director Adah Roberts and Mayor Jack Ellis, said the subpoenas appear to target the city's so-called faith-based program.

That program, a federally funded initiative run by the Macon Police Department in 2002 and 2003, is officially called the Safe Schools Initiative. That program, which split a $1 million grant between the city and various church youth programs, was one of several city initiatives that a Bibb County grand jury investigation targeted before District Attorney Howard Simms handed the inquiry over to the U.S. Attorney's Office in July 2005.

The subpoenas show that inquiry continues, though few details have leaked out.

City Councilwoman Elaine Lucas said the public is ready for answers and an end to the investigation.

"I think anything that's at the federal level is serious," she said. "And I would hope that with this kind of in-depth investigation that we would finally know the truth ... good or bad."

Since the investigation was turned over to federal officials, several area preachers and former city employees told The Telegraph they have been contacted by an investigator asking questions about the Safe Schools Initiative.

Police Chief Mike Burns said the police department received its own subpoena from the Justice Department in August. That subpoena called for "documentation on all federal grants for the police department from fiscal years 2002 through 2004," Burns wrote in an e-mail to The Telegraph.

Ellis on Friday directed questions about the most recent subpoenas to former Police Chief Rodney Monroe, who headed the department during the Safe Schools Initiative. Monroe left in early 2005 to become chief of the Richmond, Va., police department. He has not returned phone calls seeking comment about the initiative in the past and did not respond to a phone message or an e-mail Friday.

Said Ellis: "I have all the faith and trust in Chief Monroe that this grant was executed in a proper manner. ... Whatever information (investigators) have asked for, as far as I know, has been provided."

The September subpoena took several weeks for the city to fill. In late October, numerous boxes of information were carried by firefighters from City Hall to the Bibb County District Attorney's Office, where assistant district attorney Sharrell Lewis works. Lewis has been assigned to the U.S. Attorney's Office to help with the case.

"It was 40-something (boxes) as I recall," Simms said. "It filled up half the hallway."

Simms said his office called the U.S. Attorney's Office and the boxes were picked up, but he's not sure where they were taken. The U.S. attorney has an office in Macon, but the subpoenas state that the documents were bound for the Office of the Inspector General in Arlington, Va. Letters accompanying both subpoenas are signed by the special agent in charge of the Department of Justice's Fraud Detection Office there.

The December subpoena has not yet been filled, and the deadline is Jan. 5.

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The information will join an already huge cache of documents collected in the inquiry, which now spans more than two and a half years. That includes the local grand jury investigation and the current federal one. Simms has said his office compiled more than 500,000 documents into 50 three-ring binders during his involvement.

No one has been indicted as a result of the inquiry, and Ellis has repeatedly referred to the investigation as a politically motivated witch hunt. Though not indicted by the grand jury, former City Finance Director Kelly Clark was arrested on a conspiracy charge in 2005. But that charge was dismissed, which Ellis has pointed to as a vindication.

City Council President Anita Ponder said a federal inquiry is obviously a concern.

"Any time there's a federal subpoena for any reason," she said, "that's a red flag. ... The jury is still out in my mind as to the severity of it."

CRIMINAL LAW:

U.S. Attorney General: Hub's Violent Crime Grave Concern (BOSH)

By O'Ryan Johnson

Boston Herald, December 16, 2006

The blood spilled on Boston's streets this year drew the attention of the nation's top prosecutor yesterday as he attended a conference on gang violence at a time when the city hopes a fractured gang truce can stop a street war from erupting.

"I am concerned that, despite the diligence of the men and women in this room, preliminary crime reports in Boston for the first six months of this year show an increase in violent crime," said Attorney General Alberto Gonzales.

Nonfatal shootings are up 10 percent this year, while fatal shootings are up 13 percent. With 71 murders on the year, Boston is approaching last year's 10-year record homicide total of 75.

Gonzales, who was in town to speak at the annual Project Safe Neighborhood Conference at the Boston Convention and Exhibition Center, said the feds have put street violence under a microscope, not just in Boston, but across the country.

"To help cities like Boston - and any city or state facing a violent crime challenge - Justice Department officals have been traveling the country, meeting with state and local law enforcement in areas that have violent crime increases and those that have experienced decreases so we can better understand why in each case," he said.

In Boston, a cease-fire between long-feuding gangbangers from H-Block and Heath Street was strained when H-Block peacemaker Jahmol Norfleet, 20, was murdered.

Sexual Assault Stats May Not Tell Whole Story (STAMADV)

By Natasha Lee

The Stamford Advocate, December 17, 2006

The afternoon rape of a woman inside a downtown hotel parking garage in October was one of 22 reported in Stamford this year and reflects a gradual increase in reported rapes over the last four years.

Such statistics and public attention on sexual predators, including "To Catch a Predator" on "Dateline NBC" and high-profile sex-assault cases, such as one involving Duke University lacrosse players, would suggest sexual violence is on a rapid rise. National statistics, however, indicate otherwise.

Rape has dipped more than 85 percent since the 1970s, according to the U.S. Department of Justice. Last year, the number of rapes decreased by nearly 2 percent nationwide, even as other violent crimes increased, the FBI reported.

Law enforcement officials say the trend could be the result of an increased jail population, and that rapists, who often commit other crimes such as burglary and robberies, are behind bars.

Although the national statistics might be applauded, some experts and advocates aren't clapping just yet.

Victim advocates and experts say the numbers are unreliable, and that despite greater awareness and outreach with crisis centers, support groups and hot lines, rape remains an underreported crime.

Some advocates and crisis centers are leery about accepting data that is not representative of the population they serve, said Susan Howley, director of public policy for the Washington D.C.-based National Center for Victims of Crime.

"Sexual assault advocates have reservations," she said. "Especially when sexual assault groups are not seeing the number of clients decline and still have more people coming through than they can serve."

Advocates say surveys, such as the National Crime Victimization Survey conducted by the Justice Department, exclude populations more vulnerable to rape and other sex crimes, including homeless victims, mentally ill and disabled victims, and immigrant victims. The survey said only 38 percent of rapes and sexual assaults were reported last year.

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The annual survey, released last year, interviews about 134,000 people, 12 years and older, about crimes committed against them.

The statistics don't reveal much about the crime, said Dean Kilpatrick, director of the National Crime Victims Research & Treatment Center in Charleston, S.C. For instance, the survey does not indicate what types of rape, such as date rape or stranger rape, are increasing or decreasing - information that could help crisis centers and advocates target groups most likely affected, he said.

Also, the survey limits its definition of rape to sexual intercourse by penetration, which could lead to the exclusion of many cases, Kilpatrick said.

"It is so insensitive to picking up rape cases that it doesn't make a lot of sense to put great credence in terms of the data," he said.

In Stamford, reported rape cases peaked in 1998 and 1999, with 32 and 35 respectively, according to police. Those same years, the Justice Department reported 0.9 rapes for every 1,000 people. Stamford's population in the 2000 census was about 180,000.

Stamford police statistics show a sharp decline the following year, with nine reported rapes in 2000, but the numbers crept back up in subsequent years. Last year, 18 cases of rape were reported in Stamford, up from 12 in 2004.

Stamford police say the higher numbers don't necessarily mean an increase in assaults. The increase could suggest more victims are coming forward, said Stamford Officer Joanne Anzenberger, who helps train officers on how to handle victims of sexual assault.

Anzenberger credits improved police training and the department working with the Stamford-based Sexual Assault Crisis & Education Center for contributing to the increase.

"Better training . . . results in a professional approach that does not leave the victim feeling as though she is being assaulted a second time by uncaring police officers," she said.

Officers' approach to rape victims has also changed over the last 25 years, Anzenberger said.

"(Police) used to expect you to fight them (attackers) off. . . . If someone is holding a gun to you and demanding that you give them money, are you going to put up a fight? Why is this any different?" she said.

Still, the national decline remains a mystery.

Local advocates and law enforcement officials say those numbers warrant several explanations.

One might be that while there are fewer incidents of stranger rape, victims sexually assaulted by relatives or friends are remaining silent.

"The national statistic speaks to the myth of the guy jumping out of the bushes and sexually assaulting a woman," said Cathy Malloy, executive director of the crisis center in Stamford. The center serves lower Fairfield County, and has provided services to victims 21Ú2 years old to age 94.

Often, victims of acquaintance rape are reluctant to report the crime because they may not recognize the attack as a crime, feel shame or worry about being believed or blamed, advocates say.

Even with strong victims' rights laws and efforts by police and prosecutors to help ease the process of reporting a rape, people still don't like to talk about it.

"It's like AIDS, there's less of a stigma than there was, but there still is," said Kari Pesavento, the center's director of operations. "It's still the only crime that people are blamed for. If I get mugged, then the suspect is blamed. But in cases of rape, the victim is blamed for what happened to them."

For fiscal years 2004 to 2006, the center served 762 victims of sexual assault, and officials say the center has not seen a dramatic decline.

"We've been here for 30 years, and we're still struggling," said Malloy, whose husband is Stamford Mayor Dannel Malloy. "We wish we could be out of business, but we're busier than we've ever been and we're using every ounce we have to raise awareness."

High-profile rape cases, such as the cases of basketball star Kobe Bryant and William Kennedy Smith, may have an impact a victim's willingness to come forward out of fear of public criticism and exposure of their personal lives, said Dr. Kathleen Casey Jordan, a professor of justice and law administration at Western Connecticut State University in Danbury.

Still, there has been progress. Women are more careful about putting themselves at risk, Jordan said.

"Women are a lot more savvy about their behaviors. Women have reconciled that they have the right to walk alone, drink alone, flirt with men, but these behaviors are often stupid, and irresponsible, not illegal, but not wise," she said.

Sexual assault education is also increasing, not only in schools and on college campuses, but in church groups and other organizations, Pesavento said.

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"I think the biggest message that anyone can send to a victim is that they're in control and that if they need help, there's places out there to help," she said.

CIVIL RIGHTS:

HIGH BLACK ARREST RATE RAISES CALL FOR INQUIRY Range Of Explanations Offered By Experts, Officials For S.F.'s Disparity With Other Cities (SFC)

By Susan Sward

San Francisco Chronicle, December 17, 2006

San Francisco police arrest African Americans for serious crime at a much higher rate than officers in California's other biggest cities.

Black people in San Francisco are arrested for felonies at nearly twice the rate they are in Sacramento. They are arrested at twice the rate of black people in Fresno, three times the rate in San Jose, Los Angeles, Long Beach and San Diego, and four times the rate in Oakland.

The disparity between San Francisco's black felony arrest rates and the seven other largest cities' -- measured by the number of African Americans arrested per 1,000 black residents -- is so large that many experts and civic leaders who reviewed the numbers said they are "disturbing" and require an investigation.

The numbers prompt several questions, all of which basically boil down to this: Is the high arrest rate of African Americans because of the way the San Francisco Police Department does its policing, or because of criminal activity within the community?

Mayor Gavin Newsom and Police Chief Heather Fong said they do not think the department is going after African Americans in an unfair manner. They also said they were consulting experts to try to learn why the arrest numbers look the way they do.

Newsom said he found the numbers "outrageous" but was not shocked by them because of the time he has spent attempting to tackle the root causes of poverty.

"There is no question in my mind that this deserves immediate attention and investigation, and I will be doing that," Newsom said. He said the investigation would be conducted by a University of South Florida criminologist, Lorie Fridell, who will "do aggressive data analysis" of the arrest numbers and report back to him and Fong in about two months.

While Fong said the arrest numbers merit review, she suggested that the disparity exists in part because the perception that sometimes San Francisco is "soft on crime" may draw criminals from out of the city who feel they can come here and "not be held accountable."

Fong's staff said they hand-counted arrests made by the Tenderloin Task Force last year and found that more than 60 percent of the African Americans arrested were listed on booking cards as "no local" -- a term often applied to transients -- or gave addresses outside San Francisco. The department does not have similar data for other districts besides the Tenderloin, which police looked at because they believe many nonresidents are involved in drug dealing and other crimes there.

San Francisco officers arrest criminal suspects as they find them, not based on the color of their skin, Fong said.

"I don't think just by looking at the numbers, you can prove or disprove that there is any targeting," she said, adding that factors such as repeat offenders and out-of-town criminals influence the numbers.

Others who reviewed the numbers for The Chronicle found them startling.

"What is significant about these numbers is that they beg serious attention," said San Francisco District Attorney Kamala Harris. "These numbers are clearly based on a legitimate collection of data and are not based on emotional cries."

Merrick Bobb, a nationally recognized expert in police practices, said the city must look harder to explain the numbers.

"The strongly disparate impact of San Francisco policing on African Americans begs for a convincing set of reasons based solidly on empirical fact," said Bobb, who heads a nonprofit organization in Los Angeles that advises departments nationwide.

"The SFPD, to date, has not persuasively explained what legitimate factors cause San Francisco to have felony arrest patterns so different" from the state's other biggest cities, Bobb said.

Sheriff Michael Hennessey, who runs the city's jails and has tracked their racial composition for years, said his lockup population reflects the black arrest rate. "The disparity is just incredibly dramatic," he said. "If you are an adult white male, your chances of being in my jail are 1 in 365, and if you are an adult black male, your chances are 1 in 23."

The Chronicle began examining the city's black felony arrest rate after its investigation of the department's use of force, published in February, found officers were arresting African Americans and reporting use of force on them at rates about five times greater than their presence in the city's population.

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San Francisco police cited several factors they say contribute to African Americans accounting for about half of all felony arrests in the city, where they are less than 8 percent of the population. In 2005, 1 out of 3 arrests of black people involved narcotics.

Officers interviewed by The Chronicle said most of the dealers coming from out of town by BART or car to sell drugs -- primarily crack cocaine and sometimes methamphetamine -- are African Americans. Moreover, said Capt. Timothy Hettrich, head of the narcotics division, black drug dealers often sell out in the open on street corners, thus increasing their chances for arrest.

Fong also has said that some of the offenders are arrested time and again, thereby increasing the black arrest numbers.

Also, she said, the department has had to devote a lot of resources to combatting gangs of youths responsible for many of the city's black-on-black homicides. William Whitfield, an African American officer who has worked in the department for more than a decade, said factors such as out-of-town criminals do affect arrests.

"I've seen that with my own eyes -- I got a guy once with an automatic weapon around his neck on a shoestring coming off of BART," Whitfield said. "He had the weapon under his jacket, and I was buying dope undercover. I saw him walk up from BART, and when they moved in and arrested him and the crew he was working with, they found the weapon. He was an Oakland guy."

Whitfield said many black criminals today quickly resort to violence and this occurs at a younger and younger age. People are "selling dope in the Sunset, don't get me wrong, but they aren't shooting each other over it, and they are out in the Bayview and the Fillmore. It's not all about dope and gangs, either, because you've got that everywhere. Sometimes a shooting is a personal beef, sometimes it's jealousy, sometimes it's as simple as, 'You were looking at my girlfriend.' "

'Disturbing' numbers

Many experts acknowledge that the factors Fong and her officers cite may contribute to the city's black arrest rate. They also note that in cities throughout America, African Americans are arrested in numbers that exceed their presence in the population.

But they say the black arrest rate in San Francisco is so much higher than other California cities that the disparity cannot be explained completely by the factors cited by police.

"America's criminal justice system disproportionately affects African Americans, and San Francisco is no exception," said Bobb, the police practices expert. "What stands out in this city is the degree of disproportion, which is higher than what I've seen elsewhere on the West Coast."

Joseph Marshall, a member of the San Francisco Police Commission and co-founder of the Omega Boys Club who has worked with at-risk youth for decades, said he knows the Police Department has made a concerted effort to combat black gang violence "to reduce the homicides, and those numbers are down."

But he added: "These numbers on arrest rates are disturbing and scream for an explanation. Is there something going on within the SFPD that makes the numbers so different?"

James Bell, executive director of the San Francisco-based W. Haywood Burns Institute for Juvenile Justice Fairness and Equity, has been wrestling for years with Marshall's question. About 60 percent of juveniles detained in the city are black.

"If you are an intelligent, caring person in San Francisco, you should be disquieted that in a supposedly liberal city, black youths are so much in the overwhelming majority among the detainees," Bell said. "The numbers are just too disparate for anyone to credibly advance the 'you-do-the-crime, you-do-the-time' syndrome as an explanation. To believe these numbers, you'd have to believe that white kids in places like the Haight and the Sunset are basically doing no crime."

Hettrich, who heads the narcotics division, says numbers don't convey what police confront.

"The real story is we go after the drugs, and we go where we have had complaints," Hettrich said in a ride-along interview where he pointed out drug dealing hot spots around the city and the high numbers of African Americans and Latinos making sales. "Those arrest numbers may indicate we are doing a good job in areas where we have had complaints.

"Color means nothing to us," Hettrich said. "We are prejudiced against dealers."

David Dockery, an African American officer who walks a beat in the predominantly black Hunters Point housing projects, said most citizens "want more of us out there. If I could stand in front of their houses all day long, that's what they'd like."

Dockery and his African American partner, Officer Mike Robinson, said the department's crime chasing is "color blind." They also said what many officers believe -- that criminals are drawn to San Francisco because they feel that if caught, their punishment in the courts will be lighter than it would be in surrounding counties. "We know a guy with four cases pending," Robinson said. "Where does this stop?"

Answers, not speculation

San Francisco's high black arrest rate is not of recent origin: 20 years ago, San Francisco was making black felony arrests at a rate much higher than California's seven other largest cities, state Justice Department reports show. In 1986, for example,

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San Francisco's black felony arrest rate was almost 45 percent greater than Los Angeles' and almost 51 percent higher than Oakland's.

In the decades since then, San Francisco's black felony arrest rate has climbed by more than 35 percent while the other seven major California cities' rates have dropped -- often by a considerable amount. During those 20 years, Los Angeles' black felony arrest rate dropped by more than 36 percent and Oakland's declined by more than 52 percent.

When evaluating why San Francisco's black arrest numbers are so different from the other cities', Bobb said speculation is not productive.

"It is not helpful, in the absence of thorough research and hard evidence, for the SFPD merely to speculate as to possible reasons, just as it is unproductive for others to speculate that there must be police antipathy to African Americans," Bobb said.

A second review was conducted at The Chronicle's request by Samuel Walker, a criminal justice professor emeritus from the University of Nebraska, Omaha, who has consulted with the U.S. Justice Department on matters ranging from police use of force to questions of race-based civil rights violations by police agencies.

Walker concluded that San Francisco police are targeting black people in their law enforcement efforts. To him, the numbers indicate that "many law-abiding citizens" are confronted by officers "solely because of their skin color."

"No other factor than race could possibly explain the San Francisco arrest data given the fact that they are so far out of line compared with other departments," Walker said.

Two figures in San Francisco's criminal justice system expressed similar conclusions.

Public Defender Jeff Adachi said that he does not believe the department has a go-after-black-suspects plan, but he added that by focusing on heavily black neighborhoods plagued by crime and violence, police inevitably drive black arrest numbers up and often use those high numbers as proof they are in the right spots to catch the criminals.

"I believe that the San Francisco Police Department has focused its efforts, in terms of 'crime crackdowns,' in those neighborhoods where there is a high concentration of blacks -- the Western Addition, Tenderloin, Visitacion Valley, Potrero Hill, Ingleside Terrace and Bayview-Hunters Point," he said. "This has long been the trend since the crack cocaine epidemic, when task forces were formed to focus buy-bust operations in those neighborhoods."

Sheriff Hennessey said the problem does not just lie with the police.

"I think this is a reflection of institutionalized racism: You are more likely to get arrested for the same act if you're black, you are more likely to be retained in jail for the same crime if you are black, and society is more likely to care less about your incarceration if you are black," Hennessey said.

Officers in the department said they go where the crime and violence is happening.

Mikail Ali and Toney Chaplin, African American inspectors in the gang task force, said police concentrate their efforts on areas where violence is occurring.

"African American youth are shooting each other at a rate far greater than other groups, so we try to get those kids on some charge if we can't get them on a homicide," Chaplin said. Ali added: "Social neglect by the community, government and business have caused environments populated predominantly by black people to be conducive to crime and violence, and law enforcement ends up having to deal with the bottom line -- young black kids killing one another at a disproportionate rate."

The community perception

Chief Fong says officers are taught to treat all citizens equally. Police Academy recruits are given 52 hours of training -- more than twice the state requirement -- on discrimination and cultural diversity as it relates to African Americans, and other races and segments of society, including gays and lesbians, seniors and the homeless.

But in San Francisco's black neighborhoods, many believe police give them special attention.

At the Ella Hill Hutch Community Center -- a hub of activity for African American youths living in the Western Addition -- Executive Director George Smith says he is blunt with young people about what he believes they face.

"I tell young kids that you shouldn't break the law because this is a system so poised to arrest young African American males," Smith said.

Guy Hudson, who works two jobs as a city athletics coach and as a security guard, knows many of the kids in black neighborhoods all over town, and he said that many black people believe they often can "talk things over" with police in San Francisco when that wouldn't work in Oakland, Santa Clara or Daly City.

Even so, Hudson says, it's a reality that police focus on black people in San Francisco. He recalls the time three officers stopped him in Hunters Point after he "drove down a hill a little fast" and they emerged from their car "pointing guns at my head."

Hudson, 42, said he asked them, "Out in the avenues, would you be jumping out of your car with an automatic machinegun?"

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The police eventually let him go. Before they drove off, Hudson said, one of them told him that someone recently had fired shots at an officer on Harbor Road. Hudson said he responded: "That gives you the right to pull pistols on everyone in the community?"

Police Commissioner Marshall, who is African American, wrote a book, "Street Soldier," in which he described the deep-seated antipathy black people hold for police. "There's not a black person I know who doesn't see the police as an occupying force in the community. At the same time, though, I'm convinced that if black folks stopped blowing each other's brains out, they'd be in a much better position to deal with police issues."

However, there are African Americans who approve of the way officers conduct themselves in their neighborhoods.

Al Harris, who lives in the Ingleside and works as an organizer for the Safety Network group, which is funded by the Mayor's Office of Criminal Justice, says police often have to confront a "pretty rough world -- you go into neighborhoods and you're hated. In some neighborhoods, it's instilled from when kids are little that the police are the enemy."

"I think the police are doing a pretty good job," Harris added. "I know officers who do all kinds of good stuff for the kids, participating in community events, giving toys at Christmas, hundreds of turkeys at Thanksgiving."

Asked about whether it appears that police are targeting black people for arrest, Harris said: "Definitely not. There's no need to target the African American kids. They're the ones out on the streets selling the drugs."

Earlier study

The numbers revealing the high arrest rate of black people in the city are not the first statistical indication that African Americans get special police attention.

In 2002 the American Civil Liberties Union issued a report, "A Department in Denial: The San Francisco Police Department's Failure To Address Racial Profiling," which found black motorists were more than three times as likely to be searched as whites after a traffic stop.

That year San Francisco police arrested black people for felonies at the department's highest rate in the years reviewed by The Chronicle -- 171 for every 1,000 African Americans in the city's population.

The next year, the department adopted a new general order establishing its commitment to "unbiased policing" and stating officers "must be able to articulate specific facts and circumstances that support reasonable suspicion or probable cause" for detaining, stopping, arresting and searching citizens or seizing their property.

The black arrest rate began to drop. In 2003 it was 150 per 1,000, in 2004 it was 146, and in 2005 it was 145. Even in that last year, though, the rate was three times higher than Los Angeles, San Jose, Long Beach and San Diego and four times higher than Oakland.

Search for explanation

Looking at the 2000 U.S. census to try to find possible reasons for the arrest rate, The Chronicle found some similarities and some differences between San Francisco and the seven other cities.

Like black residents of those other cities, San Francisco African Americans' median household income lags considerably behind that of the city's total population, and their level of education is also typically years behind that of the total population.

Police Commissioner Marshall says answers that might seem at least part of the explanation -- such as poverty, lack of education and the flight of large numbers of middle-class black residents from the city in recent decades -- end up providing no real guidance, because those patterns are found in other cities where the arrest rates are far lower.

In two ways, though, San Francisco does stand out: During the 1990s, the city's African American population declined faster than in any other major U.S. city, dropping by 23 percent, according to 2000 census figures.

The black percentage of population also dropped in Oakland, San Jose, Los Angeles and San Diego. In Fresno, Long Beach and Sacramento, it rose somewhat. Today San Francisco, which is 7.8 percent African American, has the second smallest proportion of black people among the state's eight biggest cities. San Jose, with 3.5 percent, has the smallest, and Oakland, with almost 36 percent, has the largest.

A second difference involved unemployment numbers. While African Americans in all the cities had high unemployment numbers, only in San Francisco was their unemployment rate -- 6.2 percent -- more than double that of the rest of the population.

Need for investigation

Walker, the Nebraska criminal justice professor, said San Francisco's high black arrest rate should be investigated by the U.S. Justice Department and the state attorney general's office.

Fong said she did not feel the need for a state or U.S. Justice Department investigation of San Francisco's black felony arrest rate. Instead, she said she was consulting with outside experts and plans a review of department policies to see if changes are warranted.

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She added that the department's efforts to analyze its arrest record are made difficult by the fact its record keeping system is being overhauled and she can't "go to a computer right now and pull up arrest data with all this information you have spoken about."

Newsom said while he is convinced there is no "significant racial profiling in our department," he cannot "in good conscience defend the disparity" between San Francisco and other cities' black arrest rates. Referring to the arrest numbers, he said, "On face value, they are outrageous."

The mayor added that as he has worked to push programs tackling concentrated poverty in the city, such as a tax credit for working families, he has concluded "the issues of crime for me are overwhelmingly correlated with issues of poverty."

Newsom added that Fridell, the University of South Florida associate professor of criminology selected by the city to review its arrest data, was picked in part because she has special expertise in the area of racial profiling.

One way or another, San Francisco has to discover why it is arresting black citizens at a higher rate than the other California cities, said Bobb, the Los Angeles police practices expert.

What is at stake is the concept of equal treatment under the law, he said.

"The Supreme Court has held that the Constitution prohibits selective enforcement of the law based on considerations such as race," Bobb said. "Courts across the country have ruled that using impermissible racial classifications in determining whom to stop, detain and search violates the equal protection clause."

Walker, the law enforcement expert who has consulted for the Justice Department, says the San Francisco Police Department "should be looking at its own operation to see if there's anything it could be doing differently."

The equal protection under law guarantee of the 14th Amendment is "the bedrock of all civil rights laws in the United States and a fundamental principle upon which our country is based," he said.

Jack Jacqua, who founded the Omega Boys Club with Marshall, said the policing of black people in San Francisco is a problem for the city and its leaders.

While he acknowledged that police have "the most dangerous, difficult job in America," he said they "most times treat poor kids from the hood differently than they do more affluent kids."

Jacqua, who has devoted his life to working with at-risk youths, added that many black youths come from "a population where there is virtually no middle class because the middle class people can't afford to live here, and many of these youngsters end up in the criminal justice system."

It works this way, Jacqua said: If a kid shoplifts in the Sunset District, police are probably going to call Mom and Dad and have them take their child home. "But if you shoplift downtown and your address is in the Bayview, then they will take you to jail."

As for the black community, he said much of it "is a mess -- it's destroying itself. Not enough people are involved in standing up and challenging these youngsters to take responsibility for their lives. Where is the leadership?"

And what of the city's liberal political establishment that has reigned for many years?

"The bottom line," said Jacqua, "is that poor blacks are in the way of what this city wants to be, though the city won't admit it because 'we're liberal and believe in diversity.' But the city really doesn't want poor folks and especially poor black folks."

VOICES: From double standards to police strategy to social factors, there's no tidy explanation

Heather Fong, San Francisco police chief: "I support the crime-fighting efforts of the officers of this department, who day after day, under challenging and perilous circumstances, work tirelessly to protect the people of San Francisco, and do so in an impartial manner."

Victoria Gray, social worker for the nonprofit Family Service Agency: "If you are out here black, selling drugs and your pockets full of drugs and you get busted and holler 'Racism!' -- that's not racism. ... Of course there's racism. This is America. But everything isn't linked to racism. ... You have to understand all our men want is a piece of the American pie, the American dream. I don't blame them for wanting some of the pie, but I blame them for how they go about it."

Damone Hale, member of the San Francisco Juvenile Probation Commission and an attorney who has represented many young African Americans: "You see officers whose talk is rude and disrespectful, and time and again the only distinguishing factors we could find is that the defendant is African American. It's consistent and this treatment is permitted by our society."

Arlene Ackerman, former San Francisco school superintendent now teaching at Columbia University's Teachers College in New York City: "I believe that race in San Francisco is the elephant in the room and people refuse to talk about it and if you bring it up, then you are the racist. I felt more uncomfortable as a black person in San Francisco than I have felt in any other city. ... Someone has to be courageous and step up and address the issue of race in the city, starting in the education system and moving through the criminal justice system."

Delores Jones-Brown, a former prosecutor who is interim director of the Center on Race, Crime and Justice at the City University of New York's John Jay College of Criminal Justice: "Typically when we see disproportionate arrest rates for African Americans or other minorities, it is because the police have focused their forces or hot-spot policing on areas with large minority

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populations. What is the harm of targeting? Innocent people who are unfortunate enough to live in economically depressed neighborhoods aren't given the same measure of constitutional rights as their more affluent counterparts: They are stopped and frisked, have their cars and persons searched even without permission -- simply by virtue of where they live. It's unacceptable."

William Whitfield, officer who joined the San Francisco Police Department in 1994: "If I had to put my finger on one thing, it's the homes. I look at the kids on the corners, and 9 times out of 10 there's no dad and maybe 7 times out of 10 there's no mom in their lives and they are being raised by an aunt or grandma. Kids aren't being raised as I was -- there's just not that accountability in the homes. If they had someone at home they knew they had to answer to, that would stop a whole lot of it."

Tim Nichols, ex-San Francisco police officer, on the high black arrest rate: "It comes from the fact the majority of officers who want to take on criminals are in the Bayview and the Fillmore, which are heavily black. I don't believe it's racism. ... Officers have to pick and choose the severity of the crime they want to spend their time on, and officers who make a lot of arrests generally go after hard-core criminals." He also said black drug dealers are particularly visible: "How often do you see a group of whites standing on the street corner selling narcotics? Generally whites don't sell on the corner."

Sharen Hewitt, director of the Community Leadership Academy and Emergency Response project, which helps connect low-income clients with services, said when she has watched what happens on a Friday night on Union Street where the crowds are predominantly white, she finds "kids tearing up, fighting, smoking marijuana, drinking in the streets, guys being abusive to women, young men publicly urinating, and I don't see a whole lot of them being arrested. Some of these behaviors are developmentally appropriate, but I don't think African American young men get the luxury of having errors."

Reaction Mixed On Federal Lawsuit Charging Anti-Hispanic Bias (LH)

By Bill Hughes

Lower Hudson Journal News, December 17, 2006

PORT CHESTER - Village residents had a wide range of reactions yesterday to the news that federal officials have filed a lawsuit aimed at forcing an election district system that would increase the likelihood a Hispanic candidate could win a seat on the Board of Trustees.

Out of dozens of residents interviewed yesterday, only a handful were aware that the U.S. Department of Justice has been pressuring the village to address concerns that a municipality where more than 46 percent of the population self-identified as Hispanic in the last census does not have a single Hispanic elected official on its six-member Board of Trustees.

That pressure culminated with Friday's announcement that the department is suing the village to force some course of action to change the situation.

Among those who knew about the situation, there was wide disagreement about whether there even is a problem and what, if anything, should be done by the federal government.

"It's kind of like turning the game to make something happen that should just happen on its own," said Gabriel Hernandez, a 22-year-old registered Democrat who volunteers as a poll worker and studies business at Westchester Community College.

"I think we do really need a little more Hispanic representation, but we also need people in there who know what they're doing," Hernandez said. "You can't just have people in there because they're Hispanic, or black or white, or whatever. It just makes no sense to say, 'Oh, there's nobody Hispanic in there, so let's put someone in just based on the fact that he's Spanish,' when that person might not be qualified.

"To me, being Hispanic, that's like an offense to say, 'Oh, if they're not going to do it on their own, we'll make it happen for them,' " Hernandez added.

Carole McDermott, a lifelong resident of the village who was buying stamps at the post office on Westchester Avenue, said she didn't understand the logic behind establishing voting districts to replace the at-large designation for all six trustee seats.

"Isn't that how democracy's supposed to work?" McDermott asked. "I've never voted for somebody based on their ethnicity. Why should I, or anybody else for that matter, start now? Because somebody in Washington says we should?"

Others welcomed the idea of districts, agreeing with the contention that the all at-large system dilutes the collective strength of the Hispanic community to get behind a single candidate.

Alberto Rodriguez, a registered member of the Conservative Party, said that while he would not personally vote for a candidate based on ethnicity, he would support the creation of voting districts because he believes it would inspire more diversity on future ballots.

"There's always been like a status quo here - you accept whatever you get," Rodriguez said. "Dividing the locations based upon geography would probably enhance things and probably motivate a qualified Hispanic individual to seek nomination as a trustee."

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In an interview Friday, Mayor Gerald Logan denounced the lawsuit, saying that voter apathy, not discrimination, was the primary problem in Port Chester. With roughly 21,600 residents 18 years and over, more than 3,000 of whom are believed to be Hispanic, a total of only 2,600 residents voted in the last election, Logan said.

Join the discussion on the Port Chester voting districts in the "Port Chester" forum at LoHud.com.

Feds Intervene In Indian Voting Case (AP)

AP, December 17, 2006

CHEYENNE -- The U.S. Department of Justice is intervening in a federal lawsuit in which five American Indians are challenging Fremont County's system of holding at-large elections.

The department filed notice Thursday that it is intervening in the case for the limited purpose of defending the constitutionality of the federal Voting Rights Act.

Five members of the Eastern Shoshone and Northern Arapaho tribes, represented by the American Civil Liberties Union, sued Fremont County last year. They claim the county's system of holding at-large elections violates Voting Rights Act by impermissibly diluting the American Indian vote.

The Mountain States Legal Foundation, based in Lakewood, Colo., is defending Fremont County. In its answer to the lawsuit filed late last year, the foundation argued that it would be unconstitutional to hold Fremont County to the section of the Voting Rights Act which prohibits practices that dilute minority voting.

Fremont County Attorney Ed Newell on Friday referred questions to the Mountain States Legal Foundation, but efforts to reach lawyers there were unsuccessful.

In its notice of intervention filed in the lawsuit this week, the Civil Rights Division of the U.S. Department of Justice stated that the United States has a right to intervene in any lawsuit in which the constitutionality of federal laws is questioned.

Laughlin McDonald, director of the ACLU's Voting Rights Project in Atlanta, said Friday that he believes abolishing at-large elections would help everyone in Fremont County.

"I think if we succeed in this suit, nobody loses," McDonald said. "If we succeed, and if we get a system that allows all the groups in that county to participate in that process, that really fulfills the premise of democracy."

McDonald said the lawsuit is set for trial in February before U.S. District Judge Alan Johnson in Lander.

Federal appeals courts have already rejected Mountain States Legal Foundation's argument that the Voting Rights Act is unconstitutional in a Montana case. The U.S. Supreme Court ultimately declined to review that case.

In last month's general election, Fremont County voters elected Keja Whiteman, a member of the Turtle Mountain Band of Chippewa, to one of three open seats on the county commission in an at-large election. The ACLU announced that it would continue with its lawsuit nonetheless.

"It frequently happens that minorities won't get elected until a lawsuit is filed; it's happened in a number of cases," McDonald said, adding that the fact that a minority person was elected didn't resolve the issue.

Fremont County Attorney Newell last month called Whiteman's election "a great thing for Fremont County."

Newell said Whiteman's election was proof that the county "isn't full of racists who vote along racial lines." And he said he believes Whiteman's success has weakened the ACLU's case.

"The entire premise of that lawsuit was an American Indian couldn't get elected, and this is clear proof that premise is false," Newell said. "She clearly got support from many Republicans and non-Indians to win like she did. She deserved to get elected, and she did."

In a field of six candidates, Whiteman received 6,422 votes -- more than 18 percent of all votes cast. She won four of the six precincts in Lander, where most of the voters are not American Indians.

ANTITRUST:

Airline Deals Can Bog Down In The Details (HC)

By Bill Hensel Jr. And Brad Hem

Houston Chronicle, December 17, 2006

It's one thing to talk about merging two big airlines. Making it happen is another.

Since preliminary merger talks between Continental and United airlines became public last week, the talk of industry consolidation has grown louder and the market value of both airlines has increased.

No matter the buzz, there are obstacles, though surmountable, to such a deal getting struck, and pitfalls to it ultimately succeeding.

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Before the airlines could reach a deal, many issues beg to be decided: Who runs the merged carrier? What is the name? Where is the headquarters?

Executives also look at fleet and route network compatibility and decide if potential labor kinks can be smoothed.

After any deal is struck, the parties wait to find out: Are there legal challenges or regulatory bombs? Is there problematic political fallout if the merged airline decides to shut down a hub or hubs?

"Big hurdles remain," Goldman Sachs airline analyst Robert Barry said in a recent report. "Airline mergers are never easy."

Continental Airlines Chairman and Chief Executive Officer Larry Kellner has not been enthusiastic about a merger but might decide he has no real choice. Experts say the carrier's board may feel pressure by shareholders to make a deal.

Kellner said again in a message to employees Friday he prefers that the Houston-based airline stay independent. But he also said the airline will do what it must to be competitive if the industry landscape changes.

Glenn Tilton, chairman, CEO and president of United, also weighed in to his employees in a taped message Friday.

"We continue to believe the industry would benefit from consolidation and that change of that kind is overdue," Tilton said. "We're in control of our decisions, and no one will be making them for us."

With US Airways making a hostile bid for Delta Air Lines and AirTran Airways doing the same for Midwest Airlines, the industry could indeed be shifting around Continental.

CEO egosIf there is a Continental-United merger, most industry watchers believe it makes sense for Kellner to be the CEO. But that doesn't address the issue of whether Tilton would take a payout and retire or stick around as chairman or in some other capacity.

A big issue in mergers is always who is to be in control, said antitrust lawyer Jim Eiszner of Shook, Hardy & Bacon in Kansas City, Mo.

That was a concern when Continental and United talked previously, according to former Continental Chairman and CEO Gordon Bethune, who said executives from the two airlines met about four years ago to talk about a merger.

"That was an issue long before I retired," said Bethune, who stepped down at the end of 2004.

After spending years working to build the company into one of the industry's best, Continental leaders aren't going to simply hand the reins over, he said, to an airline that has had "mediocre management."

"The leadership of Continental is not going to ditch the employees," Bethune said. "It is not about getting a payday and moving on. Being leader of the company, you have a huge obligation."

The ability to complete a merger and the details that would follow come down to CEO egos, said Roger King, an analyst with research firm CreditSights.

The question is whether Kellner or Tilton would be willing to step aside and let the other team take over.

"If they can't make that work, the whole thing will fall apart," King said.

There shouldn't be much debate, King said. Kellner runs a successful airline, he added.

Even though King favors Kellner's team running any combination, he believes the name would be United because it's better known worldwide. Others experts agree it has superior brand recognition.

United, the second-largest airline in the U.S. after American Airlines, is based just outside Chicago, while Continental, No. 4, has its headquarters in Houston.

A vote for HoustonTerry Trippler, an airline expert with myvacationpassort.com, said he thought the headquarters of a merged company should be in Houston because it would be cheaper to operate than in Chicago. But CEOs can feel strongly about ties to a headquarters city.

The two airlines' route networks complement each other, and their fleets, while different, could probably mesh without too much difficulty.

Goldman Sachs said the merger would be a powerful combination.

"Continental's strengths in secondary Europe markets, the northeastern U.S. and Latin America are a great fit with United's Pacific, primary European market and West Coast strength," Barry wrote.

Continental and United have minimal competitive overlap, Eiszner noted.

Anthony Sabino, professor of law and business at St. John's University in New York, called the possible merger of United and Continental "the watershed event the industry has been waiting for."

A marriage of the two would create a megacarrier, he said, with the heft and solvency to stave off domestic and foreign competition.

Sabino said a merger of United's transcontinental and Pacific routes with Continental's flights to Europe, Latin America and the eastern half of the nation would be a "snug fit."

A load of other factorsIf a deal does get announced, there are still potential obstacles to overcome.

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One could be what Northwest Airlines does. It has a so-called "golden share" of Continental that would allow it to block a takeover of Continental by United. It's generally believed, however, that the golden share wouldn't preclude Continental from being an acquirer.

Regulators and politicians could also intercede. The Justice Department could try to block any deal on antitrust grounds, Standard & Poor's airline analyst Philip Baggaley noted.

The Justice Department might also take a stern look at the so-called failing company defense, Eiszner said. Regulators might look more favorably on any type of big merger if one party is failing or at risk of failing.

In this case, Continental is healthy and United has just successfully emerged from bankruptcy.

Politicians might consider fears over rising ticket prices or potential hub shutdowns. Some are already sounding alarms.

The Business Travel Coalition called the potential United-Continental deal the ultimate warning of a "tsunami" of airline mergers most worrisome to business travel advocates.

"The market power of resultant, reconfigured global alliances with antitrust immunity could be stunning," said Kevin Mitchell, the coalition's chairman. "The coalition believes that corporations that fund business travel activities would pay higher ticket prices as capacity would be removed as a consequence of these proposed mergers."

When it comes to hubs, industry experts say Continental's Houston and New York-area hubs are strong and are likely to remain in operation if a merger happens. The fate of its Cleveland hub is less clear.

Speed of deal an unknownHow quickly any deal might happen remains a question mark. That could depend, in part, on what happens with other carriers, including US Airways and its bid for Delta.

"If it appears that the bid could be successful, that could trigger other moves, such as a competing bid from United or Northwest for Delta," S&P's Baggaley wrote.

Continental and United were in their preliminary talks even before US Airways announced its move for Delta.

"It has been clear that consolidation was on its way," aviation consultant Alan Sbarra said. "What happens is even an airline that wants to go it alone needs to be proactive so they can control their own fate."

Lawmakers Alarmed By Airline Deals Concerns Include Loss Of Service And Jobs, As Well As Higher Ticket Prices. (AJC)

By Marilyn Geewax

The Atlanta Journal-Constitution, December 17, 2006

Washington —- Even though the new Congress won't convene until January, key lawmakers already are preparing for hearings to examine the economic impact of possible airline mergers.

Many members of Congress are condemning the potential deals, while few, if any, support the idea of industry consolidation. Congress has no direct role in approving mergers, but it could help sway public perceptions and increase political pressure on the Justice Department to reject the airline transactions on antitrust grounds.

Perhaps the most controversial of the potential acquisitions involves US Airways Group Inc.'s unsolicited $8.7 billion bid for Delta Air Lines Inc. The two carriers have routes that overlap significantly along the East Coast, as well as hubs relatively near each other in the West. Congressmen representing Atlanta, Cincinnati, Pittsburgh, Philadelphia, Salt Lake City, Phoenix, Charlotte and other cities where the two airlines have major operations fear that a merger would wipe out jobs, diminish air service and drive up ticket prices, Rep. John Lewis (D-Ga.) said.

Concerns about a loss of competition grew dramatically last week when word surfaced that UAL Corp., parent of United Airlines, and Continental Airlines are considering a merger. In addition, AirTran Holdings Inc. offered to buy Midwest Air Group for about $290 million. With so many carriers now in play, the number of concerned congressmen is growing.

"We can voice our opinion," Lewis said. "And because we all represent different parts of the country, speaking out could have a tremendous impact on what happens."

Last week, incoming House Transportation Committee Chairman James Oberstar (D-Minn.) said that if it appears that the US Airways takeover of Delta would be going forward in the new year, he would hold a hearing on the matter. Teri Rucker, a spokeswoman for incoming Senate Commerce Committee Chairman Daniel Inouye (D-Hawaii), said that panel also is planning a hearing.

Oberstar said that by publicly exposing the potential dangers of airline consolidation, his committee may be able to "throw cold water" on merger mania. "We can nudge the Justice Department to take the action they must" to prevent a loss in competition, he said.

Oberstar also said opposition to consolidation is bipartisan.

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"I've heard from members on both sides of the aisle" as worries have grown about the impact on jobs and service, he said. "I haven't heard anyone come forward and say this is a really good deal."

Michael Boyd, president of Boyd Group Inc., an aviation consulting firm, agreed that Congress would become involved because so many lawmakers represent cities with huge stakes in the outcome. "There are a lot of dogs in this fight," he said.

Delta management opposes the transaction with US Airways, but if the deal were to go forward, the carriers would have to drop routes to avoid expensive redundancies and overcome antitrust concerns. That could eliminate jobs and flights, especially in smaller cities such as Savannah and West Palm Beach, Fla.

"Any Georgia legislator who doesn't stand up against this merger isn't doing his constituents any good," Boyd said.

Indeed, many already have jumped into the battle, making floor statements and working behind the scenes in Washington. For example, Rep. David Scott (D-Ga.) made a House floor speech shortly before the 109th Congress adjourned, saying that members of Congress should "do everything we can to stop this merger from going through on the grounds that it is anti-competitive, it is anti-consumer and it is anti-American."

In recent weeks, Sen. Johnny Isakson (R-Ga.) talked to White House chief of staff Joshua Bolten and Attorney General Alberto Gonzales, and in a Senate floor speech, said a Delta-US Airways combination "would lead us to singular service in many cities, an absence of competition, an inevitable increase in rates and, unfortunately, less than the healthiest aviation industry."

Earlier this month, the two chief executives, Delta's Gerald Grinstein and US Airways' Doug Parker, each met with Oberstar to discuss their views.

Darryl Jenkins, an industry consultant based in Northern Virginia, said that whether Congress gets deeply engaged on the issue of airline competition may depend upon the views of creditors owed money by Delta, which is under the protection of a bankruptcy court. If by next month those creditors are in favor of the deal, then the bankruptcy judge may in turn support it and the transaction could be completed, pending Justice Department approval. That would push the other deals forward, too.

"Everyone is interested in this [Delta deal] because if one merger goes through, then two or three other mergers will follow," Jenkins said.

Lawmakers who want to head off that scenario should focus on stopping the deal, he said.

"It's a way to rally the troops," he said.

Airline Mergers: Déjà Vu All Over Again? (USAT)

USA Today, December 17, 2006

At the beginning of 1985 there were around 20 major airlines in the USA. Two years later half of them had disappeared – the victims of a wave of mergers that rocked the travel industry. Well-known brands like AirCal, Ozark, Piedmont, PSA, Republic, and Western Airlines disappeared almost overnight and other brands like American, Delta, and Northwest suddenly became much larger players.

Now everyone's wondering if it's about to happen again with recent merger talk between Delta-US Airways, AirTran-Midwest Airlines, and Continental-United Airlines. By the time you read this, more airlines may have joined the list of those reported to be in merger talks.

A number of airline chief executives have been predicting, warning, and perhaps secretly wishing for a round of consolidation. Those who foster the idea of remaking the big six into the big three see a world of decreased competition, fewer flights, and decreased seating capacity. This would help the surviving three airlines better cut costs and boost revenues … at the expense of business and leisure travelers alike.

Pulling it off

Some airlines have been shopping around, looking for an opportunity to merge. But pulling off an airline merger is no simple task. Managements of both companies must be amenable to the idea. Successfully integrating two disparate companies often with incompatible assets (like airplanes and routes) and contentious labor forces has foiled many an airline merger. And even if both managements can achieve harmonious union, many airline mergers are subsequently struck down as anti-competitive by the Department of Justice (DOJ).

A merger between smaller players like AirTran and Frontier might be easier to implement. But merger talks between large airlines, like Delta and US Airways or Continental and United, are much more likely to hit a dead end. Therefore, even though there are some big names out there pushing for mergers, like United's chief executive, Glenn Tilton, and US Airways chief executive, Doug Parker, I think it's still unlikely that any big six, network airlines will combine in 2007. But if history is our guide, I will say that if just one successful merger occurs among the big six it would likely unleash a new round of consolidation like the one we experienced in 1986-7.

Potential pairings

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So if consolidation occurs, what will it look like? Who is likely to combine with whom? Airlines are busy talking to airlines. But in the end, if the Justice Department won't approve it, it's not going to happen. So I think it makes sense to sort out the potential pairings according to those that are likely to pass DOJ scrutiny and those that probably won't, or at least they probably "shouldn't" pass due to their adverse impact on competition.

I have divided the possible airline mergers into two categories: pairings with complimentary route structures, and those with overlapping routes. Although all airline mergers will probably result in reduced capacity and less competition, it is my contention that those airlines with overlapping route structures are the greatest threat to competition while those with complimentary route structures that don't overlap are less threatening and therefore more likely to pass scrutiny by the regulators.

As I reported in a recent column, the biggest problem with Delta-US Airways is the huge number of overlapping routes. If US Airways wants to grow, they would be better off pursuing American, Northwest, or United since they have primarily complimentary route structures. A combination with Continental and Delta, which also fly primarily up and down the east coast, would be very bad for competition.

Continental-United

Continental and United are already talking and they have a complimentary route structure. This would be a good merger if they can pull it off. Continental's Houston hub would give United at long last a solid foothold in the South and an alternative to Chicago and Denver when inclement weather strikes the Midwest. Continental's Newark hub would give United lots of feed for east-west routes. The combined Pacific, Latin America, and Europe routes could benefit both airlines.

But Northwest may be the spoiler

The biggest problem with Continental-United or Continental and anyone is the fact that Northwest has a financial investment in Continental that gives the carrier veto power over any other combination. This effectively takes Continental out of the merger market unless Northwest is willing to allow Continental to merge, a very unlikely scenario given that any Continental merger would likely generate increased competition for Northwest.

United's other options

If Continental is prevented from pairing with United, I believe United's other two merger options are Delta and US Airways. Both have positives and negatives. US Airways is small; Delta is very large. Both are heavily concentrated on the east coast where United is not that strong. Both airlines have a north-south route network and a Northeast shuttle that United would want. Although Delta and United have complimentary route networks, the resulting combined airline would be so large that a Delta-United merger may not pass DOJ scrutiny anyway.

The pursuit of Northwest

Northwest operates in the north central part of the country and in the Pacific where competition is limited. Therefore, Northwest is actually is a good merger partner for just about anyone in the big six except United due to United's extensive Pacific route overlap.

Other alternatives

Although I would expect to continue to hear a lot about potential mergers in the airline industry, hopefully none of them will come to fruition this year. Perhaps instead more airlines will operate marketing agreements like the recent one announced by AirTran and Frontier Airlines which should not result in higher airfares or service reductions. And hopefully DOJ will intervene if any mergers show the potential for curtailing competition and consumer options. But there really isn't much a frequent flier – or airline employee — can do but hope that it's not 1986-7 déjà vu all over again.

Read previous columns

Send David your feedback: David Grossman is a veteran business traveler and former airline industry executive. He writes a column every other week on topics of interest and concern to business travelers. E-mail him at travel@usatoday.com.

Credit Bureau Changes Will Cost Buyers Who Must Shop Loans (LAT)

By Kenneth R. Harney

The Los Angeles Times, December 17, 2006

WASHINGTON — Home buyers and refinancers face higher fees for credit reports beginning Jan. 1 — a price boost that has mortgage, credit-industry and consumer groups fuming.

Some believe that the higher fees will have an inordinately heavy effect on moderate-income and minority first-time mortgage applicants who have nontraditional credit patterns, marginal credit scores or "thin" credit files.

They also predict that as a result of the increased costs, mortgage loan officers may not shop as aggressively for such clients — leaving those applicants with worse mortgage choices than they would have otherwise.

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At the core of the controversy is a policy change by national credit bureaus Equifax and Experian that neither company announced publicly: Beginning next month, they expect to be paid every time a lender or a mortgage investor obtains an applicant's credit file as part of the funding process.

To understand the significance of the change, consider how mortgage brokers — who originate an estimated two of every three new home loans — go about their business. Brokers do not loan their own money; they connect borrowers with lenders. To do so, they must shop applications to competing "wholesale" lenders who generally have different interest rates, loan terms and specializations.

The shopping process involves sharing borrowers' key financial information, property details, credit reports and scores with potential lenders. For home buyers with straightforward credit backgrounds, high scores and substantial assets, a broker might need to send an applicant's file to only one or two lenders.

However, for applicants with more complicated credit histories and marginal scores, brokers often need to shop loan files more widely. Under the policy changes ordered by Equifax and Experian, each time a broker shops an application package to a potential lender, "reissue" fees would have to be paid to the credit bureaus. Under current practices, no additional fees are due.

Spokesmen for the two bureaus confirmed the policy change but would not discuss the higher fees to be charged. They said the change was designed to allow the bureaus to better comply with the federal Fair Credit Reporting Act, which requires them to track each exposure of a consumer's credit data. TransUnion, the third national credit bureau, has not said whether it intends to change its policy and did not respond to a request for comment.

"The whole goal," said David Rubinger of Equifax, "is strict compliance with [the law] and the security of credit information." Donald Girard of Experian said: "We believe we should be fairly compensated" each time the company's data are accessed. Harry Dinham, president of the National Assn. of Mortgage Brokers, a McLean, Va.-based trade group with about 30,000 members, estimated that for some loan applicants with marginal or incomplete credit profiles, brokers' add-on credit fees resulting from the new policy could raise total costs to the borrower by $100 to $200. For others, it would likely be less.

John Taylor, chief executive of the National Community Reinvestment Coalition, which represents a network of local groups that work with minority and moderate-income consumers, denounced the forthcoming fee increases as a "revenue grab" that "will be paid disproportionately by people of color."

An extra charge of $100 or $200 "may not sound like a lot," Taylor said, "but it moves the line on who is going to be able to afford to buy a house."

A potentially much more costly effect on minorities, recent immigrants and sub-prime applicants, said Terry Clemans, executive director of the National Credit Reporting Assn., is that some brokers, to avoid the new, higher charges, "will simply not send files to as many" wholesale lenders for competing offers. That, in turn, could mean that borrowers with complicated credit profiles requiring more extensive shopping "could end up with worse terms than they otherwise might have received" — higher rates, higher fees, less generous underwriting terms, Clemans said.

Brokers association President Dinham said, "We intend to fight this …. We think it is unfair that consumers are being forced to pay more but are getting no additional benefit." One independent credit reporting agency, Columbus, Ohio-based CBC Cos. Inc., has filed suit against Equifax over the issue, charging antitrust violations. Equifax has asked the U.S. District Court in Columbus to dismiss the suit, but no decision is expected before the end of the year.

Bottom line: Unlike other segments of the economy, there's no price competition for credit in the mortgage arena. When the bureaus say they want more, you pay more.

Comments for Kenneth R. Harney can be sent to kenharney@earthlink.net.

IMMIGRATION:

Employers' Immigration Pains (LAT)

By Nicholas Riccardi, Nicole Gaouette

The Los Angeles Times, December 17, 2006

DENVER — The raid of six Swift & Co. meat packing plants last week spotlighted the fine line employers face because of increased government scrutiny: Make sure your employees are in the U.S. legally, but don't push too hard to find out.

This time, federal inspectors detained 1,300 Swift workers suspected of providing stolen Social Security numbers to the company. But four years ago, the company's requirement that Latino job applicants provide proof of their legal status led to a $200,000 fine for discrimination.

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"Employers are very much hamstrung — if they go too far, they run the risk of a discrimination lawsuit," said David J. Ceccanecchio, an attorney for Wolf Block in Philadelphia who advises businesses that hire immigrants. "If they accept documents at face value, they run the risk" of becoming targets of stepped-up federal enforcement of immigration laws.

In the last year, the federal government has arrested 716 individuals for employing illegal immigrants, compared with 25 in 2002. In addition to the Swift raids last week, a Southern California fence-building company was fined $5 million for employing illegal immigrants, and two Florida men were each sentenced to more than four years in prison for "leasing" illegal workers to various companies.

At a news conference in Washington on Wednesday, Homeland Security Secretary Michael Chertoff emphasized the importance of focusing on workplaces.

"We all know the primary economic engine that draws in illegal migration is work," Chertoff said a day after the Swift raids. "And when businesses are built upon systemic violations of the law … that is a problem we have to attack."

Some observers say that attack has changed the dynamic at workplaces nationwide, leading employers to worry more about becoming targets of immigration raids than of anti-discrimination suits.

"There was more of a balance before," said immigration attorney Elena Park of the firm Cozen O'Connor. Federal law requires businesses to have job applicants fill out an I-9 form and to verify that the person can legally work in the United States by checking documents — usually a Social Security card and photo identification. But employers are prohibited from asking for additional documentation to prove legal residency.

"All the I-9s say in big, bold letters that the employee chooses what ID to show you, and if you ask for more, you can be sued for discrimination," said Angelo Amador, director of immigration policy for the U.S. Chamber of Commerce.

Unless the documents appear to be forged, employers must accept them and verify Social Security numbers with the Social Security Administration — a process that can take months.

Even if employers receive a "no-match" warning that workers' identities don't correspond to their Social Security numbers, their next move is a matter of dispute.

In June, the Department of Homeland Security issued a proposed rule that companies give workers 60 days to resolve discrepancies in their Social Security records. But the Equal Employment Opportunity Commission warned that the proposal could lead businesses to violate nondiscrimination laws, and the rule has not been adopted.

The Cincinnati clothing manufacturer Cintas Corp., which employs 32,000 people nationwide, this fall began to require its workers to resolve discrepancies within 63 days or be placed on unpaid leave. Religious leaders and unions trying to organize Cintas workers protested, and Rep. Bennie Thompson (D-Miss.), incoming chair of the House Committee on Homeland Security, warned the company in a letter last month that it may be violating anti-discrimination laws.

Cintas said its new policy was unrelated to the proposed Homeland Security rule. "It got changed this year to ensure that we're in compliance with the law and that our employees are eligible to work in the United States," said spokesman Mike Wallner. Employees can resume work after they resolve the matter with the Social Security Administration, he said.

Cintas is not the only company to take such a step. Last month, Smithfield Foods Inc. fired a few dozen workers at a Tar Heel, N.C., slaughtering plant who had received "no-match" letters. A thousand workers walked off the job in protest, and Smithfield rehired the dismissed laborers, giving them time to resolve the problem.

Labor groups contended that Smithfield, which a federal court ruled in May had harassed union backers, was trying to stifle organizing drives. But Smithfield officials said they were simply trying to do the right thing.

"We're getting battered from both sides," spokesman Dennis Pittman said. "We're just trying to figure out the law and follow it."

Legal experts say the anti-discrimination clauses exist to protect would-be employees often subject to the most scrutiny: low-income people with few documents.

"If an employer asks you to prove you're here legally, what would you bring to the employer" other than a Social Security card? asked Keith Cunningham-Parmeter, a law professor at Willamette University in Salem, Ore. "A passport? Those are the sort of things that low-wage workers don't necessarily have in their desk drawer."

Immigrant rights groups that warn of the dangers of employers aggressively questioning their workers have long pointed to the employment discrimination case the Department of Justice filed against Swift in 2002.

The complaint says that, since 1990, Swift's Worthington, Minn., plant requested extra proof of legal residence from job applicants "perceived to be non-U.S. citizens or foreign-born."

Arcenio Martinez applied for a job at the plant in 2000. A legal U.S. resident, he was asked to show a Social Security card and a work permit — more than was requested from non-Latinoappearing applicants, the complaint says. Even though he produced both documents, Martinez was not hired. Another applicant, a U.S. citizen who did not speak English, was asked for a birth certificate, driver's license and Social Security card before he was hired.

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The federal government sought $2.5 million from Swift but settled for $200,000. Nonetheless, in a release, the Justice Department called it the largest employment discrimination case based on immigration status in history.

"Anyone who is entitled to work should be treated equally and without discrimination in the employment market," Assistant Atty. Gen. for Civil Rights Ralph F. Boyd Jr. said in a statement.

In testimony before the House Small Business Committee in June, Jack Shandey, Swift senior vice president for human resources, cited the case to highlight what he called contradictory government expectations of business. "To repeat, our company found itself in hot water for allegedly pushing too hard to ensure employees possessed the status they claimed," he said.

Now Swift is feeling pressure from another source.

The company since 1999 has used a federal online system, called Basic Pilot, for speedy verification of its workers' Social Security numbers. But Immigration and Customs Enforcement agents found that many Swift plant employees were using stolen Social Security numbers that were not flagged by that system.

Chertoff said investigators advised Swift about the case and about the pending raid of the company's plants. The company interviewed suspected workers, and about 400 were dismissed, quit or did not show up for work. It also asked a federal judge in Texas to bar Immigration and Customs from raiding its plants. The judge refused, and the raids went ahead Tuesday.

Swift did not return repeated calls but has argued that it has been obeying the law.

CONGRESS-ADMINISTRATION:

Bush Challenges Democrats To Cut Spending Earmarks (WT)

By Stephen Dinan

The Washington Times, December 17, 2006

President Bush yesterday challenged Democrats to live up to their pledge to cut pork-barrel spending, using his weekly radio address to suggest they join forces to crack down on earmarks in spending bills.

Mr. Bush called it a "top priority" for Congress when lawmakers return next year.

The administration has been trying to find an issue where it has common ground with Democrats, and spending is an obvious area, particularly given Democrats' campaign and post-campaign pledges to cut waste.

"That was one of the clear messages American voters sent in the midterm elections," Mr. Bush said. "And one of the best ways we can impose more discipline on federal spending is by addressing the problem of earmarks."

Mr. Bush's own party was unable to rein in earmarks during its time in control of Congress, and many Republican leaders in Congress staunchly defend the current system.

Earmarks are line-items written into bills or congressional reports that direct money to specific projects, often at the whim of a single member of Congress and without any formal review or chance for a vote on the House or Senate floor.

Opponents refer to them as pork-barrel spending, and the Congressional Research Service says they ballooned after Republicans took control of Congress in 1995.

For example, earmarks in the spending bill for the Commerce, Justice and State departments grew from 253 in fiscal 1994 to 1,722 in fiscal 2005. The dollar value nearly doubled, as did the percentage of the total bill dedicated to earmarks: from 11.5 percent in 1994 to 21.8 percent in 2005.

Sensing the potency of the issue, Democrats have pledged to keep earmarks out of spending when they complete the fiscal 2007 appropriations process and to prevent earmarks in future spending bills until they pass a reform package that makes earmarks more transparent.

It would be a major step if Mr. Bush and Democrats in Congress could come to an agreement.

While applauding the president's challenge, Sen. Jim DeMint, South Carolina Republican, said Mr. Bush could do more to cut down on earmarks by refusing to follow through on those included in reports, which do not have the force of law.

"By rejecting this secret spending for politicians' pet projects, federal agencies could focus these funds on their core missions and serve true national priorities," Mr. DeMint said.

Among the options being floated on Capitol Hill are requiring every earmark to be listed along with its sponsor and some specific information about the provision, preventing earmarks that would benefit a lawmaker or those tied to him or her and allowing an up-or-down vote to strip individual earmarks from bills.

Mr. Bush said earmarks create the chance for wasteful spending "such as a swimming pool or a teapot museum." According to Citizens Against Government Waste, the Teapot Museum in Sparta, N.C., received $500,000 in federal spending during the last fiscal year.

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But some members of Congress, including top Republicans on the House and Senate appropriations committees, argue members of Congress know their districts better than federal bureaucrats, so they are better at directing spending.

And while Mr. Bush points to questionable spending, defenders point to the Iraq Study Group, which was the result of a $1 million earmark.

The House passed an earmark-reform proposal this year, but the Senate did not.

Panetta Urges Bush, Congress To Just Get Along (HC)

By Anne Marie Kilday

Houston Chronicle, December 17, 2006

Former White House Chief of Staff Leon Panetta, who served on the Iraq Study Group, said President Bush and the newly elected Democratic Congress must work together to confront the nation's problems.

"There's a fundamental decision that both the president and the Democratic Congress have to make. And that is whether they are going to work together to govern the country, or whether they are going to be in confrontation or gridlock for the next two years," Panetta said. "It's not going to be easy for either side to do that."

Panetta was in Houston on Friday to speak to a group of Houston business leaders about the new Congress. He said there may be opportunities for the president and congressional Democrats to reach agreement on key issues, such as immigration and education.

The Iraq Study Group, co-chaired by Houston lawyer and former Secretary of State James A. Baker III and former U.S. Rep. Lee Hamilton, D-Ind., released its final report about 10 days ago. Bush has said he will study the report before making a formal response in January.

"These are not easy issues," Panetta said. "I think the president needs to take the time to look at these issues and hopefully make the right decision."

Possible opportunities Panetta said Baker did a good job chairing the group, forging a unanimous report by the 10-member panel.

"We had some tough debates, but they were always civil. Nobody ever pounded the table and threatened to walk out. Everybody basically said, 'OK, we have some differences, let's work our way through it.' And, frankly, that's the way things are supposed to work in Washington," the former California congressman said.

Addressing future U.S. policy and strategy in Iraq is very important because of the lives at stake and the strong divisions in the country over the war, Panetta said.

An Army veteran of the Vietnam War, Panetta said our troops today have strong support from the American people.

"I think that the one thing I really see is the American people, despite divisions over the war, don't blame the troops. They really are supportive of the men and women in Iraq. And I think the troops over there understand that," he said.

'A very violent place' The visit to Iraq by the study group brought home the reality of the dangers soldiers stationed there face, Panetta said.

"Going into Baghdad, you have to wear a helmet and a flak jacket on the airplane, and we had to drop in a spiral descent from 10,000 feet, just to avoid missiles," Panetta said. "Then they put us onto helicopters to take us into the Green Zone, and we were still wearing our helmets and flak jackets, and there were attack helicopters firing flares in order to divert any heat-seeking missiles. So, that whole thing ... well, we suddenly realized that it really was a battle zone.

"And at night, you could hear the helicopters coming in. And I asked what that was about, and they said they were delivering the wounded. So, you realize that Iraq is a very violent place," Panetta said.

"Even if you get them 50,000 to 100,000 additional troops, the military commanders say it would only produce a temporary change," Panetta said.

"There really is no military victory in Iraq. The only way you can win is if the Iraqis govern themselves and control the violence," Panetta said.

"The goal is a stable Iraq. And that stability may not necessarily be achieved through the democratic process."

Panetta said Washington policymakers "always underestimate the intelligence of the American people."

Congress's Inaction Threatens Funding (WP)

By Jonathan Weisman, Lori Montgomery

The Washington Post, December 17, 2006

The Republican-controlled Congress's decision to adjourn a week ago before completing many of the spending bills that finance the federal government will reverberate in ways large and small, such as understaffed U.S. attorney's offices, delayed renovations at the University of Bridgeport in Connecticut and a scuttled global nuclear energy exchange.

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Republican leaders left behind just enough spending authority to keep the government operating through mid-February, less than halfway through the 2007 fiscal year that began Oct. 1. Democrats have signaled that when they take control of Congress in January they will extend that funding authority for the remainder of the year based largely on the previous year's spending levels, which will result in many cuts in programs.

The Democrats also will do something that is certain to anger many lawmakers but cheer critics of excessive government spending: They will wipe out thousands of lawmakers' pet projects, or earmarks, that have been a source of great controversy on Capitol Hill. In the past, lawmakers have peppered individual spending bills with earmarks benefiting special interests. But the funding resolution the Democrats intend to pass in lieu of spending bills will be devoid of earmarks.

Among the casualties will be $3 million for AIDS and homelessness programs in San Francisco pushed by House Speaker-elect Nancy Pelosi (D-Calif.) and $3 million to establish the Charles B. Rangel Center for Public Service at City College of New York, pushed by the center's namesake, the Democrats' incoming House Ways and Means Committee chairman.

Efforts championed by President Bush, such as "clean coal" technology, will take a big hit, but so will programs favored by Democrats. The federal judiciary would run out of money to pay lawyers for poor defendants by July, effectively locking up the wheels of justice because trials could not proceed without legal representation for defendants.

Democrats say they had little choice but to take this tightfisted approach after Republicans dumped so many unfinished spending bills in their lap. "We did not call the shots here," maintained incoming House Appropriations Committee Chairman David R. Obey (D-Wis.), who said that with the fiscal year well underway and Democrats assuming power with a full slate of priorities, he will have little choice but to put the government on autopilot. "We will try to provide modest adjustments where we can, but a lot of people will be left short."

But some Republicans suspect that's not the full story.

"What the Democrats didn't say is that they probably intend to take the earmark savings and spend it elsewhere," said Rep. Dave Weldon (R-Fla.), who was hoping to get $3 million for a new autism research center at the Florida Institute of Technology.

The collapse of the budget process was a long time coming, with roots stretching back to the Republican revolution of 1994. But this year, the system finally buckled under the weight of the president's austere spending recommendations, a difficult election year and the Republican leadership's efforts to placate both its most ardent conservatives and its endangered moderates.

Congress was able to pass only two of its 11 annual spending bills, those that fund defense and homeland security. Republicans punted spending measures for virtually every one of the government's domestic programs to the Democrats who assume control Jan. 4. Then last week, Democrats announced they would punt, too. A joint House-Senate resolution -- rather than carefully tailored spending bills -- will keep the government open through the end of the fiscal year, Sept. 30, largely at last year's levels.

The consequences will be substantial. At the Justice Department, officials said a resolution financing the government largely at 2006 levels would only worsen a severe staffing shortage at offices of U.S. attorneys around the country. The vacancy rate for federal prosecutors stands at about 10 percent on average, and House Democrats reported earlier this year that some larger offices have rates surpassing 20 percent.

The federal court system would not be spared, either. Operating at current funding levels would leave the judiciary with a $270 million shortfall for salaries and expenses, said Dick Carelli, spokesman for the Administrative Office of the U.S. Courts. Furloughs, layoffs or attrition would be needed to trim the payroll by 7 percent -- or almost 3,000 probation officers, court clerk workers and pretrial service staff members -- by the close of the fiscal year, Carelli said.

The Department of Energy is looking at a 20 percent cut in its administrative budget and could be forced to lay off many of the 960 people who help manage the department -- secretarial aides, lawyers and human resources staffers, said Craig Stevens, a department spokesman.

New presidential initiatives for 2007, such as the Global Nuclear Energy Partnership, FutureGen, a clean coal initiative, and a health-care information technology program, are not likely to be funded, agency officials say.

Democrats will make some adjustments in the joint resolution to address the most pressing needs, especially in the Department of Veterans Affairs health-care system, which needs $3 billion more just to keep covering all the veterans it covers now, and the Federal Bureau of Investigation, which could lose 500 agents under current funding levels, said Tom Gavin, spokesman for incoming Senate Appropriations Committee Chairman Robert C. Byrd (D-W.Va.).

What is certain is that thousands of earmarks will get nothing, at least until October, when fiscal 2008 begins. About $400,000 in hospital equipment for Perris, Calif., $1.5 million in biotechnology grants for the Illinois Institute of Technology, and another $1.5 million for bridge and street repairs in Columbus, Ohio, will be wiped out.

Budget hawks who have been crusading against such home-district projects hailed the Democrats' decision as an unexpected stroke of political bravery. Bush praised the move yesterday in his weekly radio address.

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But the lawmakers who worked to get those projects into the now-dashed spending bills were left quietly fuming. Obey said Friday that he has fielded "a steady stream of calls from people in high dudgeon."

"I will work to reverse this decision," promised Rep. Christopher Shays (R-Conn.), who lost a transit center for Bridgeport, a waste-to-energy program for Stamford and a train station for South Norwalk.

It has been nearly 20 years since congressional failures left the government to be financed under spending guidelines and formulas rather than line-by-line policymaking. But to federal budget experts, this year's breakdown was hardly surprising. Not since 1994, the last year of Democratic control, has Congress actually passed all of its spending bills. Republican leaders almost ensured logjams by populating the House Budget Committee with conservative spending hawks whose views on the size of government were fundamentally different from many of the appropriators who would have to flesh out the committee's budget blueprints. Ultimately, compromises in those conservative principles have been laid at the feet of the Clinton White House, the demands of the post-Sept. 11 government, or a Democratic-controlled Senate, said Scott Lilly, a former Democratic staff director of the House Appropriations Committee.

But this year, conservatives dug in, backed by the White House and GOP leaders. Bush's domestic spending request for the fiscal year that began Oct. 1 actually sliced $2.2 billion from the 2006 level.

Rather than face a public fight over the cuts necessary to meet that goal, House Republican leaders decided not to bring the largest domestic spending bill, funding labor, health and education programs, to a vote before the election. The Senate did even less. Senate Majority Leader Bill Frist (R-Tenn.) simply decided none of the domestic spending bills would get time on the Senate floor before the election.

"The breakdown of regular order this cycle -- indeed the failure to get our bills done -- should be squarely placed at the feet of the departing Senate majority leader," said outgoing House Appropriations Committee Chairman Jerry Lewis (R-Calif.).

Pelosi's House Diplomacy (WP)

By David S. Broder

The Washington Post, December 17, 2006

One day last week, Speaker-to-be Nancy Pelosi picked up the phone and asked John Boehner of Ohio, the Republican leader of the House, if he would like to suggest some ways they could ensure better supervision of the page program, the subject of so much controversy in the scandal that led to the resignation of Florida Rep. Mark Foley.

Another day, when the San Francisco Democrat learned that her predecessor as speaker, Illinois Republican Dennis Hastert, was unhappy about losing his spacious office suite, she quietly found two rooms for him near the prime space allocated to the Ways and Means Committee.

Both moves were insignificant in themselves, and neither drew any notice. But they signal that the management of the House of Representatives is going to change substantively -- and not just symbolically -- when Pelosi is sworn in on Jan. 4 as the first woman to hold the third-highest office in the land.

No one -- including Pelosi herself -- can tell you all the ways the House will change. When I interviewed her last week, it became apparent that she was just getting into the details of her new position. That may seem odd, but I find it believable that during her campaigning and fundraising these past two years, her focus was not on becoming speaker but, as she said, on "getting the Democrats back in the majority" after 12 years out of power.

"It was not until I was nominated in the Democratic caucus [for speaker] that it hit me," she said.

But Pelosi has been thinking for a long time about how she would manage the House, if she ever got the chance. Two years ago, she and others in the Democratic leadership sent Hastert a letter outlining changes in House rules and procedures that would end some of the flagrant abuses of the legislative process that have taken place. The letter said that Democrats would live by the same new rules if and when they were the majority.

That was repeated a year ago, and Pelosi says it stands today.

It means, among other things, an end to congressional rides on corporate planes, a block on the revolving door between congressional staff jobs and lobbying shops, and a process that will make it harder to slip in special-interest earmarks.

It also means a radical overhaul of House rules -- a strict time limit on roll calls to prevent prolonged arm-twisting of reluctant members, and a requirement that conference committees work in the open and include minority party members.

After a decade of bitter partisanship that has all but crippled efforts to deal with major national problems, Pelosi is determined to try to return the House to what it was in an earlier era -- "where you debated ideas and listened to each other's arguments."

That does not mean she is abandoning the Democratic agenda. Far from it. But it does mean that she has grasped the key to doing her job: "I am the speaker of the House," not the leader of the Democratic Caucus. She expects few interventions in floor debate, and she is picking her spots carefully from a flood of television interview requests.

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The transition from partisan combatant to speaker is not easy. In the view of many in her caucus, she erred when she intervened on behalf of Rep. John Murtha of Pennsylvania against Rep. Steny Hoyer of Maryland for majority leader. Hoyer's victory was a black eye for her, but it may not have long-term effects. Hoyer is an able floor leader, and Pelosi has named an ally of hers, Illinois Rep. Rahm Emanuel, as caucus chairman and has transferred many of the public relations responsibilities to him.

The small gestures she has made to the Republicans suggest a willingness to accommodate, rather than a vindictive reaction to the Democratic victory.

That bodes well for the future.

Intelligence Ignorance (WP)

The Washington Post, December 17, 2006

HOUSE SPEAKER-to-be Nancy Pelosi (D-Calif.) has come up with a deft solution to a problem identified by the Sept. 11 commission: the disjointed and inadequate congressional oversight of intelligence. It's not the solution that the commission endorsed, so Ms. Pelosi and the Democrats will take some hits for failing to live up to the letter of their pledge to enact all the commission's recommendations. But her proposal could go a long way toward fixing the dysfunctional organization the panel addressed.

The fundamental problem, for intelligence and other matters, is the separation between committees with substantive authority over particular departments or agencies (authorizers) and those who wield the power of the purse (appropriators). You can guess which executive officials are more responsive to. This problem is exacerbated when it comes to intelligence because its spending has been considered by the appropriations subcommittee responsible for all military spending. That means that intelligence issues don't get enough attention and that intelligence spending priorities may be skewed in the direction of military hardware.

To fix this disconnect, the Sept. 11 commission recommended that the House and Senate intelligence committees, either as separate panels or fused into one, be given both substantive and budgetary authority. Not surprisingly, that didn't sit too well with appropriators jealous of ceding any power. The Pelosi compromise would create an intelligence oversight panel within the appropriations committee, responsible for reviewing spending and recommending spending levels. In a key departure, this committee would include not only appropriators but members of the intelligence committee. This is a clever approach that merits serious consideration by the incoming Senate majority leader, Harry M. Reid (D-Nev.).

We wish we could be as enthusiastic about Ms. Pelosi's choice to head the intelligence committee. In an interview with Congressional Quarterly's http://CQ.com, the incoming chairman, Silvestre Reyes (D-Tex.), exhibited a troubling lack of familiarity with basic knowledge that ought to be expected of someone in that important position. Asked whether al-Qaeda was Sunni or Shiite, Mr. Reyes replied, "Al-Qaeda, they have both . . . Predominantly -- probably Shiite." In fact, al-Qaeda's members are adherents of the Sunni branch of Islam and their viciousness toward Shiites is a key fact of recent Iraqi history. Mr. Reyes also flubbed a question about Hezbollah.

In a telephone interview, Mr. Reyes said he had misunderstood some of the questions but added, "My position is I screwed it up and will admit it and move on from there." As to doubts about his capabilities, he said, "It's my expectation that people, once they get an opportunity to see my work, won't have that doubt."

We hope he's right. In our interview, Mr. Reyes said he was not enthusiastic about some of the recommendations by the Iraq Study Group but couldn't name them. "I can't speak to the specifics, some I was not enthused about in there," he said. "Let me defer until I get my book. I know I tabbed and highlighted it." Mr. Reyes has a steep learning curve ahead.

OTHER NEWS:

Obama Says He Regrets Land Deal With Fundraiser (WP)

By Peter Slevin

The Washington Post, December 17, 2006

CHICAGO. Dec. 16 -- Antoin "Tony" Rezko is a political insider, an energetic Chicago dealmaker and campaign fundraiser often in the headlines for being on the wrong side of good government. Indicted in October on influence-peddling charges, he also has a habit of befriending prospective political stars.

One of them was Sen. Barack Obama (D-Ill.), who was offered a job by Rezko in the early 1990s while a top student at Harvard Law School. Obama did not take it, but over the years, the two men stayed in touch, and Rezko backed Obama's successful 2004 U.S. Senate campaign, raising money and contributing his own.

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In June 2005, in what Obama now describes as a "boneheaded" mistake, Obama and Rezko's wife bought adjacent properties on Chicago's South Side, closing the deals on the same day. Seven months later, wanting a bigger yard for his $1.65 million house, Obama bought a slice of the Rezko property for $104,500.

After news of the deal broke last month in the Chicago Tribune, Obama said he had erred by creating the appearance that Rezko had done him a favor by selling him a portion of the lot. For the first time since he entered the national spotlight, the 45-year-old freshman senator found himself on the defensive, discussing a personal decision he had come to regret.

"There's no doubt that this was a mistake on my part. 'Boneheaded' would be accurate," Obama said in a telephone interview Friday. "There's no doubt I should have seen some red flags in terms of me purchasing a piece of property from him."

Obama recently donated to charity $11,500 that Rezko had contributed to his federal campaign account.

There have been no allegations that Obama, whose political fortunes are soaring as he mulls a run for president, broke the law or committed any ethics violations. He said he has done no government business with Rezko, who is facing charges in two unrelated criminal cases.

But leaders of Chicago watchdog organizations describe Obama's behavior as a surprising error in judgment, particularly for a politician noted for his tactical skills, his ambition and his support of state and federal ethics legislation.

"It's disappointing because there has been speculation about Tony Rezko, and whether he was crossing ethical lines, for a number of years," said Cynthia Canary, director of the Illinois Campaign for Political Reform.

Jay Stewart, executive director of Chicago's Better Government Association, said, "Being a lawyer, he did everything by the book, but there's a higher expectation of him."

To Chicago political observers, it made sense that Rezko tried to get close to Obama. A Syrian-born businessman whose fortunes seemed to rise and fall with his latest deal, Rezko was known for cultivating politicians, including Illinois Gov. Rod Blagojevich (D) and Rep. Luis V. Gutierrez (D-Ill.).

Rezko created a real estate development company and operated dozens of Chinese eateries and pizza restaurants. After Blagojevich rode into office in 2002, Rezko emerged as a friend and close adviser. He recommended people for significant state jobs and, a federal grand jury charged, soon tried to shake down investment firms that wanted to do business with Illinois.

In one instance, Rezko and Stuart Levine, a member of two state boards, allegedly demanded that a firm seeking investment business pay a $2 million fee to a middleman or give $1.5 million to the campaign of "a certain public official," later identified as Blagojevich.

The company refused. Levine pleaded guilty this fall to federal charges and is cooperating with authorities. Blagojevich, who has not been charged, denied wrongdoing and accused Rezko of betrayal.

Chicago authorities alleged last year that Rezko set up a front minority company to win permission to open three Panda Express outlets at O'Hare International Airport. His nominal partner was Jabir Herbert Muhammad, son of the late Nation of Islam founder Elijah Muhammad.

Rezko and Muhammad settled the matter, which became public in 2005, months before Obama's house purchase. Without admitting wrongdoing, they agreed to end their O'Hare operations and were disqualified from the city's minority business program.

When Obama and his wife, Michelle, a hospital executive, decided to move with their two young girls from their Hyde Park condominium, they chose a spacious three-story Georgian revival home on a tree-lined street in the Kenwood neighborhood, not far from the University of Chicago. The owner had listed the house -- nearly 100 years old, with four fireplaces and a wine cellar -- and an adjacent lot as separate parcels.

The Obamas purchased the house, which had been on the market for several months, for $300,000 below the list price. On the day they closed, Rezko's wife, Rita, closed on the 9,000-square-foot lot next door for the asking price of $625,000.

Obama said Rezko, who knows the neighborhood, was one of several people he called for advice on the real estate market. Rezko told him he knew the developer who renovated the house. In a later conversation, Rezko said he intended to buy the empty lot and build on it.

Later, the Obamas bought a 10-foot-by-150-foot piece of the lot for $104,500. An appraisal put the value of the strip at $40,500, a spokesman said, but Obama considered it fair to pay one-sixth of the original price for one-sixth of the lot.

"It wasn't something we needed to have," Obama said. "It was something I thought would be nice, if it worked economically for him."

Rezko and Obama collaborated to build a fence separating the properties, and Obama has paid his landscapers to mow the lawn on the Rezko lot. Obama, who said city code required Rezko to fence the lot, paid for legal and design work to ensure it was done properly, while Rezko paid for the fence.

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Obama said that he was unaware of Rezko's brewing troubles in 2005 and that Rezko sought no favors. He described himself, after eight years in the Illinois Senate and two on Capitol Hill, as careful to live within strict ethical boundaries -- refusing to allow lobbyists to pay for meals, for example, and reimbursing people for golf outings.

"I'm very proud of how I've conducted myself during the entire time I've been in public service," Obama said. "My hope would be that people come away saying, 'He's not perfect, but he owns up to his mistakes and tries to correct them as quickly as possible.' I hope they look at the entire body of my public service and would note that this is the first time anything has ever come up."

Stewart, of the Better Government Association, said Obama took responsibility and did not shy away from questions. If there are no further revelations, he said, "it's going to wind up being a footnote," but "if anything further comes out, it's a different story."

To Those Who Surf: Time Salutes You (WP/AP)

The Washington Post, December 17, 2006

NEW YORK -- Congratulations! You are the Time magazine "Person of the Year."

The annual honor for 2006 went to each and every one of us, as Time cited the shift from institutions to individuals -- citizens of the new digital democracy, as the magazine put it. The winners this year were anyone using or creating content online.

"If you choose an individual, you have to justify how that person affected millions of people," said Richard Stengel, who took over as Time's managing editor earlier this year. "But if you choose millions of people, you don't have to justify it to anyone."

Time did cite 26 "People Who Mattered," including North Korea's Kim Jong Il, Pope Benedict XVI, President Bush, Vice President Cheney and Defense Secretary Donald Rumsfeld.

Stengel said that if it came down to one individual, it probably would have been Iranian President Mahmoud Ahmadinejad. "It just felt to me a little off selecting him," Stengel said.

The 2006 "Person of the Year" package hits newsstands Monday. The cover shows a white keyboard with a mirror for a computer screen -- showing readers their reflection.

Person Of The Year: You (TIME)

Time.com, December 17, 2006

From the December 25, 2006 issue of TIME magazine

[TIME.com] -- The "Great Man" theory of history is usually attributed to the Scottish philosopher Thomas Carlyle, who wrote that "the history of the world is but the biography of great men." He believed that it is the few, the powerful and the famous who shape our collective destiny as a species. That theory took a serious beating this year.

To be sure, there are individuals we could blame for the many painful and disturbing things that happened in 2006. The conflict in Iraq only got bloodier and more entrenched. A vicious skirmish erupted between Israel and Lebanon. A war dragged on in Sudan. A tin-pot dictator in North Korea got the Bomb, and the President of Iran wants to go nuclear too. Meanwhile nobody fixed global warming, and Sony didn't make enough PlayStation3s.

But look at 2006 through a different lens and you'll see another story, one that isn't about conflict or great men. It's a story about community and collaboration on a scale never seen before. It's about the cosmic compendium of knowledge Wikipedia and the million-channel people's network YouTube and the online metropolis MySpace. It's about the many wresting power from the few and helping one another for nothing and how that will not only change the world, but also change the way the world changes.

The tool that makes this possible is the World Wide Web. Not the Web that Tim Berners-Lee hacked together (15 years ago, according to Wikipedia) as a way for scientists to share research. It's not even the overhyped dotcom Web of the late 1990s. The new Web is a very different thing. It's a tool for bringing together the small contributions of millions of people and making them matter. Silicon Valley consultants call it Web 2.0, as if it were a new version of some old software. But it's really a revolution.

And we are so ready for it. We're ready to balance our diet of predigested news with raw feeds from Baghdad and Boston and Beijing. You can learn more about how Americans live just by looking at the backgrounds of YouTube videos those rumpled bedrooms and toy-strewn basement rec rooms than you could from 1,000 hours of network television.

And we didn't just watch, we also worked. Like crazy. We made Facebook profiles and Second Life avatars and reviewed books at Amazon and recorded podcasts. We blogged about our candidates losing and wrote songs about getting dumped. We camcordered bombing runs and built open-source software.

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America loves its solitary geniuses its Einsteins, its Edisons, its Jobses but those lonely dreamers may have to learn to play with others. Car companies are running open design contests. Microsoft is working overtime to fend off user-created Linux. We're looking at an explosion of productivity and innovation, and it's just getting started, as millions of minds that would otherwise have drowned in obscurity get backhauled into the global intellectual economy.

Who are these people? Seriously, who actually sits down after a long day at work and says, I'm not going to watch Lost tonight. I'm going to turn on my computer and make a movie starring my pet iguana? I'm going to mash up 50 Cent's vocals with Queen's instrumentals? I'm going to blog about my state of mind or the state of the nation or the steak-frites at the new bistro down the street? Who has that time and that energy and that passion?

The answer is, you do. And for seizing the reins of the global media, for founding and framing the new digital democracy, for working for nothing and beating the pros at their own game, TIME's Person of the Year for 2006 is you.

Sure, it's a mistake to romanticize all this any more than is strictly necessary. Web 2.0 harnesses the stupidity of crowds as well as its wisdom. Some of the comments on YouTube make you weep for the future of humanity just for the spelling alone, never mind the obscenity and the naked hatred.

But that's what makes all this interesting. Web 2.0 is a massive social experiment, and like any experiment worth trying, it could fail. There's no road map for how an organism that's not a bacterium lives and works together on this planet in numbers in excess of 6 billion. But 2006 gave us some ideas. This is an opportunity to build a new kind of international understanding, not politician to politician, great man to great man, but citizen to citizen, person to person. It's a chance for people to look at a computer screen and really, genuinely wonder who's out there looking back at them. Go on. Tell us you're not just a little bit curious.

Web Users Of Content Sites Time's "Person Of Year" (BLOOM)

By Dan Hart And Courtney Dentch

Bloomberg, December 17, 2006

Dec. 16 (Bloomberg) -- Time Warner Inc.'s Time magazine named Internet users behind the self-made content on sites such as YouTube Inc. and MySpace.com as its ``Person of the Year," reflecting the Web's ``digital democracy."

``For seizing the reins of the global media, for founding and framing the new digital democracy, for working for nothing and beating the pros at their own game, Time's Person of the Year for 2006 is you," staff writer Lev Grossman wrote in the cover story.

Time's selection of ``you," published in the magazine's Dec. 25 issue, was made from a list of nominees including Iranian President Mahmoud Ahmadinejad, China's President Hu Jintao, former Secretary of State James Baker and North Korean leader Kim Jong Il.

The issue will be on newsstands Dec. 18 and features a reflective mylar cover that allows readers to see themselves mirrored in a computer screen above the word ``you."

``A mother in Baghdad with a videophone can let you see a roadside bombing, or a patron in a nightclub can show you a racist rant by a famous comedian," Time Editor Richard Stengel wrote. ``These blogs and videos bring events to the rest of us in ways that are often more immediate and authentic than traditional media."

100 Million Videos

YouTube, founded in 2005, draws users that watch 100 million videos a day. That traffic drew a $1.65 billion offer in October from Google Inc., the Internet's most visited search engine, to buy the video-sharing site.

News Corp. bought MySpace.com, a social-network site where users create their own profiles, for $650 million last year, while Yahoo! Inc. has offered $1 billion to buy Facebook.com, a site that started with college students and expanded to allow anyone to use it.

Other Web sites have sprung up to compete with MySpace and Facebook such as Piczo and XuQa.com.

The magazine also recognized ``newsmakers," those whose actions in the past year have affected people's lives, for better or worse.

Chavez to Colbert

The list includes Venezuelan President Hugo Chavez, Pope Benedict XVI and Cuba's Raul Castro. U.S. newsmakers included President George W. Bush, Vice President Dick Cheney, former Washington lobbyist Jack Abramoff, Ford Motor Co.'s Bill Ford, comedian Stephen Colbert and the Iraq Study Group.

Last year, Microsoft Corp. Chairman Bill Gates, his wife Melinda Gates and rock star Bono were named by Time as its ``Persons of the Year" for 2005 for their philanthropic efforts. President Bush was named ``Person of the Year" for 2004, and the American soldier was chosen in 2003.

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``Person of the Year'' doesn't necessarily honor its recipient, and controversial cover choices for issue have included Adolf Hitler in 1983 and Josef Stalin in 1939 and 1942.

Time magazine started the annual cover story in 1927 with Charles Lindbergh, the aviator who made the first solo trans-Atlantic flight. The first woman selected was Wallace Warfield Simpson, whom Britain's Edward VIII abdicated the throne for, in 1936. The magazine also has awarded the cover to phenomena, such as the computer in 1982.

Other recent winners include New York Mayor Rudolph Giuliani in 2001; Bush in 2000; and, in 1999, Jeffrey Bezos, founder and chief executive officer of Amazon.com Inc.

The only three-time ``Man of the Year'' was former President Franklin Roosevelt in 1932, 1934 and 1941.

"You" Named Time's Person Of 2006 (BBC)

BBC.com, December 17, 2006

"You" have been named as Time magazine's Person of the Year for the growth and influence of user-generated content on the internet.

The US magazine praised the public for "seizing the reins of the global media" and filling the web's virtual world.

Time has been giving out its somewhat controversial awards since 1927, aiming to identify who most affected the news.

Iranian President Mahmoud Ahmadinejad, Chinese leader Hu Jintao and North Korea's Jong-il were 2006 contenders.

Microsoft founder Bill Gates, his wife Melinda and rock star Bono won the accolade last year and recent winners also include President George W Bush, in 2004, and "The American Soldier" in 2003.

'Wresting power'

The magazine said naming a collectivity rather than an individual reflected the way the internet was shifting the balance of power within the media through blogs, videos and social networks.

Time cited websites such as YouTube, Facebook, MySpace and Wikipedia, which allow users to interact with the web, by uploading and publishing their own comments, videos, pictures and links.

"It's about the many wresting power from the few and helping one another for nothing and how that will not only change the world, but also change the way the world changes," Time magazine's Lev Grossman writes.

Time praised the tool that made such broad collaboration possible - the web.

"It's a tool for bringing together the small contributions of millions of people and making them matter," Mr Grossman said.

Time aims to pick "the person or persons who most affected the news and our lives, for good or for ill".

Previous winners have often sparked controversy - including Adolf Hitler in 1938 and, in 1979, Iran's Ayatollah Khomeini.

Fighting The "Prep School" Scandal (NYT)

The New York Times, December 17, 2006

Insiders have long whispered among themselves about bogus “prep schools” where barely literate high school athletes launder their transcripts by taking pablum courses and sometimes by taking no courses at all. The athletes then go on to big-time sports universities, where they fail or exhaust their playing years before landing back on the streets without job prospects or college degrees.

The prep school scheme was meant to circumvent academic qualification rules for college athletes laid out years ago by the National Collegiate Athletic Association. The N.C.A.A., which was slow to recognize the seriousness of the problem, has finally adopted policies to root it out. But those policies will not do the job unless the organization takes a hard-line approach with everyone involved, including powerhouse prep schools with friends in high places and college athletics departments that knowingly recruit students who do not meet academic guidelines.

The prep school scheme sends a dangerous message to poor neighborhoods, where young people too often ignore their studies, believing that they will magically become millionaires once the world sees their athletic talents. Even worse, it encourages students to drop out of legitimate schools before graduation — at which point their grade-point averages would be written in stone — to sign up with fake schools that can help them rewrite their academic records.

The N.C.A.A. has begun to scrutinize nontraditional schools for their academic programs and has actually decertified some. The organization has also stepped up its review of athletes’ transcripts and will pay special attention to athletes who attended several schools, showed sudden and implausible jumps in grade-point average, transferred to another school late in the senior year or took an implausible number of courses in one semester.

These measures are encouraging as far as they go. But the N.C.A.A. will need to wade much deeper into the problem if it hopes to break this scheme. For starters, it needs to make clear not just what courses high school athletes need to take to become eligible for college sports, but when they should take them. Until that happens, those who exploit young athletes will always be tempted to counterfeit the academic record at the last possible moment.

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This Age Of Anxiety (NYT)

By David Brooks

The New York Times, December 17, 2006

The Sidney Awards, named for Sidney Hook, are a nice way to honor the best magazine essays of the year and to pass along a few nutritious holiday reading recommendations. But if you spend a few weeks poring over the highlights from a year's worth of magazines, you also get a window on the spirit of the times.

And 2006, let it be said, felt to many like the year of losing ground. There was a general sense that the forces of moderation in the Middle East were losing ground to the forces of radical Shiism. (The folks at Time are crazy if they don't name Nasrallah, Ahmadinejad and Sadr People of the Year.)

There was also a sense that we were losing ground in Iraq. One of the best magazine writers on that story, George Packer of The New Yorker, tended to profile American dissidents who were trying to change the way we fight that war.

In an April essay, "The Lesson of Tal Afar," Packer followed Col. H. R. McMaster, who argued that the Iraq war was as much a psychological and anthropological problem as a military and political one. Then, in December, his "Knowing the Enemy" appeared, about freethinkers in the Pentagon and elsewhere who were studying how Hezbollah and the Iraqi insurgents create narratives that demoralize their enemies, energize believers and create a sense of historical momentum.

One gets the feeling from his articles that America's enemies are playing a different game. They're waging an open-source campaign for cultural symbols, while we're oblivious to anything we can't drive over or kill.

The next great source of anxiety in 2006 was economic. The most influential article on this subject was Alan Blinder's essay "Offshoring: The Next Industrial Revolution" in Foreign Affairs. Blinder undermined many moderate Democrats' faith in free trade by arguing the negative effects of globalization will be much broader than previously thought. It's not just the unskilled who will lose jobs, but also people who provide "impersonal services" that can be delivered over the Internet: radiologists, accountants, even college professors.

Two or three times more Americans work at these sorts of jobs, Blinder observed, than work at manufacturing jobs.

Then there was a series of articles propelled by parental anxiety. In The Atlantic, Caitlin Flanagan wrote "Are You There God? It's Me, Monica," a sharp look at the way fellatio is supposedly becoming a casual element in teenage friendships.

"I'm not, however, terrified by the oral-sex craze," Flanagan wrote. "If I were to learn that my children had engaged in oral sex — outside a romantic relationship, and as young adolescents — I would be sad. But I wouldn't think that they had been damaged by the experience; I wouldn't think I had failed catastrophically as a mother, or that they would need therapy. Because I don't have daughters, I have sons."

Political writers offered policy prescriptions to parents who were falling behind. Karen Kornbluh wrote "Families Valued," in Democracy: A Journal of Ideas, on ways Democrats could make life easier for busy "juggler families." Yuval Levin had a parallel essay called "Putting Parents First" in The Weekly Standard, urging Republicans to face up to the tensions between free market dynamism and healthy family stability.

Finally, there was the sense the forces of decency were losing ground to primordial ugliness, especially anti-Semitism. John Mearsheimer and Stephen Walt wrote a fevered essay on the power of the Israel Lobby, which cleared ground for a million anti-Semitic rants. Jimmy Carter has just published a book intended to make Israelis look like racists.

I'm not sure the classic essay on this latest recrudescence has been written, but Anne Applebaum had a useful piece in Slate called "Holocaust Denial Is No Joke," and Adam Garfinkle has a comprehensive look at "The Madness of Jewcentricity" in The American Interest.

It all adds up to quite a gloomy — though well-crafted — collection of essays, culminating in a National Journal piece by Paul Starobin called "Beyond Hegemony" on life in an age of declining American power.

I have to say, I'm as pessimistic about the Middle East as the next guy, but most of this broader existential gloom about America is absurd. The U.S. is in extraordinarily strong shape economically and socially. And whatever their short-term strengths, the Sadrs of the world simply do not have a social model that large numbers of people will want to live under.

Buck up, but stay informed.

Moderate Ex-President Takes Early Lead In Iran Vote (NYT)

By Nazila Fathi

The New York Times, December 17, 2006

TEHRAN, Dec.16 — Early electoral returns on Saturday suggested that a moderate former president, Ali Akbar Hashemi Rafsanjani, had a strong a lead over a conservative opponent in at least one of the elections held Friday.

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The semi-official Fars news agency reported that most candidates on the slate led by Mr. Rafsanjani were headed for a victory in the elections for the 86-member Assembly of Experts. Muhammad Taqi Mesbah-Yazdi, the hard-line cleric, had also received enough votes to get elected. Other Web sites reported that Mr. Rafsanjani received far more votes personally than Mr. Mesbah-Yazdi.

Officials close to President Mahmoud Ahmadinejad backed Mr. Mesbah-Yazdi, who has often declared his opposition to democracy. “The vote for Mr. Rafsanjani was a clear message showing that the average middle class who came out to vote for him against Mr. Ahmadinejad last year has become stronger,” said Saeed Leylaz, a political analyst. “This is because of Mr. Ahmadinejad’s radical and wrong policies.”

Mr. Rafsanjani lost the election for president last year to Mr. Ahmadinejad in a runoff.

The Interior Ministry said Sunday that the turnout for the double elections held Friday, the local council elections and the Assembly of Experts, was around 60 percent.

That is above the previous figure of 12 percent in 2003 for the local city council elections and 46 percent in 1998 for the Assembly of Experts.

The turnout carries political significance, and the results could suggest whether Mr. Ahmadinejad still enjoys strong popularity or people were casting their votes to protest his policies.

Reformers said they had won a majority in the local councils in at least four cities — Arak, Golestan, Ilam and Bushehr — where the counting had been completed, their Web site emruz.info reported.

Most analysts are expecting the 15-member council in Tehran to be divided among the reformers, the supporters of Mr. Ahmadinejad and supporters of the current mayor, Mohammad Baqer Qalibaf, also a hard-liner.

But reformers said they feared that the votes could be tampered with by supporters of Mr. Ahmadinejad, who were responsible for supervising the elections. In a statement on their Web site, they warned that if votes were tampered with, “There will be huge costs.”

Early Results: Iran's Conservatives Lead (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, December 17, 2006

Early returns on Saturday showed hard-line President Mahmoud Ahmadinejad's conservative opponents leading in elections for local councils and a powerful clerical body, widely considered a test of popular approval for the hardline leader.

Ahmadinejad's anti-Israel rhetoric and staunch stand on Iran's nuclear program are believed to have divided the conservatives who voted him into power. Some conservatives feel Ahmadinejad has spent too much time confronting the West and failed to deal with Iran's struggling economy.

Tehran newspapers and semiofficial news agencies reported unofficial results Saturday showing that no single party would be able to claim outright victory in Friday's elections, partly because of divisions within the conservative faction.

Iran's political scene is broadly split between conservative and pro-reform camps.

Officials have said preliminary results are expected Sunday, with final results coming Monday or later.

The semiofficial Mehr news agency said unofficial results showed candidates who support Ahmadinejad trailing in Tehran's municipal elections behind supporters of Mayor Mohammed Bagher Qalibaf, a moderate conservative.

Former President Hashemi Rafsanjani, considered an Ahmadinejad opponent, was leading in the Assembly of Experts election in Tehran, the official Islamic Republic News Agency reported. The assembly is a body of 86 senior clerics that monitors Iran's supreme leader and chooses his successor.

The race for the assembly is dominated by two main rivals: Rafsanjani and Ayatollah Mohammad Taqi Mesbah Yazdi, widely seen as Ahmadinejad's spiritual mentor.

Reformists are hoping the local elections would show there is still public support for their policies. They held the presidency and dominated parliament and local councils in the late 1990s and early 2000s, but hard-liners have dominated in recent years.

Government officials touted Friday's high voter turnout as a "message" to the West.

"Through their impressive turnout under the current sensitive circumstances, the Iranian people sent a clear message to enemies of Iran's development," IRNA quoted Interior Minister Mostafa Pourmohammadi as saying.

The minister was apparently referring to Western critics of Iran's nuclear program. Iran says its program is intended only for generating fuel, but the U.S. and its European allies believe it aims to produce nuclear weapons.

Iran started having council elections after a reform introduced in 1999 by President Mohammed Khatami.

More than 233,000 candidates ran for more than 113,000 council seats in cities, towns and villages across the vast nation on Friday. Local councils elect the mayor and approve community budgets and planning projects.

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All municipal council candidates, including some 5,000 women, were vetted by parliamentary committees dominated by hard-liners. The committees disqualified about 10,000 nominees, reports said.

DOJ_NMG_0107317

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 18, 2006 8:11 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, December 16, 2006
Attachments:	agnb061216.pdf; agnb061216.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 16, 2006 7:45 AM EST

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TERRORISM NEWS:

CIA's Alleged Involvement In European Disappearances Fuels "Deep Public Anger."

The Washington Post (12/16, A1, Whitlock, 690K) reports in a front-page story on reactions in Europe to alleged CIA efforts to identify and remove "dangerous people" from Europe in the wake of the September 11, 2001, attacks on the U.S. It mentions one case where "the CIA station chief in Rome paid a visit to the head of Italy's military intelligence agency, Adm. Gianfranco Battelli" to ask whether "the Italian secret services" would "help the CIA kidnap terrorism suspects and fly them out of the country?" The CIA is supposed to have provided "a list of more than 10 'dangerous people' the agency was tracking in Italy, Belgium, Austria and the Netherlands." And, "according to documents unearthed in criminal investigations, lawsuits and parliamentary inquiries," the CIA "took part in the seizure of at least 10 European citizens or legal immigrants." Those captured were "secretly handed over to intelligence services in the Middle East or Africa with histories of human rights abuses." Such reports "have fueled deep public anger in Europe, where many people regard renditions as a blatant violation of national sovereignty and international law."

Military Takes Tougher Line With Guantanamo Detainees. The New York Times (12/16, A1, Golden, 1.16M) reports, "After two years in which the military sought to manage terrorism suspects at Guantánamo with incentives for good behavior, steady improvements in their living conditions and even dialogue with prison leaders, the authorities here have clamped down decisively in recent months. Security procedures have been tightened. Group activities have been scaled back. ... Officials said the shift reflected the military's analysis — after a series of hunger strikes, a riot last May and three suicides by detainees in June — that earlier efforts to ease restrictions on the detainees had gone too far." The Times quotes the Gitmo commandant and a lawyer for one detainee.

Questions Emerge About Previous Detainees. NBC Nightly News (12/15, story 3, 0:55, Williams, 9.87M) reported, "There are new questions tonight about one of the symbols of the Bush Administration's war on terrorism. The maximum security prison at Guantanamo Bay, Cuba ... where the Pentagon says it has imprisoned some of the most dangerous people on the planet. But the Associated Press found that hundreds of men transferred from Guantanamo Bay to other countries were then later freed or cleared of all charges, raising questions, the Associated Press says, about whether they were really as dangerous as the US had claimed, or whether some of our allies have set terrorists and militants free."

Arar Still On US Watch List. The Washington Post (12/16, A16, Struck, 690K) reports, "Maher Arar, the Canadian Muslim who was whisked by U.S. agents from a New York airport to imprisonment and torture in Syria, remains on the U.S. 'watch list' despite an exhaustive Canadian inquiry that found he is an innocent man, the U.S. ambassador to Canada said Friday." The Post adds, "The Canadian Parliament has apologized to Arar, now 36, ... But the United States has never acknowledged any mistake in the matter, and [US ambassador] Wilkins's disclosure Friday indicates Arar might again be detained by the United States if he were to enter the country."

Chertoff Announces Rules For Rail Shipments Of Hazardous Materials. The Washington Post (12/16, A8, Wilber, 690K) reports, "Federal officials unveiled a plan yesterday to tighten security for railroad shipments of hazardous materials, saying the rules would reduce the risk of terrorists using dangerous chemicals to kill thousands of people. The proposals -- which drew

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criticism from Democrats, who said they did not go far enough -- would require freight and passenger systems to keep closer tabs on rail cars containing dangerous chemicals." Homeland Security Secretary Michael Chertoff said the rules would "reduce the risk that chemicals can be turned into deadly weapons when they are in transit." New Jersey Sen. Frank Lautenberg (D) said that "the plans would not do enough to secure rail stations, bridges and tunnels, which are also vulnerable to attack."

DHS To Abandon Exit Tracking System. The Washington Post (12/16, A9, Hsu, 690K) reports, "Supporters of the troubled US-VISIT program warned yesterday that the decision to suspend a crucial part of the national security program launched after the 2001 attacks will leave the nation vulnerable to terrorism." California Sen. Dianne Feinstein (D) said that "the government will be left with no way of knowing whether all visitors leave the country after the administration decided to drop a plan to track departures at land borders because of technical and cost problems." DHS officials said that "an exit tracking system" would cost "tens of billions" and "an additional five to 10 years developing the technology." Feinstein said the program "is central to protecting our national security." But, "others expressed relief that the department was acknowledging what critics have insisted for years: that billions of dollars might be wasted on contracts that could not deliver results."

Israel Warns Of Planned Al Qaeda Attacks On Israelis In India's Goa Over New Year. The New York Times (12/16, A8, Sengupta, 1.16M) reports, "The tourist haven of Goa got a rude reminder of reality this week" when "the Israeli government issued a rare terrorism alert on Thursday warning of a planned attack by Al Qaeda on tourists during the New Year's holiday season." The Israeli embassy in New Delhi "estimated that around 35,000 Israelis come to Goa each year."

WAR NEWS:

Women Lose Ground In New Iraq. The Washington Post (12/16, A12, Trejos, 690K) reports in a pessimistic 1,876-word article, "Life has become more difficult for most Iraqis since the February bombing of a Shiite Muslim mosque in Samarra sparked a rise in sectarian killings and overall lawlessness. For many women, though, it has become unbearable. As Islamic fundamentalism seeps into society and sectarian warfare escalates, more and more women live in fear of being kidnapped or raped. They receive death threats because of their religious sects and careers. ... For much of the 20th century, and under various leaders, Iraq was one of the most progressive Middle Eastern countries in its treatment of women ... But years of war changed that." Several women are quoted.

New Military Counterinsurgency Manual Differs With Current Practice. The Los Angeles Times (12/16, Barnes, 850K) reports, "The U.S. military's new counterinsurgency doctrine takes issue with some key strategies that American commanders in Iraq continue to use, most notably the practice of concentrating combat forces in massive bases rather than dispersing them among the population." It "also lists tactics that have tripped up American forces, such as trying to make local security forces act like the U.S. military and overemphasizing killing or capturing enemies rather than providing for the safety of the population. Although the military has moved away from some of these tactics, others are widely used in Iraq," such as special forces "trying to kill or capture" Al Qaeda and insurgents. The Times adds, "Perhaps the most controversial section may be the manual's warning about large, sprawling bases, the very kind the Army has erected in Baghdad. The manual warns that such military bases could suggest 'a long-term foreign occupation.'" In addition, "at some points the introduction and first chapter of the new manual read like a plea for more time for the military to succeed in Iraq." For example, it "cautions that campaigns against insurgents are 'often long and difficult' and that progress is hard to measure."

US Weighs Options For GI Surge In Iraq. The New York Times (12/16, A1, Sanger, Gordon, 1.16M) reports, "Military planners and White House budget analysts have been asked to provide President Bush with options for increasing American forces in Iraq by 20,000 or more. The request indicates that the option of a major "surge" in troop strength is gaining ground as part of a White House strategy review, senior administration officials said Friday. ... the decision to ask the Joint Chiefs of Staff to specify where the additional forces could be found among overstretched Army, Marine and National Guard units, and to seek a cost estimate from the White House Office of Management and Budget, signifies a turn in the debate." Officials said an increase in

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troops exceeding 20,000 to 30,000 would have "prohibitive" obstacles. AFP (12/16) summarizes the New York Times story.

BBC.com (12/16) reports, "Up to 25,000 more troops could be deployed to try to help end the violence, the official said, speaking on condition of anonymity. ... Military commanders, however, ... say that stability in Iraq can now only be had by political means."

Pentagon Will Move Troops To Kuwait. The AP (12/16, Baldor) reports, "The U.S. military is planning to move a brigade of troops into Kuwait in what could be the first step of a short-term surge of American forces into Iraq to stabilize the violence. The 2nd Brigade of the 82nd Airborne Division is expected in Kuwait shortly after the new year, a senior Defense Department official told The Associated Press on Friday. The official requested anonymity because the plans had not yet been announced."

Three More GIs Killed This Week. The AP (12/15, Gamel) reports, "Three more U.S. troops died in fighting this week, the military said Friday, raising to 54 the number of Americans killed in Iraq in December — nearly half of them in Anbar." December "is shaping up to be one of the deadliest for Americans since the war started ... At least 25 of the U.S. troops killed this month — most Marines — died in the vast stretch of desert that extends from the capital to the borders with Syria, Jordan and Saudi Arabia." The casualties reflect "the strength of Sunni insurgents, including al-Qaida in Iraq, in the region, even as violence in Baghdad shifts to a fight between Sunni and Shiite extremists."

Sadr City Raid Nets Six. The AP (12/15) reports, "Iraqi and U.S. forces detained six suspects in a raid and an airstrike Saturday on the Shiite slum of Sadr City that left one fighter dead and another wounded, the U.S. military said." The attack "was aimed at capturing the leader of an illegally armed group of more than 100 people suspected in kidnappings, killings, illegal checkpoints, rocket attacks and bombings against security forces and civilians in northeastern Baghdad," but the military did not name the suspect or state whether he had been caught. Special Iraqi forces "with coalition advisors" carried out the raid.

Rumsfeld Departs DOD With Sendoff From Bush, Cheney. There was considerable coverage of Donald Rumsfeld's final day at the Pentagon, and his sendoff from President Bush, Vice President Cheney, and others. Reporting emphasized the controversial nature of his tenure and the uncompromising nature of his farewell remarks. ABC World News (12/15, story 4, 2:20, Gibson, 8.78M) reported, "There has been controversy, of course, over the course of the war in Iraq. And much of the criticism has been directed" at Rumsfeld. "But today, for Rumsfeld, there was a ceremony fit for a hero."

The CBS Evening News (12/15, story 3, 2:00, Martin, 7.66M) reported, "Rumsfeld's final regret is that the wars in both Iraq and Afghanistan have dragged on much longer and more ferociously than he expected. Today, he stopped well short of predicting eventual victory."

NBC Nightly News (12/15, story 4, 2:50, Williams, 9.87M) reported, "A regal farewell today at the Pentagon for Donald Rumsfeld. The Secretary of Defense who has made the same departure before but this time it was against the backdrop of an increasingly unpopular war." NBC (Gregory): "The Rumsfeld tenure was rocky. Lauded after 9/11 for his wit, toughness and charm before the cameras, he came to be vilified by his critics over Abu Ghraib, interrogation techniques of prisoners and his handling of Iraq." Frederick Kagan, military historian: "History is going to judge Don Rumsfeld in the end based on the outcome of the Iraq war. If we lose the war, then I think it's very likely that he will be identified as the man who lost the war."

Fox News Special Report (12/15, lead story, 3:40, Angle) reported, "It was a bittersweet day for Donald Rumsfeld. The secretary was lauded for a long and distinguished career of public service, just three days after he leaves the Pentagon." But "the grand going-away celebration marks Rumsfeld's departure without the victory in Iraq he so fervently sought."

The Washington Post (12/16, A8, Tyson, 690K) reports Rumsfeld drew "effusive praise" but that Pentagon officials "were preparing for what some called a new era of opportunity -- even glasnost -- created by his departure," which "opens the door for a more candid assessment of the Pentagon's mistakes in Iraq and for alternative military strategies."

The New York Times (12/16, A6, Rutenberg, 1.16M) reports that Rumsfeld gave a "combative" valedictory. The Times adds, "The ceremony brought to a close perhaps the most controversial tenure for a secretary of defense since that of Robert McNamara, whose record tenure in the job bested Mr. Rumsfeld's by a mere 10 days. Like Mr. McNamara, Mr. Rumsfeld leaves a war he helped conceive in the hands of

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others. And like Mr. McNamara, his record is likely to be dissected and debated for years after his resignation."

Slain Officer's Presentation On Winning In Iraq Is Noted. ABC World News (12/15, story 5, 5:00, Gibson, 8.78M) reported, "President Bush brought in his new Defense Secretary, Robert Gates, to help craft a new way forward in Iraq. Tonight, we have the story of one idea, remarkable in its simplicity, that has gotten the attention of many military officers." ABC (Raddatz): "Al Anbar province is the toughest area in Iraq. The enemy so varied, the hatred so deep. But Army Captain Travis Patriquin had a very simple solution he called 'How to win in al Anbar,' a slide show now circulating unofficially through the military. ... the slide show is filled with practical ways to reach out to the local population." ABC producer Auzzie Dean: "Travis spoke fluent Arabic, one of the many languages he did speak. And he absolutely won people over." Raddatz: "What Auzzie didn't know when he sent [an] e-mail [to Patriquin] is that Travis Patriquin had been in the same Humvee with Major Megan McClung and that he died beside her."

Chief Saddam Judge Steps Down. The AP (12/16) reports, "The chief investigator on the 10-judge panel that sentenced Saddam Hussein to death said Saturday that he has relinquished that role, allowing another judge to take over the post for the Iraqi High Tribunal. Raid Juhi said he will remain as a judge and spokesman on the tribunal." He "has been a high-profile figure in the trials against Saddam ... Juhi said he was replaced during annual elections held by tribunal members because he did not run for re-election to his post as main investigator."

Amid Taliban Resurgence, Civilian Killings By NATO Criticized. In an analysis of recent events, the Financial Times (12/16, Morarjee) reports, "Rising anger at the growing number of civilians being caught in the crossfire between Nato troops and Taliban insurgents is creating concern that support for Nato in southern Afghanistan is being severely undermined." The Times says the "issue of civilian casualties topped the agenda at a" high-level meeting of US, NATO and Afghan leaders this week "convened" by President Hamid Karzai. The Times adds, "Stoking public anger further has been a recent surge of suicide bombings in southern Afghanistan, which has led Nato troops to react more quickly to defend themselves." A NATO spokesman "said the organisation was looking at ways to curb civilian casualties as a matter of urgency."

Two More Suicide Attacks Hit Afghanistan. The New York Times (12/16, A9, Wafa, 1.16M) reports in a three-sentence article, "A suicide attacker's car exploded close to a joint NATO-Afghan convoy in eastern Paktia Province, killing an Afghan soldier and a civilian and wounding a NATO soldier. In neighboring Paktika Province an hour later, a man dressed in a burqa blew himself up and wounded two Afghan soldiers and a civilian."

GWOT Veterans Cope With Disabilities. NBC Nightly News (12/15, story 5, 1:50, Williams, 9.87M) reported, "And then there are the individual stories of our American vets who have served in Iraq and Afghanistan and what happens after they come home. Especially if they're among the more than 23,000 who have been wounded. Readjusting can often be tough, which is why a gathering tonight in Orlando is doing a lot to lift spirits for many of those coming home." NBC (Potter): "Wounded in war, thousands of Americans now face the rest of their lives with difficulties they could never imagine. ... But in a place where everyone is accepted, more than 100 injured war veterans are helping each other at a convention sponsored by the Coalition to Salute America's Heroes. ... the most important benefit here is inspirational."

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DOJ Arrests 26 Bosnian Serbs For War Crimes. The Washington Post (12/16, A3, Smith, 690K) reports, "A Justice Department dragnet based on war crimes probes in Europe led to 26 arrests in the past week of Bosnian Serbs who had obtained refugee status in the United States by allegedly concealing their service in the Bosnian Serb military during the bitter Yugoslav conflict of the mid-1990s. The arrests occurred in at least eight cities, including Denver and Orlando" and "reflect an intensified effort by Immigration and Customs Enforcement (ICE) to root out unacknowledged members of the Bosnian Serb military using data supplied by the International Criminal Tribunal for the former Yugoslavia, located in The Hague." Some "have been criminally charged and face prison terms, while others have been put into administrative proceedings that could lead to deportation."

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CORPORATE SCANDALS:

SEC Gives Small Firms More Time On Sarbanes-Oxley Compliance. The Washington Post (12/16, D2, 690K) reported the SEC has given "the smallest public companies five more months to comply with financial-control rules under the 2002 Sarbanes-Oxley Act. It was the fourth such delay granted by the SEC to companies with market value of less than $75 million."

SEC, DOJ Actions Ease Rules On Corporations. The AP (12/15, Gordon) reported, "At the Justice Department and the Securities and Exchange Commission, separate actions this week both had the effect of easing landmark rules laid down in response to the 2002 crisis of corporate malfeasance. Culminating an intense monthslong lobbying campaign by an array of companies, the five SEC commissioners voted at a public meeting Wednesday to propose a plan giving corporate managers more flexibility in assessing the strength of internal financial controls. It would especially benefit smaller companies. … The Justice Department, meanwhile, restricted its prosecutors' ability to crack down on companies that withhold confidential information during criminal fraud investigations, in new guidelines issued Tuesday that clipped back the aggressive legal tactics authorized after the scandals. They bar the government from seeking harsher penalties for companies that won't cooperate with prosecutors -- either by denying the prosecutors corporate attorney-client communications or by helping their employees under investigation by covering their legal fees."

Starr Says Sarbanes-Oxley Costly, Unconstitutional. In a Wall Street Journal (12/16, A11, 2.04M) op-ed, Kenneth Starr wrote that Sarbanes-Oxley "powerfully illustrates the law of unintended consequences. Due to hasty drafting by Congress in the wake of the Enron and WorldCom scandals, Sarbox has cost the U.S. economy over $1 trillion, according to one study published by the AEI-Brookings Center. To add insult to grievous injury, it is unconstitutional. … Despite legitimate public outrage over corporate scandals, good intentions provide no immunity from an unconstitutional scheme. … Even the statute's co-author, Rep. Mike Oxley, has conceded that Sarbanes-Oxley was hastily written and enacted. In its rush to 'do something' about corporate scandals, Congress overstepped the bounds of its authority. It is time to call Congress back, both to help our economy and reaffirm that our constitutional system imposes clear limits on the government's urgent desire to 'do something.' Congress must be reminded that the 'solution' is at times worse than the problem."

New Rules Require Companies To Disclose Top Execs' Pay Packages. The AP (12/16, Gordon) reported, "Investors are getting access to clearer and more detailed information from public companies on their top executives' pay packages and perks under federal rules that took effect on Friday. Companies' 2006 annual reports issued early next year will reflect the changes, which were ordered by the Securities and Exchange Commission in July in a major overhaul of disclosure rules for executive compensation. The new requirements include disclosure of the dating of stock option grants to executives. Companies must provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options."

Judge's Criticism Led To McNulty Rules. The New York Times (12/16, Browning) reports, "Judge Lewis A. Kaplan of the Federal District Court in Manhattan in June issued a scathing criticism of the prosecution's tactics in a criminal case against former tax professionals of the accounting firm KPMG. The government, the judge said, 'let its zeal get in the way of its judgment.' … Months later, those private discussions have now produced new guidelines, known as the McNulty memorandum. Under them, a company's decision to pay legal fees will not be held against it, except in extreme circumstances, when prosecutors are weighing whether to indict the company. The new guidelines also raise new hurdles for prosecutors seeking access to confidential legal communications."

Democrats Not Expected To Pursue Dramatic Change In Consumer Protections. The Wall Street Journal (12/16, A4, Conkey, 2.04M) reports, "Incoming Democratic leaders say they intend to bolster privacy rights and a spate of consumer protections in the next Congress. But early signs suggest activists in this arena may want to temper their enthusiasm." While Democratic support for efforts to "raise the minimum wage and make health care and college more affordable" as well as "strengthen privacy protections, combat identity theft and curb abusive practices in mortgage lending and other financial services" may be "a big shift for consumer groups," yet "actually passing

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legislation…could be difficult." And "federal action wouldn't guarantee a big win for consumer groups…if a new nationwide law undercuts stronger protections at the state level." MA4 Rep. Barney Frank (D) "predicts there will be little difference between Democratic and Republican rule when it comes to regulation of the financial-services industry."

CRIMINAL LAW:

Florida, California Suspend Executions By Lethal Injection. The Washington Post (12/16, A1, Whoriskey, Geis, 690K) reports in a front-page story, "Executions by lethal injection were suspended in Florida and ordered revamped in California on Friday, as the chemical method once billed as a more humane way of killing the condemned came under mounting scrutiny over the pain it may cause." Florida Gov. Jeb Bush (R) "ordered the suspension…after a botched execution." Judge Jeremy D. Fogel of the U.S. District Court for Northern California, "ruled that the state must overhaul its lethal-injection procedures, calling its current protocol unconstitutional because it may inflict unacceptable levels of pain." Yet, "more than 30 states, including Virginia and Maryland, use the same three-drug sequence for lethal injections." The decisions are presented as part of a "rising debate" over lethal injection.

ABC World News (12/15, story 3, 0:27, Gibson, 8.78M) reported, "In two of the nation's largest states, capital punishments by lethal injection are on hold for now." The CBS Evening News (12/15, story 5, 0:30, Cobiella, 7.66M) reported Florida Gov. Jeb Bush" has put all executions on hold after a medical examiner said it took too long for a convicted killer to die earlier this week. The execution of Angel Diaz lasted 34 minutes, twice as long as usual. An autopsy showed the needles used for lethal injection missed his veins and went into the flesh in his arms instead. In what may be a death blow to this kind of execution, a federal judge in California has ruled its current method of lethal injection may be cruel and unusual punishment and unconstitutional." NBC Nightly News (12/15, story 2, 1:30, Williams, 9.87M) reported, "These latest developments come as several states are taking a closer look at whether lethal injection is cruel and unusual."

The Los Angeles Times (12/16, Weinstein, 850K) reports that the decisions by Judge Fogel in California And Florida Gov. Bush "were the latest development in what is now the central legal issue in the long-running battle over capital punishment in the United States: whether lethal injections are being administered in a humane, constitutional manner." The AP (12/15) reports Judge Fogel ruled that "California's 'implementation of lethal injection is broken.' But he said: 'It can be fixed.'" Gov. Bush "created a commission to examine" Florida's "lethal injection process…and he halted the signing of any more death warrants until the panel completes its final report by March 1."

The New York Times (12/16, A11, Liptak, Aguayo, 1.16M) reports, "The California decision, which followed a four-day evidentiary hearing and a session at the San Quentin prison, was eagerly awaited and probably represents the fullest and most careful consideration yet of whether the way inmates are executed violates the Eighth Amendment ban on cruel and unusual punishment." Meanwhile, "the new commission in Florida, which will include doctors, lawyers, scientists and law enforcement officials, will consider many of the same issues, including whether the state protocol satisfies 'humanity, constitutional imperative and common sense,' Mr. Bush said in his order."

The Washington Times (12/16, A1, 88K) reports in a front-page story Florida Gov.-elect Charlie Crist (R) "planned to continue the moratorium when he takes office in January." Judge Fogel "ordered anesthesiologists to be on hand, or demanded that a licensed medical professional inject a large, fatal dose of a sedative instead of the additional paralyzing agent and heart-stopping drugs that are normally used. But no medical professional was willing to participate."

The San Francisco Chronicle (12/16, A1, Egelko, 384K) reports Judge Fogel "gave state officials 30 days to decide whether they will revise lethal-injection procedures and to say how long they would need. Officials said they would take steps to comply." Fogel "stressed that he was condemning neither capital punishment nor lethal injection itself." The Los Angeles Times (12/16, Williams, 850K) described Gov. Bush's decision as "suspension of one of the country's most active execution chambers." BBC.com (12/16, San Pedro) reports, "it is too soon to interpret the decisions as a sign that support for the death penalty is waning in the US."

California To Review Sentencing Guidelines. The New York Times/AP (12/16, A15) reports the California "corrections secretary said the state would create a commission to review sentencing guidelines, a potential crucial step in Gov. Arnold Schwarzenegger's efforts to relieve prison crowding." The announcement "comes five days after

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a federal judge gave Mr. Schwarzenegger a June deadline to ease crowding in the state prison system."

Gonzales Calls For United Anti-Gang Efforts By Law-Enforcement And Community Groups. The Washington Times (12/16, Seper, 88K) reports Attorney General Alberto R. Gonzales, at the Project Safe Neighborhoods conference in Boston said that "the Justice Department is determined to help prevent America's youth from joining gangs." He described department efforts to bring "together law-enforcement and community leaders to discuss effective programs, identify gaps in services, and develop working partnerships to prevent gangs from claiming new members." He called for "an integrated, comprehensive approach that includes both law-enforcement and the prevention efforts uniquely offered by community-service groups." The Bush administration "has committed more than $1.5 billion to" Project Safe Neighborhoods to "hire new federal and state prosecutors, support investigators, provide training, distribute gun-lock safety kits, deter juvenile gun crime, and develop and promote community outreach efforts as well as to support other gun-violence-reduction strategies."

War On Terrorism Took Stretches Law-Enforcement Resources, Gonzales Says. The Lowell (MA) Sun (12/16, Savard) reports, "Law enforcement has had to keep a sharp eye turned toward terrorist activity in a post 9/11 world, Gonzales said. Because police are stretching resources farther than ever, more people must join in the effort to deter youth from choosing a life of crime. Crime-fighting partnerships involving the whole community are key, Gonzales said."

Boston Crime Craws Gonzales' Attention. The Boston Herald (12/16, O', Johnson) reports, "The blood spilled on Boston's streets this year drew the attention of the nation's top prosecutor yesterday as he attended a conference on gang violence at a time when the city hopes a fractured gang truce can stop a street war from erupting. … Gonzales, who was in town to speak at the annual Project Safe Neighborhood Conference at the Boston Convention and Exhibition Center, said the feds have put street violence under a microscope, not just in Boston, but across the country."

Federal Prosecutors Win First Economic Espionage Case. The Fresno Bee (12/15, Robertson) reported, "Federal prosecutors scored their first-ever convictions for economic espionage to benefit a foreign nation when two Silicon Valley engineers pleaded guilty to stealing trade secrets and trying to smuggle them to China. Fei Ye, 40, a U.S. citizen from China, and Ming Zhong, 39, a permanent resident of the U.S. from China entered their pleas Thursday in San Jose federal court to two counts each as part of a deal with prosecutors. Both would have faced 10 counts each if they went to trial in January. Ye and Zhong were accused of stealing confidential microchip blueprints and other trade secrets from four technology companies - NEC Electronics Corp., Sun Microsystems Inc., Transmeta Corp. and Trident Microsystems Inc. - and planning to start a microprocessor company with the financial backing of various Chinese government agencies."

Domenici's Grandchildren Safe After "Burglary Gone Awry." The Washington Post (12/16, B1, Londono, 690K) reports, "Masked intruders forced their way into the Silver Spring home of" New Mexico Sen. Pete V. Domenici's (R) "daughter yesterday morning, startling a nanny who ran outside with the lawmaker's 2-year-old granddaughter and left his youngest grandson behind. A Montgomery County police SWAT team later found the baby safe in his crib. Police think the incident was a burglary gone awry because the intruders apparently didn't realize the house was occupied."

WPost Critical Of Sex Offender E-Mail Registry Idea. The Washington Post (12/16, A18, 690K) writes in an editorial on "a proposal by Virginia's attorney general, Robert F. McDonnell (R), to require convicted sex offenders to register their e-mail addresses, instant-messaging handles and other online identities so they can be blocked from preying on youth online" and a related "federal bill dealing with the same theme offered this month by Sens. John McCain (R-Ariz.) and Charles E. Schumer (D-N.Y.)" that "Once a sexual predator decides that he is willing to risk prosecution and imprisonment for his crime, he is unlikely to balk over failing to register an e-mail address."

Hit List Led to Orange County Arrests. The Los Angeles Times (12/16, Reza) reports, "This week's arrests of 57 people allegedly tied to a white supremacist gang were sparked when authorities learned of a hit list with the names of an Orange County prosecutor and five police officers, an investigator said Friday. Anaheim Police Lt. K. Switzer said authorities learned of the list last month. He said the probe

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began when another Orange County police department learned that one of its officers had been targeted by Public Enemy Number 1, a street gang involved in identity theft, credit card fraud and methamphetamine sales. The group has ties to the racist Aryan Brotherhood and Nazi Low Riders prison gangs. Switzer said investigators were trying to determine why those six people were targeted and if it was a gang edict or the work of a single gang member."

CIVIL RIGHTS:

Bush "Happy" For Mary Cheney, But Has Not Altered Gay Marriage Stance. The New York Times (12/16, A15, Rutenberg, 1.16M) reports, "Mary Cheney's baby will have two mommies, and that is just fine with President Bush." According to an interview with People magazine, Bush said, "I think Mary is going to be a loving soul to her child. And I'm happy for her." That statement "prompted a new round of questions about the president's past statements against same-sex marriage and, more particularly, child rearing by gay couples." So "during his regular press briefing, the White House spokesman, Tony Snow, said Mr. Bush still believed that children should ideally be raised by a man and a woman as parents. But, Mr. Snow said, 'he believes that Mary Cheney's child will, in fact, have loving parents.'" The full People (12/15) interview with the President and First Lady is available online.

The AP (12/15) reports, "Bush was asked about Mary Cheney's pregnancy in light of his previous statements that a child ideally should be raised by in a family headed by a married father and mother. White House press secretary Tony Snow said on Friday that Bush has not changed his mind." The Los Angeles Times (12/16, Gerstenzang, 850K) reports that President Bush, "pressed on whether his remark contradicted views he previously expressed that being raised by same-sex couples was not ideal for a child, he avoided a direct response." Snow said that "Bush had not addressed whether he thought children raised by gays were at a disadvantage."

AFP (12/15) reports Bush, "a staunch defender of traditional values, believes vice-president Dick Cheney's lesbian daughter will be a 'loving mother.'" Bush told People Magazine that "he was delighted to hear Mary Cheney was expecting a child with long-time partner Heather Poe."

New Jersey Same-Sex Couples Plan To Take Advantage Of Civil Unions Law. The New York Times (12/16, B1, Fahim, 1.16M) reports, "Away from the loud political arguments over the New Jersey Legislature's vote to establish civil unions for same-sex couples, gays and lesbians across the state have begun to grapple with the practicalities." The article reports on the reactions of people planning to take advantage of the law and "the 2000 Census found about 16,000 same-sex couples living together in New Jersey…; nearly one-third of them are raising children."

DOJ Alleges Town Violated Hispanics' Voting Rights In Suit. The New York Times (12/16, Whitaker, 1.16M) reported that DOJ "filed a lawsuit on Friday against" Port Chester, NY, alleging "that its at-large voting system illegally diminishes Hispanic influence." In the suit, the department "seeks an injunction that could scuttle Board of Trustees elections in March." The Times added, "The Justice Department notified officials in April that it intended to file a lawsuit if they did not take steps to set up a district-based voting system. The department provided three separate plans to break the village into voting districts. On Dec. 4, the village board voted to notify the department that it did not believe the current system violated the act, setting the stage for a court battle."

The AP (12/16, Fitzgerald) added, "Mayor Gerald Logan blasted the lawsuit, calling it 'unfortunate and heavy-handed' and noting that Port Chester has used at-large elections since 1868. … The village is about 25 miles from New York City and is governed by a mayor and six trustees. Port Chester, with a population of about 28,000, is 43 percent Hispanic, according to the 2000 Census. The citizen voting-age population was 22 percent Hispanic, but no Hispanic has ever been elected as a trustee."

Justice Department Files Complaint Against Oklahoma Over Juvenile Detention Center. The Oklahoman (12/16, Rabe) reports, "The U.S. Justice Department on Friday filed a complaint against the state, challenging the conditions at a Sand Springs juvenile detention center Federal prosecutors believe the state hasn't corrected serious violations found in a two-year investigation at the L.E. Rader Center, said Cynthia Magnuson, spokeswoman for the Justice Department. She said violations included inappropriate sexual relationships, violence and abuse of psychotropic medications."

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ANTITRUST:

WSJournal Argues For Airline Consolidation. The Wall Street Journal (12/16, A10, 2.04M) writes in an editorial about proposed airline mergers, that "Democrats are already sounding the political alarm about airline consolidation" with New Jersey Sen. Frank Lautenberg (D) saying that he "wants to be sure that any deals are 'good for the flying public'" while MN8 Rep. James Oberstar (D) says that "the Justice Department should block all airline mergers." The Journal argues that "a competitive and healthy airline industry is in everyone's interest" and "the alternative to merger becomes bankruptcy." So "capacity reduction and the elimination of marginal routes has to be part of any story that leads to a less self-destructive industry in the future."

Airlines Assay Mergers, Reducing Costs, Possibly Increasing Expenses For Travelers. The New York Times (12/16, Stein) reports, "HOW well have the commercial airlines rebounded from their near-death brushes with bankruptcy in the first half of the decade? Consider this: flights are packed, fares are rising and profits have reappeared despite stubbornly high fuel costs. The best may be to come, as some of the biggest airlines flirt with mergers that could permit them to cut costs and raise fares even further. Federal regulators, meanwhile, eased up on some of the rules and prosecutorial tools after the collapses of Enron and WorldCom touched off a series of corporate scandals involving accounting fraud, insider trading, backdated stock option grants and other malfeasance. … Earlier in the week, Continental Airlines confirmed it was being courted by United, its much larger rival. Both deals follow US Airways' offer last month to buy Delta Air Lines for $8 billion. Delta's board is considering that offer as it tries to emerge from bankruptcy court protection. If one big domestic merger goes through, other airlines will feel pressure to pair off, too, or risk winding up at a competitive disadvantage because they have higher costs or smaller route networks. While such consolidation may bolster airlines' bottom lines, reduced competition would probably also result in more-crowded flights and higher fares, at least in the short term."

Democratic Senator Sounds Warning On Mergers. Dow Jones Newswires (12/16, Boles) reports, " "Sen. Frank R. Lautenberg (D-NJ) said he is concerned that renewed speculation the industry is about to embark upon another round of takeover activity could leave consumers shortchanged."

Merck Says Antitrust Waiting Period Has Expired, Can Buy Sirna. The Milwaukee Business Journal (12/16) reports, "Merck & Co. said Thursday that the federal regulatory antitrust waiting period for its $1.1 billion deal to buy Sirna Therapeutics Inc. expired. The two companies broke news of the deal on Oct. 30, when Merck (NYSE: MRK) said it would pay $13 a share in cash for San Francisco-based Sirna (NASDAQ: RNAI). The end of the required waiting period satisfies one condition for the deal to be completed. Sirna's stockholders have yet to vote on the deal -- that's set for Dec. 28 in San Francisco's Grand Hyatt Hotel."

Hearst Buys Newspapers, Will Sell Them To MediaNews. The AP (12/16) reports, "Copley Press Inc. said Friday it sold the Daily Breeze and three weekly newspapers to Hearst Corp. in a deal that will eventually transfer ownership of the Los Angeles-area paper to Denver-based MediaNews Group Inc. MediaNews, which also owns the Daily News of Los Angeles and other area papers, will run the Breeze while a sale of the papers from Hearst is pending, MediaNews said Friday."

Justice Moves To Streamline Merger Reviews. The New York Times (12/16) reports, "Hoping to reduce the time and expense involved in the merger review process, the Justice Department's antitrust division on Friday announced changes to its five-year-old guidelines for vetting corporate transactions. Many of the changes focus on the 'second request,' in which regulators, after launching a preliminary investigation into a deal's competitive effects, extend the waiting period and ask the parties for more information. Among the new provisions is an option that allows companies to limit the scope of the documents they must produce in a second request, the Justice Department said."

The Wall Street Journal/Dow Jones (12/16, Boles) reports, "The voluntary amendments come as part of wider series of measures aimed at reducing the burden on companies going through the merger approval process. The new option would place limits on the extensiveness of DOJ

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requests for further information from merging companies. Only certain central files and a targeted list of 30 employees, deemed central to the business, would be searched by the DOJ during a takeover investigation."

FBI/DEA/ATF/USMS:

ATF Agents Shot While Serving Warrant. The Atlanta Journal-Constitution (12/16, Gentry, Morris) reports, "Two agents with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives were shot early Friday while serving a warrant at a DeKalb County apartment complex, police said. One agent was struck in the knee and the other in the lower abdomen. Both men were treated at a local hospital and released. … ATF spokesman Marc Jackson said the agents, whose names have not been released, were serving a federal search warrant for 'firearms-related offenses.'"

IMMIGRATION:

Immigration Agents Arrest 1,282 In Raids On Swift Meat-Packing Plants. The New York Times (12/16, A13, Preston, 1.16M) reports on "raids this week by immigration authorities at meat-packing plants in six states" that left "immigrant families" trying to "find detained relatives, arrange care for children of deported parents and recover from the loss of work." The raids "had stunning effects on the surrounding towns" and "1,282 legal and illegal immigrants were arrested" at plants "operated by Swift & Company of Greeley, Colo." The raids "netted dozens of immigrants who were legal residents but did not have their papers with them at work. Others arrested were illegal who have to leave the country or face deportation." Swift CEO Sam Rovit, said that "the losses in replacing the workers could be in the millions." Swift had "sought an injunction against the raids in Federal court in Amarillo, Tex. Judge Mary Lou Robinson denied the request."

New York Town May Be Divided As Part Of Reaction To Illegal Immigration. The New York Times (12/16, B1, Vitello, 1.16M) reports on efforts by part of Farmingville, New York to secede and form "the village of Oak Hills" in response to the town's "reputation as a place where illegal immigrant day laborers crowd into rooming houses." Farmingville "has been the scene of frequent demonstrations by residents, and by groups that come periodically to taunt the day laborers." The move is seen as part of "frustration with perceived federal inaction against illegal newcomers."

TAX:

Reid, Hastert Reportedly Made Last-Minute Deal On Tax, Trade Amendments. The Washington Post (12/16, A4, Birnbaum, 690K) reports on a "last minute deal" between House Speaker J. Dennis Hastert (R-Ill.) and incoming Senate Majority Leader Nevada Sen. Harry M. Reid (D) that "paired" Reid's "plan for a major Nevada land swap" with Hastert's proposal to "give certain Medicare beneficiaries additional time to change their health-care coverage" as part of "a massive tax and trade measure approved by Congress shortly before its final adjournment early last Saturday morning." In reaction, Montana Sen. Max Baucus (D.), the incoming chairman of the Finance Committee, outgoing chairman Iowa Sen. Charles E. Grassley (R), and incoming Senate Minority Leader Kentucky Sen. Mitch McConnell (R) "said they will probably attempt to strike the Medicare provision when the new Congress convenes next year." Reid's proposal was co-sponsored by Nevada Sen. John Ensign (R).

CONGRESS-ADMINISTRATION:

Democrats To Probe Iraq, Defense Contractors. The Washington Post (12/16, A5, Babington, 690K) reports, "Incoming Democratic committee chairmen say they will hold a series of hearings and investigations early next year to build the case for their call for a phased withdrawal of U.S. troops from Iraq and for possible action against defense contractors found to have wasted billions in federal funds." Michigan Sen. Carl M. Levin (D) is described as "eager" to conduct hearings and "his party's point man" on pushing for withdrawal and investigations of defense contractors and the use of prewar intelligence. PA12 Rep. John P. Murtha (D), Vermont Sen. Patrick J. Leahy (D) and West Virginia Sen. John D. Rockefeller IV (D) all plan "more aggressive hearings."

Johnson's Progress "Encouraging," Neurosurgeon Says. The Sioux Falls Argus Leader (12/16, Bremner) reports Sen. Tim Johnson "continued to make progress" as he recovers from Wednesday night brain

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surgery. Johnson "was in critical but stable condition in the intensive care unit at George Washington University Hospital, according to his staff and doctors late Friday." Neurosurgeon Anthony Caputy said in a statement, "Considering his initial presentation, his progress is encouraging. He is now stabilized and continues to show signs of responsiveness to the medical staff and the family."

ABC World News (12/15, story 7, 0:15, Gibson, 8.78M) reported Johnson's office "said the surgery was a success. And his progress is encouraging. We are told he's opened his eyes and responded to his wife's voice." The CBS Evening News (12/15, story 6, 0:30, Borger, 7.66M) reported Johnson "also reached out to hold her hand. A stream of colleagues visited Johnson today who remains sedated." NBC Nightly News (12/15, story 7, 0:50, Williams, 9.87M) also said Johnson's doctors "called his progress today 'encouraging.'"

The Washington Post (12/16, A2, Brown, 690K) says Johnson's office said the operation "was 'considered a success'…although the few details released about his condition suggested he was not fully conscious two days after the procedure." Headlines in two major newspapers highlight this mixed message. The New York Times (12/16, A11, Zernike, Altman, 1.16M) headlines its report "Senator Showing Weakness After Surgery," while the Los Angeles Times (12/16, Levey, 850K) piece is headlined "Senator Is Showing Signs Of Recovery." The New York Times story says Johnson "was showing weakness on his right side," and that the senator "will remain in the hospital until the swelling in his brain goes down."

Democrats Said To Face Problems From Lack Of Revenue, Divisions Over Trade. Thomas Edsall writes in a column for the New York Times (12/16, A17, 1.16M), "The Democrats are positioned to make a down payment to the voters" with policies like "a minimum-wage hike, ethics reform, reduced student loan interest rates and changes in labor law, which will make union organizing less difficult." But, "they will encounter two roadblocks: Republican chokeholds on federal spending, meant to 'starve the beast' by radically depleting coffers, and intense internal Democratic policy conflicts." The cost of Iraq and tax cuts are seen as the chief limits on spending and "the intraparty conflict pits its business and labor wings against each other on policies dealing with the international marketplace." Edsall concludes, "the Democrats have a two-year window in which to confront their internal schisms and to present a stronger face to the electorate in 2008."

OTHER NEWS:

Rising Hamas-Fatah Violence Could Splinter Palestine. The CBS Evening News (12/15, story 4, 1:00, MacVicar, 7.66M) reported, "It sounded like war last night as the Palestinian prime minister was returning from meetings in Egypt, unidentified gunmen opened fire on his motorcade. Twenty-seven people were wounded and a bodyguard was killed. Supporters say this was an assassination attempt by another Palestinian faction. Hours later in the west bank, new violence as the Palestinian territories continue a slide toward civil war. Fatah gunmen, supporters of the Palestinian President, opened fire on Hamas militiamen loyal to the Prime Minister as civilians ran for cover."

The Washington Post (12/16, A14, Wilson, 690K) reports Fatah and Hamas "factions exchanged gunfire Friday in the West Bank and Gaza Strip, leaving more than 30 people wounded, as leaders from both parties warned of an escalation that could push the territories toward a deeper conflict." The "movements" have "been engaged in a political struggle for much of the year, but the latest unrest has been more brazen and regular than previous confrontations." Noting several violent encounters, the Post describes "a week of partisan reprisals in Gaza" and elsewhere.

The New York Times (12/16, A8, Myre, 1.16M) reports, "The Palestinians seemed to edge toward open civil conflict on Friday as Hamas…accused its rival, Fatah, of trying to assassinate the prime minister. Gunmen from the two factions clashed in the streets, wounding at least 30 men." Yesterday's events "raised the stakes in the bitter confrontation between" the groups, and the Times says "the violence and the heated oratory in recent days have increased talk about [an outright] confrontation, or even the possibility of a Palestinian civil war." The "Hamas-Fatah tensions, and other internal Palestinian disputes, have been growing worse for months, and this week appeared to mark a new low, with several deadly shootings." President Mahmoud Abbas "faces the difficult task of trying to resolve the political standoff at a time of almost daily internal violence."

The Washington Times (12/16, A1, Mitnick, 88K) adds, "Armed clashes intensified between rival Palestinian factions yesterday… The latest violence threatened to undermine months of talks on a unity government between [Hamas and

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Fatah] to end a deadly power struggle within the Palestinian territories." The Times says "the spike in tensions" is "just the latest developments in a week of Hamas-Fatah turmoil."

The Los Angeles Times (12/16, Ellingwood, 850K) adds, "The clashes and the accusations of an assassination attempt aimed at Haniyeh raised tensions as Palestinian Authority President Mahmoud Abbas is scheduled to make a speech today about the worsening political deadlock." The Times says "it remains unclear" how Abbas can "resolve the impasse," noting that Hamas' "allegations against Fatah marked a new level in the bitter war of words between the two groups, which have been locked in a struggle for power since Hamas won parliamentary elections in January."

The Financial Times (12/16, Devi) titles its report, "Hamas Says Abbas Seeks War," while the AP (12/16, Barzak) notes that "violence spread to areas of the Palestinian territories normally untouched by factional strife," including Ramallah.

Rice Says US Considering Aid Package For Lebanese Military. Reporting on Secretary of State Condoleezza Rice's interview yesterday with the Washington Post, AFP (12/16) notes she "said Washington was considering a financial package to beef up the military of Lebanese Prime Minister Fuad Siniora, who has expressed fears of an attempted Syrian-backed coup." She is quoted saying, "We are still working out the details of what we can do to support the army. But we have wanted very much to support the reform of the Lebanese armed forces, the reequipping of the Lebanese armed forces." Rice "said she could not give details of the aid package," but added that "the Bush administration needed to have consultations with Congress over the package."

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: No Scheduled Events.

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Local Babies Sickened With Deadly Bacterium."
"Parties Race To Court Iowa For '08."
"57 Arrests Follow Hit List Discovery.
"At Ole Miss, Stuffiness Is Greek."

New York Times:

"Options Weighed For Surge In G.I.'S To Stabilize Iraq."
"After Shortage, Vaccine For Flu Goes Unused."
"Military Taking A Tougher Line With Detainees."
"State Senator Scrutinized Over Ties To Investor."
"In Raising The World's I.Q., The Secret's In The Salt."
"The D.J. Who Moves The Movers And Shakers."
"Giving Troubled Families A Say In Child Welfare."

Washington Post:

"A Gnawing Problem On Assateague Island."
"Lethal Injection Is On Hold In 2 States."
"Testimony Helps Detail CIA's Post-9/11 Reach."
"Post-Revolutionary Recognition."
"Crime Concerns NFL."
"District's HIV Testing Found To Be Falling Short."

Washington Times:

"Bungled Execution Forces Delays."
"Hamas, Fatah Intensify Clashes."
"Japan Retreats From Long-Held Pacifism."
"Congress Away But Regulations Keep On Coming."

Detroit Free Press:

"Chrysler CEO: I'll Run Sales."
"Tough Judge."
"Viewers Win As Cable War Heats Up."

Atlanta Journal-Constitution:

"In U.S., Luxuries Now Necessities."
"Illegals Lose In-State Tuition."
"Executions Halted In Fla., Cal."
"India Hunting Killer Elephant."
"Hamas-Fatah Clash Deepens."
"Rumsfeld Praised On Last Day."
"Retrial Set In Puppy's Death."

Dallas Morning News:

"Families Cling To Rescue Hopes."
"Brawl Ends Carter-Kimball Game Early."
"Diocese Offers No Reason For Hiding Pastor's Past."

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"Dallas To Get Second Pitch For Baseball Park."
"F-35 Lightning Ii Takes Maiden Flight."
"Ex-Cowboys QB Faces Drug Charge."

Houston Chronicle:

"Redrawn Flood Maps To Affect 10,000 Harris Properties."
"Lakers Down Rockets In 2 OTs; Bryant Gets 53."
"Police: Kingwood Teen Killed Two In Fight Over Pup."
"Threat Posed By Ex-Gitmo Detainees Questioned."
"Harris Serial Rapist-Robber Targets Young Men."
"Houston Police Kill Armed Man, Rescue Ex-Wife."
"Lethal Injection On Hold In Florida, California."
"Culture Of Bribery Taking Root In South Texas."
"Lopez: Bagwell Ranks With Legends."

Story Lineup From Last Night's Network News:

ABC: Winter Storm In The Northwest; Mountain Climber Search In Oregon; Temporary Stay Of Lethal Injections; Rumsfeld's Official Departure; Captain Travis Patriquin; Iranian Election; Tim Johnson Health Update; Hormone Replacement Options; Census Bureau Report; Presidential Medal Of Freedom Recipients.

CBS: Northwest Winter Storm; Search For Mountain Climbers, Iraq Troop Buildup-Rumsfeld; Palestinian Civil War; Temporary Stay On Lethal Injections; Tim Johnson Health Update; Census Bureau Report.

NBC: Northwest Winter Storm- Mountain Climber Search; Lethal Injection Suspended; US War Prisons; Farewell To Rumsfeld; Veterans Coping With Disabilities; Hormone Replacement Therapy; Tim Johnson Health Update; Census Bureau Report; Prince William Becomes A British Officer; Profile Of Jan Egeland.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 16, 2006 7:45 AM EST

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TERRORISM NEWS:

CIA's Alleged Involvement In European Disappearances Fuels "Deep Public Anger." The Washington Post (12/16, A1, Whitlock, 690K) reports in a front-page story on reactions in Europe to alleged CIA efforts to identify and remove "dangerous people" from Europe in the wake of the September 11, 2001, attacks on the U.S. It mentions one case where "the CIA station chief in Rome paid a visit to the head of Italy's military intelligence agency, Adm. Gianfranco Battelli" to ask whether "the Italian secret services" would "help the CIA kidnap terrorism suspects and fly them out of the country?" The CIA is supposed to have provided "a list of more than 10 'dangerous people' the agency was tracking in Italy, Belgium, Austria and the Netherlands." And, "according to documents unearthed in criminal investigations, lawsuits and parliamentary inquiries," the CIA "took part in the seizure of at least 10 European citizens or legal immigrants." Those captured were "secretly handed over to intelligence services in the Middle East or Africa with histories of human rights abuses." Such reports "have fueled deep public anger in Europe, where many people regard renditions as a blatant violation of national sovereignty and international law."

Military Takes Tougher Line With Guantanamo Detainees. The New York Times (12/16, A1, Golden, 1.16M) reports, "After two years in which the military sought to manage terrorism suspects at Guantánamo with incentives for good behavior, steady improvements in their living conditions and even dialogue with prison leaders, the authorities here have clamped down decisively in recent months. Security procedures have been tightened. Group activities have been scaled back. ... Officials said the shift reflected the military's analysis — after a series of hunger strikes, a riot last May and three suicides by detainees in June — that earlier efforts to ease restrictions on the detainees had gone too far." The Times quotes the Gitmo commandant and a lawyer for one detainee.

Questions Emerge About Previous Detainees. NBC Nightly News (12/15, story 3, 0:55, Williams, 9.87M) reported, "There are new questions tonight about one of the symbols of the Bush Administration's war on terrorism. The maximum security prison at Guantanamo Bay, Cuba ... where the Pentagon says it has imprisoned some of the most dangerous people on the planet. But the Associated Press found that hundreds of men transferred from Guantanamo Bay to other countries were then later freed or cleared of all charges, raising questions, the Associated Press says, about whether they were really as dangerous as the US had claimed, or whether some of our allies have set terrorists and militants free."

Arar Still On US Watch List. The Washington Post (12/16, A16, Struck, 690K) reports, "Maher Arar, the Canadian Muslim who was whisked by U.S. agents from a New York airport to imprisonment and torture in Syria, remains on the U.S. 'watch list' despite an exhaustive Canadian inquiry that found he is an innocent man, the U.S. ambassador to Canada said Friday." The Post adds, "The Canadian Parliament has apologized to Arar, now 36, ... But the United States has never acknowledged any mistake in the matter, and [US ambassador] Wilkins's disclosure Friday indicates Arar might again be detained by the United States if he were to enter the country."

Chertoff Announces Rules For Rail Shipments Of Hazardous Materials. The Washington Post (12/16, A8, Wilber, 690K) reports, "Federal officials unveiled a plan yesterday to tighten security for railroad shipments of hazardous materials, saying the rules would reduce the risk of terrorists using dangerous chemicals to kill thousands of people. The proposals -- which drew criticism from Democrats, who said they did not go far enough -- would require freight and passenger systems to keep closer tabs on rail cars containing dangerous chemicals." Homeland Security Secretary Michael Chertoff said the rules would "reduce the risk that chemicals can be turned into deadly weapons when they are in transit." New Jersey Sen. Frank Lautenberg (D) said that "the plans would not do enough to secure rail stations, bridges and tunnels, which are also vulnerable to attack."

DHS To Abandon Exit Tracking System. The Washington Post (12/16, A9, Hsu, 690K) reports, "Supporters of the troubled US-VISIT program warned yesterday that the decision to suspend a crucial part of the national security program launched after the 2001 attacks will leave the nation vulnerable to terrorism." California Sen. Dianne Feinstein (D) said that "the government will be left with no way of knowing whether all visitors leave the country after the administration decided to drop a plan to track departures at land borders because of technical and cost problems." DHS officials said that "an exit tracking system" would cost "tens of billions" and "an additional five to 10 years developing the technology." Feinstein said the program "is central to protecting our national security." But, "others expressed relief that the department was acknowledging what critics have insisted for years: that billions of dollars might be wasted on contracts that could not deliver results."

Israel Warns Of Planned Al Qaeda Attacks On Israelis In India's Goa Over New Year. The New York Times (12/16, A8, Sengupta, 1.16M) reports, "The tourist haven of Goa got a rude reminder of reality this week" when "the Israeli government issued a rare terrorism alert on Thursday warning of a planned attack by Al Qaeda on tourists during the New Year's holiday season." The Israeli embassy in New Delhi "estimated that around 35,000 Israelis come to Goa each year."

WAR NEWS:

Women Lose Ground In New Iraq. The Washington Post (12/16, A12, Trejos, 690K) reports in a pessimistic 1,876-word article, "Life has become more difficult for most Iraqis since the February bombing of a Shiite Muslim mosque in Samarra sparked a rise in sectarian killings and overall lawlessness. For many women, though, it has become unbearable. As Islamic fundamentalism seeps into society and sectarian warfare escalates, more and more women live in fear of being kidnapped or raped. They receive death threats because of their religious sects and careers. ... For much of the 20th century, and under various leaders, Iraq was one of the most progressive Middle Eastern countries in its treatment of women ... But years of war changed that." Several women are quoted.

New Military Counterinsurgency Manual Differs With Current Practice. The Los Angeles Times (12/16, Barnes, 850K) reports, "The U.S. military's new counterinsurgency doctrine takes issue with some key strategies that American commanders in Iraq continue to use, most notably the practice of concentrating combat forces in massive bases rather than dispersing them among the population." It "also lists tactics that have tripped up American forces, such as trying to make local security forces act like the U.S. military and overemphasizing killing or capturing enemies rather than providing for the safety of the population. Although the military has moved away from some of these tactics, others are widely used in Iraq," such as special forces "trying to kill or capture" Al Qaeda and insurgents. The Times adds, "Perhaps the most controversial section may be the manual's warning about large, sprawling bases, the very kind the Army has erected in Baghdad. The manual warns that such military bases could suggest 'a long-term foreign occupation.'" In addition, "at some points the introduction and first chapter of the new manual read like a plea for more time for the military to succeed in Iraq." For example, it "cautions that campaigns against insurgents are 'often long and difficult' and that progress is hard to measure."

US Weighs Options For GI Surge In Iraq. The New York Times (12/16, A1, Sanger, Gordon, 1.16M) reports, "Military planners and White House budget analysts have been asked to provide President Bush with options for increasing American forces in Iraq by 20,000 or more. The request indicates that the option of a major "surge" in troop strength is gaining ground as part of a White House strategy review, senior administration officials said Friday. ... the decision to ask the Joint Chiefs of Staff to specify where the additional forces could be found among overstretched Army, Marine and National Guard units, and to seek a cost estimate from the White House Office of Management and Budget, signifies a turn in the debate." Officials said an increase in troops exceeding 20,000 to 30,000 would have "prohibitive" obstacles. AFP (12/16) summarizes the New York Times story.

BBC.com (12/16) reports, "Up to 25,000 more troops could be deployed to try to help end the violence, the official said, speaking on condition of anonymity. ... Military commanders, however, ... say that stability in Iraq can now only be had by political means."

Pentagon Will Move Troops To Kuwait. The AP (12/16, Baldor) reports, "The U.S. military is planning to move a brigade of troops into Kuwait in what could be the first step of a short-term surge of American forces into Iraq to stabilize the violence. The 2nd Brigade of the 82nd Airborne Division is expected in Kuwait shortly after the new year, a senior Defense Department official told The Associated Press on Friday. The official requested anonymity because the plans had not yet been announced."

Three More GIs Killed This Week. The AP (12/15, Gamel) reports, "Three more U.S. troops died in fighting this week, the military said Friday, raising to 54 the number of Americans killed in Iraq in December — nearly half of them in Anbar." December "is shaping up to be one of the deadliest for Americans since the war started ... At least 25 of the U.S. troops killed this month — most Marines — died in the vast stretch of desert that extends from the capital to the borders with Syria, Jordan and Saudi Arabia." The casualties reflect "the strength of Sunni insurgents, including al-Qaida in Iraq, in the region, even as violence in Baghdad shifts to a fight between Sunni and Shiite extremists."

Sadr City Raid Nets Six. The AP (12/15) reports, "Iraqi and U.S. forces detained six suspects in a raid and an airstrike Saturday on the Shiite slum of Sadr City that left one fighter dead and another wounded, the U.S. military said." The attack "was aimed at capturing the leader of an illegally armed group of more than 100 people suspected in kidnappings, killings, illegal checkpoints, rocket attacks and bombings against security forces and civilians in northeastern Baghdad," but the military did not name the suspect or state

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whether he had been caught. Special Iraqi forces "with coalition advisors" carried out the raid.

Rumsfeld Departs DOD With Sendoff From Bush, Cheney. There was considerable coverage of Donald Rumsfeld's final day at the Pentagon, and his sendoff from President Bush, Vice President Cheney, and others. Reporting emphasized the controversial nature of his tenure and the uncompromising nature of his farewell remarks. ABC World News (12/15, story 4, 2:20, Gibson, 8.78M) reported, "There has been controversy, of course, over the course of the war in Iraq. And much of the criticism has been directed" at Rumsfeld. "But today, for Rumsfeld, there was a ceremony fit for a hero."

The CBS Evening News (12/15, story 3, 2:00, Martin, 7.66M) reported, "Rumsfeld's final regret is that the wars in both Iraq and Afghanistan have dragged on much longer and more ferociously than he expected. Today, he stopped well short of predicting eventual victory."

NBC Nightly News (12/15, story 4, 2:50, Williams, 9.87M) reported, "A regal farewell today at the Pentagon for Donald Rumsfeld. The Secretary of Defense who has made the same departure before but this time it was against the backdrop of an increasingly unpopular war." NBC (Gregory): "The Rumsfeld tenure was rocky. Lauded after 9/11 for his wit, toughness and charm before the cameras, he came to be vilified by his critics over Abu Ghraib, interrogation techniques of prisoners and his handling of Iraq." Frederick Kagan, military historian: "History is going to judge Don Rumsfeld in the end based on the outcome of the Iraq war. If we lose the war, then I think it's very likely that he will be identified as the man who lost the war."

Fox News Special Report (12/15, lead story, 3:40, Angle) reported, "It was a bittersweet day for Donald Rumsfeld. The secretary was lauded for a long and distinguished career of public service, just three days after he leaves the Pentagon." But "the grand going-away celebration marks Rumsfeld's departure without the victory in Iraq he so fervently sought."

The Washington Post (12/16, A8, Tyson, 690K) reports Rumsfeld drew "effusive praise" but that Pentagon officials "were preparing for what some called a new era of opportunity -- even glasnost -- created by his departure," which "opens the door for a more candid assessment of the Pentagon's mistakes in Iraq and for alternative military strategies."

The New York Times (12/16, A6, Rutenberg, 1.16M) reports that Rumsfeld gave a "combative" valedictory. The Times adds, "The ceremony brought to a close perhaps the most controversial tenure for a secretary of defense since that of Robert McNamara, whose record tenure in the job bested Mr. Rumsfeld's by a mere 10 days. Like Mr. McNamara, Mr. Rumsfeld leaves a war he helped conceive in the hands of others. And like Mr. McNamara, his record is likely to be dissected and debated for years after his resignation."

Slain Officer's Presentation On Winning In Iraq Is Noted. ABC World News (12/15, story 5, 5:00, Gibson, 8.78M) reported, "President Bush brought in his new Defense Secretary, Robert Gates, to help craft a new way forward in Iraq. Tonight, we have the story of one idea, remarkable in its simplicity, that has gotten the attention of many military officers." ABC (Raddatz): "Al Anbar province is the toughest area in Iraq. The enemy so varied, the hatred so deep. But Army Captain Travis Patriquin had a very simple solution he called 'How to win in al Anbar,' a slide show now circulating unofficially through the military. ... the slide show is filled with practical ways to reach out to the local population." ABC producer Auzzie Dean: "Travis spoke fluent Arabic, one of the many languages he did speak. And he absolutely won people over." Raddatz: "What Auzzie didn't know when he sent [an] e-mail [to Patriquin] is that Travis Patriquin had been in the same Humvee with Major Megan McClung and that he died beside her."

Chief Saddam Judge Steps Down. The AP (12/16) reports, "The chief investigator on the 10-judge panel that sentenced Saddam Hussein to death said Saturday that he has relinquished that role, allowing another judge to take over the post for the Iraqi High Tribunal. Raid Juhi said he will remain as a judge and spokesman on the tribunal." He "has been a high-profile figure in the trials against Saddam ... Juhi said he was replaced during annual elections held by tribunal members because he did not run for re-election to his post as main investigator."

Amid Taliban Resurgence, Civilian Killings By NATO Criticized. In an analysis of recent events, the Financial Times (12/16, Morarjee) reports, "Rising anger at the growing number of civilians being caught in the crossfire between Nato troops and Taliban insurgents is creating concern that support for Nato in southern Afghanistan is being severely undermined." The Times says the "issue of civilian casualties topped the agenda at a" high-level meeting of US, NATO and Afghan leaders this week "convened" by President Hamid Karzai. The Times adds, "Stoking public anger further has been a recent surge of suicide bombings in southern Afghanistan, which has led Nato troops to react more quickly to defend themselves." A NATO spokesman "said the organisation was looking at ways to curb civilian casualties as a matter of urgency."

Two More Suicide Attacks Hit Afghanistan. The New York Times (12/16, A9, Wafa, 1.16M) reports in a three-

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sentence article, "A suicide attacker's car exploded close to a joint NATO-Afghan convoy in eastern Paktia Province, killing an Afghan soldier and a civilian and wounding a NATO soldier. In neighboring Paktika Province an hour later, a man dressed in a burqa blew himself up and wounded two Afghan soldiers and a civilian."

GWOT Veterans Cope With Disabilities. NBC Nightly News (12/15, story 5, 1:50, Williams, 9.87M) reported, "And then there are the individual stories of our American vets who have served in Iraq and Afghanistan and what happens after they come home. Especially if they're among the more than 23,000 who have been wounded. Readjusting can often be tough, which is why a gathering tonight in Orlando is doing a lot to lift spirits for many of those coming home." NBC (Potter): "Wounded in war, thousands of Americans now face the rest of their lives with difficulties they could never imagine. ... But in a place where everyone is accepted, more than 100 injured war veterans are helping each other at a convention sponsored by the Coalition to Salute America's Heroes. ... the most important benefit here is inspirational."

DOJ:

DOJ Arrests 26 Bosnian Serbs For War Crimes. The Washington Post (12/16, A3, Smith, 690K) reports, "A Justice Department dragnet based on war crimes probes in Europe led to 26 arrests in the past week of Bosnian Serbs who had obtained refugee status in the United States by allegedly concealing their service in the Bosnian Serb military during the bitter Yugoslav conflict of the mid-1990s. The arrests occurred in at least eight cities, including Denver and Orlando" and "reflect an intensified effort by Immigration and Customs Enforcement (ICE) to root out unacknowledged members of the Bosnian Serb military using data supplied by the International Criminal Tribunal for the former Yugoslavia, located in The Hague." Some "have been criminally charged and face prison terms, while others have been put into administrative proceedings that could lead to deportation."

CORPORATE SCANDALS:

SEC Gives Small Firms More Time On Sarbanes-Oxley Compliance. The Washington Post (12/16, D2, 690K) reported the SEC has given "the smallest public companies five more months to comply with financial-control rules under the 2002 Sarbanes-Oxley Act. It was the fourth such delay granted by the SEC to companies with market value of less than $75 million."

SEC, DOJ Actions Ease Rules On Corporations. The AP (12/15, Gordon) reported, "At the Justice Department and the Securities and Exchange Commission, separate actions this week both had the effect of easing landmark rules laid down in response to the 2002 crisis of corporate malfeasance. Culminating an intense monthslong lobbying campaign by an array of companies, the five SEC commissioners voted at a public meeting Wednesday to propose a plan giving corporate managers more flexibility in assessing the strength of internal financial controls. It would especially benefit smaller companies. … The Justice Department, meanwhile, restricted its prosecutors' ability to crack down on companies that withhold confidential information during criminal fraud investigations, in new guidelines issued Tuesday that clipped back the aggressive legal tactics authorized after the scandals. They bar the government from seeking harsher penalties for companies that won't cooperate with prosecutors -- either by denying the prosecutors corporate attorney-client communications or by helping their employees under investigation by covering their legal fees."

Starr Says Sarbanes-Oxley Costly, Unconstitutional. In a Wall Street Journal (12/16, A11, 2.04M) op-ed, Kenneth Starr wrote that Sarbanes-Oxley "powerfully illustrates the law of unintended consequences. Due to hasty drafting by Congress in the wake of the Enron and WorldCom scandals, Sarbox has cost the U.S. economy over $1 trillion, according to one study published by the AEI-Brookings Center. To add insult to grievous injury, it is unconstitutional. … Despite legitimate public outrage over corporate scandals, good intentions provide no immunity from an unconstitutional scheme. … Even the statute's co-author, Rep. Mike Oxley, has conceded that Sarbanes-Oxley was hastily written and enacted. In its rush to 'do something' about corporate scandals, Congress overstepped the bounds of its authority. It is time to call Congress back, both to help our economy and reaffirm that our constitutional system imposes clear limits on the government's urgent desire to 'do something.' Congress must be reminded that the 'solution' is at times worse than the problem."

New Rules Require Companies To Disclose Top Execs' Pay Packages. The AP (12/16, Gordon) reported, "Investors are getting access to clearer and more detailed information from public companies on their top executives' pay packages and perks under federal rules that took effect on Friday. Companies' 2006 annual reports issued early next year will reflect the changes, which were ordered by the Securities and Exchange Commission in July in a major overhaul of disclosure rules for executive compensation. The new requirements include disclosure of the dating of stock option grants to executives. Companies must provide detailed information on how they determine

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when executives receive option grants and, if they do so, how and why they backdate options."

Judge's Criticism Led To McNulty Rules. The New York Times (12/16, Browning) reports, "Judge Lewis A. Kaplan of the Federal District Court in Manhattan in June issued a scathing criticism of the prosecution's tactics in a criminal case against former tax professionals of the accounting firm KPMG. The government, the judge said, 'let its zeal get in the way of its judgment.' … Months later, those private discussions have now produced new guidelines, known as the McNulty memorandum. Under them, a company's decision to pay legal fees will not be held against it, except in extreme circumstances, when prosecutors are weighing whether to indict the company. The new guidelines also raise new hurdles for prosecutors seeking access to confidential legal communications."

Democrats Not Expected To Pursue Dramatic Change In Consumer Protections. The Wall Street Journal (12/16, A4, Conkey, 2.04M) reports, "Incoming Democratic leaders say they intend to bolster privacy rights and a spate of consumer protections in the next Congress. But early signs suggest activists in this arena may want to temper their enthusiasm." While Democratic support for efforts to "raise the minimum wage and make health care and college more affordable" as well as "strengthen privacy protections, combat identity theft and curb abusive practices in mortgage lending and other financial services" may be "a big shift for consumer groups," yet "actually passing legislation…could be difficult." And "federal action wouldn't guarantee a big win for consumer groups…if a new nationwide law undercuts stronger protections at the state level." MA4 Rep. Barney Frank (D) "predicts there will be little difference between Democratic and Republican rule when it comes to regulation of the financial-services industry."

CRIMINAL LAW:

Florida, California Suspend Executions By Lethal Injection. The Washington Post (12/16, A1, Whoriskey, Geis, 690K) reports in a front-page story, "Executions by lethal injection were suspended in Florida and ordered revamped in California on Friday, as the chemical method once billed as a more humane way of killing the condemned came under mounting scrutiny over the pain it may cause." Florida Gov. Jeb Bush (R) "ordered the suspension…after a botched execution." Judge Jeremy D. Fogel of the U.S. District Court for Northern California, "ruled that the state must overhaul its lethal-injection procedures, calling its current protocol unconstitutional because it may inflict unacceptable levels of pain." Yet, "more than 30 states, including Virginia and Maryland, use the same three-drug sequence for lethal injections." The decisions are presented as part of a "rising debate" over lethal injection.

ABC World News (12/15, story 3, 0:27, Gibson, 8.78M) reported, "In two of the nation's largest states, capital punishments by lethal injection are on hold for now." The CBS Evening News (12/15, story 5, 0:30, Cobiella, 7.66M) reported Florida Gov. Jeb Bush" has put all executions on hold after a medical examiner said it took too long for a convicted killer to die earlier this week. The execution of Angel Diaz lasted 34 minutes, twice as long as usual. An autopsy showed the needles used for lethal injection missed his veins and went into the flesh in his arms instead. In what may be a death blow to this kind of execution, a federal judge in California has ruled its current method of lethal injection may be cruel and unusual punishment and unconstitutional." NBC Nightly News (12/15, story 2, 1:30, Williams, 9.87M) reported, "These latest developments come as several states are taking a closer look at whether lethal injection is cruel and unusual."

The Los Angeles Times (12/16, Weinstein, 850K) reports that the decisions by Judge Fogel in California And Florida Gov. Bush "were the latest development in what is now the central legal issue in the long-running battle over capital punishment in the United States: whether lethal injections are being administered in a humane, constitutional manner." The AP (12/15) reports Judge Fogel ruled that "California's 'implementation of lethal injection is broken.' But he said: 'It can be fixed.'" Gov. Bush "created a commission to examine" Florida's "lethal injection process…and he halted the signing of any more death warrants until the panel completes its final report by March 1."

The New York Times (12/16, A11, Liptak, Aguayo, 1.16M) reports, "The California decision, which followed a four-day evidentiary hearing and a session at the San Quentin prison, was eagerly awaited and probably represents the fullest and most careful consideration yet of whether the way inmates are executed violates the Eighth Amendment ban on cruel and unusual punishment." Meanwhile, "the new commission in Florida, which will include doctors, lawyers, scientists and law enforcement officials, will consider many of the same issues, including whether the state protocol satisfies 'humanity, constitutional imperative and common sense,' Mr. Bush said in his order."

The Washington Times (12/16, A1, 88K) reports in a front-page story Florida Gov.-elect Charlie Crist (R) "planned to continue the moratorium when he takes office in January." Judge Fogel "ordered anesthesiologists to be on hand, or demanded that a licensed medical professional inject a large, fatal dose of a sedative instead of the additional paralyzing agent and heart-stopping drugs that are normally used. But no medical professional was willing to participate."

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The San Francisco Chronicle (12/16, A1, Egelko, 384K) reports Judge Fogel "gave state officials 30 days to decide whether they will revise lethal-injection procedures and to say how long they would need. Officials said they would take steps to comply." Fogel "stressed that he was condemning neither capital punishment nor lethal injection itself." The Los Angeles Times (12/16, Williams, 850K) described Gov. Bush's decision as "suspension of one of the country's most active execution chambers." BBC.com (12/16, San Pedro) reports, "it is too soon to interpret the decisions as a sign that support for the death penalty is waning in the US."

California To Review Sentencing Guidelines. The New York Times/AP (12/16, A15) reports the California "corrections secretary said the state would create a commission to review sentencing guidelines, a potential crucial step in Gov. Arnold Schwarzenegger's efforts to relieve prison crowding." The announcement "comes five days after a federal judge gave Mr. Schwarzenegger a June deadline to ease crowding in the state prison system."

Gonzales Calls For United Anti-Gang Efforts By Law-Enforcement And Community Groups. The Washington Times (12/16, Seper, 88K) reports Attorney General Alberto R. Gonzales, at the Project Safe Neighborhoods conference in Boston said that "the Justice Department is determined to help prevent America's youth from joining gangs." He described department efforts to bring "together law-enforcement and community leaders to discuss effective programs, identify gaps in services, and develop working partnerships to prevent gangs from claiming new members." He called for "an integrated, comprehensive approach that includes both law-enforcement and the prevention efforts uniquely offered by community-service groups." The Bush administration "has committed more than $1.5 billion to" Project Safe Neighborhoods to "hire new federal and state prosecutors, support investigators, provide training, distribute gun-lock safety kits, deter juvenile gun crime, and develop and promote community outreach efforts as well as to support other gun-violence-reduction strategies."

War On Terrorism Took Stretches Law-Enforcement Resources, Gonzales Says. The Lowell (MA) Sun (12/16, Savard) reports, "Law enforcement has had to keep a sharp eye turned toward terrorist activity in a post 9/11 world, Gonzales said. Because police are stretching resources farther than ever, more people must join in the effort to deter youth from choosing a life of crime. Crime-fighting partnerships involving the whole community are key, Gonzales said."

Boston Crime Craws Gonzales' Attention. The Boston Herald (12/16, O', Johnson) reports, "The blood spilled on Boston's streets this year drew the attention of the nation's top prosecutor yesterday as he attended a conference on gang violence at a time when the city hopes a fractured gang truce can stop a street war from erupting. … Gonzales, who was in town to speak at the annual Project Safe Neighborhood Conference at the Boston Convention and Exhibition Center, said the feds have put street violence under a microscope, not just in Boston, but across the country."

Federal Prosecutors Win First Economic Espionage Case. The Fresno Bee (12/15, Robertson) reported, "Federal prosecutors scored their first-ever convictions for economic espionage to benefit a foreign nation when two Silicon Valley engineers pleaded guilty to stealing trade secrets and trying to smuggle them to China. Fei Ye, 40, a U.S. citizen from China, and Ming Zhong, 39, a permanent resident of the U.S. from China entered their pleas Thursday in San Jose federal court to two counts each as part of a deal with prosecutors. Both would have faced 10 counts each if they went to trial in January. Ye and Zhong were accused of stealing confidential microchip blueprints and other trade secrets from four technology companies - NEC Electronics Corp., Sun Microsystems Inc., Transmeta Corp. and Trident Microsystems Inc. - and planning to start a microprocessor company with the financial backing of various Chinese government agencies."

Domenici's Grandchildren Safe After "Burglary Gone Awry." The Washington Post (12/16, B1, Londono, 690K) reports, "Masked intruders forced their way into the Silver Spring home of" New Mexico Sen. Pete V. Domenici's (R) "daughter yesterday morning, startling a nanny who ran outside with the lawmaker's 2-year-old granddaughter and left his youngest grandson behind. A Montgomery County police SWAT team later found the baby safe in his crib. Police think the incident was a burglary gone awry because the intruders apparently didn't realize the house was occupied."

WPost Critical Of Sex Offender E-Mail Registry Idea. The Washington Post (12/16, A18, 690K) writes in an editorial on "a proposal by Virginia's attorney general, Robert F. McDonnell (R), to require convicted sex offenders to register their e-mail addresses, instant-messaging handles and other online identities so they can be blocked from preying on youth online" and a related "federal bill dealing with the same theme offered this month by Sens. John McCain (R-Ariz.) and Charles E. Schumer (D-N.Y.)" that "Once a sexual predator decides that he is willing to risk prosecution and imprisonment for his crime, he is unlikely to balk over failing to register an e-mail address."

Hit List Led to Orange County Arrests. The Los Angeles Times (12/16, Reza) reports, "This week's arrests of 57 people allegedly tied to a white supremacist gang were

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sparked when authorities learned of a hit list with the names of an Orange County prosecutor and five police officers, an investigator said Friday. Anaheim Police Lt. K. Switzer said authorities learned of the list last month. He said the probe began when another Orange County police department learned that one of its officers had been targeted by Public Enemy Number 1, a street gang involved in identity theft, credit card fraud and methamphetamine sales. The group has ties to the racist Aryan Brotherhood and Nazi Low Riders prison gangs. Switzer said investigators were trying to determine why those six people were targeted and if it was a gang edict or the work of a single gang member."

CIVIL RIGHTS:

Bush "Happy" For Mary Cheney, But Has Not Altered Gay Marriage Stance. The New York Times (12/16, A15, Rutenberg, 1.16M) reports, "Mary Cheney's baby will have two mommies, and that is just fine with President Bush." According to an interview with People magazine, Bush said, "I think Mary is going to be a loving soul to her child. And I'm happy for her." That statement "prompted a new round of questions about the president's past statements against same-sex marriage and, more particularly, child rearing by gay couples." So "during his regular press briefing, the White House spokesman, Tony Snow, said Mr. Bush still believed that children should ideally be raised by a man and a woman as parents. But, Mr. Snow said, 'he believes that Mary Cheney's child will, in fact, have loving parents.'" The full People (12/15) interview with the President and First Lady is available online.

The AP (12/15) reports, "Bush was asked about Mary Cheney's pregnancy in light of his previous statements that a child ideally should be raised by in a family headed by a married father and mother. White House press secretary Tony Snow said on Friday that Bush has not changed his mind." The Los Angeles Times (12/16, Gerstenzang, 850K) reports that President Bush, "pressed on whether his remark contradicted views he previously expressed that being raised by same-sex couples was not ideal for a child, he avoided a direct response." Snow said that "Bush had not addressed whether he thought children raised by gays were at a disadvantage."

AFP (12/15) reports Bush, "a staunch defender of traditional values, believes vice-president Dick Cheney's lesbian daughter will be a 'loving mother.'" Bush told People Magazine that "he was delighted to hear Mary Cheney was expecting a child with long-time partner Heather Poe."

New Jersey Same-Sex Couples Plan To Take Advantage Of Civil Unions Law. The New York Times (12/16, B1, Fahim, 1.16M) reports, "Away from the loud political arguments over the New Jersey Legislature's vote to establish civil unions for same-sex couples, gays and lesbians across the state have begun to grapple with the practicalities." The article reports on the reactions of people planning to take advantage of the law and "the 2000 Census found about 16,000 same-sex couples living together in New Jersey…; nearly one-third of them are raising children."

DOJ Alleges Town Violated Hispanics' Voting Rights In Suit. The New York Times (12/16, Whitaker, 1.16M) reported that DOJ "filed a lawsuit on Friday against" Port Chester, NY, alleging "that its at-large voting system illegally diminishes Hispanic influence." In the suit, the department "seeks an injunction that could scuttle Board of Trustees elections in March." The Times added, "The Justice Department notified officials in April that it intended to file a lawsuit if they did not take steps to set up a district-based voting system. The department provided three separate plans to break the village into voting districts. On Dec. 4, the village board voted to notify the department that it did not believe the current system violated the act, setting the stage for a court battle."

The AP (12/16, Fitzgerald) added, "Mayor Gerald Logan blasted the lawsuit, calling it 'unfortunate and heavy-handed' and noting that Port Chester has used at-large elections since 1868. … The village is about 25 miles from New York City and is governed by a mayor and six trustees. Port Chester, with a population of about 28,000, is 43 percent Hispanic, according to the 2000 Census. The citizen voting-age population was 22 percent Hispanic, but no Hispanic has ever been elected as a trustee."

Justice Department Files Complaint Against Oklahoma Over Juvenile Detention Center. The Oklahoman (12/16, Rabe) reports, "The U.S. Justice Department on Friday filed a complaint against the state, challenging the conditions at a Sand Springs juvenile detention center Federal prosecutors believe the state hasn't corrected serious violations found in a two-year investigation at the L.E. Rader Center, said Cynthia Magnuson, spokeswoman for the Justice Department. She said violations included inappropriate sexual relationships, violence and abuse of psychotropic medications."

ANTITRUST:

WSJournal Argues For Airline Consolidation. The Wall Street Journal (12/16, A10, 2.04M) writes in an editorial about proposed airline mergers, that "Democrats are already sounding the political alarm about airline consolidation" with New Jersey Sen. Frank Lautenberg (D) saying that he "wants to be sure that any deals are 'good for the flying public'" while MN8 Rep. James Oberstar (D) says

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that "the Justice Department should block all airline mergers." The Journal argues that "a competitive and healthy airline industry is in everyone's interest" and "the alternative to merger becomes bankruptcy." So "capacity reduction and the elimination of marginal routes has to be part of any story that leads to a less self-destructive industry in the future."

Airlines Assay Mergers, Reducing Costs, Possibly Increasing Expenses For Travelers. The New York Times (12/16, Stein) reports, "HOW well have the commercial airlines rebounded from their near-death brushes with bankruptcy in the first half of the decade? Consider this: flights are packed, fares are rising and profits have reappeared despite stubbornly high fuel costs. The best may be to come, as some of the biggest airlines flirt with mergers that could permit them to cut costs and raise fares even further. Federal regulators, meanwhile, eased up on some of the rules and prosecutorial tools after the collapses of Enron and WorldCom touched off a series of corporate scandals involving accounting fraud, insider trading, backdated stock option grants and other malfeasance. … Earlier in the week, Continental Airlines confirmed it was being courted by United, its much larger rival. Both deals follow US Airways' offer last month to buy Delta Air Lines for $8 billion. Delta's board is considering that offer as it tries to emerge from bankruptcy court protection. If one big domestic merger goes through, other airlines will feel pressure to pair off, too, or risk winding up at a competitive disadvantage because they have higher costs or smaller route networks. While such consolidation may bolster airlines' bottom lines, reduced competition would probably also result in more-crowded flights and higher fares, at least in the short term."

Democratic Senator Sounds Warning On Mergers. Dow Jones Newswires (12/16, Boles) reports, " "Sen. Frank R. Lautenberg (D-NJ) said he is concerned that renewed speculation the industry is about to embark upon another round of takeover activity could leave consumers shortchanged."

Merck Says Antitrust Waiting Period Has Expired, Can Buy Sirna. The Milwaukee Business Journal (12/16) reports, "Merck & Co. said Thursday that the federal regulatory antitrust waiting period for its $1.1 billion deal to buy Sirna Therapeutics Inc. expired. The two companies broke news of the deal on Oct. 30, when Merck (NYSE: MRK) said it would pay $13 a share in cash for San Francisco-based Sirna (NASDAQ: RNAI). The end of the required waiting period satisfies one condition for the deal to be completed. Sirna's stockholders have yet to vote on the deal -- that's set for Dec. 28 in San Francisco's Grand Hyatt Hotel."

Hearst Buys Newspapers, Will Sell Them To MediaNews. The AP (12/16) reports, "Copley Press Inc. said Friday it sold the Daily Breeze and three weekly newspapers to Hearst Corp. in a deal that will eventually transfer ownership of the Los Angeles-area paper to Denver-based MediaNews Group Inc. MediaNews, which also owns the Daily News of Los Angeles and other area papers, will run the Breeze while a sale of the papers from Hearst is pending, MediaNews said Friday."

Justice Moves To Streamline Merger Reviews. The New York Times (12/16) reports, "Hoping to reduce the time and expense involved in the merger review process, the Justice Department's antitrust division on Friday announced changes to its five-year-old guidelines for vetting corporate transactions. Many of the changes focus on the 'second request,' in which regulators, after launching a preliminary investigation into a deal's competitive effects, extend the waiting period and ask the parties for more information. Among the new provisions is an option that allows companies to limit the scope of the documents they must produce in a second request, the Justice Department said."

The Wall Street Journal/Dow Jones (12/16, Boles) reports, "The voluntary amendments come as part of wider series of measures aimed at reducing the burden on companies going through the merger approval process. The new option would place limits on the extensiveness of DOJ requests for further information from merging companies. Only certain central files and a targeted list of 30 employees, deemed central to the business, would be searched by the DOJ during a takeover investigation."

FBI/DEA/ATF/USMS:

ATF Agents Shot While Serving Warrant. The Atlanta Journal-Constitution (12/16, Gentry, Morris) reports, "Two agents with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives were shot early Friday while serving a warrant at a DeKalb County apartment complex, police said. One agent was struck in the knee and the other in the lower abdomen. Both men were treated at a local hospital and released. … ATF spokesman Marc Jackson said the agents, whose names have not been released, were serving a federal search warrant for 'firearms-related offenses.'"

IMMIGRATION:

Immigration Agents Arrest 1,282 In Raids On Swift Meat-Packing Plants. The New York Times (12/16, A13, Preston, 1.16M) reports on "raids this week by immigration authorities at meat-packing plants in six states"

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that left "immigrant families" trying to "find detained relatives, arrange care for children of deported parents and recover from the loss of work." The raids "had stunning effects on the surrounding towns" and "1,282 legal and illegal immigrants were arrested" at plants "operated by Swift & Company of Greeley, Colo." The raids "netted dozens of immigrants who were legal residents but did not have their papers with them at work. Others arrested were illegal who have to leave the country or face deportation." Swift CEO Sam Rovit, said that "the losses in replacing the workers could be in the millions." Swift had "sought an injunction against the raids in Federal court in Amarillo, Tex. Judge Mary Lou Robinson denied the request."

New York Town May Be Divided As Part Of Reaction To Illegal Immigration. The New York Times (12/16, B1, Vitello, 1.16M) reports on efforts by part of Farmingville, New York to secede and form "the village of Oak Hills" in response to the town's "reputation as a place where illegal immigrant day laborers crowd into rooming houses." Farmingville "has been the scene of frequent demonstrations by residents, and by groups that come periodically to taunt the day laborers." The move is seen as part of "frustration with perceived federal inaction against illegal newcomers."

TAX:

Reid, Hastert Reportedly Made Last-Minute Deal On Tax, Trade Amendments. The Washington Post (12/16, A4, Birnbaum, 690K) reports on a "last minute deal" between House Speaker J. Dennis Hastert (R-Ill.) and incoming Senate Majority Leader Nevada Sen. Harry M. Reid (D) that "paired" Reid's "plan for a major Nevada land swap" with Hastert's proposal to "give certain Medicare beneficiaries additional time to change their health-care coverage" as part of "a massive tax and trade measure approved by Congress shortly before its final adjournment early last Saturday morning." In reaction, Montana Sen. Max Baucus (D.), the incoming chairman of the Finance Committee, outgoing chairman Iowa Sen. Charles E. Grassley (R), and incoming Senate Minority Leader Kentucky Sen. Mitch McConnell (R) "said they will probably attempt to strike the Medicare provision when the new Congress convenes next year." Reid's proposal was co-sponsored by Nevada Sen. John Ensign (R).

CONGRESS-ADMINISTRATION:

Democrats To Probe Iraq, Defense Contractors. The Washington Post (12/16, A5, Babington, 690K) reports, "Incoming Democratic committee chairmen say they will hold a series of hearings and investigations early next year to build the case for their call for a phased withdrawal of U.S. troops from Iraq and for possible action against defense contractors found to have wasted billions in federal funds." Michigan Sen. Carl M. Levin (D) is described as "eager" to conduct hearings and "his party's point man" on pushing for withdrawal and investigations of defense contractors and the use of prewar intelligence. PA12 Rep. John P. Murtha (D), Vermont Sen. Patrick J. Leahy (D) and West Virginia Sen. John D. Rockefeller IV (D) all plan "more aggressive hearings."

Johnson's Progress "Encouraging," Neurosurgeon Says. The Sioux Falls Argus Leader (12/16, Bremner) reports Sen. Tim Johnson "continued to make progress" as he recovers from Wednesday night brain surgery. Johnson "was in critical but stable condition in the intensive care unit at George Washington University Hospital, according to his staff and doctors late Friday." Neurosurgeon Anthony Caputy said in a statement, "Considering his initial presentation, his progress is encouraging. He is now stabilized and continues to show signs of responsiveness to the medical staff and the family."

ABC World News (12/15, story 7, 0:15, Gibson, 8.78M) reported Johnson's office "said the surgery was a success. And his progress is encouraging. We are told he's opened his eyes and responded to his wife's voice." The CBS Evening News (12/15, story 6, 0:30, Borger, 7.66M) reported Johnson "also reached out to hold her hand. A stream of colleagues visited Johnson today who remains sedated." NBC Nightly News (12/15, story 7, 0:50, Williams, 9.87M) also said Johnson's doctors "called his progress today 'encouraging.'"

The Washington Post (12/16, A2, Brown, 690K) says Johnson's office said the operation "was 'considered a success'…although the few details released about his condition suggested he was not fully conscious two days after the procedure." Headlines in two major newspapers highlight this mixed message. The New York Times (12/16, A11, Zernike, Altman, 1.16M) headlines its report "Senator Showing Weakness After Surgery," while the Los Angeles Times (12/16, Levey, 850K) piece is headlined "Senator Is Showing Signs Of Recovery." The New York Times story says Johnson "was showing weakness on his right side," and that the senator "will remain in the hospital until the swelling in his brain goes down."

Democrats Said To Face Problems From Lack Of Revenue, Divisions Over Trade. Thomas Edsall writes in a column for the New York Times (12/16, A17, 1.16M), "The Democrats are positioned to make a down payment to the voters" with policies like "a minimum-wage

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hike, ethics reform, reduced student loan interest rates and changes in labor law, which will make union organizing less difficult." But, "they will encounter two roadblocks: Republican chokeholds on federal spending, meant to 'starve the beast' by radically depleting coffers, and intense internal Democratic policy conflicts." The cost of Iraq and tax cuts are seen as the chief limits on spending and "the intraparty conflict pits its business and labor wings against each other on policies dealing with the international marketplace." Edsall concludes, "the Democrats have a two-year window in which to confront their internal schisms and to present a stronger face to the electorate in 2008."

OTHER NEWS:

Rising Hamas-Fatah Violence Could Splinter Palestine. The CBS Evening News (12/15, story 4, 1:00, MacVicar, 7.66M) reported, "It sounded like war last night as the Palestinian prime minister was returning from meetings in Egypt, unidentified gunmen opened fire on his motorcade. Twenty-seven people were wounded and a bodyguard was killed. Supporters say this was an assassination attempt by another Palestinian faction. Hours later in the west bank, new violence as the Palestinian territories continue a slide toward civil war. Fatah gunmen, supporters of the Palestinian President, opened fire on Hamas militiamen loyal to the Prime Minister as civilians ran for cover."

The Washington Post (12/16, A14, Wilson, 690K) reports Fatah and Hamas "factions exchanged gunfire Friday in the West Bank and Gaza Strip, leaving more than 30 people wounded, as leaders from both parties warned of an escalation that could push the territories toward a deeper conflict." The "movements" have "been engaged in a political struggle for much of the year, but the latest unrest has been more brazen and regular than previous confrontations." Noting several violent encounters, the Post describes "a week of partisan reprisals in Gaza" and elsewhere.

The New York Times (12/16, A8, Myre, 1.16M) reports, "The Palestinians seemed to edge toward open civil conflict on Friday as Hamas…accused its rival, Fatah, of trying to assassinate the prime minister. Gunmen from the two factions clashed in the streets, wounding at least 30 men." Yesterday's events "raised the stakes in the bitter confrontation between" the groups, and the Times says "the violence and the heated oratory in recent days have increased talk about [an outright] confrontation, or even the possibility of a Palestinian civil war." The "Hamas-Fatah tensions, and other internal Palestinian disputes, have been growing worse for months, and this week appeared to mark a new low, with several deadly shootings." President Mahmoud Abbas "faces the difficult task of trying to resolve the political standoff at a time of almost daily internal violence."

The Washington Times (12/16, A1, Mitnick, 88K) adds, "Armed clashes intensified between rival Palestinian factions yesterday… The latest violence threatened to undermine months of talks on a unity government between [Hamas and Fatah] to end a deadly power struggle within the Palestinian territories." The Times says "the spike in tensions" is "just the latest developments in a week of Hamas-Fatah turmoil."

The Los Angeles Times (12/16, Ellingwood, 850K) adds, "The clashes and the accusations of an assassination attempt aimed at Haniyeh raised tensions as Palestinian Authority President Mahmoud Abbas is scheduled to make a speech today about the worsening political deadlock." The Times says "it remains unclear" how Abbas can "resolve the impasse," noting that Hamas' "allegations against Fatah marked a new level in the bitter war of words between the two groups, which have been locked in a struggle for power since Hamas won parliamentary elections in January."

The Financial Times (12/16, Devi) titles its report, "Hamas Says Abbas Seeks War," while the AP (12/16, Barzak) notes that "violence spread to areas of the Palestinian territories normally untouched by factional strife," including Ramallah.

Rice Says US Considering Aid Package For Lebanese Military. Reporting on Secretary of State Condoleezza Rice's interview yesterday with the Washington Post, AFP (12/16) notes she "said Washington was considering a financial package to beef up the military of Lebanese Prime Minister Fuad Siniora, who has expressed fears of an attempted Syrian-backed coup." She is quoted saying, "We are still working out the details of what we can do to support the army. But we have wanted very much to support the reform of the Lebanese armed forces, the reequipping of the Lebanese armed forces." Rice "said she could not give details of the aid package," but added that "the Bush administration needed to have consultations with Congress over the package."

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: No Scheduled Events.

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THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Local Babies Sickened With Deadly Bacterium."
"Parties Race To Court Iowa For '08."
"57 Arrests Follow Hit List Discovery.
"At Ole Miss, Stuffiness Is Greek."

New York Times:
"Options Weighed For Surge In G.I.'S To Stabilize Iraq."
"After Shortage, Vaccine For Flu Goes Unused."
"Military Taking A Tougher Line With Detainees."
"State Senator Scrutinized Over Ties To Investor."
"In Raising The World's I.Q., The Secret's In The Salt."
"The D.J. Who Moves The Movers And Shakers."
"Giving Troubled Families A Say In Child Welfare."

Washington Post:
"A Gnawing Problem On Assateague Island."
"Lethal Injection Is On Hold In 2 States."
"Testimony Helps Detail CIA's Post-9/11 Reach."
"Post-Revolutionary Recognition."
"Crime Concerns NFL."
"District's HIV Testing Found To Be Falling Short."

Washington Times:
"Bungled Execution Forces Delays."
"Hamas, Fatah Intensify Clashes."
"Japan Retreats From Long-Held Pacifism."
"Congress Away But Regulations Keep On Coming."

Detroit Free Press:
"Chrysler CEO: I'll Run Sales."
"Tough Judge."
"Viewers Win As Cable War Heats Up."

Atlanta Journal-Constitution:
"In U.S., Luxuries Now Necessities."
"Illegals Lose In-State Tuition."
"Executions Halted In Fla., Cal."
"India Hunting Killer Elephant."
"Hamas-Fatah Clash Deepens."
"Rumsfeld Praised On Last Day."
"Retrial Set In Puppy's Death."

Dallas Morning News:
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"Brawl Ends Carter-Kimball Game Early."
"Diocese Offers No Reason For Hiding Pastor's Past."
"Dallas To Get Second Pitch For Baseball Park."
"F-35 Lightning Ii Takes Maiden Flight."
"Ex-Cowboys QB Faces Drug Charge."

Houston Chronicle:
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"Lakers Down Rockets In 2 OTs; Bryant Gets 53."
"Police: Kingwood Teen Killed Two In Fight Over Pup."
"Threat Posed By Ex-Gitmo Detainees Questioned."
"Harris Serial Rapist-Robber Targets Young Men."
"Houston Police Kill Armed Man, Rescue Ex-Wife."
"Lethal Injection On Hold In Florida, California."
"Culture Of Bribery Taking Root In South Texas."
"Lopez: Bagwell Ranks With Legends."

Story Lineup From Last Night's Network News:
ABC: Winter Storm In The Northwest; Mountain Climber Search In Oregon; Temporary Stay Of Lethal Injections; Rumsfeld's Official Departure; Captain Travis Patriquin; Iranian Election; Tim Johnson Health Update; Hormone Replacement Options; Census Bureau Report; Presidential Medal Of Freedom Recipients.
CBS: Northwest Winter Storm; Search For Mountain Climbers, Iraq Troop Buildup-Rumsfeld; Palestinian Civil War; Temporary Stay On Lethal Injections; Tim Johnson Health Update; Census Bureau Report.
NBC: Northwest Winter Storm- Mountain Climber Search; Lethal Injection Suspended; US War Prisons; Farewell To Rumsfeld; Veterans Coping With Disabilities; Hormone Replacement Therapy; Tim Johnson Health Update; Census Bureau Report; Prince William Becomes A British Officer; Profile Of Jan Egeland.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, December 18, 2006 8:12 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Saturday, December 16, 2006
Attachments:	dojclips061216.pdf; dojclips061216.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 16, 2006 7:45 AM EST

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TERRORISM NEWS:

Testimony Helps Detail CIA's Post-9/11 Reach (WP)

By Craig Whitlock

The Washington Post, December 16, 2006

MILAN -- A few days after the Sept. 11, 2001, attacks, the CIA station chief in Rome paid a visit to the head of Italy's military intelligence agency, Adm. Gianfranco Battelli, to float a proposal: Would the Italian secret services help the CIA kidnap terrorism suspects and fly them out of the country?

The CIA man did not identify which targets he had in mind but was "expressly referring to the possibility of picking up a suspected terrorist in Italy, bringing him to an airport and sending him from there to a foreign country," Battelli, now retired, recalled in a deposition.

This initial secret contact and others that followed, disclosed in newly released documents, show the speed and breadth with which the CIA applied in post-9/11 Europe a tactic it had long reserved for the Third World -- "extraordinary rendition," the extrajudicial abduction of Islamic radicals overseas for interrogation in friendly countries.

A year after the first contact, the CIA officer held another meeting with his Italian counterparts, this time sharing a list of more than 10 "dangerous people" the agency was tracking in Italy, Belgium, Austria and the Netherlands, according to a deposition from Gen. Gustavo Pignero, another high-ranking Italian military intelligence official. "It was clear that this was an aggressive search project, that their willingness to employ illicit means was clear," Pignero said, adding that the list was later destroyed and he could not recall the names.

U.S. spies drew up suspect lists with the help of European intelligence agencies and chased some of the men around the globe before putting a brake on the operations in early 2004, about a year after the invasion of Iraq, according to documents unearthed in criminal investigations, lawsuits and parliamentary inquiries.

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All told, the U.S. agency took part in the seizure of at least 10 European citizens or legal immigrants, some of them from countries not cited in that list of "dangerous people" received by the Italian spies. Four renditions occurred on European soil: in Sweden, Macedonia and Italy. Six operations targeted people who were traveling abroad or who had been captured in Pakistan; European intelligence agencies provided direct assistance to the CIA in at least five of those cases, records show.

Each prisoner was then secretly handed over to intelligence services in the Middle East or Africa with histories of human rights abuses. Some remain imprisoned in those countries; others have been taken to the U.S. naval prison at Guantanamo Bay, Cuba. One man was later released after being taken from the Balkans to Afghanistan, the victim of an apparent case of mistaken identity.

In the early stages, the CIA had prepared even more ambitious plans, according to the depositions from the Italian intelligence officials, who testified last summer during a criminal investigation into a CIA-sponsored kidnapping of a radical Islamic cleric in Milan.

For example, Pignero said in his deposition that the CIA's Rome station chief had offered in 2002 to abduct a fugitive leader of the Red Brigades -- a Marxist network blamed for dozens of assassinations in Italy -- who had found refuge in South America. "The Americans would capture him and turn him over to us, and we in return would have to 'extradite' him to Italy without any legal proceedings," Pignero said.

In exchange, the CIA wanted help in abducting Islamic radicals living in the Italian cities of Turin, Vercelli and Naples, Pignero said. Italian intelligence officials rejected the offer, he added, because it was "contrary to international laws."

Reports of clandestine CIA operations have fueled deep public anger in Europe, where many people regard renditions as a blatant violation of national sovereignty and international law. Since last year, prosecutors have opened four separate criminal investigations into CIA activities in Europe. A dozen countries have conducted legislative inquiries into whether local spy agencies were involved.

Last month, a European Parliament committee investigating CIA operations in Europe condemned the practice of rendition "as an illegal and systematic instrument used by the United States" and called it "counterproductive in the fight against terrorism."

"I think that after the 11th of September, the CIA thought that all the ways useful to capture their enemies, the alleged terrorists, were now possible," Giovanni Claudio Fava, an Italian legislator who led the parliamentary probe, said in an interview in Brussels. "They wanted to clean Europe of all these dangerous, alleged terrorists. They didn't have faith in the quality and capacity of our own security controls and our justice system."

In the past year, U.S. officials have sought to repair the diplomatic damage. They have met repeatedly with their European counterparts to defuse opposition to renditions, the U.S. military prison at Guantanamo and the disclosure in November 2005 that the CIA had set up secret prisons for terrorism suspects in Eastern Europe.

John B. Bellinger III, legal adviser to Secretary of State Condoleezza Rice, said U.S. diplomats have made some headway. But he added that ongoing political disputes have "undermined cooperation and intelligence activities."

"I'd say that many European government officials and academics acknowledge now that there is a legal murkiness that applies to international terrorism," he said in a telephone interview from Washington. "On the negative side of the ledger, we do continue to have these hysterical, inflated allegations denouncing the United States that unfortunately do fan the flames of suspicion and anti-Americanism."

The CIA declined to comment.'He Was Too Loud'

The most detailed disclosures about the CIA's European rendition project have emerged from Milan, where Italian prosecutors have spent two years investigating the disappearance of Hassan Mustafa Osama Nasr, a militant Egyptian-born cleric known as Abu Omar.

When Nasr vanished in February 2003, police and prosecutors in Milan thought at first that he had slipped out of the country on his own, perhaps to join resistance forces in Iraq in advance of the U.S.-led invasion. The CIA lent credence to their suspicions a few months later, when it delivered an intelligence bulletin to Rome stating that Nasr had been seen in the Balkans.

In fact, prosecutors later discovered, Nasr had been grabbed on the street in Milan as he was walking to a mosque and stuffed into a white van, which sped to Aviano Air Base, a joint U.S.-Italian military installation. From there, he was put on a plane

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to Ramstein Air Base in Germany, and onward to Cairo, where Nasr claims he was tortured for months with electric shocks and sexually abused.

Prosecutors in Milan have since issued arrest warrants on kidnapping charges for 25 CIA operatives and a U.S. Air Force officer, alleging that they conspired with Italian secret service agents to abduct Nasr. Although none of the Americans is likely to be extradited to Italy, prosecutors have served notice that they intend to try them in absentia and asked a judge last month to formally indict the defendants.

Senior Italian intelligence officials have also been charged in the case, including Gen. Nicolo Pollari, director of the Italian military intelligence agency known as Sismi. Pignero, his former deputy, was arrested in June, shortly after he gave his deposition to prosecutors. He died of cancer three months later, on Sept. 11.

European investigators are still examining other mysterious cases of missing or detained people. Among them is the disappearance a few weeks before Nasr's kidnapping of another Egyptian-born Islamic fundamentalist.

Gamal al-Menshawi, a physician and occasional mosque preacher who knew Nasr personally, had left his home in Graz, Austria, bound for the Islamic holy city of Mecca, Saudi Arabia. His wife was waiting for him there, but he never arrived, according to Egyptian exiles in Austria and Italy who know him.

Menshawi's trail vanished after he arrived in Amman, Jordan, for a flight connection. He later surfaced in Egypt. European Parliament investigators have concluded he was detained there for two years without facing charges.

He was released in 2005 and is living in Alexandria, Egypt, according to Austrian journalists. He has severed contact with friends and colleagues in Europe, who strongly suspect he was subjected to a rendition, although they lack proof or direct evidence of U.S. involvement.

Arman Ahmed al-Hissini, imam of the Viale Jenner mosque in Milan and an acquaintance of Menshawi and Nasr, said both have been silenced by the Egyptian security services.

"The Arab secret services, they give names to the CIA of people who they want, people who are on the outside, such as Europe," said Hissini, an Egyptian native known locally as Abu Imad. "They give the names to the CIA, because the CIA can go to work in these countries."

There is also little doubt about Menshawi's fate among those who knew him in Austria's Islamic community.

"I see the American government as being primarily responsible," said Mohamed Mahmoud, chairman of a group called Islamic Group of Austria. "This is not the first time someone has disappeared."

"The Americans look around in Europe for who is being loud, who is speaking out, and then those people are kidnapped," he added. "He was very vocal; he was too loud for them. He talked openly about Egypt's government, about the U.S. government, about the Islamic community in Austria."'They Needed Information'

About the same time, another Islamic militant from Austria disappeared during a stopover at the Amman airport.

Masaad Omer Behari, a Sudanese citizen who had lived in Austria for more than a decade, has said he was arrested by Jordanian secret service agents on Jan. 12, 2003, as he was traveling home to Vienna from a trip to Sudan.

Behari told European Parliament investigators in October that he was held for three months in a Jordanian prison, where he was interrogated about Islamic militants in Austria and elsewhere in Europe. "On the first day I was in prison, they told me they did not think I was a terrorist, but that they needed information about the Islamic scene in Vienna," he said.

Documents obtained by the investigators show that Behari had been under surveillance by Austria's domestic intelligence service since 1998, when he was interrogated about an alleged plot to blow up the U.S. Embassy in Vienna. Behari said he was innocent and never faced charges, but was pressured by Austrian secret service agents to leave the country after the Sept. 11 hijackings.

"I have experienced hard times because I did not cooperate with the security authorities in Europe and with the Americans," Behari said, according to a transcript of his testimony. The Austrians "threatened me that they would cause me problems. I thought it was only 'blah-blah,' but it was the truth."

Austrian authorities said they have not opened official inquiries into the disappearances of Menshawi or Behari, in part because neither is an Austrian citizen.

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"Since the alleged abductions did not take place on Austrian soil, in an Austrian airplane or on an Austrian ship, we see no need for action," said Rudolf Gollia, spokesman for the Austrian Interior Ministry.

Military Taking A Tougher Line With Detainees (NYT)

By Tim Golden

The New York Times, December 16, 2006

GUANTÁNAMO BAY, Cuba, Dec. 10 — As the first detainees began moving last week into Guantánamo's modern, new detention facility, Camp 6, the military guard commander stood beneath the high, concrete walls of the compound, looking out on a fenced-in athletic yard.

The yard, where the detainees were to have played soccer and other sports, had been part of a plan to ease the conditions under which more than 400 men are imprisoned here, nearly all of them without having been charged. But that plan has changed.

"At this point, I just don't see using that," the guard commander, Col. Wade F. Dennis, said.

After two years in which the military sought to manage terrorism suspects at Guantánamo with incentives for good behavior, steady improvements in their living conditions and even dialogue with prison leaders, the authorities here have clamped down decisively in recent months.

Security procedures have been tightened. Group activities have been scaled back. With the retrofitting of Camp 6 and the near-emptying of another showcase camp for compliant prisoners, military officials said about three-fourths of the detainees would eventually be held in maximum-security cells. That is a stark departure from earlier plans to hold a similar number in medium-security units.

Officials said the shift reflected the military's analysis — after a series of hunger strikes, a riot last May and three suicides by detainees in June — that earlier efforts to ease restrictions on the detainees had gone too far.

The commander of the Guantánamo task force, Rear Adm. Harry B. Harris Jr., said the tougher approach also reflected the changing nature of the prison population, and his conviction that all of those now held here are dangerous men. "They're all terrorists; they're all enemy combatants," Admiral Harris said in an interview.

He added, "I don't think there is such a thing as a medium-security terrorist."

Admiral Harris, who took command on March 31, referred in part to the recent departure from Guantánamo of the last of 38 men whom the military had classified since early 2005 as "no longer enemy combatants." Still, about 100 others who had been cleared by the military for transfer or release remained here while the State Department tried to arrange their repatriation.

[Shortly after Admiral Harris's remarks, another 15 detainees were sent home to Saudi Arabia, where they were promptly returned to their families.]

The detainee population here has also been reshaped by the arrival in September of 14 terror suspects, including the accused mastermind of the Sept. 11 attacks, who had been held by the Central Intelligence Agency in secret prisons overseas.

United States officials said these so-called high-value suspects were being held apart from the rest of the Guantánamo prisoners, at a secret detention facility supervised by C.I.A. officers. The 14 have been visited twice by representatives of the International Committee of the Red Cross, but have not yet been interrogated by military intelligence officials, these officials said.

Next year, after the Defense Department finishes rewriting rules for the military tribunals that the Bush administration first established in November 2001, the intelligence agency's prisoners are to be charged with war crimes. The timetable for their prosecutions remains uncertain.

Military officials said they would continue to try to improve conditions at the prison to the extent that security considerations allowed. They said they have abandoned special cell blocks for discipline and segregation, so that prisoners who violate rules are now punished simply by the withdrawal of various privileges in their regular cells. The authorities have also standardized rules for exercise, allowing each detainee at least two hours a day, they said.

Nonetheless, the tightening of security at the detention center represents a significant shift in Guantánamo's operations.

Since spring 2004, the military's handling of the detainees had been heavily influenced by the political and diplomatic pressures that grew out of the Abu Ghraib scandal and other cases of prisoner abuse. At the same time, Guantánamo's focus was shifting from interrogations to the long-term detention of men who, for the most part, would never be charged with any crime.

With little guidance from Washington, senior officers here began in 2005 to edge back toward the traditional Geneva Convention rules for prisoner treatment that President Bush had disavowed after 9/11 for the fight against terrorism, military officials said. Military officers began listening more attentively to the prisoners' complaints, and eventually met a few times with a council of detainee leaders.

Those talks were quickly aborted in August 2005. The hunger strikes were effectively broken last January, when the military began strapping detainees into padded "restraint chairs" to force-feed them through stomach tubes.

But those protests gave way to several drug overdoses in May and the hangings in June of three prisoners — all of whom had previously been hunger strikers.

The current Guantánamo commanders eschewed any criticism of their predecessors. But they were blunt in laying out a different approach.

Asked about his discussions with prisoners, Colonel Dennis said he basically had none. As for the handful of detainees who have continued to wage hunger strikes, including three who were being force-fed last week, he said they would get no "special attention" from him.

"If they want to do that, hook it up," he said, apparently referring to the restraint chair system for force-feeding. "If that's what you want to do, that's your choice."

Admiral Harris said he had ordered a hardening of the security posture on the basis of new insights into the threat that the detainees pose. "We have learned how committed they are, just how serious they are, and how dangerous they are," he said.

Several military officials said Admiral Harris took over the Guantánamo task force with a greater concern about security, and soon ordered his aides to draw up plans to deal with hostage-takings and other emergencies.

He and Colonel Dennis both asserted that Camp 4 — where dozens of detainees rioted during an aggressive search of their quarters last May — represented a particular danger.

Admiral Harris said detainees there had used the freedom of the camp to train one another in terrorist tactics, and in 2004 plotted unsuccessfully to seize a food truck and use it to run over guards.

"Camp 4 is an ideal planning ground for nefarious activity," he said.

But according to several recent interviews with military personnel who served here at the time, the riot in May did not transpire precisely as military officials had described it. The disturbance culminated with what the military had said was an attack by detainees on members of a Quick Reaction Force that burst into one barracks to stop a detainee who appeared to be hanging himself.

But officers familiar with the event said the force stormed in after a guard saw a detainee merely holding up a sheet and that his intentions were ambiguous. A guard also mistakenly broadcast the radio code for multiple suicide attempts, heightening the alarm, the officers said.

Admiral Harris conceded that an error "could have been" made, but said "it was certainly no accident" that the prisoners had slicked the floor of their quarters with soapy water and excrement, and fought the guards with makeshift weapons. He said he believed the guards acted properly.

The May 18 search took place after at least two prisoners were found unconscious from overdoses of hoarded drugs. The detainees who attacked the guards were known as especially religious, and had been angered in the past by searches of their Korans.

After the three suicides in June, Camp 6 was substantially reconfigured. Staircases and catwalks were fenced in so that detainees could not jump from them to attack guards or try to kill themselves. Shower stalls were built higher so they could not be used for hangings. Exercise yards were divided up into a series of one-man pens.

The detainees will still look out the small windows of their computer-controlled cell doors to see the stainless steel picnic tables where they were once supposed to have shared their meals; they just will not be able to sit at those tables with other detainees.

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Military officials confirmed that since the suicides in June, three detainees who were part of the council that negotiated with military commanders had been kept isolated from nearly all other prisoners in Camp Echo, a collection of bungalows where detainees often see their lawyers.

Those detainees include Shaker Aamer, a Saudi resident of Britain who is accused of having ties to Al Qaeda; Ghassan al-Sharbi, a Saudi electrical engineer who was charged earlier with plotting to make bombs for Qaeda forces in Afghanistan; and Saber Lahmar, an Algerian religious scholar seized in Bosnia.

Lawyers for Mr. Aamer and Mr. Lahmar said that they had been alone for most of that time, and that the isolation was causing them psychological damage.

"They have thrown away the key and forgotten him even though he is spiraling down physically and psychologically," Mr. Lahmar's lawyer, Stephen H. Olesky, said.

Noting that a petition for relief on behalf of Mr. Lahmar has been before a federal appeals court for nearly two years, he added, "They know we do not have a judge to take this case to, so they can pile on the detainee."

Colonel Dennis, the commander of the detention group, said Mr. Lahmar was being allowed to exercise and had access to any medical attention he required.

Tortured Canadian Still On U.S. "Watch List" (WP)

By Doug Struck

The Washington Post, December 16, 2006

TORONTO, Dec. 15 -- Maher Arar, the Canadian Muslim who was whisked by U.S. agents from a New York airport to imprisonment and torture in Syria, remains on the U.S. "watch list" despite an exhaustive Canadian inquiry that found he is an innocent man, the U.S. ambassador to Canada said Friday.

Ambassador David Wilkins said in an interview with CBC Radio that Arar "is on the watch list and has been since he was deported" in 2002 to Syria, where he was held for 10 months, much of it in a coffin-like dungeon.

His transfer to Syria, part of a series of U.S. clandestine "extraordinary renditions" of terrorism suspects for interrogation in foreign countries, created a scandal in Canada.

The head of the Royal Canadian Mounted Police resigned last week after a two-year judicial inquiry found his officers gave U.S. agents false information to cast suspicion on Arar.

The Canadian Parliament has apologized to Arar, now 36, and the Canadian government is preparing compensation for the engineer.

But the United States has never acknowledged any mistake in the matter, and Wilkins's disclosure Friday indicates Arar might again be detained by the United States if he were to enter the country.

His removal to Syria "was based on information from a variety of sources, as is his current watch list status," Wilkins said in a statement he issued later Friday. U.S. officials have made "our own independent assessment of the threat to the United States," he said.

"That the United States would have the gall to keep Maher on a watch list, implying that he poses a threat to this country, is outrageous," said one of Arar's attorneys, Maria LaHood, a lawyer with the Center for Constitutional Rights in New York. The nonprofit group filed a suit on Arar's behalf against the U.S. government, but it was dismissed.

"This administration is unwilling to admit its mistakes and still tries to conceal them," she said.

In Ottawa, New Democratic Party leader Jack Layton said the Canadian government should demand that the United States remove Arar's name from the list. "Otherwise, it sends a message the Canadian government will not stand behind its own citizens," he told reporters.

Rail-Cargo Plan Aims To Avert Terrorism (WP)

By Del Quentin Wilber

The Washington Post, December 16, 2006

Federal officials unveiled a plan yesterday to tighten security for railroad shipments of hazardous materials, saying the rules would reduce the risk of terrorists using dangerous chemicals to kill thousands of people.

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The proposals -- which drew criticism from Democrats, who said they did not go far enough -- would require freight and passenger systems to keep closer tabs on rail cars containing dangerous chemicals. A separate set of rules proposed by the Transportation Department would compel rail operators to find safer and more secure routes for such shipments, authorities said.

Homeland Security Secretary Michael Chertoff said the rules, which will be open to public comment for 60 days, would "reduce the risk that chemicals can be turned into deadly weapons when they are in transit."

Authorities are concerned that terrorists might target rail cars in the hopes of releasing a plume of hazardous chemicals in a populated region. The proposals would cost the rail industry about $162 million over 10 years, officials said.

Chertoff said many of the proposed rules have already been adopted by the rail industry on a voluntary basis.

Democratic members of Congress said the rules did not adequately address overall rail security.

Sen. Frank Lautenberg (D-N.J.), who has introduced rail security legislation in the past, said the plans would not do enough to secure rail stations, bridges and tunnels, which are also vulnerable to attack.

He said the government should also have the authority to force companies to reroute hazardous materials around populated areas when terror alert levels are raised.

"This plan is just window dressing," he said. "It doesn't have any substance."

The D.C. Council grew so concerned about a possible attack on rail cars containing hazardous chemicals that in 2005 it banned such shipments within 2.2 miles of the Capitol. That ban has been put on hold pending the result of a lawsuit by CSX Transportation Inc. and the U.S. government. Several other cities have also banned the shipments and are closely watching the District's court case.

Chertoff said banning chemical shipments from urban areas would be difficult because the rail system weaves in and out of those areas. Many of the chemicals -- such as chlorine used to purify water -- are destined for use in metropolitan areas, he said.

"If you are going to deliver to a city, you have got to get it into the city," Chertoff said.

Chertoff said the rules are aimed at protecting rail cars when they are most vulnerable: when they are not moving and are waiting to be transferred to other companies. Under the proposal, authorities would require a "secure handoff" from one company to another, preventing a car from "sitting there unattended," Chertoff said.

When cars are stationary for long periods of time, companies would be required to watch them or park them in secure areas, he added.

Transportation Security Administration officials would have the authority to conduct inspections of rail operations and levy fines if they found security breaches. The companies would also be required to provide authorities with the exact locations of hazardous shipments within minutes of a request, Chertoff said.

Feinstein Criticizes DHS On Foreigner Exit Program (WP)

By Spencer S. Hsu

The Washington Post, December 16, 2006

Supporters of the troubled US-VISIT program warned yesterday that the decision to suspend a crucial part of the national security program launched after the 2001 attacks will leave the nation vulnerable to terrorism.

Sen. Dianne Feinstein (D-Calif.) said the government will be left with no way of knowing whether all visitors leave the country after the administration decided to drop a plan to track departures at land borders because of technical and cost problems.

Feinstein called the decision a "very serious failure" on top of multiple delays since the system was proposed in 1996.

US-VISIT is designed to detect criminals, suspected terrorists and visitors whose visas have expired by recording travelers' fingerprints and digital photographs when they enter and exit the United States. Having spent $1.7 billion since 2003, Department of Homeland Security officials say they have successfully recorded 61 million people entering the country through 115 airports, 15 seaports and 154 of 170 land ports.

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But they cannot build an exit tracking system without spending "tens of billions" of dollars more and an additional five to 10 years developing the technology.

"This program is central to protecting our national security," said Feinstein, incoming chairman of the Senate Judiciary Committee's homeland security panel. "Billions of dollars and countless hours have been invested, and if DHS is going to throw this all away, the American people deserve to know why."

Others expressed relief that the department was acknowledging what critics have insisted for years: that billions of dollars might be wasted on contracts that could not deliver results. Developing an exit system is difficult because of the volume of cross-border traffic, technological demands and practical limits.

Such an entry-exit system was recommended by the panel that investigated the Sept. 11 terrorist attacks, but several studies have challenged its feasibility.

"Always make sure you state it clearly when the emperor has no clothes, to me is the moral of the story," said Kathleen Walker, incoming president of the American Immigration Lawyers Association, citing repeated studies and government testimony about US-VISIT's flaws.

DHS's retreat came after Congress's audit arm, the Government Accountability Office, reported Thursday that US-VISIT officials had concluded that the exit program could not now be launched at land crossings without major traffic delays or enormous cost to expand facilities, roads and communication links.

In an interview, US-VISIT Director Robert Mocny said the agency is completing a January spending report to Congress that will lay out plans to expand the exit system at airports and seaports but will leave out land ports.

Land ports record 309 million crossings a year, compared with 87 million at airports. But U.S. officials say airports pose a greater security risk because most land crossers are repeat travelers, or Mexican, Canadian and U.S. citizens who are for now exempt from US-VISIT.

In comments to reporters, Homeland Security Secretary Michael Chertoff acknowledged that the department was sidetracking the land exit system.

"If we required all the people leaving the country by land going into Canada to stop to give a biometric print," Chertoff said, "you would see lines that are 10 or 15 miles long, stretching from the border deeply into New York or into Detroit."

Chertoff cited progress in tracking and screening unwanted people before they enter the United States. US-VISIT has captured more than 1,100 criminals who were using false documents, officials have said. Other programs are underway to integrate homeland security and FBI fingerprint databases, to automatically generate risk assessments on travelers and to improve monitoring of some immigration violators.

"The highest priority is to keep terrorists out of the country. Letting them come in the country and then worrying whether they haven't left in 90 days seems, to me, an inferior concern to keeping them out in the first place," Chertoff said.

US-VISIT has also spent $71 million testing the use of radio-frequency identification technology -- involving tiny microchips with a unique code embedded in a tag on visitors' departure forms -- as an alternative to a fingerprint or facial-scan system. But a January 2006 test correctly identified only 16 percent of 166 vehicles with such tags. Among the drawbacks is that the tags cannot be physically tied to an individual.

Israelis Warned To Avoid Goa, A Longtime Favorite Tourist Destination For Young Travelers (NYT)

By Somini Sengupta

The New York Times, December 16, 2006

ANJUNA, India, Dec. 15 — A favored destination of young Israelis seeking respite from the frazzle and stress of home, the tourist haven of Goa got a rude reminder of reality this week.

Based on information gleaned by its counterterrorism agency, the Israeli government issued a rare terrorism alert on Thursday warning of a planned attack by Al Qaeda on tourists during the New Year's holiday season. The advisory described the information as "a concrete threat" but gave no further detail.

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The Israeli Embassy urged its citizens to visit another time or, if they must be in the state of Goa, to stay away from crowded places. "We advise them to be alert and to take this threat very seriously," the embassy spokesman, Lior Weintraub, said Friday by telephone from New Delhi, the capital.

In Anjuna, on Goa's northern coast, where Internet cafes cater to Israelis checking e-mail messages from home and where restaurants serve schnitzel for lunch, the news of Al Qaeda's suspected designs was greeted with a mixture of apprehension and aplomb.

"Now we feel at home," Yossi Damti, 23, fresh out of the Israeli Army, said with a shrug on Friday afternoon.

"We got used to it," said his friend, Orif Tordjman, 21, who had also just completed her military service. "We're not going to leave because of this alert."

Goa is among India's most coveted tourist destinations. For Israelis, it is also a common stop on the post-military-service tourist circuit. The embassy in New Delhi estimated that around 35,000 Israelis come to Goa each year, crowding into a handful of coastal villages like this one.

Alerts like this latest one, which was unusual for its level of specificity, are particularly vexing for the Indian government, which has long maintained that Al Qaeda does not operate on Indian soil. In August, in the days leading up to India's Independence Day, the United States Embassy said it had received information that foreign terrorists, including Al Qaeda, planned to carry out a series of bombings in and around New Delhi and Mumbai. Indian officials dismissed the alert as a routine advisory.

India has cultivated warmer relations with Israel and the United States, making it, according to some security analysts, more vulnerable to Qaeda attacks.

Local news outlets on Friday quoted the chief minister of Goa, Pratapsing Rane, as saying that his state remained safe for tourists. Tourism is among the state's principal sources of revenue.

At an Internet cafe on Anjuna's main strip, Shai Zimon, 23, who had been traveling across India for the past 6 weeks, said he was hunting for a ticket to fly to Thailand for New Year's Eve, but not because of the terrorism threat. "You can't base your trip on what the government says," he said.

If you did, piped in a Swiss woman, Gitta Klee, also checking e-mail messages, no one would ever go anywhere.

Ms. Klee, 53, who has lived in Goa for more than 27 years, theorized that the terrorism alert was the brainchild of anxious parents not wanting their children to party in Goa. "Me, I don't think this place is interesting enough for terrorists," she said.

Word seemed not to have spread yet to the non-Israeli tourists who crowd into some of the same cheap guesthouses here. A pair of German tourists waiting for a bus to the beach were oblivious to the alert. A British tourist, Mustapha Dari, 24, said he had heard only something vague from a friend who had watched the news the night before on Indian television. His friend, Raffi Israelion, 20, a Parisian, confessed that he was particularly worried because local residents often took him to be Israeli.

At a Jewish community house on Friday afternoon, the news had seeped in, and the visit of a foreign journalist was enough to spark fear and hostility. At first, two women sitting on the porch of the house, where preparations were under way for a service to mark the first night of Hanukkah, said they knew of three friends who had canceled their New Year's Eve plans for Goa.

They said friends and family in Israel had already called them and urged them to return home. They weren't sure what they would do. One of the women, who gave her name only as Adi, said she did not want Al Qaeda to "ruin our plans."

Nor, it turned out, did she want to say any more to a stranger. The conversation quickly turned tense. Why are you asking for our names, they demanded. Why do you want to know when the first candle would be lit on the menorah this evening? Why are you asking if we will stay here for the New Year's holiday?

"All this situation, I don't know," Adi said nervously, and quickly disappeared into the house.

WAR NEWS:

Women Lose Ground In The New Iraq (WP)

By Nancy Trejos

The Washington Post, December 16, 2006

DOJ_NMG_0107355

BAGHDAD -- Browsing the shelves of a cosmetics store in the Karrada shopping district, Zahra Khalid felt giddy at the sight of Alberto shampoo and Miss Rose eye shadow, blusher and powder.

Before leaving her house, she had covered her body in a billowing black abaya and wrapped a black head scarf around her thick brown hair. She had asked her brother to drive. She had done all the things that a woman living in Baghdad is supposed to do these days to avoid drawing attention to herself.

It was the first time she had left home in two months.

"For a woman, it's just like being in jail," she said. "I can't go anywhere."

Life has become more difficult for most Iraqis since the February bombing of a Shiite Muslim mosque in Samarra sparked a rise in sectarian killings and overall lawlessness. For many women, though, it has become unbearable.

As Islamic fundamentalism seeps into society and sectarian warfare escalates, more and more women live in fear of being kidnapped or raped. They receive death threats because of their religious sects and careers. They are harassed for not abiding by the strict dress code of long skirts and head scarves or for driving cars.

For much of the 20th century, and under various leaders, Iraq was one of the most progressive Middle Eastern countries in its treatment of women, who were encouraged to go to school and enter the workforce. Saddam Hussein's Baath Party espoused a secular Arab nationalism that advocated women's full participation in society. But years of war changed that.

In the days after the U.S.-led invasion in 2003, many women were hopeful that they would enjoy greater parity with men. President Bush said that increasing women's rights was essential to creating a new, democratic Iraq.

But interviews with 16 Iraqi women, ranging in age from 21 to 52, show that much of that postwar hope is gone. The younger women say they fear being snatched on their way to school and wonder whether their college degrees will mean anything in the new Iraq. The older women, proud of their education and careers, are watching their independence slip away.

"At the beginning, we were very happy with those achievements and gains, and we were looking for more," said Ina'am al-Sultani, 36, a leader of the Progressive Women's Movement, a nongovernmental organization. "Women are now restrained."

Khalid, 30, whose only visible features as she shopped on a recent day were her round face and long eyelashes, was an accountant at the Planning Ministry until she received a death threat four months ago. She quit, moved to a new home and changed her phone number.

"We're suffering right now," Khalid said, her two sons tugging at her abaya. "The war took all our rights. We're not free because of terrorism."Hope and Fear

Before the war, Sundus Abbas, 38, was a researcher at a governmental organization. After the war, she became a women's rights activist.

After Saddam Hussein was forced out of power, many women like Abbas appeared on television talk shows and wrote newspaper articles challenging traditional views on marriage and other family issues and demanding that women be granted a greater role in government.

"They were there asking for their rights loudly and clearly," said Maysoon al-Damluji, a member of parliament.

There were signs of success. Twenty-five percent of the seats in the new National Assembly were reserved for women. Under Hussein, only one ministry was headed by a woman, Damluji said. Now, of the 38 ministry heads, four are women.

Iraqi women had been earning university degrees since the 1920s. Many earned master's degrees and doctorates and became physicians, engineers and lawyers.

Then came the 1980s war with Iran and the embargo imposed after the 1991 Persian Gulf War. Hussein, who began embracing Islamic and tribal traditions as a way to consolidate power, forbade women younger than 45 to travel abroad without a male relative.

Encouraged by Bush, women began to reassert themselves after 2003. But the collapse of security, the absence of the rule of law and the presence of extremist groups have weakened the budding movement, activists said. In the past year, its leaders have received death threats. Politicians have accused them of working in collusion with enemy countries, and police officers have harassed them, activists said.

On June 4, Abbas received an anonymous e-mail at her Baghdad office warning her to leave Iraq within 10 days. Three days later, another e-mail said she would be killed for not complying with the first threat.

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She stayed home and canceled her scheduled appearances. A third threat came June 10 in a telephone text message. She recalled thinking that she did not want to be killed in front of her parents, who had already lost a daughter in a U.S. airstrike.

"I left with a feeling of humiliation and bitterness," she wrote in an e-mail from an undisclosed location. "Just imagine, I left my home, my family, my work and my city, for nowhere."'Psychologically Tired'

Aseel Bahjet and her mother shot nervous glances at each other as the 23-year-old spoke to a stranger in a Karrada perfume shop on a recent afternoon. Her mother wore an abaya. Bahjet wore a long black skirt, a black sweater and a head scarf. The shopkeeper closed the door so that no one would see a foreigner talking to the young woman.

Bahjet, a petite figure with pale skin and big brown eyes, recently graduated from Baghdad University with an engineering degree. But she doesn't know what to do with it.

Her mother, Shadam, wants her to stay at home as much as possible, saying she has heard too many stories about young women being kidnapped. Bahjet has nothing to do at home, other than talk to her friends on the phone.

"There's no chance to build our future," she said.

She lowered her voice and spoke slowly as she searched for the right words in English: "I joke that we should go see psychiatrists. All Iraqis are depressed."

Many young women at Bahjet's alma mater worry that they, too, will have nothing to do after they graduate. On a recent afternoon, Enas Moyad sat in an empty classroom at Baghdad University contemplating her future. Ask her if she is depressed, and she's quick to answer: "I'm psychologically tired."

She is 21.

Like many Iraqi parents, Moyad's had encouraged her to go to school. Now they don't.

This month, a Sunni Arab insurgent group asked Sunni students and professors not to attend classes while it "cleanses" the campuses of Shiite death squads. The group later said in a statement that it was canceling the rest of the school year. The threat was circulated so widely that Prime Minister Nouri al-Maliki issued a statement urging students to ignore it.

Fearing attacks on the way to campus, Moyad and nine other students have pitched in to hire a Kia minibus to take them there. Some of her girlfriends carry knives in their bags. Others take pistols, she said.

For months, attendance has been falling at the College of Education for Women, where Moyad is in her fourth year. One sociology professor said he had given only two lectures since Sept. 3. Normally, he gives 22 lectures a week.

Moyad, who shows her rebellious side by letting a few dyed blond bangs show from under her green hijab, or head scarf, said she worries about what her degree will do for her in the new Iraq.

"We are afraid that no one will take them," she said.Stay or Leave?

Many educated, professional women have struggled with the question of whether to stay in Iraq.

Muna Nouri, 52, a high school teacher, doesn't want to leave, even if it means having to abide by rules she does not believe in.

As a college student in 1974, Nouri showed off her long black hair. She wore short skirts. She walked around campus with friends who happened to be boys.

As an adult, she and her two daughters -- one is 20, the other 17 -- took walks around their neighborhood in the Hadra district, wearing whatever they wanted.

"I consider myself and my daughters liberated women," she said. "We go out and walk in the street. That was last year even. But this year, it's more difficult. Every day, it's worse than the day before."

The wife of one of the security guards at the mosque across the street, an impoverished woman to whom Nouri had given money, urged her to wear a head scarf for her own good, she recalled.

The day after sectarian violence erupted in Sadr City late last month, Shiite cleric Moqtada al-Sadr instructed women to continue wearing their hijabs.

"There are some voices being heard against the hijab, from inside and outside Islam," Sadr said. "I say it will remain a protection for our women and call on our sisters to be patient, not to listen to these voices."

Nouri considers herself a religious woman. She prays and reads the Koran. The Islam she knows does not oppress women, she said.

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"I think Islam is more liberated than that," she said.

This year, more than 300 teachers and Education Ministry employees have been killed, according to government reports. Nouri does not want to make herself a target at the all-girls' high school where she teaches. So she wears long skirts and a head scarf to work.

"I don't like it, because I think the women here are very beautiful," she said, speaking by phone because she did not want her neighbors to see a stranger visiting her home. "This scarf is not beautiful."

Like Nouri, Bushra Shimirya, 42, had considered herself an independent woman. That changed dramatically in just a few months, she said. She knew things were bad when she could no longer drive her car.

"Anyone who's in her 20s and drives a car for the first time, you feel very happy and very independent," she said. "Like you can do anything."

Since the Samarra bombings, she said, she has felt she can do almost nothing.

Relatives had seen fliers warning women not to drive. They pleaded with her to stop. She resisted.

Shimirya, who has a doctorate in psychological studies, had been driving since she was 20.

But the stares started to bother her. They came from men anytime they saw her behind the wheel of her 1984 Toyota Crown.

So she hired a car service to take her to her job at Baghdad University. She stopped going out unless it was necessary. No more dinners with her girlfriends. No more walking the streets of her affluent Mansour neighborhood.

"It's become so bad that a woman who drives a car will be slaughtered, and a woman who doesn't put a scarf on her hair will be slaughtered," she said.

When classes ended in July, Shimirya and her husband, an engineer, sold their cars, locked up their large, modern-style house and headed to Dubai.

"I miss my home," she said, speaking by phone from Dubai. "I miss my colleagues at work. I miss my neighbors. I miss my family. I miss the air in Iraq. There is nothing more beautiful than Iraq."

New Manual At Odds With Key Iraq Tactics (LAT)

By Julian E. Barnes

The Los Angeles Times, December 16, 2006

WASHINGTON — The U.S. military's new counterinsurgency doctrine takes issue with some key strategies that American commanders in Iraq continue to use, most notably the practice of concentrating combat forces in massive bases rather than dispersing them among the population.

The 282-page counterinsurgency field manual, unveiled Friday, seeks to bring together the best practices in fighting sustained insurgencies that the United States has learned during the Iraq war. It also lists tactics that have tripped up American forces, such as trying to make local security forces act like the U.S. military and overemphasizing killing or capturing enemies rather than providing for the safety of the population.

Although the military has moved away from some of these tactics, others are widely used in Iraq.

Most special operations forces in Iraq spend the bulk of their time and resources trying to kill or capture Al Qaeda members and insurgents. But the manual says the best use of those troops is not hunting enemies but training Iraqi security forces or police.

Perhaps the most controversial section may be the manual's warning about large, sprawling bases, the very kind the Army has erected in Baghdad. The manual warns that such military bases could suggest "a long-term foreign occupation."

A cornerstone of the Iraq plans of Army Gen. John P. Abizaid, the top U.S. commander in the Middle East, and Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, has been to concentrate Baghdad's U.S. Army forces in a few large forward operating bases, or FOBs. Counterinsurgency experts have questioned the practice, arguing that to protect the population from insurgents, military forces must have a constant presence in the area.

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The authors of the manual say the new doctrine is not meant as a critique of the Iraq strategy. Retired Army Col. Conrad Crane, who helped oversee the manual's development, said they were not criticizing the practice of putting soldiers on large bases but rather were saying they simply did not want people to hole up and become "fobbits."

"You have to get out and mingle among the people," Crane said. "You can't cede control of the night and the street to the enemy."

Retired Gen. John Keane, former acting chief of staff of the Army, said the military needed to move off the big bases in Baghdad and establish small bases peppered throughout key neighborhoods, as had been done in the Iraqi cities of Tall Afar and Ramadi.

"You put a protect force in that lives in the neighborhood. They stay 24/7 to protect the people," Keane said at a briefing this week. "That piece is what we have never been able to execute in Baghdad."

Although the manual is meant to apply generally to all fights against insurgency, it was clearly written with Iraq in mind. And at some points the introduction and first chapter of the new manual read like a plea for more time for the military to succeed in Iraq.

The new doctrine, which was begun in January and released in draft form in June, cautions that campaigns against insurgents are "often long and difficult" and that progress is hard to measure. Conventional militaries often stumble in the beginning of an insurgency but can succeed if they learn, adapt and push ahead against it, according to the manual.

"The military forces that successfully defeat insurgencies are usually those able to overcome their institutional inclination to wage conventional war against insurgents," the doctrine says.

If there is a theme for the manual, Crane said, it is that the military can adapt and correct its missteps. "That is the historical record: You learn as you go," he said.

Overall, the doctrine says, a counterinsurgency operation is "a struggle for the population's support." To win that confidence, militaries must learn about the culture and people they are trying to protect as well as fight the insurgents who are attempting to destabilize the country, it says.

Lt. Col. Lance A. McDaniel, one of the Marines who helped write the new doctrine, said he expected the manual to influence new strategies in Iraq, although he was not sure exactly what lessons would be embraced.

"I do not know how they will translate this to the field," he said. "But I do think this will be No. 1 on the reading list."

The manual, a public document, can be read at http://usacac.army.mil/cac/repository/materials/coin-fm3-24.pdf.

Options Weighed For Surge In G.I.'s To Stabilize Iraq (NYT)

By David E. Sanger, Michael R. Gordon

The New York Times, December 16, 2006

WASHINGTON, Dec. 15 — Military planners and White House budget analysts have been asked to provide President Bush with options for increasing American forces in Iraq by 20,000 or more. The request indicates that the option of a major "surge" in troop strength is gaining ground as part of a White House strategy review, senior administration officials said Friday.

Discussion of increasing the number of American troops, at least temporarily, has coursed through Washington for two months, as a possible way to reverse the deteriorating security situation in Baghdad. But the decision to ask the Joint Chiefs of Staff to specify where the additional forces could be found among overstretched Army, Marine and National Guard units, and to seek a cost estimate from the White House Office of Management and Budget, signifies a turn in the debate.

Officials said that the options being considered included the deployment of upwards of 50,000 additional troops, but that the political, training and recruiting obstacles to an increase larger than 20,000 to 30,000 troops would be prohibitive.

At present, only about 17,000 American soldiers are actively involved in the effort to secure Baghdad, so even the low end of the proposals being considered by military and budget officials could more than double the size of that force. If adopted, such an increase would be a major departure from the current strategy advocated by Gen. George W. Casey Jr., which has stressed stepping up the training of Iraqi forces and handing off to them as soon as possible.

The details of the plan under study by the White House are not known, but in most scenarios the troop increase would be accomplished in large part by accelerating some scheduled deployments while delaying the departure of units in Iraq.

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President Bush has made no final decision, the White House said. Gordon Johndroe, the National Security Council spokesman, said that no memorandums outlining the options for increasing troop strength had gone to the president. But one senior official said the subject was discussed at length on Wednesday during Mr. Bush's briefing at the Pentagon, and the president has reportedly asked detailed questions that some officials have interpreted as suggesting that he is strongly leaning in that direction.

American military officials said Friday night that the Pentagon was planning to send the Second Brigade of the 82nd Airborne Division to Kuwait in January. The brigade, based at Fort Bragg, N.C., would serve as a reserve that commanders in Iraq could draw on.

American military commanders have been operating without such a reserve since the Marine unit that had been on call was dispatched to Anbar Province in western Iraq. The Army brigade could become an element of a larger troop deployment to Iraq if the White House decided to increase troops there.

That option has been central to a broader debate in Washington. Advocates of a troop increase say the aim would be to reverse the slide toward an all-out civil war and give the new Iraqi government more time to consolidate control, while training of Iraqis is stepped up.

At the same time, American and Iraqi forces would try to tamp down strife in neighborhoods that contain Shiites and Sunnis, and slow insurgent attacks. To be effective, proponents say, these tactics would need to be married to a broader political and economic strategy to generate employment in Baghdad and stabilize Iraq.

Critics of a surge approach have argued that any American troop increase would lead to more American casualties and merely put off the day when the Iraqis need to assume responsibility for their own security.

There is also concern that the military benefits would be short-lived unless the higher troop levels were sustained for a long period, adding to the strain on American forces. Alternatively, critics say, if the surge in troop levels was too brief, adversaries could simply wait for the reinforcements to leave.

Senator John McCain, Republican of Arizona, said during a visit to Baghdad this week that American military commanders were discussing the possibility of adding as many as 10 more combat brigades — a maximum of about 35,000 troops — to establish some of control while Iraq's divided political leaders seek solutions to the mounting violence.

On Friday, however, one administration official said that additional work was needed to fit a troop increase into the larger strategy, as well as on technical aspects about how the operation would be carried out. "There has not been a full articulation of what we would want the surge to accomplish," he said.

Strikingly, the surge proposal has not been actively promoted by the top commander in Iraq. General Casey, the senior American commander in Baghdad, has emphasized faster training of Iraqi security forces, an effort that would be supported in part by converting existing combat forces into trainers.

Gen. John P. Abizaid, the top American commander in the Middle East, has said that the advantages of a surge in troop levels would be temporary, and that it might dissuade Iraqis from doing more to provide for their own security.

Some of the chiefs of the services that would supply forces for the surge have spoken about it in hedged terms. "We would not surge without a purpose," Peter J. Schoomaker, the Army chief of staff, told reporters on Thursday. "And that purpose should be measurable."

But Lt. Gen. Raymond T. Odierno, who is assuming day-to-day command of American troops in Iraq from Lt. Gen. Peter W. Chiarelli, is said to be sympathetic to the idea.

The surge proposal has also gained greater support among recently retired officers who served in Iraq, particularly if carried out as part of a broader political and economic strategy.

Two retired Army veterans who served in the unit that took control of the northern Iraqi city of Tal Afar in 2005 — Col. Joel Armstrong and Maj. Daniel Dwyer — helped draft a new study issued Thursday by the American Enterprise Institute that called for sending an additional four or five combat brigades, or some 14,000 to 17,500 troops, to Baghdad.

The study determined that the military could sustain a surge of that level, but that it would require sending several Army brigades back to Iraq a couple of months early and extending the customary yearlong Army tour to 15 months.

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In its report last week, the bipartisan Iraq Study Group rejected the idea of a “substantial” force increase on the order of 100,000 to 200,000 troops, saying that those levels were not “available for a sustained deployment” and would feed fears in Iraq that the United States was planning a long-term occupation.

“We could, however, support a short-term redeployment or surge of American combat forces to stabilize Baghdad,” the report added, “or to speed up the training and equipping mission, if the U.S. commander in Iraq determines that such steps would be effective.”

White House Studies Options For Increasing Troops In Iraq: Report (AFP)

AFP, December 16, 2006

Military planners and White House budget analysts have been asked to provide President George W. Bush with options for increasing American forces in Iraq by 20,000 troops or more, The New York Times has reported.

Citing unnamed senior administration officials, the newspaper said the request indicates that the option of a major "surge" in troop strength is gaining ground as part of a White House strategy review.

Discussion of increasing the number of American troops has gone on in Washington for two months as a possible way to reverse the deteriorating security situation in Baghdad, the report said.

But the decision to ask the Joint Chiefs of Staff to specify where the additional forces could be found signifies a turn in the debate, according to The Times.

Officials said that the options being considered included the deployment of upwards of 50,000 additional troops, but that the political, training and recruiting obstacles to an increase larger than 20,000 to 30,000 troops would be prohibitive, the paper said.

At present, only about 17,000 American soldiers are actively involved in the effort to secure Baghdad, so even the low end of the proposals being considered by military and budget officials could more than double the size of that force, according to the report.

If adopted, such an increase would be a major departure from the current strategy advocated by General George Casey, which has stressed stepping up the training of Iraqi forces and handing off to them as soon as possible, The Times said.

The details of the plan under study by the White House are not known, but in most scenarios the troop increase would be accomplished in large part by accelerating some scheduled deployments while delaying the departure of units in Iraq, the paper said.

US "Troop Boost In Iraq Likely" (BBC)

BBC.com, December 15, 2006

US President George W Bush is likely to boost troop levels in Iraq next year, an administration official has said.

Up to 25,000 more troops could be deployed to try to help end the violence, the official said, speaking on condition of anonymity.

The comments come a day after prominent Republican John McCain called for up to 30,000 more troops to be sent to Iraq.

Mr Bush had been due to announce a new strategy on Iraq next week, but has delayed his speech until January.

He is holding a flurry of meetings with top US and Iraqi officials and experts on how to change his policy.

In Iraq, the country's biggest humanitarian organisation has accused US troops of attacking its offices and vehicles.

The Iraqi Red Crescent's vice-president said attacks by US-led forces were the biggest problem it faced.

The US military said it was checking the allegations.

'Serious situation'

The US administration source said the mission of the additional troops would be threefold, the BBC's Adam Brookes reports from Washington:

To help secure Baghdad amid daily car bombings and kidnappings

To make a renewed push to quell the insurgency in the Western province of Anbar

To tackle the militias behind much of the sectarian violence in the country, but especially the capital.

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The remarks appear to be setting the tone for Mr Bush's announcement of his new Iraq strategy, our correspondent says.

He says the idea of boosting troop levels for one final push at halting the spiralling violence has been much discussed in Washington recently.

The comments came a day after Senator McCain called for more troops to stabilise Iraq.

"The situation is very, very serious," he said in Baghdad.

"It requires an injection of additional troops to control the situation and to allow the political process to proceed," he said.

There are currently 140,000 US troops in Iraq.

Military scepticism

Since a high-level review group published its findings last week, President Bush has been consulting with his military commanders and Iraqi political leaders to shape a new strategy.

President Bush has bid farewell to his outgoing defence secretary

Military commanders, however, have been expressing scepticism that extra troops on their own will have much effect, our correspondent says.

They say that stability in Iraq can now only be had by political means.

The Iraq Study Group, composed of top Democrat and Republican legislators and experts, said combat troops could be withdrawn from Iraq by early 2008.

They said the current US strategy of "staying the course" was no longer viable.

On Wednesday, Mr Bush said he would not be rushed into making "a difficult decision".

"I've heard some ideas that would lead to defeat. And I reject those ideas, ideas such as leaving before the job is done; ideas such as not helping this government take the necessary and hard steps to be able to do its job."

Pentagon To Move Troops Into Kuwait (AP)

By Lolita C. Baldor, Associated Press Writer

AP, December 16, 2006

The U.S. military is planning to move a brigade of troops into Kuwait in what could be the first step of a short-term surge of American forces into Iraq to stabilize the violence.

The 2nd Brigade of the 82nd Airborne Division is expected in Kuwait shortly after the new year, a senior Defense Department official told The Associated Press on Friday. The official requested anonymity because the plans had not yet been announced.

The 2nd Brigade, made up of roughly 3,500 troops, is based at Fort Bragg, N.C., and would be deployed in Iraq early next year if needed, the official said. The move would be part of an effort to boost the number of U.S. troops in Iraq for a short time, the official said. The plan was first reported by CBS News.

In a half-hour video conference with President Bush on Friday, Iraqi Prime Minister Nouri al-Maliki outlined plans for the national reconciliation conference taking place in Baghdad on Saturday. Al-Maliki cited the desire of many people in Iraq for a larger core of Iraqi political leaders to come together for the common objective of stabilizing the country and promoting the rule of law, National Security Council spokesman Gordon Johndroe said in describing the conversation.

Al-Maliki also talked with Bush about providing greater security, in particular in Baghdad, by going after all sources of violence, including insurgents and militias, Johndroe said. Bush reiterated his support for al-Maliki and said he was encouraged by the meetings he had recently with Iraq's Sunni vice president, Tariq al-Hashemi, and with the leader of the largest Shiite bloc in Iraq's parliament, Abdul-Aziz al-Hakim.

In assessing the state of the war in Iraq, Bush has been meeting this week with top generals and other advisers. The military options being considered include an increased effort to train and equip Iraqi forces.

Meanwhile, the commander of U.S. forces in the strife-ridden Iraqi province of Diyala said Friday that tribal leaders and some political groups in the province are turning to terrorists and insurgents for protection rather than trust Iraqi soldiers and police.

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"This sort of unity only worsens the sectarian divide and encourages further violence," said Col. David Sutherland, commander of the 3rd Brigade, 1st Cavalry Division. He spoke to reporters at the Pentagon by a satellite video connection from his headquarters near the city of Baqouba, northeast of Baghdad.

"Public perceptions of corruption, inequity and fear are the driving force behind support to terrorist organizations," Sutherland added. "These are not new problems in Iraq but problems that developed out of a desire for personal and financial gain."

Sutherland said he is trying to turn that around by putting Iraqi police through more rigorous training, placing more U.S. advisers in the Iraqi army and police units and through Iraqi efforts to recruit a police and army force that better reflects the sectarian makeup of Diyala, which is about 55 percent Sunni, 30 percent Shiite and 15 percent Kurd.

Currently, the Iraqi security forces in Diyala are predominantly Shiite, he said.

Sutherland said he is working out arrangements to expand the use of U.S. adviser teams with Iraqi security forces, reflecting the view of senior U.S. commanders that such an expansion can speed the development of competent Iraqi forces.

The Army is considering ways it can speed up the creation of two additional combat brigades — a move intended to expand the pool of active-duty combat brigades in order to relieve some of the strain on the Army from large-scale deployments to Iraq.

Under the plan being developed, the new brigades could be formed next year and be ready to be sent to Iraq in 2008, defense officials told The Associated Press. The officials spoke on condition of anonymity because the plans were not final.

The Army's chief of staff, Gen. Peter J. Schoomaker, told a commission Thursday that he wants to increase the half-million-member force beyond the 30,000 troops authorized in recent years. And he warned that the Army "will break" without thousands more active duty troops and greater use of the reserves.

3 More GIs Killed In Iraq This Week (AP)

By Kim Gamel, Associated Press Writer

AP, December 16, 2006

Three more U.S. troops died in fighting this week, the military said Friday, raising to 54 the number of Americans killed in Iraq in December — nearly half of them in Anbar.

The month is shaping up to be one of the deadliest for Americans since the war started, especially for those trying to tame the Sunni-led insurgency in the volatile province west of Baghdad.

At least 25 of the U.S. troops killed this month — most Marines — died in the vast stretch of desert that extends from the capital to the borders with Syria, Jordan and Saudi Arabia. Three U.S. aircraft also went down in a span of two weeks, starting with the crash of a fighter jet on Nov. 27.

The large number of casualties reflects the strength of Sunni insurgents, including al-Qaida in Iraq, in the region, even as violence in Baghdad shifts to a fight between Sunni and Shiite extremists.

It also comes despite a decision by some U.S. commanders in the area to pull troops out of combat missions and partner them with Iraqi army units as advisers and mentors.

With President Bush weighing strategy changes in the war, the U.S. Army's chief of staff, Gen. Peter J. Schoomaker, said Thursday that Gen. George Casey, the top commander in Iraq, is considering shifting many troops from combat missions to training Iraqi units, among other options.

Two Marines died Thursday in fighting in Anbar province, the military said. In Ninevah province to the northwest, a soldier assigned to the 4th Brigade Combat Team, 1st Cavalry Division, was killed Tuesday, the military said.

At least 2,942 members of the U.S. military have died since the U.S.-led invasion in March 2003, according to an Associated Press count.

Prime Minister Nouri al-Maliki, meanwhile, issued his first public comment on a bipartisan U.S. report that said American policies in Iraq were failing and urged drastic changes.

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"The report should have read the events more accurately and turned them into a good base for a solution. Instead, it contained contradictions in vision and recommendations," al-Maliki said in an interview on the pan-Arab satellite station Al-Arabiya.

He said the 96-page report contained "good elements" regarding the political process and Iraq's unity, but it also included "insults and negative directions" in regard to the Iraq conflict. He did not elaborate.

The prime minister's comments were the latest in a flurry of criticism by Iraqi leaders, who have said the recommendations in the Iraq Study Group report did not acknowledge realities in post-Saddam Hussein Iraq and infringed on the country's sovereignty.

The nonbinding report recommended direct engagement with Iran and Syria, approval of a law that could reinstate thousands of former officials of Saddam's Baath Party to their jobs and a pullback of most American combat brigades by early 2008.

Al-Maliki also said he planned a Cabinet reshuffle but cautioned that he would carefully scrutinize candidates for ministerial posts and warned that he won't accept candidates nominated by his coalition partners if he found them to be unqualified.

"I am not obliged to accept anyone and I will choose ministers myself if I have to," he said.

The warning came as the Shiite prime minister's "national unity" government is facing growing dissent by coalition partners, including Shiite allies like Muqtada al-Sadr, rival politicians seeking to sideline the anti-American cleric and Sunni Arab politicians.

Iraqi Interior Minister Jawad al-Boulani, meanwhile, arrived in Syria on Friday for talks on setting up joint security patrols along the two countries' border, a crossing point for militants seeking to join the insurgency in Iraq.

The two countries recently resumed diplomatic relations after a 24-year rupture.

Both the U.S. and Iraq have accused Syria of failing to take sufficient steps to stop militants from crossing the border to join insurgents fighting U.S.-led forces and Iraqi troops. Syria has repeatedly denied the charge, saying it cannot completely seal its border with Iraq.

In Iraq's western Anbar province, which borders Syria, Jordan and Saudi Arabia, two suicide car bombs exploded Friday at U.S. checkpoints in the provincial capital of Ramadi and American soldiers opened fire to foil one of the attacks, an Iraqi police lieutenant said, speaking on condition of anonymity because he was concerned for his safety. He said four Iraqi civilians were killed.

The U.S. military said it had no reports of suicide car bombings in Ramadi.

At least 34 people were killed or found dead Friday, including 22 bullet-riddled bodies discovered in several parts of the capital, apparent victims of sectarian death squads that have killed hundreds in recent months.

Gunmen also killed a Shiite tribal sheik linked to British forces in a drive-by shooting Friday in the southern city of Basra.

The slain cleric, Muhsin al-Kanan, was a member of the provisional council in Iraq's second-largest city, 340 miles southeast of Baghdad, and had good relations with British forces in the area, police said.

Britain has about 7,200 troops in southern Iraq, mostly in and around Basra, and Shiite factions and militias have been fighting for control of the area as they begin to withdraw from some of the provinces in the region. Attacks by insurgents from Iraq's Sunni Arab minority also have occurred in the area.

A senior official from the Iraqi Red Crescent, meanwhile, claimed that harassment from U.S. forces is a greater threat to his group's work than insurgent attacks.

"The main problem we are facing is the American forces more than the other forces," Dr. Jamal al-Karbouli, vice president of the Iraqi Red Crescent, said in Geneva.

Lt. Col. Christopher Garver, a U.S. military spokesman in Baghdad, said the U.S.-led coalition forces "strive to ensure they are respectful when they conduct interaction with the local population."

The Curtain Is Drawn On The Rumsfeld Era (WP)

By Ann Scott Tyson

The Washington Post, December 16, 2006

DOJ_NMG_0107364

After a parade of military regalia and a 19-gun salute that echoed across the Potomac, Donald H. Rumsfeld stepped down yesterday as secretary of defense, delivering a warning to those who contemplate "graceful exits from the agonies and . . . ugliness of combat."

Surrounded on the Pentagon mall by the architects of the Iraq war -- from President Bush and Vice President Cheney to former deputy defense secretary Paul D. Wolfowitz and former undersecretary of defense Douglas J. Feith -- Rumsfeld ended his six years in office with a forceful, even defiant, tone. "Our country has taken on a bracing and difficult task. But let there be no doubt: It is neither hopeless nor without purpose," he said.

Still, his voice grew deep and cracked as he concluded that, upon leaving, "I will remember the fallen." And asked by a reporter what his greatest regret was, Rumsfeld replied it was that the Iraq and Afghanistan wars have not ended more swiftly. "It's taken longer than people had anticipated, it's more difficult," he said in an interview yesterday on Fox News.

But even as Rumsfeld issued the last of his infamous and prolific memos known as "snowflakes," inside the Pentagon officials were preparing for what some called a new era of opportunity -- even glasnost -- created by his departure.

"There's Old Europe, and then there's New Europe," one senior Pentagon official quipped -- paraphrasing one of Rumsfeld's more notorious remarks to describe the hope for change under the incoming defense secretary, former CIA director Robert M. Gates, who is to be sworn in on Monday.

Above all, Rumsfeld's resignation -- which came a day after Republicans lost control of Congress on Nov. 7 in elections widely viewed as a referendum on the Iraq war -- opens the door for a more candid assessment of the Pentagon's mistakes in Iraq and for alternative military strategies, said the officials, who were not authorized to speak on the record.

Rumsfeld had "pretty rocky relations with the Congress," said one senior military official, so with Gates's arrival "there is an opportunity for relations with Congress to change."

Army officials hope that Gates will be more receptive to their initiatives to increase the Army's manpower, budget and access to the Army National Guard and Army Reserve. "Rumsfeld came into office with the idea that the Army needed to be smaller. Do you think that idea has changed?" asked another senior military official.

Army officials are still bitter over Rumsfeld's public repudiation of Gen. Eric K. Shinseki, then the Army chief of staff, who predicted in early 2003 that it would require several hundred thousand U.S. troops to effectively stabilize Iraq. Rumsfeld later declined to attend Shinseki's retirement ceremony in June 2003, when Shinseki issued a warning clearly directed at the Pentagon leader: "Beware the 12-division strategy for a 10-division Army," he said.

Yesterday, at least one official cited the perceived snub to Shinseki as the reason for not attending Rumsfeld's farewell.

Still, other officers cautioned that because Gates will be surrounded by the same advisers and administration officials that Rumsfeld was, the change may well be less dramatic than anticipated.

Indeed, at yesterday's ceremony, Bush, Cheney and Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, were effusive in their praise of Rumsfeld and his service.

Pace lauded Rumsfeld's courage, compassion and particularly his willingness to accept the blame for misdeeds by subordinates. "Secretary Rumsfeld accepted the responsibility and not once, in public or in private, did I ever hear this man try to shift responsibility to anyone else but himself," Pace said.

Cheney hailed Rumsfeld as his best boss, best friend, an "ideal" public servant and "the finest secretary of defense this nation has ever had."

For his part, Bush portrayed Rumsfeld as a comrade in arms. "Don Rumsfeld has been at my side from the moment I took office. We've been through war together," Bush said.

"We walked amid the rubble of the broken Pentagon the day after September the 11th, 2001. He was with me when we planned the liberation of Afghanistan. We were in the Oval Office together the day I gave the order to remove Saddam Hussein from power," he said.

"In these and countless other moments, I have seen Don Rumsfeld's character and his integrity. He has always ensured I had the best possible advice. . . . He spoke straight. It was easy to understand him."

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Rumsfeld, taking the podium as the sun broke through a heavy December sky, chose to focus his remarks not on his six-year tenure but on the future. "Weakness is provocative," he warned, drawing similarities between the threat of extremist groups today and the Cold War threats the nation faced when he ended his previous stint in the top Pentagon job in 1977.

"America's enemies should not confuse the American people's distaste of war -- which is real and which is understandable -- with a reluctance to defend our way of life," said Rumsfeld, who drew prolonged applause at the end of his speech.

Known both for his impatient, demanding managerial style and for his quick wit, Rumsfeld yesterday dispatched the last of thousands of "snowflakes" or memos -- his favored method for issuing questions and instructions.

"The blizzard is over!" he said in the memo addressed to Pentagon personnel. "Thank you for all you do for our wonderful country. Well done!"

He granted "a general amnesty for any outstanding snowflakes."

In Farewell, Rumsfeld Warns Weakness Is "Provocative" (NYT)

By Jim Rutenberg

The New York Times, December 16, 2006

WASHINGTON, Dec. 15 — Defense Secretary Donald H. Rumsfeld bade farewell to the Pentagon on Friday with a combative valedictory speech in which he warned against hoping for "graceful exits" from Iraq and said it would be wrong to regard the lack of new attacks on American soil as a sign that the nation is safe from terrorism.

"Today, it should be clear that not only is weakness provocative," Mr. Rumsfeld said, standing at a lectern with President Bush and Vice President Dick Cheney at his side, "but the perception of weakness on our part can be provocative as well."

It was a clear parting shot at those considering a withdrawal from war that would define his legacy and perhaps that of the president.

"A conclusion by our enemies that the United States lacks the will or the resolve to carry out missions that demand sacrifice and demand patience is every bit as dangerous as an imbalance of conventional military power," Mr. Rumsfeld said in a buoyant but sometimes emotional speech.

Mr. Rumsfeld resigned in November after an election in which Democrats won control of Congress by promising to force change in Iraq. His successor, Robert M. Gates, takes over on Monday.

Mr. Rumsfeld spoke after receiving full honors on the Pentagon grounds on his last day of work there. The ceremonies began with a 19-gun salute before he walked the grounds to inspect the representatives from all the service branches gathered in formation and in full dress.

Present in the crowd were some of the former administration hawks with whom he planned the invasions of Afghanistan and Iraq: Paul D. Wolfowitz, his former deputy, and Douglas J. Feith, his under secretary for defense policy. Secretary of State Condoleezza Rice, his frequent rival in Mr. Bush's cabinet, did not attend.

The ceremony brought to a close perhaps the most controversial tenure for a secretary of defense since that of Robert McNamara, whose record tenure in the job bested Mr. Rumsfeld's by a mere 10 days. Like Mr. McNamara, Mr. Rumsfeld leaves a war he helped conceive in the hands of others.

And like Mr. McNamara, his record is likely to be dissected and debated for years after his resignation.

Yet for all of its pomp, there was little talk at the ceremony about Mr. Rumsfeld's famously combative style or the controversies he tended to provoke.

In opening remarks, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, did refer indirectly to the Abu Ghraib torture scandal, which Mr. Rumsfeld has called the low mark of his tenure. But General Pace did so in complimenting Mr. Rumsfeld for ultimately taking the blame for prisoner abuses for which the general placed blame on others down the chain of command.

Mr. Cheney's declaration that "Don Rumsfeld is the finest secretary of defense the nation has ever had," was more in keeping with the tone of the event.

With Mr. Rumsfeld's resignation — forced by Mr. Bush as he seeks a new approach in Iraq — Mr. Cheney is losing one of his closest allies in the administration.

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Mr. Rumsfeld hired Mr. Cheney to work in the Ford administration. Both men served as White House chief of staff, in the House of Representatives and as secretary of defense. (Mr. Rumsfeld has been secretary of defense twice, the first time for President Ford.)

And their shared post-Sept. 11 conviction that the United States must use strength as a deterrent and pre-emptively strike at those who plan to attack the nation has remained unbowed in the face of setbacks in Iraq.

"In this hour of transition every member of our military, and every person at the Pentagon, can be certain that America will stay on the offensive," Mr. Cheney said. "We will stay in the fight until this threat is defeated and our children and grandchildren can live in a safer world."

Mr. Rumsfeld leaves the Pentagon having overseen two wars, an attack on the Pentagon itself and what he called a "transformation" in the use of force. That involved a switch to smaller fighting units that he said would be nimbler and more effective than larger ones favored in the past — an approach that saw early success in Afghanistan but has faced a more severe test in Iraq.

Mr. Bush was known to have appreciated Mr. Rumsfeld's efforts, even as calls for the defense secretary's resignation grew louder, and he indicated as much on Friday. "There has been more profound change at the Department of Defense over the past six years than at any time since the department's creation in the late 1940s," Mr. Bush said. "These changes were not easy, but because of Don Rumsfeld's determination and leadership, America has the best equipped, the best trained, and most experienced armed forces in the history of the world."

Mr. Rumsfeld had the last words of the day, using them to warn against backing down in Iraq. "This is a time of great consequence," he said. "It may well be comforting to some to consider graceful exits from the agonies and, indeed, the ugliness of combat. But the enemy thinks differently."

Chief Judge On Saddam Panel Steps Down (AP)

AP, December 16, 2006

The chief investigator on the 10-judge panel that sentenced Saddam Hussein to death said Saturday that he has relinquished that role, allowing another judge to take over the post for the Iraqi High Tribunal.

Raid Juhi said he will remain as a judge and spokesman on the tribunal, which handles the proceedings against the ousted dictator and other former regime members.

Juhi has been a high-profile figure in the trials against Saddam, who was sentenced to death for the killing of 148 Shiites in Dujail, north of Baghdad, after a 1982 assassination attempt there against the ousted leader. Two other senior members of Saddam's regime were also sentenced to death in the Nov. 5 ruling by the tribunal.

Juhi said he was replaced during annual elections held by tribunal members because he did not run for re-election to his post as main investigator.

"Somebody else was chosen," he said. Juhi declined to identify his replacement because of security concerns.

On Friday, Prime Minister Nouri al-Maliki said he hoped it would only be a matter of days before an appeals court rules on Saddam's death sentence. Defense lawyers filed an appeal Dec. 3. Iraqi law states that if a death sentence is upheld, it must be carried out within 30 days.

Saddam is being tried separately on charges of genocide linked to a military campaign in the 1980s against Iraq's minority Kurds in which tens of thousands of people are thought to have been killed.

Civilian Deaths Hit Afghan Support For Nato (FT)

By Rachel Morarjee

Financial Times, December 16, 2006

Rising anger at the growing number of civilians being caught in the crossfire between Nato troops and Taliban insurgents is creating concern that support for Nato in southern Afghanistan is being severely undermined.

It came as British-led Nato armoured columns swept into the southern province of Kandahar on Friday, launching one of the biggest operations for months.

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The issue of civilian casualties topped the agenda at a meeting of Nato and US generals, ambassadors and Afghan ministers that was convened in Kandahar this week by Hamid Karzai, Afghanistan's president, to look at ways of stemming the bloodshed.

Tuesday's meeting came three days after Mr Karzai wept openly on national television about his helplessness to protect the Afghan people from US, Nato or Taliban violence.

"We can't prevent the terrorists from coming from Pakistan, and we can't prevent the coalition from bombing the terrorists, and our children are dying because of that," Mr Karzai said in a speech marking International Human Rights Day.

Almost 4,000 people have died since the beginning of the year in a resurgent Taliban insurgency, most of them in the four southern provinces of the country.

The US-based Human Rights Watch organisation estimates that more than 1,000 of the dead were civilians.

"Nato's strategy has eroded support for its mission as well as for Karzai – nothing could be more telling than Karzai weeping and complaining about Nato killing Afghan civilians," said Sam Zia Zarifi, Asia research director at Human Rights Watch.

The US air force has dropped more bombs on Afghanistan in the past six months than in the first three years of its campaign against the Taliban, according to figures released by the Pentagon.

Some 987 bombs were dropped between June and November and 146,000 cannon rounds were fired by US aircraft in support of Nato allies in the south.

Stoking public anger further has been a recent surge of suicide bombings in southern Afghanistan, which has led Nato troops to react more quickly to defend themselves.

"We are extremely worried – it hurts us, it hurts Afghan civilians. We are worried by it, Nato is also worried by it, and we are working together to reduce such casualties," Mr Karzai told reporters.

Nato spokesman Mark Laity said the organisation was looking at ways to curb civilian casualties as a matter of urgency. "We know that it is damaging to our image, and more important we do not want to harm innocent people," he said.

Tribal elders said two recent incidents in Kandahar where civilians were shot by Nato troops have left local people jittery and angry.

Afghanistan: 2 More Suicide Attacks (NYT)

By Abdul Waheed Wafa

The New York Times, December 16, 2006

A suicide attacker's car exploded close to a joint NATO-Afghan convoy in eastern Paktia Province, killing an Afghan soldier and a civilian and wounding a NATO soldier. In neighboring Paktika Province an hour later, a man dressed in a burqa blew himself up and wounded two Afghan soldiers and a civilian. Muhammad Akram Khapalwak, the governor, said the man was a Pakistani.

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26 Bosnian Serbs Arrested In U.S. (WP)

By R. Jeffrey Smith

The Washington Post, December 16, 2006

A Justice Department dragnet based on war crimes probes in Europe led to 26 arrests in the past week of Bosnian Serbs who had obtained refugee status in the United States by allegedly concealing their service in the Bosnian Serb military during the bitter Yugoslav conflict of the mid-1990s.

The arrests occurred in at least eight cities, including Denver and Orlando. They reflect an intensified effort by Immigration and Customs Enforcement (ICE) to root out unacknowledged members of the Bosnian Serb military using data supplied by the International Criminal Tribunal for the former Yugoslavia, located in The Hague.

A former U.S. Army intelligence analyst who worked at The Hague from 1997 to 2001, Richard J. Butler, helped instigate the U.S. effort when he prodded the agency to compare immigration records with lists of Bosnian soldiers in units linked to the

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1995 massacre of 8,000 Muslims in the town of Srebrenica. The killings are considered the worst European war crime of the past 50 years.

Butler was a key witness at the trials of Bosnian Serb officers involved in the massacre before the Hague tribunal, where he spent three years reconstructing events at Srebrenica from seized military documents, combat reports, photos, videotapes, witness testimony and transcripts of intercepted radio communications. He now works at the immigration office in Atlanta.

In 2004, U.S. officials said, immigration agents in Massachusetts were investigating Marko Boskic, a Bosnian Croat who served in a Serb military unit at Srebrenica, when Butler offered them a list of soldiers attached to other units deployed in or near the Bosnian town.

That list has since become fodder for a nationwide investigation overseen by the immigration office's Human Rights Violators and Public Safety Unit in Washington. Boskic has been convicted of immigration fraud.

Those targeted are a small fraction of the more than 200,000 refugees who came to the United States from the former Yugoslavia during the 1990s, mostly because of the Bosnian conflict. Previous immigration roundups related to Srebrenica, in September 2005 and in June, netted 20 Bosnian Serbs in Phoenix and four Bosnian Serbs in Salt Lake City. Like those arrested in the past week, they were charged with visa fraud, perjury or making false statements.

Some of those recently arrested have been criminally charged and face prison terms, while others have been put into administrative proceedings that could lead to deportation. Most have families or jobs here. After deportation to Bosnia, which is now independent and governed by an ethnic coalition, they could face further investigation, detention and prosecution by the country's indigenous war crimes chamber.

Only a few of those arrested here are accused by the Justice Department of directly taking part in the Srebrenica killings, but all allegedly were in units that did.

A government affidavit filed before the recent arrest of Nedjo Ikonic in Greenfield, Wis., for example, alleges that he commanded a police company that oversaw the evacuation of Bosnian Muslims from Srebrenica as part of the planned massacre. It cites a report written by Butler, witness statements and a police roster recovered by Hague investigators from a headquarters building in Bosnia.

No one answered the telephone at Ikonic's residence yesterday.

Julie L. Myers, assistant secretary of homeland security for ICE, said in a statement that her office "will not allow the United States to be a safe haven for those who failed to disclose their service in military forces that were known to commit atrocities."

An ICE official, speaking on the condition of anonymity, said additional investigations are underway of Bosnian Serb, Croat and Muslim immigrants linked to atrocities but declined to provide details.

CORPORATE SCANDALS:

Small Firms Get Sarbanes-Oxley Extension (WP/AP)

The Washington Post, December 16, 2006

The Securities and Exchange Commission yesterday gave the smallest public companies five more months to comply with financial-control rules under the 2002 Sarbanes-Oxley Act.

It was the fourth such delay granted by the SEC to companies with market value of less than $75 million. The decision came two days after the five-member SEC tentatively adopted a plan to give corporate managers at all public companies more flexibility in assessing the strength of internal financial controls. That change would especially benefit smaller companies.

Sarbanes-Oxley requires companies to assess the strength of their internal safeguards to ensure that their financial statements are accurate. Companies have complained that the rules are burdensome and costly, especially for smaller businesses.

Under the latest extension, the smallest companies will have to report on their controls in annual reports for fiscal years ending on or after Dec. 15, 2007. The previous deadline was for fiscal years ending on or after July 15.

The SEC also gave all companies that have recently become public a transition period before they must comply with the financial-control rules.

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Regulators Ease Post-Scandal Rules (AP)

By Marcy Gordon, Ap Business Writer

AP, December 16, 2006

The Week's Business: Justice Dept., SEC Actions Backpedal a Bit on Post-Scandal Rules

WASHINGTON (AP) -- They were two early Christmas gifts for corporate America -- with potentially far-reaching effects for investors and the financial landscape.

At the Justice Department and the Securities and Exchange Commission, separate actions this week both had the effect of easing landmark rules laid down in response to the 2002 crisis of corporate malfeasance.

Culminating an intense monthslong lobbying campaign by an array of companies, the five SEC commissioners voted at a public meeting Wednesday to propose a plan giving corporate managers more flexibility in assessing the strength of internal financial controls. It would especially benefit smaller companies.

The sweeping antifraud law known as Sarbanes-Oxley was enacted in 2002 amid the wave of scandals that engulfed Enron Corp., WorldCom Inc. and other big corporations. The law contains a key section requiring public companies to assess the strength of their internal safeguards to ensure that their financial statements are accurate. Companies have complained to the SEC that those rules are overly burdensome and costly, especially for smaller businesses.

The Justice Department, meanwhile, restricted its prosecutors' ability to crack down on companies that withhold confidential information during criminal fraud investigations, in new guidelines issued Tuesday that clipped back the aggressive legal tactics authorized after the scandals. They bar the government from seeking harsher penalties for companies that won't cooperate with prosecutors -- either by denying the prosecutors corporate attorney-client communications or by helping their employees under investigation by covering their legal fees.

"The real issue is how do you get the balance right?" said Joel Seligman, the president of the University of Rochester and an expert on securities law. The new policy may be closer to striking a balance between the need to prosecute corporate crime and the "unequivocal" right of defendants to litigate, he suggested.

The policy "is going to set the tone," Seligman said.

Deputy Attorney General Paul McNulty, who wrote the new guidelines, said they won't hinder prosecutors from vigorously pursuing companies accused of fraud and other white-collar crimes. But critics, including a group representing whistle-blowers, called the changes a setback for shareholders and employees who risk losing billions if scandal-tainted corporations aren't fully prosecuted. They accused the Justice Department of caving in to pressure from business interests.

The actions by both the Justice Department, which carries out the Bush administration's policies, and the independent regulator SEC may eliminate the need for Congress to act in similar veins. Some business-friendly Democrats who are assuming power positions in January have expressed support for Sarbanes-Oxley relief for companies -- and their preference for the SEC to wield its regulatory scalpel as opposed to Congress' heavier hand of legislation.

The SEC move was a "reasonable approach" in light of the disproportionate burden of the financial-control rules on small companies, said James Cox, a professor at Duke University who also is a securities-law specialist.

Still, he said, with more leeway under the SEC plan -- allowing, for example, less stringent testing of internal controls for some companies, "Those (financial) numbers are going to be less trustworthy than they would be otherwise. ... Investor protection's going to suffer."

SEC officials insisted that would not happen. Agency Chairman Christopher Cox called the new plan "making Sarbanes-Oxley work for investors at the right price."

McNulty said the new prosecutorial policy should help companies curb fraud internally by encouraging open talk between corporate attorneys and their clients. "It, in no way, slows down the ability to prosecute these cases successfully," he told The Associated Press.

The actions of both agencies follow a report issued last month by an influential private-sector group, the Committee on Capital Markets Regulation, that has been part of the business push for a softening of the laws and rules that flowed from the 2002 scandals. That campaign has gained traction with Treasury Secretary Henry Paulson questioning recently whether regulations are hurting the competitiveness of U.S. financial markets by driving some companies away from them.

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Among the committee's recommendations: easing of the financial-control rules under Sarbanes-Oxley and tightening the legal standard the government must meet to charge companies with crimes. The group also urged reducing the liability of auditors in shareholder lawsuits over accounting fraud and a shift to a financial regulatory system based on principles rather than rules.

Another group, formed by the U.S. Chamber of Commerce, will release its own report early next year. The Chamber has been waging a legal assault against what it views as excessive regulation since 2002, suing the SEC over rules and scoring several victories in high courts.

"Business is putting a big push on in the final years of the Bush administration," said Duke University's Cox.

Justice Department: http://www.usdoj.gov

Securities and Exchange Commission: http://www.sec.gov

A Verdict On Sarbanes-Oxley: Unconstitutional (WSJ)

By Kenneth W. Starr

The Wall Street Journal, December 16, 2006

The Sarbanes-Oxley Act powerfully illustrates the law of unintended consequences. Due to hasty drafting by Congress in the wake of the Enron and WorldCom scandals, Sarbox has cost the U.S. economy over $1 trillion, according to one study published by the AEI-Brookings Center. To add insult to grievous injury, it is unconstitutional.

That last point will be argued next Thursday before Judge James Robertson of the district court for the District of Columbia. The plaintiffs in Free Enterprise Fund v. Public Company Accounting Oversight Board -- a free-market advocacy organization based in Washington, D.C., and a Nevada accounting firm, Beckstead and Watts, that audits smaller public companies -- challenge the method by which the members of the all-powerful Public Company Accounting Oversight Board (PCAOB) are appointed; the Board's ability to perform executive branch functions such as regulation of public company activities in the securities markets; and the delegation of legislative powers to an independent organization.

First, plaintiffs claim that Sarbox violates the constitutional requirement that power to enforce federal law be vested in the president or in executive branch officials answerable to the president.

Because the Board exercises important governmental powers, its members are "officers of the United States," who must be appointed in the manner set forth in the "appointments clause" of the Constitution (Article Two, Section Two) -- that is, by the president and with the advice and consent of the Senate. Congress instead drafted the statute to insulate the Board's wide-ranging exercise of executive and administrative powers from presidential oversight or control. By granting to the SEC, rather than the president, power to appoint Board members -- Sarbox violates the appointments clause.

Second, Congress gave the Board disturbingly broad powers with only minimal oversight. The PCAOB has wide-ranging executive and administrative powers. These include setting standards regulating accounting firms and exercising disciplinary power over them. The Board is also immune from any effective control by the president or any head of an executive-branch department -- the chairman of the SEC cannot remove PCAOB members at will.

Third, Sarbox confers impermissible legislative authority on the Board. The PCAOB can finance its own operations; it can levy fees on all public companies and even set its own salaries. But Congress cannot delegate its own legislative power: this is a basic violation of our bedrock system of separation of powers.

Responding to these arguments, the government says that because the Board is under the "broad and pervasive oversight" of the SEC, this cures any constitutional defects. Not so.

The claim of oversight flies in the face of flinty reality. The SEC's control is theoretical, not actual; it does not set PCAOB member salaries and cannot remove members at will. When acting within the broad range of its current discretionary powers, the PCAOB makes executive-branch policy judgments (how strictly to enforce a particular auditing standard, how onerous inspections ought to be, etc.) that are essentially unreviewable by the president and his subordinates. Courts are in no position to second-guess these policy judgments, either. They merely review to see whether a Board decision, or more precisely, an SEC decision to affirm a Board decision, is within the Board's statutory discretion. This very deferential standard of review is

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completely insufficient to ensure, as the Constitution's separation of powers requires, that the PCAOB is subject to the proper political checks and balances.

On the appointments clause, the government argues that Board members are "inferior officers" of the government operating under SEC oversight. (Everyone agrees that if Board members are principal officers their appointments violate the appointments clause.) There are peculiarities in the government's case. The salary structure of the PCAOB is unprecedented within the executive branch -- Board members are "inferior officers" of the executive branch who just happen to make more than the head of the executive branch?

It would also be very strange for "inferior officers" to have the authority to impose taxes. Higher ranking officials such as the assistant secretaries of the Treasury or the Interior have no such power; can one imagine a Treasury official inventing a new tax or imposing a new fee without explicit authority to do so? That is simply not our system. It is therefore much more logical to understand the Board's creation as an unconstitutional delegation of legislative powers.

In short, the government's theory seems to be: "Why worry? There are no real problems here. If there are, the SEC can take care of them." But our constitutional system is not structured that way. Unelected commissions should not have the power to regulate, tax, and even punish companies and individuals. It is now up to the federal courts to regulate these boundaries. The government has argued for a dismissal on jurisdictional grounds, but Judge Robertson agreed with the plaintiffs that the constitutional issues should be resolved first.

Despite legitimate public outrage over corporate scandals, good intentions provide no immunity from an unconstitutional scheme. In the war on terror, Congress recently responded to the Supreme Court's decision in the Guantanamo case (Hamdan v. Rumsfeld) and resolved the question of military tribunals for suspected terrorists by acting within the proper constitutional framework. All this lawsuit asks is that Congress do the same thing for the PCAOB.

Even the statute's co-author, Rep. Mike Oxley, has conceded that Sarbanes-Oxley was hastily written and enacted. In its rush to "do something" about corporate scandals, Congress overstepped the bounds of its authority. It is time to call Congress back, both to help our economy and reaffirm that our constitutional system imposes clear limits on the government's urgent desire to "do something." Congress must be reminded that the "solution" is at times worse than the problem.

Mr. Starr, dean of Pepperdine University's School of Law and a retired federal appeals court judge, is counsel to the plaintiffs in Free Enterprise Fund v. Public Company Accounting Oversight Board.

Closer Look At Corporate Pay (AP)

By Marcy Gordon

AP, December 16, 2006

WASHINGTON — Investors are getting access to clearer and more detailed information from public companies on their top executives' pay packages and perks under federal rules that took effect on Friday.

Companies' 2006 annual reports issued early next year will reflect the changes, which were ordered by the Securities and Exchange Commission in July in a major overhaul of disclosure rules for executive compensation.

The new requirements include disclosure of the dating of stock option grants to executives. Companies must provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options. Suspect timing of option grants has turned into corporate America's scandal of the year, with more than 100 companies under investigation by the SEC or the Justice Department, more than $5 billion in profit erased by restatements and 18 CEOs swept out of office.

An academic study completed this fall found that corporate executives gained an average of $600,000 a year each from backdating of stock options between 2000 and 2004. By contrast, shareholders were hurt by an average loss in market value of 8 percent, or $500 million, for each affected company from the negative publicity of being under government investiga-

tion, the researchers at the University of Michigan found.

When stock options are backdated, they are issued retroactively to coincide with low points in a company's share price — fattening profit for options recipients when they sell their shares at higher market prices.

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Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can run afoul of federal accounting and tax laws.

For the first time, under the new disclosure rules, companies are required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives. Most of the disclosures, in annual reports and other regulatory filings, must be written in plain English.

The rules were designed to enhance corporate accountability and address an issue that has angered company shareholders and the public: lavish compensation for executives, unrelated to their performance, even as companies stumble and lay off employees.

In the SEC's 72-year history, no other issue has stirred as much interest, with more than 20,000 letters filed during the public comment period that followed the proposal being floated last January, according to agency officials.

The SEC removed from its original proposal, though, a requirement for companies to disclose the pay details of as many as three non-executive employees whose individual compensation exceeds that of any of their top five executives.

Judge's Rebuke Prompts New Rules For Prosecutors (NYT)

By Lynnley Browning

The New York Times, December 16, 2006

It was a ruling that sent shudders through the Justice Department.

Judge Lewis A. Kaplan of the Federal District Court in Manhattan in June issued a scathing criticism of the prosecution's tactics in a criminal case against former tax professionals of the accounting firm KPMG. The government, the judge said, "let its zeal get in the way of its judgment."

For one, the judge cited the prosecutors' pledge earlier in the case that they would examine "under a microscope" whether KPMG was paying the legal fees of the defendants. KPMG ultimately refused to pay the defendants' legal expenses, he wrote "because the government held the proverbial gun to its head."

While the judge's comments were stinging, it was the comments by the federal prosecutors that prompted some serious soul-searching within the Justice Department in Washington. "It's just not necessary" to use that kind of language, a top Justice official told a defense lawyer at the time.

Months later, those private discussions have now produced new guidelines, known as the McNulty memorandum. Under them, a company's decision to pay legal fees will not be held against it, except in extreme circumstances, when prosecutors are weighing whether to indict the company. The new guidelines also raise new hurdles for prosecutors seeking access to confidential legal communications.

A decisive moment that led to the new guidelines came a few days after Thanksgiving, in a conference room in the Justice Department's main building. In a meeting lasting several hours before a fireplace, the deputy attorney general, Paul J. McNulty, discussed the proposed changes with one of his predecessors, George J. Terwilliger III, who was deputy attorney general under the first President Bush.

Mr. Terwilliger, a friend of Mr. McNulty's, had recently had first-hand experience with the guideline criticized in the KPMG case that gave companies under investigation a black mark if they advance legal fees to their employees caught up in the investigation.

The draft passage that Mr. McNulty showed Mr. Terwilliger proposed a slight shift: that prosecutors would have to use several tests to determine whether companies that paid the legal fees were hindering investigators.

In an interview this week, Mr. Terwilliger said he had told Mr. McNulty: "Rather than try to establish a list of all-inclusive criteria about the circumstances where it would be appropriate or not to pay counsel fees, why not have a bottom-line standard saying it's appropriate to do so except in extremely limited circumstances?"

Mr. Terwilliger cited the recent case of Schnitzer Steel Industries, an Oregon scrap steel company that averted a possible indictment over bribes paid to Asian steel concerns and instead reached a deferred-prosecution agreement with the Justice Department in October.

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Mr. Terwilliger, who represented Schnitzer Steel, noted that prosecutors did not object to the company's payment of legal fees to employees caught up in the inquiry. He cited an internal Justice document that called the payments "a positive" for the criminal inquiry because employees would speak to Justice investigators only if they had proper legal counsel, paid by the company.

Mr. Terwilliger was one of several former senior Justice officials from past Republican administrations whom Mr. McNulty consulted. Two former attorneys general, Edwin Meese III and Richard L. Thornburgh, both urged a thorough revision of the old guidelines. But Mr. McNulty, himself a former prosecutor in Pennsylvania, said in an interview this week that he considered the advice of Mr. Terwilliger "especially significant."

Mary Beth Buchanan, a Pennsylvania federal prosecutor, said Mr. McNulty "had been listening to the concerns of the corporate counsel bar and defense bar for some time."

Those lawyers had also been telling Mr. McNulty that the old guidelines had made companies less likely to root out fraud internally because executives were afraid to talk to in-house lawyers, for fear of having their communications obtained coercively by prosecutors.

The process of redrafting the guidelines picked up speed after a Senate Judiciary Committee hearing on the proposal. After that hearing, Mr. McNulty "realized that there was a perception problem out there" that the old guidelines were abusive, a senior Justice Department official said.

The first draft revision of what would become the McNulty memorandum appeared shortly after that, according to the senior Justice official.

But that was just the beginning; there would be no fewer than 10 drafts before the final memo.

The second sticking point, after the legal fees issues, concerned how to address the problem of prosecutors asking for confidential legal communications, or information protected by attorney-client privilege. One solution suggested creating multiple categories of legal information for which prosecutors could ask companies to waive privilege.

But the decisive view came from the attorney general's advisory committee, an internal Justice department body composed of senior prosecutors around the country. It proposed an unusual solution: set up a two-tiered system separating more-sensitive legal information from less-sensitive legal information, and make it harder for prosecutors to go after the former.

Karin J. Immergut, the Oregon federal prosecutor who heads the committee's white collar crime sub-committee that was reviewing the drafts, said, "The approach set forth is one that the vast majority of prosecutors were already using around the country, but there is additional guidance and additional accountability, to address the concerns."

More wrangling was still to come. Officials in the Justice Department's criminal division and senior federal prosecutors, who "don't want anyone in Washington messing with their toolbox," according to the senior Justice official, argued over whether waiver requests would have to be authorized by the local United States attorney supervising the investigation, by a midlevel official in the main Justice Department, or by Mr. McNulty himself.

Last week, in the days before the final draft was issued, Mr. McNulty continued to consult with Mr. Terwilliger, in one instance spending over an hour with him on the telephone "talking back and forth trying to make up his mind" about who should be required to approve the waiver requests, among other issues, according to the senior Justice official.

The final version, which was announced on Tuesday, gave Mr. McNulty the power to authorize waiver requests.

Democrats' Consumer Crusade (WSJ)

By Christopher Conkey

The Wall Street Journal, December 16, 2006

WASHINGTON -- Incoming Democratic leaders say they intend to bolster privacy rights and a spate of consumer protections in the next Congress. But early signs suggest activists in this arena may want to temper their enthusiasm.

Besides aiming to raise the minimum wage and make health care and college more affordable, Democrats poised to assume key committee chairmanships say they want to strengthen privacy protections, combat identity theft and curb abusive practices in mortgage lending and other financial services.

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This represents a big shift for consumer groups, which frequently found themselves on the losing side of legislative battles during a dozen years of mostly Republican control of Capitol Hill. "People are excited about the opportunities," said Ed Mierzwinski, consumer-program director at U.S. PIRG, a federation of advocacy groups.

But he says actually passing legislation, even in a Congress controlled by Democrats, could be difficult. "It takes scandals piled upon scandals to get a consumer bill," he says.

During the past two years, virtually every lawmaker has seized on the issue of privacy protection amid revelations that Social Security numbers and other sensitive data belonging to tens of millions of people were exposed at businesses, schools and government agencies. Bills designed to safeguard data and guard against identity fraud proliferated, but got bogged down in territorial spats among the banking, commerce and judiciary committees.

Democratic leaders said recently that things will be different next year. Massachusetts Rep. Barney Frank, incoming chairman of the House Financial Services committee, is moving to form an identity-theft task force that would iron out differences among committees before competing bills emerge. "We should start working together beforehand," Mr. Frank said in a recent speech. "When each committee does its own thing and then you get to the end, egos have engaged and it's harder to reconcile."

Federal action wouldn't guarantee a big win for consumer groups, though, particularly if a new nationwide law undercuts stronger protections at the state level. For example, most states require businesses to notify consumers when personal information is compromised -- so as to warn people that they may be at risk of identity theft. Similarly, roughly half the states give consumers the right to "freeze" their credit report so potential fraudsters can't open new lines of credit in their name.

Mr. Frank said Congress should give all consumers the right to lock their credit files, and he doesn't want to pre-empt state laws in this area. "That is a shift from the Republican leadership," and would be a victory for consumers, said Travis Plunkett, legislative director at the Consumer Federation of America.

Mr. Frank said that he also would give businesses and institutions some leeway to decide whether breaches are serious enough to warrant consumer notice, and that he would pre-empt state laws on this subject. He said businesses should have to inform consumers only of breaches that pose a risk of sensitive data falling into the wrong hands, and that in fairness companies should be subject to a uniform rule.

Such action would be a big loss for privacy advocates, who abhor the idea of undercutting state laws or allowing a business that failed to prevent a data breach to decide whether to tell people about it.

The urgency of these issues was brought home this week when the University of California at Los Angeles said hackers had infiltrated a database containing the Social Security numbers and other personal data of 800,000 people. Separately, Department of Homeland Security officials arrested several hundred meat-processing plant workers in a raid aimed at breaking a connection between identity theft and illegal immigration.

Aside from the privacy push, Democrats say they would move to enhance consumer protections in the financial-services industry. One goal is to curb "predatory" mortgages, which are often unnecessary second-mortgage loans packed with hidden fees and issued with little regard to the borrower's ability to repay. Mr. Frank shares this priority with others, including Connecticut Sen. Christopher Dodd, the incoming chairman of the Senate Banking committee.

Consumer groups are also urging Congress to improve protections for subprime, or particularly risky, mortgage borrowers. These calls are likely to gather steam as the housing-market slump deepens. A recent report from UBS AG analysts found that, in October, borrowers were at least 60 days delinquent on 3.9% of subprime home loans that had been packaged into mortgage securities this year, nearly twice the rate of a year earlier. With more and more mortgages packaged and sold as securities -- which spreads the risk -- consumer groups could find this priority seconded by Wall Street.

One of the more heated debates is expected to follow a pending Supreme Court decision. The court heard arguments this fall on whether federal banking regulators have gone too far in exempting state-chartered subsidiaries of national banks from state consumer-protection laws. If it rules in favor of regulators, Mr. Frank said, he will "be putting pressure" on them to "recreate consumer protections at the federal level that they've wiped out at the state level."

Still, Mr. Frank has gone out of his way recently to emphasize his bipartisan intentions. He has said he wants to "incentivize" the market to come up with consumer protections, and predicts there will be little difference between Democratic and

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Republican rule when it comes to regulation of the financial-services industry. Mr. Plunkett of the Consumer Federation of America agreed: "There's not going to be a hard turn to the left."

That means consumer groups may have to get creative, just as they did when they scored a little-noticed goal in September. Avoiding the usual committee track, the Center for Responsible Lending, an advocacy group that targets misleading bank tactics, helped secure passage of a measure designed to curb practices directed at military personnel. The law, which places a 36% cap on interest rates and fees charged on loans to military personnel, was shuffled through the Senate Armed Services committee rather than the usual Banking or Commerce committees.

Advocates say they would like to see usury caps and fee limitations, as well as bans on mandatory arbitration, applied more broadly. Some think they may have an ally in Mr. Dodd, who has pledged to thoroughly examine the impact of credit-card practices and other forms of debt on consumers. But most activists believe that could be tougher sledding. Incremental change, such as new rules on how fees and terms must be disclosed in credit agreements, they say, is a more realistic goal.

CRIMINAL LAW:

Lethal Injection Is On Hold In 2 States (WP)

By Peter Whoriskey, Sonya Geis

The Washington Post, December 16, 2006

MIAMI, Dec. 15 -- Executions by lethal injection were suspended in Florida and ordered revamped in California on Friday, as the chemical method once billed as a more humane way of killing the condemned came under mounting scrutiny over the pain it may cause.

Gov. Jeb Bush (R) ordered the suspension in Florida after a botched execution in which it took 34 minutes and a second injection to kill convicted murderer Angel Nieves Diaz. A state medical examiner said that needles used to carry the poison had passed through the prisoner's veins and delivered the three-chemical mix into the tissues of his arm.

In California, a federal judge ruled that the state must overhaul its lethal-injection procedures, calling its current protocol unconstitutional because it may inflict unacceptable levels of pain.

Judge Jeremy D. Fogel of the U.S. District Court for Northern California ordered the state to revise its procedures and consider eliminating the use of two drugs: pancuronium bromide, which causes paralysis, and potassium chloride, which causes cardiac arrest.

The judge did not order executions halted, though they have been effectively on hold since February while he conducted a review.

The "pervasive lack of professionalism" in the executions, Fogel wrote, "at the least is very disturbing."

More than 30 states, including Virginia and Maryland, use the same three-drug sequence for lethal injections. Groups opposed to the death penalty have had increasing success arguing that the pain the cocktail inflicts is unconstitutional "cruel and unusual punishment."

"This demonstrates that there is no happy and kind and nice way to execute someone," said David Elliot, a spokesman for the National Coalition to Abolish the Death Penalty. "Execution is a messy business."

But in Florida and California, advocates for the death penalty were quick to argue that only the technical specifics of the method are in dispute and that when the procedures are changed, the injections can begin again.

"Essentially what Judge Fogel's order today does is lay out a map for the Department of Corrections to follow in order to have a constitutionally sound lethal-injection protocol," said Nathan Barankin of the California attorney general's office.

Bush appointed a commission to review lethal-injection procedures in Florida "to ensure the method is consistent with the Eighth Amendment and its prohibition against cruel and unusual punishment," the governor said in a statement Friday.

But Bush said he saw no reason to stop using lethal injection. "All the people that are against the death penalty whenever there's a chance will call for suspending the death penalty," he said. "Each and every time that another appeal takes place, a family member of the person who was brutally murdered suffers again. So I think there needs to be sympathy for them as well."

The decisions in California and Florida on Friday come amid rising debate in other states.

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In Maryland, a federal judge is considering the constitutionality of lethal injection. A ruling is expected next year. Officials in Missouri and South Dakota have delayed executions while lethal injection is reviewed. Oklahoma altered its procedure so that the prisoner receives more anesthesia before being executed. And in North Carolina, a federal judge ordered that a brain monitor be used to make sure an inmate is unconscious before the final drug is administered.

In June, the U.S. Supreme Court allowed another Florida death-row inmate to challenge that state's lethal-injection procedures through a federal civil rights lawsuit, a ruling considered a procedural victory for opponents of the death penalty.

Richard C. Dieter of the Death Penalty Information Center, a nonprofit group critical of capital punishment, pointed out that although the California ruling does not end the death penalty there, it "may be influential."

"What it may mean is the Supreme Court will have to step in and decide," Dieter said.

Diaz's death took more than twice as long as most executions in Florida, where death generally occurs within 15 minutes. More than 20 minutes after the first injection, Diaz appeared to be mouthing words, clenching his jaw and grimacing. A second dose was administered.

Diaz was executed for murdering the manager of a Miami topless bar in 1979.

The halt to executions in Florida could end as soon as March 1, when the commission assigned to study lethal-injection procedures is expected to file a final report.

In the California case, attorneys for condemned murderer Michael A. Morales had argued that because inmates are paralyzed by the drugs, witnesses cannot be sure the convicts are unconscious when they are executed -- meaning they may be in terrible pain. The court agreed in February and ordered corrections officials to either stop using the two drugs or provide doctors to ensure Morales was unconscious.

Two anesthesiologists agreed to observe, and Morales's execution was underway when, in a last-minute decision, the doctors backed out after an appeals court ruled they would have to step in if anything went wrong.

Since then, Fogel has held extensive hearings on how executions are conducted.

He ultimately found that executioners were not properly trained and made mistakes in administering the drugs and that California's execution chamber is poorly suited to its purpose.

The state's "implementation of lethal injection is broken, but it can be fixed," Fogel wrote.

Ruling Halts State Method Of Execution (LAT)

By Henry Weinstein

The Los Angeles Times, December 16, 2006

A federal judge in San Jose ruled Friday that California's application of its lethal injection death penalty procedure violates the constitutional prohibition against cruel and unusual punishment.

The state's system "is broken, but it can be fixed," U.S. District Judge Jeremy Fogel said in a 17-page ruling that makes it unlikely that any death sentences will be carried out in California in the near future. The high-profile case had effectively halted executions since February, but Fogel's ruling left the door open for the resumption of executions by lethal injection if the state comes up with a revised procedure the judge finds constitutionally acceptable.

Fogel's ruling came the same day that Florida Gov. Jeb Bush declared a halt to executions there in the aftermath of a botched lethal injection this week.

The two actions were the latest development in what is now the central legal issue in the long-running battle over capital punishment in the United States: whether lethal injections are being administered in a humane, constitutional manner. Challenges to lethal injections have resulted in stays of execution in states around the country, and Friday's developments will probably spur more challenges, legal experts said.

California's current lethal injection procedure, like that in three dozen other states, calls for a three-drug cocktail. The first drug, sodium thiopental, is a fast-acting barbiturate that is supposed to render the condemned inmate unconscious before the second two drugs — pancuronium bromide, which paralyzes the body, and potassium chloride, which causes cardiac arrest — are administered.

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Fogel acted in response to a suit filed by lawyers for condemned inmate Michael Morales, who has been on death row for more than 20 years for the brutal slaying of Lodi teenager Terri Winchell. The thrust of Morales' suit is that the state does not properly administer enough sodium thiopental to ensure that the inmate does not feel excessive pain when the potassium chloride is administered.

Fogel, who visited the death chamber in San Quentin and held a four-day hearing in San Jose in September, said the case generated evidence that "is more than adequate to establish a constitutional violation."

His decision was replete with stinging criticisms of state officials for failing to take the necessary steps to correct problems in the procedure — steps the judge urged them to take in February.

"Given that the state is taking a human life, the pervasive lack of professionalism in the implementation" of the lethal injection protocol is "at the very least deeply disturbing," Fogel wrote.

Morales' execution was scheduled for February, but the state postponed it after being unable to meet conditions imposed by the judge, who became concerned that the procedure was not working correctly.

"As this court noted" in its February order, "anomalies in six execution logs raise substantial questions as to whether certain inmates may have been conscious when pancuronium bromide or potassium chloride was injected," Fogel wrote. "These substantial questions remain unanswered."

Fogel emphasized that Dr. Robert C. Singler, the state's medical expert, said that another condemned inmate, Robert Lee Massie, "well may have been awake when he was injected with potassium chloride" during his March 27, 2001, execution. Singler testified that he could not render a definitive opinion because of the poor quality of the execution logs. He also testified that it would be "unconscionable" to inject a conscious person with the amount of potassium chloride prescribed by the protocol.

The threshold issue in the case, Fogel said, is whether the procedure, as implemented, "provides constitutionally adequate assurance that condemned inmates will be unconscious when they are injected" with the second and third drugs.

He said "the evidence shows that the protocol" and the state's implementation of it "suffer from a number of critical deficiencies."

Among those he cited are:

• Inconsistent and unreliable screening of execution team members. The judge noted that a prison guard led the execution team despite the fact that he was diagnosed with and disabled by post-traumatic stress disorder as a result of his prison experiences, and found working on the execution to be the most stressful responsibility a prison employee could have.

• A lack of meaningful training, supervision and oversight of the execution team. The judge noted that team members "almost uniformly have no knowledge of the nature or properties of the drugs that are used or the risks or potential problems associated with the procedure."

• Inconsistent and unreliable recordkeeping. The judge said there were "no contemporaneous records showing that all of the sodium thiopental in the syringes used for injections actually was injected, and in fact, testimony revealed that in at least several executions it was not."

Fogel also said there was "an extremely troubling absence of reliable documentation as to the disposition of sodium thiopental taken from the prison pharmacy by execution team members." He said that other testimony revealed that the drug, an addictive, controlled substance, was not used in training exercises. Consequently, he said, "these circumstances may warrant an investigation by an appropriate law enforcement agency."

• Improper mixing, preparation and mixing of sodium thiopental by the execution team.

• Inadequate lighting, overcrowded conditions and poorly designed facilities in which the execution team must work.

In his ruling Friday, Fogel urged Gov. Arnold Schwarzenegger "to take this opportunity to address seriously now, rather than later, the significant problems" with the state's lethal injection protocol and its implementation.

"Part of the problem," the judge said, "may be that the prison officials responsible for implementation of the protocol see their legal obligations too narrowly."

He said that former San Quentin Warden Steven Ornoski testified that "he believes a 'successful execution' is simply one where 'the inmate ends up dead at the end of the process.' "

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Fogel strongly suggested that the state might want to consider switching to a one-drug procedure, using a heavier dose of a barbiturate such as sodium pentobarbital.

On the particularly thorny issue of whether there must be participation by a doctor, the judge awarded the state a victory.

"Because an execution is not a medical procedure, and its purpose is not to keep the inmate alive but rather to end the inmate's life, the court agrees" with the state that "the Constitution does not necessarily require the attendance and participation of a medical professional," Fogel wrote.

Fogel gave California officials 30 days to tell him whether they intend to review and revise the state's procedure, and, if so, how much additional time they believe they will need to complete the task.

Andrea Lynn Hoch, the governor's legal affairs secretary, said the administration will review state procedures "to make certain the protocol and its implementation are constitutional."

"Judge Fogel's decision is bold and incisive," said Fordham University law professor Deborah Denno, an expert on methods of punishment. "It is the most comprehensive decision in the country to determine that a state's lethal injection protocol, in its current form, is intolerable and unconstitutional under the 8th Amendment."

Morales' attorneys said they were pleased with the decision. "Judge Fogel has ordered the state to do what we have asserted they should do since the beginning of this litigation — undertake a considered, searching review of their procedures," said Ginger Anders, an attorney in Washington, D.C.

The ruling was hailed by groups opposed to capital punishment, including the Campaign to End the Death Penalty, Amnesty International, Human Rights Watch, and Death Penalty Focus of California, whose spokeswoman, Stefanie Faucher said: "It is time for California to stop tinkering with the machinery of death and recognize that the death penalty is a failed public policy which drains valuable resources away from programs that actually increase public safety and serve the needs of victims."

Attorney Kent Scheidegger, of the Criminal Justice Legal Foundation, a pro-capital punishment group in Sacramento, said it was "unfortunate that there will be further delay in this already grossly overdue execution."

He also said California ought to analyze whether lethal injection "was the right way to go in the first place" and perhaps consider bringing back the gas chamber, using carbon monoxide rather than cyanide.

Fogel acknowledged that any legal proceeding about the death penalty is a "powerful magnet," likely to generate impassioned debate about a highly divisive issue. But he cautioned that "this case is not about whether the death penalty makes sense morally or as a matter of policy." Nor, he said, is it about whether lethal injection is constitutional. Rather, it is about the specific way that California implements its procedure, and in that regard, he said, the state clearly fell short.

Executions Halted In 2 States After Botched Injection (AP)

AP, December 15, 2006

OCALA, Florida (AP) -- Gov. Jeb Bush suspended executions in Florida after a medical examiner said Friday that prison officials botched the insertion of the needles when a convicted killer was put to death earlier this week.

Separately, a federal judge in California imposed a moratorium on executions in the nation's most populous state, declaring that the state's method of lethal injection runs the risk of violating the constitutional ban on cruel and unusual punishment.

U.S. District Judge Jeremy Fogel ruled in San Jose that California's "implementation of lethal injection is broken." But he said: "It can be fixed."

Fogel said the case raised the question of whether a three-drug cocktail administered by the San Quentin State Prison is so painful that it "offends" the Eighth Amendment ban on cruel and unusual punishment.

Fogel said he was compelled "to answer that question in the affirmative."

California has been under a capital punishment moratorium since February, when Fogel called off the execution of rapist and murderer Michael Morales amid concerns that condemned inmates might suffer excruciating deaths.

Fogel found substantial evidence that the last six men executed at San Quentin might have been conscious and still breathing when lethal drugs were administered.

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He ordered anesthesiologists to be on hand, or demanded that a licensed medical professional inject a large, fatal dose of a sedative instead of the additional paralyzing agent and heart-stopping drugs that are normally used. But no medical professional was willing to participate.

In Florida, medical examiner Dr. William Hamilton said Wednesday's execution of Angel Nieves Diaz took 34 minutes -- twice as long as usual -- and required a rare second dose of lethal chemicals because the needles were inserted clear through his veins and into the flesh in his arms. The chemicals are supposed to go into the veins. (Watch officials explain why it took 2 injections and 34 minutes)

Hamilton, who performed the autopsy, refused to say whether he thought Diaz died a painful death.

"I am going to defer answers about pain and suffering until the autopsy is complete," he said. He said the results were preliminary and other tests may take several weeks.

Missing a vein when administering the injections would cause "both psychological and physical discomfort -- probably pretty severe," said Dr. J. Kent Garman, an emeritus professor of anesthesia at the Stanford School of Medicine in California.

"All the drugs would be much slower to affect the body because they're not going into a blood vessel. They're going under the skin. They take a long time to be absorbed by the body," said Garman, said he was ethically opposed to lethal injection.

An inmate would remain conscious for a longer period of time and would likely be aware of increased difficulty breathing and pain caused by angina, the interruption of blood flow to the heart, he said.

Jonathan Groner, associate professor of surgery at Ohio State University, said the injection would cause excruciating pain "like your arms are on fire."

Bush created a commission to examine the state's lethal injection process in light of Diaz's case, and he halted the signing of any more death warrants until the panel completes its final report by March 1.

The governor said he wants to ensure the process does not constitute cruel and unusual punishment, as some death penalty foes argued bitterly after Diaz's execution. Florida has 374 people on death row; it has carried out four executions this year.Medical findings contradict prison officials

Diaz, 55, was put to death for murdering the manager of a Miami topless bar during a holdup in 1979.

The medical examiner's findings contradicted the explanation given by prison officials, who said Diaz needed the second dose because liver disease caused him to metabolize the lethal drugs more slowly. Hamilton said that although there were records that Diaz had hepatitis, his liver appeared normal.

Executions in Florida normally take no more than about 15 minutes, with the inmate rendered unconscious and motionless within three to five minutes. But Diaz appeared to be moving 24 minutes after the first injection, grimacing, blinking, licking his lips, blowing and appearing to mouth words.

As a result of the chemicals going into Diaz's arms around the elbow, he had a 12-inch chemical burn on his right arm and an 11-inch chemical burn on his left arm, Hamilton said.

Florida Corrections Secretary James McDonough said the execution team did not see any swelling of the arms, which would have been an indication that the chemicals were going into tissues and not veins.

Diaz's attorney, Suzanne Myers Keffler, reacted angrily to the findings.

"This is complete negligence on the part of the state," she said. "When he was still moving after the first shot of chemicals, they should have known there was a problem and they shouldn't have continued. This shows a complete disregard for Mr. Diaz. This is disgusting." (Watch Keffer describe Diaz "suffering in pain" -- 2:42)

Earlier, in a court hearing in Ocala, she had won an assurance from the attorney general's office that she could have access to all findings and evidence from the autopsy. She withdrew a request for an independent autopsy.

David Elliot, spokesman for the National Coalition to Abolish the Death Penalty, said experts his group had contacted suspected that liver disease was not the explanation for the problem.

"Florida has certainly deservedly earned a reputation for being a state that conducts botched executions, whether its electrocution or lethal injection," Elliot said. "We just think the Florida death penalty system is broken from start to finish."

Florida got rid of the electric chair after two inmates' heads caught fire during executions in the 1990s and another suffered a severe nosebleed in 2000. Lethal injection was portrayed as a more humane and more reliable process.

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Twenty people have been executed by injection in Florida since the state switched from the electric chair in 2000.

Lethal injection is the preferred execution method in 37 states.

Florida Governor Suspends The Death Penalty (NYT)

By Adam Liptak, Terry Aguayo

The New York Times, December 16, 2006

Gov. Jeb Bush yesterday suspended all executions in Florida, citing a troubled execution on Wednesday and appointing a commission to consider the humanity and constitutionality of lethal injections.

Hours later, a federal judge ruled that the lethal injection system in California violated the constitutional prohibition of cruel and unusual punishment.

"Today has been the most significant day in the history of the death penalty in America in many years," said Jamie Fellner, director of United States programs for Human Rights Watch. "These developments show that the current lethal-injection protocols pose an unacceptable risk of cruelty.

"The way states have been killing people for the last 30 years has yielded botched execution after botched execution."

California has the largest death row in the nation, at about 650. The state has executed 13 people since the United States Supreme Court reinstated the death penalty in 1976.

Florida, by contrast, has executed 64 people in the modern era of the death penalty, trailing four states.

The California decision, which followed a four-day evidentiary hearing and a session at the San Quentin prison, was eagerly awaited and probably represents the fullest and most careful consideration yet of whether the way inmates are executed violates the Eight Amendment ban on cruel and unusual punishment.

Judge Jeremy Fogel of Federal District Court in San Jose delivered a mixed verdict, writing, "Defendants' implementation of lethal injection is broken, but it can be fixed."

The new commission in Florida, which will include doctors, lawyers, scientists and law enforcement officials, will consider many of the same issues, including whether the state protocol satisfies "humanity, constitutional imperative and common sense," Mr. Bush said in his order.

Deborah W. Denno, an authority on execution at the Fordham University Law School, said Judge Fogel's decision was "both bold and safe."

"Judge Fogel's decision is the most definitive response so far in concluding that a state's lethal injection protocol, in its current form, is unconstitutional under the Eighth Amendment," Professor Denno said.

Even as Judge Fogel issued a withering critique of the way California executes condemned inmates, he invited the state to submit a revised protocol to remedy the shortcomings. Similarly, Mr. Bush suggested that executions in Florida might resume after his panel gives its final report in March.

Judge Fogel found that prison execution teams had been poorly screened and had included people disciplined for smuggling drugs and with post-traumatic stress disorder. Moreover, the team members are poorly trained and supervised, he said.

Record keeping is spotty, the judge found, and the chemicals used are sometimes improperly prepared. The death chamber, he added, is badly lighted and overcrowded.

"Defendants' actions and failures to act have resulted in an undue and unnecessary risk of an Eighth Amendment violation," Judge Fogel wrote. "This is intolerable under the Constitution."

Judge Fogel also noted concerns about the chemicals that California, Florida and 35 other states use. The protocols vary slightly, but almost all call for a series of three chemicals. The first is a barbiturate to render the inmate unconscious. The second is a paralyzing agent that makes the inmate unable to speak, move or breathe. The third is potassium chloride, which stops the heart.

Both sides in California agreed that it would be unconstitutional to inject a conscious person with either or both of the second two chemicals. The paralyzing agent would leave the inmate conscious while he suffocated, and potassium chloride is extremely painful.

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The two sides also agreed that if the first drug was effective, using the others did not violate the constitution.

Judge Fogel suggested a way out. Were inmates executed in the same way that animals were euthanized, solely by an anesthetic, that would, he wrote, “eliminate any constitutional concerns, subject only to the implementation of adequate, verifiable procedures to ensure that the inmate actually receives a fatal dose of the anesthetic.”

Kent Scheidegger, the legal director of the Criminal Justice Legal Foundation, which supports the death penalty, said the decision was in that sense a welcome one.

“It’s unfortunate that we have another delay,” Mr. Scheidegger said. “But it does appear that there is at least one path to a constitutional procedure.”

Florida started its moratorium two days after Angel N. Diaz’s execution appeared to go awry. Dr. William Hamilton, medical examiner in Alachua County, Fla., said yesterday that the needle with the lethal chemicals that should have gone directly into Mr. Diaz’s veins punctured the veins before entering soft tissue. It took a second dose and 34 minutes for him to die.

Bungled Execution Forces Delays (WT)

The Washington Times, December 16, 2006

Gov. Jeb Bush suspended all executions in Florida after a medical examiner said yesterday that prison officials botched the insertion of the needles when a convicted killer was put to death earlier this week.

Separately, a federal judge in California extended a moratorium on executions in the state, declaring that its method of lethal injection runs the risk of violating the constitutional ban on cruel and unusual punishment.

In Florida, medical examiner Dr. William Hamilton said Wednesday's execution of Angel Nieves Diaz took 34 minutes — twice as long as usual — and required a rare second dose of lethal chemicals because the needles were inserted clear through his veins and into the flesh in his arms. The chemicals are supposed to go into the veins.

Dr. Hamilton, who performed the autopsy, refused to say whether he thought Diaz died a painful death.

"I am going to defer answers about pain and suffering until the autopsy is complete," he said, adding that the results were preliminary and other tests might take several weeks.

Diaz, 55, was put to death for murdering the manager of a Miami topless bar during a holdup in 1979.

Mr. Bush created a commission to examine the state's lethal-injection process in light of Diaz's case, and he halted the signing of any more death warrants until the panel completes its final report by March 1.

The governor said he wants to ensure the process does not constitute cruel and unusual punishment, as some death penalty foes argued after Diaz's execution. Florida has 374 persons on death row; it has carried out four executions this year.

Gov.-elect Charlie Crist planned to continue the moratorium when he takes office in January, spokeswoman Vivian Myrtetus said.

Meanwhile, U.S. District Judge Jeremy Fogel ruled in San Jose that California's "implementation of lethal injection is broken, but it can be fixed."

Judge Fogel said the lawsuit brought by convicted murderer and rapist Michael Morales raised the question of whether a three-drug cocktail administered by the San Quentin State Prison is so painful that it "offends" the Eighth Amendment ban on cruel and unusual punishment.

The judge said he was compelled "to answer that question in the affirmative."

California has been under a capital punishment moratorium since February, when Judge Fogel called off Morales' execution amid concerns that condemned inmates might suffer excruciating deaths.

Morales, 47, of Stockton, raped and fatally beat a 17-year-old Lodi girl 25 years ago.

Judge Fogel found substantial evidence that the last six men executed at San Quentin might have been conscious when lethal drugs were administered.

He ordered anesthesiologists to be on hand, or demanded that a licensed medical professional inject a large, fatal dose of a sedative instead of the additional paralyzing agent and heart-stopping drugs that are normally used. But no medical professional was willing to participate.

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Attorneys for Morales said in a lawsuit that he might appear unconscious after being injected with a sedative, but internally he would suffer excruciating pain, "burning veins and heart failure," once the paralyzing and the death drugs were administered.

In Florida, the medical examiner's findings yesterday contradicted the explanation given by prison officials, who said Diaz needed the second dose because liver disease caused him to metabolize the lethal drugs more slowly. Dr. Hamilton said that although there were records that Diaz had hepatitis, his liver appeared normal.

Executions in Florida normally take no more than about 15 minutes, with the inmate rendered unconscious and motionless within three to five minutes. But Diaz appeared to be moving 24 minutes after the first injection, grimacing, blinking, licking his lips, blowing and appearing to mouth words.

As a result of the chemicals going into Diaz's arms around the elbow, he had an 12-inch chemical burn on his right arm and an 11-inch chemical burn on his left arm, Dr. Hamilton said.

Florida Corrections Secretary James McDonough said the execution team did not see any swelling of the arms, which would have been an indication that the chemicals were going into tissues and not veins.

Diaz's attorney, Suzanne Myers Keffler, reacted angrily to the findings.

"This is complete negligence on the part of the state," she said. "When he was still moving after the first shot of chemicals, they should have known there was a problem and they shouldn't have continued. This shows a complete disregard for Mr. Diaz. This is disgusting."

David Elliot, spokesman for the National Coalition to Abolish the Death Penalty, said specialists his group contacted had suspected that liver disease was not the explanation for the problem.

"Florida has certainly deservedly earned a reputation for being a state that conducts botched executions, whether it's electrocution or lethal injection," Mr. Elliot said. "We just think the Florida death penalty system is broken from start to finish."

The U.S. Supreme Court has upheld executions — by hanging, firing squad, electric chair and gas chamber — despite the pain they might cause, but has left unsettled the issue of whether the pain is unconstitutionally excessive.

Judge Decries State's Lethal Injections, Seeks Change (SFC)

By Bob Egelko

San Francisco Chronicle, December 16, 2006

Lethal injections in California are conducted so haphazardly, by poorly trained staff in chaotic conditions, that they could cause slow and agonizing death, a federal judge said Friday in threatening to declare the state's method of capital punishment unconstitutional.

But U.S. District Judge Jeremy Fogel, who put all executions in California on hold earlier this year, said the problems could be corrected. He gave state officials 30 days to decide whether they will revise lethal-injection procedures and to say how long they would need. Officials said they would take steps to comply.

Fogel's ruling prolongs the stay of execution he issued in February for Michael Morales of Stockton, who was convicted of raping and fatally beating 17-year-old Terri Winchell near Lodi in 1981. That stay and a moratorium on other executions will remain in effect well into 2007 while officials try to make changes to satisfy the judge.

The lethal-injection procedures used at San Quentin State Prison since 1996 pose "an undue and unnecessary risk of an Eighth Amendment violation," Fogel said, referring to the constitutional ban on cruel and unusual punishment.

Fogel said he would declare the state's lethal-injection system unconstitutional if it is not changed. But he stressed that he was condemning neither capital punishment nor lethal injection itself, which is the exclusive or preferred method of execution in all of the 38 death-penalty states except Nebraska, which uses the electric chair.

"The use of lethal injection in executions represents an evolution from earlier methods such as hanging, electrocution and lethal gas that now are viewed by most jurisdictions as unduly harsh," Fogel said. He observed that, when properly administered, lethal injection "results in a death that is far kinder than that suffered by the victims of capital crimes."

The state's "implementation of lethal injection is broken, but it can be fixed," Fogel said.

Gov. Arnold Schwarzenegger's office indicated that the state would try to do so.

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"As the ruling provides, the administration will review the lethal injection protocol to make certain the protocol and its implementation are constitutional," Schwarzenegger's legal affairs secretary, Andrea Hoch, said in a statement.

Fogel's ruling could have national ramifications at a time when other states are facing challenges to their lethal injection procedures.

Florida Gov. Jeb Bush suspended death warrants in his state Friday at least until March 1 while a state commission reviews what went wrong with a lethal injection this week. Prison staffers failed to insert needles properly into the veins of condemned murderer Angel Nieves Diaz, who was later given a second dose of lethal chemicals and took 34 minutes to die.

A federal judge in Missouri ordered a halt to executions there in October unless the state improves monitoring and supervision of its procedures; state officials have appealed the ruling. A Kentucky judge ruled last month that the state had not adopted its execution procedures properly.

Fogel's ruling followed four days of testimony by execution witnesses and medical experts in his San Jose court in September, the first such hearing in the nation. The judge also visited San Quentin in March and inspected the execution chamber and apparatus.

California and virtually every other state with lethal injections use a sequence of three drugs: the sedative sodium pentothal, to cause unconsciousness; the paralytic pancuronium bromide, to halt breathing; and potassium chloride, to stop the heart.

Fogel said records in seven of California's lethal injection executions indicated that the prisoners might have been conscious, despite the initial dose of sodium pentothal, when the other two drugs were injected.

Medical experts told the judge that pancuronium bromide, in a conscious person, would cause a smothering sensation while leaving the prisoner unable to cry out or move, and potassium chloride would cause excruciating, burning pain.

Fogel said that "the systematic flaws in the implementation of the procedure make it impossible to determine with any degree of certainty" whether executed inmates were unconscious just before death, or whether the state's anesthesia procedures would guarantee that inmates in future executions would not suffer.

Fogel initially ordered the state to have a doctor present to monitor Morales' level of consciousness during his scheduled execution in February, and he issued his stay after officials were unable to find any physicians willing to participate.

But the judge said Friday that a doctor did not have to be present because other methods are available to monitor consciousness. That was an important conclusion because professional associations have decreed that any participation by doctors in executions is unethical.

After Fogel's February order, California prison officials changed their procedures to include a continuous flow of sodium pentothal in one of the prisoner's arms to keep him unconscious while the second and third drugs are injected in the other arm.

In Friday's ruling, Fogel said the three-drug sequence, when properly administered, would provide for "a constitutionally adequate level of anesthesia" and that executing an inmate with a lethal dose of sodium pentothal also would be constitutional.

But he said the state's current procedures suffer from "a number of critical deficiencies."

Members of the execution team are not properly screened, he said. Fogel noted that one former execution team leader once had been disciplined for smuggling illegal drugs into the prison, and another leader previously had been diagnosed with post-traumatic stress disorder.

Execution team members "almost uniformly have no knowledge" about the drugs they are injecting or the problems that might arise, the judge said. He said team members' "admitted failure to follow the simple directions provided by the manufacturer" of sodium pentothal made it difficult to determine whether prisoners were properly anesthetized.

Dim lighting, overcrowded conditions and poorly designed facilities also interfere with monitoring of the execution, Fogel said. He said execution team members can't hear any sounds from the sealed execution chamber and can't see the inmate well enough to determine whether he is conscious.

All those flaws "appear to be correctable," the judge said.

Fogel was appointed to the federal bench by President Bill Clinton in 1998 after 17 years as a Santa Clara County judge. He is generally regarded as liberal in philosophy but moderate in his judicial approach.

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Friday's ruling was "very cautious, very restrained, very much in keeping with Fogel's style," said Santa Clara University Law Professor Gerald Uelmen. He said the state is likely to find a solution much more quickly with the leeway provided in Friday's ruling than if Fogel had simply declared the procedures unconstitutional and invited an appeal.

Bill Hing, a UC Davis law professor, said Fogel's ruling was bound to be noticed nationwide.

"If it's going to be done, he's insisting on a method that is more efficient," Hing said. "I believe the states are going to recognize that they've got to figure out a better way to do this."

Stefanie Foucher, program director of the anti-capital punishment group Death Penalty Focus in San Francisco, said Fogel's ruling was an important but incomplete statement.

"The judge admitted that implementation of lethal injection is broken," she said. "We would take that even farther and say the entire death penalty system in California is broken. We don't believe it is making the public any safer."

Barbara Christian, the mother of Winchell, Morales' victim, hopes the state complies with Fogel's order so Morales can be executed as soon as possible, said Gloria Allred, a lawyer for Christian.

"It's been a terrible ordeal for 26 years," Allred said. "That's longer than Terri lived on the face of this earth."

Florida Suspends Executions After Trouble Injecting Inmate (LAT)

By Carol J. Williams

The Los Angeles Times, December 16, 2006

MIAMI — Florida Gov. Jeb Bush on Friday suspended executions until at least March while investigators examine why it took more than half an hour for a lethal injection to kill a convicted murderer.

Angel Nieves Diaz, 55, appeared to grimace in pain and struggle for breath during the Wednesday night execution until a second dose of the fatal drugs was administered, according to witnesses.

The execution at Florida State Prison in Starke took 34 minutes, three times longer than usual. That probably was because the injection was made into soft tissue on the prisoner's arm, missing a vein that would have carried the killing agents more swiftly to his vital organs.

Death penalty critics said the execution, which they described as "botched," was clear evidence that the lethal-injection process constituted cruel and unusual punishment.

Diaz, a Puerto Rican convicted of killing the manager of a topless bar in 1979, had challenged the constitutionality of lethal injection in his last legal appeal, which was not taken up by the U.S. Supreme Court.

In his eight years as governor, Bush has signed 39 death warrants; 21 executions have been conducted on his watch. He has denied all death-row appeals for clemency or a commuted sentence to life imprisonment.

Gov. Anibal Acevedo Vila of Puerto Rico, which abolished capital punishment in 1929, had appealed to Bush to convert Diaz's sentence.

Bush said he would not sign death warrants or allow executions until a probe of the Diaz case is complete. He asked for a report from investigators by March 1.

Bush leaves office in two weeks, but his successor, Charlie Crist, campaigned on promises of continuity with the popular, two-term governor's policies and values.

Suspension of one of the country's most active execution chambers was announced after preliminary autopsy results showed the first chemical injection had missed the vein.

In a conference call with journalists, Medical Examiner William Hamilton declined to say whether Diaz suffered intense pain as a result of the misapplied first dose. He confirmed, however, that the convict's body had a 12-inch chemical burn on the right arm and an 11-inch burn on the left arm.

The first drug of the series is an anesthetic and the second induces paralysis. The third causes cardiac arrest. Media representatives who witnessed the execution gave detailed accounts of the prisoner writhing, grimacing and struggling for breath for 20 minutes.

Mark Elliott of Floridians for Alternatives to the Death Penalty said said the Diaz case showed the need for a moratorium on executions and a thorough review of the state's criminal justice system, which he said was "broken from top to bottom."

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Florida has 375 inmates on death row. Three juveniles were removed last year after the Supreme Court ruled that execution of minors was unconstitutional.

Florida has executed 64 convicts since the death penalty was reinstated in 1979, initially by electric chair.

The state switched from electrocution to lethal injection in 2000 after two incidents in the '90s in which flames burst from prisoners' heads in a chair dubbed by executioners as "Old Sparky."

Florida Governor Halts Executions (BBC)

BBC.com, December 16, 2006

Florida Governor Jeb Bush has halted executions in the US state after an inmate took twice as long to die by lethal injection.

Mr Bush said he needed to be sure that the method of death did not constitute "cruel and unusual punishment".

The move came after a man convicted of murder, Angel Diaz, took 34 minutes to die and was given a second lethal dose.

In California, a judge has ruled death by lethal injection violates a state ban on cruel and unusual punishment.

The judge ruled California's "implementation of lethal injection is broken", but said "it can be fixed".

Lethal injection is the preferred method of execution in 37 US states.

Mr Bush has appointed a panel to look into the practice and evaluate whether it breaches the state's ban as an unnecessarily cruel mode of death, as argued by opponents of the death penalty.

He has said no more death warrants will be signed until the commission completes its final report in March.

The move came after the drawn-out death by lethal injection of Puerto Rican-born Diaz on Wednesday.

Diaz was sentenced to death for the 1979 murder of a Miami strip club manager.

Witnesses said his death took more than twice the usual time - 34 minutes rather than the usual 15.

He needed a second dose of the lethal chemicals as the needles were injected straight through his veins and into the flesh of his arms.

Following the autopsy, the medical examiner concluded the injections had been wrongly administered.

He was found to have large chemical burns on both arms and his lawyer reported that the 55-year-old continued to move and mouth words more than 20 minutes after the initial dose.

Inmates are supposed to be rendered unconscious by the chemicals within three to five minutes.

Anti-death penalty activists say lethal injections - introduced in Florida and other states as a replacement for the electric chair and other methods of execution - are just as cruel and should not be considered a more humane substitute.

But the BBC's Emilio San Pedro, in Miami, says that it is too soon to interpret the decisions as a sign that support for the death penalty is waning in the US.

Executions, he says, continue to be seen as the best deterrent of violent crime.

California: Commission To Review Sentencing Guidelines (NYT/AP)

The New York Times, December 16, 2006

The corrections secretary said the state would create a commission to review sentencing guidelines, a potential crucial step in Gov. Arnold Schwarzenegger's efforts to relieve prison crowding. Changes could give judges and parole officers greater discretion and lead to some offenders being released sooner than under current law, the secretary, James E. Tilton, told The Associated Press. The proposal comes five days after a federal judge gave Mr. Schwarzenegger a June deadline to ease crowding in the state prison system, the nation's largest, where more than 173,000 inmates live in space designed for fewer than 100,000. Failure to do so could lead the federal courts to order remedies that include early release of inmates.

Gonzales Seeks Place For "A Child's Dreams" (WT)

By Jerry Seper

The Washington Times, December 16, 2006

DOJ_NMG_0107386

Attorney General Alberto R. Gonzales yesterday said communities poisoned by drugs, gangs, gun crime and violence are no place for "a child's dreams to flourish," and that the Justice Department is determined to help prevent America's youth from joining gangs.

Speaking at the annual Project Safe Neighborhood conference in Boston, Mr. Gonzales said efforts continue to bring together law-enforcement and community leaders to discuss effective programs, identify gaps in services, and develop working partnership to prevent gangs from claiming new members.

"My personal experience has been that the United States is a place where a child can dream big dreams ... and fulfill them," he said. "I believe deeply that this can be true for all Americans, all of this great nation's children, but not when their neighborhoods and their lives are limited by fear and violence.

"That's why we work so hard ... to make the streets of our communities safer, every day," he said.

Mr. Gonzales noted that law enforcement is "not a spectator sport," but added that the same can be said of community-service work. He said it was important for both sides to work together to address what he described as "the scourge of gangs and gang violence" in America's neighborhoods.

He said it would require an integrated, comprehensive approach that includes both law-enforcement and the prevention efforts uniquely offered by community-service groups.

"Increasing prevention in your neighborhood can come from something as simple as meeting the community leader or volunteer sitting next to you in this room today," he said. "Each conversation at a summit like this has the potential for shared ideas and new, creative approaches to reducing violent crime and protecting the future of our children."

Mr. Gonzales said the increased responsibilities for law enforcement since September 11 are one of the reasons law-enforcement officials need partners in community service more than ever. He said their goals are the ultimate complement to law enforcement because they seek to make neighborhoods safer by preventing criminal activity so that arrests and prosecutions are not needed.

"To the community servants here today, I also offer thanks. You'd like to keep kids from joining gangs and living the 'thug life' altogether and that is my idea of an outstanding solution," he said.

"Kids in tough situations join gangs to find companionship and status -- false promises of a lifestyle that in reality brings crime, violence, jail time and even death," he said. "The violence of gangs then spills over into the community, making it less safe for everyone."

Project Safe Neighborhoods is a nationwide commitment to reduce gun crime in America by networking existing local programs that target gun crime and providing these programs with additional tools necessary to be successful.

The Bush administration has committed more than $1.5 billion to the effort since the program's inception in 2001. The funding is used to hire new federal and state prosecutors, support investigators, provide training, distribute gun-lock safety kits, deter juvenile gun crime, and develop and promote community outreach efforts as well as to support other gun-violence-reduction strategies.

AG: Attack Gang Violence With Innovation, As Well As Funding (LOWSUN)

By Rita Savard

Lowell (MA) Sun, December 16, 2006

BOSTON -- A rise in gang violence and shootings is shattering the peace in communities nationwide.

Promising more funding for anti-gang programs, U.S. Attorney General Alberto Gonzales said law enforcement and community leaders can serve as the "shot heard around the world" by partnering to halt youth violence.

"We need to mine new ideas," Gonzales told hundreds of law enforcers gathered yesterday at the Boston Convention Center for the Second Annual Anti-Gang Summit. "Violent crime has gone up in Massachusetts and no single group can bring it down alone."

Law enforcement has had to keep a sharp eye turned toward terrorist activity in a post 9/11 world, Gonzales said. Because police are stretching resources farther than ever, more people must join in the effort to deter youth from choosing a life of crime.

Crime-fighting partnerships involving the whole community are key, Gonzales said.

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"New problems and trends always seem to be around the next corner... cooperation puts us on solid footing," he said.

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In Lowell, incidents of gang-related violence have increased this year over last, according to Lt. Mark Buckley, commander of the Lowell Police Department's Criminal Bureau.

In 2005, 54 aggravated assaults with firearms were reported in Lowell, up 14 from 2004, the most current data available from police records.

But state aid received this year to fund anti-gang programs has helped Lowell beef up resources and establish a multifaceted plan to curb gang violence in the city, Buckley said.

Sharon Hanson, director of research and planning for the Lowell Police Department, shared initiatives under way in Lowell at yesterday's conference.

Lowell was awarded $820,000 from the Charles Shannon Community Safety Initiative grant for prevention programs this year. The grant money has enabled police to create a formal support system for teens, said Hanson.

"Police presence has become much more visible in gang hot-spot neighborhoods," said Hanson. "Kids are being kept busy. We've been able to create more opportunities and more jobs for the city's youth."

Since August, Lowell has installed a city advisory board to reduce gang violence, revitalized and created new recreation programs and focused on a truancy prevention program.

A new program at Lowell High School, which allows students to buy back some of their truant time by regularly attending classes, has brought 71 students back to school in October and November, Hanson said.

Increasing programs at the city's Recreation Department has pulled in roughly 300 teens, and provided jobs to an additional 59, Hanson added.

Researchers from the Harvard Kennedy School of Government have been keeping tabs on Lowell's performance measurements.

"We're not only doing these things but we're getting feedback with real numbers and real information to see how we're doing," Hanson said.

Applauding police for their efforts, Gonzales said the federal government realizes the need to pump more money into anti-violence programs.

"An environment poisoned by drugs and gang violence is no place for a child's dreams to flourish," Gonzales said. "We face a tough challenge ahead. But a network of law enforcement and community is stronger than violence."

U.S. Attorney General: Hub's Violent Crime Grave Concern (BOSH)

By O'Ryan Johnson

Boston Herald, December 16, 2006

The blood spilled on Boston's streets this year drew the attention of the nation's top prosecutor yesterday as he attended a conference on gang violence at a time when the city hopes a fractured gang truce can stop a street war from erupting.

"I am concerned that, despite the diligence of the men and women in this room, preliminary crime reports in Boston for the first six months of this year show an increase in violent crime," said Attorney General Alberto Gonzales.

Nonfatal shootings are up 10 percent this year, while fatal shootings are up 13 percent. With 71 murders on the year, Boston is approaching last year's 10-year record homicide total of 75.

Gonzales, who was in town to speak at the annual Project Safe Neighborhood Conference at the Boston Convention and Exhibition Center, said the feds have put street violence under a microscope, not just in Boston, but across the country.

"To help cities like Boston - and any city or state facing a violent crime challenge - Justice Department officals have been traveling the country, meeting with state and local law enforcement in areas that have violent crime increases and those that have experienced decreases so we can better understand why in each case," he said.

In Boston, a cease-fire between long-feuding gangbangers from H-Block and Heath Street was strained when H-Block peacemaker Jahmol Norfleet, 20, was murdered.

Fed Presecutors Get First Convictions On Economic Espionage (FRESBEE)

By Jordan Robertson

Fresno Bee, December 15, 2006

Federal prosecutors scored their first-ever convictions for economic espionage to benefit a foreign nation when two Silicon Valley engineers pleaded guilty to stealing trade secrets and trying to smuggle them to China.

Fei Ye, 40, a U.S. citizen from China, and Ming Zhong, 39, a permanent resident of the U.S. from China entered their pleas Thursday in San Jose federal court to two counts each as part of a deal with prosecutors. Both would have faced 10 counts each if they went to trial in January.

Ye and Zhong were accused of stealing confidential microchip blueprints and other trade secrets from four technology companies - NEC Electronics Corp., Sun Microsystems Inc., Transmeta Corp. and Trident Microsystems Inc. - and planning to start a microprocessor company with the financial backing of various Chinese government agencies.

The case highlights the threat to U.S. businesses from thieves looking to sell hard-won intellectual property overseas, said U.S. Attorney Kevin Ryan.

Few cases allege intent to benefit a foreign government - the most serious crime under the Economic Espionage Act of 1996 - because it's difficult to prove, but he said U.S. companies are frequently targeted by overseas concerns.

"Silicon Valley understands full well the threat they are faced with here," he told The Associated Press. "It's not only a threat to the economic value of the products being produced, but in some cases, it's a threat to our national security and military infrastructure."

On the same day federal prosecutors secured the convictions, a Chinese engineer was indicted for allegedly stealing trade secrets from a Silicon Valley company that made military training software and trying to sell them to Asian governments.

Xiaodong Sheldon Meng, 42, a Chinese national with Canadian citizenship, was indicted on 36 felony counts, including the rare charge of economic espionage to benefit a foreign government and various violations of military technology export laws.

Prosecutors say Meng stole the code for software made by his former employer, Quantum3D Inc., that's used to train military fighter pilots, and tried to sell it to the Royal Thai Air Force, the Royal Malaysian Air Force and a company with ties to China's military.

Under U.S. law, anyone attempting to sell such information overseas must first obtain a license from the State Department and is subject to strict regulations. Meng never applied for such a license.

His lawyer, Angela Hansen, called the charges "baseless" and said in a statement the government has "misinterpreted innocent acts."

No foreign government or agent were named as conspirator in either case, and prosecutors declined to discuss whether any foreign officials or agents knew about the alleged schemes.

In economic espionage cases, the law does not require proof of complicity by a foreign government, and investigators often don't know the extent of foreign involvement.

Ye and Zhong, who remain free on bail following their pleas Thursday, are scheduled to be sentenced April 23. Each face a maximum of 30 years in prison.

The pair were arrested in 2001 at San Francisco International Airport, attempting to board a flight to China. According to the indictment, their luggage was crammed with thousands of pages of documents stolen from their former employers, including schematic drawings of computer chips under development, internal instructions for the design and layout of circuits and components and other confidential information.

Documents seized from their homes included a corporate charter and a fundraising application touting the project's ability to raise China's stature in the field of integrated circuit design, the indictment said.

Other documents showed a panel of Chinese government officials had reviewed the company's business plan, deemed it feasible and encouraged agencies to provide financial support, it said.

A business partner who tipped off the FBI told investigators the startup, called Supervision Inc., had received $2 million in funding from two Chinese cities, Hangzhou and Guangzhou, to develop the new microprocessor, according to an affidavit.

James Pooley, an intellectual property litigator and adjunct law professor at the University of California, Berkeley, said the conviction was a much-needed victory for the Justice Department.

"You're finding people who aren't just trying to take something opportunistically from their employer. They're going places, planning to take trade secrets, and combining secrets from many different places," Pooley said. "This shows the problem is real and it's big."

The only other case to allege economic espionage to benefit a foreign government involved two researchers indicted in Ohio in 2001 for allegedly stealing genetic materials used for Alzheimer's disease research and funneling it to a Japanese government-funded corporation.

But the case fizzled after Japan refused to extradite one defendant, Takashi Okamoto, because a Japanese judge ruled he had not violated U.S. laws. The other defendant, Hiroaki Serizawa, pleaded guilty in the U.S. to a much lesser charge of making false statements to investigators.

Nanny And Senator's Grandchild Flee Masked Intruders In Silver Spring Home (WP)

By Ernesto Londono

The Washington Post, December 16, 2006

Masked intruders forced their way into the Silver Spring home of a U.S. senator's daughter yesterday morning, startling a nanny who ran outside with the lawmaker's 2-year-old granddaughter and left his youngest grandson behind.

A Montgomery County police SWAT team later found the baby safe in his crib.

Police think the incident was a burglary gone awry because the intruders apparently didn't realize the house was occupied.

The burglars approached the red-brick house on the 2400 block of Hayden Drive in Forest Glen about 9:30 a.m., police said. After hearing suspicious noises outside, the 42-year-old nanny opened the door.

"When they burst in, the nanny grabbed the little girl and left the child in the crib," police spokeswoman Cpl. Sonia Pruitt said.

The 1-year-old baby, Jimmy, is the youngest grandson of Sen. Pete V. Domenici, R-N.M.

The nanny ran to a neighbor's house to call police, who initially feared the incident could turn into a hostage situation. Domenici's daughter, Helen, called her father shortly after being notified of the situation. Neither she nor her husband was home during the incident.

"The senator was deeply concerned," said Steve Bell, Domenici's chief of staff.

Police, who would not comment on whether anything was taken from the house, think the burglars fled through the back door before authorities arrived. They remained at large last night.

Shortly after the incident, Reyna Escobar, who lives two houses away, noticed that the nanny's van, which was parked outside the house, had its side door open. Escobar called the nanny to alert her.

"She was crying," said Escobar, 36. "All she told me is some men had broken in. She said she couldn't talk to me."

An emergency response team, which includes SWAT officers, was dispatched to the quiet, hilly street about 30 minutes after the men entered the house.

"The concern was that the suspects could still be inside the home with the 1-year-old," police spokeswoman Lucille Baur said. "The nanny believed that the suspects could have been armed."

The nanny was so shocked by the incident that she was unable to tell detectives conclusively how many burglars she saw and whether they carried weapons, police said.

After authorities determined that the baby was safe, his parents, the nanny, the baby and his sister, Andie, were taken to a nearby church. An officer with the U.S. Capitol police was also sent to the scene after the senator's office notified them of the situation, Bell said.

Late yesterday, the senator released a statement saying he and his wife Nancy were "relieved and thankful that no one was hurt during this frightening incident at my daughter's home this morning. I am grateful for the quick action by the Montgomery County Police to secure the house and ensure my grandchildren's safety."

Helen Domenici, the homeowner, and twin sister Paula are the youngest of the senator's eight children, according to a biography on the lawmaker's Web site. Reached at home yesterday afternoon, Helen Domenici declined to comment.

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The nanny is an El Salvadoran immigrant who has been employed by the couple for about three years, Escobar said. The nanny walked away from a reporter yesterday after a police employee told her that she didn't have to talk to the media.

Escobar and other neighbors said they feel that Forest Glen is no longer the kind of community in which people don't always bother locking their doors.

"I'm scared. I have children, too," she said yesterday. "I'm afraid I could be next. I'm keeping my door locked."

Four homes in the vicinity were burglarized last month, police said. The last of those crimes, which occurred Nov. 28, led to the arrest of a teenager from the District. Police said he was a suspect in all four burglaries.

Capt. Betsy Davis, who heads the Silver Spring police station, was on her way to an undetermined death call when she heard about the incident and headed to Hayden.

"I'm not happy," she said yesterday outside the house. "I've got a neighborhood in a panic."

After the TV news trucks drove away from the house, the owners, the children and the nanny returned.

Davis greeted the nanny warmly when the two met at the front door. "You did a good job," Davis said. "You did the right thing."

MySpace, Not Yours (WP)

The Washington Post, December 16, 2006

INCREASINGLY, candidates for state attorney general nationwide have been campaigning on promises to crack down on online sexual predators, and understandably so. Youth and children are particularly vulnerable in Internet chat rooms and social networking sites, where the cloak of anonymity and a naive presumption that cyberspace is populated by kindred spirits can lead to damaging encounters and sexual exploitation. That is the impetus behind a proposal by Virginia's attorney general, Robert F. McDonnell (R), to require convicted sex offenders to register their e-mail addresses, instant-messaging handles and other online identities so they can be blocked from preying on youth online. Mr. McDonnell's proposal is anchored in a legitimate concern; unfortunately, it rests upon some dubious assumptions both about sex offenders and the likelihood of effective enforcement.

The Virginia proposal tracks a federal bill dealing with the same theme offered this month by Sens. John McCain (R-Ariz.) and Charles E. Schumer (D-N.Y.). The idea, which other states may adopt, is to provide social networking sites the means necessary to screen known sex offenders. Already, MySpace.com has announced it would use Virginia's e-mail registry to stop convicted sex offenders from using the venue.

About a fifth of MySpace.com's users are under 18. But apart from anecdotal accounts, there is no evidence -- no studies, no statistics, nothing but inference -- to show that many of the loathsome predators who have victimized children and young people online are convicted sex offenders. Moreover, if a convicted child molester or rapist were intent on preying on unsuspecting innocents online, it would be easy to evade the proposed law by creating a new e-mail identity. Once a sexual predator decides that he is willing to risk prosecution and imprisonment for his crime, he is unlikely to balk over failing to register an e-mail address.

Every state has enacted a law requiring convicted sex offenders to register their whereabouts with authorities and in many cases prohibiting them from taking certain jobs (as coaches for youth teams, for instance) or from living close to schools. Mr. McDonnell argues that it is only logical to add cyber-addresses to the information that offenders must furnish to the authorities. Perhaps. But there is little reason to think that move will go very far beyond symbolism.

Discovery Of Hit List Led To Wave Of O.C. Arrests (LAT)

By H.G Reza, Times Staff Writer

The Los Angeles Times, December 16, 2006

Investigator says 5 police officers, prosecutor are targets of racist group with ties to prison gangs.

This week's arrests of 57 people allegedly tied to a white supremacist gang were sparked when authorities learned of a hit list with the names of an Orange County prosecutor and five police officers, an investigator said Friday.

Anaheim Police Lt. K. Switzer said authorities learned of the list last month. He said the probe began when another Orange County police department learned that one of its officers had been targeted by Public Enemy Number 1, a street gang involved in

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identity theft, credit card fraud and methamphetamine sales. The group has ties to the racist Aryan Brotherhood and Nazi Low Riders prison gangs.

Switzer said investigators were trying to determine why those six people were targeted and if it was a gang edict or the work of a single gang member.

"It's not uncommon to hear that gangs are upset with the law enforcement community, but to hear specific names of officers who are threatened is unique," Switzer said. "That crosses the line and gets our attention."

He said one of those targeted was a gang prosecutor from the Orange County district attorney's office but declined to name the individual. District attorney spokeswoman Susan Kang Schroeder declined to comment.

Switzer said the list included the name of an officer who supposedly worked in Anaheim. However, he said, no one by that name worked for the department. "We were still concerned," Switzer said. "It seems they had the wrong name, but we don't know why they targeted our department," he said.

He also declined to name the other departments whose officers were on the list.

The investigation began about a month ago, Switzer said, and 10 arrests were made before Thursday's sweep. More arrests are expected, he said.

Public Enemy Number 1, also known as PEN1, "is rapidly gaining prominence due to [the gang's] violent nature and attacks on police officers," according to the California Department of Justice's 2004 report on organized crime in the state. The report said the group has about 200 members in California and is "one of the most powerful and fastest-growing gangs inside and outside prison."

A law enforcement source who requested anonymity said PEN1 was especially dangerous because members had obtained personal information about judges, prosecutors and police officers. The source said someone affiliated with the gang stole personal data while working at a company that had access to such records.

The gang started in Long Beach in the 1980s, and its membership grew rapidly, particularly in Huntington Beach and southern Orange County, according to the Anti-Defamation League, which tracks racist groups. The league said Public Enemy Number 1 leads a coalition of white supremacist groups called the Southern California Skinhead Alliance.

The Thursday sweep involved about 300 officers from about 25 agencies, including the FBI and U.S. Marshals Service. Switzer said authorities raided about 75 locations throughout Southern California.

The arrests were peaceful, and officers seized two handguns, a shotgun, a rifle and small amounts of drugs, he said.

hgreza@latimes.com

CIVIL RIGHTS:

Mary Cheney's Pregnancy Is Just Fine, Bush Tells Magazine (NYT)

By Jim Rutenberg

The New York Times, December 16, 2006

WASHINGTON, Dec. 15 — Mary Cheney's baby will have two mommies, and that is just fine with President Bush.

When People magazine asked him what he thought of the news that Vice President Dick Cheney's daughter, who is a lesbian, was pregnant with a child whom she will raise with her longtime partner, Heather Poe, Mr. Bush said: "I think Mary is going to be a loving soul to her child. And I'm happy for her."

Mary Cheney and Ms. Poe are not married, though they have said that, for all purposes, they consider themselves to be.

People released parts of the interview on Friday, and the quotation about Ms. Cheney's baby prompted a new round of questions about the president's past statements against same-sex marriage and, more particularly, child rearing by gay couples.

For instance, in an interview with The New York Times in 2005, Mr. Bush said in response to a question about gay adoption: "The ideal in society is to raise children with a man and a woman. Private adoption firms can make whatever choice they choose to do."

He added, "I believe children can receive love from gay couples, but the ideal is — and studies have shown that the ideal is where a child is raised in a married family with a man and a woman."

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During his regular press briefing, the White House spokesman, Tony Snow, said Mr. Bush still believed that children should ideally be raised by a man and a woman as parents. But, Mr. Snow said, "he believes that Mary Cheney's child will, in fact, have loving parents."

Asked if Mr. Bush believed a child raised by parents of the same sex would be at a disadvantage, Mr. Snow replied, "He does not make comments on that, and nor will I."

Mary Cheney, 37, has said that she considered quitting the Bush-Cheney re-election campaign in 2004 when the president supported a proposed constitutional amendment banning same-sex marriage. She is now an executive at Time Warner's AOL unit.

Mr. Bush is also quoted by People as saying, "There's no doubt in my mind a woman could do the job" of president.

The magazine quotes the first lady, Laura Bush, as saying that she believed Secretary of State Condoleezza Rice could be a good candidate but was not running, "probably because she is single, her parents are no longer living, she's an only child."

"You need a very supportive family and supportive friends to have this job," Mrs. Bush said.

Also in the interview, Mr. Bush acknowledged that he sometimes had to take "sleep aids" when traveling abroad, though "I must tell you, I'm sleeping a lot better than people would assume."

George & Laura Bush: The PEOPLE Interview (PEOPLE)

People, December 15, 2006

The President and First Lady talk about the war, the future and their marriage. Plus: President Bush answers your questions.

The war, the elections, the GOP scandals: During these difficult times, the President and First Lady talked to PEOPLE about remaining focused on what they hold dear – family, country and one another.

By many measures – the progress on the war, the elections, poll results – it's been a rough year. Do you feel that way? What's your take on it?

THE PRESIDENT: I think it's been a very difficult year in Iraq – for our troops, for the families of the troops, for the Iraqi people. And it's been difficult for the American people, because success in Iraq has been slower coming than any of us would like. And so the task at hand now is to come up with a new way forward. I think most Americans fully understand the importance of success; they're wondering whether we have a plan to succeed. It's my job to listen to a lot of opinions and come up with a strategy that says we have a plan.

Did you think progress would be further along at this point?

THE PRESIDENT: I did. The reason it has been slower is because of the sectarian violence that was caused by outside forces. Now the task is to empower the Maliki government so that they can stop the violence to help them achieve the stability that 12 million Iraqis wanted when they went to the polls (in December 2005). There have been some remarkable achievements, but it is a very tough time now in Iraq.

Nearly 3,300 U.S. servicemen and women have been killed in the Iraq and Afghanistan operations – more than the number of Americans killed on September 11. Is democracy in Iraq worth the death toll?

THE PRESIDENT: If I didn't think removing the Taliban from Afghanistan and helping this young democracy in Iraq after we removed Saddam Hussein were worth it, I wouldn't have our troops there. Success in Afghanistan and Iraq, in Lebanon and elsewhere in the Middle East, is vital to the security of your children and your grandchildren. This is a long-term ideological struggle to protect future generations of Americans.

This year, we invited readers on our Web site to ask you questions. Here's one:

Nina Frazier of New Braunfels, Texas, asks: If you believe in the war, why didn't you encourage your own daughters to fight for your country? Or did you?

THE PRESIDENT: I believe Americans can contribute to the security and well-being of our country in a variety of ways. That's why we have a volunteer army. What we say to young people is that if you want to serve your country you can do so in the military, or you can do so by teaching children in inner-city Washington, D.C., like one of our daughters did. Or you can help form education programs in New York City, like our (other) daughter. There are all kinds of ways to serve.

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Nancy Pelosi shattered Congress's glass ceiling by becoming the first female Speaker of the House. Do you think there's anything a woman would do differently with the Presidency?

THE PRESIDENT: I think it depends on the individual, but there's no doubt in my mind a woman could do the job.

Mrs. Bush: I agree. But it isn't easy to live here. Dr. (Condoleezza) Rice, who I think would be a really good candidate, is not interested. Probably because she is single, her parents are no longer living, she's an only child. You need a very supportive family and supportive friends to have this job.

The White House family had some happy news this week: Mary Cheney, the Vice President's daughter, is pregnant.

THE PRESIDENT: The Vice President took me aside and gave me the good news. He and his wife, Lynne, are very happy for Mary.

You said in 2005 that ideally "a child is raised in a married family with a man and a woman." Knowing Mary and her partner, Heather, do you still think that?

THE PRESIDENT: I think Mary is going to be a loving soul to her child. And I'm happy for her.

Many readers asked how you handle stress.

THE PRESIDENT: I pray daily. I exercise nearly daily, and I've got a loving wife who provides a comfortable, warm place for me to come home to.

Mrs. Bush, how do you feel when you hear some of what's said about your husband? Are there moments that sting?

Mrs. Bush: Sure, yes. I don't like that. But we've been involved (in politics) for years.

Is it worse today than in the past?

Mrs. Bush: When you go to the Lincoln Library in Springfield, Ill., and see what political cartoons and pamphlets said about President Lincoln, you see that it's not worse. People are the same no matter what generation.

A lot of readers asked how you shut off the day's events. Do you ever take sleep aids?

THE PRESIDENT: Generally not. But occasionally when I travel, I'm expected to get on an airplane and fly eight hours and pop out and be fresh and diplomatic and on message. If I'm having trouble sleeping, I'll take a sleep aid. But I must tell you, I'm sleeping a lot better than people would assume.

Do you ever need anything more than a cup of coffee to stay sharp?

THE PRESIDENT: I have a couple of cups in the morning, and drink a lot of water. Hydrating helps. There are ways to maintain your health, and one is exercise. I believe prayer is very important; others don't, but I do. I don't drink alcohol. I can remember when I used to drink, I had trouble sleeping at night.

Favorite book of the year?

THE PRESIDENT: Team of Rivals, about Abe Lincoln, by Doris Kearns Goodwin.

Nichole Grimm of Waynesboro, Va., asks: After being married for almost 30 years, what are the little ways you keep surprising each other to keep your marriage alive?

THE PRESIDENT: I hope mine is humor, that I'm able to joke and laugh. Laughter is an important part of a healthy lifestyle. This is a town that's not laughing a lot lately.

Mrs. Bush: We've done the same thing since we first got married. We wake up in the morning and drink coffee and read the newspapers. We like to go to bed early. Those quiet times that we're together at the end of the day give us the most comfort with each other.

Angela Roy wrote from an APO address in Europe: What are the craziest things you ever gave each other for Christmas?

Mrs. Bush: I think George would say those sweaters that I give him every single year – which I'm not giving him this year. The best gift he ever gave me was when I opened a present under the tree and there was a little porcelain library. It was the library at SMU, my university. (It represented) a beautiful garden and walkway that leads into the library there. He had given it as a gift to my university. That was, by far, the most moving gift he ever gave me.

Are your daughters coming home for Christmas?

Mrs. Bush: They are. Jenna is working with an international organization in Central and South America about education policy. And Barbara is working for a museum in the education department.

Rena Dillard of Nashville asks: Do you have a favorite Christmas memory of them as little children?

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Mrs. Bush: I love to tell the girls this story. They would always help me decorate the tree, and then we'd have hot chocolate. Once when they were really little, I said, "Sit under the tree" – and it makes me want to weep – "and I'll go make the hot chocolate." (The First Lady's eyes fill with tears.) And I came back and they were so literal. They were squished under the branches, sitting way back by the trunk of the tree waiting for their hot chocolate. I'll never forget those precious little babies under the tree.

Suzanne Young of Des Moines asks: What are your plans for contributing to society after the end of your presidency?

THE PRESIDENT: Tell Suzanne that I'll be thinking about that after my presidency. I'll be active. There's a lot of really good initiatives we started here, such as battling HIV/AIDS on the continent of Africa, or dealing with malaria, or Laura's literacy initiatives, and the Freedom Agenda. I've got so much on my mind, and this job is so exciting that it's really hard to settle down and plan the next 10 years of our life.

Bush Happy About Mary Cheney's Pregnancy (AP)

AP, December 15, 2006

President Bush says he is happy for Mary Cheney, the openly gay daughter of Vice President Dick Cheney, who revealed earlier this month that she is pregnant.

"I think Mary is going to be a loving soul to her child," Bush said in an interview with People magazine. "And I'm happy for her."

Bush was asked about Mary Cheney's pregnancy in light of his previous statements that a child ideally should be raised by in a family headed by a married father and mother.

White House press secretary Tony Snow said on Friday that Bush has not changed his mind. "But he also believes that every human life is sacred and that every child who comes into this world deserves love," Snow said. "And he believes that Mary Cheney's child will, in fact, have loving parents."

Asked if Bush believes that children who are raised by gay and lesbian parents are at a disadvantage, Snow said, "He does not make comments on that and nor will I." Mary Cheney, 37, and her partner of 15 years, Heather Poe, 45, are expecting a baby in late spring.

A number of conservative groups have expressed dismay at Cheney's pregnancy.

Bush Sticks To His Views On Gays Becoming Parents (LAT)

By James Gerstenzang

The Los Angeles Times, December 16, 2006

WASHINGTON — Although he recently expressed confidence that Mary Cheney will make a loving parent, President Bush continues to believe it is best that a child is raised by a man and woman married to each other, the president's spokesman said Friday.

The pregnancy of Vice President Dick Cheney's younger daughter, a lesbian, has reignited public discussion on same-sex couples becoming parents.

Some social conservatives, who support Bush and the vice president on most issues, learned of Mary Cheney's pregnancy with dismay, saying it undermined efforts to emphasize the primacy of the traditional family unit.

Commenting on the controversy, Bush last week told People magazine, "I think Mary is going to be a loving soul to her child. And I'm happy for her."

Pressed on whether his remark contradicted views he previously expressed that being raised by same-sex couples was not ideal for a child, he avoided a direct response.

"Mary Cheney is going to make a fine mom, and she's going to love this child a lot," he said.

In 2005, Bush said in an interview that he thought it best for a child to be raised by a man and woman married to each other. He does not favor same-sex marriage.

"I believe children can receive love from gay couples, but the ideal is — and studies have shown that the ideal is — where a child is raised in a married family with a man and a woman," he told the New York Times.

On Friday, White House Press Secretary Tony Snow was asked whether the president stood by this belief.

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"Yes, he does," Snow replied.

"But he also believes that every human life is sacred and that every child who comes into this world deserves love," Snow said. "And he believes that Mary Cheney's child will in fact have loving parents."

Snow said Bush had not addressed whether he thought children raised by gays were at a disadvantage.

In the People interview, Bush said that he found out about Mary Cheney's pregnancy when the vice president "took me aside and gave me the good news."

Bush added that the vice president and his wife, Lynne, "are very happy for Mary."

The president did not mention Mary Cheney's partner of 15 years, Heather Poe.

Since the Bush administration took office in 2001, Mary Cheney has played a low-key but growing role in its political operation.

In 2004, she held a senior staff position in the Bush reelection campaign, and regularly traveled with her father aboard Air Force Two.

She is to give birth in the late spring.

Cheney's Lesbian Daughter Will Be A "Loving Mother": Bush (AFP)

AFP, December 15, 2006

President George W. Bush, a staunch defender of traditional values, believes vice-president Dick Cheney's lesbian daughter will be a "loving mother."

In an interview with celebrity magazine People, Bush said he was delighted to hear Mary Cheney was expecting a child with long-time partner Heather Poe.

"The Vice President took me aside and gave me the good news. He and his wife, Lynne, are very happy for Mary," Bush told the magazine.

Last year Bush said he believed that ideally "a child is raised in a married family with a man and a woman."

Asked if he still believed that, given that he knew Mary Cheney and her partner, he told People: "I think Mary is going to be a loving soul to her child. And I'm happy for her."

In May, Mary Cheney was critical of Bush's support for a constitutional amendment banning gay marriage.

However she said she had no doubt that "Bush was the absolute best person to be leading us at this time in our country's history."

In New Jersey, Gay Couples Ponder Nuances Of Measure To Allow Civil Unions (NYT)

By Kareem Fahim

The New York Times, December 16, 2006

HOBOKEN, N.J. Dec. 15 — Away from the loud political arguments over the New Jersey Legislature's vote to establish civil unions for same-sex couples, gays and lesbians across the state have begun to grapple with the practicalities: What verb to use? Get unified?

After drinks at a bar here Thursday night, hours after the vote, Rosanna Durruthy, 44, said she and her partner would soon start planning the ceremony they had talked about for years. "This is great," said Ms. Durruthy, a Hoboken resident who has lived with her partner for nine years. "Will we have the major event where we get the villa in Tuscany? We're still discussing it." (She favors the Amalfi coast.)

Ms. Durruthy celebrated the news amid laughter and a long embrace with her old friend Bill Carter, 37, who lives in Texas with his partner. Mr. Carter was happy for his friend and said he considered the law a collective leap forward, but added of his home state: "There are no rights there; sodomy just came off the books."

New Jersey is the third state to give approval to civil unions; Massachusetts permits gay couples to marry but only if they live in the state. Since Vermont began allowing civil unions in 2000, between 250 and 400 New Jersey couples have gotten hitched there (along with about 200 New York couples a year). Connecticut's civil union laws took effect in October 2005.

The 2000 Census found about 16,000 same-sex couples living together in New Jersey, though the Urban Institute, a research organization, says the true count is as much as 50 percent higher; nearly one-third of them are raising children.

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In interviews with more than a dozen gays and lesbians over the past three days, many talked about following through on long deferred plans now that the law has been passed. Other couples welcomed the broader rights but said little would change, saying that their commitments did not need a government sanction. There was approval from single people as well, even if some had not followed the debate as closely as their friends who share children, homes or bank accounts.

The legislation does not spell out procedures for obtaining civil unions, but advocates for same-sex marriage and state officials said the process was likely to mirror that for marriage. In New Jersey, couples apply for a marriage license in the municipality where the bride lives, unless the bride lives out of state; such rules would most likely have to be tweaked.

After a 72-hour waiting period, set aside to make certain a couple wants to get married, a municipal registrar issues a marriage license. Weddings in New Jersey can be performed by mayors, many judges, village presidents and ministers.

Eric Kabel, who works for a nursing agency and lives in Rahway, said that he and his partner signed up for a domestic partnership in New Jersey the first day that a law passed in 2004 went into effect.

"Neither of us were real activists," he said. "But we wanted them to see the number of people who signed up as partners."

When the civil union law takes effect — 60 days after the governor's expected signature — the couple will head to City Hall, Mr. Kabel said, adding, "I don't care if the city clerk does it."

But while they are eager to claim the rights and benefits provided by the new law, Mr. Kabel lamented that a heterosexual couple who met "five minutes ago" can get a marriage license, while he and his partner of 16 years cannot.

"We're a suburban, boring couple, with a yard, a dog," he said. "We're friendly to our neighbors."

Steve Mandeville and Victor Aluise, partners of 16 years who share a house in Ocean Grove, exchanged wedding bands years ago, in Sedona, Ariz.

"We were in a beautiful place, it was a beautiful day," Mr. Mandeville recalled. "It doesn't matter what you want to call it. If it will keep the heterosexual people happy, let's just call it a union. Isn't that what a marriage is anyhow?"

Mr. Aluise said the two had not yet decided if they would have another big ceremony, but they would wait until April 25 — the anniversary of their domestic partnership registration — to register for their union. "I'm elated, and I'm proud to be a New Jerseyan now," he said.

Though advocates for civil rights for gay people vowed to keep pushing for same-sex marriage, Alan Fox, the manager of the bar in Hoboken where Mr. Carter and Ms. Durruthy had a drink, the Cage, said he had no desire for gays to win the right to marry.

Marriage, Mr. Fox said, had been for his parents (who eventually divorced). If he married, "it would be offensive to my people like my mother," Mr. Fox said.

Jan Moore, 70, hailed the new law as good for young people. "They won't be made to feel like second-class citizens, people who have to walk around and hide who they are or what they are," she said in a telephone interview from her home in Ocean Grove.

Ms. Moore's partner, a 77-year-old woman who refused to give her name, gave voice to the fears felt by an earlier generation. "I was in New York when the cops used to raid bars," she said. "You had to show papers. They'd say, 'Does your mother know who you are?' "

She also said she had no interest in marriage. "I'm an old Italian," she said. She said when she was growing up "it was always a man and a woman."

Ms. Moore, a great-grandmother, said she and her partner have been together for 36 years.

"We've climbed a mountain," Ms. Moore said. "I didn't think I would see this in my lifetime."

Town Is Sued Over System Used In Voting (NYT)

By Barbara Whitaker

The New York Times, December 16, 2006

PORT CHESTER, N.Y., Dec. 15 — The United States Justice Department filed a lawsuit on Friday against this Westchester County village, charging that its at-large voting system illegally diminishes Hispanic influence.

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The suit, which contends that the system violates the Voting Rights Act, seeks an injunction that could scuttle Board of Trustees elections in March.

"The right to vote is the bedrock of our government," Michael J. Garcia, the United States attorney for the Southern District of New York, said in a statement. "The at-large system of electing Port Chester's Board of Trustees dilutes the votes of Port Chester's minority citizens and undermines democracy."

Mayor Gerald L. Logan criticized the government's lawsuit as "unfortunate and heavy-handed."

"We are extremely disappointed that the government chose divisive litigation instead of direct communication," he said. "There appears to be no interest in working cooperatively with Port Chester."

The Justice Department notified officials in April that it intended to file a lawsuit if they did not take steps to set up a district-based voting system. The department provided three separate plans to break the village into voting districts. On Dec. 4, the village board voted to notify the department that it did not believe the current system violated the act, setting the stage for a court battle.

According to the lawsuit, the village's at-large system — in which all residents vote for each member of the board of trustees — allows for white-bloc voting that prevents Hispanic voters from electing their preferred candidates. The government noted that more than 46 percent of the village's population and 21.9 percent of its voting-age citizens are Hispanic. Still, no Hispanic person has been elected to public office in the village.

The United States attorney's office also cited instances of what it said was voting polarized by race and ethnicity, as well as a history of anti-Hispanic discrimination in New York State, Westchester County and the village.

The court filing was supported by affidavits from residents and former candidates for either the board of trustees or the school board who are Hispanic or African-American and who identified what they said were instances of racial or ethnic appeals to undermine their candidacies. They also cited cases in which they said support in a smaller community was canceled out by white voting in other areas.

Anthony Piscionere, who is representing the village, said that officials were open to making changes to assure all ethnic groups and races were represented in elections. But, he said, three experts hired to review the Justice Department's data found it did not support the contention that the village violated the Voting Rights Act.

In addition, he said, districting the 2.4-square-mile village would be costly and have long-term consequences.

"If the evidence doesn't support the action, would you do it?" he said.

He said a Voters Rights Commission had been formed to increase voter participation. Mayor Logan noted that while according to the 2000 Census there were more than 3,000 Latinos of voting age in Port Chester, only 2,600 people voted in the last election and the winning candidate received 1,659 votes.

"It is apparent to all who know our village that we face apathy and not discrimination," he said.

But according to statements of former Hispanic and African-American candidates filed with the government's lawsuit, a problem does exist.

Cesar Ruiz, who ran unsuccessfully for trustee in March 2001, said he felt it was impossible for a Hispanic or African-American candidate to be elected under the current system. He recalled a supporter who told him: "I like you, you're a good guy. I've known you for years. But the Democrats are telling me not to vote for you because you are Hispanic."

Graciela Heymann, executive director of the Westchester Hispanic Coalition, a service and advocacy group that has an office in Port Chester, said it was difficult to say who was right in the case because of a lack of data.

However, she said, there was no doubt that there needed to be greater Latino representation in the village. Public hearings on the districting issue have highlighted tensions between longtime residents and Latinos who have recently moved there.

"I really feel that Port Chester is like a tale of two cities with people living separate lives," she said.

Feds Sue Village Over Hispanic Voting (AP)

By Jim Fitzgerald, Associated Press Writer

AP, December 16, 2006

The federal government sued a suburban New York village Friday, alleging that its at-large method of electing trustees is unfair to Hispanics and violates the Voting Rights Act.

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The government requested that Port Chester — or a judge, if necessary — devise a system that would include a Hispanic district.

"Ethnically and racially polarized voting patterns prevail" in Port Chester's local elections, according to a statement from U.S. Attorney General Alberto Gonzales and other Justice Department officials.

Mayor Gerald Logan blasted the lawsuit, calling it "unfortunate and heavy-handed" and noting that Port Chester has used at-large elections since 1868.

"We cannot and will not stand idly by and allow the federal government to upset and divide our village," he said.

The village is about 25 miles from New York City and is governed by a mayor and six trustees. Port Chester, with a population of about 28,000, is 43 percent Hispanic, according to the 2000 Census. The citizen voting-age population was 22 percent Hispanic, but no Hispanic has ever been elected as a trustee.

In court papers, the government said Hispanic candidates have been defeated in the past by "white bloc voting."

The next election is set for March 2007, and the Justice Department is asking for an injunction against it unless there is a new system in place.

At a court session Friday afternoon, however, Judge Stephen Robinson suggested there may not be enough time to reach a "thoughtful" decision and stop that election. He scheduled hearings for Feb. 12.

Last April, the Justice Department advised Port Chester that its system violated the Voting Rights Act and threatened a lawsuit. The trustees voted unanimously this month that the system does not violate the law.

Feds Sue State Over Juvenile Site (OKLA)

By Josh Rabe

Oklahoman, December 16, 2006

TULSA — The U.S. Justice Department on Friday filed a complaint against the state, challenging the conditions at a Sand Springs juvenile detention center

Federal prosecutors believe the state hasn't corrected serious violations found in a two-year investigation at the L.E. Rader Center, said Cynthia Magnuson, spokeswoman for the Justice Department.

She said violations included inappropriate sexual relationships, violence and abuse of psychotropic medications.

The U.S. attorney general's office filed the lawsuit Friday against the state, Gov. Brad Henry, the director and chairman of the Office of Juvenile Affairs and the superintendent of the juvenile facility.

The complaint accuses the state and juvenile justice officials of failing to protect federally protected civil rights of about 215 teens at the center.

"These allegations are very serious, and we were unable to resolve this," Magnuson said. "It just came to a point where we had to file suit."

'Not cooperative'

The Justice Department threatened legal action in a June 2005 letter Assistant Attorney General R. Alexander Acosta sent Henry.

"The facility was not cooperative and wouldn't let us conduct the sort of investigative work we usually would do," Magnuson said.

Since the letter was issued, state juvenile affairs officials have been reluctant to correct those problems, she said.

In a written statement released Friday, Gene Christian, executive director of the state Office of Juvenile Affairs, said his office anticipated legal action and looks forward to a final resolution to the situation.

Christian said he could not comment specifically on the case because it is pending.

Henry's spokesman, Paul Sund, had a similar response.

State Attorney General Drew Edmondson's office was reviewing the complaint Friday and couldn't yet address specific allegations, said Charlie Price, a spokesman.

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Most cases of prison civil rights abuse are resolved out of court through consent orders in which an agency agrees to outside oversight for a certain time, Magnuson said. In rare instances, the Justice Department has sought court orders to close facilities.

ANTITRUST:

Airlines And Antitrust (WSJ)

The Wall Street Journal, December 16, 2006

For airline passengers, those half-empty flights on which you can spread out and take a couple of seats are a godsend. But for the airlines, they are misery. Those Ancient Mariner flights help to explain the sudden urge to merge in the airline industry.

United and Continental proposed a merger this week, even as US Airways's managers are trying to convince Delta's creditors to sell Delta to them rather than let it emerge from bankruptcy as an independent airline. More of this may be in the offing. Meanwhile, in Washington, Democrats are already sounding the political alarm about airline consolidation.

Senator Frank Lautenberg wants to be sure that any deals are "good for the flying public." His counterpart in the House, Minnesota's James Oberstar, is even more emphatic that the Justice Department should block all airline mergers. "I don't think there's any benefit from mergers except for the benefit of stockholders and airline officials," Mr. Oberstar averred this week.

We'd have thought a competitive and healthy airline industry is in everyone's interest. Mr. Oberstar's deepest concerns are for the unions who elect him, and unions tend to gripe about mergers for fear of losing jobs. But Delta's pilots are now experiencing what can happen when the alternative to merger becomes bankruptcy. The pilots' pension fund is being tossed over to the federal government, which means a sizable haircut for the pilots' lucrative pensions. Airline employees aren't immune to the industry's woes or good fortune.

And speaking of bankruptcy as an alternative, let's recall the last time the Justice Department took Mr. Oberstar's antitrust advice -- in 2001, when it rejected the proposed merger of United and US Airways. Both airlines later ended up in bankruptcy court and seeking taxpayer aid.

Still, Mr. Oberstar has identified a genuine political problem for the industry. Consolidations only make sense if they allow the merging airlines to take out marginal capacity, as US Airways has been explaining. But in the real world, "marginal capacity" translates to those half-filled flights to often small destinations.

Customers like those flights. And the politicians who represent the cities where those flights land hate to see them cut or reduced. The trouble for the industry is that all the big players are trapped in a prisoner's dilemma -- but one in which, by the rules of antitrust enforcement, they aren't allowed even to attempt to cooperate with each other. This leaves them with a choice between killing their own marginal flights -- and letting their competitors reap the benefit -- or limping along with unprofitable networks.

US Airways's provocative answer is to merge with Delta, cut marginal or overlapping capacity, make sure the extra planes don't keep flying the unfriendly domestic skies, and make money with a more compact network. The model is the US Airways merger with America West, in which US Airways was bought out of bankruptcy, allowing for contract terminations that would have been harder to shake off outside bankruptcy court. It figures it can repeat the trick with Delta.

By US Airways's account, this is even better than killing off one of the big carriers through a Chapter 7 liquidation, because in that case the remaining legacy carriers might buy up the planes and routes the departing carrier left behind. In that sort of auction of assets, the same old prisoner's dilemma rules apply. The routes may not be great, but buying them up is better than letting your competitors get them, so everyone goes at it.

Critics of mergers complain that the combined giants will proceed to monopolize certain routes. But an undeniable fact of modern airline life is that the barriers to entry are low and capital is plentiful. The planes can be leased, rather than purchased outright, and the startups lack the legacy and union costs of the Americans and Continentals.

This helps explain why low-cost carriers now account for 35% of the market, up from 10% not very long ago. A combined US Airways-Delta might try to monopolize a route, but it would soon face competition on that route from a JetBlue or AirTran or

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some startup we haven't seen yet. In this environment, capacity reduction and the elimination of marginal routes has to be part of any story that leads to a less self-destructive industry in the future.

An airline industry shakeout may mean more people on some flights, but it doesn't have to mean more "crowding." JetBlue just announced that it was increasing the leg room on its Airbus 320s. Not coincidentally, JetBlue is also growing and is (generally) profitable. Perhaps Mr. Oberstar ought to take another look at his list of beneficiaries in a more consolidated, more profitable airline business.

Airlines, Now Healthy, Getting Frisky (NYT)

By Mark A. Stein

The New York Times, December 16, 2006

HOW well have the commercial airlines rebounded from their near-death brushes with bankruptcy in the first half of the decade? Consider this: flights are packed, fares are rising and profits have reappeared despite stubbornly high fuel costs. The best may be to come, as some of the biggest airlines flirt with mergers that could permit them to cut costs and raise fares even further.

Federal regulators, meanwhile, eased up on some of the rules and prosecutorial tools after the collapses of Enron and WorldCom touched off a series of corporate scandals involving accounting fraud, insider trading, backdated stock option grants and other malfeasance.

THE BAGGAGE CAROUSEL The week began with news that another major airline was about to be acquired and ended with the announcement of just such an offer, but the two deals were related only in that they illustrated the industry's budding revival.

Qantas, the Australian airline, was the one that agreed to be acquired, accepting an $8.7 billion offer from a consortium led by Macquarie Bank and the Texas Pacific Group. Earlier in the week, Continental Airlines confirmed it was being courted by United, its much larger rival.

Both deals follow US Airways' offer last month to buy Delta Air Lines for $8 billion. Delta's board is considering that offer as it tries to emerge from bankruptcy court protection.

If one big domestic merger goes through, other airlines will feel pressure to pair off, too, or risk winding up at a competitive disadvantage because they have higher costs or smaller route networks. While such consolidation may bolster airlines' bottom lines, reduced competition would probably also result in more-crowded flights and higher fares, at least in the short term.

Delta, which opposes US Airways' bid, will file a plan next week outlining how it intends to operate as an independent airline once out of bankruptcy court protection.

EASING THE RULES Federal regulators and prosecutors moved to narrow or roll back some rules and investigative methods adopted after Enron and WorldCom imploded in multibillion-dollar accounting frauds, starting a wave of corporate scandals that are still unfolding.

The Justice Department acted first, imposing new limits on prosecutors in white-collar corruption cases. They now must seek approval from senior officials before asking companies to waive their attorney-client privilege, and they must disregard if a company has hired lawyers for potential witnesses when deciding whether to charge the company.

A day later, the Securities and Exchange Commission moved to relax an auditing provision of the Sarbanes-Oxley Act of 2002 for smaller companies. In the law, Congress left it to the S.E.C. to decide precisely how thoroughly auditors must review the financial controls companies employ to detect fraud in their accounts.

The United States Chamber of Commerce and other business groups that have been critical of the S.E.C. rules and the Justice Department's approach may still try to persuade Congress to further reduce regulations and enforcement.

HOLDING STEADY The Federal Reserve left its benchmark interest rate steady, holding firm to its position that a slowing economy will subdue inflation in the months ahead but warning in a statement that "some inflation risks remain."

The possibility that inflation will not slow as expected has worried Fed board members, particularly Jeffrey M. Lacker of the Federal Reserve Bank of Richmond, who has dissented each time since the central bank stopped raising rates in August.

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While the Fed's Open Market Committee indicated in its statement that another rate increase could soon be needed to hold price increases down, it also acknowledged that "recent indicators have been mixed" and it could not rule out the possibility that economic growth and inflation could slow enough to warrant a rate cut next spring.

One barometer of inflation, the Labor Department's producer price index, will be updated Tuesday with figures from November.

BIDDING WAR Rival steel makers from India and Brazil opened a bidding war for the British-Dutch producer Corus, accelerating a worldwide consolidation of steel companies amid sharply higher costs for raw materials and energy.

Tata Steel of India began the scrap by offering $9.2 billion in cash for Corus, which itself was created by the 1999 merger of British Steel and Royal Hoogovens of the Netherlands. Within hours of Tata's bid, however, the Brazilian company, Companhia Siderúrgica Nacional, offered $9.6 billion.

Both bidders have access to cheap iron ore, a crucial matter in a global market where ore prices have risen in consecutive years. Tata also has the advantage of India's booming appetite for steel among road builders, land developers and automakers.

If either bid succeeds, the deal would be the second largest in 2006, trailing only Mittal Steel's $38.3 billion takeover of the Spanish-French-Luxembourgian steel maker Arcelor last summer.

UNHAPPY ANNIVERSARY On the eve of a high-level visit by American officials, the Bush administration accused China of failing to honor promises to open its economy to foreign competition and crack down on piracy of foreign goods.

The criticism came in a report to Congress by Susan C. Schwab, the United States trade representative. The analysis, which praised China in some areas, was required by American law on the fifth anniversary of China's joining the World Trade Organization.

The United States may seek arbitration from the World Trade Organization if it cannot resolve its disputes with China.

GOLDEN GOLDMAN The investment bank Goldman Sachs said its profit soared 93 percent in its fiscal fourth quarter, meaning it earned nearly as much in 2006 as it had in the previous two years combined — both of which were also record years.

Driven by a record year in mergers and acquisitions, a robust stock market rally and rapid growth in credit markets — which are now much bigger than stock markets — Goldman posted a record annual profit of $9.5 billion on record revenue of $37.7 billion.

Soaring profit means soaring bonuses. Investment bankers who generated a lot of business can expect $20 million to $25 million each, while top traders can take home up to $50 million, according to executives at other leading banks.

Democrat Senator Issues Warning About Airline Mergers (DOW)

By Corey Boles

Dow Jones Newswires, December 16, 2006

WASHINGTON (Dow Jones)--A senior Democrat senator Friday expressed concern about the impact on competition from potential consolidation in the U.S. airline industry.

Sen. Frank R. Lautenberg (D-NJ) said he is concerned that renewed speculation the industry is about to embark upon another round of takeover activity could leave consumers shortchanged.

"What matters to me is to see if this proposal is good for the flying public, if it makes air travel more convenient, less expensive and with higher quality service," Lautenberg said in a statement Friday.

Last month, Delta Air Lines Inc. (DALRQ) rejected an unsolicited $8 billion approach from U.S. Airways Group Inc. (LCC), saying the company was on track to emerge from bankruptcy protection in early 2007 on its own.

Airline shares then moved up sharply on Wednesday with the AMEX airline index increasing 3% on word of private discussions between the chief executives of UAL Corp. (UAUA), parent of United Airlines, and Continental Airlines Inc. (CAL) about a possible tie-up.

Also Wednesday, shares in regional carrier MidWest Air Group Inc. (MEH) shot up 22% - commensurate with the amount of a hostile takeover offer from AirTran Holdings Inc. (AAI).

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Analysts have long predicted that the industry needs to go through a wave of consolidation in order to cut costs and duplication of services. The sector was hard hit by the steep drop in the numbers of people flying in the wake of 9/11. Airlines also struggled to swallow the spike in oil prices earlier in the year which led to a dramatic rise in their costs.

Once news of U.S. Airway's approach for Delta was made public, the Department of Justice quickly made it clear its antitrust unit would investigate any potential transactions in the sector.

Lautenberg said that, in addition to the concerns he had about ensuring sufficient competition in the sector, he also wanted to seek reassurances that, were there to be a deal, there would be assurances given about protecting employees' jobs at the two airlines.

"I also want to know more about plans for employees who have worked at Delta and U.S. Airways for many years, and employees who are near their retirement. What happens to them," his statement said.

Lautenberg said that were actual consolidation in the industry to materialize, he "would ask serious and thoughtful questions in the Senate Commerce Committee about this proposal. Too much is on the line here to give it a rubber stamp."

He said he wouldn't hesitate from holding oversight committee meetings into airline consolidation.

Lautenberg sits on the aviation subcommittee and could possibly become its chairman once the party takes control of Congress in January. A spokesman for Lautenberg's office would only say that the subcommittee chairman roles won't be decided until January.

Staff members for other Democrat lawmakers said they share Lautenberg's concerns but are waiting to see how any consolidation plays out before they commit to staging oversight hearings.

-By Corey Boles, Dow Jones Newswires; 202-862-6637; corey.boles@dowjones.com

Antitrust Wait Ends For Merck-Sirna Deal (MBJ)

Milwaukee Business Journal, December 16, 2006

Merck & Co. said Thursday that the federal regulatory antitrust waiting period for its $1.1 billion deal to buy Sirna Therapeutics Inc. expired.

The two companies broke news of the deal on Oct. 30, when Merck (NYSE: MRK) said it would pay $13 a share in cash for San Francisco-based Sirna (NASDAQ: RNAI).

The end of the required waiting period satisfies one condition for the deal to be completed. Sirna's stockholders have yet to vote on the deal -- that's set for Dec. 28 in San Francisco's Grand Hyatt Hotel.

Whitehouse Station, N.J.-based Merck is a giant drug company with 61,500 workers.

Sirna seeks treatments for conditions like age-related macular degeneration, asthma and hepatitis C using RNA-interference technology. It has about 70 workers.

Hearst Buys Copley's LA Newsapers; To Sell To MediaNews (AP)

AP, December 16, 2006

TORRANCE, Calif. (AP)--Copley Press Inc. said Friday it sold the Daily Breeze and three weekly newspapers to Hearst Corp. in a deal that will eventually transfer ownership of the Los Angeles-area paper to Denver-based MediaNews Group Inc.

MediaNews, which also owns the Daily News of Los Angeles and other area papers, will run the Breeze while a sale of the papers from Hearst is pending, MediaNews said Friday.

Financial details weren't disclosed. But in court documents filed earlier this month, the purchase price was estimated at $25 million for a deal that includes the Palos Verdes Peninsula News, The Beach Reporter and More San Pedro.

"We are delighted to acquire these fine newspapers and expand our reach in the exciting media market of Los Angeles," said Dean Singleton, chief executive of MediaNews. "The Daily Breeze and its sister weekly newspapers are a wonderful addition to the Los Angeles Newspaper Group."

The Breeze, which has a paid circulation market share of about 3.5% in the Los Angeles area, has an average daily circulation of 70,076 and 284 employees.

Copley also is selling the building that houses the Breeze. MediaNews plans to keep the paper in its current location under a short-term lease with Copley.

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The purchase of the Daily Breeze will give MediaNews a stronger foothold in the Los Angeles area. The company's newspapers cover many Southern California suburbs, and its largest holding, the Daily News of Los Angeles, competes against the Los Angeles Times.

Singleton has used a similar approach around the San Francisco Bay area, where he runs the Oakland Tribune and other suburban newspapers that vie for readership against the San Francisco Chronicle.

Copley, parent company of the San Diego Union-Tribune, said in June it wanted to sell its Los Angeles Newspapers, citing competitive pressures in the market.

The complex deal involving New York-based Hearst and MediaNews Group was documented in court filings earlier this month as part of a federal antitrust case targeting their plans to consolidate some business operations of their Bay Area newspapers.

A San Francisco investor is trying to block the consolidation, claiming such cooperation violates antitrust laws.

In the filing in San Francisco, the media companies disclosed plans for Hearst to purchase the Daily Breeze from Copley and then sell it to MediaNews along with two other publications, the Monterey County (Calif.) Herald and the St. Paul (Minn.) Pioneer Press.

The Daily Breeze is one of 20 newspapers published by Copley, which is based in San Diego.

Copley is the sixth-largest private family owned newspaper group in the U.S. and is the 19th largest newspaper group in the country. Copley also said earlier this year it was exploring the possible sale of its seven newspapers in Ohio and Illinois but intends to retain the Union-Tribune.

The company also operates Copley News Service, which provides news, commentary and features from bureaus in Washington, D.C., Los Angeles, Chicago and Mexico City, as well as in Sacramento and the state capitals of Ohio and Illinois.

The news service shared a Pulitzer Prize in April with the Union-Tribune for exposing the bribery scandal that brought down then-U.S. Rep. Randy "Duke" Cunningham.

The company that became The Copley Press was started in 1905 in Illinois by Col. Ira C. Copley. He expanded to California in 1928. Helen Copley ran the company from 1973 until her retirement in 2001 and her son, David C. Copley, succeeded her.

Founded by political activist and retired pharmacist S.D. "Doc" Barkley, the Torrance paper began as a weekly in 1894 known as The Breeze. It covered several Los Angeles beach communities before it became part of the Copley family holdings in the late 1920s.

U.S. Regulators Move To Streamline Merger Reviews (NYT)

The New York Times, December 16, 2006

Hoping to reduce the time and expense involved in the merger review process, the Justice Department's antitrust division on Friday announced changes to its five-year-old guidelines for vetting corporate transactions. Many of the changes focus on the "second request," in which regulators, after launching a preliminary investigation into a deal's competitive effects, extend the waiting period and ask the parties for more information. Among the new provisions is an option that allows companies to limit the scope of the documents they must produce in a second request, the Justice Department said.

Second request have become less common in recent years, according to figures published in a document accompanying Friday's announcement. In the fiscal years 2000 and 2001, before the antitrust division took up its 2001 Merger Review Process Initiative, about 40 percent of preliminary investigations led to second requests. In 2002 and 2003, that percentage fell below 29 percent. In 2004 and 2005, it stood at 24 percent.

Merger reviews have also gotten shorter. Since the 2001 initiative was announced, the average length of time from the opening of a preliminary investigation to the early termination or closing of the investigation has fallen from about 93 days to 57 days, the Justice Department said.

DOJ Announces Reforms To Antitrust Review Policy (WSJ)

By Corey Boles

Wall Street Journal/Dow Jones, December 16, 2006

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WASHINGTON (Dow Jones)--The Department of Justice on Friday announced measures to reduce the cost and duration of merger investigations carried out by its antitrust unit.

The voluntary amendments come as part of wider series of measures aimed at reducing the burden on companies going through the merger approval process.

The new option would place limits on the extensiveness of DOJ requests for further information from merging companies. Only certain central files and a targeted list of 30 employees, deemed central to the business, would be searched by the DOJ during a takeover investigation.

In a statement, the DOJ said the new option would be available to most parties whose M&A activities are subject to review by the antitrust division.

In order to qualify, companies must agree to provide requested information to the DOJ early in the merger process, agree to an investigation schedule set by the department and also to a sufficient period for the division to conduct post-complaint discovery.

"Efficient merger enforcement - reaching the right answers as quickly as possible with the least burdens necessary - is one of our top priorities," said Thomas O. Barnett, assistant attorney general in charge of the antitrust unit.

Other changes announced Friday would see a shorter default period for reviews from the current three-four years to a new two year period and limitations on when the DOJ can request additional information from companies.

A review of merger policy guidelines began in 2001 aimed at helping the division identify legal, factual and economic issues regarding proposed merger more quickly.

The DOJ said that since reforms began, the average investigation now lasts around 57 days compared to 93 days previously.

FBI/DEA/ATF/USMS:

DeKalb Raid Ends In Gunfire ATF Agents Shot While Serving 'Firearms-related' Warrant (AJC)

By Mae Gentry, Mike Morris, The Atlanta Journal-constitution.

The Atlanta Journal-Constitution, December 16, 2006

Two agents with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives were shot early Friday while serving a warrant at a DeKalb County apartment complex, police said.

One agent was struck in the knee and the other in the lower abdomen. Both men were treated at a local hospital and released.

The shooting occurred before dawn at the Pinewood apartment complex near Panola Road in Lithonia, DeKalb police dispatchers said.

ATF spokesman Marc Jackson said the agents, whose names have not been released, were serving a federal search warrant for "firearms-related offenses."

"They knocked and announced their presence," Jackson said. After they entered the apartment, he said, "they were met with gunfire from within the residence."

Jackson said he did not know whether agents returned fire. After the shooting, other agents talked the suspects out of the apartment.

Jeffrey Pearce, ATF assistant special agent in charge, said two men and a woman were taken to the DeKalb County Jail, where the woman was released. The suspects were not wounded, he said.

Monte Edward, 22, who came to the apartment complex after the shooting, said his cousin lived in the unit raided by authorities and that he had once lived there.

Edward said he received a phone call from a neighbor saying, "Someone's kicking in your door." He said the neighbor screamed and told him, "Somebody's shooting."

Edward said his cousin, 23-year-old Chardriguez Durden, was in the apartment with a woman and a man.

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Durden of Stone Mountain has been charged with six counts of aggravated assault on a police officer and violation of the Georgia Controlled Substances Act, according to a news release from DeKalb police. Paul Thompson Jr., 19, of Covington has been charged with violation of the Georgia Controlled Substances Act, the release said.

Federal charges are pending.

Durden's father, Charles Durden, 47, of Snellville came to the scene as federal agents were removing bags from the apartment. It was unclear what was in the bags.

"I just don't get it," the father said. "You come, kick in somebody's door at 4 o'clock in the morning and what do you expect? This area has had a lot of burglaries and home invasions."

Chardriguez Durden's attorney, Tony Mathis, said the apartment had been burglarized twice before and that his client was afraid.

"He fired from his bedroom through the door," Mathis said. "When he heard them say 'police,' he put the weapon down and laid on the ground.

"All of them were afraid. They thought someone was breaking into the house."

Mathis said Chardriguez Durden was concerned about the wounded agents. The attorney also said the weapon the agents wanted was not in the apartment.

IMMIGRATION:

Immigrants' Families Figuring Out What To Do After Federal Raids (NYT)

By Julia Preston

The New York Times, December 16, 2006

Immigrant families scrambled yesterday to find detained relatives, arrange care for children of deported parents and recover from the loss of work as a result of raids this week by immigration authorities at meat-packing plants in six states.

The raids, part of a federal operation against identity theft, had stunning effects on the surrounding towns, residents said. In all, 1,282 legal and illegal immigrants were arrested, and in most cases the plants, all operated by Swift & Company of Greeley, Colo., were the largest employer around.

"Many people are still very frightened," Mayor Luis Aguilar of Cactus, Tex., said.

In Cactus, 275 employees were arrested.

In Worthington, Minn., with 230 arrests, residents said dozens of immigrants had gone into hiding.

"I've never seen anything like it, the sadness, the emptiness, the fear," a schoolteacher, Barbara Kremer, said. Ms. Kremer said she had provided shelter in her house since the raid for 24 immigrants who were afraid to return to their homes.

The raids, by Immigration and Customs Enforcement agents, netted dozens of immigrants who were legal residents but did not have their papers with them at work. Others arrested were illegal who have to leave the country or face deportation.

Many have children or spouses who are legal residents or Americans, and they have to decide whether the families will stay here or return to their home countries.

Veronica Rodriguez Perez, 20, an American who is works on a production line at the Swift beef-processing plant in Greeley, Colo., said she had not been able to talk with her husband, a Guatemalan, since he was arrested on Tuesday. Mrs. Perez said immigration agents separated during the raid from her husband, Roberto Pérez García.

"They made him and myself seem like criminals," she said. "He tried to give me a kiss on the forehead, but they would not let us talk to each other."

Mr. Pérez worked in the slaughterhouse side of the plant, she said. They have an 11-month-old son who was born in Colorado. Mr. Pérez, who was in the United States illegally, had not applied for residency because of the legal costs, she said.

Many of the arrested immigrants were taken to Camp Dodge in Johnston, Iowa, a National Guard base. Others were bussed to an immigration detention center in Atlanta for deportation proceedings.

The chief executive officer of Swift, Sam Rovit, said that production was slightly slowed at the plants, but that the losses in replacing the workers could be in the millions.

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Swift executives said they had sought to work with immigration officials to pre-empt the raids. In March, the immigration agency subpoenaed the work documents of every Swift employee. After reviewing the papers, the agency retained them for many employees, including 665 at a plant in Marshalltown, Iowa, on suspicion that they were fake or stolen, Donald F. Wiseman, the Swift general counsel, said.

Swift began to interview its employees. About 400 left the company after the interviews, with many acknowledging that their documents were not legal, Mr. Wiseman said. He added that the immigration agency later ordered the company to stop the interviews.

On Nov. 28, Swift sought an injunction against the raids in Federal court in Amarillo, Tex. Judge Mary Lou Robinson denied the request.

Mr. Rovit said Swift, third largest meatpacker in the nation, paid good wages by industry standards, twice the minimum wage, with health benefits. With tight profit margins, he added, Swift would be hard-pressed to replace the workers for work, which is demanding and has historically attracted immigrants, including immigrants without proper documents.

"Nobody wants to have illegal immigrants," Mr. Rovit said.

He said a continued crackdown would bring "a shrinking in the industry, because there is not enough labor to go around."

Prosecutors in several states began filing criminal charges against accused suppliers of the illegal documents. In Salt Lake City, officials unsealed a complaint against Veronica Carrillo, a Mexican immigrant accused of selling real United States birth certificates to Swift employees.

Rift Over Illegal Immigration Leads To Talk Of Secession (NYT)

By Paul Vitello

The New York Times, December 16, 2006

FARMINGVILLE, N.Y., Dec. 14 — Assuming a new name has often been part of the immigration experience. Now this Long Island hamlet, bruised for a decade by its reputation as a place where illegal immigrant day laborers crowd into rooming houses, is considering a name change of its own.

Farmingville, or at least the more affluent half of it, where few if any of the new immigrants live, would have itself be known instead as the village of Oak Hills.

Some people here acknowledge this is a kind of white flight by incorporation — a maneuver pioneered 20 years ago when an enclave within the increasingly Hispanic community of Central Islip, in Suffolk County, broke off to become the village of Islandia.

But many of the homeowners here who have signed a secession petition in recent days say that they are not leaving Farmingville — Farmingville has left them.

Now known as an illegal immigrants' haven, the community has been the scene of frequent demonstrations by residents, and by groups that come periodically to taunt the day laborers. On CNN, Lou Dobbs marks Farmingville with pushpins regularly on the map of his continuing crusade against illegal immigration.

And then there is the movie. A documentary based on a 2000 attack in which two men beat two Mexican day laborers almost to death evinced a complex portrait of the community but left the overriding impression that Farmingville is a place without pity. The film, which won a Sundance Film Festival prize, is titled simply — and many here think unfairly — "Farmingville."

"It seems like every time something is said about Farmingville, it's a negative rather than a positive," said Del DeMarino, 63, a resident since 1972 who is the chief organizer of the Committee for an Incorporated Village. "It's just not possible to change that now."

Demographers say the majority of immigrants are now settling in suburbia, where frustration with perceived federal inaction against illegal newcomers has led to a variety of ad-hoc local initiatives. In Suffolk County, for example, there have been crackdowns on overcrowded rooming houses in Farmingville and other areas, and laws passed against employment of illegal immigrants, neither of which has had much effect.

Unable to build fences like the 700-mile one proposed for the Mexican border, a handful of unincorporated communities like Farmingville are seizing on self-rule as a tool of self-preservation — or, as some see it, self-segregation.

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"We know what they're talking about when they say they want to separate from 'Farmingville' — they mean the Mexicans," said William White, a local resident who opposes the name change.

Mr. DeMarino, a salesman for a shipping company and a Republican active in local politics, said immigration was not his only motivation.

There are fingers of other ZIP codes and hamlets that lie across parts of Farmingville, and the new village would incorporate them, he said, "giving us one identity." There is also a state road improvement project about to begin, and an incorporated village may be able to wield more influence over it than an unincorporated area.

But as he steered his Jeep through streets of widely spaced homes, elaborately decorated for Christmas, on the wealthier side of Farmingville that would become Oak Hills, Mr. DeMarino acknowledged that it was mainly the "stigma thing."

"See that house?" he said, pointing to a two-story colonial-style home with a broad lawn. "That house has been on the market for eight months. He dropped the price three times. Nice house. But if you are trying to sell a house in Farmingville, you have a problem."

Asked if that might have more to do with the slowing real estate market, Mr. DeMarino said Farmingville's notoriety compounded the problem.

Hard by the Long Island Expressway, Farmingville is an unincorporated area in the Town of Brookhaven. According to the 2000 census, 8 percent of its 16,000 residents were Hispanic, up from 3 percent in 1990.

In what passes for downtown, a stretch of broad boulevard dividing the east and west sides of Farmingville, the storefronts feature an unusual number of Laundromats within a few short blocks (three), money-order vendors specializing in international transfers and inexpensive, footlocker-size luggage (two), and window advertisements in Spanish (innumerable).

Miriam Valenciano, who owns a small house behind the downtown district, was skeptical when told about the proposed name change. "You mean we'll have an upper-class Farmingville and a lower-class Farmingville," she said. "That's what it sounds like to me. I think it's a little derogatory."

Inside a variety store, a man who gave his name only as John bought large stacks of tickets from a New York State Lottery machine. "What about the taxes?" he said when asked about the Oak Hills proposal. "They start a new village, there's new taxes, right? I don't want nothing to do with it."

Advocates of the plan say residents of the new village would have to pay only a minimal amount in new taxes to cover clerical costs. Services like garbage collection, road maintenance and snow removal would probably be handled through a contract with the township, and are unlikely to significantly change most residents' tax bills.

Exact boundaries have not been determined, but the proposed village of Oak Hills — named for the oak trees that thrive in the sandy soil of this part of the island — would be a tract of land in the western half of Farmingville where homes sell for about $500,000 and up, according to local real estate agents. It would exclude houses in the eastern half that are generally valued about $100,000 less.

Many of those cheaper houses on the east side have been converted, often illegally, into makeshift apartments for the men who get picked up in trucks for construction and landscaping jobs each morning.

"I've got nothing against those people, they work hard, but I think we have a right to protect our property values," said Joseph Alfini, 53, a retired electrician who lives in the core of the proposed village. "The landlords who rent these rooms out, they cannot afford to buy houses over here. If we have our own building department, we can keep it that way."

The Rev. Alan Ramirez, a vigorous defender of the day laborers, said of the movement: "They don't need to change their name. What they need to change is their attitude of hostility toward their neighbors."

State law requires any new village to have a minimum of 500 inhabitants and a contiguous area of not more than five square miles; Oak Hills would probably have about 3,000 residents. Once petitions are signed by 20 percent of the registered voters within the proposed boundaries, a majority vote in an election referendum would establish the new village.

Farmingville's secessionists began collecting petitions last month and hope to hold an election early in the new year.

Mr. DeMarino, the leader of the campaign, was interviewed at his home the other day while a crew of three Spanish-speaking women cleaned his house. A member of the town Republican committee, he has run twice unsuccessfully for councilman in the Town of Brookhaven.

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Asked whether he might like to be mayor of Oak Hills someday, Mr. DeMarino smiled and said, “I cannot entertain that notion at this time.”

TAX:

Last-Minute Lawmaking By Hastert, Reid (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 16, 2006

In the wee hours of the morning Dec. 7, Senate negotiators rejected a Medicare measure pushed by outgoing House Speaker J. Dennis Hastert (R-Ill.) that would have meant big revenues for an insurance company in Hastert's home state. But a day later, the $100 million proposal was alive and well, paired with a plan for a major Nevada land swap backed by Sen. Harry M. Reid (D-Nev.), the incoming Senate majority leader.

The leaders' dealmaking went on behind the scenes during the final, frenetic hours of the 109th Congress. Hastert's provision, which would give certain Medicare beneficiaries additional time to change their health-care coverage, and Reid's plan, which involves more than 900 square miles of federal land, were included in a massive tax and trade measure approved by Congress shortly before its final adjournment early last Saturday morning.

Both provisions have been criticized as potentially harmful to public interests. Land-use activists complained this week that Reid's provision would sell too much of the federal land to private developers and that it circumvents land-disposal procedures. Several senior senators objected to Hastert's provision on the floor of the Senate, saying it favored one type of Medicare plan over others. Representatives of Aon Corp., an insurance company based in Hastert's home state, lobbied for the provision.

The Hastert measure "creates an unlevel playing field," said Sen. Max Baucus (D-Mont.), the incoming chairman of the Finance Committee. Sen. Charles E. Grassley (R-Iowa), the outgoing chairman of the tax-writing committee, added: "I am also disappointed in the process that led to the provision being included in the bill."

Baucus, Grassley and incoming Senate Minority Leader Mitch McConnell (R-Ky.) said they will probably attempt to strike the Medicare provision when the new Congress convenes next year.

The Hastert and Reid provisions were parts of an amendment quietly inserted in the $50 billion, 10-year tax and trade bill on a procedural vote. The huge bill was treated by lawmakers as the last legislative train out of town. Other provisions slipped in at the last minute included a $1 billion expansion of health savings accounts, a Republican-backed program that allows tax-free savings for health care, and 520 tariff suspensions worth tens of millions of dollars to U.S. corporations.

The last-minute deal involving Hastert and Reid apparently began with a phone call on the afternoon of Dec. 7 from Reid to House Ways and Means Committee Chairman Bill Thomas (R-Calif.), according to a senior Democratic Senate aide familiar with the private negotiations.

Reid asked why his land provision had not been included in the tax and trade bill. Thomas brought up the subject of Hastert's amendment and said it was his intention to add it to the bill in tandem with Reid's measure, according to the senior aide. Several people familiar with the talks -- both Democrats and Republicans -- suggested that one provision was exchanged for the other, but spokesmen for Reid and Hastert said they do not believe there was a trade.

The Hastert provision would allow certain Medicare beneficiaries -- those who receive physician and hospital benefits through the original Medicare program -- to switch their health coverage after the open-enrollment period for Medicare closes at the end of March. The provision also limits the type of plan that they can choose as an alternative: those that do not offer prescription drug coverage.

Representatives of Aon Corp. lobbied Congress for the policy. According to a listing on the Web site of the Centers for Medicare and Medicaid Services, Aon's Sterling Life Insurance Co. subsidiary is one of fewer than two dozen companies, most of them smaller, regional firms, that offer private fee-for-service plans without drug coverage -- the type of plan that the provision would benefit most.

Most organizations offer plans that combine Medicare physician, hospital and prescription drug benefits. The groups that would be aided by the provision, such as Sterling, concentrate on offering private health plans under Medicare that allow

beneficiaries to get drug coverage through a different organization. The measure's cost would result from the additional Medicare patients who switch to such programs, which cost the government more money.

A Hastert spokesman said the speaker pressed for the provision to expand enrollment in Medicare plans overall. Aon officials repeatedly declined to comment.

Reid's provision would designate 900 square miles of Nevada as wilderness and would allow 70 square miles to possibly be sold to private investors. It is one of several proposals by Reid that would make large stretches of federal land in Nevada a combination of wilderness and private development. Proceeds of the land sales would go to assist local governments. Reid's Republican colleague from Nevada, Sen. John Ensign, co-sponsored the provision.

Some environmental groups approve of the land provision; one is the Campaign for America's Wilderness, which likes the way it expands wilderness designations. Other groups, such as the Seattle-based Western Lands Project, decry the loss of land to developers and the loss of revenue for the government.

"He's selling off federal land that belongs to all of us and keeping the money in Nevada," said Janine Blaeloch, director of the Western Lands Project.

Jim Manley, a spokesman for Reid, defended the provision as a way to protect wilderness areas, improve water conservation and enhance fire-prevention efforts. "The bill was the subject of numerous negotiations with stakeholders and will protect more than 500,000 acres of wild and sensitive public land as wilderness," Manley said.

CONGRESS-ADMINISTRATION:

Incoming Chairmen Ready To Investigate (WP)

By Charles Babington

The Washington Post, December 16, 2006

Incoming Democratic committee chairmen say they will hold a series of hearings and investigations early next year to build the case for their call for a phased withdrawal of U.S. troops from Iraq and for possible action against defense contractors found to have wasted billions in federal funds.

The emerging plans to grill administration officials on the conduct of the war are part of a pledge for more aggressive congressional oversight on issues such as prewar intelligence, prisoner treatment at Abu Ghraib and Guantanamo Bay, and the government's use of warrantless wiretaps.

Among the most eager incoming chairmen is Sen. Carl M. Levin (D-Mich.), a lawyer with a professor's demeanor and a prosecutor's doggedness. As head of the Senate Armed Services Committee, Levin, 72, will be his party's point man on the Iraq war and on the Democrats' call to begin withdrawing troops in the coming months.

Levin said he also plans inquiries into "documentation of waste and fraud and abuse in the contracting areas" of the military. Aggressive oversight "is not just a budget issue," he said, but at some point "becomes a significant moral issue." In the House, Rep. John P. Murtha (D-Pa.), another leading advocate of a phased withdrawal, has vowed to use his Appropriations subcommittee chairmanship to investigate the Iraq war, holding "two hearings a day for the first three or four months . . . to find out exactly what happened and who's been responsible for these mistakes."

In committee after committee next month, the gavel will be handed by Bush allies to ardent Democrats deeply frustrated by what they see as the GOP-led Congress's refusal to conduct meaningful oversight and to hold the executive branch accountable.

Sen. Patrick J. Leahy (D-Vt.) said he will use his Judiciary Committee perch to conduct "real oversight" of the FBI and the Justice Department and to delve into "the abuse of billions of taxpayers' dollars sent as development aid to Iraq."

"I am not prepared to accept answers like 'I can't talk about it,' " Leahy said in a recent speech at Georgetown University's law school.

Levin, a sharp critic of the administration's use of prewar intelligence, will have new, substantial powers to press the White House for information and for a new direction in Iraq.

In a recent interview in his Senate office, Levin said the Senate Armed Services Committee's first priority will be to seek ways to stabilize Iraq and gradually disengage the United States from the war. But the committee will also hold retrospective

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hearings, he said, to determine whether administration officials manipulated intelligence before the war and whether the post-invasion provisional government abused its contracting powers and wasted huge sums of money.

"There is a responsibility from a lessons-learned perspective and an accountability perspective to fill in the blanks," said Levin, who voted against authorizing the war in 2002. "And there have been a number of blanks." Some lower-level military personnel have been held accountable for matters such as detainee mistreatment, he said, "but almost none in the intelligence community."

Having Levin replace John W. Warner (R-Va.) as chairman of the Senate Armed Services Committee will "hugely" change oversight, said Sen. John D. Rockefeller IV (D-W.Va.), a longtime colleague. Rockefeller, incoming chairman of the Senate intelligence committee, also plans more aggressive hearings.

"Oversight doesn't have to be a hostile process," Rockefeller said. But he said he and Levin are determined to overcome the administration's long-standing refusal to hand over documents concerning the White House contention in 2002 and 2003 that Saddam Hussein had weapons of mass destruction. "The public must understand that you can't do that," Rockefeller said.

Warner is not considered an administration apologist, but the committee's posture is certain to be more combative as soon as Levin assumes the chairmanship, colleagues and analysts said.

Levin "takes issues of oversight and hearings and authorization very seriously, and he guards very carefully the prerogatives of Congress," said Kurt Campbell, a former Pentagon official now with the Center for Strategic and International Studies. Levin will quiz military commanders on their advice about Iraq, Campbell said, and he will dig deeply into allegations of mismanagement and favoritism in the granting of contracts and plum jobs after the fall of Hussein.

"I think the Republicans will bristle at some of the things he wants to do," Campbell said, "because this really gets to the question of whether the previous Congress dropped the ball."

Levin plans to use his new powers in his long-running dispute with the Bush administration over the conduct of Douglas J. Feith, former undersecretary of defense for policy. Levin says Feith exaggerated the relationship between Hussein's government and al-Qaeda when the Bush administration was trying to build public support for the Iraq invasion.

The administration's repeated refusal to give Levin 58 documents related to Feith's activities is about to be tested. "We're entitled to those documents," Levin said. "If necessary, I intend to subpoena those documents."

Levin's House counterpart, incoming Armed Services Committee Chairman Ike Skelton (D-Mo.), also plans Iraq-related hearings. "His big priorities are support for our troops and their families; readiness, especially in the Army and Marine Corps; oversight; and Afghanistan, which he feels is the forgotten war," said his spokeswoman, Loren Dealy. "His concerns have been the lack of oversight in general. He feels it has not been adequate."

Levin said Iraq's future is his top priority. The situation "has got to be solved by the Iraqis politically," he said. "There is no military solution to it."

He said the 2003 invasion obligated the United States to help post-Hussein Iraq get back on its feet. "We have carried out that obligation," Levin said. "We've been there three years plus. We've given them the opportunity."

Levin said he plans later hearings on the abuses of Iraqi detainees at the Abu Ghraib prison and the treatment of terrorism suspects at Guantanamo Bay, Cuba, and elsewhere.

Under Warner, the committee showed some interest in those topics, Levin said, "but the subpoenas haven't gone out, obviously. We may have to issue subpoenas in that area as well."

Johnson Improving (SFAL)

By Faith Bremner

Sioux Falls Argus Leader, December 16, 2006

WASHINGTON - Sen. Tim Johnson continued to make progress Friday in his recovery from a brain hemorrhage and surgery two days earlier.

The South Dakota Democrat was in critical but stable condition in the intensive care unit at George Washington University Hospital, according to his staff and doctors late Friday.

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"Considering his initial presentation, his progress is encouraging," said Dr. Anthony Caputy, one of three neurosurgeons who operated on the senator Wednesday night to relieve pressure on the brain.

"He is now stabilized and continues to show signs of responsiveness to the medical staff and the family," Caputy said in the statement.

Patients with brain hemorrhages, such as the one Johnson had, typically experience post-operative brain swelling, Caputy said.

"Much like a bruise, it takes time to heal," Caputy said.

Doctors are monitoring the senator's progress with CT scans, the most recent of which was done Friday morning. That scan showed that the pressure on his brain is now normal and that there is no further bleeding, the statement said.

To prevent the risk of blood clots going to his lungs, doctors placed a special filter in a major vein Thursday night in a procedure done at his bedside. Johnson will stay in the hospital until his overall condition improves. He probably will undergo physical therapy because of weakness on his right side, the medical team said.Held his wife's hand

Johnson's wife, Barbara, said her husband was responding to her voice and following directions and that he had reached for her hand and held it. Johnson has also opened his eyes.

Johnson, a two-term Democrat, was diagnosed with congenital arteriovenous malformation (AVM), a condition that occurs when a tangle of blood vessels in the brain bypasses normal brain tissue and directly diverts blood from the arteries to the veins.

Over time, the veins can enlarge and bleed into the brain. Johnson probably was born with the condition.

His illness triggered a rash of speculation in the news media about what would happen to the Senate if Johnson were not able to serve.

The Senate is divided 51-49 in favor of the Democrats. If Johnson were to resign or die, and South Dakota's Republican governor were to appoint a Republican replacement, control of the Senate could shift to the GOP.

For the first time since Johnson was taken to the hospital Wednesday afternoon with stroke-like symptoms, his family and staff got some sleep Thursday night, said Julianne Fisher, a spokeswoman for Johnson.

Friday morning the Senate chaplain, Barry Black, incoming Majority Leader Harry Reid and former South Dakota Sen. Tom Daschle visited Johnson, Fisher said. Democratic Sens. Jack Reed of Rhode Island and Tom Carper of Delaware also stopped by.A picture of good health

South Dakotans also watched Johnson's progress closely this week.

Dan Christopherson, the mayor of Vermillion and a friend of Johnson's, said it was a shock to hear of Johnson's illness because he always appeared to be the picture of good health.

Chamberlain Lawyer Leonard Andera has known Johnson since the senator was a young man in Vermillion, and he said people in Chamberlain who know of his relationship with Johnson have asked him for updates.

"There's a lot of talk about the critical condition, but I just say, anytime they mess around with your brain, it's going to be critical for the first several hours, no matter how successful things are," Andera said.

Christopherson said: "I think if anyone can pull through this, it'd be Tim. He's a tough character."

Surgery "Considered A Success," Senator's Office Says (WP)

By David Brown

The Washington Post, December 16, 2006

Wednesday's operation to stop bleeding in Sen. Tim Johnson's brain was "considered a success," his office said yesterday, although the few details released about his condition suggested he was not fully conscious two days after the procedure.

The statement quoted Anthony Caputy, one of the surgeons who performed the emergency surgery on Johnson (D-S.D.), as saying: "Considering his initial presentation, his progress is encouraging. He is now stabilized and continues to show signs of responsiveness to the medical staff and the family."

Johnson, 59, briefly became incoherent on Wednesday. He was rushed to George Washington University Hospital and diagnosed with an arteriovenous malformation, an unstable tangle of blood vessels in his brain. The malformation bled Wednesday night, and surgeons operated to stop the hemorrhage and remove a large clot that was pressing on his brain.

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The pressure inside Johnson's brain is now normal and he has not bled further, the statement said. It noted that after events like his, the brain is often swollen.

"Much like a bruise, it takes time to heal," Caputy is quoted as saying.

Johnson's physicians also put a filter-like device in his inferior vena cava, the largest vein the body, which carries blood back to the heart from the legs, abdomen and chest. It will catch any clots that may form in his leg or pelvic veins and that could dislodge and travel to his lungs -- a potentially fatal event.

Such clots can form when a person is immobile for a long time. Normally, physicians give such patients the anticoagulant heparin to prevent clots. With Johnson's recent bleeding, however, that would be too risky.

Senator Showing Weakness After Surgery (NYT)

By Kate Zernike, Lawrence K. Altman

The New York Times, December 16, 2006

WASHINGTON, Dec. 15 — Senator Tim Johnson of South Dakota was showing weakness on his right side on Friday after surgery to relieve bleeding in his brain, his office said, and will remain in the hospital until the swelling in his brain goes down.

“The surgery was considered a success,” the office said in a statement.

Surgeons removed the blood during a procedure late Wednesday and stabilized the bleeding, the statement said, relieving the pressure on the brain.

Mr. Johnson, 59, remains in the intensive care unit at George Washington University Hospital in critical but stable condition.

“Considering his initial presentation, his progress is encouraging,” Dr. Anthony Caputy, the chairman of the hospital’s department of neurosurgery, said in the statement, adding that Mr. Johnson continues to show “signs of responsiveness” to hospital staff and his family.

Mr. Johnson, a Democrat, began to stutter Wednesday while on a conference call with reporters, then walked back to his office, aides said. After being examined by the Capitol physician, he was admitted to George Washington University Hospital with what his office called “the symptoms of a stroke.”

His illness raised the possibility that the Democrats might lose the 51-to-49 majority they are expecting to assume in the Senate that convenes in early January.

Doctors said the bleeding was caused by a rare tangling of the blood vessels in the brain, known as a congenital arteriovenous malformation. It affects about 300,000 Americans, but only in about one in 10 cases is there bleeding. About half of those with bleeding end up with almost imperceptible damage, doctors say, and about 10 percent to 20 percent suffer damage so severe they cannot function as they did before the bleeding.

Mr. Johnson’s doctors said the post-operative swelling of his brain was normal. They had done a CT scan of the brain Friday morning, they said, and it showed no further bleeding, but they said they would continue to monitor this for several days.

Mr. Johnson, who is right-handed, experienced significant weakness on the right side of his body from the stroke and will need long-term physical therapy to regain the function of his arm and leg, his office said.

Even if his condition improves rapidly, he may need such therapy to help regain the ability to walk, write, dress and get in and out of a car.

The right-sided weakness most likely indicates that the bleeding occurred in the left side of Mr. Johnson’s brain, doctors not connected with his case said.

Right-handed people like Mr. Johnson who suffer bleeding on the left side of the brain do less well on average than left-handed people, said Dr. David J. Langer, a neurosurgeon in New York City.

Mr. Johnson’s initial symptom from the stroke was apparently the speech difficulty he experienced while talking with reporters on Wednesday. Mr. Johnson is sedated, as is standard in care for his type of illness. If the speech difficulty continues after the sedation is lightened, Mr. Johnson may need speech rehabilitation, the statement indicated.

Mr. Johnson may also need further brain surgery because while the surgeons removed the blood that leaked from the malformation, they did not repair the malformation, according to the statement.

Senator Is Showing Signs Of Recovery (LAT)

DOJ_NMG_0107413

By Noam N. Levey

The Los Angeles Times, December 16, 2006

WASHINGTON — Democratic Sen. Tim Johnson, whose emergency brain surgery this week raised the prospect of a shift in power in the Senate, showed signs of recovery Friday, his office said.

Considering the seriousness of the medical problem found in Johnson's brain, "his progress is encouraging," Dr. Anthony Caputy said in a statement released by the lawmaker's staff.

Caputy was a member of the team that operated on the 59-year-old South Dakotan on Wednesday night.

Johnson was experiencing post-surgery swelling in his brain, but that was considered routine. "Much like a bruise, it takes time to heal," Caputy said.

With Democrats having captured a 51-49 majority in the Senate that convenes in January, Johnson's condition has riveted Washington's political community.

Should Johnson die or resign from office, South Dakota's Republican governor has the authority to replace him. If he chose a Republican as a replacement, the Senate would be knotted at 50-50. Vice President Dick Cheney, the Senate's presiding officer, would break the tie, returning the chamber to Republican control. But news of Johnson's increasing alertness substantially quelled such speculation.

After becoming disoriented Wednesday, Johnson was rushed to George Washington University Hospital, where doctors performed emergency surgery to relieve bleeding in his head stemming from the congenital defect arteriovenous malformation.

AVM, as the condition is called, can lead to speech problems, paralysis or, in rare cases, death.

A CT scan performed on Johnson early Friday showed "that the pressure has been relieved from his brain, and there is no further bleeding," Dr. Vivek Deshmukh, the lead surgeon, said in the statement from the senator's office. "Currently, his brain pressures are normal," Deshmukh said.

Johnson's office has not disclosed the precise location of the tangle of arteries and veins that caused the bleeding, a critical factor in determining what kind of long-term effects he may suffer.

Johnson was complaining of weakness on his right side when he arrived at the hospital. Doctors said they anticipated that physical therapy would be part of his recovery process.

Democrats Arrive At The Heart Of The Matter (NYT)

By Thomas B. Edsall

The New York Times, December 16, 2006

Washington

The Democrats are positioned to make a down payment to the voters who gave them majority control of the House and the Senate. Their ability to pay in full is another question.

House Democrats, more than their Senate colleagues, can set certain partisan markers: a minimum-wage hike, ethics reform, reduced student loan interest rates and changes in labor law, which will make union organizing less difficult.

As the majority, Democratic leaders and committee chairs can focus public attention on job, pension and health care security issues; publicize evidence of decreased mobility on the economic ladder; and spotlight the growing vulnerability of middle-income families to sharp and sudden downward financial swings.

The threat to the middle class is real. “I won by almost 13 points, with almost no newspaper endorsements, against an incumbent who had given out $1 billion in projects,” says Sherrod Brown, a new senator for Ohio. “It was because of the strength of our message about the middle class.”

So much for the down payment. After that, the going for the Democrats gets tougher. They will encounter two roadblocks: Republican chokeholds on federal spending, meant to “starve the beast” by radically depleting coffers, and intense internal Democratic policy conflicts.

Democrats on the House Budget and Appropriations Committees released a report early this month, titled The Republican Legacy, which describes the spending restrictions confronting them. The 110th Congress “will face a fiscal challenge of historic

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proportions. The cost of the Iraq war, coupled with the growing price tag of tax cuts passed over the previous six years, have left the nation deeper in debt than ever." (Since 2002, Congress has appropriated $379 billion for the Iraq war.)

One solution, raising taxes, is widely seen as a third rail for Democrats. "We are not talking about that now," said a spokesman for the incoming speaker, Nancy Pelosi.

The intraparty conflict pits its business and labor wings against each other on policies dealing with the international marketplace. Should lawmakers encourage the flow of cheap goods from China to stock the shelves of Wal-Mart, benefiting American shoppers, many of whom are low income? Or should policy be designed to protect American jobs and wages by raising trade barriers?

This split is profound. Barney Frank — echoing a large swath of his party — contends that this nation's "enormous economic power" could be used to stem the hemorrhage of services and production overseas. Trade agreements could be made contingent upon rules requiring that China and other countries abide by environmental and labor standards. "People greatly exaggerate the value of a cheap T-shirt," Frank says, upholding the position of organized labor and dismissing the argument that such goals are unattainable and unenforceable.

A leading Democratic proponent of free trade, who does not want to publicly engage the topic yet, has a counterargument, that China is moving full speed ahead, that "you cannot put labor provisions into a trade agreement with China. They'll walk away." That globalization is inexorable. That "we are either going to be inside the net or outside the net." That America needs to deal with dislocation effects and negative distribution consequences. He points out that Midwestern law firms are outsourcing research to India, that the U.S. needs a better education system, that Korea has a national broadband infrastructure, that Shanghai and Beijing airports are more modern than J.F.K., that key military agencies no longer support basic research.

He argues that chemical plants need security and that America needs universal health coverage. "There's a lot we can do to make it better," he says, like locating businesses in the U.S. in clusters around universities, and locating production closer to centers of "intellectual ferment." He is firm on one point: "We need to get back on track fiscally. We have to have higher revenue. Business is not supporting taxes. They rail against government spending. We don't have the means to pay for what we need."

This conflict goes to the heart of Democratic struggles to develop a credible economic policy. The Democrats have a two-year window in which to confront their internal schisms and to present a stronger face to the electorate in 2008.

OTHER NEWS:

Violence Builds Between Palestinian Factions (WP)

By Scott Wilson

The Washington Post, December 16, 2006

JERUSALEM, Dec. 15 -- Rival Palestinian factions exchanged gunfire Friday in the West Bank and Gaza Strip, leaving more than 30 people wounded, as leaders from both parties warned of an escalation that could push the territories toward a deeper conflict.

The secular Fatah and Islamic Hamas movements, each with an armed wing, have been engaged in a political struggle for much of the year, but the latest unrest has been more brazen and regular than previous confrontations.

The day began with leaders of the governing Hamas movement accusing an influential Fatah lawmaker, Mohammed Dahlan, of orchestrating an outbreak of shooting at a border crossing the previous evening as Prime Minister Ismail Haniyeh's convoy passed. The gunfire killed Haniyeh's bodyguard and wounded his son and a political adviser, among others.

"We joined this movement in order to be martyrs, not ministers," Haniyeh told tens of thousands of Hamas supporters gathered in Gaza City's Yarmouk Stadium for a rally celebrating the radical Islamic movement's 19th anniversary. "The Palestinian government will not remain with its hands tied in light of what happened."

Hours earlier, Hamas spokesman Ismail Radwan told reporters in Gaza that Dahlan "bears direct responsibility for the assassination attempt" against Haniyeh, who had been returning from an overseas trip cut short because of rising partisan violence in the territories.

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The accusation came at the end of a week of partisan reprisals in Gaza, set off by the fatal shooting Monday of a Fatah-affiliated intelligence officer's three young sons. Fatah officials accused Hamas of carrying out the shooting. Hamas officials denied any involvement.

Leaders of the two parties have been negotiating for months to form a new power-sharing government acceptable to foreign donors, who cut off economic aid to the Palestinian Authority following Hamas's victory in January legislative elections. Hamas has refused to recognize Israel's right to exist -- a key condition for the restoration of aid -- and is classified as a terrorist organization by the United States, the European Union and Israel.

The unity-government talks have recently broken down. Palestinian Authority President Mahmoud Abbas, a Fatah leader, signaled last week that he may call new general elections in hopes of resolving the crisis. He is scheduled to give a national address Saturday outlining his plans. The Hamas cabinet announced Friday that it would boycott the speech.

Hamas officials have said they will not accept new elections less than a year into their four-year term, and it is unclear whether Abbas has the legal authority to call for the vote. But Abbas has been reluctant to fire Haniyeh, which he has the power to do, for fear of exacerbating partisan tensions.

Fatah officials reacted angrily to Radwan's accusation, which preceded gunfights in Gaza City and in the West Bank city of Ramallah.

Dahlan headed the Preventive Security Service in the 1990s during a crackdown on Hamas activists in the Gaza Strip. He is a powerful figure in Gaza and has many followers in the security services.

In an interview with the satellite channel al-Arabiya, Dahlan, who is also an Abbas confidant, said the accusations "are not worth answering."

Early Friday, Hamas activists rallied in the streets of Gaza for demonstrations marking the anniversary celebration. A Hamas-dominated security force had deployed across the city.

But gunfire broke out around the marchers, possibly from Fatah loyalists in the area. The shooting lasted several minutes, witnesses said, but there were no reports of casualties.

Around the same time, members of the Fatah-controlled security services in Ramallah moved against a Hamas anniversary march with clubs and shields, witnesses there said. Gunfire broke out soon after. Hospital officials said more than 30 people were wounded, most if not all of them from Hamas.

"What we are seeing is the beginning of an ugly civil war," Fatah lawmaker Saeb Erekat told reporters in Ramallah. He said Fatah would hold Hamas responsible for any attempt to harm Dahlan.

Palestinian Factional Strife Escalates Into Gunfights Between Fatah And Hamas (NYT)

By Greg Myre

The New York Times, December 16, 2006

JERUSALEM, Dec. 15 — The Palestinians seemed to edge toward open civil conflict on Friday as Hamas, the faction that controls the government, accused its rival, Fatah, of trying to assassinate the prime minister. Gunmen from the two factions clashed in the streets, wounding at least 30 men.

Fatah denied that it had tried to kill the prime minister, Ismail Haniya. But the accusation and shooting raised the stakes in the bitter confrontation between Fatah, the faction that is led by the Palestinian Authority president, Mahmoud Abbas, and controls branches of the security forces, and Hamas, the radical Islamic group in charge of most of the government.

“What a war, Mahmoud Abbas, you are launching, first against God and then against Hamas,” a Hamas leader, Khalil al-Hayya, told tens of thousands of Hamas supporters at a rally at a sports stadium in Gaza City.

Hamas staged rallies in the Gaza Strip and the West Bank to mark the 19th anniversary of its founding. The injuries occurred outside a mosque in Ramallah, in the West Bank.

In recent years Palestinian factions have periodically battled one another, but they have always stopped short of all-out confrontation. The violence and the heated oratory in recent days, though, have increased talk about such a confrontation, or even the possibility of a Palestinian civil war.

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The clashes on Friday came on the eve of an important speech by Mr. Abbas, who was expected on Saturday to spell out his plan for ending months of political deadlock. Hamas said it would boycott the speech, to be delivered in Ramallah.

Friday's events were an extension of a strange episode on Thursday, when Israel demanded the closing of the border between Egypt and the Gaza Strip to stop Mr. Haniya from returning to Gaza with tens of millions of dollars in cash after a tour of the Middle East.

Hamas officials have been secretly taking suitcases of cash into Gaza because Israel, the United States and the European Union have cut off the flow of money to the Palestinian government since Hamas came to power, saying it is a terrorist group.

On Friday, Secretary of State Condoleezza Rice said in an interview with [a news organization] that she planned to request tens of millions of dollars from Congress to help Mr. Abbas's security forces.

The border standoff, which lasted seven hours, quickly turned into an internal Palestinian battle. Hamas gunmen stormed the Rafah border terminal in southern Gaza to support Mr. Haniya, who was stranded on the Egyptian side. The Hamas gunmen first clashed with the Palestinian security forces, who are loyal to Mr. Abbas. Later they battled Egyptian security forces on the other side of the frontier.

Mr. Haniya was eventually allowed to enter Gaza after leaving the money with Hamas officials who stayed behind in Egypt. As Mr. Haniya was leaving the border area in the back of a pickup truck, his convoy came under fire. In the truck, one bodyguard was killed and one of Mr. Haniya's sons and one of his political advisers were wounded.

At a news conference in Gaza City, Hamas alleged that Muhammad Dahlan, a powerful Fatah member of parliament and a former security chief in Gaza, was behind the shooting. "Muhammad Dahlan bears the direct responsibility for the assassination attempt which targeted the prime minister," said Ismail Radwan, a Hamas spokesman.

Mr. Dahlan already had an extremely tense relationship with Hamas. He was responsible for crackdowns against the group when he was in charge of the preventive security force in Gaza in the 1990s. Mr. Dahlan is from Gaza, the Hamas stronghold, but now spends much of his time in the West Bank.

He rejected the charge. "Hamas's allegations are simply a means of masking its failures towards the Palestinian people," Mr. Dahlan said. "The Hamas government is fully responsible for yesterday's events."

In Gaza City, Hamas gunmen waged a brief battle with security forces aligned with Fatah near Mr. Dahlan's home. No injuries were reported.

In his speech at the Hamas rally in Gaza City, Mr. Haniya described the shooting a day earlier. "When my convoy started moving there was fire from all over," he said. "The youths formed a human shield around me. Then this martyr fell directly next to me," a reference to his slain bodyguard.

Mr. Haniya said his government had the names of those involved, but he did not divulge them, and did not blame Fatah or any other group by name. "We are going to give these names to the minister of interior and we are going to implement the law," Mr. Haniya said.

In his remarks, Mr. Haniya said Hamas's achievements since its founding in 1987 included two uprisings against Israel and the withdrawal of Israeli soldiers and settlers from the Gaza Strip.

While he also noted Hamas's political successes in winning parliamentary elections and heading the government, he suggested that those were less important. "We have joined this movement to become martyrs and not ministers," he said, referring to the willingness of many Hamas members to die for their cause.

Friday's violence centered on Ramallah, where Hamas supporters tried to march to the city center following midday prayers at one of the main mosques. Security force members aligned with Fatah used batons to beat and push back demonstrators.

The security forces also fired into the air, and later into the crowd, according to witnesses. Hamas supporters threw stones and bottles. Several of the wounded suffered gunshot wounds.

The Hamas-Fatah tensions, and other internal Palestinian disputes, have been growing worse for months, and this week appeared to mark a new low, with several deadly shootings.

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In an attack that outraged Palestinians, unidentified gunmen shot to death three brothers, ages 3 to 9, as they were being driven to school on Monday. The boys were the sons of a Fatah member, Baha Balousha, who holds a senior post in the security forces.

Mr. Abbas, meanwhile, faces the difficult task of trying to resolve the political standoff at a time of almost daily internal violence. After months of negotiations between Hamas and Fatah on a national unity government, he said recently that the talks had reached a dead end.

Aides to Mr. Abbas say the president has been considering a range of options. The Palestinian Basic Law, which effectively serves as a constitution, does not say exactly how such a political crisis may be resolved. One possibility, according to aides, is that Mr. Abbas could call a referendum on whether the Palestinians should hold new presidential and parliamentary elections.

The president has the power to dismiss the current Hamas government, but a new government would need approval by the parliament, which is dominated by Hamas. Mr. Abbas might call for new parliamentary elections, but Hamas says he does not have the power to do so.

Mr. Hayya, the Hamas leader who spoke at the Gaza City rally, said his faction would not accept a referendum or new elections. Hamas won parliamentary elections in January, and the parliament is supposed to sit for four years.

Hamas, Fatah Intensify Clashes (WT)

By Joshua Mitnick

The Washington Times, December 16, 2006

TEL AVIV -- Armed clashes intensified between rival Palestinian factions yesterday as Hamas accused Fatah fighters loyal to President Mahmoud Abbas of fomenting civil war and trying to assassinate Hamas Prime Minister Ismail Haniyeh at a Gaza border station Thursday night.

The latest violence threatened to undermine months of talks on a unity government between the Islamist Hamas party and Mr. Abbas' once-dominant Fatah to end a deadly power struggle within the Palestinian territories.

Security officers and Fatah militia men fired into a crowd of demonstrators carrying green Hamas banners through central Ramallah yesterday, wounding at least 31.

"What a war, Mahmoud Abbas, you are launching, first against God, and then against Hamas," said Hamas' parliamentary faction leader Khalil al-Hayya before a crowd of 100,000 Hamas supporters gathered at a Gaza rally.

Earlier in the day, Hamas spokesman Ismail Radwan accused Fatah strongman Mohammed Dahlan of attempting to assassinate Mr. Haniyeh as he returned to the Gaza Strip from a fundraising trip abroad. Fatah spokesmen denied the charges.

The spike in tensions came just a day before Mr. Abbas is scheduled to deliver a major speech that's expected to rebuke the Hamas-led Cabinet and raise the possibility of new elections.

"The Hamas movement bears full responsibility for any injury to a Palestinian citizen, Dahlan or others," said Saeb Erekat, a Palestinian negotiator who is an aide to Mr. Abbas.

The Hamas prime minister was delayed on the Egyptian side of the Rafah crossing point Thursday. Israel had shut the border to block Mr. Haniyeh from carrying tens of millions of dollars into the Gaza Strip. After about seven hours, Mr. Haniyeh was allowed to cross the border, but was forced to leave the money behind in Egypt.

On the Palestinian side of the border, Hamas gunmen forced their way past Mr. Abbas' presidential guard, which maintains security at the crossing, and shot up security cameras and computers in the terminal.

Once Mr. Haniyeh had emerged on the Palestinian side of the border terminal, his entourage came under a hail of gunfire that killed a bodyguard and wounded his son and his chief political adviser, Ahmed Yousef.

Addressing the Gaza rally of supporters yesterday, Mr. Haniyeh said the takeover of the border crossing by Hamas gunmen "signals the beginning of the rebellion to protect our honor and sovereignty. Foreign elements are deciding who comes in and who goes out." The prime minister added that Hamas joined the government to become "martyrs," not Cabinet ministers.

A U.S.-brokered agreement on the Rafah border station gives both Israel and monitors from the European Union the right to close the crossing on a temporary basis. But officers from Mr. Abbas' presidential guard are responsible for security -- a fact noted by Hamas officials who accused Fatah of an assassination attempt.

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The clashes were just the latest developments in a week of Hamas-Fatah turmoil.

On Monday, three children under the age of 9 were killed in Gaza City in an apparent assassination attempt on their father, a Fatah loyalist and a top officer in the Palestinian military intelligence service. Two days later, a leader of Hamas' military wing was assassinated outside a court building in the southern Gaza town of Khan Younis.

Since coming to power in parliamentary elections in March, the Hamas government, which refuses to recognize Israel's right to exist, has faced a U.S.-backed international aid boycott that has left the government nearly bankrupt.

Mr. Haniyeh was just returning from a two-week trip abroad during which he got pledges of $250 million from Iran. Hamas' reign has been accompanied by steadily increasing chaos, especially in Gaza.

The prospect of Hamas breaking the boycott and strengthening its military wing is a cause for concern in Israel, the United States and allies in the region.

Tensions Rise Among Palestinians (LAT)

By Ken Ellingwood

The Los Angeles Times, December 16, 2006

JERUSALEM — Hamas officials Friday accused the rival Fatah party of trying to assassinate Palestinian Authority Prime Minister Ismail Haniyeh during a burst of gunfire a night earlier, as fresh clashes injured more than 30 people in the West Bank and raised worries on both sides of a slide toward wider violence.

Amid rising tensions, the ruling Hamas movement deployed members of a special security force around a Gaza stadium as tens of thousands of supporters gathered to mark the anniversary of the radical Islamist group's founding in 1987. Before the event, rival gunmen in Gaza briefly exchanged gunfire but no one was hurt.

In the West Bank city of Ramallah, Palestinian riot police, armed with rifles and clubs, fired into the air and clashed with Hamas demonstrators who marched through downtown. The incident, during which at least 12 people were shot and others were beaten, followed a string of flare-ups this week that prompted both sides to warn of civil war.

The clashes and the accusations of an assassination attempt aimed at Haniyeh raised tensions as Palestinian Authority President Mahmoud Abbas is scheduled to make a speech today about the worsening political deadlock.

But it remains unclear how Abbas, who belongs to Fatah, plans to resolve the impasse. Early elections, as urged by some in Fatah, would be seen by the elected Hamas government as tantamount to a coup attempt and could ignite worse violence.

In remarks to Hamas supporters Friday, Haniyeh appealed for unity among the Palestinian factions.

Hamas' allegations against Fatah marked a new level in the bitter war of words between the two groups, which have been locked in a struggle for power since Hamas won parliamentary elections in January.

Some Hamas officials charged that Mohammed Dahlan, a Fatah lawmaker and former security chief who holds sway over thousands of armed officers in Gaza, was to blame when Haniyeh's convoy was fired upon Thursday as the prime minister returned from Egypt. Dahlan oversees the Palestinian end of the U.S.-brokered agreement last year that sought to improve the flow of people and goods through Gaza's border crossings.

Ismail Radwan, a Hamas spokesman, called the shooting "an attempt at assassination" orchestrated by Dahlan.

Dahlan, who is considered close to Abbas and seen by some as a possible future Palestinian leader, denied the accusations and blamed Hamas for the disorder at the border crossing.

"Hamas' allegations are simply a means of masking its failures toward the Palestinian people," Dahlan said in a statement.

A bodyguard was killed and Haniyeh's son and a top political advisor were slightly injured during the incident.

Dozens of Palestinian militants stormed the border terminal and opened fire after Israel closed the crossing to block Haniyeh from returning with suitcases that held $35 million. The money was donations to the Palestinians that Israeli officials said was destined for use in terrorism. The Palestinian leader later was allowed to enter Gaza without the money, which was left in Egypt.

Abbas' Presidential Guard, which is responsible for security at the border crossing, denied targeting Haniyeh. The scene at the border terminal was described as pandemonium, with militants firing weapons and smashing windows, computers and other equipment.

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Saeb Erekat, an Abbas aide and chief Palestinian negotiator, said that the allegations against Dahlan amounted to a death threat. Abbas on Friday ordered an investigation of the incident.

Abbas' aides have been saying for more than two weeks that he would address the fraying political situation. Erekat said Abbas would proceed despite tensions heightened by recent violence, including the fatal shootings in Gaza this week of three boys, all younger than 10, who were the sons of a Fatah intelligence official.

Abbas has said his attempts to reach agreement with Hamas on a power-sharing arrangement have hit a dead end. Aides said last week he was leaning toward calling early elections for parliament and the presidency.

But Hamas says Abbas lacks authority to call new elections for parliament, where it holds a majority of seats and therefore could veto a replacement government should Abbas sack the Hamas Cabinet. Hamas leaders say they would vigorously resist new elections.

Going to early elections would represent an act of desperation and a huge gamble for Abbas, who is viewed almost universally as a weak leader and vulnerable to being toppled by Hamas at the polls. A loss would leave Israel and the West with no one on the Palestinian side with whom to do business, because they consider Hamas a terrorist group and refuse to deal with it.

Abbas might well settle for a less-drastic step, such as urging new talks on a unity government while threatening elections if they fail. Or he could ask voters to decide whether to hold early elections.

Months of factional negotiations proved fruitless, mainly because of Hamas' refusal to recognize Israel, renounce violence and abide by past agreements between Israel and the Palestinians.

Hamas is under pressure to meet those three conditions to end the months-old embargo on aid from the West. The aid cutoff, along with Israel's decision to withhold about $50 million monthly in tax revenue and customs duties, has been a blow to the Palestinian economy and left the government unable to fully pay its 165,000 employees.

Hamas Says Abbas Seeks War (FT)

By Sharmila Devi

Financial Times, December 16, 2006

Security forces loyal to President Mahmoud Abbas of Fatah fired on a Hamas rally in the West Bank on Friday and firefights erupted between the rivals in Gaza, pushing the Palestinians closer to civil war.

“What a war Mahmoud Abbas you are launching, first against God, and then against Hamas,” senior Hamas leader Khalil al-Hayya told a Gaza City rally of 100,000 Hamas supporters, who fired their guns in the air and chanted “God is Greatest”.

At least 32 Hamas supporters in the West Bank city of Ramallah were wounded by gunfire from Abbas’s forces, hospital officials said. Several were in critical condition.

On Thursday Israel prevented Ismail Haniyeh, the Palestinian prime minister, from returning to Gaza in order to stop him bringing in cash possibly donated by Iran.

Reports said Mr Haniyeh, from the Hamas movement, was carrying $35m (€26.5m, £17.8m) in cash, believed to be part of the $350m he raised during a regional tour that took in Iran, Syria and Qatar. He was later allowed entry, but without the cash.

However, anger spilt over into violence following the order to close the Rafah terminal on the Gaza-Egypt border, given by Amir Peretz, Israeli defence minister.

The closure prompted about 2,000 Hamas supporters to storm the terminal where they had a gun battle with guards. Others used explosives to blow a gap in the concrete wall dividing Gaza and Egypt.

Mushir al-Masri, a Hamas legislator, said the closure “could lead the region to an explosion and the Zionist enemy and its allies will bear the responsibility for the consequences”.

The European Union monitoring team at Rafah said its 16 staff were evacuated and safe.

Hamas members have carried about $80m in cash into Gaza since March, when the west imposed an aid boycott aimed at bringing down the Islamic movement but which has increased poverty across the occupied territories.

The clashes at Rafah came as Hamas supporters threatened to defy any call for new elections that Fatah’s Mahmoud Abbas, Palestinian Authority president, may make in a speech tomorrow.

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Months of negotiations between Fatah and Hamas for a national unity government have foundered, along with hopes for an easing of the western boycott. But Hamas and independent analysts say Mr Abbas has no legal authority to call early elections.

Mr Haniyeh cut short his trip abroad to deal with the internal turmoil. Hamas to-day plans to celebrate the 19th anniversary of its foundation with marches and demonstrations in Gaza.

There were clashes in Gaza and the West Bank this week after Fatah blamed Hamas for the shooting dead on Monday of three young boys who were the sons of an intelligence official loyal to Mr Abbas.

Hamas, Fatah Clash In Deepening Violence (AP)

By Ibrahim Barzak, Associated Press Writer

AP, December 16, 2006

Gunmen allied with Hamas and Fatah clashed at a West Bank mosque and in Gaza Strip streets on Friday, as violence spread to areas of the Palestinian territories normally untouched by factional strife.

Hamas accused a Fatah leader of orchestrating the previous day's attack on Prime Minister Ismail Haniyeh — and a Hamas politician appeared to call for the Fatah strongman's assassination. Leaders of both groups have warned that the violence threatens to degenerate into civil war.

The clashes in Gaza City and the West Bank town of Ramallah marred celebrations Friday marking the 19th anniversary of Hamas' founding. However, the Islamic militant group pushed ahead with its rallies, and about 70,000 loyalists gathered at a stadium in Gaza City, cheering wildly, sobbing and firing in the air when Haniyeh arrived flanked by more than 50 armed bodyguards.

"We joined this movement to become martyrs, not ministers," Haniyeh declared in a fiery speech, referring to Hamas loyalists' willingness to die for the Islamic cause.

He then left for an emergency session of the Hamas-led Cabinet, called to discuss the escalating unrest.

The fighting Friday in the normally peaceful city of Ramallah began when Hamas supporters tried to march toward the town center, where Fatah-allied police had deployed to prevent a planned Hamas celebration.

Police formed a cordon around a Hamas mosque to prevent those inside from marching, then beat them with clubs and fired their rifles in the air when the activists tried to leave. The marchers fought back, throwing stones and bottles at the police, some of whom fired into the crowd.

Thirty-two people were wounded by stones and gunfire, hospital officials said.

In Gaza City, masked Hamas gunmen waged battle with Fatah-allied police near a security post.

The showdown, a block from the home of Mohammed Dahlan, broke out shortly after Hamas accused the Fatah strongman of orchestrating the attack on Haniyeh on Thursday at the Gaza-Egypt border terminal.

The latest round of fighting erupted Monday with a drive-by shooting that killed the three young sons of a Fatah security official and continued Wednesday with the gangland-style execution of a Hamas judge.

On Thursday, Haniyeh rushed home from a trip abroad to try to quell the violence.

But Israel ordered the Rafah crossing closed to keep Haniyeh from bringing in an estimated $35 million he had collected abroad to help alleviate the Palestinian financial crisis. Israeli officials said Haniyeh could return to Gaza without the money, which it said was to be used for terror attacks. Maria Telleria, spokeswoman for European monitors at the crossing, said Haniyeh left the funds in Egypt.

Israeli Deputy Defense Minister Ephraim Sneh told Israel's Army Radio that government officials made the right decision not to let Haniyeh bring the money into Gaza, adding that if Haniyeh had been killed, "I wouldn't put up a mourning tent."

While Haniyeh was delayed at the crossing, angry Hamas militants stormed the border terminal and fought with security forces stationed there who are loyal to President Mahmoud Abbas, Fatah's leader.

When Haniyeh finally crossed, unidentified men began firing toward him. One of his bodyguards was killed and his son and 26 others were wounded.

At the bodyguard's funeral, Khalil al-Hayeh, head of the Hamas bloc in parliament, told mourners that Dahlan was trying to instigate a coup against the government and appeared to call for his assassination.

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Al-Hayeh exhorted the crowd to "get us the plotters of the coup."

"We will, we will," the crowd replied.

Dahlan said the allegations were an attempt by Hamas leaders "to mask their sweeping failure to manage Palestinian political and social life."

Various other Hamas officials accused Palestinian collaborators with Israel, Abbas and the U.S. of involvement in the shooting.

The violence came amid a political deadlock between Abbas and the Hamas-led Cabinet and parliament following failed efforts to form a unity government. Abbas hoped such a government would end crippling international economic sanctions imposed on the Palestinian Authority after Hamas won January elections.

Hamas, responsible for dozens of deadly suicide bombings in Israel, is listed as a terror group by the U.S. and European Union.

Abbas, a relative moderate, was to address the Palestinians on Saturday on his plans for ending the impasse and was expected to threaten early elections. A call for new elections, which Hamas says is illegal, would likely further inflame the situation.

US To Beef Up Lebanese Army Amid Crisis (AFP)

AFP, December 16, 2006

US Secretary of State Condoleezza Rice said Washington was considering a financial package to beef up the military of Lebanese Prime Minister Fuad Siniora, who has expressed fears of an attempted Syrian-backed coup.

"We are still working out the details of what we can do to support the army," Rice said in an interview published in The Washington Post Friday.

In addition, she said, the Bush administration needed to have consultations with Congress over the package.

"But we have wanted very much to support the reform of the Lebanese armed forces, the reequipping of the Lebanese armed forces," Rice said as supporters of the Syrian-backed Shiite militant group Hezbollah and its Christian allies continued mass demonstrations in Beirut against Siniora's Western-backed government.

Syria was the powerbroker in Lebanon for nearly three decades. It was forced to withdraw its troops from Lebanon last year amid a public outcry over the murder of former premier Rafiq Hariri, widely blamed on Syria, a charge Damascus denies.

Lebanon's pro-Syrian political opposition now wants to bring down Siniora's government over demands for greater power sharing, seen by the government as a ploy to reassert Syrian influence in the country.

The United States and European Union have warned Iran and Syria against meddling in the affairs of their neighbors.

"It's not just the package that we would put forward, but it's also the package that I think others are prepared to, including the mainstream Arab states are prepared to contribute to," Rice said.

"Because ultimately that's one of the most important things that you can do is to strengthen the Lebanese armed forces probably not to replace the United Nations forces for some time, but to be more capable themselves of defending the country and providing a stable platform," she said.

She said she could not give details of the aid package.

The United Nations Interim Force in Lebanon (UNIFIL) is deployed near the border with Israel, tasked with backing up the Lebanese army under a UN accord which ended hostilities between Israel and Hezbollah on August 14.

DOJ_NMG_0107422

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 16, 2006 7:45 AM EST

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TERRORISM NEWS:

Testimony Helps Detail CIA's Post-9/11 Reach (WP)

By Craig Whitlock
The Washington Post, December 16, 2006

MILAN -- A few days after the Sept. 11, 2001, attacks, the CIA station chief in Rome paid a visit to the head of Italy's military intelligence agency, Adm. Gianfranco Battelli, to float a proposal: Would the Italian secret services help the CIA kidnap terrorism suspects and fly them out of the country?

The CIA man did not identify which targets he had in mind but was "expressly referring to the possibility of picking up a suspected terrorist in Italy, bringing him to an airport and sending him from there to a foreign country," Battelli, now retired, recalled in a deposition.

This initial secret contact and others that followed, disclosed in newly released documents, show the speed and breadth with which the CIA applied in post-9/11 Europe a tactic it had long reserved for the Third World -- "extraordinary rendition," the extrajudicial abduction of Islamic radicals overseas for interrogation in friendly countries.

A year after the first contact, the CIA officer held another meeting with his Italian counterparts, this time sharing a list of more than 10 "dangerous people" the agency was tracking in Italy, Belgium, Austria and the Netherlands, according to a deposition from Gen. Gustavo Pignero, another high-ranking Italian military intelligence official. "It was clear that this was an aggressive search project, that their willingness to employ illicit means was clear," Pignero said, adding that the list was later destroyed and he could not recall the names.

U.S. spies drew up suspect lists with the help of European intelligence agencies and chased some of the men around the globe before putting a brake on the operations in early 2004, about a year after the invasion of Iraq, according to documents unearthed in criminal investigations, lawsuits and parliamentary inquiries.

All told, the U.S. agency took part in the seizure of at least 10 European citizens or legal immigrants, some of them from countries not cited in that list of "dangerous people" received by the Italian spies. Four renditions occurred on European soil: in Sweden, Macedonia and Italy. Six operations targeted people who were traveling abroad or who had been captured in Pakistan; European intelligence agencies provided direct assistance to the CIA in at least five of those cases, records show.

Each prisoner was then secretly handed over to intelligence services in the Middle East or Africa with histories of human rights abuses. Some remain imprisoned in those countries; others have been taken to the U.S. naval prison at Guantanamo Bay, Cuba. One man was later released after being taken from the Balkans to Afghanistan, the victim of an apparent case of mistaken identity.

In the early stages, the CIA had prepared even more ambitious plans, according to the depositions from the Italian intelligence officials, who testified last summer during a criminal investigation into a CIA-sponsored kidnapping of a radical Islamic cleric in Milan.

For example, Pignero said in his deposition that the CIA's Rome station chief had offered in 2002 to abduct a fugitive leader of the Red Brigades -- a Marxist network blamed for dozens of assassinations in Italy -- who had found refuge in South

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America. "The Americans would capture him and turn him over to us, and we in return would have to 'extradite' him to Italy without any legal proceedings," Pignero said.

In exchange, the CIA wanted help in abducting Islamic radicals living in the Italian cities of Turin, Vercelli and Naples, Pignero said. Italian intelligence officials rejected the offer, he added, because it was "contrary to international laws."

Reports of clandestine CIA operations have fueled deep public anger in Europe, where many people regard renditions as a blatant violation of national sovereignty and international law. Since last year, prosecutors have opened four separate criminal investigations into CIA activities in Europe. A dozen countries have conducted legislative inquiries into whether local spy agencies were involved.

Last month, a European Parliament committee investigating CIA operations in Europe condemned the practice of rendition "as an illegal and systematic instrument used by the United States" and called it "counterproductive in the fight against terrorism."

"I think that after the 11th of September, the CIA thought that all the ways useful to capture their enemies, the alleged terrorists, were now possible," Giovanni Claudio Fava, an Italian legislator who led the parliamentary probe, said in an interview in Brussels. "They wanted to clean Europe of all these dangerous, alleged terrorists. They didn't have faith in the quality and capacity of our own security controls and our justice system."

In the past year, U.S. officials have sought to repair the diplomatic damage. They have met repeatedly with their European counterparts to defuse opposition to renditions, the U.S. military prison at Guantanamo and the disclosure in November 2005 that the CIA had set up secret prisons for terrorism suspects in Eastern Europe.

John B. Bellinger III, legal adviser to Secretary of State Condoleezza Rice, said U.S. diplomats have made some headway. But he added that ongoing political disputes have "undermined cooperation and intelligence activities."

"I'd say that many European government officials and academics acknowledge now that there is a legal murkiness that applies to international terrorism," he said in a telephone interview from Washington. "On the negative side of the ledger, we do continue to have these hysterical, inflated allegations denouncing the United States that unfortunately do fan the flames of suspicion and anti-Americanism."

The CIA declined to comment.'He Was Too Loud'

The most detailed disclosures about the CIA's European rendition project have emerged from Milan, where Italian prosecutors have spent two years investigating the disappearance of Hassan Mustafa Osama Nasr, a militant Egyptian-born cleric known as Abu Omar.

When Nasr vanished in February 2003, police and prosecutors in Milan thought at first that he had slipped out of the country on his own, perhaps to join resistance forces in Iraq in advance of the U.S.-led invasion. The CIA lent credence to their suspicions a few months later, when it delivered an intelligence bulletin to Rome stating that Nasr had been seen in the Balkans.

In fact, prosecutors later discovered, Nasr had been grabbed on the street in Milan as he was walking to a mosque and stuffed into a white van, which sped to Aviano Air Base, a joint U.S.-Italian military installation. From there, he was put on a plane to Ramstein Air Base in Germany, and onward to Cairo, where Nasr claims he was tortured for months with electric shocks and sexually abused.

Prosecutors in Milan have since issued arrest warrants on kidnapping charges for 25 CIA operatives and a U.S. Air Force officer, alleging that they conspired with Italian secret service agents to abduct Nasr. Although none of the Americans is likely to be extradited to Italy, prosecutors have served notice that they intend to try them in absentia and asked a judge last month to formally indict the defendants.

Senior Italian intelligence officials have also been charged in the case, including Gen. Nicolo Pollari, director of the Italian military intelligence agency known as Sismi. Pignero, his former deputy, was arrested in June, shortly after he gave his deposition to prosecutors. He died of cancer three months later, on Sept. 11.

European investigators are still examining other mysterious cases of missing or detained people. Among them is the disappearance a few weeks before Nasr's kidnapping of another Egyptian-born Islamic fundamentalist.

Gamal al-Menshawi, a physician and occasional mosque preacher who knew Nasr personally, had left his home in Graz, Austria, bound for the Islamic holy city of Mecca, Saudi Arabia. His wife was waiting for him there, but he never arrived, according to Egyptian exiles in Austria and Italy who know him.

Menshawi's trail vanished after he arrived in Amman, Jordan, for a flight connection. He later surfaced in Egypt. European Parliament investigators have concluded he was detained there for two years without facing charges.

He was released in 2005 and is living in Alexandria, Egypt, according to Austrian journalists. He has severed contact with friends and colleagues in Europe, who strongly suspect he was subjected to a rendition, although they lack proof or direct evidence of U.S. involvement.

Arman Ahmed al-Hissini, imam of the Viale Jenner mosque in Milan and an acquaintance of Menshawi and Nasr, said both have been silenced by the Egyptian security services.

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"The Arab secret services, they give names to the CIA of people who they want, people who are on the outside, such as Europe," said Hissini, an Egyptian native known locally as Abu Imad. "They give the names to the CIA, because the CIA can go to work in these countries."

There is also little doubt about Menshawi's fate among those who knew him in Austria's Islamic community.

"I see the American government as being primarily responsible," said Mohamed Mahmoud, chairman of a group called Islamic Group of Austria. "This is not the first time someone has disappeared."

"The Americans look around in Europe for who is being loud, who is speaking out, and then those people are kidnapped," he added. "He was very vocal; he was too loud for them. He talked openly about Egypt's government, about the U.S. government, about the Islamic community in Austria.'"They Needed Information'

About the same time, another Islamic militant from Austria disappeared during a stopover at the Amman airport.

Masaad Omer Behari, a Sudanese citizen who had lived in Austria for more than a decade, has said he was arrested by Jordanian secret service agents on Jan. 12, 2003, as he was traveling home to Vienna from a trip to Sudan.

Behari told European Parliament investigators in October that he was held for three months in a Jordanian prison, where he was interrogated about Islamic militants in Austria and elsewhere in Europe. "On the first day I was in prison, they told me they did not think I was a terrorist, but that they needed information about the Islamic scene in Vienna," he said.

Documents obtained by the investigators show that Behari had been under surveillance by Austria's domestic intelligence service since 1998, when he was interrogated about an alleged plot to blow up the U.S. Embassy in Vienna. Behari said he was innocent and never faced charges, but was pressured by Austrian secret service agents to leave the country after the Sept. 11 hijackings.

"I have experienced hard times because I did not cooperate with the security authorities in Europe and with the Americans," Behari said, according to a transcript of his testimony. The Austrians "threatened me that they would cause me problems. I thought it was only 'blah-blah,' but it was the truth."

Austrian authorities said they have not opened official inquiries into the disappearances of Menshawi or Behari, in part because neither is an Austrian citizen.

"Since the alleged abductions did not take place on Austrian soil, in an Austrian airplane or on an Austrian ship, we see no need for action," said Rudolf Gollia, spokesman for the Austrian Interior Ministry.

Military Taking A Tougher Line With Detainees (NYT)

By Tim Golden

The New York Times, December 16, 2006

GUANTÁNAMO BAY, Cuba, Dec. 10 — As the first detainees began moving last week into Guantánamo's modern, new detention facility, Camp 6, the military guard commander stood beneath the high, concrete walls of the compound, looking out on a fenced-in athletic yard.

The yard, where the detainees were to have played soccer and other sports, had been part of a plan to ease the conditions under which more than 400 men are imprisoned here, nearly all of them without having been charged. But that plan has changed.

"At this point, I just don't see using that," the guard commander, Col. Wade F. Dennis, said.

After two years in which the military sought to manage terrorism suspects at Guantánamo with incentives for good behavior, steady improvements in their living conditions and even dialogue with prison leaders, the authorities here have clamped down decisively in recent months.

Security procedures have been tightened. Group activities have been scaled back. With the retrofitting of Camp 6 and the near-emptying of another showcase camp for compliant prisoners, military officials said about three-fourths of the detainees would eventually be held in maximum-security cells. That is a stark departure from earlier plans to hold a similar number in medium-security units.

Officials said the shift reflected the military's analysis — after a series of hunger strikes, a riot last May and three suicides by detainees in June — that earlier efforts to ease restrictions on the detainees had gone too far.

The commander of the Guantánamo task force, Rear Adm. Harry B. Harris Jr., said the tougher approach also reflected the changing nature of the prison population, and his conviction that all of those now held here are dangerous men. "They're all terrorists; they're all enemy combatants," Admiral Harris said in an interview.

He added, "I don't think there is such a thing as a medium-security terrorist."

Admiral Harris, who took command on March 31, referred in part to the recent departure from Guantánamo of the last of 38 men whom the military had classified since early 2005 as "no longer enemy combatants." Still, about 100 others who had been cleared by the military for transfer or release remained here while the State Department tried to arrange their repatriation.

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[Shortly after Admiral Harris's remarks, another 15 detainees were sent home to Saudi Arabia, where they were promptly returned to their families.]

The detainee population here has also been reshaped by the arrival in September of 14 terror suspects, including the accused mastermind of the Sept. 11 attacks, who had been held by the Central Intelligence Agency in secret prisons overseas.

United States officials said these so-called high-value suspects were being held apart from the rest of the Guantánamo prisoners, at a secret detention facility supervised by C.I.A. officers. The 14 have been visited twice by representatives of the International Committee of the Red Cross, but have not yet been interrogated by military intelligence officials, these officials said.

Next year, after the Defense Department finishes rewriting rules for the military tribunals that the Bush administration first established in November 2001, the intelligence agency's prisoners are to be charged with war crimes. The timetable for their prosecutions remains uncertain.

Military officials said they would continue to try to improve conditions at the prison to the extent that security considerations allowed. They said they have abandoned special cell blocks for discipline and segregation, so that prisoners who violate rules are now punished simply by the withdrawal of various privileges in their regular cells. The authorities have also standardized rules for exercise, allowing each detainee at least two hours a day, they said.

Nonetheless, the tightening of security at the detention center represents a significant shift in Guantánamo's operations.

Since spring 2004, the military's handling of the detainees had been heavily influenced by the political and diplomatic pressures that grew out of the Abu Ghraib scandal and other cases of prisoner abuse. At the same time, Guantánamo's focus was shifting from interrogations to the long-term detention of men who, for the most part, would never be charged with any crime.

With little guidance from Washington, senior officers here began in 2005 to edge back toward the traditional Geneva Convention rules for prisoner treatment that President Bush had disavowed after 9/11 for the fight against terrorism, military officials said. Military officers began listening more attentively to the prisoners' complaints, and eventually met a few times with a council of detainee leaders.

Those talks were quickly aborted in August 2005. The hunger strikes were effectively broken last January, when the military began strapping detainees into padded "restraint chairs" to force-feed them through stomach tubes.

But those protests gave way to several drug overdoses in May and the hangings in June of three prisoners — all of whom had previously been hunger strikers.

The current Guantánamo commanders eschewed any criticism of their predecessors. But they were blunt in laying out a different approach.

Asked about his discussions with prisoners, Colonel Dennis said he basically had none. As for the handful of detainees who have continued to wage hunger strikes, including three who were being force-fed last week, he said they would get no "special attention" from him.

"If they want to do that, hook it up," he said, apparently referring to the restraint chair system for force-feeding. "If that's what you want to do, that's your choice."

Admiral Harris said he had ordered a hardening of the security posture on the basis of new insights into the threat that the detainees pose. "We have learned how committed they are, just how serious they are, and how dangerous they are," he said.

Several military officials said Admiral Harris took over the Guantánamo task force with a greater concern about security, and soon ordered his aides to draw up plans to deal with hostage-takings and other emergencies.

He and Colonel Dennis both asserted that Camp 4 — where dozens of detainees rioted during an aggressive search of their quarters last May — represented a particular danger.

Admiral Harris said detainees there had used the freedom of the camp to train one another in terrorist tactics, and in 2004 plotted unsuccessfully to seize a food truck and use it to run over guards.

"Camp 4 is an ideal planning ground for nefarious activity," he said.

But according to several recent interviews with military personnel who served here at the time, the riot in May did not transpire precisely as military officials had described it. The disturbance culminated with what the military had said was an attack by detainees on members of a Quick Reaction Force that burst into one barracks to stop a detainee who appeared to be hanging himself.

But officers familiar with the event said the force stormed in after a guard saw a detainee merely holding up a sheet and that his intentions were ambiguous. A guard also mistakenly broadcast the radio code for multiple suicide attempts, heightening the alarm, the officers said.

Admiral Harris conceded that an error "could have been" made, but said "it was certainly no accident" that the prisoners had slicked the floor of their quarters with soapy water and excrement, and fought the guards with makeshift weapons. He said he believed the guards acted properly.

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The May 18 search took place after at least two prisoners were found unconscious from overdoses of hoarded drugs. The detainees who attacked the guards were known as especially religious, and had been angered in the past by searches of their Korans.

After the three suicides in June, Camp 6 was substantially reconfigured. Staircases and catwalks were fenced in so that detainees could not jump from them to attack guards or try to kill themselves. Shower stalls were built higher so they could not be used for hangings. Exercise yards were divided up into a series of one-man pens.

The detainees will still look out the small windows of their computer-controlled cell doors to see the stainless steel picnic tables where they were once supposed to have shared their meals; they just will not be able to sit at those tables with other detainees.

Military officials confirmed that since the suicides in June, three detainees who were part of the council that negotiated with military commanders had been kept isolated from nearly all other prisoners in Camp Echo, a collection of bungalows where detainees often see their lawyers.

Those detainees include Shaker Aamer, a Saudi resident of Britain who is accused of having ties to Al Qaeda; Ghassan al-Sharbi, a Saudi electrical engineer who was charged earlier with plotting to make bombs for Qaeda forces in Afghanistan; and Saber Lahmar, an Algerian religious scholar seized in Bosnia.

Lawyers for Mr. Aamer and Mr. Lahmar said that they had been alone for most of that time, and that the isolation was causing them psychological damage.

“They have thrown away the key and forgotten him even though he is spiraling down physically and psychologically,” Mr. Lahmar’s lawyer, Stephen H. Olesky, said.

Noting that a petition for relief on behalf of Mr. Lahmar has been before a federal appeals court for nearly two years, he added, “They know we do not have a judge to take this case to, so they can pile on the detainee.”

Colonel Dennis, the commander of the detention group, said Mr. Lahmar was being allowed to exercise and had access to any medical attention he required.

Tortured Canadian Still On U.S. "Watch List" (WP)

By Doug Struck

The Washington Post, December 16, 2006

TORONTO, Dec. 15 -- Maher Arar, the Canadian Muslim who was whisked by U.S. agents from a New York airport to imprisonment and torture in Syria, remains on the U.S. "watch list" despite an exhaustive Canadian inquiry that found he is an innocent man, the U.S. ambassador to Canada said Friday.

Ambassador David Wilkins said in an interview with CBC Radio that Arar "is on the watch list and has been since he was deported" in 2002 to Syria, where he was held for 10 months, much of it in a coffin-like dungeon.

His transfer to Syria, part of a series of U.S. clandestine "extraordinary renditions" of terrorism suspects for interrogation in foreign countries, created a scandal in Canada.

The head of the Royal Canadian Mounted Police resigned last week after a two-year judicial inquiry found his officers gave U.S. agents false information to cast suspicion on Arar.

The Canadian Parliament has apologized to Arar, now 36, and the Canadian government is preparing compensation for the engineer.

But the United States has never acknowledged any mistake in the matter, and Wilkins's disclosure Friday indicates Arar might again be detained by the United States if he were to enter the country.

His removal to Syria "was based on information from a variety of sources, as is his current watch list status," Wilkins said in a statement he issued later Friday. U.S. officials have made "our own independent assessment of the threat to the United States," he said.

"That the United States would have the gall to keep Maher on a watch list, implying that he poses a threat to this country, is outrageous," said one of Arar's attorneys, Maria LaHood, a lawyer with the Center for Constitutional Rights in New York. The nonprofit group filed a suit on Arar's behalf against the U.S. government, but it was dismissed.

"This administration is unwilling to admit its mistakes and still tries to conceal them," she said.

In Ottawa, New Democratic Party leader Jack Layton said the Canadian government should demand that the United States remove Arar's name from the list. "Otherwise, it sends a message the Canadian government will not stand behind its own citizens," he told reporters.

Rail-Cargo Plan Aims To Avert Terrorism (WP)

By Del Quentin Wilber

DOJ_NMG_0107428

The Washington Post, December 16, 2006

Federal officials unveiled a plan yesterday to tighten security for railroad shipments of hazardous materials, saying the rules would reduce the risk of terrorists using dangerous chemicals to kill thousands of people.

The proposals -- which drew criticism from Democrats, who said they did not go far enough -- would require freight and passenger systems to keep closer tabs on rail cars containing dangerous chemicals. A separate set of rules proposed by the Transportation Department would compel rail operators to find safer and more secure routes for such shipments, authorities said.

Homeland Security Secretary Michael Chertoff said the rules, which will be open to public comment for 60 days, would "reduce the risk that chemicals can be turned into deadly weapons when they are in transit."

Authorities are concerned that terrorists might target rail cars in the hopes of releasing a plume of hazardous chemicals in a populated region. The proposals would cost the rail industry about $162 million over 10 years, officials said.

Chertoff said many of the proposed rules have already been adopted by the rail industry on a voluntary basis.

Democratic members of Congress said the rules did not adequately address overall rail security.

Sen. Frank Lautenberg (D-N.J.), who has introduced rail security legislation in the past, said the plans would not do enough to secure rail stations, bridges and tunnels, which are also vulnerable to attack.

He said the government should also have the authority to force companies to reroute hazardous materials around populated areas when terror alert levels are raised.

"This plan is just window dressing," he said. "It doesn't have any substance."

The D.C. Council grew so concerned about a possible attack on rail cars containing hazardous chemicals that in 2005 it banned such shipments within 2.2 miles of the Capitol. That ban has been put on hold pending the result of a lawsuit by CSX Transportation Inc. and the U.S. government. Several other cities have also banned the shipments and are closely watching the District's court case.

Chertoff said banning chemical shipments from urban areas would be difficult because the rail system weaves in and out of those areas. Many of the chemicals -- such as chlorine used to purify water -- are destined for use in metropolitan areas, he said.

"If you are going to deliver to a city, you have got to get it into the city," Chertoff said.

Chertoff said the rules are aimed at protecting rail cars when they are most vulnerable: when they are not moving and are waiting to be transferred to other companies. Under the proposal, authorities would require a "secure handoff" from one company to another, preventing a car from "sitting there unattended," Chertoff said.

When cars are stationary for long periods of time, companies would be required to watch them or park them in secure areas, he added.

Transportation Security Administration officials would have the authority to conduct inspections of rail operations and levy fines if they found security breaches. The companies would also be required to provide authorities with the exact locations of hazardous shipments within minutes of a request, Chertoff said.

Feinstein Criticizes DHS On Foreigner Exit Program (WP)

By Spencer S. Hsu

The Washington Post, December 16, 2006

Supporters of the troubled US-VISIT program warned yesterday that the decision to suspend a crucial part of the national security program launched after the 2001 attacks will leave the nation vulnerable to terrorism.

Sen. Dianne Feinstein (D-Calif.) said the government will be left with no way of knowing whether all visitors leave the country after the administration decided to drop a plan to track departures at land borders because of technical and cost problems.

Feinstein called the decision a "very serious failure" on top of multiple delays since the system was proposed in 1996.

US-VISIT is designed to detect criminals, suspected terrorists and visitors whose visas have expired by recording travelers' fingerprints and digital photographs when they enter and exit the United States. Having spent $1.7 billion since 2003, Department of Homeland Security officials say they have successfully recorded 61 million people entering the country through 115 airports, 15 seaports and 154 of 170 land ports.

But they cannot build an exit tracking system without spending "tens of billions" of dollars more and an additional five to 10 years developing the technology.

"This program is central to protecting our national security," said Feinstein, incoming chairman of the Senate Judiciary Committee's homeland security panel. "Billions of dollars and countless hours have been invested, and if DHS is going to throw this all away, the American people deserve to know why."

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Others expressed relief that the department was acknowledging what critics have insisted for years: that billions of dollars might be wasted on contracts that could not deliver results. Developing an exit system is difficult because of the volume of cross-border traffic, technological demands and practical limits.

Such an entry-exit system was recommended by the panel that investigated the Sept. 11 terrorist attacks, but several studies have challenged its feasibility.

"Always make sure you state it clearly when the emperor has no clothes, to me is the moral of the story," said Kathleen Walker, incoming president of the American Immigration Lawyers Association, citing repeated studies and government testimony about US-VISIT's flaws.

DHS's retreat came after Congress's audit arm, the Government Accountability Office, reported Thursday that US-VISIT officials had concluded that the exit program could not now be launched at land crossings without major traffic delays or enormous cost to expand facilities, roads and communication links.

In an interview, US-VISIT Director Robert Mocny said the agency is completing a January spending report to Congress that will lay out plans to expand the exit system at airports and seaports but will leave out land ports.

Land ports record 309 million crossings a year, compared with 87 million at airports. But U.S. officials say airports pose a greater security risk because most land crossers are repeat travelers, or Mexican, Canadian and U.S. citizens who are for now exempt from US-VISIT.

In comments to reporters, Homeland Security Secretary Michael Chertoff acknowledged that the department was sidetracking the land exit system.

"If we required all the people leaving the country by land going into Canada to stop to give a biometric print," Chertoff said, "you would see lines that are 10 or 15 miles long, stretching from the border deeply into New York or into Detroit."

Chertoff cited progress in tracking and screening unwanted people before they enter the United States. US-VISIT has captured more than 1,100 criminals who were using false documents, officials have said. Other programs are underway to integrate homeland security and FBI fingerprint databases, to automatically generate risk assessments on travelers and to improve monitoring of some immigration violators.

"The highest priority is to keep terrorists out of the country. Letting them come in the country and then worrying whether they haven't left in 90 days seems, to me, an inferior concern to keeping them out in the first place," Chertoff said.

US-VISIT has also spent $71 million testing the use of radio-frequency identification technology -- involving tiny microchips with a unique code embedded in a tag on visitors' departure forms -- as an alternative to a fingerprint or facial-scan system. But a January 2006 test correctly identified only 16 percent of 166 vehicles with such tags. Among the drawbacks is that the tags cannot be physically tied to an individual.

Israelis Warned To Avoid Goa, A Longtime Favorite Tourist Destination For Young Travelers (NYT)

By Somini Sengupta

The New York Times, December 16, 2006

ANJUNA, India, Dec. 15 — A favored destination of young Israelis seeking respite from the frazzle and stress of home, the tourist haven of Goa got a rude reminder of reality this week.

Based on information gleaned by its counterterrorism agency, the Israeli government issued a rare terrorism alert on Thursday warning of a planned attack by Al Qaeda on tourists during the New Year's holiday season. The advisory described the information as "a concrete threat" but gave no further detail.

The Israeli Embassy urged its citizens to visit another time or, if they must be in the state of Goa, to stay away from crowded places. "We advise them to be alert and to take this threat very seriously," the embassy spokesman, Lior Weintraub, said Friday by telephone from New Delhi, the capital.

In Anjuna, on Goa's northern coast, where Internet cafes cater to Israelis checking e-mail messages from home and where restaurants serve schnitzel for lunch, the news of Al Qaeda's suspected designs was greeted with a mixture of apprehension and aplomb.

"Now we feel at home," Yossi Damti, 23, fresh out of the Israeli Army, said with a shrug on Friday afternoon.

"We got used to it," said his friend, Orif Tordjman, 21, who had also just completed her military service. "We're not going to leave because of this alert."

Goa is among India's most coveted tourist destinations. For Israelis, it is also a common stop on the post-military-service tourist circuit. The embassy in New Delhi estimated that around 35,000 Israelis come to Goa each year, crowding into a handful of coastal villages like this one.

Alerts like this latest one, which was unusual for its level of specificity, are particularly vexing for the Indian government, which has long maintained that Al Qaeda does not operate on Indian soil. In August, in the days leading up to India's

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Independence Day, the United States Embassy said it had received information that foreign terrorists, including Al Qaeda, planned to carry out a series of bombings in and around New Delhi and Mumbai. Indian officials dismissed the alert as a routine advisory.

India has cultivated warmer relations with Israel and the United States, making it, according to some security analysts, more vulnerable to Qaeda attacks.

Local news outlets on Friday quoted the chief minister of Goa, Pratapsing Rane, as saying that his state remained safe for tourists. Tourism is among the state's principal sources of revenue.

At an Internet cafe on Anjuna's main strip, Shai Zimon, 23, who had been traveling across India for the past 6 weeks, said he was hunting for a ticket to fly to Thailand for New Year's Eve, but not because of the terrorism threat. "You can't base your trip on what the government says," he said.

If you did, piped in a Swiss woman, Gitta Klee, also checking e-mail messages, no one would ever go anywhere.

Ms. Klee, 53, who has lived in Goa for more than 27 years, theorized that the terrorism alert was the brainchild of anxious parents not wanting their children to party in Goa. "Me, I don't think this place is interesting enough for terrorists," she said.

Word seemed not to have spread yet to the non-Israeli tourists who crowd into some of the same cheap guesthouses here. A pair of German tourists waiting for a bus to the beach were oblivious to the alert. A British tourist, Mustapha Dari, 24, said he had heard only something vague from a friend who had watched the news the night before on Indian television. His friend, Raffi Israelion, 20, a Parisian, confessed that he was particularly worried because local residents often took him to be Israeli.

At a Jewish community house on Friday afternoon, the news had seeped in, and the visit of a foreign journalist was enough to spark fear and hostility. At first, two women sitting on the porch of the house, where preparations were under way for a service to mark the first night of Hanukkah, said they knew of three friends who had canceled their New Year's Eve plans for Goa.

They said friends and family in Israel had already called them and urged them to return home. They weren't sure what they would do. One of the women, who gave her name only as Adi, said she did not want Al Qaeda to "ruin our plans."

Nor, it turned out, did she want to say any more to a stranger. The conversation quickly turned tense. Why are you asking for our names, they demanded. Why do you want to know when the first candle would be lit on the menorah this evening? Why are you asking if we will stay here for the New Year's holiday?

"All this situation, I don't know," Adi said nervously, and quickly disappeared into the house.

WAR NEWS:

Women Lose Ground In The New Iraq (WP)

By Nancy Trejos

The Washington Post, December 16, 2006

BAGHDAD -- Browsing the shelves of a cosmetics store in the Karrada shopping district, Zahra Khalid felt giddy at the sight of Alberto shampoo and Miss Rose eye shadow, blusher and powder.

Before leaving her house, she had covered her body in a billowing black abaya and wrapped a black head scarf around her thick brown hair. She had asked her brother to drive. She had done all the things that a woman living in Baghdad is supposed to do these days to avoid drawing attention to herself.

It was the first time she had left home in two months.

"For a woman, it's just like being in jail," she said. "I can't go anywhere."

Life has become more difficult for most Iraqis since the February bombing of a Shiite Muslim mosque in Samarra sparked a rise in sectarian killings and overall lawlessness. For many women, though, it has become unbearable.

As Islamic fundamentalism seeps into society and sectarian warfare escalates, more and more women live in fear of being kidnapped or raped. They receive death threats because of their religious sects and careers. They are harassed for not abiding by the strict dress code of long skirts and head scarves or for driving cars.

For much of the 20th century, and under various leaders, Iraq was one of the most progressive Middle Eastern countries in its treatment of women, who were encouraged to go to school and enter the workforce. Saddam Hussein's Baath Party espoused a secular Arab nationalism that advocated women's full participation in society. But years of war changed that.

In the days after the U.S.-led invasion in 2003, many women were hopeful that they would enjoy greater parity with men. President Bush said that increasing women's rights was essential to creating a new, democratic Iraq.

But interviews with 16 Iraqi women, ranging in age from 21 to 52, show that much of that postwar hope is gone. The younger women say they fear being snatched on their way to school and wonder whether their college degrees will mean anything in the new Iraq. The older women, proud of their education and careers, are watching their independence slip away.

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"At the beginning, we were very happy with those achievements and gains, and we were looking for more," said Ina'am al-Sultani, 36, a leader of the Progressive Women's Movement, a nongovernmental organization. "Women are now restrained."

Khalid, 30, whose only visible features as she shopped on a recent day were her round face and long eyelashes, was an accountant at the Planning Ministry until she received a death threat four months ago. She quit, moved to a new home and changed her phone number.

"We're suffering right now," Khalid said, her two sons tugging at her abaya. "The war took all our rights. We're not free because of terrorism."Hope and Fear

Before the war, Sundus Abbas, 38, was a researcher at a governmental organization. After the war, she became a women's rights activist.

After Saddam Hussein was forced out of power, many women like Abbas appeared on television talk shows and wrote newspaper articles challenging traditional views on marriage and other family issues and demanding that women be granted a greater role in government.

"They were there asking for their rights loudly and clearly," said Maysoon al-Damluji, a member of parliament.

There were signs of success. Twenty-five percent of the seats in the new National Assembly were reserved for women. Under Hussein, only one ministry was headed by a woman, Damluji said. Now, of the 38 ministry heads, four are women.

Iraqi women had been earning university degrees since the 1920s. Many earned master's degrees and doctorates and became physicians, engineers and lawyers.

Then came the 1980s war with Iran and the embargo imposed after the 1991 Persian Gulf War. Hussein, who began embracing Islamic and tribal traditions as a way to consolidate power, forbade women younger than 45 to travel abroad without a male relative.

Encouraged by Bush, women began to reassert themselves after 2003. But the collapse of security, the absence of the rule of law and the presence of extremist groups have weakened the budding movement, activists said. In the past year, its leaders have received death threats. Politicians have accused them of working in collusion with enemy countries, and police officers have harassed them, activists said.

On June 4, Abbas received an anonymous e-mail at her Baghdad office warning her to leave Iraq within 10 days. Three days later, another e-mail said she would be killed for not complying with the first threat.

She stayed home and canceled her scheduled appearances. A third threat came June 10 in a telephone text message. She recalled thinking that she did not want to be killed in front of her parents, who had already lost a daughter in a U.S. airstrike.

"I left with a feeling of humiliation and bitterness," she wrote in an e-mail from an undisclosed location. "Just imagine, I left my home, my family, my work and my city, for nowhere."'Psychologically Tired'

Aseel Bahjet and her mother shot nervous glances at each other as the 23-year-old spoke to a stranger in a Karrada perfume shop on a recent afternoon. Her mother wore an abaya. Bahjet wore a long black skirt, a black sweater and a head scarf. The shopkeeper closed the door so that no one would see a foreigner talking to the young woman.

Bahjet, a petite figure with pale skin and big brown eyes, recently graduated from Baghdad University with an engineering degree. But she doesn't know what to do with it.

Her mother, Shadam, wants her to stay at home as much as possible, saying she has heard too many stories about young women being kidnapped. Bahjet has nothing to do at home, other than talk to her friends on the phone.

"There's no chance to build our future," she said.

She lowered her voice and spoke slowly as she searched for the right words in English: "I joke that we should go see psychiatrists. All Iraqis are depressed."

Many young women at Bahjet's alma mater worry that they, too, will have nothing to do after they graduate. On a recent afternoon, Enas Moyad sat in an empty classroom at Baghdad University contemplating her future. Ask her if she is depressed, and she's quick to answer: "I'm psychologically tired."

She is 21.

Like many Iraqi parents, Moyad's had encouraged her to go to school. Now they don't.

This month, a Sunni Arab insurgent group asked Sunni students and professors not to attend classes while it "cleanses" the campuses of Shiite death squads. The group later said in a statement that it was canceling the rest of the school year. The threat was circulated so widely that Prime Minister Nouri al-Maliki issued a statement urging students to ignore it.

Fearing attacks on the way to campus, Moyad and nine other students have pitched in to hire a Kia minibus to take them there. Some of her girlfriends carry knives in their bags. Others take pistols, she said.

For months, attendance has been falling at the College of Education for Women, where Moyad is in her fourth year. One sociology professor said he had given only two lectures since Sept. 3. Normally, he gives 22 lectures a week.

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Moyad, who shows her rebellious side by letting a few dyed blond bangs show from under her green hijab, or head scarf, said she worries about what her degree will do for her in the new Iraq.

"We are afraid that no one will take them," she said.Stay or Leave?

Many educated, professional women have struggled with the question of whether to stay in Iraq.

Muna Nouri, 52, a high school teacher, doesn't want to leave, even if it means having to abide by rules she does not believe in.

As a college student in 1974, Nouri showed off her long black hair. She wore short skirts. She walked around campus with friends who happened to be boys.

As an adult, she and her two daughters -- one is 20, the other 17 -- took walks around their neighborhood in the Hadra district, wearing whatever they wanted.

"I consider myself and my daughters liberated women," she said. "We go out and walk in the street. That was last year even. But this year, it's more difficult. Every day, it's worse than the day before."

The wife of one of the security guards at the mosque across the street, an impoverished woman to whom Nouri had given money, urged her to wear a head scarf for her own good, she recalled.

The day after sectarian violence erupted in Sadr City late last month, Shiite cleric Moqtada al-Sadr instructed women to continue wearing their hijabs.

"There are some voices being heard against the hijab, from inside and outside Islam," Sadr said. "I say it will remain a protection for our women and call on our sisters to be patient, not to listen to these voices."

Nouri considers herself a religious woman. She prays and reads the Koran. The Islam she knows does not oppress women, she said.

"I think Islam is more liberated than that," she said.

This year, more than 300 teachers and Education Ministry employees have been killed, according to government reports. Nouri does not want to make herself a target at the all-girls' high school where she teaches. So she wears long skirts and a head scarf to work.

"I don't like it, because I think the women here are very beautiful," she said, speaking by phone because she did not want her neighbors to see a stranger visiting her home. "This scarf is not beautiful."

Like Nouri, Bushra Shimirya, 42, had considered herself an independent woman. That changed dramatically in just a few months, she said. She knew things were bad when she could no longer drive her car.

"Anyone who's in her 20s and drives a car for the first time, you feel very happy and very independent," she said. "Like you can do anything."

Since the Samarra bombings, she said, she has felt she can do almost nothing.

Relatives had seen fliers warning women not to drive. They pleaded with her to stop. She resisted.

Shimirya, who has a doctorate in psychological studies, had been driving since she was 20.

But the stares started to bother her. They came from men anytime they saw her behind the wheel of her 1984 Toyota Crown.

So she hired a car service to take her to her job at Baghdad University. She stopped going out unless it was necessary. No more dinners with her girlfriends. No more walking the streets of her affluent Mansour neighborhood.

"It's become so bad that a woman who drives a car will be slaughtered, and a woman who doesn't put a scarf on her hair will be slaughtered," she said.

When classes ended in July, Shimirya and her husband, an engineer, sold their cars, locked up their large, modern-style house and headed to Dubai.

"I miss my home," she said, speaking by phone from Dubai. "I miss my colleagues at work. I miss my neighbors. I miss my family. I miss the air in Iraq. There is nothing more beautiful than Iraq."

New Manual At Odds With Key Iraq Tactics (LAT)

By Julian E. Barnes

The Los Angeles Times, December 16, 2006

WASHINGTON — The U.S. military's new counterinsurgency doctrine takes issue with some key strategies that American commanders in Iraq continue to use, most notably the practice of concentrating combat forces in massive bases rather than dispersing them among the population.

The 282-page counterinsurgency field manual, unveiled Friday, seeks to bring together the best practices in fighting sustained insurgencies that the United States has learned during the Iraq war. It also lists tactics that have tripped up American

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forces, such as trying to make local security forces act like the U.S. military and overemphasizing killing or capturing enemies rather than providing for the safety of the population.

Although the military has moved away from some of these tactics, others are widely used in Iraq.

Most special operations forces in Iraq spend the bulk of their time and resources trying to kill or capture Al Qaeda members and insurgents. But the manual says the best use of those troops is not hunting enemies but training Iraqi security forces or police.

Perhaps the most controversial section may be the manual's warning about large, sprawling bases, the very kind the Army has erected in Baghdad. The manual warns that such military bases could suggest "a long-term foreign occupation."

A cornerstone of the Iraq plans of Army Gen. John P. Abizaid, the top U.S. commander in the Middle East, and Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, has been to concentrate Baghdad's U.S. Army forces in a few large forward operating bases, or FOBs. Counterinsurgency experts have questioned the practice, arguing that to protect the populace from insurgents, military forces must have a constant presence in the area.

The authors of the manual say the new doctrine is not meant as a critique of the Iraq strategy. Retired Army Col. Conrad Crane, who helped oversee the manual's development, said they were not criticizing the practice of putting soldiers on large bases but rather were saying they simply did not want people to hole up and become "fobbits."

"You have to get out and mingle among the people," Crane said. "You can't cede control of the night and the street to the enemy."

Retired Gen. John Keane, former acting chief of staff of the Army, said the military needed to move off the big bases in Baghdad and establish small bases peppered throughout key neighborhoods, as had been done in the Iraqi cities of Tall Afar and Ramadi.

"You put a protect force in that lives in the neighborhood. They stay 24/7 to protect the people," Keane said at a briefing this week. "That piece is what we have never been able to execute in Baghdad."

Although the manual is meant to apply generally to all fights against insurgency, it was clearly written with Iraq in mind. And at some points the introduction and first chapter of the new manual read like a plea for more time for the military to succeed in Iraq.

The new doctrine, which was begun in January and released in draft form in June, cautions that campaigns against insurgents are "often long and difficult" and that progress is hard to measure. Conventional militaries often stumble in the beginning of an insurgency but can succeed if they learn, adapt and push ahead against it, according to the manual.

"The military forces that successfully defeat insurgencies are usually those able to overcome their institutional inclination to wage conventional war against insurgents," the doctrine says.

If there is a theme for the manual, Crane said, it is that the military can adapt and correct its missteps. "That is the historical record: You learn as you go," he said.

Overall, the doctrine says, a counterinsurgency operation is "a struggle for the population's support." To win that confidence, militaries must learn about the culture and people they are trying to protect as well as fight the insurgents who are attempting to destabilize the country, it says.

Lt. Col. Lance A. McDaniel, one of the Marines who helped write the new doctrine, said he expected the manual to influence new strategies in Iraq, although he was not sure exactly what lessons would be embraced.

"I do not know how they will translate this to the field," he said. "But I do think this will be No. 1 on the reading list."

The manual, a public document, can be read at http://usacac.army.mil/cac/repository/materials/coin-fm3-24.pdf.

Options Weighed For Surge In G.I.'s To Stabilize Iraq (NYT)

By David E. Sanger, Michael R. Gordon

The New York Times, December 16, 2006

WASHINGTON, Dec. 15 — Military planners and White House budget analysts have been asked to provide President Bush with options for increasing American forces in Iraq by 20,000 or more. The request indicates that the option of a major "surge" in troop strength is gaining ground as part of a White House strategy review, senior administration officials said Friday.

Discussion of increasing the number of American troops, at least temporarily, has coursed through Washington for two months, as a possible way to reverse the deteriorating security situation in Baghdad. But the decision to ask the Joint Chiefs of Staff to specify where the additional forces could be found among overstretched Army, Marine and National Guard units, and to seek a cost estimate from the White House Office of Management and Budget, signifies a turn in the debate.

Officials said that the options being considered included the deployment of upwards of 50,000 additional troops, but that the political, training and recruiting obstacles to an increase larger than 20,000 to 30,000 troops would be prohibitive.

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At present, only about 17,000 American soldiers are actively involved in the effort to secure Baghdad, so even the low end of the proposals being considered by military and budget officials could more than double the size of that force. If adopted, such an increase would be a major departure from the current strategy advocated by Gen. George W. Casey Jr., which has stressed stepping up the training of Iraqi forces and handing off to them as soon as possible.

The details of the plan under study by the White House are not known, but in most scenarios the troop increase would be accomplished in large part by accelerating some scheduled deployments while delaying the departure of units in Iraq.

President Bush has made no final decision, the White House said. Gordon Johndroe, the National Security Council spokesman, said that no memorandums outlining the options for increasing troop strength had gone to the president. But one senior official said the subject was discussed at length on Wednesday during Mr. Bush's briefing at the Pentagon, and the president has reportedly asked detailed questions that some officials have interpreted as suggesting that he is strongly leaning in that direction.

American military officials said Friday night that the Pentagon was planning to send the Second Brigade of the 82nd Airborne Division to Kuwait in January. The brigade, based at Fort Bragg, N.C., would serve as a reserve that commanders in Iraq could draw on.

American military commanders have been operating without such a reserve since the Marine unit that had been on call was dispatched to Anbar Province in western Iraq. The Army brigade could become an element of a larger troop deployment to Iraq if the White House decided to increase troops there.

That option has been central to a broader debate in Washington. Advocates of a troop increase say the aim would be to reverse the slide toward an all-out civil war and give the new Iraqi government more time to consolidate control, while training of Iraqis is stepped up.

At the same time, American and Iraqi forces would try to tamp down strife in neighborhoods that contain Shiites and Sunnis, and slow insurgent attacks. To be effective, proponents say, these tactics would need to be married to a broader political and economic strategy to generate employment in Baghdad and stabilize Iraq.

Critics of a surge approach have argued that any American troop increase would lead to more American casualties and merely put off the day when the Iraqis need to assume responsibility for their own security.

There is also concern that the military benefits would be short-lived unless the higher troop levels were sustained for a long period, adding to the strain on American forces. Alternatively, critics say, if the surge in troop levels was too brief, adversaries could simply wait for the reinforcements to leave.

Senator John McCain, Republican of Arizona, said during a visit to Baghdad this week that American military commanders were discussing the possibility of adding as many as 10 more combat brigades — a maximum of about 35,000 troops — to establish some of control while Iraq's divided political leaders seek solutions to the mounting violence.

On Friday, however, one administration official said that additional work was needed to fit a troop increase into the larger strategy, as well as on technical aspects about how the operation would be carried out. "There has not been a full articulation of what we would want the surge to accomplish," he said.

Strikingly, the surge proposal has not been actively promoted by the top commander in Iraq. General Casey, the senior American commander in Baghdad, has emphasized faster training of Iraqi security forces, an effort that would be supported in part by converting existing combat forces into trainers.

Gen. John P. Abizaid, the top American commander in the Middle East, has said that the advantages of a surge in troop levels would be temporary, and that it might dissuade Iraqis from doing more to provide for their own security.

Some of the chiefs of the services that would supply forces for the surge have spoken about it in hedged terms. "We would not surge without a purpose," Peter J. Schoomaker, the Army chief of staff, told reporters on Thursday. "And that purpose should be measurable."

But Lt. Gen. Raymond T. Odierno, who is assuming day-to-day command of American troops in Iraq from Lt. Gen. Peter W. Chiarelli, is said to be sympathetic to the idea.

The surge proposal has also gained greater support among recently retired officers who served in Iraq, particularly if carried out as part of a broader political and economic strategy.

Two retired Army veterans who served in the unit that took control of the northern Iraqi city of Tal Afar in 2005 — Col. Joel Armstrong and Maj. Daniel Dwyer — helped draft a new study issued Thursday by the American Enterprise Institute that called for sending an additional four or five combat brigades, or some 14,000 to 17,500 troops, to Baghdad.

The study determined that the military could sustain a surge of that level, but that it would require sending several Army brigades back to Iraq a couple of months early and extending the customary yearlong Army tour to 15 months.

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In its report last week, the bipartisan Iraq Study Group rejected the idea of a “substantial” force increase on the order of 100,000 to 200,000 troops, saying that those levels were not “available for a sustained deployment” and would feed fears in Iraq that the United States was planning a long-term occupation.

“We could, however, support a short-term redeployment or surge of American combat forces to stabilize Baghdad,” the report added, “or to speed up the training and equipping mission, if the U.S. commander in Iraq determines that such steps would be effective.”

White House Studies Options For Increasing Troops In Iraq: Report (AFP)

AFP, December 16, 2006

Military planners and White House budget analysts have been asked to provide President George W. Bush with options for increasing American forces in Iraq by 20,000 troops or more, The New York Times has reported.

Citing unnamed senior administration officials, the newspaper said the request indicates that the option of a major "surge" in troop strength is gaining ground as part of a White House strategy review.

Discussion of increasing the number of American troops has gone on in Washington for two months as a possible way to reverse the deteriorating security situation in Baghdad, the report said.

But the decision to ask the Joint Chiefs of Staff to specify where the additional forces could be found signifies a turn in the debate, according to The Times.

Officials said that the options being considered included the deployment of upwards of 50,000 additional troops, but that the political, training and recruiting obstacles to an increase larger than 20,000 to 30,000 troops would be prohibitive, the paper said.

At present, only about 17,000 American soldiers are actively involved in the effort to secure Baghdad, so even the low end of the proposals being considered by military and budget officials could more than double the size of that force, according to the report.

If adopted, such an increase would be a major departure from the current strategy advocated by General George Casey, which has stressed stepping up the training of Iraqi forces and handing off to them as soon as possible, The Times said.

The details of the plan under study by the White House are not known, but in most scenarios the troop increase would be accomplished in large part by accelerating some scheduled deployments while delaying the departure of units in Iraq, the paper said.

US "Troop Boost In Iraq Likely" (BBC)

BBC.com, December 15, 2006

US President George W Bush is likely to boost troop levels in Iraq next year, an administration official has said.

Up to 25,000 more troops could be deployed to try to help end the violence, the official said, speaking on condition of anonymity.

The comments come a day after prominent Republican John McCain called for up to 30,000 more troops to be sent to Iraq.

Mr Bush had been due to announce a new strategy on Iraq next week, but has delayed his speech until January.

He is holding a flurry of meetings with top US and Iraqi officials and experts on how to change his policy.

In Iraq, the country's biggest humanitarian organisation has accused US troops of attacking its offices and vehicles.

The Iraqi Red Crescent's vice-president said attacks by US-led forces were the biggest problem it faced.

The US military said it was checking the allegations.

'Serious situation'

The US administration source said the mission of the additional troops would be threefold, the BBC's Adam Brookes reports from Washington:

To help secure Baghdad amid daily car bombings and kidnappings

To make a renewed push to quell the insurgency in the Western province of Anbar

To tackle the militias behind much of the sectarian violence in the country, but especially the capital.

The remarks appear to be setting the tone for Mr Bush's announcement of his new Iraq strategy, our correspondent says.

He says the idea of boosting troop levels for one final push at halting the spiralling violence has been much discussed in Washington recently.

The comments came a day after Senator McCain called for more troops to stabilise Iraq.

"The situation is very, very serious," he said in Baghdad.

"It requires an injection of additional troops to control the situation and to allow the political process to proceed," he said.

There are currently 140,000 US troops in Iraq.

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Military scepticism

Since a high-level review group published its findings last week, President Bush has been consulting with his military commanders and Iraqi political leaders to shape a new strategy.

President Bush has bid farewell to his outgoing defence secretary

Military commanders, however, have been expressing scepticism that extra troops on their own will have much effect, our correspondent says.

They say that stability in Iraq can now only be had by political means.

The Iraq Study Group, composed of top Democrat and Republican legislators and experts, said combat troops could be withdrawn from Iraq by early 2008.

They said the current US strategy of "staying the course" was no longer viable.

On Wednesday, Mr Bush said he would not be rushed into making "a difficult decision".

"I've heard some ideas that would lead to defeat. And I reject those ideas, ideas such as leaving before the job is done; ideas such as not helping this government take the necessary and hard steps to be able to do its job."

Pentagon To Move Troops Into Kuwait (AP)

By Lolita C. Baldor, Associated Press Writer

AP, December 16, 2006

The U.S. military is planning to move a brigade of troops into Kuwait in what could be the first step of a short-term surge of American forces into Iraq to stabilize the violence.

The 2nd Brigade of the 82nd Airborne Division is expected in Kuwait shortly after the new year, a senior Defense Department official told The Associated Press on Friday. The official requested anonymity because the plans had not yet been announced.

The 2nd Brigade, made up of roughly 3,500 troops, is based at Fort Bragg, N.C., and would be deployed in Iraq early next year if needed, the official said. The move would be part of an effort to boost the number of U.S. troops in Iraq for a short time, the official said. The plan was first reported by CBS News.

In a half-hour video conference with President Bush on Friday, Iraqi Prime Minister Nouri al-Maliki outlined plans for the national reconciliation conference taking place in Baghdad on Saturday. Al-Maliki cited the desire of many people in Iraq for a larger core of Iraqi political leaders to come together for the common objective of stabilizing the country and promoting the rule of law, National Security Council spokesman Gordon Johndroe said in describing the conversation.

Al-Maliki also talked with Bush about providing greater security, in particular in Baghdad, by going after all sources of violence, including insurgents and militias, Johndroe said. Bush reiterated his support for al-Maliki and said he was encouraged by the meetings he had recently with Iraq's Sunni vice president, Tariq al-Hashemi, and with the leader of the largest Shiite bloc in Iraq's parliament, Abdul-Aziz al-Hakim.

In assessing the state of the war in Iraq, Bush has been meeting this week with top generals and other advisers. The military options being considered include an increased effort to train and equip Iraqi forces.

Meanwhile, the commander of U.S. forces in the strife-ridden Iraqi province of Diyala said Friday that tribal leaders and some political groups in the province are turning to terrorists and insurgents for protection rather than trust Iraqi soldiers and police.

"This sort of unity only worsens the sectarian divide and encourages further violence," said Col. David Sutherland, commander of the 3rd Brigade, 1st Cavalry Division. He spoke to reporters at the Pentagon by a satellite video connection from his headquarters near the city of Baqouba, northeast of Baghdad.

"Public perceptions of corruption, inequity and fear are the driving force behind support to terrorist organizations," Sutherland added. "These are not new problems in Iraq but problems that developed out of a desire for personal and financial gain."

Sutherland said he is trying to turn that around by putting Iraqi police through more rigorous training, placing more U.S. advisers in the Iraqi army and police units and through Iraqi efforts to recruit a police and army force that better reflects the sectarian makeup of Diyala, which is about 55 percent Sunni, 30 percent Shiite and 15 percent Kurd.

Currently, the Iraqi security forces in Diyala are predominantly Shiite, he said.

Sutherland said he is working out arrangements to expand the use of U.S. adviser teams with Iraqi security forces, reflecting the view of senior U.S. commanders that such an expansion can speed the development of competent Iraqi forces.

The Army is considering ways it can speed up the creation of two additional combat brigades — a move intended to expand the pool of active-duty combat brigades in order to relieve some of the strain on the Army from large-scale deployments to Iraq.

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Under the plan being developed, the new brigades could be formed next year and be ready to be sent to Iraq in 2008, defense officials told The Associated Press. The officials spoke on condition of anonymity because the plans were not final.

The Army's chief of staff, Gen. Peter J. Schoomaker, told a commission Thursday that he wants to increase the half-million-member force beyond the 30,000 troops authorized in recent years. And he warned that the Army "will break" without thousands more active duty troops and greater use of the reserves.

3 More GIs Killed In Iraq This Week (AP)

By Kim Gamel, Associated Press Writer

AP, December 16, 2006

Three more U.S. troops died in fighting this week, the military said Friday, raising to 54 the number of Americans killed in Iraq in December — nearly half of them in Anbar.

The month is shaping up to be one of the deadliest for Americans since the war started, especially for those trying to tame the Sunni-led insurgency in the volatile province west of Baghdad.

At least 25 of the U.S. troops killed this month — most Marines — died in the vast stretch of desert that extends from the capital to the borders with Syria, Jordan and Saudi Arabia. Three U.S. aircraft also went down in a span of two weeks, starting with the crash of a fighter jet on Nov. 27.

The large number of casualties reflects the strength of Sunni insurgents, including al-Qaida in Iraq, in the region, even as violence in Baghdad shifts to a fight between Sunni and Shiite extremists.

It also comes despite a decision by some U.S. commanders in the area to pull troops out of combat missions and partner them with Iraqi army units as advisers and mentors.

With President Bush weighing strategy changes in the war, the U.S. Army's chief of staff, Gen. Peter J. Schoomaker, said Thursday that Gen. George Casey, the top commander in Iraq, is considering shifting many troops from combat missions to training Iraqi units, among other options.

Two Marines died Thursday in fighting in Anbar province, the military said. In Ninevah province to the northwest, a soldier assigned to the 4th Brigade Combat Team, 1st Cavalry Division, was killed Tuesday, the military said.

At least 2,942 members of the U.S. military have died since the U.S.-led invasion in March 2003, according to an Associated Press count.

Prime Minister Nouri al-Maliki, meanwhile, issued his first public comment on a bipartisan U.S. report that said American policies in Iraq were failing and urged drastic changes.

"The report should have read the events more accurately and turned them into a good base for a solution. Instead, it contained contradictions in vision and recommendations," al-Maliki said in an interview on the pan-Arab satellite station Al-Arabiya.

He said the 96-page report contained "good elements" regarding the political process and Iraq's unity, but it also included "insults and negative directions" in regard to the Iraq conflict. He did not elaborate.

The prime minister's comments were the latest in a flurry of criticism by Iraqi leaders, who have said the recommendations in the Iraq Study Group report did not acknowledge realities in post-Saddam Hussein Iraq and infringed on the country's sovereignty.

The nonbinding report recommended direct engagement with Iran and Syria, approval of a law that could reinstate thousands of former officials of Saddam's Baath Party to their jobs and a pullback of most American combat brigades by early 2008.

Al-Maliki also said he planned a Cabinet reshuffle but cautioned that he would carefully scrutinize candidates for ministerial posts and warned that he won't accept candidates nominated by his coalition partners if he found them to be unqualified.

"I am not obliged to accept anyone and I will choose ministers myself if I have to," he said.

The warning came as the Shiite prime minister's "national unity" government is facing growing dissent by coalition partners, including Shiite allies like Muqtada al-Sadr, rival politicians seeking to sideline the anti-American cleric and Sunni Arab politicians.

Iraqi Interior Minister Jawad al-Boulani, meanwhile, arrived in Syria on Friday for talks on setting up joint security patrols along the two countries' border, a crossing point for militants seeking to join the insurgency in Iraq.

The two countries recently resumed diplomatic relations after a 24-year rupture.

Both the U.S. and Iraq have accused Syria of failing to take sufficient steps to stop militants from crossing the border to join insurgents fighting U.S.-led forces and Iraqi troops. Syria has repeatedly denied the charge, saying it cannot completely seal its border with Iraq.

In Iraq's western Anbar province, which borders Syria, Jordan and Saudi Arabia, two suicide car bombs exploded Friday at U.S. checkpoints in the provincial capital of Ramadi and American soldiers opened fire to foil one of the attacks, an Iraqi police

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lieutenant said, speaking on condition of anonymity because he was concerned for his safety. He said four Iraqi civilians were killed.

The U.S. military said it had no reports of suicide car bombings in Ramadi.

At least 34 people were killed or found dead Friday, including 22 bullet-riddled bodies discovered in several parts of the capital, apparent victims of sectarian death squads that have killed hundreds in recent months.

Gunmen also killed a Shiite tribal sheik linked to British forces in a drive-by shooting Friday in the southern city of Basra.

The slain cleric, Muhsin al-Kanan, was a member of the provisional council in Iraq's second-largest city, 340 miles southeast of Baghdad, and had good relations with British forces in the area, police said.

Britain has about 7,200 troops in southern Iraq, mostly in and around Basra, and Shiite factions and militias have been fighting for control of the area as they begin to withdraw from some of the provinces in the region. Attacks by insurgents from Iraq's Sunni Arab minority also have occurred in the area.

A senior official from the Iraqi Red Crescent, meanwhile, claimed that harassment from U.S. forces is a greater threat to his group's work than insurgent attacks.

"The main problem we are facing is the American forces more than the other forces," Dr. Jamal al-Karbouli, vice president of the Iraqi Red Crescent, said in Geneva.

Lt. Col. Christopher Garver, a U.S. military spokesman in Baghdad, said the U.S.-led coalition forces "strive to ensure they are respectful when they conduct interaction with the local population."

The Curtain Is Drawn On The Rumsfeld Era (WP)

By Ann Scott Tyson

The Washington Post, December 16, 2006

After a parade of military regalia and a 19-gun salute that echoed across the Potomac, Donald H. Rumsfeld stepped down yesterday as secretary of defense, delivering a warning to those who contemplate "graceful exits from the agonies and . . . ugliness of combat."

Surrounded on the Pentagon mall by the architects of the Iraq war -- from President Bush and Vice President Cheney to former deputy defense secretary Paul D. Wolfowitz and former undersecretary of defense Douglas J. Feith -- Rumsfeld ended his six years in office with a forceful, even defiant, tone. "Our country has taken on a bracing and difficult task. But let there be no doubt: It is neither hopeless nor without purpose," he said.

Still, his voice grew deep and cracked as he concluded that, upon leaving, "I will remember the fallen." And asked by a reporter what his greatest regret was, Rumsfeld replied it was that the Iraq and Afghanistan wars have not ended more swiftly. "It's taken longer than people had anticipated, it's more difficult," he said in an interview yesterday on Fox News.

But even as Rumsfeld issued the last of his infamous and prolific memos known as "snowflakes," inside the Pentagon officials were preparing for what some called a new era of opportunity -- even glasnost -- created by his departure.

"There's Old Europe, and then there's New Europe," one senior Pentagon official quipped -- paraphrasing one of Rumsfeld's more notorious remarks to describe the hope for change under the incoming defense secretary, former CIA director Robert M. Gates, who is to be sworn in on Monday.

Above all, Rumsfeld's resignation -- which came a day after Republicans lost control of Congress on Nov. 7 in elections widely viewed as a referendum on the Iraq war -- opens the door for a more candid assessment of the Pentagon's mistakes in Iraq and for alternative military strategies, said the officials, who were not authorized to speak on the record.

Rumsfeld had "pretty rocky relations with the Congress," said one senior military official, so with Gates's arrival "there is an opportunity for relations with Congress to change."

Army officials hope that Gates will be more receptive to their initiatives to increase the Army's manpower, budget and access to the Army National Guard and Army Reserve. "Rumsfeld came into office with the idea that the Army needed to be smaller. Do you think that idea has changed?" asked another senior military official.

Army officials are still bitter over Rumsfeld's public repudiation of Gen. Eric K. Shinseki, then the Army chief of staff, who predicted in early 2003 that it would require several hundred thousand U.S. troops to effectively stabilize Iraq. Rumsfeld later declined to attend Shinseki's retirement ceremony in June 2003, when Shinseki issued a warning clearly directed at the Pentagon leader: "Beware the 12-division strategy for a 10-division Army," he said.

Yesterday, at least one official cited the perceived snub to Shinseki as the reason for not attending Rumsfeld's farewell.

Still, other officers cautioned that because Gates will be surrounded by the same advisers and administration officials that Rumsfeld was, the change may well be less dramatic than anticipated.

Indeed, at yesterday's ceremony, Bush, Cheney and Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, were effusive in their praise of Rumsfeld and his service.

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Pace lauded Rumsfeld's courage, compassion and particularly his willingness to accept the blame for misdeeds by subordinates. "Secretary Rumsfeld accepted the responsibility and not once, in public or in private, did I ever hear this man try to shift responsibility to anyone else but himself," Pace said.

Cheney hailed Rumsfeld as his best boss, best friend, an "ideal" public servant and "the finest secretary of defense this nation has ever had."

For his part, Bush portrayed Rumsfeld as a comrade in arms. "Don Rumsfeld has been at my side from the moment I took office. We've been through war together," Bush said.

"We walked amid the rubble of the broken Pentagon the day after September the 11th, 2001. He was with me when we planned the liberation of Afghanistan. We were in the Oval Office together the day I gave the order to remove Saddam Hussein from power," he said.

"In these and countless other moments, I have seen Don Rumsfeld's character and his integrity. He has always ensured I had the best possible advice. . . . He spoke straight. It was easy to understand him."

Rumsfeld, taking the podium as the sun broke through a heavy December sky, chose to focus his remarks not on his six-year tenure but on the future. "Weakness is provocative," he warned, drawing similarities between the threat of extremist groups today and the Cold War threats the nation faced when he ended his previous stint in the top Pentagon job in 1977.

"America's enemies should not confuse the American people's distaste of war -- which is real and which is understandable -- with a reluctance to defend our way of life," said Rumsfeld, who drew prolonged applause at the end of his speech.

Known both for his impatient, demanding managerial style and for his quick wit, Rumsfeld yesterday dispatched the last of thousands of "snowflakes" or memos -- his favored method for issuing questions and instructions.

"The blizzard is over!" he said in the memo addressed to Pentagon personnel. "Thank you for all you do for our wonderful country. Well done!"

He granted "a general amnesty for any outstanding snowflakes."

In Farewell, Rumsfeld Warns Weakness Is "Provocative" (NYT)

By Jim Rutenberg

The New York Times, December 16, 2006

WASHINGTON, Dec. 15 — Defense Secretary Donald H. Rumsfeld bade farewell to the Pentagon on Friday with a combative valedictory speech in which he warned against hoping for “graceful exits” from Iraq and said it would be wrong to regard the lack of new attacks on American soil as a sign that the nation is safe from terrorism.

“Today, it should be clear that not only is weakness provocative,” Mr. Rumsfeld said, standing at a lectern with President Bush and Vice President Dick Cheney at his side, “but the perception of weakness on our part can be provocative as well.”

It was a clear parting shot at those considering a withdrawal from war that would define his legacy and perhaps that of the president.

“A conclusion by our enemies that the United States lacks the will or the resolve to carry out missions that demand sacrifice and demand patience is every bit as dangerous as an imbalance of conventional military power,” Mr. Rumsfeld said in a buoyant but sometimes emotional speech.

Mr. Rumsfeld resigned in November after an election in which Democrats won control of Congress by promising to force change in Iraq. His successor, Robert M. Gates, takes over on Monday.

Mr. Rumsfeld spoke after receiving full honors on the Pentagon grounds on his last day of work there. The ceremonies began with a 19-gun salute before he walked the grounds to inspect the representatives from all the service branches gathered in formation and in full dress.

Present in the crowd were some of the former administration hawks with whom he planned the invasions of Afghanistan and Iraq: Paul D. Wolfowitz, his former deputy, and Douglas J. Feith, his under secretary for defense policy. Secretary of State Condoleezza Rice, his frequent rival in Mr. Bush’s cabinet, did not attend.

The ceremony brought to a close perhaps the most controversial tenure for a secretary of defense since that of Robert McNamara, whose record tenure in the job bested Mr. Rumsfeld’s by a mere 10 days. Like Mr. McNamara, Mr. Rumsfeld leaves a war he helped conceive in the hands of others.

And like Mr. McNamara, his record is likely to be dissected and debated for years after his resignation.

Yet for all of its pomp, there was little talk at the ceremony about Mr. Rumsfeld’s famously combative style or the controversies he tended to provoke.

In opening remarks, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, did refer indirectly to the Abu Ghraib torture scandal, which Mr. Rumsfeld has called the low mark of his tenure. But General Pace did so in complimenting Mr. Rumsfeld for ultimately taking the blame for prisoner abuses for which the general placed blame on others down the chain of command.

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Mr. Cheney's declaration that "Don Rumsfeld is the finest secretary of defense the nation has ever had," was more in keeping with the tone of the event.

With Mr. Rumsfeld's resignation — forced by Mr. Bush as he seeks a new approach in Iraq — Mr. Cheney is losing one of his closest allies in the administration.

Mr. Rumsfeld hired Mr. Cheney to work in the Ford administration. Both men served as White House chief of staff, in the House of Representatives and as secretary of defense. (Mr. Rumsfeld has been secretary of defense twice, the first time for President Ford.)

And their shared post-Sept. 11 conviction that the United States must use strength as a deterrent and pre-emptively strike at those who plan to attack the nation has remained unbowed in the face of setbacks in Iraq.

"In this hour of transition every member of our military, and every person at the Pentagon, can be certain that America will stay on the offensive," Mr. Cheney said. "We will stay in the fight until this threat is defeated and our children and grandchildren can live in a safer world."

Mr. Rumsfeld leaves the Pentagon having overseen two wars, an attack on the Pentagon itself and what he called a "transformation" in the use of force. That involved a switch to smaller fighting units that he said would be nimbler and more effective than larger ones favored in the past — an approach that saw early success in Afghanistan but has faced a more severe test in Iraq.

Mr. Bush was known to have appreciated Mr. Rumsfeld's efforts, even as calls for the defense secretary's resignation grew louder, and he indicated as much on Friday. "There has been more profound change at the Department of Defense over the past six years than at any time since the department's creation in the late 1940s," Mr. Bush said. "These changes were not easy, but because of Don Rumsfeld's determination and leadership, America has the best equipped, the best trained, and most experienced armed forces in the history of the world."

Mr. Rumsfeld had the last words of the day, using them to warn against backing down in Iraq. "This is a time of great consequence," he said. "It may well be comforting to some to consider graceful exits from the agonies and, indeed, the ugliness of combat. But the enemy thinks differently."

Chief Judge On Saddam Panel Steps Down (AP)

AP, December 16, 2006

The chief investigator on the 10-judge panel that sentenced Saddam Hussein to death said Saturday that he has relinquished that role, allowing another judge to take over the post for the Iraqi High Tribunal.

Raid Juhi said he will remain as a judge and spokesman on the tribunal, which handles the proceedings against the ousted dictator and other former regime members.

Juhi has been a high-profile figure in the trials against Saddam, who was sentenced to death for the killing of 148 Shiites in Dujail, north of Baghdad, after a 1982 assassination attempt there against the ousted leader. Two other senior members of Saddam's regime were also sentenced to death in the Nov. 5 ruling by the tribunal.

Juhi said he was replaced during annual elections held by tribunal members because he did not run for re-election to his post as main investigator.

"Somebody else was chosen," he said. Juhi declined to identify his replacement because of security concerns.

On Friday, Prime Minister Nouri al-Maliki said he hoped it would only be a matter of days before an appeals court rules on Saddam's death sentence. Defense lawyers filed an appeal Dec. 3. Iraqi law states that if a death sentence is upheld, it must be carried out within 30 days.

Saddam is being tried separately on charges of genocide linked to a military campaign in the 1980s against Iraq's minority Kurds in which tens of thousands of people are thought to have been killed.

Civilian Deaths Hit Afghan Support For Nato (FT)

By Rachel Morarjee

Financial Times, December 16, 2006

Rising anger at the growing number of civilians being caught in the crossfire between Nato troops and Taliban insurgents is creating concern that support for Nato in southern Afghanistan is being severely undermined.

It came as British-led Nato armoured columns swept into the southern province of Kandahar on Friday, launching one of the biggest operations for months.

The issue of civilian casualties topped the agenda at a meeting of Nato and US generals, ambassadors and Afghan ministers that was convened in Kandahar this week by Hamid Karzai, Afghanistan's president, to look at ways of stemming the bloodshed.

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Tuesday's meeting came three days after Mr Karzai wept openly on national television about his helplessness to protect the Afghan people from US, Nato or Taliban violence.

"We can't prevent the terrorists from coming from Pakistan, and we can't prevent the coalition from bombing the terrorists, and our children are dying because of that," Mr Karzai said in a speech marking International Human Rights Day.

Almost 4,000 people have died since the beginning of the year in a resurgent Taliban insurgency, most of them in the four southern provinces of the country.

The US-based Human Rights Watch organisation estimates that more than 1,000 of the dead were civilians.

"Nato's strategy has eroded support for its mission as well as for Karzai – nothing could be more telling than Karzai weeping and complaining about Nato killing Afghan civilians," said Sam Zia Zarifi, Asia research director at Human Rights Watch.

The US air force has dropped more bombs on Afghanistan in the past six months than in the first three years of its campaign against the Taliban, according to figures released by the Pentagon.

Some 987 bombs were dropped between June and November and 146,000 cannon rounds were fired by US aircraft in support of Nato allies in the south.

Stoking public anger further has been a recent surge of suicide bombings in southern Afghanistan, which has led Nato troops to react more quickly to defend themselves.

"We are extremely worried – it hurts us, it hurts Afghan civilians. We are worried by it, Nato is also worried by it, and we are working together to reduce such casualties," Mr Karzai told reporters.

Nato spokesman Mark Laity said the organisation was looking at ways to curb civilian casualties as a matter of urgency. "We know that it is damaging to our image, and more important we do not want to harm innocent people," he said.

Tribal elders said two recent incidents in Kandahar where civilians were shot by Nato troops have left local people jittery and angry.

Afghanistan: 2 More Suicide Attacks (NYT)

By Abdul Waheed Wafa

The New York Times, December 16, 2006

A suicide attacker's car exploded close to a joint NATO-Afghan convoy in eastern Paktia Province, killing an Afghan soldier and a civilian and wounding a NATO soldier. In neighboring Paktika Province an hour later, a man dressed in a burqa blew himself up and wounded two Afghan soldiers and a civilian. Muhammad Akram Khapalwak, the governor, said the man was a Pakistani.

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26 Bosnian Serbs Arrested In U.S. (WP)

By R. Jeffrey Smith

The Washington Post, December 16, 2006

A Justice Department dragnet based on war crimes probes in Europe led to 26 arrests in the past week of Bosnian Serbs who had obtained refugee status in the United States by allegedly concealing their service in the Bosnian Serb military during the bitter Yugoslav conflict of the mid-1990s.

The arrests occurred in at least eight cities, including Denver and Orlando. They reflect an intensified effort by Immigration and Customs Enforcement (ICE) to root out unacknowledged members of the Bosnian Serb military using data supplied by the International Criminal Tribunal for the former Yugoslavia, located in The Hague.

A former U.S. Army intelligence analyst who worked at The Hague from 1997 to 2001, Richard J. Butler, helped instigate the U.S. effort when he prodded the agency to compare immigration records with lists of Bosnian soldiers in units linked to the 1995 massacre of 8,000 Muslims in the town of Srebrenica. The killings are considered the worst European war crime of the past 50 years.

Butler was a key witness at the trials of Bosnian Serb officers involved in the massacre before the Hague tribunal, where he spent three years reconstructing events at Srebrenica from seized military documents, combat reports, photos, videotapes, witness testimony and transcripts of intercepted radio communications. He now works at the immigration office in Atlanta.

In 2004, U.S. officials said, immigration agents in Massachusetts were investigating Marko Boskic, a Bosnian Croat who served in a Serb military unit at Srebrenica, when Butler offered them a list of soldiers attached to other units deployed in or near the Bosnian town.

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That list has since become fodder for a nationwide investigation overseen by the immigration office's Human Rights Violators and Public Safety Unit in Washington. Boskic has been convicted of immigration fraud.

Those targeted are a small fraction of the more than 200,000 refugees who came to the United States from the former Yugoslavia during the 1990s, mostly because of the Bosnian conflict. Previous immigration roundups related to Srebrenica, in September 2005 and in June, netted 20 Bosnian Serbs in Phoenix and four Bosnian Serbs in Salt Lake City. Like those arrested in the past week, they were charged with visa fraud, perjury or making false statements.

Some of those recently arrested have been criminally charged and face prison terms, while others have been put into administrative proceedings that could lead to deportation. Most have families or jobs here. After deportation to Bosnia, which is now independent and governed by an ethnic coalition, they could face further investigation, detention and prosecution by the country's indigenous war crimes chamber.

Only a few of those arrested here are accused by the Justice Department of directly taking part in the Srebrenica killings, but all allegedly were in units that did.

A government affidavit filed before the recent arrest of Nedjo Ikonic in Greenfield, Wis., for example, alleges that he commanded a police company that oversaw the evacuation of Bosnian Muslims from Srebrenica as part of the planned massacre. It cites a report written by Butler, witness statements and a police roster recovered by Hague investigators from a headquarters building in Bosnia.

No one answered the telephone at Ikonic's residence yesterday.

Julie L. Myers, assistant secretary of homeland security for ICE, said in a statement that her office "will not allow the United States to be a safe haven for those who failed to disclose their service in military forces that were known to commit atrocities."

An ICE official, speaking on the condition of anonymity, said additional investigations are underway of Bosnian Serb, Croat and Muslim immigrants linked to atrocities but declined to provide details.

CORPORATE SCANDALS:

Small Firms Get Sarbanes-Oxley Extension (WP/AP)

The Washington Post, December 16, 2006

The Securities and Exchange Commission yesterday gave the smallest public companies five more months to comply with financial-control rules under the 2002 Sarbanes-Oxley Act.

It was the fourth such delay granted by the SEC to companies with market value of less than $75 million. The decision came two days after the five-member SEC tentatively adopted a plan to give corporate managers at all public companies more flexibility in assessing the strength of internal financial controls. That change would especially benefit smaller companies.

Sarbanes-Oxley requires companies to assess the strength of their internal safeguards to ensure that their financial statements are accurate. Companies have complained that the rules are burdensome and costly, especially for smaller businesses.

Under the latest extension, the smallest companies will have to report on their controls in annual reports for fiscal years ending on or after Dec. 15, 2007. The previous deadline was for fiscal years ending on or after July 15.

The SEC also gave all companies that have recently become public a transition period before they must comply with the financial-control rules.

Regulators Ease Post-Scandal Rules (AP)

By Marcy Gordon, Ap Business Writer

AP, December 16, 2006

The Week's Business: Justice Dept., SEC Actions Backpedal a Bit on Post-Scandal Rules

WASHINGTON (AP) -- They were two early Christmas gifts for corporate America -- with potentially far-reaching effects for investors and the financial landscape.

At the Justice Department and the Securities and Exchange Commission, separate actions this week both had the effect of easing landmark rules laid down in response to the 2002 crisis of corporate malfeasance.

Culminating an intense monthslong lobbying campaign by an array of companies, the five SEC commissioners voted at a public meeting Wednesday to propose a plan giving corporate managers more flexibility in assessing the strength of internal financial controls. It would especially benefit smaller companies.

The sweeping antifraud law known as Sarbanes-Oxley was enacted in 2002 amid the wave of scandals that engulfed Enron Corp., WorldCom Inc. and other big corporations. The law contains a key section requiring public companies to assess the

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strength of their internal safeguards to ensure that their financial statements are accurate. Companies have complained to the SEC that those rules are overly burdensome and costly, especially for smaller businesses.

The Justice Department, meanwhile, restricted its prosecutors' ability to crack down on companies that withhold confidential information during criminal fraud investigations, in new guidelines issued Tuesday that clipped back the aggressive legal tactics authorized after the scandals. They bar the government from seeking harsher penalties for companies that won't cooperate with prosecutors -- either by denying the prosecutors corporate attorney-client communications or by helping their employees under investigation by covering their legal fees.

"The real issue is how do you get the balance right?" said Joel Seligman, the president of the University of Rochester and an expert on securities law. The new policy may be closer to striking a balance between the need to prosecute corporate crime and the "unequivocal" right of defendants to litigate, he suggested.

The policy "is going to set the tone," Seligman said.

Deputy Attorney General Paul McNulty, who wrote the new guidelines, said they won't hinder prosecutors from vigorously pursuing companies accused of fraud and other white-collar crimes. But critics, including a group representing whistle-blowers, called the changes a setback for shareholders and employees who risk losing billions if scandal-tainted corporations aren't fully prosecuted. They accused the Justice Department of caving in to pressure from business interests.

The actions by both the Justice Department, which carries out the Bush administration's policies, and the independent regulator SEC may eliminate the need for Congress to act in similar veins. Some business-friendly Democrats who are assuming power positions in January have expressed support for Sarbanes-Oxley relief for companies -- and their preference for the SEC to wield its regulatory scalpel as opposed to Congress' heavier hand of legislation.

The SEC move was a "reasonable approach" in light of the disproportionate burden of the financial-control rules on small companies, said James Cox, a professor at Duke University who also is a securities-law specialist.

Still, he said, with more leeway under the SEC plan -- allowing, for example, less stringent testing of internal controls for some companies, "Those (financial) numbers are going to be less trustworthy than they would be otherwise. ... Investor protection's going to suffer."

SEC officials insisted that would not happen. Agency Chairman Christopher Cox called the new plan "making Sarbanes-Oxley work for investors at the right price."

McNulty said the new prosecutorial policy should help companies curb fraud internally by encouraging open talk between corporate attorneys and their clients. "It, in no way, slows down the ability to prosecute these cases successfully," he told The Associated Press.

The actions of both agencies follow a report issued last month by an influential private-sector group, the Committee on Capital Markets Regulation, that has been part of the business push for a softening of the laws and rules that flowed from the 2002 scandals. That campaign has gained traction with Treasury Secretary Henry Paulson questioning recently whether regulations are hurting the competitiveness of U.S. financial markets by driving some companies away from them.

Among the committee's recommendations: easing of the financial-control rules under Sarbanes-Oxley and tightening the legal standard the government must meet to charge companies with crimes. The group also urged reducing the liability of auditors in shareholder lawsuits over accounting fraud and a shift to a financial regulatory system based on principles rather than rules.

Another group, formed by the U.S. Chamber of Commerce, will release its own report early next year. The Chamber has been waging a legal assault against what it views as excessive regulation since 2002, suing the SEC over rules and scoring several victories in high courts.

"Business is putting a big push on in the final years of the Bush administration," said Duke University's Cox.

Justice Department: http://www.usdoj.gov

Securities and Exchange Commission: http://www.sec.gov

A Verdict On Sarbanes-Oxley: Unconstitutional (WSJ)

By Kenneth W. Starr

The Wall Street Journal, December 16, 2006

The Sarbanes-Oxley Act powerfully illustrates the law of unintended consequences. Due to hasty drafting by Congress in the wake of the Enron and WorldCom scandals, Sarbox has cost the U.S. economy over $1 trillion, according to one study published by the AEI-Brookings Center. To add insult to grievous injury, it is unconstitutional.

That last point will be argued next Thursday before Judge James Robertson of the district court for the District of Columbia. The plaintiffs in Free Enterprise Fund v. Public Company Accounting Oversight Board -- a free-market advocacy organization based in Washington, D.C., and a Nevada accounting firm, Beckstead and Watts, that audits smaller public companies --

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challenge the method by which the members of the all-powerful Public Company Accounting Oversight Board (PCAOB) are appointed; the Board's ability to perform executive branch functions such as regulation of public company activities in the securities markets; and the delegation of legislative powers to an independent organization.

First, plaintiffs claim that Sarbox violates the constitutional requirement that power to enforce federal law be vested in the president or in executive branch officials answerable to the president.

Because the Board exercises important governmental powers, its members are "officers of the United States," who must be appointed in the manner set forth in the "appointments clause" of the Constitution (Article Two, Section Two) -- that is, by the president and with the advice and consent of the Senate. Congress instead drafted the statute to insulate the Board's wide-ranging exercise of executive and administrative powers from presidential oversight or control. By granting to the SEC, rather than the president, power to appoint Board members -- Sarbox violates the appointments clause.

Second, Congress gave the Board disturbingly broad powers with only minimal oversight. The PCAOB has wide-ranging executive and administrative powers. These include setting standards regulating accounting firms and exercising disciplinary power over them. The Board is also immune from any effective control by the president or any head of an executive-branch department -- the chairman of the SEC cannot remove PCAOB members at will.

Third, Sarbox confers impermissible legislative authority on the Board. The PCAOB can finance its own operations; it can levy fees on all public companies and even set its own salaries. But Congress cannot delegate its own legislative power: this is a basic violation of our bedrock system of separation of powers.

Responding to these arguments, the government says that because the Board is under the "broad and pervasive oversight" of the SEC, this cures any constitutional defects. Not so.

The claim of oversight flies in the face of flinty reality. The SEC's control is theoretical, not actual; it does not set PCAOB member salaries and cannot remove members at will. When acting within the broad range of its current discretionary powers, the PCAOB makes executive-branch policy judgments (how strictly to enforce a particular auditing standard, how onerous inspections ought to be, etc.) that are essentially unreviewable by the president and his subordinates. Courts are in no position to second-guess these policy judgments, either. They merely review to see whether a Board decision, or more precisely, an SEC decision to affirm a Board decision, is within the Board's statutory discretion. This very deferential standard of review is completely insufficient to ensure, as the Constitution's separation of powers requires, that the PCAOB is subject to the proper political checks and balances.

On the appointments clause, the government argues that Board members are "inferior officers" of the government operating under SEC oversight. (Everyone agrees that if Board members are principal officers their appointments violate the appointments clause.) There are peculiarities in the government's case. The salary structure of the PCAOB is unprecedented within the executive branch -- Board members are "inferior officers" of the executive branch who just happen to make more than the head of the executive branch?

It would also be very strange for "inferior officers" to have the authority to impose taxes. Higher ranking officials such as the assistant secretaries of the Treasury or the Interior have no such power; can one imagine a Treasury official inventing a new tax or imposing a new fee without explicit authority to do so? That is simply not our system. It is therefore much more logical to understand the Board's creation as an unconstitutional delegation of legislative powers.

In short, the government's theory seems to be: "Why worry? There are no real problems here. If there are, the SEC can take care of them." But our constitutional system is not structured that way. Unelected commissions should not have the power to regulate, tax, and even punish companies and individuals. It is now up to the federal courts to regulate these boundaries. The government has argued for a dismissal on jurisdictional grounds, but Judge Robertson agreed with the plaintiffs that the constitutional issues should be resolved first.

Despite legitimate public outrage over corporate scandals, good intentions provide no immunity from an unconstitutional scheme. In the war on terror, Congress recently responded to the Supreme Court's decision in the Guantanamo case (Hamdan v. Rumsfeld) and resolved the question of military tribunals for suspected terrorists by acting within the proper constitutional framework. All this lawsuit asks is that Congress do the same thing for the PCAOB.

Even the statute's co-author, Rep. Mike Oxley, has conceded that Sarbanes-Oxley was hastily written and enacted. In its rush to "do something" about corporate scandals, Congress overstepped the bounds of its authority. It is time to call Congress back, both to help our economy and reaffirm that our constitutional system imposes clear limits on the government's urgent desire to "do something." Congress must be reminded that the "solution" is at times worse than the problem.

Mr. Starr, dean of Pepperdine University's School of Law and a retired federal appeals court judge, is counsel to the plaintiffs in Free Enterprise Fund v. Public Company Accounting Oversight Board.

Closer Look At Corporate Pay (AP)

DOJ_NMG_0107445

By Marcy Gordon

AP, December 16, 2006

WASHINGTON — Investors are getting access to clearer and more detailed information from public companies on their top executives' pay packages and perks under federal rules that took effect on Friday.

Companies' 2006 annual reports issued early next year will reflect the changes, which were ordered by the Securities and Exchange Commission in July in a major overhaul of disclosure rules for executive compensation.

The new requirements include disclosure of the dating of stock option grants to executives. Companies must provide detailed information on how they determine when executives receive option grants and, if they do so, how and why they backdate options. Suspect timing of option grants has turned into corporate America's scandal of the year, with more than 100 companies under investigation by the SEC or the Justice Department, more than $5 billion in profit erased by restatements and 18 CEOs swept out of office.

An academic study completed this fall found that corporate executives gained an average of $600,000 a year each from backdating of stock options between 2000 and 2004. By contrast, shareholders were hurt by an average loss in market value of 8 percent, or $500 million, for each affected company from the negative publicity of being under government investiga-

tion, the researchers at the University of Michigan found.

When stock options are backdated, they are issued retroactively to coincide with low points in a company's share price — fattening profit for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can run afoul of federal accounting and tax laws.

For the first time, under the new disclosure rules, companies are required to furnish tables in annual filings showing the total yearly compensation for their chief executive officers, chief financial officers and the next three highest-paid executives. Most of the disclosures, in annual reports and other regulatory filings, must be written in plain English.

The rules were designed to enhance corporate accountability and address an issue that has angered company shareholders and the public: lavish compensation for executives, unrelated to their performance, even as companies stumble and lay off employees.

In the SEC's 72-year history, no other issue has stirred as much interest, with more than 20,000 letters filed during the public comment period that followed the proposal being floated last January, according to agency officials.

The SEC removed from its original proposal, though, a requirement for companies to disclose the pay details of as many as three non-executive employees whose individual compensation exceeds that of any of their top five executives.

Judge's Rebuke Prompts New Rules For Prosecutors (NYT)

By Lynnley Browning

The New York Times, December 16, 2006

It was a ruling that sent shudders through the Justice Department.

Judge Lewis A. Kaplan of the Federal District Court in Manhattan in June issued a scathing criticism of the prosecution's tactics in a criminal case against former tax professionals of the accounting firm KPMG. The government, the judge said, "let its zeal get in the way of its judgment."

For one, the judge cited the prosecutors' pledge earlier in the case that they would examine "under a microscope" whether KPMG was paying the legal fees of the defendants. KPMG ultimately refused to pay the defendants' legal expenses, he wrote "because the government held the proverbial gun to its head."

While the judge's comments were stinging, it was the comments by the federal prosecutors that prompted some serious soul-searching within the Justice Department in Washington. "It's just not necessary" to use that kind of language, a top Justice official told a defense lawyer at the time.

Months later, those private discussions have now produced new guidelines, known as the McNulty memorandum. Under them, a company's decision to pay legal fees will not be held against it, except in extreme circumstances, when prosecutors are weighing whether to indict the company. The new guidelines also raise new hurdles for prosecutors seeking access to confidential legal communications.

A decisive moment that led to the new guidelines came a few days after Thanksgiving, in a conference room in the Justice Department's main building. In a meeting lasting several hours before a fireplace, the deputy attorney general, Paul J. McNulty, discussed the proposed changes with one of his predecessors, George J. Terwilliger III, who was deputy attorney general under the first President Bush.

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Mr. Terwilliger, a friend of Mr. McNulty's, had recently had first-hand experience with the guideline criticized in the KPMG case that gave companies under investigation a black mark if they advance legal fees to their employees caught up in the investigation.

The draft passage that Mr. McNulty showed Mr. Terwilliger proposed a slight shift: that prosecutors would have to use several tests to determine whether companies that paid the legal fees were hindering investigators.

In an interview this week, Mr. Terwilliger said he had told Mr. McNulty: "Rather than try to establish a list of all-inclusive criteria about the circumstances where it would be appropriate or not to pay counsel fees, why not have a bottom-line standard saying it's appropriate to do so except in extremely limited circumstances?"

Mr. Terwilliger cited the recent case of Schnitzer Steel Industries, an Oregon scrap steel company that averted a possible indictment over bribes paid to Asian steel concerns and instead reached a deferred-prosecution agreement with the Justice Department in October.

Mr. Terwilliger, who represented Schnitzer Steel, noted that prosecutors did not object to the company's payment of legal fees to employees caught up in the inquiry. He cited an internal Justice document that called the payments "a positive" for the criminal inquiry because employees would speak to Justice investigators only if they had proper legal counsel, paid by the company.

Mr. Terwilliger was one of several former senior Justice officials from past Republican administrations whom Mr. McNulty consulted. Two former attorneys general, Edwin Meese III and Richard L. Thornburgh, both urged a thorough revision of the old guidelines. But Mr. McNulty, himself a former prosecutor in Pennsylvania, said in an interview this week that he considered the advice of Mr. Terwilliger "especially significant."

Mary Beth Buchanan, a Pennsylvania federal prosecutor, said Mr. McNulty "had been listening to the concerns of the corporate counsel bar and defense bar for some time."

Those lawyers had also been telling Mr. McNulty that the old guidelines had made companies less likely to root out fraud internally because executives were afraid to talk to in-house lawyers, for fear of having their communications obtained coercively by prosecutors.

The process of redrafting the guidelines picked up speed after a Senate Judiciary Committee hearing on the proposal. After that hearing, Mr. McNulty "realized that there was a perception problem out there" that the old guidelines were abusive, a senior Justice Department official said.

The first draft revision of what would become the McNulty memorandum appeared shortly after that, according to the senior Justice official.

But that was just the beginning; there would be no fewer than 10 drafts before the final memo.

The second sticking point, after the legal fees issues, concerned how to address the problem of prosecutors asking for confidential legal communications, or information protected by attorney-client privilege. One solution suggested creating multiple categories of legal information for which prosecutors could ask companies to waive privilege.

But the decisive view came from the attorney general's advisory committee, an internal Justice department body composed of senior prosecutors around the country. It proposed an unusual solution: set up a two-tiered system separating more-sensitive legal information from less-sensitive legal information, and make it harder for prosecutors to go after the former.

Karin J. Immergut, the Oregon federal prosecutor who heads the committee's white collar crime sub-committee that was reviewing the drafts, said, "The approach set forth is one that the vast majority of prosecutors were already using around the country, but there is additional guidance and additional accountability, to address the concerns."

More wrangling was still to come. Officials in the Justice Department's criminal division and senior federal prosecutors, who "don't want anyone in Washington messing with their toolbox," according to the senior Justice official, argued over whether waiver requests would have to be authorized by the local United States attorney supervising the investigation, by a midlevel official in the main Justice Department, or by Mr. McNulty himself.

Last week, in the days before the final draft was issued, Mr. McNulty continued to consult with Mr. Terwilliger, in one instance spending over an hour with him on the telephone "talking back and forth trying to make up his mind" about who should be required to approve the waiver requests, among other issues, according to the senior Justice official.

The final version, which was announced on Tuesday, gave Mr. McNulty the power to authorize waiver requests.

Democrats' Consumer Crusade (WSJ)

By Christopher Conkey

The Wall Street Journal, December 16, 2006

WASHINGTON -- Incoming Democratic leaders say they intend to bolster privacy rights and a spate of consumer protections in the next Congress. But early signs suggest activists in this arena may want to temper their enthusiasm.

Besides aiming to raise the minimum wage and make health care and college more affordable, Democrats poised to assume key committee chairmanships say they want to strengthen privacy protections, combat identity theft and curb abusive practices in mortgage lending and other financial services.

This represents a big shift for consumer groups, which frequently found themselves on the losing side of legislative battles during a dozen years of mostly Republican control of Capitol Hill. "People are excited about the opportunities," said Ed Mierzwinski, consumer-program director at U.S. PIRG, a federation of advocacy groups.

But he says actually passing legislation, even in a Congress controlled by Democrats, could be difficult. "It takes scandals piled upon scandals to get a consumer bill," he says.

During the past two years, virtually every lawmaker has seized on the issue of privacy protection amid revelations that Social Security numbers and other sensitive data belonging to tens of millions of people were exposed at businesses, schools and government agencies. Bills designed to safeguard data and guard against identity fraud proliferated, but got bogged down in territorial spats among the banking, commerce and judiciary committees.

Democratic leaders said recently that things will be different next year. Massachusetts Rep. Barney Frank, incoming chairman of the House Financial Services committee, is moving to form an identity-theft task force that would iron out differences among committees before competing bills emerge. "We should start working together beforehand," Mr. Frank said in a recent speech. "When each committee does its own thing and then you get to the end, egos have engaged and it's harder to reconcile."

Federal action wouldn't guarantee a big win for consumer groups, though, particularly if a new nationwide law undercuts stronger protections at the state level. For example, most states require businesses to notify consumers when personal information is compromised -- so as to warn people that they may be at risk of identity theft. Similarly, roughly half the states give consumers the right to "freeze" their credit report so potential fraudsters can't open new lines of credit in their name.

Mr. Frank said Congress should give all consumers the right to lock their credit files, and he doesn't want to pre-empt state laws in this area. "That is a shift from the Republican leadership," and would be a victory for consumers, said Travis Plunkett, legislative director at the Consumer Federation of America.

Mr. Frank said that he also would give businesses and institutions some leeway to decide whether breaches are serious enough to warrant consumer notice, and that he would pre-empt state laws on this subject. He said businesses should have to inform consumers only of breaches that pose a risk of sensitive data falling into the wrong hands, and that in fairness companies should be subject to a uniform rule.

Such action would be a big loss for privacy advocates, who abhor the idea of undercutting state laws or allowing a business that failed to prevent a data breach to decide whether to tell people about it.

The urgency of these issues was brought home this week when the University of California at Los Angeles said hackers had infiltrated a database containing the Social Security numbers and other personal data of 800,000 people. Separately, Department of Homeland Security officials arrested several hundred meat-processing plant workers in a raid aimed at breaking a connection between identity theft and illegal immigration.

Aside from the privacy push, Democrats say they would move to enhance consumer protections in the financial-services industry. One goal is to curb "predatory" mortgages, which are often unnecessary second-mortgage loans packed with hidden fees and issued with little regard to the borrower's ability to repay. Mr. Frank shares this priority with others, including Connecticut Sen. Christopher Dodd, the incoming chairman of the Senate Banking committee.

Consumer groups are also urging Congress to improve protections for subprime, or particularly risky, mortgage borrowers. These calls are likely to gather steam as the housing-market slump deepens. A recent report from UBS AG analysts found that, in October, borrowers were at least 60 days delinquent on 3.9% of subprime home loans that had been packaged into mortgage securities this year, nearly twice the rate of a year earlier. With more and more mortgages packaged and sold as securities -- which spreads the risk -- consumer groups could find this priority seconded by Wall Street.

One of the more heated debates is expected to follow a pending Supreme Court decision. The court heard arguments this fall on whether federal banking regulators have gone too far in exempting state-chartered subsidiaries of national banks from state consumer-protection laws. If it rules in favor of regulators, Mr. Frank said, he will "be putting pressure" on them to "recreate consumer protections at the federal level that they've wiped out at the state level."

Still, Mr. Frank has gone out of his way recently to emphasize his bipartisan intentions. He has said he wants to "incentivize" the market to come up with consumer protections, and predicts there will be little difference between Democratic and Republican rule when it comes to regulation of the financial-services industry. Mr. Plunkett of the Consumer Federation of America agreed: "There's not going to be a hard turn to the left."

That means consumer groups may have to get creative, just as they did when they scored a little-noticed goal in September. Avoiding the usual committee track, the Center for Responsible Lending, an advocacy group that targets misleading bank tactics, helped secure passage of a measure designed to curb practices directed at military personnel. The law, which

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places a 36% cap on interest rates and fees charged on loans to military personnel, was shuffled through the Senate Armed Services committee rather than the usual Banking or Commerce committees.

Advocates say they would like to see usury caps and fee limitations, as well as bans on mandatory arbitration, applied more broadly. Some think they may have an ally in Mr. Dodd, who has pledged to thoroughly examine the impact of credit-card practices and other forms of debt on consumers. But most activists believe that could be tougher sledding. Incremental change, such as new rules on how fees and terms must be disclosed in credit agreements, they say, is a more realistic goal.

CRIMINAL LAW:

Lethal Injection Is On Hold In 2 States (WP)

By Peter Whoriskey, Sonya Geis

The Washington Post, December 16, 2006

MIAMI, Dec. 15 -- Executions by lethal injection were suspended in Florida and ordered revamped in California on Friday, as the chemical method once billed as a more humane way of killing the condemned came under mounting scrutiny over the pain it may cause.

Gov. Jeb Bush (R) ordered the suspension in Florida after a botched execution in which it took 34 minutes and a second injection to kill convicted murderer Angel Nieves Diaz. A state medical examiner said that needles used to carry the poison had passed through the prisoner's veins and delivered the three-chemical mix into the tissues of his arm.

In California, a federal judge ruled that the state must overhaul its lethal-injection procedures, calling its current protocol unconstitutional because it may inflict unacceptable levels of pain.

Judge Jeremy D. Fogel of the U.S. District Court for Northern California ordered the state to revise its procedures and consider eliminating the use of two drugs: pancuronium bromide, which causes paralysis, and potassium chloride, which causes cardiac arrest.

The judge did not order executions halted, though they have been effectively on hold since February while he conducted a review.

The "pervasive lack of professionalism" in the executions, Fogel wrote, "at the least is very disturbing."

More than 30 states, including Virginia and Maryland, use the same three-drug sequence for lethal injections. Groups opposed to the death penalty have had increasing success arguing that the pain the cocktail inflicts is unconstitutional "cruel and unusual punishment."

"This demonstrates that there is no happy and kind and nice way to execute someone," said David Elliot, a spokesman for the National Coalition to Abolish the Death Penalty. "Execution is a messy business."

But in Florida and California, advocates for the death penalty were quick to argue that only the technical specifics of the method are in dispute and that when the procedures are changed, the injections can begin again.

"Essentially what Judge Fogel's order today does is lay out a map for the Department of Corrections to follow in order to have a constitutionally sound lethal-injection protocol," said Nathan Barankin of the California attorney general's office.

Bush appointed a commission to review lethal-injection procedures in Florida "to ensure the method is consistent with the Eighth Amendment and its prohibition against cruel and unusual punishment," the governor said in a statement Friday.

But Bush said he saw no reason to stop using lethal injection. "All the people that are against the death penalty whenever there's a chance will call for suspending the death penalty," he said. "Each and every time that another appeal takes place, a family member of the person who was brutally murdered suffers again. So I think there needs to be sympathy for them as well."

The decisions in California and Florida on Friday come amid rising debate in other states.

In Maryland, a federal judge is considering the constitutionality of lethal injection. A ruling is expected next year. Officials in Missouri and South Dakota have delayed executions while lethal injection is reviewed. Oklahoma altered its procedure so that the prisoner receives more anesthesia before being executed. And in North Carolina, a federal judge ordered that a brain monitor be used to make sure an inmate is unconscious before the final drug is administered.

In June, the U.S. Supreme Court allowed another Florida death-row inmate to challenge that state's lethal-injection procedures through a federal civil rights lawsuit, a ruling considered a procedural victory for opponents of the death penalty.

Richard C. Dieter of the Death Penalty Information Center, a nonprofit group critical of capital punishment, pointed out that although the California ruling does not end the death penalty there, it "may be influential."

"What it may mean is the Supreme Court will have to step in and decide," Dieter said.

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Diaz's death took more than twice as long as most executions in Florida, where death generally occurs within 15 minutes. More than 20 minutes after the first injection, Diaz appeared to be mouthing words, clenching his jaw and grimacing. A second dose was administered.

Diaz was executed for murdering the manager of a Miami topless bar in 1979.

The halt to executions in Florida could end as soon as March 1, when the commission assigned to study lethal-injection procedures is expected to file a final report.

In the California case, attorneys for condemned murderer Michael A. Morales had argued that because inmates are paralyzed by the drugs, witnesses cannot be sure the convicts are unconscious when they are executed -- meaning they may be in terrible pain. The court agreed in February and ordered corrections officials to either stop using the two drugs or provide doctors to ensure Morales was unconscious.

Two anesthesiologists agreed to observe, and Morales's execution was underway when, in a last-minute decision, the doctors backed out after an appeals court ruled they would have to step in if anything went wrong.

Since then, Fogel has held extensive hearings on how executions are conducted.

He ultimately found that executioners were not properly trained and made mistakes in administering the drugs and that California's execution chamber is poorly suited to its purpose.

The state's "implementation of lethal injection is broken, but it can be fixed," Fogel wrote.

Ruling Halts State Method Of Execution (LAT)

By Henry Weinstein

The Los Angeles Times, December 16, 2006

A federal judge in San Jose ruled Friday that California's application of its lethal injection death penalty procedure violates the constitutional prohibition against cruel and unusual punishment.

The state's system "is broken, but it can be fixed," U.S. District Judge Jeremy Fogel said in a 17-page ruling that makes it unlikely that any death sentences will be carried out in California in the near future. The high-profile case had effectively halted executions since February, but Fogel's ruling left the door open for the resumption of executions by lethal injection if the state comes up with a revised procedure the judge finds constitutionally acceptable.

Fogel's ruling came the same day that Florida Gov. Jeb Bush declared a halt to executions there in the aftermath of a botched lethal injection this week.

The two actions were the latest development in what is now the central legal issue in the long-running battle over capital punishment in the United States: whether lethal injections are being administered in a humane, constitutional manner. Challenges to lethal injections have resulted in stays of execution in states around the country, and Friday's developments will probably spur more challenges, legal experts said.

California's current lethal injection procedure, like that in three dozen other states, calls for a three-drug cocktail. The first drug, sodium thiopental, is a fast-acting barbiturate that is supposed to render the condemned inmate unconscious before the second two drugs — pancuronium bromide, which paralyzes the body, and potassium chloride, which causes cardiac arrest — are administered.

Fogel acted in response to a suit filed by lawyers for condemned inmate Michael Morales, who has been on death row for more than 20 years for the brutal slaying of Lodi teenager Terri Winchell. The thrust of Morales' suit is that the state does not properly administer enough sodium thiopental to ensure that the inmate does not feel excessive pain when the potassium chloride is administered.

Fogel, who visited the death chamber in San Quentin and held a four-day hearing in San Jose in September, said the case generated evidence that "is more than adequate to establish a constitutional violation."

His decision was replete with stinging criticisms of state officials for failing to take the necessary steps to correct problems in the procedure — steps the judge urged them to take in February.

"Given that the state is taking a human life, the pervasive lack of professionalism in the implementation" of the lethal injection protocol is "at the very least deeply disturbing," Fogel wrote.

Morales' execution was scheduled for February, but the state postponed it after being unable to meet conditions imposed by the judge, who became concerned that the procedure was not working correctly.

"As this court noted" in its February order, "anomalies in six execution logs raise substantial questions as to whether certain inmates may have been conscious when pancuronium bromide or potassium chloride was injected," Fogel wrote. "These substantial questions remain unanswered."

Fogel emphasized that Dr. Robert C. Singler, the state's medical expert, said that another condemned inmate, Robert Lee Massie, "well may have been awake when he was injected with potassium chloride" during his March 27, 2001, execution.

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Singler testified that he could not render a definitive opinion because of the poor quality of the execution logs. He also testified that it would be "unconscionable" to inject a conscious person with the amount of potassium chloride prescribed by the protocol.

The threshold issue in the case, Fogel said, is whether the procedure, as implemented, "provides constitutionally adequate assurance that condemned inmates will be unconscious when they are injected" with the second and third drugs.

He said "the evidence shows that the protocol" and the state's implementation of it "suffer from a number of critical deficiencies."

Among those he cited are:

· Inconsistent and unreliable screening of execution team members. The judge noted that a prison guard led the execution team despite the fact that he was diagnosed with and disabled by post-traumatic stress disorder as a result of his prison experiences, and found working on the execution to be the most stressful responsibility a prison employee could have.

· A lack of meaningful training, supervision and oversight of the execution team. The judge noted that team members "almost uniformly have no knowledge of the nature or properties of the drugs that are used or the risks or potential problems associated with the procedure."

· Inconsistent and unreliable recordkeeping. The judge said there were "no contemporaneous records showing that all of the sodium thiopental in the syringes used for injections actually was injected, and in fact, testimony revealed that in at least several executions it was not."

Fogel also said there was "an extremely troubling absence of reliable documentation as to the disposition of sodium thiopental taken from the prison pharmacy by execution team members." He said that other testimony revealed that the drug, an addictive, controlled substance, was not used in training exercises. Consequently, he said, "these circumstances may warrant an investigation by an appropriate law enforcement agency."

· Improper mixing, preparation and mixing of sodium thiopental by the execution team.

· Inadequate lighting, overcrowded conditions and poorly designed facilities in which the execution team must work.

In his ruling Friday, Fogel urged Gov. Arnold Schwarzenegger "to take this opportunity to address seriously now, rather than later, the significant problems" with the state's lethal injection protocol and its implementation.

"Part of the problem," the judge said, "may be that the prison officials responsible for implementation of the protocol see their legal obligations too narrowly."

He said that former San Quentin Warden Steven Ornoski testified that "he believes a 'successful execution' is simply one where 'the inmate ends up dead at the end of the process.' "

Fogel strongly suggested that the state might want to consider switching to a one-drug procedure, using a heavier dose of a barbiturate such as sodium pentobarbital.

On the particularly thorny issue of whether there must be participation by a doctor, the judge awarded the state a victory.

"Because an execution is not a medical procedure, and its purpose is not to keep the inmate alive but rather to end the inmate's life, the court agrees" with the state that "the Constitution does not necessarily require the attendance and participation of a medical professional," Fogel wrote.

Fogel gave California officials 30 days to tell him whether they intend to review and revise the state's procedure, and, if so, how much additional time they believe they will need to complete the task.

Andrea Lynn Hoch, the governor's legal affairs secretary, said the administration will review state procedures "to make certain the protocol and its implementation are constitutional."

"Judge Fogel's decision is bold and incisive," said Fordham University law professor Deborah Denno, an expert on methods of punishment. "It is the most comprehensive decision in the country to determine that a state's lethal injection protocol, in its current form, is intolerable and unconstitutional under the 8th Amendment."

Morales' attorneys said they were pleased with the decision. "Judge Fogel has ordered the state to do what we have asserted they should do since the beginning of this litigation — undertake a considered, searching review of their procedures," said Ginger Anders, an attorney in Washington, D.C.

The ruling was hailed by groups opposed to capital punishment, including the Campaign to End the Death Penalty, Amnesty International, Human Rights Watch, and Death Penalty Focus of California, whose spokeswoman, Stefanie Faucher said: "It is time for California to stop tinkering with the machinery of death and recognize that the death penalty is a failed public policy which drains valuable resources away from programs that actually increase public safety and serve the needs of victims."

Attorney Kent Scheidegger, of the Criminal Justice Legal Foundation, a pro-capital punishment group in Sacramento, said it was "unfortunate that there will be further delay in this already grossly overdue execution."

He also said California ought to analyze whether lethal injection "was the right way to go in the first place" and perhaps consider bringing back the gas chamber, using carbon monoxide rather than cyanide.

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Fogel acknowledged that any legal proceeding about the death penalty is a "powerful magnet," likely to generate impassioned debate about a highly divisive issue. But he cautioned that "this case is not about whether the death penalty makes sense morally or as a matter of policy." Nor, he said, is it about whether lethal injection is constitutional. Rather, it is about the specific way that California implements its procedure, and in that regard, he said, the state clearly fell short.

Executions Halted In 2 States After Botched Injection (AP)

AP, December 15, 2006

OCALA, Florida (AP) -- Gov. Jeb Bush suspended executions in Florida after a medical examiner said Friday that prison officials botched the insertion of the needles when a convicted killer was put to death earlier this week.

Separately, a federal judge in California imposed a moratorium on executions in the nation's most populous state, declaring that the state's method of lethal injection runs the risk of violating the constitutional ban on cruel and unusual punishment.

U.S. District Judge Jeremy Fogel ruled in San Jose that California's "implementation of lethal injection is broken." But he said: "It can be fixed."

Fogel said the case raised the question of whether a three-drug cocktail administered by the San Quentin State Prison is so painful that it "offends" the Eighth Amendment ban on cruel and unusual punishment.

Fogel said he was compelled "to answer that question in the affirmative."

California has been under a capital punishment moratorium since February, when Fogel called off the execution of rapist and murderer Michael Morales amid concerns that condemned inmates might suffer excruciating deaths.

Fogel found substantial evidence that the last six men executed at San Quentin might have been conscious and still breathing when lethal drugs were administered.

He ordered anesthesiologists to be on hand, or demanded that a licensed medical professional inject a large, fatal dose of a sedative instead of the additional paralyzing agent and heart-stopping drugs that are normally used. But no medical professional was willing to participate.

In Florida, medical examiner Dr. William Hamilton said Wednesday's execution of Angel Nieves Diaz took 34 minutes -- twice as long as usual -- and required a rare second dose of lethal chemicals because the needles were inserted clear through his veins and into the flesh in his arms. The chemicals are supposed to go into the veins. (Watch officials explain why it took 2 injections and 34 minutes)

Hamilton, who performed the autopsy, refused to say whether he thought Diaz died a painful death.

"I am going to defer answers about pain and suffering until the autopsy is complete," he said. He said the results were preliminary and other tests may take several weeks.

Missing a vein when administering the injections would cause "both psychological and physical discomfort -- probably pretty severe," said Dr. J. Kent Garman, an emeritus professor of anesthesia at the Stanford School of Medicine in California.

"All the drugs would be much slower to affect the body because they're not going into a blood vessel. They're going under the skin. They take a long time to be absorbed by the body," said Garman, said he was ethically opposed to lethal injection.

An inmate would remain conscious for a longer period of time and would likely be aware of increased difficulty breathing and pain caused by angina, the interruption of blood flow to the heart, he said.

Jonathan Groner, associate professor of surgery at Ohio State University, said the injection would cause excruciating pain "like your arms are on fire."

Bush created a commission to examine the state's lethal injection process in light of Diaz's case, and he halted the signing of any more death warrants until the panel completes its final report by March 1.

The governor said he wants to ensure the process does not constitute cruel and unusual punishment, as some death penalty foes argued bitterly after Diaz's execution. Florida has 374 people on death row; it has carried out four executions this year.Medical findings contradict prison officials

Diaz, 55, was put to death for murdering the manager of a Miami topless bar during a holdup in 1979.

The medical examiner's findings contradicted the explanation given by prison officials, who said Diaz needed the second dose because liver disease caused him to metabolize the lethal drugs more slowly. Hamilton said that although there were records that Diaz had hepatitis, his liver appeared normal.

Executions in Florida normally take no more than about 15 minutes, with the inmate rendered unconscious and motionless within three to five minutes. But Diaz appeared to be moving 24 minutes after the first injection, grimacing, blinking, licking his lips, blowing and appearing to mouth words.

As a result of the chemicals going into Diaz's arms around the elbow, he had a 12-inch chemical burn on his right arm and an 11-inch chemical burn on his left arm, Hamilton said.

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Florida Corrections Secretary James McDonough said the execution team did not see any swelling of the arms, which would have been an indication that the chemicals were going into tissues and not veins.

Diaz's attorney, Suzanne Myers Keffler, reacted angrily to the findings.

"This is complete negligence on the part of the state," she said. "When he was still moving after the first shot of chemicals, they should have known there was a problem and they shouldn't have continued. This shows a complete disregard for Mr. Diaz. This is disgusting." (Watch Keffer describe Diaz "suffering in pain" -- 2:42)

Earlier, in a court hearing in Ocala, she had won an assurance from the attorney general's office that she could have access to all findings and evidence from the autopsy. She withdrew a request for an independent autopsy.

David Elliot, spokesman for the National Coalition to Abolish the Death Penalty, said experts his group had contacted suspected that liver disease was not the explanation for the problem.

"Florida has certainly deservedly earned a reputation for being a state that conducts botched executions, whether its electrocution or lethal injection," Elliot said. "We just think the Florida death penalty system is broken from start to finish."

Florida got rid of the electric chair after two inmates' heads caught fire during executions in the 1990s and another suffered a severe nosebleed in 2000. Lethal injection was portrayed as a more humane and more reliable process.

Twenty people have been executed by injection in Florida since the state switched from the electric chair in 2000.

Lethal injection is the preferred execution method in 37 states.

Florida Governor Suspends The Death Penalty (NYT)

By Adam Liptak, Terry Aguayo

The New York Times, December 16, 2006

Gov. Jeb Bush yesterday suspended all executions in Florida, citing a troubled execution on Wednesday and appointing a commission to consider the humanity and constitutionality of lethal injections.

Hours later, a federal judge ruled that the lethal injection system in California violated the constitutional prohibition of cruel and unusual punishment.

“Today has been the most significant day in the history of the death penalty in America in many years,” said Jamie Fellner, director of United States programs for Human Rights Watch. “These developments show that the current lethal-injection protocols pose an unacceptable risk of cruelty.

“The way states have been killing people for the last 30 years has yielded botched execution after botched execution.”

California has the largest death row in the nation, at about 650. The state has executed 13 people since the United States Supreme Court reinstated the death penalty in 1976.

Florida, by contrast, has executed 64 people in the modern era of the death penalty, trailing four states.

The California decision, which followed a four-day evidentiary hearing and a session at the San Quentin prison, was eagerly awaited and probably represents the fullest and most careful consideration yet of whether the way inmates are executed violates the Eight Amendment ban on cruel and unusual punishment.

Judge Jeremy Fogel of Federal District Court in San Jose delivered a mixed verdict, writing, “Defendants’ implementation of lethal injection is broken, but it can be fixed.”

The new commission in Florida, which will include doctors, lawyers, scientists and law enforcement officials, will consider many of the same issues, including whether the state protocol satisfies “humanity, constitutional imperative and common sense,” Mr. Bush said in his order.

Deborah W. Denno, an authority on execution at the Fordham University Law School, said Judge Fogel’s decision was “both bold and safe.”

“Judge Fogel’s decision is the most definitive response so far in concluding that a state’s lethal injection protocol, in its current form, is unconstitutional under the Eighth Amendment,” Professor Denno said.

Even as Judge Fogel issued a withering critique of the way California executes condemned inmates, he invited the state to submit a revised protocol to remedy the shortcomings. Similarly, Mr. Bush suggested that executions in Florida might resume after his panel gives its final report in March.

Judge Fogel found that prison execution teams had been poorly screened and had included people disciplined for smuggling drugs and with post-traumatic stress disorder. Moreover, the team members are poorly trained and supervised, he said.

Record keeping is spotty, the judge found, and the chemicals used are sometimes improperly prepared. The death chamber, he added, is badly lighted and overcrowded.

“Defendants’ actions and failures to act have resulted in an undue and unnecessary risk of an Eighth Amendment violation,” Judge Fogel wrote. “This is intolerable under the Constitution.”

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Judge Fogel also noted concerns about the chemicals that California, Florida and 35 other states use. The protocols vary slightly, but almost all call for a series of three chemicals. The first is a barbiturate to render the inmate unconscious. The second is a paralyzing agent that makes the inmate unable to speak, move or breathe. The third is potassium chloride, which stops the heart.

Both sides in California agreed that it would be unconstitutional to inject a conscious person with either or both of the second two chemicals. The paralyzing agent would leave the inmate conscious while he suffocated, and potassium chloride is extremely painful.

The two sides also agreed that if the first drug was effective, using the others did not violate the constitution.

Judge Fogel suggested a way out. Were inmates executed in the same way that animals were euthanized, solely by an anesthetic, that would, he wrote, "eliminate any constitutional concerns, subject only to the implementation of adequate, verifiable procedures to ensure that the inmate actually receives a fatal dose of the anesthetic."

Kent Scheidegger, the legal director of the Criminal Justice Legal Foundation, which supports the death penalty, said the decision was in that sense a welcome one.

"It's unfortunate that we have another delay," Mr. Scheidegger said. "But it does appear that there is at least one path to a constitutional procedure."

Florida started its moratorium two days after Angel N. Diaz's execution appeared to go awry. Dr. William Hamilton, medical examiner in Alachua County, Fla., said yesterday that the needle with the lethal chemicals that should have gone directly into Mr. Diaz's veins punctured the veins before entering soft tissue. It took a second dose and 34 minutes for him to die.

Bungled Execution Forces Delays (WT)

The Washington Times, December 16, 2006

Gov. Jeb Bush suspended all executions in Florida after a medical examiner said yesterday that prison officials botched the insertion of the needles when a convicted killer was put to death earlier this week.

Separately, a federal judge in California extended a moratorium on executions in the state, declaring that its method of lethal injection runs the risk of violating the constitutional ban on cruel and unusual punishment.

In Florida, medical examiner Dr. William Hamilton said Wednesday's execution of Angel Nieves Diaz took 34 minutes — twice as long as usual — and required a rare second dose of lethal chemicals because the needles were inserted clear through his veins and into the flesh in his arms. The chemicals are supposed to go into the veins.

Dr. Hamilton, who performed the autopsy, refused to say whether he thought Diaz died a painful death.

"I am going to defer answers about pain and suffering until the autopsy is complete," he said, adding that the results were preliminary and other tests might take several weeks.

Diaz, 55, was put to death for murdering the manager of a Miami topless bar during a holdup in 1979.

Mr. Bush created a commission to examine the state's lethal-injection process in light of Diaz's case, and he halted the signing of any more death warrants until the panel completes its final report by March 1.

The governor said he wants to ensure the process does not constitute cruel and unusual punishment, as some death penalty foes argued after Diaz's execution. Florida has 374 persons on death row; it has carried out four executions this year.

Gov.-elect Charlie Crist planned to continue the moratorium when he takes office in January, spokeswoman Vivian Myrtetus said.

Meanwhile, U.S. District Judge Jeremy Fogel ruled in San Jose that California's "implementation of lethal injection is broken, but it can be fixed."

Judge Fogel said the lawsuit brought by convicted murderer and rapist Michael Morales raised the question of whether a three-drug cocktail administered by the San Quentin State Prison is so painful that it "offends" the Eighth Amendment ban on cruel and unusual punishment.

The judge said he was compelled "to answer that question in the affirmative."

California has been under a capital punishment moratorium since February, when Judge Fogel called off Morales' execution amid concerns that condemned inmates might suffer excruciating deaths.

Morales, 47, of Stockton, raped and fatally beat a 17-year-old Lodi girl 25 years ago.

Judge Fogel found substantial evidence that the last six men executed at San Quentin might have been conscious when lethal drugs were administered.

He ordered anesthesiologists to be on hand, or demanded that a licensed medical professional inject a large, fatal dose of a sedative instead of the additional paralyzing agent and heart-stopping drugs that are normally used. But no medical professional was willing to participate.

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Attorneys for Morales said in a lawsuit that he might appear unconscious after being injected with a sedative, but internally he would suffer excruciating pain, "burning veins and heart failure," once the paralyzing and the death drugs were administered.

In Florida, the medical examiner's findings yesterday contradicted the explanation given by prison officials, who said Diaz needed the second dose because liver disease caused him to metabolize the lethal drugs more slowly. Dr. Hamilton said that although there were records that Diaz had hepatitis, his liver appeared normal.

Executions in Florida normally take no more than about 15 minutes, with the inmate rendered unconscious and motionless within three to five minutes. But Diaz appeared to be moving 24 minutes after the first injection, grimacing, blinking, licking his lips, blowing and appearing to mouth words.

As a result of the chemicals going into Diaz's arms around the elbow, he had an 12-inch chemical burn on his right arm and an 11-inch chemical burn on his left arm, Dr. Hamilton said.

Florida Corrections Secretary James McDonough said the execution team did not see any swelling of the arms, which would have been an indication that the chemicals were going into tissues and not veins.

Diaz's attorney, Suzanne Myers Keffler, reacted angrily to the findings.

"This is complete negligence on the part of the state," she said. "When he was still moving after the first shot of chemicals, they should have known there was a problem and they shouldn't have continued. This shows a complete disregard for Mr. Diaz. This is disgusting."

David Elliot, spokesman for the National Coalition to Abolish the Death Penalty, said specialists his group contacted had suspected that liver disease was not the explanation for the problem.

"Florida has certainly deservedly earned a reputation for being a state that conducts botched executions, whether it's electrocution or lethal injection," Mr. Elliot said. "We just think the Florida death penalty system is broken from start to finish."

The U.S. Supreme Court has upheld executions — by hanging, firing squad, electric chair and gas chamber — despite the pain they might cause, but has left unsettled the issue of whether the pain is unconstitutionally excessive.

Judge Decries State's Lethal Injections, Seeks Change (SFC)

By Bob Egelko

San Francisco Chronicle, December 16, 2006

Lethal injections in California are conducted so haphazardly, by poorly trained staff in chaotic conditions, that they could cause slow and agonizing death, a federal judge said Friday in threatening to declare the state's method of capital punishment unconstitutional.

But U.S. District Judge Jeremy Fogel, who put all executions in California on hold earlier this year, said the problems could be corrected. He gave state officials 30 days to decide whether they will revise lethal-injection procedures and to say how long they would need. Officials said they would take steps to comply.

Fogel's ruling prolongs the stay of execution he issued in February for Michael Morales of Stockton, who was convicted of raping and fatally beating 17-year-old Terri Winchell near Lodi in 1981. That stay and a moratorium on other executions will remain in effect well into 2007 while officials try to make changes to satisfy the judge.

The lethal-injection procedures used at San Quentin State Prison since 1996 pose "an undue and unnecessary risk of an Eighth Amendment violation," Fogel said, referring to the constitutional ban on cruel and unusual punishment.

Fogel said he would declare the state's lethal-injection system unconstitutional if it is not changed. But he stressed that he was condemning neither capital punishment nor lethal injection itself, which is the exclusive or preferred method of execution in all of the 38 death-penalty states except Nebraska, which uses the electric chair.

"The use of lethal injection in executions represents an evolution from earlier methods such as hanging, electrocution and lethal gas that now are viewed by most jurisdictions as unduly harsh," Fogel said. He observed that, when properly administered, lethal injection "results in a death that is far kinder than that suffered by the victims of capital crimes."

The state's "implementation of lethal injection is broken, but it can be fixed," Fogel said.

Gov. Arnold Schwarzenegger's office indicated that the state would try to do so.

"As the ruling provides, the administration will review the lethal injection protocol to make certain the protocol and its implementation are constitutional," Schwarzenegger's legal affairs secretary, Andrea Hoch, said in a statement.

Fogel's ruling could have national ramifications at a time when other states are facing challenges to their lethal injection procedures.

Florida Gov. Jeb Bush suspended death warrants in his state Friday at least until March 1 while a state commission reviews what went wrong with a lethal injection this week. Prison staffers failed to insert needles properly into the veins of condemned murderer Angel Nieves Diaz, who was later given a second dose of lethal chemicals and took 34 minutes to die.

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A federal judge in Missouri ordered a halt to executions there in October unless the state improves monitoring and supervision of its procedures; state officials have appealed the ruling. A Kentucky judge ruled last month that the state had not adopted its execution procedures properly.

Fogel's ruling followed four days of testimony by execution witnesses and medical experts in his San Jose court in September, the first such hearing in the nation. The judge also visited San Quentin in March and inspected the execution chamber and apparatus.

California and virtually every other state with lethal injections use a sequence of three drugs: the sedative sodium pentothal, to cause unconsciousness; the paralytic pancuronium bromide, to halt breathing; and potassium chloride, to stop the heart.

Fogel said records in seven of California's lethal injection executions indicated that the prisoners might have been conscious, despite the initial dose of sodium pentothal, when the other two drugs were injected.

Medical experts told the judge that pancuronium bromide, in a conscious person, would cause a smothering sensation while leaving the prisoner unable to cry out or move, and potassium chloride would cause excruciating, burning pain.

Fogel said that "the systematic flaws in the implementation of the procedure make it impossible to determine with any degree of certainty" whether executed inmates were unconscious just before death, or whether the state's anesthesia procedures would guarantee that inmates in future executions would not suffer.

Fogel initially ordered the state to have a doctor present to monitor Morales' level of consciousness during his scheduled execution in February, and he issued his stay after officials were unable to find any physicians willing to participate.

But the judge said Friday that a doctor did not have to be present because other methods are available to monitor consciousness. That was an important conclusion because professional associations have decreed that any participation by doctors in executions is unethical.

After Fogel's February order, California prison officials changed their procedures to include a continuous flow of sodium pentothal in one of the prisoner's arms to keep him unconscious while the second and third drugs are injected in the other arm.

In Friday's ruling, Fogel said the three-drug sequence, when properly administered, would provide for "a constitutionally adequate level of anesthesia" and that executing an inmate with a lethal dose of sodium pentothal also would be constitutional.

But he said the state's current procedures suffer from "a number of critical deficiencies."

Members of the execution team are not properly screened, he said. Fogel noted that one former execution team leader once had been disciplined for smuggling illegal drugs into the prison, and another leader previously had been diagnosed with post-traumatic stress disorder.

Execution team members "almost uniformly have no knowledge" about the drugs they are injecting or the problems that might arise, the judge said. He said team members' "admitted failure to follow the simple directions provided by the manufacturer" of sodium pentothal made it difficult to determine whether prisoners were properly anesthetized.

Dim lighting, overcrowded conditions and poorly designed facilities also interfere with monitoring of the execution, Fogel said. He said execution team members can't hear any sounds from the sealed execution chamber and can't see the inmate well enough to determine whether he is conscious.

All those flaws "appear to be correctable," the judge said.

Fogel was appointed to the federal bench by President Bill Clinton in 1998 after 17 years as a Santa Clara County judge. He is generally regarded as liberal in philosophy but moderate in his judicial approach.

Friday's ruling was "very cautious, very restrained, very much in keeping with Fogel's style," said Santa Clara University Law Professor Gerald Uelmen. He said the state is likely to find a solution much more quickly with the leeway provided in Friday's ruling than if Fogel had simply declared the procedures unconstitutional and invited an appeal.

Bill Hing, a UC Davis law professor, said Fogel's ruling was bound to be noticed nationwide.

"If it's going to be done, he's insisting on a method that is more efficient," Hing said. "I believe the states are going to recognize that they've got to figure out a better way to do this."

Stefanie Foucher, program director of the anti-capital punishment group Death Penalty Focus in San Francisco, said Fogel's ruling was an important but incomplete statement.

"The judge admitted that implementation of lethal injection is broken," she said. "We would take that even farther and say the entire death penalty system in California is broken. We don't believe it is making the public any safer."

Barbara Christian, the mother of Winchell, Morales' victim, hopes the state complies with Fogel's order so Morales can be executed as soon as possible, said Gloria Allred, a lawyer for Christian.

"It's been a terrible ordeal for 26 years," Allred said. "That's longer than Terri lived on the face of this earth."

Florida Suspends Executions After Trouble Injecting Inmate (LAT)

DOJ_NMG_0107456

By Carol J. Williams

The Los Angeles Times, December 16, 2006

MIAMI — Florida Gov. Jeb Bush on Friday suspended executions until at least March while investigators examine why it took more than half an hour for a lethal injection to kill a convicted murderer.

Angel Nieves Diaz, 55, appeared to grimace in pain and struggle for breath during the Wednesday night execution until a second dose of the fatal drugs was administered, according to witnesses.

The execution at Florida State Prison in Starke took 34 minutes, three times longer than usual. That probably was because the injection was made into soft tissue on the prisoner's arm, missing a vein that would have carried the killing agents more swiftly to his vital organs.

Death penalty critics said the execution, which they described as "botched," was clear evidence that the lethal-injection process constituted cruel and unusual punishment.

Diaz, a Puerto Rican convicted of killing the manager of a topless bar in 1979, had challenged the constitutionality of lethal injection in his last legal appeal, which was not taken up by the U.S. Supreme Court.

In his eight years as governor, Bush has signed 39 death warrants; 21 executions have been conducted on his watch. He has denied all death-row appeals for clemency or a commuted sentence to life imprisonment.

Gov. Anibal Acevedo Vila of Puerto Rico, which abolished capital punishment in 1929, had appealed to Bush to convert Diaz's sentence.

Bush said he would not sign death warrants or allow executions until a probe of the Diaz case is complete. He asked for a report from investigators by March 1.

Bush leaves office in two weeks, but his successor, Charlie Crist, campaigned on promises of continuity with the popular, two-term governor's policies and values.

Suspension of one of the country's most active execution chambers was announced after preliminary autopsy results showed the first chemical injection had missed the vein.

In a conference call with journalists, Medical Examiner William Hamilton declined to say whether Diaz suffered intense pain as a result of the misapplied first dose. He confirmed, however, that the convict's body had a 12-inch chemical burn on the right arm and an 11-inch burn on the left arm.

The first drug of the series is an anesthetic and the second induces paralysis. The third causes cardiac arrest. Media representatives who witnessed the execution gave detailed accounts of the prisoner writhing, grimacing and struggling for breath for 20 minutes.

Mark Elliott of Floridians for Alternatives to the Death Penalty said said the Diaz case showed the need for a moratorium on executions and a thorough review of the state's criminal justice system, which he said was "broken from top to bottom."

Florida has 375 inmates on death row. Three juveniles were removed last year after the Supreme Court ruled that execution of minors was unconstitutional.

Florida has executed 64 convicts since the death penalty was reinstated in 1979, initially by electric chair.

The state switched from electrocution to lethal injection in 2000 after two incidents in the '90s in which flames burst from prisoners' heads in a chair dubbed by executioners as "Old Sparky."

Florida Governor Halts Executions (BBC)

BBC.com, December 16, 2006

Florida Governor Jeb Bush has halted executions in the US state after an inmate took twice as long to die by lethal injection.

Mr Bush said he needed to be sure that the method of death did not constitute "cruel and unusual punishment".

The move came after a man convicted of murder, Angel Diaz, took 34 minutes to die and was given a second lethal dose.

In California, a judge has ruled death by lethal injection violates a state ban on cruel and unusual punishment.

The judge ruled California's "implementation of lethal injection is broken", but said "it can be fixed".

Lethal injection is the preferred method of execution in 37 US states.

Mr Bush has appointed a panel to look into the practice and evaluate whether it breaches the state's ban as an unnecessarily cruel mode of death, as argued by opponents of the death penalty.

He has said no more death warrants will be signed until the commission completes its final report in March.

The move came after the drawn-out death by lethal injection of Puerto Rican-born Diaz on Wednesday.

Diaz was sentenced to death for the 1979 murder of a Miami strip club manager.

Witnesses said his death took more than twice the usual time - 34 minutes rather than the usual 15.

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He needed a second dose of the lethal chemicals as the needles were injected straight through his veins and into the flesh of his arms.

Following the autopsy, the medical examiner concluded the injections had been wrongly administered.

He was found to have large chemical burns on both arms and his lawyer reported that the 55-year-old continued to move and mouth words more than 20 minutes after the initial dose.

Inmates are supposed to be rendered unconscious by the chemicals within three to five minutes.

Anti-death penalty activists say lethal injections - introduced in Florida and other states as a replacement for the electric chair and other methods of execution - are just as cruel and should not be considered a more humane substitute.

But the BBC's Emilio San Pedro, in Miami, says that it is too soon to interpret the decisions as a sign that support for the death penalty is waning in the US.

Executions, he says, continue to be seen as the best deterrent of violent crime.

California: Commission To Review Sentencing Guidelines (NYT/AP)

The New York Times, December 16, 2006

The corrections secretary said the state would create a commission to review sentencing guidelines, a potential crucial step in Gov. Arnold Schwarzenegger's efforts to relieve prison crowding. Changes could give judges and parole officers greater discretion and lead to some offenders being released sooner than under current law, the secretary, James E. Tilton, told The Associated Press. The proposal comes five days after a federal judge gave Mr. Schwarzenegger a June deadline to ease crowding in the state prison system, the nation's largest, where more than 173,000 inmates live in space designed for fewer than 100,000. Failure to do so could lead the federal courts to order remedies that include early release of inmates.

Gonzales Seeks Place For "A Child's Dreams" (WT)

By Jerry Seper

The Washington Times, December 16, 2006

Attorney General Alberto R. Gonzales yesterday said communities poisoned by drugs, gangs, gun crime and violence are no place for "a child's dreams to flourish," and that the Justice Department is determined to help prevent America's youth from joining gangs.

Speaking at the annual Project Safe Neighborhood conference in Boston, Mr. Gonzales said efforts continue to bring together law-enforcement and community leaders to discuss effective programs, identify gaps in services, and develop working partnership to prevent gangs from claiming new members.

"My personal experience has been that the United States is a place where a child can dream big dreams ... and fulfill them," he said. "I believe deeply that this can be true for all Americans, all of this great nation's children, but not when their neighborhoods and their lives are limited by fear and violence.

"That's why we work so hard ... to make the streets of our communities safer, every day," he said.

Mr. Gonzales noted that law enforcement is "not a spectator sport," but added that the same can be said of community-service work. He said it was important for both sides to work together to address what he described as "the scourge of gangs and gang violence" in America's neighborhoods.

He said it would require an integrated, comprehensive approach that includes both law-enforcement and the prevention efforts uniquely offered by community-service groups.

"Increasing prevention in your neighborhood can come from something as simple as meeting the community leader or volunteer sitting next to you in this room today," he said. "Each conversation at a summit like this has the potential for shared ideas and new, creative approaches to reducing violent crime and protecting the future of our children."

Mr. Gonzales said the increased responsibilities for law enforcement since September 11 are one of the reasons law-enforcement officials need partners in community service more than ever. He said their goals are the ultimate complement to law enforcement because they seek to make neighborhoods safer by preventing criminal activity so that arrests and prosecutions are not needed.

"To the community servants here today, I also offer thanks. You'd like to keep kids from joining gangs and living the 'thug life' altogether and that is my idea of an outstanding solution," he said.

"Kids in tough situations join gangs to find companionship and status -- false promises of a lifestyle that in reality brings crime, violence, jail time and even death," he said. "The violence of gangs then spills over into the community, making it less safe for everyone."

Project Safe Neighborhoods is a nationwide commitment to reduce gun crime in America by networking existing local programs that target gun crime and providing these programs with additional tools necessary to be successful.

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The Bush administration has committed more than $1.5 billion to the effort since the program's inception in 2001. The funding is used to hire new federal and state prosecutors, support investigators, provide training, distribute gun-lock safety kits, deter juvenile gun crime, and develop and promote community outreach efforts as well as to support other gun-violence-reduction strategies.

AG: Attack Gang Violence With Innovation, As Well As Funding (LOWSUN)

By Rita Savard

Lowell (MA) Sun, December 16, 2006

BOSTON -- A rise in gang violence and shootings is shattering the peace in communities nationwide.

Promising more funding for anti-gang programs, U.S. Attorney General Alberto Gonzales said law enforcement and community leaders can serve as the "shot heard around the world" by partnering to halt youth violence.

"We need to mine new ideas," Gonzales told hundreds of law enforcers gathered yesterday at the Boston Convention Center for the Second Annual Anti-Gang Summit. "Violent crime has gone up in Massachusetts and no single group can bring it down alone."

Law enforcement has had to keep a sharp eye turned toward terrorist activity in a post 9/11 world, Gonzales said. Because police are stretching resources farther than ever, more people must join in the effort to deter youth from choosing a life of crime.

Crime-fighting partnerships involving the whole community are key, Gonzales said.

"New problems and trends always seem to be around the next corner... cooperation puts us on solid footing," he said.

Advertisement

In Lowell, incidents of gang-related violence have increased this year over last, according to Lt. Mark Buckley, commander of the Lowell Police Department's Criminal Bureau.

In 2005, 54 aggravated assaults with firearms were reported in Lowell, up 14 from 2004, the most current data available from police records.

But state aid received this year to fund anti-gang programs has helped Lowell beef up resources and establish a multifaceted plan to curb gang violence in the city, Buckley said.

Sharon Hanson, director of research and planning for the Lowell Police Department, shared initiatives under way in Lowell at yesterday's conference.

Lowell was awarded $820,000 from the Charles Shannon Community Safety Initiative grant for prevention programs this year. The grant money has enabled police to create a formal support system for teens, said Hanson.

"Police presence has become much more visible in gang hot-spot neighborhoods," said Hanson. "Kids are being kept busy. We've been able to create more opportunities and more jobs for the city's youth."

Since August, Lowell has installed a city advisory board to reduce gang violence, revitalized and created new recreation programs and focused on a truancy prevention program.

A new program at Lowell High School, which allows students to buy back some of their truant time by regularly attending classes, has brought 71 students back to school in October and November, Hanson said.

Increasing programs at the city's Recreation Department has pulled in roughly 300 teens, and provided jobs to an additional 59, Hanson added.

Researchers from the Harvard Kennedy School of Government have been keeping tabs on Lowell's performance measurements.

"We're not only doing these things but we're getting feedback with real numbers and real information to see how we're doing," Hanson said.

Applauding police for their efforts, Gonzales said the federal government realizes the need to pump more money into anti-violence programs.

"An environment poisoned by drugs and gang violence is no place for a child's dreams to flourish," Gonzales said. "We face a tough challenge ahead. But a network of law enforcement and community is stronger than violence."

U.S. Attorney General: Hub's Violent Crime Grave Concern (BOSH)

By O'Ryan Johnson

Boston Herald, December 16, 2006

The blood spilled on Boston's streets this year drew the attention of the nation's top prosecutor yesterday as he attended a conference on gang violence at a time when the city hopes a fractured gang truce can stop a street war from erupting.

"I am concerned that, despite the diligence of the men and women in this room, preliminary crime reports in Boston for the first six months of this year show an increase in violent crime," said Attorney General Alberto Gonzales.

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Nonfatal shootings are up 10 percent this year, while fatal shootings are up 13 percent. With 71 murders on the year, Boston is approaching last year's 10-year record homicide total of 75.

Gonzales, who was in town to speak at the annual Project Safe Neighborhood Conference at the Boston Convention and Exhibition Center, said the feds have put street violence under a microscope, not just in Boston, but across the country.

"To help cities like Boston - and any city or state facing a violent crime challenge - Justice Department officals have been traveling the country, meeting with state and local law enforcement in areas that have violent crime increases and those that have experienced decreases so we can better understand why in each case," he said.

In Boston, a cease-fire between long-feuding gangbangers from H-Block and Heath Street was strained when H-Block peacemaker Jahmol Norfleet, 20, was murdered.

Fed Presecutors Get First Convictions On Economic Espionage (FRESBEE)

By Jordan Robertson

Fresno Bee, December 15, 2006

Federal prosecutors scored their first-ever convictions for economic espionage to benefit a foreign nation when two Silicon Valley engineers pleaded guilty to stealing trade secrets and trying to smuggle them to China.

Fei Ye, 40, a U.S. citizen from China, and Ming Zhong, 39, a permanent resident of the U.S. from China entered their pleas Thursday in San Jose federal court to two counts each as part of a deal with prosecutors. Both would have faced 10 counts each if they went to trial in January.

Ye and Zhong were accused of stealing confidential microchip blueprints and other trade secrets from four technology companies - NEC Electronics Corp., Sun Microsystems Inc., Transmeta Corp. and Trident Microsystems Inc. - and planning to start a microprocessor company with the financial backing of various Chinese government agencies.

The case highlights the threat to U.S. businesses from thieves looking to sell hard-won intellectual property overseas, said U.S. Attorney Kevin Ryan.

Few cases allege intent to benefit a foreign government - the most serious crime under the Economic Espionage Act of 1996 - because it's difficult to prove, but he said U.S. companies are frequently targeted by overseas concerns.

"Silicon Valley understands full well the threat they are faced with here," he told The Associated Press. "It's not only a threat to the economic value of the products being produced, but in some cases, it's a threat to our national security and military infrastructure."

On the same day federal prosecutors secured the convictions, a Chinese engineer was indicted for allegedly stealing trade secrets from a Silicon Valley company that made military training software and trying to sell them to Asian governments.

Xiaodong Sheldon Meng, 42, a Chinese national with Canadian citizenship, was indicted on 36 felony counts, including the rare charge of economic espionage to benefit a foreign government and various violations of military technology export laws.

Prosecutors say Meng stole the code for software made by his former employer, Quantum3D Inc., that's used to train military fighter pilots, and tried to sell it to the Royal Thai Air Force, the Royal Malaysian Air Force and a company with ties to China's military.

Under U.S. law, anyone attempting to sell such information overseas must first obtain a license from the State Department and is subject to strict regulations. Meng never applied for such a license.

His lawyer, Angela Hansen, called the charges "baseless" and said in a statement the government has "misinterpreted innocent acts."

No foreign government or agent were named as conspirator in either case, and prosecutors declined to discuss whether any foreign officials or agents knew about the alleged schemes.

In economic espionage cases, the law does not require proof of complicity by a foreign government, and investigators often don't know the extent of foreign involvement.

Ye and Zhong, who remain free on bail following their pleas Thursday, are scheduled to be sentenced April 23. Each face a maximum of 30 years in prison.

The pair were arrested in 2001 at San Francisco International Airport, attempting to board a flight to China. According to the indictment, their luggage was crammed with thousands of pages of documents stolen from their former employers, including schematic drawings of computer chips under development, internal instructions for the design and layout of circuits and components and other confidential information.

Documents seized from their homes included a corporate charter and a fundraising application touting the project's ability to raise China's stature in the field of integrated circuit design, the indictment said.

Other documents showed a panel of Chinese government officials had reviewed the company's business plan, deemed it feasible and encouraged agencies to provide financial support, it said.

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A business partner who tipped off the FBI told investigators the startup, called Supervision Inc., had received $2 million in funding from two Chinese cities, Hangzhou and Guangzhou, to develop the new microprocessor, according to an affidavit.

James Pooley, an intellectual property litigator and adjunct law professor at the University of California, Berkeley, said the conviction was a much-needed victory for the Justice Department.

"You're finding people who aren't just trying to take something opportunistically from their employer. They're going places, planning to take trade secrets, and combining secrets from many different places," Pooley said. "This shows the problem is real and it's big."

The only other case to allege economic espionage to benefit a foreign government involved two researchers indicted in Ohio in 2001 for allegedly stealing genetic materials used for Alzheimer's disease research and funneling it to a Japanese government-funded corporation.

But the case fizzled after Japan refused to extradite one defendant, Takashi Okamoto, because a Japanese judge ruled he had not violated U.S. laws. The other defendant, Hiroaki Serizawa, pleaded guilty in the U.S. to a much lesser charge of making false statements to investigators.

Nanny And Senator's Grandchild Flee Masked Intruders In Silver Spring Home (WP)

By Ernesto Londono

The Washington Post, December 16, 2006

Masked intruders forced their way into the Silver Spring home of a U.S. senator's daughter yesterday morning, startling a nanny who ran outside with the lawmaker's 2-year-old granddaughter and left his youngest grandson behind.

A Montgomery County police SWAT team later found the baby safe in his crib.

Police think the incident was a burglary gone awry because the intruders apparently didn't realize the house was occupied.

The burglars approached the red-brick house on the 2400 block of Hayden Drive in Forest Glen about 9:30 a.m., police said. After hearing suspicious noises outside, the 42-year-old nanny opened the door.

"When they burst in, the nanny grabbed the little girl and left the child in the crib," police spokeswoman Cpl. Sonia Pruitt said.

The 1-year-old baby, Jimmy, is the youngest grandson of Sen. Pete V. Domenici, R-N.M.

The nanny ran to a neighbor's house to call police, who initially feared the incident could turn into a hostage situation. Domenici's daughter, Helen, called her father shortly after being notified of the situation. Neither she nor her husband was home during the incident.

"The senator was deeply concerned," said Steve Bell, Domenici's chief of staff.

Police, who would not comment on whether anything was taken from the house, think the burglars fled through the back door before authorities arrived. They remained at large last night.

Shortly after the incident, Reyna Escobar, who lives two houses away, noticed that the nanny's van, which was parked outside the house, had its side door open. Escobar called the nanny to alert her.

"She was crying," said Escobar, 36. "All she told me is some men had broken in. She said she couldn't talk to me."

An emergency response team, which includes SWAT officers, was dispatched to the quiet, hilly street about 30 minutes after the men entered the house.

"The concern was that the suspects could still be inside the home with the 1-year-old," police spokeswoman Lucille Baur said. "The nanny believed that the suspects could have been armed."

The nanny was so shocked by the incident that she was unable to tell detectives conclusively how many burglars she saw and whether they carried weapons, police said.

After authorities determined that the baby was safe, his parents, the nanny, the baby and his sister, Andie, were taken to a nearby church. An officer with the U.S. Capitol police was also sent to the scene after the senator's office notified them of the situation, Bell said.

Late yesterday, the senator released a statement saying he and his wife Nancy were "relieved and thankful that no one was hurt during this frightening incident at my daughter's home this morning. I am grateful for the quick action by the Montgomery County Police to secure the house and ensure my grandchildren's safety."

Helen Domenici, the homeowner, and twin sister Paula are the youngest of the senator's eight children, according to a biography on the lawmaker's Web site. Reached at home yesterday afternoon, Helen Domenici declined to comment.

The nanny is an El Salvadoran immigrant who has been employed by the couple for about three years, Escobar said. The nanny walked away from a reporter yesterday after a police employee told her that she didn't have to talk to the media.

Escobar and other neighbors said they feel that Forest Glen is no longer the kind of community in which people don't always bother locking their doors.

"I'm scared. I have children, too," she said yesterday. "I'm afraid I could be next. I'm keeping my door locked."

Four homes in the vicinity were burglarized last month, police said. The last of those crimes, which occurred Nov. 28, led to the arrest of a teenager from the District. Police said he was a suspect in all four burglaries.

Capt. Betsy Davis, who heads the Silver Spring police station, was on her way to an undetermined death call when she heard about the incident and headed to Hayden.

"I'm not happy," she said yesterday outside the house. "I've got a neighborhood in a panic."

After the TV news trucks drove away from the house, the owners, the children and the nanny returned.

Davis greeted the nanny warmly when the two met at the front door. "You did a good job," Davis said. "You did the right thing."

MySpace, Not Yours (WP)

The Washington Post, December 16, 2006

INCREASINGLY, candidates for state attorney general nationwide have been campaigning on promises to crack down on online sexual predators, and understandably so. Youth and children are particularly vulnerable in Internet chat rooms and social networking sites, where the cloak of anonymity and a naive presumption that cyberspace is populated by kindred spirits can lead to damaging encounters and sexual exploitation. That is the impetus behind a proposal by Virginia's attorney general, Robert F. McDonnell (R), to require convicted sex offenders to register their e-mail addresses, instant-messaging handles and other online identities so they can be blocked from preying on youth online. Mr. McDonnell's proposal is anchored in a legitimate concern; unfortunately, it rests upon some dubious assumptions both about sex offenders and the likelihood of effective enforcement.

The Virginia proposal tracks a federal bill dealing with the same theme offered this month by Sens. John McCain (R-Ariz.) and Charles E. Schumer (D-N.Y.). The idea, which other states may adopt, is to provide social networking sites the means necessary to screen known sex offenders. Already, MySpace.com has announced it would use Virginia's e-mail registry to stop convicted sex offenders from using the venue.

About a fifth of MySpace.com's users are under 18. But apart from anecdotal accounts, there is no evidence -- no studies, no statistics, nothing but inference -- to show that many of the loathsome predators who have victimized children and young people online are convicted sex offenders. Moreover, if a convicted child molester or rapist were intent on preying on unsuspecting innocents online, it would be easy to evade the proposed law by creating a new e-mail identity. Once a sexual predator decides that he is willing to risk prosecution and imprisonment for his crime, he is unlikely to balk over failing to register an e-mail address.

Every state has enacted a law requiring convicted sex offenders to register their whereabouts with authorities and in many cases prohibiting them from taking certain jobs (as coaches for youth teams, for instance) or from living close to schools. Mr. McDonnell argues that it is only logical to add cyber-addresses to the information that offenders must furnish to the authorities. Perhaps. But there is little reason to think that move will go very far beyond symbolism.

Discovery Of Hit List Led To Wave Of O.C. Arrests (LAT)

By H.G Reza, Times Staff Writer

The Los Angeles Times, December 16, 2006

Investigator says 5 police officers, prosecutor are targets of racist group with ties to prison gangs.

This week's arrests of 57 people allegedly tied to a white supremacist gang were sparked when authorities learned of a hit list with the names of an Orange County prosecutor and five police officers, an investigator said Friday.

Anaheim Police Lt. K. Switzer said authorities learned of the list last month. He said the probe began when another Orange County police department learned that one of its officers had been targeted by Public Enemy Number 1, a street gang involved in identity theft, credit card fraud and methamphetamine sales. The group has ties to the racist Aryan Brotherhood and Nazi Low Riders prison gangs.

Switzer said investigators were trying to determine why those six people were targeted and if it was a gang edict or the work of a single gang member.

"It's not uncommon to hear that gangs are upset with the law enforcement community, but to hear specific names of officers who are threatened is unique," Switzer said. "That crosses the line and gets our attention."

He said one of those targeted was a gang prosecutor from the Orange County district attorney's office but declined to name the individual. District attorney spokeswoman Susan Kang Schroeder declined to comment.

Switzer said the list included the name of an officer who supposedly worked in Anaheim. However, he said, no one by that name worked for the department. "We were still concerned," Switzer said. "It seems they had the wrong name, but we don't know why they targeted our department," he said.

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He also declined to name the other departments whose officers were on the list.

The investigation began about a month ago, Switzer said, and 10 arrests were made before Thursday's sweep. More arrests are expected, he said.

Public Enemy Number 1, also known as PEN1, "is rapidly gaining prominence due to [the gang's] violent nature and attacks on police officers," according to the California Department of Justice's 2004 report on organized crime in the state. The report said the group has about 200 members in California and is "one of the most powerful and fastest-growing gangs inside and outside prison."

A law enforcement source who requested anonymity said PEN1 was especially dangerous because members had obtained personal information about judges, prosecutors and police officers. The source said someone affiliated with the gang stole personal data while working at a company that had access to such records.

The gang started in Long Beach in the 1980s, and its membership grew rapidly, particularly in Huntington Beach and southern Orange County, according to the Anti-Defamation League, which tracks racist groups. The league said Public Enemy Number 1 leads a coalition of white supremacist groups called the Southern California Skinhead Alliance.

The Thursday sweep involved about 300 officers from about 25 agencies, including the FBI and U.S. Marshals Service. Switzer said authorities raided about 75 locations throughout Southern California.

The arrests were peaceful, and officers seized two handguns, a shotgun, a rifle and small amounts of drugs, he said.

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CIVIL RIGHTS:

Mary Cheney's Pregnancy Is Just Fine, Bush Tells Magazine (NYT)

By Jim Rutenberg

The New York Times, December 16, 2006

WASHINGTON, Dec. 15 — Mary Cheney's baby will have two mommies, and that is just fine with President Bush.

When People magazine asked him what he thought of the news that Vice President Dick Cheney's daughter, who is a lesbian, was pregnant with a child whom she will raise with her longtime partner, Heather Poe, Mr. Bush said: "I think Mary is going to be a loving soul to her child. And I'm happy for her."

Mary Cheney and Ms. Poe are not married, though they have said that, for all purposes, they consider themselves to be.

People released parts of the interview on Friday, and the quotation about Ms. Cheney's baby prompted a new round of questions about the president's past statements against same-sex marriage and, more particularly, child rearing by gay couples.

For instance, in an interview with The New York Times in 2005, Mr. Bush said in response to a question about gay adoption: "The ideal in society is to raise children with a man and a woman. Private adoption firms can make whatever choice they choose to do."

He added, "I believe children can receive love from gay couples, but the ideal is — and studies have shown that the ideal is where a child is raised in a married family with a man and a woman."

During his regular press briefing, the White House spokesman, Tony Snow, said Mr. Bush still believed that children should ideally be raised by a man and a woman as parents. But, Mr. Snow said, "he believes that Mary Cheney's child will, in fact, have loving parents."

Asked if Mr. Bush believed a child raised by parents of the same sex would be at a disadvantage, Mr. Snow replied, "He does not make comments on that, and nor will I."

Mary Cheney, 37, has said that she considered quitting the Bush-Cheney re-election campaign in 2004 when the president supported a proposed constitutional amendment banning same-sex marriage. She is now an executive at Time Warner's AOL unit.

Mr. Bush is also quoted by People as saying, "There's no doubt in my mind a woman could do the job" of president.

The magazine quotes the first lady, Laura Bush, as saying that she believed Secretary of State Condoleezza Rice could be a good candidate but was not running, "probably because she is single, her parents are no longer living, she's an only child."

"You need a very supportive family and supportive friends to have this job," Mrs. Bush said.

Also in the interview, Mr. Bush acknowledged that he sometimes had to take "sleep aids" when traveling abroad, though "I must tell you, I'm sleeping a lot better than people would assume."

George & Laura Bush: The PEOPLE Interview (PEOPLE)

People, December 15, 2006

DOJ_NMG_0107463

The President and First Lady talk about the war, the future and their marriage. Plus: President Bush answers your questions.

The war, the elections, the GOP scandals: During these difficult times, the President and First Lady talked to PEOPLE about remaining focused on what they hold dear – family, country and one another.

By many measures – the progress on the war, the elections, poll results – it's been a rough year. Do you feel that way? What's your take on it?

THE PRESIDENT: I think it's been a very difficult year in Iraq – for our troops, for the families of the troops, for the Iraqi people. And it's been difficult for the American people, because success in Iraq has been slower coming than any of us would like. And so the task at hand now is to come up with a new way forward. I think most Americans fully understand the importance of success; they're wondering whether we have a plan to succeed. It's my job to listen to a lot of opinions and come up with a strategy that says we have a plan.

Did you think progress would be further along at this point?

THE PRESIDENT: I did. The reason it has been slower is because of the sectarian violence that was caused by outside forces. Now the task is to empower the Maliki government so that they can stop the violence to help them achieve the stability that 12 million Iraqis wanted when they went to the polls (in December 2005). There have been some remarkable achievements, but it is a very tough time now in Iraq.

Nearly 3,300 U.S. servicemen and women have been killed in the Iraq and Afghanistan operations – more than the number of Americans killed on September 11. Is democracy in Iraq worth the death toll?

THE PRESIDENT: If I didn't think removing the Taliban from Afghanistan and helping this young democracy in Iraq after we removed Saddam Hussein were worth it, I wouldn't have our troops there. Success in Afghanistan and Iraq, in Lebanon and elsewhere in the Middle East, is vital to the security of your children and your grandchildren. This is a long-term ideological struggle to protect future generations of Americans.

This year, we invited readers on our Web site to ask you questions. Here's one:

Nina Frazier of New Braunfels, Texas, asks: If you believe in the war, why didn't you encourage your own daughters to fight for your country? Or did you?

THE PRESIDENT: I believe Americans can contribute to the security and well-being of our country in a variety of ways. That's why we have a volunteer army. What we say to young people is that if you want to serve your country you can do so in the military, or you can do so by teaching children in inner-city Washington, D.C., like one of our daughters did. Or you can help form education programs in New York City, like our (other) daughter. There are all kinds of ways to serve.

Nancy Pelosi shattered Congress's glass ceiling by becoming the first female Speaker of the House. Do you think there's anything a woman would do differently with the Presidency?

THE PRESIDENT: I think it depends on the individual, but there's no doubt in my mind a woman could do the job.

Mrs. Bush: I agree. But it isn't easy to live here. Dr. (Condoleezza) Rice, who I think would be a really good candidate, is not interested. Probably because she is single, her parents are no longer living, she's an only child. You need a very supportive family and supportive friends to have this job.

The White House family had some happy news this week: Mary Cheney, the Vice President's daughter, is pregnant.

THE PRESIDENT: The Vice President took me aside and gave me the good news. He and his wife, Lynne, are very happy for Mary.

You said in 2005 that ideally "a child is raised in a married family with a man and a woman." Knowing Mary and her partner, Heather, do you still think that?

THE PRESIDENT: I think Mary is going to be a loving soul to her child. And I'm happy for her.

Many readers asked how you handle stress.

THE PRESIDENT: I pray daily. I exercise nearly daily, and I've got a loving wife who provides a comfortable, warm place for me to come home to.

Mrs. Bush, how do you feel when you hear some of what's said about your husband? Are there moments that sting?

Mrs. Bush: Sure, yes. I don't like that. But we've been involved (in politics) for years.

Is it worse today than in the past?

Mrs. Bush: When you go to the Lincoln Library in Springfield, Ill., and see what political cartoons and pamphlets said about President Lincoln, you see that it's not worse. People are the same no matter what generation.

A lot of readers asked how you shut off the day's events. Do you ever take sleep aids?

THE PRESIDENT: Generally not. But occasionally when I travel, I'm expected to get on an airplane and fly eight hours and pop out and be fresh and diplomatic and on message. If I'm having trouble sleeping, I'll take a sleep aid. But I must tell you, I'm sleeping a lot better than people would assume.

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Do you ever need anything more than a cup of coffee to stay sharp?

THE PRESIDENT: I have a couple of cups in the morning, and drink a lot of water. Hydrating helps. There are ways to maintain your health, and one is exercise. I believe prayer is very important; others don't, but I do. I don't drink alcohol. I can remember when I used to drink, I had trouble sleeping at night.

Favorite book of the year?

THE PRESIDENT: Team of Rivals, about Abe Lincoln, by Doris Kearns Goodwin.

Nichole Grimm of Waynesboro, Va., asks: After being married for almost 30 years, what are the little ways you keep surprising each other to keep your marriage alive?

THE PRESIDENT: I hope mine is humor, that I'm able to joke and laugh. Laughter is an important part of a healthy lifestyle. This is a town that's not laughing a lot lately.

Mrs. Bush: We've done the same thing since we first got married. We wake up in the morning and drink coffee and read the newspapers. We like to go to bed early. Those quiet times that we're together at the end of the day give us the most comfort with each other.

Angela Roy wrote from an APO address in Europe: What are the craziest things you ever gave each other for Christmas?

Mrs. Bush: I think George would say those sweaters that I give him every single year – which I'm not giving him this year. The best gift he ever gave me was when I opened a present under the tree and there was a little porcelain library. It was the library at SMU, my university. (It represented) a beautiful garden and walkway that leads into the library there. He had given it as a gift to my university. That was, by far, the most moving gift he ever gave me.

Are your daughters coming home for Christmas?

Mrs. Bush: They are. Jenna is working with an international organization in Central and South America about education policy. And Barbara is working for a museum in the education department.

Rena Dillard of Nashville asks: Do you have a favorite Christmas memory of them as little children?

Mrs. Bush: I love to tell the girls this story. They would always help me decorate the tree, and then we'd have hot chocolate. Once when they were really little, I said, "Sit under the tree" – and it makes me want to weep – "and I'll go make the hot chocolate." (The First Lady's eyes fill with tears.) And I came back and they were so literal. They were squished under the branches, sitting way back by the trunk of the tree waiting for their hot chocolate. I'll never forget those precious little babies under the tree.

Suzanne Young of Des Moines asks: What are your plans for contributing to society after the end of your presidency?

THE PRESIDENT: Tell Suzanne that I'll be thinking about that after my presidency. I'll be active. There's a lot of really good initiatives we started here, such as battling HIV/AIDS on the continent of Africa, or dealing with malaria, or Laura's literacy initiatives, and the Freedom Agenda. I've got so much on my mind, and this job is so exciting that it's really hard to settle down and plan the next 10 years of our life.

Bush Happy About Mary Cheney's Pregnancy (AP)

AP, December 15, 2006

President Bush says he is happy for Mary Cheney, the openly gay daughter of Vice President Dick Cheney, who revealed earlier this month that she is pregnant.

"I think Mary is going to be a loving soul to her child," Bush said in an interview with People magazine. "And I'm happy for her."

Bush was asked about Mary Cheney's pregnancy in light of his previous statements that a child ideally should be raised by in a family headed by a married father and mother.

White House press secretary Tony Snow said on Friday that Bush has not changed his mind. "But he also believes that every human life is sacred and that every child who comes into this world deserves love," Snow said. "And he believes that Mary Cheney's child will, in fact, have loving parents."

Asked if Bush believes that children who are raised by gay and lesbian parents are at a disadvantage, Snow said, "He does not make comments on that and nor will I." Mary Cheney, 37, and her partner of 15 years, Heather Poe, 45, are expecting a baby in late spring.

A number of conservative groups have expressed dismay at Cheney's pregnancy.

Bush Sticks To His Views On Gays Becoming Parents (LAT)

By James Gerstenzang

The Los Angeles Times, December 16, 2006

DOJ_NMG_0107465

WASHINGTON — Although he recently expressed confidence that Mary Cheney will make a loving parent, President Bush continues to believe it is best that a child is raised by a man and woman married to each other, the president's spokesman said Friday.

The pregnancy of Vice President Dick Cheney's younger daughter, a lesbian, has reignited public discussion on same-sex couples becoming parents.

Some social conservatives, who support Bush and the vice president on most issues, learned of Mary Cheney's pregnancy with dismay, saying it undermined efforts to emphasize the primacy of the traditional family unit.

Commenting on the controversy, Bush last week told People magazine, "I think Mary is going to be a loving soul to her child. And I'm happy for her."

Pressed on whether his remark contradicted views he previously expressed that being raised by same-sex couples was not ideal for a child, he avoided a direct response.

"Mary Cheney is going to make a fine mom, and she's going to love this child a lot," he said.

In 2005, Bush said in an interview that he thought it best for a child to be raised by a man and woman married to each other. He does not favor same-sex marriage.

"I believe children can receive love from gay couples, but the ideal is — and studies have shown that the ideal is — where a child is raised in a married family with a man and a woman," he told the New York Times.

On Friday, White House Press Secretary Tony Snow was asked whether the president stood by this belief.

"Yes, he does," Snow replied.

"But he also believes that every human life is sacred and that every child who comes into this world deserves love," Snow said. "And he believes that Mary Cheney's child will in fact have loving parents."

Snow said Bush had not addressed whether he thought children raised by gays were at a disadvantage.

In the People interview, Bush said that he found out about Mary Cheney's pregnancy when the vice president "took me aside and gave me the good news."

Bush added that the vice president and his wife, Lynne, "are very happy for Mary."

The president did not mention Mary Cheney's partner of 15 years, Heather Poe.

Since the Bush administration took office in 2001, Mary Cheney has played a low-key but growing role in its political operation.

In 2004, she held a senior staff position in the Bush reelection campaign, and regularly traveled with her father aboard Air Force Two.

She is to give birth in the late spring.

Cheney's Lesbian Daughter Will Be A "Loving Mother": Bush (AFP)

AFP, December 15, 2006

President George W. Bush, a staunch defender of traditional values, believes vice-president Dick Cheney's lesbian daughter will be a "loving mother."

In an interview with celebrity magazine People, Bush said he was delighted to hear Mary Cheney was expecting a child with long-time partner Heather Poe.

"The Vice President took me aside and gave me the good news. He and his wife, Lynne, are very happy for Mary," Bush told the magazine.

Last year Bush said he believed that ideally "a child is raised in a married family with a man and a woman."

Asked if he still believed that, given that he knew Mary Cheney and her partner, he told People: "I think Mary is going to be a loving soul to her child. And I'm happy for her."

In May, Mary Cheney was critical of Bush's support for a constitutional amendment banning gay marriage.

However she said she had no doubt that "Bush was the absolute best person to be leading us at this time in our country's history."

In New Jersey, Gay Couples Ponder Nuances Of Measure To Allow Civil Unions (NYT)

By Kareem Fahim

The New York Times, December 16, 2006

HOBOKEN, N.J. Dec. 15 — Away from the loud political arguments over the New Jersey Legislature's vote to establish civil unions for same-sex couples, gays and lesbians across the state have begun to grapple with the practicalities: What verb to use? Get unified?

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After drinks at a bar here Thursday night, hours after the vote, Rosanna Durruthy, 44, said she and her partner would soon start planning the ceremony they had talked about for years. “This is great,” said Ms. Durruthy, a Hoboken resident who has lived with her partner for nine years. “Will we have the major event where we get the villa in Tuscany? We’re still discussing it.” (She favors the Amalfi coast.)

Ms. Durruthy celebrated the news amid laughter and a long embrace with her old friend Bill Carter, 37, who lives in Texas with his partner. Mr. Carter was happy for his friend and said he considered the law a collective leap forward, but added of his home state: “There are no rights there; sodomy just came off the books.”

New Jersey is the third state to give approval to civil unions; Massachusetts permits gay couples to marry but only if they live in the state. Since Vermont began allowing civil unions in 2000, between 250 and 400 New Jersey couples have gotten hitched there (along with about 200 New York couples a year). Connecticut’s civil union laws took effect in October 2005.

The 2000 Census found about 16,000 same-sex couples living together in New Jersey, though the Urban Institute, a research organization, says the true count is as much as 50 percent higher; nearly one-third of them are raising children.

In interviews with more than a dozen gays and lesbians over the past three days, many talked about following through on long deferred plans now that the law has been passed. Other couples welcomed the broader rights but said little would change, saying that their commitments did not need a government sanction. There was approval from single people as well, even if some had not followed the debate as closely as their friends who share children, homes or bank accounts.

The legislation does not spell out procedures for obtaining civil unions, but advocates for same-sex marriage and state officials said the process was likely to mirror that for marriage. In New Jersey, couples apply for a marriage license in the municipality where the bride lives, unless the bride lives out of state; such rules would most likely have to be tweaked.

After a 72-hour waiting period, set aside to make certain a couple wants to get married, a municipal registrar issues a marriage license. Weddings in New Jersey can be performed by mayors, many judges, village presidents and ministers.

Eric Kabel, who works for a nursing agency and lives in Rahway, said that he and his partner signed up for a domestic partnership in New Jersey the first day that a law passed in 2004 went into effect.

“Neither of us were real activists,” he said. “But we wanted them to see the number of people who signed up as partners.”

When the civil union law takes effect — 60 days after the governor’s expected signature — the couple will head to City Hall, Mr. Kabel said, adding, “I don’t care if the city clerk does it.”

But while they are eager to claim the rights and benefits provided by the new law, Mr. Kabel lamented that a heterosexual couple who met “five minutes ago” can get a marriage license, while he and his partner of 16 years cannot.

“We’re a suburban, boring couple, with a yard, a dog,” he said. “We’re friendly to our neighbors.”

Steve Mandeville and Victor Aluise, partners of 16 years who share a house in Ocean Grove, exchanged wedding bands years ago, in Sedona, Ariz.

“We were in a beautiful place, it was a beautiful day,” Mr. Mandeville recalled. “It doesn’t matter what you want to call it. If it will keep the heterosexual people happy, let’s just call it a union. Isn’t that what a marriage is anyhow?”

Mr. Aluise said the two had not yet decided if they would have another big ceremony, but they would wait until April 25 — the anniversary of their domestic partnership registration — to register for their union. “I’m elated, and I’m proud to be a New Jerseyan now,” he said.

Though advocates for civil rights for gay people vowed to keep pushing for same-sex marriage, Alan Fox, the manager of the bar in Hoboken where Mr. Carter and Ms. Durruthy had a drink, the Cage, said he had no desire for gays to win the right to marry.

Marriage, Mr. Fox said, had been for his parents (who eventually divorced). If he married, “it would be offensive to my people like my mother,” Mr. Fox said.

Jan Moore, 70, hailed the new law as good for young people. “They won’t be made to feel like second-class citizens, people who have to walk around and hide who they are or what they are,” she said in a telephone interview from her home in Ocean Grove.

Ms. Moore’s partner, a 77-year-old woman who refused to give her name, gave voice to the fears felt by an earlier generation. “I was in New York when the cops used to raid bars,” she said. “You had to show papers. They’d say, ‘Does your mother know who you are?’ ”

She also said she had no interest in marriage. “I’m an old Italian,” she said. She said when she was growing up “it was always a man and a woman.”

Ms. Moore, a great-grandmother, said she and her partner have been together for 36 years.

“We’ve climbed a mountain,” Ms. Moore said. “I didn’t think I would see this in my lifetime.”

Town Is Sued Over System Used In Voting (NYT)

DOJ_NMG_0107467

By Barbara Whitaker

The New York Times, December 16, 2006

PORT CHESTER, N.Y., Dec. 15 — The United States Justice Department filed a lawsuit on Friday against this Westchester County village, charging that its at-large voting system illegally diminishes Hispanic influence.

The suit, which contends that the system violates the Voting Rights Act, seeks an injunction that could scuttle Board of Trustees elections in March.

"The right to vote is the bedrock of our government," Michael J. Garcia, the United States attorney for the Southern District of New York, said in a statement. "The at-large system of electing Port Chester's Board of Trustees dilutes the votes of Port Chester's minority citizens and undermines democracy."

Mayor Gerald L. Logan criticized the government's lawsuit as "unfortunate and heavy-handed."

"We are extremely disappointed that the government chose divisive litigation instead of direct communication," he said. "There appears to be no interest in working cooperatively with Port Chester."

The Justice Department notified officials in April that it intended to file a lawsuit if they did not take steps to set up a district-based voting system. The department provided three separate plans to break the village into voting districts. On Dec. 4, the village board voted to notify the department that it did not believe the current system violated the act, setting the stage for a court battle.

According to the lawsuit, the village's at-large system — in which all residents vote for each member of the board of trustees — allows for white-bloc voting that prevents Hispanic voters from electing their preferred candidates. The government noted that more than 46 percent of the village's population and 21.9 percent of its voting-age citizens are Hispanic. Still, no Hispanic person has been elected to public office in the village.

The United States attorney's office also cited instances of what it said was voting polarized by race and ethnicity, as well as a history of anti-Hispanic discrimination in New York State, Westchester County and the village.

The court filing was supported by affidavits from residents and former candidates for either the board of trustees or the school board who are Hispanic or African-American and who identified what they said were instances of racial or ethnic appeals to undermine their candidacies. They also cited cases in which they said support in a smaller community was canceled out by white voting in other areas.

Anthony Piscionere, who is representing the village, said that officials were open to making changes to assure all ethnic groups and races were represented in elections. But, he said, three experts hired to review the Justice Department's data found it did not support the contention that the village violated the Voting Rights Act.

In addition, he said, districting the 2.4-square-mile village would be costly and have long-term consequences.

"If the evidence doesn't support the action, would you do it?" he said.

He said a Voters Rights Commission had been formed to increase voter participation. Mayor Logan noted that while according to the 2000 Census there were more than 3,000 Latinos of voting age in Port Chester, only 2,600 people voted in the last election and the winning candidate received 1,659 votes.

"It is apparent to all who know our village that we face apathy and not discrimination," he said.

But according to statements of former Hispanic and African-American candidates filed with the government's lawsuit, a problem does exist.

Cesar Ruiz, who ran unsuccessfully for trustee in March 2001, said he felt it was impossible for a Hispanic or African-American candidate to be elected under the current system. He recalled a supporter who told him: "I like you, you're a good guy. I've known you for years. But the Democrats are telling me not to vote for you because you are Hispanic."

Graciela Heymann, executive director of the Westchester Hispanic Coalition, a service and advocacy group that has an office in Port Chester, said it was difficult to say who was right in the case because of a lack of data.

However, she said, there was no doubt that there needed to be greater Latino representation in the village. Public hearings on the districting issue have highlighted tensions between longtime residents and Latinos who have recently moved there.

"I really feel that Port Chester is like a tale of two cities with people living separate lives," she said.

Feds Sue Village Over Hispanic Voting (AP)

By Jim Fitzgerald, Associated Press Writer

AP, December 16, 2006

The federal government sued a suburban New York village Friday, alleging that its at-large method of electing trustees is unfair to Hispanics and violates the Voting Rights Act.

The government requested that Port Chester — or a judge, if necessary — devise a system that would include a Hispanic district.

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"Ethnically and racially polarized voting patterns prevail" in Port Chester's local elections, according to a statement from U.S. Attorney General Alberto Gonzales and other Justice Department officials.

Mayor Gerald Logan blasted the lawsuit, calling it "unfortunate and heavy-handed" and noting that Port Chester has used at-large elections since 1868.

"We cannot and will not stand idly by and allow the federal government to upset and divide our village," he said.

The village is about 25 miles from New York City and is governed by a mayor and six trustees. Port Chester, with a population of about 28,000, is 43 percent Hispanic, according to the 2000 Census. The citizen voting-age population was 22 percent Hispanic, but no Hispanic has ever been elected as a trustee.

In court papers, the government said Hispanic candidates have been defeated in the past by "white bloc voting."

The next election is set for March 2007, and the Justice Department is asking for an injunction against it unless there is a new system in place.

At a court session Friday afternoon, however, Judge Stephen Robinson suggested there may not be enough time to reach a "thoughtful" decision and stop that election. He scheduled hearings for Feb. 12.

Last April, the Justice Department advised Port Chester that its system violated the Voting Rights Act and threatened a lawsuit. The trustees voted unanimously this month that the system does not violate the law.

Feds Sue State Over Juvenile Site (OKLA)

By Josh Rabe

Oklahoman, December 16, 2006

TULSA — The U.S. Justice Department on Friday filed a complaint against the state, challenging the conditions at a Sand Springs juvenile detention center

Federal prosecutors believe the state hasn't corrected serious violations found in a two-year investigation at the L.E. Rader Center, said Cynthia Magnuson, spokeswoman for the Justice Department.

She said violations included inappropriate sexual relationships, violence and abuse of psychotropic medications.

The U.S. attorney general's office filed the lawsuit Friday against the state, Gov. Brad Henry, the director and chairman of the Office of Juvenile Affairs and the superintendent of the juvenile facility.

The complaint accuses the state and juvenile justice officials of failing to protect federally protected civil rights of about 215 teens at the center.

"These allegations are very serious, and we were unable to resolve this," Magnuson said. "It just came to a point where we had to file suit."

'Not cooperative'

The Justice Department threatened legal action in a June 2005 letter Assistant Attorney General R. Alexander Acosta sent Henry.

"The facility was not cooperative and wouldn't let us conduct the sort of investigative work we usually would do," Magnuson said.

Since the letter was issued, state juvenile affairs officials have been reluctant to correct those problems, she said.

In a written statement released Friday, Gene Christian, executive director of the state Office of Juvenile Affairs, said his office anticipated legal action and looks forward to a final resolution to the situation.

Christian said he could not comment specifically on the case because it is pending.

Henry's spokesman, Paul Sund, had a similar response.

State Attorney General Drew Edmondson's office was reviewing the complaint Friday and couldn't yet address specific allegations, said Charlie Price, a spokesman.

Most cases of prison civil rights abuse are resolved out of court through consent orders in which an agency agrees to outside oversight for a certain time, Magnuson said. In rare instances, the Justice Department has sought court orders to close facilities.

ANTITRUST:

Airlines And Antitrust (WSJ)

The Wall Street Journal, December 16, 2006

For airline passengers, those half-empty flights on which you can spread out and take a couple of seats are a godsend. But for the airlines, they are misery. Those Ancient Mariner flights help to explain the sudden urge to merge in the airline industry.

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United and Continental proposed a merger this week, even as US Airways's managers are trying to convince Delta's creditors to sell Delta to them rather than let it emerge from bankruptcy as an independent airline. More of this may be in the offing. Meanwhile, in Washington, Democrats are already sounding the political alarm about airline consolidation.

Senator Frank Lautenberg wants to be sure that any deals are "good for the flying public." His counterpart in the House, Minnesota's James Oberstar, is even more emphatic that the Justice Department should block all airline mergers. "I don't think there's any benefit from mergers except for the benefit of stockholders and airline officials," Mr. Oberstar averred this week.

We'd have thought a competitive and healthy airline industry is in everyone's interest. Mr. Oberstar's deepest concerns are for the unions who elect him, and unions tend to gripe about mergers for fear of losing jobs. But Delta's pilots are now experiencing what can happen when the alternative to merger becomes bankruptcy. The pilots' pension fund is being tossed over to the federal government, which means a sizable haircut for the pilots' lucrative pensions. Airline employees aren't immune to the industry's woes or good fortune.

And speaking of bankruptcy as an alternative, let's recall the last time the Justice Department took Mr. Oberstar's antitrust advice -- in 2001, when it rejected the proposed merger of United and US Airways. Both airlines later ended up in bankruptcy court and seeking taxpayer aid.

Still, Mr. Oberstar has identified a genuine political problem for the industry. Consolidations only make sense if they allow the merging airlines to take out marginal capacity, as US Airways has been explaining. But in the real world, "marginal capacity" translates to those half-filled flights to often small destinations.

Customers like those flights. And the politicians who represent the cities where those flights land hate to see them cut or reduced. The trouble for the industry is that all the big players are trapped in a prisoner's dilemma -- but one in which, by the rules of antitrust enforcement, they aren't allowed even to attempt to cooperate with each other. This leaves them with a choice between killing their own marginal flights -- and letting their competitors reap the benefit -- or limping along with unprofitable networks.

US Airways's provocative answer is to merge with Delta, cut marginal or overlapping capacity, make sure the extra planes don't keep flying the unfriendly domestic skies, and make money with a more compact network. The model is the US Airways merger with America West, in which US Airways was bought out of bankruptcy, allowing for contract terminations that would have been harder to shake off outside bankruptcy court. It figures it can repeat the trick with Delta.

By US Airways's account, this is even better than killing off one of the big carriers through a Chapter 7 liquidation, because in that case the remaining legacy carriers might buy up the planes and routes the departing carrier left behind. In that sort of auction of assets, the same old prisoner's dilemma rules apply. The routes may not be great, but buying them up is better than letting your competitors get them, so everyone goes at it.

Critics of mergers complain that the combined giants will proceed to monopolize certain routes. But an undeniable fact of modern airline life is that the barriers to entry are low and capital is plentiful. The planes can be leased, rather than purchased outright, and the startups lack the legacy and union costs of the Americans and Continentals.

This helps explain why low-cost carriers now account for 35% of the market, up from 10% not very long ago. A combined US Airways-Delta might try to monopolize a route, but it would soon face competition on that route from a JetBlue or AirTran or some startup we haven't seen yet. In this environment, capacity reduction and the elimination of marginal routes has to be part of any story that leads to a less self-destructive industry in the future.

An airline industry shakeout may mean more people on some flights, but it doesn't have to mean more "crowding." JetBlue just announced that it was increasing the leg room on its Airbus 320s. Not coincidentally, JetBlue is also growing and is (generally) profitable. Perhaps Mr. Oberstar ought to take another look at his list of beneficiaries in a more consolidated, more profitable airline business.

Airlines, Now Healthy, Getting Frisky (NYT)

By Mark A. Stein

The New York Times, December 16, 2006

HOW well have the commercial airlines rebounded from their near-death brushes with bankruptcy in the first half of the decade? Consider this: flights are packed, fares are rising and profits have reappeared despite stubbornly high fuel costs. The best may be to come, as some of the biggest airlines flirt with mergers that could permit them to cut costs and raise fares even further.

Federal regulators, meanwhile, eased up on some of the rules and prosecutorial tools after the collapses of Enron and WorldCom touched off a series of corporate scandals involving accounting fraud, insider trading, backdated stock option grants and other malfeasance.

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THE BAGGAGE CAROUSEL The week began with news that another major airline was about to be acquired and ended with the announcement of just such an offer, but the two deals were related only in that they illustrated the industry's budding revival.

Qantas, the Australian airline, was the one that agreed to be acquired, accepting an $8.7 billion offer from a consortium led by Macquarie Bank and the Texas Pacific Group. Earlier in the week, Continental Airlines confirmed it was being courted by United, its much larger rival.

Both deals follow US Airways' offer last month to buy Delta Air Lines for $8 billion. Delta's board is considering that offer as it tries to emerge from bankruptcy court protection.

If one big domestic merger goes through, other airlines will feel pressure to pair off, too, or risk winding up at a competitive disadvantage because they have higher costs or smaller route networks. While such consolidation may bolster airlines' bottom lines, reduced competition would probably also result in more-crowded flights and higher fares, at least in the short term.

Delta, which opposes US Airways' bid, will file a plan next week outlining how it intends to operate as an independent airline once out of bankruptcy court protection.

EASING THE RULES Federal regulators and prosecutors moved to narrow or roll back some rules and investigative methods adopted after Enron and WorldCom imploded in multibillion-dollar accounting frauds, starting a wave of corporate scandals that are still unfolding.

The Justice Department acted first, imposing new limits on prosecutors in white-collar corruption cases. They now must seek approval from senior officials before asking companies to waive their attorney-client privilege, and they must disregard if a company has hired lawyers for potential witnesses when deciding whether to charge the company.

A day later, the Securities and Exchange Commission moved to relax an auditing provision of the Sarbanes-Oxley Act of 2002 for smaller companies. In the law, Congress left it to the S.E.C. to decide precisely how thoroughly auditors must review the financial controls companies employ to detect fraud in their accounts.

The United States Chamber of Commerce and other business groups that have been critical of the S.E.C. rules and the Justice Department's approach may still try to persuade Congress to further reduce regulations and enforcement.

HOLDING STEADY The Federal Reserve left its benchmark interest rate steady, holding firm to its position that a slowing economy will subdue inflation in the months ahead but warning in a statement that "some inflation risks remain."

The possibility that inflation will not slow as expected has worried Fed board members, particularly Jeffrey M. Lacker of the Federal Reserve Bank of Richmond, who has dissented each time since the central bank stopped raising rates in August.

While the Fed's Open Market Committee indicated in its statement that another rate increase could soon be needed to hold price increases down, it also acknowledged that "recent indicators have been mixed" and it could not rule out the possibility that economic growth and inflation could slow enough to warrant a rate cut next spring.

One barometer of inflation, the Labor Department's producer price index, will be updated Tuesday with figures from November.

BIDDING WAR Rival steel makers from India and Brazil opened a bidding war for the British-Dutch producer Corus, accelerating a worldwide consolidation of steel companies amid sharply higher costs for raw materials and energy.

Tata Steel of India began the scrap by offering $9.2 billion in cash for Corus, which itself was created by the 1999 merger of British Steel and Royal Hoogovens of the Netherlands. Within hours of Tata's bid, however, the Brazilian company, Companhia Siderúrgica Nacional, offered $9.6 billion.

Both bidders have access to cheap iron ore, a crucial matter in a global market where ore prices have risen in consecutive years. Tata also has the advantage of India's booming appetite for steel among road builders, land developers and automakers.

If either bid succeeds, the deal would be the second largest in 2006, trailing only Mittal Steel's $38.3 billion takeover of the Spanish-French-Luxembourgian steel maker Arcelor last summer.

UNHAPPY ANNIVERSARY On the eve of a high-level visit by American officials, the Bush administration accused China of failing to honor promises to open its economy to foreign competition and crack down on piracy of foreign goods.

The criticism came in a report to Congress by Susan C. Schwab, the United States trade representative. The analysis, which praised China in some areas, was required by American law on the fifth anniversary of China's joining the World Trade Organization.

The United States may seek arbitration from the World Trade Organization if it cannot resolve its disputes with China.

GOLDEN GOLDMAN The investment bank Goldman Sachs said its profit soared 93 percent in its fiscal fourth quarter, meaning it earned nearly as much in 2006 as it had in the previous two years combined — both of which were also record years.

Driven by a record year in mergers and acquisitions, a robust stock market rally and rapid growth in credit markets — which are now much bigger than stock markets — Goldman posted a record annual profit of $9.5 billion on record revenue of $37.7 billion.

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Soaring profit means soaring bonuses. Investment bankers who generated a lot of business can expect $20 million to $25 million each, while top traders can take home up to $50 million, according to executives at other leading banks.

Democrat Senator Issues Warning About Airline Mergers (DOW)

By Corey Boles

Dow Jones Newswires, December 16, 2006

WASHINGTON (Dow Jones)--A senior Democrat senator Friday expressed concern about the impact on competition from potential consolidation in the U.S. airline industry.

Sen. Frank R. Lautenberg (D-NJ) said he is concerned that renewed speculation the industry is about to embark upon another round of takeover activity could leave consumers shortchanged.

"What matters to me is to see if this proposal is good for the flying public, if it makes air travel more convenient, less expensive and with higher quality service," Lautenberg said in a statement Friday.

Last month, Delta Air Lines Inc. (DALRQ) rejected an unsolicited $8 billion approach from U.S. Airways Group Inc. (LCC), saying the company was on track to emerge from bankruptcy protection in early 2007 on its own.

Airline shares then moved up sharply on Wednesday with the AMEX airline index increasing 3% on word of private discussions between the chief executives of UAL Corp. (UAUA), parent of United Airlines, and Continental Airlines Inc. (CAL) about a possible tie-up.

Also Wednesday, shares in regional carrier MidWest Air Group Inc. (MEH) shot up 22% - commensurate with the amount of a hostile takeover offer from AirTran Holdings Inc. (AAI).

Analysts have long predicted that the industry needs to go through a wave of consolidation in order to cut costs and duplication of services. The sector was hard hit by the steep drop in the numbers of people flying in the wake of 9/11. Airlines also struggled to swallow the spike in oil prices earlier in the year which led to a dramatic rise in their costs.

Once news of U.S. Airway's approach for Delta was made public, the Department of Justice quickly made it clear its antitrust unit would investigate any potential transactions in the sector.

Lautenberg said that, in addition to the concerns he had about ensuring sufficient competition in the sector, he also wanted to seek reassurances that, were there to be a deal, there would be assurances given about protecting employees' jobs at the two airlines.

"I also want to know more about plans for employees who have worked at Delta and U.S. Airways for many years, and employees who are near their retirement. What happens to them," his statement said.

Lautenberg said that were actual consolidation in the industry to materialize, he "would ask serious and thoughtful questions in the Senate Commerce Committee about this proposal. Too much is on the line here to give it a rubber stamp."

He said he wouldn't hesitate from holding oversight committee meetings into airline consolidation.

Lautenberg sits on the aviation subcommittee and could possibly become its chairman once the party takes control of Congress in January. A spokesman for Lautenberg's office would only say that the subcommittee chairman roles won't be decided until January.

Staff members for other Democrat lawmakers said they share Lautenberg's concerns but are waiting to see how any consolidation plays out before they commit to staging oversight hearings.

-By Corey Boles, Dow Jones Newswires; 202-862-6637; corey.boles@dowjones.com

Antitrust Wait Ends For Merck-Sirna Deal (MBJ)

Milwaukee Business Journal, December 16, 2006

Merck & Co. said Thursday that the federal regulatory antitrust waiting period for its $1.1 billion deal to buy Sirna Therapeutics Inc. expired.

The two companies broke news of the deal on Oct. 30, when Merck (NYSE: MRK) said it would pay $13 a share in cash for San Francisco-based Sirna (NASDAQ: RNAI).

The end of the required waiting period satisfies one condition for the deal to be completed. Sirna's stockholders have yet to vote on the deal -- that's set for Dec. 28 in San Francisco's Grand Hyatt Hotel.

Whitehouse Station, N.J.-based Merck is a giant drug company with 61,500 workers.

Sirna seeks treatments for conditions like age-related macular degeneration, asthma and hepatitis C using RNA-interference technology. It has about 70 workers.

Hearst Buys Copley's LA Newsapers; To Sell To MediaNews (AP)

AP, December 16, 2006

DOJ_NMG_0107472

TORRANCE, Calif. (AP)--Copley Press Inc. said Friday it sold the Daily Breeze and three weekly newspapers to Hearst Corp. in a deal that will eventually transfer ownership of the Los Angeles-area paper to Denver-based MediaNews Group Inc.

MediaNews, which also owns the Daily News of Los Angeles and other area papers, will run the Breeze while a sale of the papers from Hearst is pending, MediaNews said Friday.

Financial details weren't disclosed. But in court documents filed earlier this month, the purchase price was estimated at $25 million for a deal that includes the Palos Verdes Peninsula News, The Beach Reporter and More San Pedro.

"We are delighted to acquire these fine newspapers and expand our reach in the exciting media market of Los Angeles," said Dean Singleton, chief executive of MediaNews. "The Daily Breeze and its sister weekly newspapers are a wonderful addition to the Los Angeles Newspaper Group."

The Breeze, which has a paid circulation market share of about 3.5% in the Los Angeles area, has an average daily circulation of 70,076 and 284 employees.

Copley also is selling the building that houses the Breeze. MediaNews plans to keep the paper in its current location under a short-term lease with Copley.

The purchase of the Daily Breeze will give MediaNews a stronger foothold in the Los Angeles area. The company's newspapers cover many Southern California suburbs, and its largest holding, the Daily News of Los Angeles, competes against the Los Angeles Times.

Singleton has used a similar approach around the San Francisco Bay area, where he runs the Oakland Tribune and other suburban newspapers that vie for readership against the San Francisco Chronicle.

Copley, parent company of the San Diego Union-Tribune, said in June it wanted to sell its Los Angeles Newspapers, citing competitive pressures in the market.

The complex deal involving New York-based Hearst and MediaNews Group was documented in court filings earlier this month as part of a federal antitrust case targeting their plans to consolidate some business operations of their Bay Area newspapers.

A San Francisco investor is trying to block the consolidation, claiming such cooperation violates antitrust laws.

In the filing in San Francisco, the media companies disclosed plans for Hearst to purchase the Daily Breeze from Copley and then sell it to MediaNews along with two other publications, the Monterey County (Calif.) Herald and the St. Paul (Minn.) Pioneer Press.

The Daily Breeze is one of 20 newspapers published by Copley, which is based in San Diego.

Copley is the sixth-largest private family owned newspaper group in the U.S. and is the 19th largest newspaper group in the country. Copley also said earlier this year it was exploring the possible sale of its seven newspapers in Ohio and Illinois but intends to retain the Union-Tribune.

The company also operates Copley News Service, which provides news, commentary and features from bureaus in Washington, D.C., Los Angeles, Chicago and Mexico City, as well as in Sacramento and the state capitals of Ohio and Illinois.

The news service shared a Pulitzer Prize in April with the Union-Tribune for exposing the bribery scandal that brought down then-U.S. Rep. Randy "Duke" Cunningham.

The company that became The Copley Press was started in 1905 in Illinois by Col. Ira C. Copley. He expanded to California in 1928. Helen Copley ran the company from 1973 until her retirement in 2001 and her son, David C. Copley, succeeded her.

Founded by political activist and retired pharmacist S.D. "Doc" Barkley, the Torrance paper began as a weekly in 1894 known as The Breeze. It covered several Los Angeles beach communities before it became part of the Copley family holdings in the late 1920s.

U.S. Regulators Move To Streamline Merger Reviews (NYT)

The New York Times, December 16, 2006

Hoping to reduce the time and expense involved in the merger review process, the Justice Department's antitrust division on Friday announced changes to its five-year-old guidelines for vetting corporate transactions. Many of the changes focus on the "second request," in which regulators, after launching a preliminary investigation into a deal's competitive effects, extend the waiting period and ask the parties for more information. Among the new provisions is an option that allows companies to limit the scope of the documents they must produce in a second request, the Justice Department said.

Second request have become less common in recent years, according to figures published in a document accompanying Friday's announcement. In the fiscal years 2000 and 2001, before the antitrust division took up its 2001 Merger Review Process Initiative, about 40 percent of preliminary investigations led to second requests. In 2002 and 2003, that percentage fell below 29 percent. In 2004 and 2005, it stood at 24 percent.

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Merger reviews have also gotten shorter. Since the 2001 initiative was announced, the average length of time from the opening of a preliminary investigation to the early termination or closing of the investigation has fallen from about 93 days to 57 days, the Justice Department said.

DOJ Announces Reforms To Antitrust Review Policy (WSJ)

By Corey Boles

Wall Street Journal/Dow Jones, December 16, 2006

WASHINGTON (Dow Jones)--The Department of Justice on Friday announced measures to reduce the cost and duration of merger investigations carried out by its antitrust unit.

The voluntary amendments come as part of wider series of measures aimed at reducing the burden on companies going through the merger approval process.

The new option would place limits on the extensiveness of DOJ requests for further information from merging companies. Only certain central files and a targeted list of 30 employees, deemed central to the business, would be searched by the DOJ during a takeover investigation.

In a statement, the DOJ said the new option would be available to most parties whose M&A activities are subject to review by the antitrust division.

In order to qualify, companies must agree to provide requested information to the DOJ early in the merger process, agree to an investigation schedule set by the department and also to a sufficient period for the division to conduct post-complaint discovery.

"Efficient merger enforcement - reaching the right answers as quickly as possible with the least burdens necessary - is one of our top priorities," said Thomas O. Barnett, assistant attorney general in charge of the antitrust unit.

Other changes announced Friday would see a shorter default period for reviews from the current three-four years to a new two year period and limitations on when the DOJ can request additional information from companies.

A review of merger policy guidelines began in 2001 aimed at helping the division identify legal, factual and economic issues regarding proposed merger more quickly.

The DOJ said that since reforms began, the average investigation now lasts around 57 days compared to 93 days previously.

FBI/DEA/ATF/USMS:

DeKalb Raid Ends In Gunfire ATF Agents Shot While Serving 'Firearms-related' Warrant (AJC)

By Mae Gentry, Mike Morris, The Atlanta Journal-constitution.

The Atlanta Journal-Constitution, December 16, 2006

Two agents with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives were shot early Friday while serving a warrant at a DeKalb County apartment complex, police said.

One agent was struck in the knee and the other in the lower abdomen. Both men were treated at a local hospital and released.

The shooting occurred before dawn at the Pinewood apartment complex near Panola Road in Lithonia, DeKalb police dispatchers said.

ATF spokesman Marc Jackson said the agents, whose names have not been released, were serving a federal search warrant for "firearms-related offenses."

"They knocked and announced their presence," Jackson said. After they entered the apartment, he said, "they were met with gunfire from within the residence."

Jackson said he did not know whether agents returned fire. After the shooting, other agents talked the suspects out of the apartment.

Jeffrey Pearce, ATF assistant special agent in charge, said two men and a woman were taken to the DeKalb County Jail, where the woman was released. The suspects were not wounded, he said.

Monte Edward, 22, who came to the apartment complex after the shooting, said his cousin lived in the unit raided by authorities and that he had once lived there.

Edward said he received a phone call from a neighbor saying, "Someone's kicking in your door." He said the neighbor screamed and told him, "Somebody's shooting."

Edward said his cousin, 23-year-old Chardriguez Durden, was in the apartment with a woman and a man.

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Durden of Stone Mountain has been charged with six counts of aggravated assault on a police officer and violation of the Georgia Controlled Substances Act, according to a news release from DeKalb police. Paul Thompson Jr., 19, of Covington has been charged with violation of the Georgia Controlled Substances Act, the release said.

Federal charges are pending.

Durden's father, Charles Durden, 47, of Snellville came to the scene as federal agents were removing bags from the apartment. It was unclear what was in the bags.

"I just don't get it," the father said. "You come, kick in somebody's door at 4 o'clock in the morning and what do you expect? This area has had a lot of burglaries and home invasions."

Chardriguez Durden's attorney, Tony Mathis, said the apartment had been burglarized twice before and that his client was afraid.

"He fired from his bedroom through the door," Mathis said. "When he heard them say 'police,' he put the weapon down and laid on the ground.

"All of them were afraid. They thought someone was breaking into the house."

Mathis said Chardriguez Durden was concerned about the wounded agents. The attorney also said the weapon the agents wanted was not in the apartment.

IMMIGRATION:

Immigrants' Families Figuring Out What To Do After Federal Raids (NYT)

By Julia Preston

The New York Times, December 16, 2006

Immigrant families scrambled yesterday to find detained relatives, arrange care for children of deported parents and recover from the loss of work as a result of raids this week by immigration authorities at meat-packing plants in six states.

The raids, part of a federal operation against identity theft, had stunning effects on the surrounding towns, residents said. In all, 1,282 legal and illegal immigrants were arrested, and in most cases the plants, all operated by Swift & Company of Greeley, Colo., were the largest employer around.

"Many people are still very frightened," Mayor Luis Aguilar of Cactus, Tex., said.

In Cactus, 275 employees were arrested.

In Worthington, Minn., with 230 arrests, residents said dozens of immigrants had gone into hiding.

"I've never seen anything like it, the sadness, the emptiness, the fear," a schoolteacher, Barbara Kremer, said. Ms. Kremer said she had provided shelter in her house since the raid for 24 immigrants who were afraid to return to their homes.

The raids, by Immigration and Customs Enforcement agents, netted dozens of immigrants who were legal residents but did not have their papers with them at work. Others arrested were illegal who have to leave the country or face deportation.

Many have children or spouses who are legal residents or Americans, and they have to decide whether the families will stay here or return to their home countries.

Veronica Rodriguez Perez, 20, an American who is works on a production line at the Swift beef-processing plant in Greeley, Colo., said she had not been able to talk with her husband, a Guatemalan, since he was arrested on Tuesday. Mrs. Perez said immigration agents separated during the raid from her husband, Roberto Pérez García.

"They made him and myself seem like criminals," she said. "He tried to give me a kiss on the forehead, but they would not let us talk to each other."

Mr. Pérez worked in the slaughterhouse side of the plant, she said. They have an 11-month-old son who was born in Colorado. Mr. Pérez, who was in the United States illegally, had not applied for residency because of the legal costs, she said.

Many of the arrested immigrants were taken to Camp Dodge in Johnston, Iowa, a National Guard base. Others were bussed to an immigration detention center in Atlanta for deportation proceedings.

The chief executive officer of Swift, Sam Rovit, said that production was slightly slowed at the plants, but that the losses in replacing the workers could be in the millions.

Swift executives said they had sought to work with immigration officials to pre-empt the raids. In March, the immigration agency subpoenaed the work documents of every Swift employee. After reviewing the papers, the agency retained them for many employees, including 665 at a plant in Marshalltown, Iowa, on suspicion that they were fake or stolen, Donald F. Wiseman, the Swift general counsel, said.

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Swift began to interview its employees. About 400 left the company after the interviews, with many acknowledging that their documents were not legal, Mr. Wiseman said. He added that the immigration agency later ordered the company to stop the interviews.

On Nov. 28, Swift sought an injunction against the raids in Federal court in Amarillo, Tex. Judge Mary Lou Robinson denied the request.

Mr. Rovit said Swift, third largest meatpacker in the nation, paid good wages by industry standards, twice the minimum wage, with health benefits. With tight profit margins, he added, Swift would be hard-pressed to replace the workers for work, which is demanding and has historically attracted immigrants, including immigrants without proper documents.

"Nobody wants to have illegal immigrants," Mr. Rovit said.

He said a continued crackdown would bring "a shrinking in the industry, because there is not enough labor to go around."

Prosecutors in several states began filing criminal charges against accused suppliers of the illegal documents. In Salt Lake City, officials unsealed a complaint against Veronica Carrillo, a Mexican immigrant accused of selling real United States birth certificates to Swift employees.

Rift Over Illegal Immigration Leads To Talk Of Secession (NYT)

By Paul Vitello

The New York Times, December 16, 2006

FARMINGVILLE, N.Y., Dec. 14 — Assuming a new name has often been part of the immigration experience. Now this Long Island hamlet, bruised for a decade by its reputation as a place where illegal immigrant day laborers crowd into rooming houses, is considering a name change of its own.

Farmingville, or at least the more affluent half of it, where few if any of the new immigrants live, would have itself be known instead as the village of Oak Hills.

Some people here acknowledge this is a kind of white flight by incorporation — a maneuver pioneered 20 years ago when an enclave within the increasingly Hispanic community of Central Islip, in Suffolk County, broke off to become the village of Islandia.

But many of the homeowners here who have signed a secession petition in recent days say that they are not leaving Farmingville — Farmingville has left them.

Now known as an illegal immigrants' haven, the community has been the scene of frequent demonstrations by residents, and by groups that come periodically to taunt the day laborers. On CNN, Lou Dobbs marks Farmingville with pushpins regularly on the map of his continuing crusade against illegal immigration.

And then there is the movie. A documentary based on a 2000 attack in which two men beat two Mexican day laborers almost to death evinced a complex portrait of the community but left the overriding impression that Farmingville is a place without pity. The film, which won a Sundance Film Festival prize, is titled simply — and many here think unfairly — "Farmingville."

"It seems like every time something is said about Farmingville, it's a negative rather than a positive," said Del DeMarino, 63, a resident since 1972 who is the chief organizer of the Committee for an Incorporated Village. "It's just not possible to change that now."

Demographers say the majority of immigrants are now settling in suburbia, where frustration with perceived federal inaction against illegal newcomers has led to a variety of ad-hoc local initiatives. In Suffolk County, for example, there have been crackdowns on overcrowded rooming houses in Farmingville and other areas, and laws passed against employment of illegal immigrants, neither of which has had much effect.

Unable to build fences like the 700-mile one proposed for the Mexican border, a handful of unincorporated communities like Farmingville are seizing on self-rule as a tool of self-preservation — or, as some see it, self-segregation.

"We know what they're talking about when they say they want to separate from 'Farmingville' — they mean the Mexicans," said William White, a local resident who opposes the name change.

Mr. DeMarino, a salesman for a shipping company and a Republican active in local politics, said immigration was not his only motivation.

There are fingers of other ZIP codes and hamlets that lie across parts of Farmingville, and the new village would incorporate them, he said, "giving us one identity." There is also a state road improvement project about to begin, and an incorporated village may be able to wield more influence over it than an unincorporated area.

But as he steered his Jeep through streets of widely spaced homes, elaborately decorated for Christmas, on the wealthier side of Farmingville that would become Oak Hills, Mr. DeMarino acknowledged that it was mainly the "stigma thing."

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"See that house?" he said, pointing to a two-story colonial-style home with a broad lawn. "That house has been on the market for eight months. He dropped the price three times. Nice house. But if you are trying to sell a house in Farmingville, you have a problem."

Asked if that might have more to do with the slowing real estate market, Mr. DeMarino said Farmingville's notoriety compounded the problem.

Hard by the Long Island Expressway, Farmingville is an unincorporated area in the Town of Brookhaven. According to the 2000 census, 8 percent of its 16,000 residents were Hispanic, up from 3 percent in 1990.

In what passes for downtown, a stretch of broad boulevard dividing the east and west sides of Farmingville, the storefronts feature an unusual number of Laundromats within a few short blocks (three), money-order vendors specializing in international transfers and inexpensive, footlocker-size luggage (two), and window advertisements in Spanish (innumerable).

Miriam Valenciano, who owns a small house behind the downtown district, was skeptical when told about the proposed name change. "You mean we'll have an upper-class Farmingville and a lower-class Farmingville," she said. "That's what it sounds like to me. I think it's a little derogatory."

Inside a variety store, a man who gave his name only as John bought large stacks of tickets from a New York State Lottery machine. "What about the taxes?" he said when asked about the Oak Hills proposal. "They start a new village, there's new taxes, right? I don't want nothing to do with it."

Advocates of the plan say residents of the new village would have to pay only a minimal amount in new taxes to cover clerical costs. Services like garbage collection, road maintenance and snow removal would probably be handled through a contract with the township, and are unlikely to significantly change most residents' tax bills.

Exact boundaries have not been determined, but the proposed village of Oak Hills — named for the oak trees that thrive in the sandy soil of this part of the island — would be a tract of land in the western half of Farmingville where homes sell for about $500,000 and up, according to local real estate agents. It would exclude houses in the eastern half that are generally valued about $100,000 less.

Many of those cheaper houses on the east side have been converted, often illegally, into makeshift apartments for the men who get picked up in trucks for construction and landscaping jobs each morning.

"I've got nothing against those people, they work hard, but I think we have a right to protect our property values," said Joseph Alfini, 53, a retired electrician who lives in the core of the proposed village. "The landlords who rent these rooms out, they cannot afford to buy houses over here. If we have our own building department, we can keep it that way."

The Rev. Alan Ramirez, a vigorous defender of the day laborers, said of the movement: "They don't need to change their name. What they need to change is their attitude of hostility toward their neighbors."

State law requires any new village to have a minimum of 500 inhabitants and a contiguous area of not more than five square miles; Oak Hills would probably have about 3,000 residents. Once petitions are signed by 20 percent of the registered voters within the proposed boundaries, a majority vote in an election referendum would establish the new village.

Farmingville's secessionists began collecting petitions last month and hope to hold an election early in the new year.

Mr. DeMarino, the leader of the campaign, was interviewed at his home the other day while a crew of three Spanish-speaking women cleaned his house. A member of the town Republican committee, he has run twice unsuccessfully for councilman in the Town of Brookhaven.

Asked whether he might like to be mayor of Oak Hills someday, Mr. DeMarino smiled and said, "I cannot entertain that notion at this time."

TAX:

Last-Minute Lawmaking By Hastert, Reid (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 16, 2006

In the wee hours of the morning Dec. 7, Senate negotiators rejected a Medicare measure pushed by outgoing House Speaker J. Dennis Hastert (R-Ill.) that would have meant big revenues for an insurance company in Hastert's home state. But a day later, the $100 million proposal was alive and well, paired with a plan for a major Nevada land swap backed by Sen. Harry M. Reid (D-Nev.), the incoming Senate majority leader.

The leaders' dealmaking went on behind the scenes during the final, frenetic hours of the 109th Congress. Hastert's provision, which would give certain Medicare beneficiaries additional time to change their health-care coverage, and Reid's plan,

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which involves more than 900 square miles of federal land, were included in a massive tax and trade measure approved by Congress shortly before its final adjournment early last Saturday morning.

Both provisions have been criticized as potentially harmful to public interests. Land-use activists complained this week that Reid's provision would sell too much of the federal land to private developers and that it circumvents land-disposal procedures. Several senior senators objected to Hastert's provision on the floor of the Senate, saying it favored one type of Medicare plan over others. Representatives of Aon Corp., an insurance company based in Hastert's home state, lobbied for the provision.

The Hastert measure "creates an unlevel playing field," said Sen. Max Baucus (D-Mont.), the incoming chairman of the Finance Committee. Sen. Charles E. Grassley (R-Iowa), the outgoing chairman of the tax-writing committee, added: "I am also disappointed in the process that led to the provision being included in the bill."

Baucus, Grassley and incoming Senate Minority Leader Mitch McConnell (R-Ky.) said they will probably attempt to strike the Medicare provision when the new Congress convenes next year.

The Hastert and Reid provisions were parts of an amendment quietly inserted in the $50 billion, 10-year tax and trade bill on a procedural vote. The huge bill was treated by lawmakers as the last legislative train out of town. Other provisions slipped in at the last minute included a $1 billion expansion of health savings accounts, a Republican-backed program that allows tax-free savings for health care, and 520 tariff suspensions worth tens of millions of dollars to U.S. corporations.

The last-minute deal involving Hastert and Reid apparently began with a phone call on the afternoon of Dec. 7 from Reid to House Ways and Means Committee Chairman Bill Thomas (R-Calif.), according to a senior Democratic Senate aide familiar with the private negotiations.

Reid asked why his land provision had not been included in the tax and trade bill. Thomas brought up the subject of Hastert's amendment and said it was his intention to add it to the bill in tandem with Reid's measure, according to the senior aide. Several people familiar with the talks -- both Democrats and Republicans -- suggested that one provision was exchanged for the other, but spokesmen for Reid and Hastert said they do not believe there was a trade.

The Hastert provision would allow certain Medicare beneficiaries -- those who receive physician and hospital benefits through the original Medicare program -- to switch their health coverage after the open-enrollment period for Medicare closes at the end of March. The provision also limits the type of plan that they can choose as an alternative: those that do not offer prescription drug coverage.

Representatives of Aon Corp. lobbied Congress for the policy. According to a listing on the Web site of the Centers for Medicare and Medicaid Services, Aon's Sterling Life Insurance Co. subsidiary is one of fewer than two dozen companies, most of them smaller, regional firms, that offer private fee-for-service plans without drug coverage -- the type of plan that the provision would benefit most.

Most organizations offer plans that combine Medicare physician, hospital and prescription drug benefits. The groups that would be aided by the provision, such as Sterling, concentrate on offering private health plans under Medicare that allow beneficiaries to get drug coverage through a different organization. The measure's cost would result from the additional Medicare patients who switch to such programs, which cost the government more money.

A Hastert spokesman said the speaker pressed for the provision to expand enrollment in Medicare plans overall. Aon officials repeatedly declined to comment.

Reid's provision would designate 900 square miles of Nevada as wilderness and would allow 70 square miles to possibly be sold to private investors. It is one of several proposals by Reid that would make large stretches of federal land in Nevada a combination of wilderness and private development. Proceeds of the land sales would go to assist local governments. Reid's Republican colleague from Nevada, Sen. John Ensign, co-sponsored the provision.

Some environmental groups approve of the land provision; one is the Campaign for America's Wilderness, which likes the way it expands wilderness designations. Other groups, such as the Seattle-based Western Lands Project, decry the loss of land to developers and the loss of revenue for the government.

"He's selling off federal land that belongs to all of us and keeping the money in Nevada," said Janine Blaeloch, director of the Western Lands Project.

Jim Manley, a spokesman for Reid, defended the provision as a way to protect wilderness areas, improve water conservation and enhance fire-prevention efforts. "The bill was the subject of numerous negotiations with stakeholders and will protect more than 500,000 acres of wild and sensitive public land as wilderness," Manley said.

CONGRESS-ADMINISTRATION:

Incoming Chairmen Ready To Investigate (WP)

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By Charles Babington

The Washington Post, December 16, 2006

Incoming Democratic committee chairmen say they will hold a series of hearings and investigations early next year to build the case for their call for a phased withdrawal of U.S. troops from Iraq and for possible action against defense contractors found to have wasted billions in federal funds.

The emerging plans to grill administration officials on the conduct of the war are part of a pledge for more aggressive congressional oversight on issues such as prewar intelligence, prisoner treatment at Abu Ghraib and Guantanamo Bay, and the government's use of warrantless wiretaps.

Among the most eager incoming chairmen is Sen. Carl M. Levin (D-Mich.), a lawyer with a professor's demeanor and a prosecutor's doggedness. As head of the Senate Armed Services Committee, Levin, 72, will be his party's point man on the Iraq war and on the Democrats' call to begin withdrawing troops in the coming months.

Levin said he also plans inquiries into "documentation of waste and fraud and abuse in the contracting areas" of the military. Aggressive oversight "is not just a budget issue," he said, but at some point "becomes a significant moral issue." In the House, Rep. John P. Murtha (D-Pa.), another leading advocate of a phased withdrawal, has vowed to use his Appropriations subcommittee chairmanship to investigate the Iraq war, holding "two hearings a day for the first three or four months . . . to find out exactly what happened and who's been responsible for these mistakes."

In committee after committee next month, the gavel will be handed by Bush allies to ardent Democrats deeply frustrated by what they see as the GOP-led Congress's refusal to conduct meaningful oversight and to hold the executive branch accountable.

Sen. Patrick J. Leahy (D-Vt.) said he will use his Judiciary Committee perch to conduct "real oversight" of the FBI and the Justice Department and to delve into "the abuse of billions of taxpayers' dollars sent as development aid to Iraq."

"I am not prepared to accept answers like 'I can't talk about it,' " Leahy said in a recent speech at Georgetown University's law school.

Levin, a sharp critic of the administration's use of prewar intelligence, will have new, substantial powers to press the White House for information and for a new direction in Iraq.

In a recent interview in his Senate office, Levin said the Senate Armed Services Committee's first priority will be to seek ways to stabilize Iraq and gradually disengage the United States from the war. But the committee will also hold retrospective hearings, he said, to determine whether administration officials manipulated intelligence before the war and whether the post-invasion provisional government abused its contracting powers and wasted huge sums of money.

"There is a responsibility from a lessons-learned perspective and an accountability perspective to fill in the blanks," said Levin, who voted against authorizing the war in 2002. "And there have been a number of blanks." Some lower-level military personnel have been held accountable for matters such as detainee mistreatment, he said, "but almost none in the intelligence community."

Having Levin replace John W. Warner (R-Va.) as chairman of the Senate Armed Services Committee will "hugely" change oversight, said Sen. John D. Rockefeller IV (D-W.Va.), a longtime colleague. Rockefeller, incoming chairman of the Senate intelligence committee, also plans more aggressive hearings.

"Oversight doesn't have to be a hostile process," Rockefeller said. But he said he and Levin are determined to overcome the administration's long-standing refusal to hand over documents concerning the White House contention in 2002 and 2003 that Saddam Hussein had weapons of mass destruction. "The public must understand that you can't do that," Rockefeller said.

Warner is not considered an administration apologist, but the committee's posture is certain to be more combative as soon as Levin assumes the chairmanship, colleagues and analysts said.

Levin "takes issues of oversight and hearings and authorization very seriously, and he guards very carefully the prerogatives of Congress," said Kurt Campbell, a former Pentagon official now with the Center for Strategic and International Studies. Levin will quiz military commanders on their advice about Iraq, Campbell said, and he will dig deeply into allegations of mismanagement and favoritism in the granting of contracts and plum jobs after the fall of Hussein.

"I think the Republicans will bristle at some of the things he wants to do," Campbell said, "because this really gets to the question of whether the previous Congress dropped the ball."

Levin plans to use his new powers in his long-running dispute with the Bush administration over the conduct of Douglas J. Feith, former undersecretary of defense for policy. Levin says Feith exaggerated the relationship between Hussein's government and al-Qaeda when the Bush administration was trying to build public support for the Iraq invasion.

The administration's repeated refusal to give Levin 58 documents related to Feith's activities is about to be tested. "We're entitled to those documents," Levin said. "If necessary, I intend to subpoena those documents."

Levin's House counterpart, incoming Armed Services Committee Chairman Ike Skelton (D-Mo.), also plans Iraq-related hearings. "His big priorities are support for our troops and their families; readiness, especially in the Army and Marine Corps;

oversight; and Afghanistan, which he feels is the forgotten war," said his spokeswoman, Loren Dealy. "His concerns have been the lack of oversight in general. He feels it has not been adequate."

Levin said Iraq's future is his top priority. The situation "has got to be solved by the Iraqis politically," he said. "There is no military solution to it."

He said the 2003 invasion obligated the United States to help post-Hussein Iraq get back on its feet. "We have carried out that obligation," Levin said. "We've been there three years plus. We've given them the opportunity."

Levin said he plans later hearings on the abuses of Iraqi detainees at the Abu Ghraib prison and the treatment of terrorism suspects at Guantanamo Bay, Cuba, and elsewhere.

Under Warner, the committee showed some interest in those topics, Levin said, "but the subpoenas haven't gone out, obviously. We may have to issue subpoenas in that area as well."

Johnson Improving (SFAL)

By Faith Bremner

Sioux Falls Argus Leader, December 16, 2006

WASHINGTON - Sen. Tim Johnson continued to make progress Friday in his recovery from a brain hemorrhage and surgery two days earlier.

The South Dakota Democrat was in critical but stable condition in the intensive care unit at George Washington University Hospital, according to his staff and doctors late Friday.

"Considering his initial presentation, his progress is encouraging," said Dr. Anthony Caputy, one of three neurosurgeons who operated on the senator Wednesday night to relieve pressure on the brain.

"He is now stabilized and continues to show signs of responsiveness to the medical staff and the family," Caputy said in the statement.

Patients with brain hemorrhages, such as the one Johnson had, typically experience post-operative brain swelling, Caputy said.

"Much like a bruise, it takes time to heal," Caputy said.

Doctors are monitoring the senator's progress with CT scans, the most recent of which was done Friday morning. That scan showed that the pressure on his brain is now normal and that there is no further bleeding, the statement said.

To prevent the risk of blood clots going to his lungs, doctors placed a special filter in a major vein Thursday night in a procedure done at his bedside. Johnson will stay in the hospital until his overall condition improves. He probably will undergo physical therapy because of weakness on his right side, the medical team said.Held his wife's hand

Johnson's wife, Barbara, said her husband was responding to her voice and following directions and that he had reached for her hand and held it. Johnson has also opened his eyes.

Johnson, a two-term Democrat, was diagnosed with congenital arteriovenous malformation (AVM), a condition that occurs when a tangle of blood vessels in the brain bypasses normal brain tissue and directly diverts blood from the arteries to the veins.

Over time, the veins can enlarge and bleed into the brain. Johnson probably was born with the condition.

His illness triggered a rash of speculation in the news media about what would happen to the Senate if Johnson were not able to serve.

The Senate is divided 51-49 in favor of the Democrats. If Johnson were to resign or die, and South Dakota's Republican governor were to appoint a Republican replacement, control of the Senate could shift to the GOP.

For the first time since Johnson was taken to the hospital Wednesday afternoon with stroke-like symptoms, his family and staff got some sleep Thursday night, said Julianne Fisher, a spokeswoman for Johnson.

Friday morning the Senate chaplain, Barry Black, incoming Majority Leader Harry Reid and former South Dakota Sen. Tom Daschle visited Johnson, Fisher said. Democratic Sens. Jack Reed of Rhode Island and Tom Carper of Delaware also stopped by.A picture of good health

South Dakotans also watched Johnson's progress closely this week.

Dan Christopherson, the mayor of Vermillion and a friend of Johnson's, said it was a shock to hear of Johnson's illness because he always appeared to be the picture of good health.

Chamberlain Lawyer Leonard Andera has known Johnson since the senator was a young man in Vermillion, and he said people in Chamberlain who know of his relationship with Johnson have asked him for updates.

"There's a lot of talk about the critical condition, but I just say, anytime they mess around with your brain, it's going to be critical for the first several hours, no matter how successful things are," Andera said.

Christopherson said: "I think if anyone can pull through this, it'd be Tim. He's a tough character."

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Surgery "Considered A Success," Senator's Office Says (WP)

By David Brown

The Washington Post, December 16, 2006

Wednesday's operation to stop bleeding in Sen. Tim Johnson's brain was "considered a success," his office said yesterday, although the few details released about his condition suggested he was not fully conscious two days after the procedure.

The statement quoted Anthony Caputy, one of the surgeons who performed the emergency surgery on Johnson (D-S.D.), as saying: "Considering his initial presentation, his progress is encouraging. He is now stabilized and continues to show signs of responsiveness to the medical staff and the family."

Johnson, 59, briefly became incoherent on Wednesday. He was rushed to George Washington University Hospital and diagnosed with an arteriovenous malformation, an unstable tangle of blood vessels in his brain. The malformation bled Wednesday night, and surgeons operated to stop the hemorrhage and remove a large clot that was pressing on his brain.

The pressure inside Johnson's brain is now normal and he has not bled further, the statement said. It noted that after events like his, the brain is often swollen.

"Much like a bruise, it takes time to heal," Caputy is quoted as saying.

Johnson's physicians also put a filter-like device in his inferior vena cava, the largest vein the body, which carries blood back to the heart from the legs, abdomen and chest. It will catch any clots that may form in his leg or pelvic veins and that could dislodge and travel to his lungs -- a potentially fatal event.

Such clots can form when a person is immobile for a long time. Normally, physicians give such patients the anticoagulant heparin to prevent clots. With Johnson's recent bleeding, however, that would be too risky.

Senator Showing Weakness After Surgery (NYT)

By Kate Zernike, Lawrence K. Altman

The New York Times, December 16, 2006

WASHINGTON, Dec. 15 — Senator Tim Johnson of South Dakota was showing weakness on his right side on Friday after surgery to relieve bleeding in his brain, his office said, and will remain in the hospital until the swelling in his brain goes down.

“The surgery was considered a success,” the office said in a statement.

Surgeons removed the blood during a procedure late Wednesday and stabilized the bleeding, the statement said, relieving the pressure on the brain.

Mr. Johnson, 59, remains in the intensive care unit at George Washington University Hospital in critical but stable condition.

“Considering his initial presentation, his progress is encouraging,” Dr. Anthony Caputy, the chairman of the hospital’s department of neurosurgery, said in the statement, adding that Mr. Johnson continues to show “signs of responsiveness” to hospital staff and his family.

Mr. Johnson, a Democrat, began to stutter Wednesday while on a conference call with reporters, then walked back to his office, aides said. After being examined by the Capitol physician, he was admitted to George Washington University Hospital with what his office called “the symptoms of a stroke.”

His illness raised the possibility that the Democrats might lose the 51-to-49 majority they are expecting to assume in the Senate that convenes in early January.

Doctors said the bleeding was caused by a rare tangling of the blood vessels in the brain, known as a congenital arteriovenous malformation. It affects about 300,000 Americans, but only in about one in 10 cases is there bleeding. About half of those with bleeding end up with almost imperceptible damage, doctors say, and about 10 percent to 20 percent suffer damage so severe they cannot function as they did before the bleeding.

Mr. Johnson’s doctors said the post-operative swelling of his brain was normal. They had done a CT scan of the brain Friday morning, they said, and it showed no further bleeding, but they said they would continue to monitor this for several days.

Mr. Johnson, who is right-handed, experienced significant weakness on the right side of his body from the stroke and will need long-term physical therapy to regain the function of his arm and leg, his office said.

Even if his condition improves rapidly, he may need such therapy to help regain the ability to walk, write, dress and get in and out of a car.

The right-sided weakness most likely indicates that the bleeding occurred in the left side of Mr. Johnson’s brain, doctors not connected with his case said.

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Right-handed people like Mr. Johnson who suffer bleeding on the left side of the brain do less well on average than left-handed people, said Dr. David J. Langer, a neurosurgeon in New York City.

Mr. Johnson's initial symptom from the stroke was apparently the speech difficulty he experienced while talking with reporters on Wednesday. Mr. Johnson is sedated, as is standard in care for his type of illness. If the speech difficulty continues after the sedation is lightened, Mr. Johnson may need speech rehabilitation, the statement indicated.

Mr. Johnson may also need further brain surgery because while the surgeons removed the blood that leaked from the malformation, they did not repair the malformation, according to the statement.

Senator Is Showing Signs Of Recovery (LAT)

By Noam N. Levey

The Los Angeles Times, December 16, 2006

WASHINGTON — Democratic Sen. Tim Johnson, whose emergency brain surgery this week raised the prospect of a shift in power in the Senate, showed signs of recovery Friday, his office said.

Considering the seriousness of the medical problem found in Johnson's brain, "his progress is encouraging," Dr. Anthony Caputy said in a statement released by the lawmaker's staff.

Caputy was a member of the team that operated on the 59-year-old South Dakotan on Wednesday night.

Johnson was experiencing post-surgery swelling in his brain, but that was considered routine. "Much like a bruise, it takes time to heal," Caputy said.

With Democrats having captured a 51-49 majority in the Senate that convenes in January, Johnson's condition has riveted Washington's political community.

Should Johnson die or resign from office, South Dakota's Republican governor has the authority to replace him. If he chose a Republican as a replacement, the Senate would be knotted at 50-50. Vice President Dick Cheney, the Senate's presiding officer, would break the tie, returning the chamber to Republican control. But news of Johnson's increasing alertness substantially quelled such speculation.

After becoming disoriented Wednesday, Johnson was rushed to George Washington University Hospital, where doctors performed emergency surgery to relieve bleeding in his head stemming from the congenital defect arteriovenous malformation.

AVM, as the condition is called, can lead to speech problems, paralysis or, in rare cases, death.

A CT scan performed on Johnson early Friday showed "that the pressure has been relieved from his brain, and there is no further bleeding," Dr. Vivek Deshmukh, the lead surgeon, said in the statement from the senator's office. "Currently, his brain pressures are normal," Deshmukh said.

Johnson's office has not disclosed the precise location of the tangle of arteries and veins that caused the bleeding, a critical factor in determining what kind of long-term effects he may suffer.

Johnson was complaining of weakness on his right side when he arrived at the hospital. Doctors said they anticipated that physical therapy would be part of his recovery process.

Democrats Arrive At The Heart Of The Matter (NYT)

By Thomas B. Edsall

The New York Times, December 16, 2006

Washington

The Democrats are positioned to make a down payment to the voters who gave them majority control of the House and the Senate. Their ability to pay in full is another question.

House Democrats, more than their Senate colleagues, can set certain partisan markers: a minimum-wage hike, ethics reform, reduced student loan interest rates and changes in labor law, which will make union organizing less difficult.

As the majority, Democratic leaders and committee chairs can focus public attention on job, pension and health care security issues; publicize evidence of decreased mobility on the economic ladder; and spotlight the growing vulnerability of middle-income families to sharp and sudden downward financial swings.

The threat to the middle class is real. "I won by almost 13 points, with almost no newspaper endorsements, against an incumbent who had given out $1 billion in projects," says Sherrod Brown, a new senator for Ohio. "It was because of the strength of our message about the middle class."

So much for the down payment. After that, the going for the Democrats gets tougher. They will encounter two roadblocks: Republican chokeholds on federal spending, meant to "starve the beast" by radically depleting coffers, and intense internal Democratic policy conflicts.

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Democrats on the House Budget and Appropriations Committees released a report early this month, titled The Republican Legacy, which describes the spending restrictions confronting them. The 110th Congress "will face a fiscal challenge of historic proportions. The cost of the Iraq war, coupled with the growing price tag of tax cuts passed over the previous six years, have left the nation deeper in debt than ever." (Since 2002, Congress has appropriated $379 billion for the Iraq war.)

One solution, raising taxes, is widely seen as a third rail for Democrats. "We are not talking about that now," said a spokesman for the incoming speaker, Nancy Pelosi.

The intraparty conflict pits its business and labor wings against each other on policies dealing with the international marketplace. Should lawmakers encourage the flow of cheap goods from China to stock the shelves of Wal-Mart, benefiting American shoppers, many of whom are low income? Or should policy be designed to protect American jobs and wages by raising trade barriers?

This split is profound. Barney Frank — echoing a large swath of his party — contends that this nation's "enormous economic power" could be used to stem the hemorrhage of services and production overseas. Trade agreements could be made contingent upon rules requiring that China and other countries abide by environmental and labor standards. "People greatly exaggerate the value of a cheap T-shirt," Frank says, upholding the position of organized labor and dismissing the argument that such goals are unattainable and unenforceable.

A leading Democratic proponent of free trade, who does not want to publicly engage the topic yet, has a counterargument, that China is moving full speed ahead, that "you cannot put labor provisions into a trade agreement with China. They'll walk away." That globalization is inexorable. That "we are either going to be inside the net or outside the net." That America needs to deal with dislocation effects and negative distribution consequences. He points out that Midwestern law firms are outsourcing research to India, that the U.S. needs a better education system, that Korea has a national broadband infrastructure, that Shanghai and Beijing airports are more modern than J.F.K., that key military agencies no longer support basic research.

He argues that chemical plants need security and that America needs universal health coverage. "There's a lot we can do to make it better," he says, like locating businesses in the U.S. in clusters around universities, and locating production closer to centers of "intellectual ferment." He is firm on one point: "We need to get back on track fiscally. We have to have higher revenue. Business is not supporting taxes. They rail against government spending. We don't have the means to pay for what we need."

This conflict goes to the heart of Democratic struggles to develop a credible economic policy. The Democrats have a two-year window in which to confront their internal schisms and to present a stronger face to the electorate in 2008.

OTHER NEWS:

Violence Builds Between Palestinian Factions (WP)

By Scott Wilson

The Washington Post, December 16, 2006

JERUSALEM, Dec. 15 -- Rival Palestinian factions exchanged gunfire Friday in the West Bank and Gaza Strip, leaving more than 30 people wounded, as leaders from both parties warned of an escalation that could push the territories toward a deeper conflict.

The secular Fatah and Islamic Hamas movements, each with an armed wing, have been engaged in a political struggle for much of the year, but the latest unrest has been more brazen and regular than previous confrontations.

The day began with leaders of the governing Hamas movement accusing an influential Fatah lawmaker, Mohammed Dahlan, of orchestrating an outbreak of shooting at a border crossing the previous evening as Prime Minister Ismail Haniyeh's convoy passed. The gunfire killed Haniyeh's bodyguard and wounded his son and a political adviser, among others.

"We joined this movement in order to be martyrs, not ministers," Haniyeh told tens of thousands of Hamas supporters gathered in Gaza City's Yarmouk Stadium for a rally celebrating the radical Islamic movement's 19th anniversary. "The Palestinian government will not remain with its hands tied in light of what happened."

Hours earlier, Hamas spokesman Ismail Radwan told reporters in Gaza that Dahlan "bears direct responsibility for the assassination attempt" against Haniyeh, who had been returning from an overseas trip cut short because of rising partisan violence in the territories.

The accusation came at the end of a week of partisan reprisals in Gaza, set off by the fatal shooting Monday of a Fatah-affiliated intelligence officer's three young sons. Fatah officials accused Hamas of carrying out the shooting. Hamas officials denied any involvement.

Leaders of the two parties have been negotiating for months to form a new power-sharing government acceptable to foreign donors, who cut off economic aid to the Palestinian Authority following Hamas's victory in January legislative elections.

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Hamas has refused to recognize Israel's right to exist -- a key condition for the restoration of aid -- and is classified as a terrorist organization by the United States, the European Union and Israel.

The unity-government talks have recently broken down. Palestinian Authority President Mahmoud Abbas, a Fatah leader, signaled last week that he may call new general elections in hopes of resolving the crisis. He is scheduled to give a national address Saturday outlining his plans. The Hamas cabinet announced Friday that it would boycott the speech.

Hamas officials have said they will not accept new elections less than a year into their four-year term, and it is unclear whether Abbas has the legal authority to call for the vote. But Abbas has been reluctant to fire Haniyeh, which he has the power to do, for fear of exacerbating partisan tensions.

Fatah officials reacted angrily to Radwan's accusation, which preceded gunfights in Gaza City and in the West Bank city of Ramallah.

Dahlan headed the Preventive Security Service in the 1990s during a crackdown on Hamas activists in the Gaza Strip. He is a powerful figure in Gaza and has many followers in the security services.

In an interview with the satellite channel al-Arabiya, Dahlan, who is also an Abbas confidant, said the accusations "are not worth answering."

Early Friday, Hamas activists rallied in the streets of Gaza for demonstrations marking the anniversary celebration. A Hamas-dominated security force had deployed across the city.

But gunfire broke out around the marchers, possibly from Fatah loyalists in the area. The shooting lasted several minutes, witnesses said, but there were no reports of casualties.

Around the same time, members of the Fatah-controlled security services in Ramallah moved against a Hamas anniversary march with clubs and shields, witnesses there said. Gunfire broke out soon after. Hospital officials said more than 30 people were wounded, most if not all of them from Hamas.

"What we are seeing is the beginning of an ugly civil war," Fatah lawmaker Saeb Erekat told reporters in Ramallah. He said Fatah would hold Hamas responsible for any attempt to harm Dahlan.

Palestinian Factional Strife Escalates Into Gunfights Between Fatah And Hamas (NYT)

By Greg Myre

The New York Times, December 16, 2006

JERUSALEM, Dec. 15 — The Palestinians seemed to edge toward open civil conflict on Friday as Hamas, the faction that controls the government, accused its rival, Fatah, of trying to assassinate the prime minister. Gunmen from the two factions clashed in the streets, wounding at least 30 men.

Fatah denied that it had tried to kill the prime minister, Ismail Haniya. But the accusation and shooting raised the stakes in the bitter confrontation between Fatah, the faction that is led by the Palestinian Authority president, Mahmoud Abbas, and controls branches of the security forces, and Hamas, the radical Islamic group in charge of most of the government.

“What a war, Mahmoud Abbas, you are launching, first against God and then against Hamas,” a Hamas leader, Khalil al-Hayya, told tens of thousands of Hamas supporters at a rally at a sports stadium in Gaza City.

Hamas staged rallies in the Gaza Strip and the West Bank to mark the 19th anniversary of its founding. The injuries occurred outside a mosque in Ramallah, in the West Bank.

In recent years Palestinian factions have periodically battled one another, but they have always stopped short of all-out confrontation. The violence and the heated oratory in recent days, though, have increased talk about such a confrontation, or even the possibility of a Palestinian civil war.

The clashes on Friday came on the eve of an important speech by Mr. Abbas, who was expected on Saturday to spell out his plan for ending months of political deadlock. Hamas said it would boycott the speech, to be delivered in Ramallah.

Friday’s events were an extension of a strange episode on Thursday, when Israel demanded the closing of the border between Egypt and the Gaza Strip to stop Mr. Haniya from returning to Gaza with tens of millions of dollars in cash after a tour of the Middle East.

Hamas officials have been secretly taking suitcases of cash into Gaza because Israel, the United States and the European Union have cut off the flow of money to the Palestinian government since Hamas came to power, saying it is a terrorist group.

On Friday, Secretary of State Condoleezza Rice said in an interview with [a news organization] that she planned to request tens of millions of dollars from Congress to help Mr. Abbas’s security forces.

The border standoff, which lasted seven hours, quickly turned into an internal Palestinian battle. Hamas gunmen stormed the Rafah border terminal in southern Gaza to support Mr. Haniya, who was stranded on the Egyptian side. The Hamas gunmen first clashed with the Palestinian security forces, who are loyal to Mr. Abbas. Later they battled Egyptian security forces on the other side of the frontier.

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Mr. Haniya was eventually allowed to enter Gaza after leaving the money with Hamas officials who stayed behind in Egypt. As Mr. Haniya was leaving the border area in the back of a pickup truck, his convoy came under fire. In the truck, one bodyguard was killed and one of Mr. Haniya's sons and one of his political advisers were wounded.

At a news conference in Gaza City, Hamas alleged that Muhammad Dahlan, a powerful Fatah member of parliament and a former security chief in Gaza, was behind the shooting. "Muhammad Dahlan bears the direct responsibility for the assassination attempt which targeted the prime minister," said Ismail Radwan, a Hamas spokesman.

Mr. Dahlan already had an extremely tense relationship with Hamas. He was responsible for crackdowns against the group when he was in charge of the preventive security force in Gaza in the 1990s. Mr. Dahlan is from Gaza, the Hamas stronghold, but now spends much of his time in the West Bank.

He rejected the charge. "Hamas's allegations are simply a means of masking its failures towards the Palestinian people," Mr. Dahlan said. "The Hamas government is fully responsible for yesterday's events."

In Gaza City, Hamas gunmen waged a brief battle with security forces aligned with Fatah near Mr. Dahlan's home. No injuries were reported.

In his speech at the Hamas rally in Gaza City, Mr. Haniya described the shooting a day earlier. "When my convoy started moving there was fire from all over," he said. "The youths formed a human shield around me. Then this martyr fell directly next to me," a reference to his slain bodyguard.

Mr. Haniya said his government had the names of those involved, but he did not divulge them, and did not blame Fatah or any other group by name. "We are going to give these names to the minister of interior and we are going to implement the law," Mr. Haniya said.

In his remarks, Mr. Haniya said Hamas's achievements since its founding in 1987 included two uprisings against Israel and the withdrawal of Israeli soldiers and settlers from the Gaza Strip.

While he also noted Hamas's political successes in winning parliamentary elections and heading the government, he suggested that those were less important. "We have joined this movement to become martyrs and not ministers," he said, referring to the willingness of many Hamas members to die for their cause.

Friday's violence centered on Ramallah, where Hamas supporters tried to march to the city center following midday prayers at one of the main mosques. Security force members aligned with Fatah used batons to beat and push back demonstrators.

The security forces also fired into the air, and later into the crowd, according to witnesses. Hamas supporters threw stones and bottles. Several of the wounded suffered gunshot wounds.

The Hamas-Fatah tensions, and other internal Palestinian disputes, have been growing worse for months, and this week appeared to mark a new low, with several deadly shootings.

In an attack that outraged Palestinians, unidentified gunmen shot to death three brothers, ages 3 to 9, as they were being driven to school on Monday. The boys were the sons of a Fatah member, Baha Balousha, who holds a senior post in the security forces.

Mr. Abbas, meanwhile, faces the difficult task of trying to resolve the political standoff at a time of almost daily internal violence. After months of negotiations between Hamas and Fatah on a national unity government, he said recently that the talks had reached a dead end.

Aides to Mr. Abbas say the president has been considering a range of options. The Palestinian Basic Law, which effectively serves as a constitution, does not say exactly how such a political crisis may be resolved. One possibility, according to aides, is that Mr. Abbas could call a referendum on whether the Palestinians should hold new presidential and parliamentary elections.

The president has the power to dismiss the current Hamas government, but a new government would need approval by the parliament, which is dominated by Hamas. Mr. Abbas might call for new parliamentary elections, but Hamas says he does not have the power to do so.

Mr. Hayya, the Hamas leader who spoke at the Gaza City rally, said his faction would not accept a referendum or new elections. Hamas won parliamentary elections in January, and the parliament is supposed to sit for four years.

Hamas, Fatah Intensify Clashes (WT)

By Joshua Mitnick

The Washington Times, December 16, 2006

TEL AVIV -- Armed clashes intensified between rival Palestinian factions yesterday as Hamas accused Fatah fighters loyal to President Mahmoud Abbas of fomenting civil war and trying to assassinate Hamas Prime Minister Ismail Haniyeh at a Gaza border station Thursday night.

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The latest violence threatened to undermine months of talks on a unity government between the Islamist Hamas party and Mr. Abbas' once-dominant Fatah to end a deadly power struggle within the Palestinian territories.

Security officers and Fatah militia men fired into a crowd of demonstrators carrying green Hamas banners through central Ramallah yesterday, wounding at least 31.

"What a war, Mahmoud Abbas, you are launching, first against God, and then against Hamas," said Hamas' parliamentary faction leader Khalil al-Hayya before a crowd of 100,000 Hamas supporters gathered at a Gaza rally.

Earlier in the day, Hamas spokesman Ismail Radwan accused Fatah strongman Mohammed Dahlan of attempting to assassinate Mr. Haniyeh as he returned to the Gaza Strip from a fundraising trip abroad. Fatah spokesmen denied the charges.

The spike in tensions came just a day before Mr. Abbas is scheduled to deliver a major speech that's expected to rebuke the Hamas-led Cabinet and raise the possibility of new elections.

"The Hamas movement bears full responsibility for any injury to a Palestinian citizen, Dahlan or others," said Saeb Erekat, a Palestinian negotiator who is an aide to Mr. Abbas.

The Hamas prime minister was delayed on the Egyptian side of the Rafah crossing point Thursday. Israel had shut the border to block Mr. Haniyeh from carrying tens of millions of dollars into the Gaza Strip. After about seven hours, Mr. Haniyeh was allowed to cross the border, but was forced to leave the money behind in Egypt.

On the Palestinian side of the border, Hamas gunmen forced their way past Mr. Abbas' presidential guard, which maintains security at the crossing, and shot up security cameras and computers in the terminal.

Once Mr. Haniyeh had emerged on the Palestinian side of the border terminal, his entourage came under a hail of gunfire that killed a bodyguard and wounded his son and his chief political adviser, Ahmed Yousef.

Addressing the Gaza rally of supporters yesterday, Mr. Haniyeh said the takeover of the border crossing by Hamas gunmen "signals the beginning of the rebellion to protect our honor and sovereignty. Foreign elements are deciding who comes in and who goes out." The prime minister added that Hamas joined the government to become "martyrs," not Cabinet ministers.

A U.S.-brokered agreement on the Rafah border station gives both Israel and monitors from the European Union the right to close the crossing on a temporary basis. But officers from Mr. Abbas' presidential guard are responsible for security -- a fact noted by Hamas officials who accused Fatah of an assassination attempt.

The clashes were just the latest developments in a week of Hamas-Fatah turmoil.

On Monday, three children under the age of 9 were killed in Gaza City in an apparent assassination attempt on their father, a Fatah loyalist and a top officer in the Palestinian military intelligence service. Two days later, a leader of Hamas' military wing was assassinated outside a court building in the southern Gaza town of Khan Younis.

Since coming to power in parliamentary elections in March, the Hamas government, which refuses to recognize Israel's right to exist, has faced a U.S.-backed international aid boycott that has left the government nearly bankrupt.

Mr. Haniyeh was just returning from a two-week trip abroad during which he got pledges of $250 million from Iran. Hamas' reign has been accompanied by steadily increasing chaos, especially in Gaza.

The prospect of Hamas breaking the boycott and strengthening its military wing is a cause for concern in Israel, the United States and allies in the region.

Tensions Rise Among Palestinians (LAT)

By Ken Ellingwood

The Los Angeles Times, December 16, 2006

JERUSALEM — Hamas officials Friday accused the rival Fatah party of trying to assassinate Palestinian Authority Prime Minister Ismail Haniyeh during a burst of gunfire a night earlier, as fresh clashes injured more than 30 people in the West Bank and raised worries on both sides of a slide toward wider violence.

Amid rising tensions, the ruling Hamas movement deployed members of a special security force around a Gaza stadium as tens of thousands of supporters gathered to mark the anniversary of the radical Islamist group's founding in 1987. Before the event, rival gunmen in Gaza briefly exchanged gunfire but no one was hurt.

In the West Bank city of Ramallah, Palestinian riot police, armed with rifles and clubs, fired into the air and clashed with Hamas demonstrators who marched through downtown. The incident, during which at least 12 people were shot and others were beaten, followed a string of flare-ups this week that prompted both sides to warn of civil war.

The clashes and the accusations of an assassination attempt aimed at Haniyeh raised tensions as Palestinian Authority President Mahmoud Abbas is scheduled to make a speech today about the worsening political deadlock.

But it remains unclear how Abbas, who belongs to Fatah, plans to resolve the impasse. Early elections, as urged by some in Fatah, would be seen by the elected Hamas government as tantamount to a coup attempt and could ignite worse violence.

In remarks to Hamas supporters Friday, Haniyeh appealed for unity among the Palestinian factions.

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Hamas' allegations against Fatah marked a new level in the bitter war of words between the two groups, which have been locked in a struggle for power since Hamas won parliamentary elections in January.

Some Hamas officials charged that Mohammed Dahlan, a Fatah lawmaker and former security chief who holds sway over thousands of armed officers in Gaza, was to blame when Haniyeh's convoy was fired upon Thursday as the prime minister returned from Egypt. Dahlan oversees the Palestinian end of the U.S.-brokered agreement last year that sought to improve the flow of people and goods through Gaza's border crossings.

Ismail Radwan, a Hamas spokesman, called the shooting "an attempt at assassination" orchestrated by Dahlan.

Dahlan, who is considered close to Abbas and seen by some as a possible future Palestinian leader, denied the accusations and blamed Hamas for the disorder at the border crossing.

"Hamas' allegations are simply a means of masking its failures toward the Palestinian people," Dahlan said in a statement.

A bodyguard was killed and Haniyeh's son and a top political advisor were slightly injured during the incident.

Dozens of Palestinian militants stormed the border terminal and opened fire after Israel closed the crossing to block Haniyeh from returning with suitcases that held $35 million. The money was donations to the Palestinians that Israeli officials said was destined for use in terrorism. The Palestinian leader later was allowed to enter Gaza without the money, which was left in Egypt.

Abbas' Presidential Guard, which is responsible for security at the border crossing, denied targeting Haniyeh. The scene at the border terminal was described as pandemonium, with militants firing weapons and smashing windows, computers and other equipment.

Saeb Erekat, an Abbas aide and chief Palestinian negotiator, said that the allegations against Dahlan amounted to a death threat. Abbas on Friday ordered an investigation of the incident.

Abbas' aides have been saying for more than two weeks that he would address the fraying political situation. Erekat said Abbas would proceed despite tensions heightened by recent violence, including the fatal shootings in Gaza this week of three boys, all younger than 10, who were the sons of a Fatah intelligence official.

Abbas has said his attempts to reach agreement with Hamas on a power-sharing arrangement have hit a dead end. Aides said last week he was leaning toward calling early elections for parliament and the presidency.

But Hamas says Abbas lacks authority to call new elections for parliament, where it holds a majority of seats and therefore could veto a replacement government should Abbas sack the Hamas Cabinet. Hamas leaders say they would vigorously resist new elections.

Going to early elections would represent an act of desperation and a huge gamble for Abbas, who is viewed almost universally as a weak leader and vulnerable to being toppled by Hamas at the polls. A loss would leave Israel and the West with no one on the Palestinian side with whom to do business, because they consider Hamas a terrorist group and refuse to deal with it.

Abbas might well settle for a less-drastic step, such as urging new talks on a unity government while threatening elections if they fail. Or he could ask voters to decide whether to hold early elections.

Months of factional negotiations proved fruitless, mainly because of Hamas' refusal to recognize Israel, renounce violence and abide by past agreements between Israel and the Palestinians.

Hamas is under pressure to meet those three conditions to end the months-old embargo on aid from the West. The aid cutoff, along with Israel's decision to withhold about $50 million monthly in tax revenue and customs duties, has been a blow to the Palestinian economy and left the government unable to fully pay its 165,000 employees.

Hamas Says Abbas Seeks War (FT)

By Sharmila Devi

Financial Times, December 16, 2006

Security forces loyal to President Mahmoud Abbas of Fatah fired on a Hamas rally in the West Bank on Friday and firefights erupted between the rivals in Gaza, pushing the Palestinians closer to civil war.

“What a war Mahmoud Abbas you are launching, first against God, and then against Hamas,” senior Hamas leader Khalil al-Hayya told a Gaza City rally of 100,000 Hamas supporters, who fired their guns in the air and chanted “God is Greatest”.

At least 32 Hamas supporters in the West Bank city of Ramallah were wounded by gunfire from Abbas’s forces, hospital officials said. Several were in critical condition.

On Thursday Israel prevented Ismail Haniyeh, the Palestinian prime minister, from returning to Gaza in order to stop him bringing in cash possibly donated by Iran.

Reports said Mr Haniyeh, from the Hamas movement, was carrying $35m (€26.5m, £17.8m) in cash, believed to be part of the $350m he raised during a regional tour that took in Iran, Syria and Qatar. He was later allowed entry, but without the cash.

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However, anger spilt over into violence following the order to close the Rafah terminal on the Gaza-Egypt border, given by Amir Peretz, Israeli defence minister.

The closure prompted about 2,000 Hamas supporters to storm the terminal where they had a gun battle with guards. Others used explosives to blow a gap in the concrete wall dividing Gaza and Egypt.

Mushir al-Masri, a Hamas legislator, said the closure "could lead the region to an explosion and the Zionist enemy and its allies will bear the responsibility for the consequences".

The European Union monitoring team at Rafah said its 16 staff were evacuated and safe.

Hamas members have carried about $80m in cash into Gaza since March, when the west imposed an aid boycott aimed at bringing down the Islamic movement but which has increased poverty across the occupied territories.

The clashes at Rafah came as Hamas supporters threatened to defy any call for new elections that Fatah's Mahmoud Abbas, Palestinian Authority president, may make in a speech tomorrow.

Months of negotiations between Fatah and Hamas for a national unity government have foundered, along with hopes for an easing of the western boycott. But Hamas and independent analysts say Mr Abbas has no legal authority to call early elections.

Mr Haniyeh cut short his trip abroad to deal with the internal turmoil. Hamas to-day plans to celebrate the 19th anniversary of its foundation with marches and demonstrations in Gaza.

There were clashes in Gaza and the West Bank this week after Fatah blamed Hamas for the shooting dead on Monday of three young boys who were the sons of an intelligence official loyal to Mr Abbas.

Hamas, Fatah Clash In Deepening Violence (AP)

By Ibrahim Barzak, Associated Press Writer

AP, December 16, 2006

Gunmen allied with Hamas and Fatah clashed at a West Bank mosque and in Gaza Strip streets on Friday, as violence spread to areas of the Palestinian territories normally untouched by factional strife.

Hamas accused a Fatah leader of orchestrating the previous day's attack on Prime Minister Ismail Haniyeh — and a Hamas politician appeared to call for the Fatah strongman's assassination. Leaders of both groups have warned that the violence threatens to degenerate into civil war.

The clashes in Gaza City and the West Bank town of Ramallah marred celebrations Friday marking the 19th anniversary of Hamas' founding. However, the Islamic militant group pushed ahead with its rallies, and about 70,000 loyalists gathered at a stadium in Gaza City, cheering wildly, sobbing and firing in the air when Haniyeh arrived flanked by more than 50 armed bodyguards.

"We joined this movement to become martyrs, not ministers," Haniyeh declared in a fiery speech, referring to Hamas loyalists' willingness to die for the Islamic cause.

He then left for an emergency session of the Hamas-led Cabinet, called to discuss the escalating unrest.

The fighting Friday in the normally peaceful city of Ramallah began when Hamas supporters tried to march toward the town center, where Fatah-allied police had deployed to prevent a planned Hamas celebration.

Police formed a cordon around a Hamas mosque to prevent those inside from marching, then beat them with clubs and fired their rifles in the air when the activists tried to leave. The marchers fought back, throwing stones and bottles at the police, some of whom fired into the crowd.

Thirty-two people were wounded by stones and gunfire, hospital officials said.

In Gaza City, masked Hamas gunmen waged battle with Fatah-allied police near a security post.

The showdown, a block from the home of Mohammed Dahlan, broke out shortly after Hamas accused the Fatah strongman of orchestrating the attack on Haniyeh on Thursday at the Gaza-Egypt border terminal.

The latest round of fighting erupted Monday with a drive-by shooting that killed the three young sons of a Fatah security official and continued Wednesday with the gangland-style execution of a Hamas judge.

On Thursday, Haniyeh rushed home from a trip abroad to try to quell the violence.

But Israel ordered the Rafah crossing closed to keep Haniyeh from bringing in an estimated $35 million he had collected abroad to help alleviate the Palestinian financial crisis. Israeli officials said Haniyeh could return to Gaza without the money, which it said was to be used for terror attacks. Maria Telleria, spokeswoman for European monitors at the crossing, said Haniyeh left the funds in Egypt.

Israeli Deputy Defense Minister Ephraim Sneh told Israel's Army Radio that government officials made the right decision not to let Haniyeh bring the money into Gaza, adding that if Haniyeh had been killed, "I wouldn't put up a mourning tent."

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While Haniyeh was delayed at the crossing, angry Hamas militants stormed the border terminal and fought with security forces stationed there who are loyal to President Mahmoud Abbas, Fatah's leader.

When Haniyeh finally crossed, unidentified men began firing toward him. One of his bodyguards was killed and his son and 26 others were wounded.

At the bodyguard's funeral, Khalil al-Hayeh, head of the Hamas bloc in parliament, told mourners that Dahlan was trying to instigate a coup against the government and appeared to call for his assassination.

Al-Hayeh exhorted the crowd to "get us the plotters of the coup."

"We will, we will," the crowd replied.

Dahlan said the allegations were an attempt by Hamas leaders "to mask their sweeping failure to manage Palestinian political and social life."

Various other Hamas officials accused Palestinian collaborators with Israel, Abbas and the U.S. of involvement in the shooting.

The violence came amid a political deadlock between Abbas and the Hamas-led Cabinet and parliament following failed efforts to form a unity government. Abbas hoped such a government would end crippling international economic sanctions imposed on the Palestinian Authority after Hamas won January elections.

Hamas, responsible for dozens of deadly suicide bombings in Israel, is listed as a terror group by the U.S. and European Union.

Abbas, a relative moderate, was to address the Palestinians on Saturday on his plans for ending the impasse and was expected to threaten early elections. A call for new elections, which Hamas says is illegal, would likely further inflame the situation.

US To Beef Up Lebanese Army Amid Crisis (AFP)

AFP, December 16, 2006

US Secretary of State Condoleezza Rice said Washington was considering a financial package to beef up the military of Lebanese Prime Minister Fuad Siniora, who has expressed fears of an attempted Syrian-backed coup.

"We are still working out the details of what we can do to support the army," Rice said in an interview published in The Washington Post Friday.

In addition, she said, the Bush administration needed to have consultations with Congress over the package.

"But we have wanted very much to support the reform of the Lebanese armed forces, the reequipping of the Lebanese armed forces," Rice said as supporters of the Syrian-backed Shiite militant group Hezbollah and its Christian allies continued mass demonstrations in Beirut against Siniora's Western-backed government.

Syria was the powerbroker in Lebanon for nearly three decades. It was forced to withdraw its troops from Lebanon last year amid a public outcry over the murder of former premier Rafiq Hariri, widely blamed on Syria, a charge Damascus denies.

Lebanon's pro-Syrian political opposition now wants to bring down Siniora's government over demands for greater power sharing, seen by the government as a ploy to reassert Syrian influence in the country.

The United States and European Union have warned Iran and Syria against meddling in the affairs of their neighbors.

"It's not just the package that we would put forward, but it's also the package that I think others are prepared to, including the mainstream Arab states are prepared to contribute to," Rice said.

"Because ultimately that's one of the most important things that you can do is to strengthen the Lebanese armed forces probably not to replace the United Nations forces for some time, but to be more capable themselves of defending the country and providing a stable platform," she said.

She said she could not give details of the aid package.

The United Nations Interim Force in Lebanon (UNIFIL) is deployed near the border with Israel, tasked with backing up the Lebanese army under a UN accord which ended hostilities between Israel and Hezbollah on August 14.

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Miller, Charles S

From: Miller, Charles S
Sent: Monday, December 18, 2006 10:39 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 12/18/06 Civil Division News

Cubans Freed After Second Keys Landing

Immigrants sue government to get green cards faster: Immigration: Overload of requests for employment visas after 9/11 causes massive delays

Shiite Muslin couple settles suit with NIOSH

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Editorial: U.S. should put up or shut up on Arar

AP

December 17, 2006

Cubans Freed After Second Keys Landing

By LAURA WIDES-MUNOZ

Associated Press Writer

MIAMI_A group of Cuban refugees was released Saturday, a day after landing, some for the second time in a year, at a derelict bridge in the Florida Keys that authorities initially said wasn't U.S. soil.

Among them was 14-year-old Osniel Hernandez, who headed to the home of his mother, Mariela Conesa, in the Miami suburb of Hialeah. They hadn't seen each other since she boarded a homemade raft in 1998.

"I feel happy, very happy because I finally get to be with my mother," a shy Osniel said Saturday after spending the morning at his mother's apartment in the Miami suburb of Hialeah.

The boy, his father and 14 other Cuban immigrants arrived in the Florida Keys early Friday in a makeshift boat.

In January, the boy and his father, Marino Hernandez, were among 15 immigrants who were sent back to Cuba because U.S. officials said the abandoned bridge they'd reached didn't count as American soil.

Under the U.S. government's wet-foot, dry-foot policy, Cuban immigrants picked up at sea are sent back to the island, while those who touch U.S\l "l". soil are generally allowed to stay.

Conesa and other relatives sued, and a federal judge ruled against the Department of Homeland Security's decision. Officials agreed to provide the group visas, but by then Osniel and the others were back home and the Cuban government said it wouldn't allow them to leave for four more years.

Among the group to return was Tomas Perdomo, 43, a Cuban dissident with the Independent Movement for an Alternative Option. He said he'd tried to explain to U.S. authorities about his political activities in January, but his efforts were in vain.

Conesa said never imagined it would take so long to be reunited with her son.

In 1998, Conesa and Hernandez had separated amicably and she'd planned to take Osniel _ then 6 years old _ with her on the raft she and a dozen others had built, but at the last minute the organizers said no children would be allowed on the voyage.

"I cried all the way from my house to the beach," Conesa recently recalled. "I didn't want to go. I didn't want to leave my son."

Conesa recalled the night last January when Osniel reached the abandoned Old Seven Mile Bridge and spoke to her by cell phone.

"He got on the phone and said, 'Don't cry, Mama. I'm OK.' That's when I realized he had grown up."

After that call, she waited until dawn to drive to the bridge, but by then the group had been picked up by the Coast Guard.

END

Daily Oklahoman

December 18, 2006

Immigrants sue government to get green cards faster: Immigration: Overload of requests for employment visas after 9/11 causes massive delays

Judy Gibbs Robinson

The Daily Oklahoman

Desperation drove Chao Li to sue the U.S. government this fall.

For more than two years, the Chinese doctor had been waiting to become a legal permanent resident of the United States. Until he got his green card, he could not apply for grants -- vital to his career as a researcher at the University of Oklahoma Health Sciences Center. Changing jobs was out of the question under terms of his employment-based visa.

Every time Li called to check on the delay, U.S. Citizenship and Immigration Services officials said they were waiting for an FBI name check.

"I was so desperate. I had no idea what to do," Li said.

The Internet provided the answer. On Web sites run by and for immigrants, Li learned how to file a lawsuit that might expedite his application. He downloaded a form, and in the space above the word "defendant," he carefully printed "Michael Chertoff," secretary of the U.S. Department of Homeland Security.

Li filed the suit Sept. 29. A month later, he had his green card.

Faced with long waits caused by a backlog of applications, more and more immigrants are following Li's path, using the courts to nudge U.S. Citizenship and Immigration Services, a unit of Homeland Security, to process stalled requests. In U.S. District Court for the Western District of Oklahoma alone, at least 30 cases against Chertoff were filed in 2006, including Li's, court records show.

Such lawsuits seek what is called a "writ of mandamus" -- a court order requiring a government\l "l" agency or official to perform a duty, in this case, to process an application. The order does not require a favorable outcome for the immigrant -- only that he gets an answer one way or the other.

T. Douglas Stump, a national board member for the American Immigration Lawyers Association, has filed 18 such cases in Oklahoma, mostly for highly skilled medical researchers.

"Every case to date has resulted in action: Either they've been granted green cards or naturalization," Stump said.

Background checks

U.S. Citizenship and Immigration Services are blamed for delays in processing immigration applications. But local immigration lawyers say the fault usually is with the FBI, which conducts security checks on every would-be immigrant to weed out criminals, drug traffickers and people with links to terrorism.

The requirement, introduced after Sept. 11, 2001, nearly doubled the number of names immigration officials submitted annually and created a huge backlog at the FBI.

"The sudden need for data overloaded the system years ago. We're still dealing with the result," Stump said.

In May, immigration officials reported 235,802 FBI name checks pending. Sixty-five percent of those had been pending for 90 days or more, and 35 percent had been pending for a year or more, the report said.

The initial check takes about two weeks, and 80 percent of cases are cleared in that time, according to immigration service documents. Most others are resolved within six months. But in less than 1 percent of cases, it takes the agency six months or longer to determine whether the immigration applicant is a threat to the country, the agency says.

"Unfortunately, if you're in that 1 percent ... odds are it could be two to three years," Stump said.

The wait is more than an inconvenience for foreign medical researchers such as Li. Researchers often

depend on grants from the National Science Foundation and other entities that award money only to citizens or legal permanent residents.

"It's not like these foreign nationals are just eager-beaver to go to court. They have a compelling need to seek the relief," Stump said.

'There is a shortage'

While the United States must take care deciding who gets into the country, delays approving top-flight researchers could be against the country's best interests, said Stephen M. Prescott, president of the Oklahoma Medical Research Foundation, where 44 percent of 143 top-level researchers are here on visas.

Could the foundation get by without foreign nationals?

"Absolutely not," Prescott said. "The fact is our education system has not produced a sufficient amount of laboratory technicians, scientists and engineers."

While foreign-born individuals make up about 8 percent of the U.S. population, they make up 23 percent of the doctorate-level scientists and engineers, according to a National Science Foundation report.

The OU Health Sciences Center, where Li works, could not provide exact numbers but has "several dozen" foreign-born researchers and doctors, said Dewayne Andrews, vice president for health affairs and executive dean of the OU College of Medicine.

Andrews described the foreign-born researchers as dedicated and hard-working scientists whose presence enhances OU's scientific work while adding an international flavor to the campus.

"Can we function without them? Yes. But there is a shortage of individuals in this country to work in certain areas," Andrews said.

So far, the United States has enough prestige to attract foreign researchers despite the hassles some face getting visas. But as other countries roll out the welcome mat, that could change, Prescott said.

"If we don't get them someone else will," he said.

That 'unlucky guy'

Li does not know why the FBI name check stalled his application, but the delay left him frustrated and depressed.

"I needed this green card. I wanted to apply grant. I want to have better job. A visa have so many restrictions," said Li, who speaks English as a second language.

He came to Oklahoma on a student dependent visa in 2000. The Oklahoma Medical Research Foundation sponsored him for a temporary worker's visa that allowed him to stay for up to six years.

In 2003, Li moved from the foundation to the OU Health Sciences Center, which agreed to sponsor him for legal permanent residency.

When that application was approved in April 2004, Li filed another form to get his green card and began to settle down. Twenty-nine months elapsed before Li turned to the courts.Now that he has his green card, Li said he understands the need for background checks.

"I understand. I just don't want to be that unlucky guy," Li said.

END

AP

December 18, 2006

Shiite Muslin couple settles suit with NIOSH

MORGANTOWN, W.Va._A Muslim couple has settled its lawsuit against the National Institute for Occupational Safety and Health.

Terms of the settlement were not released.

Attorneys for Aliakbar and Shahla Afshari and the U.S. Department of Justice declined to say anything other than that the case had been settled.

No settlement agreement has yet been filed with the U.S. District Court in Clarksburg, either.

In the lawsuit filed in December 2004, the Afsharis said they were illegally fired in May 2004 from their jobs at NIOSH's Morgantown facility because of their religious beliefs and national origin. The Afsharis are Shiite Muslims and natives of Iran.

They were fired after failing a secret background investigation of employees from countries considered a threat to the United States, even though they passed previous background checks when they were hired.

Aliakbar Afshari studied the health effects of welding and asphalt fumes, and hand and arm vibrations.

Shahla Afshari worked in a laboratory that researched sensitivity to chemicals in the workplace, such as allergic reactions to latex gloves.

END

FindLaw.com

December 18, 2006

Commentary: The Bush Administration Wins a Round on Military Commissions, But the District Court Ruling May Have a Silver Lining for Detainees

By MICHAEL C. DORF

Last summer, the Supreme Court of the United States handed Salim Ahmed Hamdan--who stands accused of serving as the driver and bodyguard of Osama Bin Laden--a stunning victory. The President, the Court said in Hamdan's case, acted in violation of federal law in authorizing the trial of Guantanamo Bay detainees by military commission.

Last week, U.S. District Judge James Robertson took Hamdan's victory away. Or, to be more precise, Judge Robertson ruled that Congress had acted within constitutional limits when it enacted the Military Commissions Act (MCA) of 2006, and that the MCA had taken Hamdan's victory away. Should Judge

Robertson's decision be upheld on appeal, the way will be cleared for trials of Guantanamo Bay detainees by military commission.

Hamdan's latest setback may suggest that his Supreme Court victory last June was in vain. As I explain below, however, Judge Robertson's opinion contains at least two important limits on executive detention. First, it makes clear that the courts have a say in deciding whether Congress is constitutionally entitled to suspend the privilege of the writ of habeas corpus. Second, it implies that detainees who are not given adequate military hearings retain a constitutional right to file for habeas corpus relief.

The District Court Ruling in a Nutshell

Judge Robertson's opinion itself provides a useful summary of the ruling. The case, he wrote, presented three questions:

> (1) As a matter of statutory interpretation and construction, did Congress actually succeed in removing our statutory habeas jurisdiction over the detainee habeas cases? (2) If so, is the Military Commissions Act a constitutionally valid "suspension" of the writ of habeas corpus within the meaning of the Suspension Clause, U.S. Const. art. I § 9 cl. 2? (3) If not, and if a "constitutional" writ of habeas corpus survives the Military Commissions Act, does Hamdan have a right to seek such a writ?

"The answers to these questions," Judge Robertson concluded, "are 'yes' to number (1) and 'no' to numbers (2) and (3)."

In other words, the court found that: (1) the MCA eliminated habeas corpus for alien enemy combatant detainees; (2) in doing so, the MCA cannot be constitutionally justified pursuant to the emergency power of Congress to suspend the writ of habeas corpus; but (3) the MCA's elimination of this category of habeas jurisdiction is nonetheless constitutionally valid. Let us examine these conclusions in turn.

Application of the MCA to Pending Cases

Column continues below ↓

The Detainee Treatment Act (DTA) of 2005 eliminated habeas review for Guantanamo Bay detainees, but the Act's language did not make perfectly clear whether it applied to cases that had already been filed in the federal courts at the time it went into effect. The majority in the Supreme Court's *Hamdan* case said that the DTA did not apply to previously-filed cases, and thus allowed Hamdan's case, as well as the cases of just about every other Guantanamo Bay detainee, to go forward, despite the DTA.

Congress responded by making the MCA applicable "to all cases, without exception, pending on or after the date of the enactment of [the MCA] which relate to any aspect of the detention, transfer, treatment, trial, or conditions of detention of an alien detained by the United States since September 11, 2001." However, Hamdan's lawyers argued that because this language did not specifically refer to "habeas" cases, it only eliminated jurisdiction for other kinds of cases.

Judge Robertson found that "all" means "all," including habeas cases. Many of us civil libertarians don't particularly like that result--both because of the importance of the role habeas petitions play in checking executive power, and because changing the law for pending cases violates the spirit, though not the letter, of the principle that legislatures should not interfere with cases once they are in the courts. (In this latter regard, the retroactive nature of the MCA bears an uncomfortable resemblance to the extraordinary legislation Congress enacted to benefit the relatives of Terri Schiavo who sought to continue her medical treatment.)

But those are reasons why the application of the MCA to pending cases is unwise or even unconstitutional. The statute's actual words leave very little doubt that Congress in fact intended the jurisdiction-stripping provision to apply to pending cases.

Suspension of the Writ?

Given that the MCA eliminates habeas for people like Hamdan, the question becomes whether that elimination is constitutional. One way in which it might be valid is pursuant to the power of Congress to suspend habeas corpus in response to "rebellion or invasion." But, Judge Robertson said, no rebellion or invasion existed when Congress enacted the MCA.

That is an interesting conclusion for at least three reasons. First, Judge Robertson did not need to address the suspension question at all--but nevertheless chose to do so. As noted above and explained more fully below, Judge Robertson concluded that Hamdan had no right to habeas, even if the writ were not validly suspended. His entire discussion of the power of Congress to suspend the writ was thus not necessary to the case. It was arguably what lawyers call "dicta."

Second, in finding that no rebellion or invasion existed, Judge Robertson implicitly rejected an argument the Administration has sometimes advanced--namely, that it is solely for Congress, rather than the courts, to determine whether the constitutional predicates for suspension exist. Congress might, after all, have thought that the conflict in Afghanistan was simply part of the armed response to the attacks of September 11, 2001, which could be deemed an "invasion."

That argument is, to be sure, weak on the merits. Congress has the power to suspend the writ in cases of invasion, where, in the words of the Constitution, "the public safety may require it." But no exigency now prevents the civilian courts from functioning.

Nonetheless, some argue, Congress alone gets to decide whether the factual predicate for a suspension exists. They say that the issue is, in lawyers' jargon, a "political question" that the courts are not qualified to answer. Judge Robertson had so little regard for this argument that he did not even address it. The closest he came to considering it was in his conclusion that Congress itself apparently did not think it was suspending the writ, because it made no findings that a rebellion or invasion warranting suspension existed.

That, in turn, brings us to the third interesting feature of Judge Robertson's suspension ruling. In finding that Congress did not purport to suspend habeas, the judge tacitly resolved another important question: whether a valid suspension of the writ requires Congress to state expressly that it is suspending habeas.

In general, the courts do not require Congress to specify what power or powers it is invoking when it passes legislation. However, because suspension of the writ of habeas corpus is such a serious measure, some civil libertarians, including Hamdan's lawyers, have argued that Congress should not be presumed to exercise that power unless it expressly so states. Judge Robertson appears to have accepted this argument.

Do Aliens Outside the United States Have a Constitutional Right to Habeas?

Even if the writ has not been suspended, however, the residual right to habeas corpus does not protect all persons in all places. In particular, the Supreme Court's 1950 decision in *Johnson v. Eisentrager* held that an enemy combatant who has never been in the United States, and who is held outside the territory of the United States, has no right to file a habeas corpus petition in a U.S. court.

Complicating matters further, in the 2004 case of *Rasul v. Bush*, the Supreme Court held that the statutory portion of the *Eisentrager* decision had been superseded. The Justices accordingly found that, as a matter of statutory interpretation, Guantanamo Bay detainees could file habeas corpus petitions. Of course, the MCA amends the very statute in question, making clear that Guantanamo Bay (and other enemy combatant) aliens cannot file habeas petitions. Accordingly, the third question Judge Robertson had to address was whether Hamdan's case now falls within *Eisentrager*'s constitutional rule that aliens outside the U.S. lack habeas rights.

There are reasons to think it does not. The Court in *Rasul* based its ultimate holding on statutory interpretation, but in the course of its analysis, the Court also suggested that there are important constitutional differences between the prisoners in *Eisentrager* and the Guantanamo Bay detainees. Here is the critical language that the *Rasul* Court used to distinguish *Eisentrager*:

> They [the Guantanamo detainees] are not nationals of countries at war with the United States, and they deny that they have engaged in or plotted acts of aggression against the United States; they have never been afforded access to any tribunal, much less charged with and convicted of wrongdoing; and for more than two years they have been imprisoned in territory over which the United States exercises exclusive jurisdiction and control.

Judge Robertson's opinion finds these distinctions irrelevant. He says that the history of habeas corpus shows that it is not available to alien enemy combatants outside the United States, even if held in a territory over which the U.S. exercises exclusive control. This argument is not entirely persuasive, however, because presumably the Supreme Court was aware of the history of habeas when it nonetheless listed the location and duration of detention as significant factors that might distinguish the facts of *Rasul* from those of *Eisentrager*.

Judge Robertson also relies on another factor that, in his view, makes Hamdan's case constitutionally indistinguishable from *Eisentrager*. Like Eisentrager, Hamdan will in fact have access to a tribunal--namely, the military commission that will try him. Whether that factor alone is enough to make a constitutional difference will undoubtedly be hotly contested on appeal.

The Hidden Habeas-Protective Element in Judge Robertson's Ruling

Because Hamdan is one of the relatively small number of alien detainees whom the Administration intends to put on trial, Judge Robertson had no occasion to address the most draconian aspect of the MCA: Its elimination of habeas corpus for aliens--even if they are in the United States--who have been declared unlawful enemy combatants, either by the President's unilateral action or by a so-called Combatant Status Review Tribunal ("CSRT").

The MCA provides for civilian judicial review of CSRT determinations, but nowhere requires the Administration to use a CSRT or its equivalent in order to declare some alien an unlawful enemy combatant. There can be little doubt that an alien held without any sort of a hearing should be constitutionally entitled to habeas.

But even in a case in which the government uses a CSRT to find that an alien is an unlawful enemy combatant, Judge Robertson's opinion suggests that the alien could attack that tribunal as inadequate. CSRTs permit determinations based on classified information that the alien does not receive. If a court were to find that a CSRT is not a sufficiently reliable process for determining an alleged enemy combatant's status, then the rule of *Eisentrager* would not apply, and the alien would be entitled to habeas corpus after all.

Moreover, because the Administration is currently detaining many more aliens than it intends to try by military commission, the implication that detainees never scheduled for trial do have a constitutional right to habeas may ultimately be a more important result than the conclusion that aliens who will be scheduled for a military trial lack such a constitutional right.

Michael C. Dorf is the Isidor & Seville Sulzbacher Professor of Law at Columbia University. He is the author of No Litmus Test: Law and Politics in the Twenty-First Century and he blogs at www.michaeldorf.org.

END

Kitchener Record

December 16, 2006

U.S. ambassador claims Arar still a security threat

OTTAWA Canadian PressFRONT

The U.S. ambassador to Canada says Maher Arar is still considered a threat to the United States and will remain on a security watchlist, despite the findings of a Canadian inquiry.

"The decision to remove Mr. Arar from the United States in 2002 was made by U.S. officials based on our own independent assessment of the threat to the United States," David Wilkins said in a statement yesterday.

U.S. officials had other sources of information about Arar beyond that provided by the RCMP, and continue to regard Arar as a potential threat, Wilkins said.

The ambassador noted that Justice Dennis O'Connor, head of a recent inquiry that determined the RCMP gave the U.S. false information about Arar, acknowledged he did not know about everything in Arar's American file.

O'Connor's inquiry found no evidence linking Arar to terrorism, but the U.S. continues to deny him clearance to enter the country or even fly over U.S. airspace. It was the first formal acknowledgment from Washington that the U.S. government remains suspicious of Arar.

"Mr. Arar's original removal from the United States in 2002 was based on information from a variety of sources, as is his current watchlist status," Wilkins said in his statement.

NDP Leader Jack Layton urged the prime minister to intervene to have Arar's name stripped from the Americans' border watch list.

"This is simply not right," Layton told a news conference. "There is no evidence that Mr. Arar's name should be on such a list. We held a whole inquiry here in Canada on this question.

"The prime minister must do everything he possibly can to correct this situation because otherwise it sends out the message that the Canadian government does not stand behind its own citizens."

O'Connor determined that U.S. authorities were likely acting on misguided RCMP evidence in 2002 when they deported Arar to Damascus, where the Syrian-born Canadian was tortured into false confessions of terrorist involvement. But Wilkins' statement yesterday suggests the RCMP information did not necessarily tip the balance against Arar.

The Mounties have since apologized for their mistake. Commissioner Giuliano Zaccardelli resigned after giving a Commons committee conflicting evidence on what he knew about the Arar case and when he knew it.

Wilkins refused to elaborate further on the evidence U.S. authorities may have against Arar, citing a lawsuit Arar has launched against the U.S. government. The ambassador, however, pointed out the lawsuit was dismissed at the trial level, although it is currently under appeal.

Whatever that evidence may be, it didn't come from the U.S. State Department, said department spokesperson Sean McCormack.

"The terror watchlist is managed here by the U.S. government. There's a lot of different inputs to it," McCormack said in response to questions at the department's daily briefing.

"I can tell you, it's not a State Department input that has resulted in his still being on the list."

The New York-based Center for Constitutional Rights, a non-profit group dedicated to protecting and advancing the rights guaranteed by the U.S. Constitution and the Universal Declaration of Human Rights,

came to Arar's defence yesterday.

"That the United States would have the gall to keep Maher on a watch list, implying that he poses a threat to this country, is outrageous although not surprising since this administration is unwilling to admit its mistakes and still tries to conceal them," said the group's attorney, Maria LaHood.

"The real threat to the U.S. is our government's utter disregard for the rule of law and for the truth, which Maher has had the courage to stand up and expose."

Added executive director Vincent Warren: "After disappearing an innocent man, robbing him of his humanity and destroying his life, the U.S. government owes Maher Arar an apology. What happened to Mr. Arar should never happen to another human being."

Public Safety Minister Stockwell Day said last week he didn't know whether Arar was still on the watchlist, telling a Commons committee he had recently posed the question to U.S. Attorney General Alberto Gonzales. He said he was told it was Arar's responsibility to find out for himself.

A spokesperson for Day said the minister also wrote Homeland Security chief Michael Chertoff requesting the U.S. remove Arar from its list.

Arar has called for full accountability from Canadian officials involved in his detention.

He has also sued officials from the RCMP, CSIS, Foreign Affairs and others in senior government positions for their alleged role in his deportation and detention in Syria. The lawsuit seeks $37 million in compensation for "extraordinary injury."

END

Winnipeg Sun

December 18, 2006

Editorial: U.S. should put up or shut up on Arar

It's disappointing to hear from the Americans that they're not yet ready to remove the name of Maher Arar from that country's security watchlist.

The announcement effectively means Arar can't so much as set foot in the U.S. unless he wants to find himself in trouble with the authorities. Can't go there on vacation, can't attend a conference. Heck, he can't even legally be on a plane flying through American airspace.

Not that he might be in any hurry to go back to the U.S., considering his experience the last time his plane set down there.

Faster than you can say "passport please," Arar was yanked away from his family and placed on a charter flight to Damascus, where the Syrian-born Canadian was tortured into false confessions of involvement with al-Qaida.

A Canadian inquiry has recently concluded there was no evidence linking Arar to terrorism, and he is seeking a huge financial settlement from the government of Canada for RCMP errors that Arar says helped send him on his fateful journey.

As last week wound to an end, however, the U.S. ambassador to Canada said Arar is still considered a

threat to the U.S. and will remain on a security watch-list, despite the findings of the Canadian inquiry.

“The decision to remove Mr. Arar from the United States in 2002 was made by U.S. officials based on our own independent assessment of the threat to the United States,” David Wilkins said in a statement.

That’s disturbing because, either the Americans are just being stubborn, or they know something that our own security services ought to be let in on.

Ever the diplomat, NDP Leader Jack Layton wasted no time ripping into the Americans as the weekend began, urging Prime Minister Stephen Harper to intervene to have Arar’s name stripped from the Americans’ border watchlist.

“This is simply not right,” Layton told a news conference. “There is no evidence that Mr. Arar’s name should be on such a list. We held a whole inquiry here in Canada on this question.”

Layton got it half right. Harper or Public Security Minister Stockwell Day ought to demand from the Americans that they either come clean about additional evidence they have against Arar, or if they have none, drop his name from the watchlist.

To do otherwise smacks of harassment, and the poor man has suffered enough of that.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, December 19, 2006 8:16 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, December 19, 2006
Attachments:	agnb061219.pdf; agnb061219.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 19, 2006 7:45 AM EST

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TERRORISM NEWS:

ACLU Allowed Access To Document On Detainee Photos. The New York Times (12/19, Liptak, 1.16M) reports federal prosecutors in New York withdrew a subpoena to the American Civil Liberties Union seeking to retrieve copies of a classified document. In what is describes as "an opaque and defensive four-page letter" prosecutors "said they were acting 'in light of changed circumstances' and their determination that 'the grand jury can obtain the evidence necessary to its investigation from other sources.' Another factor may have played a role. A transcript of a closed hearing in the case that was unsealed yesterday suggested the government was going to lose."

The Washington Post (12/19, Barnes, 690K) reports that the ACLU "hailed the government's retreat as a victory." ACLU executive director Anthony D. Romero: "The Bush administration's attempt to suppress information using the grand jury process was truly chilling and is unprecedented in law and in our history as an organization." However, the Post writes, "the Justice Department said, in effect, that the ACLU had instigated the fight and had told the government that filing the subpoena would be the first step toward the ACLU turning over the document." The Post adds, "Justice Department spokesman Brian Roehrkasse said the department had tried to handle the matter in a way that was as 'amicable, cooperative and as unobtrusively as possible.'"

The AP (12/19, Neumeister) reports, "The document _ marked "secret" in bold but small print on the top of its first page _ described when and how the military Public Affairs Office permits the media to photograph enemy prisoners of war and detainees in Iraq. It was dated more than a year after the release of pictures of American soldiers tormenting Iraqi detainees at Abu Ghraib prison in Iraq."

The New York Sun (12/19, Gerstein) reports, "The government's decision to relent may have been influenced by comments the judge assigned to the case, Jed Rakoff, made at a hearing last week. 'There seems to be a huge difference between investigating a wrongful leak of a classified document and demanding back all copies of it,' the judge said, according to a transcript unsealed yesterday. 'I'm old enough to remember a case called the Pentagon Papers.'"

In an editorial, the Washington Post (12/19, A28, 690K) opines, "the government has wisely backed down from its effort to misuse its subpoena power to force the American Civil Liberties Union to turn over a classified document. The subpoena has been withdrawn and the document released. It turns out to have been an entirely innocuous memo outlining rules about photographing prisoners of war and detainees in Iraq. And that leaves two questions: Why in the world was this document classified in the first place? And why in the world did the government take the unprecedented step of using the grand jury process to try to retrieve 'any and all copies' of the memo?"

Judge Orders Padilla To Undergo Mental Competency Evaluation. The AP (12/19, Anderson) reports that a federal judge "ordered a mental exam Monday to determine whether Jose Padilla — charged with being part of a support cell for Islamic extremists around the world — is competent for trial." The AP notes that a psychiatrist and a psychologist "hired by Padilla's attorneys concluded he is suffering from post-traumatic stress disorder and other mental problems stemming largely from his 3 1/2 years in solitary

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confinement at a Navy brig in Charleston, S.C. Prosecutors agreed a court-ordered evaluation was necessary."

Anthrax Vaccine Fails To Meet HHS Testing Deadline. The Washington Post (12/19, D2, Merle, 690K) reports, "VaxGen said yesterday that it did not meet a federal deadline to begin human testing of its anthrax vaccine." The FDA "has put the clinical trial on hold since November." The Department of Health and Human Services "had given the company until yesterday to begin testing or risk losing its contract but didn't say what action it would take. … 'I don't think we're in a position to make predictions on how long this will take,' said Lance Ignon, VaxGen's vice president of corporate affairs." HHS spokesman Bill Hall "said no decisions have been made about the contract's fate."

Former NSC Official Claims White House Ordered Op-ed Censored. The Los Angeles Times (12/19, Richter, 850K) reports Flynt Leverett, former senior director for Middle East affairs at the National Security Council and a former CIA analyst, "said Monday that the White House tried to silence his criticism of its Middle East policies by ordering the CIA to censor an op-ed column he wrote." Leverett "said the White House told a CIA censor board to excise parts of a 1,000-word commentary on U.S. policy toward Iran that he had offered to the New York Times. Leverett, who has criticized the administration for failing to deal directly with Tehran, said the board wanted to remove references to prior U.S. contacts with Iran" though "the events he wrote about were widely known." Leverett "speculated" that senior NSC officials, "such as deputy national security advisors Elliott Abrams or Meghan L. O'Sullivan, had authorized their subordinates to intervene."

The Financial Times (12/19, Dinmore) notes Leverett's allegations "come at a particularly sensitive time for the White House, which is under intense pressure to change its whole Middle East strategy following publication of the report of the bipartisan Iraq Study Group." White House spokesman Tony Snow "said he knew nothing about the case but denied the administration would 'falsely silence critics on national security claims'." Although the White House "later confirmed it had suggested deletions to the article because it contained classified information, and then returned the piece to the CIA publications review board."

HOMELAND RESPONSE:

Justice Department Team Declines To Prosecute In Most Detainee Abuse Cases. New York Times (12/19, Johnston, 1.16M) reports that "[a] Justice Department team responsible for investigating accusations that civilian government employees had abused detainees has decided against prosecution in most of the nearly 20 cases referred in the last two years by the Pentagon and the Central Intelligence Agency, said lawyers who have been officially briefed on the effort. The prosecution team, which was established in June 2004 at the United States attorney's office in Alexandria, Va., has not brought a single indictment and has been plagued by problems." The Times notes that the group "has been unable to collect forensic evidence or find witnesses" for the cases, and in "some" cases, "has been stymied by the absence of facts in the referrals, the lawyers said. A few investigations remain open, although the lawyers declined to be specific about how many cases fell in that category." The Times adds, "Lawyers who have been briefed on the work of the Justice Department unit, initially made up of six federal prosecutors, said problems with evidence and the fragmentary nature of some of the accusations had proved so daunting that prosecutors never even reached the point of grappling with difficult legal issues involving permissive interrogation guidelines."

Durbin Seeks Details Of Investigations. The AP (12/19) reports that in a letter to Attorney General Alberto Gonzales, Illinois Sen. Dick Durbin, who is the incoming Senate Majority Whip, "asked the Justice Department on Monday for an update on its progress prosecuting government employees who were accused in at least 17 cases of abusing detainees in Iraq and Afghanistan." The AP continues, "In response to Durbin's first request, the Justice Department revealed in a Jan. 17 letter that it had opened 20 investigations into claims of detainee abuse that were referred to prosecutors by the Pentagon and the CIA. The investigations were being led by a task force in the U.S. Attorney's office in Virginia's eastern district."

WAR NEWS:

Gates Says US Failure In Iraq Would Be A "Calamity." The AP (12/19, Burns) reports, "Robert Gates assumed the helm at the Pentagon on Monday,

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warning in his first public remarks as defense secretary that failure in Iraq would be a 'calamity' that would haunt the United States for years." Gates "pledged to give President Bush his honest advice on the costly and unpopular war, and said he would go to Iraq soon to see what US commanders believe should be done to quell the growing violence." He also said "he wants to hear the views of US commanders on how to improve the situation, 'unvarnished and straight from the shoulder.' The remarks seemed to contrast with critics' complaints that the man he replaced, Donald H. Rumsfeld, did not listen enough to the advice of the military's top officers." The New York Times (12/19, Stout, 1.16M) quotes Gates saying to Bush yesterday, "You have asked for my candor and my honest counsel. … You will get both."

The Washington Post (12/19, A4, White, 690K) reports the new secretary pledged that the Iraq war "will be his top priority. … 'All of us want to find a way to bring America's sons and daughters home again, but as the president has made clear, we simply cannot afford to fail in the Middle East,' Gates said yesterday at the Pentagon after Vice President Cheney swore him in as the nation's 22nd defense secretary. 'Failure in Iraq at this juncture would be a calamity that would haunt our nation, impair our credibility, and endanger Americans for decades to come.'" The Post notes Gates "originally was a member of the Iraq Study Group -- which recently issued a stark assessment of the war and made dozens of recommendations -- but stepped aside after Bush nominated him to replace Rumsfeld. Gates had been president of Texas A&M University since 2002."

As Gates Takes Over, Report Finds Iraq Situation "Worse Than Ever." Coverage of Gates' swearing-in was largely overshadowed – particularly on TV – by a report that finds the level of violence in Iraq at a record high. ABC World News (12/18, lead story, 2:50, Gibson, 8.78M) reported, "Talk about a tough first day on a job." Gates "takes over as Defense Secretary and the first thing he gets is the Pentagon's own assessment of the war in Iraq, saying things are worse than ever. The number of attacks are up 22%. Military casualties are up 32%. And civilian deaths up 60%, since February.

CBS Evening News (12/18, story 4, 2:35, Martin, 7.66M) also notes the report, while NBC Nightly News (12/18, story 2, 2:50, Williams, 9.87M) said "this had to be a sobering first day on the job for America's new Secretary of Defense, who was sworn in today at the Pentagon, and then, hours later, was handed a grim new assessment of the situation in Iraq." Likewise, Fox News' Special Report (12/18, Hume) also reported on Gates, then said, "this on a day the Pentagon released its quarterly progress report on Iraq, which showed the violence was highest on record from August to November, up 22%. The levels pose a grave threat to political progress, which is deemed limited because Prime Minister Nouri al-Maliki's effort at national reconciliation is showing no indications of succeeding."

Joint Chiefs Unanimously Opposed To Iraq Troop "Surge." The Washington Post (12/19, A1, Wright, Baker, 690K), in an anonymously sourced front-page story titled, "White House, Joint Chiefs At Odds on Adding Troops," reports White House officials are "aggressively promoting" a plan for Iraq that includes a temporary "surge" of 15,000-30,000 troops in the face of the "unanimous disagreement" of the Joint Chiefs of Staff. According to the Post, the Joint Chiefs are of the opinion that the White House "still does not have a defined mission and is latching on to the surge idea in part because of limited alternatives, despite warnings about the potential disadvantages for the military." The JCS "have taken a firm stand…because they believe the strategy review will be the most important decision on Iraq to be made since the March 2003 invasion. At regular interagency meetings and in briefing President Bush last week, the Pentagon has warned that any short-term mission "may only set up the United States for bigger problems when it ends." Additionally, the JCS warn that a "surge" would provide "an enormous edge to virtually all the armed factions in Iraq -- including al-Qaeda's foreign fighters, Sunni insurgents and Shiite militias -- without giving an enduring boost to the U.S military mission or to the Iraqi army, the officials said." The Post goes on quote a "senior administration official" who says "it is 'too simplistic' to say the surge question has broken down into a fight between the White House and the Pentagon, but…acknowledged that the military has questioned the option."

Iraqi Satellite TV Station Gains Audience With Anti-US Programming. The Los Angeles Times (12/19, Daragahi, Hennessy-Fiske, 850K) reports on Al Zawraa, the newly launched Iraqi satellite television channel. Al Zawraa is portrayed as "renegade" and "pro-insurgent…with a 24-hour diet of propaganda against U.S. forces and the Iraqi government" that "has become something of a sensation throughout the country." The

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Times adds, "Most hours of the day it plays footage of U.S. soldiers in Iraq being shot and blown up in insurgent attacks, often with religious chants or Saddam Hussein-era nationalist anthems in the background. There are segments warning Iraq's Sunni Arabs to be wary of Shiite Muslims, and occasional English-language commentary and subtitles clearly meant to demoralize U.S. troops. … It's not clear how big an Iraqi audience Al Zawraa captures. But its very presence demonstrates the insurgency's abilities. Despite 140,000 U.S. troops in Iraq and intense diplomatic pressure on Iraq's neighbors, the station is able to circumvent U.S. and Iraqi forces and stage round-the-clock broadcasts, complete with news bulletins, graphics and commentary."

Documents Link Saddam With Chemical Attack On Kurds. The AP (12/19, By) reports Munqith al-Faroon, the chief prosecutor in Saddam Hussein's trial, "presented memos Monday from the ousted president's office approving chemical attacks against Kurdish villages, the most serious evidence against him in his genocide trial." al-Faroon "showed the Iraqi court trying Saddam and six other former regime members about 25 documents, including some presidential letters instructing the army to use 'special ammunition' — identified as 'mustard gas' — to quell a Kurdish rebellion in 1987. Some of the documents bore Saddam's signature, al-Faroon said."

Marine Will Be Charged In Haditha Case. The AP (12/18, Watkins) reports, "A Marine captain has been told he will be criminally charged in connection with the killing of 24 civilians in the Iraqi town of Haditha, his attorney said Monday. Capt. Lucas McConnell, 31, was told by his commanding officer that he will be charged with dereliction of duty, said Kevin McDermott." McDermott said he and his client were "absolutely clueless" how McConnell could have committed dereliction, "adding that his client was not present during the killings. Separately, two [anonymous] military officials said a group of Marines would be charged Thursday for their alleged roles in the killings." The AP adds, "A parallel military investigation has examined whether officers in the Marines' chain of command tried to cover up the events. Results have not been made public."

CORPORATE SCANDALS:

Regulators Sue Three Former Fannie Mae Execs. The Washington Post (12/19, A1, Hilzenrath, 690K) reports federal regulators "sued three former Fannie Mae executives, including former chairman and chief executive Franklin D. Raines, to recoup more than $115 million in pay they received while the company's earnings were misstated." Regulators said Raines "and the others engaged in a variety of ruses to meet profit goals and boost their compensation. For example, they delayed booking $200 million of expenses one year and used transactions with no economic purpose in other periods simply to shift income into the future, the complaint alleged." The regulators' "discovery of accounting problems in 2004 ultimately led Fannie Mae to pay a $400 million penalty and correct years of financial results, erasing $6.3 billion of previously reported profit."

USA Today (12/19, Iwata, 2.27M) reports, "In a complaint with an administrative law judge, the Office of Federal Housing Enterprise Oversight detailed 101 charges from 1998 to 2004 against Raines, former chief financial officer Timothy Howard and former controller Leanne Spencer, who all resigned in 2003 as the Fannie Mae scandal worsened." OFHEO is "seeking $100 million in penalties and $115 million in return of bonuses. The regulator also seeks the return of legal fees, and to bar the former executives from any future business with Fannie Mae."

The Wall Street Journal (12/19, Hagerty, Paletta, 2.04M) reports, "Responses from lawyers for the executives suggest that the regulator faces a long and difficult legal battle." The former executives "neglected internal controls, misapplied more than 20 accounting principles and misled the regulator and public, Ofheo Director James Lockhart charged in a statement. Fannie Mae recently announced a restatement of results that cut retained earnings as of June 30, 2004, by $6.3 billion." But "lawyers for all three executives denied the allegations, which Mr. Howard's attorney called 'a work of unsubstantiated fiction.' The lawyers' responses suggested that they will argue that Fannie's former accounting practices and internal controls were approved by outside auditors and Ofheo itself."

The New York Times (12/19, Peters, 1.16M) reports the charges "were the latest development in the fallout over accounting violations at Fannie Mae. After the housing oversight office denounced Fannie Mae in a scathing report

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in May, the company agreed to pay a $400 million settlement. Earlier this month, Fannie restated its earnings for several years, making a total of $6.3 billion in various corrections, to straighten out inaccuracies in its financial statements. It was one of the largest corporate accounting restatements on record."

The Washington Times (12/19, Gordon, 88K) reports Raines and Howard were "swept out of office two years ago in the multibillion-dollar accounting debacle at the government-sponsored company, which finances one of every five home loans in the United States. Fannie Mae earlier this month announced a long-awaited restatement for 2001 through June 30, 2004, that erased $6.3 billion in profit." Raines, "a prominent Washington figure who was White House budget director in the Clinton administration, led Fannie Mae -- with its legendary political clout, generosity in campaign contributions and lobbying savvy -- from 1999 until his ouster by the company board in December 2004."

SEC Opens "Formal" Investigation Of Broadcom Options Practices. Bloomberg (12/19, Brennan) reports, "Broadcom Corp., a chipmaker restating results to add $1.5 billion in payroll costs, said the U.S. Securities and Exchange Commission has opened a 'formal" investigation into the company's options practices. Broadcom also canceled more than $37 million in stock options held by three unnamed individuals it holds responsible for manipulating their grant dates, the Irvine, California-based company said in a statement today. Broadcom said it took the actions as it finished an internal review of the matter." Cody Acree, Stifel Nicolaus & Co. analyst, in a note to investors: "The escalation of the SEC inquiry to formal status is a bit unsettling given the open-ended possibilities,"

Federal Investigators Find BP's Budget Cuts Led To Less Safety At Texas City Refinery. Financial Times (12/19, Mcnulty) reports on deterioration and safety problems at BP's Texas City refinery. Financial Times writes, "The US Department of Labor's Occupational Safety and Health Administration (Osha) uncovered more than 300 'egregious, wilful violations' in Texas City - BP's biggest refinery. BP did not admit guilt but agreed to a maximum allowable $21m fine and said it would spend $1bn improving and maintaining the refinery over the next five years. Many of the problems at the 70-year-old plant had, no doubt, been inherited by BP when it acquired the refinery in 1998 as part of its purchase of Amoco. Before the blast, the Texas City site had in 30 years suffered 23 fatalities - four since BP took over. But instead of making the investments needed to improve safety, BP in 1999 ordered a 25 per cent cut in fixed costs. Federal investigators would later conclude that these budget cuts caused a progressive deterioration in safety."

Study Casts Doubt On Directors' "Lucky" Options. The AP (12/19) reports, "About 1,400 corporate directors received option grants whose timing was manipulated, according to" a study conducted by academics at Harvard Law School, Cornell University, and INSEAD in France. The AP adds, "Of all options grants to directors, about 9 percent were received at 'lucky' times -- when the stock price was equal to a monthly low, according to a Harvard Law and Economics paper released Monday. After studying the period form 1996 to 2005, academics at Harvard Law School, Cornell University and INSEAD in France estimated that about 800 lucky grant events were the result of opportunistic timing." An abstract of the study is available online.,

On Monday, the Los Angeles Times (12/18, Kristof, 850K) reported, "Nearly 1,400 corporate board members appear to have profited from the manipulation of stock option grant dates over a 10-year period, according to a study being released today. The analysis raises the possibility that hundreds of board members were aware that options were backdated to boost their value to themselves and company executives. That could be seen as a conflict with their role as advocates for all company shareholders."

CRIMINAL LAW:

FBI Reports Rise In Violent Crime Across Country. Media outlets across the country report on the FBI's Monday report, which said that violent crime rose 2.2 percent nationally in 2005. Coverage notes that local police chiefs have asked for more federal money to fight crime, but that money has not been forthcoming. For example, on ABC World News (12/18, story 5, 2:35, Gibson, 8.78M), Stuart Thomas, Police Chief, Little Rock Police Department, said, "After September 11th, there was a kind of a shift in federal priorities. And what we saw was a reduction in some of the COPS hiring grants." Meanwhile, the Washington Post

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(12/19, A1, Eggen, 690K) and Los Angeles Times (12/19, Schmitt, 850K) both note potential political ramifications.

ABC World News (12/18, story 5, 2:35, Gibson, 8.78M) reported, "The FBI today published its statistics for the first half of 2006; and there's a troubling increase in the number of violent crimes – particularly robberies, which soared almost 10% -- with increases in areas where you might not expect to find them." ABC (Thomas) added, "Across the nation, robbery is surging at an extraordinary pace," and that "spike is indicative of an overall rise of violent crime. … Why the surge? A resurgence of gangs, career criminals returning home after years in prison, and large numbers of teenagers with guns. … Many police complain the federal money is drying up. They say the government has become so preoccupied with homeland security, it has forgotten about neighborhood security." Stuart Thomas, Police Chief, Little Rock Police Department: "After September 11th, there was a kind of a shift in federal priorities. And what we saw was a reduction in some of the COPS hiring grants." Thomas: "Police fear if drastic steps aren't taken now, an epidemic of violence could be on the horizon."

CBS Evening News (12/18, story 7, 1:15, Couric, 7.66M) reported, "A spike in murders and robberies tops our news briefing tonight, which also includes an arrest in a serial murder case." CBS (Strassman) added, "In every region of America, violent crime is getting worse. … The Justice Department is studying why, but many police chiefs say their departments are just stretched too thin." NBC Nightly News (12/18, story 6, 0:35, Williams, 9.87M) also noted the details of the FBI statistics, saying the report showed "a significant increase in violent crime."

The AP (12/19, Jordan) reports, "The Bush administration has asked for $1.2 billion in crime-fighting grants and assistance programs this year," which International Association of Chiefs of Police counsel Gene Voegtlin "described as at least a $1 billion hit from funding levels a decade ago. Justice spokesman Brian Roehrkasse said the department is encouraged by a 2.6 percent drop in property crimes -- such as auto theft and other larcenies -- as outlined in the FBI report. But 'we are again concerned about the increase in violent crime in some cities and towns,' he said."

Under the headline "Violent Crime Is Up For 2nd Straight Year," the Washington Post (12/19, A1, Eggen, 690K) adds, "The numbers are certain to increase pressure on the Bush administration, whose detractors say local police concerns have been slighted by the focus on homeland security and counterterrorism. The Justice Department inspector general's office has reported sharp declines in the number of FBI agents and investigations dedicated to traditional crimes since the Sept. 11, 2001, terrorist attacks."

The New York Times (12/19, Blumenthal, 1.16M) reports Voegtlin "said that since 1997, federal grants to local police agencies had decreased to $890 million from $2.4 billion. … The West led the increase in violent crime, up 4.7 percent. … The Northeast had the smallest increase in violent crime, 2.9 percent. The South led in homicides, up 3.3 percent. Many cities showed increases in homicides: Miami was up to 30 from 23; Indianapolis to 68 from 44; Boston to 37 from 29; and Detroit to 186 from 169." The Washington Times (12/19, Seper, 88K) notes, "Last year, the number of violent crimes increased by 2.5 percent, the largest gain in 15 years, and the Justice Department pledged to determine why the crime numbers were continuing to increase. A report on the matter has not yet been completed."

The Los Angeles Times (12/19, Schmitt, 850K) reports, "If the trend of rising crime continues, it could become a political issue in the 2008 election. … 'Violent street crime did not go away on Sept. 11,' said James O. Pasco Jr., executive director of the Fraternal Order of Police." Pasco added that "though 'the same or additional resources are needed to fight those crimes,' in many cases less money is being spent." The Times notes, "Federal aid to state and local police declined to about $890 million in 2006 from $2.5 billion in 2001. Police departments are being squeezed by growing domestic security duties at a time when federal agencies such as the FBI are focusing more on preventing terrorism than assisting local departments fighting traditional crimes."

Local Newspapers Add Local Statistics. Smaller media outlets add local statistics to their reports on the FBI statistics.. For example, the San Francisco Chronicle (12/19, Bulwa, 384K) reports, "Driven by a surge in armed robberies, violent crime rose in the Bay Area and around the country during the first six months of this year, the FBI said Monday in a report that raised concern that the drop in crime that started in the 1990s has turned around." The Dayton (OH) Daily News (12/19, McCall) reports, "Mirroring a nationwide trend, newly released FBI data showed violent crime increased by 6.4 percent in the city of Dayton during the first six months of 2006. … The numbers reflect what police across the country have been saying for months: that the lull

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in crime between 2001 and 2004 appears to be over." The Richmond Times-Dispatch (12/19) reports, "[I]n the metro Richmond area, the picture is not as bleak. In the first six months of 2006, Richmond saw a 14 percent decline in violent crime, despite a two-man killing spree that started the year."

Gonzales Considers Investigating Duke Lacrosse Prosecutor. WSOC-TV Charlotte, NC (12/18, 5:00 p.m.) broadcasted, "US Attorney General Alberto Gonzales says he might investigate DA Mike Nifong's handling of the Duke lacrosse rape case. Earlier this month, a state representative said Nifong violated the player's civil rights during the calling them names in the press. David Evans, Collin Finnerty and Reade Seligmann are expected to go on trial next year." WRAL-TV Raleigh, NC (12/18, 6:00 a.m.) broadcasted, "US Attorney General Alberto Gonzales is talking about the Duke Lacrosse rape case. North Carolina Congressman Walter B .Jones wants the Justice Department to investigate DA Mike Nifong's actions. In an interview with FOX News, Gonzales said the lacrosse rape case is one his office could investigate."

WRAZ-TV Raleigh, NC (12/18, 7:00 a.m.) broadcasted, "For the first time, US Attorney General Alberto Gonzales is talking about the Duke Lacrosse rape case and whether the suspects' civil rights were violated. A North Carolina Congressman is asking Gonzales and the Justice Department to investigate district attorney Mike Nifong's actions. Anything beyond that in an interview with FOX news, Attorney General Alberto Gonzales said his office has made no decision, but acknowledged this issue is one it could investigate. Gonzales: Well, but even in connection with the state and local matter, if an investigation is conducted in such a way that civil rights laws are violated, that would be something that we might look into. Friday Defense Attorneys for the three defendants asked for the case to be moved out of Durham, and criticized the way DNA evidence was revealed. Cheshire: None of the DNA that was found of these numerous males matched the lacrosse players." WTVD-TV (12/18, 12:00 p.m.) in Raleigh, NC, also broadcasted this story. KVVU-TV (12/18, 5:00 a.m.) in Las Vegas and WGHP-TV (12/18, 5:00 a.m.) in Greensboro, NC, also broadcasted this story.

`Defendants' Supporters Ask Duke Officials To Call For Investigation. The Durham Herald Sun (12/19, Gronberg) reports, "Supporters of the three Duke lacrosse rape defendants on Monday asked university officials to join U.S. Rep. Walter Jones in calling for a federal civil-rights investigation of District Attorney Mike Nifong's handling of the case. The group Friends of Duke University said that while that wouldn't force Duke President Richard Brodhead or other administrators to take a position about the guilt or innocence of the accused men, it would support 'the undeniable proposition that public information suggests there is a sufficient likelihood of civil-rights violations' to merit U.S. Department of Justice scrutiny."

Witness Says Police Shot Unarmed Man In Back During Katrina Aftermath. On its Web site, CNN (12/18, Griffin, Polk, Albright-Hanna) reports, "New Orleans police lined up 'like at a firing range' and fatally shot an unarmed man in the back as he fled from them in the days after Hurricane Katrina swept ashore, a witness to the shooting told CNN." This statement "marks the first time a witness has come forward publicly with information about the shooting of Ronald Madison, a 40-year-old mentally retarded man whose death has sparked a police investigation and a grand jury probe into what happened in and around the Danziger Bridge that day." CNN adds, "Initial police accounts said that Madison reached for his waistband and turned on police, but Gaston said Madison did not appear to have a weapon and that he was running away from police 'hands out, full speed' when he was shot."

Inmate Charged With Fashioning Letter Bomb. The Washington Post (12/19, A15, Markon, 690K) reports that Rodney Curtis Hamrick, a prisoner at Leavenworth, "was charged yesterday with fashioning a letter bomb and mailing it to the federal courthouse in Richmond, authorities said." He "mailed the bomb in October 2005, along with a letter several days later that contained a powdery substance labeled 'anthrax,' federal law enforcement officials said. Tests indicated that the substance was not anthrax."

Post Opposes Two DC Measures Aimed To Help Ex-Offenders. The Washington Post (12/19, A28, 690K) editorializes, "Creating better conditions for the reentry and rehabilitation of offenders is a worthy goal, and not just for the men and women released from prison. The community's interest is served if ex-offenders build crime-free lives. But two measures being considered by the D.C. Council to help offenders, no matter how well-intentioned, are cause for

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serious concern and, if approved, would undermine public safety." The Post considers council member Marion Barry's effort to amend the "Human Rights Act to prohibit discrimination in employment or housing based upon an arrest or conviction record" the "most problematic." The Post writes, "No one is against giving people a second chance, but this bill goes too far." Another bill "would greatly expand the conditions for expungement, or sealing, of criminal records." The Post writes, "As Patricia A. Riley, special counsel to the U.S. Attorney for the District of Columbia, testified, it 'tips the scales too far against the public interest and public safety.'"

CIVIL LAW:

Abramoff Defending Self In Lawsuits By Indian Tribes. Legal Times (12/19, Palmer) reports after "paying for a high-priced criminal defense by Chadbourne & Parke's Abbe Lowell in the government's corruption probe, former uber-lobbyist-turned-jailbird Jack Abramoff is taking a different approach in two lawsuits filed against him by Indian tribes." Abramoff is "representing himself against former client Louisiana Coushatta Tribe and the Alabama-Coushatta Tribe of Texas. So far, Abramoff has piggybacked on motions filed by lawyers for former Christian Coalition head Ralph Reed and former Abramoff associate Michael Scanlon in the Texas case."

Attorneys Starting To See More Settlements Creating Charitable Donations. Law.com (12/19, Geier) reports on a "creative flair" appearing in legal settlements. Law.com writes, "Civil actions ending in creative settlements that do more than put money into the pockets of plaintiffs and their lawyers are unusual, but attorneys are starting to see more of them. … Lawyers involved in settling cases that result in charitable donations acknowledge that parties in some instances gain in improved public relations and financial benefits such as tax breaks. They also note that the prospect of a defendant's gaining any such advantage can discourage plaintiffs from charitable settlements." Law.com adds, "Insurance companies and self-insured defendants would rather contribute to a public good than pay money to an individual. But the public seldom hears about the contributions because defendants do not want their payments to appear to be admissions of liability."

Company Uses Technology To Better Respond To Email Discovery Requests. On Law.com (12/19) Edward Kelley, assistant general counsel at Transatlantic Reinsurance Company, writes, "Any attorney or in-house counsel who relies on e-mail for evidence or litigation support knows that e-mail discovery is among the most mind-numbing, inefficient processes that enterprises face. And in today's highly regulated business climate, e-mail messages have become one of the most scrutinized and sought after categories of business records." Kelley reviews his employer's travails in creating efficient discovery processes for email. He writes, "The technology we now employ is sophisticated -- using advanced weighting algorithms to help index our e-mail-specific metadata and accurately establish e-mail rank, giving each e-mail a relevancy score. … By reducing our e-mail review time, as a company we can respond even more rapidly and confidently to regulatory inquiries. This resource has freed up our legal team to respond faster and move on to more strategic work."

Texas Supreme Court Says Courts Can Reduce Attorney Fees As Well As Damages. Law.com (12/19, Robbins) reports, "In a unanimous decision, the Texas Supreme Court has ruled for the first time that two legal principles appellate courts use to limit or overturn damage awards also can be applied to attorney fees. On Dec. 1, the Supreme Court affirmed the 1st Court of Appeals' decision to significantly reduce the damages awarded in Barker and Barker v. Eckman, a suit involving the distribution of proceeds from the sale of bull semen collected, stored and sold under a bailment agreement. The high court concluded that the Houston appeals court was correct when it held that the statute of limitations barred breaches of the agreement that occurred more than four years before Walter Eckman sued Emzy and Ava Barker. … In his analysis finding that the Barkers are entitled to a meaningful evidentiary review of the attorney fees awarded, Supreme Court Justice Phillip Johnson, author of the opinion, cited 1996's Saenz v. Fidelity & Guaranty Insurance Underwriters. The Supreme Court made it clear in Saenz that a court of appeals must conduct a meaningful review to determine whether sufficient evidence supports a jury's award of mental anguish damages."

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CIVIL RIGHTS:

Schwarzenegger Orders Fix For California Execution Procedures. The Los Angeles Times (12/19, Weinstein, 850K) reports California Gov. Arnold Schwarzenegger "directed his administration to fix problems with the state's procedure to execute prisoners." Schwarzenegger's action came "in response to a stinging decision issued Friday by U.S. District Judge Jeremy Fogel in San Jose, who said the state's system 'is broken, but ..can be fixed.'" Fogel, "who visited the death chamber in San Quentin and held a four-day hearing in September, said the state's current procedures involving lethal injection violates the Constitution's prohibition against cruel and unusual punishment." Fogel listed "a number of problems with how the death penalty is implemented in California, including inconsistent and unreliable screening of execution team members, poorly trained staff, inconsistent and unreliable record keeping of drugs used in the process, improper mixing, preparation and administration of drugs administered by the execution team, overcrowded conditions and poorly designed facilities in which the execution team must work."

ANTITRUST:

FCC Commissioner Recuses Self From Voting On AT&T Merger. The Washington Post (12/19, D1, Sipress, 690K) reports, "Federal Communications Commissioner Robert M. McDowell announced yesterday that he would disqualify himself from voting on AT&T's proposed purchase of BellSouth on ethical grounds, depriving the FCC of a potential swing vote that could have broken the stalemate among its Democratic and Republican members." He "felt compelled to silence speculation over whether he would take part in the vote" and "accused his colleagues of failing to negotiate in good faith over conditions for approving the $86 billion merger proposed seven months ago." McDowell had "previously worked as senior vice president for Comptel, an association that lobbied on behalf of companies competing with AT&T and BellSouth."

The Wall Street Journal (12/19, A3, Schatz, 2.04M) reports that McDowell's decision "was an unwelcome development for the companies, which had been counting on the Republican to break the impasse that has paralyzed the agency's review of the deal." His action "increases the likelihood that AT&T will be forced to accept some conditions involving 'net neutrality,' or the idea that all Internet traffic should be treated equally. However, it also sweeps away uncertainty about who will vote, which has slowed negotiations on merger conditions."

USA Today (12/19, 3B, Cauley, 2.27M) reports, "Earlier this month FCC general counsel Sam Feder said that McDowell could vote on the deal. McDowell said he had hoped Feder's recommendation would provide him with the 'legal equivalent of body armor.' Instead, he said, 'I was handed Swiss cheese.' After conferring with several advisers, including the executive branch's Office of Government Ethics, McDowell decided to 'follow my own personal sense of ethics' and 'disqualify myself from this matter.'"

LATimes Approves Of McDowell Decision. In an editorial, the Los Angeles Times (12/19, 850K) writes, "It's unclear whether he acted out of principle or obligation, but Robert M. McDowell made the right choice Monday. … McDowell has publicly called for fewer regulations and has questioned the need for Net neutrality rules. No matter. At least McDowell got to act principled — in announcing his decision, he used the words 'ethics' or 'ethical' 33 times in five pages."

Express Scripts Attempt To Outbid CVS For Caremark. The Washington Post (12/19, D1, Shin, 690K) reports, "Pharmacy-benefit manager Express Scripts yesterday attempted to outbid retail pharmacy giant CVS for Caremark Rx with an offer of $26 billion in cash and stock, joining a flurry of year-end mergers and acquisitions. The proposal stunned many investors and marked the first shot in what could become a protracted battle over who gets to be the nation's leading filler of drug prescriptions. … Caremark and CVS last month agreed to what was characterized as a merger of equals, with CVS offering Caremark shareholders $22.5 million in stock. The combination of Caremark, the nation's second-largest pharmacy-benefit manager, and CVS, the second-largest pharmacy retailer, would create the biggest private-sector buyer of prescription drugs, responsible for managing more than 1 billion prescriptions a year."

USA Today (12/19, 1B, Appleby, 2.27M) reports, "While investors may think the Express Scripts cash-and-stock offer is more attractive than the $21 billion CVS all-stock deal, management at Caremark and CVS may be convinced that theirs is the better long-term move, says Merrill Lynch analyst Tom Gallucci in a research note to investors. … Analyst

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Robert Willoughby at Bank of America wrote in his note Monday about the Express Scripts bid that Caremark's board will be 'hard-pressed to credibly thwart such an offer.'"

CVS Could "Sweeten" Bid, Analysts Say. The Dow Jones Newswires (12/18, Covert) reports, "[A]nalysts say CVS, of Woonsocket, R.I., could sweeten its bid, which had been perceived as low by Wall Street. In addition to its healthy balance sheet, CVS, in acquiring Nashville-based Caremark, could use the target company's strong cash flow to pay down debt it might take on to fund a bigger price tag. Analysts add that a deal with CVS would likely be more attractive to regulators, as an Express Scripts deal risks greater antitrust concerns."

Biomet Agrees To Private Buyout, Finds Backdated Options Grants. The New York Times (12/19, Feder, 1.16M) reports, "Biomet, a major manufacturer of artificial hips and knees, said today that it had agreed to be acquired by a private investment consortium for $10.9 billion. The buyout bid came from affiliates of the Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Company and TPG." Additionally, Biomet "announced today that a board committee's review of the company's options-dating practices back to 1996 had uncovered numerous cases of option grants backdated to create immediate profits for the recipients, as well as shortcomings in the company's records."

The Wall Street Journal (12/19, C4, Carey, Vuocolo, 2.04M) reports, "The Warsaw, Ind., company said that if its shareholders agree to the deal, they will receive $44 a common share from a private-equity group that includes affiliates of Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Co. and Texas Pacific Group. The price represents a 27% premium to the stock's closing price in early April, a few days before Biomet said it had hired Morgan Stanley to help it look at strategic alternatives. That move came a week after the resignation of Dane Miller, Biomet's co-founder and its chief executive officer for 29 years. Mr. Miller is expected to be an investor in the new private company once the deal closes in October 2007."

The AP (12/19, Martin) reports,Linda Varoli, vice president of merger research with the New York-based Wall Street Access, said the $10.9 billion purchase price — which will be paid with cash and loans — reflects the potential of the industry, which has been rattled recently by antitrust concerns. In June, Biomet and three other orthopedics makers announced they had received subpoenas stemming from possible criminal violations in the manufacturing and sale of orthopedic implant devices."

Apollo Management To Buy Out Realogy. The AP (12/19) reports, "-- The parent of Century 21 and Coldwell Banker real estate brokerages said it is being acquired by an affiliate of private equity firm Apollo Management LP for about $6.65 billion in cash. The buyout of Realogy Corp. includes about $1.6 billion in debt and other liabilities of roughly $750 million, the brokerage said late Sunday. Realogy also owns Sotheby's International Realty."

EU Clears Merck To Buy Serono. The AP (12/19) reports, "EU regulators on Monday cleared Germany's Merck KGaA to buy Swiss biotechnology company Serono SA. The European Commission cleared the deal automatically after identifying no antitrust problems and receiving no complaints from rivals within a deadline of 25 working days."

Milberg Weiss Dismissed From Antitrust Case. The New York Times (12/19, 1.16M) reports, "Milberg Weiss & Bershad, the law firm accused of paying plaintiffs to bring class-action lawsuits, was removed yesterday as one of the lead firms in an antitrust case against carmakers over Canadian imports. Federal District Judge D. Brock Hornby in Maine granted a request by the carmakers to remove Milberg Weiss as the vice chairman of the plaintiffs' executive committee." The Times notes, "Milberg Weiss and two of its partners, David Bershad and Steven Schulman, were indicted in May on charges they paid clients to sue companies for securities fraud."

ENVIRONMENT/INDIAN AFFAIRS:

States Sue EPA Over Soot Levels. The AP (12/19) reports, "More than a dozen states sued the U.S. Environmental Protection Agency on Monday to lower soot levels from smokestacks and exhaust pipes, a move state officials argue would save thousands of lives. The states argue that the Bush administration is ignoring science and its own experts in refusing to slightly reduce the allowed threshold for soot. The lawsuit is the latest salvo against the Bush administration, which has repeatedly come under fire for what some states and environmentalists have said is its

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lack of commitment to environmental issues." The AP adds, "Officials from California, Connecticut, Delaware, Illinois, Maine, New Hampshire, New Jersey, New Mexico, Oregon, Pennsylvania, Rhode Island, Vermont and the District of Columbia joined New York in the action filed in the U.S. Court of Appeals in Washington."

FBI/DEA/ATF/USMS:

Milwaukee SAC Says Post 9/11 FBI "Much More Proactive." The Milwaukee Journal Sentinel (12/19, 255K) runs excerpts from reporter Gina Barton's recent interview with FBI Milwaukee SAC Richard K. Ruminski. Barton: "How have things in the FBI changed since 9-11?" Ruminski: "We've completely changed our focus from being mainly a criminal investigative agency that also worked counter-intelligence matters. We are now in a status where we're trying to be much more proactive. We went from a reactive agency to much more proactive because of our newest responsibility of detecting and preventing terrorism, which is a very difficult task." Barton: "Sen. Herb Kohl recently asked the national FBI director to send more crime-fighting resources to Milwaukee. Do you think the FBI needs to get more involved in solving Milwaukee's crime problem?" Ruminski: "We have been extremely involved in the violent crime area. We work gangs, we work narcotics investigations, but we work them in task force settings. We had numerous arrests here of gang members several weeks back. … We address some of the more complex (criminal) enterprise organizations…in a task force setting."

FBI Casts Wider Skills Net In Post-9/11 Recruiting Push. The Mobile (AL) Press-Register (12/18, Kirby) reported, "The prototypical FBI agent in the J. Edgar Hoover days was a lawyer or accountant. Today's ideal candidate is more likely to be a computer whiz who is fluent in a second language. Finding new agents with that kind of background can be challenging, especially since they must also pass a background check, lie detector test and physical fitness trial, as well as survive a written test, an oral interview and 18 weeks of training at Quantico, Va. Former Special Agent Craig Dahle was in charge of recruiting for the Mobile field office until his retirement last month. In that role, he was one of the men and women responsible for trying to achieve the agency's national recruiting goal of 1,000 new agents for the fiscal year that ended in September. The bureau fell short of that target, hiring 791 agents. 'A thousand is extremely ambitious because the process of getting hired as an FBI special agent is unlike any other job, I'd dare say,' Dahle said." The Press-Register noted, "The FBI has aggressively stepped up its hiring since the Sept. 11, 2001, terrorist attacks, taking on an average of 873 agents a year since 9/11 compared with an annual average of 632 in the five previous years. … The FBI also has hired 4,886 support staff since 9/11, Dahle said. These include analysts and computer experts, he said. … 'There's been a lot of hiring in that area that would not have happened had 9/11 not happened,' he said."

Accused ATF Shooters Make First Court Appearance. The Macon Telegraph (12/19, 59K) reports, "Two suspects in the shooting and wounding of two federal agents have made their first court appearance. Chardriguez Durden, 23, of Stone Mountain is charged with six counts of aggravated assault on a police officer and violation of the Georgia Controlled Substances Act. Paul Thompson Jr., 19, of Covington is charged with violation of the Georgia Controlled Substances Act."

Advocates Say Marijuana Is California's Top Cash Crop. On its Web site, KESQ, Palm Desert, California (12/19) reports that a new report "says marijuana is California's number one cash crop, worth some 14-billion dollars a year. That's despite an all-out crack-down campaign by the feds against the drug. Medicinal marijuana advocates say it's California's number one cash crop simply because it's illegal." KESQ also notes DEA raids on marijuana dispensaries such as CannaHelp and Palm Springs Caregivers and reports anti-prohibition advocates "say classifying marijuana as illegal is the problem."

Report's Author Claims "War On Drugs" Is Failing. The UK's Guardian (12/19) says the author of the report, Jon Gettman, "says the figures show the war on drugs is not working: 'Illicit marijuana cultivation provides considerable unreported revenue for growers without corresponding tax obligations to compensate the public for the social and fiscal costs related to [its] use.' His suggestion that the crop be legalized and taxed was rejected by the White House Office of National Drug Control Policy, which pointed to countries with large drug cash crops, notably Colombia and Afghanistan."

Financial Gains Disputed. The Washington Times/UPI (12/18) reported Gettman "advocates removing

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marijuana from the federal list of hard-core Schedule 1 drugs and treating it like tobacco and alcohol by legalizing and reaping a tax windfall, while also controlling production and distribution to better restrict use by minors. [The ONDCP's] Tom Riley…disagreed, and said coca has plagued Colombia and opium poppies are a disaster for Afghanistan."

Meth Use Possibly Linked To Rise In Violent Crimes. The Washington Post (12/19, A1, Eggen, 690K) reports a "surge in violent crime that began last year accelerated in the first half of 2006, the FBI reported yesterday, providing the clearest signal yet that the historic drop in the U.S. crime rate has ended and is being reversed. … Many communities, particularly those in urbanized areas, may be headed into a period of sustained crime increases, they said. While no one is certain of the causes, experts cited an increase in the number of young men in their crime-prone years, diminished crime-fighting assistance from the federal government, fewer jobs for people with marginal skills and even the ongoing growth in methamphetamine use in some places."

IMMIGRATION:

High-Tech Substitutes For Immigrant Labor Found To Be Rare. The Wall Street Journal (12/19, Kronholz, 2.04M) reports, "With the country deeply divided over immigration, some economists and policy makers are suggesting that technological innovations could offer a way out of the economy's reliance on illegal workers." However, "it's unlikely that mechanization will reduce the demand for illegal immigrants anytime soon. For most of the jobs they do, there's no easy high-tech substitute."

TAX:

Tax Preparation Firms Under Fire For Expensive Holiday Loans. NBC Nightly News (12/18, story 5, 2:15, Williams, 9.87M) reported, "Some of this nation's biggest tax preparing firms are offering a new product, so called holiday loans that give customers up front money to pay for Christmas gifts, but at a high price." NBC (Corke) added, "It is a major twist on something the tax prep firms have been doing for years, figuring out your refund and lend you that amount. You pay them back when Uncle Sam's check arrives. Holiday loans are available in December. Instead of a W-2 form, you bring in a pay stub, the tax firm estimates your refund, and lends you that amount." Mark Winston Griffith, consumer advocate: "They are marketed to people at a time when they are probably most vulnerable." Corke: "Consumer advocates criticized the low pressures, interest sometimes tops 300%. So a $100 loan can cost $400 if it is held for a year."

CONGRESS-ADMINISTRATION:

Brownback To Allow Vote On Michigan Judge. The New York Times (12/19, Lewis, 1.16M) reports Sen. Sam Brownback (R), "who blocked the confirmation" of Michigan state Judge Janet Neff to the Federal District Court "because she attended a same-sex commitment ceremony for the daughter of her long-time neighbors, says he will now allow a vote on the nomination." Brownback, who has "been criticized for blocking the nomination, said he would also no longer press a proposed solution he offered on Dec. 8 that garnered even more criticism: that he would remove his block if Judge Neff agreed to recuse herself from all cases involving same-sex unions." Brownback said "he still believed Judge Neff's behavior raised serious questions about her impartiality and that he was likely to vote against her," but he added he "did not realize his proposal — asking a nominee to agree in advance to remove herself from deciding a whole category of cases — was so unusual as to be possibly unprecedented."

WSJournal Criticizes Concept Of "Independent" Ethics Enforcer. The Wall Street Journal (12/19, 2.04M) editorializes, "Congressional mores could certainly use an upgrade, but it pays to beware of reformers promising to clean up politics by letting someone else do the dirty work. Exhibit A is the strange new enthusiasm for an 'independent' office of public integrity for Congress." One "warning sign is that the proposal is being marketed by the same folks who gave us 'independent counsels' such as Lawrence Walsh and Ken Starr for the executive branch, as well as the glories of 'campaign finance reform.'" A "better name for such an 'independent' ethics body would be the office of public buck-passing, because it would allow Congress to spare itself the heavy political lifting of judging colleagues. Handing over that duty to outsiders would make

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Congress less politically accountable, not more, while creating a whole new set of political problems and disputes."

Leahy Promises Oversight Of Executive Branch. Editor & Publisher (12/18, Fitzgerald) reports, "In a little-noticed speech last week at Georgetown University Law Center, U.S. Sen. Patrick Leahy (D-Vt.) lamented the recent congressional acquiescence to the Bush administration's secrecy, and promised to restore the constitutional balance between the executive and legislative branches of government." Leahy "said he will work to strengthen open-government laws, and to provide more congressional oversight of the White House."

OTHER NEWS:

Polonium Poisoning Said To Hold Lessons For Possible Terror Attacks. Peter D. Zimmerman, chief scientist of the United States Senate Foreign Relations Committee from 2001 to 2003, writes in the New York Times (12/19, 1.16M), "The exotic murder-by-polonium of the former KGB spy Alexander Litvinenko has embroiled Russia, Britain and Germany in a diplomatic scuffle and a hunt for more traces of the lethal substance. But it also throws into question most of the previous analyses of 'dirty bombs,' terrorist attacks using radioactive isotopes wrapped in explosives (or using other dispersion techniques) to spread radioactive material in crowded areas. Essentially all analysts, myself included, played down the possibility of using alpha radiation…as a source of dirty bombs. We concentrated instead on isotopes that emit penetrating gamma rays, which are basically super-powered packets of light, hard to shield and effective at a yard or more." As a result, "a near-term goal should to require specific licensing of any person or company seeking to purchase alpha sources stronger than one millicurie, about a third of a lethal dose. A longer-term goal ought to be eliminating nearly all use of polonium in industry through other technologies. That is a technical challenge and would cost some money, but it would certainly be less expensive than coping with the devastation of a smoky bomb."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — 10:05 a.m. Signs HR 6143, the Ryan White HIV/AIDS Treatment Modernization Act of 2006, Oval Office, The White House; signs S. 843, the Combating Autism Act of 2006, Oval Office, The White House; signs S. 3678, the Pandemic and All-Hazards Preparedness Act, Oval Office, The White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: OUTPATIENT CARE _ 8:30 a.m. - 5:30 p.m. The National Quality Forum sponsors a conference to address the role of pay-for-performance, information technology and clinician interest in quality improvement for ambulatory care settings. Location: JW Marriott Hotel, 1331 Pennsylvania Ave. NW.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Lt. Gen. Martin Dempsey, commander of Multi-National Security Transition Command-Iraq, will brief live from Iraq to provide an update of the development, training and equipping of Iraqi Security Forces. Location: DOD Briefing Studio, Pentagon 2E579.

ENVIRONMENTAL TRENDS _ 9:30 a.m. World Resources Institute President Jonathan Lash, others, hold a press conference on environmental trends for 2007. Topics of discussion include what role the new Congress will play in climate change; How will alternative fuels such as ethanol play out in 2007?; What developments will be significant internationally?0, and what innovations are on the horizon? Location: National Press Club, Zenger Room.

TERRORISM-PRIVACY _ 11 a.m. The Center for Strategic and International Studies holds a program with Assistant Homeland Security Secretary Stewart Baker on terrorist screening and privacy issues. Location: B-1 conference level, 1800 K St. NW.

INDIA _ 12 p.m. ACCF and FICCI hold a news conference with the President of India's Forum of Financial Writers. Location: National Press Club.

ALEXANDER-GLOBAL ECONOMY _ 12 p.m. - 1:30 p.m. The National Economists Club hosts a luncheon with Lewis Alexander, chief economist, Citigroup, on ``2007 Global Economic Outlook." Location: Chinatown Gardens Restaurant, 618 H St. NW.

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Desperate Mother Ignores The Odds."
"Family Tie Helps Win FDA Contract."
"Questions Still Shroud Long Beach Assault."
"Sadr Army Is Called Top Threat In Iraq."
"UCLA Ready To Name Biologist As Chancellor."
"Hollywood Likes Repeating Itself."

USA Today:
"Timetable For The Rules."
"Lawmakers: Screen Airport Workers."
"Concern Grows Over Pollution From Jets."
"Nuclear Material Secretly Moved."

New York Times:
"Attacks In Iraq At Record High, Pentagon Says."
"Iraq Insurgents Starve Capital Of Electricity."
"Making A Life in the US, But Feeling Mexico's Tug."
"Chinese Success Story Chokes On Its Own Growth."
"Inquiry Falters on Civilians Accused Of Detainee Abuse."
"Paying Health Care From Pensions Proves Costly."

Washington Post:
"White House, Joint Chiefs At Odds on Adding Troops."
"Violent Crime Is Up For 2nd Straight Year."
"Bringing Nueva Vida to Aging Strip Malls."
"Pentagon Cites Success Of Anti-U.S. Forces in Iraq."
"Giuliani's Primary Hurdle."
"Fannie Mae Ex-Officials Are Sued for Disputed Pay."
"Paramilitary Ties Implicate Colombia's Political Elite."

Washington Times:
"India Nuclear Deal Signed."
"Diocese Approves Freeze On Litigation."
"Former Fannie Leaders Charged."
"Conservatives Fear Tax-Increase Deal."
"N. Korea Demands Rise As U.S. Patience Falls AT Talks."
"The Sharing OF Knits."

Detroit Free Press:
"Neighborhoods Next To Rise."
"He's Trying To Save His Sister's Life."
"3 Schools, State Agree To Delay Proposal."
"New Delphi: Big Investors, Safe Pensions."
"Cost Guard Nixes Live Ammo On Great Lakes."

Atlanta Journal-Constitution:
"No End To BellSouth Merger Stalemate."
"Braves Broadcast Duo All but Booted From TV."
"Group Seeks Coup At Home Depot."
"Tips To Fliers: Pack Light, Don't Wrap."

Houston Chronicle:
"Gates Greeted By Grim Iraq Report."
"Charges Don't Keep Frat From Partying."
"Jam Cleared In Record Spacewalk."
"FEMA vows To Restore Aid Soon To Evacuees."
"GOP Hopefuls Cast Eye On Texas Cash."

Story Lineup From Last Night's Network News:
ABC: Pentagon-Iraq Report; Iraqi Red Crescent; Missing Climbers-Oregon; Record Hot Temperatures; Violence On The Rise; North Korea Six Nation Talks; NBA Basketball Brawl; Space Shuttle; Teacher Bonus Pay; Donating Cloths.
CBS: Missing Climbers-Oregon; Missing Climbers-Analysis; Still Without Power; Pentagon-Iraq Report; Courthouse At Guantanamo Bay; NBA Basketball Brawl; FBI Report; Prostitute Murders-Britain; Episcopal Schism; New Breast Cancer Treatments; New DC Police Chief.
NBC: Missing Climbers-Oregon; New Secretary Of Defense; NBA Basketball Brawl; Stock Market; Holiday Loans; FBI Report; Prostitute Murders-Britain; Busiest Mailing Day; Joseph Barbera Obit; Baby Boomers-Music.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: OR-Missing Climbers; Death Toll From Northwest Windstorm Up To 14; Gates Sworn In As New Defense Secretary; Pentagon-Violence Up In Iraq; TX-Lawsuit Filed Following Immigration Raid; Berlin Opera House-Controversial Opera Critical Of Religion.
CBS: OR-Missing Climbers; US Forces-Persian Gulf Military Exercises; Pentagon Giving Up On Plans To Build Courthouse At Guantanamo Naval Base; Laura Bush-Skin Cancer; Space Shuttle; CA-Cold Temperatures; Wall Street; Barbera Obit; Maytag Repairman To Remain In Marketing Mix Following Merger With Whirlpool.
NPR: Laura Bush-Skin Cancer; Six-Party Talks With North Korea; Canada's Top General Defends Decision To Purchase New U.S.-Made Transport Planes; Gas Prices; Bus-U.S., India Nuclear Deal; Wall Street.

DOJ_NMG_0107516

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 19, 2006 7:45 AM EST

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TERRORISM NEWS:

ACLU Allowed Access To Document On Detainee Photos. The New York Times (12/19, Liptak, 1.16M) reports federal prosecutors in New York withdrew a subpoena to the American Civil Liberties Union seeking to retrieve copies of a classified document. In what is describes as "an opaque and defensive four-page letter" prosecutors "said they were acting 'in light of changed circumstances' and their determination that 'the grand jury can obtain the evidence necessary to its investigation from other sources.' Another factor may have played a role. A transcript of a closed hearing in the case that was unsealed yesterday suggested the government was going to lose."

The Washington Post (12/19, Barnes, 690K) reports that the ACLU "hailed the government's retreat as a victory." ACLU executive director Anthony D. Romero: "The Bush administration's attempt to suppress information using the grand jury process was truly chilling and is unprecedented in law and in our history as an organization." However, the Post writes, "the Justice Department said, in effect, that the ACLU had instigated the fight and had told the government that filing the subpoena would be the first step toward the ACLU turning over the document." The Post adds, "Justice Department spokesman Brian Roehrkasse said the department had tried to handle the matter in a way that was as 'amicable, cooperative and as unobtrusively as possible.'"

The AP (12/19, Neumeister) reports, "The document _ marked "secret" in bold but small print on the top of its first page _ described when and how the military Public Affairs Office permits the media to photograph enemy prisoners of war and detainees in Iraq. It was dated more than a year after the release of pictures of American soldiers tormenting Iraqi detainees at Abu Ghraib prison in Iraq."

The New York Sun (12/19, Gerstein) reports, "The government's decision to relent may have been influenced by comments the judge assigned to the case, Jed Rakoff, made at a hearing last week. 'There seems to be a huge difference between investigating a wrongful leak of a classified document and demanding back all copies of it,' the judge said, according to a transcript unsealed yesterday. 'I'm old enough to remember a case called the Pentagon Papers.'"

In an editorial, the Washington Post (12/19, A28, 690K) opines, "the government has wisely backed down from its effort to misuse its subpoena power to force the American Civil Liberties Union to turn over a classified document. The subpoena has been withdrawn and the document released. It turns out to have been an entirely innocuous memo outlining rules about photographing prisoners of war and detainees in Iraq. And that leaves two questions: Why in the world was this document classified in the first place? And why in the world did the government take the unprecedented step of using the grand jury process to try to retrieve 'any and all copies' of the memo?"

Judge Orders Padilla To Undergo Mental Competency Evaluation. The AP (12/19, Anderson) reports that a federal judge "ordered a mental exam Monday to determine whether Jose Padilla — charged with being part of a support cell for Islamic extremists around the world — is competent for trial." The AP notes that a psychiatrist and a psychologist "hired by Padilla's attorneys concluded he is suffering from post-traumatic stress disorder and other mental problems stemming largely from his 3 1/2 years in solitary confinement at a Navy brig in Charleston, S.C. Prosecutors agreed a court-ordered evaluation was necessary."

Anthrax Vaccine Fails To Meet HHS Testing Deadline. The Washington Post (12/19, D2, Merle, 690K) reports, "VaxGen said yesterday that it did not meet a federal deadline to begin human testing of its anthrax vaccine." The FDA "has put the clinical trial on hold since November." The Department of Health and Human Services "had given the company until yesterday to begin testing or risk losing its contract but didn't say what action it would take. … 'I don't think we're in a position to make predictions on how long this will take,' said Lance Ignon, VaxGen's vice president of corporate affairs." HHS spokesman Bill Hall "said no decisions have been made about the contract's fate."

Former NSC Official Claims White House Ordered Op-ed Censored. The Los Angeles Times (12/19, Richter, 850K) reports Flynt Leverett, former senior director for Middle East affairs at the National Security Council and a former CIA analyst, "said Monday that the White House tried to silence his criticism of its Middle East policies by ordering the CIA to censor an op-ed column he wrote." Leverett "said the White House told a CIA censor board to excise parts of a 1,000-word commentary on U.S. policy toward Iran that he had offered to the New York Times. Leverett, who has criticized the administration for failing to deal directly with Tehran, said the board wanted to remove references to prior U.S. contacts with Iran" though "the events

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he wrote about were widely known." Leverett "speculated" that senior NSC officials, "such as deputy national security advisors Elliott Abrams or Meghan L. O'Sullivan, had authorized their subordinates to intervene."

The Financial Times (12/19, Dinmore) notes Leverett's allegations "come at a particularly sensitive time for the White House, which is under intense pressure to change its whole Middle East strategy following publication of the report of the bipartisan Iraq Study Group." White House spokesman Tony Snow "said he knew nothing about the case but denied the administration would 'falsely silence critics on national security claims'." Although the White House "later confirmed it had suggested deletions to the article because it contained classified information, and then returned the piece to the CIA publications review board."

HOMELAND RESPONSE:

Justice Department Team Declines To Prosecute In Most Detainee Abuse Cases. New York Times (12/19, Johnston, 1.16M) reports that "[a] Justice Department team responsible for investigating accusations that civilian government employees had abused detainees has decided against prosecution in most of the nearly 20 cases referred in the last two years by the Pentagon and the Central Intelligence Agency, said lawyers who have been officially briefed on the effort. The prosecution team, which was established in June 2004 at the United States attorney's office in Alexandria, Va., has not brought a single indictment and has been plagued by problems." The Times notes that the group "has been unable to collect forensic evidence or find witnesses" for the cases, and in "some" cases, "has been stymied by the absence of facts in the referrals, the lawyers said. A few investigations remain open, although the lawyers declined to be specific about how many cases fell in that category." The Times adds, "Lawyers who have been briefed on the work of the Justice Department unit, initially made up of six federal prosecutors, said problems with evidence and the fragmentary nature of some of the accusations had proved so daunting that prosecutors never even reached the point of grappling with difficult legal issues involving permissive interrogation guidelines."

Durbin Seeks Details Of Investigations. The AP (12/19) reports that in a letter to Attorney General Alberto Gonzales, Illinois Sen. Dick Durbin, who is the incoming Senate Majority Whip, "asked the Justice Department on Monday for an update on its progress prosecuting government employees who were accused in at least 17 cases of abusing detainees in Iraq and Afghanistan." The AP continues, "In response to Durbin's first request, the Justice Department revealed in a Jan. 17 letter that it had opened 20 investigations into claims of detainee abuse that were referred to prosecutors by the Pentagon and the CIA. The investigations were being led by a task force in the U.S. Attorney's office in Virginia's eastern district."

WAR NEWS:

Gates Says US Failure In Iraq Would Be A "Calamity." The AP (12/19, Burns) reports, "Robert Gates assumed the helm at the Pentagon on Monday, warning in his first public remarks as defense secretary that failure in Iraq would be a 'calamity' that would haunt the United States for years." Gates "pledged to give President Bush his honest advice on the costly and unpopular war, and said he would go to Iraq soon to see what US commanders believe should be done to quell the growing violence." He also said "he wants to hear the views of US commanders on how to improve the situation, 'unvarnished and straight from the shoulder.' The remarks seemed to contrast with critics' complaints that the man he replaced, Donald H. Rumsfeld, did not listen enough to the advice of the military's top officers." The New York Times (12/19, Stout, 1.16M) quotes Gates saying to Bush yesterday, "You have asked for my candor and my honest counsel. … You will get both."

The Washington Post (12/19, A4, White, 690K) reports the new secretary pledged that the Iraq war "will be his top priority. … 'All of us want to find a way to bring America's sons and daughters home again, but as the president has made clear, we simply cannot afford to fail in the Middle East,' Gates said yesterday at the Pentagon after Vice President Cheney swore him in as the nation's 22nd defense secretary. 'Failure in Iraq at this juncture would be a calamity that would haunt our nation, impair our credibility, and endanger Americans for decades to come.'" The Post notes Gates "originally was a member of the Iraq Study Group -- which recently issued a stark assessment of the war and made dozens of recommendations -- but stepped aside after Bush nominated him to replace Rumsfeld. Gates had been president of Texas A&M University since 2002."

As Gates Takes Over, Report Finds Iraq Situation "Worse Than Ever." Coverage of Gates' swearing-in was largely overshadowed – particularly on TV – by a report that finds the level of violence in Iraq at a record high. ABC World News (12/18, lead story, 2:50, Gibson, 8.78M) reported, "Talk about a tough first day on a job." Gates "takes over as Defense Secretary and the first thing he gets is the Pentagon's own assessment of the war in Iraq, saying things are worse than ever. The number of attacks are up 22%. Military casualties are up 32%. And civilian deaths up 60%, since February.

CBS Evening News (12/18, story 4, 2:35, Martin, 7.66M) also notes the report, while NBC Nightly News (12/18, story 2, 2:50, Williams, 9.87M) said "this had to be a sobering

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first day on the job for America's new Secretary of Defense, who was sworn in today at the Pentagon, and then, hours later, was handed a grim new assessment of the situation in Iraq." Likewise, Fox News' Special Report (12/18, Hume) also reported on Gates, then said, "this on a day the Pentagon released its quarterly progress report on Iraq, which showed the violence was highest on record from August to November, up 22%. The levels pose a grave threat to political progress, which is deemed limited because Prime Minister Nouri al-Maliki's effort at national reconciliation is showing no indications of succeeding."

Joint Chiefs Unanimously Opposed To Iraq Troop "Surge." The Washington Post (12/19, A1, Wright, Baker, 690K), in an anonymously sourced front-page story titled, "White House, Joint Chiefs At Odds on Adding Troops," reports White House officials are "aggressively promoting" a plan for Iraq that includes a temporary "surge" of 15,000-30,000 troops in the face of the "unanimous disagreement" of the Joint Chiefs of Staff. According to the Post, the Joint Chiefs are of the opinion that the White House "still does not have a defined mission and is latching on to the surge idea in part because of limited alternatives, despite warnings about the potential disadvantages for the military." The JCS "have taken a firm stand…because they believe the strategy review will be the most important decision on Iraq to be made since the March 2003 invasion. At regular interagency meetings and in briefing President Bush last week, the Pentagon has warned that any short-term mission "may only set up the United States for bigger problems when it ends." Additionally, the JCS warn that a "surge" would provide "an enormous edge to virtually all the armed factions in Iraq -- including al-Qaeda's foreign fighters, Sunni insurgents and Shiite militias -- without giving an enduring boost to the U.S military mission or to the Iraqi army, the officials said." The Post goes on quote a "senior administration official" who says "it is 'too simplistic' to say the surge question has broken down into a fight between the White House and the Pentagon, but…acknowledged that the military has questioned the option."

Iraqi Satellite TV Station Gains Audience With Anti-US Programming. The Los Angeles Times (12/19, Daragahi, Hennessy-Fiske, 850K) reports on Al Zawraa, the newly launched Iraqi satellite television channel. Al Zawraa is portrayed as "renegade" and "pro-insurgent…with a 24-hour diet of propaganda against U.S. forces and the Iraqi government" that "has become something of a sensation throughout the country." The Times adds, "Most hours of the day it plays footage of U.S. soldiers in Iraq being shot and blown up in insurgent attacks, often with religious chants or Saddam Hussein-era nationalist anthems in the background. There are segments warning Iraq's Sunni Arabs to be wary of Shiite Muslims, and occasional English-language commentary and subtitles clearly meant to demoralize U.S. troops. … It's not clear how big an Iraqi audience Al Zawraa captures. But its very presence demonstrates the insurgency's abilities. Despite 140,000 U.S. troops in Iraq and intense diplomatic pressure on Iraq's neighbors, the station is able to circumvent U.S. and Iraqi forces and stage round-the-clock broadcasts, complete with news bulletins, graphics and commentary."

Documents Link Saddam With Chemical Attack On Kurds. The AP (12/19, By) reports Munqith al-Faroon, the chief prosecutor in Saddam Hussein's trial, "presented memos Monday from the ousted president's office approving chemical attacks against Kurdish villages, the most serious evidence against him in his genocide trial." al-Faroon "showed the Iraqi court trying Saddam and six other former regime members about 25 documents, including some presidential letters instructing the army to use 'special ammunition' — identified as 'mustard gas' — to quell a Kurdish rebellion in 1987. Some of the documents bore Saddam's signature, al-Faroon said."

Marine Will Be Charged In Haditha Case. The AP (12/18, Watkins) reports, "A Marine captain has been told he will be criminally charged in connection with the killing of 24 civilians in the Iraqi town of Haditha, his attorney said Monday. Capt. Lucas McConnell, 31, was told by his commanding officer that he will be charged with dereliction of duty, said Kevin McDermott." McDermott said he and his client were "absolutely clueless" how McConnell could have committed dereliction, "adding that his client was not present during the killings. Separately, two [anonymous] military officials said a group of Marines would be charged Thursday for their alleged roles in the killings." The AP adds, "A parallel military investigation has examined whether officers in the Marines' chain of command tried to cover up the events. Results have not been made public."

CORPORATE SCANDALS:

Regulators Sue Three Former Fannie Mae Execs. The Washington Post (12/19, A1, Hilzenrath, 690K) reports federal regulators "sued three former Fannie Mae executives, including former chairman and chief executive Franklin D. Raines, to recoup more than $115 million in pay they received while the company's earnings were misstated." Regulators said Raines "and the others engaged in a variety of ruses to meet profit goals and boost their compensation. For example, they delayed booking $200 million of expenses one year and used transactions with no economic purpose in

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other periods simply to shift income into the future, the complaint alleged." The regulators' "discovery of accounting problems in 2004 ultimately led Fannie Mae to pay a $400 million penalty and correct years of financial results, erasing $6.3 billion of previously reported profit."

USA Today (12/19, Iwata, 2.27M) reports, "In a complaint with an administrative law judge, the Office of Federal Housing Enterprise Oversight detailed 101 charges from 1998 to 2004 against Raines, former chief financial officer Timothy Howard and former controller Leanne Spencer, who all resigned in 2003 as the Fannie Mae scandal worsened." OFHEO is "seeking $100 million in penalties and $115 million in return of bonuses. The regulator also seeks the return of legal fees, and to bar the former executives from any future business with Fannie Mae."

The Wall Street Journal (12/19, Hagerty, Paletta, 2.04M) reports, "Responses from lawyers for the executives suggest that the regulator faces a long and difficult legal battle." The former executives "neglected internal controls, misapplied more than 20 accounting principles and misled the regulator and public, Ofheo Director James Lockhart charged in a statement. Fannie Mae recently announced a restatement of results that cut retained earnings as of June 30, 2004, by $6.3 billion." But "lawyers for all three executives denied the allegations, which Mr. Howard's attorney called 'a work of unsubstantiated fiction.' The lawyers' responses suggested that they will argue that Fannie's former accounting practices and internal controls were approved by outside auditors and Ofheo itself."

The New York Times (12/19, Peters, 1.16M) reports the charges "were the latest development in the fallout over accounting violations at Fannie Mae. After the housing oversight office denounced Fannie Mae in a scathing report in May, the company agreed to pay a $400 million settlement. Earlier this month, Fannie restated its earnings for several years, making a total of $6.3 billion in various corrections, to straighten out inaccuracies in its financial statements. It was one of the largest corporate accounting restatements on record."

The Washington Times (12/19, Gordon, 88K) reports Raines and Howard were "swept out of office two years ago in the multibillion-dollar accounting debacle at the government-sponsored company, which finances one of every five home loans in the United States. Fannie Mae earlier this month announced a long-awaited restatement for 2001 through June 30, 2004, that erased $6.3 billion in profit." Raines, "a prominent Washington figure who was White House budget director in the Clinton administration, led Fannie Mae -- with its legendary political clout, generosity in campaign contributions and lobbying savvy -- from 1999 until his ouster by the company board in December 2004."

SEC Opens "Formal" Investigation Of Broadcom Options Practices. Bloomberg (12/19, Brennan) reports, "Broadcom Corp., a chipmaker restating results to add $1.5 billion in payroll costs, said the U.S. Securities and Exchange Commission has opened a 'formal" investigation into the company's options practices. Broadcom also canceled more than $37 million in stock options held by three unnamed individuals it holds responsible for manipulating their grant dates, the Irvine, California-based company said in a statement today. Broadcom said it took the actions as it finished an internal review of the matter." Cody Acree, Stifel Nicolaus & Co. analyst, in a note to investors: "The escalation of the SEC inquiry to formal status is a bit unsettling given the open-ended possibilities,"

Federal Investigators Find BP's Budget Cuts Led To Less Safety At Texas City Refinery. Financial Times (12/19, Mcnulty) reports on deterioration and safety problems at BP's Texas City refinery. Financial Times writes, "The US Department of Labor's Occupational Safety and Health Administration (Osha) uncovered more than 300 'egregious, wilful violations' in Texas City - BP's biggest refinery. BP did not admit guilt but agreed to a maximum allowable $21m fine and said it would spend $1bn improving and maintaining the refinery over the next five years. Many of the problems at the 70-year-old plant had, no doubt, been inherited by BP when it acquired the refinery in 1998 as part of its purchase of Amoco. Before the blast, the Texas City site had in 30 years suffered 23 fatalities - four since BP took over. But instead of making the investments needed to improve safety, BP in 1999 ordered a 25 per cent cut in fixed costs. Federal investigators would later conclude that these budget cuts caused a progressive deterioration in safety."

Study Casts Doubt On Directors' "Lucky" Options. The AP (12/19) reports, "About 1,400 corporate directors received option grants whose timing was manipulated, according to" a study conducted by academics at Harvard Law School, Cornell University, and INSEAD in France. The AP adds, "Of all options grants to directors, about 9 percent were received at 'lucky' times -- when the stock price was equal to a monthly low, according to a Harvard Law and Economics paper released Monday. After studying the period form 1996 to 2005, academics at Harvard Law School, Cornell University and INSEAD in France estimated that about 800 lucky grant events were the result of opportunistic timing." An abstract of the study is available online.,

On Monday, the Los Angeles Times (12/18, Kristof, 850K) reported, "Nearly 1,400 corporate board members appear to have profited from the manipulation of stock option grant dates over a 10-year period, according to a study being

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released today. The analysis raises the possibility that hundreds of board members were aware that options were backdated to boost their value to themselves and company executives. That could be seen as a conflict with their role as advocates for all company shareholders."

CRIMINAL LAW:

FBI Reports Rise In Violent Crime Across Country. Media outlets across the country report on the FBI's Monday report, which said that violent crime rose 2.2 percent nationally in 2005. Coverage notes that local police chiefs have asked for more federal money to fight crime, but that money has not been forthcoming. For example, on ABC World News (12/18, story 5, 2:35, Gibson, 8.78M), Stuart Thomas, Police Chief, Little Rock Police Department, said, "After September 11th, there was a kind of a shift in federal priorities. And what we saw was a reduction in some of the COPS hiring grants." Meanwhile, the Washington Post (12/19, A1, Eggen, 690K) and Los Angeles Times (12/19, Schmitt, 850K) both note potential political ramifications.

ABC World News (12/18, story 5, 2:35, Gibson, 8.78M) reported, "The FBI today published its statistics for the first half of 2006; and there's a troubling increase in the number of violent crimes – particularly robberies, which soared almost 10% -- with increases in areas where you might not expect to find them." ABC (Thomas) added, "Across the nation, robbery is surging at an extraordinary pace," and that "spike is indicative of an overall rise of violent crime. … Why the surge? A resurgence of gangs, career criminals returning home after years in prison, and large numbers of teenagers with guns. … Many police complain the federal money is drying up. They say the government has become so preoccupied with homeland security, it has forgotten about neighborhood security." Stuart Thomas, Police Chief, Little Rock Police Department: "After September 11th, there was a kind of a shift in federal priorities. And what we saw was a reduction in some of the COPS hiring grants." Thomas: "Police fear if drastic steps aren't taken now, an epidemic of violence could be on the horizon."

CBS Evening News (12/18, story 7, 1:15, Couric, 7.66M) reported, "A spike in murders and robberies tops our news briefing tonight, which also includes an arrest in a serial murder case." CBS (Strassman) added, "In every region of America, violent crime is getting worse. … The Justice Department is studying why, but many police chiefs say their departments are just stretched too thin." NBC Nightly News (12/18, story 6, 0:35, Williams, 9.87M) also noted the details of the FBI statistics, saying the report showed "a significant increase in violent crime."

The AP (12/19, Jordan) reports, "The Bush administration has asked for $1.2 billion in crime-fighting grants and assistance programs this year," which International Association of Chiefs of Police counsel Gene Voegtlin "described as at least a $1 billion hit from funding levels a decade ago. Justice spokesman Brian Roehrkasse said the department is encouraged by a 2.6 percent drop in property crimes -- such as auto theft and other larcenies -- as outlined in the FBI report. But 'we are again concerned about the increase in violent crime in some cities and towns,' he said."

Under the headline "Violent Crime Is Up For 2nd Straight Year," the Washington Post (12/19, A1, Eggen, 690K) adds, "The numbers are certain to increase pressure on the Bush administration, whose detractors say local police concerns have been slighted by the focus on homeland security and counterterrorism. The Justice Department inspector general's office has reported sharp declines in the number of FBI agents and investigations dedicated to traditional crimes since the Sept. 11, 2001, terrorist attacks."

The New York Times (12/19, Blumenthal, 1.16M) reports Voegtlin "said that since 1997, federal grants to local police agencies had decreased to $890 million from $2.4 billion. … The West led the increase in violent crime, up 4.7 percent. … The Northeast had the smallest increase in violent crime, 2.9 percent. The South led in homicides, up 3.3 percent. Many cities showed increases in homicides: Miami was up to 30 from 23; Indianapolis to 68 from 44; Boston to 37 from 29; and Detroit to 186 from 169." The Washington Times (12/19, Seper, 88K) notes, "Last year, the number of violent crimes increased by 2.5 percent, the largest gain in 15 years, and the Justice Department pledged to determine why the crime numbers were continuing to increase. A report on the matter has not yet been completed."

The Los Angeles Times (12/19, Schmitt, 850K) reports, "If the trend of rising crime continues, it could become a political issue in the 2008 election. … 'Violent street crime did not go away on Sept. 11,' said James O. Pasco Jr., executive director of the Fraternal Order of Police." Pasco added that "though 'the same or additional resources are needed to fight those crimes,' in many cases less money is being spent." The Times notes, "Federal aid to state and local police declined to about $890 million in 2006 from $2.5 billion in 2001. Police departments are being squeezed by growing domestic security duties at a time when federal agencies such as the FBI are focusing more on preventing terrorism than assisting local departments fighting traditional crimes."

Local Newspapers Add Local Statistics. Smaller media outlets add local statistics to their reports on the FBI statistics.. For example, the San Francisco Chronicle (12/19, Bulwa, 384K) reports, "Driven by a surge in armed robberies, violent crime rose in the Bay Area and around the country during the first six months of this year, the FBI said Monday in a report that raised concern that the drop in crime that started

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in the 1990s has turned around." The Dayton (OH) Daily News (12/19, McCall) reports, "Mirroring a nationwide trend, newly released FBI data showed violent crime increased by 6.4 percent in the city of Dayton during the first six months of 2006. … The numbers reflect what police across the country have been saying for months: that the lull in crime between 2001 and 2004 appears to be over." The Richmond Times-Dispatch (12/19) reports, "[I]n the metro Richmond area, the picture is not as bleak. In the first six months of 2006, Richmond saw a 14 percent decline in violent crime, despite a two-man killing spree that started the year."

Gonzales Considers Investigating Duke Lacrosse Prosecutor. WSOC-TV Charlotte, NC (12/18, 5:00 p.m.) broadcasted, "US Attorney General Alberto Gonzales says he might investigate DA Mike Nifong's handling of the Duke lacrosse rape case. Earlier this month, a state representative said Nifong violated the player's civil rights during the calling them names in the press. David Evans, Collin Finnerty and Reade Seligmann are expected to go on trial next year." WRAL-TV Raleigh, NC (12/18, 6:00 a.m.) broadcasted, "US Attorney General Alberto Gonzales is talking about the Duke Lacrosse rape case. North Carolina Congressman Walter B .Jones wants the Justice Department to investigate DA Mike Nifong's actions. In an interview with FOX News, Gonzales said the lacrosse rape case is one his office could investigate."

WRAZ-TV Raleigh, NC (12/18, 7:00 a.m.) broadcasted, "For the first time, US Attorney General Alberto Gonzales is talking about the Duke Lacrosse rape case and whether the suspects' civil rights were violated. A North Carolina Congressman is asking Gonzales and the Justice Department to investigate district attorney Mike Nifong's actions. Anything beyond that in an interview with FOX news, Attorney General Alberto Gonzales said his office has made no decision, but acknowledged this issue is one it could investigate. Gonzales: Well, but even in connection with the state and local matter, if an investigation is conducted in such a way that civil rights laws are violated, that would be something that we might look into. Friday Defense Attorneys for the three defendants asked for the case to be moved out of Durham, and criticized the way DNA evidence was revealed. Cheshire: None of the DNA that was found of these numerous males matched the lacrosse players." WTVD-TV (12/18, 12:00 p.m.) in Raleigh, NC, also broadcasted this story. KVVU-TV (12/18, 5:00 a.m.) in Las Vegas and WGHP-TV (12/18, 5:00 a.m.) in Greensboro, NC, also broadcasted this story.

`Defendants' Supporters Ask Duke Officials To Call For Investigation. The Durham Herald Sun (12/19, Gronberg) reports, "Supporters of the three Duke lacrosse rape defendants on Monday asked university officials to join U.S. Rep. Walter Jones in calling for a federal civil-rights investigation of District Attorney Mike Nifong's handling of the case. The group Friends of Duke University said that while that wouldn't force Duke President Richard Brodhead or other administrators to take a position about the guilt or innocence of the accused men, it would support 'the undeniable proposition that public information suggests there is a sufficient likelihood of civil-rights violations' to merit U.S. Department of Justice scrutiny."

Witness Says Police Shot Unarmed Man In Back During Katrina Aftermath. On its Web site, CNN (12/18, Griffin, Polk, Albright-Hanna) reports, "New Orleans police lined up 'like at a firing range' and fatally shot an unarmed man in the back as he fled from them in the days after Hurricane Katrina swept ashore, a witness to the shooting told CNN." This statement "marks the first time a witness has come forward publicly with information about the shooting of Ronald Madison, a 40-year-old mentally retarded man whose death has sparked a police investigation and a grand jury probe into what happened in and around the Danziger Bridge that day." CNN adds, "Initial police accounts said that Madison reached for his waistband and turned on police, but Gaston said Madison did not appear to have a weapon and that he was running away from police 'hands out, full speed' when he was shot."

Inmate Charged With Fashioning Letter Bomb. The Washington Post (12/19, A15, Markon, 690K) reports that Rodney Curtis Hamrick, a prisoner at Leavenworth, "was charged yesterday with fashioning a letter bomb and mailing it to the federal courthouse in Richmond, authorities said." He "mailed the bomb in October 2005, along with a letter several days later that contained a powdery substance labeled 'anthrax,' federal law enforcement officials said. Tests indicated that the substance was not anthrax."

Post Opposes Two DC Measures Aimed To Help Ex-Offenders. The Washington Post (12/19, A28, 690K) editorializes, "Creating better conditions for the reentry and rehabilitation of offenders is a worthy goal, and not just for the men and women released from prison. The community's interest is served if ex-offenders build crime-free lives. But two measures being considered by the D.C. Council to help offenders, no matter how well-intentioned, are cause for serious concern and, if approved, would undermine public safety." The Post considers council member Marion Barry's effort to amend the "Human Rights Act to prohibit discrimination in employment or housing based upon an arrest or conviction record" the "most problematic." The Post writes, "No one is against giving people a second chance, but this bill goes too far." Another bill "would greatly expand the conditions for expungement, or sealing, of criminal records."

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The Post writes, "As Patricia A. Riley, special counsel to the U.S. Attorney for the District of Columbia, testified, it 'tips the scales too far against the public interest and public safety.'"

CIVIL LAW:

Abramoff Defending Self In Lawsuits By Indian Tribes. Legal Times (12/19, Palmer) reports after "paying for a high-priced criminal defense by Chadbourne & Parke's Abbe Lowell in the government's corruption probe, former uber-lobbyist-turned-jailbird Jack Abramoff is taking a different approach in two lawsuits filed against him by Indian tribes." Abramoff is "representing himself against former client Louisiana Coushatta Tribe and the Alabama-Coushatta Tribe of Texas. So far, Abramoff has piggybacked on motions filed by lawyers for former Christian Coalition head Ralph Reed and former Abramoff associate Michael Scanlon in the Texas case."

Attorneys Starting To See More Settlements Creating Charitable Donations. Law.com (12/19, Geier) reports on a "creative flair" appearing in legal settlements. Law.com writes, "Civil actions ending in creative settlements that do more than put money into the pockets of plaintiffs and their lawyers are unusual, but attorneys are starting to see more of them. … Lawyers involved in settling cases that result in charitable donations acknowledge that parties in some instances gain in improved public relations and financial benefits such as tax breaks. They also note that the prospect of a defendant's gaining any such advantage can discourage plaintiffs from charitable settlements." Law.com adds, "Insurance companies and self-insured defendants would rather contribute to a public good than pay money to an individual. But the public seldom hears about the contributions because defendants do not want their payments to appear to be admissions of liability."

Company Uses Technology To Better Respond To Email Discovery Requests. On Law.com (12/19) Edward Kelley, assistant general counsel at Transatlantic Reinsurance Company, writes, "Any attorney or in-house counsel who relies on e-mail for evidence or litigation support knows that e-mail discovery is among the most mind-numbing, inefficient processes that enterprises face. And in today's highly regulated business climate, e-mail messages have become one of the most scrutinized and sought after categories of business records." Kelley reviews his employer's travails in creating efficient discovery processes for email. He writes, "The technology we now employ is sophisticated -- using advanced weighting algorithms to help index our e-mail-specific metadata and accurately establish e-mail rank, giving each e-mail a relevancy score. … By reducing our e-mail review time, as a company we can respond even more rapidly and confidently to regulatory inquiries. This resource has freed up our legal team to respond faster and move on to more strategic work."

Texas Supreme Court Says Courts Can Reduce Attorney Fees As Well As Damages. Law.com (12/19, Robbins) reports, "In a unanimous decision, the Texas Supreme Court has ruled for the first time that two legal principles appellate courts use to limit or overturn damage awards also can be applied to attorney fees. On Dec. 1, the Supreme Court affirmed the 1st Court of Appeals' decision to significantly reduce the damages awarded in Barker and Barker v. Eckman, a suit involving the distribution of proceeds from the sale of bull semen collected, stored and sold under a bailment agreement. The high court concluded that the Houston appeals court was correct when it held that the statute of limitations barred breaches of the agreement that occurred more than four years before Walter Eckman sued Emzy and Ava Barker. … In his analysis finding that the Barkers are entitled to a meaningful evidentiary review of the attorney fees awarded, Supreme Court Justice Phillip Johnson, author of the opinion, cited 1996's Saenz v. Fidelity & Guaranty Insurance Underwriters. The Supreme Court made it clear in Saenz that a court of appeals must conduct a meaningful review to determine whether sufficient evidence supports a jury's award of mental anguish damages."

CIVIL RIGHTS:

Schwarzenegger Orders Fix For California Execution Procedures. The Los Angeles Times (12/19, Weinstein, 850K) reports California Gov. Arnold Schwarzenegger "directed his administration to fix problems with the state's procedure to execute prisoners." Schwarzenegger's action came "in response to a stinging decision issued Friday by U.S. District Judge Jeremy Fogel in San Jose, who said the state's system 'is broken, but ..can be fixed.'" Fogel, "who visited the death chamber in San Quentin and held a four-day hearing in September, said the state's current procedures involving lethal injection violates the Constitution's prohibition against cruel and unusual punishment." Fogel listed "a number of problems with how the death penalty is implemented in California, including inconsistent and unreliable screening of execution team members, poorly trained staff, inconsistent and unreliable record keeping of drugs used in the process, improper mixing, preparation and administration of drugs administered by the execution team, overcrowded conditions and poorly designed facilities in which the execution team must work."

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ANTITRUST:

FCC Commissioner Recuses Self From Voting On AT&T Merger. The Washington Post (12/19, D1, Sipress, 690K) reports, "Federal Communications Commissioner Robert M. McDowell announced yesterday that he would disqualify himself from voting on AT&T's proposed purchase of BellSouth on ethical grounds, depriving the FCC of a potential swing vote that could have broken the stalemate among its Democratic and Republican members." He "felt compelled to silence speculation over whether he would take part in the vote" and "accused his colleagues of failing to negotiate in good faith over conditions for approving the $86 billion merger proposed seven months ago." McDowell had "previously worked as senior vice president for Comptel, an association that lobbied on behalf of companies competing with AT&T and BellSouth."

The Wall Street Journal (12/19, A3, Schatz, 2.04M) reports that McDowell's decision "was an unwelcome development for the companies, which had been counting on the Republican to break the impasse that has paralyzed the agency's review of the deal." His action "increases the likelihood that AT&T will be forced to accept some conditions involving 'net neutrality,' or the idea that all Internet traffic should be treated equally. However, it also sweeps away uncertainty about who will vote, which has slowed negotiations on merger conditions."

USA Today (12/19, 3B, Cauley, 2.27M) reports, "Earlier this month FCC general counsel Sam Feder said that McDowell could vote on the deal. McDowell said he had hoped Feder's recommendation would provide him with the 'legal equivalent of body armor.' Instead, he said, 'I was handed Swiss cheese.' After conferring with several advisers, including the executive branch's Office of Government Ethics, McDowell decided to 'follow my own personal sense of ethics' and 'disqualify myself from this matter.'"

LATimes Approves Of McDowell Decision. In an editorial, the Los Angeles Times (12/19, 850K) writes, "It's unclear whether he acted out of principle or obligation, but Robert M. McDowell made the right choice Monday. … McDowell has publicly called for fewer regulations and has questioned the need for Net neutrality rules. No matter. At least McDowell got to act principled — in announcing his decision, he used the words 'ethics' or 'ethical' 33 times in five pages."

Express Scripts Attempt To Outbid CVS For Caremark. The Washington Post (12/19, D1, Shin, 690K) reports, "Pharmacy-benefit manager Express Scripts yesterday attempted to outbid retail pharmacy giant CVS for Caremark Rx with an offer of $26 billion in cash and stock, joining a flurry of year-end mergers and acquisitions. The proposal stunned many investors and marked the first shot in what could become a protracted battle over who gets to be the nation's leading filler of drug prescriptions. … Caremark and CVS last month agreed to what was characterized as a merger of equals, with CVS offering Caremark shareholders $22.5 million in stock. The combination of Caremark, the nation's second-largest pharmacy-benefit manager, and CVS, the second-largest pharmacy retailer, would create the biggest private-sector buyer of prescription drugs, responsible for managing more than 1 billion prescriptions a year."

USA Today (12/19, 1B, Appleby, 2.27M) reports, "While investors may think the Express Scripts cash-and-stock offer is more attractive than the $21 billion CVS all-stock deal, management at Caremark and CVS may be convinced that theirs is the better long-term move, says Merrill Lynch analyst Tom Gallucci in a research note to investors. … Analyst Robert Willoughby at Bank of America wrote in his note Monday about the Express Scripts bid that Caremark's board will be 'hard-pressed to credibly thwart such an offer.'"

CVS Could "Sweeten" Bid, Analysts Say. The Dow Jones Newswires (12/18, Covert) reports, "[A]nalysts say CVS, of Woonsocket, R.I., could sweeten its bid, which had been perceived as low by Wall Street. In addition to its healthy balance sheet, CVS, in acquiring Nashville-based Caremark, could use the target company's strong cash flow to pay down debt it might take on to fund a bigger price tag. Analysts add that a deal with CVS would likely be more attractive to regulators, as an Express Scripts deal risks greater antitrust concerns."

Biomet Agrees To Private Buyout, Finds Backdated Options Grants. The New York Times (12/19, Feder, 1.16M) reports, "Biomet, a major manufacturer of artificial hips and knees, said today that it had agreed to be acquired by a private investment consortium for $10.9 billion. The buyout bid came from affiliates of the Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Company and TPG." Additionally, Biomet "announced today that a board committee's review of the company's options-dating practices back to 1996 had uncovered numerous cases of option grants backdated to create immediate profits for the recipients, as well as shortcomings in the company's records."

The Wall Street Journal (12/19, C4, Carey, Vuocolo, 2.04M) reports, "The Warsaw, Ind., company said that if its shareholders agree to the deal, they will receive $44 a common share from a private-equity group that includes affiliates of Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Co. and Texas Pacific Group. The price represents a 27% premium to the stock's

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closing price in early April, a few days before Biomet said it had hired Morgan Stanley to help it look at strategic alternatives. That move came a week after the resignation of Dane Miller, Biomet's co-founder and its chief executive officer for 29 years. Mr. Miller is expected to be an investor in the new private company once the deal closes in October 2007."

The AP (12/19, Martin) reports,Linda Varoli, vice president of merger research with the New York-based Wall Street Access, said the $10.9 billion purchase price — which will be paid with cash and loans — reflects the potential of the industry, which has been rattled recently by antitrust concerns. In June, Biomet and three other orthopedics makers announced they had received subpoenas stemming from possible criminal violations in the manufacturing and sale of orthopedic implant devices."

Apollo Management To Buy Out Realogy. The AP (12/19) reports, "-- The parent of Century 21 and Coldwell Banker real estate brokerages said it is being acquired by an affiliate of private equity firm Apollo Management LP for about $6.65 billion in cash. The buyout of Realogy Corp. includes about $1.6 billion in debt and other liabilities of roughly $750 million, the brokerage said late Sunday. Realogy also owns Sotheby's International Realty."

EU Clears Merck To Buy Serono. The AP (12/19) reports, "EU regulators on Monday cleared Germany's Merck KGaA to buy Swiss biotechnology company Serono SA. The European Commission cleared the deal automatically after identifying no antitrust problems and receiving no complaints from rivals within a deadline of 25 working days."

Milberg Weiss Dismissed From Antitrust Case. The New York Times (12/19, 1.16M) reports, "Milberg Weiss & Bershad, the law firm accused of paying plaintiffs to bring class-action lawsuits, was removed yesterday as one of the lead firms in an antitrust case against carmakers over Canadian imports. Federal District Judge D. Brock Hornby in Maine granted a request by the carmakers to remove Milberg Weiss as the vice chairman of the plaintiffs' executive committee." The Times notes, "Milberg Weiss and two of its partners, David Bershad and Steven Schulman, were indicted in May on charges they paid clients to sue companies for securities fraud."

ENVIRONMENT/INDIAN AFFAIRS:

States Sue EPA Over Soot Levels. The AP (12/19) reports, "More than a dozen states sued the U.S. Environmental Protection Agency on Monday to lower soot levels from smokestacks and exhaust pipes, a move state officials argue would save thousands of lives. The states argue that the Bush administration is ignoring science and its own experts in refusing to slightly reduce the allowed threshold for soot. The lawsuit is the latest salvo against the Bush administration, which has repeatedly come under fire for what some states and environmentalists have said is its lack of commitment to environmental issues." The AP adds, "Officials from California, Connecticut, Delaware, Illinois, Maine, New Hampshire, New Jersey, New Mexico, Oregon, Pennsylvania, Rhode Island, Vermont and the District of Columbia joined New York in the action filed in the U.S. Court of Appeals in Washington."

FBI/DEA/ATF/USMS:

Milwaukee SAC Says Post 9/11 FBI "Much More Proactive." The Milwaukee Journal Sentinel (12/19, 255K) runs excerpts from reporter Gina Barton's recent interview with FBI Milwaukee SAC Richard K. Ruminski. Barton: "How have things in the FBI changed since 9-11?" Ruminski: "We've completely changed our focus from being mainly a criminal investigative agency that also worked counter-intelligence matters. We are now in a status where we're trying to be much more proactive. We went from a reactive agency to much more proactive because of our newest responsibility of detecting and preventing terrorism, which is a very difficult task." Barton: "Sen. Herb Kohl recently asked the national FBI director to send more crime-fighting resources to Milwaukee. Do you think the FBI needs to get more involved in solving Milwaukee's crime problem?" Ruminski: "We have been extremely involved in the violent crime area. We work gangs, we work narcotics investigations, but we work them in task force settings. We had numerous arrests here of gang members several weeks back. … We address some of the more complex (criminal) enterprise organizations…in a task force setting."

FBI Casts Wider Skills Net In Post-9/11 Recruiting Push. The Mobile (AL) Press-Register (12/18, Kirby) reported, "The prototypical FBI agent in the J. Edgar Hoover days was a lawyer or accountant. Today's ideal candidate is more likely to be a computer whiz who is fluent in a second language. Finding new agents with that kind of background can be challenging, especially since they must also pass a background check, lie detector test and physical fitness trial, as well as survive a written test, an oral interview and 18 weeks of training at Quantico, Va. Former Special Agent Craig Dahle was in charge of recruiting for the Mobile field office until his retirement last month. In that role, he was one of the men and women responsible for trying to achieve the agency's national recruiting goal of 1,000 new agents for the fiscal year that ended in September. The bureau fell short of that target, hiring 791 agents. 'A thousand is extremely

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ambitious because the process of getting hired as an FBI special agent is unlike any other job, I'd dare say,' Dahle said." The Press-Register noted, "The FBI has aggressively stepped up its hiring since the Sept. 11, 2001, terrorist attacks, taking on an average of 873 agents a year since 9/11 compared with an annual average of 632 in the five previous years. … The FBI also has hired 4,886 support staff since 9/11, Dahle said. These include analysts and computer experts, he said. … 'There's been a lot of hiring in that area that would not have happened had 9/11 not happened,' he said."

Accused ATF Shooters Make First Court Appearance. The Macon Telegraph (12/19, 59K) reports, "Two suspects in the shooting and wounding of two federal agents have made their first court appearance. Chardriguez Durden, 23, of Stone Mountain is charged with six counts of aggravated assault on a police officer and violation of the Georgia Controlled Substances Act. Paul Thompson Jr., 19, of Covington is charged with violation of the Georgia Controlled Substances Act."

Advocates Say Marijuana Is California's Top Cash Crop. On its Web site, KESQ, Palm Desert, California (12/19) reports that a new report "says marijuana is California's number one cash crop, worth some 14-billion dollars a year. That's despite an all-out crack-down campaign by the feds against the drug. Medicinal marijuana advocates say it's California's number one cash crop simply because it's illegal." KESQ also notes DEA raids on marijuana dispensaries such as CannaHelp and Palm Springs Caregivers and reports anti-prohibition advocates "say classifying marijuana as illegal is the problem."

Report's Author Claims "War On Drugs" Is Failing. The UK's Guardian (12/19) says the author of the report, Jon Gettman, "says the figures show the war on drugs is not working: 'Illicit marijuana cultivation provides considerable unreported revenue for growers without corresponding tax obligations to compensate the public for the social and fiscal costs related to [its] use.' His suggestion that the crop be legalized and taxed was rejected by the White House Office of National Drug Control Policy, which pointed to countries with large drug cash crops, notably Colombia and Afghanistan."

Financial Gains Disputed. The Washington Times/UPI (12/18) reported Gettman "advocates removing marijuana from the federal list of hard-core Schedule 1 drugs and treating it like tobacco and alcohol by legalizing and reaping a tax windfall, while also controlling production and distribution to better restrict use by minors. [The ONDCP's] Tom Riley…disagreed, and said coca has plagued Colombia and opium poppies are a disaster for Afghanistan."

Meth Use Possibly Linked To Rise In Violent Crimes. The Washington Post (12/19, A1, Eggen, 690K) reports a "surge in violent crime that began last year accelerated in the first half of 2006, the FBI reported yesterday, providing the clearest signal yet that the historic drop in the U.S. crime rate has ended and is being reversed. … Many communities, particularly those in urbanized areas, may be headed into a period of sustained crime increases, they said. While no one is certain of the causes, experts cited an increase in the number of young men in their crime-prone years, diminished crime-fighting assistance from the federal government, fewer jobs for people with marginal skills and even the ongoing growth in methamphetamine use in some places."

IMMIGRATION:

High-Tech Substitutes For Immigrant Labor Found To Be Rare. The Wall Street Journal (12/19, Kronholz, 2.04M) reports, "With the country deeply divided over immigration, some economists and policy makers are suggesting that technological innovations could offer a way out of the economy's reliance on illegal workers." However, "it's unlikely that mechanization will reduce the demand for illegal immigrants anytime soon. For most of the jobs they do, there's no easy high-tech substitute."

TAX:

Tax Preparation Firms Under Fire For Expensive Holiday Loans. NBC Nightly News (12/18, story 5, 2:15, Williams, 9.87M) reported, "Some of this nation's biggest tax preparing firms are offering a new product, so called holiday loans that give customers up front money to pay for Christmas gifts, but at a high price." NBC (Corke) added, "It is a major twist on something the tax prep firms have been doing for years, figuring out your refund and lend you that amount. You pay them back when Uncle Sam's check arrives. Holiday loans are available in December. Instead of a W-2 form, you bring in a pay stub, the tax firm estimates your refund, and lends you that amount." Mark Winston Griffith, consumer advocate: "They are marketed to people at a time when they are probably most vulnerable." Corke: "Consumer advocates criticized the low pressures, interest sometimes tops 300%. So a $100 loan can cost $400 if it is held for a year."

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CONGRESS-ADMINISTRATION:

Brownback To Allow Vote On Michigan Judge. The New York Times (12/19, Lewis, 1.16M) reports Sen. Sam Brownback (R), "who blocked the confirmation" of Michigan state Judge Janet Neff to the Federal District Court "because she attended a same-sex commitment ceremony for the daughter of her long-time neighbors, says he will now allow a vote on the nomination." Brownback, who has "been criticized for blocking the nomination, said he would also no longer press a proposed solution he offered on Dec. 8 that garnered even more criticism: that he would remove his block if Judge Neff agreed to recuse herself from all cases involving same-sex unions." Brownback said "he still believed Judge Neff's behavior raised serious questions about her impartiality and that he was likely to vote against her," but he added he "did not realize his proposal — asking a nominee to agree in advance to remove herself from deciding a whole category of cases — was so unusual as to be possibly unprecedented."

WSJournal Criticizes Concept Of "Independent" Ethics Enforcer. The Wall Street Journal (12/19, 2.04M) editorializes, "Congressional mores could certainly use an upgrade, but it pays to beware of reformers promising to clean up politics by letting someone else do the dirty work. Exhibit A is the strange new enthusiasm for an 'independent' office of public integrity for Congress." One "warning sign is that the proposal is being marketed by the same folks who gave us 'independent counsels' such as Lawrence Walsh and Ken Starr for the executive branch, as well as the glories of 'campaign finance reform.'" A "better name for such an 'independent' ethics body would be the office of public buck-passing, because it would allow Congress to spare itself the heavy political lifting of judging colleagues. Handing over that duty to outsiders would make Congress less politically accountable, not more, while creating a whole new set of political problems and disputes."

Leahy Promises Oversight Of Executive Branch. Editor & Publisher (12/18, Fitzgerald) reports, "In a little-noticed speech last week at Georgetown University Law Center, U.S. Sen. Patrick Leahy (D-Vt.) lamented the recent congressional acquiescence to the Bush administration's secrecy, and promised to restore the constitutional balance between the executive and legislative branches of government." Leahy "said he will work to strengthen open-government laws, and to provide more congressional oversight of the White House."

OTHER NEWS:

Polonium Poisoning Said To Hold Lessons For Possible Terror Attacks. Peter D. Zimmerman, chief scientist of the United States Senate Foreign Relations Committee from 2001 to 2003, writes in the New York Times (12/19, 1.16M), "The exotic murder-by-polonium of the former KGB spy Alexander Litvinenko has embroiled Russia, Britain and Germany in a diplomatic scuffle and a hunt for more traces of the lethal substance. But it also throws into question most of the previous analyses of 'dirty bombs,' terrorist attacks using radioactive isotopes wrapped in explosives (or using other dispersion techniques) to spread radioactive material in crowded areas. Essentially all analysts, myself included, played down the possibility of using alpha radiation…as a source of dirty bombs. We concentrated instead on isotopes that emit penetrating gamma rays, which are basically super-powered packets of light, hard to shield and effective at a yard or more." As a result, "a near-term goal should to require specific licensing of any person or company seeking to purchase alpha sources stronger than one millicurie, about a third of a lethal dose. A longer-term goal ought to be eliminating nearly all use of polonium in industry through other technologies. That is a technical challenge and would cost some money, but it would certainly be less expensive than coping with the devastation of a smoky bomb."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — 10:05 a.m. Signs HR 6143, the Ryan White HIV/AIDS Treatment Modernization Act of 2006, Oval Office, The White House; signs S. 843, the Combating Autism Act of 2006, Oval Office, The White House; signs S. 3678, the Pandemic and All-Hazards Preparedness Act, Oval Office, The White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: OUTPATIENT CARE _ 8:30 a.m. - 5:30 p.m. The National Quality Forum sponsors a conference to address the role of pay-for-performance, information technology and clinician interest in quality improvement for ambulatory care settings. Location: JW Marriott Hotel, 1331 Pennsylvania Ave. NW.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Lt. Gen. Martin Dempsey, commander of Multi-National Security Transition Command-Iraq, will brief live from Iraq to provide

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an update of the development, training and equipping of Iraqi Security Forces. Location: DOD Briefing Studio, Pentagon 2E579.

ENVIRONMENTAL TRENDS _ 9:30 a.m. World Resources Institute President Jonathan Lash, others, hold a press conference on environmental trends for 2007. Topics of discussion include what role the new Congress will play in climate change; How will alternative fuels such as ethanol play out in 2007?; What developments will be significant internationally?0, and what innovations are on the horizon? Location: National Press Club, Zenger Room.

TERRORISM-PRIVACY _ 11 a.m. The Center for Strategic and International Studies holds a program with Assistant Homeland Security Secretary Stewart Baker on terrorist screening and privacy issues. Location: B-1 conference level, 1800 K St. NW.

INDIA _ 12 p.m. ACCF and FICCI hold a news conference with the President of India's Forum of Financial Writers. Location: National Press Club.

ALEXANDER-GLOBAL ECONOMY _ 12 p.m. - 1:30 p.m. The National Economists Club hosts a luncheon with Lewis Alexander, chief economist, Citigroup, on ``2007 Global Economic Outlook." Location: Chinatown Gardens Restaurant, 618 H St. NW.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Desperate Mother Ignores The Odds."
"Family Tie Helps Win FDA Contract."
"Questions Still Shroud Long Beach Assault."
"Sadr Army Is Called Top Threat In Iraq."
"UCLA Ready To Name Biologist As Chancellor."
"Hollywood Likes Repeating Itself."

USA Today:
"Timetable For The Rules."
"Lawmakers: Screen Airport Workers."
"Concern Grows Over Pollution From Jets."
"Nuclear Material Secretly Moved."

New York Times:
"Attacks In Iraq At Record High, Pentagon Says."
"Iraq Insurgents Starve Capital Of Electricity."
"Making A Life in the US, But Feeling Mexico's Tug."
"Chinese Success Story Chokes On Its Own Growth."
"Inquiry Falters on Civilians Accused Of Detainee Abuse."
"Paying Health Care From Pensions Proves Costly."

Washington Post:
"White House, Joint Chiefs At Odds on Adding Troops."
"Violent Crime Is Up For 2nd Straight Year."
"Bringing Nueva Vida to Aging Strip Malls."
"Pentagon Cites Success Of Anti-U.S. Forces in Iraq."
"Giuliani's Primary Hurdle."
"Fannie Mae Ex-Officials Are Sued for Disputed Pay."
"Paramilitary Ties Implicate Colombia's Political Elite."

Washington Times:
"India Nuclear Deal Signed."
"Diocese Approves Freeze On Litigation."
"Former Fannie Leaders Charged."
"Conservatives Fear Tax-Increase Deal."
"N. Korea Demands Rise As U.S. Patience Falls AT Talks."
"The Sharing OF Knits."

Detroit Free Press:
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"He's Trying To Save His Sister's Life."
"3 Schools, State Agree To Delay Proposal."
"New Delphi: Big Investors, Safe Pensions."
"Cost Guard Nixes Live Ammo On Great Lakes."

Atlanta Journal-Constitution:
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"Braves Broadcast Duo All but Booted From TV."
"Group Seeks Coup At Home Depot."
"Tips To Fliers: Pack Light, Don't Wrap."

Houston Chronicle:
"Gates Greeted By Grim Iraq Report."
"Charges Don't Keep Frat From Partying."
"Jam Cleared In Record Spacewalk."
"FEMA vows To Restore Aid Soon To Evacuees."
"GOP Hopefuls Cast Eye On Texas Cash."

Story Lineup From Last Night's Network News:
ABC: Pentagon-Iraq Report; Iraqi Red Crescent; Missing Climbers-Oregon; Record Hot Temperatures; Violence On The Rise; North Korea Six Nation Talks; NBA Basketball Brawl; Space Shuttle; Teacher Bonus Pay; Donating Cloths.
CBS: Missing Climbers-Oregon; Missing Climbers-Analysis; Still Without Power; Pentagon-Iraq Report; Courthouse At Guantanamo Bay; NBA Basketball Brawl; FBI Report; Prostitute Murders-Britain; Episcopal Schism; New Breast Cancer Treatments; New DC Police Chief.
NBC: Missing Climbers-Oregon; New Secretary Of Defense; NBA Basketball Brawl; Stock Market; Holiday Loans; FBI Report; Prostitute Murders-Britain; Busiest Mailing Day; Joseph Barbera Obit; Baby Boomers-Music.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: OR-Missing Climbers; Death Toll From Northwest Windstorm Up To 14; Gates Sworn In As New Defense Secretary; Pentagon-Violence Up In Iraq; TX-Lawsuit Filed Following Immigration Raid; Berlin Opera House-Controversial Opera Critical Of Religion.

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CBS: OR-Missing Climbers; US Forces-Persian Gulf Military Exercises; Pentagon Giving Up On Plans To Build Courthouse At Guantanamo Naval Base; Laura Bush-Skin Cancer; Space Shuttle; CA-Cold Temperatures; Wall Street; Barbera Obit; Maytag Repairman To Remain In Marketing Mix Following Merger With Whirlpool.
NPR: Laura Bush-Skin Cancer; Six-Party Talks With North Korea; Canada's Top General Defends Decision To Purchase New U.S.-Made Transport Planes; Gas Prices; Bus-U.S., India Nuclear Deal; Wall Street.

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Attachments:	dojclips061219.pdf; dojclips061219.doc

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 19, 2006 7:45 AM EST

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TERRORISM NEWS:

Prosecutors Drop A.C.L.U. Subpoena In Document Fight (NYT)

By Adam Liptak

The New York Times, December 19, 2006

Federal prosecutors in New York yesterday withdrew a subpoena to the American Civil Liberties Union that had sought to retrieve all copies of a classified document.

In an opaque and defensive four-page letter to the judge in the case, the prosecutors said they were acting "in light of changed circumstances" and their determination that "the grand jury can obtain the evidence necessary to its investigation from other sources."

Another factor may have played a role. A transcript of a closed hearing in the case that was unsealed yesterday suggested the government was going to lose.

Anthony D. Romero, the A.C.L.U.'s executive director, sounded jubilant in describing the development. "The government blinked in this standoff," Mr. Romero said. The subpoena was unusual in that it sought not only to gather evidence but also to confiscate all tangible traces of the information in the document, apparently with the goal of preventing its distribution.

The document itself, declassified Friday and released by the A.C.L.U. yesterday, was not obviously confidential. An "information paper" dated Dec. 20, 2005, it was marked "secret" at the top and bottom of each of its four pages. The A.C.L.U. said it received the document in an unsolicited e-mail message in October.

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The document collected a number of policies concerning photographs of enemy prisoners of war. Journalists, the document said, "are generally permitted, and to some extent even encouraged, to photograph" prisoners "from point-of-capture throughout the entire detainment process," though they are discouraged from showing recognizable faces.

The document was dated almost two years after photographs of abuse at the Abu Ghraib prison in Iraq were first made public and during the debate over the Detainee Treatment Act, which included an amendment introduced by Senator John McCain prohibiting the cruel, inhumane or degrading treatment of detainees. President Bush signed the bill 10 days later.

A lawyer for the A.C.L.U. said that the document was potentially embarrassing, but that its release hardly endangered the national defense.

"If you read between the lines," said the lawyer, Charles S. Sims, a First Amendment specialist at Proskauer Rose, "what it really says is that we want to exploit group photos of detainees." The implicit instruction in the document, he said, was this: "If pictures of detainees can help sell the war, go for it."

The effort to retrieve all copies of the document was a novel and, according to many legal experts, improper use of a grand jury subpoena. The subpoena cited a provision of the espionage laws that requires people in possession of some sorts of national security information to return it to the government if asked. But the A.C.L.U. said that the document at issue did not qualify and that, in any event, a subpoena was the wrong way to enforce the law.

In a transcript of a closed hearing in the case on Dec. 11 that was unsealed yesterday, Judge Jed S. Rakoff of Federal District Court in Manhattan seemed to indicate grave reservations about the tactic.

"What's the authority for saying that a subpoenaed party can't keep a copy of any document that they produced to the grand jury?" Judge Rakoff asked Jennifer G. Rodgers, an assistant United States attorney. Ms. Rodgers did not provide a direct answer, and yesterday's letter withdrawing the subpoena did not address the question.

Later in the hearing, Judge Rakoff compared the situation to the Nixon administration's effort to stop The New York Times and The Washington Post from publishing a secret history of the Vietnam War.

"There seems to be a huge difference," Judge Rakoff said, "between investigating a wrongful leak of a classified document and demanding back all copies of it, and I'm old enough to remember a case called the Pentagon Papers."

In yesterday's letter, Ms. Rodgers suggested that the A.C.L.U. had set up the government, creating a fight that could have been resolved informally.

"The government has attempted to pursue its investigation and its request for the document at issue in as amicable, cooperative and unobtrusive a manner as possible," she wrote. The A.C.L.U. filed a motion to quash the subpoena, she wrote, even though "the matter might be something the parties could negotiate without litigation, which always remained the government's strong preference."

In an interview, Mr. Sims said of Ms. Rodgers's letter, "Virtually every factoid in that presentation is entirely false."

Judge Rakoff, too, in last week's argument, appeared unconvinced by the government's contention that it thought the matter could have been resolved short of litigation.

"It's not easy to believe," Judge Rakoff said, "that the A.C.L.U., despite its history, would be cooperative. Well, hope springs eternal."

Mr. Romero, the A.C.L.U.'s executive director, said the case would have a lasting impact. "It certainly helps the press and whistle-blowers to resist the strong-arm efforts of the government," he said.

For ACLU, A Victory In Standoff With U.S. (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, December 19, 2006

Federal prosecutors yesterday dropped their demand that the American Civil Liberties Union turn over all copies of a "secret" document the organization had obtained, after the government was roundly criticized for using a grand jury subpoena in an attempt to seize the material.

The government's unprecedented legal move demanded "any and all copies of the document" in an apparent attempt to keep the ACLU from using the information. It was part of a broader grand jury investigation into leaks of classified information that, in this case, included the Army directive about photographing enemy prisoners, federal prosecutors confirmed yesterday.

The ACLU hailed the government's retreat as a victory. "This was a legal standoff with enormous implications for free speech and the public's right to know, and today the government blinked," said ACLU Executive Director Anthony D. Romero. "The Bush administration's attempt to suppress information using the grand jury process was truly chilling and is unprecedented in law and in our history as an organization."

But the Justice Department said, in effect, that the ACLU had instigated the fight and had told the government that filing the subpoena would be the first step toward the ACLU turning over the document.

In a letter to U.S. District Judge Jed S. Rakoff of New York, prosecutors said the government issued the demand based on "what it believed to be the ACLU's representation, through counsel, that the ACLU was requesting a subpoena in lieu of voluntary cooperation."

Justice Department spokesman Brian Roehrkasse said the department had tried to handle the matter in a way that was as "amicable, cooperative and as unobtrusively as possible."

Charles S. Sims, who represented the ACLU in the case, called the government's contention "the most preposterous thing I've ever heard." He said it's "inconceivable" an ACLU lawyer would have ever requested the broad subpoena that the government issued.

The government's demand for "any and all copies of the documents" drew the ire of civil libertarians and newspaper editorial boards, which said federal prosecutors were going far beyond established precedents and were trying to suppress information rather than investigating who leaked the document.

The 3 1/2 -page document, which the ACLU had maintained would be only "mildly embarrassing" to the government, was an "information paper" prepared by a judge advocate for the 101st Airborne Division. It told soldiers not to photograph enemy prisoners of war and detainees.

The document is dated Dec. 20, 2005, more than a year after the military was scandalized by photos of prisoner abuse at Abu Ghraib in Iraq.

Romero said the documents "raise the question of whether the guidelines were in place prior to the Abu Ghraib scandal and if not, why it took more than a year after the scandal to issue a policy."

ACLU lawyer Sims said there was nothing in the document that ever should have been classified, and was indicative of the Bush administration's tendency toward secrecy.

A transcript of last week's closed hearing on the issue, unsealed yesterday, shows Rakoff skeptical of the government's use of a grand jury subpoena.

He said there is a "huge difference between investigating a wrongful leak of a classified document and demanding back all copies of it." He added that he was "old enough to remember a case called the Pentagon Papers," the Supreme Court decision that concerned prior restraint of publication of leaked government documents.

Staff writer Dan Eggen contributed to this report.

Govt. Cedes In ACLU Fight Over Document (HC/AP)

By Larry Neumeister Associated Press Writer, The Associated Press

Houston Chronicle, December 19, 2006

NEW YORK — After demanding that the American Civil Liberties Union turn over a classified document it had been given and prove it had destroyed every copy of it, the government agreed Monday to make the document about photographs of detainees public.

The document _ marked "secret" in bold but small print on the top of its first page _ described when and how the military Public Affairs Office permits the media to photograph enemy prisoners of war and detainees in Iraq. It was dated more than a year after the release of pictures of American soldiers tormenting Iraqi detainees at Abu Ghraib prison in Iraq.

"We were in a standoff, and the government blinked," said ACLU Executive Director Anthony D. Romero.

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The civil rights group has said that it was handed a grand jury subpoena from the U.S. attorney's office in Manhattan on Nov. 20, nearly a month after the ACLU received the document unsolicited and soon after it refused to comply with a prosecutor's demands to turn it over.

The ACLU fought the request, claiming the government's move was an attempt to discourage scrutiny.

The document says that the news media and the Public Affairs Office are permitted to photograph prisoners and detainees as long as the photography cannot be interpreted as holding the subjects of the photographs "up to public curiosity." It also says U.S. soldiers were prohibited from photographing prisoners and detainees unless that was required as part of a photographer's official duties.

It was declassified Friday, said U.S. Attorney Jennifer G. Rodgers.

In a letter Monday to U.S. District Judge Jed. S. Rakoff, she asked for the subpoena to be withdrawn "in light of changed circumstances," including that the grand jury can get the information it needs elsewhere. She said the subpoena was issued only after the ACLU's attorneys asked for it to establish a "process" for handing over the papers.

U.S. District Judge Jed S. Rakoff said that going forward all court filings in the matter will be "presumptively public" unless he orders otherwise.

Romero said the document was "at best mildly embarrassing" because it might indicate that the government had waited a long time after the Abu Ghraib scandal to strengthen its photography guidelines.

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Associated Press writer Lara Jakes Jordan in Washington contributed to this report.

Justice Department Heads Off Legal Battle With ACLU (NYSUN)

By Josh Gerstein

New York Sun, December 19, 2006

The Justice Department has headed off a First Amendment battle with the American Civil Liberties Union by dropping a grand jury subpoena demanding that the group turn over all copies of a document the government said was classified.

The government also declassified the disputed document, which had been marked "secret" but turned out to be a seemingly innocuous directive relating to photography of battlefield detainees by the press and military personnel.

"It has nothing to do with national defense. It's media policy," an attorney representing the ACLU, Charles Sims, said in an interview. The four-page document, which the ACLU said it received unsolicited via e-mail in October, appears to have been drafted by military lawyers at the 101st Airborne Division in Fort Campbell, Ky.

Mr. Sims speculated that the memorandum was classified because it indicates that service members are generally banned from photographing detainees, but under some circumstances members of the press are encouraged to photograph those who have been captured. "The fact they are using detainees as a media opportunity to plug the war is embarrassing and shameful," he said.

After the government subpoenaed "any and all copies" of the document last month, the ACLU filed a motion to quash in federal court. The group argued that a grand jury subpoena was an improper vehicle to, in essence, erase records from the ACLU's files.

The government's decision to relent may have been influenced by comments the judge assigned to the case, Jed Rakoff, made at a hearing last week. "There seems to be a huge difference between investigating a wrongful leak of a classified document and demanding back all copies of it," the judge said, according to a transcript unsealed yesterday. "I'm old enough to remember a case called the Pentagon Papers."

A federal prosecutor, Jennifer Rodgers, said the subpoena was a valid way to investigate what was done or might be done with the document.

"If we were to receive from them in compliance with the subpoena, 1,000 photocopies of this classified document that they had in their possession, then it's possible that that would change the focus of the grand jury investigation to look at what they were planning to do with these documents," she told the judge. In earlier discussions, the prosecutor said the ACLU was not a target of the grand jury but could be violating the Espionage Act or a law that protects so-called communications intelligence.

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In a letter to the court yesterday, Ms. Rodgers suggested that the ACLU was eager to turn the dispute into a court fight and filed the legal motion even though she was willing to extend the deadline on the subpoena while the two sides negotiated. The prosecutor also indicated that an attorney for the ACLU indicated that officials at the group disagreed on whether to challenge the subpoena.

Ms. Rodgers did not indicate how the detainee photography policy came to be stamped "secret." She said an investigation is ongoing into "improper dissemination of classified and sensitive documents from a government agency," which she did not identify.

Secrecy And Common Sense (WP)

The Washington Post, December 19, 2006

THE GOVERNMENT has wisely backed down from its effort to misuse its subpoena power to force the American Civil Liberties Union to turn over a classified document. The subpoena has been withdrawn and the document released. It turns out to have been an entirely innocuous memo outlining rules about photographing prisoners of war and detainees in Iraq. And that leaves two questions: Why in the world was this document classified in the first place? And why in the world did the government take the unprecedented step of using the grand jury process to try to retrieve "any and all copies" of the memo?

It's commonly accepted that overclassification is rampant, but even so it's hard to make sense of this one. What in this document could justify its previous classification as secret -- meaning, supposedly, that its release could cause "serious damage" to the national security? This episode ought to trigger a reassessment of the reflexive impulse to classify.

Similarly, the notion that federal prosecutors took the extraordinary step of issuing a subpoena to the ACLU to have the document returned raises serious questions of judgment. Either they didn't take the time to examine the document and to question Defense Department personnel about its contents, in which case they were negligent, or they looked at the memo and decided, despite its inoffensive contents, to use their subpoena power to go after it, in which case they were bullying and insensitive to constitutional concerns.

An excessive zeal for secrecy works against the kind of public debate essential in a democracy, but it also works against government's legitimate interest in keeping secrets. Authorities are less likely to be taken seriously in cases where the national security really might be harmed if they are willing to abuse the grand jury process, as in this case, even to conceal a routine memorandum.

Mental Exam Ordered For Terror Suspect (AP)

By Curt Anderson

AP, December 19, 2006

A federal judge ordered a mental exam Monday to determine whether Jose Padilla — charged with being part of a support cell for Islamic extremists around the world — is competent for trial.

A psychiatrist and a psychologist hired by Padilla's attorneys concluded he is suffering from post-traumatic stress disorder and other mental problems stemming largely from his 3 1/2 years in solitary confinement at a Navy brig in Charleston, S.C.

Prosecutors agreed a court-ordered evaluation was necessary.

Padilla, a 36-year-old U.S. citizen accused of being an al-Qaida operative, claims he was tortured in Defense Department custody, a charge repeatedly denied by prosecutors and Pentagon officials. Padilla's lawyers have asked the judge to dismiss the charges against him because of "outrageous government conduct" during his time in the brig.

Padilla and co-defendants Adham Amin Hassoun and Kifah Wael Jayyousi have pleaded not guilty to conspiracy and material support charges. The most serious charge carries up to 15 years in prison.

Padilla was added to the case late last year amid a legal battle over President Bush's authority to hold him without charge as an enemy combatant. Padilla was originally arrested in 2002 on suspicion of plotting a radioactive "dirty bomb" attack inside the U.S., but the Miami charges do not mention that.

Trial is set for Jan. 22.

Testing Of Anthrax Vaccine Still On Hold (WP)

DOJ_NMG_0107538

By Renae Merle

The Washington Post, December 19, 2006

VaxGen said yesterday that it did not meet a federal deadline to begin human testing of its anthrax vaccine.

The Food and Drug Administration has put the clinical trial on hold since November. The Department of Health and Human Services had given the company until yesterday to begin testing or risk losing its contract but didn't say what action it would take.

The FDA continues to have concerns about the vaccine's reliability, according to a company statement. The hold will remain until "sufficient vaccine stability" has been demonstrated, the statement said.

"I don't think we're in a position to make predictions on how long this will take," said Lance Ignon, VaxGen's vice president of corporate affairs. "We continue to believe that with the right kind of commitment, we can develop and deliver a modern anthrax vaccine."

HHS spokesman Bill Hall said no decisions have been made about the contract's fate.

After a recent meeting, the FDA indicated it was interested in having technical discussions with VaxGen about its proposed methods for measuring the vaccine's potency and stability, Ignon said. "We felt that the conversation with the FDA was very productive," he said.

The company's $1 billion vaccine effort, already years behind schedule, is by far the largest component of the Bush administration's Project BioShield, a $5.6 billion plan to counter bioterrorism threats. The project has been marked by delays and operational problems. Congress passed legislation this month to revamp and salvage the BioShield effort, reorganizing its management and providing struggling companies with periodic cash infusions for their research and testing.

But Ignon said the legislation will not address the breakdown in communication that has festered between VaxGen and HHS. "We have repeatedly tried to engage them in what we feel would be productive conversation" about the future of the program, he said. He declined to give specific examples of the proposals the company wants to address.

Hall said that while HHS is not privy to many of VaxGen's conversations with the FDA, there is a formal process in place. "Our contracting staff has regular communication with VaxGen as we do with any company with which we hold a contract," he said.

The contract calls for VaxGen to produce enough of the vaccine for 25 million people, roughly the equivalent of the population in the New York and Washington areas combined.

White House Accused Of Censorship (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, December 19, 2006

A former CIA analyst says the agency was told to cut parts of his op-ed column.

WASHINGTON — A former National Security Council official said Monday that the White House tried to silence his criticism of its Middle East policies by ordering the CIA to censor an op-ed column he wrote.

Flynt Leverett, a former senior director for Middle East affairs at the National Security Council, or NSC, and a former CIA analyst, said the White House told a CIA censor board to excise parts of a 1,000-word commentary on U.S. policy toward Iran that he had offered to the New York Times.

Leverett, who has criticized the administration for failing to deal directly with Tehran, said the board wanted to remove references to prior U.S. contacts with Iran.

Leverett said the events he wrote about were widely known.

He said the agency's action "was fabricated to silence an established critic of the administration's foreign policy incompetence at a moment when the White House is working hard to fend off political pressure to take a different approach."

Leverett said that in discussing the case with a CIA official, he was told that "the White House has equities" in the issue, meaning it was concerned about potentially classified material.

Speaking to reporters Monday, Leverett speculated that senior NSC officials, such as deputy national security advisors Elliott Abrams or Meghan L. O'Sullivan, had authorized their subordinates to intervene.

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But U.S. officials said the move was taken by lower-level staff members at the CIA and NSC. "There was nothing political here," a White House official said, addressing Leverett's claims.

Tom Crispell, a CIA spokesman, said the agency's review of Leverett's column remained an open case.

He said that in such cases, the writer and the agency can come to an agreement on language that will convey what the writer wants without compromising sensitive material.

Sometimes this can be accomplished by quoting the public comments of officials. "More often than not the issues are worked out," Crispell said.

Leverett said there were two key paragraphs that the CIA board wanted to cut. The first was about U.S. cooperation with Iran concerning Afghanistan about the time of the Sept. 11 attacks in 2001.

The second dealt with an offer by Iran to the United States in early 2003 to discuss the possibility of a "grand bargain" that would settle several disputes between the two countries.

He said both episodes had been publicly discussed by former Secretary of State Colin L. Powell and his former deputy, Richard L. Armitage.

"There is no basis for claiming that these issues are classified and not already in the public domain," he said.

Leverett, who worked at the NSC during President Bush's first term and is now with the New America Foundation, a liberal-leaning think tank, said he had written a lot about Iran and had spoken often about the Middle East since leaving government.

Like other former CIA employees, he is required to submit manuscripts for articles, books and speeches to the agency for review. Until last week, the CIA's review board "had never sought to remove or change a single word in any of my drafts."

He said his op-ed column was distilled from a much longer article that had not been challenged by the agency.

Leverett said the United States lost a promising opportunity to resolve its issues with Iran in 2003, when Tehran made its overture.

He said any deal that Washington made now would be on less favorable terms, because Iran had gained strength in the region and the United States was tied down in Iraq.

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Critic Accuses Bush Of Silencing Dissent (FT)

By Guy Dinmore

Financial Times, December 19, 2006

A former senior Bush administration official who has been outspoken in his criticism of US foreign policy accused the White House on Monday of trying to silence him by censoring an article he co-authored that advocated broad engagement with Iran.

Flynt Leverett, a former CIA analyst and director in the national security council, said the White House had threatened him with criminal prosecution if he went ahead and published an opinion piece prepared for the New York Times.

Mr Leverett, an analyst at the New America Foundation, a Washington think-tank, accused the White House of using the pretext of protecting classified information to limit dissent from someone highly critical of its Iran policy.

His allegations come at a particularly sensitive time for the White House, which is under intense pressure to change its whole Middle East strategy following publication of the report of the bipartisan Iraq Study Group.

Mr Leverett told a news conference that the CIA had already cleared the piece in question, which he was required to submit as a former analyst. He said the White House then intervened and excised material that he had already -published in a recent paper for the Century Foundation, a New York think-tank, and had either been stated in public by US officials or reported by the media.

The offending segments, he said, dealt with Iran's assistance to the US in ousting the Taliban in 2001 and then helping set up a new Afghan government, and an offer Iran made to the US in 2003 – first reported by the Financial Times – to talk about a "grand bargain" that the Bush administration quickly rejected.

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Tony Snow, the White House spokesman, said he knew nothing about the case but denied the administration would "falsely silence critics on national security claims".

The White House later confirmed it had suggested deletions to the article because it contained classified information, and then returned the piece to the CIA publications review board.

Speaking at a news conference, Mr Leverett accused his former CIA colleagues of being "spineless" in the face of political pressure. He said the CIA review board told him there was nothing of a classified nature in the article but that they had to bow to the White House.

"This is the state of our intelligence community six years into the Bush administration," he said. He co-authored the piece with his wife, Hillary Mann, also a former official.

Analysts said Mr Leverett was not the only critic to have attracted the administration's disapproval and that the CIA had tightened up its pre-publication review procedures and threatened other former officials with punishment for stating what was already on public record.

HOMELAND RESPONSE:

Inquiry Falters On Civilians Accused Of Detainee Abuse (NYT)

By David Johnston

The New York Times, December 19, 2006

WASHINGTON, Dec. 18 — A Justice Department team responsible for investigating accusations that civilian government employees had abused detainees has decided against prosecution in most of the nearly 20 cases referred in the last two years by the Pentagon and the Central Intelligence Agency, said lawyers who have been officially briefed on the effort.

The prosecution team, which was established in June 2004 at the United States attorney's office in Alexandria, Va., has not brought a single indictment and has been plagued by problems.

The team has been unable to collect forensic evidence or find witnesses needed to bring indictments out of war-ravaged areas of Iraq and Afghanistan. In some cases, the unit has been stymied by the absence of facts in the referrals, the lawyers said. A few investigations remain open, although the lawyers declined to be specific about how many cases fell in that category.

The team was set up in the aftermath of the uproar over abuses at the Abu Ghraib prison in Iraq; it was to investigate accusations that detainees had been mistreated by civilian personnel. Civilians have worked in large numbers in Afghanistan and Iraq, among them C.I.A. officers, Americans hired by companies under contract with the military as interrogators and translators, and local residents temporarily employed as support workers.

The military justice system, meanwhile, has won convictions against a number of soldiers in cases from Abu Ghraib and elsewhere in Iraq and Afghanistan. In some cases, the Justice Department has declined to prosecute in cases involving the same events in which military lawyers have brought charges against members of the armed services.

Lawyers who have been briefed on the work of the Justice Department unit, initially made up of six federal prosecutors, said problems with evidence and the fragmentary nature of some of the accusations had proved so daunting that prosecutors never even reached the point of grappling with difficult legal issues involving permissive interrogation guidelines. These guidelines, most of them based on Justice Department legal opinions, granted government officials the authority to use harsh tactics in questioning detainees.

In one case, Justice Department prosecutors investigated an accusation that a civilian translator working under a contract with the military had sexually assaulted a detainee at Abu Ghraib prison. But when investigators arrived in Iraq, the detainee and witnesses had been released in Baghdad and could not be found.

In another case, a referral cited abusive conduct by a government employee but did not include the names of witnesses or victims or where they lived. In other cases, investigators began their inquiries long after the alleged crimes occurred, when any forensic evidence a crime scene might have provided had been lost.

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One of the investigations that remains open involves the November 2003 death of Manadel al-Jamadi, who died at Abu Ghraib after a brutal interrogation in one of the most widely publicized abuse cases in Iraq. Mr. Jamadi was in the custody of a C.I.A. officer and a contract interpreter at the time of his death, although he had first been captured by a team of Navy Seals.

Justice Department prosecutors who reviewed the case advised superiors that neither of the civilians could be charged. They concluded that Mr. Jamadi probably sustained severe injuries when he was in military custody before he was turned over to the intelligence agency and that therefore the civilians could not be prosecuted for his death. Frank Spinner, who represented some of the Navy Seals who have faced disciplinary proceedings, denied that military personnel were responsible for Mr. Jamadi's death. "He walked into Abu Ghraib, into the custody of the C.I.A.," Mr. Spinner said.

Justice Department officials have never publicly disclosed that the prosecution team had terminated most of its cases or that it encountered serious evidentiary problems — an assertion likely to be met with skepticism by lawmakers and human rights activists who have been critical of the department's unwillingness to discuss the abuse cases.

In a letter sent Monday to Attorney General Alberto R. Gonzales, Senator Richard J. Durbin, Democrat of Illinois and a member of the Judiciary Committee, urged the Justice Department to be more forthcoming.

"Providing more public information about the Justice Department's handling of detainee abuse cases would be an important step in restoring the confidence of the American people in their government and would send a powerful message to the rest of the world about the role of the rule of law in American society," Mr. Durbin's letter said.

Hina Shamsi, senior counsel at Human Rights First, a group based in New York, said: "Secrecy itself invites abuse. Investigations shrouded in secrecy invite immunity for abuse. Congress needs to take a hard look at what happened, and why, and how to keep the agency accountable."

Spokesmen for the Pentagon and the C.I.A. declined to comment on specifics of the referrals, but both said their agencies took seriously accusations of detainee abuse. The C.I.A. has been advised that most of the cases have been closed, an intelligence official said. The referrals had stirred resentment within the agency, where some officers believed the actions of agency personnel did not warrant criminal investigation.

James Rybicki, a spokesman for the United States attorney's office in Alexandria, declined to comment on the details of the cases or their status. "This office continues the independent investigation of the cases referred to us," Mr. Rybicki said. "Because our review is ongoing, however, we cannot make any further comment at this time."

In a letter earlier this year responding to questions posed by Mr. Durbin, the Justice Department said the prosecution unit had received 19 separate accusations of abuse in Iraq and Afghanistan. Eleven referrals of possible wrongdoing came from the Pentagon, and eight from an unspecified agency later identified as the Central Intelligence Agency. The Department reported that it had dropped two of the cases on grounds of insufficient evidence.

Although the team has brought no charges, one civilian case has been prosecuted by federal prosecutors in North Carolina, resulting in a felony assault conviction against David A. Passaro, a C.I.A. contract employee. The charges stemmed from an interrogation in June 2003 at an American base in Afghanistan that resulted in the death of an Afghan, Abdul Wali.

Even that case caused problems for prosecutors, one of the lawyers said. Investigators were unable to retrieve the body of Mr. Wali from where he was buried to determine precisely the cause of his death. As a result, Mr. Passaro was not charged with Mr. Wali's death, but with beating him with a flashlight.

While the details about most cases are not known, one of the closed cases is believed to have involved the C.I.A. contract personnel who were at times present during the interrogation of Maj. Gen. Abed Hamed Mowhoush, an Iraqi who died after a rough interrogation in November 2003. General Mowhoush died of "asphyxiation due to smothering and chest compression," according to an autopsy report, after he was severely clubbed, beaten with fists and shoved into a sleeping bag.

In the Jamadi and Mowhoush cases, military prosecutors brought charges against several members of the armed forces. But they had no jurisdiction over civilians working alongside their military counterparts. A court-martial of Lt. Andrew Ledford, the leader of the Navy Seal unit that captured Mr. Jamadi, ended with an acquittal. A court-martial in the Mowhoush case concluded with a conviction of Chief Warrant Officer Lewis Welshofer Jr., who was fined $6,000 and confined for 60 days to his barracks.

Mr. Spinner, a defense lawyer who has specialized in military cases and who represented Lieutenant Ledford and Chief Warrant Officer Welshofer, said the Jamadi case in particular had raised questions about the role of the C.I.A. "The evidence was

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clear," Mr. Spinner said. "Let's have equal justice. If you're going to try Ledford and try the Seals, then you have to go after the C.I.A. guys."

From the start, there were doubts among some Democrats in Congress that the Justice Department could mount a serious prosecutorial effort against intelligence officers and other civilians accused of violence against terror suspects. It was the Justice Department, through a series of legal opinions and memoranda, that played a crucial role in erecting the legal framework intended to give C.I.A. officers the widest possible latitude in interrogating terror suspects and virtually indemnify them from legal liability.

Senator Seeks Detainee Abuse Case Update (AP)

AP, December 19, 2006

WASHINGTON (AP) -- A key Democratic senator asked the Justice Department on Monday for an update on its progress prosecuting government employees who were accused in at least 17 cases of abusing detainees in Iraq and Afghanistan.

In response, a Justice spokesman said at least some of the cases are still under investigation.

In a letter sent Monday to Attorney General Alberto Gonzales, incoming Senate Majority Whip Dick Durbin, D-Ill., noted that the department began looking into the allegations of abuse two and a half years ago.

"In that time, there have not been any indictments in any of these cases," wrote Durbin, who first pressed the Justice Department for a prosecutions update in November 2005, when now-Deputy Attorney General Paul McNulty was seeking Senate confirmation.

"It is my understanding that since then, the Justice Department has not commented publicly on the status of any of these cases," wrote Durbin, who sits on the Senate panel that oversees the Justice Department.

In response to Durbin's first request, the Justice Department revealed in a Jan. 17 letter that it had opened 20 investigations into claims of detainee abuse that were referred to prosecutors by the Pentagon and the CIA. The investigations were being led by a task force in the U.S. Attorney's office in Virginia's eastern district - which McNulty headed before taking the Justice Department's No. 2 job in March.

Two of those cases were dropped because of insufficient evidence to support a prosecution, the Justice Department letter noted. Additionally, another case resulted in the indictment of a former CIA contractor in North Carolina.

Justice spokesman Brian Roehrkasse said at least a few of the estimated 17 remaining cases are still open. "The Justice Department continues to investigate these cases," Roehrkasse said Monday. He declined further comment.

The New York Times reported on its Web site Monday that a Justice Department team has decided against prosecuting nearly all of the 20 cases that were initially under investigation. It was not immediately clear precisely how many cases remain open, and Roehrkasse refused to respond to the newspaper's report.

Privately, Justice officials have acknowledged difficulties in tracking down reliable witnesses or preserving enough evidence to bring strong cases against the accused employees.

WAR NEWS:

Gates: Iraq Failure Would Be 'Calamity' (AP)

By Robert Burns

AP, December 19, 2006

Robert Gates assumed the helm at the Pentagon on Monday, warning in his first public remarks as defense secretary that failure in Iraq would be a "calamity" that would haunt the United States for years.

The former CIA chief pledged to give President Bush his honest advice on the costly and unpopular war, and said he would go to Iraq soon to see what U.S. commanders believe should be done to quell the growing violence.

"All of us want to find a way to bring America's sons and daughters home again," Gates, 63, said after taking the oath of office as defense secretary from Vice President Dick Cheney at a Pentagon ceremony. "But as the president has made clear, we

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simply cannot afford to fail in the Middle East. Failure in Iraq at this juncture would be a calamity that would haunt our nation, impair our credibility, and endanger Americans for decades to come."

He takes office as Bush conducts a wide-ranging review of his approach to the 3 1/2 year-old Iraq conflict. The fighting, teetering on the edge of a civil war between sects, has seen more than 2,940 Americans die at a cost to U.S. taxpayers exceeding $300 billion.

Officials say the options Bush is studying run from a short-term buildup of thousands of more troops to a pullback of U.S. combat units so they can focus on training Iraqis and hunting terrorists. Bush said last week that he would wait until January to announce his new strategy, to give Gates a chance to offer advice.

Gates said he wants to hear the views of U.S. commanders on how to improve the situation, "unvarnished and straight from the shoulder." The remarks seemed to contrast with critics' complaints that the man he replaced, Donald H. Rumsfeld, did not listen enough to the advice of the military's top officers.

President Bush called Gates "the right man" for the multiple challenges of Iraq and the global war on terrorism.

"We are a nation at war," Bush said. "And I rely on our secretary of defense to provide me with the best possible advice and to help direct our nation's armed force as they engage the enemies of freedom around the world. Bob Gates is the right man to take on these challenges. He'll be an outstanding leader for our men and women in uniform."

Gates formally assumed the job earlier Monday in a private swearing-in ceremony at the White House, replacing Donald H. Rumsfeld.

He took office more than month after President Bush announced he was switching Pentagon chiefs, saying he wanted "fresh perspective" on the widely unpopular and costly war and acknowledging the current approach was not working well enough. Rumsfeld was a chief architect of the war strategy and still defends the decision to invade in March 2003.

"You have asked for my candor and my honest counsel at this critical moment in our nation's history, and you will get both," Gates said.

He said that since his Senate confirmation earlier this month he has participated in meetings on Iraq at the White House, received briefings at the Pentagon and held in-depth discussions with the president on ways ahead in Iraq.

Besides the wars in Iraq and Afghanistan, Gates faces other immediate challenges. One is the Army's proposal that it be allowed to grow by tens of thousands of soldiers, given the strains it is enduring from the two wars. Rumsfeld had resisted increasing the size of the Army or the Marine Corps; Gates' view is unknown.

It's not yet clear whether Gates intends to immediately shake up the Pentagon by firing generals or replacing senior civilian officials. He has asked Gordon England, the deputy defense secretary, to remain, but some have already announced their departures, including the top intelligence official, Stephen Cambone.

In his remarks Monday, Gates said he looked forward to working with Gen. Peter Pace, chairman of the Joint Chiefs of Staff, as well as the service chiefs and civilian service secretaries.

Gates, who had been president of Texas A&M University since 2002, completed his tenure over the weekend by attending three commencement ceremonies on the College Station campus.

At his confirmation hearing, Gates won plaudits for his candor, especially for acknowledging the U.S. was not winning in Iraq. That contrasted with Bush's remark at an Oct. 25 news conference that, "Absolutely, we're winning."

Gates was a member of the Iraq Study Group that spent nine months assessing the situation in Iraq and produced recommendations that include phasing out most U.S. combat troops by 2008. Gates left the commission when Bush announced that he had been picked to replace Rumsfeld.

"In my view, all options are on the table, in terms of how we address this problem in Iraq," Gates said at his confirmation hearing.

Gates, a Kansas native, joined the CIA in 1966. He left in 1974 to join the staff of the National Security Council until 1979, when he returned to the spy agency. He rose to deputy director for intelligence in 1982.

His 1987 nomination to head the CIA was scuttled when he was accused of knowing more than he admitted about the Iran-Contra affair. The Reagan administration secretly had sold arms to Iran in hopes of freeing hostages in Lebanon, and used the money to help the Contra rebels in Nicaragua.

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Gates went to the White House as President Reagan's deputy national security adviser in 1989, then took over the CIA in 1991. He left Washington in 1993 and since August 2002 has been president of Texas A&M University.

Replacing Rumsfeld, Gates Issues Warning On Iraq (NYT)

By David Stout

The New York Times, December 19, 2006

WASHINGTON, Dec. 18 – Robert M. Gates became secretary of defense today, pledging to rely on advice from the uniformed military professionals and convey his own no-holds-barred opinions to the White House.

"You have asked for my candor and my honest counsel," Mr. Gates told President Bush at a Pentagon ceremony. "You will get both."

The new secretary said Iraq is at the top of his list of concerns, and that he will go there "quite soon" to confer with military leaders and hear their assessments "unvarnished and straight from the shoulder."

"We simply cannot afford to fail in the Middle East," Mr. Gates said. A failure in Iraq would haunt the United States "for decades to come," he said.

Nor can the United States afford to neglect Afghanistan, where progress in the post-Taliban era is "at risk," Mr. Gates said. That country "cannot be allowed to become a sanctuary for extremists again," he said. Before the Taliban was overthrown in the American-led military campaign of 2001, Afghanistan was a host for Al Qaeda terrorists.

Mr. Gates was sworn in at the Pentagon by Vice President Dick Cheney, himself a former defense secretary, after being sworn in at the White House in a private ceremony that made him Donald H. Rumsfeld's successor.

President Bush said he was counting on Mr. Gates to bring a "fresh perspective" to the Pentagon as the United States charts "a new way forward in Iraq" to build a country that can govern, sustain and defend itself and be an ally in the war against "extremists and radicals."

A new perspective was what President Bush called for immediately after the mid-term elections, when he abruptly announced Mr. Rumsfeld's resignation not long after insisting that Mr. Rumsfeld was at the Pentagon to stay. Today, Mr. Bush praised Mr. Rumsfeld as a "superb leader."

"For nearly six years, Don Rumsfeld has served with exceptional strength and energy at a time of challenge and change, and he produced impressive results," Mr. Bush said. He said the former secretary "took ballistic missile defense from theory to reality, and undertook the most sweeping transformation of America's global defense posture since the start of the Cold War."

Even in peacetime, the job of defense secretary has been considered an enormous challenge because of the vast Pentagon bureaucracy. Now, Mr. Bush said, "We are a nation at war, and I rely on our secretary of defense to provide me with the best possible advice and to help direct our nation's armed forces as they engage the enemies of freedom around the world. Bob Gates is the right man to take on these challenges."

Defense Chief Gates Sworn In (WP)

By Josh White

The Washington Post, December 19, 2006

Defense Secretary Robert M. Gates took the oath of office yesterday, warning that the nation cannot afford failure in Iraq and promising that the war there will be his top priority.

Gates, 63, becomes Pentagon chief at a time when President Bush and military commanders are hashing out the best way forward in Iraq, hoping to salvage a situation that is by many accounts on the brink of disaster. In his confirmation hearings before the Senate, Gates said he believes the United States is neither winning nor losing the war and pledged to consider all options for the future.

"All of us want to find a way to bring America's sons and daughters home again, but as the president has made clear, we simply cannot afford to fail in the Middle East," Gates said yesterday at the Pentagon after Vice President Cheney swore him in as the nation's 22nd defense secretary. "Failure in Iraq at this juncture would be a calamity that would haunt our nation, impair our credibility, and endanger Americans for decades to come."

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President Bush chose Gates to replace Donald H. Rumsfeld immediately after the November elections, when Democrats gained control of Congress. The election results were viewed as a strong message from the public that the war in Iraq is off track. Gates, a former head of the CIA, was officially sworn in early yesterday at the White House and publicly took the oath at the Pentagon.

Gates vowed yesterday to provide "candor" and "honest counsel" to the president and to listen to the professionals at the Pentagon "who ultimately must carry out the decisions" his department makes -- alluding to the perception of Rumsfeld as a Pentagon chief who did not heed war advice from his top military commanders. Gates told the uniformed service members that he will rely on their "clear-eyed advice in the weeks and months ahead," and said he plans to travel to Iraq so he can hear assessments of the situation "unvarnished and straight from the shoulder."

Bush has delayed speaking to the nation about his decisions on Iraq so Gates can make his own assessment. Gates said he has been attending National Security Council meetings, has received briefings at the Pentagon and has discussed the situation with the president.

As U.S. officials debate whether to send more troops into Iraq or to create a major shift in military operations there, Bush said yesterday that he expects Gates to "help our country forge a new way forward in Iraq."

"As Bob Gates raises his hand and takes the oath of office, he does so at a time of great consequence for our nation," Bush said. "He knows the stakes in the war on terror. He recognizes this is a long struggle against an enemy unlike any our nation has fought before."

Sen. Carl M. Levin (D-Mich.), the incoming chairman of the Senate Armed Services Committee, attended the Pentagon ceremony and said in an interview afterward that he fears the Bush administration could go forward with ill-fated policies in Iraq but believes Gates will work with Congress. Sen. John W. Warner (R-Va.), the outgoing chairman, said he, too, is optimistic.

"I expect he'll bring a fresh perspective on Iraq," Levin said. "Also, I expect he will be much more open to oversight."

Gates originally was a member of the Iraq Study Group -- which recently issued a stark assessment of the war and made dozens of recommendations -- but stepped aside after Bush nominated him to replace Rumsfeld. Gates had been president of Texas A&M University since 2002.

"I return to public service in the hope that I can make a difference at a time when our nation is facing daunting challenges and difficult choices," Gates said.

White House, Joint Chiefs At Odds On Adding Troops (WP)

By Robin Wright And Peter Baker

The Washington Post, December 19, 2006

The Bush administration is split over the idea of a surge in troops to Iraq, with White House officials aggressively promoting the concept over the unanimous disagreement of the Joint Chiefs of Staff, according to U.S. officials familiar with the intense debate.

Sending 15,000 to 30,000 more troops for a mission of possibly six to eight months is one of the central proposals on the table of the White House policy review to reverse the steady deterioration in Iraq. The option is being discussed as an element in a range of bigger packages, the officials said.

But the Joint Chiefs think the White House, after a month of talks, still does not have a defined mission and is latching on to the surge idea in part because of limited alternatives, despite warnings about the potential disadvantages for the military, said the officials, who spoke on the condition of anonymity because the White House review is not public.

The chiefs have taken a firm stand, the sources say, because they believe the strategy review will be the most important decision on Iraq to be made since the March 2003 invasion.

At regular interagency meetings and in briefing President Bush last week, the Pentagon has warned that any short-term mission may only set up the United States for bigger problems when it ends. The service chiefs have warned that a short-term mission could give an enormous edge to virtually all the armed factions in Iraq -- including al-Qaeda's foreign fighters, Sunni insurgents and Shiite militias -- without giving an enduring boost to the U.S military mission or to the Iraqi army, the officials said.

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The Pentagon has cautioned that a modest surge could lead to more attacks by al-Qaeda, provide more targets for Sunni insurgents and fuel the jihadist appeal for more foreign fighters to flock to Iraq to attack U.S. troops, the officials said.

The informal but well-armed Shiite militias, the Joint Chiefs have also warned, may simply melt back into society during a U.S. surge and wait until the troops are withdrawn -- then reemerge and retake the streets of Baghdad and other cities.

Even the announcement of a time frame and mission -- such as for six months to try to secure volatile Baghdad -- could play to armed factions by allowing them to game out the new U.S. strategy, the chiefs have warned the White House.

The idea of a much larger military deployment for a longer mission is virtually off the table, at least so far, mainly for logistics reasons, say officials familiar with the debate. Any deployment of 40,000 to 50,000 would force the Pentagon to redeploy troops who were scheduled to go home.

A senior administration official said it is "too simplistic" to say the surge question has broken down into a fight between the White House and the Pentagon, but the official acknowledged that the military has questioned the option. "Of course, military leadership is going to be focused on the mission -- what you're trying to accomplish, the ramifications it would have on broader issues in terms of manpower and strength and all that," the official said.

The official, who spoke on the condition of anonymity to discuss internal deliberations, said military officers have not directly opposed a surge option. "I've never heard them be depicted that way to the president," the official said. "Because they ask questions about what the mission would be doesn't mean they don't support it. Those are the kinds of questions the president wants his military planners to be asking."

The concerns raised by the military are sometimes offset by concerns on the other side. For instance, those who warn that a short-term surge would harm longer-term deployments are met with the argument that the situation is urgent now, the official said. "Advocates would say: 'Can you afford to wait? Can you afford to plan in the long term? What's the tipping point in that country? Do you have time to wait?' "

Which way Bush is leaning remains unclear. "The president's keeping his cards pretty close to his vest," the official said, "and I think people may be trying to interpret questions he's asking and information he's asking for as signs that he's made up his mind."

Robert M. Gates, who was sworn in yesterday as defense secretary, is headed for Iraq this week and is expected to play a decisive role in resolving the debate, officials said. Secretary of State Condoleezza Rice's views are still open, according to State Department officials. The principals met again yesterday to continue discussions.

The White House yesterday noted the growing number of reports about what is being discussed behind closed doors. "It's also worth issuing a note of caution, because quite often people will try to litigate preferred options through the press," White House press secretary Tony Snow told reporters.

Discussions are expected to continue through the holidays. Rice is expected to travel to the president's ranch near Crawford, Tex., after Christmas for consultations on Iraq. The administration's foreign policy principals are also expected to hold at least two meetings during the holiday. The White House has said the president will outline his new strategy to the nation early next year.

As the White House debate continues, another independent report on Iraq strategy is being issued today by the International Crisis Group, a Brussels-based crisis monitoring group that includes several former U.S. officials. It calls for more far-reaching policy revisions and reversals than did even the Iraq Study Group report, the bipartisan report issued two weeks ago.

The new report calls the study group's recommendations "not nearly radical enough" and says that "its prescriptions are no match for its diagnosis." It continues: "What is needed today is a clean break both in the way the U.S. and other international actors deal with the Iraqi government, and in the way the U.S. deals with the region."

The Iraqi government and military should not be treated as "privileged allies" because they are not partners in efforts to stem the violence but rather parties to the conflict, it says. Trying to strengthen the fragile government of Prime Minister Nouri al-Maliki will not contribute to Iraq's stability, it adds. Iraq's escalating crisis cannot be resolved militarily, the report says, and can be solved only with a major political effort.

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The International Crisis Group proposes three broad steps: First, it calls for creation of an international support group, including the five permanent members of the U.N. Security Council and Iraq's six neighbors, to press Iraq's constituents to accept political compromise.

Second, it urges a conference of all Iraqi players, including militias and insurgent groups, with support from the international community, to forge a political compact on controversial issues such as federalism, distribution of oil revenue, an amnesty, the status of Baath Party members and a timetable for U.S. withdrawal. Finally, it suggests a new regional strategy that would include engagement with Syria and Iran and jump-starting the moribund Arab-Israeli peace process.

Iraqi TV Station Plays Up U.S. Losses (LAT)

By Borzou Daragahi And Molly Hennessy-fiske, Times Staff Writers

The Los Angeles Times, December 19, 2006

BAGHDAD — The men with laptops sat around an unadorned conference table, chatting amicably about their plans and operations.

The scene on the newly launched Al Zawraa satellite television channel could have been footage from the boardroom of any company, if it weren't for the ski masks the men wore and the subject of the meeting: future mortar attacks on U.S. bases in Iraq.

The renegade, pro-insurgent Al Zawraa channel, with a 24-hour diet of propaganda against U.S. forces and the Iraqi government, has become something of a sensation throughout the country. It has drawn condemnation from U.S. officials, Iraqi politicians and Friday prayer leaders.

Most hours of the day it plays footage of U.S. soldiers in Iraq being shot and blown up in insurgent attacks, often with religious chants or Saddam Hussein-era nationalist anthems in the background. There are segments warning Iraq's Sunni Arabs to be wary of Shiite Muslims, and occasional English-language commentary and subtitles clearly meant to demoralize U.S. troops.

"Your new enlisting qualifications are kind of comical," an announcer says in slightly accented American English, over an image of a U.S. soldier in a field hospital, a bandage on his newly amputated arm. "I mean, what are you doing? Thirty-nine years old? That's the new age of recruiting? Are you recruiting nannies? I guess if we are patient, we might witness crippled people enlisting for the Marines."

The station attempts to present an alternative to images of the war appearing in U.S. and other Iraqi media. It shows footage of Americans abusing Iraqis and Baghdad government officials collaborating with the "occupier." Even Michael Moore's "Fahrenheit 911," the 2004 documentary critical of the Bush administration's foreign policy, gets drawn into the commentary.

"After all, there are honest guys in America," the announcer says in comments directed at President Bush. "If Mr. Moore can talk to you like that, so can I."

It's not clear how big an Iraqi audience Al Zawraa captures. But its very presence demonstrates the insurgency's abilities. Despite 140,000 U.S. troops in Iraq and intense diplomatic pressure on Iraq's neighbors, the station is able to circumvent U.S. and Iraqi forces and stage round-the-clock broadcasts, complete with news bulletins, graphics and commentary.

Al Zawraa started out several months ago as an aboveground hard-line Sunni channel, but it was shut down by the Iraqi government Nov. 5, the day Hussein received the death penalty. Iraqi police raided the station's headquarters after broadcasts criticized the verdict.

At the time, Mishaan Jaburi, a member of parliament said to be behind the station, disputed the sanction.

"If Saddam had ordered the killing of some hundreds of Iraqi people, the current officials in Baghdad deserve 1,000 death sentences because they cause the daily killing of more than those killed by Saddam," Jaburi, who has been accused of embezzling state funds, told the Associated Press from Syria.

Iraqi Prime Minister Nouri Maliki had warned stations in July not to broadcast footage that would jeopardize the nation's stability. But the attempt to stifle Al Zawraa backfired. It quickly reemerged as an underground station with violent, no-holds-barred content clearly meant to incite Sunnis.

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Broadcast staples include images of U.S. soldiers manhandling Iraqi women, photos from the Abu Ghraib prisoner abuse scandal and footage of Iraqi children burned and injured in alleged U.S. attacks.

The station also loops shaky, slow-motion footage of U.S. vehicles being blown up and American soldiers, often in crosshairs, crumpling to the ground after being shot by snipers.

One question-and-answer segment with insurgents shows them installing Katyusha rocket launchers on cars and assembling weapons to fire rocket-propelled grenades.

"And you still using this tactic?" the announcer asks.

"Oh yes. With the will of God, we will never give up," an insurgent replies.

Al Zawraa announcers dispute U.S. casualty statistics. They insist that instead of nearly 3,000 American soldiers killed, the death toll is closer, as one said, to "30,000 miserable, poor nobodies who you have convinced that they will win a scholarship after a tiny tour in a little place called Iraq."

They attempt to portray the insurgency as a powerful force to be reckoned with for years to come. "There will be no negotiating," an announcer states. "For us, it's straight and simple. We are fighting for our religion and for our soil. We will fight you while you are packing. We will fight you while you are sleeping. We will fight you as you are evacuating your last soldier."

Some of the images of Americans being attacked are available on the Web and in video shops in Iraq. Some U.S. military officers shrug off Al Zawraa, saying it rarely broadcasts anything new.

Some viewers acknowledge the station's sectarian biases but say it's no different from other new Iraqi channels beholden to political blocs.

"Al Zawraa is not serving the interest of the Iraqi people," said Zaid Farooq, a 33-year-old Baghdad electrical engineer. "They are saying bad things about the government. But we can't blame Al Zawraa when there are other channels like Al Iraqiya," the state-owned station.

Though Al Zawraa rarely praises or shows footage of the many insurgent attacks on Iraqi civilians and security forces, it's the station's sectarian agenda that most irks the Shiite-dominated government. After Iraqis held a reconciliation conference Saturday meant to heal wounds between Sunnis and Shiites, the station quickly broadcast denunciations of the meeting by the Muslim Scholars Assn., a leading Sunni clerical group.

A recent segment showed Shiite cleric Muqtada Sadr sitting among a group of clerics and ordering an unseen person to "send them in there as soldiers," a suggestion that his men had infiltrated the security forces and were taking part in death-squad operations against Sunnis.

An announcer alleged that Sadr, a critic of U.S. policies here, had stopped his fight against the Americans and was now focusing his efforts against Sunnis.

Iraqi government efforts to track down the renegade station have come to naught. No one's quite sure where it broadcasts from or even who is behind it. Iraqi national security advisor Mowaffak Rubaie and a senior U.S. military official said it was broadcasting from somewhere near the Kurdish city of Irbil at one point and recently signed a distribution deal with the Egyptian satellite company NileSat.

There are indications that the Iraqi government is still looking for Al Zawraa. Police in the Sunni city of Hawija near Kirkuk raided the home of another member of Jaburi's parliamentary bloc Sunday, arresting him and two others on unspecified security charges.

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Times staff writers Solomon Moore and Saif Hameed contributed to this report.

Prosecutor Implicates Saddam In Attacks (AP)

By By
AP, December 19, 2006

DOJ_NMG_0107549

The chief prosecutor in Saddam Hussein's trial presented memos Monday from the ousted president's office approving chemical attacks against Kurdish villages, the most serious evidence against him in his genocide trial.

Munqith al-Faroon showed the Iraqi court trying Saddam and six other former regime members about 25 documents, including some presidential letters instructing the army to use "special ammunition" — identified as "mustard gas" — to quell a Kurdish rebellion in 1987. Some of the documents bore Saddam's signature, al-Faroon said.

Documents from Saddam's government played a crucial role in his first trial, for the 1987 killing of Shiites in the town of Dujail. In that trial, which ended with Saddam being sentenced to death, prosecutors presented memos with his signature approving death sentences for Shiites and rewarding intelligence agents for their role in the Dujail crackdown.

As in past hearings, Saddam said Monday that anything that occurred during his 34-year rule of Iraq was ultimately his responsibility, but he did not say he ordered the attacks.

"Any strike whether it was by special ammunition — chemical as (the prosecutor) interpreted or conventional — and (claims) by any military or civil official who said Saddam Hussein ordered us to do so, I take the responsibility with honor, whether the order came from me or not," Saddam told the court.

He admitted that he was not tolerant of "dissidents," including Kurdish rebels, but insisted that he did not target women and children.

His defense lawyers and some co-defendants have said in recent hearings that it was the Iranian, not the Iraqi army, that carried out the chemical attacks against Iraq's Kurdish population.

Saddam exonerated one of his co-defendants, former military intelligence chief Sabir al-Douri, saying that his role and that of his department was limited to gathering intelligence, not carrying out orders.

"As the commander in chief of the armed forces, the military intelligence gathers information and is connected to the secretary of the president of the republic. It has no other duty than to collect intelligence," Saddam said.

Earlier Monday, al-Faroon presented a letter dated in 1987 and signed by Iraq's military intelligence, asking Saddam's presidential office for permission to strike Kurdish rebels with the "special ammunition."

"It identifies the special ammunition right here as 'mustard gas,'" al-Faroon maintained, pointing to the gas reference in the letter, which was briefly shown during a television broadcast of the proceedings.

A response letter from Saddam's presidential office said it sanctioned the strike, provided that its "goal is not only to harm the rebels," according to al-Faroon, who asserted that the other target was Kurdish civilians.

Another 1987 letter, this one by Iraq's air force command addressing the defense ministry, said that "there were 44 strikes carried out by 44 warplanes, using special ammunition on the bases of (Kurdish) agents, except for one village because it was near our ground units," al-Faroon said.

The prosecuting lawyer also read a letter to the intelligence headquarters in eastern Iraq sent in 1987 by one of the intelligence offices in the northern Kurdish area that said a "number of reporters have arrived at Sarglou area to see the result of Iraqi shelling, using chemical weapons. It is likely that journalists will be sent to the areas hit to report on the incidents."

Al-Douri — Saddam's military intelligence chief — ruled out any connection with the alleged chemical attacks, saying such an offensive was not feasible because his department lacked the technical expertise.

"There was not a single officer or a body in my organization that was specialized in chemical weapons," he said, adding that he suspected some of the documents were not authentic. Al-Douri had previously accused Iran of attacking Iraq's Kurds with chemicals.

Saddam and his co-defendants have pleaded innocent to charges of war crimes and crimes against humanity for their alleged roles in the 1987-88 military offensive against the Kurds, codenamed Operation Anfal.

The prosecution estimates that 180,000 Kurds were killed when Saddam's army waged a scorched-earth campaign against Kurdish separatist guerrillas, allegedly destroying hundreds of villages, killing or forcing their residents to flee.

Saddam and one other defendant have pleaded innocent to the additional charge of genocide.

If convicted, all the accused could be condemned to death.

Saddam was convicted in the Dujail trial where he was convicted of ordering the execution of 148 Iraqis, including children, after a 1982 attempt to assassinate him.

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His lawyers appealed that trial's verdict and sentence. The appeals court is expected to rule early next month.

Iraqi officials have suggested that Saddam's prosecution on genocide charges would be halted if the appeals court upholds the death sentence of the first trial.

Prime Minister Nouri al-Maliki said Friday he hoped it would only be a matter of days before an appeals court rules on Saddam's death sentence.

The trial was adjourned until Tuesday.

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Yacoub reported from Baghdad and Halaby from Amman, Jordan. Associated Press Writer Qais al-Bashir also contributed to this report from Baghdad.

Marine To Be Charged In Haditha Case (AP)

By Thomas Watkins,

AP, December 19, 2006

A Marine captain has been told he will be criminally charged in connection with the killing of 24 civilians in the Iraqi town of Haditha, his attorney said Monday.

Capt. Lucas McConnell, 31, was told by his commanding officer that he will be charged with dereliction of duty, said Kevin McDermott, his attorney.

"We're just absolutely clueless as to what kind of dereliction of duty he could have committed," he said, adding that his client was not present during the killings.

Separately, two military officials said a group of Marines would be charged Thursday for their alleged roles in the killings. The officials requested anonymity because they were not authorized to speak publicly about the charges ahead of their announcement.

The charges would mark the latest step in a massive investigation into the actions of a squad of Camp Pendleton-based Marines and several officers on Nov. 19, 2005. Earlier this month, the Marine Corps said that charges were being finalized against several troops but the precise timing was unclear.

Marine spokesman Lt. Col. Sean Gibson said Monday: "We will be presenting as much information as allowable at the appropriate time."

The Marine Corps initially reported that 15 civilians died in a roadside-bomb blast. Citing survivor accounts and human rights groups, a media report in March said that the killings were deliberate acts by the Marines, prompting the criminal investigation.

A parallel military investigation has examined whether officers in the Marines' chain of command tried to cover up the events. Results have not been made public.

The killing began when a roadside bomb struck the last of a four-vehicle convoy containing a 12-Marine squad and several Iraqi soldiers. Driver Lance Cpl. Miguel Terrazas died in the blast and two other Marines were seriously wounded.

In the events that followed, two dozen Iraqis were killed. Five men were shot to death when they approached the scene in a taxi, and others — including women and children — died in three houses over the next several hours.

Neal Puckett, a defense attorney for squad leader Staff Sgt. Frank D. Wuterich, has described the events of the day as a tragic but lawful combat engagement.

The criminal case will focus on whether the Marines were responding to perceived threats with legitimate force, or if the troops went too far and acted outside their rules of combat.

CORPORATE SCANDALS:

Fannie Mae Ex-Officials Are Sued For Disputed Pay (WP)

By David S. Hilzenrath

The Washington Post, December 19, 2006

DOJ_NMG_0107551

Federal regulators yesterday sued three former Fannie Mae executives, including former chairman and chief executive Franklin D. Raines, to recoup more than $115 million in pay they received while the company's earnings were misstated.

In an administrative complaint, regulators said Raines and the others engaged in a variety of ruses to meet profit goals and boost their compensation. For example, they delayed booking $200 million of expenses one year and used transactions with no economic purpose in other periods simply to shift income into the future, the complaint alleged.

The regulators' discovery of accounting problems in 2004 ultimately led Fannie Mae to pay a $400 million penalty and correct years of financial results, erasing $6.3 billion of previously reported profit.

Charged with Raines were J. Timothy Howard, former chief financial officer of the government-chartered mortgage finance company, and Leanne G. Spencer, former controller.

The former executives "improperly manipulated earnings to maximize their bonuses, while knowingly neglecting accounting systems and internal controls, misapplying over twenty accounting principles and misleading the regulator and the public," James B. Lockhart III, director of the Office of Federal Housing Enterprise Oversight, said in a statement.

The three "did very serious harm to this company," Lockhart said in a conference call with reporters.

Lawyers for the former executives said the allegations were false and politically motivated. OFHEO's director had been warning for weeks that he planned to take action against former Fannie Mae executives, and he has cited the company's problems in calling on Congress to pass legislation giving Fannie's regulators greater power.

Lockhart is using Raines as a prop in his legislative campaign, and his agency has distorted evidence that it has kept from public view, Kevin M. Downey, an attorney for Raines, wrote in a letter yesterday to the OFHEO director.

Lawyers for Howard and Spencer noted that the agency now bringing the charges once vouched for Fannie's soundness, adding that the company's annual financial results were certified by auditor KPMG.

OFHEO's charges are to be reviewed by an administrative law judge, who will recommend a final decision to the agency's director. Raines's lawyer called on the current director, Lockhart, to withdraw from the matter, saying he was "fatally biased" because he repeatedly accused Raines of wrongdoing prior to bringing charges.

The agency is seeking to recoup $84.6 million in bonuses, stock option grants and other awards from Raines alone. In addition, OFHEO is seeking penalties from the three former executives that could total more than $100 million.

Before Fannie's problems came to light, Raines was one of Washington's most prominent businessmen, widely viewed as a potential Treasury secretary. His rÃ©sumÃ© traced his rise from humble roots to the heights of government and finance: graduate of Harvard College and Harvard Law School, Rhodes Scholar, junior aide to President Jimmy Carter, investment banker at Lazard Freres, chairman of Harvard's Board of Overseers, director of President Bill Clinton's Office of Management and Budget.

He was also a leader of the Business Roundtable, a lobbying group for chief executives of major corporations, and he worked to repair corporate America's credibility after accounting scandals at Enron and other companies.

"As a CEO, one of the most offensive things about the corporate scandals that emerged recently was to hear CEOs claim that they did not know, they could not know, and they could not be expected to know about the activities that brought down their companies," Raines wrote in Fannie Mae's 2002 annual report.

In 2004, an OFHEO examination faulted Fannie's accounting and challenged its management, ultimately leading the company to settle charges of fraud and other violations with the Securities and Exchange Commission.

Fannie's accounting problems were so extensive that it took two years and cost more than $1.4 billion for thousands of workers to redo past financial reports. Fannie remains unable to issue current financial statements on a timely basis, one of the basic requirements of any public company, and in the absence of such reports, its shares continue trading on the New York Stock Exchange by special dispensation.

The charges filed yesterday are the first to target the top executives who presided over the company during the accounting debacle.

To unlock maximum executive bonuses for 1998, regulators alleged, Fannie understated expenses by almost $200 million, counted two years of low-income housing tax credits in a single year, and, through a last-minute bookkeeping entry, recorded $3.9 million of "miscellaneous income."

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The complaint said Raines has testified that he had no reason to refute Spencer's statement that he signed off on the decision to defer the nearly $200 million of expenses.

Most of Fannie's flawed bookkeeping involved accounting for derivatives, financial instruments Fannie uses to hedge against movements in interest rates. Raines argued in 2004 that the derivatives accounting involved complex issues about which experts could disagree. Regulators said that the issues were black and white and that Fannie deliberately violated the requirements. Other companies have issued corrections over similar mistakes.

Relations between the company and the agency have often been antagonistic. In a May report, OFHEO alleged that Fannie lobbied to keep the agency poorly funded so that Fannie "would essentially be regulated only by itself."

Raines's successor as chief executive, Daniel H. Mudd, distanced himself from Fannie's posture under Raines, telling lawmakers this year that the days "of the arrogant, defiant my-way Fannie Mae had to end."

A Fannie spokesman declined to comment yesterday.

Unlike OFHEO, the SEC has taken no action against Raines or Howard. The SEC's investigation is continuing, SEC spokesman John Nester said.

The Justice Department has said that it does not plan to prosecute Fannie Mae, though it has been investigating whether Raines and Howard committed perjury when they testified about Fannie's accounting at a 2004 congressional hearing.

Fannie, Raines and Howard, meanwhile, are defending themselves against litigation brought by shareholders.

Fannie Mae recently sued its former auditor KPMG, alleging the accounting firm's negligence caused damages of more than $2 billion. KPMG said it plans to pursue claims of its own against Fannie Mae.

A fair review of OFHEO's claims "will demonstrate the propriety in all respects of Mr. Howard's conduct," said his attorney, Steven M. Salky. Spencer's work "was nothing short of outstanding," said her attorney, David S. Krakoff.

OFHEO acted yesterday to meet a two-year statute of limitations. Its charges could take years to resolve. More than three years after an accounting scandal at Fannie's rival Freddie Mac, the agency remains in litigation to recoup pay from former Freddie executives.

Ex-Fannie Execs Face Civil Charges (USAT)

By Edward Iwata

USA Today, December 19, 2006

Federal regulators Monday filed civil charges against former Fannie Mae CEO Franklin Raines and two other former executives, accusing them of manipulating Fannie Mae's earnings to jack up their bonuses.

In a complaint with an administrative law judge, the Office of Federal Housing Enterprise Oversight detailed 101 charges from 1998 to 2004 against Raines, former chief financial officer Timothy Howard and former controller Leanne Spencer, who all resigned in 2003 as the Fannie Mae scandal worsened.

FINDLAW: Notice of charges against the three

OFHEO is seeking $100 million in penalties and $115 million in return of bonuses. The regulator also seeks the return of legal fees, and to bar the former executives from any future business with Fannie Mae.

A major force in the mortgage investment market, Fannie Mae has been engulfed in political controversy and financial scandal for years. Lawmakers and regulators are seeking greater regulatory control of the government-sponsored housing finance giant.

Fannie Mae was run by Harvard University graduate Raines, former budget director in the Clinton administration and one of the first black CEOs of a major corporation.

James Lockhart, OFHEO's director, said the actions of the former executives "cost the enterprise and shareholders many billions of dollars and damaged the public trust."

OFHEO alleges that the former executives submitted "misleading and inaccurate accounting statements and inaccurate capital reports that enabled them to grow Fannie Mae in an unsafe and unsound manner."

Defense attorneys for the former executives deny the charges.

Howard's lawyer, Steven Salky of the Zuckerman Spaeder law firm, called the allegations "a work of unsubstantiated fiction" and "a politically motivated attempt to rewrite history."

Spencer's attorney, David Krakoff of Mayer Brown Rowe & Maw, said OFHEO brought the charges even after reporting to Congress that Fannie Mae surpassed financial safety requirements through 2003.

Raines' attorney, Kevin Downey of Williams & Connolly, demanded Monday that Lockhart recuse himself from the case. In a letter to Lockhart, he called the OFHEO director "a fatally biased regulator" who is using the case to advance his political agenda of enacting Fannie Mae-related legislation. Raines' lawyers hope to move the case to a federal court.

Lockhart declined to address the allegations of bias.

While the charges cover 1998 to 2004, Lockhart said other violations may have occurred in the early 1990s.

The agency continues to investigate other current and former Fannie Mae executives, he said.

Two years ago, a special examination by OFHEO found that former Fannie Mae executives ignored internal financial controls and manipulated earnings through questionable "cookie jar" reserves.

Last spring, OFHEO and Fannie Mae agreed to a $400 millionfine for alleged accounting manipulation.

Regulator Seeks Legal Action Against Fannie Mae Ex-Officials (WSJ)

By James R. Hagerty And Damian Paletta

The Wall Street Journal, December 19, 2006

WASHINGTON -- Fannie Mae's main regulator announced legal action aimed at forcing three former executives of the government-sponsored mortgage company to pay back more than $115 million of bonuses.

But responses from lawyers for the executives suggest that the regulator faces a long and difficult legal battle.

The regulator, the Office of Federal Housing Enterprise Oversight, or Ofheo, also said it is seeking fines against the three that could total more than $100 million. Ofheo plans to present to an administrative law judge allegations that the three former executives "improperly manipulated earnings to maximize their bonuses." The former executives are Franklin Raines, who was chief executive officer, Timothy Howard, chief financial officer, and Leanne Spencer, controller. The former executives and their lawyers yesterday were notified about the claims in a notice of charges.

Fannie ousted all three about two years ago after regulators found that the company violated accounting rules.

The former executives neglected internal controls, misapplied more than 20 accounting principles and misled the regulator and public, Ofheo Director James Lockhart charged in a statement. Fannie Mae recently announced a restatement of results that cut retained earnings as of June 30, 2004, by $6.3 billion.

Lawyers for all three executives denied the allegations, which Mr. Howard's attorney called "a work of unsubstantiated fiction." The lawyers' responses suggested that they will argue that Fannie's former accounting practices and internal controls were approved by outside auditors and Ofheo itself.

In a letter to the regulator yesterday, Kevin Downey, a lawyer for Mr. Raines, called on Ofheo's Mr. Lockhart to remove himself from the case. Mr. Downey wrote that Mr. Lockhart's public comments in recent months show that he is "fatally biased" against Mr. Raines and already has concluded that the former CEO is guilty. An Ofheo official declined to comment on the letter.

Ofheo said it expects the U.S. Office of Personnel Management to refer the case to an administrative law judge, a justice who handles cases involving federal agencies. After hearing from the two sides and perhaps holding public hearings, the judge would recommend a decision to Ofheo's director, who could "accept, modify or set aside" the recommendation, Ofheo said. The defendants could appeal to a federal court.

Mr. Downey said Ofheo should allow the executives to challenge the agency's findings and proposed remedies immediately in federal court rather than going through the administrative law procedure.

For three years, Ofheo has been waging a similar legal battle to force two former top officers at Freddie Mac, a rival of Fannie, to give up some of their compensation because of an accounting scandal at Freddie that erupted in 2003. So far, former Freddie Chief Executive Leland Brendsel and former Chief Financial Officer Vaughn Clarke have successfully resisted Ofheo's demands for paybacks. The case is being heard by an administrative law judge in Washington.

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In the Fannie case, Ofheo is seeking restitution of about $85 million of bonuses, stock options and other nonsalary compensation paid to Mr. Raines from 1998 through 2003, $27 million from Mr. Howard, and $5.7 million from Ms. Spencer.

Fannie and Freddie, which were chartered by Congress but are owned by shareholders, buy home mortgages from lenders and package them into securities.

U.S. Files Charges In Fannie Mae Accounting Case (NYT)

By Jeremy W. Peters

The New York Times, December 19, 2006

Federal authorities filed civil charges today against three former top executives of Fannie Mae, the giant government-sponsored company that underwrites home mortgages, including the former chief executive, Franklin D. Raines, accusing them of manipulating Fannie Mae's books to fatten their bonuses.

The charges were the latest development in the fallout over accounting violations at Fannie Mae. After the housing oversight office denounced Fannie Mae in a scathing report in May, the company agreed to pay a $400 million settlement. Earlier this month, Fannie restated its earnings for several years, making a total of $6.3 billion in various corrections, to straighten out inaccuracies in its financial statements. It was one of the largest corporate accounting restatements on record.

In all, the Office of Federal Housing Enterprise Oversight filed 101 charges today against Mr. Raines, J. Timothy Howard and Leanne G. Spencer. Mr. Howard was once Fannie Mae's chief financial officer; Ms. Spencer was the company's controller.

The allegations against them include fabricating "deliberately misleading" financial reports, manipulating earnings and failing to operate a sound system of internal checks and balances.

"The 101 charges reveal how the individuals improperly manipulated earnings to maximize their bonuses, while knowingly neglecting accounting systems and internal controls," said James B. Lockhart, director of the housing oversight office, in announcing the charges today. "They submitted six years of misleading and inaccurate accounting statements and inaccurate capital reports that enabled them to grow Fannie Mae in an unsafe and unsound manner."

If proven, the charges against the executives could result in fines of more than $100 million being assessed against them. In addition, the housing oversight office is asking that the Fannie executives be ordered to repay some $115 million that they were paid by the company. Regulators have said that, of the $90 million paid to Mr. Raines from 1998 to 2003, the years during which the accounting violations occurred, at least $52 million was tied to bonus targets that were reached by manipulating accounting.

Kevin M. Downey, Mr. Raines's lawyer, strongly denied the accusations against his client. In a letter to Mr. Lockhart, Mr. Downey asked that he remove himself from the case. "The long record in this matter demonstrates that you are a fatally biased regulator," Mr. Downey wrote.

Steven Salky, a lawyer for Mr. Howard, called the new charges "a work of unsubstantiated fiction." In a statement, Mr. Salky said the allegations are "a politically motivated attempt to rewrite history."

Mr. Raines and Mr. Howard were forced out of the company in December 2004, and investigators have since laid much of the blame for the problems on their shoulders.

Fannie Mae, the second-largest financial institution in the nation, buys home mortgages and sells bonds backed by them, which investors consider to be implicitly backed by the Treasury, though there is no formal guarantee. Its activities and those of similar smaller agencies dominate the mortgage-backed securities market. Once known as the Federal National Mortgage Association, the company changed its name in 1997 to match its Wall Street nickname, based on its abbreviation.

Former Fannie Leaders Charged (WT/AP)

By Marcy Gordon

The Washington Times, December 19, 2006

The government yesterday filed civil charges against former Fannie Mae Chief Executive Franklin D. Raines and two other top executives, accusing them of misconduct costing shareholders billions of dollars.

The Office of Federal Housing Enterprise Oversight (OFHEO), the D.C. mortgage giant's regulator, announced that it is seeking fines and the return of millions of dollars in bonus money. It filed 101 charges against Mr. Raines, former Chief Financial Officer Timothy Howard and former Controller Leanne Spencer.

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Mr. Raines and Mr. Howard were swept out of office two years ago in the multibillion-dollar accounting debacle at the government-sponsored company, which finances one of every five home loans in the United States. Fannie Mae earlier this month announced a long-awaited restatement for 2001 through June 30, 2004, that erased $6.3 billion in profit.

OFHEO said it is seeking civil fines of $100 million or more against the three former executives and restitution totaling more than $115 million in bonus money tied to an improper accounting scheme.

The regulator may bring similar charges against both current and former executives and directors, OFHEO General Counsel Alfred Pollard said. Fannie Mae spokesman Brian Faith declined to comment.

Attorneys for Mr. Raines, Mr. Howard and Ms. Spencer disputed the regulators' charges and said they were politically motivated. The lawyer for Mr. Raines called OFHEO Director James B. Lockhart "a fatally biased regulator" and asked him in a letter to remove himself "immediately and completely from any further regulatory action affecting Mr. Raines."

Mr. Lockhart's true motivation is to get Congress to enact legislation tightening the government reins on Fannie Mae and Freddie Mac, its smaller sibling in the $8 trillion home-mortgage market, said Mr. Raines' attorney, Kevin Downey.

Mr. Raines, a prominent Washington figure who was White House budget director in the Clinton administration, led Fannie Mae -- with its legendary political clout, generosity in campaign contributions and lobbying savvy -- from 1999 until his ouster by the company board in December 2004.

Mr. Lockhart said the charges "reveal how the individuals improperly manipulated earnings to maximize their bonuses, while knowingly neglecting accounting systems and internal controls, misapplying over 20 accounting principles, and misleading the regulator and the public."

"The misconduct cost [Fannie Mae] and shareholders many billions of dollars and damaged the public trust," he said.

OFHEO, the regulator for Fannie Mae and McLean company Freddie Mac, in May issued a blistering report charging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc. The regulators said the scheme included manipulations to reach quarterly earnings targets so that company executives could pocket hundreds of millions in bonuses from 1998 to 2004.

Fannie Mae paid a record $400 million civil fine in a settlement with OFHEO and the Securities and Exchange Commission. It also agreed to limit the growth of its multibillion-dollar mortgage holdings, capping them at $727 billion, and to make top-to-bottom changes in its corporate culture, accounting procedures and ways of managing risk.

The notice of charges filed by OFHEO includes accusations that Mr. Raines, Mr. Howard and Ms. Spencer engaged in earnings manipulation and "deliberately misleading" financial reporting, and failed to establish a sound internal-controls system.

The charges will be heard by an administrative law judge, who will make a recommendation to Mr. Lockhart -- not a binding decision -- on whether the charges should stand. The three would have the right to appeal a final ruling in federal court.

Mr. Raines' total compensation from 1998 through 2004 was $91.1 million, including some $52.6 million in bonuses. Mr. Howard earned $30.8 million during the period, including $16.8 million in bonuses; Ms. Spencer received $7.3 million, of which some $3.5 million was bonus money.

Mr. Howard's attorney, Steven Salky, called the accusations against his client "a politically motivated attempt to rewrite history."

The charges are "a work of unsubstantiated fiction, starkly at odds with both the actual facts and the conclusions reached by OFHEO during its extensive annual examinations of Fannie Mae," he said. "We are eager for a fair and impartial adjudication of these claims, which will demonstrate the propriety in all respects of Mr. Howard's conduct."

Ms. Spencer's lawyer, David Krakoff, said her annual performance reviews for the six years she was controller "found her work was nothing short of outstanding."

"We look forward to disproving the politically motivated claims brought by OFHEO," he said.

Broadcom Faces Upgraded, `Formal' SEC Options Probe (BLOOM)

By Peter J. Brennan

Bloomberg, December 19, 2006

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Dec. 18 (Bloomberg) -- Broadcom Corp., a chipmaker restating results to add $1.5 billion in payroll costs, said the U.S. Securities and Exchange Commission has opened a ``formal'' investigation into the company's options practices.

Broadcom also canceled more than $37 million in stock options held by three unnamed individuals it holds responsible for manipulating their grant dates, the Irvine, California-based company said in a statement today. Broadcom said it took the actions as it finished an internal review of the matter.

Dates on ``numerous'' grants were manipulated after they were issued from 1998 to 2003, Broadcom said. The SEC's formal probe gives it subpoena power to demand information from current and former Broadcom employees. The company has said that because of the irregularities, related compensation costs will at least double, the biggest increase in the widening options scandal.

``The escalation of the SEC inquiry to formal status is a bit unsettling given the open-ended possibilities,'' said Cody Acree, a Stifel Nicolaus & Co. analyst, in a note to investors. Acree said current demand for the company's products isn't improving, so he's keeping a ``hold'' rating on the shares.

Shares of Broadcom rose 13 cents to $33.72 at 4 p.m. New York time in Nasdaq Stock Market composite trading and have risen 7.3 percent this year.

Samueli, Others Absolved

Chief Executive Officer Scott McGregor and acting Chief Financial Officer Bruce Kiddoo can certify Broadcom's financial statements, the company said. It said Henry Samueli, co-founder, chairman and chief technical officer, and Broadcom's outside directors didn't receive any improperly dated grants.

The company's statement didn't mention William Ruehle, who quit Sept. 19 after nine years as Broadcom's chief financial officer. Broadcom spokesman Bill Blanning didn't immediately answer questions posed in an e-mail.

Samueli and the outside directors ``reasonably'' relied upon management and professionals to correctly handle option grants and their accounting treatment, Broadcom said.

Executives and directors who say they relied on professional advice could be establishing a valid defense, said Jacob Frenkel, a former enforcement lawyer with the SEC.

``Once it is asserted, that opens for discovery the extent of the discussions'' among the CEO, chairman and those responsible for the options backdating, Frenkel said in an interview. ``That could be the difference between to charge and not charge'' in both civil and criminal cases.

Options granted since 2003 have been properly dated and accounted for, the company said, including those given to co-founder Henry Nicholas. Nicholas quit as CEO in January of 2003, saying he wanted to spend more time with his family.

`Voluntary' Repricing

Remaining employees who received improperly dated options have ``voluntarily'' agreed to higher exercise prices, reflecting grant dates chosen by the company, Broadcom said. It said all the individuals ``actively responsible'' for the date manipulation have left the company.

The SEC's upgraded investigation means it can subpoena documents and witnesses who are both current and former employees, said Frenkel, now a lawyer with Shulman, Rogers, Gandal, Pordy & Ecker in Rockville, Maryland.

``The federal investigation likely will be time consuming and demanding,'' Frenkel said. ``It does not portend an enforcement action.''

Amended results for 2005 and the first quarter of 2006 will be reported in January, the company said. McGregor in October said he would be disappointed if reports for the second and third quarters weren't released by the end of this year.

High Flier

Broadcom was a high-flying company where expensive Italian Lamborghini sports cars dotted the parking lot as the stock price shot up to as high as a split-adjusted $183.17 in August 2000. Sales soared from $37 million in 1998, when Broadcom shares began trading publicly, to $2.67 billion last year. The company makes chips for a wide variety of consumer electronics such as television set-top boxes, Apple Computer Inc.'s video iPod and Nintendo Co.'s Wii game console.

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This is the second major accounting scandal to hit Broadcom. In 2001, the company was forced to change how it accounted for warrants issued in connection with the more than 30 acquisitions that fueled its sales growth. Lawsuits charged Broadcom with inflating its revenue and the company last year settled for $150 million.

Incentives

Stock options let recipients buy shares at a future date, usually at the market price on the day they were granted. Often they are given to managers as an incentive.

The U.S. Justice Department and SEC are investigating Broadcom and other companies to determine if they manipulated the dates of option grants to boost their value. At least 185 other companies have announced internal or federal options probes in the scandal.

Broadcom's internal investigators reviewed 6 million pages of documents and electronic information and interviewed over 40 people about the option grants, the company said.

``There was uncertainty and confusion as to the accounting rules for options, and certain individuals may have acted without fully understanding the rules or whether compensation charges should have been taken," Broadcom's statement said.

Blowdown: How Faults At BP Led To One Of America's Worst Industrial Disasters (FT)

By Sheila Mcnulty

Financial Times, December 19, 2006

Part of William Bradley Bessire's job as project co-ordinator at BP's Texas City refinery was to put on a lavish "safety lunch" to reward the workers in his section for every week without an accident.

At such a lunch on March 23 last year, Mr Bessire finished a big plate of fajitas, rice and beans, congratulated the workers on another good week and headed back to the trailer that served as his office - just as the refinery's nearby isomerisation unit was being restarted.

Some of the operators in the unit, designed to boost the octane rating in petrol, had been working 12-hour days for 30 days in a row, several with two-hour commutes. Alarms and gauges were broken and a key piece of equipment, the blowdown drum, was not only outdated but undersized. A proposal by BP engineers to upgrade to safer technology in 2002 had been turned down because of cost pressures.

Restarting the unit was a fairly routine event: it had been shut for maintenance and fired up again 19 times in the previous five years. But the use of the blowdown drum meant it vented directly to the atmosphere instead of to a flare, which would have burnt off fumes. During the start-up that Wednesday, the drum became overfilled with highly flammable liquid hydrocarbons. The accompanying fumes spread out over the refinery - until they found a spark.

Some 500ft away in his trailer,Mr Bessire felt a shock wave and knew the isomerisation unit was going to blow. He rushed out just as an explosion ripped through the plant, forcing a door and window out of their frames and into him, knocking him down.

As the flames spread, hundreds of workers ran to the barbed wire fence surrounding the refinery trying to get out, but they could not climb over it without shredding their hands. Mr Bessire backed a truck up to the fence so that people could clamber on it to jump over. He ripped off his coverall and laid it over the barbed wire as protection for those fleeing, then he ran back to find something else to wear. He spent four hours helping people out of the refinery. By then, 15 people were dead and 500 injured in and around the facility. He ruptured two discs that would have to be replaced with metal plates, limiting mobility in his neck, and damaged nerves would leave him with chronic pain on his right side.

It was the worst US industrial accident in more than a decade. Lord Browne, BP's chief executive, flew in the next day to take responsibility, setting the tone for talks with what would eventually become 1,000 claimants seeking the $1.6bn (£820m, €1.2bn) that BP allotted for compensation.

Not all BP executives displayed great contrition, however. A friend e-mailed John Manzoni, head of BP's refining and marketing, suggesting that he should travel to the refinery. Mr Manzoni's reply was terse and he appeared perturbed when Lord Browne ordered him to interrupt his vacation to go to Texas City: "I arrived in Texas City at 3am - along with Lord Browne and we spent the day there - at the cost of a precious day of my leave." BP declined to comment on this e-mail.

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The US Department of Labor's Occupational Safety and Health Administration (Osha) uncovered more than 300 "egregious, wilful violations" in Texas City - BP's biggest refinery. BP did not admit guilt but agreed to a maximum allowable $21m fine and said it would spend $1bn improving and maintaining the refinery over the next five years.

Many of the problems at the 70-year-old plant had, no doubt, been inherited by BP when it acquired the refinery in 1998 as part of its purchase of Amoco. Before the blast, the Texas City site had in 30 years suffered 23 fatalities - four since BP took over. But instead of making the investments needed to improve safety, BP in 1999 ordered a 25 per cent cut in fixed costs.

Federal investigators would later conclude that these budget cuts caused a progressive deterioration in safety: "At an ageing facility like Texas City, it is not responsible to cut budgets related to safety and maintenance without thoroughly examining the impact on the risk of a catastrophic accident," said Carolyn Merritt, chairwoman of the US Chemical Safety Board (CSB), an independent federal agency that investigates industrial chemical accidents. "They had all the symptoms of a failed safety culture."

Ronnie Chappell, a BP spokesman, responded that the cuts were not a "directive" but rather a "challenge" to achieve the target without compromising safety or the long-term viability of the business unit. Nor did the cuts cause the blast, he added: "Our investigation team found no evidence that previous budget decisions were a critical factor in the terrible tragedy." Indeed, he said, spending at the facility had increased significantly in the years prior to the explosion and was by some measures higher than the industry average. Nonetheless, workers said they were certain BP was underspending and that this had put the refinery at risk of the type of explosion that took place that day.

Mr Bessire said: "I always worried about the safety of being in that refinery. Every time you drove up to the gate and 'badged in', you worried; there is not a person who works in that place that does not worry." It was hard not to: near the refinery entrance, workers for a time passed a billboard commemorating two colleagues scalded to death by boiling water after a pipe ruptured on September 2 2004.

John McLemore, fire chief at the site, estimated in a deposition for one of the many civil lawsuits against BP that the refinery had suffered an average of a fire a week over the past 10 years. The isomerisation unit had recorded eight other releases of vapour from the same blowdown drum from 1994 to 2004 - two of them under BP's watch. Of the total, six had included vapour clouds that Ms Merritt concluded could have had "catastrophic consequences, but for the absence of an ignition source" and two resulted in fires.

Ms Merritt said she doubted that the poor safety culture existed solely within the confines of the barbed wire fence at Texas City: "It's rare that you are going to have one facility that is so far off the mark in having a good culture in an organisation. An errant facility would not be able to continue on a bad path."

Indeed, an investigation by the Financial Times has shown BP allowed the refinery to deteriorate, in spite of all the red flags. Moreover, it was not the only BP operation in the US that was permitted to do so. BP Alaska has suffered a string of damaging safety lapses over the past five years and there have been smaller incidents in other states - all hinting at a broader problem with BP's safety approach in the US. Yet Texas City was in particularly bad shape - and, according to US regulators, senior executives in London knew that.

"BP's global management was aware of problems with maintenance, spending, and infrastructure well before March 2005," the CSB's report said. "BP did respond with a variety of measures aimed at improving safety. However, the focus of many of these initiatives was on improving procedural compliance and reducing occupational injury rates, while catastrophic safety risks remained."

Prior to the blast, a BP safety presentation on Texas City had opened with the statement: "Texas City is not a safe place to work." Texas City's safety business plan for 2005 said the death of a worker within 12 to 18 months was a "key risk". Even further back, BP executives had been aware of problems. On August 16 2002, James Hay, BP business unit leader for chemicals, e-mailed David Pierpoline, the group's director of health, safety, security and environmental compliance for the western hemisphere, to note that Mike Hoffman, vice-president for refining, had asked him to follow up on how Texas City had fallen into "such a poor state" and expressed concern that other sites should not be allowed to deteriorate to that extent.

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But not much changed and, by late 2004, Texas City workers had grown so fearful of a massive accident that the local union contacted colleagues in Alaska for help in engaging the services of Chuck Hamel, a longtime campaigner for oil workers, to publicise their plight.

Around the same time, Don Parus, the refinery's site manager, tried to get a handle on the depths of the problems by commissioning an independent safety audit. Telos Group, a Texas-based consultancy, surveyed more than 1,100, or 60 per cent, of Texas City employees. Mr Parus said in a deposition he was unsurprised by the findings. Employees in the 338-page report, completed on January 21 last year, tell of broken alarms, thinned pipe, chunks of concrete falling, bolts dropping 60 ft and staff being overcome with fumes. Staff rated "making money" BP's number one priority and "people" its lowest, at number nine.

"The history of investment neglect, coupled with the BP culture of lack of leadership accountability from frequent management changes, is setting BP Texas City up for a series of catastrophic events" was one of many ominous warnings. Geoffrey Gioja, co-author of the Telos report, said he was astounded: "We have never seen a site where the notion 'I could die today' was so real . . . This had a profound impact on us all. It also causes asolidarity, especially amongst the hourly employees, that seemedakin to being in a war together."

The Telos report contained something even more disturbing, however: evidence that the numbers of reported safety incidents were being kept low by pressure being brought to bear on the victims. While BP pointed out that the Texas City refinery in 2004 had the lowest injury rate in its history - and nearly one-third the average for the oil refining sector - BP's internal 2005 safety business plan, a copy of which has been obtained by the FT, listed under key risks a "site not reporting all incidents in fear of consequences".

Telos quoted numerous workers at the plant complaining of pressure not to report injuries and safety violations. "I have been hurt and had management punish me and make a fool of me. Need I say more?" asked one worker cited in the report. A second said: "The employee is always at fault - and required to sign [a] statement that he committed an unsafe act."

"They made fun of me," said a third. And a fourth: "Now when we get hurt, you drag yourself out the gate, if you're able, and say it happened at home."

"There are senior managers here who have allowed the site to accept a completely inappropriate amount and level of risk, who have allowed criminal levels of non-compliance," concluded a fifth.

Mr Chappell countered that the Telos report "does not report the 'objective' truth about safety performance or conditions" but rather "is an accurate representation of the attitudes, perceptions and statements made by survey participants". Nonetheless, he said, BP had been moving to address the concerns expressed in the report when the refinery exploded. "There had been a comprehensive effort by Texas City refinery leadership to drive continued safety improvement, encourage the reporting of injuries and near-misses and ensure the thorough and complete investigation of injuries and incidents at the refinery."

In spite of a heightened sense of urgency about the state of Texas City in internal e-mails after the report, then confidential, was circulated among management, BP kept the plant open. "When they got the Telos report, BP had a choice: embrace safety and do it the right way, or just keep profits and production going," said John Eddie Williams Jr, managing partner at Williams Bailey, a law firm that handled 145 of the civil cases arising from the blast. "They made the conscious decision to keep running this plant instead of doing a safety stand-down."

With limited other employment chances for the largely low-skilled workers at the plant, they in general hung on - even after the disaster. "A lot of people are stuck here because there is no place else they can get money to pay for their families," said the wife of one man who stayed on. Though the explosion had shaken their nearby house and thrown their toddler a foot into the air, they had agreed to risk the husband's continuing at the refinery for another year, at $25 an hour, to save up enough to move away. "This is a working man's town. Those without education can always get a job in the plants because of the dangers of the chemicals," said the woman.

Ms Merritt of the CSB urged BP to set up an independent review of its other US operations for lapses. The company agreed, appointing a panel led by James Baker, former secretary of state. The results of that probe were originally due last month but Mr Baker has pushed that deadline back twice, citing the scale of the review, and has set a new release time of early January. In the meantime, according toBP's Mr Chappell, the company has done its own assessment and identified problems at each of its refineries that, while not as broad or deep as those found at Texas City, are being addressed.

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In the months following the disaster, BP's various operations in Texas suffered another explosion, a fire and a spill. On July 20 this year a contract worker was crushed to death at Texas City when, in operating a motorised hoist, he became wedged between a beam and the control panel. BP's safety record elsewhere in the US has also been troubled. Last month two contract drillers were killed in separate accidents in Alaska and Oklahoma, suffering head injuries in what BP called "the course of normal activities".

The deaths followed regulatory and legal battles elsewhere in the US. In April, Osha fined BP $2.4m for unsafe operations at its Ohio refinery. In May, BP ended a legal battle by agreeing to increase oil-spill prevention efforts and fund a $1m study of spill risks at its refinery in Washington state. In Illinois, BP is embroiled in a lawsuit arising from the sale of a chemical plant in 2004 that Flint Hills Resources, the buyer, says "required tens of millions to comply with environmental laws and permits" - charges BP denies.

The state of California has sued BP in recent years both over air pollution violations and a failure to make required upgrades to safeguard water supplies from unseen leaks. The company has settled the suits with agreements to spend millions of dollars in penalties and improvements. Amid all this, the US federal government this summer accused BP's traders of having tried to manipulate the propane market in 2004. Last week, regulators told BP the company was under investigation for manipulating the unleaded petrol futures market, a charge it denies.

Mr Chappell insists the incidents are one-offs, denying Ms Merritt's charge of a problem with BP's safety culture: "While it is natural for people to look for patterns, recent events in the US are not linked. They are each very different from each other in terms of immediate cause, location, business unit. There are lots of BP businesses in the US doing a world-class job of managing their operations."

But Mr Hamel, the campaigner for oil workers, disagrees, noting the striking similarity of complaints about BP processes coming out of Texas and Alaska, its two biggest trouble spots: "They are both identical - defer, defer, defer maintenance - and operate systems and facilities to failure as a money-saving programme." These similarities became public on August 6 when BP Alaska admitted discovering such "severe corrosion" in pipelines, following government-mandated checks after a big spill, that it shut half its oilfield.

Five years earlier, BP had received what it considered an "extremely negative" assessment of its anti-corrosion programme by an independent consultant. Its response was to press the consultant to revise the criticism. Documents obtained from Mr Hamel show the company persuaded Coffman Engineers to change the report, with the final version being shorter and softer on BP.Mr Chappell says the "first generation of the report contained errors, and we pointed them out as part of the normal review process. Simple as that."

But this year, BP was forced to admit it had failed to perform "pigging" corrosion checks for up to 14 years on oil transit lines, relying on cheaper, less reliable checks from the exterior, slotting in metal "coupons" and using ultrasonic equipment, instead of sending a probe through the line itself.

BP said it did not suspect microbial bacteria in its transit lines - which turned out to be the cause of the corrosion and which "pigging" would have cleaned out. But experts say this is not credible. "Any prudent operator is going to be sure it does not have MIC [microbial bacteria] and is going to periodically run cleaning pigs to sweep out colonies if they do form," says Rick Kuprewicz, president of Accufact, a pipeline energy consulting firm. "MIC is not something that space science invented last year."

The company's reputation took another hit when, during the BP Congressional hearings this year, Richard Woollam, former head of corrosion monitoring for BP Alaska, refused to testify, citing his constitutional right to avoid self-incrimination. Steve Marshall, at the time BP Alaska president, said BP had transferred Mr Woollam after finding evidence that his inspection team had felt intimidated.

Following the hearings, John Dingell, a senior member of the House of Representatives committee on energy and commerce, told the FT: "What is most troubling is that, to this day, it is not clear if BP truly understands what went wrong with either Texas City or Alaska . . . It will be far too easy to repeat these failures if BP does not first understand the problems that led to them." Since then both Mr Marshall, the former BP Alaska head, and Maureen Johnson, who managed the Prudhoe Bay oil field, have been reassigned.

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The Department of Justice has grand juries in both Alaska and Texas exploring whether to bring criminal charges against the company and/or its officers. Mr Bessire has meanwhile been left to fend for himself. BP gave him a settlement he is not allowed to reveal but, at age 53, he readily admits he could have earned twice what he received had he been able to work another 10 years.

Now the pain from his injuries keeps him up at night, leaving him exhausted and, with his limited mobility, too much of a risk to hire. Worse, he cannot get health insurance. "Medical bills eat up everything that everybody's got. Now I worry every day, 'Can I spend a dollar? What if I need it down the road?'" He wants Lord Browne to provide the victims with health insurance. "He can't wash his hands . . he owes that to us."

Options Backdating Frequent, Report Says (AP)

AP, December 19, 2006

NEW YORK (AP) - About 1,400 corporate directors received option grants whose timing was manipulated, according to an academic study released Monday.

Of all options grants to directors, about 9 percent were received at "lucky" times -- when the stock price was equal to a monthly low, according to a Harvard Law and Economics paper released Monday.

After studying the period form 1996 to 2005, academics at Harvard Law School, Cornell University and INSEAD in France estimated that about 800 lucky grant events were the result of opportunistic timing.

Options give the recipient a right to buy a stock at a fixed "strike price," generally set at the stock's market price the day of the grant and options holders benefit if the stock rises above the strike price. In the backdating scandal, companies have dated option grants to days when the stock was at a low, enhancing the potential benefit.

According to the study:

_Director grants were more likely to be manipulated when potential gains were larger.

_Grants were more likely to be manipulated when the company had more provisions protecting insiders from risk of removal.

_Directors' grants were more likely to be lucky when executives, and especially the CEO, also received a grant on the same date.

_Grants were more likely to be manipulated when the board did not have a majority of independent directors.

The report was written by Lucian Bebchuk at Harvard, Yaniv Grinstein at Cornell and Urs Peyer at INSEAD.

At least 189 companies have disclosed Securities and Exchange Commission, Department of Justice or internal investigations related to backdating, according to an Associated Press review.

Doubt Cast On Stock Options Of Directors (LAT)

By Kathy M. Kristof, Times Staff Writer

The Los Angeles Times, December 18, 2006

A study suggests that hundreds of board members may have gained from backdating.

Nearly 1,400 corporate board members appear to have profited from the manipulation of stock option grant dates over a 10-year period, according to a study being released today.

The analysis raises the possibility that hundreds of board members were aware that options were backdated to boost their value to themselves and company executives. That could be seen as a conflict with their role as advocates for all company shareholders.

"Rather than merely failing to notice or stop the manipulation of executives' grants, many outside directors have received manipulated option grants and thus directly benefited from the manipulation practices," according to the study by Harvard professor Lucian Bebchuck and two other scholars.

Stock options are rights to buy company shares at a set price in the future. The option price generally is set at the market price on the grant date. The lower the price on that date, the more likely the recipient would be to profit.

The study reviewed 29,000 stock option grants from 1996 to 2005 to so-called outside directors, or board members who are not executives of the company.

About 9% of the time, options were granted on days when the stock price was at a monthly low — a coincidence that suggests the date may have been picked in hindsight, or backdated, to ensure maximum benefit.

Corporate watchdogs said the 9% figure was significant, even though it suggested that the timing was not suspicious for the overwhelming majority of grants. That's because board members are supposed to be looking out for average investors, not using their positions for self-profit, these critics say.

"It's appalling," said Claudia Allen, chairwoman of the corporate governance practice at Chicago law firm Neal, Gerber & Eisenberg. "Directors are fiduciaries for all stockholders; to act in their own self-interest is a breach of loyalty. It's the cardinal sin."

The study did not name any companies, nor did it offer any hard evidence that directors played a direct role in the backdating of options.

It did conclude that backdating occurred across a wide range of industries. The one exception was the utilities sector, which issues few options to directors.

The backdating scandal emerged this year after academic research by Erik Lie of the University of Iowa, leading to resignations and investigations at scores of companies.

Most of the focus has been on corporate executives, who make far more in option grants than board directors. But the study's authors and others say the role of directors deserves scrutiny.

"It seems less significant because there is less money involved, but the betrayal of trust is far greater," said Paul Hodgson, senior research associate at Corporate Library, a governance research firm based in Maine.

Questionable grants were sometimes given to executives and directors on the same date, according to the study, coauthored by Yaniv Grinstein of Cornell and Urs Peyer of the University of Chicago.

At other times, directors were given options on dates that executives did not receive them, the study found. In those cases, 71% of the options granted appeared to involve some kind of date manipulation.

Bebchuck said suspicious grants were far more likely to happen at companies that had management structures that tended to give chief executives more power. These include provisions for staggered terms of board members, weakening their clout, and so-called poison pill measures and other defenses against hostile takeovers.

Lie of the University of Iowa said the new study underscored the important role directors should play in guarding against management abuses.

"It's hard for shareholders to understand what's going on in a company because you can't be there," Lie said. "That's why you delegate the responsibility to a few people, the directors, who represent you. You have to have trust in those people and they have to act in a trustworthy manner."

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CRIMINAL LAW:

Violent Crime Is Up For 2nd Straight Year (WP)

By Dan Eggen

The Washington Post, December 19, 2006

A surge in violent crime that began last year accelerated in the first half of 2006, the FBI reported yesterday, providing the clearest signal yet that the historic drop in the U.S. crime rate has ended and is being reversed.

Reports of homicides, assaults and other violent offenses surged by nearly 4 percent in the first six months of the year compared with the same time period in 2005, according to the FBI's latest Uniform Crime Report. The numbers included an increase of nearly 10 percent for robberies, which many criminologists consider a leading indicator of coming trends.

The results follow a 2.5 percent jump in violent crime for 2005, which at the time represented the largest increase in 15 years.

The latest numbers suggest that those results were not an anomaly but rather part of the first significant uptick in violent crime since the early 1990s, according to criminal justice experts.

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Many communities, particularly those in urbanized areas, may be headed into a period of sustained crime increases, they said. While no one is certain of the causes, experts cited an increase in the number of young men in their crime-prone years, diminished crime-fighting assistance from the federal government, fewer jobs for people with marginal skills and even the ongoing growth in methamphetamine use in some places.

The numbers come amid heightened criticism of the federal government from many police chiefs and state law enforcement officials, who complain that the Bush administration has retreated from fighting traditional crime in favor of combating terrorism and protecting homeland security. Justice officials dispute those contentions and pointed yesterday to an ongoing study designed to identify solutions to the rise in violent crime.

"This confirms what law enforcement has been seeing and saying on a more anecdotal level: that crime is on the way up," said David A. Harris, a law professor at the University of Toledo who studies crime trends. "While it's still too early to be sure, you've certainly got things pointing in one direction."

One positive piece of news came in the category of car thefts and other property crimes, which dropped 2.6 percent overall. Even that portion of the report contained some bad tidings, however: Burglaries, another key indicator, rose 1.2 percent nationwide.

Homicide and assault rates rose by more than 1 percent overall, while the number of reported rapes dipped slightly.

The FBI's six-month report does not include statistics for the District, which reports crime statistics to the FBI only on an annual basis, officials said. Baltimore's overall violent-crime rate remained unchanged, the report showed. Data for individual states were not part of the analysis.

Rising homicide rates have prompted particular concern among law enforcement officials, and a surge in killings and other violent attacks in the Midwest played a significant role in driving up rates in 2005. But Alfred Blumstein, a criminologist at Carnegie Mellon University in Pittsburgh, noted that, unlike 2005, homicide rates plunged in many smaller and medium-size cities for the first half of 2006.

"Obviously these big cities are accounting for a big piece of the action in this report," he said.

The increase was especially dramatic in many cities of 500,000 residents or more, the FBI report showed, including a 28 percent increase in Houston that appears attributable in part to an influx of residents displaced by Hurricane Katrina in 2005. Homicides in New Orleans, whose population was greatly reduced after the storm, plunged by more than 60 percent in the same time period.

The numbers are certain to increase pressure on the Bush administration, whose detractors say local police concerns have been slighted by the focus on homeland security and counterterrorism.

The Justice Department inspector general's office has reported sharp declines in the number of FBI agents and investigations dedicated to traditional crimes since the Sept. 11, 2001, terrorist attacks. In addition, the International Association of Chiefs of Police says that law enforcement programs at the Justice Department have been cut by more than $2 billion since 2002 and that overall funding for such programs has been reduced to levels of a decade ago.

"We've been looking at some pretty discouraging numbers, and we've always been concerned that as funding decreases, crime rates will increase," said Gene Voegtlin, the association's legislative counsel.

James Alan Fox, a criminologist at Northeastern University in Boston who has been critical of the Bush administration's crime-fighting strategies, said the overall rise in violent crime should be expected given dramatic cuts in assistance to local police and simultaneous increases in the population of males in their teens and 20s.

"We have many high-crime areas where gangs have made a comeback, where police resources are down and where whatever resources there are have been shifted to anti-terrorism activity," Fox said. "It's robbing Peter, and maybe even murdering Peter, to pay Paul."

Justice Department officials have repeatedly rejected such criticism, arguing that the causes and trajectory of the crime increase is still unclear. Nonetheless, Attorney General Alberto R. Gonzales has launched a series of anti-drug and anti-gang initiatives at Justice, and he acknowledged at a crime conference in Boston last week that local police are struggling with "increased responsibilities" since Sept. 11, 2001.

DOJ_NMG_0107564

Justice Department spokesman Brian Roehrkasse said yesterday that the department's ongoing study of crime trends in 18 cities will help determine "what is causing this increase" and "which crime-fighting efforts are most effective."

"We are encouraged by the drop in property crime seen in most areas around the country, but we are again concerned about the increase in violent crime in some cities and towns," Roehrkasse said.

FBI Reports Rise In Violent Crime (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, December 19, 2006

Murders, robberies grow in the first half of 2006, more evidence that a long decline is over.

WASHINGTON — The number of murders and robberies in the U.S. continued to grow during the first half of this year, fresh evidence that violent crime is on the upswing after more than a decade of decline, the FBI said Monday.

From January to June, violent crime increased 3.7% compared with the first six months of 2005, the bureau reported. The number of robberies increased 9.7%, while murders rose 1.4%. Aggravated assaults increased 1.2%; forcible rape offenses declined less than 0.1%.

The increases, which occurred nationwide, follow an overall jump of 2.3% for violent offenses in 2005 and portend another year of rising violent crime, experts said. In 2005, violent crime posted its largest overall increase since 1991.

Though criminal justice experts were cautious about drawing conclusions from six months of data, they found the report worrisome and said the country could be in a new period of slowly rising crime.

A number of different explanations have been offered for the increase, including cutbacks in federal funding to state and local law enforcement agencies, which has led to fewer police on the street in large cities, and demographic factors, including an increase in the number of males from age of 14 to 24.

The trend also has kindled a debate over whether the country is spending enough for crime fighting and prevention at a time when growing numbers of federal dollars are being targeted toward terrorism and domestic security.

If the trend of rising crime continues, it could become a political issue in the 2008 election. Violent crime peaked in 1992 before beginning an extended decline to its lowest level in three decades.

"Violent street crime did not go away on Sept. 11," said James O. Pasco Jr., executive director of the Fraternal Order of Police, the nation's largest police union. Though "the same or additional resources are needed to fight those crimes," in many cases less money is being spent, he said.

The increases in violent crime were felt in all regions. The West had the largest increase: 4.7%.

The situation in California was mixed.

In Los Angeles, the number of violent crimes declined 2.6% to 14,961 from 15,367. The number of murders declined to 227 from 249. But robberies rose 7.5% to 7,042 from 6,552.

Violent crime in Oakland surged 37.9% to 3,665 from 2,657; the number of murders there increased to 66 from 37.

The FBI said the number of reported robberies was up in cities of all sizes. The largest increase — 12.8% — occurred in cities with populations of 10,000 to 24,999. But robberies also increased in metropolitan counties — 8.4%.

Cities of populations of 500,000 to 999,999 reported the sharpest increase in murders — 8.4%. In metropolitan counties, murders were up 3.1%.

The data are based on reports of more than 11,000 state and local law enforcement agencies.

Experts said the crime upsurge reflected an increase in gang violence, particularly in midsized cities, and a growth in gun crimes, including robberies and homicides.

"We have gone backward in our ability to deal with the illegal gun market," said James Alan Fox, a criminal justice professor at Northeastern University in Boston.

He said the problem had been compounded by the fact that the number of police on the street in large cities had dropped almost 10% since 2001.

The crime problem, he said, "is not going down unless we make some major changes in what we are doing."

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Federal aid to state and local police declined to about $890 million in 2006 from $2.5 billion in 2001. Police departments are being squeezed by growing domestic security duties at a time when federal agencies such as the FBI are focusing more on preventing terrorism than assisting local departments fighting traditional crimes.

"We have seen some pretty dramatic cuts" in grant programs, said Gene R. Voegtlin, a spokesman for the International Assn. of Chiefs of Police, an Alexandria, Va., trade group for police department executives. "They are having an increasingly difficult time in effectively trying to combat crime and provide for safer communities. It has been a struggle."

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FBI: Violent Crime Still On Rise In 2006 (AP)

By Lara Jakes Jordan

AP, December 19, 2006

WASHINGTON - Murders and robberies continued to rise across the country during the first six months of 2006, preliminary FBI data released Monday show, indicating that the lull in crime between 2001 and 2004 appears to be over.

Violent crime figures are on pace for a second straight annual increase. Based on statistics for all of 2005, violent crime rose 2.2 percent nationally - the first increase since 2001.

"This is a concern we've been focused on," said Gene Voegtlin, legislative counsel for the International Association of Chiefs of Police, which represents an estimated 20,000 law enforcement officials and has been pushing for more crime-fighting funding. "A lot of (police) agencies are really stretched thin when it comes to the budget and their ability to aggressively combat crime."

From megapolises to small cities, violent crime rose 3.7 percent between January and June compared to the first six months of 2005. Twenty-eight more people were murdered during that period 2006 in New York City, for example, while the college town Norman, Okla., saw its total number of homicides jump from zero to three.

The early data show:

-Murders rose by 1.4 percent, felony assaults by 1.2 percent and robberies by a whopping 9.7 percent in 2006, compared to the first six months of 2005. The number of rapes decreased by less than one-tenth of 1 percent.

-Burglaries increased by 1.2 percent. But car thefts dropped by 2.3 percent and other stealing incidents by 3.8 percent.

-Arsons rose by 6.8 percent.

The FBI's twice-yearly report comes as the Justice Department studies 18 cities and suburban regions for clues on why the national violent crime rate is increasing. Justice researchers have not yet visited all of the cities, and it is not clear whether the government will make more federal funding available to the worst-hit.

The Bush administration has asked for $1.2 billion in crime-fighting grants and assistance programs this year - what Voegtlin described as at least a $1 billion hit from funding levels a decade ago.

Justice spokesman Brian Roehrkasse said the department is encouraged by a 2.6 percent drop in property crimes - such as auto theft and other larcenies - as outlined in the FBI report. But "we are again concerned about the increase in violent crime in some cities and towns," he said.

The data is based on crime reports from 11,535 police and other law enforcement agencies nationwide. The total number of actual crimes reported was not immediately available.

Violent Crimes On Rise, Especially In West, An F.B.I. Report Says (NYT)

By Ralph Blumenthal

The New York Times, December 19, 2006

HOUSTON, Dec. 18 — Driven by a surge in robberies, violent crimes nationwide rose 3.7 percent for the first half of 2006, with the West leading the increase, the F.B.I. reported Monday. But property crime was down 2.6 percent.

Robberies reported to the authorities were up 9.7 percent, murders were up 1.4 percent and arson was up 6.8 percent, the Federal Bureau of Investigation said in its summary. Rape was largely unchanged.

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Reflecting a surge in crime in Texas after the dislocations of Hurricane Katrina, Houston recorded a sharp increase in homicides, to 202 for the first half of 2006, up from 158 in the comparable prestorm period last year. Three Texas cities ranked among the nation's top 10 in crimes per capita.

Homicides in Dallas were down to 101 from 106 but it still ranked as the nation's most crime-ridden big city, with 3,985 overall crimes per 100,000 population, followed by Houston with 3,444. After Phoenix with 3,436, San Antonio was 4th with 3,422. Los Angeles ranked 8th with 1,730, and New York was 10th with 1,187.

Lt. Vernon Hale, a spokesman for the Dallas Police Department, said the rankings were subject to differences in how cities classified crimes, adding, "We overreport." Through November, he said, overall crime in Dallas compared with last year was down nearly 10 percent, with violent crime down nearly 3 percent. "We think things are getting better," Lieutenant Hale said.

In New York, where homicides were up to 266 from 238 last year, Paul J. Browne, the chief police spokesman, said a dozen or more killings were actually "reclassifications" of old crimes that became homicides when the victims died this year. Overall crime in the city was down 7 percent and violent crime down 3 percent for the first half of the year, Mr. Browne said.

The oldest and largest police chiefs' organization said the figures proved that law enforcement agencies were stretched too thin.

"They all have new responsibilities since 9/11," said Gene Voegtlin, legislative counsel for the group, the International Association of Chiefs of Police, in Alexandria, Va. He said that since 1997, federal grants to local police agencies had decreased to $890 million from $2.4 billion.

"There are some disturbing indications" in the half-year figures, Mr. Voegtlin said, but cautioned, "It's hard to draw general conclusions."

Violent crime for the period had been on a downward trend: 3.1 percent in 2003, 2 percent in 2004, and half a percent last year.

The West led the increase in violent crime, up 4.7 percent. Much of that was driven by robbery, up 14.6 percent, nearly three times the increase in the Northeast.

The Northeast had the smallest increase in violent crime, 2.9 percent. The South led in homicides, up 3.3 percent.

Many cities showed increases in homicides: Miami was up to 30 from 23; Indianapolis to 68 from 44; Boston to 37 from 29; and Detroit to 186 from 169.

FBI Reports Rise In Violent Crime In First Half Of '06 (WT)

By Jerry Seper, The Washington Times

The Washington Times, December 19, 2006

Violent crime nationwide increased by 3.7 percent in the first six months of this year, but property crime dropped by 2.6 percent, the FBI said yesterday.

The FBI's Preliminary Semiannual Uniform Crime Report, based on statistics submitted by 11,535 law-enforcement agencies, showed increases in murders (up 1.4 percent), robberies (up 9.7 percent) and aggravated assaults (up 1.2 percent) over the same period in 2005. Forcible rapes dropped 0.1 percent.

Last year, the number of violent crimes increased by 2.5 percent, the largest gain in 15 years, and the Justice Department pledged to determine why the crime numbers were continuing to increase. A report on the matter has not yet been completed.

Washington was not included in the FBI report, but Police Chief Charles H. Ramsey has declared progress in a renewed fight against violent crime in the city, which spiked in July -- prompting the declaration of a citywide crime emergency.

Only two area cities reported data to the FBI for the report: Baltimore, which recorded declines in the reported incidents of murder (137 to 133), rape (79 to 77) and aggravated assaults (3,498 to 3,257), and Alexandria, which reported increases in the number of murders (1 to 6), robberies (88 to 109) and aggravated assaults (111 to 114).

According to the FBI report, the largest increases in the reported number of violent crimes, 12.8 percent, occurred in small cities with populations of 10,000 to 24,999, while cities with populations of 500,000 to 999,999 had the most marked increase in reported murder offenses, up 8.4 percent.

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In the property-crime category, according to the report, the number of larceny-theft offenses decreased 3.8 percent nationwide for the six-month period, while reported motor vehicle thefts declined 2.3 percent. Only burglary offenses showed an increase, up 1.2 percent from the 2005 level.

Though reported property-crime offenses as a whole were down in all of the nation's population groups, the report said the number of reported burglary offenses was up in all of the population groups with the exceptions of cities with 1 million or more inhabitants, where they declined by 1.5 percent, and the nation's nonmetropolitan counties, down 3.7 percent.

According to the report, reported property crimes were down in three of the four regions. The Midwest was the only region to show a cumulative increase in the volume of reported property crimes, up 1.7 percent overall with increases of 5.8 percent for burglary, 0.7 percent for larceny-theft and 0.3 percent for motor vehicle theft.

The report said that arson offenses, which are tracked separately from other property-crime offenses, increased 6.8 percent nationwide.

BAY AREA Violence On Rise In Some Cities FBI Report -- Oakland, S.F. Part Of Bigger Trend (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, December 19, 2006

Driven by a surge in armed robberies, violent crime rose in the Bay Area and around the country during the first six months of this year, the FBI said Monday in a report that raised concern that the drop in crime that started in the 1990s has turned around.

Oakland witnessed a 38 percent increase in reported violent crimes -- homicides, rapes, robberies and assaults -- from the first half of 2005, the biggest uptick among 63 California cities with populations of at least 100,000 people.

Double-digit increases were also tallied by Hayward, San Francisco and Antioch, according to the FBI's preliminary Uniform Crime Report, which was compiled using numbers from 11,535 law enforcement agencies.

Nationally, violent crime increased 3.7 percent, with robberies up 9.7 percent. The bump in violent crime was biggest in cities with populations of 500,000 to 1 million residents, at 8.4 percent. And it followed a 2.3 percent increase nationally from 2004 to 2005.

On a positive note, nonviolent property crimes -- burglary, theft and arson -- were down 2.6 percent nationally, the FBI said.

"We are again encouraged by the drop in property crimes seen in most areas around the country, but we are also concerned about the increase in violent crime in some cities and some towns," said Brian Roehrkasse, a U.S. Justice Department spokesman.

He said Attorney General Alberto Gonzales had dispatched teams to 18 cities to study recent crime increases. The Justice Department will suggest new anti-crime programs after receiving those teams' reports, Roehrkasse said.

Roehrkasse said Justice Department officials could not explain the rise in robberies. In the Bay Area, Santa Clara recorded a jump of 82 percent, from 17 to 31, in the first half of the year. Big gains were recorded from San Francisco (37 percent) to Antioch (19 percent).

Antioch Police Chief James Hyde said his officers are seeing younger criminals as well as more women and out-of-towners committing robberies and other violent attacks.

The motive, he said, usually relates to drugs, particularly methamphetamine. Robbers rip off dealers, steal prescription drugs from pharmacies and pull off street heists to get money for a quick drug fix, he said.

"Instead of one or two, you're seeing four to five people" in a robbery crew, Hyde said. "They tend to be parolees along with probationers learning the robbery trade, if you want to put it that way. You're seeing a more mobile and sophisticated robbery crew."

Hyde said the government had a hand in the problem by cutting financial support for community policing in favor of anti-terrorism grants.

"That limited our ability to work closely with neighborhoods and have a higher officer-to-citizen ratio," Hyde said. "Many departments have become more reactive than proactive."

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Roehrkasse, however, said the increases do not appear to be related to federal spending, which he said has never totaled more than 4 percent of state and local law enforcement agencies' budgets.

Franklin Zimring, a professor at UC Berkeley's Boalt Hall School of Law, said criminologists are "nibbling their nails" at the new data because there were no solid answers for why crime decreased drastically in the 1990s and held relatively flat during the first half of this decade.

Zimring recently completed "The Great American Crime Decline," a book that attacks prevailing explanations for the decline -- including economic prosperity, prison expansion and a decrease in at-risk youth due to abortion legalization.

"Any indication that the arrow can turn up alerts us to the possibility that the trend can turn against us," Zimring said. "If we had a stronger sense of what held crime down, we'd have less to worry about with small blips."

Nationally, homicides increased 1.4 percent and aggravated assaults went up 1.2 percent in the first half of this year. Rapes decreased by less than 0.1 percent.

Oakland saw a 78 percent jump in homicides, from 37 to 66 in the six-month span, and a 48 percent increase in robberies.

"I don't think it lends itself to a simple solution," said Officer Roland Holmgren, a spokesman for the Oakland Police Department. "And it's not going to take one thing to fix it."

He said factors in Oakland's crime increase include poverty, the greater availability of guns and a lack of problem-solving skills among young people, who increasingly settle disputes with guns rather than fists.

Fremont experienced the greatest increase in property crimes, at 13 percent, among large California cities. Many other Bay Area cities showed declines, including Antioch, where property crime dropped 24 percent.

Hyde said he believes people are "target-hardening" their homes and cars with alarms and other measures, in part because of fear that they might be victimized.

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Dayton Follows National Trend In Violent-crime Rise (DAYDN)

By Ken McCall

Dayton (OH) Daily News, December 19, 2006

DAYTON — Mirroring a nationwide trend, newly released FBI data showed violent crime increased by 6.4 percent in the city of Dayton during the first six months of 2006.

The preliminary crime data released Monday show homicides and robberies continued to rise across the country during the first half of this year, on pace for an increase in violent crime for the second straight year.

The nationwide 3.7 percent uptick in violent crime between January and June comes amid a still-incomplete Justice Department study of 18 cities for clues on why criminal activity is increasing.

The numbers reflect what police across the country have been saying for months: that the lull in crime between 2001 and 2004 appears to be over.

Of the 228 cities with a population of at least 100,000 listed in the data, six of 10 showed an increase in violent crime. Dayton's 6.4 percent increase ranked 93rd on that list.

The three other large Ohio cities listed in the data all showed increases: Columbus, 8.8 percent; Cleveland, 6.8 percent; and Cincinnati, 1.2 percent.

Dayton Police Maj. Mitchell Davis, superintendent of investigations, said the national numbers generally reflect the city's experience.

"There does seem to be an increase in violent crime," Davis said. "Our homicide rate has gone back up."

But Davis said the most recent crime statistics show declines in several categories. The numbers for the year through Dec. 17 show decreases of 5 percent in felonious assaults, 12 percent in rapes, and 1 percent in robberies.

Those decreases are offset, however, by a 31 percent increase in homicides, Davis said.

The city has 42 homicides this year so far, compared with 34 for all of 2005.

But Davis said the city is safe for those who aren't involved with drugs.

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"All of our murders, the victim and the murderer seem to know each other," he said. "And a very large percentage are related to the use and sale of drugs.

Dayton Director of Police Julian Davis said he had no explanation for the increase.

"Nobody knows," he said. "It could be cyclical. Even the FBI said they could not explain it."

Violent Crime Rises In U.S. (RTD)

Richmond Times-Dispatch, December 19, 2006

WASHINGTON -- A recent rise in violent crime accelerated in the first half of 2006, the FBI reported yesterday. The data provide the clearest sign yet that the nation is in the midst of a prolonged increase in murder, assaults and other violent offenses.

The results follow on the heels of a 2.5 percent increase in violent crimes for 2005, which marked the highest rate of increase in 15 years.

Violent crime reports rose by nearly 4 percent in the first six months of 2006 when compared with the same time period a year earlier, according to the FBI's Uniform Crime Report.

The numbers reflect what police across the country have been saying for months: that the lull in crime between 2001 and 2004 appears to be over.

But in the metro Richmond area, the picture is not as bleak. In the first six months of 2006, Richmond saw a 14 percent decline in violent crime, despite a two-man killing spree that started the year.

Some of the surrounding counties got off to a rocky start, with violent crime increasing 9 percent in Henrico and 13 percent in Chesterfield during the first six months.

Hanover County saw a 29 percent drop in violent crime during that period.

The second half of the year has been more peaceful in Henrico and Chesterfield, which have had seven and 12 homicides, respectively, this year.

Hanover has had two, which is fewer than the number experienced by places such as Dinwiddie County and Hopewell.

Nationally, the recent crime increases have prompted widespread criticism by police chiefs and state law-enforcement officials around the country, who complain the federal government has retreated from providing money and other help to localities in favor of programs focused on counterterrorism.

Justice Department officials have argued that federal policies play a limited role in combating local crime.

One senior Justice official called the 2005 statistics a "yellow flag" that did not represent a trend.

At the same time, Attorney General Alberto Gonzales increasingly has focused on combating violence and gang crimes in public appearances, and the department has launched a study to find explanations for the crime increase.

The early data show:

Murders rose by 1.4 percent, felony assaults by 1.2 percent and robberies by 9.7 percent in 2006, compared with the first six months of 2005.

The number of reported rapes decreased by less than one-tenth of 1 percent.

Burglaries increased by 1.2 percent. But car thefts dropped by 2.3 percent and other stealing incidents by 3.8 percent.

Arsons rose by 6.8 percent.

The data are based on crime reports from 11,535 police and other law-enforcement agencies nationwide.

The total number of actual crimes reported was not immediately available.

Group To Duke: Join Bid For DA Inquiry (DURHS)

By Ray Gronberg

Durham Herald Sun, December 19, 2006

DURHAM -- Supporters of the three Duke lacrosse rape defendants on Monday asked university officials to join U.S. Rep. Walter Jones in calling for a federal civil-rights investigation of District Attorney Mike Nifong's handling of the case.

The group Friends of Duke University said that while that wouldn't force Duke President Richard Brodhead or other administrators to take a position about the guilt or innocence of the accused men, it would support "the undeniable proposition

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that public information suggests there is a sufficient likelihood of civil-rights violations" to merit U.S. Department of Justice scrutiny.

Speaking up is also imperative because the public-relations damage the case has inflicted on Duke is damaging the school's standing with potential applicants, the group said in news release posted on its Web site, friendsofdukeuniversity.blogspot.com, and e-mailed to reporters.

Noting that Duke's early-admission applicants dropped by 20 percent this fall, the group said "any prospective parent would have to think twice about sending a son or daughter to an institution whose leadership has stood aside as a local prosecutor targets students through procedurally improper actions."

Duke officials reacted by issuing a statement from Brodhead that repeated that his stance that the legal process has to run its course.

"Under American law, the legal system is the place to establish the facts and bring a case to a just resolution," Brodhead said. "For that reason, it is of the essence that everyone involved in the legal system act fairly in pursuing the truth and protecting the rights of the individuals involved."

He noted that he'd also said that when the case "goes before a judge and jury, the DA's case will be on trial just as much as our students will be," and that until a jury says otherwise, the defendants must be presumed innocent.

Asked specifically whether Duke would link itself to calls for a federal civil-rights investigation, university public-relations chief John Burness said, "I don't think we're planning to do that at the moment."

A spokesman for Friends of Duke University, Maryland lawyer and Duke alumnus Jason Trumpbour, criticized Brodhead's statement.

The president's response "contains absolutely nothing new, and it studiously avoids the central issue," Trumpbour said. "It speaks on one hand of a belief in the system, and yet the fundamental problem we and others have been pointing out is that the system has not been working. You can't have it both ways. You can't express your belief in the system and at the same time ignore substantial and compelling evidence that the system isn't working."

Trumpbour's group issued its request four days after Jones, a Farmville Republican, asked the Bush administration to intervene.

The congressman said Nifong may have denied defendants David Evans, Collin Finnerty and Reade Seligmann their rights by directing Durham police to show their accuser a photo lineup that only included Duke lacrosse players, and by making prejudicial comments to the press.

U.S. Attorney General Alberto Gonzales told Fox News over the weekend that Jones' request "is being evaluated" by the Department of Justice, but he declined to say whether the agency might launch an investigation.

Trumpbour's group said the revelations late last week that prosecutors withheld DNA test results from the defense highlighted an additional violation of the defendants' constitutional rights. The results in question showed that the accuser had the DNA of several men -- uncharged and unconnected to the case -- on or in her underwear and body cavities.

In addition to wanting a federal investigation, the group wants Nifong removed from the Duke case and replaced with a special prosecutor, Trumpbour said.

It believes the accuser's allegations were false and "would never have been handed over from police to the prosecutors" absent Nifong's intervention, he said.

Nifong didn't return a phone call seeking his reaction to Brodhead and Trumpbour's comments. He's rarely answered media inquiries about the lacrosse case since the late spring.

Witness: New Orleans Cops Shot Man In Back As He Ran Away (CNN)

By Drew Griffin, James Polk And Kate Albright-Hanna

CNN Online, December 18, 2006

NEW ORLEANS, Louisiana (CNN) -- New Orleans police lined up "like at a firing range" and fatally shot an unarmed man in the back as he fled from them in the days after Hurricane Katrina swept ashore, a witness to the shooting told CNN.

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It marks the first time a witness has come forward publicly with information about the shooting of Ronald Madison, a 40-year-old mentally retarded man whose death has sparked a police investigation and a grand jury probe into what happened in and around the Danziger Bridge that day.

"He just fell like he was collapsing," Kasimir Gaston told CNN. "Like something just wiped him out."

Gaston was one of many flood refugees living on the second floor of the Friendly Inn, a low-income motel on the city's east side. On Sunday, September 4 of last year, he says he woke up and stepped onto the balcony of the motel and saw a man running, hands outstretched and being fired upon.

Initial police accounts said that Madison reached for his waistband and turned on police, but Gaston said Madison did not appear to have a weapon and that he was running away from police "hands out, full speed" when he was shot.

Police declined CNN's request for an interview.

After the shooting last year, police said officers had responded to reported gunshots on the Danziger Bridge and that a running gunbattle ensued with six suspects.

One teenager was killed near the base of the bridge and three other people were wounded, according to police reports.

A police department press release from October 4, 2005, said Madison, described as an unidentified gunman, was "confronted by a New Orleans Police officer. The suspect reached into his waist and turned toward the officer who fired one shot, fatally wounding him."

When asked if Madison had a gun, Gaston said, "I didn't see any on him."

No gun was found on Madison's body.

An autopsy obtained previously by CNN and verified by the Orleans Parish Coroner said Madison suffered five gunshot wounds to his back and two in his shoulder.

'What I saw with my own eyes'

Gaston said he came forward now because he is still troubled by what happened. He said he decided to break his silence after watching a "CNN Presents" documentary, "Shoot to Kill," about the days after Katrina hit the Gulf Coast on August 29, 2005.

CNN has visited the room where Gaston was staying. From that balcony, it is about 100 feet to where Madison was shot and killed.

The police department has said the shooting has been thoroughly investigated. But Gaston said no officer or detective approached him about what he saw. He was not asked for his name or phone number, Gaston said.

Gaston said his only contact with police on that day was when officers told him not to touch Madison's body, which was lying behind Gaston's truck, parked in the motel entranceway.

CNN has obtained a newspaper photo taken that Sunday morning that shows where the body fell. The back of a truck with a rusted trailer hitch and broken tail light can be seen in the photo. The photo appears to be Gaston's truck, which now sits in a parking lot in Dallas, Texas, where he now lives.

"They notified me that I had two bullet holes in the passenger side," he said. Two bullet marks can be seen at the right rear of the truck today.

Mary Howell, an attorney suing New Orleans police on behalf of the dead man's family, says there were several potential witnesses living at the Friendly Inn at the time of the shooting. She has accused police of violating procedures by failing to even write down their names.

Howell said Ronald Madison and his older brother, Lance Madison, were trying to avoid the shootout between police and others that day when they ran up the Danziger Bridge, toward the other side of the Industrial Canal.

Lance Madison has said a policeman pointed what looked like a rifle or shotgun at his brother and shot Ronald near the top of the bridge. Lance said he helped carry his wounded brother to the entrance of the motel and left him there while he ran for help. After being arrested, Lance was brought back to the motel where, he says, he first saw his brother was dead.

Howell said police, in the chaos after Hurricane Katrina, failed to properly investigate the fatal shooting and are now trying to put everything behind them.

"There's a lot of things that have been washed away with this hurricane," Howell said. "We are doing everything we can to make sure this is not one of them."

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While the family of Ronald Madison presses on with its lawsuit, a grand jury in New Orleans is investigating the case. Gaston said he is willing to testify before the grand jury if it will help get to the truth.

"I'm not trying to say nobody did this and nobody did that," Gaston said. "I'm just saying what I saw and being truthful and honest about what I saw with my own eyes."

Kan. Inmate Charged With Mailing Bomb To Va. Court (WP)

By Jerry Markon

The Washington Post, December 19, 2006

A prisoner at the famed high-security Leavenworth prison was charged yesterday with fashioning a letter bomb and mailing it to the federal courthouse in Richmond, authorities said.

Rodney Curtis Hamrick, who has a long history of threatening public officials, sent "an operable explosive device that had the capability to cause death," prosecutors said as they announced the charges. It was sent to the offices of the U.S. Court of Appeals for the 4th Circuit and addressed to the clerk but was diverted to a basement mailroom and later detonated by police, authorities said. No one was injured.

Hamrick was an inmate at the U.S. Penitentiary in Leavenworth, Kan., when he mailed the bomb in October 2005, along with a letter several days later that contained a powdery substance labeled "anthrax," federal law enforcement officials said. Tests indicated that the substance was not anthrax.

Traci Billingsley, a spokeswoman for the federal Bureau of Prisons, said she could not comment on how Hamrick allegedly managed to construct and mail a bomb from prison.

An attorney had not been appointed yesterday for Hamrick, 41, who was charged in a seven-count indictment and faces up to life in prison if convicted. He has since been moved to Colorado's notorious "supermax" federal facility that houses terrorists and other violent felons.

Chuck Rosenberg, the U.S. attorney in Alexandria, said Hamrick's actions had presented "a grave threat to the United States courthouse and to the people who work inside, and we will prosecute it accordingly."

Hamrick has made threats to public officials and mailed dangerous devices from jail before, court records show. In 1987, from a state prison, he mailed letters threatening to kill President Ronald Reagan. While serving a prison term for that offense, he threatened to blow up a West Virginia courthouse, a United Airlines flight and NAACP headquarters, court records show.

Hamrick then constructed a bomb while an inmate at a county prison in West Virginia, according to a 1995 4th Circuit Court decision. The bomb "comprised a nine-volt battery as a power source, steel wires, three butane cigarette lighters as the explosive, and an unidentified pink substance speculated to be lip balm, which was to serve as the detonator," the appellate court wrote.

Hamrick was later convicted of mailing an envelope containing the bomb to William A. Kolibash, the U.S. attorney in West Virginia. Kolibash opened the envelope in his office, realized it contained a homemade bomb and fled. The bomb, which had scorched the packaging in which it was mailed, was disarmed, the court said.

A three-judge panel of the 4th Circuit initially reversed Hamrick's conviction for the attempt to kill Kolibash, but the full court overturned that ruling and reinstated the conviction in a 1995 decision.

Pat Connor, the 4th Circuit Court clerk, praised the quick action security officials took when the bomb Hamrick is now accused of sending was received. "The response was one that would make those receiving the package feel safe," she said.

Going Too Far (WP)

The Washington Post, December 19, 2006

CREATING BETTER conditions for the reentry and rehabilitation of offenders is a worthy goal, and not just for the men and women released from prison. The community's interest is served if ex-offenders build crime-free lives. But two measures being considered by the D.C. Council to help offenders, no matter how well-intentioned, are cause for serious concern and, if approved, would undermine public safety.

Most problematic is an effort by council member Marion Barry (D-Ward 8) to amend the city's Human Rights Act to prohibit discrimination in employment or housing based upon an arrest or conviction record. The bill adds a criminal record to such

cherished protections as those for race, religion, sex and age. Here's what it could mean: A couple with small children couldn't refuse to rent the apartment in their duplex to a convicted sex offender; a bank couldn't disqualify a job seeker who served time for embezzlement as long as it didn't happen in the previous 10 years. Those simply using good judgment could be sued for punitive damages. No one is against giving people a second chance, but this bill goes too far.

The other measure would greatly expand the conditions for expungement, or sealing, of criminal records. (In full disclosure, The Washington Post testified against the measure in committee because the newspaper values access to complete and accurate criminal records.) The legislation builds on the thoughtful work of the Council for Court Excellence, which makes a compelling argument that there are instances (such as actual innocence) in which it is only right that a person not be burdened with the life-long stigma of a criminal record. The District lags behind a majority of states, including Virginia and Maryland, in allowing individuals to clear their records when appropriate. Yet again this proposal -- which would permit expungement of arrest records and even of certain conviction records -- goes too far. As Patricia A. Riley, special counsel to the U.S. Attorney for the District of Columbia, testified, it "tips the scales too far against the public interest and public safety."

More should be done to help the 2,000 offenders returning to the city each year. Mr. Barry's idea to establish a city commission to coordinate and monitor services for ex-offenders has the potential to do good. By contrast, the other measures pose too great a risk.

CIVIL LAW:

Abramoff Opts For Self-Defense In Latest Suits (LAW)

By Anna Palmer

Law.com, December 19, 2006

After paying for a high-priced criminal defense by Chadbourne & Parke's Abbe Lowell in the government's corruption probe, former uber-lobbyist-turned-jailbird Jack Abramoff is taking a different approach in two lawsuits filed against him by Indian tribes.

This time around, Abramoff is representing himself against former client Louisiana Coushatta Tribe and the Alabama-Coushatta Tribe of Texas.

So far, Abramoff has piggybacked on motions filed by lawyers for former Christian Coalition head Ralph Reed and former Abramoff associate Michael Scanlon in the Texas case. Lowell did not return calls.

Abramoff may be using the law library from the minimum-security federal prison in Cumberland, Md., where he is serving almost six years for a fraud conviction separate from the corruption probe.

It's extremely rare for prisoners to defend themselves pro se, according to the American Civil Liberties Union's National Prisoner Project. The logistics could get tricky with Abramoff unable to travel for depositions. But the tactic could get him out of prison chores like kitchen duty or carpentry while he is doing legal research.

"It's Jack Abramoff. What else can you say? The guy believes in himself," says Barbara Van Gelder of Wiley Rein & Fielding, who represented David Safavian, the former White House official convicted in June in connection with Abramoff.

A Creative Flair Rising In Lawsuit Settlements (LAW)

By Peter Geier, The National Law Journal

Law.com, December 19, 2006

In March 2005, Eva Rowe's parents, James and Linda, were killed in a BP refinery explosion in Texas City, Texas -- a disaster that killed 13 others and injured 170.

She sued the company on behalf of herself and the estates of her parents. Last month, her attorney struck a settlement that has a rare twist: More than $32 million is not going to Rowe.

BP Products North America Inc. pledged $32 million to five medical and educational institutions. The deal also includes as much as $6 million in additional matching funds. Arenazas v. BP Products North America, No. 05-CV-0337 (Galveston Co., Texas, Dist. Ct.). Rowe received a confidential settlement.

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Civil actions ending in creative settlements that do more than put money into the pockets of plaintiffs and their lawyers are unusual, but attorneys are starting to see more of them.

In October, for instance, an accidentally paralyzed plaintiff, his family and lawyers in Tampa, Fla., pledged all of a medical malpractice jury's $100.1 million punitive damages award -- part of the largest med-mal verdict in state history -- to the Miami Project to Cure Paralysis at the University of Miami Leonard M. Miller School of Medicine. Navarro v. Austin, No. 02-6154 (Hillsborough Co., Fla., Cir. Ct.).

Lawyers involved in settling cases that result in charitable donations acknowledge that parties in some instances gain in improved public relations and financial benefits such as tax breaks. They also note that the prospect of a defendant's gaining any such advantage can discourage plaintiffs from charitable settlements.

Typically, a plaintiff is trying to find an acceptable resolution of a traumatic event, according to René M. Haas of Perry & Haas, a boutique practice in Corpus Christi, Texas, which, she said, now handle four to 10 cases a year involving people killed or maimed in industrial accidents.

"Most of the time, what we end up working with is a client who really wants something good to come out of a bad situation," said Haas, who is also a former Texas district judge.

One of Haas' clients, a widow who lost her husband in an oil refinery accident, set aside $1 million of her confidential settlement -- and counsel set aside its fee on that portion -- to help fund a plant safety academic program and a scholarship at Texas A&M University-Corpus Christi, she said. Wright v. Citgo Petroleum Corp., No. 99-4396-C (Nueces Co., Texas, Dist. Ct. 2002).

In another case -- a post-trial settlement in which a refinery worker who was permanently disabled by a blast won a $30 million punitive damages award against an oil company -- the client agreed to forgo the punitive damages award if the company instituted a new safety program, Haas said. The program will be paid for by the company but monitored independently to ensure compliance. Caballero v. Esenjay Petroleum Corp., No. 95-6629-A (Nueces Co., Texas, Dist. Ct. 1997).

PUNITIVE DAMAGES PLEDGED

The $100.1 million donation in the Tampa medical malpractice case in October came at the end of a trial in which a jury had already returned a $116.7 million compensatory damages award in favor of Allan Navarro, whose misdiagnosed stroke resulted in his paralysis.

C. Steve Yerrid of the Yerrid Law Firm in Tampa, one of Navarro's lawyers, said that Navarro decided before the jury returned its punitive damages verdict to give the full amount of whatever the jury awarded to an institution that serves people with neurological and spinal cord injuries.

Jeffrey M. Goodis of Thompson, Goodis, Thompson, Groseclose & Richardson in St. Petersburg, Fla., a lawyer for the defendants, declined to discuss a case pending appeal. But he pointed out that in pledging the punitive damages award, the plaintiffs are "donating something they don't have."

Goodis said that an extra motivation for plaintiffs to agree to these creative settlements is that they must pay full taxes on punitive damages, as must the attorney on his or her 25 percent to 40 percent contingency fee.

Yerrid said that in questioning a grievously injured plaintiff's motives, the defense "deals in an area of thought that I cannot even begin to engage in." He said the judge in the Navarro case has already denied all of the defense's post-trial motions. The defendants' last chance is the state appeals court.

"We have a judgment I think that's pretty valid, though of course there's always the problem of collecting a judgment," Yerrid said.

In another case Yerrid handled, the family of a man who died when surgeons operating on a cancerous kidney accidentally cut his aorta and vena cava agreed that, in addition to a confidential cash settlement, the hospital would fund a pair of $5,000 nursing scholarships for minority candidates for 20 years. Greenway v. St. Joseph's Hospital, No. 03-11667G (Hillsborough Co., Fla., Cir. Ct.).

Roland J. Lamb of Morgan, Lamb, Goldman & Valles in Tampa, who represented the hospital in the Greenway case, confirmed that the scholarships were part of the settlement but declined to comment on it.

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Dan D. Kohane, president of the Tampa-based Federation of Defense & Corporate Counsel and a partner at Buffalo, N.Y.'s Hurwitz & Fine, said that he is seeing more of these kinds of settlements, especially in lower-profile cases.

Insurance companies and self-insured defendants would rather contribute to a public good than pay money to an individual.

But the public seldom hears about the contributions because defendants do not want their payments to appear to be admissions of liability, which they are not, Kohane said.

"Sometimes you can find a creative solution or a remedy that is not just money in someone's pocket," Kohane said. "It can be any kind of thing: an apology or a change of character, a scholarship, a park, putting up a statue, a drunk driving program," he said.

The outcome of the BP case had a lot to do with the client, said attorney Brent W. Coon of Brent Coon & Associates in Beaumont, Texas, who represented Eva Rowe.

"The client in this case was the difference -- some clients just want to take the money offered and put the case behind them," said Coon, adding that he has made "small charitable deals in other cases, but nothing anywhere near the magnitude of this."

MORE CASES SCHEDULED

Ronnie Chappell, a spokesman for BP America, would say only that the company "is deeply sorry for the loss that Ms. Rowe and others suffered from this terrible industrial accident." He added that BP is working to ensure that it does not happen again, and is committed to avoiding long and protracted litigation and to resolving all claims in a fair way.

The case settled last month as jury selection was beginning in what would have been the first group of cases to be tried. Coon noted that he has settled less than a third of the total of 150 to 175 BP refinery explosion cases that he has. His next trial group of five cases is set for trial in February 2007.

The amount BP paid in fees to Rowe and Coon is confidential.

The company will donate $12.5 million to the Truman G. Blocker Burn Unit at University of Texas Medical Branch at Galveston; $12.5 million to the Mary Kay O'Connor Process Safety Center at Texas A&M University; and $5 million to the College of the Mainland in Texas City for safety and process technology training for refinery and chemical plant workers, all in memory of the 15 people who died.

The company also has pledged a potential $6 million in matching funds for donations to each of these institutions made in the six months following the settlement, up to $2 million per institution.

BP also earmarked $1 million donations to two other institutions that Rowe designated in her parents' memory, according to Coon's office.

In another element of the settlement, BP has agreed to the release of documents and deposition testimony related to the case, which will be posted on the Web site www.texascityexplosionmedia.com, Coon said.

CASES 'UNDER THE RADAR'

Richard W. Mithoff of the Mithoff Law Firm in Houston said that he does about one settlement a year "for a client who really wants to make a difference in a way besides just trying to recover money."

"I've had clients set up scholarship funds, clients who lost a child in an accident and were awkward about recovering money for a dead child," he said. He also represented a surgeon in a medical malpractice case in which the surgeon was injured.

"Part of the settlement required the hospital to set up a teaching/research fund in [the surgeon's] name. He was in his 60s when he sustained the injury, well respected and not in need of money. He and the hospital had a real interest in a teaching fund and scholarship fund," Mithoff said, declining to identify his cases.

"Medical cases are not headliners. A lot of it's under the radar screen because a lot of cases are settled confidentially, though hospitals are happy to set aside money for scholarships and research funds," he said.

Automating The E-mail Discovery Process Proves Fruitful For Transatlantic Reinsurance Co. (LAW)

DOJ_NMG_0107576

By Edward Kelley

Law.com, December 19, 2006

Any attorney or in-house counsel who relies on e-mail for evidence or litigation support knows that e-mail discovery is among the most mind-numbing, inefficient processes that enterprises face. And in today's highly regulated business climate, e-mail messages have become one of the most scrutinized and sought after categories of business records.

Transatlantic Reinsurance Company, Inc. better known as "TRC," is one of the largest publicly traded reinsurers in the industry, and like all other players in that industry, we face increasing oversight over business transactions -- particularly relating to e-mail. As a result, our legal and IT teams are responsible for searching through and reviewing tens of thousands of messages to find pertinent e-mails related to inquiries. These examinations are almost always subject to fairly tight deadlines.

THE PERSISTENCE OF E-MAIL

The challenge with e-mail is that retention policies are difficult to police at best, and e-mail never really goes away.

As a result, companies like TRC have ended up with literally millions of messages stored on multiple servers.

Prior to automating our retrieval and analysis process, our IT team spent between one and three days processing each keyword inquiry.

Depending on the number of "hits" returned, our lawyers then had thousands of e-mails to review for relevance and privilege.

Each time a regulator returned with a new keyword request, an entirely new search had to be initiated. In instances where historical data were needed from tapes or other long-term media, the IT department would inevitably need to add at least another week to the process. Once the search was complete, we had to cull the duplicate hits caused by getting the same e-mail from any number of recipients. As a result, our legal personnel ended up spending days organizing and analyzing the results. In one instance, a review of 11,000 messages generated by a keyword search determined that approximately 50 percent were duplicates and another 40 percent were spam or irrelevant. In the end, less than 10 percent were actually relevant.

This immense workload and the difficulty of coordinating these activities between multiple departments put a constant strain on our legal and IT group. The result was inefficiency for both departments. Like most other companies that experience this same challenge, we spent so much time locating e-mails, we found ourselves short on time when it came to the more important job of analyzing the results. To maintain our competitive edge, we needed to free up our time and streamline the back and forth process between all groups. This would enable us to draw intelligent, accurate conclusions instead of looking at a pile of seemingly random messages. That's when we made the strategic decision to automate our retrieval and analysis process.

INTELLIGENCE MAKES THE DIFFERENCE

By automating our e-mail discovery process with the Clearwell E-Mail Intelligence Platform, we've extended our search capabilities with technology that provides a much deeper level of analysis. This type of intelligence has enabled us to identify, extract and deliver actionable content from our e-mail systems. Now, we have a single view into multiple, globally based e-mail stores (including exchange servers, archives and PSTs), and by streamlining our e-discovery efforts we are able to quickly and accurately retrieve and analyze the results. Our new process took the headache out of e-discovery, and has empowered our legal department to autonomously revise inquiries for specific mail threads, reducing the burden placed upon IT and saving countless hours searching for e-mails. Our department now spends more time and attention analyzing evidence with a level of intelligence previously unavailable with manual searches.

By utilizing a dedicated e-mail analysis product, one of the biggest challenges we've been able to overcome is identifying duplicate messages, which often added unnecessary complexity to the onerous process of responding to e-mail inquiries. When we factored in the number of e-mail communications sent to multiple people (other recipients in the "To", "CC" or "BCC" fields), we ended up with a lot of duplicate e-mails. Using a standard keyword search yielded thousands of unrelated e-mails including many spam and junk e-mail messages. In contrast, our new process automatically eliminates duplicate and irrelevant messages from the results, saving us countless hours of filtering and organizing searches with no redundancy. E-mail intelligence is really the best way to describe our new approach.

The technology we now employ is sophisticated -- using advanced weighting algorithms to help index our e-mail-specific metadata and accurately establish e-mail rank, giving each e-mail a relevancy score. By automatically linking messages together

into threads, we can view critical discussions, pinpoint when messages were sent and identify key contributors instantly, visually displaying who knew what and when. Topic analysis made it quick and easy to locate exactly the right message threads without manually reading through thousands of e-mails. Capabilities such as e-mail ranking and discussion threads also have been an enormous help in reducing the headache of e-mail analysis for both our legal and IT teams.

MORE TIME FOR THE REAL ISSUES

By reducing our e-mail review time, as a company we can respond even more rapidly and confidently to regulatory inquiries. This resource has freed up our legal team to respond faster and move on to more strategic work. Additionally, we can now apply our resources to support a greater number of TRC's customer-focused initiatives, like structuring effective reinsurance programs and building solutions that help our clients.

Some of the other benefits we've seen include faster e-mail analysis through relevant search results, discussion threads and de-duplication; reduction in IT and legal dollars spent on e-mail review and analysis; and minimal product training and rapid user adoption from a simple, intuitive user interface. We've been able to accomplish all this without disrupting our e-mail path, without creating a separate information store and without moving mailboxes or installing software on any desktops and servers.

E-mail intelligence makes all the difference when we're responding to inquiries or audits. Search is one important component of our e-mail strategy, but we've also realized that having a way to analyze the findings and generate intuitive results is just as critical (if not more so) to the investigative process.

Edward Kelley is assistant general counsel at Transatlantic Reinsurance Company Inc., where he manages the company's information requests and the e-mail investigatory process. A 21-year veteran of the reinsurance industry, he has been with Transatlantic for the last three years.

Law.com's ongoing IN FOCUS article series highlights opinion and analysis from our site's contributors and writers across the ALM network of publications.

That's No Bull: Damages Reduction Leads To Attorney Fee Cut (LAW)

By Mary Alice Robbins, Texas Lawyer

Law.com, December 19, 2006

In a unanimous decision, the Texas Supreme Court has ruled for the first time that two legal principles appellate courts use to limit or overturn damage awards also can be applied to attorney fees.

On Dec. 1, the Supreme Court affirmed the 1st Court of Appeals' decision to significantly reduce the damages awarded in Barker and Barker v. Eckman, a suit involving the distribution of proceeds from the sale of bull semen collected, stored and sold under a bailment agreement. The high court concluded that the Houston appeals court was correct when it held that the statute of limitations barred breaches of the agreement that occurred more than four years before Walter Eckman sued Emzy and Ava Barker.

However, the Supreme Court reversed the 1st Court's affirmation of the attorney fees awarded in Barker and remanded the case to the 151st District Court in Houston for a new trial on the fee issue.

The Supreme Court held that the Barkers are entitled to a meaningful evidentiary review of the jury's finding regarding the attorney fees awarded to Eckman in light of the 1st Court's decision to reduce the damages awarded.

In his analysis finding that the Barkers are entitled to a meaningful evidentiary review of the attorney fees awarded, Supreme Court Justice Phillip Johnson, author of the opinion, cited 1996's Saenz v. Fidelity & Guaranty Insurance Underwriters. The Supreme Court made it clear in Saenz that a court of appeals must conduct a meaningful review to determine whether sufficient evidence supports a jury's award of mental anguish damages.

As Johnson noted in Barker, the 1st Court's review of the jury's finding as to the attorney fees could not provide the Barkers the meaningful factual sufficiency evidentiary review to which they were entitled because the damages amount, or "results obtained," on which the jury based the attorney fee was incorrect. The jury charge listed the results obtained as one of the factors the jurors were to consider in determining a reasonable attorney's fee, according to the opinion.

In Barker, the high court also for the first time applied to attorney fees the "presumptive harm" rule that it annunciated in 2000's Crown Life Insurance Co. v. Casteel and subsequent cases. The court concluded in Barker that an appellate court will

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presume harm and must reverse the attorney fees awarded unless it can be reasonably certain that the jury's fee award was not significantly affected by the error in the damages award.

Because the statute of limitations had run on most of Eckman's claims, and the correct damages in Barker were one-seventh of the erroneous damages, "we are not reasonably certain that the jury was not significantly affected by the error" when calculating the attorney fees, Johnson wrote in the opinion.

"This is the first time they've applied that kind of logic to attorneys' fees," says J. Brett Busby, the attorney for the Barkers, owners and operators of a Central Texas business that collected, stored and sold semen from Brahman bulls and distributed the proceeds to the bull owners.

Busby, a partner in Mayer, Brown, Rowe & Maw in Houston, says the ruling shows the Supreme Court may be willing to extend the Casteel presumptive-harm rule to other kinds of cases.

Pete Schenkkan, an attorney for Texans for Lawsuit Reform (TLR), which filed an amicus curiae brief with the Supreme Court, says the opinion shows that in a fee-shifting-statute case such as Barker, one of the most important factors a jury must consider when determining a fee is the results obtained.

According to its amicus brief, TLR exists to advocate sound public policy on civil litigation issues. TLR contended in the brief that Barker presents an important legal issue within the litigation system -- how to ensure that statutory fee-shifting awards are, as required by the Legislature, reasonable.

OBJECTION WAIVED

In the opinion, the Supreme Court sets out the following facts: The Barkers owned Brushy Creek Custom Sires, where they boarded and provided other services for Brahman bulls. Between 1981 and 1995, the Barkers boarded bulls that Walter Eckman co-owned with two other persons. The Barkers collected, stored and sold semen from the bulls and distributed the proceeds to Eckman and his co-owners, according to the interest each owned in the animals or semen.

Eckman became convinced that Brushy Creek had breached its agreement with regard to the sale of the semen, the handling of proceeds from those sales and an accounting to Eckman for his shares of the semen. In an Oct. 25, 1995, letter, Eckman demanded that the Barkers deliver the semen he owned to a different storage facility, compensate Eckman properly for his share of prior sales and repay overcharges for semen storage. The Barkers delivered the semen as requested but did not agree to Eckman's monetary demands.

Eckman sued the Barkers in May 1997 in the 151st District Court, alleging that the Barkers breached their bailment agreement in a number of ways.

As noted in the Supreme Court's opinion, the Barkers contended at the trial in 2000 that Eckman's claims were barred by the four-year statute of limitations.

But the jury found the Barkers failed to comply with the bailment agreement and awarded Eckman $111,983 in damages. The jury also found that Eckman's attorney fees totaled $244,500 for trial preparation and the appellate process.

After the trial court denied their motion for a judgment notwithstanding the verdict, the Barkers appealed to the 1st Court.

In 2003, the 1st Court ruled that the Barkers had waived their statute of limitations argument. But, acting on the Barkers' motion for rehearing, the appeals court did an about face, holding in 2004 that the bailment agreement between the Barkers and Eckman constituted a contractual relationship and that the statute of limitations barred the claims on all but $16,180 of the damages the jury had awarded.

However, the 1st Court affirmed the jury's findings as to the attorney fees awarded to Eckman. The appeals court held that the Barkers had waived an objection to the award of attorney fees because they failed to object to the jury instruction or submit a question asking the jury to segregate the fees for Eckman's attorney fees according to the various services rendered.

Eckman and the Barkers subsequently filed petitions for review with the Supreme Court. Eckman argued that the 1st Court erred in reducing his damages on the basis of the statute of limitations because the cause of action for all of his damages accrued in October 1995 when he sent the Barkers the demand letter. The Barkers contended that the 1st Court erred when it affirmed the award of attorney fees that was based on the jury's incorrect amount of damages.

LIMITATIONS FIGHT

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In his brief to the Supreme Court, Eckman argued that a cause of action for breach of a bailment agreement does not accrue until the person whose property was being held makes a demand upon the person holding the property. Eckman further argued that if there is no demand or an ineffective demand, the statute of limitations does not begin running until the bailor has notice that the bailee's conduct is inconsistent with the bailor's rights.

The Barkers argued in their brief to the high court that the $244,500 in attorney fees that the 1st Court affirmed bore no reasonable relationship to the $16,180 in damages that the appeals court determined Eckman should recover. As the Barkers noted, the record in the case does not provide a factually sufficient explanation of why the nature and circumstances of the case support such a grossly disproportionate award.

The Supreme Court agreed with Eckman that a cause of action for breach of a bailment agreement can accrue when the bailee refuses to comply with the bailor's rightful demand for return or disposition of the bailed property or when the bailee does something clearly inconsistent with the bailor's rights. But that does not preclude accrual of an action at an earlier time if the bailee breaches the agreement at an earlier time, the court held.

"We do not see that bailment contracts differ from contracts in general to the extent that the rule as to when a party has the right to sue for breach of an agreement should be altered for them," Johnson wrote for the court.

The court held that Eckman's claims for the various breaches accrued when each individual breach occurred.

Robert L. Ketchand, Eckman's attorney and a shareholder in Houston's Boyer & Ketchand, says it's significant that the Supreme Court has held that a bailment case should be treated just like any other contract case for purposes of limitations.

"I think that is a major departure from historical rules regarding statute of limitations in bailment cases," Ketchand says.

With regard to the court's decision on the attorney fees, Ketchand says, "The way I read it, we could go back and get more attorney's fees."

Ketchand says he thinks the most significant thing about Barker is the fact that the Supreme Court did not establish a rule for proportionality as urged by TLR.

TLR argued in its brief that when an appellate court substantially reduces compensatory damages, "common sense suggests a presumption of a remittitur proportionately reducing the corresponding fee-shifting award."

Schenkkan, TLR's attorney and a shareholder in Austin's Graves, Dougherty, Hearon & Moody, says that when the 1st Court reduced the actual damages, that required a recalculation of the amount of attorney fees. TLR suggested a presumptive, not automatic, proportionate remittitur as a way to do the recalculation without a remand, Schenkkan says.

The Supreme Court declined to take that approach.

CIVIL RIGHTS:

Gov. Wants Death Penalty Procedure Corrected (LAT)

By Henry Weinstein

The Los Angeles Times, December 19, 2006

Gov. Arnold Schwarzenegger today directed his administration to fix problems with the state's procedure to execute prisoners.

Schwarzenegger acted in response to a stinging decision issued Friday by U.S. District Judge Jeremy Fogel in San Jose, who said the state's system "is broken, but ..can be fixed."

"I am committed to doing whatever it takes to ensure that the lethal injection process is constitutional so that the will of the people is followed and the death penalty is maintained in California," Schwarzenegger said in a prepared statement. "My administration will take immediate action to resolve court concerns which have cast legal doubt on California's procedure for carrying out the death penalty."

In his ruling, Fogel, who visited the death chamber in San Quentin and held a four-day hearing in September, said the state's current procedures involving lethal injection violates the Constitution's prohibition against cruel and unusual punishment. Fogel gave state officials 30 days to let him know what they planned to do and he urged the governor to get involved.

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Fogel listed a number of problems with how the death penalty is implemented in California, including inconsistent and unreliable screening of execution team members, poorly trained staff, inconsistent and unreliable record keeping of drugs used in the process, improper mixing, preparation and administration of drugs administered by the execution team, overcrowded conditions and poorly designed facilities in which the execution team must work. He also blasted state personnel involved in the process for a "pervasive lack of professionalism."

In a prepared statement released today, Schwarzenegger said his top legal and correctional officials "will lead an effort to implement a screening process and undertake a comprehensive training program for execution team members, create standardized record-keeping, recommend how to improve the death penalty facility and identify the best experts in other states to advise the California Department of Corrections and Rehabilitation on lethal injection and its implementation."

Schwarzenegger said he had asked his legal affairs legal Andrea Lynn Hoch to work with the Corrections Department to in the next 30 days take the following five steps:

• Establish a screening process for selection of execution team members and periodic review process for team members.

• Establish a comprehensive training program for all members of the execution team so all are familiar with the drugs being used, their preparation and the risks associated with the drugs.

• Develop standardized record-keeping to ensure that there are complete and reliable records of each execution.

• Recommend how to improve the death penalty facility at San Quentin, which was switched from a gas chamber to a lethal injection chamber, to ensure there is adequate equipment, lighting, and space for the execution team members to perform their functions.

• Identify the best experts in other states to advise the Corrections Department on the lethal injection protocol and its implementation.

Judge Fogel's ruling was in response to a lawsuit filed earlier this year by condemned inmate Michael Morales, who has been on death row for more than 20 years after he was convicted of murdering Lodi teenager Terri Winchell.

ANTITRUST:

FCC Official Declines To Vote On AT& T Deal (WP)

By Alan Sipress

The Washington Post, December 19, 2006

Federal Communications Commissioner Robert M. McDowell announced yesterday that he would disqualify himself from voting on AT&T's proposed purchase of BellSouth on ethical grounds, depriving the FCC of a potential swing vote that could have broken the stalemate among its Democratic and Republican members.

McDowell, saying he felt compelled to silence speculation over whether he would take part in the vote, accused his colleagues of failing to negotiate in good faith over conditions for approving the $86 billion merger proposed seven months ago.

"It appears that the lingering question of my involvement is being used as another excuse for delay and inaction," he told reporters.

McDowell has said for months that he would not vote because he previously worked as senior vice president for Comptel, an association that lobbied on behalf of companies competing with AT&T and BellSouth. But despite his concern about a possible conflict of interest, the FCC's general counsel, Samuel Feder, ruled this month that McDowell could take part because of an overriding government interest in breaking the deadlock.

McDowell rejected that reasoning and criticized Feder's opinion, saying it overlooked important facts and legal considerations. In particular, he said the opinion did not address the ethics agreement reached during his Senate confirmation process this year in which he pledged not to participate for a year in any matter in which Comptel had been involved.

"While I expected the legal equivalent of body armor, I was handed Swiss cheese," McDowell said.

FCC Chairman Kevin J. Martin, who asked Feder to issue the opinion, has been urging McDowell to take part in the considerations. Late yesterday, Martin said his aim had been to make sure the commission considered the merger in a timely fashion.

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"With Commissioner McDowell having made his decision, I will continue to try to work with my colleagues to bring our consideration of this merger to conclusion," Martin said in a statement.

He also said he respected McDowell's decision to abstain. Though both men are Republicans, their relations have been strained since McDowell joined the FCC.

Martin has been an advocate of approving the merger without conditions. But the two Democratic members have insisted that the deal, which would create a telecommunications giant, include safeguards to ensure competition and protect consumers.

The FCC has repeatedly postponed acting because of the stalemate, and no vote is scheduled.

Amid Twists At FCC Review, AT&T Hurdles Loom (WSJ)

By Amy Schatz

The Wall Street Journal, December 19, 2006

WASHINGTON -- AT&T Inc.'s $86 billion bid to buy BellSouth Corp. could face a variety of unwanted conditions after a Federal Communications Commission member said he won't vote on the deal because of ethical concerns.

The decision yesterday by Robert McDowell, a telecommunications lawyer, to abstain from voting was an unwelcome development for the companies, which had been counting on the Republican to break the impasse that has paralyzed the agency's review of the deal.

The FCC's review had broken down during the past few weeks amid partisan bickering, with the two Democrats on the five-member commission pushing for certain conditions and the two remaining Republicans opposing them. Mr. McDowell's decision to step aside increases the likelihood that AT&T will be forced to accept some conditions involving "net neutrality," or the idea that all Internet traffic should be treated equally. However, it also sweeps away uncertainty about who will vote, which has slowed negotiations on merger conditions.

Mr. McDowell has expressed concern about whether he could vote since the merger was announced in March, shortly after he was nominated for the FCC job. Mr. McDowell previously lobbied on behalf of CompTel, a trade group that represents smaller phone companies and has energetically opposed the deal. Mr. McDowell must abstain from voting on matters that involve the group for a year.

Even without Mr. McDowell's vote, there is little question the FCC will approve the deal. But his abstention will change what conditions might be imposed.

The FCC's two Democrats are demanding that AT&T abide by net-neutrality conditions, which would require the company to treat all Internet traffic equally. The FCC's two Republican members, notably Chairman Kevin Martin, agree with AT&T that such a condition would hinder its ability to manage its network and roll out new services for consumers. Mr. McDowell had publicly sided with his Republican colleagues on the net-neutrality issue, which is one reason he was being pressed to vote on the deal.

Democrats want nondiscrimination rules to apply on AT&T's lines all the way to the company's Internet backbone. AT&T has so far been willing to agree to apply those rules to portions of the network, but not all of it.

Another potential merger condition will center on the pricing of wholesale high-volume data lines used by corporate customers. Wireless phone companies and corporate customers have complained that consolidation of those high-volume lines will lead to significantly higher prices. Similar concerns were raised during the merger of SBC Communications Inc. and AT&T Corp. and Verizon Communications Inc.'s acquisition of MCI Corp. In those mergers, the Justice Department required limited divestitures in some cities, and the FCC required limited price caps for those lines.

The Justice Department approved the AT&T-BellSouth transaction in October without any conditions.

Mr. McDowell's decision ended a week of drama and hand-wringing about whether he should vote. The angst began about 10 days ago, when the FCC's general counsel, in a memo, gave legal justification for Mr. McDowell's participation. It didn't make as strong a case as many thought it would. Instead, it detailed concerns by the head of the Office of Government Ethics, who suggested Mr. McDowell shouldn't vote.

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"While I expected the legal equivalent of body armor, I was handed Swiss cheese," Mr. McDowell said yesterday. The Virginia Bar Association, of which Mr. McDowell is a member, also cautioned him on voting on the deal. "They did not encourage me to go forward," he said.

For a week, Mr. McDowell remained quiet about his intentions, while privately pressing his colleagues to jump-start the merger talks in hopes of their reaching a deal. Those efforts proved fruitless, however, and Mr. McDowell decided to step aside now, an FCC official said, rather than get involved in the merger talks and either vote or abstain at the last minute.

Congressional Democrats immediately applauded Mr. McDowell's decision. Democratic FCC Commissioner Michael Copps said it provided clarity that "should give some juice to our ongoing discussions."

Washington politicians' recent debate about propriety and ethics -- which helped Democrats retake Congress -- appears to have played a role in Mr. McDowell's decision. Mr. McDowell's concerns about protecting his integrity -- and avoiding becoming a punching bag for Democrats on Capitol Hill for the next two years -- appear to have won out over merger proponents who wanted the deal approved with minimal conditions.

One reason for the FCC's delay in approving the merger has been the continued uncertainty about whether Mr. McDowell would participate. FCC board members negotiated but never came close to cutting a deal while Mr. McDowell's involvement remained an option. Negotiations ended about two weeks ago, FCC sources say, when Mr. Martin suggested that he was only willing to go so far on the net-neutrality issue.

"The chairman has continued to be committed to working with his colleagues and acting on the merger. But the sticking points are still very sticky," said an FCC official close to the negotiations. "We're not sure how quickly this merger can be approved."

In a statement, AT&T said it would continue to work with the FCC to get the deal approved. "We will -- as we have always done -- do our part to bring the merger review to a bipartisan completion as quickly as possible," said an AT&T spokesman.

FCC Member Officially Bows Out Of Voting On AT& T Deal (USAT)

By Leslie Cauley

USA Today, December 19, 2006

NEW YORK — Robert McDowell, the third Republican on the Federal Communications Commission's five-member panel, said Monday that he will not vote on AT&T's $80 billion purchase of BellSouth.

His decision leaves intact a deadlock between the two Democrats who want to impose several conditions on the deal, and the other two Republicans, including Chairman Kevin Martin, who favor no conditions.

McDowell, who joined the FCC in June, initially abstained from participating in the AT&T-BellSouth case because he used to lobby for CompTel, a trade group that represents small carriers that oppose the deal.

He also cited ethical concerns of the Virginia Bar Association.

Earlier this month FCC general counsel Sam Feder said that McDowell could vote on the deal.

McDowell said he had hoped Feder's recommendation would provide him with the "legal equivalent of body armor." Instead, he said, "I was handed Swiss cheese."

After conferring with several advisers, including the executive branch's Office of Government Ethics, McDowell decided to "follow my own personal sense of ethics" and "disqualify myself from this matter."

Referring to the crush of ethics scandals that have consumed headlines over the past year, McDowell said Americans often "have been disappointed by those who hold public office. I hope this is one instance where they are not disappointed."

Martin said in a statement that he appreciated McDowell's "thoughtful consideration," adding that he would "respect his decision to abstain." The FCC cannot compel a commissioner to vote.

The BellSouth deal just needs the FCC's approval to close. It already has been approved by the Department of Justice, which imposed no conditions.

The two Democrats, Michael Copps and Jonathan Adelstein, are pushing for conditions in two areas.

They want "net neutrality," which is the idea of making sure high-speed broadband lines are available on fair terms for all comers.

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The second area is "special access." They want AT&T to reduce the rates it charges rivals to lease the large-capacity data lines that are a staple in business.

AT&T has so far refused to agree to any conditions that might limit its ability to manage its new high-speed broadband network, which is costing the carrier billions to construct. It is also reluctant to agree to conditions that might curb profitability in the special-access segment.

Yet with McDowell out of the picture, AT&T will be forced to work out a deal with the Democrats.

"This is a setback for AT&T," says Gene Kimmelman, public policy director of Consumers Union, which opposes the deal.

AT&T "clearly expected that they were going to get a vote from McDowell that rubber-stamped the deal," he says. "It was a miscalculation."

Stifel Nicolaus analyst Blair Levin agrees.

On the day the Justice Department approved the merger with no conditions, "You could practically hear the champagne corks popping" at AT&T, Levin recalled.

The lesson? "As Yogi Berra used to say, it ain't over till the fat lady sings."

On a positive note, Levin says negotiations between AT&T and the FCC should kick into high gear now that the McDowell question has been settled.

"It's sort of like the NBA," he says. "Nobody really plays hard until the fourth quarter."

AT&T closed at $35.47, down 19 cents, while BellSouth fell 72 cents to $45.33.

Virtuous Neutrality (LAT)

The Los Angeles Times, December 19, 2006

What an FCC commissioner's recusal means for AT&T and BellSouth -- and millions of Internet users.

IT'S UNCLEAR WHETHER he acted out of principle or obligation, but Robert M. McDowell made the right choice Monday. McDowell, a Republican appointed earlier this year to the Federal Communications Commission by President Bush, recused himself from the FCC's decision on whether to approve AT&T's proposed acquisition of BellSouth.

His decision leaves the FCC deadlocked, with the two other Republicans resisting demands by the commission's two Democrats for more restrictions on the merged company. But that may be just as well, at least for consumers, if it leads the commission to compromise on the one issue that could most affect Internet users: something called "Net neutrality."

Democrats Michael J. Copps and Jonathan S. Adelstein want to bar AT&T's high-speed Internet service from offering special treatment to data from websites or online services that pay extra for it. AT&T and other broadband suppliers have resisted the Net neutrality requirement, while Google, Amazon and other Web-based companies have lobbied hard for it.

McDowell used to be a lobbyist for a trade group that opposes the merger. The FCC's general counsel recently cleared him to vote despite the apparent conflict, but McDowell opted Monday to stay out. His move increases the chances that his old employer will prevail — that AT&T and BellSouth will be forced to accept numerous restrictions or abandon the deal. At the same time, McDowell has publicly called for fewer regulations and has questioned the need for Net neutrality rules. No matter. At least McDowell got to act principled — in announcing his decision, he used the words "ethics" or "ethical" 33 times in five pages.

The Justice Department has already signed off on the merger, but AT&T can't complete the purchase without the assent of the FCC. That means Copps and Adelstein, who are more skeptical about the deal's benefits for the public, have an unusual amount of leverage as long as McDowell stays out of the picture.

And that's a good thing, at least as far as Net neutrality is concerned. This merger is less troubling than it would have been a decade ago, with Internet service providers, cable TV and wireless companies all offering alternatives to the local phone companies' copper lines. There is far less competition, however, in high-speed Internet service. In many parts of the country, consumers may have only one or no alternative to the DSL service to be offered by AT&T/BellSouth.

That's why the merger should not be approved unless there is a guarantee that AT&T will offer a level playing field to websites and online services, at least until their customers have more choices for high-speed Internet connections.

Benefit Firm Attempts To Outbid CVS For Caremark (WP)

By Annys Shin

The Washington Post, December 19, 2006

Pharmacy-benefit manager Express Scripts yesterday attempted to outbid retail pharmacy giant CVS for Caremark Rx with an offer of $26 billion in cash and stock, joining a flurry of year-end mergers and acquisitions.

The proposal stunned many investors and marked the first shot in what could become a protracted battle over who gets to be the nation's leading filler of drug prescriptions.

In other deals announced yesterday, several private-equity firms said they planned to acquire a variety of companies, including the parent of both Century 21 and Coldwell Banker, as well as Harrah's casinos and a maker of hip and knee replacements, continuing a record year for private-equity buyouts.

Caremark and CVS last month agreed to what was characterized as a merger of equals, with CVS offering Caremark shareholders $22.5 million in stock. The combination of Caremark, the nation's second-largest pharmacy-benefit manager, and CVS, the second-largest pharmacy retailer, would create the biggest private-sector buyer of prescription drugs, responsible for managing more than 1 billion prescriptions a year.

Pharmacy-benefit managers are hired by employers to negotiate lower prices from drugmakers and to determine what employees are required to pay. Some companies, such as Caremark, also compete with retail pharmacies by buying and distributing drugs through the mail.

Caremark and CVS have said the size of the new company would give it better leverage with drug companies to demand lower prices, which would ultimately be passed onto consumers.

Express Scripts chief executive George Paz made similar predictions yesterday about a merger between his company and Caremark, even though Express Scripts is half the size of Caremark.

"Buying the company and putting this together allows us the opportunity to take advantage of the additional scale and size and to become bigger and stronger," he said.

Unlike CVS, Express Scripts is offering Caremark shareholders cash and a 15 percent premium based on the closing price of Caremark's shares last Friday. Express Scripts would have to borrow about $13 billion to pull off the deal, analysts estimated, and has lined up financing commitments from Citigroup Corporate and Investment Banking and Credit Suisse.

Caremark, based in Nashville, said its board would review Express Scripts' offer. Express Scripts said if rebuffed by Caremark's board, it would take its case directly to shareholders.

Shareholders have filed several lawsuits against Caremark, challenging the proposed merger with CVS and alleging the deal was designed to advance the interests of directors and insiders.

Some analysts yesterday predicted CVS would make a counteroffer. But the Woonsocket, R.I., company said in a statement that it had not yet reviewed Express Scripts' offer.

Express Scripts' play for Caremark came alongside a frenzy of acquisitions.

Apollo Management agreed to buy Realogy, the parent of Century 21 and Coldwell Banker, for $9 billion, Realogy said yesterday. Apollo plans to take on about $1.6 billion in debt and $750 million in other liabilities.

Apollo and another private-equity firm, Texas Pacific Group, were also reportedly close to buying Harrah's Entertainment yesterday for an estimated $16.7 billion.

The two deals highlighted the growing role of private-equity firms in the current buyout boom.

Buoyed by low interest rates, more access to financing and investors seeking bigger returns, several funds have raised more than $10 billion, topped by Blackstone, which raised $20 billion. Firms have also pooled money, allowing them to go after large public companies and take them private.

The result has been deals on a scale not seen since the heyday of leveraged buyouts in the late 1980s, said Colin Blaydon, director of the Center for Private Equity and Entrepreneurship at Dartmouth's Tuck School of Business. "Basically this year has been a record-setter for capital raised by private-equity funds and capital invested by private-equity funds," Blaydon said.

Blackstone, for example, partnered with Kohlberg Kravis Roberts and Goldman Sachs Capital Partners to buy Biomet, a Warsaw, Ind.-based maker of hip and knee replacement products, for about $10.9 billion. In the deal announced yesterday, the firms plan to use a combination of their own cash and money borrowed from Goldman Sachs Group and Bank of America.

The pace of deal-making is likely to proceed into next year, Blaydon said.

"Right now, the economy is sufficiently strong and the debt market sufficiently robust that it will keep on going," he said.

Express Scripts' Bid For Caremark Could Trigger Fight (USAT)

By Julie Appleby

USA Today, December 19, 2006

Express Scripts' unsolicited $26 billion bid for rival Caremark may force a bidding war for the pharmacy benefits manager.

While investors may think the Express Scripts cash-and-stock offer is more attractive than the $21 billion CVS all-stock deal, management at Caremark and CVS may be convinced that theirs is the better long-term move, says Merrill Lynch analyst Tom Gallucci in a research note to investors.

"We would anticipate that this deal will not go away without a fight," Gallucci wrote.

Analyst Robert Willoughby at Bank of America wrote in his note Monday about the Express Scripts bid that Caremark's board will be "hard-pressed to credibly thwart such an offer."

CVS, which said in a statement that it has not had a chance to review Express Script's offer, now has to decide if it wants to counteroffer.

Express Scripts CEO George Paz, in a letter to Caremark, says that his company's offer is the superior one and that the firm is willing to go directly to shareholders. "We are prepared to solicit proxies against approval of your proposed merger with CVS," he wrote.

If the bid is successful, Express Scripts, the third-largest pharmacy manager behind Caremark and Medco, would leap to first place. The combined company would control about 26% of all prescriptions filled, based on adjusted figures for 2006, says Willoughby's report. Medco would have about 16%.

The bid comes amid increasing pressure on the drug industry from government and employers to rein in drug costs. Adding to the pressure: recent moves by Wal-Mart and other big-box retailers to cut the cost of some generic drugs to as little as $4 a prescription.

Pharmacy benefit companies negotiate drug prices with drugmakers, wholesalers and pharmacies, passing some savings along to their insurer and employer clients. They sometimes also help draw up lists of drugs available to insured patients.

Express Scripts says the deal would result in cost savings of up to $500 million. Paz pointed to the company's effort to encourage the use of generic drugs as one way to reduce costs.

He says the firm saved clients $100 million this year by taking cholesterol treatment Lipitor off of its list of covered drugs, encouraging patients to take alternative Zocor instead, then switching them to generic Zocor when that came on the market.

The company may have to make the cost-savings case to antitrust regulators, because its proposed deal would reduce the number of big benefits managers from three to two.

"It's going to get close review," predicts Andrew Klevorn, a partner who specializes in antitrust law for Eimer Stahl law firm in Chicago. "When markets become more concentrated, that can lead to higher prices."

Express Scripts shares rose 1.9% Monday to $69.97, while Caremark's rose 10.5% to $55.58. CVS fell 1.7% to $30.01.

CVS Isn't Yet Out Of The Running In Race For Caremark (DOW)

By James Covert

Dow Jones Newswires, December 18, 2006

NEW YORK (Dow Jones)--CVS Corp. (CVS) isn't yet out of the running as a potential suitor for the pharmacy-benefits manager Caremark Rx Inc. (CMX).

Express Scripts Inc. (ESRX), a St. Louis-based pharmacy benefits manager, offered Monday to acquire its rival Caremark Rx for $26 billion in cash and stock. Express Scripts said its offer represents a 15% premium over retail pharmacy giant CVS's all-stock offer.

Nevertheless, analysts say CVS, of Woonsocket, R.I., could sweeten its bid, which had been perceived as low by Wall Street. In addition to its healthy balance sheet, CVS, in acquiring Nashville-based Caremark, could use the target company's strong cash flow to pay down debt it might take on to fund a bigger price tag. Analysts add that a deal with CVS would likely be more attractive to regulators, as an Express Scripts deal risks greater antitrust concerns.

"We do not regard this as a deal breaker for CVS' proposed merger of equals with Caremark," Goldman Sachs analyst John Heinbockel wrote in a Monday research note. Heinbockel noted that CVS could "modestly sweeten its offer" to as much as $25 billion by switching a portion of its all-stock offer to cash, and could do so without "meaningfully" reducing benefit that CVS expects the acquisition would add to its 2008 earnings.

"Caremark shareholders may prefer a combination with CVS, at a somewhat lower price, if they view the deal as truly transformative," Heinbockel says.

In a Monday conference call with analysts, Express Scripts executives said they had discussed the idea of buying Caremark with officials at the Federal Trade Commission, and that the company is confident it can overcome regulatory hurdles. In a Monday research note, Merrill Lynch & Co. added that a tie-up between Express Scripts and Caremark is "arguably more straightforward" than a deal with a retailer.

Yet a CVS deal still stands to be viewed more favorably by big drug customers, including the government and the drug-benefits programs it runs, according to Scott Mushkin, an analyst at Bank of America Securities in New York. That's because a CVS deal would eliminate a significant amount of channel conflicts between retailers and pharmacy-benefits managers, "driving down costs significantly," Mushkin says. That would contrast favorably to the "horizontal domination" that would likely result in a merger between Express Scripts and Caremark, he adds.

Indeed, an acquisition by Express Scripts would create a giant with a 40% share of the market in pharmacy-benefits management, according to John W. Ransom, an analyst at Raymond James & Associates. Meanwhile, Ransom says the strategic benefits are greater in a CVS deal. While Express Scripts would benefit from added scale and market share, CVS could use its increased scale to wring lower prices from suppliers, and enhance its range of offerings to consumers. CVS also would gain a better cushion against legislative cuts in average wholesale prices for drugs, Ransom says.

Another point in CVS's favor: the $600 million breakup fee it has secured in its agreement with Caremark. With or without the acquisition of Caremark, CVS is poised to benefit from increased drug sales at it continues to add prescription customers from the Medicare Part D drug-benefits program and elsewhere, Ransom says.

However, if CVS elects to sweeten its bid, the result wouldn't be good for CVS's debt profile, Gimme Credit said in a Monday research note. The company has been slow repaying debt from its acquisition of the Eckerd drugstore chain, and recently spent more than $4 billion to buy the drugstore operations of Albertson's Inc., which Gimme Credit called "mediocre performers."

"We can't fault the long-term strategy but clearly management is willing to sacrifice credit quality in the interim," Gimme Credit said.

None of the above-mentioned analysts reported conflicts related to CVS, Caremark or Express Scripts. But investors should assume their firms are pursuing investment-banking relationships with the companies.

"We have not yet had an opportunity to review this offer carefully," CVS said in a written statement Monday in response to the Express Scripts offer. "However, we note that we have a definitive agreement with Caremark... We believe the prospects for completing that transaction are excellent and we remain confident in the long-term strategic value of our combination as well as the benefit to shareholders of CVS and Caremark."

Caremark shares surged 11.6% on the news, recently trading at $56.12, up $5.82 from Friday's close. Shares of Express Scripts were up 57 cents, or 0.8%, early Monday afternoon at $69.23. CVS shares fell 27 cents, or 0.9%, to $30.25.

Biomet Agrees To Buyout, Reports Option-Dating Problems (NYT)

By Barnaby J. Feder

The New York Times, December 19, 2006

Biomet, a major manufacturer of artificial hips and knees, said today that it had agreed to be acquired by a private investment consortium for $10.9 billion.

The buyout bid came from affiliates of the Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Company and TPG.

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Biomet said in a news release that the private investment group is also expected to include Dane A. Miller, one of the founders of Biomet, who served as its chief executive until he resigned last April over disagreements with the company's board of directors.

The company also announced today that a board committee's review of the company's options-dating practices back to 1996 had uncovered numerous cases of option grants backdated to create immediate profits for the recipients, as well as shortcomings in the company's records.

Biomet, a 29-year-old company based in Warsaw, Ind., said that it had notified the Chicago office of the Securities and Exchange Commission about the options findings, and that it would not announce earnings for its second fiscal quarter as scheduled on Wednesday. It declined to predict how long it would take to sort out its books and report the figures.

The company said that senior executives, whom it did not name, had been aware of the backdating, "though they may not have been aware of the accounting and legal ramifications of this practice."

While the accounting irregularities have prevented a final tally of profits for the quarter, Biomet did say that sales were $520.3 million, a 5 percent increase over the comparable period a year earlier. That fell short of Wall Street's average forecast of $527 million.

The buyout bid works out to $44 a share, slightly less than the highest prices that have been bandied about in recent speculation suggesting that Biomet would merge with Smith & Nephew, a British orthopedics company. Smith & Nephew, which confirmed in November that the two companies were in talks, said today that those discussions had ended.

Biomet and the investor group said that the buyout could be completed by next October. In Nasdaq trading today, Biomet's shares fell 41 cents, or 1 percent, to close at $41.59, reflecting a belief that no competing bids are likely to emerge and that investors will have a relatively long wait before receiving their proceeds from the buyout, which represents a 4.8 percent premium on Friday's closing price of $42.

"You are talking about a very small return for a 10-month wait," said Raj Denhoy, who follows the orthopedics sector for Piper Jaffray & Company.

Smith & Nephew's shares, by contrast, surged on the news. Its American depository receipts gained $3.43, or 7.3 percent, to close at $50.58 on the New York Stock Exchange. Many investors in the company had been afraid that the British company would overpay for Biomet.

Smith & Nephew's rise may also be fueled by speculation that private equity investors might now buy that company, too, and perhaps combine them.

"This isn't a lot of money for this investment group," Robin Young, an orthopedics industry consultant and market researcher who publishes the Orthopedics This Week newsletter, said of the Biomet buyout. "They could turn right around and go after Smith & Nephew."

Even so, there has been no indication so far that the British company is for sale. Biomet, on the other hand, said publicly in April that it was considering all its strategic options and had hired Morgan Stanley to advise it; that was when Mr. Miller stepped down from his executive post. Daniel P. Hann, who was the company's general counsel, has served as interim president and chief executive since then, while Mr. Miller has served as a consultant to the company.

Many analysts had suggested that a combination of Biomet and Smith & Nephew made sense, because it would be roughly the same size in orthopedics as the three largest players — Zimmer Holdings, Stryker, and the DePuy division of Johnson & Johnson.

Biomet Agrees To Be Acquired For $10.9 Billion (WSJ)

By Susan Carey And Jonathan Vuocolo

The Wall Street Journal, December 19, 2006

Orthopedic-devices maker Biomet Inc. agreed to be acquired by a private-equity group for $10.9 billion, but investors failed to lift its shares to the asking price after the company disclosed problems with backdating stock options that could affect its financial results for the past decade.

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The Warsaw, Ind., company said that if its shareholders agree to the deal, they will receive $44 a common share from a private-equity group that includes affiliates of Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Co. and Texas Pacific Group.

The price represents a 27% premium to the stock's closing price in early April, a few days before Biomet said it had hired Morgan Stanley to help it look at strategic alternatives. That move came a week after the resignation of Dane Miller, Biomet's co-founder and its chief executive officer for 29 years. Mr. Miller is expected to be an investor in the new private company once the deal closes in October 2007.

With a market capitalization of about $10.2 billion and the fourth-largest share of hip- and knee-replacement devices by revenue world-wide, Biomet looked like a good candidate for another medical firm. It even held preliminary merger talks with United Kingdom competitor Smith & Nephew PLC, a fact Smith & Nephew disclosed in early November.

Private-Equity Advantage

But these days, private-equity firms, armed with low-cost capital and increasingly on the prowl for acquisitions, can often outbid potential strategic buyers.

DEALS MONDAY!

Deals valued at tens of billions of dollars were unveiled Monday. • Express Scripts Offers $26 Billion for Caremark Rx1

• Icos Accepts Lilly's Sweetened $2.3 Billion Offer2

• Private-Equity Firms Invest $3.4 Billion in Delphi3

• Apollo, Texas Pacific Set to Win Harrah's4

• Statoil, Norsk Hydro to Merge Oil, Gas Operations5

That is in contrast to the conventional wisdom of previous cycles when strategic buyers would pay more because there were more synergies and opportunities to cut costs. Also, most companies aren't comfortable with the levels of debt that private-equity firms put on their target companies. And the giant investment firms don't always face potential antitrust hurdles.

The Biomet deal is one of a flurry of deals this month. Even before December's frenetic activity, buyouts have risen 60% this year, according to data from J.P. Morgan Securities. And there is little indication that the credit markets have lost their enthusiasm for financing private-equity firms as investors remain hungry for yield in a world where interest rates remain low and may soon go lower.

Health-care companies have become one of the most popular areas for private-equity firms this year in the wake of the buyout of HCA Inc.

Matt Miksic, an analyst who follows medical-technology stocks for Morgan Stanley, said the leveraged buyout of Biomet endorses his view that companies in this sector "throw off a lot of cash and are attractive businesses." He had Biomet rated at the equivalent of a "buy" before the deal was announced, despite the disappointing performance of its spinal-product business. "Hips and knee implants have been clicking along pretty well," he said. Mr. Miksic doesn't own any Biomet stock, but Morgan Stanley has an investment-banking relationship with the company.

When news of the Biomet-Smith & Nephew talks came out, analysts at J.P. Morgan expressed caution about a possible tie-up, saying any deal would face challenges such as product and sales-force overlap, integration and valuation. "In our view, a going-private transaction makes the most sense for Biomet -- being outside the glare of public scrutiny could allow the company to make some tough decisions with respect to its cost structure, business portfolio and management," the analysts said in a research note.

While that scenario now has materialized, Biomet shares slipped 41 cents to $41.59 yesterday in 4 p.m. composite trading on the Nasdaq Stock Market. Volume was 11.8 million shares traded, compared with the daily average of 2.1 million.

Biomet said yesterday that it will postpone reporting its fiscal second-quarter results -- previously expected to be announced tomorrow -- while it continues an internal investigation that already has found that the company may have improperly "backdated" a substantial number of options granted to employees to purchase about 20 million Biomet shares in the past decade.

Options-Backdating Issues

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Biomet said correcting errors in how these stock options were accounted for may have a material effect on its historical and/or current financial statements. Moreover, the company's unaudited sales of $520 million for its second quarter ended Nov. 30, while up 5% from a year ago, were below Wall Street's average view of $527 million.

Cowen & Co. analyst Dhulsini De Zoysa said she thinks investors are fretting that the stock-options review could have a material negative impact on Biomet's results, which could trigger the company's private-equity buyers to reprice their offer.

"Theoretically, that's the concern, I think," she said. But "without knowing the magnitude [of the potential impact] it's impossible to say" if the scenario is likely to unfold. The analyst doesn't own Biomet shares.

Biomet Agrees To $10.9 Billion Buyout (AP)

By Deanna Martin, Associated Press Writer

AP, December 19, 2006

A group of private investors that could include a founder of Biomet Inc. has offered $10.9 billion in cash for the Warsaw, Ind.-based orthopedics maker as they seek to capitalize on baby boomers who want to turn back the clock.

The consortium offered $44 per share, 27 percent more than Biomet's closing price on April 3, the last trading day before the merger talk began. The offer is $1 per-share higher than what one analyst said would be justified last week.

Wall Street greeted the news with skepticism. Biomet shares fell 41 cents, or 1 percent, to close at $41.59 in trading Monday on the Nasdaq Stock Market.

But Linda Varoli, vice president of merger research with the New York-based Wall Street Access, said the $10.9 billion purchase price — which will be paid with cash and loans — reflects the potential of the industry, which has been rattled recently by antitrust concerns.

In June, Biomet and three other orthopedics makers announced they had received subpoenas stemming from possible criminal violations in the manufacturing and sale of orthopedic implant devices.

"They wouldn't be making the investment if they didn't see some definite future growth in the company, and most likely in the industry in general," Varoli said of the consortium.

Monday's announcement ended merger speculation brewing since Biomet disclosed in April that it had hired Morgan Stanley to explore "strategic alternatives." The company recently had discussions with British rival Smith & Nephew LLC.

Biomet, established in 1977, is one of three orthopedics companies based in Warsaw, about 40 miles west of Fort Wayne. DePuy Orthopaedics Inc. and Zimmer Holdings Inc. also have operations there.

Orthopedic companies are counting on growth as the nation's 76 million baby boomers reach the age when knees, hips and shoulders sometimes need replacing.

Zimmer Holdings Inc. projects its 2007 sales to top $3.82 billion, an increase of about 10 percent over 2006.

"The number of people who will be in the age category that's typical of joint replacement will be continuing to grow for quite some time," said company spokesman Brad Bishop.

Baby boomers want to remain more active than past generations, said Christopher Kaeding, interim chairman of the Department of Orthopaedics at Ohio State University. "They don't just want to sit there in a rocking chair," Kaeding said. "They have higher expectations of what they want to do in terms of physical activity."

Biomet's buyers include Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts and the Texas Pacific Group. Biomet founder Dane A. Miller, who resigned as CEO in March, also could join the deal, the company said.

Biomet's board voted in favor of the deal, which is subject to shareholder approval and antitrust clearance. Biomet officials said in a statement they expect the acquisition to be completed by Oct. 31. The company's stock would be delisted from the Nasdaq once the deal closed.

Company officials did not return messages left by The Associated Press.

"This transaction offers shareholders the ability to realize substantial value from their investments in Biomet and provides important benefits to our customers, team members and other stakeholders," interim President and Chief Executive Daniel P. Hann said in a statement.

Biomet, which has about 6,300 employees total, including 1,350 workers in Indiana, will remain in Warsaw.

Also Monday, Biomet said a review found that a substantial number of stock option grants made from 1996 to 2006 — issued on different dates than when they were granted to take advantage of a lower stock price — "were not well documented."

The practice, known as "backdating," is not illegal, but it must be properly accounted for.

Senior executives were aware of the practice, according to Biomet but were not necessarily aware of the legal ramifications.

The company said it has yet to determine the effect of the accounting errors on past financial results. Biomet said it would delay releasing its second-quarter earnings as a result of the investigation.

Preliminary results showed that sales increased 5 percent to $520.3 million for the quarter ended Nov. 30. Reconstructive device sales rose 9 percent worldwide to $368.1 million.

Analysts surveyed by Thomson Financial estimated sales of $526.8 million for the second quarter.

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Associated Press Writer Wally Witkowski contributed to this report.

Apollo To Acquire Realogy For $6.65B (AP)

AP, December 19, 2006

Apollo Management LP to Acquire Realogy for About $6.65 Billion in Cash

NEW YORK (AP) -- The parent of Century 21 and Coldwell Banker real estate brokerages said it is being acquired by an affiliate of private equity firm Apollo Management LP for about $6.65 billion in cash.

The buyout of Realogy Corp. includes about $1.6 billion in debt and other liabilities of roughly $750 million, the brokerage said late Sunday. Realogy also owns Sotheby's International Realty.

Realogy stockholders will receive $30 per share in cash at closing, an 18 percent premium over the stock's closing price of $25.50 on the New York Stock Exchange on Friday.

Realogy can entertain other proposals from third parties until Feb. 14, the announcement said.

Its shares rose $4.90, or 19.22 percent, to close at $30.40 on the New York Stock Exchange. Realogy's stock will no longer list on the NYSE after the deal is completed.

Realogy was spun off from Cendant Corp. on July 31, along with Wyndham Hotels & Resorts, as the New York-based company was broken up into four pieces. In August, private equity group Blackstone completed its purchase of the Travelport travel unit, leaving just the Avis and Budget rental car business. Analysts have said Wyndham is also a potential acquisition target for private equity.

Realogy Chairman and Chief Executive Henry R. Silverman is expected to stay in his current positions until his contract expires on Dec. 31, 2007. He is expected to be succeeded by Realogy Vice Chairman and President Richard A. Smith.

The transaction is scheduled to close during the spring of 2007, subject to a shareholder vote, antitrust and insurance approvals, and other customary closing conditions.

Merck Cleared To Buy Stake In Serono (AP)

The Associated Press

AP, December 19, 2006

BRUSSELS, Belgium — EU regulators on Monday cleared Germany's Merck KGaA to buy Swiss biotechnology company Serono SA.

The European Commission cleared the deal automatically after identifying no antitrust problems and receiving no complaints from rivals within a deadline of 25 working days.

After losing a bid to acquire Schering AG earlier this year, Merck announced in September that it had bought a majority stake in Serono as part of a 16.6 billion Swiss franc (euro10.5 billion; US$13.31 billion) takeover, expanding its range of drugs and increasing its share of the global biotechnology market.

Merck bought the 64.5 percent stake held by the Bertarelli family and will make a public tender offer for the rest of the shares after its deal with the family has closed in January, Chief Financial Officer Michael Becker told reporters in October.

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He also said that, as of Sept. 30, Merck had acquired Serono shares on the market, paying euro455 million (US$571.3 million), and planned to buy more.

The deal will give the Darmstadt-based pharmaceutical maker, whose products include the cardiovascular treatment Concor and cancer drug Erbitux, access to new markets thanks to Serono's partnership with Pfizer Inc. to market the multiple sclerosis drug Rebif.

Analysts said the deal is part of Merck's strategy to stay competitive. Many mid-sized drug companies have looked at combining their operations and research with others in an attempt to keep pace.

Merck's Pharma Ethicals division will be combined with Serono to create Merck-Serono Biopharmaceuticals. The headquarters of that business will be in Geneva, while its U.S. base of operations will be in Boston.

The new group is forecast to have pro forma sales of euro7.7 billion (US$10.1 billion), of which euro3.6 billion (US$4.7 billion) will be biopharmaceutical sales.

Merck, founded as a pharmacy in 1668, is the oldest pharmaceutical business in the world. It has been entirely separate from New Jersey-based Merck & Co. since the end of World War I and employs some 29,000 people.

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On the Net:

http://www.merck.de

http://www.serono.com

Plaintiffs' Law Firm Removed From Antitrust Case (NYT)

By Bloomberg News

The New York Times, December 19, 2006

Milberg Weiss & Bershad, the law firm accused of paying plaintiffs to bring class-action lawsuits, was removed yesterday as one of the lead firms in an antitrust case against carmakers over Canadian imports.

Federal District Judge D. Brock Hornby in Maine granted a request by the carmakers to remove Milberg Weiss as the vice chairman of the plaintiffs' executive committee. The law firm and its lawyers can continue to represent individual plaintiffs if they can show these plaintiffs are not being paid, the judge said in the ruling filed in federal district court in Portland, Me.

"Although I was urged to deny the motion to disqualify because the firm is not in immediate jeopardy, I conclude that a fiduciary would not wait," Judge Hornby said in his ruling.

Milberg Weiss and two of its partners, David Bershad and Steven Schulman, were indicted in May on charges they paid clients to sue companies for securities fraud. The firm and the two partners pleaded not guilty in July. Federal prosecutors in Los Angeles said at a hearing last month that they may bring additional charges. Mr. Schulman resigned from the law firm Dec. 8.

The firm has faced leadership challenges in other suits since its indictment.

In New Jersey, a pension fund has challenged Milberg's role in a suit seeking tens of billions of dollars from the drugmaker Merck. In June, Milberg lost its lead role in a suit against medical-device maker Medtronic, because it had not told the judge it was under investigation.

The consolidated lawsuits in Maine were brought by consumers who said that carmakers and dealers colluded to keep new vehicles that were bought in Canada out of the United States.

Toyota Motor Sales USA Inc. has agreed to settle the claims for $35 million, according to yesterday's ruling.

Marina Ein, a spokeswoman for Milberg Weiss, did not immediately return a call to her office after business hours.

ENVIRONMENT/INDIAN AFFAIRS:

US States Sue Bush Administration To Lower Soot Levels (FINDLAW/AP)

Find Law, December 19, 2006

(AP) - ALBANY, New York-More than a dozen states sued the U.S. Environmental Protection Agency on Monday to lower soot levels from smokestacks and exhaust pipes, a move state officials argue would save thousands of lives.

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The states argue that the Bush administration is ignoring science and its own experts in refusing to slightly reduce the allowed threshold for soot.

The lawsuit is the latest salvo against the Bush administration, which has repeatedly come under fire for what some states and environmentalists have said is its lack of commitment to environmental issues.

Most notably, California, striking out on its own, has signed a global warming technology sharing agreement with Britain and has enacted a new law that imposes the first statewide limit on greenhouse gases. It seeks to cut emissions by 25 percent and drop them to 1990 levels by 2020

In bringing the lawsuit, the states argued that the "fine particulate matter" in soot contributes to premature death, chronic respiratory disease and asthma attacks, said New York Attorney General Eliot Spitzer. The pollution also leads to more hospital admissions and other public health costs, he said.

Officials from California, Connecticut, Delaware, Illinois, Maine, New Hampshire, New Jersey, New Mexico, Oregon, Pennsylvania, Rhode Island, Vermont and the District of Columbia joined New York in the action filed in the U.S. Court of Appeals in Washington.

"It is unfortunate that this coalition of states must resort to legal action to get the EPA to do its job - protect the environment and the public health," said Spitzer, the Democratic governor-elect.

The EPA said it considered new research cited by the state officials. But the agency decided research that prompted a previous reduction was more reliable and did not justify a further cut, according to EPA statements. The agency said it will consider the new studies in the next five-year review.

"Where the science was clear, we took clear action," said EPA spokeswoman Jennifer Wood. "EPA significantly strengthened the previous daily standard - by nearly 50 percent."

"EPA has not followed the clean air law," countered New Hampshire Attorney General Kelly Ayotte, a Republican. "My office will work in conjunction with ... other concerned states to ensure that EPA takes appropriate action."

The emissions, described as much smaller than a grain of sand, come from automobiles, power plants, factories and wood fires.

The states want to reduce the current limit of 15 micrograms of soot allowed per cubic foot of air. States say even a reduction of 1 microgram would save as many as 11,000 lives. They don't agree on a specific amount to cut the limit.

The federal Clean Air Act requires a review every five years to determine if air pollution standards should be adjusted. The states argue this compels the EPA to act. The states want the federal court to find the EPA failed to obey its "Congressional mandate to protect the environment and the public health," according to a statement from Spitzer's office.

Last week, a group called Earthjustice, which includes the American Lung Association, the American Medical Association and Environmental Defense, sued the EPA over the same issue.

On the Net:

http://www.oag.state.ny.us

http://www.epa.gov

FBI/DEA/ATF/USMS:

Richard K. Ruminski (MJS)

By Gina Barton

Milwaukee Journal Sentinel, December 19, 2006

Head of local FBI office says bureau more proactive after 9-11

Richard K. Ruminski, the latest special agent in charge of the Milwaukee office of the FBI, has been with the bureau for 20 years, working in Washington, D.C., Chicago, and Richmond, Va., among other places. He has worked foreign counter-intelligence, counter-terrorism and criminal investigations, including the Sept. 11, 2001, terrorist attacks and the D.C. sniper investigation. Ruminski, who arrived in Milwaukee in mid-August, recently took five questions from reporter Gina Barton.

Q. What do you think of Milwaukee?

A. I was born and raised in Chicago, so I like being back in the Midwest. I like the fact that at the FBI office here, I've got just an office full of dedicated employees that are happy to be here, which you don't find everywhere.

Q. What's the most interesting case you've worked on?

A. Probably the issues surrounding 9-11. There were plenty of smaller cases that were interesting, but that one - coupled with the anthrax investigation - was just so global and there were just so many leads coming out of every direction.

Q. How have things in the FBI changed since 9-11?

A. We've completely changed our focus from being mainly a criminal investigative agency that also worked counter-intelligence matters. We are now in a status where we're trying to be much more proactive. We went from a reactive agency to much more proactive because of our newest responsibility of detecting and preventing terrorism, which is a very difficult task.

Q. In the past, the FBI, particularly in Milwaukee, has had a hard time recruiting agents of color and Arabic speakers. How's that going?

A. We will always be trying to get a diverse work force, but what you're drawing your work force from is the particular area you're in. You try to recruit at colleges and different institutions. We do the best we can to get a diverse work force. It's hard to get Arabic speakers. There's a very big push right now to get Arabic speakers, and we are doing just about all we possibly can to recruit them, but we haven't had a tremendous amount of luck here in the Milwaukee area.

Q. Sen. Herb Kohl recently asked the national FBI director to send more crime-fighting resources to Milwaukee. Do you think the FBI needs to get more involved in solving Milwaukee's crime problem?

A. We have been extremely involved in the violent crime area. We work gangs, we work narcotics investigations, but we work them in task force settings. We had numerous arrests here of gang members several weeks back. . . . I have been deputizing local law officers, and the sheriffs of the counties have been deputizing agents to give them local authority. We address some of the more complex (criminal) enterprise organizations . . . in a task force setting.

FBI Tries To Retool For Post-9/11 World (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), December 19, 2006

The prototypical FBI agent in the J. Edgar Hoover days was a lawyer or accountant. Today's ideal candidate is more likely to be a computer whiz who is fluent in a second language.

Finding new agents with that kind of background can be challenging, especially since they must also pass a background check, lie detector test and physical fitness trial, as well as survive a written test, an oral interview and 18 weeks of training at Quantico, Va.

Former Special Agent Craig Dahle was in charge of recruiting for the Mobile field office until his retirement last month. In that role, he was one of the men and women responsible for trying to achieve the agency's national recruiting goal of 1,000 new agents for the fiscal year that ended in

September.

The bureau fell short of that target, hiring 791 agents.

"A thousand is extremely ambitious because the process of getting hired as an FBI special agent is unlike any other job, I'd dare say," Dahle said.

In addition to all of the rigorous hurdles applicants must clear, successful candidates face one more sacrifice once they get the job: They must move to another city. Long-standing FBI rules require new agents to be assigned to a field office outside of their home area.

Dahle said the rule is meant to ensure agents avoid any entanglements that might present conflicts of interests.

The relocation was the hardest part for Teresa Higgins, a new FBI agent who arrived in Mobile in October.

"It was kind of hard for me to adapt and move somewhere where I have no family," said Higgins, a native of Johnson City, Tenn.

Higgins, 29, is among the 15 percent or so of FBI agents who came to the agency with traditional law enforcement backgrounds. She said she became attracted to the profession as a teenager, when she participated in a local Explorer program at the Police Department.

After spending almost a decade chasing street thugs as a police officer in Johnson City, Higgins said, she wanted a new challenge. "After eight years of swing shifts, I was ready for a change," she said.

Higgins said she started the application process in 2003, stopped after her husband resisted moving and then re-applied when she managed to change his mind.

Assigned to the Mobile field office's counter-terrorism unit, Higgins had no trouble identifying why she gravitated toward the FBI. "It's the premier law enforcement agency," she said.

Remaking the FBI

The FBI has aggressively stepped up its hiring since the Sept. 11, 2001, terrorist attacks, taking on an average of 873 agents a year since 9/11 compared with an annual average of 632 in the five previous years.

The hiring binge has been aimed both at replacing retiring agents and increasing the overall work force as the bureau has tried to shift its focus from law enforcement to counter-terrorism and intelligence. About a third of the FBI's 12,603 agents have been hired since the attacks on the World Trade Center and the Pentagon.

The FBI also has hired 4,886 support staff since 9/11, Dahle said. These include analysts and computer experts, he said. The Mobile field office, which includes branch offices throughout the southern portion of the state, has 58 agents and 60 support staff members.

"There's been a lot of hiring in that area that would not have happened had 9/11 not happened," he said.

Keeping pace has been a challenge, though. The impending retirement of baby boomers that is looming over the entire country already has hit the government sector, according to experts.

Work force consultant Robert Morrison said the average age of federal government workers is 47 or 48, compared with 40 for the American work force as a whole. The FBI is no exception, said Morrison, executive director of the Concours Group.

"Like many government agencies, the average age is above average. Their people are older," he said.

Morrison, co-author of "Workforce Crisis: How to beat the Coming Shortage of Skills and Talent," said the FBI has an added burden because of its mandatory retirement age of 57.

"Somebody like the FBI is really shooting themselves in the foot, because they're causing it to happen faster than it would," he said.

Special Agent Deanne Lindsey, who graduated from Quantico in August and arrived in Mobile last month after a two-month stint at the FBI headquarters in Washington, has one of those "critical skills" the agency is aggressively seeking. A physical therapist by training, she has a science background, which Dahle said the FBI covets.

The 36-year-old Georgia native said her step-father was chief of security at the state Capitol in Atlanta, and her uncle works for the Bibb County Sheriff's Office in Georgia. But she said she did not consider a law enforcement career for herself until her experience in physical therapy opened her eyes to Medicare fraud.

"I witnessed so much of that being a physical therapist. .... The people who really end up being overcharged are the patients," said Lindsey, who investigates violent crimes in Mobile.

'Sowing of seeds'

Despite the recent focus on "critical skills" like computers and foreign language, the FBI still has plenty of stereotypical G-men. About 1,500 agents have law degrees and another 1,500 have accounting backgrounds, Dahle said.

"We have a wide variance of backgrounds, and that's really the strength of the bureau," he said.

At Quantico, agents rank all 56 field offices in order of where they most want to be assigned. Higgins said she selected Charlotte, which was closest to her home, and then ranked the rest in reverse order of cost of living. Mobile was her 14th choice.

Recent hires also can expect to be transferred within a few years, Dahle said.

Finding new recruits is more art than science, Dahle said. He said he spent much of his time speaking on college campuses. With a requirement that agents have at least three years of full-time work experience, few students are even eligible to

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apply immediately. But Dahle called it a "sowing of seeds" in hopes that those students five or 10 years later decide to give the FBI a try.

"Word of mouth remains the best recruiting tool," he said.

For Higgins, it was the persistent encouragement of a retired FBI agent who taught her when she was a student at a community college.

"He pushed and pushed and pushed it," she said.

Dahle said external events often influence applications. After the "The Silence of the Lambs" came out in 1991, he said, a great many people applied to the FBI with dreams of becoming a profiler like Jodie Foster's character.

"It's hard to say exactly what triggers it," he said. "Perceptions do matter. Popular culture does matter."

Two Suspects Make Court Appearance In ATF Shooting (MACT)

The Macon Telegraph, December 19, 2006

DECATUR - Two suspects in the shooting and wounding of two federal agents have made their first court appearance.

Chardriguez Durden, 23, of Stone Mountain is charged with six counts of aggravated assault on a police officer and violation of the Georgia Controlled Substances Act.

Paul Thompson Jr., 19, of Covington is charged with violation of the Georgia Controlled Substances Act.

The two appeared before a judge Sunday night.

The two were jailed following the shooting of two agents with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives on Friday as the agents attempted to serve a warrant at an apartment complex in Lithonia.

The agents were treated at DeKalb Medical Center and released.

Report Calls Marijuana California's Biggest Cash Crop (KESQ)

KESQ-TV, December 18, 2006

A new report out says, marijuana is California's number one cash crop, worth some 14-billion dollars a year. That's despite an all-out crack-down campaign by the feds against the drug. Medicinal marijuana advocates say it's California's number one cash crop simply because it's illegal.

It's now been called California's biggest cash crop, worth an estimated 13.8 billion dollars. And it's illegal.

At least, that's what the federal government says.

That's the reason for statewide DEA raids on pot fields and, medicinal marijuana dispensaries, like CannaHelp and Palm Springs Caregivers here in the Coachella Valley.

Despite this, the report claims California's marijuana production rocketed 10-fold in the last 25 years.

Nationwide, pot is worth about 35 billion dollars.

Anti-prohibition advocates say classifying marijuana as illegal is the problem.

"Agriculturally, it's worth the same as alfalfa, which is six cents a pound right now, which would make the total crop, if it wasn't illegal, about 1.3million as opposed to 35 billion."

The report was done by Medicinal Marijuana Advocates.

All-time High For Homegrown As Pot Becomes Top Cash Crop In US (GUA)

Guardian Unlimited, December 19, 2006

Marijuana is now the biggest cash crop grown in the US, exceeding traditional harvests such as wheat, corn and soy beans, says a new report.

The study shows that 10,000 tonnes of marijuana worth $35.8bn (£18.4bn) is grown each year; the street value would be even higher. This dwarfs the $23bn-worth of corn grown, $17.6bn-worth of soybeans and $12.2bn-worth of hay. Marijuana is the biggest cash crop in 12 states, with the value of pot grown outstripping peanuts in Georgia and tobacco in North and South Carolina. In California, the biggest producer, it is worth $13.8bn.

Article continues

The report, Marijuana Production in the US, by DrugScience.org, which wants marijuana to be reclassified, says the drug is listed as a Schedule 1 drug, deemed to have no medicinal value and a likelihood of abuse. Other such drugs include heroin.

The author, Jon Gettman, says the figures show the war on drugs is not working: "Illicit marijuana cultivation provides considerable unreported revenue for growers without corresponding tax obligations to compensate the public for the social and fiscal costs related to [its] use."

His suggestion that the crop be legalised and taxed was rejected by the White House Office of National Drug Control Policy, which pointed to countries with large drug cash crops, notably Colombia and Afghanistan.

The report says output in the US has grown tenfold in the last 25 years.

The boom in domestic production has in part been fuelled by tougher border controls after 9/11. As smuggling from Mexico has become more difficult the drug cartels have moved their operations into the US, often creating plantations in remote national park land.

Backer Says Pot Is Largest U.S. Cash Crop (WT/UPI)

The Washington Times/UPI, December 18, 2006

A California advocate for decriminalizing marijuana claims U.S. statistics prove the plant has become the country's largest cash crop.

Marijuana public policy analyst Jon Gettman told The Los Angeles Time his study used figures in a 2005 U.S. State Department report estimating U.S. cannabis cultivation at more than 22 million pounds.

He said he gave it a conservative value of about $1,600 a pound compared to the $2,000- to $4,000-a-pound street value often cited by law enforcement agencies after arrests.

The report claims the $35.8 billion marijuana harvest exceeds corn ($23 billion), soybeans ($17.6 billion) and hay ($12.2 billion), the Times reported.

Gettman advocates removing marijuana from the federal list of hard-core Schedule 1 drugs and treating it like tobacco and alcohol by legalizing and reaping a tax windfall, while also controlling production and distribution to better restrict use by minors.

Tom Riley, a spokesman for the White House Office of National Drug Control Policy, disagreed, and said coca has plagued Colombia and opium poppies are a disaster for Afghanistan.

IMMIGRATION:

Immigrant Labor Or Machines? (WSJ)

By June Kronholz

The Wall Street Journal, December 19, 2006

SALINAS, Calif. -- Why don't U.S. employers just automate the low-skilled jobs that now attract illegal immigrants?

Steve Scaroni's lettuce harvester provides part of the answer. At the height of the lettuce season here, the romaine harvester that Mr. Scaroni designed and built at an out-of-pocket cost of $1 million sat in the shop, idled by a design flaw that allowed too many lettuce heads to roll back into the field.

Mr. Scaroni's company, Valley Harvesting & Packing Inc., harvests a million pounds of lettuce daily. Even when it's working, the harvester -- a bandsaw, sweeper and conveyor belt on tank-like tracks -- cuts Mr. Scaroni's labor needs by only a quarter. And with a delicate crop like lettuce, the machine causes too much bruising for anything except bagged salad mixes.

With the country deeply divided over immigration, some economists and policy makers are suggesting that technological innovations could offer a way out of the economy's reliance on illegal workers. But as Mr. Scaroni's troubled lettuce harvester shows, it's unlikely that mechanization will reduce the demand for illegal immigrants anytime soon. For most of the jobs they do, there's no easy high-tech substitute.

Illegal immigrants make up an estimated 5% of the U.S. work force, but more than one-quarter of the people who pick crops, hang drywall, shingle roofs and process food. Those jobs are drawing 500,000 low-skilled workers to the U.S. each year.

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Immigration restrictionists, among others, point to the success of mechanical tomato harvesting when the Bracero guest worker program for seasonal Mexican farm workers ended in 1964. Since then, harvests of tomatoes that go into processed foods have quadrupled, while labor use has dropped by 72%, says the Western Growers Association, a California trade group.

Some other industries that rely on low-skilled labor also have mechanized. The poultry industry now uses machines to catch, kill, pluck and eviscerate chickens. The housing industry is moving more work onto factory assembly lines.

But labor economists say that's not much headway. "What struck me was how few examples there were of employers thinking ahead," says University of California at Davis economist Philip Martin, who spent a month last year looking for innovations that lessen U.S. reliance on illegal, low-skilled labor, and found almost none.

Much of the problem, he says, is that guest worker proposals circulating in Washington are "sending the signal that the supply of unskilled labor will continue" to be high. That has largely dissuaded government and industry from investing in research and development, he adds.

The Agriculture Department -- which helped pay for the tomato-harvest research at UC Davis -- ended all funding for mechanization in 1979 after unions representing agriculture workers sued the university for endangering their jobs.

Salinas's lettuce farmers began mechanizing a decade ago, using machinery with a broad blade to mow whole fields of young spinach. But the head lettuces pose a bigger challenge than greens, which are packaged whole and sold as "spring mix." Mr. Scaroni's romaine workers cut and core each head as they move through a field, slice off bruised leaves, rinse the core to prevent discoloration and toss the lettuce onto a conveyor belt, which deposits it into huge plastic-lined boxes.

Mr. Scaroni, 49 years old, needs 1,500 workers to meet his harvesting contracts in the summer season and 700 in the winter, when he moves his operation to the U.S.-Mexico border to work the lettuce crop there. Last year, he says, he began to worry that political pressures to cut illegal immigration would leave him without a work force. Federal law requires that he ask his workers for identification and U.S. work authorization, although he's not obliged to assess their authenticity, and the use of forged documents is widespread in the agriculture industry. Mr. Scaroni says that to the best of his knowledge he doesn't employ any illegal workers.

Under current law, there's almost no way for an unskilled worker to legally immigrate on a work visa. Meanwhile, Mr. Scaroni says, his longtime legal-immigrant workers are leaving the fields for skilled jobs in his company, or for higher-paying construction work.

Working with two engineers at a Salinas fabricating shop, Mr. Scaroni spent two months designing his lettuce harvester on a computer last winter and another four months building a prototype. This past summer, he moved his finished harvester into the fields.

The machine slices off the romaine heads a few inches above the ground and sweeps them onto an inclined conveyor belt. A driver maneuvers it through the field, and a half dozen workers sit on a platform at the top of the belt, trimming the lettuce before it is tipped into boxes.

The machine cuts human contact with the lettuce and is washed with chlorine nightly, making it potentially safer than hand-picked methods that could spread disease, he says. But the angle of the conveyor belt was too steep, and adjusting that flaw cost $50,000 and took the harvester out of service for two weeks. In addition, mechanization tends to bruise the lettuce.

Working without industry or university help, "we had no way to validate the design," sighed Mr. Scaroni.

Mr. Scaroni's machine reduces labor only 25% because much of the trimming and inspection that otherwise would be done in the fields has now been moved inside a processing plant. "Cutting the lettuce is easy," says Mr. Scaroni, but "someone's still got to put their eyes on it."

That problem stymies mechanization of other crops. With the development of new plant varieties, a lettuce field now matures uniformly, which means that laborers can harvest it in one pass.

But other crops mature progressively -- laborers now go through a cantaloupe field up to 10 times to cut produce as it ripens. Automating that harvest would require robots that can distinguish colors and leave green fruit behind. California citrus growers have a small robotics research project, says Jim Thompson, a UC-Davis agricultural engineer. But a prototype robot will cost $6 million, and without research grants, "they're not getting there very fast," he adds.

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Even where machine harvesters have been developed, the damage and bruising they cause excludes their use on fresh foods like apples, table grapes and salad tomatoes.

With an immigration bill far from passage, the Western Growers and some other farm groups have turned their attention to an upcoming farm bill. They want some of the money that now goes into grain subsidies to be used for fruit and vegetable research, including mechanization. But that bill is still at least a year away.

So Mr. Scaroni has begun shifting some of his operation to central Mexico -- and with it, some of the business he once gave to Salinas merchants. Consumers want lettuce, "and somebody's got to cut it," he says.

Write to June Kronholz at june.kronholz@wsj.com1

CONGRESS-ADMINISTRATION:

Senator Removes His Block On Federal Court Nominee (NYT)

By Neil A. Lewis

The New York Times, December 19, 2006

WASHINGTON, Dec. 18 — Senator Sam Brownback of Kansas, who blocked the confirmation of a woman to the federal bench because she attended a same-sex commitment ceremony for the daughter of her long-time neighbors, says he will now allow a vote on the nomination.

Mr. Brownback, a possible contender for the Republican presidential nomination in 2008, said in a recent interview that when the Senate returned in January, he would allow a vote on Janet Neff, a 61-year-old Michigan state judge, who was nominated to a Federal District Court seat.

Mr. Brownback, who has been criticized for blocking the nomination, said he would also no longer press a proposed solution he offered on Dec. 8 that garnered even more criticism: that he would remove his block if Judge Neff agreed to recuse herself from all cases involving same-sex unions.

In an interview last week, Mr. Brownback said that he still believed Judge Neff's behavior raised serious questions about her impartiality and that he was likely to vote against her. But he said he did not realize his proposal — asking a nominee to agree in advance to remove herself from deciding a whole category of cases — was so unusual as to be possibly unprecedented. Legal scholars said it raised constitutional questions of separation of powers for a senator to demand that a judge commit to behavior on the bench in exchange for a vote.

Mr. Brownback said that he believed Judge Neff's attendance at the 2002 ceremony merited further investigation, but that he had not meant to set any precedent with his proposal. "It was the last day of the session and I was just trying to provide some accommodation to see if we could make this thing go forward," he said.

He said that "this is a big hot-button issue" and that Judge Neff had not made it clear that her presence at the ceremony did not mean she could not rule without bias in deciding cases involving same-sex unions. "I'd like to know more factually about what took place," he said.

On Oct. 12, Judge Neff answered a long list of written questions from Mr. Brownback. In her letter, she said she would decide any cases that came before her according to the law and the Constitution and would not be guided by her personal views. That is the same pledge that several conservative Republican judicial nominees made when asked whether their blunt personal statements opposing abortion rights and same-sex marriages would affect their performance on the bench.

Mr. Brownback, a member of the Judiciary Committee who supported those other nominees, has tried to put himself forward as the Republican presidential contender who best represents the interests of the nation's conservative religious community.

In her letter, Judge Neff said she had attended the ceremony in Massachusetts as a guest, not as a presiding jurist. As the ceremony occurred before Massachusetts's highest court approved same-sex unions, it did not have any legal validity.

One of the women in the ceremony, Judge Neff wrote, was the daughter of a family who had lived next door for 26 years. She said the families were so close that the woman was, in effect, a part of her family and was like a big sister to her own

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daughters. She said that she had delivered a homily at the ceremony and that "it was no different than being asked by my own daughters to be part of an important event in their lives."

Charles Fried, a Harvard Law School professor and leading conservative scholar, said Mr. Brownback's actions were improper. "First of all, people go to parties for all sorts of reasons," Professor Fried said, and how one would rule on a case should not be inferred from that private activity.

Further, he said, "It would be inappropriate for the judge to recuse herself from any such case because it is a judge's duty to sit on cases" unless there is a clear conflict of interest. There would be a genuine conflict of interest, he said, if the judge had a financial interest in a case's result or had been associated with one of the parties in the case.

"For her to agree to any such restriction in this case would be wrong," said Professor Fried, who has been both a judge and the solicitor general of the United States.

Judge Neff's nomination was included in a package of more than a dozen nominees whose confirmation had been agreed upon by both Democrats and Republicans. Mr. Brownback's objections held up the whole roster of nominees.

Mr. Brownback said that when Judge Neff was renominated in January, he would insist only that the nomination not be approved in a voice vote, but one in which each senator is obliged to record a personal vote.

Outsourcing Ethics (WSJ)

The Wall Street Journal, December 19, 2006

Congressional mores could certainly use an upgrade, but it pays to beware of reformers promising to clean up politics by letting someone else do the dirty work. Exhibit A is the strange new enthusiasm for an "independent" office of public integrity for Congress.

One warning sign is that the proposal is being marketed by the same folks who gave us "independent counsels" such as Lawrence Walsh and Ken Starr for the executive branch, as well as the glories of "campaign finance reform." Instead of the current practice of having complaints against Members vetted by the House and Senate Ethics Committees, the idea is to create a new outside body to do the work for Congress. To her credit, Speaker-to-be Nancy Pelosi hasn't let the browbeating by the usual goo-goo editorial pages intimidate her, and has suggested a task force to study the idea.

A better name for such an "independent" ethics body would be the office of public buck-passing, because it would allow Congress to spare itself the heavy political lifting of judging colleagues. Handing over that duty to outsiders would make Congress less politically accountable, not more, while creating a whole new set of political problems and disputes.

Supporters argue that only an outsider can hold Congress accountable because the Members won't discipline their colleagues. And true enough, sometimes Members don't. We can recall that long before Tom DeLay tried to stack the House Ethics Committee in 2005, Democrats slow-rolled the investigation into then-Speaker Jim Wright in the early 1990s. The Senate also tried to protect its own amid the Keating Five scandal of the 1980s, until Democrat Henry Gonzalez blew the whistle by holding public hearings.

But all three episodes created the opportunity for political opponents to turn ethics into a fruitful campaign issue. In the most recent case, as many as 10 Republicans who lost their seats last month did so in part because of ethics or corruption complaints. Losing a Congressional majority is the ultimate accountability moment, and it was just administered by a genuine group of "independent" outsiders" -- namely, the voters.

Meanwhile, the Justice Department is still around and doing its job of probing public corruption. Duke Cunningham is already in jail and Bob Ney seems headed there. Jack Abramoff is also sitting in a federal prison, doing penance for his bribery schemes. Several other Congressmen are under investigation, including Democrats William Jefferson (Louisiana) and Alan Mollohan (West Virginia). The voters just returned the latter duo to Washington, in part because the GOP was under greater public scrutiny this time around. But in the new Congress, Democrats will have to show if they can do better than the GOP at disciplining their own.

By outsourcing ethical oversight, the Democrats would let themselves off the hook. They'd also be creating the potential for politicizing ethics without accountability because it is a fantasy to believe that any outside investigator or panel will be without political baggage. That's what reformers also said about "independent counsels" in the executive branch. Anyone who takes the

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job will himself be subject to political and media pressure, and will inevitably be accused of partisan motives. He'd also be accountable to no one for his decisions, however wise or foolish they might be. At least the Members of the Ethics Committee are accountable first to their colleagues and ultimately to the voters.

Another reason Members find this kind of "independent" ethical dodge so attractive is because it deflects attention from their own bad habits. The source of much recent corruption in Congress has been the proliferation of spending "earmarks," or special favors for friends or political allies. Duke Cunningham went to jail for trading them for personal financial gain; others may follow. But reducing earmarks, or making them more transparent to the press and public, would reduce Member clout. It is so much easier to call for an "office of public integrity" and hope the press corps forgets all that earmarking stuff.

Like campaign finance reform, the proposal to outsource ethics oversight is about the appearance of virtue. It would let the Members pretend to come clean while lifting the burden of actually enforcing their own standards of conduct.

Incoming Senate Powerhouse: Time To Rev Up FOI Laws (EDPUB)

By Mark Fitzgerald

Editor & Publisher, December 18, 2006

CHICAGO The senator who will oversee the powerful Judiciary Committee as a Democratic majority takes the chamber next month says strengthening open government and citizen privacy laws will be its priority.

In a little-noticed speech last week at Georgetown University Law Center, U.S. Sen. Patrick Leahy (D-Vt.) lamented the recent congressional acquiescence to the Bush administration's secrecy, and promised to restore the constitutional balance between the executive and legislative branches of government.

"Unfortunately, open, informed government has been under assault by the first administration in modern times that is explicitly hostile to the public's right to know," Leahy said. "By using ideology to trump science, gagging government scientists and experts, reclassifying public documents and undermining important tools like [the Freedom Of Information Act], this government has displayed a dangerous disdain for the free press and the public."

He said he will work to strengthen open-government laws, and to provide more congressional oversight of the White House.

"Congress has a solemn duty to protect the rights of the American people and to perform meaningful oversight to make sure the laws are followed," Leahy said. "Real oversight makes government more accountable and more effective in keeping us safe."

Leahy charged that the Bush administration "has rolled back open government laws and systematically eroded Americans' privacy rights," while "brazenly" refusing to answer "the legitimate oversight questions of the public's duly elected representatives."

Congressional oversight of the FBI and the Department of Justice "will again be one of my highest priorities when I take the gavel once more as chairman of the Senate Judiciary Committee," Leahy said. He said that under his previous chairmanship of the committee, oversight was a bipartisan affair, and that he expected to revive that tradition in the incoming Congress.

"I came to the Senate during the ebb tide of Watergate and Vietnam," Leahy said. "In my 32 years since then in the Senate, I have never seen a Congress so willfully derelict in its duties as during this Administration. This has been an unfortunate chapter in Congress's history, a time when our Constitution was under assault, when our legal and human rights were weakened, when our privacy and other freedoms were eroded. This election was an intervention. The American people rose up to take away Congress's rubber stamp, and to demand a new direction with more accountability."

The Bush administration, Leahy added, has done "real damage ... to our system of government" in the last few years.

Leahy's speech was first reported by the alternative Burlington (Vt.) Free Press, which put the complete text on its Web site.

Leahy called for new privacy laws to preserve rights at a time when, he said, the Bush administration is spawning new databases but refusing to explain what they are and why they have been created.

"Privacy rights belong to the people, not to the government," he said. Bush White House officials "need to stop treating the privacy of ordinary Americans as an expendable commodity."

Leahy suggested he would revive legislation first proposed two years ago by him and Sen. Arlen Specter (R-Pa.) that establishes stronger penalties for identity theft.

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Another priority will be oversight of the billions in development aid sent to Iraq. "Rarely if ever has so much money been funneled so fast to so many unsupervised contractors, with so few safeguards," Leahy said, noting that many Iraqis go without basic services while watching "billions of dollars being siphoned off by unsupervised contractors."

He said he intends to revive the blocked "War Profiteering Prevention Act" to make easier prosecution for abuse and waste of aid.

Leahy also said he plans to establish a new "Human Rights and the Law Subcommittee" that would focus attention on protecting human rights worldwide, and on curbing American violations.

OTHER NEWS:

The Smoky Bomb Threat (NYT)

By Peter D. Zimmerman

New York Times, December 19, 2006

London

THE exotic murder-by-polonium of the former K.G.B. spy Alexander Litvinenko has embroiled Russia, Britain and Germany in a diplomatic scuffle and a hunt for more traces of the lethal substance. But it also throws into question most of the previous analyses of "dirty bombs," terrorist attacks using radioactive isotopes wrapped in explosives (or using other dispersion techniques) to spread radioactive material in crowded areas.

Essentially all analysts, myself included, played down the possibility of using alpha radiation — fast-moving helium nuclei ejected during the radioactive decay of certain isotopes, such as of polonium 210, the substance that killed Mr. Litvinenko — as a source of dirty bombs. We concentrated instead on isotopes that emit penetrating gamma rays, which are basically super-powered packets of light, hard to shield and effective at a yard or more.

The alpha radiation from polonium can be easily shielded — by a layer of aluminum foil, a sheet or two of paper, or the dead outer layer of skin. And so, the reasoning went, alpha radiation could not hurt you as long as the source stayed outside your body. Exactly. Mr. Litvinenko was apparently killed by polonium that he ate or drank or inhaled. That source was so physically small that it was hard to see, perhaps the size of a couple of grains of salt and weighing just a few millionths of a gram.

Dirty bombs based on gamma emitters, analysts have learned, can't kill very many people. Mr. Litvinenko's death tells us that "smoky bombs" based on alpha emitters very well could.

Polonium 210 is surprisingly common. It is used by industry in devices that eliminate static electricity, in low-powered brushes used to ionize the air next to photographic film so dust can be swept off easily, and in quite large machines placed end-to-end across a web of fabric moving over rollers in a textile mill. It is even used to control dust in clean rooms where computer chips and hard drives are made.

It may be difficult to get people to eat polonium; it isn't hard to force them to breathe it. The problem for a radiological terrorist is to get his "hot" material inside people's bodies where it will do the most harm. If the terrorist can solve that problem, then alpha radiation is the most devastating choice he can make. Precisely because alphas emit their nuclei so quickly, they deposit all of their energy in a relatively small number of cells, killing them or causing them to mutate, increasing the long-term risk of cancer.

The terrorist's solution lies in getting very finely divided polonium into the air where people can breathe it. Without giving away any information damaging to national security, I see several fairly simple ways to accomplish this: burn the material, blow it up, dissolve it in a lot of water or pulverize it to a size so small that the particles can float in the air and lodge in the lungs.

It would be unwise for me to dwell on the details of just how one goes about getting a hot enough fire or breaking polonium into extremely fine "dust." In the end, however, the radioactive material will appear like the dust from an explosion, or the smoke from a fire. My point is to demonstrate the urgent need for new thinking in the regulatory arena, not to give away important information.

Air containing such radioactive debris would appear smoky or dusty, and be dangerous to breathe. A few breaths might easily be enough to sicken a victim, and in some cases to kill. A smoky bomb exploded in a packed arena or on a crowded street

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could kill dozens or hundreds. It would set off a radiological emergency of a kind not seen before in the United States, and the number of people requiring life support or palliative care until death would overwhelm the number of beds now available for treating victims of radiation. First responders dashing unprotected into the cloud from a smoky bomb might be among the worst wounded. Fire and police departments around the country will need alpha radiation detectors, since the counters they carry now cannot see alphas.

Some of the steps involved with making a good smoky bomb from polonium would be dangerous for the terrorists involved, and might cost them their lives. That, unfortunately, no longer seems like a very high barrier.

What can we do to stop them? We must make it far less easy for them to acquiring polonium in deadly amounts. Polonium sources with about 10 percent of a lethal dose are readily available — even in a product sold on Amazon.com. Only modest restraints inhibit purchase of significantly larger amounts of polonium: as of next year, anyone purchasing more than 16 curies of polonium 210 — enough to make up 5,000 lethal doses — must register it with a tracking system run by the Nuclear Regulatory Commission. But this is vastly too high — almost no purchases on that scale are made by any industry.

The commission (and the International Atomic Energy Agency as well) is said to be considering tighter regulations to make a repeat of the Litvinenko affair less probable. There is talk that it might tighten the polonium reporting requirement by a factor of 10, to 1.6 curies. That's better, but still not strict enough.

The biggest problem is that the regulatory commission's regulations do not restrict the quantity of polonium used in industry. This may make it quite easy for terrorists to purchase large amounts of one of the earth's deadliest substances. A near-term goal should to require specific licensing of any person or company seeking to purchase alpha sources stronger than one millicurie, about a third of a lethal dose. A longer-term goal ought to be eliminating nearly all use of polonium in industry through other technologies.

That is a technical challenge and would cost some money, but it would certainly be less expensive than coping with the devastation of a smoky bomb.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 19, 2006 7:45 AM EST

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TERRORISM NEWS:

Prosecutors Drop A.C.L.U. Subpoena In Document Fight (NYT)

By Adam Liptak
The New York Times, December 19, 2006

Federal prosecutors in New York yesterday withdrew a subpoena to the American Civil Liberties Union that had sought to retrieve all copies of a classified document.

In an opaque and defensive four-page letter to the judge in the case, the prosecutors said they were acting "in light of changed circumstances" and their determination that "the grand jury can obtain the evidence necessary to its investigation from other sources."

Another factor may have played a role. A transcript of a closed hearing in the case that was unsealed yesterday suggested the government was going to lose.

Anthony D. Romero, the A.C.L.U.'s executive director, sounded jubilant in describing the development. "The government blinked in this standoff," Mr. Romero said. The subpoena was unusual in that it sought not only to gather evidence but also to confiscate all tangible traces of the information in the document, apparently with the goal of preventing its distribution.

The document itself, declassified Friday and released by the A.C.L.U. yesterday, was not obviously confidential. An "information paper" dated Dec. 20, 2005, it was marked "secret" at the top and bottom of each of its four pages. The A.C.L.U. said it received the document in an unsolicited e-mail message in October.

The document collected a number of policies concerning photographs of enemy prisoners of war. Journalists, the document said, "are generally permitted, and to some extent even encouraged, to photograph" prisoners "from point-of-capture throughout the entire detainment process," though they are discouraged from showing recognizable faces.

The document was dated almost two years after photographs of abuse at the Abu Ghraib prison in Iraq were first made public and during the debate over the Detainee Treatment Act, which included an amendment introduced by Senator John McCain prohibiting the cruel, inhumane or degrading treatment of detainees. President Bush signed the bill 10 days later.

A lawyer for the A.C.L.U. said that the document was potentially embarrassing, but that its release hardly endangered the national defense.

"If you read between the lines," said the lawyer, Charles S. Sims, a First Amendment specialist at Proskauer Rose, "what it really says is that we want to exploit group photos of detainees." The implicit instruction in the document, he said, was this: "If pictures of detainees can help sell the war, go for it."

The effort to retrieve all copies of the document was a novel and, according to many legal experts, improper use of a grand jury subpoena. The subpoena cited a provision of the espionage laws that requires people in possession of some sorts of national security information to return it to the government if asked. But the A.C.L.U. said that the document at issue did not qualify and that, in any event, a subpoena was the wrong way to enforce the law.

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In a transcript of a closed hearing in the case on Dec. 11 that was unsealed yesterday, Judge Jed S. Rakoff of Federal District Court in Manhattan seemed to indicate grave reservations about the tactic.

"What's the authority for saying that a subpoenaed party can't keep a copy of any document that they produced to the grand jury?" Judge Rakoff asked Jennifer G. Rodgers, an assistant United States attorney. Ms. Rodgers did not provide a direct answer, and yesterday's letter withdrawing the subpoena did not address the question.

Later in the hearing, Judge Rakoff compared the situation to the Nixon administration's effort to stop The New York Times and The Washington Post from publishing a secret history of the Vietnam War.

"There seems to be a huge difference," Judge Rakoff said, "between investigating a wrongful leak of a classified document and demanding back all copies of it, and I'm old enough to remember a case called the Pentagon Papers."

In yesterday's letter, Ms. Rodgers suggested that the A.C.L.U. had set up the government, creating a fight that could have been resolved informally.

"The government has attempted to pursue its investigation and its request for the document at issue in as amicable, cooperative and unobtrusive a manner as possible," she wrote. The A.C.L.U. filed a motion to quash the subpoena, she wrote, even though "the matter might be something the parties could negotiate without litigation, which always remained the government's strong preference."

In an interview, Mr. Sims said of Ms. Rodgers's letter, "Virtually every factoid in that presentation is entirely false."

Judge Rakoff, too, in last week's argument, appeared unconvinced by the government's contention that it thought the matter could have been resolved short of litigation.

"It's not easy to believe," Judge Rakoff said, "that the A.C.L.U., despite its history, would be cooperative. Well, hope springs eternal."

Mr. Romero, the A.C.L.U.'s executive director, said the case would have a lasting impact. "It certainly helps the press and whistle-blowers to resist the strong-arm efforts of the government," he said.

For ACLU, A Victory In Standoff With U.S. (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, December 19, 2006

Federal prosecutors yesterday dropped their demand that the American Civil Liberties Union turn over all copies of a "secret" document the organization had obtained, after the government was roundly criticized for using a grand jury subpoena in an attempt to seize the material.

The government's unprecedented legal move demanded "any and all copies of the document" in an apparent attempt to keep the ACLU from using the information. It was part of a broader grand jury investigation into leaks of classified information that, in this case, included the Army directive about photographing enemy prisoners, federal prosecutors confirmed yesterday.

The ACLU hailed the government's retreat as a victory. "This was a legal standoff with enormous implications for free speech and the public's right to know, and today the government blinked," said ACLU Executive Director Anthony D. Romero. "The Bush administration's attempt to suppress information using the grand jury process was truly chilling and is unprecedented in law and in our history as an organization."

But the Justice Department said, in effect, that the ACLU had instigated the fight and had told the government that filing the subpoena would be the first step toward the ACLU turning over the document.

In a letter to U.S. District Judge Jed S. Rakoff of New York, prosecutors said the government issued the demand based on "what it believed to be the ACLU's representation, through counsel, that the ACLU was requesting a subpoena in lieu of voluntary cooperation."

Justice Department spokesman Brian Roehrkasse said the department had tried to handle the matter in a way that was as "amicable, cooperative and as unobtrusively as possible."

Charles S. Sims, who represented the ACLU in the case, called the government's contention "the most preposterous thing I've ever heard." He said it's "inconceivable" an ACLU lawyer would have ever requested the broad subpoena that the government issued.

The government's demand for "any and all copies of the documents" drew the ire of civil libertarians and newspaper editorial boards, which said federal prosecutors were going far beyond established precedents and were trying to suppress information rather than investigating who leaked the document.

The 3 1/2 -page document, which the ACLU had maintained would be only "mildly embarrassing" to the government, was an "information paper" prepared by a judge advocate for the 101st Airborne Division. It told soldiers not to photograph enemy prisoners of war and detainees.

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The document is dated Dec. 20, 2005, more than a year after the military was scandalized by photos of prisoner abuse at Abu Ghraib in Iraq.

Romero said the documents "raise the question of whether the guidelines were in place prior to the Abu Ghraib scandal and if not, why it took more than a year after the scandal to issue a policy."

ACLU lawyer Sims said there was nothing in the document that ever should have been classified, and was indicative of the Bush administration's tendency toward secrecy.

A transcript of last week's closed hearing on the issue, unsealed yesterday, shows Rakoff skeptical of the government's use of a grand jury subpoena.

He said there is a "huge difference between investigating a wrongful leak of a classified document and demanding back all copies of it." He added that he was "old enough to remember a case called the Pentagon Papers," the Supreme Court decision that concerned prior restraint of publication of leaked government documents.

Staff writer Dan Eggen contributed to this report.

Govt. Cedes In ACLU Fight Over Document (HC/AP)

By Larry Neumeister Associated Press Writer, The Associated Press

Houston Chronicle, December 19, 2006

NEW YORK — After demanding that the American Civil Liberties Union turn over a classified document it had been given and prove it had destroyed every copy of it, the government agreed Monday to make the document about photographs of detainees public.

The document _ marked "secret" in bold but small print on the top of its first page _ described when and how the military Public Affairs Office permits the media to photograph enemy prisoners of war and detainees in Iraq. It was dated more than a year after the release of pictures of American soldiers tormenting Iraqi detainees at Abu Ghraib prison in Iraq.

"We were in a standoff, and the government blinked," said ACLU Executive Director Anthony D. Romero.

The civil rights group has said that it was handed a grand jury subpoena from the U.S. attorney's office in Manhattan on Nov. 20, nearly a month after the ACLU received the document unsolicited and soon after it refused to comply with a prosecutor's demands to turn it over.

The ACLU fought the request, claiming the government's move was an attempt to discourage scrutiny.

The document says that the news media and the Public Affairs Office are permitted to photograph prisoners and detainees as long as the photography cannot be interpreted as holding the subjects of the photographs "up to public curiosity." It also says U.S. soldiers were prohibited from photographing prisoners and detainees unless that was required as part of a photographer's official duties.

It was declassified Friday, said U.S. Attorney Jennifer G. Rodgers.

In a letter Monday to U.S. District Judge Jed. S. Rakoff, she asked for the subpoena to be withdrawn "in light of changed circumstances," including that the grand jury can get the information it needs elsewhere. She said the subpoena was issued only after the ACLU's attorneys asked for it to establish a "process" for handing over the papers.

U.S. District Judge Jed S. Rakoff said that going forward all court filings in the matter will be "presumptively public" unless he orders otherwise.

Romero said the document was "at best mildly embarrassing" because it might indicate that the government had waited a long time after the Abu Ghraib scandal to strengthen its photography guidelines.

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Associated Press writer Lara Jakes Jordan in Washington contributed to this report.

Justice Department Heads Off Legal Battle With ACLU (NYSUN)

By Josh Gerstein

New York Sun, December 19, 2006

The Justice Department has headed off a First Amendment battle with the American Civil Liberties Union by dropping a grand jury subpoena demanding that the group turn over all copies of a document the government said was classified.

The government also declassified the disputed document, which had been marked "secret" but turned out to be a seemingly innocuous directive relating to photography of battlefield detainees by the press and military personnel.

"It has nothing to do with national defense. It's media policy," an attorney representing the ACLU, Charles Sims, said in an interview. The four-page document, which the ACLU said it received unsolicited via e-mail in October, appears to have been drafted by military lawyers at the 101st Airborne Division in Fort Campbell, Ky.

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Mr. Sims speculated that the memorandum was classified because it indicates that service members are generally banned from photographing detainees, but under some circumstances members of the press are encouraged to photograph those who have been captured. "The fact they are using detainees as a media opportunity to plug the war is embarrassing and shameful," he said.

After the government subpoenaed "any and all copies" of the document last month, the ACLU filed a motion to quash in federal court. The group argued that a grand jury subpoena was an improper vehicle to, in essence, erase records from the ACLU's files.

The government's decision to relent may have been influenced by comments the judge assigned to the case, Jed Rakoff, made at a hearing last week. "There seems to be a huge difference between investigating a wrongful leak of a classified document and demanding back all copies of it," the judge said, according to a transcript unsealed yesterday. "I'm old enough to remember a case called the Pentagon Papers."

A federal prosecutor, Jennifer Rodgers, said the subpoena was a valid way to investigate what was done or might be done with the document.

"If we were to receive from them in compliance with the subpoena, 1,000 photocopies of this classified document that they had in their possession, then it's possible that that would change the focus of the grand jury investigation to look at what they were planning to do with these documents," she told the judge. In earlier discussions, the prosecutor said the ACLU was not a target of the grand jury but could be violating the Espionage Act or a law that protects so-called communications intelligence.

In a letter to the court yesterday, Ms. Rodgers suggested that the ACLU was eager to turn the dispute into a court fight and filed the legal motion even though she was willing to extend the deadline on the subpoena while the two sides negotiated. The prosecutor also indicated that an attorney for the ACLU indicated that officials at the group disagreed on whether to challenge the subpoena.

Ms. Rodgers did not indicate how the detainee photography policy came to be stamped "secret." She said an investigation is ongoing into "improper dissemination of classified and sensitive documents from a government agency," which she did not identify.

Secrecy And Common Sense (WP)

The Washington Post, December 19, 2006

THE GOVERNMENT has wisely backed down from its effort to misuse its subpoena power to force the American Civil Liberties Union to turn over a classified document. The subpoena has been withdrawn and the document released. It turns out to have been an entirely innocuous memo outlining rules about photographing prisoners of war and detainees in Iraq. And that leaves two questions: Why in the world was this document classified in the first place? And why in the world did the government take the unprecedented step of using the grand jury process to try to retrieve "any and all copies" of the memo?

It's commonly accepted that overclassification is rampant, but even so it's hard to make sense of this one. What in this document could justify its previous classification as secret -- meaning, supposedly, that its release could cause "serious damage" to the national security? This episode ought to trigger a reassessment of the reflexive impulse to classify.

Similarly, the notion that federal prosecutors took the extraordinary step of issuing a subpoena to the ACLU to have the document returned raises serious questions of judgment. Either they didn't take the time to examine the document and to question Defense Department personnel about its contents, in which case they were negligent, or they looked at the memo and decided, despite its inoffensive contents, to use their subpoena power to go after it, in which case they were bullying and insensitive to constitutional concerns.

An excessive zeal for secrecy works against the kind of public debate essential in a democracy, but it also works against government's legitimate interest in keeping secrets. Authorities are less likely to be taken seriously in cases where the national security really might be harmed if they are willing to abuse the grand jury process, as in this case, even to conceal a routine memorandum.

Mental Exam Ordered For Terror Suspect (AP)

By Curt Anderson

AP, December 19, 2006

A federal judge ordered a mental exam Monday to determine whether Jose Padilla — charged with being part of a support cell for Islamic extremists around the world — is competent for trial.

A psychiatrist and a psychologist hired by Padilla's attorneys concluded he is suffering from post-traumatic stress disorder and other mental problems stemming largely from his 3 1/2 years in solitary confinement at a Navy brig in Charleston, S.C.

Prosecutors agreed a court-ordered evaluation was necessary.

Padilla, a 36-year-old U.S. citizen accused of being an al-Qaida operative, claims he was tortured in Defense Department custody, a charge repeatedly denied by prosecutors and Pentagon officials. Padilla's lawyers have asked the judge to dismiss the charges against him because of "outrageous government conduct" during his time in the brig.

Padilla and co-defendants Adham Amin Hassoun and Kifah Wael Jayyousi have pleaded not guilty to conspiracy and material support charges. The most serious charge carries up to 15 years in prison.

Padilla was added to the case late last year amid a legal battle over President Bush's authority to hold him without charge as an enemy combatant. Padilla was originally arrested in 2002 on suspicion of plotting a radioactive "dirty bomb" attack inside the U.S., but the Miami charges do not mention that.

Trial is set for Jan. 22.

Testing Of Anthrax Vaccine Still On Hold (WP)

By Renae Merle

The Washington Post, December 19, 2006

VaxGen said yesterday that it did not meet a federal deadline to begin human testing of its anthrax vaccine.

The Food and Drug Administration has put the clinical trial on hold since November. The Department of Health and Human Services had given the company until yesterday to begin testing or risk losing its contract but didn't say what action it would take.

The FDA continues to have concerns about the vaccine's reliability, according to a company statement. The hold will remain until "sufficient vaccine stability" has been demonstrated, the statement said.

"I don't think we're in a position to make predictions on how long this will take," said Lance Ignon, VaxGen's vice president of corporate affairs. "We continue to believe that with the right kind of commitment, we can develop and deliver a modern anthrax vaccine."

HHS spokesman Bill Hall said no decisions have been made about the contract's fate.

After a recent meeting, the FDA indicated it was interested in having technical discussions with VaxGen about its proposed methods for measuring the vaccine's potency and stability, Ignon said. "We felt that the conversation with the FDA was very productive," he said.

The company's $1 billion vaccine effort, already years behind schedule, is by far the largest component of the Bush administration's Project BioShield, a $5.6 billion plan to counter bioterrorism threats. The project has been marked by delays and operational problems. Congress passed legislation this month to revamp and salvage the BioShield effort, reorganizing its management and providing struggling companies with periodic cash infusions for their research and testing.

But Ignon said the legislation will not address the breakdown in communication that has festered between VaxGen and HHS. "We have repeatedly tried to engage them in what we feel would be productive conversation" about the future of the program, he said. He declined to give specific examples of the proposals the company wants to address.

Hall said that while HHS is not privy to many of VaxGen's conversations with the FDA, there is a formal process in place. "Our contracting staff has regular communication with VaxGen as we do with any company with which we hold a contract," he said.

The contract calls for VaxGen to produce enough of the vaccine for 25 million people, roughly the equivalent of the population in the New York and Washington areas combined.

White House Accused Of Censorship (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, December 19, 2006

A former CIA analyst says the agency was told to cut parts of his op-ed column.

WASHINGTON — A former National Security Council official said Monday that the White House tried to silence his criticism of its Middle East policies by ordering the CIA to censor an op-ed column he wrote.

Flynt Leverett, a former senior director for Middle East affairs at the National Security Council, or NSC, and a former CIA analyst, said the White House told a CIA censor board to excise parts of a 1,000-word commentary on U.S. policy toward Iran that he had offered to the New York Times.

Leverett, who has criticized the administration for failing to deal directly with Tehran, said the board wanted to remove references to prior U.S. contacts with Iran.

Leverett said the events he wrote about were widely known.

He said the agency's action "was fabricated to silence an established critic of the administration's foreign policy incompetence at a moment when the White House is working hard to fend off political pressure to take a different approach."

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Leverett said that in discussing the case with a CIA official, he was told that "the White House has equities" in the issue, meaning it was concerned about potentially classified material.

Speaking to reporters Monday, Leverett speculated that senior NSC officials, such as deputy national security advisors Elliott Abrams or Meghan L. O'Sullivan, had authorized their subordinates to intervene.

But U.S. officials said the move was taken by lower-level staff members at the CIA and NSC. "There was nothing political here," a White House official said, addressing Leverett's claims.

Tom Crispell, a CIA spokesman, said the agency's review of Leverett's column remained an open case.

He said that in such cases, the writer and the agency can come to an agreement on language that will convey what the writer wants without compromising sensitive material.

Sometimes this can be accomplished by quoting the public comments of officials. "More often than not the issues are worked out," Crispell said.

Leverett said there were two key paragraphs that the CIA board wanted to cut. The first was about U.S. cooperation with Iran concerning Afghanistan about the time of the Sept. 11 attacks in 2001.

The second dealt with an offer by Iran to the United States in early 2003 to discuss the possibility of a "grand bargain" that would settle several disputes between the two countries.

He said both episodes had been publicly discussed by former Secretary of State Colin L. Powell and his former deputy, Richard L. Armitage.

"There is no basis for claiming that these issues are classified and not already in the public domain," he said.

Leverett, who worked at the NSC during President Bush's first term and is now with the New America Foundation, a liberal-leaning think tank, said he had written a lot about Iran and had spoken often about the Middle East since leaving government.

Like other former CIA employees, he is required to submit manuscripts for articles, books and speeches to the agency for review. Until last week, the CIA's review board "had never sought to remove or change a single word in any of my drafts."

He said his op-ed column was distilled from a much longer article that had not been challenged by the agency.

Leverett said the United States lost a promising opportunity to resolve its issues with Iran in 2003, when Tehran made its overture.

He said any deal that Washington made now would be on less favorable terms, because Iran had gained strength in the region and the United States was tied down in Iraq.

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Critic Accuses Bush Of Silencing Dissent (FT)

By Guy Dinmore

Financial Times, December 19, 2006

A former senior Bush administration official who has been outspoken in his criticism of US foreign policy accused the White House on Monday of trying to silence him by censoring an article he co-authored that advocated broad engagement with Iran.

Flynt Leverett, a former CIA analyst and director in the national security council, said the White House had threatened him with criminal prosecution if he went ahead and published an opinion piece prepared for the New York Times.

Mr Leverett, an analyst at the New America Foundation, a Washington think-tank, accused the White House of using the pretext of protecting classified information to limit dissent from someone highly critical of its Iran policy.

His allegations come at a particularly sensitive time for the White House, which is under intense pressure to change its whole Middle East strategy following publication of the report of the bipartisan Iraq Study Group.

Mr Leverett told a news conference that the CIA had already cleared the piece in question, which he was required to submit as a former analyst. He said the White House then intervened and excised material that he had already -published in a recent paper for the Century Foundation, a New York think-tank, and had either been stated in public by US officials or reported by the media.

The offending segments, he said, dealt with Iran's assistance to the US in ousting the Taliban in 2001 and then helping set up a new Afghan government, and an offer Iran made to the US in 2003 – first reported by the Financial Times – to talk about a "grand bargain" that the Bush administration quickly rejected.

Tony Snow, the White House spokesman, said he knew nothing about the case but denied the administration would "falsely silence critics on national security claims".

The White House later confirmed it had suggested deletions to the article because it contained classified information, and then returned the piece to the CIA publications review board.

Speaking at a news conference, Mr Leverett accused his former CIA colleagues of being "spineless" in the face of political pressure. He said the CIA review board told him there was nothing of a classified nature in the article but that they had to bow to the White House.

"This is the state of our intelligence community six years into the Bush administration," he said. He co-authored the piece with his wife, Hillary Mann, also a former official.

Analysts said Mr Leverett was not the only critic to have attracted the administration's disapproval and that the CIA had tightened up its pre-publication review procedures and threatened other former officials with punishment for stating what was already on public record.

HOMELAND RESPONSE:

Inquiry Falters On Civilians Accused Of Detainee Abuse (NYT)

By David Johnston

The New York Times, December 19, 2006

WASHINGTON, Dec. 18 — A Justice Department team responsible for investigating accusations that civilian government employees had abused detainees has decided against prosecution in most of the nearly 20 cases referred in the last two years by the Pentagon and the Central Intelligence Agency, said lawyers who have been officially briefed on the effort.

The prosecution team, which was established in June 2004 at the United States attorney's office in Alexandria, Va., has not brought a single indictment and has been plagued by problems.

The team has been unable to collect forensic evidence or find witnesses needed to bring indictments out of war-ravaged areas of Iraq and Afghanistan. In some cases, the unit has been stymied by the absence of facts in the referrals, the lawyers said. A few investigations remain open, although the lawyers declined to be specific about how many cases fell in that category.

The team was set up in the aftermath of the uproar over abuses at the Abu Ghraib prison in Iraq; it was to investigate accusations that detainees had been mistreated by civilian personnel. Civilians have worked in large numbers in Afghanistan and Iraq, among them C.I.A. officers, Americans hired by companies under contract with the military as interrogators and translators, and local residents temporarily employed as support workers.

The military justice system, meanwhile, has won convictions against a number of soldiers in cases from Abu Ghraib and elsewhere in Iraq and Afghanistan. In some cases, the Justice Department has declined to prosecute in cases involving the same events in which military lawyers have brought charges against members of the armed services.

Lawyers who have been briefed on the work of the Justice Department unit, initially made up of six federal prosecutors, said problems with evidence and the fragmentary nature of some of the accusations had proved so daunting that prosecutors never even reached the point of grappling with difficult legal issues involving permissive interrogation guidelines. These guidelines, most of them based on Justice Department legal opinions, granted government officials the authority to use harsh tactics in questioning detainees.

In one case, Justice Department prosecutors investigated an accusation that a civilian translator working under a contract with the military had sexually assaulted a detainee at Abu Ghraib prison. But when investigators arrived in Iraq, the detainee and witnesses had been released in Baghdad and could not be found.

In another case, a referral cited abusive conduct by a government employee but did not include the names of witnesses or victims or where they lived. In other cases, investigators began their inquiries long after the alleged crimes occurred, when any forensic evidence a crime scene might have provided had been lost.

One of the investigations that remains open involves the November 2003 death of Manadel al-Jamadi, who died at Abu Ghraib after a brutal interrogation in one of the most widely publicized abuse cases in Iraq. Mr. Jamadi was in the custody of a C.I.A. officer and a contract interpreter at the time of his death, although he had first been captured by a team of Navy Seals.

Justice Department prosecutors who reviewed the case advised superiors that neither of the civilians could be charged. They concluded that Mr. Jamadi probably sustained severe injuries when he was in military custody before he was turned over to the intelligence agency and that therefore the civilians could not be prosecuted for his death. Frank Spinner, who represented some of the Navy Seals who have faced disciplinary proceedings, denied that military personnel were responsible for Mr. Jamadi's death. "He walked into Abu Ghraib, into the custody of the C.I.A.," Mr. Spinner said.

Justice Department officials have never publicly disclosed that the prosecution team had terminated most of its cases or that it encountered serious evidentiary problems — an assertion likely to be met with skepticism by lawmakers and human rights activists who have been critical of the department's unwillingness to discuss the abuse cases.

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In a letter sent Monday to Attorney General Alberto R. Gonzales, Senator Richard J. Durbin, Democrat of Illinois and a member of the Judiciary Committee, urged the Justice Department to be more forthcoming.

"Providing more public information about the Justice Department's handling of detainee abuse cases would be an important step in restoring the confidence of the American people in their government and would send a powerful message to the rest of the world about the role of the rule of law in American society," Mr. Durbin's letter said.

Hina Shamsi, senior counsel at Human Rights First, a group based in New York, said: "Secrecy itself invites abuse. Investigations shrouded in secrecy invite immunity for abuse. Congress needs to take a hard look at what happened, and why, and how to keep the agency accountable."

Spokesmen for the Pentagon and the C.I.A. declined to comment on specifics of the referrals, but both said their agencies took seriously accusations of detainee abuse. The C.I.A. has been advised that most of the cases have been closed, an intelligence official said. The referrals had stirred resentment within the agency, where some officers believed the actions of agency personnel did not warrant criminal investigation.

James Rybicki, a spokesman for the United States attorney's office in Alexandria, declined to comment on the details of the cases or their status. "This office continues the independent investigation of the cases referred to us," Mr. Rybicki said. "Because our review is ongoing, however, we cannot make any further comment at this time."

In a letter earlier this year responding to questions posed by Mr. Durbin, the Justice Department said the prosecution unit had received 19 separate accusations of abuse in Iraq and Afghanistan. Eleven referrals of possible wrongdoing came from the Pentagon, and eight from an unspecified agency later identified as the Central Intelligence Agency. The Department reported that it had dropped two of the cases on grounds of insufficient evidence.

Although the team has brought no charges, one civilian case has been prosecuted by federal prosecutors in North Carolina, resulting in a felony assault conviction against David A. Passaro, a C.I.A. contract employee. The charges stemmed from an interrogation in June 2003 at an American base in Afghanistan that resulted in the death of an Afghan, Abdul Wali.

Even that case caused problems for prosecutors, one of the lawyers said. Investigators were unable to retrieve the body of Mr. Wali from where he was buried to determine precisely the cause of his death. As a result, Mr. Passaro was not charged with Mr. Wali's death, but with beating him with a flashlight.

While the details about most cases are not known, one of the closed cases is believed to have involved the C.I.A. contract personnel who were at times present during the interrogation of Maj. Gen. Abed Hamed Mowhoush, an Iraqi who died after a rough interrogation in November 2003. General Mowhoush died of "asphyxiation due to smothering and chest compression," according to an autopsy report, after he was severely clubbed, beaten with fists and shoved into a sleeping bag.

In the Jamadi and Mowhoush cases, military prosecutors brought charges against several members of the armed forces. But they had no jurisdiction over civilians working alongside their military counterparts. A court-martial of Lt. Andrew Ledford, the leader of the Navy Seal unit that captured Mr. Jamadi, ended with an acquittal. A court-martial in the Mowhoush case concluded with a conviction of Chief Warrant Officer Lewis Welshofer Jr., who was fined $6,000 and confined for 60 days to his barracks.

Mr. Spinner, a defense lawyer who has specialized in military cases and who represented Lieutenant Ledford and Chief Warrant Officer Welshofer, said the Jamadi case in particular had raised questions about the role of the C.I.A. "The evidence was clear," Mr. Spinner said. "Let's have equal justice. If you're going to try Ledford and try the Seals, then you have to go after the C.I.A. guys."

From the start, there were doubts among some Democrats in Congress that the Justice Department could mount a serious prosecutorial effort against intelligence officers and other civilians accused of violence against terror suspects. It was the Justice Department, through a series of legal opinions and memoranda, that played a crucial role in erecting the legal framework intended to give C.I.A. officers the widest possible latitude in interrogating terror suspects and virtually indemnify them from legal liability.

Senator Seeks Detainee Abuse Case Update (AP)

AP, December 19, 2006

WASHINGTON (AP) -- A key Democratic senator asked the Justice Department on Monday for an update on its progress prosecuting government employees who were accused in at least 17 cases of abusing detainees in Iraq and Afghanistan.

In response, a Justice spokesman said at least some of the cases are still under investigation.

In a letter sent Monday to Attorney General Alberto Gonzales, incoming Senate Majority Whip Dick Durbin, D-Ill., noted that the department began looking into the allegations of abuse two and a half years ago.

"In that time, there have not been any indictments in any of these cases," wrote Durbin, who first pressed the Justice Department for a prosecutions update in November 2005, when now-Deputy Attorney General Paul McNulty was seeking Senate confirmation.

"It is my understanding that since then, the Justice Department has not commented publicly on the status of any of these cases," wrote Durbin, who sits on the Senate panel that oversees the Justice Department.

In response to Durbin's first request, the Justice Department revealed in a Jan. 17 letter that it had opened 20 investigations into claims of detainee abuse that were referred to prosecutors by the Pentagon and the CIA. The investigations were being led by a task force in the U.S. Attorney's office in Virginia's eastern district - which McNulty headed before taking the Justice Department's No. 2 job in March.

Two of those cases were dropped because of insufficient evidence to support a prosecution, the Justice Department letter noted. Additionally, another case resulted in the indictment of a former CIA contractor in North Carolina.

Justice spokesman Brian Roehrkasse said at least a few of the estimated 17 remaining cases are still open. "The Justice Department continues to investigate these cases," Roehrkasse said Monday. He declined further comment.

The New York Times reported on its Web site Monday that a Justice Department team has decided against prosecuting nearly all of the 20 cases that were initially under investigation. It was not immediately clear precisely how many cases remain open, and Roehrkasse refused to respond to the newspaper's report.

Privately, Justice officials have acknowledged difficulties in tracking down reliable witnesses or preserving enough evidence to bring strong cases against the accused employees.

WAR NEWS:

Gates: Iraq Failure Would Be 'Calamity' (AP)

By Robert Burns

AP, December 19, 2006

Robert Gates assumed the helm at the Pentagon on Monday, warning in his first public remarks as defense secretary that failure in Iraq would be a "calamity" that would haunt the United States for years.

The former CIA chief pledged to give President Bush his honest advice on the costly and unpopular war, and said he would go to Iraq soon to see what U.S. commanders believe should be done to quell the growing violence.

"All of us want to find a way to bring America's sons and daughters home again," Gates, 63, said after taking the oath of office as defense secretary from Vice President Dick Cheney at a Pentagon ceremony. "But as the president has made clear, we simply cannot afford to fail in the Middle East. Failure in Iraq at this juncture would be a calamity that would haunt our nation, impair our credibility, and endanger Americans for decades to come."

He takes office as Bush conducts a wide-ranging review of his approach to the 3 1/2 year-old Iraq conflict. The fighting, teetering on the edge of a civil war between sects, has seen more than 2,940 Americans die at a cost to U.S. taxpayers exceeding $300 billion.

Officials say the options Bush is studying run from a short-term buildup of thousands of more troops to a pullback of U.S. combat units so they can focus on training Iraqis and hunting terrorists. Bush said last week that he would wait until January to announce his new strategy, to give Gates a chance to offer advice.

Gates said he wants to hear the views of U.S. commanders on how to improve the situation, "unvarnished and straight from the shoulder." The remarks seemed to contrast with critics' complaints that the man he replaced, Donald H. Rumsfeld, did not listen enough to the advice of the military's top officers.

President Bush called Gates "the right man" for the multiple challenges of Iraq and the global war on terrorism.

"We are a nation at war," Bush said. "And I rely on our secretary of defense to provide me with the best possible advice and to help direct our nation's armed force as they engage the enemies of freedom around the world. Bob Gates is the right man to take on these challenges. He'll be an outstanding leader for our men and women in uniform."

Gates formally assumed the job earlier Monday in a private swearing-in ceremony at the White House, replacing Donald H. Rumsfeld.

He took office more than month after President Bush announced he was switching Pentagon chiefs, saying he wanted "fresh perspective" on the widely unpopular and costly war and acknowledging the current approach was not working well enough. Rumsfeld was a chief architect of the war strategy and still defends the decision to invade in March 2003.

"You have asked for my candor and my honest counsel at this critical moment in our nation's history, and you will get both," Gates said.

He said that since his Senate confirmation earlier this month he has participated in meetings on Iraq at the White House, received briefings at the Pentagon and held in-depth discussions with the president on ways ahead in Iraq.

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Besides the wars in Iraq and Afghanistan, Gates faces other immediate challenges. One is the Army's proposal that it be allowed to grow by tens of thousands of soldiers, given the strains it is enduring from the two wars. Rumsfeld had resisted increasing the size of the Army or the Marine Corps; Gates' view is unknown.

It's not yet clear whether Gates intends to immediately shake up the Pentagon by firing generals or replacing senior civilian officials. He has asked Gordon England, the deputy defense secretary, to remain, but some have already announced their departures, including the top intelligence official, Stephen Cambone.

In his remarks Monday, Gates said he looked forward to working with Gen. Peter Pace, chairman of the Joint Chiefs of Staff, as well as the service chiefs and civilian service secretaries.

Gates, who had been president of Texas A&M University since 2002, completed his tenure over the weekend by attending three commencement ceremonies on the College Station campus.

At his confirmation hearing, Gates won plaudits for his candor, especially for acknowledging the U.S. was not winning in Iraq. That contrasted with Bush's remark at an Oct. 25 news conference that, "Absolutely, we're winning."

Gates was a member of the Iraq Study Group that spent nine months assessing the situation in Iraq and produced recommendations that include phasing out most U.S. combat troops by 2008. Gates left the commission when Bush announced that he had been picked to replace Rumsfeld.

"In my view, all options are on the table, in terms of how we address this problem in Iraq," Gates said at his confirmation hearing.

Gates, a Kansas native, joined the CIA in 1966. He left in 1974 to join the staff of the National Security Council until 1979, when he returned to the spy agency. He rose to deputy director for intelligence in 1982.

His 1987 nomination to head the CIA was scuttled when he was accused of knowing more than he admitted about the Iran-Contra affair. The Reagan administration secretly had sold arms to Iran in hopes of freeing hostages in Lebanon, and used the money to help the Contra rebels in Nicaragua.

Gates went to the White House as President Reagan's deputy national security adviser in 1989, then took over the CIA in 1991. He left Washington in 1993 and since August 2002 has been president of Texas A&M University.

Replacing Rumsfeld, Gates Issues Warning On Iraq (NYT)

By David Stout

The New York Times, December 19, 2006

WASHINGTON, Dec. 18 – Robert M. Gates became secretary of defense today, pledging to rely on advice from the uniformed military professionals and convey his own no-holds-barred opinions to the White House.

“You have asked for my candor and my honest counsel,” Mr. Gates told President Bush at a Pentagon ceremony. “You will get both.”

The new secretary said Iraq is at the top of his list of concerns, and that he will go there “quite soon” to confer with military leaders and hear their assessments “unvarnished and straight from the shoulder.”

“We simply cannot afford to fail in the Middle East,” Mr. Gates said. A failure in Iraq would haunt the United States “for decades to come,” he said.

Nor can the United States afford to neglect Afghanistan, where progress in the post-Taliban era is “at risk,” Mr. Gates said. That country “cannot be allowed to become a sanctuary for extremists again,” he said. Before the Taliban was overthrown in the American-led military campaign of 2001, Afghanistan was a host for Al Qaeda terrorists.

Mr. Gates was sworn in at the Pentagon by Vice President Dick Cheney, himself a former defense secretary, after being sworn in at the White House in a private ceremony that made him Donald H. Rumsfeld’s successor.

President Bush said he was counting on Mr. Gates to bring a “fresh perspective” to the Pentagon as the United States charts “a new way forward in Iraq” to build a country that can govern, sustain and defend itself and be an ally in the war against “extremists and radicals.”

A new perspective was what President Bush called for immediately after the mid-term elections, when he abruptly announced Mr. Rumsfeld’s resignation not long after insisting that Mr. Rumsfeld was at the Pentagon to stay. Today, Mr. Bush praised Mr. Rumsfeld as a “superb leader.”

“For nearly six years, Don Rumsfeld has served with exceptional strength and energy at a time of challenge and change, and he produced impressive results,” Mr. Bush said. He said the former secretary “took ballistic missile defense from theory to reality, and undertook the most sweeping transformation of America’s global defense posture since the start of the Cold War.”

Even in peacetime, the job of defense secretary has been considered an enormous challenge because of the vast Pentagon bureaucracy. Now, Mr. Bush said, “We are a nation at war, and I rely on our secretary of defense to provide me with

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the best possible advice and to help direct our nation's armed forces as they engage the enemies of freedom around the world. Bob Gates is the right man to take on these challenges."

Defense Chief Gates Sworn In (WP)

By Josh White

The Washington Post, December 19, 2006

Defense Secretary Robert M. Gates took the oath of office yesterday, warning that the nation cannot afford failure in Iraq and promising that the war there will be his top priority.

Gates, 63, becomes Pentagon chief at a time when President Bush and military commanders are hashing out the best way forward in Iraq, hoping to salvage a situation that is by many accounts on the brink of disaster. In his confirmation hearings before the Senate, Gates said he believes the United States is neither winning nor losing the war and pledged to consider all options for the future.

"All of us want to find a way to bring America's sons and daughters home again, but as the president has made clear, we simply cannot afford to fail in the Middle East," Gates said yesterday at the Pentagon after Vice President Cheney swore him in as the nation's 22nd defense secretary. "Failure in Iraq at this juncture would be a calamity that would haunt our nation, impair our credibility, and endanger Americans for decades to come."

President Bush chose Gates to replace Donald H. Rumsfeld immediately after the November elections, when Democrats gained control of Congress. The election results were viewed as a strong message from the public that the war in Iraq is off track. Gates, a former head of the CIA, was officially sworn in early yesterday at the White House and publicly took the oath at the Pentagon.

Gates vowed yesterday to provide "candor" and "honest counsel" to the president and to listen to the professionals at the Pentagon "who ultimately must carry out the decisions" his department makes -- alluding to the perception of Rumsfeld as a Pentagon chief who did not heed war advice from his top military commanders. Gates told the uniformed service members that he will rely on their "clear-eyed advice in the weeks and months ahead," and said he plans to travel to Iraq so he can hear assessments of the situation "unvarnished and straight from the shoulder."

Bush has delayed speaking to the nation about his decisions on Iraq so Gates can make his own assessment. Gates said he has been attending National Security Council meetings, has received briefings at the Pentagon and has discussed the situation with the president.

As U.S. officials debate whether to send more troops into Iraq or to create a major shift in military operations there, Bush said yesterday that he expects Gates to "help our country forge a new way forward in Iraq."

"As Bob Gates raises his hand and takes the oath of office, he does so at a time of great consequence for our nation," Bush said. "He knows the stakes in the war on terror. He recognizes this is a long struggle against an enemy unlike any our nation has fought before."

Sen. Carl M. Levin (D-Mich.), the incoming chairman of the Senate Armed Services Committee, attended the Pentagon ceremony and said in an interview afterward that he fears the Bush administration could go forward with ill-fated policies in Iraq but believes Gates will work with Congress. Sen. John W. Warner (R-Va.), the outgoing chairman, said he, too, is optimistic.

"I expect he'll bring a fresh perspective on Iraq," Levin said. "Also, I expect he will be much more open to oversight."

Gates originally was a member of the Iraq Study Group -- which recently issued a stark assessment of the war and made dozens of recommendations -- but stepped aside after Bush nominated him to replace Rumsfeld. Gates had been president of Texas A&M University since 2002.

"I return to public service in the hope that I can make a difference at a time when our nation is facing daunting challenges and difficult choices," Gates said.

White House, Joint Chiefs At Odds On Adding Troops (WP)

By Robin Wright And Peter Baker

The Washington Post, December 19, 2006

The Bush administration is split over the idea of a surge in troops to Iraq, with White House officials aggressively promoting the concept over the unanimous disagreement of the Joint Chiefs of Staff, according to U.S. officials familiar with the intense debate.

Sending 15,000 to 30,000 more troops for a mission of possibly six to eight months is one of the central proposals on the table of the White House policy review to reverse the steady deterioration in Iraq. The option is being discussed as an element in a range of bigger packages, the officials said.

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But the Joint Chiefs think the White House, after a month of talks, still does not have a defined mission and is latching on to the surge idea in part because of limited alternatives, despite warnings about the potential disadvantages for the military, said the officials, who spoke on the condition of anonymity because the White House review is not public.

The chiefs have taken a firm stand, the sources say, because they believe the strategy review will be the most important decision on Iraq to be made since the March 2003 invasion.

At regular interagency meetings and in briefing President Bush last week, the Pentagon has warned that any short-term mission may only set up the United States for bigger problems when it ends. The service chiefs have warned that a short-term mission could give an enormous edge to virtually all the armed factions in Iraq -- including al-Qaeda's foreign fighters, Sunni insurgents and Shiite militias -- without giving an enduring boost to the U.S military mission or to the Iraqi army, the officials said.

The Pentagon has cautioned that a modest surge could lead to more attacks by al-Qaeda, provide more targets for Sunni insurgents and fuel the jihadist appeal for more foreign fighters to flock to Iraq to attack U.S. troops, the officials said.

The informal but well-armed Shiite militias, the Joint Chiefs have also warned, may simply melt back into society during a U.S. surge and wait until the troops are withdrawn -- then reemerge and retake the streets of Baghdad and other cities.

Even the announcement of a time frame and mission -- such as for six months to try to secure volatile Baghdad -- could play to armed factions by allowing them to game out the new U.S. strategy, the chiefs have warned the White House.

The idea of a much larger military deployment for a longer mission is virtually off the table, at least so far, mainly for logistics reasons, say officials familiar with the debate. Any deployment of 40,000 to 50,000 would force the Pentagon to redeploy troops who were scheduled to go home.

A senior administration official said it is "too simplistic" to say the surge question has broken down into a fight between the White House and the Pentagon, but the official acknowledged that the military has questioned the option. "Of course, military leadership is going to be focused on the mission -- what you're trying to accomplish, the ramifications it would have on broader issues in terms of manpower and strength and all that," the official said.

The official, who spoke on the condition of anonymity to discuss internal deliberations, said military officers have not directly opposed a surge option. "I've never heard them be depicted that way to the president," the official said. "Because they ask questions about what the mission would be doesn't mean they don't support it. Those are the kinds of questions the president wants his military planners to be asking."

The concerns raised by the military are sometimes offset by concerns on the other side. For instance, those who warn that a short-term surge would harm longer-term deployments are met with the argument that the situation is urgent now, the official said. "Advocates would say: 'Can you afford to wait? Can you afford to plan in the long term? What's the tipping point in that country? Do you have time to wait?' "

Which way Bush is leaning remains unclear. "The president's keeping his cards pretty close to his vest," the official said, "and I think people may be trying to interpret questions he's asking and information he's asking for as signs that he's made up his mind."

Robert M. Gates, who was sworn in yesterday as defense secretary, is headed for Iraq this week and is expected to play a decisive role in resolving the debate, officials said. Secretary of State Condoleezza Rice's views are still open, according to State Department officials. The principals met again yesterday to continue discussions.

The White House yesterday noted the growing number of reports about what is being discussed behind closed doors. "It's also worth issuing a note of caution, because quite often people will try to litigate preferred options through the press," White House press secretary Tony Snow told reporters.

Discussions are expected to continue through the holidays. Rice is expected to travel to the president's ranch near Crawford, Tex., after Christmas for consultations on Iraq. The administration's foreign policy principals are also expected to hold at least two meetings during the holiday. The White House has said the president will outline his new strategy to the nation early next year.

As the White House debate continues, another independent report on Iraq strategy is being issued today by the International Crisis Group, a Brussels-based crisis monitoring group that includes several former U.S. officials. It calls for more far-reaching policy revisions and reversals than did even the Iraq Study Group report, the bipartisan report issued two weeks ago.

The new report calls the study group's recommendations "not nearly radical enough" and says that "its prescriptions are no match for its diagnosis." It continues: "What is needed today is a clean break both in the way the U.S. and other international actors deal with the Iraqi government, and in the way the U.S. deals with the region."

The Iraqi government and military should not be treated as "privileged allies" because they are not partners in efforts to stem the violence but rather parties to the conflict, it says. Trying to strengthen the fragile government of Prime Minister Nouri al-

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Maliki will not contribute to Iraq's stability, it adds. Iraq's escalating crisis cannot be resolved militarily, the report says, and can be solved only with a major political effort.

The International Crisis Group proposes three broad steps: First, it calls for creation of an international support group, including the five permanent members of the U.N. Security Council and Iraq's six neighbors, to press Iraq's constituents to accept political compromise.

Second, it urges a conference of all Iraqi players, including militias and insurgent groups, with support from the international community, to forge a political compact on controversial issues such as federalism, distribution of oil revenue, an amnesty, the status of Baath Party members and a timetable for U.S. withdrawal. Finally, it suggests a new regional strategy that would include engagement with Syria and Iran and jump-starting the moribund Arab-Israeli peace process.

Iraqi TV Station Plays Up U.S. Losses (LAT)

By Borzou Daragahi And Molly Hennessy-fiske, Times Staff Writers

The Los Angeles Times, December 19, 2006

BAGHDAD — The men with laptops sat around an unadorned conference table, chatting amicably about their plans and operations.

The scene on the newly launched Al Zawraa satellite television channel could have been footage from the boardroom of any company, if it weren't for the ski masks the men wore and the subject of the meeting: future mortar attacks on U.S. bases in Iraq.

The renegade, pro-insurgent Al Zawraa channel, with a 24-hour diet of propaganda against U.S. forces and the Iraqi government, has become something of a sensation throughout the country. It has drawn condemnation from U.S. officials, Iraqi politicians and Friday prayer leaders.

Most hours of the day it plays footage of U.S. soldiers in Iraq being shot and blown up in insurgent attacks, often with religious chants or Saddam Hussein-era nationalist anthems in the background. There are segments warning Iraq's Sunni Arabs to be wary of Shiite Muslims, and occasional English-language commentary and subtitles clearly meant to demoralize U.S. troops.

"Your new enlisting qualifications are kind of comical," an announcer says in slightly accented American English, over an image of a U.S. soldier in a field hospital, a bandage on his newly amputated arm. "I mean, what are you doing? Thirty-nine years old? That's the new age of recruiting? Are you recruiting nannies? I guess if we are patient, we might witness crippled people enlisting for the Marines."

The station attempts to present an alternative to images of the war appearing in U.S. and other Iraqi media. It shows footage of Americans abusing Iraqis and Baghdad government officials collaborating with the "occupier." Even Michael Moore's "Fahrenheit 911," the 2004 documentary critical of the Bush administration's foreign policy, gets drawn into the commentary.

"After all, there are honest guys in America," the announcer says in comments directed at President Bush. "If Mr. Moore can talk to you like that, so can I."

It's not clear how big an Iraqi audience Al Zawraa captures. But its very presence demonstrates the insurgency's abilities. Despite 140,000 U.S. troops in Iraq and intense diplomatic pressure on Iraq's neighbors, the station is able to circumvent U.S. and Iraqi forces and stage round-the-clock broadcasts, complete with news bulletins, graphics and commentary.

Al Zawraa started out several months ago as an aboveground hard-line Sunni channel, but it was shut down by the Iraqi government Nov. 5, the day Hussein received the death penalty. Iraqi police raided the station's headquarters after broadcasts criticized the verdict.

At the time, Mishaan Jaburi, a member of parliament said to be behind the station, disputed the sanction.

"If Saddam had ordered the killing of some hundreds of Iraqi people, the current officials in Baghdad deserve 1,000 death sentences because they cause the daily killing of more than those killed by Saddam," Jaburi, who has been accused of embezzling state funds, told the Associated Press from Syria.

Iraqi Prime Minister Nouri Maliki had warned stations in July not to broadcast footage that would jeopardize the nation's stability. But the attempt to stifle Al Zawraa backfired. It quickly reemerged as an underground station with violent, no-holds-barred content clearly meant to incite Sunnis.

Broadcast staples include images of U.S. soldiers manhandling Iraqi women, photos from the Abu Ghraib prisoner abuse scandal and footage of Iraqi children burned and injured in alleged U.S. attacks.

The station also loops shaky, slow-motion footage of U.S. vehicles being blown up and American soldiers, often in crosshairs, crumpling to the ground after being shot by snipers.

One question-and-answer segment with insurgents shows them installing Katyusha rocket launchers on cars and assembling weapons to fire rocket-propelled grenades.

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"And you still using this tactic?" the announcer asks.

"Oh yes. With the will of God, we will never give up," an insurgent replies.

Al Zawraa announcers dispute U.S. casualty statistics. They insist that instead of nearly 3,000 American soldiers killed, the death toll is closer, as one said, to "30,000 miserable, poor nobodies who you have convinced that they will win a scholarship after a tiny tour in a little place called Iraq."

They attempt to portray the insurgency as a powerful force to be reckoned with for years to come. "There will be no negotiating," an announcer states. "For us, it's straight and simple. We are fighting for our religion and for our soil. We will fight you while you are packing. We will fight you while you are sleeping. We will fight you as you are evacuating your last soldier."

Some of the images of Americans being attacked are available on the Web and in video shops in Iraq. Some U.S. military officers shrug off Al Zawraa, saying it rarely broadcasts anything new.

Some viewers acknowledge the station's sectarian biases but say it's no different from other new Iraqi channels beholden to political blocs.

"Al Zawraa is not serving the interest of the Iraqi people," said Zaid Farooq, a 33-year-old Baghdad electrical engineer. "They are saying bad things about the government. But we can't blame Al Zawraa when there are other channels like Al Iraqiya," the state-owned station.

Though Al Zawraa rarely praises or shows footage of the many insurgent attacks on Iraqi civilians and security forces, it's the station's sectarian agenda that most irks the Shiite-dominated government. After Iraqis held a reconciliation conference Saturday meant to heal wounds between Sunnis and Shiites, the station quickly broadcast denunciations of the meeting by the Muslim Scholars Assn., a leading Sunni clerical group.

A recent segment showed Shiite cleric Muqtada Sadr sitting among a group of clerics and ordering an unseen person to "send them in there as soldiers," a suggestion that his men had infiltrated the security forces and were taking part in death-squad operations against Sunnis.

An announcer alleged that Sadr, a critic of U.S. policies here, had stopped his fight against the Americans and was now focusing his efforts against Sunnis.

Iraqi government efforts to track down the renegade station have come to naught. No one's quite sure where it broadcasts from or even who is behind it. Iraqi national security advisor Mowaffak Rubaie and a senior U.S. military official said it was broadcasting from somewhere near the Kurdish city of Irbil at one point and recently signed a distribution deal with the Egyptian satellite company NileSat.

There are indications that the Iraqi government is still looking for Al Zawraa. Police in the Sunni city of Hawija near Kirkuk raided the home of another member of Jaburi's parliamentary bloc Sunday, arresting him and two others on unspecified security charges.

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Times staff writers Solomon Moore and Saif Hameed contributed to this report.

Prosecutor Implicates Saddam In Attacks (AP)

By By
AP, December 19, 2006

The chief prosecutor in Saddam Hussein's trial presented memos Monday from the ousted president's office approving chemical attacks against Kurdish villages, the most serious evidence against him in his genocide trial.

Munqith al-Faroon showed the Iraqi court trying Saddam and six other former regime members about 25 documents, including some presidential letters instructing the army to use "special ammunition" — identified as "mustard gas" — to quell a Kurdish rebellion in 1987. Some of the documents bore Saddam's signature, al-Faroon said.

Documents from Saddam's government played a crucial role in his first trial, for the 1987 killing of Shiites in the town of Dujail. In that trial, which ended with Saddam being sentenced to death, prosecutors presented memos with his signature approving death sentences for Shiites and rewarding intelligence agents for their role in the Dujail crackdown.

As in past hearings, Saddam said Monday that anything that occurred during his 34-year rule of Iraq was ultimately his responsibility, but he did not say he ordered the attacks.

"Any strike whether it was by special ammunition — chemical as (the prosecutor) interpreted or conventional — and (claims) by any military or civil official who said Saddam Hussein ordered us to do so, I take the responsibility with honor, whether the order came from me or not," Saddam told the court.

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He admitted that he was not tolerant of "dissidents," including Kurdish rebels, but insisted that he did not target women and children.

His defense lawyers and some co-defendants have said in recent hearings that it was the Iranian, not the Iraqi army, that carried out the chemical attacks against Iraq's Kurdish population.

Saddam exonerated one of his co-defendants, former military intelligence chief Sabir al-Douri, saying that his role and that of his department was limited to gathering intelligence, not carrying out orders.

"As the commander in chief of the armed forces, the military intelligence gathers information and is connected to the secretary of the president of the republic. It has no other duty than to collect intelligence," Saddam said.

Earlier Monday, al-Faroon presented a letter dated in 1987 and signed by Iraq's military intelligence, asking Saddam's presidential office for permission to strike Kurdish rebels with the "special ammunition."

"It identifies the special ammunition right here as 'mustard gas,'" al-Faroon maintained, pointing to the gas reference in the letter, which was briefly shown during a television broadcast of the proceedings.

A response letter from Saddam's presidential office said it sanctioned the strike, provided that its "goal is not only to harm the rebels," according to al-Faroon, who asserted that the other target was Kurdish civilians.

Another 1987 letter, this one by Iraq's air force command addressing the defense ministry, said that "there were 44 strikes carried out by 44 warplanes, using special ammunition on the bases of (Kurdish) agents, except for one village because it was near our ground units," al-Faroon said.

The prosecuting lawyer also read a letter to the intelligence headquarters in eastern Iraq sent in 1987 by one of the intelligence offices in the northern Kurdish area that said a "number of reporters have arrived at Sarglou area to see the result of Iraqi shelling, using chemical weapons. It is likely that journalists will be sent to the areas hit to report on the incidents."

Al-Douri — Saddam's military intelligence chief — ruled out any connection with the alleged chemical attacks, saying such an offensive was not feasible because his department lacked the technical expertise.

"There was not a single officer or a body in my organization that was specialized in chemical weapons," he said, adding that he suspected some of the documents were not authentic. Al-Douri had previously accused Iran of attacking Iraq's Kurds with chemicals.

Saddam and his co-defendants have pleaded innocent to charges of war crimes and crimes against humanity for their alleged roles in the 1987-88 military offensive against the Kurds, codenamed Operation Anfal.

The prosecution estimates that 180,000 Kurds were killed when Saddam's army waged a scorched-earth campaign against Kurdish separatist guerrillas, allegedly destroying hundreds of villages, killing or forcing their residents to flee.

Saddam and one other defendant have pleaded innocent to the additional charge of genocide.

If convicted, all the accused could be condemned to death.

Saddam was convicted in the Dujail trial where he was convicted of ordering the execution of 148 Iraqis, including children, after a 1982 attempt to assassinate him.

His lawyers appealed that trial's verdict and sentence. The appeals court is expected to rule early next month.

Iraqi officials have suggested that Saddam's prosecution on genocide charges would be halted if the appeals court upholds the death sentence of the first trial.

Prime Minister Nouri al-Maliki said Friday he hoped it would only be a matter of days before an appeals court rules on Saddam's death sentence.

The trial was adjourned until Tuesday.

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Yacoub reported from Baghdad and Halaby from Amman, Jordan. Associated Press Writer Qais al-Bashir also contributed to this report from Baghdad.

Marine To Be Charged In Haditha Case (AP)

By Thomas Watkins,

AP, December 19, 2006

A Marine captain has been told he will be criminally charged in connection with the killing of 24 civilians in the Iraqi town of Haditha, his attorney said Monday.

Capt. Lucas McConnell, 31, was told by his commanding officer that he will be charged with dereliction of duty, said Kevin McDermott, his attorney.

"We're just absolutely clueless as to what kind of dereliction of duty he could have committed," he said, adding that his client was not present during the killings.

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Separately, two military officials said a group of Marines would be charged Thursday for their alleged roles in the killings. The officials requested anonymity because they were not authorized to speak publicly about the charges ahead of their announcement.

The charges would mark the latest step in a massive investigation into the actions of a squad of Camp Pendleton-based Marines and several officers on Nov. 19, 2005. Earlier this month, the Marine Corps said that charges were being finalized against several troops but the precise timing was unclear.

Marine spokesman Lt. Col. Sean Gibson said Monday: "We will be presenting as much information as allowable at the appropriate time."

The Marine Corps initially reported that 15 civilians died in a roadside-bomb blast. Citing survivor accounts and human rights groups, a media report in March said that the killings were deliberate acts by the Marines, prompting the criminal investigation.

A parallel military investigation has examined whether officers in the Marines' chain of command tried to cover up the events. Results have not been made public.

The killing began when a roadside bomb struck the last of a four-vehicle convoy containing a 12-Marine squad and several Iraqi soldiers. Driver Lance Cpl. Miguel Terrazas died in the blast and two other Marines were seriously wounded.

In the events that followed, two dozen Iraqis were killed. Five men were shot to death when they approached the scene in a taxi, and others — including women and children — died in three houses over the next several hours.

Neal Puckett, a defense attorney for squad leader Staff Sgt. Frank D. Wuterich, has described the events of the day as a tragic but lawful combat engagement.

The criminal case will focus on whether the Marines were responding to perceived threats with legitimate force, or if the troops went too far and acted outside their rules of combat.

CORPORATE SCANDALS:

Fannie Mae Ex-Officials Are Sued For Disputed Pay (WP)

By David S. Hilzenrath

The Washington Post, December 19, 2006

Federal regulators yesterday sued three former Fannie Mae executives, including former chairman and chief executive Franklin D. Raines, to recoup more than $115 million in pay they received while the company's earnings were misstated.

In an administrative complaint, regulators said Raines and the others engaged in a variety of ruses to meet profit goals and boost their compensation. For example, they delayed booking $200 million of expenses one year and used transactions with no economic purpose in other periods simply to shift income into the future, the complaint alleged.

The regulators' discovery of accounting problems in 2004 ultimately led Fannie Mae to pay a $400 million penalty and correct years of financial results, erasing $6.3 billion of previously reported profit.

Charged with Raines were J. Timothy Howard, former chief financial officer of the government-chartered mortgage finance company, and Leanne G. Spencer, former controller.

The former executives "improperly manipulated earnings to maximize their bonuses, while knowingly neglecting accounting systems and internal controls, misapplying over twenty accounting principles and misleading the regulator and the public," James B. Lockhart III, director of the Office of Federal Housing Enterprise Oversight, said in a statement.

The three "did very serious harm to this company," Lockhart said in a conference call with reporters.

Lawyers for the former executives said the allegations were false and politically motivated. OFHEO's director had been warning for weeks that he planned to take action against former Fannie Mae executives, and he has cited the company's problems in calling on Congress to pass legislation giving Fannie's regulators greater power.

Lockhart is using Raines as a prop in his legislative campaign, and his agency has distorted evidence that it has kept from public view, Kevin M. Downey, an attorney for Raines, wrote in a letter yesterday to the OFHEO director.

Lawyers for Howard and Spencer noted that the agency now bringing the charges once vouched for Fannie's soundness, adding that the company's annual financial results were certified by auditor KPMG.

OFHEO's charges are to be reviewed by an administrative law judge, who will recommend a final decision to the agency's director. Raines's lawyer called on the current director, Lockhart, to withdraw from the matter, saying he was "fatally biased" because he repeatedly accused Raines of wrongdoing prior to bringing charges.

The agency is seeking to recoup $84.6 million in bonuses, stock option grants and other awards from Raines alone. In addition, OFHEO is seeking penalties from the three former executives that could total more than $100 million.

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Before Fannie's problems came to light, Raines was one of Washington's most prominent businessmen, widely viewed as a potential Treasury secretary. His rÃ©sumÃ© traced his rise from humble roots to the heights of government and finance: graduate of Harvard College and Harvard Law School, Rhodes Scholar, junior aide to President Jimmy Carter, investment banker at Lazard Freres, chairman of Harvard's Board of Overseers, director of President Bill Clinton's Office of Management and Budget.

He was also a leader of the Business Roundtable, a lobbying group for chief executives of major corporations, and he worked to repair corporate America's credibility after accounting scandals at Enron and other companies.

"As a CEO, one of the most offensive things about the corporate scandals that emerged recently was to hear CEOs claim that they did not know, they could not know, and they could not be expected to know about the activities that brought down their companies," Raines wrote in Fannie Mae's 2002 annual report.

In 2004, an OFHEO examination faulted Fannie's accounting and challenged its management, ultimately leading the company to settle charges of fraud and other violations with the Securities and Exchange Commission.

Fannie's accounting problems were so extensive that it took two years and cost more than $1.4 billion for thousands of workers to redo past financial reports. Fannie remains unable to issue current financial statements on a timely basis, one of the basic requirements of any public company, and in the absence of such reports, its shares continue trading on the New York Stock Exchange by special dispensation.

The charges filed yesterday are the first to target the top executives who presided over the company during the accounting debacle.

To unlock maximum executive bonuses for 1998, regulators alleged, Fannie understated expenses by almost $200 million, counted two years of low-income housing tax credits in a single year, and, through a last-minute bookkeeping entry, recorded $3.9 million of "miscellaneous income."

The complaint said Raines has testified that he had no reason to refute Spencer's statement that he signed off on the decision to defer the nearly $200 million of expenses.

Most of Fannie's flawed bookkeeping involved accounting for derivatives, financial instruments Fannie uses to hedge against movements in interest rates. Raines argued in 2004 that the derivatives accounting involved complex issues about which experts could disagree. Regulators said that the issues were black and white and that Fannie deliberately violated the requirements. Other companies have issued corrections over similar mistakes.

Relations between the company and the agency have often been antagonistic. In a May report, OFHEO alleged that Fannie lobbied to keep the agency poorly funded so that Fannie "would essentially be regulated only by itself."

Raines's successor as chief executive, Daniel H. Mudd, distanced himself from Fannie's posture under Raines, telling lawmakers this year that the days "of the arrogant, defiant my-way Fannie Mae had to end."

A Fannie spokesman declined to comment yesterday.

Unlike OFHEO, the SEC has taken no action against Raines or Howard. The SEC's investigation is continuing, SEC spokesman John Nester said.

The Justice Department has said that it does not plan to prosecute Fannie Mae, though it has been investigating whether Raines and Howard committed perjury when they testified about Fannie's accounting at a 2004 congressional hearing.

Fannie, Raines and Howard, meanwhile, are defending themselves against litigation brought by shareholders.

Fannie Mae recently sued its former auditor KPMG, alleging the accounting firm's negligence caused damages of more than $2 billion. KPMG said it plans to pursue claims of its own against Fannie Mae.

A fair review of OFHEO's claims "will demonstrate the propriety in all respects of Mr. Howard's conduct," said his attorney, Steven M. Salky. Spencer's work "was nothing short of outstanding," said her attorney, David S. Krakoff.

OFHEO acted yesterday to meet a two-year statute of limitations. Its charges could take years to resolve. More than three years after an accounting scandal at Fannie's rival Freddie Mac, the agency remains in litigation to recoup pay from former Freddie executives.

Ex-Fannie Execs Face Civil Charges (USAT)

By Edward Iwata

USA Today, December 19, 2006

Federal regulators Monday filed civil charges against former Fannie Mae CEO Franklin Raines and two other former executives, accusing them of manipulating Fannie Mae's earnings to jack up their bonuses.

In a complaint with an administrative law judge, the Office of Federal Housing Enterprise Oversight detailed 101 charges from 1998 to 2004 against Raines, former chief financial officer Timothy Howard and former controller Leanne Spencer, who all resigned in 2003 as the Fannie Mae scandal worsened.

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FINDLAW: Notice of charges against the three

OFHEO is seeking $100 million in penalties and $115 million in return of bonuses. The regulator also seeks the return of legal fees, and to bar the former executives from any future business with Fannie Mae.

A major force in the mortgage investment market, Fannie Mae has been engulfed in political controversy and financial scandal for years. Lawmakers and regulators are seeking greater regulatory control of the government-sponsored housing finance giant.

Fannie Mae was run by Harvard University graduate Raines, former budget director in the Clinton administration and one of the first black CEOs of a major corporation.

James Lockhart, OFHEO's director, said the actions of the former executives "cost the enterprise and shareholders many billions of dollars and damaged the public trust."

OFHEO alleges that the former executives submitted "misleading and inaccurate accounting statements and inaccurate capital reports that enabled them to grow Fannie Mae in an unsafe and unsound manner."

Defense attorneys for the former executives deny the charges.

Howard's lawyer, Steven Salky of the Zuckerman Spaeder law firm, called the allegations "a work of unsubstantiated fiction" and "a politically motivated attempt to rewrite history."

Spencer's attorney, David Krakoff of Mayer Brown Rowe & Maw, said OFHEO brought the charges even after reporting to Congress that Fannie Mae surpassed financial safety requirements through 2003.

Raines' attorney, Kevin Downey of Williams & Connolly, demanded Monday that Lockhart recuse himself from the case. In a letter to Lockhart, he called the OFHEO director "a fatally biased regulator" who is using the case to advance his political agenda of enacting Fannie Mae-related legislation. Raines' lawyers hope to move the case to a federal court.

Lockhart declined to address the allegations of bias.

While the charges cover 1998 to 2004, Lockhart said other violations may have occurred in the early 1990s.

The agency continues to investigate other current and former Fannie Mae executives, he said.

Two years ago, a special examination by OFHEO found that former Fannie Mae executives ignored internal financial controls and manipulated earnings through questionable "cookie jar" reserves.

Last spring, OFHEO and Fannie Mae agreed to a $400 millionfine for alleged accounting manipulation.

Regulator Seeks Legal Action Against Fannie Mae Ex-Officials (WSJ)

By James R. Hagerty And Damian Paletta

The Wall Street Journal, December 19, 2006

WASHINGTON -- Fannie Mae's main regulator announced legal action aimed at forcing three former executives of the government-sponsored mortgage company to pay back more than $115 million of bonuses.

But responses from lawyers for the executives suggest that the regulator faces a long and difficult legal battle.

The regulator, the Office of Federal Housing Enterprise Oversight, or Ofheo, also said it is seeking fines against the three that could total more than $100 million. Ofheo plans to present to an administrative law judge allegations that the three former executives "improperly manipulated earnings to maximize their bonuses." The former executives are Franklin Raines, who was chief executive officer, Timothy Howard, chief financial officer, and Leanne Spencer, controller. The former executives and their lawyers yesterday were notified about the claims in a notice of charges.

Fannie ousted all three about two years ago after regulators found that the company violated accounting rules.

The former executives neglected internal controls, misapplied more than 20 accounting principles and misled the regulator and public, Ofheo Director James Lockhart charged in a statement. Fannie Mae recently announced a restatement of results that cut retained earnings as of June 30, 2004, by $6.3 billion.

Lawyers for all three executives denied the allegations, which Mr. Howard's attorney called "a work of unsubstantiated fiction." The lawyers' responses suggested that they will argue that Fannie's former accounting practices and internal controls were approved by outside auditors and Ofheo itself.

In a letter to the regulator yesterday, Kevin Downey, a lawyer for Mr. Raines, called on Ofheo's Mr. Lockhart to remove himself from the case. Mr. Downey wrote that Mr. Lockhart's public comments in recent months show that he is "fatally biased" against Mr. Raines and already has concluded that the former CEO is guilty. An Ofheo official declined to comment on the letter.

Ofheo said it expects the U.S. Office of Personnel Management to refer the case to an administrative law judge, a justice who handles cases involving federal agencies. After hearing from the two sides and perhaps holding public hearings, the judge would recommend a decision to Ofheo's director, who could "accept, modify or set aside" the recommendation, Ofheo said. The defendants could appeal to a federal court.

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Mr. Downey said Ofheo should allow the executives to challenge the agency's findings and proposed remedies immediately in federal court rather than going through the administrative law procedure.

For three years, Ofheo has been waging a similar legal battle to force two former top officers at Freddie Mac, a rival of Fannie, to give up some of their compensation because of an accounting scandal at Freddie that erupted in 2003. So far, former Freddie Chief Executive Leland Brendsel and former Chief Financial Officer Vaughn Clarke have successfully resisted Ofheo's demands for paybacks. The case is being heard by an administrative law judge in Washington.

In the Fannie case, Ofheo is seeking restitution of about $85 million of bonuses, stock options and other nonsalary compensation paid to Mr. Raines from 1998 through 2003, $27 million from Mr. Howard, and $5.7 million from Ms. Spencer.

Fannie and Freddie, which were chartered by Congress but are owned by shareholders, buy home mortgages from lenders and package them into securities.

U.S. Files Charges In Fannie Mae Accounting Case (NYT)

By Jeremy W. Peters

The New York Times, December 19, 2006

Federal authorities filed civil charges today against three former top executives of Fannie Mae, the giant government-sponsored company that underwrites home mortgages, including the former chief executive, Franklin D. Raines, accusing them of manipulating Fannie Mae's books to fatten their bonuses.

The charges were the latest development in the fallout over accounting violations at Fannie Mae. After the housing oversight office denounced Fannie Mae in a scathing report in May, the company agreed to pay a $400 million settlement. Earlier this month, Fannie restated its earnings for several years, making a total of $6.3 billion in various corrections, to straighten out inaccuracies in its financial statements. It was one of the largest corporate accounting restatements on record.

In all, the Office of Federal Housing Enterprise Oversight filed 101 charges today against Mr. Raines, J. Timothy Howard and Leanne G. Spencer. Mr. Howard was once Fannie Mae's chief financial officer; Ms. Spencer was the company's controller.

The allegations against them include fabricating "deliberately misleading" financial reports, manipulating earnings and failing to operate a sound system of internal checks and balances.

"The 101 charges reveal how the individuals improperly manipulated earnings to maximize their bonuses, while knowingly neglecting accounting systems and internal controls," said James B. Lockhart, director of the housing oversight office, in announcing the charges today. "They submitted six years of misleading and inaccurate accounting statements and inaccurate capital reports that enabled them to grow Fannie Mae in an unsafe and unsound manner."

If proven, the charges against the executives could result in fines of more than $100 million being assessed against them. In addition, the housing oversight office is asking that the Fannie executives be ordered to repay some $115 million that they were paid by the company. Regulators have said that, of the $90 million paid to Mr. Raines from 1998 to 2003, the years during which the accounting violations occurred, at least $52 million was tied to bonus targets that were reached by manipulating accounting.

Kevin M. Downey, Mr. Raines's lawyer, strongly denied the accusations against his client. In a letter to Mr. Lockhart, Mr. Downey asked that he remove himself from the case. "The long record in this matter demonstrates that you are a fatally biased regulator," Mr. Downey wrote.

Steven Salky, a lawyer for Mr. Howard, called the new charges "a work of unsubstantiated fiction." In a statement, Mr. Salky said the allegations are "a politically motivated attempt to rewrite history."

Mr. Raines and Mr. Howard were forced out of the company in December 2004, and investigators have since laid much of the blame for the problems on their shoulders.

Fannie Mae, the second-largest financial institution in the nation, buys home mortgages and sells bonds backed by them, which investors consider to be implicitly backed by the Treasury, though there is no formal guarantee. Its activities and those of similar smaller agencies dominate the mortgage-backed securities market. Once known as the Federal National Mortgage Association, the company changed its name in 1997 to match its Wall Street nickname, based on its abbreviation.

Former Fannie Leaders Charged (WT/AP)

By Marcy Gordon

The Washington Times, December 19, 2006

The government yesterday filed civil charges against former Fannie Mae Chief Executive Franklin D. Raines and two other top executives, accusing them of misconduct costing shareholders billions of dollars.

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The Office of Federal Housing Enterprise Oversight (OFHEO), the D.C. mortgage giant's regulator, announced that it is seeking fines and the return of millions of dollars in bonus money. It filed 101 charges against Mr. Raines, former Chief Financial Officer Timothy Howard and former Controller Leanne Spencer.

Mr. Raines and Mr. Howard were swept out of office two years ago in the multibillion-dollar accounting debacle at the government-sponsored company, which finances one of every five home loans in the United States. Fannie Mae earlier this month announced a long-awaited restatement for 2001 through June 30, 2004, that erased $6.3 billion in profit.

OFHEO said it is seeking civil fines of $100 million or more against the three former executives and restitution totaling more than $115 million in bonus money tied to an improper accounting scheme.

The regulator may bring similar charges against both current and former executives and directors, OFHEO General Counsel Alfred Pollard said. Fannie Mae spokesman Brian Faith declined to comment.

Attorneys for Mr. Raines, Mr. Howard and Ms. Spencer disputed the regulators' charges and said they were politically motivated. The lawyer for Mr. Raines called OFHEO Director James B. Lockhart "a fatally biased regulator" and asked him in a letter to remove himself "immediately and completely from any further regulatory action affecting Mr. Raines."

Mr. Lockhart's true motivation is to get Congress to enact legislation tightening the government reins on Fannie Mae and Freddie Mac, its smaller sibling in the $8 trillion home-mortgage market, said Mr. Raines' attorney, Kevin Downey.

Mr. Raines, a prominent Washington figure who was White House budget director in the Clinton administration, led Fannie Mae -- with its legendary political clout, generosity in campaign contributions and lobbying savvy -- from 1999 until his ouster by the company board in December 2004.

Mr. Lockhart said the charges "reveal how the individuals improperly manipulated earnings to maximize their bonuses, while knowingly neglecting accounting systems and internal controls, misapplying over 20 accounting principles, and misleading the regulator and the public."

"The misconduct cost [Fannie Mae] and shareholders many billions of dollars and damaged the public trust," he said.

OFHEO, the regulator for Fannie Mae and McLean company Freddie Mac, in May issued a blistering report charging a six-year accounting fraud at Fannie Mae, the second-largest U.S. financial institution after Citigroup Inc. The regulators said the scheme included manipulations to reach quarterly earnings targets so that company executives could pocket hundreds of millions in bonuses from 1998 to 2004.

Fannie Mae paid a record $400 million civil fine in a settlement with OFHEO and the Securities and Exchange Commission. It also agreed to limit the growth of its multibillion-dollar mortgage holdings, capping them at $727 billion, and to make top-to-bottom changes in its corporate culture, accounting procedures and ways of managing risk.

The notice of charges filed by OFHEO includes accusations that Mr. Raines, Mr. Howard and Ms. Spencer engaged in earnings manipulation and "deliberately misleading" financial reporting, and failed to establish a sound internal-controls system.

The charges will be heard by an administrative law judge, who will make a recommendation to Mr. Lockhart -- not a binding decision -- on whether the charges should stand. The three would have the right to appeal a final ruling in federal court.

Mr. Raines' total compensation from 1998 through 2004 was $91.1 million, including some $52.6 million in bonuses. Mr. Howard earned $30.8 million during the period, including $16.8 million in bonuses; Ms. Spencer received $7.3 million, of which some $3.5 million was bonus money.

Mr. Howard's attorney, Steven Salky, called the accusations against his client "a politically motivated attempt to rewrite history."

The charges are "a work of unsubstantiated fiction, starkly at odds with both the actual facts and the conclusions reached by OFHEO during its extensive annual examinations of Fannie Mae," he said. "We are eager for a fair and impartial adjudication of these claims, which will demonstrate the propriety in all respects of Mr. Howard's conduct."

Ms. Spencer's lawyer, David Krakoff, said her annual performance reviews for the six years she was controller "found her work was nothing short of outstanding."

"We look forward to disproving the politically motivated claims brought by OFHEO," he said.

Broadcom Faces Upgraded, `Formal' SEC Options Probe (BLOOM)

By Peter J. Brennan

Bloomberg, December 19, 2006

Dec. 18 (Bloomberg) -- Broadcom Corp., a chipmaker restating results to add $1.5 billion in payroll costs, said the U.S. Securities and Exchange Commission has opened a ``formal'' investigation into the company's options practices.

Broadcom also canceled more than $37 million in stock options held by three unnamed individuals it holds responsible for manipulating their grant dates, the Irvine, California-based company said in a statement today. Broadcom said it took the actions as it finished an internal review of the matter.

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Dates on ``numerous'' grants were manipulated after they were issued from 1998 to 2003, Broadcom said. The SEC's formal probe gives it subpoena power to demand information from current and former Broadcom employees. The company has said that because of the irregularities, related compensation costs will at least double, the biggest increase in the widening options scandal.

``The escalation of the SEC inquiry to formal status is a bit unsettling given the open-ended possibilities,'' said Cody Acree, a Stifel Nicolaus & Co. analyst, in a note to investors. Acree said current demand for the company's products isn't improving, so he's keeping a ``hold'' rating on the shares.

Shares of Broadcom rose 13 cents to $33.72 at 4 p.m. New York time in Nasdaq Stock Market composite trading and have risen 7.3 percent this year.

Samueli, Others Absolved

Chief Executive Officer Scott McGregor and acting Chief Financial Officer Bruce Kiddoo can certify Broadcom's financial statements, the company said. It said Henry Samueli, co-founder, chairman and chief technical officer, and Broadcom's outside directors didn't receive any improperly dated grants.

The company's statement didn't mention William Ruehle, who quit Sept. 19 after nine years as Broadcom's chief financial officer. Broadcom spokesman Bill Blanning didn't immediately answer questions posed in an e-mail.

Samueli and the outside directors ``reasonably'' relied upon management and professionals to correctly handle option grants and their accounting treatment, Broadcom said.

Executives and directors who say they relied on professional advice could be establishing a valid defense, said Jacob Frenkel, a former enforcement lawyer with the SEC.

``Once it is asserted, that opens for discovery the extent of the discussions'' among the CEO, chairman and those responsible for the options backdating, Frenkel said in an interview. ``That could be the difference between to charge and not charge'' in both civil and criminal cases.

Options granted since 2003 have been properly dated and accounted for, the company said, including those given to co-founder Henry Nicholas. Nicholas quit as CEO in January of 2003, saying he wanted to spend more time with his family.

`Voluntary' Repricing

Remaining employees who received improperly dated options have ``voluntarily'' agreed to higher exercise prices, reflecting grant dates chosen by the company, Broadcom said. It said all the individuals ``actively responsible'' for the date manipulation have left the company.

The SEC's upgraded investigation means it can subpoena documents and witnesses who are both current and former employees, said Frenkel, now a lawyer with Shulman, Rogers, Gandal, Pordy & Ecker in Rockville, Maryland.

``The federal investigation likely will be time consuming and demanding,'' Frenkel said. ``It does not portend an enforcement action.''

Amended results for 2005 and the first quarter of 2006 will be reported in January, the company said. McGregor in October said he would be disappointed if reports for the second and third quarters weren't released by the end of this year.

High Flier

Broadcom was a high-flying company where expensive Italian Lamborghini sports cars dotted the parking lot as the stock price shot up to as high as a split-adjusted $183.17 in August 2000. Sales soared from $37 million in 1998, when Broadcom shares began trading publicly, to $2.67 billion last year. The company makes chips for a wide variety of consumer electronics such as television set-top boxes, Apple Computer Inc.'s video iPod and Nintendo Co.'s Wii game console.

This is the second major accounting scandal to hit Broadcom. In 2001, the company was forced to change how it accounted for warrants issued in connection with the more than 30 acquisitions that fueled its sales growth. Lawsuits charged Broadcom with inflating its revenue and the company last year settled for $150 million.

Incentives

Stock options let recipients buy shares at a future date, usually at the market price on the day they were granted. Often they are given to managers as an incentive.

The U.S. Justice Department and SEC are investigating Broadcom and other companies to determine if they manipulated the dates of option grants to boost their value. At least 185 other companies have announced internal or federal options probes in the scandal.

Broadcom's internal investigators reviewed 6 million pages of documents and electronic information and interviewed over 40 people about the option grants, the company said.

``There was uncertainty and confusion as to the accounting rules for options, and certain individuals may have acted without fully understanding the rules or whether compensation charges should have been taken,'' Broadcom's statement said.

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Blowdown: How Faults At BP Led To One Of America's Worst Industrial Disasters (FT)

By Sheila Mcnulty

Financial Times, December 19, 2006

Part of William Bradley Bessire's job as project co-ordinator at BP's Texas City refinery was to put on a lavish "safety lunch" to reward the workers in his section for every week without an accident.

At such a lunch on March 23 last year, Mr Bessire finished a big plate of fajitas, rice and beans, congratulated the workers on another good week and headed back to the trailer that served as his office - just as the refinery's nearby isomerisation unit was being restarted.

Some of the operators in the unit, designed to boost the octane rating in petrol, had been working 12-hour days for 30 days in a row, several with two-hour commutes. Alarms and gauges were broken and a key piece of equipment, the blowdown drum, was not only outdated but undersized. A proposal by BP engineers to upgrade to safer technology in 2002 had been turned down because of cost pressures.

Restarting the unit was a fairly routine event: it had been shut for maintenance and fired up again 19 times in the previous five years. But the use of the blowdown drum meant it vented directly to the atmosphere instead of to a flare, which would have burnt off fumes. During the start-up that Wednesday, the drum became overfilled with highly flammable liquid hydrocarbons. The accompanying fumes spread out over the refinery - until they found a spark.

Some 500ft away in his trailer,Mr Bessire felt a shock wave and knew the isomerisation unit was going to blow. He rushed out just as an explosion ripped through the plant, forcing a door and window out of their frames and into him, knocking him down.

As the flames spread, hundreds of workers ran to the barbed wire fence surrounding the refinery trying to get out, but they could not climb over it without shredding their hands. Mr Bessire backed a truck up to the fence so that people could clamber on it to jump over. He ripped off his coverall and laid it over the barbed wire as protection for those fleeing, then he ran back to find something else to wear. He spent four hours helping people out of the refinery. By then, 15 people were dead and 500 injured in and around the facility. He ruptured two discs that would have to be replaced with metal plates, limiting mobility in his neck, and damaged nerves would leave him with chronic pain on his right side.

It was the worst US industrial accident in more than a decade. Lord Browne, BP's chief executive, flew in the next day to take responsibility, setting the tone for talks with what would eventually become 1,000 claimants seeking the $1.6bn (£820m, €1.2bn) that BP allotted for compensation.

Not all BP executives displayed great contrition, however. A friend e-mailed John Manzoni, head of BP's refining and marketing, suggesting that he should travel to the refinery. Mr Manzoni's reply was terse and he appeared perturbed when Lord Browne ordered him to interrupt his vacation to go to Texas City: "I arrived in Texas City at 3am - along with Lord Browne and we spent the day there - at the cost of a precious day of my leave." BP declined to comment on this e-mail.

The US Department of Labor's Occupational Safety and Health Administration (Osha) uncovered more than 300 "egregious, wilful violations" in Texas City - BP's biggest refinery. BP did not admit guilt but agreed to a maximum allowable $21m fine and said it would spend $1bn improving and maintaining the refinery over the next five years.

Many of the problems at the 70-year-old plant had, no doubt, been inherited by BP when it acquired the refinery in 1998 as part of its purchase of Amoco. Before the blast, the Texas City site had in 30 years suffered 23 fatalities - four since BP took over. But instead of making the investments needed to improve safety, BP in 1999 ordered a 25 per cent cut in fixed costs.

Federal investigators would later conclude that these budget cuts caused a progressive deterioration in safety: "At an ageing facility like Texas City, it is not responsible to cut budgets related to safety and maintenance without thoroughly examining the impact on the risk of a catastrophic accident," said Carolyn Merritt, chairwoman of the US Chemical Safety Board (CSB), an independent federal agency that investigates industrial chemical accidents. "They had all the symptoms of a failed safety culture."

Ronnie Chappell, a BP spokesman, responded that the cuts were not a "directive" but rather a "challenge" to achieve the target without compromising safety or the long-term viability of the business unit. Nor did the cuts cause the blast, he added: "Our investigation team found no evidence that previous budget decisions were a critical factor in the terrible tragedy." Indeed, he said, spending at the facility had increased significantly in the years prior to the explosion and was by some measures higher than the industry average. Nonetheless, workers said they were certain BP was underspending and that this had put the refinery at risk of the type of explosion that took place that day.

Mr Bessire said: "I always worried about the safety of being in that refinery. Every time you drove up to the gate and 'badged in', you worried; there is not a person who works in that place that does not worry." It was hard not to: near the refinery entrance, workers for a time passed a billboard commemorating two colleagues scalded to death by boiling water after a pipe ruptured on September 2 2004.

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John McLemore, fire chief at the site, estimated in a deposition for one of the many civil lawsuits against BP that the refinery had suffered an average of a fire a week over the past 10 years. The isomerisation unit had recorded eight other releases of vapour from the same blowdown drum from 1994 to 2004 - two of them under BP's watch. Of the total, six had included vapour clouds thatMs Merritt concluded could have had "catastrophic consequences, but for the absence of an ignition source" and two resulted in fires.

Ms Merritt said she doubted that the poor safety culture existed solely within the confines of the barbed wire fence at Texas City: "It's rare that you are going to have one facility that is so far off the mark in having a good culture in an organisation. An errant facility would not be able to continue on a bad path."

Indeed, an investigation by the Financial Times has shown BP allowed the refinery to deteriorate, in spite of all the red flags. Moreover, it was not the only BP operation in the US that was permitted to do so. BP Alaska has suffered a string of damaging safety lapses over the past five years and there have been smaller incidents in other states - all hinting at a broader problem with BP's safety approach in the US. Yet Texas City was in particularly bad shape - and, according to US regulators, senior executives in London knew that.

"BP's global management was aware of problems with maintenance, spending, and infrastructure well before March 2005," the CSB's report said. "BP did respond with a variety of measures aimed at improving safety. However, the focus of many of these initiatives was on improving procedural compliance and reducing occupational injury rates, while catastrophic safety risks remained."

Prior to the blast, a BP safety presentation on Texas City had opened with the statement: "Texas City is not a safe place to work." Texas City's safety business plan for 2005 said the death of a worker within 12 to 18 months was a "key risk". Even further back, BP executives had been aware of problems. On August 16 2002, James Hay, BP business unit leader for chemicals, e-mailed David Pierpoline, the group's director of health, safety, security and environmental compliance for the western hemisphere, to note that Mike Hoffman, vice-president for refining, had asked him to follow up on how Texas City had fallen into "such a poor state" and expressed concern that other sites should not be allowed to deteriorate to that extent.

But not much changed and, by late 2004, Texas City workers had grown so fearful of a massive accident that the local union contacted colleagues in Alaska for help in engaging the services of Chuck Hamel, a longtime campaigner for oil workers, to publicise their plight.

Around the same time, Don Parus, the refinery's site manager, tried to get a handle on the depths of the problems by commissioning an independent safety audit. Telos Group, a Texas-based consultancy, surveyed more than 1,100, or 60 per cent, of Texas City employees. Mr Parus said in a deposition he was unsurprised by the findings. Employees in the 338-page report, completed on January 21 last year, tell of broken alarms, thinned pipe, chunks of concrete falling, bolts dropping 60ft and staff being overcome with fumes. Staff rated "making money" BP's number one priority and "people" its lowest, at number nine.

"The history of investment neglect, coupled with the BP culture of lack of leadership accountability from frequent management changes, is setting BP Texas City up for a series of catastrophic events" was one of many ominous warnings. Geoffrey Gioja, co-author of the Telos report, said he was astounded: "We have never seen a site where the notion 'I could die today' was so real . . . This had a profound impact on us all. It also causes asolidarity, especially amongst the hourly employees, that seemedakin to being in a war together."

The Telos report contained something even more disturbing, however: evidence that the numbers of reported safety incidents were being kept low by pressure being brought to bear on the victims. While BP pointed out that the Texas City refinery in 2004 had the lowest injury rate in its history - and nearly one-third the average for the oil refining sector - BP's internal 2005 safety business plan, a copy of which has been obtained by the FT, listed under key risks a "site not reporting all incidents in fear of consequences".

Telos quoted numerous workers at the plant complaining of pressure not to report injuries and safety violations. "I have been hurt and had management punish me and make a fool of me. Need I say more?" asked one worker cited in the report. A second said: "The employee is always at fault - and required to sign [a] statement that he committed an unsafe act."

"They made fun of me," said a third. And a fourth: "Now when we get hurt, you drag yourself out the gate, if you're able, and say it happened at home."

"There are senior managers here who have allowed the site to accept a completely inappropriate amount and level of risk, who have allowed criminal levels of non-compliance," concluded a fifth.

Mr Chappell countered that the Telos report "does not report the 'objective' truth about safety performance or conditions" but rather "is an accurate representation of the attitudes, perceptions and statements made by survey participants". Nonetheless, he said, BP had been moving to address the concerns expressed in the report when the refinery exploded. "There had been a comprehensive effort by Texas City refinery leadership to drive continued safety improvement, encourage the reporting of injuries and near-misses and ensure the thorough and complete investigation of injuries and incidents at the refinery."

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In spite of a heightened sense of urgency about the state of Texas City in internal e-mails after the report, then confidential, was circulated among management, BP kept the plant open. "When they got the Telos report, BP had a choice: embrace safety and do it the right way, or just keep profits and production going," said John Eddie Williams Jr, managing partner at Williams Bailey, a law firm that handled 145 of the civil cases arising from the blast. "They made the conscious decision to keep running this plant instead of doing a safety stand-down."

With limited other employment chances for the largely low-skilled workers at the plant, they in general hung on - even after the disaster. "A lot of people are stuck here because there is no place else they can get money to pay for their families," said the wife of one man who stayed on. Though the explosion had shaken their nearby house and thrown their toddler a foot into the air, they had agreed to risk the husband's continuing at the refinery for another year, at $25 an hour, to save up enough to move away. "This is a working man's town. Those without education can always get a job in the plants because of the dangers of the chemicals," said the woman.

Ms Merritt of the CSB urged BP to set up an independent review of its other US operations for lapses. The company agreed, appointing a panel led by James Baker, former secretary of state. The results of that probe were originally due last month but Mr Baker has pushed that deadline back twice, citing the scale of the review, and has set a new release time of early January. In the meantime, according toBP's Mr Chappell, the company has done its own assessment and identified problems at each of its refineries that, while not as broad or deep as those found at Texas City, are being addressed.

In the months following the disaster, BP's various operations in Texas suffered another explosion, a fire and a spill. On July 20 this year a contract worker was crushed to death at Texas City when, in operating a motorised hoist, he became wedged between a beam and the control panel. BP's safety record elsewhere in the US has also been troubled. Last month two contract drillers were killed in separate accidents in Alaska and Oklahoma, suffering head injuries in what BP called "the course of normal activities".

The deaths followed regulatory and legal battles elsewhere in the US. In April, Osha fined BP $2.4m for unsafe operations at its Ohio refinery. In May, BP ended a legal battle by agreeing to increase oil-spill prevention efforts and fund a $1m study of spill risks at its refinery in Washington state. In Illinois, BP is embroiled in a lawsuit arising from the sale of a chemical plant in 2004 that Flint Hills Resources, the buyer, says "required tens of millions to comply with environmental laws and permits" - charges BP denies.

The state of California has sued BP in recent years both over air pollution violations and a failure to make required upgrades to safeguard water supplies from unseen leaks. The company has settled the suits with agreements to spend millions of dollars in penalties and improvements. Amid all this, the US federal government this summer accused BP's traders of having tried to manipulate the propane market in 2004. Last week, regulators told BP the company was under investigation for manipulating the unleaded petrol futures market, a charge it denies.

Mr Chappell insists the incidents are one-offs, denying Ms Merritt's charge of a problem with BP's safety culture: "While it is natural for people to look for patterns, recent events in the US are not linked. They are each very different from each other in terms of immediate cause, location, business unit. There are lots of BP businesses in the US doing a world-class job of managing their operations."

But Mr Hamel, the campaigner for oil workers, disagrees, noting the striking similarity of complaints about BP processes coming out of Texas and Alaska, its two biggest trouble spots: "They are both identical - defer, defer, defer maintenance - and operate systems and facilities to failure as a money-saving programme." These similarities became public on August 6 when BP Alaska admitted discovering such "severe corrosion" in pipelines, following government-mandated checks after a big spill, that it shut half its oilfield.

Five years earlier, BP had received what it considered an "extremely negative" assessment of its anti-corrosion programme by an independent consultant. Its response was to press the consultant to revise the criticism. Documents obtained from Mr Hamel show the company persuaded Coffman Engineers to change the report, with the final version being shorter and softer on BP.Mr Chappell says the "first generation of the report contained errors, and we pointed them out as part of the normal review process. Simple as that."

But this year, BP was forced to admit it had failed to perform "pigging" corrosion checks for up to 14 years on oil transit lines, relying on cheaper, less reliable checks from the exterior, slotting in metal "coupons" and using ultrasonic equipment, instead of sending a probe through the line itself.

BP said it did not suspect microbial bacteria in its transit lines - which turned out to be the cause of the corrosion and which "pigging" would have cleaned out. But experts say this is not credible. "Any prudent operator is going to be sure it does not have MIC [microbial bacteria] and is going to periodically run cleaning pigs to sweep out colonies if they do form," says Rick Kuprewicz, president of Accufact, a pipeline energy consulting firm. "MIC is not something that space science invented last year."

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The company's reputation took another hit when, during the BP Congressional hearings this year, Richard Woollam, former head of corrosion monitoring for BP Alaska, refused to testify, citing his constitutional right to avoid self-incrimination. Steve Marshall, at the time BP Alaska president, said BP had transferred Mr Woollam after finding evidence that his inspection team had felt intimidated.

Following the hearings, John Dingell, a senior member of the House of Representatives committee on energy and commerce, told the FT: "What is most troubling is that, to this day, it is not clear if BP truly understands what went wrong with either Texas City or Alaska . . . It will be far too easy to repeat these failures if BP does not first understand the problems that led to them." Since then both Mr Marshall, the former BP Alaska head, and Maureen Johnson, who managed the Prudhoe Bay oil field, have been reassigned.

The Department of Justice has grand juries in both Alaska and Texas exploring whether to bring criminal charges against the company and/or its officers. Mr Bessire has meanwhile been left to fend for himself. BP gave him a settlement he is not allowed to reveal but, at age 53, he readily admits he could have earned twice what he received had he been able to work another 10 years.

Now the pain from his injuries keeps him up at night, leaving him exhausted and, with his limited mobility, too much of a risk to hire. Worse, he cannot get health insurance. "Medical bills eat up everything that everybody's got. Now I worry every day, 'Can I spend a dollar? What if I need it down the road?'" He wants Lord Browne to provide the victims with health insurance. "He can't wash his hands . . he owes that to us."

Options Backdating Frequent, Report Says (AP)

AP, December 19, 2006

NEW YORK (AP) - About 1,400 corporate directors received option grants whose timing was manipulated, according to an academic study released Monday.

Of all options grants to directors, about 9 percent were received at "lucky" times -- when the stock price was equal to a monthly low, according to a Harvard Law and Economics paper released Monday.

After studying the period form 1996 to 2005, academics at Harvard Law School, Cornell University and INSEAD in France estimated that about 800 lucky grant events were the result of opportunistic timing.

Options give the recipient a right to buy a stock at a fixed "strike price," generally set at the stock's market price the day of the grant and options holders benefit if the stock rises above the strike price. In the backdating scandal, companies have dated option grants to days when the stock was at a low, enhancing the potential benefit.

According to the study:

_Director grants were more likely to be manipulated when potential gains were larger.

_Grants were more likely to be manipulated when the company had more provisions protecting insiders from risk of removal.

_Directors' grants were more likely to be lucky when executives, and especially the CEO, also received a grant on the same date.

_Grants were more likely to be manipulated when the board did not have a majority of independent directors.

The report was written by Lucian Bebchuk at Harvard, Yaniv Grinstein at Cornell and Urs Peyer at INSEAD.

At least 189 companies have disclosed Securities and Exchange Commission, Department of Justice or internal investigations related to backdating, according to an Associated Press review.

Doubt Cast On Stock Options Of Directors (LAT)

By Kathy M. Kristof, Times Staff Writer

The Los Angeles Times, December 18, 2006

A study suggests that hundreds of board members may have gained from backdating.

Nearly 1,400 corporate board members appear to have profited from the manipulation of stock option grant dates over a 10-year period, according to a study being released today.

The analysis raises the possibility that hundreds of board members were aware that options were backdated to boost their value to themselves and company executives. That could be seen as a conflict with their role as advocates for all company shareholders.

"Rather than merely failing to notice or stop the manipulation of executives' grants, many outside directors have received manipulated option grants and thus directly benefited from the manipulation practices," according to the study by Harvard professor Lucian Bebchuck and two other scholars.

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Stock options are rights to buy company shares at a set price in the future. The option price generally is set at the market price on the grant date. The lower the price on that date, the more likely the recipient would be to profit.

The study reviewed 29,000 stock option grants from 1996 to 2005 to so-called outside directors, or board members who are not executives of the company.

About 9% of the time, options were granted on days when the stock price was at a monthly low — a coincidence that suggests the date may have been picked in hindsight, or backdated, to ensure maximum benefit.

Corporate watchdogs said the 9% figure was significant, even though it suggested that the timing was not suspicious for the overwhelming majority of grants. That's because board members are supposed to be looking out for average investors, not using their positions for self-profit, these critics say.

"It's appalling," said Claudia Allen, chairwoman of the corporate governance practice at Chicago law firm Neal, Gerber & Eisenberg. "Directors are fiduciaries for all stockholders; to act in their own self-interest is a breach of loyalty. It's the cardinal sin."

The study did not name any companies, nor did it offer any hard evidence that directors played a direct role in the backdating of options.

It did conclude that backdating occurred across a wide range of industries. The one exception was the utilities sector, which issues few options to directors.

The backdating scandal emerged this year after academic research by Erik Lie of the University of Iowa, leading to resignations and investigations at scores of companies.

Most of the focus has been on corporate executives, who make far more in option grants than board directors. But the study's authors and others say the role of directors deserves scrutiny.

"It seems less significant because there is less money involved, but the betrayal of trust is far greater," said Paul Hodgson, senior research associate at Corporate Library, a governance research firm based in Maine.

Questionable grants were sometimes given to executives and directors on the same date, according to the study, coauthored by Yaniv Grinstein of Cornell and Urs Peyer of the University of Chicago.

At other times, directors were given options on dates that executives did not receive them, the study found. In those cases, 71% of the options granted appeared to involve some kind of date manipulation.

Bebchuck said suspicious grants were far more likely to happen at companies that had management structures that tended to give chief executives more power. These include provisions for staggered terms of board members, weakening their clout, and so-called poison pill measures and other defenses against hostile takeovers.

Lie of the University of Iowa said the new study underscored the important role directors should play in guarding against management abuses.

"It's hard for shareholders to understand what's going on in a company because you can't be there," Lie said. "That's why you delegate the responsibility to a few people, the directors, who represent you. You have to have trust in those people and they have to act in a trustworthy manner."

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CRIMINAL LAW:

Violent Crime Is Up For 2nd Straight Year (WP)

By Dan Eggen

The Washington Post, December 19, 2006

A surge in violent crime that began last year accelerated in the first half of 2006, the FBI reported yesterday, providing the clearest signal yet that the historic drop in the U.S. crime rate has ended and is being reversed.

Reports of homicides, assaults and other violent offenses surged by nearly 4 percent in the first six months of the year compared with the same time period in 2005, according to the FBI's latest Uniform Crime Report. The numbers included an increase of nearly 10 percent for robberies, which many criminologists consider a leading indicator of coming trends.

The results follow a 2.5 percent jump in violent crime for 2005, which at the time represented the largest increase in 15 years.

The latest numbers suggest that those results were not an anomaly but rather part of the first significant uptick in violent crime since the early 1990s, according to criminal justice experts.

Many communities, particularly those in urbanized areas, may be headed into a period of sustained crime increases, they said. While no one is certain of the causes, experts cited an increase in the number of young men in their crime-prone years,

diminished crime-fighting assistance from the federal government, fewer jobs for people with marginal skills and even the ongoing growth in methamphetamine use in some places.

The numbers come amid heightened criticism of the federal government from many police chiefs and state law enforcement officials, who complain that the Bush administration has retreated from fighting traditional crime in favor of combating terrorism and protecting homeland security. Justice officials dispute those contentions and pointed yesterday to an ongoing study designed to identify solutions to the rise in violent crime.

"This confirms what law enforcement has been seeing and saying on a more anecdotal level: that crime is on the way up," said David A. Harris, a law professor at the University of Toledo who studies crime trends. "While it's still too early to be sure, you've certainly got things pointing in one direction."

One positive piece of news came in the category of car thefts and other property crimes, which dropped 2.6 percent overall. Even that portion of the report contained some bad tidings, however: Burglaries, another key indicator, rose 1.2 percent nationwide.

Homicide and assault rates rose by more than 1 percent overall, while the number of reported rapes dipped slightly.

The FBI's six-month report does not include statistics for the District, which reports crime statistics to the FBI only on an annual basis, officials said. Baltimore's overall violent-crime rate remained unchanged, the report showed. Data for individual states were not part of the analysis.

Rising homicide rates have prompted particular concern among law enforcement officials, and a surge in killings and other violent attacks in the Midwest played a significant role in driving up rates in 2005. But Alfred Blumstein, a criminologist at Carnegie Mellon University in Pittsburgh, noted that, unlike 2005, homicide rates plunged in many smaller and medium-size cities for the first half of 2006.

"Obviously these big cities are accounting for a big piece of the action in this report," he said.

The increase was especially dramatic in many cities of 500,000 residents or more, the FBI report showed, including a 28 percent increase in Houston that appears attributable in part to an influx of residents displaced by Hurricane Katrina in 2005. Homicides in New Orleans, whose population was greatly reduced after the storm, plunged by more than 60 percent in the same time period.

The numbers are certain to increase pressure on the Bush administration, whose detractors say local police concerns have been slighted by the focus on homeland security and counterterrorism.

The Justice Department inspector general's office has reported sharp declines in the number of FBI agents and investigations dedicated to traditional crimes since the Sept. 11, 2001, terrorist attacks. In addition, the International Association of Chiefs of Police says that law enforcement programs at the Justice Department have been cut by more than $2 billion since 2002 and that overall funding for such programs has been reduced to levels of a decade ago.

"We've been looking at some pretty discouraging numbers, and we've always been concerned that as funding decreases, crime rates will increase," said Gene Voegtlin, the association's legislative counsel.

James Alan Fox, a criminologist at Northeastern University in Boston who has been critical of the Bush administration's crime-fighting strategies, said the overall rise in violent crime should be expected given dramatic cuts in assistance to local police and simultaneous increases in the population of males in their teens and 20s.

"We have many high-crime areas where gangs have made a comeback, where police resources are down and where whatever resources there are have been shifted to anti-terrorism activity," Fox said. "It's robbing Peter, and maybe even murdering Peter, to pay Paul."

Justice Department officials have repeatedly rejected such criticism, arguing that the causes and trajectory of the crime increase is still unclear. Nonetheless, Attorney General Alberto R. Gonzales has launched a series of anti-drug and anti-gang initiatives at Justice, and he acknowledged at a crime conference in Boston last week that local police are struggling with "increased responsibilities" since Sept. 11, 2001.

Justice Department spokesman Brian Roehrkasse said yesterday that the department's ongoing study of crime trends in 18 cities will help determine "what is causing this increase" and "which crime-fighting efforts are most effective."

"We are encouraged by the drop in property crime seen in most areas around the country, but we are again concerned about the increase in violent crime in some cities and towns," Roehrkasse said.

FBI Reports Rise In Violent Crime (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, December 19, 2006

Murders, robberies grow in the first half of 2006, more evidence that a long decline is over.

WASHINGTON — The number of murders and robberies in the U.S. continued to grow during the first half of this year, fresh evidence that violent crime is on the upswing after more than a decade of decline, the FBI said Monday.

From January to June, violent crime increased 3.7% compared with the first six months of 2005, the bureau reported. The number of robberies increased 9.7%, while murders rose 1.4%. Aggravated assaults increased 1.2%; forcible rape offenses declined less than 0.1%.

The increases, which occurred nationwide, follow an overall jump of 2.3% for violent offenses in 2005 and portend another year of rising violent crime, experts said. In 2005, violent crime posted its largest overall increase since 1991.

Though criminal justice experts were cautious about drawing conclusions from six months of data, they found the report worrisome and said the country could be in a new period of slowly rising crime.

A number of different explanations have been offered for the increase, including cutbacks in federal funding to state and local law enforcement agencies, which has led to fewer police on the street in large cities, and demographic factors, including an increase in the number of males from age of 14 to 24.

The trend also has kindled a debate over whether the country is spending enough for crime fighting and prevention at a time when growing numbers of federal dollars are being targeted toward terrorism and domestic security.

If the trend of rising crime continues, it could become a political issue in the 2008 election. Violent crime peaked in 1992 before beginning an extended decline to its lowest level in three decades.

"Violent street crime did not go away on Sept. 11," said James O. Pasco Jr., executive director of the Fraternal Order of Police, the nation's largest police union. Though "the same or additional resources are needed to fight those crimes," in many cases less money is being spent, he said.

The increases in violent crime were felt in all regions. The West had the largest increase: 4.7%.

The situation in California was mixed.

In Los Angeles, the number of violent crimes declined 2.6% to 14,961 from 15,367. The number of murders declined to 227 from 249. But robberies rose 7.5% to 7,042 from 6,552.

Violent crime in Oakland surged 37.9% to 3,665 from 2,657; the number of murders there increased to 66 from 37.

The FBI said the number of reported robberies was up in cities of all sizes. The largest increase — 12.8% — occurred in cities with populations of 10,000 to 24,999. But robberies also increased in metropolitan counties — 8.4%.

Cities of populations of 500,000 to 999,999 reported the sharpest increase in murders — 8.4%. In metropolitan counties, murders were up 3.1%.

The data are based on reports of more than 11,000 state and local law enforcement agencies.

Experts said the crime upsurge reflected an increase in gang violence, particularly in midsized cities, and a growth in gun crimes, including robberies and homicides.

"We have gone backward in our ability to deal with the illegal gun market," said James Alan Fox, a criminal justice professor at Northeastern University in Boston.

He said the problem had been compounded by the fact that the number of police on the street in large cities had dropped almost 10% since 2001.

The crime problem, he said, "is not going down unless we make some major changes in what we are doing."

Federal aid to state and local police declined to about $890 million in 2006 from $2.5 billion in 2001. Police departments are being squeezed by growing domestic security duties at a time when federal agencies such as the FBI are focusing more on preventing terrorism than assisting local departments fighting traditional crimes.

"We have seen some pretty dramatic cuts" in grant programs, said Gene R. Voegtlin, a spokesman for the International Assn. of Chiefs of Police, an Alexandria, Va., trade group for police department executives. "They are having an increasingly difficult time in effectively trying to combat crime and provide for safer communities. It has been a struggle."

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FBI: Violent Crime Still On Rise In 2006 (AP)

By Lara Jakes Jordan

AP, December 19, 2006

WASHINGTON - Murders and robberies continued to rise across the country during the first six months of 2006, preliminary FBI data released Monday show, indicating that the lull in crime between 2001 and 2004 appears to be over.

Violent crime figures are on pace for a second straight annual increase. Based on statistics for all of 2005, violent crime rose 2.2 percent nationally - the first increase since 2001.

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"This is a concern we've been focused on," said Gene Voegtlin, legislative counsel for the International Association of Chiefs of Police, which represents an estimated 20,000 law enforcement officials and has been pushing for more crime-fighting funding. "A lot of (police) agencies are really stretched thin when it comes to the budget and their ability to aggressively combat crime."

From megapolises to small cities, violent crime rose 3.7 percent between January and June compared to the first six months of 2005. Twenty-eight more people were murdered during that period 2006 in New York City, for example, while the college town Norman, Okla., saw its total number of homicides jump from zero to three.

The early data show:

-Murders rose by 1.4 percent, felony assaults by 1.2 percent and robberies by a whopping 9.7 percent in 2006, compared to the first six months of 2005. The number of rapes decreased by less than one-tenth of 1 percent.

-Burglaries increased by 1.2 percent. But car thefts dropped by 2.3 percent and other stealing incidents by 3.8 percent.

-Arsons rose by 6.8 percent.

The FBI's twice-yearly report comes as the Justice Department studies 18 cities and suburban regions for clues on why the national violent crime rate is increasing. Justice researchers have not yet visited all of the cities, and it is not clear whether the government will make more federal funding available to the worst-hit.

The Bush administration has asked for $1.2 billion in crime-fighting grants and assistance programs this year - what Voegtlin described as at least a $1 billion hit from funding levels a decade ago.

Justice spokesman Brian Roehrkasse said the department is encouraged by a 2.6 percent drop in property crimes - such as auto theft and other larcenies - as outlined in the FBI report. But "we are again concerned about the increase in violent crime in some cities and towns," he said.

The data is based on crime reports from 11,535 police and other law enforcement agencies nationwide. The total number of actual crimes reported was not immediately available.

Violent Crimes On Rise, Especially In West, An F.B.I. Report Says (NYT)

By Ralph Blumenthal

The New York Times, December 19, 2006

HOUSTON, Dec. 18 — Driven by a surge in robberies, violent crimes nationwide rose 3.7 percent for the first half of 2006, with the West leading the increase, the F.B.I. reported Monday. But property crime was down 2.6 percent.

Robberies reported to the authorities were up 9.7 percent, murders were up 1.4 percent and arson was up 6.8 percent, the Federal Bureau of Investigation said in its summary. Rape was largely unchanged.

Reflecting a surge in crime in Texas after the dislocations of Hurricane Katrina, Houston recorded a sharp increase in homicides, to 202 for the first half of 2006, up from 158 in the comparable prestorm period last year. Three Texas cities ranked among the nation's top 10 in crimes per capita.

Homicides in Dallas were down to 101 from 106 but it still ranked as the nation's most crime-ridden big city, with 3,985 overall crimes per 100,000 population, followed by Houston with 3,444. After Phoenix with 3,436, San Antonio was 4th with 3,422. Los Angeles ranked 8th with 1,730, and New York was 10th with 1,187.

Lt. Vernon Hale, a spokesman for the Dallas Police Department, said the rankings were subject to differences in how cities classified crimes, adding, "We overreport." Through November, he said, overall crime in Dallas compared with last year was down nearly 10 percent, with violent crime down nearly 3 percent. "We think things are getting better," Lieutenant Hale said.

In New York, where homicides were up to 266 from 238 last year, Paul J. Browne, the chief police spokesman, said a dozen or more killings were actually "reclassifications" of old crimes that became homicides when the victims died this year. Overall crime in the city was down 7 percent and violent crime down 3 percent for the first half of the year, Mr. Browne said.

The oldest and largest police chiefs' organization said the figures proved that law enforcement agencies were stretched too thin.

"They all have new responsibilities since 9/11," said Gene Voegtlin, legislative counsel for the group, the International Association of Chiefs of Police, in Alexandria, Va. He said that since 1997, federal grants to local police agencies had decreased to $890 million from $2.4 billion.

"There are some disturbing indications" in the half-year figures, Mr. Voegtlin said, but cautioned, "It's hard to draw general conclusions."

Violent crime for the period had been on a downward trend: 3.1 percent in 2003, 2 percent in 2004, and half a percent last year.

The West led the increase in violent crime, up 4.7 percent. Much of that was driven by robbery, up 14.6 percent, nearly three times the increase in the Northeast.

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The Northeast had the smallest increase in violent crime, 2.9 percent. The South led in homicides, up 3.3 percent.

Many cities showed increases in homicides: Miami was up to 30 from 23; Indianapolis to 68 from 44; Boston to 37 from 29; and Detroit to 186 from 169.

FBI Reports Rise In Violent Crime In First Half Of '06 (WT)

By Jerry Seper, The Washington Times

The Washington Times, December 19, 2006

Violent crime nationwide increased by 3.7 percent in the first six months of this year, but property crime dropped by 2.6 percent, the FBI said yesterday.

The FBI's Preliminary Semiannual Uniform Crime Report, based on statistics submitted by 11,535 law-enforcement agencies, showed increases in murders (up 1.4 percent), robberies (up 9.7 percent) and aggravated assaults (up 1.2 percent) over the same period in 2005. Forcible rapes dropped 0.1 percent.

Last year, the number of violent crimes increased by 2.5 percent, the largest gain in 15 years, and the Justice Department pledged to determine why the crime numbers were continuing to increase. A report on the matter has not yet been completed.

Washington was not included in the FBI report, but Police Chief Charles H. Ramsey has declared progress in a renewed fight against violent crime in the city, which spiked in July -- prompting the declaration of a citywide crime emergency.

Only two area cities reported data to the FBI for the report: Baltimore, which recorded declines in the reported incidents of murder (137 to 133), rape (79 to 77) and aggravated assaults (3,498 to 3,257), and Alexandria, which reported increases in the number of murders (1 to 6), robberies (88 to 109) and aggravated assaults (111 to 114).

According to the FBI report, the largest increases in the reported number of violent crimes, 12.8 percent, occurred in small cities with populations of 10,000 to 24,999, while cities with populations of 500,000 to 999,999 had the most marked increase in reported murder offenses, up 8.4 percent.

In the property-crime category, according to the report, the number of larceny-theft offenses decreased 3.8 percent nationwide for the six-month period, while reported motor vehicle thefts declined 2.3 percent. Only burglary offenses showed an increase, up 1.2 percent from the 2005 level.

Though reported property-crime offenses as a whole were down in all of the nation's population groups, the report said the number of reported burglary offenses was up in all of the population groups with the exceptions of cities with 1 million or more inhabitants, where they declined by 1.5 percent, and the nation's nonmetropolitan counties, down 3.7 percent.

According to the report, reported property crimes were down in three of the four regions. The Midwest was the only region to show a cumulative increase in the volume of reported property crimes, up 1.7 percent overall with increases of 5.8 percent for burglary, 0.7 percent for larceny-theft and 0.3 percent for motor vehicle theft.

The report said that arson offenses, which are tracked separately from other property-crime offenses, increased 6.8 percent nationwide.

BAY AREA Violence On Rise In Some Cities FBI Report -- Oakland, S.F. Part Of Bigger Trend (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, December 19, 2006

Driven by a surge in armed robberies, violent crime rose in the Bay Area and around the country during the first six months of this year, the FBI said Monday in a report that raised concern that the drop in crime that started in the 1990s has turned around.

Oakland witnessed a 38 percent increase in reported violent crimes -- homicides, rapes, robberies and assaults -- from the first half of 2005, the biggest uptick among 63 California cities with populations of at least 100,000 people.

Double-digit increases were also tallied by Hayward, San Francisco and Antioch, according to the FBI's preliminary Uniform Crime Report, which was compiled using numbers from 11,535 law enforcement agencies.

Nationally, violent crime increased 3.7 percent, with robberies up 9.7 percent. The bump in violent crime was biggest in cities with populations of 500,000 to 1 million residents, at 8.4 percent. And it followed a 2.3 percent increase nationally from 2004 to 2005.

On a positive note, nonviolent property crimes -- burglary, theft and arson -- were down 2.6 percent nationally, the FBI said.

"We are again encouraged by the drop in property crimes seen in most areas around the country, but we are also concerned about the increase in violent crime in some cities and some towns," said Brian Roehrkasse, a U.S. Justice Department spokesman.

He said Attorney General Alberto Gonzales had dispatched teams to 18 cities to study recent crime increases. The Justice Department will suggest new anti-crime programs after receiving those teams' reports, Roehrkasse said.

DOJ_NMG_0107634

Roehrkasse said Justice Department officials could not explain the rise in robberies. In the Bay Area, Santa Clara recorded a jump of 82 percent, from 17 to 31, in the first half of the year. Big gains were recorded from San Francisco (37 percent) to Antioch (19 percent).

Antioch Police Chief James Hyde said his officers are seeing younger criminals as well as more women and out-of-towners committing robberies and other violent attacks.

The motive, he said, usually relates to drugs, particularly methamphetamine. Robbers rip off dealers, steal prescription drugs from pharmacies and pull off street heists to get money for a quick drug fix, he said.

"Instead of one or two, you're seeing four to five people" in a robbery crew, Hyde said. "They tend to be parolees along with probationers learning the robbery trade, if you want to put it that way. You're seeing a more mobile and sophisticated robbery crew."

Hyde said the government had a hand in the problem by cutting financial support for community policing in favor of anti-terrorism grants.

"That limited our ability to work closely with neighborhoods and have a higher officer-to-citizen ratio," Hyde said. "Many departments have become more reactive than proactive."

Roehrkasse, however, said the increases do not appear to be related to federal spending, which he said has never totaled more than 4 percent of state and local law enforcement agencies' budgets.

Franklin Zimring, a professor at UC Berkeley's Boalt Hall School of Law, said criminologists are "nibbling their nails" at the new data because there were no solid answers for why crime decreased drastically in the 1990s and held relatively flat during the first half of this decade.

Zimring recently completed "The Great American Crime Decline," a book that attacks prevailing explanations for the decline -- including economic prosperity, prison expansion and a decrease in at-risk youth due to abortion legalization.

"Any indication that the arrow can turn up alerts us to the possibility that the trend can turn against us," Zimring said. "If we had a stronger sense of what held crime down, we'd have less to worry about with small blips."

Nationally, homicides increased 1.4 percent and aggravated assaults went up 1.2 percent in the first half of this year. Rapes decreased by less than 0.1 percent.

Oakland saw a 78 percent jump in homicides, from 37 to 66 in the six-month span, and a 48 percent increase in robberies.

"I don't think it lends itself to a simple solution," said Officer Roland Holmgren, a spokesman for the Oakland Police Department. "And it's not going to take one thing to fix it."

He said factors in Oakland's crime increase include poverty, the greater availability of guns and a lack of problem-solving skills among young people, who increasingly settle disputes with guns rather than fists.

Fremont experienced the greatest increase in property crimes, at 13 percent, among large California cities. Many other Bay Area cities showed declines, including Antioch, where property crime dropped 24 percent.

Hyde said he believes people are "target-hardening" their homes and cars with alarms and other measures, in part because of fear that they might be victimized.

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Dayton Follows National Trend In Violent-crime Rise (DAYDN)

By Ken McCall

Dayton (OH) Daily News, December 19, 2006

DAYTON — Mirroring a nationwide trend, newly released FBI data showed violent crime increased by 6.4 percent in the city of Dayton during the first six months of 2006.

The preliminary crime data released Monday show homicides and robberies continued to rise across the country during the first half of this year, on pace for an increase in violent crime for the second straight year.

The nationwide 3.7 percent uptick in violent crime between January and June comes amid a still-incomplete Justice Department study of 18 cities for clues on why criminal activity is increasing.

The numbers reflect what police across the country have been saying for months: that the lull in crime between 2001 and 2004 appears to be over.

Of the 228 cities with a population of at least 100,000 listed in the data, six of 10 showed an increase in violent crime. Dayton's 6.4 percent increase ranked 93rd on that list.

The three other large Ohio cities listed in the data all showed increases: Columbus, 8.8 percent; Cleveland, 6.8 percent; and Cincinnati, 1.2 percent.

Dayton Police Maj. Mitchell Davis, superintendent of investigations, said the national numbers generally reflect the city's experience.

"There does seem to be an increase in violent crime," Davis said. "Our homicide rate has gone back up."

But Davis said the most recent crime statistics show declines in several categories. The numbers for the year through Dec. 17 show decreases of 5 percent in felonious assaults, 12 percent in rapes, and 1 percent in robberies.

Those decreases are offset, however, by a 31 percent increase in homicides, Davis said.

The city has 42 homicides this year so far, compared with 34 for all of 2005.

But Davis said the city is safe for those who aren't involved with drugs.

"All of our murders, the victim and the murderer seem to know each other," he said. "And a very large percentage are related to the use and sale of drugs.

Dayton Director of Police Julian Davis said he had no explanation for the increase.

"Nobody knows," he said. "It could be cyclical. Even the FBI said they could not explain it."

Violent Crime Rises In U.S. (RTD)

Richmond Times-Dispatch, December 19, 2006

WASHINGTON -- A recent rise in violent crime accelerated in the first half of 2006, the FBI reported yesterday. The data provide the clearest sign yet that the nation is in the midst of a prolonged increase in murder, assaults and other violent offenses.

The results follow on the heels of a 2.5 percent increase in violent crimes for 2005, which marked the highest rate of increase in 15 years.

Violent crime reports rose by nearly 4 percent in the first six months of 2006 when compared with the same time period a year earlier, according to the FBI's Uniform Crime Report.

The numbers reflect what police across the country have been saying for months: that the lull in crime between 2001 and 2004 appears to be over.

But in the metro Richmond area, the picture is not as bleak. In the first six months of 2006, Richmond saw a 14 percent decline in violent crime, despite a two-man killing spree that started the year.

Some of the surrounding counties got off to a rocky start, with violent crime increasing 9 percent in Henrico and 13 percent in Chesterfield during the first six months.

Hanover County saw a 29 percent drop in violent crime during that period.

The second half of the year has been more peaceful in Henrico and Chesterfield, which have had seven and 12 homicides, respectively, this year.

Hanover has had two, which is fewer than the number experienced by places such as Dinwiddie County and Hopewell.

Nationally, the recent crime increases have prompted widespread criticism by police chiefs and state law-enforcement officials around the country, who complain the federal government has retreated from providing money and other help to localities in favor of programs focused on counterterrorism.

Justice Department officials have argued that federal policies play a limited role in combating local crime.

One senior Justice official called the 2005 statistics a "yellow flag" that did not represent a trend.

At the same time, Attorney General Alberto Gonzales increasingly has focused on combating violence and gang crimes in public appearances, and the department has launched a study to find explanations for the crime increase.

The early data show:

Murders rose by 1.4 percent, felony assaults by 1.2 percent and robberies by 9.7 percent in 2006, compared with the first six months of 2005.

The number of reported rapes decreased by less than one-tenth of 1 percent.

Burglaries increased by 1.2 percent. But car thefts dropped by 2.3 percent and other stealing incidents by 3.8 percent.

Arsons rose by 6.8 percent.

The data are based on crime reports from 11,535 police and other law-enforcement agencies nationwide.

The total number of actual crimes reported was not immediately available.

Group To Duke: Join Bid For DA Inquiry (DURHS)

By Ray Gronberg

Durham Herald Sun, December 19, 2006

DURHAM -- Supporters of the three Duke lacrosse rape defendants on Monday asked university officials to join U.S. Rep. Walter Jones in calling for a federal civil-rights investigation of District Attorney Mike Nifong's handling of the case.

The group Friends of Duke University said that while that wouldn't force Duke President Richard Brodhead or other administrators to take a position about the guilt or innocence of the accused men, it would support "the undeniable proposition

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that public information suggests there is a sufficient likelihood of civil-rights violations" to merit U.S. Department of Justice scrutiny.

Speaking up is also imperative because the public-relations damage the case has inflicted on Duke is damaging the school's standing with potential applicants, the group said in news release posted on its Web site, friendsofdukeuniversity.blogspot.com, and e-mailed to reporters.

Noting that Duke's early-admission applicants dropped by 20 percent this fall, the group said "any prospective parent would have to think twice about sending a son or daughter to an institution whose leadership has stood aside as a local prosecutor targets students through procedurally improper actions."

Duke officials reacted by issuing a statement from Brodhead that repeated that his stance that the legal process has to run its course.

"Under American law, the legal system is the place to establish the facts and bring a case to a just resolution," Brodhead said. "For that reason, it is of the essence that everyone involved in the legal system act fairly in pursuing the truth and protecting the rights of the individuals involved."

He noted that he'd also said that when the case "goes before a judge and jury, the DA's case will be on trial just as much as our students will be," and that until a jury says otherwise, the defendants must be presumed innocent.

Asked specifically whether Duke would link itself to calls for a federal civil-rights investigation, university public-relations chief John Burness said, "I don't think we're planning to do that at the moment."

A spokesman for Friends of Duke University, Maryland lawyer and Duke alumnus Jason Trumpbour, criticized Brodhead's statement.

The president's response "contains absolutely nothing new, and it studiously avoids the central issue," Trumpbour said. "It speaks on one hand of a belief in the system, and yet the fundamental problem we and others have been pointing out is that the system has not been working. You can't have it both ways. You can't express your belief in the system and at the same time ignore substantial and compelling evidence that the system isn't working."

Trumpbour's group issued its request four days after Jones, a Farmville Republican, asked the Bush administration to intervene.

The congressman said Nifong may have denied defendants David Evans, Collin Finnerty and Reade Seligmann their rights by directing Durham police to show their accuser a photo lineup that only included Duke lacrosse players, and by making prejudicial comments to the press.

U.S. Attorney General Alberto Gonzales told Fox News over the weekend that Jones' request "is being evaluated" by the Department of Justice, but he declined to say whether the agency might launch an investigation.

Trumpbour's group said the revelations late last week that prosecutors withheld DNA test results from the defense highlighted an additional violation of the defendants' constitutional rights. The results in question showed that the accuser had the DNA of several men -- uncharged and unconnected to the case -- on or in her underwear and body cavities.

In addition to wanting a federal investigation, the group wants Nifong removed from the Duke case and replaced with a special prosecutor, Trumpbour said.

It believes the accuser's allegations were false and "would never have been handed over from police to the prosecutors" absent Nifong's intervention, he said.

Nifong didn't return a phone call seeking his reaction to Brodhead and Trumpbour's comments. He's rarely answered media inquiries about the lacrosse case since the late spring.

Witness: New Orleans Cops Shot Man In Back As He Ran Away (CNN)

By Drew Griffin, James Polk And Kate Albright-Hanna

CNN Online, December 18, 2006

NEW ORLEANS, Louisiana (CNN) -- New Orleans police lined up "like at a firing range" and fatally shot an unarmed man in the back as he fled from them in the days after Hurricane Katrina swept ashore, a witness to the shooting told CNN.

It marks the first time a witness has come forward publicly with information about the shooting of Ronald Madison, a 40-year-old mentally retarded man whose death has sparked a police investigation and a grand jury probe into what happened in and around the Danziger Bridge that day.

"He just fell like he was collapsing," Kasimir Gaston told CNN. "Like something just wiped him out."

Gaston was one of many flood refugees living on the second floor of the Friendly Inn, a low-income motel on the city's east side. On Sunday, September 4 of last year, he says he woke up and stepped onto the balcony of the motel and saw a man running, hands outstretched and being fired upon.

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Initial police accounts said that Madison reached for his waistband and turned on police, but Gaston said Madison did not appear to have a weapon and that he was running away from police "hands out, full speed" when he was shot.

Police declined CNN's request for an interview.

After the shooting last year, police said officers had responded to reported gunshots on the Danziger Bridge and that a running gunbattle ensued with six suspects.

One teenager was killed near the base of the bridge and three other people were wounded, according to police reports.

A police department press release from October 4, 2005, said Madison, described as an unidentified gunman, was "confronted by a New Orleans Police officer. The suspect reached into his waist and turned toward the officer who fired one shot, fatally wounding him."

When asked if Madison had a gun, Gaston said, "I didn't see any on him."

No gun was found on Madison's body.

An autopsy obtained previously by CNN and verified by the Orleans Parish Coroner said Madison suffered five gunshot wounds to his back and two in his shoulder.

'What I saw with my own eyes'

Gaston said he came forward now because he is still troubled by what happened. He said he decided to break his silence after watching a "CNN Presents" documentary, "Shoot to Kill," about the days after Katrina hit the Gulf Coast on August 29, 2005.

CNN has visited the room where Gaston was staying. From that balcony, it is about 100 feet to where Madison was shot and killed.

The police department has said the shooting has been thoroughly investigated. But Gaston said no officer or detective approached him about what he saw. He was not asked for his name or phone number, Gaston said.

Gaston said his only contact with police on that day was when officers told him not to touch Madison's body, which was lying behind Gaston's truck, parked in the motel entranceway.

CNN has obtained a newspaper photo taken that Sunday morning that shows where the body fell. The back of a truck with a rusted trailer hitch and broken tail light can be seen in the photo. The photo appears to be Gaston's truck, which now sits in a parking lot in Dallas, Texas, where he now lives.

"They notified me that I had two bullet holes in the passenger side," he said. Two bullet marks can be seen at the right rear of the truck today.

Mary Howell, an attorney suing New Orleans police on behalf of the dead man's family, says there were several potential witnesses living at the Friendly Inn at the time of the shooting. She has accused police of violating procedures by failing to even write down their names.

Howell said Ronald Madison and his older brother, Lance Madison, were trying to avoid the shootout between police and others that day when they ran up the Danziger Bridge, toward the other side of the Industrial Canal.

Lance Madison has said a policeman pointed what looked like a rifle or shotgun at his brother and shot Ronald near the top of the bridge. Lance said he helped carry his wounded brother to the entrance of the motel and left him there while he ran for help. After being arrested, Lance was brought back to the motel where, he says, he first saw his brother was dead.

Howell said police, in the chaos after Hurricane Katrina, failed to properly investigate the fatal shooting and are now trying to put everything behind them.

"There's a lot of things that have been washed away with this hurricane," Howell said. "We are doing everything we can to make sure this is not one of them."

While the family of Ronald Madison presses on with its lawsuit, a grand jury in New Orleans is investigating the case. Gaston said he is willing to testify before the grand jury if it will help get to the truth.

"I'm not trying to say nobody did this and nobody did that," Gaston said. "I'm just saying what I saw and being truthful and honest about what I saw with my own eyes."

Kan. Inmate Charged With Mailing Bomb To Va. Court (WP)

By Jerry Markon

The Washington Post, December 19, 2006

A prisoner at the famed high-security Leavenworth prison was charged yesterday with fashioning a letter bomb and mailing it to the federal courthouse in Richmond, authorities said.

Rodney Curtis Hamrick, who has a long history of threatening public officials, sent "an operable explosive device that had the capability to cause death," prosecutors said as they announced the charges. It was sent to the offices of the U.S. Court of

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Appeals for the 4th Circuit and addressed to the clerk but was diverted to a basement mailroom and later detonated by police, authorities said. No one was injured.

Hamrick was an inmate at the U.S. Penitentiary in Leavenworth, Kan., when he mailed the bomb in October 2005, along with a letter several days later that contained a powdery substance labeled "anthrax," federal law enforcement officials said. Tests indicated that the substance was not anthrax.

Traci Billingsley, a spokeswoman for the federal Bureau of Prisons, said she could not comment on how Hamrick allegedly managed to construct and mail a bomb from prison.

An attorney had not been appointed yesterday for Hamrick, 41, who was charged in a seven-count indictment and faces up to life in prison if convicted. He has since been moved to Colorado's notorious "supermax" federal facility that houses terrorists and other violent felons.

Chuck Rosenberg, the U.S. attorney in Alexandria, said Hamrick's actions had presented "a grave threat to the United States courthouse and to the people who work inside, and we will prosecute it accordingly."

Hamrick has made threats to public officials and mailed dangerous devices from jail before, court records show. In 1987, from a state prison, he mailed letters threatening to kill President Ronald Reagan. While serving a prison term for that offense, he threatened to blow up a West Virginia courthouse, a United Airlines flight and NAACP headquarters, court records show.

Hamrick then constructed a bomb while an inmate at a county prison in West Virginia, according to a 1995 4th Circuit Court decision. The bomb "comprised a nine-volt battery as a power source, steel wires, three butane cigarette lighters as the explosive, and an unidentified pink substance speculated to be lip balm, which was to serve as the detonator," the appellate court wrote.

Hamrick was later convicted of mailing an envelope containing the bomb to William A. Kolibash, the U.S. attorney in West Virginia. Kolibash opened the envelope in his office, realized it contained a homemade bomb and fled. The bomb, which had scorched the packaging in which it was mailed, was disarmed, the court said.

A three-judge panel of the 4th Circuit initially reversed Hamrick's conviction for the attempt to kill Kolibash, but the full court overturned that ruling and reinstated the conviction in a 1995 decision.

Pat Connor, the 4th Circuit Court clerk, praised the quick action security officials took when the bomb Hamrick is now accused of sending was received. "The response was one that would make those receiving the package feel safe," she said.

Going Too Far (WP)

The Washington Post, December 19, 2006

CREATING BETTER conditions for the reentry and rehabilitation of offenders is a worthy goal, and not just for the men and women released from prison. The community's interest is served if ex-offenders build crime-free lives. But two measures being considered by the D.C. Council to help offenders, no matter how well-intentioned, are cause for serious concern and, if approved, would undermine public safety.

Most problematic is an effort by council member Marion Barry (D-Ward 8) to amend the city's Human Rights Act to prohibit discrimination in employment or housing based upon an arrest or conviction record. The bill adds a criminal record to such cherished protections as those for race, religion, sex and age. Here's what it could mean: A couple with small children couldn't refuse to rent the apartment in their duplex to a convicted sex offender; a bank couldn't disqualify a job seeker who served time for embezzlement as long as it didn't happen in the previous 10 years. Those simply using good judgment could be sued for punitive damages. No one is against giving people a second chance, but this bill goes too far.

The other measure would greatly expand the conditions for expungement, or sealing, of criminal records. (In full disclosure, The Washington Post testified against the measure in committee because the newspaper values access to complete and accurate criminal records.) The legislation builds on the thoughtful work of the Council for Court Excellence, which makes a compelling argument that there are instances (such as actual innocence) in which it is only right that a person not be burdened with the life-long stigma of a criminal record. The District lags behind a majority of states, including Virginia and Maryland, in allowing individuals to clear their records when appropriate. Yet again this proposal -- which would permit expungement of arrest records and even of certain conviction records -- goes too far. As Patricia A. Riley, special counsel to the U.S. Attorney for the District of Columbia, testified, it "tips the scales too far against the public interest and public safety."

More should be done to help the 2,000 offenders returning to the city each year. Mr. Barry's idea to establish a city commission to coordinate and monitor services for ex-offenders has the potential to do good. By contrast, the other measures pose too great a risk.

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CIVIL LAW:

Abramoff Opts For Self-Defense In Latest Suits (LAW)

By Anna Palmer

Law.com, December 19, 2006

After paying for a high-priced criminal defense by Chadbourne & Parke's Abbe Lowell in the government's corruption probe, former uber-lobbyist-turned-jailbird Jack Abramoff is taking a different approach in two lawsuits filed against him by Indian tribes.

This time around, Abramoff is representing himself against former client Louisiana Coushatta Tribe and the Alabama-Coushatta Tribe of Texas.

So far, Abramoff has piggybacked on motions filed by lawyers for former Christian Coalition head Ralph Reed and former Abramoff associate Michael Scanlon in the Texas case. Lowell did not return calls.

Abramoff may be using the law library from the minimum-security federal prison in Cumberland, Md., where he is serving almost six years for a fraud conviction separate from the corruption probe.

It's extremely rare for prisoners to defend themselves pro se, according to the American Civil Liberties Union's National Prisoner Project. The logistics could get tricky with Abramoff unable to travel for depositions. But the tactic could get him out of prison chores like kitchen duty or carpentry while he is doing legal research.

"It's Jack Abramoff. What else can you say? The guy believes in himself," says Barbara Van Gelder of Wiley Rein & Fielding, who represented David Safavian, the former White House official convicted in June in connection with Abramoff.

A Creative Flair Rising In Lawsuit Settlements (LAW)

By Peter Geier, The National Law Journal

Law.com, December 19, 2006

In March 2005, Eva Rowe's parents, James and Linda, were killed in a BP refinery explosion in Texas City, Texas -- a disaster that killed 13 others and injured 170.

She sued the company on behalf of herself and the estates of her parents. Last month, her attorney struck a settlement that has a rare twist: More than $32 million is not going to Rowe.

BP Products North America Inc. pledged $32 million to five medical and educational institutions. The deal also includes as much as $6 million in additional matching funds. Arenazas v. BP Products North America, No. 05- CV-0337 (Galveston Co., Texas, Dist. Ct.). Rowe received a confidential settlement.

Civil actions ending in creative settlements that do more than put money into the pockets of plaintiffs and their lawyers are unusual, but attorneys are starting to see more of them.

In October, for instance, an accidentally paralyzed plaintiff, his family and lawyers in Tampa, Fla., pledged all of a medical malpractice jury's $100.1 million punitive damages award -- part of the largest med-mal verdict in state history -- to the Miami Project to Cure Paralysis at the University of Miami Leonard M. Miller School of Medicine. Navarro v. Austin, No. 02-6154 (Hillsborough Co., Fla., Cir. Ct.).

Lawyers involved in settling cases that result in charitable donations acknowledge that parties in some instances gain in improved public relations and financial benefits such as tax breaks. They also note that the prospect of a defendant's gaining any such advantage can discourage plaintiffs from charitable settlements.

Typically, a plaintiff is trying to find an acceptable resolution of a traumatic event, according to René M. Haas of Perry & Haas, a boutique practice in Corpus Christi, Texas, which, she said, now handle four to 10 cases a year involving people killed or maimed in industrial accidents.

"Most of the time, what we end up working with is a client who really wants something good to come out of a bad situation," said Haas, who is also a former Texas district judge.

One of Haas' clients, a widow who lost her husband in an oil refinery accident, set aside $1 million of her confidential settlement -- and counsel set aside its fee on that portion -- to help fund a plant safety academic program and a scholarship at Texas A&M University-Corpus Christi, she said. Wright v. Citgo Petroleum Corp., No. 99-4396-C (Nueces Co., Texas, Dist. Ct. 2002).

In another case -- a post-trial settlement in which a refinery worker who was permanently disabled by a blast won a $30 million punitive damages award against an oil company -- the client agreed to forgo the punitive damages award if the company instituted a new safety program, Haas said. The program will be paid for by the company but monitored independently to ensure compliance. Caballero v. Esenjay Petroleum Corp., No. 95-6629-A (Nueces Co., Texas, Dist. Ct. 1997).

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PUNITIVE DAMAGES PLEDGED

The $100.1 million donation in the Tampa medical malpractice case in October came at the end of a trial in which a jury had already returned a $116.7 million compensatory damages award in favor of Allan Navarro, whose misdiagnosed stroke resulted in his paralysis.

C. Steve Yerrid of the Yerrid Law Firm in Tampa, one of Navarro's lawyers, said that Navarro decided before the jury returned its punitive damages verdict to give the full amount of whatever the jury awarded to an institution that serves people with neurological and spinal cord injuries.

Jeffrey M. Goodis of Thompson, Goodis, Thompson, Groseclose & Richardson in St. Petersburg, Fla., a lawyer for the defendants, declined to discuss a case pending appeal. But he pointed out that in pledging the punitive damages award, the plaintiffs are "donating something they don't have."

Goodis said that an extra motivation for plaintiffs to agree to these creative settlements is that they must pay full taxes on punitive damages, as must the attorney on his or her 25 percent to 40 percent contingency fee.

Yerrid said that in questioning a grievously injured plaintiff's motives, the defense "deals in an area of thought that I cannot even begin to engage in." He said the judge in the Navarro case has already denied all of the defense's post-trial motions. The defendants' last chance is the state appeals court.

"We have a judgment I think that's pretty valid, though of course there's always the problem of collecting a judgment," Yerrid said.

In another case Yerrid handled, the family of a man who died when surgeons operating on a cancerous kidney accidentally cut his aorta and vena cava agreed that, in addition to a confidential cash settlement, the hospital would fund a pair of $5,000 nursing scholarships for minority candidates for 20 years. Greenway v. St. Joseph's Hospital, No. 03-11667G (Hillsborough Co., Fla., Cir. Ct.).

Roland J. Lamb of Morgan, Lamb, Goldman & Valles in Tampa, who represented the hospital in the Greenway case, confirmed that the scholarships were part of the settlement but declined to comment on it.

Dan D. Kohane, president of the Tampa-based Federation of Defense & Corporate Counsel and a partner at Buffalo, N.Y.'s Hurwitz & Fine, said that he is seeing more of these kinds of settlements, especially in lower-profile cases.

Insurance companies and self-insured defendants would rather contribute to a public good than pay money to an individual.

But the public seldom hears about the contributions because defendants do not want their payments to appear to be admissions of liability, which they are not, Kohane said.

"Sometimes you can find a creative solution or a remedy that is not just money in someone's pocket," Kohane said. "It can be any kind of thing: an apology or a change of character, a scholarship, a park, putting up a statue, a drunk driving program," he said.

The outcome of the BP case had a lot to do with the client, said attorney Brent W. Coon of Brent Coon & Associates in Beaumont, Texas, who represented Eva Rowe.

"The client in this case was the difference -- some clients just want to take the money offered and put the case behind them," said Coon, adding that he has made "small charitable deals in other cases, but nothing anywhere near the magnitude of this."

MORE CASES SCHEDULED

Ronnie Chappell, a spokesman for BP America, would say only that the company "is deeply sorry for the loss that Ms. Rowe and others suffered from this terrible industrial accident." He added that BP is working to ensure that it does not happen again, and is committed to avoiding long and protracted litigation and to resolving all claims in a fair way.

The case settled last month as jury selection was beginning in what would have been the first group of cases to be tried. Coon noted that he has settled less than a third of the total of 150 to 175 BP refinery explosion cases that he has. His next trial group of five cases is set for trial in February 2007.

The amount BP paid in fees to Rowe and Coon is confidential.

The company will donate $12.5 million to the Truman G. Blocker Burn Unit at University of Texas Medical Branch at Galveston; $12.5 million to the Mary Kay O'Connor Process Safety Center at Texas A&M University; and $5 million to the College of the Mainland in Texas City for safety and process technology training for refinery and chemical plant workers, all in memory of the 15 people who died.

The company also has pledged a potential $6 million in matching funds for donations to each of these institutions made in the six months following the settlement, up to $2 million per institution.

BP also earmarked $1 million donations to two other institutions that Rowe designated in her parents' memory, according to Coon's office.

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In another element of the settlement, BP has agreed to the release of documents and deposition testimony related to the case, which will be posted on the Web site www.texascityexplosionmedia.com, Coon said.

CASES 'UNDER THE RADAR'

Richard W. Mithoff of the Mithoff Law Firm in Houston said that he does about one settlement a year "for a client who really wants to make a difference in a way besides just trying to recover money."

"I've had clients set up scholarship funds, clients who lost a child in an accident and were awkward about recovering money for a dead child," he said. He also represented a surgeon in a medical malpractice case in which the surgeon was injured.

"Part of the settlement required the hospital to set up a teaching/research fund in [the surgeon's] name. He was in his 60s when he sustained the injury, well respected and not in need of money. He and the hospital had a real interest in a teaching fund and scholarship fund," Mithoff said, declining to identify his cases.

"Medical cases are not headliners. A lot of it's under the radar screen because a lot of cases are settled confidentially, though hospitals are happy to set aside money for scholarships and research funds," he said.

Automating The E-mail Discovery Process Proves Fruitful For Transatlantic Reinsurance Co. (LAW)

By Edward Kelley

Law.com, December 19, 2006

Any attorney or in-house counsel who relies on e-mail for evidence or litigation support knows that e-mail discovery is among the most mind-numbing, inefficient processes that enterprises face. And in today's highly regulated business climate, e-mail messages have become one of the most scrutinized and sought after categories of business records.

Transatlantic Reinsurance Company, Inc. better known as "TRC," is one of the largest publicly traded reinsurers in the industry, and like all other players in that industry, we face increasing oversight over business transactions -- particularly relating to e-mail. As a result, our legal and IT teams are responsible for searching through and reviewing tens of thousands of messages to find pertinent e-mails related to inquiries. These examinations are almost always subject to fairly tight deadlines.

THE PERSISTENCE OF E-MAIL

The challenge with e-mail is that retention policies are difficult to police at best, and e-mail never really goes away.

As a result, companies like TRC have ended up with literally millions of messages stored on multiple servers.

Prior to automating our retrieval and analysis process, our IT team spent between one and three days processing each keyword inquiry.

Depending on the number of "hits" returned, our lawyers then had thousands of e-mails to review for relevance and privilege.

Each time a regulator returned with a new keyword request, an entirely new search had to be initiated. In instances where historical data were needed from tapes or other long-term media, the IT department would inevitably need to add at least another week to the process. Once the search was complete, we had to cull the duplicate hits caused by getting the same e-mail from any number of recipients. As a result, our legal personnel ended up spending days organizing and analyzing the results. In one instance, a review of 11,000 messages generated by a keyword search determined that approximately 50 percent were duplicates and another 40 percent were spam or irrelevant. In the end, less than 10 percent were actually relevant.

This immense workload and the difficulty of coordinating these activities between multiple departments put a constant strain on our legal and IT group. The result was inefficiency for both departments. Like most other companies that experience this same challenge, we spent so much time locating e-mails, we found ourselves short on time when it came to the more important job of analyzing the results. To maintain our competitive edge, we needed to free up our time and streamline the back and forth process between all groups. This would enable us to draw intelligent, accurate conclusions instead of looking at a pile of seemingly random messages. That's when we made the strategic decision to automate our retrieval and analysis process.

INTELLIGENCE MAKES THE DIFFERENCE

By automating our e-mail discovery process with the Clearwell E-Mail Intelligence Platform, we've extended our search capabilities with technology that provides a much deeper level of analysis. This type of intelligence has enabled us to identify, extract and deliver actionable content from our e-mail systems. Now, we have a single view into multiple, globally based e-mail stores (including exchange servers, archives and PSTs), and by streamlining our e-discovery efforts we are able to quickly and accurately retrieve and analyze the results. Our new process took the headache out of e-discovery, and has empowered our legal department to autonomously revise inquiries for specific mail threads, reducing the burden placed upon IT and saving countless hours searching for e-mails. Our department now spends more time and attention analyzing evidence with a level of intelligence previously unavailable with manual searches.

By utilizing a dedicated e-mail analysis product, one of the biggest challenges we've been able to overcome is identifying duplicate messages, which often added unnecessary complexity to the onerous process of responding to e-mail inquiries. When

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we factored in the number of e-mail communications sent to multiple people (other recipients in the "To", "CC" or "BCC" fields), we ended up with a lot of duplicate e-mails. Using a standard keyword search yielded thousands of unrelated e-mails including many spam and junk e-mail messages. In contrast, our new process automatically eliminates duplicate and irrelevant messages from the results, saving us countless hours of filtering and organizing searches with no redundancy. E-mail intelligence is really the best way to describe our new approach.

The technology we now employ is sophisticated -- using advanced weighting algorithms to help index our e-mail-specific metadata and accurately establish e-mail rank, giving each e-mail a relevancy score. By automatically linking messages together into threads, we can view critical discussions, pinpoint when messages were sent and identify key contributors instantly, visually displaying who knew what and when. Topic analysis made it quick and easy to locate exactly the right message threads without manually reading through thousands of e-mails. Capabilities such as e-mail ranking and discussion threads also have been an enormous help in reducing the headache of e-mail analysis for both our legal and IT teams.

MORE TIME FOR THE REAL ISSUES

By reducing our e-mail review time, as a company we can respond even more rapidly and confidently to regulatory inquiries. This resource has freed up our legal team to respond faster and move on to more strategic work. Additionally, we can now apply our resources to support a greater number of TRC's customer-focused initiatives, like structuring effective reinsurance programs and building solutions that help our clients.

Some of the other benefits we've seen include faster e-mail analysis through relevant search results, discussion threads and de-duplication; reduction in IT and legal dollars spent on e-mail review and analysis; and minimal product training and rapid user adoption from a simple, intuitive user interface. We've been able to accomplish all this without disrupting our e-mail path, without creating a separate information store and without moving mailboxes or installing software on any desktops and servers.

E-mail intelligence makes all the difference when we're responding to inquiries or audits. Search is one important component of our e-mail strategy, but we've also realized that having a way to analyze the findings and generate intuitive results is just as critical (if not more so) to the investigative process.

Edward Kelley is assistant general counsel at Transatlantic Reinsurance Company Inc., where he manages the company's information requests and the e-mail investigatory process. A 21-year veteran of the reinsurance industry, he has been with Transatlantic for the last three years.

Law.com's ongoing IN FOCUS article series highlights opinion and analysis from our site's contributors and writers across the ALM network of publications.

That's No Bull: Damages Reduction Leads To Attorney Fee Cut (LAW)

By Mary Alice Robbins, Texas Lawyer

Law.com, December 19, 2006

In a unanimous decision, the Texas Supreme Court has ruled for the first time that two legal principles appellate courts use to limit or overturn damage awards also can be applied to attorney fees.

On Dec. 1, the Supreme Court affirmed the 1st Court of Appeals' decision to significantly reduce the damages awarded in Barker and Barker v. Eckman, a suit involving the distribution of proceeds from the sale of bull semen collected, stored and sold under a bailment agreement. The high court concluded that the Houston appeals court was correct when it held that the statute of limitations barred breaches of the agreement that occurred more than four years before Walter Eckman sued Emzy and Ava Barker.

However, the Supreme Court reversed the 1st Court's affirmation of the attorney fees awarded in Barker and remanded the case to the 151st District Court in Houston for a new trial on the fee issue.

The Supreme Court held that the Barkers are entitled to a meaningful evidentiary review of the jury's finding regarding the attorney fees awarded to Eckman in light of the 1st Court's decision to reduce the damages awarded.

In his analysis finding that the Barkers are entitled to a meaningful evidentiary review of the attorney fees awarded, Supreme Court Justice Phillip Johnson, author of the opinion, cited 1996's Saenz v. Fidelity & Guaranty Insurance Underwriters. The Supreme Court made it clear in Saenz that a court of appeals must conduct a meaningful review to determine whether sufficient evidence supports a jury's award of mental anguish damages.

As Johnson noted in Barker, the 1st Court's review of the jury's finding as to the attorney fees could not provide the Barkers the meaningful factual sufficiency evidentiary review to which they were entitled because the damages amount, or "results obtained," on which the jury based the attorney fee was incorrect. The jury charge listed the results obtained as one of the factors the jurors were to consider in determining a reasonable attorney's fee, according to the opinion.

In Barker, the high court also for the first time applied to attorney fees the "presumptive harm" rule that it annunciated in 2000's Crown Life Insurance Co. v. Casteel and subsequent cases. The court concluded in Barker that an appellate court will

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presume harm and must reverse the attorney fees awarded unless it can be reasonably certain that the jury's fee award was not significantly affected by the error in the damages award.

Because the statute of limitations had run on most of Eckman's claims, and the correct damages in Barker were one-seventh of the erroneous damages, "we are not reasonably certain that the jury was not significantly affected by the error" when calculating the attorney fees, Johnson wrote in the opinion.

"This is the first time they've applied that kind of logic to attorneys' fees," says J. Brett Busby, the attorney for the Barkers, owners and operators of a Central Texas business that collected, stored and sold semen from Brahman bulls and distributed the proceeds to the bull owners.

Busby, a partner in Mayer, Brown, Rowe & Maw in Houston, says the ruling shows the Supreme Court may be willing to extend the Casteel presumptive-harm rule to other kinds of cases.

Pete Schenkkan, an attorney for Texans for Lawsuit Reform (TLR), which filed an amicus curiae brief with the Supreme Court, says the opinion shows that in a fee-shifting-statute case such as Barker, one of the most important factors a jury must consider when determining a fee is the results obtained.

According to its amicus brief, TLR exists to advocate sound public policy on civil litigation issues. TLR contended in the brief that Barker presents an important legal issue within the litigation system -- how to ensure that statutory fee-shifting awards are, as required by the Legislature, reasonable.

OBJECTION WAIVED

In the opinion, the Supreme Court sets out the following facts: The Barkers owned Brushy Creek Custom Sires, where they boarded and provided other services for Brahman bulls. Between 1981 and 1995, the Barkers boarded bulls that Walter Eckman co-owned with two other persons. The Barkers collected, stored and sold semen from the bulls and distributed the proceeds to Eckman and his co-owners, according to the interest each owned in the animals or semen.

Eckman became convinced that Brushy Creek had breached its agreement with regard to the sale of the semen, the handling of proceeds from those sales and an accounting to Eckman for his shares of the semen. In an Oct. 25, 1995, letter, Eckman demanded that the Barkers deliver the semen he owned to a different storage facility, compensate Eckman properly for his share of prior sales and repay overcharges for semen storage. The Barkers delivered the semen as requested but did not agree to Eckman's monetary demands.

Eckman sued the Barkers in May 1997 in the 151st District Court, alleging that the Barkers breached their bailment agreement in a number of ways.

As noted in the Supreme Court's opinion, the Barkers contended at the trial in 2000 that Eckman's claims were barred by the four-year statute of limitations.

But the jury found the Barkers failed to comply with the bailment agreement and awarded Eckman $111,983 in damages. The jury also found that Eckman's attorney fees totaled $244,500 for trial preparation and the appellate process.

After the trial court denied their motion for a judgment notwithstanding the verdict, the Barkers appealed to the 1st Court.

In 2003, the 1st Court ruled that the Barkers had waived their statute of limitations argument. But, acting on the Barkers' motion for rehearing, the appeals court did an about face, holding in 2004 that the bailment agreement between the Barkers and Eckman constituted a contractual relationship and that the statute of limitations barred the claims on all but $16,180 of the damages the jury had awarded.

However, the 1st Court affirmed the jury's findings as to the attorney fees awarded to Eckman. The appeals court held that the Barkers had waived an objection to the award of attorney fees because they failed to object to the jury instruction or submit a question asking the jury to segregate the fees for Eckman's attorney fees according to the various services rendered.

Eckman and the Barkers subsequently filed petitions for review with the Supreme Court. Eckman argued that the 1st Court erred in reducing his damages on the basis of the statute of limitations because the cause of action for all of his damages accrued in October 1995 when he sent the Barkers the demand letter. The Barkers contended that the 1st Court erred when it affirmed the award of attorney fees that was based on the jury's incorrect amount of damages.

LIMITATIONS FIGHT

In his brief to the Supreme Court, Eckman argued that a cause of action for breach of a bailment agreement does not accrue until the person whose property was being held makes a demand upon the person holding the property. Eckman further argued that if there is no demand or an ineffective demand, the statute of limitations does not begin running until the bailor has notice that the bailee's conduct is inconsistent with the bailor's rights.

The Barkers argued in their brief to the high court that the $244,500 in attorney fees that the 1st Court affirmed bore no reasonable relationship to the $16,180 in damages that the appeals court determined Eckman should recover. As the Barkers noted, the record in the case does not provide a factually sufficient explanation of why the nature and circumstances of the case support such a grossly disproportionate award.

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The Supreme Court agreed with Eckman that a cause of action for breach of a bailment agreement can accrue when the bailee refuses to comply with the bailor's rightful demand for return or disposition of the bailed property or when the bailee does something clearly inconsistent with the bailor's rights. But that does not preclude accrual of an action at an earlier time if the bailee breaches the agreement at an earlier time, the court held.

"We do not see that bailment contracts differ from contracts in general to the extent that the rule as to when a party has the right to sue for breach of an agreement should be altered for them," Johnson wrote for the court.

The court held that Eckman's claims for the various breaches accrued when each individual breach occurred.

Robert L. Ketchand, Eckman's attorney and a shareholder in Houston's Boyer & Ketchand, says it's significant that the Supreme Court has held that a bailment case should be treated just like any other contract case for purposes of limitations.

"I think that is a major departure from historical rules regarding statute of limitations in bailment cases," Ketchand says.

With regard to the court's decision on the attorney fees, Ketchand says, "The way I read it, we could go back and get more attorney's fees."

Ketchand says he thinks the most significant thing about Barker is the fact that the Supreme Court did not establish a rule for proportionality as urged by TLR.

TLR argued in its brief that when an appellate court substantially reduces compensatory damages, "common sense suggests a presumption of a remittitur proportionately reducing the corresponding fee-shifting award."

Schenkkan, TLR's attorney and a shareholder in Austin's Graves, Dougherty, Hearon & Moody, says that when the 1st Court reduced the actual damages, that required a recalculation of the amount of attorney fees. TLR suggested a presumptive, not automatic, proportionate remittitur as a way to do the recalculation without a remand, Schenkkan says.

The Supreme Court declined to take that approach.

CIVIL RIGHTS:

Gov. Wants Death Penalty Procedure Corrected (LAT)

By Henry Weinstein

The Los Angeles Times, December 19, 2006

Gov. Arnold Schwarzenegger today directed his administration to fix problems with the state's procedure to execute prisoners.

Schwarzenegger acted in response to a stinging decision issued Friday by U.S. District Judge Jeremy Fogel in San Jose, who said the state's system "is broken, but ..can be fixed."

"I am committed to doing whatever it takes to ensure that the lethal injection process is constitutional so that the will of the people is followed and the death penalty is maintained in California," Schwarzenegger said in a prepared statement. "My administration will take immediate action to resolve court concerns which have cast legal doubt on California's procedure for carrying out the death penalty."

In his ruling, Fogel, who visited the death chamber in San Quentin and held a four-day hearing in September, said the state's current procedures involving lethal injection violates the Constitution's prohibition against cruel and unusual punishment. Fogel gave state officials 30 days to let him know what they planned to do and he urged the governor to get involved.

Fogel listed a number of problems with how the death penalty is implemented in California, including inconsistent and unreliable screening of execution team members, poorly trained staff, inconsistent and unreliable record keeping of drugs used in the process, improper mixing, preparation and administration of drugs administered by the execution team, overcrowded conditions and poorly designed facilities in which the execution team must work. He also blasted state personnel involved in the process for a "pervasive lack of professionalism."

In a prepared statement released today, Schwarzenegger said his top legal and correctional officials "will lead an effort to implement a screening process and undertake a comprehensive training program for execution team members, create standardized record-keeping, recommend how to improve the death penalty facility and identify the best experts in other states to advise the California Department of Corrections and Rehabilitation on lethal injection and its implementation."

Schwarzenegger said he had asked his legal affairs legal Andrea Lynn Hoch to work with the Corrections Department to in the next 30 days take the following five steps:

· Establish a screening process for selection of execution team members and periodic review process for team members.

· Establish a comprehensive training program for all members of the execution team so all are familiar with the drugs being used, their preparation and the risks associated with the drugs.

· Develop standardized record-keeping to ensure that there are complete and reliable records of each execution.

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· Recommend how to improve the death penalty facility at San Quentin, which was switched from a gas chamber to a lethal injection chamber, to ensure there is adequate equipment, lighting, and space for the execution team members to perform their functions.

· Identify the best experts in other states to advise the Corrections Department on the lethal injection protocol and its implementation.

Judge Fogel's ruling was in response to a lawsuit filed earlier this year by condemned inmate Michael Morales, who has been on death row for more than 20 years after he was convicted of murdering Lodi teenager Terri Winchell.

ANTITRUST:

FCC Official Declines To Vote On AT& T Deal (WP)

By Alan Sipress

The Washington Post, December 19, 2006

Federal Communications Commissioner Robert M. McDowell announced yesterday that he would disqualify himself from voting on AT&T's proposed purchase of BellSouth on ethical grounds, depriving the FCC of a potential swing vote that could have broken the stalemate among its Democratic and Republican members.

McDowell, saying he felt compelled to silence speculation over whether he would take part in the vote, accused his colleagues of failing to negotiate in good faith over conditions for approving the $86 billion merger proposed seven months ago.

"It appears that the lingering question of my involvement is being used as another excuse for delay and inaction," he told reporters.

McDowell has said for months that he would not vote because he previously worked as senior vice president for Comptel, an association that lobbied on behalf of companies competing with AT&T and BellSouth. But despite his concern about a possible conflict of interest, the FCC's general counsel, Samuel Feder, ruled this month that McDowell could take part because of an overriding government interest in breaking the deadlock.

McDowell rejected that reasoning and criticized Feder's opinion, saying it overlooked important facts and legal considerations. In particular, he said the opinion did not address the ethics agreement reached during his Senate confirmation process this year in which he pledged not to participate for a year in any matter in which Comptel had been involved.

"While I expected the legal equivalent of body armor, I was handed Swiss cheese," McDowell said.

FCC Chairman Kevin J. Martin, who asked Feder to issue the opinion, has been urging McDowell to take part in the considerations. Late yesterday, Martin said his aim had been to make sure the commission considered the merger in a timely fashion.

"With Commissioner McDowell having made his decision, I will continue to try to work with my colleagues to bring our consideration of this merger to conclusion," Martin said in a statement.

He also said he respected McDowell's decision to abstain. Though both men are Republicans, their relations have been strained since McDowell joined the FCC.

Martin has been an advocate of approving the merger without conditions. But the two Democratic members have insisted that the deal, which would create a telecommunications giant, include safeguards to ensure competition and protect consumers.

The FCC has repeatedly postponed acting because of the stalemate, and no vote is scheduled.

Amid Twists At FCC Review, AT&T Hurdles Loom (WSJ)

By Amy Schatz

The Wall Street Journal, December 19, 2006

WASHINGTON -- AT&T Inc.'s $86 billion bid to buy BellSouth Corp. could face a variety of unwanted conditions after a Federal Communications Commission member said he won't vote on the deal because of ethical concerns.

The decision yesterday by Robert McDowell, a telecommunications lawyer, to abstain from voting was an unwelcome development for the companies, which had been counting on the Republican to break the impasse that has paralyzed the agency's review of the deal.

The FCC's review had broken down during the past few weeks amid partisan bickering, with the two Democrats on the five-member commission pushing for certain conditions and the two remaining Republicans opposing them. Mr. McDowell's decision to step aside increases the likelihood that AT&T will be forced to accept some conditions involving "net neutrality," or the idea that all Internet traffic should be treated equally. However, it also sweeps away uncertainty about who will vote, which has slowed negotiations on merger conditions.

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Mr. McDowell has expressed concern about whether he could vote since the merger was announced in March, shortly after he was nominated for the FCC job. Mr. McDowell previously lobbied on behalf of CompTel, a trade group that represents smaller phone companies and has energetically opposed the deal. Mr. McDowell must abstain from voting on matters that involve the group for a year.

Even without Mr. McDowell's vote, there is little question the FCC will approve the deal. But his abstention will change what conditions might be imposed.

The FCC's two Democrats are demanding that AT&T abide by net-neutrality conditions, which would require the company to treat all Internet traffic equally. The FCC's two Republican members, notably Chairman Kevin Martin, agree with AT&T that such a condition would hinder its ability to manage its network and roll out new services for consumers. Mr. McDowell had publicly sided with his Republican colleagues on the net-neutrality issue, which is one reason he was being pressed to vote on the deal.

Democrats want nondiscrimination rules to apply on AT&T's lines all the way to the company's Internet backbone. AT&T has so far been willing to agree to apply those rules to portions of the network, but not all of it.

Another potential merger condition will center on the pricing of wholesale high-volume data lines used by corporate customers. Wireless phone companies and corporate customers have complained that consolidation of those high-volume lines will lead to significantly higher prices. Similar concerns were raised during the merger of SBC Communications Inc. and AT&T Corp. and Verizon Communications Inc.'s acquisition of MCI Corp. In those mergers, the Justice Department required limited divestitures in some cities, and the FCC required limited price caps for those lines.

The Justice Department approved the AT&T-BellSouth transaction in October without any conditions.

Mr. McDowell's decision ended a week of drama and hand-wringing about whether he should vote. The angst began about 10 days ago, when the FCC's general counsel, in a memo, gave legal justification for Mr. McDowell's participation. It didn't make as strong a case as many thought it would. Instead, it detailed concerns by the head of the Office of Government Ethics, who suggested Mr. McDowell shouldn't vote.

"While I expected the legal equivalent of body armor, I was handed Swiss cheese," Mr. McDowell said yesterday. The Virginia Bar Association, of which Mr. McDowell is a member, also cautioned him on voting on the deal. "They did not encourage me to go forward," he said.

For a week, Mr. McDowell remained quiet about his intentions, while privately pressing his colleagues to jump-start the merger talks in hopes of their reaching a deal. Those efforts proved fruitless, however, and Mr. McDowell decided to step aside now, an FCC official said, rather than get involved in the merger talks and either vote or abstain at the last minute.

Congressional Democrats immediately applauded Mr. McDowell's decision. Democratic FCC Commissioner Michael Copps said it provided clarity that "should give some juice to our ongoing discussions."

Washington politicians' recent debate about propriety and ethics -- which helped Democrats retake Congress -- appears to have played a role in Mr. McDowell's decision. Mr. McDowell's concerns about protecting his integrity -- and avoiding becoming a punching bag for Democrats on Capitol Hill for the next two years -- appear to have won out over merger proponents who wanted the deal approved with minimal conditions.

One reason for the FCC's delay in approving the merger has been the continued uncertainty about whether Mr. McDowell would participate. FCC board members negotiated but never came close to cutting a deal while Mr. McDowell's involvement remained an option. Negotiations ended about two weeks ago, FCC sources say, when Mr. Martin suggested that he was only willing to go so far on the net-neutrality issue.

"The chairman has continued to be committed to working with his colleagues and acting on the merger. But the sticking points are still very sticky," said an FCC official close to the negotiations. "We're not sure how quickly this merger can be approved."

In a statement, AT&T said it would continue to work with the FCC to get the deal approved. "We will -- as we have always done -- do our part to bring the merger review to a bipartisan completion as quickly as possible," said an AT&T spokesman.

FCC Member Officially Bows Out Of Voting On AT& T Deal (USAT)

By Leslie Cauley

USA Today, December 19, 2006

NEW YORK — Robert McDowell, the third Republican on the Federal Communications Commission's five-member panel, said Monday that he will not vote on AT&T's $80 billion purchase of BellSouth.

His decision leaves intact a deadlock between the two Democrats who want to impose several conditions on the deal, and the other two Republicans, including Chairman Kevin Martin, who favor no conditions.

McDowell, who joined the FCC in June, initially abstained from participating in the AT&T-BellSouth case because he used to lobby for CompTel, a trade group that represents small carriers that oppose the deal.

He also cited ethical concerns of the Virginia Bar Association.

Earlier this month FCC general counsel Sam Feder said that McDowell could vote on the deal.

McDowell said he had hoped Feder's recommendation would provide him with the "legal equivalent of body armor." Instead, he said, "I was handed Swiss cheese."

After conferring with several advisers, including the executive branch's Office of Government Ethics, McDowell decided to "follow my own personal sense of ethics" and "disqualify myself from this matter."

Referring to the crush of ethics scandals that have consumed headlines over the past year, McDowell said Americans often "have been disappointed by those who hold public office. I hope this is one instance where they are not disappointed."

Martin said in a statement that he appreciated McDowell's "thoughtful consideration," adding that he would "respect his decision to abstain." The FCC cannot compel a commissioner to vote.

The BellSouth deal just needs the FCC's approval to close. It already has been approved by the Department of Justice, which imposed no conditions.

The two Democrats, Michael Copps and Jonathan Adelstein, are pushing for conditions in two areas.

They want "net neutrality," which is the idea of making sure high-speed broadband lines are available on fair terms for all comers.

The second area is "special access." They want AT&T to reduce the rates it charges rivals to lease the large-capacity data lines that are a staple in business.

AT&T has so far refused to agree to any conditions that might limit its ability to manage its new high-speed broadband network, which is costing the carrier billions to construct. It is also reluctant to agree to conditions that might curb profitability in the special-access segment.

Yet with McDowell out of the picture, AT&T will be forced to work out a deal with the Democrats.

"This is a setback for AT&T," says Gene Kimmelman, public policy director of Consumers Union, which opposes the deal.

AT&T "clearly expected that they were going to get a vote from McDowell that rubber-stamped the deal," he says. "It was a miscalculation."

Stifel Nicolaus analyst Blair Levin agrees.

On the day the Justice Department approved the merger with no conditions, "You could practically hear the champagne corks popping" at AT&T, Levin recalled.

The lesson? "As Yogi Berra used to say, it ain't over till the fat lady sings."

On a positive note, Levin says negotiations between AT&T and the FCC should kick into high gear now that the McDowell question has been settled.

"It's sort of like the NBA," he says. "Nobody really plays hard until the fourth quarter."

AT&T closed at $35.47, down 19 cents, while BellSouth fell 72 cents to $45.33.

Virtuous Neutrality (LAT)

The Los Angeles Times, December 19, 2006

What an FCC commissioner's recusal means for AT&T and BellSouth -- and millions of Internet users.

IT'S UNCLEAR WHETHER he acted out of principle or obligation, but Robert M. McDowell made the right choice Monday. McDowell, a Republican appointed earlier this year to the Federal Communications Commission by President Bush, recused himself from the FCC's decision on whether to approve AT&T's proposed acquisition of BellSouth.

His decision leaves the FCC deadlocked, with the two other Republicans resisting demands by the commission's two Democrats for more restrictions on the merged company. But that may be just as well, at least for consumers, if it leads the commission to compromise on the one issue that could most affect Internet users: something called "Net neutrality."

Democrats Michael J. Copps and Jonathan S. Adelstein want to bar AT&T's high-speed Internet service from offering special treatment to data from websites or online services that pay extra for it. AT&T and other broadband suppliers have resisted the Net neutrality requirement, while Google, Amazon and other Web-based companies have lobbied hard for it.

McDowell used to be a lobbyist for a trade group that opposes the merger. The FCC's general counsel recently cleared him to vote despite the apparent conflict, but McDowell opted Monday to stay out. His move increases the chances that his old employer will prevail — that AT&T and BellSouth will be forced to accept numerous restrictions or abandon the deal. At the same time, McDowell has publicly called for fewer regulations and has questioned the need for Net neutrality rules. No matter. At least McDowell got to act principled — in announcing his decision, he used the words "ethics" or "ethical" 33 times in five pages.

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The Justice Department has already signed off on the merger, but AT&T can't complete the purchase without the assent of the FCC. That means Copps and Adelstein, who are more skeptical about the deal's benefits for the public, have an unusual amount of leverage as long as McDowell stays out of the picture.

And that's a good thing, at least as far as Net neutrality is concerned. This merger is less troubling than it would have been a decade ago, with Internet service providers, cable TV and wireless companies all offering alternatives to the local phone companies' copper lines. There is far less competition, however, in high-speed Internet service. In many parts of the country, consumers may have only one or no alternative to the DSL service to be offered by AT&T/BellSouth.

That's why the merger should not be approved unless there is a guarantee that AT&T will offer a level playing field to websites and online services, at least until their customers have more choices for high-speed Internet connections.

Benefit Firm Attempts To Outbid CVS For Caremark (WP)

By Annys Shin

The Washington Post, December 19, 2006

Pharmacy-benefit manager Express Scripts yesterday attempted to outbid retail pharmacy giant CVS for Caremark Rx with an offer of $26 billion in cash and stock, joining a flurry of year-end mergers and acquisitions.

The proposal stunned many investors and marked the first shot in what could become a protracted battle over who gets to be the nation's leading filler of drug prescriptions.

In other deals announced yesterday, several private-equity firms said they planned to acquire a variety of companies, including the parent of both Century 21 and Coldwell Banker, as well as Harrah's casinos and a maker of hip and knee replacements, continuing a record year for private-equity buyouts.

Caremark and CVS last month agreed to what was characterized as a merger of equals, with CVS offering Caremark shareholders $22.5 million in stock. The combination of Caremark, the nation's second-largest pharmacy-benefit manager, and CVS, the second-largest pharmacy retailer, would create the biggest private-sector buyer of prescription drugs, responsible for managing more than 1 billion prescriptions a year.

Pharmacy-benefit managers are hired by employers to negotiate lower prices from drugmakers and to determine what employees are required to pay. Some companies, such as Caremark, also compete with retail pharmacies by buying and distributing drugs through the mail.

Caremark and CVS have said the size of the new company would give it better leverage with drug companies to demand lower prices, which would ultimately be passed onto consumers.

Express Scripts chief executive George Paz made similar predictions yesterday about a merger between his company and Caremark, even though Express Scripts is half the size of Caremark.

"Buying the company and putting this together allows us the opportunity to take advantage of the additional scale and size and to become bigger and stronger," he said.

Unlike CVS, Express Scripts is offering Caremark shareholders cash and a 15 percent premium based on the closing price of Caremark's shares last Friday. Express Scripts would have to borrow about $13 billion to pull off the deal, analysts estimated, and has lined up financing commitments from Citigroup Corporate and Investment Banking and Credit Suisse.

Caremark, based in Nashville, said its board would review Express Scripts' offer. Express Scripts said if rebuffed by Caremark's board, it would take its case directly to shareholders.

Shareholders have filed several lawsuits against Caremark, challenging the proposed merger with CVS and alleging the deal was designed to advance the interests of directors and insiders.

Some analysts yesterday predicted CVS would make a counteroffer. But the Woonsocket, R.I., company said in a statement that it had not yet reviewed Express Scripts' offer.

Express Scripts' play for Caremark came alongside a frenzy of acquisitions.

Apollo Management agreed to buy Realogy, the parent of Century 21 and Coldwell Banker, for $9 billion, Realogy said yesterday. Apollo plans to take on about $1.6 billion in debt and $750 million in other liabilities.

Apollo and another private-equity firm, Texas Pacific Group, were also reportedly close to buying Harrah's Entertainment yesterday for an estimated $16.7 billion.

The two deals highlighted the growing role of private-equity firms in the current buyout boom.

Buoyed by low interest rates, more access to financing and investors seeking bigger returns, several funds have raised more than $10 billion, topped by Blackstone, which raised $20 billion. Firms have also pooled money, allowing them to go after large public companies and take them private.

The result has been deals on a scale not seen since the heyday of leveraged buyouts in the late 1980s, said Colin Blaydon, director of the Center for Private Equity and Entrepreneurship at Dartmouth's Tuck School of Business. "Basically this

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year has been a record-setter for capital raised by private-equity funds and capital invested by private-equity funds," Blaydon said.

Blackstone, for example, partnered with Kohlberg Kravis Roberts and Goldman Sachs Capital Partners to buy Biomet, a Warsaw, Ind.-based maker of hip and knee replacement products, for about $10.9 billion. In the deal announced yesterday, the firms plan to use a combination of their own cash and money borrowed from Goldman Sachs Group and Bank of America.

The pace of deal-making is likely to proceed into next year, Blaydon said.

"Right now, the economy is sufficiently strong and the debt market sufficiently robust that it will keep on going," he said.

Express Scripts' Bid For Caremark Could Trigger Fight (USAT)

By Julie Appleby

USA Today, December 19, 2006

Express Scripts' unsolicited $26 billion bid for rival Caremark may force a bidding war for the pharmacy benefits manager.

While investors may think the Express Scripts cash-and-stock offer is more attractive than the $21 billion CVS all-stock deal, management at Caremark and CVS may be convinced that theirs is the better long-term move, says Merrill Lynch analyst Tom Gallucci in a research note to investors.

"We would anticipate that this deal will not go away without a fight," Gallucci wrote.

Analyst Robert Willoughby at Bank of America wrote in his note Monday about the Express Scripts bid that Caremark's board will be "hard-pressed to credibly thwart such an offer."

CVS, which said in a statement that it has not had a chance to review Express Script's offer, now has to decide if it wants to counteroffer.

Express Scripts CEO George Paz, in a letter to Caremark, says that his company's offer is the superior one and that the firm is willing to go directly to shareholders. "We are prepared to solicit proxies against approval of your proposed merger with CVS," he wrote.

If the bid is successful, Express Scripts, the third-largest pharmacy manager behind Caremark and Medco, would leap to first place. The combined company would control about 26% of all prescriptions filled, based on adjusted figures for 2006, says Willoughby's report. Medco would have about 16%.

The bid comes amid increasing pressure on the drug industry from government and employers to rein in drug costs. Adding to the pressure: recent moves by Wal-Mart and other big-box retailers to cut the cost of some generic drugs to as little as $4 a prescription.

Pharmacy benefit companies negotiate drug prices with drugmakers, wholesalers and pharmacies, passing some savings along to their insurer and employer clients. They sometimes also help draw up lists of drugs available to insured patients.

Express Scripts says the deal would result in cost savings of up to $500 million. Paz pointed to the company's effort to encourage the use of generic drugs as one way to reduce costs.

He says the firm saved clients $100 million this year by taking cholesterol treatment Lipitor off of its list of covered drugs, encouraging patients to take alternative Zocor instead, then switching them to generic Zocor when that came on the market.

The company may have to make the cost-savings case to antitrust regulators, because its proposed deal would reduce the number of big benefits managers from three to two.

"It's going to get close review," predicts Andrew Klevorn, a partner who specializes in antitrust law for Eimer Stahl law firm in Chicago. "When markets become more concentrated, that can lead to higher prices."

Express Scripts shares rose 1.9% Monday to $69.97, while Caremark's rose 10.5% to $55.58. CVS fell 1.7% to $30.01.

CVS Isn't Yet Out Of The Running In Race For Caremark (DOW)

By James Covert

Dow Jones Newswires, December 18, 2006

NEW YORK (Dow Jones)--CVS Corp. (CVS) isn't yet out of the running as a potential suitor for the pharmacy-benefits manager Caremark Rx Inc. (CMX).

Express Scripts Inc. (ESRX), a St. Louis-based pharmacy benefits manager, offered Monday to acquire its rival Caremark Rx for $26 billion in cash and stock. Express Scripts said its offer represents a 15% premium over retail pharmacy giant CVS's all-stock offer.

Nevertheless, analysts say CVS, of Woonsocket, R.I., could sweeten its bid, which had been perceived as low by Wall Street. In addition to its healthy balance sheet, CVS, in acquiring Nashville-based Caremark, could use the target company's strong cash flow to pay down debt it might take on to fund a bigger price tag. Analysts add that a deal with CVS would likely be more attractive to regulators, as an Express Scripts deal risks greater antitrust concerns.

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"We do not regard this as a deal breaker for CVS' proposed merger of equals with Caremark," Goldman Sachs analyst John Heinbockel wrote in a Monday research note. Heinbockel noted that CVS could "modestly sweeten its offer" to as much as $25 billion by switching a portion of its all-stock offer to cash, and could do so without "meaningfully" reducing benefit that CVS expects the acquisition would add to its 2008 earnings.

"Caremark shareholders may prefer a combination with CVS, at a somewhat lower price, if they view the deal as truly transformative," Heinbockel says.

In a Monday conference call with analysts, Express Scripts executives said they had discussed the idea of buying Caremark with officials at the Federal Trade Commission, and that the company is confident it can overcome regulatory hurdles. In a Monday research note, Merrill Lynch & Co. added that a tie-up between Express Scripts and Caremark is "arguably more straightforward" than a deal with a retailer.

Yet a CVS deal still stands to be viewed more favorably by big drug customers, including the government and the drug-benefits programs it runs, according to Scott Mushkin, an analyst at Bank of America Securities in New York. That's because a CVS deal would eliminate a significant amount of channel conflicts between retailers and pharmacy-benefits managers, "driving down costs significantly," Mushkin says. That would contrast favorably to the "horizontal domination" that would likely result in a merger between Express Scripts and Caremark, he adds.

Indeed, an acquisition by Express Scripts would create a giant with a 40% share of the market in pharmacy-benefits management, according to John W. Ransom, an analyst at Raymond James & Associates. Meanwhile, Ransom says the strategic benefits are greater in a CVS deal. While Express Scripts would benefit from added scale and market share, CVS could use its increased scale to wring lower prices from suppliers, and enhance its range of offerings to consumers. CVS also would gain a better cushion against legislative cuts in average wholesale prices for drugs, Ransom says.

Another point in CVS's favor: the $600 million breakup fee it has secured in its agreement with Caremark. With or without the acquisition of Caremark, CVS is poised to benefit from increased drug sales at it continues to add prescription customers from the Medicare Part D drug-benefits program and elsewhere, Ransom says.

However, if CVS elects to sweeten its bid, the result wouldn't be good for CVS's debt profile, Gimme Credit said in a Monday research note. The company has been slow repaying debt from its acquisition of the Eckerd drugstore chain, and recently spent more than $4 billion to buy the drugstore operations of Albertson's Inc., which Gimme Credit called "mediocre performers."

"We can't fault the long-term strategy but clearly management is willing to sacrifice credit quality in the interim," Gimme Credit said.

None of the above-mentioned analysts reported conflicts related to CVS, Caremark or Express Scripts. But investors should assume their firms are pursuing investment-banking relationships with the companies.

"We have not yet had an opportunity to review this offer carefully," CVS said in a written statement Monday in response to the Express Scripts offer. "However, we note that we have a definitive agreement with Caremark... We believe the prospects for completing that transaction are excellent and we remain confident in the long-term strategic value of our combination as well as the benefit to shareholders of CVS and Caremark."

Caremark shares surged 11.6% on the news, recently trading at $56.12, up $5.82 from Friday's close. Shares of Express Scripts were up 57 cents, or 0.8%, early Monday afternoon at $69.23. CVS shares fell 27 cents, or 0.9%, to $30.25.

Biomet Agrees To Buyout, Reports Option-Dating Problems (NYT)

By Barnaby J. Feder

The New York Times, December 19, 2006

Biomet, a major manufacturer of artificial hips and knees, said today that it had agreed to be acquired by a private investment consortium for $10.9 billion.

The buyout bid came from affiliates of the Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Company and TPG.

Biomet said in a news release that the private investment group is also expected to include Dane A. Miller, one of the founders of Biomet, who served as its chief executive until he resigned last April over disagreements with the company's board of directors.

The company also announced today that a board committee's review of the company's options-dating practices back to 1996 had uncovered numerous cases of option grants backdated to create immediate profits for the recipients, as well as shortcomings in the company's records.

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Biomet, a 29-year-old company based in Warsaw, Ind., said that it had notified the Chicago office of the Securities and Exchange Commission about the options findings, and that it would not announce earnings for its second fiscal quarter as scheduled on Wednesday. It declined to predict how long it would take to sort out its books and report the figures.

The company said that senior executives, whom it did not name, had been aware of the backdating, "though they may not have been aware of the accounting and legal ramifications of this practice."

While the accounting irregularities have prevented a final tally of profits for the quarter, Biomet did say that sales were $520.3 million, a 5 percent increase over the comparable period a year earlier. That fell short of Wall Street's average forecast of $527 million.

The buyout bid works out to $44 a share, slightly less than the highest prices that have been bandied about in recent speculation suggesting that Biomet would merge with Smith & Nephew, a British orthopedics company. Smith & Nephew, which confirmed in November that the two companies were in talks, said today that those discussions had ended.

Biomet and the investor group said that the buyout could be completed by next October. In Nasdaq trading today, Biomet's shares fell 41 cents, or 1 percent, to close at $41.59, reflecting a belief that no competing bids are likely to emerge and that investors will have a relatively long wait before receiving their proceeds from the buyout, which represents a 4.8 percent premium on Friday's closing price of $42.

"You are talking about a very small return for a 10-month wait," said Raj Denhoy, who follows the orthopedics sector for Piper Jaffray & Company.

Smith & Nephew's shares, by contrast, surged on the news. Its American depository receipts gained $3.43, or 7.3 percent, to close at $50.58 on the New York Stock Exchange. Many investors in the company had been afraid that the British company would overpay for Biomet.

Smith & Nephew's rise may also be fueled by speculation that private equity investors might now buy that company, too, and perhaps combine them.

"This isn't a lot of money for this investment group," Robin Young, an orthopedics industry consultant and market researcher who publishes the Orthopedics This Week newsletter, said of the Biomet buyout. "They could turn right around and go after Smith & Nephew."

Even so, there has been no indication so far that the British company is for sale. Biomet, on the other hand, said publicly in April that it was considering all its strategic options and had hired Morgan Stanley to advise it; that was when Mr. Miller stepped down from his executive post. Daniel P. Hann, who was the company's general counsel, has served as interim president and chief executive since then, while Mr. Miller has served as a consultant to the company.

Many analysts had suggested that a combination of Biomet and Smith & Nephew made sense, because it would be roughly the same size in orthopedics as the three largest players — Zimmer Holdings, Stryker, and the DePuy division of Johnson & Johnson.

Biomet Agrees To Be Acquired For $10.9 Billion (WSJ)

By Susan Carey And Jonathan Vuocolo

The Wall Street Journal, December 19, 2006

Orthopedic-devices maker Biomet Inc. agreed to be acquired by a private-equity group for $10.9 billion, but investors failed to lift its shares to the asking price after the company disclosed problems with backdating stock options that could affect its financial results for the past decade.

The Warsaw, Ind., company said that if its shareholders agree to the deal, they will receive $44 a common share from a private-equity group that includes affiliates of Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Co. and Texas Pacific Group.

The price represents a 27% premium to the stock's closing price in early April, a few days before Biomet said it had hired Morgan Stanley to help it look at strategic alternatives. That move came a week after the resignation of Dane Miller, Biomet's co-founder and its chief executive officer for 29 years. Mr. Miller is expected to be an investor in the new private company once the deal closes in October 2007.

With a market capitalization of about $10.2 billion and the fourth-largest share of hip- and knee-replacement devices by revenue world-wide, Biomet looked like a good candidate for another medical firm. It even held preliminary merger talks with United Kingdom competitor Smith & Nephew PLC, a fact Smith & Nephew disclosed in early November.

Private-Equity Advantage

But these days, private-equity firms, armed with low-cost capital and increasingly on the prowl for acquisitions, can often outbid potential strategic buyers.

DEALS MONDAY!

Deals valued at tens of billions of dollars were unveiled Monday. · Express Scripts Offers $26 Billion for Caremark Rx1

· Icos Accepts Lilly's Sweetened $2.3 Billion Offer2

· Private-Equity Firms Invest $3.4 Billion in Delphi3

· Apollo, Texas Pacific Set to Win Harrah's4

· Statoil, Norsk Hydro to Merge Oil, Gas Operations5

That is in contrast to the conventional wisdom of previous cycles when strategic buyers would pay more because there were more synergies and opportunities to cut costs. Also, most companies aren't comfortable with the levels of debt that private-equity firms put on their target companies. And the giant investment firms don't always face potential antitrust hurdles.

The Biomet deal is one of a flurry of deals this month. Even before December's frenetic activity, buyouts have risen 60% this year, according to data from J.P. Morgan Securities. And there is little indication that the credit markets have lost their enthusiasm for financing private-equity firms as investors remain hungry for yield in a world where interest rates remain low and may soon go lower.

Health-care companies have become one of the most popular areas for private-equity firms this year in the wake of the buyout of HCA Inc.

Matt Miksic, an analyst who follows medical-technology stocks for Morgan Stanley, said the leveraged buyout of Biomet endorses his view that companies in this sector "throw off a lot of cash and are attractive businesses." He had Biomet rated at the equivalent of a "buy" before the deal was announced, despite the disappointing performance of its spinal-product business. "Hips and knee implants have been clicking along pretty well," he said. Mr. Miksic doesn't own any Biomet stock, but Morgan Stanley has an investment-banking relationship with the company.

When news of the Biomet-Smith & Nephew talks came out, analysts at J.P. Morgan expressed caution about a possible tie-up, saying any deal would face challenges such as product and sales-force overlap, integration and valuation. "In our view, a going-private transaction makes the most sense for Biomet -- being outside the glare of public scrutiny could allow the company to make some tough decisions with respect to its cost structure, business portfolio and management," the analysts said in a research note.

While that scenario now has materialized, Biomet shares slipped 41 cents to $41.59 yesterday in 4 p.m. composite trading on the Nasdaq Stock Market. Volume was 11.8 million shares traded, compared with the daily average of 2.1 million.

Biomet said yesterday that it will postpone reporting its fiscal second-quarter results -- previously expected to be announced tomorrow -- while it continues an internal investigation that already has found that the company may have improperly "backdated" a substantial number of options granted to employees to purchase about 20 million Biomet shares in the past decade.

Options-Backdating Issues

Biomet said correcting errors in how these stock options were accounted for may have a material effect on its historical and/or current financial statements. Moreover, the company's unaudited sales of $520 million for its second quarter ended Nov. 30, while up 5% from a year ago, were below Wall Street's average view of $527 million.

Cowen & Co. analyst Dhulsini De Zoysa said she thinks investors are fretting that the stock-options review could have a material negative impact on Biomet's results, which could trigger the company's private-equity buyers to reprice their offer.

"Theoretically, that's the concern, I think," she said. But "without knowing the magnitude [of the potential impact] it's impossible to say" if the scenario is likely to unfold. The analyst doesn't own Biomet shares.

Biomet Agrees To $10.9 Billion Buyout (AP)

By Deanna Martin, Associated Press Writer

AP, December 19, 2006

A group of private investors that could include a founder of Biomet Inc. has offered $10.9 billion in cash for the Warsaw, Ind.-based orthopedics maker as they seek to capitalize on baby boomers who want to turn back the clock.

The consortium offered $44 per share, 27 percent more than Biomet's closing price on April 3, the last trading day before the merger talk began. The offer is $1 per-share higher than what one analyst said would be justified last week.

Wall Street greeted the news with skepticism. Biomet shares fell 41 cents, or 1 percent, to close at $41.59 in trading Monday on the Nasdaq Stock Market.

But Linda Varoli, vice president of merger research with the New York-based Wall Street Access, said the $10.9 billion purchase price — which will be paid with cash and loans — reflects the potential of the industry, which has been rattled recently by antitrust concerns.

In June, Biomet and three other orthopedics makers announced they had received subpoenas stemming from possible criminal violations in the manufacturing and sale of orthopedic implant devices.

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"They wouldn't be making the investment if they didn't see some definite future growth in the company, and most likely in the industry in general," Varoli said of the consortium.

Monday's announcement ended merger speculation brewing since Biomet disclosed in April that it had hired Morgan Stanley to explore "strategic alternatives." The company recently had discussions with British rival Smith & Nephew LLC.

Biomet, established in 1977, is one of three orthopedics companies based in Warsaw, about 40 miles west of Fort Wayne. DePuy Orthopaedics Inc. and Zimmer Holdings Inc. also have operations there.

Orthopedic companies are counting on growth as the nation's 76 million baby boomers reach the age when knees, hips and shoulders sometimes need replacing.

Zimmer Holdings Inc. projects its 2007 sales to top $3.82 billion, an increase of about 10 percent over 2006.

"The number of people who will be in the age category that's typical of joint replacement will be continuing to grow for quite some time," said company spokesman Brad Bishop.

Baby boomers want to remain more active than past generations, said Christopher Kaeding, interim chairman of the Department of Orthopaedics at Ohio State University. "They don't just want to sit there in a rocking chair," Kaeding said. "They have higher expectations of what they want to do in terms of physical activity."

Biomet's buyers include Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts and the Texas Pacific Group. Biomet founder Dane A. Miller, who resigned as CEO in March, also could join the deal, the company said.

Biomet's board voted in favor of the deal, which is subject to shareholder approval and antitrust clearance. Biomet officials said in a statement they expect the acquisition to be completed by Oct. 31. The company's stock would be delisted from the Nasdaq once the deal closed.

Company officials did not return messages left by The Associated Press.

"This transaction offers shareholders the ability to realize substantial value from their investments in Biomet and provides important benefits to our customers, team members and other stakeholders," interim President and Chief Executive Daniel P. Hann said in a statement.

Biomet, which has about 6,300 employees total, including 1,350 workers in Indiana, will remain in Warsaw.

Also Monday, Biomet said a review found that a substantial number of stock option grants made from 1996 to 2006 — issued on different dates than when they were granted to take advantage of a lower stock price — "were not well documented."

The practice, known as "backdating," is not illegal, but it must be properly accounted for.

Senior executives were aware of the practice, according to Biomet but were not necessarily aware of the legal ramifications.

The company said it has yet to determine the effect of the accounting errors on past financial results. Biomet said it would delay releasing its second-quarter earnings as a result of the investigation.

Preliminary results showed that sales increased 5 percent to $520.3 million for the quarter ended Nov. 30. Reconstructive device sales rose 9 percent worldwide to $368.1 million.

Analysts surveyed by Thomson Financial estimated sales of $526.8 million for the second quarter.

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Associated Press Writer Wally Witkowski contributed to this report.

Apollo To Acquire Realogy For $6.65B (AP)

AP, December 19, 2006

Apollo Management LP to Acquire Realogy for About $6.65 Billion in Cash

NEW YORK (AP) -- The parent of Century 21 and Coldwell Banker real estate brokerages said it is being acquired by an affiliate of private equity firm Apollo Management LP for about $6.65 billion in cash.

The buyout of Realogy Corp. includes about $1.6 billion in debt and other liabilities of roughly $750 million, the brokerage said late Sunday. Realogy also owns Sotheby's International Realty.

Realogy stockholders will receive $30 per share in cash at closing, an 18 percent premium over the stock's closing price of $25.50 on the New York Stock Exchange on Friday.

Realogy can entertain other proposals from third parties until Feb. 14, the announcement said.

Its shares rose $4.90, or 19.22 percent, to close at $30.40 on the New York Stock Exchange. Realogy's stock will no longer list on the NYSE after the deal is completed.

Realogy was spun off from Cendant Corp. on July 31, along with Wyndham Hotels & Resorts, as the New York-based company was broken up into four pieces. In August, private equity group Blackstone completed its purchase of the Travelport travel unit, leaving just the Avis and Budget rental car business. Analysts have said Wyndham is also a potential acquisition target for private equity.

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Realogy Chairman and Chief Executive Henry R. Silverman is expected to stay in his current positions until his contract expires on Dec. 31, 2007. He is expected to be succeeded by Realogy Vice Chairman and President Richard A. Smith.

The transaction is scheduled to close during the spring of 2007, subject to a shareholder vote, antitrust and insurance approvals, and other customary closing conditions.

Merck Cleared To Buy Stake In Serono (AP)

The Associated Press

AP, December 19, 2006

BRUSSELS, Belgium — EU regulators on Monday cleared Germany's Merck KGaA to buy Swiss biotechnology company Serono SA.

The European Commission cleared the deal automatically after identifying no antitrust problems and receiving no complaints from rivals within a deadline of 25 working days.

After losing a bid to acquire Schering AG earlier this year, Merck announced in September that it had bought a majority stake in Serono as part of a 16.6 billion Swiss franc (euro10.5 billion; US$13.31 billion) takeover, expanding its range of drugs and increasing its share of the global biotechnology market.

Merck bought the 64.5 percent stake held by the Bertarelli family and will make a public tender offer for the rest of the shares after its deal with the family has closed in January, Chief Financial Officer Michael Becker told reporters in October.

He also said that, as of Sept. 30, Merck had acquired Serono shares on the market, paying euro455 million (US$571.3 million), and planned to buy more.

The deal will give the Darmstadt-based pharmaceutical maker, whose products include the cardiovascular treatment Concor and cancer drug Erbitux, access to new markets thanks to Serono's partnership with Pfizer Inc. to market the multiple sclerosis drug Rebif.

Analysts said the deal is part of Merck's strategy to stay competitive. Many mid-sized drug companies have looked at combining their operations and research with others in an attempt to keep pace.

Merck's Pharma Ethicals division will be combined with Serono to create Merck-Serono Biopharmaceuticals. The headquarters of that business will be in Geneva, while its U.S. base of operations will be in Boston.

The new group is forecast to have pro forma sales of euro7.7 billion (US$10.1 billion), of which euro3.6 billion (US$4.7 billion) will be biopharmaceutical sales.

Merck, founded as a pharmacy in 1668, is the oldest pharmaceutical business in the world. It has been entirely separate from New Jersey-based Merck & Co. since the end of World War I and employs some 29,000 people.

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On the Net:

http://www.merck.de

http://www.serono.com

Plaintiffs' Law Firm Removed From Antitrust Case (NYT)

By Bloomberg News

The New York Times, December 19, 2006

Milberg Weiss & Bershad, the law firm accused of paying plaintiffs to bring class-action lawsuits, was removed yesterday as one of the lead firms in an antitrust case against carmakers over Canadian imports.

Federal District Judge D. Brock Hornby in Maine granted a request by the carmakers to remove Milberg Weiss as the vice chairman of the plaintiffs' executive committee. The law firm and its lawyers can continue to represent individual plaintiffs if they can show these plaintiffs are not being paid, the judge said in the ruling filed in federal district court in Portland, Me.

"Although I was urged to deny the motion to disqualify because the firm is not in immediate jeopardy, I conclude that a fiduciary would not wait," Judge Hornby said in his ruling.

Milberg Weiss and two of its partners, David Bershad and Steven Schulman, were indicted in May on charges they paid clients to sue companies for securities fraud. The firm and the two partners pleaded not guilty in July. Federal prosecutors in Los Angeles said at a hearing last month that they may bring additional charges. Mr. Schulman resigned from the law firm Dec. 8.

The firm has faced leadership challenges in other suits since its indictment.

In New Jersey, a pension fund has challenged Milberg's role in a suit seeking tens of billions of dollars from the drugmaker Merck. In June, Milberg lost its lead role in a suit against medical-device maker Medtronic, because it had not told the judge it was under investigation.

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The consolidated lawsuits in Maine were brought by consumers who said that carmakers and dealers colluded to keep new vehicles that were bought in Canada out of the United States.

Toyota Motor Sales USA Inc. has agreed to settle the claims for $35 million, according to yesterday's ruling.

Marina Ein, a spokeswoman for Milberg Weiss, did not immediately return a call to her office after business hours.

ENVIRONMENT/INDIAN AFFAIRS:

US States Sue Bush Administration To Lower Soot Levels (FINDLAW/AP)

Find Law, December 19, 2006

(AP) - ALBANY, New York-More than a dozen states sued the U.S. Environmental Protection Agency on Monday to lower soot levels from smokestacks and exhaust pipes, a move state officials argue would save thousands of lives.

The states argue that the Bush administration is ignoring science and its own experts in refusing to slightly reduce the allowed threshold for soot.

The lawsuit is the latest salvo against the Bush administration, which has repeatedly come under fire for what some states and environmentalists have said is its lack of commitment to environmental issues.

Most notably, California, striking out on its own, has signed a global warming technology sharing agreement with Britain and has enacted a new law that imposes the first statewide limit on greenhouse gases. It seeks to cut emissions by 25 percent and drop them to 1990 levels by 2020

In bringing the lawsuit, the states argued that the "fine particulate matter" in soot contributes to premature death, chronic respiratory disease and asthma attacks, said New York Attorney General Eliot Spitzer. The pollution also leads to more hospital admissions and other public health costs, he said.

Officials from California, Connecticut, Delaware, Illinois, Maine, New Hampshire, New Jersey, New Mexico, Oregon, Pennsylvania, Rhode Island, Vermont and the District of Columbia joined New York in the action filed in the U.S. Court of Appeals in Washington.

"It is unfortunate that this coalition of states must resort to legal action to get the EPA to do its job - protect the environment and the public health," said Spitzer, the Democratic governor-elect.

The EPA said it considered new research cited by the state officials. But the agency decided research that prompted a previous reduction was more reliable and did not justify a further cut, according to EPA statements. The agency said it will consider the new studies in the next five-year review.

"Where the science was clear, we took clear action," said EPA spokeswoman Jennifer Wood. "EPA significantly strengthened the previous daily standard - by nearly 50 percent."

"EPA has not followed the clean air law," countered New Hampshire Attorney General Kelly Ayotte, a Republican. "My office will work in conjunction with ... other concerned states to ensure that EPA takes appropriate action."

The emissions, described as much smaller than a grain of sand, come from automobiles, power plants, factories and wood fires.

The states want to reduce the current limit of 15 micrograms of soot allowed per cubic foot of air. States say even a reduction of 1 microgram would save as many as 11,000 lives. They don't agree on a specific amount to cut the limit.

The federal Clean Air Act requires a review every five years to determine if air pollution standards should be adjusted. The states argue this compels the EPA to act. The states want the federal court to find the EPA failed to obey its "Congressional mandate to protect the environment and the public health," according to a statement from Spitzer's office.

Last week, a group called Earthjustice, which includes the American Lung Association, the American Medical Association and Environmental Defense, sued the EPA over the same issue.

On the Net:
http://www.oag.state.ny.us
http://www.epa.gov

FBI/DEA/ATF/USMS:

Richard K. Ruminski (MJS)

By Gina Barton

DOJ_NMG_0107656

Milwaukee Journal Sentinel, December 19, 2006

Head of local FBI office says bureau more proactive after 9-11

Richard K. Ruminski, the latest special agent in charge of the Milwaukee office of the FBI, has been with the bureau for 20 years, working in Washington, D.C., Chicago, and Richmond, Va., among other places. He has worked foreign counter-intelligence, counter-terrorism and criminal investigations, including the Sept. 11, 2001, terrorist attacks and the D.C. sniper investigation. Ruminski, who arrived in Milwaukee in mid-August, recently took five questions from reporter Gina Barton.

Q. What do you think of Milwaukee?

A. I was born and raised in Chicago, so I like being back in the Midwest. I like the fact that at the FBI office here, I've got just an office full of dedicated employees that are happy to be here, which you don't find everywhere.

Q. What's the most interesting case you've worked on?

A. Probably the issues surrounding 9-11. There were plenty of smaller cases that were interesting, but that one - coupled with the anthrax investigation - was just so global and there were just so many leads coming out of every direction.

Q. How have things in the FBI changed since 9-11?

A. We've completely changed our focus from being mainly a criminal investigative agency that also worked counter-intelligence matters. We are now in a status where we're trying to be much more proactive. We went from a reactive agency to much more proactive because of our newest responsibility of detecting and preventing terrorism, which is a very difficult task.

Q. In the past, the FBI, particularly in Milwaukee, has had a hard time recruiting agents of color and Arabic speakers. How's that going?

A. We will always be trying to get a diverse work force, but what you're drawing your work force from is the particular area you're in. You try to recruit at colleges and different institutions. We do the best we can to get a diverse work force. It's hard to get Arabic speakers. There's a very big push right now to get Arabic speakers, and we are doing just about all we possibly can to recruit them, but we haven't had a tremendous amount of luck here in the Milwaukee area.

Q. Sen. Herb Kohl recently asked the national FBI director to send more crime-fighting resources to Milwaukee. Do you think the FBI needs to get more involved in solving Milwaukee's crime problem?

A. We have been extremely involved in the violent crime area. We work gangs, we work narcotics investigations, but we work them in task force settings. We had numerous arrests here of gang members several weeks back. . . . I have been deputizing local law officers, and the sheriffs of the counties have been deputizing agents to give them local authority. We address some of the more complex (criminal) enterprise organizations . . . in a task force setting.

FBI Tries To Retool For Post-9/11 World (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), December 19, 2006

The prototypical FBI agent in the J. Edgar Hoover days was a lawyer or accountant. Today's ideal candidate is more likely to be a computer whiz who is fluent in a second language.

Finding new agents with that kind of background can be challenging, especially since they must also pass a background check, lie detector test and physical fitness trial, as well as survive a written test, an oral interview and 18 weeks of training at Quantico, Va.

Former Special Agent Craig Dahle was in charge of recruiting for the Mobile field office until his retirement last month. In that role, he was one of the men and women responsible for trying to achieve the agency's national recruiting goal of 1,000 new agents for the fiscal year that ended in

September.

The bureau fell short of that target, hiring 791 agents.

"A thousand is extremely ambitious because the process of getting hired as an FBI special agent is unlike any other job, I'd dare say," Dahle said.

In addition to all of the rigorous hurdles applicants must clear, successful candidates face one more sacrifice once they get the job: They must move to another city. Long-standing FBI rules require new agents to be assigned to a field office outside of their home area.

Dahle said the rule is meant to ensure agents avoid any entanglements that might present conflicts of interests.

The relocation was the hardest part for Teresa Higgins, a new FBI agent who arrived in Mobile in October.

"It was kind of hard for me to adapt and move somewhere where I have no family," said Higgins, a native of Johnson City, Tenn.

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Higgins, 29, is among the 15 percent or so of FBI agents who came to the agency with traditional law enforcement backgrounds. She said she became attracted to the profession as a teenager, when she participated in a local Explorer program at the Police Department.

After spending almost a decade chasing street thugs as a police officer in Johnson City, Higgins said, she wanted a new challenge. "After eight years of swing shifts, I was ready for a change," she said.

Higgins said she started the application process in 2003, stopped after her husband resisted moving and then re-applied when she managed to change his mind.

Assigned to the Mobile field office's counter-terrorism unit, Higgins had no trouble identifying why she gravitated toward the FBI. "It's the premier law enforcement agency," she said.

Remaking the FBI

The FBI has aggressively stepped up its hiring since the Sept. 11, 2001, terrorist attacks, taking on an average of 873 agents a year since 9/11 compared with an annual average of 632 in the five previous years.

The hiring binge has been aimed both at replacing retiring agents and increasing the overall work force as the bureau has tried to shift its focus from law enforcement to counter-terrorism and intelligence. About a third of the FBI's 12,603 agents have been hired since the attacks on the World Trade Center and the Pentagon.

The FBI also has hired 4,886 support staff since 9/11, Dahle said. These include analysts and computer experts, he said. The Mobile field office, which includes branch offices throughout the southern portion of the state, has 58 agents and 60 support staff members.

"There's been a lot of hiring in that area that would not have happened had 9/11 not happened," he said.

Keeping pace has been a challenge, though. The impending retirement of baby boomers that is looming over the entire country already has hit the government sector, according to experts.

Work force consultant Robert Morrison said the average age of federal government workers is 47 or 48, compared with 40 for the American work force as a whole. The FBI is no exception, said Morrison, executive director of the Concours Group.

"Like many government agencies, the average age is above average. Their people are older," he said.

Morrison, co-author of "Workforce Crisis: How to beat the Coming Shortage of Skills and Talent," said the FBI has an added burden because of its mandatory retirement age of 57.

"Somebody like the FBI is really shooting themselves in the foot, because they're causing it to happen faster than it would," he said.

Special Agent Deanne Lindsey, who graduated from Quantico in August and arrived in Mobile last month after a two-month stint at the FBI headquarters in Washington, has one of those "critical skills" the agency is aggressively seeking. A physical therapist by training, she has a science background, which Dahle said the FBI covets.

The 36-year-old Georgia native said her step-father was chief of security at the state Capitol in Atlanta, and her uncle works for the Bibb County Sheriff's Office in Georgia. But she said she did not consider a law enforcement career for herself until her experience in physical therapy opened her eyes to Medicare fraud.

"I witnessed so much of that being a physical therapist. .... The people who really end up being overcharged are the patients," said Lindsey, who investigates violent crimes in Mobile.

'Sowing of seeds'

Despite the recent focus on "critical skills" like computers and foreign language, the FBI still has plenty of stereotypical G-men. About 1,500 agents have law degrees and another 1,500 have accounting backgrounds, Dahle said.

"We have a wide variance of backgrounds, and that's really the strength of the bureau," he said.

At Quantico, agents rank all 56 field offices in order of where they most want to be assigned. Higgins said she selected Charlotte, which was closest to her home, and then ranked the rest in reverse order of cost of living. Mobile was her 14th choice.

Recent hires also can expect to be transferred within a few years, Dahle said.

Finding new recruits is more art than science, Dahle said. He said he spent much of his time speaking on college campuses. With a requirement that agents have at least three years of full-time work experience, few students are even eligible to apply immediately. But Dahle called it a "sowing of seeds" in hopes that those students five or 10 years later decide to give the FBI a try.

"Word of mouth remains the best recruiting tool," he said.

For Higgins, it was the persistent encouragement of a retired FBI agent who taught her when she was a student at a community college.

"He pushed and pushed and pushed it," she said.

Dahle said external events often influence applications. After the "The Silence of the Lambs" came out in 1991, he said, a great many people applied to the FBI with dreams of becoming a profiler like Jodie Foster's character.

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"It's hard to say exactly what triggers it," he said. "Perceptions do matter. Popular culture does matter."

Two Suspects Make Court Appearance In ATF Shooting (MACT)

The Macon Telegraph, December 19, 2006

DECATUR - Two suspects in the shooting and wounding of two federal agents have made their first court appearance.

Chardriguez Durden, 23, of Stone Mountain is charged with six counts of aggravated assault on a police officer and violation of the Georgia Controlled Substances Act.

Paul Thompson Jr., 19, of Covington is charged with violation of the Georgia Controlled Substances Act.

The two appeared before a judge Sunday night.

The two were jailed following the shooting of two agents with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives on Friday as the agents attempted to serve a warrant at an apartment complex in Lithonia.

The agents were treated at DeKalb Medical Center and released.

Report Calls Marijuana California's Biggest Cash Crop (KESQ)

KESQ-TV, December 18, 2006

A new report out says, marijuana is California's number one cash crop, worth some 14-billion dollars a year. That's despite an all-out crack-down campaign by the feds against the drug. Medicinal marijuana advocates say it's California's number one cash crop simply because it's illegal.

It's now been called California's biggest cash crop, worth an estimated 13.8 billion dollars. And it's illegal.

At least, that's what the federal government says.

That's the reason for statewide DEA raids on pot fields and, medicinal marijuana dispensaries, like CannaHelp and Palm Springs Caregivers here in the Coachella Valley.

Despite this, the report claims California's marijuana production rocketed 10-fold in the last 25 years.

Nationwide, pot is worth about 35 billion dollars.

Anti-prohibition advocates say classifying marijuana as illegal is the problem.

"Agriculturally, it's worth the same as alfalfa, which is six cents a pound right now, which would make the total crop, if it wasn't illegal, about 1.3million as opposed to 35 billion."

The report was done by Medicinal Marijuana Advocates.

All-time High For Homegrown As Pot Becomes Top Cash Crop In US (GUA)

Guardian Unlimited, December 19, 2006

Marijuana is now the biggest cash crop grown in the US, exceeding traditional harvests such as wheat, corn and soy beans, says a new report.

The study shows that 10,000 tonnes of marijuana worth $35.8bn (£18.4bn) is grown each year; the street value would be even higher. This dwarfs the $23bn-worth of corn grown, $17.6bn-worth of soybeans and $12.2bn-worth of hay. Marijuana is the biggest cash crop in 12 states, with the value of pot grown outstripping peanuts in Georgia and tobacco in North and South Carolina. In California, the biggest producer, it is worth $13.8bn.

Article continues

The report, Marijuana Production in the US, by DrugScience.org, which wants marijuana to be reclassified, says the drug is listed as a Schedule 1 drug, deemed to have no medicinal value and a likelihood of abuse. Other such drugs include heroin.

The author, Jon Gettman, says the figures show the war on drugs is not working: "Illicit marijuana cultivation provides considerable unreported revenue for growers without corresponding tax obligations to compensate the public for the social and fiscal costs related to [its] use."

His suggestion that the crop be legalised and taxed was rejected by the White House Office of National Drug Control Policy, which pointed to countries with large drug cash crops, notably Colombia and Afghanistan.

The report says output in the US has grown tenfold in the last 25 years.

The boom in domestic production has in part been fuelled by tougher border controls after 9/11. As smuggling from Mexico has become more difficult the drug cartels have moved their operations into the US, often creating plantations in remote national park land.

Backer Says Pot Is Largest U.S. Cash Crop (WT/UPI)

The Washington Times/UPI, December 18, 2006

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A California advocate for decriminalizing marijuana claims U.S. statistics prove the plant has become the country's largest cash crop.

Marijuana public policy analyst Jon Gettman told The Los Angeles Time his study used figures in a 2005 U.S. State Department report estimating U.S. cannabis cultivation at more than 22 million pounds.

He said he gave it a conservative value of about $1,600 a pound compared to the $2,000- to $4,000-a-pound street value often cited by law enforcement agencies after arrests.

The report claims the $35.8 billion marijuana harvest exceeds corn ($23 billion), soybeans ($17.6 billion) and hay ($12.2 billion), the Times reported.

Gettman advocates removing marijuana from the federal list of hard-core Schedule 1 drugs and treating it like tobacco and alcohol by legalizing and reaping a tax windfall, while also controlling production and distribution to better restrict use by minors.

Tom Riley, a spokesman for the White House Office of National Drug Control Policy, disagreed, and said coca has plagued Colombia and opium poppies are a disaster for Afghanistan.

IMMIGRATION:

Immigrant Labor Or Machines? (WSJ)

By June Kronholz

The Wall Street Journal, December 19, 2006

SALINAS, Calif. -- Why don't U.S. employers just automate the low-skilled jobs that now attract illegal immigrants?

Steve Scaroni's lettuce harvester provides part of the answer. At the height of the lettuce season here, the romaine harvester that Mr. Scaroni designed and built at an out-of-pocket cost of $1 million sat in the shop, idled by a design flaw that allowed too many lettuce heads to roll back into the field.

Mr. Scaroni's company, Valley Harvesting & Packing Inc., harvests a million pounds of lettuce daily. Even when it's working, the harvester -- a bandsaw, sweeper and conveyor belt on tank-like tracks -- cuts Mr. Scaroni's labor needs by only a quarter. And with a delicate crop like lettuce, the machine causes too much bruising for anything except bagged salad mixes.

With the country deeply divided over immigration, some economists and policy makers are suggesting that technological innovations could offer a way out of the economy's reliance on illegal workers. But as Mr. Scaroni's troubled lettuce harvester shows, it's unlikely that mechanization will reduce the demand for illegal immigrants anytime soon. For most of the jobs they do, there's no easy high-tech substitute.

Illegal immigrants make up an estimated 5% of the U.S. work force, but more than one-quarter of the people who pick crops, hang drywall, shingle roofs and process food. Those jobs are drawing 500,000 low-skilled workers to the U.S. each year.

Immigration restrictionists, among others, point to the success of mechanical tomato harvesting when the Bracero guest worker program for seasonal Mexican farm workers ended in 1964. Since then, harvests of tomatoes that go into processed foods have quadrupled, while labor use has dropped by 72%, says the Western Growers Association, a California trade group.

Some other industries that rely on low-skilled labor also have mechanized. The poultry industry now uses machines to catch, kill, pluck and eviscerate chickens. The housing industry is moving more work onto factory assembly lines.

But labor economists say that's not much headway. "What struck me was how few examples there were of employers thinking ahead," says University of California at Davis economist Philip Martin, who spent a month last year looking for innovations that lessen U.S. reliance on illegal, low-skilled labor, and found almost none.

Much of the problem, he says, is that guest worker proposals circulating in Washington are "sending the signal that the supply of unskilled labor will continue" to be high. That has largely dissuaded government and industry from investing in research and development, he adds.

The Agriculture Department -- which helped pay for the tomato-harvest research at UC Davis -- ended all funding for mechanization in 1979 after unions representing agriculture workers sued the university for endangering their jobs.

Salinas's lettuce farmers began mechanizing a decade ago, using machinery with a broad blade to mow whole fields of young spinach. But the head lettuces pose a bigger challenge than greens, which are packaged whole and sold as "spring mix." Mr. Scaroni's romaine workers cut and core each head as they move through a field, slice off bruised leaves, rinse the core to prevent discoloration and toss the lettuce onto a conveyor belt, which deposits it into huge plastic-lined boxes.

Mr. Scaroni, 49 years old, needs 1,500 workers to meet his harvesting contracts in the summer season and 700 in the winter, when he moves his operation to the U.S.-Mexico border to work the lettuce crop there. Last year, he says, he began to worry that political pressures to cut illegal immigration would leave him without a work force. Federal law requires that he ask his workers for identification and U.S. work authorization, although he's not obliged to assess their authenticity, and the use of forged

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documents is widespread in the agriculture industry. Mr. Scaroni says that to the best of his knowledge he doesn't employ any illegal workers.

Under current law, there's almost no way for an unskilled worker to legally immigrate on a work visa. Meanwhile, Mr. Scaroni says, his longtime legal-immigrant workers are leaving the fields for skilled jobs in his company, or for higher-paying construction work.

Working with two engineers at a Salinas fabricating shop, Mr. Scaroni spent two months designing his lettuce harvester on a computer last winter and another four months building a prototype. This past summer, he moved his finished harvester into the fields.

The machine slices off the romaine heads a few inches above the ground and sweeps them onto an inclined conveyor belt. A driver maneuvers it through the field, and a half dozen workers sit on a platform at the top of the belt, trimming the lettuce before it is tipped into boxes.

The machine cuts human contact with the lettuce and is washed with chlorine nightly, making it potentially safer than hand-picked methods that could spread disease, he says. But the angle of the conveyor belt was too steep, and adjusting that flaw cost $50,000 and took the harvester out of service for two weeks. In addition, mechanization tends to bruise the lettuce.

Working without industry or university help, "we had no way to validate the design," sighed Mr. Scaroni.

Mr. Scaroni's machine reduces labor only 25% because much of the trimming and inspection that otherwise would be done in the fields has now been moved inside a processing plant. "Cutting the lettuce is easy," says Mr. Scaroni, but "someone's still got to put their eyes on it."

That problem stymies mechanization of other crops. With the development of new plant varieties, a lettuce field now matures uniformly, which means that laborers can harvest it in one pass.

But other crops mature progressively -- laborers now go through a cantaloupe field up to 10 times to cut produce as it ripens. Automating that harvest would require robots that can distinguish colors and leave green fruit behind. California citrus growers have a small robotics research project, says Jim Thompson, a UC-Davis agricultural engineer. But a prototype robot will cost $6 million, and without research grants, "they're not getting there very fast," he adds.

Even where machine harvesters have been developed, the damage and bruising they cause excludes their use on fresh foods like apples, table grapes and salad tomatoes.

With an immigration bill far from passage, the Western Growers and some other farm groups have turned their attention to an upcoming farm bill. They want some of the money that now goes into grain subsidies to be used for fruit and vegetable research, including mechanization. But that bill is still at least a year away.

So Mr. Scaroni has begun shifting some of his operation to central Mexico -- and with it, some of the business he once gave to Salinas merchants. Consumers want lettuce, "and somebody's got to cut it," he says.

Write to June Kronholz at june.kronholz@wsj.com1

CONGRESS-ADMINISTRATION:

Senator Removes His Block On Federal Court Nominee (NYT)

By Neil A. Lewis

The New York Times, December 19, 2006

WASHINGTON, Dec. 18 — Senator Sam Brownback of Kansas, who blocked the confirmation of a woman to the federal bench because she attended a same-sex commitment ceremony for the daughter of her long-time neighbors, says he will now allow a vote on the nomination.

Mr. Brownback, a possible contender for the Republican presidential nomination in 2008, said in a recent interview that when the Senate returned in January, he would allow a vote on Janet Neff, a 61-year-old Michigan state judge, who was nominated to a Federal District Court seat.

Mr. Brownback, who has been criticized for blocking the nomination, said he would also no longer press a proposed solution he offered on Dec. 8 that garnered even more criticism: that he would remove his block if Judge Neff agreed to recuse herself from all cases involving same-sex unions.

In an interview last week, Mr. Brownback said that he still believed Judge Neff's behavior raised serious questions about her impartiality and that he was likely to vote against her. But he said he did not realize his proposal — asking a nominee to agree in advance to remove herself from deciding a whole category of cases — was so unusual as to be possibly unprecedented. Legal scholars said it raised constitutional questions of separation of powers for a senator to demand that a judge commit to behavior on the bench in exchange for a vote.

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Mr. Brownback said that he believed Judge Neff's attendance at the 2002 ceremony merited further investigation, but that he had not meant to set any precedent with his proposal. "It was the last day of the session and I was just trying to provide some accommodation to see if we could make this thing go forward," he said.

He said that "this is a big hot-button issue" and that Judge Neff had not made it clear that her presence at the ceremony did not mean she could not rule without bias in deciding cases involving same-sex unions. "I'd like to know more factually about what took place," he said.

On Oct. 12, Judge Neff answered a long list of written questions from Mr. Brownback. In her letter, she said she would decide any cases that came before her according to the law and the Constitution and would not be guided by her personal views. That is the same pledge that several conservative Republican judicial nominees made when asked whether their blunt personal statements opposing abortion rights and same-sex marriages would affect their performance on the bench.

Mr. Brownback, a member of the Judiciary Committee who supported those other nominees, has tried to put himself forward as the Republican presidential contender who best represents the interests of the nation's conservative religious community.

In her letter, Judge Neff said she had attended the ceremony in Massachusetts as a guest, not as a presiding jurist. As the ceremony occurred before Massachusetts's highest court approved same-sex unions, it did not have any legal validity.

One of the women in the ceremony, Judge Neff wrote, was the daughter of a family who had lived next door for 26 years. She said the families were so close that the woman was, in effect, a part of her family and was like a big sister to her own daughters. She said that she had delivered a homily at the ceremony and that "it was no different than being asked by my own daughters to be part of an important event in their lives."

Charles Fried, a Harvard Law School professor and leading conservative scholar, said Mr. Brownback's actions were improper. "First of all, people go to parties for all sorts of reasons," Professor Fried said, and how one would rule on a case should not be inferred from that private activity.

Further, he said, "It would be inappropriate for the judge to recuse herself from any such case because it is a judge's duty to sit on cases" unless there is a clear conflict of interest. There would be a genuine conflict of interest, he said, if the judge had a financial interest in a case's result or had been associated with one of the parties in the case.

"For her to agree to any such restriction in this case would be wrong," said Professor Fried, who has been both a judge and the solicitor general of the United States.

Judge Neff's nomination was included in a package of more than a dozen nominees whose confirmation had been agreed upon by both Democrats and Republicans. Mr. Brownback's objections held up the whole roster of nominees.

Mr. Brownback said that when Judge Neff was renominated in January, he would insist only that the nomination not be approved in a voice vote, but one in which each senator is obliged to record a personal vote.

Outsourcing Ethics (WSJ)

The Wall Street Journal, December 19, 2006

Congressional mores could certainly use an upgrade, but it pays to beware of reformers promising to clean up politics by letting someone else do the dirty work. Exhibit A is the strange new enthusiasm for an "independent" office of public integrity for Congress.

One warning sign is that the proposal is being marketed by the same folks who gave us "independent counsels" such as Lawrence Walsh and Ken Starr for the executive branch, as well as the glories of "campaign finance reform." Instead of the current practice of having complaints against Members vetted by the House and Senate Ethics Committees, the idea is to create a new outside body to do the work for Congress. To her credit, Speaker-to-be Nancy Pelosi hasn't let the browbeating by the usual goo-goo editorial pages intimidate her, and has suggested a task force to study the idea.

A better name for such an "independent" ethics body would be the office of public buck-passing, because it would allow Congress to spare itself the heavy political lifting of judging colleagues. Handing over that duty to outsiders would make Congress less politically accountable, not more, while creating a whole new set of political problems and disputes.

Supporters argue that only an outsider can hold Congress accountable because the Members won't discipline their colleagues. And true enough, sometimes Members don't. We can recall that long before Tom DeLay tried to stack the House Ethics Committee in 2005, Democrats slow-rolled the investigation into then-Speaker Jim Wright in the early 1990s. The Senate also tried to protect its own amid the Keating Five scandal of the 1980s, until Democrat Henry Gonzalez blew the whistle by holding public hearings.

But all three episodes created the opportunity for political opponents to turn ethics into a fruitful campaign issue. In the most recent case, as many as 10 Republicans who lost their seats last month did so in part because of ethics or corruption

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complaints. Losing a Congressional majority is the ultimate accountability moment, and it was just administered by a genuine group of "independent" outsiders" -- namely, the voters.

Meanwhile, the Justice Department is still around and doing its job of probing public corruption. Duke Cunningham is already in jail and Bob Ney seems headed there. Jack Abramoff is also sitting in a federal prison, doing penance for his bribery schemes. Several other Congressmen are under investigation, including Democrats William Jefferson (Louisiana) and Alan Mollohan (West Virginia). The voters just returned the latter duo to Washington, in part because the GOP was under greater public scrutiny this time around. But in the new Congress, Democrats will have to show if they can do better than the GOP at disciplining their own.

By outsourcing ethical oversight, the Democrats would let themselves off the hook. They'd also be creating the potential for politicizing ethics without accountability because it is a fantasy to believe that any outside investigator or panel will be without political baggage. That's what reformers also said about "independent counsels" in the executive branch. Anyone who takes the job will himself be subject to political and media pressure, and will inevitably be accused of partisan motives. He'd also be accountable to no one for his decisions, however wise or foolish they might be. At least the Members of the Ethics Committee are accountable first to their colleagues and ultimately to the voters.

Another reason Members find this kind of "independent" ethical dodge so attractive is because it deflects attention from their own bad habits. The source of much recent corruption in Congress has been the proliferation of spending "earmarks," or special favors for friends or political allies. Duke Cunningham went to jail for trading them for personal financial gain; others may follow. But reducing earmarks, or making them more transparent to the press and public, would reduce Member clout. It is so much easier to call for an "office of public integrity" and hope the press corps forgets all that earmarking stuff.

Like campaign finance reform, the proposal to outsource ethics oversight is about the appearance of virtue. It would let the Members pretend to come clean while lifting the burden of actually enforcing their own standards of conduct.

Incoming Senate Powerhouse: Time To Rev Up FOI Laws (EDPUB)

By Mark Fitzgerald

Editor & Publisher, December 18, 2006

CHICAGO The senator who will oversee the powerful Judiciary Committee as a Democratic majority takes the chamber next month says strengthening open government and citizen privacy laws will be its priority.

In a little-noticed speech last week at Georgetown University Law Center, U.S. Sen. Patrick Leahy (D-Vt.) lamented the recent congressional acquiescence to the Bush administration's secrecy, and promised to restore the constitutional balance between the executive and legislative branches of government.

"Unfortunately, open, informed government has been under assault by the first administration in modern times that is explicitly hostile to the public's right to know," Leahy said. "By using ideology to trump science, gagging government scientists and experts, reclassifying public documents and undermining important tools like [the Freedom Of Information Act], this government has displayed a dangerous disdain for the free press and the public."

He said he will work to strengthen open-government laws, and to provide more congressional oversight of the White House.

"Congress has a solemn duty to protect the rights of the American people and to perform meaningful oversight to make sure the laws are followed," Leahy said. "Real oversight makes government more accountable and more effective in keeping us safe."

Leahy charged that the Bush administration "has rolled back open government laws and systematically eroded Americans' privacy rights," while "brazenly" refusing to answer "the legitimate oversight questions of the public's duly elected representatives."

Congressional oversight of the FBI and the Department of Justice "will again be one of my highest priorities when I take the gavel once more as chairman of the Senate Judiciary Committee," Leahy said. He said that under his previous chairmanship of the committee, oversight was a bipartisan affair, and that he expected to revive that tradition in the incoming Congress.

"I came to the Senate during the ebb tide of Watergate and Vietnam," Leahy said. "In my 32 years since then in the Senate, I have never seen a Congress so willfully derelict in its duties as during this Administration. This has been an unfortunate chapter in Congress's history, a time when our Constitution was under assault, when our legal and human rights were weakened, when our privacy and other freedoms were eroded. This election was an intervention. The American people rose up to take away Congress's rubber stamp, and to demand a new direction with more accountability."

The Bush administration, Leahy added, has done "real damage ... to our system of government" in the last few years.

Leahy's speech was first reported by the alternative Burlington (Vt.) Free Press, which put the complete text on its Web site.

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Leahy called for new privacy laws to preserve rights at a time when, he said, the Bush administration is spawning new databases but refusing to explain what they are and why they have been created.

"Privacy rights belong to the people, not to the government," he said. Bush White House officials "need to stop treating the privacy of ordinary Americans as an expendable commodity."

Leahy suggested he would revive legislation first proposed two years ago by him and Sen. Arlen Specter (R-Pa.) that establishes stronger penalties for identity theft.

Another priority will be oversight of the billions in development aid sent to Iraq. "Rarely if ever has so much money been funneled so fast to so many unsupervised contractors, with so few safeguards," Leahy said, noting that many Iraqis go without basic services while watching "billions of dollars being siphoned off by unsupervised contractors."

He said he intends to revive the blocked "War Profiteering Prevention Act" to make easier prosecution for abuse and waste of aid.

Leahy also said he plans to establish a new "Human Rights and the Law Subcommittee" that would focus attention on protecting human rights worldwide, and on curbing American violations.

OTHER NEWS:

The Smoky Bomb Threat (NYT)

By Peter D. Zimmerman

New York Times, December 19, 2006

London

THE exotic murder-by-polonium of the former K.G.B. spy Alexander Litvinenko has embroiled Russia, Britain and Germany in a diplomatic scuffle and a hunt for more traces of the lethal substance. But it also throws into question most of the previous analyses of "dirty bombs," terrorist attacks using radioactive isotopes wrapped in explosives (or using other dispersion techniques) to spread radioactive material in crowded areas.

Essentially all analysts, myself included, played down the possibility of using alpha radiation — fast-moving helium nuclei ejected during the radioactive decay of certain isotopes, such as of polonium 210, the substance that killed Mr. Litvinenko — as a source of dirty bombs. We concentrated instead on isotopes that emit penetrating gamma rays, which are basically super-powered packets of light, hard to shield and effective at a yard or more.

The alpha radiation from polonium can be easily shielded — by a layer of aluminum foil, a sheet or two of paper, or the dead outer layer of skin. And so, the reasoning went, alpha radiation could not hurt you as long as the source stayed outside your body. Exactly. Mr. Litvinenko was apparently killed by polonium that he ate or drank or inhaled. That source was so physically small that it was hard to see, perhaps the size of a couple of grains of salt and weighing just a few millionths of a gram.

Dirty bombs based on gamma emitters, analysts have learned, can't kill very many people. Mr. Litvinenko's death tells us that "smoky bombs" based on alpha emitters very well could.

Polonium 210 is surprisingly common. It is used by industry in devices that eliminate static electricity, in low-powered brushes used to ionize the air next to photographic film so dust can be swept off easily, and in quite large machines placed end-to-end across a web of fabric moving over rollers in a textile mill. It is even used to control dust in clean rooms where computer chips and hard drives are made.

It may be difficult to get people to eat polonium; it isn't hard to force them to breathe it. The problem for a radiological terrorist is to get his "hot" material inside people's bodies where it will do the most harm. If the terrorist can solve that problem, then alpha radiation is the most devastating choice he can make. Precisely because alphas emit their nuclei so quickly, they deposit all of their energy in a relatively small number of cells, killing them or causing them to mutate, increasing the long-term risk of cancer.

The terrorist's solution lies in getting very finely divided polonium into the air where people can breathe it. Without giving away any information damaging to national security, I see several fairly simple ways to accomplish this: burn the material, blow it up, dissolve it in a lot of water or pulverize it to a size so small that the particles can float in the air and lodge in the lungs.

It would be unwise for me to dwell on the details of just how one goes about getting a hot enough fire or breaking polonium into extremely fine "dust." In the end, however, the radioactive material will appear like the dust from an explosion, or the smoke from a fire. My point is to demonstrate the urgent need for new thinking in the regulatory arena, not to give away important information.

Air containing such radioactive debris would appear smoky or dusty, and be dangerous to breathe. A few breaths might easily be enough to sicken a victim, and in some cases to kill. A smoky bomb exploded in a packed arena or on a crowded street

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could kill dozens or hundreds. It would set off a radiological emergency of a kind not seen before in the United States, and the number of people requiring life support or palliative care until death would overwhelm the number of beds now available for treating victims of radiation. First responders dashing unprotected into the cloud from a smoky bomb might be among the worst wounded. Fire and police departments around the country will need alpha radiation detectors, since the counters they carry now cannot see alphas.

Some of the steps involved with making a good smoky bomb from polonium would be dangerous for the terrorists involved, and might cost them their lives. That, unfortunately, no longer seems like a very high barrier.

What can we do to stop them? We must make it far less easy for them to acquiring polonium in deadly amounts. Polonium sources with about 10 percent of a lethal dose are readily available — even in a product sold on Amazon.com. Only modest restraints inhibit purchase of significantly larger amounts of polonium: as of next year, anyone purchasing more than 16 curies of polonium 210 — enough to make up 5,000 lethal doses — must register it with a tracking system run by the Nuclear Regulatory Commission. But this is vastly too high — almost no purchases on that scale are made by any industry.

The commission (and the International Atomic Energy Agency as well) is said to be considering tighter regulations to make a repeat of the Litvinenko affair less probable. There is talk that it might tighten the polonium reporting requirement by a factor of 10, to 1.6 curies. That's better, but still not strict enough.

The biggest problem is that the regulatory commission's regulations do not restrict the quantity of polonium used in industry. This may make it quite easy for terrorists to purchase large amounts of one of the earth's deadliest substances. A near-term goal should to require specific licensing of any person or company seeking to purchase alpha sources stronger than one millicurie, about a third of a lethal dose. A longer-term goal ought to be eliminating nearly all use of polonium in industry through other technologies.

That is a technical challenge and would cost some money, but it would certainly be less expensive than coping with the devastation of a smoky bomb.

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Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, December 19, 2006 11:03 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 12/19/2006 Civil Division News

Restart of Katrina shelter aid ordered

'Sheer anger' over torture provokes suit: Navy veteran from Chicago suing Rumsfeld

Federal prosecutors: Only one plant worker asked for lawyer

Detainees to be returned to state (Swift)

Fannie Mae Ex-Officers Sued by U.S .

Jackson Memorial settles fraud suit

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Wilkins dodges Arar query; U.S. ambassador won't comment on why Canadian is still on watch list

AP

December 19, 2006

Restart of Katrina shelter aid ordered

By MATT APUZZO
ASSOCIATED PRESS

WASHINGTON - Under a court order, the Bush administration will restart a housing program for Hurricane Katrina victims this week and begin explaining to thousands of evacuees why their aid was cut off this summer.

U.S. District Judge Richard Leon ruled last month that the Federal Emergency Management Agency violated the Constitution when it eliminated short-term housing assistance and provided victims only confusing computer-generated codes to explain its decision.

FEMA officials testified in court Monday that the agency could restore the system this week but did not say how soon Texas officials could begin receiving money to cover housing for Katrina evacuees - about $750 a month per family. Officials also said they were working to produce easily understandable letters from an outdated computer system to explain why the aid was eliminated and how to appeal the decision.

"Maybe we can get this thing jump-started and get these people a roof over their heads before Christmas," said Leon, who first ordered the agency to comply three weeks ago.

James Walke, a FEMA section chief, originally testified that it would take until Friday to prepare documentation to restart the program. But when he told Leon the documentation was only two pages, Leon pressed to get it finished by this afternoon, and Walke said he would.

That puts FEMA in a potentially awkward position. The agency is challenging Leon's ruling and has asked an appeals court to delay enforcement of his order until the case is resolved. That order likely won't come until the middle of the week at the earliest.

By then, FEMA will have advised Texas officials that they plan to restore housing funding and many evacuees may have received letters. If FEMA prevails at the appeals court, officials will have to turn around and tell those people they are once again without aid.

Leon has also ordered FEMA to make three months of retroactive housing payments, which would amount to checks of about $2,250 for each eligible family. FEMA now estimates 4,200 Texas families are covered by Leon's order.

Margaret A. Young, the agency's CFO, said the agency is unable to make the retroactive payments, which would amount to about $10 million. The short-term housing program was set up to reimburse local governments for the cost of housing evacuees, she said, not to make direct payments to victims.

Even if the appeals court upholds Leon's order, however, the aid program is still temporary. Leon ruled that FEMA must make payments only until it can adequately explain why the program was eliminated and give victims a chance to appeal.

Once that happens, evacuees likely will be cut off again if they cannot prove they meet the criteria for continued aid.

Brian Verburg, the chief of FEMA's National Processing Service Center in Virginia, testified that the agency's computer system was not designed to produce letters in plain English, only in program codes. He said officials are working long hours to get the letters out.

"We may make mistakes occasionally but we're not a bunch of people sitting around just dragging our feet," Verburg said.

END

Chicago Sun Times

December 19, 2006

'Sheer anger' over torture provokes suit: Navy veteran from Chicago suing Rumsfeld

Mark J. Konkol ; The Chicago Sun-Times

A U.S . Navy veteran from Chicago sued former Defense Secretary Donald Rumsfeld in federal court Monday, accusing U.S . forces of detaining and torturing him for 97 days at a maximum security military prison in Baghdad.

Donald Vance, 29, worked in Iraq as a private security contractor when he was kidnapped by his own employer in April, rescued by U.S. forces, and then held without ever being charged with a crime, according to the lawsuit.

At the U.S. Embassy, Vance told military officials that he was an FBI informant who regularly relayed information via cell phone and e- mail to a federal agent in Chicago about his employer's possible involvement in illegally selling weapons.

"Within five minutes of my first interrogations I explained to them the relationship [with FBI agent Travis Carlisle] and I was imploring them to do their research," he said. An FBI spokesman confirmed Carlisle is an agent but declined to comment further.

'FAIR AND HUMANELY'

After being interviewed and getting a few hours of sleep at the embassy, Vance and co-worker Nathan Ertel of Virginia were bound, blindfolded and taken to Camp Cropper, the military prison where Saddam Hussein was held.

During a telephone interview Monday, Vance said he was questioned almost every day, repeatedly asked what connections his employer, Shield Group Security, had with Iraqi political and tribal leaders, what type of work they did, how much he got paid, and contacts in the U.S. State Department, among other things.

During his imprisonment, Vance was isolated and deprived of sleep and food, he said. He kept track of time by keeping notes in a prison camp-issued Bible and making hash marks on the cinder block walls of his cold cell -- a 9-foot-square room with a thin mattress and a "Turkish toilet" that amounted to a hole in the floor.

He said he was deprived of blankets and adequate clothes, and got very little sleep because cell lights were never turned off and "intolerably loud" heavy metal and country music was usually playing in the prison. Sometimes he wasn't given food and water for an entire day, the lawsuit states.

A Pentagon representative told the New York Times that Vance was treated "fair and humanely," and that there is no record Vance complained about how he was being treated.

On July 20, Vance was released and dropped at Baghdad Airport to find a way home himself.

Vance, a graduate of Chicago's Taft High School, said "sheer anger" provoked his decision to take the matter to court and help Americans "protect their liberties at home."

END

AP

December 19, 2006

Federal prosecutors: Only one plant worker asked for lawyer

DENVER_Workers questioned during last week's immigration raid in Greeley were not forced to talk to agents and those arrested were informed of their rights, federal prosecutors said in court filings Monday.

Only one of the 260 people detained in the raid at Swift and Company's beef and lamb plants Dec. 12 requested a lawyer and about 75 people without criminal records agreed to be sent back to Mexico that night without a hearing, the filing said.

A total of 1,282 people were arrested at Swift plants in six states in the raid, which Immigrations and Customs Enforcement said was a crackdown on an identity-theft scheme. Only 65 are facing identity-theft or other criminal charges. The others were held for suspected immigration violations.

The union representing plant workers has asked a federal judge to order the release of the detained workers, arguing that their constitutional rights have been violated.

The United Food and Commercial Workers claim the workers were denied access to lawyers, held without being charged or offered bond and deported without hearings. They also claim that the raid was an excuse to round up suspected illegal immigrants and that workers were illegally stopped and questioned by immigration agents in the Greeley plant's cafeteria.

"The sheer disparity between the numbers of employees arrested versus those charged with any crime related to identity theft is a vivid example of ICE's abuse of its police power," union lawyers said in a filing Monday.

Union representative and worker Joanne Lopez claims ICE agents refused to let her talk to workers in the cafeteria during the raid.

But federal prosecutors argued that no doors were locked in the cafeteria and no one was prevented from leaving. Those who were arrested were advised of their rights twice in English and Spanish _ on the bus on the way to the ICE processing center in Lakewood and in writing once they arrived.

They also said federal government has the authority to arrest anyone in the country illegally without offering them bond or other rights given to criminal defendants.

According to the federal court filing, the lone worker who requested a lawyer was released because he was already in the process of being deported. The filing said it was also difficult to confirm which workers were detained because some of them were using aliases.

END

Denver Post

December 18, 2006

Detainees to be returned to state

By Felisa Cardona
Denver Post Staff Writer

About 75 people detained during a raid at a Greeley meatpacking plant last week are returning to Colorado after federal agents transported them against a judge's order to a Texas immigration jail, according to the union representing the plant's workers.

U.S. District Court Judge John Kane signed an order Wednesday that prohibited federal agents from sending detainees in the raid out of state.

"If a federal judge ordered me to do something, I would do it," said Dave Minshall, a spokesman for the United Food and Commercial Workers Local 7. "I have no idea why ICE felt they were exempt from this order."

Also, the union filed suit charging that some of those taken in the raid were illegally detained, jailed and interrogated.

Most of the detainees returning to Colorado are immigrants from countries other than Mexico, such as El Salvador and Guatemala, Minshall said.

Barbara Gonzalez, spokeswoman for Immigration and Customs Enforcement, said she did not have information about whether detainees were moved from Colorado against a judge's order.

"As a matter of ICE policy, we do not comment on pending litigation," Gonzalez wrote in an e-mail to The Denver Post.

Minshall says some of the 75 detainees may be on their way to the immigration jail in Aurora, but most may be sent to a detention center in Park County.

Park County Jail officials referred questions to a spokesperson, who did not return calls for comment.

On Tuesday, ICE arrested 261 people in a raid at Swift & Co. in Greeley.

Immigration officials say the raids conducted at six Swift & Co. meatpacking plants nationwide were necessary because of a massive identity-theft scheme involving workers at the company.

In Colorado, 10 of the 261 were accused of identity theft and related crimes. Three of the 10 face allegations that they used or tried to use the stolen information for some form of monetary gain other than employment.

The federal government must file written briefs today outlining the reasons why it believes the detentions were lawful.

The union says at least 100 Mexican nationals picked up in Greeley have been allowed to leave the United States voluntarily, a move that also defied Kane's order, Minshall said.

END

New York Times (NY)

December 19, 2006

Fannie Mae Ex-Officers Sued by U.S .

ERIC DASH

Fannie Mae's main regulator sued the company's former chairman and chief executive, Franklin D. Raines, and two top financial officers yesterday in an effort to extract more than $215 million in bonus

payouts and fines over their involvement in a huge-scale accounting scandal.

The regulator, the Office of Federal Housing and Enterprise Oversight, is seeking about $100 million in penalties. But its effort to recoup more than $115 million in bonus payments is notable for its rarity and size.

Even in the aftermath of the Enron scandal, only a handful of company boards have aggressively tried to claw back executive bonuses or departure packages when questionable accounting or wrongdoing was later discovered. The Securities and Exchange Commission has rarely taken similar action. And previous cases have involved much smaller amounts of money.

But the regulator here, known in government shorthand as Ofheo, seems intent on sending a message to Capitol Hill, where legislation is to be debated that would give the office greater authority.

"Ofheo basically may be trying to send a signal that they are going to be really tough under their jurisdiction," said Henry T. Hu, a professor at the University of Texas Law School. "They traditionally have not had the clout compared to other regulators for banks. And by bringing this action, they may want to send the fear of God to these executives."

Ofheo filed 101 civil charges against Mr. Raines; Fannie Mae's former chief financial officer, J. Timothy Howard; and the former controller, Leanne G. Spencer.

The Ofheo director, James B. Lockhart III, said in a conference call yesterday: "We believed as an agency that these three individuals, separately and together, did serious harm to the company. There is a long list of charges that show they allowed this company to grow out of control."

Echoing many findings that the agency's 27-month investigation into Fannie Mae uncovered in May, the lawsuit contended that the three executives took part in widespread misconduct and mismanagement from 1998 to 2004. It accused them of filing misleading financial reports, improperly applying accounting principles while knowingly failing to establish sound internal controls and misleading regulators. All the while, the three were said to have been manipulating Fannie Mae earnings to maximize their bonuses.

A lawyer representing Mr. Raines, Kevin M. Downey, called the accusations false and said in a letter to Ofheo that Mr. Lockhart was a "fatally biased regulator" who was using "Mr. Raines as a prop in the interests" of his own political agenda. He called on Mr. Lockhart to remove himself immediately from any further regulatory action.

Steven M. Salky, a lawyer for Mr. Howard, called the charges "a work of unsubstantiated fiction." David S. Krakoff, a lawyer for Ms. Spencer, did not return a phone call requesting comment.

Ofheo's move yesterday will set in motion a complex legal process that could take years to resolve. Upon its filing, the suit will go to an administrative law judge who will oversee hearings and eventually make a ruling. The judge will then present his decision to the director of Ofheo, who may accept, modify or set it aside. Should a defendant disagree with the findings, he or she may appeal the decision to a federal court judge for review. Mr. Downey said yesterday that Ofheo should allow the executives to challenge the agency's findings immediately in federal court.

The administrative law process can be cumbersome. Ofheo filed a similar suit against the former chief executive and chief financial officers of another federal-linked lender, Freddie Mac, in December 2003, seeking civil penalties and the return of more than $37 million in bonuses. That case has been bogged down in intense battles for three years and is still wending its way through administrative law courts.

Ofheo said it was seeking more than $100 million in civil penalties "in light of the multibillion-dollar harm" Fannie Mae caused to investors. The company recently completed a $6.3 billion restatement to correct its financial results up to 2004, among the largest for any public company.

But Wall Street analysts expect that it will be at least a year before Fannie Mae can issue current financial statements. The company's shares slipped 11 cents yesterday, to $60.16.

In May, Fannie Mae agreed to pay $400 million in civil penalties to resolve charges with Ofheo and the S.E.C. The Justice Department and the S.E.C., while no longer investigating the company, have said that they continue to look at other former employees who were involved in the scandal.

Fannie Mae declined to comment on the Ofheo lawsuit.

Ofheo is also seeking a cease-and-desist order that would bar Mr. Raines and the other defendants from conducting business with Fannie Mae and Freddie Mac. Since Fannie Mae is bearing their legal bills, it is also asking that they pay back those fees if there is a finding of misconduct.

But perhaps Ofheo's boldest action yesterday was in seeking to recoup the bonuses. In its complaint, the regulator asked that Mr. Raines, Mr. Howard and Ms. Spencer give back a total of more than $115 million in bonus payouts from 1998 to 2004, which the agency contends represented unjust enrichment. Under this arrangement, the former executives would be allowed to retain only their salaries.

It is asking Mr. Raines to give back about $84.6 million of the $91.1 million that he collected. In the past, the agency said that roughly $52 million of that amount was directly tied to the achievement of earnings targets.

But in an interview yesterday, Ofheo's general counsel, Alfred Pollard, said that the new, higher amount reflected the regulator's interest in recovering past stock-option compensation, too.

"We are also alleging these people were engaging in misconduct and mismanagement," he said. "Options, in effect, are given for working for the company, and it was mismanaged so they didn't deserve it."

Ofheo is asking that Mr. Howard return some $27.3 million and Ms. Spencer about $5.6 million in pay. But in the complaint and news release, it made no mention of recovering pensions or other funds.

Mr. Pollard said that the regulator was still interested in recouping that money. Even though Mr. Raines was ousted over the accounting problems, he received a pension valued around $25 million, according to a Harvard study. Mr. Howard's pension was estimated at $6 million.

END

Modern Healthcare

Article published Dec 18, 2006

Jackson Memorial settles fraud suit

Jackson Memorial Health System, the Miami-based parent company of 1,776-bed Jackson Memorial Hospital, becomes the sixth hospital client of Healthcare Financial Advisors to settle Medicare cost reporting fraud allegations with the U.S. attorney in Los Angeles, agreeing to pay $14.25 million to settle a 1998 whistle-blower lawsuit. Government prosecutors and whistle-blower Mark Razin, a former reimbursement specialist with HFA, allege that HFA helped the public hospital system and other hospital clients defraud Medicare and Medicaid by seeking and obtaining reimbursements for unallowable costs on reopened cost reports, and allegedly concealing those wrongful overpayments from the government.

Some of those overpayments date back to 1987. HFA, now part of Cupertino, Calif.-based Certus

Software, was a revenue recovery firm that would reopen closed Medicare cost reports and was paid by hospitals on a contingency fee basis from any reimbursements they uncovered. To date, the investigation has implicated more than 20 hospitals and recovered $50 million for government health insurance programs. Jackson Memorial, overseen by the Public Health Trust of Dade County, settled without admitting wrongdoing.

In a news release Jackson Memorial officials said: “These discrepancies occurred long before the current administration was in place at Jackson Health System. We look forward to working with the U.S. government to ensure compliance on all future billings.”

END

AP

December 19, 2006

Pa. Christian college sues government over job posting service

PITTSBURGH_A Christian college in Pennsylvania and a religious law group have sued the state and federal governments over the school's bid to use a state-funded employment service to post openings for jobs with religious requirements.

Attorneys representing the Christian Legal Society and Alliance Defense Fund filed the suit Thursday in Pittsburgh on behalf of Geneva College in Beaver Falls and the Association of Faith-Based Organizations, a coalition based in Springfield, Va.

The plaintiffs say the school is being denied the use of the employment service, which includes an Internet-based service called CareerLink, because of a nondiscrimination policy barring job postings that require applicants to have particular religious backgrounds.

"Religious organizations have every legal right to hire employees that share their beliefs and values," Timothy J. Tracey, a lawyer for the Christian Legal Society's Center for Law and Religious Freedom, said in a statement.

The plaintiffs want the nondiscrimination policy declared unconstitutional when it applies to religious organizations and the government ordered to allow faith-based groups to post their employment notices on CareerLink.

The suit names U.S. Labor Secretary Elaine Chao and Secretary of the Pennsylvania Department of Labor and Industry Stephen M. Schmerin. A U.S. Department of Labor spokesman declined immediate comment. State labor department spokesman Barry Ciccocioppo also declined comment, saying officials had not seen the lawsuit.

Christian Legal Society, based in Annandale, Va., is an association of Christian lawyers, law students, professors and judges, according to its Web site.

END

AP

December 19, 2006

Lawyer says Australian terror suspect cannot be visited by psychiatrist at Guantanamo Bay

By ROD McGUIRK

Associated Press Writer

CANBERRA, Australia_U.S. military authorities have refused to allow an independent psychiatric assessment of an Australian terror suspect held at Guantanamo Bay in Cuba, his Pentagon-appointed lawyer said Tuesday.

Maj. Michael Mori said he had requested such an assessment because he became concerned about the mental state of alleged Taliban fighter David Hicks during a visit to Guantanamo Bay on Dec. 9-10.

"I was informed that the policy was that the defense counsel cannot bring down mental health experts anymore," Mori told Australian Broadcasting Corp. radio. Mori said he was given no explanation for the change.

Paul Mullen, a professor of forensic psychiatry from the Victoria state Forensic Mental Health Service, said he had visited Hicks at Guantanamo Bay for two days in February last year and was planning a return visit before he learned of the policy change last week.

"Without independent mental health professionals coming in from outside, we have no real idea what sort of state of mind this man is in and how close he is to suicide," Mullen told the ABC.

"It's an outrageous situation from a mental health perspective," he added.

Mullen said the 31-year-old Australian and his fellow prisoners did not trust the psychiatrists and psychologists available in Guantanamo Bay because those mental health experts had been involved in the interrogation processes.

The defense lawyers also needed to know what Hicks' mental state was when he made statements to his interrogators and whether he was mentally fit to stand trial.

Mori said Hicks had been help in solitary confinement for the past nine months.

Hicks' father, Terry Hicks, said he had ongoing concerns about his son's mental state.

Terry Hicks said he was scheduled on Wednesday to have a telephone conversation with his son, who he was told might refuse to talk because of "emotion stress."

"I don't think anyone can cope with nine months in isolation," Terry Hicks told the ABC.

"David would have coped for a little while but then the isolation, no one to talk to, guards are not allowed to talk to him, he doesn't see anyone else _ it must have some sort of strain on the mental side," he added.

Hicks was captured in Afghanistan by the Northern Alliance in December, 2001, and was sent a month later to the U.S. naval base on Cuba.

He was charged with attempted murder, conspiracy to commit war crimes and aiding the enemy, and was selected to face a U.S. military tribunal.

He pleaded not guilty to the charges, which were withdrawn and his case was thrown into limbo when the U.S. Supreme Court ruled the military tribunals illegal in June.

END

New York Times

December 19, 2006

Couple Fired Over Security Wins Lawsuit

By SEAN D. HAMILL

The federal government turned their lives upside down, but an Iranian immigrant couple, Aliakbar and Shahla Afshari, say they always believed in the system.

The Afsharis' faith was rewarded earlier this month when the federal government admitted it made a mistake more than two-and-a-half years ago, when they were fired from their jobs with the National Institute for Occupational Safety and Health in Morgantown, W.Va. The reason given for their dismissals was that they had failed a secret background check, 18 years after moving to the United States.

The government agreed to pay more than $600,000 to settle a lawsuit filed by the couple after they were fired and escorted from their workplaces on May 5, 2004. The agreement also allows Mr. Afshari to return to his agency engineering job. Mrs. Afshari will not return to her job as a laboratory researcher because she is attending dental school.

Most important, the Afsharis said, are the letters they received from the agency director, John Howard. Mr. Howard, who approved their dismissals, said they should not have happened.

"What we really wanted more than anything else in the world was to clear our name," said Mrs. Afshari.

Since the government did not reveal why the Afsharis had failed the background checks, or why they were being checked so long after they came to the United States, their case drew concern from civil liberty groups.

"This case illustrates what can happen when government attempts to hide behind a veil of secrecy," said Andrew Schneider, executive director of the American Civil Liberties Union of West Virginia.

The Afsharis' lead lawyer, Allan N. Karlin, of Morgantown, said: "The government never actually told us what it was that triggered this. All that is clear is that it was an association issue."

A Department of Justice spokesman, Charles Miller, said the government acknowledged settling the case, "but that's all we can say."

The Afsharis said they thought they had been fired because they took their children to two conventions of the Muslim Students Association, in 1998 and 1999. On one trip, a friend later deported for immigration violations went with them. The Federal Bureau of Investigation has said the association has close ties to the Iranian government.

Mr. Karlin said he had also learned that someone at the agency identified the couple's daughter, Azadeh, who was majoring in exercise physiology at West Virginia University and working at a clinic at the agency, as a "foreign national" and began asking questions about her.

Their dismissal had severe repercussions for the family.

Out of work, the couple spent their savings, cashed in their pension accounts and took on credit card debt to make ends meet.

Some friends and colleagues shunned the couple, and a classmate told their younger son, Amin, then in sixth grade, that his parents were “terrorists.”

“We had a really hard time,” Mrs. Afshari, 45, said. “But at the same time, we got to know who our real friends were, and got to know some really great people who helped us.”

Mr. Afshari, 54, returned last week to his job. Albert E. Munson, an agency official who had objected to the dismissals, said: “We are just terribly happy to have Ali back. He’s just a great guy.”

Last year, when the Afsharis became eligible to apply for citizenship, they considered not applying. The application is being processed.

“What we believed all along is that this is a great country,” Mrs. Afshari said. “Wrong things may happen, but as long as you have a chance to raise your voice and ask questions, you can get justice.”

END

Kitchener Record

December 19, 2006

Wilkins dodges Arar query; U.S. ambassador won't comment on why Canadian is still on watch list

OTTAWA Canadian PressFRONT

A new passport requirement for travel to the United States is currently the only serious irritant between the two countries, U.S. Ambassador David Wilkins said yesterday, failing to mention the Maher Arar affair during a prepared speech.

Wilkins, Washington's top diplomat in Canada, was finally asked by an audience member at a Rotary Club luncheon to explain why Arar's name remains on an American watch list as a potential threat to the country.

The ambassador would only point to a headline-grabbing statement he made last week in which he said Arar's deportation from the United States and his continuing negative status was based on information gleaned from various sources.

He twice said that people who want to be removed from a watch list are welcome to apply to have their status reconsidered.

"While I appreciate your question, I issued a statement Friday about that, I stand behind it and that's all I'm going to say on it," Wilkins said.

"There is a process about a watch list, people can apply to be removed, there is a procedure in place."

Being on a watch list prevents one from travelling in the United States or even flying over U.S. airspace.

Arar, a Canadian citizen, was arrested by U.S. officials while he was transiting through a New York airport in 2002. Canadian police had provided faulty information to them suggesting Arar had ties to Al Qaeda. He was eventually deported to Syria, where he was imprisoned and tortured.

But Arar's name was cleared in the fall by a public inquiry led by Justice Dennis O'Connor, who said it was unlikely the U.S. relied on any other information but that provided by Canada. Prime Minister

Stephen Harper has asked the U.S. government to apologize to Arar, but settled on a promise they would collaborate more fully on any future deportation\l "l" cases.

A counsel for O'Connor said Friday he suspected that Washington had a vested interested in not clearing Arar's name.

That assessment was just about the only thing Wilkins would react to when pressed repeatedly by reporters to speak about Arar.

"I certainly would think it would be a mistake for you to read that into the position that's been taken by the United States," Wilkins said.

He said that he would not comment further because there is still litigation pending in the United States on Arar's case. Arar filed a challenge last Tuesday in a U.S. Appeals court after a lower court threw out the case in February, arguing that there was a greater need to protect secrecy and diplomacy.

On the passport issue, Wilkins reiterated the line U.S. President George Bush has taken that the new identification requirement is a legislative reality that Canadians must come to grips with.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, December 20, 2006 8:07 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, December 20, 2006
Attachments:	agnb061220.pdf; agnb061220.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 20, 2006 7:45 AM EST

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TERRORISM NEWS:

American Convicted Of Aiding Taliban Arrested For Violating Parole. The AP (12/20, Jordan) reports James Ujaama, "an American convicted of helping the Taliban was back in federal court Tuesday for violating the terms of his probation, authorities said." Ujaama, "a Muslim convert from Seattle, was arrested over the weekend in Belize — where, under the terms of his supervised release, he was not supposed to be, Justice Department spokesman Bryan Sierra said." Ujaama was "brought back Tuesday to the United States, and waived his rights to a removal hearing in U.S. District Court in Miami."

The Washington Times (12/20, Seper, 88K) reports Ujaama "pleaded guilty in 2003 to conspiring to provide cash, computers and fighters to the Taliban, but fled after agreeing to cooperate in ongoing investigations." Authorities said Ujaama "entered Belize, a small country on the eastern coast of Central America, 10 days ago using a phony Mexican passport." Ujaama, who "served two years in a plea agreement on charges of dealing with al Qaeda and providing various types of material support to the Taliban, has since been turned over to U.S. authorities, said Leonard Hill, deputy chief of mission at the U.S. Embassy."

Administration Freezes Assets Of British Citizen Over Alleged Terror Ties. The AP (12/20, Aversa) reports the Bush Administration "took action Tuesday to freeze financial accounts and assets of a naturalized British citizen for allegedly providing 'material and logistical' support to al-Qaida and other terror groups." The action "against Mohammed Al Ghabra means that any bank accounts or other financial assets belonging to him found in the United States must be frozen." The Treasury Department "alleged that Al Ghabra had organized travel to Pakistan for people seeking to meet with senior al-Qaida officials and to undertake jihad training. Several of those people returned to the United Kingdom to engage in covert activity on behalf of al-Qaida, the department said."

HOMELAND RESPONSE:

Al-Haramain NSA Surveillance Suit Consolidated With Others In California. The Oregonian (12/20, Green, 318K) reports, "An Oregon lawsuit challenging a federal warrantless eavesdropping program has been shipped to a judge in San Francisco who is handling dozens of similar cases. The move, ordered by a judicial panel that consolidates groups of lawsuits with related legal issues, takes the Oregon case away from U.S. District Judge Garr M. King in Portland." The Al-Haramain

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Islamic Foundation "case has been sent to U.S. District Judge Vaughn Walker, who earlier this year refused the federal government's attempt to dismiss a similar case that accuses AT&T of illegally cooperating with the program."

US Cancels Order For 75 Million Doses Of Anthrax Vaccine. The New York Times (12/20, Lipton, 1.16M) reports that in a "major setback to the Bush administration's biodefense efforts, the government announced Tuesday that it had canceled an order for 75 million doses of a new anthrax vaccine, the single biggest purchase planned for the nation's antiterror drug stockpile." Since "VaxGen of Brisbane, Calif., won the contract two years ago, skeptics have questioned the ability of the company, a small biotechnology business, to deliver on such a large order, as well as the administration's capacity to properly manage the overall $5.6 billion program, known as BioShield." Department of Health and Human Services officials "terminated the $877 million contract Tuesday after VaxGen failed to start required clinical trials, a delay caused by troubles with the vaccine formula."

The Washington Post (12/20, A1, Merle, 690K) reports, "Federal health officials yesterday scuttled the largest piece of the Bush administration's two-year program to counter bioterrorism, canceling an $877.5 million contract with VaxGen to develop an anthrax vaccine after the company missed a deadline to begin human testing." The decision, "delivered in a one-page letter, ends a troubled effort by the small California firm that has come to symbolize the failures of the government's ambitious $5.6 billion Project BioShield. The termination occurred on the same day President Bush signed legislation attempting to salvage the program by reorganizing its management and pumping more money into firms doing the work."

CIA Reports Success With New Recruiting Program. Fox News' Special Report (12/19, Hume) reported the Central Intelligence Agency "has found itself with some good news to report at the end of the year. 2006, as it turns out, has been a record recruiting year. Five years after 9/11, more Americans than ever before want to work for the CIA." A new recruiting campaign "is apparently working. In 2006 134,000 people applied for jobs, more than double the number of applicants in 2001, the year of the September 11 attacks. And one in four new CIA employees is fluent in a foreign language like Arabic or Korean. The White House has ordered the agency to bolster staff by record numbers." CIA Chief of Human Resources Cindy Bower: "We have been directed by the President to increase hiring in a number of areas, including analysis, engineering, that requires obviously some administrative support."

Intelligence Agencies, Military Rely On Technology For Translation. USA Today (12/20, 1A, Willing, 2.27M) reports that intelligence agencies "and the military are turning to technology developed for call centers, sporting events and television shopping channels to compensate for an ongoing shortage of qualified translators, interviews and public documents show." In "Iraq, Afghanistan and elsewhere, the Defense Department's research arm is testing portable translation devices that allow English-speaking soldiers to hold conversations with Iraqis." Government-backed researchers are also "working to convert broadcasts and website postings from Arabic and Mandarin Chinese into English and to build search engines that can extract complex information from the translated texts. These efforts are part of a government plan to bolster the thin ranks of skilled translators, say researchers and experts, so human translators can focus on more demanding projects."

WAR NEWS:

Bush Says US "Not Winning" In Iraq, Plans Boost In Overall Size Of Armed Forces. Under the headline "US Not Winning War In Iraq, Bush Says For 1st Time," the Washington Post (12/20, A1, Baker, 690K) reports on its Oval Office interview with President Bush. The President told the Post he "plans to expand the overall size of the 'stressed' US armed forces to meet the challenges of a long-term global struggle against terrorists." In addition, "as he searches for a new strategy for Iraq, Bush has now adopted the formula advanced by his top military adviser to describe the situation. 'We're not winning, we're not losing,' Bush said." That "assessment was a striking reversal for a president who, days before the November elections, declared, 'Absolutely, we're winning.'" The Post adds, "In another turnaround, Bush said he has ordered Defense Secretary Robert M. Gates to develop a plan to increase the troop strength of the Army and Marine Corps, heeding warnings from the Pentagon and Capitol Hill that multiple deployments in Iraq and Afghanistan are stretching the armed forces toward the breaking point."

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Bush's interview with the Washington Post is generating extensive, generally positive media coverage. Much of it focuses on the announcement about the expansion of the Armed Forces' size. USA Today (12/20, Kelley, Brook, 2.27M) reports "members of Congress and military experts welcomed Bush's comments Tuesday, saying that a larger military would ease the strain on today's troops." Rep. Ike Skelton, "a Missouri Democrat and incoming chairman of the House Armed Services Committee, 'would welcome anyone' supporting a larger military, said his spokeswoman Loren Dealy." Democratic Sen. Jack Reed, "a member of the Senate Armed Services Committee, said in a statement that an increase has been needed for years and called on Bush to fund it in his budget."

ABC World News (12/19, story 4, Karl, 8.78M) said "the President has seen the Army is stretched so thin, that his hands as Commander in Chief are tied. If he wants to surge more troops into Iraq, he's told he can only do it at a short period of time. If another crisis breaks out elsewhere in the world, he is told he has only has 10,000 available troops trained and ready to go." The CBS Evening News (12/19, lead story, 2:55, Martin, 7.66M) reported, "When President Bush met with defense leaders last week at the Pentagon, he got an earful from the Joint Chiefs of Staff about how badly the military is feeling the strain of fighting wars in Iraq and Afghanistan with no end in sight." CBS also reported, "The services are currently meeting their recruiting goals. To bring in more, they will have to increase the number of recruiters out there, and also, undoubtedly, increase the financial incentives for signing up."

The announcement is being portrayed as a sharp departure from the approach advocated by former Defense Secretary Donald Rumsfeld. NBC Nightly News (12/19, story 3, 2:50, Miklaszewski, 9.87M) reported, "This is a total reversal of the Pentagon's former policy under…Rumsfeld and comes only one day after Rumsfeld stepped down. Amid growing concern that the war in Iraq could break the US Army and Marines, President Bush told the Washington Post today he wants to expand the size of the armed forces to fight the long-term war against terrorists." The New York Times (12/20, Shanker, Rutenberg, 1.16M) also says Bush's comments "indicated that the administration was breaking abruptly with the stance taken by…Rumsfeld, the former Pentagon chief, who championed the view that better intelligence and technological advancements could substitute for a bigger military."

Bush Says Election An Indication Voters "Not Satisfied With Progress In Iraq." In an analysis piece, the Washington Post (12/20, A14, Abramowitz, 690K) reports, "Ever since Republicans were routed last month in what was widely seen as a repudiation of his Iraq strategy," Bush "has been busily listing why his policies there will not be changing." Yesterday, in his interview with the Washington Post, Bush "bluntly dismissed the suggestion that the midterm elections meant voters want to bring the mission in that country to closure. He said he interpreted the election results 'as people not satisfied with the progress' in Iraq." The comments "were another strong indication of the president's determination to chart his own way forward on Iraq, no matter the election results nor any amount of free advice from senior statesmen of past administrations."

Smith Contends Situation In Iraq Is "Beyond Our Control. Sen. Gordon Smith (R), on Fox News' O'Reilly Factor (12/19), defended his recent criticism of the war in Iraq by noting he's not calling for "cut and run," instead he's saying "let's fight the war on terror more intelligently, let's fight it smarter. … What you now have in Iraq is a war that has mutated into something very different from what we began. And frankly, the fix here is beyond our control. There are essentially political questions that the Iraqis have to answer as to their own federal system, how they divide the resources and how they live together peacefully." Smith added, "what I won't stand by and watch any longer is…our being targets in a shooting gallery and both of them are shooting at us. … President Bush has done many things right. But frankly, it breaks my heart to see him wrecking his administration on the rocks of Iraq and a war we can't fix."

Rice Says Bush Considering Sending More Troops To Iraq. McClatchy (12/20, Strobel) reports, "Secretary of State Condoleezza Rice said Tuesday that President Bush is considering a surge of additional US troops into Iraq to help secure Baghdad - despite strong reservations by some US military leaders and the incoming chairman of the House Armed Services Committee." Said Rice, "The president has to decide whether he thinks some adjustments in American troop levels and what American troops would do is necessitated by current circumstances. … Anything he considers will certainly look at what can be done about the security of Baghdad." Rice "said Bush, who's due to announce his new tactics in early January, wouldn't decide before further consultations with new Defense Secretary

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Robert M. Gates and military commanders." But "a number of active and retired generals already have expressed serious doubts about sending more troops to Iraq, saying there's little likelihood that the 20,000 to 30,000 troops under discussion would make a difference."

NBC Nightly News (12/19, story 3, 2:50, Williams, 9.87M) said "Democratic lawmakers said any surge in forces would be a tough political sell," and "most military leaders still think the best option is to accelerate the training for the Iraqi forces so they can take over the fight but acknowledge that could still take years." The Washington Post (12/20, A14, Pincus, 690K) reports, "Rep. Ike Skelton (D-Mo.), the incoming chairman of the House Armed Services Committee, questioned the purpose of sending an additional 20,000 U.S. troops into Baghdad, the surge option being mentioned as one strategy change in Iraq being considered by President Bush. 'What is the military mission?' Skelton asked yesterday during a meeting with reporters. 'I don't think it will change a thing,' he said, adding: Would the added troops 'exacerbate the problem by being more targets? Is there something to go after that we don't know?'"

Rice Suggests There Will Be No Big US Policy Shift In Iraq, Broader Mideast. The Wall Street Journal (12/20, A4, King, 2.04M) reports, "This should be Condoleezza Rice's moment. The secretary of state's longtime rival, former Defense Secretary Donald Rumsfeld, is gone. Her ties to President Bush appear as strong as ever. Her popularity remains high, even as support for the president ebbs. And voices on all sides are calling for more diplomacy, more outreach -- core strengths of the department she heads." However, "as she moves into her third year as the nation's top diplomat, she faces doubt over the administration's Iraq strategy and finds herself embattled and increasingly defensive." At the same time, the Secretary is about to embark on "a new diplomatic push in the Middle East to win increased support in Iraq, Lebanon and the Palestinian territories from what she calls 'mainstream states' such as Jordan, Egypt and Saudi Arabia," but in a roundtable discussion with reporters yesterday, Rice "firmly defended the administration's current approach in the region and made clear that stark shifts aren't in the offing." Seeking to "counter her critics" and to put "a positive gloss on the instability now rippling through the Middle East," Rice "touted what she described as 'a new opportunity' to get moderate forces in the region 'to support the development of stable new governments in Iraq and Lebanon...and to make progress toward the emergence of a Palestinian state that is founded on the same principles.'" As the White House continues to weigh changes to its Iraq strategy, Rice "argues that a new alignment is shaping up in the Middle East that offers fresh promise for a new US diplomatic effort."

Iraq War Costs To Top $110 Billion This Year. The CBS Evening News (12/19, story 2, 0:10, Couric, 7.66M) reported "the financial cost of the war in Iraq is growing by the day. Today, the White House budget office said it will probably top $110 billion for this fiscal year alone."

USA Today (12/20, Hagenbaugh, 2.27M) reports, "Office of Management and Budget Director Rob Portman said there was no firm estimate of the costs for fiscal 2007, which began Oct. 1. When he was asked if the $110 billion estimate was now too low, Portman said, 'Yes.' He said the final figure 'depends on a lot of things that are not yet decided. One is the policy moving forward.'" Portman's statement "adds fuel to speculation that the war costs will top last year's record $120 billion." The New York Times (12/20, Stolberg, 1.16M) also notes the story in a brief report.

CORPORATE SCANDALS:

NASD Accuses Morgan Stanley Of Using 9/11 As Excuse To Conceal E-Mails. USA Today (12/20, 1B, Farrell, 2.27M) reports, "Once again, an old e-mail issue is coming back to haunt Morgan Stanley. For the second time this year, a national regulator has accused Morgan Stanley of stonewalling requests for documents and withholding crucial e-mails from investigators. The NASD claimed Tuesday that Morgan Stanley hid the existence of millions of e-mails from customers of its Dean Witter brokerage. According to an NASD complaint, executives at Morgan Stanley used the terrorist attacks of Sept. 11, 2001, as an alibi for their inability to produce a massive trove of e-mails sought by customers who felt they'd been burned by bad advice from Dean Witter brokers." NASD says that while Morgan Stanley's "e-mail servers were, in fact, destroyed in those attacks," the company by Sep. 17, 2001, "was able to use emergency backup tapes to restore all e-mail through Aug. 30, 2001, to the Morgan Stanley internal database."

The Wall Street Journal (12/20, A3, Pessin, 2.04M) reports, ""While the NASD charges focus on arbitration cases involving small individual investors, Morgan Stanley's

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document-retention problems also played a large role in litigation between the firm and investor Ronald Perelman."

Investors Seen As Unlikely To Reopen Arbitration Cases. The Washington Post (12/20, D1, Johnson, 690K) reports, "Investors have little hope of reopening their arbitration cases, however, because they are unlikely to meet the high standard for doing so, legal analysts said. To prevail, investors would need to prove that individual Morgan Stanley brokers intentionally withheld the e-mail messages or committed fraud -- accusations the NASD stopped short of making yesterday."

Accounting Board Scraps Sarbanes-Oxley Audit Rule. The Washington Post (12/20, D1, Johnson, 690K) reports, "Accounting industry overseers yesterday scrapped an audit rule targeted by businesses as expensive and burdensome, proposing looser guidelines that would direct accountants to focus on the integrity of corporate managers and the most risky aspects of a company's financial reports." The proposal is "designed to address the most contentious part of the 2002 Sarbanes-Oxley law, passed by Congress after problems at Enron and WorldCom tarnished the reputation of the accounting profession and rocked investor confidence." Criticism over the rule "and charges that it is prompting fewer companies to list their shares on U.S. markets have gathered momentum in recent months, which was acknowledged by Mark W. Olson, chairman of the Public Company Accounting Oversight Board." The "proposed change, which will be subject to more than two months of public comment, 'will help transform the rule into a cornerstone accomplishment rather than a provision that continues to be associated with adverse market trends,' Olson said."

Amid Backdating Practices, Murray Cites Potential "Grand Bargain" Of Greater Prosecution For Less Regulation Of Corporate Behavior. In a column appearing in the Wall Street Journal (12/20, A2, 2.04M) Alan Murray writes, "The prevalence of backdating raises the question: Has the corporate-reform movement really gone too far? Or has it not gone far enough? … In the midst of this rancorous debate, Ira Millstein, who has long labored in corporate governance, is the rare voice of sanity. Mr. Millstein, senior partner at Weil, Gotshal & Manges, rightly argues that some of the post-Enron reforms have gone too far. … [I]n return for those changes, Mr. Millstein wants 'the grand bargain'" Instead of more regulation, more prosecution and more litigation give shareholders more power to oversee the companies in which they invest."

Financial Times Calls McNulty Changes "Semantics." Financial Times (12/20) editorializes, "Last week the head of the [Justice] department's white collar crime fighters, Paul McNulty, announced new guidelines for prosecutors: from now on, they will have to get approval directly from him if they want to ask a company to waive the confidentiality that normally protects communications with its lawyers - and if the company refuses, it can no longer be penalised for doing so…. So far, so laudable. For too long, prosecutors have abused their power by demanding that companies show their willingness to co-operate with the government by waiving the sacred privilege that normally protects communications with their lawyers." However, Financial Times writes, "[I]n one important respect, the changes appear more semantic than real: prosecutors may not penalise companies for refusing to disclose communications with their lawyers - but they may still reward them for doing so. The end result is the same: you waive, or you lose."

Defense lawyers, Others Skeptical Of McNulty Memo. The National Law Journal (12/20, Coyle) reports, "In the wake of newly revised guidelines for federal prosecutors investigating and prosecuting corporations, the key question, according to white-collar criminal defense lawyers, is: Are the guidelines meaningful change or strategic retreat?: William McGuinness, who chairs the New York litigation department at Fried, Frank, Harris, Shriver & Jacobson, calls the McNulty memo a "strategic retreat." And "[m]any defense lawyers, legal scholars, and members of a broad coalition of business and civil liberties groups that had lobbied intensely for changes in the Thompson memorandum echoed McGuinness' skepticism."

Forrester CFO Resigns In Option Irregularity. The AP (12/20) reports, "Forrester Research Inc. said late Tuesday its Chief Financial Officer and Treasurer Warren Hadley resigned after an internal investigation found irregularities regarding an option grant for 5,000 shares made to him in 1999."

Empowered Legal Department Can Reduce A Company's Risks. The Wall Street Journal (12/20, Cova, Dance, 2.04M) reports, "Several factors are driving legal risks to the forefront: aggressive development and

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enforcement of regulations in the U.S. and Europe; more cooperation and communication among regulatory authorities world-wide; and a public and media happy to punish companies that appear to 'misbehave' or break their promises." Noting that "what initially seems to be a marginal legal issue" can grow "into a bet-the-company type of risk," the Journal writes, "A duly empowered legal department can help directors govern better, and shield them from liability. Legal and regulatory issues can be a huge driver of a company's strategy." The Journal adds, "Once a problem has erupted, it is often the legal response that determines whether and how quickly a company recovers, as in the skillfully handled crises at Tyco, Marsh & McLennan, Royal Dutch Shell and others. Some boards' failure to pay attention to legal issues is even more surprising considering that, more and more often, authorities explicitly direct corporations to identify and demonstrate how they are reducing legal risks, such as implementing compliance programs. Increasingly, regulators sternly punish those who fail to do so."

Amtrak Dismisses Five Executives. Law.com (12/20, Palmer) reports, "New Amtrak President Alex Kummant engineered a major management restructuring Monday, firing five top officials and naming Eleanor Acheson, assistant attorney general for policy development under President Bill Clinton, as the passenger rail's general counsel. The move comes after a call earlier this month by outgoing House Transportation and Infrastructure Committee Chairman Don Young, R-Alaska, and Rep. John Mica, R-Fla., for the Department of Justice to investigate Amtrak's legal department and outside counsel after the release of an inspector general's report, which found that Amtrak mismanaged more than $100 million in legal bills." Law.com adds, "In a Dec. 18 letter to Amtrak employees, Kummant announced the firing of Chief Financial Officer David Smith, Assistant Vice President of Transportation Thomas Schmidt, Police Chief Alfred Broadbent, Vice President for Marketing and Sales Barbara Richardson, and Vice President of Corporate Communications William Schulz. The letter also stated that Acheson will replace Alicia Serfaty as general counsel and corporate secretary."

Bond Lawyers Groups Warns Members On Anticompetitive Practices. Bloomberg (12/20, Richard, Preston) reports, "The National Association of Bond Lawyers, a group of attorneys who advise U.S. state and local governments on borrowings, plans to warn members about anti- competitive practices amid a growing government probe of the municipal bond market. The Justice Department investigation into potential bid- rigging in municipal investment contracts prompted the Chicago- based association to schedule a conference call with members to review potential abuses, said Carol Lew, president of the group and a public finance lawyer at Stradling Yocca Carlson & Rauth in Orange County, California." Bloomberg continues, "U.S. state and local governments that borrow in the almost 200-year-old municipal debt market rely on the opinions of attorneys and advisers to assure potential investors that their bonds clear requirements by the Internal Revenue Service and will remain tax-exempt. … The Justice Department's criminal investigation stems from an IRS review that found municipal bond deals robbed federal taxpayers of more than $100 million."

Vitesse Discloses "Wide Array Of Irregularities." The Wall Street Journal (12/20, A14, Seward, 2.04M) reports, "Vitesse Semiconductor Corp. said it had found a wide-ranging array of irregularities at the company, including options backdating, bogus sales invoices, improper revenue recognition, inflated reporting of cash balances and a failure to take write-offs for returned merchandise. The disclosures came as a result of an internal review, which was started in April to examine options practices, by a special committee of Vitesse's board. … The irregularities at Vitesse, based in Camarillo, Calif., were so widespread that the company said it would likely be unable to file restated financials for the 2004 and 2005 fiscal years."

CRIMINAL LAW:

Maryland Court Suspends Executions. The Baltimore Sun (12/20, McMenamin, 257K) reports, "In a narrowly tailored decision with potentially sweeping consequences, Maryland's highest court ordered a halt Tuesday to executions in the state, ruling that procedures for putting prisoners to death were never submitted for the public review required by law." Under the Court of Appeals ruling, "state prison officials face the prospect of having to submit the execution protocols to the scrutiny of a joint legislative committee and schedule a public hearing on the issue. Alternatively, the court ruled, the legislature could exempt the

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execution procedures from that review process -- something that one state senator characterized as 'very unlikely.'"

The New York Times (12/20, Liptak, 1.16M) reports, "The ruling follows similar developments in two other states on Friday." Gov. Jeb Bush of Florida "suspended executions there after a troubled execution that lasted 34 minutes and required a second dose of lethal chemicals, while a federal judge in California ruled that the state's lethal injection protocol violated the constitutional ban on cruel and unusual punishment."

The Washington Times (12/20, Miller, 88K) reports "the decision set the stage for a debate about capital punishment and lethal injection in the upcoming General Assembly session." The Washington Post (12/20, B1, Rich, Wagner, 690K) says Gov. Robert L. Ehrlich Jr. (R) or his Democratic successor, Martin O'Malley, "must act if executions are to resume." Last night, O'Malley, "who takes office Jan. 17, called on Ehrlich to leave the issue for the incoming administration. … An Ehrlich aide said the administration was reviewing the matter and had not decided how to proceed." The Post adds, "Because of the effort required to correct the defect identified by the court, many death penalty opponents said they expect that O'Malley would ultimately chart the state's course." O'Malley "has taken a nuanced position on the issue, saying that he is personally opposed to the death penalty but that his opposition would not prevent him from signing a death warrant."

LATimes Criticizes Schwarzenegger For Trying To Fix, Not End, Death Penalty. The Los Angeles Times (12/20, 850K) says in an editorial, "On ordering changes in the way lethal injections are administered to condemned prisoners in California, Gov. Arnold Schwarzenegger is doing the right thing for the wrong reason." But in "promising to redress what" US District Judge Jeremy Fogel "had called a 'pervasive lack of professionalism' in lethal injection, Schwarzenegger didn't emphasize — as the enlightened centrist chief executive he fancies himself should have — the need to spare even convicted murderers cruel and unusual punishment, by a moratorium on executions if necessary. No, Schwarzenegger indicated that he was seeking changes in what is blandly known as Operational Procedure No. 770 to keep judges from thwarting what the governor called 'the will of the people [that] the death penalty is maintained in California.' That death row inmates might be spared excruciating pain would be merely a byproduct of crossing the legal t's and dotting the i's."

Jones Says Gonzales Is Looking At Lacrosse Case. Fox News' On the Record (12/19, 11:44 p.m., Colby) reported, "One congressman is renewing his call for a federal investigation in the Duke rape case. Congressman Walter Jones first lit the fire last week with this stinging question: Did the prosecutor violate the civil rights of the three indicted lacrosse players? He wrote a letter to the attorney general and he called for an investigation into Durham DA Mike Nifong. Well, now he has done it again adding more fuel to the fire with another letter." Jones, speaking with Fox News by phone, said, "I've had two telephone conversations with assistants to Attorney General Gonzales and the assistant on two phone calls told me that they definitely were taking my letter seriously and they were looking into this issue and they had turned the letter over to the civil right division of the Department of Justice."

Justice, FBI To Examine Police Shootings In Georgia. The Atlanta Journal-Constitution (12/20, Gentry, Tagami, 379K) reports, "The U.S. Justice Department and the FBI are looking into fatal police shootings this year in DeKalb County. If civil rights violations are found, appropriate action will be taken,' Assistant Attorney General Wan J. Kim wrote in a Dec. 12 letter to local activist John Evans, who asked the Justice Department's Civil Rights Division to investigate the DeKalb shootings." DeKalb officers have killed 12 suspects since January, "more than any other police department in metro Atlanta. One officer has also been killed." The Journal-Constitution notes that while "Kim could not be reached for comment Tuesday," a DOJ official "confirmed the federal inquiry into the DeKalb shootings, but would not give details."

US Attorney For Arizona To Leave For Private Practice. The Arizona Republic (12/20, Wagner) reports, "U.S. Attorney Paul Charlton announced Tuesday that that he is quitting his government post to enter private legal practice early next year. Charlton said he will become a partner in the Phoenix-based firm of Gallagher and Kennedy at the end of January. During his stint as the state's top federal lawyer, Charlton oversaw major enforcement initiatives against terrorism, public corruption, illegal immigration and crime in Indian country."

New Mexico US Attorney Asked To Resign. On its Web site, KRQE-TV of Albuquerque (12/19,

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Herzenberg) reported, "The top federal prosecutor in New Mexico, U.S. Attorney David Iglesias, has been asked to resign and will be giving up the office, KRQE News 13 has learned. Sources confirmed the Department of Justice called Iglesias last week and asked him to resign." KRQE-TV added, "A statement released Monday night by the U.S. Attorney's office spokesman Norm Cairns confirmed Iglesias's departure. … Why Iglesias was asked to resign remains unknown although source said was probably just time for a change."

The Albuquerque Tribune (12/19) added, "After discussions with officials in Washington, D.C., Iglesias decided he would move on, U.S. Attorney's Office spokesman Norm Cairns said. No other information was released. The U.S. Attorney's Office has been involved in two high-profile investigations of public corruption in New Mexico this year with mixed results.

CIVIL LAW:

Suit Focuses Attention On Physicians Not Following Patients' Advance Directives. In a front page story, USA Today (12/20, 1A, Parker, 2.27M) reports on a lawsuit on a case involving Madeline Neumann, who filed an advance directive "instructed doctors not to revive her if she collapsed." After she was found unresponsive in 1995 Neumann "ended up in a hospital, tethered to wires, tubes and life-support machines — just the situation her family says she had hoped to avoid." Although her granddaughters "persuaded doctors to disconnect the machines over the next several days" and she died a week later, they "are suing the Joseph L. Morse Geriatric Center in West Palm Beach and its chief doctor, Jaimy Bensimon, for unspecified damages, claiming they essentially ignored Neumann's wishes." USA Today describes this case as "first time a Florida court has been asked to decide whether a doctor can be held liable for providing treatment at odds with a medical directive." It "could have significant implications for efforts to hold hospitals, nursing homes and physicians accountable if they disregard living wills and advance directives."

CIVIL RIGHTS:

ACLU Document Case Sparks Commentary. USA Today (12/20, 2.27M) editorializes, "Every minute, the U.S. government makes 27 decisions to classify documents. That translates into 1,620 classification decisions every hour, 38,880 every day and 14 million every year. ... it's preposterous to believe that more than a tiny percentage of classifications are justified by national security concerns. They are more probably the result of the bureaucratic impulse to keep secrets and the political instinct to avoid accountability. ... The government should have known [prior restraint] was no way to plug leaks. And it should have realized that the ACLU document wasn't worth making a federal case over."

In an opposing op-ed in USA Today (12/20, 19A, 2.27M), Pepperdine Law Professor Douglas W. Kmiec says, "This was no major victory for civil liberty. It turns out the subpoena sent to the ACLU might have been issued only because the organization's lawyers were looking for a fight. Bad form, even worse constitutional theory. Press freedom cannot be understated in a democratic republic. But it should not be overstated either." Though this "soap opera lends credence to the complaint that too much is kept secret, the remedy is not to take the law into one's own hands."

ACLU Challenges Michigan Anti-Affirmative-Action Initiative. The Detroit News (12/20, Schultz) reports, "The ACLU and NAACP filed suit Tuesday against Proposal 2, the latest salvo in a growing assault just four days before Michigan's ban on affirmative action was to take effect. The challenge was filed on the same day a federal judge agreed to give three Michigan universities a six-month delay before they stop using race as a consideration in admissions and financial aid. The court maneuvers fed a growing concern by affirmative action opponents who fear that the will of the voters, who on Nov. 7 passed the prohibition against using race, is not being respected. Both candidates for governor, and business and other leaders campaigned against the proposal." The News adds, "The ACLU of Michigan, NAACP and others filed a lawsuit on behalf of 19 students, faculty and applicants to U-M asking a judge to allow race and gender preferences to continue in university admissions. Proposal 2 shouldn't undue the U.S. Supreme Court ruling that allows the use of race as a factor in admissions, they argued."

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The Detroit Free Press (12/20, Pratt, Bell, 373K) reports, "Civil rights organizations, including the NAACP's Detroit chapter and the American Civil Liberties Union, took their case to federal court. They argued the amendment doesn't apply because of a 2003 U.S. Supreme Court case affirming universities' right to consider race in admissions. … But a Washington-based group that has fought against race and gender preferences said the U.S. Supreme Court already decided the issue when it chose not to hear a challenge to California's Proposition 209, which was passed by voters in 1996. The California law was the model for Proposal 2."

Michigan Universities Win Reprieve From Proposal. Inside Higher Ed (12/20) reports, "A federal judge granted the universities a reprieve from the Michigan Civil Rights Initiative, known as Proposal 2, which was to take effect this week and would bar affirmative action in admissions by public colleges and universities in the state. Michigan State and Wayne State Universities and the University of Michigan sought permission to delay Proposal 2, saying that it would be impractical and unfair for the institutions to change their processes in the middle of an admissions cycle, with some applicants already evaluated and others awaiting review."

Detroit News Sees Assault On Self-Governance. The Detroit News (12/20) editorializes, "The American Civil Liberties Union should add the right of the people to self government to the list of freedoms it is dedicated to protecting. Michigan's ACLU chapter is making a direct assault on that right by asking a federal judge to rewrite the recently passed Proposal 2 anti-affirmative action measure in a way that would render the new law meaningless."

New Jersey Judge Halts Enforcement Of City Gun Law. The New Jersey Law Journal (12/20, Toutant) reports that Hudston County assignment Judge Maurice Gallipoli "on Dec. 13 enjoined enforcement of a Jersey City ordinance limiting handgun purchasers to one gun a month.," saying that "he doubted the ordinance would achieve" it stated end of reducing violence. Also, "he found it pre-empted by the state's extensive gun-control scheme. Gallipoli also said the law violated equal protection grounds, deeming it arbitrary, capricious and lacking a rational basis."

Jury Says New York's' Protester-Arrest Policy Violated Their Rights. The AP (12/20, Neumeister) reports, "New York City violated constitutional rights for a few months when the police department introduced a written policy in May 2001 to require those arrested at demonstrations to be locked up overnight rather than issued desk appearance tickets, a jury found. But the same jury of eight people greatly diminished Monday any potential damages when it rejected a claim that the police department had enforced an unwritten policy to lock up demonstrators for more than two years before it put the policy in writing."

UK Report Envisions Rights For Robots. The Financial Times (12/20, Davoudi) reports that the "idea…we may one day give sentient machines the kind of rights traditionally reserved for humans is raised in a British government-commissioned report which claims to be an extensive look into the future. Visions of the status of robots around 2056 have emerged from one of 270 forward-looking papers sponsored by Sir David King, the UK government's chief scientist." The paper covering robots' rights "was written by a UK partnership of Outsights, the management consultancy, and Ipsos Mori, the opinion research organisation." The Times adds, "The Horizon Scan report argues that if 'correctly managed', this new world of robots' rights could lead to increased labour output and greater prosperity," but it also "points out that the process has casualties and the first one may be the environment, especially in the areas of energy and waste."

ANTITRUST:

Delta Refuses US Airways Buyout Bid. As it filed its reorganization plan Tuesday, Delta refused US Airways' attempted $8.4 billion cash and stock bid to merge the two airlines. This decision generated significant coverage throughout the national and regional print media. For example, the Washington Post (12/20, D3, 690K) reports, :Delta Air Lines filed a reorganization plan Tuesday that calls for it to emerge from bankruptcy protection next spring as a stand-alone company worth as much as $12 billion, which would be more than the market value of the nation's two biggest carriers combined. Delta said that under the plan, its unsecured creditors would recover 63 to 80 percent of their allowed claims. … Delta also said that its board voted to reject US Airways' $8.3 billion hostile takeover bid. 'US Airways is the worst of all potential merger partners,' Delta chief executive Gerald Grinstein said." Bloomberg (12/20,

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Schlangenstein) notes that Delta's board "unanimously rejected" the offer. The Charlotte Observer (12/20, Harrison, 219K) reports, "Delta Air Lines attacked all facets of the US Airways' plan for a merged airline Tuesday, but its sharpest criticism is that the "new Delta" would be anti-competitive.

Delta Estimates Value Of $9.4 Billion To $12 Billion After Exiting Chapter 11. USA Today (12/20, 1B, Adams, 2.27M) reports, "Delta said that as an independent, it would be worth $9.4 billion to $12 billion when it exits Chapter 11 protection next spring. US Airways' unsolicited cash-and-stock bid was worth $8.4 billion at US Airways' closing price Tuesday. CEO Gerald Grinstein said Delta believes an independent airline offers investors and creditors greater value and certainty of success than US Airways' proposal. "

Bloomberg adds, "Delta said its plan would let unsecured creditors recover 63 percent to 80 percent of their claims, and that Blackstone Group, a financial adviser, estimates the airline's value at $9.4 billion to $12 billion. Delta's current shares will be worthless once it leaves bankruptcy."

The Pittsburgh Business Times (12/19) reports, "Delta's chief antitrust lawyer added that he doesn't believe the U.S. Department of Justice will approve a merger between Delta Air Lines Inc. and Tempe, Ariz.-based US Airways Group Inc. (NYSE: LCC), Pittsburgh International Airport's leading carrier." Jim Weiss, Preston Gates & Ellis LLP partner: "It appears from a factual standpoint, this is a merger that clearly has a lot of antitrust issues attached to it. … The antitrust risk here is quite high."

Delta Cites Antitrust Worries. Bloomberg (12/20, Schlangenstein) reports, "The US Airways offer is unlikely to receive antitrust approval, is based on flawed economic assumptions and would result in the biggest debt load in the industry, Delta, the third-largest U.S. carrier, said today. … Delta wasn't persuaded by US Airways' argument that a combination creating the world's largest airline would add $1.65 billion in annual savings and new revenue. Executives at Atlanta-based Delta have expressed skepticism about US Airways' offer since it was unveiled Nov. 15."

On its Web site, CNN Money (12/20, Isidore) reports, "Executives at Delta Air Lines (tail in front) say a combination with US Airways (tail in rear) would be blocked by regulators because it would hike fares in many East Coast markets. In a call with investors, Delta CEO Jerry Grinstein said US Airways is Delta's primary competitor on the East Coast, and a deal with it would be the one least likely to be approved because of the impact on fares." CNN Money adds, "Delta said there are 2,000 routes where a combined US Airways and Delta would control 90 percent of the flights, which the company argues would prevent U.S. antitrust regulators from agreeing to the deal."

US Airways Vows To Continue Bid. The Pittsburgh Post-Gazette (12/20, Fitzpatrick, 230K) reports, "US Airways is refusing to back off its $8.4 billion takeover bid for Delta Air Lines despite an official rejection from Delta's board and a pledge that Delta will emerge from bankruptcy next year as a stand-alone company worth as much as $12 billion." US Airways says its plan "would provide at least $1.65 billion in cost savings and new revenue 'beyond the value that could be created by any standalone plan.' Delta creditors would also receive $4 billion in cash and 78.5 million shares of US Airways stock, which closed yesterday at $57.50, up $1.70, or 3 percent." The Post-Gazette adds, "Both airlines have been lobbying the creditors committee, hoping to win support. The committee will now review both plans and is expected to make a decision early next year."

Delta Indicates It Is Open To Other Offers. Dow Jones Newswires (12/19, Kosdrosky) reports, "The Chief Executive of Delta Air Lines Inc. (DALRQ) said Tuesday that US Airways Group Inc.'s merger proposal raises unique antitrust concerns. He added that Delta would 'look at' any other proposal."

Airline Shares Fall. The AP (12/20) reports, "Airline shares slipped in Tuesday trading, after Delta Air Lines Inc. rejected a buyout bid by US Airways Group Inc. The overall Amex Airline Index fell 1 percent, with all 11 of its component stocks marking declines. Many of the index's percentage swings were slight, less than 1 percent. The declines came amid easing crude oil prices, which dropped 29 cents to $61.92 per barrel on the New York Mercantile Exchange. Falling oil prices typically strengthen airline shares, as jet fuel is among the industry's top costs."

Travel Columnist Pans Airline Mergers. In his "Holiday Travel Wish List" on the USA Today Web site (12/20), "On The Road" columnist Bill McGee calls on DoJ not to "rubber-stamp" mergers. McGee writes, "What investors call 'consolidation' is a nice word for worse service and more unemployment. With the ink not even dry on US Airways' marriage with America West, that carrier already is considering a hostile takeover of Delta. … For passengers, a dwindling number of carriers will mean higher prices, fewer

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flights and a decline in service (yes, it's possible for service to decline further)."

Coffeeshop Owner Accuses Starbucks Of Antitrust Violations. USA Today (12/20, 1B, Iwata, 2.27M) reports that in a "closely watched federal lawsuit," Penny Stafford, who owns the Belvi Coffee and Tea Exchange in Bellevue, WA, "charges that Starbucks illegally maintains its monopoly by barring other coffeehouses from prime downtown high-rises in Seattle and Bellevue through exclusive leases with property owners. Starbucks also drove Stafford and other coffeehouses out of business by buying coffee sellers and flooding neighborhoods with new Starbucks stores that even cannibalized the sales of existing Starbucks shops, the lawsuit alleges." Starbucks spokeswoman Sanja Gould: "Starbucks denies that we have done anything improper, and we intend to rightfully defend ourselves. As Starbucks has grown, so has the industry, all of which benefits coffee consumers and the competitors of Starbucks." USA Today adds, "

Case Comes In "Antitrust's Second Golden Age." In the same article, USA Today adds, "The Starbucks case comes amid what Boston attorneys Thane Scott and Veronica Abreu call 'antitrust's second golden age.' Attorneys are heatedly debating what monopoly practices are predatory. Regulators are weighing whether antitrust law should be upgraded in the new global economy, just as the law was shaped in the early 20th-century industrial economy. And antitrust civil lawsuits are on the rise, reports Competition Law 360, a legal publication. The lawsuit also increases the controversy around fast-growing Starbucks, the target of a vocal backlash in recent years from neighborhood and anti-globalization activists and some consumers."

Ericsson Purchase Of Redback Boosts Net Strategy. The Wall Street Journal (12/20, B2, White, Silver, 2.04M) reports, "Telefon AB L.M. Ericsson's agreement to buy Redback Networks Inc. for $2.1 billion reflects how the explosion in video and other multimedia services over the Internet and a surge in broadband subscribers are driving phone and cable companies to upgrade their networks and spurring big makers of networking hardware to unite. Ericsson, a Swedish provider of equipment and services for telecommunications infrastructure, said it will pay holders of the Silicon Valley seller of routing equipment $25 a share, or 18% more than Redback's share price before the announcement. Ericsson characterized the price as a 60% premium above the 90-day average for Redback stock."

Valassis To Acquire Direct-Mail Firm As Companies Drop Lawsuits. The Wall Street Journal (12/20, A12, 2.04M) reports, "Valassis Communications Inc. agreed to acquire direct-mail marketer Advo Inc. for a reduced amount as the companies dropped lawsuits against each other over their disputed merger agreement. Valassis will pay $33 a share for Advo, or about $1.05 billion, down from $37 a share, or $1.18 billion, under an agreement reached in July. Valassis also will assume about $125 million in debt."

"Tough Political Climate" Awaits AT&T-BellSouth Merger. The Financial Times (12/20, Kirchgaessner, Taylor) reports, "AT&T's $68bn takeover of BellSouth will face a tough political climate in Washington in 2007 when Democrats take control of the Congress, virtually ensuring that the former Ma Bell will have to agree to harsher conditions. The possibility that the telecoms mega-merger would be approved by the Federal Communications Commission before the end of this year appeared to disintegrate on Monday after Robert McDowell, a Republican commissioner at the FCC, said he would abstain from deadlocked negotiations over the transaction at the regulatory agency."

Judge Bars San Francisco Newspapers From Consolidating Business Operations. The AP (12/20) reports, "A federal judge on Tuesday blocked San Francisco Bay area newspapers owned by MediaNews Group Inc. and the San Francisco Chronicle from consolidating some of their business operations until the outcome of an antitrust lawsuit challenging the move. U.S. District Judge Susan Illston had temporarily barred the consolidation of distribution and national advertising sales. She made her ruling official on Tuesday after giving the news outlets a chance to respond. The organizations said two weeks ago they would not immediately merge operations, but they planned to do so if they prevailed in the antitrust trial scheduled for April."

The San Jose Mercury News (12/20, Carey, 229K) adds, "The order, by U.S. District Court Judge Susan Illston, granted the preliminary injunction sought by Clint Reilly, a San Francisco investor who has filed an antitrust lawsuit to

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prevent MediaNews from buying the Mercury News and Contra Costa Times. Reilly contends that the purchase, which was assisted by Hearst, owner of the San Francisco Chronicle, would give MediaNews a Bay Area news and advertising monopoly."

Bloomberg (12/20, Gullo) reports, "MediaNews and Hearst agreed in April to try to boost revenue by offering one contract to advertise in the San Francisco Chronicle, owned by Hearst, and the Contra Costa Times and the San Jose Mercury News, both owned by MediaNews. Lawyers for both companies told Illston last month that implementation of the plan wasn't imminent."

FCC To Rule On Measure That Could Help Phone Companies Penetrate Cable Market. The Washington Post (12/20, D1, Sipress, 690K) reports, :Telephone companies could get a major boost today in their efforts to penetrate the cable television market when the Federal Communications Commission considers a measure that would give state and local officials less latitude in awarding cable franchises. FCC Chairman Kevin J. Martin, a leading advocate of the rule, has argued that government officials often stymie competition by delaying decisions on awarding cable franchises to telephone companies and by imposing exorbitant fees and conditions. As a result, cable operators often have been able to maintain a virtual monopoly on television services, resulting in steadily increasing prices for consumers, according to Martin. He cited an FCC survey"

Attorney Expresses Approval Of New Chinese Merger Laws. In a column published in Financial Times (12/20) Kenneth Chan, head of Allen & Overy's China group, writes, "The merger and acquisition provisions enacted jointly by China's Ministry of Commerce and other ministries in 2003 were overhauled in August this year. … Important changes were made in a number of areas, in recognition of the growing importance of China's private enterprises, the increased international mobility of Chinese entrepreneurs and the significant role they are playing in foreigners' M&A activities. … While their much narrower application – largely confined to two scenarios that are both foreign listing-related – is a disappointment to many, the clearer and more detailed regime that has now been put in place for its implementation is nonetheless a welcome development."

ENVIRONMENT/INDIAN AFFAIRS:

EPA Rule Change On Toxic Chemical Emissions Would Benefit Big Firms. The Christian Science Monitor (12/20, Clayton, 59K) reports, "In a bid to trim the regulatory burden on small businesses, the Environmental Protection Agency is set to relax the rules on what toxic chemicals they have to report." But "in a twist, the EPA's newly revised Toxics Release Inventory rule will also make it possible for hundreds of large corporations to avoid reporting specific amounts of toxic chemicals they release into the air, land, or water, environmentalists warn." The rule change "has cheered small-business groups, generated widespread public opposition, and caught the eye of some Democratic congressmen, who will take control of Congress next month."

Overseas Shipholding To Pay $37 Million In Maritime Pollution Case. The Los Angeles Times (12/20, Mehren, Krikorian, 850K) reports, "Capping a three-year international investigation, federal officials on Tuesday announced a landmark, $37-million penalty in a maritime pollution case involving" Overseas Shipholding Group, "one of the world's largest publicly traded tanker companies." The fine "is the largest criminal penalty on record concerning deliberate maritime pollution, and it includes a $9.2-million 'community service payment' that will fund maritime environmental projects from coast to coast, including projects off California." The company "pleaded guilty to 33 felony counts related to deliberate dumping of sludge and other contaminants as well as falsification of log entries that such carriers are required to maintain." Acting Associate Attorney General William Mercer, at a news conference in Boston: "To those who cut corners at OSG, discharging waste in the middle of the night to save a few bucks, this case sends a message that crime just does not pay. … We will not see our oceans and our seas used as convenient dumping grounds for corporations."

The AP (12/20, Ngowi) reports, "The criminal penalty is the largest-ever involving deliberate vessel pollution, the U.S. Coast Guard said. Shares of New York-based Overseas Shipholding closed unchanged at $59.05 on the New York Stock Exchange. The Department of Justice and the U.S. Coast Guard opened their investigation after a tip from Canadian officials, who reported that official records of one of

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the company's ships failed to account for the disposal of oil waste. An investigation showed 150,000 gallons of oil-contaminated waste was dumped in the waters between Maine and Massachusetts, officials said."

The Washington Times (12/20, Seper, 88K) reports, "New York-based OSG, which has 4,000 employees, transports crude oil, petroleum products and dry bulk commodities throughout the world. The company owns an international fleet of 106 operating vessels and has 30 under construction. The guilty plea involves 12 of its ships. The ports where the pollution occurred were identified as Boston; Portland, Maine; Los Angeles; San Francisco; Wilmington, N.C.; and Beaumont, Texas."

USA Today (12/20, Johnson, 2.27M) notes, "In one instance described in government documents, an unidentified engineer aboard the M/T Overseas Shirley alerted managers to the "criminal" dumping of an estimated 40,600 gallons of sludge, or concentrated black waste oil. In another case, the government cited the tanker M/T Uranus for routinely releasing "oily waste" into the waters off Maine and Massachusetts from August 2001 to October 2003."

The Boston Herald (12/20, Fitzgerald, 184K) reports, "The multi-state investigation was launched in Boston after Canadian officials tipped off local Coast Guard authorities that records for one of OSG's ships showed bilge waste was being disposed into the sea - even though other records indicated the ship was complying with environmental laws."

FBI/DEA/ATF/USMS:

Suspected Cartel Leader Accused Of Ordering Murders Of Deputy Police Chief, Officers. In San Diego, the AP (12/20) reports the "suspected kingpin of one of Mexico's oldest and most notorious drug cartels ordered the murder of Tijuana's deputy police chief and the beheadings of three police officers, according to a federal indictment unsealed Tuesday. Francisco Javier Arellano Felix, 37, would be eligible for the death penalty if convicted on a count of running a criminal enterprise, part of the new seven-count indictment. The killings were included as evidence of the criminal enterprise that authorities say extended into the United States."

Indoor Marijuana Seizures Rise In California. On its Web site, NPR's All Things Considered (12/19) reports federal agents in California "say the pot farms they raided have all the markings of organized crime. The farms were found in unexpected places, many of them at suburban homes near Sacramento." Gordon Taylor is the Assistant Special Agent in Charge of the DEA office in Sacramento. He "says the plants seized from 41 homes linked to the case were capable of producing $74 million worth of pot in a year. Eight people have been arrested. … Law enforcement officials say it's not an isolated problem. Seizures of indoor marijuana plants in California are up 81 percent this year."

California Marijuana Dispensary Ordered To Close. On its Web site, KESQ-TV, Palm Desert, California (12/20) reports CannaHelp, the medical marijuana dispensary in Palm Desert "is being told to close up shop. The city has sent the business a cease and desist letter. Palm Desert City Attorney David Irwin told NewsChannel 3 CannaHelp violated its agreement with the city and its business license is now revoked. CannaHelp was raided a little more than two weeks ago when authorities believed the dispensary was selling pot for profit."

Owner To Defy Order. The Palm Springs Desert Sun (12/19) reported CannaHelp "is staying open in defiance of a cease-and-desist letter from the city. 'I'm going to stay open by myself,' said owner Stacy Hochanadel, after sending his other employees home."

Needle-Exchange Program Approved In New Jersey. The New York Times (12/20, Chen, 1.16M) reports New Jersey yesterday "became the last state in the country to offer needle exchange programs for intravenous drug users, when Gov. Jon S. Corzine signed legislation authorizing a pilot program for up to six towns. The law allows drug users to exchange used syringes for new ones, and provides $10 million for drug treatment facilities."

In Tucson, Unwritten Rule Said To Allow Some Drug Smugglers To Be Freed. Nogales International (12/20) reports, "Many people want a fence built along the Mexico/United States border as a means to stop drug smuggling, terrorism and illegal immigration, but the truth is that drug smugglers can be caught red-handed, and still go free - as long as they're carrying less than 500 pounds of marijuana. Several local officials have said that the unwritten rule at the Tucson office of the U.S. Attorney is that if a smuggler is accused of moving less than 500 pounds of pot through a port of entry, that person will walk away, generally.

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… All the local officials said that they do not blame the U.S. Attorney's Office. They say the office staff is too small and overworked. … Some officials feel that they have an obligation to try the cases left dormant by the federal government, but others feel that by cleaning up after the feds their good deeds will be expected to become regular."

Reporting Continues On Marijuana Cash Crop Report. BBC News (12/19) reported marijuana "is the top cash crop in the US, a report released on Monday says. It says that despite intensive eradication plans, $35bn (£18bn) worth of the illegal drug is produced a year - more than corn and wheat combined. … Activists seeking the decriminalization of the substance, say the report backs the need for change, a position rejected by government officials." The ONDCP's Tom Riley "rejected any economic arguments for legalizing marijuana saying marijuana use was an 'inherently harmful activity.'"

Parole Board Member Testifies FBI Agents Threatened Him Over Boston Mob Murder. The AP (12/20) reports, "A former member of the state Parole Board said Tuesday that two FBI agents tried to intimidate him into keeping a wrongly convicted man in prison for a 1960s gangland slaying." Former Springfield Mayor Michael Albano "testified in a lawsuit filed by the families of four men who say the FBI allowed them to be framed to protect a mobster informant. … Lawyers for the men's families asked Albano if the FBI, after being contacted by the parole board as it considered petitions to commute their sentences, ever turned over evidence it had that the men were not involved in the murder of Deegan. 'No such information was provided,' Albano testified. Albano also made a brief reference in his testimony to a 1983 'unannounced visit' from former FBI Agents John Connolly and John Morris as the board was considering a petition to commute Limone's sentence," and "outside the courtroom, Albano said Connolly and Morris urged him to vote against commuting Limone's sentence and said that if he voted in favor of commuting his sentence it could hurt his career. 'They intimidated me and tried to get me to change my vote,' Albano told reporters."

FBI Releasing Final Lennon Documents. The Los Angeles Times (12/20, Weinstein, 850K) reports, "The FBI agreed Tuesday to make public the final 10 documents about the surveillance of John Lennon that it had withheld for 25 years from a UC Irvine historian on the grounds that releasing them could cause 'military retaliation against the United States.' Despite the fierce battle the government waged to keep the documents secret, the files contain information that is hardly shocking, just new details about Lennon's ties to New Left leaders and antiwar groups in London in the early 1970s, said the historian, Jon Wiener. … 'The content of the files released today is an embarrassment to the U.S. government,' said Wiener, 62, who has written two books on the late Beatles." Wiener added, "Today, we can see that the national security claims that the FBI has been making for 25 years were absurd from the beginning." The Times notes, "The documents will be posted on the Internet today at http://www.LennonFBIfiles.com."

IMMIGRATION:

Iowa Officials Write Chertoff To Criticize Swift Raids. The Des Moines Register (12/20, Jacobs, 160K) reports Gov. Tom Vilsack and Maj. Gen. Ron Dardis, the top officer of the Iowa National Guard, wrote "a blunt and stinging letter" to DHS Secretary Michael Chertoff Tuesday calling the ICE raids at Swift & Co. "'completely unacceptable,' saying agents undermined the public's trust in government, potentially jeopardized the safety of law enforcement personnel in Iowa and could have compromised undercover operations." Vilsack and Dardis "said they will not cooperate with federal immigration officials in the future unless they act more responsibly and provide better coordination with state officials." They "said ICE officials failed to advise the Iowa National Guard of the size and scope of the raid, which 'could have led to unacceptable risks to Guard personnel and property.'"

The Des Moines Register (12/20, Norman, 160K) reported in a separate letter to Chertoff Tuesday, Sen. Tom Harkin wrote "to say he is 'appalled' by the process used to detain and deport" Swift workers. He criticized "a telephone hotline for information for family members that was set up by the government" and said it had "been 'almost impossible' for lawyers and members of the clergy to gain access to workers who were detained, and workers were taken to other states without being granted access to lawyers." Harkin "said he hopes Chertoff shares his belief that 'the failure to ensure that basic legal rights and humanitarian protections are afforded to individuals in our immigration system reflects poorly on the principles that have made the United States strong.'"

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Raids Seen As Having Solidified Positions On Guest-Worker Program. The Rocky Mountain News (12/20, Sprengelmeyer) reports "lawmakers from competing sides of the debate over a proposed guest-worker plan" have used the Swift arrests "to bolster their locked-in positions. That could set the stage for another difficult debate in coming months, after Democrats take control of both houses of Congress and try to advance a plan President Bush has long favored." Rep. Tom Tancredo "called it 'hogwash' that Homeland Security Secretary Michael Chertoff began his press conference detailing the arrests by talking about the need for a guest-worker plan, which could grant legal status to millions who have entered the country illegally. Chertoff said tough enforcement was only one part of solving immigration problems." It "was a common theme all week, as longtime backers of the proposed guest-worker plan, including Sen. Ken Salazar, D-Colo., said the arrests signaled a clarion call for a comprehensive approach to solving immigration problems."

Those Arrested In Raids Begin Facing Charges. The Denver Post (12/20, Finley, 256K) reports, "Meatpacking workers detained during last week's federal raids began facing immigration judges Tuesday in Colorado and five other states. Some were released after relatives posted bond of at least $1,500. In Colorado, Immigration Judge Donn Livingston saw 27 detainees at the regional detention facility in Aurora and set court hearings where they are to be informed of charges against them. Meanwhile, a federal grand jury in Minnesota indicted 20 detained workers on criminal-immigration offenses and charges related to identity theft."

La Raza Releases Study On Hunger Rates Among Hispanics In The US. The Washington Post (12/20, A4, Aizenman, 690K) reports, "Nearly one in five Hispanics lacks sufficient access to nutritious food and one in 20 regularly goes hungry, posing serious health and economic risks to the nation's largest and fastest-growing minority group, according to a new study. The National Council of La Raza, a Latino advocacy group, noted in its study that the 'food insecurity' rate of Hispanics is nearly as high as that of non-Hispanic blacks and substantially greater than that of non-Hispanic whites.'"

50 Arrested In Fugitive Operations Team Sweep In Miami. The Miami Herald (12/20, 286K) reports, "Immigration authorities have arrested 50 undocumented immigrants who ignored orders to leave the country and another 12 who were in violation of US immigration laws, many of them with criminal histories, US Immigration and Customs Enforcement officials said today. Among those arrested was a 38-year-old Honduran convicted of sex crimes and deported in 2000. Jose Mario Lara now faces criminal charges for returning illegally to the United States. … 'Our officers are working tirelessly to ensure that our nation's laws are upheld,' Michael Rozos, field office director for the ICE Office of Detention and Removal Operations in Florida, said in a statement. 'Those who break our immigration laws shouldn't be surprised if they are arrested, charged and deported.' The weeklong sweep by ICE's Miami Fugitive Operations team ended Friday with the arrest of 62 fugitives and violators."

CONGRESS-ADMINISTRATION:

Roberts, Alito Seen As Moving Court To The Right. USA Today (12/20, 2.27M) reports although "most of the major decisions in their first full term together won't be announced for months, Chief Justice John Roberts and Justice Samuel Alito have signaled a readiness to move the court to the right." In recent cases "involving abortion, global warming and school integration, Roberts and Alito have been aggressive and sometimes feisty proponents of conservative views and particularly sympathetic to arguments by the Bush administration." Their tactics have "added flair to the court's public sessions and have contrasted sharply with the tentative approach that moderate Justices Sandra Day O'Connor and Anthony Kennedy often took in disputes over abortion, affirmative action and other key issues." Legal and political conservatives "have been pleased with the new justices' approach. At the annual meeting of the conservative Federalist Society last month, outgoing Senate Majority Whip Mitch McConnell, R-Ky., praised Roberts' and Alito's confirmation to the high court as 'signature achievements' of the Congress that Republicans controlled for more than a decade."

Brownback Wants To Re-Question Judicial Nominee On Gay Marriage. The AP (12/20, Dvorak) reports Kansas Sen. Sam Brownback (R), "who wants to champion social conservatives in the presidential race, said Tuesday he wants a Senate panel to re-question a judicial

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nominee who attended a same-sex union ceremony." Brownback "said he wants Michigan state judge Janet Neff to testify about her role in the 2002 Massachusetts ceremony, her legal views on same-sex unions and her ability to be impartial if called upon to rule on such cases." In Iowa "to meet with GOP activists, Brownback said he only wants a chance to question Neff about her role in the 2002 ceremony. Brownback also wants a recorded vote in the Senate."

Durbin Seeks Update On Iraq, Afghanistan Detainee Abuse Probe. The AP (12/20, Jordan) reports Sen. Richard Durbin has asked "the Justice Department on Monday for an update on its progress prosecuting government employees who were accused in at least 17 cases of abusing detainees in Iraq and Afghanistan. In response, a Justice spokesman said at least some of the cases are still under investigation." In a letter "sent Monday to Attorney General Alberto Gonzales," Durbin "noted that the department began looking into the allegations of abuse two and a half years ago." Durbin said, "In that time, there have not been any indictments in any of these cases." Justice spokesman Brian Roehrkasse "said at least a few of the estimated 17 remaining cases are still open."

OTHER NEWS:

Cheney To Testify At Libby Trial. In what some media reports are portraying as another headache for the Administration, the AP (12/20, Apuzzo) says this morning Vice President Dick Cheney "will be called to testify on behalf of his former chief of staff in the CIA leak case, defense attorneys said Tuesday, ending months of speculation over what would be historic testimony. 'We're calling the vice president,' attorney Ted Wells said in court. Wells represents defendant I. Lewis 'Scooter' Libby, who is charged with perjury and obstruction."

The Wall Street Journal (12/20, A4, McKinnon, 2.04M), under the headline "Cheney Testimony Could Exacerbate White House Woes," reports "Cheney's testimony…will add to White House political problems, at a time when President Bush will be seeking to rebuild his eroded standing. … A Cheney spokeswoman suggested he doesn't plan to resist. 'We've cooperated fully in this matter and will continue to do so,' said Lea Anne McBride." The Journal adds, "The spectacle of the vice president testifying in court is likely to deepen the White House's public-relations problems, as Democrats on Capitol Hill also will launch investigations of the administration in a number of areas, including its conduct of the Iraq war."

The New York Times (12/20, Johnston, 1.16M) reports, "The prospect of Mr. Cheney's testimony suggested that Mr. Libby's trial could be transformed from a narrowly gauged perjury case into a riveting courtroom drama with the taciturn vice president as the star witness. He would testify under oath and be exposed to cross-examination by prosecutors."

Georgia School Board Abandons Evolution Sticker Case. AP (12/20, Gross) reports, "A suburban Atlanta school board that put stickers in high school science books saying evolution is 'a theory, not a fact' abandoned its legal battle to keep them Tuesday after four years. The Cobb County board agreed in federal court never to use a similar sticker or to undermine the teaching of evolution in science classes."

Many States Preempted Congress On Minimum Wage Hikes. The New York Times (12/20, Uchitelle, 1.16M) reports congressional Democrats are "making a much-delayed increase in the minimum wage their signature attempt to lift incomes and quiet widespread economic anxiety. But the party's modest proposal does not catch up with what the states have already done to raise the wages of tens of millions of workers." In the "last election alone, voters in six states approved minimums higher than the federal level, and in some states cost-of-living clauses automatically increase the minimums — a step that Congress has never taken and that most Democrats still balk at." Some advocates "wonder whether Congress can regain the lead, or should." The Democrats "plan to introduce a bill in Congress next month that would increase the federal minimum for the first time in a decade — to $7.25 an hour in the spring of 2009, reaching that level in three steps from the present $5.15 an hour. More than 13 million workers earning less than $7.25 an hour today, or just above that, would get raises."

Abramoff Christmas List From 2001 Included Lavish Gifts. The Washington Post (12/20, A21, Smith, 690K) reports that while former Republican lobbyist Jack Abramoff "makes no more than 40 cents an hour for his labors at the federal prison camp at Cumberland, Md.," Christmas in 2001 "was a far more high-flying holiday" when he was "paid as much as $500 an hour." Before he

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"pleaded guilty to defrauding banks in a deal to buy a casino cruise line -- Abramoff was a top rainmaker at Greenberg Traurig's Washington office and liked to be generous at this time of year, at least to those who could help him. He compiled a list of 45 people to whom his staff was supposed to send gifts such as a Baccarat crystal bowl and a platinum Tiffany clock." A copy of "his holiday gift list, obtained by The Washington Post, details one of the methods that Washington lobbyists can use to flatter clients and lawmakers. It shows that those who had helped enrich Abramoff got a reward, and his father and brother and their wives got either cookies or a fruit basket." Three members of Congress "and one staff member were among his intended gift recipients, according to the list. Three of them received a more lavish item than House ethics rules allowed, if Abramoff's assistants followed his instructions."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs HR 611 - Tax Relief and Health Care Act of 2006, Room 450, Eisenhower EOB; signs HR 6407 - Postal Accountability And Enhancement Act, Room 350, Eisenhower EOB.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: NAM AGENDA _ 9 a.m. The National Association of Manufacturers holds a news conference to announce its policy and legislative agenda for 2007. Location: National Press Club.

LATINOS-HUNGER _ 11 a.m. The National Council of La Raza, other organizations, hold a news conference to release a report on hunger and food insecurity in the Latino community. Location: Carlos Rosario International School Cafeteria, 1100 Harvard St. NW.

TERRORISM _ 12 p.m. The Potomac Institute for Policy Studies, the Inter-University Center for Terrorism Studies and George Washington University hold a seminar on ``Strategic Outlook: Terrorism, War, and the Roadmap to Reconciliation, Stability and Peace." Participants include: Dr. Hillel Fradkin, Hudson Institute; David Schenker, Washington Institute for Near East Policy; Dr. Trita Parsi, National Iranian American Council; Dalal Hasan, National Endowment for Democracy. Location: Potomac Institute for Policy Studies, 901 N. Stuart St., Suite 200, Arlington.

FOREIGN POLICY _ 12:15 p.m. The New America Foundation holds a discussion on American foreign policy following the Bush administration, with Michael Lind of the foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

SADDAM HUSSEIN _ 1 p.m. Ramsey Clark reports on the status of the appeals of Saddam Huseein and his co-defendants from death sentences and prison terms imposed by an Iraqi court. Location: National Press Club.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"In Valley, Pace Of Change Is Fast."
"Top General In Mideast To Retire."
"A Hippo Critical Situation."
"Men Planned Mt. Hood climb Carefully."
"Bush Seeks A Larger Military."
"Baby Is Sent Through X-ray Machine At LAX."

USA Today:

"Translation Contractors."
"U.S. Turns To Tech For Translators."
"In A Crisis, Do-Not-Revive Requests Don't Always Work."
"FDA Calls For Pain Reliever Warning."
"Products Affected."

New York Times:

"President Wants to Increase Size of Armed Forces."
"Top Iraqi Shiite Cleric Is Inching Toward a Coalition."
"China Tightens Adoption Rules for Foreigners."
"Vying for Top 10 in Academic Rank."
"Bruno Is Subject of Inquiry by F.B.I."
"Fear and Hope in Immigrant's Furtive Existence."
"In This Town, Even a Mall Rat Can Get Rattled."

Washington Post:

"U.S. Not Winning War in Iraq, Bush Says for 1st Time."
"Washington Warming to Southern Plants."
"Bush Sees 'Opportunities' on Social Security, Immigration."
"In Balmy Europe, Feverish Choruses of 'Let It Snow'."
"Anthrax Vaccine Contract Voided, Thwarting Administration."
"Short Mental Workouts May Slow Decline of Aging Minds, Study Finds."

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Washington Times:
"Iraq Army Recruitment To Hit Mark."
"Rice Eyes 'Set OF Actions; By North."
"Van Hollen Named To Lead DCCC."
"US Not Waiting For Palestinian Unity."
"FDA Urges Mandatory Painkiller Warnings."
"Read To White House May Cost $1 Billion."
"A Moving Performance."

Detroit Free Press:
"Bush Calls For Bigger Military."
"Don't Blame GM, Toyota Exec Says Electric Care Killer?"
"WSU To Mix Housing, Shops."
"Rights Groups File Prop 2 Lawsuit ."
"Eminem's Marriage Is A Wrap."

Atlanta Journal-Constitution:
"Did Land Buy Justify Tax Break.?"
"Feds Probe 12 Police Shootings In DeKalb."
"Cobb Gives Up On Evolution Book Stickers."

Houston Chronicle:
"Bush Wants To Expand Military In Terror War."
"Stronger Warnings Urged For Painkiller."
"Cheney To testify At Libby Leak Trial."
"Libya Again Orders Six To Death In HIV Case."
"Scientist Count A Record Number, But Annual Visitors Are Still Highly Endangered."

Story Lineup From Last Night's Network News:
ABC: Pain Killer Warning Labels; Pain Killer Warning Labels-Analysis; Laura Bush-Skin Cancer; Expanding US Army; Iraqi Christians; Cheney Libby-Trial; Missing Climbers Search Over; Power Outage; Inflation Increase; Small Car Safety; Farm of The Future.
CBS: Expanding US Army; Cost Of The War; Power Shortages-Iraq; Painkiller Warning Labels; Painkiller Warning Labels-Analysis; Laura Bush-Skin Cancer; Laura Bush-Skin Cancer-Analysis; Missing Climbers Search Over; Mount St. Helen's-Vapor Eruption; Cheney-Libby Trial; Fighting Autism; Ground Zero-Freedom Tower; Miss America-Misbehaving.
NBC: Pain Killer Warning Labels; Laura Bush-Skin Cancer; Expanding The US Military; Missing Climbers Search Over-Oregon; FBI Report; Stock Market; New Orleans-Post Katrina; New Orleans-Post Katrina; Cheney Libby Trial; Global Warming; Designer Fashion.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Considering Troop Increases In Iraq; Iraq-Al Qaeda Leader Captured; Blair-Israeli, Palestinian Peace Process; OR-Missing Climbers; Space Shuttle; Shuttle Astronaut-Hair Donation; Premartial Sex Study; Tokyo Stock Exchange.
CBS: Bush-Considering Troop Increases In Iraq; White House Situation Room Being Renovated; FDA-Warning Labels For Painkillers; Space Shuttle; CA-Cold Weather.
NPR: Iraq Violence; Missouri Democratic Rep. Ike Skelton Rejects Idea Of Temporary Surge In U.S. Troop Levels In Iraq; Space Shuttle; Tokyo Stock Exchange; OR-Missing Climbers; Pro Basketball-Iverson Traded To Denver Nuggets; Delta Airlines-Reorganization Plan.

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DOJ_NMG_0107697

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 20, 2006 7:45 AM EST

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TERRORISM NEWS:

American Convicted Of Aiding Taliban Arrested For Violating Parole. The AP (12/20, Jordan) reports James Ujaama, "an American convicted of helping the Taliban was back in federal court Tuesday for violating the terms of his probation, authorities said." Ujaama, "a Muslim convert from Seattle, was arrested over the weekend in Belize — where, under the terms of his supervised release, he was not supposed to be, Justice Department spokesman Bryan Sierra said." Ujaama was "brought back Tuesday to the United States, and waived his rights to a removal hearing in U.S. District Court in Miami."

The Washington Times (12/20, Seper, 88K) reports Ujaama "pleaded guilty in 2003 to conspiring to provide cash, computers and fighters to the Taliban, but fled after agreeing to cooperate in ongoing investigations." Authorities said Ujaama "entered Belize, a small country on the eastern coast of Central America, 10 days ago using a phony Mexican passport." Ujaama, who "served two years in a plea agreement on charges of dealing with al Qaeda and providing various types of material support to the Taliban, has since been turned over to U.S. authorities, said Leonard Hill, deputy chief of mission at the U.S. Embassy."

Administration Freezes Assets Of British Citizen Over Alleged Terror Ties. The AP (12/20, Aversa) reports the Bush Administration "took action Tuesday to freeze financial accounts and assets of a naturalized British citizen for allegedly providing 'material and logistical' support to al-Qaida and other terror groups." The action "against Mohammed Al Ghabra means that any bank accounts or other financial assets belonging to him found in the United States must be frozen." The Treasury Department "alleged that Al Ghabra had organized travel to Pakistan for people seeking to meet with senior al-Qaida officials and to undertake jihad training. Several of those people returned to the United Kingdom to engage in covert activity on behalf of al-Qaida, the department said."

HOMELAND RESPONSE:

Al-Haramain NSA Surveillance Suit Consolidated With Others In California. The Oregonian (12/20, Green, 318K) reports, "An Oregon lawsuit challenging a federal warrantless eavesdropping program has been shipped to a judge in San Francisco who is handling dozens of similar cases. The move, ordered by a judicial panel that consolidates groups of lawsuits with related legal issues, takes the Oregon case away from U.S. District Judge Garr M. King in Portland." The Al-Haramain Islamic Foundation "case has been sent to U.S. District Judge Vaughn Walker, who earlier this year refused the federal government's attempt to dismiss a similar case that accuses AT&T of illegally cooperating with the program."

US Cancels Order For 75 Million Doses Of Anthrax Vaccine. The New York Times (12/20, Lipton, 1.16M) reports that in a "major setback to the Bush administration's biodefense efforts, the government announced Tuesday that it had canceled an order for 75 million doses of a new anthrax vaccine, the single biggest purchase planned for the nation's antiterror drug stockpile." Since "VaxGen of Brisbane, Calif., won the contract two years ago, skeptics have questioned the ability of the company, a small biotechnology business, to deliver on such a large order, as well as the administration's capacity to properly manage the overall $5.6 billion program, known as BioShield." Department of Health and Human Services officials "terminated the $877 million contract Tuesday after VaxGen failed to start required clinical trials, a delay caused by troubles with the vaccine formula."

The Washington Post (12/20, A1, Merle, 690K) reports, "Federal health officials yesterday scuttled the largest piece of the Bush administration's two-year program to counter bioterrorism, canceling an $877.5 million contract with VaxGen to develop an anthrax vaccine after the company missed a deadline to begin human testing." The decision,

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"delivered in a one-page letter, ends a troubled effort by the small California firm that has come to symbolize the failures of the government's ambitious $5.6 billion Project BioShield. The termination occurred on the same day President Bush signed legislation attempting to salvage the program by reorganizing its management and pumping more money into firms doing the work."

CIA Reports Success With New Recruiting Program. Fox News' Special Report (12/19, Hume) reported the Central Intelligence Agency "has found itself with some good news to report at the end of the year. 2006, as it turns out, has been a record recruiting year. Five years after 9/11, more Americans than ever before want to work for the CIA." A new recruiting campaign "is apparently working. In 2006 134,000 people applied for jobs, more than double the number of applicants in 2001, the year of the September 11 attacks. And one in four new CIA employees is fluent in a foreign language like Arabic or Korean. The White House has ordered the agency to bolster staff by record numbers." CIA Chief of Human Resources Cindy Bower: "We have been directed by the President to increase hiring in a number of areas, including analysis, engineering, that requires obviously some administrative support."

Intelligence Agencies, Military Rely On Technology For Translation. USA Today (12/20, 1A, Willing, 2.27M) reports that intelligence agencies "and the military are turning to technology developed for call centers, sporting events and television shopping channels to compensate for an ongoing shortage of qualified translators, interviews and public documents show." In "Iraq, Afghanistan and elsewhere, the Defense Department's research arm is testing portable translation devices that allow English-speaking soldiers to hold conversations with Iraqis." Government-backed researchers are also "working to convert broadcasts and website postings from Arabic and Mandarin Chinese into English and to build search engines that can extract complex information from the translated texts. These efforts are part of a government plan to bolster the thin ranks of skilled translators, say researchers and experts, so human translators can focus on more demanding projects."

WAR NEWS:

Bush Says US "Not Winning" In Iraq, Plans Boost In Overall Size Of Armed Forces. Under the headline "US Not Winning War In Iraq, Bush Says For 1st Time," the Washington Post (12/20, A1, Baker, 690K) reports on its Oval Office interview with President Bush. The President told the Post he "plans to expand the overall size of the 'stressed' US armed forces to meet the challenges of a long-term global struggle against terrorists." In addition, "as he searches for a new strategy for Iraq, Bush has now adopted the formula advanced by his top military adviser to describe the situation. 'We're not winning, we're not losing,' Bush said." That "assessment was a striking reversal for a president who, days before the November elections, declared, 'Absolutely, we're winning.'" The Post adds, "In another turnaround, Bush said he has ordered Defense Secretary Robert M. Gates to develop a plan to increase the troop strength of the Army and Marine Corps, heeding warnings from the Pentagon and Capitol Hill that multiple deployments in Iraq and Afghanistan are stretching the armed forces toward the breaking point."

Bush's interview with the Washington Post is generating extensive, generally positive media coverage. Much of it focuses on the announcement about the expansion of the Armed Forces' size. USA Today (12/20, Kelley, Brook, 2.27M) reports "members of Congress and military experts welcomed Bush's comments Tuesday, saying that a larger military would ease the strain on today's troops." Rep. Ike Skelton, "a Missouri Democrat and incoming chairman of the House Armed Services Committee, 'would welcome anyone' supporting a larger military, said his spokeswoman Loren Dealy." Democratic Sen. Jack Reed, "a member of the Senate Armed Services Committee, said in a statement that an increase has been needed for years and called on Bush to fund it in his budget."

ABC World News (12/19, story 4, Karl, 8.78M) said "the President has seen the Army is stretched so thin, that his hands as Commander in Chief are tied. If he wants to surge more troops into Iraq, he's told he can only do it at a short period of time. If another crisis breaks out elsewhere in the world, he is told he has only has 10,000 available troops trained and ready to go." The CBS Evening News (12/19, lead story, 2:55, Martin, 7.66M) reported, "When President Bush met with defense leaders last week at the Pentagon, he got an earful from the Joint Chiefs of Staff about how badly the military is feeling the strain of fighting wars in Iraq and Afghanistan with no end in sight." CBS also reported, "The services are currently meeting their recruiting goals. To bring in more, they will have to increase the number of recruiters out there, and also, undoubtedly, increase the financial incentives for signing up."

The announcement is being portrayed as a sharp departure from the approach advocated by former Defense Secretary Donald Rumsfeld. NBC Nightly News (12/19, story 3, 2:50, Miklaszewski, 9.87M) reported, "This is a total reversal of the Pentagon's former policy under…Rumsfeld and comes only one day after Rumsfeld stepped down. Amid growing concern that the war in Iraq could break the US Army and Marines, President Bush told the Washington Post today he wants to expand the size of the armed forces to fight the long-term war against terrorists." The New York Times (12/20, Shanker, Rutenberg, 1.16M) also says Bush's

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comments "indicated that the administration was breaking abruptly with the stance taken by…Rumsfeld, the former Pentagon chief, who championed the view that better intelligence and technological advancements could substitute for a bigger military."

Bush Says Election An Indication Voters "Not Satisfied With Progress In Iraq." In an analysis piece, the Washington Post (12/20, A14, Abramowitz, 690K) reports, "Ever since Republicans were routed last month in what was widely seen as a repudiation of his Iraq strategy," Bush "has been busily listing why his policies there will not be changing." Yesterday, in his interview with the Washington Post, Bush "bluntly dismissed the suggestion that the midterm elections meant voters want to bring the mission in that country to closure. He said he interpreted the election results 'as people not satisfied with the progress' in Iraq." The comments "were another strong indication of the president's determination to chart his own way forward on Iraq, no matter the election results nor any amount of free advice from senior statesmen of past administrations."

Smith Contends Situation In Iraq Is "Beyond Our Control. Sen. Gordon Smith (R), on Fox News' O'Reilly Factor (12/19), defended his recent criticism of the war in Iraq by noting he's not calling for "cut and run," instead he's saying "let's fight the war on terror more intelligently, let's fight it smarter. … What you now have in Iraq is a war that has mutated into something very different from what we began. And frankly, the fix here is beyond our control. There are essentially political questions that the Iraqis have to answer as to their own federal system, how they divide the resources and how they live together peacefully." Smith added, "what I won't stand by and watch any longer is…our being targets in a shooting gallery and both of them are shooting at us. … President Bush has done many things right. But frankly, it breaks my heart to see him wrecking his administration on the rocks of Iraq and a war we can't fix."

Rice Says Bush Considering Sending More Troops To Iraq. McClatchy (12/20, Strobel) reports, "Secretary of State Condoleezza Rice said Tuesday that President Bush is considering a surge of additional US troops into Iraq to help secure Baghdad - despite strong reservations by some US military leaders and the incoming chairman of the House Armed Services Committee." Said Rice, "The president has to decide whether he thinks some adjustments in American troop levels and what American troops would do is necessitated by current circumstances. … Anything he considers will certainly look at what can be done about the security of Baghdad." Rice "said Bush, who's due to announce his new tactics in early January, wouldn't decide before further consultations with new Defense Secretary Robert M. Gates and military commanders." But "a number of active and retired generals already have expressed serious doubts about sending more troops to Iraq, saying there's little likelihood that the 20,000 to 30,000 troops under discussion would make a difference."

NBC Nightly News (12/19, story 3, 2:50, Williams, 9.87M) said "Democratic lawmakers said any surge in forces would be a tough political sell," and "most military leaders still think the best option is to accelerate the training for the Iraqi forces so they can take over the fight but acknowledge that could still take years." The Washington Post (12/20, A14, Pincus, 690K) reports, "Rep. Ike Skelton (D-Mo.), the incoming chairman of the House Armed Services Committee, questioned the purpose of sending an additional 20,000 U.S. troops into Baghdad, the surge option being mentioned as one strategy change in Iraq being considered by President Bush. 'What is the military mission?' Skelton asked yesterday during a meeting with reporters. 'I don't think it will change a thing,' he said, adding: Would the added troops 'exacerbate the problem by being more targets? Is there something to go after that we don't know?'"

Rice Suggests There Will Be No Big US Policy Shift In Iraq, Broader Mideast. The Wall Street Journal (12/20, A4, King, 2.04M) reports, "This should be Condoleezza Rice's moment. The secretary of state's longtime rival, former Defense Secretary Donald Rumsfeld, is gone. Her ties to President Bush appear as strong as ever. Her popularity remains high, even as support for the president ebbs. And voices on all sides are calling for more diplomacy, more outreach -- core strengths of the department she heads." However, "as she moves into her third year as the nation's top diplomat, she faces doubt over the administration's Iraq strategy and finds herself embattled and increasingly defensive." At the same time, the Secretary is about to embark on "a new diplomatic push in the Middle East to win increased support in Iraq, Lebanon and the Palestinian territories from what she calls 'mainstream states' such as Jordan, Egypt and Saudi Arabia," but in a roundtable discussion with reporters yesterday, Rice "firmly defended the administration's current approach in the region and made clear that stark shifts aren't in the offing." Seeking to "counter her critics" and to put "a positive gloss on the instability now rippling through the Middle East," Rice "touted what she described as 'a new opportunity' to get moderate forces in the region 'to support the development of stable new governments in Iraq and Lebanon...and to make progress toward the emergence of a Palestinian state that is founded on the same principles.'" As the White House continues to weigh changes to its Iraq strategy, Rice "argues that a new alignment is shaping up in the Middle East that offers fresh promise for a new US diplomatic effort."

Iraq War Costs To Top $110 Billion This Year. The CBS Evening News (12/19, story 2, 0:10, Couric, 7.66M)

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reported "the financial cost of the war in Iraq is growing by the day. Today, the White House budget office said it will probably top $110 billion for this fiscal year alone."

USA Today (12/20, Hagenbaugh, 2.27M) reports, "Office of Management and Budget Director Rob Portman said there was no firm estimate of the costs for fiscal 2007, which began Oct. 1. When he was asked if the $110 billion estimate was now too low, Portman said, 'Yes.' He said the final figure 'depends on a lot of things that are not yet decided. One is the policy moving forward.'" Portman's statement "adds fuel to speculation that the war costs will top last year's record $120 billion." The New York Times (12/20, Stolberg, 1.16M) also notes the story in a brief report.

CORPORATE SCANDALS:

NASD Accuses Morgan Stanley Of Using 9/11 As Excuse To Conceal E-Mails. USA Today (12/20, 1B, Farrell, 2.27M) reports, "Once again, an old e-mail issue is coming back to haunt Morgan Stanley. For the second time this year, a national regulator has accused Morgan Stanley of stonewalling requests for documents and withholding crucial e-mails from investigators. The NASD claimed Tuesday that Morgan Stanley hid the existence of millions of e-mails from customers of its Dean Witter brokerage. According to an NASD complaint, executives at Morgan Stanley used the terrorist attacks of Sept. 11, 2001, as an alibi for their inability to produce a massive trove of e-mails sought by customers who felt they'd been burned by bad advice from Dean Witter brokers." NASD says that while Morgan Stanley's "e-mail servers were, in fact, destroyed in those attacks," the company by Sep. 17, 2001, "was able to use emergency backup tapes to restore all e-email through Aug. 30, 2001, to the Morgan Stanley internal database."

The Wall Street Journal (12/20, A3, Pessin, 2.04M) reports, ""While the NASD charges focus on arbitration cases involving small individual investors, Morgan Stanley's document-retention problems also played a large role in litigation between the firm and investor Ronald Perelman."

Investors Seen As Unlikely To Reopen Arbitration Cases. The Washington Post (12/20, D1, Johnson, 690K) reports, "Investors have little hope of reopening their arbitration cases, however, because they are unlikely to meet the high standard for doing so, legal analysts said. To prevail, investors would need to prove that individual Morgan Stanley brokers intentionally withheld the e-mail messages or committed fraud -- accusations the NASD stopped short of making yesterday."

Accounting Board Scraps Sarbanes-Oxley Audit Rule. The Washington Post (12/20, D1, Johnson, 690K) reports, "Accounting industry overseers yesterday scrapped an audit rule targeted by businesses as expensive and burdensome, proposing looser guidelines that would direct accountants to focus on the integrity of corporate managers and the most risky aspects of a company's financial reports." The proposal is "designed to address the most contentious part of the 2002 Sarbanes-Oxley law, passed by Congress after problems at Enron and WorldCom tarnished the reputation of the accounting profession and rocked investor confidence." Criticism over the rule "and charges that it is prompting fewer companies to list their shares on U.S. markets have gathered momentum in recent months, which was acknowledged by Mark W. Olson, chairman of the Public Company Accounting Oversight Board." The "proposed change, which will be subject to more than two months of public comment, 'will help transform the rule into a cornerstone accomplishment rather than a provision that continues to be associated with adverse market trends,' Olson said."

Amid Backdating Practices, Murray Cites Potential "Grand Bargain" Of Greater Prosecution For Less Regulation Of Corporate Behavior. In a column appearing in the Wall Street Journal (12/20, A2, 2.04M) Alan Murray writes, "The prevalence of backdating raises the question: Has the corporate-reform movement really gone too far? Or has it not gone far enough? … In the midst of this rancorous debate, Ira Millstein, who has long labored in corporate governance, is the rare voice of sanity. Mr. Millstein, senior partner at Weil, Gotshal & Manges, rightly argues that some of the post-Enron reforms have gone too far. … [I]n return for those changes, Mr. Millstein wants 'the grand bargain'" Instead of more regulation, more prosecution and more litigation give shareholders more power to oversee the companies in which they invest."

Financial Times Calls McNulty Changes "Semantics." Financial Times (12/20) editorializes, "Last week the head of the [Justice] department's white collar crime fighters, Paul McNulty, announced new guidelines for prosecutors: from now on, they will have to get approval directly from him if they want to ask a company to waive the confidentiality that normally protects communications with its lawyers - and if the company refuses, it can no longer be penalised for doing so…. So far, so laudable. For too long, prosecutors have abused their power by demanding that companies show their willingness to co-operate with the government by waiving the sacred privilege that normally protects communications with their lawyers." However, Financial Times writes, "[I]n one important respect, the changes appear more semantic than real: prosecutors may not penalise companies for refusing to disclose communications with their lawyers - but they may still reward them for doing so. The end result is the same: you waive, or you lose."

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Defense lawyers, Others Skeptical Of McNulty Memo. The National Law Journal (12/20, Coyle) reports, "In the wake of newly revised guidelines for federal prosecutors investigating and prosecuting corporations, the key question, according to white-collar criminal defense lawyers, is: Are the guidelines meaningful change or strategic retreat?: William McGuinness, who chairs the New York litigation department at Fried, Frank, Harris, Shriver & Jacobson, calls the McNulty memo a "strategic retreat." And "[m]any defense lawyers, legal scholars, and members of a broad coalition of business and civil liberties groups that had lobbied intensely for changes in the Thompson memorandum echoed McGuinness' skepticism."

Forrester CFO Resigns In Option Irregularity. The AP (12/20) reports, "Forrester Research Inc. said late Tuesday its Chief Financial Officer and Treasurer Warren Hadley resigned after an internal investigation found irregularities regarding an option grant for 5,000 shares made to him in 1999."

Empowered Legal Department Can Reduce A Company's Risks. The Wall Street Journal (12/20, Cova, Dance, 2.04M) reports, "Several factors are driving legal risks to the forefront: aggressive development and enforcement of regulations in the U.S. and Europe; more cooperation and communication among regulatory authorities world-wide; and a public and media happy to punish companies that appear to 'misbehave' or break their promises." Noting that "what initially seems to be a marginal legal issue" can grow "into a bet-the-company type of risk," the Journal writes, "A duly empowered legal department can help directors govern better, and shield them from liability. Legal and regulatory issues can be a huge driver of a company's strategy:" The Journal adds, "Once a problem has erupted, it is often the legal response that determines whether and how quickly a company recovers, as in the skillfully handled crises at Tyco, Marsh & McLennan, Royal Dutch Shell and others. Some boards' failure to pay attention to legal issues is even more surprising considering that, more and more often, authorities explicitly direct corporations to identify and demonstrate how they are reducing legal risks, such as implementing compliance programs. Increasingly, regulators sternly punish those who fail to do so."

Amtrak Dismisses Five Executives. Law.com (12/20, Palmer) reports, "New Amtrak President Alex Kummant engineered a major management restructuring Monday, firing five top officials and naming Eleanor Acheson, assistant attorney general for policy development under President Bill Clinton, as the passenger rail's general counsel. The move comes after a call earlier this month by outgoing House Transportation and Infrastructure Committee Chairman Don Young, R-Alaska, and Rep. John Mica, R-Fla., for the Department of Justice to investigate Amtrak's legal department and outside counsel after the release of an inspector general's report, which found that Amtrak mismanaged more than $100 million in legal bills." Law.com adds, "In a Dec. 18 letter to Amtrak employees, Kummant announced the firing of Chief Financial Officer David Smith, Assistant Vice President of Transportation Thomas Schmidt, Police Chief Alfred Broadbent, Vice President for Marketing and Sales Barbara Richardson, and Vice President of Corporate Communications William Schulz. The letter also stated that Acheson will replace Alicia Serfaty as general counsel and corporate secretary."

Bond Lawyers Groups Warns Members On Anticompetitive Practices. Bloomberg (12/20, Richard, Preston) reports, "The National Association of Bond Lawyers, a group of attorneys who advise U.S. state and local governments on borrowings, plans to warn members about anti- competitive practices amid a growing government probe of the municipal bond market. The Justice Department investigation into potential bid- rigging in municipal investment contracts prompted the Chicago- based association to schedule a conference call with members to review potential abuses, said Carol Lew, president of the group and a public finance lawyer at Stradling Yocca Carlson & Rauth in Orange County, California." Bloomberg continues, "U.S. state and local governments that borrow in the almost 200-year-old municipal debt market rely on the opinions of attorneys and advisers to assure potential investors that their bonds clear requirements by the Internal Revenue Service and will remain tax-exempt. … The Justice Department's criminal investigation stems from an IRS review that found municipal bond deals robbed federal taxpayers of more than $100 million."

Vitesse Discloses "Wide Array Of Irregularities." The Wall Street Journal (12/20, A14, Seward, 2.04M) reports, "Vitesse Semiconductor Corp. said it had found a wide-ranging array of irregularities at the company, including options backdating, bogus sales invoices, improper revenue recognition, inflated reporting of cash balances and a failure to take write-offs for returned merchandise. The disclosures came as a result of an internal review, which was started in April to examine options practices, by a special committee of Vitesse's board. … The irregularities at Vitesse, based in Camarillo, Calif., were so widespread that the company said it would likely be unable to file restated financials for the 2004 and 2005 fiscal years."

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CRIMINAL LAW:

Maryland Court Suspends Executions. The Baltimore Sun (12/20, McMenamin, 257K) reports, "In a narrowly tailored decision with potentially sweeping consequences, Maryland's highest court ordered a halt Tuesday to executions in the state, ruling that procedures for putting prisoners to death were never submitted for the public review required by law." Under the Court of Appeals ruling, "state prison officials face the prospect of having to submit the execution protocols to the scrutiny of a joint legislative committee and schedule a public hearing on the issue. Alternatively, the court ruled, the legislature could exempt the execution procedures from that review process -- something that one state senator characterized as 'very unlikely.'"

The New York Times (12/20, Liptak, 1.16M) reports, "The ruling follows similar developments in two other states on Friday." Gov. Jeb Bush of Florida "suspended executions there after a troubled execution that lasted 34 minutes and required a second dose of lethal chemicals, while a federal judge in California ruled that the state's lethal injection protocol violated the constitutional ban on cruel and unusual punishment."

The Washington Times (12/20, Miller, 88K) reports "the decision set the stage for a debate about capital punishment and lethal injection in the upcoming General Assembly session." The Washington Post (12/20, B1, Rich, Wagner, 690K) says Gov. Robert L. Ehrlich Jr. (R) or his Democratic successor, Martin O'Malley, "must act if executions are to resume." Last night, O'Malley, "who takes office Jan. 17, called on Ehrlich to leave the issue for the incoming administration. … An Ehrlich aide said the administration was reviewing the matter and had not decided how to proceed." The Post adds, "Because of the effort required to correct the defect identified by the court, many death penalty opponents said they expect that O'Malley would ultimately chart the state's course." O'Malley "has taken a nuanced position on the issue, saying that he is personally opposed to the death penalty but that his opposition would not prevent him from signing a death warrant."

LATimes Criticizes Schwarzenegger For Trying To Fix, Not End, Death Penalty. The Los Angeles Times (12/20, 850K) says in an editorial, "On ordering changes in the way lethal injections are administered to condemned prisoners in California, Gov. Arnold Schwarzenegger is doing the right thing for the wrong reason." But in "promising to redress what" US District Judge Jeremy Fogel "had called a 'pervasive lack of professionalism' in lethal injection, Schwarzenegger didn't emphasize — as the enlightened centrist chief executive he fancies himself should have — the need to spare even convicted murderers cruel and unusual punishment, by a moratorium on executions if necessary. No, Schwarzenegger indicated that he was seeking changes in what is blandly known as Operational Procedure No. 770 to keep judges from thwarting what the governor called 'the will of the people [that] the death penalty is maintained in California.' That death row inmates might be spared excruciating pain would be merely a byproduct of crossing the legal t's and dotting the i's."

Jones Says Gonzales Is Looking At Lacrosse Case. Fox News' On the Record (12/19, 11:44 p.m., Colby) reported, "One congressman is renewing his call for a federal investigation in the Duke rape case. Congressman Walter Jones first lit the fire last week with this stinging question: Did the prosecutor violate the civil rights of the three indicted lacrosse players? He wrote a letter to the attorney general and he called for an investigation into Durham DA Mike Nifong. Well, now he has done it again adding more fuel to the fire with another letter." Jones, speaking with Fox News by phone, said, "I've had two telephone conversations with assistants to Attorney General Gonzales and the assistant on two phone calls told me that they definitely were taking my letter seriously and they were looking into this issue and they had turned the letter over to the civil right division of the Department of Justice."

Justice, FBI To Examine Police Shootings In Georgia. The Atlanta Journal-Constitution (12/20, Gentry, Tagami, 379K) reports, "The U.S. Justice Department and the FBI are looking into fatal police shootings this year in DeKalb County. If civil rights violations are found, appropriate action will be taken,' Assistant Attorney General Wan J. Kim wrote in a Dec. 12 letter to local activist John Evans, who asked the Justice Department's Civil Rights Division to investigate the DeKalb shootings." DeKalb officers have killed 12 suspects since January, "more than any other police department in metro Atlanta. One officer has also been killed." The Journal-Constitution notes that while "Kim could not be reached for comment Tuesday," a DOJ official "confirmed the federal inquiry into the DeKalb shootings, but would not give details."

US Attorney For Arizona To Leave For Private Practice. The Arizona Republic (12/20, Wagner) reports, "U.S. Attorney Paul Charlton announced Tuesday that that he is quitting his government post to enter private legal practice early next year. Charlton said he will become a partner in the Phoenix-based firm of Gallagher and Kennedy at the end of January. During his stint as the state's top federal lawyer, Charlton oversaw major enforcement initiatives against terrorism, public corruption, illegal immigration and crime in Indian country."

New Mexico US Attorney Asked To Resign. On its Web site, KRQE-TV of Albuquerque (12/19, Herzenberg)

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reported, "The top federal prosecutor in New Mexico, U.S. Attorney David Iglesias, has been asked to resign and will be giving up the office, KRQE News 13 has learned. Sources confirmed the Department of Justice called Iglesias last week and asked him to resign." KRQE-TV added, "A statement released Monday night by the U.S. Attorney's office spokesman Norm Cairns confirmed Iglesias's departure. … Why Iglesias was asked to resign remains unknown although source said was probably just time for a change."

The Albuquerque Tribune (12/19) added, "After discussions with officials in Washington, D.C., Iglesias decided he would move on, U.S. Attorney's Office spokesman Norm Cairns said. No other information was released. The U.S. Attorney's Office has been involved in two high-profile investigations of public corruption in New Mexico this year with mixed results.

CIVIL LAW:

Suit Focuses Attention On Physicians Not Following Patients' Advance Directives. In a front page story, USA Today (12/20, 1A, Parker, 2.27M) reports on a lawsuit on a case involving Madeline Neumann, who filed an advance directive "instructed doctors not to revive her if she collapsed." After she was found unresponsive in 1995 Neumann "ended up in a hospital, tethered to wires, tubes and life-support machines — just the situation her family says she had hoped to avoid." Although her granddaughters "persuaded doctors to disconnect the machines over the next several days" and she died a week later, they "are suing the Joseph L. Morse Geriatric Center in West Palm Beach and its chief doctor, Jaimy Bensimon, for unspecified damages, claiming they essentially ignored Neumann's wishes." USA Today describes this case as "first time a Florida court has been asked to decide whether a doctor can be held liable for providing treatment at odds with a medical directive." It "could have significant implications for efforts to hold hospitals, nursing homes and physicians accountable if they disregard living wills and advance directives."

CIVIL RIGHTS:

ACLU Document Case Sparks Commentary. USA Today (12/20, 2.27M) editorializes, "Every minute, the U.S. government makes 27 decisions to classify documents. That translates into 1,620 classification decisions every hour, 38,880 every day and 14 million every year. ... it's preposterous to believe that more than a tiny percentage of classifications are justified by national security concerns. They are more probably the result of the bureaucratic impulse to keep secrets and the political instinct to avoid accountability. ... The government should have known [prior restraint] was no way to plug leaks. And it should have realized that the ACLU document wasn't worth making a federal case over."

In an opposing op-ed in USA Today (12/20, 19A, 2.27M), Pepperdine Law Professor Douglas W. Kmiec says, "This was no major victory for civil liberty. It turns out the subpoena sent to the ACLU might have been issued only because the organization's lawyers were looking for a fight. Bad form, even worse constitutional theory. Press freedom cannot be understated in a democratic republic. But it should not be overstated either." Though this "soap opera lends credence to the complaint that too much is kept secret, the remedy is not to take the law into one's own hands."

ACLU Challenges Michigan Anti-Affirmative-Action Initiative. The Detroit News (12/20, Schultz) reports, "The ACLU and NAACP filed suit Tuesday against Proposal 2, the latest salvo in a growing assault just four days before Michigan's ban on affirmative action was to take effect. The challenge was filed on the same day a federal judge agreed to give three Michigan universities a six-month delay before they stop using race as a consideration in admissions and financial aid. The court maneuvers fed a growing concern by affirmative action opponents who fear that the will of the voters, who on Nov. 7 passed the prohibition against using race, is not being respected. Both candidates for governor, and business and other leaders campaigned against the proposal." The News adds, "The ACLU of Michigan, NAACP and others filed a lawsuit on behalf of 19 students, faculty and applicants to U-M asking a judge to allow race and gender preferences to continue in university admissions. Proposal 2 shouldn't undue the U.S. Supreme Court ruling that allows the use of race as a factor in admissions, they argued."

The Detroit Free Press (12/20, Pratt, Bell, 373K) reports, "Civil rights organizations, including the NAACP's Detroit chapter and the American Civil Liberties Union, took their case to federal court. They argued the amendment doesn't apply because of a 2003 U.S. Supreme Court case affirming universities' right to consider race in admissions. … But a Washington-based group that has fought against race and gender preferences said the U.S. Supreme Court already decided the issue when it chose not to hear a challenge to California's Proposition 209, which was passed by voters in 1996. The California law was the model for Proposal 2."

Michigan Universities Win Reprieve From Proposal. Inside Higher Ed (12/20) reports, "A federal judge granted the universities a reprieve from the Michigan Civil Rights Initiative, known as Proposal 2, which was to take effect this week and would bar affirmative action in admissions by public colleges and universities in the state. Michigan State and

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Wayne State Universities and the University of Michigan sought permission to delay Proposal 2, saying that it would be impractical and unfair for the institutions to change their processes in the middle of an admissions cycle, with some applicants already evaluated and others awaiting review."

Detroit News Sees Assault On Self-Governance. The Detroit News (12/20) editorializes, "The American Civil Liberties Union should add the right of the people to self government to the list of freedoms it is dedicated to protecting. Michigan's ACLU chapter is making a direct assault on that right by asking a federal judge to rewrite the recently passed Proposal 2 anti-affirmative action measure in a way that would render the new law meaningless."

New Jersey Judge Halts Enforcement Of City Gun Law. The New Jersey Law Journal (12/20, Toutant) reports that Hudston County assignment Judge Maurice Gallipoli "on Dec. 13 enjoined enforcement of a Jersey City ordinance limiting handgun purchasers to one gun a month.," saying that "he doubted the ordinance would achieve" it stated end of reducing violence. Also, "he found it pre-empted by the state's extensive gun-control scheme. Gallipoli also said the law violated equal protection grounds, deeming it arbitrary, capricious and lacking a rational basis."

Jury Says New York's' Protester-Arrest Policy Violated Their Rights. The AP (12/20, Neumeister) reports, "New York City violated constitutional rights for a few months when the police department introduced a written policy in May 2001 to require those arrested at demonstrations to be locked up overnight rather than issued desk appearance tickets, a jury found. But the same jury of eight people greatly diminished Monday any potential damages when it rejected a claim that the police department had enforced an unwritten policy to lock up demonstrators for more than two years before it put the policy in writing."

UK Report Envisions Rights For Robots. The Financial Times (12/20, Davoudi) reports that the "idea…we may one day give sentient machines the kind of rights traditionally reserved for humans is raised in a British government-commissioned report which claims to be an extensive look into the future. Visions of the status of robots around 2056 have emerged from one of 270 forward-looking papers sponsored by Sir David King, the UK government's chief scientist." The paper covering robots' rights "was written by a UK partnership of Outsights, the management consultancy, and Ipsos Mori, the opinion research organisation." The Times adds, "The Horizon Scan report argues that if 'correctly managed', this new world of robots' rights could lead to increased labour output and greater prosperity," but it also "points out that the process has casualties and the first one may be the environment, especially in the areas of energy and waste."

ANTITRUST:

Delta Refuses US Airways Buyout Bid. As it filed its reorganization plan Tuesday, Delta refused US Airways' attempted $8.4 billion cash and stock bid to merge the two airlines. This decision generated significant coverage throughout the national and regional print media. For example, the Washington Post (12/20, D3, 690K) reports, :Delta Air Lines filed a reorganization plan Tuesday that calls for it to emerge from bankruptcy protection next spring as a stand-alone company worth as much as $12 billion, which would be more than the market value of the nation's two biggest carriers combined. Delta said that under the plan, its unsecured creditors would recover 63 to 80 percent of their allowed claims. … Delta also said that its board voted to reject US Airways' $8.3 billion hostile takeover bid. 'US Airways is the worst of all potential merger partners,' Delta chief executive Gerald Grinstein said." Bloomberg (12/20, Schlangenstein) notes that Delta's board "unanimously rejected" the offer. The Charlotte Observer (12/20, Harrison, 219K) reports, "Delta Air Lines attacked all facets of the US Airways' plan for a merged airline Tuesday, but its sharpest criticism is that the "new Delta" would be anti-competitive.

Delta Estimates Value Of $9.4 Billion To $12 Billion After Exiting Chapter 11. USA Today (12/20, 1B, Adams, 2.27M) reports, "Delta said that as an independent, it would be worth $9.4 billion to $12 billion when it exits Chapter 11 protection next spring. US Airways' unsolicited cash-and-stock bid was worth $8.4 billion at US Airways' closing price Tuesday. CEO Gerald Grinstein said Delta believes an independent airline offers investors and creditors greater value and certainty of success than US Airways' proposal. "

Bloomberg adds, "Delta said its plan would let unsecured creditors recover 63 percent to 80 percent of their claims, and that Blackstone Group, a financial adviser, estimates the airline's value at $9.4 billion to $12 billion. Delta's current shares will be worthless once it leaves bankruptcy."

The Pittsburgh Business Times (12/19) reports, "Delta's chief antitrust lawyer added that he doesn't believe the U.S. Department of Justice will approve a merger between Delta Air Lines Inc. and Tempe, Ariz.-based US Airways Group Inc. (NYSE: LCC), Pittsburgh International Airport's leading carrier." Jim Weiss, Preston Gates & Ellis LLP partner: "It appears from a factual standpoint, this is a merger that clearly has a lot of antitrust issues attached to it. … The antitrust risk here is quite high."

Delta Cites Antitrust Worries. Bloomberg (12/20, Schlangenstein) reports, "The US Airways offer is unlikely to

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receive antitrust approval, is based on flawed economic assumptions and would result in the biggest debt load in the industry, Delta, the third-largest U.S. carrier, said today. … Delta wasn't persuaded by US Airways' argument that a combination creating the world's largest airline would add $1.65 billion in annual savings and new revenue. Executives at Atlanta-based Delta have expressed skepticism about US Airways' offer since it was unveiled Nov. 15."

On its Web site, CNN Money (12/20, Isidore) reports, "Executives at Delta Air Lines (tail in front) say a combination with US Airways (tail in rear) would be blocked by regulators because it would hike fares in many East Coast markets. In a call with investors, Delta CEO Jerry Grinstein said US Airways is Delta's primary competitor on the East Coast, and a deal with it would be the one least likely to be approved because of the impact on fares." CNN Money adds, "Delta said there are 2,000 routes where a combined US Airways and Delta would control 90 percent of the flights, which the company argues would prevent U.S. antitrust regulators from agreeing to the deal."

US Airways Vows To Continue Bid. The Pittsburgh Post-Gazette (12/20, Fitzpatrick, 230K) reports, "US Airways is refusing to back off its $8.4 billion takeover bid for Delta Air Lines despite an official rejection from Delta's board and a pledge that Delta will emerge from bankruptcy next year as a stand-alone company worth as much as $12 billion." US Airways says its plan "would provide at least $1.65 billion in cost savings and new revenue 'beyond the value that could be created by any standalone plan.' Delta creditors would also receive $4 billion in cash and 78.5 million shares of US Airways stock, which closed yesterday at $57.50, up $1.70, or 3 percent." The Post-Gazette adds, "Both airlines have been lobbying the creditors committee, hoping to win support. The committee will now review both plans and is expected to make a decision early next year."

Delta Indicates It Is Open To Other Offers. Dow Jones Newswires (12/19, Kosdrosky) reports, "The Chief Executive of Delta Air Lines Inc. (DALRQ) said Tuesday that US Airways Group Inc.'s merger proposal raises unique antitrust concerns. He added that Delta would 'look at' any other proposal."

Airline Shares Fall. The AP (12/20) reports, "Airline shares slipped in Tuesday trading, after Delta Air Lines Inc. rejected a buyout bid by US Airways Group Inc. The overall Amex Airline Index fell 1 percent, with all 11 of its component stocks marking declines. Many of the index's percentage swings were slight, less than 1 percent. The declines came amid easing crude oil prices, which dropped 29 cents to $61.92 per barrel on the New York Mercantile Exchange. Falling oil prices typically strengthen airline shares, as jet fuel is among the industry's top costs."

Travel Columnist Pans Airline Mergers. In his "Holiday Travel Wish List" on the USA Today Web site (12/20), "On The Road" columnist Bill McGee calls on DoJ not to "rubber-stamp" mergers. McGee writes, "What investors call 'consolidation' is a nice word for worse service and more unemployment. With the ink not even dry on US Airways' marriage with America West, that carrier already is considering a hostile takeover of Delta. … For passengers, a dwindling number of carriers will mean higher prices, fewer flights and a decline in service (yes, it's possible for service to decline further)."

Coffeeshop Owner Accuses Starbucks Of Antitrust Violations. USA Today (12/20, 1B, Iwata, 2.27M) reports that in a "closely watched federal lawsuit," Penny Stafford, who owns the Belvi Coffee and Tea Exchange in Bellevue, WA, "charges that Starbucks illegally maintains its monopoly by barring other coffeehouses from prime downtown high-rises in Seattle and Bellevue through exclusive leases with property owners. Starbucks also drove Stafford and other coffeehouses out of business by buying coffee sellers and flooding neighborhoods with new Starbucks stores that even cannibalized the sales of existing Starbucks shops, the lawsuit alleges." Starbucks spokeswoman Sanja Gould: "Starbucks denies that we have done anything improper, and we intend to rightfully defend ourselves. As Starbucks has grown, so has the industry, all of which benefits coffee consumers and the competitors of Starbucks." USA Today adds, "

Case Comes In "Antitrust's Second Golden Age." In the same article, USA Today adds, "The Starbucks case comes amid what Boston attorneys Thane Scott and Veronica Abreu call 'antitrust's second golden age.' Attorneys are heatedly debating what monopoly practices are predatory. Regulators are weighing whether antitrust law should be upgraded in the new global economy, just as the law was shaped in the early 20th-century industrial economy. And antitrust civil lawsuits are on the rise, reports Competition Law 360, a legal publication. The lawsuit also increases the controversy around fast-growing Starbucks, the target of a vocal backlash in recent years from neighborhood and anti-globalization activists and some consumers."

Ericsson Purchase Of Redback Boosts Net Strategy. The Wall Street Journal (12/20, B2, White, Silver, 2.04M) reports, "Telefon AB L.M. Ericsson's agreement to buy Redback Networks Inc. for $2.1 billion reflects how the explosion in video and other multimedia services over the Internet and a surge in broadband subscribers are driving phone and cable companies to upgrade their networks and spurring big makers of networking hardware to unite. Ericsson, a Swedish provider of equipment and services for telecommunications infrastructure, said it will pay holders of the Silicon Valley

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seller of routing equipment $25 a share, or 18% more than Redback's share price before the announcement. Ericsson characterized the price as a 60% premium above the 90-day average for Redback stock."

Valassis To Acquire Direct-Mail Firm As Companies Drop Lawsuits. The Wall Street Journal (12/20, A12, 2.04M) reports, "Valassis Communications Inc. agreed to acquire direct-mail marketer Advo Inc. for a reduced amount as the companies dropped lawsuits against each other over their disputed merger agreement. Valassis will pay $33 a share for Advo, or about $1.05 billion, down from $37 a share, or $1.18 billion, under an agreement reached in July. Valassis also will assume about $125 million in debt."

"Tough Political Climate" Awaits AT&T-BellSouth Merger. The Financial Times (12/20, Kirchgaessner, Taylor) reports, "AT&T's $68bn takeover of BellSouth will face a tough political climate in Washington in 2007 when Democrats take control of the Congress, virtually ensuring that the former Ma Bell will have to agree to harsher conditions. The possibility that the telecoms mega-merger would be approved by the Federal Communications Commission before the end of this year appeared to disintegrate on Monday after Robert McDowell, a Republican commissioner at the FCC, said he would abstain from deadlocked negotiations over the transaction at the regulatory agency."

Judge Bars San Francisco Newspapers From Consolidating Business Operations. The AP (12/20) reports, "A federal judge on Tuesday blocked San Francisco Bay area newspapers owned by MediaNews Group Inc. and the San Francisco Chronicle from consolidating some of their business operations until the outcome of an antitrust lawsuit challenging the move. U.S. District Judge Susan Illston had temporarily barred the consolidation of distribution and national advertising sales. She made her ruling official on Tuesday after giving the news outlets a chance to respond. The organizations said two weeks ago they would not immediately merge operations, but they planned to do so if they prevailed in the antitrust trial scheduled for April."

The San Jose Mercury News (12/20, Carey, 229K) adds, "The order, by U.S. District Court Judge Susan Illston, granted the preliminary injunction sought by Clint Reilly, a San Francisco investor who has filed an antitrust lawsuit to prevent MediaNews from buying the Mercury News and Contra Costa Times. Reilly contends that the purchase, which was assisted by Hearst, owner of the San Francisco Chronicle, would give MediaNews a Bay Area news and advertising monopoly."

Bloomberg (12/20, Gullo) reports, "MediaNews and Hearst agreed in April to try to boost revenue by offering one contract to advertise in the San Francisco Chronicle, owned by Hearst, and the Contra Costa Times and the San Jose Mercury News, both owned by MediaNews. Lawyers for both companies told Illston last month that implementation of the plan wasn't imminent."

FCC To Rule On Measure That Could Help Phone Companies Penetrate Cable Market. The Washington Post (12/20, D1, Sipress, 690K) reports, :Telephone companies could get a major boost today in their efforts to penetrate the cable television market when the Federal Communications Commission considers a measure that would give state and local officials less latitude in awarding cable franchises. FCC Chairman Kevin J. Martin, a leading advocate of the rule, has argued that government officials often stymie competition by delaying decisions on awarding cable franchises to telephone companies and by imposing exorbitant fees and conditions. As a result, cable operators often have been able to maintain a virtual monopoly on television services, resulting in steadily increasing prices for consumers, according to Martin. He cited an FCC survey"

Attorney Expresses Approval Of New Chinese Merger Laws. In a column published in Financial Times (12/20) Kenneth Chan, head of Allen & Overy's China group, writes, "The merger and acquisition provisions enacted jointly by China's Ministry of Commerce and other ministries in 2003 were overhauled in August this year. … Important changes were made in a number of areas, in recognition of the growing importance of China's private enterprises, the increased international mobility of Chinese entrepreneurs and the significant role they are playing in foreigners' M&A activities. … While their much narrower application – largely confined to two scenarios that are both foreign listing-related – is a disappointment to many, the clearer and more detailed regime that has now been put in place for its implementation is nonetheless a welcome development."

ENVIRONMENT/INDIAN AFFAIRS:

EPA Rule Change On Toxic Chemical Emissions Would Benefit Big Firms. The Christian Science Monitor (12/20, Clayton, 59K) reports, "In a bid to trim the regulatory burden on small businesses, the Environmental Protection Agency is set to relax the rules on what toxic chemicals they have to report." But "in a twist, the

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EPA's newly revised Toxics Release Inventory rule will also make it possible for hundreds of large corporations to avoid reporting specific amounts of toxic chemicals they release into the air, land, or water, environmentalists warn." The rule change "has cheered small-business groups, generated widespread public opposition, and caught the eye of some Democratic congressmen, who will take control of Congress next month."

Overseas Shipholding To Pay $37 Million In Maritime Pollution Case. The Los Angeles Times (12/20, Mehren, Krikorian, 850K) reports, "Capping a three-year international investigation, federal officials on Tuesday announced a landmark, $37-million penalty in a maritime pollution case involving" Overseas Shipholding Group, "one of the world's largest publicly traded tanker companies." The fine "is the largest criminal penalty on record concerning deliberate maritime pollution, and it includes a $9.2-million 'community service payment' that will fund maritime environmental projects from coast to coast, including projects off California." The company "pleaded guilty to 33 felony counts related to deliberate dumping of sludge and other contaminants as well as falsification of log entries that such carriers are required to maintain." Acting Associate Attorney General William Mercer, at a news conference in Boston: "To those who cut corners at OSG, discharging waste in the middle of the night to save a few bucks, this case sends a message that crime just does not pay. … We will not see our oceans and our seas used as convenient dumping grounds for corporations."

The AP (12/20, Ngowi) reports, "The criminal penalty is the largest-ever involving deliberate vessel pollution, the U.S. Coast Guard said. Shares of New York-based Overseas Shipholding closed unchanged at $59.05 on the New York Stock Exchange. The Department of Justice and the U.S. Coast Guard opened their investigation after a tip from Canadian officials, who reported that official records of one of the company's ships failed to account for the disposal of oil waste. An investigation showed 150,000 gallons of oil-contaminated waste was dumped in the waters between Maine and Massachusetts, officials said."

The Washington Times (12/20, Seper, 88K) reports, "New York-based OSG, which has 4,000 employees, transports crude oil, petroleum products and dry bulk commodities throughout the world. The company owns an international fleet of 106 operating vessels and has 30 under construction. The guilty plea involves 12 of its ships. The ports where the pollution occurred were identified as Boston; Portland, Maine; Los Angeles; San Francisco; Wilmington, N.C.; and Beaumont, Texas."

USA Today (12/20, Johnson, 2.27M) notes, "In one instance described in government documents, an unidentified engineer aboard the M/T Overseas Shirley alerted managers to the "criminal" dumping of an estimated 40,600 gallons of sludge, or concentrated black waste oil. In another case, the government cited the tanker M/T Uranus for routinely releasing "oily waste" into the waters off Maine and Massachusetts from August 2001 to October 2003."

The Boston Herald (12/20, Fitzgerald, 184K) reports, "The multi-state investigation was launched in Boston after Canadian officials tipped off local Coast Guard authorities that records for one of OSG's ships showed bilge waste was being disposed into the sea - even though other records indicated the ship was complying with environmental laws."

FBI/DEA/ATF/USMS:

Suspected Cartel Leader Accused Of Ordering Murders Of Deputy Police Chief, Officers. In San Diego, the AP (12/20) reports the "suspected kingpin of one of Mexico's oldest and most notorious drug cartels ordered the murder of Tijuana's deputy police chief and the beheadings of three police officers, according to a federal indictment unsealed Tuesday. Francisco Javier Arellano Felix, 37, would be eligible for the death penalty if convicted on a count of running a criminal enterprise, part of the new seven-count indictment. The killings were included as evidence of the criminal enterprise that authorities say extended into the United States."

Indoor Marijuana Seizures Rise In California. On its Web site, NPR's All Things Considered (12/19) reports federal agents in California "say the pot farms they raided have all the markings of organized crime. The farms were found in unexpected places, many of them at suburban homes near Sacramento." Gordon Taylor is the Assistant Special Agent in Charge of the DEA office in Sacramento. He "says the plants seized from 41 homes linked to the case were capable of producing $74 million worth of pot in a year. Eight people have been arrested. … Law enforcement officials say it's not an isolated problem. Seizures of indoor marijuana plants in California are up 81 percent this year."

California Marijuana Dispensary Ordered To Close. On its Web site, KESQ-TV, Palm Desert, California (12/20) reports CannaHelp, the medical marijuana dispensary in Palm Desert "is being told to close up shop. The city has sent the business a cease and desist letter. Palm Desert City Attorney David Irwin told NewsChannel 3 CannaHelp violated its agreement with the city and its business license is now revoked. CannaHelp was raided a little more than two weeks ago when authorities believed the dispensary was selling pot for profit."

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Owner To Defy Order. The Palm Springs Desert Sun (12/19) reported CannaHelp "is staying open in defiance of a cease-and-desist letter from the city. 'I'm going to stay open by myself,' said owner Stacy Hochanadel, after sending his other employees home."

Needle-Exchange Program Approved In New Jersey. The New York Times (12/20, Chen, 1.16M) reports New Jersey yesterday "became the last state in the country to offer needle exchange programs for intravenous drug users, when Gov. Jon S. Corzine signed legislation authorizing a pilot program for up to six towns. The law allows drug users to exchange used syringes for new ones, and provides $10 million for drug treatment facilities."

In Tucson, Unwritten Rule Said To Allow Some Drug Smugglers To Be Freed. Nogales International (12/20) reports, "Many people want a fence built along the Mexico/United States border as a means to stop drug smuggling, terrorism and illegal immigration, but the truth is that drug smugglers can be caught red-handed, and still go free - as long as they're carrying less than 500 pounds of marijuana. Several local officials have said that the unwritten rule at the Tucson office of the U.S. Attorney is that if a smuggler is accused of moving less than 500 pounds of pot through a port of entry, that person will walk away, generally. … All the local officials said that they do not blame the U.S. Attorney's Office. They say the office staff is too small and overworked. … Some officials feel that they have an obligation to try the cases left dormant by the federal government, but others feel that by cleaning up after the feds their good deeds will be expected to become regular."

Reporting Continues On Marijuana Cash Crop Report. BBC News (12/19) reported marijuana "is the top cash crop in the US, a report released on Monday says. It says that despite intensive eradication plans, $35bn (£18bn) worth of the illegal drug is produced a year - more than corn and wheat combined. … Activists seeking the decriminalization of the substance, say the report backs the need for change, a position rejected by government officials." The ONDCP's Tom Riley "rejected any economic arguments for legalizing marijuana saying marijuana use was an 'inherently harmful activity.'"

Parole Board Member Testifies FBI Agents Threatened Him Over Boston Mob Murder. The AP (12/20) reports, "A former member of the state Parole Board said Tuesday that two FBI agents tried to intimidate him into keeping a wrongly convicted man in prison for a 1960s gangland slaying." Former Springfield Mayor Michael Albano "testified in a lawsuit filed by the families of four men who say the FBI allowed them to be framed to protect a mobster informant. … Lawyers for the men's families asked Albano if the FBI, after being contacted by the parole board as it considered petitions to commute their sentences, ever turned over evidence it had that the men were not involved in the murder of Deegan. 'No such information was provided,' Albano testified. Albano also made a brief reference in his testimony to a 1983 'unannounced visit' from former FBI Agents John Connolly and John Morris as the board was considering a petition to commute Limone's sentence," and "outside the courtroom, Albano said Connolly and Morris urged him to vote against commuting Limone's sentence and said that if he voted in favor of commuting his sentence it could hurt his career. 'They intimidated me and tried to get me to change my vote,' Albano told reporters."

FBI Releasing Final Lennon Documents. The Los Angeles Times (12/20, Weinstein, 850K) reports, "The FBI agreed Tuesday to make public the final 10 documents about the surveillance of John Lennon that it had withheld for 25 years from a UC Irvine historian on the grounds that releasing them could cause 'military retaliation against the United States.' Despite the fierce battle the government waged to keep the documents secret, the files contain information that is hardly shocking, just new details about Lennon's ties to New Left leaders and antiwar groups in London in the early 1970s, said the historian, Jon Wiener. … 'The content of the files released today is an embarrassment to the U.S. government,' said Wiener, 62, who has written two books on the late Beatles." Wiener added, "Today, we can see that the national security claims that the FBI has been making for 25 years were absurd from the beginning." The Times notes, "The documents will be posted on the Internet today at http://www.LennonFBIfiles.com."

IMMIGRATION:

Iowa Officials Write Chertoff To Criticize Swift Raids. The Des Moines Register (12/20, Jacobs, 160K) reports Gov. Tom Vilsack and Maj. Gen. Ron Dardis, the top officer of the Iowa National Guard, wrote "a blunt and stinging letter" to DHS Secretary Michael Chertoff Tuesday calling the ICE raids at Swift & Co. "'completely unacceptable,' saying agents undermined the public's trust in government, potentially jeopardized the safety of law enforcement personnel in Iowa and could have compromised undercover operations." Vilsack and Dardis "said they will not cooperate with federal immigration officials in the future unless they act more responsibly and provide better coordination with state officials." They "said ICE officials failed to advise the Iowa National Guard of the size and scope of the raid, which 'could

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have led to unacceptable risks to Guard personnel and property.'"

The Des Moines Register (12/20, Norman, 160K) reported in a separate letter to Chertoff Tuesday, Sen. Tom Harkin wrote "to say he is 'appalled' by the process used to detain and deport" Swift workers. He criticized "a telephone hotline for information for family members that was set up by the government" and said it had "been 'almost impossible' for lawyers and members of the clergy to gain access to workers who were detained, and workers were taken to other states without being granted access to lawyers." Harkin "said he hopes Chertoff shares his belief that 'the failure to ensure that basic legal rights and humanitarian protections are afforded to individuals in our immigration system reflects poorly on the principles that have made the United States strong.'"

Raids Seen As Having Solidified Positions On Guest-Worker Program. The Rocky Mountain News (12/20, Sprengelmeyer) reports "lawmakers from competing sides of the debate over a proposed guest-worker plan" have used the Swift arrests "to bolster their locked-in positions. That could set the stage for another difficult debate in coming months, after Democrats take control of both houses of Congress and try to advance a plan President Bush has long favored." Rep. Tom Tancredo "called it 'hogwash' that Homeland Security Secretary Michael Chertoff began his press conference detailing the arrests by talking about the need for a guest-worker plan, which could grant legal status to millions who have entered the country illegally. Chertoff said tough enforcement was only one part of solving immigration problems." It "was a common theme all week, as longtime backers of the proposed guest-worker plan, including Sen. Ken Salazar, D-Colo., said the arrests signaled a clarion call for a comprehensive approach to solving immigration problems."

Those Arrested In Raids Begin Facing Charges. The Denver Post (12/20, Finley, 256K) reports, "Meatpacking workers detained during last week's federal raids began facing immigration judges Tuesday in Colorado and five other states. Some were released after relatives posted bond of at least $1,500. In Colorado, Immigration Judge Donn Livingston saw 27 detainees at the regional detention facility in Aurora and set court hearings where they are to be informed of charges against them. Meanwhile, a federal grand jury in Minnesota indicted 20 detained workers on criminal-immigration offenses and charges related to identity theft."

La Raza Releases Study On Hunger Rates Among Hispanics In The US. The Washington Post (12/20, A4, Aizenman, 690K) reports, "Nearly one in five Hispanics lacks sufficient access to nutritious food and one in 20 regularly goes hungry, posing serious health and economic risks to the nation's largest and fastest-growing minority group, according to a new study. The National Council of La Raza, a Latino advocacy group, noted in its study that the 'food insecurity' rate of Hispanics is nearly as high as that of non-Hispanic blacks and substantially greater than that of non-Hispanic whites.'"

50 Arrested In Fugitive Operations Team Sweep In Miami. The Miami Herald (12/20, 286K) reports, "Immigration authorities have arrested 50 undocumented immigrants who ignored orders to leave the country and another 12 who were in violation of US immigration laws, many of them with criminal histories, US Immigration and Customs Enforcement officials said today. Among those arrested was a 38-year-old Honduran convicted of sex crimes and deported in 2000. Jose Mario Lara now faces criminal charges for returning illegally to the United States. … 'Our officers are working tirelessly to ensure that our nation's laws are upheld,' Michael Rozos, field office director for the ICE Office of Detention and Removal Operations in Florida, said in a statement. 'Those who break our immigration laws shouldn't be surprised if they are arrested, charged and deported.' The weeklong sweep by ICE's Miami Fugitive Operations team ended Friday with the arrest of 62 fugitives and violators."

CONGRESS-ADMINISTRATION:

Roberts, Alito Seen As Moving Court To The Right. USA Today (12/20, 2.27M) reports although "most of the major decisions in their first full term together won't be announced for months, Chief Justice John Roberts and Justice Samuel Alito have signaled a readiness to move the court to the right." In recent cases "involving abortion, global warming and school integration, Roberts and Alito have been aggressive and sometimes feisty proponents of conservative views and particularly sympathetic to arguments by the Bush administration." Their tactics have "added flair to the court's public sessions and have contrasted sharply with the tentative approach that moderate Justices Sandra Day O'Connor and Anthony Kennedy often took in disputes over abortion, affirmative action and other key issues." Legal and political conservatives "have been pleased with the new justices' approach. At the annual meeting of the conservative Federalist Society last month, outgoing Senate Majority Whip Mitch McConnell, R-Ky., praised Roberts' and Alito's confirmation to the high court as 'signature achievements' of the Congress that Republicans controlled for more than a decade."

Brownback Wants To Re-Question Judicial Nominee On Gay Marriage. The AP (12/20, Dvorak)

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reports Kansas Sen. Sam Brownback (R), "who wants to champion social conservatives in the presidential race, said Tuesday he wants a Senate panel to re-question a judicial nominee who attended a same-sex union ceremony." Brownback "said he wants Michigan state judge Janet Neff to testify about her role in the 2002 Massachusetts ceremony, her legal views on same-sex unions and her ability to be impartial if called upon to rule on such cases." In Iowa "to meet with GOP activists, Brownback said he only wants a chance to question Neff about her role in the 2002 ceremony. Brownback also wants a recorded vote in the Senate."

Durbin Seeks Update On Iraq, Afghanistan Detainee Abuse Probe. The AP (12/20, Jordan) reports Sen. Richard Durbin has asked "the Justice Department on Monday for an update on its progress prosecuting government employees who were accused in at least 17 cases of abusing detainees in Iraq and Afghanistan. In response, a Justice spokesman said at least some of the cases are still under investigation." In a letter "sent Monday to Attorney General Alberto Gonzales," Durbin "noted that the department began looking into the allegations of abuse two and a half years ago." Durbin said, "In that time, there have not been any indictments in any of these cases." Justice spokesman Brian Roehrkasse "said at least a few of the estimated 17 remaining cases are still open."

OTHER NEWS:

Cheney To Testify At Libby Trial. In what some media reports are portraying as another headache for the Administration, the AP (12/20, Apuzzo) says this morning Vice President Dick Cheney "will be called to testify on behalf of his former chief of staff in the CIA leak case, defense attorneys said Tuesday, ending months of speculation over what would be historic testimony. 'We're calling the vice president,' attorney Ted Wells said in court. Wells represents defendant I. Lewis 'Scooter' Libby, who is charged with perjury and obstruction."

The Wall Street Journal (12/20, A4, McKinnon, 2.04M), under the headline "Cheney Testimony Could Exacerbate White House Woes," reports "Cheney's testimony…will add to White House political problems, at a time when President Bush will be seeking to rebuild his eroded standing. … A Cheney spokeswoman suggested he doesn't plan to resist. 'We've cooperated fully in this matter and will continue to do so,' said Lea Anne McBride." The Journal adds, "The spectacle of the vice president testifying in court is likely to deepen the White House's public-relations problems, as Democrats on Capitol Hill also will launch investigations of the administration in a number of areas, including its conduct of the Iraq war."

The New York Times (12/20, Johnston, 1.16M) reports, "The prospect of Mr. Cheney's testimony suggested that Mr. Libby's trial could be transformed from a narrowly gauged perjury case into a riveting courtroom drama with the taciturn vice president as the star witness. He would testify under oath and be exposed to cross-examination by prosecutors."

Georgia School Board Abandons Evolution Sticker Case. AP (12/20, Gross) reports, "A suburban Atlanta school board that put stickers in high school science books saying evolution is 'a theory, not a fact' abandoned its legal battle to keep them Tuesday after four years. The Cobb County board agreed in federal court never to use a similar sticker or to undermine the teaching of evolution in science classes."

Many States Preempted Congress On Minimum Wage Hikes. The New York Times (12/20, Uchitelle, 1.16M) reports congressional Democrats are "making a much-delayed increase in the minimum wage their signature attempt to lift incomes and quiet widespread economic anxiety. But the party's modest proposal does not catch up with what the states have already done to raise the wages of tens of millions of workers." In the "last election alone, voters in six states approved minimums higher than the federal level, and in some states cost-of-living clauses automatically increase the minimums — a step that Congress has never taken and that most Democrats still balk at." Some advocates "wonder whether Congress can regain the lead, or should." The Democrats "plan to introduce a bill in Congress next month that would increase the federal minimum for the first time in a decade — to $7.25 an hour in the spring of 2009, reaching that level in three steps from the present $5.15 an hour. More than 13 million workers earning less than $7.25 an hour today, or just above that, would get raises."

Abramoff Christmas List From 2001 Included Lavish Gifts. The Washington Post (12/20, A21, Smith, 690K) reports that while former Republican lobbyist Jack Abramoff "makes no more than 40 cents an hour for his labors at the federal prison camp at Cumberland, Md.," Christmas in 2001 "was a far more high-flying holiday" when he was "paid as much as $500 an hour." Before he "pleaded guilty to defrauding banks in a deal to buy a casino cruise line -- Abramoff was a top rainmaker at Greenberg Traurig's Washington office and liked to be generous at this time of year, at least to those who could help him. He compiled a list of 45 people to whom his staff was supposed to send gifts such as a Baccarat crystal bowl and a platinum Tiffany clock." A copy of "his holiday gift list, obtained by The Washington Post, details one of the methods that Washington lobbyists

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can use to flatter clients and lawmakers. It shows that those who had helped enrich Abramoff got a reward, and his father and brother and their wives got either cookies or a fruit basket." Three members of Congress "and one staff member were among his intended gift recipients, according to the list. Three of them received a more lavish item than House ethics rules allowed, if Abramoff's assistants followed his instructions."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Signs HR 611 - Tax Relief and Health Care Act of 2006, Room 450, Eisenhower EOB; signs HR 6407 - Postal Accountability And Enhancement Act, Room 350, Eisenhower EOB.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: NAM AGENDA _ 9 a.m. The National Association of Manufacturers holds a news conference to announce its policy and legislative agenda for 2007. Location: National Press Club.

LATINOS-HUNGER _ 11 a.m. The National Council of La Raza, other organizations, hold a news conference to release a report on hunger and food insecurity in the Latino community. Location: Carlos Rosario International School Cafeteria, 1100 Harvard St. NW.

TERRORISM _ 12 p.m. The Potomac Institute for Policy Studies, the Inter-University Center for Terrorism Studies and George Washington University hold a seminar on ``Strategic Outlook: Terrorism, War, and the Roadmap to Reconciliation, Stability and Peace." Participants include: Dr. Hillel Fradkin, Hudson Institute; David Schenker, Washington Institute for Near East Policy; Dr. Trita Parsi, National Iranian American Council; Dalal Hasan, National Endowment for Democracy. Location: Potomac Institute for Policy Studies, 901 N. Stuart St., Suite 200, Arlington.

FOREIGN POLICY _ 12:15 p.m. The New America Foundation holds a discussion on American foreign policy following the Bush administration, with Michael Lind of the foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

SADDAM HUSSEIN _ 1 p.m. Ramsey Clark reports on the status of the appeals of Saddam Huseein and his co-defendants from death sentences and prison terms imposed by an Iraqi court. Location: National Press Club.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"In Valley, Pace Of Change Is Fast."
"Top General In Mideast To Retire."
"A Hippo Critical Situation."
"Men Planned Mt. Hood climb Carefully."
"Bush Seeks A Larger Military."
"Baby Is Sent Through X-ray Machine At LAX."

USA Today:
"Translation Contractors."
"U.S. Turns To Tech For Translators."
"In A Crisis, Do-Not-Revive Requests Don't Always Work."
"FDA Calls For Pain Reliever Warning."
"Products Affected."

New York Times:
"President Wants to Increase Size of Armed Forces."
"Top Iraqi Shiite Cleric Is Inching Toward a Coalition."
"China Tightens Adoption Rules for Foreigners."
"Vying for Top 10 in Academic Rank."
"Bruno Is Subject of Inquiry by F.B.I."
"Fear and Hope in Immigrant's Furtive Existence."
"In This Town, Even a Mall Rat Can Get Rattled."

Washington Post:
"U.S. Not Winning War in Iraq, Bush Says for 1st Time."
"Washington Warming to Southern Plants."
"Bush Sees 'Opportunities' on Social Security, Immigration."
"In Balmy Europe, Feverish Choruses of 'Let It Snow'."
"Anthrax Vaccine Contract Voided, Thwarting Administration."
"Short Mental Workouts May Slow Decline of Aging Minds, Study Finds."

Washington Times:
"Iraq Army Recruitment To Hit Mark."
"Rice Eyes 'Set OF Actions; By North."
"Van Hollen Named To Lead DCCC."
"US Not Waiting For Palestinian Unity."
"FDA Urges Mandatory Painkiller Warnings."
"Read To White House May Cost $1 Billion."
"A Moving Performance."

Detroit Free Press:
"Bush Calls For Bigger Military."
"Don't Blame GM, Toyota Exec Says Electric Care Killer?"
"WSU To Mix Housing, Shops."
"Rights Groups File Prop 2 Lawsuit ."
"Eminem's Marriage Is A Wrap."

Atlanta Journal-Constitution:
"Did Land Buy Justify Tax Break.?"
"Feds Probe 12 Police Shootings In DeKalb."

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"Cobb Gives Up On Evolution Book Stickers."

Houston Chronicle:

"Bush Wants To Expand Military In Terror War."
"Stronger Warnings Urged For Painkiller."
"Cheney To testify At Libby Leak Trial."
"Libya Again Orders Six To Death In HIV Case."
"Scientist Count A Record Number, But Annual Visitors Are Still Highly Endangered."

Story Lineup From Last Night's Network News:

ABC: Pain Killer Warning Labels; Pain Killer Warning Labels-Analysis; Laura Bush-Skin Cancer; Expanding US Army; Iraqi Christians; Cheney Libby-Trial; Missing Climbers Search Over; Power Outage; Inflation Increase; Small Car Safety; Farm of The Future.
CBS: Expanding US Army; Cost Of The War; Power Shortages-Iraq; Painkiller Warning Labels; Painkiller Warning Labels-Analysis; Laura Bush-Skin Cancer; Laura Bush-Skin Cancer-Analysis; Missing Climbers Search Over; Mount St. Helen's-Vapor Eruption; Cheney-Libby Trial; Fighting Autism; Ground Zero-Freedom Tower; Miss America-Misbehaving.
NBC: Pain Killer Warning Labels; Laura Bush-Skin Cancer; Expanding The US Military; Missing Climbers Search Over-Oregon; FBI Report; Stock Market; New Orleans-Post Katrina; New Orleans-Post Katrina; Cheney Libby Trial; Global Warming; Designer Fashion.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Bush-Considering Troop Increases In Iraq; Iraq-Al Qaeda Leader Captured; Blair-Israeli, Palestinian Peace Process; OR-Missing Climbers; Space Shuttle; Shuttle Astronaut-Hair Donation; Premartial Sex Study; Tokyo Stock Exchange.
CBS: Bush-Considering Troop Increases In Iraq; White House Situation Room Being Renovated; FDA-Warning Labels For Painkillers; Space Shuttle; CA-Cold Weather.
NPR: Iraq Violence; Missouri Democratic Rep. Ike Skelton Rejects Idea Of Temporary Surge In U.S. Troop Levels In Iraq; Space Shuttle; Tokyo Stock Exchange; OR-Missing Climbers; Pro Basketball-Iverson Traded To Denver Nuggets; Delta Airlines-Reorganization Plan.

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From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, December 20, 2006 8:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Wednesday, December 20, 2006
Attachments:	dojclips061220.pdf; dojclips061220.doc

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 20, 2006 7:45 AM EST

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TERRORISM NEWS:

Convict In Terror Case Back In Court (AP)

By Lara Jakes Jordan
AP, December 20, 2006

DOJ_NMG_0107717

An American convicted of helping the Taliban was back in federal court Tuesday for violating the terms of his probation, authorities said.

James Ujaama, a Muslim convert from Seattle, was arrested over the weekend in Belize — where, under the terms of his supervised release, he was not supposed to be, Justice Department spokesman Bryan Sierra said.

Ujaama was brought back Tuesday to the United States, and waived his rights to a removal hearing in U.S. District Court in Miami. Sierra said Ujaama soon will be transferred to Seattle, where he was sentenced in 2003.

The full terms of Ujaama's three-year probation period were not immediately available.

Ujaama, who was born James Earnest Thompson, was charged in 2002 with trying to set up a terrorist training camp for Muslim cleric Abu Hamza al-Masri.

He pleaded guilty a year later to lesser charges: conspiring to provide cash, computers and fighters to the Taliban. In exchange, Ujaama served two years in prison and agreed to cooperate with terrorism investigations until 2013.

Federal officials have said Ujaama's help was crucial in the 2004 indictment of al-Masri on charges of trying to establish the training camp in Bly, Ore., and providing aid to al-Qaida. Authorities also questioned Ujaama in the case of Haroon Rashid Aswat, linked to the July 2005 transit bombings in London that killed 56 people.

Ujaama's attorney in Seattle, Peter Offenbecher, declined to say whether he had recently spoken with his client.

"We're investigating the facts to determine the appropriate course of action," Offenbecher said. He refused further comment.

Emily Langlie, spokeswoman for the U.S. attorney's office in Seattle, said it was unclear when Ujaama would appear there. "It's determined by when the marshals get him here," Langlie said.

U.S. Fugitive With Al Qaeda Ties Arrested (WT)

By Jerry Seper

The Washington Times, December 20, 2006

Police in Belize yesterday arrested an American Muslim with ties to al Qaeda who pleaded guilty in 2003 to conspiring to provide cash, computers and fighters to the Taliban, but fled after agreeing to cooperate in ongoing investigations.

Authorities said James Ujaama, who was wanted for parole violation, entered Belize, a small country on the eastern coast of Central America, 10 days ago using a phony Mexican passport.

"The police conducted an investigation, and some time around midnight last night or earlier this morning, this fugitive was apprehended here in Belize City," said acting Police Chief Eduardo Wade, adding that one Belizean police inspector was treated and later released for injuries he received when Ujaama "attempted to escape during his apprehension."

Ujaama, who served two years in a plea agreement on charges of dealing with al Qaeda and providing various types of material support to the Taliban, has since been turned over to U.S. authorities, said Leonard Hill, deputy chief of mission at the U.S. Embassy.

Mr. Hill said Ujaama's immediate crime was a parole violation, but he could face additional charges and also is being held as a material witness in other terror-related cases.

"One indication of his status may be that federal officials sent down a private plane to bring him back to the States," Mr. Hill said.

Ujaama, also known as Ernest James Thompson, was first arrested in Denver in July 2002 as a material witness and later named in a federal grand jury indictment of providing resources to al Qaeda. The indictment said he was attempting to create a camp for training terrorists near Bly, Ore., between October and December of 1999.

In April 2003, the government filed a superseding complaint saying Ujaama took money, computer equipment and women to Taliban officials in Afghanistan. In February 2004, he agreed to cooperate with U.S. prosecutors -- especially for what he knew about radical London cleric Abu Hamza al-Masri, who has since been convicted in Britain of inciting murder and racial hatred.

Al-Masri, the one-eyed former head of the Finsbury Park mosque in north London, preached hatred to hundreds of young Muslims, including Zacarias Moussaoui, the only person charged in the U.S. in connection with the September 11 attacks.

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Ujaama, a former community activist in Seattle, converted to Islam in the post-civil rights era. While traveling in England in 1999, he purportedly met with al-Masri and then traveled to Afghanistan to study Shariah, according to family friends. Shariah refers to the legal framework within which public and some private aspects of life are regulated for those living in a legal system based on Muslim principles of jurisprudence.

As part of the plea agreement, which limited his prison terms to just two years, he admitted delivering currency and other items to persons in the territory of Afghanistan controlled by the Taliban, and that with the assistance of the Taliban, he entered the country to install software programs he had brought with him on computers belonging to Taliban officials.

U.S. Freezes Accounts Of British Citizen (AP)

By Jeannine Aversa

AP, December 20, 2006

The Bush administration took action Tuesday to freeze financial accounts and assets of a naturalized British citizen for allegedly providing "material and logistical" support to al-Qaida and other terror groups.

The action against Mohammed Al Ghabra means that any bank accounts or other financial assets belonging to him found in the United States must be frozen. Americans also are prohibited from doing business with him.

The Treasury Department alleged that Al Ghabra had organized travel to Pakistan for people seeking to meet with senior al-Qaida officials and to undertake jihad training. Several of those people returned to the United Kingdom to engage in covert activity on behalf of al-Qaida, the department said.

Al Ghabra also allegedly provided support and facilitated travel of people based in the United Kingdom to Iraq to support the insurgents' fight against coalition forces, the department said.

HOMELAND RESPONSE:

Wiretap Suit Joins Others In Bay Area (OREGONIAN)

The Oregonian, December 20, 2006

An Oregon lawsuit challenging a federal warrantless eavesdropping program has been shipped to a judge in San Francisco who is handling dozens of similar cases.

The move, ordered by a judicial panel that consolidates groups of lawsuits with related legal issues, takes the Oregon case away from U.S. District Judge Garr M. King in Portland.

Earlier this year, King refused the government's motion to dismiss the suit filed by the Al-Haramain Islamic Foundation, a defunct Ashland-based organization that claims to have been the subject of illegal wiretapping.

The case has been sent to U.S. District Judge Vaughn Walker, who earlier this year refused the federal government's attempt to dismiss a similar case that accuses AT&T of illegally cooperating with the program.

The government claims letting the lawsuits go forward will reveal state secrets and threaten national security.

The Oregon case was transferred along with two suits from New York and one from Missouri.

A federal judge in Detroit earlier this year said the warrantless wiretapping program was illegal and unconstitutional. That case is under appeal and not subject to the transfer order.

The Bush administration has defended the legality of the program, which entails monitoring conversations between U.S. citizens and suspected terrorists elsewhere in the world.

U.S. Cancels Order For 75 Million Doses Of Anthrax Vaccine (NYT)

By Eric Lipton

The New York Times, December 20, 2006

WASHINGTON, Dec. 19 — In a major setback to the Bush administration's biodefense efforts, the government announced Tuesday that it had canceled an order for 75 million doses of a new anthrax vaccine, the single biggest purchase planned for the nation's antiterror drug stockpile.

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Since VaxGen of Brisbane, Calif., won the contract two years ago, skeptics have questioned the ability of the company, a small biotechnology business, to deliver on such a large order, as well as the administration's capacity to properly manage the overall $5.6 billion program, known as BioShield.

VaxGen, which has no other major customers and has never made a successful vaccine or drug, was supposed to deliver enough vaccine to inoculate 25 million Americans after an anthrax attack, each with three doses.

Officials at the Department of Health and Human Services terminated the $877 million contract Tuesday after VaxGen failed to start required clinical trials, a delay caused by troubles with the vaccine formula.

"With any type of scientific endeavor or research, it is always an unpredictable path that you will follow," said Bill Hall, a department spokesman.

VaxGen's genetically engineered vaccine was selected because it was expected to produce fewer side effects and was effective with fewer doses than the only alternative, a 1950s-era vaccine now manufactured by Emergent BioSolutions of Rockville, Md.

A modern anthrax vaccine had been under development for a decade by Army scientists, before VaxGen won its contract after lining up a licensing agreement with the military researchers.

"This is a great disappointment and a very real setback," said D. A. Henderson, the former director of the Department of Health and Human Services office that helped create the BioShield program.

By the end of this year, VaxGen was supposed to have delivered its first 25 million doses to the stockpile. But as it was testing the vaccine, the company noticed that it was breaking down too quickly, apparently because of an unexpected interaction with an additive intended to bolster the vaccine's effectiveness, said Lance Ignon, a company spokesman.

The Department of Health and Human Services, under pressure from Congress to reduce the risk of relying on a single company, has separately bought nine million doses of the Emergent BioSolutions vaccine, which has been widely used by the military since 1998 to inoculate more than 1.5 million members of the military. The mandatory vaccinations led to lawsuits and complaints of serious side effects.

Mr. Hall said the Department of Health and Human Services was committed to finding a manufacturer to develop the modern version of the vaccine. But he said he could not predict how long that would take.

The vaccine is not the nation's only defense against an anthrax attack. The department has also bought enough antibiotics to treat about 40 million Americans, in the event that multiple cities are struck at once. The recommended treatment after confirmed exposure to anthrax is a combination of a vaccine and antibiotics because anthrax spores are so hardy they can outlive the 60-day antibiotic course and still possibly threaten an exposed person.

VaxGen's future is now in jeopardy, as the company was entitled to no compensation until it began to make deliveries to the stockpile. The company, which has about 230 employees, has invested more than $150 million on the project, Mr. Ignon said.

This is the second high-profile failure for VaxGen. The 11-year-old company's planned AIDS vaccine was abandoned in 2003 after it proved ineffective.

Project BioShield was created in July 2004 by an act of Congress at the request of the president. It was supposed to greatly expand the nation's stockpile of a variety of drugs and vaccines to protect against a biological, nuclear or chemical attack. But progress has been slow, in part because large pharmaceutical companies have shied from the venture and the government has taken a long time to decide what it wants.

Anthrax Vaccine Contract Voided, Thwarting Administration (WP)

By Renae Merle

The Washington Post, December 20, 2006

Federal health officials yesterday scuttled the largest piece of the Bush administration's two-year program to counter bioterrorism, canceling an $877.5 million contract with VaxGen to develop an anthrax vaccine after the company missed a deadline to begin human testing.

The decision, delivered in a one-page letter, ends a troubled effort by the small California firm that has come to symbolize the failures of the government's ambitious $5.6 billion Project BioShield. The termination occurred on the same day President

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Bush signed legislation attempting to salvage the program by reorganizing its management and pumping more money into firms doing the work.

"It's very disappointing that they took such aggressive and dramatic action without engaging in a discussion with us about potential ways for salvaging all the work that has gone into this program," said Lance Ignon, VaxGen's vice president of corporate affairs. "We believe there is a high probability that this technology would lead to a modern anthrax vaccine."

The company has spent more than $175 million of its own money on the project, its only current contract, he said.

The cancellation means the government will continue to depend on a controversial anthrax vaccine, used by the military and made by Emergent BioSolutions of Gaithersburg, years longer than expected. A spokesman for the Department of Health and Human Services said the agency remains committed to developing a next-generation anthrax vaccine but has not decided whether to hold another competition.

"We are moving as aggressively and quickly as we can to reach that goal," said Bill Hall, a department spokesman.

VaxGen was picked for the project in 2004 despite having never successfully produced a drug. It was known for a failed attempt at an AIDS vaccine, and the company has had accounting and management problems, which caused it be delisted from the Nasdaq Stock Market.

In signing on to develop an anthrax vaccine, the company agreed to meet the government's aggressive timetable, producing a drug in five years, half the industry standard for such a product. VaxGen was to be paid as it began delivering the 75 million doses to the government, enough for 25 million people, roughly the equivalent of the population in the New York and Washington areas combined.

But VaxGen struggled from the beginning. The product's expected delivery was delayed two years as the company attempted to improve the vaccine's potency and reliability. In November, the company suffered another blow when the Food and Drug Administration refused to allow the firm to begin human testing because of those long-standing concerns.

The cancellation throws the company's survivability into doubt. VaxGen has said it has enough funds to work through 2007, but its only other product is a smallpox vaccine for which it doesn't have a contract. The anthrax contract was canceled for default, meaning the government does not plan to reimburse VaxGen for its costs and could even hold the company liable if there are extra costs from buying the product from another source.

VaxGen is exploring its legal and strategic options, Ignon said. The company could appeal the decision. "Fortunately, we are well capitalized," he said.

The government now hopes a reorganization of the program, signed into law yesterday, will address the delays and other complaints lobbed at Project BioShield by the private sector for the past two years. The legislation creates the Biomedical Advanced Research and Development Authority, within HHS, to manage the effort. It also allocates $1 billion over three years for research and attempts to pump more government money into the private sector sooner by making payments as companies meet milestones, instead of waiting until they begin delivering the product.

Yesterday's cancellation of the VaxGen effort "is a step back for an anthrax vaccine, but I think we have said this was a flaw in BioShield," said Sen. Richard Burr (R-N.C.), one of the chief architects of the legislation revamping the program. "I would like to think if that happened under the new system, we would have caught the problem at a much earlier point."

Until a new vaccine is developed, the government will rely on its stockpiles of antibiotics, including ciprofloxacin, for dealing with anthrax exposure and 10 million doses of an older vaccine made by Emergent. Some soldiers have complained of significant side effects from the Emergent vaccine and have refused to take it, though the FDA says it's safe. VaxGen had aimed to require fewer doses over a shorter period than Emergent's to produce immunity.

U.S. Turns To Tech For Translators (USAT)

By Richard Willing

USA Today, December 20, 2006

Intelligence agencies and the military are turning to technology developed for call centers, sporting events and television shopping channels to compensate for an ongoing shortage of qualified translators, interviews and public documents show.

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In Iraq, Afghanistan and elsewhere, the Defense Department's research arm is testing portable translation devices that allow English-speaking soldiers to hold conversations with Iraqis.

Government-backed researchers are working to convert broadcasts and website postings from Arabic and Mandarin Chinese into English and to build search engines that can extract complex information from the translated texts.

These efforts are part of a government plan to bolster the thin ranks of skilled translators, say researchers and experts, so human translators can focus on more demanding projects.

"Human language specialists are precious assets," says John Hall, a former Navy SEAL who is president of VoxTec International. The Annapolis, Md., company makes a handheld translation device being tested in Iraq. "You're never going to have enough of them," Hall says. "But if a machine can do some basic tasks, that frees up (a translator) for other work."

In-Q-Tel, a venture-capital company funded by the CIA, has invested in a company that produces software that helps private companies glean information from recorded customer-service calls.

The technology could help intelligence analysts decipher subtleties, such as differences in accents and pronunciations, that can change the meanings of spoken words, its makers say.

Much of the spending is classified, but available public contracting and budget documents show that the Pentagon has at least $22 million to spend this year on research. In November 2005, the Pentagon announced $26 million worth of contracts for translation software.

This month, the Iraq Study Group reported that only 33 of 1,000 workers in the U.S. Embassy in Baghdad speak Arabic, including only six fluent speakers.

The group recommended that the State and Defense departments and the director of national intelligence "accord the highest possible priority" to language and cultural training.

In October, the FBI reported that only 33 of about 12,000 agents have even limited Arabic proficiency. The CIA does not disclose its officers' language capabilities, but Robert Baer, a retired CIA agent, estimates that he was the agency's only undercover officer fluent in Arabic when he operated in Beirut in the mid-1980s.

It takes about eight years to train a CIA officer to be "completely comfortable" speaking Arabic, says Baer, author of two books about the intelligence community and foreign policy.

WAR NEWS:

U.S. Not Winning War In Iraq, Bush Says For 1st Time (WP)

By Peter Baker

The Washington Post, December 20, 2006

President Bush acknowledged for the first time yesterday that the United States is not winning the war in Iraq and said he plans to expand the overall size of the "stressed" U.S. armed forces to meet the challenges of a long-term global struggle against terrorists.

As he searches for a new strategy for Iraq, Bush has now adopted the formula advanced by his top military adviser to describe the situation. "We're not winning, we're not losing," Bush said in an interview with The Washington Post. The assessment was a striking reversal for a president who, days before the November elections, declared, "Absolutely, we're winning."

In another turnaround, Bush said he has ordered Defense Secretary Robert M. Gates to develop a plan to increase the troop strength of the Army and Marine Corps, heeding warnings from the Pentagon and Capitol Hill that multiple deployments in Iraq and Afghanistan are stretching the armed forces toward the breaking point. "We need to reset our military," said Bush, whose administration had opposed increasing force levels as recently as this summer.

But in a wide-ranging session in the Oval Office, the president said he interpreted the Democratic election victories six weeks ago not as a mandate to bring the U.S. involvement in Iraq to an end but as a call to find new ways to make the mission there succeed. He confirmed that he is considering a short-term surge in troops in Iraq, an option that top generals have resisted out of concern that it would not help.

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A substantial military expansion will take years and would not immediately affect the war in Iraq. But it would begin to address the growing alarm among commanders about the state of the armed forces. Although the president offered no specifics, other U.S. officials said the administration is preparing plans to bolster the nation's permanent active-duty military with as many as 70,000 additional troops.

A force structure expansion would accelerate the already-rising costs of war. The administration is drafting a supplemental request for more than $100 billion in additional funds for the wars in Iraq and Afghanistan, on top of the $70 billion already approved for this fiscal year, according to U.S. officials. That would be over 50 percent more than originally projected for fiscal 2007, making it by far the costliest year since the 2003 invasion.

Since the attacks of Sept. 11, 2001, Congress has approved more than $500 billion for the wars in Iraq and Afghanistan, as well as for terrorism-related operations elsewhere. An additional $100 billion would bring overall expenditures to $600 billion, exceeding those for the Vietnam War, which, adjusted for inflation, cost $549 billion, according to the Congressional Research Service.

For all the money, commanders have grown increasingly alarmed about the burden of long deployments and the military's ability to handle a variety of threats around the world simultaneously. Gen. Peter J. Schoomaker, the Army's chief of staff, warned Congress last week that the active-duty Army "will break" under the strain of today's war-zone rotations. Former secretary of state Colin L. Powell, a retired chairman of the Joint Chiefs of Staff, said on CBS News's "Face the Nation" on Sunday that "the active Army is about broken."

Democrats have been calling for additional troops for years. Sen. John F. Kerry (D-Mass.) proposed an increase of 40,000 troops during his 2004 campaign against Bush, only to be dismissed by the administration. As recently as June, the Bush administration opposed adding more troops because restructuring "is enabling our military to get more war-fighting capability from current end strength."

But Bush yesterday had changed his mind. "I'm inclined to believe that we do need to increase our troops -- the Army, the Marines," he said. "And I talked about this to Secretary Gates, and he is going to spend some time talking to the folks in the building, come back with a recommendation to me about how to proceed forward on this idea."

In describing his decision, Bush tied it to the broader struggle against Islamic extremists around the world rather than to Iraq specifically. "It is an accurate reflection that this ideological war we're in is going to last for a while and that we're going to need a military that's capable of being able to sustain our efforts and to help us achieve peace," he said.

Bush chose a different term than Powell. "I haven't heard the word 'broken,' " he said, "but I've heard the word, 'stressed.' . . . We need to reset our military. There's no question the military has been used a lot. And the fundamental question is, 'Will Republicans and Democrats be able to work with the administration to assure our military and the American people that we will position our military so that it is ready and able to stay engaged in a long war?' "

Democrats pounced on Bush's comments. "I am glad he has realized the need for increasing the size of the armed forces . . . but this is where the Democrats have been for two years," said Rep. Rahm Emanuel (Ill.), the new House Democratic Caucus chairman. Kerry issued a statement calling Bush's move a "pragmatic step needed to deal with the warnings of a broken military," but he noted that he opposes increasing troops in Iraq. Even before news of Bush's interview, Rep. Ike Skelton (D-Mo.), incoming chairman of the House Armed Services Committee, told reporters that the military is "bleeding" and "we have to apply the tourniquet and strengthen the forces."

The Army has already temporarily increased its force level from 482,000 active-duty soldiers in 2001 to 507,000 today and soon to 512,000. But the Army wants to make that 30,000-soldier increase permanent and then add between 20,000 and 40,000 more on top of that, according to military and civilian officials, who spoke on the condition of anonymity. Every additional 10,000 soldiers would cost about $1.2 billion a year, according to the Army. Because recruitment and training take time, officials cautioned that any boost would not be felt in a significant way until at least 2008.

Bush, who has always said that the United States is headed for victory in Iraq, conceded yesterday what Gates, Powell and most Americans in polls have already concluded. "An interesting construct that General Pace uses is, 'We're not winning, we're not losing,' " Bush said, referring to Marine Gen. Peter Pace, the Joint Chiefs chairman, who was spotted near the Oval Office

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before the interview. "There's been some very positive developments. . . . [But] obviously the real problem we face is the sectarian violence that needs to be dealt with."

Asked yesterday about his "absolutely, we're winning" comment at an Oct. 25 news conference, the president recast it as a prediction rather than an assessment. "Yes, that was an indication of my belief we're going to win," he said.

Bush said he has not yet made a decision about a new strategy for Iraq and would wait for Gates to return from a trip there to assess the situation. "I need to talk to him when he gets back," Bush said. "I've got more consultations to do with the national security team, which will be consulting with other folks. And I'm going to take my time to make sure that the policy, when it comes out, the American people will see that we . . . have got a new way forward."

Among the options under review by the White House is sending 15,000 to 30,000 more troops to Iraq for six to eight months. The idea has the support of important figures such as Sen. John McCain (R-Ariz.) and has been pushed by some inside the White House, but the Joint Chiefs have balked because they think advocates have not adequately defined the mission, according to U.S. officials.

The chiefs have warned that a short-term surge could lead to more attacks against U.S. troops, according to the officials, who described the review on the condition of anonymity because it is not complete. Bush would not discuss such ideas in detail but said "all options are viable."

While top commanders question the value of a surge, they have begun taking moves that could prepare for one, should Bush order it. Defense officials said yesterday that the U.S. Central Command has made two separate requests to Gates for additional forces in the Middle East, including an Army brigade of about 3,000 troops to be used as a reserve force in Kuwait and a second Navy carrier strike group to move to the Persian Gulf.

Gates has yet to approve the moves, which could increase U.S. forces in the region by as many as 10,000 troops, officials said. The previous theater reserve force, the 15th Marine Expeditionary Unit, was recently moved to Iraq's Anbar province to help quell insurgent violence. Gen. George W. Casey, the U.S. commander in Iraq, has called for the additional brigade -- likely the 2nd Brigade, 82nd Airborne Division -- to be positioned to move into Iraq hotspots if needed.

The additional carrier strike group would give Gen. John P. Abizaid, head of the Central Command, more flexibility in a volatile region, said one official. While such a move would certainly send a pointed message to Iran, the official said it would also allow additional strike capabilities in Iraq.

Staff writers Robin Wright, Lori Montgomery, Josh White, Ann Scott Tyson, Michael Abramowitz and Walter Pincus contributed to this report.

President Bush On Iraq, Elections And Immigration (WP)

By Peter Baker, Michael A. Fletcher And Michael Abramowitz

The Washington Post, December 20, 2006

This 25-minute interview was conducted yesterday in the Oval Office by Washington Post staff writers Peter Baker, Michael A. Fletcher and Michael Abramowitz.

President Bush: Listen, a couple of things before we get going. Obviously, I've been thinking about -- and talking to a lot of people about -- the way forward in Iraq and the way forward in this ideological struggle. I want to share one thought I had with you, and I'm inclined to believe that we do need to increase our troops, the Army, the Marines. And I talked about this to [Defense] Secretary [Robert M.] Gates, and he is going to spend some time talking to the folks in the building, come back with a recommendation to me about how to proceed forward on this idea. I want to give him a little time to get his feet on the ground. And so I'll be addressing this after consultations with him. I just want to share that with you before we get going.

You're talking about troops in Iraq, not --

No, I'm talking about overall size.

-- overall size of the Army. Do you have a rough idea how much --

I'm going to wait for Secretary Gates. As I say, I'm inclined to believe it's important and necessary to do so. The reason why is, it is an accurate reflection that this ideological war we're in is going to last for a while, and that we're going to need a military that's capable of being able to sustain our efforts and to help us achieve peace.

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So you've not made a decision about Iraq, per se, about what to do --

I have not, Mike, I have not. And we'll spend some more time -- Secretary Gates, as he indicated, is going to head to the region at some point in time. I need to talk to him when he gets back. I've got more consultations to do with the national security team, which will be consulting with other folks. And I'm going to take my time to make sure that the policy, when it comes out, the American people will see that we are -- have got a new way forward to achieve an important objective, which is a country that can govern, sustain and defend itself.

And one thing that will be clear is that I want the American people to know that -- and the Iraqi people to know that -- we expect the Iraqi people to continue making hard choices and doing hard work necessary to succeed, and our job is to help them do so.

Are we winning in Iraq, in your estimation?

You know, I think an interesting construct that General [Peter] Pace uses is, "We're not winning, we're not losing." There's been some very positive developments. And you take a step back and look at progress in Iraq, you say, well, it's amazing -- constitutional democracy in the heart of the Middle East, which is a remarkable development in itself.

I think one of the -- obviously, the real problem we face is the sectarian violence that needs to be dealt with. So part of my policy review is how do we deal with that in a way that then enables the Iraqi people to live in a more secure society so that the government can prove its worth to the people -- saying, we can help you. And one of the main functions of government is to provide security for its people. Our job is to help the Iraqis provide that security. And I'll come forward with a plan that will enable us to achieve that objective.

There's other threats, by the way. It's a multiple-front war, if you really think about it. You got Shia discord in the south; you've got Sunni attacks, much of that -- many of them are caused by al-Qaeda. A lot of them, former Baathists and regimists who are angry that Saddam is no longer in power, and they are a source of conflict in al-Anbar province. And we've got a very robust effort -- I said the other day something that, I guess, people didn't pay that much attention to -- but for October and November and the first week of December, our actions on the ground have -- as a result of action on the ground, we killed or captured nearly 5,900 people. My point in making that point is our troops and coalition troops are on the offense in a lot of areas.

And then the third area of conflict, the one that gets a lot of attention, as it should, is the sectarian violence taking place in Baghdad. And I fully understand that we've got to help the Iraqis deal with that. So my thinking is -- and a lot of our strategy sessions revolve around how best to deal with this problem, and how best to help the Iraqis deal with it. And I've got some more work to do, and I'll come forth at the appropriate time and explain the way forward to the country.

Given the election results, is increasing the troop level in Iraq even a viable possibility or option?

Yes, Mike, all options are viable.

-- given the political will out there?

Well, all options are viable. I think what the people want is -- they want a couple of things. They want to see Democrats and Republicans work together to achieve a common objective, and they want us to win in Iraq. A lot of people understand that if we leave Iraq, there will be dire consequences -- in other words, if we leave before the job is done. There are some, a fair number of people, who say, "Get out now." So I view the election results as people are not satisfied with the progress being made in Iraq and expect to see a different strategy to achieve an important objective.

But the election results seemed people wanted to bring the venture in Iraq to closure. That seemed to be the strong lesson. And what indications are there that you're actually listening to that sentiment?

Oh, Mike, look, I want to achieve the objective. I think the American people -- I know the American people are very worried about an external threat and that they recognize that failure in Iraq would embolden that external threat, and they expect this administration to listen with people, to work with Democrats, to work with the military, to work with the Iraqis to put a plan in place that achieves the objective. There's not a lot of people saying, "Get out now." Most Americans are saying, "We want to achieve the objective."

But there are a lot of people who are saying, "Let's get out with a phased deployment over a certain period of time."

If they felt -- if that leads to victory, it needs to be seriously considered. And I'm considering all options and listening very carefully to a lot of good people who have got different opinions about how to proceed.

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Can we come back to General Pace's formulation about winning, not losing? You said October 24th, "Absolutely, we're winning." And I wanted to --

Yes, that was an indication of my belief we're going to win. Look, I've got four constituencies I speak to on a regular basis; one is the American people, who are justifiably frustrated at the progress in Iraq. And they expect the commander in chief and the people in Washington to support our troops. Supporting our troops not only means good equipment, good [pay], good housing -- it also means a plan that helps achieve the objective.

The second constituency is the enemy. I'm not through yet.

Sure.

The enemy wants to know whether or not the United States has the will to stay engaged in this ideological struggle. They don't believe we do. That's what they say. And I believe that's what they believe.

The third group of people I speak to are the Iraqis. They wonder whether the United States has got the will to help them achieve their objectives. That's what they wonder. The leaders I have talked to wonder whether or not -- what the elections mean, or what the Baker-Hamilton commission means, or what changing [former defense] secretary [Donald H.] Rumsfeld means -- that's what they wonder. But in the back of their mind, they're saying, "Are they going to leave us again?" And that's an important question for them to have answered, because in order to make difficult choices and to take risk for peace, they're going to have to be assured that they'll get support. This is a group of people that have had their hopes dashed in the past.

And the fourth group is the military. Our troops wonder whether or not our country supports them, and they do. They wonder whether or not the mission and the sacrifice and the toil that they're making is worth it. And they need to know from the commander in chief: Not only is it worth it, but I strongly support them and believe that their work will lead to victory. That's what I believe.

Anyway, you just need to know that's who I'm speaking to when I speak. And to you, of course. You're the objective filter through which my -- (Laughter.)

I suspect your message gets out. (Laughter.)

I do want to say something about the press. I hope you realize that, one, I enjoy the relationship, and two, know it is vital for my presidency. You can't exist without me, and I can't exist without you. And I generally respect the hard work of the press corps. I don't necessarily generally respect every word you write, but nevertheless, I do respect the fact that you're a hardworking group of people seeking the truth. And we're necessary for each other. And that relationship can either be a positive relationship or a suspicious, harmful relationship. And I have worked hard to make it a positive relationship. And I think it is, generally, I do believe it is. And I bear no ill will, and I don't think you do, either.

We appreciate that, and you've certainly been good for business --

Good. That's what decision-makers do, Peter, people who seize the moment and make decisions to lead give people things to write about.

Some of the supporters of the war and you from the beginning have begun to ask the question publicly: Was it, in fact, the idea that turned out not so great, or the execution that turned out not so great?

The idea of?

The idea of the war in the first place, and the --

I've never really asked that question. I believe it's justifiable and necessary. Obviously, the war has not -- the results on the ground haven't happened as quickly as I hoped, and part of this review process is to develop new strategies and tactics so that we can expedite success. Look, I of all people would like to see the troops come home. But I don't want them to come home without achieving our objective, because I understand what happens if there's failure. And I'm going to keep repeating this over and over again, that I believe we're in an ideological struggle that is -- that our country will be dealing with for a long time.

Can I ask you a question about history?

Yes.

President Lincoln fired a number of his generals in the Civil War until he found Grant.

Is that what triggered your question, looking at Abe?

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Why haven't you fired any generals? And does the fact that you haven't fired generals suggest that you are satisfied with the military strategy that they have pursued?

We're reviewing the strategy, because it has -- the results aren't -- we haven't achieved the results as quickly as we wanted -- precisely what the secretary of defense said, by the way. And the chain-of-command issues are issues that percolate up through the Pentagon. And there is a clear chain of command that I adhere to, and I think it's important for the commander in chief to do just that.

I've often talked about how it's important to trust the judgment of the military when they're making military plans as the key advisers to the president, as opposed to the president determining the tactics on the ground, which has happened in previous wars. And so I'm a strict adherer to the command structure.

But isn't there a point in which you say, "We screwed up the amount of troops we need there, we screwed up the WMD, someone ought to pay a penalty for that"?

There is a constant review of the commanders, and I support that constant review. And to the extent that people think they can do -- somebody can do a better job, those recommendations will come forward.

Sir, when you look back at last month's election, do you see that strictly as a repudiation of Iraq and the fact that we're not winning in Iraq, or is it also a judgment of your leadership in general?

Michael, I said in my press conference, I think it's -- no question Iraq was a significant part of the elections. People were troubled by the lack of progress. War is difficult for people, particularly the American people are very compassionate people. When you turn on your TV screens and see bombings and deaths, and read about beheadings or sectarian violence, it troubles America. And they wonder or not -- whether or not we have a plan that succeeds. And I can understand that level of frustration.

Secondly, there's a sense that people's votes were being taken for granted, in a way. We had ethics disputes, and just a lot of signals that said that it's time to -- that people wanted a change. There was a lot of -- look, you've got a guy using earmarks to enrich himself; there was sex and all kinds of issues that sent the signal that perhaps it was time to give another group a chance to lead. I also believe that people are sick and tired of the needless partisanship in Washington. And there's a lot of it. And for some, every expression of position by somebody is an opportunity to attack, and people are tired of it. And there's some big issues that we need to work together.

I will tell you that I view the elections as an opportunity to say to all of us in Washington, "Let's work together." People want that. And what are some issues we can work together on -- energy, or immigration, budgetary reforms. I mean, there's a lot -- education, No Child Left Behind reauthorization. I believe there are some wonderful opportunities --

So you don't think you're out of the policy business with the Democrats in charge on the Hill?

Do what now?

You're not out of the domestic policy business --

Quite the contrary. Quite the contrary. The microphone of the president has never been louder, and I think we have a good -- in other words, to talk about what I think is important. But it turns out that what I think is important, the Democrat leadership thinks is important, as well -- energy security, immigration reform, education -- and Republicans on the Hill agree. And so my task is going to be to talk about big issues that the American people expect us to work on, and work with both Republicans and Democrats.

Will it be easier with Democrats, in some ways? Are there some issues --

I think the legislative process, Peter, is always hard, from the executive-branch perspective. They're pretty independent-minded people, they -- no matter who's in charge, they tend to take some ideas from the president, but they've got their own minds. And the task is to work together in a collegial and constructive spirit to solve some big problems.

I'll tell you one I want to work on, as well, is entitlements. And that's a hard issue, as you know. Social Security is viewed as the third rail of American politics. I've campaigned on it every time -- two times I ran for president. I've talked about it in the State of the Union every time. It's an issue that's -- a president is just going to have to keep talking about to convince people it's worthwhile to take the risk, the political -- so-called political risk to work together to get something done. And we will continue to do so. [Treasury Secretary Henry M.] Paulson is going to take the lead for us up there, working with members of both parties.

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I will tell you this: In an issue like this, unless the president tries, nothing is going to happen. Without presidential involvement, nothing will happen. So we have a chance, and I'm going to work it. And I think that's -- I know that's the job of the president, is to say, "This is important to the future of the country, let us work together."

Yes, sir.

Just on that point, are you willing to sit down with Democrats in a commission that puts all the options on Social Security on the table? Not just reductions and benefits, not just private accounts, but also some kind of revenue increases, tax increases?

I don't see how you can move forward without people feeling comfortable about putting ideas on the table. I have made it clear that I've got a way forward that can do it and I want to hear other people's opinions. And that's what Hank Paulson is telling both Republicans and Democrats. It's going to be very important for people to feel there can be a full, wide-ranging discussion about how to move forward.

And specifically, tax increases on the table then?

Well, specifically, personal accounts; specifically, everything that the Democrats think will work, as well.

Well, they talk about tax increases.

Well, let them; that's fine. They can come to the table and talk about them. I proposed a way forward that doesn't require tax increases. Nevertheless, I look forward to hearing their opinions.

[Incoming Speaker of the House] Mrs. Pelosi has identified six or seven things that she wants the House to do in the first 100 hours. Can I just mention -- ask you in a bullet-point way just your point on this?

No. (Laughter.)

Minimum-wage increase -- generally supportive or against it?

Generally supportive. But, no, the answer is no, you can't. (Laughter.)

Look, here's the challenge. The challenge is to find out specifically what they have in mind and to explain to them areas where we can work together and can't work together. I'm pleased with our initial round of discussions. I fully understand that they're going to come out with this -- they made it very clear. And I want to work with them on issues where we can find common ground.

On immigration -- you mentioned immigration. Can you envision supporting a deal --

See, now you're getting me to negotiate with myself --

No, no, no, but this is a policy --

Same thing he's trying to do. (Laughter.) It's a classic ploy. (Laughter.)

This is about your policy, Sir, in terms of can you envision a deal in which you would agree with Democrats that would not necessarily have a majority support among Republicans --

Peter, remember the speech I gave right here in the Oval Office?

I remember several.

The one on immigration. I gave a comprehensive speech to the country from the Oval Office, prime time, about how I thought we ought to move forward on immigration. I still feel very strongly about that. And I hope that Congress will join me on a comprehensive bill, and I would hope that the majority of both parties support it.

[Former House] speaker Hastert had a policy that he would not put forward a bill that didn't have a majority support of his caucus. Is that important to you, having majority support of the Republican caucuses?

I'm interested in getting a comprehensive bill out, because I believe it is vital to solving the pressure we have on our border.

One of the interesting things that, if you notice from the recent enforcement activities that ICE took, there are a lot of people who are using forged documents to do jobs Americans are not doing. And my attitude is that there ought to be a way for people to come to this country on a temporary basis and fill those jobs in an open way, a transparent way, that doesn't cause there to be, one, a smuggling operation that's vibrant and making money, a housing operation that is illegal, and a document forgery operation that clearly is in effect.

There is a better way to treat people, and there's a better way to deal with the issue of finding workers Americans are not doing, to fill on a temporary basis. And, therefore, there need -- and that in itself will take pressure off our border. In other words, if

people feel like they can come in on a temporary, legal basis, they're not going to have to sneak in, which in itself does away with -- that in itself does away with this kind of underground industry that has sprung up.

The point I make to you on that is that it's a comprehensive reform of the immigration system that is going to make our borders more secure. I strongly believe that is important, and look forward to working with people on the way forward. It's hard for me to predict the dynamics yet on how the Congress is going to handle the immigration bill. The point I'm telling you is that I think it's vital and necessary, and this is an area where we can work together to get it done.

I'd like to come back to your first statement, because I'd like to expand a little bit. You talked about the size of the military. Colin Powell said on a Sunday show that the Army was nearly broken. Do you believe that's true? And, if so, do you feel responsible for that? Do you --

I heard -- we have been transforming our Army to make it lighter, more lethal and easier to move, and that transformation has been very important. Secondly, we have been changing our force posture around the world to reflect the threats of the 21st century, and that has been a very important reform.

I also believe that the suggestions I've heard from outside our government, plus people inside the government -- particularly, the Pentagon -- that we need to think about increasing our force structure makes sense, and I will work with Secretary Gates to do so. He's going to come back and report --

So is our Army nearly broken, or not?

The people that would know best are those in the Pentagon. I haven't heard the word "broken," but I've heard the word "stressed." I know that we need to -- and my budgetary requests will reflect what a lot of people in Congress have been saying and in the Pentagon, and that is we need to reset our military. There's no question the military has been used a lot. And the fundamental question is, will Republicans and Democrats be able to work with the administration to assure our military and the American people that we will position our military so that it is ready and able to stay engaged in a long war, and this ideological struggle?

Can I ask a hometown question?

Final question -- yes, which one, Crawford, Midland, Houston, Dallas or Washington?

Washington. Do you support a bill that would give the District of Columbia residents a vote in the House of Representatives?

This is a Fletcher question. This is a Fletcher question.

He's not asking about a specific question. We're asking about your broad view on --

Do the residents of the District of Columbia -- should they have a vote in the House?

I will look at what Congress proposes. I will look carefully at what Congress proposes.

But what is your philosophical view of that? Because we've gone to Iraq to provide freedom for people in Iraq, and the people in this country --

I understand that. You're trying to get me to opine on specific legislation that may be forthcoming, and I look forward to working with Congress on that.

I'm actually asking you to opine on general --

That's my answer. (Laughter.)

-- philosophy on whether --

I know what you're trying to ask me to opine on, and I'm answering that there is -- I will look and see what Congress proposes.

Is Vice President Cheney correct, do you believe that secretary Rumsfeld was the best defense secretary?

I think he was one of the finest defense secretaries, and I said that there have been more profound change -- policy change under his leadership than at any time since the formation of the Defense Department.

Thank you.

Bush Calls For Increase In Number Of Troops (USAT)

By Matt Kelley And Tom Vanden Brook

USA Today, December 20, 2006

WASHINGTON — President Bush said Tuesday he wants to increase the size of the Army and Marine Corps to help ease problems caused by wars in Iraq and Afghanistan.

In an interview with The Washington Post posted online Tuesday, Bush said the military needed to grow because "this ideological war we're in is going to last a while."

The new troops, Bush said, would not be added specifically to fight in either Iraq or Afghanistan but would be available for military needs worldwide.

ON DEADLINE: Read the interview

Bush said he directed Defense Secretary Robert Gates to recommend how to expand the military, which Pentagon officials have told Bush is "stressed."

Bush's comments come as he prepares to announce in early January his new plan for the war in Iraq, which has claimed the lives of at least 2,950 U.S. troops since it began in March 2003.

Military leaders and their supporters in Congress have recently stepped up their calls for more troops.

Last week, Army Chief of Staff Gen. Peter Schoomaker said he wanted to increase the 500,000 active-duty Army beyond the 30,000 soldiers that had been authorized in recent years. The Army could add between 6,000 and 7,000 soldiers a year, he told Congress. Without such an increase, Schoomaker said, the Army "will break."

There are about 140,000 U.S. troops in Iraq. Pentagon records show that one-fifth of the Army's soldiers have served multiple tours of duty in Iraq and Afghanistan.

Members of Congress and military experts welcomed Bush's comments Tuesday, saying that a larger military would ease the strain on today's troops.

Rep. Ike Skelton, a Missouri Democrat and incoming chairman of the House Armed Services Committee, "would welcome anyone" supporting a larger military, said his spokeswoman Loren Dealy.

Sen. Jack Reed, D-R.I., and a member of the Senate Armed Services Committee, said in a statement that an increase has been needed for years and called on Bush to fund it in his budget.

"It is imperative that this administration step up and honestly budget for the long-term commitment they have made in Iraq," Reed said.

Adding 10,000 troops, about the size of a division, will cost about $1.2 billion a year, Skelton and Reed said.

It will take two to three years to recruit and train those troops, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said late last month.

It makes sense to increase the military's size regardless of the Iraq war, said Frederick Kagan, a military analyst at the American Enterprise Institute think tank. The military has been short of the troops it needs since the 1990s, Kagan said.

The Iraq war's demand for people and resources means the Pentagon is stretched too thin, according to a report released Dec. 6 by the Iraq Study Group: "A continuing Iraqi commitment of American ground forces at present levels will leave no reserve available to meet other contingencies."

Former Defense Secretary Donald Rumsfeld, whom Gates replaced Monday, resisted increasing the size of the military, Kagan said.

Rumsfeld, Kagan said, "saw soldiers as detracting from the transformation program he wanted the military to go through."

Also Tuesday:

• In Baghdad, 13 men convicted of murder, kidnapping and other crimes were hanged in a televised execution at a Baghdad jail.

• U.S. Sens. John Kerry and Chris Dodd, both Democrats and critics of the Bush administration's Iraq policies, arrived in Syria to talk about efforts to bring stability to neighboring Iraq. The administration has refused direct talks with Syria, which was also recommended by the Iraq Study Group.

• The U.S. military announced the death of a Marine in the insurgent stronghold of Anbar province, bringing to 61 the number of American military personnel killed in December.

Contributing: The Associated Press

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President Wants To Increase Size Of Armed Forces (NYT)

By Thom Shanker And Jim Rutenberg

The New York Times, December 20, 2006

WASHINGTON, Dec. 19 — President Bush said Tuesday that the United States should expand the size of its armed forces, acknowledging that the military had been strained by the wars in Iraq and Afghanistan and would need to grow to cope with what he suggested would be a long battle against Islamic extremism.

"I'm inclined to believe it's important and necessary to do," Mr. Bush said. He said this was an "accurate reflection that this ideological war we're in is going to last for a while, and that we're going to need a military that's capable of being able to sustain our efforts and help us achieve peace."

Speaking in an interview with The Washington Post, Mr. Bush did not specify how large an increase he was contemplating or put a dollar figure on the cost. He said that he had asked his new defense secretary, Robert M. Gates, to bring him a proposal, and that the budget he unveils at the beginning of February would seek approval for the plan from Congress, where many members of both parties have been urging an increase in the military's size.

In interviews on Tuesday, administration officials said the president was speaking generally about the broader campaign against terrorism and was not foreshadowing a decision on whether to send additional troops into Iraq in coming months in an effort to stabilize Baghdad. Any big change in the size of the American military would take years to accomplish.

Mr. Bush told The Post, which excerpted the interview Tuesday on its Web site, that he had not made a decision about sending more troops to Iraq.

Coming the day after Mr. Gates was sworn in as defense secretary, Mr. Bush's comments indicated that the administration was breaking abruptly with the stance taken by Donald H. Rumsfeld, the former Pentagon chief, who championed the view that better intelligence and technological advancements could substitute for a bigger military.

Mr. Bush said his plan would focus on ground forces rather than on the Navy and the Air Force, telling The Post, "I'm inclined to believe that we do need to increase our troops — the Army, the Marines." There are about 507,000 active-duty Army soldiers and 180,000 active-duty marines.

Mr. Bush's comments were his most direct assessment that the armed forces were facing strain so serious that the nation should invest billions of dollars in expanding the military. Asked directly whether the United States was winning in Iraq, Mr. Bush quoted what he called the "construct" of Gen. Peter Pace, the chairman of the Joint Chiefs of Staff: "We're not winning. We're not losing."

The president has come under increasing pressure from allies and critics, including Democrats and Republicans in Congress, and former Secretary of State Colin L. Powell, who have warned that the Army could break under the stress of the demands it faces.

"I also believe that the suggestions I've heard from outside our government, plus people inside the government — particularly the Pentagon — that we need to think about increasing our force structure makes sense, and I will work with Secretary Gates to do so," Mr. Bush said.

Congress authorized a 30,000-soldier increase in the active-duty Army after the Sept. 11 attacks — when the Army stood at about 484,000 — in what was described as a temporary measure. Army officials say they hope to reach that authorized total troop strength of 514,000 by next year and would like to make that a permanent floor, not a ceiling.

To that end, the Army already has drawn up proposals to grow to up to 540,000, with some retired officers advocating an even larger increase.

The active-duty Army peaked at 1.6 million troops during the Korean conflict and stood at just below that figure during the war in Vietnam, before hovering around 800,000 for much of the 1970s and 1980s, according to Pentagon statistics. Following the first Persian Gulf war, which coincided with the collapse of communism in Eastern Europe, the Army's active-duty force dropped first to below 600,000 and then below 500,000 before the increases ordered after the Sept. 11 attacks.

Any decision to increase the size of the Army and the Marine Corps would do little to meet the need for more troops should Mr. Bush order a significant increase of American forces in Iraq in 2007, as it takes considerable time to recruit, train and deploy

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new troops. Gen. Peter J. Schoomaker, the Army chief of staff, said last week that the Army could probably grow by only 6,000 to 7,000 soldiers per year.

Army officials have estimated that for each addition of 10,000 soldiers to the force, it would cost about $1.2 billion.

While it is not likely to determine the administration's decision about a short-term increase in troop levels in Iraq, a substantial increase in the size of the American military could give the United States more flexibility in setting and maintaining troop levels there over the long run. Army officials had already drawn up proposals for sustaining the Iraq and Afghanistan missions by drawing heavily on the National Guard and Reserves over the next several years.

But the prospect of mobilizing large numbers of those part-time soldiers would present Mr. Bush with a hugely vexing political problem as the Republican Party prepares for a campaign to hold the White House in 2008. The administration has promised to limit overseas deployments for the Guard and the Reserve, which have been used extensively since the Sept. 11 attacks.

Pentagon and military officials who were briefed on the president's discussions with the Joint Chiefs of Staff last week said that the classified briefing ranged broader than just how to win in Iraq.

The chiefs argued that the nation must not let the military's other capabilities lapse from commitments of personnel, equipment and money for Iraq, these officials said.

In particular, the chiefs expressed concerns that the United States must show enough strength to deter potential adversaries from aggressive moves based on an assumption that American power was bogged down in Iraq. That led to a discussion on the merits of expanding the military, officials said.

The president's statements were applauded by leading members of Congress who specialize in military affairs. Loren Dealy, spokeswoman for Democrats on the House Armed Services Committee, said that Representative Ike Skelton of Missouri, who will become chairman of the panel in the new Congress, said after Mr. Bush spoke that "Mr. Skelton has long supported the idea of increasing the end strength in both the Army and the Marine Corps."

Senator Jack Reed, a Rhode Island Democrat on the Senate Armed Services Committee, said Tuesday night: "I am pleased President Bush has finally recognized the need to increase the overall size of our military. I have been calling for such an expansion for several years." But Mr. Reed, who served in the 82nd Airborne Division, warned that the battle over troop numbers was not over.

"Now that the president is asking for an increase, he needs to follow through and put the money in the budget to pay for these soldiers," Mr. Reed said. "It is imperative that this administration step up and honestly budget for the long-term commitment they have made in Iraq. If the president doesn't put forward a plan to pay for this in his annual budget request then this announcement is meaningless."

On The War, Determined To Go His Own Way (WP)

By Michael Abramowitz

The Washington Post, December 20, 2006

Ever since Republicans were routed last month in what was widely seen as a repudiation of his Iraq strategy, President Bush has been busily listing why his policies there will not be changing.

There will be no timetable for removing American troops, no high-level dialogue with Iran and Syria, and no slackening of support for the widely criticized government of Prime Minister Nouri al-Maliki. Meanwhile, White House aides are reported to be pushing a major "surge" of troops to Baghdad while preparing a fresh infusion of tens of billions of dollars for the war effort.

Yesterday, in an interview with The Washington Post, while acknowledging that the United States is not winning in Iraq, Bush bluntly dismissed the suggestion that the midterm elections meant voters want to bring the mission in that country to closure. He said he interpreted the election results "as people not satisfied with the progress" in Iraq.

"A lot of people understand that if we leave Iraq, there will be dire consequences," Bush said in the Oval Office. "They expect this administration to listen with people, to work with Democrats, to work with the military, to work with the Iraqis to put a plan in place that achieves the objective. There's not a lot of people saying, 'Get out now.' Most Americans are saying, 'We want to achieve the objective.' "

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The comments were another strong indication of the president's determination to chart his own way forward on Iraq, no matter the election results nor any amount of free advice from senior statesmen of past administrations. Bush may well announce a major drawdown of the U.S. presence in Iraq when he appears before the nation after the turn of the year, but that possibility seems remote after statements from him and his aides that suggest an intention to keep the basic contours of the Iraq policy in place -- and possibly even raise the ante by sending more troops.

"There hasn't been a change from the president," observed Rep. Steny H. Hoyer (D-Md.), the incoming House majority leader. "The president may be trapped in his own policy, sensing, 'If I don't succeed, it will be a huge blot on my record, and so therefore I have no choice but to try to succeed.' "

Hoyer pointedly added: "I don't think the Democratic Congress is going to say, 'Well, that's okay.' "

Clad in a gray suit and red tie, Bush was relaxed and engaged during the 25-minute interview, going out of his way to say how much he enjoys his relationship with the media despite indications to the contrary. At the end, he talked a bit about recent books -- he mentioned having just finished "King Leopold's Ghost," an account of the plundering of the Congo in the late 19th century -- and expressed some befuddlement at the suggestion that some people do not think he reads.

He gestured at the portrait on his office wall of Abraham Lincoln by George H. Story when asked why he has fired no generals when Lincoln fired a number before settling on Ulysses S. Grant. "Is that what triggered your questioning, looking at Abe?" he asked, before explaining how important it was, in his view, to adhere to the command structure at the Pentagon.

As he reviews what to do in Iraq, Bush said he is considering all options and "listening to a lot of good people who have got different opinions about how to proceed." But he left little doubt that he continues to believe in achieving "victory," a goal that many foreign policy experts believe is fast slipping out of reach. When his new policy comes out next month, he said, the American people will see "a new way forward to achieve an important objective, which is a country that can govern, sustain and defend itself."

For the second time in a week, Bush noted the number of dead insurgents, something that he has been extremely reluctant to do, given the way such numerical indicators presented a false picture of progress during the Vietnam War. But perhaps seeking to keep the American people engaged in the unpopular mission, Bush noted that U.S. ground forces in Iraq in the past two months have killed or captured nearly 5,900 people.

"My point in making that point is our troops and coalition troops are on the offense in a lot of areas," Bush said.

Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus, said he could not think of anyone more "stubborn and isolated" than the president. "The American people have spoken, and voices inside and outside the national security apparatus . . . have all come to the conclusion: Doing more of the same and hoping for a different result is not going to be successful," Emanuel said.

More than stubbornness may explain the president's adherence to his basic policy despite election results and polls suggesting a widespread desire for change from the electorate. Frederick W. Kagan, a military historian at the American Enterprise Institute, said it is not at all clear to him that the public wants out of Iraq, and said he believes many pundits have overinterpreted the election results.

Americans "are not going to support a strategy that looks like more of the same, and they shouldn't," said Kagan, who has met with the president to discuss his idea of bringing more troops to Iraq. But he said the electorate may be willing to support a more forceful strategy for victory: "The choice is pretty stark -- between doing what's necessary to win, which includes changing strategy and committing the necessary resources, and losing, and I don't think the American people are ready to lose yet if they think if there is a chance to win."

Bush himself seemed to hang on to this possibility during the interview yesterday. The risk is that if his prescription for what to do in Iraq is insufficiently bold, he will find himself back in the same stalemate six months from now. "If he is unable to change course and he is unable to produce results, he is going to be in trouble," said Democratic pollster Jeremy Rosner, who was on the staff of President Bill Clinton's National Security Council.

But Bush may not be thinking in those terms. "I, of all people, would like to see the troops come home," he said during the interview. "But I don't want them to come home without achieving our objective, because I understand what happens if there's

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failure. And I'm going to keep repeating this over and over again, that I believe we're in an ideological struggle that is -- that our country will be dealing with for a long time."

Rice Confirms President Bush Is Considering More Troops For Iraq (MCT)

By Warren P. Strobel

McClatchy Newspapers, December 20, 2006

WASHINGTON - Secretary of State Condoleezza Rice said Tuesday that President Bush is considering a surge of additional U.S. troops into Iraq to help secure Baghdad - despite strong reservations by some U.S. military leaders and the incoming chairman of the House Armed Services Committee.

"The president has to decide whether he thinks some adjustments in American troop levels and what American troops would do is necessitated by current circumstances," Rice said.

"Anything he considers will certainly look at what can be done about the security of Baghdad," Rice said, describing sectarian violence in the capital as the main stumbling block to a more peaceful Iraq.

Rice said Bush, who's due to announce his new tactics in early January, wouldn't decide before further consultations with new Defense Secretary Robert M. Gates and military commanders.

But a number of active and retired generals already have expressed serious doubts about sending more troops to Iraq, saying there's little likelihood that the 20,000 to 30,000 troops under discussion would make a difference.

Rice's predecessor as secretary of state, retired Gen. Colin Powell, said Sunday that sending more troops would strain the overstretched U.S. Army and wouldn't necessarily do much good.

"What mission is it these troops are to accomplish? Is it to secure Baghdad? In which case, the American Army isn't large enough to secure Baghdad, and we should not use our troops as policemen," Powell told CBS News.

Rep. Ike Skelton, D-Mo., incoming chairman of the House Armed Service Committee, told reporters Tuesday that sending more troops probably wouldn't stop the violence and "could actually exacerbate the situation even further."

The White House sought to play down reports of a rift over Iraq strategy with the uniformed military.

"I think people are trying to create a fight between the president and the Joint Chiefs where one does not exist," White House spokesman Tony Snow said. He confirmed that the president is considering more troops but emphasized that Bush has made no final decisions.

Rice's comments on Iraq came during an hour-long interview with McClatchy Newspapers and other papers, much of which she spent defending U.S. foreign policy in the Middle East and elsewhere from rising public criticism.

On another topic, Cuba, Rice reiterated that should ailing leader Fidel Castro die, the United States won't try to engage his brother, Raul, who's temporarily in charge and is Fidel's presumed successor.

Giving an impression of American outreach "from one dictator to another" would be "the worst betrayal" of Cubans, she said.

With Iraq in near chaos, Palestinian factions fighting in the streets of Gaza, and Iran flexing its muscle throughout the Middle East, Rice's stewardship of foreign policy has come under increasing criticism.

In an implicit rebuke two weeks ago, the Iraq Study Group called on the administration to open talks with Iran and Syria, a move Bush and Rice almost immediately rejected.

Rice dismissed the idea that the administration might back off pushing for democracy in the Middle East, a course that critics say has added to instability and increased the strength of Islamists.

Asked what would be new about U.S. foreign policy in 2007, Rice replied: "Let's talk first about what is constant."

The Middle East, Rice argued, is at a "clarifying moment," with extremists on one side and moderate forces on the other. In the first camp she put Iran and Syria; in the second, mainstream states such as Egypt, Jordan and Saudi Arabia.

In the coming year, "the one possible opportunity is to have a coalescence of these more mainstream, moderate forces," she said. The goal would be to build support for the fragile democratic governments of Lebanon and Iraq, and to make progress toward the establishment of a Palestinian state.

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Rice plans to travel to the Middle East in the first half of January, after Bush's speech on Iraq, to resume diplomacy in the Arab-Israeli dispute.

But the effort is complicated by the failure of Palestinian President Mahmoud Abbas and the Hamas-led Palestinian assembly to form a national unity government.

Rice's critics say that the Middle East she sees - where democracy is slowly but unevenly on the rise - isn't matched by the chaotic reality on the ground.

"I'm not arguing that it's just going great - no," Rice responded. But, comparing the current era to the onset of the Cold War in the late 1940s, she said: "At the beginning of big historical transitions, everything is on the table. Yes, it can go wrong. But yes, it can go right."

Lawmaker Opposes More Troops For Baghdad (WP)

By Walter Pincus

The Washington Post, December 20, 2006

Rep. Ike Skelton (D-Mo.), the incoming chairman of the House Armed Services Committee, questioned the purpose of sending an additional 20,000 U.S. troops into Baghdad, the surge option being mentioned as one strategy change in Iraq being considered by President Bush.

"What is the military mission?" Skelton asked yesterday during a meeting with reporters. "I don't think it will change a thing," he said, adding: Would the added troops "exacerbate the problem by being more targets? Is there something to go after that we don't know?"

Sending 15,000 to 30,000 more troops for a mission of possibly six to eight months is among the proposals on the table in the White House policy review to reverse the steady deterioration in Iraq. Bush has said he will not make up his mind until next month, and after receiving recommendations from his new defense secretary, Robert M. Gates.

Skelton, in a news conference to outline his strategic priorities for the committee next year, took the time to voice his opposition to the surge proposal and, in so doing, seemed to reflect the position taken by members of the Joint Chiefs of Staff. "The time for a troop increase," he said, "was about 3 1/2 years ago, when we initially went into Iraq." Referring to the 2003 suggestion of Gen. Eric K. Shinseki, the Army chief of staff then, that several hundred thousand troops may be needed, Skelton said: "If we had done that, I don't think we would be in the situation we are today."

Skelton told reporters: "I'm not real optimistic about Iraq." During a 25-minute meeting last week that Vice President Cheney attended, "I told the president that personally," the Missouri Democrat said.

Skelton said he told Bush "that we should at least begin to do some redeployment right away to show the American people that we are not there forever [and] to show the Iraqi government . . . that the future of Iraq is in the hands of the Iraqis."

Next year, he said, his committee will focus on Iraq, Afghanistan, the fight against terrorism and "the fixing of U.S. forces." The full panel will provide oversight on Iraq, and the reconstituted oversight investigations subcommittee will explore matters such as the Abu Ghraib prison in Baghdad.

"We're going to look at every issue, and the fact that we will do a stronger oversight should mean something within the administration," he said.

Rice Stands Firm, Embarks On New Push (WSJ)

By Neil King Jr.

The Wall Street Journal, December 20, 2006

WASHINGTON -- This should be Condoleezza Rice's moment.

The secretary of state's longtime rival, former Defense Secretary Donald Rumsfeld, is gone. Her ties to President Bush appear as strong as ever. Her popularity remains high, even as support for the president ebbs. And voices on all sides are calling for more diplomacy, more outreach -- core strengths of the department she heads.

Yet, as she moves into her third year as the nation's top diplomat, she faces doubt over the administration's Iraq strategy and finds herself embattled and increasingly defensive. Criticism of the administration's foreign policy is on the rise, not only among Democrats, but from Republican stalwarts such as former Secretary of State James Baker, and even from close ally Britain.

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Ms. Rice is about to embark on a new diplomatic push in the Middle East to win increased support in Iraq, Lebanon and the Palestinian territories from what she calls "mainstream states" such as Jordan, Egypt and Saudi Arabia.

In a roundtable discussion with reporters yesterday, Ms. Rice firmly defended the administration's current approach in the region and made clear that stark shifts aren't in the offing.

Seeking to counter her critics and to put a positive gloss on the instability now rippling through the Middle East, Ms. Rice touted what she described as "a new opportunity" to get moderate forces in the region "to support the development of stable new governments in Iraq and Lebanon...and to make progress toward the emergence of a Palestinian state that is founded on the same principles."

In trying to solidify this block of moderate states, she said, the U.S. also would be marginalizing Iran and Syria, which she said has become "a sort of handmaiden to Iran."

While the White House continues to weigh changes to its Iraq strategy, Ms. Rice argues that a new alignment is shaping up in the Middle East that offers fresh promise for a new U.S. diplomatic effort. She described a campaign in which the U.S. is calling upon Saudi Arabia, Jordan, Egypt and key Gulf states to help calm the sectarian passions in Iraq, even going so far as to recognize the current Shiite-led government in Baghdad, a move most of Iraq's Sunni neighbors have avoided. U.S. allies in the region also are being asked to ramp up support for the embattled Palestinian President Mahmoud Abbas and for Lebanese Prime Minister Fouad Siniora to weaken Iranian-aided radical groups such as Hezbollah in Lebanon and Hamas in the Palestinian territories.

In exchange, the Bush administration is promising its Arab partners to try to reinvigorate the long-moribund peace talks between Israel and the Palestinians, assuming President Abbas can emerge as a viable interlocutor in place of the Hamas-led government. The U.S. also is reassuring allies it won't pull precipitously out of Iraq.

None of this suggests a dramatic shift in the U.S. diplomatic strategy. Calls for such a shift have soared, especially after the release three weeks ago of the bipartisan Iraq Study Group report, which criticized nearly every aspect of the administration's policies in the Middle East.

Ms. Rice defended the administration's endeavors in the Middle East, including its quest for democracy at the expense of stability, by arguing that the old order in the region was rotten at heart and an incubator for terrorism. "When people speak of returning to the stability of the old Middle East, I wonder, what stability was that?" she said.

This year has offered plenty of frustrations for a secretary of state who took over in January 2005 promising a push to spread freedom around the world.

The administration's biggest gamble, the Iraq invasion, is now widely seen as having backfired in several ways. Iran is surging as a regional power -- and, perhaps soon, as a nuclear one, too. Efforts in the United Nations Security Council to punish Iran over its nuclear ambitions continue to run afoul of Russian objections. Syria's position has been strengthened by the U.S. entanglement in Iraq, while Lebanon next door teeters on the edge of civil war. An emboldened North Korea, months after its first nuclear test, demands wide-ranging concessions from the U.S. and others before making a move to give up its nuclear program.

Ms. Rice has notched some successes. She won a quick U.N. resolution to slap sanctions on North Korea after its Oct. 9 nuclear test, a move that gained the support even of Pyongyang's longtime ally, China. She also won congressional approval of a landmark civilian nuclear deal with India that the administration considers key to a new strategic relationship with New Delhi.

But moving into the administration's last two years, critics say, the big question for Ms. Rice is whether she will hold to the administration's guiding principles -- that you preempt your enemies, but don't talk with them -- or will turn more toward trying to fix pressing problems, no matter who sits at the table.

"She is caught in a very difficult situation," said Aaron Miller, who advised six secretaries of state on Middle East issues and is now a scholar at the Woodrow Wilson Center. "She is showing signs of an emerging pragmatism, but is still locked in a set of principles that give her very little leeway and make it impossible for her to succeed."

Ms. Rice, however, repeatedly looked back to the challenges of the Cold War to argue that the turmoil in the Middle East will turn out for the better. "These are changes that take time," she said, adding that one will not be able to judge the success of the administration's actions for "decades. And I mean decades."

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Budget Chief: 2007's War Costs Will Exceed Projected $110 Billion (USAT)

By Barbara Hagenbaugh

USA Today, December 20, 2006

WASHINGTON — The Iraq war will cost more this year than the $110 billion the Bush administration had forecast, the head of the White House budget office said Tuesday.

Office of Management and Budget Director Rob Portman said there was no firm estimate of the costs for fiscal 2007, which began Oct. 1. When he was asked if the $110 billion estimate was now too low, Portman said, "Yes."

He said the final figure "depends on a lot of things that are not yet decided. One is the policy moving forward."

Portman's statement adds fuel to speculation that the war costs will top last year's record $120 billion. Lawmakers have already approved $70 billion in supplemental spending for the Iraq war this year. The White House will issue a request for supplemental funding for the war in February.

A number of lawmakers, including Sen. Kent Conrad, D-N.D., and Rep. Jim Cooper, D-Tenn., have said they expect the supplemental request to exceed $100 billion, putting the total cost for the year at more than $170 billion.

"We'll review it and scrutinize it very closely," Rep. Ike Skelton, D-Mo., the incoming chairman of the House Armed Services Committee said at a news conference Tuesday of the supplemental request.

Portman said increased tax revenues are helping offset the war's higher price tag, reducing the strain on the nation's budget deficit.

"Revenues are up because of the growing economy," he said. "That has enabled us not just to afford the relatively high supplementals, higher than expected, but also to have a declining deficit."

The Bush administration is trying to offer more information to lawmakers and the public about how much the war is projected to cost, Portman said.

"It's our intention to be more transparent about it than we have been in the past," he said. "It's a tough issue because the military will tell you, it's tough to predict a year out, much less 18 months, 24 months out."

Cost Of Wars Rises (NYT)

By Sheryl Gay Stolberg

The New York Times, December 20, 2006

Government spending on the wars in Iraq and Afghanistan will exceed the Bush administration's original estimate of $110 billion for the 2007 fiscal year, and is likely to top $120 billion, White House officials said. That would set a record for annual wartime spending under President Bush. In an interview, the White House budget director, Rob Portman, said his original $110 billion estimate would "end up being low." Congress has already approved $70 billion in emergency spending for the war, and Mr. Portman's office is preparing an additional emergency request. Mr. Portman said he did not know what the final figure would be, but a senior administration official said it was "highly unlikely" that total wartime spending for 2007 would fall below the record $120 billion spent in 2006.

CORPORATE SCANDALS:

NASD: Morgan Stanley Hid Trove Of E-mail (USAT)

By Greg Farrell, Usa Today

USA Today, December 20, 2006

Broker used 9/11 to avoid request, complaint says

Once again, an old e-mail issue is coming back to haunt Morgan Stanley. For the second time this year, a national regulator has accused Morgan Stanley of stonewalling requests for documents and withholding crucial e-mails from investigators.

The NASD claimed Tuesday that Morgan Stanley hid the existence of millions of e-mails from customers of its Dean Witter brokerage. According to an NASD complaint, executives at Morgan Stanley used the terrorist attacks of Sept. 11, 2001, as an alibi

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for their inability to produce a massive trove of e-mails sought by customers who felt they'd been burned by bad advice from Dean Witter brokers.

The firm's e-mail servers were, in fact, destroyed in those attacks, the NASD acknowledged. But by Sept. 17, 2001, the company was able to use emergency backup tapes to restore all e-email through Aug. 30, 2001, to the Morgan Stanley internal database.

Nevertheless, from October 2001 through March 2005, Morgan Stanley executives rebuffed requests from customers and regulators for internal e-mails predating the attacks, claiming they had been destroyed. The NASD alleged Morgan Stanley compounded that error by allowing the pre-Sept. 11 e-mails to be gradually overwritten on the company's internal system and lost forever.

The Securities and Exchange Commission settled a similar matter with Morgan Stanley in May, extracting a $15 million fine. But the SEC settlement only involved the firm's failure to provide documents to regulators. It didn't address the alleged harm done to customers who had filed arbitration claims against Dean Witter.

The NASD action specifically charges that Morgan Stanley hurt retail investors who filed arbitration claims against the brokerage firm. By denying those investors access to e-mails in the years leading up to September 2001, Morgan Stanley made it nearly impossible for its customers to present evidence on their own behalf.

In March 2005, during a civil trial brought against it in Florida, Morgan Stanley admitted the existence of the pre-Sept. 11 e-mails. Since then, the firm has pledged to cooperate with regulators.

But in a statement Tuesday, Morgan Stanley said it would fight the NASD's action. "Current management has made extensive efforts to reach a fair and appropriate settlement of this matter, but the NASD's disproportionate and unprecedented demands leave us no choice but to litigate. We look forward to having this issue heard by an impartial hearing panel."

Morgan Stanley reported fiscal 2006 earnings up 44% to $7.5 billion on Tuesday. Its stock rose $1.33 to $81.70.

Morgan Stanley Used 9/11 As Excuse, NASD Says (WSJ)

By Jaime Levy Pessin

The Wall Street Journal, December 20, 2006

Complaint Alleges Emails Linked to Arbitration Cases Weren't Lost After Attacks

Morgan Stanley used 9/11 as an excuse for failing to produce millions of emails in hundreds of arbitration claims, even though it turned out not to be the case, the National Association of Securities Dealers charged yesterday.

The NASD is proceeding to litigate the case after the big Wall Street firm declined to settle it.

In its complaint, the NASD alleges that the brokerage arm of Morgan Stanley falsely claimed millions of its emails were destroyed in the Sept. 11, 2001, terrorist attacks on the World Trade Center, where Morgan Stanley had a large brokerage operation. The complaint alleges that the firm recovered most of those emails within days of the attacks.

"There was a lengthy attempt to reach the settlement," said James Shorris, the NASD's enforcement chief. "Had the firm been willing to settle this appropriately and compensate all the individual investors who had been hurt, we would have been happy to settle it."

According to people familiar with Morgan Stanley's position on the matter, the firm was willing to compensate some investors whose claims might have been affected had the emails been produced. They said the NASD wanted the firm to compensate more than 1,000 investors who filed arbitration claims between October 2001 and March 2005, even if those claims were without merit altogether, or didn't involve email at all.

In an emailed statement, Morgan Stanley called the NASD's settlement demands "disproportionate and unprecedented."

In its statement, Morgan Stanley said that once its prior management realized backup emails were available, it informed regulators and lawyers, built searchable databases, produced newly discovered emails and cooperated fully with the NASD.

While the NASD charges focus on arbitration cases involving small individual investors, Morgan Stanley's document-retention problems also played a large role in litigation between the firm and investor Ronald Perelman. In 2005, a Florida state court ruled against Morgan Stanley in a case focused on the firm's actions surrounding the sale of a company controlled by Mr.

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Perelman to Sunbeam Corp., which was a Morgan Stanley client. The court railed against Morgan Stanley's repeated inability to produce documents, and the jury awarded Mr. Perelman $1.58 billion. Morgan Stanley has appealed that verdict.

Last year, Morgan Stanley paid $15 million to settle a civil lawsuit with the Securities and Exchange Commission over failure to produce tens of thousands of emails during probes of conflicts of interest among Wall Street analysts and other issues between late 2000 and mid-2005.

Morgan Stanley's brokerage-unit email servers were kept in its World Trade Center offices at the time of the terrorist attacks on lower Manhattan. Although the servers were destroyed, the NASD's complaint says, the firm was able to restore millions of emails by using backup tapes.

Despite restoring the emails, the NASD alleges, Morgan Stanley repeatedly told regulators and investors involved in arbitration claims that all emails had been destroyed. The complaint also says that when Morgan Stanley discovered that backup copies of emails still existed, "it made the affirmative determination not to preserve the restored messages or the tapes used to restore them to the servers."

According to the NASD's complaint, many arbitration proceedings were concluded between October 2001 and March 2005 "without the benefit of potentially valuable evidence that [the firm] possessed but falsely denied having."

Because of the nature of the NASD's arbitration process, it is unlikely investors will be able to reopen their claims should old emails turn up, Mr. Shorris and lawyers who represent investors said. Mr. Shorris said he didn't think Morgan Stanley's behavior rose to the level of fraud -- one of the conditions that would allow investors to reopen their cases.

Instead, Mr. Shorris said, his top priority in litigating the case will be to seek a remedy that will directly benefit investors whose claims may have been dismissed unfairly: possibly a new process to adjudicate claims, possibly direct compensation or possibly a combination of those options.

Since Sept. 11, 2001, Morgan Stanley has been involved in scores of arbitration cases, regulatory settlements and legal judgments in which it said it couldn't produce email evidence. Morgan Stanley told one Kansas City investor her files were destroyed even though there were no trades in her account until October 2001. The firm blamed a "simple and honest mistake," apologized and agreed to settle.

But last year, the firm informed regulators and lawyers for individual investors that it had discovered email sources thought to have been destroyed in the World Trade Center. The email sources were discovered as part of an internal review of email retention related to the Perelman case, according to people familiar with the matter.

Lawyers who represent investors cheered the NASD's complaint against Morgan Stanley. "It's long overdue," said Charles Austin, a Richmond, Va., lawyer who had a client denied documents that had supposedly been destroyed in the terrorist attacks. "Morgan Stanley repeatedly misrepresented the status and existence of emails and some of the stories they told were patently incredible."

--Susanne Craig and Jed Horowitz contributed to this article.

Write to Jaime Levy Pessin at jaime.pessin@dowjones.com1

Firm Accused Of Deleting Missing E-Mail (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, December 20, 2006

Morgan Stanley Said Files Were Lost After Sept. 11

Securities regulators charged Morgan Stanley DW Inc. with failing to hand over millions of e-mail messages to investigators and plaintiffs by falsely saying that the documents had been lost in the Sept. 11, 2001, terrorist attack on the World Trade Center, according to a complaint filed yesterday.

The NASD alleged that the retail brokerage destroyed nearly 8 million electronic messages between September 2001 and March 2005, a period when documents preserved on backup tapes and on the computers of individual employees were deleted during the normal course of business.

Morgan Stanley had told regulators and plaintiffs seeking to recover money lost in disputes with company brokers over investment strategy that its computer servers had fallen victim to terror attacks in New York. Documents dated before Sept. 11

were no longer available for review, the company said. In fact, the firm had backed up its systems as of Aug. 30, according to investigators.

"The firm's actions undermined the integrity of the regulatory and arbitration processes, potentially leaving in question the validity of the outcomes in hundreds of cases," said James S. Shorris, head of enforcement at the NASD.

Investors have little hope of reopening their arbitration cases, however, because they are unlikely to meet the high standard for doing so, legal analysts said. To prevail, investors would need to prove that individual Morgan Stanley brokers intentionally withheld the e-mail messages or committed fraud -- accusations the NASD stopped short of making yesterday.

Settlement talks collapsed after the NASD sought to recover money for the arbitration plaintiffs, many of whom expressed little interest after they received notice of the e-mail breakdown in March 2005, according to Morgan Stanley officials.

"Current management has made extensive efforts to reach a fair and appropriate settlement of this matter, but the NASD's disproportionate and unprecedented demands leave us no choice but to litigate," the firm said in a written statement.

In its complaint, the NASD said Morgan Stanley was able to rebuild its e-mail system and restore 11 of its 12 computer servers within days of the attack. Even more messages remained in the inboxes of individual employees, regulators said. But by last year millions of the pre-Sept. 11 e-mails had been deleted, leaving only 500,000 for regulators to examine.

The failure to hand over documents affected a since-settled NASD probe into fees Morgan Stanley had charged investors, as well as other requests by the New York Stock Exchange and the Massachusetts Securities Division.

"Arbitration lawyers have been complaining for years that Morgan Stanley was hiding the ball," said Jacob H. Zamansky, a lawyer who represents investors in arbitration cases.

It is not the company's first run-in with regulators. Earlier this year Morgan Stanley & Co., a separate unit for institutional clients, agreed to pay $15 million to settle Securities and Exchange Commission charges that it failed to produce documents related to a pair of enforcement probes. In March 2005, a judge in Florida criticized the same unit for withholding evidence in a case filed by financier Ronald O. Perelman.

Two years ago, Morgan Stanley's brokerage arm paid $250,000 to resolve separate NASD charges that it failed to comply with obligations to turn over papers in arbitration cases.

Plan Unveiled To Scrap A Sarbanes-Oxley Rule (WP)

By Carrie Johnson

The Washington Post, December 20, 2006

Accounting industry overseers yesterday scrapped an audit rule targeted by businesses as expensive and burdensome, proposing looser guidelines that would direct accountants to focus on the integrity of corporate managers and the most risky aspects of a company's financial reports.

The proposal is designed to address the most contentious part of the 2002 Sarbanes-Oxley law, passed by Congress after problems at Enron and WorldCom tarnished the reputation of the accounting profession and rocked investor confidence.

The planned changes to a rule that requires auditors to review the financial controls of their client companies come after more than two years of complaints by businesses large and small. The overhaul marks one of the most significant concessions by regulators in a broad campaign by trade groups to make corporate rules and laws more flexible.

Criticism over the rule and charges that it is prompting fewer companies to list their shares on U.S. markets have gathered momentum in recent months, which was acknowledged by Mark W. Olson, chairman of the Public Company Accounting Oversight Board. The proposed change, which will be subject to more than two months of public comment, "will help transform the rule into a cornerstone accomplishment rather than a provision that continues to be associated with adverse market trends," Olson said.

At its core, the proposal cuts the current rule by one-third -- to 65 pages from 180. It is intended to eliminate unnecessary or duplicative work by the nation's largest accounting firms, which have posted steep profit gains for the past few years as a result of the rule and the reluctance of companies to push back against it in the post-Enron environment.

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Members of the accounting board debated whether the plan would result in substantial cost savings, with at least one expressing a measure of skepticism. It may be two years or more before the economics become clear, said Bill Gradison, who urged "a strong need for patience."

Under the plan, which could be revised based on public feedback, auditors would be allowed to use the work of internal accountants and corporate managers as well as refer back to their own work in previous years. They would be given new instructions on such costly and resource-intensive issues as how many corporate offices they must visit. And they would be told that they no longer need to test controls that relate to "a large portion" of their clients' assets, language that was harshly criticized in comment letters from managers as too onerous.

The plan would require auditors to look for problems that have a "reasonable possibility" of producing a weakness in a company's finances. The current provision instructs auditors to consider issues with a "more than remote" chance of causing trouble.

Instead, auditors would be encouraged to examine how companies close out their books at the end of each quarter and to scrutinize managers' integrity and ability to overrule in-house accountants. Among the items auditors would be explicitly told to consider under the new proposal is whether corporate managers' compensation is tied to the financial performance of the company, an issue that affects the independence of the managers' judgment.

In a change that observers said would significantly reduce costs and the number of audit hours, the accounting board proposal would throw out a requirement that auditors assess how well management reviewed internal controls -- focusing instead on a single assessment of how the controls are working.

When working with companies with market capitalization of between $75 million and $787 million, accounting firms would be urged to focus on such issues as the number of people in the financial unit, the number of the company's business lines, and the complexity of the company's operations. Smaller companies would not automatically win less-intense reviews from auditors.

Charles D. Niemeier, a member of the accounting board, said the current rules work for small companies, noting that more than 18 percent of companies with market capitalization of less than $787 million had discovered control weaknesses during the first year of reviews. But that figure was halved during the second year -- evidence, he said, that rigorous reviews were uncovering mistakes that are important to investors.

Regulators had predicted that the changes could take effect as early as March or April, in time for next year's audit season. But disagreement between the accounting board and the Securities and Exchange Commission over the extent of the concessions hindered the process. Officials now say the new rule will likely be adopted next summer. Small businesses recently won another compliance extension and will not be required to adopt the proposal until the end of 2008, meaning that it could take until 2009 to determine how much the reviews will cost.

Rulemakers called the changes substantial but vigorously denied that they would lead to fewer protections for investors. "This proposal does not diminish or water down" the existing rule, said Kayla J. Gillan, another accounting board member.

Will Backdating Scandal Thwart Effort To Roll Back Reforms? December 20, 2006; Page A2 (WSJ)

By Alan Murray

The Wall Street Journal, December 20, 2006

A few bad apples. That was the oft-heard line taken by corporate leaders back in 2002 and 2003, after the meltdowns of Enron, WorldCom, Tyco and Parmalat. A few miscreants, they argued, shouldn't be allowed to tarnish the entire corporate world.

But this year's backdating scandal has eliminated the last echoes of that defense. More than 120 companies have been implicated in what all but a few hardy holdouts now acknowledge is simple theft. As one former chairman of the Business Roundtable told me: "Those guys were caught with their hands in the cookie jar."

Clearly, something's amiss in the orchard. A new study out this week helps explain what that might be. Three scholars -- Lucian Bebchuk, Yaniv Grinstein, and Urs Peyer -- have run the numbers on 29,000 grants of stock options to directors, and found that 9% of them were "lucky" -- that is, they occurred on a day when the stock price hit a monthly low. "Lucky" is in quotes, because the authors clearly believe that many, if not most, were the result not of luck but of backdating.

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Options were originally given to directors to align their interests more closely with those of shareholders. But the new study suggests in many cases that options have had a very different effect, tying directors more closely to management. "Directors' grant events were more likely to be lucky when executives, and especially the CEO, also received a grant on the same date," the study concludes.

One more finding of note: The "lucky" grants were more common in the days before Sarbanes-Oxley, which sets tight deadlines for reporting option grants. But they continued after the corporate-reform law was passed, suggesting the problem hasn't been solved.

The backdating brouhaha has occurred just as the business community is gearing up to roll back rules put into place after the 2002-2003 scandals. The Securities and Exchange Commission last week announced plans to relax Sarbanes-Oxley requirements for smaller companies. In addition, the Justice Department said it was revising some of the tougher prosecution practices it adopted in the wake of those scandals. And the Committee on Capital Markets Regulation, a private group acting with the blessing of Treasury Secretary Hank Paulson, recently recommended more sweeping changes, including measures to limit class-action securities lawsuits.

The prevalence of backdating raises the question: Has the corporate-reform movement really gone too far? Or has it not gone far enough?

Assemble a room full of CEOs and you will find no doubt that it has gone too far. They'll regale you with stories about the excesses of litigation, the terror tactics of prosecutors who threaten to indict entire companies and the pointless costs of Sarbanes-Oxley Section 404, which requires outside audits of companies' internal financial controls. Fill the room with unionists, shareholder advocates and academics, and you'll hear tirades against the inconceivable greed of CEOs, who despite eight-figure paychecks feel the need to break the rules to make even more money.

In the midst of this rancorous debate, Ira Millstein, who has long labored in corporate governance, is the rare voice of sanity. Mr. Millstein, senior partner at Weil, Gotshal & Manges, rightly argues that some of the post-Enron reforms have gone too far. Indeed, he surprised and angered many of his left-leaning friends in academia and elsewhere by signing on to the report of the Committee on Capital Markets Regulation.

Many of those recommendations make good sense. Section 404 of Sarbanes Oxley was a classic case of legislative overreach, imposing excessive burdens on small companies, and discouraging foreign companies from listing shares in the U.S. The Justice Department's much-discussed "Thompson memo" was also the product of overreaction, allowing federal prosecutors to adopt the bullying tactics favored by New York's former attorney general, Eliot Spitzer. And class-action securities lawsuits, while not new, continue to be an overused tool. On all of these, some rollback would be welcome.

But in return for those changes, Mr. Millstein wants "the grand bargain." Instead of more regulation, more prosecution and more litigation give shareholders more power to oversee the companies in which they invest. Make it clear, once and for all, that directors really do work for shareholders, not for management, by giving shareholders the power not only to remove directors, but also to nominate them, without engaging in costly proxy battles.

The commissioners of the SEC are considering changes that move in this direction, and the business lobby in Washington has launched a determined battle to stop them. For corporate leaders, shareholder democracy may be a frightening prospect. But it beats the alternatives.

The Enron Pendulum (FT)

Financial Times, December 20, 2006

Five years after the Enron debacle, the pendulum seems to be swinging back towards a lighter form of corporate regulation in America. Over the past week, the SEC and justice department have both announced changes in the methods they use to keep corporate America honest. They were reacting to criticism from business, which complains of an excess of zeal in the post-Enron period - and that is good news, not just for corporate America, but for the investing public.

But serious concerns remain over whether the justice department, for its part, has done enough to rein in abusive practices that have become all too common post-Enron. Last week the head of the department's white collar crime fighters, Paul McNulty, announced new guidelines for prosecutors: from now on, they will have to get approval directly from him if they want to ask a

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company to waive the confidentiality that normally protects communications with its lawyers - and if the company refuses, it can no longer be penalised for doing so. Prosecutors will also be forbidden, in most cases, from putting pressure on companies to cut off legal fees to employees involved in an investigation.

So far, so laudable. For too long, prosecutors have abused their power by demanding that companies show their willingness to co-operate with the government by waiving the sacred privilege that normally protects communications with their lawyers. Faced with the corporate equivalent of the death penalty - an indictment that could mean bankruptcy - few dared to refuse the prosecutor's demands.

Now, at least in theory, they can "just say no"; but will they? It seems unlikely. For in one important respect, the changes appear more semantic than real: prosecutors may not penalise companies for refusing to disclose communications with their lawyers - but they may still reward them for doing so. The end result is the same: you waive, or you lose. With a nod and a wink, any half-clever prosecutor can circumvent the new requirement that the top cop sign off on all waiver requests - and the post-Enron "culture of waiver" could easily remain unchanged.

That would be bad news for corporate America and the investing public: companies need legal advice to obey complex laws; if they cannot get it - without the risk that what they say will be revealed to the government in a subsequent investigation - they may not try to obey the law at all. That could defeat the purpose of the post-Enron corporate crime crusade: to create a culture of compliance that encourages companies to do the right thing, without having to be prosecuted.

Congress must keep the heat on the prosecutors. Unless they change their tactics, as well as their rhetoric, legislators should step in to make sure that the prosecutorial abuses of the past few years are firmly behind us.

The 'McNulty Memo': Real Change, Or Retreat? (LAW)

By Marcia Coyle, The National Law Journal

Natinoal Law Journal, December 20, 2006

In the wake of newly revised guidelines for federal prosecutors investigating and prosecuting corporations, the key question, according to white-collar criminal defense lawyers, is: Are the guidelines meaningful change or strategic retreat?

William McGuinness, chairman of the New York litigation department at Fried, Frank, Harris, Shriver & Jacobson, believes the answer is clear:

"I regard it as strategic retreat -- when you're going to lose a battle, you back up to the point you think you can defend," he said.

The McNulty memorandum, issued by Deputy U.S. Attorney General Paul McNulty last week, revises the controversial Thompson memorandum, which was widely criticized as creating a culture in which prosecutors routinely demanded waiver of the attorney-client and work-product privileges as evidence of cooperation with an investigation.

But, McGuinness said, "The fact is it continues to embrace the notion that under certain circumstances the Justice Department can consider waiver of the privilege in making its charging determinations. I think that's wrong."

Many defense lawyers, legal scholars, and members of a broad coalition of business and civil liberties groups that had lobbied intensely for changes in the Thompson memorandum echoed McGuinness' skepticism. As they digested the 21-page McNulty memorandum, they saw the following "flaws" or problems in the government's new approach:

The guidelines are internal policy, unenforceable at law, and there is no remedy per se if a prosecutor fails to follow them.

The guidelines create two new categories of information sought by prosecutors; both contain privileged materials but they require different standards for department approval of waiver requests by prosecutors. Those categories are unlikely to be recognized by courts or accepted by third parties seeking the waived materials.

The pressure to waive privilege is unabated under the guidelines because although they prohibit prosecutors making charging decisions from considering a corporation's refusal to provide "the most sensitive" attorney-client information, they do allow favorable consideration when a company agrees.

Prosecutors in making a decision to bring charges may not consider a corporation's advancement of attorney fees to employees, except when it was done to impede the government's investigation -- a standard that may be too easy to meet.

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The guidelines continue to allow prosecutors weighing a corporation's cooperation to consider joint defense agreements, information-sharing between a corporation and employees about a government investigation, or a corporation's retention or failure to sanction employees who assert Fifth Amendment rights.

"I think the Department of Justice is somewhat on probation here," said Craig D. Margolis, partner in the Washington office of Houston's Vinson & Elkins.

If the guidelines are not implemented according to their terms and the department simply becomes a rubber stamp for prosecutors' waiver requests, he said, "I think there will be a hue and cry out of corporate America, and we'll see Congress stepping in."

NEW PROCESS

The revised guidelines basically create a two-tiered approach for prosecutors' requests for protected materials.

For Category 1 materials -- factual information such as key documents, witness statements or purely factual interview memoranda -- the prosecutor first must seek approval from the U.S. attorney, who must consult with the assistant attorney general of the Justice Department Criminal Division before approving the waiver request.

For Category 2 materials -- attorney-client communications, legal advice or nonfact attorney work product -- the U.S. attorney must obtain written approval from the deputy attorney general.

Prosecutors also must establish a legitimate need by addressing four factors, such as whether alternatives to waiver are available. Prosecutors may not consider in their charging decisions a corporation's refusal to provide Category 2 materials, but they can consider favorably a corporation's compliance with the request. And they can consider a corporation's decision to refuse to provide Category 1 factual information.

Stephanie Martz, director of the white-collar crime project at the National Association of Criminal Defense Lawyers, called the two new categories of protected materials "very deceiving." Category 1, she explained, is described as purely factual materials, but includes witness statements and interview notes.

"They apparently are supposed to be just devoid of opinion work product, but that's pretty close to the line," said Martz. "Courts are all over the place on what kind of waiver it is when you turn over witness statements. The notion that it is just factual has not been universally accepted."

But former federal prosecutor Jonathan Rosen, a white-collar criminal defense attorney in the Washington office of Boston-based Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, said the McNulty memo is a "significant departure" from prior practice.

Removing the waiver decision from the line prosecutor and requiring an objective showing of need, he said, should eliminate the often wildly varying and arbitrary enforcement of waiver requests in certain jurisdictions.

Ronald C. Minkoff, a litigation partner and attorney ethics specialist at New York's Frankfurt Kurnit Klein & Selz, countered, "Even for the most core attorney-client privileged information, the prosecutor could pass that test without any major problem. If the issue is the need for the information, there's almost always the need. On the other hand, if enforced strictly, it can be useful in curbing whatever abuses there have been."

Also significant, said Rosen, is that the memo changes the department's practice to conform with Southern District of New York Judge Lewis Kaplan's ruling on legal fees in the government's litigation against KPMG. Kaplan found that prosecutors effectively coerced the accounting firm into cutting off all payments of fees and expenses of indicted employees -- a violation of their Fifth and Sixth amendment rights.

The guidelines prohibit prosecutors from considering the advancement of attorney fees in their charging decision, except where the fees and other facts show an intent to impede the investigation. Rosen said that fees combined with, for example, joint defense agreements or failure to terminate employees who refuse to cooperate, could be sufficient for prosecutors to use the exception.

Forrester CFO Resigns Amid Options Probe (AP)

AP, December 20, 2006

Forrester CFO Resigns After Internal Probe Finds Stock Option Grant Irregularity

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CAMBRIDGE, Mass. (AP) -- Forrester Research Inc. said late Tuesday its Chief Financial Officer and Treasurer Warren Hadley resigned after an internal investigation found irregularities regarding an option grant for 5,000 shares made to him in 1999.

The initial findings resulted from a probe started by the audit committee of Forrester's board. The committee has hired independent counsel to conduct the investigation and Forrester said it informed the Securities and Exchange Commission.

The impact of the grant to Hadley is not financially material, but the review is still in the early stages, Forrester said.

"Forrester is unable to speculate whether, when the investigation is complete, there will be any material impact on current or prior financial statements," the company said. "Any adjustments that would be required are expected to be non-cash, stock compensation charges and related tax benefit or expense."

A total of 105 companies are currently under SEC or Justice Department scrutiny regarding past stock option grants and accounting practices, and at least 90 other firms have launched or completed internal reviews, according to an AP review. Hadley is one of now 60 senior executives, including 18 chief executives and a dozen other finance chiefs, who left 33 companies as a result of the various probes.

George F. Colony, Forrester's chairman and chief executive, will also serve as acting CFO while the company searches for Hadley's replacement.

Shares of Forrester dipped 5 cents to end at $28.85 on the Nasdaq.

Love Thy Lawyer (WSJ)

By Bruno Cova And Leigh Dance

The Wall Street Journal, December 20, 2006

The short-term risk most likely to influence a company's future today is legal risk and its consequences. Just look at the crises that hit ABB in 2003, Marsh & McLennan in 2004 or Hewlett Packard late this year. Several factors are driving legal risks to the forefront: aggressive development and enforcement of regulations in the U.S. and Europe; more cooperation and communication among regulatory authorities world-wide; and a public and media happy to punish companies that appear to "misbehave" or break their promises.

A regulatory investigation or an abrupt fall in share price often triggers costly disputes and litigation, followed by management reorganizations, fines, takeovers, loss of market share, and more binding regulations and regulatory policing. A poorly handled legal problem can push a successful company into insolvency, prevent the achievement of business objectives, and cost the jobs and reputations of chief executives and board members.

Often, what initially seems to be a marginal legal issue -- a regulatory approval or a violation of banking regulations in a remote subsidiary, for example -- grows into a bet-the-company type of risk. And even once the threat or problem is resolved, legal disputes and regulatory inquiries may linger on for years in other jurisdictions, causing far-reaching damage and costly distraction. Just consider the competition problems Microsoft still faces in Europe, years after the company settled with U.S. authorities.

Boards, particularly of European and Asian companies, sometimes fail to leverage their company's legal department to prevent a legal problem or to advise them in a crisis. Directors may spend hours discussing finance or audit issues related to a financial-disclosure issue, but often they have never met with the general counsel and are unaware of the available legal resources.

A duly empowered legal department can help directors govern better, and shield them from liability. Legal and regulatory issues can be a huge driver of a company's strategy: Think of how the European energy industry has transformed itself as a consequence of EU regulatory changes. They can also be key tools for achieving a business objective or prevent a competitor from reaching it, as demonstrated by the recent wave of protectionist measures introduced to thwart cross-border takeovers. Once a problem has erupted, it is often the legal response that determines whether and how quickly a company recovers, as in the skillfully handled crises at Tyco, Marsh & McLennan, Royal Dutch Shell and others.

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Some boards' failure to pay attention to legal issues is even more surprising considering that, more and more often, authorities explicitly direct corporations to identify and demonstrate how they are reducing legal risks, such as implementing compliance programs. Increasingly, regulators sternly punish those who fail to do so.

Compliance reaches deep into the company's operations, and therefore problems are not easy for directors to spot. This is why the legal compliance function is critical. At the first sign of a serious problem, the chief legal or compliance officer can alert the board quickly. An internal investigation may be merited in any of the company's activities, anywhere in the world.

European and Asian companies are beginning to follow America's lead in building highly capable legal teams that know the business intimately. Many in-house counsels of Europe's (and, to a lesser extent, Asia's) leading companies have far more compliance and risk-management responsibilities, including tracking legal and regulatory compliance throughout the company. The general counsel and chief compliance officer have demanding roles: They implement and oversee internal controls, support ongoing business transactions, and manage in-house and outside advisers across broad territories.

But while the position of the corporate counsel has improved, there is still a ways to go, particularly in Europe and Asia. No longer can in-house lawyers be seen as narrow legal practitioners, called in to rubber-stamp a decision. They must work along side business management.

Besides assisting the board with internal controls to defend against a crisis, in-house counsel can shed light on opportunities unfolding in the business. Laws and regulations can be used to find the most efficient route to enter certain markets, or to better defend market share and retain key intellectual property assets. Early and consistent interaction with the general counsel puts directors in a far better position to help the company compete effectively and deliver shareholder value.

Because they can provide additional armor for directors and help protect the company overall, general counsel (and where they exist, chief compliance officers) need to communicate freely with the board. Often they are disarmed by reporting relationships that don't allow proper access to executives and directors, or that discourage directors from exercising effective control of the legal function.

Chief executives and directors of international companies should be more interested than ever to link to the general counsel and to ensure that the legal department has the talent, tools and structure to effectively inform corporate governance.

If you are a director and are not sure about your company's status on these issues, beware. What you don't know may hurt you. We know that you want to avert crisis or scandal, minimize loss, and maximize the company's ability to grow profitably. On your way to the boardroom, don't forget your legal shield.

Mr. Cova, who was chief legal adviser to Italy's Parmalat during its restructuring in 2004-05 and previously general counsel of Fiat, is co-managing partner of Paul Hastings's Milan office. Ms. Dance is president of ELD International, a consultancy to global law departments and law firms.

Amtrak Fires Five In Midst Of Congressional Probe (LAW)

By Anna Palmer, Legal Times

Law.com, December 20, 2006

New Amtrak President Alex Kummant engineered a major management restructuring Monday, firing five top officials and naming Eleanor Acheson, assistant attorney general for policy development under President Bill Clinton, as the passenger rail's general counsel.

The move comes after a call earlier this month by outgoing House Transportation and Infrastructure Committee Chairman Don Young, R-Alaska, and Rep. John Mica, R-Fla., for the Department of Justice to investigate Amtrak's legal department and outside counsel after the release of an inspector general's report, which found that Amtrak mismanaged more than $100 million in legal bills. The congressmen also called for Amtrak's inspector general to further investigate Manatt, Phelps & Phillips' expenses and billing of secretarial work.

In a Dec. 18 letter to Amtrak employees, Kummant announced the firing of Chief Financial Officer David Smith, Assistant Vice President of Transportation Thomas Schmidt, Police Chief Alfred Broadbent, Vice President for Marketing and Sales Barbara Richardson, and Vice President of Corporate Communications William Schulz. The letter also stated that Acheson will replace Alicia Serfaty as general counsel and corporate secretary.

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"While change can be difficult, this reorganization is the result of a great deal of consideration," Kummant said in the letter. He also said the "restructuring and personnel changes put in place the team that will drive the vision and the future of our company."

Amtrak spokesman Cliff Black says the changes were not a response to the inspector general's report on its legal department. "I can't associate it directly with the report. Corporate reorganizations are common under new CEOs. This is no different than that of any other large corporation under new leadership."

Serfaty has headed up Amtrak's 160-person legal department since 2002. Until Acheson comes on board in mid-January, Joseph Bress, Amtrak labor relations vice president, will serve as acting general counsel. According to the Kummant letter, Serfaty will remain at Amtrak and will "assist Kummant in the transition period" in her new position as counsel to the president. The New York Times has reported that Serfaty would act in that capacity for three months, but Black could not confirm whether or not Serfaty's position was temporary. No other personnel in Amtrak's legal department have been fired.

Acheson headed the Justice Department office responsible for vetting judges under Clinton. After leaving the Justice Department in 2001, Acheson moved to the National Gay and Lesbian Task Force's government affairs department.

Kummant declined to be interviewed for this story.

Despite the changes, the House Transportation and Infrastructure Committee's Amtrak oversight is far from over.

"We've been through the Acela fiasco, the brake fiasco, the food service fiasco and now the latest is the legal fiasco," says Mica, who will be the ranking Republican member on the House Transportation Committee in the next Congress.

More than 200 Amtrak employees outside the legal department have been fired for theft or financial irregularities in the past couple of years.

"Some people say I'm Amtrak's biggest opponent. I'm actually the strongest supporter of a national passenger rail system and high-speed rail system," says Mica. "But I want to bring in some of the efficiencies that the private sector can bring in."

Mica says he plans to unveil a major legislative initiative early next year to revamp the northeast corridor and high-speed rail system. Amtrak's inspector general is expected to report back to the House committee regarding Manatt's legal bills by February.

Municipal Bond Attorney Group To Warn Members On Bid Rigging (BLOOM)

By Christine Richard And Darrell Preston

Bloomberg, December 20, 2006

Dec. 19 (Bloomberg) -- The National Association of Bond Lawyers, a group of attorneys who advise U.S. state and local governments on borrowings, plans to warn members about anti- competitive practices amid a growing government probe of the municipal bond market.

The Justice Department investigation into potential bid- rigging in municipal investment contracts prompted the Chicago-based association to schedule a conference call with members to review potential abuses, said Carol Lew, president of the group and a public finance lawyer at Stradling Yocca Carlson & Rauth in Orange County, California.

``We need to educate our membership as to what's going on and how people should be handling things," said Lew. ``We do not know how pervasive any of this wrongdoing is. It may be a few isolated cases or it may be worse than that."

U.S. state and local governments that borrow in the almost 200-year-old municipal debt market rely on the opinions of attorneys and advisers to assure potential investors that their bonds clear requirements by the Internal Revenue Service and will remain tax-exempt. The IRS can publicly reprimand, suspend or disbar attorneys from representing clients before the agency for reasons including ``incompetent or disreputable" behavior or misleading a client with ``intent to defraud," according to the agency's Web site.

The Justice Department's criminal investigation stems from an IRS review that found municipal bond deals robbed federal taxpayers of more than $100 million.

Subpoenas, Raids

Prosecutors are trying to determine whether banks and brokers conspired to fix prices on the financial products municipalities buy to invest proceeds that aren't spent immediately on schools and sewers. The Justice Department last month

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subpoenaed more than a dozen financial firms and seized documents from three brokers in a search for bid rigging in the broadest criminal probe of the market where local governments have $2.3 trillion of debt outstanding.

Among the deals reviewed by the IRS was the purchase by the city of Atlanta of a $453 million guaranteed investment contract using proceeds of a bond sold in 1999. The IRS asked whether banks arranged to submit ``courtesy losing bids" at an auction to provide the investment. It isn't known whether officials in Atlanta were contacted by the Justice Department.

A call to Janice Davis, Atlanta's chief financial officer, wasn't immediately returned.

Hard to Prevent

Few details about the Justice Department investigation have been made public, leaving issuers and their attorneys to draw conclusions from the few public details available.

``It's not readily apparent what action bond counsel could have taken to prevent the kind of activity that has been uncovered by the IRS," said Roger Davis, a partner in Orrick, Herrington & Sutcliffe's San Francisco public finance office. ``The practices were intended to be covered up."

Davis said the concerns raised by the investigation over potential abuses are starting to push states and cities away from purchasing guaranteed investment contracts.

Scranton School District in Pennsylvania, an issuer that has been questioned by the IRS, said it relies on the services of professionals including lawyers when doing deals.

The district has been asked to provide information about a $63.3 million issue of General Obligation refunding notes sold in July 2001, according to a disclosure statement the school district filed with Bloomberg. The document said the IRS is concerned about a certificate of deposit acquired to invest some of the proceeds and ``possible unusual fee arrangements between parties to the transaction."

``We hire professional people and rely on them to structure a deal that is in the best interest of the district," said Gregg Sunday, business manager for the school district. The district hasn't been asked by the Justice Department for information, he said.

Vitesse Finds Options, Other Errors (WSJ)

By ZACHARY M. SEWARD

The Wall Street Journal, December 20, 2006

Vitesse Semiconductor Corp. said it had found a wide-ranging array of irregularities at the company, including options backdating, bogus sales invoices, improper revenue recognition, inflated reporting of cash balances and a failure to take write-offs for returned merchandise.

The disclosures came as a result of an internal review, which was started in April to examine options practices, by a special committee of Vitesse's board.

Separately, the chief financial officer of Forrester Research Inc., Warren Hadley, resigned in what that company called the result of findings in its options probe.

The irregularities at Vitesse, based in Camarillo, Calif., were so widespread that the company said it would likely be unable to file restated financials for the 2004 and 2005 fiscal years. The company said former top executives had backdated their own options grants and artificially inflated Vitesse's revenue while altering financial records to conceal the practices.

Options give a recipient the right to purchase stock at a set price. Backdating, or saying the options were granted earlier than they were, can create an instant increase in value, reducing an executive's incentive for stock growth and presenting accounting problems and potential criminal charges. Vitesse is under investigation by the Justice Department and the Securities and Exchange Commission. Its irregular options grants were reported by The Wall Street Journal in March.

Vitesse, which has already cleared its executive suite of individuals implicated in the internal probe, said it had dismissed the company's independent accounting firm, KPMG LLP, "based on its lack of independence." Vitesse didn't elaborate, and a spokesman for KPMG, George Ledwith, said, "We're not aware of any independence issue."

The investigation at Vitesse found that "backdating and manipulation" of stock options amounted to about $120 million in unaccounted expenses since 1995. The company said that all but one of its current directors and senior executives were

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unaware of the options backdating when it occurred. The exception, it said, was Louis R. Tomasetta, Vitesse's co-founder and former chief executive, who remains on the board but has been excluded from discussions and actions related to the probe. Mr. Tomasetta couldn't be reached for comment.

Separately, Forrester, based in Cambridge, Mass., said in a brief statement that its continuing options probe found "irregularities" in a 1999 options grant to Mr. Hadley, the departing finance chief. The technology and market-research company said that the effect of the grant was "not financially material."

A woman at Mr. Hadley's home last night said he couldn't comment.

CRIMINAL LAW:

Md. High Court Orders Executions Halted (BSUN)

By Jennifer Mcmenamin

The Baltimore Sun, December 20, 2006

In a narrowly tailored decision with potentially sweeping consequences, Maryland's highest court ordered a halt Tuesday to executions in the state, ruling that procedures for putting prisoners to death were never submitted for the public review required by law.

Under the Court of Appeals ruling, state prison officials face the prospect of having to submit the execution protocols to the scrutiny of a joint legislative committee and schedule a public hearing on the issue. Alternatively, the court ruled, the legislature could exempt the execution procedures from that review process -- something that one state senator characterized as "very unlikely."

"One way or another, the legislature is going to need to look at the issue again," said Carl W. Tobias, a law professor at the University of Richmond whose specialty includes federal administrative procedure law, and who has followed the debate surrounding lethal injection procedures in states across the country.

"They're going to want to have hearings, and that could potentially open up the whole death penalty issue for debate," he said. "Then, I guess, most anything could be fair game."

Executions were halted in Florida and California this week amid concerns that lethal injection, as carried out, violates the constitutional ban on cruel and unusual punishment.

Although that argument was not a part of the appeals decided Tuesday by the Maryland court in the case of death row inmate Vernon L. Evans Jr., the convicted killer has raised the issue in a federal lawsuit pending in U.S. District Court in Baltimore.

In the opinion handed down Tuesday, the judges of the state appeals court rejected three of the convicted killer's four challenges -- including one raising questions about racial disparities in the application of the death penalty -- and declined to grant him either the new trial or the new sentencing hearing that he had requested. Rather, the court dealt exclusively with the mechanics of how Maryland's execution procedures were drafted.

Those procedures -- still deemed confidential but filed as court exhibits in litigation brought in recent years on behalf of death row inmates -- were not written or implemented with the required layers of legislative oversight and public scrutiny, so they are "ineffective and may not be used until such time as they are properly adopted," the court unanimously wrote.

Some death penalty opponents, legal experts and capital defense attorneys said the court's decision has paved the way for a debate on the state's method of putting convicted killers to death.

"The Court of Appeals' decision falls in line completely with how lethal injection has just ripped across the nation as an issue that really has turned out to be much more substantive than people initially thought," said Michael Stark, an organizer with the Campaign to End the Death Penalty.

"What the court appears to be mandating is that the process of putting a person to death -- the gruesome techniques of putting a person to death -- is going to be up to public debate and scrutiny. When really tasked with the details of laying out what is the most efficient way of killing someone, no one is going to be able to stomach that," he said.

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A. Stephen Hut Jr., an attorney representing Evans, said the ruling has "significant implications, particularly in light of the events related to lethal injection over the last several days."

"This will allow some of that information and some of the science and expert input to inform the process and the policymakers' decision about what kind of execution procedure Maryland wants to have," he said.

Some activists seized on the ruling as an opportunity to push for Maryland to join the 13 states that do not have capital punishment.

"Don't bother to try to fix this. Maryland can avoid this whole mess by repealing the death penalty," said Jane Henderson, executive director of Maryland Citizens Against State Executions.

"This is a great moment for [Gov.-elect Martin] O'Malley to step up and take some leadership," she said. "If you've got a governor who doesn't like the death penalty and a public that is vastly in favor of instituting life without parole in place of the death penalty, why would you go through the trouble of rewriting execution protocol that may never get used?"

O'Malley, who said Tuesday that he had not yet read the court's decision, personally opposes capital punishment.

"I'd like to see us evolve to the point in time where we understand the death penalty does not deter violent crime ... and the resources we put toward it could better be invested elsewhere," the governor-elect said. He added, however, that his personal views would not prevent him from signing a death warrant.

"I'll take an oath to uphold the laws of the state of Maryland," O'Malley said. "That doesn't mean those laws can't be made better and more effective."

Sen. Brian E. Frosh, a Montgomery County Democrat who heads the judiciary committee, said Tuesday that he agreed with the appeals court's finding that the legislature never intended to give the Division of Correction free rein in implementing lethal injection procedures. He also said that he expects the "usual panoply" of death penalty-related bills, both to expand and eliminate the practice, to be introduced at the coming legislative session.

He said that while the General Assembly would "get a turn at bat" on the matter raised by the Court of Appeals, the executive branch would have to resolve the issue.

Evans, 57, was sentenced to death for the 1983 contract killings of David Scott Piechowicz and his wife's sister, Susan Kennedy, at the Pikesville motel where they worked. Piechowicz and his wife, Cheryl, had been scheduled to testify in federal court against a Baltimore drug lord.

The ruling in his case extends what has effectively been a ban on Maryland's use of its death chamber since the court postponed his execution in February and agreed to hear four appeals.

Lawyers for Evans were unsuccessful in their arguments that he should be granted a hearing to explore whether he was unfairly sentenced because of the death penalty policy of Baltimore County's top prosecutor and because of statewide racial and geographic disparities in the use of capital punishment. They also failed to persuade the judges that lawyers who represented Evans at his 1992 sentencing hearing did not meet the minimum standards for effective assistance of counsel.

In ruling in Evans' favor on the need for oversight of the execution protocols, the court rejected the state's arguments that the detailed checklist of tasks in Maryland's Execution Operations Manual is not subject to review because the procedures concern "only the internal management" of the Division of Correction and do not "directly affect the rights of the public."

Judge Alan M. Wilner, who authored the court's 102-page majority opinion, wrote: "We are unwilling to assume that the legislature intended to leave to DOC, on its own and without any oversight, unbridled authority to determine and then change at will, as a matter of internal management, how that statute is to be implemented."

Karen V. Poe, a spokeswoman for the state's Department of Public Safety and Correctional Services, said the agency's lawyers will review the decision and advise the secretary on what to do.

Highest Court In Maryland Suspends Executions (NYT)

By Adam Liptak

The New York Times, December 20, 2006

Maryland's highest court yesterday halted executions in the state, ruling that the state's protocol for lethal injections had been adopted improperly.

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The ruling follows similar developments in two other states on Friday. Gov. Jeb Bush of Florida suspended executions there after a troubled execution that lasted 34 minutes and required a second dose of lethal chemicals, while a federal judge in California ruled that the state's lethal injection protocol violated the constitutional ban on cruel and unusual punishment.

The Maryland decision, from its Court of Appeals, accepted a technical argument from lawyers for a condemned inmate, Vernon Evans Jr. Mr. Evans murdered two people in 1983 for $9,000.

The court ruled that the state agencies in charge of executions had adopted a "lethal injection checklist" without following the required administrative procedures. New regulations must be published in the Maryland Register, submitted to a legislative committee and discussed at a public hearing.

The state argued that the checklist was a management tool rather than a regulation. Judge Alan M. Wilner, writing for the court, disagreed, noting that the checklist "prescribes in considerable detail the actual contents of the lethal concoction and the method of injecting it."

Judge Wilner wrote that the court was unwilling to assume, particularly in light of controversies surrounding the death penalty and its carrying out, that the legislature had meant to give the Corrections Department "unbridled authority to determine and change at will" how executions are carried out.

"Those kinds of decisions do not constitute routine internal management," Judge Wilner wrote. "They affect not only the inmates and the correctional personnel, but the witnesses allowed to observe the execution and the public generally, through its perception of the process."

While Judge Wilner noted in passing that the combination of three chemicals used in lethal injections in Maryland and 36 other states had been the subject of several court challenges and that "some believe it is not as humane as it was purported to be," the decision did not address those arguments.

A separate challenge pending in federal court in Baltimore, similar to the California case, takes direct issue with the chemicals used and the personnel who administer them.

Court Halts Executions, Eyes Review Of Protocols (WT)

By S.a. Miller

The Washington Times, December 20, 2006

Maryland's highest court yesterday rejected condemned murderer Vernon Evans' appeal for a new trial but ruled that the state must revisit protocols for lethal injections before carrying out another execution.

The Maryland Court of Appeals directed the state to rewrite the protocols in accordance with state law or have the legislature grant an exemption for the protocols.

The ruling did not impugn the state's lethal-injection procedure, but faulted the way the state established the procedures.

Nevertheless, the decision set the stage for a debate about capital punishment and lethal injection in the upcoming General Assembly session.

The ruling prompted Gov.-elect Martin O'Malley to pledge his willingness to sign death warrants despite his personal opposition to capital punishment.

"I take an oath to uphold the law," said Mr. O'Malley, a Democrat serving his second term as Baltimore's mayor. "That doesn't mean those laws can't be made better and more effective."

The Maryland decision comes four days after executions were halted in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment.

Evans is pursuing that claim in a federal lawsuit.

Mr. O'Malley said he supported an end to capital punishment in Maryland, saying it was an ineffective crime-fighting strategy and a waste of money.

"I would like to see us evolve to a point in time where we understand that the death penalty does not reduce violent crime and it is not a deterrent to violent crime," Mr. O'Malley told reporters at a press conference in Baltimore, where he announced that his transportation secretary will be John D. Porcari, who had the same post under former Gov. Parris N. Glendening.

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"The dollars that we invest in [capital punishment] would be better spent in other places," Mr. O'Malley said. "I am very much in favor of life without parole for people who shoot, maim and kill other people. ... I'm not an advocate for the death penalty. I don't think it works."

At issue in yesterday's ruling is the state's execution operations manual, which determines the drugs that will be used and how they will be injected. The court found that the manual was never submitted to a joint legislative committee or given a public hearing before it was adopted by the Department of Corrections, as required under the state's Administrative Procedure Act.

The Court of Appeals reversed a ruling that denied a temporary restraining order in the case and remanded the case back to the Baltimore Circuit Court

While Evans is not entitled to a new sentencing proceeding or to a new trial under the ruling, his attorney, A. Stephen Hut Jr., called the ruling "an important win" that comes at a time when lethal injection is coming under closer scrutiny in other states.

Karen V. Poe, a spokeswoman for the Maryland Department of Public Safety and Correctional Services, said attorneys for the state will review the opinion and advise the department head on the next course of action.

Maryland uses three drugs during executions. Sodium pentothal renders the inmate unconscious; pancurium bromide paralyzes the inmate's breathing; and potassium chloride stops the heart.

Evans was sentenced to die for the 1983 contract murders of Scott Piechowicz, 27, and his sister-in-law, Susan Kennedy, 19.

The victims were killed with a high-powered Ingram MAC-10 submachine gun while working at a motel in Pikesville. Evans mistakenly killed Miss Kennedy in place of her sister Cheryl -- Mr. Piechowicz's wife. Miss Kennedy was filling in for Mrs. Piechowicz that night.

The Piechowiczes had been scheduled to testify against Anthony Grandison in a federal drug case. Prosecutors said Evans took $9,000 from Grandison, who was in prison, to carry out the killings

Both men eventually were convicted in federal court of witness tampering and civil rights violations. They also were found guilty of murder and sentenced to death in trials prosecuted by Baltimore County.

Maryland High Court Calls Halt To Executions (WP)

By Eric Rich And John Wagner

The Washington Post, December 20, 2006

Maryland's highest court ruled yesterday that the state's procedure for carrying out executions was adopted improperly, a defect that the court said must be addressed before any more condemned inmates are put to death.

The unanimous ruling by the Court of Appeals moved the debate squarely into the political realm, where Gov. Robert L. Ehrlich Jr. (R) or his Democratic successor, Martin O'Malley, must act if executions are to resume.

Last night, O'Malley, who takes office Jan. 17, called on Ehrlich to leave the issue for the incoming administration. "I'm sure all of this will spark a renewed debate as to whether all of the money we spend prosecuting death penalty cases might be better spent fighting violent crime and saving lives," O'Malley said.

An Ehrlich aide said the administration was reviewing the matter and had not decided how to proceed.

Because of the effort required to correct the defect identified by the court, many death penalty opponents said they expect that O'Malley would ultimately chart the state's course.

O'Malley has taken a nuanced position on the issue, saying that he is personally opposed to the death penalty but that his opposition would not prevent him from signing a death warrant. "I'm very much in favor of life without parole for people that shoot, maim and kill others time and time again," he said yesterday.

Cindy Boersma, legislative director for the American Civil Liberties Union in Maryland, one of several plaintiffs in the case, said of the situation: "This is a perfect opportunity for the O'Malley administration to conclude that it's not possible to have capital punishment in Maryland consistent with standards of human dignity."

In ordering that the execution of Vernon L. Evans be postponed indefinitely, the Court of Appeals did not find that the three-drug cocktail that Maryland uses in lethal injections is unconstitutionally cruel.

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Rather, the court held that the process was developed by state prison authorities without legislative oversight and thus was not adopted, as regulations are supposed to be, in accordance with the Administrative Procedure Act.

The court offered two paths to remedy the defect. The procedure could be adopted properly, a step that would require action by the secretary of public safety, a gubernatorial appointee, and a legislative panel; or the legislature could exempt the execution protocol from the requirements of the act.

A. Stephen Hut Jr., the attorney who argued the case in May on Evans's behalf, said yesterday that mounting scrutiny over the pain lethal injection may cause should have a sobering effect on either process.

"I think all of the botched processes in other states become highly relevant," he said.

Gov. Jeb Bush (R) suspended the death penalty in Florida on Friday after a botched execution took 34 minutes and a second injection to kill convicted murderer Angel Nieves Diaz. In the Northern District of California, Judge Jeremy D. Fogel ruled on the same day that the state must overhaul its lethal injection procedures, calling the current protocol unconstitutional because of the pain it might inflict.

Hut has brought a challenge similar to the one in California in U.S. District Court in Baltimore, arguing that the state's method of execution risks causing excruciating but undetectable pain and would not be permitted under state law even "to euthanize household pets or barnyard animals." Judge Benson E. Legg has not ruled in that case.

Virginia Gov. Timothy M. Kaine (D) reiterated yesterday that he remains personally opposed to the death penalty, but he said he will not push for a review of lethal injection because state courts have upheld the practice.

Evans, of Baltimore, was convicted of the 1983 murders of David S. Piechowicz, 27, and Piechowicz's sister-in-law, Susan Kennedy, 19, at a hotel that Piechowicz managed in Pikesville. He is one of six inmates on death row in Maryland.

Wesley E. Baker died by lethal injection in December 2005 in the first execution in the state since June 2004 and the fifth in Maryland since the U.S. Supreme Court reinstated the death penalty in 1976.

Although yesterday's ruling had the effect of halting executions on technical grounds, a majority of the court rejected arguments that have been widely embraced by opponents of execution, including that the death penalty as applied in Maryland is unconstitutional because of racial bias.

To bring the execution process into compliance with the administrative procedure law would require a review by a joint committee of 20 legislators, who could significantly slow or even block implementation, depending upon on how the rules are presented by the administration.

If designated as "emergency" regulations by the administration, the rules would need the approval of the panel -- the Joint Committee on Administrative, Executive and Legislative Review -- and any one of the 20 members could call for a public hearing, the date of which would be set by the House and Senate chairmen. One of those is Sen. Paul G. Pinsky (D-Prince George's), a death penalty opponent.

"I'm not going to be in a hurry to push the plunger or let anyone else push the plunger," Pinsky said yesterday.

If the regulations are put forward without an "emergency" designation, they would be subject to a public comment period and could take several months to implement, Pinsky said. Ultimately, though, if there is no emergency designation, the administration could ignore the will of the legislative panel.

To exempt the execution protocol from the administrative procedures law -- the second course suggested by the high court -- would require legislation, and it is hard to gauge the likely support for such a measure. In recent years, the General Assembly has considered contradictory bills on the death penalty, and consensus has been in short supply.

Dead Wrong (LAT)

The Los Angeles Times, December 20, 2006

It's killing that's cruel and unusual

IN ORDERING CHANGES in the way lethal injections are administered to condemned prisoners in California, Gov. Arnold Schwarzenegger is doing the right thing for the wrong reason.

It's not only right but imperative that the state correct the flaws in the lethal-injection protocol that were dispassionately detailed by U.S. District Judge Jeremy Fogel in a "memorandum of intended decision" issued last week. Fogel's ruling followed a

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trial at which witnesses portrayed lethal injection in this state as a haphazard procedure in which some condemned inmates might have been conscious in their last moments of life.

But in promising to redress what Fogel had called a "pervasive lack of professionalism" in lethal injection, Schwarzenegger didn't emphasize — as the enlightened centrist chief executive he fancies himself should have — the need to spare even convicted murderers cruel and unusual punishment, by a moratorium on executions if necessary. No, Schwarzenegger indicated that he was seeking changes in what is blandly known as Operational Procedure No. 770 to keep judges from thwarting what the governor called "the will of the people [that] the death penalty is maintained in California." That death row inmates might be spared excruciating pain would be merely a byproduct of crossing the legal t's and dotting the i's.

That focus on propping up the death penalty is one problem with the governor's response to Fogel's decision. Another is that Schwarzenegger seems unwilling to entertain the possibility that what is really inappropriate about a civilized state's embrace of capital punishment — by lethal injection or any other means — is not the infliction of pain but the extinguishing of human life.

Contrary to Fogel's assertion in his opinion that the propriety of capital punishment is a matter for the Legislature, there was a time when judges took a broad view of whether the death penalty in its totality — and not just in a few botched executions — amounted to cruel and unusual punishment.

In 1972, the U.S. Supreme Court struck down state death penalty laws then on the books. In a much-quoted opinion, Justice Potter Stewart said that capital punishment was imposed "wantonly and freakishly," adding that "these death sentences are cruel and unusual in the same way that being struck by lightning is cruel and unusual." The same is true, we believe, of the selective, even capricious imposition of the death penalty at the present time, whether or not the chemical cocktail administered to a prisoner is mixed in a way that minimizes pain. Tinkering with the machinery of lethal injection is only the beginning.

Feds Probe 12 Police Shootings In DeKalb (AJC)

By Mae Gentry, Ty Tagami, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 20, 2006

The U.S. Justice Department and the FBI are looking into fatal police shootings this year in DeKalb County.

If civil rights violations are found, "appropriate action will be taken," Assistant Attorney General Wan J. Kim wrote in a Dec. 12 letter to local activist John Evans, who asked the Justice Department's Civil Rights Division to investigate the DeKalb shootings.

Since January, DeKalb officers have shot to death 12 suspects — more than any other police department in metro Atlanta. One officer has also been killed.

The shootings have drawn protests and demonstrations at county commission meetings and outside the police department.

Kim could not be reached for comment Tuesday. A spokeswoman for the U.S. Justice Department confirmed the federal inquiry into the DeKalb shootings, but would not give details.

Relatives of suspects killed in the police shootings welcomed the news that the federal government is looking into the cases.

"Wow, great," said Iffat Muhammad, after being told that the federal agencies were "gathering information" about the shootings, according to Wan's letter.

Muhammad's brother, Abraheem, was killed by a DeKalb police officer in August. Her brother was shot by an officer checking on a trespassing complaint. He attacked the officer and tried to get her gun, police said.

"We're hopeful," Iffat Muhammad said. "We're praying someone will come in and investigate it [the police shootings] thoroughly."

DeKalb Interim Police Chief Nick Marinelli last month asked District Attorney Gwen Keyes Fleming to review the police department's investigation of several of the 2006 shootings. Keyes Fleming said she will impanel a special grand jury to look into the cases.

Keyes Fleming said the federal inquiry will have no impact on the investigation by the county grand jury.

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"The grand jury will review the internal policies of the department and the decisions made under those policies as it relates to these cases," she said. "It appears that the FBI is investigating a completely independent track, and we will continue what we've started.

"The more agencies involved, the more confidence the citizens will have that their questions will be answered," she said.

Marinelli did not return a phone call seeking comment.

DeKalb Chief Executive Officer Vernon Jones, asked about the federal inquiry, said: "I have confidence in this police department and if an officer did something improper, that this police department made the proper recommendations to handle that individual officer."

Jones said if an officer did act improperly, it's up to the district attorney to prosecute.

But Evans said he had no confidence in an investigation by local authorities. "Out here in this county, we have too much nepotism, too much favoritism, too many people know each other," he said. "There's so many examples of that."

Evans has asked the county commission to adopt a resolution calling for a federal grand jury investigation.

County Commissioner Burrell Ellis said it may be "premature" to do so, given the advice he has received from the county law department. The department told him two things, he said: A federal grand jury only investigates criminal matters, and the only agency with standing to request a federal grand jury investigation is the U.S. Attorney's Office.

"I'm not aware of any criminal allegations that were raised," Ellis said. Jones has pleaded with residents to "put your weapon down" in confrontations with cops. Nine of the 12 slain suspects had guns, and one shot a police officer to death.

Gerald Rose, founder of a group called New Order National Human Rights Organization, who organized a protest outside DeKalb police headquarters last month, called the new development "baby steps toward justice."

"We hope the FBI and other investigators really get to the bottom of this," he said.

Chandra Harden, whose 19-year-old son was killed in August, said she was happy to learn the federal government was getting involved.

Harden's son, Deon Studiemyer, was fatally shot by an off-duty officer who said Studiemyer was breaking into his home.

"The D.A. was already looking into it, but we weren't getting half the information we were asking for," Harden said. "I think it's necessary that they go ahead and tell us something so we can go ahead and get some type of peace in our lives."

Staff writer Mary MacDonald contributed to this article.

U.S. Attorney For State Leaving For Private Practice (AZREP)

By Dennis Wagner

The Arizona Republic, December 20, 2006

U.S. Attorney Paul Charlton announced Tuesday that that he is quitting his government post to enter private legal practice early next year.

Charlton said he will become a partner in the Phoenix-based firm of Gallagher and Kennedy at the end of January.

During his stint as the state's top federal lawyer, Charlton oversaw major enforcement initiatives against terrorism, public corruption, illegal immigration and crime in Indian country.

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"I am immensely proud of what the men and women of this office have accomplished over the past five years," Charlton said. "I'm excited to open a new chapter in my career, and to face the very new and different challenges of private practice."

Attorney General Alberto Gonzales is expected to appoint an interim U.S. attorney, who will serve until a permanent replacement is nominated by the president and confirmed by the U.S. Senate.

Charlton was appointed U.S. attorney for the District of Arizona on Nov. 12, 2001, by President Bush. He said he is proud of post-9/11 efforts to protect the homeland, including the creation of a statewide Anti-Terrorism Task Force to secure nuclear plants, railroads and other key public facilities.

The nation's 93 U.S. Attorneys work with federal enforcement agencies to oversee criminal investigations and prosecutions. They also represent the federal government in civil litigation. The U.S. Attorney's Office in Arizona has more than 250 employees.

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In a news release, U.S. Sen. Jon Kyl praised Charlton as "an extraordinary public servant during a time of grave challenge to our national security. We will miss his strong and principled leadership."

John E. Lewis, the FBI's special agent in charge for Arizona, credited Charlton with being "proactive concerning the bureau's number one priority, protecting the United States from terrorist attacks."

Charlton also launched a campaign against drug abuse on Native American reservations, inviting the state's 21 tribes to join in an Arizona Indian Country Methamphetamine Eradication Initiative. He spearheaded efforts to root out corruption, especially among government officials along the Mexican border. And he oversaw a crackdown on criminal aliens.

"We really are making a difference on the border, and that's encouraging," Charlton said.

During Charlton's tenure, the U.S. Attorney's Office established permanent offices in Flagstaff and Yuma, added 16 new prosecutors and increased criminal filings by more than 25 percent.

Charlton, 46, earned his law degree in 1988 at the University of Arizona. After serving a clerkship at the state Court of Appeals, he worked at the Arizona Attorney General's Office for two years before becoming a federal prosecutor.

Charlton will join his wife, Susan, who also is an attorney at Gallagher and Kennedy. He said he expects to specialize in corporate compliance and white-collar defense.

"I've worked as a public servant for a long time, and I've enjoyed it," he said. "Now, it's time to move on."

Reach the reporter at dennis.wagner@arizonarepublic.com or (602) 444-8874

U.S. Attorney Ousted (KRQE)

By Michael Herzenberg

KRQE-TV CBS 13, December 19, 2006

ALBUQUERQUE -- The top federal prosecutor in New Mexico, U.S. Attorney David Iglesias, has been asked to resign and will be giving up the office, KRQE News 13 has learned.

Sources confirmed the Department of Justice called Iglesias last week and asked him to resign.

He has held the position since 2001 after being appointed by President Bush.

During his five years, Iglesias oversaw high-profile cases including the successful prosecution of the Cisneros drug ring with murder charges resulting in guilty pleas and life sentences.

Five of six defendants in what was known as the China Wok case also took plea deals in 2005 admitting they smuggled illegal Chinese immigrants into the state.

Other cases didn't turn out the way Iglesias would have hoped

David Hudak, accused in 2002 for weapons and explosives violations and for illegal military, was acquitted of all charges in his 2003 trial. He had been charged with nine counts stemming from his use of explosives and training in counterterrorism techniques.

Most recently public corruption trial of former State Treasurer Robert Vigil ended with both sides claiming victory.

A hung jury ended the first trial with the retrial producing a single conviction for extortion. The jury acquitted Vigil of 23 other felony counts.

A sentencing of 12 months to 20 years awaits him in January.

A statement released Monday night by the U.S. Attorney's office spokesman Norm Cairns confirmed Iglesias's departure.

"He will leave in the next few months, has had discussions with Washington and based on those discussions he has decided to move on to other things."

Why Iglesias was asked to resign remains unknown although source said was probably just time for a change.

The Justice Department is already looking for a replacement.

Local Federal Attorney Plans To Step Down; Iglesias Investigated State Corruption (ALBTRIB)

Albuquerque Tribune, December 20, 2006

U.S. Attorney David Iglesias will resign his post in the next few months, an office spokesman said today.

After discussions with officials in Washington, D.C., Iglesias decided he would move on, U.S. Attorney's Office spokesman Norm Cairns said. No other information was released.

The U.S. Attorney's Office has been involved in two high-profile investigations of public corruption in New Mexico this year with mixed results.

Former state Treasurer Robert Vigil was convicted of one count of extortion this fall but acquitted on 23 counts of racketeering and extortion. He will be sentenced later this month.

Vigil was tried on essentially the same charges earlier in the year. The trial ended in a hung jury, with one juror holding out against any guilty verdict.

Rumors have also swirled for months about an investigation into corruption involving major public construction projects in Bernalillo County including the state District Courthouse and Metro Courthouse.

An FBI spokesman confirmed in October that an investigation had been forwarded to Iglesias' office - although he declined to specify details. Since then indictments have regularly been expected and then delayed.

Details that have emerged about the investigation suggest it centers on kickbacks paid for work on the two courthouses. It arose from testimony in a lawsuit between partners in an engineering firm. One partner suggested that improper payments were made to former state Sen. Manny Aragon, a consultant for the company.

Iglesias, 48, was appointed to his post as the state's top federal law enforcement officer in 2001 by President George W. Bush. He was the first Hispanic to serve as U.S. attorney since the Nixon administration.

He lost the general election for state attorney general in 1998 to Patricia Madrid.

His other legal experience includes assistant state attorney general, office of special prosecutions, 1988-91; assistant city attorney for Albuquerque, civil rights division, 1991-94; White House fellow, 1994-95; chief counsel for the state Risk Management Division, 1988-91.

From 1985-88, he was lieutenant in the Navy Judge Advocate General's Corps. A hazing case in Cuba that he worked on was turned into the movie "A Few Good Men."

CIVIL LAW:

In A Crisis, Do-not-revive Requests Don't Always Work (USAT)

By Laura Parker, Usa Today

USA Today, December 20, 2006

Family sues after Florida woman put on life support

After watching her husband and two daughters die painfully from cancer, Madeline Neumann decided she did not want to prolong her own death. When she moved into a nursing home in Florida at age 89, she signed an advance directive that instructed doctors not to revive her if she collapsed.

Despite those written instructions, emergency medics were summoned one evening in 1995 when aides found her unresponsive.

Neumann, who suffered from Alzheimer's disease, ended up in a hospital, tethered to wires, tubes and life-support machines — just the situation her family says she had hoped to avoid.

Neumann's three granddaughters persuaded doctors to disconnect the machines over the next several days. A week after she was admitted, Neumann died. Those seven days were degrading and painful to Neumann, according to her granddaughters, who say Neumann's directive should have protected her from such an experience.

The granddaughters are suing the Joseph L. Morse Geriatric Center in West Palm Beach and its chief doctor, Jaimy Bensimon, for unspecified damages, claiming they essentially ignored Neumann's wishes.

"We watched my grandmother suffer and linger for one week," says Linda Scheible, 47, the oldest granddaughter. "This is never what she wanted or what the family wanted. We had taken every measure possible.

"If this can happen to a family that was so involved, I believe this is happening in a much more widespread way."

The suit, filed in 1997, is drawing attention nationwide and is likely to be tried early next year, after nearly a decade of legal wrangling.

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It appears to be the first time a Florida court has been asked to decide whether a doctor can be held liable for providing treatment at odds with a medical directive. The case could have significant implications for efforts to hold hospitals, nursing homes and physicians accountable if they disregard living wills and advance directives.

The trial's venue also is symbolic. Living wills and medical directives are an increasingly hot topic in a nation where the U.S. Census Bureau projects the number of people over age 65 will double during the next 25 years, to 72 million. Florida has a higher percentage of residents over 65 than any other state — 17.6% of the state's 18.2 million people.

The Neumann case will be heard in West Palm Beach, about 200 miles east of Pinellas Park, where the bruising right-to-die court battle was waged last year over Terri Schiavo, the severely brain-damaged woman whose family members fought over whether to remove the feeding tube that kept her alive.

Schiavo, who was 26 when she collapsed, had left no living will or written instructions about her care in the event she became incapacitated.

The Schiavo case ended when her husband defeated her parents' efforts to keep the feeding tube in place. It prompted new interest in living wills and medical directives, including federal legislation that encouraged people to draft them, says Kathy Cerminara, a professor at Nova Southeastern University law school in Fort Lauderdale.

Even so, most adult Americans have not drafted such documents.

Only a few lawsuits stemming from medical treatment that was against a patient's wishes have advanced in the courts, which generally have viewed efforts to sustain life as not being harmful to a patient.

Attorneys who file such claims have used a variety of legal tactics. The attorneys for Neumann's family allege in court papers that by resuscitating her, doctors subjected Neumann to a form of battery, or beating.

The attorneys also are alleging breach of contract and negligence.

Doctors facing such lawsuits have emphasized the need to assess a patient's condition in an emergency and determine whether it is truly life-threatening, instead of simply withholding treatment.

Bensimon, the doctor targeted in the suit filed by Neumann's family, had read Neumann's directive, says his attorney, James Nosich.

The attorney says Bensimon sent Neumann to the hospital because Bensimon was away from the nursing home when she collapsed. Rather than not treat her, the doctor wanted to have her condition evaluated that night, Nosich says.

After life support was withdrawn, "Neumann died peacefully," Nosich says, "with her granddaughters at her side."

Lois Shepherd, a law professor at Florida State University who specializes in health care law and end-of-life issues, says such disputes represent "one of the next frontiers in health care litigation."

"We've been lulled into this sense of security that all you need to do is have an advance directive," Shepherd says. "But it's not as simple as that. They're clumsy documents, and vague. They can't predict all conditions."

An advance directive, such as a living will, informs doctors about what kind of treatment to administer when a patient is unable to make those decisions personally.

As Shepherd says, advance directives cannot anticipate every scenario. Most conflicts over them stem from emergencies, when decisions are made rapidly and patients and family members sometimes change their minds about what should be done, despite the patient's prior instructions.

Robert Arnold, a medical ethicist at the University of Pittsburgh Medical Center who specializes in end-of-life issues, says merely drafting a medical directive sometimes isn't enough to ensure that a patient's desires regarding treatment will be carried out. And, he says, sometimes they shouldn't be.

"It's important to talk to your doctor beforehand. These kinds of conversations are hard to have in the middle of the night" during an emergency, he says. "It may be that I'm not sure why you've filled out the advance directive. If you're a healthy 75-year-old and all of a sudden you have chest pains, I'm going to send you to the ER," regardless of what the directive says.

"I don't expect when you filled out your living will that what you meant was you were unwilling to be on machines," Arnold says. "That's why it's so important not just to have the (paperwork) filled out. It's about what your goals are."

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The most notable court case involving an advance directive was in 1996, when a jury awarded $16.5 million to the family of a 38-year-old Michigan woman who had been kept on life support for more than four years after a seizure incapacitated her, despite her written instructions directing doctors to let her die in such a situation.

The award was reduced on appeal to $1.4 million, although the judge upheld the finding that the patient had been battered medically. The family and the hospital agreed to void the medical battery finding when they settled the case in 1997 for an undisclosed amount.

Scheible says pursuing her grandmother's case has become a crusade.

"How could this have happened? All the paperwork was completed. Her wishes were verbalized. This is a violation of her wishes that could not be ignored," she says.

Scheible's grandmother moved into the Morse Center in 1992 with a diagnosis of progressive dementia.

She was mentally competent and requested a living will declaration form, provided by the nursing home. It instructed doctors not to resuscitate her, feed her with tubes, perform surgery or assist her breathing with a ventilator if she became unable to participate in decisions regarding her care.

Neumann did request treatment with antibiotics. Apart from the advance directive, she also received medication for seizures.

Neumann also authorized Scheible, a nurse and licensed psychotherapist, to make medical decisions on Neumann's behalf.

Scheible says she attended quarterly meetings at the nursing home to plan Neumann's care and that she made sure the advance directive, color-coded in pink, was included in her grandmother's medical file.

However, doctors did not place a Do Not Resuscitate order (DNR) in her file — a fact that would become important when the medics were called.

A DNR order, written by a doctor, tells health care professionals not to attempt emergency CPR if a patient stops breathing. In the absence of such an order, Florida law requires emergency medics to do CPR.

By 1995, Neumann, then 92, was firmly in the grip of Alzheimer's disease, Scheible says. Neumann lost more than 25 pounds in three months, and her granddaughters thought it was obvious that she was in her final decline.

The night of the emergency, Neumann was "in the process of slowly, peacefully passing away," says Jack Scarola, Scheible's attorney.

Scheible says she was stunned when she learned medics had inserted a tube into her grandmother's airway to resuscitate her and taken her to the hospital.

Neumann says her grandmother was in pain and was bruised, and her arms had to be tied with restraints because she tried to pull tubes out of her neck.

Scarola says he intends to show at trial that the Morse Center staff knew of the advance directive but had not read it, and so had not adequately prepared a medical plan for the end of Neumann's life.

He says the center never informed the family that a DNR order was needed.

"The absence of the document in the chart is very significant," he says. "But the case involves broader principles. This was a situation where they had three years of responsibility for this patient, during which the end-of-life issues were ignored."

He says the Florida Supreme Court has upheld a patient's right to determine his or her health care, without the need for any diagnosis.

The Morse Center did not respond to requests for comment. In court papers, it has said the claim by Neumann's family is not valid under Florida law and has sought to have the case dismissed.

Nosich, the attorney for Bensimon, says the doctor had read the directive but was 40 minutes away from the nursing home the night Neumann collapsed and therefore summoned medics to assess Neumann's condition.

"At the end of the day, when the (emergency) phone call comes in, do you want your doctor, before letting you die, to have you evaluated?" Nosich asks. "Or do you let a non-medical professional give your doctor the information and have him rely on that?"

He adds that Neumann's request to be treated with antibiotics is important to the defense.

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"Under her own wishes, (Neumann) said she wanted antibiotics if they can prolong her life. Which means, at a minimum, Dr. Bensimon has to examine her to see if they are appropriate," Nosich says.

He believes Neumann's family would have questioned the doctor's judgment if he had let Neumann die.

"What if (she) dies, and it turned out she had another seizure" similar to those she had in the past? Nosich asks. "What do you think the family would have done then?

"If you call 911, you get sued," he says. "If you don't call, you get sued."

CIVIL RIGHTS:

The Secret's Out, But Why Was It Ever Under Wraps? (USAT)

USA Today, December 20, 2006

ACLU case uncovers folly of government classifying too much.

Every minute, the U.S. government makes 27 decisions to classify documents. That translates into 1,620 classification decisions every hour, 38,880 every day and 14 million every year.

Some of these decisions, of course, protect sensitive state secrets. But it's preposterous to believe that more than a tiny percentage of classifications are justified by national security concerns. They are more probably the result of the bureaucratic impulse to keep secrets and the political instinct to avoid accountability.

So when one of these innocuous pieces of paper leaks out, as they inevitably do when classification is used so promiscuously, it exposes the folly of the exercise. More so when the government uses its power in an attempt to intimidate anyone who seeks to make the information public.

One such case has unfolded over the past few weeks with embarrassing results.

The American Civil Liberties Union obtained a document so sensitive that the Justice Department, in a burst of indignation, took the extraordinary step of seeking a grand jury subpoena to demand its return.

And what was this hypersensitive material? It turns out the document laid out the conditions under which prisoners of war in Iraq could be photographed. It had no national security ramifications. It wasn't even particularly revealing, as the ACLU had suggested when it was still under wraps.

This week, the Justice Department, apparently sensing a legal defeat and public relations problem, prudently backed down and declassified the document.

Though it might be tempting to shrug off the incident now that the subpoena has been withdrawn, that would miss the larger point. The case illustrates how mindless government's secrecy efforts can be. Sometimes, it seems as if secrecy is less a policy than the output of inertial forces. Once leaders decide to make government more closed, the wheels of the bureaucracy creak into motion — classifying more documents, declassifying fewer and, as this case shows, sometimes careening out of control as the result of its own momentum.

That is what has happened as President Bush's administration has embraced secrecy, reversing a Clinton-era declassification program and even seeking to reclassify documents that have been public for years. The ACLU case exposes the excesses.

Obviously, this document never should have been classified. It might well have been handed out to military personnel and journalists in Iraq to let them know the ground rules, some of them adapted from the Geneva Conventions.

Using a subpoena to recover it was little more than an artful ruse to achieve prior restraint, a practice involving government trying to quash information before it is made public. Because prior restraint is the ultimate in suppression of free speech, it is presumed to be unconstitutional under all but the most extraordinary circumstances, as the Supreme Court made clear in a 1971 ruling on another leaked document in the landmark Pentagon Papers case.

The government should have known this was no way to plug leaks. And it should have realized that the ACLU document wasn't worth making a federal case over. But exercising sound judgment is hard when government is unable to stop itself from declaring virtually anything a secret.

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Both Sides At Fault (USAT)

By Douglas W. Kmiec

USA Today, December 20, 2006

The dust-up over the Justice Department subpoena is over. This was no major victory for civil liberty. It turns out the subpoena sent to the ACLU might have been issued only because the organization's lawyers were looking for a fight. Bad form, even worse constitutional theory.

Press freedom cannot be understated in a democratic republic. But it should not be overstated either. The ACLU claimed that the 3½-page document contained no classified information. That well could be — Justice has now declassified it, and it is merely military guidance limiting photography of detainees to comply with the Geneva Conventions.

But no one elected the ACLU to make declassification decisions. What documents must be classified for national defense is governed by law and regulation. Though this soap opera lends credence to the complaint that too much is kept secret, the remedy is not to take the law into one's own hands.

There is a lesson for Justice, too. Though grand jury subpoenas are hardly novel, somebody should think twice before issuing one that might unnecessarily limit free speech. Judge Jed Rakoff was sensitive to this, referencing the Pentagon Papers case.

The two cases are different, but only subtly so. The present matter concerns the responsibility of a private citizen in possession of stolen government property. By contrast, the Pentagon Papers was an unsuccessful effort to stop newspaper publication. Properly, such press prior restraint has a heavy presumption against its constitutional validity.

Returning classified materials, however, is exactly called for in law: "Whoever, lawfully or unlawfully, having possession of (classified information) and fails to deliver it on demand to the officer or employee of the United States entitled to receive it" is in violation.

The late Chief Justice Warren Burger put it well: "It is hardly believable that an (entity) long regarded as a great institution in American life would fail to perform one of the basic and simple duties of every citizen with respect to the discovery or possession of stolen property or secret government documents."

"That duty," wrote Burger, "rests on taxi drivers, Justices, and The New York Times." It would befit the ACLU, too.

Douglas W. Kmiec, a law professor at Pepperdine University, was constitutional legal counsel to Presidents Reagan and George H. W. Bush. (The Justice Department declined to provide an opposing view before a court hearing scheduled for today in the case.)

Legal Fight Against Racial Ban Intensifies (Det News)

By Marisa Schultz

Detroit News, December 20, 2006

Prop 2 backers outraged as judge lets colleges continue to use race for fall admissions.

DETROIT -- The ACLU and NAACP filed suit Tuesday against Proposal 2, the latest salvo in a growing assault just four days before Michigan's ban on affirmative action was to take effect.

The challenge was filed on the same day a federal judge agreed to give three Michigan universities a six-month delay before they stop using race as a consideration in admissions and financial aid.

The court maneuvers fed a growing concern by affirmative action opponents who fear that the will of the voters, who on Nov. 7 passed the prohibition against using race, is not being respected. Both candidates for governor, and business and other leaders campaigned against the proposal.

"I'm disgusted with the whole shebang," said Dick Megregian, a retired senior automotive engineer and MSU alumnus. "My vote and the vote of 58 percent of the people is undermined by the politicians and judges because they are dragging their feet and don't want to implement it."

Tuesday was the busiest court day yet for Proposal 2:

U.S. District Judge David Lawson granted a request from the University of Michigan, Michigan State University and Wayne State University to delay the implementation of Proposal 2 for those schools from Dec. 23 to July 1. Supported by Attorney General

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Mike Cox and Gov. Jennifer Granholm, the schools claimed that changing admissions and financial-aid rules midway through the admissions cycle would be unfair to students who start in fall 2007.

The city of Lansing also filed a motion before Lawson asking for permission to delay implementing Proposal 2 until July 1, the beginning of its fiscal year. The city doesn't have enough time to make necessary changes, officials said.

The ACLU of Michigan, NAACP and others filed a lawsuit on behalf of 19 students, faculty and applicants to U-M asking a judge to allow race and gender preferences to continue in university admissions. Proposal 2 shouldn't undue the U.S. Supreme Court ruling that allows the use of race as a factor in admissions, they argued.

The Center for Individual Rights, which argued against the University of Michigan before the Supreme Court, asked for an emergency hearing on behalf of Eric Russell, a white applicant to U-M Law School. Lawson should have heard the argument of a student who will be impacted by delaying Proposal 2 before making his decision, they say.

At a Tuesday press conference in front of U.S. District Court in Detroit, leaders for ACLU of Michigan and the NAACP argued that without affirmative action in university admissions, minorities and women would face a double standard, since athletes, veterans and children of alumni would be allowed preferential treatment.

"We believe affirmative action is the law of the land," said the Rev. Wendell Anthony, president of the NAACP-Detroit Chapter. "We hope the court will hear our plea."

He points to the U.S. Supreme Court ruling in 2003 that upheld the use of race as a factor in admissions. Proposal 2 should not override that ruling, he said.

Terry Pell, president of the Center of Individual Rights, believes the ACLU's case will be a losing battle. The center sued the University of Michigan to limit the use of affirmative action in college admissions.

The Supreme Court allowed the use of race but does not mandate it, said Pell, who filed a motion in an effort to block the delay from taking place for universities.

Postponing the implementation of Proposal 2 for six months means Pell's client, Russell, will not be treated equally in U-M's admission process, both men claimed.

"It's about me and it's about all the applicants," said Russell, 29, of Auburn Hills. "The electorate passed Proposal 2 and the university ought to implement it. I'm not suing for admission, I'm suing for equal consideration."

Pell anticipates Lawson will rule on his motion as soon as today.

Still uncertain is whether more cities or other governmental units will follow Lansing's lead and ask for more time.

Michael McGee, a partner at Miller Canfield in Detroit, said he wouldn't be surprised if others file as well. Like universities, municipalities are dealing with a fundamental change in the way they do business, said McGee, whose law firm represents several cities.

"It's difficult to turn on the dime and it takes a reasonable transition period, particularly when a unit of government is in the middle of its fiscal year," said McGee, noting cities typically take action at the start of a fiscal year, setting the tone for the rest of year.

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Rights Groups File Prop 2 Lawsuit (FREEP)

By CHASTITY PRATT And DAWSON BELL

Detroit Free Press, December 20, 2006

On the same day the University of Michigan won a reprieve that will allow it to continue considering race in the fall admissions process, civil rights organizations filed a lawsuit Tuesday aiming to make the reprieve permanent.

At issue is Proposal 2, the anti-affirmative action amendment to Michigan's Constitution. The amendment takes effect Friday.

Civil rights organizations, including the NAACP's Detroit chapter and the American Civil Liberties Union, took their case to federal court. They argued the amendment doesn't apply because of a 2003 U.S. Supreme Court case affirming universities' right to consider race in admissions.

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"We have come too far to allow the doors of opportunity to be shut in the face of the American promise of liberty and justice," Wendell Anthony, president of the Detroit branch of the NAACP, said Tuesday at a news conference on the steps of U.S. District Court in Detroit.

But a Washington-based group that has fought against race and gender preferences said the U.S. Supreme Court already decided the issue when it chose not to hear a challenge to California's Proposition 209, which was passed by voters in 1996. The California law was the model for Proposal 2.

An appellate panel in that case found that "nobody has a right to a racial preference; a state can decide it doesn't want them," said Terence Pell of the Center for Individual Rights. The same group filed papers Tuesday to appeal Judge David Lawson's order affirming a deal among the state's three largest universities -- U-M, Michigan State University and Wayne State University-- and Attorney General Mike Cox. The deal grants the schools a delay until 2007-08 in putting Proposal 2's mandates in effect for admissions and financial aid.

Pell's organization is representing Eric Russell, a Wayne State University graduate student who is applying to U-M Law School.

Neither the parties to the suit nor the federal court has the authority "to second guess Michigan voters," Pell said.

The schools had argued that because they were in the middle of the application and admission process for fall 2007 and many students already have been accepted that it would have been unfair to subject different students in the same class to different admissions and financial aid criteria.

If Lawson's ruling stands, current high school juniors would be the first students impacted by the implementation of Proposal 2.

Cox spokesman Rusty Hills defended the agreement, which he said was narrowly tailored to allow the universities to complete processing applications for 2007-08 without challenging Proposal 2 directly.

State Rep. Leon Drolet, R-Clinton Township, one of the ballot proposal's chief backers, said he is "stunned that the universities couldn't find a way to comply with the will of the people." But giving up their underlying challenge could help, he said, if the universities "live up to their end of the bargain."

Butch Hollowell, an attorney speaking on behalf of the civil rights groups that filed Tuesday's lawsuit, said it focuses on the University of Michigan because of the school's excellent educational reputation and the 2003 case.

"Ultimately, this could get to the U.S. Supreme Court," Hollowell said.

In 2003, the Supreme Court found U-M's previous admissions system that awarded points to underrepresented minorities -- African Americans, Hispanics and American Indians -- was unconstitutional. But it ruled that race may be among factors considered in the admissions process.

Sheldon Johnson, 20, a U-M junior, echoed two U-M professors who said Tuesday that affirmative action in admissions not only helps diversify the students, but gives them exposure to people and perspectives that can help them navigate the world after they graduate.

"That's what this is really about, opportunity," he said.

The NAACP's Anthony said the challenge isn't meant to defy Michigan citizens who voted 58% to 42% in favor of Proposal 2, which bans race and gender-based preferences in university admissions and government hiring and contracting.

The case is meant to force an interpretation of the law, Anthony said.

He added that under the current admissions policy, U-M may consider whether an applicant is the child of an alum or from specific parts of the state, therefore race and gender should be retained, he said.

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Short-Term Reprieve For Affirmative Action (INSHIGHED)

By Scott Jaschik

Inside Higher Ed, December 20, 2006

Three Michigan universities on Tuesday won the right to keep their current admissions and financial aid policies — the affirmative action portions of which could have been illegal in the state by the end of the week — until July 1. But long term, the

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ability of colleges to challenge the ban on affirmative action remained uncertain, with some advocates saying that the day's developments strengthened efforts to do so, and others saying just the opposite.

A federal judge granted the universities a reprieve from the Michigan Civil Rights Initiative, known as Proposal 2, which was to take effect this week and would bar affirmative action in admissions by public colleges and universities in the state. Michigan State and Wayne State Universities and the University of Michigan sought permission to delay Proposal 2, saying that it would be impractical and unfair for the institutions to change their processes in the middle of an admissions cycle, with some applicants already evaluated and others awaiting review.

In November, 58 percent of Michigan voters backed Proposal 2 — despite widespread opposition from higher education, business and political leaders. The impact has expected to be most dramatic at the University of Michigan — both because its admissions process is the most competitive in the state and because it is the institution that in 2003 successfully defended at the U.S. Supreme Court the right of colleges to consider race and ethnicity in admissions decisions.

The day after the vote on Proposal 2, the University of Michigan signaled that it would probably challenge the measure in court, although it did not specify how it would do so, and similar challenges in other states had failed. But within a few weeks, the university — while saying it was continuing to consider legal options — changed its tone and started talking more about complying with Proposal 2. To date, the only legal challenge to the measure from the universities in the state was the request to delay the start of the ban on affirmative action.

University officials on Tuesday stressed that the court ruling affected only the immediate questions of this admissions cycle.

"What we sought was not a change on the Proposal 2 scoreboard, but merely a timeout," said Terry Denbow, vice president for university relations at Michigan State. "I am pleased that the request was deemed reasoned and reasonable. We need time to assess — within the boundaries of the law — programs to assure fairness to students and to others, like private donors and major corporations who have designated financial aid gifts. Our due diligence is directed at being one, true to the law, and, two, true to our values."

Whether the universities will seek to overturn Proposal 2 remains the big question. By Any Means Necessary, a group formed to defend affirmative action, has already filed a suit in federal court to do so — and Tuesday's ruling technically came in motions related to that case, the substance of which has yet to be heard. By Any Means Necessary has criticized the University of Michigan for not fully joining the suit already, while many others in the state have criticized the university for hinting that it would sue.

Among those who criticized universities for seeking to delay Proposal 2 was Mike Cox, the state's attorney general. But he helped broker the deal approved by the court on Tuesday. In announcing the agreement, Cox issued a statement saying that the pact settled the question of Proposal 2's viability. "This is a historic agreement. It upholds the will of the people," Cox said. "In addition, the agreement is a reasonable compromise that serves the public interest by allowing the current admissions and financial aid cycles to be completed under existing policies, while confirming the constitutionality of Proposal 2 in light of the legal challenges launched against it by the universities."

Cox went on to say that the universities had pledged — as part of the agreement — not to file any lawsuits against Proposal 2 on the basis of their First Amendment rights to academic freedom.

The academic freedom issue is potentially important for any legal challenge to Proposal 2. While academic freedom is not an explicit part of the U.S. Constitution, it has been recognized as a right by the U.S. Supreme Court since the 1957 case of Sweezy v. New Hampshire, in which Justice Felix Frankfurter defined the four elements of academic freedom as "the freedom of an institution to decide who may attend, who may teach, what may be taught and how it shall be taught." Many supporters of affirmative action believe the concept should be covered by the "who may attend" provision.

There is, however, a problem with Cox's statement: It is not clear that the universities agreed to what he said they agreed to. The universities released a copy of the "stipulations" that were filed with the court as part of the request for the delay in Proposal 2. The relevant stipulation says that the universities' claim (which includes the academic freedom argument) "shall be and hereby is dismissed in its entirety, with prejudice only as to the specific injunctive relief requested in the cross-claim."

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Donna Stern, a spokeswoman for By Any Means Necessary, noted that the specific relief requested was the delay. As a result, she said, there was no stipulation that the universities couldn't sue on academic freedom grounds to try to block Proposal 2.

"All they've said is that they won't make the same exact claim, but they couldn't make the same exact claim because that issue is now settled," Stern said. She said she was encouraged by the outcome to hope that the universities might join the suit.

University of Michigan officials said they were pleased with the ruling Tuesday, but didn't comment on the possible inconsistency in what the attorney general said they had agreed to, and what the stipulation said.

A spokesman for the attorney general did not return repeated calls.

Proposal 2 Challenges Subvert Self-government (Det News)

By John T. Greilick

The Detroit News, December 20, 2006

ACLU lawsuit seeks to nullify effect of public's vote

The American Civil Liberties Union should add the right of the people to self government to the list of freedoms it is dedicated to protecting.

Michigan's ACLU chapter is making a direct assault on that right by asking a federal judge to rewrite the recently passed Proposal 2 anti-affirmative action measure in a way that would render the new law meaningless.

In a lawsuit filed Tuesday, the ACLU asked the federal district court in Detroit to declare that Proposal 2 allows for race and gender to be considered in university admissions, consistent with the U.S. Supreme Court ruling in the University of Michigan case.

That's completely opposite of what voters intended when they approved Proposal 2 by an overwhelming margin in the November election.

The ballot language was precise. It asked voters whether race and gender preferences ought to be used in admissions and hiring at public institutions, specifically universities. And the voters said no.

We disagreed with the decision made by the electorate. We argued during the campaign that affirmative action is still needed as a tool to erase the inequities that exist in our society, and particularly in the education system.

But we lost the argument. And our respect for the referendum process and the direct democracy it provides to the people is far greater than our desire to prevail on the issue.

The ACLU argues that it is not making a constitutional challenge to Proposal 2, but rather asking the judge to rewrite the law to make it consistent with what the Supreme Court ruling allows.

But the Supreme Court said only that race and gender could be considered if an institution so desires. It did not mandate that institutions make such considerations.

Voters were quite clear in their desire to not have Michigan's public universities consider race and gender when admitting students.

If the ACLU were to prevail in its lawsuit, the expressed desire of the people would be subverted.

We share the concern of the universities that Proposal 2 makes their goal of creating culturally diverse campuses more difficult.

That's unfortunate, but it is now the law.

The appropriate response for those who want to mitigate the impact of the law is to work to make sure more minority students are prepared to gain admission to the University of Michigan and other schools based on academic merit.

That means an all-out commitment to improve the sorry public schools in Michigan's urban communities.

Michigan's Constitution allows citizens to make laws through the referendum process. The court should hold that constitutional right sacred and not involve itself in undoing the will of the people.

The ACLU's suit, and other legal challenges to Proposal 2, should be tossed.

N.J. Judge Voids City's Gun Control Law (LAW)

By Charles Toutant, New Jersey Law Journal

DOJ_NMG_0107765

New Jersey Law Journal, December 20, 2006

A New Jersey state court judge on Dec. 13 enjoined enforcement of a Jersey City ordinance limiting handgun purchasers to one gun a month.

In a suit that tested the power of cities to write their own laws to curb gun-related violence, Hudson County Assignment Judge Maurice Gallipoli said he doubted the ordinance would achieve that end. And he found it pre-empted by the state's extensive gun-control scheme.

Gallipoli also said the law violated equal protection grounds, deeming it arbitrary, capricious and lacking a rational basis.

Jersey City's lawyer, Thomas Jardim, of Ramsey Berman in Morristown, says he will seek leave to appeal, particularly as to the equal protection holding.

Jersey City was the first municipality in the state to adopt an ordinance limiting gun purchases. Ordinance 06-082, adopted June 13, required purchasers to certify in writing that they had not bought another handgun in the city in the past 30 days. Violators could be fined as much as $500.

In July, suit was filed by Caso's Gun-a-Rama, the only licensed gun dealer in Jersey City, as well as the Association of New Jersey Rifle & Pistol Clubs Inc., which argued the law gave out-of-town gun shops an unfair advantage.

Gallipoli denied the plaintiffs' request for a temporary injunction on July 28 and set the case down for argument on a permanent one. The same day, the judge did allow Jersey City to rewrite the ordinance to address the plaintiffs' argument that it was vague.

Intervening on Jersey City's behalf was the local chapter of Associations of Community Organizations for Reform Now (ACORN), represented by Renée Steinhagen of New Jersey Appleseed Public Interest Law Center and Linda Fisher of the Center for Social Justice at Seton Hall University School of Law.

Defense counsel Jardim argued that the ordinance was a legitimate use of police power because it would restrict the supply of handguns in the city, decrease the possibility of gun trafficking and curb the use of legitimately purchased guns in criminal acts by someone other than the purchaser.

Jardim pointed out that the city this year passed another ordinance, requiring residents to make a report to police when firearms are lost or stolen, and that city council members are contemplating another law that would ban possession of a type of small, inexpensive gun known as a "Saturday Night Special," Jardim says.

In his brief, plaintiffs lawyer Frank Pisano III, of Needleman & Pisano in Montville, claimed that the ordinance violates the state constitutional equal protection clause because it places a restriction on Jersey City's citizens that does not apply to people living elsewhere in the state.

He also argued pre-emption, citing In re Pries, 118 N.J. 564 (1990), in which the state Supreme Court noted the "careful grid of regulatory provisions" in the criminal code about purchase and sale of handguns. Among those provisions is N.J.S.A. 2C:58-3i, which limits handgun purchases to one per permit but allows multiple purchases to someone with more than one permit.

Jardim argued that while the state has exclusive authority over licensing of handguns, N.J.S.A. 40:40-1(18) gives municipalities authority to regulate and prohibit the purchase or sale of firearms. He added that the court left localities the right to gun possession to further health and safety goals in Township of Chester v. Panicucci, 62 N.J. 94 (1973), in which a local law restricting hunting was upheld.

During the oral argument Dec. 13, Gallipoli pointed out to Jardim that the city had no evidence that any guns purchased at Caso's were used in crimes.

After the ruling Jardim said, "I respect the judge's personal opinion but the fact that he didn't think it was a wise piece of legislation is not within his purview. It's the job of the mayor and council."

ACORN lawyer Fisher says Gallipoli wrongly interpreted the court's "careful grid" language in Pries to mean that state legislation intended to have exclusive authority over gun regulation. The state statute, for example, does not address frequency of gun purchases at all. "There's plenty of room in that state statutory scheme for municipalities to fill in the gaps," Fisher says.

Fisher conceded the ordinance will have the effect of sending purchasers to nearby towns in search of guns. "We would be more than happy if Bayonne or Hoboken would enact similar ordinances, but in this business it's one step at a time," she says.

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Plaintiffs lawyer Pisano says of the ruling Dec. 13, "I think the court clearly recognized that our Legislature has enacted comprehensive regulations regulating the purchase and sale of firearms and intended to occupy that field exclusively.

"The other message is if you want to address the problem of violent crime, the way not to do it is by restricting law-abiding citizens from lawfully purchasing firearms consistent with state law, which they can do everywhere else in the state."

Jury Finds That New York City Violated Constitutional Rights With Arrest Policy (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, December 20, 2006

(AP) - NEW YORK-New York City violated constitutional rights for a few months when the police department introduced a written policy in May 2001 to require those arrested at demonstrations to be locked up overnight rather than issued desk appearance tickets, a jury found.

But the same jury of eight people greatly diminished Monday any potential damages when it rejected a claim that the police department had enforced an unwritten policy to lock up demonstrators for more than two years before it put the policy in writing.

The verdict came after a lawsuit, brought on behalf of some 350 demonstrators, accused the city of starting to lock up all demonstrators it arrested after the 1999 killing of unarmed Guinean immigrant Amadou Diallo, who was struck by 19 of 41 bullets fired by police officers.

The lockups sometimes occurred despite a city policy that had existed in which people charged with misdemeanors are usually given desk appearance tickets, telling them when to show up at court for arraignment.

The overnight lockup in Manhattan is notorious for mixing those charged with all nature of crimes as they await arraignment, making it a particularly unpleasant experience for those unlikely to face any jail time even if they are convicted.

After a three-week trial, the jury found that the city violated the U.S. Constitution's First Amendment right to free speech and assembly as well as the 14th Amendment right to due process when the written policy was put in place on May 1, 2001. The policy was withdrawn on July 13, 2001.

However, the jury concluded that the city did not violate the Constitution between April 7, 1999 and April 30, 2001, when the plaintiffs said the city enforced an unwritten policy to lock up demonstrators.

The verdict left the city claiming victory.

The city's corporation counsel, Michael A. Cardoza, told The Associated Press the city was vindicated against claims that for more than two years there were "winks and nods" as police carried out an unwritten policy to lock up all arrested protesters.

He said the jury had flatly told the plaintiffs they were wrong.

"That's big news," Cardoza said. "The plaintiffs prevailed in part, no question about it, but on the huge overwhelming part of the case the plaintiffs lost."

Jonathan C. Moore, a lawyer for the demonstrators, said the trial was limited to liability so a second trial would have to be conducted to determine damages, unless settlements were reached on behalf of some 30 people who claim to have been improperly arrested during that period.

Moore said he was disappointed that the jury did not conclude that the city violated the rights of those who were arrested between 1999 and 2001.

"It's unfortunate that a lot of plaintiffs will go uncompensated," he said.

During the trial, former police Commissioner Howard Safir testified he did not order that demonstrators be locked up rather than issued summonses after the Diallo shooting.

Earlier in the trial, Louis Anemone, a former police chief, testified for plaintiffs that Safir was so annoyed that celebrities were joining the demonstrations that he ordered the change in policy.

Among those arrested during the demonstrations were the Rev. Jesse Jackson, the Rev. Al Sharpton, former Mayor David Dinkins and several actors including Danny Glover, Susan Sarandon and Timothy Hutton.

UK Report Says Robots Will Have Rights (FT)

DOJ_NMG_0107767

By Salamander Davoudi In London

Financial Times, December 20, 2006

The next time you beat your keyboard in frustration, think of a day where it may be able to sue you for assault. Within 50 years we might even find ourselves standing next to the next generation of vacuum cleaners in the voting booth.

Far from being extracts from the extreme end of science fiction, the idea that we may one day give sentient machines the kind of rights traditionally reserved for humans is raised in a British government-commissioned report which claims to be an extensive look into the future.

Visions of the status of robots around 2056 have emerged from one of 270 forward-looking papers sponsored by Sir David King, the UK government's chief scientist. The paper covering robots' rights was written by a UK partnership of Outsights, the management consultancy, and Ipsos Mori, the opinion research organisation.

"If we make conscious robots they would want to have rights and they probably should," said Henrik Christensen, director of the Centre of Robotics and Intelligent Machines at the Georgia Institute of Technology.

The idea will not surprise science fiction aficionados. It was widely explored by Dr Isaac Asimov, one of the foremost science fiction writers of the 20th century. He wrote of a society where robots were fully integrated and essential in day-to-day life.

In his system, the 'three laws of robotics' governed machine life. They decreed that robots could not injure humans, must obey orders and protect their own existence – in that order.

Robots and machines are now classed as inanimate objects without rights or duties but if artificial intelligence becomes ubiquitous, the report argues, there may be calls for humans' rights to be extended to them.

It is also logical that such rights are meted out with citizens' duties, including voting, paying tax and compulsory military service.

Mr Christensen said: "Would it be acceptable to kick a robotic dog even though we shouldn't kick a normal one?

"There will be people who can't distinguish that so we need to have ethical rules to make sure we as humans interact with robots in an ethical manner so we do not move our boundaries of what is acceptable."

The Horizon Scan report argues that if 'correctly managed', this new world of robots' rights could lead to increased labour output and greater prosperity.

"If granted full rights, states will be obligated to provide full social benefits to them including income support, housing and possibly robo-healthcare to fix the machines over time," it says.

But it points out that the process has casualties and the first one may be the environment, especially in the areas of energy and waste.

ANTITRUST:

Delta Plans To Stay In The Air Without US Airways Buyout (WP/AP)

The Washington Post, December 20, 2006

ATLANTA, Dec. 19 -- Delta Air Lines filed a reorganization plan Tuesday that calls for it to emerge from bankruptcy protection next spring as a stand-alone company worth as much as $12 billion, which would be more than the market value of the nation's two biggest carriers combined.

Delta said that under the plan, its unsecured creditors would recover 63 to 80 percent of their allowed claims.

Delta's existing stock would be wiped out under the plan and creditors generally would receive distributions of new Delta common stock to settle their claims.

Delta outlined a five-year business plan and said it would be worth $9.4 billion to $12 billion after it's reorganized.

The high end of the equity value Delta is projecting would be more than the $11.6 billion combined market value of American Airlines and United Airlines.

Delta also said that its board voted to reject US Airways' $8.3 billion hostile takeover bid. "US Airways is the worst of all potential merger partners," Delta chief executive Gerald Grinstein said.

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US Airways said it remained committed to its merger proposal. It said its offer, including $1.65 billion in cost savings it anticipates, provides more value than Delta's plan. The offer included $4 billion in cash and 78.5 million shares of US Airways stock.

Delta Air Lines Rejects US Airways' Hostile Takeover (Update11) (BLOOM)

By Mary Schlangenstein

Bloomberg, December 20, 2006

Dec. 19 (Bloomberg) -- Delta Air Lines Inc. rejected a hostile $8.51 billion merger proposal from US Airways Group Inc. and said it plans to exit bankruptcy on its own with a value of as much as $12 billion.

The US Airways offer is unlikely to receive antitrust approval, is based on flawed economic assumptions and would result in the biggest debt load in the industry, Delta, the third-largest U.S. carrier, said today. US Airways said it will continue to pursue a takeover.

Delta wasn't persuaded by US Airways' argument that a combination creating the world's largest airline would add $1.65 billion in annual savings and new revenue. Executives at Atlanta-based Delta have expressed skepticism about US Airways' offer since it was unveiled Nov. 15.

``It will be extremely difficult for this merger to go forward," James Corridore, an analyst for Standard & Poor's, said in a note. US Airways' ``options are to raise its bid, try and sway creditors, or retract its bid."

Delta filed its five-year business strategy with the U.S. Bankruptcy Court in New York today, 15 months after seeking Chapter 11 protection. The carrier said it will leave bankruptcy in the first half of next year, and forecast net income of about $450 million in 2007 and $1.2 billion in 2010.

US Airways Chief Executive Officer Doug Parker said his company's offer of $4 billion in cash and 78.5 million US Airways shares, coupled with cost savings and new revenue, ``is significantly greater" than the value of Delta's plan to its creditors and future shareholders.

``We remain a disciplined and determined bidder for Delta," Parker said in a statement.

Industry Consolidation

Delta's board unanimously rejected the US Airways offer. The carrier faces pressure to consolidate as rivals consider tie-ups. AirTran Holdings Inc. made a hostile $290 million bid for Midwest Air Group Inc. on Dec. 13, and UAL Corp.'s United Airlines has held talks with Continental Airlines Inc.

Delta's shares fell 10 cents, or 6.8 percent, to $1.37 at 4:01 p.m. New York time in over-the-counter trading. US Airways shares rose $1.70, or 3.1 percent, to $57.50 in New York Stock Exchange composite trading.

Delta's 8.3 percent note due in 2029 rose about 1.5 cents to 67.5 cents on the dollar, according to Trace, the bond-price reporting system of the NASD.

80% Recovery

Delta said its plan would let unsecured creditors recover 63 percent to 80 percent of their claims, and that Blackstone Group, a financial adviser, estimates the airline's value at $9.4 billion to $12 billion. Delta's current shares will be worthless once it leaves bankruptcy.

``Creditors are going to want to put a sharp pencil to both plans," said Robert Mann, a Port Washington, New York-based consultant who works with airlines and unions.

Delta's creditors committee likely will ask the carrier by the end of this week to let US Airways review its finances, Mann said. Such a review, which Delta has rejected, is needed so Tempe, Arizona-based US Airways can firm up parts of its offer.

The financial targets in Delta's plan are reasonable compared with forecasts for its peers, said Robert Barry, a Goldman Sachs Group Inc. analyst in New York.

Concerns about merging workforces ``are real and sizable," while Delta's claims that US Airways' forecast savings are overstated ``seem more dubious," Barry said in a report.

Support from Delta's nine-member creditors committee is vital because it will help set the terms of any plan for Delta to exit bankruptcy. Executives from both carriers met with the panel last week to build support for their strategies.

`Great Progress'

``We've got a very constructive relationship with our committee," Delta Chief Financial Officer Ed Bastian said on a call with reporters. ``They understand the great progress Delta is making."

Delta used its time under court protection to cut labor costs, ground planes and expand more-profitable international routes. The airline said it achieved 85 percent of the $3 billion annual cost-savings goal set when it filed for bankruptcy. It plans $700 million in new savings next year.

Under the plan, Delta said its operating margin would move from a negative 6.9 percent this year to 2.4 percent in 2007 and 10.5 percent by 2010. The cost to fly each seat a mile will fall to 6.73 cents in 2007, down 20 percent from 2004, Bastian said.

By next year, Delta expects to narrow its gap in revenue for each seat flown a mile to 94 percent of the industry average from 86 percent, and to achieve parity in 2008, Bastian said.

International Service

The carrier will continue to beef up international service, increasing capacity 15 percent next year compared with a decline of as much as 4 percent in domestic markets. Total capacity would rise 1 percent to 2 percent in 2007. Annual growth in later years will be 2 percent to 3 percent, Delta said.

Delta said US Airways' plan would result in a ``precariously high" $23 billion in debt for the combined carrier, compared with $10 billion for Delta independently. It would be a ``prescription for disaster," Chief Executive Officer Gerald Grinstein said.

Delta said it hasn't had any merger talks with other airlines since US Airways' offer was made public Nov. 15 following Delta's rejection of earlier, private overtures.

Other Bidders?

Other airlines, including UAL, may bid for Delta now that details of its plan are known, according to Barry, the Goldman analyst, and Philip Baggaley, a New York-based S&P analyst.

Delta was saddled with more than $28 billion in debt when it sought bankruptcy protection. It blamed growing low-cost competition, increased fuel costs and a drop in travel following the Sept. 11 terrorist attacks. Northwest Airlines Corp. filed on the same day, in the same court, citing the same problems.

US Airways came out of bankruptcy last year for a second time when it merged with America West Holdings Corp. US Airways is now the seventh-largest U.S. airline.

``US Airways was literally on the brink of liquidation" when it agreed to merge with America West, said Jim Whitehurst, Delta's chief operating officer. ``Our cash position is strong, our financial position is strong. This situation is very different than when America West acquired US Airways."

The case is In re Delta Air Lines Inc., 05-17923, U.S. Bankruptcy Court, Southern District of New York (Manhattan).

Merger Criticized As Push Toward Monopoly (CO)

By Steve Harrison

The Charlotte Observer, December 20, 2006

Delta Air Lines attacked all facets of the US Airways' plan for a merged airline Tuesday, but its sharpest criticism is that the "new Delta" would be anti-competitive.

"If you asked us who is our major competitor, we would say US Airways," said Delta chief executive Gerald Grinstein said. "(This deal) may sound good to a monopolist."

A merged Delta and US Airways would create the nation's biggest airline and would dominate the East Coast, with hubs in Atlanta, Charlotte, Philadelphia and New York's Kennedy Airport. It also would have significant operations at New York's LaGuardia Airport, Reagan National in Washington, and Boston Logan.

"It appears, at the end of the day, this is more than likely to be blocked," said New York City attorney Jim Weiss, a partner in Preston Gates & Ellis LLP who is on retainer to Delta. Weiss spoke during a conference call with analysts and reporters Tuesday.

Creditors will vote in February or March on whether to approve Delta's Chapter 11 reorganization plan or to accept US Airways' offer. In its sales pitch to creditors, Delta warns that any merger would be scrutinized for at least a year, and would likely be turned down by the Justice Department. That would delay the creditors being compensated in the deal.

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Since launching the takeover bid Nov. 15, US Airways has insisted the deal would get antitrust approval so long as it sold one of its Northeastern shuttles. It also said the deal would go through because of the growth of low-cost carriers this decade, with AirTran operating a major hub in Atlanta and JetBlue operating one at New York Kennedy.

Weiss noted that the new airline would still have roughly 50 percent of the market at LaGuardia and Reagan National, even after selling a shuttle. He said there would be nearly 2,000 city pairs -- many in the Southeast -- where the new airline would carry 90 percent or more of all passengers. Delta said that in about half of those cities Delta today has less than a 50 percent share. And it showed in a PowerPoint presentation the geographic proximity of the two airline's hubs, predicting that the new airline would cut service in cities such as Charlotte and Pittsburgh.

Grinstein noted that low-cost carriers wouldn't go to small cities such as Florence, S.C.

Goldman Sachs analysts wrote Tuesday they believe US Airways would "go to great lengths" to assuage Department of Justice concerns.

Delta has launched a new Web site -- www.keepdeltamydelta.org -- that highlights cities that could be impacted by the merger.

Delta Shuns Bid, Prefers To Fly Solo (USAT)

By Marilyn Adams

USA Today, December 20, 2006

US Airways' pursuit of Delta Air Lines took on a more hostile tone after Delta formally rejected its advances Tuesday and announced its intention to emerge from bankruptcy as an independent airline.

Delta said that as an independent, it would be worth $9.4 billion to $12 billion when it exits Chapter 11 protection next spring. US Airways' unsolicited cash-and-stock bid was worth $8.4 billion at US Airways' closing price Tuesday.

CEO Gerald Grinstein said Delta believes an independent airline offers investors and creditors greater value and certainty of success than US Airways' proposal.

US Airways would not say Tuesday whether it will sweeten its offer but said it remains a "determined bidder" for the USA's third-biggest carrier. Spokeswoman Andrea Rader said US Airways had hoped to work cooperatively on a merger with Delta.

A merger with US Airways, the seventh-biggest U.S. carrier, would create the biggest domestic airline by passenger capacity, passing American Airlines.

US Airways says it will press its offer with Delta's creditors committee, which has taken no official stand. The committee could pressure management to open its books to US Airways and ask the bankruptcy judge to consider the merger. But so far, the committee has worked with Delta, which says the stand-alone plan would give creditors a stock payout worth 63% to 80% of their claims.

US Airways is offering $4 billion cash and 78 million shares of its stock. It says a merger would save the combined airline $1.6 billion a year. Delta questions those savings.

And Delta's Grinstein says a sweetened US Airways offer would not overcome antitrust and other obstacles. Delta CFO Ed Bastian says a merger would leave the new airline with $23 billion in debt, about double what Delta would have as an independent.

Goldman Sachs analyst Robert Barry says another option for Delta would be a bid from United Airlines, because route networks and corporate cultures would be a good fit. But analyst Ray Neidl of Calyon Securities says he doubts more offers will come until the Justice Department gives some indication of how it views the burgeoning number of airline mergers.

Last week, AirTran made an unsolicited bid for Midwest Airlines. And United is said to be in early merger talks with Continental.

Delta forecast a 2006 loss of $350 million excluding bankruptcy charges. Next year it expects net income of $450 million, rising to about $1.2 billion by 2010. Delta said $700 million in cost cuts will take effect next year, including termination of its pilots' pension plan.

Delta Lawyer: US Airways Merger Has 'antitrust Issues' (PITTBIZ)

Pittsburgh Business Times, December 19, 2006

Delta Chairman and CEO Jerry Grinstein continued his offensive against US Airways' hostile takeover bid in a conference call with analysts Tuesday, saying that the merger would create too much of a monopoly in too many markets.

"If the suggestion is that we're going to put a for sale sign on Delta airlines, we're just not going to do that," Grinstein said.

But "if the process of consolidation starts, you do not want to be left out," he added, explaining that all airlines are keeping tabs on each other.

And he touted "the huge amount of value" that has been created at Delta during the Atlanta-based airline's bankruptcy proceedings, essentially pointing to US Airways' $8.7 billion bid as being less than the up to $12 billion in value that Delta believes it is worth. Delta earlier on Thursday filed its standalone plan to emerge from bankruptcy and reported its board of directors unanimously rejected US Airways' takeover bid.

"I hope we'd be an acquirer rather than an aquiree," Grinstein said.

Delta's chief antitrust lawyer added that he doesn't believe the U.S. Department of Justice will approve a merger between Delta Air Lines Inc. (Pink Sheets: DALRQ) and Tempe, Ariz.-based US Airways Group Inc. (NYSE: LCC), Pittsburgh International Airport's leading carrier.

"It appears from a factual standpoint, this is a merger that clearly has a lot of antitrust issues attached to it," said Jim Weiss, a Washington partner in the law firm Preston Gates & Ellis LLP, which recently merged with Kirkpatrick & Lockhart Nicholson Graham, a Pittsburgh law firm. "The antitrust risk here is quite high."

Weiss, the former head of the DOJ's antitrust division and a hired gun for Delta since 1988, said he believes it would take the department about a year to review US Airways' hostile bid for Delta.

That's because the DOJ will anticipate more merger proposals and would want to go over the Delta/US Airways merger with a fine-toothed comb.

In a detailed PowerPoint presentation available on Delta's Web site, Weiss showed why he believes the Delta/US Airways combination wouldn't pass muster. Chiefly, he said, a lot of small to midsized American cities would lose competition if the two airlines merged. The combined airline would be the largest carrier in 127 small communities.

And Weiss contends that low cost carriers don't usually go into really small cities, so the competition isn't likely to be replaced.

Other proof he offered for his position: the DOJ rejected a US Airways/United merger after a 14-month investigation. And that merger had even fewer overlapping routes and hubs, Weiss said.

Meanwhile, US Airways continued its public campaign for Delta. The airline sent out a statement from Chairman and CEO Doug Parker saying, "Combining US Airways and Delta will create at least $1.65 billion in annual synergies beyond the value that could be created by any standalone plan. These synergies come on top of the certainty of $4 billion in cash and the upside potential of 78.5 million shares of US Airways stock."

But Grinstein said in the conference call that he expects Delta would be $8 billion in debt when it emerges from bankruptcy. By contrast, he said, a US Airways/Delta merger would be saddled with $23 billion in debt. If that sounds familiar, he quipped, that was the amount of debt Delta had when it filed for Chapter 11 in 2005.

Delta: US Air Deal Would Hike Fares (CNN)

By Chris Isidore

CNN Money, December 20, 2006

NEW YORK (CNNMoney.com) -- Delta Air Lines formally rejected the hostile bid from US Airways Group early Tuesday, saying regulators are unlikely to approve the combination because of the risk of higher airfares and that its creditors will get more if it stays independent.

The move is not a surprise. Since US Air made its $8.4 billion stock and cash bid for Delta on Nov. 15, Delta management has stated that it intends to emerge from bankruptcy as an independent carrier. But the statements Tuesday make the airline's strongest case against the combination of No. 3 Delta and No. 7 US Air.

Executives at Delta Air Lines (tail in front) say a combination with US Airways (tail in rear) would be blocked by regulators because it would hike fares in many East Coast markets.

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In a call with investors, Delta CEO Jerry Grinstein said US Airways is Delta's primary competitor on the East Coast, and a deal with it would be the one least likely to be approved because of the impact on fares.

"Combining the carriers necessarily reduces competition, which may sound good to a monopolist but a regulator would not like it all," he said.

US Airways quickly responded that it is not dropping its bid for Delta, despite the formal rejection by the Delta board.

"We remain a determined, disciplined bidder and are confident the offer we made presents the greatest value for all our stakeholders," said a statement by spokeswoman Valerie Wunder.

If airline mergers fly, fares could follow

Delta said there are 2,000 routes where a combined US Airways and Delta would control 90 percent of the flights, which the company argues would prevent U.S. antitrust regulators from agreeing to the deal.

"Delta believes consumers have valid reason for concern, as pricing has gone up, not down, on approximately 6,600 US Airways routes following its merger with America West," said Delta's statement.

US Airways executives have insisted that fares did not rise after the former America West bought US Airways' assets out of bankruptcy in September 2005, arguing that cost savings from the combined operations allowed it to keep fares low.

Fares up

But filings by US Airways Group (down $0.23 to $55.57, Charts) as well as the two predecessor carriers that combined in late September 2005, America West and US Airways Inc., suggest that the combined carrier has seen a rise in the revenue per passenger mile, a closely watched measure known as yield that approximates average fares.

US Airways Group's yield in the third quarter is up 10.4 percent compared to the average of the two predecessor carriers a year earlier. Over the first three quarters of 2006 the average yield is up 14 percent. Both are higher than the average gain in industrywide yields reported by the Air Transport Association, the industry trade group.

7 amazing travel secrets revealed

Grinstein rejected the idea of continuing talks with US Air, making some of its financial information available in order to see if US Air would be willing to raise its bid, while Delta management continued to move toward emerging from bankruptcy as an independent carrier.

"Remember this is a hostile proposal, not a solicited one," he said. "When you get into exchanging information with your largest competitor, you've got issues. The Justice Department has already indicated they did not want us to do so without some clearance from them."

S&P airline equity analyst Jim Corridore doesn't think the regulatory hurdles are as clear cut as presented by Delta management, but he agrees that in some smaller markets the merger would result in higher fares.

"I don't think that it's a regulatory non-starter, but there are significant hurdles that have to be cleared," he said. "I believe there is a case to be made that these hurdles can be overcome."

Tuesday's statement from Delta says that its financial adviser, the Blackstone Group, estimates that Delta will be worth about $9.4 billion to $12 billion when it emerges from bankruptcy.

US Air is offering $4 billion in cash and stock now worth about $4.4 billion to Delta creditors.

While Delta is not offering cash to creditors at this point of the discussions, Grinstein insisted that the Delta plan still is less risky for creditors since it doesn't face the regulatory hurdles that a merger with US Air would face, and it would allow Delta to emerge from bankruptcy sooner.

S&P's Corridore said he believes the U.S. Air offer is the better deal for Delta creditors. But he said he now doubts that the merger will take place.

"It will be very difficult for the deal to go forward in the face of the opposition from Delta management and directors," he said. "The Delta pilots are also a constituent that you have to convince, and US Air hasn't been able to do that."

But Joseph Capobianco, a Long Island, N.Y.-based merger & acquisition attorney, said he believes it's easier for a hostile bidder to convince creditors to accept a deal than it is to convince shareholders of a non-bankrupt company. So he thinks that US Air still has good chance to get Delta.

"I think US Airways will increase their offer," he said. "I don't think the fat lady has sung."

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US Air's Wunder would not comment when asked about reports that the company was considering an increased bid.

Spring emergence

Delta said it is on track to emerge from bankruptcy next spring but said that emergence would be delayed until 2008 if the merger went forward. The company filed its reorganization plan, which it said would result in a recovery for Delta's unsecured creditors of approximately 63 to 80 percent of their allowed claims through equity in the reorganized company.

Delta also argued a combined US Air-Delta would have $23 billion in total debt, compared with about $10 billion in total debt for a stand-alone Delta.

"In our industry, as all of us know, that [heavy debt] is a prescription for disaster," said Grinstein.

And Grinstein insisted the Delta contract with the Air Line Pilots Association prohibits the 10 percent cut in capacity at a combined Delta-US Air that the US Air executives plan to make as part of the merger.

"There are significant labor issues that can not be blinked away," he said. "The pilots have said that Delta is not for sale."

US Air's Wunder would not comment on the specifics of Delta's statement other than to repeat the prepared remark reiterating the bid.

The bid from US Air for Delta last month set off speculation that it could bring a round of mergers in the industry. Last week there were reports that United Airlines' parent UAL Corp. (Charts) was in preliminary talks with Continental Airlines (Charts) on a potential merger. And even smaller carriers could get involved, as AirTran (Charts) announced an unsolicited bid for Midwest Express (Charts).

Grinstein told investors that if some of the other deals come to pass, Delta may have to reassess its go-alone strategy. But he repeated that he believes an independent Delta is the best strategy, no matter what negotiations are taking place.

"They may be in conversation, but we haven't seen any fruit of that yet," he said. "What history has shown us about airline mergers is they're difficult to do."

If airline mergers fly, fares could follow

US Airways Still Chasing Delta Despite Its Rejection (PPG)

By Dan Fitzpatrick, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 20, 2006

US Airways is refusing to back off its $8.4 billion takeover bid for Delta Air Lines despite an official rejection from Delta's board and a pledge that Delta will emerge from bankruptcy next year as a stand-alone company worth as much as $12 billion.

"We remain a disciplined and determined bidder for Delta," US Airways Chief Executive Officer Doug Parker said yesterday after Delta's board released its reorganization plan that eschewed US Airways' advances.

The back-and-forth drama pitting the nation's third-largest carrier against the fifth-largest, US Airways, and its 45-year-old CEO now turns to Delta's creditors, who will have to decide early next year between the two competing plans for Delta's emergence from Chapter 11 bankruptcy.

It "is quite exciting," said longtime Virginia airline consultant Darryl Jenkins.

"Certainly, Parker is not going to give up. Parker is a very driven young man" and "not one that shirks from a fight," Mr. Jenkins said. By the same token, Delta Chief Executive Officer Gerald Grinstein, 74, is "a tough old bird. ... He is not going to let some young snot-nose tell him what to do with his airline."

The outcome of the takeover battle is being watched closely in the Pittsburgh area, where Tempe, Ariz.-based US Airways still employs 2,275 employees and serves 146 daily flights from Pittsburgh International Airport. Its presence, though, is down significantly from five years ago, prior to the 9/11 attacks, when it employed more than 12,000 locally and offered more than 500 daily flights.

Atlanta-based Delta, which filed for Chapter 11 bankruptcy protection in 2005, filed its reorganization plan yesterday in New York and disclosed for the first time that its board had unanimously rejected US Airways' merger proposal. The five-year strategy outlined in the airline's plan predicts that an independent Delta would be valued at $9.4 billion to $12 billion while earning a profit of $456 million in 2007 and $1.2 billion in 2010.

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Delta's Grinstein argued in a conference call that US Airways' bid, based on "flawed economic assumptions," would never clear antitrust concerns and that it would saddle the combined company with too much debt and too many unsolved labor issues.

"A prescription for disaster," Mr. Grinstein said, in the conference call. "US Airways is the worst of all potential merger partners."

Mr. Grinstein didn't completely dismiss the idea of a merger with a company other than US Airways, saying later that Delta would review any other bids. But he said Delta would not put out a "for sale" sign.

Delta's chief financial officer, Ed Bastian, said in the conference call that Delta so far has not received any other offers.

Mr. Parker, who launched his takeover attempt Nov. 15 after being rebuffed twice by phone and letter, said "we have always expected that Delta would submit a stand-alone plan" and noted that Delta's creditors now have a "benchmark against which to evaluate the competing proposals and we welcome that comparison. This is an important step in a process that we believe will result in the merger of US Airways and Delta."

The US Airways CEO maintains a merger would provide at least $1.65 billion in cost savings and new revenue "beyond the value that could be created by any standalone plan." Delta creditors would also receive $4 billion in cash and 78.5 million shares of US Airways stock, which closed yesterday at $57.50, up $1.70, or 3 percent.

Delta's reorganization plan, on the other hand, would allow creditors to get back 63 percent to 80 percent of what they are owed.

Both airlines have been lobbying the creditors committee, hoping to win support. The committee will now review both plans and is expected to make a decision early next year.

"We recognize and appreciate the creditors' ultimate authority in this process," Mr. Parker said.

Some experts expect US Airways to raise its bid, but Mr. Parker did not address that possibility yesterday.

"I assume over time that bid will be upped," said Mr. Jenkins, the airline consultant.

Whether the creditors go for US Airways or Delta depends on "what your time preference is. One [US Airways] is more money now and one [Delta] is more money later. Everybody is playing their cards."

Delta CEO: Airline Would Look At Any Other Proposal (DOWJONES)

By Terry Kosdrosky

Dow Jones Newswires, December 19, 2006

The Chief Executive of Delta Air Lines Inc. (DALRQ) said Tuesday that US Airways Group Inc.'s merger proposal raises unique antitrust concerns. He added that Delta would "look at" any other proposal.

Chief Executive Gerald Grinstein said during a conference call that the US Airways proposal has some "some very unusual antitrust aspects to it." He noted that his concerns about antitrust issues apply to the bid from US Airways only and don't reflect the company's views on any other combination. Grinstein also said Delta realizes its fiduciary duty to creditors and other stakeholders, noting that the company would look at any other proposal that comes up.

Delta, which has been operating under bankruptcy protection since September 2005, on Tuesday filed a reorganization plan and formally rejected the $8.4 billion merger offer from US Airways, which was first announced last month.

Jim Weiss, an attorney at Preston Gates & Ellis LLP who did an antitrust analysis for Delta on the US Airways proposal, said on the conference call that the risk of rejection on antitrust concerns is quite high.

The review process would take at least a year and the US Airways/Delta proposal would be more anticompetitive than the attempted US Airways-United Airlines merger rejected by the Department of Justice years ago. United is a unit of UAL Corp. (UAUA).

Weiss said the department's conservative view on airline matters hasn't changed much.

Sector Snap: Airline Shares Dip (AP)

AP, December 20, 2006

Airline Shares Slip As Delta Rejects US Airways' Buyout Bid

NEW YORK (AP) -- Airline shares slipped in Tuesday trading, after Delta Air Lines Inc. rejected a buyout bid by US Airways Group Inc.

The overall Amex Airline Index fell 1 percent, with all 11 of its component stocks marking declines. Many of the index's percentage swings were slight, less than 1 percent.

The declines came amid easing crude oil prices, which dropped 29 cents to $61.92 per barrel on the New York Mercantile Exchange. Falling oil prices typically strengthen airline shares, as jet fuel is among the industry's top costs.

When Delta filed a reorganization plan Tuesday with the U.S. Bankruptcy Court overseeing its Chapter 11 proceedings, the company said it wanted to remain a standalone carrier. Delta also said it plans to wipe out its existing stock under the plan.

Among the obstacles Delta said it foresaw for a possible deal with US Airways was federal antitrust scrutiny and labor issues. Investors have long been waiting for consolidation in the industry, which analysts say could help boost carriers' pricing power and profits.

Delta shares fell 8 cents, or 5.4 percent, to $1.39 in over-the-counter trading outside the index.

US Airways shares, meanwhile, slipped 32 cents to $55.56 on the New York Stock Exchange, also outside the index.

The index's biggest percentage decliner was AirTran Holdings Inc., whose shares fell 32 cents, or 2.5 percent, to $12.34 on the NYSE.

A Holiday Travel Wish List (USAT)

USA Today, December 20, 2006

This time of the year means two things: Many of us are thinking about what we'd like to receive. And travel is more of a hassle than ever.

For those of us who will be on the road, it's a good time to think about the measures — even the small ones — that could make our journeys easier. According to AAA, nearly 65 million Americans will be traveling more than 50 miles from home this holiday season, an increase over last year and a sure sign that airports, highways, train stations and bus depots will be packed in the coming weeks.

So whether you're traveling for Christmas, Hanukkah, Kwanzaa or New Year's, what follows is a holiday wish list of modest suggestions for making all of our trips a little easier.

For the Airlines:

Please, please, please, don't allow cellphones in flight.

Several firms have been tweaking the technology to allow for the safe transmission of cellular calls while airborne. Both the Federal Aviation Administration and Federal Communications Commission are said to be considering changes to the long-term ban, but ultimately it will be up to each airline to set its own policy. To which most of the flying public can only say: "Don't!"

Record load factors have made commercial flights more crowded than ever and the security "travel hassle" factor has made passengers more testy than ever. Think air rage is bad now? Try flying from coast to coast next to a loud talker. Or wait until you take a red-eye beside someone breaking up with an unfaithful partner. Such scenarios are why some business travel advocates are leading the move toward "Tapping-Not Talking" technology, so that passengers can stay in touch via real-time text messaging, not voice communication.

Technology is good. Employing it wisely is even better.

For hotels:

Implement an all-hands-on-deck policy at peak times.

My friend Andy recently told me about arriving at a hotel with his wife and three young children, and waiting in a long line as one employee checked in all of the guests. Meanwhile, two other employees stood by, apparently just watching. Were they in training? Not qualified? Who knows? But we've all had this experience and it's harder to accept at a four-star hotel than at a grocery store. So if warm bodies are available at busy times, please put them to work.

For the car rental companies:

Guarantee child safety seats.

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A few months ago, I noted how some car rental firms state that optional equipment — such as child safety seats — "may" be available at "many" or "most" locations (Read column). On such a critical issue, mushy language is not acceptable. All car rental firms should guarantee such seats in advance. Then if one is not available, parents can make alternative plans before it's too late.

For cruise lines:

Clarify tipping at sea.

For years, veteran cruisers understood the onboard rules and brought along enough cash to provide gratuities before disembarking. Now some cruise lines provide automatic payment systems, some lines prohibit tipping, and other lines allow it under certain conditions. Each program may have its benefits, but readers say they're confused. When such policies are not clear, cruise lines need to clarify these issues prior to booking.

For the travel websites:

List all competitive products fairly.

After years of analyzing travel websites for Consumer Reports WebWatch, it's amazing to me that some travel sites still segregate their listings according to the marketing agreements they've signed with travel suppliers, such as airlines, hotel chains and car rental firms. You shouldn't need to input extra keystrokes and view fresh pages to see all of the viable choices for a given booking. Better transparency will benefit an even more important constituency: customers.

For the Transportation Security Administration:

Please think through new policies.

Yes, I know that the TSA has the Herculean task of securing our airports and airlines. But whatever goodwill was built up after 9/11 has long since eroded as new policies, procedures and guidelines have been introduced, revamped, rescinded and even brought back. Shoes off. Shoes on. No to liquids. Yes to liquids. Maybe to liquids. We all understand the importance of making air travel safer, but many are wondering how the TSA's ever-changing rules are contributing to that goal.

For the U.S. Department of Transportation:

Update the flight delays rule.

If you'd like to know the on-time history of the domestic flight you're booking, you can call a travel agent or the airline's reservations department and they're required to tell you. That's the good news. The bad news is that this DOT rule went into effect prior to the launch of the Internet, so online providers are not required to tell you the same information. A simple tweak of this regulation would force airline and travel agency websites to provide you with the same delay records you get through off-line bookings.

For the U.S. Department of Justice:

Don't rubber-stamp airline mergers.

It's been shown time and again: What investors call "consolidation" is a nice word for worse service and more unemployment. With the ink not even dry on US Airways' marriage with America West, that carrier already is considering a hostile takeover of Delta. This has promptly led to merger talks between Continental and United, while AirTran (formerly ValuJet) says it wants to initiate a hostile takeover of Midwest Airlines.

For passengers, a dwindling number of carriers will mean higher prices, fewer flights and a decline in service (yes, it's possible for service to decline further). For employees, it means even more lay-offs in an industry still reeling from lost jobs. The DOJ should look long and hard before blessing any of these deals that essentially benefit no one but a handful of senior executives — and, of course, their attorneys.

For all Americans (not just those who travel):

Let's discuss the automated targeting system (ATS).

As reported last month, the Department of Homeland Security (DHS) has been using ATS to monitor travel records, motor vehicle records and even airline meal preferences, all in the name of security. "Without notifying the public, federal agents for the past four years have assigned millions of international travelers, including Americans, computer-generated scores rating the risk they pose of being terrorists or criminals," the Associated Press reported.

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Unfortunately, we're not allowed to view these assessments, let alone challenge them, even though the government intends to maintain them for 40 years. That's why the European Union recently asked for further clarification about ATS. In fact, we all should. Want to learn more? You'll have to dig, but you can find it on the DHS site (PDF file).

ATS is not the first initiative of this kind proposed by the DHS and its subsidiary, the TSA. The ill-fated Computer Assisted Passenger Prescreening System (CAPPS II) generated criticism from organizations as diverse as the American Civil Liberties Union and the Christian Coalition.

After I wrote about that program in this space in 2004, a reader's response eloquently invoked Benjamin Franklin: "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety." At what point, exactly, do we finally stand up as a nation and declare that the freedoms we've sacrificed in the name of security have altered the very concept of what it means to be an American? At what point do we say that government agencies (and even worse, their outsourced private-sector partners) do not have complete freedom to track each and every one of us? At what point do we simply say that enough is enough?

Preserving the personal rights that make this country a beacon of freedom—how's that for a holiday wish? In the meantime, travel safely. I look forward to hearing from you in 2007.

Read previous columns

Bill McGee, a contributing editor to Consumer Reports and the former editor of Consumer Reports Travel Letter, is an FAA-licensed aircraft dispatcher who worked in airline operations and management for several years. Tell him what you think of his latest column by sending him an e-mail at USATODAY.com at travel@usatoday.com. Include your name, hometown and daytime phone number, and he may use your feedback in a future column.

Owner Of Small Coffee Shop Takes On Java Titan Starbucks (USAT)

By Edward Iwata

USA Today, December 20, 2006

After coffeehouse owner Penny Stafford sued Starbucks in September, she says she was stunned by hostile and anonymous telephone calls and e-mails. Drop your lawsuit, she was warned. How dare you attack Starbucks?

"It's as if I had insulted apple pie and America," says Stafford, owner of the Belvi Coffee and Tea Exchange in Bellevue, Wash.

In the closely watched federal lawsuit in Seattle that alleges nationwide antitrust violations, Stafford's attorneys portray Starbucks as a predatory monopoly crushing her and other small coffee sellers.

The lawsuit charges that Starbucks illegally maintains its monopoly by barring other coffeehouses from prime downtown high-rises in Seattle and Bellevue through exclusive leases with property owners.

Starbucks also drove Stafford and other coffeehouses out of business by buying coffee sellers and flooding neighborhoods with new Starbucks stores that even cannibalized the sales of existing Starbucks shops, the lawsuit alleges.

"This is wrong, period," Stafford says. "I'm not willing to leave the specialty coffee business because of Starbucks shutting me or anyone else down."

Starbucks spokeswoman Sanja Gould says, "Starbucks denies that we have done anything improper, and we intend to rightfully defend ourselves. As Starbucks has grown, so has the industry, all of which benefits coffee consumers and the competitors of Starbucks."

In a court filing, attorney Thomas Boeder of the Perkins Coie law firm writes: "Starbucks is committed to conducting business in a respectful, ethical and responsible manner in the communities it serves."

While it's early, antitrust experts say the lawsuit could clarify a murky area of the law by defining what a monopoly might be — and what business conduct by a monopoly might be illegal.

The Starbucks case comes amid what Boston attorneys Thane Scott and Veronica Abreu call "antitrust's second golden age." Attorneys are heatedly debating what monopoly practices are predatory. Regulators are weighing whether antitrust law should be upgraded in the new global economy, just as the law was shaped in the early 20th-century industrial economy. And antitrust civil lawsuits are on the rise, reports Competition Law 360, a legal publication.

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The lawsuit also increases the controversy around fast-growing Starbucks, the target of a vocal backlash in recent years from neighborhood and anti-globalization activists and some consumers.

Stafford's lawsuit seeks class-action status. So far, dozens of coffee sellers in Washington, California, Illinois and other states report similar problems with the coffee behemoth, says Stafford's attorney, Steve Berman of Hagens Berman Sobol Shapiro in Seattle. If a federal judge finds that Starbucks is a monopoly that violates the antitrust Sherman Act, his ruling would apply to all Starbucks in the USA, Berman says.

A monopoly itself isn't illegal. But a monopoly cannot willfully acquire or maintain power through predatory acts, such as blocking rivals from a market. Nor can it limit consumers' choices, courts have ruled.

That's why lawyers are eyeing the Starbucks suit, plus a recently argued Supreme Court case in which Ross-Simmons Hardware Lumber accused Weyerhaeuser of pricing rivals out of the market. The cases raise a long-running legal question: What practices by a monopoly are predatory and anti-competitive?

Attorneys say there's no single legal test. Judges offer conflicting guidance, from the Supreme Court's landmark 1911 Standard Oil ruling to a lower court's settlement approval in the vast Microsoft case in 2001.

In antitrust cases such as Starbucks, plaintiffs face long odds, says Stephen Calkins, a Wayne State University law professor and former Federal Trade Commission general counsel. They must show that a firm is a monopoly, then prove that it abuses its power.

Courts typically require plaintiffs to show that a business has more than 40% market share before it might be deemed a monopoly, says Dionne Lomax, a partner at Vinson & Elkins and a former Justice Department attorney.

Already, Starbucks and Belvi are trying to define market share. Belvi Coffee says Starbucks monopolizes 73% of the market for gourmet coffee and espresso drinks in coffeehouses, while Starbucks says it represents "7% of all coffee consumption in the U.S."

If the lawsuit is not dismissed, the ensuing debate in court could raise other crucial antitrust issues:

•Market definition. How should a monopoly and its "market" be defined? By range or type of products sold? By business region? Or, as alleged in the Starbucks lawsuit, by access to leased high-rise space — a narrow, hard-to-prove definition, says law professor Andrew Chin at the University of North Carolina.

•Exclusionary conduct. Are Starbucks' leases with landlords exclusionary vehicles that bar other coffee sellers from the market?

•"No economic sense" test. When does a monopoly cross the line from tough, competitive practices to illegal actions that make no economic sense and serve only to wipe out rivals?

"Courts are all over the map" on issues, says Mark Popofsky, a partner at Kaye Scholer and former Justice Department senior counsel on the Microsoft case.

Starbucks is widely admired by Wall Street and other businesses as a well-run corporation, a mighty marketing machine and, until recently, a highflying stock.

Since its first store opened in 1971 in Seattle, Starbucks has grown to 12,400 outlets worldwide, 115,000 employees and $7.8 billion in revenue in fiscal 2006. The chain hopes to expand to 40,000 outlets, cafes and kiosks worldwide.

Starbucks also has been praised for its social and environmental acts, from donating millions of dollars to charities, to promoting "fair trade" export practices with Third World coffee bean producers.

But Stafford's lawsuit symbolizes the distaste that critics have toward Starbucks. Few retail chains have been the target of such a long-brewing backlash from neighborhood activists, anti-globalization protesters, labor organizers and some consumers and small-business owners. Starbucks has been accused of being a corporate bully whose tactics hurt small businesses, erode the character of local communities and exploit the coffee bean economies of Third World countries.

Starbucks' vast size and "aggressive real estate grabs" clearly alienate some people, says Bryant Simon, a Temple University historian and author of Consuming Starbucks, to be published in 2008.

"By being everywhere, they create markets," Simon says. "But they also narrow the markets and limit opportunities for companies."

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The $11 billion U.S. market for specialty coffee keeps growing, with about 23,000 coffeehouses, reports the Specialty Coffee Association of America trade group. Spokesman Mike Ferguson says sales won't peak "until there's an espresso bar in every neighborhood."

Starbucks dominates with a 73% market share of U.S. coffeehouse sales in 2005, says Mintel, a global consumer research firm in Chicago. The coffee king faces scant competition from Caribou Coffee and Peet's Coffee and Tea, its closest rivals.

But Starbucks commands only 43% of the gourmet coffee market if Dunkin' Donuts (27%), Krispy Kreme (5%) and Tim Hortons (2%) are included, says Mintel.

Marcia Mogelonsky, an industry analyst at Mintel, says coffeehouses with loyal customers and strong business strategies "can co-exist with Starbucks." But, she adds, "There's no denying that Starbucks can easily put a lot of independents out of business."

Owners of small coffeehouses describe Starbucks' impact as "a double-edged sword." They praise it for launching a mass market for specialty coffee and espresso drinks and educating consumers. Starbucks brings consumers to shopping districts, and paves the way for "independent coffeehouses to come in, find a niche and provide higher-quality products," says Joe Mancuso of Caffe D'arte, a Seattle roaster.

Mike Sheldrake, owner of Polly's Gourmet Coffee, says he nearly closed his store in the late 1990s, after two Starbucks opened near him in Long Beach. But Sheldrake retrained his staff, painted his store and added more coffee beans, pastries and other items.

"We understood the battle is never over," says Sheldrake, whose coffeehouse is healthy again with $1 million in annual sales.

But some coffee sellers still lose customers to Starbucks — especially in areas saturated with Starbucks outlets, according to Stafford's lawsuit and a dozen coffeehouse owners interviewed by USA TODAY.

When coffeehouses find their leases up for renewal, some must close or relocate after Starbucks pays property owners two or three times the fair market rental price, say Stafford and other coffee sellers. Stafford, Mancuso and other small coffee sellers also are troubled by Starbucks' exclusive lease deals with landlords.

"Unfortunately, it happens so much here, it's common knowledge," Mancuso says.

These coffee sellers have lost to Starbucks:

•Boston Coffee Exchange. For 25 years, Mort and Bonnie Glovin have run this popular coffee stand in the historic South Station train terminal in Boston.

But the Glovins were stunned when the terminal's property manager, Equity Office Properties, would not renew their lease, which expires Jan. 31. The new tenant? Starbucks, says Mort Glovin.

The Glovins printed T-shirts that read "Don't Throw Us in the Grinder." Two thousand customers signed a petition urging that the coffee stand be allowed to stay. Even Boston Mayor Tom Menino wrote EOP, urging the firm to renew the lease.

"Little guys like us mean nothing," says Mort Glovin, 72, a former food-service manager.

•Reality Coffee. Fifteen years ago, Renee Kappes spent long days selling coffee from a tiny cart in Bellevue. Her hard work paid off. Soon, she owned two thriving Seattle's Best Coffee franchises in Kirkland, Wash., a popular waterfront village.

But after SBC was bought by Starbucks in 2003, Kappes and Starbucks disagreed about the operations and sale of her shops. Kappes says she had a buyer for $500,000. Starbucks offered her half that price, she says. Kappes rejected the offer, and Starbucks signed new leases with property owners. Before her leases ended, Kappes renamed her business Reality Coffee.

"It's just not right, but Starbucks can get away with it," says Kappes.

•Deaf Dog Coffee. Former banker Ron Salisbury moved to Petaluma, north of San Francisco, to start his own coffeehouse in 1994. Deaf Dog Coffee became a hit, and Salisbury opened five local outlets.

Then Starbucks opened six nearby stores and kiosks. Deaf Dog Coffee's $1 million in annual sales dropped 25%. Salisbury sold new drinks, cut costs and made bumper stickers that read "Friends Don't Let Friends Go To Starbucks."

It wasn't enough. Deaf Dog Coffee was hurt even more by downtown construction and winter flooding. Salisbury, 63, couldn't meet his loan and rent payments, and he recently filed for bankruptcy. "Starbucks has left a lot of bodies in their wake," he says.

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Penny Stafford, believed to be the first small coffee seller to sue Starbucks on federal antitrust grounds, says she won't cave in. A former commercial real estate agent and mortgage broker, she decided in 2003 to pursue her dream of starting a coffeehouse.

For two years, she hunted for "Class A" retail space in busy high-rises in Seattle and Bellevue. But agents steered her to less desirable sites, according to her lawsuit. When she asked to see better spaces, the agents refused, saying Starbucks had locked up the sites.

"That's when I realized I had a zero chance of getting into one of these locations," Stafford says.

According to the lawsuit, agents told Stafford that Starbucks had signed nationwide exclusive leases with Equity Office Properties and other real estate investment trusts that owned commercial buildings.

Under the leases, the landlords cannot rent to other gourmet coffee sellers, the lawsuit alleges. The agreements also bar landlords from renewing the leases of existing coffee sellers, the lawsuit alleges.

In exchange for exclusivity, Starbucks paid property owners higher-than-market rates, the lawsuit alleges.

Retail tenants typically have "exclusive-use clauses" in their leases that give them the exclusive right to sell products in a building or mall. But Stafford's lawsuit contends that Starbucks' use of exclusive leases is an abuse of monopoly power — which Starbucks denies.

Equity Office Properties spokeswoman Terry Holt declined to comment.

In its court filing, Starbucks acknowledges that some of its leases in downtown Seattle and Bellevue "prohibit the landlord from leasing space in the same building to other retail coffee stores."

Last year, Stafford opened Belvi Coffee in a tiny space in a Bellevue high-rise by leasing the espresso machine of a tenant, Johnika's Deli. But Starbucks retaliated by "poaching" her customers, the lawsuit alleges. Employees from a nearby Starbucks outlet repeatedly offered free coffee samples to Stafford's customers seated outside the deli, says Stafford and her lawsuit.

Four months later, Stafford had to close the outlet.

Her lawsuit alleges that Starbucks, which runs 59 stores within a 2-mile radius of downtown Seattle, creates "Starbucks-only zones" that bar rivals. For instance, Starbucks in 2003 bought Seattle's Best Coffee and Torrefazione Italia for $72 million, then closed half of SBC's 22 stores and all five Torrefazione stores.

"Starbucks' game plan is to completely dominate a market by forcing out competition," Berman says. "We also believe that this scorched-earth approach is happening in many other major markets across the U.S."

Starbucks denies the allegations. In their filing, Starbucks' attorneys write: "Since its founding, Starbucks has played an integral role in creating an industry for gourmet coffee in Seattle and beyond. … Starbucks believes there is room for many coffeehouses in the marketplace that meet different customers' needs."

Until the lawsuit is resolved, Stafford is leasing a small spot in a Bellevue office building. So far, she has poured $130,000 into her coffee business. Despite the risks, she says, "I have to do the right thing."

Meanwhile, another Starbucks has just opened a block away.

Ericsson's Purchase Of Redback Boosts Internet-Video Strategy (WSJ)

By Bobby White And Sara Silver

The Wall Street Journal, December 20, 2006

Telefon AB L.M. Ericsson's agreement to buy Redback Networks Inc. for $2.1 billion reflects how the explosion in video and other multimedia services over the Internet and a surge in broadband subscribers are driving phone and cable companies to upgrade their networks and spurring big makers of networking hardware to unite.

Ericsson, a Swedish provider of equipment and services for telecommunications infrastructure, said it will pay holders of the Silicon Valley seller of routing equipment $25 a share, or 18% more than Redback's share price before the announcement. Ericsson characterized the price as a 60% premium above the 90-day average for Redback stock.

The companies said the deal will make them more effective suppliers for the fast-moving market. It also could help Redback contend with larger competitors such as Cisco Systems Inc. and Juniper Networks Inc.

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"Some companies were reluctant to use our technology because of Redback's size," said Paul Giordano, chairman of Redback's board and chief executive of Tamalpais Asset Management, a hedge fund that is an investor in the company. "Redback can compete in a much stronger way now."

Redback was forced to file for Chapter 11 bankruptcy-court protection in 2003, after an expansion during the telecom boom left the company saddled with debt. It slashed costs, cut nearly 1,000 employees and invested millions of dollars on new technology.

At one point, the stock traded for less than $1. In 4 p.m. Nasdaq Stock Market composite trading, before the deal was announced, the stock traded at $21.17, up 45 cents. In after-hours trading the shares were up $3.63, or 17%, to $24.80.

Kevin Denuccio, Redback's chief executive, said his company had been in talks with Ericsson off and on for months but discussions grew more intense in mid-November. He said Redback was interested in being acquired, hoping "to marry the size, reach and resources of Ericsson with Silicon Valley culture and expertise."

Ericsson, with a market value of $65 billion, is Europe's largest telecom-equipment maker. Its acquisition last year of most of the assets of Marconi PLC set off a wave of consolidation in the industry, which included the proposed combination of the networks divisions of Nokia Corp. and Siemens AG, as well as last month's purchase of Lucent Technologies Inc. by Alcatel SA of France to form Alcatel Lucent.

Marconi's technology, designed to help telecom carriers handle big increases in data traffic, gave Ericsson a foothold in the networks of Marconi's existing customers, which were concentrated in the United Kingdom, Italy and Germany. The Redback deal could further improve Ericsson's ability to sell to U.S. carriers rolling out Internet television services.

"There's a scramble right now between Ericsson and Cisco to become the alternative to Alcatel in Internet television," said Inder Singh, telecom analyst at Prudential Equity Group. He thinks Ericsson could still be in the market for high-speed optical devices that collect and send signals to hundreds of homes.

Redback, of San Jose, Calif., will retain its management team and will operate as a business unit of Ericsson. The deal is expected to close by early 2007.

Valassis Strikes Deal With Advo To Acquire Firm For $1.05 Billion (WSJ)

The Wall Street Journal, December 20, 2006

NEW YORK -- Valassis Communications Inc. agreed to acquire direct-mail marketer Advo Inc. for a reduced amount as the companies dropped lawsuits against each other over their disputed merger agreement.

Valassis will pay $33 a share for Advo, or about $1.05 billion, down from $37 a share, or $1.18 billion, under an agreement reached in July. Valassis also will assume about $125 million in debt.

Less than two months after the companies first struck a deal, Valassis sued to end it, saying Advo, of Windsor, Conn., hid its financial problems to clinch an acquisition, and its business had eroded so much it was no longer the same company Valassis agreed to buy. Advo denied the claims and countersued to push through the deal.

"We are pleased to have reached this amended agreement with Advo and put the litigation behind us," said Alan Schultz, chief executive of Valassis, a Livonia, Mich., marketing company.

The settlement comes after a week of testimony from Valassis executives and other witnesses. The trial was adjourned Monday as the companies discussed the potential settlement.

Valassis also agreed evidence doesn't support claims Advo engaged in fraud or misconduct in connection with the initial merger agreement.

The renegotiated merger requires approval from Advo shareholders, and is expected to close during the first quarter.

Valassis shares yesterday rose 4.3%, or 62 cents, to $14.90 in 4 p.m. New York Stock Exchange composite trading, while Advo shares fell 40 cents, or 1.2%, to $32.60 on the Big Board.

AT&T/BellSouth Merger Faces Onerous Conditions (FT)

By Stephanie Kirchgaessner In Washington And Paul Taylor In New,york

Financial Times, December 20, 2006

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AT&T's $68bn takeover of BellSouth will face a tough political climate in Washington in 2007 when Democrats take control of the Congress, virtually ensuring that the former Ma Bell will have to agree to harsher conditions.

The possibility that the telecoms mega-merger would be approved by the Federal Communications Commission before the end of this year appeared to disintegrate on Monday after Robert McDowell, a Republican commissioner at the FCC, said he would abstain from deadlocked negotiations over the transaction at the regulatory agency.

The decision marks the beginning of what is likely to be a difficult period for Kevin Martin, FCC chairman and a savvy political operator who has, until now, faced few serious hurdles on his agenda. Among other issues, Mr Martin will probably be forced to defend the FCC's future decision on the AT&T deal and separate deliberations on media ownership limits before Democratic lawmakers next year.

With Mr McDowell out of the game, AT&T will be forced to succumb to at least some of the demands of the FCC's two Democratic commissioners, who are expected to have the backing of the new Democratic majority in the Congress on issues ranging from net neutrality to "special access" price freezes, coveringcompetitors' access to its network.

"There seems little doubt that McDowell's move strengthens the Democrat's hand and, while AT&T has been complaining of 'moving goalposts' in their negotiations, the goalposts look set possibly to move again on the topics ... where talks appear to have stalled," noted David Barden, a Bank of America analyst.

Gene Kimmelman of Consumers Union, a public advocacy group, said AT&T had held out on agreeing to some concessions so far because it had made a miscalculation that Mr McDowell would weigh in on the stalled talks.

AT&T yesterday said it had sought support from every member of the FCC since "the very beginning".

Analysts believe the Democrats are insisting on special access price freezes that exceed 30 months - something AT&T might be willing to accept - and an arbitration process governing wholesale price disputes, which they believe AT&T opposes if it relates to AT&T specifically.

Judge Bars Business Operations Merger Pending Media Trial (AP)

AP, December 20, 2006

SAN FRANCISCO - A federal judge on Tuesday blocked San Francisco Bay area newspapers owned by MediaNews Group Inc. and the San Francisco Chronicle from consolidating some of their business operations until the outcome of an antitrust lawsuit challenging the move.

U.S. District Judge Susan Illston had temporarily barred the consolidation of distribution and national advertising sales. She made her ruling official on Tuesday after giving the news outlets a chance to respond. The organizations said two weeks ago they would not immediately merge operations, but they planned to do so if they prevailed in the antitrust trial scheduled for April.

"The court does not doubt the sincerity of defendants' representations. However, the court is concerned that denying the preliminary injunction may leave defendants unsure of whether they are free to immediately pursue such agreements," Illston ruled.

New York-based Hearst Corp., the Chronicle's publisher, has invested $300 million in a complex deal that gives Denver-based MediaNews three more Bay Area newspapers - on top of the seven it already owns, including the Oakland Tribune. Hearst's investment helped finance the purchase of Hearst rivals the Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year.

San Francisco businessman Clint Reilly is trying to undo the sales as part of a federal antitrust lawsuit. The suit claims the deal, among other things, gives the outlets a monopoly on readership and advertising sales.

The news outlets maintain the deal is not anticompetitive, and said they would prove that at trial.

The case is Reilly v. MediaNews Group, 06-4332.

Judge Bars MediaNews, Hearst Talks On Collaboration (MERCN)

By Pete Carey

The San Jose Mercury News, December 20, 2006

A federal judge issued an order Tuesday barring Hearst and MediaNews from collaborating on national advertising and distribution with their Bay Area newspapers until an antitrust lawsuit is concluded.

The order, by U.S. District Court Judge Susan Illston, granted the preliminary injunction sought by Clint Reilly, a San Francisco investor who has filed an antitrust lawsuit to prevent MediaNews from buying the Mercury News and Contra Costa Times.

Reilly contends that the purchase, which was assisted by Hearst, owner of the San Francisco Chronicle, would give MediaNews a Bay Area news and advertising monopoly. The newspaper company says it is beset by competition from the Internet and online advertising, and by declining circulation. Denver-based MediaNews owns seven other Bay Area papers, including the Oakland Tribune, Hayward Daily Review and Marin Independent Journal.

Hearst and MediaNews said in court filings opposing the injunction as unnecessary that despite an April 26 letter between Hearst and MediaNews executives outlining proposed areas of future collaboration, they have no intention of combining either distribution or national advertising at this time.

Illston's two-page order said she is granting the injunction -- which lasts until a trial is held -- to avoid any confusion that might have followed if she had denied Reilly's request. In an earlier order, she characterized the collaboration discussed in the April 26 letter agreement as ``a significant threat'' of anti-competitive behavior. A trial is scheduled for April.

``The notion that they have no intention of doing it anyway is something she is not accepting,'' Reilly's lawyer, Joseph Alioto, said, referring to Illston.

Calls to an attorney for Hearst were not returned.

MediaNews, Hearst Agreement On Ad Sales Blocked (BLOOM)

By Karen Gullo

Bloomberg, December 20, 2006

Dec. 19 (Bloomberg) -- A federal judge blocked MediaNews Group Inc. and Hearst Corp. from jointly selling advertising in three northern California newspapers until after an antitrust trial next year.

U.S. District Judge Susan Illston in San Francisco today extended her Nov. 28 order halting a plan to collaborate on national ad sales and distribution. MediaNews and Hearst are accused in a lawsuit of forming a monopoly of newspapers in the San Francisco Bay area. Last month, Illston said the companies' agreement to jointly sell ads might violate antitrust laws and should be put off pending the outcome of the trial.

MediaNews and Hearst agreed in April to try to boost revenue by offering one contract to advertise in the San Francisco Chronicle, owned by Hearst, and the Contra Costa Times and the San Jose Mercury News, both owned by MediaNews. Lawyers for both companies told Illston last month that implementation of the plan wasn't imminent.

Illston said she sought ``to leave no confusion'' as to her expectation ``that defendants will comply with their stated intent not to pursue any of the agreements at issue.''

``The order is consistent with the representations made in the papers we recently filed in court,'' Paul Luthringer, a spokesman for New York-based Hearst, said in an e-mail. Joseph Lodovic, president of Denver-based MediaNews, didn't return messages seeking comment. Both companies are closely held.

McClatchy Deal

MediaNews acquired the Mercury News and Contra Costa Times, the No. 2 and No. 3 Bay-area papers, from McClatchy Co. in August. The $1 billion deal included at least $263 million from New York-based Hearst, whose Chronicle is the area's largest paper.

San Francisco real estate investor Clint Reilly has claimed in a lawsuit that the deal will create a monopoly, reducing choices for readers and advertisers. He is seeking a court order to undo the transaction.

At a Nov. 22 hearing, Reilly's lawyers told Illston that the national advertising agreement is evidence of price-fixing. Lawyers for MediaNews and Hearst said such agreements were legal, commonplace and necessary for both companies to beef up sagging revenue.

The case is Clinton Reilly v MediaNews Group, 06-04332, U.S. District Court, San Francisco.

Phone Firms Await FCC On Cable Ruling (WP)

By Alan Sipress

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The Washington Post, December 20, 2006

Telephone companies could get a major boost today in their efforts to penetrate the cable television market when the Federal Communications Commission considers a measure that would give state and local officials less latitude in awarding cable franchises.

FCC Chairman Kevin J. Martin, a leading advocate of the rule, has argued that government officials often stymie competition by delaying decisions on awarding cable franchises to telephone companies and by imposing exorbitant fees and conditions. As a result, cable operators often have been able to maintain a virtual monopoly on television services, resulting in steadily increasing prices for consumers, according to Martin. He cited an FCC survey

"Telephone companies are investing billions of dollars to upgrade their networks to provide video," Martin said in a speech two weeks ago. "As the telephone companies and others began actively seeking to enter video markets in late 2004 and 2005, however, we began to hear from some providers that local authorities were making the process of getting franchises unreasonably difficult."

Though the draft proposal will not be made public until today, it has already drawn sharp criticism from cable companies -- which argue that it would unfairly penalize them -- and local and state officials, who balk at efforts to curtail their authority in awarding franchises.

FCC officials said the measure's key provisions reflect proposals that Martin outlined in his remarks to the Phoenix Center, a research group, including specific deadlines for officials to decide on franchise requests. He said that state and local officials should be required to rule on applications within 90 days if the companies applying already have access to the required rights of way. Telephone companies such as Verizon Communications and AT&T, which stand to benefit most from the measure, often have such access for their fiber-optic lines.

Martin also urged that limits be placed on what local officials can demand from applicants in return for franchises. Local officials now can impose fees amounting to no more than 5 percent of cable revenues, but they often also demand that companies make other public improvements, such as wiring government buildings for broadband and even building a public swimming pool.

Finally, Martin has raised concerns about "build-out" requirements, which force telephone companies and other new providers to offer TV service to everyone within a given geographic area as a condition for winning a franchise. An FCC official said some of those demands are unreasonable because the companies are asked to carry them out too quickly.

"There have been abuses of the franchising process that make consumers wait longer than they should," said David M. Fish, a Verizon spokesman.

Fish said Verizon is spending $18 billion to build a fiber-optic network capable of providing video. But he said the company often must wait 18 to 22 months to receive local franchise approval after filing an application, slowing its bid to gain 3,000 franchises across the country in the coming years.

Verizon now has about 200 franchises for providing video. In the Washington area, the company has approval to offer television service in five Northern Virginia counties, four counties in the Maryland suburbs and more than 10 area cities, though not the District.

While cable operators say they share the aim of streamlining the review process, they accuse the FCC of offering new providers, especially telephone companies, an unfair advantage by freeing them from some conditions imposed on incumbents.

"The proposals we keep hearing about at the commission appear not to represent a level playing field," said Kyle E. McSlarrow, president of the National Cable and Telecommunications Association. Speaking to reporters yesterday, he urged the FCC to pare back the proposed measure.

Local and state officials, meanwhile, have accused the FCC of overstepping its legal rights.

"Franchising authority is a local one," said Carolyn Coleman, director of federal relations for the National League of Cities. "We want to see no more preemption of local government rights in this area." She said the FCC lacked the authority required to address franchising issues.

Congress entered the debate this year over video franchising. But while the House approved rules to streamline the process, the measure did not come up for a vote in the Senate.

Verizon and other phone companies have lobbied for new rules both at the federal and state levels. At least eight states have adopted measures designed to ensure that local officials follow consistent standards when evaluating applications.

Martin has referred to FCC statistics showing that cable rates increased 93 percent from 1995 to 2005. He said the commission's annual price survey, scheduled for release today, also found that cable rates were lower in areas where there was competition between at least two providers.

McSlarrow said those figures were deceptive because they rely on old data and only a portion of the cable market. Moreover, he said, many consumers now buy cable as part of a bundle that includes broadband Internet service and voice communications, and the price of such bundles has declined 25 percent since the mid-1990s.

"The bottom line is that value and price have only gotten better for our customers and that is a much sounder basis for policy proposals than outdated and manipulated statistics," he said.

Legal View: M&A Makeover Makes Good Sense (FT)

By Kenneth Chan

Financial Times, December 20, 2006

The merger and acquisition provisions enacted jointly by China's Ministry of Commerce and other ministries in 2003 were overhauled in August this year. The new provisions, which came into effect on September 8, represent a significant upgrade.

The added involvement of the securities regulator and state-owned asset watchdog in its enactment is expected to facilitate wider acceptance within the government and enhance the effective implementation of the new provisions.

Important changes were made in a number of areas, in recognition of the growing importance of China's private enterprises, the increased international mobility of Chinese entrepreneurs and the significant role they are playing in foreigners' M&A activities.

Previous obstacles to the continuing participation of these entrepreneurs in target companies post-acquisition have largely been removed.

However, a system has also been put in place to regulate entrepreneurs' investment overseas and subsequent "round-trip investments" back into China and to neutralise the implications that a change in their nationality may have on the legal characterisation of their domestic businesses.

The prospect of using foreign shares for investment in Chinese companies was an eye-catching feature in the 2003 provisions that was never realised. The role of foreign shares as a recognised form of investment has now been defined.

While their much narrower application – largely confined to two scenarios that are both foreign listing-related – is a disappointment to many, the clearer and more detailed regime that has now been put in place for its implementation is nonetheless a welcome development.

Foreign acquirers and their Chinese targets are also required to disclose more information on relationships between the parties involved and the basis for determining the purchase price. This is to enable regulators to ask relevant questions and spot potentially problematic acquisitions more easily.

While no change or further elaboration has been made to the original anti-trust filing provisions – largely because the long-awaited anti-trust law is still being debated – new criteria for barring foreign acquisitions in the name of protecting key industries, national economic security, famous trademarks and famous Chinese trade names have been introduced in addition to the existing market concentration and anti-competition rules.

Clarifications were made on the interaction of the provisions with legislation on protecting state-owned assets, securities listing and foreign exchange and on the continuing applicability of the 25 per cent minimum foreign ownership rule for recognising enterprises as foreign invested.

It is a useful reminder that the provisions do not constitute all-encompassing legislation on M&A by Chinese enterprises, that existing legislation has a role to play in the process and that new problems will no doubt arise on the consistency of the various regulatory systems and the need for these systems to continue to adapt to one another.

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The overhaul of the provisions addresses certain pressing issues arising from the increased sophistication of China's economy and the type of foreign capital it is now attracting and highlights possible directions for further upgrading of the provisions in the future.

All these are further food for thought for foreign investors planning China acquisitions.

Kenneth Chan heads Allen & Overy's China group as a partner in its Hong Kong office.

ENVIRONMENT/INDIAN AFFAIRS:

Critics Call EPA's New Rule A Loophole For Big Business (CSM)

By Mark Clayton

The Christian Science Monitor, December 20, 2006

In a bid to trim the regulatory burden on small businesses, the Environmental Protection Agency is set to relax the rules on what toxic chemicals they have to report.

But in a twist, the EPA's newly revised Toxics Release Inventory rule will also make it possible for hundreds of large corporations to avoid reporting specific amounts of toxic chemicals they release into the air, land, or water, environmentalists warn.

The rule change has cheered small-business groups, generated widespread public opposition, and caught the eye of some Democratic congressmen, who will take control of Congress next month. It takes effect immediately.

The change affects companies that release relatively small amounts of toxic materials but still have to report them to the federal Toxics Release Inventory.

Under current TRI rules, companies have to report emissions of any toxic chemical that exceed 500 pounds in a year. Under the new rules, facilities could fill out a simpler form that omits reporting the amount of toxic chemicals if they created less than 5,000 pounds of it in a year and released no more than 2,000 pounds of it into the environment.

But the move makes it harder for neighborhoods or environmentalists to find out how much of a toxic chemical, such as toluene, a nearby factory is emitting. Researchers have linked toluene, used to make dyes and as a solvent, to various health problems. Similar streamlined reporting could be applied to another class of even more dangerous toxins if the waste was less than 500 pounds, entirely recycled, and not released at all.

Such limits spur business to reduce their toxic waste, federal officials contend. "EPA is delivering a cleaner, healthier nation by encouraging businesses to make environmental improvements now and in the future," Marcus Peacock, deputy EPA administrator said at a press conference to announce the new rule Monday.

EPA officials say the new TRI would save $6 million annually in unnecessary paperwork. Business groups back the measure.

"This move by the EPA will primarily assist small businesses that already release little or nothing into the environment at all from being overburdened with regulatory filings," says Andrew Langer, manager of regulatory policy for the National Federation of Independent Business, a Washington trade group.

But critics say the move seems to be an effort to weaken a reporting law that has empowered community activists with details about some 650 industrial chemicals that the TRI tracks. While TRI does not require emission controls, activists have used data to embarrass companies into cutting emissions.

"Americans who live near industrial facilities want to know what's going into their air and water," Rep. Frank Pallone Jr. (D) of New Jersey said during a recent teleconference with reporters.

The EPA move, which Mr. Pallone called a "terrible decision," could herald a wider battle with a new Democrat-controlled Congress with more intense oversight hearings examining EPA rulemaking in the new year, observers say. Legislation Pallone brought last year to cut funding for the TRI revision may be resurrected to block its implementation.

Of 24,000 facilities currently reporting TRI data, about one-third could be eligible to fill out a short form that simply lists the chemical, they said.

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But one largely hidden element of the rule change is that big companies are among the largest beneficiaries, says Tom Natan, of the National Environmental Trust, a Washington environmental group.

"The idea that this change is meant to benefit small independent business is just not true," he says. "When they first issued the proposal last year, EPA was saying it's mom and pop businesses this will help, but it turns out it's really General Motors, Sunoco, and companies like that."

While thousands of facilities will see major reductions in their paperwork, Dr. Natan is most concerned about the 3,600 facilities, about 15 percent of the total, that his analysis shows will no longer have to report any emissions details at all. Many such facilities, which emit thousands of pounds of toxins, are operated by some of the nation's largest companies.

An Ashland Distribution Co. facility, located in Birmingham, Ala., a division of the Fortune 500 giant Ashland Inc., released seven toxic chemicals totaling 4,405 pounds in 2004, according to the most recent TRI data. But because each chemical is below the new 2,000-pound threshold, the facility may no longer have to report any data on amounts and types of releases, Natan says. It also leaves room for emissions to rise without data being made public, he adds.

Similarly, one of Chevron's Honolulu marine terminals emitted 1,328 pounds of seven chemicals in 2004, including 580 pounds of the n-hexane, a potent toxin. But under the new TRI, that facility won't have to report such details in the future.

Both companies are taking a wait-and-see attitude.

"We're going to look at this change, but in the meantime continue to remain compliant with all federal regulations," says Ken Gordon, an Ashland spokesman. "It may help us a little bit to fill out the shorter form - save us some time - and that's what EPA had in mind. It wants companies to save time and still be protective of public health. The public is still getting their right to know what chemicals are being used."

"Right now we file the long form and it is our intent to continue that practice until the new TRI proposals are fully vetted," says Albert Chee, a Chevron spokesman. "If there's some reason to change our reporting practices, then changes will be made. But right now, we'll continue to follow our historical practice."

EPA found broad public discontent after it proposed its rule. More than 99 percent of the roughly 120,000 respondents during the public comment period opposed it, according to OMB Watch, a budget watchdog in Washington, D.C.

"It's outrageous that you want to make it easier for businesses to avoid public scrutiny of their releases," Carolyn Boatsman of Mercer Island, Wash., wrote the EPA in 2005. "It has been unequivocally documented that having to publish releases has shamed businesses into drastically reducing their output. We need that motivation."

Pollution Nets A $37-million Penalty (LAT)

By Elizabeth Mehren And Greg Krikorian, Times Staff Writers

The Los Angeles Times, December 20, 2006

Overseas Shipholding must pay the record fine for dumping oil waste into the ocean.

BOSTON — Capping a three-year international investigation, federal officials on Tuesday announced a landmark, $37-million penalty in a maritime pollution case involving one of the world's largest publicly traded tanker companies.

The fine against Overseas Shipholding Group Inc., a U.S. corporation based in New York, is the largest criminal penalty on record concerning deliberate maritime pollution, and it includes a $9.2-million "community service payment" that will fund maritime environmental projects from coast to coast, including projects off California.

Overseas Shipholding pleaded guilty to 33 felony counts related to deliberate dumping of sludge and other contaminants as well as falsification of log entries that such carriers are required to maintain.

All of the vessels involved were oil tankers, including the Cabo Hellas, whose captain pleaded guilty this year in Los Angeles to obstructing a Coast Guard investigation of dumping oil into the ocean.

"To those who cut corners at OSG, discharging waste in the middle of the night to save a few bucks, this case sends a message that crime just does not pay," said acting Associate Atty. Gen. William Mercer, at a news conference Tuesday beside the Boston waterfront. "We will not see our oceans and our seas used as convenient dumping grounds for corporations."

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Charging that Overseas Shipholding "engaged in repeated and deliberate pollution of our oceans," Mercer added: "What is more disturbing is that OSG's management failed to uncover or stop this illegal activity after allegations were brought to the attention of management on several occasions, and again after the initiation of the government's investigation."

Morten Amtzen, Overseas Shipholding's president and chief executive, said in a statement Tuesday that his company had "worked hard to correct the issues that resulted" in the judgment.

The prosecution concerns violations on 12 oil tankers in six U.S. ports on both coasts and the Gulf of Mexico. Officials in Boston, San Francisco, Los Angeles, North Carolina and Texas participated in an inquiry that began in 2003 when Canadian authorities looked into a routine report of spillage in New Brunswick, off the country's eastern coast.

Capt. William Nash, director general of maritime safety for Transport Canada — the government agency responsible for enforcing Canada's maritime pollution laws — said Tuesday that officials boarded an Overseas Shipholding vessel to examine the ship's records.

"They realized there had been some inappropriate entries in the logbook," Nash said. The Canadians passed the information on to U.S. authorities.

Mercer said U.S. investigators found that Overseas Shipholding vessels were dumping "hundreds of thousands of pounds" of contaminants into marine waters. Court documents said the toxins included "machinery space bilge water and/or bilge slops, oily wastes and oil residues … in a manner that intentionally circumvented required pollution prevention."

Mercer said the company's personnel altered ship log books in what he called "a conspiracy to hide the crimes from the Coast Guard."

Thomas S. Rue, a lawyer with a large maritime practice in Mobile, Ala., said: "I am personally aware that ship owners are undertaking action to prevent this kind of practice, but that is coming from the top.

"If some third engineer wants to dump something off the deck in the middle of the night, there's not much they can do to stop it," Rue said.

Rodolfo Esplana Rey, captain of the Cabo Hellas, admitted in Los Angeles that he had failed to maintain proper records about oil dumping from the 750-foot vessel and that he had made false statements that oily bilge waste had been correctly treated. In September, Rey was sentenced to one year of probation.

A portion of the settlement is expected to aid environmental causes along California's Central Coast and at Channel Islands National Park.

But Mercer said the full extent of actual or potential environmental damage was impossible to calculate.

He said the contamination undoubtedly would produce "significant effects in terms of bird life and other ocean life."

Prior to Tuesday's announcement, the largest federal fine levied in a similar ocean vessel case occurred last year in Los Angeles, when Evergreen International, another of the world's largest shipping lines, agreed to pay $25 million for secretly dumping oil waste into the ocean rather than bringing it ashore for disposal.

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Mehren reported from Boston and Krikorian from Los Angeles.

Shipping Company Fined $37M For Dumping (AP)

By Rodrique Ngowi, Associated Press Writer

AP, December 20, 2006

Overseas Shipholding Fined a Record $37M for Dumping Waste Oil Along East Coast

BOSTON (AP) -- Oil tanker and bulk shipping company Overseas Shipholding Group Inc. will pay a record fine of $37 million after pleading guilty to illegally dumping waste oil and falsifying pollution logs in six U.S. ports, federal officials said Tuesday.

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The company agreed to plead guilty to 33 felony counts stemming from dumping violations from nine ships and for log violations for three other ships in Boston; Portland, Maine; Los Angeles; San Francisco; Wilmington, N.C.; and Beaumont, Texas, federal officials said.

The penalty includes a $27.8 million criminal fine which will be divided among the districts and a $9.2 million community service payment to fund various marine environmental projects.

The criminal penalty is the largest-ever involving deliberate vessel pollution, the U.S. Coast Guard said.

Shares of New York-based Overseas Shipholding closed unchanged at $59.05 on the New York Stock Exchange.

The Department of Justice and the U.S. Coast Guard opened their investigation after a tip from Canadian officials, who reported that official records of one of the company's ships failed to account for the disposal of oil waste. An investigation showed 150,000 gallons of oil-contaminated waste was dumped in the waters between Maine and Massachusetts, officials said.

Overseas Shipholding, one of the largest publicly traded tanker firms in the world, "has engaged in repeated and deliberate pollution of our oceans," Acting Associated Attorney General William Mercer said in a release.

The company's management failed to uncover or stop this illegal activity after allegations were brought to the attention of management several times and again after the government started its investigation, Mercer said.

"This penalty ... will serve as a deterrent for all other companies who attempt to circumvent the law for their own financial gain at the expense of the environment," he said.

Company officials did not immediately return a call for comment left at its New York headquarters.

Under the terms of the guilty plea, the company agreed to a three-year probation during which it must implement and follow a stringent environmental control program that includes a court-appointed monitor and outside independent auditing of its ships trading worldwide.

The company also admitted in a court record that its "motive for the crimes was financial." "OSG was saving the cost of offloading waste oil in port and the time it would take to comply with the law," according to the U.S. Attorney's Office.

Oil Tanker Giant To Pay Hefty Fine (WT)

By Jerry Seper

The Washington Times, December 20, 2006

The world's second-largest publicly traded oil tanker company yesterday agreed to plead guilty to 33 felony counts for deliberately polluting six U.S. ports and making false pollution log entries.

In what the Justice Department called the largest criminal penalty involving deliberate vessel pollution, Overseas Shipholding Group Inc. (OSG) will pay the government $37 million and plead guilty to the illegal dumping of waste oil, violations of the Clean Water and Oil Pollution acts, conspiracy, making false statements and obstruction of justice.

"OSG has engaged in repeated and deliberate pollution of our oceans," acting Associate Attorney General William Mercer said. "What is more disturbing is that OSG's management failed to uncover or stop this illegal activity after allegations were brought to the attention of management on several occasions and again after the initiation of the government's investigation."

Rear Adm. Tim Sullivan, commander of the First U.S. Coast Guard District, said the service is committed to achieving industrywide compliance with international and domestic pollution prevention rules.

"The case demonstrates that scofflaws within maritime industry can no longer treat intentional discharging of oil and the penalties associated with those acts as a 'cost of doing business.' Instead, the industry must embrace a culture of compliance," he said.

New York-based OSG, which has 4,000 employees, transports crude oil, petroleum products and dry bulk commodities throughout the world. The company owns an international fleet of 106 operating vessels and has 30 under construction. The guilty plea involves 12 of its ships.

The ports where the pollution occurred were identified as Boston; Portland, Maine; Los Angeles; San Francisco; Wilmington, N.C.; and Beaumont, Texas.

The $37 million penalty consists of a $27.8 million criminal fine, which will be divided among the port districts, and a $9.2 million organizational community service payment that will fund marine environmental projects coast to coast.

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According to a statement of facts filed by the Justice Department in the plea agreement, OSG admitted that it:

• Made illegal releases of oily waste from August 2001 to October 2003 into waters off the coast of New England, in proximity to Maine and Massachusetts, including the island of Nantucket.

• Was responsible for dumping sludge, including 40,600 gallons dumped overboard by one ship.

• Violated the Clean Water Act by discharging 2,640 gallons of oily waste and sludge off the coast of North Carolina, and made false statements about it.

• Made illegal discharges of oily waste in 2004 and 2005 in the Gulf of Mexico.

• Concealed the illegal discharges by falsifying official ship records, making discharges at night and hiding bypass equipment during U.S. port calls so the Coast Guard would not discover the criminal activity.

The company also said numerous high-ranking crew members engaged in conspiracies to commit illegal pollution and falsify ship records while lower-level crew participated because they were explicitly or implicitly threatened with loss of employment if they refused.

The Justice Department said the motive for the crimes was financial, adding that OSG "was saving the cost of offloading waste oil in port and the time it would take to comply with the law."

Shipping Firm Fined $37M For Sludge (USAT)

By Kevin Johnson, Usa Today

USA Today, December 20, 2006

WASHINGTON — A New York shipping company agreed Tuesday to pay a record $37 million fine and plead guilty to 33 felony charges for discharging sludge and other polluted waste into ocean waters from the New England coast to the Gulf of Mexico.

The settlement concludes a three-year federal investigation into activities aboard 12 tankers operated by Overseas Shipholding Group, the Justice Department said in a statement, adding that the fine was the largest ever levied in a vessel pollution case.

"OSG has engaged in repeated and deliberate pollution of our oceans," acting Associate Attorney General William Mercer said in a statement.

"What is more disturbing is that OSG's management failed to uncover or stop this illegal activity after allegations were brought to the attention of management on several occasions and again after the initiation of the government's investigation," Mercer said.

In one instance described in government documents, an unidentified engineer aboard the M/T Overseas Shirley alerted managers to the "criminal" dumping of an estimated 40,600 gallons of sludge, or concentrated black waste oil.

In another case, the government cited the tanker M/T Uranus for routinely releasing "oily waste" into the waters off Maine and Massachusetts from August 2001 to October 2003.

"We are pleased to bring closure to this investigation and believe our cooperation with the government was vital to today's announcement," Morten Arntzen, OSG's president and chief executive officer, said in a statement.

"Our internal processes enabled us to self-report information to the government about certain violations. We did so not only because it was the right thing to do but because it is consistent with the company's core values of integrity and transparency."

Seagoing Polluter Punished: Oil Dumper Will Pay $37M Fine (BOSH)

By Jay Fitzgerald

Boston Herald, December 20, 2006

A New York shipping company has admitted criminal guilt and agreed to pay a record $37 million in fines for illegally dumping waste oil from ships off the coast of Massachusetts, Maine and elsewhere, the U.S Department of Justice announced yesterday.

The New York-based Overseas Shipholding Group Inc., described as one of the world's largest publicly traded tanker companies, agreed to 33 felony counts related to routinely discharging pollutants off of ships into the oceans, the feds said in a statement.

"OSG has engaged in repeated and deliberate pollution of our oceans," said Acting Associate Attorney General William Mercer.

The multi-state investigation was launched in Boston after Canadian officials tipped off local Coast Guard authorities that records for one of OSG's ships showed bilge waste was being disposed into the sea - even though other records indicated the ship was complying with environmental laws.

"We are pleased to bring closure to this investigation and believe our cooperation with the government was vital to today's announcement," said OSG chief executive Morten Amtzen.

Under the terms of the guilty plea, OSG agreed to a three-year probation during which it must implement and follow a stringent environmental control program.

The company also admitted in a court record that its "motive for the crimes was financial."

"OSG was saving the cost of offloading waste oil in port and the time it would take to comply with the law," according to the U.S. Attorney's Office.

The $37 million fine is the largest-ever criminal penalty involving deliberate vessel pollution, according to the U.S. Coast Guard.

FBI/DEA/ATF/USMS:

Accused Drug Kingpin Faces New Charges (AP)

AP, December 20, 2006

SAN DIEGO (AP) -- The suspected kingpin of one of Mexico's oldest and most notorious drug cartels ordered the murder of Tijuana's deputy police chief and the beheadings of three police officers, according to a federal indictment unsealed Tuesday.

Francisco Javier Arellano Felix, 37, would be eligible for the death penalty if convicted on a count of running a criminal enterprise, part of the new seven-count indictment. The killings were included as evidence of the criminal enterprise that authorities say extended into the United States.

That charge was not part of a 2003 indictment that led to his arrest in August by the U.S. Coast Guard in international waters near La Paz, Mexico.

The new indictment alleges Arellano Felix ordered the murder of Hugo Gabriel Coronel Vargas, Tijuana's deputy police chief, who died Jan. 17, 2005, in a hail of more than 60 shots from an automatic rifle.

The indictment also charges that Arellano Felix and a man authorities consider his underling, Manuel Arturo Villarreal Heredia, ordered the June 20 beheadings of three police officers from Rosarito Beach, a spring break spot just south of the border from San Diego.

Arellano Felix and Villarreal were to appear in federal court Wednesday on charges of running a criminal enterprise, racketeering and conspiracy to commit racketeering, drug trafficking and money laundering.

Villarreal, 31, had not been charged with any crimes since his capture alongside Arellano Felix but also would be eligible for the death penalty if convicted of running a criminal enterprise. He was initially held as a material witness and has been in solitary confinement amid extradition proceedings to Mexico.

Arellano Felix is being held in San Diego without bail. He has pleaded not guilty to drug trafficking, money laundering and conspiracy charges from the earlier indictment.

Officials at Mexico's Foreign Relations Department and attorney general's office said Tuesday they had no immediate response to the charges. David Bartick, an attorney for Arellano Felix, declined comment.

Eugene Iredale, an attorney for Villarreal, said his client would plead not guilty. He said any crimes alleged to have occurred in Mexico should be tried in Mexico, not the United States.

Laura Duffy, a federal prosecutor in San Diego, said the men can be tried in the United States because they directed operations on U.S. soil.

The indictment alleges the men ordered the kidnapping, torture and murder of rivals in the United States as well as Mexico. It also says they smuggled cocaine and marijuana across the border in trucks and boats.

The Arellano Felix cartel emerged as a drug powerhouse in the 1980s in Tijuana, across the border from San Diego, but its influence has waned.

Associated Press writer Ioan Grillo contributed to this report from Mexico City.

Legal Affairs More Pot Busts Taking Place In Suburban Areas (ATC)

By Tamara Keith

NPR's All Things Considered, December 19, 2006

"BC Bud" is the name of a high-grade marijuana strain grown in British Columbia. Much of it is grown indoors, in warehouses and increasingly in homes. Now federal agents in California have busted a marijuana-growing ring that seems to be taking a page from the BC Bud handbook by growing their lucrative crop in suburban homes.

Federal agents in California say the pot farms they raided have all the markings of organized crime. The farms were found in unexpected places, many of them at suburban homes near Sacramento.

On a quiet street in suburban Elk Grove, an orange tag marks a two-story home. Detectives found several hundred marijuana plants at the house. Richard Maynard, who lives next door, says he really didn't know what his neighbors were up to.

"We never saw them," Maynard says. "They'd show up in the middle of the night, about 1 o'clock, with a moving van occasionally, not very often. They'd say hi if they showed up in the middle of the day, which was once a month maybe. They were just very quiet."

But inside the home was a marijuana factory, designed to create the greatest yields. Gordon Taylor is the Assistant Special Agent in Charge of the DEA office in Sacramento.

"This is not the hippy growing marijuana in his closet from back in the 1970s," Taylor says. "This is not Cheech and Chong."

Taylor says the plants seized from 41 homes linked to the case were capable of producing $74 million worth of pot in a year. Eight people have been arrested. They're all in their 20s, have Chinese surnames and San Francisco Bay Area addresses. Taylor says he believes this reaches beyond those already under arrest.

"What we're seeing here is very organized and extremely sophisticated in terms of the operation inside the homes," Taylor says. "And then just the purchase of the homes. You couple all that together, and you see it has all the markings of an Asian organized criminal group."

The details were the same with nearly all the recent pot busts in Sacramento-area homes. They were large, costing about half a million dollars, and usually in newer subdivisions. They were bought with 100-percent financing, no cash down -- not an uncommon practice in California's real estate market.

The homes were then gutted and "remodeled" to grow pot. Windows were covered and electricity was pirated to avoid the meter. Lights and insulation were brought in along with drip watering systems.

Law enforcement officials say it's not an isolated problem. Seizures of indoor marijuana plants in California are up 81 percent this year.

There are likely many more marijuana growing rings like this one, that just haven't been discovered yet, says Kent Shaw, Assistant Chief of the California Department of Justice Bureau of Narcotic Enforcement. He says large-scale pot operations hidden behind stucco walls and picket fences have proven to be cash machines. The quality is better than outdoor marijuana varieties and can be harvested year round, rather than just once.

"If it's fairly high grade," Shaw says, the pot can net "anywhere from $3,500 to $6,000 a pound. For a minimal amount of investment, if you have a decent amount of square footage in a residence to grow it, there's a lot of return that's going to come back on your initial investment."

And that might explain why narcotics investigators are seeing more criminal organizations move into the marijuana business. Shaw says where once they may have dealt only in methamphetamine, cocaine or heroin, some groups now see marijuana as a low-risk high-profit alternative.

From member station KQED, Tamara Keith reports.

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Palm Desert Tells Marijuana Dispensary To Cease And Desist (KESQ)

KESQ-TV, December 20, 2006

CannaHelp, the medical marijuana dispensary in Palm Desert is being told to close up shop. The city has sent the business a cease and desist letter.

Palm Desert City Attorney David Irwin told NewsChannel 3 CannaHelp violated its agreement with the city and its business license is now revoked.

CannaHelp was raided a little more than two weeks ago when authorities believed the dispensary was selling pot for profit.

The owner of CannaHelp then admitted to NewsChannel 3 that he did sell pot for a profit, saying he's paid a salary.

Since that interview aired, we have heard from the district attorney, who told us our story could be used in court.

Also, the owner called us back, threatening to file a lawsuit for showing the interview.

Stay tuned to NewsChannel 3 for more on this developing story.

CannaHelp Owner To Defy City Cease-and-desist Letter (DS)

Desert Sun, December 19, 2006

CannaHelp, the medical marijuana in Palm Desert, is staying open in defiance of a cease-and-desist letter from the city.

“I'm going to stay open by myself,” said owner Stacy Hochanadel, after sending his other employees home. “I don't think it's right what they're doing.”

The city issued the letter, which Hochanadel received today, following a City Council vote in closed session last Thursday, said City Attorney David Erwin.

The vote was not reported during the council's open session on Erwin's advice.

"I felt this was an action we needed to take, and we needed to take the action before we reported it publicly," Erwin said in a phone interview today. "That was my decision."

Councilman Robert A. Spiegel said the reason for the closed session vote was an investigation "not by our police department but by another police department in California.

"When they were investigated, they sold marijuana to an undercover police person who did not have correct credentials to buy marijuana," he said.

The city is not releasing the staff report presented in the closed session due to the potential for litigation on the closure order, said City Clerk Rachelle Klassen.

Hochanadel signed an agreement with the city earlier this year that the dispensary would only sell medical marijuana to patients with a medical marijuana identification card issued by Riverside County.

But, he said, that part of the agreement had been put on hold following discussions with then-Mayor Jim Ferguson, due to the financial impact on the business which would have had to turn away significant numbers of customers.

California's medical marijuana law requires counties to issue the ID cards, but they are voluntary for patients. The law does require that patients have a letter of recommendation from their doctors.

Federal law bans all use, cultivation or distribution of marijuana.

CannaHelp has had a business license issued by the city since it opened in October 2005. The dispensary was closed briefly earlier this month when the Special Investigation Unit of the Riverside County Sheriff's Department served a search and seizure warrant on the business

But, said Capt. Steve Thetford, chief of the Palm Desert Police Department, "The Palm Desert (department) hasn’t made any significant arrests out of CannaHelp" in recent months, the county investigation notwithstanding.

Spiegel, who said he voted to close the dispensary, would like to see medical marijuana regulated by the federal government.

"It should be dispensed thourgh a pharmacy," he said in phone interview today. "That’s what I would prefer to see happen and hopefully someday that’s the way it will be."

Hochanadel would have liked the city to talk with him before issuing the letter, he said.

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"I was hoping my city would stand behind me and support me. At this point they're trying to pull the carpet out from under my feet," he said.

Trenton: Needle Exchanges Approved (NYT)

By David W. Chen

The New York Times, December 20, 2006

New Jersey yesterday became the last state in the country to offer needle exchange programs for intravenous drug users, when Gov. Jon S. Corzine signed legislation authorizing a pilot program for up to six towns. The law allows drug users to exchange used syringes for new ones, and provides $10 million for drug treatment facilities. A bipartisan array of legislators who attended the bill-signing ceremony said that such programs could help reduce the spread of H.I.V. in New Jersey, which has one of the country's highest infection rates. But critics say that the government should focus on treatment programs, and that free needles contributed to addictions.

Local Lawmen: U.S. Attorney Draws The Line At 500 Pounds (NI)

Nogales International, December 20, 2006

Many people want a fence built along the Mexico/United States border as a means to stop drug smuggling, terrorism and illegal immigration, but the truth is that drug smugglers can be caught red-handed, and still go free - as long as they're carrying less than 500 pounds of marijuana, officials say.

Unwritten rule

Several local officials have said that the unwritten rule at the Tucson office of the U.S. Attorney is that if a smuggler is accused of moving less than 500 pounds of pot through a port of entry, that person will walk away, generally.

Wyn Hornbuckle, the public information officer for the U.S. Attorney's Office in Arizona said that he knew of no such threshold, but Santa Cruz County officials say that one definitely exists.

Brad Giles, the chief narcotics officer at the Tucson U.S. Attorney's Office said that he couldn't comment on prosecution strategies because the office has found that in the past, smugglers have adapted.

The problem is complex. All the local officials said that they do not blame the U.S. Attorney's Office. They say the office staff is too small and overworked.

Exacerbating the situation is the recent national attention on immigration reform. The Bush administration is demanding that the office focus on immigration. As a result, the smaller drug cases are tossed out, the officials say.

But small is a relative term when it comes to dope. The street market here for 499 pounds of marijuana is about $399,000, by U.S. Border Patrol standards.

Local lawmen say that the federal government expects them to pick up the slack and that the issue has been divisive. Some officials feel that they have an obligation to try the cases left dormant by the federal government, but others feel that by cleaning up after the feds their good deeds will be expected to become regular.

One official that confirmed the threshold and is willing to take the cases to court is Santa Cruz County Attorney George Silva.

"They're (local agencies and the U.S. Attorney's Office) doing the best job they can with their resources," he said. "If anyone's to blame it's the U.S. Department of Justice or the Bush administration. They're throwing billions of dollars at immigration, but they're letting drug smugglers go free."

Lt. Jerry Castillo, commander of the Metro Santa Cruz County Task Force, a conglomeration of law enforcement agencies that have grouped together to tackle the drug problem, also confirmed the 500-pound benchmark and was quick to divert blame.

"They're (U.S. Attorney's office) just overwhelmed," he said.

Nogales Police Chief John Kissinger agreed.

"I know that the U.S. Attorney's office in Tucson is declining criminal prosecutions of certain narcotics cases at the ports because of a threshold, but I can't say what that threshold is," Kissinger said. But despite the threshold, Kissinger emphasized that any inaction on a federal level will not affect the department's operations in town.

"The Nogales Police Department is going to continue to work to remove drugs and drug dealers off the streets," he said.

Sheriff Antonio Estrada said that the smugglers are charged on a case-by-case basis.

"I have no idea what gets turned loose," he said. "We'd have to go back and see how many we get, but my understanding is that the attorney's office makes the decision on a case-by-case basis."

Meanwhile, Customs agents are growing weary of their work, knowing that anyone they seize with less than a quarter ton of marijuana will most likely go free, Silva says.

But Brian Levin, the public affairs liaison for the Tucson sector of U.S Customs and Border Protection, puts it differently.

"We tell our guys to take pride in what they're doing he said," and they do an amazing job catching (smugglers). The analogy we like to use is that we're like the beat cops. We're the guys on the street doing the arresting. We find it, seize it then call in ICE (Immigration and Customs Enforcement) to do the investigation. Our authority ends there," Levin said.

Several telephone messages requesting comment from Terence Azvill, the regional director of high intensity drug trafficking areas from the Tucson office of the National Drug Control Policy, went unanswered.

Marijuana 'top Cash Crop In US' (BBC)

BBC News, December 19, 2006

Marijuana is the top cash crop in the US, a report released on Monday says.

It says that despite intensive eradication plans, $35bn (£18bn) worth of the illegal drug is produced a year - more than corn and wheat combined.

The study was prepared by Jon Gettman, a public policy analyst who advocates reform of US marijuana laws.

Activists seeking the decriminalisation of the substance, say the report backs the need for change, a position rejected by government officials.

'Inherently harmful'

Using government reports, Mr Gettman estimates that 10,000 metric tons of marijuana are produced annually in the country.

"Marijuana has become a pervasive and ineradicable part of the economy of the United States," Mr Gettman - who has in the past campaigned for marijuana to be removed from a list of drugs considered to have no medical value - says in his report.

"The focus of public policy should be how to effectively control this market through regulation and taxation in order to achieve immediate and realistic goals, such as reducing teenage access."

The report was welcomed by the Marijuana Policy Project (MPP), which said it showed that "marijuana laws are a complete failure".

"Our nation's laws guarantee that 100% of the proceeds from marijuana sales go to unregulated criminals rather that to legitimate businesses that pay taxes to support schools, police and roads," said MPP executive director Rob Kampia.

But Tom Riley, a spokesman for the Office of National Drug Control Policy, rejected any economic arguments for legalising marijuana saying marijuana use was an "inherently harmful activity".

Parole Board Member Says FBI Tried To Intimidate Him (AP)

AP, December 20, 2006

BOSTON - A former member of the state Parole Board said Tuesday that two FBI agents tried to intimidate him into keeping a wrongly convicted man in prison for a 1960s gangland slaying.

Former Springfield Mayor Michael Albano, who served on the board from 1982 to 1994, testified in a lawsuit filed by the families of four men who say the FBI allowed them to be framed to protect a mobster informant.

Two of those men, Joseph Salvati and Peter Limone, spent more than 30 years in prison for the murder of Edward “Teddy” Deegan before being exonerated in 2001 when the Justice Department released documents showing the FBI withheld evidence from prosecutors that could have cleared the men so the agency could protect Vincent “Jimmy” Flemmi, an informant who actually committed the crime.

Louis Greco and Henry Tameleo, who were also convicted in Deegan’s killing, died in prison.

Lawyers for the men’s families asked Albano if the FBI, after being contacted by the parole board as it considered petitions to commute their sentences, ever turned over evidence it had that the men were not involved in the murder of Deegan.

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"No such information was provided," Albano testified.

Albano also made a brief reference in his testimony to a 1983 "unannounced visit" from former FBI Agents John Connolly and John Morris as the board was considering a petition to commute Limone's sentence.

He was not asked to provide details of the visit during his testimony. But outside the courtroom, Albano said Connolly and Morris urged him to vote against commuting Limone's sentence and said that if he voted in favor of commuting his sentence it could hurt his career.

"They intimidated me and tried to get me to change my vote," Albano told reporters. "They said this was a bad crime ... that these defendants should remain incarcerated for the rest of their lives."

"They also said it probably would not bode well for me, if I wanted to remain in public life, that this would not be a good vote for me," he said.

Albano said he later voted with the majority of the 7-member board to commute Limone's sentence, but Gov. Michael Dukakis denied the petition.

Connolly is now serving a 10-year federal prison sentence for racketeering, obstruction of justice and other charges for protecting members of Boston's Winter Hill Gang - including fugitive gangster James "Whitey" Bulger" - from prosecution while using them as FBI mob informants.

Connolly is awaiting trial on first-degree murder and conspiracy charges for allegedly providing information to members of the gang that led to the 1982 killing of former World Jai Alai President John Callahan.

Connolly's attorney, E. Peter Mullane, said Connolly denies the meeting described by Albano ever took place.

"John Connolly never met Mr. Albano under any circumstance, never spoke to him, never met him, never had any reason to meet him," he said. [continue]

FBI To Release Last Of Its John Lennon Files (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, December 20, 2006

The U.S. had said such an act could stir military retaliation. The papers, withheld 25 years, don't seem to bear that out.

The FBI agreed Tuesday to make public the final 10 documents about the surveillance of John Lennon that it had withheld for 25 years from a UC Irvine historian on the grounds that releasing them could cause "military retaliation against the United States."

Despite the fierce battle the government waged to keep the documents secret, the files contain information that is hardly shocking, just new details about Lennon's ties to New Left leaders and antiwar groups in London in the early 1970s, said the historian, Jon Wiener.

For example, in one memo, then-FBI Director J. Edgar Hoover wrote to H.R. Haldeman, President Nixon's chief of staff, that "Lennon had taken an interest in 'extreme left-wing activities in Britain' and is known to be a sympathizer of Trotskyist communists in England."

Another document had been blacked out on the grounds of national security when Wiener obtained it more than 20 years ago through litigation brought under the Freedom of Information Act. It is now known that it said two prominent British leftists, Tariq Ali and Robin Blackburn, had courted Lennon in hopes that he would "finance a left-wing bookshop and reading room in London."

But the newly released document adds that Lennon apparently gave them no money "despite a long courtship by Blackburn and Ali."

Another surveillance report states explicitly that there was "no certain proof" that Lennon had provided money "for subversive purposes." And yet another says there was no evidence that Lennon had any formal tie to any leftist group.

Another describes an interview with Lennon published in 1971 in an underground London newspaper called the Red Mole. "Lennon emphasized his proletarian background and his sympathy with the oppressed and underprivileged people of Britain and the world," the document says.

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Wiener and his attorneys, Dan Marmalefsky of Morrison & Foerster and Mark Rosenbaum of the American Civil Liberties Union of Southern California, all said the documents revealed there was no sign that government officials considered Lennon a serious threat. They said they were mystified that several administrations had resisted making the material public.

"The content of the files released today is an embarrassment to the U.S. government," said Wiener, 62, who has written two books on the late Beatle, "Come Together: John Lennon in His Time" and "Gimme Some Truth: the John Lennon FBI Files."

"I doubt that Tony Blair's government will launch a military strike on the U.S. in retaliation for the release of these documents. Today, we can see that the national security claims that the FBI has been making for 25 years were absurd from the beginning," said Wiener, who requested the documents in 1981.

Wiener initially obtained some files showing that the FBI closely monitored Lennon's activities in 1971 and 1972. The documents indicated Nixon administration concern that Lennon would support then-Sen. George S. McGovern (D-S.D.) for president against incumbent Richard M. Nixon in 1972, the first year that 18-year-olds could vote.

But the FBI also withheld numerous files, saying they were exempt from the Freedom of Information Act, including part of a surveillance report on a December 1971 antiwar rally in Michigan. There, Lennon urged the release of activist and singer John Sinclair, who was serving a 10-year sentence for possession of two marijuana joints. A judge soon freed him.

Wiener sued in U.S. District Court in Los Angeles seeking all the documents. The FBI countered that some contained "national security information provided by a foreign government under an explicit promise of confidentiality" and that release of the documents "can reasonably be expected to … lead to foreign diplomatic, economic and military retaliation against the United States," according to a government brief filed in 1983.

Wiener lost the initial court skirmishes, but in 1991 he won a major victory in the U.S. 9th Circuit Court of Appeals, which ruled that declarations filed by FBI agents provided inadequate grounds for keeping the material secret. From that point forward, the court ruled, the FBI had to file "affidavits containing sufficient detail" to allow Wiener to "intelligently advocate" for their release and for a trial judge "to intelligently judge the contest."

That decision significantly strengthened the hand of people trying to pry secret documents out of the government. Justice Department attorneys, including John Roberts, who is now the chief justice of the United States, appealed, but the Supreme Court let the ruling stand.

Six years later, Wiener settled with lawyers from the Clinton administration and obtained a number of FBI files on the former Beatle. But Justice Department lawyers continued to withhold 10 documents under the national security exemption of the Freedom of Information Act.

Scott Hodes, who was acting chief of the FBI litigation unit dealing with freedom of information cases, said disclosure of the documents could strain relations between the U.S. and a foreign government, lead to diplomatic, political or economic retaliation and have a chilling effect on the flow of information between the two countries. Hodes also said disclosure of the documents could subject the government agents involved in the Lennon operation to "public ridicule, ostracism" or even jeopardize their safety.

In August 2004, U.S. District Judge Robert M. Takasugi granted summary judgment to Wiener, concluding that the government had not adequately supported its claims. Justice Department lawyers said they would appeal. But a 9th Circuit mediator eventually forged a settlement, leading to a final settlement resolution of the case Tuesday.

Years ago, Wiener called the case a "rock 'n' roll Watergate," in part because the FBI took an intense interest in Lennon at the time operatives from the Nixon administration perpetrated the Watergate burglary. But on Tuesday, Wiener agreed that given how long the case dragged out, it might more appropriately be characterized as a "rock 'n' roll 'Bleak House,' " referring to the Dickens novel about a years-long inheritance case.

"The release of these final documents, concealed from public view for nearly a quarter of a century, reveals government paranoia at a pathological level and an attempt to shield executive branch abuse of civil liberties under the rubric of national security," said Rosenbaum of the ACLU. "The ultimate lesson of these documents is that the head of document classification for the FBI must be Stephen Colbert."

On his late-night television show, satirist Colbert plays a right-wing talk show host who is a government cheerleader.

The Justice Department declined to comment.

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Marmalefsky said the one concession that Wiener made in settling the suit was agreeing that the letterhead on some of the documents released Tuesday could be blacked out "as well as a word here or there that would identify the foreign government" that provided information to the U.S.

However, Marmalefsky said, "having reviewed the final documents and all the others in this case, it is very difficult to believe that it could be any government other than the United Kingdom."

The documents will be posted on the Internet today at http://www.LennonFBIfiles.com . <252>*

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IMMIGRATION:

Swift Raids Put Iowa Guard At Risk, Vilsack Says (DMR)

Des Moines Register, December 19, 2006

In a blunt and stinging letter, the governor and the top officer of the Iowa National Guard today called federal immigration officials' actions in the Swift raids "completely unacceptable," saying agents undermined the public's trust in government, potentially jeopardized the safety of law enforcement personnel in Iowa and could have compromised undercover operations.

Gov. Tom Vilsack and Maj. Gen. Ron Dardis, in a letter today to Department of Homeland Security Secretary Michael Chertoff, said they will not cooperate with federal immigration officials in the future unless they act more responsibly and provide better coordination with state officials.

Immigration officials "chose to pursue a solitary path that limited the operation's effectiveness, created undue hardship for many not at fault, and led to resentment and further mistrust of government," Vilsack and Dardis wrote.

The arrests Dec. 12 of 1,282 workers at Swift & Co. meatpacking plants in Marshalltown and in five other states represented the biggest crackdown in history on immigration violations at one company. The raids were executed by U.S. Immigration and Customs Enforcement, known as ICE, an agency of the Department of Homeland Security.

Vilsack and Dardis said ICE officials failed to advise the Iowa National Guard of the size and scope of the raid, which "could have led to unacceptable risks to Guard personnel and property."

The raids could have compromised ongoing local, state and federal law enforcement undercover operations, they said.

ICE gave Iowa little chance to prepare to deal with the humanitarian consequences of the raids, they said.

And the "information blackout" ICE imposed after the raids made the situation worse, they said.

Although the Iowa National Guard's only role was to provide a temporary space to hold detainees, ICE's operations and lack of coordination thrust the Guard into the national spotlight "without the sufficient information or authority to plan or respond."

Federal agents failed to provide any information to Guard public affairs staff before or during the raids, then ICE public affairs in Washington, D.C., issued only one short news release more than 24 hours after the raids began.

After promising to hold a news conference at Camp Dodge, ICE failed to do so, they wrote.

"The complete lack of an adequate media plan in the age of 24-7 news coverage is completely unacceptable," they wrote. "These systemic failures to communicate with the public and news organizations created an information vacuum that was filled with unreliable and unverifiable rumors that further undermined the public's trust and confidence in both the state and federal government."

Rather than working with local, state and other federal law enforcement agencies, ICE worked alone, they said.

"This lack of coordination among law enforcement and military authorities is completely unacceptable in this post 9/11 and (Hurricane) Katrina world," they wrote.

They ended the letter with this warning:

"In order to prevent similar or greater problems in the future, please note that the Iowa National Guard, at both Camp Dodge and throughout our state, will now require proper notification to the governor and appropriate law enforcement personnel, as well as a thorough and synchronized media plan, before we again agree to provide any space for future actions or operations by ICE."

As of this evening, 1,283 people had been arrested in connection with the Swift raids and charged with non-criminal administrative violations.

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Of those, 144 had also been charged with criminal violations: one with re-entering the United States after deportation and 143 with identity theft or a fraud-related charge.

Harkin 'appalled' By Treatment Of Illegal Workers (DMR)

Des Moines Register, December 19, 2006

Washington, D.C. – Sen. Tom Harkin of Iowa wrote Secretary of Homeland

Security Michael Chertoff today to say he is "appalled" by the process used to detain and deport workers in raids earlier this month at six Swift & Co. packing plants, including one in Marshalltown.

Harkin, a Democrat, said a telephone hotline for information for family members that was set up by the government has at times gone unanswered. At other times, it "provided no information of any use," Harkin said in the letter.

It has been "almost impossible" for lawyers and members of the clergy to gain access to workers who were detained, and workers were taken to other states without being granted access to lawyers, Harkin said.

Although assurances were provided to his staff that parents with small children would be released to make arrangements for their children's care, "there continues to be reports of numerous single mothers remaining in custody," Harkin said.

He said he hopes Chertoff shares his belief that "the failure to ensure that basic legal rights and humanitarian protections are afforded to individuals in our immigration system reflects poorly on the principles that have made the United States strong."

A spokesman for Immigration and Customs Enforcement, the law enforcement

agency that conducted the raids, had no immediate comment. The agency is

part of the Department of Homeland Security.

At the time of the raids, officials said that in certain cases where "humanitarian or medical concerns were identified," those arrested were given notices to appear in court at a later date.

The raids came as part of a investigation of worksite immigration violations and a massive identity theft scheme that federal officials say has victimized large numbers of legal citizens.

Criminal organizations traffic in genuine birth certificates and Social Security cards belonging to legal citizens, stolen in some cases and in other cases bought from homeless people and people in jail, officials say.

There were 1,282 arrests on immigration violations at the six Swift plants, with countries of origin of those arrested including Mexico, Guatemala, Honduras, El Salvador, Peru, Laos, Sudan and Ethiopia.

Harkin said the arrests demonstrate the need for Congress to move on immigration reform, including a path to citizenship for those in the country illegally.

Lawmakers Use Swift Raids To Bolster Locked-in Positions (RMN)

By M.E. Sprengelmeyer

Rocky Mountain News, December 20, 2006

WASHINGTON - Mass arrests of suspected illegal immigrants have done little to end the congressional stalemate over the country's immigration policies.

Instead, after the crackdown at Swift & Co. plants in Colorado and five other states, lawmakers from competing sides of the debate over a proposed guest-worker plan used the arrests last week to bolster their locked-in positions.

That could set the stage for another difficult debate in coming months, after Democrats take control of both houses of Congress and try to advance a plan President Bush has long favored.

Advocates of tougher enforcement of immigration laws generally praised last week's actions, which ended with the arrests of 1,282 workers, including 261 in Greeley, for immigration infractions or identity-theft charges.

But some, including Rep. Tom Tancredo, R-Littleton, expressed concerns that it could be a "ruse," or temporary show of force, intended to appease enforcement-first factions to clear the way for a guest- worker plan critics equate to amnesty.

Tancredo called it "hogwash" that Homeland Security Secretary Michael Chertoff began his press conference detailing the arrests by talking about the need for a guest-worker plan, which could grant legal status to millions who have entered the country illegally.

Chertoff said tough enforcement was only one part of solving immigration problems.

"It needs to be solved, and it won't be solved with a piecemeal approach," Chertoff said.

That was a common theme all week, as longtime backers of the proposed guest-worker plan, including Sen. Ken Salazar, D-Colo., said the arrests signaled a clarion call for a comprehensive approach to solving immigration problems.

"The lesson for me is that it underlines the need for Congress to act and enact comprehensive reform," said Rep. Mark Udall, D-Eldorado Springs. "It's time to do what the American public wants us to do."

The Immigration and Customs Enforcement raids, which prompted protests from workers' families and immigrant rights activists, rejuvenated a debate that had been dormant since the summer, when the Senate passed a comprehensive immigration bill but couldn't win agreement from the enforcement-minded House of Representatives.

Udall said the highly publicized arrests "rub away the scar tissue" and bring the raw emotions of the issue to the surface again.

The timing of the raids, during the Christmas season and on the Catholic Feast of Our Lady of Guadalupe, prompted Denver Archbishop Charles Chaput to denounce the ICE raids.

But Sen. Wayne Allard, R-Loveland, said the timing could not be avoided.

"You have to feel sorry for the kids who see their parents taken away from them," Allard said. "But the real victims are those in the identity-theft part of that. Once your identity is taken, you never recover.

"If you're dealing with criminals, you go when the case is ready and you have to do that to prevent more victims from being exploited."

Over the summer, Allard opposed a Senate version of immigration reform, which he said would amount to rewarding law-breakers. Still, he said Congress needs to do more, in addition to increasing funds for enforcement.

"I think everyone understands we need to do something about illegal immigration," Allard said.

Rep. Bob Beauprez, R-Arvada, said the Swift & Co. arrests highlight a growing problem with identity theft, but they don't make the leading guest-worker proposals any easier to swallow.

"When they talk about guest-worker, they're talking about amnesty, pure and simple," Beauprez said. "That's what Salazar is talking about. That's what the president is talking about. That's not equitable to people who are playing by the rules."

If the arrests have created any room for common ground, it's that people on both sides said Congress needs to consider closing a loophole in an existing employer-verification program.

Swift participated in a pilot project to verify workers' names and Social Security numbers. Chertoff said that while the program can catch some who use fabricated identity documents, it does not stop those who have stolen matching names and Social Security numbers.

That's why Chertoff and Tancredo, who are on opposite sides of the guest-worker debate, both said Congress needs to grant the Social Security Administration authority to tell immigration officials when numbers are being used in multiple locations.

Even then, Tancredo said he was skeptical that so far, of the 1,282 people arrested in the recent raids, most were charged only with administrative immigration violations and fewer than 65 face criminal charges, some related to identity theft.

"Something is askew here," he said.

Raid On Swift Leaves Staffing In Disarray (DENP)

By Bruce Finley

Denver Post, December 20, 2006

Meatpacking workers detained during last week's federal raids began facing immigration judges Tuesday in Colorado and five other states.

Some were released after relatives posted bond of at least $1,500. In Colorado, Immigration Judge Donn Livingston saw 27 detainees at the regional detention facility in Aurora and set court hearings where they are to be informed of charges against them.

Meanwhile, a federal grand jury in Minnesota indicted 20 detained workers on criminal-immigration offenses and charges related to identity theft.

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Now the immigration authorities themselves - who last week stormed six Swift & Co. plants in Greeley and other states based on allegations that illegal workers stole U.S. identities to get jobs - also are facing challenges in federal courts.

Labor-union leaders representing workers in Colorado have asked a federal judge to release them, arguing that workers were mistreated and denied access to lawyers.

The raids constituted "an outrageous abuse of police power," and the government's criminal probe into identity theft "functioned as the Trojan Horse to effectuate an immigration raid," said a lawsuit filed by the United Food and Commercial Workers Union Local 7.

U.S. District Judge John Kane has ordered immigrants detained at the Greeley plant to remain in his jurisdiction, but the union said some had been taken out of state. Union officials said Kane on Tuesday asked them to provide more details of their allegations.

"We're gathering witness statements and other material to present to him," UCFW spokesman Dave Minshall said.

Some 75 out of 260 workers detained in Greeley already have been returned to Mexico.

U.S. Immigration and Customs Enforcement (ICE) officials have filed a legal response saying detainees were told why they were arrested, allowed to use phones and advised they could get legal help.

ICE officials routinely move detained immigrants around the country to find bedspace.

U.S. Rep. Tom Tancredo called Tuesday for more raids and urging the government to target managers who hire illegal workers.

"This kind of enforcement action by ICE has been sorely missing over the past decade and I urge you to expand such operations to other industries," Tancredo, R-Littleton, wrote in a letter to ICE Assistant Secretary Julie Myers.

"Many in the agriculture industry prefer to use illegal labor despite the availability of legal workers through the H-2A (temporary-worker) program, which as you know has no cap. I believe an investigation would reveal that identity theft is rampant across many sectors and industries, not only meatpacking," Tancredo said.

And "it strains credulity," he said, to suggest that so many illegal workers at Swift "could be employed, in six plants, without the company's management being aware of it," as the company has claimed.

Study Warns Of Hunger Among Hispanics (WP)

By N.c. Aizenman

The Washington Post, December 20, 2006

Nearly one in five Hispanics lacks sufficient access to nutritious food and one in 20 regularly goes hungry, posing serious health and economic risks to the nation's largest and fastest-growing minority group, according to a new study.

The National Council of La Raza, a Latino advocacy group, noted in its study that the "food insecurity" rate of Hispanics is nearly as high as that of non-Hispanic blacks and substantially greater than that of non-Hispanic whites, of whom only about 5 percent suffer from limited access to nutritious food, according to U.S. government statistics.

"Yet the Latino community is practically invisible when it comes to this issue," said co-author Jennifer Ng'andu. "Folks notice the presence of Latinos in their area, but they are not connecting it to the need for food assistance."

As with African Americans, poverty appears to be the main factor limiting Latinos' access to nutritious food. About 22 percent of Latinos and 25 percent of non-Hispanic blacks are poor, compared with 8 percent of non-Hispanic whites.

Latinos, about 40 percent of whom are foreign-born, also often face linguistic, cultural and legal barriers to enrolling in federal hunger programs.

In 1996, Congress disqualified legal immigrants from nearly all forms of government assistance. Although a 2002 law restored access to certain programs for many categories of immigrants, including all otherwise eligible immigrant children, many Latinos appear unaware of the change. For instance, slightly more than half of eligible Latinos participate in the national food stamp program, compared with more than 70 percent of eligible blacks.

"For a lot of our immigrant families, there's either a lack of understanding of the system or fear, due to their immigration status," of approaching authorities, said Beatriz Otero, director of CentroN?a, a nonprofit child-care center in the District that has helped many Latino parents apply for federal assistance.

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The problem extends to immigrants' children who are U.S. citizens. Only about half of such children participate in the food stamp program, compared with more than 80 percent of eligible children who are U.S. citizens but whose parents are also U.S. citizens.

Just as daunting to many immigrant Latinos are the complex requirements and paperwork involved in signing up for many federal programs, Ng'andu said. By contrast, she noted, the government's nutrition program for low-income pregnant or post-partum mothers has a simpler enrollment process and a high rate of Latino participation.

Ng'andu argued that other federal food assistance programs need to follow suit by undertaking aggressive outreach in the Latino community and training their staff to better understand the eligibility rules affecting immigrants.

Otherwise, she cautioned, the consequences could be telling: Children who lack sufficient nutritional food have more difficulty concentrating in school as well as higher levels of anxiety, depression and obesity and its attendant health complications.

Sixty-two Fugitives And Immigration Violators Snared (MH)

By Miami Herald Staff

The Miami Herald, December 20, 2006

Immigration authorities have arrested 50 undocumented immigrants who ignored orders to leave the country and another 12 who were in violation of U.S. immigration laws, many of them with criminal histories, U.S. Immigration and Customs Enforcement officials said today.

Among those arrested was a 38-year-old Honduran convicted of sex crimes and deported in 2000. Jose Mario Lara now faces criminal charges for returning illegally to the United States. Re-entry after deportation is a felony that carries up to a 25-year prison sentence.

The criminal histories of those being held range from aggravated assault with a deadly weapon to prostitution and probation violations. Of the more than 52,000 undocumented immigrants apprehended by ICE fugitive operations teams nationwide since 2003, about 22,669 had criminal convictions, immigration authorities said.

"Our officers are working tirelessly to ensure that our nation's laws are upheld," Michael Rozos, field office director for the ICE Office of Detention and Removal Operations in Florida, said in a statement. ``Those who break our immigration laws shouldn't be surprised if they are arrested, charged and deported."

The weeklong sweep by ICE's Miami Fugitive Operations team ended Friday with the arrest of 62 fugitives and violators.

CONGRESS-ADMINISTRATION:

Bush Appointees Signal Court's New Direction (USAT)

USA Today, December 20, 2006

WASHINGTON — They are President Bush's appointees to the Supreme Court, the products of the administration's efforts to make the court more conservative.

And although most of the major decisions in their first full term together won't be announced for months, Chief Justice John Roberts and Justice Samuel Alito have signaled a readiness to move the court to the right.

In recent cases involving abortion, global warming and school integration, Roberts and Alito have been aggressive and sometimes feisty proponents of conservative views and particularly sympathetic to arguments by the Bush administration.

Their tactics have added flair to the court's public sessions and have contrasted sharply with the tentative approach that moderate Justices Sandra Day O'Connor and Anthony Kennedy often took in disputes over abortion, affirmative action and other key issues.

On an ideologically divided, nine-member court, the now-retired O'Connor was an especially key player because she generally was conservative but sometimes voted with the bench's four more-liberal justices: John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer.

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O'Connor voted with the liberals, for example, in favor of affirmative action in college admissions. O'Connor and Kennedy joined the liberals in backing abortion rights.

Now, Alito has replaced O'Connor, and he has joined the new chief justice — who replaced another conservative, the late William Rehnquist — in beginning to alter the court's course.

During last month's dispute over the Bush administration's decision against regulating carbon dioxide emissions and other so-called greenhouse gases, Roberts and Alito were skeptical about whether the USA is a significant contributor to global warming.

Roberts, echoing a sentiment expressed by an administration lawyer, suggested that federal regulation of emissions from cars and trucks might produce only a "marginal benefit" to the environment. Massachusetts and several other states argued that continued inaction by the U.S. government on car and truck emissions could lead to greater harm to the environment around the world.

The abortion issue

Also last month, Roberts suggested by his questions that he was leaning toward voting to uphold a congressional ban on a midterm abortion procedure that critics call "partial birth."

While Kennedy expressed concern about how such a ban would affect women's health, Roberts — again reflecting a position taken by the Bush administration — challenged abortion rights lawyers who argued that the procedure known medically as "dilation and extraction" was safer than other methods of abortion. (Alito asked no questions during that session.)

And during a dispute this month over school integration programs that allow districts to consider a student's race in making school assignments, Roberts compared such diversity programs in Louisville and Seattle to school segregation policies struck down by the high court a half-century ago in Brown v. Board of Education.

Alito, suggesting that he would support arguments brought by parents of white students who were denied their choice of schools, also bristled at the notion of using race as a factor in efforts to diversify school systems.

He indicated that even if the intent of such programs is admirable, the programs' treatment of students is reminiscent of the "separate but equal" doctrine that the court rejected in Brown.

Legal and political conservatives have been pleased with the new justices' approach.

At the annual meeting of the conservative Federalist Society last month, outgoing Senate Majority Whip Mitch McConnell, R-Ky., praised Roberts' and Alito's confirmation to the high court as "signature achievements" of the Congress that Republicans controlled for more than a decade.

After oral arguments in the school integration cases on Dec. 4, Ward Connerly, a former University of California regent who has fought race-based policies nationwide, said he was heartened by comments from Roberts and Alito and believes the court is headed toward rejecting the Seattle and Louisville programs.

"When people go through the Senate (confirmation) process" for judicial nominees, "you think that you might be getting some insight into their intelligence and demeanor," Connerly said last week. "But you never really know because the hearing process is fraught with theater."

Connerly said he interpreted the session on school integration as a sign that the court was on the verge of a new era — one in which the court would not support programs that consider race to promote diversity.

"It's something whose time has come," Connerly said.

For those who are fighting policies set forth by the Bush administration, the early courtroom performances by Roberts and Alito have been disheartening.

After the arguments in the school integration cases, Theodore Shaw of the NAACP Legal Defense Fund said he walked out of the Supreme Court feeling lower than he has in years.

"If the ruling is in keeping with the way the argument went, it would be a tragedy," Shaw said, adding that school districts across the nation could have their hands tied in trying to promote racial diversity.

Turning-point potential

Roberts, 51, and Alito, 56, shared the bench for five months during the 2005-06 term, which ended in June. The term didn't reveal much about how the court might change under Roberts' leadership.

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This term is likely to provide some guidance on the issue. The school integration cases heard this month had the feel of a potentially distinctive turning point for the court in dealing with government programs that have been created as remedies to past discrimination.

After Roberts declared that the constitutional guarantee of equality is intended "to ensure that people are treated as individuals rather than based on the color of their skin," Breyer countered that past rulings by the court had allowed race to be used as a factor in programs to address the lasting effects of segregation.

The liberal justice said "thousands of school districts" could have to change their enrollment policies if the court sets a new path by rejecting such initiatives.

Upcoming cases are likely to further define the conservatism of Roberts and Alito, both of whom were lawyers in the Reagan administration who went on to become U.S. appeals court judges. One dispute revolves around whether taxpayers can challenge Bush administration initiatives that encourage faith-based charities to compete for federal grants for social programs.

Outside the courtroom

Beyond the court, Roberts and Alito have been revealing more of themselves as well.

In a speech before the Federalist Society in November, Alito saluted President Reagan's efforts to curtail judicial involvement in solving societal problems and exhibited self-deprecating humor as he recalled his contentious confirmation hearings before the Senate last January.

Alito noted that the Senate Hart Office Building, where his hearings were held, is near the Supreme Court and that he often walks by it. But now, Alito quipped, "I cross to the other side of the street. I quicken my step until I'm well past the building."

Alito was confirmed to the Supreme Court in a 58-42 Senate vote that reflected Democrats' anxiety over whether replacing O'Connor with Alito would lead the court to take a harsher view of abortion rights, affirmative action and other Democratic priorities.

Roberts, who has been on the court since fall 2005, has used speeches at colleges to show the humor that has served him well as a litigator and as a judge.

In court, Roberts' humor has a distinctive bite. During arguments in a recent patent case, he derided a lower-court rule for assessing when an invention should not be patented because it would have been "obvious" at the time of development.

"Who do you get to be an expert to tell you something's not obvious?" he asked. "I mean, the least insightful person you can find?"

As usually happens when the chief justice makes a joke, the spectators laughed.

Brownback Wants To Re-question Nominee (AP)

By Todd Dvorak

AP, December 20, 2006

Sen. Sam Brownback, who wants to champion social conservatives in the presidential race, said Tuesday he wants a Senate panel to re-question a judicial nominee who attended a same-sex union ceremony.

Brownback, a Kansas Republican, said he wants Michigan state judge Janet Neff to testify about her role in the 2002 Massachusetts ceremony, her legal views on same-sex unions and her ability to be impartial if called upon to rule on such cases.

Neff's nomination to federal district court is among a dozen or so now stalled in the Senate, a logjam in part due to Brownback's questions about Neff's attendance at a lesbian commitment ceremony. The Senate Judiciary Committee has already approved her nomination.

Neff was traveling outside the country and could not immediately be reached for comment, said Chris Bockheim, her judicial assistant.

Earlier this month, Brownback, a prominent opponent of gay marriage who is exploring a presidential run in 2008, said he would lift the hold he put on Neff's nomination if the judge agreed to withdraw from ruling on any court case involving the legality of same sex unions.

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In Iowa on Tuesday to meet with GOP activists, Brownback said he only wants a chance to question Neff about her role in the 2002 ceremony. Brownback also wants a recorded vote in the Senate.

"I am not opposed to her getting a vote," Brownback said before a lunch with potential donors and supporters in Davenport. "I would like her to come back through committee so she can testify what took place, factually ... her legal views on same-sex marriage and her ability and willingness to be impartial."

Neff has said she attended the commitment ceremony as a friend of one of the two women, a longtime neighbor.

She insisted in an Oct. 12 letter to Brownback that the ceremony had no legal effect and would not influence her ability to act fairly as a federal judge.

Brownback has also been criticized for his proposal that Neff be required to recuse herself from gay marriage cases. Legal scholars said such a deal would infringe on the separation of the legislative and judicial branches of government.

But Brownback said it was simply a last resort to put her nomination forward.

"If we don't testify on her views on same-sex marriage legally, then the only way I can see fit to do this is to have her recuse herself from a class of cases," Brownback said. "Then others stepped in and said 'you can't do that.' Well, that's the only option I had at that late hour."

Senator Seeks Detainee Abuse Case Update (AP)

By Lara Jakes Jordan

AP, December 20, 2006

A key Democratic senator asked the Justice Department on Monday for an update on its progress prosecuting government employees who were accused in at least 17 cases of abusing detainees in Iraq and Afghanistan.

In response, a Justice spokesman said at least some of the cases are still under investigation.

In a letter sent Monday to Attorney General Alberto Gonzales, incoming Senate Majority Whip Dick Durbin, D-Ill., noted that the department began looking into the allegations of abuse two and a half years ago.

"In that time, there have not been any indictments in any of these cases," wrote Durbin, who first pressed the Justice Department for a prosecutions update in November 2005, when now-Deputy Attorney General Paul McNulty was seeking Senate confirmation.

"It is my understanding that since then, the Justice Department has not commented publicly on the status of any of these cases," wrote Durbin, who sits on the Senate panel that oversees the Justice Department.

In response to Durbin's first request, the Justice Department revealed in a Jan. 17 letter that it had opened 20 investigations into claims of detainee abuse that were referred to prosecutors by the Pentagon and the CIA. The investigations were being led by a task force in the U.S. Attorney's office in Virginia's eastern district — which McNulty headed before taking the Justice Department's No. 2 job in March.

Two of those cases were dropped because of insufficient evidence to support a prosecution, the Justice Department letter noted. Additionally, another case resulted in the indictment of a former CIA contractor in North Carolina.

Justice spokesman Brian Roehrkasse said at least a few of the estimated 17 remaining cases are still open. "The Justice Department continues to investigate these cases," Roehrkasse said Monday. He declined further comment.

The New York Times reported on its Web site Monday that a Justice Department team has decided against prosecuting nearly all of the 20 cases that were initially under investigation. It was not immediately clear precisely how many cases remain open, and Roehrkasse refused to respond to the newspaper's report.

Privately, Justice officials have acknowledged difficulties in tracking down reliable witnesses or preserving enough evidence to bring strong cases against the accused employees.

OTHER NEWS:

Cheney To Be Defense Witness In CIA Case (AP)

By Matt Apuzzo

DOJ_NMG_0107806

AP, December 20, 2006

Vice President Dick Cheney will be called to testify on behalf of his former chief of staff in the CIA leak case, defense attorneys said Tuesday, ending months of speculation over what would be historic testimony.

"We're calling the vice president," attorney Ted Wells said in court. Wells represents defendant I. Lewis "Scooter" Libby, who is charged with perjury and obstruction.

Sitting presidents, including Clinton and Ford, have testified in criminal cases, but presidential historians said they knew of no vice president who has done so.

William Jeffress, another of Libby's attorneys, would not say whether Cheney is under a subpoena to testify. Issuing a court order to a sitting vice president could raise separation-of-powers concerns, but Jeffress said it was not an issue.

"We don't expect him to resist," Jeffress said.

Special Prosecutor Patrick Fitzgerald, who said last week he did not expect the White House to challenge his witnesses, said Tuesday he did not plan to call Cheney.

Wells immediately said he would.

"That settles that," Fitzgerald said.

Neither Jeffress nor Wells would say whether they expect Cheney to testify in the courtroom or offer videotaped testimony to avoid infringing on the separation of powers.

"We've cooperated fully in this matter and will continue to do so in fairness to the parties involved," said Lea Anne McBride, a spokeswoman for the vice president. "As we've stated previously, we're not going to comment further on a legal proceeding."

Libby is accused of lying to investigators about what he told reporters regarding former CIA operative Valerie Plame. Plame's identity was leaked to reporters around the time that her husband, former ambassador Joseph Wilson, publicly criticized the Bush administration's prewar intelligence on Iraq.

Libby says he was focused on more important issues — including terrorism, Iraq and nuclear proliferation — and didn't remember his conversations regarding Plame.

Cheney could bolster that argument by testifying about the many other larger issues Libby was responsible for. During cross-examination, Fitzgerald likely will press Cheney to acknowledge that Plame was a key concern for him, and thus would have been important to Libby.

The trial could offer a behind-the-scenese look at the Bush administration's march to war and U.S. District Judge Reggie Walton said he planned to ask potential jurors whether their feelings on the administration's policies would interfere with their ability to serve.

Cheney and Libby got to know each other when Cheney was defense secretary under the first President Bush. Libby has been extremely loyal to Cheney and, in return, had the vice president's unwavering trust.

By 2000, Libby was working as a top adviser to Cheney in the presidential campaign and then followed him to the White House. In the White House, he was known as "Cheney's Cheney" for being as trusted a problem solver for the vice president as Cheney was for Bush.

Even after Libby's indictment, Cheney called him "one of the finest men I've ever known."

In addition to Cheney, other government officials and journalists are expected to be key witnesses in the trial, which is scheduled to start next month.

Former New York Times reporter Judith Miller and NBC News Washington bureau chief Tim Russert are expected to be prosecution witnesses. Libby's lawyers said in court papers that several reporters will testify on Libby's behalf.

Two unidentified reporters may resist testifying, Libby's attorneys said, but they expect to resolve that issue before trial.

Cheney Testimony Could Exacerbate White House Woes (WSJ)

By John D. Mckinnon

The Wall Street Journal, December 20, 2006

WASHINGTON -- Vice President Dick Cheney's testimony in the trial of his former top aide will add to White House political problems, at a time when President Bush will be seeking to rebuild his eroded standing.

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Attorneys for Mr. Cheney's indicted former chief of staff, I. Lewis "Scooter" Libby, confirmed in court yesterday that they plan to call the vice president as a witness in Mr. Libby's perjury and obstruction-of-justice case. The trial is scheduled to start next month.

Mr. Libby is accused of misleading investigators about his role in leaking the identity of a former Central Intelligence Agency agent, Valerie Plame, to reporters. Several administration officials began discussing her identity with reporters soon after her husband, former diplomat Joseph Wilson, started criticizing the administration's use of prewar intelligence concerning Iraq's nuclear-weapons program.

A Cheney spokeswoman suggested he doesn't plan to resist. "We've cooperated fully in this matter and will continue to do so," said Lea Anne McBride.

The spectacle of the vice president testifying in court is likely to deepen the White House's public-relations problems, as Democrats on Capitol Hill also will launch investigations of the administration in a number of areas, including its conduct of the Iraq war.

Mr. Cheney's role already has been a source of political pain for the White House. From an early point, the criminal investigation focused on his office, although other administration aides, including Karl Rove, also discussed Ms. Plame with reporters. More recently, details of Mr. Cheney's role have emerged in filings by Special Prosecutor Patrick Fitzgerald.

Mr. Libby testified before the grand jury that the vice president was upset about Mr. Wilson's criticisms. "He was very keen to get the truth out," Mr. Libby testified. He quoted Mr. Cheney as saying, "Let's get everything out."

Mr. Libby's defense team has hinted he will argue, among other things, he misremembered dates and details of certain conversations. Mr. Libby's defense would be helped if the vice president can buttress those claims. The vice president also could provide some of the policy reasons why the administration was interested in undercutting Mr. Wilson's story.

Cheney Will Testify In C.I.A. Leak Case (NYT)

By David Johnston

The New York Times, December 20, 2006

WASHINGTON, Dec. 19 — Vice President Dick Cheney will be summoned as a defense witness in the trial of his former chief of staff, I. Lewis Libby Jr., on charges of perjury and obstruction of justice, a defense lawyer said Tuesday in federal court. A spokeswoman for Mr. Cheney signaled that he would not resist the request for his testimony.

The decision to call Mr. Cheney was announced by Theodore V. Wells, a lawyer for Mr. Libby, whose trial is scheduled to begin next month.

“We’re calling the vice president,” Mr. Wells said at a hearing before Judge Reggie B. Walton in Federal District Court.

Mr. Cheney has been a looming presence in the C.I.A. leak case from the start, and his appearance as a defense witness would keep the vice president and the White House in the foreground of Mr. Libby’s trial. Mr. Libby is the only person charged with a crime as a result of an investigation into whether anyone in the Bush administration intentionally leaked the identity of a Central Intelligence Agency officer.

After the announcement at Tuesday’s hearing, Lea Anne McBride, Mr. Cheney’s spokeswoman, said: “We’ve cooperated fully in this matter and will continue to do so in fairness to the parties involved. And as we’ve stated previously, we’re not going to comment further on the legal proceedings.”

The prospect of Mr. Cheney’s testimony suggested that Mr. Libby’s trial could be transformed from a narrowly gauged perjury case into a riveting courtroom drama with the taciturn vice president as the star witness. He would testify under oath and be exposed to cross-examination by prosecutors.

Mr. Cheney would be the first sitting vice president, at least in modern times, to appear as a witness in a criminal trial, said Prof. Joel Goldstein of the St. Louis University Law School, an authority on the vice presidency.

Although Mr. Cheney has been a vigorous proponent of sweeping executive authority, which includes the notion that the president and perhaps other high officials could resist calls to testify in criminal trials involving their official conduct, his appearance may not set precedents, legal experts said. That is mostly because the Libby case presents a different situation from one in which such officials are subpoenaed to testify, they said.

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Mr. Cheney appears to have voluntarily agreed to testify on behalf of Mr. Libby, whom he has steadfastly supported. It is unclear whether Mr. Cheney would appear personally in the courtroom or seek to testify in a less exposed manner like having his testimony taken at the White House and introduced into the trial by videotape.

The trial stems from the disclosure of the identity of Valerie Wilson as a C.I.A. officer in a July 14, 2003, column by Robert D. Novak. The fallout from that disclosure led to an investigation by Patrick J. Fitzgerald, a special prosecutor, into whether the leak violated any laws and whether Ms. Wilson's name was disclosed as part of a campaign to punish her husband, Joseph C. Wilson IV, a former ambassador, for his criticism of the White House.

Mr. Wilson wrote an opinion article in The New York Times on July 6, 2003 — shortly before the Novak column — in which he claimed that the White House had twisted intelligence to justify the invasion of Iraq. He wrote that he had personally investigated whether Iraq bought uranium in Africa and had not found any basis for that belief.

Mr. Fitzgerald did not bring any charges in connection with laws that prohibit the willful disclosure of Ms. Wilson's identity as a covert operative. But he did indict Mr. Libby, also known as Scooter, on charges of perjury and obstruction of justice, saying he had untruthfully testified to a grand jury and federal agents when he said he had learned about Ms. Wilson's role at the C.I.A. from reporters rather than from several officials, including Mr. Cheney.

Mr. Libby's lawyers have said, in court papers, that they will seek to demonstrate that he had no motive to lie and that if he made any inaccurate statements about his conversations with reporters, they were a result of his being distracted by far more important issues of national security.

In his testimony, Mr. Cheney will probably be asked to affirm Mr. Libby's statements that he was occupied with many important issues and that there was no deliberate White House plan to disclose Ms. Wilson's identity.

Prosecutors have said in legal filings that Mr. Cheney played a central role in the White House reaction to Mr. Wilson's Op-Ed article. Mr. Fitzgerald has hinted in filings that Mr. Cheney may be a prosecution witness, although he said at the hearing that the government had no plans to call the vice president.

According to Mr. Libby's grand jury testimony, cited in prosecution legal papers, Mr. Cheney believed that the article falsely attacked his credibility because it asserted that the vice president's office instigated Mr. Wilson's 2002 trip to Niger.

Prosecutors have already disclosed a copy of the article on which Mr. Cheney made handwritten notations asking whether it was Mr. Wilson's wife who sent him on the trip.

In previous legal briefs, prosecutors have said they want to use Mr. Cheney's notes as evidence, saying they show the agitated environment in Mr. Cheney's office and the importance that Mr. Libby attached to the effort to rebut the article.

After Mr. Cheney expressed concern, Mr. Libby told several reporters that Mr. Cheney's office had not sent Mr. Wilson on the trip and that he might have traveled on what was little more than a junket arranged by Ms. Wilson.

With the trial scheduled to start on Jan. 16, Mr. Libby's lawyers and federal prosecutors skirmished throughout the hearing over several likely issues about Mr. Libby's motives and state of mind.

William H. Jeffress Jr., one of the defense lawyers, said he planned to call Mr. Libby as a witness, along with several reporters who interviewed him in mid-2003, to show that Mr. Libby had encouraged the reporters to testify or give depositions in the case.

Atlanta-Area School Board Abandons Evolution Sticker Case (LAW/AP)

By Doug Gross, The Associated Press

Law.com, December 20, 2006

A suburban Atlanta school board that put stickers in high school science books saying evolution is "a theory, not a fact" abandoned its legal battle to keep them Tuesday after four years.

The Cobb County board agreed in federal court never to use a similar sticker or to undermine the teaching of evolution in science classes.

In return, the parents who sued over the stickers agreed to drop all legal action.

"We certainly think that it's a win not just for our clients but for all students in Cobb County and, really, all residents of Georgia," said Beth Littrell of the American Civil Liberties Union of Georgia.

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The case briefly became an issue in Kansas in 2005, when Attorney General Phill Kline told State Board of Education members in private meetings that he would defend them if they wanted to put such stickers in textbooks.

The board didn't pursue the idea but instead rewrote science standards to incorporate anti-evolution language. After elections this year overturned the board's 6-4 conservative Republican majorities, those standards are likely to become evolution-friendly again next year.

The Atlanta school board placed the stickers inside the front cover of biology books in 2002 after a group of parents complained that evolution was being taught to the exclusion of other theories, including a literal reading of the biblical story of creation.

The stickers read: "This textbook contains material on evolution. Evolution is a theory, not a fact, regarding the origin of living things. This material should be approached with an open mind, studied carefully and critically considered."

A federal judge ordered the stickers removed in 2005, saying they amount to an unconstitutional government endorsement of religion. The school board appealed, but a federal appeals court sent the case back, saying it did not have enough information.

"We faced the distraction and expense of starting all over with more legal actions and another trial," said board Chairwoman Teresa Plenge. "With this agreement, it is done and we now have a clean slate for the new year."

School board attorney Linwood Gunn said the agreement is not an admission that the stickers were unconstitutional. "The school board attempted to reach what they thought was a reasonable compromise," he said.

The board agreed to pay about one-third of the plaintiffs' court costs, Gunn said.

"The settlement brings to end a long battle to keep our science classes free of political or religious agendas," parent Jeffrey Selman said in a statement handed out by Americans United for Separation of Church and State, one of the groups that represented the plaintiffs.

It was one of several recent battles over what role evolution should play in science education.

Last year, a federal judge barred the Dover, Pa., school district from teaching "intelligent design" as an alternative to evolution.

In 2004, Georgia's state schools superintendent briefly proposed a science curriculum that dropped the word "evolution" in favor of "changes over time." That plan was scrapped amid protests by teachers.

Cobb County has a population of about 660,000.

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Raising The Floor On Pay (NYT)

By Louis Uchitelle

The New York Times, December 20, 2006

On the verge of controlling Congress, the Democrats are making a much-delayed increase in the minimum wage their signature attempt to lift incomes and quiet widespread economic anxiety. But the party's modest proposal does not catch up with what the states have already done to raise the wages of tens of millions of workers.

Putting a floor under wages was once the domain of the national government, a legacy of the New Deal that lasted for decades. As recently as 1984, only one state — Alaska — had a higher minimum.

By then, however, Congress no longer regularly increased the minimum. So the states stepped into the vacuum, one after another, everywhere but in the South. In the last election alone, voters in six states approved minimums higher than the federal level, and in some states cost-of-living clauses automatically increase the minimums — a step that Congress has never taken and that most Democrats still balk at.

Some advocates wonder whether Congress can regain the lead, or should. "I am very strongly in favor of populism at the national level, but it is not happening," said Gar Alperovitz, a political economist at the University of Maryland who supports and studies populist movements at the state and local level.

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"The minimum wage is definitely a populist issue," he said, "but to go beyond the present modest effort in Congress, you have to build support state by state until there is a new national consensus as to what the minimum should be. That is a long slog."

The minimum wage is not the only issue in which the states have taken the lead from the federal government. California, for example, has pushed to limit the emission of global warming gases, and New York City has just enacted the first major ban on the use of trans fats in restaurant cooking.

When it comes to the minimum wage, the Democrats plan to introduce a bill in Congress next month that would increase the federal minimum for the first time in a decade — to $7.25 an hour in the spring of 2009, reaching that level in three steps from the present $5.15 an hour.

More than 13 million workers earning less than $7.25 an hour today, or just above that, would get raises. The majority are adults working full time, mainly in the South and Southwest. The 29 states that have jumped ahead of the federal government now have minimums that range from $6.15 to $7.63 an hour, lifting 70 percent of the nation's work force well above the federal level of $5.15. Most of these state minimums have escalators built into them.

As a result, even in the unlikely event that none of the states took any further action, 12 of them, representing 33 percent of the work force, would still have minimums either equal to or above $7.25 an hour in 2009, according to projections by the Brennan Center for Justice at New York University Law School.

Many of the state minimums were enacted over the last decade. Indeed, when the federal minimum rose to $5.15 an hour in 1997, less than 5 percent of the work force enjoyed higher state minimums.

"What you have are a growing number of states more oriented toward workers than in the past," said Richard B. Freeman, a Harvard labor economist, adding: "The left is uneasy about states' rights, but people are becoming more progressive at the local level. They can see what is happening to their neighbors, and they are more sympathetic toward the poor, whom they can also see."

Starting in the early 1980s, after Ronald Reagan was elected president, increasing the federal minimum wage by more than token amounts ran into a buzz saw of opposition. Conservative economists contended that regular increases distorted the free supply and demand for workers. Citing longstanding economic research, they said it did more harm than good, prompting employers to drop marginal workers not worth the higher minimum.

That was still the prevailing view in the early 1990s when two labor economists, David Card, now at the University of California, Berkeley, and Alan B. Krueger at Princeton, found that modest increases in low minimum wages had no impact on employment, and in fact might reduce turnover.

The states themselves became tests of this finding. As more of them increased their minimums without measurable effect on employment, the opposition faded. Even the chief critic of the Card-Krueger position, David Neumark, a labor economist at the University of California, Irvine, has softened his position, though he still sees little if any advantage in a higher minimum wage.

"A congressman once said to me, 'Suppose you are right and the minimum wage reduces employment; does that mean we should not raise the minimum?' " Mr. Neumark said in an interview.

"And I said, 'No, I don't know; it depends,' " he went on. "There is some cost to raising the minimum, but there may be some benefit. If I thought one guy would lose his job and a thousand would be lifted out of poverty, I would say that is a pretty good trade-off. But my research says there is no evidence you reduce poverty."

Even the higher state minimums are often not enough to keep millions of workers out of poverty. Consider Elvia Rios, a 43-year-old college graduate from Panama who worked as an executive secretary there before immigrating to the United States three years ago. She earns the New Jersey minimum of $7.15 an hour as a stockroom employee, working 40 hours a week at a large retail store in the center of the state.

Ms. Rios and her 2-year-old daughter are living in a homeless shelter run by the Interfaith Hospitality Network, a nonprofit organization. She gets help with her daily expenses, particularly child care, from charities as well as the state. When Ms. Rios moves into an apartment next month, the state will pay 70 percent of the $1,200-a-month rent for two years. It will do so under an assistance program for women who are victims of domestic violence.

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"The $7.15 an hour is just not enough," Ms. Rios said. "I don't pay any rent right now, but I soon will and I will also have to buy what the child needs."

How much income would be enough? At least $9 an hour, she said, "to live not well but without falling into poverty."

Trying to reach beyond that goal, Ms. Rios plans to enroll in a course that will train her by early spring to care for the elderly — work that in New Jersey pays $12 or $13 an hour, she says.

"The job I do now, I don't like," Ms. Rios said. "I prefer to take care of elderly people or ill people or children."

The decades immediately after World War II were the heyday of the federal minimum wage. Without following any particular formula, Congress periodically ended up setting it at roughly one-half the average hourly pay of the nation's production workers. That average is nearly $17 an hour today; half would be $8.50. By 2009 it is likely to be close to the $9 that Ms. Rios seeks.

Spurred on by last month's election results, the populist wing of the Democratic Party is calling for a return to the old standard. Sherrod Brown, newly elected to the Senate from Ohio, is in that group. So is the A.F.L.-C.I.O., which says that its success in getting out the vote this fall entitles it to a bigger voice in Democratic Party policy.

But they are meeting political resistance from the moderates in the party. Trying to push the populist case, the Economic Policy Institute, a labor-oriented research center, posted a statement in late November calling for an increase in the minimum to $8 an hour in 2009 instead of the $7.25 proposed by the party leaders. That recommendation was quickly withdrawn, however, under pressure from the leadership.

"Our friends on Capitol Hill said our statement would be heard as criticizing the Democrats," said Ross Eisenbrey, the institute's policy director. "It would not be perceived as encouragement to do more; it would be perceived as raining on the parade."

In a second statement, issued this month, the Economic Policy Institute finally endorsed the increase to $7.25, stipulating that once Congress approved this amount, a second bill should be introduced to raise it to a higher $8 in 2009.

Senator-elect Brown and the A.F.L.-C.I.O. have taken similar stands, wanting more but nevertheless endorsing the bill that the Democratic leadership intends to introduce in the first 100 hours of the new Congress.

No Democrat has pushed harder in Congress for increases in the federal minimum wage than Senator Edward M. Kennedy of Massachusetts, the bill's author. He was the chief sponsor of the last increase, enacted a decade ago. He first tried to introduce the current proposal in 2004, but was unsuccessful in a Republican-dominated Congress.

Now he and other party leaders argue that they cannot go above a $7.25 minimum wage without risking a presidential veto. Once it becomes law, Senator Kennedy plans to push for an increase beyond $7.25. Still, he acknowledges that the initiative may indeed have passed to the states.

"States have always been the laboratories of democracy, and I am proud of the leadership they have shown on this issue," Senator Kennedy said in a written response to a question. "Philosophically, are we O.K. with leaving the minimum wage in their hands?"

Liberal economists and policy makers are divided on this point. Mr. Alperovitz says there is no other choice but to go with the states. At the federal level, he argues, the Democrats are no longer a powerful source of progressive legislation.

They have lost their influence for three reasons, he said: the decline in union power; the defection of the South to the Republican Party; and the absence of a riveting economic crisis, like the Depression, that demands national solutions.

The problem with letting the initiative shift to the states, argues Ronald Blackwell, chief economist at the A.F.L.-C.I.O., is that the variety of state minimums encourages companies to shift jobs to the lower-wage states.

Mr. Freeman, the Harvard economist, argues in response that the various minimums are useful, reflecting different living costs across the country.

Mississippi, for example, like most Southern states, simply adheres to the federal minimum of $5.15 an hour. If it were forced to go to a $9 federal minimum, the drastic increase, even spread out over two or three years, would eliminate many of the low-end jobs that have migrated to the state, Mr. Freeman said.

On the other hand, that same $9 an hour would be no problem for Washington State, where the minimum is already $7.63 and will rise to $7.94 next year.

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"The fight at the federal level is really no longer over how high the minimum should go," Mr. Freeman said, "but where the low end should be."

Abramoff's Holiday Cheer (WP)

By R. Jeffrey Smith

The Washington Post, December 20, 2006

These days he makes no more than 40 cents an hour for his labors at the federal prison camp at Cumberland, Md. But Christmas 2001 was a far more high-flying holiday for Republican lobbyist Jack Abramoff, who then was paid as much as $500 an hour.

Back then -- before he pleaded guilty to defrauding banks in a deal to buy a casino cruise line -- Abramoff was a top rainmaker at Greenberg Traurig's Washington office and liked to be generous at this time of year, at least to those who could help him. He compiled a list of 45 people to whom his staff was supposed to send gifts such as a Baccarat crystal bowl and a platinum Tiffany clock.

A copy of his holiday gift list, obtained by The Washington Post, details one of the methods that Washington lobbyists can use to flatter clients and lawmakers. It shows that those who had helped enrich Abramoff got a reward, and his father and brother and their wives got either cookies or a fruit basket.

Three members of Congress and one staff member were among his intended gift recipients, according to the list. Three of them received a more lavish item than House ethics rules allowed, if Abramoff's assistants followed his instructions.

Then-House Majority Whip Tom DeLay (R-Tex.) was listed as the intended recipient of a $250 box of Godiva chocolates; Rep. Dana Rohrabacher (R-Calif.) was to receive a $100 gift basket from Harry and David; and Susan Hirschmann, DeLay's chief of staff, was to get a Godiva box worth $100. Rep. John T. Doolittle (R-Calif.) was to get a less valuable gift: some Jerry Seinfeld CDs.

All four were close to Abramoff and his clients. DeLay, for example, had traveled the previous year to a Scottish golf course and a posh London hotel on Abramoff's credit card; he also voted against legislation opposed by two Abramoff clients that helped underwrite that trip. In 2000, Abramoff listed Rohrabacher in bank documents as a personal reference for his casino-boat purchase.

Doolittle endorsed a politician in the Northern Mariana Islands who helped hire Abramoff as a lobbyist; Doolittle's wife, Julie, was hired by Abramoff's lobbying firm in 2002. Hirschmann worked with Abramoff's office to arrange the golf trip, and Abramoff's credit card was used to pay her husband's plane fare.

Ethics rules have long barred House members and staff from receiving gifts from registered lobbyists separately worth more than $50. Reached by phone, DeLay said, "I don't think I got a box of Godiva chocolates" from Abramoff, adding that a box worth $250 would be "memorable." Doolittle spokeswoman Laura Blackann said the Seinfeld CDs were of negligible value.

Tara Setmayer, a spokeswoman for Rohrabacher, said that the congressman does not recall receiving a fruit basket from Abramoff but added that between the two close friends, it was a "regular practice" to exchange gifts. She said anything the congressman received from the lobbyist was "under the limit" set by the House.

As is typical with many lobbyists -- and not illegal or improper -- clients received generous gifts. In Abramoff's case they included Tiffany trinkets, Montblanc pens and $300 clocks.

Kathryn Van Hoof, a lawyer for the Coushatta Indian tribe, was to receive a $200 Montblanc pen. In March 2001, she negotiated a lobbying contract with Abramoff that called for the tribe to pay his firm $125,000 a month. Chitimacha tribe chairman Alton D. LeBlanc Jr., who publicly defended Abramoff's $120,000 annual lobbying fees, was also to get a Montblanc.

Identical pens were to go to Marina Nevskaya and Alexander Koulakovsky, two Russian oil executives who had hired Abramoff to help them arrange meetings with DeLay and lobby for federal aid. Willie Tan, a textile magnate in the Mariana Islands who helped direct $650,000 to a nonprofit group linked to DeLay, was to get a Montblanc, and two of Tan's aides were to get fruit baskets.

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Nell Rogers, the Choctaw tribe's liaison with Abramoff and the person who processed his firm's multimillion-dollar bills, was to get a Baccarat bowl. At congressional hearings in June 2005, she would describe Abramoff's work for the tribe as "a story of betrayal."

Former Christian Coalition leader Ralph Reed, who agreed in October 2001 to help Abramoff stifle a new casino that could compete with an Abramoff client casino, was to receive a fruit basket. "Let's give him a list of things we want . . . [and] some chump change to get it done," Abramoff told a partner about Reed in a February 2002 e-mail.

Amy and David Ridenour, who ran the National Center for Public Policy Research, were to get a $100 fruit basket. A congressional report would later describe their nonprofit organization as an "appendage" of Abramoff's lobbying operation, and Abramoff himself, in a 2002 e-mail, would tell a client that their group "can direct money at our discretion, anywhere if you know what i mean."

Maynard Kahgegab, a chief of the Saginaw Chippewa tribe that signed a costly lobbying contract with Abramoff in December 2001, was listed tentatively as the recipient of a Tiffany platinum alarm clock valued at $295. In an e-mail on Dec. 17 of that year, Abramoff described members of that tribe as "troglodytes." A tribal council removed Kahgegab from office on June 2, 2004, for misconduct related to Abramoff.

Abramoff has been telling federal investigators about many of these connections since he pleaded guilty in January to conspiring to bribe public officials; his sentence for that crime is slated to be meted out in the spring. A spokesman for Abramoff's lawyer declined to comment.

Staff researcher Karl Evanzz and research editor Alice Crites contributed to this article.

DOJ_NMG_0107814

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 20, 2006 7:45 AM EST

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TERRORISM NEWS:

Convict In Terror Case Back In Court (AP)

By Lara Jakes Jordan

AP, December 20, 2006

An American convicted of helping the Taliban was back in federal court Tuesday for violating the terms of his probation, authorities said.

James Ujaama, a Muslim convert from Seattle, was arrested over the weekend in Belize — where, under the terms of his supervised release, he was not supposed to be, Justice Department spokesman Bryan Sierra said.

Ujaama was brought back Tuesday to the United States, and waived his rights to a removal hearing in U.S. District Court in Miami. Sierra said Ujaama soon will be transferred to Seattle, where he was sentenced in 2003.

The full terms of Ujaama's three-year probation period were not immediately available.

Ujaama, who was born James Earnest Thompson, was charged in 2002 with trying to set up a terrorist training camp for Muslim cleric Abu Hamza al-Masri.

He pleaded guilty a year later to lesser charges: conspiring to provide cash, computers and fighters to the Taliban. In exchange, Ujaama served two years in prison and agreed to cooperate with terrorism investigations until 2013.

Federal officials have said Ujaama's help was crucial in the 2004 indictment of al-Masri on charges of trying to establish the training camp in Bly, Ore., and providing aid to al-Qaida. Authorities also questioned Ujaama in the case of Haroon Rashid Aswat, linked to the July 2005 transit bombings in London that killed 56 people.

Ujaama's attorney in Seattle, Peter Offenbecher, declined to say whether he had recently spoken with his client.

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"We're investigating the facts to determine the appropriate course of action," Offenbecher said. He refused further comment.

Emily Langlie, spokeswoman for the U.S. attorney's office in Seattle, said it was unclear when Ujaama would appear there. "It's determined by when the marshals get him here," Langlie said.

U.S. Fugitive With Al Qaeda Ties Arrested (WT)

By Jerry Seper

The Washington Times, December 20, 2006

Police in Belize yesterday arrested an American Muslim with ties to al Qaeda who pleaded guilty in 2003 to conspiring to provide cash, computers and fighters to the Taliban, but fled after agreeing to cooperate in ongoing investigations.

Authorities said James Ujaama, who was wanted for parole violation, entered Belize, a small country on the eastern coast of Central America, 10 days ago using a phony Mexican passport.

"The police conducted an investigation, and some time around midnight last night or earlier this morning, this fugitive was apprehended here in Belize City," said acting Police Chief Eduardo Wade, adding that one Belizean police inspector was treated and later released for injuries he received when Ujaama "attempted to escape during his apprehension."

Ujaama, who served two years in a plea agreement on charges of dealing with al Qaeda and providing various types of material support to the Taliban, has since been turned over to U.S. authorities, said Leonard Hill, deputy chief of mission at the U.S. Embassy.

Mr. Hill said Ujaama's immediate crime was a parole violation, but he could face additional charges and also is being held as a material witness in other terror-related cases.

"One indication of his status may be that federal officials sent down a private plane to bring him back to the States," Mr. Hill said.

Ujaama, also known as Ernest James Thompson, was first arrested in Denver in July 2002 as a material witness and later named in a federal grand jury indictment of providing resources to al Qaeda. The indictment said he was attempting to create a camp for training terrorists near Bly, Ore., between October and December of 1999.

In April 2003, the government filed a superseding complaint saying Ujaama took money, computer equipment and women to Taliban officials in Afghanistan. In February 2004, he agreed to cooperate with U.S. prosecutors -- especially for what he knew about radical London cleric Abu Hamza al-Masri, who has since been convicted in Britain of inciting murder and racial hatred.

Al-Masri, the one-eyed former head of the Finsbury Park mosque in north London, preached hatred to hundreds of young Muslims, including Zacarias Moussaoui, the only person charged in the U.S. in connection with the September 11 attacks.

Ujaama, a former community activist in Seattle, converted to Islam in the post-civil rights era. While traveling in England in 1999, he purportedly met with al-Masri and then traveled to Afghanistan to study Shariah, according to family friends. Shariah refers to the legal framework within which public and some private aspects of life are regulated for those living in a legal system based on Muslim principles of jurisprudence.

As part of the plea agreement, which limited his prison terms to just two years, he admitted delivering currency and other items to persons in the territory of Afghanistan controlled by the Taliban, and that with the assistance of the Taliban, he entered the country to install software programs he had brought with him on computers belonging to Taliban officials.

U.S. Freezes Accounts Of British Citizen (AP)

By Jeannine Aversa

AP, December 20, 2006

The Bush administration took action Tuesday to freeze financial accounts and assets of a naturalized British citizen for allegedly providing "material and logistical" support to al-Qaida and other terror groups.

The action against Mohammed Al Ghabra means that any bank accounts or other financial assets belonging to him found in the United States must be frozen. Americans also are prohibited from doing business with him.

The Treasury Department alleged that Al Ghabra had organized travel to Pakistan for people seeking to meet with senior al-Qaida officials and to undertake jihad training. Several of those people returned to the United Kingdom to engage in covert activity on behalf of al-Qaida, the department said.

Al Ghabra also allegedly provided support and facilitated travel of people based in the United Kingdom to Iraq to support the insurgents' fight against coalition forces, the department said.

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HOMELAND RESPONSE:

Wiretap Suit Joins Others In Bay Area (OREGONIAN)

The Oregonian, December 20, 2006

An Oregon lawsuit challenging a federal warrantless eavesdropping program has been shipped to a judge in San Francisco who is handling dozens of similar cases.

The move, ordered by a judicial panel that consolidates groups of lawsuits with related legal issues, takes the Oregon case away from U.S. District Judge Garr M. King in Portland.

Earlier this year, King refused the government's motion to dismiss the suit filed by the Al-Haramain Islamic Foundation, a defunct Ashland-based organization that claims to have been the subject of illegal wiretapping.

The case has been sent to U.S. District Judge Vaughn Walker, who earlier this year refused the federal government's attempt to dismiss a similar case that accuses AT&T of illegally cooperating with the program.

The government claims letting the lawsuits go forward will reveal state secrets and threaten national security.

The Oregon case was transferred along with two suits from New York and one from Missouri.

A federal judge in Detroit earlier this year said the warrantless wiretapping program was illegal and unconstitutional. That case is under appeal and not subject to the transfer order.

The Bush administration has defended the legality of the program, which entails monitoring conversations between U.S. citizens and suspected terrorists elsewhere in the world.

U.S. Cancels Order For 75 Million Doses Of Anthrax Vaccine (NYT)

By Eric Lipton

The New York Times, December 20, 2006

WASHINGTON, Dec. 19 — In a major setback to the Bush administration's biodefense efforts, the government announced Tuesday that it had canceled an order for 75 million doses of a new anthrax vaccine, the single biggest purchase planned for the nation's antiterror drug stockpile.

Since VaxGen of Brisbane, Calif., won the contract two years ago, skeptics have questioned the ability of the company, a small biotechnology business, to deliver on such a large order, as well as the administration's capacity to properly manage the overall $5.6 billion program, known as BioShield.

VaxGen, which has no other major customers and has never made a successful vaccine or drug, was supposed to deliver enough vaccine to inoculate 25 million Americans after an anthrax attack, each with three doses.

Officials at the Department of Health and Human Services terminated the $877 million contract Tuesday after VaxGen failed to start required clinical trials, a delay caused by troubles with the vaccine formula.

"With any type of scientific endeavor or research, it is always an unpredictable path that you will follow," said Bill Hall, a department spokesman.

VaxGen's genetically engineered vaccine was selected because it was expected to produce fewer side effects and was effective with fewer doses than the only alternative, a 1950s-era vaccine now manufactured by Emergent BioSolutions of Rockville, Md.

A modern anthrax vaccine had been under development for a decade by Army scientists, before VaxGen won its contract after lining up a licensing agreement with the military researchers.

"This is a great disappointment and a very real setback," said D. A. Henderson, the former director of the Department of Health and Human Services office that helped create the BioShield program.

By the end of this year, VaxGen was supposed to have delivered its first 25 million doses to the stockpile. But as it was testing the vaccine, the company noticed that it was breaking down too quickly, apparently because of an unexpected interaction with an additive intended to bolster the vaccine's effectiveness, said Lance Ignon, a company spokesman.

The Department of Health and Human Services, under pressure from Congress to reduce the risk of relying on a single company, has separately bought nine million doses of the Emergent BioSolutions vaccine, which has been widely used by the military since 1998 to inoculate more than 1.5 million members of the military. The mandatory vaccinations led to lawsuits and complaints of serious side effects.

Mr. Hall said the Department of Health and Human Services was committed to finding a manufacturer to develop the modern version of the vaccine. But he said he could not predict how long that would take.

The vaccine is not the nation's only defense against an anthrax attack. The department has also bought enough antibiotics to treat about 40 million Americans, in the event that multiple cities are struck at once. The recommended treatment after

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confirmed exposure to anthrax is a combination of a vaccine and antibiotics because anthrax spores are so hardy they can outlive the 60-day antibiotic course and still possibly threaten an exposed person.

VaxGen's future is now in jeopardy, as the company was entitled to no compensation until it began to make deliveries to the stockpile. The company, which has about 230 employees, has invested more than $150 million on the project, Mr. Ignon said.

This is the second high-profile failure for VaxGen. The 11-year-old company's planned AIDS vaccine was abandoned in 2003 after it proved ineffective.

Project BioShield was created in July 2004 by an act of Congress at the request of the president. It was supposed to greatly expand the nation's stockpile of a variety of drugs and vaccines to protect against a biological, nuclear or chemical attack. But progress has been slow, in part because large pharmaceutical companies have shied from the venture and the government has taken a long time to decide what it wants.

Anthrax Vaccine Contract Voided, Thwarting Administration (WP)

By Renae Merle

The Washington Post, December 20, 2006

Federal health officials yesterday scuttled the largest piece of the Bush administration's two-year program to counter bioterrorism, canceling an $877.5 million contract with VaxGen to develop an anthrax vaccine after the company missed a deadline to begin human testing.

The decision, delivered in a one-page letter, ends a troubled effort by the small California firm that has come to symbolize the failures of the government's ambitious $5.6 billion Project BioShield. The termination occurred on the same day President Bush signed legislation attempting to salvage the program by reorganizing its management and pumping more money into firms doing the work.

"It's very disappointing that they took such aggressive and dramatic action without engaging in a discussion with us about potential ways for salvaging all the work that has gone into this program," said Lance Ignon, VaxGen's vice president of corporate affairs. "We believe there is a high probability that this technology would lead to a modern anthrax vaccine."

The company has spent more than $175 million of its own money on the project, its only current contract, he said.

The cancellation means the government will continue to depend on a controversial anthrax vaccine, used by the military and made by Emergent BioSolutions of Gaithersburg, years longer than expected. A spokesman for the Department of Health and Human Services said the agency remains committed to developing a next-generation anthrax vaccine but has not decided whether to hold another competition.

"We are moving as aggressively and quickly as we can to reach that goal," said Bill Hall, a department spokesman.

VaxGen was picked for the project in 2004 despite having never successfully produced a drug. It was known for a failed attempt at an AIDS vaccine, and the company has had accounting and management problems, which caused it be delisted from the Nasdaq Stock Market.

In signing on to develop an anthrax vaccine, the company agreed to meet the government's aggressive timetable, producing a drug in five years, half the industry standard for such a product. VaxGen was to be paid as it began delivering the 75 million doses to the government, enough for 25 million people, roughly the equivalent of the population in the New York and Washington areas combined.

But VaxGen struggled from the beginning. The product's expected delivery was delayed two years as the company attempted to improve the vaccine's potency and reliability. In November, the company suffered another blow when the Food and Drug Administration refused to allow the firm to begin human testing because of those long-standing concerns.

The cancellation throws the company's survivability into doubt. VaxGen has said it has enough funds to work through 2007, but its only other product is a smallpox vaccine for which it doesn't have a contract. The anthrax contract was canceled for default, meaning the government does not plan to reimburse VaxGen for its costs and could even hold the company liable if there are extra costs from buying the product from another source.

VaxGen is exploring its legal and strategic options, Ignon said. The company could appeal the decision. "Fortunately, we are well capitalized," he said.

The government now hopes a reorganization of the program, signed into law yesterday, will address the delays and other complaints lobbed at Project BioShield by the private sector for the past two years. The legislation creates the Biomedical Advanced Research and Development Authority, within HHS, to manage the effort. It also allocates $1 billion over three years for research and attempts to pump more government money into the private sector sooner by making payments as companies meet milestones, instead of waiting until they begin delivering the product.

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Yesterday's cancellation of the VaxGen effort "is a step back for an anthrax vaccine, but I think we have said this was a flaw in BioShield," said Sen. Richard Burr (R-N.C.), one of the chief architects of the legislation revamping the program. "I would like to think if that happened under the new system, we would have caught the problem at a much earlier point."

Until a new vaccine is developed, the government will rely on its stockpiles of antibiotics, including ciprofloxacin, for dealing with anthrax exposure and 10 million doses of an older vaccine made by Emergent. Some soldiers have complained of significant side effects from the Emergent vaccine and have refused to take it, though the FDA says it's safe. VaxGen had aimed to require fewer doses over a shorter period than Emergent's to produce immunity.

U.S. Turns To Tech For Translators (USAT)

By Richard Willing

USA Today, December 20, 2006

Intelligence agencies and the military are turning to technology developed for call centers, sporting events and television shopping channels to compensate for an ongoing shortage of qualified translators, interviews and public documents show.

In Iraq, Afghanistan and elsewhere, the Defense Department's research arm is testing portable translation devices that allow English-speaking soldiers to hold conversations with Iraqis.

Government-backed researchers are working to convert broadcasts and website postings from Arabic and Mandarin Chinese into English and to build search engines that can extract complex information from the translated texts.

These efforts are part of a government plan to bolster the thin ranks of skilled translators, say researchers and experts, so human translators can focus on more demanding projects.

"Human language specialists are precious assets," says John Hall, a former Navy SEAL who is president of VoxTec International. The Annapolis, Md., company makes a handheld translation device being tested in Iraq. "You're never going to have enough of them," Hall says. "But if a machine can do some basic tasks, that frees up (a translator) for other work."

In-Q-Tel, a venture-capital company funded by the CIA, has invested in a company that produces software that helps private companies glean information from recorded customer-service calls.

The technology could help intelligence analysts decipher subtleties, such as differences in accents and pronunciations, that can change the meanings of spoken words, its makers say.

Much of the spending is classified, but available public contracting and budget documents show that the Pentagon has at least $22 million to spend this year on research. In November 2005, the Pentagon announced $26 million worth of contracts for translation software.

This month, the Iraq Study Group reported that only 33 of 1,000 workers in the U.S. Embassy in Baghdad speak Arabic, including only six fluent speakers.

The group recommended that the State and Defense departments and the director of national intelligence "accord the highest possible priority" to language and cultural training.

In October, the FBI reported that only 33 of about 12,000 agents have even limited Arabic proficiency. The CIA does not disclose its officers' language capabilities, but Robert Baer, a retired CIA agent, estimates that he was the agency's only undercover officer fluent in Arabic when he operated in Beirut in the mid-1980s.

It takes about eight years to train a CIA officer to be "completely comfortable" speaking Arabic, says Baer, author of two books about the intelligence community and foreign policy.

WAR NEWS:

U.S. Not Winning War In Iraq, Bush Says For 1st Time (WP)

By Peter Baker

The Washington Post, December 20, 2006

President Bush acknowledged for the first time yesterday that the United States is not winning the war in Iraq and said he plans to expand the overall size of the "stressed" U.S. armed forces to meet the challenges of a long-term global struggle against terrorists.

As he searches for a new strategy for Iraq, Bush has now adopted the formula advanced by his top military adviser to describe the situation. "We're not winning, we're not losing," Bush said in an interview with The Washington Post. The assessment was a striking reversal for a president who, days before the November elections, declared, "Absolutely, we're winning."

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In another turnaround, Bush said he has ordered Defense Secretary Robert M. Gates to develop a plan to increase the troop strength of the Army and Marine Corps, heeding warnings from the Pentagon and Capitol Hill that multiple deployments in Iraq and Afghanistan are stretching the armed forces toward the breaking point. "We need to reset our military," said Bush, whose administration had opposed increasing force levels as recently as this summer.

But in a wide-ranging session in the Oval Office, the president said he interpreted the Democratic election victories six weeks ago not as a mandate to bring the U.S. involvement in Iraq to an end but as a call to find new ways to make the mission there succeed. He confirmed that he is considering a short-term surge in troops in Iraq, an option that top generals have resisted out of concern that it would not help.

A substantial military expansion will take years and would not immediately affect the war in Iraq. But it would begin to address the growing alarm among commanders about the state of the armed forces. Although the president offered no specifics, other U.S. officials said the administration is preparing plans to bolster the nation's permanent active-duty military with as many as 70,000 additional troops.

A force structure expansion would accelerate the already-rising costs of war. The administration is drafting a supplemental request for more than $100 billion in additional funds for the wars in Iraq and Afghanistan, on top of the $70 billion already approved for this fiscal year, according to U.S. officials. That would be over 50 percent more than originally projected for fiscal 2007, making it by far the costliest year since the 2003 invasion.

Since the attacks of Sept. 11, 2001, Congress has approved more than $500 billion for the wars in Iraq and Afghanistan, as well as for terrorism-related operations elsewhere. An additional $100 billion would bring overall expenditures to $600 billion, exceeding those for the Vietnam War, which, adjusted for inflation, cost $549 billion, according to the Congressional Research Service.

For all the money, commanders have grown increasingly alarmed about the burden of long deployments and the military's ability to handle a variety of threats around the world simultaneously. Gen. Peter J. Schoomaker, the Army's chief of staff, warned Congress last week that the active-duty Army "will break" under the strain of today's war-zone rotations. Former secretary of state Colin L. Powell, a retired chairman of the Joint Chiefs of Staff, said on CBS News's "Face the Nation" on Sunday that "the active Army is about broken."

Democrats have been calling for additional troops for years. Sen. John F. Kerry (D-Mass.) proposed an increase of 40,000 troops during his 2004 campaign against Bush, only to be dismissed by the administration. As recently as June, the Bush administration opposed adding more troops because restructuring "is enabling our military to get more war-fighting capability from current end strength."

But Bush yesterday had changed his mind. "I'm inclined to believe that we do need to increase our troops -- the Army, the Marines," he said. "And I talked about this to Secretary Gates, and he is going to spend some time talking to the folks in the building, come back with a recommendation to me about how to proceed forward on this idea."

In describing his decision, Bush tied it to the broader struggle against Islamic extremists around the world rather than to Iraq specifically. "It is an accurate reflection that this ideological war we're in is going to last for a while and that we're going to need a military that's capable of being able to sustain our efforts and to help us achieve peace," he said.

Bush chose a different term than Powell. "I haven't heard the word 'broken,' " he said, "but I've heard the word, 'stressed.' . . . We need to reset our military. There's no question the military has been used a lot. And the fundamental question is, 'Will Republicans and Democrats be able to work with the administration to assure our military and the American people that we will position our military so that it is ready and able to stay engaged in a long war?' "

Democrats pounced on Bush's comments. "I am glad he has realized the need for increasing the size of the armed forces . . . but this is where the Democrats have been for two years," said Rep. Rahm Emanuel (Ill.), the new House Democratic Caucus chairman. Kerry issued a statement calling Bush's move a "pragmatic step needed to deal with the warnings of a broken military," but he noted that he opposes increasing troops in Iraq. Even before news of Bush's interview, Rep. Ike Skelton (D-Mo.), incoming chairman of the House Armed Services Committee, told reporters that the military is "bleeding" and "we have to apply the tourniquet and strengthen the forces."

The Army has already temporarily increased its force level from 482,000 active-duty soldiers in 2001 to 507,000 today and soon to 512,000. But the Army wants to make that 30,000-soldier increase permanent and then add between 20,000 and 40,000 more on top of that, according to military and civilian officials, who spoke on the condition of anonymity. Every additional 10,000 soldiers would cost about $1.2 billion a year, according to the Army. Because recruitment and training take time, officials cautioned that any boost would not be felt in a significant way until at least 2008.

Bush, who has always said that the United States is headed for victory in Iraq, conceded yesterday what Gates, Powell and most Americans in polls have already concluded. "An interesting construct that General Pace uses is, 'We're not winning, we're not losing,' " Bush said, referring to Marine Gen. Peter Pace, the Joint Chiefs chairman, who was spotted near the Oval

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Office before the interview. "There's been some very positive developments. . . . [But] obviously the real problem we face is the sectarian violence that needs to be dealt with."

Asked yesterday about his "absolutely, we're winning" comment at an Oct. 25 news conference, the president recast it as a prediction rather than an assessment. "Yes, that was an indication of my belief we're going to win," he said.

Bush said he has not yet made a decision about a new strategy for Iraq and would wait for Gates to return from a trip there to assess the situation. "I need to talk to him when he gets back," Bush said. "I've got more consultations to do with the national security team, which will be consulting with other folks. And I'm going to take my time to make sure that the policy, when it comes out, the American people will see that we . . . have got a new way forward."

Among the options under review by the White House is sending 15,000 to 30,000 more troops to Iraq for six to eight months. The idea has the support of important figures such as Sen. John McCain (R-Ariz.) and has been pushed by some inside the White House, but the Joint Chiefs have balked because they think advocates have not adequately defined the mission, according to U.S. officials.

The chiefs have warned that a short-term surge could lead to more attacks against U.S. troops, according to the officials, who described the review on the condition of anonymity because it is not complete. Bush would not discuss such ideas in detail but said "all options are viable."

While top commanders question the value of a surge, they have begun taking moves that could prepare for one, should Bush order it. Defense officials said yesterday that the U.S. Central Command has made two separate requests to Gates for additional forces in the Middle East, including an Army brigade of about 3,000 troops to be used as a reserve force in Kuwait and a second Navy carrier strike group to move to the Persian Gulf.

Gates has yet to approve the moves, which could increase U.S. forces in the region by as many as 10,000 troops, officials said. The previous theater reserve force, the 15th Marine Expeditionary Unit, was recently moved to Iraq's Anbar province to help quell insurgent violence. Gen. George W. Casey, the U.S. commander in Iraq, has called for the additional brigade -- likely the 2nd Brigade, 82nd Airborne Division -- to be positioned to move into Iraq hotspots if needed.

The additional carrier strike group would give Gen. John P. Abizaid, head of the Central Command, more flexibility in a volatile region, said one official. While such a move would certainly send a pointed message to Iran, the official said it would also allow additional strike capabilities in Iraq.

Staff writers Robin Wright, Lori Montgomery, Josh White, Ann Scott Tyson, Michael Abramowitz and Walter Pincus contributed to this report.

President Bush On Iraq, Elections And Immigration (WP)

By Peter Baker, Michael A. Fletcher And Michael Abramowitz

The Washington Post, December 20, 2006

This 25-minute interview was conducted yesterday in the Oval Office by Washington Post staff writers Peter Baker, Michael A. Fletcher and Michael Abramowitz.

President Bush: Listen, a couple of things before we get going. Obviously, I've been thinking about -- and talking to a lot of people about -- the way forward in Iraq and the way forward in this ideological struggle. I want to share one thought I had with you, and I'm inclined to believe that we do need to increase our troops, the Army, the Marines. And I talked about this to [Defense] Secretary [Robert M.] Gates, and he is going to spend some time talking to the folks in the building, come back with a recommendation to me about how to proceed forward on this idea. I want to give him a little time to get his feet on the ground. And so I'll be addressing this after consultations with him. I just want to share that with you before we get going.

You're talking about troops in Iraq, not --

No, I'm talking about overall size.

-- overall size of the Army. Do you have a rough idea how much --

I'm going to wait for Secretary Gates. As I say, I'm inclined to believe it's important and necessary to do so. The reason why is, it is an accurate reflection that this ideological war we're in is going to last for a while, and that we're going to need a military that's capable of being able to sustain our efforts and to help us achieve peace.

So you've not made a decision about Iraq, per se, about what to do --

I have not, Mike, I have not. And we'll spend some more time -- Secretary Gates, as he indicated, is going to head to the region at some point in time. I need to talk to him when he gets back. I've got more consultations to do with the national security team, which will be consulting with other folks. And I'm going to take my time to make sure that the policy, when it comes out, the American people will see that we are -- have got a new way forward to achieve an important objective, which is a country that can govern, sustain and defend itself.

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And one thing that will be clear is that I want the American people to know that -- and the Iraqi people to know that -- we expect the Iraqi people to continue making hard choices and doing hard work necessary to succeed, and our job is to help them do so.

Are we winning in Iraq, in your estimation?

You know, I think an interesting construct that General [Peter] Pace uses is, "We're not winning, we're not losing." There's been some very positive developments. And you take a step back and look at progress in Iraq, you say, well, it's amazing -- constitutional democracy in the heart of the Middle East, which is a remarkable development in itself.

I think one of the -- obviously, the real problem we face is the sectarian violence that needs to be dealt with. So part of my policy review is how do we deal with that in a way that then enables the Iraqi people to live in a more secure society so that the government can prove its worth to the people -- saying, we can help you. And one of the main functions of government is to provide security for its people. Our job is to help the Iraqis provide that security. And I'll come forward with a plan that will enable us to achieve that objective.

There's other threats, by the way. It's a multiple-front war, if you really think about it. You got Shia discord in the south; you've got Sunni attacks, much of that -- many of them are caused by al-Qaeda. A lot of them, former Baathists and regimists who are angry that Saddam is no longer in power, and they are a source of conflict in al-Anbar province. And we've got a very robust effort -- I said the other day something that, I guess, people didn't pay that much attention to -- but for October and November and the first week of December, our actions on the ground have -- as a result of action on the ground, we killed or captured nearly 5,900 people. My point in making that point is our troops and coalition troops are on the offense in a lot of areas.

And then the third area of conflict, the one that gets a lot of attention, as it should, is the sectarian violence taking place in Baghdad. And I fully understand that we've got to help the Iraqis deal with that. So my thinking is -- and a lot of our strategy sessions revolve around how best to deal with this problem, and how best to help the Iraqis deal with it. And I've got some more work to do, and I'll come forth at the appropriate time and explain the way forward to the country.

Given the election results, is increasing the troop level in Iraq even a viable possibility or option?

Yes, Mike, all options are viable.

-- given the political will out there?

Well, all options are viable. I think what the people want is -- they want a couple of things. They want to see Democrats and Republicans work together to achieve a common objective, and they want us to win in Iraq. A lot of people understand that if we leave Iraq, there will be dire consequences -- in other words, if we leave before the job is done. There are some, a fair number of people, who say, "Get out now." So I view the election results as people are not satisfied with the progress being made in Iraq and expect to see a different strategy to achieve an important objective.

But the election results seemed people wanted to bring the venture in Iraq to closure. That seemed to be the strong lesson. And what indications are there that you're actually listening to that sentiment?

Oh, Mike, look, I want to achieve the objective. I think the American people -- I know the American people are very worried about an external threat and that they recognize that failure in Iraq would embolden that external threat, and they expect this administration to listen with people, to work with Democrats, to work with the military, to work with the Iraqis to put a plan in place that achieves the objective. There's not a lot of people saying, "Get out now." Most Americans are saying, "We want to achieve the objective."

But there are a lot of people who are saying, "Let's get out with a phased deployment over a certain period of time."

If they felt -- if that leads to victory, it needs to be seriously considered. And I'm considering all options and listening very carefully to a lot of good people who have got different opinions about how to proceed.

Can we come back to General Pace's formulation about winning, not losing? You said October 24th, "Absolutely, we're winning." And I wanted to --

Yes, that was an indication of my belief we're going to win. Look, I've got four constituencies I speak to on a regular basis; one is the American people, who are justifiably frustrated at the progress in Iraq. And they expect the commander in chief and the people in Washington to support our troops. Supporting our troops not only means good equipment, good [pay], good housing -- it also means a plan that helps achieve the objective.

The second constituency is the enemy. I'm not through yet.

Sure.

The enemy wants to know whether or not the United States has the will to stay engaged in this ideological struggle. They don't believe we do. That's what they say. And I believe that's what they believe.

The third group of people I speak to are the Iraqis. They wonder whether the United States has got the will to help them achieve their objectives. That's what they wonder. The leaders I have talked to wonder whether or not -- what the elections mean, or what the Baker-Hamilton commission means, or what changing [former defense] secretary [Donald H.] Rumsfeld

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means -- that's what they wonder. But in the back of their mind, they're saying, "Are they going to leave us again?" And that's an important question for them to have answered, because in order to make difficult choices and to take risk for peace, they're going to have to be assured that they'll get support. This is a group of people that have had their hopes dashed in the past.

And the fourth group is the military. Our troops wonder whether or not our country supports them, and they do. They wonder whether or not the mission and the sacrifice and the toil that they're making is worth it. And they need to know from the commander in chief: Not only is it worth it, but I strongly support them and believe that their work will lead to victory. That's what I believe.

Anyway, you just need to know that's who I'm speaking to when I speak. And to you, of course. You're the objective filter through which my -- (Laughter.)

I suspect your message gets out. (Laughter.)

I do want to say something about the press. I hope you realize that, one, I enjoy the relationship, and two, know it is vital for my presidency. You can't exist without me, and I can't exist without you. And I generally respect the hard work of the press corps. I don't necessarily generally respect every word you write, but nevertheless, I do respect the fact that you're a hardworking group of people seeking the truth. And we're necessary for each other. And that relationship can either be a positive relationship or a suspicious, harmful relationship. And I have worked hard to make it a positive relationship. And I think it is, generally, I do believe it is. And I bear no ill will, and I don't think you do, either.

We appreciate that, and you've certainly been good for business --

Good. That's what decision-makers do, Peter, people who seize the moment and make decisions to lead give people things to write about.

Some of the supporters of the war and you from the beginning have begun to ask the question publicly: Was it, in fact, the idea that turned out not so great, or the execution that turned out not so great?

The idea of?

The idea of the war in the first place, and the --

I've never really asked that question. I believe it's justifiable and necessary. Obviously, the war has not -- the results on the ground haven't happened as quickly as I hoped, and part of this review process is to develop new strategies and tactics so that we can expedite success. Look, I of all people would like to see the troops come home. But I don't want them to come home without achieving our objective, because I understand what happens if there's failure. And I'm going to keep repeating this over and over again, that I believe we're in an ideological struggle that is -- that our country will be dealing with for a long time.

Can I ask you a question about history?

Yes.

President Lincoln fired a number of his generals in the Civil War until he found Grant.

Is that what triggered your question, looking at Abe?

Why haven't you fired any generals? And does the fact that you haven't fired generals suggest that you are satisfied with the military strategy that they have pursued?

We're reviewing the strategy, because it has -- the results aren't -- we haven't achieved the results as quickly as we wanted -- precisely what the secretary of defense said, by the way. And the chain-of-command issues are issues that percolate up through the Pentagon. And there is a clear chain of command that I adhere to, and I think it's important for the commander in chief to do just that.

I've often talked about how it's important to trust the judgment of the military when they're making military plans as the key advisers to the president, as opposed to the president determining the tactics on the ground, which has happened in previous wars. And so I'm a strict adherer to the command structure.

But isn't there a point in which you say, "We screwed up the amount of troops we need there, we screwed up the WMD, someone ought to pay a penalty for that"?

There is a constant review of the commanders, and I support that constant review. And to the extent that people think they can do -- somebody can do a better job, those recommendations will come forward.

Sir, when you look back at last month's election, do you see that strictly as a repudiation of Iraq and the fact that we're not winning in Iraq, or is it also a judgment of your leadership in general?

Michael, I said in my press conference, I think it's -- no question Iraq was a significant part of the elections. People were troubled by the lack of progress. War is difficult for people, particularly the American people are very compassionate people. When you turn on your TV screens and see bombings and deaths, and read about beheadings or sectarian violence, it troubles America. And they wonder or not -- whether or not we have a plan that succeeds. And I can understand that level of frustration.

Secondly, there's a sense that people's votes were being taken for granted, in a way. We had ethics disputes, and just a lot of signals that said that it's time to -- that people wanted a change. There was a lot of -- look, you've got a guy using earmarks to

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enrich himself; there was sex and all kinds of issues that sent the signal that perhaps it was time to give another group a chance to lead. I also believe that people are sick and tired of the needless partisanship in Washington. And there's a lot of it. And for some, every expression of position by somebody is an opportunity to attack, and people are tired of it. And there's some big issues that we need to work together.

I will tell you that I view the elections as an opportunity to say to all of us in Washington, "Let's work together." People want that. And what are some issues we can work together on -- energy, or immigration, budgetary reforms. I mean, there's a lot -- education, No Child Left Behind reauthorization. I believe there are some wonderful opportunities --

So you don't think you're out of the policy business with the Democrats in charge on the Hill?

Do what now?

You're not out of the domestic policy business --

Quite the contrary. Quite the contrary. The microphone of the president has never been louder, and I think we have a good -- in other words, to talk about what I think is important. But it turns out that what I think is important, the Democrat leadership thinks is important, as well -- energy security, immigration reform, education -- and Republicans on the Hill agree. And so my task is going to be to talk about big issues that the American people expect us to work on, and work with both Republicans and Democrats.

Will it be easier with Democrats, in some ways? Are there some issues --

I think the legislative process, Peter, is always hard, from the executive-branch perspective. They're pretty independent-minded people, they -- no matter who's in charge, they tend to take some ideas from the president, but they've got their own minds. And the task is to work together in a collegial and constructive spirit to solve some big problems.

I'll tell you one I want to work on, as well, is entitlements. And that's a hard issue, as you know. Social Security is viewed as the third rail of American politics. I've campaigned on it every time -- two times I ran for president. I've talked about it in the State of the Union every time. It's an issue that's -- a president is just going to have to keep talking about to convince people it's worthwhile to take the risk, the political -- so-called political risk to work together to get something done. And we will continue to do so. [Treasury Secretary Henry M.] Paulson is going to take the lead for us up there, working with members of both parties.

I will tell you this: In an issue like this, unless the president tries, nothing is going to happen. Without presidential involvement, nothing will happen. So we have a chance, and I'm going to work it. And I think that's -- I know that's the job of the president, is to say, "This is important to the future of the country, let us work together."

Yes, sir.

Just on that point, are you willing to sit down with Democrats in a commission that puts all the options on Social Security on the table? Not just reductions and benefits, not just private accounts, but also some kind of revenue increases, tax increases?

I don't see how you can move forward without people feeling comfortable about putting ideas on the table. I have made it clear that I've got a way forward that can do it and I want to hear other people's opinions. And that's what Hank Paulson is telling both Republicans and Democrats. It's going to be very important for people to feel there can be a full, wide-ranging discussion about how to move forward.

And specifically, tax increases on the table then?

Well, specifically, personal accounts; specifically, everything that the Democrats think will work, as well.

Well, they talk about tax increases.

Well, let them; that's fine. They can come to the table and talk about them. I proposed a way forward that doesn't require tax increases. Nevertheless, I look forward to hearing their opinions.

[Incoming Speaker of the House] Mrs. Pelosi has identified six or seven things that she wants the House to do in the first 100 hours. Can I just mention -- ask you in a bullet-point way just your point on this?

No. (Laughter.)

Minimum-wage increase -- generally supportive or against it?

Generally supportive. But, no, the answer is no, you can't. (Laughter.)

Look, here's the challenge. The challenge is to find out specifically what they have in mind and to explain to them areas where we can work together and can't work together. I'm pleased with our initial round of discussions. I fully understand that they're going to come out with this -- they made it very clear. And I want to work with them on issues where we can find common ground.

On immigration -- you mentioned immigration. Can you envision supporting a deal --

See, now you're getting me to negotiate with myself --

No, no, no, but this is a policy --

Same thing he's trying to do. (Laughter.) It's a classic ploy. (Laughter.)

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This is about your policy, Sir, in terms of can you envision a deal in which you would agree with Democrats that would not necessarily have a majority support among Republicans --

Peter, remember the speech I gave right here in the Oval Office?

I remember several.

The one on immigration. I gave a comprehensive speech to the country from the Oval Office, prime time, about how I thought we ought to move forward on immigration. I still feel very strongly about that. And I hope that Congress will join me on a comprehensive bill, and I would hope that the majority of both parties support it.

[Former House] speaker Hastert had a policy that he would not put forward a bill that didn't have a majority support of his caucus. Is that important to you, having majority support of the Republican caucuses?

I'm interested in getting a comprehensive bill out, because I believe it is vital to solving the pressure we have on our border.

One of the interesting things that, if you notice from the recent enforcement activities that ICE took, there are a lot of people who are using forged documents to do jobs Americans are not doing. And my attitude is that there ought to be a way for people to come to this country on a temporary basis and fill those jobs in an open way, a transparent way, that doesn't cause there to be, one, a smuggling operation that's vibrant and making money, a housing operation that is illegal, and a document forgery operation that clearly is in effect.

There is a better way to treat people, and there's a better way to deal with the issue of finding workers Americans are not doing, to fill on a temporary basis. And, therefore, there need -- and that in itself will take pressure off our border. In other words, if people feel like they can come in on a temporary, legal basis, they're not going to have to sneak in, which in itself does away with -- that in itself does away with this kind of underground industry that has sprung up.

The point I make to you on that is that it's a comprehensive reform of the immigration system that is going to make our borders more secure. I strongly believe that is important, and look forward to working with people on the way forward. It's hard for me to predict the dynamics yet on how the Congress is going to handle the immigration bill. The point I'm telling you is that I think it's vital and necessary, and this is an area where we can work together to get it done.

I'd like to come back to your first statement, because I'd like to expand a little bit. You talked about the size of the military. Colin Powell said on a Sunday show that the Army was nearly broken. Do you believe that's true? And, if so, do you feel responsible for that? Do you --

I heard -- we have been transforming our Army to make it lighter, more lethal and easier to move, and that transformation has been very important. Secondly, we have been changing our force posture around the world to reflect the threats of the 21st century, and that has been a very important reform.

I also believe that the suggestions I've heard from outside our government, plus people inside the government -- particularly, the Pentagon -- that we need to think about increasing our force structure makes sense, and I will work with Secretary Gates to do so. He's going to come back and report --

So is our Army nearly broken, or not?

The people that would know best are those in the Pentagon. I haven't heard the word "broken," but I've heard the word "stressed." I know that we need to -- and my budgetary requests will reflect what a lot of people in Congress have been saying and in the Pentagon, and that is we need to reset our military. There's no question the military has been used a lot. And the fundamental question is, will Republicans and Democrats be able to work with the administration to assure our military and the American people that we will position our military so that it is ready and able to stay engaged in a long war, and this ideological struggle?

Can I ask a hometown question?

Final question -- yes, which one, Crawford, Midland, Houston, Dallas or Washington?

Washington. Do you support a bill that would give the District of Columbia residents a vote in the House of Representatives?

This is a Fletcher question. This is a Fletcher question.

He's not asking about a specific question. We're asking about your broad view on --

Do the residents of the District of Columbia -- should they have a vote in the House?

I will look at what Congress proposes. I will look carefully at what Congress proposes.

But what is your philosophical view of that? Because we've gone to Iraq to provide freedom for people in Iraq, and the people in this country --

I understand that. You're trying to get me to opine on specific legislation that may be forthcoming, and I look forward to working with Congress on that.

I'm actually asking you to opine on general --

That's my answer. (Laughter.)

-- philosophy on whether --

I know what you're trying to ask me to opine on, and I'm answering that there is -- I will look and see what Congress proposes.

Is Vice President Cheney correct, do you believe that secretary Rumsfeld was the best defense secretary?

I think he was one of the finest defense secretaries, and I said that there have been more profound change -- policy change under his leadership than at any time since the formation of the Defense Department.

Thank you.

Bush Calls For Increase In Number Of Troops (USAT)

By Matt Kelley And Tom Vanden Brook

USA Today, December 20, 2006

WASHINGTON — President Bush said Tuesday he wants to increase the size of the Army and Marine Corps to help ease problems caused by wars in Iraq and Afghanistan.

In an interview with The Washington Post posted online Tuesday, Bush said the military needed to grow because "this ideological war we're in is going to last a while."

The new troops, Bush said, would not be added specifically to fight in either Iraq or Afghanistan but would be available for military needs worldwide.

ON DEADLINE: Read the interview

Bush said he directed Defense Secretary Robert Gates to recommend how to expand the military, which Pentagon officials have told Bush is "stressed."

Bush's comments come as he prepares to announce in early January his new plan for the war in Iraq, which has claimed the lives of at least 2,950 U.S. troops since it began in March 2003.

Military leaders and their supporters in Congress have recently stepped up their calls for more troops.

Last week, Army Chief of Staff Gen. Peter Schoomaker said he wanted to increase the 500,000 active-duty Army beyond the 30,000 soldiers that had been authorized in recent years. The Army could add between 6,000 and 7,000 soldiers a year, he told Congress. Without such an increase, Schoomaker said, the Army "will break."

There are about 140,000 U.S. troops in Iraq. Pentagon records show that one-fifth of the Army's soldiers have served multiple tours of duty in Iraq and Afghanistan.

Members of Congress and military experts welcomed Bush's comments Tuesday, saying that a larger military would ease the strain on today's troops.

Rep. Ike Skelton, a Missouri Democrat and incoming chairman of the House Armed Services Committee, "would welcome anyone" supporting a larger military, said his spokeswoman Loren Dealy.

Sen. Jack Reed, D-R.I., and a member of the Senate Armed Services Committee, said in a statement that an increase has been needed for years and called on Bush to fund it in his budget.

"It is imperative that this administration step up and honestly budget for the long-term commitment they have made in Iraq," Reed said.

Adding 10,000 troops, about the size of a division, will cost about $1.2 billion a year, Skelton and Reed said.

It will take two to three years to recruit and train those troops, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said late last month.

It makes sense to increase the military's size regardless of the Iraq war, said Frederick Kagan, a military analyst at the American Enterprise Institute think tank. The military has been short of the troops it needs since the 1990s, Kagan said.

The Iraq war's demand for people and resources means the Pentagon is stretched too thin, according to a report released Dec. 6 by the Iraq Study Group: "A continuing Iraqi commitment of American ground forces at present levels will leave no reserve available to meet other contingencies."

Former Defense Secretary Donald Rumsfeld, whom Gates replaced Monday, resisted increasing the size of the military, Kagan said.

Rumsfeld, Kagan said, "saw soldiers as detracting from the transformation program he wanted the military to go through."

Also Tuesday:

· In Baghdad, 13 men convicted of murder, kidnapping and other crimes were hanged in a televised execution at a Baghdad jail.

· U.S. Sens. John Kerry and Chris Dodd, both Democrats and critics of the Bush administration's Iraq policies, arrived in Syria to talk about efforts to bring stability to neighboring Iraq. The administration has refused direct talks with Syria, which was also recommended by the Iraq Study Group.

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· The U.S. military announced the death of a Marine in the insurgent stronghold of Anbar province, bringing to 61 the number of American military personnel killed in December.

Contributing: The Associated Press

President Wants To Increase Size Of Armed Forces (NYT)

By Thom Shanker And Jim Rutenberg

The New York Times, December 20, 2006

WASHINGTON, Dec. 19 — President Bush said Tuesday that the United States should expand the size of its armed forces, acknowledging that the military had been strained by the wars in Iraq and Afghanistan and would need to grow to cope with what he suggested would be a long battle against Islamic extremism.

"I'm inclined to believe it's important and necessary to do," Mr. Bush said. He said this was an "accurate reflection that this ideological war we're in is going to last for a while, and that we're going to need a military that's capable of being able to sustain our efforts and help us achieve peace."

Speaking in an interview with The Washington Post, Mr. Bush did not specify how large an increase he was contemplating or put a dollar figure on the cost. He said that he had asked his new defense secretary, Robert M. Gates, to bring him a proposal, and that the budget he unveils at the beginning of February would seek approval for the plan from Congress, where many members of both parties have been urging an increase in the military's size.

In interviews on Tuesday, administration officials said the president was speaking generally about the broader campaign against terrorism and was not foreshadowing a decision on whether to send additional troops into Iraq in coming months in an effort to stabilize Baghdad. Any big change in the size of the American military would take years to accomplish.

Mr. Bush told The Post, which excerpted the interview Tuesday on its Web site, that he had not made a decision about sending more troops to Iraq.

Coming the day after Mr. Gates was sworn in as defense secretary, Mr. Bush's comments indicated that the administration was breaking abruptly with the stance taken by Donald H. Rumsfeld, the former Pentagon chief, who championed the view that better intelligence and technological advancements could substitute for a bigger military.

Mr. Bush said his plan would focus on ground forces rather than on the Navy and the Air Force, telling The Post, "I'm inclined to believe that we do need to increase our troops — the Army, the Marines." There are about 507,000 active-duty Army soldiers and 180,000 active-duty marines.

Mr. Bush's comments were his most direct assessment that the armed forces were facing strain so serious that the nation should invest billions of dollars in expanding the military. Asked directly whether the United States was winning in Iraq, Mr. Bush quoted what he called the "construct" of Gen. Peter Pace, the chairman of the Joint Chiefs of Staff: "We're not winning. We're not losing."

The president has come under increasing pressure from allies and critics, including Democrats and Republicans in Congress, and former Secretary of State Colin L. Powell, who have warned that the Army could break under the stress of the demands it faces.

"I also believe that the suggestions I've heard from outside our government, plus people inside the government — particularly the Pentagon — that we need to think about increasing our force structure makes sense, and I will work with Secretary Gates to do so," Mr. Bush said.

Congress authorized a 30,000-soldier increase in the active-duty Army after the Sept. 11 attacks — when the Army stood at about 484,000 — in what was described as a temporary measure. Army officials say they hope to reach that authorized total troop strength of 514,000 by next year and would like to make that a permanent floor, not a ceiling.

To that end, the Army already has drawn up proposals to grow to up to 540,000, with some retired officers advocating an even larger increase.

The active-duty Army peaked at 1.6 million troops during the Korean conflict and stood at just below that figure during the war in Vietnam, before hovering around 800,000 for much of the 1970s and 1980s, according to Pentagon statistics. Following the first Persian Gulf war, which coincided with the collapse of communism in Eastern Europe, the Army's active-duty force dropped first to below 600,000 and then below 500,000 before the increases ordered after the Sept. 11 attacks.

Any decision to increase the size of the Army and the Marine Corps would do little to meet the need for more troops should Mr. Bush order a significant increase of American forces in Iraq in 2007, as it takes considerable time to recruit, train and deploy new troops. Gen. Peter J. Schoomaker, the Army chief of staff, said last week that the Army could probably grow by only 6,000 to 7,000 soldiers per year.

Army officials have estimated that for each addition of 10,000 soldiers to the force, it would cost about $1.2 billion.

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While it is not likely to determine the administration's decision about a short-term increase in troop levels in Iraq, a substantial increase in the size of the American military could give the United States more flexibility in setting and maintaining troop levels there over the long run. Army officials had already drawn up proposals for sustaining the Iraq and Afghanistan missions by drawing heavily on the National Guard and Reserves over the next several years.

But the prospect of mobilizing large numbers of those part-time soldiers would present Mr. Bush with a hugely vexing political problem as the Republican Party prepares for a campaign to hold the White House in 2008. The administration has promised to limit overseas deployments for the Guard and the Reserve, which have been used extensively since the Sept. 11 attacks.

Pentagon and military officials who were briefed on the president's discussions with the Joint Chiefs of Staff last week said that the classified briefing ranged broader than just how to win in Iraq.

The chiefs argued that the nation must not let the military's other capabilities lapse from commitments of personnel, equipment and money for Iraq, these officials said.

In particular, the chiefs expressed concerns that the United States must show enough strength to deter potential adversaries from aggressive moves based on an assumption that American power was bogged down in Iraq. That led to a discussion on the merits of expanding the military, officials said.

The president's statements were applauded by leading members of Congress who specialize in military affairs. Loren Dealy, spokeswoman for Democrats on the House Armed Services Committee, said that Representative Ike Skelton of Missouri, who will become chairman of the panel in the new Congress, said after Mr. Bush spoke that "Mr. Skelton has long supported the idea of increasing the end strength in both the Army and the Marine Corps."

Senator Jack Reed, a Rhode Island Democrat on the Senate Armed Services Committee, said Tuesday night: "I am pleased President Bush has finally recognized the need to increase the overall size of our military. I have been calling for such an expansion for several years." But Mr. Reed, who served in the 82nd Airborne Division, warned that the battle over troop numbers was not over.

"Now that the president is asking for an increase, he needs to follow through and put the money in the budget to pay for these soldiers," Mr. Reed said. "It is imperative that this administration step up and honestly budget for the long-term commitment they have made in Iraq. If the president doesn't put forward a plan to pay for this in his annual budget request then this announcement is meaningless."

On The War, Determined To Go His Own Way (WP)

By Michael Abramowitz

The Washington Post, December 20, 2006

Ever since Republicans were routed last month in what was widely seen as a repudiation of his Iraq strategy, President Bush has been busily listing why his policies there will not be changing.

There will be no timetable for removing American troops, no high-level dialogue with Iran and Syria, and no slackening of support for the widely criticized government of Prime Minister Nouri al-Maliki. Meanwhile, White House aides are reported to be pushing a major "surge" of troops to Baghdad while preparing a fresh infusion of tens of billions of dollars for the war effort.

Yesterday, in an interview with The Washington Post, while acknowledging that the United States is not winning in Iraq, Bush bluntly dismissed the suggestion that the midterm elections meant voters want to bring the mission in that country to closure. He said he interpreted the election results "as people not satisfied with the progress" in Iraq.

"A lot of people understand that if we leave Iraq, there will be dire consequences," Bush said in the Oval Office. "They expect this administration to listen with people, to work with Democrats, to work with the military, to work with the Iraqis to put a plan in place that achieves the objective. There's not a lot of people saying, 'Get out now.' Most Americans are saying, 'We want to achieve the objective.' "

The comments were another strong indication of the president's determination to chart his own way forward on Iraq, no matter the election results nor any amount of free advice from senior statesmen of past administrations. Bush may well announce a major drawdown of the U.S. presence in Iraq when he appears before the nation after the turn of the year, but that possibility seems remote after statements from him and his aides that suggest an intention to keep the basic contours of the Iraq policy in place -- and possibly even raise the ante by sending more troops.

"There hasn't been a change from the president," observed Rep. Steny H. Hoyer (D-Md.), the incoming House majority leader. "The president may be trapped in his own policy, sensing, 'If I don't succeed, it will be a huge blot on my record, and so therefore I have no choice but to try to succeed.' "

Hoyer pointedly added: "I don't think the Democratic Congress is going to say, 'Well, that's okay.' "

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Clad in a gray suit and red tie, Bush was relaxed and engaged during the 25-minute interview, going out of his way to say how much he enjoys his relationship with the media despite indications to the contrary. At the end, he talked a bit about recent books -- he mentioned having just finished "King Leopold's Ghost," an account of the plundering of the Congo in the late 19th century -- and expressed some befuddlement at the suggestion that some people do not think he reads.

He gestured at the portrait on his office wall of Abraham Lincoln by George H. Story when asked why he has fired no generals when Lincoln fired a number before settling on Ulysses S. Grant. "Is that what triggered your questioning, looking at Abe?" he asked, before explaining how important it was, in his view, to adhere to the command structure at the Pentagon.

As he reviews what to do in Iraq, Bush said he is considering all options and "listening to a lot of good people who have got different opinions about how to proceed." But he left little doubt that he continues to believe in achieving "victory," a goal that many foreign policy experts believe is fast slipping out of reach. When his new policy comes out next month, he said, the American people will see "a new way forward to achieve an important objective, which is a country that can govern, sustain and defend itself."

For the second time in a week, Bush noted the number of dead insurgents, something that he has been extremely reluctant to do, given the way such numerical indicators presented a false picture of progress during the Vietnam War. But perhaps seeking to keep the American people engaged in the unpopular mission, Bush noted that U.S. ground forces in Iraq in the past two months have killed or captured nearly 5,900 people.

"My point in making that point is our troops and coalition troops are on the offense in a lot of areas," Bush said.

Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus, said he could not think of anyone more "stubborn and isolated" than the president. "The American people have spoken, and voices inside and outside the national security apparatus . . . have all come to the conclusion: Doing more of the same and hoping for a different result is not going to be successful," Emanuel said.

More than stubbornness may explain the president's adherence to his basic policy despite election results and polls suggesting a widespread desire for change from the electorate. Frederick W. Kagan, a military historian at the American Enterprise Institute, said it is not at all clear to him that the public wants out of Iraq, and said he believes many pundits have overinterpreted the election results.

Americans "are not going to support a strategy that looks like more of the same, and they shouldn't," said Kagan, who has met with the president to discuss his idea of bringing more troops to Iraq. But he said the electorate may be willing to support a more forceful strategy for victory: "The choice is pretty stark -- between doing what's necessary to win, which includes changing strategy and committing the necessary resources, and losing, and I don't think the American people are ready to lose yet if they think if there is a chance to win."

Bush himself seemed to hang on to this possibility during the interview yesterday. The risk is that if his prescription for what to do in Iraq is insufficiently bold, he will find himself back in the same stalemate six months from now. "If he is unable to change course and he is unable to produce results, he is going to be in trouble," said Democratic pollster Jeremy Rosner, who was on the staff of President Bill Clinton's National Security Council.

But Bush may not be thinking in those terms. "I, of all people, would like to see the troops come home," he said during the interview. "But I don't want them to come home without achieving our objective, because I understand what happens if there's failure. And I'm going to keep repeating this over and over again, that I believe we're in an ideological struggle that is -- that our country will be dealing with for a long time."

Rice Confirms President Bush Is Considering More Troops For Iraq (MCT)

By Warren P. Strobel

McClatchy Newspapers, December 20, 2006

WASHINGTON - Secretary of State Condoleezza Rice said Tuesday that President Bush is considering a surge of additional U.S. troops into Iraq to help secure Baghdad - despite strong reservations by some U.S. military leaders and the incoming chairman of the House Armed Services Committee.

"The president has to decide whether he thinks some adjustments in American troop levels and what American troops would do is necessitated by current circumstances," Rice said.

"Anything he considers will certainly look at what can be done about the security of Baghdad," Rice said, describing sectarian violence in the capital as the main stumbling block to a more peaceful Iraq.

Rice said Bush, who's due to announce his new tactics in early January, wouldn't decide before further consultations with new Defense Secretary Robert M. Gates and military commanders.

But a number of active and retired generals already have expressed serious doubts about sending more troops to Iraq, saying there's little likelihood that the 20,000 to 30,000 troops under discussion would make a difference.

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Rice's predecessor as secretary of state, retired Gen. Colin Powell, said Sunday that sending more troops would strain the overstretched U.S. Army and wouldn't necessarily do much good.

"What mission is it these troops are to accomplish? Is it to secure Baghdad? In which case, the American Army isn't large enough to secure Baghdad, and we should not use our troops as policemen," Powell told CBS News.

Rep. Ike Skelton, D-Mo., incoming chairman of the House Armed Service Committee, told reporters Tuesday that sending more troops probably wouldn't stop the violence and "could actually exacerbate the situation even further."

The White House sought to play down reports of a rift over Iraq strategy with the uniformed military.

"I think people are trying to create a fight between the president and the Joint Chiefs where one does not exist," White House spokesman Tony Snow said. He confirmed that the president is considering more troops but emphasized that Bush has made no final decisions.

Rice's comments on Iraq came during an hour-long interview with McClatchy Newspapers and other papers, much of which she spent defending U.S. foreign policy in the Middle East and elsewhere from rising public criticism.

On another topic, Cuba, Rice reiterated that should ailing leader Fidel Castro die, the United States won't try to engage his brother, Raul, who's temporarily in charge and is Fidel's presumed successor.

Giving an impression of American outreach "from one dictator to another" would be "the worst betrayal" of Cubans, she said.

With Iraq in near chaos, Palestinian factions fighting in the streets of Gaza, and Iran flexing its muscle throughout the Middle East, Rice's stewardship of foreign policy has come under increasing criticism.

In an implicit rebuke two weeks ago, the Iraq Study Group called on the administration to open talks with Iran and Syria, a move Bush and Rice almost immediately rejected.

Rice dismissed the idea that the administration might back off pushing for democracy in the Middle East, a course that critics say has added to instability and increased the strength of Islamists.

Asked what would be new about U.S. foreign policy in 2007, Rice replied: "Let's talk first about what is constant."

The Middle East, Rice argued, is at a "clarifying moment," with extremists on one side and moderate forces on the other. In the first camp she put Iran and Syria; in the second, mainstream states such as Egypt, Jordan and Saudi Arabia.

In the coming year, "the one possible opportunity is to have a coalescence of these more mainstream, moderate forces," she said. The goal would be to build support for the fragile democratic governments of Lebanon and Iraq, and to make progress toward the establishment of a Palestinian state.

Rice plans to travel to the Middle East in the first half of January, after Bush's speech on Iraq, to resume diplomacy in the Arab-Israeli dispute.

But the effort is complicated by the failure of Palestinian President Mahmoud Abbas and the Hamas-led Palestinian assembly to form a national unity government.

Rice's critics say that the Middle East she sees - where democracy is slowly but unevenly on the rise - isn't matched by the chaotic reality on the ground.

"I'm not arguing that it's just going great - no," Rice responded. But, comparing the current era to the onset of the Cold War in the late 1940s, she said: "At the beginning of big historical transitions, everything is on the table. Yes, it can go wrong. But yes, it can go right."

Lawmaker Opposes More Troops For Baghdad (WP)

By Walter Pincus

The Washington Post, December 20, 2006

Rep. Ike Skelton (D-Mo.), the incoming chairman of the House Armed Services Committee, questioned the purpose of sending an additional 20,000 U.S. troops into Baghdad, the surge option being mentioned as one strategy change in Iraq being considered by President Bush.

"What is the military mission?" Skelton asked yesterday during a meeting with reporters. "I don't think it will change a thing," he said, adding: Would the added troops "exacerbate the problem by being more targets? Is there something to go after that we don't know?"

Sending 15,000 to 30,000 more troops for a mission of possibly six to eight months is among the proposals on the table in the White House policy review to reverse the steady deterioration in Iraq. Bush has said he will not make up his mind until next month, and after receiving recommendations from his new defense secretary, Robert M. Gates.

Skelton, in a news conference to outline his strategic priorities for the committee next year, took the time to voice his opposition to the surge proposal and, in so doing, seemed to reflect the position taken by members of the Joint Chiefs of Staff. "The time for a troop increase," he said, "was about 3 1/2 years ago, when we initially went into Iraq." Referring to the 2003

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suggestion of Gen. Eric K. Shinseki, the Army chief of staff then, that several hundred thousand troops may be needed, Skelton said: "If we had done that, I don't think we would be in the situation we are today."

Skelton told reporters: "I'm not real optimistic about Iraq." During a 25-minute meeting last week that Vice President Cheney attended, "I told the president that personally," the Missouri Democrat said.

Skelton said he told Bush "that we should at least begin to do some redeployment right away to show the American people that we are not there forever [and] to show the Iraqi government . . . that the future of Iraq is in the hands of the Iraqis."

Next year, he said, his committee will focus on Iraq, Afghanistan, the fight against terrorism and "the fixing of U.S. forces." The full panel will provide oversight on Iraq, and the reconstituted oversight investigations subcommittee will explore matters such as the Abu Ghraib prison in Baghdad.

"We're going to look at every issue, and the fact that we will do a stronger oversight should mean something within the administration," he said.

Rice Stands Firm, Embarks On New Push (WSJ)

By Neil King Jr.

The Wall Street Journal, December 20, 2006

WASHINGTON -- This should be Condoleezza Rice's moment.

The secretary of state's longtime rival, former Defense Secretary Donald Rumsfeld, is gone. Her ties to President Bush appear as strong as ever. Her popularity remains high, even as support for the president ebbs. And voices on all sides are calling for more diplomacy, more outreach -- core strengths of the department she heads.

Yet, as she moves into her third year as the nation's top diplomat, she faces doubt over the administration's Iraq strategy and finds herself embattled and increasingly defensive. Criticism of the administration's foreign policy is on the rise, not only among Democrats, but from Republican stalwarts such as former Secretary of State James Baker, and even from close ally Britain.

Ms. Rice is about to embark on a new diplomatic push in the Middle East to win increased support in Iraq, Lebanon and the Palestinian territories from what she calls "mainstream states" such as Jordan, Egypt and Saudi Arabia.

In a roundtable discussion with reporters yesterday, Ms. Rice firmly defended the administration's current approach in the region and made clear that stark shifts aren't in the offing.

Seeking to counter her critics and to put a positive gloss on the instability now rippling through the Middle East, Ms. Rice touted what she described as "a new opportunity" to get moderate forces in the region "to support the development of stable new governments in Iraq and Lebanon...and to make progress toward the emergence of a Palestinian state that is founded on the same principles."

In trying to solidify this block of moderate states, she said, the U.S. also would be marginalizing Iran and Syria, which she said has become "a sort of handmaiden to Iran."

While the White House continues to weigh changes to its Iraq strategy, Ms. Rice argues that a new alignment is shaping up in the Middle East that offers fresh promise for a new U.S. diplomatic effort. She described a campaign in which the U.S. is calling upon Saudi Arabia, Jordan, Egypt and key Gulf states to help calm the sectarian passions in Iraq, even going so far as to recognize the current Shiite-led government in Baghdad, a move most of Iraq's Sunni neighbors have avoided. U.S. allies in the region also are being asked to ramp up support for the embattled Palestinian President Mahmoud Abbas and for Lebanese Prime Minister Fouad Siniora to weaken Iranian-aided radical groups such as Hezbollah in Lebanon and Hamas in the Palestinian territories.

In exchange, the Bush administration is promising its Arab partners to try to reinvigorate the long-moribund peace talks between Israel and the Palestinians, assuming President Abbas can emerge as a viable interlocutor in place of the Hamas-led government. The U.S. also is reassuring allies it won't pull precipitously out of Iraq.

None of this suggests a dramatic shift in the U.S. diplomatic strategy. Calls for such a shift have soared, especially after the release three weeks ago of the bipartisan Iraq Study Group report, which criticized nearly every aspect of the administration's policies in the Middle East.

Ms. Rice defended the administration's endeavors in the Middle East, including its quest for democracy at the expense of stability, by arguing that the old order in the region was rotten at heart and an incubator for terrorism. "When people speak of returning to the stability of the old Middle East, I wonder, what stability was that?" she said.

This year has offered plenty of frustrations for a secretary of state who took over in January 2005 promising a push to spread freedom around the world.

The administration's biggest gamble, the Iraq invasion, is now widely seen as having backfired in several ways. Iran is surging as a regional power -- and, perhaps soon, as a nuclear one, too. Efforts in the United Nations Security Council to punish

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Iran over its nuclear ambitions continue to run afoul of Russian objections. Syria's position has been strengthened by the U.S. entanglement in Iraq, while Lebanon next door teeters on the edge of civil war. An emboldened North Korea, months after its first nuclear test, demands wide-ranging concessions from the U.S. and others before making a move to give up its nuclear program.

Ms. Rice has notched some successes. She won a quick U.N. resolution to slap sanctions on North Korea after its Oct. 9 nuclear test, a move that gained the support even of Pyongyang's longtime ally, China. She also won congressional approval of a landmark civilian nuclear deal with India that the administration considers key to a new strategic relationship with New Delhi.

But moving into the administration's last two years, critics say, the big question for Ms. Rice is whether she will hold to the administration's guiding principles -- that you preempt your enemies, but don't talk with them -- or will turn more toward trying to fix pressing problems, no matter who sits at the table.

"She is caught in a very difficult situation," said Aaron Miller, who advised six secretaries of state on Middle East issues and is now a scholar at the Woodrow Wilson Center. "She is showing signs of an emerging pragmatism, but is still locked in a set of principles that give her very little leeway and make it impossible for her to succeed."

Ms. Rice, however, repeatedly looked back to the challenges of the Cold War to argue that the turmoil in the Middle East will turn out for the better. "These are changes that take time," she said, adding that one will not be able to judge the success of the administration's actions for "decades. And I mean decades."

Budget Chief: 2007's War Costs Will Exceed Projected $110 Billion (USAT)

By Barbara Hagenbaugh

USA Today, December 20, 2006

WASHINGTON — The Iraq war will cost more this year than the $110 billion the Bush administration had forecast, the head of the White House budget office said Tuesday.

Office of Management and Budget Director Rob Portman said there was no firm estimate of the costs for fiscal 2007, which began Oct. 1. When he was asked if the $110 billion estimate was now too low, Portman said, "Yes."

He said the final figure "depends on a lot of things that are not yet decided. One is the policy moving forward."

Portman's statement adds fuel to speculation that the war costs will top last year's record $120 billion. Lawmakers have already approved $70 billion in supplemental spending for the Iraq war this year. The White House will issue a request for supplemental funding for the war in February.

A number of lawmakers, including Sen. Kent Conrad, D-N.D., and Rep. Jim Cooper, D-Tenn., have said they expect the supplemental request to exceed $100 billion, putting the total cost for the year at more than $170 billion.

"We'll review it and scrutinize it very closely," Rep. Ike Skelton, D-Mo., the incoming chairman of the House Armed Services Committee said at a news conference Tuesday of the supplemental request.

Portman said increased tax revenues are helping offset the war's higher price tag, reducing the strain on the nation's budget deficit.

"Revenues are up because of the growing economy," he said. "That has enabled us not just to afford the relatively high supplementals, higher than expected, but also to have a declining deficit."

The Bush administration is trying to offer more information to lawmakers and the public about how much the war is projected to cost, Portman said.

"It's our intention to be more transparent about it than we have been in the past," he said. "It's a tough issue because the military will tell you, it's tough to predict a year out, much less 18 months, 24 months out."

Cost Of Wars Rises (NYT)

By Sheryl Gay Stolberg

The New York Times, December 20, 2006

Government spending on the wars in Iraq and Afghanistan will exceed the Bush administration's original estimate of $110 billion for the 2007 fiscal year, and is likely to top $120 billion, White House officials said. That would set a record for annual wartime spending under President Bush. In an interview, the White House budget director, Rob Portman, said his original $110 billion estimate would "end up being low." Congress has already approved $70 billion in emergency spending for the war, and Mr. Portman's office is preparing an additional emergency request. Mr. Portman said he did not know what the final figure would be, but a senior administration official said it was "highly unlikely" that total wartime spending for 2007 would fall below the record $120 billion spent in 2006.

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CORPORATE SCANDALS:

NASD: Morgan Stanley Hid Trove Of E-mail (USAT)

By Greg Farrell, Usa Today

USA Today, December 20, 2006

Broker used 9/11 to avoid request, complaint says

Once again, an old e-mail issue is coming back to haunt Morgan Stanley. For the second time this year, a national regulator has accused Morgan Stanley of stonewalling requests for documents and withholding crucial e-mails from investigators.

The NASD claimed Tuesday that Morgan Stanley hid the existence of millions of e-mails from customers of its Dean Witter brokerage. According to an NASD complaint, executives at Morgan Stanley used the terrorist attacks of Sept. 11, 2001, as an alibi for their inability to produce a massive trove of e-mails sought by customers who felt they'd been burned by bad advice from Dean Witter brokers.

The firm's e-mail servers were, in fact, destroyed in those attacks, the NASD acknowledged. But by Sept. 17, 2001, the company was able to use emergency backup tapes to restore all e-email through Aug. 30, 2001, to the Morgan Stanley internal database.

Nevertheless, from October 2001 through March 2005, Morgan Stanley executives rebuffed requests from customers and regulators for internal e-mails predating the attacks, claiming they had been destroyed. The NASD alleged Morgan Stanley compounded that error by allowing the pre-Sept. 11 e-mails to be gradually overwritten on the company's internal system and lost forever.

The Securities and Exchange Commission settled a similar matter with Morgan Stanley in May, extracting a $15 million fine. But the SEC settlement only involved the firm's failure to provide documents to regulators. It didn't address the alleged harm done to customers who had filed arbitration claims against Dean Witter.

The NASD action specifically charges that Morgan Stanley hurt retail investors who filed arbitration claims against the brokerage firm. By denying those investors access to e-mails in the years leading up to September 2001, Morgan Stanley made it nearly impossible for its customers to present evidence on their own behalf.

In March 2005, during a civil trial brought against it in Florida, Morgan Stanley admitted the existence of the pre-Sept. 11 e-mails. Since then, the firm has pledged to cooperate with regulators.

But in a statement Tuesday, Morgan Stanley said it would fight the NASD's action. "Current management has made extensive efforts to reach a fair and appropriate settlement of this matter, but the NASD's disproportionate and unprecedented demands leave us no choice but to litigate. We look forward to having this issue heard by an impartial hearing panel."

Morgan Stanley reported fiscal 2006 earnings up 44% to $7.5 billion on Tuesday. Its stock rose $1.33 to $81.70.

Morgan Stanley Used 9/11 As Excuse, NASD Says (WSJ)

By Jaime Levy Pessin

The Wall Street Journal, December 20, 2006

Complaint Alleges Emails Linked to Arbitration Cases Weren't Lost After Attacks

Morgan Stanley used 9/11 as an excuse for failing to produce millions of emails in hundreds of arbitration claims, even though it turned out not to be the case, the National Association of Securities Dealers charged yesterday.

The NASD is proceeding to litigate the case after the big Wall Street firm declined to settle it.

In its complaint, the NASD alleges that the brokerage arm of Morgan Stanley falsely claimed millions of its emails were destroyed in the Sept. 11, 2001, terrorist attacks on the World Trade Center, where Morgan Stanley had a large brokerage operation. The complaint alleges that the firm recovered most of those emails within days of the attacks.

"There was a lengthy attempt to reach the settlement," said James Shorris, the NASD's enforcement chief. "Had the firm been willing to settle this appropriately and compensate all the individual investors who had been hurt, we would have been happy to settle it."

According to people familiar with Morgan Stanley's position on the matter, the firm was willing to compensate some investors whose claims might have been affected had the emails been produced. They said the NASD wanted the firm to compensate more than 1,000 investors who filed arbitration claims between October 2001 and March 2005, even if those claims were without merit altogether, or didn't involve email at all.

In an emailed statement, Morgan Stanley called the NASD's settlement demands "disproportionate and unprecedented."

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In its statement, Morgan Stanley said that once its prior management realized backup emails were available, it informed regulators and lawyers, built searchable databases, produced newly discovered emails and cooperated fully with the NASD.

While the NASD charges focus on arbitration cases involving small individual investors, Morgan Stanley's document-retention problems also played a large role in litigation between the firm and investor Ronald Perelman. In 2005, a Florida state court ruled against Morgan Stanley in a case focused on the firm's actions surrounding the sale of a company controlled by Mr. Perelman to Sunbeam Corp., which was a Morgan Stanley client. The court railed against Morgan Stanley's repeated inability to produce documents, and the jury awarded Mr. Perelman $1.58 billion. Morgan Stanley has appealed that verdict.

Last year, Morgan Stanley paid $15 million to settle a civil lawsuit with the Securities and Exchange Commission over failure to produce tens of thousands of emails during probes of conflicts of interest among Wall Street analysts and other issues between late 2000 and mid-2005.

Morgan Stanley's brokerage-unit email servers were kept in its World Trade Center offices at the time of the terrorist attacks on lower Manhattan. Although the servers were destroyed, the NASD's complaint says, the firm was able to restore millions of emails by using backup tapes.

Despite restoring the emails, the NASD alleges, Morgan Stanley repeatedly told regulators and investors involved in arbitration claims that all emails had been destroyed. The complaint also says that when Morgan Stanley discovered that backup copies of emails still existed, "it made the affirmative determination not to preserve the restored messages or the tapes used to restore them to the servers."

According to the NASD's complaint, many arbitration proceedings were concluded between October 2001 and March 2005 "without the benefit of potentially valuable evidence that [the firm] possessed but falsely denied having."

Because of the nature of the NASD's arbitration process, it is unlikely investors will be able to reopen their claims should old emails turn up, Mr. Shorris and lawyers who represent investors said. Mr. Shorris said he didn't think Morgan Stanley's behavior rose to the level of fraud -- one of the conditions that would allow investors to reopen their cases.

Instead, Mr. Shorris said, his top priority in litigating the case will be to seek a remedy that will directly benefit investors whose claims may have been dismissed unfairly: possibly a new process to adjudicate claims, possibly direct compensation or possibly a combination of those options.

Since Sept. 11, 2001, Morgan Stanley has been involved in scores of arbitration cases, regulatory settlements and legal judgments in which it said it couldn't produce email evidence. Morgan Stanley told one Kansas City investor her files were destroyed even though there were no trades in her account until October 2001. The firm blamed a "simple and honest mistake," apologized and agreed to settle.

But last year, the firm informed regulators and lawyers for individual investors that it had discovered email sources thought to have been destroyed in the World Trade Center. The email sources were discovered as part of an internal review of email retention related to the Perelman case, according to people familiar with the matter.

Lawyers who represent investors cheered the NASD's complaint against Morgan Stanley. "It's long overdue," said Charles Austin, a Richmond, Va., lawyer who had a client denied documents that had supposedly been destroyed in the terrorist attacks. "Morgan Stanley repeatedly misrepresented the status and existence of emails and some of the stories they told were patently incredible."

--Susanne Craig and Jed Horowitz contributed to this article.

Write to Jaime Levy Pessin at jaime.pessin@dowjones.com1

Firm Accused Of Deleting Missing E-Mail (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, December 20, 2006

Morgan Stanley Said Files Were Lost After Sept. 11

Securities regulators charged Morgan Stanley DW Inc. with failing to hand over millions of e-mail messages to investigators and plaintiffs by falsely saying that the documents had been lost in the Sept. 11, 2001, terrorist attack on the World Trade Center, according to a complaint filed yesterday.

The NASD alleged that the retail brokerage destroyed nearly 8 million electronic messages between September 2001 and March 2005, a period when documents preserved on backup tapes and on the computers of individual employees were deleted during the normal course of business.

Morgan Stanley had told regulators and plaintiffs seeking to recover money lost in disputes with company brokers over investment strategy that its computer servers had fallen victim to terror attacks in New York. Documents dated before Sept. 11 were no longer available for review, the company said. In fact, the firm had backed up its systems as of Aug. 30, according to investigators.

"The firm's actions undermined the integrity of the regulatory and arbitration processes, potentially leaving in question the validity of the outcomes in hundreds of cases," said James S. Shorris, head of enforcement at the NASD.

Investors have little hope of reopening their arbitration cases, however, because they are unlikely to meet the high standard for doing so, legal analysts said. To prevail, investors would need to prove that individual Morgan Stanley brokers intentionally withheld the e-mail messages or committed fraud -- accusations the NASD stopped short of making yesterday.

Settlement talks collapsed after the NASD sought to recover money for the arbitration plaintiffs, many of whom expressed little interest after they received notice of the e-mail breakdown in March 2005, according to Morgan Stanley officials.

"Current management has made extensive efforts to reach a fair and appropriate settlement of this matter, but the NASD's disproportionate and unprecedented demands leave us no choice but to litigate," the firm said in a written statement.

In its complaint, the NASD said Morgan Stanley was able to rebuild its e-mail system and restore 11 of its 12 computer servers within days of the attack. Even more messages remained in the inboxes of individual employees, regulators said. But by last year millions of the pre-Sept. 11 e-mails had been deleted, leaving only 500,000 for regulators to examine.

The failure to hand over documents affected a since-settled NASD probe into fees Morgan Stanley had charged investors, as well as other requests by the New York Stock Exchange and the Massachusetts Securities Division.

"Arbitration lawyers have been complaining for years that Morgan Stanley was hiding the ball," said Jacob H. Zamansky, a lawyer who represents investors in arbitration cases.

It is not the company's first run-in with regulators. Earlier this year Morgan Stanley & Co., a separate unit for institutional clients, agreed to pay $15 million to settle Securities and Exchange Commission charges that it failed to produce documents related to a pair of enforcement probes. In March 2005, a judge in Florida criticized the same unit for withholding evidence in a case filed by financier Ronald O. Perelman.

Two years ago, Morgan Stanley's brokerage arm paid $250,000 to resolve separate NASD charges that it failed to comply with obligations to turn over papers in arbitration cases.

Plan Unveiled To Scrap A Sarbanes-Oxley Rule (WP)

By Carrie Johnson

The Washington Post, December 20, 2006

Accounting industry overseers yesterday scrapped an audit rule targeted by businesses as expensive and burdensome, proposing looser guidelines that would direct accountants to focus on the integrity of corporate managers and the most risky aspects of a company's financial reports.

The proposal is designed to address the most contentious part of the 2002 Sarbanes-Oxley law, passed by Congress after problems at Enron and WorldCom tarnished the reputation of the accounting profession and rocked investor confidence.

The planned changes to a rule that requires auditors to review the financial controls of their client companies come after more than two years of complaints by businesses large and small. The overhaul marks one of the most significant concessions by regulators in a broad campaign by trade groups to make corporate rules and laws more flexible.

Criticism over the rule and charges that it is prompting fewer companies to list their shares on U.S. markets have gathered momentum in recent months, which was acknowledged by Mark W. Olson, chairman of the Public Company Accounting Oversight Board. The proposed change, which will be subject to more than two months of public comment, "will help transform the rule into a cornerstone accomplishment rather than a provision that continues to be associated with adverse market trends," Olson said.

At its core, the proposal cuts the current rule by one-third -- to 65 pages from 180. It is intended to eliminate unnecessary or duplicative work by the nation's largest accounting firms, which have posted steep profit gains for the past few years as a result of the rule and the reluctance of companies to push back against it in the post-Enron environment.

Members of the accounting board debated whether the plan would result in substantial cost savings, with at least one expressing a measure of skepticism. It may be two years or more before the economics become clear, said Bill Gradison, who urged "a strong need for patience."

Under the plan, which could be revised based on public feedback, auditors would be allowed to use the work of internal accountants and corporate managers as well as refer back to their own work in previous years. They would be given new instructions on such costly and resource-intensive issues as how many corporate offices they must visit. And they would be told that they no longer need to test controls that relate to "a large portion" of their clients' assets, language that was harshly criticized in comment letters from managers as too onerous.

The plan would require auditors to look for problems that have a "reasonable possibility" of producing a weakness in a company's finances. The current provision instructs auditors to consider issues with a "more than remote" chance of causing trouble.

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Instead, auditors would be encouraged to examine how companies close out their books at the end of each quarter and to scrutinize managers' integrity and ability to overrule in-house accountants. Among the items auditors would be explicitly told to consider under the new proposal is whether corporate managers' compensation is tied to the financial performance of the company, an issue that affects the independence of the managers' judgment.

In a change that observers said would significantly reduce costs and the number of audit hours, the accounting board proposal would throw out a requirement that auditors assess how well management reviewed internal controls -- focusing instead on a single assessment of how the controls are working.

When working with companies with market capitalization of between $75 million and $787 million, accounting firms would be urged to focus on such issues as the number of people in the financial unit, the number of the company's business lines, and the complexity of the company's operations. Smaller companies would not automatically win less-intense reviews from auditors.

Charles D. Niemeier, a member of the accounting board, said the current rules work for small companies, noting that more than 18 percent of companies with market capitalization of less than $787 million had discovered control weaknesses during the first year of reviews. But that figure was halved during the second year -- evidence, he said, that rigorous reviews were uncovering mistakes that are important to investors.

Regulators had predicted that the changes could take effect as early as March or April, in time for next year's audit season. But disagreement between the accounting board and the Securities and Exchange Commission over the extent of the concessions hindered the process. Officials now say the new rule will likely be adopted next summer. Small businesses recently won another compliance extension and will not be required to adopt the proposal until the end of 2008, meaning that it could take until 2009 to determine how much the reviews will cost.

Rulemakers called the changes substantial but vigorously denied that they would lead to fewer protections for investors. "This proposal does not diminish or water down" the existing rule, said Kayla J. Gillan, another accounting board member.

Will Backdating Scandal Thwart Effort To Roll Back Reforms? December 20, 2006; Page A2 (WSJ)

By Alan Murray

The Wall Street Journal, December 20, 2006

A few bad apples. That was the oft-heard line taken by corporate leaders back in 2002 and 2003, after the meltdowns of Enron, WorldCom, Tyco and Parmalat. A few miscreants, they argued, shouldn't be allowed to tarnish the entire corporate world.

But this year's backdating scandal has eliminated the last echoes of that defense. More than 120 companies have been implicated in what all but a few hardy holdouts now acknowledge is simple theft. As one former chairman of the Business Roundtable told me: "Those guys were caught with their hands in the cookie jar."

Clearly, something's amiss in the orchard. A new study out this week helps explain what that might be. Three scholars -- Lucian Bebchuk, Yaniv Grinstein, and Urs Peyer -- have run the numbers on 29,000 grants of stock options to directors, and found that 9% of them were "lucky" -- that is, they occurred on a day when the stock price hit a monthly low. "Lucky" is in quotes, because the authors clearly believe that many, if not most, were the result not of luck but of backdating.

Options were originally given to directors to align their interests more closely with those of shareholders. But the new study suggests in many cases that options have had a very different effect, tying directors more closely to management. "Directors' grant events were more likely to be lucky when executives, and especially the CEO, also received a grant on the same date," the study concludes.

One more finding of note: The "lucky" grants were more common in the days before Sarbanes-Oxley, which sets tight deadlines for reporting option grants. But they continued after the corporate-reform law was passed, suggesting the problem hasn't been solved.

The backdating brouhaha has occurred just as the business community is gearing up to roll back rules put into place after the 2002-2003 scandals. The Securities and Exchange Commission last week announced plans to relax Sarbanes-Oxley requirements for smaller companies. In addition, the Justice Department said it was revising some of the tougher prosecution practices it adopted in the wake of those scandals. And the Committee on Capital Markets Regulation, a private group acting with the blessing of Treasury Secretary Hank Paulson, recently recommended more sweeping changes, including measures to limit class-action securities lawsuits.

The prevalence of backdating raises the question: Has the corporate-reform movement really gone too far? Or has it not gone far enough?

Assemble a room full of CEOs and you will find no doubt that it has gone too far. They'll regale you with stories about the excesses of litigation, the terror tactics of prosecutors who threaten to indict entire companies and the pointless costs of Sarbanes-Oxley Section 404, which requires outside audits of companies' internal financial controls. Fill the room with unionists,

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shareholder advocates and academics, and you'll hear tirades against the inconceivable greed of CEOs, who despite eight-figure paychecks feel the need to break the rules to make even more money.

In the midst of this rancorous debate, Ira Millstein, who has long labored in corporate governance, is the rare voice of sanity. Mr. Millstein, senior partner at Weil, Gotshal & Manges, rightly argues that some of the post-Enron reforms have gone too far. Indeed, he surprised and angered many of his left-leaning friends in academia and elsewhere by signing on to the report of the Committee on Capital Markets Regulation.

Many of those recommendations make good sense. Section 404 of Sarbanes Oxley was a classic case of legislative overreach, imposing excessive burdens on small companies, and discouraging foreign companies from listing shares in the U.S. The Justice Department's much-discussed "Thompson memo" was also the product of overreaction, allowing federal prosecutors to adopt the bullying tactics favored by New York's former attorney general, Eliot Spitzer. And class-action securities lawsuits, while not new, continue to be an overused tool. On all of these, some rollback would be welcome.

But in return for those changes, Mr. Millstein wants "the grand bargain." Instead of more regulation, more prosecution and more litigation give shareholders more power to oversee the companies in which they invest. Make it clear, once and for all, that directors really do work for shareholders, not for management, by giving shareholders the power not only to remove directors, but also to nominate them, without engaging in costly proxy battles.

The commissioners of the SEC are considering changes that move in this direction, and the business lobby in Washington has launched a determined battle to stop them. For corporate leaders, shareholder democracy may be a frightening prospect. But it beats the alternatives.

The Enron Pendulum (FT)

Financial Times, December 20, 2006

Five years after the Enron debacle, the pendulum seems to be swinging back towards a lighter form of corporate regulation in America. Over the past week, the SEC and justice department have both announced changes in the methods they use to keep corporate America honest. They were reacting to criticism from business, which complains of an excess of zeal in the post-Enron period - and that is good news, not just for corporate America, but for the investing public.

But serious concerns remain over whether the justice department, for its part, has done enough to rein in abusive practices that have become all too common post-Enron. Last week the head of the department's white collar crime fighters, Paul McNulty, announced new guidelines for prosecutors: from now on, they will have to get approval directly from him if they want to ask a company to waive the confidentiality that normally protects communications with its lawyers - and if the company refuses, it can no longer be penalised for doing so. Prosecutors will also be forbidden, in most cases, from putting pressure on companies to cut off legal fees to employees involved in an investigation.

So far, so laudable. For too long, prosecutors have abused their power by demanding that companies show their willingness to co-operate with the government by waiving the sacred privilege that normally protects communications with their lawyers. Faced with the corporate equivalent of the death penalty - an indictment that could mean bankruptcy - few dared to refuse the prosecutor's demands.

Now, at least in theory, they can "just say no"; but will they? It seems unlikely. For in one important respect, the changes appear more semantic than real: prosecutors may not penalise companies for refusing to disclose communications with their lawyers - but they may still reward them for doing so. The end result is the same: you waive, or you lose. With a nod and a wink, any half-clever prosecutor can circumvent the new requirement that the top cop sign off on all waiver requests - and the post-Enron "culture of waiver" could easily remain unchanged.

That would be bad news for corporate America and the investing public: companies need legal advice to obey complex laws; if they cannot get it - without the risk that what they say will be revealed to the government in a subsequent investigation - they may not try to obey the law at all. That could defeat the purpose of the post-Enron corporate crime crusade: to create a culture of compliance that encourages companies to do the right thing, without having to be prosecuted.

Congress must keep the heat on the prosecutors. Unless they change their tactics, as well as their rhetoric, legislators should step in to make sure that the prosecutorial abuses of the past few years are firmly behind us.

The 'McNulty Memo': Real Change, Or Retreat? (LAW)

By Marcia Coyle, The National Law Journal

Natinoal Law Journal, December 20, 2006

In the wake of newly revised guidelines for federal prosecutors investigating and prosecuting corporations, the key question, according to white-collar criminal defense lawyers, is: Are the guidelines meaningful change or strategic retreat?

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William McGuinness, chairman of the New York litigation department at Fried, Frank, Harris, Shriver & Jacobson, believes the answer is clear:

"I regard it as strategic retreat -- when you're going to lose a battle, you back up to the point you think you can defend," he said.

The McNulty memorandum, issued by Deputy U.S. Attorney General Paul McNulty last week, revises the controversial Thompson memorandum, which was widely criticized as creating a culture in which prosecutors routinely demanded waiver of the attorney-client and work-product privileges as evidence of cooperation with an investigation.

But, McGuinness said, "The fact is it continues to embrace the notion that under certain circumstances the Justice Department can consider waiver of the privilege in making its charging determinations. I think that's wrong."

Many defense lawyers, legal scholars, and members of a broad coalition of business and civil liberties groups that had lobbied intensely for changes in the Thompson memorandum echoed McGuinness' skepticism. As they digested the 21-page McNulty memorandum, they saw the following "flaws" or problems in the government's new approach:

The guidelines are internal policy, unenforceable at law, and there is no remedy per se if a prosecutor fails to follow them.

The guidelines create two new categories of information sought by prosecutors; both contain privileged materials but they require different standards for department approval of waiver requests by prosecutors. Those categories are unlikely to be recognized by courts or accepted by third parties seeking the waived materials.

The pressure to waive privilege is unabated under the guidelines because although they prohibit prosecutors making charging decisions from considering a corporation's refusal to provide "the most sensitive" attorney-client information, they do allow favorable consideration when a company agrees.

Prosecutors in making a decision to bring charges may not consider a corporation's advancement of attorney fees to employees, except when it was done to impede the government's investigation -- a standard that may be too easy to meet.

The guidelines continue to allow prosecutors weighing a corporation's cooperation to consider joint defense agreements, information-sharing between a corporation and employees about a government investigation, or a corporation's retention or failure to sanction employees who assert Fifth Amendment rights.

"I think the Department of Justice is somewhat on probation here," said Craig D. Margolis, partner in the Washington office of Houston's Vinson & Elkins.

If the guidelines are not implemented according to their terms and the department simply becomes a rubber stamp for prosecutors' waiver requests, he said, "I think there will be a hue and cry out of corporate America, and we'll see Congress stepping in."

NEW PROCESS

The revised guidelines basically create a two-tiered approach for prosecutors' requests for protected materials.

For Category 1 materials -- factual information such as key documents, witness statements or purely factual interview memoranda -- the prosecutor first must seek approval from the U.S. attorney, who must consult with the assistant attorney general of the Justice Department Criminal Division before approving the waiver request.

For Category 2 materials -- attorney-client communications, legal advice or nonfact attorney work product -- the U.S. attorney must obtain written approval from the deputy attorney general.

Prosecutors also must establish a legitimate need by addressing four factors, such as whether alternatives to waiver are available. Prosecutors may not consider in their charging decisions a corporation's refusal to provide Category 2 materials, but they can consider favorably a corporation's compliance with the request. And they can consider a corporation's decision to refuse to provide Category 1 factual information.

Stephanie Martz, director of the white-collar crime project at the National Association of Criminal Defense Lawyers, called the two new categories of protected materials "very deceiving." Category 1, she explained, is described as purely factual materials, but includes witness statements and interview notes.

"They apparently are supposed to be just devoid of opinion work product, but that's pretty close to the line," said Martz. "Courts are all over the place on what kind of waiver it is when you turn over witness statements. The notion that it is just factual has not been universally accepted."

But former federal prosecutor Jonathan Rosen, a white-collar criminal defense attorney in the Washington office of Boston-based Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, said the McNulty memo is a "significant departure" from prior practice.

Removing the waiver decision from the line prosecutor and requiring an objective showing of need, he said, should eliminate the often wildly varying and arbitrary enforcement of waiver requests in certain jurisdictions.

Ronald C. Minkoff, a litigation partner and attorney ethics specialist at New York's Frankfurt Kurnit Klein & Selz, countered, "Even for the most core attorney-client privileged information, the prosecutor could pass that test without any major problem. If

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the issue is the need for the information, there's almost always the need. On the other hand, if enforced strictly, it can be useful in curbing whatever abuses there have been."

Also significant, said Rosen, is that the memo changes the department's practice to conform with Southern District of New York Judge Lewis Kaplan's ruling on legal fees in the government's litigation against KPMG. Kaplan found that prosecutors effectively coerced the accounting firm into cutting off all payments of fees and expenses of indicted employees -- a violation of their Fifth and Sixth amendment rights.

The guidelines prohibit prosecutors from considering the advancement of attorney fees in their charging decision, except where the fees and other facts show an intent to impede the investigation. Rosen said that fees combined with, for example, joint defense agreements or failure to terminate employees who refuse to cooperate, could be sufficient for prosecutors to use the exception.

Forrester CFO Resigns Amid Options Probe (AP)

AP, December 20, 2006

Forrester CFO Resigns After Internal Probe Finds Stock Option Grant Irregularity

CAMBRIDGE, Mass. (AP) -- Forrester Research Inc. said late Tuesday its Chief Financial Officer and Treasurer Warren Hadley resigned after an internal investigation found irregularities regarding an option grant for 5,000 shares made to him in 1999.

The initial findings resulted from a probe started by the audit committee of Forrester's board. The committee has hired independent counsel to conduct the investigation and Forrester said it informed the Securities and Exchange Commission.

The impact of the grant to Hadley is not financially material, but the review is still in the early stages, Forrester said.

"Forrester is unable to speculate whether, when the investigation is complete, there will be any material impact on current or prior financial statements," the company said. "Any adjustments that would be required are expected to be non-cash, stock compensation charges and related tax benefit or expense."

A total of 105 companies are currently under SEC or Justice Department scrutiny regarding past stock option grants and accounting practices, and at least 90 other firms have launched or completed internal reviews, according to an AP review. Hadley is one of now 60 senior executives, including 18 chief executives and a dozen other finance chiefs, who left 33 companies as a result of the various probes.

George F. Colony, Forrester's chairman and chief executive, will also serve as acting CFO while the company searches for Hadley's replacement.

Shares of Forrester dipped 5 cents to end at $28.85 on the Nasdaq.

Love Thy Lawyer (WSJ)

By Bruno Cova And Leigh Dance

The Wall Street Journal, December 20, 2006

The short-term risk most likely to influence a company's future today is legal risk and its consequences. Just look at the crises that hit ABB in 2003, Marsh & McLennan in 2004 or Hewlett Packard late this year. Several factors are driving legal risks to the forefront: aggressive development and enforcement of regulations in the U.S. and Europe; more cooperation and communication among regulatory authorities world-wide; and a public and media happy to punish companies that appear to "misbehave" or break their promises.

A regulatory investigation or an abrupt fall in share price often triggers costly disputes and litigation, followed by management reorganizations, fines, takeovers, loss of market share, and more binding regulations and regulatory policing. A poorly handled legal problem can push a successful company into insolvency, prevent the achievement of business objectives, and cost the jobs and reputations of chief executives and board members.

Often, what initially seems to be a marginal legal issue -- a regulatory approval or a violation of banking regulations in a remote subsidiary, for example -- grows into a bet-the-company type of risk. And even once the threat or problem is resolved, legal disputes and regulatory inquiries may linger on for years in other jurisdictions, causing far-reaching damage and costly distraction. Just consider the competition problems Microsoft still faces in Europe, years after the company settled with U.S. authorities.

Boards, particularly of European and Asian companies, sometimes fail to leverage their company's legal department to prevent a legal problem or to advise them in a crisis. Directors may spend hours discussing finance or audit issues related to a financial-disclosure issue, but often they have never met with the general counsel and are unaware of the available legal resources.

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A duly empowered legal department can help directors govern better, and shield them from liability. Legal and regulatory issues can be a huge driver of a company's strategy: Think of how the European energy industry has transformed itself as a consequence of EU regulatory changes. They can also be key tools for achieving a business objective or prevent a competitor from reaching it, as demonstrated by the recent wave of protectionist measures introduced to thwart cross-border takeovers. Once a problem has erupted, it is often the legal response that determines whether and how quickly a company recovers, as in the skillfully handled crises at Tyco, Marsh & McLennan, Royal Dutch Shell and others.

Some boards' failure to pay attention to legal issues is even more surprising considering that, more and more often, authorities explicitly direct corporations to identify and demonstrate how they are reducing legal risks, such as implementing compliance programs. Increasingly, regulators sternly punish those who fail to do so.

Compliance reaches deep into the company's operations, and therefore problems are not easy for directors to spot. This is why the legal compliance function is critical. At the first sign of a serious problem, the chief legal or compliance officer can alert the board quickly. An internal investigation may be merited in any of the company's activities, anywhere in the world.

European and Asian companies are beginning to follow America's lead in building highly capable legal teams that know the business intimately. Many in-house counsels of Europe's (and, to a lesser extent, Asia's) leading companies have far more compliance and risk-management responsibilities, including tracking legal and regulatory compliance throughout the company. The general counsel and chief compliance officer have demanding roles: They implement and oversee internal controls, support ongoing business transactions, and manage in-house and outside advisers across broad territories.

But while the position of the corporate counsel has improved, there is still a ways to go, particularly in Europe and Asia. No longer can in-house lawyers be seen as narrow legal practitioners, called in to rubber-stamp a decision. They must work along side business management.

Besides assisting the board with internal controls to defend against a crisis, in-house counsel can shed light on opportunities unfolding in the business. Laws and regulations can be used to find the most efficient route to enter certain markets, or to better defend market share and retain key intellectual property assets. Early and consistent interaction with the general counsel puts directors in a far better position to help the company compete effectively and deliver shareholder value.

Because they can provide additional armor for directors and help protect the company overall, general counsel (and where they exist, chief compliance officers) need to communicate freely with the board. Often they are disarmed by reporting relationships that don't allow proper access to executives and directors, or that discourage directors from exercising effective control of the legal function.

Chief executives and directors of international companies should be more interested than ever to link to the general counsel and to ensure that the legal department has the talent, tools and structure to effectively inform corporate governance.

If you are a director and are not sure about your company's status on these issues, beware. What you don't know may hurt you. We know that you want to avert crisis or scandal, minimize loss, and maximize the company's ability to grow profitably. On your way to the boardroom, don't forget your legal shield.

Mr. Cova, who was chief legal adviser to Italy's Parmalat during its restructuring in 2004-05 and previously general counsel of Fiat, is co-managing partner of Paul Hastings's Milan office. Ms. Dance is president of ELD International, a consultancy to global law departments and law firms.

Amtrak Fires Five In Midst Of Congressional Probe (LAW)

By Anna Palmer, Legal Times

Law.com, December 20, 2006

New Amtrak President Alex Kummant engineered a major management restructuring Monday, firing five top officials and naming Eleanor Acheson, assistant attorney general for policy development under President Bill Clinton, as the passenger rail's general counsel.

The move comes after a call earlier this month by outgoing House Transportation and Infrastructure Committee Chairman Don Young, R-Alaska, and Rep. John Mica, R-Fla., for the Department of Justice to investigate Amtrak's legal department and outside counsel after the release of an inspector general's report, which found that Amtrak mismanaged more than $100 million in legal bills. The congressmen also called for Amtrak's inspector general to further investigate Manatt, Phelps & Phillips' expenses and billing of secretarial work.

In a Dec. 18 letter to Amtrak employees, Kummant announced the firing of Chief Financial Officer David Smith, Assistant Vice President of Transportation Thomas Schmidt, Police Chief Alfred Broadbent, Vice President for Marketing and Sales Barbara Richardson, and Vice President of Corporate Communications William Schulz. The letter also stated that Acheson will replace Alicia Serfaty as general counsel and corporate secretary.

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"While change can be difficult, this reorganization is the result of a great deal of consideration," Kummant said in the letter. He also said the "restructuring and personnel changes put in place the team that will drive the vision and the future of our company."

Amtrak spokesman Cliff Black says the changes were not a response to the inspector general's report on its legal department. "I can't associate it directly with the report. Corporate reorganizations are common under new CEOs. This is no different than that of any other large corporation under new leadership."

Serfaty has headed up Amtrak's 160-person legal department since 2002. Until Acheson comes on board in mid-January, Joseph Bress, Amtrak labor relations vice president, will serve as acting general counsel. According to the Kummant letter, Serfaty will remain at Amtrak and will "assist Kummant in the transition period" in her new position as counsel to the president. The New York Times has reported that Serfaty would act in that capacity for three months, but Black could not confirm whether or not Serfaty's position was temporary. No other personnel in Amtrak's legal department have been fired.

Acheson headed the Justice Department office responsible for vetting judges under Clinton. After leaving the Justice Department in 2001, Acheson moved to the National Gay and Lesbian Task Force's government affairs department.

Kummant declined to be interviewed for this story.

Despite the changes, the House Transportation and Infrastructure Committee's Amtrak oversight is far from over.

"We've been through the Acela fiasco, the brake fiasco, the food service fiasco and now the latest is the legal fiasco," says Mica, who will be the ranking Republican member on the House Transportation Committee in the next Congress.

More than 200 Amtrak employees outside the legal department have been fired for theft or financial irregularities in the past couple of years.

"Some people say I'm Amtrak's biggest opponent. I'm actually the strongest supporter of a national passenger rail system and high-speed rail system," says Mica. "But I want to bring in some of the efficiencies that the private sector can bring in."

Mica says he plans to unveil a major legislative initiative early next year to revamp the northeast corridor and high-speed rail system. Amtrak's inspector general is expected to report back to the House committee regarding Manatt's legal bills by February.

Municipal Bond Attorney Group To Warn Members On Bid Rigging (BLOOM)

By Christine Richard And Darrell Preston

Bloomberg, December 20, 2006

Dec. 19 (Bloomberg) -- The National Association of Bond Lawyers, a group of attorneys who advise U.S. state and local governments on borrowings, plans to warn members about anti- competitive practices amid a growing government probe of the municipal bond market.

The Justice Department investigation into potential bid- rigging in municipal investment contracts prompted the Chicago-based association to schedule a conference call with members to review potential abuses, said Carol Lew, president of the group and a public finance lawyer at Stradling Yocca Carlson & Rauth in Orange County, California.

``We need to educate our membership as to what's going on and how people should be handling things," said Lew. ``We do not know how pervasive any of this wrongdoing is. It may be a few isolated cases or it may be worse than that."

U.S. state and local governments that borrow in the almost 200-year-old municipal debt market rely on the opinions of attorneys and advisers to assure potential investors that their bonds clear requirements by the Internal Revenue Service and will remain tax-exempt. The IRS can publicly reprimand, suspend or disbar attorneys from representing clients before the agency for reasons including ``incompetent or disreputable" behavior or misleading a client with ``intent to defraud," according to the agency's Web site.

The Justice Department's criminal investigation stems from an IRS review that found municipal bond deals robbed federal taxpayers of more than $100 million.

Subpoenas, Raids

Prosecutors are trying to determine whether banks and brokers conspired to fix prices on the financial products municipalities buy to invest proceeds that aren't spent immediately on schools and sewers. The Justice Department last month subpoenaed more than a dozen financial firms and seized documents from three brokers in a search for bid rigging in the broadest criminal probe of the market where local governments have $2.3 trillion of debt outstanding.

Among the deals reviewed by the IRS was the purchase by the city of Atlanta of a $453 million guaranteed investment contract using proceeds of a bond sold in 1999. The IRS asked whether banks arranged to submit ``courtesy losing bids" at an auction to provide the investment. It isn't known whether officials in Atlanta were contacted by the Justice Department.

A call to Janice Davis, Atlanta's chief financial officer, wasn't immediately returned.

Hard to Prevent

Few details about the Justice Department investigation have been made public, leaving issuers and their attorneys to draw conclusions from the few public details available.

``It's not readily apparent what action bond counsel could have taken to prevent the kind of activity that has been uncovered by the IRS," said Roger Davis, a partner in Orrick, Herrington & Sutcliffe's San Francisco public finance office. ``The practices were intended to be covered up."

Davis said the concerns raised by the investigation over potential abuses are starting to push states and cities away from purchasing guaranteed investment contracts.

Scranton School District in Pennsylvania, an issuer that has been questioned by the IRS, said it relies on the services of professionals including lawyers when doing deals.

The district has been asked to provide information about a $63.3 million issue of General Obligation refunding notes sold in July 2001, according to a disclosure statement the school district filed with Bloomberg. The document said the IRS is concerned about a certificate of deposit acquired to invest some of the proceeds and ``possible unusual fee arrangements between parties to the transaction."

``We hire professional people and rely on them to structure a deal that is in the best interest of the district," said Gregg Sunday, business manager for the school district. The district hasn't been asked by the Justice Department for information, he said.

Vitesse Finds Options, Other Errors (WSJ)

By ZACHARY M. SEWARD

The Wall Street Journal, December 20, 2006

Vitesse Semiconductor Corp. said it had found a wide-ranging array of irregularities at the company, including options backdating, bogus sales invoices, improper revenue recognition, inflated reporting of cash balances and a failure to take write-offs for returned merchandise.

The disclosures came as a result of an internal review, which was started in April to examine options practices, by a special committee of Vitesse's board.

Separately, the chief financial officer of Forrester Research Inc., Warren Hadley, resigned in what that company called the result of findings in its options probe.

The irregularities at Vitesse, based in Camarillo, Calif., were so widespread that the company said it would likely be unable to file restated financials for the 2004 and 2005 fiscal years. The company said former top executives had backdated their own options grants and artificially inflated Vitesse's revenue while altering financial records to conceal the practices.

Options give a recipient the right to purchase stock at a set price. Backdating, or saying the options were granted earlier than they were, can create an instant increase in value, reducing an executive's incentive for stock growth and presenting accounting problems and potential criminal charges. Vitesse is under investigation by the Justice Department and the Securities and Exchange Commission. Its irregular options grants were reported by The Wall Street Journal in March.

Vitesse, which has already cleared its executive suite of individuals implicated in the internal probe, said it had dismissed the company's independent accounting firm, KPMG LLP, "based on its lack of independence." Vitesse didn't elaborate, and a spokesman for KPMG, George Ledwith, said, "We're not aware of any independence issue."

The investigation at Vitesse found that "backdating and manipulation" of stock options amounted to about $120 million in unaccounted expenses since 1995. The company said that all but one of its current directors and senior executives were unaware of the options backdating when it occurred. The exception, it said, was Louis R. Tomasetta, Vitesse's co-founder and former chief executive, who remains on the board but has been excluded from discussions and actions related to the probe. Mr. Tomasetta couldn't be reached for comment.

Separately, Forrester, based in Cambridge, Mass., said in a brief statement that its continuing options probe found "irregularities" in a 1999 options grant to Mr. Hadley, the departing finance chief. The technology and market-research company said that the effect of the grant was "not financially material."

A woman at Mr. Hadley's home last night said he couldn't comment.

CRIMINAL LAW:

Md. High Court Orders Executions Halted (BSUN)

By Jennifer Mcmenamin

The Baltimore Sun, December 20, 2006

DOJ_NMG_0107843

In a narrowly tailored decision with potentially sweeping consequences, Maryland's highest court ordered a halt Tuesday to executions in the state, ruling that procedures for putting prisoners to death were never submitted for the public review required by law.

Under the Court of Appeals ruling, state prison officials face the prospect of having to submit the execution protocols to the scrutiny of a joint legislative committee and schedule a public hearing on the issue. Alternatively, the court ruled, the legislature could exempt the execution procedures from that review process -- something that one state senator characterized as "very unlikely."

"One way or another, the legislature is going to need to look at the issue again," said Carl W. Tobias, a law professor at the University of Richmond whose specialty includes federal administrative procedure law, and who has followed the debate surrounding lethal injection procedures in states across the country.

"They're going to want to have hearings, and that could potentially open up the whole death penalty issue for debate," he said. "Then, I guess, most anything could be fair game."

Executions were halted in Florida and California this week amid concerns that lethal injection, as carried out, violates the constitutional ban on cruel and unusual punishment.

Although that argument was not a part of the appeals decided Tuesday by the Maryland court in the case of death row inmate Vernon L. Evans Jr., the convicted killer has raised the issue in a federal lawsuit pending in U.S. District Court in Baltimore.

In the opinion handed down Tuesday, the judges of the state appeals court rejected three of the convicted killer's four challenges -- including one raising questions about racial disparities in the application of the death penalty -- and declined to grant him either the new trial or the new sentencing hearing that he had requested. Rather, the court dealt exclusively with the mechanics of how Maryland's execution procedures were drafted.

Those procedures -- still deemed confidential but filed as court exhibits in litigation brought in recent years on behalf of death row inmates -- were not written or implemented with the required layers of legislative oversight and public scrutiny, so they are "ineffective and may not be used until such time as they are properly adopted," the court unanimously wrote.

Some death penalty opponents, legal experts and capital defense attorneys said the court's decision has paved the way for a debate on the state's method of putting convicted killers to death.

"The Court of Appeals' decision falls in line completely with how lethal injection has just ripped across the nation as an issue that really has turned out to be much more substantive than people initially thought," said Michael Stark, an organizer with the Campaign to End the Death Penalty.

"What the court appears to be mandating is that the process of putting a person to death -- the gruesome techniques of putting a person to death -- is going to be up to public debate and scrutiny. When really tasked with the details of laying out what is the most efficient way of killing someone, no one is going to be able to stomach that," he said.

A. Stephen Hut Jr., an attorney representing Evans, said the ruling has "significant implications, particularly in light of the events related to lethal injection over the last several days."

"This will allow some of that information and some of the science and expert input to inform the process and the policymakers' decision about what kind of execution procedure Maryland wants to have," he said.

Some activists seized on the ruling as an opportunity to push for Maryland to join the 13 states that do not have capital punishment.

"Don't bother to try to fix this. Maryland can avoid this whole mess by repealing the death penalty," said Jane Henderson, executive director of Maryland Citizens Against State Executions.

"This is a great moment for [Gov.-elect Martin] O'Malley to step up and take some leadership," she said. "If you've got a governor who doesn't like the death penalty and a public that is vastly in favor of instituting life without parole in place of the death penalty, why would you go through the trouble of rewriting execution protocol that may never get used?"

O'Malley, who said Tuesday that he had not yet read the court's decision, personally opposes capital punishment.

"I'd like to see us evolve to the point in time where we understand the death penalty does not deter violent crime ... and the resources we put toward it could better be invested elsewhere," the governor-elect said. He added, however, that his personal views would not prevent him from signing a death warrant.

"I'll take an oath to uphold the laws of the state of Maryland," O'Malley said. "That doesn't mean those laws can't be made better and more effective."

Sen. Brian E. Frosh, a Montgomery County Democrat who heads the judiciary committee, said Tuesday that he agreed with the appeals court's finding that the legislature never intended to give the Division of Correction free rein in implementing lethal injection procedures. He also said that he expects the "usual panoply" of death penalty-related bills, both to expand and eliminate the practice, to be introduced at the coming legislative session.

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He said that while the General Assembly would "get a turn at bat" on the matter raised by the Court of Appeals, the executive branch would have to resolve the issue.

Evans, 57, was sentenced to death for the 1983 contract killings of David Scott Piechowicz and his wife's sister, Susan Kennedy, at the Pikesville motel where they worked. Piechowicz and his wife, Cheryl, had been scheduled to testify in federal court against a Baltimore drug lord.

The ruling in his case extends what has effectively been a ban on Maryland's use of its death chamber since the court postponed his execution in February and agreed to hear four appeals.

Lawyers for Evans were unsuccessful in their arguments that he should be granted a hearing to explore whether he was unfairly sentenced because of the death penalty policy of Baltimore County's top prosecutor and because of statewide racial and geographic disparities in the use of capital punishment. They also failed to persuade the judges that lawyers who represented Evans at his 1992 sentencing hearing did not meet the minimum standards for effective assistance of counsel.

In ruling in Evans' favor on the need for oversight of the execution protocols, the court rejected the state's arguments that the detailed checklist of tasks in Maryland's Execution Operations Manual is not subject to review because the procedures concern "only the internal management" of the Division of Correction and do not "directly affect the rights of the public."

Judge Alan M. Wilner, who authored the court's 102-page majority opinion, wrote: "We are unwilling to assume that the legislature intended to leave to DOC, on its own and without any oversight, unbridled authority to determine and then change at will, as a matter of internal management, how that statute is to be implemented."

Karen V. Poe, a spokeswoman for the state's Department of Public Safety and Correctional Services, said the agency's lawyers will review the decision and advise the secretary on what to do.

Highest Court In Maryland Suspends Executions (NYT)

By Adam Liptak

The New York Times, December 20, 2006

Maryland's highest court yesterday halted executions in the state, ruling that the state's protocol for lethal injections had been adopted improperly.

The ruling follows similar developments in two other states on Friday. Gov. Jeb Bush of Florida suspended executions there after a troubled execution that lasted 34 minutes and required a second dose of lethal chemicals, while a federal judge in California ruled that the state's lethal injection protocol violated the constitutional ban on cruel and unusual punishment.

The Maryland decision, from its Court of Appeals, accepted a technical argument from lawyers for a condemned inmate, Vernon Evans Jr. Mr. Evans murdered two people in 1983 for $9,000.

The court ruled that the state agencies in charge of executions had adopted a "lethal injection checklist" without following the required administrative procedures. New regulations must be published in the Maryland Register, submitted to a legislative committee and discussed at a public hearing.

The state argued that the checklist was a management tool rather than a regulation. Judge Alan M. Wilner, writing for the court, disagreed, noting that the checklist "prescribes in considerable detail the actual contents of the lethal concoction and the method of injecting it."

Judge Wilner wrote that the court was unwilling to assume, particularly in light of controversies surrounding the death penalty and its carrying out, that the legislature had meant to give the Corrections Department "unbridled authority to determine and change at will" how executions are carried out.

"Those kinds of decisions do not constitute routine internal management," Judge Wilner wrote. "They affect not only the inmates and the correctional personnel, but the witnesses allowed to observe the execution and the public generally, through its perception of the process."

While Judge Wilner noted in passing that the combination of three chemicals used in lethal injections in Maryland and 36 other states had been the subject of several court challenges and that "some believe it is not as humane as it was purported to be," the decision did not address those arguments.

A separate challenge pending in federal court in Baltimore, similar to the California case, takes direct issue with the chemicals used and the personnel who administer them.

Court Halts Executions, Eyes Review Of Protocols (WT)

By S.a. Miller

The Washington Times, December 20, 2006

Maryland's highest court yesterday rejected condemned murderer Vernon Evans' appeal for a new trial but ruled that the state must revisit protocols for lethal injections before carrying out another execution.

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The Maryland Court of Appeals directed the state to rewrite the protocols in accordance with state law or have the legislature grant an exemption for the protocols.

The ruling did not impugn the state's lethal-injection procedure, but faulted the way the state established the procedures.

Nevertheless, the decision set the stage for a debate about capital punishment and lethal injection in the upcoming General Assembly session.

The ruling prompted Gov.-elect Martin O'Malley to pledge his willingness to sign death warrants despite his personal opposition to capital punishment.

"I take an oath to uphold the law," said Mr. O'Malley, a Democrat serving his second term as Baltimore's mayor. "That doesn't mean those laws can't be made better and more effective."

The Maryland decision comes four days after executions were halted in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment.

Evans is pursuing that claim in a federal lawsuit.

Mr. O'Malley said he supported an end to capital punishment in Maryland, saying it was an ineffective crime-fighting strategy and a waste of money.

"I would like to see us evolve to a point in time where we understand that the death penalty does not reduce violent crime and it is not a deterrent to violent crime," Mr. O'Malley told reporters at a press conference in Baltimore, where he announced that his transportation secretary will be John D. Porcari, who had the same post under former Gov. Parris N. Glendening.

"The dollars that we invest in [capital punishment] would be better spent in other places," Mr. O'Malley said. "I am very much in favor of life without parole for people who shoot, maim and kill other people. ... I'm not an advocate for the death penalty. I don't think it works."

At issue in yesterday's ruling is the state's execution operations manual, which determines the drugs that will be used and how they will be injected. The court found that the manual was never submitted to a joint legislative committee or given a public hearing before it was adopted by the Department of Corrections, as required under the state's Administrative Procedure Act.

The Court of Appeals reversed a ruling that denied a temporary restraining order in the case and remanded the case back to the Baltimore Circuit Court

While Evans is not entitled to a new sentencing proceeding or to a new trial under the ruling, his attorney, A. Stephen Hut Jr., called the ruling "an important win" that comes at a time when lethal injection is coming under closer scrutiny in other states.

Karen V. Poe, a spokeswoman for the Maryland Department of Public Safety and Correctional Services, said attorneys for the state will review the opinion and advise the department head on the next course of action.

Maryland uses three drugs during executions. Sodium pentothal renders the inmate unconscious; pancurium bromide paralyzes the inmate's breathing; and potassium chloride stops the heart.

Evans was sentenced to die for the 1983 contract murders of Scott Piechowicz, 27, and his sister-in-law, Susan Kennedy, 19.

The victims were killed with a high-powered Ingram MAC-10 submachine gun while working at a motel in Pikesville. Evans mistakenly killed Miss Kennedy in place of her sister Cheryl -- Mr. Piechowicz's wife. Miss Kennedy was filling in for Mrs. Piechowicz that night.

The Piechowiczes had been scheduled to testify against Anthony Grandison in a federal drug case. Prosecutors said Evans took $9,000 from Grandison, who was in prison, to carry out the killings

Both men eventually were convicted in federal court of witness tampering and civil rights violations. They also were found guilty of murder and sentenced to death in trials prosecuted by Baltimore County.

Maryland High Court Calls Halt To Executions (WP)

By Eric Rich And John Wagner

The Washington Post, December 20, 2006

Maryland's highest court ruled yesterday that the state's procedure for carrying out executions was adopted improperly, a defect that the court said must be addressed before any more condemned inmates are put to death.

The unanimous ruling by the Court of Appeals moved the debate squarely into the political realm, where Gov. Robert L. Ehrlich Jr. (R) or his Democratic successor, Martin O'Malley, must act if executions are to resume.

Last night, O'Malley, who takes office Jan. 17, called on Ehrlich to leave the issue for the incoming administration. "I'm sure all of this will spark a renewed debate as to whether all of the money we spend prosecuting death penalty cases might be better spent fighting violent crime and saving lives," O'Malley said.

An Ehrlich aide said the administration was reviewing the matter and had not decided how to proceed.

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Because of the effort required to correct the defect identified by the court, many death penalty opponents said they expect that O'Malley would ultimately chart the state's course.

O'Malley has taken a nuanced position on the issue, saying that he is personally opposed to the death penalty but that his opposition would not prevent him from signing a death warrant. "I'm very much in favor of life without parole for people that shoot, maim and kill others time and time again," he said yesterday.

Cindy Boersma, legislative director for the American Civil Liberties Union in Maryland, one of several plaintiffs in the case, said of the situation: "This is a perfect opportunity for the O'Malley administration to conclude that it's not possible to have capital punishment in Maryland consistent with standards of human dignity."

In ordering that the execution of Vernon L. Evans be postponed indefinitely, the Court of Appeals did not find that the three-drug cocktail that Maryland uses in lethal injections is unconstitutionally cruel.

Rather, the court held that the process was developed by state prison authorities without legislative oversight and thus was not adopted, as regulations are supposed to be, in accordance with the Administrative Procedure Act.

The court offered two paths to remedy the defect. The procedure could be adopted properly, a step that would require action by the secretary of public safety, a gubernatorial appointee, and a legislative panel; or the legislature could exempt the execution protocol from the requirements of the act.

A. Stephen Hut Jr., the attorney who argued the case in May on Evans's behalf, said yesterday that mounting scrutiny over the pain lethal injection may cause should have a sobering effect on either process.

"I think all of the botched processes in other states become highly relevant," he said.

Gov. Jeb Bush (R) suspended the death penalty in Florida on Friday after a botched execution took 34 minutes and a second injection to kill convicted murderer Angel Nieves Diaz. In the Northern District of California, Judge Jeremy D. Fogel ruled on the same day that the state must overhaul its lethal injection procedures, calling the current protocol unconstitutional because of the pain it might inflict.

Hut has brought a challenge similar to the one in California in U.S. District Court in Baltimore, arguing that the state's method of execution risks causing excruciating but undetectable pain and would not be permitted under state law even "to euthanize household pets or barnyard animals." Judge Benson E. Legg has not ruled in that case.

Virginia Gov. Timothy M. Kaine (D) reiterated yesterday that he remains personally opposed to the death penalty, but he said he will not push for a review of lethal injection because state courts have upheld the practice.

Evans, of Baltimore, was convicted of the 1983 murders of David S. Piechowicz, 27, and Piechowicz's sister-in-law, Susan Kennedy, 19, at a hotel that Piechowicz managed in Pikesville. He is one of six inmates on death row in Maryland.

Wesley E. Baker died by lethal injection in December 2005 in the first execution in the state since June 2004 and the fifth in Maryland since the U.S. Supreme Court reinstated the death penalty in 1976.

Although yesterday's ruling had the effect of halting executions on technical grounds, a majority of the court rejected arguments that have been widely embraced by opponents of execution, including that the death penalty as applied in Maryland is unconstitutional because of racial bias.

To bring the execution process into compliance with the administrative procedure law would require a review by a joint committee of 20 legislators, who could significantly slow or even block implementation, depending upon on how the rules are presented by the administration.

If designated as "emergency" regulations by the administration, the rules would need the approval of the panel -- the Joint Committee on Administrative, Executive and Legislative Review -- and any one of the 20 members could call for a public hearing, the date of which would be set by the House and Senate chairmen. One of those is Sen. Paul G. Pinsky (D-Prince George's), a death penalty opponent.

"I'm not going to be in a hurry to push the plunger or let anyone else push the plunger," Pinsky said yesterday.

If the regulations are put forward without an "emergency" designation, they would be subject to a public comment period and could take several months to implement, Pinsky said. Ultimately, though, if there is no emergency designation, the administration could ignore the will of the legislative panel.

To exempt the execution protocol from the administrative procedures law -- the second course suggested by the high court -- would require legislation, and it is hard to gauge the likely support for such a measure. In recent years, the General Assembly has considered contradictory bills on the death penalty, and consensus has been in short supply.

Dead Wrong (LAT)

The Los Angeles Times, December 20, 2006

It's killing that's cruel and unusual

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IN ORDERING CHANGES in the way lethal injections are administered to condemned prisoners in California, Gov. Arnold Schwarzenegger is doing the right thing for the wrong reason.

It's not only right but imperative that the state correct the flaws in the lethal-injection protocol that were dispassionately detailed by U.S. District Judge Jeremy Fogel in a "memorandum of intended decision" issued last week. Fogel's ruling followed a trial at which witnesses portrayed lethal injection in this state as a haphazard procedure in which some condemned inmates might have been conscious in their last moments of life.

But in promising to redress what Fogel had called a "pervasive lack of professionalism" in lethal injection, Schwarzenegger didn't emphasize — as the enlightened centrist chief executive he fancies himself should have — the need to spare even convicted murderers cruel and unusual punishment, by a moratorium on executions if necessary. No, Schwarzenegger indicated that he was seeking changes in what is blandly known as Operational Procedure No. 770 to keep judges from thwarting what the governor called "the will of the people [that] the death penalty is maintained in California." That death row inmates might be spared excruciating pain would be merely a byproduct of crossing the legal t's and dotting the i's.

That focus on propping up the death penalty is one problem with the governor's response to Fogel's decision. Another is that Schwarzenegger seems unwilling to entertain the possibility that what is really inappropriate about a civilized state's embrace of capital punishment — by lethal injection or any other means — is not the infliction of pain but the extinguishing of human life.

Contrary to Fogel's assertion in his opinion that the propriety of capital punishment is a matter for the Legislature, there was a time when judges took a broad view of whether the death penalty in its totality — and not just in a few botched executions — amounted to cruel and unusual punishment.

In 1972, the U.S. Supreme Court struck down state death penalty laws then on the books. In a much-quoted opinion, Justice Potter Stewart said that capital punishment was imposed "wantonly and freakishly," adding that "these death sentences are cruel and unusual in the same way that being struck by lightning is cruel and unusual." The same is true, we believe, of the selective, even capricious imposition of the death penalty at the present time, whether or not the chemical cocktail administered to a prisoner is mixed in a way that minimizes pain. Tinkering with the machinery of lethal injection is only the beginning.

Feds Probe 12 Police Shootings In DeKalb (AJC)

By Mae Gentry, Ty Tagami, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 20, 2006

The U.S. Justice Department and the FBI are looking into fatal police shootings this year in DeKalb County.

If civil rights violations are found, "appropriate action will be taken," Assistant Attorney General Wan J. Kim wrote in a Dec. 12 letter to local activist John Evans, who asked the Justice Department's Civil Rights Division to investigate the DeKalb shootings.

Since January, DeKalb officers have shot to death 12 suspects — more than any other police department in metro Atlanta. One officer has also been killed.

The shootings have drawn protests and demonstrations at county commission meetings and outside the police department.

Kim could not be reached for comment Tuesday. A spokeswoman for the U.S. Justice Department confirmed the federal inquiry into the DeKalb shootings, but would not give details.

Relatives of suspects killed in the police shootings welcomed the news that the federal government is looking into the cases.

"Wow, great," said Iffat Muhammad, after being told that the federal agencies were "gathering information" about the shootings, according to Wan's letter.

Muhammad's brother, Abraheem, was killed by a DeKalb police officer in August. Her brother was shot by an officer checking on a trespassing complaint. He attacked the officer and tried to get her gun, police said.

"We're hopeful," Iffat Muhammad said. "We're praying someone will come in and investigate it [the police shootings] thoroughly."

DeKalb Interim Police Chief Nick Marinelli last month asked District Attorney Gwen Keyes Fleming to review the police department's investigation of several of the 2006 shootings. Keyes Fleming said she will impanel a special grand jury to look into the cases.

Keyes Fleming said the federal inquiry will have no impact on the investigation by the county grand jury.

"The grand jury will review the internal policies of the department and the decisions made under those policies as it relates to these cases," she said. "It appears that the FBI is investigating a completely independent track, and we will continue what we've started.

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"The more agencies involved, the more confidence the citizens will have that their questions will be answered," she said.

Marinelli did not return a phone call seeking comment.

DeKalb Chief Executive Officer Vernon Jones, asked about the federal inquiry, said: "I have confidence in this police department and if an officer did something improper, that this police department made the proper recommendations to handle that individual officer."

Jones said if an officer did act improperly, it's up to the district attorney to prosecute.

But Evans said he had no confidence in an investigation by local authorities. "Out here in this county, we have too much nepotism, too much favoritism, too many people know each other," he said. "There's so many examples of that."

Evans has asked the county commission to adopt a resolution calling for a federal grand jury investigation.

County Commissioner Burrell Ellis said it may be "premature" to do so, given the advice he has received from the county law department. The department told him two things, he said: A federal grand jury only investigates criminal matters, and the only agency with standing to request a federal grand jury investigation is the U.S. Attorney's Office.

"I'm not aware of any criminal allegations that were raised," Ellis said. Jones has pleaded with residents to "put your weapon down" in confrontations with cops. Nine of the 12 slain suspects had guns, and one shot a police officer to death.

Gerald Rose, founder of a group called New Order National Human Rights Organization, who organized a protest outside DeKalb police headquarters last month, called the new development "baby steps toward justice."

"We hope the FBI and other investigators really get to the bottom of this," he said.

Chandra Harden, whose 19-year-old son was killed in August, said she was happy to learn the federal government was getting involved.

Harden's son, Deon Studiemyer, was fatally shot by an off-duty officer who said Studiemyer was breaking into his home.

"The D.A. was already looking into it, but we weren't getting half the information we were asking for," Harden said. "I think it's necessary that they go ahead and tell us something so we can go ahead and get some type of peace in our lives."

Staff writer Mary MacDonald contributed to this article.

U.S. Attorney For State Leaving For Private Practice (AZREP)

By Dennis Wagner

The Arizona Republic, December 20, 2006

U.S. Attorney Paul Charlton announced Tuesday that that he is quitting his government post to enter private legal practice early next year.

Charlton said he will become a partner in the Phoenix-based firm of Gallagher and Kennedy at the end of January.

During his stint as the state's top federal lawyer, Charlton oversaw major enforcement initiatives against terrorism, public corruption, illegal immigration and crime in Indian country.

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"I am immensely proud of what the men and women of this office have accomplished over the past five years," Charlton said. "I'm excited to open a new chapter in my career, and to face the very new and different challenges of private practice."

Attorney General Alberto Gonzales is expected to appoint an interim U.S. attorney, who will serve until a permanent replacement is nominated by the president and confirmed by the U.S. Senate.

Charlton was appointed U.S. attorney for the District of Arizona on Nov. 12, 2001, by President Bush. He said he is proud of post-9/11 efforts to protect the homeland, including the creation of a statewide Anti-Terrorism Task Force to secure nuclear plants, railroads and other key public facilities.

The nation's 93 U.S. Attorneys work with federal enforcement agencies to oversee criminal investigations and prosecutions. They also represent the federal government in civil litigation. The U.S. Attorney's Office in Arizona has more than 250 employees.

In a news release, U.S. Sen. Jon Kyl praised Charlton as "an extraordinary public servant during a time of grave challenge to our national security. We will miss his strong and principled leadership."

John E. Lewis, the FBI's special agent in charge for Arizona, credited Charlton with being "proactive concerning the bureau's number one priority, protecting the United States from terrorist attacks."

Charlton also launched a campaign against drug abuse on Native American reservations, inviting the state's 21 tribes to join in an Arizona Indian Country Methamphetamine Eradication Initiative. He spearheaded efforts to root out corruption, especially among government officials along the Mexican border. And he oversaw a crackdown on criminal aliens.

"We really are making a difference on the border, and that's encouraging," Charlton said.

During Charlton's tenure, the U.S. Attorney's Office established permanent offices in Flagstaff and Yuma, added 16 new prosecutors and increased criminal filings by more than 25 percent.

Charlton, 46, earned his law degree in 1988 at the University of Arizona. After serving a clerkship at the state Court of Appeals, he worked at the Arizona Attorney General's Office for two years before becoming a federal prosecutor.

Charlton will join his wife, Susan, who also is an attorney at Gallagher and Kennedy. He said he expects to specialize in corporate compliance and white-collar defense.

"I've worked as a public servant for a long time, and I've enjoyed it," he said. "Now, it's time to move on."

Reach the reporter at dennis.wagner@arizonarepublic.com or (602) 444-8874

U.S. Attorney Ousted (KRQE)

By Michael Herzenberg

KRQE-TV CBS 13, December 19, 2006

ALBUQUERQUE -- The top federal prosecutor in New Mexico, U.S. Attorney David Iglesias, has been asked to resign and will be giving up the office, KRQE News 13 has learned.

Sources confirmed the Department of Justice called Iglesias last week and asked him to resign.

He has held the position since 2001 after being appointed by President Bush.

During his five years, Iglesias oversaw high-profile cases including the successful prosecution of the Cisneros drug ring with murder charges resulting in guilty pleas and life sentences.

Five of six defendants in what was known as the China Wok case also took plea deals in 2005 admitting they smuggled illegal Chinese immigrants into the state.

Other cases didn't turn out the way Iglesias would have hoped

David Hudak, accused in 2002 for weapons and explosives violations and for illegal military, was acquitted of all charges in his 2003 trial. He had been charged with nine counts stemming from his use of explosives and training in counterterrorism techniques.

Most recently public corruption trial of former State Treasurer Robert Vigil ended with both sides claiming victory.

A hung jury ended the first trial with the retrial producing a single conviction for extortion. The jury acquitted Vigil of 23 other felony counts.

A sentencing of 12 months to 20 years awaits him in January.

A statement released Monday night by the U.S. Attorney's office spokesman Norm Cairns confirmed Iglesias's departure.

"He will leave in the next few months, has had discussions with Washington and based on those discussions he has decided to move on to other things."

Why Iglesias was asked to resign remains unknown although source said was probably just time for a change.

The Justice Department is already looking for a replacement.

Local Federal Attorney Plans To Step Down; Iglesias Investigated State Corruption (ALBTRIB)

Albuquerque Tribune, December 20, 2006

U.S. Attorney David Iglesias will resign his post in the next few months, an office spokesman said today.

After discussions with officials in Washington, D.C., Iglesias decided he would move on, U.S. Attorney's Office spokesman Norm Cairns said. No other information was released.

The U.S. Attorney's Office has been involved in two high-profile investigations of public corruption in New Mexico this year with mixed results.

Former state Treasurer Robert Vigil was convicted of one count of extortion this fall but acquitted on 23 counts of racketeering and extortion. He will be sentenced later this month.

Vigil was tried on essentially the same charges earlier in the year. The trial ended in a hung jury, with one juror holding out against any guilty verdict.

Rumors have also swirled for months about an investigation into corruption involving major public construction projects in Bernalillo County including the state District Courthouse and Metro Courthouse.

An FBI spokesman confirmed in October that an investigation had been forwarded to Iglesias' office - although he declined to specify details. Since then indictments have regularly been expected and then delayed.

Details that have emerged about the investigation suggest it centers on kickbacks paid for work on the two courthouses. It arose from testimony in a lawsuit between partners in an engineering firm. One partner suggested that improper payments were made to former state Sen. Manny Aragon, a consultant for the company.

Iglesias, 48, was appointed to his post as the state's top federal law enforcement officer in 2001 by President George W. Bush. He was the first Hispanic to serve as U.S. attorney since the Nixon administration.

He lost the general election for state attorney general in 1998 to Patricia Madrid.

His other legal experience includes assistant state attorney general, office of special prosecutions, 1988-91; assistant city attorney for Albuquerque, civil rights division, 1991-94; White House fellow, 1994-95; chief counsel for the state Risk Management Division, 1988-91.

From 1985-88, he was lieutenant in the Navy Judge Advocate General's Corps. A hazing case in Cuba that he worked on was turned into the movie "A Few Good Men."

CIVIL LAW:

In A Crisis, Do-not-revive Requests Don't Always Work (USAT)

By Laura Parker, Usa Today

USA Today, December 20, 2006

Family sues after Florida woman put on life support

After watching her husband and two daughters die painfully from cancer, Madeline Neumann decided she did not want to prolong her own death. When she moved into a nursing home in Florida at age 89, she signed an advance directive that instructed doctors not to revive her if she collapsed.

Despite those written instructions, emergency medics were summoned one evening in 1995 when aides found her unresponsive.

Neumann, who suffered from Alzheimer's disease, ended up in a hospital, tethered to wires, tubes and life-support machines — just the situation her family says she had hoped to avoid.

Neumann's three granddaughters persuaded doctors to disconnect the machines over the next several days. A week after she was admitted, Neumann died. Those seven days were degrading and painful to Neumann, according to her granddaughters, who say Neumann's directive should have protected her from such an experience.

The granddaughters are suing the Joseph L. Morse Geriatric Center in West Palm Beach and its chief doctor, Jaimy Bensimon, for unspecified damages, claiming they essentially ignored Neumann's wishes.

"We watched my grandmother suffer and linger for one week," says Linda Scheible, 47, the oldest granddaughter. "This is never what she wanted or what the family wanted. We had taken every measure possible.

"If this can happen to a family that was so involved, I believe this is happening in a much more widespread way."

The suit, filed in 1997, is drawing attention nationwide and is likely to be tried early next year, after nearly a decade of legal wrangling.

It appears to be the first time a Florida court has been asked to decide whether a doctor can be held liable for providing treatment at odds with a medical directive. The case could have significant implications for efforts to hold hospitals, nursing homes and physicians accountable if they disregard living wills and advance directives.

The trial's venue also is symbolic. Living wills and medical directives are an increasingly hot topic in a nation where the U.S. Census Bureau projects the number of people over age 65 will double during the next 25 years, to 72 million. Florida has a higher percentage of residents over 65 than any other state — 17.6% of the state's 18.2 million people.

The Neumann case will be heard in West Palm Beach, about 200 miles east of Pinellas Park, where the bruising right-to-die court battle was waged last year over Terri Schiavo, the severely brain-damaged woman whose family members fought over whether to remove the feeding tube that kept her alive.

Schiavo, who was 26 when she collapsed, had left no living will or written instructions about her care in the event she became incapacitated.

The Schiavo case ended when her husband defeated her parents' efforts to keep the feeding tube in place. It prompted new interest in living wills and medical directives, including federal legislation that encouraged people to draft them, says Kathy Cerminara, a professor at Nova Southeastern University law school in Fort Lauderdale.

Even so, most adult Americans have not drafted such documents.

Only a few lawsuits stemming from medical treatment that was against a patient's wishes have advanced in the courts, which generally have viewed efforts to sustain life as not being harmful to a patient.

Attorneys who file such claims have used a variety of legal tactics. The attorneys for Neumann's family allege in court papers that by resuscitating her, doctors subjected Neumann to a form of battery, or beating.

The attorneys also are alleging breach of contract and negligence.

Doctors facing such lawsuits have emphasized the need to assess a patient's condition in an emergency and determine whether it is truly life-threatening, instead of simply withholding treatment.

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Bensimon, the doctor targeted in the suit filed by Neumann's family, had read Neumann's directive, says his attorney, James Nosich.

The attorney says Bensimon sent Neumann to the hospital because Bensimon was away from the nursing home when she collapsed. Rather than not treat her, the doctor wanted to have her condition evaluated that night, Nosich says.

After life support was withdrawn, "Neumann died peacefully," Nosich says, "with her granddaughters at her side."

Lois Shepherd, a law professor at Florida State University who specializes in health care law and end-of-life issues, says such disputes represent "one of the next frontiers in health care litigation."

"We've been lulled into this sense of security that all you need to do is have an advance directive," Shepherd says. "But it's not as simple as that. They're clumsy documents, and vague. They can't predict all conditions."

An advance directive, such as a living will, informs doctors about what kind of treatment to administer when a patient is unable to make those decisions personally.

As Shepherd says, advance directives cannot anticipate every scenario. Most conflicts over them stem from emergencies, when decisions are made rapidly and patients and family members sometimes change their minds about what should be done, despite the patient's prior instructions.

Robert Arnold, a medical ethicist at the University of Pittsburgh Medical Center who specializes in end-of-life issues, says merely drafting a medical directive sometimes isn't enough to ensure that a patient's desires regarding treatment will be carried out. And, he says, sometimes they shouldn't be.

"It's important to talk to your doctor beforehand. These kinds of conversations are hard to have in the middle of the night" during an emergency, he says. "It may be that I'm not sure why you've filled out the advance directive. If you're a healthy 75-year-old and all of a sudden you have chest pains, I'm going to send you to the ER," regardless of what the directive says.

"I don't expect when you filled out your living will that what you meant was you were unwilling to be on machines," Arnold says. "That's why it's so important not just to have the (paperwork) filled out. It's about what your goals are."

The most notable court case involving an advance directive was in 1996, when a jury awarded $16.5 million to the family of a 38-year-old Michigan woman who had been kept on life support for more than four years after a seizure incapacitated her, despite her written instructions directing doctors to let her die in such a situation.

The award was reduced on appeal to $1.4 million, although the judge upheld the finding that the patient had been battered medically. The family and the hospital agreed to void the medical battery finding when they settled the case in 1997 for an undisclosed amount.

Scheible says pursuing her grandmother's case has become a crusade.

"How could this have happened? All the paperwork was completed. Her wishes were verbalized. This is a violation of her wishes that could not be ignored," she says.

Scheible's grandmother moved into the Morse Center in 1992 with a diagnosis of progressive dementia.

She was mentally competent and requested a living will declaration form, provided by the nursing home. It instructed doctors not to resuscitate her, feed her with tubes, perform surgery or assist her breathing with a ventilator if she became unable to participate in decisions regarding her care.

Neumann did request treatment with antibiotics. Apart from the advance directive, she also received medication for seizures.

Neumann also authorized Scheible, a nurse and licensed psychotherapist, to make medical decisions on Neumann's behalf.

Scheible says she attended quarterly meetings at the nursing home to plan Neumann's care and that she made sure the advance directive, color-coded in pink, was included in her grandmother's medical file.

However, doctors did not place a Do Not Resuscitate order (DNR) in her file — a fact that would become important when the medics were called.

A DNR order, written by a doctor, tells health care professionals not to attempt emergency CPR if a patient stops breathing. In the absence of such an order, Florida law requires emergency medics to do CPR.

By 1995, Neumann, then 92, was firmly in the grip of Alzheimer's disease, Scheible says. Neumann lost more than 25 pounds in three months, and her granddaughters thought it was obvious that she was in her final decline.

The night of the emergency, Neumann was "in the process of slowly, peacefully passing away," says Jack Scarola, Scheible's attorney.

Scheible says she was stunned when she learned medics had inserted a tube into her grandmother's airway to resuscitate her and taken her to the hospital.

Neumann says her grandmother was in pain and was bruised, and her arms had to be tied with restraints because she tried to pull tubes out of her neck.

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Scarola says he intends to show at trial that the Morse Center staff knew of the advance directive but had not read it, and so had not adequately prepared a medical plan for the end of Neumann's life.

He says the center never informed the family that a DNR order was needed.

"The absence of the document in the chart is very significant," he says. "But the case involves broader principles. This was a situation where they had three years of responsibility for this patient, during which the end-of-life issues were ignored."

He says the Florida Supreme Court has upheld a patient's right to determine his or her health care, without the need for any diagnosis.

The Morse Center did not respond to requests for comment. In court papers, it has said the claim by Neumann's family is not valid under Florida law and has sought to have the case dismissed.

Nosich, the attorney for Bensimon, says the doctor had read the directive but was 40 minutes away from the nursing home the night Neumann collapsed and therefore summoned medics to assess Neumann's condition.

"At the end of the day, when the (emergency) phone call comes in, do you want your doctor, before letting you die, to have you evaluated?" Nosich asks. "Or do you let a non-medical professional give your doctor the information and have him rely on that?"

He adds that Neumann's request to be treated with antibiotics is important to the defense.

"Under her own wishes, (Neumann) said she wanted antibiotics if they can prolong her life. Which means, at a minimum, Dr. Bensimon has to examine her to see if they are appropriate," Nosich says.

He believes Neumann's family would have questioned the doctor's judgment if he had let Neumann die.

"What if (she) dies, and it turned out she had another seizure" similar to those she had in the past? Nosich asks. "What do you think the family would have done then?

"If you call 911, you get sued," he says. "If you don't call, you get sued."

CIVIL RIGHTS:

The Secret's Out, But Why Was It Ever Under Wraps? (USAT)

USA Today, December 20, 2006

ACLU case uncovers folly of government classifying too much.

Every minute, the U.S. government makes 27 decisions to classify documents. That translates into 1,620 classification decisions every hour, 38,880 every day and 14 million every year.

Some of these decisions, of course, protect sensitive state secrets. But it's preposterous to believe that more than a tiny percentage of classifications are justified by national security concerns. They are more probably the result of the bureaucratic impulse to keep secrets and the political instinct to avoid accountability.

So when one of these innocuous pieces of paper leaks out, as they inevitably do when classification is used so promiscuously, it exposes the folly of the exercise. More so when the government uses its power in an attempt to intimidate anyone who seeks to make the information public.

One such case has unfolded over the past few weeks with embarrassing results.

The American Civil Liberties Union obtained a document so sensitive that the Justice Department, in a burst of indignation, took the extraordinary step of seeking a grand jury subpoena to demand its return.

And what was this hypersensitive material? It turns out the document laid out the conditions under which prisoners of war in Iraq could be photographed. It had no national security ramifications. It wasn't even particularly revealing, as the ACLU had suggested when it was still under wraps.

This week, the Justice Department, apparently sensing a legal defeat and public relations problem, prudently backed down and declassified the document.

Though it might be tempting to shrug off the incident now that the subpoena has been withdrawn, that would miss the larger point. The case illustrates how mindless government's secrecy efforts can be. Sometimes, it seems as if secrecy is less a policy than the output of inertial forces. Once leaders decide to make government more closed, the wheels of the bureaucracy creak into motion — classifying more documents, declassifying fewer and, as this case shows, sometimes careening out of control as the result of its own momentum.

That is what has happened as President Bush's administration has embraced secrecy, reversing a Clinton-era declassification program and even seeking to reclassify documents that have been public for years. The ACLU case exposes the excesses.

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Obviously, this document never should have been classified. It might well have been handed out to military personnel and journalists in Iraq to let them know the ground rules, some of them adapted from the Geneva Conventions.

Using a subpoena to recover it was little more than an artful ruse to achieve prior restraint, a practice involving government trying to quash information before it is made public. Because prior restraint is the ultimate in suppression of free speech, it is presumed to be unconstitutional under all but the most extraordinary circumstances, as the Supreme Court made clear in a 1971 ruling on another leaked document in the landmark Pentagon Papers case.

The government should have known this was no way to plug leaks. And it should have realized that the ACLU document wasn't worth making a federal case over. But exercising sound judgment is hard when government is unable to stop itself from declaring virtually anything a secret.

Both Sides At Fault (USAT)

By Douglas W. Kmiec

USA Today, December 20, 2006

The dust-up over the Justice Department subpoena is over. This was no major victory for civil liberty. It turns out the subpoena sent to the ACLU might have been issued only because the organization's lawyers were looking for a fight. Bad form, even worse constitutional theory.

Press freedom cannot be understated in a democratic republic. But it should not be overstated either. The ACLU claimed that the 3½-page document contained no classified information. That well could be — Justice has now declassified it, and it is merely military guidance limiting photography of detainees to comply with the Geneva Conventions.

But no one elected the ACLU to make declassification decisions. What documents must be classified for national defense is governed by law and regulation. Though this soap opera lends credence to the complaint that too much is kept secret, the remedy is not to take the law into one's own hands.

There is a lesson for Justice, too. Though grand jury subpoenas are hardly novel, somebody should think twice before issuing one that might unnecessarily limit free speech. Judge Jed Rakoff was sensitive to this, referencing the Pentagon Papers case.

The two cases are different, but only subtly so. The present matter concerns the responsibility of a private citizen in possession of stolen government property. By contrast, the Pentagon Papers was an unsuccessful effort to stop newspaper publication. Properly, such press prior restraint has a heavy presumption against its constitutional validity.

Returning classified materials, however, is exactly called for in law: "Whoever, lawfully or unlawfully, having possession of (classified information) and fails to deliver it on demand to the officer or employee of the United States entitled to receive it" is in violation.

The late Chief Justice Warren Burger put it well: "It is hardly believable that an (entity) long regarded as a great institution in American life would fail to perform one of the basic and simple duties of every citizen with respect to the discovery or possession of stolen property or secret government documents."

"That duty," wrote Burger, "rests on taxi drivers, Justices, and The New York Times." It would befit the ACLU, too.

Douglas W. Kmiec, a law professor at Pepperdine University, was constitutional legal counsel to Presidents Reagan and George H. W. Bush. (The Justice Department declined to provide an opposing view before a court hearing scheduled for today in the case.)

Legal Fight Against Racial Ban Intensifies (Det News)

By Marisa Schultz

Detroit News, December 20, 2006

Prop 2 backers outraged as judge lets colleges continue to use race for fall admissions.

DETROIT -- The ACLU and NAACP filed suit Tuesday against Proposal 2, the latest salvo in a growing assault just four days before Michigan's ban on affirmative action was to take effect.

The challenge was filed on the same day a federal judge agreed to give three Michigan universities a six-month delay before they stop using race as a consideration in admissions and financial aid.

The court maneuvers fed a growing concern by affirmative action opponents who fear that the will of the voters, who on Nov. 7 passed the prohibition against using race, is not being respected. Both candidates for governor, and business and other leaders campaigned against the proposal.

"I'm disgusted with the whole shebang," said Dick Megregian, a retired senior automotive engineer and MSU alumnus. "My vote and the vote of 58 percent of the people is undermined by the politicians and judges because they are dragging their feet and don't want to implement it."

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Tuesday was the busiest court day yet for Proposal 2:

U.S. District Judge David Lawson granted a request from the University of Michigan, Michigan State University and Wayne State University to delay the implementation of Proposal 2 for those schools from Dec. 23 to July 1. Supported by Attorney General Mike Cox and Gov. Jennifer Granholm, the schools claimed that changing admissions and financial-aid rules midway through the admissions cycle would be unfair to students who start in fall 2007.

The city of Lansing also filed a motion before Lawson asking for permission to delay implementing Proposal 2 until July 1, the beginning of its fiscal year. The city doesn't have enough time to make necessary changes, officials said.

The ACLU of Michigan, NAACP and others filed a lawsuit on behalf of 19 students, faculty and applicants to U-M asking a judge to allow race and gender preferences to continue in university admissions. Proposal 2 shouldn't undue the U.S. Supreme Court ruling that allows the use of race as a factor in admissions, they argued.

The Center for Individual Rights, which argued against the University of Michigan before the Supreme Court, asked for an emergency hearing on behalf of Eric Russell, a white applicant to U-M Law School. Lawson should have heard the argument of a student who will be impacted by delaying Proposal 2 before making his decision, they say.

At a Tuesday press conference in front of U.S. District Court in Detroit, leaders for ACLU of Michigan and the NAACP argued that without affirmative action in university admissions, minorities and women would face a double standard, since athletes, veterans and children of alumni would be allowed preferential treatment.

"We believe affirmative action is the law of the land," said the Rev. Wendell Anthony, president of the NAACP-Detroit Chapter. "We hope the court will hear our plea."

He points to the U.S. Supreme Court ruling in 2003 that upheld the use of race as a factor in admissions. Proposal 2 should not override that ruling, he said.

Terry Pell, president of the Center of Individual Rights, believes the ACLU's case will be a losing battle. The center sued the University of Michigan to limit the use of affirmative action in college admissions.

The Supreme Court allowed the use of race but does not mandate it, said Pell, who filed a motion in an effort to block the delay from taking place for universities.

Postponing the implementation of Proposal 2 for six months means Pell's client, Russell, will not be treated equally in U-M's admission process, both men claimed.

"It's about me and it's about all the applicants," said Russell, 29, of Auburn Hills. "The electorate passed Proposal 2 and the university ought to implement it. I'm not suing for admission, I'm suing for equal consideration."

Pell anticipates Lawson will rule on his motion as soon as today.

Still uncertain is whether more cities or other governmental units will follow Lansing's lead and ask for more time.

Michael McGee, a partner at Miller Canfield in Detroit, said he wouldn't be surprised if others file as well. Like universities, municipalities are dealing with a fundamental change in the way they do business, said McGee, whose law firm represents several cities.

"It's difficult to turn on the dime and it takes a reasonable transition period, particularly when a unit of government is in the middle of its fiscal year," said McGee, noting cities typically take action at the start of a fiscal year, setting the tone for the rest of year.

You can reach Marisa Schultz at (313) 222-2310 or mschultz@detnews.com.

Rights Groups File Prop 2 Lawsuit (FREEP)

By CHASTITY PRATT And DAWSON BELL

Detroit Free Press, December 20, 2006

On the same day the University of Michigan won a reprieve that will allow it to continue considering race in the fall admissions process, civil rights organizations filed a lawsuit Tuesday aiming to make the reprieve permanent.

At issue is Proposal 2, the anti-affirmative action amendment to Michigan's Constitution. The amendment takes effect Friday.

Civil rights organizations, including the NAACP's Detroit chapter and the American Civil Liberties Union, took their case to federal court. They argued the amendment doesn't apply because of a 2003 U.S. Supreme Court case affirming universities' right to consider race in admissions.

"We have come too far to allow the doors of opportunity to be shut in the face of the American promise of liberty and justice," Wendell Anthony, president of the Detroit branch of the NAACP, said Tuesday at a news conference on the steps of U.S. District Court in Detroit.

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But a Washington-based group that has fought against race and gender preferences said the U.S. Supreme Court already decided the issue when it chose not to hear a challenge to California's Proposition 209, which was passed by voters in 1996. The California law was the model for Proposal 2.

An appellate panel in that case found that "nobody has a right to a racial preference; a state can decide it doesn't want them," said Terence Pell of the Center for Individual Rights. The same group filed papers Tuesday to appeal Judge David Lawson's order affirming a deal among the state's three largest universities -- U-M, Michigan State University and Wayne State University-- and Attorney General Mike Cox. The deal grants the schools a delay until 2007-08 in putting Proposal 2's mandates in effect for admissions and financial aid.

Pell's organization is representing Eric Russell, a Wayne State University graduate student who is applying to U-M Law School.

Neither the parties to the suit nor the federal court has the authority "to second guess Michigan voters," Pell said.

The schools had argued that because they were in the middle of the application and admission process for fall 2007 and many students already have been accepted that it would have been unfair to subject different students in the same class to different admissions and financial aid criteria.

If Lawson's ruling stands, current high school juniors would be the first students impacted by the implementation of Proposal 2.

Cox spokesman Rusty Hills defended the agreement, which he said was narrowly tailored to allow the universities to complete processing applications for 2007-08 without challenging Proposal 2 directly.

State Rep. Leon Drolet, R-Clinton Township, one of the ballot proposal's chief backers, said he is "stunned that the universities couldn't find a way to comply with the will of the people." But giving up their underlying challenge could help, he said, if the universities "live up to their end of the bargain."

Butch Hollowell, an attorney speaking on behalf of the civil rights groups that filed Tuesday's lawsuit, said it focuses on the University of Michigan because of the school's excellent educational reputation and the 2003 case.

"Ultimately, this could get to the U.S. Supreme Court," Hollowell said.

In 2003, the Supreme Court found U-M's previous admissions system that awarded points to underrepresented minorities -- African Americans, Hispanics and American Indians -- was unconstitutional. But it ruled that race may be among factors considered in the admissions process.

Sheldon Johnson, 20, a U-M junior, echoed two U-M professors who said Tuesday that affirmative action in admissions not only helps diversify the students, but gives them exposure to people and perspectives that can help them navigate the world after they graduate.

"That's what this is really about, opportunity," he said.

The NAACP's Anthony said the challenge isn't meant to defy Michigan citizens who voted 58% to 42% in favor of Proposal 2, which bans race and gender-based preferences in university admissions and government hiring and contracting.

The case is meant to force an interpretation of the law, Anthony said.

He added that under the current admissions policy, U-M may consider whether an applicant is the child of an alum or from specific parts of the state, therefore race and gender should be retained, he said.

Contact CHASTITY PRATT at 313-223-4537

Short-Term Reprieve For Affirmative Action (INSHIGHED)

By Scott Jaschik

Inside Higher Ed, December 20, 2006

Three Michigan universities on Tuesday won the right to keep their current admissions and financial aid policies — the affirmative action portions of which could have been illegal in the state by the end of the week — until July 1. But long term, the ability of colleges to challenge the ban on affirmative action remained uncertain, with some advocates saying that the day's developments strengthened efforts to do so, and others saying just the opposite.

A federal judge granted the universities a reprieve from the Michigan Civil Rights Initiative, known as Proposal 2, which was to take effect this week and would bar affirmative action in admissions by public colleges and universities in the state. Michigan State and Wayne State Universities and the University of Michigan sought permission to delay Proposal 2, saying that it would be impractical and unfair for the institutions to change their processes in the middle of an admissions cycle, with some applicants already evaluated and others awaiting review.

In November, 58 percent of Michigan voters backed Proposal 2 — despite widespread opposition from higher education, business and political leaders. The impact has expected to be most dramatic at the University of Michigan — both because its

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admissions process is the most competitive in the state and because it is the institution that in 2003 successfully defended at the U.S. Supreme Court the right of colleges to consider race and ethnicity in admissions decisions.

The day after the vote on Proposal 2, the University of Michigan signaled that it would probably challenge the measure in court, although it did not specify how it would do so, and similar challenges in other states had failed. But within a few weeks, the university — while saying it was continuing to consider legal options — changed its tone and started talking more about complying with Proposal 2. To date, the only legal challenge to the measure from the universities in the state was the request to delay the start of the ban on affirmative action.

University officials on Tuesday stressed that the court ruling affected only the immediate questions of this admissions cycle.

"What we sought was not a change on the Proposal 2 scoreboard, but merely a timeout," said Terry Denbow, vice president for university relations at Michigan State. "I am pleased that the request was deemed reasoned and reasonable. We need time to assess — within the boundaries of the law — programs to assure fairness to students and to others, like private donors and major corporations who have designated financial aid gifts. Our due diligence is directed at being one, true to the law, and, two, true to our values."

Whether the universities will seek to overturn Proposal 2 remains the big question. By Any Means Necessary, a group formed to defend affirmative action, has already filed a suit in federal court to do so — and Tuesday's ruling technically came in motions related to that case, the substance of which has yet to be heard. By Any Means Necessary has criticized the University of Michigan for not fully joining the suit already, while many others in the state have criticized the university for hinting that it would sue.

Among those who criticized universities for seeking to delay Proposal 2 was Mike Cox, the state's attorney general. But he helped broker the deal approved by the court on Tuesday. In announcing the agreement, Cox issued a statement saying that the pact settled the question of Proposal 2's viability. "This is a historic agreement. It upholds the will of the people," Cox said. "In addition, the agreement is a reasonable compromise that serves the public interest by allowing the current admissions and financial aid cycles to be completed under existing policies, while confirming the constitutionality of Proposal 2 in light of the legal challenges launched against it by the universities."

Cox went on to say that the universities had pledged — as part of the agreement — not to file any lawsuits against Proposal 2 on the basis of their First Amendment rights to academic freedom.

The academic freedom issue is potentially important for any legal challenge to Proposal 2. While academic freedom is not an explicit part of the U.S. Constitution, it has been recognized as a right by the U.S. Supreme Court since the 1957 case of Sweezy v. New Hampshire, in which Justice Felix Frankfurter defined the four elements of academic freedom as "the freedom of an institution to decide who may attend, who may teach, what may be taught and how it shall be taught." Many supporters of affirmative action believe the concept should be covered by the "who may attend" provision.

There is, however, a problem with Cox's statement: It is not clear that the universities agreed to what he said they agreed to. The universities released a copy of the "stipulations" that were filed with the court as part of the request for the delay in Proposal 2. The relevant stipulation says that the universities' claim (which includes the academic freedom argument) "shall be and hereby is dismissed in its entirety, with prejudice only as to the specific injunctive relief requested in the cross-claim."

Donna Stern, a spokeswoman for By Any Means Necessary, noted that the specific relief requested was the delay. As a result, she said, there was no stipulation that the universities couldn't sue on academic freedom grounds to try to block Proposal 2.

"All they've said is that they won't make the same exact claim, but they couldn't make the same exact claim because that issue is now settled," Stern said. She said she was encouraged by the outcome to hope that the universities might join the suit.

University of Michigan officials said they were pleased with the ruling Tuesday, but didn't comment on the possible inconsistency in what the attorney general said they had agreed to, and what the stipulation said.

A spokesman for the attorney general did not return repeated calls.

Proposal 2 Challenges Subvert Self-government (Det News)

By John T. Greilick

The Detroit News, December 20, 2006

ACLU lawsuit seeks to nullify effect of public's vote

The American Civil Liberties Union should add the right of the people to self government to the list of freedoms it is dedicated to protecting.

Michigan's ACLU chapter is making a direct assault on that right by asking a federal judge to rewrite the recently passed Proposal 2 anti-affirmative action measure in a way that would render the new law meaningless.

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In a lawsuit filed Tuesday, the ACLU asked the federal district court in Detroit to declare that Proposal 2 allows for race and gender to be considered in university admissions, consistent with the U.S. Supreme Court ruling in the University of Michigan case.

That's completely opposite of what voters intended when they approved Proposal 2 by an overwhelming margin in the November election.

The ballot language was precise. It asked voters whether race and gender preferences ought to be used in admissions and hiring at public institutions, specifically universities. And the voters said no.

We disagreed with the decision made by the electorate. We argued during the campaign that affirmative action is still needed as a tool to erase the inequities that exist in our society, and particularly in the education system.

But we lost the argument. And our respect for the referendum process and the direct democracy it provides to the people is far greater than our desire to prevail on the issue.

The ACLU argues that it is not making a constitutional challenge to Proposal 2, but rather asking the judge to rewrite the law to make it consistent with what the Supreme Court ruling allows.

But the Supreme Court said only that race and gender could be considered if an institution so desires. It did not mandate that institutions make such considerations.

Voters were quite clear in their desire to not have Michigan's public universities consider race and gender when admitting students.

If the ACLU were to prevail in its lawsuit, the expressed desire of the people would be subverted.

We share the concern of the universities that Proposal 2 makes their goal of creating culturally diverse campuses more difficult.

That's unfortunate, but it is now the law.

The appropriate response for those who want to mitigate the impact of the law is to work to make sure more minority students are prepared to gain admission to the University of Michigan and other schools based on academic merit.

That means an all-out commitment to improve the sorry public schools in Michigan's urban communities.

Michigan's Constitution allows citizens to make laws through the referendum process. The court should hold that constitutional right sacred and not involve itself in undoing the will of the people.

The ACLU's suit, and other legal challenges to Proposal 2, should be tossed.

N.J. Judge Voids City's Gun Control Law (LAW)

By Charles Toutant, New Jersey Law Journal

New Jersey Law Journal, December 20, 2006

A New Jersey state court judge on Dec. 13 enjoined enforcement of a Jersey City ordinance limiting handgun purchasers to one gun a month.

In a suit that tested the power of cities to write their own laws to curb gun-related violence, Hudson County Assignment Judge Maurice Gallipoli said he doubted the ordinance would achieve that end. And he found it pre-empted by the state's extensive gun-control scheme.

Gallipoli also said the law violated equal protection grounds, deeming it arbitrary, capricious and lacking a rational basis.

Jersey City's lawyer, Thomas Jardim, of Ramsey Berman in Morristown, says he will seek leave to appeal, particularly as to the equal protection holding.

Jersey City was the first municipality in the state to adopt an ordinance limiting gun purchases. Ordinance 06-082, adopted June 13, required purchasers to certify in writing that they had not bought another handgun in the city in the past 30 days. Violators could be fined as much as $500.

In July, suit was filed by Caso's Gun-a-Rama, the only licensed gun dealer in Jersey City, as well as the Association of New Jersey Rifle & Pistol Clubs Inc., which argued the law gave out-of-town gun shops an unfair advantage.

Gallipoli denied the plaintiffs' request for a temporary injunction on July 28 and set the case down for argument on a permanent one. The same day, the judge did allow Jersey City to rewrite the ordinance to address the plaintiffs' argument that it was vague.

Intervening on Jersey City's behalf was the local chapter of Associations of Community Organizations for Reform Now (ACORN), represented by Renée Steinhagen of New Jersey Appleseed Public Interest Law Center and Linda Fisher of the Center for Social Justice at Seton Hall University School of Law.

Defense counsel Jardim argued that the ordinance was a legitimate use of police power because it would restrict the supply of handguns in the city, decrease the possibility of gun trafficking and curb the use of legitimately purchased guns in criminal acts by someone other than the purchaser.

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Jardim pointed out that the city this year passed another ordinance, requiring residents to make a report to police when firearms are lost or stolen, and that city council members are contemplating another law that would ban possession of a type of small, inexpensive gun known as a "Saturday Night Special," Jardim says.

In his brief, plaintiffs lawyer Frank Pisano III, of Needleman & Pisano in Montville, claimed that the ordinance violates the state constitutional equal protection clause because it places a restriction on Jersey City's citizens that does not apply to people living elsewhere in the state.

He also argued pre-emption, citing In re Pries, 118 N.J. 564 (1990), in which the state Supreme Court noted the "careful grid of regulatory provisions" in the criminal code about purchase and sale of handguns. Among those provisions is N.J.S.A. 2C:58-3i, which limits handgun purchases to one per permit but allows multiple purchases to someone with more than one permit.

Jardim argued that while the state has exclusive authority over licensing of handguns, N.J.S.A. 40:40-1(18) gives municipalities authority to regulate and prohibit the purchase or sale of firearms. He added that the court left localities the right to gun possession to further health and safety goals in Township of Chester v. Panicucci, 62 N.J. 94 (1973), in which a local law restricting hunting was upheld.

During the oral argument Dec. 13, Gallipoli pointed out to Jardim that the city had no evidence that any guns purchased at Caso's were used in crimes.

After the ruling Jardim said, "I respect the judge's personal opinion but the fact that he didn't think it was a wise piece of legislation is not within his purview. It's the job of the mayor and council."

ACORN lawyer Fisher says Gallipoli wrongly interpreted the court's "careful grid" language in Pries to mean that state legislation intended to have exclusive authority over gun regulation. The state statute, for example, does not address frequency of gun purchases at all. "There's plenty of room in that state statutory scheme for municipalities to fill in the gaps," Fisher says.

Fisher conceded the ordinance will have the effect of sending purchasers to nearby towns in search of guns. "We would be more than happy if Bayonne or Hoboken would enact similar ordinances, but in this business it's one step at a time," she says.

Plaintiffs lawyer Pisano says of the ruling Dec. 13, "I think the court clearly recognized that our Legislature has enacted comprehensive regulations regulating the purchase and sale of firearms and intended to occupy that field exclusively.

"The other message is if you want to address the problem of violent crime, the way not to do it is by restricting law-abiding citizens from lawfully purchasing firearms consistent with state law, which they can do everywhere else in the state."

Jury Finds That New York City Violated Constitutional Rights With Arrest Policy (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, December 20, 2006

(AP) - NEW YORK-New York City violated constitutional rights for a few months when the police department introduced a written policy in May 2001 to require those arrested at demonstrations to be locked up overnight rather than issued desk appearance tickets, a jury found.

But the same jury of eight people greatly diminished Monday any potential damages when it rejected a claim that the police department had enforced an unwritten policy to lock up demonstrators for more than two years before it put the policy in writing.

The verdict came after a lawsuit, brought on behalf of some 350 demonstrators, accused the city of starting to lock up all demonstrators it arrested after the 1999 killing of unarmed Guinean immigrant Amadou Diallo, who was struck by 19 of 41 bullets fired by police officers.

The lockups sometimes occurred despite a city policy that had existed in which people charged with misdemeanors are usually given desk appearance tickets, telling them when to show up at court for arraignment.

The overnight lockup in Manhattan is notorious for mixing those charged with all nature of crimes as they await arraignment, making it a particularly unpleasant experience for those unlikely to face any jail time even if they are convicted.

After a three-week trial, the jury found that the city violated the U.S. Constitution's First Amendment right to free speech and assembly as well as the 14th Amendment right to due process when the written policy was put in place on May 1, 2001. The policy was withdrawn on July 13, 2001.

However, the jury concluded that the city did not violate the Constitution between April 7, 1999 and April 30, 2001, when the plaintiffs said the city enforced an unwritten policy to lock up demonstrators.

The verdict left the city claiming victory.

The city's corporation counsel, Michael A. Cardoza, told The Associated Press the city was vindicated against claims that for more than two years there were "winks and nods" as police carried out an unwritten policy to lock up all arrested protesters.

He said the jury had flatly told the plaintiffs they were wrong.

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"That's big news," Cardoza said. "The plaintiffs prevailed in part, no question about it, but on the huge overwhelming part of the case the plaintiffs lost."

Jonathan C. Moore, a lawyer for the demonstrators, said the trial was limited to liability so a second trial would have to be conducted to determine damages, unless settlements were reached on behalf of some 30 people who claim to have been improperly arrested during that period.

Moore said he was disappointed that the jury did not conclude that the city violated the rights of those who were arrested between 1999 and 2001.

"It's unfortunate that a lot of plaintiffs will go uncompensated," he said.

During the trial, former police Commissioner Howard Safir testified he did not order that demonstrators be locked up rather than issued summonses after the Diallo shooting.

Earlier in the trial, Louis Anemone, a former police chief, testified for plaintiffs that Safir was so annoyed that celebrities were joining the demonstrations that he ordered the change in policy.

Among those arrested during the demonstrations were the Rev. Jesse Jackson, the Rev. Al Sharpton, former Mayor David Dinkins and several actors including Danny Glover, Susan Sarandon and Timothy Hutton.

UK Report Says Robots Will Have Rights (FT)

By Salamander Davoudi In London

Financial Times, December 20, 2006

The next time you beat your keyboard in frustration, think of a day where it may be able to sue you for assault. Within 50 years we might even find ourselves standing next to the next generation of vacuum cleaners in the voting booth.

Far from being extracts from the extreme end of science fiction, the idea that we may one day give sentient machines the kind of rights traditionally reserved for humans is raised in a British government-commissioned report which claims to be an extensive look into the future.

Visions of the status of robots around 2056 have emerged from one of 270 forward-looking papers sponsored by Sir David King, the UK government's chief scientist. The paper covering robots' rights was written by a UK partnership of Outsights, the management consultancy, and Ipsos Mori, the opinion research organisation.

"If we make conscious robots they would want to have rights and they probably should," said Henrik Christensen, director of the Centre of Robotics and Intelligent Machines at the Georgia Institute of Technology.

The idea will not surprise science fiction aficionados. It was widely explored by Dr Isaac Asimov, one of the foremost science fiction writers of the 20th century. He wrote of a society where robots were fully integrated and essential in day-to-day life.

In his system, the 'three laws of robotics' governed machine life. They decreed that robots could not injure humans, must obey orders and protect their own existence – in that order.

Robots and machines are now classed as inanimate objects without rights or duties but if artificial intelligence becomes ubiquitous, the report argues, there may be calls for humans' rights to be extended to them.

It is also logical that such rights are meted out with citizens' duties, including voting, paying tax and compulsory military service.

Mr Christensen said: "Would it be acceptable to kick a robotic dog even though we shouldn't kick a normal one?

"There will be people who can't distinguish that so we need to have ethical rules to make sure we as humans interact with robots in an ethical manner so we do not move our boundaries of what is acceptable."

The Horizon Scan report argues that if 'correctly managed', this new world of robots' rights could lead to increased labour output and greater prosperity.

"If granted full rights, states will be obligated to provide full social benefits to them including income support, housing and possibly robo-healthcare to fix the machines over time," it says.

But it points out that the process has casualties and the first one may be the environment, especially in the areas of energy and waste.

ANTITRUST:

Delta Plans To Stay In The Air Without US Airways Buyout (WP/AP)

The Washington Post, December 20, 2006

DOJ_NMG_0107860

ATLANTA, Dec. 19 -- Delta Air Lines filed a reorganization plan Tuesday that calls for it to emerge from bankruptcy protection next spring as a stand-alone company worth as much as $12 billion, which would be more than the market value of the nation's two biggest carriers combined.

Delta said that under the plan, its unsecured creditors would recover 63 to 80 percent of their allowed claims.

Delta's existing stock would be wiped out under the plan and creditors generally would receive distributions of new Delta common stock to settle their claims.

Delta outlined a five-year business plan and said it would be worth $9.4 billion to $12 billion after it's reorganized.

The high end of the equity value Delta is projecting would be more than the $11.6 billion combined market value of American Airlines and United Airlines.

Delta also said that its board voted to reject US Airways' $8.3 billion hostile takeover bid. "US Airways is the worst of all potential merger partners," Delta chief executive Gerald Grinstein said.

US Airways said it remained committed to its merger proposal. It said its offer, including $1.65 billion in cost savings it anticipates, provides more value than Delta's plan. The offer included $4 billion in cash and 78.5 million shares of US Airways stock.

Delta Air Lines Rejects US Airways' Hostile Takeover (Update11) (BLOOM)

By Mary Schlangenstein

Bloomberg, December 20, 2006

Dec. 19 (Bloomberg) -- Delta Air Lines Inc. rejected a hostile $8.51 billion merger proposal from US Airways Group Inc. and said it plans to exit bankruptcy on its own with a value of as much as $12 billion.

The US Airways offer is unlikely to receive antitrust approval, is based on flawed economic assumptions and would result in the biggest debt load in the industry, Delta, the third-largest U.S. carrier, said today. US Airways said it will continue to pursue a takeover.

Delta wasn't persuaded by US Airways' argument that a combination creating the world's largest airline would add $1.65 billion in annual savings and new revenue. Executives at Atlanta-based Delta have expressed skepticism about US Airways' offer since it was unveiled Nov. 15.

``It will be extremely difficult for this merger to go forward," James Corridore, an analyst for Standard & Poor's, said in a note. US Airways' ``options are to raise its bid, try and sway creditors, or retract its bid."

Delta filed its five-year business strategy with the U.S. Bankruptcy Court in New York today, 15 months after seeking Chapter 11 protection. The carrier said it will leave bankruptcy in the first half of next year, and forecast net income of about $450 million in 2007 and $1.2 billion in 2010.

US Airways Chief Executive Officer Doug Parker said his company's offer of $4 billion in cash and 78.5 million US Airways shares, coupled with cost savings and new revenue, ``is significantly greater" than the value of Delta's plan to its creditors and future shareholders.

``We remain a disciplined and determined bidder for Delta," Parker said in a statement.

Industry Consolidation

Delta's board unanimously rejected the US Airways offer. The carrier faces pressure to consolidate as rivals consider tie-ups. AirTran Holdings Inc. made a hostile $290 million bid for Midwest Air Group Inc. on Dec. 13, and UAL Corp.'s United Airlines has held talks with Continental Airlines Inc.

Delta's shares fell 10 cents, or 6.8 percent, to $1.37 at 4:01 p.m. New York time in over-the-counter trading. US Airways shares rose $1.70, or 3.1 percent, to $57.50 in New York Stock Exchange composite trading.

Delta's 8.3 percent note due in 2029 rose about 1.5 cents to 67.5 cents on the dollar, according to Trace, the bond-price reporting system of the NASD.

80% Recovery

Delta said its plan would let unsecured creditors recover 63 percent to 80 percent of their claims, and that Blackstone Group, a financial adviser, estimates the airline's value at $9.4 billion to $12 billion. Delta's current shares will be worthless once it leaves bankruptcy.

``Creditors are going to want to put a sharp pencil to both plans," said Robert Mann, a Port Washington, New York-based consultant who works with airlines and unions.

Delta's creditors committee likely will ask the carrier by the end of this week to let US Airways review its finances, Mann said. Such a review, which Delta has rejected, is needed so Tempe, Arizona-based US Airways can firm up parts of its offer.

The financial targets in Delta's plan are reasonable compared with forecasts for its peers, said Robert Barry, a Goldman Sachs Group Inc. analyst in New York.

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Concerns about merging workforces ``are real and sizable," while Delta's claims that US Airways' forecast savings are overstated ``seem more dubious," Barry said in a report.

Support from Delta's nine-member creditors committee is vital because it will help set the terms of any plan for Delta to exit bankruptcy. Executives from both carriers met with the panel last week to build support for their strategies.

`Great Progress'

``We've got a very constructive relationship with our committee," Delta Chief Financial Officer Ed Bastian said on a call with reporters. ``They understand the great progress Delta is making."

Delta used its time under court protection to cut labor costs, ground planes and expand more-profitable international routes. The airline said it achieved 85 percent of the $3 billion annual cost-savings goal set when it filed for bankruptcy. It plans $700 million in new savings next year.

Under the plan, Delta said its operating margin would move from a negative 6.9 percent this year to 2.4 percent in 2007 and 10.5 percent by 2010. The cost to fly each seat a mile will fall to 6.73 cents in 2007, down 20 percent from 2004, Bastian said.

By next year, Delta expects to narrow its gap in revenue for each seat flown a mile to 94 percent of the industry average from 86 percent, and to achieve parity in 2008, Bastian said.

International Service

The carrier will continue to beef up international service, increasing capacity 15 percent next year compared with a decline of as much as 4 percent in domestic markets. Total capacity would rise 1 percent to 2 percent in 2007. Annual growth in later years will be 2 percent to 3 percent, Delta said.

Delta said US Airways' plan would result in a ``precariously high" $23 billion in debt for the combined carrier, compared with $10 billion for Delta independently. It would be a ``prescription for disaster," Chief Executive Officer Gerald Grinstein said.

Delta said it hasn't had any merger talks with other airlines since US Airways' offer was made public Nov. 15 following Delta's rejection of earlier, private overtures.

Other Bidders?

Other airlines, including UAL, may bid for Delta now that details of its plan are known, according to Barry, the Goldman analyst, and Philip Baggaley, a New York-based S&P analyst.

Delta was saddled with more than $28 billion in debt when it sought bankruptcy protection. It blamed growing low-cost competition, increased fuel costs and a drop in travel following the Sept. 11 terrorist attacks. Northwest Airlines Corp. filed on the same day, in the same court, citing the same problems.

US Airways came out of bankruptcy last year for a second time when it merged with America West Holdings Corp. US Airways is now the seventh-largest U.S. airline.

``US Airways was literally on the brink of liquidation" when it agreed to merge with America West, said Jim Whitehurst, Delta's chief operating officer. ``Our cash position is strong, our financial position is strong. This situation is very different than when America West acquired US Airways."

The case is In re Delta Air Lines Inc., 05-17923, U.S. Bankruptcy Court, Southern District of New York (Manhattan).

Merger Criticized As Push Toward Monopoly (CO)

By Steve Harrison

The Charlotte Observer, December 20, 2006

Delta Air Lines attacked all facets of the US Airways' plan for a merged airline Tuesday, but its sharpest criticism is that the "new Delta" would be anti-competitive.

"If you asked us who is our major competitor, we would say US Airways," said Delta chief executive Gerald Grinstein said. "(This deal) may sound good to a monopolist."

A merged Delta and US Airways would create the nation's biggest airline and would dominate the East Coast, with hubs in Atlanta, Charlotte, Philadelphia and New York's Kennedy Airport. It also would have significant operations at New York's LaGuardia Airport, Reagan National in Washington, and Boston Logan.

"It appears, at the end of the day, this is more than likely to be blocked," said New York City attorney Jim Weiss, a partner in Preston Gates & Ellis LLP who is on retainer to Delta. Weiss spoke during a conference call with analysts and reporters Tuesday.

Creditors will vote in February or March on whether to approve Delta's Chapter 11 reorganization plan or to accept US Airways' offer. In its sales pitch to creditors, Delta warns that any merger would be scrutinized for at least a year, and would likely be turned down by the Justice Department. That would delay the creditors being compensated in the deal.

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Since launching the takeover bid Nov. 15, US Airways has insisted the deal would get antitrust approval so long as it sold one of its Northeastern shuttles. It also said the deal would go through because of the growth of low-cost carriers this decade, with AirTran operating a major hub in Atlanta and JetBlue operating one at New York Kennedy.

Weiss noted that the new airline would still have roughly 50 percent of the market at LaGuardia and Reagan National, even after selling a shuttle. He said there would be nearly 2,000 city pairs -- many in the Southeast -- where the new airline would carry 90 percent or more of all passengers. Delta said that in about half of those cities Delta today has less than a 50 percent share. And it showed in a PowerPoint presentation the geographic proximity of the two airline's hubs, predicting that the new airline would cut service in cities such as Charlotte and Pittsburgh.

Grinstein noted that low-cost carriers wouldn't go to small cities such as Florence, S.C.

Goldman Sachs analysts wrote Tuesday they believe US Airways would "go to great lengths" to assuage Department of Justice concerns.

Delta has launched a new Web site -- www.keepdeltamydelta.org -- that highlights cities that could be impacted by the merger.

Delta Shuns Bid, Prefers To Fly Solo (USAT)

By Marilyn Adams

USA Today, December 20, 2006

US Airways' pursuit of Delta Air Lines took on a more hostile tone after Delta formally rejected its advances Tuesday and announced its intention to emerge from bankruptcy as an independent airline.

Delta said that as an independent, it would be worth $9.4 billion to $12 billion when it exits Chapter 11 protection next spring. US Airways' unsolicited cash-and-stock bid was worth $8.4 billion at US Airways' closing price Tuesday.

CEO Gerald Grinstein said Delta believes an independent airline offers investors and creditors greater value and certainty of success than US Airways' proposal.

US Airways would not say Tuesday whether it will sweeten its offer but said it remains a "determined bidder" for the USA's third-biggest carrier. Spokeswoman Andrea Rader said US Airways had hoped to work cooperatively on a merger with Delta.

A merger with US Airways, the seventh-biggest U.S. carrier, would create the biggest domestic airline by passenger capacity, passing American Airlines.

US Airways says it will press its offer with Delta's creditors committee, which has taken no official stand. The committee could pressure management to open its books to US Airways and ask the bankruptcy judge to consider the merger. But so far, the committee has worked with Delta, which says the stand-alone plan would give creditors a stock payout worth 63% to 80% of their claims.

US Airways is offering $4 billion cash and 78 million shares of its stock. It says a merger would save the combined airline $1.6 billion a year. Delta questions those savings.

And Delta's Grinstein says a sweetened US Airways offer would not overcome antitrust and other obstacles. Delta CFO Ed Bastian says a merger would leave the new airline with $23 billion in debt, about double what Delta would have as an independent.

Goldman Sachs analyst Robert Barry says another option for Delta would be a bid from United Airlines, because route networks and corporate cultures would be a good fit. But analyst Ray Neidl of Calyon Securities says he doubts more offers will come until the Justice Department gives some indication of how it views the burgeoning number of airline mergers.

Last week, AirTran made an unsolicited bid for Midwest Airlines. And United is said to be in early merger talks with Continental.

Delta forecast a 2006 loss of $350 million excluding bankruptcy charges. Next year it expects net income of $450 million, rising to about $1.2 billion by 2010. Delta said $700 million in cost cuts will take effect next year, including termination of its pilots' pension plan.

Delta Lawyer: US Airways Merger Has 'antitrust Issues' (PITTBIZ)

Pittsburgh Business Times, December 19, 2006

Delta Chairman and CEO Jerry Grinstein continued his offensive against US Airways' hostile takeover bid in a conference call with analysts Tuesday, saying that the merger would create too much of a monopoly in too many markets.

"If the suggestion is that we're going to put a for sale sign on Delta airlines, we're just not going to do that," Grinstein said.

But "if the process of consolidation starts, you do not want to be left out," he added, explaining that all airlines are keeping tabs on each other.

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And he touted "the huge amount of value" that has been created at Delta during the Atlanta-based airline's bankruptcy proceedings, essentially pointing to US Airways' $8.7 billion bid as being less than the up to $12 billion in value that Delta believes it is worth. Delta earlier on Thursday filed its standalone plan to emerge from bankruptcy and reported its board of directors unanimously rejected US Airways' takeover bid.

"I hope we'd be an acquirer rather than an aquiree," Grinstein said.

Delta's chief antitrust lawyer added that he doesn't believe the U.S. Department of Justice will approve a merger between Delta Air Lines Inc. (Pink Sheets: DALRQ) and Tempe, Ariz.-based US Airways Group Inc. (NYSE: LCC), Pittsburgh International Airport's leading carrier.

"It appears from a factual standpoint, this is a merger that clearly has a lot of antitrust issues attached to it," said Jim Weiss, a Washington partner in the law firm Preston Gates & Ellis LLP, which recently merged with Kirkpatrick & Lockhart Nicholson Graham, a Pittsburgh law firm. "The antitrust risk here is quite high."

Weiss, the former head of the DOJ's antitrust division and a hired gun for Delta since 1988, said he believes it would take the department about a year to review US Airways' hostile bid for Delta.

That's because the DOJ will anticipate more merger proposals and would want to go over the Delta/US Airways merger with a fine-toothed comb.

In a detailed PowerPoint presentation available on Delta's Web site, Weiss showed why he believes the Delta/US Airways combination wouldn't pass muster. Chiefly, he said, a lot of small to midsized American cities would lose competition if the two airlines merged. The combined airline would be the largest carrier in 127 small communities.

And Weiss contends that low cost carriers don't usually go into really small cities, so the competition isn't likely to be replaced.

Other proof he offered for his position: the DOJ rejected a US Airways/United merger after a 14-month investigation. And that merger had even fewer overlapping routes and hubs, Weiss said.

Meanwhile, US Airways continued its public campaign for Delta. The airline sent out a statement from Chairman and CEO Doug Parker saying, "Combining US Airways and Delta will create at least $1.65 billion in annual synergies beyond the value that could be created by any standalone plan. These synergies come on top of the certainty of $4 billion in cash and the upside potential of 78.5 million shares of US Airways stock."

But Grinstein said in the conference call that he expects Delta would be $8 billion in debt when it emerges from bankruptcy. By contrast, he said, a US Airways/Delta merger would be saddled with $23 billion in debt. If that sounds familiar, he quipped, that was the amount of debt Delta had when it filed for Chapter 11 in 2005.

Delta: US Air Deal Would Hike Fares (CNN)

By Chris Isidore

CNN Money, December 20, 2006

NEW YORK (CNNMoney.com) -- Delta Air Lines formally rejected the hostile bid from US Airways Group early Tuesday, saying regulators are unlikely to approve the combination because of the risk of higher airfares and that its creditors will get more if it stays independent.

The move is not a surprise. Since US Air made its $8.4 billion stock and cash bid for Delta on Nov. 15, Delta management has stated that it intends to emerge from bankruptcy as an independent carrier. But the statements Tuesday make the airline's strongest case against the combination of No. 3 Delta and No. 7 US Air.

Executives at Delta Air Lines (tail in front) say a combination with US Airways (tail in rear) would be blocked by regulators because it would hike fares in many East Coast markets.

In a call with investors, Delta CEO Jerry Grinstein said US Airways is Delta's primary competitor on the East Coast, and a deal with it would be the one least likely to be approved because of the impact on fares.

"Combining the carriers necessarily reduces competition, which may sound good to a monopolist but a regulator would not like it all," he said.

US Airways quickly responded that it is not dropping its bid for Delta, despite the formal rejection by the Delta board.

"We remain a determined, disciplined bidder and are confident the offer we made presents the greatest value for all our stakeholders," said a statement by spokeswoman Valerie Wunder.

If airline mergers fly, fares could follow

Delta said there are 2,000 routes where a combined US Airways and Delta would control 90 percent of the flights, which the company argues would prevent U.S. antitrust regulators from agreeing to the deal.

"Delta believes consumers have valid reason for concern, as pricing has gone up, not down, on approximately 6,600 US Airways routes following its merger with America West," said Delta's statement.

US Airways executives have insisted that fares did not rise after the former America West bought US Airways' assets out of bankruptcy in September 2005, arguing that cost savings from the combined operations allowed it to keep fares low.

Fares up

But filings by US Airways Group (down $0.23 to $55.57, Charts) as well as the two predecessor carriers that combined in late September 2005, America West and US Airways Inc., suggest that the combined carrier has seen a rise in the revenue per passenger mile, a closely watched measure known as yield that approximates average fares.

US Airways Group's yield in the third quarter is up 10.4 percent compared to the average of the two predecessor carriers a year earlier. Over the first three quarters of 2006 the average yield is up 14 percent. Both are higher than the average gain in industrywide yields reported by the Air Transport Association, the industry trade group.

7 amazing travel secrets revealed

Grinstein rejected the idea of continuing talks with US Air, making some of its financial information available in order to see if US Air would be willing to raise its bid, while Delta management continued to move toward emerging from bankruptcy as an independent carrier.

"Remember this is a hostile proposal, not a solicited one," he said. "When you get into exchanging information with your largest competitor, you've got issues. The Justice Department has already indicated they did not want us to do so without some clearance from them."

S&P airline equity analyst Jim Corridore doesn't think the regulatory hurdles are as clear cut as presented by Delta management, but he agrees that in some smaller markets the merger would result in higher fares.

"I don't think that it's a regulatory non-starter, but there are significant hurdles that have to be cleared," he said. "I believe there is a case to be made that these hurdles can be overcome."

Tuesday's statement from Delta says that its financial adviser, the Blackstone Group, estimates that Delta will be worth about $9.4 billion to $12 billion when it emerges from bankruptcy.

US Air is offering $4 billion in cash and stock now worth about $4.4 billion to Delta creditors.

While Delta is not offering cash to creditors at this point of the discussions, Grinstein insisted that the Delta plan still is less risky for creditors since it doesn't face the regulatory hurdles that a merger with US Air would face, and it would allow Delta to emerge from bankruptcy sooner.

S&P's Corridore said he believes the U.S. Air offer is the better deal for Delta creditors. But he said he now doubts that the merger will take place.

"It will be very difficult for the deal to go forward in the face of the opposition from Delta management and directors," he said. "The Delta pilots are also a constituent that you have to convince, and US Air hasn't been able to do that."

But Joseph Capobianco, a Long Island, N.Y.-based merger & acquisition attorney, said he believes it's easier for a hostile bidder to convince creditors to accept a deal than it is to convince shareholders of a non-bankrupt company. So he thinks that US Air still has good chance to get Delta.

"I think US Airways will increase their offer," he said. "I don't think the fat lady has sung."

US Air's Wunder would not comment when asked about reports that the company was considering an increased bid.

Spring emergence

Delta said it is on track to emerge from bankruptcy next spring but said that emergence would be delayed until 2008 if the merger went forward. The company filed its reorganization plan, which it said would result in a recovery for Delta's unsecured creditors of approximately 63 to 80 percent of their allowed claims through equity in the reorganized company.

Delta also argued a combined US Air-Delta would have $23 billion in total debt, compared with about $10 billion in total debt for a stand-alone Delta.

"In our industry, as all of us know, that [heavy debt] is a prescription for disaster," said Grinstein.

And Grinstein insisted the Delta contract with the Air Line Pilots Association prohibits the 10 percent cut in capacity at a combined Delta-US Air that the US Air executives plan to make as part of the merger.

"There are significant labor issues that can not be blinked away," he said. "The pilots have said that Delta is not for sale."

US Air's Wunder would not comment on the specifics of Delta's statement other than to repeat the prepared remark reiterating the bid.

The bid from US Air for Delta last month set off speculation that it could bring a round of mergers in the industry. Last week there were reports that United Airlines' parent UAL Corp. (Charts) was in preliminary talks with Continental Airlines (Charts) on a potential merger. And even smaller carriers could get involved, as AirTran (Charts) announced an unsolicited bid for Midwest Express (Charts).

Grinstein told investors that if some of the other deals come to pass, Delta may have to reassess its go-alone strategy. But he repeated that he believes an independent Delta is the best strategy, no matter what negotiations are taking place.

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"They may be in conversation, but we haven't seen any fruit of that yet," he said. "What history has shown us about airline mergers is they're difficult to do."

If airline mergers fly, fares could follow

US Airways Still Chasing Delta Despite Its Rejection (PPG)

By Dan Fitzpatrick, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 20, 2006

US Airways is refusing to back off its $8.4 billion takeover bid for Delta Air Lines despite an official rejection from Delta's board and a pledge that Delta will emerge from bankruptcy next year as a stand-alone company worth as much as $12 billion.

"We remain a disciplined and determined bidder for Delta," US Airways Chief Executive Officer Doug Parker said yesterday after Delta's board released its reorganization plan that eschewed US Airways' advances.

The back-and-forth drama pitting the nation's third-largest carrier against the fifth-largest, US Airways, and its 45-year-old CEO now turns to Delta's creditors, who will have to decide early next year between the two competing plans for Delta's emergence from Chapter 11 bankruptcy.

It "is quite exciting," said longtime Virginia airline consultant Darryl Jenkins.

"Certainly, Parker is not going to give up. Parker is a very driven young man" and "not one that shirks from a fight," Mr. Jenkins said. By the same token, Delta Chief Executive Officer Gerald Grinstein, 74, is "a tough old bird. ... He is not going to let some young snot-nose tell him what to do with his airline."

The outcome of the takeover battle is being watched closely in the Pittsburgh area, where Tempe, Ariz.-based US Airways still employs 2,275 employees and serves 146 daily flights from Pittsburgh International Airport. Its presence, though, is down significantly from five years ago, prior to the 9/11 attacks, when it employed more than 12,000 locally and offered more than 500 daily flights.

Atlanta-based Delta, which filed for Chapter 11 bankruptcy protection in 2005, filed its reorganization plan yesterday in New York and disclosed for the first time that its board had unanimously rejected US Airways' merger proposal. The five-year strategy outlined in the airline's plan predicts that an independent Delta would be valued at $9.4 billion to $12 billion while earning a profit of $456 million in 2007 and $1.2 billion in 2010.

Delta's Grinstein argued in a conference call that US Airways' bid, based on "flawed economic assumptions," would never clear antitrust concerns and that it would saddle the combined company with too much debt and too many unsolved labor issues.

"A prescription for disaster," Mr. Grinstein said, in the conference call. "US Airways is the worst of all potential merger partners."

Mr. Grinstein didn't completely dismiss the idea of a merger with a company other than US Airways, saying later that Delta would review any other bids. But he said Delta would not put out a "for sale" sign.

Delta's chief financial officer, Ed Bastian, said in the conference call that Delta so far has not received any other offers.

Mr. Parker, who launched his takeover attempt Nov. 15 after being rebuffed twice by phone and letter, said "we have always expected that Delta would submit a stand-alone plan" and noted that Delta's creditors now have a "benchmark against which to evaluate the competing proposals and we welcome that comparison. This is an important step in a process that we believe will result in the merger of US Airways and Delta."

The US Airways CEO maintains a merger would provide at least $1.65 billion in cost savings and new revenue "beyond the value that could be created by any standalone plan." Delta creditors would also receive $4 billion in cash and 78.5 million shares of US Airways stock, which closed yesterday at $57.50, up $1.70, or 3 percent.

Delta's reorganization plan, on the other hand, would allow creditors to get back 63 percent to 80 percent of what they are owed.

Both airlines have been lobbying the creditors committee, hoping to win support. The committee will now review both plans and is expected to make a decision early next year.

"We recognize and appreciate the creditors' ultimate authority in this process," Mr. Parker said.

Some experts expect US Airways to raise its bid, but Mr. Parker did not address that possibility yesterday.

"I assume over time that bid will be upped," said Mr. Jenkins, the airline consultant.

Whether the creditors go for US Airways or Delta depends on "what your time preference is. One [US Airways] is more money now and one [Delta] is more money later. Everybody is playing their cards."

Delta CEO: Airline Would Look At Any Other Proposal (DOWJONES)

By Terry Kosdrosky

Dow Jones Newswires, December 19, 2006

DOJ_NMG_0107866

The Chief Executive of Delta Air Lines Inc. (DALRQ) said Tuesday that US Airways Group Inc.'s merger proposal raises unique antitrust concerns. He added that Delta would "look at" any other proposal.

Chief Executive Gerald Grinstein said during a conference call that the US Airways proposal has some "some very unusual antitrust aspects to it." He noted that his concerns about antitrust issues apply to the bid from US Airways only and don't reflect the company's views on any other combination. Grinstein also said Delta realizes its fiduciary duty to creditors and other stakeholders, noting that the company would look at any other proposal that comes up.

Delta, which has been operating under bankruptcy protection since September 2005, on Tuesday filed a reorganization plan and formally rejected the $8.4 billion merger offer from US Airways, which was first announced last month.

Jim Weiss, an attorney at Preston Gates & Ellis LLP who did an antitrust analysis for Delta on the US Airways proposal, said on the conference call that the risk of rejection on antitrust concerns is quite high.

The review process would take at least a year and the US Airways/Delta proposal would be more anticompetitive than the attempted US Airways-United Airlines merger rejected by the Department of Justice years ago. United is a unit of UAL Corp. (UAUA).

Weiss said the department's conservative view on airline matters hasn't changed much.

Sector Snap: Airline Shares Dip (AP)

AP, December 20, 2006

Airline Shares Slip As Delta Rejects US Airways' Buyout Bid

NEW YORK (AP) -- Airline shares slipped in Tuesday trading, after Delta Air Lines Inc. rejected a buyout bid by US Airways Group Inc.

The overall Amex Airline Index fell 1 percent, with all 11 of its component stocks marking declines. Many of the index's percentage swings were slight, less than 1 percent.

The declines came amid easing crude oil prices, which dropped 29 cents to $61.92 per barrel on the New York Mercantile Exchange. Falling oil prices typically strengthen airline shares, as jet fuel is among the industry's top costs.

When Delta filed a reorganization plan Tuesday with the U.S. Bankruptcy Court overseeing its Chapter 11 proceedings, the company said it wanted to remain a standalone carrier. Delta also said it plans to wipe out its existing stock under the plan.

Among the obstacles Delta said it foresaw for a possible deal with US Airways was federal antitrust scrutiny and labor issues. Investors have long been waiting for consolidation in the industry, which analysts say could help boost carriers' pricing power and profits.

Delta shares fell 8 cents, or 5.4 percent, to $1.39 in over-the-counter trading outside the index.

US Airways shares, meanwhile, slipped 32 cents to $55.56 on the New York Stock Exchange, also outside the index.

The index's biggest percentage decliner was AirTran Holdings Inc., whose shares fell 32 cents, or 2.5 percent, to $12.34 on the NYSE.

A Holiday Travel Wish List (USAT)

USA Today, December 20, 2006

This time of the year means two things: Many of us are thinking about what we'd like to receive. And travel is more of a hassle than ever.

For those of us who will be on the road, it's a good time to think about the measures — even the small ones — that could make our journeys easier. According to AAA, nearly 65 million Americans will be traveling more than 50 miles from home this holiday season, an increase over last year and a sure sign that airports, highways, train stations and bus depots will be packed in the coming weeks.

So whether you're traveling for Christmas, Hanukkah, Kwanzaa or New Year's, what follows is a holiday wish list of modest suggestions for making all of our trips a little easier.

For the Airlines:

Please, please, please, don't allow cellphones in flight.

Several firms have been tweaking the technology to allow for the safe transmission of cellular calls while airborne. Both the Federal Aviation Administration and Federal Communications Commission are said to be considering changes to the long-term ban, but ultimately it will be up to each airline to set its own policy. To which most of the flying public can only say: "Don't!"

Record load factors have made commercial flights more crowded than ever and the security "travel hassle" factor has made passengers more testy than ever. Think air rage is bad now? Try flying from coast to coast next to a loud talker. Or wait until you take a red-eye beside someone breaking up with an unfaithful partner. Such scenarios are why some business travel

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advocates are leading the move toward "Tapping-Not Talking" technology, so that passengers can stay in touch via real-time text messaging, not voice communication.

Technology is good. Employing it wisely is even better.

For hotels:

Implement an all-hands-on-deck policy at peak times.

My friend Andy recently told me about arriving at a hotel with his wife and three young children, and waiting in a long line as one employee checked in all of the guests. Meanwhile, two other employees stood by, apparently just watching. Were they in training? Not qualified? Who knows? But we've all had this experience and it's harder to accept at a four-star hotel than at a grocery store. So if warm bodies are available at busy times, please put them to work.

For the car rental companies:

Guarantee child safety seats.

A few months ago, I noted how some car rental firms state that optional equipment — such as child safety seats — "may" be available at "many" or "most" locations (Read column). On such a critical issue, mushy language is not acceptable. All car rental firms should guarantee such seats in advance. Then if one is not available, parents can make alternative plans before it's too late.

For cruise lines:

Clarify tipping at sea.

For years, veteran cruisers understood the onboard rules and brought along enough cash to provide gratuities before disembarking. Now some cruise lines provide automatic payment systems, some lines prohibit tipping, and other lines allow it under certain conditions. Each program may have its benefits, but readers say they're confused. When such policies are not clear, cruise lines need to clarify these issues prior to booking.

For the travel websites:

List all competitive products fairly.

After years of analyzing travel websites for Consumer Reports WebWatch, it's amazing to me that some travel sites still segregate their listings according to the marketing agreements they've signed with travel suppliers, such as airlines, hotel chains and car rental firms. You shouldn't need to input extra keystrokes and view fresh pages to see all of the viable choices for a given booking. Better transparency will benefit an even more important constituency: customers.

For the Transportation Security Administration:

Please think through new policies.

Yes, I know that the TSA has the Herculean task of securing our airports and airlines. But whatever goodwill was built up after 9/11 has long since eroded as new policies, procedures and guidelines have been introduced, revamped, rescinded and even brought back. Shoes off. Shoes on. No to liquids. Yes to liquids. Maybe to liquids. We all understand the importance of making air travel safer, but many are wondering how the TSA's ever-changing rules are contributing to that goal.

For the U.S. Department of Transportation:

Update the flight delays rule.

If you'd like to know the on-time history of the domestic flight you're booking, you can call a travel agent or the airline's reservations department and they're required to tell you. That's the good news. The bad news is that this DOT rule went into effect prior to the launch of the Internet, so online providers are not required to tell you the same information. A simple tweak of this regulation would force airline and travel agency websites to provide you with the same delay records you get through off-line bookings.

For the U.S. Department of Justice:

Don't rubber-stamp airline mergers.

It's been shown time and again: What investors call "consolidation" is a nice word for worse service and more unemployment. With the ink not even dry on US Airways' marriage with America West, that carrier already is considering a hostile takeover of Delta. This has promptly led to merger talks between Continental and United, while AirTran (formerly ValuJet) says it wants to initiate a hostile takeover of Midwest Airlines.

For passengers, a dwindling number of carriers will mean higher prices, fewer flights and a decline in service (yes, it's possible for service to decline further). For employees, it means even more lay-offs in an industry still reeling from lost jobs. The DOJ should look long and hard before blessing any of these deals that essentially benefit no one but a handful of senior executives — and, of course, their attorneys.

For all Americans (not just those who travel):

Let's discuss the automated targeting system (ATS).

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As reported last month, the Department of Homeland Security (DHS) has been using ATS to monitor travel records, motor vehicle records and even airline meal preferences, all in the name of security. "Without notifying the public, federal agents for the past four years have assigned millions of international travelers, including Americans, computer-generated scores rating the risk they pose of being terrorists or criminals," the Associated Press reported.

Unfortunately, we're not allowed to view these assessments, let alone challenge them, even though the government intends to maintain them for 40 years. That's why the European Union recently asked for further clarification about ATS. In fact, we all should. Want to learn more? You'll have to dig, but you can find it on the DHS site (PDF file).

ATS is not the first initiative of this kind proposed by the DHS and its subsidiary, the TSA. The ill-fated Computer Assisted Passenger Prescreening System (CAPPS II) generated criticism from organizations as diverse as the American Civil Liberties Union and the Christian Coalition.

After I wrote about that program in this space in 2004, a reader's response eloquently invoked Benjamin Franklin: "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety." At what point, exactly, do we finally stand up as a nation and declare that the freedoms we've sacrificed in the name of security have altered the very concept of what it means to be an American? At what point do we say that government agencies (and even worse, their outsourced private-sector partners) do not have complete freedom to track each and every one of us? At what point do we simply say that enough is enough?

Preserving the personal rights that make this country a beacon of freedom—how's that for a holiday wish? In the meantime, travel safely. I look forward to hearing from you in 2007.

Read previous columns

Bill McGee, a contributing editor to Consumer Reports and the former editor of Consumer Reports Travel Letter, is an FAA-licensed aircraft dispatcher who worked in airline operations and management for several years. Tell him what you think of his latest column by sending him an e-mail at USATODAY.com at travel@usatoday.com. Include your name, hometown and daytime phone number, and he may use your feedback in a future column.

Owner Of Small Coffee Shop Takes On Java Titan Starbucks (USAT)

By Edward Iwata

USA Today, December 20, 2006

After coffeehouse owner Penny Stafford sued Starbucks in September, she says she was stunned by hostile and anonymous telephone calls and e-mails. Drop your lawsuit, she was warned. How dare you attack Starbucks?

"It's as if I had insulted apple pie and America," says Stafford, owner of the Belvi Coffee and Tea Exchange in Bellevue, Wash.

In the closely watched federal lawsuit in Seattle that alleges nationwide antitrust violations, Stafford's attorneys portray Starbucks as a predatory monopoly crushing her and other small coffee sellers.

The lawsuit charges that Starbucks illegally maintains its monopoly by barring other coffeehouses from prime downtown high-rises in Seattle and Bellevue through exclusive leases with property owners.

Starbucks also drove Stafford and other coffeehouses out of business by buying coffee sellers and flooding neighborhoods with new Starbucks stores that even cannibalized the sales of existing Starbucks shops, the lawsuit alleges.

"This is wrong, period," Stafford says. "I'm not willing to leave the specialty coffee business because of Starbucks shutting me or anyone else down."

Starbucks spokeswoman Sanja Gould says, "Starbucks denies that we have done anything improper, and we intend to rightfully defend ourselves. As Starbucks has grown, so has the industry, all of which benefits coffee consumers and the competitors of Starbucks."

In a court filing, attorney Thomas Boeder of the Perkins Coie law firm writes: "Starbucks is committed to conducting business in a respectful, ethical and responsible manner in the communities it serves."

While it's early, antitrust experts say the lawsuit could clarify a murky area of the law by defining what a monopoly might be — and what business conduct by a monopoly might be illegal.

The Starbucks case comes amid what Boston attorneys Thane Scott and Veronica Abreu call "antitrust's second golden age." Attorneys are heatedly debating what monopoly practices are predatory. Regulators are weighing whether antitrust law should be upgraded in the new global economy, just as the law was shaped in the early 20th-century industrial economy. And antitrust civil lawsuits are on the rise, reports Competition Law 360, a legal publication.

The lawsuit also increases the controversy around fast-growing Starbucks, the target of a vocal backlash in recent years from neighborhood and anti-globalization activists and some consumers.

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Stafford's lawsuit seeks class-action status. So far, dozens of coffee sellers in Washington, California, Illinois and other states report similar problems with the coffee behemoth, says Stafford's attorney, Steve Berman of Hagens Berman Sobol Shapiro in Seattle. If a federal judge finds that Starbucks is a monopoly that violates the antitrust Sherman Act, his ruling would apply to all Starbucks in the USA, Berman says.

A monopoly itself isn't illegal. But a monopoly cannot willfully acquire or maintain power through predatory acts, such as blocking rivals from a market. Nor can it limit consumers' choices, courts have ruled.

That's why lawyers are eyeing the Starbucks suit, plus a recently argued Supreme Court case in which Ross-Simmons Hardware Lumber accused Weyerhaeuser of pricing rivals out of the market. The cases raise a long-running legal question: What practices by a monopoly are predatory and anti-competitive?

Attorneys say there's no single legal test. Judges offer conflicting guidance, from the Supreme Court's landmark 1911 Standard Oil ruling to a lower court's settlement approval in the vast Microsoft case in 2001.

In antitrust cases such as Starbucks, plaintiffs face long odds, says Stephen Calkins, a Wayne State University law professor and former Federal Trade Commission general counsel. They must show that a firm is a monopoly, then prove that it abuses its power.

Courts typically require plaintiffs to show that a business has more than 40% market share before it might be deemed a monopoly, says Dionne Lomax, a partner at Vinson & Elkins and a former Justice Department attorney.

Already, Starbucks and Belvi are trying to define market share. Belvi Coffee says Starbucks monopolizes 73% of the market for gourmet coffee and espresso drinks in coffeehouses, while Starbucks says it represents "7% of all coffee consumption in the U.S."

If the lawsuit is not dismissed, the ensuing debate in court could raise other crucial antitrust issues:

·Market definition. How should a monopoly and its "market" be defined? By range or type of products sold? By business region? Or, as alleged in the Starbucks lawsuit, by access to leased high-rise space — a narrow, hard-to-prove definition, says law professor Andrew Chin at the University of North Carolina.

·Exclusionary conduct. Are Starbucks' leases with landlords exclusionary vehicles that bar other coffee sellers from the market?

·"No economic sense" test. When does a monopoly cross the line from tough, competitive practices to illegal actions that make no economic sense and serve only to wipe out rivals?

"Courts are all over the map" on issues, says Mark Popofsky, a partner at Kaye Scholer and former Justice Department senior counsel on the Microsoft case.

Starbucks is widely admired by Wall Street and other businesses as a well-run corporation, a mighty marketing machine and, until recently, a highflying stock.

Since its first store opened in 1971 in Seattle, Starbucks has grown to 12,400 outlets worldwide, 115,000 employees and $7.8 billion in revenue in fiscal 2006. The chain hopes to expand to 40,000 outlets, cafes and kiosks worldwide.

Starbucks also has been praised for its social and environmental acts, from donating millions of dollars to charities, to promoting "fair trade" export practices with Third World coffee bean producers.

But Stafford's lawsuit symbolizes the distaste that critics have toward Starbucks. Few retail chains have been the target of such a long-brewing backlash from neighborhood activists, anti-globalization protesters, labor organizers and some consumers and small-business owners. Starbucks has been accused of being a corporate bully whose tactics hurt small businesses, erode the character of local communities and exploit the coffee bean economies of Third World countries.

Starbucks' vast size and "aggressive real estate grabs" clearly alienate some people, says Bryant Simon, a Temple University historian and author of Consuming Starbucks, to be published in 2008.

"By being everywhere, they create markets," Simon says. "But they also narrow the markets and limit opportunities for companies."

The $11 billion U.S. market for specialty coffee keeps growing, with about 23,000 coffeehouses, reports the Specialty Coffee Association of America trade group. Spokesman Mike Ferguson says sales won't peak "until there's an espresso bar in every neighborhood."

Starbucks dominates with a 73% market share of U.S. coffeehouse sales in 2005, says Mintel, a global consumer research firm in Chicago. The coffee king faces scant competition from Caribou Coffee and Peet's Coffee and Tea, its closest rivals.

But Starbucks commands only 43% of the gourmet coffee market if Dunkin' Donuts (27%), Krispy Kreme (5%) and Tim Hortons (2%) are included, says Mintel.

Marcia Mogelonsky, an industry analyst at Mintel, says coffeehouses with loyal customers and strong business strategies "can co-exist with Starbucks." But, she adds, "There's no denying that Starbucks can easily put a lot of independents out of business."

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Owners of small coffeehouses describe Starbucks' impact as "a double-edged sword." They praise it for launching a mass market for specialty coffee and espresso drinks and educating consumers. Starbucks brings consumers to shopping districts, and paves the way for "independent coffeehouses to come in, find a niche and provide higher-quality products," says Joe Mancuso of Caffe D'arte, a Seattle roaster.

Mike Sheldrake, owner of Polly's Gourmet Coffee, says he nearly closed his store in the late 1990s, after two Starbucks opened near him in Long Beach. But Sheldrake retrained his staff, painted his store and added more coffee beans, pastries and other items.

"We understood the battle is never over," says Sheldrake, whose coffeehouse is healthy again with $1 million in annual sales.

But some coffee sellers still lose customers to Starbucks — especially in areas saturated with Starbucks outlets, according to Stafford's lawsuit and a dozen coffeehouse owners interviewed by USA TODAY.

When coffeehouses find their leases up for renewal, some must close or relocate after Starbucks pays property owners two or three times the fair market rental price, say Stafford and other coffee sellers. Stafford, Mancuso and other small coffee sellers also are troubled by Starbucks' exclusive lease deals with landlords.

"Unfortunately, it happens so much here, it's common knowledge," Mancuso says.

These coffee sellers have lost to Starbucks:

·Boston Coffee Exchange. For 25 years, Mort and Bonnie Glovin have run this popular coffee stand in the historic South Station train terminal in Boston.

But the Glovins were stunned when the terminal's property manager, Equity Office Properties, would not renew their lease, which expires Jan. 31. The new tenant? Starbucks, says Mort Glovin.

The Glovins printed T-shirts that read "Don't Throw Us in the Grinder." Two thousand customers signed a petition urging that the coffee stand be allowed to stay. Even Boston Mayor Tom Menino wrote EOP, urging the firm to renew the lease.

"Little guys like us mean nothing," says Mort Glovin, 72, a former food-service manager.

·Reality Coffee. Fifteen years ago, Renee Kappes spent long days selling coffee from a tiny cart in Bellevue. Her hard work paid off. Soon, she owned two thriving Seattle's Best Coffee franchises in Kirkland, Wash., a popular waterfront village.

But after SBC was bought by Starbucks in 2003, Kappes and Starbucks disagreed about the operations and sale of her shops. Kappes says she had a buyer for $500,000. Starbucks offered her half that price, she says. Kappes rejected the offer, and Starbucks signed new leases with property owners. Before her leases ended, Kappes renamed her business Reality Coffee.

"It's just not right, but Starbucks can get away with it," says Kappes.

·Deaf Dog Coffee. Former banker Ron Salisbury moved to Petaluma, north of San Francisco, to start his own coffeehouse in 1994. Deaf Dog Coffee became a hit, and Salisbury opened five local outlets.

Then Starbucks opened six nearby stores and kiosks. Deaf Dog Coffee's $1 million in annual sales dropped 25%. Salisbury sold new drinks, cut costs and made bumper stickers that read "Friends Don't Let Friends Go To Starbucks."

It wasn't enough. Deaf Dog Coffee was hurt even more by downtown construction and winter flooding. Salisbury, 63, couldn't meet his loan and rent payments, and he recently filed for bankruptcy. "Starbucks has left a lot of bodies in their wake," he says.

Penny Stafford, believed to be the first small coffee seller to sue Starbucks on federal antitrust grounds, says she won't cave in. A former commercial real estate agent and mortgage broker, she decided in 2003 to pursue her dream of starting a coffeehouse.

For two years, she hunted for "Class A" retail space in busy high-rises in Seattle and Bellevue. But agents steered her to less desirable sites, according to her lawsuit. When she asked to see better spaces, the agents refused, saying Starbucks had locked up the sites.

"That's when I realized I had a zero chance of getting into one of these locations," Stafford says.

According to the lawsuit, agents told Stafford that Starbucks had signed nationwide exclusive leases with Equity Office Properties and other real estate investment trusts that owned commercial buildings.

Under the leases, the landlords cannot rent to other gourmet coffee sellers, the lawsuit alleges. The agreements also bar landlords from renewing the leases of existing coffee sellers, the lawsuit alleges.

In exchange for exclusivity, Starbucks paid property owners higher-than-market rates, the lawsuit alleges.

Retail tenants typically have "exclusive-use clauses" in their leases that give them the exclusive right to sell products in a building or mall. But Stafford's lawsuit contends that Starbucks' use of exclusive leases is an abuse of monopoly power — which Starbucks denies.

Equity Office Properties spokeswoman Terry Holt declined to comment.

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In its court filing, Starbucks acknowledges that some of its leases in downtown Seattle and Bellevue "prohibit the landlord from leasing space in the same building to other retail coffee stores."

Last year, Stafford opened Belvi Coffee in a tiny space in a Bellevue high-rise by leasing the espresso machine of a tenant, Johnika's Deli. But Starbucks retaliated by "poaching" her customers, the lawsuit alleges. Employees from a nearby Starbucks outlet repeatedly offered free coffee samples to Stafford's customers seated outside the deli, says Stafford and her lawsuit.

Four months later, Stafford had to close the outlet.

Her lawsuit alleges that Starbucks, which runs 59 stores within a 2-mile radius of downtown Seattle, creates "Starbucks-only zones" that bar rivals. For instance, Starbucks in 2003 bought Seattle's Best Coffee and Torrefazione Italia for $72 million, then closed half of SBC's 22 stores and all five Torrefazione stores.

"Starbucks' game plan is to completely dominate a market by forcing out competition," Berman says. "We also believe that this scorched-earth approach is happening in many other major markets across the U.S."

Starbucks denies the allegations. In their filing, Starbucks' attorneys write: "Since its founding, Starbucks has played an integral role in creating an industry for gourmet coffee in Seattle and beyond. … Starbucks believes there is room for many coffeehouses in the marketplace that meet different customers' needs."

Until the lawsuit is resolved, Stafford is leasing a small spot in a Bellevue office building. So far, she has poured $130,000 into her coffee business. Despite the risks, she says, "I have to do the right thing."

Meanwhile, another Starbucks has just opened a block away.

Ericsson's Purchase Of Redback Boosts Internet-Video Strategy (WSJ)

By Bobby White And Sara Silver

The Wall Street Journal, December 20, 2006

Telefon AB L.M. Ericsson's agreement to buy Redback Networks Inc. for $2.1 billion reflects how the explosion in video and other multimedia services over the Internet and a surge in broadband subscribers are driving phone and cable companies to upgrade their networks and spurring big makers of networking hardware to unite.

Ericsson, a Swedish provider of equipment and services for telecommunications infrastructure, said it will pay holders of the Silicon Valley seller of routing equipment $25 a share, or 18% more than Redback's share price before the announcement. Ericsson characterized the price as a 60% premium above the 90-day average for Redback stock.

The companies said the deal will make them more effective suppliers for the fast-moving market. It also could help Redback contend with larger competitors such as Cisco Systems Inc. and Juniper Networks Inc.

"Some companies were reluctant to use our technology because of Redback's size," said Paul Giordano, chairman of Redback's board and chief executive of Tamalpais Asset Management, a hedge fund that is an investor in the company. "Redback can compete in a much stronger way now."

Redback was forced to file for Chapter 11 bankruptcy-court protection in 2003, after an expansion during the telecom boom left the company saddled with debt. It slashed costs, cut nearly 1,000 employees and invested millions of dollars on new technology.

At one point, the stock traded for less than $1. In 4 p.m. Nasdaq Stock Market composite trading, before the deal was announced, the stock traded at $21.17, up 45 cents. In after-hours trading the shares were up $3.63, or 17%, to $24.80.

Kevin Denuccio, Redback's chief executive, said his company had been in talks with Ericsson off and on for months but discussions grew more intense in mid-November. He said Redback was interested in being acquired, hoping "to marry the size, reach and resources of Ericsson with Silicon Valley culture and expertise."

Ericsson, with a market value of $65 billion, is Europe's largest telecom-equipment maker. Its acquisition last year of most of the assets of Marconi PLC set off a wave of consolidation in the industry, which included the proposed combination of the networks divisions of Nokia Corp. and Siemens AG, as well as last month's purchase of Lucent Technologies Inc. by Alcatel SA of France to form Alcatel Lucent.

Marconi's technology, designed to help telecom carriers handle big increases in data traffic, gave Ericsson a foothold in the networks of Marconi's existing customers, which were concentrated in the United Kingdom, Italy and Germany. The Redback deal could further improve Ericsson's ability to sell to U.S. carriers rolling out Internet television services.

"There's a scramble right now between Ericsson and Cisco to become the alternative to Alcatel in Internet television," said Inder Singh, telecom analyst at Prudential Equity Group. He thinks Ericsson could still be in the market for high-speed optical devices that collect and send signals to hundreds of homes.

Redback, of San Jose, Calif., will retain its management team and will operate as a business unit of Ericsson. The deal is expected to close by early 2007.

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Valassis Strikes Deal With Advo To Acquire Firm For $1.05 Billion (WSJ)

The Wall Street Journal, December 20, 2006

NEW YORK -- Valassis Communications Inc. agreed to acquire direct-mail marketer Advo Inc. for a reduced amount as the companies dropped lawsuits against each other over their disputed merger agreement.

Valassis will pay $33 a share for Advo, or about $1.05 billion, down from $37 a share, or $1.18 billion, under an agreement reached in July. Valassis also will assume about $125 million in debt.

Less than two months after the companies first struck a deal, Valassis sued to end it, saying Advo, of Windsor, Conn., hid its financial problems to clinch an acquisition, and its business had eroded so much it was no longer the same company Valassis agreed to buy. Advo denied the claims and countersued to push through the deal.

"We are pleased to have reached this amended agreement with Advo and put the litigation behind us," said Alan Schultz, chief executive of Valassis, a Livonia, Mich., marketing company.

The settlement comes after a week of testimony from Valassis executives and other witnesses. The trial was adjourned Monday as the companies discussed the potential settlement.

Valassis also agreed evidence doesn't support claims Advo engaged in fraud or misconduct in connection with the initial merger agreement.

The renegotiated merger requires approval from Advo shareholders, and is expected to close during the first quarter.

Valassis shares yesterday rose 4.3%, or 62 cents, to $14.90 in 4 p.m. New York Stock Exchange composite trading, while Advo shares fell 40 cents, or 1.2%, to $32.60 on the Big Board.

AT&T/BellSouth Merger Faces Onerous Conditions (FT)

By Stephanie Kirchgaessner In Washington And Paul Taylor In New,york

Financial Times, December 20, 2006

AT&T's $68bn takeover of BellSouth will face a tough political climate in Washington in 2007 when Democrats take control of the Congress, virtually ensuring that the former Ma Bell will have to agree to harsher conditions.

The possibility that the telecoms mega-merger would be approved by the Federal Communications Commission before the end of this year appeared to disintegrate on Monday after Robert McDowell, a Republican commissioner at the FCC, said he would abstain from deadlocked negotiations over the transaction at the regulatory agency.

The decision marks the beginning of what is likely to be a difficult period for Kevin Martin, FCC chairman and a savvy political operator who has, until now, faced few serious hurdles on his agenda. Among other issues, Mr Martin will probably be forced to defend the FCC's future decision on the AT&T deal and separate deliberations on media ownership limits before Democratic lawmakers next year.

With Mr McDowell out of the game, AT&T will be forced to succumb to at least some of the demands of the FCC's two Democratic commissioners, who are expected to have the backing of the new Democratic majority in the Congress on issues ranging from net neutrality to "special access" price freezes, coveringcompetitors' access to its network.

"There seems little doubt that McDowell's move strengthens the Democrat's hand and, while AT&T has been complaining of 'moving goalposts' in their negotiations, the goalposts look set possibly to move again on the topics ... where talks appear to have stalled," noted David Barden, a Bank of America analyst.

Gene Kimmelman of Consumers Union, a public advocacy group, said AT&T had held out on agreeing to some concessions so far because it had made a miscalculation that Mr McDowell would weigh in on the stalled talks.

AT&T yesterday said it had sought support from every member of the FCC since "the very beginning".

Analysts believe the Democrats are insisting on special access price freezes that exceed 30 months - something AT&T might be willing to accept - and an arbitration process governing wholesale price disputes, which they believe AT&T opposes if it relates to AT&T specifically.

Judge Bars Business Operations Merger Pending Media Trial (AP)

AP, December 20, 2006

SAN FRANCISCO - A federal judge on Tuesday blocked San Francisco Bay area newspapers owned by MediaNews Group Inc. and the San Francisco Chronicle from consolidating some of their business operations until the outcome of an antitrust lawsuit challenging the move.

U.S. District Judge Susan Illston had temporarily barred the consolidation of distribution and national advertising sales. She made her ruling official on Tuesday after giving the news outlets a chance to respond. The organizations said two weeks ago they would not immediately merge operations, but they planned to do so if they prevailed in the antitrust trial scheduled for April.

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"The court does not doubt the sincerity of defendants' representations. However, the court is concerned that denying the preliminary injunction may leave defendants unsure of whether they are free to immediately pursue such agreements," Illston ruled.

New York-based Hearst Corp., the Chronicle's publisher, has invested $300 million in a complex deal that gives Denver-based MediaNews three more Bay Area newspapers - on top of the seven it already owns, including the Oakland Tribune. Hearst's investment helped finance the purchase of Hearst rivals the Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year.

San Francisco businessman Clint Reilly is trying to undo the sales as part of a federal antitrust lawsuit. The suit claims the deal, among other things, gives the outlets a monopoly on readership and advertising sales.

The news outlets maintain the deal is not anticompetitive, and said they would prove that at trial.

The case is Reilly v. MediaNews Group, 06-4332.

Judge Bars MediaNews, Hearst Talks On Collaboration (MERCN)

By Pete Carey

The San Jose Mercury News, December 20, 2006

A federal judge issued an order Tuesday barring Hearst and MediaNews from collaborating on national advertising and distribution with their Bay Area newspapers until an antitrust lawsuit is concluded.

The order, by U.S. District Court Judge Susan Illston, granted the preliminary injunction sought by Clint Reilly, a San Francisco investor who has filed an antitrust lawsuit to prevent MediaNews from buying the Mercury News and Contra Costa Times.

Reilly contends that the purchase, which was assisted by Hearst, owner of the San Francisco Chronicle, would give MediaNews a Bay Area news and advertising monopoly. The newspaper company says it is beset by competition from the Internet and online advertising, and by declining circulation. Denver-based MediaNews owns seven other Bay Area papers, including the Oakland Tribune, Hayward Daily Review and Marin Independent Journal.

Hearst and MediaNews said in court filings opposing the injunction as unnecessary that despite an April 26 letter between Hearst and MediaNews executives outlining proposed areas of future collaboration, they have no intention of combining either distribution or national advertising at this time.

Illston's two-page order said she is granting the injunction -- which lasts until a trial is held -- to avoid any confusion that might have followed if she had denied Reilly's request. In an earlier order, she characterized the collaboration discussed in the April 26 letter agreement as ``a significant threat'' of anti-competitive behavior. A trial is scheduled for April.

``The notion that they have no intention of doing it anyway is something she is not accepting," Reilly's lawyer, Joseph Alioto, said, referring to Illston.

Calls to an attorney for Hearst were not returned.

MediaNews, Hearst Agreement On Ad Sales Blocked (BLOOM)

By Karen Gullo

Bloomberg, December 20, 2006

Dec. 19 (Bloomberg) -- A federal judge blocked MediaNews Group Inc. and Hearst Corp. from jointly selling advertising in three northern California newspapers until after an antitrust trial next year.

U.S. District Judge Susan Illston in San Francisco today extended her Nov. 28 order halting a plan to collaborate on national ad sales and distribution. MediaNews and Hearst are accused in a lawsuit of forming a monopoly of newspapers in the San Francisco Bay area. Last month, Illston said the companies' agreement to jointly sell ads might violate antitrust laws and should be put off pending the outcome of the trial.

MediaNews and Hearst agreed in April to try to boost revenue by offering one contract to advertise in the San Francisco Chronicle, owned by Hearst, and the Contra Costa Times and the San Jose Mercury News, both owned by MediaNews. Lawyers for both companies told Illston last month that implementation of the plan wasn't imminent.

Illston said she sought ``to leave no confusion'' as to her expectation ``that defendants will comply with their stated intent not to pursue any of the agreements at issue."

``The order is consistent with the representations made in the papers we recently filed in court," Paul Luthringer, a spokesman for New York-based Hearst, said in an e-mail. Joseph Lodovic, president of Denver-based MediaNews, didn't return messages seeking comment. Both companies are closely held.

McClatchy Deal

MediaNews acquired the Mercury News and Contra Costa Times, the No. 2 and No. 3 Bay-area papers, from McClatchy Co. in August. The $1 billion deal included at least $263 million from New York-based Hearst, whose Chronicle is the area's largest paper.

San Francisco real estate investor Clint Reilly has claimed in a lawsuit that the deal will create a monopoly, reducing choices for readers and advertisers. He is seeking a court order to undo the transaction.

At a Nov. 22 hearing, Reilly's lawyers told Illston that the national advertising agreement is evidence of price-fixing. Lawyers for MediaNews and Hearst said such agreements were legal, commonplace and necessary for both companies to beef up sagging revenue.

The case is Clinton Reilly v MediaNews Group, 06-04332, U.S. District Court, San Francisco.

Phone Firms Await FCC On Cable Ruling (WP)

By Alan Sipress

The Washington Post, December 20, 2006

Telephone companies could get a major boost today in their efforts to penetrate the cable television market when the Federal Communications Commission considers a measure that would give state and local officials less latitude in awarding cable franchises.

FCC Chairman Kevin J. Martin, a leading advocate of the rule, has argued that government officials often stymie competition by delaying decisions on awarding cable franchises to telephone companies and by imposing exorbitant fees and conditions. As a result, cable operators often have been able to maintain a virtual monopoly on television services, resulting in steadily increasing prices for consumers, according to Martin. He cited an FCC survey

"Telephone companies are investing billions of dollars to upgrade their networks to provide video," Martin said in a speech two weeks ago. "As the telephone companies and others began actively seeking to enter video markets in late 2004 and 2005, however, we began to hear from some providers that local authorities were making the process of getting franchises unreasonably difficult."

Though the draft proposal will not be made public until today, it has already drawn sharp criticism from cable companies -- which argue that it would unfairly penalize them -- and local and state officials, who balk at efforts to curtail their authority in awarding franchises.

FCC officials said the measure's key provisions reflect proposals that Martin outlined in his remarks to the Phoenix Center, a research group, including specific deadlines for officials to decide on franchise requests. He said that state and local officials should be required to rule on applications within 90 days if the companies applying already have access to the required rights of way. Telephone companies such as Verizon Communications and AT&T, which stand to benefit most from the measure, often have such access for their fiber-optic lines.

Martin also urged that limits be placed on what local officials can demand from applicants in return for franchises. Local officials now can impose fees amounting to no more than 5 percent of cable revenues, but they often also demand that companies make other public improvements, such as wiring government buildings for broadband and even building a public swimming pool.

Finally, Martin has raised concerns about "build-out" requirements, which force telephone companies and other new providers to offer TV service to everyone within a given geographic area as a condition for winning a franchise. An FCC official said some of those demands are unreasonable because the companies are asked to carry them out too quickly.

"There have been abuses of the franchising process that make consumers wait longer than they should," said David M. Fish, a Verizon spokesman.

Fish said Verizon is spending $18 billion to build a fiber-optic network capable of providing video. But he said the company often must wait 18 to 22 months to receive local franchise approval after filing an application, slowing its bid to gain 3,000 franchises across the country in the coming years.

Verizon now has about 200 franchises for providing video. In the Washington area, the company has approval to offer television service in five Northern Virginia counties, four counties in the Maryland suburbs and more than 10 area cities, though not the District.

While cable operators say they share the aim of streamlining the review process, they accuse the FCC of offering new providers, especially telephone companies, an unfair advantage by freeing them from some conditions imposed on incumbents.

"The proposals we keep hearing about at the commission appear not to represent a level playing field," said Kyle E. McSlarrow, president of the National Cable and Telecommunications Association. Speaking to reporters yesterday, he urged the FCC to pare back the proposed measure.

Local and state officials, meanwhile, have accused the FCC of overstepping its legal rights.

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"Franchising authority is a local one," said Carolyn Coleman, director of federal relations for the National League of Cities. "We want to see no more preemption of local government rights in this area." She said the FCC lacked the authority required to address franchising issues.

Congress entered the debate this year over video franchising. But while the House approved rules to streamline the process, the measure did not come up for a vote in the Senate.

Verizon and other phone companies have lobbied for new rules both at the federal and state levels. At least eight states have adopted measures designed to ensure that local officials follow consistent standards when evaluating applications.

Martin has referred to FCC statistics showing that cable rates increased 93 percent from 1995 to 2005. He said the commission's annual price survey, scheduled for release today, also found that cable rates were lower in areas where there was competition between at least two providers.

McSlarrow said those figures were deceptive because they rely on old data and only a portion of the cable market. Moreover, he said, many consumers now buy cable as part of a bundle that includes broadband Internet service and voice communications, and the price of such bundles has declined 25 percent since the mid-1990s.

"The bottom line is that value and price have only gotten better for our customers and that is a much sounder basis for policy proposals than outdated and manipulated statistics," he said.

Legal View: M&A Makeover Makes Good Sense (FT)

By Kenneth Chan

Financial Times, December 20, 2006

The merger and acquisition provisions enacted jointly by China's Ministry of Commerce and other ministries in 2003 were overhauled in August this year. The new provisions, which came into effect on September 8, represent a significant upgrade.

The added involvement of the securities regulator and state-owned asset watchdog in its enactment is expected to facilitate wider acceptance within the government and enhance the effective implementation of the new provisions.

Important changes were made in a number of areas, in recognition of the growing importance of China's private enterprises, the increased international mobility of Chinese entrepreneurs and the significant role they are playing in foreigners' M&A activities.

Previous obstacles to the continuing participation of these entrepreneurs in target companies post-acquisition have largely been removed.

However, a system has also been put in place to regulate entrepreneurs' investment overseas and subsequent "round-trip investments" back into China and to neutralise the implications that a change in their nationality may have on the legal characterisation of their domestic businesses.

The prospect of using foreign shares for investment in Chinese companies was an eye-catching feature in the 2003 provisions that was never realised. The role of foreign shares as a recognised form of investment has now been defined.

While their much narrower application – largely confined to two scenarios that are both foreign listing-related – is a disappointment to many, the clearer and more detailed regime that has now been put in place for its implementation is nonetheless a welcome development.

Foreign acquirers and their Chinese targets are also required to disclose more information on relationships between the parties involved and the basis for determining the purchase price. This is to enable regulators to ask relevant questions and spot potentially problematic acquisitions more easily.

While no change or further elaboration has been made to the original anti-trust filing provisions – largely because the long-awaited anti-trust law is still being debated – new criteria for barring foreign acquisitions in the name of protecting key industries, national economic security, famous trademarks and famous Chinese trade names have been introduced in addition to the existing market concentration and anti-competition rules.

Clarifications were made on the interaction of the provisions with legislation on protecting state-owned assets, securities listing and foreign exchange and on the continuing applicability of the 25 per cent minimum foreign ownership rule for recognising enterprises as foreign invested.

It is a useful reminder that the provisions do not constitute all-encompassing legislation on M&A by Chinese enterprises, that existing legislation has a role to play in the process and that new problems will no doubt arise on the consistency of the various regulatory systems and the need for these systems to continue to adapt to one another.

The overhaul of the provisions addresses certain pressing issues arising from the increased sophistication of China's economy and the type of foreign capital it is now attracting and highlights possible directions for further upgrading of the provisions in the future.

All these are further food for thought for foreign investors planning China acquisitions.

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Kenneth Chan heads Allen & Overy's China group as a partner in its Hong Kong office.

ENVIRONMENT/INDIAN AFFAIRS:

Critics Call EPA's New Rule A Loophole For Big Business (CSM)

By Mark Clayton

The Christian Science Monitor, December 20, 2006

In a bid to trim the regulatory burden on small businesses, the Environmental Protection Agency is set to relax the rules on what toxic chemicals they have to report.

But in a twist, the EPA's newly revised Toxics Release Inventory rule will also make it possible for hundreds of large corporations to avoid reporting specific amounts of toxic chemicals they release into the air, land, or water, environmentalists warn.

The rule change has cheered small-business groups, generated widespread public opposition, and caught the eye of some Democratic congressmen, who will take control of Congress next month. It takes effect immediately.

The change affects companies that release relatively small amounts of toxic materials but still have to report them to the federal Toxics Release Inventory.

Under current TRI rules, companies have to report emissions of any toxic chemical that exceed 500 pounds in a year. Under the new rules, facilities could fill out a simpler form that omits reporting the amount of toxic chemicals if they created less than 5,000 pounds of it in a year and released no more than 2,000 pounds of it into the environment.

But the move makes it harder for neighborhoods or environmentalists to find out how much of a toxic chemical, such as toluene, a nearby factory is emitting. Researchers have linked toluene, used to make dyes and as a solvent, to various health problems. Similar streamlined reporting could be applied to another class of even more dangerous toxins if the waste was less than 500 pounds, entirely recycled, and not released at all.

Such limits spur business to reduce their toxic waste, federal officials contend. "EPA is delivering a cleaner, healthier nation by encouraging businesses to make environmental improvements now and in the future," Marcus Peacock, deputy EPA administrator said at a press conference to announce the new rule Monday.

EPA officials say the new TRI would save $6 million annually in unnecessary paperwork. Business groups back the measure.

"This move by the EPA will primarily assist small businesses that already release little or nothing into the environment at all from being overburdened with regulatory filings," says Andrew Langer, manager of regulatory policy for the National Federation of Independent Business, a Washington trade group.

But critics say the move seems to be an effort to weaken a reporting law that has empowered community activists with details about some 650 industrial chemicals that the TRI tracks. While TRI does not require emission controls, activists have used data to embarrass companies into cutting emissions.

"Americans who live near industrial facilities want to know what's going into their air and water," Rep. Frank Pallone Jr. (D) of New Jersey said during a recent teleconference with reporters.

The EPA move, which Mr. Pallone called a "terrible decision," could herald a wider battle with a new Democrat-controlled Congress with more intense oversight hearings examining EPA rulemaking in the new year, observers say. Legislation Pallone brought last year to cut funding for the TRI revision may be resurrected to block its implementation.

Of 24,000 facilities currently reporting TRI data, about one-third could be eligible to fill out a short form that simply lists the chemical, they said.

But one largely hidden element of the rule change is that big companies are among the largest beneficiaries, says Tom Natan, of the National Environmental Trust, a Washington environmental group.

"The idea that this change is meant to benefit small independent business is just not true," he says. "When they first issued the proposal last year, EPA was saying it's mom and pop businesses this will help, but it turns out it's really General Motors, Sunoco, and companies like that."

While thousands of facilities will see major reductions in their paperwork, Dr. Natan is most concerned about the 3,600 facilities, about 15 percent of the total, that his analysis shows will no longer have to report any emissions details at all. Many such facilities, which emit thousands of pounds of toxins, are operated by some of the nation's largest companies.

An Ashland Distribution Co. facility, located in Birmingham, Ala., a division of the Fortune 500 giant Ashland Inc., released seven toxic chemicals totaling 4,405 pounds in 2004, according to the most recent TRI data. But because each chemical is

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below the new 2,000-pound threshold, the facility may no longer have to report any data on amounts and types of releases, Natan says. It also leaves room for emissions to rise without data being made public, he adds.

Similarly, one of Chevron's Honolulu marine terminals emitted 1,328 pounds of seven chemicals in 2004, including 580 pounds of the n-hexane, a potent toxin. But under the new TRI, that facility won't have to report such details in the future.

Both companies are taking a wait-and-see attitude.

"We're going to look at this change, but in the meantime continue to remain compliant with all federal regulations," says Ken Gordon, an Ashland spokesman. "It may help us a little bit to fill out the shorter form - save us some time - and that's what EPA had in mind. It wants companies to save time and still be protective of public health. The public is still getting their right to know what chemicals are being used."

"Right now we file the long form and it is our intent to continue that practice until the new TRI proposals are fully vetted," says Albert Chee, a Chevron spokesman. "If there's some reason to change our reporting practices, then changes will be made. But right now, we'll continue to follow our historical practice."

EPA found broad public discontent after it proposed its rule. More than 99 percent of the roughly 120,000 respondents during the public comment period opposed it, according to OMB Watch, a budget watchdog in Washington, D.C.

"It's outrageous that you want to make it easier for businesses to avoid public scrutiny of their releases," Carolyn Boatsman of Mercer Island, Wash., wrote the EPA in 2005. "It has been unequivocally documented that having to publish releases has shamed businesses into drastically reducing their output. We need that motivation."

Pollution Nets A $37-million Penalty (LAT)

By Elizabeth Mehren And Greg Krikorian, Times Staff Writers

The Los Angeles Times, December 20, 2006

Overseas Shipholding must pay the record fine for dumping oil waste into the ocean.

BOSTON — Capping a three-year international investigation, federal officials on Tuesday announced a landmark, $37-million penalty in a maritime pollution case involving one of the world's largest publicly traded tanker companies.

The fine against Overseas Shipholding Group Inc., a U.S. corporation based in New York, is the largest criminal penalty on record concerning deliberate maritime pollution, and it includes a $9.2-million "community service payment" that will fund maritime environmental projects from coast to coast, including projects off California.

Overseas Shipholding pleaded guilty to 33 felony counts related to deliberate dumping of sludge and other contaminants as well as falsification of log entries that such carriers are required to maintain.

All of the vessels involved were oil tankers, including the Cabo Hellas, whose captain pleaded guilty this year in Los Angeles to obstructing a Coast Guard investigation of dumping oil into the ocean.

"To those who cut corners at OSG, discharging waste in the middle of the night to save a few bucks, this case sends a message that crime just does not pay," said acting Associate Atty. Gen. William Mercer, at a news conference Tuesday beside the Boston waterfront. "We will not see our oceans and our seas used as convenient dumping grounds for corporations."

Charging that Overseas Shipholding "engaged in repeated and deliberate pollution of our oceans," Mercer added: "What is more disturbing is that OSG's management failed to uncover or stop this illegal activity after allegations were brought to the attention of management on several occasions, and again after the initiation of the government's investigation."

Morten Amtzen, Overseas Shipholding's president and chief executive, said in a statement Tuesday that his company had "worked hard to correct the issues that resulted" in the judgment.

The prosecution concerns violations on 12 oil tankers in six U.S. ports on both coasts and the Gulf of Mexico. Officials in Boston, San Francisco, Los Angeles, North Carolina and Texas participated in an inquiry that began in 2003 when Canadian authorities looked into a routine report of spillage in New Brunswick, off the country's eastern coast.

Capt. William Nash, director general of maritime safety for Transport Canada — the government agency responsible for enforcing Canada's maritime pollution laws — said Tuesday that officials boarded an Overseas Shipholding vessel to examine the ship's records.

"They realized there had been some inappropriate entries in the logbook," Nash said. The Canadians passed the information on to U.S. authorities.

Mercer said U.S. investigators found that Overseas Shipholding vessels were dumping "hundreds of thousands of pounds" of contaminants into marine waters. Court documents said the toxins included "machinery space bilge water and/or bilge slops, oily wastes and oil residues … in a manner that intentionally circumvented required pollution prevention."

Mercer said the company's personnel altered ship log books in what he called "a conspiracy to hide the crimes from the Coast Guard."

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Thomas S. Rue, a lawyer with a large maritime practice in Mobile, Ala., said: "I am personally aware that ship owners are undertaking action to prevent this kind of practice, but that is coming from the top.

"If some third engineer wants to dump something off the deck in the middle of the night, there's not much they can do to stop it," Rue said.

Rodolfo Esplana Rey, captain of the Cabo Hellas, admitted in Los Angeles that he had failed to maintain proper records about oil dumping from the 750-foot vessel and that he had made false statements that oily bilge waste had been correctly treated. In September, Rey was sentenced to one year of probation.

A portion of the settlement is expected to aid environmental causes along California's Central Coast and at Channel Islands National Park.

But Mercer said the full extent of actual or potential environmental damage was impossible to calculate.

He said the contamination undoubtedly would produce "significant effects in terms of bird life and other ocean life."

Prior to Tuesday's announcement, the largest federal fine levied in a similar ocean vessel case occurred last year in Los Angeles, when Evergreen International, another of the world's largest shipping lines, agreed to pay $25 million for secretly dumping oil waste into the ocean rather than bringing it ashore for disposal.

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Shipping Company Fined $37M For Dumping (AP)

By Rodrique Ngowi, Associated Press Writer
AP, December 20, 2006
Overseas Shipholding Fined a Record $37M for Dumping Waste Oil Along East Coast

BOSTON (AP) -- Oil tanker and bulk shipping company Overseas Shipholding Group Inc. will pay a record fine of $37 million after pleading guilty to illegally dumping waste oil and falsifying pollution logs in six U.S. ports, federal officials said Tuesday.

The company agreed to plead guilty to 33 felony counts stemming from dumping violations from nine ships and for log violations for three other ships in Boston; Portland, Maine; Los Angeles; San Francisco; Wilmington, N.C.; and Beaumont, Texas, federal officials said.

The penalty includes a $27.8 million criminal fine which will be divided among the districts and a $9.2 million community service payment to fund various marine environmental projects.

The criminal penalty is the largest-ever involving deliberate vessel pollution, the U.S. Coast Guard said.

Shares of New York-based Overseas Shipholding closed unchanged at $59.05 on the New York Stock Exchange.

The Department of Justice and the U.S. Coast Guard opened their investigation after a tip from Canadian officials, who reported that official records of one of the company's ships failed to account for the disposal of oil waste. An investigation showed 150,000 gallons of oil-contaminated waste was dumped in the waters between Maine and Massachusetts, officials said.

Overseas Shipholding, one of the largest publicly traded tanker firms in the world, "has engaged in repeated and deliberate pollution of our oceans," Acting Associated Attorney General William Mercer said in a release.

The company's management failed to uncover or stop this illegal activity after allegations were brought to the attention of management several times and again after the government started its investigation, Mercer said.

"This penalty ... will serve as a deterrent for all other companies who attempt to circumvent the law for their own financial gain at the expense of the environment," he said.

Company officials did not immediately return a call for comment left at its New York headquarters.

Under the terms of the guilty plea, the company agreed to a three-year probation during which it must implement and follow a stringent environmental control program that includes a court-appointed monitor and outside independent auditing of its ships trading worldwide.

The company also admitted in a court record that its "motive for the crimes was financial." "OSG was saving the cost of offloading waste oil in port and the time it would take to comply with the law," according to the U.S. Attorney's Office.

Oil Tanker Giant To Pay Hefty Fine (WT)

By Jerry Seper
The Washington Times, December 20, 2006

DOJ_NMG_0107879

The world's second-largest publicly traded oil tanker company yesterday agreed to plead guilty to 33 felony counts for deliberately polluting six U.S. ports and making false pollution log entries.

In what the Justice Department called the largest criminal penalty involving deliberate vessel pollution, Overseas Shipholding Group Inc. (OSG) will pay the government $37 million and plead guilty to the illegal dumping of waste oil, violations of the Clean Water and Oil Pollution acts, conspiracy, making false statements and obstruction of justice.

"OSG has engaged in repeated and deliberate pollution of our oceans," acting Associate Attorney General William Mercer said. "What is more disturbing is that OSG's management failed to uncover or stop this illegal activity after allegations were brought to the attention of management on several occasions and again after the initiation of the government's investigation."

Rear Adm. Tim Sullivan, commander of the First U.S. Coast Guard District, said the service is committed to achieving industrywide compliance with international and domestic pollution prevention rules.

"The case demonstrates that scofflaws within maritime industry can no longer treat intentional discharging of oil and the penalties associated with those acts as a 'cost of doing business.' Instead, the industry must embrace a culture of compliance," he said.

New York-based OSG, which has 4,000 employees, transports crude oil, petroleum products and dry bulk commodities throughout the world. The company owns an international fleet of 106 operating vessels and has 30 under construction. The guilty plea involves 12 of its ships.

The ports where the pollution occurred were identified as Boston; Portland, Maine; Los Angeles; San Francisco; Wilmington, N.C.; and Beaumont, Texas.

The $37 million penalty consists of a $27.8 million criminal fine, which will be divided among the port districts, and a $9.2 million organizational community service payment that will fund marine environmental projects coast to coast.

According to a statement of facts filed by the Justice Department in the plea agreement, OSG admitted that it:

· Made illegal releases of oily waste from August 2001 to October 2003 into waters off the coast of New England, in proximity to Maine and Massachusetts, including the island of Nantucket.

· Was responsible for dumping sludge, including 40,600 gallons dumped overboard by one ship.

· Violated the Clean Water Act by discharging 2,640 gallons of oily waste and sludge off the coast of North Carolina, and made false statements about it.

· Made illegal discharges of oily waste in 2004 and 2005 in the Gulf of Mexico.

· Concealed the illegal discharges by falsifying official ship records, making discharges at night and hiding bypass equipment during U.S. port calls so the Coast Guard would not discover the criminal activity.

The company also said numerous high-ranking crew members engaged in conspiracies to commit illegal pollution and falsify ship records while lower-level crew participated because they were explicitly or implicitly threatened with loss of employment if they refused.

The Justice Department said the motive for the crimes was financial, adding that OSG "was saving the cost of offloading waste oil in port and the time it would take to comply with the law."

Shipping Firm Fined $37M For Sludge (USAT)

By Kevin Johnson, Usa Today

USA Today, December 20, 2006

WASHINGTON — A New York shipping company agreed Tuesday to pay a record $37 million fine and plead guilty to 33 felony charges for discharging sludge and other polluted waste into ocean waters from the New England coast to the Gulf of Mexico.

The settlement concludes a three-year federal investigation into activities aboard 12 tankers operated by Overseas Shipholding Group, the Justice Department said in a statement, adding that the fine was the largest ever levied in a vessel pollution case.

"OSG has engaged in repeated and deliberate pollution of our oceans," acting Associate Attorney General William Mercer said in a statement.

"What is more disturbing is that OSG's management failed to uncover or stop this illegal activity after allegations were brought to the attention of management on several occasions and again after the initiation of the government's investigation," Mercer said.

In one instance described in government documents, an unidentified engineer aboard the M/T Overseas Shirley alerted managers to the "criminal" dumping of an estimated 40,600 gallons of sludge, or concentrated black waste oil.

In another case, the government cited the tanker M/T Uranus for routinely releasing "oily waste" into the waters off Maine and Massachusetts from August 2001 to October 2003.

"We are pleased to bring closure to this investigation and believe our cooperation with the government was vital to today's announcement," Morten Arntzen, OSG's president and chief executive officer, said in a statement.

"Our internal processes enabled us to self-report information to the government about certain violations. We did so not only because it was the right thing to do but because it is consistent with the company's core values of integrity and transparency."

Seagoing Polluter Punished: Oil Dumper Will Pay $37M Fine (BOSH)

By Jay Fitzgerald

Boston Herald, December 20, 2006

A New York shipping company has admitted criminal guilt and agreed to pay a record $37 million in fines for illegally dumping waste oil from ships off the coast of Massachusetts, Maine and elsewhere, the U.S Department of Justice announced yesterday.

The New York-based Overseas Shipholding Group Inc., described as one of the world's largest publicly traded tanker companies, agreed to 33 felony counts related to routinely discharging pollutants off of ships into the oceans, the feds said in a statement.

"OSG has engaged in repeated and deliberate pollution of our oceans," said Acting Associate Attorney General William Mercer.

The multi-state investigation was launched in Boston after Canadian officials tipped off local Coast Guard authorities that records for one of OSG's ships showed bilge waste was being disposed into the sea - even though other records indicated the ship was complying with environmental laws.

"We are pleased to bring closure to this investigation and believe our cooperation with the government was vital to today's announcement," said OSG chief executive Morten Amtzen.

Under the terms of the guilty plea, OSG agreed to a three-year probation during which it must implement and follow a stringent environmental control program.

The company also admitted in a court record that its "motive for the crimes was financial."

"OSG was saving the cost of offloading waste oil in port and the time it would take to comply with the law," according to the U.S. Attorney's Office.

The $37 million fine is the largest-ever criminal penalty involving deliberate vessel pollution, according to the U.S. Coast Guard.

FBI/DEA/ATF/USMS:

Accused Drug Kingpin Faces New Charges (AP)

AP, December 20, 2006

SAN DIEGO (AP) -- The suspected kingpin of one of Mexico's oldest and most notorious drug cartels ordered the murder of Tijuana's deputy police chief and the beheadings of three police officers, according to a federal indictment unsealed Tuesday.

Francisco Javier Arellano Felix, 37, would be eligible for the death penalty if convicted on a count of running a criminal enterprise, part of the new seven-count indictment. The killings were included as evidence of the criminal enterprise that authorities say extended into the United States.

That charge was not part of a 2003 indictment that led to his arrest in August by the U.S. Coast Guard in international waters near La Paz, Mexico.

The new indictment alleges Arellano Felix ordered the murder of Hugo Gabriel Coronel Vargas, Tijuana's deputy police chief, who died Jan. 17, 2005, in a hail of more than 60 shots from an automatic rifle.

The indictment also charges that Arellano Felix and a man authorities consider his underling, Manuel Arturo Villarreal Heredia, ordered the June 20 beheadings of three police officers from Rosarito Beach, a spring break spot just south of the border from San Diego.

Arellano Felix and Villarreal were to appear in federal court Wednesday on charges of running a criminal enterprise, racketeering and conspiracy to commit racketeering, drug trafficking and money laundering.

Villarreal, 31, had not been charged with any crimes since his capture alongside Arellano Felix but also would be eligible for the death penalty if convicted of running a criminal enterprise. He was initially held as a material witness and has been in solitary confinement amid extradition proceedings to Mexico.

Arellano Felix is being held in San Diego without bail. He has pleaded not guilty to drug trafficking, money laundering and conspiracy charges from the earlier indictment.

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Officials at Mexico's Foreign Relations Department and attorney general's office said Tuesday they had no immediate response to the charges. David Bartick, an attorney for Arellano Felix, declined comment.

Eugene Iredale, an attorney for Villarreal, said his client would plead not guilty. He said any crimes alleged to have occurred in Mexico should be tried in Mexico, not the United States.

Laura Duffy, a federal prosecutor in San Diego, said the men can be tried in the United States because they directed operations on U.S. soil.

The indictment alleges the men ordered the kidnapping, torture and murder of rivals in the United States as well as Mexico. It also says they smuggled cocaine and marijuana across the border in trucks and boats.

The Arellano Felix cartel emerged as a drug powerhouse in the 1980s in Tijuana, across the border from San Diego, but its influence has waned.

Associated Press writer Ioan Grillo contributed to this report from Mexico City.

Legal Affairs More Pot Busts Taking Place In Suburban Areas (ATC)

By Tamara Keith

NPR's All Things Considered, December 19, 2006

"BC Bud" is the name of a high-grade marijuana strain grown in British Columbia. Much of it is grown indoors, in warehouses and increasingly in homes. Now federal agents in California have busted a marijuana-growing ring that seems to be taking a page from the BC Bud handbook by growing their lucrative crop in suburban homes.

Federal agents in California say the pot farms they raided have all the markings of organized crime. The farms were found in unexpected places, many of them at suburban homes near Sacramento.

On a quiet street in suburban Elk Grove, an orange tag marks a two-story home. Detectives found several hundred marijuana plants at the house. Richard Maynard, who lives next door, says he really didn't know what his neighbors were up to.

"We never saw them," Maynard says. "They'd show up in the middle of the night, about 1 o'clock, with a moving van occasionally, not very often. They'd say hi if they showed up in the middle of the day, which was once a month maybe. They were just very quiet."

But inside the home was a marijuana factory, designed to create the greatest yields. Gordon Taylor is the Assistant Special Agent in Charge of the DEA office in Sacramento.

"This is not the hippy growing marijuana in his closet from back in the 1970s," Taylor says. "This is not Cheech and Chong."

Taylor says the plants seized from 41 homes linked to the case were capable of producing $74 million worth of pot in a year. Eight people have been arrested. They're all in their 20s, have Chinese surnames and San Francisco Bay Area addresses. Taylor says he believes this reaches beyond those already under arrest.

"What we're seeing here is very organized and extremely sophisticated in terms of the operation inside the homes," Taylor says. "And then just the purchase of the homes. You couple all that together, and you see it has all the markings of an Asian organized criminal group."

The details were the same with nearly all the recent pot busts in Sacramento-area homes. They were large, costing about half a million dollars, and usually in newer subdivisions. They were bought with 100-percent financing, no cash down -- not an uncommon practice in California's real estate market.

The homes were then gutted and "remodeled" to grow pot. Windows were covered and electricity was pirated to avoid the meter. Lights and insulation were brought in along with drip watering systems.

Law enforcement officials say it's not an isolated problem. Seizures of indoor marijuana plants in California are up 81 percent this year.

There are likely many more marijuana growing rings like this one, that just haven't been discovered yet, says Kent Shaw, Assistant Chief of the California Department of Justice Bureau of Narcotic Enforcement. He says large-scale pot operations hidden behind stucco walls and picket fences have proven to be cash machines. The quality is better than outdoor marijuana varieties and can be harvested year round, rather than just once.

"If it's fairly high grade," Shaw says, the pot can net "anywhere from $3,500 to $6,000 a pound. For a minimal amount of investment, if you have a decent amount of square footage in a residence to grow it, there's a lot of return that's going to come back on your initial investment."

And that might explain why narcotics investigators are seeing more criminal organizations move into the marijuana business. Shaw says where once they may have dealt only in methamphetamine, cocaine or heroin, some groups now see marijuana as a low-risk high-profit alternative.

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From member station KQED, Tamara Keith reports.

Palm Desert Tells Marijuana Dispensary To Cease And Desist (KESQ)

KESQ-TV, December 20, 2006

CannaHelp, the medical marijuana dispensary in Palm Desert is being told to close up shop. The city has sent the business a cease and desist letter.

Palm Desert City Attorney David Irwin told NewsChannel 3 CannaHelp violated its agreement with the city and its business license is now revoked.

CannaHelp was raided a little more than two weeks ago when authorities believed the dispensary was selling pot for profit.

The owner of CannaHelp then admitted to NewsChannel 3 that he did sell pot for a profit, saying he's paid a salary.

Since that interview aired, we have heard from the district attorney, who told us our story could be used in court.

Also, the owner called us back, threatening to file a lawsuit for showing the interview.

Stay tuned to NewsChannel 3 for more on this developing story.

CannaHelp Owner To Defy City Cease-and-desist Letter (DS)

Desert Sun, December 19, 2006

CannaHelp, the medical marijuana in Palm Desert, is staying open in defiance of a cease-and-desist letter from the city.

"I'm going to stay open by myself," said owner Stacy Hochanadel, after sending his other employees home. "I don't think it's right what they're doing."

The city issued the letter, which Hochanadel received today, following a City Council vote in closed session last Thursday, said City Attorney David Erwin.

The vote was not reported during the council's open session on Erwin's advice.

"I felt this was an action we needed to take, and we needed to take the action before we reported it publicly," Erwin said in a phone interview today. "That was my decision."

Councilman Robert A. Spiegel said the reason for the closed session vote was an investigation "not by our police department but by another police department in California.

"When they were investigated, they sold marijuana to an undercover police person who did not have correct credentials to buy marijuana," he said.

The city is not releasing the staff report presented in the closed session due to the potential for litigation on the closure order, said City Clerk Rachelle Klassen.

Hochanadel signed an agreement with the city earlier this year that the dispensary would only sell medical marijuana to patients with a medical marijuana identification card issued by Riverside County.

But, he said, that part of the agreement had been put on hold following discussions with then-Mayor Jim Ferguson, due to the financial impact on the business which would have had to turn away significant numbers of customers.

California's medical marijuana law requires counties to issue the ID cards, but they are voluntary for patients. The law does require that patients have a letter of recommendation from their doctors.

Federal law bans all use, cultivation or distribution of marijuana.

CannaHelp has had a business license issued by the city since it opened in October 2005. The dispensary was closed briefly earlier this month when the Special Investigation Unit of the Riverside County Sheriff's Department served a search and seizure warrant on the business

But, said Capt. Steve Thetford, chief of the Palm Desert Police Department, "The Palm Desert (department) hasn't made any significant arrests out of CannaHelp" in recent months, the county investigation notwithstanding.

Spiegel, who said he voted to close the dispensary, would like to see medical marijuana regulated by the federal government.

"It should be dispensed thourgh a pharmacy," he said in phone interview today. "That's what I would prefer to see happen and hopefully someday that's the way it will be."

Hochanadel would have liked the city to talk with him before issuing the letter, he said.

"I was hoping my city would stand behind me and support me. At this point they're trying to pull the carpet out from under my feet," he said.

Trenton: Needle Exchanges Approved (NYT)

By David W. Chen

The New York Times, December 20, 2006

DOJ_NMG_0107883

New Jersey yesterday became the last state in the country to offer needle exchange programs for intravenous drug users, when Gov. Jon S. Corzine signed legislation authorizing a pilot program for up to six towns. The law allows drug users to exchange used syringes for new ones, and provides $10 million for drug treatment facilities. A bipartisan array of legislators who attended the bill-signing ceremony said that such programs could help reduce the spread of H.I.V. in New Jersey, which has one of the country's highest infection rates. But critics say that the government should focus on treatment programs, and that free needles contributed to addictions.

Local Lawmen: U.S. Attorney Draws The Line At 500 Pounds (NI)

Nogales International, December 20, 2006

Many people want a fence built along the Mexico/United States border as a means to stop drug smuggling, terrorism and illegal immigration, but the truth is that drug smugglers can be caught red-handed, and still go free - as long as they're carrying less than 500 pounds of marijuana, officials say.

Unwritten rule

Several local officials have said that the unwritten rule at the Tucson office of the U.S. Attorney is that if a smuggler is accused of moving less than 500 pounds of pot through a port of entry, that person will walk away, generally.

Wyn Hornbuckle, the public information officer for the U.S. Attorney's Office in Arizona said that he knew of no such threshold, but Santa Cruz County officials say that one definitely exists.

Brad Giles, the chief narcotics officer at the Tucson U.S. Attorney's Office said that he couldn't comment on prosecution strategies because the office has found that in the past, smugglers have adapted.

The problem is complex. All the local officials said that they do not blame the U.S. Attorney's Office. They say the office staff is too small and overworked.

Exacerbating the situation is the recent national attention on immigration reform. The Bush administration is demanding that the office focus on immigration. As a result, the smaller drug cases are tossed out, the officials say.

But small is a relative term when it comes to dope. The street market here for 499 pounds of marijuana is about $399,000, by U.S. Border Patrol standards.

Local lawmen say that the federal government expects them to pick up the slack and that the issue has been divisive. Some officials feel that they have an obligation to try the cases left dormant by the federal government, but others feel that by cleaning up after the feds their good deeds will be expected to become regular.

One official that confirmed the threshold and is willing to take the cases to court is Santa Cruz County Attorney George Silva.

"They're (local agencies and the U.S. Attorney's Office) doing the best job they can with their resources," he said. "If anyone's to blame it's the U.S. Department of Justice or the Bush administration. They're throwing billions of dollars at immigration, but they're letting drug smugglers go free."

Lt. Jerry Castillo, commander of the Metro Santa Cruz County Task Force, a conglomeration of law enforcement agencies that have grouped together to tackle the drug problem, also confirmed the 500-pound benchmark and was quick to divert blame.

"They're (U.S. Attorney's office) just overwhelmed," he said.

Nogales Police Chief John Kissinger agreed.

"I know that the U.S. Attorney's office in Tucson is declining criminal prosecutions of certain narcotics cases at the ports because of a threshold, but I can't say what that threshold is," Kissinger said. But despite the threshold, Kissinger emphasized that any inaction on a federal level will not affect the department's operations in town.

"The Nogales Police Department is going to continue to work to remove drugs and drug dealers off the streets," he said.

Sheriff Antonio Estrada said that the smugglers are charged on a case-by-case basis.

"I have no idea what gets turned loose," he said. "We'd have to go back and see how many we get, but my understanding is that the attorney's office makes the decision on a case-by-case basis."

Meanwhile, Customs agents are growing weary of their work, knowing that anyone they seize with less than a quarter ton of marijuana will most likely go free, Silva says.

But Brian Levin, the public affairs liaison for the Tucson sector of U.S Customs and Border Protection, puts it differently.

"We tell our guys to take pride in what they're doing he said," and they do an amazing job catching (smugglers). The analogy we like to use is that we're like the beat cops. We're the guys on the street doing the arresting. We find it, seize it then call in ICE (Immigration and Customs Enforcement) to do the investigation. Our authority ends there," Levin said.

Several telephone messages requesting comment from Terence Azvill, the regional director of high intensity drug trafficking areas from the Tucson office of the National Drug Control Policy, went unanswered.

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Marijuana 'top Cash Crop In US' (BBC)

BBC News, December 19, 2006

Marijuana is the top cash crop in the US, a report released on Monday says.

It says that despite intensive eradication plans, $35bn (£18bn) worth of the illegal drug is produced a year - more than corn and wheat combined.

The study was prepared by Jon Gettman, a public policy analyst who advocates reform of US marijuana laws.

Activists seeking the decriminalisation of the substance, say the report backs the need for change, a position rejected by government officials.

'Inherently harmful'

Using government reports, Mr Gettman estimates that 10,000 metric tons of marijuana are produced annually in the country.

"Marijuana has become a pervasive and ineradicable part of the economy of the United States," Mr Gettman - who has in the past campaigned for marijuana to be removed from a list of drugs considered to have no medical value - says in his report.

"The focus of public policy should be how to effectively control this market through regulation and taxation in order to achieve immediate and realistic goals, such as reducing teenage access."

The report was welcomed by the Marijuana Policy Project (MPP), which said it showed that "marijuana laws are a complete failure".

"Our nation's laws guarantee that 100% of the proceeds from marijuana sales go to unregulated criminals rather that to legitimate businesses that pay taxes to support schools, police and roads," said MPP executive director Rob Kampia.

But Tom Riley, a spokesman for the Office of National Drug Control Policy, rejected any economic arguments for legalising marijuana saying marijuana use was an "inherently harmful activity".

Parole Board Member Says FBI Tried To Intimidate Him (AP)

AP, December 20, 2006

BOSTON - A former member of the state Parole Board said Tuesday that two FBI agents tried to intimidate him into keeping a wrongly convicted man in prison for a 1960s gangland slaying.

Former Springfield Mayor Michael Albano, who served on the board from 1982 to 1994, testified in a lawsuit filed by the families of four men who say the FBI allowed them to be framed to protect a mobster informant.

Two of those men, Joseph Salvati and Peter Limone, spent more than 30 years in prison for the murder of Edward “Teddy” Deegan before being exonerated in 2001 when the Justice Department released documents showing the FBI withheld evidence from prosecutors that could have cleared the men so the agency could protect Vincent “Jimmy” Flemmi, an informant who actually committed the crime.

Louis Greco and Henry Tameleo, who were also convicted in Deegan’s killing, died in prison.

Lawyers for the men’s families asked Albano if the FBI, after being contacted by the parole board as it considered petitions to commute their sentences, ever turned over evidence it had that the men were not involved in the murder of Deegan.

“No such information was provided,” Albano testified.

Albano also made a brief reference in his testimony to a 1983 “unannounced visit” from former FBI Agents John Connolly and John Morris as the board was considering a petition to commute Limone’s sentence.

He was not asked to provide details of the visit during his testimony. But outside the courtroom, Albano said Connolly and Morris urged him to vote against commuting Limone’s sentence and said that if he voted in favor of commuting his sentence it could hurt his career.

“They intimidated me and tried to get me to change my vote,” Albano told reporters. “They said this was a bad crime ... that these defendants should remain incarcerated for the rest of their lives.”

“They also said it probably would not bode well for me, if I wanted to remain in public life, that this would not be a good vote for me,” he said.

Albano said he later voted with the majority of the 7-member board to commute Limone’s sentence, but Gov. Michael Dukakis denied the petition.

Connolly is now serving a 10-year federal prison sentence for racketeering, obstruction of justice and other charges for protecting members of Boston’s Winter Hill Gang - including fugitive gangster James “Whitey” Bulger” - from prosecution while using them as FBI mob informants.

Connolly is awaiting trial on first-degree murder and conspiracy charges for allegedly providing information to members of the gang that led to the 1982 killing of former World Jai Alai President John Callahan.

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Connolly's attorney, E. Peter Mullane, said Connolly denies the meeting described by Albano ever took place.

"John Connolly never met Mr. Albano under any circumstance, never spoke to him, never met him, never had any reason to meet him," he said. [continue]

FBI To Release Last Of Its John Lennon Files (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, December 20, 2006

The U.S. had said such an act could stir military retaliation. The papers, withheld 25 years, don't seem to bear that out.

The FBI agreed Tuesday to make public the final 10 documents about the surveillance of John Lennon that it had withheld for 25 years from a UC Irvine historian on the grounds that releasing them could cause "military retaliation against the United States."

Despite the fierce battle the government waged to keep the documents secret, the files contain information that is hardly shocking, just new details about Lennon's ties to New Left leaders and antiwar groups in London in the early 1970s, said the historian, Jon Wiener.

For example, in one memo, then-FBI Director J. Edgar Hoover wrote to H.R. Haldeman, President Nixon's chief of staff, that "Lennon had taken an interest in 'extreme left-wing activities in Britain' and is known to be a sympathizer of Trotskyist communists in England."

Another document had been blacked out on the grounds of national security when Wiener obtained it more than 20 years ago through litigation brought under the Freedom of Information Act. It is now known that it said two prominent British leftists, Tariq Ali and Robin Blackburn, had courted Lennon in hopes that he would "finance a left-wing bookshop and reading room in London."

But the newly released document adds that Lennon apparently gave them no money "despite a long courtship by Blackburn and Ali."

Another surveillance report states explicitly that there was "no certain proof" that Lennon had provided money "for subversive purposes." And yet another says there was no evidence that Lennon had any formal tie to any leftist group.

Another describes an interview with Lennon published in 1971 in an underground London newspaper called the Red Mole. "Lennon emphasized his proletarian background and his sympathy with the oppressed and underprivileged people of Britain and the world," the document says.

Wiener and his attorneys, Dan Marmalefsky of Morrison & Foerster and Mark Rosenbaum of the American Civil Liberties Union of Southern California, all said the documents revealed there was no sign that government officials considered Lennon a serious threat. They said they were mystified that several administrations had resisted making the material public.

"The content of the files released today is an embarrassment to the U.S. government," said Wiener, 62, who has written two books on the late Beatle, "Come Together: John Lennon in His Time" and "Gimme Some Truth: the John Lennon FBI Files."

"I doubt that Tony Blair's government will launch a military strike on the U.S. in retaliation for the release of these documents. Today, we can see that the national security claims that the FBI has been making for 25 years were absurd from the beginning," said Wiener, who requested the documents in 1981.

Wiener initially obtained some files showing that the FBI closely monitored Lennon's activities in 1971 and 1972. The documents indicated Nixon administration concern that Lennon would support then-Sen. George S. McGovern (D-S.D.) for president against incumbent Richard M. Nixon in 1972, the first year that 18-year-olds could vote.

But the FBI also withheld numerous files, saying they were exempt from the Freedom of Information Act, including part of a surveillance report on a December 1971 antiwar rally in Michigan. There, Lennon urged the release of activist and singer John Sinclair, who was serving a 10-year sentence for possession of two marijuana joints. A judge soon freed him.

Wiener sued in U.S. District Court in Los Angeles seeking all the documents. The FBI countered that some contained "national security information provided by a foreign government under an explicit promise of confidentiality" and that release of the documents "can reasonably be expected to … lead to foreign diplomatic, economic and military retaliation against the United States," according to a government brief filed in 1983.

Wiener lost the initial court skirmishes, but in 1991 he won a major victory in the U.S. 9th Circuit Court of Appeals, which ruled that declarations filed by FBI agents provided inadequate grounds for keeping the material secret. From that point forward, the court ruled, the FBI had to file "affidavits containing sufficient detail" to allow Wiener to "intelligently advocate" for their release and for a trial judge "to intelligently judge the contest."

That decision significantly strengthened the hand of people trying to pry secret documents out of the government. Justice Department attorneys, including John Roberts, who is now the chief justice of the United States, appealed, but the Supreme Court let the ruling stand.

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Six years later, Wiener settled with lawyers from the Clinton administration and obtained a number of FBI files on the former Beatle. But Justice Department lawyers continued to withhold 10 documents under the national security exemption of the Freedom of Information Act.

Scott Hodes, who was acting chief of the FBI litigation unit dealing with freedom of information cases, said disclosure of the documents could strain relations between the U.S. and a foreign government, lead to diplomatic, political or economic retaliation and have a chilling effect on the flow of information between the two countries. Hodes also said disclosure of the documents could subject the government agents involved in the Lennon operation to "public ridicule, ostracism" or even jeopardize their safety.

In August 2004, U.S. District Judge Robert M. Takasugi granted summary judgment to Wiener, concluding that the government had not adequately supported its claims. Justice Department lawyers said they would appeal. But a 9th Circuit mediator eventually forged a settlement, leading to a final settlement resolution of the case Tuesday.

Years ago, Wiener called the case a "rock 'n' roll Watergate," in part because the FBI took an intense interest in Lennon at the time operatives from the Nixon administration perpetrated the Watergate burglary. But on Tuesday, Wiener agreed that given how long the case dragged out, it might more appropriately be characterized as a "rock 'n' roll 'Bleak House,' " referring to the Dickens novel about a years-long inheritance case.

"The release of these final documents, concealed from public view for nearly a quarter of a century, reveals government paranoia at a pathological level and an attempt to shield executive branch abuse of civil liberties under the rubric of national security," said Rosenbaum of the ACLU. "The ultimate lesson of these documents is that the head of document classification for the FBI must be Stephen Colbert."

On his late-night television show, satirist Colbert plays a right-wing talk show host who is a government cheerleader.

The Justice Department declined to comment.

Marmalefsky said the one concession that Wiener made in settling the suit was agreeing that the letterhead on some of the documents released Tuesday could be blacked out "as well as a word here or there that would identify the foreign government" that provided information to the U.S.

However, Marmalefsky said, "having reviewed the final documents and all the others in this case, it is very difficult to believe that it could be any government other than the United Kingdom."

The documents will be posted on the Internet today at http://www.LennonFBIfiles.com . <252>*

henry.weinstein@latimes.com

IMMIGRATION:

Swift Raids Put Iowa Guard At Risk, Vilsack Says (DMR)

Des Moines Register, December 19, 2006

In a blunt and stinging letter, the governor and the top officer of the Iowa National Guard today called federal immigration officials' actions in the Swift raids "completely unacceptable," saying agents undermined the public's trust in government, potentially jeopardized the safety of law enforcement personnel in Iowa and could have compromised undercover operations.

Gov. Tom Vilsack and Maj. Gen. Ron Dardis, in a letter today to Department of Homeland Security Secretary Michael Chertoff, said they will not cooperate with federal immigration officials in the future unless they act more responsibly and provide better coordination with state officials.

Immigration officials "chose to pursue a solitary path that limited the operation's effectiveness, created undue hardship for many not at fault, and led to resentment and further mistrust of government," Vilsack and Dardis wrote.

The arrests Dec. 12 of 1,282 workers at Swift & Co. meatpacking plants in Marshalltown and in five other states represented the biggest crackdown in history on immigration violations at one company. The raids were executed by U.S. Immigration and Customs Enforcement, known as ICE, an agency of the Department of Homeland Security.

Vilsack and Dardis said ICE officials failed to advise the Iowa National Guard of the size and scope of the raid, which "could have led to unacceptable risks to Guard personnel and property."

The raids could have compromised ongoing local, state and federal law enforcement undercover operations, they said.

ICE gave Iowa little chance to prepare to deal with the humanitarian consequences of the raids, they said.

And the "information blackout" ICE imposed after the raids made the situation worse, they said.

Although the Iowa National Guard's only role was to provide a temporary space to hold detainees, ICE's operations and lack of coordination thrust the Guard into the national spotlight "without the sufficient information or authority to plan or respond."

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Federal agents failed to provide any information to Guard public affairs staff before or during the raids, then ICE public affairs in Washington, D.C., issued only one short news release more than 24 hours after the raids began.

After promising to hold a news conference at Camp Dodge, ICE failed to do so, they wrote.

"The complete lack of an adequate media plan in the age of 24-7 news coverage is completely unacceptable," they wrote. "These systemic failures to communicate with the public and news organizations created an information vacuum that was filled with unreliable and unverifiable rumors that further undermined the public's trust and confidence in both the state and federal government."

Rather than working with local, state and other federal law enforcement agencies, ICE worked alone, they said.

"This lack of coordination among law enforcement and military authorities is completely unacceptable in this post 9/11 and (Hurricane) Katrina world," they wrote.

They ended the letter with this warning:

"In order to prevent similar or greater problems in the future, please note that the Iowa National Guard, at both Camp Dodge and throughout our state, will now require proper notification to the governor and appropriate law enforcement personnel, as well as a thorough and synchronized media plan, before we again agree to provide any space for future actions or operations by ICE."

As of this evening, 1,283 people had been arrested in connection with the Swift raids and charged with non-criminal administrative violations.

Of those, 144 had also been charged with criminal violations: one with re-entering the United States after deportation and 143 with identity theft or a fraud-related charge.

Harkin 'appalled' By Treatment Of Illegal Workers (DMR)

Des Moines Register, December 19, 2006

Washington, D.C. – Sen. Tom Harkin of Iowa wrote Secretary of Homeland

Security Michael Chertoff today to say he is "appalled" by the process used to detain and deport workers in raids earlier this month at six Swift & Co. packing plants, including one in Marshalltown.

Harkin, a Democrat, said a telephone hotline for information for family members that was set up by the government has at times gone unanswered. At other times, it "provided no information of any use," Harkin said in the letter.

It has been "almost impossible" for lawyers and members of the clergy to gain access to workers who were detained, and workers were taken to other states without being granted access to lawyers, Harkin said.

Although assurances were provided to his staff that parents with small children would be released to make arrangements for their children's care, "there continues to be reports of numerous single mothers remaining in custody," Harkin said.

He said he hopes Chertoff shares his belief that "the failure to ensure that basic legal rights and humanitarian protections are afforded to individuals in our immigration system reflects poorly on the principles that have made the United States strong."

A spokesman for Immigration and Customs Enforcement, the law enforcement

agency that conducted the raids, had no immediate comment. The agency is

part of the Department of Homeland Security.

At the time of the raids, officials said that in certain cases where "humanitarian or medical concerns were identified," those arrested were given notices to appear in court at a later date.

The raids came as part of a investigation of worksite immigration violations and a massive identity theft scheme that federal officials say has victimized large numbers of legal citizens.

Criminal organizations traffic in genuine birth certificates and Social Security cards belonging to legal citizens, stolen in some cases and in other cases bought from homeless people and people in jail, officials say.

There were 1,282 arrests on immigration violations at the six Swift plants, with countries of origin of those arrested including Mexico, Guatemala, Honduras, El Salvador, Peru, Laos, Sudan and Ethiopia.

Harkin said the arrests demonstrate the need for Congress to move on immigration reform, including a path to citizenship for those in the country illegally.

Lawmakers Use Swift Raids To Bolster Locked-in Positions (RMN)

By M.E. Sprengelmeyer

Rocky Mountain News, December 20, 2006

WASHINGTON - Mass arrests of suspected illegal immigrants have done little to end the congressional stalemate over the country's immigration policies.

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Instead, after the crackdown at Swift & Co. plants in Colorado and five other states, lawmakers from competing sides of the debate over a proposed guest-worker plan used the arrests last week to bolster their locked-in positions.

That could set the stage for another difficult debate in coming months, after Democrats take control of both houses of Congress and try to advance a plan President Bush has long favored.

Advocates of tougher enforcement of immigration laws generally praised last week's actions, which ended with the arrests of 1,282 workers, including 261 in Greeley, for immigration infractions or identity-theft charges.

But some, including Rep. Tom Tancredo, R-Littleton, expressed concerns that it could be a "ruse," or temporary show of force, intended to appease enforcement-first factions to clear the way for a guest- worker plan critics equate to amnesty.

Tancredo called it "hogwash" that Homeland Security Secretary Michael Chertoff began his press conference detailing the arrests by talking about the need for a guest-worker plan, which could grant legal status to millions who have entered the country illegally.

Chertoff said tough enforcement was only one part of solving immigration problems.

"It needs to be solved, and it won't be solved with a piecemeal approach," Chertoff said.

That was a common theme all week, as longtime backers of the proposed guest-worker plan, including Sen. Ken Salazar, D-Colo., said the arrests signaled a clarion call for a comprehensive approach to solving immigration problems.

"The lesson for me is that it underlines the need for Congress to act and enact comprehensive reform," said Rep. Mark Udall, D-Eldorado Springs. "It's time to do what the American public wants us to do."

The Immigration and Customs Enforcement raids, which prompted protests from workers' families and immigrant rights activists, rejuvenated a debate that had been dormant since the summer, when the Senate passed a comprehensive immigration bill but couldn't win agreement from the enforcement-minded House of Representatives.

Udall said the highly publicized arrests "rub away the scar tissue" and bring the raw emotions of the issue to the surface again.

The timing of the raids, during the Christmas season and on the Catholic Feast of Our Lady of Guadalupe, prompted Denver Archbishop Charles Chaput to denounce the ICE raids.

But Sen. Wayne Allard, R-Loveland, said the timing could not be avoided.

"You have to feel sorry for the kids who see their parents taken away from them," Allard said. "But the real victims are those in the identity-theft part of that. Once your identity is taken, you never recover.

"If you're dealing with criminals, you go when the case is ready and you have to do that to prevent more victims from being exploited."

Over the summer, Allard opposed a Senate version of immigration reform, which he said would amount to rewarding law-breakers. Still, he said Congress needs to do more, in addition to increasing funds for enforcement.

"I think everyone understands we need to do something about illegal immigration," Allard said.

Rep. Bob Beauprez, R-Arvada, said the Swift & Co. arrests highlight a growing problem with identity theft, but they don't make the leading guest-worker proposals any easier to swallow.

"When they talk about guest-worker, they're talking about amnesty, pure and simple," Beauprez said. "That's what Salazar is talking about. That's what the president is talking about. That's not equitable to people who are playing by the rules."

If the arrests have created any room for common ground, it's that people on both sides said Congress needs to consider closing a loophole in an existing employer-verification program.

Swift participated in a pilot project to verify workers' names and Social Security numbers. Chertoff said that while the program can catch some who use fabricated identity documents, it does not stop those who have stolen matching names and Social Security numbers.

That's why Chertoff and Tancredo, who are on opposite sides of the guest-worker debate, both said Congress needs to grant the Social Security Administration authority to tell immigration officials when numbers are being used in multiple locations.

Even then, Tancredo said he was skeptical that so far, of the 1,282 people arrested in the recent raids, most were charged only with administrative immigration violations and fewer than 65 face criminal charges, some related to identity theft.

"Something is askew here," he said.

Raid On Swift Leaves Staffing In Disarray (DENP)

By Bruce Finley

Denver Post, December 20, 2006

Meatpacking workers detained during last week's federal raids began facing immigration judges Tuesday in Colorado and five other states.

Some were released after relatives posted bond of at least $1,500. In Colorado, Immigration Judge Donn Livingston saw 27 detainees at the regional detention facility in Aurora and set court hearings where they are to be informed of charges against them.

Meanwhile, a federal grand jury in Minnesota indicted 20 detained workers on criminal-immigration offenses and charges related to identity theft.

Now the immigration authorities themselves - who last week stormed six Swift & Co. plants in Greeley and other states based on allegations that illegal workers stole U.S. identities to get jobs - also are facing challenges in federal courts.

Labor-union leaders representing workers in Colorado have asked a federal judge to release them, arguing that workers were mistreated and denied access to lawyers.

The raids constituted "an outrageous abuse of police power," and the government's criminal probe into identity theft "functioned as the Trojan Horse to effectuate an immigration raid," said a lawsuit filed by the United Food and Commercial Workers Union Local 7.

U.S. District Judge John Kane has ordered immigrants detained at the Greeley plant to remain in his jurisdiction, but the union said some had been taken out of state. Union officials said Kane on Tuesday asked them to provide more details of their allegations.

"We're gathering witness statements and other material to present to him," UCFW spokesman Dave Minshall said.

Some 75 out of 260 workers detained in Greeley already have been returned to Mexico.

U.S. Immigration and Customs Enforcement (ICE) officials have filed a legal response saying detainees were told why they were arrested, allowed to use phones and advised they could get legal help.

ICE officials routinely move detained immigrants around the country to find bedspace.

U.S. Rep. Tom Tancredo called Tuesday for more raids and urging the government to target managers who hire illegal workers.

"This kind of enforcement action by ICE has been sorely missing over the past decade and I urge you to expand such operations to other industries," Tancredo, R-Littleton, wrote in a letter to ICE Assistant Secretary Julie Myers.

"Many in the agriculture industry prefer to use illegal labor despite the availability of legal workers through the H-2A (temporary-worker) program, which as you know has no cap. I believe an investigation would reveal that identity theft is rampant across many sectors and industries, not only meatpacking," Tancredo said.

And "it strains credulity," he said, to suggest that so many illegal workers at Swift "could be employed, in six plants, without the company's management being aware of it," as the company has claimed.

Study Warns Of Hunger Among Hispanics (WP)

By N.c. Aizenman

The Washington Post, December 20, 2006

Nearly one in five Hispanics lacks sufficient access to nutritious food and one in 20 regularly goes hungry, posing serious health and economic risks to the nation's largest and fastest-growing minority group, according to a new study.

The National Council of La Raza, a Latino advocacy group, noted in its study that the "food insecurity" rate of Hispanics is nearly as high as that of non-Hispanic blacks and substantially greater than that of non-Hispanic whites, of whom only about 5 percent suffer from limited access to nutritious food, according to U.S. government statistics.

"Yet the Latino community is practically invisible when it comes to this issue," said co-author Jennifer Ng'andu. "Folks notice the presence of Latinos in their area, but they are not connecting it to the need for food assistance."

As with African Americans, poverty appears to be the main factor limiting Latinos' access to nutritious food. About 22 percent of Latinos and 25 percent of non-Hispanic blacks are poor, compared with 8 percent of non-Hispanic whites.

Latinos, about 40 percent of whom are foreign-born, also often face linguistic, cultural and legal barriers to enrolling in federal hunger programs.

In 1996, Congress disqualified legal immigrants from nearly all forms of government assistance. Although a 2002 law restored access to certain programs for many categories of immigrants, including all otherwise eligible immigrant children, many Latinos appear unaware of the change. For instance, slightly more than half of eligible Latinos participate in the national food stamp program, compared with more than 70 percent of eligible blacks.

"For a lot of our immigrant families, there's either a lack of understanding of the system or fear, due to their immigration status," of approaching authorities, said Beatriz Otero, director of CentroN?a, a nonprofit child-care center in the District that has helped many Latino parents apply for federal assistance.

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The problem extends to immigrants' children who are U.S. citizens. Only about half of such children participate in the food stamp program, compared with more than 80 percent of eligible children who are U.S. citizens but whose parents are also U.S. citizens.

Just as daunting to many immigrant Latinos are the complex requirements and paperwork involved in signing up for many federal programs, Ng'andu said. By contrast, she noted, the government's nutrition program for low-income pregnant or post-partum mothers has a simpler enrollment process and a high rate of Latino participation.

Ng'andu argued that other federal food assistance programs need to follow suit by undertaking aggressive outreach in the Latino community and training their staff to better understand the eligibility rules affecting immigrants.

Otherwise, she cautioned, the consequences could be telling: Children who lack sufficient nutritional food have more difficulty concentrating in school as well as higher levels of anxiety, depression and obesity and its attendant health complications.

Sixty-two Fugitives And Immigration Violators Snared (MH)

By Miami Herald Staff

The Miami Herald, December 20, 2006

Immigration authorities have arrested 50 undocumented immigrants who ignored orders to leave the country and another 12 who were in violation of U.S. immigration laws, many of them with criminal histories, U.S. Immigration and Customs Enforcement officials said today.

Among those arrested was a 38-year-old Honduran convicted of sex crimes and deported in 2000. Jose Mario Lara now faces criminal charges for returning illegally to the United States. Re-entry after deportation is a felony that carries up to a 25-year prison sentence.

The criminal histories of those being held range from aggravated assault with a deadly weapon to prostitution and probation violations. Of the more than 52,000 undocumented immigrants apprehended by ICE fugitive operations teams nationwide since 2003, about 22,669 had criminal convictions, immigration authorities said.

"Our officers are working tirelessly to ensure that our nation's laws are upheld," Michael Rozos, field office director for the ICE Office of Detention and Removal Operations in Florida, said in a statement. ``Those who break our immigration laws shouldn't be surprised if they are arrested, charged and deported."

The weeklong sweep by ICE's Miami Fugitive Operations team ended Friday with the arrest of 62 fugitives and violators.

CONGRESS-ADMINISTRATION:

Bush Appointees Signal Court's New Direction (USAT)

USA Today, December 20, 2006

WASHINGTON — They are President Bush's appointees to the Supreme Court, the products of the administration's efforts to make the court more conservative.

And although most of the major decisions in their first full term together won't be announced for months, Chief Justice John Roberts and Justice Samuel Alito have signaled a readiness to move the court to the right.

In recent cases involving abortion, global warming and school integration, Roberts and Alito have been aggressive and sometimes feisty proponents of conservative views and particularly sympathetic to arguments by the Bush administration.

Their tactics have added flair to the court's public sessions and have contrasted sharply with the tentative approach that moderate Justices Sandra Day O'Connor and Anthony Kennedy often took in disputes over abortion, affirmative action and other key issues.

On an ideologically divided, nine-member court, the now-retired O'Connor was an especially key player because she generally was conservative but sometimes voted with the bench's four more-liberal justices: John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer.

O'Connor voted with the liberals, for example, in favor of affirmative action in college admissions. O'Connor and Kennedy joined the liberals in backing abortion rights.

Now, Alito has replaced O'Connor, and he has joined the new chief justice — who replaced another conservative, the late William Rehnquist — in beginning to alter the court's course.

During last month's dispute over the Bush administration's decision against regulating carbon dioxide emissions and other so-called greenhouse gases, Roberts and Alito were skeptical about whether the USA is a significant contributor to global warming.

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Roberts, echoing a sentiment expressed by an administration lawyer, suggested that federal regulation of emissions from cars and trucks might produce only a "marginal benefit" to the environment. Massachusetts and several other states argued that continued inaction by the U.S. government on car and truck emissions could lead to greater harm to the environment around the world.

The abortion issue

Also last month, Roberts suggested by his questions that he was leaning toward voting to uphold a congressional ban on a midterm abortion procedure that critics call "partial birth."

While Kennedy expressed concern about how such a ban would affect women's health, Roberts — again reflecting a position taken by the Bush administration — challenged abortion rights lawyers who argued that the procedure known medically as "dilation and extraction" was safer than other methods of abortion. (Alito asked no questions during that session.)

And during a dispute this month over school integration programs that allow districts to consider a student's race in making school assignments, Roberts compared such diversity programs in Louisville and Seattle to school segregation policies struck down by the high court a half-century ago in Brown v. Board of Education.

Alito, suggesting that he would support arguments brought by parents of white students who were denied their choice of schools, also bristled at the notion of using race as a factor in efforts to diversify school systems.

He indicated that even if the intent of such programs is admirable, the programs' treatment of students is reminiscent of the "separate but equal" doctrine that the court rejected in Brown.

Legal and political conservatives have been pleased with the new justices' approach.

At the annual meeting of the conservative Federalist Society last month, outgoing Senate Majority Whip Mitch McConnell, R-Ky., praised Roberts' and Alito's confirmation to the high court as "signature achievements" of the Congress that Republicans controlled for more than a decade.

After oral arguments in the school integration cases on Dec. 4, Ward Connerly, a former University of California regent who has fought race-based policies nationwide, said he was heartened by comments from Roberts and Alito and believes the court is headed toward rejecting the Seattle and Louisville programs.

"When people go through the Senate (confirmation) process" for judicial nominees, "you think that you might be getting some insight into their intelligence and demeanor," Connerly said last week. "But you never really know because the hearing process is fraught with theater."

Connerly said he interpreted the session on school integration as a sign that the court was on the verge of a new era — one in which the court would not support programs that consider race to promote diversity.

"It's something whose time has come," Connerly said.

For those who are fighting policies set forth by the Bush administration, the early courtroom performances by Roberts and Alito have been disheartening.

After the arguments in the school integration cases, Theodore Shaw of the NAACP Legal Defense Fund said he walked out of the Supreme Court feeling lower than he has in years.

"If the ruling is in keeping with the way the argument went, it would be a tragedy," Shaw said, adding that school districts across the nation could have their hands tied in trying to promote racial diversity.

Turning-point potential

Roberts, 51, and Alito, 56, shared the bench for five months during the 2005-06 term, which ended in June. The term didn't reveal much about how the court might change under Roberts' leadership.

This term is likely to provide some guidance on the issue. The school integration cases heard this month had the feel of a potentially distinctive turning point for the court in dealing with government programs that have been created as remedies to past discrimination.

After Roberts declared that the constitutional guarantee of equality is intended "to ensure that people are treated as individuals rather than based on the color of their skin," Breyer countered that past rulings by the court had allowed race to be used as a factor in programs to address the lasting effects of segregation.

The liberal justice said "thousands of school districts" could have to change their enrollment policies if the court sets a new path by rejecting such initiatives.

Upcoming cases are likely to further define the conservatism of Roberts and Alito, both of whom were lawyers in the Reagan administration who went on to become U.S. appeals court judges. One dispute revolves around whether taxpayers can challenge Bush administration initiatives that encourage faith-based charities to compete for federal grants for social programs.

Outside the courtroom

Beyond the court, Roberts and Alito have been revealing more of themselves as well.

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In a speech before the Federalist Society in November, Alito saluted President Reagan's efforts to curtail judicial involvement in solving societal problems and exhibited self-deprecating humor as he recalled his contentious confirmation hearings before the Senate last January.

Alito noted that the Senate Hart Office Building, where his hearings were held, is near the Supreme Court and that he often walks by it. But now, Alito quipped, "I cross to the other side of the street. I quicken my step until I'm well past the building."

Alito was confirmed to the Supreme Court in a 58-42 Senate vote that reflected Democrats' anxiety over whether replacing O'Connor with Alito would lead the court to take a harsher view of abortion rights, affirmative action and other Democratic priorities.

Roberts, who has been on the court since fall 2005, has used speeches at colleges to show the humor that has served him well as a litigator and as a judge.

In court, Roberts' humor has a distinctive bite. During arguments in a recent patent case, he derided a lower-court rule for assessing when an invention should not be patented because it would have been "obvious" at the time of development.

"Who do you get to be an expert to tell you something's not obvious?" he asked. "I mean, the least insightful person you can find?"

As usually happens when the chief justice makes a joke, the spectators laughed.

Brownback Wants To Re-question Nominee (AP)

By Todd Dvorak

AP, December 20, 2006

Sen. Sam Brownback, who wants to champion social conservatives in the presidential race, said Tuesday he wants a Senate panel to re-question a judicial nominee who attended a same-sex union ceremony.

Brownback, a Kansas Republican, said he wants Michigan state judge Janet Neff to testify about her role in the 2002 Massachusetts ceremony, her legal views on same-sex unions and her ability to be impartial if called upon to rule on such cases.

Neff's nomination to federal district court is among a dozen or so now stalled in the Senate, a logjam in part due to Brownback's questions about Neff's attendance at a lesbian commitment ceremony. The Senate Judiciary Committee has already approved her nomination.

Neff was traveling outside the country and could not immediately be reached for comment, said Chris Bockheim, her judicial assistant.

Earlier this month, Brownback, a prominent opponent of gay marriage who is exploring a presidential run in 2008, said he would lift the hold he put on Neff's nomination if the judge agreed to withdraw from ruling on any court case involving the legality of same sex unions.

In Iowa on Tuesday to meet with GOP activists, Brownback said he only wants a chance to question Neff about her role in the 2002 ceremony. Brownback also wants a recorded vote in the Senate.

"I am not opposed to her getting a vote," Brownback said before a lunch with potential donors and supporters in Davenport. "I would like her to come back through committee so she can testify what took place, factually ... her legal views on same-sex marriage and her ability and willingness to be impartial."

Neff has said she attended the commitment ceremony as a friend of one of the two women, a longtime neighbor.

She insisted in an Oct. 12 letter to Brownback that the ceremony had no legal effect and would not influence her ability to act fairly as a federal judge.

Brownback has also been criticized for his proposal that Neff be required to recuse herself from gay marriage cases. Legal scholars said such a deal would infringe on the separation of the legislative and judicial branches of government.

But Brownback said it was simply a last resort to put her nomination forward.

"If we don't testify on her views on same-sex marriage legally, then the only way I can see fit to do this is to have her recuse herself from a class of cases," Brownback said. "Then others stepped in and said 'you can't do that.' Well, that's the only option I had at that late hour."

Senator Seeks Detainee Abuse Case Update (AP)

By Lara Jakes Jordan

AP, December 20, 2006

A key Democratic senator asked the Justice Department on Monday for an update on its progress prosecuting government employees who were accused in at least 17 cases of abusing detainees in Iraq and Afghanistan.

In response, a Justice spokesman said at least some of the cases are still under investigation.

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In a letter sent Monday to Attorney General Alberto Gonzales, incoming Senate Majority Whip Dick Durbin, D-Ill., noted that the department began looking into the allegations of abuse two and a half years ago.

"In that time, there have not been any indictments in any of these cases," wrote Durbin, who first pressed the Justice Department for a prosecutions update in November 2005, when now-Deputy Attorney General Paul McNulty was seeking Senate confirmation.

"It is my understanding that since then, the Justice Department has not commented publicly on the status of any of these cases," wrote Durbin, who sits on the Senate panel that oversees the Justice Department.

In response to Durbin's first request, the Justice Department revealed in a Jan. 17 letter that it had opened 20 investigations into claims of detainee abuse that were referred to prosecutors by the Pentagon and the CIA. The investigations were being led by a task force in the U.S. Attorney's office in Virginia's eastern district — which McNulty headed before taking the Justice Department's No. 2 job in March.

Two of those cases were dropped because of insufficient evidence to support a prosecution, the Justice Department letter noted. Additionally, another case resulted in the indictment of a former CIA contractor in North Carolina.

Justice spokesman Brian Roehrkasse said at least a few of the estimated 17 remaining cases are still open. "The Justice Department continues to investigate these cases," Roehrkasse said Monday. He declined further comment.

The New York Times reported on its Web site Monday that a Justice Department team has decided against prosecuting nearly all of the 20 cases that were initially under investigation. It was not immediately clear precisely how many cases remain open, and Roehrkasse refused to respond to the newspaper's report.

Privately, Justice officials have acknowledged difficulties in tracking down reliable witnesses or preserving enough evidence to bring strong cases against the accused employees.

OTHER NEWS:

Cheney To Be Defense Witness In CIA Case (AP)

By Matt Apuzzo

AP, December 20, 2006

Vice President Dick Cheney will be called to testify on behalf of his former chief of staff in the CIA leak case, defense attorneys said Tuesday, ending months of speculation over what would be historic testimony.

"We're calling the vice president," attorney Ted Wells said in court. Wells represents defendant I. Lewis "Scooter" Libby, who is charged with perjury and obstruction.

Sitting presidents, including Clinton and Ford, have testified in criminal cases, but presidential historians said they knew of no vice president who has done so.

William Jeffress, another of Libby's attorneys, would not say whether Cheney is under a subpoena to testify. Issuing a court order to a sitting vice president could raise separation-of-powers concerns, but Jeffress said it was not an issue.

"We don't expect him to resist," Jeffress said.

Special Prosecutor Patrick Fitzgerald, who said last week he did not expect the White House to challenge his witnesses, said Tuesday he did not plan to call Cheney.

Wells immediately said he would.

"That settles that," Fitzgerald said.

Neither Jeffress nor Wells would say whether they expect Cheney to testify in the courtroom or offer videotaped testimony to avoid infringing on the separation of powers.

"We've cooperated fully in this matter and will continue to do so in fairness to the parties involved," said Lea Anne McBride, a spokeswoman for the vice president. "As we've stated previously, we're not going to comment further on a legal proceeding."

Libby is accused of lying to investigators about what he told reporters regarding former CIA operative Valerie Plame. Plame's identity was leaked to reporters around the time that her husband, former ambassador Joseph Wilson, publicly criticized the Bush administration's prewar intelligence on Iraq.

Libby says he was focused on more important issues — including terrorism, Iraq and nuclear proliferation — and didn't remember his conversations regarding Plame.

Cheney could bolster that argument by testifying about the many other larger issues Libby was responsible for. During cross-examination, Fitzgerald likely will press Cheney to acknowledge that Plame was a key concern for him, and thus would have been important to Libby.

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The trial could offer a behind-the-scenese look at the Bush administration's march to war and U.S. District Judge Reggie Walton said he planned to ask potential jurors whether their feelings on the administration's policies would interfere with their ability to serve.

Cheney and Libby got to know each other when Cheney was defense secretary under the first President Bush. Libby has been extremely loyal to Cheney and, in return, had the vice president's unwavering trust.

By 2000, Libby was working as a top adviser to Cheney in the presidential campaign and then followed him to the White House. In the White House, he was known as "Cheney's Cheney" for being as trusted a problem solver for the vice president as Cheney was for Bush.

Even after Libby's indictment, Cheney called him "one of the finest men I've ever known."

In addition to Cheney, other government officials and journalists are expected to be key witnesses in the trial, which is scheduled to start next month.

Former New York Times reporter Judith Miller and NBC News Washington bureau chief Tim Russert are expected to be prosecution witnesses. Libby's lawyers said in court papers that several reporters will testify on Libby's behalf.

Two unidentified reporters may resist testifying, Libby's attorneys said, but they expect to resolve that issue before trial.

Cheney Testimony Could Exacerbate White House Woes (WSJ)

By John D. Mckinnon

The Wall Street Journal, December 20, 2006

WASHINGTON -- Vice President Dick Cheney's testimony in the trial of his former top aide will add to White House political problems, at a time when President Bush will be seeking to rebuild his eroded standing.

Attorneys for Mr. Cheney's indicted former chief of staff, I. Lewis "Scooter" Libby, confirmed in court yesterday that they plan to call the vice president as a witness in Mr. Libby's perjury and obstruction-of-justice case. The trial is scheduled to start next month.

Mr. Libby is accused of misleading investigators about his role in leaking the identity of a former Central Intelligence Agency agent, Valerie Plame, to reporters. Several administration officials began discussing her identity with reporters soon after her husband, former diplomat Joseph Wilson, started criticizing the administration's use of prewar intelligence concerning Iraq's nuclear-weapons program.

A Cheney spokeswoman suggested he doesn't plan to resist. "We've cooperated fully in this matter and will continue to do so," said Lea Anne McBride.

The spectacle of the vice president testifying in court is likely to deepen the White House's public-relations problems, as Democrats on Capitol Hill also will launch investigations of the administration in a number of areas, including its conduct of the Iraq war.

Mr. Cheney's role already has been a source of political pain for the White House. From an early point, the criminal investigation focused on his office, although other administration aides, including Karl Rove, also discussed Ms. Plame with reporters. More recently, details of Mr. Cheney's role have emerged in filings by Special Prosecutor Patrick Fitzgerald.

Mr. Libby testified before the grand jury that the vice president was upset about Mr. Wilson's criticisms. "He was very keen to get the truth out," Mr. Libby testified. He quoted Mr. Cheney as saying, "Let's get everything out."

Mr. Libby's defense team has hinted he will argue, among other things, he misremembered dates and details of certain conversations. Mr. Libby's defense would be helped if the vice president can buttress those claims. The vice president also could provide some of the policy reasons why the administration was interested in undercutting Mr. Wilson's story.

Cheney Will Testify In C.I.A. Leak Case (NYT)

By David Johnston

The New York Times, December 20, 2006

WASHINGTON, Dec. 19 — Vice President Dick Cheney will be summoned as a defense witness in the trial of his former chief of staff, I. Lewis Libby Jr., on charges of perjury and obstruction of justice, a defense lawyer said Tuesday in federal court. A spokeswoman for Mr. Cheney signaled that he would not resist the request for his testimony.

The decision to call Mr. Cheney was announced by Theodore V. Wells, a lawyer for Mr. Libby, whose trial is scheduled to begin next month.

“We’re calling the vice president,” Mr. Wells said at a hearing before Judge Reggie B. Walton in Federal District Court.

Mr. Cheney has been a looming presence in the C.I.A. leak case from the start, and his appearance as a defense witness would keep the vice president and the White House in the foreground of Mr. Libby’s trial. Mr. Libby is the only person charged

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with a crime as a result of an investigation into whether anyone in the Bush administration intentionally leaked the identity of a Central Intelligence Agency officer.

After the announcement at Tuesday's hearing, Lea Anne McBride, Mr. Cheney's spokeswoman, said: "We've cooperated fully in this matter and will continue to do so in fairness to the parties involved. And as we've stated previously, we're not going to comment further on the legal proceedings."

The prospect of Mr. Cheney's testimony suggested that Mr. Libby's trial could be transformed from a narrowly gauged perjury case into a riveting courtroom drama with the taciturn vice president as the star witness. He would testify under oath and be exposed to cross-examination by prosecutors.

Mr. Cheney would be the first sitting vice president, at least in modern times, to appear as a witness in a criminal trial, said Prof. Joel Goldstein of the St. Louis University Law School, an authority on the vice presidency.

Although Mr. Cheney has been a vigorous proponent of sweeping executive authority, which includes the notion that the president and perhaps other high officials could resist calls to testify in criminal trials involving their official conduct, his appearance may not set precedents, legal experts said. That is mostly because the Libby case presents a different situation from one in which such officials are subpoenaed to testify, they said.

Mr. Cheney appears to have voluntarily agreed to testify on behalf of Mr. Libby, whom he has steadfastly supported. It is unclear whether Mr. Cheney would appear personally in the courtroom or seek to testify in a less exposed manner like having his testimony taken at the White House and introduced into the trial by videotape.

The trial stems from the disclosure of the identity of Valerie Wilson as a C.I.A. officer in a July 14, 2003, column by Robert D. Novak. The fallout from that disclosure led to an investigation by Patrick J. Fitzgerald, a special prosecutor, into whether the leak violated any laws and whether Ms. Wilson's name was disclosed as part of a campaign to punish her husband, Joseph C. Wilson IV, a former ambassador, for his criticism of the White House.

Mr. Wilson wrote an opinion article in The New York Times on July 6, 2003 — shortly before the Novak column — in which he claimed that the White House had twisted intelligence to justify the invasion of Iraq. He wrote that he had personally investigated whether Iraq bought uranium in Africa and had not found any basis for that belief.

Mr. Fitzgerald did not bring any charges in connection with laws that prohibit the willful disclosure of Ms. Wilson's identity as a covert operative. But he did indict Mr. Libby, also known as Scooter, on charges of perjury and obstruction of justice, saying he had untruthfully testified to a grand jury and federal agents when he said he had learned about Ms. Wilson's role at the C.I.A. from reporters rather than from several officials, including Mr. Cheney.

Mr. Libby's lawyers have said, in court papers, that they will seek to demonstrate that he had no motive to lie and that if he made any inaccurate statements about his conversations with reporters, they were a result of his being distracted by far more important issues of national security.

In his testimony, Mr. Cheney will probably be asked to affirm Mr. Libby's statements that he was occupied with many important issues and that there was no deliberate White House plan to disclose Ms. Wilson's identity.

Prosecutors have said in legal filings that Mr. Cheney played a central role in the White House reaction to Mr. Wilson's Op-Ed article. Mr. Fitzgerald has hinted in filings that Mr. Cheney may be a prosecution witness, although he said at the hearing that the government had no plans to call the vice president.

According to Mr. Libby's grand jury testimony, cited in prosecution legal papers, Mr. Cheney believed that the article falsely attacked his credibility because it asserted that the vice president's office instigated Mr. Wilson's 2002 trip to Niger.

Prosecutors have already disclosed a copy of the article on which Mr. Cheney made handwritten notations asking whether it was Mr. Wilson's wife who sent him on the trip.

In previous legal briefs, prosecutors have said they want to use Mr. Cheney's notes as evidence, saying they show the agitated environment in Mr. Cheney's office and the importance that Mr. Libby attached to the effort to rebut the article.

After Mr. Cheney expressed concern, Mr. Libby told several reporters that Mr. Cheney's office had not sent Mr. Wilson on the trip and that he might have traveled on what was little more than a junket arranged by Ms. Wilson.

With the trial scheduled to start on Jan. 16, Mr. Libby's lawyers and federal prosecutors skirmished throughout the hearing over several likely issues about Mr. Libby's motives and state of mind.

William H. Jeffress Jr., one of the defense lawyers, said he planned to call Mr. Libby as a witness, along with several reporters who interviewed him in mid-2003, to show that Mr. Libby had encouraged the reporters to testify or give depositions in the case.

Atlanta-Area School Board Abandons Evolution Sticker Case (LAW/AP)

By Doug Gross, The Associated Press

Law.com, December 20, 2006

DOJ_NMG_0107896

A suburban Atlanta school board that put stickers in high school science books saying evolution is "a theory, not a fact" abandoned its legal battle to keep them Tuesday after four years.

The Cobb County board agreed in federal court never to use a similar sticker or to undermine the teaching of evolution in science classes.

In return, the parents who sued over the stickers agreed to drop all legal action.

"We certainly think that it's a win not just for our clients but for all students in Cobb County and, really, all residents of Georgia," said Beth Littrell of the American Civil Liberties Union of Georgia.

The case briefly became an issue in Kansas in 2005, when Attorney General Phill Kline told State Board of Education members in private meetings that he would defend them if they wanted to put such stickers in textbooks.

The board didn't pursue the idea but instead rewrote science standards to incorporate anti-evolution language. After elections this year overturned the board's 6-4 conservative Republican majorities, those standards are likely to become evolution-friendly again next year.

The Atlanta school board placed the stickers inside the front cover of biology books in 2002 after a group of parents complained that evolution was being taught to the exclusion of other theories, including a literal reading of the biblical story of creation.

The stickers read: "This textbook contains material on evolution. Evolution is a theory, not a fact, regarding the origin of living things. This material should be approached with an open mind, studied carefully and critically considered."

A federal judge ordered the stickers removed in 2005, saying they amount to an unconstitutional government endorsement of religion. The school board appealed, but a federal appeals court sent the case back, saying it did not have enough information.

"We faced the distraction and expense of starting all over with more legal actions and another trial," said board Chairwoman Teresa Plenge. "With this agreement, it is done and we now have a clean slate for the new year."

School board attorney Linwood Gunn said the agreement is not an admission that the stickers were unconstitutional. "The school board attempted to reach what they thought was a reasonable compromise," he said.

The board agreed to pay about one-third of the plaintiffs' court costs, Gunn said.

"The settlement brings to end a long battle to keep our science classes free of political or religious agendas," parent Jeffrey Selman said in a statement handed out by Americans United for Separation of Church and State, one of the groups that represented the plaintiffs.

It was one of several recent battles over what role evolution should play in science education.

Last year, a federal judge barred the Dover, Pa., school district from teaching "intelligent design" as an alternative to evolution.

In 2004, Georgia's state schools superintendent briefly proposed a science curriculum that dropped the word "evolution" in favor of "changes over time." That plan was scrapped amid protests by teachers.

Cobb County has a population of about 660,000.

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Raising The Floor On Pay (NYT)

By Louis Uchitelle

The New York Times, December 20, 2006

On the verge of controlling Congress, the Democrats are making a much-delayed increase in the minimum wage their signature attempt to lift incomes and quiet widespread economic anxiety. But the party's modest proposal does not catch up with what the states have already done to raise the wages of tens of millions of workers.

Putting a floor under wages was once the domain of the national government, a legacy of the New Deal that lasted for decades. As recently as 1984, only one state — Alaska — had a higher minimum.

By then, however, Congress no longer regularly increased the minimum. So the states stepped into the vacuum, one after another, everywhere but in the South. In the last election alone, voters in six states approved minimums higher than the federal level, and in some states cost-of-living clauses automatically increase the minimums — a step that Congress has never taken and that most Democrats still balk at.

Some advocates wonder whether Congress can regain the lead, or should. "I am very strongly in favor of populism at the national level, but it is not happening," said Gar Alperovitz, a political economist at the University of Maryland who supports and studies populist movements at the state and local level.

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"The minimum wage is definitely a populist issue," he said, "but to go beyond the present modest effort in Congress, you have to build support state by state until there is a new national consensus as to what the minimum should be. That is a long slog."

The minimum wage is not the only issue in which the states have taken the lead from the federal government. California, for example, has pushed to limit the emission of global warming gases, and New York City has just enacted the first major ban on the use of trans fats in restaurant cooking.

When it comes to the minimum wage, the Democrats plan to introduce a bill in Congress next month that would increase the federal minimum for the first time in a decade — to $7.25 an hour in the spring of 2009, reaching that level in three steps from the present $5.15 an hour.

More than 13 million workers earning less than $7.25 an hour today, or just above that, would get raises. The majority are adults working full time, mainly in the South and Southwest. The 29 states that have jumped ahead of the federal government now have minimums that range from $6.15 to $7.63 an hour, lifting 70 percent of the nation's work force well above the federal level of $5.15. Most of these state minimums have escalators built into them.

As a result, even in the unlikely event that none of the states took any further action, 12 of them, representing 33 percent of the work force, would still have minimums either equal to or above $7.25 an hour in 2009, according to projections by the Brennan Center for Justice at New York University Law School.

Many of the state minimums were enacted over the last decade. Indeed, when the federal minimum rose to $5.15 an hour in 1997, less than 5 percent of the work force enjoyed higher state minimums.

"What you have are a growing number of states more oriented toward workers than in the past," said Richard B. Freeman, a Harvard labor economist, adding: "The left is uneasy about states' rights, but people are becoming more progressive at the local level. They can see what is happening to their neighbors, and they are more sympathetic toward the poor, whom they can also see."

Starting in the early 1980s, after Ronald Reagan was elected president, increasing the federal minimum wage by more than token amounts ran into a buzz saw of opposition. Conservative economists contended that regular increases distorted the free supply and demand for workers. Citing longstanding economic research, they said it did more harm than good, prompting employers to drop marginal workers not worth the higher minimum.

That was still the prevailing view in the early 1990s when two labor economists, David Card, now at the University of California, Berkeley, and Alan B. Krueger at Princeton, found that modest increases in low minimum wages had no impact on employment, and in fact might reduce turnover.

The states themselves became tests of this finding. As more of them increased their minimums without measurable effect on employment, the opposition faded. Even the chief critic of the Card-Krueger position, David Neumark, a labor economist at the University of California, Irvine, has softened his position, though he still sees little if any advantage in a higher minimum wage.

"A congressman once said to me, 'Suppose you are right and the minimum wage reduces employment; does that mean we should not raise the minimum?' " Mr. Neumark said in an interview.

"And I said, 'No, I don't know; it depends,' " he went on. "There is some cost to raising the minimum, but there may be some benefit. If I thought one guy would lose his job and a thousand would be lifted out of poverty, I would say that is a pretty good trade-off. But my research says there is no evidence you reduce poverty."

Even the higher state minimums are often not enough to keep millions of workers out of poverty. Consider Elvia Rios, a 43-year-old college graduate from Panama who worked as an executive secretary there before immigrating to the United States three years ago. She earns the New Jersey minimum of $7.15 an hour as a stockroom employee, working 40 hours a week at a large retail store in the center of the state.

Ms. Rios and her 2-year-old daughter are living in a homeless shelter run by the Interfaith Hospitality Network, a nonprofit organization. She gets help with her daily expenses, particularly child care, from charities as well as the state. When Ms. Rios moves into an apartment next month, the state will pay 70 percent of the $1,200-a-month rent for two years. It will do so under an assistance program for women who are victims of domestic violence.

"The $7.15 an hour is just not enough," Ms. Rios said. "I don't pay any rent right now, but I soon will and I will also have to buy what the child needs."

How much income would be enough? At least $9 an hour, she said, "to live not well but without falling into poverty."

Trying to reach beyond that goal, Ms. Rios plans to enroll in a course that will train her by early spring to care for the elderly — work that in New Jersey pays $12 or $13 an hour, she says.

"The job I do now, I don't like," Ms. Rios said. "I prefer to take care of elderly people or ill people or children."

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The decades immediately after World War II were the heyday of the federal minimum wage. Without following any particular formula, Congress periodically ended up setting it at roughly one-half the average hourly pay of the nation's production workers. That average is nearly $17 an hour today; half would be $8.50. By 2009 it is likely to be close to the $9 that Ms. Rios seeks.

Spurred on by last month's election results, the populist wing of the Democratic Party is calling for a return to the old standard. Sherrod Brown, newly elected to the Senate from Ohio, is in that group. So is the A.F.L.-C.I.O., which says that its success in getting out the vote this fall entitles it to a bigger voice in Democratic Party policy.

But they are meeting political resistance from the moderates in the party. Trying to push the populist case, the Economic Policy Institute, a labor-oriented research center, posted a statement in late November calling for an increase in the minimum to $8 an hour in 2009 instead of the $7.25 proposed by the party leaders. That recommendation was quickly withdrawn, however, under pressure from the leadership.

"Our friends on Capitol Hill said our statement would be heard as criticizing the Democrats," said Ross Eisenbrey, the institute's policy director. "It would not be perceived as encouragement to do more; it would be perceived as raining on the parade."

In a second statement, issued this month, the Economic Policy Institute finally endorsed the increase to $7.25, stipulating that once Congress approved this amount, a second bill should be introduced to raise it to a higher $8 in 2009.

Senator-elect Brown and the A.F.L.-C.I.O. have taken similar stands, wanting more but nevertheless endorsing the bill that the Democratic leadership intends to introduce in the first 100 hours of the new Congress.

No Democrat has pushed harder in Congress for increases in the federal minimum wage than Senator Edward M. Kennedy of Massachusetts, the bill's author. He was the chief sponsor of the last increase, enacted a decade ago. He first tried to introduce the current proposal in 2004, but was unsuccessful in a Republican-dominated Congress.

Now he and other party leaders argue that they cannot go above a $7.25 minimum wage without risking a presidential veto. Once it becomes law, Senator Kennedy plans to push for an increase beyond $7.25. Still, he acknowledges that the initiative may indeed have passed to the states.

"States have always been the laboratories of democracy, and I am proud of the leadership they have shown on this issue," Senator Kennedy said in a written response to a question. "Philosophically, are we O.K. with leaving the minimum wage in their hands?"

Liberal economists and policy makers are divided on this point. Mr. Alperovitz says there is no other choice but to go with the states. At the federal level, he argues, the Democrats are no longer a powerful source of progressive legislation.

They have lost their influence for three reasons, he said: the decline in union power; the defection of the South to the Republican Party; and the absence of a riveting economic crisis, like the Depression, that demands national solutions.

The problem with letting the initiative shift to the states, argues Ronald Blackwell, chief economist at the A.F.L.-C.I.O., is that the variety of state minimums encourages companies to shift jobs to the lower-wage states.

Mr. Freeman, the Harvard economist, argues in response that the various minimums are useful, reflecting different living costs across the country.

Mississippi, for example, like most Southern states, simply adheres to the federal minimum of $5.15 an hour. If it were forced to go to a $9 federal minimum, the drastic increase, even spread out over two or three years, would eliminate many of the low-end jobs that have migrated to the state, Mr. Freeman said.

On the other hand, that same $9 an hour would be no problem for Washington State, where the minimum is already $7.63 and will rise to $7.94 next year.

"The fight at the federal level is really no longer over how high the minimum should go," Mr. Freeman said, "but where the low end should be."

Abramoff's Holiday Cheer (WP)

By R. Jeffrey Smith

The Washington Post, December 20, 2006

These days he makes no more than 40 cents an hour for his labors at the federal prison camp at Cumberland, Md. But Christmas 2001 was a far more high-flying holiday for Republican lobbyist Jack Abramoff, who then was paid as much as $500 an hour.

Back then -- before he pleaded guilty to defrauding banks in a deal to buy a casino cruise line -- Abramoff was a top rainmaker at Greenberg Traurig's Washington office and liked to be generous at this time of year, at least to those who could help him. He compiled a list of 45 people to whom his staff was supposed to send gifts such as a Baccarat crystal bowl and a platinum Tiffany clock.

DOJ_NMG_0107899

A copy of his holiday gift list, obtained by The Washington Post, details one of the methods that Washington lobbyists can use to flatter clients and lawmakers. It shows that those who had helped enrich Abramoff got a reward, and his father and brother and their wives got either cookies or a fruit basket.

Three members of Congress and one staff member were among his intended gift recipients, according to the list. Three of them received a more lavish item than House ethics rules allowed, if Abramoff's assistants followed his instructions.

Then-House Majority Whip Tom DeLay (R-Tex.) was listed as the intended recipient of a $250 box of Godiva chocolates; Rep. Dana Rohrabacher (R-Calif.) was to receive a $100 gift basket from Harry and David; and Susan Hirschmann, DeLay's chief of staff, was to get a Godiva box worth $100. Rep. John T. Doolittle (R-Calif.) was to get a less valuable gift: some Jerry Seinfeld CDs.

All four were close to Abramoff and his clients. DeLay, for example, had traveled the previous year to a Scottish golf course and a posh London hotel on Abramoff's credit card; he also voted against legislation opposed by two Abramoff clients that helped underwrite that trip. In 2000, Abramoff listed Rohrabacher in bank documents as a personal reference for his casino-boat purchase.

Doolittle endorsed a politician in the Northern Mariana Islands who helped hire Abramoff as a lobbyist; Doolittle's wife, Julie, was hired by Abramoff's lobbying firm in 2002. Hirschmann worked with Abramoff's office to arrange the golf trip, and Abramoff's credit card was used to pay her husband's plane fare.

Ethics rules have long barred House members and staff from receiving gifts from registered lobbyists separately worth more than $50. Reached by phone, DeLay said, "I don't think I got a box of Godiva chocolates" from Abramoff, adding that a box worth $250 would be "memorable." Doolittle spokeswoman Laura Blackann said the Seinfeld CDs were of negligible value.

Tara Setmayer, a spokeswoman for Rohrabacher, said that the congressman does not recall receiving a fruit basket from Abramoff but added that between the two close friends, it was a "regular practice" to exchange gifts. She said anything the congressman received from the lobbyist was "under the limit" set by the House.

As is typical with many lobbyists -- and not illegal or improper -- clients received generous gifts. In Abramoff's case they included Tiffany trinkets, Montblanc pens and $300 clocks.

Kathryn Van Hoof, a lawyer for the Coushatta Indian tribe, was to receive a $200 Montblanc pen. In March 2001, she negotiated a lobbying contract with Abramoff that called for the tribe to pay his firm $125,000 a month. Chitimacha tribe chairman Alton D. LeBlanc Jr., who publicly defended Abramoff's $120,000 annual lobbying fees, was also to get a Montblanc.

Identical pens were to go to Marina Nevskaya and Alexander Koulakovsky, two Russian oil executives who had hired Abramoff to help them arrange meetings with DeLay and lobby for federal aid. Willie Tan, a textile magnate in the Mariana Islands who helped direct $650,000 to a nonprofit group linked to DeLay, was to get a Montblanc, and two of Tan's aides were to get fruit baskets.

Nell Rogers, the Choctaw tribe's liaison with Abramoff and the person who processed his firm's multimillion-dollar bills, was to get a Baccarat bowl. At congressional hearings in June 2005, she would describe Abramoff's work for the tribe as "a story of betrayal."

Former Christian Coalition leader Ralph Reed, who agreed in October 2001 to help Abramoff stifle a new casino that could compete with an Abramoff client casino, was to receive a fruit basket. "Let's give him a list of things we want . . . [and] some chump change to get it done," Abramoff told a partner about Reed in a February 2002 e-mail.

Amy and David Ridenour, who ran the National Center for Public Policy Research, were to get a $100 fruit basket. A congressional report would later describe their nonprofit organization as an "appendage" of Abramoff's lobbying operation, and Abramoff himself, in a 2002 e-mail, would tell a client that their group "can direct money at our discretion, anywhere if you know what i mean."

Maynard Kahgegab, a chief of the Saginaw Chippewa tribe that signed a costly lobbying contract with Abramoff in December 2001, was listed tentatively as the recipient of a Tiffany platinum alarm clock valued at $295. In an e-mail on Dec. 17 of that year, Abramoff described members of that tribe as "troglodytes." A tribal council removed Kahgegab from office on June 2, 2004, for misconduct related to Abramoff.

Abramoff has been telling federal investigators about many of these connections since he pleaded guilty in January to conspiring to bribe public officials; his sentence for that crime is slated to be meted out in the spring. A spokesman for Abramoff's lawyer declined to comment.

Staff researcher Karl Evanzz and research editor Alice Crites contributed to this article.

DOJ_NMG_0107900

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, December 21, 2006 8:13 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, December 21, 2006
Attachments:	agnb061221.pdf; agnb061221.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 21, 2006 7:45 AM EST

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TERRORISM NEWS:

Leahy Wants To Question Gonzales About Arar Case, Rendition Policy. The Toronto Star (12/20, Harper) reported, "The incoming chair of a powerful Senate committee says he will summon U.S. Attorney-General Alberto Gonzales before American legislators to explain why Maher Arar is still barred from the U.S." Sen. Patrick Leahy "said Arar has the right to know what suspicions the Bush administration still harbour against him after he was exonerated by a Canadian inquiry. 'The Canadian government has now documented that the wrong thing was done to the wrong man,' Leahy said. 'It is time for the (Bush) administration to do what it can to redress this wrong, instead of perpetuating it.'" The Star added, "Leahy says he wants Gonzales before his committee to discuss the entire U.S. policy of rendition and he said in a speech last week he will no longer put up with non-answers shrouded in security concerns or promises to get back to him." Leahy added, "You know they are going to be tortured. This is beneath our country. And it does absolutely nothing to make us more secure and it is a gross human rights violation." AFP (12/21) reports on the Toronto Star interview with Leahy about his intention to question Gonzales about Arar and the renditions.

US Convicts Pakistani Man Of Supporting Indian Terror Group. The AP (12/21) reports, "A Pakistani man was convicted Wednesday of financially supporting a militant separatist group in India, federal prosecutors announced. Khalid Awan, of Garden City [MI], was convicted by a federal jury after a two-week trial in Brooklyn and faces up to 45 years in prison. Awan, 44, was charged with helping the Khalistan Commando Force, a Sikh secessionist group that operated in India's Punjab state. The group, founded in 1986, is considered a terrorist organization in India and is said to be responsible for the deaths of thousands of people through bombings, sabotage and assassinations." The AP adds, "'The war on terror is a global battle,' said Roslynn Mauskopf, U.S. attorney for the Eastern District of New York. 'We will not permit individuals in our jurisdiction to finance terrorist groups responsible for murder and violence in any part of the world.' … Awan's sentencing is set for March 7."

Video Shows Attack On US Embassy In Damascus. ABC World News (12/20, story 7, 2:20, Gibson, 8.78M) reported, "For our 'Closer Look' tonight, something almost never scene -- a terrorist strike captured in real-time on videotape. It was a brazen assault on the US Embassy in Syria three months ago by Islamic militants with guns, grenades and explosives. There are many questions about this attack, including whether Syria may have had advanced knowledge it was going to happen. The tape obtained by ABC News offers the first look at what really happened that day in Damascus." ABC (Ross) added, "A US government security camera was rolling as the attackers in the white car pull up outside the embassy wall." ABC noted that "while the embassy is only a few feet from the road, the attackers are not able to breach the heavily reinforced walls."

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Bruce Tully, a former US Diplomatic Security Service agent, told ABC, "We've poured money and technology into this. It was a very good day for the US and a very bad day for the terrorists." ABC also noted that "of the 13 attacks on US embassies in the last 8 years, this is one of the few that remains a mystery as to who was responsible."

Threat Of Terror Attack In Europe Thought To Be Increasing. The Washington Post (12/21, A20, Whitlock, 690K) reports the "threat of a terrorist attack on European soil by Islamic radicals has increased substantially in recent months, reaching its highest levels since the London transit attacks of July 2005, according to European counterterrorism officials. Adding to the anxiety: fresh threats against Britain and France delivered Wednesday by al-Qaeda's deputy leader." Al Qaeda second-in-command Ayman al-Zawahri "singled out Britain as a historical enemy of Muslims, blaming it for the creation of the state of Israel and the downfall of the Ottoman Empire in the early 20th century." Zawahri's "recent remarks have particularly concerned French counterterrorism officials. They have warned of a heightened risk of attacks because of a newly declared alliance between al-Qaeda and an Algerian-based network, the Salafist Group for Preaching and Combat, which has developed an extensive collection of cells in France and elsewhere in Europe."

Alleged Terrorists Can Appeal Sanctions To UN Security Council. The Wall Street Journal (12/21, A10, Crawford, 2.04M) reports, "Alleged al Qaeda and Taliban supporters blacklisted by the United Nations Security Council will be able to petition directly to have their names removed and sanctions lifted, removing a top complaint of lawyers and civil-rights lobbies." The UNSC "cleared the way for a form of appeals process when it voted Tuesday to set up an office to handle requests by individuals to lift sanctions imposed under a range of U.N. resolutions dating back to 1992."

WPost Says Congress Should Restore Habeas Corpus For Accused Terrorists. The Washington Post (12/21, A28, 690K) editorializes, "One of the actions Congress took in the hastily passed Military Commissions Act was to strip the federal courts of jurisdiction over" lawsuits such as that filed by accused terrorist Salim Hamdan "that were already pending. Under the act, many other important cases will probably have to be dismissed -- which is why Congress should promptly amend the law when it reconvenes in January." The "fault here lies with Congress, not with" US District Judge James Robertson, who "held that the legislature had unambiguously stripped the courts of jurisdiction over all lawsuits challenging detentions at Guantanamo Bay -- so-called habeas corpus lawsuits. And he ruled as well that Congress had the power under the Constitution to do so -- at least for aliens held beyond American shores. But saying that Congress acted lawfully is not the same as saying it acted wisely."

HOMELAND RESPONSE:

Chertoff Says DHS Must Be Honest With Congress, Public About Capabilities, Costs. Government Executive/National Journal (12/20, Harris) ran an edited transcript of a Dec. 5 interview with DHS Secretary Michael Chertoff, who said the agency's performance "improved quite a bit in the past two years," but "acknowledged that he didn't anticipate just how high a hill he would have to climb when he became department secretary." Chertoff "described some of his major goals, responded to his critics, and talked about what lawmakers and the public should -- and shouldn't -- expect from the Homeland Security Department." Asked whether the public understands "that the federal government will not respond immediately to a major catastrophe," Chertoff said, "I think everyone intellectually knew that the feds weren't going to be there immediately. The federal government does not own all the response resources. The National Guard is the single biggest response resource." Chertoff added that governors "must…take the responsibility to make sure that the National Guard is properly trained and able to work. What we have to do is make sure the National Guard training and planning is integrated with ours." Discussing criticism of the department's contract management, Chertoff said, "We have to be honest with Congress and the public. We ought to ask the question very directly: Do you want us to short-circuit the contracting rules in a time of national emergency?" Chertoff continued, "I've become more and more convinced that one of the best things I can do is to be completely crystal clear about what it is you want us to do: What are our capabilities, what are you prepared to give us or not give us, what's it going to cost, and what can we deliver? Accountability is not about gotcha. It's about clarity of goal, accurate assessment of

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capability and of cost, and the deliberate decision-making about what you want to do."

DHS IG Finds Holes In Acquisition Oversight, Secure Border Initiative. Government Executive (12/20, Marino) reported a report released Wednesday by the Department of Homeland Security's inspector general found that the agency "needs to establish a more comprehensive acquisition oversight program and better plan an initiative to secure the borders." The report stated "that DHS' contract writing systems are incompatible with the Federal Procurement Data System - Next Generation, a governmentwide repository for information on acquisitions," and that some of the department's "contract writing systems 'may need to be replaced." The report also said, of the Secure Border Initiative, "that DHS is embarking upon a multibillion-dollar acquisition project without having laid the foundation to effectively oversee and assess contractor performance and effectively control cost and schedule. DHS has not properly defined, validated and stabilized operational requirements." The report "singled out DHS' Immigration and Customs Enforcement bureau and the Coast Guard as needing better financial management" and, citing "significant interdependencies" between CBP and ICE, said "'jurisdictional, operational and communication gaps exist between the two organizations that must be addressed by DHS leadership.' DHS Spokesman Jarrod Agen cited ICE's and CBP's joint efforts to end the United States' catch-and-release policy of dealing with illegal immigrants as an example of how both agencies 'effectively worked together.' In a written response to the IG, DHS officials said the department will continue to build its acquisition workforce, and 'initiatives to resolve personnel shortages will include a centralized recruiting system for contract personnel within DHS components.'"

The Federal Times (12/20, Friedman) reported Inspector General Richard Skinner wrote "that almost four years after the government's largest reorganization in a half-century, the department 'still has much to do to establish a cohesive, efficient and effective organization.'" He said Hurricane Katrina "highlighted longstanding problems at the Federal Emergency Management Agency in managing assistance and housing for disaster evacuees, information and systems, contracts, grants and flood insurance. The IG also is conducting reviews of FEMA's intake process for evacuees, its management of the national flood insurance program, and its acquisition management structure, the report says."

Reliance Of Biometric Security Devices Seen As Risky. The Wall Street Journal (12/21, B3, Bulkeley, 2.04M) reports a rise in the use of biometric security devices in the business world has been accompanied by "increasing worry that these security devices can be faked out. Deception methods including well-made copies of fingerprints, masks or contact lenses that replicate iris patterns might be used to defeat the new identification technologies." International Biometric Group, a consulting firm hired by Financial Services Technology Consortium to assess how successful the devices are has taken the preliminary view that they "aren't spoof-proof." Meanwhile, "Use of biometrics in various applications is exploding," and companies that make the devices "downplay the risk of spoofing."

British Firm May Get Anthrax Vaccine Contract. The Washington Post (12/21, D3, Merle, 690K) reports the cancellation of VaxGen's "high-profile contract to produce 75 million doses of a new anthrax vaccine leaves federal heath officials years away from a replacement for the version now in use but could raise the prospects for an alternative being developed by a British competitor." After "delays and technical problems, the Department of Health and Human Services voided" VaxGen's "$877.5 million contract Tuesday. The department has not announced plans to replace it, but an alternative version being developed by Avecia of Manchester, England, is being tested, and the National Institutes of Health is expected to award contracts next year for research into advanced vaccines."

WAR NEWS:

Bush Reiterates US "Not Winning" In Iraq. President Bush held a press conference yesterday in which he reiterated his assessment, first made in a Tuesday interview with the Washington Post, that the US is "not winning" in Iraq. Though, as the Financial Times (12/21, Daniel) reports, "the president seemed to retreat from this bleak assessment…saying that comment 'reflected the fact that we're not succeeding nearly as fast as I wanted,'" Bush's "not winning" remark dominated media coverage for a second straight day. The CBS Evening News (12/20, lead story, 3:09, Couric, 7.66M), for example, opened its broadcast

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saying Bush "admits the United States is not winning the war in Iraq. Most of the American public doubts we can win, but not the President. At a news conference today he said flat out 'I believe we are going to win.' If he didn't think so, he added, he wouldn't have US troops there." CBS (Axelrod) added the President "admitted the insurgents have been having quite a run in Iraq, calling 2006 a difficult year for US troops. But he gave no indication of any plan to bring those troops home any time soon."

Media reports saw a change in Bush's tone during yesterday's press conference. The AP (12/21, Hunt) says Bush was "unusually candid," while NBC Nightly News (12/20, lead story, 2:45, O'Donnell, 9.87M) spoke of "a stark new-year prediction on Iraq from the President today: difficult choices and additional sacrifices in 2007. … While still using words like victory, the President left room to read between the lines -- less certainty, more hedge. Here's the contrast just eight weeks ago." The New York Times (12/21, Stolberg, 1.16M) describes Bush as "somber and at times reflective," though he "showed no indication that he was inclined to change goals or pull out of Iraq." The Times also notes Bush "used the news conference to confirm his plans, disclosed Tuesday in an interview with The Washington Post, to propose an increase in the permanent size of both the Army and the Marines. He called the global campaign against terrorism 'the calling of our generation,' and he said the military needed to be beefed up to fight it." The Financial Times (12/21, Daniel) says "the tone of the press conference reflected a hesitant president, conscious of his legacy, struggling to find a way out of Iraq and redefine his agenda after losing control of the House and Senate." The Los Angeles Times (12/21, Gerstenzang, 850K) referred to an "uncharacteristically dour assessment" by the President, and adds he appeared "reflective." His statements "reflected a new willingness to acknowledge that the sectarian violence in Iraq has grown consistently worse and political cooperation there is flagging."

ABC World News (12/20, story 4, 2:35, Tapper, 8.78M) called Bush's assessment of the situation "grim…basically saying 2006 in Iraq was bad, 2007 could be even worse." The President "came before the public to offer an unusually somber look at both the past and the future in Iraq." Bush was shown saying, "2006 was a difficult year for our troops and the Iraqi people. We began the year with optimism after watching nearly 12 million Iraqis go to the polls to vote for a unity government and a free future. The enemies of liberty responded fiercely to this advance of freedom." Bush's "look ahead seemed bleaker still." Bush: "It's going to require difficult choices and additional sacrifices, because the enemy is merciless and violent." ABC added, "Just six weeks ago, the President sounded much more upbeat." Bush (from October 25, 2006): "Absolutely we're winning. Al Qaeda's on the run."

The Chicago Tribune (12/21, Silva, 617K) says Bush "now offers a more sobering assessment of the war -- saying that American forces are neither winning nor losing, but still asserting that victory will be achieved. That victory, as he has defined it before, remains the promise of an Iraqi government that can govern the nation, sustain it and defend it against unrelenting violence."

The Wall Street Journal (12/21, A6, Dreazen, Jaffe, 2.04M) reports "Bush's comments highlighted the administration's search for a long-term strategy that is sustainable politically at a time when a majority of Americans have concluded the US is losing in Iraq."

The Washington Times (12/21, Curl, 88K) headlines its story "Bush Concedes Us Not Ready For Iraq," and reports Bush said "US forces were inadequately prepared to handle sectarian violence that broke out in Iraq after the fall of Baghdad."

First Lady Notes Husband Says US "Not Losing, Either." The CBS Evening News (12/20, story 4, 1:30, Couric, 7.66M) reported, "We have another perspective on the war in Iraq tonight and it comes from the person closest to President Bush, his wife of 29 years, Laura. She talked exclusively…to Bob Schieffer." Mrs. Bush: "It has been a difficult year. I think this year especially watching the violence in Iraq is difficult for Americans and difficult for people around the world to watch." Schieffer: "I noticed the President now says he wants to enlarge the army. For so long he said he didn't want to do that. He now concedes that we're not winning in Iraq." Mrs. Bush: "Well, he said we weren't losing, either." Schieffer: "Yes, but was it hard for him to come to those conclusions?" Mrs. Bush: "He, as the President, has to assess and try to make the decisions for our troops, for our country, that are the best for Iraq to try to stabilize the government there, for them to have a chance to have reconciliation and build their government. We know Iraqis want to."

In "Shift," Bush Says Commanders' Opinion On Troop Levels "Just One Set Of Many." The CBS Evening News (12/20, lead story, 3:09, Axelrod, 7.66M) reported Bush "always says he defers to his commanders when talking

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about troop levels. Well, today a shift: Talking about a possible surge, Mr Bush said the commanders' voices are just one set of many that he's listening to."

NBC Nightly News (12/20, lead story, 2:45, O'Donnell, 9.87M) also said "the President gave less weight to the views of military leaders, a change from how he described their input in October." Bush (from October 30, 2006): "If they want more troops, they get more troops. If they want less troops, they get less troops." Yesterday "he referred to them as one part of his consultation process." Bush: "The opinion of my commanders is very important. They are bright, capable, smart people whose opinion matters to me a lot."

Under the headline "Contention Increases On Troop Numbers," the Washington Post (12/21, A1, Baker, 690K) reports "the debate over sending more US troops to Iraq intensified yesterday as…Bush signaled that he will listen but not necessarily defer to balky military officers." The Post adds, "The tension between the White House and the Joint Chiefs of Staff over the proposed troop increase has come to dominate the administration's post-election search for a new strategy in Iraq. The uniformed leadership has opposed sending additional forces without a clear mission, seeing the idea as ill-formed and driven by a desire in the White House to do something different even without a defined purpose."

"Surge" Option Said To Put Bush In Tough Political Predicament. USA Today (12/21, Nichols, 2.27M) says Bush yesterday "confirmed that one option he is considering is sending tens of thousands of additional troops to Iraq to try to establish control in key areas, particularly Baghdad. The president said that before he would pursue such a strategy, he and his military planners would have to agree on a 'specific mission that can be accomplished with more troops.'" But the AP (12/21, Baldor) reports, "Defense Secretary Robert Gates found American commanders wary of a proposal to rush more US troops to Iraq as he visited the war-ravaged country Wednesday. … On just his third day in charge of the Pentagon, Gates made the unannounced trip with the administration under intense pressure to forge a new strategy -- and just hours after the president conceded, for the first time, that the US is not winning the conflict." The AP Adds, "After meeting with top US generals at Camp Victory, Gates acknowledged concerns that rushing thousands more American troops to the battlefront could allow the Iraqis to slow their effort take control of the country. He said no decisions have been made." The Washington Post (12/21, A20, Ricks, 690K) reports, "Appearing relaxed but looking funereal in a black suit, white shirt and dark tie, Gates said he had received 'candid, honest, firsthand assessments' from senior officers he met with here Wednesday." Said Gates, "This trip is part of the overall assessment that the president asked me to do."

On NBC Nightly News (12/20, story 3, 1:45, 9.87M), Tim Russert said that "if the President decides to put 30,000 more American troops in Iraq, he is going to have to do a major salesmanship job with the American people. Right now, 71% give the President an unfavorable rating in handling Iraq. And overwhelmingly they are opposed to the introduction of new troops, so he will have a very uphill battle trying to convince the public to support him in that effort." Also, "the Democrats will have the gavels of the relevant committees. They will call witnesses who will refute the President. They will call military officials who will disagree with the President. It will be an extraordinary scene on Capitol Hill. If the President decides not to go forward with the surge of temporary troops, then his conservative base, particularly neoconservatives who are pushing for this new battle of Baghdad will be very disappointed and the President cannot afford to lose that key ingredient of his political base. This is a very, very difficult, potentially lose-lose situation for the President."

The Los Angeles Times (12/21, Gerstenzang, 850K) reported that "Bush's comments on Wednesday did not satisfy senior Democratic leaders in Congress. In similar statements, Sen. Harry Reid of Nevada, the Democratic Senate leader, and Rep. Nancy Pelosi of California, the incoming House speaker, said Bush did not understand the need for a more dramatic change in Iraq." Sen. Hillary Clinton "said on NBC's Today Show that her support for a temporary troop increase would depend on their mission." The Times adds "there is strong opposition to the idea among Democrats."

The Washington Post (12/21, A1, Baker, 690K) reports Reid "said Bush's latest remarks indicate that he has not come to grips with the need for urgent change in Iraq. 'The president seems lost within his own rhetoric,' Reid said in a statement. 'He is grasping for a victory his current policies have put out of reach and leaving our troops stuck policing a civil war.'"

Incoming House Armed Services Chairman Ike Skelton appeared on both PBS and MSNBC to discuss the President's remarks. On PBS' NewsHour (12/20, Suarez), Skelton said, "What is winning? They've moved the goalposts on us. At first it was ridding Iraq of weapons of mass

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destruction. Then it was establishing a democracy. And now it's quelling the sectarian violence. Really, what is winning in today's terms? I don't know what it is, but what we hope to end up with is a representative, effective government there that has stability throughout the nation, and that's probably as close to winning as we can really hope for, under the conditions that we have." On MSNBC (12/20, Mitchell), Skelton spoke against a troop surge in Iraq, saying "it might even exacerbate the situation and maybe even make it worse."

The AP (12/21, Frommer) reports GOP Sen. Norm Coleman, "following a two-day trip to Iraq, said Wednesday he opposes a plan…Bush is considering for a short-term surge of US troops there. At the same time, Coleman said, he supports Bush's call this week for the U.S. to increase its overall number of troops to help a taxed military fight the global war on terror." Said Coleman, "I would not support a massive increase in troops in Baghdad. … I think it would create more targets, I think we'd put more life at risk."

Ex-Rep. J.C. Watts, also a Republican, said on CNN's The Situation Room (12/20, Blitzer), "The last 24 hours, I don't think the American people have become less skeptical. And let me tell you why. Six weeks ago, it was 'stay the course,' before the election. Yesterday, today, it's, 'we're not winning,' more troops. The President's got a tough sell."

Military Officials Said To Be "Suspicious" Of Bush's Plan To Expand Military. NBC Nightly News (12/20, story 2, 0:55, Williams, 9.87M) reported, "The President's decision to push for this expansion of the US military has caught a few people at the Pentagon by surprise." NBC (Miklaszewski) added "some military officials are highly suspicious of the President's sudden turnaround on the issue. They believe that he's dangling that offer out there in an effort to buy the military support for the option to surge additional American troops into Iraq as if it's some kind of tradeoff. You throw in 30,000 more American troops into Baghdad now in exchange for an overall larger force four to five years down the road. But many military leaders that we're talking to still oppose a surge. They still believe it won't work and will put more Americans at risk. As one senior military official put it today, it'll be like throwing kerosene on a fire."

The Christian Science Monitor (12/21, Grier, 59K) reports, "Expanding the size of US armed forces could be an expensive and lengthy task -- in essence, a redoubling of the national effort to grapple with the challenge posed by Islamic extremism." The move, moreover, "would be irrelevant in the Iraq war, say some critics, because by the time more troops are recruited, trained, and deployed, the conflict there will probably be set in its course." Likewise, the AP (12/21, Flaherty) reports "Bush's plan to enlarge the Army and Marine Corps responds to pleas from the Pentagon and Capitol Hill, but finding more recruits will be expensive and challenging and have little immediate impact on the wars in Iraq and Afghanistan." USA Today (12/21, Kelley, 2.27M) says "the Iraq war's unpopularity is another challenge for recruiters, says Andrew Bacevich, a retired Army colonel and professor at Boston University. That adds to the costs of getting more people to enlist, he says."

NBC Nightly News (12/20, story 6, 1:55, Williams, 9.87M) reported, "The US Army expects it will have to spend more money on recruiting efforts to meet this new proposal by the President to expand the US military, and some worry it will have to sacrifice quality in some way." NBC (Potter) added that "to meet its current goals, the Army has already added thousands of recruiters. The Army is also offering signing bonuses of up to $40,000 and has gone digital with recruiting ads online at sites like MySpace.com. But even Army officials admit to substantially increase the force could take a long time." General Peter Schoomaker, US Army Chief of Staff: "Optimistically, we could add 6,000 to 7,000 soldiers per year." Training them, added NBC, "will be expensive – an estimated $1.2 billion for every 10,000 recruits."

Meanwhile, McClatchy (12/21, Montgomery, Hall) reports "military experts see as a pattern as the Pentagon seeks to increase the burden on the Army's two reserve components, the Reserve and National Guard. Torn between family and the call to duty, many are taking a hard look at military commitment and choosing family when re-enlistment time arrives. … Those deciding whether to remain in the Guard and Reserve must take into account the possibility that they'd have to serve longer and more frequently on active duty than they do now."

Abizaid Retiring. ABC World News (12/20, story 5, 0:10, Gibson, 8.78M) reported, "We learned today that the commander of US forces in the Middle East, John Abizaid, will retire next March." The CBS Evening News (12/20, story 2, 2:02, Martin, 7.66M) said "this is the most critical moment in the war since the invasion. We've got a new Secretary of Defense, we've got a new strategy. We're about to get new generals since both…Abizaid and Gen. Casey are nearing the end of their tours. This may be the last best chance to get it right. Having said that, success still depends on the ability of

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the Iraqi government to govern itself, but ultimately it's just out of our control." NBC Nightly News (12/20, story 4, 0:20, Williams, 9.87M) also notes Abizaid's retirement announcement.

The Washington Post (12/21, A14, Tyson, White, 690K) profiles Baizaid in a story titled "A Soldier's Soldier, Outflanked," and says "the departure of the general, who has won wide respect for his candid advice to the administration as the head of US Central Command, was expected and is not seen as an indication of his own displeasure or that of superiors over his performance." The Post adds, "Supporters portray Abizaid, 55, as a brilliant commander who did his best, despite constraints from Washington, to adapt the US military to fight an unanticipated guerrilla war -- which he was among the first to identify -- and later the unexpected outbreak of sectarian violence." Yet "critics say Abizaid has placed too much emphasis on Arab sensitivity to foreign occupation, and therefore never demanded enough US troops to stabilize the country." A "US officer" tells the Post, "He was too smart by half."

NYTimes Says Bush Must "Acknowledge" His Iraq Policies Have Failed. The New York Times (12/21, 1.16M) editorializes, "Anyone looking for new thinking on Iraq, or even candor, had to be disappointed by…Bush's news conference yesterday. Mr. Bush may want to defer unveiling his new strategy, but there will be no obliging pause in Iraq's unraveling." Bush "acknowledged the obvious and desperate need to rebuild America's overstretched ground forces, a subject he refrained from talking about so long as Donald Rumsfeld ran the Pentagon." But "that will take time and won't be any help in Iraq. Mr. Bush also needs to acknowledge that his course there has reached a dead end. He needs to quickly define a new direction while he still has any choices left."

More Commentary. In an editorial, the Los Angeles Times (12/21, 850K) says "Bush's call for a larger military is the right thing to do, even if the president's reasons miss the mark." Yesterday, "Bush couched his argument in excessively narrow terms, saying that a beefed-up military was necessary to prosecute the 'war on terror [that] is the calling of a new generation.' This argument jumbles together the (at least partly metaphorical) 'war on terror' -- a many-fronted effort to prevent the repetition of the attacks of Sept. 11, 2001 -- with the amassing and deployment of military forces around the globe to protect all of the nation's vital interests. … The need for a larger military isn't confined to the Iraq war but to any number of possibilities -- war on the Korean peninsula, genocide in Africa, the defense of Israel, you name it."

Frederick W. Kagan, author of "Choosing Victory: A Plan for Success in Iraq," writes in USA Today (12/21, 2.27M), "It is essential…to adopt a new strategy. We must secure Iraq's population and thereby bring the violence under control, abandoning the failed attempt to hand responsibility over to the Iraqis prematurely. … The options in Iraq are stark: withdrawal, defeat and regional disaster, or an effort to secure the population to permit the political, economic and social development and national reconciliation needed for Iraq to move forward. The president's determination to win with a comprehensive new strategy isn't stubbornness. It is wisdom."

In an editorial, USA Today (12/21, 2.27M) weighs in against "a temporary 'surge' of 15,000 to 30,000 US troops in a last-ditch effort to stabilize the violence-wracked nation. … Though it's tempting to think that adding troops for a little while would solve the problem, this is a seductive and dangerous road. It's the same vague reasoning that led to sending hundreds of thousands of troops to Vietnam."

Meanwhile, Berl Brechner writes in the Washington Post (12/21, 690K), "Should we revive the military draft? There's been a lot of talk about it lately. Conscription, as a social exercise, might instill discipline and respect while getting people to mix with all types and classes of their fellow Americans and perform a patriotic duty. It might also serve the political goals of some who oppose the Iraq war." But "if the purpose of the armed services is to be an effective force for defending and protecting the nation, and winning wars when engaged, I have to say this: The draft wasn't great when I got caught up in it 37 years ago, and it would be even worse today."

CIA Simulation Finds US Defeat In Iraq Would Be Boon To Al Qaeda. The Washington Times (12/21, Scarborough, 88K) reports, "The CIA this month conducted a simulation of how the Iraq war affects the global jihadist movement, and one conclusion was that a US loss would embolden al Qaeda to expand its ranks of terrorists as well as pick new strategic targets, according to sources familiar with the two-day exercise." CIA spokesman Mark Mansfield "confirmed to The Washington Times yesterday that the simulation took place in Northern Virginia. He declined to discuss its findings, saying that a final report is not finished and that the report will not be the intelligence

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community's official view. It will, however, be circulated within the community and possibly to US policy-makers. … Although it takes no policy positions, the simulation's key finding appears to bolster Mr. Bush's contention that a U.S. loss in Iraq will have far-reaching ramifications."

Cody Says US Involved In "Global," New Kind Of War. Army Vice Chief of Staff Gen. Richard Cody said on CNN (12/20, Phillips), "This is a global war. Right now the focus is on Iraq and Afghanistan, where we freed 50 million people from two bad regimes, but it is a global war. The nature of this war is certainly different. And the nature of this enemy is certainly different. And it's a war that we'll be successful with, but not one that people will see someday where people are going to sit on either side of a table and sign a peace accord. That's not the nature of this. It's going to require strength of purpose. It's going to require a strong military. It's going to require a strong American support for us to be able to be successful in this."

Pentagon Says It Will Need Additional $99 Billion For War. ABC World News (12/20, story 3, 3:10, Gibson, 8.78M) reported, "We learned that the Pentagon has put together an estimate that the military next year will need another $99 billion on top of moneys already appropriated. In the days before the US went into Iraq, there were some suggestions the operation could be paid for with Iraqi oil revenues. That thought is a distant memory." ABC (Karl) added, "In the coming weeks, President Bush faces two colossal challenges related to the war in Iraq -- convincing the American people he has a new strategy that will work and getting Congress to pay for it. The war on terror is getting a lot more expensive. Considering the Pentagon once estimated the total cost of the Iraq war to be just $50 billion, the numbers are staggering. The 17-page memo outlines the Pentagon's request for additional funds for the wars in Iraq and Afghanistan in 2007. Combined with the money already approved by Congress, the total single-year cost would be $170 billion, the vast majority of that money for Iraq." NBC Nightly News (12/20, story 5, 0:20, Williams, 9.87M) said that "if approved by Congress, total spending for the wars in 2007 going in would be $170 billion. That would be a new record."

The AP (12/21, Taylor) reports, "Overall, the war in Iraq has cost about $350 billion. Combined with the conflict in Afghanistan and operations against terrorism elsewhere, the cost has topped $500 billion, according to the nonpartisan Congressional Research Service."

Sistani's Influence Seen As Declining As Sadr-Hakim Rivalry Intensifies. The Washington Post (12/21, A1, Raghavan, 690K) reports, "In the quest to create a new Iraq, two powerful clerics compete for domination, one from within the government, the other from its shadows. … They have fought each other since the days their fathers vied to lead Iraq's majority Shiites. They hold no official positions, but their parties each control 30 seats in the parliament. And they both lead militias that are widely alleged to run death squads." But "in the view of the Bush administration, Abdul Aziz al-Hakim is a moderate and Moqtada al-Sadr is an extremist. As the US president faces mounting pressure to reshape his Iraq policy, administration officials say they are pursuing a Hakim-led moderate coalition of Shiites, Sunnis and Kurdish parties in order to isolate extremists, in particular Sadr." Hakim, "who once verbally attacked US policy, now senses a political opportunity and is softening his stance toward the Americans. Sadr's position is hardening. Young and aggressive, he has suspended his participation in Iraq's government and is intensifying his demands for U.S. troops to leave the country." Their "rivalry is rising as the moderating influence of Iraq's most revered Shiite figure, Grand Ayatollah Ali Sistani, is fading on the streets of Baghdad and is being replaced by allegiance to militant clerics such as Sadr, according to Iraqi officials and analysts."

ABC World News (12/20, story 6, 0:20, Gibson, 8.78M), meanwhile, reported on a breakthrough in trying to isolate Iraq's extremists. According to the 'New York Times,' Iraq's revered Shiite cleric, the Grand Ayatollah Ali al-Sistani, has tentatively approved a ruling coalition of Shiites, Sunnis and Kurds that would exclude the Shiite militia leader, Muqtada al-Sadr." But Reuel Marc Gerecht, a former Central Intelligence Agency officer and now a resident fellow at the American Enterprise Institute, writes in the New York Times (12/21, 1.16M) that "the administration should nip in the bud" such an approach. Gerecht adds, "Changing the Shiite parts of the Iraqi government and quickly taking on Mr. Sadr would do nothing to end the Sunni insurgency and the holy war of foreign jihadists against the new Iraq. … Such a tack would not likely diminish the appeal or the power of the Mahdi Army, which is largely made up of poor, radicalized young men whose families were brutalized by Saddam Hussein and have

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been savaged by Sunni Arab fighters since the fall of 2003. … The key for America is the same as it has been for years: to clear and hold the Sunni areas of Baghdad and the so-called Sunni triangle to the north."

Sadr Ponders One-Month Ceasefire. The AP (12/21, Abdul-Zahra) reports, "Radical Shiite cleric Muqtada al-Sadr, who heads a militia feared by Iraq's Sunnis, is considering a one-month unilateral cease-fire and may push his followers to rejoin the political process after a three-week boycott, officials close to him said Wednesday. The issue is expected to come up at a meeting Thursday in the holy city of Najaf between al-Sadr and a delegation representing the seven Shiite groups that form the largest bloc in Iraq's parliament, the Shiite officials said on condition of anonymity because of the secrecy of the talks." The AP adds, "In perhaps an even more important session, the delegation will also sit down with the country's top Shiite cleric, Grand Ayatollah Ali al-Sistani."

Zawahri Says Al Qaeda Real Power Broker In Iraq. The AP (12/21, Michael) reports, "The deputy leader of al-Qaida, Ayman al-Zawahri, told the United States it is negotiating with the wrong people in Iraq, suggesting in a video released Wednesday that his terror group was the real power broker in the country." Zawahri "warned that al-Qaida would keep fighting US troops in the Muslim world and target Western nations in retaliation. But he also criticized rival Islamic militant groups, such as the Palestinian Hamas, for being too soft in waging 'jihad' or holy war." The New York Times (12/21, El-Naggar, 1.16M) also reports on Al-Zawahri's statement.

Another Day Of Severe Violence In Iraq. The Los Angeles Times (12/21, Hennessy-Fiske, 850K) reports, "The bodies of 76 unidentified people were recovered in Baghdad on Wednesday, police said, the highest 24-hour toll so far for the anonymous slayings that have become a grim part of life in the capital. All of the victims were men between the ages of 20 and 50. Although they died violently, all shot with automatics weapons, the men were not slain execution-style as is often the case these days -- no handcuffs or blindfolds, morgue staff said. Only a few showed signs of torture." And "they were not the only bodies delivered to the morgue Wednesday. There were victims of drive-by shootings, assassinations and bombings, police said." Meanwhile, "two US soldiers also were killed by separate roadside bomb explosions Wednesday. One soldier died while investigating an explosion on foot with a combat patrol southwest of the capital, the military said. Another soldier died after an explosion near his vehicle during a road-clearing mission in southern Baghdad. Six soldiers were wounded in the explosions."

Iraqi Comedian Killed. The AP (12/21, Yahya) reports, "Gunmen killed a veteran Iraqi actor and comedian known for his stage portrayal of the lighter side of life in Baghdad during Ottoman rule in the early 1900s, police said Wednesday." Mitashar al-Sudani "was killed as he drove to theater offices on Haifa Street in Baghdad on Tuesday, a police officer and an official at Iraq's Theater and Cinema Ministry said. Both officials spoke on condition of anonymity because of security concerns."

Najaf Security Turned Over To Iraqis. The Los Angeles Times (12/21, Hennessy-Fiske, Fakhrildeen, 850K) reports from Najaf, "The local audience knew what to expect when Iraqi commandos took the stage at the stadium here Wednesday with frogs and a rabbit in hand, preparing to celebrate with a bloody flourish the transfer of local authority from US to Iraqi troops. The Americans were in for a surprise." As "US commanders and guests looked on, the commandos in dark green T-shirts began taking bites out of the frogs. One man knelt, placed the rabbit belly-up on his lap and proceeded to cut it open with his military knife. He screamed as he bit the rabbit's heart, then handed the carcass to companions who began gnawing away, blood flowing down their cheeks." The ceremony "marked the shifting of responsibility for security in Najaf province to Iraqi forces and was attended by US and Iraqi dignitaries, including Iraqi national security adviser Mowaffak Rubaie."

The Washington Post (12/21, A21, Trejos, Sarhan, 690K) reports, "Najaf is the third province to be turned over to Iraqi forces. Fifteen more are still under the control of US-led forces."

Fugitive Iraqi Minister May Return To Illinois. The New York Times (12/21, Saulny, 1.16M) reports from Oak Brook, Il, "It was an unremarkable scene on Wednesday outside a gated community here where the former Iraqi electricity minister, Aiham Alsammarae, now a fugitive from justice, keeps a palatial house. Having escaped from a Baghdad jail over the weekend in what he boasted was the 'Chicago way,' Mr. Alsammarae, whose whereabouts are unknown, could have been on the way back here. Or perhaps he had already arrived." The watchman "at the Covington entrance, who either stops or waves through every

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car that approaches, said Wednesday that he knew Mr. Alsammarae but that he had not seen him 'in quite some time.' Was that days or months? The watchman, who would not give his name, would not elaborate."

As Violence Mounts, French Pull Some Soldiers Out Of Afghanistan. The AP (12/21, Ganley) reports, " "As violence mounts in Afghanistan, France is pulling 200 of its best soldiers out. But military officials here insist France remains fully committed, with 1,100 troops still based in Kabul." Nevertheless, "France's decision to withdraw its Special Forces comes amid concerns in Paris that NATO's mission in Afghanistan has grown confused and that the alliance may be overreaching in its efforts to stabilize and rebuild the nation." The AP adds, "French officials and experts say that as fighting in Afghanistan has dragged on and the insurgency has grown in strength, the special forces were no longer ideal for the mission. Such elite units tend to be more lightly armed, and specialize in gathering intelligence or rapid attacks."

Pakistani City Of Quetta Serving As Taliban Refuge. The Los Angeles Times (12/21, King, 850K) reports from Quetta, in Pakistan, "At a time when the Taliban is making its strongest push in years to regain influence and territory across the border in Afghanistan, this mountain-ringed provincial capital has become an increasingly brazen hub of activity by the Islamist militia." Quetta "serves as a place of rest and refuge for Taliban fighters between battles, a funneling point for cash and armaments, a fertile recruiting ground and a sometime meeting point for the group's fugitive leaders, say aid workers, local officials, diplomats and others. … The apparent ease of Taliban movement in and out of Quetta comes against a backdrop of increasingly bitter squabbling by authorities in Afghanistan and Pakistan over who bears responsibility for the militia's use of tribal areas on the Pakistani side of the border as a staging ground for attacks that have killed at least 180 North Atlantic Treaty Organization and allied troops this year.

WPost Says Bush "Tolerating" Musharraf's "Empty Promises." The Washington Post (12/21, 690K) editorializes, "Three months ago the Pakistani government struck a deal with pro-Taliban leaders in the district of North Waziristan, bordering Afghanistan: It agreed to abandon military operations, withdraw the army and release prisoners in exchange for promises that the militants would cease cross-border attacks and disarm the foreign terrorists in their midst. That the extremists would not respect the accord, and that attacks on US forces in Afghanistan would increase rather than decline, obviously seemed likely at the time. Yet President Bush, ever indulgent of Pakistan's autocratic ruler, Gen. Pervez Musharraf, accepted his promises. … As senior administration officials now acknowledge, Gen. Musharraf's assurances were empty -- as they have been many times before. According to multiple independent reports, Waziristan has been thoroughly Talibanized, and the fundamentalists are spreading their influence through adjacent border districts. Cross-border attacks and the deaths of American soldiers that they cause are up significantly." The Post adds, "By tolerating the general's empty promises and excuses, the Bush administration is putting its mission in Afghanistan and homeland security into unacceptable jeopardy."

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Griffin Sworn In As Interim Eastern Arkansas USA. The AP (12/20) reported, "Tim Griffin, a former assistant to President Bush adviser Karl Rove, was sworn in today as the interim US attorney for the Eastern District of Arkansas. The 38-year-old Griffin replaces Bud Cummins, who announced last week that his resignation would be effective today." The AP noted, "He recently spent three months of active duty in Iraq in the Army Judge Advocate General's Corps. Griffin had previously served as special assistant to President Bush and deputy director of political affairs at the White House, as well as deputy communications director for the Republican National Committee."

DOJ's In-Sites Magazine Praises Georgia Community Policing Program. The Athens (GA) Banner Herald (12/21, Johnson) reports, "Their duty is to protect and serve, so what does dressing up like Santa, waiting tables for tip money to buy toys and walking neighborhood streets have to do with being a good police officer? Everything, according to the U.S. Department of Justice, which highlighted Athens-Clarke police's Community Oriented Policing and Problem Solving (COPPS) program in the current edition of In-Sites, a magazine published by the department's crime prevention arm, the Office of Justice Programs. 'Imagine a successful, proactive police department, one that involves all levels of law enforcement management and strong community leadership,' the

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magazine says. 'The police force in Athens, Georgia, does more than imagine it - they practice it.' The magazine goes on to explain how since Athens-Clarke Police Chief Jack Lumpkin introduced the concept of community-oriented policing nearly 10 years ago, it has evolved so that individual officers now are 'chiefs' of their beats, responsible for resolving quality of life issues and reducing crime."

DOJ Grant Fund Cut Imperils Ohio Anti-Drug Task Force. The Bucyrus (OH) Telegraph Forum (12/21, Caudill) reports, "The METRICH Enforcement Unit annually spends $115,000 on drug buys. But because of federal and state funding cuts, METRICH will receive a total of only $100,000 in 2007 after getting $260,000 this year". Mansfield police Chief Phil Messer "made the cutback announcement…at the Holiday Inn at a luncheon celebrating the task force's 20th anniversary." Messer noted, "We hope that most of our agencies have made plans to get us through 2007. It's anyone's guess after that." The Forum adds, "Task forces in general could be in trouble. In 2002, $4.8 million of federal money was allocated from the U.S. Department of Justice through the Ohio Office of Criminal Justice Services for task forces. That figure will drop to $1.2 million in 2007. Messer said he hopes the 10 counties in the region would continue to work together even if they receive no funding.

CORPORATE SCANDALS:

Juniper Taking $900 Million Charge To Cover Tainted CEO Options. The San Jose Mercury News (12/21, Schwanhausser, 229K) reports, "Announcing one of the largest restatements stemming from the stock option scandal, Juniper Networks said [Wednesday] it will take a charge of about $900 million to account for tainted options issued to Chief Executive Scott Kriens and others during the frenzied tech boom. 'That tells me the profits of this company were massively overstated during this time period, that's what it tells me,' said Todd Fernandez, senior research analyst for Glass Lewis, which advises institutional investors on corporate governance issues." Juniper's "board and audit committee absolved Kriens of responsibility," but "some corporate governance experts say the company's probe left unanswered questions about Kriens' role -- questions that might not be resolved until the Securities and Exchange Commission and Justice Department conclude their own probes." The Mercury News notes, "Juniper's internal probe found 'numerous' cases of misdated options, with '99.9 percent' of the problems occurring from just days before the company's initial public offering in June 1999 through December 2003." Kriens "received two tainted grants during that period, both issued at quarterly lows in Juniper's volatile stock price."

IBM To End Granting Of Stock Options To Directors. The Wall Street Journal (12/21, A1, Lublin, Bulkeley, 2.04M) reports that in the wake of "scandal and accounting and legal changes," IBM announced "it no longer will grant outside directors stock options," but such directors "will be paid an annual $200,000 retainer, which they can take either in IBM shares or partly in cash -- though rules strongly encourage them to take the shares." The Journal notes that the move follows similar changes by "retailer Gap Inc., recruiter Heidrick & Struggles International Inc. and food company Tyson Foods Inc." Moreover, "Options are suffering a heavy backlash after big corporate scandals such as the accounting frauds at Enron Corp. and WorldCom Inc. and the more recent backdating scandal, corporate-governance experts said."

American Tower To Eliminate $7.5 Million In Options Gains. Bloomberg (12/20, Heiskanen, Armitage) reports, "American Tower Corp., the largest U.S. owner of sites for wireless telephone antennas, will eliminate about $7.5 million in gains from misdated stock option grants given to eight current executives and directors. The company also plans to cut about $7.6 million in benefits received by three former officers, Boston-based American Tower said today in a statement." Bloomberg notes, "American Tower continues to cooperate with U.S. Justice Department and Securities and Exchange Commission options inquiries. The company reported on Nov. 8 that some managers routinely misdated option grants for at least six years, artificially inflating their worth."

Nasdaq Warns Chordiant Software Over Options Probe-Related Noncompliance. The AP (12/21) reports, "Chordiant Software Inc., a maker of customer relationship software for businesses, said Wednesday it received an anticipated Nasdaq Staff Determination letter for its failure to timely file its 2006 annual report as a result of a stock options probe. Nasdaq initially informed the company in August that its common stock would be delisted because of its failure to timely file its Form 10-Q for the quarter ended June 30, unless it requested a hearing. Chordiant appeared before the Nasdaq Listing Qualifications Panel, which issued a decision

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granting it an exception until Dec. 29, to get into compliance with listing rules." The AP notes, "The restatements are necessary because of the conclusions of a historical stock option review concluded by its audit committee, which determined additional non-cash expense for the period 2001 through 2006 is expected to be about $8 million. A total of 105 companies are currently under Securities and Exchange Commission or Justice Department stock-option grants scrutiny, and at least 90 other firms have launched or completed internal reviews, according to an AP review."

Four Former Enterasys Executives Convicted Of Fraud, Conspiracy. The AP (12/20) reported, "A federal jury convicted four former Enterasys executives on securities fraud and conspiracy charges [Tuesday], but was unable to reach a verdict on five charges against the computer networking company's former chief operating officer. … The onetime executives were accused of scheming to inflate company revenues in the quarter ended Sept. 1, 2001. The charges were related to sales contracts, investments, and revenue the company reported during and immediately after its spinoff from Cabletron Systems Inc." The AP notes that the four executives are former CFO Robert Gagalis, former VP Bruce Kay, former accountant Robert Barber and Singapore office employee David Boey. They "were convicted on 27 of 39 conspiracy, securities, and wire fraud charges against them. … Former chief operating officer Jerry Shanahan, the only defendant who was not a certified public accountant, was acquitted on one count of securities fraud."

InformationWeek (12/20, Gardner) reported, "Prosecutors scored another victory over executives who played illegal financial games during the technology bubble when a federal jury convicted four former executives of telecom equipment provider Enterasys of securities fraud and conspiracy charges. … Four other former Enterasys executives, including former chairman, president, and CEO Enrique Fiallo, had previously pleaded guilty to charges and testified in the jury trial," and "sentencing of all the executives is scheduled for March."

Gagalis, Kay Put Up Houses For Bail. The Manchester Union Leader (12/21, Paiste, 56K) reports, "Two of four former Enterasys executives…have posted equity in their homes as bail, while two others have been ordered to home confinement with electronic bracelet monitoring pending sentencing on the federal criminal charges in March." Former CFO Robert Gagalis "signed an agreement to forfeit his $2.5 million home in Rye if he fails to appear for his sentencing, according to Assistant U.S. Attorney William E. Morse." Likewise, former VP Bruce Kay "agreed to forfeit his principal home and a vacation home collectively valued at about $630,000, which he owns free and clear, Morse said." Meanwhile, the Union Leader notes, "Acting U.S. Attorney Joseph N. Laplante praised the verdict, stating yesterday: 'The investing public deserves and needs accurate financial information about public companies. The successful prosecutions in this case should serve as a substantial deterrent to others in similar circumstances who might otherwise be inclined to cook the books.'"

Homestore CEO Hopes To Remain Free Pending Appeal. Inman News (12/20, Roberts) reported, "Lawyers for Stuart Wolff, the former Homestore CEO who was sentenced in October to 15 years in federal prison for his role in an accounting fraud scheme that artificially inflated Homestore revenues and almost ruined the company, have filed a motion to keep him out of custody pending an appeal of his conviction. The motion raises questions about a judge's financial interest in a company involved with Wolff's case and other aspects of his trial." Inman noted, "On Dec. 7, Wolff's lawyers submitted a motion to the Ninth Circuit U.S. Court of Appeals for Wolff's release, and lawyers had earlier filed a motion with the district court to put off Wolff's payment of a $5 million fine plus about $8 million in restitution. … 'We think he should start serving his sentence,' said Assistant U.S. Attorney Michael R. Wilner, who is representing the government in the case against Wolff. 'We are just waiting to hear what the court is going to do.'"

Dell Names Carty CFO To Tackle Accounting Problems. Market Watch (12/20, Andrejczak) reported, "Faced with two investigations into its bookkeeping, Dell Inc. turned to the head of its audit committee and a close friend of the chairman and the chief executive to sort out the accounting mess. Donald Carty was named Dell's chief financial officer late Tuesday. The move comes as the world's No. 2 manufacturer of personal computers copes with investigations into its bookkeeping, corporate stumbles and a faltering stock price. Carty, a former CEO at American Airlines and a Dell director for 14 years, will succeed James Schneider on Jan. 1. … But there is doubt about whether Carty is best suited to the job." Carty "is Dell's longtime audit-

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committee chairman, and the company's accounting methods are under the scrutiny of the Securities and Exchange Commission and the U.S. Attorney in New York. The inquiries forced Dell to delay its third-quarter results last month." MarketWatch noted, "Carty was forced to resign from American Airlines in 2003 after failing to disclose large bonuses and pension protections for executives even as he was negotiating for concessions from unions."

Forbes (12/20, Kirdahy) reported on its Web site, "Don Carty left American Airlines under a cloud. Now he's returning to a marquee corporate job at Dell," which "is puzzling because Dell's problems have to do with its accounting, indirectly overseen by the panel that Carty chaired." Forbes noted, "Both the SEC and the Justice Department are investigating whether prior financials were misstated regarding issues like revenue recognition, accruals, reserves and other balance sheet items. American Technology Research analyst Shaw Wu questioned the move."

Wall Street Group Says Connecticut Election Law Violates Privacy Rights. The Wall Street Journal (12/21, A8, Hudson, 2.04M) reports that the Securities Industry and Financial Markets Association "has gone to court to challenge a new Connecticut election law that requires that state officials maintain an Internet database listing the names of the children and spouses of executives at companies that do business with the state. The law is meant to discourage executives from hiding campaign contributions by funneling them through family members." The group "contends the state's public-disclosure requirement would invade its members' privacy and put children at risk."

Virginia Investment Firm Settles Insider Trading Case For $7.8 Million. The Washington Post (12/21, D1, Hilzenrath, Hart, 690K) reports, "Friedman, Billings, Ramsey Group, the Arlington investment firm, yesterday agreed to pay $7.8 million to settle charges that it engaged in insider trading and other violations in 2001 when in effect it bet that the stock price of a client company would decline." The case involved short-selling sales of Annapolis security firm CompuDyne stock, and former FBR chairman Emanuel Friedman "agreed to pay almost $1.3 million for his role in the episode."

Columnist Says Sarbanes-Oxley Discourages New Companies From Going Public. In a Wall Street Journal op-ed (12/21, A16), Michael Malone, a columnist for ABCNews.com, says that despite the generally positive economy, it is "troubling to note that something is missing from this new boom: Where are the IPOs? Historically, stock booms have seen an explosion in the number of young companies making their first public sale of stock." To know why new companies "aren't going public, just look at their business plans. In the past, the inevitable end-point of these plans, the so-called liquidation moment, was an IPO. Not any more. These days, the goal of almost every new start-up is to be acquired by an established company. And in that little shift in orientation lies a potentially radical change in the U.S. economy." To "understand this sudden desire to pump and dump, put yourself in the entrepreneurs' shoes. Looking ahead at a possible IPO for your hot little start-up, all you see are minefields of legal precedents and new regulations created after the dot.com boom. Not least -- but worst -- there is the Sarbanes-Oxley Act of 2002, whose self-monitoring rules Big Corporate initially resisted, but now embraces as an effective way to track internal financial operations."

WSJournal Notes Hedge Fund Manager's Effort To Limit Disclosure. The Wall Street Journal (12/21, 2.04M) says in an editorial that hedge fund manager Phillip Goldstein is "seeking an exemption from Section 13(f) of the 1934 Securities Exchange Act, and if he doesn't get it he says he'll mount a legal challenge to the rule. The clause requires managers with more than $100 million in assets under their care to disclose their equity positions quarterly." Filers of 13(f) forms "can request confidentiality but the bar is so high that, of all the managers covered by the rule, only about 60 ask for secrecy in any given quarter. So 13(f)-based articles frequently appear in the business press reporting the latest moves of savvy investors. Mr. Goldstein argues that this is tantamount to theft, allowing others to capitalize on smart money managers' talents without paying for their services. And by facilitating this, Mr. Goldstein says, the SEC is essentially perpetrating an eminent domain seizure of managers' intellectual property rights. It's a novel theory. Whether or not it succeeds, though, Mr. Goldstein's gambit promises to spark a much-needed discussion about the virtues of secrecy."

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CRIMINAL LAW:

NYC Gang Member Convicted Of Killing Detectives, Faces Death Penalty. The New York Sun (12/21, Goldstein) reports, "The first federal death penalty execution of a New York resident in more than 50 years may be on the horizon following the conviction yesterday of a Staten Island gang member who executed two undercover police detectives. In the U.S. courthouse in Brooklyn yesterday, the foreman of the jury called out 'guilty' in a loud voice for each of the 10 counts in Ronell Wilson's federal racketeering indictment. … 'The verdict is a victory for justice and for police officers who continue to risk their lives for the public,' Police Commissioner Kelly said in a statement. 'They need to know that cop killers will be brought to justice.'" The Sun adds, "In response to yesterday's conviction, Mayor Bloomberg reaffirmed his commitment to seizing illegal guns."

The New York Times (12/21, Brick, 1.16M) reports, "It was never proved whether Mr. Wilson knew his victims were detectives, and an accomplice's recantation eventually prompted prosecutors to drop such charges. But a witness testified that Mr. Wilson gave a reason for the shootings in the minutes after he pulled the trigger. He did not care, the witness quoted him saying, 'about anybody.' The prosecutors…assisted by Special Agent Thomas Shelton of the Bureau of Alcohol, Tobacco, Firearms and Explosives, presented nearly three weeks of testimony and evidence from members of the crew, scientific experts, civilian eyewitnesses, investigators and audio and video surveillance recordings." The Times notes that as the verdict was read, the gallery was filled with "spectators, including law officers, family members, television commentators, sketch artists and the United States attorney, Roslynn R. Mauskopf."

Newsday (12/21, Lowe) reports US District Judge Nicholas Garaufis told the jurors "they must return to his courtroom on Jan. 10 to begin the trial's penalty phase. Wilson's attorneys told the judge they expect to spend nearly two weeks presenting evidence and testimony in hopes of persuading the jury to spare his life. Garaufis said he expects a penalty verdict by late January. While state appeals courts have voided the death penalty in New York, Michael Palladino, president of the New York City Detectives Benevolent Association, said he was hopeful a federal death sentence against Wilson could be carried out." The New York Daily News (12/21, Marzulli, 729K) reports the conviction under the headline "Cops' Killer Faces Needle."

Prosecutors Capitalized On Wilson's Violent Rap Lyrics. The AP (12/21, Caruso) reports, "When police arrested Ronell Wilson, his pockets were stuffed with the type of violent poetry that boys have been scribbling in notebooks since the advent of gangster rap. Wilson called himself 'Rated R,' warned any challengers to wear a bulletproof vest, and boasted of leaving .45-caliber slugs in the heads of his enemies. The clumsy verses — littered with misspelled words — may never land Wilson a record deal, but to prosecutors, they were solid gold." The AP adds, "Assistant U.S. Attorney Morris J. Fodeman asked jurors to take special note of one stanza. In it, Wilson had written 'Ain't goin' stop to I'm dead.'"

Alaska Man Indicted On Federal Sex, Drug Trafficking Charges. The AP (12/21, Joling) reports, "An Anchorage man has been indicted on charges of coercing juvenile girls and adult women into prostitution and paying them off in crack cocaine. Don Arthur Webster Jr., 49…was indicted in federal court on 28 counts of sex and drug trafficking. The indictment was made public Wednesday. … The yearlong investigation was a joint effort of the FBI, Anchorage police and the U.S. Attorney's office." The AP notes, "Prosecutors said the prostitution ring was operated on an out-call basis. … Webster provided housing for the females at six homes. Police and federal authorities said Webster was violent with the females and threatened them with harm if they disobeyed him or tried to leave." US Attorney Nelson Cohen "revealed few details of the investigation outside of what was stated in the indictment, such as the ages of the juvenile prostitutes. … 'We want to protect them,' Cohen said." The AP adds, "FBI special agent Toni Marie Fogle said human trafficking crimes have been made a high priority of the agency and are considered to be a human rights violation."

KTVA-TV Anchorage (12/20, O'Brien) reported on its Web site, "Five girls under the age of 18, may have been victimized," and "investigators say they're dealing with a pimp who ran at least seven businesses that were really fronts for prostitution. … 'This indictment is the culmination of an investigation that has taken place for over a year,' said…Cohen. Webster is accused of operating seven so-called escort services. They have names like Foxy Roxies, Sunshine Girls, Tickle Your Fancy and Tiffani's. They are all

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listed in the phone book, but investigators say they're really a front for prostitution." KTVA added, "Meanwhile, the FBI, the U.S. Attorney and Anchorage police say the investigation isn't over and there could be more victims they don't know about yet."

Virginia Task Force Recommends Stiffer Internet Predator Punishments. The Washington Times (12/21, McLaughlin, 88K) reports, "Virginia should establish stiffer sentencing guidelines against sexual predators convicted of hunting down victims on the Internet, and parents must be better educated about the risks their children face in cyberspace, according to a report released by a state task force yesterday. The Youth Internet Safety Task Force was established by state Attorney General Robert F. McDonnell," and "there are 25 recommendations in the nearly 100-page report, which was compiled by more than 40 parents, business leaders and law-enforcement officials after six months of study. … The proposals include mandatory minimum prison sentences for producing child pornography or soliciting children online." The Times notes, "According to the U.S. Justice Department, one in five children ages 10 to 17 receive an unwanted sexual solicitation online."

Wilson Asks Judge To Quash Libby Subpoena. The AP (12/21) reports former Ambassador Joseph Wilson "asked a federal judge Wednesday not to force him to testify in the CIA leak case and accused former White House aide I. Lewis 'Scooter' Libby of trying to harass him on the witness stand." Libby "subpoenaed Wilson as a defense witness this month. Libby's attorney, William Jeffress, said in court Tuesday that was a precautionary move and he did not expect to put Wilson on the stand." While Wilson and his wife, former CIA agent Valerie Plame, "are at the center of the CIA leak scandal, Wilson is a minor figure in Libby's perjury trial. U.S. District Judge Reggie B. Walton has sought to keep much of the back story of the leak out of the case."

California Woman Pleads Guilty To Katrina Relief Fraud. The Yuba (CA) Appeal-Democrat (12/20, Young) reported, "A Yuba County resident admitted Tuesday in federal court that she conspired to steal $6,000 in Hurricane Katrina disaster relief, according to the U.S. Attorney's Office." Crystal J. Housley, "along with defendants John P. Housley and Shawn R. Cudaback, said they lived in Gibson, La., at the time of the hurricane when they actually were in Arkansas, according to U.S. Attorney McGregor W. Scott. The three allegedly gathered Sept. 15, 2005, at a Yuba County motel to defraud the Federal Emergency Management Agency." John Housley was arraigned on Wednesday, "Crystal Housley will be sentenced Feb. 27 and Cudaback, who pleaded guilty earlier, on March 20." The Appeal-Democrat noted, "The case was investigated by the Justice Department's Hurricane Katrina Fraud Task Force. … As of September, more than 400 people nationwide had been charged with hurricane-related fraud, according to the latest progress report from the Task Force."

Three Indicted For Alleged Roles In CyberNET Fraud. WOOD-TV Grand Rapids (12/20) reported on its Web site, "Krista Watson and two others were indicted Wednesday morning for their role in the CyberNET fraud uncovered in 2004. Watson, 39, her mother-in-law Geraldine and Paul Wright are charged in a criminal conspiracy to commit bank fraud, mail fraud and money laundering crimes. The charges lay out how they and others defrauded investors of approximately $100 million. 'CyberNET is a local example of a national problem,' said US Attorney Margaret Chiara. 'Prosecuting corporate officers for committing unconscionable acts against the public remains a top priority of my office and the Department of Justice.' The three are also charged with defrauding Huntington National Bank over a $17 million line of credit, as well as individual acts of money laundering." WOOD noted, "If convicted on all counts, the three are facing very long prison sentences as well as the forfeiture of $3,364,412.49 in nine bank accounts."

The Grand Rapids Press (12/21) reports, "Geraldine Watson, mother of the company founder, the late Barton Watson, is charged with falsifying a federal form submitted to a gun dealer when she bought a 12-gauge shotgun Nov. 22, 2004. The indictment alleges that Mrs. Watson said the gun was for her when she in fact bought it for her son. Watson, 44, shot himself with a 12-gauge shotgun after a standoff with police at his Ada Township home in the early hours of Nov. 24." The Press notes, "The conspiracy charge outlines what investigators called a plan to deceive banks and other lenders to amass $100 million from 2002 to 2004. … Other charges against Kotlarz-Watson include one count of illegally spending money obtained through bank fraud and three counts of income tax evasion. … Wright faces charges of engaging in mail fraud by setting up commercial mailbox

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accounts as part of the CyberNET fraud scheme, which carries a maximum 30-year prison term and $1 million fine."

Insurance Administrator Sentenced To Prison For Defrauding Union Pensions. STNG Wire (12/21) reports Michael G. Linder of Crete, Ill., yesterday "was sentenced to seven years in federal prison for paying to two union local officials and for embezzling from and defrauding numerous union local pensions and welfare benefit plans for more than $6.9 million, according to a release from the U.S. Department of Justice. Linder pleaded guilty to defrauding eleven union local pension plans of $5 million and embezzling $1,930,154 from five union local pensions and health and welfare benefit plans on June 30, 2006, the release stated." STNG notes, "Linder was the president of…a third party administrator for pension plans for various union locals," and "while Linder was defrauding the pension and welfare benefit plans, he provided union local officials with graft payments, including a 1999 Harley Davidson motorcycle valued at more than $19,000, the release stated. Thomas Kisting and Fred Schreier, who received the bikes, were also charged and convicted, the release stated."

RCMP, ICE Bust Fraudulent Canadian Telemarketing Syndicate. The Washington Times (12/21, Seper, 88K) reports that the Royal Canadian Mounted Police and U.S. Immigration and Customs Enforcement, under the auspices of "Project Colt," "have dismantled a Montreal-based telemarketing ring that victimized as many as 500 people a week, many of them U.S. citizens, for up to $13 million." ICE spokeswoman Kadia H. Koroma said that "forty Canadian citizens were arrested on suspicion of fraud," and that the ring used a lottery scheme and a "mass telemarketing fraud" in which "the ring used various approaches, either telling persons they called that they were eligible to receive a $7,000 grant, or selling them health care kits or billing them for services never rendered." Moreover, "Nearly 90 percent of the victims in this case were over 60 years of age."

Virginia DNA Database Missing Data On Thousands Of Felons. The Washington Post (12/21, A1, Rondeaux, 690K) reports that in Virginia, "thousands of felons may have skirted a legal requirement to submit genetic samples, partly because local and state agencies may have failed to make them do so," even though Virginia law requires "all convicted felons and those arrested in connection with violent crimes such as rape or homicide to submit cheek swabs for DNA analysis and entry into the statewide database." Virginia's Public Safety Department is investigating the cause and extent of the missing profiles.

New York Inmate Seeks Vacating Of Murder Conviction Based On New DNA Evidence. The New York Times (12/21, Santos, 1.16M) reports profiles the case of Roy Brown, a New York prison inmate who in 2003 wrote "a harsh letter" to Barry Bench, who Brown believed had committed the murder for which Brown was serving 25 years to life. Bench subsequently committed suicide. "Two weeks ago, DNA tests matched a sample provided by Mr. Bench's daughter to saliva stains on a bloodied nightshirt found at the crime scene, and now Mr. Brown is scheduled to appear in court on Thursday to ask the judge who presided over his original trial to vacate the conviction." The Times notes the involvement of the Innocence Project, "a nonprofit legal clinic that has helped exonerate 188 people since 1989," and notes the fact that Bench's daughter had volunteered to submit DNA. "The recent DNA tests have excluded Mr. Brown as the source of the saliva on Ms. Kulakowski's nightshirt and showed half of the DNA profile matched Ms. Eckstadt's, suggesting the saliva could have come from her father."

Houston Police Suspect Serial Rapist In Attacks On Five Men. The New York Times (12/21, Times, 1.16M) reports that Houston, Texas, area police have said that five men who were attacked and robbed appear to be victims of a serial rapist. The attacks have occurred over a period from May to late November. "All five victims have been white men who were alone and attacked in or near their homes in upscale neighborhoods, Captain Clifford said. The attacker is described as a black man in his mid-20s who is about 6 feet tall and 200 pounds with short hair and no discernible accent."

Some Say Supermax Security Weak, But Nearby Residents Skeptical. The Washington Post/McClatchy (12/21, A27, Rappold) reports, "Although it was once taken as an article of faith that Supermax -- one of four federal prisons at the complex and officially known as ADX Florence -- is as secure as anyplace on Earth, some aren't so sure now. The union representing prison guards is

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raising alarms about staff cuts. A federal report revealed inadequate scanning of terrorists' mail, and an arbitrator agreed that staff cuts had made the prison dangerous for employees. … But on the streets of Florence, there is little concern about a terrorist breaking out -- or his fellow terrorists breaking in." McClatchy adds, "Even union officials concede that an escape is unlikely. But they say staff cuts have made the prison dangerous for employees and vulnerable to attack from the outside."

Reason For Leap In Robbery Rate Unclear. The Christian Science Monitor (12/21, Ben Arnoldy, 59K) reports, "Possible explanations abound for the soaring robbery rate - 9.7 percent nationwide in the first half of 2006, according to federal crime statistics released this week. But a lead suspect in that troubling trend, say some criminologists, is added economic stress. … But many cities show no such correlation, meaning the root of the problem is more complex than simple economics." The Monitor notes that University of Toledo law professor David Harris "suspects the worsening violent-crime rates may be related to less police presence on the streets. … 'They have a whole set of demands on their plates that simply didn't exist a few years ago,' says Harris, referring to homeland-security duties and less assistance from federal agents reassigned to antiterrorism. A Justice Department spokesman counters that view, noting that federal spending has never been more than 4 percent of state and local law-enforcement spending. The number of police officers has grown every year regardless of federal funding, he adds, and first responders have benefited from a windfall of homeland-security funding in recent years."

NYTimes Calls 17-Year Old's Statutory Rape Conviction "Miscarriage Of Justice." A New York Times (12/21, 1.16M) editorial sympathetically describes the case of Genarlow Wilson, a 20-year-old Georgia man tried for "engaging in consensual oral sex with a 15-year-old girl at a New Year's Eve party when he was 17," and convicted of "aggravated child molestation even though he and the girl were both minors at the time." Calling Wilson's case "an obvious miscarriage of justice," the Times notes that the law under which he was convicted has since been changed to prevent such "draconian punishment for consensual youthful indiscretions." The Times concludes, "His lawyer is planning to file a habeas petition seeking his release. The courts need to grant it and expunge his record so that Mr. Wilson can return to his family and his once promising academic career. Legislators in other states should take notice and make sure that their own laws do not catch children in dragnets designed for predatory adults."

CIVIL LAW:

DOJ Seeks Appointment Of US Trustee For $800 Million USVI Bankruptcy Case. The St. Thomas Source (12/21) reports, "An arm of the U.S. Justice Department has moved against Innovative Communication Corp. owner Jeffrey Prosser in the seemingly endless bankruptcy cases involving, indirectly, Vitelco, the V.I. phone company. The government unit is the U.S. Trustee, a self-described 'watchdog' of the bankruptcy courts." The Source notes, "The U.S. Trustee moved on Dec. 19 that a case trustee be appointed to manage Prosser's business operations until the bankruptcy case is concluded. The presiding judge, Judith K. Fitzgerald, has already indicated her positive interest in such an appointment. … The full set of undiscounted debts, including unpaid interest and extensive legal bills, has been estimated as exceeding $800 million."

CIVIL RIGHTS:

North Carolina Lawmaker Seeks DOJ Probe Of Duke Rape Case Prosecutor. The Kinston (NC) Free Press (12/21) reports, "State Rep. Stephen LaRoque has joined U.S. Congressman Walter Jones in calling for the investigation of Durham County District Attorney Mike Nifong. Jones, in a letter to U.S. Attorney General Alberto Gonzales, said Nifong might have violated the civil rights of three Duke University lacrosse players accused of raping an exotic dancer last spring. He also could have committed prosecutorial misconduct in his investigation of the case, Jones said." The Free Press adds, "'The prosecutor seems to have put his own political aspirations ahead of justice for these three young men who appear to have been falsely accused,' LaRoque said."

Gonzales Acknowledges Letter From Jones. WFTX-TV Ft. Myers, FL (12/20, 5:00 a.m.) broadcasted, "The Department of Justice says it may get involved in the Duke Lacrosse rape investigation," and Attorney General Alberto Gonzales said "he's received a letter from US Congressman Walter Jones asking for federal authorities to step in."

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New Mexico To Allow New Patients At Medical Center Probed By DOJ. The AP (12/21) reports that the New Mexico Department of Health "has lifted a yearlong-plus moratorium against admitting new long-term patients at its Fort Bayard Medical Center. The state agency halted new admissions after a Justice Department review of the facility." The AP notes, "Justice investigators said last spring they had serious concerns with the care at Fort Bayard. A report said an investigation 'revealed a wide range of dangerously deficient medical and nursing care practices,' and a failure to comply with federal regulations or meet professional standards. … The state hired GEO Care Inc. of Florida to run the center in November 2005. GEO Care recently hired an administrator, an assistant administrator and a medical director. GEO Care asked the state to lift the moratorium, and has proposed a gradual admission of new long-term residents."

ANTITRUST:

Delta Antitrust Lawyer Says DOJ Unlikely To Approve US Airways Merger. The New Mexico Business Weekly (12/20) reports, "Delta Chairman and CEO Jerry Grinstein continued his offensive against US Airways' hostile takeover bid in a conference call with analysts Tuesday, saying the merger would create too much of a monopoly in too many markets." Meanwhile, "Delta's chief antitrust lawyer added that he doesn't believe the U.S. Department of Justice will approve a merger between Delta" and US Airways Group. "'It appears from a factual standpoint this is a merger that clearly has a lot of antitrust issues attached to it,' said Jim Weiss, a Washington partner in the law firm Preston Gates & Ellis LLP. … Weiss, the former head of the DOJ's antitrust division and a hired gun for Delta since 1988, said he believes it would take the department about a year to review US Airways' hostile bid for Delta. That's because the DOJ will anticipate more merger proposals and would want to go over the Delta/US Airways merger with a fine-toothed comb. … Chiefly, he said, a lot of small to mid-sized American cities would lose competition if the two airlines merged."

FCC Ruling To Speed Phone Company Access To Cable TV Markets. The New York Times (12/21, Richtel, 1.16M) reports that the FCC has ruled that "cable television rates have surged in the absence of robust competition," and therefore municipal authorities must decide within 90 days whether phone companies may enter into local cable television markets. "Phone carriers, notably Verizon, have asserted that some municipalities are slow to grant approvals, often in the face of cable industry lobbying. If it succeeds in fostering competition, the decision could eventually affect the rates and services available to the roughly 100 million households that pay for access to television."

The Washington Post (12/21, D1, Sipress, 690K) adds, under the headline, "FCC Vote A Victory For Phone Companies," that the FCC move helps phone companies "by significantly limiting what local officials can demand in return for franchises. … But the telephone industry's victory could prove temporary because opponents say the measure will almost certainly be challenged in court." Moreover, "The FCC's Republican majority said that removing unreasonable hurdles erected by local governments would translate into lower cable rates. Democratic members disagreed and accused the Republicans of overstepping the FCC's authority."

USA Today (12/21, 1B, Davidson, 2.27M) adds, "The move is expected to let AT&T and Verizon more quickly enter hundreds of markets in the next few years, spurring new competition for the cable giants and possibly bringing lower prices." The article notes that despite the phone companies' investment in broadband infrastructure, "local officials often cause delays by making outrageous demands, such as to build swimming pools and recreation centers. 'Such requirements are especially troubling, because competition is desperately needed,' FCC Chairman Kevin Martin says."

Democrats, Cable Companies Look To Hinder Bells' Market Entry. The Wall Street Journal (12/21, A3, Schatz, 2.04M) reports, "Phone companies scored a win at the Federal Communications Commission when the agency agreed to change rules to let them enter the cable-television business faster, but the victory may be short-lived, as congressional Democrats complained and opponents threatened legal action. The FCC, in a 3-2 party-line vote, passed rules that give state and local authorities a 90-day deadline to grant video-franchising agreements to new competitors. The commission also struck down rules requiring that the Bells do more to provide service to all residents in an area than current providers." The Journal suggests that a court case is likely.

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FTC Approves CVS Purchase Of Caremark Rx. Bloomberg (12/21) reports, "CVS Corporation has won antitrust approval to purchase Caremark Rx, the pharmacy benefit manager, removing potential regulatory opposition to the pending $21 billion acquisition. CVS, which is competing against Express Scripts's $26 billion bid for Caremark, received approval from the Federal Trade Commission, Caremark, which is based in Nashville, said in a statement yesterday. Last month, CVS agreed to buy Caremark to gain more power to negotiate prices with drug makers and to prevent the loss of foot traffic to mail-order medicines from hurting sales of razors, sodas and makeup."

Wisconsin Energy Selling Only Nuclear Plant To FPL Group. The AP (12/21, Fredrix) reports, "Wisconsin Energy Corp. is selling its only nuclear power plant to Florida-based FPL Energy in a deal worth about $1 billion, the companies announced Wednesday. We Energies' agreement with the subsidiary of FPL Group Inc. includes $783 million for the plant and $215 million for its nuclear fuel and other inventories." We Energies spokesman Barry McNulty said that the company also "will give FPL Energy $560 million from a trust fund it had set aside to pay for the decommissioning, when the plant is taken offline and cleaned up," and "the state's public service commission will consider what to do with the remainder of the trust fund, about $300 million, which customers contributed to." The AP notes, "Besides the Public Service Commission of Wisconsin, other groups that have to rule on the deal include the U.S. Nuclear Regulatory Commission, the Federal Energy Regulatory Commission, the U.S. Department of Justice and the Federal Trade Commission."

The Business Journal of Milwaukee (12/20) also noted, "The transaction is expected to close in August 2007. The transaction is subject to a number of state and federal approvals, including the Public Service Commission of Wisconsin, the Nuclear Regulatory Commission, the Federal Energy Regulatory Commission and review by the Department of Justice. … Upon closing, FPL Energy will assume management and operation of the plant from Nuclear Management Co., Hudson, and will work with NMC to ensure a smooth transition. NMC, a joint venture of upper Midwest utilities, has managed the plant since 2000."

Service Corp. International Seeks FTC Approval Of Funeral Home Sales. The AP (12/21) reports, "Funeral home operator Service Corp. International requested government approval Wednesday to sell several properties in order to comply with an agreement reached with the Federal Trade Commission last month." Service Corp. asked FTC "to approve the sale of thirteen funeral homes and cemeteries in Texas, Louisiana and Mississippi to privately-held Legacy Holdings." The AP notes, "SCI agreed with the FTC Nov. 22 to sell a total of 55 properties in order to settle antitrust concerns stemming from its purchase of Alderwoods Group. SCI's purchase of Alderwoods closed Nov. 28. … Mitchell Katz, an FTC spokesman, said the agency expects further petitions from the company as it sells off additional properties as called for in the agreement."

Judge Refuses Motion To Dismiss Antitrust Allegations Against Amway. The McClatchy (12/21, Margolies) reports, "Plaintiffs in a massive antitrust action against Amway Corp. overcame another hurdle this week in their long quest to get their case heard by a jury. A federal judge on Monday refused to dismiss all but one of eight counts against the company, finding that the plaintiffs' allegations were legally sufficient to support claims of price fixing, conspiracy and other charges. U.S. District Judge Richard E. Dorr agreed to dismiss only a civil racketeering claim, ruling that it failed to establish 'a pattern of racketeering activity.'" McClatchy notes, "The case, which was filed in mid-2003 in the U.S. District Court for the Western District of Missouri, has been closely watched by Amway distributors nationwide. … The lawsuit contends that Amway exaggerates the profits to be made selling its products and pressures distributors into buying its motivational materials. It alleges that a handful of Amway 'kingpins' - those who bought into Amway early on - control thousands of down-line distributors and make most of their money by selling them the motivational materials, known at Amway as the 'tool and function' business."

NYSE Shareholders Approve Euronext Acquisition. The USA Today (12/21, Farrell, 2.27M) reports, "Shareholders in the New York Stock Exchange voted overwhelmingly Wednesday to approve a $14 billion acquisition of Euronext that will create the first trans-Atlantic market for stocks." With "more than 75% of NYSE shareholders voting, the merger received overwhelming approval, winning an estimated 99.7% of ballots cast.

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Euronext shareholders approved the deal Tuesday." The "deal is expected to close within three months, since European regulators have already approved it."

M&F Worldwide Offers $1.7 Billion For Check-Maker John H. Harland. The Atlanta Journal-Constitution (12/21, Paul, 379K) reports, "M&F Worldwide Corp. isn't exactly a household name. The New York company — which said Wednesday it entered into a $1.7 billion deal to acquire John H. Harland Co., the Decatur-based check maker — owns Clarke American Corp., another big check printer. Its other holding is Mafco Worldwide Corp., a maker of licorice extract used in candies, pharmaceuticals and tobacco products," and "one analyst said the all-cash transaction, which calls for M&F to give $52.75 per share to Harland stockholders, will allow Clarke American to leapfrog Deluxe Corp., the market leader in check printing. And it fits in with the style of Ronald O. Perelman, an M&F board member and head of cosmetics giant Revlon Inc., said John Kraft, an analyst at D.A. Davidson & Co. who follows Harland." The AJC notes, "Still, the pending acquisition, which the companies anticipate will close in the second half of next year, isn't necessarily a done deal. Regulators will take their time in reviewing the proposal because of antitrust concerns."

Sky Financial, Huntington Bancshares To Merge. The Wall Street Journal (12/21, C4, Carrns, 2.04M) reports that Sky Financial Group Inc. of Bowling Green, Ohio, will acquire Huntington Bancshares Inc. of Columbus, Ohio, "in a stock-and-cash deal valued at roughly $3.29 billion, signaling that banking-industry consolidation is occurring even in less attractive markets like the Midwest. Because there are many banks in the region vying for customers amid a relatively slow-growing economy, competition is even more fierce than elsewhere in the country. … The deal is expected to close in the third quarter of next year, subject to the approval of both banks' shareholders and of regulators."

Internet Video Boom Spurs Ericsson To Purchase Redback Networks. The Wall Street Journal (12/20, B2, White, Silver, 2.04M) reports that Swedish telecommunications firm Ericsson has agreed to buy the bankrupt Redback Networks Inc. for $2.1 billion, a move that "reflects how the explosion in video and other multimedia services over the Internet and a surge in broadband subscribers are driving phone and cable companies to upgrade their networks and spurring big makers of networking hardware to unite. … The companies said the deal will make them more effective suppliers for the fast-moving market. It also could help Redback contend with larger competitors such as Cisco Systems Inc. and Juniper Networks Inc."

Arcelor Mittal Buys Grupo Villacero For $1.4 Billion. Bloomberg (12/21, Nightingale, Craze) reports, "Arcelor Mittal, the world's largest steel maker, said Wednesday that it had bought plants owned by Grupo Villacero for $1.4 billion to become the biggest producer of the metal in Mexico. The purchase is the first since Mittal Steel's $38.3 billion combination with Arcelor this year. … It also acquired Border Steel, a mini-mill in Texas, as part of the deal. Arcelor Mittal and Villacero also created a joint venture to become the biggest supplier of steel products in Mexico and the U.S. Southwest." Bloomberg notes, "Arcelor Mittal wants to strengthen its position as the biggest steel maker in the United States and tap growing demand for the metal in Latin America."

European Commission Approves MAN's €10.3 Billion Hostile Bid For Scania. The Financial Times (12/21, Milne, Buck, David, ibison) reports, "MAN, the German truckmaker, last night won unconditional approval from Europe's top competition regulator for its €10.3bn ($13.7bn) hostile bid for Swedish rival Scania, removing a significant obstacle from the four-month take-over fight. The European Commission said there was no reason to object to the transaction on antitrust grounds." The FT notes, "The focus will now move to MAN's efforts to persuade Scania's two largest shareholders - German carmaker Volkswagen and the investment vehicle of the Wallenberg family, Investor - to accept its offer before aJanuary 31 deadline."

Italian Regulator Orders Banca Intesa To Sell Branches For Sanpaolo Acquisition. Bloomberg (12/21, Scherer, Ebhardt) reports, "Banca Intesa SpA, Italy's second-biggest bank, must sell 748 bank branches and part of its insurance business to win approval from Italy's antitrust regulator for its purchase of Sanpaolo IMI SpA. Credit Agricole SA, Intesa's biggest shareholder, 'must reduce significantly' its stake in the new bank and may not play an 'administrative or management role,' according to a

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faxed statement from the Rome-based antitrust authority. Intesa must also sell its Po Vita life insurance unit, and limit the sales of insurance products from its bank branches." Bloomberg notes, "Intesa and Sanpaolo shareholders backed the 30.8 billion-euro ($41 billion) acquisition on Dec. 1. … 'It doesn't change substantially the merger,' said Fabrizio Barini, an analyst at Websim SpA in Milan. 'They won't have any problems selling the extra branches.'"

ENVIRONMENT:

US Behind In Reforestation Efforts. USA Today (12/21, 1A, O'Driscoll, 2.27M) reports, "As severe wildfires scorch more of the USA each year, the Forest Service is falling further behind in replacing trees lost to fire, insects and disease because of shrinking budgets and mounting costs of fighting the blazes." The Forest Service "had a backlog of 1.1 million acres that needed replanting in 2005 -- a combined area slightly larger than Rhode Island 00 according to the agency's latest reforestation report. Last year, it could replant only 153,000 acres."

Lawsuits Seek To Block Maryland ICC Commuter Highway. The Baltimore Sun (12/21, Wheeler, 257K) reports that "four environmental groups and two Montgomery County residents" who live near Maryland's proposed Inter-County Connector have "filed a pair of lawsuits Wednesday seeking to block construction of the east-west toll highway through Washington's Maryland suburbs." The lawsuit argues that "state and federal officials glossed over the environmental damage the project would do. They also contend that officials failed to consider other ways of easing Washington area traffic congestion that would be less costly and less harmful to human health and natural resources."

The Washington Post (12/21, B6, Shaver, 690K) adds, "The two federal lawsuits -- one filed in the District and the other in Maryland -- also allege that the federal environmental review did not meet legal requirements to consider other east-west transportation options. Building mass transit and improving local roads, among other measures, would cost less, do less environmental damage and combat traffic better than an 18-mile road cutting across Montgomery and Prince George's counties, the complaints say."

The Washington Times/AP (12/21, Karush) notes that "the 18-mile, six-lane highway connecting Interstate 270 in Montgomery County with Interstate 95 in Prince George's County has long been championed by regional business groups, but faced stiff opposition from environmentalists as well as concerns over its cost. It finally won federal approval in May. In one lawsuit, filed in U.S. District Court in the District, Environmental Defense and the Sierra Club say the air quality analysis conducted by federal and regional officials was inadequate because it gauged the potential pollution from the ICC by using monitors that were more than 1½ miles from major highways. The second lawsuit -- filed in U.S. District Court in Greenbelt, by the Audubon Naturalist Society, the Maryland Native Plant Society and a family whose property is on the proposed route for the ICC -- says federal officials failed to consider reasonable alternatives to the road and the full environmental impact of the project."

WPost Calls On Maryland Officials To Clear Path For ICC. A Washington Post (12/21, A28, 690K) editorial titled, "Build It," blasts the Montgomery County Planning Board for blocking the purchase of land needed for the ICC, writing, "Maybe the board members are also awaiting a bolt of lightning or some other heavenly sign before they give the go-ahead for the road. … While they wait, they might consider that the connector has been on the drawing board since the 1950s; that it has been the subject of exhaustive efforts to mitigate possible environmental impacts; that the state and federal governments have given it the green light; that financing is in place; and that the 87 acres in dispute have been purchased, preserved and set aside for the roadway over the course of three decades. … Environmentalists filed lawsuits yesterday; that is their right. In the meantime, the planning board should stop its posturing, sell the parcels and get out of the way."

Global Warming Trading Program Comes Under Fire. The New York Times (12/21, A1, Bradsher, 1.16M) reports, "Foreign businesses have embraced an obscure United Nations-backed program as a favored approach to limiting global warming. But the early efforts have revealed some hidden problems. Under the program, businesses in wealthier nations of Europe and in Japan help pay to reduce pollution in poorer ones as a way of staying within government limits for emitting climate-changing gases like carbon dioxide." Among their targets is a chemical factory in China that contributes "as much to global warming each year as the emissions from a million American cars … . Cleaning up this factory will require an incinerator that costs $5 million — far less than the cost of cleaning up so many

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cars, or other sources of pollution in Europe and Japan. Yet the foreign companies will pay roughly $500 million for the incinerator." The "high price is set in a European-based market in carbon dioxide emissions." The "huge profits from that will be divided by the chemical factory's owners, a Chinese government energy fund, and...consultants and bankers." The Times adds, "Such efforts are being watched in the United States as an alternative more politically attractive than imposing taxes on fossil fuels." But "critics of the fast-growing program...complain that it mostly enriches a few bankers, consultants and factory owners." Canada announced in October that it "would withdraw from the trading program."

FBI/DEA/ATF/USMS:

Gonzales To Decide Whether Alleged Drug Trafficking Kingpin Faces Death Penalty. The Washington Times (12/21, Seper, 88K) reports, "An earlier indictment that sought his extradition in 2003 did not include the charges that could lead to his execution and is expected to be dismissed as moot." DEA spokesman Rusty Payne "said a decision whether to seek the death penalty will be made by Attorney General Alberto R. Gonzales at a later date. Deputy Attorney General Paul J. McNulty has described Arellano-Felix, 37, as 'one of the world's major drug traffickers,' citing his role as a leader of a brutal international drug gang that includes seven brothers and four sisters. Mr. McNulty said the Arellano-Felix organization negotiated directly with Colombian cocaine-trafficking organizations, including the Revolutionary Armed Forces of Colombia for the purchase of multiton shipments of cocaine, received those shipments by sea and air in Mexico, and then arranged for smuggling the cocaine into the U.S."

KNSD-TV, San Diego (12/20, 5:00 a.m.) also reported in its broadcast that Gonzales "will make the final decision on the death penalty." XETV-TV San Diego, CA (12/20, 10:00 p.m.) broadcasted, "The US Attorney's Office offered no comment on the case," but if "one or both defendants are convicted," Gonzales will "decide whether to seek the death penalty." Meanwhile, Telemundo (12/20, 5:30 p.m.) broadcasted in a Spanish-language story that "fearing the US Justice Department," Arellano Felix's defense attorney contends Arellano-Felix was not under arrest in "international water," as US officials say, but in Mexican territorial waters. This would mean that he "must" be tried in Mexico where "there is no death penalty." Telemundo notes that Gonzales will "decide in the next days" whether the charges should be in Mexico or "if there should be a death penalty." The Spanish-language KWHY-TV Noticias, Los Angeles (12/20, 10:00 p.m.) also noted, "Gonzales has the final decision Arellano Felix's luck."

Arellano Felix, Villarreal Heredia Plead Not Guilty To US Charges. The AP (12/21, Hoffman) reports, "A man suspected of overseeing one of Mexico's most violent drug cartels and his top associate pleaded not guilty Wednesday to new charges detailing a criminal enterprise that included a hit on Tijuana's deputy police chief and the beheadings of three officers. The new charges could make Francisco Javier Arellano Felix, 37, and his right-hand man Manuel Arturo Villarreal Heredia, 31, eligible for the death penalty if they are found guilty of crimes outlined in a seven-count indictment unsealed this week." The AP notes, "According to the filing, the pair directed the smuggling of cocaine and marijuana shipments from Mexico into the U.S. and oversaw 'enforcement operations' - threats and murders designed to reinforce the power of the cartel. … Assistant U.S. Attorney Laura Duffy said the Mexican government had agreed to allow the U.S. to complete its prosecution of the pair before pursuing extradition requests. She said the criminal enterprise operated on both sides of the border and merited prosecution in U.S. courts."

Web Site Seen As Risk To Undercover Agents, Informants. On its Web site, KHOU-TV Houston (12/21) reports on the "Who's a Rat" Web site, noting, "Search for the term 'Houston', and more than 200 profiles pop up with names and sometimes pictures of officers said to be working at agencies all over the area: state and local police, sheriff's deputies, and even the FBI and DEA. Still civil libertarians defend the site's right to exist. … The site may not have caused damage yet, but law enforcement officials said you don't have to look far to see the potential risk." The site "has gotten the attention of the Judicial Conference and that group sent an official memo last month to all federal judges, alerting them and asking that certain documents be sealed to protect the identities of informants and agents."

California Marijuana Dispensary Defies Order To Close. On its Web site, KESQ-TV Palm Desert, CA (12/21) reports CannaHelp "continues to do business, even after the city revoked their business license.

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… Palm Desert City Attorney David Irwin won't discuss what possible action may be taken against CannaHelp, after the medicinal marijuana dispensary defied the city's cease and desist order to operate. … Feds and local police recently raided CannaHelp, suspecting it sold marijuana for profit. We spoke with [the owner] after the raid. He said he was, indeed, drawing a salary from CannaHelp sales." The Desert Sun (12/20) noted that owner Stacy Hochanadel "justified his decision to keep the dispensary open because, he said, the City Council should have held a public hearing before voting to revoke his business license last Thursday. The vote was taken in a closed session, based on a report stating that Hochanadel sold medical marijuana to an undercover police agent who did not have appropriate paperwork."

Trove Of FBI Documents More Than Twenty-Five Years Old About To Be Declassified. The New York Times (12/21, Shane, 1.16M) reports, "At midnight on Dec. 31, hundreds of millions of pages of secret documents will be instantly declassified, including many F.B.I. cold war files on investigations of people suspected of being Communist sympathizers. After years of extensions sought by federal agencies behaving like college students facing a term paper, the end of 2006 means the government's first automatic declassification of records. Secret documents 25 years old or older will lose their classified status without so much as the stroke of a pen, unless agencies have sought exemptions on the ground that the material remains secret. Historians say the deadline, created in the Clinton administration but enforced, to the surprise of some scholars, by the secrecy-prone Bush administration, has had huge effects on public access, despite the large numbers of intelligence documents that have been exempted." The Times notes, "Several hundred million pages will be declassified at midnight on Dec. 31, including 270 million pages at the Federal Bureau of Investigation, which has lagged most agencies . J. William Leonard, who oversees declassification as head of the Information Security Oversight Office at the National Archives, said the threat that files might be made public without a security review had sent a useful chill through the bureaucracy." The F.B.I. "negotiated an exemption from the 1995 executive order and concluded last year that the 2003 executive order ended its special status. It has rushed to review material, seeking exemption for 50 million pages on intelligence, counterintelligence and terrorism, but leaving 270 million pages to be automatically declassified now. Among those files, said David M. Hardy, the bureau declassification chief, are those on investigations of Americans with suspected ties to the Communist Party. Reviewers will keep working on the exempt material to see what can be released, but it is a slow process, Mr. Hardy said. … The bureau is studying digitizing documents and using computers to search for classified material."

FBI Investigation Targets Firms Tied To New York Senate Leader. The New York Times (12/21, McIntire, 1.16M) reports, "Federal investigators have issued subpoenas to at least two firms linked to the State Senate majority leader, Joseph L. Bruno, as part of their investigation into his business dealings, one of Mr. Bruno's former business partners and a legislative aide said yesterday. One of the companies was a partnership involving Mr. Bruno and an influential Albany lobbyist that bought and sold lakeside property in Rensselaer County, including a parcel that was purchased by the wife of Jared E. Abbruzzese. Mr. Abbruzzese is an investor in a group seeking control of the state's thoroughbred racing franchise — a decision in which Mr. Bruno will play a key role. The other company is a consulting firm that Mr. Bruno operated out of his home that he said had 'a client relationship with lawyers and businesspeople.' … The two companies that received subpoenas are just a small part of Mr. Bruno's broad array of personal financial interests, several of which have intersected with his activities as the most powerful Republican in the State Legislature. Mr. Bruno has purchased stock in about a half-dozen companies whose principals obtained state aid or contracts, sometimes with his help, according to a review of his financial-disclosure reports and other public records. He also once co-owned a small apartment building with an Albany-area businessman, who said that Mr. Bruno asked him to step in and replace the senator's son as an investment partner." The Long Island Newsday (12/21, Cockfield, Gonzales, 414K) reports, "An FBI investigation of Senate Majority Leader Joseph Bruno's business interests has set off alarms among Senate Republicans who fear their flagbearer has been wounded as Governor-elect Eliot Spitzer, a tenacious Democrat, prepares to take office. Members of the GOP held out hope Wednesday that Bruno, 77, can withstand the scrutiny of a federal inquiry, but those sentiments were clouded by apprehension, especially at a time when Democratic state Comptroller Alan Hevesi may be hours from indictment."

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The New York Daily News (12/21, Mahoney, Siemaszko, 729K) reports, "The FBI's corruption probe of New York's most powerful Republican gathered steam. … The grand jury has authorized FBI subpoenas related to Bruno's dealings with Albany-area businessman Jared (Jerry) Abbruzzese, a principal of a Troy, N.Y., high-tech company to which Bruno steered $500,000 in pork-barrel grants over the past four years, sources said. One specific subpoena was issued to a big-time Albany lobbyist, who confirmed the FBI rousted him for records on a land deal he and his pal Bruno were involved in until last year. 'Someone from the FBI dropped' by with a subpoena and asked for the records,' the lobbyist, James Featherstonhaugh, said. 'They were provided.'" capitalnews9.com (12/21, Ference), the New York Sun (12/21, Gershman) and the Buffalo News (12/20, Precious) are among other media outlets with articles covering the Bruno investigation.

Congressman Seeks FBI Help In Search For Missing Persons In Mexico. KENS 5 Eyewitness News San Antonio (12/20, Lopez) reported, "Families of eight people who disappeared in Nuevo Laredo traveled there Wednesday to meet with U.S. Rep. Henry Cuellar. They hope he can push for more help to find their loved ones who vanished once they crossed the border. In some cases years have gone by with the Mexican authorities doing nothing, families said. … 'I have hope. And I hope that President Calderon will continue to do what he's done,' Cuellar said. Mexico's new president is revamping his law enforcement agencies, but that's not enough. Desperation pushed these families to come up with hopeful solutions. The congressman wants to publicize the faces of missing Americans in Mexico. 'We also want to set up a toll-free number where people of Nuevo Laredo can call law enforcement here,' Cuellar said. In addition, Cuellar hopes to meet with Calderon and provide the FBI with additional resources to solve kidnapping cases and possibly fund a forensics lab in Nuevo Laredo to help identify bodies."

Tennessee Waltz Target Reportedly Accepted $40,000 Watch From Developer. The Memphis Commercial Appeal (12/21, Perrusquia, 163K) reports, "Just when it seemed John Ford's legal troubles couldn't get worse, enter a $40,000 wristwatch of questionable origin. Federal prosecutors alleged Wednesday that Ford received the watch -- a diamond-studded Rolex Masterpiece -- in 2004 from prominent Memphis developer Rusty Hyneman. Ford once asserted he got the watch free of charge after using his influence to try to reduce state pollution fines levied against Hyneman, prosecutors said. Neither Hyneman nor Ford has been charged in connection with the watch transaction, yet prosecutors plan to use it as evidence that Ford, who faces separate corruption charges in Memphis and Nashville, had a practice of taking payoffs. 'Ford stated that he had received the watch because he had done Hyneman a big favor, that is, saved him 1.3 million dollars," says a 'Notice of Intervention to Introduce Evidence of Other Crimes, Wrongs or Acts," filed Wednesday. The notice by U.S. Atty. David Kustoff and Asst. U.S. Atty. Tim DiScenza seeks to introduce the watch as evidence in Ford's bribery trial set to start Feb. 5 in Memphis." Ford "is charged in U.S. District Court in Memphis with taking $55,000 in cash bribes in the FBI's Tennessee Waltz undercover sting. In an unrelated matter, Ford was indicted this week by a federal grand jury in Nashville on charges alleging huge kickbacks taken while he was in the General Assembly. … He resigned from the Senate in May 2005 after his Waltz indictment in Memphis."

The Milwaukee Journal Sentinel (12/21, Spivack, Bice, 255K) reports, "Maybe you forgot all about Mequon-based Doral Dental and its controversial ties to a once-powerful Tennessee politician who has a bribery indictment hanging over his head. Yeah, maybe you forgot about it, but the feds sure haven't. Federal prosecutors in Nashville, Tenn., this week unsealed a six-count indictment charging former Tennessee Sen. John Ford with wire fraud and failing to disclose more than $400,000 in payments from Doral after he helped the Wisconsin company land a lucrative state contract. The feds say Ford and two others created a consulting firm, Managed Care Services Group, in 2001 that collected $1 million from Doral after it beat out other firms vying for the three-year, $18 million contract to administer dental payments for poor Tennessee children. … In the midst of the Doral controversy, Ford and other Tennessee legislators were charged in May 2005 with bribery and threatening to shoot potential witnesses against him. The witnesses turned out to be undercover federal agents running a sting operation dubbed the Tennessee Waltz."

Three Former Students Plead Guilty To Alabama Church Arsons. The AP (12/21, Rawls) reports, "Three former college students pleaded guilty

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Wednesday to federal arson charges for burning nine churches in a series of blazes that alarmed rural congregations across Alabama. Matthew Cloyd, Benjamin Nathan Moseley and Russell Lee DeBusk entered the guilty pleas to federal arson and conspiracy charges in the string of church fires set on two nights in February." US District Judge David Proctor "told them they all face minimum seven-year sentences." The AP notes, "The three are also charged with state crimes," and "defense attorneys have been discussing a similar plea deal with county prosecutors, but none has been reached."

USMS Deputy Chief Of Business Management Called "Washington's…Warren Buffett." Forbes (12/20, Crane) reported on its Web site, "Uncle Sam's got a thing for strip clubs. And banana plantations, horse farms and private prisons. These are just some of the businesses overseen by the federal government while their shady owners sit on trial for various crimes. Administering this colorful portfolio is Len Briskman, deputy chief of business management for the U.S. Marshals Service. Call him Washington's own Warren Buffett. At any given time, Briskman presides over 30 businesses -- many of them profitable and each with $20 million to $400 million in assets -- while their owners get a fair trial, which could take up to seven years. Meanwhile, all of those honest employees get to keep working." Forbes added, "How much do Briskman's efforts pull in? 'Conservatively, [the government] makes a couple hundred million a year, at least'" from selling those businesses (net of losses), he says. That's a pretty snazzy return for a relatively minuscule initial investment." Forbes noted, "With the number of forfeited businesses growing in recent years, Eben Morales, deputy chief in charge of the Asset Forfeiture Program, wishes he could find 'carbon copies' of Briskman to help distribute the workload."

US Marshals Arrest New Hampshire Bank Robbery Suspect In Florida. The AP (12/20) reported, "A suspected bank robber from Manchester has been captured in Florida, according to the U.S. Marshals Service. The federal marshals said Richard Villar, 33, was arrested and charged with the armed robbery of a St. Mary's Bank in Hudson on April 18. His alleged accomplices, Joshua Gagnon, 21, of Nashua, and Debra Scott, 28, formerly of Manchester, were arrested in May by Hudson police, but Villar reportedly fled the state and was using an alias. Federal marshals said they traced him to the St. Petersburg area where he had family and friends."

Ohio Police, US Marshals Arrest Alleged Child Rapist. WEWS-TV Cleveland (12/20) reported on its Web site from a broadcast story, "A rape suspect is in jail after being arrested by the Akron police gang unit and U.S. Marshals. Ryan Lawson, 19, was arrested on warrants for rape and gross sexual imposition involving a 12-year-old girl." Lawson allegedly "raped the girl sometime between February and March."

USMS Arrests Tennessee Statutory Rape Fugitives In Louisiana. The AP (12/21) reports, "Two men wanted in Jackson, Tennessee, on charges of statutory rape have been arrested in New Orleans. Twenty-three-year-old William Paulus and 22-year-old Santo Camarillo were arrested while working construction jobs. That's according to the US Marshals Service." The AP notes, "The men were arrested…on federal charges they used cell phones to entice minors to engage in sexual acts. The two were wanted in Tennessee after they failed to appear in court on eight counts of statutory rape.

IMMIGRATION:

Disabled Immigrants Sue Federal Agencies Over Loss Of Benefits. The Washington Post (12/21, A3, Fears, 690K) reports, "For eight years, Shmul Kaplan lived alone in a suburban Philadelphia housing complex with hardly any furniture and barely enough food to eat." Then "Kaplan, who is from Ukraine, lost his $603 in Supplemental Security Income after he missed a seven-year deadline to become a U.S. citizen. The clock started ticking after he was granted asylum in 1997. A class-action lawsuit filed in federal court in Pennsylvania recently on behalf of people such as Kaplan, 80, contends that they are not responsible for missing the deadline. Kaplan's citizenship application is among hundreds of thousands awaiting background checks by the FBI, a mountainous backlog that grew after the Sept. 11, 2001, attacks. More than 6,000 physically handicapped people who were granted asylum have had benefits cut as they wait, according to the suit." The Post notes, "The suit was filed against top officials of the Social Security Administration, the Department of Homeland Security, the

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U.S. Citizenship and Immigration Services (USCIS) unit of DHS, the Justice Department and the FBI. The National Name Check Program at the FBI receives more than 67,000 requests for background checks each week. Half the requests come from the USCIS, said Paul Bresson, an FBI spokesman. When requests from private entities are included, the total reaches several million each year, Bresson said. … The FBI has struggled for years with a growing backlog of such requests from all entities. The Government Accountability Office reported earlier this year that, for immigration cases alone, 113,000 background checks had been pending for more than six months. USCIS spokeswoman Chris Rhatigan said her agency processes citizenship applications as quickly as it can and is not responsible for the backlog that results from the delay in background checks."

US-Mexico Border Separates Many Families. The New York Times (12/21, Navarro, 1.16M) profiles Irma of Mexico, a onetime illegal resident of the US whose two daughters married and now live in Texas. Her "youngest daughter, Lupita, and another daughter, who is married and has three children, now live together just a few blocks from her. But the other two are still in Texas, still illegally, now with one American-born child each. The border is now a barrier between the Mexican and American sides of her family, and now Irma feels the pull of her absent daughters."

NYTimes Praises Bush On Immigration. The New York Times (12/21, 1.16M) says in an editorial, "Every now and then the public gets a glimpse of the George W. Bush who is a calm realist on immigration, a former governor of a border state who knows, likes and understands Latino immigrants. It's an identity sharply at odds with that of many other members of his Republican Party, especially the snarlers clustered on its right wing." Bush has "shown a way to move the debate away from the 'amnesty' trap by casting reform as a means to end an abusive system and remove the perverse incentives that allow illegality to flourish."

TAX:

Judge Rejects Defense Request For Separate KPMG Trials. The New York Times (12/21, Browning, 1.16M) reports, "The federal judge overseeing a mammoth tax shelter case said yesterday that the delayed trial would begin next fall, but he rejected a proposal by prosecutors to try the defendants separately in two groups." US District Judge Lewis A. Kaplan "ordered jury selection to begin on Sept. 17, 2007, in the criminal trial of the 18 defendants, 16 of whom are former employees of the accounting firm KPMG. The judge also said that he had tentatively decided not to have separate trials." The Times notes, "The trial date could still be changed again, because of uncertainty over the issue of legal fees. A federal appeals panel is weighing whether Judge Kaplan had the authority last June to dismiss KPMG's motion to compel the defendants to submit to arbitration over the fees issue. A panel of the United States Court of Appeals for the Second Circuit is hearing KPMG's appeal of the judge's ruling."

Syracuse University Study Finds Fewer IRS Audits Of Large Companies. The Wall Street Journal (12/21, C3, Drucker, 2.04M) reports on a study by researchers at Syracuse University that found that "the Internal Revenue Service audited a smaller proportion of the nation's largest corporations this year than it did in 2005 and, over the past five years, it has cut the average number of hours spent on such audits." … IRS officials said part of the reason for the overall drop in audits of big corporations was that the agency hired hundreds of new auditors in 2006 who required training. The officials cited the decline in hours per audit as a sign of greater efficiency."

South Dakota Accounting Firm Implicated In Chicago Tax Fraud Case. The Yankton (SD) Daily Press (12/21, Johnson, 94K) reports, "A Yankton accounting firm has been implicated in a health care reimbursement tax fraud plan that was recently shut down by a Chicago federal court. According to a press release issued by the Tax Division of the U.S. Department of Justice, the firm of Wohlenberg, Ritzman & Co. LLC of Yankton helped businesses in Illinois and Indiana sell 'illegal or improper' health care reimbursement plans that the Internal Revenue Service estimates cost the U.S. Treasury between $12 and $63 million. The district court in Illinois issued a permanent injunction Dec. 5, ordering Carmelo Zanfei of Steger, Ill., and William Crouse of Greenwood, Ind., and any individuals or entities working in association with them, to no longer sell their Health Incentive Plan and HealthIER Plan." The Daily Press notes, "Charles Miller, a spokesman for the Department of Justice, said the organization would not comment on

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whether there is a criminal investigation into the case. However, a lawyer representing Wohlenberg, Ritzman & Co. said he has been assured by the Department of Justice that there will be no criminal investigation into his client's involvement."

CONGRESS-ADMINISTRATION:

Bush To Enforce Clinton Declassification Order. The New York Times (12/21, A1, Shane, 1.16M) reports, "It will be a Cinderella moment for the band of researchers who study the hidden history of American government. At midnight on Dec. 31, hundreds of millions of pages of secret documents will be instantly declassified, including many FBI cold war files on investigations of people suspected of being Communist sympathizers. After years of extensions sought by federal agencies behaving like college students facing a term paper, the end of 2006 means the government's first automatic declassification of records." The Times adds, "Secret documents 25 years old or older will lose their classified status without so much as the stroke of a pen, unless agencies have sought exemptions on the ground that the material remains secret. Historians say the deadline, created in the Clinton administration but enforced, to the surprise of some scholars, by the secrecy-prone Bush administration, has had huge effects on public access, despite the large numbers of intelligence documents that have been exempted. … Many historians had expected President Bush to scrap the deadline."

IG Report Gives New Details On Berger's Removal Of Classified Documents. The AP (12/21, Margasak) reports Sandy Berger, President Clinton's national security adviser, "removed classified documents from the National Archives, hid them under a construction trailer and later tried to find the trash collector to retrieve them, the agency's internal watchdog said Wednesday." Berger, who "pleaded guilty to unlawfully removing and retaining classified documents," took them "in the fall of 2003 while working to prepare himself and Clinton administration witnesses for testimony to the Sept. 11 commission." Later, when Berger "was confronted by Archives officials about the missing documents, he lied by saying he did not take them, the report said."

The New York Times (12/21, Lichtblau, 1.16M) reports, "Still unresolved in the inspector general's report is one lingering mystery in the episode: Whether, as Mr. Berger's critics have charged, he was so cavalier as to stuff classified documents in his socks." The report "said one witness at the archives saw Mr. Berger bending down and 'fiddling with something white, which could have been paper, around his ankle.' But Mr. Berger denied he had ever stuffed documents in his socks, explaining the episode by saying that 'his shoes frequently come untied and his socks frequently fall down.'"

The Washington Post (12/21, A7, Smith, 690K) reports the documents Berger "took detailed how the Clinton administration had responded to the threat of terrorist attacks at the end of 1999. Berger removed a total of five copies of the same document without authorization and later used scissors to destroy three before placing them in his office trash, the National Archives inspector general concluded in a Nov. 4, 2005, report." The fact "that Berger, one of President Bill Clinton's closest aides from 1997 to 2001, illicitly removed the documents is well-known: A federal judge in September 2005 ordered him to pay a $50,000 fine for his actions and forfeit his security clearance for three years." But what Berger "did, and the ham-handed and comical methods by which he did it, are freshly detailed in the National Archives report." The report "states that in 2003, an official whose name was deleted informed the White House that the documents Berger reviewed during his first two visits -- in May and June of that year -- were so poorly organized and tracked that the archives 'would never know what if any original documents were missing.'"

The Washington Times (12/21, Seper, 88K) reports, Berger, "fined $50,000 for taking classified documents from the National Archives, hid the papers under a construction trailer where they later could easily be retrieved, a report yesterday said." In his "televised testimony to the September 11 commission, Mr. Berger said the Clinton administration's 'sustained attention' to terrorist threats and 'rigorous actions' had foiled a terrorist threat in December 1999 to bomb airports in the United States. But Attorney General John Ashcroft told the commission that he saw some of the documents that had turned up missing from the Archives and that the plot was stopped with 'luck playing a major role.'"

Bush Links Minimum Wage Hike To Small Business Tax Relief. The AP (12/21, Loven) reports President Bush "endorsed one of the Democrats' top priorities for the new Congress, a $2.10-an-hour minimum wage increase — and on a faster timetable than they have

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proposed," but "his support comes with a catch." Bush said "at a Wednesday news conference that any pay hike should be accompanied by tax and regulatory relief for small businesses, potentially a tough sell for Democrats, who are about to reassume control of the House and Senate." At his news conference, Bush was "eager to show he heard the message of voters who stripped his party of majorities in both the House and Senate in the November elections" and said "he'll work hard on what he called 'an interesting new challenge' — trying to find common ground with Democrats who will lead Congress for the first time in his presidency."

The Los Angeles Times (12/21, Reynolds, 850K) reports, "Efforts to link a hike in the minimum wage to tax cuts have repeatedly failed during Bush's time in office, despite Republican control of Congress." Democrats have "objected to linking the wage increase to tax cuts, and Drew Hammill, a spokesman for incoming House Speaker Nancy Pelosi (D-San Francisco), said she was not interested in such an arrangement. But shortly afterward, Hammill altered his response. He said that Pelosi preferred a bill unencumbered by tax cuts but that 'House Democrats have long supported tax changes that would benefit small business' and would look at such proposals." Still, there is "strong opposition to the idea among Democrats."

The Wall Street Journal (12/21, McKinnon, 2.04M) reports Bush's "insistence on tax breaks and regulatory relief for small business sets up a test that could determine the tenor of relations between the White House and Congress's new leaders for the rest of his term." Incoming Speaker Nancy Pelosi "and House Democrats plan to pass an increase in the minimum wage in their first 100 hours of work next year. Other priorities include repealing tax breaks for big oil companies, allowing Medicare to negotiate with drug companies for lower prices and cutting interest rates on student loans." Democrats hope "to build enough momentum to move the provisions through the Senate and force Mr. Bush to accept them as they are." But it is "unlikely any of those measures will become law without concessions to Republicans, however."

The Washington Post (12/21, A14, Fletcher, Weisman, 690K) reports President Bush "for the first time endorsed a specific plan for raising the federal minimum wage yesterday, as he embraced Democratic calls to boost it by $2.10, to $7.25 an hour, over two years." The president's "endorsement of a minimum wage increase breaks with the position long held by conservative Republicans that the increase would hurt business and ultimately the economy. But with the Democrats poised to take control of both chambers of Congress for the first time in more than a decade, Bush cited his support of the proposed increase as proof of his intent to operate in a more bipartisan manner during the remaining two years of his presidency." Beyond "increasing the minimum wage, the president said that he hopes to reach agreements with the new Congress on a guest-worker program for low-skill immigrants, renewal of the No Child Left Behind education law and measures aimed at encouraging the development of alternative fuels."

The Washington Times (12/21, Dinan, 88K) reports Bush "highlighted the new dynamic at work on Capitol Hill, saying now he and the Democrats both have an interest in getting things done – 'to show that they're worthy of their leadership roles.' The president said he is willing to accept a deal with Democrats that raises the minimum wage to $7.25 as long as that doesn't hurt businesses. He said the way to protect businesses is to combine the increase 'with targeted tax and regulatory relief to help these small businesses stay competitive and to help keep our economy growing.'" Senate and House Republican leaders "lined up behind Mr. Bush's position yesterday, with incoming Senate Minority Leader Mitch McConnell, Kentucky Republican, saying pairing tax cuts and wage increases makes sense."

Bush Signs Omnibus Tax Break, Trade Bill.

The AP (12/21) reports President Bush "revived some 20 tax breaks, extended trade benefits for developing countries and protected doctors from a big cut in Medicare payments by signing sweeping tax and trade legislation Wednesday." The bill "is a patchwork of must-do items that were left for the lame duck Congress. It was bundled together and passed by the House and Senate just before adjourning earlier this month." Republican "budget hawks bridled at the measure's approximately $40 billion price tag, and textile state senators objected to trade provisions benefiting Haiti."

The Los Angeles Times (12/21, Hamburger, Roche, 850K) reports the bill "was a lavish hodgepodge that included a $100 million-a-year boost in the Medicare reimbursement rates for dialysis providers who proved to be generous contributors to important legislators, notably House Ways and Means Chairman Bill Thomas of Bakersfield." The dialysis folks "were among many special interests benefiting from a piece of legislation that was designed to simply extend existing tax cuts and credits — but ended up freighted with

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billions of dollars in new spending earmarks for the coal industry, Brooks Brothers and various other interests."

Bush Signs Postal Service Overhaul Measure. The Washington Post's (12/21, D4, Barr) "Federal Diary" column reports on the 12-year effort by Rep. John M. McHugh (R-NY) to pass legislation overhauling the US Postal Service. "McHugh has worked to balance the competing interests of postal management, postal competitors, unions and companies," that "rely on the post office," and "yesterday, he" saw "President Bush sign the Postal Accountability and Enhancement Act," which "offers some hope that subsequent increases in postage will be more predictable, especially for letters, magazines and advertising mail." The "public, for the most part, will see no change in its dealings with the post office. But stamp prices will probably go up once or twice in the next year. The Postal Service has a request pending to raise first-class postage by 3 cents, to 42 cents, probably in May. Under the new law, the Postal Service can seek one more increase, no later than Dec. 20 next year, before new rules take effect."

Bush Signs Bill To Fund Clean Up Of Abandoned Coal Mines. The AP (12/21, Hefling) reports President Bush "signed legislation Wednesday that gives billions of dollars to coal-producing states to clean up hazardous abandoned coal mines and pay for health care for retired miners." The signing "ends a long fight that has pitted coal-producing states against each other over the best use of funds collected for the nation's coal mine reclamation program." Coal-producing states "will get an estimated $6.3 billion for abandoned mine cleanup and another $1.6 billion to pay for health care for retired miners who worked for coal companies that no longer exist, according to the federal Office of Surface Mining. The money will be distributed from 2007 to 2025."

Democrats Plan Stepped-Up Investigations. The Christian Science Monitor (12/21, Chaddock, 59K) reports that with "little prospect of funding bold spending initiatives, Democrats poised to take control of the 110th Congress are reviving the ability to investigate the executive branch." Democratic leaders "and new committee chairs aim to jump-start oversight on issues ranging from the Iraq war to homeland security and consumer protection," but they "say they will not use their new powers to conduct a witch hunt on the Bush presidency, and will take a more careful tack instead." But plans for a five-day work week "and the eagerness of new committee chairs - also poses dilemmas for the new Democratic leadership over how to aggressively question administration officials, without distracting them from their work fighting wars and securing the homeland."

Goode Under Fire For Criticizing Muslim Congressman's Use Of Koran For Oath. The AP (12/21, Frommer) reports that in response "to constituent e-mails about Rep.-elect Keith Ellison's decision to use the Quran at his ceremonial swearing-in," Rep. Virgil Goode "warned that 'many more Muslims' will be elected demanding to use the Quran unless immigration is tightened." The letter "triggered angry responses from a New Jersey congressman and an Islamic civil rights group."

The Washington Post (12/21, A11, Goldfarb, 690K) reports Goode "is coming under sharp criticism for lashing out against the decision by" Ellison "to use the Koran during a swearing-in ceremony." In a "recent letter to constituents, Goode, a five-term congressman from Rocky Mount, wrote that he does 'not subscribe to using the Koran in any way' and added: 'The Muslim Representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration, there will likely be many more Muslims elected to office and demanding the use of the Koran.'" The Post adds the Council on American-Islamic Relations "condemned Goode's remarks and called on him to apologize."

The New York Times (12/21, Swarns, 1.16M) reports Ellison's "plan to use the Koran during his private swearing-in ceremony in January had outraged some Virginia voters, prompting Mr. Goode to issue a written response to them, a spokesman for Mr. Goode said." Goode's letter "quickly stirred a furor among some Congressional Democrats and Muslim Americans, who accused him of bigotry and intolerance. They noted that the Constitution specifically bars any religious screening of members of Congress and that the actual swearing in of those lawmakers occurs without any religious texts." Ellison "dismissed Mr. Goode's comments, saying they seemed ill informed about his personal origins as well as about Constitutional protections of religious freedom."

The Minneapolis Star Tribune (12/21, Hotakainen, 395K) reports "a Muslim group is asking" Goode "to apologize after he told hundreds of his constituents that more Muslims will follow" Ellison to Congress "if strict immigration laws are

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not passed." Goode, "an attorney and former state senator who was first elected to Congress in 1996, said he wants to 'stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country." Corey Saylor, "national legislative director of the Council on American-Islamic Relations (CAIR), said Goode's 'Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office.'"

The Richmond Times-Dispatch (12/21, Bowman) reports, "After one of Goode's letters miscarried, its contents were plastered online across the blogosphere." Mukit Hossain, "president of the Potomac Falls-based Virginia Muslim Political Action Committee, which estimates there are 60,000 Muslim voters in Virginia," said, "It's about as stupid a comment as I've ever heard from a legislator. We will do everything we can to keep this issue alive. I think we can educate the people in his district that he is not the right candidate."

CNN.com (12/21) reports Goode "will not apologize for writing that without immigration reform 'there will be many more Muslims elected to office demanding the use of the Quran,' his spokesman said."

Democrats Challenge Loss In Florida's 13th CD. The AP (12/21, Royse) reports Democrat Christine Jennings, "who narrowly lost to a Republican in the race to replace Rep. Katherine Harris, asked Congress on Wednesday for an investigation." Florida has "declared that" Jennings "lost to Republican Vern Buchanan by 369 votes. But 18,000 Sarasota County electronic ballots did not record a choice in the race, and Jennings contends that the number is abnormally high and that the machines lost the votes. She filed with the House clerk an official contest of the election results in Florida's 13th Congressional District."

Shift To Right On Social Issues Said To Raise Questions About Romney. In a front-page story, the Washington Post (12/21, A1, Balz, Murray, 690K) reports, "As he prepares for a 2008 presidential campaign, Massachusetts Gov. Mitt Romney (R) has championed the conservative principles that guided President Ronald Reagan, become an outspoken opponent of same-sex marriage and supported overturning the Supreme Court decision that legalized abortion." But in 1994, "Romney boasted that he would be more effective in fighting discrimination against gay men and lesbians than Sen. Edward M. Kennedy (D-Mass.), distanced himself from some conservative policies of the Reagan administration, and proudly recalled his family's record in support of abortion rights. The apparent gulf between the candidate who ran for the Senate in 1994 and the one getting ready to run for president has raised questions as to who is the real Mitt Romney." In emphasizing "his conservative views, Romney has sought to fill a vacuum on the right in the Republican nomination contest. Neither Sen. John McCain (Ariz.) nor former New York mayor Rudolph W. Giuliani, who top the opinion polls among Republicans, has a comfortable relationship with social and cultural conservatives." Romney "acknowledges his positions on abortion and gay rights have changed. He told National Review Online last week that he would like to see the Supreme Court overturn the 1973 Roe v. Wade decision and return the issue to the states. He also said he no longer favors a federal non-discrimination law that would cover gay men and lesbians, and no longer backs accelerating the opening up of the military to gay men and lesbians."

Law Professor Defends Judicial Ethics Act Of 2006. Ronald D. Rotunda, professor of law at George Mason University, writes in the Washington Post (12/21, A29, 690K), "The Judicial Transparency and Ethics Enhancement Act of 2006, now before Congress, would create an inspector general for the courts. It offers modest reforms that would keep our judiciary independent (because no one favors a dependent judiciary) and help keep it accountable (because no one favors a judiciary that is above the law)." Nonetheless, "there are those who greet it the way Dracula would greet a bouquet of garlic. Justice Ruth Bader Ginsburg, for example, has said of the proposal: 'That's a really scary idea.'" Rotunda adds, "On the contrary, this bill would strengthen judicial independence because it would give people greater faith that if there were problems, the inspector general for the courts would deal with them and not sweep them under the rug. An inspector general would also protect judges from frivolous or false charges. … Opponents of this bill say that the sky is falling. But it is not falling. There are no cracks in the sky. There are not even pre-fracture incipient fissures in the sky. Instead there is a real need for change."

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Personnel News. Judy Sarasohn reports in his "Special Interests" column in the Washington Post (12/21, A27, 690K), "**Dave McCurdy**, a Democratic survivor of the Republican K Street Project, is moving from the Electronic Industries Alliance to become president of the Alliance of Automobile Manufacturers. … **Raymond Shepherd III**, chief counsel of the Senate Permanent Subcommittee on Investigations, is moving to Venable next month to be head of the law firm's new congressional investigation group. … **Jonathon Jones**, a longtime aide to Sen. Thomas R. Carper (D-Del.), most recently as chief of staff, joined the lobby shop Monday. … **Howard Waltzman**, chief counsel for the House Energy and Commerce Committee, is leaving the Hill for Mayer, Brown, Rowe &; Maw as a partner in the law firm. **Scott Gottlieb**, deputy commissioner for medical and scientific affairs at the Food and Drug Administration, is leaving Jan. 16 to rejoin the American Enterprise Institute."

OTHER NEWS:

Chavez Claims US Envoy Lied About Drug Trafficking. The AP (12/20) reported the U.S. ambassador's "suggestion that better ties were possible with Venezuela's President Hugo Chavez met a blunt reply on Wednesday when Chavez accused the ambassador of lying about drug trafficking. The lack of counter-drug cooperation between Venezuela and the United States has been one of many diplomatic sticking points between the two countries -- one that has worsened as Chavez has accused American anti-drug agents of involvement in espionage." Venezuelan officials "said they are fighting the drug war with increasing success, claiming that since Chavez broke off cooperation with the U.S. Drug Enforcement Administration last year, the amount of illegal drugs seized has doubled." Ambassador William Brownfield "has urged Venezuela to sign a new agreement with the DEA, but Chavez revived his earlier claims that officials of that agency had been involved in spying -- allegations that Washington denies." The AP writes that yesterday Chavez said, "A little while ago, the U.S. ambassador in Caracas told a big lie. He should retract it if it's really true that [U.S. officials] want good relations like they've been saying." CNN and FOX News have used the AP story.

Bush Rejects Talks With Syria, Iran. McClatchy (12/21, Douglas, Strobel) reports, "President Bush on Wednesday voiced his strongest opposition yet to talking directly to Iran and Syria as other administration officials acknowledged secret US funding of opponents to Syria's regime. At a year-end White House news conference, the president insisted that he won't deal with Iran until it verifiably abandons its uranium enrichment program and won't talk with Syria until it stops interfering in Lebanon and Iraq." Both stands "are rejections of a key recommendation made earlier this month by the Iraq Study Group."

Kerry, Dodd Meet With Assad Despite White House Objections. The AP (12/21, Aji) reports Senators John Kerry and Christopher Dodd met with Syrian President Bashar Assad Wednesday to discuss "the need for Damascus to cooperate with efforts to maintain the unity and stability of war-ravaged Iraq," state media reported. The US Embassy in Damascus said the meeting, which lasted two and a half hours, covered "a full-range of topics relating to US-Syrian relations and regional issues." In a telephone interview with the AP, Kerry said, "I feel quite confident in saying this was a conversation worth having and that the (Bush) administration ought to pursue it." Meanwhile, the Bush administration "has accused Kerry, Dodd and other senators who have met with Assad of sending mixed signals." White House spokesman Blair Jones said Wednesday night, "We discourage the travel of members of Congress to Syria because we believe it undermines the cause of democracy in the region and particularly" Lebanon's government.

The Boston Globe (12/21, Klein, 413K) reports Kerry "said Wednesday that President Bashar Assad of Syria expressed a willingness to work with the United States to bring stability to Iraq, and said Assad personally offered assistance that Kerry plans to convey to the Bush administration." Kerry "said the Assad government is interested in approaching the Iraq war from a regional perspective, where other Middle East issues -- including the Israeli-Palestinian conflict -- are part of the equation." The Massachusetts Democrat "said he would not publicly discuss the substance of his talks with Assad until he has fully briefed State Department officials about his visit."

US, UK To Move Forces To Persian Gulf In "Display Of Military Resolve Toward Iran." The New York Times (12/21, Shanker, 1.16M) reports, "The United States and Britain will begin moving additional warships and strike aircraft into the Persian Gulf region in a display of military resolve toward Iran that will come as the

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United Nations continues to debate possible sanctions against the country, Pentagon and military officials said Wednesday." The officials "said that Defense Secretary Robert M. Gates was expected this week to approve a request by commanders for a second aircraft carrier and its supporting ships to be stationed within quick sailing distance of Iran by early next year." The Times adds, "Senior American officers said the increase in naval power should not be viewed as preparations for any offensive strike against Iran. But they acknowledged that the ability to hit Iran would be increased and that Iranian leaders might well call the growing presence provocative."

Security Council Set To Vote Friday On Iran Sanctions. AFP (12/21, Aziakou) reports "under pressure from the United States," the UNSC "edged toward a Friday vote on a compromise draft resolution mandating sanctions against Iran." After the European sponsors "offered concessions to overcome Russian objections," Britain's UN envoy Emyr Jones Parry announced a vote has been schedule for Friday. The new draft, "which watered down a contentious proposal for a travel ban" on 12 officials directly linked to Iran's nuclear and ballistic missile programs, "finessed the issue by making the travel ban voluntary." Acting Ambassador Alejandro Wolff said he was consulting with Washington over the latest changes to the draft. Asked about the travel ban, which earlier this week he described as a "priority" issue for the US side, Wolff said: "We're still negotiating this...we want a vote early and we want a really good resolution." Secretary Rice, meanwhile, spoke by telephone Wednesday with British Foreign Minister Margaret Beckett to discuss "ways to close the remaining gaps" over the wording of the draft, Assistant Secretary McCormack said. The New York Times (12/21, A26, Hoge, 1.16M) calls the revisions a "major concession to Russia."

Meanwhile, the Wall Street Journal (12/21, A16, 2.04M) editorializes, "Iranians made their feelings plain about Mahmoud Ahmadinejad last week by voting to reject his allies in municipal elections and in the Assembly of Experts, a clerical body that theoretically has authority over Supreme Leader Ali Khamenei. That doesn't mean reformers now run Iran, but it does suggest that international pressure and a policy of democracy promotion may produce the kinds of changes in Iran that three years of Western diplomacy have failed to achieve." The Journal adds, "So it's all the more puzzling that, even as Iranians try to apply some pressure on Mr. Ahmadinejad, the international community is about to prove his point that Iran will pay little price for its quest to develop an atomic bomb. Consider what's happening at the UN, where the Security Council is expected to approve a sanctions resolution this week, nearly four months after its August 31 'deadline' for Tehran to stop enriching uranium. … There's an opening here to promote change, provided the US doesn't reward Mr. Ahmadinejad's bad behavior by failing to punish it, and provided President Bush reminds Iranians that while the US opposes their government, it stands with Iranians who want more freedom."

Iranian Oil Minister Says "De Facto" Sanctions Hurting Projects. The Financial Times (12/21, Bozorgmehr, Khalaf) reports, "Iran's oil minister on Wednesday admitted that Tehran was having trouble financing oil projects, in a rare acknowledgment of the economic cost of its nuclear dispute. 'Currently, overseas banks and financiers have decreased their co-operation,' Kazem Vaziri-Hamaneh told the oil ministry news agency, Shana." The Times adds, "The statement underlined the impact of de facto financial sanctions on the Organisation of the Petroleum Exporting Countries' second biggest oil producer. As the controversy over Iran's nuclear programme has escalated, the US has applied pressure on European banks and financial institutions to curb dealings with Tehran."

Reemerging Student Movement Seen As Threat To Ahmedinejad. The New York Times (12/21, A1, Fathi, 1.16M) reports in a front page article that the Iranian student movement is "reawakening from its recent slumber and may even be spearheading a widespread resistance against" President Mahmoud Ahmadinejad. For example, last week protestors disrupted a speech by the Iranian president, representing "the first widely publicized outcry against Mr. Ahmadinejad, one that was reflected Friday in local elections, where voters turned out in droves to vote for his opponents." The students' complaints "largely mirrored public frustrations over the president's crackdown on civil liberties, his blundering economic policies and his harsh oratory against the West, which they fear will isolate the country. But the students had an additional and potent source of outrage: the president's campaign to purge the universities of all vestiges of the reform movement of his predecessor, Mohammad Khatami."

Rafsanjani Emerging As Top Challenger. The AP (12/21, Karimi) reports "elder statesman Hashemi Rafsanjani, a mercurial cleric who has played both sides of Iran's reformist-conservative divide, is rising again as a key

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challenger to Iran's president after local elections show deep discontent with the president's hard line." Last week's local elections across Iran were "seen as a referendum on President Mahmoud Ahmadinejad's 18 months in office, and results so far were showing widespread victories for his opponents." In fact, many analysts are "now predicting a coalition between reformers and moderate conservatives to oppose Ahmadinejad and his hard-line allies in parliament and presidential elections in 2009." Talk of a political bloc was "fueled after two top reformist politicians -- former president Mohammad Khatami and Mehdi Karroubi -- met on Sunday with Rafsanjani."

Hill "Encouraged" As Six-Party Talks Enter Fourth Day. The New York Times (12/21, A9, Kahn, 1.16M) reports Assistant Secretary Hill said Wednesday that the six-party talks "could reach a new agreement on rolling back North Korea's bomb-making effort this week, but the prospects for a meaningful breakthrough remained uncertain." Hill "said the tenor of the often tortuous discussions had improved" and "have been very useful." Negotiators "are talking about much more than just agreeing on things on paper. We're discussing actual developments on the ground, and for that reason these discussions are not easy," Hill cautioned. The envoy also "said he was pleasantly surprised that the talks had moved beyond posturing" and "raised the possibility that they could produce an agreement before the end of the current round this week."

AFP (12/21) reports talks entered a fourth day Thursday "amid a slightly warmer climate," with Hill "saying negotiations were tough but offered a glimmer of hope." Hill said late Wednesday after a second straight day of direct talks with his North Korean counterpart, Kim Kye-Gwan, that the discussions "are not easy -- actually, they are very difficult but we are encouraged by the process." He went on to say that talks have been "very useful in the last day and a half." Meanwhile, financial teams from the two nations met on Tuesday and Wednesday in Beijing on the sidelines, "but they finished without any agreement being reached." The Treasury Department's chief negotiator, Daniel Glaser, told reporters late Wednesday "only that the two sides may meet again in New York next month." The AP (12/21, Herman) reports Glaser said the process is "moving forward to be productive and useful, it's going to have to start focusing very, very closely on the underlying concerns of illicit finance."

Hill Says Talks Give Japan, North Korea Chance To Improve Relations. The AP (12/21, Yamaguchi) reports Assistant Secretary Hill "expressed hope Wednesday that Japan and North Korea would meet on the sidelines of the six-nation negotiations to discuss normalizing their relations." However, Hill cautioned, "The normalization process depends on the discussion of ongoing issues and clearly the Japanese have some issues that need to be addressed. It's our hope that there can be a bilateral meeting between the DPRK and the Japanese aiming at these issues."

Somali Factions Agree To Resume Peace Talks. The Washington Post (12/21, A20, McCrummen, 690K) reports Somalia's Council of Islamic Courts and the country's transitional government agreed Wednesday to resume peace talks "without any preconditions, as fighting broke out between the two sides." European Union envoy, Louis Michel, said at a news conference in Nairobi that "there was a broad agreement to deescalate and refrain from hostile acts," but cautioned "there are still issues that will have to be resolved." However, as Michel "discussed peace with their leaders, Islamic Courts militias and the Ethiopian-backed transitional government fought with rockets and heavy weapons in towns just southeast and southwest of Baidoa, the town where the government is based." The Financial Times (12/21, England) says no date was given for the talks which are expected to take place in Khartoum. Meanwhile, the AP (12/21, Hassan) says Wednesday's violence "underlined the difficulties of securing peace" in the country. The Los Angeles Times (12/21, Sanders, Albadri, 850K) runs a similar report.

Saudi Arabia Names Jubeir Ambassador To US. The Washington Post (12/21, A25, Wright, 690K) reports Saudi Arabia has informed the State Department "that it intends to appoint Adel al-Jubeir as the new ambassador to Washington," according to US officials. Jubeir, a long-time foreign policy adviser to King Abdullah, has "long been the public face" of the kingdom in the West," and his "impending appointment represents a meteoric rise in Saudi diplomacy for a man who last served in Washington as special assistant to Prince Bandar bin Sultan, now the Saudi national security adviser."

Rice Says Darfur Remains "Deep Concern" To US. AFP (12/21) reports Secretary Rice said

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Wednesday the crisis in Darfur remains an issue of "deep concern" in Washington following a visit to Khartoum last week by a US special envoy Andrew Natsios. Rice also reiterated calls for Sudan to "drop its objections to deployment of a hybrid African-UN peacekeeping force" in the region. After meeting with Natsios, Rice said, "It is extremely important (to deploy) a robust peacekeeping force that can actually help to end the violence and bring relief to the many innocent men, women and children who are suffering in Sudan." Rice said Natsios had "moved the ball forward" during meetings with Sudanese President Omar al-Beshir and other leaders in Khartoum last week.

Natsios Warns Of Possible Action In Darfur. The AP (12/21, Gedda) reports Natsios warned Wednesday that Sudan "must open a path toward ending the Darfur crisis before the end of the year or the international community will take coercive action against the Islamic government." The envoy said "international patience is running out" on Sudan, but he declined to say what options are being considered. "It's not useful to make threats," said Natsios, briefing reporters. British officials have said that creation of a no-fly zone over Darfur is one option being considered. However, AFP (12/21, Millikin) reports Natsios issued a January 1 deadline for Sudan to accept the deployment of UN peacekeepers to Darfur or "face coercive international action" to halt violence in the region. Natsios was quoted as saying, "For us to continue on the process of quiet diplomacy, negotiation and a process to resolve Darfur, then we need progress that's operational, on the ground, in Darfur...by the end of the year." The Washington Times (12/21, Kralev, 88K) also reports the story.

US Condemns EU Plans To Include Airlines In Emissions Trading Scheme. The Financial Times (12/21, Bounds) reports, "The US on Wednesday condemned as illegal plans to include all airlines flying to and from the European Union in the bloc's greenhouse gas trading scheme from 2012. 'The inclusion of non-EU airlines on a non-consensual basis runs counter to EU member states' legal obligations under the Chicago convention...and their bilateral air transport agreements, including with the US,' a government spokesman said." The "US called on the EU's 25 member states to block the proposal, saying that it jeopardised international efforts to tackle the effect of air travel on global warming."

The New York Times (12/21, Kanter, 1.16M) reports, "In the face of stiff opposition from the airline industry, the European Union moved forward Wednesday with plans to impose extra charges on foreign and domestic carriers that pollute too much." The rules "would apply to all flights within the bloc starting in 2011. Foreign carriers landing and taking off from busy airports like those in Frankfurt, London and Paris would be obliged to join the system the following year. If enacted, the measure could drive up costs for airlines, potentially leading to higher airfares for travelers." The Times adds, "The proposal draws from the principles of an established system that Europe now uses to help combat global warming and meet emissions goals set forth under the Kyoto Protocol. ... Many airlines, supported by the United States government, are seeking to blunt the European plans, calling them expensive and unworkable."

The AP (12/21, White) says the EU's move "would hit U.S. airlines on their lucrative trans-Atlantic routes. Airlines are generally in favor of the plan, since EU officials had warned them that refusing to back a carbon emissions trading program would result in an aviation tax." The AP adds, "Bowing to pressure from trade partners, the EU's executive arm will give all flights to and from EU airports an extra year to join the program. All airlines — based in the EU or elsewhere — will have to trade emissions beginning in 2012 for all flights to and from European airports, it said."

China Cracks Down On Investigative Reporting. The Wall Street Journal (12/21, A1, Fowler, Dean, 2.04M) reports "China's government is waging a media crackdown on…hard-hitting reports. Some officials fear that investigative reporting feeds public discontent over social ills such as rampant pollution, a growing wealth gap, and especially corruption. Prominent editors at publications around the country have lost their jobs. A law under review in China's legislature could make it much more difficult for reporters…to investigate emergencies and dig up wrongdoing in distant towns and villages.

Meanwhile, the Washington Times/AP (12/21, Kurtenbach) reports, "A journalist serving a 13-year jail term for reporting about a bogus irrigation project has been released five years early to unusually vocal official acclaim for his determination to fight corruption." Gao Qinrong, "previously an investigative journalist for a state-run newspaper in northern China's Shanxi province, was

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imprisoned in 1998 and released earlier this month, according to media activists and state press reports."

Wal-Mart's Acceptance Of Unions In China Noted. The Wall Street Journal (12/21, 2.04M) reports says in an editorial, "For a peek into China's labor market, look no further than Wal-Mart. In North America, the world's biggest retailer prefers to close down stores rather than tolerate unionized staff. But in China, most of Wal-Mart's 68 stores not only have labor unions, but six locations now boast Communist Party branches as well." But the "function of the new unions remains unclear," but there is "nothing to guarantee that union members won't catch onto the practices of their Western peers." Meanwhile, "sometime in the next week, Beijing's legislature is expected to hold a second reading of the Labor Contract Law. The document will redefine labor rights and the ACFTU's power. The first draft gave foreign investors a jolt. It made employee dismissals for poor performance difficult. The draft also required company policies and regulations to be negotiated between employer and 'employee representatives,' a la Germany." Many "foreign-invested firms are waiting for the passage of the legislation before deciding whether to admit the ACFTU, as Wal-Mart did. Which makes Wal-Mart's embrace of union and Party all the more puzzling. Perhaps Wal-Mart wasn't given much of a choice, and was chosen to send a message to other foreign-invested enterprises. Which is: We're watching you from outside, and inside."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. In Washington.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: 11 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on the state of religious freedom in problem spotys around the world, especially Vietnam. Stephen M. Liston, State Department; Felice Gaer, Chair, U.S. Commission on International Religious Freedom; Thomas F. Farr, former Director, Office of International Religious Freedom; Nina Shea, Director, Center for Religious Freedom, Freedom House; Pastor Bui Thien Hue, Pastor, Hoa Hao Church; Joseph Kung, President, The Cardinal Kung Foundation; Berhane Sium, Eastern U.S. Coordinator, The Eritrean National Salvation Front. Location: Room 2172, Rayburn.

Other: DRUG USE SURVEY _ 10 a.m. The National Institute on Drug Abuse holds a press conference to announce the results of the 2006 Monitoring the Future Survey, which tracks annual drug abuse trends of 8th, 10th, and 2th grade students, including attitudes and perceived risk of specific illicit drugs. Speakers include Office of National Drug Control Policy Director John Walters, Attorney General Gonzales, NIDA Director Nora Volkow. Location: National Press Club.

VIETNAM MEMORIAL-CHRISTMAS _ 10 a.m. The Vietnam Veterans Memorial holds a Christmas tree ceremony to honor veterans and active duty personnel. Location: East Knoll of the memorial.

HOLZER-EMPLOYMENT _ 12 p.m. - 1:30 p.m. The National Economosts Clubs hosts a luncheon with Harry Holzer of Georgetown University. Topic: ``Employment During the Boom: Implications for 2007 and Beyond." Location: Chinatown Gardens Restaurant, 618 H St. NW.

LOCKERBIE MEMORIAL _ 1:30 p.m. The families of Pan Am Flight 103 victims hold a memorial service on the 18th anniversary of the crash in Lockerbie, Scotland. Participants include Undersecretary of State Nicholas Burns. Location: Flight 103 Memorial Cairn, Arlington National Cemetery.

UN REFORM _ 2 p.m. The Council on Foreign Relations holds a telephone briefing with Lee Feinstein of the council on the reform agenda for new UN Secretary-General Ban Ki-Moon. Notes: RSVP required to NYPressRSVPcfr.org. Dialin number: 800-247-5110; passcode: UN reform.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bush Acknowledges 'Difficult Year' In Iraq."
"A Matter Of Grove Concern."
"Pakistani City Serves As A Refuge For The Taliban."
"Congress Closes With A Pork-Filled Flourish."
"State High Court To Review Same-Sex Marriage Ban."
"Does A Bug In Our Gut Make Us Fat?"

USA Today:

"Storm Snarls Holiday Travel."

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"For New Orleans After Katrina, Too Many Nights Remain Silent."
"Intestinal Microbes Pack On Your Pounds."
"Reforestation Lags Amid Record Wildfires."

New York Times:

"Big Profits, And Questions, In Effort To Cut Emissions."
"U.S. To Declassify Secrets At Age 25."
"Iran President Facing Revival Of Students' Ire."
"For Divided Family, Border Is Sorrowful Barrier."
"In Cable Wars, Phone Carriers Win A Skirmish."
"U.S. And Britain To Add Ships To Persian Gulf In Signal To Iran."

Washington Post:

"Contention Increases On Troop Levels."
"Federal Subsidies Turn Farms Into Big Business."
"Felons' DNA Missing From Va. Database."
"Shiite Clerics' Rivalry Deepens In Fragile Iraq."
"Mass. Governor's Rightward Shift Raises Questions."
"Mastering A Branch Of History."

Washington Times:

"Bush Concedes U.S. Not Ready For Iraq."
"Berger Took Papers To A Hiding Place."
"Bush Prepares To Make Deals With Democrats."
"Decking The Salesmen Instead Of The Halls?"
"Retailers Get Personal With Blogs From Inside."

Detroit Free Press:

"Classic Seger."
"In Face Of Crimes, Her Will Is Unshaken."
"Gunfire Rages Even As Detroit Tries To Clean Up."

Atlanta Journal-Constitution:

"Leaders Back $100 Million Rights Museum."
"Bush: Difficult Choices Ahead."
"Big Belly? Blame Bacteria."
"FCC Takes Slap At Rising Cable Rates."
"'I Feel About As Bad As I've Felt In My Life.'"

Houston Chronicle:

"4 Area Chemical Plants Accused In State Lawsuit."
"Bush May Not Defer To Brass On Troop Levels."
"A Timeout For Reality."
"Rice Stakes Its Future On Booming Biomedicine."
"Rita-Ravaged Town Gets A Booster Shot."

Story Lineup From Last Night's Network News:

ABC: Denver-Snowstorm; OR-Climber Search Abandoned; Pentagon-War Spending; Bush-Iraq; Abizaid's Retirement; Iraq-Ruling Coalition; Syria-US Embassy Attack Footage; Gettysburg Casino; China-Adoption Rules; Astronaut-Hair Donation; Ghana-Crocodile Petting Zoo.

CBS: Bush-Iraq; Iraq-Pentagon; Military Recruitment; First Lady-Iraq; Midwest Winter Weather; OR-Climber Search Abandoned; Missile Defense System-Alaska Weather; California Air Pollution; Wounded Vets-Skiing.

NBC: Bush-Iraq; Pentagon-Military Expansion; Troop Surge-Analysis; Abizaid's Retirement; Pentagon-War Spending; Military Recruitment; OR-Climber Search Abandoned; Denver-Snowstorm; Elderly Care Managers; Immigrants-Minnesota Town; Stock Markets; Reemerging Popularity Of Toy Trains.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Denver-Snowstorm; CA-Earthquake; CA-Gay Marriage; Bush-Mary Cheney; Turkmenistan President Dies; CA-Court Case Involving Murder Of Deejay; MADD-Cutting Ties With Miss Teen USA; Wall Street.

CBS: Denver-Snowstorm; OR-Climber Search Abandoned; Charges To Be Announced In Haditha Killings Case; Space Shuttle; Bush Signs Bill To Upgrade U.S. Tsunami Warning System.

NPR: Turkmenistan President Dies; Wyoming-Snowstorm; CA-Population Growth Slowing; Tokyo Stock Exchange; Wall Street; OR-Climber Search Abandoned; Sen. Leahy-Wants To Know Why Canadian Man Is Still On No-Fly List Despite Being Cleared; Space Shuttle.

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DOJ_NMG_0107939

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 21, 2006 7:45 AM EST

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TERRORISM NEWS:

Leahy Wants To Question Gonzales About Arar Case, Rendition Policy. The Toronto Star (12/20, Harper) reported, "The incoming chair of a powerful Senate committee says he will summon U.S. Attorney-General Alberto Gonzales before American legislators to explain why Maher Arar is still barred from the U.S." Sen. Patrick Leahy "said Arar has the right to know what suspicions the Bush administration still harbour against him after he was exonerated by a Canadian inquiry. 'The Canadian government has now documented that the wrong thing was done to the wrong man,' Leahy said. 'It is time for the (Bush) administration to do what it can to redress this wrong, instead of perpetuating it.'" The Star added, "Leahy says he wants Gonzales before his committee to discuss the entire U.S. policy of rendition and he said in a speech last week he will no longer put up with non-answers shrouded in security concerns or promises to get back to him." Leahy added, "You know they are going to be tortured. This is beneath our country. And it does absolutely nothing to make us more secure and it is a gross human rights violation." AFP (12/21) reports on the Toronto Star interview with Leahy about his intention to question Gonzales about Arar and the renditions.

US Convicts Pakistani Man Of Supporting Indian Terror Group. The AP (12/21) reports, "A Pakistani man was convicted Wednesday of financially supporting a militant separatist group in India, federal prosecutors announced. Khalid Awan, of Garden City [MI], was convicted by a federal jury after a two-week trial in Brooklyn and faces up to 45 years in prison. Awan, 44, was charged with helping the Khalistan Commando Force, a Sikh secessionist group that operated in India's Punjab state. The group, founded in 1986, is considered a terrorist organization in India and is said to be responsible for the deaths of thousands of people through bombings, sabotage and assassinations." The AP adds, "'The war on terror is a global battle,' said Roslynn Mauskopf, U.S. attorney for the Eastern District of New York. 'We will not permit individuals in our jurisdiction to finance terrorist groups responsible for murder and violence in any part of the world.' … Awan's sentencing is set for March 7."

Video Shows Attack On US Embassy In Damascus. ABC World News (12/20, story 7, 2:20, Gibson, 8.78M) reported, "For our 'Closer Look' tonight, something almost never scene -- a terrorist strike captured in real-time on videotape. It was a brazen assault on the US Embassy in Syria three months ago by Islamic militants with guns, grenades and explosives. There are many questions about this attack, including whether Syria may have had advanced knowledge it was going to happen. The tape obtained by ABC News offers the first look at what really happened that day in Damascus." ABC (Ross) added, "A US government security camera was rolling as the attackers in the white car pull up outside the embassy wall." ABC noted that "while the embassy is only a few feet from the road, the attackers are not able to breach the heavily reinforced walls." Bruce Tully, a former US Diplomatic Security Service agent, told ABC, "We've poured money and technology into this. It was a very good day for the US and a very bad day for the terrorists." ABC also noted that "of the 13 attacks on US embassies in the last 8 years, this is one of the few that remains a mystery as to who was responsible."

Threat Of Terror Attack In Europe Thought To Be Increasing. The Washington Post (12/21, A20, Whitlock, 690K) reports the "threat of a terrorist attack on European soil by Islamic radicals has increased substantially in recent months, reaching its highest levels since the London transit attacks of July 2005, according to European counterterrorism officials. Adding to the anxiety: fresh threats against Britain and France delivered Wednesday by al-Qaeda's deputy leader." Al Qaeda second-in-command Ayman al-Zawahri "singled out Britain as a historical enemy of Muslims, blaming it for the creation of the state of Israel and the downfall of the Ottoman Empire in the early 20th century." Zawahri's "recent remarks have particularly concerned French counterterrorism officials. They have warned of a heightened risk of attacks because of a newly declared alliance between al-Qaeda and an Algerian-based network, the Salafist Group for Preaching and Combat, which has developed an extensive collection of cells in France and elsewhere in Europe."

Alleged Terrorists Can Appeal Sanctions To UN Security Council. The Wall Street Journal (12/21, A10, Crawford, 2.04M) reports, "Alleged al Qaeda and Taliban supporters blacklisted by the United Nations Security Council will be able to petition directly to have their names removed and sanctions lifted, removing a top complaint of lawyers and civil-rights lobbies." The UNSC "cleared the way for a form of appeals process when it voted Tuesday to set up an office to handle requests by individuals to lift sanctions imposed under a range of U.N. resolutions dating back to 1992."

WPost Says Congress Should Restore Habeas Corpus For Accused Terrorists. The Washington Post (12/21, A28, 690K) editorializes, "One of the actions Congress took in the hastily passed Military Commissions Act was to strip the federal courts of jurisdiction over" lawsuits such as that filed by accused terrorist Salim Hamdan "that were already pending. Under the act, many other important cases will probably have to be dismissed -- which is why

Congress should promptly amend the law when it reconvenes in January." The "fault here lies with Congress, not with" US District Judge James Robertson, who "held that the legislature had unambiguously stripped the courts of jurisdiction over all lawsuits challenging detentions at Guantanamo Bay -- so-called habeas corpus lawsuits. And he ruled as well that Congress had the power under the Constitution to do so -- at least for aliens held beyond American shores. But saying that Congress acted lawfully is not the same as saying it acted wisely."

HOMELAND RESPONSE:

Chertoff Says DHS Must Be Honest With Congress, Public About Capabilities, Costs. Government Executive/National Journal (12/20, Harris) ran an edited transcript of a Dec. 5 interview with DHS Secretary Michael Chertoff, who said the agency's performance "improved quite a bit in the past two years," but "acknowledged that he didn't anticipate just how high a hill he would have to climb when he became department secretary." Chertoff "described some of his major goals, responded to his critics, and talked about what lawmakers and the public should -- and shouldn't -- expect from the Homeland Security Department." Asked whether the public understands "that the federal government will not respond immediately to a major catastrophe," Chertoff said, "I think everyone intellectually knew that the feds weren't going to be there immediately. The federal government does not own all the response resources. The National Guard is the single biggest response resource." Chertoff added that governors "must…take the responsibility to make sure that the National Guard is properly trained and able to work. What we have to do is make sure the National Guard training and planning is integrated with ours." Discussing criticism of the department's contract management, Chertoff said, "We have to be honest with Congress and the public. We ought to ask the question very directly: Do you want us to short-circuit the contracting rules in a time of national emergency?" Chertoff continued, "I've become more and more convinced that one of the best things I can do is to be completely crystal clear about what it is you want us to do: What are our capabilities, what are you prepared to give us or not give us, what's it going to cost, and what can we deliver? Accountability is not about gotcha. It's about clarity of goal, accurate assessment of capability and of cost, and the deliberate decision-making about what you want to do."

DHS IG Finds Holes In Acquisition Oversight, Secure Border Initiative. Government Executive (12/20, Marino) reported a report released Wednesday by the Department of Homeland Security's inspector general found that the agency "needs to establish a more comprehensive acquisition oversight program and better plan an initiative to secure the borders." The report stated "that DHS' contract writing systems are incompatible with the Federal Procurement Data System - Next Generation, a governmentwide repository for information on acquisitions," and that some of the department's "contract writing systems 'may need to be replaced." The report also said, of the Secure Border Initiative, "that DHS is embarking upon a multibillion-dollar acquisition project without having laid the foundation to effectively oversee and assess contractor performance and effectively control cost and schedule. DHS has not properly defined, validated and stabilized operational requirements." The report "singled out DHS' Immigration and Customs Enforcement bureau and the Coast Guard as needing better financial management" and, citing "significant interdependencies" between CBP and ICE, said "'jurisdictional, operational and communication gaps exist between the two organizations that must be addressed by DHS leadership.' DHS Spokesman Jarrod Agen cited ICE's and CBP's joint efforts to end the United States' catch-and-release policy of dealing with illegal immigrants as an example of how both agencies 'effectively worked together.' In a written response to the IG, DHS officials said the department will continue to build its acquisition workforce, and 'initiatives to resolve personnel shortages will include a centralized recruiting system for contract personnel within DHS components.'"

The Federal Times (12/20, Friedman) reported Inspector General Richard Skinner wrote "that almost four years after the government's largest reorganization in a half-century, the department 'still has much to do to establish a cohesive, efficient and effective organization.'" He said Hurricane Katrina "highlighted longstanding problems at the Federal Emergency Management Agency in managing assistance and housing for disaster evacuees, information and systems, contracts, grants and flood insurance. The IG also is conducting reviews of FEMA's intake process for evacuees, its management of the national flood insurance program, and its acquisition management structure, the report says."

Reliance Of Biometric Security Devices Seen As Risky. The Wall Street Journal (12/21, B3, Bulkeley, 2.04M) reports a rise in the use of biometric security devices in the business world has been accompanied by "increasing worry that these security devices can be faked out. Deception methods including well-made copies of fingerprints, masks or contact lenses that replicate iris patterns might be used to defeat the new identification technologies." International Biometric Group, a consulting firm hired by Financial Services Technology Consortium to

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assess how successful the devices are has taken the preliminary view that they "aren't spoof-proof." Meanwhile, "Use of biometrics in various applications is exploding," and companies that make the devices "downplay the risk of spoofing."

British Firm May Get Anthrax Vaccine Contract.

The Washington Post (12/21, D3, Merle, 690K) reports the cancellation of VaxGen's "high-profile contract to produce 75 million doses of a new anthrax vaccine leaves federal heath officials years away from a replacement for the version now in use but could raise the prospects for an alternative being developed by a British competitor." After "delays and technical problems, the Department of Health and Human Services voided" VaxGen's "$877.5 million contract Tuesday. The department has not announced plans to replace it, but an alternative version being developed by Avecia of Manchester, England, is being tested, and the National Institutes of Health is expected to award contracts next year for research into advanced vaccines."

WAR NEWS:

Bush Reiterates US "Not Winning" In Iraq.

President Bush held a press conference yesterday in which he reiterated his assessment, first made in a Tuesday interview with the Washington Post, that the US is "not winning" in Iraq. Though, as the Financial Times (12/21, Daniel) reports, "the president seemed to retreat from this bleak assessment…saying that comment 'reflected the fact that we're not succeeding nearly as fast as I wanted,'" Bush's "not winning" remark dominated media coverage for a second straight day. The CBS Evening News (12/20, lead story, 3:09, Couric, 7.66M), for example, opened its broadcast saying Bush "admits the United States is not winning the war in Iraq. Most of the American public doubts we can win, but not the President. At a news conference today he said flat out 'I believe we are going to win.' If he didn't think so, he added, he wouldn't have US troops there." CBS (Axelrod) added the President "admitted the insurgents have been having quite a run in Iraq, calling 2006 a difficult year for US troops. But he gave no indication of any plan to bring those troops home any time soon."

Media reports saw a change in Bush's tone during yesterday's press conference. The AP (12/21, Hunt) says Bush was "unusually candid," while NBC Nightly News (12/20, lead story, 2:45, O'Donnell, 9.87M) spoke of "a stark new-year prediction on Iraq from the President today: difficult choices and additional sacrifices in 2007. … While still using words like victory, the President left room to read between the lines -- less certainty, more hedge. Here's the contrast just eight weeks ago." The New York Times (12/21, Stolberg, 1.16M) describes Bush as "somber and at times reflective," though he "showed no indication that he was inclined to change goals or pull out of Iraq." The Times also notes Bush "used the news conference to confirm his plans, disclosed Tuesday in an interview with The Washington Post, to propose an increase in the permanent size of both the Army and the Marines. He called the global campaign against terrorism 'the calling of our generation,' and he said the military needed to be beefed up to fight it." The Financial Times (12/21, Daniel) says "the tone of the press conference reflected a hesitant president, conscious of his legacy, struggling to find a way out of Iraq and redefine his agenda after losing control of the House and Senate." The Los Angeles Times (12/21, Gerstenzang, 850K) referred to an "uncharacteristically dour assessment" by the President, and adds he appeared "reflective." His statements "reflected a new willingness to acknowledge that the sectarian violence in Iraq has grown consistently worse and political cooperation there is flagging."

ABC World News (12/20, story 4, 2:35, Tapper, 8.78M) called Bush's assessment of the situation "grim…basically saying 2006 in Iraq was bad, 2007 could be even worse." The President "came before the public to offer an unusually somber look at both the past and the future in Iraq." Bush was shown saying, "2006 was a difficult year for our troops and the Iraqi people. We began the year with optimism after watching nearly 12 million Iraqis go to the polls to vote for a unity government and a free future. The enemies of liberty responded fiercely to this advance of freedom." Bush's "look ahead seemed bleaker still." Bush: "It's going to require difficult choices and additional sacrifices, because the enemy is merciless and violent." ABC added, "Just six weeks ago, the President sounded much more upbeat." Bush (from October 25, 2006): "Absolutely we're winning. Al Qaeda's on the run."

The Chicago Tribune (12/21, Silva, 617K) says Bush "now offers a more sobering assessment of the war -- saying that American forces are neither winning nor losing, but still asserting that victory will be achieved. That victory, as he has defined it before, remains the promise of an Iraqi government that can govern the nation, sustain it and defend it against unrelenting violence."

The Wall Street Journal (12/21, A6, Dreazen, Jaffe, 2.04M) reports "Bush's comments highlighted the administration's search for a long-term strategy that is sustainable politically at a time when a majority of Americans have concluded the US is losing in Iraq."

The Washington Times (12/21, Curl, 88K) headlines its story "Bush Concedes Us Not Ready For Iraq," and reports Bush said "US forces were inadequately prepared to handle sectarian violence that broke out in Iraq after the fall of Baghdad."

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First Lady Notes Husband Says US "Not Losing, Either." The CBS Evening News (12/20, story 4, 1:30, Couric, 7.66M) reported, "We have another perspective on the war in Iraq tonight and it comes from the person closest to President Bush, his wife of 29 years, Laura. She talked exclusively…to Bob Schieffer." Mrs. Bush: "It has been a difficult year. I think this year especially watching the violence in Iraq is difficult for Americans and difficult for people around the world to watch." Schieffer: "I noticed the President now says he wants to enlarge the army. For so long he said he didn't want to do that. He now concedes that we're not winning in Iraq." Mrs. Bush: "Well, he said we weren't losing, either." Schieffer: "Yes, but was it hard for him to come to those conclusions?" Mrs. Bush: "He, as the President, has to assess and try to make the decisions for our troops, for our country, that are the best for Iraq to try to stabilize the government there, for them to have a chance to have reconciliation and build their government. We know Iraqis want to."

In "Shift," Bush Says Commanders' Opinion On Troop Levels "Just One Set Of Many." The CBS Evening News (12/20, lead story, 3:09, Axelrod, 7.66M) reported Bush "always says he defers to his commanders when talking about troop levels. Well, today a shift: Talking about a possible surge, Mr Bush said the commanders' voices are just one set of many that he's listening to."

NBC Nightly News (12/20, lead story, 2:45, O'Donnell, 9.87M) also said "the President gave less weight to the views of military leaders, a change from how he described their input in October." Bush (from October 30, 2006): "If they want more troops, they get more troops. If they want less troops, they get less troops." Yesterday "he referred to them as one part of his consultation process." Bush: "The opinion of my commanders is very important. They are bright, capable, smart people whose opinion matters to me a lot."

Under the headline "Contention Increases On Troop Numbers," the Washington Post (12/21, A1, Baker, 690K) reports "the debate over sending more US troops to Iraq intensified yesterday as…Bush signaled that he will listen but not necessarily defer to balky military officers." The Post adds, "The tension between the White House and the Joint Chiefs of Staff over the proposed troop increase has come to dominate the administration's post-election search for a new strategy in Iraq. The uniformed leadership has opposed sending additional forces without a clear mission, seeing the idea as ill-formed and driven by a desire in the White House to do something different even without a defined purpose."

"Surge" Option Said To Put Bush In Tough Political Predicament. USA Today (12/21, Nichols, 2.27M) says Bush yesterday "confirmed that one option he is considering is sending tens of thousands of additional troops to Iraq to try to establish control in key areas, particularly Baghdad. The president said that before he would pursue such a strategy, he and his military planners would have to agree on a 'specific mission that can be accomplished with more troops.'" But the AP (12/21, Baldor) reports, "Defense Secretary Robert Gates found American commanders wary of a proposal to rush more US troops to Iraq as he visited the war-ravaged country Wednesday. … On just his third day in charge of the Pentagon, Gates made the unannounced trip with the administration under intense pressure to forge a new strategy -- and just hours after the president conceded, for the first time, that the US is not winning the conflict." The AP Adds, "After meeting with top US generals at Camp Victory, Gates acknowledged concerns that rushing thousands more American troops to the battlefront could allow the Iraqis to slow their effort take control of the country. He said no decisions have been made." The Washington Post (12/21, A20, Ricks, 690K) reports, "Appearing relaxed but looking funereal in a black suit, white shirt and dark tie, Gates said he had received 'candid, honest, firsthand assessments' from senior officers he met with here Wednesday." Said Gates, "This trip is part of the overall assessment that the president asked me to do."

On NBC Nightly News (12/20, story 3, 1:45, 9.87M), Tim Russert said that "if the President decides to put 30,000 more American troops in Iraq, he is going to have to do a major salesmanship job with the American people. Right now, 71% give the President an unfavorable rating in handling Iraq. And overwhelmingly they are opposed to the introduction of new troops, so he will have a very uphill battle trying to convince the public to support him in that effort." Also, "the Democrats will have the gavels of the relevant committees. They will call witnesses who will refute the President. They will call military officials who will disagree with the President. It will be an extraordinary scene on Capitol Hill. If the President decides not to go forward with the surge of temporary troops, then his conservative base, particularly neoconservatives who are pushing for this new battle of Baghdad will be very disappointed and the President cannot afford to lose that key ingredient of his political base. This is a very, very difficult, potentially lose-lose situation for the President."

The Los Angeles Times (12/21, Gerstenzang, 850K) reported that "Bush's comments on Wednesday did not satisfy senior Democratic leaders in Congress. In similar statements, Sen. Harry Reid of Nevada, the Democratic Senate leader, and Rep. Nancy Pelosi of California, the incoming House speaker, said Bush did not understand the need for a more dramatic change in Iraq." Sen. Hillary Clinton "said on NBC's Today Show that her support for a temporary troop increase would depend on their mission." The Times adds "there is strong opposition to the idea among Democrats."

The Washington Post (12/21, A1, Baker, 690K) reports Reid "said Bush's latest remarks indicate that he has not

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come to grips with the need for urgent change in Iraq. 'The president seems lost within his own rhetoric,' Reid said in a statement. 'He is grasping for a victory his current policies have put out of reach and leaving our troops stuck policing a civil war.'"

Incoming House Armed Services Chairman Ike Skelton appeared on both PBS and MSNBC to discuss the President's remarks. On PBS' NewsHour (12/20, Suarez), Skelton said, "What is winning? They've moved the goalposts on us. At first it was ridding Iraq of weapons of mass destruction. Then it was establishing a democracy. And now it's quelling the sectarian violence. Really, what is winning in today's terms? I don't know what it is, but what we hope to end up with is a representative, effective government there that has stability throughout the nation, and that's probably as close to winning as we can really hope for, under the conditions that we have." On MSNBC (12/20, Mitchell), Skelton spoke against a troop surge in Iraq, saying "it might even exacerbate the situation and maybe even make it worse."

The AP (12/21, Frommer) reports GOP Sen. Norm Coleman, "following a two-day trip to Iraq, said Wednesday he opposes a plan…Bush is considering for a short-term surge of US troops there. At the same time, Coleman said, he supports Bush's call this week for the U.S. to increase its overall number of troops to help a taxed military fight the global war on terror." Said Coleman, "I would not support a massive increase in troops in Baghdad. … I think it would create more targets, I think we'd put more life at risk."

Ex-Rep. J.C. Watts, also a Republican, said on CNN's The Situation Room (12/20, Blitzer), "The last 24 hours, I don't think the American people have become less skeptical. And let me tell you why. Six weeks ago, it was 'stay the course,' before the election. Yesterday, today, it's, 'we're not winning,' more troops. The President's got a tough sell."

Military Officials Said To Be "Suspicious" Of Bush's Plan To Expand Military. NBC Nightly News (12/20, story 2, 0:55, Williams, 9.87M) reported, "The President's decision to push for this expansion of the US military has caught a few people at the Pentagon by surprise." NBC (Miklaszewski) added "some military officials are highly suspicious of the President's sudden turnaround on the issue. They believe that he's dangling that offer out there in an effort to buy the military support for the option to surge additional American troops into Iraq as if it's some kind of tradeoff. You throw in 30,000 more American troops into Baghdad now in exchange for an overall larger force four to five years down the road. But many military leaders that we're talking to still oppose a surge. They still believe it won't work and will put more Americans at risk. As one senior military official put it today, it'll be like throwing kerosene on a fire."

The Christian Science Monitor (12/21, Grier, 59K) reports, "Expanding the size of US armed forces could be an expensive and lengthy task -- in essence, a redoubling of the national effort to grapple with the challenge posed by Islamic extremism." The move, moreover, "would be irrelevant in the Iraq war, say some critics, because by the time more troops are recruited, trained, and deployed, the conflict there will probably be set in its course." Likewise, the AP (12/21, Flaherty) reports "Bush's plan to enlarge the Army and Marine Corps responds to pleas from the Pentagon and Capitol Hill, but finding more recruits will be expensive and challenging and have little immediate impact on the wars in Iraq and Afghanistan." USA Today (12/21, Kelley, 2.27M) says "the Iraq war's unpopularity is another challenge for recruiters, says Andrew Bacevich, a retired Army colonel and professor at Boston University. That adds to the costs of getting more people to enlist, he says."

NBC Nightly News (12/20, story 6, 1:55, Williams, 9.87M) reported, "The US Army expects it will have to spend more money on recruiting efforts to meet this new proposal by the President to expand the US military, and some worry it will have to sacrifice quality in some way." NBC (Potter) added that "to meet its current goals, the Army has already added thousands of recruiters. The Army is also offering signing bonuses of up to $40,000 and has gone digital with recruiting ads online at sites like MySpace.com. But even Army officials admit to substantially increase the force could take a long time." General Peter Schoomaker, US Army Chief of Staff: "Optimistically, we could add 6,000 to 7,000 soldiers per year." Training them, added NBC, "will be expensive – an estimated $1.2 billion for every 10,000 recruits."

Meanwhile, McClatchy (12/21, Montgomery, Hall) reports "military experts see as a pattern as the Pentagon seeks to increase the burden on the Army's two reserve components, the Reserve and National Guard. Torn between family and the call to duty, many are taking a hard look at military commitment and choosing family when re-enlistment time arrives. … Those deciding whether to remain in the Guard and Reserve must take into account the possibility that they'd have to serve longer and more frequently on active duty than they do now."

Abizaid Retiring. ABC World News (12/20, story 5, 0:10, Gibson, 8.78M) reported, "We learned today that the commander of US forces in the Middle East, John Abizaid, will retire next March." The CBS Evening News (12/20, story 2, 2:02, Martin, 7.66M) said "this is the most critical moment in the war since the invasion. We've got a new Secretary of Defense, we've got a new strategy. We're about to get new generals since both…Abizaid and Gen. Casey are nearing the end of their tours. This may be the last best chance to get it right. Having said that, success still depends on the ability of the Iraqi government to govern itself, but ultimately

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it's just out of our control." NBC Nightly News (12/20, story 4, 0:20, Williams, 9.87M) also notes Abizaid's retirement announcement.

The Washington Post (12/21, A14, Tyson, White, 690K) profiles Baizaid in a story titled "A Soldier's Soldier, Outflanked," and says "the departure of the general, who has won wide respect for his candid advice to the administration as the head of US Central Command, was expected and is not seen as an indication of his own displeasure or that of superiors over his performance." The Post adds, "Supporters portray Abizaid, 55, as a brilliant commander who did his best, despite constraints from Washington, to adapt the US military to fight an unanticipated guerrilla war -- which he was among the first to identify -- and later the unexpected outbreak of sectarian violence." Yet "critics say Abizaid has placed too much emphasis on Arab sensitivity to foreign occupation, and therefore never demanded enough US troops to stabilize the country." A "US officer" tells the Post, "He was too smart by half."

NYTimes Says Bush Must "Acknowledge" His Iraq Policies Have Failed. The New York Times (12/21, 1.16M) editorializes, "Anyone looking for new thinking on Iraq, or even candor, had to be disappointed by…Bush's news conference yesterday. Mr. Bush may want to defer unveiling his new strategy, but there will be no obliging pause in Iraq's unraveling." Bush "acknowledged the obvious and desperate need to rebuild America's overstretched ground forces, a subject he refrained from talking about so long as Donald Rumsfeld ran the Pentagon." But "that will take time and won't be any help in Iraq. Mr. Bush also needs to acknowledge that his course there has reached a dead end. He needs to quickly define a new direction while he still has any choices left."

More Commentary. In an editorial, the Los Angeles Times (12/21, 850K) says "Bush's call for a larger military is the right thing to do, even if the president's reasons miss the mark." Yesterday, "Bush couched his argument in excessively narrow terms, saying that a beefed-up military was necessary to prosecute the 'war on terror [that] is the calling of a new generation.' This argument jumbles together the (at least partly metaphorical) 'war on terror' -- a many-fronted effort to prevent the repetition of the attacks of Sept. 11, 2001 -- with the amassing and deployment of military forces around the globe to protect all of the nation's vital interests. … The need for a larger military isn't confined to the Iraq war but to any number of possibilities -- war on the Korean peninsula, genocide in Africa, the defense of Israel, you name it."

Frederick W. Kagan, author of "Choosing Victory: A Plan for Success in Iraq," writes in USA Today (12/21, 2.27M), "It is essential…to adopt a new strategy. We must secure Iraq's population and thereby bring the violence under control, abandoning the failed attempt to hand responsibility over to the Iraqis prematurely. … The options in Iraq are stark: withdrawal, defeat and regional disaster, or an effort to secure the population to permit the political, economic and social development and national reconciliation needed for Iraq to move forward. The president's determination to win with a comprehensive new strategy isn't stubbornness. It is wisdom."

In an editorial, USA Today (12/21, 2.27M) weighs in against "a temporary 'surge' of 15,000 to 30,000 US troops in a last-ditch effort to stabilize the violence-wracked nation. … Though it's tempting to think that adding troops for a little while would solve the problem, this is a seductive and dangerous road. It's the same vague reasoning that led to sending hundreds of thousands of troops to Vietnam."

Meanwhile, Berl Brechner writes in the Washington Post (12/21, 690K), "Should we revive the military draft? There's been a lot of talk about it lately. Conscription, as a social exercise, might instill discipline and respect while getting people to mix with all types and classes of their fellow Americans and perform a patriotic duty. It might also serve the political goals of some who oppose the Iraq war." But "if the purpose of the armed services is to be an effective force for defending and protecting the nation, and winning wars when engaged, I have to say this: The draft wasn't great when I got caught up in it 37 years ago, and it would be even worse today."

CIA Simulation Finds US Defeat In Iraq Would Be Boon To Al Qaeda. The Washington Times (12/21, Scarborough, 88K) reports, "The CIA this month conducted a simulation of how the Iraq war affects the global jihadist movement, and one conclusion was that a US loss would embolden al Qaeda to expand its ranks of terrorists as well as pick new strategic targets, according to sources familiar with the two-day exercise." CIA spokesman Mark Mansfield "confirmed to The Washington Times yesterday that the simulation took place in Northern Virginia. He declined to discuss its findings, saying that a final report is not finished and that the report will not be the intelligence community's official view. It will, however, be circulated within the community and possibly to US policy-makers. … Although it takes no policy positions, the simulation's key finding appears to bolster Mr. Bush's contention that a U.S. loss in Iraq will have far-reaching ramifications."

Cody Says US Involved In "Global," New Kind Of War. Army Vice Chief of Staff Gen. Richard Cody said on CNN (12/20, Phillips), "This is a global war. Right now the focus is on Iraq and Afghanistan, where we freed 50 million people from two bad regimes, but it is a global war. The nature of this war is certainly different. And the nature of this enemy is certainly different. And it's a war that we'll be

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successful with, but not one that people will see someday where people are going to sit on either side of a table and sign a peace accord. That's not the nature of this. It's going to require strength of purpose. It's going to require a strong military. It's going to require a strong American support for us to be able to be successful in this."

Pentagon Says It Will Need Additional $99 Billion For War. ABC World News (12/20, story 3, 3:10, Gibson, 8.78M) reported, "We learned that the Pentagon has put together an estimate that the military next year will need another $99 billion on top of moneys already appropriated. In the days before the US went into Iraq, there were some suggestions the operation could be paid for with Iraqi oil revenues. That thought is a distant memory." ABC (Karl) added, "In the coming weeks, President Bush faces two colossal challenges related to the war in Iraq -- convincing the American people he has a new strategy that will work and getting Congress to pay for it. The war on terror is getting a lot more expensive. Considering the Pentagon once estimated the total cost of the Iraq war to be just $50 billion, the numbers are staggering. The 17-page memo outlines the Pentagon's request for additional funds for the wars in Iraq and Afghanistan in 2007. Combined with the money already approved by Congress, the total single-year cost would be $170 billion, the vast majority of that money for Iraq." NBC Nightly News (12/20, story 5, 0:20, Williams, 9.87M) said that "if approved by Congress, total spending for the wars in 2007 going in would be $170 billion. That would be a new record."

The AP (12/21, Taylor) reports, "Overall, the war in Iraq has cost about $350 billion. Combined with the conflict in Afghanistan and operations against terrorism elsewhere, the cost has topped $500 billion, according to the nonpartisan Congressional Research Service."

Sistani's Influence Seen As Declining As Sadr-Hakim Rivalry Intensifies. The Washington Post (12/21, A1, Raghavan, 690K) reports, "In the quest to create a new Iraq, two powerful clerics compete for domination, one from within the government, the other from its shadows. … They have fought each other since the days their fathers vied to lead Iraq's majority Shiites. They hold no official positions, but their parties each control 30 seats in the parliament. And they both lead militias that are widely alleged to run death squads." But "in the view of the Bush administration, Abdul Aziz al-Hakim is a moderate and Moqtada al-Sadr is an extremist. As the US president faces mounting pressure to reshape his Iraq policy, administration officials say they are pursuing a Hakim-led moderate coalition of Shiites, Sunnis and Kurdish parties in order to isolate extremists, in particular Sadr." Hakim, "who once verbally attacked US policy, now senses a political opportunity and is softening his stance toward the Americans. Sadr's position is hardening. Young and aggressive, he has suspended his participation in Iraq's government and is intensifying his demands for U.S. troops to leave the country." Their "rivalry is rising as the moderating influence of Iraq's most revered Shiite figure, Grand Ayatollah Ali Sistani, is fading on the streets of Baghdad and is being replaced by allegiance to militant clerics such as Sadr, according to Iraqi officials and analysts."

ABC World News (12/20, story 6, 0:20, Gibson, 8.78M), meanwhile, reported on a breakthrough in trying to isolate Iraq's extremists. According to the 'New York Times,' Iraq's revered Shiite cleric, the Grand Ayatollah Ali al-Sistani, has tentatively approved a ruling coalition of Shiites, Sunnis and Kurds that would exclude the Shiite militia leader, Muqtada al-Sadr." But Reuel Marc Gerecht, a former Central Intelligence Agency officer and now a resident fellow at the American Enterprise Institute, writes in the New York Times (12/21, 1.16M) that "the administration should nip in the bud" such an approach. Gerecht adds, "Changing the Shiite parts of the Iraqi government and quickly taking on Mr. Sadr would do nothing to end the Sunni insurgency and the holy war of foreign jihadists against the new Iraq. … Such a tack would not likely diminish the appeal or the power of the Mahdi Army, which is largely made up of poor, radicalized young men whose families were brutalized by Saddam Hussein and have been savaged by Sunni Arab fighters since the fall of 2003. … The key for America is the same as it has been for years: to clear and hold the Sunni areas of Baghdad and the so-called Sunni triangle to the north."

Sadr Ponders One-Month Ceasefire. The AP (12/21, Abdul-Zahra) reports, "Radical Shiite cleric Muqtada al-Sadr, who heads a militia feared by Iraq's Sunnis, is considering a one-month unilateral cease-fire and may push his followers to rejoin the political process after a three-week boycott, officials close to him said Wednesday. The issue is expected to come up at a meeting Thursday in the holy city of Najaf between al-Sadr and a delegation representing the seven Shiite groups that form the largest bloc in Iraq's parliament, the Shiite officials said on condition of anonymity because of the secrecy of the talks." The AP adds, "In perhaps an even more important session, the delegation will also sit down with the country's top Shiite cleric, Grand Ayatollah Ali al-Sistani."

Zawahri Says Al Qaeda Real Power Broker In Iraq. The AP (12/21, Michael) reports, "The deputy leader of al-Qaida, Ayman al-Zawahri, told the United States it is negotiating with the wrong people in Iraq, suggesting in a video released Wednesday that his terror group was the real power broker in the country." Zawahri "warned that al-Qaida would keep fighting US troops in the Muslim world and target Western nations in retaliation. But he also criticized rival Islamic militant groups, such as the Palestinian Hamas, for being too soft in waging 'jihad' or holy war." The New York

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Times (12/21, El-Naggar, 1.16M) also reports on Al-Zawahri's statement.

Another Day Of Severe Violence In Iraq. The Los Angeles Times (12/21, Hennessy-Fiske, 850K) reports, "The bodies of 76 unidentified people were recovered in Baghdad on Wednesday, police said, the highest 24-hour toll so far for the anonymous slayings that have become a grim part of life in the capital. All of the victims were men between the ages of 20 and 50. Although they died violently, all shot with automatics weapons, the men were not slain execution-style as is often the case these days -- no handcuffs or blindfolds, morgue staff said. Only a few showed signs of torture." And "they were not the only bodies delivered to the morgue Wednesday. There were victims of drive-by shootings, assassinations and bombings, police said." Meanwhile, "two US soldiers also were killed by separate roadside bomb explosions Wednesday. One soldier died while investigating an explosion on foot with a combat patrol southwest of the capital, the military said. Another soldier died after an explosion near his vehicle during a road-clearing mission in southern Baghdad. Six soldiers were wounded in the explosions."

Iraqi Comedian Killed. The AP (12/21, Yahya) reports, "Gunmen killed a veteran Iraqi actor and comedian known for his stage portrayal of the lighter side of life in Baghdad during Ottoman rule in the early 1900s, police said Wednesday." Mitashar al-Sudani "was killed as he drove to theater offices on Haifa Street in Baghdad on Tuesday, a police officer and an official at Iraq's Theater and Cinema Ministry said. Both officials spoke on condition of anonymity because of security concerns."

Najaf Security Turned Over To Iraqis. The Los Angeles Times (12/21, Hennessy-Fiske, Fakhrildeen, 850K) reports from Najaf, "The local audience knew what to expect when Iraqi commandos took the stage at the stadium here Wednesday with frogs and a rabbit in hand, preparing to celebrate with a bloody flourish the transfer of local authority from US to Iraqi troops. The Americans were in for a surprise." As "US commanders and guests looked on, the commandos in dark green T-shirts began taking bites out of the frogs. One man knelt, placed the rabbit belly-up on his lap and proceeded to cut it open with his military knife. He screamed as he bit the rabbit's heart, then handed the carcass to companions who began gnawing away, blood flowing down their cheeks." The ceremony "marked the shifting of responsibility for security in Najaf province to Iraqi forces and was attended by US and Iraqi dignitaries, including Iraqi national security adviser Mowaffak Rubaie."

The Washington Post (12/21, A21, Trejos, Sarhan, 690K) reports, "Najaf is the third province to be turned over to Iraqi forces. Fifteen more are still under the control of US-led forces."

Fugitive Iraqi Minister May Return To Illinois. The New York Times (12/21, Saulny, 1.16M) reports from Oak Brook, Il, "It was an unremarkable scene on Wednesday outside a gated community here where the former Iraqi electricity minister, Aiham Alsammarae, now a fugitive from justice, keeps a palatial house. Having escaped from a Baghdad jail over the weekend in what he boasted was the 'Chicago way,' Mr. Alsammarae, whose whereabouts are unknown, could have been on the way back here. Or perhaps he had already arrived." The watchman "at the Covington entrance, who either stops or waves through every car that approaches, said Wednesday that he knew Mr. Alsammarae but that he had not seen him 'in quite some time.' Was that days or months? The watchman, who would not give his name, would not elaborate."

As Violence Mounts, French Pull Some Soldiers Out Of Afghanistan. The AP (12/21, Ganley) reports, " "As violence mounts in Afghanistan, France is pulling 200 of its best soldiers out. But military officials here insist France remains fully committed, with 1,100 troops still based in Kabul." Nevertheless, "France's decision to withdraw its Special Forces comes amid concerns in Paris that NATO's mission in Afghanistan has grown confused and that the alliance may be overreaching in its efforts to stabilize and rebuild the nation." The AP adds, "French officials and experts say that as fighting in Afghanistan has dragged on and the insurgency has grown in strength, the special forces were no longer ideal for the mission. Such elite units tend to be more lightly armed, and specialize in gathering intelligence or rapid attacks."

Pakistani City Of Quetta Serving As Taliban Refuge. The Los Angeles Times (12/21, King, 850K) reports from Quetta, in Pakistan, "At a time when the Taliban is making its strongest push in years to regain influence and territory across the border in Afghanistan, this mountain-ringed provincial capital has become an increasingly brazen hub of activity by the Islamist militia." Quetta "serves as a place of rest and refuge for Taliban fighters between battles, a funneling point for cash and armaments, a fertile recruiting ground and a sometime meeting point for the group's fugitive leaders, say aid workers, local officials, diplomats and others. … The apparent ease of Taliban movement in and out of Quetta comes against a backdrop of increasingly bitter squabbling by authorities in Afghanistan and Pakistan over who bears responsibility for the militia's use of tribal areas on the Pakistani side of the border as a staging ground for attacks that have killed at least 180 North Atlantic Treaty Organization and allied troops this year.

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WPost Says Bush "Tolerating" Musharraf's "Empty Promises." The Washington Post (12/21, 690K) editorializes, "Three months ago the Pakistani government struck a deal with pro-Taliban leaders in the district of North Waziristan, bordering Afghanistan: It agreed to abandon military operations, withdraw the army and release prisoners in exchange for promises that the militants would cease cross-border attacks and disarm the foreign terrorists in their midst. That the extremists would not respect the accord, and that attacks on US forces in Afghanistan would increase rather than decline, obviously seemed likely at the time. Yet President Bush, ever indulgent of Pakistan's autocratic ruler, Gen. Pervez Musharraf, accepted his promises. … As senior administration officials now acknowledge, Gen. Musharraf's assurances were empty -- as they have been many times before. According to multiple independent reports, Waziristan has been thoroughly Talibanized, and the fundamentalists are spreading their influence through adjacent border districts. Cross-border attacks and the deaths of American soldiers that they cause are up significantly." The Post adds, "By tolerating the general's empty promises and excuses, the Bush administration is putting its mission in Afghanistan and homeland security into unacceptable jeopardy."

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Griffin Sworn In As Interim Eastern Arkansas USA. The AP (12/20) reported, "Tim Griffin, a former assistant to President Bush adviser Karl Rove, was sworn in today as the interim US attorney for the Eastern District of Arkansas. The 38-year-old Griffin replaces Bud Cummins, who announced last week that his resignation would be effective today." The AP noted, "He recently spent three months of active duty in Iraq in the Army Judge Advocate General's Corps. Griffin had previously served as special assistant to President Bush and deputy director of political affairs at the White House, as well as deputy communications director for the Republican National Committee."

DOJ's In-Sites Magazine Praises Georgia Community Policing Program. The Athens (GA) Banner Herald (12/21, Johnson) reports, "Their duty is to protect and serve, so what does dressing up like Santa, waiting tables for tip money to buy toys and walking neighborhood streets have to do with being a good police officer? Everything, according to the U.S. Department of Justice, which highlighted Athens-Clarke police's Community Oriented Policing and Problem Solving (COPPS) program in the current edition of In-Sites, a magazine published by the department's crime prevention arm, the Office of Justice Programs. 'Imagine a successful, proactive police department, one that involves all levels of law enforcement management and strong community leadership,' the magazine says. 'The police force in Athens, Georgia, does more than imagine it - they practice it.' The magazine goes on to explain how since Athens-Clarke Police Chief Jack Lumpkin introduced the concept of community-oriented policing nearly 10 years ago, it has evolved so that individual officers now are 'chiefs' of their beats, responsible for resolving quality of life issues and reducing crime."

DOJ Grant Fund Cut Imperils Ohio Anti-Drug Task Force. The Bucyrus (OH) Telegraph Forum (12/21, Caudill) reports, "The METRICH Enforcement Unit annually spends $115,000 on drug buys. But because of federal and state funding cuts, METRICH will receive a total of only $100,000 in 2007 after getting $260,000 this year". Mansfield police Chief Phil Messer "made the cutback announcement…at the Holiday Inn at a luncheon celebrating the task force's 20th anniversary." Messer noted, "We hope that most of our agencies have made plans to get us through 2007. It's anyone's guess after that." The Forum adds, "Task forces in general could be in trouble. In 2002, $4.8 million of federal money was allocated from the U.S. Department of Justice through the Ohio Office of Criminal Justice Services for task forces. That figure will drop to $1.2 million in 2007. Messer said he hopes the 10 counties in the region would continue to work together even if they receive no funding.

CORPORATE SCANDALS:

Juniper Taking $900 Million Charge To Cover Tainted CEO Options. The San Jose Mercury News (12/21, Schwanhausser, 229K) reports, "Announcing one of the largest restatements stemming from the stock option scandal, Juniper Networks said [Wednesday] it will take a charge of about $900 million to account for tainted options issued to Chief Executive Scott Kriens and others during the frenzied tech boom. 'That tells me the profits of this company were massively overstated during this time period, that's what it tells me,' said Todd Fernandez, senior research analyst for Glass Lewis, which advises institutional investors on corporate governance issues." Juniper's "board and audit committee absolved Kriens of responsibility," but "some corporate governance experts say the company's probe left unanswered questions about Kriens' role -- questions that might not be resolved until the Securities and Exchange Commission and Justice Department conclude their own probes." The Mercury News notes, "Juniper's internal probe found 'numerous' cases of misdated options, with '99.9 percent' of the problems occurring from just days before the company's initial public offering in June 1999 through December 2003." Kriens "received two tainted grants during

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that period, both issued at quarterly lows in Juniper's volatile stock price."

IBM To End Granting Of Stock Options To Directors. The Wall Street Journal (12/21, A1, Lublin, Bulkeley, 2.04M) reports that in the wake of "scandal and accounting and legal changes," IBM announced "it no longer will grant outside directors stock options," but such directors "will be paid an annual $200,000 retainer, which they can take either in IBM shares or partly in cash -- though rules strongly encourage them to take the shares." The Journal notes that the move follows similar changes by "retailer Gap Inc., recruiter Heidrick & Struggles International Inc. and food company Tyson Foods Inc." Moreover, "Options are suffering a heavy backlash after big corporate scandals such as the accounting frauds at Enron Corp. and WorldCom Inc. and the more recent backdating scandal, corporate-governance experts said."

American Tower To Eliminate $7.5 Million In Options Gains. Bloomberg (12/20, Heiskanen, Armitage) reports, "American Tower Corp., the largest U.S. owner of sites for wireless telephone antennas, will eliminate about $7.5 million in gains from misdated stock option grants given to eight current executives and directors. The company also plans to cut about $7.6 million in benefits received by three former officers, Boston-based American Tower said today in a statement." Bloomberg notes, "American Tower continues to cooperate with U.S. Justice Department and Securities and Exchange Commission options inquiries. The company reported on Nov. 8 that some managers routinely misdated option grants for at least six years, artificially inflating their worth."

Nasdaq Warns Chordiant Software Over Options Probe-Related Noncompliance. The AP (12/21) reports, "Chordiant Software Inc., a maker of customer relationship software for businesses, said Wednesday it received an anticipated Nasdaq Staff Determination letter for its failure to timely file its 2006 annual report as a result of a stock options probe. Nasdaq initially informed the company in August that its common stock would be delisted because of its failure to timely file its Form 10-Q for the quarter ended June 30, unless it requested a hearing. Chordiant appeared before the Nasdaq Listing Qualifications Panel, which issued a decision granting it an exception until Dec. 29, to get into compliance with listing rules." The AP notes, "The restatements are necessary because of the conclusions of a historical stock option review concluded by its audit committee, which determined additional non-cash expense for the period 2001 through 2006 is expected to be about $8 million. A total of 105 companies are currently under Securities and Exchange Commission or Justice Department stock-option grants scrutiny, and at least 90 other firms have launched or completed internal reviews, according to an AP review."

Four Former Enterasys Executives Convicted Of Fraud, Conspiracy. The AP (12/20) reported, "A federal jury convicted four former Enterasys executives on securities fraud and conspiracy charges [Tuesday], but was unable to reach a verdict on five charges against the computer networking company's former chief operating officer. … The onetime executives were accused of scheming to inflate company revenues in the quarter ended Sept. 1, 2001. The charges were related to sales contracts, investments, and revenue the company reported during and immediately after its spinoff from Cabletron Systems Inc." The AP notes that the four executives are former CFO Robert Gagalis, former VP Bruce Kay, former accountant Robert Barber and Singapore office employee David Boey. They "were convicted on 27 of 39 conspiracy, securities, and wire fraud charges against them. … Former chief operating officer Jerry Shanahan, the only defendant who was not a certified public accountant, was acquitted on one count of securities fraud."

InformationWeek (12/20, Gardner) reported, "Prosecutors scored another victory over executives who played illegal financial games during the technology bubble when a federal jury convicted four former executives of telecom equipment provider Enterasys of securities fraud and conspiracy charges. … Four other former Enterasys executives, including former chairman, president, and CEO Enrique Fiallo, had previously pleaded guilty to charges and testified in the jury trial," and "sentencing of all the executives is scheduled for March."

Gagalis, Kay Put Up Houses For Bail. The Manchester Union Leader (12/21, Paiste, 56K) reports, "Two of four former Enterasys executives…have posted equity in their homes as bail, while two others have been ordered to home confinement with electronic bracelet monitoring pending sentencing on the federal criminal charges in March." Former CFO Robert Gagalis "signed an agreement to forfeit his $2.5 million home in Rye if he fails to appear for his sentencing, according to Assistant U.S. Attorney William E. Morse." Likewise, former VP Bruce Kay "agreed to forfeit his principal home and a vacation home collectively valued at about $630,000, which he owns free and clear, Morse said." Meanwhile, the Union Leader notes, "Acting U.S. Attorney Joseph N. Laplante praised the verdict, stating yesterday: 'The investing public deserves and needs accurate financial information about public companies. The successful prosecutions in this case should serve as a substantial deterrent to others in similar circumstances who might otherwise be inclined to cook the books.'"

Homestore CEO Hopes To Remain Free Pending Appeal. Inman News (12/20, Roberts) reported, "Lawyers for Stuart Wolff, the former Homestore

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CEO who was sentenced in October to 15 years in federal prison for his role in an accounting fraud scheme that artificially inflated Homestore revenues and almost ruined the company, have filed a motion to keep him out of custody pending an appeal of his conviction. The motion raises questions about a judge's financial interest in a company involved with Wolff's case and other aspects of his trial." Inman noted, "On Dec. 7, Wolff's lawyers submitted a motion to the Ninth Circuit U.S. Court of Appeals for Wolff's release, and lawyers had earlier filed a motion with the district court to put off Wolff's payment of a $5 million fine plus about $8 million in restitution. … 'We think he should start serving his sentence,' said Assistant U.S. Attorney Michael R. Wilner, who is representing the government in the case against Wolff. 'We are just waiting to hear what the court is going to do.'"

Dell Names Carty CFO To Tackle Accounting Problems. Market Watch (12/20, Andrejczak) reported, "Faced with two investigations into its bookkeeping, Dell Inc. turned to the head of its audit committee and a close friend of the chairman and the chief executive to sort out the accounting mess. Donald Carty was named Dell's chief financial officer late Tuesday. The move comes as the world's No. 2 manufacturer of personal computers copes with investigations into its bookkeeping, corporate stumbles and a faltering stock price. Carty, a former CEO at American Airlines and a Dell director for 14 years, will succeed James Schneider on Jan. 1. … But there is doubt about whether Carty is best suited to the job." Carty "is Dell's longtime audit-committee chairman, and the company's accounting methods are under the scrutiny of the Securities and Exchange Commission and the U.S. Attorney in New York. The inquiries forced Dell to delay its third-quarter results last month." MarketWatch noted, "Carty was forced to resign from American Airlines in 2003 after failing to disclose large bonuses and pension protections for executives even as he was negotiating for concessions from unions."

Forbes (12/20, Kirdahy) reported on its Web site, "Don Carty left American Airlines under a cloud. Now he's returning to a marquee corporate job at Dell," which "is puzzling because Dell's problems have to do with its accounting, indirectly overseen by the panel that Carty chaired." Forbes noted, "Both the SEC and the Justice Department are investigating whether prior financials were misstated regarding issues like revenue recognition, accruals, reserves and other balance sheet items. American Technology Research analyst Shaw Wu questioned the move."

Wall Street Group Says Connecticut Election Law Violates Privacy Rights. The Wall Street Journal (12/21, A8, Hudson, 2.04M) reports that the Securities Industry and Financial Markets Association "has gone to court to challenge a new Connecticut election law that requires that state officials maintain an Internet database listing the names of the children and spouses of executives at companies that do business with the state. The law is meant to discourage executives from hiding campaign contributions by funneling them through family members." The group "contends the state's public-disclosure requirement would invade its members' privacy and put children at risk."

Virginia Investment Firm Settles Insider Trading Case For $7.8 Million. The Washington Post (12/21, D1, Hilzenrath, Hart, 690K) reports, "Friedman, Billings, Ramsey Group, the Arlington investment firm, yesterday agreed to pay $7.8 million to settle charges that it engaged in insider trading and other violations in 2001 when in effect it bet that the stock price of a client company would decline." The case involved short-selling sales of Annapolis security firm CompuDyne stock, and former FBR chairman Emanuel Friedman "agreed to pay almost $1.3 million for his role in the episode."

Columnist Says Sarbanes-Oxley Discourages New Companies From Going Public. In a Wall Street Journal op-ed (12/21, A16), Michael Malone, a columnist for ABCNews.com, says that despite the generally positive economy, it is "troubling to note that something is missing from this new boom: Where are the IPOs? Historically, stock booms have seen an explosion in the number of young companies making their first public sale of stock." To know why new companies "aren't going public, just look at their business plans. In the past, the inevitable end-point of these plans, the so-called liquidation moment, was an IPO. Not any more. These days, the goal of almost every new start-up is to be acquired by an established company. And in that little shift in orientation lies a potentially radical change in the U.S. economy." To "understand this sudden desire to pump and dump, put yourself in the entrepreneurs' shoes. Looking ahead at a possible IPO for your hot little start-up, all you see are minefields of legal precedents and new regulations created after the dot.com boom. Not least -- but worst -- there is the Sarbanes-Oxley Act of 2002, whose self-monitoring rules Big Corporate initially resisted, but now embraces as an effective way to track internal financial operations."

WSJournal Notes Hedge Fund Manager's Effort To Limit Disclosure. The Wall Street Journal (12/21, 2.04M) says in an editorial that hedge fund manager Phillip Goldstein is "seeking an exemption from Section 13(f) of the 1934 Securities Exchange Act, and if he doesn't get it he

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says he'll mount a legal challenge to the rule. The clause requires managers with more than $100 million in assets under their care to disclose their equity positions quarterly." Filers of 13(f) forms "can request confidentiality but the bar is so high that, of all the managers covered by the rule, only about 60 ask for secrecy in any given quarter. So 13(f)-based articles frequently appear in the business press reporting the latest moves of savvy investors. Mr. Goldstein argues that this is tantamount to theft, allowing others to capitalize on smart money managers' talents without paying for their services. And by facilitating this, Mr. Goldstein says, the SEC is essentially perpetrating an eminent domain seizure of managers' intellectual property rights. It's a novel theory. Whether or not it succeeds, though, Mr. Goldstein's gambit promises to spark a much-needed discussion about the virtues of secrecy."

CRIMINAL LAW:

NYC Gang Member Convicted Of Killing Detectives, Faces Death Penalty. The New York Sun (12/21, Goldstein) reports, "The first federal death penalty execution of a New York resident in more than 50 years may be on the horizon following the conviction yesterday of a Staten Island gang member who executed two undercover police detectives. In the U.S. courthouse in Brooklyn yesterday, the foreman of the jury called out 'guilty' in a loud voice for each of the 10 counts in Ronell Wilson's federal racketeering indictment. … 'The verdict is a victory for justice and for police officers who continue to risk their lives for the public,' Police Commissioner Kelly said in a statement. 'They need to know that cop killers will be brought to justice.'" The Sun adds, "In response to yesterday's conviction, Mayor Bloomberg reaffirmed his commitment to seizing illegal guns."

The New York Times (12/21, Brick, 1.16M) reports, "It was never proved whether Mr. Wilson knew his victims were detectives, and an accomplice's recantation eventually prompted prosecutors to drop such charges. But a witness testified that Mr. Wilson gave a reason for the shootings in the minutes after he pulled the trigger. He did not care, the witness quoted him saying, 'about anybody.' The prosecutors…assisted by Special Agent Thomas Shelton of the Bureau of Alcohol, Tobacco, Firearms and Explosives, presented nearly three weeks of testimony and evidence from members of the crew, scientific experts, civilian eyewitnesses, investigators and audio and video surveillance recordings." The Times notes that as the verdict was read, the gallery was filled with "spectators, including law officers, family members, television commentators, sketch artists and the United States attorney, Roslynn R. Mauskopf."

Newsday (12/21, Lowe) reports US District Judge Nicholas Garaufis told the jurors "they must return to his courtroom on Jan. 10 to begin the trial's penalty phase. Wilson's attorneys told the judge they expect to spend nearly two weeks presenting evidence and testimony in hopes of persuading the jury to spare his life. Garaufis said he expects a penalty verdict by late January. While state appeals courts have voided the death penalty in New York, Michael Palladino, president of the New York City Detectives Benevolent Association, said he was hopeful a federal death sentence against Wilson could be carried out." The New York Daily News (12/21, Marzulli, 729K) reports the conviction under the headline "Cops' Killer Faces Needle."

Prosecutors Capitalized On Wilson's Violent Rap Lyrics. The AP (12/21, Caruso) reports, "When police arrested Ronell Wilson, his pockets were stuffed with the type of violent poetry that boys have been scribbling in notebooks since the advent of gangster rap. Wilson called himself 'Rated R,' warned any challengers to wear a bulletproof vest, and boasted of leaving .45-caliber slugs in the heads of his enemies. The clumsy verses — littered with misspelled words — may never land Wilson a record deal, but to prosecutors, they were solid gold." The AP adds, "Assistant U.S. Attorney Morris J. Fodeman asked jurors to take special note of one stanza. In it, Wilson had written 'Ain't goin' stop to I'm dead.'"

Alaska Man Indicted On Federal Sex, Drug Trafficking Charges. The AP (12/21, Joling) reports, "An Anchorage man has been indicted on charges of coercing juvenile girls and adult women into prostitution and paying them off in crack cocaine. Don Arthur Webster Jr., 49…was indicted in federal court on 28 counts of sex and drug trafficking. The indictment was made public Wednesday. … The yearlong investigation was a joint effort of the FBI, Anchorage police and the U.S. Attorney's office." The AP notes, "Prosecutors said the prostitution ring was operated on an out-call basis. … Webster provided housing for the females at six homes. Police and federal authorities said Webster was violent with the females and threatened them with harm if they disobeyed him or tried to leave." US Attorney Nelson Cohen "revealed few details of the investigation outside of what was stated in the indictment, such as the ages of the juvenile prostitutes. … 'We want to protect them,' Cohen said." The AP adds, "FBI special agent Toni Marie Fogle said human trafficking crimes have been made a high priority of the agency and are considered to be a human rights violation."

KTVA-TV Anchorage (12/20, O'Brien) reported on its Web site, "Five girls under the age of 18, may have been victimized," and "investigators say they're dealing with a pimp who ran at least seven businesses that were really fronts for prostitution. … 'This indictment is the culmination of an investigation that has taken place for over a year,'

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said…Cohen. Webster is accused of operating seven so-called escort services. They have names like Foxy Roxies, Sunshine Girls, Tickle Your Fancy and Tiffani's. They are all listed in the phone book, but investigators say they're really a front for prostitution." KTVA added, "Meanwhile, the FBI, the U.S. Attorney and Anchorage police say the investigation isn't over and there could be more victims they don't know about yet."

Virginia Task Force Recommends Stiffer Internet Predator Punishments. The Washington Times (12/21, McLaughlin, 88K) reports, "Virginia should establish stiffer sentencing guidelines against sexual predators convicted of hunting down victims on the Internet, and parents must be better educated about the risks their children face in cyberspace, according to a report released by a state task force yesterday. The Youth Internet Safety Task Force was established by state Attorney General Robert F. McDonnell," and "there are 25 recommendations in the nearly 100-page report, which was compiled by more than 40 parents, business leaders and law-enforcement officials after six months of study. … The proposals include mandatory minimum prison sentences for producing child pornography or soliciting children online." The Times notes, "According to the U.S. Justice Department, one in five children ages 10 to 17 receive an unwanted sexual solicitation online."

Wilson Asks Judge To Quash Libby Subpoena. The AP (12/21) reports former Ambassador Joseph Wilson "asked a federal judge Wednesday not to force him to testify in the CIA leak case and accused former White House aide I. Lewis 'Scooter' Libby of trying to harass him on the witness stand." Libby "subpoenaed Wilson as a defense witness this month. Libby's attorney, William Jeffress, said in court Tuesday that was a precautionary move and he did not expect to put Wilson on the stand." While Wilson and his wife, former CIA agent Valerie Plame, "are at the center of the CIA leak scandal, Wilson is a minor figure in Libby's perjury trial. U.S. District Judge Reggie B. Walton has sought to keep much of the back story of the leak out of the case."

California Woman Pleads Guilty To Katrina Relief Fraud. The Yuba (CA) Appeal-Democrat (12/20, Young) reported, "A Yuba County resident admitted Tuesday in federal court that she conspired to steal $6,000 in Hurricane Katrina disaster relief, according to the U.S. Attorney's Office." Crystal J. Housley, "along with defendants John P. Housley and Shawn R. Cudaback, said they lived in Gibson, La., at the time of the hurricane when they actually were in Arkansas, according to U.S. Attorney McGregor W. Scott. The three allegedly gathered Sept. 15, 2005, at a Yuba County motel to defraud the Federal Emergency Management Agency." John Housley was arraigned on Wednesday, "Crystal Housley will be sentenced Feb. 27 and Cudaback, who pleaded guilty earlier, on March 20." The Appeal-Democrat noted, "The case was investigated by the Justice Department's Hurricane Katrina Fraud Task Force. … As of September, more than 400 people nationwide had been charged with hurricane-related fraud, according to the latest progress report from the Task Force."

Three Indicted For Alleged Roles In CyberNET Fraud. WOOD-TV Grand Rapids (12/20) reported on its Web site, "Krista Watson and two others were indicted Wednesday morning for their role in the CyberNET fraud uncovered in 2004. Watson, 39, her mother-in-law Geraldine and Paul Wright are charged in a criminal conspiracy to commit bank fraud, mail fraud and money laundering crimes. The charges lay out how they and others defrauded investors of approximately $100 million. 'CyberNET is a local example of a national problem,' said US Attorney Margaret Chiara. 'Prosecuting corporate officers for committing unconscionable acts against the public remains a top priority of my office and the Department of Justice.' The three are also charged with defrauding Huntington National Bank over a $17 million line of credit, as well as individual acts of money laundering." WOOD noted, "If convicted on all counts, the three are facing very long prison sentences as well as the forfeiture of $3,364,412.49 in nine bank accounts."

The Grand Rapids Press (12/21) reports, "Geraldine Watson, mother of the company founder, the late Barton Watson, is charged with falsifying a federal form submitted to a gun dealer when she bought a 12-gauge shotgun Nov. 22, 2004. The indictment alleges that Mrs. Watson said the gun was for her when she in fact bought it for her son. Watson, 44, shot himself with a 12-gauge shotgun after a standoff with police at his Ada Township home in the early hours of Nov. 24." The Press notes, "The conspiracy charge outlines what investigators called a plan to deceive banks and other lenders to amass $100 million from 2002 to 2004. … Other charges against Kotlarz-Watson include one count of illegally spending money obtained through bank fraud and three counts of income tax evasion. … Wright faces charges of engaging in mail fraud by setting up commercial mailbox accounts as part of the CyberNET fraud scheme, which carries a maximum 30-year prison term and $1 million fine."

Insurance Administrator Sentenced To Prison For Defrauding Union Pensions. STNG Wire (12/21) reports Michael G. Linder of Crete, Ill., yesterday "was sentenced to seven years in federal prison for paying to two union local officials and for embezzling from and defrauding numerous union local pensions and welfare benefit plans for more than $6.9 million, according to a release from the U.S. Department of Justice. Linder pleaded guilty to defrauding

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eleven union local pension plans of $5 million and embezzling $1,930,154 from five union local pensions and health and welfare benefit plans on June 30, 2006, the release stated." STNG notes, "Linder was the president of…a third party administrator for pension plans for various union locals," and "while Linder was defrauding the pension and welfare benefit plans, he provided union local officials with graft payments, including a 1999 Harley Davidson motorcycle valued at more than $19,000, the release stated. Thomas Kisting and Fred Schreier, who received the bikes, were also charged and convicted, the release stated."

RCMP, ICE Bust Fraudulent Canadian Telemarketing Syndicate. The Washington Times (12/21, Seper, 88K) reports that the Royal Canadian Mounted Police and U.S. Immigration and Customs Enforcement, under the auspices of "Project Colt," "have dismantled a Montreal-based telemarketing ring that victimized as many as 500 people a week, many of them U.S. citizens, for up to $13 million." ICE spokeswoman Kadia H. Koroma said that "forty Canadian citizens were arrested on suspicion of fraud," and that the ring used a lottery scheme and a "mass telemarketing fraud" in which "the ring used various approaches, either telling persons they called that they were eligible to receive a $7,000 grant, or selling them health care kits or billing them for services never rendered." Moreover, "Nearly 90 percent of the victims in this case were over 60 years of age."

Virginia DNA Database Missing Data On Thousands Of Felons. The Washington Post (12/21, A1, Rondeaux, 690K) reports that in Virginia, "thousands of felons may have skirted a legal requirement to submit genetic samples, partly because local and state agencies may have failed to make them do so," even though Virginia law requires "all convicted felons and those arrested in connection with violent crimes such as rape or homicide to submit cheek swabs for DNA analysis and entry into the statewide database." Virginia's Public Safety Department is investigating the cause and extent of the missing profiles.

New York Inmate Seeks Vacating Of Murder Conviction Based On New DNA Evidence. The New York Times (12/21, Santos, 1.16M) reports profiles the case of Roy Brown, a New York prison inmate who in 2003 wrote "a harsh letter" to Barry Bench, who Brown believed had committed the murder for which Brown was serving 25 years to life. Bench subsequently committed suicide. "Two weeks ago, DNA tests matched a sample provided by Mr. Bench's daughter to saliva stains on a bloodied nightshirt found at the crime scene, and now Mr. Brown is scheduled to appear in court on Thursday to ask the judge who presided over his original trial to vacate the conviction." The Times notes the involvement of the Innocence Project, "a nonprofit legal clinic that has helped exonerate 188 people since 1989," and notes the fact that Bench's daughter had volunteered to submit DNA. "The recent DNA tests have excluded Mr. Brown as the source of the saliva on Ms. Kulakowski's nightshirt and showed half of the DNA profile matched Ms. Eckstadt's, suggesting the saliva could have come from her father."

Houston Police Suspect Serial Rapist In Attacks On Five Men. The New York Times (12/21, Times, 1.16M) reports that Houston, Texas, area police have said that five men who were attacked and robbed appear to be victims of a serial rapist. The attacks have occurred over a period from May to late November. "All five victims have been white men who were alone and attacked in or near their homes in upscale neighborhoods, Captain Clifford said. The attacker is described as a black man in his mid-20s who is about 6 feet tall and 200 pounds with short hair and no discernible accent."

Some Say Supermax Security Weak, But Nearby Residents Skeptical. The Washington Post/McClatchy (12/21, A27, Rappold) reports, "Although it was once taken as an article of faith that Supermax -- one of four federal prisons at the complex and officially known as ADX Florence -- is as secure as anyplace on Earth, some aren't so sure now. The union representing prison guards is raising alarms about staff cuts. A federal report revealed inadequate scanning of terrorists' mail, and an arbitrator agreed that staff cuts had made the prison dangerous for employees. … But on the streets of Florence, there is little concern about a terrorist breaking out -- or his fellow terrorists breaking in." McClatchy adds, "Even union officials concede that an escape is unlikely. But they say staff cuts have made the prison dangerous for employees and vulnerable to attack from the outside."

Reason For Leap In Robbery Rate Unclear. The Christian Science Monitor (12/21, Ben Arnoldy, 59K) reports, "Possible explanations abound for the soaring robbery rate - 9.7 percent nationwide in the first half of 2006, according to federal crime statistics released this week. But a lead suspect in that troubling trend, say some criminologists, is added economic stress. … But many cities show no such correlation, meaning the root of the problem is more complex than simple economics." The Monitor notes that University of Toledo law professor David Harris "suspects the worsening violent-crime rates may be related to less police presence on the streets. … 'They have a whole set of demands on their plates that simply didn't exist a few years ago,' says Harris, referring to homeland-security duties and less assistance

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from federal agents reassigned to antiterrorism. A Justice Department spokesman counters that view, noting that federal spending has never been more than 4 percent of state and local law-enforcement spending. The number of police officers has grown every year regardless of federal funding, he adds, and first responders have benefited from a windfall of homeland-security funding in recent years."

NYTimes Calls 17-Year Old's Statutory Rape Conviction "Miscarriage Of Justice." A New York Times (12/21, 1.16M) editorial sympathetically describes the case of Genarlow Wilson, a 20-year-old Georgia man tried for "engaging in consensual oral sex with a 15-year-old girl at a New Year's Eve party when he was 17," and convicted of "aggravated child molestation even though he and the girl were both minors at the time." Calling Wilson's case "an obvious miscarriage of justice," the Times notes that the law under which he was convicted has since been changed to prevent such "draconian punishment for consensual youthful indiscretions." The Times concludes, "His lawyer is planning to file a habeas petition seeking his release. The courts need to grant it and expunge his record so that Mr. Wilson can return to his family and his once promising academic career. Legislators in other states should take notice and make sure that their own laws do not catch children in dragnets designed for predatory adults."

CIVIL LAW:

DOJ Seeks Appointment Of US Trustee For $800 Million USVI Bankruptcy Case. The St. Thomas Source (12/21) reports, "An arm of the U.S. Justice Department has moved against Innovative Communication Corp. owner Jeffrey Prosser in the seemingly endless bankruptcy cases involving, indirectly, Vitelco, the V.I. phone company. The government unit is the U.S. Trustee, a self-described 'watchdog' of the bankruptcy courts." The Source notes, "The U.S. Trustee moved on Dec. 19 that a case trustee be appointed to manage Prosser's business operations until the bankruptcy case is concluded. The presiding judge, Judith K. Fitzgerald, has already indicated her positive interest in such an appointment. … The full set of undiscounted debts, including unpaid interest and extensive legal bills, has been estimated as exceeding $800 million."

CIVIL RIGHTS:

North Carolina Lawmaker Seeks DOJ Probe Of Duke Rape Case Prosecutor. The Kinston (NC) Free Press (12/21) reports, "State Rep. Stephen LaRoque has joined U.S. Congressman Walter Jones in calling for the investigation of Durham County District Attorney Mike Nifong. Jones, in a letter to U.S. Attorney General Alberto Gonzales, said Nifong might have violated the civil rights of three Duke University lacrosse players accused of raping an exotic dancer last spring. He also could have committed prosecutorial misconduct in his investigation of the case, Jones said." The Free Press adds, "'The prosecutor seems to have put his own political aspirations ahead of justice for these three young men who appear to have been falsely accused,' LaRoque said."

Gonzales Acknowledges Letter From Jones. WFTX-TV Ft. Myers, FL (12/20, 5:00 a.m.) broadcasted, "The Department of Justice says it may get involved in the Duke Lacrosse rape investigation," and Attorney General Alberto Gonzales said "he's received a letter from US Congressman Walter Jones asking for federal authorities to step in."

New Mexico To Allow New Patients At Medical Center Probed By DOJ. The AP (12/21) reports that the New Mexico Department of Health "has lifted a yearlong-plus moratorium against admitting new long-term patients at its Fort Bayard Medical Center. The state agency halted new admissions after a Justice Department review of the facility." The AP notes, "Justice investigators said last spring they had serious concerns with the care at Fort Bayard. A report said an investigation 'revealed a wide range of dangerously deficient medical and nursing care practices,' and a failure to comply with federal regulations or meet professional standards. … The state hired GEO Care Inc. of Florida to run the center in November 2005. GEO Care recently hired an administrator, an assistant administrator and a medical director. GEO Care asked the state to lift the moratorium, and has proposed a gradual admission of new long-term residents."

ANTITRUST:

Delta Antitrust Lawyer Says DOJ Unlikely To Approve US Airways Merger. The New Mexico Business Weekly (12/20) reports, "Delta Chairman and CEO Jerry Grinstein continued his offensive against US Airways' hostile takeover bid in a conference call with analysts Tuesday, saying the merger would create too much of a monopoly in too many markets." Meanwhile, "Delta's chief antitrust lawyer added that he doesn't believe the U.S. Department of Justice will approve a merger between Delta" and US Airways Group. "'It appears from a factual standpoint this is a merger that clearly has a lot of antitrust issues attached to it,' said Jim Weiss, a Washington partner in the law firm Preston Gates & Ellis LLP. … Weiss, the former head of the DOJ's antitrust division and a hired gun for Delta

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since 1988, said he believes it would take the department about a year to review US Airways' hostile bid for Delta. That's because the DOJ will anticipate more merger proposals and would want to go over the Delta/US Airways merger with a fine-toothed comb. … Chiefly, he said, a lot of small to mid-sized American cities would lose competition if the two airlines merged."

FCC Ruling To Speed Phone Company Access To Cable TV Markets. The New York Times (12/21, Richtel, 1.16M) reports that the FCC has ruled that "cable television rates have surged in the absence of robust competition," and therefore municipal authorities must decide within 90 days whether phone companies may enter into local cable television markets. "Phone carriers, notably Verizon, have asserted that some municipalities are slow to grant approvals, often in the face of cable industry lobbying. If it succeeds in fostering competition, the decision could eventually affect the rates and services available to the roughly 100 million households that pay for access to television."

The Washington Post (12/21, D1, Sipress, 690K) adds, under the headline, "FCC Vote A Victory For Phone Companies," that the FCC move helps phone companies "by significantly limiting what local officials can demand in return for franchises. … But the telephone industry's victory could prove temporary because opponents say the measure will almost certainly be challenged in court." Moreover, "The FCC's Republican majority said that removing unreasonable hurdles erected by local governments would translate into lower cable rates. Democratic members disagreed and accused the Republicans of overstepping the FCC's authority."

USA Today (12/21, 1B, Davidson, 2.27M) adds, "The move is expected to let AT&T and Verizon more quickly enter hundreds of markets in the next few years, spurring new competition for the cable giants and possibly bringing lower prices." The article notes that despite the phone companies' investment in broadband infrastructure, "local officials often cause delays by making outrageous demands, such as to build swimming pools and recreation centers. 'Such requirements are especially troubling, because competition is desperately needed,' FCC Chairman Kevin Martin says."

Democrats, Cable Companies Look To Hinder Bells' Market Entry. The Wall Street Journal (12/21, A3, Schatz, 2.04M) reports, "Phone companies scored a win at the Federal Communications Commission when the agency agreed to change rules to let them enter the cable-television business faster, but the victory may be short-lived, as congressional Democrats complained and opponents threatened legal action. The FCC, in a 3-2 party-line vote, passed rules that give state and local authorities a 90-day deadline to grant video-franchising agreements to new competitors. The commission also struck down rules requiring that the Bells do more to provide service to all residents in an area than current providers." The Journal suggests that a court case is likely.

FTC Approves CVS Purchase Of Caremark Rx. Bloomberg (12/21) reports, "CVS Corporation has won antitrust approval to purchase Caremark Rx, the pharmacy benefit manager, removing potential regulatory opposition to the pending $21 billion acquisition. CVS, which is competing against Express Scripts's $26 billion bid for Caremark, received approval from the Federal Trade Commission, Caremark, which is based in Nashville, said in a statement yesterday. Last month, CVS agreed to buy Caremark to gain more power to negotiate prices with drug makers and to prevent the loss of foot traffic to mail-order medicines from hurting sales of razors, sodas and makeup."

Wisconsin Energy Selling Only Nuclear Plant To FPL Group. The AP (12/21, Fredrix) reports, "Wisconsin Energy Corp. is selling its only nuclear power plant to Florida-based FPL Energy in a deal worth about $1 billion, the companies announced Wednesday. We Energies' agreement with the subsidiary of FPL Group Inc. includes $783 million for the plant and $215 million for its nuclear fuel and other inventories." We Energies spokesman Barry McNulty said that the company also "will give FPL Energy $560 million from a trust fund it had set aside to pay for the decommissioning, when the plant is taken offline and cleaned up," and "the state's public service commission will consider what to do with the remainder of the trust fund, about $300 million, which customers contributed to." The AP notes, "Besides the Public Service Commission of Wisconsin, other groups that have to rule on the deal include the U.S. Nuclear Regulatory Commission, the Federal Energy Regulatory Commission, the U.S. Department of Justice and the Federal Trade Commission."

The Business Journal of Milwaukee (12/20) also noted, "The transaction is expected to close in August 2007. The transaction is subject to a number of state and federal approvals, including the Public Service Commission of Wisconsin, the Nuclear Regulatory Commission, the Federal Energy Regulatory Commission and review by the Department of Justice. … Upon closing, FPL Energy will assume management and operation of the plant from Nuclear Management Co., Hudson, and will work with NMC to ensure a smooth transition. NMC, a joint venture of upper Midwest utilities, has managed the plant since 2000."

Service Corp. International Seeks FTC Approval Of Funeral Home Sales. The AP (12/21) reports, "Funeral home operator Service Corp. International

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requested government approval Wednesday to sell several properties in order to comply with an agreement reached with the Federal Trade Commission last month." Service Corp. asked FTC "to approve the sale of thirteen funeral homes and cemeteries in Texas, Louisiana and Mississippi to privately-held Legacy Holdings." The AP notes, "SCI agreed with the FTC Nov. 22 to sell a total of 55 properties in order to settle antitrust concerns stemming from its purchase of Alderwoods Group. SCI's purchase of Alderwoods closed Nov. 28. … Mitchell Katz, an FTC spokesman, said the agency expects further petitions from the company as it sells off additional properties as called for in the agreement."

Judge Refuses Motion To Dismiss Antitrust Allegations Against Amway. The McClatchy (12/21, Margolies) reports, "Plaintiffs in a massive antitrust action against Amway Corp. overcame another hurdle this week in their long quest to get their case heard by a jury. A federal judge on Monday refused to dismiss all but one of eight counts against the company, finding that the plaintiffs' allegations were legally sufficient to support claims of price fixing, conspiracy and other charges. U.S. District Judge Richard E. Dorr agreed to dismiss only a civil racketeering claim, ruling that it failed to establish 'a pattern of racketeering activity.'" McClatchy notes, "The case, which was filed in mid-2003 in the U.S. District Court for the Western District of Missouri, has been closely watched by Amway distributors nationwide. … The lawsuit contends that Amway exaggerates the profits to be made selling its products and pressures distributors into buying its motivational materials. It alleges that a handful of Amway 'kingpins' - those who bought into Amway early on - control thousands of down-line distributors and make most of their money by selling them the motivational materials, known at Amway as the 'tool and function' business."

NYSE Shareholders Approve Euronext Acquisition. The USA Today (12/21, Farrell, 2.27M) reports, "Shareholders in the New York Stock Exchange voted overwhelmingly Wednesday to approve a $14 billion acquisition of Euronext that will create the first trans-Atlantic market for stocks." With "more than 75% of NYSE shareholders voting, the merger received overwhelming approval, winning an estimated 99.7% of ballots cast. Euronext shareholders approved the deal Tuesday." The "deal is expected to close within three months, since European regulators have already approved it."

M&F Worldwide Offers $1.7 Billion For Check-Maker John H. Harland. The Atlanta Journal-Constitution (12/21, Paul, 379K) reports, "M&F Worldwide Corp. isn't exactly a household name. The New York company — which said Wednesday it entered into a $1.7 billion deal to acquire John H. Harland Co., the Decatur-based check maker — owns Clarke American Corp., another big check printer. Its other holding is Mafco Worldwide Corp., a maker of licorice extract used in candies, pharmaceuticals and tobacco products," and "one analyst said the all-cash transaction, which calls for M&F to give $52.75 per share to Harland stockholders, will allow Clarke American to leapfrog Deluxe Corp., the market leader in check printing. And it fits in with the style of Ronald O. Perelman, an M&F board member and head of cosmetics giant Revlon Inc., said John Kraft, an analyst at D.A. Davidson & Co. who follows Harland." The AJC notes, "Still, the pending acquisition, which the companies anticipate will close in the second half of next year, isn't necessarily a done deal. Regulators will take their time in reviewing the proposal because of antitrust concerns."

Sky Financial, Huntington Bancshares To Merge. The Wall Street Journal (12/21, C4, Carrns, 2.04M) reports that Sky Financial Group Inc. of Bowling Green, Ohio, will acquire Huntington Bancshares Inc. of Columbus, Ohio, "in a stock-and-cash deal valued at roughly $3.29 billion, signaling that banking-industry consolidation is occurring even in less attractive markets like the Midwest. Because there are many banks in the region vying for customers amid a relatively slow-growing economy, competition is even more fierce than elsewhere in the country. … The deal is expected to close in the third quarter of next year, subject to the approval of both banks' shareholders and of regulators."

Internet Video Boom Spurs Ericsson To Purchase Redback Networks. The Wall Street Journal (12/20, B2, White, Silver, 2.04M) reports that Swedish telecommunications firm Ericsson has agreed to buy the bankrupt Redback Networks Inc. for $2.1 billion, a move that "reflects how the explosion in video and other multimedia services over the Internet and a surge in broadband subscribers are driving phone and cable companies to upgrade their networks and spurring big makers of networking hardware to unite. … The companies said the deal will make them more effective suppliers for the fast-moving market. It also could help Redback contend with larger competitors such as Cisco Systems Inc. and Juniper Networks Inc."

Arcelor Mittal Buys Grupo Villacero For $1.4 Billion. Bloomberg (12/21, Nightingale, Craze) reports, "Arcelor Mittal, the world's largest steel maker, said Wednesday that it had bought plants owned by Grupo Villacero for $1.4 billion to become the biggest producer of the metal in Mexico. The purchase is the first since Mittal

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Steel's $38.3 billion combination with Arcelor this year. … It also acquired Border Steel, a mini-mill in Texas, as part of the deal. Arcelor Mittal and Villacero also created a joint venture to become the biggest supplier of steel products in Mexico and the U.S. Southwest." Bloomberg notes, "Arcelor Mittal wants to strengthen its position as the biggest steel maker in the United States and tap growing demand for the metal in Latin America."

European Commission Approves MAN's €10.3 Billion Hostile Bid For Scania. The Financial Times (12/21, Milne, Buck, David, ibison) reports, "MAN, the German truckmaker, last night won unconditional approval from Europe's top competition regulator for its €10.3bn ($13.7bn) hostile bid for Swedish rival Scania, removing a significant obstacle from the four-month take-over fight. The European Commission said there was no reason to object to the transaction on antitrust grounds." The FT notes, "The focus will now move to MAN's efforts to persuade Scania's two largest shareholders - German carmaker Volkswagen and the investment vehicle of the Wallenberg family, Investor - to accept its offer before aJanuary 31 deadline."

Italian Regulator Orders Banca Intesa To Sell Branches For Sanpaolo Acquisition. Bloomberg (12/21, Scherer, Ebhardt) reports, "Banca Intesa SpA, Italy's second-biggest bank, must sell 748 bank branches and part of its insurance business to win approval from Italy's antitrust regulator for its purchase of Sanpaolo IMI SpA. Credit Agricole SA, Intesa's biggest shareholder, 'must reduce significantly' its stake in the new bank and may not play an 'administrative or management role,' according to a faxed statement from the Rome-based antitrust authority. Intesa must also sell its Po Vita life insurance unit, and limit the sales of insurance products from its bank branches." Bloomberg notes, "Intesa and Sanpaolo shareholders backed the 30.8 billion-euro ($41 billion) acquisition on Dec. 1. … 'It doesn't change substantially the merger,' said Fabrizio Barini, an analyst at Websim SpA in Milan. 'They won't have any problems selling the extra branches.'"

ENVIRONMENT:

US Behind In Reforestation Efforts. USA Today (12/21, 1A, O'Driscoll, 2.27M) reports, "As severe wildfires scorch more of the USA each year, the Forest Service is falling further behind in replacing trees lost to fire, insects and disease because of shrinking budgets and mounting costs of fighting the blazes." The Forest Service "had a backlog of 1.1 million acres that needed replanting in 2005 -- a combined area slightly larger than Rhode Island 00 according to the agency's latest reforestation report. Last year, it could replant only 153,000 acres."

Lawsuits Seek To Block Maryland ICC Commuter Highway. The Baltimore Sun (12/21, Wheeler, 257K) reports that "four environmental groups and two Montgomery County residents" who live near Maryland's proposed Inter-County Connector have "filed a pair of lawsuits Wednesday seeking to block construction of the east-west toll highway through Washington's Maryland suburbs." The lawsuit argues that "state and federal officials glossed over the environmental damage the project would do. They also contend that officials failed to consider other ways of easing Washington area traffic congestion that would be less costly and less harmful to human health and natural resources."

The Washington Post (12/21, B6, Shaver, 690K) adds, "The two federal lawsuits -- one filed in the District and the other in Maryland -- also allege that the federal environmental review did not meet legal requirements to consider other east-west transportation options. Building mass transit and improving local roads, among other measures, would cost less, do less environmental damage and combat traffic better than an 18-mile road cutting across Montgomery and Prince George's counties, the complaints say."

The Washington Times/AP (12/21, Karush) notes that "the 18-mile, six-lane highway connecting Interstate 270 in Montgomery County with Interstate 95 in Prince George's County has long been championed by regional business groups, but faced stiff opposition from environmentalists as well as concerns over its cost. It finally won federal approval in May. In one lawsuit, filed in U.S. District Court in the District, Environmental Defense and the Sierra Club say the air quality analysis conducted by federal and regional officials was inadequate because it gauged the potential pollution from the ICC by using monitors that were more than 1½ miles from major highways. The second lawsuit -- filed in U.S. District Court in Greenbelt, by the Audubon Naturalist Society, the Maryland Native Plant Society and a family whose property is on the proposed route for the ICC -- says federal officials failed to consider reasonable alternatives to the road and the full environmental impact of the project."

WPost Calls On Maryland Officials To Clear Path For ICC. A Washington Post (12/21, A28, 690K) editorial titled, "Build It," blasts the Montgomery County Planning Board for blocking the purchase of land needed for the ICC, writing, "Maybe the board members are also awaiting a bolt of lightning or some other heavenly sign before they give the go-ahead for the road. … While they wait, they might consider that the connector has been on the drawing board since the 1950s; that it has been the subject of exhaustive efforts to mitigate possible environmental impacts; that the state and

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federal governments have given it the green light; that financing is in place; and that the 87 acres in dispute have been purchased, preserved and set aside for the roadway over the course of three decades. … Environmentalists filed lawsuits yesterday; that is their right. In the meantime, the planning board should stop its posturing, sell the parcels and get out of the way."

Global Warming Trading Program Comes Under Fire. The New York Times (12/21, A1, Bradsher, 1.16M) reports, "Foreign businesses have embraced an obscure United Nations-backed program as a favored approach to limiting global warming. But the early efforts have revealed some hidden problems. Under the program, businesses in wealthier nations of Europe and in Japan help pay to reduce pollution in poorer ones as a way of staying within government limits for emitting climate-changing gases like carbon dioxide." Among their targets is a chemical factory in China that contributes "as much to global warming each year as the emissions from a million American cars ... . Cleaning up this factory will require an incinerator that costs $5 million — far less than the cost of cleaning up so many cars, or other sources of pollution in Europe and Japan. Yet the foreign companies will pay roughly $500 million for the incinerator." The "high price is set in a European-based market in carbon dioxide emissions." The "huge profits from that will be divided by the chemical factory's owners, a Chinese government energy fund, and...consultants and bankers." The Times adds, "Such efforts are being watched in the United States as an alternative more politically attractive than imposing taxes on fossil fuels." But "critics of the fast-growing program...complain that it mostly enriches a few bankers, consultants and factory owners." Canada announced in October that it "would withdraw from the trading program."

FBI/DEA/ATF/USMS:

Gonzales To Decide Whether Alleged Drug Trafficking Kingpin Faces Death Penalty. The Washington Times (12/21, Seper, 88K) reports, "An earlier indictment that sought his extradition in 2003 did not include the charges that could lead to his execution and is expected to be dismissed as moot." DEA spokesman Rusty Payne "said a decision whether to seek the death penalty will be made by Attorney General Alberto R. Gonzales at a later date. Deputy Attorney General Paul J. McNulty has described Arellano-Felix, 37, as 'one of the world's major drug traffickers,' citing his role as a leader of a brutal international drug gang that includes seven brothers and four sisters. Mr. McNulty said the Arellano-Felix organization negotiated directly with Colombian cocaine-trafficking organizations, including the Revolutionary Armed Forces of Colombia for the purchase of multiton shipments of cocaine, received those shipments by sea and air in Mexico, and then arranged for smuggling the cocaine into the U.S."

KNSD-TV, San Diego (12/20, 5:00 a.m.) also reported in its broadcast that Gonzales "will make the final decision on the death penalty." XETV-TV San Diego, CA (12/20, 10:00 p.m.) broadcasted, "The US Attorney's Office offered no comment on the case," but if "one or both defendants are convicted," Gonzales will "decide whether to seek the death penalty." Meanwhile, Telemundo (12/20, 5:30 p.m.) broadcasted in a Spanish-language story that "fearing the US Justice Department," Arellano Felix's defense attorney contends Arellano-Felix was not under arrest in "international water," as US officials say, but in Mexican territorial waters. This would mean that he "must" be tried in Mexico where "there is no death penalty." Telemundo notes that Gonzales will "decide in the next days" whether the charges should be in Mexico or "if there should be a death penalty." The Spanish-language KWHY-TV Noticias, Los Angeles (12/20, 10:00 p.m.) also noted, "Gonzales has the final decision Arellano Felix's luck."

Arellano Felix, Villarreal Heredia Plead Not Guilty To US Charges. The AP (12/21, Hoffman) reports, "A man suspected of overseeing one of Mexico's most violent drug cartels and his top associate pleaded not guilty Wednesday to new charges detailing a criminal enterprise that included a hit on Tijuana's deputy police chief and the beheadings of three officers. The new charges could make Francisco Javier Arellano Felix, 37, and his right-hand man Manuel Arturo Villarreal Heredia, 31, eligible for the death penalty if they are found guilty of crimes outlined in a seven-count indictment unsealed this week." The AP notes, "According to the filing, the pair directed the smuggling of cocaine and marijuana shipments from Mexico into the U.S. and oversaw 'enforcement operations' - threats and murders designed to reinforce the power of the cartel. … Assistant U.S. Attorney Laura Duffy said the Mexican government had agreed to allow the U.S. to complete its prosecution of the pair before pursuing extradition requests. She said the criminal enterprise operated on both sides of the border and merited prosecution in U.S. courts."

Web Site Seen As Risk To Undercover Agents, Informants. On its Web site, KHOU-TV Houston (12/21) reports on the "Who's a Rat" Web site, noting, "Search for the term 'Houston', and more than 200 profiles pop up with names and sometimes pictures of officers said to be working at agencies all over the area: state and local police, sheriff's deputies, and even the FBI and DEA. Still civil libertarians defend the site's right to exist. … The site may not have caused damage yet, but law enforcement officials said you

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don't have to look far to see the potential risk." The site "has gotten the attention of the Judicial Conference and that group sent an official memo last month to all federal judges, alerting them and asking that certain documents be sealed to protect the identities of informants and agents."

California Marijuana Dispensary Defies Order To Close. On its Web site, KESQ-TV Palm Desert, CA (12/21) reports CannaHelp "continues to do business, even after the city revoked their business license. … Palm Desert City Attorney David Irwin won't discuss what possible action may be taken against CannaHelp, after the medicinal marijuana dispensary defied the city's cease and desist order to operate. … Feds and local police recently raided CannaHelp, suspecting it sold marijuana for profit. We spoke with [the owner] after the raid. He said he was, indeed, drawing a salary from CannaHelp sales." The Desert Sun (12/20) noted that owner Stacy Hochanadel "justified his decision to keep the dispensary open because, he said, the City Council should have held a public hearing before voting to revoke his business license last Thursday. The vote was taken in a closed session, based on a report stating that Hochanadel sold medical marijuana to an undercover police agent who did not have appropriate paperwork."

Trove Of FBI Documents More Than Twenty-Five Years Old About To Be Declassified. The New York Times (12/21, Shane, 1.16M) reports, "At midnight on Dec. 31, hundreds of millions of pages of secret documents will be instantly declassified, including many F.B.I. cold war files on investigations of people suspected of being Communist sympathizers. After years of extensions sought by federal agencies behaving like college students facing a term paper, the end of 2006 means the government's first automatic declassification of records. Secret documents 25 years old or older will lose their classified status without so much as the stroke of a pen, unless agencies have sought exemptions on the ground that the material remains secret. Historians say the deadline, created in the Clinton administration but enforced, to the surprise of some scholars, by the secrecy-prone Bush administration, has had huge effects on public access, despite the large numbers of intelligence documents that have been exempted." The Times notes, "Several hundred million pages will be declassified at midnight on Dec. 31, including 270 million pages at the Federal Bureau of Investigation, which has lagged most agencies . J. William Leonard, who oversees declassification as head of the Information Security Oversight Office at the National Archives, said the threat that files might be made public without a security review had sent a useful chill through the bureaucracy." The F.B.I. "negotiated an exemption from the 1995 executive order and concluded last year that the 2003 executive order ended its special status. It has rushed to review material, seeking exemption for 50 million pages on intelligence, counterintelligence and terrorism, but leaving 270 million pages to be automatically declassified now. Among those files, said David M. Hardy, the bureau declassification chief, are those on investigations of Americans with suspected ties to the Communist Party. Reviewers will keep working on the exempt material to see what can be released, but it is a slow process, Mr. Hardy said. … The bureau is studying digitizing documents and using computers to search for classified material."

FBI Investigation Targets Firms Tied To New York Senate Leader. The New York Times (12/21, McIntire, 1.16M) reports, "Federal investigators have issued subpoenas to at least two firms linked to the State Senate majority leader, Joseph L. Bruno, as part of their investigation into his business dealings, one of Mr. Bruno's former business partners and a legislative aide said yesterday. One of the companies was a partnership involving Mr. Bruno and an influential Albany lobbyist that bought and sold lakeside property in Rensselaer County, including a parcel that was purchased by the wife of Jared E. Abbruzzese. Mr. Abbruzzese is an investor in a group seeking control of the state's thoroughbred racing franchise — a decision in which Mr. Bruno will play a key role. The other company is a consulting firm that Mr. Bruno operated out of his home that he said had 'a client relationship with lawyers and businesspeople.' … The two companies that received subpoenas are just a small part of Mr. Bruno's broad array of personal financial interests, several of which have intersected with his activities as the most powerful Republican in the State Legislature. Mr. Bruno has purchased stock in about a half-dozen companies whose principals obtained state aid or contracts, sometimes with his help, according to a review of his financial-disclosure reports and other public records. He also once co-owned a small apartment building with an Albany-area businessman, who said that Mr. Bruno asked him to step in and replace the senator's son as an investment partner." The Long Island Newsday (12/21, Cockfield, Gonzales, 414K) reports, "An FBI investigation of Senate Majority Leader Joseph Bruno's business interests has set off alarms among Senate Republicans who fear their flagbearer has been wounded as Governor-elect Eliot Spitzer, a tenacious Democrat, prepares to take office. Members of the GOP held out hope Wednesday that Bruno, 77, can withstand the scrutiny of a federal inquiry, but those sentiments were clouded by apprehension, especially at a time when Democratic state Comptroller Alan Hevesi may be hours from indictment."

The New York Daily News (12/21, Mahoney, Siemaszko, 729K) reports, "The FBI's corruption probe of

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New York's most powerful Republican gathered steam. … The grand jury has authorized FBI subpoenas related to Bruno's dealings with Albany-area businessman Jared (Jerry) Abbruzzese, a principal of a Troy, N.Y., high-tech company to which Bruno steered $500,000 in pork-barrel grants over the past four years, sources said. One specific subpoena was issued to a big-time Albany lobbyist, who confirmed the FBI rousted him for records on a land deal he and his pal Bruno were involved in until last year. 'Someone from the FBI dropped' by with a subpoena and asked for the records,' the lobbyist, James Featherstonhaugh, said. 'They were provided.'" capitalnews9.com (12/21, Ference), the New York Sun (12/21, Gershman) and the Buffalo News (12/20, Precious) are among other media outlets with articles covering the Bruno investigation.

Congressman Seeks FBI Help In Search For Missing Persons In Mexico. KENS 5 Eyewitness News San Antonio (12/20, Lopez) reported, "Families of eight people who disappeared in Nuevo Laredo traveled there Wednesday to meet with U.S. Rep. Henry Cuellar. They hope he can push for more help to find their loved ones who vanished once they crossed the border. In some cases years have gone by with the Mexican authorities doing nothing, families said. … 'I have hope. And I hope that President Calderon will continue to do what he's done,' Cuellar said. Mexico's new president is revamping his law enforcement agencies, but that's not enough. Desperation pushed these families to come up with hopeful solutions. The congressman wants to publicize the faces of missing Americans in Mexico. 'We also want to set up a toll-free number where people of Nuevo Laredo can call law enforcement here,' Cuellar said. In addition, Cuellar hopes to meet with Calderon and provide the FBI with additional resources to solve kidnapping cases and possibly fund a forensics lab in Nuevo Laredo to help identify bodies."

Tennessee Waltz Target Reportedly Accepted $40,000 Watch From Developer. The Memphis Commercial Appeal (12/21, Perrusquia, 163K) reports, "Just when it seemed John Ford's legal troubles couldn't get worse, enter a $40,000 wristwatch of questionable origin. Federal prosecutors alleged Wednesday that Ford received the watch -- a diamond-studded Rolex Masterpiece -- in 2004 from prominent Memphis developer Rusty Hyneman. Ford once asserted he got the watch free of charge after using his influence to try to reduce state pollution fines levied against Hyneman, prosecutors said. Neither Hyneman nor Ford has been charged in connection with the watch transaction, yet prosecutors plan to use it as evidence that Ford, who faces separate corruption charges in Memphis and Nashville, had a practice of taking payoffs. 'Ford stated that he had received the watch because he had done Hyneman a big favor, that is, saved him 1.3 million dollars," says a 'Notice of Intervention to Introduce Evidence of Other Crimes, Wrongs or Acts," filed Wednesday. The notice by U.S. Atty. David Kustoff and Asst. U.S. Atty. Tim DiScenza seeks to introduce the watch as evidence in Ford's bribery trial set to start Feb. 5 in Memphis." Ford "is charged in U.S. District Court in Memphis with taking $55,000 in cash bribes in the FBI's Tennessee Waltz undercover sting. In an unrelated matter, Ford was indicted this week by a federal grand jury in Nashville on charges alleging huge kickbacks taken while he was in the General Assembly. … He resigned from the Senate in May 2005 after his Waltz indictment in Memphis."

The Milwaukee Journal Sentinel (12/21, Spivack, Bice, 255K) reports, "Maybe you forgot all about Mequon-based Doral Dental and its controversial ties to a once-powerful Tennessee politician who has a bribery indictment hanging over his head. Yeah, maybe you forgot about it, but the feds sure haven't. Federal prosecutors in Nashville, Tenn., this week unsealed a six-count indictment charging former Tennessee Sen. John Ford with wire fraud and failing to disclose more than $400,000 in payments from Doral after he helped the Wisconsin company land a lucrative state contract. The feds say Ford and two others created a consulting firm, Managed Care Services Group, in 2001 that collected $1 million from Doral after it beat out other firms vying for the three-year, $18 million contract to administer dental payments for poor Tennessee children. … In the midst of the Doral controversy, Ford and other Tennessee legislators were charged in May 2005 with bribery and threatening to shoot potential witnesses against him. The witnesses turned out to be undercover federal agents running a sting operation dubbed the Tennessee Waltz."

Three Former Students Plead Guilty To Alabama Church Arsons. The AP (12/21, Rawls) reports, "Three former college students pleaded guilty Wednesday to federal arson charges for burning nine churches in a series of blazes that alarmed rural congregations across Alabama. Matthew Cloyd, Benjamin Nathan Moseley and Russell Lee DeBusk entered the guilty pleas to federal arson and conspiracy charges in the string of church fires set on two nights in February." US District Judge David Proctor "told them they all face minimum seven-year sentences." The AP notes, "The three are also charged with state crimes," and "defense attorneys have been discussing a similar plea deal with county prosecutors, but none has been reached."

USMS Deputy Chief Of Business Management Called "Washington's…Warren Buffett." Forbes (12/20, Crane) reported on its Web site, "Uncle Sam's got a

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thing for strip clubs. And banana plantations, horse farms and private prisons. These are just some of the businesses overseen by the federal government while their shady owners sit on trial for various crimes. Administering this colorful portfolio is Len Briskman, deputy chief of business management for the U.S. Marshals Service. Call him Washington's own Warren Buffett. At any given time, Briskman presides over 30 businesses -- many of them profitable and each with $20 million to $400 million in assets -- while their owners get a fair trial, which could take up to seven years. Meanwhile, all of those honest employees get to keep working." Forbes added, "How much do Briskman's efforts pull in? 'Conservatively, [the government] makes a couple hundred million a year, at least'" from selling those businesses (net of losses), he says. That's a pretty snazzy return for a relatively minuscule initial investment." Forbes noted, "With the number of forfeited businesses growing in recent years, Eben Morales, deputy chief in charge of the Asset Forfeiture Program, wishes he could find 'carbon copies' of Briskman to help distribute the workload."

US Marshals Arrest New Hampshire Bank Robbery Suspect In Florida. The AP (12/20) reported, "A suspected bank robber from Manchester has been captured in Florida, according to the U.S. Marshals Service. The federal marshals said Richard Villar, 33, was arrested and charged with the armed robbery of a St. Mary's Bank in Hudson on April 18. His alleged accomplices, Joshua Gagnon, 21, of Nashua, and Debra Scott, 28, formerly of Manchester, were arrested in May by Hudson police, but Villar reportedly fled the state and was using an alias. Federal marshals said they traced him to the St. Petersburg area where he had family and friends."

Ohio Police, US Marshals Arrest Alleged Child Rapist. WEWS-TV Cleveland (12/20) reported on its Web site from a broadcast story, "A rape suspect is in jail after being arrested by the Akron police gang unit and U.S. Marshals. Ryan Lawson, 19, was arrested on warrants for rape and gross sexual imposition involving a 12-year-old girl." Lawson allegedly "raped the girl sometime between February and March."

USMS Arrests Tennessee Statutory Rape Fugitives In Louisiana. The AP (12/21) reports, "Two men wanted in Jackson, Tennessee, on charges of statutory rape have been arrested in New Orleans. Twenty-three-year-old William Paulus and 22-year-old Santo Camarillo were arrested while working construction jobs. That's according to the US Marshals Service." The AP notes, "The men were arrested…on federal charges they used cell phones to entice minors to engage in sexual acts. The two were wanted in Tennessee after they failed to appear in court on eight counts of statutory rape.

IMMIGRATION:

Disabled Immigrants Sue Federal Agencies Over Loss Of Benefits. The Washington Post (12/21, A3, Fears, 690K) reports, "For eight years, Shmul Kaplan lived alone in a suburban Philadelphia housing complex with hardly any furniture and barely enough food to eat." Then "Kaplan, who is from Ukraine, lost his $603 in Supplemental Security Income after he missed a seven-year deadline to become a U.S. citizen. The clock started ticking after he was granted asylum in 1997. A class-action lawsuit filed in federal court in Pennsylvania recently on behalf of people such as Kaplan, 80, contends that they are not responsible for missing the deadline. Kaplan's citizenship application is among hundreds of thousands awaiting background checks by the FBI, a mountainous backlog that grew after the Sept. 11, 2001, attacks. More than 6,000 physically handicapped people who were granted asylum have had benefits cut as they wait, according to the suit." The Post notes, "The suit was filed against top officials of the Social Security Administration, the Department of Homeland Security, the U.S. Citizenship and Immigration Services (USCIS) unit of DHS, the Justice Department and the FBI. The National Name Check Program at the FBI receives more than 67,000 requests for background checks each week. Half the requests come from the USCIS, said Paul Bresson, an FBI spokesman. When requests from private entities are included, the total reaches several million each year, Bresson said. … The FBI has struggled for years with a growing backlog of such requests from all entities. The Government Accountability Office reported earlier this year that, for immigration cases alone, 113,000 background checks had been pending for more than six months. USCIS spokeswoman Chris Rhatigan said her agency processes citizenship applications as quickly as it can and is not responsible for the backlog that results from the delay in background checks."

US-Mexico Border Separates Many Families. The New York Times (12/21, Navarro, 1.16M) profiles Irma of Mexico, a onetime illegal resident of the US whose two daughters married and now live in Texas. Her "youngest daughter, Lupita, and another daughter, who is married and has three children, now live together just a few blocks from her. But the other two are still in Texas, still illegally, now with one American-born child each. The border is now a barrier between the Mexican and American sides of her family, and now Irma feels the pull of her absent daughters."

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NYTimes Praises Bush On Immigration. The New York Times (12/21, 1.16M) says in an editorial, "Every now and then the public gets a glimpse of the George W. Bush who is a calm realist on immigration, a former governor of a border state who knows, likes and understands Latino immigrants. It's an identity sharply at odds with that of many other members of his Republican Party, especially the snarlers clustered on its right wing." Bush has "shown a way to move the debate away from the 'amnesty' trap by casting reform as a means to end an abusive system and remove the perverse incentives that allow illegality to flourish."

TAX:

Judge Rejects Defense Request For Separate KPMG Trials. The New York Times (12/21, Browning, 1.16M) reports, "The federal judge overseeing a mammoth tax shelter case said yesterday that the delayed trial would begin next fall, but he rejected a proposal by prosecutors to try the defendants separately in two groups." US District Judge Lewis A. Kaplan "ordered jury selection to begin on Sept. 17, 2007, in the criminal trial of the 18 defendants, 16 of whom are former employees of the accounting firm KPMG. The judge also said that he had tentatively decided not to have separate trials." The Times notes, "The trial date could still be changed again, because of uncertainty over the issue of legal fees. A federal appeals panel is weighing whether Judge Kaplan had the authority last June to dismiss KPMG's motion to compel the defendants to submit to arbitration over the fees issue. A panel of the United States Court of Appeals for the Second Circuit is hearing KPMG's appeal of the judge's ruling."

Syracuse University Study Finds Fewer IRS Audits Of Large Companies. The Wall Street Journal (12/21, C3, Drucker, 2.04M) reports on a study by researchers at Syracuse University that found that "the Internal Revenue Service audited a smaller proportion of the nation's largest corporations this year than it did in 2005 and, over the past five years, it has cut the average number of hours spent on such audits." … IRS officials said part of the reason for the overall drop in audits of big corporations was that the agency hired hundreds of new auditors in 2006 who required training. The officials cited the decline in hours per audit as a sign of greater efficiency."

South Dakota Accounting Firm Implicated In Chicago Tax Fraud Case. The Yankton (SD) Daily Press (12/21, Johnson, 94K) reports, "A Yankton accounting firm has been implicated in a health care reimbursement tax fraud plan that was recently shut down by a Chicago federal court. According to a press release issued by the Tax Division of the U.S. Department of Justice, the firm of Wohlenberg, Ritzman & Co. LLC of Yankton helped businesses in Illinois and Indiana sell 'illegal or improper' health care reimbursement plans that the Internal Revenue Service estimates cost the U.S. Treasury between $12 and $63 million. The district court in Illinois issued a permanent injunction Dec. 5, ordering Carmelo Zanfei of Steger, Ill., and William Crouse of Greenwood, Ind., and any individuals or entities working in association with them, to no longer sell their Health Incentive Plan and HealthIER Plan." The Daily Press notes, "Charles Miller, a spokesman for the Department of Justice, said the organization would not comment on whether there is a criminal investigation into the case. However, a lawyer representing Wohlenberg, Ritzman & Co. said he has been assured by the Department of Justice that there will be no criminal investigation into his client's involvement."

CONGRESS-ADMINISTRATION:

Bush To Enforce Clinton Declassification Order. The New York Times (12/21, A1, Shane, 1.16M) reports, "It will be a Cinderella moment for the band of researchers who study the hidden history of American government. At midnight on Dec. 31, hundreds of millions of pages of secret documents will be instantly declassified, including many FBI cold war files on investigations of people suspected of being Communist sympathizers. After years of extensions sought by federal agencies behaving like college students facing a term paper, the end of 2006 means the government's first automatic declassification of records." The Times adds, "Secret documents 25 years old or older will lose their classified status without so much as the stroke of a pen, unless agencies have sought exemptions on the ground that the material remains secret. Historians say the deadline, created in the Clinton administration but enforced, to the surprise of some scholars, by the secrecy-prone Bush administration, has had huge effects on public access, despite the large numbers of intelligence documents that have been exempted. … Many historians had expected President Bush to scrap the deadline."

IG Report Gives New Details On Berger's Removal Of Classified Documents. The AP (12/21, Margasak) reports Sandy Berger, President Clinton's national security adviser, "removed classified documents from the National Archives, hid them under a construction trailer and later tried to find the trash collector to retrieve them, the agency's internal watchdog said Wednesday." Berger, who "pleaded guilty to unlawfully removing and retaining classified documents," took them "in the fall of 2003 while working to

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prepare himself and Clinton administration witnesses for testimony to the Sept. 11 commission." Later, when Berger "was confronted by Archives officials about the missing documents, he lied by saying he did not take them, the report said."

The New York Times (12/21, Lichtblau, 1.16M) reports, "Still unresolved in the inspector general's report is one lingering mystery in the episode: Whether, as Mr. Berger's critics have charged, he was so cavalier as to stuff classified documents in his socks." The report "said one witness at the archives saw Mr. Berger bending down and 'fiddling with something white, which could have been paper, around his ankle.' But Mr. Berger denied he had ever stuffed documents in his socks, explaining the episode by saying that 'his shoes frequently come untied and his socks frequently fall down.'"

The Washington Post (12/21, A7, Smith, 690K) reports the documents Berger "took detailed how the Clinton administration had responded to the threat of terrorist attacks at the end of 1999. Berger removed a total of five copies of the same document without authorization and later used scissors to destroy three before placing them in his office trash, the National Archives inspector general concluded in a Nov. 4, 2005, report." The fact "that Berger, one of President Bill Clinton's closest aides from 1997 to 2001, illicitly removed the documents is well-known: A federal judge in September 2005 ordered him to pay a $50,000 fine for his actions and forfeit his security clearance for three years." But what Berger "did, and the ham-handed and comical methods by which he did it, are freshly detailed in the National Archives report." The report "states that in 2003, an official whose name was deleted informed the White House that the documents Berger reviewed during his first two visits -- in May and June of that year -- were so poorly organized and tracked that the archives 'would never know what if any original documents were missing.'"

The Washington Times (12/21, Seper, 88K) reports, Berger, "fined $50,000 for taking classified documents from the National Archives, hid the papers under a construction trailer where they later could easily be retrieved, a report yesterday said." In his "televised testimony to the September 11 commission, Mr. Berger said the Clinton administration's 'sustained attention' to terrorist threats and 'rigorous actions' had foiled a terrorist threat in December 1999 to bomb airports in the United States. But Attorney General John Ashcroft told the commission that he saw some of the documents that had turned up missing from the Archives and that the plot was stopped with 'luck playing a major role.'"

Bush Links Minimum Wage Hike To Small Business Tax Relief. The AP (12/21, Loven) reports President Bush "endorsed one of the Democrats' top priorities for the new Congress, a $2.10-an-hour minimum wage increase — and on a faster timetable than they have proposed," but "his support comes with a catch." Bush said "at a Wednesday news conference that any pay hike should be accompanied by tax and regulatory relief for small businesses, potentially a tough sell for Democrats, who are about to reassume control of the House and Senate." At his news conference, Bush was "eager to show he heard the message of voters who stripped his party of majorities in both the House and Senate in the November elections" and said "he'll work hard on what he called 'an interesting new challenge' — trying to find common ground with Democrats who will lead Congress for the first time in his presidency."

The Los Angeles Times (12/21, Reynolds, 850K) reports, "Efforts to link a hike in the minimum wage to tax cuts have repeatedly failed during Bush's time in office, despite Republican control of Congress." Democrats have "objected to linking the wage increase to tax cuts, and Drew Hammill, a spokesman for incoming House Speaker Nancy Pelosi (D-San Francisco), said she was not interested in such an arrangement. But shortly afterward, Hammill altered his response. He said that Pelosi preferred a bill unencumbered by tax cuts but that 'House Democrats have long supported tax changes that would benefit small business' and would look at such proposals." Still, there is "strong opposition to the idea among Democrats."

The Wall Street Journal (12/21, McKinnon, 2.04M) reports Bush's "insistence on tax breaks and regulatory relief for small business sets up a test that could determine the tenor of relations between the White House and Congress's new leaders for the rest of his term." Incoming Speaker Nancy Pelosi "and House Democrats plan to pass an increase in the minimum wage in their first 100 hours of work next year. Other priorities include repealing tax breaks for big oil companies, allowing Medicare to negotiate with drug companies for lower prices and cutting interest rates on student loans." Democrats hope "to build enough momentum to move the provisions through the Senate and force Mr. Bush to accept them as they are." But it is "unlikely any of those measures will become law without concessions to Republicans, however."

The Washington Post (12/21, A14, Fletcher, Weisman, 690K) reports President Bush "for the first time endorsed a specific plan for raising the federal minimum wage yesterday, as he embraced Democratic calls to boost it by $2.10, to $7.25 an hour, over two years." The president's "endorsement of a minimum wage increase breaks with the position long held by conservative Republicans that the increase would hurt business and ultimately the economy. But with the Democrats poised to take control of both chambers of Congress for the first time in more than a decade, Bush cited his support of the proposed increase as proof of his intent to operate in a more bipartisan manner during the remaining two years of his presidency." Beyond

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"increasing the minimum wage, the president said that he hopes to reach agreements with the new Congress on a guest-worker program for low-skill immigrants, renewal of the No Child Left Behind education law and measures aimed at encouraging the development of alternative fuels."

The Washington Times (12/21, Dinan, 88K) reports Bush "highlighted the new dynamic at work on Capitol Hill, saying now he and the Democrats both have an interest in getting things done – 'to show that they're worthy of their leadership roles.' The president said he is willing to accept a deal with Democrats that raises the minimum wage to $7.25 as long as that doesn't hurt businesses. He said the way to protect businesses is to combine the increase 'with targeted tax and regulatory relief to help these small businesses stay competitive and to help keep our economy growing.'" Senate and House Republican leaders "lined up behind Mr. Bush's position yesterday, with incoming Senate Minority Leader Mitch McConnell, Kentucky Republican, saying pairing tax cuts and wage increases makes sense."

Bush Signs Omnibus Tax Break, Trade Bill. The AP (12/21) reports President Bush "revived some 20 tax breaks, extended trade benefits for developing countries and protected doctors from a big cut in Medicare payments by signing sweeping tax and trade legislation Wednesday." The bill "is a patchwork of must-do items that were left for the lame duck Congress. It was bundled together and passed by the House and Senate just before adjourning earlier this month." Republican "budget hawks bridled at the measure's approximately $40 billion price tag, and textile state senators objected to trade provisions benefiting Haiti."

The Los Angeles Times (12/21, Hamburger, Roche, 850K) reports the bill "was a lavish hodgepodge that included a $100 million-a-year boost in the Medicare reimbursement rates for dialysis providers who proved to be generous contributors to important legislators, notably House Ways and Means Chairman Bill Thomas of Bakersfield." The dialysis folks "were among many special interests benefiting from a piece of legislation that was designed to simply extend existing tax cuts and credits — but ended up freighted with billions of dollars in new spending earmarks for the coal industry, Brooks Brothers and various other interests."

Bush Signs Postal Service Overhaul Measure. The Washington Post's (12/21, D4, Barr) "Federal Diary" column reports on the 12-year effort by Rep. John M. McHugh (R-NY) to pass legislation overhauling the US Postal Service. "McHugh has worked to balance the competing interests of postal management, postal competitors, unions and companies," that "rely on the post office," and "yesterday, he" saw "President Bush sign the Postal Accountability and Enhancement Act," which "offers some hope that subsequent increases in postage will be more predictable, especially for letters, magazines and advertising mail." The "public, for the most part, will see no change in its dealings with the post office. But stamp prices will probably go up once or twice in the next year. The Postal Service has a request pending to raise first-class postage by 3 cents, to 42 cents, probably in May. Under the new law, the Postal Service can seek one more increase, no later than Dec. 20 next year, before new rules take effect."

Bush Signs Bill To Fund Clean Up Of Abandoned Coal Mines. The AP (12/21, Hefling) reports President Bush "signed legislation Wednesday that gives billions of dollars to coal-producing states to clean up hazardous abandoned coal mines and pay for health care for retired miners." The signing "ends a long fight that has pitted coal-producing states against each other over the best use of funds collected for the nation's coal mine reclamation program." Coal-producing states "will get an estimated $6.3 billion for abandoned mine cleanup and another $1.6 billion to pay for health care for retired miners who worked for coal companies that no longer exist, according to the federal Office of Surface Mining. The money will be distributed from 2007 to 2025."

Democrats Plan Stepped-Up Investigations. The Christian Science Monitor (12/21, Chaddock, 59K) reports that with "little prospect of funding bold spending initiatives, Democrats poised to take control of the 110th Congress are reviving the ability to investigate the executive branch." Democratic leaders "and new committee chairs aim to jump-start oversight on issues ranging from the Iraq war to homeland security and consumer protection," but they "say they will not use their new powers to conduct a witch hunt on the Bush presidency, and will take a more careful tack instead." But plans for a five-day work week "and the eagerness of new committee chairs - also poses dilemmas for the new Democratic leadership over how to aggressively question administration officials, without distracting them from their work fighting wars and securing the homeland."

Goode Under Fire For Criticizing Muslim Congressman's Use Of Koran For Oath. The AP (12/21, Frommer) reports that in response "to constituent e-mails about Rep.-elect Keith Ellison's decision to use the Quran at his ceremonial swearing-in," Rep. Virgil Goode "warned that 'many more Muslims' will be elected demanding to use the Quran unless immigration is tightened." The letter "triggered angry responses from a New Jersey congressman and an Islamic civil rights group."

The Washington Post (12/21, A11, Goldfarb, 690K) reports Goode "is coming under sharp criticism for lashing out against the decision by" Ellison "to use the Koran during a swearing-in ceremony." In a "recent letter to constituents,

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Goode, a five-term congressman from Rocky Mount, wrote that he does 'not subscribe to using the Koran in any way' and added: 'The Muslim Representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration, there will likely be many more Muslims elected to office and demanding the use of the Koran.'" The Post adds the Council on American-Islamic Relations "condemned Goode's remarks and called on him to apologize."

The New York Times (12/21, Swarns, 1.16M) reports Ellison's "plan to use the Koran during his private swearing-in ceremony in January had outraged some Virginia voters, prompting Mr. Goode to issue a written response to them, a spokesman for Mr. Goode said." Goode's letter "quickly stirred a furor among some Congressional Democrats and Muslim Americans, who accused him of bigotry and intolerance. They noted that the Constitution specifically bars any religious screening of members of Congress and that the actual swearing in of those lawmakers occurs without any religious texts." Ellison "dismissed Mr. Goode's comments, saying they seemed ill informed about his personal origins as well as about Constitutional protections of religious freedom."

The Minneapolis Star Tribune (12/21, Hotakainen, 395K) reports "a Muslim group is asking" Goode "to apologize after he told hundreds of his constituents that more Muslims will follow" Ellison to Congress "if strict immigration laws are not passed." Goode, "an attorney and former state senator who was first elected to Congress in 1996, said he wants to 'stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country." Corey Saylor, "national legislative director of the Council on American-Islamic Relations (CAIR), said Goode's 'Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office.'"

The Richmond Times-Dispatch (12/21, Bowman) reports, "After one of Goode's letters miscarried, its contents were plastered online across the blogosphere." Mukit Hossain, "president of the Potomac Falls-based Virginia Muslim Political Action Committee, which estimates there are 60,000 Muslim voters in Virginia," said, "It's about as stupid a comment as I've ever heard from a legislator. We will do everything we can to keep this issue alive. I think we can educate the people in his district that he is not the right candidate."

CNN.com (12/21) reports Goode "will not apologize for writing that without immigration reform 'there will be many more Muslims elected to office demanding the use of the Quran,' his spokesman said."

Democrats Challenge Loss In Florida's 13th CD. The AP (12/21, Royse) reports Democrat Christine Jennings, "who narrowly lost to a Republican in the race to replace Rep. Katherine Harris, asked Congress on Wednesday for an investigation." Florida has "declared that" Jennings "lost to Republican Vern Buchanan by 369 votes. But 18,000 Sarasota County electronic ballots did not record a choice in the race, and Jennings contends that the number is abnormally high and that the machines lost the votes. She filed with the House clerk an official contest of the election results in Florida's 13th Congressional District."

Shift To Right On Social Issues Said To Raise Questions About Romney. In a front-page story, the Washington Post (12/21, A1, Balz, Murray, 690K) reports, "As he prepares for a 2008 presidential campaign, Massachusetts Gov. Mitt Romney (R) has championed the conservative principles that guided President Ronald Reagan, become an outspoken opponent of same-sex marriage and supported overturning the Supreme Court decision that legalized abortion." But in 1994, "Romney boasted that he would be more effective in fighting discrimination against gay men and lesbians than Sen. Edward M. Kennedy (D-Mass.), distanced himself from some conservative policies of the Reagan administration, and proudly recalled his family's record in support of abortion rights. The apparent gulf between the candidate who ran for the Senate in 1994 and the one getting ready to run for president has raised questions as to who is the real Mitt Romney." In emphasizing "his conservative views, Romney has sought to fill a vacuum on the right in the Republican nomination contest. Neither Sen. John McCain (Ariz.) nor former New York mayor Rudolph W. Giuliani, who top the opinion polls among Republicans, has a comfortable relationship with social and cultural conservatives." Romney "acknowledges his positions on abortion and gay rights have changed. He told National Review Online last week that he would like to see the Supreme Court overturn the 1973 Roe v. Wade decision and return the issue to the states. He also said he no longer favors a federal non-discrimination law that would cover gay men and lesbians, and no longer backs accelerating the opening up of the military to gay men and lesbians."

Law Professor Defends Judicial Ethics Act Of 2006. Ronald D. Rotunda, professor of law at George Mason University, writes in the Washington Post (12/21, A29, 690K), "The Judicial Transparency and Ethics Enhancement Act of 2006, now before Congress, would create an inspector general for the courts. It offers modest reforms that would keep our judiciary independent (because no one favors a dependent judiciary) and help keep it accountable (because

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no one favors a judiciary that is above the law)." Nonetheless, "there are those who greet it the way Dracula would greet a bouquet of garlic. Justice Ruth Bader Ginsburg, for example, has said of the proposal: 'That's a really scary idea.'" Rotunda adds, "On the contrary, this bill would strengthen judicial independence because it would give people greater faith that if there were problems, the inspector general for the courts would deal with them and not sweep them under the rug. An inspector general would also protect judges from frivolous or false charges. … Opponents of this bill say that the sky is falling. But it is not falling. There are no cracks in the sky. There are not even pre-fracture incipient fissures in the sky. Instead there is a real need for change."

Personnel News. Judy Sarasohn reports in his "Special Interests" column in the Washington Post (12/21, A27, 690K), "**Dave McCurdy**, a Democratic survivor of the Republican K Street Project, is moving from the Electronic Industries Alliance to become president of the Alliance of Automobile Manufacturers. … **Raymond Shepherd III**, chief counsel of the Senate Permanent Subcommittee on Investigations, is moving to Venable next month to be head of the law firm's new congressional investigation group. … **Jonathon Jones**, a longtime aide to Sen. Thomas R. Carper (D-Del.), most recently as chief of staff, joined the lobby shop Monday. … **Howard Waltzman**, chief counsel for the House Energy and Commerce Committee, is leaving the Hill for Mayer, Brown, Rowe &; Maw as a partner in the law firm. **Scott Gottlieb**, deputy commissioner for medical and scientific affairs at the Food and Drug Administration, is leaving Jan. 16 to rejoin the American Enterprise Institute."

OTHER NEWS:

Chavez Claims US Envoy Lied About Drug Trafficking. The AP (12/20) reported the U.S. ambassador's "suggestion that better ties were possible with Venezuela's President Hugo Chavez met a blunt reply on Wednesday when Chavez accused the ambassador of lying about drug trafficking. The lack of counter-drug cooperation between Venezuela and the United States has been one of many diplomatic sticking points between the two countries -- one that has worsened as Chavez has accused American anti-drug agents of involvement in espionage." Venezuelan officials "said they are fighting the drug war with increasing success, claiming that since Chavez broke off cooperation with the U.S. Drug Enforcement Administration last year, the amount of illegal drugs seized has doubled." Ambassador William Brownfield "has urged Venezuela to sign a new agreement with the DEA, but Chavez revived his earlier claims that officials of that agency had been involved in spying -- allegations that Washington denies." The AP writes that yesterday Chavez said, "A little while ago, the U.S. ambassador in Caracas told a big lie. He should retract it if it's really true that [U.S. officials] want good relations like they've been saying." CNN and FOX News have used the AP story.

Bush Rejects Talks With Syria, Iran. McClatchy (12/21, Douglas, Strobel) reports, "President Bush on Wednesday voiced his strongest opposition yet to talking directly to Iran and Syria as other administration officials acknowledged secret US funding of opponents to Syria's regime. At a year-end White House news conference, the president insisted that he won't deal with Iran until it verifiably abandons its uranium enrichment program and won't talk with Syria until it stops interfering in Lebanon and Iraq." Both stands "are rejections of a key recommendation made earlier this month by the Iraq Study Group."

Kerry, Dodd Meet With Assad Despite White House Objections. The AP (12/21, Aji) reports Senators John Kerry and Christopher Dodd met with Syrian President Bashar Assad Wednesday to discuss "the need for Damascus to cooperate with efforts to maintain the unity and stability of war-ravaged Iraq," state media reported. The US Embassy in Damascus said the meeting, which lasted two and a half hours, covered "a full-range of topics relating to US-Syrian relations and regional issues." In a telephone interview with the AP, Kerry said, "I feel quite confident in saying this was a conversation worth having and that the (Bush) administration ought to pursue it." Meanwhile, the Bush administration "has accused Kerry, Dodd and other senators who have met with Assad of sending mixed signals." White House spokesman Blair Jones said Wednesday night, "We discourage the travel of members of Congress to Syria because we believe it undermines the cause of democracy in the region and particularly" Lebanon's government.

The Boston Globe (12/21, Klein, 413K) reports Kerry "said Wednesday that President Bashar Assad of Syria expressed a willingness to work with the United States to bring stability to Iraq, and said Assad personally offered assistance that Kerry plans to convey to the Bush administration." Kerry "said the Assad government is interested in approaching the Iraq war from a regional perspective, where other Middle East issues -- including the Israeli-Palestinian conflict -- are part of the equation." The Massachusetts Democrat "said he would not publicly discuss the substance of his talks with Assad until he has fully briefed State Department officials about his visit."

US, UK To Move Forces To Persian Gulf In "Display Of Military Resolve Toward Iran." The New York Times (12/21, Shanker, 1.16M) reports, "The United States and Britain will begin moving additional warships and strike aircraft into the Persian Gulf region in a

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display of military resolve toward Iran that will come as the United Nations continues to debate possible sanctions against the country, Pentagon and military officials said Wednesday." The officials "said that Defense Secretary Robert M. Gates was expected this week to approve a request by commanders for a second aircraft carrier and its supporting ships to be stationed within quick sailing distance of Iran by early next year." The Times adds, "Senior American officers said the increase in naval power should not be viewed as preparations for any offensive strike against Iran. But they acknowledged that the ability to hit Iran would be increased and that Iranian leaders might well call the growing presence provocative."

Security Council Set To Vote Friday On Iran Sanctions. AFP (12/21, Aziakou) reports "under pressure from the United States," the UNSC "edged toward a Friday vote on a compromise draft resolution mandating sanctions against Iran." After the European sponsors "offered concessions to overcome Russian objections," Britain's UN envoy Emyr Jones Parry announced a vote has been schedule for Friday. The new draft, "which watered down a contentious proposal for a travel ban" on 12 officials directly linked to Iran's nuclear and ballistic missile programs, "finessed the issue by making the travel ban voluntary." Acting Ambassador Alejandro Wolff said he was consulting with Washington over the latest changes to the draft. Asked about the travel ban, which earlier this week he described as a "priority" issue for the US side, Wolff said: "We're still negotiating this...we want a vote early and we want a really good resolution." Secretary Rice, meanwhile, spoke by telephone Wednesday with British Foreign Minister Margaret Beckett to discuss "ways to close the remaining gaps" over the wording of the draft, Assistant Secretary McCormack said. The New York Times (12/21, A26, Hoge, 1.16M) calls the revisions a "major concession to Russia."

Meanwhile, the Wall Street Journal (12/21, A16, 2.04M) editorializes, "Iranians made their feelings plain about Mahmoud Ahmadinejad last week by voting to reject his allies in municipal elections and in the Assembly of Experts, a clerical body that theoretically has authority over Supreme Leader Ali Khamenei. That doesn't mean reformers now run Iran, but it does suggest that international pressure and a policy of democracy promotion may produce the kinds of changes in Iran that three years of Western diplomacy have failed to achieve." The Journal adds, "So it's all the more puzzling that, even as Iranians try to apply some pressure on Mr. Ahmadinejad, the international community is about to prove his point that Iran will pay little price for its quest to develop an atomic bomb. Consider what's happening at the UN, where the Security Council is expected to approve a sanctions resolution this week, nearly four months after its August 31 'deadline' for Tehran to stop enriching uranium. … There's an opening here to promote change, provided the US doesn't reward Mr. Ahmadinejad's bad behavior by failing to punish it, and provided President Bush reminds Iranians that while the US opposes their government, it stands with Iranians who want more freedom."

Iranian Oil Minister Says "De Facto" Sanctions Hurting Projects. The Financial Times (12/21, Bozorgmehr, Khalaf) reports, "Iran's oil minister on Wednesday admitted that Tehran was having trouble financing oil projects, in a rare acknowledgment of the economic cost of its nuclear dispute. 'Currently, overseas banks and financiers have decreased their co-operation,' Kazem Vaziri-Hamaneh told the oil ministry news agency, Shana." The Times adds, "The statement underlined the impact of de facto financial sanctions on the Organisation of the Petroleum Exporting Countries' second biggest oil producer. As the controversy over Iran's nuclear programme has escalated, the US has applied pressure on European banks and financial institutions to curb dealings with Tehran."

Reemerging Student Movement Seen As Threat To Ahmedinejad. The New York Times (12/21, A1, Fathi, 1.16M) reports in a front page article that the Iranian student movement is "reawakening from its recent slumber and may even be spearheading a widespread resistance against" President Mahmoud Ahmadinejad. For example, last week protestors disrupted a speech by the Iranian president, representing "the first widely publicized outcry against Mr. Ahmadinejad, one that was reflected Friday in local elections, where voters turned out in droves to vote for his opponents." The students' complaints "largely mirrored public frustrations over the president's crackdown on civil liberties, his blundering economic policies and his harsh oratory against the West, which they fear will isolate the country. But the students had an additional and potent source of outrage: the president's campaign to purge the universities of all vestiges of the reform movement of his predecessor, Mohammad Khatami."

Rafsanjani Emerging As Top Challenger. The AP (12/21, Karimi) reports "elder statesman Hashemi Rafsanjani, a mercurial cleric who has played both sides of Iran's reformist-conservative divide, is rising again as a key challenger to Iran's president after local elections show deep discontent with the president's hard line." Last week's local elections across Iran were "seen as a referendum on President Mahmoud Ahmadinejad's 18 months in office, and results so far were showing widespread victories for his opponents." In fact, many analysts are "now predicting a coalition between reformers and moderate conservatives to oppose Ahmadinejad and his hard-line allies in parliament and presidential elections in 2009." Talk of a political bloc was "fueled after two top reformist politicians -- former president Mohammad Khatami and Mehdi Karroubi -- met on Sunday with Rafsanjani."

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Hill "Encouraged" As Six-Party Talks Enter Fourth Day. The New York Times (12/21, A9, Kahn, 1.16M) reports Assistant Secretary Hill said Wednesday that the six-party talks "could reach a new agreement on rolling back North Korea's bomb-making effort this week, but the prospects for a meaningful breakthrough remained uncertain." Hill "said the tenor of the often tortuous discussions had improved" and "have been very useful." Negotiators "are talking about much more than just agreeing on things on paper. We're discussing actual developments on the ground, and for that reason these discussions are not easy," Hill cautioned. The envoy also "said he was pleasantly surprised that the talks had moved beyond posturing" and "raised the possibility that they could produce an agreement before the end of the current round this week."

AFP (12/21) reports talks entered a fourth day Thursday "amid a slightly warmer climate," with Hill "saying negotiations were tough but offered a glimmer of hope." Hill said late Wednesday after a second straight day of direct talks with his North Korean counterpart, Kim Kye-Gwan, that the discussions "are not easy -- actually, they are very difficult but we are encouraged by the process." He went on to say that talks have been "very useful in the last day and a half." Meanwhile, financial teams from the two nations met on Tuesday and Wednesday in Beijing on the sidelines, "but they finished without any agreement being reached." The Treasury Department's chief negotiator, Daniel Glaser, told reporters late Wednesday "only that the two sides may meet again in New York next month." The AP (12/21, Herman) reports Glaser said the process is "moving forward to be productive and useful, it's going to have to start focusing very, very closely on the underlying concerns of illicit finance."

Hill Says Talks Give Japan, North Korea Chance To Improve Relations. The AP (12/21, Yamaguchi) reports Assistant Secretary Hill "expressed hope Wednesday that Japan and North Korea would meet on the sidelines of the six-nation negotiations to discuss normalizing their relations." However, Hill cautioned, "The normalization process depends on the discussion of ongoing issues and clearly the Japanese have some issues that need to be addressed. It's our hope that there can be a bilateral meeting between the DPRK and the Japanese aiming at these issues."

Somali Factions Agree To Resume Peace Talks. The Washington Post (12/21, A20, McCrummen, 690K) reports Somalia's Council of Islamic Courts and the country's transitional government agreed Wednesday to resume peace talks "without any preconditions, as fighting broke out between the two sides." European Union envoy, Louis Michel, said at a news conference in Nairobi that "there was a broad agreement to deescalate and refrain from hostile acts," but cautioned "there are still issues that will have to be resolved." However, as Michel "discussed peace with their leaders, Islamic Courts militias and the Ethiopian-backed transitional government fought with rockets and heavy weapons in towns just southeast and southwest of Baidoa, the town where the government is based." The Financial Times (12/21, England) says no date was given for the talks which are expected to take place in Khartoum. Meanwhile, the AP (12/21, Hassan) says Wednesday's violence "underlined the difficulties of securing peace" in the country. The Los Angeles Times (12/21, Sanders, Albadri, 850K) runs a similar report.

Saudi Arabia Names Jubeir Ambassador To US. The Washington Post (12/21, A25, Wright, 690K) reports Saudi Arabia has informed the State Department "that it intends to appoint Adel al-Jubeir as the new ambassador to Washington," according to US officials. Jubeir, a long-time foreign policy adviser to King Abdullah, has "long been the public face" of the kingdom in the West," and his "impending appointment represents a meteoric rise in Saudi diplomacy for a man who last served in Washington as special assistant to Prince Bandar bin Sultan, now the Saudi national security adviser."

Rice Says Darfur Remains "Deep Concern" To US. AFP (12/21) reports Secretary Rice said Wednesday the crisis in Darfur remains an issue of "deep concern" in Washington following a visit to Khartoum last week by a US special envoy Andrew Natsios. Rice also reiterated calls for Sudan to "drop its objections to deployment of a hybrid African-UN peacekeeping force" in the region. After meeting with Natsios, Rice said, "It is extremely important (to deploy) a robust peacekeeping force that can actually help to end the violence and bring relief to the many innocent men, women and children who are suffering in Sudan." Rice said Natsios had "moved the ball forward" during meetings with Sudanese President Omar al-Beshir and other leaders in Khartoum last week.

Natsios Warns Of Possible Action In Darfur. The AP (12/21, Gedda) reports Natsios warned Wednesday that Sudan "must open a path toward ending the Darfur crisis before the end of the year or the international community will take coercive action against the Islamic government." The envoy said "international patience is running out" on Sudan, but he declined to say what options are being considered. "It's not useful to make threats," said Natsios, briefing reporters. British officials have said that creation of a no-fly zone over Darfur is one option being considered. However, AFP (12/21, Millikin) reports Natsios issued a January 1 deadline for Sudan to accept the deployment of UN peacekeepers to Darfur or "face coercive international action" to halt violence in the region. Natsios was quoted as saying,

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"For us to continue on the process of quiet diplomacy, negotiation and a process to resolve Darfur, then we need progress that's operational, on the ground, in Darfur...by the end of the year." The Washington Times (12/21, Kralev, 88K) also reports the story.

US Condemns EU Plans To Include Airlines In Emissions Trading Scheme. The Financial Times (12/21, Bounds) reports, "The US on Wednesday condemned as illegal plans to include all airlines flying to and from the European Union in the bloc's greenhouse gas trading scheme from 2012. 'The inclusion of non-EU airlines on a non-consensual basis runs counter to EU member states' legal obligations under the Chicago convention...and their bilateral air transport agreements, including with the US,' a government spokesman said." The "US called on the EU's 25 member states to block the proposal, saying that it jeopardised international efforts to tackle the effect of air travel on global warming."

The New York Times (12/21, Kanter, 1.16M) reports, "In the face of stiff opposition from the airline industry, the European Union moved forward Wednesday with plans to impose extra charges on foreign and domestic carriers that pollute too much." The rules "would apply to all flights within the bloc starting in 2011. Foreign carriers landing and taking off from busy airports like those in Frankfurt, London and Paris would be obliged to join the system the following year. If enacted, the measure could drive up costs for airlines, potentially leading to higher airfares for travelers." The Times adds, "The proposal draws from the principles of an established system that Europe now uses to help combat global warming and meet emissions goals set forth under the Kyoto Protocol. ... Many airlines, supported by the United States government, are seeking to blunt the European plans, calling them expensive and unworkable."

The AP (12/21, White) says the EU's move "would hit U.S. airlines on their lucrative trans-Atlantic routes. Airlines are generally in favor of the plan, since EU officials had warned them that refusing to back a carbon emissions trading program would result in an aviation tax." The AP adds, "Bowing to pressure from trade partners, the EU's executive arm will give all flights to and from EU airports an extra year to join the program. All airlines — based in the EU or elsewhere — will have to trade emissions beginning in 2012 for all flights to and from European airports, it said."

China Cracks Down On Investigative Reporting. The Wall Street Journal (12/21, A1, Fowler, Dean, 2.04M) reports "China's government is waging a media crackdown on…hard-hitting reports. Some officials fear that investigative reporting feeds public discontent over social ills such as rampant pollution, a growing wealth gap, and especially corruption. Prominent editors at publications around the country have lost their jobs. A law under review in China's legislature could make it much more difficult for reporters…to investigate emergencies and dig up wrongdoing in distant towns and villages.

Meanwhile, the Washington Times/AP (12/21, Kurtenbach) reports, "A journalist serving a 13-year jail term for reporting about a bogus irrigation project has been released five years early to unusually vocal official acclaim for his determination to fight corruption." Gao Qinrong, "previously an investigative journalist for a state-run newspaper in northern China's Shanxi province, was imprisoned in 1998 and released earlier this month, according to media activists and state press reports."

Wal-Mart's Acceptance Of Unions In China Noted. The Wall Street Journal (12/21, 2.04M) reports says in an editorial, "For a peek into China's labor market, look no further than Wal-Mart. In North America, the world's biggest retailer prefers to close down stores rather than tolerate unionized staff. But in China, most of Wal-Mart's 68 stores not only have labor unions, but six locations now boast Communist Party branches as well." But the "function of the new unions remains unclear," but there is "nothing to guarantee that union members won't catch onto the practices of their Western peers." Meanwhile, "sometime in the next week, Beijing's legislature is expected to hold a second reading of the Labor Contract Law. The document will redefine labor rights and the ACFTU's power. The first draft gave foreign investors a jolt. It made employee dismissals for poor performance difficult. The draft also required company policies and regulations to be negotiated between employer and 'employee representatives,' a la Germany." Many "foreign-invested firms are waiting for the passage of the legislation before deciding whether to admit the ACFTU, as Wal-Mart did. Which makes Wal-Mart's embrace of union and Party all the more puzzling. Perhaps Wal-Mart wasn't given much of a choice, and was chosen to send a message to other foreign-invested enterprises. Which is: We're watching you from outside, and inside."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. In Washington.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: 11 a.m. INTERNATIONAL RELATIONS _ Full Committee. Hearing on the state of religious freedom in problem spotys around the world, especially Vietnam. Stephen M. Liston, State Department; Felice Gaer, Chair,

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U.S. Commission on International Religious Freedom; Thomas F. Farr, former Director, Office of International Religious Freedom; Nina Shea, Director, Center for Religious Freedom, Freedom House; Pastor Bui Thien Hue, Pastor, Hoa Hao Church; Joseph Kung, President, The Cardinal Kung Foundation; Berhane Sium, Eastern U.S. Coordinator, The Eritrean National Salvation Front. Location: Room 2172, Rayburn.

Other: DRUG USE SURVEY _ 10 a.m. The National Institute on Drug Abuse holds a press conference to announce the results of the 2006 Monitoring the Future Survey, which tracks annual drug abuse trends of 8th, 10th, and 2th grade students, including attitudes and perceived risk of specific illicit drugs. Speakers include Office of National Drug Control Policy Director John Walters, Attorney General Gonzales, NIDA Director Nora Volkow. Location: National Press Club.

VIETNAM MEMORIAL-CHRISTMAS _ 10 a.m. The Vietnam Veterans Memorial holds a Christmas tree ceremony to honor veterans and active duty personnel. Location: East Knoll of the memorial.

HOLZER-EMPLOYMENT _ 12 p.m. - 1:30 p.m. The National Economosts Clubs hosts a luncheon with Harry Holzer of Georgetown University. Topic: ``Employment During the Boom: Implications for 2007 and Beyond." Location: Chinatown Gardens Restaurant, 618 H St. NW.

LOCKERBIE MEMORIAL _ 1:30 p.m. The families of Pan Am Flight 103 victims hold a memorial service on the 18th anniversary of the crash in Lockerbie, Scotland. Participants include Undersecretary of State Nicholas Burns. Location: Flight 103 Memorial Cairn, Arlington National Cemetery.

UN REFORM _ 2 p.m. The Council on Foreign Relations holds a telephone briefing with Lee Feinstein of the council on the reform agenda for new UN Secretary-General Ban Ki-Moon. Notes: RSVP required to NYPressRSVPcfr.org. Dialin number: 800-247-5110; passcode: UN reform.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Acknowledges 'Difficult Year' In Iraq."
"A Matter Of Grove Concern."
"Pakistani City Serves As A Refuge For The Taliban."
"Congress Closes With A Pork-Filled Flourish."
"State High Court To Review Same-Sex Marriage Ban."
"Does A Bug In Our Gut Make Us Fat?"

USA Today:
"Storm Snarls Holiday Travel."
"For New Orleans After Katrina, Too Many Nights Remain Silent."
"Intestinal Microbes Pack On Your Pounds."
"Reforestation Lags Amid Record Wildfires."

New York Times:
"Big Profits, And Questions, In Effort To Cut Emissions."
"U.S. To Declassify Secrets At Age 25."
"Iran President Facing Revival Of Students' Ire."
"For Divided Family, Border Is Sorrowful Barrier."
"In Cable Wars, Phone Carriers Win A Skirmish."
"U.S. And Britain To Add Ships To Persian Gulf In Signal To Iran."

Washington Post:
"Contention Increases On Troop Levels."
"Federal Subsidies Turn Farms Into Big Business."
"Felons' DNA Missing From Va. Database."
"Shiite Clerics' Rivalry Deepens In Fragile Iraq."
"Mass. Governor's Rightward Shift Raises Questions."
"Mastering A Branch Of History."

Washington Times:
"Bush Concedes U.S. Not Ready For Iraq."
"Berger Took Papers To A Hiding Place."
"Bush Prepares To Make Deals With Democrats."
"Decking The Salesmen Instead Of The Halls?"
"Retailers Get Personal With Blogs From Inside."

Detroit Free Press:
"Classic Seger."
"In Face Of Crimes, Her Will Is Unshaken."
"Gunfire Rages Even As Detroit Tries To Clean Up."

Atlanta Journal-Constitution:
"Leaders Back $100 Million Rights Museum."
"Bush: Difficult Choices Ahead."
"Big Belly? Blame Bacteria."
"FCC Takes Slap At Rising Cable Rates."
"'I Feel About As Bad As I've Felt In My Life.'"

Houston Chronicle:
"4 Area Chemical Plants Accused In State Lawsuit."
"Bush May Not Defer To Brass On Troop Levels."
"A Timeout For Reality."
"Rice Stakes Its Future On Booming Biomedicine."
"Rita-Ravaged Town Gets A Booster Shot."

Story Lineup From Last Night's Network News:
ABC: Denver-Snowstorm; OR-Climber Search Abandoned; Pentagon-War Spending; Bush-Iraq; Abizaid's Retirement; Iraq-Ruling Coalition; Syria-US Embassy Attack Footage; Gettysburg Casino; China-Adoption Rules; Astronaut-Hair Donation; Ghana-Crocodile Petting Zoo.
CBS: Bush-Iraq; Iraq-Pentagon; Military Recruitment; First Lady-Iraq; Midwest Winter Weather; OR-Climber Search

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Abandoned; Missile Defense System-Alaska Weather; California Air Pollution; Wounded Vets-Skiing.
NBC: Bush-Iraq; Pentagon-Military Expansion; Troop Surge-Analysis; Abizaid's Retirement; Pentagon-War Spending; Military Recruitment; OR-Climber Search Abandoned; Denver-Snowstorm; Elderly Care Managers; Immigrants-Minnesota Town; Stock Markets; Reemerging Popularity Of Toy Trains.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Denver-Snowstorm; CA-Earthquake; CA-Gay Marriage; Bush-Mary Cheney; Turkmenistan President Dies; CA-Court Case Involving Murder Of Deejay; MADD-Cutting Ties With Miss Teen USA; Wall Street.
CBS: Denver-Snowstorm; OR-Climber Search Abandoned; Charges To Be Announced In Haditha Killings Case; Space Shuttle; Bush Signs Bill To Upgrade U.S. Tsunami Warning System.
NPR: Turkmenistan President Dies; Wyoming-Snowstorm; CA-Population Growth Slowing; Tokyo Stock Exchange; Wall Street; OR-Climber Search Abandoned; Sen. Leahy-Wants To Know Why Canadian Man Is Still On No-Fly List Despite Being Cleared; Space Shuttle.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 21, 2006 7:45 AM EST

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TERRORISM NEWS:

Key Democrat wants to know why Arar still barred from U.S. (TS)

By Tim Harper
Toronto Star, December 20, 2006

WASHINGTON–The incoming chair of a powerful Senate committee says he will summon U.S. Attorney-General Alberto Gonzales before American legislators to explain why Maher Arar is still barred from the U.S.

Vermont Democrat Patrick Leahy, who will chair the judiciary committee in the new Congress, said Arar has the right to know what suspicions the Bush administration still harbour against him after he was exonerated by a Canadian inquiry.

"The Canadian government has now documented that the wrong thing was done to the wrong man," Leahy said.

"It is time for the (Bush) administration to do what it can to redress this wrong, instead of perpetuating it."

Leahy, in an interview with the Toronto Star, also said he believed the new Congress would rewrite the law that will require Canadians and Americans crossing the international border by land to carry passports by June 2009, at the latest.

In the last Republican-controlled Congress, the Vermont senator co-sponsored an amendment to push the border regulations back from its original Jan. 1, 2008 start date.

He also called the administration's plans to install electronic sensors and satellite security along the border "insulting to Canada ... and beneath the United States, and I don't see that it accomplishes anything."

Leahy says he wants Gonzales before his committee to discuss the entire U.S. policy of rendition and he said in a speech last week he will no longer put up with non-answers shrouded in security concerns or promises to get back to him.

"It's not just this individual case," Leahy said, "but what does this say when someone's plane stops here, they have citizenship in a neighbouring country and we ship them back to Syria.

"You know they are going to be tortured.

"This is beneath our country. And it does absolutely nothing to make us more secure and it is a gross human rights violation.

"One thing that can be done is our country should sit down with yours and say: How did we all screw up here?"

Arar's Toronto lawyer, Lorne Waldman, said he was "very encouraged" by Leahy's pledge.

"This moves the matter to the next level and we're quite pleased with that," he said.

Washington's ambassador to Ottawa, David Wilkins, said last week Arar remained on a "no-fly" list in the United States, but neither he nor the U.S. State Department would outline the reasons.

Leahy said Arar, a Syrian-born Canadian engineer, should be told by U.S. authorities what allegations they are making.

There are a number of lists held by American authorities that could ban Canadians from this country and since the U.S. justice department has classed Arar's case a "deportation" and not a "rendition," he was barred from the U.S. for five years from the 2002 date he was picked up at John F. Kennedy Airport in New York.

From there, he was sent to Syria where he was imprisoned and tortured.

On the border issue, Leahy said the fact he was able to co-sponsor an extension to the legislation with a conservative Republican, Ted Stevens of Alaska, shows there is bipartisan support to change the law.

He cautioned against reading too much into the Democratic pledge, often mentioned by incoming Speaker of the House Nancy Pelosi, to implement all the recommendations of the 9/11 commission that studied the terrorist attacks in this country.

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The passport or secure card rules sprung from that commission.

"Will Rogers, the great American comedian once said, `I belong to no organized political party, I'm a Democrat,'" he said. "Certainly we want to implement a number of recommendations from the 9/11 commission, but we are not a parliamentary form of government and we don't take party positions.

"It's great to say we're going to implement a lot of things that haven't been implemented, but you're not just going to take the 9/11 commission report as a piece of legislation and just pass it.

"It's not going to happen."

Leahy said he has heard more and more senators, beyond border states, saying the security legislation doesn't make sense.

"I think we'll go back to the drawing board," he said. "It has to be rewritten."

US Senator Seeks Answers In Botched Canadian Terror Case: Report (AFP)

AFP, December 21, 2006

The incoming chair of the powerful US senate judiciary committee has vowed to get to the bottom of an alleged rendition of a Canadian man wrongly accused of terrorist ties, a Canadian newspaper said.

Vermont Democrat Patrick Leahy told the Toronto Star in an interview published Wednesday that he would summon US Attorney General Alberto Gonzales before the committee to explain why Maher Arar is still barred from the United States, after he was cleared of terrorist links by a Canadian judicial inquiry.

"The Canadian government has now documented that the wrong thing was done to the wrong man," Leahy told the newspaper.

"It is time for the (Bush) administration to do what it can to redress this wrong, instead of perpetuating it."

Arar was stopped in New York, on his way to Canada from a trip to Tunisia in September 2002, and was deported to Syria where he was jailed and tortured for more than a year.

Ottawa asked Washington to remove the 36-year-old software engineer from their surveillance list after he was exonerated in September. But the US ambassador to Ottawa said last week that Arar remains on the watch list.

The botched terrorism case has gripped Canada and led to the resignation earlier this month of the nation's top cop, Royal Canadian Mounted Police (RCMP) Commissioner Guiliano Zaccardelli.

A Canadian government report found that faulty intelligence provided to US authorities by the RCMP had likely led to Arar's detention and deportation to Syria.

Ottawa protested to Washington and Damascus over Arar's treatment, but Syria denies the torture claims and the United states has refused to accept blame for any wrongdoing in the case.

Senator Leahy said he would also question Gonzales about the US government's alleged widespread use of "extraordinary rendition" -- the clandestine seizing and transfer of terror suspects to allied nations that condone torture.

"It's not just this individual case," he said. "But what does this say when someone's plane stops here, they have citizenship in a neighboring country and we ship them back to Syria."

"This is beneath our country. And, it does absolutely nothing to make us more secure and it is a gross human rights violation."

Pakistani Man In NY Convicted Of Financing India Militant Group (AP)

AP, December 21, 2006

NEW YORK (AP) _ A Pakistani man was convicted Wednesday of financially supporting a militant separatist group in India, federal prosecutors announced.

Khalid Awan, of Garden City, was convicted by a federal jury after a two-week trial in Brooklyn and faces up to 45 years in prison.

Awan, 44, was charged with helping the Khalistan Commando Force, a Sikh secessionist group that operated in India's Punjab state. The group, founded in 1986, is considered a terrorist organization in India and is said to be responsible for the deaths of thousands of people through bombings, sabotage and assassinations.

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Awan came to the attention of federal authorities in 2003, when he was serving prison time on credit card fraud charges, the U.S. attorney's office said.

A fellow inmate at the Metropolitan Detention Center in Brooklyn reported that Awan had talked about his relationship with Paramjit Singh Panjwar, the leader of the KCF and one of India's most wanted fugitives, prosecutors said.

Evidence that prosecutors presented included recordings of Awan's prison phone calls to Panjwar in Pakistan, statements by Awan saying he sent the group hundreds of thousands of dollars and testimony by two New York-area fundraisers for the militants who said they had delivered money to Awan's home in Garden City. Prosecutors also said Awan introduced the fellow inmate as a potential recruit when talking to Panjwar.

The Indian government cooperated in the investigation, prosecutors said.

"The war on terror is a global battle," said Roslynn Mauskopf, U.S. attorney for the Eastern District of New York. "We will not permit individuals in our jurisdiction to finance terrorist groups responsible for murder and violence in any part of the world."

A telephone message seeking comment from an attorney for Awan was not immediately returned Wednesday.

Awan's sentencing is set for March 7.

Risk Of Attack Rising, Officials In Europe Say (WP)

By Craig Whitlock

The Washington Post, December 21, 2006

BERLIN, Dec. 20 -- The threat of a terrorist attack on European soil by Islamic radicals has increased substantially in recent months, reaching its highest levels since the London transit attacks of July 2005, according to European counterterrorism officials. Adding to the anxiety: fresh threats against Britain and France delivered Wednesday by al-Qaeda's deputy leader.

In a new videotape, Ayman al-Zawahiri, the second-in-command to al-Qaeda chief Osama bin Laden, singled out Britain as a historical enemy of Muslims, blaming it for the creation of the state of Israel and the downfall of the Ottoman Empire in the early 20th century.

He also said al-Qaeda would continue to plan attacks on the United States and its "Crusader" allies in Europe as long as Western powers remain in Iraq, Afghanistan and Lebanon. "The animosity of Britain toward Islam stretches over centuries," Zawahiri said, according to a translation of his remarks by the SITE Institute, a terrorism research organization. "Isn't it the one who used to occupy most Islamic lands?"

It was the 15th recorded speech released this year by Zawahiri, a 55-year-old Egyptian physician who has shown little fear of speaking out despite a $25 million reward for his capture posted by the U.S. government.

Frequently wagging a finger to make a point, he spoke with a rifle displayed in the background. "I tell both the Republicans and Democrats . . . you try to negotiate with certain parties to secure your departure, although the parties don't have a way out for you" from Iraq. "You shall come back -- Allah permitting -- with no other choice but to negotiate with the real powers," an apparent reference to al-Qaeda's wing in Iraq.

Zawahiri's remarks followed a raft of general warnings by authorities in Britain, France and Germany that major attacks might be coming. They have given no specifics.

Last week, British Home Secretary John Reid declared that an attempted terrorist strike in his country was "highly likely" over the Christmas and New Year's holidays. There has not been a major terrorist attack in Europe since the July 7, 2005, bombings in London. But European counterterrorism officials have disrupted dozens of attempts since then and have far more suspected radicals under surveillance now than at any point since the Sept. 11, 2001, hijackings in the United States.

In November, the director general of Britain's MI5 intelligence service, Eliza Manningham-Buller, said the agency was tracking more than 1,600 members of suspected terrorist cells, more than triple the number under surveillance three years ago. Manningham-Buller, who rarely speaks in public, said investigators were monitoring about 30 major terrorism plots in the planning stages.

"The threat has really proliferated," said M.J. Gohel, chief executive of the Asia-Pacific Foundation, a London-based security research organization. "One of the reasons why Western intelligence and counterterrorism officials are so concerned is because they have unraveled so many plots involving so many different independent cells."

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Other European countries have been on heightened alert. Spanish investigators broke up a cell of Islamic militants last week that was allegedly plotting attacks on an arms depot and a supermarket.

On Friday, Germany's chief federal prosecutor, Monika Harms, said that "the threat posed by Islamist terrorism must not be underestimated" in that country, citing an alleged plot to blow up regional trains with suitcase bombs in July and a separate scheme to smuggle explosives onto an Israeli airliner at the Frankfurt airport.

Intelligence officials and analysts said the number of European Muslims who have become radicalized has escalated in recent years, especially since the Iraq invasion and the wars in Lebanon and Afghanistan. But they also cited factors closer to home, including rising anger among immigrants and later-generation Muslims who feel marginalized in European society.

Zawahiri's recent remarks have particularly concerned French counterterrorism officials. They have warned of a heightened risk of attacks because of a newly declared alliance between al-Qaeda and an Algerian-based network, the Salafist Group for Preaching and Combat, which has developed an extensive collection of cells in France and elsewhere in Europe.

In September, Zawahiri announced the formation of the partnership and urged the Algerian network to become "a dagger in the hearts of the French traitors and apostates." On Wednesday, he repeated the command, predicting that the Algerians would soon defeat the "secularist sons of France."

French officials said this week that they have arrested 76 suspected members of the Algerian network since June 2005 in connection with three separate plots, including alleged plans to bomb the Paris subway and Orly airport.

Jean-Louis Bruguiere, France's chief anti-terrorism judge, said that France had become "the main target" of the Algerian group and that the risk of attacks had increased over the past six months. "We consider the threat level to be very high," he said in an interview published Wednesday by the International Herald Tribune. "What is new is that this organization has formally pledged allegiance to al-Qaeda."

In his statement, Zawahiri also criticized the radical Palestinian movement Hamas for taking part in elections in January and failing to insist on an Islamic constitution. In earlier messages, he has called on Islamic fighters to go to the Palestinian territories to fight alongside Hamas.

U.N. To Allow Appeals On Sanctions Tied To Al Qaeda, Taliban (WSJ)

By David Crawford

The Wall Street Journal, December 21, 2006

Alleged al Qaeda and Taliban supporters blacklisted by the United Nations Security Council will be able to petition directly to have their names removed and sanctions lifted, removing a top complaint of lawyers and civil-rights lobbies.

The security body cleared the way for a form of appeals process when it voted Tuesday to set up an office to handle requests by individuals to lift sanctions imposed under a range of U.N. resolutions dating back to 1992.

More than 300 people have been listed at the Security Council under one of those resolutions, 1267, which was passed in 1999 to pressure leaders of the then-Taliban government in Afghanistan to hand over Osama bin Laden. Since then, the resolution has been used more widely by governments to sanction people they believe to belong to or support al Qaeda and the Taliban.

Explaining why Denmark proposed the change while it was president of the Security Council, Danish Foreign Minister Per Stig Møller said, "Denmark wants to combine the fight against terrorism with respect for human rights and the rule of law."

The new Security Council office -- called a "focal point" -- will be able to receive petitions from individuals sanctioned under 1267, as well as 10 other resolutions directed at individuals in Somalia, Rwanda, Sierra Leone, Liberia, Congo, Ivory Coast, Sudan and North Korea.

Fix Needed (WP)

The Washington Post, December 21, 2006

LAST WEEK a federal court in Washington threw out the lawsuit of Salim Ahmed Hamdan, the detainee at Guantanamo Bay, Cuba, whose successful challenge to the Bush administration's proposed military trials for accused terrorists led to a landmark Supreme Court decision earlier this year. The dismissal of the case is an ironic consequence of Mr. Hamdan's victory before the high court. The justices' decision forced Congress finally to take action to create a legal structure for the war on

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terrorism. But one of the actions Congress took in the hastily passed Military Commissions Act was to strip the federal courts of jurisdiction over such lawsuits, including those, like Mr. Hamdan's, that were already pending. Under the act, many other important cases will probably have to be dismissed -- which is why Congress should promptly amend the law when it reconvenes in January.

While the Supreme Court's rulings on this subject have been muddy, U.S. District Judge James Robertson may well have been legally correct in dismissing the case. The fault here lies with Congress, not with any judge. Judge Robertson held that the legislature had unambiguously stripped the courts of jurisdiction over all lawsuits challenging detentions at Guantanamo Bay -- so-called habeas corpus lawsuits. And he ruled as well that Congress had the power under the Constitution to do so -- at least for aliens held beyond American shores. But saying that Congress acted lawfully is not the same as saying it acted wisely.

Stripping the courts of habeas jurisdiction over Guantanamo was a profoundly foolish step to stop judicial review of an administration whose behavior has repeatedly illustrated the crucial importance of such oversight. Virtually every step the administration has taken toward a fairer and more open system for the detention and prosecution of enemy combatants has come as the result of pressure, direct and indirect, of litigation. The decision to respond to the Supreme Court's rebuke by, among other things, sharply limiting judicial review disabled the one mechanism that has consistently pushed policy in a constructive direction. Congress badly needs to reconsider.

Fortunately, the bipartisan leadership of the Senate Judiciary Committee is committed to doing just that. Incoming Chairman Patrick J. Leahy (D-Vt.) and ranking Republican Arlen Specter (Pa.) are pushing legislation to reestablish habeas jurisdiction for these cases. The new Congress would do a service if it acted swiftly to correct its error.

HOMELAND RESPONSE:

Chertoff Discusses Goals, Responds To Critics (NJ)

By Shane Harris

National Journal, December 20, 2006

In February 2005, Michael Chertoff stepped down from a lifetime appointment to the federal bench to lead one of the most far-flung and disjointed bureaucracies in the federal government. Only six months into the job, Hurricane Katrina put the Homeland Security Department's disaster planning and response mission to the test -- and by most accounts it failed in almost every measurable way.

DHS's performance has "improved quite a bit in the past two years," Chertoff said in a December 5 interview with National Journal. But he acknowledged that he didn't anticipate just how high a hill he would have to climb when he became department secretary. "I don't think when I came in I had a clear sense of all the individual tasks that would have to be undertaken."

Looking at the final two years of the Bush administration, Chertoff said that much more needs to be done. He described some of his major goals, responded to his critics, and talked about what lawmakers and the public should -- and shouldn't -- expect from the Homeland Security Department. An edited transcript follows.

NJ: How do you rate the department's performance in one of its key missions, keeping terrorists out of the country?

Chertoff: We've got the watch lists for the known terrorists collected in one place and accessible across the government, which was an issue raised by the 9/11 commission. That's been done.

The next challenge is finding the unknown terrorist. There are two elements to doing that. One is getting more biographical information about people who want to come into the country. We did that by reaching an agreement on passenger name record data with the Europeans. [Homeland Security will collect certain personal information on European airline passengers and screen it for terrorist risk.] And then the second step is biometric data, collecting 10 fingerprints from visitors, which we can run against latent prints that we hold in databases from safe houses, or training camps, or battlefields all over the world. We're rolling out the 10-print collection at consulates in Riyadh, London, and El Salvador.

NJ: How did the new requirement that airline passengers pack carry-on liquids and gels in quart-size plastic bags fare during the biggest travel period of the year, the Thanksgiving holiday?

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Chertoff: Since there was very little in the news about it, I think it was a smashing success. There were some bumps in the road, but it was not the story that it was predicted to be. We would ideally like to get to a technology that would allow us to screen all liquids mechanically [for explosives], but it's got to be one that does it efficiently without becoming cumbersome and slow. I constantly have the experience of people telling me that they have a magic bullet, if only we would see it and buy it.

But it works great in a lab, and it doesn't work operationally. If you have to take every bottle out and scan it separately, you're going to be waiting three hours to get on your airplane.

There was a lot of work done training and preparing and communicating to the public [about the new liquids requirements], and the public responded well. One of the keys to success for us is communication and message, and getting it out there and making sure people understand what we're doing.

NJ: In the wake of Hurricane Katrina, does the public understand that the federal government will not respond immediately to a major catastrophe?

Chertoff: I think everyone intellectually knew that the feds weren't going to be there immediately. The federal government does not own all the response resources. The National Guard is the single biggest response resource. That is controlled by the governors. If you want to send a governor into orbit, suggest that maybe we should have the federal government reach out to control the National Guard in an emergency. They will go ballistic, and that's as it should be. But they must then take the responsibility to make sure that the National Guard is properly trained and able to work. What we have to do is make sure the National Guard training and planning is integrated with ours.

NJ: Does there need to be some public education program for preparing for a disaster?

Chertoff: The basics of preparedness, having a plan, should be the kind of thing we teach in school, in the same way that you were taught in fire drills to stop, drop, and roll. Everybody should have those basics down. I think Katrina shook people up. A lot of messaging and a lot of education, particularly at the local level, is the key.

NJ: What's the most underrated threat right now?

Chertoff: We put a lot of resources into nuclear, radiological, biological countermeasures. That doesn't get a lot of media attention, because the media tend to focus on plots that have already occurred -- aviation, rail. The problem is, the return on investments may never be visible. Maybe terrorists will never get their hands on a nuclear bomb. But if they did, the consequence of not being ready would be catastrophic.

NJ: What's a criticism you most often hear about the department, and how do you respond?

Chertoff: A typical criticism is contract management. Part of that is we get inconsistent signals. Going back to 2002, there were stories about TSA contracts. [Congress required the Transportation Security Administration, now part of DHS, to quickly hire tens of thousands of airport security screeners. Government audits found that contracts with private hiring firms were severely mismanaged and over budget.] What can I tell you? If you tell people you've got to build an organization and get it up and running, and it's a national emergency, you're not going to do the ordinary contracting process, because that takes about a year.

We have to be honest with Congress and the public. We ought to ask the question very directly: Do you want us to short-circuit the contracting rules in a time of national emergency? I don't think it's fair to tell the people in this department, "It's an emergency, get it done yesterday, but when you get it done then we're going to criticize you because you didn't do the full process." That's not fair to people. That's basically saying, heads I win, tails you lose. And that's not right.

I've become more and more convinced that one of the best things I can do is to be completely crystal clear about what it is you want us to do: What are our capabilities, what are you prepared to give us or not give us, what's it going to cost, and what can we deliver? Accountability is not about gotcha. It's about clarity of goal, accurate assessment of capability and of cost, and the deliberate decision-making about what you want to do.

NJ: How are your first interactions going with incoming House Homeland Security Committee Chairman Bennie Thompson, D-Miss., and other congressional overseers?

Chertoff: We're off to a very good start. I'm very happy to meet with everybody involved on the committee, either separately or together. I want to hear what's on their minds.

I want to tell them what's on my mind. We are all going to win or lose together on homeland security. We all share this responsibility. If we protect this country as much as reasonably possible, then we can all say we did the job the American public

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sent us here to do. I completely believe that everybody on the committee, on both sides, is seriously interested in doing the job and have the right goals. I don't have any doubt about people's objective and motives.

NJ: Nancy Pelosi has said that one of her top priorities will be enacting all of the 9/11 commission recommendations. Where is the department on enacting those?

Chertoff: On the ones that affect us, we're implementing, as far as I know, all of them. I feel comfortable that any impulse to enact those recommendations is going to validate what we're doing.

NJ: Are you anticipating any areas where she's going to say that you're dragging your feet, not doing enough?

Chertoff: I'm not going to put myself in someone else's head. The challenge for us is always implementation. I'm as impatient as everyone else. I fully understand the frustration people feel; I would like everything done yesterday. But I also know that rushing something too quickly is going to wind up breaking it or not have it work properly. My task is to set a deadline and put things just a little bit out of reach so that people are always stretching, but not so far out of reach that I'm imposing a demand that can't possibly be met.

Acquisition Listed Among DHS Management Challenges (GovExec)

By Jonathan Marino

Government Executive, December 20, 2006

The Homeland Security Department needs to establish a more comprehensive acquisition oversight program and better plan an initiative to secure the borders, according to an inspector general report released Wednesday.

The report on major management challenges said that DHS' contract writing systems are incompatible with the Federal Procurement Data System - Next Generation, a governmentwide repository for information on acquisitions. Department officials also sometimes fail to enter data on certain types of purchases, such as those using government purchase cards, into FPDS-NG, the auditors noted, leading to a potential understatement of contracting activity.

Some of DHS' contract writing systems "may need to be replaced," the IG said. The report did not project what such an effort might cost.

The report also criticized DHS' Secure Border Initiative to integrate technology, personnel and infrastructure along the nation's borders.

"Our main concern about SBInet is that DHS is embarking upon a multibillion-dollar acquisition project without having laid the foundation to effectively oversee and assess contractor performance and effectively control cost and schedule," the report stated. "DHS has not properly defined, validated and stabilized operational requirements."

The IG singled out DHS' Immigration and Customs Enforcement bureau and the Coast Guard as needing better financial management. Another report by the auditors pointed at ICE and the Coast Guard as having the most material weaknesses in financial reporting within the department.

In addition, the IG, noting "significant interdependencies" between U.S. Customs and Border Protection and ICE, said "jurisdictional, operational and communication gaps exist between the two organizations that must be addressed by DHS leadership."

DHS Spokesman Jarrod Agen cited ICE's and CBP's joint efforts to end the United States' catch-and-release policy of dealing with illegal immigrants as an example of how both agencies "effectively worked together."

In a written response to the IG, DHS officials said the department will continue to build its acquisition workforce, and "initiatives to resolve personnel shortages will include a centralized recruiting system for contract personnel within DHS components."

Officials responded to an IG recommendation on improving the grants process by stating that DHS has added workshops to "provide grantees with more advance learning opportunities." This fiscal year, the department will initiate a monitoring program to check up on grants awarded, the response said.

DHS also said it will continue to increase staffing levels within its SBInet office and that it plans to expand the CBP Sensitive Compartmented Information Facility to create "collaborative work areas." It will deploy "field intelligence units" next month.

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After the report's release, Senate Homeland Security and Governmental Affairs Committee incoming Chairman Joseph Lieberman, D-Conn., said he intends to scrutinize DHS spending when he takes the gavel in 2007.

"No one expected that the department would automatically work as a well-oiled machine," he said, in a statement. "A merger of this size takes time, sometimes years, for all the various parts to work well together."

IG Outlines Homeland Security Department Management Challenges (FEDT)

By Daniel Friedman

Federal Times, December 21, 2006

Disaster response, acquisition management and financial management remain major challenges for the Homeland Security Department, according to the department's independent watchdog.

In a report released Dec. 20, Inspector General Richard Skinner writes that almost four years after the government's largest reorganization in a half-century, the department "still has much to do to establish a cohesive, efficient and effective organization."

Citing Homeland Security's "failures" after Hurricane Katrina, Skinner said the event highlighted longstanding problems at the Federal Emergency Management Agency in managing assistance and housing for disaster evacuees, information and systems, contracts, grants and flood insurance.

The IG also is conducting reviews of FEMA's intake process for evacuees, its management of the national flood insurance program, and its acquisition management structure, the report says. And last month, the IG announced plans to investigate FEMA's spending and claims that the agency failed to properly consider small- and minority-owned businesses for some contracts.

This latest report calls upon FEMA to speed up efforts to share data with other agencies, noting that "FEMA and the federal community are not ready to meet the data sharing requirements of the next catastrophic disaster."

In the area of contract management, the report says the department should provide better ethics training for procurement officials, hire more program managers who have experience, and install program management controls. Among the seven agencies within DHS that have their own procurement offices, "many . . . reported that their lack of staffing prevents proper procurement planning and severely limits their ability to monitor contractor performance," the report stated.

The IG singled out DHS' Secure Border Initiative and the Coast Guard's troubled fleet modernization program, called Deepwater, as efforts that present substantial risk due to their size and complexity.

For the fourth straight year, DHS could not obtain an opinion on its financial statements in 2006, due to component agencies' inability to produce enough support for their stated financial positions. In September, the department's new chief financial officer, David Norquist, suspended efforts to merge the eight financial systems in the department, calling the effort too disruptive.

Auditors have identified material weaknesses in areas like budgetary accounting and undelivered orders at DHS agencies, particularly at the Coast Guard and Immigration and Customs Enforcement. The components have corrective action plans for those problems, but a separate report by auditor KPMG LLP calls many of those plans insufficient and behind schedule.

How Biometric Security Is Far From Foolproof (WSJ)

By William M. Bulkeley

The Wall Street Journal, December 21, 2006

Growing numbers of companies are relying on biometric devices like fingerprint readers and iris scanners to identify customers and employees and make sure they aren't poseurs.

But with increasing use has come increasing worry that these security devices can be faked out. Deception methods including well-made copies of fingerprints, masks or contact lenses that replicate iris patterns might be used to defeat the new identification technologies.

In a sign of the growing fears, Financial Services Technology Consortium, a New York-based group of financial institutions, has hired a consulting firm to examine how successful biometric devices are at thwarting impersonation -- or "spoofing," as biometricians like to call it.

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The preliminary view of the consultants, International Biometric Group, based on an early look at research, is that the devices aren't spoof-proof.

"Any high-resolution fingerprint image will have a high chance of spoofing an optical sensor," says Ross Mitchell of International Biometric. He says most fingerprint-sensing technologies -- which essentially take a picture of a fingerprint and match it against a database -- are potentially vulnerable to spoofing. Systems that use sensors that aren't optical but rely on thermal or ultrasonic imaging, may be less vulnerable to fakery, "but they're still susceptible," Mr. Mitchell says.

In 2002, Tsutomu Matsumoto, a mathematician at Yokohama National University in Japan, reported he had fooled a number of fingerprint readers by creating fake fingers out of the kind of gelatin used in candy Gummy bears. Researchers at Biomedical Signal Analysis Laboratory at West Virginia University have reported they were able to fool various types of fingerprint readers between 40% and 94% of the time using cadaver fingers or fingers made of Play-Doh.

Use of biometrics in various applications is exploding. Scott Moody, chairman of AuthenTec Inc., a Melbourne, Fla., company that is the largest maker of chips used for reading fingerprints, says it will sell 6.7 million chips this year, more than double the three million last year. Fingerprint readers are increasingly common on cellphones in Japan and Korea.

Mr. Moody estimates that about 9% of all laptop computers shipped next year will have fingerprint readers to secure and simplify remote log-ons. John Morris, president of Solidus Networks Inc., a San Francisco company whose Pay By Touch system is used by a growing number of retailers, says it now has readers installed in almost 3,000 stores, up from 30 just 18 months ago.

International Biometric estimates the total market this year rose 47% to about $2.2 billion from $1.5 billion last year.

Makers of biometric devices downplay the risk of spoofing. Mr. Moody of AuthenTec says most reported spoofs have involved making a mold of a finger, which would be difficult without the individual's knowledge. Experts say it would be even more difficult to make an accurate finger replica from a latent print on a glass.

Mr. Morris -- whose Pay By Touch system is in use at 3,000 retail locations, up from just 30 two years ago -- says "the chances are extraordinarily low. We've never had an incident of any kind." He says that even if spoofing is theoretically possible, fingerprint readers are less vulnerable to thieves and hackers than credit-cards or passwords.

International Biometric says the testing it is doing will provide buyers useful guidance about potential risks. Mr. Mitchell says the researchers have proved that even sophisticated fingerprint scanners, "despite high matching accuracy, could be fooled using cheap materials." The tests will be completed during the 2007 third quarter with results reported to the sponsor in the fourth quarter.

Iris recognition technology, which is becoming increasingly popular because it is considered more accurate than fingerprint reading, may be more difficult to spoof. Mr. Mitchell says there have been informal reports that some scanners have been fooled by high-resolution photos of the eye.

Some eye scanners now include a flashing light designed to make the pupil contract to prove the eyeball is real. International Biometric plans to test whether it can design a contact lens with an imposter's iris pattern to fool a scanner. Currently it doesn't plan to test face recognition or handprint geometry biometric devices.

Quest For Anthrax Vaccine Lengthens (WP)

By Renae Merle

The Washington Post, December 21, 2006

The cancellation of a high-profile contract to produce 75 million doses of a new anthrax vaccine leaves federal heath officials years away from a replacement for the version now in use but could raise the prospects for an alternative being developed by a British competitor.

VaxGen of Brisbane, Calif., was scheduled to begin delivering a new anthrax vaccine this year, but after delays and technical problems, the Department of Health and Human Services voided the $877.5 million contract Tuesday. The department has not announced plans to replace it, but an alternative version being developed by Avecia of Manchester, England, is being tested, and the National Institutes of Health is expected to award contracts next year for research into advanced vaccines.

The VaxGen contract was the largest piece of the Bush administration's $5.6 billion Project BioShield, which seeks to develop modern vaccines and drugs to counter chemical, biological, radiological or nuclear threats.

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"The first thing to do, on HHS's part, is to explain why this failed," said Tara O'Toole, director of the Center for Biosecurity at the University of Pittsburgh Medical Center. "All of the companies are wondering, does this mean that HHS is an unreliable partner or that this was just kind of bad luck."

HHS canceled the contract after VaxGen missed its deadline Monday to begin human testing because of concerns at the Food and Drug Administration about the product's reliability. Agency officials declined to elaborate on the reasons for the cancellation.

VaxGen was to develop a replacement for a version of the vaccine currently used by the military and made by Emergent BioSolutions of Gaithersburg. That drug must be administered over 18 months in six shots and has been subject to controversy. Some soldiers have resisted being vaccinated and others have complained about side effects, but the FDA has said the drug is safe.

HHS had hoped that VaxGen's vaccine could be produced more quickly in an emergency and administered over a shorter period of time. "It just illustrates the uncertainty that surrounds developing a vaccine. Even in the best of circumstances, it's a risky undertaking," said Robert Kadlec, the former director for biodefense on the White House's Homeland Security Council. "But when you put it in the hands of a company that hasn't had a proven product, it's even chancier."

It is unclear how soon any of the alternatives could be produced. Emergent is working on improvements to its vaccine, including halving the number of shots required and extending its shelf life beyond three years, a company spokesman said. The U.S. Army Medical Research Institute of Infectious Diseases plans to spend $14 million in fiscal 2007 researching anthrax vaccines as well as treatments and diagnostic tools.

Avecia, which has an NIH contract to develop a vaccine, may be the closest to an alternative. The company has produced some preliminary data from human tests, Michael Kurilla, director of the Office of Biodefense Research Affairs at NIH, said. "So far the vaccine has been demonstrated to be safe," Kurilla said. But those human trials are not completed and the FDA will review the results, he said. It is unclear how long it would take for the product to be ready for wide distribution.

"There are still a number of specific actions you have to do in terms of bringing a product to commercial-scale production," Kurilla said.

In June, Avecia was awarded a $4 million grant from the National Institute of Allergy and Infectious Diseases to develop another version of the vaccine that would not need refrigeration. "That is much earlier in the pipeline," Kurilla said. An Avecia spokesman did not return a call for comment.

The NIH is also spearheading research on a third generation of the vaccine. That version could be stored at room temperature, would require fewer doses, and would not require a needle, Kurilla said. One or more contracts will be awarded next year, he said. "This is not something that is going to be a short-term event," he said.

WAR NEWS:

President Bush On Iraq, Elections And Immigration (WP)

The Washington Post, December 20, 2006

This 25-minute interview was conducted yesterday in the Oval Office by Washington Post staff writers Peter Baker, Michael A. Fletcher and Michael Abramowitz.

President Bush: Listen, a couple of things before we get going. Obviously, I've been thinking about -- and talking to a lot of people about -- the way forward in Iraq and the way forward in this ideological struggle. I want to share one thought I had with you, and I'm inclined to believe that we do need to increase our troops, the Army, the Marines. And I talked about this to [Defense] Secretary [Robert M.] Gates, and he is going to spend some time talking to the folks in the building, come back with a recommendation to me about how to proceed forward on this idea. I want to give him a little time to get his feet on the ground. And so I'll be addressing this after consultations with him. I just want to share that with you before we get going.

You're talking about troops in Iraq, not --

No, I'm talking about overall size.

-- overall size of the Army. Do you have a rough idea how much --

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I'm going to wait for Secretary Gates. As I say, I'm inclined to believe it's important and necessary to do so. The reason why is, it is an accurate reflection that this ideological war we're in is going to last for a while, and that we're going to need a military that's capable of being able to sustain our efforts and to help us achieve peace.

So you've not made a decision about Iraq, per se, about what to do --

I have not, Mike, I have not. And we'll spend some more time -- Secretary Gates, as he indicated, is going to head to the region at some point in time. I need to talk to him when he gets back. I've got more consultations to do with the national security team, which will be consulting with other folks. And I'm going to take my time to make sure that the policy, when it comes out, the American people will see that we are -- have got a new way forward to achieve an important objective, which is a country that can govern, sustain and defend itself.

And one thing that will be clear is that I want the American people to know that -- and the Iraqi people to know that -- we expect the Iraqi people to continue making hard choices and doing hard work necessary to succeed, and our job is to help them do so.

Are we winning in Iraq, in your estimation?

You know, I think an interesting construct that General [Peter] Pace uses is, "We're not winning, we're not losing." There's been some very positive developments. And you take a step back and look at progress in Iraq, you say, well, it's amazing -- constitutional democracy in the heart of the Middle East, which is a remarkable development in itself.

I think one of the -- obviously, the real problem we face is the sectarian violence that needs to be dealt with. So part of my policy review is how do we deal with that in a way that then enables the Iraqi people to live in a more secure society so that the government can prove its worth to the people -- saying, we can help you. And one of the main functions of government is to provide security for its people. Our job is to help the Iraqis provide that security. And I'll come forward with a plan that will enable us to achieve that objective.

There's other threats, by the way. It's a multiple-front war, if you really think about it. You got Shia discord in the south; you've got Sunni attacks, much of that -- many of them are caused by al-Qaeda. A lot of them, former Baathists and regimists who are angry that Saddam is no longer in power, and they are a source of conflict in al-Anbar province. And we've got a very robust effort -- I said the other day something that, I guess, people didn't pay that much attention to -- but for October and November and the first week of December, our actions on the ground have -- as a result of action on the ground, we killed or captured nearly 5,900 people. My point in making that point is our troops and coalition troops are on the offense in a lot of areas.

And then the third area of conflict, the one that gets a lot of attention, as it should, is the sectarian violence taking place in Baghdad. And I fully understand that we've got to help the Iraqis deal with that. So my thinking is -- and a lot of our strategy sessions revolve around how best to deal with this problem, and how best to help the Iraqis deal with it. And I've got some more work to do, and I'll come forth at the appropriate time and explain the way forward to the country.

Given the election results, is increasing the troop level in Iraq even a viable possibility or option?

Yes, Mike, all options are viable.

-- given the political will out there?

Well, all options are viable. I think what the people want is -- they want a couple of things. They want to see Democrats and Republicans work together to achieve a common objective, and they want us to win in Iraq. A lot of people understand that if we leave Iraq, there will be dire consequences -- in other words, if we leave before the job is done. There are some, a fair number of people, who say, "Get out now." So I view the election results as people are not satisfied with the progress being made in Iraq and expect to see a different strategy to achieve an important objective.

But the election results seemed people wanted to bring the venture in Iraq to closure. That seemed to be the strong lesson. And what indications are there that you're actually listening to that sentiment?

Oh, Mike, look, I want to achieve the objective. I think the American people -- I know the American people are very worried about an external threat and that they recognize that failure in Iraq would embolden that external threat, and they expect this administration to listen with people, to work with Democrats, to work with the military, to work with the Iraqis to put a plan in place that achieves the objective. There's not a lot of people saying, "Get out now." Most Americans are saying, "We want to achieve the objective."

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But there are a lot of people who are saying, "Let's get out with a phased deployment over a certain period of time."

If they felt -- if that leads to victory, it needs to be seriously considered. And I'm considering all options and listening very carefully to a lot of good people who have got different opinions about how to proceed.

Can we come back to General Pace's formulation about winning, not losing? You said October 24th, "Absolutely, we're winning." And I wanted to --

Yes, that was an indication of my belief we're going to win. Look, I've got four constituencies I speak to on a regular basis; one is the American people, who are justifiably frustrated at the progress in Iraq. And they expect the commander in chief and the people in Washington to support our troops. Supporting our troops not only means good equipment, good [pay], good housing -- it also means a plan that helps achieve the objective.

The second constituency is the enemy. I'm not through yet.

Sure.

The enemy wants to know whether or not the United States has the will to stay engaged in this ideological struggle. They don't believe we do. That's what they say. And I believe that's what they believe.

The third group of people I speak to are the Iraqis. They wonder whether the United States has got the will to help them achieve their objectives. That's what they wonder. The leaders I have talked to wonder whether or not -- what the elections mean, or what the Baker-Hamilton commission means, or what changing [former defense] secretary [Donald H.] Rumsfeld means -- that's what they wonder. But in the back of their mind, they're saying, "Are they going to leave us again?" And that's an important question for them to have answered, because in order to make difficult choices and to take risk for peace, they're going to have to be assured that they'll get support. This is a group of people that have had their hopes dashed in the past.

And the fourth group is the military. Our troops wonder whether or not our country supports them, and they do. They wonder whether or not the mission and the sacrifice and the toil that they're making is worth it. And they need to know from the commander in chief: Not only is it worth it, but I strongly support them and believe that their work will lead to victory. That's what I believe.

Anyway, you just need to know that's who I'm speaking to when I speak. And to you, of course. You're the objective filter through which my -- (Laughter.)

I suspect your message gets out. (Laughter.)

I do want to say something about the press. I hope you realize that, one, I enjoy the relationship, and two, know it is vital for my presidency. You can't exist without me, and I can't exist without you. And I generally respect the hard work of the press corps. I don't necessarily generally respect every word you write, but nevertheless, I do respect the fact that you're a hardworking group of people seeking the truth. And we're necessary for each other. And that relationship can either be a positive relationship or a suspicious, harmful relationship. And I have worked hard to make it a positive relationship. And I think it is, generally, I do believe it is. And I bear no ill will, and I don't think you do, either.

We appreciate that, and you've certainly been good for business --

Good. That's what decision-makers do, Peter, people who seize the moment and make decisions to lead give people things to write about.

Some of the supporters of the war and you from the beginning have begun to ask the question publicly: Was it, in fact, the idea that turned out not so great, or the execution that turned out not so great?

The idea of?

The idea of the war in the first place, and the --

I've never really asked that question. I believe it's justifiable and necessary. Obviously, the war has not -- the results on the ground haven't happened as quickly as I hoped, and part of this review process is to develop new strategies and tactics so that we can expedite success. Look, I of all people would like to see the troops come home. But I don't want them to come home without achieving our objective, because I understand what happens if there's failure. And I'm going to keep repeating this over and over again, that I believe we're in an ideological struggle that is -- that our country will be dealing with for a long time.

Can I ask you a question about history?

Yes.

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President Lincoln fired a number of his generals in the Civil War until he found Grant.

Is that what triggered your question, looking at Abe?

Why haven't you fired any generals? And does the fact that you haven't fired generals suggest that you are satisfied with the military strategy that they have pursued?

We're reviewing the strategy, because it has -- the results aren't -- we haven't achieved the results as quickly as we wanted -- precisely what the secretary of defense said, by the way. And the chain-of-command issues are issues that percolate up through the Pentagon. And there is a clear chain of command that I adhere to, and I think it's important for the commander in chief to do just that.

I've often talked about how it's important to trust the judgment of the military when they're making military plans as the key advisers to the president, as opposed to the president determining the tactics on the ground, which has happened in previous wars. And so I'm a strict adherer to the command structure.

But isn't there a point in which you say, "We screwed up the amount of troops we need there, we screwed up the WMD, someone ought to pay a penalty for that"?

There is a constant review of the commanders, and I support that constant review. And to the extent that people think they can do -- somebody can do a better job, those recommendations will come forward.

Sir, when you look back at last month's election, do you see that strictly as a repudiation of Iraq and the fact that we're not winning in Iraq, or is it also a judgment of your leadership in general?

Michael, I said in my press conference, I think it's -- no question Iraq was a significant part of the elections. People were troubled by the lack of progress. War is difficult for people, particularly the American people are very compassionate people. When you turn on your TV screens and see bombings and deaths, and read about beheadings or sectarian violence, it troubles America. And they wonder or not -- whether or not we have a plan that succeeds. And I can understand that level of frustration.

Secondly, there's a sense that people's votes were being taken for granted, in a way. We had ethics disputes, and just a lot of signals that said that it's time to -- that people wanted a change. There was a lot of -- look, you've got a guy using earmarks to enrich himself; there was sex and all kinds of issues that sent the signal that perhaps it was time to give another group a chance to lead. I also believe that people are sick and tired of the needless partisanship in Washington. And there's a lot of it. And for some, every expression of position by somebody is an opportunity to attack, and people are tired of it. And there's some big issues that we need to work together.

I will tell you that I view the elections as an opportunity to say to all of us in Washington, "Let's work together." People want that. And what are some issues we can work together on -- energy, or immigration, budgetary reforms. I mean, there's a lot -- education, No Child Left Behind reauthorization. I believe there are some wonderful opportunities --

So you don't think you're out of the policy business with the Democrats in charge on the Hill?

Do what now?

You're not out of the domestic policy business --

Quite the contrary. Quite the contrary. The microphone of the president has never been louder, and I think we have a good -- in other words, to talk about what I think is important. But it turns out that what I think is important, the Democrat leadership thinks is important, as well -- energy security, immigration reform, education -- and Republicans on the Hill agree. And so my task is going to be to talk about big issues that the American people expect us to work on, and work with both Republicans and Democrats.

Will it be easier with Democrats, in some ways? Are there some issues --

I think the legislative process, Peter, is always hard, from the executive-branch perspective. They're pretty independent-minded people, they -- no matter who's in charge, they tend to take some ideas from the president, but they've got their own minds. And the task is to work together in a collegial and constructive spirit to solve some big problems.

I'll tell you one I want to work on, as well, is entitlements. And that's a hard issue, as you know. Social Security is viewed as the third rail of American politics. I've campaigned on it every time -- two times I ran for president. I've talked about it in the State of the Union every time. It's an issue that's -- a president is just going to have to keep talking about to convince people it's worthwhile

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to take the risk, the political -- so-called political risk to work together to get something done. And we will continue to do so. [Treasury Secretary Henry M.] Paulson is going to take the lead for us up there, working with members of both parties.

I will tell you this: In an issue like this, unless the president tries, nothing is going to happen. Without presidential involvement, nothing will happen. So we have a chance, and I'm going to work it. And I think that's -- I know that's the job of the president, is to say, "This is important to the future of the country, let us work together."

Yes, sir.

Just on that point, are you willing to sit down with Democrats in a commission that puts all the options on Social Security on the table? Not just reductions and benefits, not just private accounts, but also some kind of revenue increases, tax increases?

I don't see how you can move forward without people feeling comfortable about putting ideas on the table. I have made it clear that I've got a way forward that can do it and I want to hear other people's opinions. And that's what Hank Paulson is telling both Republicans and Democrats. It's going to be very important for people to feel there can be a full, wide-ranging discussion about how to move forward.

And specifically, tax increases on the table then?

Well, specifically, personal accounts; specifically, everything that the Democrats think will work, as well.

Well, they talk about tax increases.

Well, let them; that's fine. They can come to the table and talk about them. I proposed a way forward that doesn't require tax increases. Nevertheless, I look forward to hearing their opinions.

[Incoming Speaker of the House] Mrs. Pelosi has identified six or seven things that she wants the House to do in the first 100 hours. Can I just mention -- ask you in a bullet-point way just your point on this?

No. (Laughter.)

Minimum-wage increase -- generally supportive or against it?

Generally supportive. But, no, the answer is no, you can't. (Laughter.)

Look, here's the challenge. The challenge is to find out specifically what they have in mind and to explain to them areas where we can work together and can't work together. I'm pleased with our initial round of discussions. I fully understand that they're going to come out with this -- they made it very clear. And I want to work with them on issues where we can find common ground.

On immigration -- you mentioned immigration. Can you envision supporting a deal --

See, now you're getting me to negotiate with myself --

No, no, no, but this is a policy --

Same thing he's trying to do. (Laughter.) It's a classic ploy. (Laughter.)

This is about your policy, Sir, in terms of can you envision a deal in which you would agree with Democrats that would not necessarily have a majority support among Republicans --

Peter, remember the speech I gave right here in the Oval Office?

I remember several.

The one on immigration. I gave a comprehensive speech to the country from the Oval Office, prime time, about how I thought we ought to move forward on immigration. I still feel very strongly about that. And I hope that Congress will join me on a comprehensive bill, and I would hope that the majority of both parties support it.

[Former House] speaker Hastert had a policy that he would not put forward a bill that didn't have a majority support of his caucus. Is that important to you, having majority support of the Republican caucuses?

I'm interested in getting a comprehensive bill out, because I believe it is vital to solving the pressure we have on our border.

One of the interesting things that, if you notice from the recent enforcement activities that ICE took, there are a lot of people who are using forged documents to do jobs Americans are not doing. And my attitude is that there ought to be a way for people to come to this country on a temporary basis and fill those jobs in an open way, a transparent way, that doesn't cause there to be, one, a smuggling operation that's vibrant and making money, a housing operation that is illegal, and a document forgery operation that clearly is in effect.

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There is a better way to treat people, and there's a better way to deal with the issue of finding workers Americans are not doing, to fill on a temporary basis. And, therefore, there need -- and that in itself will take pressure off our border. In other words, if people feel like they can come in on a temporary, legal basis, they're not going to have to sneak in, which in itself does away with -- that in itself does away with this kind of underground industry that has sprung up.

The point I make to you on that is that it's a comprehensive reform of the immigration system that is going to make our borders more secure. I strongly believe that is important, and look forward to working with people on the way forward. It's hard for me to predict the dynamics yet on how the Congress is going to handle the immigration bill. The point I'm telling you is that I think it's vital and necessary, and this is an area where we can work together to get it done.

I'd like to come back to your first statement, because I'd like to expand a little bit. You talked about the size of the military. Colin Powell said on a Sunday show that the Army was nearly broken. Do you believe that's true? And, if so, do you feel responsible for that? Do you --

I heard -- we have been transforming our Army to make it lighter, more lethal and easier to move, and that transformation has been very important. Secondly, we have been changing our force posture around the world to reflect the threats of the 21st century, and that has been a very important reform.

I also believe that the suggestions I've heard from outside our government, plus people inside the government -- particularly, the Pentagon -- that we need to think about increasing our force structure makes sense, and I will work with Secretary Gates to do so. He's going to come back and report --

So is our Army nearly broken, or not?

The people that would know best are those in the Pentagon. I haven't heard the word "broken," but I've heard the word "stressed." I know that we need to -- and my budgetary requests will reflect what a lot of people in Congress have been saying and in the Pentagon, and that is we need to reset our military. There's no question the military has been used a lot. And the fundamental question is, will Republicans and Democrats be able to work with the administration to assure our military and the American people that we will position our military so that it is ready and able to stay engaged in a long war, and this ideological struggle?

Can I ask a hometown question?

Final question -- yes, which one, Crawford, Midland, Houston, Dallas or Washington?

Washington. Do you support a bill that would give the District of Columbia residents a vote in the House of Representatives?

This is a Fletcher question. This is a Fletcher question.

He's not asking about a specific question. We're asking about your broad view on --

Do the residents of the District of Columbia -- should they have a vote in the House?

I will look at what Congress proposes. I will look carefully at what Congress proposes.

But what is your philosophical view of that? Because we've gone to Iraq to provide freedom for people in Iraq, and the people in this country --

I understand that. You're trying to get me to opine on specific legislation that may be forthcoming, and I look forward to working with Congress on that.

I'm actually asking you to opine on general --

That's my answer. (Laughter.)

-- philosophy on whether --

I know what you're trying to ask me to opine on, and I'm answering that there is -- I will look and see what Congress proposes.

Is Vice President Cheney correct, do you believe that secretary Rumsfeld was the best defense secretary?

I think he was one of the finest defense secretaries, and I said that there have been more profound change -- policy change under his leadership than at any time since the formation of the Defense Department.

Thank you.

Bush Concedes US 'not Winning' In Iraq (FT)

By Caroline Daniel

Financial Times, December 21, 2006

President George W. Bush publicly said on Wednesday that insurgents in Iraq had this year succeeded in fomenting sectarian violence, undermining the Iraqi government and thwarting US efforts to secure stability.

Replacing his confident assertion of October that "absolutely we are winning in Iraq", Mr Bush told The Washington Post on Tuesday: "We're not winning, we're not losing."

But the president seemed to retreat from this bleak assessment at a year-end press conference on Wednesday saying that comment "reflected the fact that we're not succeeding nearly as fast as I wanted".

On the day that General John Abizaid, the US's top commander in the Middle East, announced his resignation, Mr Bush contrasted the optimism he had felt at the start of the year, when the Iraqis held elections, with a recognition that the insurgents had since enjoyed successes.

"The enemies of liberty...hurt our efforts to help the Iraqis rebuild their country," he said.

In the most visible sign that the administration recognises the need to radically change its military posture, Mr Bush said he wanted to increase the "permanent size of both the United States army and the United States marines".

Mr Bush said he was still considering whether he would increase troop numbers in Iraq.

His decision reflects a clear repudiation of the strategy adopted by Donald Rumsfeld, former defence secretary, to create a smaller, agile military.

The tone of the press conference reflected a hesitant president, conscious of his legacy, struggling to find a way out of Iraq and redefine his agenda after losing control of the House and Senate.

Bush Warns Of More U.S. Losses In Iraq (AP)

By Terence Hunt

AP, December 21, 2006

Acknowledging deepening frustration over Iraq, President Bush said Wednesday he is considering an increase in American forces and warned that next year will bring more painful U.S. losses. New Defense Secretary Robert Gates said in Baghdad that a troop surge was an obvious option.

Bush was unusually candid at a year-end news conference about U.S. setbacks and dashed hopes in the war, which has claimed the lives of more than 2,950 U.S. military members.

He said "2006 was a difficult year for our troops and the Iraqi people. We began the year with optimism" but that faded as extremists fomented sectarian violence between Sunnis and Shiites.

"And over the course of the year they had success," the president acknowledged. "Their success hurt our efforts to help the Iraqis rebuild their country, it set back reconciliation, it kept Iraq's unity government and our coalition from establishing security and stability throughout the country."

Democrats are about to claim control of Congress and Americans are overwhelmingly unhappy about Bush's handling of the war, so the president is at a turning point as he searches for new approaches. Administration officials said Bush's remarks were intended to brace a war-weary nation for another tough year in Iraq.

The heavy cost of the war also came into focus as the Pentagon circulated a request for an additional $99.7 billion to pay for the fighting in Iraq and Afghanistan. If embraced by Bush and approved by Congress, the proposal would boost this year's budget for those wars to about $170 billion.

So far, four years of war in Iraq have cost about $350 billion.

On just his third day as secretary, Gates made an unannounced visit to Baghdad to review options with senior American commanders. He said no decisions have been made.

"We discussed the obvious things," Gates told reporters. "We discussed the possibility of a surge and the potential for what it might accomplish."

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Gates said he was only beginning to determine how to reshape U.S. war policy. He also said he would confer with top Iraqi officials about what America's role should be in Iraq. Bush is awaiting Gates' recommendations before making a speech in January announcing changes in strategy and tactics.

The shift in policy is likely to be accompanied by a shuffle of top American generals in Iraq. Army Gen. John P. Abizaid, commander of U.S. forces in the Middle East, has submitted plans to go ahead with a retirement that is months overdue. And the top U.S. commander in Iraq, Gen. George Casey, has indicated he may not stay much longer than the end of this year.

Abizaid and Casey have opposed sending more troops to Iraq, and their departures could make it easier for Bush to send more soldiers to the war. One option calls for sending five or more additional combat brigades — roughly 20,000 or more troops.

Apart from any increase in Iraq, Bush said the military's overall size should be increased to relieve the heavy strain on U.S. troops, reversing the previous position of his administration during Donald Rumsfeld's Pentagon tenure. Bush also said a troop surge in Iraq would have to be for a specific mission.

His remarks appeared intended to address doubts voiced by prominent military officials who worry that sending more troops to Iraq would be ineffective and put more demands on an already-stretched U.S. military.

"There's got to be a specific mission that can be accomplished with the addition of more troops before, you know, I agree on that strategy," the president said.

The administration says many questions have to be answered about sending in more troops: What would be their purpose, what would they do, how long would they stay and what is the Iraqi government's view on the rules of engagement for more U.S. forces? Also, would the additional troops serve in training positions, in combat, to help civilian forces or for a combination of those roles?

"I'm not going to make predictions about what 2007 will look like in Iraq except that it's going to require difficult choices and additional sacrifices because the enemy is merciless and violent," the president said.

Bush was unwavering about U.S. goals for Iraq.

"Victory in Iraq is achievable," he said. "It hadn't happened nearly as quickly as I hoped it would have. ...

"But I also don't believe most Americans want us just to get out now," the president said. "A lot of Americans understand the consequences of defeat. Retreat would embolden radicals. It would hurt the credibility of the United States."

Bush stepped back from his confident assertion two months ago that "absolutely, we're winning" in Iraq. Wednesday, he said, "We're not winning. We're not losing."

The president said he changed his formulation because "we're not succeeding nearly as fast as I wanted ... and that the conditions are tough in Iraq, particularly in Baghdad."

He said his original remark, on Oct. 25, was made in the spirit that "I believe that we're going to win. I believe that — and, by the way, if I didn't think that, I wouldn't have our troops there."

Bush Asserts That Victory In Iraq Is Still 'Achievable' (NYT)

By Sheryl Gay Stolberg

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — President Bush warned Americans on Wednesday that the war in Iraq would require "difficult choices and additional sacrifices" in the coming year, but he firmly rejected the notion that the war could not be won and vowed that the United States would not be "run out of the Middle East" by extremists and radicals.

Mr. Bush, appearing somber and at times reflective during his traditional year-end news conference, conceded that 2006, which began on a note of optimism as nearly 12 million Iraqis voted in free elections, turned into "a difficult year for our troops and the Iraqi people." He cited "unspeakable sectarian violence," calling it "one aspect of this war that has not gone right."

But after a month in which he has been under pressure to change course in Iraq — from Democrats who want a gradual withdrawal of troops and from the bipartisan Iraq Study Group, whose report implied that he should reframe his goals away from democracy toward mere stability — the president showed no indication that he was inclined to change goals or pull out of Iraq.

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"Victory in Iraq is achievable," Mr. Bush said, addressing reporters in the ornate Indian Treaty Room across the street from the White House, in a historic office building once used by the Navy. He added, "Our goal remains a free and democratic Iraq that can govern itself, sustain itself and defend itself and is an ally in the war on terror."

Mr. Bush also used the news conference to confirm his plans, disclosed Tuesday in an interview with The Washington Post, to propose an increase in the permanent size of both the Army and the Marines. He called the global campaign against terrorism "the calling of our generation," and he said the military needed to be beefed up to fight it.

"I want the enemy to understand that this is a tough task, but they can't run us out of the Middle East, that they can't intimidate America," Mr. Bush said.

But the president gave little hint of what he would do in Iraq. Though he has been considering proposals to send additional troops to Baghdad in the short term, Mr. Bush said he was still listening to military commanders — some of whom are said to be skeptical of a short-term increase — and had not yet made up his mind. He is expected to outline his Iraq strategy after the first of the year.

As Mr. Bush contemplates that new strategy, some advisers have been urging him to diminish public expectations by steering clear of talk about victory and of Iraq as a beacon of democracy in the Middle East. Some said his language on Wednesday was not helpful.

"Victory is not a good word to use," said Barry R. McCaffrey, a retired general who has been advising the administration and has said he believes that there is still time for Mr. Bush to turn around the situation in Iraq. "It implies that there is a military outcome in the short term that ends violence, and that's not going to happen."

Instead, the president has altered his language in another way. In the interview with The Post, he dropped his previous assertion — made before the November elections — that "we are winning" in favor of the murkier idea that the United States was neither winning nor losing. On Wednesday, he tried to explain.

"The first comment was done in this spirit: I believe that we're going to win," the president said, adding, "My comments yesterday reflected the fact that we're not succeeding nearly as fast as I wanted, when I said it at the time, and that the conditions are tough in Iraq, particularly in Baghdad."

With Republicans having lost control of Congress after an election that was widely viewed as a referendum on the war, and polls showing public support for the war at record lows, Mr. Bush is caught in the difficult spot of coming up with a policy that will satisfy the public and Democrats, while also producing substantive change.

But his comments on Wednesday left Democrats cold.

The incoming speaker of the House, Representative Nancy Pelosi, Democrat of California, complained that the president gave no indication "that he is willing to make the changes needed to reverse the disastrous situation in Iraq."

A former adviser to the Democratic presidential campaign of Senator John Kerry of Massachusetts said the president owed an apology to Mr. Kerry, who proposed increasing the size of the military, only to be ridiculed by Republicans. "I think you could say that so far, in this re-evaluation process, he is only dressing up 'Stay the course,' " said the adviser, Richard C. Holbrooke, a former ambassador to the United Nations.

Some Republicans have said that until Mr. Bush gets the situation in Iraq under control, he will be unable to move forward with his domestic agenda on Capitol Hill. But the president expressed optimism on Wednesday that he could work with Democrats in 2007 — perhaps to the chagrin of some in his own party, who fear the president will cut them loose to join with the opposition on issues like Social Security, immigration and energy independence.

"You know, there's a lot of attitude here that says, 'Well, you lost the Congress, therefore you're not going to get anything done,' " Mr. Bush said. "Quite the contrary. I have an interest to get things done, and the Democrats have an interest to get something done."

Mr. Bush is not one for introspection, and he expressed little sense on Wednesday that he regretted his decisions in Iraq, other than to say, "The most painful aspect of my presidency is the fact that I know my decisions have caused young men and women to lose their lives."

Still, with just two years left in his administration, the president hinted that he was thinking about his legacy — even as he denied that it was foremost on his mind.

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"Look, everybody's trying to write the history of this administration even before it's over," Mr. Bush said. "I'm reading about George Washington still. My attitude is, if they're still analyzing No. 1, 43 ought not to worry about it, and just do what he thinks is right, make the tough choices necessary."

Dour Bush Talks Of 'New Way Forward' (LAT)

By James Gerstenzang

The Los Angeles Times, December 21, 2006

WASHINGTON — President Bush, saying he was still considering options for "a new way forward" in Iraq, delivered an uncharacteristically dour assessment Wednesday of the war there and called 2006 a "difficult year" in which extremists successfully thwarted efforts to establish security and stability in the country.

Appearing reflective in a year-end news conference, Bush said the optimism generated after Iraqis elected a new government last December had fallen away, as extremists undertook "a deliberate strategy to foment sectarian violence between Sunnis and Shia. And over the course of the year, they had success. Their success hurt our efforts to help the Iraqis rebuild their country."

With Bush reassessing his Iraq policy and expecting to announce changes early next month, his statements reflected a new willingness to acknowledge that the sectarian violence in Iraq has grown consistently worse and political cooperation there is flagging. He has come under intense pressure to change course in the war from Democrats, from the bipartisan Iraq Study Group and because of mid-term elections that saw his party lose control of Congress.

Bush said he would work with Republicans and Democrats "and listen to ideas from every corridor" to redraw his approach. But the president also said he would not change his objective. "Our goal remains a free and democratic Iraq that can govern itself, sustain itself, and defend itself, and is an ally in this war on terror," he said.

Moreover, he said that U.S. troops remained in Iraq because they will be successful. "Victory in Iraq is achievable," he said. "It hasn't happened nearly as quickly as I hoped it would have. ... But I also don't believe most Americans want us just to get out now."

Bush said he would not adjust his Iraq policies until talking with Defense Secretary Robert M. Gates, who was sworn in on Monday and by Wednesday had landed in Baghdad to meet with U.S. commanders and others there. One option under consideration is a temporary increase in U.S. troop levels. Bush said such a surge was not certain, and that before he sends in additional troops, "there must be a specific mission that can be accomplished."

In Baghdad, Gates gave no hints as to what new strategy he preferred, but he acknowledged he and U.S. generals had discussed the possibility of a surge of U.S. forces into the Iraqi capital.

Army Gen. George W. Casey Jr., the commander of U.S. forces in Iraq, who has been resistant to proposals to increase troop levels, appeared to qualify his objections after meeting with Gates. "I'm not necessarily opposed to the idea," he told a news conference.

"What I want to see happen is, if we do bring more American troops here, they help us progress toward our strategic objectives," Casey said.

Bush's comments on Wednesday did not satisfy senior Democratic leaders in Congress. In similar statements, Sen. Harry Reid of Nevada, the Democratic Senate leader, and Rep. Nancy Pelosi of California, the incoming House speaker, said Bush did not understand the need for a more dramatic change in Iraq.

"The president seems lost within his own rhetoric," Reid said. "He is grasping for a victory his current policies have put out of reach and leaving our troops stuck policing a civil war." Reid, who has given qualified support to increasing troops in Iraq if it leads to Iraqis picking up security responsibilities, also said that Bush should follow the course that Democrats and the Iraq Study Group recommended for withdrawal of U.S. troops.

Sen. Hillary R. Clinton, D-N.Y., said on NBC's Today Show that her support for a temporary troop increase would depend on their mission.

"Everyone knows there is no military solution to the difficulties we face in Iraq," she said. "There has to be a broad-based, comprehensive approach that includes resolving some of the political issues, bringing the region together."

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Bush spoke in the Indian Treaty Room, an elaborate, marble-encrusted two-story at the top of the Eisenhower Executive Office Building next door to the White House.

Bush said he was optimistic about working on a range of issues with the Democrats who will lead Congress in January. He said he supported an increase in the minimum wage -- a proposal that is a top priority for Democrats. But Bush said he wanted to pair the increase with a cut in taxes and regulations to make it less costly for small businesses.

Efforts to link a hike in the minimum wage to tax cuts have repeatedly failed during Bush time in office, despite Republican control of Congress.

Democrats have objected to linking the wage increase to tax cuts, and Drew Hammill, a spokesman for Pelosi, said she was not interested in such an arrangement. But shortly afterward, Hammill altered his response. He said Pelosi "prefers" a bill unencumbered by tax cuts but that "House Democrats have long supported tax changes that would benefit small business" and would look at such proposals.

Still, there is strong opposition to the idea among Democrats.

"Given that nearly a decade has passed since the last minimum wage increase, no one can seriously believe that the proposed increase will harm the small business sector," said Rep. George Miller, D-Calif., the incoming chairman of the House Education and Workforce Committee.

But Iraq dominated the 50-minute news conference, just as it has the bulk of his presidency.

Bush said that if he did not think the U.S. could accomplish its objectives in Iraq, then U.S. troops would not be there. "I want the enemy to understand that this is a tough task, but they can't run us out of the Middle East, that they can't intimidate America," he said. "They think they can. They think it's just a matter of time before America grows weary and leaves, abandons the people of Iraq, for example. And that's not going to happen."

The president also said he is "inclined to believe" that the Army and Marines must increase the size of their permanent forces.

"This war on terror is the calling of a new generation; it is the calling of our generation. ... We have an obligation to ensure our military is capable of sustaining this war over the long haul," he said. He said he had asked Gates "to determine how such an increase could take place and report back to me as quickly as possible."

White House officials had revealed on Tuesday that Bush was considering a boost in permanent force levels, and the president himself talked about the idea that day in an interview with The Washington Post.

Bush Seeks To Expand Military (BSUN/CTRIB)

By Mark Silva, Chicago Tribune

The Baltimore Sun, December 21, 2006

WASHINGTON -- As he attempts to chart a "new way forward" in Iraq, President Bush again is striving to frame the conflict there as central to a broader struggle against world terrorism -- despite analysis from inside and outside the administration that worsening sectarian violence inside Iraq is responsible for a greater share of the increasing casualties than any acts of terrorism.

Announcing today that he will order an overall expansion of the Army and Marines to better confront the "challenges" of the war on terror, and acknowledging that he is considering deploying more troops inside Iraq, the president stopped short of saying whether he will boost the U.S. deployment in Iraq as part of a new war strategy that he promises to unveil early in 2007.

"We enter this New Year clear-eyed about the challenges in Iraq," said Bush, warning Americans that the conflict there will require "additional sacrifices."

The president, who has maintained before that the U.S. is "absolutely" winning in Iraq, now offers a more sobering assessment of the war -- saying that American forces are neither winning nor losing, but still asserting that victory will be achieved. That victory, as he has defined it before, remains the promise of an Iraqi government that can govern the nation, sustain it and defend it against unrelenting violence.

"We're not succeeding as fast as I wanted," the president conceded at a news conference today, asked if he is willing to press ahead with a war that has lost support among a majority of Americans. "I am willing to follow a path that leads to victory. ... Victory in Iraq is achievable. It hasn't happened nearly as quickly as I hoped it would."

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Bush, conceding that the U.S. is neither winning nor losing at this stage of a war that has claimed nearly 3,000 American lives almost four years after the U.S.-led invasion that overthrew Saddam Hussein, maintained that victory is still possible.

"I believe that we're going to win," Bush asserted in the ornate old Indian Treaty Room of the Eisenhower Executive Office Building next door to the White House during his final news conference of the year. "If I didn't think that we would, I wouldn't have our troops over there."

The president, who has spent weeks consulting with military, diplomatic and political advisers as well as government leaders in Iraq, has promised to unveil a new strategy for victory in January. Saying that his new secretary of defense, Robert Gates, will "bring a fresh perspective to the Pentagon," Bush framed his ongoing "Iraq strategy review" as part of a broader mission of fighting the war on terror. Gates is visiting Iraq this week after being sworn in Monday.

"We have an obligation" to ensure that the U.S. military is capable of confronting that threat of terrorism, Bush said, announcing that the Army and Marines require an overall buildup in force and he is asking Gates to advise him how best to carry that out.

Yet the Department of Defense's own newest quarterly assessment of the situation in Iraq delivered to Congress, while citing the surging casualties of both Iraqis and coalition forces this year, has attributed the most recent uptick in violence not to terrorism but to sectarian violence inside Iraq.

"The most significant development in the Iraqi security environment was the growing role of Shi'a militants," the Pentagon analysis reported of the situation during the past three months. "It is likely that Shi'a militants were responsible for more civilian casualties than those associated with terrorist organizations. Shi'a militants were the most significant threat to the coalition presence in Baghdad and southern Iraq."

This internal assessment of violence in Iraq, which "poses a grave threat to political progress," echoes an assessment that the independent Iraq Study Group, a bipartisan panel appointed by Congress, issued in a recent report. The panel called the situation in Iraq "grave and deteriorating" and blamed violence there more on sectarian violence than on any terrorist acts.

Yet Bush, who has maintained that the war in Iraq is the central front in the broader conflict with terrorists, said today that, "The advance of liberty has never been easy, and Iraq is proving how hard it can be. ... I am predicting that it will take a while for the ideology of freedom to (win) over the ideology of hate. ... We will succeed in Iraq."

The president plans to spell out a detailed strategy for success in Iraq in 2007, but meanwhile used this news conference to deliver a direct message before holidays in a nation deeply divided over war.

"I'm appealing to the American people," he said. "I want them to know that I know how tough it is."

At the same time, he defiantly vowed that the U.S. will not back down in Iraq, saying of the enemy: "They think it's just a matter of time before America grows weary and leaves. ... That's not going to happen."

With some of the president's advisers privately proposing a "surge" of 20,000 or more additional troops in Iraq to confront the violence there, particularly in Baghdad, Bush insisted today that he has not decided if the force buildup should include an additional deployment of troops inside Iraq. He also insisted that there is no divide between him and military leaders who may be advising against a surge in forces.

"That's a dangerous hypothetical question," Bush said. "Let me wait and gather all the recommendations.

"I haven't made up my mind yet about more troops," he said. "Hypothetical questions -- I'm not going to answer those today. ... I will tell you, we are looking at all options, and one of those options is ... more troops." But, he added, "there's got to be a specific mission that can be accomplished with more troops before I agree."

The president appeared today in a regal room where President Eisenhower staged his first televised news conference, a hall with marbled walls and tiled floors ringed with wrought-iron railings on the balcony of the second floor. This president has never staged a press conference here.

But with the White House's main floor decorated for Christmas, this stately room provided a setting for what will likely be the last news conference of the year. Bush plans to spend the Christmas holiday weekend at Camp David and then head to his Texas ranch for a week.

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Bush, asked if he has undergone any "painful realization" about the war during the past, admittedly difficult year, said: "The most painful aspect of my presidency has been knowing that young men and woman have died in combat. ... When you ask about pain, that's pain."

Bush Seeks To Bolster Support For Sustained Iraq Engagement (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, December 21, 2006

WASHINGTON -- President Bush said the U.S. will have to make "additional sacrifices" in Iraq, stepping up an administration push to rally support for what it says will be an open-ended and costly U.S. presence there.

Speaking to reporters at the White House, Mr. Bush backed away from earlier assertions the U.S. was winning in Iraq and emphasized that violence is likely to continue well into the future. Success in Iraq and the broader war on terror is going to require a "sustained commitment" from the American public and his successor, Mr. Bush said.

The president said he asked Defense Secretary Robert Gates, now in Baghdad reviewing American military strategy, to devise plans for permanently increasing the size of the Army and Marine Corps. Mr. Bush said the expansion was needed to ensure the armed forces, strained by deployments to Iraq and Afghanistan, have sufficient manpower for the long war against Islamic extremists around the world.

"Securing this peace for the future is going to require a sustained commitment from the American people and our military," Mr. Bush said. "The next president, whoever the person is, will have the same charge, the same obligations to deal with terrorists so they don't hurt us, and to help young democracies survive the threats of radicalism and extremism."

Mr. Bush's comments highlighted the administration's search for a long-term strategy that is sustainable politically at a time when a majority of Americans have concluded the U.S. is losing in Iraq.

The president's belief that U.S. forces need to remain in Iraq indefinitely will face opposition from Congress's coming Democratic leaders, who want to see U.S. troops begin leaving Iraq early next year. Democrats won control of Congress in the midterm elections largely because of voter anger over how the administration handled Iraq. Many lawmakers from both parties assumed the White House would begin looking for a way out of Iraq to prevent further political damage. Instead, the White House has signaled it largely will maintain the current policy and may even bet heavily that Iraq can still be won by temporarily sending up to 20,000 more troops.

Mr. Bush acknowledged in March that the war in Iraq was likely to extend beyond his final two years in office, saying "future presidents" would be charged with determining when U.S. forces finally withdrew.

But in recent days Mr. Bush and other senior officials have stepped up efforts to persuade Americans to support what the administration envisions as an open-ended U.S. presence in Iraq -- and one that is likely to grow. Secretary of State Condoleezza Rice said Tuesday that the U.S. was at "the beginning of a long struggle, not the end of it" and emphasized it would take decades to make a final determination whether the U.S. mission in Iraq had succeeded.

The administration's rhetorical shift comes as Mr. Bush prepares to address the country early next year, laying out a way forward in Iraq. Administration officials say Mr. Bush is leaning toward ordering the temporary deployment of tens of thousands of troops in a bid to stabilize Iraq, though Mr. Bush said yesterday he hadn't made a decision.

It is far from certain that the administration will be able to persuade the public to be patient, since the war has lasted longer -- and been costlier in terms of lives and material resources -- than senior officials initially led the nation to expect. Americans have grown more pessimistic on the subject, pulling Mr. Bush's approval rating down to 34%, his lowest ever in The Wall Street Journal/NBC News poll.

The White House's belief that American forces need to remain in Iraq indefinitely will also spark tension with the coming Democratic leadership of the House and Senate. Sen. Harry Reid of Nevada, the incoming majority leader, criticized the president for failing to "understand the need for urgent change in Iraq."

Administration officials acknowledge there is no guarantee the U.S. will be able to end Iraq's civil war, regardless of how many troops are deployed.

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Senior military commanders in the Pentagon have quietly warned that a surge of U.S. forces must be part of a long-term strategy to reinforce political progress in Iraq.

Gen. Peter Schoomaker, the Army's chief of staff, has told associates U.S. troop levels in Iraq should only be increased if Iraqi political leaders reach agreements about sharing Iraq's oil revenue and isolating Shiite extremists.

Bush Concedes U.S. Not Ready For Iraq (WT)

By Joseph Curl

The Washington Times, December 21, 2006

President Bush yesterday conceded that U.S. forces were inadequately prepared to handle sectarian violence that broke out in Iraq after the fall of Baghdad, but said any increase in American troops to establish security there must be tied to a specific mission "that can be accomplished."

The president also acknowledged that 2006 "was a difficult year for our troops and the Iraqi people" and that "the enemies of liberty ... carried out a deliberate strategy to foment sectarian violence."

During an hourlong press conference in which Mr. Bush was both reflective and, at times, gloomy, the president called the war in Iraq "the beginning of a conflict between competing ideologies" and urged Congress to put aside partisanship for the long-term protection of the American people.

"I believe the next president, whoever the person is, will have the same charge, the same obligations to deal with terrorists so they don't hurt us and to help young democracies survive the threats of radicalism and extremism," the president said in the Indian Treaty Room of the Eisenhower Executive Office Building.

Mr. Bush's year-end press conference came as Defense Secretary Robert M. Gates made his first visit to Iraq since being sworn in Monday. The president has asked his new Pentagon chief to report to him as quickly as possible on long-term plans to enlarge the size of the Army and Marine Corps, an idea Mr. Bush said he supports.

Meanwhile yesterday, the Pentagon planned to ask the White House for $99.7 billion to fund the wars in Iraq and Afghanistan, which would push the total cost to taxpayers to more than $500 billion, according to the nonpartisan Congressional Research Service.

Although Mr. Bush said he supports increasing the Army and Marines, he said he has not decided whether to add U.S. troops in Iraq in hopes of controlling sectarian violence that has made this year one of the most deadly of the nearly four-year war.

"We're looking at all options, and one of those options, of course, is increasing more troops. But in order to do so, there must be a specific mission that can be accomplished with more troops," he said.

Democrats wasted little time in condemning the president's comments.

"The president gave no indication in his press conference today that he is willing to make the changes needed to reverse the disastrous situation in Iraq," House Speaker-elect Nancy Pelosi said. "Unless there is a fundamental change in policy and in the mission of our troops in support of that policy, events in Iraq are unlikely to improve."

Said incoming Senate Majority Leader Harry Reid: "Unfortunately, it is troubling to see that he still does not understand the need for urgent change in Iraq. ... Democrats and the bipartisan Iraq Study Group have both laid down a road map for the president to begin the withdrawal of American troops from the civil war in Iraq. It is now up to the president to follow that course."

Mr. Bush said he is still mulling his options as he prepares to announce early next month a change in strategy for the war in Iraq and is compiling recommendations from a slew of sources, including the bipartisan panel led by former Secretary of State James A. Baker III and former Democratic Rep. Lee H. Hamilton of Indiana, which called for withdrawal of combat troops by early 2008.

Mr. Bush again expressed optimism that the United States can "win" in Iraq.

"Victory in Iraq is achievable. It hasn't happened nearly as quickly as I hoped it would have. ... But I also don't believe most Americans want us just to get out now. A lot of Americans understand the consequences of retreat," he said.

But the president was somber when asked about his legacy, breaking from his normal assertion that history will judge him well.

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"It's going to take awhile for people to ... determine whether or not the decisions made during the eight years I was president have affected history in a positive way," he said.

Mr. Bush also looked ahead to the long-term needs of the military, saying that although he still supports a light, agile Army, "that doesn't necessarily preclude increasing end strength for the Army and the Marines."

"The reason why I'm inclined to believe this is a good idea is because I understand that we're going to be in a long struggle against radicals and extremists, and we must make sure that our military has the capability to stay in the fight for a long period of time," he said.

That move is a break with former Defense Secretary Donald H. Rumsfeld's push to build a lighter, more agile military. Mr. Rumsfeld took office under orders from Mr. Bush to transform the military for 21st-century threats, and the former secretary first moved to cut two divisions, from 10 to eight, a plan shelved after the September 11 attacks.

As the war on terrorism ground on, critics emerged again to say the Army had grown too small to fight two wars and keep other global commitments. Mr. Rumsfeld responded by authorizing 30,000 more soldiers, but refused to recommend it be put into law as "end strength."

He also moved to make the Army more agile by breaking down the division organization into combat brigade teams, which trained and deployed with their own support groups instead of joining up with them before deployment.

Contention Increases On Troop Numbers (WP)

By Peter Baker

The Washington Post, December 21, 2006

The debate over sending more U.S. troops to Iraq intensified yesterday as President Bush signaled that he will listen but not necessarily defer to balky military officers, while Gen. John P. Abizaid, his top Middle East commander and a leading skeptic of a so-called surge, announced his retirement.

At an end-of-the-year news conference, Bush said he agrees with generals "that there's got to be a specific mission that can be accomplished" before he decides to dispatch an additional 15,000 to 30,000 troops to the war zone. But he declined to repeat his usual formulation that he will heed his commanders on the ground when it comes to troop levels.

Bush sought to use the 52-minute session, held in the ornate Indian Treaty Room in a building adjacent to the White House, to sum up what he called "a difficult year for our troops and the Iraqi people" and reassure the American public that "we enter this new year clear-eyed about the challenges in Iraq." Asked about his comment to The Washington Post this week that the United States is neither winning nor losing the war, Bush pivoted forward. "Victory in Iraq is achievable," he said.

The tension between the White House and the Joint Chiefs of Staff over the proposed troop increase has come to dominate the administration's post-election search for a new strategy in Iraq. The uniformed leadership has opposed sending additional forces without a clear mission, seeing the idea as ill-formed and driven by a desire in the White House to do something different even without a defined purpose.

Abizaid's announcement amid that debate could shift the dynamics. His retirement in March had been expected, given that he has led the U.S. Central Command longer than any predecessor and had already extended his assignment at the request of then-Defense Secretary Donald H. Rumsfeld. But Abizaid has been a forceful voice of doubt about the utility of a surge, and his imminent departure could make it easier for the White House to shift direction.

During a news conference in Baghdad alongside newly installed Defense Secretary Robert M. Gates, Abizaid declined to discuss troop levels except to say "all options are on the table," and he characterized his retirement as appropriate. "No decision that anybody makes in a position like this is ever totally their decision," he said, "but I think the time is right, and it has nothing to do with dissatisfaction."

The internal struggle over troop levels in Iraq has exposed a schism between civilian and military leadership 45 months into a war that, at the moment, has no end in sight. Testifying before a Senate committee Nov. 15, Abizaid bluntly rejected the surge option, saying: "I do not believe that more American troops right now is the solution to the problem. I believe that the troop levels need to stay where they are." Other generals have been equally resistant in public and private comments.

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Bush has traditionally paid public deference to the generals, saying any decisions on moving U.S. forces in the region would depend on their views. At a Chicago news conference in July, for instance, Bush said he would yield to Gen. George W. Casey Jr., the Iraq commander.

"General Casey will make the decisions as to how many troops we have there," Bush said, adding: "He'll decide how best to achieve victory and the troop levels necessary to do so. I've spent a lot of time talking to him about troop levels. And I've told him this: I said, 'You decide, General.' "

By yesterday, however, Bush indicated that he will not necessarily let military leaders decide, ducking a question about whether he would overrule them. "The opinion of my commanders is very important," he said. "They are bright, capable, smart people whose opinion matters to me a lot." He added: "I agree with them that there's got to be a specific mission that can be accomplished with the addition of more troops before I agree on that strategy."

A senior aide said later that Bush would not let the military decide the matter. "He's never left the decision to commanders," said the aide, who spoke on the condition of anonymity so Bush's comments would be the only ones on the record. "He is the commander in chief. But he has said he will listen to those commanders when making these decisions. That hasn't changed."

As he consults with the Joint Chiefs on troop levels in Iraq, Bush has tried to address their broader concern about the overstretched armed forces. He told The Post on Tuesday that he plans to expand the size of the Army and Marines and repeated that intention yesterday while denying that his decision amounted to a repudiation of Rumsfeld's efforts to build a lighter, more agile military.

On his first tour of Iraq yesterday, Gates said "we're just beginning that process" of figuring out how much to expand ground forces overall. But he cautioned that the long-term project was not related to the immediate question of what to do in Iraq. "An increase in the size of the Army today really won't show up for some period of time," Gates said.

Sen. Bill Nelson (D-Fla.), wrapping up his own visit to Iraq, said a surge might be helpful in Anbar, the western province that has been a haven for al-Qaeda. "But in Baghdad," he told reporters from Kuwait, "it's not going to help unless the Iraqis decide that they're going to get their act together and stop sectarian violence."

Incoming Senate Majority Leader Harry M. Reid (D-Nev.) said Bush's latest remarks indicate that he has not come to grips with the need for urgent change in Iraq. "The president seems lost within his own rhetoric," Reid said in a statement. "He is grasping for a victory his current policies have put out of reach and leaving our troops stuck policing a civil war."

Bush argued that failure in Iraq would be an even worse result and expressed confidence that many Americans "understand the consequences of retreat." As he prepared to begin his holiday break at Camp David and his ranch in Crawford, Tex., he ruminated in response to questions on the difficulty of wartime leadership but said he harbors no doubts about his decision to invade Iraq in 2003. "The most painful aspect of the presidency," he said, "is the fact that I know my decisions have caused young men and women to lose their lives."

An antiwar group reacted angrily to the comments.

"I know that my son's life was wasted, thrown away like it was nothing," Michelle Deford, whose son, Army Sgt. David Johnson, was killed in Iraq in 2004, said in a statement released by Gold Star Families Speak Out. "What we need to do is bring the rest of our sons and daughters home now."

Bush: 'Additional Sacrifices' In Iraq Required In 2007 (USAT)

By Bill Nichols

USA Today, December 21, 2006

WASHINGTON — In a sober, end-of-the-year news conference Wednesday, President Bush said the "brutal" amount of violence in Baghdad must be prevented from spreading if the United States' mission in Iraq is to succeed.

"I'm not going to make predictions about what 2007 will look like in Iraq, except that it's going to require difficult choices and additional sacrifices because the enemy is merciless and violent," Bush said.

Bush acknowledged that U.S. forces in Iraq are "not succeeding nearly as fast as I wanted," but he said he has not made up his mind on a new strategy for the war.

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He said 2006 "was a difficult year for our troops and the Iraqi people." He said insurgent attacks "kept Iraq's unity government and our coalition from establishing security and stability."

Bush confirmed that one option he is considering is sending tens of thousands of additional troops to Iraq to try to establish control in key areas, particularly Baghdad.

The president said that before he would pursue such a strategy, he and his military planners would have to agree on a "specific mission that can be accomplished with more troops."

"We've got to help the (Iraqi) government prevent (violence) from spreading in order to be successful," he said. Bush is likely to outline his new Iraq strategy in the first weeks of 2007.

Incoming Senate Majority Leader Harry Reid, D-Nev., issued a statement saying Bush "still does not understand the need for urgent change in Iraq. … He is grasping for a victory his current policies have put out of reach and leaving our troops stuck policing a civil war."

As Bush spoke, his new Defense secretary, Robert Gates, was in Iraq discussing with commanders the possibility of increasing U.S. troop numbers.

IRAQ: Gates discusses possible troop proposal

The Pentagon, meanwhile, wants the White House to seek an additional $99.7 billion to fund the wars in Iraq and Afghanistan, according to information provided to the Associated Press. The information was provided by a person familiar with the proposal who asked for anonymity because that person was not authorized to release the information.

The request, if accepted by Bush and approved by Congress, would boost this year's spending for the two wars to about $170 billion. The non-partisan Congressional Research Service has estimated the costs of Iraq, Afghanistan and overall anti-terrorism efforts have topped $500 billion.

Bush, ending a year in which Democrats won control of Congress in the November elections, took more than a dozen questions in the nearly hour-long session. "I'm going to sprint to the finish," he said of the remaining two years of his second term.

Other highlights:

•Bush said U.S. forces are "going to win" in Iraq, despite comments on Tuesday to The Washington Post in which he said for the first time that the United States is not winning or losing the war. The president said that when he emphatically said earlier this year that the United States was "absolutely winning," he meant to convey his confidence in an ultimate victory.

•Bush said he hopes for bipartisan agreements with Congress on Social Security and immigration reform, as well as renewed efforts to reduce U.S. dependence on foreign oil.

The president said he would support one top Democratic priority — a $2.10-an-hour increase in the minimum wage — but only if it was accompanied by tax and regulatory relief for small businesses.

•Asked about the pregnancy of Mary Cheney, the gay daughter of Vice President Cheney, Bush said: "I know Mary, and I like her, and I know she is going to be a fine, loving mother."

U.S. Commanders Wary Of Gates Proposal (AP)

By Lolita C. Baldor

AP, December 21, 2006

Defense Secretary Robert Gates found American commanders wary of a proposal to rush more U.S. troops to Iraq as he visited the war-ravaged country Wednesday.

President Bush is considering that idea and others in his search for a fresh path in a 3 1/2-plus year war that has no end in sight and has lost the support of the American public.

On just his third day in charge of the Pentagon, Gates made the unannounced trip with the administration under intense pressure to forge a new strategy — and just hours after the president conceded, for the first time, that the U.S. is not winning the conflict.

After meeting with top U.S. generals at Camp Victory, Gates acknowledged concerns that rushing thousands more American troops to the battlefront could allow the Iraqis to slow their effort take control of the country. He said no decisions have been made.

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"It's clearly a consideration," Gates said of how an infusion of American troops might affect Iraqi leaders. "I think that the commanders out here have expressed a concern about that."

Gen. George Casey, the top U.S. commander in Iraq and one of several generals who met with Gates, said he supports boosting troop levels only when there is a specific purpose for their deployment. Other military leaders have expressed uncertainty over the purpose and results of injecting more troops.

"I'm not necessarily opposed to the idea, but what I want to see happen is when, if we do bring more American troops here, they help us progress to our strategic objectives," Casey told reporters during a news conference with Gates and other military leaders.

Gen. John Abizaid, top U.S. commander in the Middle East, sounded a more favorable tone. The military, he said, is "looking at every possible thing that might influence the situation to make Baghdad in particular more secure."

Bush said Wednesday he is considering sending more troops to Iraq but has not made up his mind. No timetables or troop totals have been mentioned publicly, but by some accounts roughly 20,000 troops would be added to the 140,000 already there.

The president is expected to announce his decisions next month — when a new Congress convenes, controlled by Democrats ready to make the war their top concern.

Echoing some of his commanders' questions about a troop surge, Bush said, "In order to do so, there must be a specific mission that can be accomplished with more troops."

Bush is considering choices ranging from a short-term increase of thousands of troops to bring the escalating violence in Baghdad and Anbar province under control, to removing combat U.S. forces and accelerating the training and equipping of Iraqi security forces. More than one-third of the U.S. troops in Iraq are combat forces.

Gates, on his third day on the job, said he would not form a judgment until he has spoken to Iraqi leaders, which he is scheduled to do during his visit.

Also on the trip was Gen. Peter Pace, chairman of the Joint Chiefs of Staff, plus officials from the State Department, the National Security Council and the White House.

The timing of Gates' trip, and his entourage, underscored how important the administration believes it is to set a new direction in the Iraq war.

Gates was noncommittal when asked whether the sectarian violence in Baghdad can be quashed without taking action against the Mahdi Army of anti-American Shiite cleric Muqtada al-Sadr. Al-Sadr is a main supporter of Iraqi Prime Minister Nouri al-Maliki.

Gates said he is looking for ways to help the Iraqi government bring down the violence and "that will be a principle theme of discussions."

Bush and Gates also said they are considering increasing the overall size of the U.S. military following recent complaints by top generals that the forces have been stretched too thin by the worldwide campaign against terrorists. They used no figures, but Bush said he was asking Gates to produce a plan for the expansion.

Gates said he was just starting to study that idea. He expressed concern that the Army and Marine Corps are not large enough to face challenges of the 21st century that might include threats in Iran and North Korea, as well as natural disasters.

The debate over increasing troops has continued for months, as the military has been struggling to quell the escalating violence — particularly sectarian bloodshed — in Iraq. The war has claimed more than 2,950 U.S. casualties and cost roughly $350 billion.

Some top U.S. commanders have been wary of even a short-term troop increase, saying it might bring only a temporary respite to the violence while confronting the U.S. with shortages of fresh troops in the future.

Military leaders are also considering an increase in the number of American advisers for Iraqi security forces.

Gates Talks Over Options With U.S. Commanders In Iraq (WP)

By Thomas E. Ricks

The Washington Post, December 21, 2006

DOJ_NMG_0108004

BAGHDAD, Dec. 20 -- Defense Secretary Robert M. Gates spent his third day as Pentagon chief in an intense series of discussions with top U.S. military commanders about next steps in Iraq, but said he wouldn't move toward any conclusions until he had talked with senior Iraqi officials.

"We discussed the obvious things," Gates said after meeting with Gen. John P. Abizaid, Gen. George W. Casey Jr. and other top Army generals here. "We discussed the possibility of a surge and the potential for what it might accomplish." In recent days the Joint Chiefs of Staff and the White House have debated whether to conduct such a "surge," or short-term escalation of U.S. troops in Iraq, in an effort to bring more security to the country's turbulent capital, Baghdad.

Appearing relaxed but looking funereal in a black suit, white shirt and dark tie, Gates said he had received "candid, honest, firsthand assessments" from senior officers he met with here Wednesday.

"This trip is part of the overall assessment that the president asked me to do," he said. Underscoring that focus, Gates was accompanied on his aircraft by Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, as well as officials from the State Department, the staff of Vice President Cheney and the National Security Council. Defense secretaries rarely travel with the chairman of the Joint Chiefs or with such a broad delegation of officials from other agencies.

Abizaid and Casey, who have differed on a troop increase, appeared to engage in a bit of military rope-a-dope in which each seemed to embrace the other's stance. Abizaid, long known inside the military for his opposition to boosting the U.S. troop presence here, said flatly: "Absolutely every option is on the table." Casey, his immediate subordinate and old friend, who is said to favor an increase, said, "I'm not necessarily opposed to the idea" -- if, he added, sending additional troops would help achieve strategic objectives.

There are about 140,000 U.S. troops in Iraq. Advocates of a short, sharp increase say an additional 20,000 to 30,000 might help quell the violence that is ripping apart Baghdad, while some top U.S. military officers caution that a smaller surge last summer turned out to be ineffective.

Gates rejected the notion that he is the "swing vote" in the discussion, although he stands between a Joint Chiefs of Staff extremely skeptical of a troop surge and many officials at the White House who appear to favor it. "Let me be very clear, I am not the swing vote," he said. "There is only one vote that matters, and that is the president of the United States."

A former CIA chief, Gates was last in Iraq in early September as a member of the Iraq Study Group, the bipartisan commission on Iraq policy led by former secretary of state James A. Baker III and former representative Lee Hamilton (D-Ind.)

"I didn't dream at that time that I would have some responsibility for what goes forward," he said Wednesday.

Gates left that group after being nominated in early November to succeed Donald H. Rumsfeld as defense secretary. About a month after he left, the group issued a scathing report that depicted the situation in Iraq in far bleaker terms than the Bush administration had been using.

The group concluded that the security situation was grave and deteriorating, that U.S. officials sometimes didn't understand the facts of the matter, and that U.S. policy was failing. That bleak diagnosis appears to have altered the debate over Iraq, with few people now claiming that "steady progress" is being made, as Bush administration officials did for several years.

The Iraq Study Group also issued 79 recommendations calling for the United States to step up diplomacy in the Middle East and to transform the U.S. military effort in Iraq from one focused on combat to one focused on training and advising Iraqi forces. This change, it argued, should enable the U.S. military to withdraw most of its combat brigades from Iraq by early 2008.

Since the report was issued, its recommendations have received only a lukewarm response, both from the White House and from members of Congress. However, Gates's presence at the Pentagon, and his ability there to implement some of the recommendations almost immediately, may give the report a boost when Congress meets in a few weeks to resume its review of the Iraq war.

Coleman Says He's Against Sending More Troops To Iraq (AP)

By Frederic J. Frommer

AP, December 21, 2006

WASHINGTON - Sen. Norm Coleman, following a two-day trip to Iraq, said Wednesday he opposes a plan President Bush is considering for a short-term surge of U.S. troops there.

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At the same time, Coleman said, he supports Bush's call this week for the U.S. to increase its overall number of troops to help a taxed military fight the global war on terror.

"I would not support a massive increase in troops in Baghdad," Coleman, R-Minn., said from Bahrain, on his way back to the United States. "I think it would create more targets, I think we'd put more life at risk."

He added that he hadn't heard anything in talks with U.S. military officials that led him to believe extra troops would solve problems there.

But he agreed that the United States needs more troops overall.

"I think our military is stretched too thin," Coleman said. "We need more soldiers so we're not taking these citizen-soldiers that we have and calling them back every year for another extended tour of duty. We need a larger army because we live in a very dangerous world."

Coleman, who traveled to Iraq with Sen. Bill Nelson, D-Fla., said that they told Iraqi officials that they needed to stem the sectarian violence.

Coleman said that the U.S. should set a deadline for the Iraqi government, requiring Iraq to meet certain benchmarks, and that the U.S. should reposition its troops if those benchmarks are not reached.

"I anticipate we will be in Iraq for a long time, we're going to be in the Middle East for a long time," Coleman said. "But we can't be on the front line, we don't need to be patrolling the streets of Fallujah." He said that U.S. forces could move to a secondary position - and move toward that more quickly if the Iraqis don't make progress on reconciliation.

Coleman said he did not cross paths with Defense Secretary Robert Gates, who is in Iraq now. It was Coleman's second trip to Iraq.

Meanwhile, Sen.-elect Amy Klobuchar, D-Minn., appearing on Minnesota Public Radio's "Midday" program Wednesday, said she also opposes increasing troops in Iraq.

"The solution to this is not more boots on the ground," she said. "The answer to me is a different way of looking at this, which is to transition to Iraqi authority" - and to have Congress do a better oversight job of contracts.

On increasing the permanent size of the military, Klobuchar said, "I do think we're going to need to expand so we don't tax these people to the point they can't do their jobs. That's what's been happening and it's not been fair to them."

Bush's Move To Supersize US Military (CSM)

By Peter Grier

The Christian Science Monitor, December 21, 2006

WASHINGTON

Expanding the size of US armed forces could be an expensive and lengthy task - in essence, a redoubling of the national effort to grapple with the challenge posed by Islamic extremism.

The move would be irrelevant in the Iraq war, say some critics, because by the time more troops are recruited, trained, and deployed, the conflict there will probably be set in its course.

But in calling for such an increase, President Bush said the US military must be positioned to deal with terrorists for a generation to come.

"It's the calling of our time," he said at a press conference Wednesday.

Mr. Bush has not specified the degree to which he believes the Army and Marine Corps should increase. New Secretary of Defense Robert Gates, currently in Iraq, first must propose a plan that includes numbers and estimated cost, Bush said at his news conference and in an earlier interview with The Washington Post.

If approved by Bush, the plan will then be tucked into the budget the administration will submit to Congress early next year.

Currently, the Army has an authorized strength of some 514,000 troops, with about 30,000 of that total a temporary rise approved by Congress in the wake of the 9/11 attacks. The Marine Corps has 180,000 personnel.

Bush was careful to note that he was not telegraphing an increase in troops in Iraq by asking for an overall larger US ground force. The administration's new strategy to fight rising violence there won't be unveiled until early next year.

Instead, Bush billed a larger US military as essential for the security of today's children and their children.

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"Securing this peaceful future is going to require a sustained commitment from the American people and our military," said Bush. "We have an obligation to ensure our military is capable of sustaining this war over the long haul and performing the many tasks that we ask of them."

Ground forces may not be as glamorous as high-tech weaponry, but they are expensive nonetheless. Each increment of 10,000 soldiers added to the Army costs just a tick over $1 billion, according to a service estimate.

Thus, adding 30,000 troops a year for two years, as proposed by a recent American Enterprise Institute study co-written by military expert Robert Kagan, would add more than $6 billion to the military budget at a time when the cost of the Iraq conflict is exceeding $6 billion per month.

In addition, more troops mean more long-term spending on equipment, training, and future benefits, says Gordon Adams, senior White House official for national security budgeting under President Bill Clinton.

"At more than $500 billion a year, we are already overspending on defense," says Mr. Adams, now a fellow at the Woodrow Wilson International Center for Scholars.

Any new forces would probably not be ready in time for use in the Iraq conflict, says Adams. It would take at least two years to get them ready. By then, events in Baghdad would have already determined whether the country has split apart or whether an Iraqi government has managed to establish security. The US is likely to be withdrawing from Iraq in two years, according to Adams.

An overall troop increase "is not about Iraq," he says. "It's about militarizing our national-security policy for the long war."

The White House, however, has some reason to believe that a call for a larger military may not be overly controversial. In the past, Democrats in Congress have called for such a move. In part, this reflects their criticism that the war in Iraq has been prosecuted with too few US troops, and that the pace of rotations in and out of Iraq is such that the Army is now close to breaking.

For instance, Rep. Ike Skelton (D) of Missouri, who will chair the House Armed Services Committee in the next Congress, has long supported a larger military as a means of breaking the deployment cycle of one year in Iraq, one year at home, and then another deployment.

Democrats remain wary, however, that Bush's call for a larger military is a means to make more politically palatable a separate decision to increase troop strength in Iraq. That is a move many of them oppose.

"More troops would get us in deeper and is a military response to a political problem," said Sen. Carl Levin (D) of Michigan, incoming Senate Armed Services chairman, in a statement.

Enlarging Military Poses Challenge (AP)

By Anne Plummer Flaherty

AP, December 21, 2006

President Bush's plan to enlarge the Army and Marine Corps responds to pleas from the Pentagon and Capitol Hill, but finding more recruits will be expensive and challenging and have little immediate impact on the wars in Iraq and Afghanistan.

In a news conference Wednesday, the president said he has asked Defense Secretary Robert Gates to look into adding more troops to the nearly 1.4 million uniformed personnel on active duty — a force which has been strained by the two wars.

Bush also said he remains undecided on whether to send more troops to Iraq and expects to announce that decision early next year.

Bush's desire to expand the services — an abrupt turnaround — was cheered Wednesday by lawmakers and military analysts. They agreed, though, that boosting troop levels is costly and time-consuming and will do little to help in Iraq anytime soon.

"To get to the kind of levels both services want will be five to 10 years," said Anthony Cordesman, a national security expert with the Center for Strategic and International Studies in Washington. "And by then the Iraq war on one level or the other will be over."

According to service officials, the Army wants to expand its force of 507,000 soldiers by 20,000 to 30,000, while the Marine Corps would like to add 5,000 to its nearly 180,000 troops.

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The unpopular war in Iraq — where more than 2,950 American troops have already died — complicates the task of finding more recruits and retaining current troops.

To find new troops, the military will have to hire more recruiters and offer incentives like increased bonuses and higher salaries. In recent years, it has accepted more recruits with minor criminal records and with lower scores on aptitude tests.

Once the recruits are found, the military must train and equip them, which takes months. Other expenses will come from additional health care and support programs for families.

"It takes a long time to train trigger-pullers. And that's what we need — more trigger-pullers," said retired Lt. Gen. Jay Garner, former assistant vice chief of staff for the Army.

According to the nonpartisan Congressional Budget Office, increasing the Army by 40,000 troops would cost $2.6 billion the first year and more than $4 billion annually to maintain.

The estimate is similar to one provided by Army Chief of Staff Gen. Peter Schoomaker, who says the service budget jumps $1.2 billion for every additional 10,000 soldiers. Schoomaker says the Army can add up to 7,000 troops per year.

There are about 6,700 recruiters trying to sign up 80,000 new active duty soldiers for the 2007 budget year, which began last October. Roughly 1,800 recruiters are working to sign up 35,000 for the Army Reserves for the same period, officials said.

To accomplish additional growth, the service will need to sweeten incentives. The Army failed to meet its recruiting goal in the 2005 budget year for the first time since 1999, but met its goal in 2006 after adding recruiters and incentives for new enlistees.

The Pentagon also will have to budget for the additional troops at a time of rising health care costs and an overall budget crunch caused in part by Iraq and Afghanistan, which cost $120 billion last year and are likely to get more expensive.

"If the president doesn't put forward a plan to pay for this in his annual budget request then this announcement is meaningless," said Sen. Jack Reed, D-R.I., a member of the Armed Services Committee and longtime advocate of a bigger force.

So far, Congress has provided about $450 billion for the Pentagon for 2007. That includes $70 billion for the wars, but it excludes another $100 billion the military wants to request for additional war costs.

Last week, Schoomaker said the Army will break without more soldiers, but he had previously opposed congressional mandates to add more troops. He had argued the cost would overburden the Army's budget. But retired Pentagon officials say it doesn't have be an either-or situation if there is the political will to do it.

"You can certainly do it, but it takes time and it takes resources," said Les Brownlee, former acting Army secretary.

One reason adding several thousand troops would make a difference in the massive military is the types of jobs they do.

Only a fraction of the Army and Marines available are the kind needed in Iraq — combat infantry troops that can conduct security patrols and staff checkpoints. Of the 140,000 now in Iraq, just over one-third are combat forces.

As a result, many people serve repeated tours there and heavily used units must scramble to replace or fix battle-damaged equipment.

Gates' predecessor, Donald H. Rumsfeld, staunchly opposed increasing the size of the force because of the cost. Instead, Rumsfeld advocated reorganizing the Army into small, more flexible units that would rely less on manpower and more on technology.

Bush sided with Rumsfeld until his departure last week.

"It's so frustrating to me we have to be four years into a war with the Marine Corps and Army on the verge of breaking that we decide we need more Army and Marines," said retired Maj. Gen. Robert Scales, former commandant of the Army War College.

Cost, Effort, Time Of Military Expansion Plan Likely To Have 'Enormous' Impact (USAT)

By Matt Kelley

USA Today, December 21, 2006

WASHINGTON — Meeting President Bush's goal of a larger Army and Marine Corps will require more time and money to recruit volunteers, retain the officers needed to lead them and outfit new units.

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Bush said Wednesday that he asked Defense Secretary Robert Gates to quickly come up with a plan for expanding U.S. ground forces, not just for the wars in Iraq and Afghanistan but for the larger struggle against what he called "extremists and radicals." He pledged to work with Congress "to see that this becomes a reality."

The Pentagon has increased incentives and lowered standards in recent years to keep the military at its current size, particularly as recruiting fell short of goals. Enlarging the military will require more of that, experts say.

"It's not going to be easy, but it's certainly doable," says Bernard Rostker, a military manpower expert at the RAND Corp., a private advisory firm that often writes reports for the Pentagon.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said last month that it would take two years to recruit, train and equip a new division. Rep. Ike Skelton of Missouri and Sen. Jack Reed of Rhode Island, Democrats on the House and Senate armed services committees, say the extra 10,000 troops alone would cost the Pentagon about $1.2 billion a year.

The Iraq war's unpopularity is another challenge for recruiters, says Andrew Bacevich, a retired Army colonel and professor at Boston University. That adds to the costs of getting more people to enlist, he says.

"You would have to buy the additional volunteers by offering bonuses and educational benefits, and they would be bought at a substantial price," Bacevich says. "Even apart from the lengthy period of time this project would take to bring to fruition, the impact on the defense budget is going to be enormous."

Members of the Army and Marine Corps make up 97% — 2,852 — of the U.S. troops killed in Iraq, records show.

In 2005, the Army fell 8% short of its annual goal of 80,000 recruits. After adding recruiting incentives, it met that goal this year, records show. The Marines met their annual goal of about 32,000 recruits both years. This year, the Army has offered a series of bonuses for recruits and soldiers who re-enlist. They include:

•A maximum of $40,000 for Army recruits, which is double the previous $20,000 recruit bonus.

•An extra $1,000 bonus for high school seniors who join.

•A $2,000 referral bonus for soldiers and retirees who persuade friends or relatives to join. That's double the previous $1,000 bonus.

The Army also raised the age limit for recruits from 34 to 41. In October 2005, the Army also started taking more recruits who scored in the lowest brackets of the service's aptitude test, doubling the percentage of those recruits from 2% to 4%. The Army had the 2% limit since the 1980s.

That's not necessarily a problem, says David Armor, a former Pentagon manpower official in the Reagan administration.

"There are lots of jobs in the military that can use persons with average skills," says Armor, a professor at George Mason University in Fairfax, Va.

Leaned On As Never Before, Reservists Weigh Re-enlistment (MCT)

By Dave Montgomery And Kevin G. Hall

McClatchy Newspapers, December 21, 2006

WASHINGTON - Sgt. Vic Blazier and his wife, Capt. Carla Blazier, were sent to war in 2003, leaving an infant and a toddler with a grandfather who died while the couple served in Iraq.

The ex-Army reservists from Marion, Ohio, had become civilian soldiers out of patriotism. But the sacrifice proved overwhelming.

After a decade of service, she resigned her commission as an officer in late 2004 after a year in Iraq. He returned home on hardship leave in late 2003 after his father died. Last year he passed up re-enlistment and joined Iraq Veterans Against the War.

The Blaziers are part of what military experts see as a pattern as the Pentagon seeks to increase the burden on the Army's two reserve components, the Reserve and National Guard. Torn between family and the call to duty, many are taking a hard look at military commitment and choosing family when re-enlistment time arrives.

"I do a lot of volunteering. When you miss two birthdays, you try to make up for them," said Carla Blazier, 35, who joined the Reserves in 1993 as a software expert on a career path, but now puts family first. "I try to stay very involved and active in my children's life because I missed that year."

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Those deciding whether to remain in the Guard and Reserve must take into account the possibility that they'd have to serve longer and more frequently on active duty than they do now. Under current mobilization policies, part-time troops can be called on to serve involuntarily on active duty for no more than 24 months during a five-year period. Army officials want the Pentagon to lift those restrictions so that National Guard and Reserve troops can be pressed into service more often; specifics remain to be worked out.

National Guard and Reserve troops called for service in Iraq usually spend about six months training, then a year in Iraq.

"We're not close to burnout, but we're at an important point and we need to monitor the situation very closely," said Christine E. Wormuth of the Center for Strategic and International Studies, who authored a study on the future of the Guard and Reserves. "There is a recognition that you can't keep using the reserve component the way we've used it in the past three years."

Carla Blazier said that about half the 120 enlisted soldiers in her company didn't re-enlist or just stopped coming to drills.

It's the same story in Harlingen, Texas, near the Mexico border. The 100 soldiers in the 812th Quartermaster Company, an Army Reserve unit, are still fresh from a deployment in Iraq. Roughly 25 percent to 35 percent are considering getting out, said Sgt. Maj. William S. Patterson, the unit administrator.

Some are eager to rekindle civilian jobs, threatened by their long absences. Others want to complete their education, said Patterson, a Vietnam veteran.

"These people want to get on track with their lives," he said.

A twice-deployed member of the unit with a wife and two sons, Staff Sgt. Noel Cortez decided that it was time to "take a break" from the Reserves after seeing the hardship that his absences imposed on his family.

"I wasn't there for a whole year and I missed a whole lot," said Cortez, who plans to attend college in January and become a nurse. "I don't want to go through it again and I don't want them to go through it again."

The trend, military analysts said, certainly isn't a wholesale mutiny from the Reserve and Guard.

Officials at Fort Worth Naval Air Station, the nation's largest joint reserve base, see no evidence of manpower erosion or sagging morale among the more than 20 major units at the base, despite multiple deployments involving more than 4,000 guardsmen and reservists.

"I don't know anybody who says, `This is just too much for me that I've got to leave,'" said Col. Kevin Pottinger, the commander of the 301st Fighter Wing. "My problem is, quite honestly, I've got people who want to go (overseas) and I'm trying to hold people back."

Still, the nation's 522,000-member Army Reserve and National Guard force shows signs of strain from repeated assignments. The assistant secretary of defense for reserve affairs, Thomas F. Hall, describes the balancing act as a "three-legged stool": the soldier, the family, the civilian employer.

"If any of those legs fall off," he said, "the stool tilts over."

A significant number of reservists and guardsmen are choosing "Fort Living Room," the buzz phrase for civilian life.

The Army Reserve fell about 15 percent short of its recruitment goal in 2005. It hired more recruiters, added to its advertising budget, eased age restrictions and added bonuses, and in 2006 it was just slightly short of the goal: It added 25,378 recruits and had a goal of 25,500.

The National Guard had recruitment problems in 2004 but is meeting its targets today thanks to bonuses and other incentives.

Still, some officials worry that many midlevel and noncommissioned officers are poised to leave the military to avoid falling behind in their civilian careers.

"That has really long-term implications for the quality of leadership we'll have 10 or 15 or 20 years from now," former Pentagon Comptroller Dov Zakheim said. "We're really losing our best and brightest young ones."

Certain guardsmen and reservists are particularly vulnerable to being called up because of their specialties, he said. "We keep going back to the same well, and so the pressure is actually greater than some people realize."

Many soldiers tell of the pressure of family separation.

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Sgt. 1st Class Lance Schneider of Raleigh, N.C., spent 11 months in Iraq in 2004 as a member of the 30th Heavy Brigade Combat Team of the North Carolina National Guard. His son was born less than a month after he reached the war zone. Before his deployment, he'd never been away from his wife longer than two weeks.

"It's hard on your employer, it's hard on you, it's hardest on your family," said Schneider, 41, who works as a project manager for IBM in civilian life and plans to remain in the Guard.

Loretta Cox, a sergeant major with the 648th Regional Support Group in St. Louis, relied on a supportive husband when she left their kids, ages 2 and 11, behind. She spent two years in a domestic deployment, singing lullabies over the phone.

"My kids will say, `Mommy's a soldier and she's protecting us,'" said Cox, who plans to stay in the Reserve. "Obviously, I've already missed two years of my children's lives, and I'm not going to be jumping up and down saying, `Pick me, pick me.' But if I'm asked to do so, I'll honor my commitment."

Despite hardships, morale among reservists remains good, said Lt. Col. Mack Griffith, an Army Reserve chaplain at Fort McPherson, Ga.

But he said soldiers faced big challenges when they returned. Many find it hard to resume their usual roles at home after months of combat and brutality in Iraq.

"This is not the time to be the drill sergeant," Griffith said. "This is the time to come back and regain loving relationships in the home."

The divorce rate among reservists spiked in 2004, Griffith said, but has eased down since as a result of intensified family support activities offered by the Army, such as weekend couples retreats.

But, the chaplain noted, this reality lingers like an unwanted guest: "It's impossible for the spouse to fully appreciate what the husband or wife have gone through."

A Soldier's Soldier, Outflanked (WP)

By Ann Scott Tyson And Josh White

The Washington Post, December 21, 2006

Gen. John P. Abizaid rose to become the top American commander for the Middle East in July 2003 with impeccable credentials for the job: A Lebanese American who speaks Arabic with a master's degree in Middle Eastern studies from Harvard, Abizaid was considered a soldier's soldier. He led a Ranger company into battle in Grenada in 1983 and commanded an airborne battalion during the 1991 Persian Gulf War.

But Abizaid's announcement yesterday that he will retire in March after almost four years as a chief architect of U.S. Iraq strategy comes as violence drives civilian and military casualties there to record highs and as officials broadly say the U.S. military campaign is at a stalemate.

The departure of the general, who has won wide respect for his candid advice to the administration as the head of U.S. Central Command, was expected and is not seen as an indication of his own displeasure or that of superiors over his performance. "I think the time is right, and it has nothing to do with dissatisfaction," Abizaid told reporters in Baghdad.

"After 50 months out here, I think it's okay to think about retiring," he said.

His decision creates an opportunity for President Bush, with the recommendation of Defense Secretary Robert M. Gates, to name a commander who will take a fresh approach as they weigh alternative military strategies.

Supporters portray Abizaid, 55, as a brilliant commander who did his best, despite constraints from Washington, to adapt the U.S. military to fight an unanticipated guerrilla war -- which he was among the first to identify -- and later the unexpected outbreak of sectarian violence.

"Understanding how difficult the job is, nobody's done it better than John Abizaid," said a Pentagon official who as an Army general worked with Abizaid.

Yet critics say Abizaid has placed too much emphasis on Arab sensitivity to foreign occupation, and therefore never demanded enough U.S. troops to stabilize the country. "He was too smart by half," another U.S. officer said.

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"The bottom line is we are losing a war in his theater on his watch," said Michael E. O'Hanlon, a defense expert at the Brookings Institution, saying Abizaid's popularity has dwindled in recent months as the situations in Iraq and Afghanistan have deteriorated. "We need a fresh approach."

Abizaid made clear his continued opposition to a major surge of U.S. troops in Iraq beyond the current 140,000, arguing that it would perpetuate a mentality of dependency by Iraqi forces and increase resistance among Iraq's population.

The widespread expectation within the military has been that Abizaid will be succeeded by Lt. Gen. David H. Petraeus, who led the 101st Airborne Division in the invasion and early occupation of Iraq and later returned to head the effort to train Iraqi army and police forces. Gen. George W. Casey Jr., the top U.S. commander in Iraq, is also expected to leave his post in the spring, and some Pentagon officials predict he will be followed by Marine Lt. Gen. James N. Mattis. Casey is another candidate to replace Abizaid, one senior military official said. But all those moves will be dependent on the approval of Gates, whose views on the personnel changes are not well known.

Moreover, Abizaid's replacement will face the same immediate constraints: overstretched U.S. ground forces and the need to be able to respond to other contingencies in the region, such as a further escalation of fighting in Afghanistan or a serious showdown with Iran.

Abizaid recently acknowledged that more U.S. troops, as well as Iraqi forces and international forces, "should have been available" to stabilize Iraq in the immediate aftermath of the U.S.-led invasion in March 2003.

"General Shinseki was right," Abizaid told the Senate Armed Services Committee, referring to then-Army Chief of Staff Eric K. Shinseki's prediction before the war -- dismissed by the Pentagon -- that several hundred thousand troops would be required to occupy Iraq.

Abizaid also made clear that his plans for a significant withdrawal of U.S. troops from Iraq this year were aborted by a major, unanticipated outbreak of sectarian violence spurred by the February bombing of a Shiite mosque in Samarra. "We clearly did not achieve the force levels we had hoped to," Abizaid told reporters this fall, saying sectarian unrest could be "fatal" to Iraq.

Yet Abizaid has argued that the Army and Marine Corps, which face serious shortages of manpower and equipment, could simply not sustain a surge of 20,0000 troops into Iraq.

Some described Abizaid as having his hands tied by both the Bush administration in Washington and situations in Iraq that were beyond his control. Abizaid has also been frustrated over a lack of support in Iraq from other U.S. governmental agencies, believing military force is not the main tool for fighting what he has defined as the "long war" against violent extremists.

Sen. Jack Reed (D-R.I.), who has been friends with Abizaid for more than three decades and served with him in the 82nd Airborne Division in the mid-1970s, said Abizaid is "probably the most capable person we could have had because of his experience and his talent and his commitment to the troops he leads."

But Reed, a member of the Armed Services Committee, said decisions made by former defense secretary Donald H. Rumsfeld and other top government leaders put Abizaid in a difficult position.

Reed, who said he has had several personal conversations with Abizaid over the past few years, cited as particularly important the decision to limit the number of U.S. forces going into Iraq during the invasion in 2003 and the failure to plan for stabilizing Iraq after initial combat operations. "I always got the sense the mission was under-resourced and vaguely defined," Reed said.

Rudderless In Iraq (NYT)

The New York Times, December 21, 2006

Anyone looking for new thinking on Iraq, or even candor, had to be disappointed by President Bush's news conference yesterday. Mr. Bush may want to defer unveiling his new strategy, but there will be no obliging pause in Iraq's unraveling.

The latest Pentagon status report confirms a spiraling death toll, ever deeper sectarian divisions and near total lawlessness on the streets of Baghdad, despite repeated American vows to secure the capital. In a further sign of Iraq's descent, our colleague James Glanz reported this week that Baghdad gets less than seven hours of electricity a day, as insurgents and looters dismantle the power grid.

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While Mr. Bush contemplates his fast-disappearing options, competing factions in the administration and the military have been less reticent about floating their ideas. Some urge a sharp, temporary increase in American troop strength in Baghdad. Others argue that Iraqi forces should take the lead, whether or not they're ready. Still others talk about different ways of reconfiguring Iraq's dysfunctional governing coalition.

The problem is not so much with the specific proposals — some deserve serious consideration — as with the illusion that the political and military components of American policy can be pursued in isolation from each other. That is the kind of made-in-Washington tunnel vision that produced the current disaster. Only a political strategy, embraced by Iraqis themselves and backed by American military muscle, can have even a remote chance of altering events, and even that may be too late.

Consider the talk of a temporary escalation of American forces to impose some order in Baghdad. That is guaranteed to fail, unless it is tightly integrated with a political strategy for producing an Iraqi government finally willing to move against Shiite militias and open a dialogue on national reconciliation. Without that, any temporary increase could slide seamlessly into a permanent escalation — something America's depleted ground forces cannot handle — with no chance of containing the chaos.

And while American diplomats report hints that Iraq's top Shiite cleric, Grand Ayatollah Ali al-Sistani, might be willing to support a genuine national unity government, it remains unclear whether he would countenance any loss of power for Shiite fundamentalists — and whether Washington has any leverage left to influence his decision.

Yesterday, Mr. Bush acknowledged the obvious and desperate need to rebuild America's overstretched ground forces, a subject he refrained from talking about so long as Donald Rumsfeld ran the Pentagon. But that will take time and won't be any help in Iraq. Mr. Bush also needs to acknowledge that his course there has reached a dead end. He needs to quickly define a new direction while he still has any choices left.

Uncle Sam Needs More (LAT)

The Los Angeles Times, December 21, 2006

WHEN PRESIDENT BUSH announced after the election that he was replacing Secretary of Defense Donald H. Rumsfeld with Robert M. Gates, he promised that Gates would bring a "fresh perspective" to the Pentagon. The assumption was that Bush was referring to Iraq. But this week, Bush indicated that the biggest difference between the Rumsfeld and Gates eras may involve the size of the U.S. military over the next several years.

Bigger, Bush now seems to believe, is better. Amplifying an earlier comment in an interview with the Washington Post, the president said at a news conference Wednesday that "I'm inclined to believe that we need to increase … the permanent size of both the United States Army and the United States Marines."

Bush is right — regardless of what one thinks of the separate issue of whether he should approve a short-term "surge" in U.S. forces in Iraq to stabilize Baghdad. But the president will have to do a better job of explaining why this country needs a bigger military establishment.

On Wednesday, Bush couched his argument in excessively narrow terms, saying that a beefed-up military was necessary to prosecute the "war on terror [that] is the calling of a new generation." This argument jumbles together the (at least partly metaphorical) "war on terror" — a many-fronted effort to prevent the repetition of the attacks of Sept. 11, 2001 — with the amassing and deployment of military forces around the globe to protect all of the nation's vital interests.

Of course, the war on terror is one of the threats tying up resources. It took a conventional military operation in Afghanistan to topple Al Qaeda's Taliban patrons (and that one was fought on the cheap, relying mainly on Afghan warlords as U.S. surrogates). Further, opponents of a precipitous U.S. withdrawal from Iraq — including Bush — argue that a pullout would embolden terrorists there and elsewhere.

The need for a larger military isn't confined to the Iraq war but to any number of possibilities — war on the Korean peninsula, genocide in Africa, the defense of Israel, you name it.

Hence, the case for repudiating the "leaner, meaner" posture identified with Rumsfeld — who presided over a slight reduction in active-duty military personnel despite engagements in Afghanistan and Iraq — transcends today's debates. Critics in both parties (and with a variety of views on Iraq) have supported an increase in the permanent size of the armed forces to

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increase flexibility in future crises, shorten tours of duty, ease the burden on military families and rely less on the Reserves and National Guard, which to some degree have been turned into a full-time fighting force.

The U.S. remains the world's sole superpower, but the nation no longer has enough men and women under arms to shoulder its responsibilities. By that we don't mean ill-conceived adventures like the war in Iraq, but the preparedness to react to unforeseen crises. One reason the armed forces are too small is that the Pentagon's military-industrial complex favors spending money on costly gadgetry, some of it unnecessary, over such prosaic things as a foot soldier's pay. But the scary truth is that with roughly 150,000 troops tied down in Iraq, the U.S. is hardly in a position to react effectively to a major crisis elsewhere.

A significant increase in soldiers and Marines could be accomplished with ramped-up recruiting and pay incentives. In testimony to Congress last week, Army Chief of Staff Gen. Peter J. Schoomaker suggested that his branch of the service could efficiently add up to 7,000 troops a year. Many such increases could take place without the current size of the Army (507,000) approaching the level of the 1991 Persian Gulf War (780,000). Secretary Gates should be more aggressive and advocate the addition of 100,000 more troops, which would cost in the neighborhood of $20 billion — not an exorbitant amount in Pentagon terms.

There is no need for a draft. Better pay and incentives may be needed to entice more people to join, but there are more than 60 million Americans between the ages of 18 and 35 to recruit from.

To understand why an Army of half a million troops is inadequate, you have to consider that only about two-thirds of that number can be deployed overseas, and not all of those can be sent to trouble spots simultaneously. Ideally, military convention holds, you rotate active-duty combat troops in such a way that they get plenty of training and time with their families. Do the math, and you realize why the 150,000 troops stationed in Iraq are such a strain on the Pentagon.

What's worse, all that strain — the added burden on reserves, the training shortcuts, the extended tours of duty — translates into poor morale, which makes it difficult to recruit more troops. It's a Catch-22. And again, this should not be a partisan issue. Along with GOP Sen. John McCain, Democratic Sens. John Kerry and Hillary Rodham Clinton have been calling for a larger military for some time.

Until recently, the White House has been cool to such calls. A year ago, reflecting Rumsfeld's thinking, Secretary of the Army Francis J. Harvey assured Congress that his branch of the services would be able to roll back a temporary increase of 30,000 troops authorized in 2004, increasing available combat units through reorganization.

Bush took office disdainful of nation-building exercises and skeptical of the types of humanitarian interventions the military engaged in during the 1990s, and that is partly why this administration was reluctant to build troop strength. Bush's second thoughts are long overdue, even if he isn't doing his cause justice by simply pointing to the war on terror as his rationale.

U.S. Cannot Accept Defeat (USAT)

By Frederick W. Kagan

USA Today, December 21, 2006

America faces a critical moment in Iraq. Sectarian violence threatens to destroy Iraq's government and society and what's left of America's will to fight. Yet the consequences of accepting defeat would be horrendous. Iran and Iraq's Sunni neighbors would vie for dominance, and the conflict would likely expand throughout the Middle East. Al-Qaeda could establish a base in the ensuing vacuum. Abandoning Iraq to chaos would harm America's vital interests immeasurably.

It is essential, therefore, to adopt a new strategy. We must secure Iraq's population and thereby bring the violence under control, abandoning the failed attempt to hand responsibility over to the Iraqis prematurely.

As we saw in Bosnia and Kosovo in the 1990s, military forces, together with political and diplomatic initiatives, can control ethnic and sectarian conflict. A large scale two-year effort to clear and hold critical areas in Baghdad that are the center of sectarian violence in the capital can succeed today. U.S. forces secured Tal Afar in 2005 and parts of Sadr City in 2004.

U.S. commanders admit that recent attempts to gain control of Baghdad in Operation Together Forward II failed through lack of resources. Many neighborhoods were cleared, but there were too few American troops to maintain security in those areas. U.S. military forces know how to establish security and maintain it, but they cannot do so without the necessary resources and time.

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Securing the critical areas of Baghdad would require a surge of at least 35,000 more U.S. combat troops into Iraq (some would go into Anbar province and elsewhere to contain any spillover from Baghdad). This surge would come from extending the tours of soldiers already in Iraq and accelerating the deployment of a few brigades. It would require two years to succeed, accompanied by economic reconstruction and political efforts to strengthen the Iraqi government. Training of the Iraqi army would continue, and the Iraqis would have to take responsibility for their own security at the end of these efforts. They can only do so, however, if we bring the violence down as we train the Iraqis up.

Some argue that these actions would "break" our Army by destroying morale. But with more than a million men under arms, these claims are not credible. The extensions are modest and within the bounds of what the United States has done in this conflict. Above all, let us consider the alternative: A defeated Army would have to withdraw under fire, humiliated, watching as the enemy tortures and kills the Iraqis it had worked with and defended. Nothing would break the Army more surely than ignominious defeat.

The options in Iraq are stark: withdrawal, defeat and regional disaster, or an effort to secure the population to permit the political, economic and social development and national reconciliation needed for Iraq to move forward. The president's determination to win with a comprehensive new strategy isn't stubbornness. It is wisdom.

Frederick W. Kagan is a resident scholar at the American Enterprise Institute and the author of Choosing Victory: A Plan for Success in Iraq.

Push To Add Troops Grows, But No One Knows What They'd Do (USAT)

USA Today, December 21, 2006

As the public and policymakers alike have begun to grasp the sobering choices in Iraq in recent weeks, one key option has seemed to gain currency: A temporary "surge" of 15,000 to 30,000 U.S. troops in a last-ditch effort to stabilize the violence-wracked nation.

It's an idea with surface political appeal: If it works, great; if not, we can claim that we did our best. Just one problem: No one seems to have a clear idea of what such a surge might achieve, and even key military leaders are questioning its value.

Though it's tempting to think that adding troops for a little while would solve the problem, this is a seductive and dangerous road. It's the same vague reasoning that led to sending hundreds of thousands of troops to Vietnam. Before it hardens into policy for Iraq, President Bush and his advisers should ask some tough questions:

•What's the mission? So far, there's not much specificity beyond "more troops in Baghdad." Where in a city of 5 million would they go? Which warring groups would they fight? How would this be different from what's not working? This is the most pointed criticism of the surge idea, and the president acknowledged it at a news conference Wednesday, saying he would only approve a "specific mission." The fact that he couldn't immediately articulate one suggests the surge is an idea in search of credibility, not a strategy developed to solve a defined problem.

•Could it work? Assuming the short-term goal is to stabilize Baghdad, which the administration has labeled the definitive battleground, the next question is whether that is achievable. U.S. and Iraqi forces have been trying to pacify the capital since summer by massing forces there, but an unusually downbeat Pentagon report revealed this week that "Operation Together Forward" seems only to have intensified the violence. The report notes that the effort to control the violence in Baghdad worked at first, but that the insurgents adapted and violence surged again in September. One factor: Iraqi police tipped insurgents to raids by U.S. and Iraqi troops, allowing the bad guys to melt away.

•Who are the bad guys? That's not easy to figure out. Baghdad is a cauldron of insurgents, terrorists, criminal gangs, rival sectarian militias, Iraqi police with questionable loyalties and ministries with their own security forces.

•Would the Iraqi government go along? Prime Minister Nouri al-Maliki has already clashed with U.S. officials and put restrictions on what U.S. troops can do, recently ordering them to stop blockading a neighborhood in their search for a kidnapped U.S. soldier. Would Maliki, a Shiite, approve a tough crackdown on the Shiite militias and death squads responsible for much of the sectarian violence?

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•What about the rest of Iraq? The borders are porous, and Anbar province, west of Baghdad, is a haven for al-Qaeda-linked terrorists, the primary U.S. concern. They are destroying the electrical grid in unguarded desert areas far from the city, eroding U.S. credibility in Baghdad, which has less electricity now than before the war.

•How long would it take? Most of the discussion involves a commitment of six to eight months, but those who argue most articulately for a surge say it would take two years or more to succeed. Less than two years from the next presidential election, this is a political non-starter. Three-quarters of Americans want U.S. troops out of Iraq altogether in about a year.

•Are there enough troops? This isn't a matter of scooping up an extra 15,000 or 30,000 troops idling at U.S. bases. Any influx would come from keeping troops in Iraq beyond the end of their tours and sending more troops there sooner than they had been promised. Both of these are morale-busters. Neither is a sustainable plan. This week, Bush endorsed increasing the overall size of the military. That would aid the long war against terrorism but wouldn't help in the immediate crisis.

Bush likes to say he listens to his commanders about troop levels, and two of the nation's wisest combat veterans — former secretary of State Colin Powell and Gen. John Abizaid, the outgoing top U.S. commander in the Middle East — have advised against surging U.S. troops.

Sending more troops to Iraq would have been a good idea in 2003 to stabilize the country after Saddam Hussein was toppled. Today, it has the scent of doubling down on a losing bet, a desperate option seized upon because the cost of others is so high.

Promoters of the more-troops option Bush is considering include Sen. John McCain, R-Ariz., and neoconservative think tanks that supported the war and are frustrated with its failures. Those supporters should ask themselves one more question: Would they want their own children "surged" into a chaotic environment with such an ill-defined mission and limited prospects of success?

A Military Of The Willing Works Best (WP)

By Berl Brechner

The Washington Post, December 21, 2006

Should we revive the military draft? There's been a lot of talk about it lately.

Conscription, as a social exercise, might instill discipline and respect while getting people to mix with all types and classes of their fellow Americans and perform a patriotic duty. It might also serve the political goals of some who oppose the Iraq war.

But if the purpose of the armed services is to be an effective force for defending and protecting the nation, and winning wars when engaged, I have to say this: The draft wasn't great when I got caught up in it 37 years ago, and it would be even worse today.

On March 24, 1969, I reported for duty at a draft board office in downtown Washington, as ordered by the government. I was processed into military service in Baltimore, assigned to the Army (two very surprised individuals of the 30 or so in my group were randomly picked to become Marines) and bused overnight to Fort Bragg, N.C. Eight weeks later, I was a soldier -- a graduate of Army basic training. And two years to the day after being drafted, I was a civilian again (but still available for recall for six more years, though no such call ever came).

I have no regrets about my service, though my view may be colored by the fact that I never went to Vietnam. (Drafted college graduates who could operate a typewriter generally ended up, despite their combat training, in some administrative capacity.) I learned about military discipline, doctrine and process; met and worked with an array of people I would not have met otherwise; and gained viewpoints different from those that college had provided. Looking back, I regard it as an honor to have served.

The reality of the moment, however, was that I didn't want to be there, didn't believe in the war being fought and despised the concept of conscription. And as it turned out, the Army didn't really want me either, or most other draftees for that matter. That was because as a group, with a questionable fight on our hands, we tended to be uncooperative, sometimes obstreperous (occasionally considered subversive), unmotivated and underpaid -- yet still expensive, since the military invested four to eight months, including advanced training, in readying us for a commitment of two years.

Of course plenty of draftees were brave, aggressive and dedicated, and many died for their country. Everyone in the military recognized and respected that fact. But as a whole, the system didn't work well, and on June 30, 1973, the last draftee of the modern era was sworn into service.

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The numbers in the year I was drafted were staggering: 283,586 men drafted in one year, principally for service in only two of the fighting forces. By comparison, enlistment in the non-officer ranks in the Army and Marines combined in fiscal 2006 totaled 112,972.

The ending of military conscription in 1973 wasn't just one more bit of fallout from an unpopular war. It had a lot to do with the real needs of the military. Cohesiveness, effectiveness and cooperation are best found in people who have made a decision to be where they are. The high-tech battlefield is best operated by soldiers who, after extensive training and field experience, use their advanced skills for some reasonable period thereafter.

A draft fits none of these needs. Army jobs for non-officer troops are categorized into more than 200 military occupational specialties. Infantrymen are 11Bs (some used to call them one-one-bullet-stoppers), and my guess is that the percentage of the Army in that classification is a lot less now than in my years. The new Army jobs carry labels such as "Multiple Launch Rocket System Operational Fire Direction Specialist" and "Satellite Communication Systems Operator/Maintainer."

An army has to have the right people to do the jobs that the mission and the equipment require. In Vietnam, when there were a lot more Redeye missile launchers available than trained Redeye gunners, clearly the system had broken down. More technology creates personnel demands different from those a draft was intended to fill. The two world wars required a draft. For the kind of fighting our services do now, we're better off without one.

And one more thing: We've had the latest version of the Selective Service System in place and registering potential draftees since 1976. Only males, at age 18, are required to register. For conscription into a military that now prides itself on its equality of opportunity, shouldn't we start registering women, too?

The writer has been a magazine editor and broadcasting executive.

CIA Exercise Reveals Consequences Of Defeat (WT)

By Rowan Scarborough

The Washington Times, December 21, 2006

The CIA this month conducted a simulation of how the Iraq war affects the global jihadist movement, and one conclusion was that a U.S. loss would embolden al Qaeda to expand its ranks of terrorists as well as pick new strategic targets, according to sources familiar with the two-day exercise.

CIA spokesman Mark Mansfield confirmed to The Washington Times yesterday that the simulation took place in Northern Virginia. He declined to discuss its findings, saying that a final report is not finished and that the report will not be the intelligence community's official view. It will, however, be circulated within the community and possibly to U.S. policy-makers.

The exercise involved 75 CIA analysts and outside specialists. It was conducted by the CIA's Office of Terrorism Analysis, within the agency's Counterterrorism Center.

A source familiar with the simulation said it was a "red team" exercise in which participants played the role of global jihadists and war-gamed how the U.S. involvement in Iraq will influence their terror movement.

Although it takes no policy positions, the simulation's key finding appears to bolster Mr. Bush's contention that a U.S. loss in Iraq will have far-reaching ramifications.

At a press conference yesterday, Mr. Bush said, "A lot of Americans understand the consequences of retreat. Retreat would embolden radicals. It would hurt the credibility of the United States. Retreat from Iraq would dash the hopes of millions who want to be free. Retreat from Iraq would enable the extremists and radicals to more likely be able to have safe haven from which to plot and plan further attacks."

Al Qaeda has made stopping democracy in Iraq a top priority, according to U.S. military officials. It has recruited hundreds of suicide bombers to come to Iraq and inflict mass casualties to spur a Sunni-Shi'ite Muslim civil war. The group wants to wear down U.S. troops to the point where they will retreat. Al Qaeda's ultimate goal is to turn Iraq and other Middle East countries into hard-line Islamic states, U.S. military officials say.

One key finding from the "red team" exercise is that al Qaeda will follow past practices. Jihadists perceived the victory over the Soviet Union in Afghanistan in 1988 as a seminal event that spawned the creation of al Qaeda under the direction of Osama

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bin Laden. Al Qaeda leaders thought that if jihadists could defeat a global power in one theater, it could bring down governments in other nations.

Six years later, when U.S. troops left Somalia after taking casualties at the hands of al Qaeda-trained Muslim fighters, it reaffirmed its feeling of invincibility and its belief that Western powers have a low threshold for casualties. After Somalia, al Qaeda -- and like-minded jihadists -- began attacking U.S. targets in the Persian Gulf region and ultimately struck America on September 11, 2001.

The CIA-sponsored simulation predicts that al Qaeda will view a U.S. defeat in Iraq as another jihadist victory over a superpower and one that will bring it even more terrorist recruits.

"When we did the simulation, the ramifications were enormous," said the source, who asked not to be named. The source said al Qaeda will proclaim, "God has given us a second victory over a superpower.

"Imagine what defeat in Iraq would do," said the source. "Al Qaeda picks new targets after it thinks it's won."

This person expressed unhappiness that the Iraq Study Group, a bipartisan panel led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, devoted less than a page to what a loss in Iraq would mean for global terrorism.

The source said he hopes the CIA report is circulated within the administration to drive home the point that the stakes are high in Iraq. Mr. Bush is set to announce early next year new strategies and tactics for winning in Iraq. He previously has dismissed proposals from Democrats to pull out all 135,000 U.S. troops now or withdraw them on a set timetable regardless of events on the ground.

Mr. Mansfield said the Counterterrorism Center this year has sponsored 20 internal simulations, seminars and conferences using outside experts to examine issues related to the war on terror.

He added, "We frequently reach out to experts outside of government and solicit their views on a range of matters. It is done routinely, and it is a very important aspect of our work. The simulation consisted of officers from around the intelligence community as well as outside experts."

Such events are held, he said, "to better understand emerging threats to the United States."

AP: Pentagon Wants $99.7B More For Wars (AP)

By Andrew Taylor

AP, December 21, 2006

The Pentagon wants the White House to seek an additional $99.7 billion to fund the wars in Iraq and Afghanistan, according to information provided to The Associated Press.

The military's request, if embraced by President Bush and approved by Congress, would boost this year's budget for those wars to about $170 billion.

Military planners assembled the proposal at a time when Bush is developing new strategies for Iraq, such as sending thousands of more U.S. troops there, although it was put together before the president said the troop surge was under consideration.

Overall, the war in Iraq has cost about $350 billion. Combined with the conflict in Afghanistan and operations against terrorism elsewhere, the cost has topped $500 billion, according to the nonpartisan Congressional Research Service.

The additional funds, if approved, would push this year's cost of the war in Iraq to about $50 billion over last year's record. In September, Congress approved an initial $70 billion for the current budget year, which began Oct. 1.

A description of the Pentagon request was provided by a person familiar with the proposal who asked for anonymity because the person was not authorized to release the information.

The cost of the war has risen dramatically as the security situation has deteriorated and more equipment is destroyed or worn out in harsh conditions. The Army, which has borne the brunt of the fighting, would receive about half of the request, a reflection of the wear and tear that the war has had on soldiers and their equipment.

An additional $9.8 billion is being sought for training and equipping Iraq's and Afghanistan's security forces.

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The administration's request for more Iraq money will be submitted along with Bush's budget in February for the 2008 budget year, which starts next Oct. 1. The White House can add or subtract from the Pentagon request as it sees fit, and the total could grow if money is added for reconstruction costs.

In a memo several weeks ago, Deputy Defense Secretary Gordon England encouraged the services to include in their budget requests projects connected to the broader fight against terrorism, as opposed to costs strictly limited to Iraq and Afghanistan. Critics have said that could be interpreted to cover almost anything.

Earlier requests submitted by service branches to Pentagon brass were considerably higher, but were trimmed back after meeting resistance at the White House and from key lawmakers.

The budget request includes:

_$41.5 billion to cover the costs of ongoing military operations.

_$26.7 billion for replacing and repairing equipment damaged or destroyed in Iraq and Afghanistan.

_$10 billion for body armor and other equipment to protect U.S. troops from attack.

_$2.5 billion to combat roadside bombs and other improvised explosive devices.

_$2.7 billion for intelligence activities.

Whatever request emerges from the Bush administration will go to a new Congress controlled by Democrats highly critical of the Iraq war and Bush's handling of it.

Even so, there is much sentiment among Democrats to protect troops and much fear about being portrayed as unsympathetic to men and women in uniform. These factors probably would overwhelm any efforts by anti-war Democrats to use the debate over the Iraq money to take on Bush's conduct of the war.

Democrats have promised, however, to give the upcoming request greater scrutiny than Republicans did when considering Bush's previous requests.

"Democrats are committed to ensuring our troops have all that they need, but we're going to return oversight to spending on the war," said Jim Manley, spokesman for incoming Senate Majority Leader Harry Reid, D-Nev. "Our troops must have everything they need, but Halliburton shouldn't get everything it wants."

Halliburton Co. is a Texas-based oil services conglomerate once led by Vice President Dick Cheney. Bush administration officials have come under fire since the beginning of the war in Iraq for awarding more than $10 billion to the company and its subsidiaries in 2003 and 2004, some of it in a no-bid contract. There have been allegations of fraud, poor work, overpricing and other abuse, which the company has denied.

Democrats such as incoming Senate Budget Committee Chairman Kent Conrad of North Dakota have grown increasingly critical of the fact that Iraq spending is kept on a set of books separate from the rest of government operations.

The Vietnam War cost an inflation-adjusted $121 billion at its height in 1968, according to the Congressional Research Service. The overall tally for Vietnam is $663 billion, adjusted for inflation, and Iraq costs are rapidly catching up.

Shiite Clerics' Rivalry Deepens In Fragile Iraq (WP)

By Sudarsan Raghavan

The Washington Post, December 21, 2006

BAGHDAD -- In the quest to create a new Iraq, two powerful clerics compete for domination, one from within the government, the other from its shadows.

Both wear the black turban signifying their descent from the prophet Muhammad. They have fought each other since the days their fathers vied to lead Iraq's majority Shiites. They hold no official positions, but their parties each control 30 seats in the parliament. And they both lead militias that are widely alleged to run death squads.

But in the view of the Bush administration, Abdul Aziz al-Hakim is a moderate and Moqtada al-Sadr is an extremist. As the U.S. president faces mounting pressure to reshape his Iraq policy, administration officials say they are pursuing a Hakim-led moderate coalition of Shiites, Sunnis and Kurdish parties in order to isolate extremists, in particular Sadr.

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Hakim, who once verbally attacked U.S. policy, now senses a political opportunity and is softening his stance toward the Americans. Sadr's position is hardening. Young and aggressive, he has suspended his participation in Iraq's government and is intensifying his demands for U.S. troops to leave the country.

Their rivalry is rising as the moderating influence of Iraq's most revered Shiite figure, Grand Ayatollah Ali Sistani, is fading on the streets of Baghdad and is being replaced by allegiance to militant clerics such as Sadr, according to Iraqi officials and analysts.

They question whether Hakim can counter Sadr's growing street power without worsening the chaos. As President Bush ponders limited alternatives in forging a new approach in Iraq, some wonder whether the United States is overestimating Hakim's ability.

The U.S. embrace of Hakim "will deepen their rivalry," said Mahmoud Othman, an independent Kurdish legislator. "And it will deepen the rifts between the United States and the Sadrists."

Across Baghdad, as the fourth year of war nears an end, many Iraqis are asking one question: Can their prime minister, Nouri al-Maliki, a Shiite politician backed by Sadr, balance U.S. demands to distance himself from the cleric and move their country forward?Competing Strategies

In Karrada, a mostly Shiite Baghdad neighborhood of large, tan houses owned by educated professionals and bureaucrats, the trim-bearded Hakim smiles from a large billboard in front of his headquarters.

The son of an ayatollah, Hakim wears the long black robes of an Islamic scholar. He spent years in exile in Iran, where his political party, the Supreme Council for the Islamic Revolution in Iraq, was founded as an armed opposition group to President Saddam Hussein, who brutally oppressed Shiites.

Less than a mile away in a bustling, working-class section of Karrada, in a poster hanging in a grimy sidewalk restaurant, the thick-bearded Sadr weeps, his hands clasped.

The son of Iraq's most respected populist cleric, who was assassinated by Hussein's government in 1999, Sadr remained in Iraq during the repression. He has stayed faithful to his father's vision, deriving his power from the seminary and the followers he has mobilized from Iraq's streets.

After the invasion, as a Shiite religious revival blossomed, Iraq's clerics saw themselves as the caretakers of the nation's Islamic identity. They were as concerned about American power and ambitions for Iraq as they were about the importation of a decadent Western culture. Many refused to deal with U.S. officials, preferring to preserve their status as outsiders, a tactic that reaps immense rewards today from a population that is increasingly disenchanted with the United States.

"There's no necessity to meet the Americans," said Beirut-based Hamid al-Khafaf, the chief spokesman for Sistani. He added that Sistani favored a peaceful resistance to end the U.S. occupation.

Hakim and Sadr approached the Americans differently. Hakim joined the 25-seat Iraqi Governing Council set up by the interim U.S. administration of L. Paul Bremer. Through his involvement in the government and his allegiance to Sistani, Hakim built up his power base.

Sadr went to war against U.S. forces, launching two major uprisings in the spring and summer of 2004 in the southern holy city of Najaf. Soon, Hakim and Sadr turned on each other. In Iraq's Shiite-dominated south, Sadr's militias have attacked the offices of Hakim's party, SCIRI, and fought with his forces.

Today, the control Hakim's armed wing, the Badr Organization, exerts over Karrada is dwindling. Since the February bombing of a Shiite shrine in Samarra, which triggered an ongoing cycle of revenge killings, Sadr's Mahdi Army has pushed into mixed Shiite and Sunni neighborhoods across Baghdad. In recent months, it has arrived in Karrada, its stated goal to protect Shiite brethren from Sunni Arab insurgents.'Pouring Their Poison In'

Inside the Sayyed Idris mosque, a large shrine in Karrada with an ornate blue-and-yellow tiled minaret, Haji Abbas al-Zubaidi is a witness to this changing world.

For years, the picture of Hakim's white-bearded brother, Ayatollah Mohammed Bakir Hakim, who was killed by a car bomb in 2003, hung in the mosque's library along with images of Sistani and a collection of revered Shiite saints. Now, the pictures of Sadr and his father hang along with them.

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Baghdad's sectarian strife now rules Zubaidi's life. In recent weeks, car bombs and mass kidnappings have rocked his neighborhood. So Zubaidi, who has lived in Karrada for 35 years, sees the Mahdi Army, not the Badr Organization, as his main source of protection. It has created "popular protection committees" that watch over blocks, as they do in the Mahdi Army's stronghold of Sadr City.

"The terrorists are pouring their poison into our neighborhood," said Zubaidi, slim with long, slender fingers and a narrow face, as he sat on a large red carpet inside the mosque. "The sons of Karrada who have joined the popular committees and the Mahdi Army are now 98 percent in control. We have noticed that many of the attempts have been foiled."

Zubaidi and other educated Karrada residents continue to obey Sistani's pacifist vision and view him as their preeminent leader. But younger Shiites, while still revering Sistani, have switched their allegiances.

"We imitate and follow Sayyed Sistani," said Zubaidi, using an honorific for Sistani. "As for the field commanders and the young men, they are followers of Moqtada Sadr."

As the militancy grew, U.S. officials viewed Sistani as the most influential voice of moderation in Iraq. A gray-bearded, Iranian-born cleric in Najaf, whose pronouncements carried the force of law, he stepped in with calming statements at momentous points in Iraq's post-invasion history. One Sistani appeal ended Sadr's last rebellion against U.S. forces.

But since the February bombing, Sistani's words have had little impact, Iraqi officials say. Shiite militias have attacked Sunni Arab mosques. Bodies of young Sunni men, blindfolded and tortured with drills, turn up daily in ditches and trash dumps. Sistani has made three fruitless statements to stop the killings.

"Now when you have daily mass killings, it makes such a call for restraint weak," said Ali Dabbagh, an Iraqi government spokesman with close ties to Sistani.

Sadr's Mahdi Army militia perpetrated many of the attacks, and Hakim's Badr Organization committed torture and other atrocities, U.S. and Iraqi officials say.Rivals Sharply Divided

The rivalry between Sadr and Hakim has unfolded mostly on the political stage. The two leaders joined the alliance that produced the current government, but soon their visions diverged. This year, Sadr threw his support behind Maliki largely to stop Hakim's candidate, current vice president Adel Abdul Mahdi, from becoming prime minister.

Hakim and Sadr are also sharply divided over whether Iraq should split into autonomous regions. Hakim is pushing for a separate Shiite region in the south, but Sadr, who views himself as an Iraqi nationalist, wants to keep the country unified.

Senior Sadr officials have circulated a petition among national lawmakers demanding a timetable for U.S. withdrawal. They have managed to get 131 signatures, nearly half of the parliament, Othman said.

"Politically we can make the occupation withdraw," said Mustafa Yacoubi, Sadr's top deputy and a cleric who wears a black turban.

Hakim, meanwhile, has shown his pragmatism, understanding that he needs U.S. troops and support to balance the growing power of Sadr. Last month, he met with Bush, an action that many observers saw as the U.S. hedging its gamble on the weak Maliki government. Bush also met with Iraq's Sunni vice president, Tariq al-Hashemi, leader of the Iraqi Islamic Party, who is also perceived by Washington as a moderate, although many Iraqis would disagree.

"Maliki is very worried about this turnabout," said Wamid Nadhmi, a political analyst in Baghdad. "This is because of his affiliation with Moqtada Sadr and the promotion that Mr. Bush is giving to Mr. Hakim. Maliki is seeing his political end, that they are trying to form a new government with the approval of the Americans."

U.S. pressure on Maliki to isolate Sadr is growing. American officials have declared Shiite militias -- particularly the Mahdi Army -- as the most significant threat to Iraq's stability. Maliki has not cracked down on the militia of his political benefactor. He and his Shiite Islamic Dawa Party are also resisting U.S. attempts to build a moderate coalition.

In many circles, Iraqis question whether Hakim and other so-called moderates can curb the growing power of Sadr.

"I have serious doubts about Mr. Hakim's influence among the Shiites, and I have serious doubts of Hashemi becoming the leader of Sunnis," Nadhmi said.

It's a sentiment shared in Karrada. "Al-Hakim is not loved by the people," said Abdul Amir Ali, a burly Shiite shopkeeper. "People love the Islamic Dawa Party and Maliki because they don't have militias."

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In the sidewalk restaurant where Sadr's poster hangs, its owner, Ali Hussein, points at clusters of young men nearby. They are all Mahdi Army, he said. And so is he.

Hakim, he said, made a fatal mistake by meeting Bush. In today's Iraq, credibility and power are measured by opposition to the United States.

"At this time, whoever has his hands with the Americans or Jews is not an Iraqi," said Hussein, as he chopped up cubes of lamb. "So how could Hakim put his hands with the Americans? There will be tensions because Sayyed Moqtada Sadr is a revolutionary man, like his father. Even if Hakim tries to come back to Sadr, Sadr will never receive his hand."

If the rift between Hakim and Sadr deepens, moderate Shiites fear, all Iraqis may suffer. "It should not leave any shadow on a fragile situation on Iraq," said Dabbagh, the government spokesman. "Iraq cannot absorb such a shock."

In Iraq, Let's Fight One War At A Time (NYT)

By Reuel Marc Gerecht

The New York Times, December 21, 2006

ONCE again American officials are growing dissatisfied with an Iraqi government. In Baghdad and in Washington, officials privately and the press publicly suggest that the Bush administration would prefer that Prime Minister Nuri Kamal al-Maliki fell, and that Adil Abdul Mahdi, a French-educated economist who is a vice president, would replace him. Mr. Maliki is politically too dependent, the reasoning goes, on the young Shiite militia leader Moktada al-Sadr, a scion of a prestigious clerical family and the boss of a pivotal bloc of votes in Iraq's Parliament.

Mr. Mahdi may look like a good bet for Washington. He is a far more amiable gentleman than Mr. Maliki, and doesn't appear to be emotionally distressed when he is in the company of Americans. His group, the Supreme Council for the Islamic Revolution in Iraq, was created in exile in Iran; its militia, the Badr Organization, has never had a serious clash with the United States military and is less prominent in the sectarian strife than Mr. Sadr's followers, the Mahdi Army. In addition, the Supreme Council's top man, Abdul Aziz al-Hakim, has long dealt directly and pleasantly with American officials.

Since President Bush is now immersed in a top-to-bottom Iraq review, in which a substantial surge of American soldiers into Baghdad seems ever more likely and the Army is again seriously considering directly confronting Mr. Sadr, the appeal of Mr. Mahdi and the Supreme Council may grow in Washington and Baghdad.

If so, the administration should nip in the bud such inclinations. Changing the Shiite parts of the Iraqi government and quickly taking on Mr. Sadr would do nothing to end the Sunni insurgency and the holy war of foreign jihadists against the new Iraq.

Indeed, such a tack would not likely diminish the appeal or the power of the Mahdi Army, which is largely made up of poor, radicalized young men whose families were brutalized by Saddam Hussein and have been savaged by Sunni Arab fighters since the fall of 2003.

Nor would changing prime ministers and confronting Mr. Sadr's militia advance the cause of reconciliation among the Sunni and Shiite Arabs and Kurds, allow the Iraqi government to operate more effectively, or let American troops leave Mesopotamia one day sooner.

In fact, attacking Mr. Sadr now and elevating the Supreme Council is likely to accomplish the exact opposite of what we want. And it shouldn't be that hard to see why: the sine qua non for peace in Iraq, and for a democratic future for the country, has always been unity among the Shiites. Any violent struggle between the Mahdi Army and Supreme Council could provoke anarchy throughout the entire Arab Shiite zone, including Iraq's holy cities and the oil-rich south. As bad as things seem now, such Shiite strife could impoverish all of Arab Iraq, dropping the non-Kurdish regions to an Afghan-like subsistence level.

In such a situation, we would likely see the hyper-radicalization of the Shiites, who have already become more militant owing to the tenacity and barbarism of the Sunni insurgency. In addition, whatever fraternal and nationalist bonds remain among moderate Sunni and Shiite Arabs would probably disappear in a Shiite-versus-Shiite bloodbath.

We would do well not to underestimate how these age-old familial and national ties and sympathies still diminish the sectarian strife. A genocidal Shiite-versus-Sunni conflict in Iraq — a real possibility — would be much more likely after an intra-

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Shiite war that destroys the traditional social and religious hierarchy that has remained vastly stronger among the Shiites than among Sunni Arabs since the American invasion.

Yes, the forces of the Supreme Council might be able to beat Mr. Sadr's militia, the Mahdi Army. Trained by Iran's Revolutionary Guards Corps, the Badr Organization is a serious army that might handle Mr. Sadr's more numerous and passionate supporters. The mullahs in Tehran, who have aided both Mr. Sadr and Mr. Hakim, would probably throw their support to the latter's Supreme Council in the event of all-out war. Such a confrontation, beyond wrecking Iraq politically, would probably allow the worst elements in the Supreme Council — those who envision a religious dictatorship along the lines of Iran — to become more powerful within the party.

And an American assault on Sadr City, the impoverished Baghdad stronghold of the Mahdi Army, would be militarily and politically counterproductive if undertaken before the United States launches a serious new counterinsurgency against the Sunnis.

Even with a substantial surge of soldiers along the lines recommended by Jack Keane, a retired four-star general, and the military historian Frederick Kagan of the American Enterprise Institute — approximately 35,000 more combat troops — the United States still wouldn't have enough forces to fight a two-front war against the Sunnis and the Shiites, as it briefly did in 2004.

In Iraq, the United States is much weaker than in 2004. So is Grand Ayatollah Ali al-Sistani, the moderate bulwark of the Shiite establishment — so the tentative support he gave yesterday for a plan to isolate Mr. Sadr should be taken with a grain of salt. Because of the nonstop insurgency, Shiite politics are fragile. We absolutely cannot afford to have an American effort to pacify Baghdad be seen as a "pro-Sunni" military assault on the capital's densely populated Shiite ghetto.

If the administration first focuses militarily on the Sunni insurgency, as called for in the Keane-Kagan plan — and the press indicates Mr. Bush is taking the two men very seriously — the United States and the Iraqi government would be better able to diminish sectarian violence. With more troops, we can clear and hold Sunni areas in Baghdad and thereby prevent Shiite militias from streaming out of Sadr City to attack defenseless Sunnis.

Shiite militias are clever predators. They fear American power — the confrontation in Najaf in 2004, during which thousands from the Mahdi Army perished, taught them about the destructive capacity of the American military. If the Americans leave sufficient forces in cleared Sunni areas, they will stay away. But if we pass the holding part of counterinsurgency campaigns to ill-equipped units of the Iraqi Army and to the Iraqi police, who often aid Shiite militias, they will pounce.

Only after Baghdad's Sunni neighborhoods are fully secured can the Americans turn their attention to the Shiite quarters, ensuring that American and reliable Iraqi forces control the streets and municipal facilities necessary to sustain city life. We may eventually have to confront militarily the Mahdi forces inside Sadr City, but we want to do this only as the last step in counterinsurgency operations in the capital.

Mr. Sadr and his radicalized followers — temperamentally, they are as much children of Saddam Hussein as are the savage Sunnis who glorify the murder of Americans and Shiite civilians — are unlikely to become peaceful players in Iraqi politics. But Mr. Sadr's reputation can be reduced and his charisma countered if ordinary Shiites have more moderate alternatives, backed by American power, who can protect them from insurgency-loving Sunnis and death-squad Shiites.

It's unclear how Prime Minister Maliki will react to any American effort to diminish Mr. Sadr. His party, Islamic Dawa, is a bundle of mostly militant contradictions. In the end, President Bush may have to ignore the prime minister if the latter sides with Mr. Sadr.

And some Shiites, and perhaps most Sunnis, may threaten to walk out of Iraq's government and forsake reconciliation talks if the Americans get serious about pacifying Baghdad and the insurgency elsewhere. Let them. If the city's and country's Shiites, who represent about 65 percent of Iraq's population, see that the Americans are committed to countering the insurgency, any protest from Mr. Maliki or call to arms by Mr. Sadr will have increasingly less power.

No, it won't be easy — but with American and Iraqi troops all over Baghdad and daily life returning to some normality, the situation will certainly be more manageable than what we confront now. The politics of peaceful Shiite consensus, which is what Grand Ayatollah Sistani has tried to advance since 2003, could again rapidly gain ground.

No progress can be made in Iraq, however, if the Sunni Arabs, who have regrettably embraced the insurgency and holy war in large numbers, are allowed politically to check counterinsurgency operations.

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The key for America is the same as it has been for years: to clear and hold the Sunni areas of Baghdad and the so-called Sunni triangle to the north. There will probably be no political solution among the Iraqi factions to save American troops from the bulk of this task. The sooner we start in Baghdad, the better the odds are that the radicalization of the Iraqi Shiites can be halted. As long as this community doesn't explode into total militia war, Iraq is not lost, and neither is Mr. Bush's presidency.

Reuel Marc Gerecht, a former Central Intelligence Agency officer, is a resident fellow at the American Enterprise Institute.

Cleric Weighs 1-month Cease-fire In Iraq (AP)

By Qassim Abdul-Zahra

AP, December 21, 2006

Radical Shiite cleric Muqtada al-Sadr, who heads a militia feared by Iraq's Sunnis, is considering a one-month unilateral cease-fire and may push his followers to rejoin the political process after a three-week boycott, officials close to him said Wednesday.

The issue is expected to come up at a meeting Thursday in the holy city of Najaf between al-Sadr and a delegation representing the seven Shiite groups that form the largest bloc in Iraq's parliament, the Shiite officials said on condition of anonymity because of the secrecy of the talks.

In perhaps an even more important session, the delegation will also sit down with the country's top Shiite cleric, Grand Ayatollah Ali al-Sistani. Officials from several factions confirmed the planned trip to Najaf.

The visit is intended to allow the Shiite bloc, the United Iraqi Alliance, to work out some of Iraq's biggest political obstacles in front of al-Sistani, and to pressure al-Sadr to rein in his fighters and rejoin politics — or face isolation, participants said.

Until the walkout, al-Sadr's faction had been an integral part of Prime Minister Nouri al-Maliki's governing coalition. Cabinet ministers and legislators who belong to al-Sadr's movement called the boycott after al-Maliki met with President Bush in Jordan three weeks ago. Al-Sadr's militia and its offshoots have been increasingly blamed for sectarian attacks.

As violence rages across Baghdad and much of Iraq, a new coalition taking shape among Shiites, Kurds and one Sunni party is seen as a last-ditch effort to form a government across sectarian divisions that have split the country. While al-Sadr's movement would not be part of this coalition, such an alliance — which reportedly is supported by the Bush administration — might pressure the radical cleric to soften his stance.

In Thursday's meeting, the group wants to assure al-Sistani that the new coalition would not break apart the Shiite bloc, said officials from several Shiite parties. Potential members of the coalition said they have been negotiating for two weeks, and now want the blessing of al-Sistani, whose word many Shiites consider binding.

The movement is backed by the U.S. government, said Sami al-Askari, a member of the Dawa party and an adviser to al-Maliki.

"I met the American ambassador in Baghdad and he named this front the 'front of the moderates,' and they (the Americans) support it," al-Askari said.

The U.S. Embassy in Baghdad could not comment on the ambassador's meeting or his position on the possible coalition deal.

However, two prominent figures in the proposed coalition went to Washington to meet Bush separately in the past three weeks: Tarek al-Hashemi of the Sunni Iraqi Islamic Party and Abdul-Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq, known as SCIRI. The U.S. supports two other potential members, the Kurdish Democratic Party and President Jalal Talabani's Patriotic Union of Kurdistan.

"The U.S. wants to see an Iraq that is united, stable, democratic and prosperous. We will continue to work with the democratically elected government of Iraq to reach this goal by improving security, promoting national reconciliation and the rule of law and helping the Iraqis deliver essential services," U.S. Embassy spokesman Lou Fintor said.

After meeting al-Sistani, the delegation will visit al-Sadr to try to persuade him to tell his followers to return to politics, and to assure him that the new coalition — still being completed — will not isolate his movement, said officials from several factions, including al-Sadr's movement.

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"Tomorrow we will visit Grand Ayatollah al-Sistani and Muqtada al-Sadr, though the (coalition) front has not yet been formed, due to the demands of the Iraqi Islamic Party," al-Askari said.

His and al-Maliki's Dawa faction has expressed willingness to join the coalition, but fears it could weaken the Shiite United Iraqi Alliance, Dawa officials said on condition of anonymity because the deal was not final.

"We will inform al-Sistani about the latest developments and assure Muqtada al-Sadr that he will not be sidelined from the political process. We want him to change his mind and be a part of that process," al-Askari told The Associated Press.

Officials close to al-Sadr said they believe the firebrand cleric and his followers would turn a friendly ear to the coalition, out of fear of being sidelined in the future.

Fearing such political isolation as well as possible attack by U.S. forces, al-Sadr will secretly order his Mahdi Army militia to abide by a one-month halt in fighting, said a Shiite politician, who spoke on condition of anonymity because of the delicacy of the negotiations. He did not give further details.

Another official close to al-Sadr did not speak about the planned truce directly, but said when asked about it that "the security situation will improve in the coming month."

Even if al-Sadr commands his militia, the Madhi Army, to halt sectarian attacks for a month, questions remain as to whether violence would decrease. The militia is believed to be increasingly fragmented, with some factions no longer reporting to him , and a call for a truce could further divide it.

In exchange for a halt in fighting, al-Sadr's followers want officials from al-Hakim's Supreme Council for the Islamic Revolution in Iraq to make a promise in front of al-Sistani that they will not sideline al-Sadr's movement, said a member of al-Sadr's group.

The Shiite, Kurdish and Sunni coalition was not a done deal, though. Several Shiites complained about conditions set by the Sunni Iraqi Islamic Party, which they said could jeopardize an agreement.

"The demands of the Iraqi Islamic Party are not logical and it is hard to implement them," said Humam Hamoudi, a SCIRI lawmaker. For example, the Sunni party wants all checkpoints leading to and from Baghdad to have an equal number of Shiite and Sunni guards, he said.

Al-Qaida Hints At Power Status In Iraq (AP)

By Maggie Michael

AP, December 21, 2006

The deputy leader of al-Qaida, Ayman al-Zawahri, told the United States it is negotiating with the wrong people in Iraq, suggesting in a video released Wednesday that his terror group was the real power broker in the country.

The terrorist chief warned that al-Qaida would keep fighting U.S. troops in the Muslim world and target Western nations in retaliation. But he also criticized rival Islamic militant groups, such as the Palestinian Hamas, for being too soft in waging "jihad" or holy war.

"The mujahedeen (holy warriors) will keep their weapons pointed at you until you leave our lands and cease backing our corrupt leaders," al-Zawahri said, addressing Americans in excerpts of the video aired on Al-Jazeera television.

The video — which bore the logo of al-Qaida's media production house al-Sahab — was the 14th time this year that al-Zawahri has issued a statement. As in previous videos, he appeared in a black turban and white robe with a rifle behind him leaning against a plain brown backdrop. He frequently wagged his finger at the camera for emphasis.

In his comments on Iraq, al-Zawahri appeared to suggest that Washington should be negotiating with al-Qaida over the fate of the country. The Bush administration has been reaching out to numerous players in Iraq and to allied Mideast governments in an attempt to calm escalating violence amid calls in the U.S. for a troop reduction.

"I want to tell the Republicans and the Democrats together ... you are trying to negotiate with some parties to secure your withdrawal, but these parties won't find you an exit" from Iraq, al-Zawahri said.

"It seems that you will go through a painful journey of failed negotiations until you will be forced to return to negotiate with the real powers," he said, referring to al-Qaida's branch in the country, which has allied with some Sunni Arab insurgent groups.

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But Diaa Rashwan, an Egyptian expert on radical Islamic groups, said al-Qaida had no intention to negotiate with Washington over Iraq. Al-Zawahri's statement was largely rhetorical and aimed at destabilizing U.S. opinion, he said.

"He's just trying to tell the American public that their government is failing in peace as it has failed in war in Iraq," Rashwan said.

In a January audiotape, al-Qaida leader Osama bin Laden offered a "truce" to the United States for unspecified conditions — the only previous suggestion of a negotiation with Washington. But al-Zawahri said in a later video the offer was retracted after the U.S. rejected it.

In Wednesday's video, al-Zawahri vowed that al-Qaida would "never stop striking" at the United States and other countries that sent soldiers into Muslim nations such as Iraq and Afghanistan.

He addressed a range of topics in a video that appeared aimed at emphasizing al-Qaida's leadership of jihad and mobilizing support against the U.S. and a range of Middle Eastern players — Palestinian President Mahmoud Abbas of Fatah, Hamas and Iran and its Shiite allies in Iraq and elsewhere.

Al-Qaida's leaders "see the jihad as a global effort and all issues as interconnected," said Ben Venzke of the U.S.-based IntelCenter, a U.S. government contractor that studies al-Qaida messaging. He noted that al-Zawahri was increasingly responsive to regional developments and fast at broadcasting al-Qaida's take on recent news events.

Al-Zawahri made references to the call made by Abbas for early elections, indicating the video was made since the Palestinian president spoke out on Saturday.

A technical analysis of the tape indicated that the voice was al-Zawahri's, said one U.S. intelligence official. The official spoke on condition of anonymity because he was not authorized to speak about it on the record.

Al-Zawahri, who is largely regarded as al-Qaida's main theoretician, criticized Abbas for calling early elections and Hamas for having participated in January elections, then forming a government after it won.

"Aren't they an Islamic movement? Aren't they campaigning for the word of God to be supreme?" he said, adding Hamas should have insisted on "an Islamic constitution for Palestine."

Al-Zawahri "wants to remind the Muslim world and radical militants that jihad should not compromise with democracy," Rashwan said. But the attack on Hamas could backfire, because many Arabs may reject criticism of the Palestinian movement, he said.

Al-Zawahri's comments were expected to have little influence in the West Bank and Gaza Strip. Hamas has distanced itself from al-Qaida, saying its struggle is against Israel, not the West. In Gaza, Hamas spokesman Fawzi Barhoum brushed off al-Zawahri's criticism.

"Our Palestinian institutions are in need of reform, and to fix them we need to participate in the parliament and other institutions," Barhoum said.

Al Qaeda Warns U.S. On Fighting In Muslim Lands (NYT)

By Mona El-Naggar

The New York Times, December 21, 2006

CAIRO, Dec. 20 — Ayman al-Zawahri, Al Qaeda's second in command, has threatened the United States with more attacks if it does not end its military activity in Muslim countries. He spoke on a videotape broadcast Wednesday on Al Jazeera's news channel.

"If we are attacked in our countries, then we will not stop attacking you in your countries," he said.

On the tape, he also appears to reproach Hamas, the militant Islamic group that won Palestinian elections in January and now heads the government, for taking part in the formal political process and undermining "holy war" or resistance efforts.

In his remarks aimed at the United States, Mr. Zawahri warned of "more failures" if the United States failed to negotiate with the "real force in the Islamic world."

"You are trying, in a panic, to find an exit from the disasters surrounding you in Iraq and Afghanistan," he says on the tape, appearing impassive. "It looks like you will go through a painful journey of failed negotiations until you come back, forced to negotiate with the real force."

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Mr. Zawahri has made about 15 taped appearances this year in which he has repeatedly threatened the United States and other Western countries with more attacks.

"Part of the reason for his appearance in the media is just to assert the presence of Al Qaeda on the scene," said Diaa Rashwan, an Egyptian expert in Islamic movements at the Ahram Center for Political and Strategic Studies in Cairo. "The other part is to counter the noticeable rise of political Islam in the region."

Mr. Rashwan was referring to groups like Hamas, the Muslim Brotherhood in Egypt and others that want to establish a state based on Islamic law but are seeking power through politics.

"How did they not demand an Islamic constitution for Palestine before entering these elections?" Mr. Zawahri said in a clear reference to Hamas. "Are they not an Islamic movement?" Al Qaeda deems any dealing that is "based on secular constitutions" un-Islamic.

Osama Hamdan, a representative of Hamas in Lebanon, said in response, "We do not see the contradiction in being an Islamic movement and taking part in democratic elections that are in accordance with general Islamic principles."

Anonymous Slayings, Car Bombs Plague Iraqi Capital (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 21, 2006

BAGHDAD, Iraq — The bodies of 76 unidentified people were recovered in Baghdad on Wednesday, police said, the highest 24-hour toll so far for the anonymous slayings that have become a grim part of life in the capital.

All of the victims were men between the ages of 20 and 50. Although they died violently, all shot with automatics weapons, the men were not slain execution-style as is often the case these days -- no handcuffs or blindfolds, morgue staff said. Only a few showed signs of torture.

And they were not the only bodies delivered to the morgue Wednesday.

There were victims of drive-by shootings, assassinations and bombings, police said. The corpses included a Yarmuk Hospital morgue work who usually receives the dead. In all, an additional 26 Iraqis were killed around the country during the day, most of them in the capital.

Two U.S. soldiers also were killed by separate roadside bomb explosions Wednesday. One soldier died while investigating an explosion on foot with a combat patrol southwest of the capital, the military said. Another soldier died after an explosion near his vehicle during a road-clearing mission in southern Baghdad. Six soldiers were wounded in the explosions.

Four bombs rocked the capital during the day with explosions loud enough to send jittery residents to their windows to see cars speeding from the scenes and plumes of black smoke visible from miles away.

The first came at 7 a.m. when a massive suicide car bomb exploded at an Iraqi police checkpoint near the entrance to Baghdad University. The blast killed 11 people, including six Iraqi police, and injuring at least two dozen, police said.

Students had crowded the area during the morning rush, police said. Buses also had pulled into the street, full of Muslim pilgrims on their way to the Saudi city of Mecca via Baghdad International Airport. Investigators believe the bomber intended to target the pilgrims. State-run Al Iraqiya television announced afterward that pilgrims' buses traveling to the airport would be rerouted.

Another suicide car bomb exploded at 9:45 a.m. near the government passport office at crowded Kasra Market in northeast Baghdad. Security guards stopped the car before it entered the market, and the driver detonated the bomb, killing one person and injuring four, police said.

Two more car bombs exploded later in the day in Camp Sara, a neighborhood in south Baghdad, and in Bayaa, to the west. No one was killed, although five people were injured in the attacks, according to the Interior Ministry.

Gunmen opened fire on the Bab Al Muadhem bus terminal at about 3:10 p.m., concentrating on buses headed to the mostly Shiite areas of Sadr City, Talibiya, Husseiniya and Shaab, police said. Three people were killed and at least seven injured, police said.

Gunmen also targeted three teachers Wednesday.

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Palestinian teacher Mahmoud Mohammed Rasheed, brother of Iraqi television star Zuhair Mohammed Rasheed, was killed in the eastern Baghdad neighborhood of Baladiyat, where he taught middle school, police said. Investigators say Rasheed may have been targeted for being Palestinian, or attackers may have mistaken him for his famous brother, who stars in a popular sketch comedy.

Gunmen also attacked professor Ali Arnoosi, deputy dean of the college of law at the University of Baghdad and fellow law professor Mohammed Hamdani, police said. The two were slain at 3 p.m. as they were on their way home. Their driver and guard were also killed, police said.

In the northern city of Mosul, gunmen killed five people in five different neighborhoods Wednesday, according to police spokesman Brig. Gen. Said Ahmed.

South of Baghdad, gunmen also killed Jamhooryia Aozaiyab, a former member of Saddam Hussein's Baathist party and leader in the Baathist Iraqi Women's Union, police said. The gunmen opened fire on Aozaiyab near her home in the city of Kut.

Elsewhere in the south, six farmers were kidnapped at a makeshift checkpoint morning. They were attempting to drive two trucks full of fruits and vegetables north from the mostly Shiite village of Lijij, about 15 miles south of Baghdad, to the city of Swaira when they were taken, their trucks abandoned, police said.

The U.S. military announced Wednesday that coalition soldiers on Dec. 14 captured an al-Qaida leader suspected of attacks last year in Baghdad and Mosul that resulted in hundreds of civilian deaths, including the downing of a coalition helicopter, kidnappings and suicide car bombings. The leader was identified in the military statement only as "The Military Emir of Mosul" and, later, "The Military Emir of Karkh."

Iraqi Comedian Shot To Death In Baghdad (AP)

By Mazin Yahya

AP, December 21, 2006

Gunmen killed a veteran Iraqi actor and comedian known for his stage portrayal of the lighter side of life in Baghdad during Ottoman rule in the early 1900s, police said Wednesday.

Mitashar al-Sudani, 60, was killed as he drove to theater offices on Haifa Street in Baghdad on Tuesday, a police officer and an official at Iraq's Theater and Cinema Ministry said. Both officials spoke on condition of anonymity because of security concerns.

Al-Sudani was shot multiple times, suggesting that the gunmen had singled him out. Armed groups have often killed prominent figures in politics, sports, the media and other fields, apparently as part of a campaign to create a climate of fear and intimidation.

The actor, a native of the southern city of Basra, appeared on television and in stage comedies. In the 1980s, during the rule of Saddam Hussein, he starred in a play in which he used proverbs to poke fun at life in Baghdad when it was controlled by the declining Ottoman Empire.

But he also gave serious performances, and he was a familiar face to many Iraqis for decades — even though many of his roles were minor.

On Nov. 20, another popular comic actor was killed. Walid Hassan, 47, was the star of "Caricature," a weekend satire on Al-Sharqiyah TV known for its dark humor about Iraq's many problems.

His weekend program poked fun at the country's poor security, long gas lines, electricity blackouts and ineffective politicians, providing desperately needed comic relief.

After the 2003 U.S. invasion, Haifa Street for a time became the scene of almost daily gunfights between insurgents and U.S. and Iraqi troops.

In December 2004, gunmen pulled election workers from a car in morning traffic on the street and shot them. Security on the street has improved since then, but remains tenuous.

Meaty Ceremony Marks Shift Of Province Command (LAT)

By Molly Hennessy-Fiske, Saad Fakhrildeen

The Los Angeles Times, December 21, 2006

DOJ_NMG_0108028

NAJAF, Iraq — The local audience knew what to expect when Iraqi commandos took the stage at the stadium here Wednesday with frogs and a rabbit in hand, preparing to celebrate with a bloody flourish the transfer of local authority from U.S. to Iraqi troops.

The Americans were in for a surprise.

As U.S. commanders and guests looked on, the commandos in dark green T-shirts began taking bites out of the frogs.

One man knelt, placed the rabbit belly-up on his lap and proceeded to cut it open with his military knife. He screamed as he bit the rabbit's heart, then handed the carcass to companions who began gnawing away, blood flowing down their cheeks.

The ceremony marked the shifting of responsibility for security in Najaf province to Iraqi forces and was attended by U.S. and Iraqi dignitaries, including Iraqi national security adviser Mowaffak Rubaie. It was the third such shift by the U.S.-led coalition, following the transfer of Muthanna province by the British in July and Dhi Qar province by the Italians in September.

The show of Iraqi machismo followed a tamer warmup by counterterrorism forces from the Interior Ministry. Dressed in karate uniforms, they performed martial arts moves before simulating the capture of a "terrorist," in this case a fellow policeman in civilian clothes.

The gory performance was familiar territory for many Iraqis, who grew up watching such shows of brute strength, either at mass gatherings or on Saddam Hussein's state-run television. The former president's special forces, or fedayeen, were known for devouring wolves, and commandos ate snakes, dogs and cats, as well as the usual frogs and rabbits.

"This is included in their training," said Mohammed Askari, an Iraqi Defense Ministry spokesman. "It's an indication that they can operate under any circumstances, whatever nature provides them."

But the display was not standard procedure for the Americans.

"Our soldiers do a lot of things, but I've never seen them do anything like that," Air Force Maj. Gen. Kurt Cichowski, who attended the ceremony, told the Associated Press.

U.S. commandos have long studied survival techniques that include devouring freshly killed animals. They're just usually dining under duress rather than on stage, military historians say.

Rich Baker, a military historian at the Army Military History Institute in Carlisle, Pa., said soldiers are often taught to eat small animals such as snails. The Army Field Manual contains dozens of examples, including culinary oddities such as insects, frogs, snakes and lizards.

Baker, who served in the Air Force, says he still remembers being taught how to kill and eat snake, "However, I didn't get to the point where I had to actually do it."

Certainly not on stage.

"That's not something you would find in the Western world," he said. "PETA, People for the Ethical Treatment of Animals, would probably roll over and scream bloody murder."

U.S. Transfers Control Of Najaf Province To Iraqi Security Forces (WP)

By Nancy Trejos And Saad Sarhan

The Washington Post, December 21, 2006

BAGHDAD, Dec. 20 -- U.S. forces handed over control of the southern province of Najaf to Iraqi security forces Wednesday while violence continued in the Iraqi capital, with several car bombs killing at least 12 people.

Top Iraqi government and military leaders attended a handover ceremony in Najaf, a holy Shiite city that two years ago was the site of heavy fighting.

Najaf is the third province to be turned over to Iraqi forces. Fifteen more are still under the control of U.S.-led forces.

Prime Minister Nouri al-Maliki has said repeatedly that he wants to speed up the transfer of authority over Iraq's provinces from coalition forces to the Iraqi police and army. The U.S. military has troops embedded with Iraqi forces to train them to handle security responsibilities on their own.

During the ceremony, Iraq's national security adviser, Mowaffak al-Rubaie, reiterated Maliki's stance.

"Any interference in the country's internal affairs is a red line and an infraction in the Iraqi national security," he said.

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Rubaie visited Grand Ayatollah Ali Sistani, the country's most influential Shiite religious figure, and said afterward that he had informed Sistani of the government's plan to take control of its provinces as soon as possible. Sistani, Rubaie said, called for "national unity and closing ranks behind the elected Iraqi government, which represents the unity of Iraq."

But violence elsewhere showed that some parts of the country, particularly Baghdad, will be harder to tame than others.

At 7 a.m., a car bomb exploded near Baghdad University in the southwestern Jadriya district. Interior Ministry spokesman Abdul Kareem al-Kinani said 11 people were killed and 17 wounded.

The U.S. military said the bomb detonated near a police-escorted bus on its way to the Baghdad airport. Iraqi police reported that two police officers and four civilians were killed, the military said. An additional six policemen and 22 civilians were injured, the military said, citing a police report.

According to Iraqi television, passengers on the bus were making a pilgrimage to Mecca in Saudi Arabia.

In Adhamiyah, a neighborhood in north Baghdad, a suicide bomber detonated explosives close to an Iraqi army checkpoint, killing two and wounding seven, Kinani said.

Another car bomb exploded in the Sinaa district of Baghdad, killing one civilian and injuring four, Kinani said.

Meanwhile, the U.S. military reported that a roadside bomb killed one soldier and wounded four Wednesday as they were on their way to investigate an explosion southwest of Baghdad. In a southern neighborhood of Baghdad, a roadside bomb killed one soldier and wounded two, the military said.

The U.S. military also reported that a female civilian was killed Tuesday by insurgents who attacked a police station in Ramadi with two rockets. A man, another female and a 12-year-old child were wounded, the military said.

Coalition forces captured a senior al-Qaeda leader and five other suspected insurgents in Mosul last Thursday, the military reported Wednesday.

As the military emir of Mosul in 2005, the al-Qaeda leader, who was not identified by name, housed foreign fighters who carried out suicide bombings, the U.S. military said. In late 2005, he became the military emir of Karkh, in Baghdad, coordinating car bombings and kidnappings, the U.S. military said. He is also suspected of organizing an attempt to shoot down a coalition forces helicopter in the Adhamiyah neighborhood in May, according to the U.S. military.

Home In Illinois May Lure Fugitive Former Iraqi Minister (NYT)

By Susan Saulny

The New York Times, December 21, 2006

OAK BROOK, Ill., Dec. 20 — It was an unremarkable scene on Wednesday outside a gated community here where the former Iraqi electricity minister, Aiham Alsammarae, now a fugitive from justice, keeps a palatial house.

Having escaped from a Baghdad jail over the weekend in what he boasted was the “Chicago way,” Mr. Alsammarae, whose whereabouts are unknown, could have been on the way back here.

Or perhaps he had already arrived, enjoying the serenity of the leafy surroundings of the Covington subdivision, about a half-hour west of Chicago.

Dennis Brugh, the property manager of the subdivision, where homes range in price from $1.5 million to $4 million, said that whatever trouble Mr. Alsammarae had found in Iraq, here “he was a homeowner in good standing.”

“He kept his house just like any other guy,” said Mr. Brugh, who works for Oak and Dale Properties, a management company. “He’d have to or else we’d be all over it.”

Mr. Alsammarae, who holds dual American and Iraqi citizenship, moved to the Chicago area in the late 1970s but returned to Iraq just after the American-led invasion.

He was jailed four months ago on corruption charges related to deals made when he was the electricity manager, from August 2003 to May 2005.

In a phone conversation with a reporter on Tuesday, Mr. Alsammarae said he escaped over the weekend and fled Iraq on a flight from Baghdad International Airport. Officials in Iraq acknowledged the escape but doubted some of the details he offered.

The watchman at the Covington entrance, who either stops or waves through every car that approaches, said Wednesday that he knew Mr. Alsammarae but that he had not seen him “in quite some time.”

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Was that days or months?

The watchman, who would not give his name, would not elaborate.

French Pulls Troops From Afghanistan (AP)

By Elaine Ganley

AP, December 21, 2006

As violence mounts in Afghanistan, France is pulling 200 of its best soldiers out. But military officials here insist France remains fully committed, with 1,100 troops still based in Kabul.

Nevertheless, France's decision to withdraw its Special Forces comes amid concerns in Paris that NATO's mission in Afghanistan has grown confused and that the alliance may be overreaching in its efforts to stabilize and rebuild the nation.

French officials and experts say that as fighting in Afghanistan has dragged on and the insurgency has grown in strength, the special forces were no longer ideal for the mission. Such elite units tend to be more lightly armed, and specialize in gathering intelligence or rapid attacks.

"The conditions no longer correspond to what the special forces do," said Capt. Christophe Prazuck, a spokesman for the French Joint Chiefs of Staff.

The French elite troops — deployed in southeastern Afghanistan since July 2003 — were France's contribution to a U.S. anti-terror mission code-named Operation Enduring Freedom that is separate from the NATO mission.

Seven of the 10 French troops killed in Afghanistan since 2003 were special forces. The soldiers combed the border with Pakistan for al-Qaida and Taliban fighters and looked for al-Qaida leader Osama bin Laden. Long based in Spin Boldak, a southern border town in Kandahar, the French rebased this year to Jalalabad in the east and are now expected home in January.

Enduring Freedom has been trimmed as NATO's International Security Assistance Force has evolved. By October, the NATO force's 32,800 troops became the prime fighting force, moving into special forces' terrain in Taliban-infested southern and eastern regions.

U.S. commanders say the work of special forces soldiers is still critical in Afghanistan, whether it's small-group reconnaissance missions, mentoring Afghan soldiers or supporting conventional NATO and Afghan troops in combat.

But State Department spokesman Sean McCormack said the French pullout was understandable. France is heavily committed elsewhere in places like Lebanon and Africa.

"They have numerous other responsibilities around the globe where their military forces are deployed as peacekeepers, so we understand that there are other demands on these kind of particular forces," McCormack said.

Other countries have quietly pulled special forces from Afghanistan. Australia said in September that it was withdrawing some 200 commandos and Special Air Service Regiment troops. Germany has had special forces in Afghanistan, but Defense Minister Franz Josef Jung said none have been there since he took office in late 2005.

And while pulling out its elite troops, France is strengthening its commitment in other areas, maintaining Mirage jet fighters in neighboring Tajikistan and beefing up its mission to help Afghanistan form its own special forces, adding another 20 French trainers.

Paris also has agreed that its 1,100 soldiers in the Afghan capital, Kabul, can be used as reinforcements for NATO combat missions. That concession came at a NATO summit last month where all 26 member states agreed to aid each other in emergencies in Afghanistan.

However, a senior French defense official said any response by Kabul-based French forces would be "prompt and temporary" — with decisions made in Paris on a case-by-case basis.

France has been lukewarm about the decision to dovetail the NATO mission with Operation Enduring Freedom.

"There is strong skepticism about the relevance of NATO in Afghanistan if it is not for stabilization and rebuilding of the country," said Francois Gere, head of the French Institute of Strategic Analysis, a think tank. "If it is for waging nasty guerrilla warfare, there is no appetite in France and, I think, most European countries."

Pakistani City Serves As A Refuge For The Taliban (LAT)

By Laura King

DOJ_NMG_0108031

The Los Angeles Times, December 21, 2006

QUETTA, PAKISTAN — At a time when the Taliban is making its strongest push in years to regain influence and territory across the border in Afghanistan, this mountain-ringed provincial capital has become an increasingly brazen hub of activity by the Islamist militia.

Quetta serves as a place of rest and refuge for Taliban fighters between battles, a funneling point for cash and armaments, a fertile recruiting ground and a sometime meeting point for the group's fugitive leaders, say aid workers, local officials, diplomats and others.

"Everybody is here," said Mahmood Khan Achakzai, a Quetta-based member of Pakistan's National Assembly, describing the routine comings and goings of senior Taliban commanders in Quetta, the capital of the Pakistani province of Baluchistan.

The apparent ease of Taliban movement in and out of Quetta comes against a backdrop of increasingly bitter squabbling by authorities in Afghanistan and Pakistan over who bears responsibility for the militia's use of tribal areas on the Pakistani side of the border as a staging ground for attacks that have killed at least 180 North Atlantic Treaty Organization and allied troops this year.

Afghan President Hamid Karzai this month blamed Pakistan for orchestrating Taliban activity. Pakistan, a key ally in President Bush's "war on terror," in turn accused Karzai of seeking a scapegoat for his own failures of governance.

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Nerve-racking encounters

Quetta is a microcosm for these tensions. Local Pakistani authorities insist that they keep a tight lid on Taliban activity — a claim derided by many residents of this city of about 1.5 million people, and one backed by little demonstrable evidence.

Residents described nerve-racking random encounters with Taliban convoys bristling with weaponry and hearing volleys of automatic-weapons fire echoing from within some walled-off madrasas. Taliban recruitment videos sell briskly in stalls tucked between the gun emporiums and carpet shops of Quetta's raucous main market.

"For the Taliban, this is considered to be a safe haven," said Syed Ali Shah, a journalist who writes for the Baluchistan Times. "They come here, they regroup and retrain."

At a local madrasa, or Islamic seminary, black-turbaned young men gathered around a makeshift fountain on a recent day, performing their ablutions before noon prayers. One, then two, then half a dozen of them aimed steely glares at outsiders lingering near the rusty green gate of the mud-brick compound.

The madrasa is one of dozens in and around Quetta at which Taliban ideology is openly preached. From these schools, willing foot soldiers emerge by the hundreds to join the fight against Western forces in Afghanistan.

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Secretive society

The Taliban presence in Quetta is helped by the insular and secretive nature of Pashtun tribal society, the virtually unsecured border with Afghanistan and the city's large population of Afghan refugees, with whom the militia's members can readily blend.

The city also has close historic, ethnic and cultural ties to the Taliban's birthplace, the Afghan city of Kandahar, a bone-jarring five hours away by road. Many Pashtun clans have roots on both sides of the border.

Afghan provinces close to Baluchistan have been the scene of some of the heaviest fighting this year between Taliban and Western and allied forces. The bulk of more than 115 suicide attacks against coalition troops has taken place in and near Kandahar, which was the seat of Taliban power when the movement ruled Afghanistan from 1996 to 2001.

Today in Quetta, it's almost as if the Taliban never went away.

Some Taliban-affiliated madrasas operate almost in the shadow of police and military installations. On the main road that runs from the border town of Chaman to Quetta, there is only one police checkpoint. On a recent day, two police officers sat in a lean-to, drinking tea and barely glancing up at passing cars.

Pakistani police in Quetta say they have rounded up hundreds of suspected Taliban militants in the last year, and report frequent raids on madrasas suspected of militant ties.

"All the time we are harassing them," said Salman Syed Mohammed, Quetta's deputy police inspector-general.

But one Western aid official, speaking on condition of anonymity, described such roundups as a "catch-and-release" program, with most of the detainees seen on the streets again within a matter of days.

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Mingling with refugees

Militants who are deported to Afghanistan can make their way back to Pakistan at will, either traveling by motorbike on unmarked border trails or joining the crush of up to 6,000 people, mainly Afghans, who cross the border daily at Chaman.

By mingling with refugees, wounded fighters are able to seek treatment in several Quetta hospitals, which on the whole are better equipped than those on the Afghan side of the frontier. The International Committee of the Red Cross helps arrange medical care in Quetta for injured civilians, and says that inevitably some fighters slip in among them.

"According to international law, once a wounded combatant has put down his weapon, it becomes a humanitarian case," said Paul Fruh, who heads the Red Cross office in Quetta.

Although most local people are afraid to talk about sightings of senior Taliban figures, commanders are said to have unimpeded access to the city, even highly recognizable ones.

"Dadullah roams these streets, and they know it," said Achakzai, the lawmaker, referring to Mullah Dadullah, a one-legged Taliban commander with a reputation for egregious brutality.

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Westerners monitored

Pakistan's security branches demonstrate far more efficiency in keeping track of Western outsiders, including foreign journalists, whose movements in and around Quetta are closely monitored.

New York Times reporter Carlotta Gall was questioned this week by Pakistani security agents who forced their way into her Quetta hotel room and at one point struck her in the face, she said. Gall's notes and laptop were seized but later returned. The U.S. Embassy in Islamabad said it was looking into the incident.

For the families of young fighters from Quetta and its environs, the subject of their decision to take up arms for the Taliban is taboo. A local leader said the tiny hamlet of Charqol, about a dozen miles northwest of Quetta, had produced half a dozen suicide bombers this year alone. None of their relatives would talk.

The climate of fear extends to foreign humanitarian agencies, whose workers are required to have armed escorts whenever they venture outside Quetta. The Office of the U.N. High Commissioner for Refugees office in Quetta was briefly shut down this year in response to a Taliban threat.

"I'm afraid, not as an aid worker but as a citizen, as someone living here," said Duniya Khan of the refugee agency. "Everyone in this city feels insecure."

Al-Qaeda's Sanctuary (WP)

The Washington Post, December 21, 2006

THREE MONTHS ago the Pakistani government struck a deal with pro-Taliban leaders in the district of North Waziristan, bordering Afghanistan: It agreed to abandon military operations, withdraw the army and release prisoners in exchange for promises that the militants would cease cross-border attacks and disarm the foreign terrorists in their midst. That the extremists would not respect the accord, and that attacks on U.S. forces in Afghanistan would increase rather than decline, obviously seemed likely at the time. Yet President Bush, ever indulgent of Pakistan's autocratic ruler, Gen. Pervez Musharraf, accepted his promises. "When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be al-Qaeda, I believe him," Mr. Bush declared when he met Gen. Musharraf at the White House on Sept. 22.

As senior administration officials now acknowledge, Gen. Musharraf's assurances were empty -- as they have been many times before. According to multiple independent reports, Waziristan has been thoroughly Talibanized, and the fundamentalists are spreading their influence through adjacent border districts. Cross-border attacks and the deaths of American soldiers that they cause are up significantly. Al-Qaeda is reliably reported to be operating training camps in North Waziristan with the help of scores of foreign militants who are schooling recruits in suicide bombing and the use of improvised explosive devices. According

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to a stunning report in the current edition of Newsweek, they are also preparing Western citizens who could carry out major terrorist attacks in Britain or the United States.

Director of National Intelligence John D. Negroponte grossly understated the case last week when he told The Post that "tribal authorities are not living up to the deal" struck by Gen. Musharraf and that the Taliban cross-border activity "causes serious problems." Considering the grave threat to U.S. soldiers and the homeland itself posed by the Pakistani sanctuary, the intelligence chief sounded positively laconic. "Sooner or later the government will have to reckon with it," he said, before quickly offering excuses for Gen. Musharraf, who, he said, "has a domestic political balancing act to perform."

In fact the situation in Pakistan's border areas is starting to look a lot like eastern Afghanistan before Sept. 11, 2001. President Bush and Mr. Negroponte ought to be asking themselves if they are repeating history by tolerating the situation. They need not do so: The United States has provided Gen. Musharraf strategic cover and billions of dollars in military and economic aid since 2001. In return it should have the right to demand that he abandon his separate peace. Action must be taken against Taliban and al-Qaeda forces in Pakistan before spring, when another major offensive against U.S. and NATO forces can be expected unless the enemy bases and supply lines are disrupted.

As for Gen. Musharraf's political problems, these could be addressed if he stopped allying himself with Pakistan's own Muslim fundamentalists and rehabilitated the secular democratic political parties that he has repressed since his 1999 coup. He could also abolish the colonial governing system in the tribal areas, under which secular political parties are banned and mullahs empowered, and allow representative government. By tolerating the general's empty promises and excuses, the Bush administration is putting its mission in Afghanistan and homeland security into unacceptable jeopardy.

DOJ:

New US Attorney Sworn in For Little Rock District (AP)

AP, December 20, 2006

Little Rock, AR (AP) - Tim Griffin, a former assistant to President Bush (website/newsbio) adviser Karl Rove, was sworn in today as the interim US attorney for the Eastern District of Arkansas.

The 38-year-old Griffin replaces Bud Cummins, who announced last week that his resignation would be effective today.

A native of Magnolia, Griffin served previously as special assistant U-S attorney for the Eastern District of Arkansas. He recently spent three months of active duty in Iraq in the Army Judge Advocate General's Corps.

Griffin had previously served as special assistant to President Bush and deputy director of political affairs at the White House, as well as deputy communications director for the Republican National Committee.

Griffin will serve as interim federal prosecutor until the Justice Department nominates a candidate to replace him.

Feds laud A-C police (ABH)

By Joe Johnson

Athens (CA) Banner Herald, December 21, 2006

Their duty is to protect and serve, so what does dressing up like Santa, waiting tables for tip money to buy toys and walking neighborhood streets have to do with being a good police officer?

Everything, according to the U.S. Department of Justice, which highlighted Athens-Clarke police's Community Oriented Policing and Problem Solving (COPPS) program in the current edition of In-Sites, a magazine published by the department's crime prevention arm, the Office of Justice Programs.

"Imagine a successful, proactive police department, one that involves all levels of law enforcement management and strong community leadership," the magazine says. "The police force in Athens, Georgia, does more than imagine it - they practice it."

The magazine goes on to explain how since Athens-Clarke Police Chief Jack Lumpkin introduced the concept of community-oriented policing nearly 10 years ago, it has evolved so that individual officers now are "chiefs" of their beats, responsible for resolving quality of life issues and reducing crime.

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"Officers make concerted efforts to inform residents of their availability and involvement," the Justice Department magazine says. "They attend neighborhood meetings and offer their cell phone numbers and e-mail addresses. In return, the community recognizes the value of having a police presence in the neighborhood and law enforcement's willingness and ability to solve problems and improve residents' quality of life."

Lumpkin said the national recognition makes him proud for the officers, but steadily declining crime rates and growing community participation in crime fighting already has validated the concept he introduced after becoming police chief in 1997 .

"We have heroes every day doing something that may not be a front-page news story, but they are out there helping a citizen," he said.

When officers aren't trying to rid neighborhoods of drug dealing or cut down on car break-ins and other crime, Lumpkin said, they are attending neighborhood and business meetings to learn what the problems are. If the police can't help, he said, officers will refer residents to other government departments that deal with quality of life issues such as dilapidated houses and abandoned cars.

"There's been a cultural change by the citizens and police, and we have moved into partnerships in many areas of the community," Lumpkin said.

"It's the broken-window theory," Assistant Police Chief Alan Brown said. "If you don't fix the windows and allow things to get out of hand, then criminals have the perception that the community is in disorder and they feel empowered to go ahead and commit crimes."

One of the keys to the COPPS program is encouraging officers to spend more time out of their patrol cars, mingling with the people they are sworn to protect, Lumpkin said. They form relationships that allow residents to feel more comfortable passing along information.

"Perpetrators are strengthened and enhanced when they can operate in environments where anonymity exists," the police chief said.

The department has emphasized the return of the beat cop even more since last fall, when supervisors began to check patrol car odometers and gas gauges to see that officers are spending more time on foot.

"What I'm proud of is the citizens are our partners, and we're doing it in a tough environment," Lumpkin said. "Athens-Clarke County is a great place to live and work, but it's a tough environment for police because the expectations are much higher."

Loss of grant money clouds future for regional drug task force (BTF)

By Mark Caudill

Bucyrus (OH) Telegraph Forum, December 20, 2006

MANSFIELD — The METRICH Enforcement Unit annually spends $115,000 on drug buys.

But because of federal and state funding cuts, METRICH will receive a total of only $100,000 in 2007 after getting $260,000 this year.

Mansfield police Chief Phil Messer, also the program director for METRICH, made the cutback announcement today at the Holiday Inn at a luncheon celebrating the task force's 20th anniversary.

"One good thing about METRICH is we have prepared for cuts," Messer said. "We hope that most of our agencies have made plans to get us through 2007."

It's anyone's guess after that.

"After 2007, the cuts could be so deep you can't survive as a task force," Messer said.

Task forces in general could be in trouble. In 2002, $4.8 million of federal money was allocated from the U.S. Department of Justice through the Ohio Office of Criminal Justice Services for task forces. That figure will drop to $1.2 million in 2007.

Messer said he hopes the 10 counties in the region would continue to work together even if they receive no funding.

"It would be difficult to do, but it's worth staying together," he said.

Messer said METRICH has avoided using grant money for personnel, opting to earmark the funds for training and equipment.

"Hopefully, that good planning will sustain us through what should be a very challenging year," the chief said.

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Another possible way to offset the budget cuts is a proposal to have participating agencies make a 50-50 match for any federal and state funding instead of the current 25 percent.

During the luncheon, METRICH recognized several people for their involvement.

Attorney John Allen and Mansfield Municipal Court Judge Jerry Ault, then members of the Richland County Prosecutor's Office, were two of the founding members.

Messer recalled them starting METRICH "because the police and the sheriff's office couldn't get along."

From those humble beginnings, METRICH has grown into the largest multi-jurisdictional task force in the state.

That includes Crawford County.

CORPORATE SCANDALS:

Juniper Takes Big Charge For Tainted Options (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, December 21, 2006

Announcing one of the largest restatements stemming from the stock option scandal, Juniper Networks said today it will take a charge of about $900 million to account for tainted options issued to Chief Executive Scott Kriens and others during the frenzied tech boom.

``That tells me the profits of this company were massively overstated during this time period, that's what it tells me," said Todd Fernandez, senior research analyst for Glass Lewis, which advises institutional investors on corporate governance issues.

The Sunnyvale networking and security company's board and audit committee absolved Kriens of responsibility and ``expressed their continuing confidence" in him and the current management team. In a press release issued after the stock market had closed, the company said its seven-month investigation assigned blame to ``certain former management" whom the company declined to identify.

Still, some corporate governance experts say the company's probe left unanswered questions about Kriens' role -- questions that might not be resolved until the Securities and Exchange Commission and Justice Department conclude their own probes.

Corporate investigations have triggered at least $8 billion in restatements nationwide so far, according to Bloomberg News. Juniper's restatement ranks behind UnitedHealth ($1.5 billion to $1.7 billion), Broadcom ($1.5 billion) and Brocade Communications Systems (about $1 billion, including adjustments not related to backdated options).

Some analysts downplayed the findings, saying the news shouldn't make Juniper a less-attractive acquisition target.

``You're talking about things that happened in 1999, and it's a non-cash charge," said Sam Wilson, an analyst with JMP Securities. ``It's now what's called old news. Wall Street looks ahead, they don't care what happened in 2002 and 2003. They care about 2006 and 2007."

Juniper's internal probe found ``numerous" cases of misdated options, with ``99.9 percent" of the problems occurring from just days before the company's initial public offering in June 1999 through December 2003. The company also cited lax controls by management to oversee the options program.

CEO Kriens received two tainted grants during that period, both issued at quarterly lows in Juniper's volatile stock price. In 2000, for example, his options were granted at $93.94 -- just weeks after the stock had hit its all-time high of $243.

Both of Kriens' grants were canceled in 2001. Company records indicate, however, that he exchanged 2.2 million ``underwater" options granted in 1999 and 2000 for 2.2 million options priced six months later at the going rate of $10.31 per share in May 2002.

Two corporate governance experts raised concerns that Kriens continues to benefit from the original tainted options.

``Follow the money trail: He got options that were backdated, and he turned them in for something else of value," said Las Vegas compensation expert Graef Crystal. ``He can't wiggle out of that. It isn't `no harm, no foul,' because he got something of value."

Despite the board's vote of confidence in Kriens, the scandal could continue to dog Kriens and Juniper, Fernandez said.

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``Here is a case where you have close to a $1 billion restatement, and it's the sitting CEO who is affected," he said. ``That probably won't be lost on the regulatory bodies or the lawyers" filing shareholder lawsuits.

IBM Ends Director Stock Options, Spotlighting Popular Perk's Decline (WSJ)

By Joann S. Lublin And William M. Bulkeley

The Wall Street Journal, December 21, 2006

Stock options, long touted by many companies as a vital tool for rewarding board members and aligning their interests with those of shareholders, are falling out of favor as a perk amid scandal and accounting and legal changes.

Yesterday, International Business Machines Corp. said it no longer will grant outside directors stock options -- which give recipients the right to purchase company shares in the future at a set price. Instead, starting Jan. 1, those directors will be paid an annual $200,000 retainer, which they can take either in IBM shares or partly in cash -- though rules strongly encourage them to take the shares.

IBM is only the latest big company to abandon options -- which are worthless unless a stock price rises -- in favor of compensation involving cash, restricted stock or outright equity stakes that both rise and fall with the share price. The move by the iconic company underscores a broader repudiation of options for board members two decades after many companies began to embrace them -- and could even accelerate the trend because of IBM's reputation as a bellwether of corporate behavior. Among others that have dropped the practice in recent years are retailer Gap Inc., recruiter Heidrick & Struggles International Inc. and food company Tyson Foods Inc.

In 2001, as the stock-market boom of the 1990s crested, nearly eight in 10 big companies were giving their directors options, according to a proxy analysis of 350 major companies conducted for The Wall Street Journal by Mercer Human Resource Consulting in New York. By last year, the figure was down to 53%.

The percentage may drop to as low as 10% by 2010, because boards now consider options "somewhat problematic," said Charles Elson, head of the Weinberg Center for Corporate Governance at the University of Delaware's business school, and a director of two public companies. Abandoning options "reduces the controversy" because "any potential for manipulation just goes away," said Peter Gleason, chief operating officer of the National Association of Corporate Directors in Washington.

Options are suffering a heavy backlash after big corporate scandals such as the accounting frauds at Enron Corp. and WorldCom Inc. and the more recent backdating scandal, corporate-governance experts said. In those and other cases, critics have claimed directors, motivated to boost returns on their stock options, turned a blind eye to problems.

The backdating scandal has revealed that dozens of companies altered their grant dates to days when their stock was trading at a lower price -- thereby boosting profits on options. More than 130 companies currently are under investigation for the practice in the biggest corporate-fraud probe in decades. An academic study released this week suggested that as many as 1,400 outside board members at 160 companies received questionable option grants, though the study didn't address whether they knew about it.

Companies also are responding to new accounting rules requiring options to be counted as an expense after more than a decade in which they weren't. Under proxy-disclosure rules that took effect for fiscal years ending after Dec. 15, moreover, businesses must reveal far more detail about the elements and costs of board compensation packages -- which could make options less attractive.

More broadly, post-Enron changes in laws and corporate practices have imposed greater demands on outside directors -- that is, those who have no other ties to a company. The New York Stock Exchange, for instance, now requires that a majority of board seats, and all compensation- and audit-committee members, be independent.

That has prompted plenty of discussion about how best to compensate outside directors and keep them focused on shareholder interests while protecting their independence. Outside directors are supposed to play a special role safeguarding against cozy board relationships with management.

"The overall governance thrust today is to have board members be [stock] owners rather than optionees," said Pearl Meyer, senior managing director of Steven Hall & Partners, a pay consulting firm in New York. Options focus recipients "too much on short-term movements in the stock price," she said.

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Director compensation has been a subject of heated debate and experimentation for more than two decades. In the 1980s, corporate reformers and some large institutional investors argued that options would help motivate directors to focus harder on shareholder returns by giving them ownership incentives. The idea gained fuel thanks to tax and accounting policies that kept options tax- and expense-free, and the large fortunes that began to be made by companies going public in the early days of the 1990s boom.

According to Executive Compensation Reports, a newsletter that covered executive pay, just 1.6% of the nation's 1,000 largest companies gave directors some kind of stock in 1983. By 1994, nearly one in five did.

No one has suggested that IBM's directors received backdated grants. An IBM spokesman said the Armonk, N.Y., computer giant's action was consistent with its practice of "broadly reducing our reliance on stock options" as compensation for employees and officers.

IBM started expensing options in 2005 because of new accounting rules. But even before that, "we'd been saying we were reducing our reliance on equity compensation," he said. People familiar with the matter said IBM also believes options tend to make recipients more oriented toward short-term results than they are with other forms of compensation.

IBM said the additional cash compensation for directors is equal to the value of the stock options outside directors have been receiving; each year they were given 4,000.

Ironically, IBM's elimination of options increases the likelihood that outside directors will acquire sizable share stakes -- thanks to its substantial stock-ownership guidelines. The company pays 60% of these board members' annual retainer in a type of deferred stock known as "Promised Fee Shares," the latest proxy noted. Those shares are based on the market price of IBM stock. They accumulate dividends in the form of more Promised Fee Shares, and they can't be redeemed until retirement or departure from the board, at which time the director can receive either IBM stock or the cash equivalent.

Under IBM's corporate-governance guidelines, such directors are expected "to have stock-based holdings in IBM equal in value to five times the annual retainer," the proxy added. With the retainer doubled to $200,000, each outside IBM board member must now aim to own $1 million worth of shares.

The IBM spokesman said all the company's outside directors this year chose to invest all of their cash compensation in such shares. IBM directors include Lucio Noto, former chief executive of Mobil Corp.; James W. Owens, chief executive of Caterpillar Inc.; Kenneth I. Chennault, chief executive of American Express Co.; and Minoru Makihara, former chairman of Mitsubishi Corp. IBM Chairman and Chief Executive Samuel J. Palmisano is the only IBM employee on the board.

Recent years have seen companies take a wide range of approaches to compensating directors. Coca-Cola Co. earlier this year unveiled a plan to pay directors solely through annually allocated "equity-share units," which can't be cashed until three years have passed -- and then only if Coke posts compounded annual growth of 8% in earnings per share.

Similarly, Campbell Soup Co. board members will no longer get options as of Jan. 1. Instead they will receive an equal mixture of actual shares and cash, the big food maker disclosed in its latest proxy statement. "We have moved away from stock options as a form of compensation in part due to the change in accounting rules," a spokesman said.

When Heidrick & Struggles eliminated options for directors in 2002, it replaced them with restricted stock units, believing that "would better align the interests of the directors with our stockholders," its 2002 proxy said. In light of later controversy over options, "it looks like it was a wise decision," said Gerard Roche, senior chairman. "We're in a position where we don't have any worries" about director compensation.

Some companies eschew any stock-based compensation for directors at all. Those that pay outside directors only in cash include Alcoa Inc., Berkshire Hathaway Inc. and Sears Holdings Corp.

IBM won mixed reviews yesterday. "It's a welcome move" because options create incentives "that aren't in the interest of long-term shareholders," said Dan Pedrotty, head of the AFL-CIO's Office of Investment. But he said he wishes the company would go further and adopt a performance-share plan for directors. Union-sponsored pension funds have assets of about $400 billion.

But Mr. Elson, of the University of Delaware, said he was troubled by the move -- even though outside directors must hold a high multiple of their cash retainer in IBM shares. "To show continued confidence, you have to own stock over the long term" and also be partly paid in stock, he said. "You should increase your [stock] position over time."

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Separately, American Tower Corp. said yesterday that directors and officers who received options at prices below the fair-market value on the legal grant date have agreed to "eliminate any benefit" by compensating the company in cash, or by canceling vested but unexercised options. The company will increase the exercise price of any unexercised options to the fair-market value. American Tower, a Boston-based owner of cellphone towers, said that the value of eliminating the benefit is $7.5 million.

American Tower said it plans to eliminate similar options benefits totaling $7.6 billion for three former executives.

American Tower has said that "there were a number of deficiencies in the company's stock option granting practices." Last month it restated results for 2005 to reflect a review of the options. A spokesman didn't immediately return calls seeking comment on the options issue or the names of the executives and directors involved.

American Tower Will Cut Gains From Managers' Options (BLOOM)

By Ville Heiskanen, Alex Armitage

Bloomberg, December 21, 2006

Dec. 20 (Bloomberg) -- American Tower Corp., the largest U.S. owner of sites for wireless telephone antennas, will eliminate about $7.5 million in gains from misdated stock option grants given to eight current executives and directors.

The company also plans to cut about $7.6 million in benefits received by three former officers, Boston-based American Tower said today in a statement. And the company said it will resume a half-finished $750 million stock buyback.

American Tower continues to cooperate with U.S. Justice Department and Securities and Exchange Commission options inquiries. The company reported on Nov. 8 that some managers routinely misdated option grants for at least six years, artificially inflating their worth. It is one of at least 190 companies to report internal or federal options probes.

``The stock option probe will not have significant consequences for the company," said Vance Edelson, a Morgan Stanley analyst in New York, in a note to investors today.

``Resumption of the share buyback program is a double positive for American Tower," Edelson said. He rates the shares ``overweight."

American Tower will resume a stock buyback program started a year ago and suspended in May. The company has already spent $358.3 million to buy 11.8 million shares, leaving $391.7 million to be spent by Feb. 28.

American Tower may decide to extend the buyback program, Edelson said in his note. He said the pace of the repurchases, at about $100 million a month, will be faster than a ``widely anticipated pace" of $80 million a month.

Shares of American Tower slipped 27 cents to $36.98 at 4 p.m. in New York Stock Exchange composite trading. They have risen 36 percent this year.

Backdating options to days when prices were lower can boost gains to employees and directors who get them, if the underlying stock's price rises. American tower said the values of eliminated gains may be adjusted for taxes.

Chordiant Gets Nasdaq Noncompliance Note (AP)

AP, December 21, 2006

Chordiant Receives Nasdaq Noncompliance Notice Over Delayed Reports From Options Probe

CUPERTINO, Calif. (AP) -- Chordiant Software Inc., a maker of customer relationship software for businesses, said Wednesday it received an anticipated Nasdaq Staff Determination letter for its failure to timely file its 2006 annual report as a result of a stock options probe.

Nasdaq initially informed the company in August that its common stock would be delisted because of its failure to timely file its Form 10-Q for the quarter ended June 30, unless it requested a hearing. Chordiant appeared before the Nasdaq Listing Qualifications Panel, which issued a decision granting it an exception until Dec. 29, to get into compliance with listing rules.

Last month, Chordiant decided to restate its historical financial statements for 2001 through 2003, the nine-month period ended Sept. 30, 2004, fiscal 2005, and the quarters ended Dec. 31, 2005 and March 31, 2006. The company said it intends to seek an additional extension to file its amended and delinquent reports, including its Form 10-K for 2006.

The restatements are necessary because of the conclusions of a historical stock option review concluded by its audit committee, which determined additional non-cash expense for the period 2001 through 2006 is expected to be about $8 million.

A total of 105 companies are currently under Securities and Exchange Commission or Justice Department stock-option grants scrutiny, and at least 90 other firms have launched or completed internal reviews, according to an AP review.

"No assurance can be made that the company will be granted an additional extension," according to Chordiant. "If the Listing Qualifications Panel does not grant the request, the company's common stock will be delisted."

Shares of Chordiant added 16 cents, or 5.1 percent, to $3.27 in afternoon trading.

4 Former Enterasys Officials Found Guilty (AP)

AP, December 21, 2006

Jury can't decide former officer's fate in fraud case

CONCORD, N.H. -- A federal jury convicted four former Enterasys executives on securities fraud and conspiracy charges yesterday, but was unable to reach a verdict on five charges against the computer networking company's former chief operating officer.

The verdict came after more than a week of jury deliberations. The onetime executives were accused of scheming to inflate company revenues in the quarter ended Sept. 1, 2001.

The charges were related to sales contracts, investments, and revenue the company reported during and immediately after its spinoff from Cabletron Systems Inc.

The four former executives were convicted on 27 of 39 conspiracy, securities, and wire fraud charges against them. They included:

Former chief financial officer Robert Gagalis, 49, of Rye.

Former vice president Bruce Kay, 53, of Yarmouth, Maine.

Former accountant Robert Barber, 53, of Durham.

David Boey, 51, of Atlanta, who worked in the company's Singapore office.

Former chief operating officer Jerry Shanahan, the only defendant who was not a certified public accountant, was acquitted on one count of securities fraud. The jury returned no verdict on a wire fraud charge, three other securities fraud charges, and a conspiracy charge.

Shanahan, who is from Ireland, will remain free on bail while the US attorney's office decides whether to retry him on those charges, a spokeswoman said.

The securities fraud charges are each punishable by up to 10 years in prison, while conspiracy can draw up to five years in prison and a $250,000 fine. The four executives will remain free until they are sentenced on March 21 and March 22.

Enterasys, which was publicly traded and based in Rochester, N.H., at the time, makes routers and switches for corporate networks.

The company has since moved to Andover, Mass., and was taken private in March.

Former Enterasys Executives Convicted In New Hampshire (IW)

By W. David Gardner

InformationWeek, December 20, 2006

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Prosecutors scored another victory over executives who played illegal financial games during the technology bubble when a federal jury convicted four former executives of telecom equipment provider Enterasys of securities fraud and conspiracy charges.

The jury on Tuesday convicted former chief financial officer Robert Gagalis and three others on charges that they illegally inflated Enterasys revenue in 2001. Also convicted were Bruce Kay, a former VP; Robert Barber, a former accountant; and David Boey, a former executive in the firm's Singapore office.

But the jury acquitted the firm's former chief operating officer Jerry Shanahan of one charge and failed to return a verdict on several other charges he was facing. Prosecutors are considering whether to seek a new trial against him.

Enterasys was the largest piece of the former Cabletron, a networking firm whose stock rocketed into the stratosphere before the company was broken up in the early 2000s.

Four other former Enterasys executives, including former chairman, president, and CEO Enrique Fiallo, had previously pleaded guilty to charges and testified in the jury trial, according to media reports.

Sentencing of all the executives is scheduled for March.

The company has a storied history, beginning in 1983 in a Massachusetts garage as Cabletron and eventually employing 6,000, most of them in New Hampshire.

Cabletron tracked the technology bubble, inflating in the late 1990s, but collapsing in the early 2000s. Cabletron was broken into different units, and Enterasys remained the largest operation. Enterasys later moved back to Massachusetts and the firm was taken private in March.

Convicted Enterasys execs use homes for bail (MUL)

By DENIS PAISTE

Manchester Union Leader, December 21, 2006

Concord – Two of four former Enterasys executives convicted of securities fraud and conspiracy Tuesday by a jury in U.S. District Court in Concord have posted equity in their homes as bail, while two others have been ordered to home confinement with electronic bracelet monitoring pending sentencing on the federal criminal charges in March.

Former Enterasys Chief Financial Officer Robert Gagalis, 49, of Rye, signed an agreement to forfeit his $2.5 million home in Rye if he fails to appear for his sentencing, according to Assistant U.S. Attorney William E. Morse. Gagalis has approximately $1.5 million in equity in the house, he said.

Bruce D. Kay, former vice president. 53, of Yarmouth, Maine, agreed to forfeit his principal home and a vacation home collectively valued at about $630,000, which he owns free and clear, Morse said.

Although Robert G. Barber, 53, of Durham, a former accountant, agreed to forfeit his $400,000 house in Durham in which he had about $170,000 of equity, Morse said Judge Paul Barbadoro determined Barber did not have enough equity to provide an adequate assurance of appearance and ordered him to confinement in his home with electronic bracelet monitoring.

David (Hor Chong) Boey, 51, of Atlanta, who is a Malaysian national, also was ordered to serve home confinement with electronic bracelet monitoring. Boey had already put up the $60,000 equity in his $300,000 Atlanta metropolitan area home, as well as $30,000 in cash for collateral, Morse said.

The four were convicted on key conspiracy and fraud charges in which the government alleged they illegally inflated Enterasys' revenues in the quarter ended Sept. 1, 2001. They were part of 27 guilty pleas returned on 39 criminal charges in U.S. District Court Tuesday afternoon.

Morse said they have 10 days to file notice of appeal.

The jury acquitted the fifth defendant, Jerry Shanahan, 42, former chief operating officer, on a charge of keeping false books and records and deadlocked on three others against him.

Morse said yesterday afternoon the government is still weighing whether to retry Shanahan on the three charges that resulted in a hung jury.

Andrew Good, Shanahan's attorney, said yesterday he hoped to meet with prosecutors before the weekend.

Acting U.S. Attorney Joseph N. Laplante praised the verdict, stating yesterday: "The investing public deserves and needs accurate financial information about public companies. The successful prosecutions in this case should serve as a substantial deterrent to others in similar circumstances who might otherwise be inclined to cook the books.'"

As a result of the fraudulent scheme, then Rochester-based Enterasys overstated its revenue by more than $11 million in the quarter ending Sept. 1, 2001, the Justice Department said. Enterasys' shareholders lost approximately $1.3 billion after the company disclosed one of the fraudulent transactions and a pending investigation by the U.S. Securities and Exchange Commission. The company specializes in computer networking equipment.

Enterasys Networks Inc. was taken private earlier this year and is now based in Andover, Mass.

Those convicted face possible sentences of five years and a $250,000 fine on the conspiracy charges and 10 years on the securities charges.

Sentence hearings are set for Gagalis at 9:30 a.m. on March 21; for Kay at 10:30 the same day; for Barber at 9:30 a.m. on March 22; and for Boey at 10:30 a.m. the same day.

Prison stay delayed for ex-Homestore CEO (INMAN)

By Glenn Roberts Jr.

Inman News, December 20, 2006

Lawyers seek release pending appeal of conviction

Lawyers for Stuart Wolff, the former Homestore CEO who was sentenced in October to 15 years in federal prison for his role in an accounting fraud scheme that artificially inflated Homestore revenues and almost ruined the company, have filed a motion to keep him out of custody pending an appeal of his conviction.

The motion raises questions about a judge's financial interest in a company involved with Wolff's case and other aspects of his trial.

U.S. District Court Judge Percy Anderson on Nov. 30 ordered Wolff to surrender himself to federal custody on or before Dec. 13 to begin serving his sentence, though legal proceedings have so far postponed his prison time.

On Dec. 7, Wolff's lawyers submitted a motion to the Ninth Circuit U.S. Court of Appeals for Wolff's release, and lawyers had earlier filed a motion with the district court to put off Wolff's payment of a $5 million fine plus about $8 million in restitution. Wolff remains under electronic monitoring in his Southern California home.

"We think he should start serving his sentence," said Assistant U.S. Attorney Michael R. Wilner, who is representing the government in the case against Wolff. "We are just waiting to hear what the court is going to do."

E. Lawrence Barcella Jr., one of the lawyers who is representing Wolff, said, "We think that there are a number of very significant issues that we will be appealing on what we think constituted error which will cause the case to be reversed." These issues warrant that Wolff should be allowed to remain free pending the appeal, he added. Court briefs related to Wolff's appeal are due in April and May.

The court had recommended that Wolff serve his sentence at a federal prison in either Lompoc, Calif., or Taft, Calif.

Wolff served as CEO and chairman for Homestore -- now known as Move Inc. -- from 1997 to 2002, when he resigned during an internal investigation.

A group of 11 other Homestore officials have also been convicted for their participation in illegal schemes that led the company to restate its earnings and almost led to the delisting of the company's stock, which had dropped to just pennies per share.

The U.S. Securities and Exchange Commission and U.S. Justice Department in April 2005 filed criminal and civil cases against Wolff and Peter Tafeen, the company's former executive vice president of business development from 1997 to 2001.

Tafeen pleaded guilty to one count of securities fraud and was sentenced to 30 months in federal prison and three years of supervised release.

The government's case has focused on multimillion-dollar advertising transactions that Homestore entered into with AOL and other companies through which Homestore essentially paid itself by routing money to and from other companies and disguising the true nature of those transactions.

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Wolff's appeal, according to the court filing, "will raise the highly 'substantial' question whether the trial judge -- the Honorable Percy Anderson -- should have presided over the matter in the first place," as Anderson "acknowledged that he owned AOL stock and recognized that he had a 'financial interest in AOL.' " And the court motion notes that four current or former AOL employees testified at Wolff's trial.

While Wolff's lawyers had earlier sought to excuse Anderson from the case on the basis of his financial interest in AOL, a separate U.S. District Court judge had considered the matter and denied that motion. About half of the $67.3 million in disputed Homestore revenue was related to AOL, "which acted as the 'third leg' in most of the disputed transactions," Wolff's lawyers state in court documents, and they also noted that "the Department of Justice has filed a criminal complaint against AOL ... regarding AOL's participation in at least one of the very transactions charged in the Wolff indictment."

The Dec. 8 motion by Wolff's lawyers also takes issue with Anderson's denial of requests to allow an accounting expert as a witness to explain the complexity of accounting rules, and separate instruction that would have explained to the jury that "triangular deals" with a similar structure to those that Homestore engaged in are not always improper.

Also, Wolff's lawyers charge in their court filing that the court's admission of evidence related to Homestore's financial restatements was improper, and "other courts have concluded in substantially identical circumstances that restatements are not admissible."

Wolff's legal team includes Barcella and Howard M. Privette from the Paul, Hastings, Janofsky & Walker LLP law firm in Los Angeles, as well as Lawrence S. Robbins, Gregory L. Poe and Mark T. Stancil from the Robbins, Russell, Englert, Orseck & Untereiner LLP law firm in Washington, D.C. Move Inc. had reached an agreement through which the company would pay up to $15.2 million related to Wolff's legal fees and up to $11.9 million in Tafeen's legal costs. The company has also faced legal fees relating to other former employees.

Wilner said that the government has begun the process of collecting money related to the judgment in Wolff's trial. The restitution amount relates to Wolff's insider trading profits from the scheme, he said.

A Job He Couldn't Refuse (MRKTWTCH)

By Matt Andrejczak, Marketwatch

Market Watch, December 20, 2006

Former airline CEO takes over bookkeeping duties at Dell Inc.

SAN FRANCISCO (MarketWatch) -- Faced with two investigations into its bookkeeping, Dell Inc. turned to the head of its audit committee and a close friend of the chairman and the chief executive to sort out the accounting mess.

Donald Carty was named Dell's chief financial officer late Tuesday.

The move comes as the world's No. 2 manufacturer of personal computers copes with investigations into its bookkeeping, corporate stumbles and a faltering stock price.

Carty, a former CEO at American Airlines and a Dell director for 14 years, will succeed James Schneider on Jan. 1.

"Michael's a very good friend and Kevin Rollins, the CEO, is a very good friend. They just asked me to get involved, and they're two people I couldn't say no to," Carty told the Dallas Morning News.

But there is doubt about whether Carty is best suited to the job.

The 60-year-old executive is Dell's longtime audit-committee chairman, and the company's accounting methods are under the scrutiny of the Securities and Exchange Commission and the U.S. Attorney in New York. The inquiries forced Dell to delay its third-quarter results last month.

"We are not sure if Carty is the best choice as he has been a Dell board member since 1992 and was the audit committee chairman who oversaw financial activities that are now in question by the SEC," wrote Shaw Wu, analyst at American Technology Research, which has a neutral rating on Dell shares.

Carty was forced to resign from American Airlines in 2003 after failing to disclose large bonuses and pension protections for executives even as he was negotiating for concessions from unions.

Dell spokesman Dwayne Cox declined to make Carty available for comment.

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But Cox contended that the former airline CEO's "high level of familiarity with Dell's finances" makes him a good fit for the job, adding that Carty will help to "revitalize the company."

Merrill Lynch analyst Richard Farmer wrote that Carty's appointment "could be interpreted as a vote of confidence about the potential outcome of the ongoing SEC investigation."

Farmer, who rates Dell shares neutral, said it's typically tough to attract a new CFO when the outcome of an SEC investigation is far from certain.

Michael Dell has been trying to shore up the company he founded 22 years ago amid stiffer competition from Hewlett-Packard Co., Lenovo and Apple Computer Inc.

Dell lost its status as the world's No. 1 personal computer maker to rival Hewlett-Packard in September. To bolster its sales, Dell broke its exclusive-supply agreement with Intel Corp., the world's largest maker of computer chips, and started offering PCs and servers equipped with chips from Advanced Micro Devices Inc.

In other moves, Tom Luce, a former U.S. assistant secretary of education, is re-joining Dell's board. Luce, 66, had served on Dell's board from 1991 to 2005, much of that time on the company's audit committee.

Carty and Luce are expected to work closely together as the company responds to questions from SEC and Justice Department enforcement officials, Dell said.

Dell also tapped Steve Schuckenbrock to lead the company's global services organization. Schuckenbrock is a former senior executive of EDS and PepsiCo.

In trading Wednesday, Dell shares fell 1.4% at $25.77.

Dell Books Carty To Captain Its Finances (FOR)

By Matthew Kirdahy

Forbes, December 20, 2006

Don Carty left American Airlines under a cloud. Now he's returning to a marquee corporate job at Dell, which has some clouds of its own.

Carty was tapped to be the computer maker's chief financial officer, with a vice chairmanship thrown in for good measure. He's already on the company's board and was previously chairman of the audit committee.

Which is puzzling because Dell's problems have to do with its accounting, indirectly overseen by the panel that Carty chaired. A month ago, the computer maker said the Securities and Exchange Commission launched a formal probe into unspecified issues with its books. Both the SEC and the Justice Department are investigating whether prior financials were misstated regarding issues like revenue recognition, accruals, reserves and other balance sheet items.

American Technology Research analyst Shaw Wu questioned the move. “Frankly, we are not sure if naming an existing member allows Dell (nasdaq: DELL - news - people) to restart with a clean slate,” said Wu. “For now, Kevin Rollins remains chief executive; however, we would not be surprised to see further changes should Dell not make material progress over the next couple quarters.”

In a note to investors, Prudential Equity Group’s Jesse Tortora said he expects more changes down the road as Dell rebounds after two delays in quarterly reports and a recall of faulty batteries.

“We believe Dell will continue to surprise investors over the next several quarters as the company re-establishes its cost leadership, wins share in servers and storage, and expands its services business,” Tortora said. Dell, once the unchallenged leader in Windows-based personal computers, has been facing stiff competition from a rejuvenated Hewlett-Packard (nyse: HPQ - news - people).

The Carty move was certainly a surprise. It is unusual for the chairman of a major corporation to return to another as a CFO, and more unusual in this case.

Carty was chairman of AMR (nyse: AMR - news - people), the parent company of American Airlines from 1998 to 2003.

He was the boss after the terrorist attacks of Sept. 11, 2001, which was especially hard on the commercial airline industry, especially American, which had the unhappy distinction of having two of its planes commandeered. Two years later, the company was running low on cash, having lost about $6 billion after the attacks.

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To overcome the company's shaky finances Carty said he needed $1.8 billion in annual concessions, including pay cuts, from employees or the carrier would file for bankruptcy protection. Workers complied but then learned that bonuses and pension benefits for Carty and other senior executives were secretly approved at the same time the workers were aiding the company.

Carty quickly headed for the door.

Wall Street Raises Privacy Fears Over Election-Law Overhauls (WSJ)

By Michael Hudson

The Wall Street Journal, December 21, 2006

State-level election-law overhauls are bumping up against Wall Street executives who want to protect their privacy.

A Wall Street trade association has gone to court to challenge a new Connecticut election law that requires that state officials maintain an Internet database listing the names of the children and spouses of executives at companies that do business with the state.

The law is meant to discourage executives from hiding campaign contributions by funneling them through family members. The Securities Industry and Financial Markets Association, a combined group of the stock-market and bond-trading trade groups, contends the state's public-disclosure requirement would invade its members' privacy and put children at risk.

"How many Dateline NBC 'To Catch a Predators' do we have to watch to know it's not a good idea to put the name of a kid on the Internet?" said Ira Hammerman, the association's general counsel. He said the trade group supports campaign reform, but said state officials "have gone overboard" in their "zeal to do the right thing."

The disclosure requirement is part of a campaign package passed by the state legislature in December 2005 and amended in May 2006.

With the names set to go online Dec. 31, the trade group filed papers Dec. 15 in U.S. District Court in Connecticut asking a judge to stop the state from going forward. State officials agreed to hold off posting names at least until Jan. 2, when a judge will hear arguments in the case.

Connecticut Attorney General Richard Blumenthal said the group's concerns are understandable, but its assertion of a privacy right "seems questionable." He said the law requires the state to publish only the names of top executives' family members; no home addresses, telephone numbers, email addresses or ages would be posted.

Connecticut's effort to toughen its election laws came in the wake of a series of high-profile corruption scandals that landed former Gov. John G. Rowland and former state Treasurer Paul Silvester in prison. Mr. Silvester admitted steering hundreds of millions in state funds to investment firms in exchange for campaign contributions and consulting contracts for his friends.

Andy Sauer, executive director of Connecticut Common Cause, said his group's research found contractors linked to the scandals frequently sidestepped contribution limits by channeling money through family members. Mr. Sauer said Common Cause hasn't taken a position on the disclosure requirement.

FBR Settles With SEC Over Insider Trading Case (WP)

By David S. Hilzenrath And Kim Hart

The Washington Post, December 21, 2006

Friedman, Billings, Ramsey Group, the Arlington investment firm, yesterday agreed to pay $7.8 million to settle charges that it engaged in insider trading and other violations in 2001 when in effect it bet that the stock price of a client company would decline.

Emanuel Friedman, former chairman of the firm, agreed to pay almost $1.3 million for his role in the episode. He was held responsible as a top executive at FBR who allegedly knew about the firm's trading, but he was not accused of personally selling shares on confidential information. Friedman was barred from supervising a brokerage firm for at least two years, and two other former FBR executives agreed to smaller settlements on related charges.

Regulators alleged that shares in CompuDyne, an Annapolis security firm, had been sold short by FBR while it was handling a private stock sale for the company that would sharply increase the number of shares available to the public and depress their price. The trading allegedly netted FBR a profit of $343,773.

Short-selling is a type of trading that enables the seller to profit if the price of the stock later declines.

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FBR's conduct breached its duty to CompuDyne and victimized investors who bought shares from FBR without knowing that the private stock sale was in the works, officials at the Securities and Exchange Commission said.

"It is unusual and a rare event for the SEC to bring enforcement actions against broker-dealers for insider trading," said Daniel M. Hawke, district administrator of the SEC's Philadelphia office.

The long-running investigation has been a cloud over FBR, a local upstart that rose to national prominence and vied with top Wall Street firms.

Regulators had previously taken enforcement action against a hedge fund and two of its employees stemming from the same CompuDyne deal.

In settling the new charges, FBR and the former executives neither admitted nor denied wrongdoing. FBR, Friedman and the company's former compliance director, Nicholas Nichols, settled with both the SEC and the NASD. Scott Dreyer, the former head trader for FBR, settled with the SEC.

On Nov. 21, CompuDyne announced that FBR had agreed to pay $4.5 million to the company and a former shareholder over the allegations.

FBR declined to comment on the settlement, but the firm's lawyer, Wallace L. Timmeny, said the matter was "absolutely finished."

"We are all very pleased that it is completely over," Timmeny said.

Friedman, 60, who helped found FBR, resigned from his posts as co-chairman and co-chief executive in April 2005 and is now running EJF Capital, a $400 million hedge fund venture in Arlington. His decision to the leave the firm was not related to the insider trading investigation, an FBR news release said.

In an interview yesterday, Friedman said he did not intend to violate any rules and did not profit personally from the trading at issue. "There is no assertion that I acted with bad intent or improper motive," Friedman said.

The settlement does not affect his asset management activities, and he said he does not intend to go back into the brokerage business.

According to the SEC complaint filed yesterday in federal court, CompuDyne was a thinly traded stock before the terrorist attacks of Sept. 11, 2001. After the attacks, the security company's stock price surged and it hired FBR to help with a pair of private transactions. An investor planned to sell a major stake in CompuDyne and CompuDyne planned to sell a new batch of shares to other investors.

Together, the transactions would more than triple the number of CompuDyne shares available for public trading. They would also occur at a lower price than investors were paying on the open market.

While the private sales were pending, and before they were publicly disclosed, FBR sold short CompuDyne shares. Friedman knew about the short-selling and did not stop it, even after a member of FBR's risk management group notified him that the volume of the trading had exceeded the firm's internal limit on short-selling any one stock, the SEC alleged.

"Friedman told FBR's head trader that FBR needed to be 'very, very, active' in CompuDyne stock and that if the stock price continued moving up, FBR should not be afraid to sell short," the SEC complaint said.

After the private offering was announced, CompuDyne's share price plunged.

FBR collected a $1,764,000 underwriting fee from CompuDyne. FBR profited by an additional $97,831 when it improperly sold shares from the private offering before they were registered, the SEC alleged.

The Pump-and-Dump Economy (WSJ)

By Michael S. Malone

The Wall Street Journal, December 21, 2006

Three major news events in the second half of 2006 offer hints of an underlying problem that may stifle, if not this economic boom, then certainly the next. The Dow Jones Industrial Average reaching a record high, Google's announcement of its acquisition of YouTube, and the spying scandal at Hewlett-Packard -- all seemed comparatively unrelated. And yet, each bears within it a clue to a growing menace of misguided and ultimately destructive new regulations that has gone almost unremarked in all of the overheated press coverage.

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Take the Dow industrials blowing past 12000, and the attendant stratospheric valuations of companies like Google and Apple. While it is a welcome rebuke to those who smugly proclaimed five years ago that the tech industry was being punished for its excesses and would never see such good times again -- Silicon Valley and other tech enclaves are now more prosperous than ever -- it is troubling to note that something is missing from this new boom: Where are the IPOs?

Historically, stock booms have seen an explosion in the number of young companies making their first public sale of stock. In high tech, where most of these IPOs now come from, the new company strategy is to start up during a downturn while big competitors are distracted, weakened or paralyzed, then ramp up product introductions to catch the beginning of the next wave, and then go public as the boom (and the market) starts to peak. Certainly that was true during the dot.com boom: 1999 and 2000 saw more than 450 young companies go public. But it was also true throughout the '90s, where on a much smaller base, in good times and bad, an average of 160 companies per year went public.

By comparison, by the end of the third quarter this year, only 37 companies had offered IPOs -- a figure comparable to 2001, when the entire economy seemed to be coming apart. The shortfall doesn't owe to a lack of entrepreneurial fervor. Venture capital funds are swollen with money right now. Nor is it a shortage of new companies: VCs have invested nearly $20 billion in start-ups this year, suggesting that this is one of the most productive periods for new company creation in modern business history.

To know why they aren't going public, just look at their business plans. In the past, the inevitable end-point of these plans, the so-called liquidation moment, was an IPO. Not any more. These days, the goal of almost every new start-up is to be acquired by an established company. And in that little shift in orientation lies a potentially radical change in the U.S. economy. * * *

Why do young private companies want to sell out now instead of becoming public corporations? After all, the potential long-term gains for a founder for owning a chunk of stock in a large corporation are far greater than those from a quick sale. To understand this sudden desire to pump and dump, put yourself in the entrepreneurs' shoes. Looking ahead at a possible IPO for your hot little start-up, all you see are minefields of legal precedents and new regulations created after the dot.com boom.

Not least -- but worst -- there is the Sarbanes-Oxley Act of 2002, whose self-monitoring rules Big Corporate initially resisted, but now embraces as an effective way to track internal financial operations. That alone should make you suspicious, because when established businesses like new rules it's usually because it makes them more competitive against start-ups. Entrepreneurs have no constituencies, they don't hire lobbyists or form PACs (like Google just did). Meanwhile, in an almost perfectly timed punchline, China's biggest bank, ICBC, recently went public on the Hong Kong and Shanghai exchanges. The $19-billion IPO was the largest in history, arriving as Hong Kong becomes the world leader in IPOs.

The closer you look at Sarbanes-Oxley the more you realize it is almost perfectly designed to crush new business creation. The latest estimate for the annual cost of implementing Sarbox in a public corporation is $3.5 million. Pocket change for a Fortune 500 company; the entire annual profit of a newly public firm. Is it really any wonder that smart entrepreneurs look for a corporate sugar daddy instead of an IPO?

Which brings us to Google. One reason that few people have noticed the IPO dearth is that the one real initial public offering -- Google's legendary Going Public Day in August 2004 -- was such a supernova that it blinded everyone to the changes taking place around it. Now rich and fat, Google has assumed a new role in the Silicon Valley ecology: buyer. The joke these days is that every new business plan has the same words on the last page: Sell to Google. That probably makes Chris Sacca, Google's director of new business development, the most influential businessman in America today.

Google's $1.65-billion acquisition of YouTube is emblematic of this shift. YouTube might eventually have become the Google of the Web 2.0 generation, the great IPO that put a valuation on the rest of that young industry. Instead, it is unlikely that any of the new crop of community-based Web companies will ever show up on any big board; rather, their fate is to become yet one more offering on an existing billion-dollar web service. The entrepreneurs who've started those companies know the situation better than anyone -- and right now you'd be hard-pressed to find a Silicon Valley start-up that is building itself for the long haul. And that in turn is going to put some serious financial stress on the big, later-term venture capital companies -- the folks who financed the digital revolution -- as they find their business model increasingly obsolete.

Meanwhile, the one traditional force that might have propelled these companies forward to an eventual IPO is gone as well, also thanks to recent regulations. The Financial Accounting Standards Board, which advises the SEC, has been itching for years

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to force tech companies to put a value on their stock options -- despite the fact that most such options end up valueless. As with Sarbox, these regulators used the supposed excesses of Frank Quattrone and all of the others in the dot.com bubble to finally ram through new rules on stock option valuation.

The result, as anyone but an accountant would have known, is that start-ups are far less willing to throw options like monopoly money to everyone from the chief scientist to the guy who waters the office plants. If that sounds good in principle, keep in mind that easy options were probably the most effective form of wealth distribution in modern life. The great stories are not about a Steve Jobs becoming a billionaire, but about his secretary becoming a millionaire.

Under the new options rules there will still be new T-shirt tycoons like Mr. Jobs, but a whole lot fewer of his secretaries will be able to retire young. And it will be interesting to see just how many of those secretaries (and code writers and marketing specialists) will be willing to put up with the long hours in a job that could disappear overnight -- merely for wages. That is yet another argument for keeping your start-up to little more than the coterie of founders, and then selling out quickly to Google. No wonder big tech companies like Microsoft and Intel jumped on the stock option reporting bandwagon so quickly.

If all of this sounds like one giant conspiracy (conscious or not) to destroy new high tech company creation in America, take comfort in knowing that Big Tech hasn't been forgotten, either.

Consider the H-P scandal. One of the real curiosities of the case has been why a company with a reputation for probity and propriety would suddenly kick over the ethical traces and start illegally spying on its own directors, not to mention reporters. The usual answers -- that the Carly Fiorina era made everyone half-nuts, that the subject of the leak (talk of choosing AMD over Intel processors) was too serious to be ignored -- are likely true, but insufficient for a company like H-P to lose its moral compass.

A more believable explanation, one you hear from those inside the company when all of this was going on, is that Good Scout H-P started toward this disaster by trying to live up exactly to the letter of the law -- in this case the new Regulation FD ("Fair Disclosure") on selective disclosure and insider trading instituted by the SEC in 2000. For a notorious stickler to details like Chairman Patricia Dunn, the boardroom leak represented not just a betrayal but a true threat to the future of Hewlett-Packard -- and, in the face of Regulation FD, it's hard to disagree. That was enough to turn her into Inspector Javert, ultimately hurting the company's reputation and destroying her own career.

Tom Hayes, who was a senior marketing executive at H-P at the time, argues that if Ms. Dunn and company had sat idly by as insiders unevenly shared corporate information with the outside world, they would likely have violated their fiduciary duties. Indeed, says Mr. Hayes, if you set aside the questionable acts by the outside firm she hired, Ms. Dunn might have been applauded for her diligence in meeting the new rules. No wonder Regulation FD is nicknamed "Fear and Distrust" in America's boardrooms.

At H-P as elsewhere, under Regulation FD plugging the leaks became a moral crusade. Hewlett-Packard just couldn't deal with the moral dilemmas that pursuit created. Other, less honorable, companies are probably not having that problem. Congress is right to ask how much of this self-spying is going on, but it should also look in the mirror and ask why. * * *

Given a fate of living under the magnifying glasses of SOX and FD, who in their right mind would want to sit on a corporate board these days? The smart board-level people I know in Silicon Valley now reduce their involvement to being merely corporate "advisers." Thus, the intellectual capital of America's high tech company boards is falling by the month.

It is often noted in dismay that military academies teach the last war, not the next one. The same can be said for business regulation. In the zeal to punish the excesses of the dot.com boom, the federal government, with the tacit approval of the electorate, sought to not only punish the small number of real evildoers but also build the perfect universal plugs for all of the perceived holes in existing business practices.

The result was Sarbanes-Oxley, Regulation FD and stock option valuation -- three great lessons in the law of unintended consequences. Let's do our own accounting: Thanks to this troika, fewer new companies are going public; economic power is being concentrated in the hands of fewer companies; competition is reduced; new wealth is less widely distributed; the rich are getting richer; fewer talented people want to join entrepreneurial ventures; and corporate boards are getting stupider and more paranoid. And, please note, one of the crucial triggers for economic booms -- a burst of young tech company IPOs -- has now largely evaporated.

Just curious, but is this really what federal regulators, Congress and shareholder rights activists had in mind?

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Mr. Malone, a columnist for ABCNews.com, is author of "Bill and Dave: How Hewlett and Packard Built the World's Greatest Company," to be published next April.

Hedge Fund Secrets (WSJ)

The Wall Street Journal, December 21, 2006

Phillip Goldstein is at it again. This time last year, the White Plains, N.Y., hedge-fund manager was in a federal appeals court in Washington fighting the Securities and Exchange Commission's ill-considered hedge fund regulation, an effort that bore fruit in June when the judges slapped down the SEC. Now he has the agency's portfolio disclosure rules in his sights, and the result could inform the broader debate over hedge fund regulation.

Specifically, Mr. Goldstein is seeking an exemption from Section 13(f) of the 1934 Securities Exchange Act, and if he doesn't get it he says he'll mount a legal challenge to the rule. The clause requires managers with more than $100 million in assets under their care to disclose their equity positions quarterly. Congress passed the law in 1975 amid a wave of anti-big-fund fervor, with the idea that the SEC could use the disclosures to figure out how to "clean up" large investment funds. In reality, the SEC merely makes the filings available to the public because staffers lack the time or mandate to do anything with the data. No one at the Commission could even tell us exactly how many of these filings come in each quarter.

Not so other investors, however, and that's the nub of Mr. Goldstein's complaint. Filers of 13(f) forms can request confidentiality but the bar is so high that, of all the managers covered by the rule, only about 60 ask for secrecy in any given quarter. So 13(f)-based articles frequently appear in the business press reporting the latest moves of savvy investors.

Mr. Goldstein argues that this is tantamount to theft, allowing others to capitalize on smart money managers' talents without paying for their services. And by facilitating this, Mr. Goldstein says, the SEC is essentially perpetrating an eminent domain seizure of managers' intellectual property rights.

It's a novel theory. Whether or not it succeeds, though, Mr. Goldstein's gambit promises to spark a much-needed discussion about the virtues of secrecy. Hedge funds, let it not be forgot, have come in for intense scrutiny because they are often "black boxes" that emit as little information as possible about their holdings.

Mr. Goldstein argues that such secrecy isn't sinister; it's protection of valuable intellectual property. Some disclosures, like the financials of publicly traded companies, benefit small investors. But there's no good reason to shine the light on everything, particularly when public disclosure benefits only large institutional investors with enough clout of their own to pry information from fund managers.

Hedge-fund secrecy has become something of a political issue on Capitol Hill, and now the five worthies who run the SEC find themselves confronted with it perhaps sooner than they wished; a vote of the commissioners will have to decide the fate of Mr. Goldstein's petition, probably within a few months. Chairman Chris Cox has been trying to carve out a reasoned position on hedge fund regulation, and here's a chance for him to do so.

CRIMINAL LAW:

Death Penalty May Follow A N.Y. Verdict (NYS)

By JOSEPH GOLDSTEIN

New York Sun, December 21, 2006

The first federal death penalty execution of a New York resident in more than 50 years may be on the horizon following the conviction yesterday of a Staten Island gang member who executed two undercover police detectives.

In the U.S. courthouse in Brooklyn yesterday, the foreman of the jury called out "guilty" in a loud voice for each of the 10 counts in Ronell Wilson's federal racketeering indictment. The jury will return to the courthouse January 10 to hear more testimony before deciding whether to impose a sentence of death or life in prison without parole.

Police officers unable to find seating in the crowded courtroom lined the hallway outside as the verdict was announced.

"The verdict is a victory for justice and for police officers who continue to risk their lives for the public," Police Commissioner Kelly said in a statement. "They need to know that cop killers will be brought to justice."

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The jury found that Wilson killed two detectives in the course of committing a carjacking and robbery on behalf of a violent organization. The crime occurred in northeastern Staten Island not far from the projects of the Stapleton Houses, which prosecutors say served as the base for the gang.

The two slain detectives, James Nemorin and Rodney Andrews, were members of the police department's elite Firearms Investigations Unit, which targets the city's illicit gun market. Nemorin had previously purchased a gun from a member of the gang, which prosecutors called the Stapleton Crew, and he returned on March 10, 2003, the evening of his murder, with his partner, Rodney Andrews, believing they would be able to buy another.

In response to yesterday's conviction, Mayor Bloomberg reaffirmed his commitment to seizing illegal guns.

Referring to the two slain detectives, Mr. Bloomberg said, "We will continue to honor their memory by doing everything possible to take illegal guns of the street and protect the safety of all New Yorkers."

At the beginning and end of the trial, prosecutors told the jury that Wilson had at least considered that the men could be police officers, although the criminal charges did not require that Wilson knew the true identity of the men.

Over the course of three weeks of testimony, prosecutors called two members of the Stapleton Crew to testify against Wilson. One of those witnesses, Mitchell Diaz, said members of the gang had discussed the possibility that Nemorin was a police officer. The other gang member prosecutors called to testify, Jessie Jacobus, was with Wilson when he murdered the two detectives. Jacobus, 17 at the time of the shootings, testified that Wilson, then 20, shot both detectives in the head suddenly and without warning. Jacobus testified that the plan had been to rob them.

Attorneys for Mr. Wilson pinned their efforts on undermining Jacobus's testimony and suggesting that it could have been Jacobus who committed to the murders.

Refrain Of 'Guilty' Ends Trial In Murder Of 2 Detectives (NYT)

By Michael Brick

The New York Times, December 21, 2006

A street gang member who boasted of bloodshed and invincibility in his amateur rap lyrics was found guilty yesterday of capital murder for shooting two undercover detectives in the back of the head during a weapons sting on Staten Island.

The convicted man, Ronell Wilson, 24, known by the street name Rated R, cocked his head to watch sidelong and deadpan as the jury foreman announced the verdict, which could lead to his death by lethal injection. The same anonymous panel will reconvene next month in Federal District Court in Brooklyn to decide whether to impose a death sentence.

The verdict, after three and a half years of legal machinations, concluded an agonizing chapter for the Police Department. The two detectives, James V. Nemorin and Rodney J. Andrews, were killed on March 10, 2003, the first two officers killed by gunfire in a single day since 1988.

Police Commissioner Raymond W. Kelly called the decision a victory for police officers and for the people of New York. "They need to know that cop killers will be brought to justice," he said in a written statement, adding that he hoped the verdict would provide a measure of comfort to the detectives' families. "We will never forget them or their sacrifice."

Outside the courtroom, officers who had worked alongside the two detectives whispered their relief. "It's finally over," said Detective Al Hawkins, who served with both men in the firearms unit. "I'm just happy. I guess there is a God."

The extended murder case bridged a passage from the aftermath of the 2001 terrorist attacks, when the nation warmly embraced the New York police, to the onset of new acrimony after several police shootings of civilians. It became a part of the debate over the state's death penalty law and was a catalyst for an ambitious weapons crackdown by the city.

In a written statement on the verdict, Mayor Michael R. Bloomberg said, "We will continue to honor their memory by doing everything possible to take illegal guns off the street and protect the safety of all New Yorkers."

The killings drew scrutiny to the work of undercover narcotics and firearms investigators, their mission perilous by nature and furtive by design. And by a twist of fate, the three-and-a-half-week trial of Mr. Wilson began two days after an undercover police team in Queens killed an unarmed man in a rain of 50 bullets.

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The coincidence made for uneasy parallels as such undercover terms of art as set (the area of operation) and ghost (for backup officer) were analyzed simultaneously in the Brooklyn courtroom and in protests and news conferences concerning the Queens case.

Within the walls of the courthouse, where a lunchroom telecast of the proceedings droned daily for overflow crowds of law enforcement officers and police union officials, there was solidarity and undiminished grief. Even as Judge Nicholas G. Garaufis banished police regalia from the courtroom at the outset so as not to prejudice the jury, officers attended in plainclothes, with flag pins on their lapels.

In the gallery, they sat grimfaced alongside the detectives' widows and kin, who lost control of their emotions at times and left for the makeshift cafeteria theater to regain their composure, with mixed success.

Across the courtroom aisle sat supporters of Mr. Wilson, including his mother, Cheryl Wilson. Another of her sons, Leonard Wilson, is serving 25 years to life for the murder of a rival drug dealer in 1999. At the center of the trial, her younger son sat calmly and impassively, betraying neither hope nor despair.

Family members on all sides declined to comment on the verdict, as many of them are likely to testify in the death penalty phase of the trial. In that proceeding, set to begin Jan. 10, prosecutors will offer lists of aggravating factors, and defense lawyers will offer lists of mitigating ones. In court yesterday, defense lawyers said they planned two weeks of testimony; prosecutors promised that their case would be "brief."

The forum allows room for arguments on residual doubt, a kind existing beyond the reasonable, as well as on penitence, continuing danger to society, congenital disadvantage, influence of rap culture and spark of humanity in him. Mr. Wilson's lyrics will almost certainly be discussed, especially lines like "I won't stop until I'm dead."

Only three men have been executed in federal prison since 1988, when the modern death penalty statute was enacted, though the states have put hundreds to death. The last federal inmate executed in a New York case was Gerhard A. Puff, a bank robber convicted of killing an F.B.I. agent and put to death in 1954.

The New York courts invalidated the latest version of the state death penalty law in 2004 midway through a series of turns that extended the prosecution of Mr. Wilson and his co-defendants, a gang of men based around the Stapleton Houses project in northeastern Staten Island. Federal prosecutors took over the case, endorsing existing plea bargains and striking others to build a racketeering case carrying the federal death penalty.

Seven members of the crew pleaded guilty to various crimes, including two men who testified against Mr. Wilson in exchange for letters to their sentencing judges.

It was never proved whether Mr. Wilson knew his victims were detectives, and an accomplice's recantation eventually prompted prosecutors to drop such charges. But a witness testified that Mr. Wilson gave a reason for the shootings in the minutes after he pulled the trigger. He did not care, the witness quoted him saying, "about anybody."

The prosecutors, Colleen Kavanagh, Morris J. Fodeman and Jack Smith, assisted by Special Agent Thomas Shelton of the Bureau of Alcohol, Tobacco, Firearms and Explosives, presented nearly three weeks of testimony and evidence from members of the crew, scientific experts, civilian eyewitnesses, investigators and audio and video surveillance recordings.

After nine hours of deliberations over two days, the seven men and five women of the jury notified the judge of a verdict at 1 p.m. yesterday. The gallery filled with spectators, including law officers, family members, television commentators, sketch artists and the United States attorney, Roslynn R. Mauskopf.

The lawyers packed their briefing papers and soda bottles, for something to do. Federal marshals lined the gallery in dark suits and holiday ties. The courtroom was nearly silent but for doors opening and closing.

Mr. Wilson walked in slowly and shook hands with a lawyer, then sat and surveyed this scene. He wore dark slacks and an argyle sweater. He maintained his even demeanor.

The judge asked for decorum, telling anyone who could not keep silent to watch from the overflow room. No one left. Mr. Wilson rocked side to side in his chair, slowly.

"Will the defendant please rise?" the judge said, and Mr. Wilson lifted himself from his chair, palms on the table. The widows and sisters of the detectives clutched hands tightly and sank in their pews.

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The jury foreman stood in a black suit, eyes on the judge. One by one, he declared Mr. Wilson guilty of two counts of murder in aid of racketeering, robbery conspiracy, attempted robbery and carjacking, each one a charge punishable by death. He continued, declaring him guilty of two counts of using a firearm, two of causing death with a firearm and another of robbery conspiracy, 10 crimes in all.

The gallery was hushed. There were many dry eyes. Mr. Wilson arched his brow for a second. His hands were clasped behind his back, and he gave a small shrug, then sat and leaned back in his padded chair. He glanced at his mother and then returned his gaze to some point far, far away.

Guilty In Killing Of 2 Detectives (NSDY)

By Herbert Lowe, Newsday Staff Writer

Newsday, December 21, 2006

A reputed Staten Island gang leader now awaits a federal jury's decision next month on whether he should live or die after the panel found him guilty yesterday in Brooklyn of killing two New York City police detectives.

"I just feel good that justice was served," said Al Hawkins, assigned to the same NYPD Firearms Investigation Unit as the slain detectives. "I'm just happy. There is a God. There is a silver lining. It's not going to bring them back. But the people ... have spoken."

After deliberating for nine hours over two days, the jury convicted Ronell Wilson, 24, in the deaths of undercover detectives James Nemorin, 36, of Baldwin Harbor and Rodney Andrews, 34, of Middle Village during an aborted gun buy on March 10, 2003.

Wilson calmly shifted his arms from front to back, then front again, but showed no emotion as he stood between his attorneys as the jury foreman announced "guilty" on all 10 charges in the racketeering murder case.

With U.S. District Judge Nicholas Garaufis having warned against any outbursts from the packed gallery, Nemorin's widow, Rose, and Andrews' ex-wife, Maryann, sat quietly in the second row with seven other women, all relatives of the detectives, holding hands as the verdict was read.

Afterward, Nemorin and Andrews, herself a New York City police officer, declined to comment on the verdicts. So, too, did federal prosecutors and Wilson's attorneys.

But Hawkins praised the jury and said Wilson's conviction showed that "good citizens" will not tolerate the killing of police officers.

Prosecutors contend that Wilson, the reputed leader of the notorious Stapleton Crew, shot and killed Nemorin and Andrews in their undercover car as the detectives were seeking to purchase a Tec-9 gun from Wilson and an accomplice, who said both he and Wilson were planning to rob the two men of the $1,200 to $1,300 purchase money. Wilson used a .44-caliber handgun to murder the two detectives, prosecutors said.

"Detectives Rodney Andrews and James Nemorin were selfless heroes who put their lives on the line to get illegal guns off the streets of our city," Mayor Michael Bloomberg said in a statement after the verdict. "For their families, today's guilty verdict and the knowledge that a cop killer will not be allowed to roam free provides some small measure of comfort. We will never forget the sacrifice of Detectives Andrews and Nemorin. We will be forever grateful for their service, courage and dedication to our city."

"The verdict is a victory for justice and for police officers who continue to risk their lives for the public," Police Commissioner Ray Kelly said in a separate statement. "They need to know that cop killers will be brought to justice."

Garaufis told the panel of seven men and five women they must return to his courtroom on Jan. 10 to begin the trial's penalty phase.

Wilson's attorneys told the judge they expect to spend nearly two weeks presenting evidence and testimony in hopes of persuading the jury to spare his life. Garaufis said he expects a penalty verdict by late January.

While state appeals courts have voided the death penalty in New York, Michael Palladino, president of the New York City Detectives Benevolent Association, said he was hopeful a federal death sentence against Wilson could be carried out.

Q&A: What comes next

What's next in the Ronell Wilson murder trial?

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The same jury of seven men and five women that found him guilty must report back to U.S. District Judge Nicholas Garaufis in Brooklyn federal court on Jan. 10 for the start of the trial's penalty phase.

Is the penalty phase the same as a normal trial?

In many respects, yes, but a major difference is that the defense is presumed to have the burden of proof in its bid to see that Wilson's life is spared.

How long is the penalty phase expected to last?

Wilson's attorneys said they plan to spend nearly two weeks presenting evidence and testimony on his behalf. Prosecutors have said they will be brief in their bid for the death penalty, but they were not more specific. Garaufis told the jury the penalty phase should be concluded in January.

What happens if the jury votes not to impose the death penalty?

Wilson is then likely to be sentenced to life in prison without parole.

Will Wilson personally ask the jury to spare his life?

That is not known yet.

- HERBERT LOWE

Cops' Killer Faces Needle (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, December 21, 2006

He took the lives of two NYPD detectives, killed them without any thought of remorse. Now Ronell Wilson will have time to think about his cold-blooded act - and whether he will lose his own life for it.

A Brooklyn federal jury will reconvene Jan. 10 to consider whether Wilson should face death by lethal injection for murdering undercover Detectives James Nemorin and Rodney Andrews.

The jury's decision to approve the death penalty must be unanimous. No one convicted of a capital crime in the Eastern District of New York - covering Brooklyn, Queens, Staten Island and Long Island - has ever been executed.

But for those who were touched by the lives of Nemorin and Andrews, and left empty by their deaths, there is always room for a first.

"Cop killers will be brought to justice," Police Commissioner Raymond Kelly said in a statement. "The verdict is a victory for justice and for police officers who continue to risk their lives for the public."

Wilson was convicted yesterday of 10 counts of racketeering murder, carjacking, robbery and criminal use of a firearm.

The feds took on the case after the state's death penalty statute was ruled unconstitutional by the state Court of Appeals.

Federal Judge Nicholas Garaufis had warned spectators against any outbursts and the heroes' widows conducted themselves with quiet dignity.

Nemorin's widow, Rose, nodded her head at each guilty count. Andrews' widow, Maryann, leaned forward so the jurors could not see her crying - then text-messaged the verdict on her phone to their two young sons at school.

Brooklyn U.S. Attorney Roslynn Mauskopf wiped tears from her eyes after the verdict was read by the jury foreman in a loud, strong voice after only nine hours of deliberations.

But the 24-year-old killer from Staten Island stood with a blank look on his face.

Lead defense attorney Ephraim Savitt said Wilson wasn't surprised by the verdict.

"He took it stoically, very maturely and without any bitterness at all," Savitt said outside court. "He's ready to fight for his life."

Wilson's mother declined to speak to reporters.

Nemorin and Andrews were gunned down March 10, 2003, while negotiating the purchase of a submachine gun from members of a violent drug gang operating out of the Stapleton Houses.

The anonymous jury of 10 whites, one black and one Hispanic heard disturbing testimony from cooperating witnesses how Wilson planned to rob Nemorin of the $1,200 in buy money.

Fellow gang member Jessie Jacobus testified that Wilson shot Andrews in the temple without warning from the backseat of the undercovers' auto. Then Nemorin was executed with a bullet to the back of his head as the father of three pleaded for his life.

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"I popped them," the remorseless punk told fellow gang members when he returned to the housing project to change his bloody clothes.

Faced with overwhelming evidence that included forensics, testimony from snitches and demented rap lyrics that Wilson penned after the crime in which he boasted of leaving "slugs in the back of ya head ... cause I'm getting dat bread," defense attorneys had little to work with and called only four witnesses to attack the government's case.

It remains unclear whether Wilson knew the victims were cops, an issue that may be key during the upcoming penalty phase of the trial, which will last at least two weeks. The jury did conclude that Wilson was motivated in part to "increase his status" in the gang.

For the penalty phase, the government will call family members and colleagues of the detectives to give victim impact statements about the "loss, injury and harm" caused by their deaths.

Prosecutors also will highlight Wilson's threat to inmates and guards in prison if his life is spared, pointing to a note containing rap lyrics penned by Wilson after the double murder in which he proclaimed "aint goin stop to I'm dead."

Defense attorneys are expected to argue for mercy by calling Wilson's mother and other family members as witnesses, and offering psychiatric reports.

If Wilson gets death, years of appeals will follow. The sentence, if upheld, would likely be carried out at the death chamber in a federal prison in Terre Haute, Ind.

Anchorage Man Charged With Sex Trafficking, Drug Counts (AP)

By Dan Joling, Associated Press

AP, December 21, 2006

ANCHORAGE, Alaska – An Anchorage man has been indicted on charges of coercing juvenile girls and adult women into prostitution and paying them off in crack cocaine.

Don Arthur Webster Jr., 49, who went by the name of Jerry Starr and “Daddy,” was indicted in federal court on 28 counts of sex and drug trafficking.

The indictment was made public Wednesday. Webster already was in custody on drug charges stemming from a Nov. 14 indictment, said U.S. Attorney for Alaska Nelson Cohen.

The yearlong investigation was a joint effort of the FBI, Anchorage police and the U.S. Attorney's office.

Cohen said Webster operated at least seven businesses – Foxy Roxies, Sunshine Girls, American Beauties, Kotton Kandy, Tiffani's, Tickle Your Fancy and Lickety Split – that purported to be companion services in which clients would pay for another person's time and company.

“It was, in fact, a prostitution ring,” Cohen said.

Prosecutors said the prostitution ring was operated on an out-call basis. When a client called, females would meet the caller at his home or a hotel.

Callers paid a fixed hourly fee plus a transportation fee. If requested, the girls and women would provide drugs from Webster for an additional fee, prosecutors said.

The girls and women were required to turn over all money they collected in return for sex acts, prosecutors said. Webster or his representative would pay them in drugs, typically a gram of crack cocaine, prosecutors said.

Webster provided housing for the females at six homes. Police and federal authorities said Webster was violent with the females and threatened them with harm if they disobeyed him or tried to leave.

He would take their personal property and identification when they moved into one of his homes, prosecutors said.

At least five girls and six women were victims of Webster, Cohen said.

Sgt. Kathy Lacey of the Anchorage Police Department vice squad said there may be other victims.

“I would like to encourage them to come forward,” she said.

Cohen revealed few details of the investigation outside of what was stated in the indictment, such as the ages of the juvenile prostitutes. He would not indicate whether the women were U.S. citizens or foreign nationals.

“We want to protect them,” Cohen said.

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Charges only include incidents back to 2000 when federal law governing human trafficking was revised.

FBI special agent Toni Marie Fogle said human trafficking crimes have been made a high priority of the agency and are considered to be a human rights violation.

Cohen said there were no plans to prosecute clients who used Webster's businesses.

The indictment unveiled Wednesday charges Webster with four counts of sex trafficking using force, fraud or coercion, two counts of attempted sex trafficking of a child, five counts of sex trafficking of an adult, three counts of distribution of cocaine base to a pregnant woman, four counts of distributing cocaine to a child and five counts of distribution of cocaine base.

They were added to the November indictment that included one count each of manufacturing cocaine, possessing cocaine with intent to distribute, and maintaining a place to manufacture, distribute and use cocaine.

Prosecutors are seeking forfeiture of a home belonging to Webster in the Spenard neighborhood of Anchorage. Homes can be seized if used in the commission of sex trafficking or drug distribution and the indictment seeks forfeiture under both provisions.

Federal prosecutors charge an Anchorage man with 28 counts of sex trafficking and drug-related offenses (KTVA)

By Steve O'Brien

KTVA-TV Anchorage, December 20, 2006

Five girls under the age of 18, may have been victimized in an Anchorage prostitution ring. Federal prosecutors have charged an Anchorage man with 28 counts of sex trafficking and drug-related offenses.

Investigators say they're dealing with a pimp who ran at least seven businesses that were really fronts for prostitution. If the charges are true, it's a disturbing case for the community.

Forty nine-year-old Don Arthur Webster Jr. is in hot water. Authorities say he's a pimp known on the street as Jerry Starr. Investigators believe he worked out of six houses throughout Anchorage, one of them on Oregon Drive.

The Feds announced he's been indicted on 28 counts of sex and drug crimes.

"This indictment is the culmination of an investigation that has taken place for over a year," said U.S. Attorney Nelson P. Cohen.

Webster is accused of operating seven so-called escort services. They have names like Foxy Roxies, Sunshine Girls, Tickle Your Fancy and Tiffani's. They are all listed in the phone book, but investigators say they're really a front for prostitution.

CBS 11 News called these numbers on Wednesday, and they're now out of service. Among the most startling accusations in the indictment is that among the 11 women allegedly victimized by Webster, five are underage.

"If we have one child who is affected by child exploitation in our city, we have a problem. If we have one person out there doing that, it's likely that person will be affecting far more than just one child," said Sergeant Kathy Lacey of the Vice Unit, A.P.D.

The story doesn't end there. Authorities say some of the adult women are pregnant. They accuse Webster of keeping the money he made off their bodies. He allegedly paid them with crack cocaine.

Meanwhile, the FBI, the U.S. Attorney and Anchorage police say the investigation isn't over and there could be more victims they don't know about yet.

"We want to get the message out that there is a task force to work on human trafficking. And so we encourage any victims to come forward," said Cohen.

Vice Unit: 786-2425

Investigators say the underage girls and the women involved are getting the proper support they need, especially from the Alaska Coalition Against Trafficking.

They want to get the word out in case there are more victims out there. So if you know of a victim, you are urged to call the Vice Unit at 786-2425.

Harsher penalties weighed for online sex offenders (WT)

By Seth McLaughlin

DOJ_NMG_0108055

Washington Times, December 21, 2006

Virginia should establish stiffer sentencing guidelines against sexual predators convicted of hunting down victims on the Internet, and parents must be better educated about the risks their children face in cyberspace, according to a report released by a state task force yesterday.

The Youth Internet Safety Task Force was established by state Attorney General Robert F. McDonnell, who said raising public awareness is the best way to shield unsuspecting children from attacks on the Internet.

"Today your children spend more time online than they do in playgrounds," said Mr. McDonnell, a father of five. "We need to protect kids in cyberspace by keeping them out of areas frequented by sexual predators."

There are 25 recommendations in the nearly 100-page report, which was compiled by more than 40 parents, business leaders and law-enforcement officials after six months of study.

"Here in the Internet capital of the world ... we must do everything possible to protect the Internet from child pornographers, sexual predators, identity thieves and other criminals," the report states. "The Internet is the new or last frontier for child predators."

The report recommends giving law-enforcement officials additional tools to police the "dark side of the Internet."

The proposals include mandatory minimum prison sentences for producing child pornography or soliciting children online.

For example, someone convicted of producing or financing child pornography now faces one to 10 years in prison. The report recommends raising the penalty to five to 30 years.

"That will significantly bump up the punishment," Mr. McDonnell said.

The report also includes the proposal of requiring convicted sex offenders to register their online identities with the state to help social networking sites such as MySpace.com to block access to those people. The move would make Virginia the first in the nation to take such action.

The Internet and social-networking sites have skyrocketed in popularity in recent years, giving youngsters a new avenue to meet people worldwide.

However, the sites also have given the estimated 50,000 sexual predators online at any given time a new venue to lure children by posing as a teen.

According to the U.S. Justice Department, one in five children ages 10 to 17 receive an unwanted sexual solicitation online.

The statewide media campaign to raise public awareness is scheduled to begin next month and estimated to cost about $1 million.

Mr. McDonnell said there already has been about $200,000 in private contributions, including $100,000 from AOL.

"This campaign is designed to use offline and online channels to raise the awareness of all parents -- not just those who are Internet savvy," said Charles Curran, AOL's chief counsel for policy and a task force member. "We need to take a good part of this training offline so that parents who are unfamiliar with Internet technology have the same opportunity to provide a safe Internet experience for their children."

Wilson Challenges Subpoena In CIA Case (AP)

AP, December 21, 2006

Former ambassador Joseph Wilson asked a federal judge Wednesday not to force him to testify in the CIA leak case and accused former White House aide I. Lewis "Scooter" Libby of trying to harass him on the witness stand.

Libby, who faces perjury and obstruction charges, subpoenaed Wilson as a defense witness this month. Libby's attorney, William Jeffress, said in court Tuesday that was a precautionary move and he did not expect to put Wilson on the stand.

Libby is accused of lying to investigators about his conversations with reporters regarding Wilson's wife, outed CIA operative Valerie Plame. Plame and Wilson have sued Libby and other Bush administration officials, accusing them of plotting to leak Plame's identity as retribution for Wilson's criticism of prewar intelligence on Iraq.

"Mr. Libby should not be permitted to compel Mr. Wilson's testimony at trial either for the purpose of harassing Mr. Wilson or to gain an advantage in the civil case," Wilson's attorneys wrote.

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While Wilson and Plame are at the center of the CIA leak scandal, Wilson is a minor figure in Libby's perjury trial. U.S. District Judge Reggie B. Walton has sought to keep much of the back story of the leak out of the case.

Katrina fraud in Yuba (AD)

By Rob Young

Yuba (CA) Appeal-Democrat, December 20, 2006

A Yuba County resident admitted Tuesday in federal court that she conspired to steal $6,000 in Hurricane Katrina disaster relief, according to the U.S. Attorney's Office.

Crystal J. Housley, 27, who has a Marysville mailing address but was living earlier this year in Olivehurst, pleaded guilty before Judge Lawrence K. Karlton in U.S. District Court in Sacramento.

Housley, along with defendants John P. Housley and Shawn R. Cudaback, said they lived in Gibson, La., at the time of the hurricane when they actually were in Arkansas, according to U.S. Attorney McGregor W. Scott.

The three allegedly gathered Sept. 15, 2005, at a Yuba County motel to defraud the Federal Emergency Management Agency.

John Housley, who also had an Olivehurst address earlier this year, is scheduled to be arraigned today. Crystal Housley will be sentenced Feb. 27 and Cudaback, who pleaded guilty earlier, on March 20.

Each defendant is facing a maximum prison term of 10 years and a fine up to $250,000.

The case was investigated by the Justice Department's Hurricane Katrina Fraud Task Force.

According to an indictment filed Oct. 18, the three defendants learned from the American Red Cross how to apply for FEMA aid by telephone. They agreed to support each other's claims that they lived in a mobile home in Gibson, which was in the disaster area.

Each defendant received a U.S. Treasury check for $2,000, mailed to a general delivery address in Marysville.

As of September, more than 400 people nationwide had been charged with hurricane-related fraud, according to the latest progress report from the Task Force.

The U.S. Attorney's Office in Sacramento previously charged 72 people in connection with a scheme to defraud the American Red Cross of funds intended for Hurricane Katrina victims by submitting or causing others to submit fraudulent claims through the American Red Cross call center in Bakersfield.

Sixty-four of those defendants pleaded guilty to felonies, and 54 have been sentenced, according to the Task Force's report

CyberNET wife, others indicted in fed court

(WOOD-TV)

WOOD-TV Grand Rapids, December 21, 2006

GRAND RAPIDS - Krista Watson and two others were indicted Wednesday morning for their role in the CyberNET fraud uncovered in 2004.

Watson, 39, her mother-in-law Geraldine and Paul Wright are charged in a criminal conspiracy to commit bank fraud, mail fraud and money laundering crimes. The charges lay out how they and others defrauded investors of approximately $100 million.

"CyberNET is a local example of a national problem," said US Attorney Margaret Chiara. "Prosecuting corporate officers for committing unconscionable acts against the public remains a top priority of my office and the Department of Justice."

The three are also charged with defrauding Huntington National Bank over a $17 million line of credit, as well as individual acts of money laundering.

Krista Watson was arrested in Chicago. Additionally, she is charged with spending money received through bank fraud, and three counts of income tax evasion for 2002, 2003 and 2004.

Geraldine Watson, 77, also faces a charge of making a false statement to a firearms dealer related to a gun purchase. She said the gun was for herself, but it's alleged she bought the Remington shotgun for her son Barton. He couldn't buy a gun because of a previous felony conviction. She bought the gun on November 22, 2004 and gave it to Barton the same day. Two days later, he killed himself with that gun.

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Wright, 57, is facing a mail fraud charge connected to his commercial mailbox accounts with CyberNET. He was arrested in Grand Rapids.

If convicted on all counts, the three are facing very long prison sentences as well as the forfeiture of $3,364,412.49 in nine bank accounts.

The arraignment is set for this afternoon, and the case has been assigned to Chief US District Judge Robert Holmes Bell.

CyberNET Widow, Mother, Executive Indicted (GRPRESS)

Grand Rapids Press, December 21, 2006

GRAND RAPIDS -- Federal authorities Wednesday indicted Krista Kotlarz-Watson, her mother-in-law and a former company vice president in connection with the CyberNET fraud scheme.

Geraldine Watson, mother of the company founder, the late Barton Watson, is charged with falsifying a federal form submitted to a gun dealer when she bought a 12-gauge shotgun Nov. 22, 2004. The indictment alleges that Mrs. Watson said the gun was for her when she in fact bought it for her son.

Watson, 44, shot himself with a 12-gauge shotgun after a standoff with police at his Ada Township home in the early hours of Nov. 24.

CyberNET, a high-tech Grand Rapids firm, collapsed in November 2004 after a federal raid on company headquarters at 25 S. Division Ave. that left about $90 million in unpaid debt to banks nationwide.

The indictment also accuses Kotlarz-Watson, 39, widow of CyberNET founder Barton Watson, Geraldine Watson, 77, and Paul Wright, 57, in a criminal conspiracy to commit bank fraud, mail fraud and money laundering crimes with others at CyberNET.

Kotlarz-Watson was arrested today in Chicago, and Wright was arrested in Grand Rapids. They were to appear before a federal magistrate this afternoon.

The conspiracy charge outlines what investigators called a plan to deceive banks and other lenders to amass $100 million from 2002 to 2004. The charge carries a maximum penalty of five years in prison and a $250,000 fine.

All three also are charged with defrauding Huntington National Bank through a $17 million line of credit extended to CyberNET. The maximum penalty for bank fraud is 30 years in prison, a $1 million fine and restitution. The indictment also charges each of them with individual acts of money laundering, carrying a maximum penalty of 20 years in prison and a $500,000 fine.

Other charges against Kotlarz-Watson include one count of illegally spending money obtained through bank fraud and three counts of income tax evasion. Federal law prohibits spending proceeds from bank fraud for any purpose. That charge carries a maximum 10-year prison term. The income tax charges carry a maximum five-year prison term and $500,000 fine.

Wright faces charges of engaging in mail fraud by setting up commercial mailbox accounts as part of the CyberNET fraud scheme, which carries a maximum 30-year prison term and $1 million fine.

The indictment also states nine bank accounts, totaling more than $3.3 million, are subject to criminal forfeiture if the defendants are convicted.

Crete Man Gets 7 Years For $7M Pension Fraud

(STNG)

STNG Wire, December 21, 2006

ROCKFORD, Ill. (STNG) -- A 61-year-old Crete man was sentenced to seven years in prison for defrauding union members of nearly $7 million in pensions and benefits.

Michael G. Linder was sentenced to seven years in federal prison for paying to two union local officials and for embezzling from and defrauding numerous union local pensions and welfare benefit plans for more than $6.9 million, according to a release from the U.S. Department of Justice.

Linder pleaded guilty to defrauding eleven union local pension plans of $5 million and embezzling $1,930,154 from five union local pensions and health and welfare benefit plans on June 30, 2006, the release stated.

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The court also ordered Linder, who also pleaded guilty grafting charges on Dec. 10, 2004, to serve three years on supervised release after his prison sentence and pay $6,595,154 in restitution.

Linder was the president of Matteson-based Joseph/Anthony and Associates, Inc., a third party administrator for pension plans for various union locals, including Ironworkers Locals 498 in Rockford, 111 in Rock Island, 136 in River Grove and 465 in Kankakee.

Between 1997 and Sept. 23, 2003, Linder defrauded the union local pension benefit plans by recommending to the trustees of the plans that they change their investments to mutual funds being administered by Nationwide Life Insurance Company, the release stated.

Linder, however, invested the assets with Nationwide in group annuity contracts where Linder received more than $5 million in fees and commissions, the release stated. Linder did not fully disclose to the board of trustees that he would be receiving the fees, according to the release.

Linder also embezzled more than $1.9 million from three pension and two health and welfare plans between Jan. 1996 and Sept. 30, 2003, by setting up bank accounts for each plan to be used to pay premiums on life insurance or stop-loss insurance policies.

Linder then billed each plan purportedly for the insurance premiums that were due. The amounts billed, however, exceeded the actual amount of premiums that were due and owed, and Linder secretly kept the excess amounts, the release stated.

While Linder was defrauding the pension and welfare benefit plans, he provided union local officials with graft payments, including a 1999 Harley Davidson motorcycle valued at more than $19,000, the release stated. Thomas Kisting and Fred Schreier, who received the bikes, were also charged and convicted, the release stated.

Phone-fraud Ring Raided In Canada (WT)

By Jerry Seper

The Washington Times, December 21, 2006

The Royal Canadian Mounted Police, working with U.S. law-enforcement authorities, have dismantled a Montreal-based telemarketing ring that victimized as many as 500 people a week, many of them U.S. citizens, for up to $13 million.

U.S. Immigration and Customs Enforcement (ICE) spokeswoman Kadia H. Koroma said the eight-month investigation, known as "Project Colt," culminated this week when nearly 200 Canadian police officers, led by the RCMP, conducted 50 raids, primarily in the Montreal region, that targeted the "boiler rooms" used to make misleading telephone calls.

Forty Canadian citizens were arrested on suspicion of fraud.

"These fraudulent telemarketers prey on some of our most vulnerable citizens, often victimizing them repeatedly until their savings are depleted," said Marcy Forman, ICE director of investigations. "This collaboration with our Canadian law-enforcement partners and other U.S. agencies continues to yield significant results, both in shutting down the criminal networks and in restoring some funds to the victims."

Ms. Koroma said the ring engaged in two types of telemarketing fraud: a lottery scheme and a mass telemarketing fraud. In the lottery scheme, she said, the fraudulent telemarketers persuaded their victims that they had won a large sum of money. In order to claim their prizes, the victims were told, they had to send in payments ranging from $1,500 to $60,000 to cover various costs, including customs charges, taxes and insurance.

In the mass telemarketing fraud, she said, the ring used various approaches, either telling persons they called that they were eligible to receive a $7,000 grant, or selling them health care kits or billing them for services never rendered. A common feature of every scheme of this kind is that the victims are asked to pay less than $500.

All the telemarketing schemes required the victims to send money in the form of a certified check or money order. Nearly 90 percent of the victims in this case were over 60 years of age.

The investigative task force included ICE, the U.S. Postal Service, the U.S. Federal Trade Commission and the FBI working with the RCMP, the Surete du Quebec, Service de police de la Ville de Montreal and the Competition Bureau of Canada.

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Since its inception, the task force has recovered more than $15 million for U.S. victims of telemarketing fraud. ICE agents were instrumental in getting evidence from victims of the lottery scheme in the United States.

"Investigators draw connections between various forms of crime and link certain crime groups such as street gangs and traditional organized crime with the leaders of a telemarketing fraud ring," said Saverio Orlando, RCMP officer in charge of the Montreal commercial crime section. "This investigation shows that the fight against commercial crime is one of our priorities."

The Canadian anti-fraud call center estimates that 500 to 1,000 criminal telemarketing boiler-room operations are conducted on any given day in Canada, grossing about $1 billion a year.

Felons' DNA Missing From Va. Database (WP)

By Candace Rondeaux

The Washington Post, December 21, 2006

Virginia authorities have launched a massive review of the state's DNA database after discovering that thousands of felons may have skirted a legal requirement to submit genetic samples, partly because local and state agencies may have failed to make them do so.

Public safety and crime lab officials estimate that at least 20 percent of felons' DNA profiles could be missing from the database, a flaw that could hamper criminal investigations across the state and nation. Investigators routinely take crime scene evidence and run it through Virginia's database and others looking for DNA matches.

"The good news is it appears that we have well over 80 percent of convicted felons in the database, but obviously we need to have 100 percent of them in the database," said Clyde Cristman, deputy secretary of the Virginia Department of Public Safety.

Virginia law requires all convicted felons and those arrested in connection with violent crimes such as rape or homicide to submit cheek swabs for DNA analysis and entry into the statewide database. Currently, there are more than 253,000 samples in the database, according to the Department of Forensic Science Web site.

The Public Safety Department is working with the departments of Corrections, Forensic Science and Juvenile Justice to determine how many offenders' profiles are missing and why. The multi-agency review will begin with a check of about 54,000 people on probation or parole to verify that their samples have been processed.

Cristman said that about 12,000 cases have been examined. He could not say how many of those offenders' samples were missing from the data bank but said the number is in the thousands. It could take about two months to complete the review and update the data.

Long considered a national leader in DNA crime technology, Virginia has logged about 3,600 "cold hits" from its database -- matching biological evidence from a crime scene to an offender's DNA profile. Scores of violent crimes, including some homicides, have been solved that way. Virginia's database, like that of other states, forms part of a larger national DNA network that has similarly produced millions of cold hits.

Gaps in the state database could diminish the effectiveness of DNA as a crime-fighting tool, officials said. "In order to maximize effectiveness of the national DNA database, it is important to collect DNA samples from all persons authorized by state and federal legislation," said Ann Todd, a spokeswoman for the FBI crime lab.

Louisiana, which has some of the nation's broadest DNA collection laws, has become the envy of many states for a highly advanced and centralized computer system that allows jails, courts and law enforcement agencies to track which offenders have submitted DNA samples.

Cristman said his office was alerted to the problem several weeks ago when an investigation into a series of rapes in Charlottesville revealed that suspects with criminal backgrounds were not listed in the database. Charlottesville police Capt. J.E. "Chip" Harding discovered missing profiles after an audit revealed that 125 felons -- or 20 percent of the 600 supervised felons in Charlottesville and Albemarle County -- were not in the database.

But Virginia crime lab director Paul Ferrara said this week that he became aware of a possible problem earlier when a review last year of the state's more than 13,000 registered sex offenders uncovered 3,149 missing DNA profiles, or about 24 percent of the state registry.

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"I'm not surprised that there are missing felons," Ferrara said. "What would be surprising is the magnitude. That's the thing we're not sure on."

Ferrara said some prisons and jails might have failed to take samples from offenders when the requirement was introduced in the 1990s because the importance of building a DNA database was not yet understood. The collection process might have been further complicated because until about 10 years ago, blood samples were to be taken by qualified medical technicians, who may not have been available, Ferrara said. But he and others pointed to clerical errors as another likely reason for the missing profiles.

"Sometimes you find they aren't missing, but it's just that if you query the database and you don't have the right Social Security number or right spelling on the name, you're not going to hit it," Cristman said.

He said that training on how to collect samples may need improvement and that the lack of a centralized state tracking system made it difficult to coordinate processing. "It's been a challenge in Virginia with various agencies working with different computer systems that don't talk to each other," Cristman said.

Experts say the problem in Virginia is symptomatic of growing gaps in DNA databases nationwide that have occurred as states have expanded the pool of offenders required to submit samples. Most states have long required DNA samples from people convicted of such violent crimes as murder or rape. But the increasing popularity of DNA as a crime-fighting tool has prompted widespread passage of laws to include samples for such lesser offenses as burglary. More recently some states -- including Virginia, California, Florida, Louisiana and Texas -- have begun to require samples from those arrested for certain crimes.

"Whenever you dump a tremendous increase in the samples to be tracked and collected, there's more chances of things being overlooked and things falling through the cracks," said Bill Marbaker, president of the American Society of Crime Laboratory Directors.

In Quest For A Killer, An Inmate Finds Vindication (NYT)

By Fernanda Santos

The New York Times, December 21, 2006

AUBURN, N.Y., Dec. 20 — The day before Christmas three years ago, Inmate No. 92B-0448 sat in front of a computer at the Elmira Correctional Facility and typed a harsh letter to the man he thought should have been in prison in his place.

“Witnesses can commit perjury, judges can be fooled and juries can make mistakes,” the letter read. “When it comes to DNA testing, there’s no mistakes. DNA is GOD’s creation and GOD makes no mistakes.”

The inmate, Roy Brown, was serving 25 years to life for the 1991 murder of a social worker, Sabina Kulakowski, who was found naked, beaten, bitten and strangled outside the farmhouse where she lived in Aurelius, a town of 3,000 on the northern tip of Cayuga Lake.

Mr. Brown, a self-professed hard drinker who made a living at the time selling magazine subscriptions in Syracuse, 30 miles to the east, did not know Ms. Kulakowski. Just six days before her killing, though, he had been released from jail, where he spent eight months for making threatening phone calls to another social worker at the agency where she worked.

Nor did Mr. Brown know the man to whom he was writing, Barry Bench. It was only that year, 2003, that Mr. Brown had uncovered witness statements that pointed toward Mr. Bench, whose brother had been the victim’s boyfriend.

Five days after receiving Mr. Brown’s accusatory letter, Mr. Bench committed suicide by jumping in front of an Amtrak train.

Two weeks ago, DNA tests matched a sample provided by Mr. Bench’s daughter to saliva stains on a bloodied nightshirt found at the crime scene, and now Mr. Brown is scheduled to appear in court on Thursday to ask the judge who presided over his original trial to vacate the conviction.

“I used the old hunting technique here: if there’s a killer in the bush, I’m going to flush him out,” Mr. Brown, 46, said in a telephone interview from prison. “I know that they can keep me in jail after I show up in court. But the world will know that I’m innocent, and that was my main goal.”

Mr. Brown’s lawyers at the Innocence Project, a nonprofit legal clinic that has helped exonerate 188 people since 1989, said his case stood out because it was the first in which the convicted man essentially investigated and solved the crime himself.

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The lawyers, Peter Neufeld and Nina Morrison, have also questioned the reliability of forensic evidence in the case, since the conviction rested largely on expert testimony linking bite marks found on Ms. Kulakowski's body to Mr. Brown even though they showed indentations from six upper teeth and he had four.

The Cayuga County district attorney, James B. Vargason, did not respond to numerous requests for comment on Wednesday, but Mr. Brown's lawyers said they expected him to oppose their motion. Mr. Vargason took office two weeks before Mr. Brown's trial and tried the case personally; he has since used it to build a reputation as a get-tough prosecutor.

Help came to Mr. Brown from an unlikely source: Mr. Bench's 19-year-old daughter, Katherine Eckstadt, who volunteered a sample of her DNA. A private investigator had tracked her down through her mother, who had told sheriff's deputies in 1991 that Mr. Bench acted suspiciously the night of the murder.

The recent DNA tests have excluded Mr. Brown as the source of the saliva on Ms. Kulakowski's nightshirt and showed half of the DNA profile matched Ms. Eckstadt's, suggesting the saliva could have come from her father.

"I had to know the truth," Ms. Eckstadt said last week in an interview in the basement of a Baptist church in suburban Syracuse where her mother works as a secretary. "How was I supposed to live knowing that I could have helped Roy Brown, yet I let him rot in prison?"

Mr. Brown was arrested on May 26, 1991, three days after Ms. Kulakowski's battered body was found on a dirt road about 300 yards from the farmhouse, which had been set afire, investigators said, possibly by the killer in an attempt to cover his tracks. Mr. Brown had just been released from jail for making threatening calls to a county Social Services Department worker who had ordered his 7-year-old daughter removed from his home. Though Ms. Kulakowski also worked for the agency, she had no involvement in the case.

Mr. Bench, on the other hand, knew the victim well. His older brother, Ronald, had been romantically involved with Ms. Kulakowski for 17 years and had lived with her at the farmhouse, which their parents had given to Ronald. The couple separated in the spring of 1991, and Ronald Bench moved to Auburn, but he allowed Ms. Kulakowski, who was 49, to continue living at the farm.

"For a while, Barry was angry at his brother because he felt that he should have been the one to own the farm," said Tamara Eckstadt, Katherine's mother, who lived with Barry Bench for 13 years.

Mrs. Eckstadt said that Barry Bench did not seem to dislike Ms. Kulakowski, but that their relationship was "antagonistic," in part because of the farm.

The night of Ms. Kulakowski's murder, Barry Bench left his house at 5 p.m., after a fight with Mrs. Eckstadt, according to his and her statements to investigators at the time. Mr. Bench, a volunteer firefighter, went to a bar, carrying his fire monitor, which he rarely shut off. He left the bar at 12:30 a.m., their statements said. Mrs. Eckstadt told the police that he arrived home, drunk, about an hour later, even though the bar was just a half-mile from where they lived.

She said Mr. Bench never plugged the fire monitor back in after arriving home, which was unusual.

Though the farmhouse began to burn around the time Mr. Bench was unaccounted for, investigators did not question his whereabouts, instead focusing within days on Mr. Brown.

At the trial in 1992, Mr. Vargason argued that Mr. Brown had killed Ms. Kulakowski in a fit of rage against the social services agency. The case rested largely on testimony by Dr. Edward Mofson that Mr. Brown could have left the bite marks on Ms. Kulakowski's body despite the discrepancy in the number of upper teeth. He said that Mr. Brown could have twisted her skin while biting her, therefore filling the gaps that would have been left by his missing teeth.

The defense's lone witness, Dr. Homer Campbell, a forensic odontologist from New Mexico who has testified about bite-mark evidence in numerous criminal trials, sharply rebutted Dr. Mofson's assertion, but it was not enough to convince the jurors. Mr. Brown was convicted of second-degree murder after less than six hours of deliberation.

Ms. Kulakowski's parents and two sisters have all died. Thomas Murray, her brother-in-law, said in a telephone interview from his home in Omaha, Neb., that the family had never heard of Mr. Brown before his arrest, and that he was unaware of the evidence pointing toward Mr. Bench.

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"Sabina touched the lives of many people through her work, and we could never understand why someone would kill her," Mr. Murray said. "When that happened, we didn't have any reason to suspect anyone in the Bench family, or anybody else, for that matter."

Ronald Bench, a real estate broker in Auburn, refused to comment when reached on his cellphone Wednesday. "I don't have anything to say," he said.

The results of the DNA tests came back on Dec. 6; Mr. Brown has said that he has wondered since then what might have been had he laid his hands on Mrs. Eckstadt's statement — and others mentioning the unaccounted hour in Mr. Bench's night — at the time. "I could have showed them to the jury," he said.

One of Mr. Brown's original lawyers, Katy Karlovitz, said that when asked about the statements after Mr. Brown uncovered them in 2003, prosecutors said they had turned them over before trial. But Ms. Karlovitz said she never received them, and there are no records of the statements in a list of documents that is included in the court file.

Mr. Brown learned about the statements only because of a fire at his stepfather's house in 2003 that destroyed his trial records. He filed a request under Freedom of Information laws seeking new copies, and among the documents he received were statements from Mrs. Eckstadt, Mr. Bench and two of their neighbors.

Mr. Brown, a father of four, has been married four times, twice while in prison, where he teaches guitar and helps run counseling sessions. He has liver problems that leave his skin a pale yellow. He has never ceased to profess his innocence.

But his three appeals were denied, along with his 1995 request for DNA tests on the nightshirt. He took to drafting motions from prison, calling his stepfather, William Murphy, several times a week for help.

"I've lived from phone call to phone call, from one disappointment to another," Mr. Murphy, 63, said in an interview from his home in Boonville, N.Y., southwest of the Adirondack Park. "Sometimes I got discouraged, but Roy always came back with another motion, with another way out. He never let me give up."

At the same time, Mr. Brown's sister, Billie Jo Kuczynski, put together a petition asking people to support his request for DNA tests on the nightshirt. She distributed 36,000 copies around the state, even tucking them on car windshields at the Cayuga County courthouse.

In January 2005, the Innocence Project joined the case, eventually filing the motion for the DNA testing that ultimately led to the match with Mr. Bench's daughter.

"Whatever happens, I've already proven my innocence; I'm already free," Mr. Brown said. "I may be in prison, but my spirit is free."

5 Houston-Area Men Attacked By Rapist (NYT)

By The New York Times

The New York Times, December 21, 2006

BAYTOWN, Tex., Dec. 20 — A serial rapist appears to be responsible for five attacks and robberies of young men in an area east of Houston, the authorities here said.

The most recent attack took place on Nov. 30 in a prominent Baytown subdivision called Tanglewilde. The first attack occurred in April in eastern Harris County, Capt. Roger Clifford of the Baytown Police Department said Wednesday.

Another attack in eastern Harris County was in September, and the two others in Baytown took place in May and July.

All five victims have been white men who were alone and attacked in or near their homes in upscale neighborhoods, Captain Clifford said. The attacker is described as a black man in his mid-20s who is about 6 feet tall and 200 pounds with short hair and no discernible accent. He is also clean-cut and well dressed and sometimes wears an earring.

The assailant has used a gun and knife to abduct his victims, all of whom have been physically smaller than him, but he has not always been successful in forcing them into sexual acts, Captain Clifford said.

Concerns Raised About Security At Supermax Prison (WP)

By R. Scott Rappold, Mcclatchey Newspapers

The Washington Post, December 21, 2006

Town Residents Aren't Worried, But Guards Are

DOJ_NMG_0108063

FLORENCE, Colo. -- You can't see Supermax from the highway, but everyone knows it's there.

The prison, hidden by the rolling slopes of the high desert 50 miles south of Colorado Springs, houses 400 of the most dangerous inmates in the federal system -- psychopaths, gang leaders, Mafia bosses, multiple murderers and terrorists, including Eric Rudolph, Ramzi Yousef and Zacarias Moussaoui.

Daniel Garcia, who runs the Super 8 Motel a few minutes' dash from the prison, doesn't worry about one of Supermax's notorious inmates escaping and becoming his problem. "The ones that are really dangerous, I don't think they've got much of a chance of walking away," he said.

After all, it's the most secure prison in the nation. Or is it?

Although it was once taken as an article of faith that Supermax -- one of four federal prisons at the complex and officially known as ADX Florence -- is as secure as anyplace on Earth, some aren't so sure now.

The union representing prison guards is raising alarms about staff cuts. A federal report revealed inadequate scanning of terrorists' mail, and an arbitrator agreed that staff cuts had made the prison dangerous for employees.

The presence of a couple of dozen terrorists, while the war against Islamic extremists goes on around the globe, has made prison security a cause celebre for Colorado's U.S. senators, who have toured the facility and pushed for more staff and a perimeter fence.

But on the streets of Florence, there is little concern about a terrorist breaking out -- or his fellow terrorists breaking in.

"If they break out, they're running like crazy," Gail Clairemont said while shopping recently in a Florence coffee shop.

Across the street, gallery owner Rudl Mergelman doesn't lose sleep about Florence's notorious celebrities.

"The people from out of town are really more concerned about it than we are," he said.

Among those who think the danger has been overblown is the man who once was responsible for making sure Supermax lived up to its name.

"No one's getting out of the Supermax, period. End of story," said Robert Hood, warden of Supermax from 2002 to 2005.

Even union officials concede that an escape is unlikely. But they say staff cuts have made the prison dangerous for employees and vulnerable to attack from the outside.

This year, a federal arbitrator agreed.

The evidence, the arbitrator wrote, is clear: 3,147 critical shifts left unfilled; some housing units unsupervised for entire shifts; cells no longer being regularly searched; a rise in assaults on staff and threats of assaults by inmates angry they can't get their one hour per day of recreation; two murders at the prison in two months last year, after a decade without any.

Suddenly, the issue was viewed as more than union blustering over staff cuts.

"One of the problems we run into as a union is we're always dismissed as trying to pad federal jobs," said Mike Schnobrich, a correctional officer and secretary/treasurer of the American Federation of Government Employees Council of Prison Locals 1302. "We've been saying from the beginning this is not just a management-labor issue. This is a good-government issue."

Federal officials have acknowledged the problem and recently hired or will hire 18 staff members, bringing the total to at least 208 -- still fewer than the 240 the prison had when it opened in the mid-1990s.

The union says it is not enough and has filed a charge of unfair labor practice, saying the prison has not followed the arbitrator's order to create a safe workplace.

"We're talking about a continuing problem," Schnobrich said. "We can't wait two years for budgets to kick in and talk about how to make this facility more safe."

The lack of a fence around the complex has become the central issue for the lawmakers who have taken an interest in the Supermax. Sens. Ken Salazar (D) and Wayne Allard (R) have sought $12 million for a new fence.

State Rep. Liane "Buffie" McFadyen (D) believes a fence would slow down not only an escapee, but anyone trying to break in, such as Islamic extremists bent on rescuing an imprisoned comrade.

The union, although it supports a perimeter fence, agrees it would not be a complete solution. "A fence isn't going to solve every problem we have out here for security," Schnobrich said.

Despite the clamor, many in Florence are against the idea of a fence as an unnecessary blight that would only draw attention to the massive federal prison.

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"I don't have any particular concern about somebody getting out of Supermax. I've toured that facility twice," said Fremont County Commissioner Ed Norden (R). "A lot has been said about having a perimeter fence around the entire complex. I hope they give that some careful study."

He is more concerned that local police and emergency officials can't communicate with the prisons by radio. During one escape from the complex -- though not from the Supermax -- police didn't find out until after the inmate had been recaptured.

The Supermax warden, R. Wiley, declined an interview request. Prison spokeswoman Krista Rear, responding to questions in writing, said, "While a perimeter fence around the several buildings that comprise the Florence complex would enhance security, other measures can be taken in lieu of or in addition to the fence that would also assist in limiting access to the property." She did not elaborate.

The presence of terrorists has focused attention on the prison, but former warden Hood said they might not even be the most dangerous inmates at the complex.

Although Supermax is meant to be a transition facility, where inmates can earn through good behavior a transfer to other prisons, the terrorists are probably there to stay -- as much for their own protection as for society's.

"How could you take, anytime in the future, [1993 World Trade Center bomber] Ramzi Yousef and put him on the grounds of Leavenworth and let him walk around every day?" Hood said.

"They can stand on their heads every day for the next 50 years, and they're not going anywhere."

A Vexing Leap In US Robbery Rate (CSM)

By Ben Arnoldy

The Christian Science Monitor, December 21, 2006

It's a crime chosen by those desperate for quick cash - and it's rising faster than a couple of hands during a stickup.

Possible explanations abound for the soaring robbery rate - 9.7 percent nationwide in the first half of 2006, according to federal crime statistics released this week. But a lead suspect in that troubling trend, say some criminologists, is added economic stress.

Small- to medium-size cities are the ones that saw the largest spikes in reported violent crime, especially robbery. In some of those, the poverty rate has also been climbing faster than the national average.

"It strikes me that many of the cities that have experienced increases in poverty and child poverty [in recent years] are the very same places experiencing increases in robbery right now," says Richard Rosenfeld, a criminologist at the University of Missouri.

The Rust Belt has seen large rises in poverty rates between 1999 and 2005, according to a report this month by the Brookings Institution in Washington - and many of the region's cities turn out to have seen sharp increases in robberies this year. In Lansing, Mich., reported robberies rose 34 percent through June 2006, after its poverty rate climbed 7.5 percentage points over the previous six years. In Cleveland, the robbery rate rose 13.1 percent, and the incidence of poverty went up 6.1 points. In Rochester, N.Y.: robbery is up 49.8 percent, and poverty 4.1 points.

But many cities show no such correlation, meaning the root of the problem is more complex than simple economics. In the West, for instance, some places report flat poverty rates and more robberies.

It's too early to pinpoint the causes of the jump in violent crime, caution Mr. Rosenfeld and others. The FBI report this week showed violent crime overall climbing for the second straight year, after more than a decade of declines.

A mix of factors could be contributing, say experts. Among them: overstretched police departments, convicts reentering society, a change in the illegal market for methamphetamine, and a baby-boom "echo" that's entering the 15- to 25-year-old prime crime bracket.

"Economic conditions are certainly not the whole story behind robbery," says Rosenfeld. But "when we're trying to understand year-to-year changes and why they're occurring in certain places and not others, then we need to focus on those factors that change relatively rapidly as opposed to those that don't."

Rosenfeld's previous research shows that robbery rates rise when consumer confidence measures turn negative. Robbery tempts those who see few economic options, he and others say.

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Robbery "provides cash immediately. So it's kind of a measure of how desperate people are for cash," says Richard Wright, chairman of the criminology department at the University of Missouri. He has studied differences between the crimes of burglary, in which victims are not present, and robbery, in which they are. Burglary rates spike with the introduction of new and valuable consumer goods, whereas robbery appeals to those seeking an immediate payoff - such as people who can't find work, are addicted to drugs like crack cocaine and methamphetamine, or have just left prison and have nowhere to go, says Mr. Wright.

The robbery statistic is "a kind of leading-edge indicator" of something amiss, says David Harris, professor of law and values at the University of Toledo in Ohio. "When you have an increasing demographic bubble in these crime-prone years [15 to 25], and you combine that with a ... willingness to do something like robbery, then you really do have reason to be concerned."

For his part, Mr. Harris suspects the worsening violent-crime rates may be related to less police presence on the streets. Touring the US to promote his new book, "Good Cops: The Case for Preventive Policing," Mr. Harris says he often hears that police departments have become overstretched. "They have a whole set of demands on their plates that simply didn't exist a few years ago," says Harris, referring to homeland-security duties and less assistance from federal agents reassigned to antiterrorism.

A Justice Department spokesman counters that view, noting that federal spending has never been more than 4 percent of state and local law-enforcement spending. The number of police officers has grown every year regardless of federal funding, he adds, and first responders have benefited from a windfall of homeland-security funding in recent years.

In parsing the crime data, few experts dwelled on illicit drugs. But "meth" was the first word off the lips of police officials in two cities where robbery rates climbed. Spokane, Wash., and Colorado Springs, Colo., are now battling the drug that has long beset the Midwest and rural areas. What's different now, say Spokane police, is that do-it-yourself meth production has been beaten back, and users are buying meth made in Mexico. Hence, a sudden need for cash among addicts.

Free Genarlow Wilson Now (NYT)

The New York Times, December 21, 2006

Genarlow Wilson loves reading mystery novels and can't wait for the next Harry Potter book. The 20-year-old former high school football player and honor student works in a library, the perfect job for a young bookworm. Unfortunately, that is where the good news ends and a genuine horror story of this country's legal system begins.

The library in Georgia where Mr. Wilson works is in prison. He is two years into a sentence for engaging in consensual oral sex with a 15-year-old girl at a New Year's Eve party when he was 17. He won't be eligible for parole until he has served 10 years, essentially sacrificing his remaining youth to an obvious miscarriage of justice.

As Shaila Dewan reported in The Times this week, Mr. Wilson has been convicted of aggravated child molestation even though he and the girl were both minors at the time. Even if he could win an early release, Mr. Wilson could not go home to his family. He would have to register as a sex offender and would be prohibited from living with his 8-year-old sister. It is all the more disgraceful because the Georgia Supreme Court last week refused to hear his appeal.

The sexual act took place during a party involving sex, marijuana and alcohol, all captured on a graphic videotape. But that does not make Mr. Wilson a child molester. When high school students engage in consensual sexual activity, that is not the same as an adult molesting a teenager or a teenager molesting a child.

What makes this case more absurd is that if Mr. Wilson and the young woman had sexual intercourse, he would have been guilty only of a misdemeanor and not required to register as a sex offender, thanks to a provision in the law meant to avoid just this type of draconian punishment for consensual youthful indiscretions, the "Romeo and Juliet" exception. And since Mr. Wilson's conviction, the law has been changed to exempt oral sex as well. But the courts say that can't help Mr. Wilson retroactively.

His lawyer is planning to file a habeas petition seeking his release. The courts need to grant it and expunge his record so that Mr. Wilson can return to his family and his once promising academic career. Legislators in other states should take notice and make sure that their own laws do not catch children in dragnets designed for predatory adults.

CIVIL LAW:

U.S. Justice Department Moves Against Prosser in Bankruptcy Proceedings (STS)

DOJ_NMG_0108066

St. Thomas (USVI) Source, December 21, 2006

Dec. 20, 2006 -- An arm of the U.S. Justice Department has moved against Innovative Communication Corp. owner Jeffrey Prosser in the seemingly endless bankruptcy cases involving, indirectly, Vitelco, the V.I. phone company.

The government unit is the U.S. Trustee, a self-described "watchdog" of the bankruptcy courts. It is part of the U.S. Department of Justice and is separate from the U.S. Bankruptcy Courts, which are part of the judicial system.

The U.S. Trustee moved on Dec. 19 that a case trustee be appointed to manage Prosser's business operations until the bankruptcy case is concluded. The presiding judge, Judith K. Fitzgerald, has already indicated her positive interest in such an appointment.

The judge will decide, presumably in a few weeks, and after a hearing, if such a government-imposed manager is a good idea. If she does she will then order the U.S. Trustee to appoint the case trustee. (The U.S. Trustee deals with all bankruptcies, while a case trustee deals with a single case or group of cases.)

The U.S. Trustee for the southeast United States is Felicia S. Turner, headquartered in Atlanta. Her motion filed with the bankruptcy court was noteworthy because of the directness of the language, for example:

"Virtually no progress has been made in these cases since [they]... were filed almost a year ago...The Debtors [i.e. Prosser and his companies] have done little more than repeatedly request continuances and then fail to meet the extended deadlines … Additionally, since Debtors' management has completely lost the trust of its creditors and other parties in interest, no progress will ever be made in these cases if Debtors' management remains in control of estate assets …."

Turner continues: "Thus while some level of acrimony is to be expected in these circumstances, these cases have been paralyzed by such acrimony. This paralysis combined with the allegation of the Debtors? creditors regarding the Debtors? alleged breach of their fiduciary responsibilities to their creditors is sufficient justification for the appointment of a chapter 11 trustee...."

The appointment of a case trustee, according to the Justice Department publication Bankruptcy Basics, is "a rarity in a chapter 11 case … the court, on motion by a party in interest or the U.S. Trustee, shall order the appointment … for cause, including fraud, dishonesty, incompetence, or gross mismanagement or if such an appointment is in the interest of creditors, any equity security holders, and other interests of the estate." (The estate being the property subject to the bankruptcy proceedings.)

The U.S. Trustee's motion, like several others over the past few months, has nibbled away at the secrecy of these proceedings in that it disclosed the size of the "discounted" settlement that Prosser had once worked out with his main adversaries. The settlement then collapsed, twice, when Prosser could not come up with the needed funding. That settlement – now moot – was set at $402 million.

The $402 million dealt only with debts Prosser and companies owe to his longtime bankers, the Virginia-based Rural Telephone Finance Cooperative, and to the one-time minority stockholders in the predecessor firm to Innovative Communications Co., represented by the Greenlight companies.

In addition, Prosser's group owes about $85 million to a group of Vitelco's preferred stockholders and another $60 million or so to the U.S. Treasury.

The full set of undiscounted debts, including unpaid interest and extensive legal bills, has been estimated as exceeding $800 million.

Meanwhile, on Dec. 19, both RTFC and Greenlight filed separate (and mutually-supporting) motions with the bankruptcy court seeking the appointment of a bankruptcy trustee in another manner. These two organizations asked the judge to transfer the case from the relatively pro-debtor chapter 11 of the Bankruptcy Code, where it is now, to the harsher chapter 7 of the Code, which would entail the selection of such a trustee.

In their briefs, the two major creditors contended that Prosser should not continue to manage the bankrupt properties on the grounds of "irrefutable conflicts of interest" since he is the sole shareholder of the firms. "Prosser," RTFC argued, "should not be allowed to stay in control of this chapter 11 process through his insider-domination of the corporate Debtors."

A reading of the three briefs – by the U.S. Trustee, RTFC, and Greenlight – indicate that while the last two knew of each other's actions, there was no indication that the U.S. Trustee was aware of the RTFC-Greenlight filings or vice-versa.

CIVIL RIGHTS:

LaRoque discusses district attorney Nifong with Fox News (KFP)

Kinston (NC) Free Press, December 21, 2006

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December 21,2006

State Rep. Stephen LaRoque has joined U.S. Congressman Walter Jones in calling for the investigation of Durham County District Attorney Mike Nifong.

Jones, in a letter to U.S. Attorney General Alberto Gonzales, said Nifong might have violated the civil rights of three Duke University lacrosse players accused of raping an exotic dancer last spring. He also could have committed prosecutorial misconduct in his investigation of the case, Jones said.

LaRoque, who represents the 10th House District, was expected to appear last night on Fox News channel's "On the Record," with Greta VanSusteren, to discuss his belief that state law should be changed to allow the Legislature to investigate charges of malfeasance by district attorneys. Currently, the N.C. Bar Association — or a superior court judge — conducts such investigations.

Nifong was running for the Durham County Democratic Party's nomination for district attorney during the early stages of the rape investigation. The alleged victim's accusation of being raped by three lacrosse players during an off-campus party brought national attention to Nifong and his department. He won his nomination, and went on to eventually win the election.

"The prosecutor seems to have put his own political aspirations ahead of justice for these three young men who appear to have been falsely accused," LaRoque said.

LaRoque contends that the N.C. Bar Association should not be the only entity with authority to punish incidents of legal misconduct.

"That's like having the fox guard the hen house," he said.

State lifts new patient moratorium at Fort Bayard (AP)

AP, December 21, 2006

SILVER CITY, N.M. (AP) - The state Department of Health has lifted a yearlong-plus moratorium against admitting new long-term patients at its Fort Bayard Medical Center.

The state agency halted new admissions after a Justice Department review of the facility. On Monday, Health Secretary Michelle Lujan Grisham rescinded the motoratorium.

Fort Bayard, with a staff of 320, houses 133 patients.

Justice investigators said last spring they had serious concerns with the care at Fort Bayard. A report said an investigation "revealed a wide range of dangerously deficient medical and nursing care practices," and a failure to comply with federal regulations or meet professional standards.

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The state cited the center in December 2004 for failings in maintenance, staff training and administration. The center's administrator was placed on leave three months later, then was fired.

The Department of Health took over management of the hospital in the interim.

Grisham said in August 2005 said officials found a pattern of abuse, neglect and exploitation of residents at Fort Bayard.

Federal investigators who reviewed documents and visited Fort Bayard in July and October 2005 cited inadequate medical care and nutritional services, failure to ensure that residents were safe, the dangerous use of psychotropic medications and numerous incidents of violence against patients and nurses.

The state hired GEO Care Inc. of Florida to run the center in November 2005. GEO Care recently hired an administrator, an assistant administrator and a medical director.

GEO Care asked the state to lift the moratorium, and has proposed a gradual admission of new long-term residents.

The medical center has continued admitting short-term rehabilitation patients.

The state also determined that the center needs a new facility because of deficiencies in the current aging structure. GEO Care plans to build a new $30 million medical center which it would lease to the state.

Grant County residents made it clear they want the state hospital to remain on or near Fort Bayard.

The village of Santa Clara purchased land administered by the U.S. Forest Service for a new facility, and the county provided funds. The county now owns the land where a replacement would be built.

Groundbreaking is tentatively set for next year, and a new center could be ready by mid-2008.

Fort Bayard is one of two state-owned and operated long-term care facilities for low-income New Mexicans. The other is in Las Vegas.

ANTITRUST:

Delta lawyer: US Airways merger has 'antitrust issues' (NMBW)

New Mexico Business Weekly, December 20, 2006

Delta Chairman and CEO Jerry Grinstein continued his offensive against US Airways' hostile takeover bid in a conference call with analysts Tuesday, saying the merger would create too much of a monopoly in too many markets.

"If the suggestion is that we're going to put a for-sale sign on Delta airlines, we're just not going to do that," Grinstein said.

But "if the process of consolidation starts, you do not want to be left out," he added, explaining that all airlines are keeping tabs on each other.

And he touted "the huge amount of value" that has been created at Delta during the Atlanta-based airline's bankruptcy proceedings, essentially pointing to US Airways' $8.7 billion bid as being less than the up to $12 billion in value that Delta believes it is worth. Delta earlier on Thursday filed its standalone plan to emerge from bankruptcy and reported its board of directors unanimously rejected US Airways' takeover bid.

"I hope we'd be an acquirer rather than an 'aquiree,'" Grinstein said.

Delta's chief antitrust lawyer added that he doesn't believe the U.S. Department of Justice will approve a merger between Delta Air Lines Inc. (Pink Sheets: DALRQ) and Tempe, Ariz.-based US Airways Group Inc. (NYSE: LCC). The two airlines serve New Mexico air travelers through the Albuquerque International Sunport.

"It appears from a factual standpoint this is a merger that clearly has a lot of antitrust issues attached to it," said Jim Weiss, a Washington partner in the law firm Preston Gates & Ellis LLP. "The antitrust risk here is quite high."

Weiss, the former head of the DOJ's antitrust division and a hired gun for Delta since 1988, said he believes it would take the department about a year to review US Airways' hostile bid for Delta. That's because the DOJ will anticipate more merger proposals and would want to go over the Delta/US Airways merger with a fine-toothed comb.

In a detailed PowerPoint presentation available on Delta's Web site, Weiss showed why he believes the Delta/US Airways combination wouldn't pass muster. Chiefly, he said, a lot of small to mid-sized American cities would lose competition if the two airlines merged. The combined airline would be the largest carrier in 127 small communities. And Weiss contends that low cost carriers don't usually go into really small cities, so the competition isn't likely to be replaced.

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Other proof he offered for his position: the DOJ rejected a US Airways/United merger after a 14-month investigation. And that merger had even fewer overlapping routes and hubs, Weiss said.

Meanwhile, US Airways continued its public campaign for Delta. The airline sent out a statement from Chairman and CEO Doug Parker saying, "Combining US Airways and Delta will create at least $1.65 billion in annual synergies beyond the value that could be created by any standalone plan. These synergies come on top of the certainty of $4 billion in cash and the upside potential of 78.5 million shares of US Airways stock."

But Grinstein said in the conference call that he expects Delta would be $8 billion in debt when it emerges from bankruptcy. By contrast, he said, a US Airways/Delta merger would be saddled with $23 billion in debt. If that sounds familiar, he quipped, that was the amount of debt Delta had when it filed for Chapter 11 in 2005.

Phone Carriers Win A Skirmish In Cable Wars (NYT)

By Matt Richtel

The New York Times, December 21, 2006

Telephone companies got some help yesterday in elbowing their way into the video arena that the cable industry has dominated.

Arguing that cable television rates have surged in the absence of robust competition, federal regulators moved to speed up the local approval process for phone companies seeking to compete.

The action came in a 3-to-2 vote by the Federal Communications Commission. The ruling does not force municipalities to grant phone companies a video franchise, but it does require a decision within 90 days.

Phone carriers, notably Verizon, have asserted that some municipalities are slow to grant approvals, often in the face of cable industry lobbying.

If it succeeds in fostering competition, the decision could eventually affect the rates and services available to the roughly 100 million households that pay for access to television.

The decision is part of a fierce political, regulatory and business battle between the cable and telephone companies. They are battling town by town and household by household to get a share of the growing amount Americans spend on their monthly telecommunications bills.

Cable companies have made considerable inroads at offering telephone service and high-speed Internet access. Telephone companies have in the last year entered cable's traditional turf, television, and say this decision will fuel their offensive.

"This means an end to the automatic skyrocketing in cable prices and means greater choice in service and programming," said David Fish, a Verizon spokesman.

But industry analysts said that the decision would not prompt overnight change, in part because it is likely to face a court challenge, but also because the biggest challenge to the phone companies remains the technical and financial logistics of entering a costly new business.

The F.C.C. found that municipalities were unnecessarily and unfairly delaying approval of franchise agreements, refusing them unreasonably, or making unrelated demands, like requiring financing for public swimming pools or recreation centers.

Cable industry officials said they objected to the decision, arguing it creates an uneven playing field by not similarly expediting the process for renewal of their own franchises — the typically multiyear agreements that allow cable companies to provide television access in a community in exchange for a tax of around 5 percent of their sales.

The industry also rejected F.C.C. data indicating that cable television prices had risen steadily in recent years, even as competition had driven down the cost of other telecommunications services, like Internet and phone access.

The commission found that the average monthly rate for cable service increased 5.2 percent, to $43.04, in 2004 alone, and 93 percent in less than a decade.

Kyle McSlarrow, president and chief executive of the National Cable and Telecommunications Association, said those figures were taken from published rate cards, and thus ignored the reality that most subscribers get discounts or other deals.

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He said the prices also did not reflect the discounts offered when subscribers buy bundles of telephone, Internet and television service.

Roughly 66 million American households pay for cable service, compared with around 28 million who get satellite access. There are only a few million who get it through telephone lines.

Bills introduced in Congress this year would have eased the franchise approval process, either by making it national or creating a national standard, but no legislation was ultimately approved.

There have also been political battles at the state level, with the phone companies seeking a statewide approval process that would circumvent municipal franchising. They have prevailed in states including Texas, New Jersey and California.

Jessica Zufolo, an analyst who studies the telecommunications market on behalf of investors, called the F.C.C. decision "a huge victory for the Bells," but said "it's a somewhat pyrrhic victory because there's a high, high litigation risk." She said cities in particular might sue, arguing that the F.C.C. had overstepped its authority.

Commissioner Jonathan S. Adelstein, who voted against the proposal, asserted that the agency lacked the authority to rule as it had. And Jim L. Haggerton, vice chairman of the Information Technology and Communications Committee of the National League of Cities, said the ruling took away municipalities' rightful power.

"We're totally opposed to the federal government making the decisions for cities across the country," said Mr. Haggerton, who sits on the city council in Tukwila, Wash.

Kevin J. Martin, the commission chairman, who voted in favor of the new rule, emphasized the finding that insufficient competition was fueling a rise in cable rates.

"It is critical then that the commission act to remove regulatory barriers to the ability of a second cable operator to enter the market," he said in a statement.

The most aggressive effort to compete against cable companies has come from Verizon. The company said it provided television service to 1.2 million customers, and had franchise agreements in about 300 municipalities including 25 in New York State, mostly on Long Island. That is a small fraction of the more than 3,000 municipalities Verizon said it needed to reach to achieve its goal of providing television service in 60 percent of its telephone territory.

Mr. Fish of Verizon said agreements in other cities had taken many months; he said 83 percent of franchise negotiations with cities had been going on for more than a year.

AT&T, the nation's other big phone company, is so far offering television service in two markets, Houston and San Antonio.

Michael Balmoris, a company spokesman, said AT&T's position was that because it was delivering television service over telephone lines, it was not subject to local franchise regulation.

But it has already encountered local skirmishes over related issues. For example, he said that "multiple cities" in Illinois had not allowed AT&T to upgrade its network to high-speed fiber lines on the ground that doing so would effectively permit the company to offer video service without a franchise agreement.

"We can use the F.C.C. item today in litigation to show we should be able to upgrade" our lines, he said.

Still, analysts said the chief hurdle for telephone companies would be laying lines in the ground capable of delivering television, then convincing consumers to switch.

The F.C.C. decision "certainly alleviates something of a challenge that Verizon and AT&T have to go through," said Alan Bezoza, telecommunications industry analyst with Oppenheimer & Company. "But the biggest challenge will be just rolling this out."

FCC Vote A Victory For Phone Companies (WP)

By Alan Sipress

The Washington Post, December 21, 2006

A divided Federal Communications Commission yesterday approved a measure aimed at helping telephone companies move into cable television markets by significantly limiting what local officials can demand in return for franchises.

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The new rule reflects the intensifying battle between the phone and cable industries over who will control distribution of video, voice and Internet access in an increasingly wired country. But the telephone industry's victory could prove temporary because opponents say the measure will almost certainly be challenged in court.

The FCC voted 3 to 2 along party lines to change how local officials award television franchises to eliminate what Republican supporters said were unreasonable demands and delays.

The measure requires local regulators to rule on franchise applications within 90 days for companies such as Verizon Communications and AT&T that have wires in place. It also bars local officials from requiring that companies provide TV service to everyone in a jurisdiction and prevents them from demanding fees or in-kind contributions exceeding 5 percent of the television revenues.

Verizon has been seeking local TV franchises nationwide and has won more than 200, including agreements with most of the counties and cities in the Washington area. The company has said it plans to win 3,300 franchises nationwide and has been lobbying state legislatures and Congress to speed up the approval process.

The FCC's Republican majority said that removing unreasonable hurdles erected by local governments would translate into lower cable rates. Democratic members disagreed and accused the Republicans of overstepping the FCC's authority.

FCC Chairman Kevin J. Martin, a leading proponent of the new federal rule, called it crucial for breaking the virtual monopoly held by cable companies in many areas and reversing the steady increase in cable bills over the past decade. Martin said the measure, which is to take effect next year, also would make broadband Internet access more widely available because telephone companies would gain revenue to continue building fiber-optic networks.

"The record collected by the commission in this proceeding cited instances where [local officials] sat on applications for more than a year or required extraordinary in-kind contributions such as the building of public swimming pools and recreation centers," Martin said.

But the commission's Democrats warned that the FCC, by exceeding its legal mandate, would face time-consuming challenges from opponents, including cable companies and local officials angered by what they say is a preemption of their authority.

"The end result will likely be litigation, confusion of the process and a certain amount of chaos," Commissioner Jonathan S. Adelstein said. He questioned the claim that local officials have unreasonably refused applications, saying the FCC had not cited a single instance in which a franchise was being unduly delayed or held up because of demands for exorbitant fees or concessions.

"The majority simply accepts in every case that the big phone companies are right and the local governments are wrong," Adelstein said.

In the District, where phone companies do not have franchises to provide television service, officials called the FCC decision troubling.

"People in the District would be concerned if control is taken away from local municipalities. Cities could be damaged in many different ways," said J. Carl Wilson, general counsel of the D.C. Office of Cable Television and Telecommunications. He said District residents could suffer if officials no longer asked providers for public channels.

Montgomery County Council President Marilyn Praisner (D-Eastern County) said consumers would suffer from the FCC ruling. "This is an early Christmas present of a stocking full of coal," she said, predicting that the county and other jurisdictions would challenge the decision in court.

Montgomery County and Verizon clashed this year over the company's ultimately successful bid to win a franchise there.

The United States Telecom Association, a telephone industry trade group, said the measure would give consumers more choice.

"The steps outlined today will help fix the franchising process and end the unnecessary delays caused by outdated regulations," said Walter B. McCormick Jr., president of the association.

Kyle McSlarrow, president of the National Cable and Telecommunications Association, said the FCC gave phone companies an unfair advantage over longtime cable providers. FCC officials promised to study how cable providers should be treated when their franchises come up for renewal.

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Phone Giants Are Closer To TV Service (USAT)

By Paul Davidson

USA Today, December 21, 2006

To jump-start competition for subscription TV service, the Federal Communications Commission passed new rules Wednesday designed to let the big phone companies obtain local video franchises more easily.

The move is expected to let AT&T and Verizon more quickly enter hundreds of markets in the next few years, spurring new competition for the cable giants and possibly bringing lower prices.

By a 3-2 party-line vote, the Republican-controlled FCC said cities and counties may not impose unreasonable barriers that delay rollout of the video services.

AT&T and Verizon are spending billions to build fiber-optic lines that deliver bundles of voice, broadband and pay-TV services. But when they seek TV franchises, the companies say, local officials often cause delays by making outrageous demands, such as to build swimming pools and recreation centers.

"Such requirements are especially troubling, because competition is desperately needed," FCC Chairman Kevin Martin says.

Phone companies say it typically takes 15 months or more to receive a franchise.

The new rules would force localities to act on the phone companies' franchise requests within 90 days and count the value of any sweeteners the company tosses in toward a 5% fee on revenue that it's already required to pay. Local officials won't be able to force a carrier to offer video to parts of a community it can't serve for technical or other practical reasons.

To lend support to its ruling, the FCC released a study showing that cable prices jumped 93%, to $43.04 a month, from 1995 to 2005. But prices were 17% lower in markets where there was a second landline rival. Satellite services did not manage to hold down cable prices, the FCC says. AT&T says its prices in San Antonio underpriced cable by as much as 42%.

But Kyle McSlarrow, head of the National Cable & Telecommunications Association, says the study doesn't account for cable's discount bundles. He also says the FCC is unfairly favoring phone companies.

"We don't believe the commission has the legal authority to establish separate regimes for incumbents and new entrants," he says.

Carolyn Coleman of the National League of Cities says the FCC is overstepping its legal authority by "circumventing negotiations" when there's no evidence to support the phone companies' claims.

Democratic FCC Commissioner Jonathan Adelstein accused the agency of "riding roughshod over local governments."

Martin acted after Congress failed this year to pass a bill that would have created a national video franchise. Eight states, including Texas, California and New Jersey, have streamlined franchising in their communities.

Bell Companies' FCC Victory Might Be Short-Lived (WSJ)

By Amy Schatz

The Wall Street Journal, December 21, 2006

WASHINGTON -- Phone companies scored a win at the Federal Communications Commission when the agency agreed to change rules to let them enter the cable-television business faster, but the victory may be short-lived, as congressional Democrats complained and opponents threatened legal action.

The FCC, in a 3-2 party-line vote, passed rules that give state and local authorities a 90-day deadline to grant video-franchising agreements to new competitors. The commission also struck down rules requiring that the Bells do more to provide service to all residents in an area than current providers.

• What's New: The FCC changed the rules to make it easier for phone companies to enter the cable television business.

• The Background: The Bells have gotten states to change laws so they can offer video, but want a U.S. standard so they don't have to lobby state-by-state.

• What It Means: Local officials are likely to challenge the FCC action in court and states may be less willing to change their laws if there's a possibility the FCC will pre-empt their efforts anyway.

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The FCC action raises potentially significant issues for the Bells, which have persuaded eight states -- including California, New Jersey and Texas -- to change laws to accelerate entry to the video business. State and local officials say the FCC is trying to usurp their authority, and cable companies say the Bells are getting preferential treatment. The matter looks to be heading for court. Yesterday's decision may make it more difficult for the Bells to persuade other states to change some rules that are made somewhat moot by the FCC action.

Verizon Communications Inc. and AT&T Inc. lobbyists have argued to state legislatures that more competition will lead to lower prices and more broadband Internet services.

"We don't expect states [that] are interested in passing legislation to stop that work because of today's FCC action," said David Fish, a Verizon spokesman. Michael Balmoris, an AT&T spokesman, said the company intends to continue to press states to change franchising laws and said the FCC "expressly chose not to pre-empt existing state franchising law."

Verizon, AT&T and other phone companies argue it isn't in the public's best interest for them to have to seek approval from 30,000 local communities to offer digital television service. The Bells say community officials have demanded various incentives -- such as landscaping for parks and street lights -- before allowing them to offer local video service.

FCC Chairman Kevin Martin has argued that the FCC has authority to stop unreasonable delays by local officials in granting video franchises. Mr. Martin said changing the rules nationally to set time limits will promote video competition, increase the spread of high-speed Internet service across the U.S. and lower cable rates. He said he is "committed to seeing that consumers are able to realize the benefits of competition in the forms of better services and lower prices."

In recent weeks, organizations representing U.S. cities, mayors and governors challenged the FCC's authority to impose federal rules on what has been a state and local decision, essentially telling the FCC to back off. Along with cable operators, they argued there is scant evidence suggesting the Bells haven't had success getting approval from communities to offer competitive video service.

FCC Commissioner Jonathan Adelstein, a Democrat who voted against the change, argued the FCC was doing "legal gymnastics that would only impress an Olympic judge whose vote has been promised before the competition begins" to justify its authority.

The decision "undermines local franchising authority and enforcement, threatens local budgets, and limits the benefits of broadband video competition to a few well-to-do neighborhoods," said Larry Naake, executive director for the National Association of Counties.

"Fundamentally, as a matter of good policy, we're not too keen on any proposals that treat us and the telcos differently. We have serious questions about the FCC's ability to set legislative policy," said Kyle McSlarrow, president of the National Cable & Telecommunications Association, a lobbying group.

Questions surrounding the FCC's authority over video franchising is the main reason phone companies tried to get Congress to make similar changes earlier this year. That effort died amid partisan bickering over Internet discrimination rules.

U.S. Clears CVS To Acquire Caremark Rx (BLOOM)

Bloomberg, December 21, 2006

CVS Corporation has won antitrust approval to purchase Caremark Rx, the pharmacy benefit manager, removing potential regulatory opposition to the pending $21 billion acquisition.

CVS, which is competing against Express Scripts's $26 billion bid for Caremark, received approval from the Federal Trade Commission, Caremark, which is based in Nashville, said in a statement yesterday.

Last month, CVS agreed to buy Caremark to gain more power to negotiate prices with drug makers and to prevent the loss of foot traffic to mail-order medicines from hurting sales of razors, sodas and makeup.

Should either CVS or Caremark scuttle the deal because of a competing offer, it would pay the other a breakup fee of $675 million, CVS's chief financial officer, David B. Rickard, said in an interview last month.

Shares of CVS, which is based in Woonsocket, R.I., fell 7 cents, to $29.91, on the New York Stock Exchange.

Caremark, which fell 28 cents, to $56 yesterday, has risen 11 percent since Dec. 15, the last trading day before the Express Scripts offer. Express Scripts rose $1.52, to $73.78, and has advanced 7.5 percent since Dec. 15.

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We Energies Sells Nuclear Plant to FPL (AP)

By Emily Fredrix

AP, December 21, 2006

MILWAUKEE (AP) -- Wisconsin Energy Corp. is selling its only nuclear power plant to Florida-based FPL Energy in a deal worth about $1 billion, the companies announced Wednesday.

We Energies' agreement with the subsidiary of FPL Group Inc. includes $783 million for the plant and $215 million for its nuclear fuel and other inventories.

Milwaukee-based We Energies will buy the entire output of the plant, whose two reactors generate about a quarter of the company's energy needs.

The sale means the company will no longer operate the plant in Two Rivers, Wis., north of Milwaukee, or pay to decommission it in about 20 years, at a cost of hundreds of millions of dollars, said spokesman Barry McNulty.

As part of the deal, We Energies will give FPL Energy $560 million from a trust fund it had set aside to pay for the decommissioning, when the plant is taken offline and cleaned up, McNulty said.

The state's public service commission will consider what to do with the remainder of the trust fund, about $300 million, which customers contributed to, he said. More money could also be available depending on rulings from the Internal Revenue Service, McNulty said.

The commission will rule on the sale and could consider looking at returning some of the money to ratepayers. A message was left with the commission Wednesday seeking details.

Besides the Public Service Commission of Wisconsin, other groups that have to rule on the deal include the U.S. Nuclear Regulatory Commission, the Federal Energy Regulatory Commission, the U.S. Department of Justice and the Federal Trade Commission.

One of the reactors at Point Beach, a 1,033-megawatt facility, is licensed to operate until 2030. The second reactor is licensed to operate until 2033.

The deal is expected to close in August 2007.

FPL Energy, based in Juno Beach, Fla., said it will keep the plant's 660 employees.

If the deal is approved, the plant will be FPL Energy's fifth, said Mike O'Sullivan, FPL Energy vice president.

Part of the company's strategy is to buy nuclear plants from utilities that only operate one because with FPL's size, it can run the plants more efficiently, he said. Nearly one year ago, FPL bought 70 percent ownership of Iowa's only nuclear power plant, the Duane Arnold Energy Center, near Palo, for about $373 million.

Wisconsin Energy announced in February its intent to look at selling the plant either outright or partially. The company received several offers of partial buyouts but decided selling the entire plant was the best option, the company's president and chief executive officer, Gale Klappa, told investors in a conference call Wednesday. Based on initial estimates, the deal means We Energies will get energy for 26 years below the cost of continuing to operate the plant, he said.

The deal means We Energies will get the same amount of energy it would have produced but for less money because it will not have to pay to operate the plant, a cost expected to rise in the future, or for its eventual decommission, McNulty said.

FPL Energy and its parent company, FPL Group, operate nuclear plants in Florida, Iowa and New England. FPL Energy is considered the largest wind energy producer in the country. It owns and operates 47 wind energy facilities, including the Montfort Wind Energy Center in Montfort, Wis.

Charlie Higley, the executive director of The Citizens Utility Board in Wisconsin, said the group opposes the sale because We Energies' 1 million customers will eventually pay more for their energy. We Energies was obligated to return any profits to customers as rebates, he said, but if the plant is sold to the out-of-state utility, Wisconsin cannot force the company to return profits to customers.

Shares of Wisconsin Energy fell 36 cents to close at $47.94 on the New York Stock Exchange Wednesday, while shares of FPL Group rose 38 cents to close at $55.10 on the New York Stock Exchange.

Wisconsin Energy to sell Point Beach nuclear plant for $1B (BJM)

DOJ_NMG_0108075

Business Journal of Milwaukee, December 20, 2006

Wisconsin Energy Corp. has agreed to sell the Point Beach Nuclear Plant in Two Rivers to a unit of Florida energy company FPL Group Inc. for nearly $1 billion.

Point Beach is a 1,033-megawatt power plant. The first unit at Point Beach went into commercial service in 1970 and is licensed to operate until 2030. The second unit was brought on line in 1973 and is licensed to operate until 2033.

FPL Group's FPL Energy Inc. subsidiary will purchase the plant, its nuclear fuel and associated inventories for approximately $998 million from Wisconsin Electric Power Co., a subsidiary of Wisconsin Energy.

FPL will enter into a long-term agreement under which FPL Energy will sell 100 percent of the output of Point Beach to We Energies. The price represents $783 million for the plant itself and $215 million for fuel, inventory and other items, Juno Beach, Fla.-based FPL Group said in a separate statement.

The transaction is expected to close in August 2007. The transaction is subject to a number of state and federal approvals, including the Public Service Commission of Wisconsin, the Nuclear Regulatory Commission, the Federal Energy Regulatory Commission and review by the Department of Justice.

As part of the transaction, FPL Energy will offer employment to all current employees at the plant. In addition, FPL Energy will be responsible for the ultimate decommissioning of the facility and the cost of that decommissioning.

After closing the transaction, We Energies also will receive approximately $300 million from a trust fund that had been established to pay for the decommissioning of the plant.

The Public Service Commission of Wisconsin will determine how the net proceeds from the sale will be used to benefit customers, Wisconsin Energy said.

Upon closing, FPL Energy will assume management and operation of the plant from Nuclear Management Co., Hudson, and will work with NMC to ensure a smooth transition. NMC, a joint venture of upper Midwest utilities, has managed the plant since 2000.

Wisconsin Energy said in February 2006 that it planned to launch a formal review of its ownership and operation in the Point Beach plant.

Service Corp. Seeks Approval For Sale (AP)

AP, December 21, 2006

WASHINGTON --Funeral home operator Service Corp. International requested government approval Wednesday to sell several properties in order to comply with an agreement reached with the Federal Trade Commission last month.

Service Corp. petitioned the FTC Wednesday to approve the sale of thirteen funeral homes and cemeteries in Texas, Louisiana and Mississippi to privately-held Legacy Holdings.

The company filed a similar petition Tuesday seeking approval for the sale of two properties in California to Carriage Services Inc. The FTC is seeking public comment on the petitions for thirty days, and will then decide whether to approve the transactions.

SCI agreed with the FTC Nov. 22 to sell a total of 55 properties in order to settle antitrust concerns stemming from its purchase of Alderwoods Group. SCI's purchase of Alderwoods closed Nov. 28.

The 40 funeral homes and 15 cemeteries that SCI was required to sell generated $57 million in revenue and $11 million in operating income annually, the company said in a November 22 statement. SCI expects to sell the properties for a total of $120 million to $130 million, the company said.

The SCI-Alderwoods combination will have 2,000 funeral home and cemetery locations after the divestitures, SCI said. Those properties are expected to generate $2.3 billion in annual revenue.

Mitchell Katz, an FTC spokesman, said the agency expects further petitions from the company as it sells off additional properties as called for in the agreement.

Shares of SCI dropped 22 cents to $10.13, while Carriage Services shares were unchanged at $5.05 on the New York Stock Exchange.

Lawsuit against Amway still stands (MCT)

DOJ_NMG_0108076

By Dan Margolies

Kansas City Star/McClatchy, December 21, 2006

KANSAS CITY, Mo. - Plaintiffs in a massive antitrust action against Amway Corp. overcame another hurdle this week in their long quest to get their case heard by a jury.

A federal judge on Monday refused to dismiss all but one of eight counts against the company, finding that the plaintiffs' allegations were legally sufficient to support claims of price fixing, conspiracy and other charges.

U.S. District Judge Richard E. Dorr agreed to dismiss only a civil racketeering claim, ruling that it failed to establish "a pattern of racketeering activity."

"We are obviously pleased with the ruling," said Kansas City lawyer Dan Boulware, who represents several Amway distributors, including Nitro Distributing Inc. of Springfield, Mo. "All of our claims survived with the exception of the racketeering claim, which was a new claim we had recently added, and the judge kept the door open for that."

Boulware said that he intended to refile the racketeering claim.

Amway, now known as Alticor Inc., said it was "pleased" that the court had rejected the plaintiffs' "misguided effort to sensationalize the case with its unfounded (racketeering) claims."

"The court decided that it would be premature to dismiss Nitro's remaining claims for alleged violations of the antitrust laws and various common law torts," the company said in a news release. "The court noted that, at this early stage of the proceeding, it was legally required to accept Nitro's unproven allegations as true.

"Alticor is confident that, as the litigation proceeds and Nitro is unable to produce evidence to support its claims, Nitro's misguided claims will be dismissed before trial."

The case, which was filed in mid-2003 in the U.S. District Court for the Western District of Missouri, has been closely watched by Amway distributors nationwide. Most recently, a federal appeals court upheld Dorr's rejection of Amway's request to send the case to arbitration.

The lawsuit contends that Amway exaggerates the profits to be made selling its products and pressures distributors into buying its motivational materials. It alleges that a handful of Amway "kingpins" - those who bought into Amway early on - control thousands of down-line distributors and make most of their money by selling them the motivational materials, known at Amway as the "tool and function" business.

The lawsuit says that distributors are misled into thinking they can attain great wealth by selling Amway products. In reality, it says, distributors can only become wealthy by participating in the motivational business. But because that business is dominated by the kingpins, very few succeed.

Among other allegations, the lawsuit says the kingpins use a variety of tactics to exercise control, including illegal tying arrangements, price fixing and blackballing disfavored distributors.

The case is scheduled to go to trial in early 2008.

NYSE Gets OK On Euronext Deal (USAT)

By Greg Farrell

USA Today, December 21, 2006

NEW YORK — Shareholders in the New York Stock Exchange voted overwhelmingly Wednesday to approve a $14 billion acquisition of Euronext that will create the first trans-Atlantic market for stocks.

"This is an historic day for NYSE Group and reaffirms our leadership position in global finance markets," said NYSE CEO John Thain. The merger will "enable us to move forward with our shared vision of building the first truly global exchange group," he said.

With more than 75% of NYSE shareholders voting, the merger received overwhelming approval, winning an estimated 99.7% of ballots cast. Euronext shareholders approved the deal Tuesday.

Thain spent the first half of the year negotiating the transaction with Euronext, which had also been in merger discussions with the Deutsche Börse. The German exchange finally abandoned its overtures last month, clearing the way for the NYSE deal.

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Approval of the Euronext deal comes one year after seat holders on the NYSE voted to approve a merger with Archipelago, an electronic stock exchange. That deal transformed the Big Board from a private club into a public company and also gave the NYSE a much stronger electronic trading platform to go along with its open-floor auction system.

After the approval of the Euronext deal, Thain met with reporters. He said the expansion into Europe was part of the three-pronged strategy he laid out after taking the job as head of the NYSE three years ago.

His first goal was to "de-mutualize" the exchange, and his second was to diversify the NYSE's product offerings. Both strategic goals were accomplished in the Archipelago deal.

The Euronext deal is the first step toward the "globalization" of the NYSE, the final piece of his strategy. The deal is expected to close within three months, since European regulators have already approved it.

Thain said he would look closely at further expansion opportunities in Asia, particularly in China, Japan and India. But he said there was no guarantee that he'd be able to keep rivals from expanding there first. "You have to be concerned about what competitors might do," he said.

Still, Thain's biggest rival, the Nasdaq, has stumbled so far in its own attempt to expand beyond the U.S. borders. It has made two offers to buy the London Stock Exchange in recent months but has been rebuffed both times. This week, LSE chief Clara Furse said she wouldn't even consider the Nasdaq's $5.3 billion takeover bid, calling it "wholly inadequate."

The NYSE's own shares closed at $102.19 Wednesday, down $1.17.

N.Y. Firm To Buy Harland Low-profile M&F Worldwide's $1.7 Billion All-cash Deal For Decatur Check Printing Firm Certain To Face Antitrust Scrutiny. (AJC)

By Péralte C. Paul, The Atlanta Journal-constitution

Atlanta Journal-Constitution, December 21, 2006

M&F Worldwide Corp. isn't exactly a household name.

The New York company — which said Wednesday it entered into a $1.7 billion deal to acquire John H. Harland Co., the Decatur-based check maker — owns Clarke American Corp., another big check printer. Its other holding is Mafco Worldwide Corp., a maker of licorice extract used in candies, pharmaceuticals and tobacco products.

OK, so licorice and check printing aren't what you'd call sexy businesses.

But one analyst said the all-cash transaction, which calls for M&F to give $52.75 per share to Harland stockholders, will allow Clarke American to leapfrog Deluxe Corp., the market leader in check printing.

And it fits in with the style of Ronald O. Perelman, an M&F board member and head of cosmetics giant Revlon Inc., said John Kraft, an analyst at D.A. Davidson & Co. who follows Harland.

Perelman is chairman and chief executive of MacAndrews & Forbes Holdings Inc. That company is the principal shareholder in M&F Worldwide.

"He doesn't need a glamorous industry," Kraft said of Perelman, who owns 500,000 shares of M&F, valued at more than $10.2 billion. "He's looking to milk the cash flows."

Printing checks is a business ripe for consolidation.

Check usage has declined dramatically — more than 30 percent since 1995 — as consumers increasingly migrate to other payment forms such as debit and credit cards and online bill paying, government statistics show.

Both Deluxe and Harland, the fiercest competitors in the business, have watched their revenues from their check printing operations decline as a result. Revenues were pushed further downward by the rivals' pricing wars designed to win over financial institutions as clients.

Harland recognized that long ago and sought to extend into other business lines: It bought up technology and software companies that provide services to banks, and it also has Scantron, a standardized testing business.

But Kraft said the check business still has a lot of life left, even as it declines.

"It's manageable," Kraft said. "It's not growing, but that doesn't mean you can't generate money on it."

Even so, Harland was likely to do something. Executives have long said they were looking at ways to maximize shareholder value.

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In business-speak, that's usually taken to mean selling off the company or spinning out a unit into a separate, publicly traded company.

Still, the pending acquisition, which the companies anticipate will close in the second half of next year, isn't necessarily a done deal.

Regulators will take their time in reviewing the proposal because of antitrust concerns, Kraft said.

Deluxe has about 40 percent of the check printing business, which is about $2 billion a year. Harland and Clarke American each have about 30 percent market share.

With both Harland and Clarke American under the same umbrella, M&F would control 60 percent of the market, which is almost certain to raise antitrust concerns, Kraft said.

"Antitrust is going to be the issue," Kraft said. "That's not a slam dunk with regulators."

Wall Street, however, didn't seem to have a problem.

Shares of both Harland and M&F rose dramatically. Even Deluxe got a bit of a boost.

Harland shares rose more than 13 percent Wednesday, climbing $5.84 to close at $50.31. M&F shares rose almost 12 percent, a gain of $2.19 to close at $20.49. Deluxe shares also rose, gaining nearly 3 percent, or 67 cents, to close at $24.17.

Neither executives of M&F nor Harland — both with historically conservative images — would provide additional details about the deal beyond what was said in a joint-issued news release.

"Combining the resources of Harland and Clarke American will provide significant value to customers and shareholders of both companies," said Harland's Timothy C. Tuff, chairman and chief executive.

"Financial institutions of all sizes will have a strategic partner that can provide a full suite of products and services designed to help them meet their business objectives."

Huntington, Sky To Merge Banks (WSJ)

By Ann Carrns

The Wall Street Journal, December 21, 2006

Huntington Bancshares Inc., a Columbus, Ohio, bank with 380 branches in five states, said it agreed to merge with Sky Financial Group Inc. in a stock-and-cash deal valued at roughly $3.29 billion, signaling that banking-industry consolidation is occurring even in less attractive markets like the Midwest.

Because there are many banks in the region vying for customers amid a relatively slow-growing economy, competition is even more fierce than elsewhere in the country. Sky Financial, Bowling Green, Ohio, has about 330 branches in five states, overlapping with Huntington's footprint in four: Indiana, Michigan, Ohio and West Virginia. The combined banks will have more than 700 branches, 1,384 ATMs and deposits of about $38 billion, the companies said.

The deal is expected to close in the third quarter of next year, subject to the approval of both banks' shareholders and of regulators.

Huntington ranks fourth by deposits in Ohio, with a nearly 8% share of the market as of June 30, according to the most recent Federal Deposit Insurance Corp. data. The bank said the merger will boost it to No. 3 in Ohio as ranked by deposits. The deal also will give Huntington the top spot in several Ohio cities, including Columbus and Toledo; will boost its share in Cleveland; and will give it the No. 3 spot in Indianapolis, which is one of the region's "faster growing" markets, Huntington CEO Thomas Hoaglin said.

Officials at the bank weren't available to discuss the deal, a spokeswoman said.

In 4 p.m. trading on the Nasdaq Stock Market, shares of Huntington closed at $24.70, down seven cents, while shares of Sky Financial closed at $24.29, up 12 cents.

Ericsson's Purchase Of Redback Boosts Internet-Video Strategy (WSJ)

By Bobby White And Sara Silver

The Wall Street Journal, December 20, 2006

DOJ_NMG_0108079

Telefon AB L.M. Ericsson's agreement to buy Redback Networks Inc. for $2.1 billion reflects how the explosion in video and other multimedia services over the Internet and a surge in broadband subscribers are driving phone and cable companies to upgrade their networks and spurring big makers of networking hardware to unite.

Ericsson, a Swedish provider of equipment and services for telecommunications infrastructure, said it will pay holders of the Silicon Valley seller of routing equipment $25 a share, or 18% more than Redback's share price before the announcement. Ericsson characterized the price as a 60% premium above the 90-day average for Redback stock.

The companies said the deal will make them more effective suppliers for the fast-moving market. It also could help Redback contend with larger competitors such as Cisco Systems Inc. and Juniper Networks Inc.

"Some companies were reluctant to use our technology because of Redback's size," said Paul Giordano, chairman of Redback's board and chief executive of Tamalpais Asset Management, a hedge fund that is an investor in the company. "Redback can compete in a much stronger way now."

Redback was forced to file for Chapter 11 bankruptcy-court protection in 2003, after an expansion during the telecom boom left the company saddled with debt. It slashed costs, cut nearly 1,000 employees and invested millions of dollars on new technology.

At one point, the stock traded for less than $1. In 4 p.m. Nasdaq Stock Market composite trading, before the deal was announced, the stock traded at $21.17, up 45 cents. In after-hours trading the shares were up $3.63, or 17%, to $24.80.

Kevin Denuccio, Redback's chief executive, said his company had been in talks with Ericsson off and on for months but discussions grew more intense in mid-November. He said Redback was interested in being acquired, hoping "to marry the size, reach and resources of Ericsson with Silicon Valley culture and expertise."

Ericsson, with a market value of $65 billion, is Europe's largest telecom-equipment maker. Its acquisition last year of most of the assets of Marconi PLC set off a wave of consolidation in the industry, which included the proposed combination of the networks divisions of Nokia Corp. and Siemens AG, as well as last month's purchase of Lucent Technologies Inc. by Alcatel SA of France to form Alcatel Lucent.

Marconi's technology, designed to help telecom carriers handle big increases in data traffic, gave Ericsson a foothold in the networks of Marconi's existing customers, which were concentrated in the United Kingdom, Italy and Germany. The Redback deal could further improve Ericsson's ability to sell to U.S. carriers rolling out Internet television services.

"There's a scramble right now between Ericsson and Cisco to become the alternative to Alcatel in Internet television," said Inder Singh, telecom analyst at Prudential Equity Group. He thinks Ericsson could still be in the market for high-speed optical devices that collect and send signals to hundreds of homes.

Redback, of San Jose, Calif., will retain its management team and will operate as a business unit of Ericsson. The deal is expected to close by early 2007.

Arcelor Mittal buys steel plants from Grupo Villacero (BLOOM)

By Alaric Nightingale, Matthew Craze

Bloomberg, December 21, 2006

LONDON: Arcelor Mittal, the world's largest steel maker, said Wednesday that it had bought plants owned by Grupo Villacero for $1.4 billion to become the biggest producer of the metal in Mexico.

The purchase is the first since Mittal Steel's $38.3 billion combination with Arcelor this year.

Arcelor Mittal, based in Luxembourg, purchased the Sicartsa mill in Lázaro Cárdenas, Mexico, it said in a statement. It also acquired Border Steel, a mini-mill in Texas, as part of the deal. Arcelor Mittal and Villacero also created a joint venture to become the biggest supplier of steel products in Mexico and the U.S. Southwest.

Arcelor Mittal wants to strengthen its position as the biggest steel maker in the United States and tap growing demand for the metal in Latin America. Mexican steel demand may grow 6 percent a year in the next decade, according to Arcelor Mittal's chief financial officer, Aditya Mittal.

Michael Shillaker, an analyst at Credit Suisse in London, said, "This sends a clear signal to the market that the company will continue a growth path alongside its integration path."

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Brussels Approves MAN's Scania Bid (FT)

By Richard Milne In Munich, Tobias Buck In Brussels And David,ibison In Stockholm

Financial Times, December 21, 2006

MAN, the German truckmaker, last night won unconditional approval from Europe's top competition regulator for its €10.3bn ($13.7bn) hostile bid for Swedish rival Scania, removing a significant obstacle from the four-month take-over fight.

The European Commission said there was no reason to object to the transaction on antitrust grounds. TheBrussels-based regulator added that it had "found that European bus and truck markets would remain competitive even after the proposed acquisition, because the merged entity would still face strong competition from a number of other important manufacturers such as DaimlerChrysler, Volvo, Iveco and DAF".

The focus will now move to MAN's efforts to persuade Scania's two largest shareholders - German carmaker Volkswagen and the investment vehicle of the Wallenberg family, Investor - to accept its offer before aJanuary 31 deadline.

The approval by the regulator is a relief to MAN, because the European Commission had previously blocked an attempt by Volvo to take over Scania in 2000. But MAN's bid is still poised on a knife-edge as Scania and Investor, in particular, opposes it strongly.

MAN has said it believes its SKr475 a share is a fair price but admits it has "the theoretical possibility" to increase its offer. The German group is trying to present its offer as "a merger of equals" rather than a straight takeover.

Advisers to MAN say compromises may be possible on issues such as the name of the new company, a possible secondary listing in Stockholm, and the composition of its supervisory board.

But in spite of VW and Investor recognising the industrial logic of a combination, it is not clear whether the Swedish group is prepared to cede control to MAN and a system of corporate governance with which it has big problems.

VW's position is also unclear since Bernd Pischetsrieder, its chief executive, was forced to resign from the end of this month. VW eventually wants to control a company combining all three groups' truck assets, supervisory board members say.

Separately, the uneasy truce between the main labour unions of Scania and MAN collapsed yesterday after IF Metal, the Swedish truckmaker's main union, said the proposed deal was "unrealistic" and would lead to hundreds of job losses.

Its statement will reignite fears any deal will encounter politically explosive labour market opposition in Sweden. "We would lose jobs, and they would gain jobs," the union said.

Intesa Must Sell More Branches, Antitrust Says (BLOOM)

By Steve Scherer, Tommaso Ebhardt

Bloomberg, December 21, 2006

Dec. 20 (Bloomberg) -- Banca Intesa SpA, Italy's second- biggest bank, must sell 748 bank branches and part of its insurance business to win approval from Italy's antitrust regulator for its purchase of Sanpaolo IMI SpA.

Credit Agricole SA, Intesa's biggest shareholder, ``must reduce significantly'' its stake in the new bank and may not play an ``administrative or management role,'' according to a faxed statement from the Rome-based antitrust authority. Intesa must also sell its Po Vita life insurance unit, and limit the sales of insurance products from its bank branches.

Intesa and Sanpaolo shareholders backed the 30.8 billion- euro ($41 billion) acquisition on Dec. 1. The new bank will have almost twice as many domestic customers as UniCredit SpA, Italy's biggest bank. Italian banking takeovers have reached a record $85 billion this year as lenders seek to cut costs and boost profit amid increasing competition from foreign companies.

``It doesn't change substantially the merger,'' said Fabrizio Barini, an analyst at Websim SpA in Milan. ``They won't have any problems selling the extra branches.''

Intesa and Sanpaolo welcomed the antitrust's decision in a statement distributed by the Italian exchange.

``This will allow the merger to be completed by the end of the year,'' the companies said in a joint statement.

Intesa won the support of Credit Agricole for the Sanpaolo transaction by agreeing to sell the French lender 650 branches in northern Italy. That means Intesa is going to have to shed about another hundred to satisfy the regulator.

Representatives of Generali SpA, Italy's biggest insurer, must not participate in discussions or votes that involve Eurizon SpA, which is Sanpaolo's insurance and asset management unit, the regulator said. Generali owns 7.5 percent of Intesa.

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ENVIRONMENT:

Reforestation Lags Amid Record Wildfires (USAT)

By Patrick O'Driscoll

USA Today, December 21, 2006

DENVER — As severe wildfires scorch more of the USA each year, the Forest Service is falling further behind in replacing trees lost to fire, insects and disease because of shrinking budgets and mounting costs of fighting the blazes.

The Forest Service had a backlog of 1.1 million acres that needed replanting in 2005 — a combined area slightly larger than Rhode Island — according to the agency's latest reforestation report. Last year, it could replant only 153,000 acres.

John Rosenow, president of the National Arbor Day Foundation, calls it "a double whammy — the high need (to replant) because of fires, and then the funds having to be diverted."

The Forest Service had to borrow $200 million from other programs to cover firefighting costs this year. Most of that, $159 million, came from reforestation accounts, the agency says.

Wildfires last year scorched almost 8.7 million acres, the highest total in more than a half-century — until this year's record 9.6 million acres burned.

"I'll give you one word: crisis," says forest ecologist Tom Bonnicksen, an adviser to the Forest Foundation, a California-based group. "In California areas burned by wildfires in 2001, only 3.8% were reforested. That, to me, is a crisis."

Not all land burned in these record years are in the 193 million acres of national forests. Nor do all burned forests need intensive replanting. Wildfires can char some areas but only singe others, so some tracts can reseed naturally.

But millions of acres of forestland, especially in the West, are dangerously overgrown because federal policy for decades was to put out every fire. When those forests catch fire now, they can burn so severely that replanting is the only option. If the forests aren't restored, erosion can mar the land, damage wildlife habitat and ruin the water quality of streams that contribute to the nation's water supply.

The Forest Service report says the increased acreage in need of replanting is mostly attributable to major fires in the West since 2000. It also acknowledges a steady decline in replanting since 1990.

"I'm concerned about our ability to do the appropriate level of reforestation," Forest Service Chief Dale Bosworth says. "That is a core value of the Forest Service."

A 2005 study by the Government Accountability Office warned that neglected reforestation could make wildfires worse. The report said that without new trees, burned areas will fill in with brush and weeds, which can dry out quickly and become volatile fuel for more fires.

In an attempt to close the gap, groups and businesses are donating money and seedlings. In October, Enterprise Rent-A-Car, working with the National Arbor Day Foundation, pledged 1 million trees a year for the next 50 years. Earlier this year, Ikea, the home store chain, paired with American Forests, another conservation group, to plant 300,000 trees.

Bosworth says such donations accounted for 12% of reforestation spending in 2004: "I'd like to double that over time."

Two Lawsuits Filed Against ICC (BSUN)

By Timothy B. Wheeler, Sun Reporter

The Baltimore Sun, December 21, 2006

Actions are effort to block building of the highway in Maryland suburbs

GAITHERSBURG -- In a challenge to both the outgoing Ehrlich administration and the incoming O'Malley regime, opponents of the proposed Inter-County Connector filed a pair of lawsuits Wednesday seeking to block construction of the east-west toll highway through Washington's Maryland suburbs.

In suits filed in federal courts in the District of Columbia and in Greenbelt, four environmental groups and two Montgomery County residents who live near the proposed highway contend that federal transportation and environmental agencies abrogated their duties in approving the state's plans for the 18-mile, six-lane highway.

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Speaking at a news conference at a suburban home that would lose part of its leafy backyard to the highway, the opponents alleged that state and federal officials glossed over the environmental damage the project would do. They also contend that officials failed to consider other ways of easing Washington area traffic congestion that would be less costly and less harmful to human health and natural resources.

"We ask that the federal government go back and take an honest look," said Erik Bluemel, staff attorney for the Institute of Public Representation at Georgetown University Law Center, one of the lawyers representing highway opponents.

The suits name as defendants federal transportation and environmental agencies, along with regional planning entities that approved the state's ICC plans.

Gov. Robert L. Ehrlich Jr. had made the long-planned highway's construction one of his priorities. He revived the project, which his Democratic predecessor, Parris N. Glendening, had rejected on environmental grounds. Ehrlich also sought to "fast-track" approval by federal agencies of a new, more favorable environmental study of the ICC.

Transportation Secretary Robert L. Flanagan defended Wednesday the state's efforts to minimize and mitigate the highway's environmental impact. He dismissed ICC opponents as "a tiny minority of people who are unhappy with the democratic process."

"It's not only the governor, but a very strong majority of legislators, state legislators from across the state, [who] support this project," Flanagan said. "They understand that it's going to be very good for the state of Maryland."

Flanagan said bids are being sought for construction of the first leg of the connector, 7.2 miles from Interstate 370 in Gaithersburg to Georgia Avenue near Silver Spring.

The entire project is expected to cost about $2.4 billion, he said, with about $280 million of that devoted to replacing parkland that would be taken for the highway and restoring woods ands wetlands that would be bulldozed.

A spokesman for Baltimore Mayor Martin O'Malley said the governor-elect stood by his campaign statements in support of the project -- a rare point of agreement between him and the Republican incumbent he ousted. "We will defend the lawsuits, and the ICC will progress, will be built," said Rick Abbruzzese, O'Malley's spokesman.

But opponents said they hope O'Malley will rethink his position once in office.

"When the highway is running right by the swing set, what do you tell your children?" asked Connie McKenna, president of the Shady Grove Woods Homeowners Association, who lives several doors from where Wednesday's news conference was held. Her son, Artie Sadtler, 12, has asthma, she said, and she worries that air pollution from the 125,000 vehicles a day expected to use the highway would aggravate his breathing difficulties.

"The worst part of this," McKenna added, "is it's not going to solve the terrible traffic we've been living with."

Though transportation officials say the highway would reduce commute times and ease gridlock along some routes, opponents say traffic would increase, worsening congestion elsewhere.

In addition to displacing 11 businesses and 52 homes, the proposed highway would clear 746 acres of woodlands, fill in 47 acres of wetlands and disrupt about seven miles of streams, said John Parrish, vice president of the Maryland Native Plant Society.

The state plans to create almost twice as many acres of wetlands as the highway would destroy, according to a fact sheet from the state Department of Transportation. Similarly, every acre of parkland lost would be replaced by 8 acres elsewhere.

But the highway also would spawn additional development in the area, Parrish pointed out. He said that growth would level another 2,213 acres of woods, fill in 160 acres more of wetlands and disturb an additional 15 miles of stream bed.

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Federal Agency Sued Over Environmental Study (WP)

By Katherine Shaver

The Washington Post, December 21, 2006

Four environmental groups and a Montgomery County couple filed lawsuits yesterday arguing that federal transportation officials approved the intercounty connector project before adequately studying the highway's effects on wildlife and public health.

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The two federal lawsuits -- one filed in the District and the other in Maryland -- also allege that the federal environmental review did not meet legal requirements to consider other east-west transportation options. Building mass transit and improving local roads, among other measures, would cost less, do less environmental damage and combat traffic better than an 18-mile road cutting across Montgomery and Prince George's counties, the complaints say.

"The ICC has been steamrolled through the approval process without a thorough evaluation of smarter, more effective and, frankly, healthier alternatives," said one of the plaintiffs, John M. Balbus, director of the health program for Environmental Defense.

Balbus and other highway opponents spoke at a news conference in the back yard of a home on Briardale Road in the Derwood area of Rockville, where the six-lane highway would cut through a swath of woods between two neighborhoods. The road's right of way would take part of the yard and run within a few feet of the family's swing set and basketball hoop.

Doug Hecox, a spokesman for the Federal Highway Administration, said he had not seen the lawsuits. However, he said, the agency does not typically comment on pending litigation.

Maryland highway officials were not named in the lawsuits, but state Transportation Secretary Robert L. Flanagan said he had expected them. Still, he said, he was confident the state's study -- and federal officials' approval of it -- would withstand legal scrutiny.

"Every highway project that's ever been built in modern times has had to face a lawsuit," Flanagan said, adding that he had not seen the complaints. "This highway meets and, in fact, probably exceeds all federal and state environmental laws and regulations."

The plaintiffs said they hope for decisions in the cases by late summer. Their attorneys said they are not seeking an immediate injunction because state highway officials said no work that could cause environmental damage, such as tree cutting or filling in wetlands, would occur while the suits are pending. The suits probably will be settled or decided by a federal judge before any trial, lawyers said.

Gov. Robert L. Ehrlich Jr. (R) made building the highway his administration's top transportation priority, saying it would reduce congestion on dangerously crowded east-west local roads while speeding travel between the Interstate-270 corridor in Montgomery and the Interstate-95 corridor in Prince George's. Maryland officials have begun buying property in the path of the toll highway, estimated to cost $2.4 billion. The first major contract -- to design and build the westernmost section between I-270 and Georgia Avenue -- is scheduled to be awarded in March, Flanagan said.

But in U.S. District Court in Maryland, opponents will argue that federal officials didn't consider "reasonable alternatives" to a highway and didn't fully weigh such environmental effects as increased noise on parkland. The complaint listing those allegations was filed by the Audubon Naturalist Society, the Maryland Native Plant Society, and Roger Metcalf and Eve Burton, a Derwood couple who would lose their Cashell Estates home to the highway.

The other suit, filed in U.S. District Court in Washington by Environmental Defense and the Sierra Club, argues that the federal review did not properly analyze the road's effect on local pollution levels and the health of nearby residents and schoolchildren.

"It's terrifying for us having seen our kids in the hospital with asthma to know this road might be coming," said Connie McKenna, a highway opponent who lives near the proposed route.

Suits Seek To Block ICC Construction (WT/AP)

By Sarah Karush, Associated Press

The Washington Times, December 21, 2006

Environmental groups filed two court challenges yesterday aimed at blocking construction of Maryland's Intercounty Connector, a highway that officials say will ease commutes and take vehicles off local streets.

The 18-mile, six-lane highway connecting Interstate 270 in Montgomery County with Interstate 95 in Prince George's County has long been championed by regional business groups, but faced stiff opposition from environmentalists as well as concerns over its cost. It finally won federal approval in May.

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In one lawsuit, filed in U.S. District Court in the District, Environmental Defense and the Sierra Club say the air quality analysis conducted by federal and regional officials was inadequate because it gauged the potential pollution from the ICC by using monitors that were more than 1½ miles from major highways.

The second lawsuit -- filed in U.S. District Court in Greenbelt, by the Audubon Naturalist Society, the Maryland Native Plant Society and a family whose property is on the proposed route for the ICC -- says federal officials failed to consider reasonable alternatives to the road and the full environmental impact of the project.

The ICC "would bring 125,000 vehicles per day into quiet residential neighborhoods and scenic parks and in close proximity to five schools where children ... will be exposed to dangerous levels of toxic and particulate matter air pollution," the groups said in the suit filed in the District.

Maryland Transportation Secretary Robert L. Flanagan said the environmental impact studies "exceed the requirements of state and federal regulations."

"Now and until the ICC is built there will be congestion on neighborhood roads in Montgomery County that is more harmful than any emissions emanating from the ICC in the future," Mr. Flanagan said. He noted that studies indicate that moving traffic onto the ICC would reduce the number of serious accidents by 340 a year.

AAA Mid-Atlantic was quick to condemn the lawsuit, as was the Greater Washington Board of Trade.

"The environmental work was very carefully put together in anticipation of these lawsuits," said Bob Grow, director of government relations at the board. "I'd be surprised if they have any traction whatsoever."

Build It (WP)

The Washington Post, December 21, 2006

MOST OFFICIALS in Maryland understand that the planned intercounty connector, possibly history's must studied road, has been examined and assessed ad nauseam -- and approved. Still, the Montgomery County Planning Board has blocked the state's purchase of a few small parcels for the 18-mile ICC, thus prolonging the roadway's 40-year-plus odyssey just a little bit more.

Depending on who's doing the explaining, the board has held up sale of 87 acres along the planned route because:

? The precise location of a planned maintenance facility is in dispute.

? Further protection for environmentally sensitive watersheds is required from the state.

? The planning board wants Gov.-elect Martin O'Malley (D) and the newly elected County Council to affirm that the connector will really be built.

Maybe the board members are also awaiting a bolt of lightning or some other heavenly sign before they give the go-ahead for the road, which would connect two vital corridors in the Maryland suburbs, Interstate 270 in Montgomery County and I-95 in Prince George's County. While they wait, they might consider that the connector has been on the drawing board since the 1950s; that it has been the subject of exhaustive efforts to mitigate possible environmental impacts; that the state and federal governments have given it the green light; that financing is in place; and that the 87 acres in dispute have been purchased, preserved and set aside for the roadway over the course of three decades. As for Mr. O'Malley, he has backed the ICC repeatedly.

Environmentalists filed lawsuits yesterday; that is their right. In the meantime, the planning board should stop its posturing, sell the parcels and get out of the way.

Big Profits, And Questions, In Effort To Cut Emissions (NYT)

By Keith Bradsher

New York Times, December 21, 2006

QUZHOU, China — Foreign businesses have embraced an obscure United Nations-backed program as a favored approach to limiting global warming. But the early efforts have revealed some hidden problems.

Under the program, businesses in wealthier nations of Europe and in Japan help pay to reduce pollution in poorer ones as a way of staying within government limits for emitting climate-changing gases like carbon dioxide, as part of the Kyoto Protocol.

Among their targets is a large rusting chemical factory here in southeastern China. Its emissions of just one waste gas contribute as much to global warming each year as the emissions from a million American cars, each driven 12,000 miles.

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Cleaning up this factory will require an incinerator that costs $5 million — far less than the cost of cleaning up so many cars, or other sources of pollution in Europe and Japan.

Yet the foreign companies will pay roughly $500 million for the incinerator — 100 times what it cost. The high price is set in a European-based market in carbon dioxide emissions. Because the waste gas has a far more powerful effect on global warming than carbon dioxide emissions, the foreign businesses must pay a premium far beyond the cost of the actual cleanup.

The huge profits from that will be divided by the chemical factory's owners, a Chinese government energy fund, and the consultants and bankers who put together the deal from a mansion in the wealthy Mayfair district of London.

Arrangements like this still make sense to the foreign companies financing them because they are a lot less expensive, despite the large profit for others, than cleaning up their own operations.

Such efforts are being watched in the United States as an alternative more politically attractive than imposing taxes on fossil fuels like coal and oil that emit global-warming gases when burned.

But critics of the fast-growing program, through which European and Japanese companies are paying roughly $3 billion for credits this year, complain that it mostly enriches a few bankers, consultants and factory owners.

With so much money flowing to a few particularly lucrative cleanup deals, the danger is that they will distract attention from the broader effort to curb global warming gases, and that the lure of quick profit will encourage short-term fixes at the expense of fundamental, long-run solutions, including developing renewable energy sources like solar power.

As word of deals like this has spread, everyone involved in the nascent business is searching for other such potential jackpots in developing countries.

As for more modest deals, like small wind farms, "if you don't have a humongous margin, it's not worth it," said Pedro Moura Costa, chief operating officer of EcoSecurities, an emissions-trading company in Oxford, England.

The financing of the chemical factory's incinerator here and other deals like it are now drawing unfavorable attention. Canada's environment minister, Rona Ambrose, announced in October that her government would withdraw from the trading program.

"There is a lot of evidence now about the lack of accountability around these kinds of projects," she said.

Another concern is that the program can have unintended results. The waste gas to be incinerated here is emitted during the production of a refrigerant that will soon be banned in the United States and other industrial nations because it depletes the ozone layer that protects the earth from ultraviolet rays.

Handsome payments to clean up the waste gas have helped chemical companies to expand existing factories that make the old refrigerant and even build new factories, said Michael Wara, a carbon-trading lawyer at Holland & Knight in San Francisco.

Moreover, air-conditioners using this Freon-like refrigerant are much less efficient users of electricity than newer models. The expansion of large middle classes in India and China has led to soaring sales of cheap, inefficient air-conditioners, along with the building of coal-fired plants to power them, further contributing to global warming and the depletion of the ozone layer.

The program is at the forefront of efforts to address the most intractable problem in climate change: how to limit soaring emissions from the largest developing countries. Sometime in 2009, China's total emissions of carbon dioxide, the most important global warming gas, are expected to surpass those from the United States, according to the International Energy Agency.

While the challenge of addressing global warming is daunting, so are the consequences of inaction. Scientists warn that rising concentrations of carbon dioxide and other global warming gases could result in more severe storms, wide crop failures, the spread of tropical diseases and rising sea levels endangering some coastal cities.

Programs like the one the United Nations supports are increasingly common in Europe. In general, they allow companies to buy rights on the market to exceed their limits on global warming gases from other companies prepared to reduce emissions elsewhere at a lower cost. Many economists consider emissions-trading systems, which are driving participants to the cheapest cleanups with the biggest impact, as the most efficient way to address pollution.

But a study commissioned by the world organization has found that the profits are enormous in destroying trifluoromethane, or HFC-23, a very potent greenhouse gas that is produced at the factory here and several dozen other plants in developing

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countries. The study calculated that industrial nations could pay $800 million a year to buy credits, even though the cost of building and operating incinerators will be only $31 million a year.

The situation has set in motion a diplomatic struggle pitting China, the biggest beneficiary from payments, against advanced industrial nations, particularly in Europe. At a global climate conference in Nairobi, Kenya, in November, European delegates suggested that in the case of Freon factories now under construction in developing countries, any payments for the incineration of the waste gas should go only into an international fund to help factories retool for the production of more modern refrigerants that do not deplete the ozone layer.

But the Chinese government blocked the initiative, insisting that money for Chinese factories go into the government's own clean energy fund. Negotiators ended up setting up a group to study the issue.

Even as hundreds of millions of dollars from the program are devoted to the refrigerant industry, countries in sub-Saharan Africa, which were originally envisioned as big beneficiaries of emissions trading, are receiving almost nothing. Just four nations — China, India, Brazil and South Korea — are collecting four-fifths of the payments under the program, with China alone collecting almost half.

Two-thirds of the payments are going to projects to eliminate HFC-23.

Those payments also illustrate conflicting goals under Kyoto and the Montreal Protocol, a 1987 agreement that requires the phasing out of ozone-depleting substances. The problem is that the trading program backed by the United Nations, known as the Clean Development Mechanism, is helping support an industry that another international organization is trying to phase out.

And while ozone depletion is a separate problem from global warming, some gases, like HFC-23, make both worse. The separate secretariats under the protocols have little legal authority to resolve this quandary.

"It's tricky in that we don't have a mechanism other than the Security Council, and who cares there about HFC's?" said Janos Pasztor, the acting coordinator of the organization that oversees the program.

In the end, officials say, there should be more projects aimed at providing renewable energy and sustainable economic development for the world's poorest people.

"If people only do HFC-23 projects, then they miss the whole idea," Mr. Pasztor said.

Richard Rosenzweig, chief operating officer of Natsource, a company in Washington arranging emissions deals between poor and rich countries, said it was not fair to look only at incineration costs and compare them with the size of payments from industrial nations. The administrative costs of the program are high, he said, and at least disposal of the waste gas is taking place.

If the world tried to reduce emissions through an outright ban or regulation alone, as many environmentalists recommend, it might not happen at all, he said. The United Nations-favored program may have flaws, he added, but "it's a pilot phase — this is a 100-year problem."

Environmental groups say that governments in developing countries should either require factories to incinerate the waste gas as a cost of doing business, or receive aid from wealthier countries to cover the relatively modest cost of incinerators.

"Couldn't we pay for the cost, or even twice the cost, of abatement and spend the rest of the money in better ways?" Mr. Wara asked.

DuPont produces HFC-23 as part of its output of Teflon, but has routinely burned the colorless, odorless waste gas without compensation for many years, even though it is not required by law to do so, a DuPont spokeswoman said.

The secretariat of the Clean Development Mechanism estimates that a ton of HFC-23 in the atmosphere has the same effect as 11,700 tons of carbon dioxide. James Cameron, the vice chairman of Climate Change Capital, which organized the chemical factory deal here, said there were considerable costs and risks in setting up plans that required elaborate certification by consultants, acceptance by developing-country governments and approval by a United Nations secretariat.

For small projects involving less than $250,000 worth of credits, fees for deal makers, consultants and lawyers can far exceed the cost of installing equipment to clean up emissions.

Even the Chinese government, the main seller of carbon credits and a defender of the program, is expressing some misgivings.

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"We do not encourage more HFC projects," a statement by Lu Xuedu, deputy director of the Office of Global Environment Affairs at the Ministry of Science and Technology, said. "We would prefer to have more energy efficiency and renewable-energy projects that could help alleviate poverty in the countryside."

But for now, the projects involving industrial gases like HFC-23 are where most of the action is.

"You can do those quickly," Mr. Rosenzweig of Natsource said, "and it's worth the investment."

FBI/DEA/ATF/USMS:

Mexican Indicted On Drug Kingpin Charges (WT)

By Jerry Seper

The Washington Times, December 21, 2006

A Mexican described by U.S. authorities as "one of the world's major drug traffickers" has been indicted by a federal grand jury in California on racketeering, drug trafficking and money laundering charges that carry the death penalty.

U.S. Attorney Carol C. Lam in San Diego said the indictment, unsealed yesterday, accuses Francisco Javier Arellano-Felix of six counts of operating a continuing criminal enterprise, which dominated the Mexican drug trade for more than a decade and flooded the United States with hundreds of tons of cocaine, marijuana, methamphetamine and heroin.

The indictment accuses Arellano-Felix of maintaining control of his drug trafficking empire by personally ordering kidnappings and up to 20 slayings, including beheadings, of rivals in the drug trade, law-enforcement officers and members of the press.

Arellano-Felix, who also oversaw the construction of sophisticated tunnels to smuggle drugs under the U.S.-Mexico border, was arrested in August by U.S. authorities while deep-sea fishing and is now in custody in San Diego. The U.S. Coast Guard apprehended him aboard a boat known as the "Dock Holiday," 15 miles off the shore of La Paz, Mexico.

An earlier indictment that sought his extradition in 2003 did not include the charges that could lead to his execution and is expected to be dismissed as moot. Mexico has balked at extraditing those facing a possible death sentence in this country.

U.S. Drug Enforcement Administration (DEA) spokesman Rusty Payne said a decision whether to seek the death penalty will be made by Attorney General Alberto R. Gonzales at a later date.

Deputy Attorney General Paul J. McNulty has described Arellano-Felix, 37, as "one of the world's major drug traffickers," citing his role as a leader of a brutal international drug gang that includes seven brothers and four sisters.

Mr. McNulty said the Arellano-Felix organization negotiated directly with Colombian cocaine-trafficking organizations, including the Revolutionary Armed Forces of Colombia for the purchase of multiton shipments of cocaine, received those shipments by sea and air in Mexico, and then arranged for smuggling the cocaine into the U.S.

Also indicted was Manuel Arturo Villarreal Heredia, 31, described as a hired assassin for the Arellano-Felix organization. He also was taken into custody on the fishing boat and is held in San Diego.

The indictment describes Arellano-Felix as the gang's principal organizer and top leader since March 2000, and Villarreal as one of its top six under-bosses, in command of crews that carried out enforcement operations and drug trafficking activities.

It names Arellano-Felix and Villarreal in connection with the 2005 killing of Deputy Police Chief Hugo Gabrial Coronel Vargas in Tijuana, Mexico, and the kidnapping, slaying and beheading of three Rosarito Beach police officers in June 2006.

Arellano-Felix also was charged in Mexico in 1993 with conspiring to assassinate Roman Catholic Cardinal Juan Posadas Ocampo. Cardinal Posadas Ocampo, along with six other persons, was assassinated on May 24, 1993, in the parking lot at Guadalajara International Airport. He was shot 14 times.

In January, federal agents located a 2,400-foot-long tunnel built by the Tijuana-based Arellano-Felix organization, filled with 2 tons of marijuana and connecting warehouses in Tijuana to San Diego.

Suspected Drug Kingpin Pleads Not Guilty To New Charges In U.S. (AP)

By Allison Hoffman

AP, December 21, 2006

DOJ_NMG_0108088

SAN DIEGO - A man suspected of overseeing one of Mexico's most violent drug cartels and his top associate pleaded not guilty Wednesday to new charges detailing a criminal enterprise that included a hit on Tijuana's deputy police chief and the beheadings of three officers.

The new charges could make Francisco Javier Arellano Felix, 37, and his right-hand man Manuel Arturo Villarreal Heredia, 31, eligible for the death penalty if they are found guilty of crimes outlined in a seven-count indictment unsealed this week.

The two men, both looking pale and drawn, shuffled into the federal courtroom with hands shackled to their waists and ankles chained together. It was far different from the designer cruisewear and flip-flops the pair wore when they made their first court appearance in August, just days after their arrest aboard a sport fishing boat off La Paz, Mexico.

Not guilty pleas were entered on their behalf by their attorneys.

U.S. District Court Judge Jan M. Adler rejected requests by the defense to remove the shackles and ordered both men held without bail. A Jan. 2 hearing was scheduled.

The indictment charges the men with running a criminal enterprise, racketeering and conspiracy to commit racketeering, drug trafficking and money laundering. According to the filing, the pair directed the smuggling of cocaine and marijuana shipments from Mexico into the U.S. and oversaw "enforcement operations" - threats and murders designed to reinforce the power of the cartel.

The indictment lists the 2005 murder of Tijuana's deputy police chief, a January shootout between the cartel and officers in Tijuana and the June beheadings of three officers in the Mexican resort town of Rosarito Beach as evidence of the criminal enterprise that authorities say extended into the United States.

Both men face charges for those crimes and broader racketeering charges in Mexican courts, according to the Mexican federal attorney general's office. Officials at Mexico's Foreign Relations Department and attorney general's office said Wednesday they had no immediate response to the new allegations or to the possibility of death sentences, which are illegal under Mexican law.

Villarreal's attorney Kerry Steigerwalt questioned whether his client, who holds dual citizenship and has been seeking extradition to Mexico, would be able to get a fair trial in the U.S.

"It is difficult for us to conduct a defense when we can't subpoena people in Mexico," Steigerwalt said outside court.

Assistant U.S. Attorney Laura Duffy said the Mexican government had agreed to allow the U.S. to complete its prosecution of the pair before pursuing extradition requests. She said the criminal enterprise operated on both sides of the border and merited prosecution in U.S. courts.

"The U.S. has a big interest in this," said John Kirby, a former federal prosecutor who has worked on cartel cases. "A lot of drugs were brought over, and a lot of people were killed in the United States."

Arellano Felix and Villarreal have been held in a San Diego jail since the August raid aboard the yacht. The capture was the culmination of a manhunt triggered by a 2003 indictment charging Arellano Felix and 10 others of running the cartel, which authorities say smuggled tons of Colombian cocaine and Mexican marijuana into the United States.

The indictment also linked Arellano Felix to a 1996 killing in Coronado, near San Diego, and a 1992 shootout at a disco in Puerto Vallarta, Mexico.

Arellano Felix pleaded not guilty to those charges, which would have carried up to 40 years in prison. That case will likely be stayed as prosecution proceeds on the new indictment.

Villarreal was not named in the 2003 indictment and had previously been held as a material witness after the boat raid.

Web Site Puts Undercover Officers At Risk (KHOU)

KHOU-TV, December 21, 2006

What we see often looks easy - slip on the handcuffs for the trip to jail.

But getting the evidence to make an arrest often is a long road paved with trouble at every turn.

One Web site is putting undercover officers and their contacts in the public eye.

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"The whole point of putting someone in an undercover capacity is to get them close to the criminal element without them knowing that they are dealing with a police officer," said Lt. John Martin, Harris County Sheriff's Dept.

And it works.

So well that some folks want to make being undercover a little more difficult.

It is a Web site called 'Who's a Rat'.

Its operators say it was put together to provide defense attorneys with a resource that they may not have access to: searching court records for accusers' histories or hiring investigators to check out informants takes time and money.

The site is a collection of profiles of alleged confidential informants, submitted by the public.

Search 'Houston' and you'll find profiles of more than 250 people who are said to be helping police - some with pictures, others with court documents - to back up the claims.

Some defense attorneys call it a potentially important resource.

"The more information you have about an individual, especially if that individual is getting paid or is a criminal themselves. That information should come to light to the defense attorney so that the individual can get a fair trial," said Randall Kallinen, ACLU criminal defense attorney.

But that is not all that is there. Another section of profiles is a much bigger concern.

"Once that criminal element realizes that they are dealing with a peace officer, then his very life is endanger at that point," Lt. Martin said.

The site calls them "agents."

Search for the term 'Houston', and more than 200 profiles pop up with names and sometimes pictures of officers said to be working at agencies all over the area: state and local police, sheriff's deputies, and even the FBI and DEA.

Still civil libertarians defend the site's right to exist.

"In the world of crime and crime prevention there are some risks," Kallinen said, "However, it has not been shown that this site has led to the injuries of any law enforcement officer."

The site may not have caused damage yet, but law enforcement officials said you don't have to look far to see the potential risk.

Look at the Harris County Law Enforcement Memorial. One of the names is Deputy Rodney Scott Morgan.

"He was working in an undercover capacity, I believe he was a narcotics detective at the time," Lt. John Martin, Harris County Sheriff's Office.

Morgan was in a bar and was recognized by the bartender from his days on patrol.

He tried to play that off, but when he went to the restroom, "We had two very large individuals not letting anyone in while someone else inside was cutting his throat. His partner ended up noticing he had been gone for a very long time and went and intervened and took some of the suspects into custody, but he ended up getting killed from that incident," said Lt. Martin.

The site has gotten the attention of the Judicial Conference and that group sent an official memo last month to all federal judges, alerting them and asking that certain documents be sealed to protect the identities of informants and agents.

Some think that's dangerous.

"An individual needs to have a fair trial. The most common cause of wrongful capital convictions is due to confidential informants. These informants generally are criminals themselves," said Kallinen.

Informants are difficult to track but local law enforcement says no local officer listed on the site right now appears to be working undercover.

Yet with new posts coming each day it is extremely dangerous and of concern when someone takes the cover out of undercover.

KCK Man Sentenced To 121 Months In Connection To Marijuana Bust (KESQ)

KESQ-TV, December 21, 2006

A local medical marijuana dispensary may be in even more trouble now. CannaHelp in Palm Desert continues to do business, even after the city revoked their business license.

"They may well be in violation."

Palm Desert City Attorney David Irwin won't discuss what possible action may be taken against CannaHelp, after the medicinal marijuana dispensary defied the city's cease and desist order to operate.

CannaHelp allegedly sold marijuana to an undercover cop who didn't have necessary credentials. Irwin says that's a city violation.

"They would service people who had certain identification and they didn't do that."

We visited CannaHelp to talk to owner, Stacy Hochanadel, to get his side of the story. He wasn't available for comment.

Feds and local police recently raided CannaHelp, suspecting it sold marijuana for profit. We spoke with Hochanadel after the raid. He said he was, indeed, drawing a salary from CannaHelp sales.

"If you look at the Compassionate Use Act, it specifically says, you shall not sell marijuana for a profit. So I think your interview was very interesting," said Erwin.

Caregivers in Palm Springs shut down after it was raided last month. Marijuana patients say they're the ones really affected.

"People voted a law in and it's kind of a bummer."

With Caregivers now out of business and CannaHelp in hot water, Capps is the only dispensary in the Valley that has not been in trouble. We tried to talk to them about the subject, but they refused.

Meanwhile, Palm Desert's city attorney and his staff are busy figuring out their next move.

"Several alternatives. I don't know which one we will take and I'm not even free to share the alternatives with you."

CannaHelp Still Open In Defiance Of City Order (DS)

Desert Sun, December 20, 2006

A medical marijuana dispensary in Palm Desert remained open for business today, in defiance of a cease-and-desist letter it received from the city Tuesday.

It was business as usual at CannaHelp at 73-350 El Paseo, with a mix of employees and volunteers keeping the doors open, said owner Stacy Hochanadel.

"Our patients are calling and asking us what they can do to let people know they need their medicine from a reliable safe source," Hochanadel said. "They all want to show up to the next City Council meeting."

Hochanadel justified his decision to keep the dispensary open because, he said, the City Council should have held a public hearing before voting to revoke his business license last Thursday.

The vote was taken in a closed session, based on a report stating that Hochanadel sold medical marijuana to an undercover police agent who did not have appropriate paperwork.

Hochanadel has had a business license from the city since he opened the dispensary in October 2005. He signed a letter with the city earlier this year, agreeing to sell medical marijuana only to patients with a state-issued medical marijuana ID card.

City Attorney David Erwin said Tuesday he had yet to determine what action he would recommend the city take if Hochanadel continues to keep the dispensary open despite the letter.

Secrets To Be Declassified Under New Rule At Age 25 (NYT)

By Scott Shane

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — It will be a Cinderella moment for the band of researchers who study the hidden history of American government.

At midnight on Dec. 31, hundreds of millions of pages of secret documents will be instantly declassified, including many F.B.I. cold war files on investigations of people suspected of being Communist sympathizers. After years of extensions sought by federal agencies behaving like college students facing a term paper, the end of 2006 means the government's first automatic declassification of records.

Secret documents 25 years old or older will lose their classified status without so much as the stroke of a pen, unless agencies have sought exemptions on the ground that the material remains secret.

Historians say the deadline, created in the Clinton administration but enforced, to the surprise of some scholars, by the secrecy-prone Bush administration, has had huge effects on public access, despite the large numbers of intelligence documents that have been exempted.

And every year from now on, millions of additional documents will be automatically declassified as they reach the 25-year limit, reversing the traditional practice of releasing just what scholars request.

Many historians had expected President Bush to scrap the deadline. His administration has overseen the reclassification of many historical files and restricted access to presidential papers of past administrations, as well as contemporary records.

Practical considerations, including a growing backlog of records at the National Archives, mean that it could take months before the declassified papers are ready for researchers.

"Deadlines clarify the mind," said Thomas S. Blanton, director of the private National Security Archive at George Washington University, which obtains and publishes historical government documents.

Despite what he called a disappointing volume of exemptions, Mr. Blanton said automatic declassification had "given advocates of freedom of information a real lever."

Gearing up to review aging records to meet the deadline, agencies have declassified more than one billion pages, shedding light on the Cuban missile crisis, the Vietnam War and the network of Soviet agents in the American government.

Several hundred million pages will be declassified at midnight on Dec. 31, including 270 million pages at the Federal Bureau of Investigation, which has lagged most agencies. J. William Leonard, who oversees declassification as head of the Information Security Oversight Office at the National Archives, said the threat that files might be made public without a security review had sent a useful chill through the bureaucracy.

"Unfortunately, you sometimes need a two-by-four to get agencies to pay attention," Mr. Leonard said. "Automatic declassification was essentially that two-by-four."

What surprises await in the documents is impossible to predict.

"It is going to take a generation for scholars to go through the material declassified under this process," said Steven Aftergood, who runs a project on government secrecy for the Federation of American Scientists.

"It represents the classified history of a momentous period, the cold war," Mr. Aftergood said. "Almost every current headline has an echo in the declassified past, whether it's coping with nuclear weapons, understanding the Middle East or dictatorship and democracy in Latin America."

Anna K. Nelson, a historian at American University, said she hoped that the files would shed light on the Central Intelligence Agency role in Iran and deepen the documentation of the Jimmy Carter years, in particular the Camp David accords.

"Americans need to know this history, and the history is in those documents," Ms. Nelson said.

She said the National Archives staff was buried in a 400-million-page backlog that awaits processing and is not publicly available.

Also, a budget shortfall has cut back on evening and weekend access to the major research center of the archives, in College Park, Md.

"They can declassify the records, but the archives don't have the staff to handle them," Ms. Nelson said.

The first deadline was imposed in an executive order that President Bill Clinton signed in 1995, when officials realized that taxpayers were paying billions of dollars to protect a mountain of cold war documents.

The order gave agencies five years to declassify documents or show the need for continued secrecy.

When agencies protested that they could not meet the 2000 deadline, it was extended to 2003. Mr. Bush then granted another three-year extension, but put out the word that it was the last one, despite the new emphasis on security after the Sept. 11, 2001, attacks and a new war in Iraq.

"The Bush administration could have said, 'This is a Clinton thing,' and abandoned it," Mr. Aftergood, said. "To their credit, they did not."

As an enforceable deadline loomed, the intelligence agencies that produce most secret material add workers to plow through files from World War II.

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The C.I.A. has reviewed more than 100 million pages, released 30 million pages and created a database of documents, Crest, that is accessible from terminals at the National Archives. Although most of the files are exempt, they can be requested under the Freedom of Information Act.

The National Security Agency, the eavesdropping and code-breaking agency, has released 35 million pages, including an extensive collection on the Gulf of Tonkin incident that led to the escalation of the Vietnam War. The agency plans a major release early next year on the Israeli attack on the Liberty, an American eavesdropping ship, in 1967.

The F.B.I., by contrast, negotiated an exemption from the 1995 executive order and concluded last year that the 2003 executive order ended its special status. It has rushed to review material, seeking exemption for 50 million pages on intelligence, counterintelligence and terrorism, but leaving 270 million pages to be automatically declassified now.

Among those files, said David M. Hardy, the bureau declassification chief, are those on investigations of Americans with suspected ties to the Communist Party. Reviewers will keep working on the exempt material to see what can be released, but it is a slow process, Mr. Hardy said.

"The numbers of documents are staggering," Mr. Hardy said.

The bureau is studying digitizing documents and using computers to search for classified material. Some experts say mass declassification is not the smartest approach. L. Britt Snider, a former intelligence official who heads the Public Interest Declassification Board, which advises the White House, said most government records, even top-secret ones, were pretty boring.

"Rather than take this blunderbuss approach," Mr. Snider said, "I'd like to see the agencies concentrate first on what's interesting and what's important."

Federal Inquiry Focuses On 2 Bruno Firms (NYT)

By Mike McIntire

The New York Times, December 21, 2006

Federal investigators have issued subpoenas to at least two firms linked to the State Senate majority leader, Joseph L. Bruno, as part of their investigation into his business dealings, one of Mr. Bruno's former business partners and a legislative aide said yesterday.

One of the companies was a partnership involving Mr. Bruno and an influential Albany lobbyist that bought and sold lakeside property in Rensselaer County, including a parcel that was purchased by the wife of Jared E. Abbruzzese. Mr. Abbruzzese is an investor in a group seeking control of the state's thoroughbred racing franchise — a decision in which Mr. Bruno will play a key role.

The other company is a consulting firm that Mr. Bruno operated out of his home that he said had "a client relationship with lawyers and businesspeople." The senator has not identified the clients, but said his work involved providing advice on marketing and business development.

It was unclear whether any of Mr. Bruno's other business dealings have been drawn into the investigation, which Mr. Bruno has said is examining his "relationships and business interests" over the last six years. The two companies that received subpoenas are just a small part of Mr. Bruno's broad array of personal financial interests, several of which have intersected with his activities as the most powerful Republican in the State Legislature.

Mr. Bruno has purchased stock in about a half-dozen companies whose principals obtained state aid or contracts, sometimes with his help, according to a review of his financial-disclosure reports and other public records. He also once co-owned a small apartment building with an Albany-area businessman, who said that Mr. Bruno asked him to step in and replace the senator's son as an investment partner.

Mr. Bruno, who said he learned of the investigation into his business dealings several months ago, disclosed the inquiry at a news conference he called suddenly on Tuesday.

Yesterday, John McArdle, a spokesman for Mr. Bruno, confirmed the impression Mr. Bruno gave on Tuesday that his firm, Capital Business Consultants, was subpoenaed.

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The disclosure has rattled the marble-halled State Capitol and prompted speculation about his political viability. As recently as October, Mr. Bruno was calling on the embattled state comptroller, Alan G. Hevesi, a Democrat, to resign in the face of claims that he used state employees to chauffer his wife.

The United States Attorney's office in Syracuse, which is directing the investigation, declined to comment yesterday.

William Dreyer, a lawyer for Mr. Bruno, also declined to comment.

The inquiry, according to a law enforcement official who has knowledge of the investigation and would speak only on the condition of anonymity, is focusing on how Mr. Bruno's personal affairs may relate to his activities as Senate majority leader.

While Mr. Bruno's revelation threw a broad spotlight on his personal financial affairs, much attention has focused on his relationship with Mr. Abbruzzese, a friend who is a founding investor in Empire Racing Associates, one of several groups vying for the horse racing franchise. Mr. Bruno will have a major role in awarding the franchise, along with the Assembly speaker, Sheldon Silver, and Governor-elect Eliot Spitzer.

One of the federal subpoenas was issued to the First Grafton Corporation, a real estate partnership involving Mr. Bruno that sold 17 housing lots — including one to Mr. Abbruzzese's wife, Sherrie, for $90,000 in November 2004.

Mr. Bruno had a 25 percent interest in the partnership, whose other major investors included James D. Featherstonhaugh, a prominent Albany lawyer and lobbyist. Yesterday, Mr. Featherstonhaugh (pronounced feather-stun-HAW), who kept the records for the partnership, said federal investigators had recently issued a subpoena for them.

Over the last four years, Mr. Bruno directed $500,000 in state funds to Evident Technologies, a company financed by Mr. Abbruzzese, and was instrumental in obtaining $2.5 million in state aid for a joint- development project involving Evident and Russell Sage College in Troy, N.Y., near Mr. Bruno's home.

Mr. Abbruzzese invited Mr. Bruno to fly on his private jet, contributed through his companies more than $118,000 to a campaign committee controlled by Mr. Bruno, and was involved in the senator's purchase of stock in Tejas Inc., a small securities brokerage in Texas that was closely connected to Mr. Abbruzzese. Mr. Bruno ultimately lost money on the stock purchase.

Mr. Bruno's investment in Tejas was one of several that he has made over the years in companies whose principals have interests before the state.

In July 2001, Mr. Bruno took credit for securing $500,000 in state money for a joint research project involving Rensselaer Polytechnic Institute in Troy and Plug Power Inc., a maker of fuel cells, near Albany, that has had contracts with the state and received other government assistance. At the time, Mr. Bruno was a shareholder in both Plug Power and a sister company, Mechanical Technology. He bought stock in both firms in 2000, according to his financial disclosure reports.

Mr. McArdle said the senator sold his shares in both companies in 2005 at a loss. Mr. Bruno is not alone in having been a Plug Power shareholder. Other lawmakers who have owned its stock include Mr. Silver, the Assembly speaker.

Mr. Bruno also has owned shares of at least two companies, Vytek and Interliant, run by Leonard Fassler, an information-technology entrepreneur from Westchester County. Vytek had part of a state contract to sell computer-networking equipment.

Last year, Mr. Bruno appeared with Mr. Hevesi to announce an investment of $1.7 million from the state pension fund in another of Mr. Fassler's companies. Mr. McArdle said Mr. Bruno was not involved in securing the investment, and only joined in the announcement because the company was located in his district.

In addition to stock investments, Mr. Bruno also owned an apartment house in Troy, initially taking his son, Joseph M. Bruno, as an investment partner in June 1999, according to county property records. But after a few months, the senator asked a close friend and local technology executive, Joseph Magno, to step in and replace his son as an owner and co-guarantor on a $235,000 bank loan related to the investment, Mr. Magno said yesterday. Mr. Magno agreed.

The following year, Mr. Bruno secured $150,000 in state money to help start up the New York State Software Network, a trade association of technology firms that was headed by Mr. Magno.

Mr. Magno, who became a lobbyist in 2004, said he was not involved in Mr. Bruno's decision to award money to his trade group. He added that he and the senator sold the apartment house in 2002 at a loss.

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“Joe is a good man who’s always asking if he can be helpful, but I always prefer to not accept his help,” Mr. Magno said in a telephone interview. “I try to stay away of him only because I understand the sensitivity of dealing with him because of his position and because we’re friends.”

Fear Over Scrutiny Of Bruno (NSDY)

By Errol A. Cockfield Jr. And John Moreno Gonzales, Newsday Albany Bureau

Long Island Newsday, December 21, 2006

Republicans worry about what the result will be of the FBI investigation into the business interests of the State Senate leader.

ALBANY -- An FBI investigation of Senate Majority Leader Joseph Bruno's business interests has set off alarms among Senate Republicans who fear their flagbearer has been wounded as Governor-elect Eliot Spitzer, a tenacious Democrat, prepares to take office.

Members of the GOP held out hope Wednesday that Bruno, 77, can withstand the scrutiny of a federal inquiry, but those sentiments were clouded by apprehension, especially at a time when Democratic state Comptroller Alan Hevesi may be hours from indictment.

"There's a lot of angst about where this is going to go," said one Republican Senate official, who spoke on the condition of anonymity. "People are wondering whether Bruno can survive and whether he can lead."

Capital Business Consultants, the advisory firm Bruno runs out of his Brunswick home, has been under investigation since late spring, but Bruno tried to stay upbeat when he revealed the federal probe late Tuesday. He even wished members of the press corps "Merry Christmas" at the end of a news conference.

He returned to business Wednesday, but another Republican Senate source said members are in the dark about the gravity of the investigation and what its full ramifications may be.

Bruno now heads into a new session that starts Jan. 3 when Spitzer will lay out his agenda in his first State of the State address. Stanley Klein, a political scientist from Long Island University's C.W. Post Campus and a Suffolk GOP committeeman, said Bruno's legal worries could hurt him as he negotiates with Spitzer and Assembly Speaker Sheldon Silver (D-Manhattan).

"If he has any sort of Damocles hanging over his head, it weakens him," Klein said. "What the Republicans don't need is a scandal."

Republicans hold a 34 to 28 majority in the State Senate and are already gearing up for a fight to hold onto it in 2008, when Democratic turnout is expected to be strong in the presidential race. Democrats outnumber Republicans by a 5 to 3 margin in the state.

For now, Republicans are taking Bruno's word that the investigation will find nothing. Sources familiar with it said it focuses on Bruno's relationship with Jared Abbruzzese, a friend and businessman from Loudonville.

Evident Technologies in Troy, of which Abbruzzese is former co-chairman, has received $500,000 in taxpayer money from Bruno's selected appropriation fund since 2001. The funding of the small nanotechnology firm caught the eye of watchdog groups because such monies are usually funneled to nonprofits.

Abbruzzese's Albany attorney, Stephen R. Coffey, did not return telephone calls.

The connection between Bruno and Abbruzzese stems from their shared love of horse racing, according to published reports. But even that common ground has raised questions, as Abbruzzese, leader of a group called Empire Racing Associates, seeks a state racing franchise that Bruno will have a role in awarding.

The relationship between the men is also being investigated by the state Lobbying Commission, which is seeking to determine if Bruno's flights on Abbruzzese-owned aircraft were illegal gifts. Commission head David Grandeau, who has been accused by Abbruzzese's lawyer of having a vendetta against Bruno, also declined to comment.

Evident Technologies spokesman Steven Talbot did not return calls, but Bruno's office has defended the grants as a gift to a company that will generate jobs.

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According to business information listings, the company grew from seven employees three years ago to 25 this year. Its Web site says Evident is a leader in quantum dots, a material that can be drawn into fibers to detect radiation and "serve as Homeland Security devices."

Wednesday, James Featherstonhaugh, an Albany lobbyist and a friend of Bruno's, said investigators had asked him for records related to a now-dissolved real estate company both men were involved in, the Associated Press reported.

Featherstonhaugh said during an interview Wednesday that most of the records are public. "You can go down to the courthouse and get them," he said.

Feds Are Mining Joe's Biz (NYDN)

By Joe Mahoney In Albany, And Corky Siemaszko In New York Daily News Staff Writers

New York Daily News, December 21, 2006

The FBI's corruption probe of New York's most powerful Republican gathered steam as a federal grand jury was going over state Senate Majority Leader Joe Bruno's business dealings, the Daily News learned last night.

The grand jury has authorized FBI subpoenas related to Bruno's dealings with Albany-area businessman Jared (Jerry) Abbruzzese, a principal of a Troy, N.Y., high-tech company to which Bruno steered $500,000 in pork-barrel grants over the past four years, sources said.

One specific subpoena was issued to a big-time Albany lobbyist, who confirmed the FBI rousted him for records on a land deal he and his pal Bruno were involved in until last year.

"Someone from the FBI dropped by with a subpoena and asked for the records," the lobbyist, James Featherstonhaugh, said. "They were provided."

A spokesman for Bruno, who revealed on Tuesday the FBI has been probing his "outside business interests" for seven months, said there was nothing fishy about First Grafton Corp. - Bruno's real estate venture with Featherstonhaugh.

Bruno placed his 25% stake in First Grafton in a blind trust in 1992 - before he became majority leader - and made no business decisions, the spokesman, John McArdle, said.

"Joe Bruno didn't have any contact with First Grafton for a decade," added Featherstonhaugh.

Abbruzzese also has ties to the Grafton deal. Last year, his wife, Sherrie Abbruzzese, bought a 12-acre waterfront lot from First Grafton for $90,000 in 2004.

The agent who earned the commission on the sale was Bruno's son, former lobbyist Kenneth Bruno. He handled the sale of a lot to his then-girlfriend, lobbyist Theresa Russo.

At the time, the younger Bruno was going through a bitter divorce from his wife, Mary Beth, the mother of their two daughters.

Reached yesterday by The News, Mary Beth Bruno would not say whether she was helping the FBI in the Bruno probe. But sources said records from all her ex's Grafton deals are now in the hands of federal investigators.

Bruno, 77, has denied any wrongdoing and claims he is cooperating with investigators. "I have nothing to hide," he said Tuesday.

Bruno, who earns $79,500 a year as a senator and gets another $41,500 as majority leader, is also a principal in a firm called Capital Business Consultants LLC. The FBI has subpoenaed those company records as well.

Federal prosecutors in Albany declined to comment on the Bruno probe yesterday. But Gov. Pataki stood by Bruno.

"I have confidence in Sen. Bruno, I have confidence in our judiciary system, and I'm confident things will work out fine in the end," the outgoing governor said.

Abbruzzese is also the subject of an ongoing state Lobbying Commission investigation into plane rides he arranged for Bruno after the senator steered $500,000 in pork-barrel money to Evident Technologies Inc. - a private company in which Abbruzzese is one of the principals.

At the time, Abbruzzese was a partner of Empire Racing, which is seeking the state's approval to replace the New York Racing Association. Bruno helps decide which group runs racing in the state.

Land Deal With Albany Lobbyist At Center Of Bruno Inquiry (NYS)

By Jacob Gershman

New York Sun, December 21, 2006

A federal investigation into the business interests of the Republican majority leader of the state Senate, Joseph Bruno, is reportedly connected to a land deal involving Mr. Bruno and a veteran Albany lobbyist who is one of the senator's closest friends.

The lobbyist, James Featherstonhaugh, told the Associated Press yesterday that federal investigators asked him to supply records of an apparently unsuccessful real estate venture in eastern Rensselaer County, First Grafton Corp., a company that dissolved last year.

"I did receive a request for some records and those records have been provided," Mr. Featherstonhaugh told the Associated Press.

On Tuesday, Mr. Bruno, 77, who is the most powerful Republican in Albany, announced that he was the subject of an FBI investigation into his outside business interests. He said he is cooperating with authorities but did not know details of the probe. Federal officials have refused to comment on the inquiry.

Mr. Featherstonhaugh and Douglas Rutnik, a lobbyist who is the father of Rep.-elect Kirsten Gillibrand, reportedly established First Grafton Corp. in the late 1980s, buying hundreds of acres of isolated swampland near Grafton.

After initial investors dropped out of the partnership with little of the land developed, Mr. Bruno, his brother Peter, and a Glenn Falls businessman Richard Carota invested in the venture, the Times Union reported.The newspaper reported that First Grafton bulldozed the land and built a 1.7-mile road without required permits from the Department of Environmental Conservation, prompting federal and state lawsuits that delayed development.

The Times Union reported in July 2005 that Mr. Bruno blocked the Senate from voting on wetlands legislation, the Clean Water Protection/Flood Protection Act, which would have further restricted development.

Prosecutors Eye Rolex To Show A Pattern Of Payoffs (MCS)

By Marc Perrusquia

Memphis Commercial Appeal, December 21, 2006

December 21, 2006 Just when it seemed John Ford's legal troubles couldn't get worse, enter a $40,000 wristwatch of questionable origin.

Federal prosecutors alleged Wednesday that Ford received the watch -- a diamond-studded Rolex Masterpiece -- in 2004 from prominent Memphis developer Rusty Hyneman.

Advertisement

Ford once asserted he got the watch free of charge after using his influence to try to reduce state pollution fines levied against Hyneman, prosecutors said.

Neither Hyneman nor Ford has been charged in connection with the watch transaction, yet prosecutors plan to use it as evidence that Ford, who faces separate corruption charges in Memphis and Nashville, had a practice of taking payoffs.

"Ford stated that he had received the watch because he had done Hyneman a big favor, that is, saved him 1.3 million dollars," says a "Notice of Intervention to Introduce Evidence of Other Crimes, Wrongs or Acts," filed Wednesday.

The notice by U.S. Atty. David Kustoff and Asst. U.S. Atty. Tim DiScenza seeks to introduce the watch as evidence in Ford's bribery trial set to start Feb. 5 in Memphis.

Ford's lawyer, Michael Scholl, said the watch wasn't a payoff or a gift and that he will emphatically fight to keep it out of evidence.

"The watch is completely irrelevant to any of this. It was never used for a payoff or anything else," Scholl said. "That truth will come out in our court filing."

Hyneman didn't return two phone messages left at his office.

Ford is charged in U.S. District Court in Memphis with taking $55,000 in cash bribes in the FBI's Tennessee Waltz undercover sting. In an unrelated matter, Ford was indicted this week by a federal grand jury in Nashville on charges alleging huge kickbacks taken while he was in the General Assembly.

Ford, 64, denies the charges in both cases.

He resigned from the Senate in May 2005 after his Waltz indictment in Memphis.

According to the notice filed Wednesday, federal authorities relieved Ford of the Rolex when he was arrested. Evidence rules let prosecutors introduce "like and similar" acts by a defendant, but defense attorneys get an opportunity to quash the evidence. No hearing has been set.

Given the government's allegations about the watch, it's not clear why Ford or Hyneman haven't been charged. A retired University of Tennessee law professor said it could be a strategic move by prosecutors.

"It could be that they're after the developer and they're holding these prosecutions out as a stick" to get him to cooperate, said Neil P. Cohen, who has an expertise in criminal law.

The U.S. Attorney's Office won't comment on the case.

The notice says prosecutors will introduce statements by Ford -- presumably taped during the Waltz sting -- that he "had assisted a Memphis developer, Rusty Hyneman, in trying to clear up approximately two million dollars in fines ... ."

The notice said Ford met with state lawyers and a state commissioner and that Ford claimed "he had saved Hyneman one million dollars in fines as a result of the meeting ... .

"The United States will further prove that subsequent to the meeting with environmental officials, John Ford attempted to telephone Rusty Hyneman, and indicated that he wanted 'that watch' ... .

"Ford (later) showed (an) individual a Rolex watch, stating that it was worth fifty thousand dollars. Ford stated that he had received this watch from Rusty Hyneman, and that he had not paid anything for the watch."

The Commercial Appeal reported last year that Ford interceded on behalf of Hyneman, yet based on official accounts, it didn't appear he saved Hyneman any money or that fines were as high as the notice cites Ford as claiming.

After state Atty. Gen. Paul Summers filed suit against Hyneman and two other developers seeking penalties, Ford arranged a meeting to negotiate to reduce the penalties.

Ford, Hyneman and his attorney, Allan Wade, met with Betsy L. Child, then-commissioner of the Tennessee Department of Environment and Conservation, and other state officials on or about Oct. 4, 2004.

The topic was a case in which the state alleged widespread, ongoing water pollution violations at several East Shelby County subdivisions developed by Hyneman.

One of the meeting participants, TDEC general counsel Joseph Sanders, said at the time that he recalled Ford indicated his involvement on behalf of Hyneman was that of a legislator helping a constituent.

The meeting was relatively brief, Sanders said, because the state easily refuted claims by the Hyneman contingent that the enforcement action targeted "paperwork violations" instead of real pollution. State officials presented photos of muddy runoff pouring off construction sites as a result of inadequate erosion-control measures.

After viewing the photos, the Hyneman representatives indicated they were ready to settle the case, Sanders said. The state's response was "make us an offer," he said. But as far as he recalls, no offer was made.

Reached Wednesday, Attorney General chief of staff Leigh Ann Jones said the suit, filed in Davidson County Chancery Court, remains open and is set for trial in July.

Doral Case Comes Back To Bite Politician (MJS)

By Cary Spivak

Milwaukee Journal Sentinel, December 21, 2006

Maybe you forgot all about Mequon-based Doral Dental and its controversial ties to a once-powerful Tennessee politician who has a bribery indictment hanging over his head.

Yeah, maybe you forgot about it, but the feds sure haven't.

Federal prosecutors in Nashville, Tenn., this week unsealed a six-count indictment charging former Tennessee Sen. John Ford with wire fraud and failing to disclose more than $400,000 in payments from Doral after he helped the Wisconsin company land a lucrative state contract.

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The feds say Ford and two others created a consulting firm, Managed Care Services Group, in 2001 that collected $1 million from Doral after it beat out other firms vying for the three-year, $18 million contract to administer dental payments for poor Tennessee children.

A member of one of the Volunteer State's most powerful political families, Ford received 40% of the Doral money, the feds allege. The consulting firm, the indictment says, had no other clients.

"As a public servant, Sen. Ford had a duty to provide honest services to the people of Tennessee," U.S. Attorney Craig Morford said in a statement. "The facts alleged in this indictment reveal an appalling willingness to violate that duty by using his public position for personal gain."

Through his lawyer, Ford denied wrongdoing, saying he was doing legitimate consulting services for Doral. He goes to trial in February on unrelated charges.

DentaQuest, the Boston company that now owns Doral, issued a statement saying the firm has been cooperative with state and federal authorities investigating the matter. DentaQuest's statement, however, pointedly did not offer a defense of the firm's prior owners - most notably Milwaukee entrepreneurs Craig Kasten and Greg Borca, Doral's co-founders.

"The consulting agreement between Doral Dental and Managed Care Services Group was entered into prior to the acquisition by the current ownership," the statement says. "Doral Dental has been advised that neither it, nor its current owners or management are a target of this investigation."

Kasten's attorney, Dennis Coffey, said he had long expected the charges against Ford. But Coffey said he doesn't expect the Tennessee grand jury to slap anyone else with charges.

"Based on my reading of the indictment, I do not have any reason to believe there will be further charges arising in the state of Tennessee," Coffey said.

But what about Wisconsin and the other states, including Pennsylvania, looking into Doral's dealings?

"I am making no comment whatsoever other than what I have said," Coffey replied. He refused to answer questions about whether Kasten had appeared before the grand jury or was cooperating with authorities.

Consistent with Borca's low-key public profile, his lawyer, Stephen Glynn, declined Wednesday even to confirm that he is representing the Milwaukee-area businessman. But Glynn did suggest that Borca is in the clear.

"Without acknowledging I'm his lawyer or not, in reading the indictment, there is nothing there that suggests that there is anybody at Doral, current or past, who has done anything wrong," Glynn said.

"There's nothing wrong, according to the indictment, with anybody paying him (Ford) that money to act as a consultant. And if he violated the law . . . that's a problem for him but not a problem for the company or the persons that retained him as a consultant."

Since the firm was launched in the '90s, Doral was a profitable but little-known entity in Milwaukee's business community. In 2004, DentaQuest paid $95 million to acquire the business.

But Doral landed in hot water early last year when it was disclosed that Doral had hired Managed Care of Pennsylvania, which began making payments to Ford, then an influential legislative committee chairman, shortly after Doral was awarded the Tennessee contract. Managed Care was paid 3 cents per month for every child enrolled in the dental program.

The indictment notes that Ford had argued in favor of carving out a state contract like the one that Doral ultimately won. He also hauled high-ranking state officials to his office to talk up Doral, with a company official attending at least one of those meetings, the indictment says.

Last year, Kasten acknowledged that Doral had hired Managed Care but said he was unaware that Ford was receiving any money from the partnership. The contract, however, said it would be voided "upon the death of the principal legislator associated" with Managed Care, and several old e-mails showed Ford and Kasten were working closely together.

In the midst of the Doral controversy, Ford and other Tennessee legislators were charged in May 2005 with bribery and threatening to shoot potential witnesses against him. The witnesses turned out to be undercover federal agents running a sting operation dubbed the Tennessee Waltz.

Though the two cases are not linked, Ford's lawyer suggested that it's no coincidence that the feds waited until now to lower the boom in the Doral matter.

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"Obviously, this indictment here (Nashville) comes out in December, and we're beginning to start trial in February in Memphis," attorney Michael Scholl said. "This was an investigation that was done years ago.

"You can draw your own conclusion. The dates are what the dates are."

3 Plead Guilty In Alabama Church Arsons (AP)

By Phillip Rawls

AP, December 21, 2006

BIRMINGHAM, Ala. - Three former college students pleaded guilty Wednesday to federal arson charges for burning nine churches in a series of blazes that alarmed rural congregations across Alabama.

Matthew Cloyd, Benjamin Nathan Moseley and Russell Lee DeBusk entered the guilty pleas to federal arson and conspiracy charges in the string of church fires set on two nights in February.

The three wore orange jail jumpsuits and leg chains as they stood before U.S. District Judge David Proctor, who told them they all face minimum seven-year sentences.

Cloyd, 21, and Moseley, 20, had a plea agreement with federal prosecutors that called for them to recommend a sentence of up to eight years and one month, but not less than seven years.

DeBusk, 20, did not have an agreement on a sentence with his plea but decided to plead guilty "to help those congregations and others hurt by his behavior continue to heal," defense attorney Brett Bloomston said. A prosecutor said he expects DeBusk to get a shorter sentence because he participated in only five fires.

Defense lawyer Tommy Spina said Cloyd "is incredibly remorseful, and he regrets creating this much misery in people's lives."

The three are also charged with state crimes in Bibb, Pickens, Greene and Sumter counties, including arson, burglary, criminal mischief and cruelty to animals for killing a cow. Defense attorneys have been discussing a similar plea deal with county prosecutors, but none has been reached.

Prosecutors said that the first fires occurred during a night of illegal hunting and underage drinking, and that the second fires were set to throw off investigators.

All the churches have either rebuilt or are in the process after receiving an outpouring of donations.

The Rev. James Posey suffered a stroke and had to step down as pastor after Morning Star Baptist Church in Eutaw was destroyed. Posey, who blames his stroke on the stress of the fire, was pleased to hear of the pleas.

"It sends a message out that you are not going to run amok and not desecrate and destroy property, especially God's church," he said.

Uncle Sam's Private Equity Fund (FOR)

By Mary Crane

Forbes, December 20, 2006

Uncle Sam's got a thing for strip clubs. And banana plantations, horse farms and private prisons. These are just some of the businesses overseen by the federal government while their shady owners sit on trial for various crimes.

Administering this colorful portfolio is Len Briskman, deputy chief of business management for the U.S. Marshals Service. Call him Washington's own Warren Buffett. At any given time, Briskman presides over 30 businesses--many of them profitable and each with $20 million to $400 million in assets--while their owners get a fair trial, which could take up to seven years. Meanwhile, all of those honest employees get to keep working.

If the bad guys beat the rap, they get their businesses back, in tact and humming. If they don't, Briskman sells off the company, in whole or in pieces, at auction to the highest bidder. Proceeds go to fund the Department of Justice's Asset Forfeiture Program, which the USMS administers, as well as the other agencies that nabbed the criminals, like the Drug Enforcement Agency, the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco and Firearms.

In Pictures: Crime And Entrepreneurship

How much do Briskman's efforts pull in? "Conservatively, [the government] makes a couple hundred million a year, at least" from selling those businesses (net of losses), he says. That's a pretty snazzy return for a relatively minuscule initial investment.

A deliberate speaker with a grandfatherly disposition and a charming chuckle, Briskman joined the Marshals Service in 1997, less than a year after he had finished selling off the last bits of a publicly held athletic shoe company, Diversified Retail Group, which he founded in the 1970s. "I was burned out from my business, and it looked like a very interesting position," says Briskman, 69.

Indeed, his latest gig is an entrepreneur's dream. Of the 60 businesses referred to him every year, he only takes on those he thinks are viable--or could be, sans the criminal contribution; the rest get sold for parts. The owners may know how to sell drugs, "but they're really dumb when it comes to their investments," he quips. Of the remaining 30 he chooses to look after, only five require close day-to-day management, while the rest simply report weekly or monthly financials.

The variety keeps things interesting, too: Restaurants, car dealerships, supermarkets, casinos, fitness centers, strip clubs and now even hedge funds are in the mix. While some businesses started off clean but turned wayward later, says Briskman, others were tainted from the get-go.

One of them, a Puerto Rican horse farm near San Juan, trained prize-winning Pasa Fino horses worth as much as $50,000 each. The owner, who was moonlighting as a drug-runner, got snared by the DEA in early 2001. As part of his plea agreement, he turned over the farm, which never made much money, to the government. Briskman switched gears and leased the farm to horse enthusiasts, who paid a monthly rental fee. "We ended up making a lot of money on the lease payments over a few years" before selling it all off, he says.

Briskman found himself in Puerto Rico again two years later, this time tending to a banana plantation in Guayanilla. The owner was arrested on drug charges in 2003, and the U.S. Marshals Service managed her banana farm while the Department of Justice worked her case. Briskman hired a Puerto Rican accounting firm to monitor the day-to-day operations, reconcile bank statements and send reports to Washington. Thanks to Briskman's yellow thumb and savvy business skills, the plantation added an extra 65 acres under his watch.

Sometimes, Briskman's stewardship simply amounts to running a sale. That was the case in 2002 with the Ritz Cabaret, Baltimore's most famous strip club. While the club's owner commanded a very valuable asset--one of the only all-nude cabaret licenses in town--he still sunk to underreporting income and money-laundering. Briskman didn't take this one on (the USMS doesn't operate adult-entertainment facilities), but he did manage to sell the club and the license for a cool $1.1 million when the owner was found guilty.

With the number of forfeited businesses growing in recent years, Eben Morales, deputy chief in charge of the Asset Forfeiture Program, wishes he could find "carbon copies" of Briskman to help distribute the workload.

Banana farming, anyone?

Alleged Bank Robber Captured In Florida (AP)

AP, December 21, 2006

CONCORD, N.H. --A suspected bank robber from Manchester has been captured in Florida, according to the U.S. Marshals Service.

The federal marshals said Richard Villar, 33, was arrested and charged with the armed robbery of a St. Mary's Bank in Hudson on April 18.

His alleged accomplices, Joshua Gagnon, 21, of Nashua, and Debra Scott, 28, formerly of Manchester, were arrested in May by Hudson police, but Villar reportedly fled the state and was using an alias.

Federal marshals said they traced him to the St. Petersburg area where he had family and friends. Marshals said he was arrested without incident Tuesday.

Akron Man Accused Of Raping 12-Year-Old (WEWS)

WEWS-TV Cleveland, December 21, 2006

AKRON, Ohio - A rape suspect is in jail after being arrested by the Akron police gang unit and U.S. Marshals. Ryan Lawson, 19, was arrested on warrants for rape and gross sexual imposition involving a 12-year-old girl, NewsChannel5 reported.

Police said Lawson raped the girl sometime between February and March.

He is being held in the Summit County Jail.

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2 Tenn. fugitives arrested in New Orleans (AP)

AP, December 21, 2006

JACKSON, Tenn. Two men wanted in Jackson, Tennessee, on charges of statutory rape have been arrested in New Orleans.Twenty-three-year-old William Paulus and 22-year-old Santo Camarillo were arrested while working construction jobs. That's according to the U-S Marshals Service.Paulus is from Tennessee while Camarillo, who is also known as Leo Chavez, is believed to be from Mexico.The men were arrested in Louisiana on federal charges they used cell phones to entice minors to engage in sexual acts.The two were wanted in Tennessee after they failed to appear in court on eight counts of statutory rape.

IMMIGRATION:

U.S. Sued Over Dropping Of Benefits For Disabled (WP)

By Darryl Fears

Washington Post, December 21, 2006

For eight years, Shmul Kaplan lived alone in a suburban Philadelphia housing complex with hardly any furniture and barely enough food to eat. Two years ago, the government told the amputee he would have to make do with less.

Kaplan, who is from Ukraine, lost his $603 in Supplemental Security Income after he missed a seven-year deadline to become a U.S. citizen. The clock started ticking after he was granted asylum in 1997.

A class-action lawsuit filed in federal court in Pennsylvania recently on behalf of people such as Kaplan, 80, contends that they are not responsible for missing the deadline. Kaplan's citizenship application is among hundreds of thousands awaiting background checks by the FBI, a mountainous backlog that grew after the Sept. 11, 2001, attacks. More than 6,000 physically handicapped people who were granted asylum have had benefits cut as they wait, according to the suit.

"The Social Security Administration . . . projects that over 46,000 immigrants will be cut off from SSI in the years 2006-2012 as a result of delays in granting citizenship and the operation of the seven year rule," the lawsuit says.

The suit's plaintiffs include Eshetu Meri, 51, of Fairfax, a blind man who escaped from Ethiopia, where he was targeted for advocating democracy; Tasim Mandija, 80, of Philadelphia, a native of Albania who suffers from prostate cancer and neuropathy; and Rouzbeh Aliaghaei, 17, an Iranian who suffers from a rare genetic disorder that resulted in autism, seizures, mental retardation and an enlarged head. He came to the United States in 1998 when his parents escaped political persecution.

Kaplan, who is Jewish, claimed religious persecution and was granted asylum in January 1997. He was given humanitarian aid because one of his legs was severed when he ran to catch a train at age 18, slipped on ice and slid beneath the wheels. The other leg was so severely fractured that it arcs like a bow.

"I have a very sick leg," Kaplan said in a telephone interview. "It has a lot of fractures, and now it is a curved leg. My stump, it is not a normal stump. Sometimes I have to see a doctor. They take away my benefits, and, of course, it is very bad for me."

Others in the lawsuit declined to be interviewed, fearing that speaking out might interfere with the progress of their citizenship applications, or that they would be sought out for harm.

The suit was filed against top officials of the Social Security Administration, the Department of Homeland Security, the U.S. Citizenship and Immigration Services (USCIS) unit of DHS, the Justice Department and the FBI.

The National Name Check Program at the FBI receives more than 67,000 requests for background checks each week. Half the requests come from the USCIS, said Paul Bresson, an FBI spokesman.

When requests from private entities are included, the total reaches several million each year, Bresson said. The USCIS is the FBI's biggest customer, accounting for about 128,000 background-check requests per month, plus 2.7 million that are backlogged from years past, Bresson said.

The FBI has struggled for years with a growing backlog of such requests from all entities. The Government Accountability Office reported earlier this year that, for immigration cases alone, 113,000 background checks had been pending for more than six months.

USCIS spokeswoman Chris Rhatigan said her agency processes citizenship applications as quickly as it can and is not responsible for the backlog that results from the delay in background checks.

Rhatigan said requests often stall because questions arising from the applications go unanswered. "There could be a number of different reasons," she said. "It could be a failure to respond or a request for additional information."

The Social Security Administration declined to comment on its decision to end the benefits, saying only that the law requires it to do so seven years after asylum is granted if U.S. citizenship has not been obtained.

That may be, said Jonathan Stein, an attorney for the group that has filed suit, but Congress never intended to cut those granted asylum from humanitarian aid when it approved in 1996 the legislation that provides it.

The benefit provides $603 monthly to single recipients and $904 to couples. Congress assumed that seven years was enough time for applicants to make it through the citizenship process. But the Sept. 11 attacks diverted large numbers of FBI agents to counterterrorism duties, greatly slowing the background checks.

Stein wondered why USCIS, FBI and Social Security officials could not flag citizenship requests from disabled applicants here on asylum. "Their lives depend on this," he said. "If they can't expedite their cases, let's at least continue their SSI until they become citizens."

Kaplan began to receive Supplemental Security Income payments in March 1997, two months after he was granted asylum. A year later, he applied for permanent residency, the first step toward naturalized citizenship. The process should have taken a year. But it took six years, according to Kaplan and his attorneys.

With time running out, Kaplan applied for citizenship as soon as he could in the spring of 2004. Fearing he would miss the deadline, aid workers took his letters and pleas for an expedited process to the Social Security office. "They said there was nothing they could do," Kaplan said in his deposition. His benefits were cut that summer.

Too old and too weak to work, Kaplan said he gets by on $215 a month that he uses for paying rent and $140 in food stamps. Regardless, Kaplan said he loves the United States and does not miss life in Ukraine or Russia, where he also lived.

"The food in grocery stores was rationed . . . and many times, I was told that I could not stay in line for the food because I was Jewish," he said in the deposition. "One winter, two men pushed me down when I was walking in the street.

"I knew that I had to leave Russia," he said in the deposition. "If they did not kill me today, I thought, they would kill me tomorrow."

For Divided Family, Border Is Sorrowful Barrier (NYT)

By Mireya Navarro

The New York Times, December 21, 2006

MONTERREY, Mexico — She tells her story from a windowless bedroom in a cinderblock house carved into four apartments that share two showers and two toilet stalls outside. Her kitchen has no refrigerator or sink. To cook, she buys perishables on the same day. To wash dishes, she fills buckets from a faucet in the front yard.

“Look how I live,” Irma tells a visitor. “I was used to something else.”

Not so long ago, Irma, 44, had achieved her own modest version of the American dream about 300 miles from here in San Antonio, where she lived illegally for more than six years. She had left Mexico with three of her four daughters, escaping financial turmoil and marriage to a man so violent that she considered suicide, twice slipping a rope over a beam to hang herself.

In Texas, she had learned how to drive and owned not one but two cars. She held two jobs and, after years of sharing homes with her older sister, Raquel Rodríguez, the family’s only legal resident, and other relatives and friends, moved with her daughters into a small rented house furnished from flea markets.

“My daughters were in peace,” Irma recalled, proud in that accomplishment, her last name and those of some relatives not being disclosed here because they have been illegal immigrants. “No one bothered us.”

Then one night over dinner, three years ago, her daughter Mayra, a high school senior, stunned her with the news that she was pregnant and intended to marry her boyfriend. Another daughter, Barbie, not yet 16, was adamant that said she, too, was getting married and moving out.

“I was so depressed,” Irma said. “All I wanted was to pick up my stuff and leave.”

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Disillusioned and feeling abandoned, she attended her daughters' courthouse weddings on a Wednesday but did not stick around for the weekend parties. She made a quick round of goodbyes to her sister Raquel and another sister, Verónica, who was also living illegally in San Antonio.

By Friday she was on her way back to Mexico with her youngest daughter, passengers in a pickup truck that joined the exodus of immigrants who at some point cross in the opposite direction to go back home. Even with the benefit of having sisters nearby, the kind of support that many immigrants cannot do without, Irma felt she could not stay without Mayra to give her a hand with the driving, child care and other needs that can become particularly daunting for a single mother.

She left one daughter her dining room set, washing machine and refrigerator; the other got her living room set, king-size bed and two dressers.

"I doled out everything," Irma said. "I cried so much because it took so much sacrifice to avail myself of things and I had to get rid of them."

Now all she has to show for her migration to the United States, she said, is the heartache of separation.

Her youngest daughter, Lupita, and another daughter, who is married and has three children, now live together just a few blocks from her. But the other two are still in Texas, still illegally, now with one American-born child each.

The border is now a barrier between the Mexican and American sides of her family, and now Irma feels the pull of her absent daughters. The older one has faced her own marital troubles, and both of their families recently moved into an uncle's house to share expenses. If some illness or emergency befell her girls, Irma worries, she could not be there to help them.

"I still feel that I should be with them, supporting them," Irma said. "They're still children."

Back to the Old Neighborhood

In sweltering heat one evening, with an ear out for "Duel of Passions," the telenovela on the television in the bedroom, Irma performed a culinary magic trick. She transformed $5 in groceries into a meal of rice with corn, fried potatoes and steamed nopales, cactus, with vegetables to feed two daughters, three grandchildren and two visitors, and still have enough waiting for Gilberto, a tractor-truck mechanic she fell in love with upon her return to Monterrey.

"I always got my daughters used to the food from over here," she said, perspiring heavily despite the gusts from a stand-up fan. "They're 100 percent Mexican. None of that pizza."

Irma has taken up once again in her old neighborhood, a cluster of lower-middle-class and poor homes at the foot of a mountain called Cerro de la Silla, or Saddle Mountain, in this industrial city of 1.1 million.

The streets in Irma's insular world are lined with ficus trees, and the homes are in varying stages of completion, giving the area the character of a work in progress. Residents buy the land and then build their houses over time, evolving at the pace of their means. Floors are still without tile and zinc roofs have yet to be replaced with cement, though gang graffiti spreads faster than kudzu on the exterior walls.

Irma works part time as a bar waitress and lives in the sparsely furnished home she shares with Gilberto, 35, who makes $120 a week and foots most of the couple's household expenses, including the $150 monthly rent. The house where she lived before meeting Gilberto is still in disrepair, with partly exposed rooms, missing walls and open sections of the roof. Her daughters still live there, their clothes hanging from bare walls moist from the recent rains and the sofas and light fixtures worn out or broken.

At first she stayed in her sister Raquel's second home, a large corner property with an empty swimming pool and rental units, known as La Quinta, that her family in Monterrey — Irma's mother, a sister and four brothers — used for celebrations.

Then she set out to rehabilitate her old five-room house — which she said her estranged husband had been using "as his little hotel" for trysts with women — and bring her family back under one roof. But like a recurring nightmare, her husband, whom she said she could not afford to divorce, still harassed her when he came to visit his daughters.

More and more, her days here are filled with daydreaming about crossing back. A six-hour drive is all that separates her from her daughters in San Antonio. But Irma said she was stuck, with no money to pay for an illegal crossing and no prospects for a tourist visa because she did not own property, hold a full-time job or offer any evidence that she had ties to Mexico that would compel her to return after a visit.

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For now, the telephone must do. Twice-a-week calls from San Antonio are her only connection to the life she once had. One morning in October, one of her daughters, Mayra, called and Irma savored each word, careful to shield her own emotions.

"It's been raining. Every day?" she asked. To her delight, Mayra stayed on the phone for more than two hours when her younger sister Lupita got on the line.

Adjusting to Mexico has been even tougher for Lupita, who turns 16 in December and wears her blond hair waist-long and favors outfits that expose her midriff. A drop earring cascades from her navel. She changed schools five times before she dropped out and took a job in customer service and billing with a cellphone company. Lupita hated the schedule of afternoon-only classes, and resented having to pay for her textbooks, something unheard of in Texas.

"It makes me quite sad that she's not in high school," Irma said. "I tell my daughters, 'You don't have to struggle like me.' If I had studied, I'd be in an office, not a bar."

'Over There'

Fanning herself with bare hands in the midday heat, Irma walks around a flea market, casting a disdainful eye over the secondhand shoes, clothes and trinkets spread out on blankets and tables, and sometimes in piles over the dirt of the soccer field. She settles on a pair of bright yellow beach thongs for $1 for herself and two pairs of jeans for Lupita.

She is starting over, from scratch. But she was not thrilled with today's finds. "Over there you pay less and it's new," she said with authority about Texas.

She says it again and again. "Over there" — that world that taught her what she is missing. Irma knew only poverty when she went to San Antonio.

She left school at 12 to start work cleaning houses. At 17 she learned to sew and worked in a factory. At 20, after three years of courtship, she married a neighbor and began a new cycle of deprivation. It was the untenable marriage, more than economic hardship, that compelled her to follow in the footsteps of her sister Raquel, the first in her family to immigrate north and who remains the family's mainstay in San Antonio.

A fading wedding picture in the living room of the home where her daughters live shows the couple in posed embrace, with a darker-haired Irma in white gown and long train and her mustachioed husband holding her by the waist. Irma said the newlywed bliss lasted only two years. Her husband soon started cheating and beating her, once even breaking her nose, she said.

At one point she left with the girls, staying with siblings and moving from house to house. The husband would not give her economic support. Things got so bad, she said, that twice she planned her suicide, but changed her mind when she heard her daughters coming into the house.

"I was tired and desperate," she said of her marital situation. "That wasn't a life."

Her daughter Mayra left for Texas first. The girl was driven across the border with false identification papers. She went to live with her Aunt Raquel in San Antonio and attended middle school there. Irma followed later, leaving her other daughters in Monterrey.

"It went badly for me," she said of that first and toughest year in the north. "I wasn't happy here or there. I had Mayra, who was my solace."

Irma eventually found work as a seamstress, making military uniforms in a maquiladora in San Antonio, a job that paid, by the piece, $400 to $500 in a good week, and enabled her to send $200 to $300 home weekly. But when her family sent word that her husband, a welder, had suffered a severe leg injury at work and was dying and asking for her forgiveness, she returned to Monterrey. A month later, he had recovered and she was back in San Antonio and at Raquel's, this time with two more daughters in tow.

The maquiladora jobs had vanished, so she went to work cleaning and washing dishes at a Mexican restaurant. She had been promoted to cook and substitute restaurant manager, making $5.75 an hour, by the time the two daughters announced their wedding plans.

A Chance Meeting

DOJ_NMG_0108105

Despite her sad eyes and unsmiling face, Irma presents a youthful exterior — brown eyes under tattooed eyebrows, short honey-colored hair pinned back with girlish barrettes, form-fitting tops over tight jeans, tattoos on her lower back and left leg and upper arm. A victim of domestic violence by both her father and husband, she said she had long stopped looking for a man.

Then last year, at a girlfriend's birthday party, she met Gilberto.

"We danced and we were giggling and all of a sudden we were kissing," she said. Gilberto has kind eyes and a calm demeanor, but he also had a drinking problem. Irma became his confidante, a supportive friend, but did not agree to live with him, she said, until last summer, when she was convinced he had dealt with his own demons.

Irma's days are now split between Gilberto, her work, her daughters, her grandchildren and, increasingly, her longing for "over there."

She first found work cleaning in a factory for $80 a week. Last March she got a better position as a waitress at a pool hall three days a week for $90. She works Thursday through Saturday, the 3 p.m. to 2 a.m. shift, also getting up at 5 a.m. on weekdays to cook Gilberto's breakfast and pack him a lunch of rice soup or potatoes with chorizo. She watches the news and then walks two blocks to play with her grandchildren.

"The family-oriented lifestyle has not changed for me," said Irma, who prefers a quiet home life after work, with the occasional outing to a karaoke bar or the public swimming pool.

One afternoon, she walked her 6-year-old granddaughter, Briseiry, to school for the United Nations World Food Day. Dressed as a strawberry, Briseiry performed two dance numbers in the school yard, with classmates in grape and potato costumes. Irma and her daughter Mireya laughed and clapped from the sidelines.

From the produce ranks, Briseiry flashed her grandmother a toothless smile, and Irma smiled back with tenderness. But even in this revelry, she pointed out the school's flaws — the chairs without desks and bathrooms that lacked doors and toilet lids.

"The differences are many," she said, comparing Monterrey with San Antonio.

Another American Grandchild

Her brush with American life has made Irma less tolerant of the poverty, quick to find fault with her surroundings. The urge to start over in Texas is the strongest it has been since she returned. Her daughter Barbie gave birth to a second child in December. Once again, Irma missed out on welcoming a new grandchild. And as usual, Irma will wait for one of her sister Raquel's visits to see pictures of her growing American family.

She has her fantasy return planned out. She would take Lupita and Gilberto with her, get a higher-paying job at a restaurant, or cleaning houses, that would allow her to help her daughters in Texas and send money to Mireya in Monterrey to get a tourist visa.

Getting through the border, Irma noted, is not as daunting as coming up with the $2,000 she said she would need to pay for fake identification papers and a coyote to drive her through as his wife or sister. When she first crossed by car in the late 1990s, as the coyote's "wife," she paid only $500.

"Imagine that, together we'd need $4,000," Irma told Gilberto one night.

It would be easier to buy a car, he replied.

Another hope is that Irma's daughters in San Antonio, or maybe her sister Raquel, would become citizens and sponsor her for permanent residency. But that would be years away.

Sometimes Irma looks so melancholic that Gilberto asks if she has misgivings about having returned. She tells him no, because she wouldn't have met him.

"I don't regret having come because, after so many years of being alone, I found Gilberto, who treats me well, who loves me and takes care of me," she says.

But that is only half the truth.

One Thursday afternoon, Irma left home shortly before 3 p.m. for her job at the billiard hall, a short walk through a busy commercial area with restaurants, tortillerias, clothing stores and auto repair shops.

A burly man yelled from across the avenue that he had the reconditioned refrigerator she had been looking for. When she signaled "how much?" he held up five fingers to signal 500 pesos, or about $50.

The rent was due, she said, so the purchase had to wait.

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"That's why you don't get ahead here," Irma said of the low salaries. "What you make here in a week, over there you collect daily, even just cleaning up yards."

Irma's workplace is a bar with six pool tables and wall décor that ranges from pictures of Pancho Villa to a calendar featuring topless women.

Three television sets are tuned to Animal Planet.

That night about a dozen men in their 20s and 30s focused on their game and $2 bets. Irma, in jeans and a sweater, moved about at a relaxed pace serving beer and picking up empties from tables.

Most customers summoned her with an "Irma, cerveza!" Many greeted her with a kiss. On busy nights, Irma and another waitress serve up to 200 patrons at a time. No one tips like in Texas, where Irma sometimes ended the night at the restaurant with an extra $40. She has to wait until Saturday to get paid for the three days.

And it is, after all, a bar. "The bad thing here is that people drink until they crawl," she said. "Over there, if they see you drunk, they don't sell to you."

During a break, sitting in a plastic chair and sipping a beer sent over by a customer, she fought back tears as she pondered her future. A customer was grilling meat over firewood in one corner for Irma and his friends. A childhood friend, Antonio Flores, walked in and kissed her on the cheek.

"She was very good and very beautiful," Mr. Flores said, reminiscing of Irma as a teenager.

Irma smiled in appreciation, but on this night, her cocoon in Monterrey felt like a prison.

"If I had the money I'd leave today," she repeated, barely audible over the ranchera playing on the jukebox.

Mr. Bush's Immigration Realism (NYT)

The New York Times, December 21, 2006

Every now and then the public gets a glimpse of the George W. Bush who is a calm realist on immigration, a former governor of a border state who knows, likes and understands Latino immigrants. It's an identity sharply at odds with that of many other members of his Republican Party, especially the snarlers clustered on its right wing.

At his news conference yesterday, Mr. Bush commented on the raids at Swift & Company, the meatpacking giant that, to nobody's surprise, seems to have had hundreds of illegal immigrants with forged papers on its low-skill work force. Mr. Bush did not condemn the detainees as border-crossing evildoers. He spoke with startling tolerance.

"The system we have in place has caused people to rely upon smugglers and forgers in order to do work Americans aren't doing," Mr. Bush said. "It is a system that, frankly, leads to inhumane treatment of people."

He continued: "The best way to deal with an issue that Americans agree on — that we ought to enforce our borders in a humane way — is we've got to have a comprehensive bill."

Mr. Bush understands that many illegal immigrants are doing what they have to do to support families within a system that offers few routes to lawful entry. He understands that giving immigrants the opportunity to earn an honest foothold in this country — the path to citizenship despised by restrictionists as "amnesty" — is not giving a reward to criminals. It is not something for nothing. It is an attempt to fix a system that draws in millions of illegal immigrants each year, efficiently taking their labor but withholding hope.

Mr. Bush has shown a way to move the debate away from the "amnesty" trap by casting reform as a means to end an abusive system and remove the perverse incentives that allow illegality to flourish. It may sound shocking to say that illegal immigrants deserve better. But as long as this country keeps swallowing them up into a broken, unjust system, they do.

Mr. Bush showed yesterday that he gets it. He should do that more often.

TAX:

Judge Refuses To Split Trial In U.S. Case On Tax Shelters (NYT)

By Lynnley Browning

New York Times, December 21, 2006

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The federal judge overseeing a mammoth tax shelter case said yesterday that the delayed trial would begin next fall, but he rejected a proposal by prosecutors to try the defendants separately in two groups.

The judge, Lewis A. Kaplan of Federal District Court in Manhattan, ordered jury selection to begin on Sept. 17, 2007, in the criminal trial of the 18 defendants, 16 of whom are former employees of the accounting firm KPMG.

The judge also said that he had tentatively decided not to have separate trials. "Essentially what I have been offered is the opportunity to have two unmanageable trials rather than one," he said.

The judge said he preferred to have one. The trial — the largest criminal tax case in history, according to prosecutors — was originally due to begin last September, but Judge Kaplan postponed it twice, citing concerns over who would pay the defendants' legal bills.

The trial date could still be changed again, because of uncertainty over the issue of legal fees.

A federal appeals panel is weighing whether Judge Kaplan had the authority last June to dismiss KPMG's motion to compel the defendants to submit to arbitration over the fees issue. A panel of the United States Court of Appeals for the Second Circuit is hearing KPMG's appeal of the judge's ruling. The defendants had sued KPMG, seeking to force it to pay the fees.

The 18 defendants are accused of conspiracy and tax fraud by making, selling and, in some cases, using questionable tax shelters that cost the Treasury an estimated $2.5 billion in unpaid taxes.

In his June ruling, Judge Kaplan criticized KPMG, saying it had bowed to prosecutorial pressure to reverse its longstanding policy and cut off legal fees to the defendants or face a heightened risk of indictment. At the time, KPMG was under criminal investigation for its tax shelter work. Last year, the firm averted indictment and instead reached a $456 million deferred-prosecution agreement, one of the largest of its kind.

In the June ruling, Judge Kaplan also criticized what he called the government's abusive prosecutorial guidelines. Last week, amid mounting criticism, the Justice Department changed the guidelines, making it unacceptable for prosecutors weighing whether to indict a company to consider whether the company was paying the legal fees of employees caught up in investigations.

It is unclear whether this policy shift may now strengthen the position of the defendants on the legal fees issue.

Prosecutors are continuing to turn over to the defense scores of documents, most of them from Deutsche Bank, which is itself under investigation over its work with questionable tax shelters.

At yesterday's court hearing, John Hillebrecht, an assistant United States attorney in Manhattan who is overseeing the broad inquiries, said there was "a wide-ranging investigation, and it's still ongoing," looking at accounting firms, banks, law firms and investment boutiques that made and sold questionable shelters.

IRS Scales Back Audits Of Big Firms, Study Finds (WSJ)

By Jesse Drucker

The Wall Street Journal, December 21, 2006

The Internal Revenue Service audited a smaller proportion of the nation's largest corporations this year than it did in 2005 and, over the past five years, it has cut the average number of hours spent on such audits, according to researchers at Syracuse University.

The university's Transactional Records Access Clearinghouse, which frequently issues reports based on IRS data obtained through the Freedom of Information Act, found that the number of hours the agency spent per audit of corporations with assets of $250 million or more dropped to a projected 958 for 2006 from 1,210 per audit in 2002. (The 2006 projection was based on data through the first six months of the year.)

In a report released yesterday, TRAC also pointed out that the percentage of big companies audited in 2006 dropped to 35.3% from 44.1% in 2005, after rising for two years. The audit rate this year was slightly higher than in 2002, but still far below rates from the early to mid-1990s, when audit coverage sometimes exceeded 50%.

IRS officials said part of the reason for the overall drop in audits of big corporations was that the agency hired hundreds of new auditors in 2006 who required training. The officials cited the decline in hours per audit as a sign of greater efficiency. They

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pointed out that the amount of money the IRS determined big companies owed as a result of audits was up markedly from 2002, even though the time spent on those audits dropped.

For example, the sums sought from large corporations after audits of big companies were completed nearly doubled to $25.53 billion in 2006 from $13.67 billion in 2002. In that same period, the amount sought per hour spent by auditors on those companies also increased sharply, rising to $6,543 in 2006 from $2,957 in 2002.

IRS Commissioner Mark Everson has cited increased enforcement efforts, particularly those aimed at large corporations and high-income taxpayers, as a top priority.

Some tax analysts said the IRS effort to seek more money per company after audits could be because corporate profits have risen substantially in recent years, meaning there may be more uncollected tax to be found. Eric Toder, a tax economist at the Urban Institute and former IRS director of research, pointed out that the IRS is making comparisons with a very slow year for audits and enforcement activity in 2002.

Joel Slemrod, a professor of economics at the University of Michigan, said the data from both TRAC and the IRS didn't offer enough information to provide a complete picture of whether the IRS has become more or less efficient.

Yankton Firm Implicated In Tax Fraud Case (YDP)

By Nathan Johnson

Yankton (SD) Daily Press, December 21, 2006

A Yankton accounting firm has been implicated in a health care reimbursement tax fraud plan that was recently shut down by a Chicago federal court.

According to a press release issued by the Tax Division of the U.S. Department of Justice, the firm of Wohlenberg, Ritzman & Co. LLC of Yankton helped businesses in Illinois and Indiana sell "illegal or improper" health care reimbursement plans that the Internal Revenue Service estimates cost the U.S. Treasury between $12 and $63 million.

The district court in Illinois issued a permanent injunction Dec. 5, ordering Carmelo Zanfei of Steger, Ill., and William Crouse of Greenwood, Ind., and any individuals or entities working in association with them, to no longer sell their Health Incentive Plan and HealthIER Plan.

Wohlenberg, Ritzman & Co. is not named in the injunction but was named in an earlier memorandum opinion and order issued by the court.

Charles Miller, a spokesman for the Department of Justice, said the organization would not comment on whether there is a criminal investigation into the case.

However, a lawyer representing Wohlenberg, Ritzman & Co. said he has been assured by the Department of Justice that there will be no criminal investigation into his client's involvement.

"There has not been one hint of criminal accusations against Wohlenberg, Ritzman & Co.," said Yankton attorney Mike Marlow. "In fact, they were told (by the Department of Justice) there was no further follow-up, that they were satisfied with the explanations given and were to take no further action -- and that was a couple of years ago."

The Department of Justice said the health care reimbursement plans created and sold by Zanfei and Crouse beginning in 1999 allowed "hundreds of businesses and thousands of employees avoid federal taxes and, in the case of the employees, resulted in the under-reporting of income."

The court found that, under the plans, items such as athletic shoes, health club fees, soaps and daycare were listed as reimbursable expenses. In reality, such expenses are reimbursable only under rare circumstances, according to the court.

Also, the court stated that medical expenses were often reimbursed without being substantiated.

The HI Plan, in particular, was illegal because it "allowed reimbursement for health insurance premiums as opposed to out-of-pocket health care expenses," according to the Department of Justice.

According to court documents, Wohlenberg, Ritzman & Co. became involved when it entered a formal agreement with the one of the entities selling the HI Plan to provide technical and consulting services. As part of the agreement, Wohlenberg, Ritzman & Co. prepared opinion letters that stated the plan was in compliance with the Internal Revenue Code and Treasury

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Regulations. The agreement also specified that the accounting firm would receive a $2,500 retainer and $1 for each participant enrolled in the program. It later entered a similar agreement with another company selling the HI Plan.

The court stated that the opinion letters, written by Blaine Meier, should be discounted because "he had a financial interest in the plans and thus had an incentive to find them legal."

Marlow said Wohlenberg, Ritzman & Co. stands by its opinion of the HI Program.

"Wohlenberg, Ritzman & Co. was asked to provide an opinion regarding the deductibility of certain medical expenses under plans proposed by other folks," he said. "Wohlenberg, Ritzman investigated and researched the applicable regulations and opinion letters from the IRS and felt that, as the plan was proposed, it was an appropriate and valid plan."

Additionally, a processing center for the health care plans was established in Yankton to authenticate medical expenses for employers and send them year-end adjustment reports at the cost of $20 per employee. Called Kuhlmann Enterprises, LLC, the processing center was housed in the Wohlenberg, Ritzman & Co. building and was staffed by Cynthia Nordstrom, a daughter of one of Wohlenberg's partners.

Court documents state the processing center "was created by WRC." However, Marlow contests that description, saying it was a separate company that rented space from Wohlenberg, Ritzman & Co.

Either way, the court stated that the processing center did not function as it was supposed to and "failed to provide authentication to the majority of the HealthIER Plan customers." During 2004, for example, the center provided adjustment reports to well under 30 percent of the employers enrolled in the plan. For those companies that did receive adjustment reports, employee expenses substantiated whether or not there were receipts to validate them.

Nordstrom told the court that Zanfei and Crouse told her the center should consider all expenses were substantiated whether there was proof or not.

Ultimately, Marlow said it is important to note the Department of Justice has never said the work done by Wohlenberg, Ritzman & Company was inappropriate.

"What the Department of Justice has said is, they don't think (the health care plans), as they were applied by some employers, were the way to go," he said. "That doesn't have anything to do with Wohlenberg, Ritzman or whether it provided appropriate advice regarding this medical insurance deductibility program."

CONGRESS-ADMINISTRATION:

Report Says Berger Hid Archive Documents (AP)

By Larry Margasak

AP, December 21, 2006

President Clinton's national security adviser removed classified documents from the National Archives, hid them under a construction trailer and later tried to find the trash collector to retrieve them, the agency's internal watchdog said Wednesday.

The report was issued more than a year after Sandy Berger pleaded guilty to unlawfully removing and retaining classified documents.

Berger took the documents in the fall of 2003 while working to prepare himself and Clinton administration witnesses for testimony to the Sept. 11 commission. Berger was authorized as the Clinton administration's representative to make sure the commission got the correct classified materials.

Inspector General Paul Brachfeld reported that National Archives employees spotted Berger outside the building, bending down and fiddling with something white around his ankles.

The employees did not feel at the time that there was enough information to confront someone of Berger's stature, the report said.

Later, when Berger was confronted by Archives officials about the missing documents, he lied by saying he did not take them, the report said.

Brachfeld reported that on one visit, Berger took a break to go outside without an escort while it was dark outside.

"He headed toward a construction area. ... Mr. Berger looked up and down the street, up into the windows of the Archives and the DOJ (Department of Justice), and did not see anyone," said notes prepared by the inspector general's office.

He then slid the documents under a construction trailer, according to the inspector general. Berger acknowledged that he later retrieved the documents from the construction area and returned with them to his office.

"He was aware of the risk he was taking," the inspector general's notes said. Berger then returned to the Archives building without fearing the documents would slip out of his pockets or that staff would notice that his pockets were bulging.

The notes said Berger had not been aware that Archives staff had been tracking the documents he was provided because of earlier suspicions from previous visits that he was removing materials. Also, the employees had made copies of some documents.

In October 2003, the report said, an Archives official called Berger to discuss missing documents from his visit two days earlier. The investigator's notes said, "Mr. Berger panicked because he realized he was caught."

The notes said that Berger had "destroyed, cut into small pieces, three of the four documents. These were put in the trash."

After the trash had been picked up, Berger "tried to find the trash collector but had no luck," the notes said.

The significant portions of the inspector general's report were redacted to protect privacy or national security.

Berger's lawyer, Lanny Breuer, said in a statement that the contents of all the documents exist today and were made available to the commission.

For his guilty plea, Berger was fined $50,000, ordered to perform 100 hours of community service and barred from access to classified material for three years.

Report Details Archives Theft By Ex-Adviser (NYT)

By Eric Lichtblau

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — Samuel R. Berger, the former national security adviser to President Bill Clinton, went to such lengths to conceal his theft of classified material from the National Archives that he hid some of the documents under a trailer at a construction site, according to a government report released Wednesday.

The report, prepared by the National Archives inspector general, provided new details about an episode that caused a brief stir in the 2004 presidential campaign and led to a guilty plea to a misdemeanor charge by Mr. Berger a year later.

In 2003, Mr. Berger spent several days at the National Archives reviewing classified material as the Clinton administration's designated liaison to the Sept. 11 commission. He later admitted that he took and destroyed several versions of a classified report prepared in 2000 on the so-called millennium terrorist plots, although the commission had copies of the same reports.

The report on Wednesday disclosed that during a visit to the National Archives in October 2003, Mr. Berger removed four versions of the 2000 report and took them with him when he left the building for a walk after dark.

"He was aware of the risk he was taking," the report said, and "he did not want to run the risk of bringing the documents back in the building," where he might be detected. So he found a nearby construction site and, slid the documents under a trailer. He later returned to the construction site, retrieved the documents and later destroyed some of them. Several days later, archives staff members confronted him.

Still unresolved in the inspector general's report is one lingering mystery in the episode: Whether, as Mr. Berger's critics have charged, he was so cavalier as to stuff classified documents in his socks.

The report said one witness at the archives saw Mr. Berger bending down and "fiddling with something white, which could have been paper, around his ankle." But Mr. Berger denied he had ever stuffed documents in his socks, explaining the episode by saying that "his shoes frequently come untied and his socks frequently fall down."

When the episode first became public, in 2004, Mr. Berger was forced to step down as an adviser to Senator John Kerry's presidential campaign. In 2005, he agreed to plead guilty to unauthorized removal of classified documents. He was fined $50,000 but received no jail time.

Mr. Berger's lawyer, Lanny Breuer, said Wednesday that his client considered the matter closed and was seeking to move on.

Berger Hid Archives Papers Under A Trailer, Probe Shows (WP)

By R. Jeffrey Smith

The Washington Post, December 21, 2006

On the evening of Oct. 2, 2003, former White House national security adviser Samuel R. "Sandy" Berger stashed highly classified documents he had taken from the National Archives beneath a construction trailer at the corner of Ninth Street and Pennsylvania Avenue NW so he could surreptitiously retrieve them later and take them to his office, according to a newly disclosed government investigation.

The documents he took detailed how the Clinton administration had responded to the threat of terrorist attacks at the end of 1999. Berger removed a total of five copies of the same document without authorization and later used scissors to destroy three before placing them in his office trash, the National Archives inspector general concluded in a Nov. 4, 2005, report.

After archives officials accused him of taking the documents, Berger told investigators, he "tried to find the trash collector but had no luck." But instead of admitting he had removed them deliberately -- by stuffing them in his suit pockets on multiple occasions -- Berger initially said he had removed them by mistake.

The fact that Berger, one of President Bill Clinton's closest aides from 1997 to 2001, illicitly removed the documents is well-known: A federal judge in September 2005 ordered him to pay a $50,000 fine for his actions and forfeit his security clearance for three years.

What Berger did, and the ham-handed and comical methods by which he did it, are freshly detailed in the National Archives report, which the Associated Press obtained first under a Freedom of Information Act request.

Although the report reiterates that Berger's main motive was to prepare himself for testifying before a commission investigating the Sept. 11 attacks, it makes clear that he not only sought to study the documents but also destroyed some copies and -- when initially confronted -- denied he had done so.

His lawyer, Lanny Breuer, said in a statement yesterday that Berger "considers this matter closed, and he is pleased to have moved on." Berger is a principal with Stonebridge International, a consultant to large energy firms that recently opened an office in China.

In the statement, Breuer emphasized that the Justice Department concluded that other copies of the documents at issue existed and that they were provided to the Sept. 11 commission. He also said the Justice Department affirmed that Berger had no intent to hide the contents.

Berger made four visits to the Archives to inspect Clinton administration records in 2003. The inspector general's office attempted to retrieve the missing documents and probed how the archives handled each of his visits. In its report, the office criticized the fact that Berger was given special treatment and also said the archives' investigation of his actions was "improper" because the FBI and Justice Department were not promptly informed.

The report states that in 2003, an official whose name was deleted informed the White House that the documents Berger reviewed during his first two visits -- in May and June of that year -- were so poorly organized and tracked that the archives "would never know what if any original documents were missing." Berger has said he removed nothing during those visits, and a source close to him said last night that no one had accused him of doing so.

In September and October, Berger was able to sneak papers -- slight variations of a report titled "Millennium Alert After Action Review," which looked at U.S. vulnerabilities to terrorists, as well as the notes he took from other classified documents -- into his pockets, the report said, because an unnamed senior official left the room while Berger made or took phone calls.

Although one archives official claimed to have seen Berger fiddling with what appeared to be a piece of paper "rolled around his ankle and underneath his pant leg," Berger told investigators he was merely pulling up his socks, which he said "frequently fall down." He said "this story was absurd and embarrassing."

Berger said that after spending hours at the archives on Oct. 2, he took a walk outside past a construction fence to leave four classified copies of the millennium document beneath a trailer. He later explained that he needed to return to the building for several additional hours of work and was worried that guards would see the documents bulging in his suit.

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Berger got caught partly because suspicious archives employees secretly numbered the millennium document copies they showed him in October. When an official challenged him by telephone on Oct. 4, he turned over two copies of the millennium document that he said he had accidentally kept.

Berger Took Papers To A Hiding Place (WT)

By Jerry Seper

The Washington Times, December 21, 2006

Former National Security Adviser Samuel R. Berger, fined $50,000 for taking classified documents from the National Archives, hid the papers under a construction trailer where they later could easily be retrieved, a report yesterday said.

The National Archives Office of Inspector General said that during a 2003 visit to the facility, Mr. Berger left the building unescorted for a break, during which time he "placed the documents under a trailer in an accessible construction area outside Archives 1 (the main Archives building)."

The report said Mr. Berger acknowledged that he later retrieved the documents from the construction area and brought them to his office.

Mr. Berger, who served as national security adviser under President Clinton from 1997 to 2000, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material. The material included documents outlining the government's knowledge of terrorist threats in the United States during the 2000 New Year's celebration.

He was fined $50,000 by a federal judge, ordered to perform 100 hours of community service and barred from access to classified material for three years. The top Clinton adviser had faced a year in prison and a $100,000 fine, but a plea agreement in the case reduced the fine and kept him out of jail.

The removal occurred while Mr. Berger was preparing to testify before the September 11 commission investigating intelligence and security failures, raising questions about whether he was attempting to cover up the Clinton administration's counterterrorism policies and actions.

Mr. Berger, with authorization from Mr. Clinton, also was reviewing National Security Council documents on Osama bin Laden and al Qaeda, Sudan and related presidential correspondence to prepare for testimony before the House and Senate intelligence committees.

In his televised testimony to the September 11 commission, Mr. Berger said the Clinton administration's "sustained attention" to terrorist threats and "rigorous actions" had foiled a terrorist threat in December 1999 to bomb airports in the United States.

But Attorney General John Ashcroft told the commission that he saw some of the documents that had turned up missing from the Archives and that the plot was stopped with "luck playing a major role."

During his sentencing in September, Mr. Berger told the court that he let "considerations of personal convenience override clear rules of handling classified material."

"In this case, I failed. I will not again," he said.

The inspector general's report, first made public by the Associated Press, said that when Archives employees first suspected Mr. Berger was removing classified documents, they failed to notify any law-enforcement agency. It also said Archives employees did not feel that there was enough information to confront someone of Mr. Berger's stature.

The report said Mr. Berger removed four documents from the facility.

The government charged that Mr. Berger "knowingly removed classified documents from the National Archives and Records Administration and stored and retained such documents at places," including his office in the District.

Mr. Berger initially claimed he took the documents as the result of an "honest mistake," but later admitted that he placed the classified records in his pants and jacket and put other classified documents in a leather portfolio.

In October, several top House Republicans asked for an investigation and committee hearings to determine which documents were "destroyed, removed or are missing" as a result of Mr. Berger's admitted theft.

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In a letter to the House Government Reform Committee, the lawmakers asked Chairman Thomas M. Davis III, Virginia Republican, to investigate whether there was criminal misconduct in the removal of the classified documents by the Clinton administration official.

Democrats will assume control of Congress next month, and the request for an investigation is expected to be shelved.

Bush Links Minimum Wage To Tax Break (AP)

By Jennifer Loven

AP, December 21, 2006

President Bush endorsed one of the Democrats' top priorities for the new Congress, a $2.10-an-hour minimum wage increase — and on a faster timetable than they have proposed.

But his support comes with a catch.

Bush said at a Wednesday news conference that any pay hike should be accompanied by tax and regulatory relief for small businesses, potentially a tough sell for Democrats, who are about to reassume control of the House and Senate.

"Minimum wage workers have waited almost 10 long years for an increase," responded Democratic Sen. Edward Kennedy of Massachusetts, who has said that boosting the federal minimum wage will be his chief goal when he takes over as chairman of the Senate Committee on Health, Education, Labor and Pensions. "We need to pass a clean bill giving them the raise they deserve as quickly as possible."

The president brought up the issue unprompted during the White House news conference that was dominated by Iraq but veered into domestic issues as well.

Eager to show he heard the message of voters who stripped his party of majorities in both the House and Senate in the November elections, Bush said he'll work hard on what he called "an interesting new challenge" — trying to find common ground with Democrats who will lead Congress for the first time in his presidency.

"I don't expect Democratic leaders to compromise on their principles, and they don't expect me to compromise on mine," he said. "But the American people do expect us to compromise on legislation that will benefit the country."

He said initial consultations with incoming Democratic leaders revealed openings for cooperation in several areas. One was an immigration policy overhaul, including a way for some illegal workers to move toward citizenship. That was stymied this year primarily by conservative Republicans who favored a get-tough-only approach.

Other openings Bush saw for cooperation were increased federal spending on alternate energy sources; reform of Congress' appropriations process that has made it common for lawmakers to slip pet projects into spending bills, and giving American workers new skills and businesses help investing in new innovations.

Despite Washington's changed political reality, Bush also did not shy away from issues that have less chance of being well-received by Democrats, who have felt ignored for the first six years of the president's tenure.

He said he wants to work on the looming insolvency of the Social Security program. But his one-time plan to add private accounts to the system, once the highest domestic priority of his administration, is considered dead by Democrats. Bush is sending Treasury Secretary Henry M. Paulson Jr. to the Hill to gather ideas on how to restructure Social Security.

Bush also said he wants lawmakers to approve new trade deals. But Democrats have said they will insist bilateral trade agreements include tougher labor and environmental standards.

On other topics:

_Bush was asked about the pregnancy of Mary Cheney, Vice President Dick Cheney's openly gay daughter, in light of his previous statements that a child ideally should be raised by in a family headed by a married father and mother.

The president said "we ought to review law to make sure that people are treated fairly" but didn't provide specifics. Neither he nor his questioner referred to Cheney's partner, Heather Poe.

_The president said he first learned from a newspaper story Wednesday that the vice president will be called to testify in the CIA leak case on behalf of his former chief of staff. Defense attorneys for I. Lewis "Scooter" Libby, charged with perjury and obstruction, would not say whether Cheney was being subpoenaed — a potential separation-of-powers issue — but said they do not expect the vice president to resist.

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"It's an interesting piece of news. And that's all I'm going to comment about an ongoing case," Bush said.

Raising the minimum wage from $5.15 to $7.25 over three years is at the top of Democratic leaders' early to-do list for next year.

GOP-crafted legislation earlier this year combined an increase with a cut in inheritance taxes on multimillion-dollar estates and the resurrection of a number of popular tax breaks, but that combination did not get through the Republican-controlled Congress.

Bush said he supports a $2.10 raise for minimum-wage earners, but over a two-year period instead of three, and added that "we should do it in a way that does not punish" small businesses.

"I support pairing it with targeted tax and regulatory relief, to help these small businesses stay competitive and to help keep our economy growing," he said.

Bush resisted any attempt to judge his presidency two years before it expires.

"I'm going to sprint to the finish. And we can get a lot done," he said. "I'm reading about George Washington still. My attitude is if they're still analyzing Number One, 43 ought not to worry about it, and just do what he think is right, and make the tough choices necessary."

Minimum-wage Battle May Be Brewing (LAT)

By Maura Reynolds

The Los Angeles Times, December 21, 2006

WASHINGTON — During his news conference Wednesday, President Bush said he was optimistic about working on a range of issues with the Democrats who will lead Congress in January. He said he supported a $2.10 increase in the federal minimum wage, which is $5.15 an hour — a proposal that is a top priority for Democrats. But Bush said he wanted to pair the increase with a cut in taxes and regulations to make it less costly for small businesses.

Efforts to link a hike in the minimum wage to tax cuts have repeatedly failed during Bush's time in office, despite Republican control of Congress.

Democrats have objected to linking the wage increase to tax cuts, and Drew Hammill, a spokesman for incoming House Speaker Nancy Pelosi (D-San Francisco), said she was not interested in such an arrangement. But shortly afterward, Hammill altered his response. He said that Pelosi preferred a bill unencumbered by tax cuts but that "House Democrats have long supported tax changes that would benefit small business" and would look at such proposals.

Still, there is strong opposition to the idea among Democrats.

"Given that nearly a decade has passed since the last minimum-wage increase, no one can seriously believe that the proposed increase will harm the small-business sector," said Rep. George Miller (D-Martinez), incoming chairman of the House Education and Workforce Committee. "More than half the states already have laws setting their own minimum wages above $5.15 per hour."

Signaling a potentially difficult domestic policy road, the president said that in addition to the minimum wage, he hoped to work with Democrats on overhauling Social Security and Medicare — two issues that have defied such efforts for years.

Bush also said he would work with Democrats to pass free-trade agreements and a comprehensive rewriting of immigration laws, and to end the practice of "earmarking," in which lawmakers pepper broad spending bills with pet projects for districts.

Minimum-Wage Deal As Bellwether (WSJ)

By John D. McKinnon

The Wall Street Journal, December 21, 2006

WASHINGTON -- President Bush signaled support for raising the federal minimum wage, suggesting the White House is looking for an early deal with Democrats on one of their priorities next year.

Still, Mr. Bush's insistence on tax breaks and regulatory relief for small business sets up a test that could determine the tenor of relations between the White House and Congress's new leaders for the rest of his term.

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Incoming Speaker Nancy Pelosi and House Democrats plan to pass an increase in the minimum wage in their first 100 hours of work next year. Other priorities include repealing tax breaks for big oil companies, allowing Medicare to negotiate with drug companies for lower prices and cutting interest rates on student loans.

Democrats hope to build enough momentum to move the provisions through the Senate and force Mr. Bush to accept them as they are. A coalition called "Change America Now," involving about 40 liberal and labor groups, is organizing support this week for passing the measures in the 100-hour package into law.

It is unlikely any of those measures will become law without concessions to Republicans, however. The federal minimum wage, now $5.15 an hour, last was raised in 1997 and its purchasing power has eroded. Democrats and some Republicans have pushed for years to raise it, and Democrats' sweep in the midterm elections significantly increased prospects for doing this. Yesterday, Mr. Bush gave the effort another boost, saying he is willing to sign legislation gradually raising the minimum wage to $7.25 an hour.

"I support the proposed $2.10 increase in the minimum wage over a two-year period," Mr. Bush told reporters at a year-end news conference, calling it an "area where we can work together" with Democratic leaders. At another point, he said that along with education, it is a "key" area where "we've got to work together" with Democrats.

Mr. Bush's comments were his strongest to date in support of a minimum-wage increase, but he also signaled he will expect concessions for business.

"I believe we should do it in a way that does not punish the millions of small businesses that are creating most of the new jobs in our country. So I support pairing it with targeted tax and regulatory relief to help these small businesses stay competitive and help keep our economy growing." He didn't provide specifics about the tax and regulatory breaks that he will seek.

Sen. Edward Kennedy (D., Mass.), incoming chairman of the Senate labor committee and the minimum-wage increase's lead sponsor, was cautious in his praise for Mr. Bush's announcement, noting that "we can't slow down this important legislation with other priorities unrelated to the minimum wage."

Rep. George Miller (D., Calif.), who will head the House Education and the Workforce Committee, also opposed the conditions Mr. Bush wants to attach. "A minimum-wage increase should not and need not be conditional on other legislation or policy changes," he said in a statement.

The House Republican leader, John Boehner of Ohio, was more supportive. "It's important for Congress to ensure a minimum-wage mandate does not have a harmful effect on small employers' ability to create jobs," he said.

Mr. Boehner challenged Democrats to allow Republicans to offer similar legislation on the floor. Democrats have promised not to block debate as strictly as Republicans did when they were in charge.

Past efforts to raise the minimum wage have collapsed over Republican demands for concessions. This year, Republicans tried unsuccessfully to link the minimum wage to a deal to extend relief from the estate tax. It is being gradually eliminated under Mr. Bush's 2001 tax cuts, but returns after the breaks expire.

Mr. Bush's demands for tax and regulatory relief for small business -- as yet relatively undefined -- appear to stand a better chance of drawing Democratic support.

Mr. Bush said he and the Democratic Congress can accomplish a lot working together in the final two years of his presidency. "The truth is the American people are sick of partisanship," he said. He promised to "do my part to elevate the tone."

Bush Supports Democrats' Minimum Wage Hike Plan (WP)

By Michael A. Fletcher And Jonathan Weisman

The Washington Post, December 21, 2006

President Bush for the first time endorsed a specific plan for raising the federal minimum wage yesterday, as he embraced Democratic calls to boost it by $2.10, to $7.25 an hour, over two years.

The president's backing greatly enhances the prospects for congressional approval next year of the first hike in the federal minimum wage since 1997. He stressed, however, that it should be accompanied by tax breaks and regulatory relief that would cushion the blow for small businesses.

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"I believe we should do it in a way that does not punish the millions of small businesses that are creating most of the new jobs in our country," Bush said during a news conference. "So I support pairing it with targeted tax and regulatory relief to help these small businesses stay competitive and to help keep our economy growing."

The president's endorsement of a minimum wage increase breaks with the position long held by conservative Republicans that the increase would hurt business and ultimately the economy. But with the Democrats poised to take control of both chambers of Congress for the first time in more than a decade, Bush cited his support of the proposed increase as proof of his intent to operate in a more bipartisan manner during the remaining two years of his presidency.

Beyond increasing the minimum wage, the president said that he hopes to reach agreements with the new Congress on a guest-worker program for low-skill immigrants, renewal of the No Child Left Behind education law and measures aimed at encouraging the development of alternative fuels.

"To achieve these and other key goals, we need to put aside our partisan differences and work constructively to address the vital issues confronting our nation," Bush said.

Democrats and their supporters in organized labor responded warily to Bush's proposal to link a minimum wage hike to tax breaks for business, saying the increase should be passed on its own merits. Democratic leaders have promised to make increasing the $5.15-per-hour minimum wage one of the first orders of business when the new Congress convenes Jan. 4.

"Minimum wage workers have waited almost 10 long years for an increase -- we need to pass a clean bill giving them the raise they deserve as quickly as possible," said Sen. Edward M. Kennedy (D-Mass.), who sponsored legislation to increase the wage that failed in Congress earlier this year.

Democrats have pledged to reinstate budget rules that would require that any tax cut be offset by equivalent tax increases or spending cuts. Some Democrats say they do not want to complicate their effort to raise the minimum wage by linking that issue to business tax breaks, as Bush and many Republicans are insisting. House Democrats will vote early next month on a stand-alone wage increase, leadership aides said.

"Let's be clear, given that nearly a decade has passed since the last minimum wage increase, no one can seriously believe that the proposed increase will harm the small-business sector," said Rep. George Miller (D-Calif.), the incoming chairman of the House Education and the Workforce Committee. "A minimum wage increase should not and need not be conditional on other legislation or policy changes."

But House Democrats concede that the situation may be different in the Senate. Earlier this year, Senate Republicans voted down a stand-alone wage hike, and Democrats may need 60 votes to break a filibuster if they try to pass a minimum wage increase without tax cuts. Senate Finance Committee aides are already looking for small-business tax breaks that the incoming committee chairman, Max Baucus (D-Mont.) wants passed regardless of minimum wage legislation.

"Senator Baucus is looking at small-business tax breaks for sure," a Baucus aide said. "Whether they're paired with minimum wage or move at another time, he intends to help small business."

White House officials, meanwhile, say they are still working to identify tax cuts they would like to see accompany a minimum wage increase.

Across the country, about 1.9 million workers earn the minimum wage or less, and economists estimate that 14.9 million other workers would benefit from an increase in the standard. When adjusted for inflation, the buying power of the minimum wage has dwindled to its lowest level since 1955, and raising the rate has become a popular issue among voters.

Twenty-eight states and the District of Columbia have established minimum wages that surpass the federal standard. In November, voters ratified ballot initiatives, often backed by coalitions including both organized labor and religious groups, to increase the minimum wage in six states.

"America's workers deserve a clean vote on a $7.25 increase, with no strings attached," AFL-CIO President John J. Sweeney said. "Such an increase helps everyone and hurts no one."

At his news conference, Bush said that, despite the power shift in Congress, he will continue to have a strong voice in domestic policy even if it means reaching across the aisle to get things done. "There's a lot of attitude here that says, 'Well, you lost the Congress. Therefore, you're not going to get anything done.' Quite the contrary," he said. "I have an interest to get things done. And the Democrat leaders have an interest to get something done to show that they're worthy of their leadership roles."

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Bush Prepares To Make Deals With Democrats (WT)

By Stephen Dinan

The Washington Times, December 21, 2006

President Bush yesterday said his top priorities for working together with Democrats in Congress will be raising the minimum wage, renewing the No Child Left Behind education act, boosting energy alternatives to oil and completing an overhaul of the immigration system that includes a guest-worker program.

On immigration, he called for a bill to be put on his desk soon, once again setting a timetable on an issue that has stymied Congress for the last two years.

And in a morning press conference the president pledged to support a $2.10 minimum wage increase over two years, the first time he has endorsed that large an increase, though he said it must be coupled with tax cuts and new regulations that will help businesses offset the costs.

The minimum wage is shaping up as the first major domestic battle next year, and a chance for Democrats to see how far they can press their advantage in Congress.

Mr. Bush said the lesson of November's congressional elections was bipartisanship.

"I don't expect Democratic leaders to compromise on their principles, and they don't expect me to compromise on mine. But the American people do expect us to compromise on legislation that will benefit the country," he said.

Mr. Bush highlighted the new dynamic at work on Capitol Hill, saying now he and the Democrats both have an interest in getting things done -- "to show that they're worthy of their leadership roles."

The president said he is willing to accept a deal with Democrats that raises the minimum wage to $7.25 as long as that doesn't hurt businesses. He said the way to protect businesses is to combine the increase "with targeted tax and regulatory relief to help these small businesses stay competitive and to help keep our economy growing."

Senate and House Republican leaders lined up behind Mr. Bush's position yesterday, with incoming Senate Minority Leader Mitch McConnell, Kentucky Republican, saying pairing tax cuts and wage increases makes sense.

But Sen. Edward M. Kennedy, Massachusetts Democrat and the new chairman of the key committee that handles the issue, rejected that approach.

"We can't slow down this important legislation with other priorities unrelated to the minimum wage," he said. "Minimum wage workers have waited almost 10 long years for an increase -- we need to pass a clean bill giving them the raise they deserve as quickly as possible."

Mr. Kennedy has proposed increasing the wage rate from $5.15 to $7.25 over a little more than two years, with the first 75-cent increase coming 60 days after the bill passes.

Mr. Bush did not say what taxes or regulatory changes he wants included in the bill.

In the past he has supported smaller minimum-wage increases that were tied in one case to research and development and estate-tax-cut provisions, and in another instance were tied to flex-time provisions that would have changed the rules for overtime pay.

Democrats opposed both of those alternatives, insisting on a clean increase.

It is not clear whether the election broke that logjam, especially given the possibility Republicans in the Senate might filibuster a bill that contains only wage increases with no sweeteners for businesses.

The president tried to strike a bipartisan tone on both domestic and international issues, promising to listen to Democrats as he plots a course in Iraq and to "do my part to elevate the tone" in Washington.

"I'm looking forward to working with them. It's going to be an interesting new challenge," Mr. Bush said, pointing out that he worked well with Democrats in the state legislature when he was governor of Texas.

On immigration, Mr. Bush said, "I strongly believe that we can and must get a comprehensive immigration plan on my desk this year." With Congress recessed until after the new year, it is certain he meant 2007.

The president repeated his call for a guest-worker program to handle future foreign workers, which he said is critical to reducing the flow of illegal aliens.

He also said energy policy is a prime spot for cooperation with Democrats.

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"There is a consensus that we need to move forward with continued research on alternative forms of energy," he said.

Bush Signs Massive Tax And Trade Bill (AP)

AP, December 21, 2006

President Bush revived some 20 tax breaks, extended trade benefits for developing countries and protected doctors from a big cut in Medicare payments by signing sweeping tax and trade legislation Wednesday.

The bill is a patchwork of must-do items that were left for the lame duck Congress. It was bundled together and passed by the House and Senate just before adjourning earlier this month.

"This is a good piece of pro-growth legislation," said Bush, just before putting his signature to the legislation at a White House ceremony.

Republican budget hawks bridled at the measure's approximately $40 billion price tag, and textile state senators objected to trade provisions benefiting Haiti.

The bill would:

_Extend through the end of next year a deduction for research and development initiatives.

_Renew a deduction of up to $4,000 for higher education costs.

_Give tax breaks for teachers who pay for supplies out of their own pockets.

_Let taxpayers deduct state and local sales taxes instead of state and local income taxes, a provision that primarily benefits those in states with no income taxes.

_Open up 8.3 million acres in the Gulf of Mexico to oil and gas drilling, and offer a dozen credits promoting alternative and efficient uses of energy.

_Prevent a 5 percent cut in Medicare payments to doctors from taking effect on Jan. 1.

_Renew, with increased federal contributions, a program to help clean up abandoned coal mines and provide health care for miners who worked for companies that have gone out of business.

_Permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti.

Bush also signed a bill to upgrade and modernize the nation's tsunami warning system, nearly two years after an Indian Ocean tsunami killed some 230,000 people in a dozen countries.

Approved by Congress earlier this month, the legislation is intended to bolster the tsunami detection and warning system in the Pacific Ocean, as well as expand it to any area in the Atlantic and Caribbean considered at risk by federal officials.

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The bills are H.R. 6111 and H.R. 1674

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On the Net:

Congress: http://thomas.loc.gov/

Congress Closes With A Pork-filled Flourish (LAT)

By Tom Hamburger And Walter F. Roche Jr.

The Los Angeles Times, December 21, 2006

WASHINGTON — Christmas arrived Wednesday for the kidney dialysis industry.

That's when President Bush signed into law the last major piece of legislation approved by the outgoing Congress. It was a lavish hodgepodge that included a $100 million-a-year boost in the Medicare reimbursement rates for dialysis providers who proved to be generous contributors to important legislators, notably House Ways and Means Chairman Bill Thomas of Bakersfield.

The dialysis folks were among many special interests benefiting from a piece of legislation that was designed to simply extend existing tax cuts and credits — but ended up freighted with billions of dollars in new spending earmarks for the coal industry, Brooks Brothers and various other interests.

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There have been more outrageous end-of-session bills, but following this election — when corruption and fiscal incompetence were campaign themes — some lawmakers found the latest package particularly offensive.

Senate Budget Committee Chairman Judd Gregg (R-N.H.) termed the legislative spectacle "embarrassing." He offered a scathing review of the final bill on the Senate floor, citing its myriad earmarks and other expenditures that had never been reviewed by a congressional committee or subjected to debate.

His statement covered the big-ticket items: a budgetary sleight of hand that blocked a planned 5% reduction in Medicare fees to doctors, a top priority of the powerful American Medical Assn.; the insertion of a rum excise tax shift that benefits Puerto Rico; and the addition of a $35-million earmark to fund a healthcare program in Tennessee.

Gregg reserved special scorn for a $4.9-billion item requested by coal-state senators for health and mine-safety spending. The lawmakers said such spending was necessary because some coal companies had not fulfilled healthcare responsibilities to miners and because abandoned mines remained a serious problem in coal country.

Even Brooks Brothers, an upscale clothing purveyor, walked away a winner. The company was part of a coalition that won about $32 million in refunds of tariffs that it said had penalized the declining domestic shirt-manufacturing industry. The measure also aids domestic cotton growers, many of which are in California.

A Brooks Brothers vice president, Joe Dixon, said the company sought the tariff relief to "save clothing manufacturing jobs in Pennsylvania and North Carolina." The refunds, he said, would make it possible for Brooks Brothers and other U.S. shirt-makers to better modernize plants and compete with foreign manufacturers.

The watchdog group Taxpayers for Common Sense called the cotton measure "another example of special interests grabbing on to the last train leaving the station…. Obviously Congress didn't think enough of this proposal to pass it on its own during the past two years."

The dialysis earmark, like other nuggets in the bill, had not been authorized by a congressional committee, and its addition to the tax bill was made final in a secret middle-of-the-night meeting in the waning hours of the session on Dec. 7.

Dialysis scored "not because dialysis patients have the most meritorious case," said Sara Rosenbaum, professor of health law and policy at George Washington University, but because the industry is "effective on Capitol Hill."

One example: House Ways and Means Committee Chairman Thomas got $84,250 in donations during the last campaign cycle from DaVita Inc., a leading dialysis company. Thomas was among the negotiators at the late-night meeting who agreed on the dialysis earmark.

Thomas' former chief of staff, Cathy Abernathy, lobbies on DaVita's behalf.

After decades of working for Thomas, Abernathy has built a multimillion-dollar lobbying business focused on healthcare clients, including a coalition of dialysis providers, patients and manufacturers.

DaVita paid Abernathy fees of $20,000, part of the $1.14 million the company reported spending on federal lobbying in the first half of this year. Until recently, Abernathy was also a registered lobbyist for Kidney Care Partners, a nonprofit group representing patients, manufacturers and providers that has been chaired by DaVita's chief executive.

Tucked away in a Senate conference room with House Speaker J. Dennis Hastert (R-Ill.), Sens. Charles E. Grassley (R-Iowa) and Max Baucus (D-Mont.), and other leaders, Thomas led the charge for the dialysis coalition's proposals, according to a staffer who attended. Thomas recommended not only raising Medicare reimbursements for the dialysis industry but also including an automatic inflation adjustment. He also pushed for incentive bonuses for good healthcare results.

In the end, the negotiators agreed only to a one-time 1.6% increase in the Medicare reimbursement rate for dialysis, which will cost taxpayers $400 million over five years, according to the Congressional Budget Office.

Thomas' staff and DaVita officials said the campaign contributions and the congressman's ties to Abernathy played no role in his championing of the dialysis cause.

"Bill Thomas makes policy decisions based on the merits of policy, not on campaign contributions," said Rob Vanden Heuvel, spokesman for the ways and means committee.

LeAnne Zumwalt, a DaVita vice president, said effective lobbying was important for the dialysis coalition.

"Dialysis is the only Medicare program without an annual update for inflation," Zumwalt said, noting that increased funding had earned support across both parties and houses of Congress.

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DaVita executives called the final decision "a step in the right direction."

The company had also sent contributions to other lawmakers who participated in the secret conference, including the only Democratic lawmaker in the room, Baucus, who received $22,000 from DaVita this cycle, according to the Center for Responsive Politics.

A Baucus aide said the Montana senator supported a rate hike because of his concerns about the financial stability of dialysis facilities in his home state. Baucus and other lawmakers also noted that an outside bipartisan advisory panel had recommended increasing the rate by twice the congressionally approved amount.

However, Rosenbaum said that the Medicare payment advisory panel made "tons of recommendations all the time" and that other worthy providers — such as community clinics serving the poor — were often overlooked.

Other factors, such as lobbying and the nature of last-minute legislation, explain more powerfully the willingness of Congress to legislate a rate increase for one group of healthcare providers, she said.

FEDERAL DIARY: Price Caps At The Old Stamping Ground (WP)

By Stephen Barr

Washington Post, December 21, 2006

For almost 12 years, Rep. John M. McHugh (R-N.Y.) has championed legislation to overhaul the U.S. Postal Service. It has been a long and sometimes lonely journey.

McHugh has worked to balance the competing interests of postal management, postal competitors, unions and companies, including Hallmark Cards, L.L. Bean and American Express, that rely on the post office.

Yesterday, he was among a small group from Capitol Hill that saw President Bush sign the Postal Accountability and Enhancement Act, the first change to the Postal Service since President Richard M. Nixon agreed to replace the old Post Office Department with a self-sustaining government corporation.

Thirty-six years ago, of course, the communications landscape was different. The Internet was an infant at the Defense Department, FedEx had not started operations and the United Parcel Service had a smaller market share than it does today.

Concerned that the post office might not be able to continue universal service at reasonable postage rates, McHugh in 1995 began his effort to update the Postal Service's business operations and create a less cumbersome system for setting postal rates. In June 1996, he introduced his first bill to revamp postal laws.

McHugh called the new law "a major achievement," and said it will provide the Postal Service with "the tools to both act and compete as a modern business."

The public, for the most part, will see no change in its dealings with the post office. But stamp prices will probably go up once or twice in the next year. The Postal Service has a request pending to raise first-class postage by 3 cents, to 42 cents, probably in May. Under the new law, the Postal Service can seek one more increase, no later than Dec. 20 next year, before new rules take effect.

The law offers some hope that subsequent increases in postage will be more predictable, especially for letters, magazines and advertising mail. For 10 years, the Postal Service will operate under a price cap that keeps it from raising postage prices above inflation. After that trial run, postal officials and regulators will review the effectiveness of the price cap to see if it should be modified.

The law imposes no price cap on "competitive products," such as Express Mail and Priority Mail. Those rates will be set by the postal board of governors, which will be guided by new regulations developed at the Postal Regulatory Commission (a new name for the Postal Rate Commission). The commission has 18 months to develop the regulations.

In an interview, Postmaster General John E. Potter said some parts of the law will take as long as three years to implement and that changes to postal service standards could take longer.

William Burrus, president of the American Postal Workers Union and a steady critic of the new law, has told his union members that the price cap will make it more difficult to bargain for higher salaries. "This limit on rate increases -- without regard to the actual costs the Postal Service incurs -- will result in an artificial cap on postal workers' wages," he said.

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But Potter said the Postal Service plans to continue offering "wages that are comparable to the private sector. The goal here is not to harm postal employees."

The new law shifts responsibility for military pensions earned by postal workers to the Treasury Department, as is the practice for federal agencies. The law also redirects money set aside for postal retirement costs to a new trust fund that will finance retiree health benefits. Potter estimated that about $90 billion will be placed in the trust fund.

Although McHugh pushed the longest and hardest for postal overhaul, others in Congress played key roles in pulling together a compromise acceptable to the White House. Sens. Susan Collins (R-Maine) and Thomas R. Carper (D-Del.) and Reps. Henry A. Waxman (D-Calif.) and Thomas M. Davis III (R-Va.) brokered the final bill, which passed in the hours before Congress adjourned for the year.

On the House floor, McHugh told colleagues, "If there is any truth in the old adage that anything worth having is worth waiting for, this is a very, very good night."Boost for Health Accounts

Federal employees and retirees will be able to take advantage of a tax law signed by the president yesterday and increase the amount of money they contribute to health savings accounts, the Office of Personnel Management announced.

Employees who had a 2006 flexible spending account also will have an opportunity to enroll in a high-deductible health plan with a savings account for 2007, the OPM said. They may roll over any used money in their FSA to their new health spending account.

Belated enrollments in a high-deductible plan and the transfer of FSA funds must be completed by midnight Dec. 31, the OPM said. In 2007, the maximum health savings contribution is $2,850 for an individual and $5,650 for a family, the OPM said. Previously, health savings contributions were limited to the amount of a person's deductible.

Bush OKs Billions To Clean Up Coal Mines (AP)

By Kimberly Hefling

AP, December 21, 2006

President Bush signed legislation Wednesday that gives billions of dollars to coal-producing states to clean up hazardous abandoned coal mines and pay for health care for retired miners.

His signature ends a long fight that has pitted coal-producing states against each other over the best use of funds collected for the nation's coal mine reclamation program.

Coal-producing states will get an estimated $6.3 billion for abandoned mine cleanup and another $1.6 billion to pay for health care for retired miners who worked for coal companies that no longer exist, according to the federal Office of Surface Mining. The money will be distributed from 2007 to 2025.

The bill, part of a sweeping tax bill, renews the abandoned mines land reclamation program that was created in 1977.

Particularly in eastern coalfields, toxins from abandoned mines pollute streams. The unstable land from the abandoned mines has been blamed for fatal accidents by ATV riders and hikers — in Pennsylvania 24 deaths were reported last year on abandoned mine land. Mines sometimes catch fire and burn for years.

The program is based on a per-ton fee that coal companies pay into a fund. The bill makes spending for the reclamation program mandatory, which means it would not be controlled through the annual congressional appropriations process.

"This will provide us long term stability and continuity," said Ben Owens, a spokesman for the Office of Surface Mining, which oversees mine reclamation.

Since the program's creation, much of the nation's mining has shifted from states in the east like Pennsylvania, West Virginia and Kentucky to those in the west, like Wyoming.

The western states have not struggled as much with abandoned mine restoration issues because much of the mining has been done with more modern techniques.

The historic coal mining states have complained that Wyoming uses its abandoned mine land fund for public works. The western states, in turn, have complained of bearing the burden of funding the program.

The legislation signed Wednesday lowers the fees paid into the program and modifies the formula so that historic coal mining states with the more serious problems get a higher stake of the money.

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It was supported by a coalition of the coal industry, coalfield communities, environmental conservation organizations, sportsmen and mine workers, according to a joint statement from Pennsylvania Sens. Rick Santorum and Arlen Specter.

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On the Net: Office of Surface Mining: http://www.osmre.gov/

New Congress To Toughen Oversight (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 21, 2006

WASHINGTON

With little prospect of funding bold spending initiatives, Democrats poised to take control of the 110th Congress are reviving the ability to investigate the executive branch.

With more workdays in Washington and the creation of subcommittees charged exclusively with investigation, Democratic leaders and new committee chairs aim to jump-start oversight on issues ranging from the Iraq war to homeland security and consumer protection.

But in a consistent disclaimer, they say the new probes will not be motivated by a spirit of revenge. And they will be conducted, to the extent possible, on a bipartisan basis.

This approach, Democrats say, rejects the example of Rep. Dan Burton (R) of Indiana, who, as chair of the House Government Reform Committee, paved the Clinton presidency with subpoenas. As early as May 2006, Nancy Pelosi also denied speculation that Democrats would try to impeach the president.

Democrats say they will not use their new powers to conduct a witch hunt on the Bush presidency, and will take a more careful tack instead. Time: key resource for investigations

To give committees the time for thorough investigations, Democrats say they will move to a five-day workweek on Capitol Hill. In contrast, under Republican control, the typical House workweek lasted from Tuesday evening to Thursday afternoon.

"We are going to provide the time for committees to do oversight of the executive department and of the way the people's money is being spent and the effectiveness of the policy implementation of the president," said House majority leader Steny Hoyer.

But that time - and the eagerness of new committee chairs - also poses dilemmas for the new Democratic leadership over how to aggressively question administration officials, without distracting them from their work fighting wars and securing the homeland.

"The problem is not that any one committee or subcommittee will suffer an excessive zeal of investigation. The problem is there is so much of it. And so much of it is directed at Iraq that it might become a distraction to people whose job it is to fight the war," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J.

Even if no one committee chair takes on the scope of investigation that occurred during former GOP Sen. Joseph McCarthy's assault on alleged communists in government, the volume of appearances before congressional committees for key administration officials could have a demoralizing impact. On the war

In the new Congress, some of the most powerful critics of the Bush administration's conduct during the Iraq war will move into committee chairmanships.

Sen. Carl Levin (D) of Michigan, who opposed the decision to go into Iraq, is developing hearings on a phased withdrawal of forces from Iraq. In June, Senator Levin and Sen. Jack Reed (D) of Rhode Island proposed a non-binding amendment calling for US forces to begin a phrased withdrawal from Iraq in 2006. He is also planning probes into waste and abuse in contracting.

On the House side, Rep. Ike Skelton (D) of Missouri, has set as a top priority for the House Armed Services committee the "fixing of US forces." "They're stretched and strained, and I'm convinced the Army and the Marines are near the breaking point," he said in a press briefing on Tuesday.

As chairman, he is also opposing any move to send 20,000 to 30,000 more forces into Iraq, a move he says will only "exacerbate the situation."

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But both new chairmen say they are not prepared to resort to the ultimate congressional sanction on a commander-in-chief with whom they disagree: to cut off funding for the war.

Instead, Skelton is reviving his panel's Oversight Investigations Subcommittee, which was axed by Republicans when they took over control of the House in 1995. The new panel, he says, will focus on asking "the tough questions: Why did this happen? Why did you make a decision to do this or that?"

"That does influence behavior," he says. "It's a very solid tool that Congress has not been using." On homeland security

With control of the Senate capable of flipping with a single senator, few members have as much independence as Sen. Joseph Lieberman (D) of Connecticut, the new chairman of the Homeland Security and Governmental Affairs Committee.

After losing the Democratic primary, Senator Lieberman won as an independent. He enjoys an unusually strong working relationship with the outgoing chairman, Sen. Susan Collins (R) of Maine. Together, they pushed for the creation of the 9/11 Commission. In the new Congress, the committee will first take up new legislation to implement some of the remaining 9/11 recommendations and to review those that were not implemented well.

"Not enough oversight has taken place of the Department of Homeland Security. This is a relatively new organization, but faces a multitude of management challenges. The senator will be very closely focusing on how the different agencies within DHS integrate with each other," says Lieberman spokeswoman Leslie Phillips.

Other issues that are likely to come up early on include the level of preparedness for a bioterrorist attack.

While the Republican-led Congress issued not one subpoena, Democrats say they will use that power more aggressively. Senators Lieberman and Collins disagreed over whether subpoenas should be issued over the federal government's response to hurricane Katrina. The next time such an issue comes up, he makes the call.

Despite a strong recommendation from the 9/11 Commission that Congress drastically streamline its oversight for intelligence - leaders of the Department of Homeland Security now appear before 88 committees and subcommittees, the panel reported - neither the House nor the Senate is prepared to take up the turf battles necessary to change this.

But citing recommendations of the 9/11 panel, House Democrats are proposing a new Select Intelligence Oversight Panel within the House Appropriations Committee. It's a move they say will "strengthen the oversight process" by considering intelligence funding from the combined perspective of the Appropriations and Intelligence Committees. On the economy

Democrats have lined up some of their sharpest investigators on panels relating to the economy. The incoming chair of the Government Reform Committee, Rep. Henry Waxman (D) of California directed landmark hearings on the tobacco industry and, more recently, produced his own investigations on no-bid contracts in Iraq. He has also peppered the Bush administration with questions on its response to hurricane Katrina and the cost of prescription drugs.

Aides say he has yet to set priorities for the 110th Congress, but is ideally positioned to develop probes on all these fronts. Waxman says he prefers to avoid subpoenas, and that voluntary appearances are better.

As chair of the House Banking Committee, Rep. Barney Frank (D) of Massachusetts is moving consumer protection back onto the legislative agenda. Look for hearings on issues such as predatory lending and data privacy. But in a forum on Dec. 11, he cautioned that "excessive regulation or ineffective regulation is bad for regulation. The market does need some corrections, but if you overdo it, then you weaken your case, he said.

Va. Congressman Fears Election Of 'Many More Muslims' To Office (AP)

By Frederic J. Frommer

AP, December 21, 2006

WASHINGTON -- Responding to constituent e-mails about Rep.-elect Keith Ellison's decision to use the Quran at his ceremonial swearing-in, a Virginia congressman warned that "many more Muslims" will be elected demanding to use the Quran unless immigration is tightened.

Rep. Virgil Goode, R-Va., made the comments in a letter sent to hundreds of constituents about Ellison, D-Minn., the first Muslim elected to Congress. The letter triggered angry responses from a New Jersey congressman and an Islamic civil rights group.

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In the letter, Goode wrote, "The Muslim representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran."

Goode said the U.S. needs to stop illegal immigration "totally" and reduce legal immigration.

Goode added: "I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped."

Ellison was born in Detroit and converted to Islam in college. He did not return telephone messages left Wednesday.

Meanwhile, Rep. Bill Pascrell Jr., D-N.J., wrote to Goode saying he was "greatly disappointed and in fact startled" by Goode's letter.

"I take your remarks as personally offensive to the large community of Muslim-Americans I represent in the Eighth District of New Jersey," Pascrell wrote. "... Muslim-Americans do not threaten our American values and traditions, in fact they only add to them."

And the Council on American-Islamic Relations called on Goode to apologize.

"Representative Goode's Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office," said CAIR's national legislative director, Corey Saylor. "There can be no reasonable defense for such bigotry."

Goode spokesman Linwood Duncan said no apology was forthcoming.

"The only statement the congressman has is that he stands by the letter," Duncan said.

The letter was made public by John Cruickshank, the chairman of the Piedmont group of the Sierra Club in central Virginia, who had received it after writing to Goode about environmental issues. Duncan said Goode's office had sent the letter to Cruickshank by mistake.

Cruickshank said he was "deeply offended" by the letter.

"I felt like other people needed to know about it," he said.

Ellison's decision to use the Quran at his ceremonial swearing in next month has generated heated controversy. Conservative talk radio host Dennis Prager has criticized Ellison for it, prompting CAIR to call on Prager's removal from the U.S. Holocaust Memorial Museum board.

Va. Lawmaker's Remarks On Muslims Criticized (WP)

By Zachary A. Goldfarb

The Washington Post, December 21, 2006

Rep. Virgil H. Goode Jr. (R-Va.) is coming under sharp criticism for lashing out against the decision by Keith Ellison (D-Minn.), who will become the first Muslim member of Congress next month, to use the Koran during a swearing-in ceremony.

In a recent letter to constituents, Goode, a five-term congressman from Rocky Mount, wrote that he does "not subscribe to using the Koran in any way" and added: "The Muslim Representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration, there will likely be many more Muslims elected to office and demanding the use of the Koran."

The Council on American-Islamic Relations condemned Goode's remarks and called on him to apologize.

"Congressman Goode's ignorant and divisive statements are an affront to Muslims in his district and to Americans of all faiths who believe in our nation's longstanding traditions of religious tolerance and diversity," said Nihad Awad, executive director of the council.

Goode wrote the letter to constituents who had e-mailed him with concerns about Ellison using the Koran, he said in a written response to questions from The Washington Post. That letter was obtained by the C-Ville Weekly, a Charlottesville newspaper, and posted on its Web site.

"We need to stop illegal immigration totally and reduce legal immigration and end the diversity visas policy . . . allowing many persons from the Middle East to come to this country," Goode said in the letter. "I fear that in the next century we will have

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many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America."

When members of Congress are sworn in, they simply raise their right hand. In a ceremony afterward, they may take the oath of office on a Christian Bible, another religious book or no book at all.

In his written response, Goode said he will not apologize and does not see why his comments could be offensive to some Muslims. "The voters of each Congressional district select the representative that they choose to represent them, and perhaps voters in all districts will now ask prospective candidates whether they will use the Bible, the Koran, or anything else," Goode said.

Ellison, who was born in Detroit, could not be reached to comment.

Rep. William J. Pascrell Jr. (D-N.J.), who represents a congressional district with a large Muslim community, yesterday sent Goode a letter challenging his remarks.

"I was greatly disappointed and in fact startled by your recent constituent letter addressing the issue of Representative-elect Keith Ellison using a Koran for his swearing-in ceremony," Pascrell said in the letter. "Your letter also wrongfully equates the issue of immigration with a fear of Muslim integration in our society. I take your remarks as personally offensive to the large community of Muslim-Americans I represent."

Congressman Criticizes Election Of Muslim (NYT)

By Rachel L. Swarns

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — In a letter sent to hundreds of voters this month, Representative Virgil H. Goode Jr., Republican of Virginia, warned that the recent election of the first Muslim to Congress posed a serious threat to the nation's traditional values.

Mr. Goode was referring to Keith Ellison, the Minnesota Democrat and criminal defense lawyer who converted to Islam as a college student and was elected to the House in November. Mr. Ellison's plan to use the Koran during his private swearing-in ceremony in January had outraged some Virginia voters, prompting Mr. Goode to issue a written response to them, a spokesman for Mr. Goode said.

In his letter, which was dated Dec. 5, Mr. Goode said that Americans needed to "wake up" or else there would "likely be many more Muslims elected to office and demanding the use of the Koran."

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped," said Mr. Goode, who vowed to use the Bible when taking his own oath of office.

Mr. Goode declined Wednesday to comment on his letter, which quickly stirred a furor among some Congressional Democrats and Muslim Americans, who accused him of bigotry and intolerance.

They noted that the Constitution specifically bars any religious screening of members of Congress and that the actual swearing in of those lawmakers occurs without any religious texts. The use of the Bible or Koran occurs only in private ceremonial events that take place after lawmakers have officially sworn to uphold the Constitution.

Mr. Ellison dismissed Mr. Goode's comments, saying they seemed ill informed about his personal origins as well as about Constitutional protections of religious freedom. "I'm not an immigrant," added Mr. Ellison, who traces his American ancestors back to 1742. "I'm an African-American."

Since the November election, Mr. Ellison said, he has received hostile phone calls and e-mail messages along with some death threats. But in an interview on Wednesday, he emphasized that members of Congress and ordinary citizens had been overwhelmingly supportive and said he was focusing on setting up his Congressional office, getting phone lines hooked up and staff members hired, not on negative comments.

"I'm not a religious scholar, I'm a politician, and I do what politicians do, which is hopefully pass legislation to help the nation," said Mr. Ellison, who said he planned to focus on secular issues like increasing the federal minimum wage and getting health insurance for the uninsured.

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"I'm looking forward to making friends with Representative Goode, or at least getting to know him," Mr. Ellison said, speaking by telephone from Minneapolis. "I want to let him know that there's nothing to fear. The fact that there are many different faiths, many different colors and many different cultures in America is a great strength."

In Washington, Brendan Daly, a spokesman for the incoming House speaker, Nancy Pelosi of California, called Mr. Goode's letter "offensive." Corey Saylor, legislative director for the Council on American-Islamic Relations, criticized what he described as Mr. Goode's "message of intolerance."

Representative Bill Pascrell Jr., Democrat of New Jersey, urged Mr. Goode to reach out to Muslims in Virginia and learn "to dispel misconceptions instead of promoting them."

"Keith Ellison serves as a great example of Muslim Americans in our nation, and he does not have to answer to you, to me or anyone else in regards to questions about his faith," said Mr. Pascrell, whose district includes many Arab-Americans.

The fracas over Mr. Ellison's decision to use the Koran during his personal swearing-in ceremony began last month when Dennis Prager, a conservative columnist and radio host, condemned the decision as one that would undermine American civilization.

"Ellison's doing so will embolden Islamic extremists and make new ones, as Islamists, rightly or wrongly, see the first sign of the realization of their greatest goal — the Islamicization of America," said Mr. Prager, who said the Bible was the only relevant religious text in the United States.

"If you are incapable of taking an oath on that book, don't serve in Congress," Mr. Prager said.

In his letter, Mr. Goode echoed that view, saying that he did not "subscribe to using the Koran in any way." He also called for ending illegal immigration and reducing legal immigration.

Linwood Duncan, a spokesman for Mr. Goode, said the Virginia lawmaker had no intention of backing down, despite the furor.

"He stands by the letter," Mr. Duncan said. "He has no intention of apologizing."

Lawmaker Sees Muslims As Threat (MINNST)

By Rob Hotakainen

Minneapolis Star Tribune, December 21, 2006

WASHINGTON - A Muslim group is asking Virginia Republican Rep. Virgil Goode Jr. to apologize after he told hundreds of his constituents that more Muslims will follow Rep.-elect Keith Ellison, D-Minn., to Congress if strict immigration laws are not passed.

"The Muslim representative from Minnesota was elected by the voters of that district, and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran," Goode wrote.

The letter was written in response to constituents who contacted Goode after Ellison said he planned to bring his Qur'an with him when he takes the oath of office on Jan. 4.

In his letter, Goode said: "When I raise my hand to take the oath on Swearing In Day, I will have the Bible in my other hand. I do not subscribe to using the Koran in any way."

Goode, an attorney and former state senator who was first elected to Congress in 1996, said he wants to "stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country.

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped," Goode wrote.

Corey Saylor, national legislative director of the Council on American-Islamic Relations (CAIR), said Goode's "Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office."

Ellison, who will replace the retiring Democratic Rep. Martin Sabo, did not return phone calls. CAIR officials noted that Ellison traces his family roots in the United States back to 1742. He is a native of Detroit.

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Saylor said Goode should apologize, and he offered to arrange a meeting with Goode and Muslims in his district.

Linwood Duncan, Goode's press secretary, said that Goode sent the letter to hundreds of constituents who contacted his office after Ellison disclosed his plans. At about the same time, the head of the local Sierra Club contacted Goode about a different issue, and the letter was accidentally sent to him in response. The Sierra Club official gave a copy of the letter to a reporter.

"The congressman is not apologizing," Duncan said. "He stands by the letter."

John Cruickshank, the Sierra Club official from Earlysville, Va., said he was "deeply offended" when he received the letter from Goode. He said he's in regular contact with Goode on environmental issues.

Goode's letter drew a response from Democratic Rep. Bill Pascrell Jr. of New Jersey, who wrote a letter to Goode saying he took his remarks as "personally offensive."I have learned a great deal from the Muslim community and have made it one of my priorities to educate other Americans about the common misconceptions regarding the peaceful faith of Islam," Pascrell wrote.

"There are many valid policy questions regarding immigration that should be addressed by Congress; however, promoting a fear and disrespect of Muslims is not only wrongheaded, but it is reckless. Muslim-Americans do not threaten our American values and traditions, in fact they only add to them."

Goode Stands By Comments On Muslims (RTD)

By Rex Bowman

Richmond Times Dispatch, December 21, 2006

ROCKY MOUNT -- U.S. Rep. Virgil H. Goode Jr. will not apologize to Islamic groups for a letter he wrote that decries Muslim immigration to America, his press aide said yesterday.

"He stands by the letter," said Linwood Duncan, aide to the 5th District Republican. Duncan refused to say more.

The Council on American-Islamic Relations demanded an apology Tuesday night for the letter, which Goode, of Rocky Mount, sent to hundreds of constituents and which the council labeled Islamophobic.

"We need to stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country," Goode wrote.

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped."

Corey Saylor, national legislative director for the Council on American-Islamic Relations, condemned the letter. "Representative Goode's Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office," Saylor said. "There can be no reasonable defense for such bigotry."

Duncan said Goode wrote the letter this month in response to hundreds of e-mails he had received from 5th District constituents concerned about Minnesota Rep.-elect Keith Ellison's decision to use the Quran in his swearing-in ceremony. Ellison, born in the United States, converted to Islam.

After one of Goode's letters miscarried, its contents were plastered online across the blogosphere.

"I do not subscribe to using the Koran [an alternate spelling of the Muslim holy book] in any way," Goode wrote in the letter's opening paragraph. "The Muslim Representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran."

"It's about as stupid a comment as I've ever heard from a legislator," said Mukit Hossain, president of the Potomac Falls-based Virginia Muslim Political Action Committee, which estimates there are 60,000 Muslim voters in Virginia. "We will do everything we can to keep this issue alive. I think we can educate the people in his district that he is not the right candidate."

James Zogby, president of the Arab American Institute, said he was horrified when he read the letter. "I said to myself, the only thing that might make it not horrifying is if a staff person wrote it and he never saw it. But he's owning up to it. It's fundamentally wrong in so many ways . . . and ought to disqualify one for public service in so many other ways."

Goode could not be reached for comment by telephone or at his home.

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Among the chorus of critics was a fellow lawmaker, Democratic Rep. Bill Pascrell Jr. of New Jersey. He took Goode to task in a letter for Goode's "personally offensive" remarks and for "promoting a fear and disrespect of Muslims."

Goode is Virginia's most outspoken advocate in Congress for clamping down on illegal immigration. He has pushed legislation to build a security fence across the border with Mexico and to make English the nation's official language.

The 5th Congressional District, largely rural, stretches from the North Carolina line between Henry and Brunswick counties north through Charlottesville to Greene County. It is home to few Muslims, but precise numbers are not available because the Census Bureau does not collect data based on religious adherence.

However, there is a small Muslims of America community in western Charlotte County. In recent weeks, members of an organization calling itself the Christian Action Network have sought to have changed the name of the main road, Sheikh Gilani Lane, that runs through the African-American community.

Tools: Save | Print | E-mail | Most Popular Lawmaker Won't Apologize For 'Islamophobic' Letter (CNN)

CNN.com, December 20, 2006

WASHINGTON (CNN) -- A Virginia congressman will not apologize for writing that without immigration reform "there will be many more Muslims elected to office demanding the use of the Quran," his spokesman said.

Republican Rep. Virgil Goode's letter to constituents also warns that without immigration reform "we will have many more Muslims in the United States."

Spokesman Linwood Duncan said Goode's letter was written in response to complaints his office received about Minnesota Rep.-elect Keith Ellison's request to be sworn in using the Quran.

Ellison is the first Muslim to be elected to Congress.

Goode's office released the letter to CNN Wednesday.

In it, Goode wrote, "When I raise my hand to take the oath on Swearing In Day, I will have the Bible in my other hand. I do not subscribe to using the Quran in any way.

"The Muslim representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Quran.

"We need to stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country.

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped."

He added, "The Ten Commandments and 'In God We Trust' are on the wall in my office. A Muslim student came by the office and asked why I did not have anything on my wall about the Quran.

"My response was clear, 'As long as I have the honor of representing the citizens of the 5th District of Virginia in the United States House of Representatives, the Quran is not going to be on the wall of my office.' "

The Council on American-Islamic Relations asked Goode to apologize.

"Rep. Goode's Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office," the council's Corey Saylor said in a statement. "There can be no reasonable defense for such bigotry."

Duncan told CNN that Goode stands by his comments.

Congress Asked To Intervene In Fla. Race (AP)

By David Royse

AP, December 21, 2006

The Democrat who narrowly lost to a Republican in the race to replace Rep. Katherine Harris asked Congress on Wednesday for an investigation.

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The state has declared that Democrat Christine Jennings lost to Republican Vern Buchanan by 369 votes. But 18,000 Sarasota County electronic ballots did not record a choice in the race, and Jennings contends that the number is abnormally high and that the machines lost the votes.

She filed with the House clerk an official contest of the election results in Florida's 13th Congressional District.

She said she will ask Congress to consider ordering a revote if her legal challenge in Florida fails. She is seeking to obtain the programming code for the touch-screen voting machines to determine whether a bug or malicious programming could have lost votes. The state has found no evidence of malfunction.

The company that makes the machines, Electronic Systems & Software Inc., is fighting the effort, saying its programming is a trade secret.

"It's not about me. It's about a revote," Jennings said by telephone from Washington. "I am not trying in any way to tell Congress what they should do. I am simply doing this for the integrity of our voting system."

Buchanan is to be sworn in Jan. 4. He has 30 days to respond to the challenge.

"Our primary concern is representing our constituency," Buchanan spokeswoman Sally Tibbetts said. "Nevertheless, we fully intend to respond."

Congress is unlikely to intervene immediately, said Salley Collins, a spokeswoman for the Committee on House Administration. The usual practice in such cases is to wait for the state-declared winner to be sworn in and a court to rule, then investigate if the candidate wishes to continue contesting the case.

Mass. Governor's Rightward Shift Raises Questions (WP)

By Dan Balz And Shailagh Murray

The Washington Post, December 21, 2006

As he prepares for a 2008 presidential campaign, Massachusetts Gov. Mitt Romney (R) has championed the conservative principles that guided President Ronald Reagan, become an outspoken opponent of same-sex marriage and supported overturning the Supreme Court decision that legalized abortion.

It was not always so. Twelve years ago, Romney boasted that he would be more effective in fighting discrimination against gay men and lesbians than Sen. Edward M. Kennedy (D-Mass.), distanced himself from some conservative policies of the Reagan administration, and proudly recalled his family's record in support of abortion rights.

The apparent gulf between the candidate who ran for the Senate in 1994 and the one getting ready to run for president has raised questions as to who is the real Mitt Romney. Is he the self-described moderate who unsuccessfully challenged Kennedy in the year of the Republican landslide, the self-described conservative now ready to bid for the Republican presidential nomination in 2008, or merely an ambitious and adaptable politician? The answer could be crucial to Romney's presidential ambitions.

In stressing his conservative views, Romney has sought to fill a vacuum on the right in the Republican nomination contest. Neither Sen. John McCain (Ariz.) nor former New York mayor Rudolph W. Giuliani, who top the opinion polls among Republicans, has a comfortable relationship with social and cultural conservatives.

McCain has a long record of opposition to abortion rights, but many conservatives, nonetheless, remain wary of him because he went out of his way in 2000 to attack religious conservative leaders Jerry Falwell and Pat Robertson. Giuliani supports abortion rights, gay rights and gun control, creating potentially irreconcilable differences with many conservatives.

Romney acknowledges that his positions on abortion and gay rights have changed. He told National Review Online last week that he would like to see the Supreme Court overturn the 1973 Roe v. Wade decision and return the issue to the states. He also said he no longer favors a federal non-discrimination law that would cover gay men and lesbians, and no longer backs accelerating the opening up of the military to gay men and lesbians.

Romney declined a request for an interview to discuss the evolution of his thinking on these issues. Aides said his schedule did not permit him to take the time for a telephone interview. They also said he has responded to questions on these subjects many times as he has explored a presidential candidacy.

Eric Fehrnstrom, his statehouse communications director, responded to questions about the apparent shift in Romney's beliefs. "The governor should be judged on his four-year record in office in one of the most liberal states in the country," he said.

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"He has governed as a mainstream conservative. He's gone after wasteful spending; he's defended traditional marriage; he pushed to bring abstinence education to the classroom; he fought against embryonic cloning and stood up and vetoed an emergency-contraceptive bill."

But it will not just be that record that will attract attention as Romney leaves office in January and turns his attention toward a likely presidential campaign. The entire arc of his political career will be under examination, beginning with that 1994 race for the Senate.

When he challenged Kennedy, Romney was a young businessman with no firm ideological identity, the latest in a line of moderate Massachusetts Republicans that included former governor Francis W. Sargent and then-Gov. William F. Weld. Then 47, he had been a registered independent until 1993 and had voted for Democrat Paul Tsongas in the 1992 presidential primary. He took a tough, more conservative view of crime, immigration and welfare than Kennedy but shared the senator's liberal tolerance on social issues.

"It was a no-rocking-the-boat sort of reformism," said John Gorman, an independent Boston-based pollster.

As a Michigan-born Mormon, Romney was a cultural oddity in Massachusetts. Throughout the campaign, he sought to reassure voters that his religious faith would not influence his public actions. "One of the great things about our nation . . . is that we're each entitled to have strong, personal beliefs," Romney said during his first debate with Kennedy. "But, as a nation, we recognize the right of all people to believe as they want and not to impose our beliefs on other people."

One group he went out of his way to court was the gay rights community. While he noted that he opposed same-sex marriage, Romney said that "certain benefits and privileges should be offered to gay couples and lesbian couples." Acknowledging that Kennedy had a strong record on sexual-orientation issues, Romney said his GOP identity gave his words extra weight.

"There's something to be said for having a Republican who supports civil rights in this broader context, including sexual orientation," he told Bay Windows, a Boston-area newspaper for the gay community, in an Aug. 18, 1994, interview. "When Ted Kennedy speaks on gay rights, he's seen as an extremist. When Mitt Romney speaks on gay rights, he's seen as a centrist and a moderate."

He said he would push gay rights issues if elected. "I think the gay community needs more support from the Republican Party, and I would be a voice in the Republican Party to foster anti-discrimination efforts," he said then.

In an Oct. 6, 1994, letter to the Log Cabin Club of Massachusetts, a GOP gay and lesbian group, Romney endorsed broad federal anti-discrimination protections and the creation of a federal panel to address gay and lesbian youth suicide. He called President Bill Clinton's "don't ask, don't tell" military policy "the first of a number of steps that will ultimately lead to gays and lesbians being able to serve openly and honestly in our nation's military."

Romney has since backed away from his endorsement of that federal anti-discrimination statute and from his previously expansive position on gay people in the military. On that issue, he told National Review Online, he now defers to military leaders.

Fehrnstrom said Romney remains opposed to discrimination against gay men and lesbians, though his focus in the past few years has shifted to the issue of same-sex marriage. "Even as the governor has emerged nationally as a prime defender of traditional marriage, he always cloaks his rhetoric in tolerance and respect for people of all walks of life," he said.

Romney has long said he personally opposes abortion, and in an Oct. 25, 1994, debate with Kennedy, he was asked to reconcile his personal beliefs with his support for abortion rights.

"I believe that abortion should be safe and legal in this country," Romney responded. "I have, since the time when my mom took that position when she ran in 1970 as a U.S. Senate candidate. I believe that since Roe v. Wade has been the law for 20 years, we should sustain and support it. I sustain and support that law and the right of a woman to make that choice. And my personal beliefs, like the personal beliefs of other people, should not be brought into a political campaign."

He ran for governor in 2002 promising to preserve the status quo on abortion in Massachusetts, saying he would oppose changes that either liberalized or restricted access to abortion. He has lived up to that promise. But in late 2004, as he studied the issue of embryonic stem cell research, he underwent what he has called an awakening that led him to the conclusion that "the sanctity of life had been cheapened" by the Roe decision.

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That led him to describe himself as "pro-life." Still, he remained cagey about what that meant in terms of public policy, saying only that he would abide by his 2002 campaign promise. Asked in an interview with Washington Post reporters in February 2005 whether he favored making abortion illegal, he replied: "I'm telling you exactly what I will do as governor of Massachusetts, but I'm not going to tell you what I'd do as mayor of Boston or a congressman or any of those positions."

In the 1994 campaign, Romney also proudly labeled himself a moderate. "I'm not a partisan politician," he said in an interview with The Post that fall. "My hope is that, after this election, it will be the moderates of both parties who will control the Senate, not the Jesse Helmses."

Helms, the former Republican senator from North Carolina, was one of the most conservative elected officials in the country.

In his 1994 debate with Kennedy, Romney also refused to endorse the "Contract With America," which House Republicans had proudly presented as their campaign manifesto, and he balked when Kennedy tried to link him to the Reagan administration. "I was an independent during the time of Reagan-Bush," Romney retorted.

Questions about Romney's conservative credentials could provide an opening for several other Republicans exploring 2008 candidacies, among them Sen. Sam Brownback (Kan.) and outgoing Arkansas Gov. Mike Huckabee.

Several conservative leaders, Falwell among them, declined to be interviewed for this article. One said it is premature to comment publicly. But Paul M. Weyrich, who is head of the Free Congress Foundation, said Romney should not underestimate the problem he may face as he prepares to launch his campaign.

"I think it's very serious," he said. "Our position is that, if a candidate can change his position sort of overnight, what would he do once he got in office? Would he do the same thing?"

The Courts Need This Watchdog (WP)

By Ronald D. Rotunda

The Washington Post, December 21, 2006

The Judicial Transparency and Ethics Enhancement Act of 2006, now before Congress, would create an inspector general for the courts. It offers modest reforms that would keep our judiciary independent (because no one favors a dependent judiciary) and help keep it accountable (because no one favors a judiciary that is above the law).

Nonetheless, there are those who greet it the way Dracula would greet a bouquet of garlic. Justice Ruth Bader Ginsburg, for example, has said of the proposal: "That's a really scary idea."

On the contrary, this bill would strengthen judicial independence because it would give people greater faith that if there were problems, the inspector general for the courts would deal with them and not sweep them under the rug. An inspector general would also protect judges from frivolous or false charges.

There are already 57 inspectors general for other organs of government -- for the Justice Department, Iraq reconstruction and so forth. The House of Representatives has imposed an inspector general on itself. Indeed, one wonders why it has taken so long to create one for the courts.

Giving an IG the power to audit federal judicial expenditures, to recommend changes in laws or regulations governing the judicial branch, and to investigate fraud, waste and abuse, is a modest reform that would not dislodge the heavens. That's why the House Judiciary Committee recently voted in favor of this bill by a bipartisan majority of 20 to 6.

After I testified in favor of the legislation in June, I received many supporting letters. For example, a federal judge, John Kane (who gave me permission to quote his e-mail), wrote, "I've been a district judge for 29 years and think the federal judicial house has brought this legislation on itself." He sat on the 10th Circuit Judicial Council when the first complaint about a judge came up for consideration: A district judge was trying to coerce counsel into establishing a library on product liability cases in honor of the judge.

Judge Kane's e-mail is worth quoting at length. He voted for discipline. The vote was 3 to 3, "and so the Chief Judge voted against sustaining the complaint because it was the first such complaint and he thought a close vote was too slender a reed upon which to proceed. As we were leaving the meeting, one of the judges who had voted to dismiss collared me and said, 'John, think about it. The next time it could be you or me. We've got to stick together.' "

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Kane added, "I've recently heard of a number of judges who ruled on cases involving companies in which they owned an interest, yet nothing was done about it. The point is that the current system is a 'kiss your sister' operation that hasn't worked and won't as long as judges are covering one another's butts. The present system is ineffectual and I think that could be demonstrated by the very sorry record."

Other judges may not favor these conclusions but they do not dispute the facts. Justice Stephen Breyer's commission on judicial discipline recently reported that the judiciary failed to conduct a proper investigation of judicial misconduct in five of 17 "high visibility cases" between 2001 and 2005. This error rate, the report admitted, is "far too high."

We can do better.

Right now the discipline process is conducted largely in secret. The proposed bill would give us sunlight, the best disinfectant. As for the independence of the judiciary, the proposed bill provides that the chief justice would appoint, and could remove, the inspector general. Federal judges already have lifetime tenure and salary protection. Giving them an inspector general whom the chief justice appoints and removes would not interfere with their independence.

Opponents of this bill say that the sky is falling. But it is not falling. There are no cracks in the sky. There are not even pre-fracture incipient fissures in the sky. Instead there is a real need for change.

The writer is university professor and a professor of law at George Mason University.

Discover America Partnership Lands Ridge (WP)

By Judy Sarasohn

The Washington Post, December 21, 2006

If a travel industry group wanted a big name with big credentials to speak up for opening U.S. borders to let in more business and recreational travelers, it couldn't have done much better than former homeland security secretary Tom Ridge.

And that's just who the Discover America Partnership got.

"It's a huge coup for us. There's no more credible source," Geoff Freeman, executive director of the Discover America Partnership, said yesterday.

The group wants Ridge to evaluate the entry process -- difficulties real and perceived with getting visas and going through airports -- and to propose strategies for a better balance between security and open doors. Freeman declined to say how much the group is paying Ridge.

The coalition and its multimillion-dollar advocacy campaign were launched in September to help boost the number of visitors by 10 million a year. Since Sept. 11, 2001, there has been a 17 percent decline in overseas travel to the United States, the group said.

Ridge said that he doesn't do lobbying, but that he will help devise "a tactical plan of which lobbying may be a part."

"Our borders are where our security and future prosperity intersect. The borders are getting more secure, but the doors are not opened enough," Ridge said. "We're not viewed as easily accessible because we're not."

Some of the coalition members are Steve Porter, president of the InterContinental Hotels Group, the Americas; Joseph A. McInerney, chief executive of the American Hotel and Lodging Association; Roger Dow, chief executive of the Travel Industry Association; and Jay Rasulo, chairman of Walt Disney Parks and Resorts.McCurdy Is Making a Move

Dave McCurdy, a Democratic survivor of the Republican K Street Project, is moving from the Electronic Industries Alliance to become president of the Alliance of Automobile Manufacturers.

McCurdy, a former Democratic House member from Oklahoma, will take his post Feb. 12, succeeding Frederick L. Webber, who is retiring.

In 1998, Republicans tried to pressure the EIA into hiring a fellow Republican instead. Some GOP lawmakers told their staffs not to meet with EIA officials, and they delayed passage of legislation that the EIA supported.

Republicans were unsuccessful then -- McCurdy became chief executive of the EIA -- and the House ethics committee privately chastised then-Majority Whip Tom DeLay (R-Tex.) for threatening retaliation.

McCurdy was unavailable to comment on his new appointment, a spokeswoman for the auto group said. Nels Olson of Korn-Ferry International helped with the executive search.

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Among the alliance's issues: The industry wants to avoid what it considers congressional meddling in government regulation of safety standards.

The alliance represents the BMW Group, DaimlerChrysler, Ford Motor Co., General Motors Corp., Mazda, Mitsubishi Motors, Porsche, Toyota and Volkswagen.Shepherd Heading to Venable

Not to be outdone by other law firms snagging Hill investigator types for the much-anticipated oversight investigations in the Democratic-controlled Congress, Venable has signed one up, too.

Raymond Shepherd III, chief counsel of the Senate Permanent Subcommittee on Investigations, is moving to Venable next month to be head of the law firm's new congressional investigation group.

Before going to work for Sen. Norm Coleman (R-Minn.) at the subcommittee, Shepherd was oversight counsel at the House Energy and Commerce Committee.

Shepherd was involved with the panel's 25 hearings on such topics as abusive tax shelters, the United Nations oil-for-food program and the USA Patriot Act.

"I've seen a lot of companies prejudiced by counsel not knowing what Congress wants" and not realizing there are few rules that govern congressional investigations, he said.

Shepherd, who also will do some lobbying, will be covered by the one-year ethics ban from contacting former Senate colleagues.

Karl Racine of Venable said that Shepherd is a "special catch," particularly because the Coleman panel was known for its bipartisan approach.Lobby Shop Takes a Left Turn

Johnson, Madigan, Peck, Boland & Stewart has had strong Democratic -- and Republican -- credentials for years, and now it's getting a little more Democratic.

Jonathon Jones, a longtime aide to Sen. Thomas R. Carper (D-Del.), most recently as chief of staff, joined the lobby shop Monday. Jones also helped create the Third Way, a centrist think tank, or "strategy center," for Senate Democrats.

David Johnson, a former executive director of the Senate Democratic Campaign Committee, said of Jones's work with Carper and Third Way: "In the Senate you have to have enough in the middle to get anything done."

Jones is covered by a one-year ban on lobbying Carper or his staff.Here and There

Also moving about town . . . Howard Waltzman, chief counsel for the House Energy and Commerce Committee, is leaving the Hill for Mayer, Brown, Rowe & Maw as a partner in the law firm.

Scott Gottlieb, deputy commissioner for medical and scientific affairs at the Food and Drug Administration, is leaving Jan. 16 to rejoin the American Enterprise Institute.

OTHER NEWS:

Chavez Accuses U.S. Envoy Of Lying On Drug Problem (AP)

AP, December 20, 2006

CARACAS, Venezuela (AP) -- The U.S. ambassador's suggestion that better ties were possible with Venezuela's President Hugo Chavez met a blunt reply on Wednesday when Chavez accused the ambassador of lying about drug trafficking.

The lack of counter-drug cooperation between Venezuela and the United States has been one of many diplomatic sticking points between the two countries -- one that has worsened as Chavez has accused American anti-drug agents of involvement in espionage.

"A little while ago, the U.S. ambassador in Caracas told a big lie. He should retract it if it's really true that [U.S. officials] want good relations like they've been saying," Chavez told reporters who questioned him during an unrelated event Wednesday.

Ambassador William Brownfield told the Venezuelan newspaper El Nacional this week that U.S. officials estimate that the amount of cocaine smuggled through Venezuela has increased by 22 to 33 tons (20 to 30 metric tons) a year over the last five years, reaching about 330 tons (300 metric tons) in 2006.

"The drug traffickers have identified a vacuum because there is less police collaboration than in any other country ... and as a result they take advantage of Venezuela to move their product toward the Caribbean," Brownfield told El Nacional.

Brownfield also told El Nacional that Washington is seeking a pragmatic relationship with Chavez's government, cooperating on trade, energy and drug issues despite political differences.

Chavez called Brownfield's claims about drugs "a lack of respect for the truth" and said they were "absolutely false."

He said consumption by Americans was the root of the drug problem and accused the U.S. government of turning from communism to the drug war as an excuse to intervene in Latin America and justify its military presence in the region.

The U.S. Embassy declined to comment Wednesday.

Venezuela, due to its location next to Colombia, is a major transit route for cocaine headed to the United States and Europe.

But Venezuelan officials said they are fighting the drug war with increasing success, claiming that since Chavez broke off cooperation with the U.S. Drug Enforcement Administration last year, the amount of illegal drugs seized has doubled.

Brownfield has urged Venezuela to sign a new agreement with the DEA, but Chavez revived his earlier claims that officials of that agency had been involved in spying -- allegations that Washington denies.

"They had secret bases here ... the DEA blackmailed Venezuelan police and military officers in order to conduct political espionage," and support efforts to destabilize the country, Chavez said, without elaborating.

Following Chavez's re-election on December 3 by a wide margin, both the U.S. and Venezuelan governments have shown cautious hope for more dialogue despite deep differences.

But Chavez said Brownfield was playing the "bad cop" and was threatening the credibility of U.S. overtures: "It seems the ambassador here doesn't toe that line."

Chavez threatened to kick out Brownfield earlier this year, accusing him of trying to provoke confrontations with his frequent trips into pro-Chavez slums to hand out donations to libraries and youth baseball teams.

Bush Forcefully Rejects Direct Talks With Syria, Iran (MCT)

By William Douglas And Warren P. Strobel

McClatchy Newspapers, December 21, 2006

WASHINGTON - President Bush on Wednesday voiced his strongest opposition yet to talking directly to Iran and Syria as other administration officials acknowledged secret U.S. funding of opponents to Syria's regime.

At a year-end White House news conference, the president insisted that he won't deal with Iran until it verifiably abandons its uranium enrichment program and won't talk with Syria until it stops interfering in Lebanon and Iraq. Both stands are rejections of a key recommendation made earlier this month by the Iraq Study Group.

On Iraq, Bush said he's still consulting and hasn't made up his mind whether to increase U.S. troops there, but he insisted that "victory in Iraq is achievable." The president will outline what he calls "a new way forward" in Iraq in an address to the nation next month.

In addition, Bush said the Army and Marines must grow to fight "radicals and extremists ... for a long period of time" around the world. He offered no specifics but has instructed new Defense Secretary Robert Gates to develop a plan to bolster the ranks of both services.

His strongest language Wednesday concerned Iran and Syria.

He called Iranian President Mahmoud Ahmadinejad's government "out of step" with the rest of the world and chastised it for sponsoring a conference on the Holocaust that "heralded a really backward view of the history of the world."

"My message to the Iranian people is, `You can do better ...," Bush said. As for Syria, he said, "the message is the same."

He scolded the Syrian government for allowing money and weapons to flow through its borders to insurgents in Iraq and reiterated his call for Syria to end its efforts to destabilize Lebanon's fledgling democratic government.

With such comments, Bush rejected one of the key suggestions from the Iraq Study Group, a 10-member, bipartisan panel led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, D-Ind.

Some analysts believe that Bush's refusal to talk to Syria could be a crucial mistake and undermine his hope of sponsoring a new push for an Israeli-Palestinian settlement. Secretary of State Condoleezza Rice will travel to the Middle East next month looking to reignite stalled peace efforts.

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"The idea that we can't talk with the Syrians when we had talks with the Evil Empire, the Soviet Union, for decades is ridiculous," said David Mack, vice president of the Middle East Institute, a nonprofit group devoted to fostering knowledge of the region.

Rather than talk with Iran and Syria, the White House is taking steps to bolster opponents of the two countries' governing regimes.

U.S. officials confirmed Wednesday that the State Department has been quietly funding meetings of opponents of Syrian President Bashar Assad in Europe.

One official, who spoke on condition of anonymity because of the issue's sensitivity, said the meetings have been coordinated via the Berlin offices of the Aspen Institute, a private think tank, and are funded by the department's Middle East Partnership Initiative, an effort to promote democracy in Arab countries.

This is the first time that the U.S. government has acknowledged funding Syrian opposition groups. Syria holds legislative elections in March.

Ammar Abdulhamid, a critic of the Syrian government who's based in Washington, said the Berlin meetings have involved opposition groups of all stripes. Another is planned for late January or early February, he said.

Asked about the funding, which was first reported on Time magazine's Web site, State Department spokesman Sean McCormack said it's "no different from any other programs that we have all throughout the rest of the world and especially in the Middle East, promoting those civil society groups who have an interest in greater freedom and democracy in the Middle East."

Other officials say that's not necessarily the case because the funding involves strengthening groups and individuals that favor replacing Assad's regime.

An administration working group, known as the Iran-Syria Operations Group, whose existence is technically classified, has been meeting almost weekly to discuss ways to promote change in Iran and Syria through U.S.-funded broadcasting and other methods. The ISOG and its sub-groups are co-chaired by the White House's National Security Council and the State Department.

Additionally, Bush aides met at the White House in late October with members of a coalition of Syrian opposition groups called the National Salvation Front. That awkward coalition includes secular Syrians who advocate democracy; members of the Muslim Brotherhood, the Middle East's largest Islamist group; and former vice president Abdul Halim Khaddam, once a leading member of the regime.

Rice has made clear that rather than engaging with Iran and Syria, the administration plans to try to reduce their influence. The plan is to bolster a coalition of "mainstream" states, which would include Egypt, Jordan and six Arab nations bordering the Persian Gulf, led by Saudi Arabia. Iran and Syria, which Rice and Bush have repeatedly denounced as destabilizing the region, would be excluded.

Rice, in an interview with McClatchy Newspapers and other news organizations Tuesday, said she plans to encourage the coalition during the rest of her tenure. "I think that's really the diplomacy of the next couple of years, is to try and solidify that alignment in the Middle East," she said.

But while Sunni Arab nations are worried over Shiite Iran's resurgence, they've made clear to Rice that their cooperation is dependent on greater U.S. involvement to solve the Israeli-Palestinian conflict. Syria could undermine any such effort in retaliation for U.S. efforts to undermine Syria.

Bush vowed to work with the new Democratic-controlled Congress next year on improving the situation in Iraq and adding more soldiers to the U.S. military.

But some Democrats were skeptical of Bush's comments Wednesday.

"Unfortunately, it is troubling to see that he does not understand the need for urgent change in Iraq," Senate Majority Leader-designate Harry Reid said in a written statement. "The president seems lost within his own rhetoric."

Bush also vowed to work with Democrats to increase the minimum wage by $2.10 over a two-year period, if the increase is coupled with a relaxation of regulations and taxes for small businesses.

And he pledged to try again to get a comprehensive immigration policy that includes a guest worker program.

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Kerry, Dodd Meet With Syria President (AP)

By Albert Aji

AP, December 21, 2006

Sens. John Kerry and Christopher Dodd met with Syrian President Bashar Assad on Wednesday and discussed the need for Damascus to cooperate with efforts to maintain the unity and stability of war-ravaged Iraq, state media reported.

The U.S. Embassy in Damascus said the meeting, which lasted two and a half hours, covered "a full-range of topics relating to U.S.-Syrian relations and regional issues."

"I feel quite confident in saying this was a conversation worth having and that the (Bush) administration ought to pursue it," Kerry said in a telephone interview with the Associated Press from Jerusalem where he traveled after the meeting with Assad. "I feel very strongly about that...It's worth following up on a number of avenues."

Kerry said he told Assad the new Democratic-controlled Congress has serious concerns about issues such as the flow of "money, weapons and terrorists" through Syria into Iraq and Lebanon.

Kerry has criticized the Bush administration for refusing to engage with Syria and Iran, a move that was recommended by the recently released Iraq Study Group, a bipartisan panel.

The Democratic senators, both prospective 2008 presidential candidates, and Assad "reviewed the situation in Iraq and stressed the importance of supporting the current political process to arrive at setting a timetable for the withdrawal of foreign troops," SANA said.

Talks also dealt with ways of stopping the escalating violence in the Palestinian territories, the agency said.

The Bush administration has accused Kerry, Dodd and other senators who have met with Assad of sending mixed signals and has insisted that the U.S. will not make concessions to Damascus to win its help in Iraq.

"We discourage the travel of members of Congress to Syria because we believe it undermines the cause of democracy in the region and particularly" Lebanon's government, White House spokesman Blair Jones said Wednesday night.

Syrian-U.S. relations have been strained for several years. The U.S. government has expressed reluctance to seek help from Damascus on Iraq until the Syrians curb their support to radical Palestinian groups and to the Lebanese Hezbollah and reduce their influence in Lebanon.

The two American lawmakers arrived in Damascus on Tuesday as part of a Middle East tour to investigate Syria's readiness to help bring about stability and security to neighboring Iraq.

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AP writers Barry Schweid and Andrew Miga in Washington contributed to this report.

Kerry: Syria Leader Wants To Assist In Iraq (BOS)

By Rick Klein

The Boston Globe, December 21, 2006

Senator John F. Kerry said Wednesday that President Bashar Assad of Syria expressed a willingness to work with the United States to bring stability to Iraq, and said Assad personally offered assistance that Kerry plans to convey to the Bush administration.

Kerry -- who visited Syria along with Senator Christopher J. Dodd, Democrat of Connecticut, despite the administration's opposition to the trip -- said the meeting with Assad reinforced the need to follow the Iraq Study Group's recommendation that the US government directly engage Syria and Iran to find a way forward in Iraq.

"He offered some very direct and concrete ways in which they could be helpful in Iraq," Kerry said in an interview conducted by telephone from Damascus. "I came away with a distinct feeling that there are opportunities here. There are fronts in which we can work together if people are inclined to."

Kerry said the Assad government is interested in approaching the Iraq war from a regional perspective, where other Middle East issues -- including the Israeli-Palestinian conflict -- are part of the equation. The Massachusetts Democrat said he would not publicly discuss the substance of his talks with Assad until he has fully briefed State Department officials about his visit.

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But Kerry reiterated his position that President Bush is wrong to rule out direct talks with Syria and Iran. He added that he is interested in visiting Iran as well at an "appropriate time" that's well-removed from the country's recent conference for Holocaust deniers, which Kerry labeled "absurd and insulting."

"I think you've got to talk with people," Kerry said. "You can disagree with them and disagree with them and disagree with them, and you may not get anywhere, but you've got to talk to people."

Wednesday's two-hour meeting involving Kerry, Dodd, and Assad is part of a growing diplomatic effort by senators to improve US relations with Syria. Last week, Senator Bill Nelson, a Florida Democrat, became the first senator in nearly two years to meet with Assad, and Senator Arlen Specter, a Pennsylvania Republican, is also due to visit Syria this week.

The Bush administration cut off high-level diplomatic contact with Syria in late 2004, saying that talks with the government had failed to convince Syria to stop the flow of insurgents into Iraq or to stop support for the anti-Israeli militant groups Hezbollah and Hamas.

State Department officials sought to dissuade Kerry, Dodd, and Nelson from going to Syria, though they helped set up logistics of the visits when the lawmakers insisted on making their trips. Last week, White House Press Secretary Tony Snow blasted the visits as "not appropriate," saying that such meetings hand the Syrian government "a PR victory" by allowing officials to showcase what they portray as improved relations with the West.

At a White House press conference Wednesday, Bush defended his administration's decision to rule out talks with Iran and Syria until the leaders of those countries change their behavior.

"We have talked to them about what is necessary for them to have a better relationship with the United States," Bush said. "And they're not unreasonable requests."

Still, Bush cited the fact that US lawmakers are visiting Syria as a signal to the Syrian government that they can work to repair relations with the United States. The Bush administration withdrew its ambassador to Syria in February 2005, after Syria was implicated in the assassination of Rafiq Hariri, a former prime minister of Lebanon, although lower-level staff remain in Damascus.

"We've had visits with the Syrians in the past. Congressmen and senators visit Syria," Bush said at the press conference. "What I would suggest, that if they're interested in better relations with the United States, that they take some concrete, positive steps that promote peace, as opposed to instability."

Nelson told reporters after his meeting with Assad that the Syrian president "clearly indicated the willingness to cooperate" with US and Iraqi forces to secure his country's border with Iraq.

Kerry said his meeting gave him and Dodd a chance to express the "unanimity of Democrats" about the need for an independent Lebanon, free of Syrian interference. In a joint statement, the senators said they laid out a series of steps the Assad government must take to improve its standing in the eyes of the United States.

"While we believe in resuming dialogue, our message is no different: Syria can and should play a more constructive role in the region," the senators said. "We conveyed our strong belief that only concrete and verifiable actions by the Syrian government would help convince Americans that Syria is willing to change course."

But the State Department continued to emphasize that it did not endorse the senators' trip to Syria. Officials' assistance in setting up the trip reflects only the "courtesy that you might expect we would [extend] to senior members of the Senate," said Sean McCormack, a department spokesman.

"Whether they're foreign visitors or US senators or US congressmen, it is their decision to take," McCormack said. "It doesn't mean that we support the fact that they are there or having these discussions."

Syria's official news agency cast Wednesday's meeting as a chance for the Syrian government to work toward an end to violence in Iraq -- and to press Israel to withdraw from the Golan Heights, Syrian territory that has been occupied by Israel since 1967.

"The president and the two senators discussed the deteriorating situation in Palestine and the need to preserve Palestinian national unity," the SANA agency reported. "The Baker-Hamilton [Iraq Study Group] report was discussed and President Assad affirmed the need to stop violence in Iraq, and Syria's readiness to achieve Middle East peace under honest international auspices."

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Both Kerry and Dodd are considering running for president in 2008.

Kerry has said he would announce his decision shortly after the turn of the year.

U.S. And Britain To Add Ships To Persian Gulf In Signal To Iran (NYT)

By Thom Shanker

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — The United States and Britain will begin moving additional warships and strike aircraft into the Persian Gulf region in a display of military resolve toward Iran that will come as the United Nations continues to debate possible sanctions against the country, Pentagon and military officials said Wednesday.

The officials said that Defense Secretary Robert M. Gates was expected this week to approve a request by commanders for a second aircraft carrier and its supporting ships to be stationed within quick sailing distance of Iran by early next year.

Senior American officers said the increase in naval power should not be viewed as preparations for any offensive strike against Iran. But they acknowledged that the ability to hit Iran would be increased and that Iranian leaders might well call the growing presence provocative. One purpose of the deployment, they said, is to make clear that the focus on ground troops in Iraq has not made it impossible for the United States and its allies to maintain a military watch on Iran. That would also reassure Washington's allies in the region who are concerned about Iran's intentions.

The officials said the planned growth in naval power in the gulf and surrounding waters would be useful in enforcing any sanctions that the United Nations might impose as part of Washington's strategy to punish Iran for what it sees as ambitions to acquire nuclear weapons. And the buildup would address another concern: that Iran could try to block oil shipments from the gulf in retaliation for United Nations sanctions or other American-led pressure.

Steps are already being taken to increase the number of minesweeping vessels and magnetic "sleds" carried by helicopters to improve the ability to counter Iranian mines that could block oil-shipping lanes, Pentagon and military officials said.

As part of future deployments after the first of the year, the British Navy plans to add two mine-hunting vessels to its ships that already are part of the international coalition patrolling waters in the Persian Gulf.

A Royal Navy news release said the ship movements were aimed at "maintaining familiarity with the challenges of warm water mine-hunting conditions." But a senior British official said: "We are increasing our presence. That is only prudent." Military officers said doubling the aircraft carrier presence in the region could be accomplished quickly by a shift in sailing schedules.

As opposed to ground and air forces that require bases in the region, naval forces offer a capacity for projecting power in parts of the world where a large American footprint is controversial, and unwanted even by allies. Many of the ships could be kept over the horizon, out of sight, but close enough to project their power quickly if needed.

Vice Adm. Patrick M. Walsh, commander of naval forces across the military's Central Command, said that while "Iranian tone and rhetoric creates an environment of intimidation and fear," the United States "must be careful not to contribute to escalation." In an interview from his headquarters in Bahrain, Admiral Walsh declined to discuss the specifics of future deployments. "To assure our friends, we have to have capabilities to secure the critical sea lines of communication," he said.

"They need reassurances that we expect to be part of the effort here for the long term, that we will not run away from intimidation and that we will be part of the effort here for security and stability at sea for the long term," he added. "Our position must be visible and it must have muscle in order to be credible. That requires sustained presence."

Other military and Pentagon officials did describe specifics of the planned deployments in order to clarify the rationale for the movement of ships and aircraft, but they would not do so by name because Mr. Gates had not yet signed any deployment orders.

Pentagon officials said that the military's joint staff, which plans operations and manages deployments, had recently received what is called a "request for forces" from commanders asking for a second aircraft carrier strike group in the region, and that a deployment order was expected to be signed by the end of the week by Mr. Gates. That specific request was mentioned in various news accounts over the past few days.

The aircraft carrier Eisenhower and its strike group — including three escort ships, an attack submarine and 6,500 sailors in all — entered the Persian Gulf on Dec. 11 after a naval exercise to practice halting vessels suspected of smuggling nuclear

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materials in waters across the region. A carrier had not been inside the gulf since the Enterprise left in July, according to Pentagon officials. The next carrier scheduled to sail toward the Middle East is the Stennis, already set to depart Bremerton, Wash., for the region in late January, Navy officers said.

Officials expressed doubt that the Stennis and its escorts would be asked to set sail before the holiday season, but it could be ordered to sea several weeks earlier than planned. It could then overlap for months with the Eisenhower, which is not scheduled to return home until May, offering ample time to decide whether to send another carrier or to extend the Eisenhower's tour to keep the carrier presence at two.

Doubling the number of carriers in the region offers commanders the flexibility of either keeping both strike groups in the gulf or keeping one near Iran while placing a second carrier group outside the gulf, where it would be in position to fly combat patrols over Afghanistan or cope with growing violence in the Horn of Africa.

But these same officials acknowledge that Iran is the focus of any new deployments, as administration officials view recent bold moves by Iran — and by North Korea, as well — as at least partly explained by assessments in Tehran and North Korea that the American military is bogged down in Iraq and incapable of fully projecting power elsewhere.

Adm. Mike Mullen, the chief of naval operations, has made the case that the United States should seek to create "a thousand-ship Navy." That would be impossible for the United States alone given current budgets, so instead it would be accomplished by operating more closely with allied warships to better cover critical areas like the Persian Gulf.

He said that such a cooperative naval concept would be a "global maritime partnership that unites navies, coast guards, maritime forces, port operators, commercial shippers and many other government and nongovernment agencies to address maritime concerns."

As an example, at present there are about 45 warships deployed in the Persian Gulf and waters across the region from the Red Sea to the Indian Ocean, with a third of those supplied by allies, which this month include Australia, Bahrain, Canada, France, Germany, Italy, Pakistan and Britain.

Security Council Set To Vote Friday On Iran Sanctions (AFP)

By Gerard Aziakou

AFP, December 21, 2006

Under pressure from the United States, the UN Security Council edged toward a Friday vote on a compromise draft resolution mandating sanctions against Iran over its refusal to halt sensitive nuclear fuel work.

After the European sponsors offered concessions to overcome Russian objections, Britain's UN envoy Emyr Jones Parry announced: "The president of the council concluded there would be a vote on Friday morning" on the watered-down text.

The new draft, which watered down a contentious proposal for a travel ban on 12 officials directly linked to Iran's nuclear and ballistic missile programs, was circulated to the council's 15 members Wednesday.

"The travel ban is gone," said Russian Ambassador Vitaly Churkin, saying the issue was "addressed in a creative manner which is more in line with our original thinking."

The new draft, a copy of which was obtained by AFP, finessed the issue by making the travel ban voluntary.

It urged "all states to exercise vigilance regarding the entry into or transit through their territories of individuals who are engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems."

It further says that all states shall notify a monitoring committee "of the entry into or transit through their territories of persons" designated in the draft's annex as well as additional persons found to be linked with Iran's nuclear and ballistic missile programs.

The compromise text drawn up by Britain, France and Germany emerged after several rounds of bargaining Wednesday involving envoys of the Security Council's five veto-wielding members -- Britain, China, France, Russia and the United States -- as well as Germany.

"We are down to two or three issues to be tackled," Churkin said. "I hope they will be by tomorrow."

The new draft also eases some of the financial restrictions slapped on entities or persons linked to Iran's nuclear and ballistic missile programs.

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"We believe there is no reason we should not have a vote tomorrow," State Department spokesman Sean McCormack said.

US acting ambassador Alejandro Wolff said he was consulting with Washington over the latest changes to the draft.

Asked about the travel ban, which earlier this week he described as a "priority" issue for the US side, Wolff said: "We're still negotiating this... we want a vote early and we want a really good resolution."

"We have been working very hard on this resolution which unfortunately we have to do because Iran has not agreed to suspend certain activities which would have opened the door to negotiations," Churkin said.

The aim, he added, was to "make sure this is a careful targeted resolution, which would created some problems for Iran in pursuing activities which the Security Council does not want to pursue but also will make it very clear that the door is open for negotiation when Iran accepts the requirement for suspension."

Moscow, which like China has strong economic ties with Tehran, strongly backs Iran's right to civilian nuclear technology. The Russians are building the Islamic Republic's first atomic power station in Bushehr.

US Secretary of State Condoleezza Rice meanwhile spoke by telephone Wednesday with her British counterpart Margaret Beckett to discuss "ways to close the remaining gaps" over the wording of the draft, McCormack said.

"I would caution that we're not there yet, we don't have a final agreement on a resolution," the US spokesman added.

The draft calls for a mandatory ban on trade with Iran in goods related to its nuclear and ballistic missile programs and place financial restrictions on persons and entities involved in the sectors.

It demands that Iran "without further delay suspend all enrichment-related and reprocessing activities, including research and development and work on all heavy water related projects."

It calls for a report within 60 days by the head of the UN nuclear watchdog agency on whether Iran has complied with fully with UN demands.

It warns that if Tehran refuses to comply, the council "shall adopt further appropriate measures under Article 41 of Chapter Seven" of the UN charter," a reference to economic sanctions only.

The United States and other Western countries suspect that Iran is trying to develop nuclear weapons under cover of a civilian nuclear energy program. Tehran denies this.

U.N. Draft Resolution On Iran Loosens Travel Ban And Time Limits (NYT)

By Warren Hoge

The New York Times, December 21, 2006

UNITED NATIONS, Dec. 20 — The European sponsors of a resolution to take steps against Iran for its refusal to halt sensitive nuclear activities submitted a freshly revised draft to the Security Council on Wednesday evening and called for a vote on Friday.

In a major concession to Russia, the principal dissenter during the months it has taken to settle on the language of the resolution, the final revision eases a travel ban on people involved in Iran's nuclear and ballistic missile programs.

Instead of directing countries to prevent entry of such people into their territory, it now "calls upon" states to "exercise vigilance" over those who cross their borders.

It also gives to a monitoring committee that would be set up under the resolution greater authority than earlier drafts did to restrict what people and entities should be listed as suspected participants in nuclear activities.

In addition, the new draft qualifies a freeze on assets of such people and gives countries more time — 60 days instead of 30 — to report to the committee on how they are complying with the demands of the resolution.

The major thrust of the resolution is to demand that Iran immediately end all enrichment of uranium, which can produce fuel for power plants but also for bombs, and cease all its research and development work on the kinds of activities that are aimed at making weapons.

The amendments were added to address complaints from Russia, a country with close economic ties to Iran. Vitaly I. Churkin, the Russian ambassador to the United Nations, said the resolution appeared largely acceptable to his government.

"The travel ban is gone," he said, adding, "It is addressed in a more creative manner, which is more in line with our original thinking."

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Alejandro D. Wolff, the acting American ambassador who on Tuesday had called the ban an American priority, was asked if the new version could still be called a ban.

"Well, under the vigilance, obviously countries can take their decision on whether they are going to allow people to travel into their country or not, so it does not exclude a ban on travel," he said.

Mr. Wolff said that the United States was still studying the text, which was circulated among the 15 members of the Council only at 6 p.m. Countries were expected to seek guidance from their capitals overnight and present any final suggested changes to the text on Thursday.

"We are not necessarily quite there yet," said Emyr Jones Parry, Britain's ambassador. "We will vote this resolution Friday morning — that's what we intend to do."

The resolution bans imports and exports of materials and technology related to uranium enrichment, reprocessing and ballistic missile systems.

An earlier draft extended those restrictions to the light-water reactor that Russia is building in Bushehr in southern Iran, but, in another concession, all mention of the plant was dropped from the measure.

Settling on the language of the resolution has taken months of tough negotiating among ambassadors at the United Nations, periodic meetings in Europe of senior foreign ministry officials of the countries involved and frequent consultations between missions here and their capitals.

The participants have been Germany and the Council's five permanent members: the United States, Britain, China, France and Russia.

The principal stumbling block has been resistance from Russia and China to steps that would punish Iran for its defiance of the Security Council deadline on suspending the enrichment of uranium.

Iran says that it is exercising its sovereign right to develop nuclear power for peaceful energy purposes, but the United States and other Western governments believe Iran is developing nuclear weapons.

Who's Tough On Tehran? (WSJ)

The Wall Street Journal, December 21, 2006

Iranians made their feelings plain about Mahmoud Ahmadinejad last week by voting to reject his allies in municipal elections and in the Assembly of Experts, a clerical body that theoretically has authority over Supreme Leader Ali Khamenei. That doesn't mean reformers now run Iran, but it does suggest that international pressure and a policy of democracy promotion may produce the kinds of changes in Iran that three years of Western diplomacy have failed to achieve.

So it's all the more puzzling that, even as Iranians try to apply some pressure on Mr. Ahmadinejad, the international community is about to prove his point that Iran will pay little price for its quest to develop an atomic bomb. Consider what's happening at the U.N., where the Security Council is expected to approve a sanctions resolution this week, nearly four months after its August 31 "deadline" for Tehran to stop enriching uranium.

We've seen the latest draft of the resolution, hashed out among the U.S., the Europeans and Russia. Iran will be forbidden from importing any items or technical assistance "which could contribute to [its] enrichment-related, reprocessing or heavy water related activities, or to the delivery of nuclear weapon delivery systems." The resolution also imposes travel restrictions, and it freezes the financial assets of certain individuals involved in Iran's nuclear and ballistic missile programs.

This almost sounds tough. But then the resolution carves out exceptions that are broader than the actual rules. Consider the financial freeze: It shall apply in all cases, except where the money is necessary for "basic expenses," "extraordinary expenses," or is "the subject of a judicial, administrative or arbitral lien." Or take the travel ban, which has exceptions for "humanitarian need," "religious obligation," or when the sanctioned individuals need to travel in connection to some nuclear activities as opposed to others.

More dangerous is the exception for Bushehr, the civilian reactor that Russia has built for Iran at a cost of $1 billion and that is expected to be ready by October 2007. Conventional wisdom says "light-water" reactors such as Bushehr can't easily be used to make nukes, one reason the Clinton Administration arranged to build two of them for North Korea.

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In fact, says proliferation expert Henry Sokolski, such reactors produce hundreds of tons of reactor-grade plutonium, which can be reprocessed into nuclear fuel for as many as 60 Nagasaki-type bombs in a matter of weeks. The Russians promise to safeguard the nuclear fuel. But the reactor's uranium pellets can be secretly removed by substituting dummy fuel rods and then quickly enriched to weapons-grade material in Iran's centrifuge cascades, without foreign inspectors ever being the wiser. Iranian scientists will also gain invaluable nuclear know-how simply by operating a civilian reactor.

In other words, the Security Council's resolution may well be worse than nothing at all. It reaffirms Iran's "right" to peaceful nuclear energy -- a right it has long since forfeited by violating the terms of the Nuclear Nonproliferation Treaty (NPT). And by carving a legally binding exception around Bushehr, the Security Council gives Iran the foothold it needs to develop its nuclear program to within a screw's twist of an actual bomb, without ever trespassing against the sanctions.

The resolution's defenders, particularly at the State Department, tell us this is a price worth paying to accommodate the Russians and achieve an international consensus. They also say the resolution is just the latest incremental step. But at some point one has to ask whether consensus is helping to achieve U.S. policy goals, particularly when Iran keeps using international divisions to buy time for its nuclear programs. Perhaps the best the Administration can hope for is that Iran responds to even these minimal sanctions by making good on its threats to withdraw from the NPT, embarrassing even the U.N. Security Council into tougher action.

Which brings us back to the Iranian elections. It is wrong to imagine that the big winner -- former president and Ayatollah Akbar Hashemi Rafsanjani -- is a moderate or a reformer, though he is more certainly presentable than his successor; he too has threatened Israel with nuclear annihilation. But given the limited political choices the regime offers voters, the election indicates that most Iranians dislike the regime and that they take no pleasure in their president's status as a moral pariah.

There's an opening here to promote change, provided the U.S. doesn't reward Mr. Ahmadinejad's bad behavior by failing to punish it, and provided President Bush reminds Iranians that while the U.S. opposes their government, it stands with Iranians who want more freedom.

Iran Admits Oil Projects Suffering (FT)

By Najmeh Bozorgmehr And Roula Khalaf

Financial Times, December 21, 2006

Iran's oil minister on Wednesday admitted that Tehran was having trouble financing oil projects, in a rare acknowledgment of the economic cost of its nuclear dispute.

"Currently, overseas banks and financiers have decreased their co-operation," Kazem Vaziri-Hamaneh told the oil ministry news agency, Shana.

The statement underlined the impact of de facto financial sanctions on the Organisation of the Petroleum Exporting Countries' second biggest oil producer. As the controversy over Iran's nuclear programme has escalated, the US has applied pressure on European banks and financial institutions to curb dealings with Tehran.

The fact that the UN Security Council could soon impose the first – even if mild – sanctions against Iran has compounded the political uncertainty and risks of doing business with Tehran. Iranian officials insist there is international interest in investing in Iran's oil industry and European executives play down any impact on companies seeking deals in Iran.

The National Iranian Oil Company has signed a memorandum of understanding with China's CNOOC to develop the North Pars gas field. The memorandum, if it turns into a final deal, would bring $16bn worth of Chinese investments for the initial part of any deal, the semi-official Fars news agency reported on Wednesday.

But western officials hope the financial squeeze's effect on the oil industry, the backbone of Iran's economy, will help raise domestic pressure for a change of policy and persuade the regime to heed international calls for a suspension of its uranium enrichment programme.

Iran's oil production capacity, at 4.3m barrels per day, is set to reach 5m bpd, according to the country's latest five-year plan, which closes in 2009. This would involve $16bn of investment in the sector. But the International Energy Agency reckons that Iran's longer term plans to lift oil production to 6.8m bpd by 2030 would require nearly $80bn in investment, with expansion plans for the gas industry requiring an extra $85bn.

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"There's a growing awareness that de facto sanctions are beginning to hurt and everyone understands the future of the economy depends on the development of oil and gas," said a western diplomat. "Banks are not lending, partly because of US pressure, but the banks are also drawing their own conclusions."

Mr Vaziri-Hamaneh said projects would be financed from the Oil Stabilisation Fund, which accumulates oil windfalls to promote the private sector and save for periods of low oil prices.

Iran President Facing Revival Of Students' Ire (NYT)

By Nazila Fathi

The New York Times, December 21, 2006

TEHRAN, Dec. 20 — As protests broke out last week at a prestigious university here, cutting short a speech by President Mahmoud Ahmadinejad, Babak Zamanian could only watch from afar. He was on crutches, having been clubbed by supporters of the president and had his foot run over by a motorcycle during a less publicized student demonstration a few days earlier.

But the significance of the confrontation was easy to grasp, even from a distance, said Mr. Zamanian, a leader of a student political group.

The student movement, which planned the 1979 seizure of the American Embassy from the same university, Amir Kabir, is reawakening from its recent slumber and may even be spearheading a widespread resistance against Mr. Ahmadinejad. This time the catalysts were academic and personal freedom.

"It is not that simple to break up a president's speech," said Alireza Siassirad, a former student political organizer, explaining that an event of that magnitude takes meticulous planning. "I think what happened at Amir Kabir is a very important and a dangerous sign. Students are definitely becoming active again."

The protest, punctuated by shouts of "Death to the dictator," was the first widely publicized outcry against Mr. Ahmadinejad, one that was reflected Friday in local elections, where voters turned out in droves to vote for his opponents.

The students' complaints largely mirrored public frustrations over the president's crackdown on civil liberties, his blundering economic policies and his harsh oratory against the West, which they fear will isolate the country.

But the students had an additional and potent source of outrage: the president's campaign to purge the universities of all vestiges of the reform movement of his predecessor, Mohammad Khatami.

Last summer the newly installed head of the university, Alireza Rahai, ordered the demolition of the office of the Islamic Association, which had been the core of student political activities on campus since 1963 and had matured into a moderate, pro-reform group.

Since then, students say, more than 100 liberal professors have been forced into retirement and many popular figures have been demoted. At least 70 students were suspended for political activities, and two were jailed. Some 30 students were given warnings, and a prominent Ph.D. candidate, Matin Meshkin, was barred from finishing his studies.

The students also complain about overcrowded and crumbling dormitories and proscriptions against women wearing makeup or bright colors, rules that were relaxed when Mr. Khatami came to power in 1997.

Amir Kabir University of Technology, a major polytechnic institute, has been a hotbed of student activism since before Ayatollah Ruhollah Khomeini's Islamic Revolution of 1979. Drawing on networks at universities around the country through an office that links their Islamic associations, students can organize large protests on a moment's notice. There are also student guilds, which are independent, and more than 2,000 student publications.

Mr. Zamanian, the head of public relations of the Islamic Association at Amir Kabir, said that while the situation had not been ideal in the Khatami years, Mr. Ahmadinejad's antireformist campaign had led students to value their previous freedoms.

They were permitted to hold meetings and invite opposition figures to speak, he said, and could freely publish their journals. Now, he said, their papers are forbidden to print anything but reports from official news agencies.

The students also complain about the president's failure to deliver economic growth and jobs. At last week's protest, which coincided with a now infamous Holocaust conference held by the Foreign Ministry, students chanted, "Forget the Holocaust — do something for us."

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A student who identified himself only as Ahmad, for fear of retribution, said: “A nuclear program is our right, but we fear that it will bring more damage than good.”

Another student said: “It is so hard and costly to come to this university, but I don’t see a bright future. Even if you are lucky enough to get a job, the pay would not be enough for you to pay your rent.”

Mr. Zamanian said that the protest had not been planned ahead of Mr. Ahmadinejad’s visit, but that students were further enraged when they saw supporters of the president being bused in.

Although the auditorium was almost filled with the president’s supporters by the time any students were let in, the protesters forced their way inside, chanted, “Death to the dictator,” and held banners calling him a “fascist president.” They also held up posters of the president with his picture upside down and set fire to three of them. Many of the students are now in hiding.

At one point, the head of a moderate student guild complained to Mr. Ahmadinejad that students were being expelled for political activities and given three stars next to their names in university records, barring them from re-entering. The president responded by ridiculing him, joking that the three stars made them sergeants in the army.

The president was eventually forced to cut his speech short and leave. But angry students stormed his car, kicking it and chanting slogans. His convoy of four cars collided several times as they tried to leave in a rush. Eventually the students were dispersed.

An entry on Mr. Ahmadinejad’s Web log, posted Wednesday, played down the scale and significance of the protest, writing that the president had a “good feeling when he saw a small group amid the dominant majority insulting him without any fear.”

A few days after the protest, former Amir Kabir students affiliated with the Islamic associations’ coordinating office wrote a letter to Mr. Ahmadinejad. In it, they turned down what they said was his invitation to share their problems with him, because they believed that he wanted to use the occasion to bolster his candidates in the local elections.

The students also wrote that the president had insulted their intelligence by talking to them in the same language he uses in remote villages on his provincial trips.

“You should know that what happened at Polytechnic University was the voice of universities and the real voice of the people,” they wrote. Tehran Polytechnic was the university’s name before the revolution.

Cleric's Star Rises In Iran After Vote (AP)

By Nasser Karimi

AP, December 21, 2006

Elder statesman Hashemi Rafsanjani, a mercurial cleric who has played both sides of Iran's reformist-conservative divide, is rising again as a key challenger to Iran's president after local elections show deep discontent with the president's hard line.

Last week's elections for local councils in towns and cities across Iran were seen as a referendum on President Mahmoud Ahmadinejad's 18 months in office, and results so far were showing widespread victories for his opponents.

Since taking power, Ahmadinejad has escalated Iran's confrontation with the United States and the West on multiple fronts, in particular drawing the threat of U.N. sanctions for pushing ahead with uranium enrichment in Iran's nuclear program. He has also sparked widespread international outrage for his comments against Israel and casting doubt on the Nazi Holocaust.

On Wednesday, a leading newspaper that usually reflects the thinking of many in Iran's conservative clerical leadership said in a blistering editorial that the election results showed it was time for Ahmadinejad to moderate his tone and concentrate on improving the ailing economy.

"The election could be very instructive to those who have been in power," the Jomhuri Eslami editorial said. "Arrogance, disregarding people's economic situation, insulting respected people and high-flying policies were among the elements of the failure of those who could not imagine such a failure."

Ahmadinejad, who has not commented on Friday's elections, felt the heat personally during a speech Tuesday in the western town of Kermanshah. During his address, some in the crowd chanted, "unemployment, unemployment, unemployment is a major problem," the pro-government daily Keyhan reported.

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The results showed a partial comeback for Iran's reformist movement, which was crushed over the past five years by hard-liners who drove them out of the local councils, parliament and the presidency. The reformers seek closer ties to the West — even the United States — and a loosening of the power of Iran's clerical rulers.

But the big winners were "moderate conservatives," who support the clerical regime but have become disillusioned by Ahmadinejad, saying he needlessly provokes the West, isolates Iran and ignores economic reform.

Many analysts were now predicting a coalition between reformers and moderate conservatives to oppose Ahmadinejad and his hard-line allies in parliament and presidential elections in 2009.

Talk of a political bloc was fueled after two top reformist politicians — former president Mohammad Khatami and Mehdi Karroubi — met on Sunday with Rafsanjani, a top moderate conservative.

Rafsanjani's status was boosted in a parallel election held Friday picking members of the Assembly of Experts, a body made up of 86 clerics that oversees Iran's supreme leader and picks his successor.

Rafsanjani won the most votes of any candidate in Tehran for the assembly — half a million more than his closest competitor — a strong show of support for Rafsanjani, who lost to Ahmadinejad in June 2005 presidential elections.

"The people's vote for Rafsanjani meant they hope he will create and improve the moderate line," said Amir Mohebbian, a political analyst and columnist in Resalat conservative daily.

Final results from the local council election in Tehran were expected on Thursday. The interior ministry said only a few thousand of the 1.9 million votes still remained to be tallied, blaming the delay on the large turnout and the simultaneous vote for the Experts Assembly.

But partial results showed Ahmadinejad's allies won only two seats on Tehran's 15-member council, one of them going to his sister, Parvin Ahmadinejad. Conservative moderates were on track to take eight seats, and reformers four. The last seat appeared set to go to an independent.

Final results were announced for the rest of the country and showed a heavy defeat for Ahmadinejad supporters. None of his candidates won seats on the councils in the cities of Shiraz, Bandar Abbas, Sari, Zanjan and Kerman. Many councils in other cities were divided along similar proportions as Tehran's.

The election does not directly effect Ahmadinejad's power. It chose 113,000 seats on councils that administer city affairs and pick mayors.

It was not clear whether Ahmadinejad will bow to pressure to at least change his tone, if not the substance, of his policies. The pro-government Keyhan called the election as a victory for Ahmadinejad — depicting all conservatives as his supporters — suggesting some in the hard-liner camp do not see it as a call for change.

But many see the vote as signs of an anti-Ahmadinejad moderate coalition rallying behind Rafsanjani.

The 72-year-old Rafsanjani — who served as president from 1989-1997 — has long been an elusive inside player in Iran's clerical leadership. He is mistrusted by reformists because of his closeness to supreme leader Ayatollah Ali Khamenei and by hard-liners because of his emphasis on pragmatism over ideology.

Rafsanjani has supported the Islamic republic's policy of shunning the United States, yet played a major role in the 1980s Iran-Contra scandal in which the U.S. sold arms to Iran in return for help in freeing hostages held in Lebanon. He also backs the line rejecting a suspension of Iran's uranium enrichment program, but has shown a willingness to compromise in backroom negotiations on the nuclear program.

Pro-reform students frequently jeered him in demonstrations in the past, and he suffered a humiliating defeat by reformists in 2000 parliament elections, when he failed to win a seat.

In the 2005 run-off presidential election, Rafsanjani was the more moderate candidate in the race against Ahmadinejad, but demoralized pro-reform voters failed to turn out in strength to support him.

But Khatami's meeting with him Sunday suggested reformers could turn to embrace him.

"People showed in the elections that they don't like hard-line policies," said Mohammad Atrianfar, a political activist and a leader of moderate Kargozaran Party. "From now on (Ahmadinejad's) hard-line current will lose its power and it will return to its place."

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U.S. Negotiator Notes An Improved Tone In Talks On North Korea (NYT)

By Joseph Kahn

The New York Times, December 21, 2006

BEIJING, Dec. 20 — The chief American negotiator at talks to address North Korea's nuclear program said Wednesday that the parties could reach a new agreement on rolling back North Korea's bomb-making effort this week, but the prospects for a meaningful breakthrough remained uncertain.

The chief negotiator, Christopher R. Hill, told reporters that the United States, North Korea and the four other countries participating in the Chinese-sponsored talks had begun discussing details of how to carry out a 2005 draft agreement on ending North Korea's nuclear program. He said the tenor of the often tortuous discussions had improved.

"The discussions for us have been very useful," said Mr. Hill, assistant secretary of state for East Asian and Pacific affairs. "Certainly we are talking about much more than just agreeing on things on paper. We're discussing actual developments on the ground, and for that reason these discussions are not easy."

The negotiations are part of a series of talks sponsored by China that have continued for more than three years and have failed to make tangible progress in slowing North Korea's nuclear weapons program.

On Oct. 9, North Korea exploded a nuclear device for the first time, prompting the United Nations Security Council to impose sanctions. After a frenzied round of Chinese diplomacy, North Korea agreed to return to the six-nation talks for the first time in more than a year.

The talks opened on an unpromising note Monday, when the senior North Korean negotiator, Kim Kye-gwan, declared that as a new nuclear power North Korea would engage only in "arms control" negotiations, implying that it had no intention of eliminating its nuclear program.

But during a series of one-on-one sessions on Tuesday and Wednesday, North Korea's attitude turned more pragmatic, Asian diplomats participating in the talks said, adding that concrete proposals for freezing North Korea's weapons program on the way to a broader accord were under active discussion.

Many analysts say that North Korea is not likely to give up its quest to become a full nuclear power and that any talks are merely a stalling tactic or an attempt to foster good will from China, its main aid supplier.

Others say that North Korea may at some point prove willing to make concessions on its nuclear program in exchange for a big aid program to bail out its closed, ailing economy.

Mr. Hill said he was pleasantly surprised that the talks had moved beyond posturing, and he raised the possibility that they could produce an agreement before the end of the current round this week.

"To be frank, Monday was kind of a difficult day, and the idea that I'd still be here Wednesday night telling you it was useful to continue — I frankly didn't think I would be saying that," he said.

He said China, as the host and mediator, had begun drafting the text of an accord that would commit the parties to concrete steps to carry out a vaguely worded 2005 agreement.

In September 2005, North Korea agreed to end its nuclear weapons program in exchange for security guarantees, diplomatic recognition and economic and energy aid from its neighbors and the United States.

The 2005 accord, though hailed as a breakthrough at the time, collapsed almost immediately after it was reached. North Korea publicly renounced the text.

"The whole purpose is to take the September agreement and start getting it implemented," Mr. Hill said of the current talks.

Faint Hopes Of Progress As NKorea Nuclear Talks Enter Fourth Day (AFP)

AFP, December 21, 2006

Six-nation talks aimed at ending North Korea's nuclear program have entered a fourth day amid a slightly warmer climate, with the US envoy saying negotiations were tough but offered a glimmer of hope.

The talks resumed on Monday after a 13-month break with North Korea, emboldened by its first-ever atomic test on October 9, outlining a long list of hardline demands to be met before it would even consider disarming.

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Delegates to the talks -- which involve the two Koreas, host China, the United States, Japan and Russia -- have said those demands are not acceptable and reported no breakthroughs this week.

However US envoy Christopher Hill said late Wednesday after a second straight day of direct talks with his North Korean counterpart, Kim Kye-Gwan, that he had not given up hope of progress.

"The discussions are not easy -- actually, they are very difficult but we are encouraged by the process," Hill told reporters.

"I think discussions for us have been very useful in the last day and a half. Whether we are successful at the end of the week, I think time will tell."

Hill and the Chinese side have said they want North Korea to recommit to a six-party deal brokered in September last year in which it said it would give up its nuclear program in return for energy assistance and security guarantees.

Hill said Wednesday that was still the goal and that he hoped this could be achieved within one year.

But despite his cautiously upbeat comments, many analysts believe North Korea has no intention of surrendering its nuclear weapons, and it is using the six-party talks to give the impression of wanting to negotiate.

"The bomb is now a symbol of the legitimacy of Kim Jong-Il's regime," Scott Bruce, the program officer at the Nautilus Institute in Berkeley, which specializes in North Korean nuclear issues, told AFP at the start of the week.

"It will take a very large price for the North to trade it in... definitely a higher price than the United States is willing to pay right now."

Japan's chief envoy to the talks, Kenichiro Sasae, also offered a blunt assessment on Wednesday night of the likelihood of a major breakthrough in Beijing this week.

"Our basic stances remain far apart. At this point, I cannot say that the outlook is optimistic," Sasae said.

One of the top priorities for North Korea is the lifting of US sanctions imposed on Pyongyang late last year for alleged money laundering and counterfeiting.

The sanctions have seen bank accounts in Macau that are crucial to Pyongyang's ruling elite frozen, and North Korea has reiterated this week that it will not consider disarming until the financial curbs are removed.

Financial teams from the two nations met on Tuesday and Wednesday in Beijing on the sidelines of the six-party forum to discuss the standoff, but they finished without any agreement being reached.

The US chief negotiator to the sanctions talks, Daniel Glaser, told reporters late Wednesday only that the two sides may meet again in New York next month.

Glaser's confirmation that no breakthrough had been achieved on the sanctions dispute ensured that one of North Korea's key demands this week for disarming would not be met.

North Korean envoy Kim also said on Monday that United Nations sanctions imposed on his country following the atomic test must be lifted before it would consider surrendering its nuclear weapons.

Kim further demanded that North Korea be given help in building a nuclear reactor for power needs, and that the US policy of "hostility" towards it must be dropped.

North Korea Not Budging On Sanctions (AP)

By Burt Herman

AP, December 21, 2006

North Korea is refusing to back down from its demand at international arms talks that U.S. financial restrictions be lifted before it dismantles its nuclear program, delegates said Wednesday.

North Korea agreed to end a 13-month boycott of the talks — which also include China, Japan, Russia, South Korea and the U.S. — to discuss a Washington campaign seeking to isolate the communist nation from the international banking system. The U.S. alleges the North is involved in a range of illegal activity, including counterfeiting $100 bills and money laundering.

U.S. and North Korean experts discussed the U.S. financial restrictions for five hours Wednesday, their second day of meetings this week that are separate from the arms talks, but made no breakthroughs and planned no further meetings.

Daniel Glaser, the Treasury Department's deputy assistant secretary for terrorist financing and financial crimes who is leading the U.S. delegation, said the talks at the North Korean Embassy were "businesslike and useful."

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Glaser said he would possibly meet the North Koreans next month in New York.

"For this process moving forward to be productive and useful, it's going to have to start focusing very, very closely on the underlying concerns of illicit finance," he told reporters. "We hope to get to do that."

The separate, six-nation nuclear talks are to continue until at least Friday, but negotiators said that does not mean results are guaranteed by then.

"The financial issues are a major interest for North Korea," Japanese envoy Kenichiro Sasae said after the third day of discussions in Beijing.

Sasae pleaded with the North to put aside that issue at the nuclear talks.

"I think it is not realistic to treat the financial issue as a major block while putting the broader discussion on hold," Sasae said.

However, the North said it would be willing to halt operation of its main nuclear reactor and allow international inspectors "under the right conditions," a South Korean official said on condition of anonymity due to the ongoing negotiations

"We are focusing our discussion on what those conditions would be," he said.

Negotiators were addressing the implementation of a September 2005 agreement where the North pledged to abandon its nuclear weapons in exchange for security guarantees and aid.

"Whether we can start implementing the agreement this week, time will tell," Assistant Secretary of State Christopher Hill said Wednesday evening.

He said the talks focused on specific steps toward the North's disarmament that the U.S. hoped would happen in a timeframe "a lot shorter than a year."

The North Koreans appeared interested and there were many questions between the sides, Hill said.

Hill declined to release details of U.S. proposals to North Korea, but a news report Wednesday said the Americans had outlined a process in which the North would first freeze its nuclear program, followed by inspections and eventual dismantlement.

Washington would be willing to give the North a written security guarantee — a pledge that it would not seek to topple the regime by force — as soon as the North allows the return of international nuclear inspectors, South Korea's Yonhap news agency said, citing "diplomatic sources" at the talks.

"We cannot be just optimistic about the situation since this round of talks opened after many difficulties," South Korea's main envoy Chun Yung-woo said, referring to the long break, the North's nuclear test and U.N. sanctions.

North Korea's state media kept up its tough rhetoric against Washington, saying U.S.-South Korean military preparations showed "the United States is trying to pull a dirty business against the (North) behind the curtain of talks."

"This is clear proof that it is seeking to vanquish (North Korea) with a military strong arm, whetting its sword of aggression under the mask of dialogue," the North's Communist Party newspaper Rodong Sinmun said in a commentary carried by the country's official Korean Central News Agency.

U.S. Nuke Envoy Hopes Japan-N.Korea Meet (AP)

By Mari Yamaguchi

AP, December 21, 2006

The top U.S. envoy to the North Korean nuclear talks expressed hope Wednesday that Japan and North Korea would meet on the sidelines of the six-nation negotiations to discuss normalizing their relations.

Japan is the only participating nation that has not met separately with North Korean delegates since the talks resumed Monday in Beijing after a 13-month hiatus.

While the thrust is to dismantle the North's nuclear weapons program, the talks are also about improving diplomatic ties between the nations, U.S. Assistant Secretary of State Christopher Hill said.

"The normalization process depends on the discussion of ongoing issues and clearly the Japanese have some issues that need to be addressed," Hill told reporters.

"It's our hope that there can be a bilateral meeting between the DPRK and the Japanese aiming at these issues," he said. DPRK stands for the Democratic People's Republic of Korea, the North's official name.

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Hill did not specify the issues to be resolved between Tokyo and Pyongyang, but Japanese leaders have been demanding more information about Japanese citizens abducted by North Korea decades ago.

The North has acknowledged kidnapping 13 Japanese citizens in the 1970s and 1980s to tutor its spies in Japanese language and culture. Pyongyang allowed five to return home and says the others are dead. It has refused to respond to demands for more information.

Japan's top envoy Kenichiro Sasae said Wednesday that "Japan has always kept its door open for dialogue," indicating that Japan planned to wait for North Korea to make an approach.

China is hosting the talks, which also involve South Korea and Russia.

Somali Government, Islamic Militias Agree To Resume Peace Talks (WP)

By Stephanie McCrummen

The Washington Post, December 21, 2006

NAIROBI, Dec. 20 -- Somalia's Council of Islamic Courts and the country's transitional government agreed Wednesday to resume peace talks without any preconditions, as fighting broke out between the two sides.

"The mission can be considered a full success," a European Union envoy, Louis Michel, said at a news conference in Nairobi. " . . . There was a broad agreement to de-escalate and refrain from hostile acts. . . . There are still issues that will have to be resolved. But I'm convinced of the sincerity of both parties to go forward."

While Michel discussed peace with their leaders, Islamic Courts militias and the Ethiopian-backed transitional government fought with rockets and heavy weapons in towns just southeast and southwest of Baidoa, the town where the government is based.

Michel said he had "noted" the fighting. "I'm in favor of the optimism of the will, and not the pessimism of reality," he said.

No place or date has been set for the talks, which would be a resumption of negotiations held in Khartoum, the Sudanese capital, that fell apart after each side accused the other of violating agreements. Michel said Wednesday that both sides had "reaffirmed previous commitments" made in Khartoum.

The United States and Ethiopian Prime Minister Meles Zenawi expressed support for the agreement, Michel said, adding that it offered an opportunity to avert a conflict that he and other diplomats say could spill across the Horn of Africa.

Ethiopia is estimated to have at least 8,000 troops in Somalia to protect the fragile transitional government, which it considers a buffer against an Islamic movement that has taken control over most of southern Somalia, including the capital, Mogadishu.

A recent U.N. report found that the Islamic movement has received arms from Eritrea, among other countries.

Michel said no agreement had been made on withdrawing the Ethiopian troops, a primary demand of the Islamic movement, which considers Ethiopia a U.S.-backed invading force.

The Ethiopian government has repeatedly denied having more than a few hundred military trainers in Somalia and accuses the Islamic Courts of backing secessionist groups in the ethnically Somali region of Ethiopia. Both the United States and Ethiopia accuse the Islamic Courts of harboring terrorists, a charge the movement has denied.

Initially a grouping of local clerics, the Islamic Courts came to power this year by defeating U.S.-backed warlords who marketed themselves as an "anti-terrorism" coalition but who mostly terrorized a Somali population that came to despise them.

Beleaguered Somalis embraced the Islamic Courts movement, which has created a semblance of order based on Islamic law in a country of warring clans that has been without a central government since 1991.

Somalia has historically been strategically important to the United States because of its proximity to the Middle East and lucrative Red Sea shipping lanes. But U.S. policy there, driven mostly by fears that Somalia could become an Afghanistan in the Horn of Africa, has been widely viewed as a failure.

The Islamic Court's foreign minister, Ibrahim Hassan Addou, accused the U.S. State Department on Wednesday of exacerbating the situation rather than trying to understand it. The Islamic Courts believe that the United States has given Ethiopia approval to launch an offensive in Somalia, he said.

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"They could send a fact-finding mission, talk to leaders," Addou said in an interview from Dubai, United Arab Emirates. "But the U.S. has never bothered. . . . What the U.S. has been doing is intimidation and threats."

Addou praised European Union officials, who flew to Somalia on Wednesday in a delegation that included officials from the Arab League and the Kenyan ambassador to Somalia.

Michel met with the leaders of the transitional government in Baidoa, then jetted to Mogadishu, where he met with an Islamic Courts delegation that included Hassan Dahir Aweys, a top leader.

Aweys is on the State Department's terrorism list because he headed a group, now disbanded, that allegedly had connections with al-Qaeda in the 1990s and was linked to the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

Analysts differ on whether he is genuinely striving for legitimacy or simply using negotiations to buy time to advance the Courts' control.

After having a "frank" and "tough" meeting with Aweys, Michel said he shared the former analysis.

"I had the perception that there is a strong goodwill in the ICU to resolve this by a political agreement," he said, referring to the Islamic movement, also known as the Islamic Courts Union. "Maybe I'm wrong, but this is my feeling."

Somalis Agree To Peace Talks Despite Clashes (FT)

By Andrew England

Financial Times, December 21, 2006

A powerful Somali Islamic group and the transitional government on Wednesday agreed to resume peace talks, hours after fresh clashes had broken out between the two groups in central Somalia.

The fighting, which occurred about 15km from the town of Baidoa, the government's seat, had erupted as Louis Michel, the European commissioner for development and aid, visited Somalia to meet officials from both sides and push for a peaceful resolution to the crisis.

While in Mogadishu, the capital, Mr Michel announced the parties had agreed to resume talks in the Sudanese capital, Khartoum. Previous rounds of negotiations have made little progress, but the peace process is deemed crucial to avoiding all-out war in Somalia amid fears this could develop into a regional conflict. No date was given for the talks.

It was unclear how serious the latest fighting was. It followed a period when rhetoric from both the government and the Islamic movement had appeared to be toned down.

The two factions have been at loggerheads since the Islamists, an alliance of Islamic courts, seized Mogadishu from a group of US-backed warlords in June. The alliance has since spread its influence throughout much of southern Somalia, which has been without an effective central government and beset by violence since 1991.

The transitional administration, which is weak and plagued by divisions, has little influence outside Baidoa. But it is internationally recognised and has backing from Ethiopia, which is reported to have several thousand soldiers inside Somalia.

Fears have been mounting for months that the fighting could suck in neighbouring countries. Both Eritrea and Ethiopia have been accused of using Somalia as a proxy for their own border dispute.

However, there have been few big direct clashes between the Somali parties, both of which include hardliners and moderates with differing agendas, analysts say.

"There is still space for diplomacy to work, but something has to give soon. The standoff is unsustainable," said Matt Bryden, a Somalia expert. "The military deployments on both sides are too large and too costly to be sustained indefinitely. They are either going to have to fight or start standing down."

Still, diplomats and analysts say it would serve neither side to push for a military solution, which could lead to a protracted guerrilla war and mean international isolation for the Islamic courts.

Earlier this month the United Nations Security Council passed a US-drafted resolution that authorised the deployment of a regional peacekeeping force in Somalia. The mission, if it were to materialise, would ring-fence the government in Baidoa and be used to train the administration's forces.

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But it is unclear who would finance the mission or send troops, with neighbouring countries divided on the issue. There are also concerns that foreign intervention would exacerbate the situation and be seen as a proxy for US interests. Washington, which has a dire track record in Somalia, has accused the Islamists of containing and sheltering al-Qaida suspects.

"The UN Security Council resolution and US diplomacy have probably created a sense of urgency on the side of the courts who think maybe the US will weigh in on the side of Ethiopia and a regional force could be deployed to support the transitional government," Mr Bryden said.

Diplomat Pushes Peace Talks In Somalia (AP)

By Mohamed Olad Hassan

AP, December 21, 2006

Somali fighters clashed with artillery, rocket-propelled grenades and anti-aircraft guns Wednesday, even as a European diplomat persuaded both the government and a rival Islamic movement to resume peace talks.

The heavy fighting outside the only town the government controls dragged on into the evening and underlined the difficulties of securing peace in this desperately poor country in the Horn of Africa.

European Union envoy Louis Michel said such skirmishes were likely to continue for now even though both sides had agreed to ease tensions and were committed to negotiations.

The talks will be held in Khartoum, the Sudanese capital where several rounds of talks have already been held. No date was given.

Somalia's Foreign Minister Ismail Hurre said that while the government seeks a peaceful settlement, it did not believe the Islamic Courts movement does.

Leaders of the Islamic movement said they were willing to attend discussions without conditions. Islamic leader Sheik Hassan Dahir Aweys played down the significance of Wednesday's fighting.

The comments marked a shift in the position of Islamic movement leaders, who previously said they would not attend talks until Ethiopia withdrew its military support for the Somalian government.

Michel, speaking to reporters in neighboring Kenya after a day of diplomacy in Somalia, said he believed both hard liners and moderates in the Islamic movement backed Wednesday's agreement.

The diplomat said that the current conflict in Somalia is being driven by outside forces. In response to a question about Eritrea and Ethiopia, two neighboring states with a history of hostility toward each other, Michel said: "Somalia is suffering because some are using Somalia as a battlefield for other issues."

As many as 8,000 Ethiopian troops may be in Somalia supporting its government, United Nations officials say. Eritrea, the U.N. says, has deployed 2,000 troops in support of the Islamic group. Both countries deny these assertions.

Michel spoke Tuesday to Ethiopian Prime Minister Meles Zenawi, who expressed support for the EU peace initiative. But the diplomat did not provide other details of their conversation.

Clashes first erupted Wednesday nine miles from the government garrison town of Baidoa, where the EU envoy was meeting with Prime Minister Ali Mohamed Gedi and President Abdullahi Yusuf.

Mohamed Abdullahi Hassan, a Baidoa resident reached by telephone late Wednesday, said the fighting intensified after dark. He said he could hear mortars being fired on the outskirts of town. During a visit to the Baidoa hospital, he said he counted seven government soldiers killed and 18 injured.

The clashes occurred one day after a deadline set by the Islamic group for the withdrawal of Ethiopian troops. The religious movement's fighters had threatened a major attack if Ethiopian forces did not leave Somalia.

As the fighting began, several hundred Ethiopian troops boarded 13 military trucks and — with artillery support — were dispatched to reinforce government troops on the eastern side of the city. The information came from a government official, who spoke on condition of anonymity because of the sensitive nature of the information.

Somalia's internationally recognized central government holds only a small area around the central town of Baidoa, about 140 miles northwest of the capital of Mogadishu. The Islamic militiamen, meanwhile, control Mogadishu along with most of southern Somalia.

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Somalia has not had an effective government since 1991. The country's secular interim government, set up in 2004 and backed by the U.N., has rejected religious rule. Muslim leaders have insisted on an Islamic government.

The international community is concerned about the Islamic movement's alleged ties to terror groups, something Islamic leaders have repeatedly denied.

Jendayi Frazer, the top U.S. diplomat for Africa, has said al-Qaida militants are operating with "great comfort" in Somalia, providing training and assistance to the Islamic militia.

Somali and Ethiopian officials allege that men wanted in connection with the 1998 U.S. Embassy bombings in Kenya and Tanzania now hold senior command positions within the Islamic forces.

Somalia's deputy defense minister Salad Ali Jelle told reporters Wednesday that one of the embassy bombing suspects, Abu Talha al Sudani, had led Islamic militiamen in a battle with government troops Tuesday near Idale, 37 miles southwest of Baidoa. Ten people were killed.

Fears of a full-blown civil war have intensified in recent weeks. Both sides have moved fighters, fuel and ammunition to the front lines.

Clashes Raise Fears Of Civil War In Somalia (LAT)

By Edmund Sanders And Abukar Albadri

The Los Angeles Times, December 21, 2006

MOGADISHU, SOMALIA — Clashes between Islamic fighters and Ethiopian-backed government soldiers heightened fears Wednesday that Somalia is inching toward a civil war that could drag in the entire Horn of Africa.

As international negotiators worked furiously to resolve the dispute, armed battles around Somalia's transitional capital of Baidoa killed at least one government soldier, according to Somali officials.

Islamic leaders, who seized control of Mogadishu, the traditional capital, and much of southern Somalia from warlords this summer, are calling for a "holy war" against Christian-dominated Ethiopia unless the neighboring nation withdraws its troops, which were sent across the border to prop up Somalia's weak transitional government.

Both sides have been massing weapons and troops in strategic points around southern Somalia in recent weeks.

It remained unclear who started Wednesday's fighting, but officials said skirmishes were ignited by a gunfight between two rival reconnaissance missions in the town of Idale, about 40 miles southwest of Baidoa, where Somalia's transitional government is based. Fighting spread to two other areas.

"We captured two technical vehicles [converted 4x4s with mounted heavy guns], killed nine soldiers from their side and have prisoners in hand," said Mohammed Ibrahim Bilal, a senior Islamist military official, speaking via telephone from the front line. "In the coming hours, Baidoa will be under our control. We will clean Ethiopians from our soil."

The transitional government's assistant defense minister, Salad Ali Jelle, said only one of his forces' soldiers was killed.

Islamic Courts Union leader Sheik Hassan Dahir Aweys shed his usual religious robes for military fatigues Wednesday and spent much of the day monitoring the fighting, witnesses said. But by Wednesday evening, after meeting with European Union negotiators, he downplayed the skirmishes.

"The war has not started," he told reporters. "Fighting is happening, but it is not between Islamic courts and the government. It's between Islamic courts and Ethiopian invaders."

The Islamic Courts Union is an alliance of religious leaders and their militias that formed to restore order to Somalia. The country has been beset with internecine fighting between warlords since the 1991 collapse of the Mohamed Siad Barre regime, the country's last functioning government.

European Union Development Commissioner Louis Michel flew to Somalia on Wednesday to meet separately with leaders from the Islamic Courts Union and the transitional government, urging them to participate in a fourth round of peace talks, which are being mediated by the Arab League in Khartoum, the Sudanese capital.

At a news conference in Mogadishu, Michel announced that both sides had agreed to pursue mediation rather than war. Michel called the agreement a "breakthrough…. I believe that there is a chance to be able to relaunch the political dialogue."

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Experts nevertheless warn that renewed war in Somalia remains a risk and fighting could draw in its neighbors, including Eritrea and Kenya. A recent U.N.-commissioned study said that numerous nations already were sending fighters and guns to fuel the conflict.

"Everyone who knows something about Somalia knows that a real fight could easily spread to the region," said Mario Raffaelli, Italy's special envoy for Somalia.

Ethiopian and U.S. officials accuse the Islamists in Somalia of having links to terrorism and say the courts union seeks to install a Taliban-style regime. In her most blunt assessment yet, Assistant Secretary of State for African Affairs Jendayi E. Frazer last week accused the Islamic union of being controlled by "East Africa Al Qaeda cell individuals."

Islamists dismiss such allegations as Western propaganda, though some concede that the union is struggling to strike a balance between its moderate and fundamentalist factions. One extremist sect is accused of masterminding the September killing of an Italian nun in Mogadishu.

Though Islamist leaders in Mogadishu have won praise from residents for restoring peace and order to the city, the rise of the courts union has stirred anxiety in neighboring Ethiopia. Somalia and Ethiopia have repeatedly gone to war over the years, often over a contested swath of land known as the Ogaden, in eastern Ethiopia. Some Somalis have made no secret of their desire to create a "Greater Somalia," including parts of current-day Ethiopia and Kenya.

In the 1990s, Aweys helped run an Islamic network in Somalia known as Itihaad al Islamiya, which was responsible for several terrorist bombings in Ethiopia.

The United States has taken a largely hands-off policy toward Somalia since 1993, when 18 American servicemen were killed during a failed raid in Mogadishu later chronicled in the book and film "Black Hawk Down." In recent years, however, the U.S. government began quietly funding some warlords as part of the war on terror. Earlier this year, U.S.-backed warlords were chased out of Mogadishu by Islamic soldiers.

Saudi Arabia Set To Name Jubeir As Ambassador (WP)

By Robin Wright

The Washington Post, December 21, 2006

Saudi Arabia has informed the State Department that it intends to appoint Adel al-Jubeir as the new ambassador to Washington, according to U.S. officials. Jubeir, who is one of King Abdullah's closest foreign policy advisers, has long been the public face of the oil-rich kingdom in the West.

Jubeir is a well-known figure in Washington who was put out front by the kingdom in an effort to dissociate the Saudi royal family from the Islamic extremism of al-Qaeda after the Sept. 11, 2001, attacks by Saudi militant Osama bin Laden. He has often had to defend against tough criticism of one of the world's most autocratic governments.

On CNN "Late Edition" last year, Jubeir disputed reports that bin Laden is still widely popular in the kingdom. "You can talk to radicals in Europe and they'll tell you that their agenda is very popular with the masses when, in fact, it's not," he said. "If Osama bin Laden or al-Qaeda in Saudi Arabia were popular, we would see an increase in recruitment, not a decrease. We would see an increase in their ability to do damage, not a decrease. . . . We are winning the war on terrorism. It will take time, though."

In 2004, when then-Saudi Crown Prince Abdullah said that "Zionist hands" were "95 percent" behind recent terrorist attacks, Jubeir was again dispatched to defuse criticism in the United States. U.S. officials linked al-Qaeda sympathizers with the incidents.

"Bin Laden wants to destroy the Saudi government," Jubeir said, again on CNN. "So you should understand . . . that those who are most critical of Saudi Arabia in a very hostile way in the United States, as well as in Israel, share the same objective as Osama bin Laden and those who committed these acts."

The impending appointment represents a meteoric rise in Saudi diplomacy for a man who last served in Washington as special assistant to Prince Bandar bin Sultan, now the Saudi national security adviser. Jubeir will step in to replace Prince Turki al-Faisal, who quit this month after only 15 months on the job.

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The highly sensitive appointment has been shrouded in secrecy. The typed letter delivered to the State Department Friday left blank the name of the ambassador-designate, which was written in by the Saudi envoy shortly before he delivered it, according to well-informed sources who requested anonymity because no announcement has been made.

Jubeir, 44, attended the University of North Texas and Georgetown University. Bandar plucked him from graduate school to help him at the Saudi embassy. He once was featured in U.S. gossip columns for dating NBC news anchor Campbell Brown.

US Deeply Concerned Over Darfur After Visit By Bush Envoy (AFP)

AFP, December 21, 2006

The crisis in Sudan's Darfur region remains an issue of "deep concern" to the United States following a visit to Khartoum last week by a top US envoy, Secretary of State Condoleezza Rice said.

Rice called again on Sudan to drop its objections to deployment of a hybrid African-UN peacekeeping force to halt resurgent violence against civilians in the war-torn region.

"It is extremely important (to deploy) a robust peacekeeping force that can actually help to end the violence and bring relief to the many innocent men, women and children who are suffering in Sudan," Rice said.

"This is an issue of deep concern to the United States and deep concern to the president of the United States," Rice said following a meeting with Andrew Natsios, President George W. Bush's personal envoy to Sudan.

Natsios met with Sudanese President Omar al-Beshir and other leaders in Khartoum last week but failed to gain their agreement to comply with a deal brokered last month by UN Secretary General Kofi Annan to deploy some 20,000 UN-led peacekeepers to Darfur.

With violence against civilians again on the rise in Darfur, largely blamed on Arab militia allied to Beshir's government, US officials last week warned that tougher measures -- including enforcement of a no-fly zone over the region -- could be taken.

Rice said Natsios had "moved the ball forward" by reassuring Khartoum, via a statement issued Tuesday by the current president of the UN Security Council, that Washington and its partners remained committed to the peacekeeping plan rather than coercive options.

"Now we expect the government of Khartoum to respond positively to that action in the UN," Rice said.

The UN estimates that more than 200,000 people have died and 2.5 million been displaced in Darfur since early 2003 when the region's ethnic African population revolted against the Arab-led government in Khartoum.

The hybrid peacekeeping force would replace an underfunded 7,000-strong African Union mission which has failed to end the violence.

Beshir has consistently rejected any UN troop presence in Darfur, accusing the West of seeking to partition his country.

U.S. Warns Sudan Of Possible Action (AP)

By George Gedda

AP, December 21, 2006

Sudan must open a path toward ending the Darfur crisis before the end of the year or the international community will take coercive action against the Islamic government, a top U.S. diplomat said Wednesday.

Andrew Natsios, special White House envoy to Sudan, said international patience is running out on Sudan almost four years deep into Darfur's humanitarian disaster.

But he declined to say what options are being considered. "It's not useful to make threats," said Natsios, briefing reporters. British officials have said that creation of a no-fly zone over Darfur is one option being considered.

Natsios said there have been so many threats against the Sudanese government to bring peace to Darfur that it no longer takes them seriously.

"None of the threats have been carried out. I think we should stop making threats," said Natsios, who met with Sudanese President Omar al-Bashir in Khartoum last week.

Hundreds of thousands of Darfurians have died and an estimated 2.5 million driven from their homes since early 2003.

A 7,000-member African Union force has not brought stability to Darfur. That has prompted proposals for a hybrid mission totaling some 20,000 troops from the African Union and the U.N. Sudan has been unwilling to go along.

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To avoid a crisis with the international community, Natsios said, Bashir must allow 60 U.N. troops and civilians stationed in Khartoum to be transported with their equipment to Darfur by the end of the year. Until now, he has forbidden a U.N. military presence in the area.

Another requirement, he said, is Bashir's approval of the combined U.N.-African Union peacekeeping proposal, which would be carried out over three phases. The proposal is spelled out in a letter U.N. Secretary General Kofi Annan has sent to Bashir. A top aide to Annan will remain in Khartoum until Bashir responds, Natsios said.

Earlier Wednesday, Secretary of State Condoleezza Rice met with Natsios and said afterward she expects the Sudanese government to respond positively to the proposal for a hybrid force.

It is "extremely important that a robust security force, a robust peacekeeping force" be created," Rice said.

A no-fly zone would be designed to prevent Sudanese military aircraft from continuing to assist government-backed Arab militias, believed to be responsible for most of the atrocities in Darfur. Another option is imposing an asset freeze and a travel ban on Sudanese officials who have abetted the abuses in Darfur.

Sudan Given January 1 Deadline To Accept Darfur Peacekeepers (AFP)

By David Millikin

AFP, December 21, 2006

A senior US official warned that Sudan faces a January 1 deadline to accept the deployment of UN peacekeepers to Darfur or face coercive international action to halt violence in the region.

US Presidential envoy Andrew Natsios said he told Sudanese leaders in Khartoum last week they must allow an initial group of 60 UN peacekeeping staff currently "marooned" in the Sudanese capital to deploy to Darfur by year's end.

The also must "accept in writing" a plan put forward last month by UN Secretary General Kofi Annan to place 20,000 UN-led troops in Darfur to halt violence which has left more than 200,000 people dead and 2.5 million displaced over the past four years.

"I have said publicly that I think making threats is not very useful, but we are going to take a different approach to this in January and there is a plan to do that," Natsios said.

"For us to continue on the process of quiet diplomacy, negotiation and a process to resolve Darfur, then we need progress that's operational, on the ground, in Darfur ... by the end of the year," he said.

Natsios refused to provide details of what he described as "Plan B" if Sudan persists in rejecting the UN deployment, saying it was classified.

But US officials confirmed last week that enforcing a no-fly zone over Darfur, imposing sanctions on Sudan and backing prosecution of some Khartoum officials for crimes against humanity were among available options.

Natsios said the "Plan B" had been discussed with key partners dealing with the crisis, which include the European Union, China and the Arab League.

"We have a consensus that action is going to be taken," he said.

The international community is also seeking to obtain a "humanitarian ceasefire" in fighting between government forces and Darfur rebels over the next 10 days to allow a resumption of aid shipments to camps housing tens of thousands of displaced people, he said.

Natsios spoke to reporters after meeting Wednesday with US Secretary of State Condoleezza Rice and a half-dozen of her top policy advisors on the Darfur crisis.

Rice expressed her "deep concern" with the ongoing violence in Darfur, where government forces recently launched a new offensive against ethnic African rebels seeking greater autonomy from the Arab-led administration in Khartoum.

The government and one of three main rebel factions signed a much-heralded peace agreement earlier this year, but the pact failed to halt the bloodshed.

The UN Security Council then adopted a resolution in July demanding the deployment of 20,000 blue-helmeted peacekeepers to replace an under-funded and ineffective African Union force of 7,000.

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The government of President Omar al-Beshir rejected the plan, which he called a Western bid to partition his oil-rich country.

A compromise deal brokered by Annan last month called for the three-phased deployment of a hybrid force made up primarily of African troops but with UN command and logistics support.

While the Sudanese agreed to the plan in principle, Beshir later balked at allowing UN troops into the region, stranding 60 UN military advisors and civilian logistics experts in Khartoum.

Natsios said Wednesday that in order to avoid tougher international action, Khartoum had to let the 60 UN staff and their equipment into Darfur over the next 10 days and definitively accept the rest of the Annan plan.

A senior UN envoy, Ahmadou Ould Abdallah, arrived in Khartoum Wednesday with a letter from Annan laying out the world body's demands and will remain in Sudan until he obtains Beshir's written reply, he said.

During his week of talks in Khartoum, Natsios said the only assurance he received from the Sudanese was that they would "try very hard" to change their policy on rejecting UN troops.

Natsios also said China, which buys most of Sudan's oil and has resisted pressuring Khartoum in the past, was playing a "very helpful role" in the effort to resolve the Darfur crisis.

U.S. Gives Deadline Over Darfur (WT)

By Nicholas Kralev

The Washington Times, December 21, 2006

The United States has given Sudan until the end of the year to accept a three-stage U.N. proposal for an international peacekeeping force in Darfur before resorting to a harsher "Plan B," a senior U.S. envoy said yesterday.

The envoy, Andrew S. Natsios, declined to disclose details of the plan, saying it was classified. But diplomats say that a humanitarian corridor and a no-fly zone over Darfur are some of the measures being considered.

"Making threats is not very useful, but we are going to take a different approach to this in January, and there is a plan to do that," Mr. Natsios told reporters at the State Department after briefing Secretary of State Condoleezza Rice on his trip to Sudan last week.

"For us to continue on the process of quiet diplomacy, negotiation and a process to resolve Darfur, then we need progress that's operational, on the ground in Darfur... by the end of the year," he said.

Mr. Natsios also said the Bush administration has been working closely with European allies on the fallback plan, although Arab and African countries have yet to be brought on board.

Many Arab governments back U.N. Secretary-General Kofi Annan's proposal for a three-stage deployment of a 20,000-strong "hybrid" peacekeeping force that includes troops from the United Nations and African Union, he said.

Mr. Annan sent an envoy to Khartoum yesterday with a letter outlining the stages, and Mr. Natsios said Washington needs an official, written response from the Sudanese government.

The first phase calls for a team of about 100 U.N. military advisers and civilian logistics staff, about 60 of whom are stuck in Khartoum, awaiting permission to go to Darfur. In the second stage, 2,000 troops would be deployed, with the remaining troops arriving in the third phase.

Mr. Annan's proposal is a compromise after Khartoum's rejection of a July resolution by the U.N. Security Council calling for a U.N. force to take over from a largely ineffective AU force.

"It is extremely important [to deploy] a robust peacekeeping force that can actually help to end the violence and bring relief to the many innocent men, women and children who are suffering in Sudan," Miss Rice said yesterday.

The Darfur conflict between mostly non-Arab rebels and government-sponsored militias, which Washington has called genocide, began in 2003. The International Criminal Court is investigating possible war crimes in the region, where analysts estimate that 200,000 have been killed and more than 2 million displaced.

Recent attacks on Darfur aid workers' compounds in the town of Gereida have forced the evacuation of 71 staff members and severely restricted humanitarian aid reaching the region's largest population of war victims, officials said yesterday.

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About 20 armed men attacked the South Darfur town on Monday night, seizing a dozen vehicles and communications equipment and almost paralyzing aid operations, according to wire service reports.

"It's massive and hugely destructive and has severely disrupted aid operations," said Alun McDonald, spokesman for the British aid organization Oxfam, which had five vehicles stolen and whose compound was fired on during the attack.

US Hits At EU Emissions Plan For Airlines (FT)

By Andrew Bounds

Financial Times, December 21, 2006

The US on Wednesday condemned as illegal plans to include all airlines flying to and from the European Union in the bloc's greenhouse gas trading scheme from 2012.

"The inclusion of non-EU airlines on a non-consensual basis runs counter to EU member states' legal obligations under the Chicago convention...and their bilateral air transport agreements, including with the US," a government spokesman said.

The European Commission had taken the decision "despite strong objections raised by the US and many other countries," he added. It proposed to "circumvent the appropriate multilateral body", the United Nations-run International Civil Aviation Organisation (ICAO). The US called on the EU's 25 member states to block the proposal, saying that it jeopardised international efforts to tackle the effect of air travel on global warming. It could use a dispute procedure in the 1944 Chicago convention, Washington said.

Stavros Dimas, environment commissioner, stood firm. He said the scheme was legally watertight and that the ICAO, which is expected to produced guidelines on fighting climate change next year, would not act without a firm lead.

Mr Dimas said flights wholly within the EU would be included within the bloc's greenhouse gas trading scheme from 2011, with all flights arriving and departing from the EU being covered a year later. He admitted the fast rate of air travel growth would hardly slow as green groups attacked the plans as too weak.

The European parliament, as well as national governments, must approve the plans. Caroline Lucas, an MEP who drafted a report on the subject that was approved in July, said it was a "wasted opportunity".

Her report noted that airline emissions were up to four times more damaging because they were produced high in the atmosphere. Allowing them to buy cheap permits from other industries would diminish the impact of the scheme.

Mr Dimas's plans to auction 10 per cent of the permits were amended to avoid legal challenges. Instead, the average figure from the 25- member state national allocation plans for industry would be used, which is just under 3 per cent. The rest will be given away based on historic emissions between 2004-6. The World Wildlife Fund estimates the industry could make €3.5bn ($4.6bn, £2.3bn) a year in windfall profits by passing on the perceived costs to customers.

The airline industry welcomed the market-based scheme but said other measures such as a single air traffic control space in the EU would be more useful in cutting emissions.

Europe Acts To Penalize Jet Pollution (NYT)

By James Kanter

New York Times, December 21, 2006

PARIS, Dec. 20 — In the face of stiff opposition from the airline industry, the European Union moved forward Wednesday with plans to impose extra charges on foreign and domestic carriers that pollute too much.

"We are showing our determination to fight climate change," said Europe's environment commissioner, Stavros Dimas, who announced the proposal Wednesday in Brussels. "This is one way to persuade other countries to come along with us."

The rules, which would be legally binding, would apply to all flights within the bloc starting in 2011. Foreign carriers landing and taking off from busy airports like those in Frankfurt, London and Paris would be obliged to join the system the following year. If enacted, the measure could drive up costs for airlines, potentially leading to higher airfares for travelers.

The proposal draws from the principles of an established system that Europe now uses to help combat global warming and meet emissions goals set forth under the Kyoto Protocol.

Under that plan, which has so far exempted airlines, governments set goals for the carbon dioxide emissions of producers of power, cement, fuels, pulp and paper. If they exceed those goals, companies must purchase allocations, or credits. Many

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airlines, supported by the United States government, are seeking to blunt the European plans, calling them expensive and unworkable. They want the International Civil Aviation Organization, a United Nations agency, to draw up any rules for emissions trading so that all countries comply.

Giovanni Bisignani, director general of the International Air Transport Association, a group that includes most of the world's airlines, said Wednesday that he would continue to seek changes before the plan was approved by European Union governments and the European Parliament, a process that is likely to take years.

"We are concerned about the legal implications of applying the scheme outside Europe from 2012," Mr. Bisignani said. "We must have a global approach for a global problem."

Mr. Dimas maintained that his plans were legal, and he encouraged governments and airlines to speed efforts to reach a global accord to cap emissions, rather than block European efforts.

Peter Lockley, a policy analyst at the Aviation Environment Federation in London, praised Mr. Dimas for "standing up to pressure from the U.S. and certain sections of the aviation industry" by including all flights landing at and taking off from European airports.

But Mr. Lockley criticized plans to give airlines most of their pollution credits free, rather than through more extensive auctions. Mr. Lockley also said that airlines, like other heavy polluters in Europe, should be required to reduce their emissions from 1990 levels, rather than from present levels.

Officials from the International Air Transport Association acknowledged that they had already won concessions from Europe in recent weeks, including a delay in specific plans to regulate nitrogen oxide, another pollutant emitted by aircraft engines.

British Airways said the planned legislation would "now treat aviation more similarly to other industries." But Lufthansa, a German carrier, sharply criticized the plan, saying that more rapid action to streamline air traffic control and reduce flight detours and holding patterns would be far more effective at cutting emissions.

The proposals "would tie up resources and capital by bureaucracy," Lufthansa said, warning that "important investments in environmentally friendly technologies would have to be postponed." Lufthansa is more dependent for overall sales than British Airways on flights that take off and land in the European Union.

The international air transport group said that Europe's proposal could still cost airlines globally up to 2.9 billion euros ($3.8 billion) a year to buy allowances starting in 2012, when the rules are expected to cover all flights in and out of the union.

But European officials said that airlines should be able to pass much of the extra costs on to passengers, who would face increases in ticket prices of $2 to $12 for a trip within the European Union over the next decade. Officials said a return flight to New York might cost an additional $10 to more than $50, depending on how much individual airlines would have to pay for extra carbon allowances.

Fliers Could See Fares Rise When EU Pollution Allowances Begin (AP)

By Aoife White

AP, December 21, 2006

BRUSSELS — Airlines that fly within the European Union will have to trade pollution allowances beginning in 2011, the European Commission said Wednesday, which could see travelers pay more for popular short-break trips.

Expanded rules covering all airlines that fly into the EU will take effect the next year, a move that would hit U.S. airlines on their lucrative trans-Atlantic routes.

Airlines are generally in favor of the plan, since EU officials had warned them that refusing to back a carbon emissions trading program would result in an aviation tax.

But the Commission urged the airline industry to cut down on releasing the greenhouse gas that causes climate change.

"EU emissions from international air transport are increasing faster than from any other sector," it said. "This growth threatens to undermine the EU's progress in cutting overall greenhouse gas emissions."

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The plan could add between 1.80 euros and 9 euros (about $2.40 to $11.80) to a typical return flight within Europe with higher price hikes for long-haul trips. The Commission said this would be "significantly lower" than recent oil price increases passed on to air travelers.

Bowing to pressure from trade partners, the EU's executive arm will give all flights to and from EU airports an extra year to join the program.

All airlines — based in the EU or elsewhere — will have to trade emissions beginning in 2012 for all flights to and from European airports, it said.

The plan is compatible with international rules, EU Environment Commissioner Stavros Dimas said, adding that he did not believe U.S. airlines would win a challenge to it. He called on them to play their part in the fight against climate change.

It's a global problem," Dimas told reporters. "It needs a global solution."

The emissions trading program gives airlines a financial incentive to reduce emissions because they can sell allowances that they don't use. But if they fail to convert to low-carbon technology or simply increase their flights, they will be punished by being forced to buy additional allowances to release more carbon dioxide.

The EU said aircraft emissions currently make up 3% of total greenhouse gas emissions — higher than any other industry — but are increasing fast as cheap flights multiply and would likely double by 2020.

"Without action, the growth in emissions from flights from EU airports will by 2012 cancel out more than a quarter of the 8% emission reduction the EU must achieve to reach its Kyoto Protocol target," it said.

Someone flying from London to New York and back generates about the same level of emissions as the average person in the EU does by heating their home for a year, the Commission said.

Emissions will be capped at the average from 2004 to 2006, it said. Some allowances will be auctioned by national governments but most will be given away.

Scandinavian airline operator SAS AB said carbon trading was the best option because it did not punish economic growth. But it said it would have preferred to start with a global plan "in environmental terms and from a competitive perspective."

The Association of European Airlines, which represents Air France SA and British Airways, backed emissions trading but warned that a poorly designed program could strip airlines of the funds they need to introduce cleaner technology. The International Air Transport Association also gave it a "cautious welcome."

But environmentalists claimed the EU plan was too weak, citing a report from a British research organization, the Institute for Public Policy Research, that said airlines could earn up to 2.7 billion pounds ($5.26 billion) because they will get emissions allowances for free and pass on the costs in higher ticket prices.

One group, Transport and Environment, said the plan would barely reduce overall emissions and more measures were needed such as a tax on fuel and sales tax on tickets.

"This looks like business as usual and the likelihood of massive windfall profits for the industry," said T&E director Jos Dings.

Caroline Lucas, a Green Party member of the European Parliament, said airlines produce other greenhouse gases not covered by the plan, meaning their total contribution to climate change is between two and four times greater than other industries.

The required adoption by the European Parliament was unlikely while the plan runs "completely counter to their clearly stated view that all flights into and out of the EU should be included, and that the non-CO2 emissions should be taken into account,", said Lucas, a British MEP.

EU governments and the Parliament must back the plan — and can make changes — before it takes effect.

Paper Chase China's Reporters Face A Backlash Over Investigations (WSJ)

By Geoffrey A. Fowler And Jason Dean

The Wall Street Journal, December 21, 2006

BEIJING -- In a country where media censorship is national policy, Liu Jianqiang has pulled off some remarkable journalistic scoops.

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When a wealthy socialite struck and killed a farmer with her BMW in northeastern China three years ago -- and then got off with a slap on the wrist -- it was Mr. Liu, an investigative reporter from out of town, who dug deep into the case. Local reporters who had been hushed up by government officials passed him information on irregularities in the way prosecutors handled the trial.

The result was a widely read story that suggested corruption influenced the verdict. Within days of the article's publication, the government ordered an official investigation. A prosecutor in the case was later convicted of receiving bribes on the BMW and other cases, and sentenced to six years in prison.

"There are people who don't want things to come out," says Mr. Liu. "But there are always other people who do."

Today, China's government is waging a media crackdown on such hard-hitting reports. Some officials fear that investigative reporting feeds public discontent over social ills such as rampant pollution, a growing wealth gap, and especially corruption. Prominent editors at publications around the country have lost their jobs. A law under review in China's legislature could make it much more difficult for reporters like Mr. Liu to investigate emergencies and dig up wrongdoing in distant towns and villages.

Mr. Liu's journalistic successes and the pressure he and his peers now face reflect the Chinese leadership's deep ambivalence toward the press. Journalists have become an effective tool for rooting out corruption, one of China's most intractable problems. They also unnerve Communist Party rulers fearful of unrest and any challenge to their authority.

In September the party ousted one of its highest-ranking members, Shanghai party secretary Chen Liangyu, as part of a probe into misuse of the city's $1.2 billion pension fund. The dismissal of Mr. Chen followed in-depth stories in several publications about the involvement of Mr. Chen's allies in the scandal.

For years, the government treated newspapers and TV stations -- all of which were at least partly state-owned -- as propaganda vehicles, and profitability wasn't a priority. Typical front-page news included tedious recitations of party leader speeches and profiles of model communist workers.

But as China's economic reforms gathered steam a decade ago, the government began cutting subsidies to media outlets and subjecting them to market forces. Many print media groups, increasingly forced to fend for themselves, produced commercial titles to draw readers and tap China's booming ad industry. At the same time, the party began officially encouraging watchdog journalism by state-run media outlets under the rubric "supervision by public opinion."

The changing atmosphere prompted some news outlets to pump up their investigative reporting, which quickly won over readers eager for an alternative to bland propaganda. Southern Weekend, the newspaper where Mr. Liu made his name, was among the first to make that shift. In 1992, the party-controlled Nanfang Daily Group transformed what had been a four-page entertainment newspaper into a hard-hitting weekly covering national news. It won more than a million readers, and advertising dollars flowed in. The paper, based in the booming southern city of Guangzhou, became famous for edgy interviews, such as one published in 2001 with members of a gang that had killed 28 people in a spree of murder and theft. The story analyzed the role of poverty in gang violence, and challenged China's growing inequality.

China's censors still wielded the authority to block sensitive stories about corruption and wrongdoing, and some topics -- such as direct criticism of senior leaders -- remained strictly off limits. But journalists at Southern Weekend and other publications found loopholes.

One of the most effective ones involved reporters digging for news in distant parts of the country, away from their own censors. China's censorship often relies on local officials using their influence over the local press. Out-of-towners escaped their reach.

The practice of sending reporters to investigate wrongdoing in other locations became known as yidi jiandu, or "cross-regional supervision." Journalists exploiting this regulatory gray zone helped expose such problems as China's massive rural HIV/AIDS crisis, which devastated the countryside in Henan province.

Aggrieved farmers and families of mining-disaster victims began seeking out journalists. Some papers, including Southern Weekend, set up special hotlines for calls from readers with grievances and story ideas. The growth of the Internet also helped enterprising reporters sniff out stories or get them published by faraway newspapers. Local government officials in provinces all around China soon feared visits from out-of-town reporters, especially from Southern Weekend.

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One of the paper's most aggressive news hounds was Mr. Liu, now 37 years old. During his childhood in rural Shandong province, China didn't have any investigative journalists. His father, who had worked in a small municipal waterworks, was banished with the rest of the family to the countryside during the decadelong Cultural Revolution that began in 1966. With no books in the house, Mr. Liu learned to read using the only written material available -- self-criticisms his father was forced to write for his purported political offenses.

In college, Mr. Liu studied Marxism and then went to work for a bank. Bored with his job, he took a writing test for his local Communist Party newspaper, and landed a reporting job in 1997. The work wasn't as exciting as he had hoped. "I would follow party leaders and write that they went to a place and had a very important speech," he says.

In 2000, Mr. Liu joined a journalism program at Tsinghua University, one of China's top schools. There, he began to read overseas newspapers. He studied the Pulitzer Prizes. "My whole world changed," he says. "I learned what real news was."

After completing his master's degree in 2003, Mr. Liu found a job in the Beijing bureau of Southern Weekend. There, his editors got wind of the BMW incident. Local journalists in Harbin, a major city in the northeast, had been filing uncritical stories on the trial of the wealthy driver. Then, Chinese Internet forum users and bloggers began commenting on the case, raising its national profile.

Mr. Liu went to Harbin to investigate. He says he set up lunch with local journalists, some of whom "had information they could share, but had been instructed by the local propaganda department not to do so." One journalist hinted to Mr. Liu that the trial was flawed, and passed him a videotape of the court proceedings.

Mr. Liu took a taxi to the tiny village where the victim's husband lived. But the husband, Dai Yiquan, didn't want to talk about the accident. As Mr. Liu tried to put him at ease, another farmer pulled up in a tractor with a machine to grind corn into feed. Mr. Liu, familiar with such chores from his childhood on a farm, offered to help Mr. Dai.

Several bushels later, Mr. Liu had won Mr. Dai's trust, and a major lead on the story. The husband, it turned out, had told police that the BMW driver had shouted and cursed at the couple before the collision, and had tried to hit him with her car before striking his wife. This belied the defendant's claims that the incident was a simple accident.

Back in town, Mr. Liu found a judge -- a friend of a friend -- who helped him review the videotape of the court proceedings. They found that the prosecutor never introduced Mr. Dai's recounting of the driver's verbal assault, nor his allegation that the collision was intentional. The judge told Mr. Liu this omission was a violation of Chinese court procedure. Mr. Liu's story ran in the following week's Southern Weekend. The headline read: "Harbin's 'BMW-Hits-Pedestrian' Case Clouded by Doubt: Numerous Problems Emerge in Legal Procedures."

Two officials connected with the case were eventually removed from office. One, a prosecutor named Pang Jiulin, was convicted in August of 2004 of corruption for having taken $10,125 in bribes in the BMW and other cases. He was sentenced to six years in prison. Zhang Yanbin, another local official, was dismissed in July for taking a $1,012 bribe. The court report said that the BMW bribe was from the driver's family, but never said who was doing the bribing in the other cases.

The provincial propaganda department office declined to comment on the case. Messrs. Pang and Zhang couldn't be reached for comment.

Mr. Liu later scored other journalistic coups. A front-page story he wrote last year helped prompt the government to abandon a project to seal the bottom of a Beijing lake after showing that the project was destroying the surrounding ecosystem. It won him an environmental reporting prize sponsored by DuPont Co. After he wrote a piece about an HIV prevention program for sex workers in Yunnan province, the Bill and Melinda Gates Foundation paid for him to attend the International AIDS Conference in Toronto.

But outwitting the system through yidi jiandu soon got a lot tougher for Mr. Liu and his colleagues. In the summer of 2005, Mr. Liu landed what he thought was another big scoop: a tip, he says, that the deputy governor of Henan province was being investigated for conspiring to have his wife killed.

Mr. Liu called the police for comment. "I knew that the story was sensitive and if I got one little thing wrong, they would use it to come after me," he says. When he called at 10:00 a.m. the day before the story was to run, police confirmed the case existed, but said they were still awaiting instruction from authorities on how to talk about it, Mr. Liu says.

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That afternoon, the propaganda department of Guangdong province, Southern Weekend's home, called Mr. Liu's editors and told them not to run the story, he says. He believes the call came because the Henan propaganda department asked the central government to intervene in the case. The Guangdong and Henan propaganda departments didn't respond to a request for an interview.

Only months later did China's high court release rudimentary details of the case. In October of 2005, the vice governor was sentenced to death for the murder of his wife, according to the court's official Web site.

The incident was a sign of bigger problems. As muckraking stirred up public angst, government officials grew frustrated. "The central government is using the media as a watchdog," says Li Xiguang, executive dean at the School of Journalism and Communication at Tsinghua University. But officials are also "very much worried about mistrust of the public toward the government."

In particular, the increasingly freewheeling media were criticized by some outside the government for shoddy journalistic practices. "Commercial pressure seeks readers, and people love negative news," Mr. Li says.

Such criticism resonated with the administration of President Hu Jintao, who has made building a "harmonious society" a big priority since he took office in 2003. Last fall, the government stepped up its curbs on the Internet and fired or censured several prominent editors. The central government also issued a guideline calling for an end to "cross-regional supervision" reporting.

When Southern Weekend's top editor heard the news, he held a somber staff meeting. "Everyone felt helpless," says Ruichun Yang, at the time Southern Weekend's page-one editor, who adds: "If yidi jiandu ends, so does watchdog journalism." Soon after, three of the weekly's front-page stories were yanked before they went to press, says Ms. Yang.

The guidance against yidi jiandu doesn't yet constitute Chinese law, and Southern Weekend still sends its staff to report in other provinces. But editors think twice now before doing so. Today as many as one in five of Southern Weekend's big stories end up getting axed, and many more ideas are killed before they're even reported, Ms. Yang says.

Officials at Nanfang Daily Group, Southern Weekend's owner, didn't respond to a request for an interview.

A frustrated Mr. Liu took a sabbatical last April to write a book about Tibetan culture, and returned only this month. He and other Chinese journalists say they haven't given up. "Even with the restrictions on political reporting, there is a lot of room for Chinese journalists to write meaningful articles," Mr. Liu says.

Last summer, China's legislature began debating a proposed law that would make yidi jiandu harder, by enabling heavy fines against journalists who report news without the authorization of local governments. But in a surprising show of defiance, some newspapers and magazines condemned the draft law almost immediately after lawmakers began considering it in June. The proposal remains under discussion.

Chinese Journalist Freed Five Years Early (WT/AP)

By Elaine Kurtenbach, Associated Press

The Washington Times, December 21, 2006

SHANGHAI -- A journalist serving a 13-year jail term for reporting about a bogus irrigation project has been released five years early to unusually vocal official acclaim for his determination to fight corruption.

Gao Qinrong, previously an investigative journalist for a state-run newspaper in northern China's Shanxi province, was imprisoned in 1998 and released earlier this month, according to media activists and state press reports.

Such developments rarely win a mention in China's state-controlled press, given the political sensitivities over Beijing's violations of freedom of press and other civil liberties.

Yet, Mr. Gao's case is being touted as evidence of the country's willingness to empower the press to help fight corruption.

"That the local reporter Gao Qinrong was framed and imprisoned after revealing the frightful spectacle of local corruption is a highly irregular situation," the state-run newspaper Southern Weekend said in a commentary accompanying a lengthy interview with Mr. Gao after his release.

"Why should media today have to face this problem or that problem when reporting on the problem of corruption?" it stated. Mr. Gao, 51, was not immediately available for comment yesterday.

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In the interview, he insisted he was right in publishing the reports that resulted in his imprisonment.

"To be a journalist, you have to speak for the people," Mr. Gao told Southern Weekend. "If I hadn't published that report, it would be as if the case never happened. We can't all be yes-men. If we are, what hope is there for our country?

"Corruption must be exposed," he said.

The authorities' motives in highlighting Mr. Gao's case are not clear.

Mr. Gao drew national attention with a 1998 report in the Shanxi Youth Daily that a $35 million irrigation project in Yuncheng, a city in northern China, was a scam meant to boost the careers of local officials. It was published in the Communist Party newspaper the People's Daily and followed on state-run television.

Months later, Mr. Gao was arrested by Yuncheng officials on charges of bribery and fraud, among others, and sentenced after a brief trial to 13 years in prison.

His release comes as China's top leaders are orchestrating simultaneous corruption crackdowns in several major Chinese cities, including Beijing and Shanghai.

The scandals appear to be aimed at appeasing public anger over corruption while shoring up the power base of President Hu Jintao ahead of an important party congress next year.

Welcome, Wal-Mart Comrades (WSJ)

The Wall Street Journal, December 21, 2006

For a peek into China's labor market, look no further than Wal-Mart. In North America, the world's biggest retailer prefers to close down stores rather than tolerate unionized staff. But in China, most of Wal-Mart's 68 stores not only have labor unions, but six locations now boast Communist Party branches as well. What's next? Comrade Sam's Clubs?

The latest Wal-Mart Party cell debuted Friday at the chain's headquarters in Shenzhen. This followed the company's decision in July to give in after years of pressure from the nationally sanctioned All-China Federation of Trade Unions. Thirty employees at a Wal-Mart store in Fujian province unionized. According to the ACFTU, it now has more than 6,000 members in Wal-Marts across China. The Party has followed the unions' path through the front doors.

Wal-Mart spokesman Jonathan Dong told China Daily that Wal-Mart supports the Shenzhen cadres. "We have had this attitude since the trade union was established [in July]," he said. "Both will be good for the development of Wal-Mart in China."

That's not a sure thing. For starters, the function of the new unions remains unclear. Labor lawyers tell us that Chinese unions aren't like those in the West. Relations with management are generally benign. Demonstrations are rare, as unions and party cells like to keep a low profile. So a company like Wal-Mart may not perceive much threat from opening its doors to union and Party. But there's nothing to guarantee that union members won't catch onto the practices of their Western peers.

Legal change is afoot, too. Sometime in the next week, Beijing's legislature is expected to hold a second reading of the Labor Contract Law. The document will redefine labor rights and the ACFTU's power. The first draft gave foreign investors a jolt. It made employee dismissals for poor performance difficult. The draft also required company policies and regulations to be negotiated between employer and "employee representatives," a la Germany.

More than 190,000 industry players registered comments on the draft law with the Party. Many believe the new version will be more employer friendly, though the draft still hasn't been made public. Many foreign-invested firms are waiting for the passage of the legislation before deciding whether to admit the ACFTU, as Wal-Mart did.

Which makes Wal-Mart's embrace of union and Party all the more puzzling. Perhaps Wal-Mart wasn't given much of a choice, and was chosen to send a message to other foreign-invested enterprises. Which is: We're watching you from outside, and inside.

DOJ_NMG_0108164

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 21, 2006 7:45 AM EST

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TERRORISM NEWS:

Key Democrat wants to know why Arar still barred from U.S. (TS)

By Tim Harper
Toronto Star, December 20, 2006

WASHINGTON–The incoming chair of a powerful Senate committee says he will summon U.S. Attorney-General Alberto Gonzales before American legislators to explain why Maher Arar is still barred from the U.S.

Vermont Democrat Patrick Leahy, who will chair the judiciary committee in the new Congress, said Arar has the right to know what suspicions the Bush administration still harbour against him after he was exonerated by a Canadian inquiry.

"The Canadian government has now documented that the wrong thing was done to the wrong man," Leahy said.

"It is time for the (Bush) administration to do what it can to redress this wrong, instead of perpetuating it."

Leahy, in an interview with the Toronto Star, also said he believed the new Congress would rewrite the law that will require Canadians and Americans crossing the international border by land to carry passports by June 2009, at the latest.

In the last Republican-controlled Congress, the Vermont senator co-sponsored an amendment to push the border regulations back from its original Jan. 1, 2008 start date.

He also called the administration's plans to install electronic sensors and satellite security along the border "insulting to Canada ... and beneath the United States, and I don't see that it accomplishes anything."

Leahy says he wants Gonzales before his committee to discuss the entire U.S. policy of rendition and he said in a speech last week he will no longer put up with non-answers shrouded in security concerns or promises to get back to him.

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"It's not just this individual case," Leahy said, "but what does this say when someone's plane stops here, they have citizenship in a neighbouring country and we ship them back to Syria.

"You know they are going to be tortured.

"This is beneath our country. And it does absolutely nothing to make us more secure and it is a gross human rights violation.

"One thing that can be done is our country should sit down with yours and say: How did we all screw up here?"

Arar's Toronto lawyer, Lorne Waldman, said he was "very encouraged" by Leahy's pledge.

"This moves the matter to the next level and we're quite pleased with that," he said.

Washington's ambassador to Ottawa, David Wilkins, said last week Arar remained on a "no-fly" list in the United States, but neither he nor the U.S. State Department would outline the reasons.

Leahy said Arar, a Syrian-born Canadian engineer, should be told by U.S. authorities what allegations they are making.

There are a number of lists held by American authorities that could ban Canadians from this country and since the U.S. justice department has classed Arar's case a "deportation" and not a "rendition," he was barred from the U.S. for five years from the 2002 date he was picked up at John F. Kennedy Airport in New York.

From there, he was sent to Syria where he was imprisoned and tortured.

On the border issue, Leahy said the fact he was able to co-sponsor an extension to the legislation with a conservative Republican, Ted Stevens of Alaska, shows there is bipartisan support to change the law.

He cautioned against reading too much into the Democratic pledge, often mentioned by incoming Speaker of the House Nancy Pelosi, to implement all the recommendations of the 9/11 commission that studied the terrorist attacks in this country.

The passport or secure card rules sprung from that commission.

"Will Rogers, the great American comedian once said, `I belong to no organized political party, I'm a Democrat,'" he said. "Certainly we want to implement a number of recommendations from the 9/11 commission, but we are not a parliamentary form of government and we don't take party positions.

"It's great to say we're going to implement a lot of things that haven't been implemented, but you're not just going to take the 9/11 commission report as a piece of legislation and just pass it.

"It's not going to happen."

Leahy said he has heard more and more senators, beyond border states, saying the security legislation doesn't make sense.

"I think we'll go back to the drawing board," he said. "It has to be rewritten."

US Senator Seeks Answers In Botched Canadian Terror Case: Report (AFP)

AFP, December 21, 2006

The incoming chair of the powerful US senate judiciary committee has vowed to get to the bottom of an alleged rendition of a Canadian man wrongly accused of terrorist ties, a Canadian newspaper said.

Vermont Democrat Patrick Leahy told the Toronto Star in an interview published Wednesday that he would summon US Attorney General Alberto Gonzales before the committee to explain why Maher Arar is still barred from the United States, after he was cleared of terrorist links by a Canadian judicial inquiry.

"The Canadian government has now documented that the wrong thing was done to the wrong man," Leahy told the newspaper.

"It is time for the (Bush) administration to do what it can to redress this wrong, instead of perpetuating it."

Arar was stopped in New York, on his way to Canada from a trip to Tunisia in September 2002, and was deported to Syria where he was jailed and tortured for more than a year.

Ottawa asked Washington to remove the 36-year-old software engineer from their surveillance list after he was exonerated in September. But the US ambassador to Ottawa said last week that Arar remains on the watch list.

The botched terrorism case has gripped Canada and led to the resignation earlier this month of the nation's top cop, Royal Canadian Mounted Police (RCMP) Commissioner Guiliano Zaccardelli.

A Canadian government report found that faulty intelligence provided to US authorities by the RCMP had likely led to Arar's detention and deportation to Syria.

Ottawa protested to Washington and Damascus over Arar's treatment, but Syria denies the torture claims and the United states has refused to accept blame for any wrongdoing in the case.

Senator Leahy said he would also question Gonzales about the US government's alleged widespread use of "extraordinary rendition" -- the clandestine seizing and transfer of terror suspects to allied nations that condone torture.

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"It's not just this individual case," he said. "But what does this say when someone's plane stops here, they have citizenship in a neighboring country and we ship them back to Syria."

"This is beneath our country. And, it does absolutely nothing to make us more secure and it is a gross human rights violation."

Pakistani Man In NY Convicted Of Financing India Militant Group (AP)

AP, December 21, 2006

NEW YORK (AP) _ A Pakistani man was convicted Wednesday of financially supporting a militant separatist group in India, federal prosecutors announced.

Khalid Awan, of Garden City, was convicted by a federal jury after a two-week trial in Brooklyn and faces up to 45 years in prison.

Awan, 44, was charged with helping the Khalistan Commando Force, a Sikh secessionist group that operated in India's Punjab state. The group, founded in 1986, is considered a terrorist organization in India and is said to be responsible for the deaths of thousands of people through bombings, sabotage and assassinations.

Awan came to the attention of federal authorities in 2003, when he was serving prison time on credit card fraud charges, the U.S. attorney's office said.

A fellow inmate at the Metropolitan Detention Center in Brooklyn reported that Awan had talked about his relationship with Paramjit Singh Panjwar, the leader of the KCF and one of India's most wanted fugitives, prosecutors said.

Evidence that prosecutors presented included recordings of Awan's prison phone calls to Panjwar in Pakistan, statements by Awan saying he sent the group hundreds of thousands of dollars and testimony by two New York-area fundraisers for the militants who said they had delivered money to Awan's home in Garden City. Prosecutors also said Awan introduced the fellow inmate as a potential recruit when talking to Panjwar.

The Indian government cooperated in the investigation, prosecutors said.

"The war on terror is a global battle," said Roslynn Mauskopf, U.S. attorney for the Eastern District of New York. "We will not permit individuals in our jurisdiction to finance terrorist groups responsible for murder and violence in any part of the world."

A telephone message seeking comment from an attorney for Awan was not immediately returned Wednesday.

Awan's sentencing is set for March 7.

Risk Of Attack Rising, Officials In Europe Say (WP)

By Craig Whitlock

The Washington Post, December 21, 2006

BERLIN, Dec. 20 -- The threat of a terrorist attack on European soil by Islamic radicals has increased substantially in recent months, reaching its highest levels since the London transit attacks of July 2005, according to European counterterrorism officials. Adding to the anxiety: fresh threats against Britain and France delivered Wednesday by al-Qaeda's deputy leader.

In a new videotape, Ayman al-Zawahiri, the second-in-command to al-Qaeda chief Osama bin Laden, singled out Britain as a historical enemy of Muslims, blaming it for the creation of the state of Israel and the downfall of the Ottoman Empire in the early 20th century.

He also said al-Qaeda would continue to plan attacks on the United States and its "Crusader" allies in Europe as long as Western powers remain in Iraq, Afghanistan and Lebanon. "The animosity of Britain toward Islam stretches over centuries," Zawahiri said, according to a translation of his remarks by the SITE Institute, a terrorism research organization. "Isn't it the one who used to occupy most Islamic lands?"

It was the 15th recorded speech released this year by Zawahiri, a 55-year-old Egyptian physician who has shown little fear of speaking out despite a $25 million reward for his capture posted by the U.S. government.

Frequently wagging a finger to make a point, he spoke with a rifle displayed in the background. "I tell both the Republicans and Democrats . . . you try to negotiate with certain parties to secure your departure, although the parties don't have a way out for you" from Iraq. "You shall come back -- Allah permitting -- with no other choice but to negotiate with the real powers," an apparent reference to al-Qaeda's wing in Iraq.

Zawahiri's remarks followed a raft of general warnings by authorities in Britain, France and Germany that major attacks might be coming. They have given no specifics.

Last week, British Home Secretary John Reid declared that an attempted terrorist strike in his country was "highly likely" over the Christmas and New Year's holidays. There has not been a major terrorist attack in Europe since the July 7, 2005, bombings in London. But European counterterrorism officials have disrupted dozens of attempts since then and have far more suspected radicals under surveillance now than at any point since the Sept. 11, 2001, hijackings in the United States.

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In November, the director general of Britain's MI5 intelligence service, Eliza Manningham-Buller, said the agency was tracking more than 1,600 members of suspected terrorist cells, more than triple the number under surveillance three years ago. Manningham-Buller, who rarely speaks in public, said investigators were monitoring about 30 major terrorism plots in the planning stages.

"The threat has really proliferated," said M.J. Gohel, chief executive of the Asia-Pacific Foundation, a London-based security research organization. "One of the reasons why Western intelligence and counterterrorism officials are so concerned is because they have unraveled so many plots involving so many different independent cells."

Other European countries have been on heightened alert. Spanish investigators broke up a cell of Islamic militants last week that was allegedly plotting attacks on an arms depot and a supermarket.

On Friday, Germany's chief federal prosecutor, Monika Harms, said that "the threat posed by Islamist terrorism must not be underestimated" in that country, citing an alleged plot to blow up regional trains with suitcase bombs in July and a separate scheme to smuggle explosives onto an Israeli airliner at the Frankfurt airport.

Intelligence officials and analysts said the number of European Muslims who have become radicalized has escalated in recent years, especially since the Iraq invasion and the wars in Lebanon and Afghanistan. But they also cited factors closer to home, including rising anger among immigrants and later-generation Muslims who feel marginalized in European society.

Zawahiri's recent remarks have particularly concerned French counterterrorism officials. They have warned of a heightened risk of attacks because of a newly declared alliance between al-Qaeda and an Algerian-based network, the Salafist Group for Preaching and Combat, which has developed an extensive collection of cells in France and elsewhere in Europe.

In September, Zawahiri announced the formation of the partnership and urged the Algerian network to become "a dagger in the hearts of the French traitors and apostates." On Wednesday, he repeated the command, predicting that the Algerians would soon defeat the "secularist sons of France."

French officials said this week that they have arrested 76 suspected members of the Algerian network since June 2005 in connection with three separate plots, including alleged plans to bomb the Paris subway and Orly airport.

Jean-Louis Bruguiere, France's chief anti-terrorism judge, said that France had become "the main target" of the Algerian group and that the risk of attacks had increased over the past six months. "We consider the threat level to be very high," he said in an interview published Wednesday by the International Herald Tribune. "What is new is that this organization has formally pledged allegiance to al-Qaeda."

In his statement, Zawahiri also criticized the radical Palestinian movement Hamas for taking part in elections in January and failing to insist on an Islamic constitution. In earlier messages, he has called on Islamic fighters to go to the Palestinian territories to fight alongside Hamas.

U.N. To Allow Appeals On Sanctions Tied To Al Qaeda, Taliban (WSJ)

By David Crawford

The Wall Street Journal, December 21, 2006

Alleged al Qaeda and Taliban supporters blacklisted by the United Nations Security Council will be able to petition directly to have their names removed and sanctions lifted, removing a top complaint of lawyers and civil-rights lobbies.

The security body cleared the way for a form of appeals process when it voted Tuesday to set up an office to handle requests by individuals to lift sanctions imposed under a range of U.N. resolutions dating back to 1992.

More than 300 people have been listed at the Security Council under one of those resolutions, 1267, which was passed in 1999 to pressure leaders of the then-Taliban government in Afghanistan to hand over Osama bin Laden. Since then, the resolution has been used more widely by governments to sanction people they believe to belong to or support al Qaeda and the Taliban.

Explaining why Denmark proposed the change while it was president of the Security Council, Danish Foreign Minister Per Stig Møller said, "Denmark wants to combine the fight against terrorism with respect for human rights and the rule of law."

The new Security Council office -- called a "focal point" -- will be able to receive petitions from individuals sanctioned under 1267, as well as 10 other resolutions directed at individuals in Somalia, Rwanda, Sierra Leone, Liberia, Congo, Ivory Coast, Sudan and North Korea.

Fix Needed (WP)

The Washington Post, December 21, 2006

LAST WEEK a federal court in Washington threw out the lawsuit of Salim Ahmed Hamdan, the detainee at Guantanamo Bay, Cuba, whose successful challenge to the Bush administration's proposed military trials for accused terrorists led to a landmark Supreme Court decision earlier this year. The dismissal of the case is an ironic consequence of Mr. Hamdan's victory

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before the high court. The justices' decision forced Congress finally to take action to create a legal structure for the war on terrorism. But one of the actions Congress took in the hastily passed Military Commissions Act was to strip the federal courts of jurisdiction over such lawsuits, including those, like Mr. Hamdan's, that were already pending. Under the act, many other important cases will probably have to be dismissed -- which is why Congress should promptly amend the law when it reconvenes in January.

While the Supreme Court's rulings on this subject have been muddy, U.S. District Judge James Robertson may well have been legally correct in dismissing the case. The fault here lies with Congress, not with any judge. Judge Robertson held that the legislature had unambiguously stripped the courts of jurisdiction over all lawsuits challenging detentions at Guantanamo Bay -- so-called habeas corpus lawsuits. And he ruled as well that Congress had the power under the Constitution to do so -- at least for aliens held beyond American shores. But saying that Congress acted lawfully is not the same as saying it acted wisely.

Stripping the courts of habeas jurisdiction over Guantanamo was a profoundly foolish step to stop judicial review of an administration whose behavior has repeatedly illustrated the crucial importance of such oversight. Virtually every step the administration has taken toward a fairer and more open system for the detention and prosecution of enemy combatants has come as the result of pressure, direct and indirect, of litigation. The decision to respond to the Supreme Court's rebuke by, among other things, sharply limiting judicial review disabled the one mechanism that has consistently pushed policy in a constructive direction. Congress badly needs to reconsider.

Fortunately, the bipartisan leadership of the Senate Judiciary Committee is committed to doing just that. Incoming Chairman Patrick J. Leahy (D-Vt.) and ranking Republican Arlen Specter (Pa.) are pushing legislation to reestablish habeas jurisdiction for these cases. The new Congress would do a service if it acted swiftly to correct its error.

HOMELAND RESPONSE:

Chertoff Discusses Goals, Responds To Critics (NJ)

By Shane Harris

National Journal, December 20, 2006

In February 2005, Michael Chertoff stepped down from a lifetime appointment to the federal bench to lead one of the most far-flung and disjointed bureaucracies in the federal government. Only six months into the job, Hurricane Katrina put the Homeland Security Department's disaster planning and response mission to the test -- and by most accounts it failed in almost every measurable way.

DHS's performance has "improved quite a bit in the past two years," Chertoff said in a December 5 interview with National Journal. But he acknowledged that he didn't anticipate just how high a hill he would have to climb when he became department secretary. "I don't think when I came in I had a clear sense of all the individual tasks that would have to be undertaken."

Looking at the final two years of the Bush administration, Chertoff said that much more needs to be done. He described some of his major goals, responded to his critics, and talked about what lawmakers and the public should -- and shouldn't -- expect from the Homeland Security Department. An edited transcript follows.

NJ: How do you rate the department's performance in one of its key missions, keeping terrorists out of the country?

Chertoff: We've got the watch lists for the known terrorists collected in one place and accessible across the government, which was an issue raised by the 9/11 commission. That's been done.

The next challenge is finding the unknown terrorist. There are two elements to doing that. One is getting more biographical information about people who want to come into the country. We did that by reaching an agreement on passenger name record data with the Europeans. [Homeland Security will collect certain personal information on European airline passengers and screen it for terrorist risk.] And then the second step is biometric data, collecting 10 fingerprints from visitors, which we can run against latent prints that we hold in databases from safe houses, or training camps, or battlefields all over the world. We're rolling out the 10-print collection at consulates in Riyadh, London, and El Salvador.

NJ: How did the new requirement that airline passengers pack carry-on liquids and gels in quart-size plastic bags fare during the biggest travel period of the year, the Thanksgiving holiday?

Chertoff: Since there was very little in the news about it, I think it was a smashing success. There were some bumps in the road, but it was not the story that it was predicted to be. We would ideally like to get to a technology that would allow us to screen all liquids mechanically [for explosives], but it's got to be one that does it efficiently without becoming cumbersome and slow. I constantly have the experience of people telling me that they have a magic bullet, if only we would see it and buy it.

But it works great in a lab, and it doesn't work operationally. If you have to take every bottle out and scan it separately, you're going to be waiting three hours to get on your airplane.

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There was a lot of work done training and preparing and communicating to the public [about the new liquids requirements], and the public responded well. One of the keys to success for us is communication and message, and getting it out there and making sure people understand what we're doing.

NJ: In the wake of Hurricane Katrina, does the public understand that the federal government will not respond immediately to a major catastrophe?

Chertoff: I think everyone intellectually knew that the feds weren't going to be there immediately. The federal government does not own all the response resources. The National Guard is the single biggest response resource. That is controlled by the governors. If you want to send a governor into orbit, suggest that maybe we should have the federal government reach out to control the National Guard in an emergency. They will go ballistic, and that's as it should be. But they must then take the responsibility to make sure that the National Guard is properly trained and able to work. What we have to do is make sure the National Guard training and planning is integrated with ours.

NJ: Does there need to be some public education program for preparing for a disaster?

Chertoff: The basics of preparedness, having a plan, should be the kind of thing we teach in school, in the same way that you were taught in fire drills to stop, drop, and roll. Everybody should have those basics down. I think Katrina shook people up. A lot of messaging and a lot of education, particularly at the local level, is the key.

NJ: What's the most underrated threat right now?

Chertoff: We put a lot of resources into nuclear, radiological, biological countermeasures. That doesn't get a lot of media attention, because the media tend to focus on plots that have already occurred -- aviation, rail. The problem is, the return on investments may never be visible. Maybe terrorists will never get their hands on a nuclear bomb. But if they did, the consequence of not being ready would be catastrophic.

NJ: What's a criticism you most often hear about the department, and how do you respond?

Chertoff: A typical criticism is contract management. Part of that is we get inconsistent signals. Going back to 2002, there were stories about TSA contracts. [Congress required the Transportation Security Administration, now part of DHS, to quickly hire tens of thousands of airport security screeners. Government audits found that contracts with private hiring firms were severely mismanaged and over budget.] What can I tell you? If you tell people you've got to build an organization and get it up and running, and it's a national emergency, you're not going to do the ordinary contracting process, because that takes about a year.

We have to be honest with Congress and the public. We ought to ask the question very directly: Do you want us to short-circuit the contracting rules in a time of national emergency? I don't think it's fair to tell the people in this department, "It's an emergency, get it done yesterday, but when you get it done then we're going to criticize you because you didn't do the full process." That's not fair to people. That's basically saying, heads I win, tails you lose. And that's not right.

I've become more and more convinced that one of the best things I can do is to be completely crystal clear about what it is you want us to do: What are our capabilities, what are you prepared to give us or not give us, what's it going to cost, and what can we deliver? Accountability is not about gotcha. It's about clarity of goal, accurate assessment of capability and of cost, and the deliberate decision-making about what you want to do.

NJ: How are your first interactions going with incoming House Homeland Security Committee Chairman Bennie Thompson, D-Miss., and other congressional overseers?

Chertoff: We're off to a very good start. I'm very happy to meet with everybody involved on the committee, either separately or together. I want to hear what's on their minds.

I want to tell them what's on my mind. We are all going to win or lose together on homeland security. We all share this responsibility. If we protect this country as much as reasonably possible, then we can all say we did the job the American public sent us here to do. I completely believe that everybody on the committee, on both sides, is seriously interested in doing the job and have the right goals. I don't have any doubt about people's objective and motives.

NJ: Nancy Pelosi has said that one of her top priorities will be enacting all of the 9/11 commission recommendations. Where is the department on enacting those?

Chertoff: On the ones that affect us, we're implementing, as far as I know, all of them. I feel comfortable that any impulse to enact those recommendations is going to validate what we're doing.

NJ: Are you anticipating any areas where she's going to say that you're dragging your feet, not doing enough?

Chertoff: I'm not going to put myself in someone else's head. The challenge for us is always implementation. I'm as impatient as everyone else. I fully understand the frustration people feel; I would like everything done yesterday. But I also know that rushing something too quickly is going to wind up breaking it or not have it work properly. My task is to set a deadline and put things just a little bit out of reach so that people are always stretching, but not so far out of reach that I'm imposing a demand that can't possibly be met.

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Acquisition Listed Among DHS Management Challenges (GovExec)

By Jonathan Marino

Government Executive, December 20, 2006

The Homeland Security Department needs to establish a more comprehensive acquisition oversight program and better plan an initiative to secure the borders, according to an inspector general report released Wednesday.

The report on major management challenges said that DHS' contract writing systems are incompatible with the Federal Procurement Data System - Next Generation, a governmentwide repository for information on acquisitions. Department officials also sometimes fail to enter data on certain types of purchases, such as those using government purchase cards, into FPDS-NG, the auditors noted, leading to a potential understatement of contracting activity.

Some of DHS' contract writing systems "may need to be replaced," the IG said. The report did not project what such an effort might cost.

The report also criticized DHS' Secure Border Initiative to integrate technology, personnel and infrastructure along the nation's borders.

"Our main concern about SBInet is that DHS is embarking upon a multibillion-dollar acquisition project without having laid the foundation to effectively oversee and assess contractor performance and effectively control cost and schedule," the report stated. "DHS has not properly defined, validated and stabilized operational requirements."

The IG singled out DHS' Immigration and Customs Enforcement bureau and the Coast Guard as needing better financial management. Another report by the auditors pointed at ICE and the Coast Guard as having the most material weaknesses in financial reporting within the department.

In addition, the IG, noting "significant interdependencies" between U.S. Customs and Border Protection and ICE, said "jurisdictional, operational and communication gaps exist between the two organizations that must be addressed by DHS leadership."

DHS Spokesman Jarrod Agen cited ICE's and CBP's joint efforts to end the United States' catch-and-release policy of dealing with illegal immigrants as an example of how both agencies "effectively worked together."

In a written response to the IG, DHS officials said the department will continue to build its acquisition workforce, and "initiatives to resolve personnel shortages will include a centralized recruiting system for contract personnel within DHS components."

Officials responded to an IG recommendation on improving the grants process by stating that DHS has added workshops to "provide grantees with more advance learning opportunities." This fiscal year, the department will initiate a monitoring program to check up on grants awarded, the response said.

DHS also said it will continue to increase staffing levels within its SBInet office and that it plans to expand the CBP Sensitive Compartmented Information Facility to create "collaborative work areas." It will deploy "field intelligence units" next month.

After the report's release, Senate Homeland Security and Governmental Affairs Committee incoming Chairman Joseph Lieberman, D-Conn., said he intends to scrutinize DHS spending when he takes the gavel in 2007.

"No one expected that the department would automatically work as a well-oiled machine," he said, in a statement. "A merger of this size takes time, sometimes years, for all the various parts to work well together."

IG Outlines Homeland Security Department Management Challenges (FEDT)

By Daniel Friedman

Federal Times, December 21, 2006

Disaster response, acquisition management and financial management remain major challenges for the Homeland Security Department, according to the department's independent watchdog.

In a report released Dec. 20, Inspector General Richard Skinner writes that almost four years after the government's largest reorganization in a half-century, the department "still has much to do to establish a cohesive, efficient and effective organization."

Citing Homeland Security's "failures" after Hurricane Katrina, Skinner said the event highlighted longstanding problems at the Federal Emergency Management Agency in managing assistance and housing for disaster evacuees, information and systems, contracts, grants and flood insurance.

The IG also is conducting reviews of FEMA's intake process for evacuees, its management of the national flood insurance program, and its acquisition management structure, the report says. And last month, the IG announced plans to investigate

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FEMA's spending and claims that the agency failed to properly consider small- and minority-owned businesses for some contracts.

This latest report calls upon FEMA to speed up efforts to share data with other agencies, noting that "FEMA and the federal community are not ready to meet the data sharing requirements of the next catastrophic disaster."

In the area of contract management, the report says the department should provide better ethics training for procurement officials, hire more program managers who have experience, and install program management controls. Among the seven agencies within DHS that have their own procurement offices, "many . . . reported that their lack of staffing prevents proper procurement planning and severely limits their ability to monitor contractor performance," the report stated.

The IG singled out DHS' Secure Border Initiative and the Coast Guard's troubled fleet modernization program, called Deepwater, as efforts that present substantial risk due to their size and complexity.

For the fourth straight year, DHS could not obtain an opinion on its financial statements in 2006, due to component agencies' inability to produce enough support for their stated financial positions. In September, the department's new chief financial officer, David Norquist, suspended efforts to merge the eight financial systems in the department, calling the effort too disruptive.

Auditors have identified material weaknesses in areas like budgetary accounting and undelivered orders at DHS agencies, particularly at the Coast Guard and Immigration and Customs Enforcement. The components have corrective action plans for those problems, but a separate report by auditor KPMG LLP calls many of those plans insufficient and behind schedule.

How Biometric Security Is Far From Foolproof (WSJ)

By William M. Bulkeley

The Wall Street Journal, December 21, 2006

Growing numbers of companies are relying on biometric devices like fingerprint readers and iris scanners to identify customers and employees and make sure they aren't poseurs.

But with increasing use has come increasing worry that these security devices can be faked out. Deception methods including well-made copies of fingerprints, masks or contact lenses that replicate iris patterns might be used to defeat the new identification technologies.

In a sign of the growing fears, Financial Services Technology Consortium, a New York-based group of financial institutions, has hired a consulting firm to examine how successful biometric devices are at thwarting impersonation -- or "spoofing," as biometricians like to call it.

The preliminary view of the consultants, International Biometric Group, based on an early look at research, is that the devices aren't spoof-proof.

"Any high-resolution fingerprint image will have a high chance of spoofing an optical sensor," says Ross Mitchell of International Biometric. He says most fingerprint-sensing technologies -- which essentially take a picture of a fingerprint and match it against a database -- are potentially vulnerable to spoofing. Systems that use sensors that aren't optical but rely on thermal or ultrasonic imaging, may be less vulnerable to fakery, "but they're still susceptible," Mr. Mitchell says.

In 2002, Tsutomu Matsumoto, a mathematician at Yokohama National University in Japan, reported he had fooled a number of fingerprint readers by creating fake fingers out of the kind of gelatin used in candy Gummy bears. Researchers at Biomedical Signal Analysis Laboratory at West Virginia University have reported they were able to fool various types of fingerprint readers between 40% and 94% of the time using cadaver fingers or fingers made of Play-Doh.

Use of biometrics in various applications is exploding. Scott Moody, chairman of AuthenTec Inc., a Melbourne, Fla., company that is the largest maker of chips used for reading fingerprints, says it will sell 6.7 million chips this year, more than double the three million last year. Fingerprint readers are increasingly common on cellphones in Japan and Korea.

Mr. Moody estimates that about 9% of all laptop computers shipped next year will have fingerprint readers to secure and simplify remote log-ons. John Morris, president of Solidus Networks Inc., a San Francisco company whose Pay By Touch system is used by a growing number of retailers, says it now has readers installed in almost 3,000 stores, up from 30 just 18 months ago.

International Biometric estimates the total market this year rose 47% to about $2.2 billion from $1.5 billion last year.

Makers of biometric devices downplay the risk of spoofing. Mr. Moody of AuthenTec says most reported spoofs have involved making a mold of a finger, which would be difficult without the individual's knowledge. Experts say it would be even more difficult to make an accurate finger replica from a latent print on a glass.

Mr. Morris -- whose Pay By Touch system is in use at 3,000 retail locations, up from just 30 two years ago -- says "the chances are extraordinarily low. We've never had an incident of any kind." He says that even if spoofing is theoretically possible, fingerprint readers are less vulnerable to thieves and hackers than credit-cards or passwords.

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International Biometric says the testing it is doing will provide buyers useful guidance about potential risks. Mr. Mitchell says the researchers have proved that even sophisticated fingerprint scanners, "despite high matching accuracy, could be fooled using cheap materials." The tests will be completed during the 2007 third quarter with results reported to the sponsor in the fourth quarter.

Iris recognition technology, which is becoming increasingly popular because it is considered more accurate than fingerprint reading, may be more difficult to spoof. Mr. Mitchell says there have been informal reports that some scanners have been fooled by high-resolution photos of the eye.

Some eye scanners now include a flashing light designed to make the pupil contract to prove the eyeball is real. International Biometric plans to test whether it can design a contact lens with an imposter's iris pattern to fool a scanner. Currently it doesn't plan to test face recognition or handprint geometry biometric devices.

Quest For Anthrax Vaccine Lengthens (WP)

By Renae Merle

The Washington Post, December 21, 2006

The cancellation of a high-profile contract to produce 75 million doses of a new anthrax vaccine leaves federal heath officials years away from a replacement for the version now in use but could raise the prospects for an alternative being developed by a British competitor.

VaxGen of Brisbane, Calif., was scheduled to begin delivering a new anthrax vaccine this year, but after delays and technical problems, the Department of Health and Human Services voided the $877.5 million contract Tuesday. The department has not announced plans to replace it, but an alternative version being developed by Avecia of Manchester, England, is being tested, and the National Institutes of Health is expected to award contracts next year for research into advanced vaccines.

The VaxGen contract was the largest piece of the Bush administration's $5.6 billion Project BioShield, which seeks to develop modern vaccines and drugs to counter chemical, biological, radiological or nuclear threats.

"The first thing to do, on HHS's part, is to explain why this failed," said Tara O'Toole, director of the Center for Biosecurity at the University of Pittsburgh Medical Center. "All of the companies are wondering, does this mean that HHS is an unreliable partner or that this was just kind of bad luck."

HHS canceled the contract after VaxGen missed its deadline Monday to begin human testing because of concerns at the Food and Drug Administration about the product's reliability. Agency officials declined to elaborate on the reasons for the cancellation.

VaxGen was to develop a replacement for a version of the vaccine currently used by the military and made by Emergent BioSolutions of Gaithersburg. That drug must be administered over 18 months in six shots and has been subject to controversy. Some soldiers have resisted being vaccinated and others have complained about side effects, but the FDA has said the drug is safe.

HHS had hoped that VaxGen's vaccine could be produced more quickly in an emergency and administered over a shorter period of time. "It just illustrates the uncertainty that surrounds developing a vaccine. Even in the best of circumstances, it's a risky undertaking," said Robert Kadlec, the former director for biodefense on the White House's Homeland Security Council. "But when you put it in the hands of a company that hasn't had a proven product, it's even chancier."

It is unclear how soon any of the alternatives could be produced. Emergent is working on improvements to its vaccine, including halving the number of shots required and extending its shelf life beyond three years, a company spokesman said. The U.S. Army Medical Research Institute of Infectious Diseases plans to spend $14 million in fiscal 2007 researching anthrax vaccines as well as treatments and diagnostic tools.

Avecia, which has an NIH contract to develop a vaccine, may be the closest to an alternative. The company has produced some preliminary data from human tests, Michael Kurilla, director of the Office of Biodefense Research Affairs at NIH, said. "So far the vaccine has been demonstrated to be safe," Kurilla said. But those human trials are not completed and the FDA will review the results, he said. It is unclear how long it would take for the product to be ready for wide distribution.

"There are still a number of specific actions you have to do in terms of bringing a product to commercial-scale production," Kurilla said.

In June, Avecia was awarded a $4 million grant from the National Institute of Allergy and Infectious Diseases to develop another version of the vaccine that would not need refrigeration. "That is much earlier in the pipeline," Kurilla said. An Avecia spokesman did not return a call for comment.

The NIH is also spearheading research on a third generation of the vaccine. That version could be stored at room temperature, would require fewer doses, and would not require a needle, Kurilla said. One or more contracts will be awarded next year, he said. "This is not something that is going to be a short-term event," he said.

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WAR NEWS:

President Bush On Iraq, Elections And Immigration (WP)

The Washington Post, December 20, 2006

This 25-minute interview was conducted yesterday in the Oval Office by Washington Post staff writers Peter Baker, Michael A. Fletcher and Michael Abramowitz.

President Bush: Listen, a couple of things before we get going. Obviously, I've been thinking about -- and talking to a lot of people about -- the way forward in Iraq and the way forward in this ideological struggle. I want to share one thought I had with you, and I'm inclined to believe that we do need to increase our troops, the Army, the Marines. And I talked about this to [Defense] Secretary [Robert M.] Gates, and he is going to spend some time talking to the folks in the building, come back with a recommendation to me about how to proceed forward on this idea. I want to give him a little time to get his feet on the ground. And so I'll be addressing this after consultations with him. I just want to share that with you before we get going.

You're talking about troops in Iraq, not --

No, I'm talking about overall size.

-- overall size of the Army. Do you have a rough idea how much --

I'm going to wait for Secretary Gates. As I say, I'm inclined to believe it's important and necessary to do so. The reason why is, it is an accurate reflection that this ideological war we're in is going to last for a while, and that we're going to need a military that's capable of being able to sustain our efforts and to help us achieve peace.

So you've not made a decision about Iraq, per se, about what to do --

I have not, Mike, I have not. And we'll spend some more time -- Secretary Gates, as he indicated, is going to head to the region at some point in time. I need to talk to him when he gets back. I've got more consultations to do with the national security team, which will be consulting with other folks. And I'm going to take my time to make sure that the policy, when it comes out, the American people will see that we are -- have got a new way forward to achieve an important objective, which is a country that can govern, sustain and defend itself.

And one thing that will be clear is that I want the American people to know that -- and the Iraqi people to know that -- we expect the Iraqi people to continue making hard choices and doing hard work necessary to succeed, and our job is to help them do so.

Are we winning in Iraq, in your estimation?

You know, I think an interesting construct that General [Peter] Pace uses is, "We're not winning, we're not losing." There's been some very positive developments. And you take a step back and look at progress in Iraq, you say, well, it's amazing -- constitutional democracy in the heart of the Middle East, which is a remarkable development in itself.

I think one of the -- obviously, the real problem we face is the sectarian violence that needs to be dealt with. So part of my policy review is how do we deal with that in a way that then enables the Iraqi people to live in a more secure society so that the government can prove its worth to the people -- saying, we can help you. And one of the main functions of government is to provide security for its people. Our job is to help the Iraqis provide that security. And I'll come forward with a plan that will enable us to achieve that objective.

There's other threats, by the way. It's a multiple-front war, if you really think about it. You got Shia discord in the south; you've got Sunni attacks, much of that -- many of them are caused by al-Qaeda. A lot of them, former Baathists and regimists who are angry that Saddam is no longer in power, and they are a source of conflict in al-Anbar province. And we've got a very robust effort -- I said the other day something that, I guess, people didn't pay that much attention to -- but for October and November and the first week of December, our actions on the ground have -- as a result of action on the ground, we killed or captured nearly 5,900 people. My point in making that point is our troops and coalition troops are on the offense in a lot of areas.

And then the third area of conflict, the one that gets a lot of attention, as it should, is the sectarian violence taking place in Baghdad. And I fully understand that we've got to help the Iraqis deal with that. So my thinking is -- and a lot of our strategy sessions revolve around how best to deal with this problem, and how best to help the Iraqis deal with it. And I've got some more work to do, and I'll come forth at the appropriate time and explain the way forward to the country.

Given the election results, is increasing the troop level in Iraq even a viable possibility or option?

Yes, Mike, all options are viable.

-- given the political will out there?

Well, all options are viable. I think what the people want is -- they want a couple of things. They want to see Democrats and Republicans work together to achieve a common objective, and they want us to win in Iraq. A lot of people understand that if we

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leave Iraq, there will be dire consequences -- in other words, if we leave before the job is done. There are some, a fair number of people, who say, "Get out now." So I view the election results as people are not satisfied with the progress being made in Iraq and expect to see a different strategy to achieve an important objective.

But the election results seemed people wanted to bring the venture in Iraq to closure. That seemed to be the strong lesson. And what indications are there that you're actually listening to that sentiment?

Oh, Mike, look, I want to achieve the objective. I think the American people -- I know the American people are very worried about an external threat and that they recognize that failure in Iraq would embolden that external threat, and they expect this administration to listen with people, to work with Democrats, to work with the military, to work with the Iraqis to put a plan in place that achieves the objective. There's not a lot of people saying, "Get out now." Most Americans are saying, "We want to achieve the objective."

But there are a lot of people who are saying, "Let's get out with a phased deployment over a certain period of time."

If they felt -- if that leads to victory, it needs to be seriously considered. And I'm considering all options and listening very carefully to a lot of good people who have got different opinions about how to proceed.

Can we come back to General Pace's formulation about winning, not losing? You said October 24th, "Absolutely, we're winning." And I wanted to --

Yes, that was an indication of my belief we're going to win. Look, I've got four constituencies I speak to on a regular basis; one is the American people, who are justifiably frustrated at the progress in Iraq. And they expect the commander in chief and the people in Washington to support our troops. Supporting our troops not only means good equipment, good [pay], good housing -- it also means a plan that helps achieve the objective.

The second constituency is the enemy. I'm not through yet.

Sure.

The enemy wants to know whether or not the United States has the will to stay engaged in this ideological struggle. They don't believe we do. That's what they say. And I believe that's what they believe.

The third group of people I speak to are the Iraqis. They wonder whether the United States has got the will to help them achieve their objectives. That's what they wonder. The leaders I have talked to wonder whether or not -- what the elections mean, or what the Baker-Hamilton commission means, or what changing [former defense] secretary [Donald H.] Rumsfeld means -- that's what they wonder. But in the back of their mind, they're saying, "Are they going to leave us again?" And that's an important question for them to have answered, because in order to make difficult choices and to take risk for peace, they're going to have to be assured that they'll get support. This is a group of people that have had their hopes dashed in the past.

And the fourth group is the military. Our troops wonder whether or not our country supports them, and they do. They wonder whether or not the mission and the sacrifice and the toil that they're making is worth it. And they need to know from the commander in chief: Not only is it worth it, but I strongly support them and believe that their work will lead to victory. That's what I believe.

Anyway, you just need to know that's who I'm speaking to when I speak. And to you, of course. You're the objective filter through which my -- (Laughter.)

I suspect your message gets out. (Laughter.)

I do want to say something about the press. I hope you realize that, one, I enjoy the relationship, and two, know it is vital for my presidency. You can't exist without me, and I can't exist without you. And I generally respect the hard work of the press corps. I don't necessarily generally respect every word you write, but nevertheless, I do respect the fact that you're a hardworking group of people seeking the truth. And we're necessary for each other. And that relationship can either be a positive relationship or a suspicious, harmful relationship. And I have worked hard to make it a positive relationship. And I think it is, generally, I do believe it is. And I bear no ill will, and I don't think you do, either.

We appreciate that, and you've certainly been good for business --

Good. That's what decision-makers do, Peter, people who seize the moment and make decisions to lead give people things to write about.

Some of the supporters of the war and you from the beginning have begun to ask the question publicly: Was it, in fact, the idea that turned out not so great, or the execution that turned out not so great?

The idea of?

The idea of the war in the first place, and the --

I've never really asked that question. I believe it's justifiable and necessary. Obviously, the war has not -- the results on the ground haven't happened as quickly as I hoped, and part of this review process is to develop new strategies and tactics so that we can expedite success. Look, I of all people would like to see the troops come home. But I don't want them to come home

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without achieving our objective, because I understand what happens if there's failure. And I'm going to keep repeating this over and over again, that I believe we're in an ideological struggle that is -- that our country will be dealing with for a long time.

Can I ask you a question about history?

Yes.

President Lincoln fired a number of his generals in the Civil War until he found Grant.

Is that what triggered your question, looking at Abe?

Why haven't you fired any generals? And does the fact that you haven't fired generals suggest that you are satisfied with the military strategy that they have pursued?

We're reviewing the strategy, because it has -- the results aren't -- we haven't achieved the results as quickly as we wanted -- precisely what the secretary of defense said, by the way. And the chain-of-command issues are issues that percolate up through the Pentagon. And there is a clear chain of command that I adhere to, and I think it's important for the commander in chief to do just that.

I've often talked about how it's important to trust the judgment of the military when they're making military plans as the key advisers to the president, as opposed to the president determining the tactics on the ground, which has happened in previous wars. And so I'm a strict adherer to the command structure.

But isn't there a point in which you say, "We screwed up the amount of troops we need there, we screwed up the WMD, someone ought to pay a penalty for that"?

There is a constant review of the commanders, and I support that constant review. And to the extent that people think they can do -- somebody can do a better job, those recommendations will come forward.

Sir, when you look back at last month's election, do you see that strictly as a repudiation of Iraq and the fact that we're not winning in Iraq, or is it also a judgment of your leadership in general?

Michael, I said in my press conference, I think it's -- no question Iraq was a significant part of the elections. People were troubled by the lack of progress. War is difficult for people, particularly the American people are very compassionate people. When you turn on your TV screens and see bombings and deaths, and read about beheadings or sectarian violence, it troubles America. And they wonder or not -- whether or not we have a plan that succeeds. And I can understand that level of frustration.

Secondly, there's a sense that people's votes were being taken for granted, in a way. We had ethics disputes, and just a lot of signals that said that it's time to -- that people wanted a change. There was a lot of -- look, you've got a guy using earmarks to enrich himself; there was sex and all kinds of issues that sent the signal that perhaps it was time to give another group a chance to lead. I also believe that people are sick and tired of the needless partisanship in Washington. And there's a lot of it. And for some, every expression of position by somebody is an opportunity to attack, and people are tired of it. And there's some big issues that we need to work together.

I will tell you that I view the elections as an opportunity to say to all of us in Washington, "Let's work together." People want that. And what are some issues we can work together on -- energy, or immigration, budgetary reforms. I mean, there's a lot -- education, No Child Left Behind reauthorization. I believe there are some wonderful opportunities --

So you don't think you're out of the policy business with the Democrats in charge on the Hill?

Do what now?

You're not out of the domestic policy business --

Quite the contrary. Quite the contrary. The microphone of the president has never been louder, and I think we have a good -- in other words, to talk about what I think is important. But it turns out that what I think is important, the Democrat leadership thinks is important, as well -- energy security, immigration reform, education -- and Republicans on the Hill agree. And so my task is going to be to talk about big issues that the American people expect us to work on, and work with both Republicans and Democrats.

Will it be easier with Democrats, in some ways? Are there some issues --

I think the legislative process, Peter, is always hard, from the executive-branch perspective. They're pretty independent-minded people, they -- no matter who's in charge, they tend to take some ideas from the president, but they've got their own minds. And the task is to work together in a collegial and constructive spirit to solve some big problems.

I'll tell you one I want to work on, as well, is entitlements. And that's a hard issue, as you know. Social Security is viewed as the third rail of American politics. I've campaigned on it every time -- two times I ran for president. I've talked about it in the State of the Union every time. It's an issue that's -- a president is just going to have to keep talking about to convince people it's worthwhile to take the risk, the political -- so-called political risk to work together to get something done. And we will continue to do so. [Treasury Secretary Henry M.] Paulson is going to take the lead for us up there, working with members of both parties.

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I will tell you this: In an issue like this, unless the president tries, nothing is going to happen. Without presidential involvement, nothing will happen. So we have a chance, and I'm going to work it. And I think that's -- I know that's the job of the president, is to say, "This is important to the future of the country, let us work together."

Yes, sir.

Just on that point, are you willing to sit down with Democrats in a commission that puts all the options on Social Security on the table? Not just reductions and benefits, not just private accounts, but also some kind of revenue increases, tax increases?

I don't see how you can move forward without people feeling comfortable about putting ideas on the table. I have made it clear that I've got a way forward that can do it and I want to hear other people's opinions. And that's what Hank Paulson is telling both Republicans and Democrats. It's going to be very important for people to feel there can be a full, wide-ranging discussion about how to move forward.

And specifically, tax increases on the table then?

Well, specifically, personal accounts; specifically, everything that the Democrats think will work, as well.

Well, they talk about tax increases.

Well, let them; that's fine. They can come to the table and talk about them. I proposed a way forward that doesn't require tax increases. Nevertheless, I look forward to hearing their opinions.

[Incoming Speaker of the House] Mrs. Pelosi has identified six or seven things that she wants the House to do in the first 100 hours. Can I just mention -- ask you in a bullet-point way just your point on this?

No. (Laughter.)

Minimum-wage increase -- generally supportive or against it?

Generally supportive. But, no, the answer is no, you can't. (Laughter.)

Look, here's the challenge. The challenge is to find out specifically what they have in mind and to explain to them areas where we can work together and can't work together. I'm pleased with our initial round of discussions. I fully understand that they're going to come out with this -- they made it very clear. And I want to work with them on issues where we can find common ground.

On immigration -- you mentioned immigration. Can you envision supporting a deal --

See, now you're getting me to negotiate with myself --

No, no, no, but this is a policy --

Same thing he's trying to do. (Laughter.) It's a classic ploy. (Laughter.)

This is about your policy, Sir, in terms of can you envision a deal in which you would agree with Democrats that would not necessarily have a majority support among Republicans --

Peter, remember the speech I gave right here in the Oval Office?

I remember several.

The one on immigration. I gave a comprehensive speech to the country from the Oval Office, prime time, about how I thought we ought to move forward on immigration. I still feel very strongly about that. And I hope that Congress will join me on a comprehensive bill, and I would hope that the majority of both parties support it.

[Former House] speaker Hastert had a policy that he would not put forward a bill that didn't have a majority support of his caucus. Is that important to you, having majority support of the Republican caucuses?

I'm interested in getting a comprehensive bill out, because I believe it is vital to solving the pressure we have on our border.

One of the interesting things that, if you notice from the recent enforcement activities that ICE took, there are a lot of people who are using forged documents to do jobs Americans are not doing. And my attitude is that there ought to be a way for people to come to this country on a temporary basis and fill those jobs in an open way, a transparent way, that doesn't cause there to be, one, a smuggling operation that's vibrant and making money, a housing operation that is illegal, and a document forgery operation that clearly is in effect.

There is a better way to treat people, and there's a better way to deal with the issue of finding workers Americans are not doing, to fill on a temporary basis. And, therefore, there need -- and that in itself will take pressure off our border. In other words, if people feel like they can come in on a temporary, legal basis, they're not going to have to sneak in, which in itself does away with -- that in itself does away with this kind of underground industry that has sprung up.

The point I make to you on that is that it's a comprehensive reform of the immigration system that is going to make our borders more secure. I strongly believe that is important, and look forward to working with people on the way forward. It's hard for me to predict the dynamics yet on how the Congress is going to handle the immigration bill. The point I'm telling you is that I think it's vital and necessary, and this is an area where we can work together to get it done.

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I'd like to come back to your first statement, because I'd like to expand a little bit. You talked about the size of the military. Colin Powell said on a Sunday show that the Army was nearly broken. Do you believe that's true? And, if so, do you feel responsible for that? Do you --

I heard -- we have been transforming our Army to make it lighter, more lethal and easier to move, and that transformation has been very important. Secondly, we have been changing our force posture around the world to reflect the threats of the 21st century, and that has been a very important reform.

I also believe that the suggestions I've heard from outside our government, plus people inside the government -- particularly, the Pentagon -- that we need to think about increasing our force structure makes sense, and I will work with Secretary Gates to do so. He's going to come back and report --

So is our Army nearly broken, or not?

The people that would know best are those in the Pentagon. I haven't heard the word "broken," but I've heard the word "stressed." I know that we need to -- and my budgetary requests will reflect what a lot of people in Congress have been saying and in the Pentagon, and that is we need to reset our military. There's no question the military has been used a lot. And the fundamental question is, will Republicans and Democrats be able to work with the administration to assure our military and the American people that we will position our military so that it is ready and able to stay engaged in a long war, and this ideological struggle?

Can I ask a hometown question?

Final question -- yes, which one, Crawford, Midland, Houston, Dallas or Washington?

Washington. Do you support a bill that would give the District of Columbia residents a vote in the House of Representatives?

This is a Fletcher question. This is a Fletcher question.

He's not asking about a specific question. We're asking about your broad view on --

Do the residents of the District of Columbia -- should they have a vote in the House?

I will look at what Congress proposes. I will look carefully at what Congress proposes.

But what is your philosophical view of that? Because we've gone to Iraq to provide freedom for people in Iraq, and the people in this country --

I understand that. You're trying to get me to opine on specific legislation that may be forthcoming, and I look forward to working with Congress on that.

I'm actually asking you to opine on general --

That's my answer. (Laughter.)

-- philosophy on whether --

I know what you're trying to ask me to opine on, and I'm answering that there is -- I will look and see what Congress proposes.

Is Vice President Cheney correct, do you believe that secretary Rumsfeld was the best defense secretary?

I think he was one of the finest defense secretaries, and I said that there have been more profound change -- policy change under his leadership than at any time since the formation of the Defense Department.

Thank you.

Bush Concedes US 'not Winning' In Iraq (FT)

By Caroline Daniel

Financial Times, December 21, 2006

President George W. Bush publicly said on Wednesday that insurgents in Iraq had this year succeeded in fomenting sectarian violence, undermining the Iraqi government and thwarting US efforts to secure stability.

Replacing his confident assertion of October that "absolutely we are winning in Iraq", Mr Bush told The Washington Post on Tuesday: "We're not winning, we're not losing."

But the president seemed to retreat from this bleak assessment at a year-end press conference on Wednesday saying that comment "reflected the fact that we're not succeeding nearly as fast as I wanted".

On the day that General John Abizaid, the US's top commander in the Middle East, announced his resignation, Mr Bush contrasted the optimism he had felt at the start of the year, when the Iraqis held elections, with a recognition that the insurgents had since enjoyed successes.

"The enemies of liberty...hurt our efforts to help the Iraqis rebuild their country," he said.

In the most visible sign that the administration recognises the need to radically change its military posture, Mr Bush said he wanted to increase the "permanent size of both the United States army and the United States marines".

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Mr Bush said he was still considering whether he would increase troop numbers in Iraq.

His decision reflects a clear repudiation of the strategy adopted by Donald Rumsfeld, former defence secretary, to create a smaller, agile military.

The tone of the press conference reflected a hesitant president, conscious of his legacy, struggling to find a way out of Iraq and redefine his agenda after losing control of the House and Senate.

Bush Warns Of More U.S. Losses In Iraq (AP)

By Terence Hunt

AP, December 21, 2006

Acknowledging deepening frustration over Iraq, President Bush said Wednesday he is considering an increase in American forces and warned that next year will bring more painful U.S. losses. New Defense Secretary Robert Gates said in Baghdad that a troop surge was an obvious option.

Bush was unusually candid at a year-end news conference about U.S. setbacks and dashed hopes in the war, which has claimed the lives of more than 2,950 U.S. military members.

He said "2006 was a difficult year for our troops and the Iraqi people. We began the year with optimism" but that faded as extremists fomented sectarian violence between Sunnis and Shiites.

"And over the course of the year they had success," the president acknowledged. "Their success hurt our efforts to help the Iraqis rebuild their country, it set back reconciliation, it kept Iraq's unity government and our coalition from establishing security and stability throughout the country."

Democrats are about to claim control of Congress and Americans are overwhelmingly unhappy about Bush's handling of the war, so the president is at a turning point as he searches for new approaches. Administration officials said Bush's remarks were intended to brace a war-weary nation for another tough year in Iraq.

The heavy cost of the war also came into focus as the Pentagon circulated a request for an additional $99.7 billion to pay for the fighting in Iraq and Afghanistan. If embraced by Bush and approved by Congress, the proposal would boost this year's budget for those wars to about $170 billion.

So far, four years of war in Iraq have cost about $350 billion.

On just his third day as secretary, Gates made an unannounced visit to Baghdad to review options with senior American commanders. He said no decisions have been made.

"We discussed the obvious things," Gates told reporters. "We discussed the possibility of a surge and the potential for what it might accomplish."

Gates said he was only beginning to determine how to reshape U.S. war policy. He also said he would confer with top Iraqi officials about what America's role should be in Iraq. Bush is awaiting Gates' recommendations before making a speech in January announcing changes in strategy and tactics.

The shift in policy is likely to be accompanied by a shuffle of top American generals in Iraq. Army Gen. John P. Abizaid, commander of U.S. forces in the Middle East, has submitted plans to go ahead with a retirement that is months overdue. And the top U.S. commander in Iraq, Gen. George Casey, has indicated he may not stay much longer than the end of this year.

Abizaid and Casey have opposed sending more troops to Iraq, and their departures could make it easier for Bush to send more soldiers to the war. One option calls for sending five or more additional combat brigades — roughly 20,000 or more troops.

Apart from any increase in Iraq, Bush said the military's overall size should be increased to relieve the heavy strain on U.S. troops, reversing the previous position of his administration during Donald Rumsfeld's Pentagon tenure. Bush also said a troop surge in Iraq would have to be for a specific mission.

His remarks appeared intended to address doubts voiced by prominent military officials who worry that sending more troops to Iraq would be ineffective and put more demands on an already-stretched U.S. military.

"There's got to be a specific mission that can be accomplished with the addition of more troops before, you know, I agree on that strategy," the president said.

The administration says many questions have to be answered about sending in more troops: What would be their purpose, what would they do, how long would they stay and what is the Iraqi government's view on the rules of engagement for more U.S. forces? Also, would the additional troops serve in training positions, in combat, to help civilian forces or for a combination of those roles?

"I'm not going to make predictions about what 2007 will look like in Iraq except that it's going to require difficult choices and additional sacrifices because the enemy is merciless and violent," the president said.

Bush was unwavering about U.S. goals for Iraq.

"Victory in Iraq is achievable," he said. "It hadn't happened nearly as quickly as I hoped it would have. ...

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"But I also don't believe most Americans want us just to get out now," the president said. "A lot of Americans understand the consequences of defeat. Retreat would embolden radicals. It would hurt the credibility of the United States."

Bush stepped back from his confident assertion two months ago that "absolutely, we're winning" in Iraq. Wednesday, he said, "We're not winning. We're not losing."

The president said he changed his formulation because "we're not succeeding nearly as fast as I wanted ... and that the conditions are tough in Iraq, particularly in Baghdad."

He said his original remark, on Oct. 25, was made in the spirit that "I believe that we're going to win. I believe that — and, by the way, if I didn't think that, I wouldn't have our troops there."

Bush Asserts That Victory In Iraq Is Still 'Achievable' (NYT)

By Sheryl Gay Stolberg

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — President Bush warned Americans on Wednesday that the war in Iraq would require "difficult choices and additional sacrifices" in the coming year, but he firmly rejected the notion that the war could not be won and vowed that the United States would not be "run out of the Middle East" by extremists and radicals.

Mr. Bush, appearing somber and at times reflective during his traditional year-end news conference, conceded that 2006, which began on a note of optimism as nearly 12 million Iraqis voted in free elections, turned into "a difficult year for our troops and the Iraqi people." He cited "unspeakable sectarian violence," calling it "one aspect of this war that has not gone right."

But after a month in which he has been under pressure to change course in Iraq — from Democrats who want a gradual withdrawal of troops and from the bipartisan Iraq Study Group, whose report implied that he should reframe his goals away from democracy toward mere stability — the president showed no indication that he was inclined to change goals or pull out of Iraq.

"Victory in Iraq is achievable," Mr. Bush said, addressing reporters in the ornate Indian Treaty Room across the street from the White House, in a historic office building once used by the Navy. He added, "Our goal remains a free and democratic Iraq that can govern itself, sustain itself and defend itself and is an ally in the war on terror."

Mr. Bush also used the news conference to confirm his plans, disclosed Tuesday in an interview with The Washington Post, to propose an increase in the permanent size of both the Army and the Marines. He called the global campaign against terrorism "the calling of our generation," and he said the military needed to be beefed up to fight it.

"I want the enemy to understand that this is a tough task, but they can't run us out of the Middle East, that they can't intimidate America," Mr. Bush said.

But the president gave little hint of what he would do in Iraq. Though he has been considering proposals to send additional troops to Baghdad in the short term, Mr. Bush said he was still listening to military commanders — some of whom are said to be skeptical of a short-term increase — and had not yet made up his mind. He is expected to outline his Iraq strategy after the first of the year.

As Mr. Bush contemplates that new strategy, some advisers have been urging him to diminish public expectations by steering clear of talk about victory and of Iraq as a beacon of democracy in the Middle East. Some said his language on Wednesday was not helpful.

"Victory is not a good word to use," said Barry R. McCaffrey, a retired general who has been advising the administration and has said he believes that there is still time for Mr. Bush to turn around the situation in Iraq. "It implies that there is a military outcome in the short term that ends violence, and that's not going to happen."

Instead, the president has altered his language in another way. In the interview with The Post, he dropped his previous assertion — made before the November elections — that "we are winning" in favor of the murkier idea that the United States was neither winning nor losing. On Wednesday, he tried to explain.

"The first comment was done in this spirit: I believe that we're going to win," the president said, adding, "My comments yesterday reflected the fact that we're not succeeding nearly as fast as I wanted, when I said it at the time, and that the conditions are tough in Iraq, particularly in Baghdad."

With Republicans having lost control of Congress after an election that was widely viewed as a referendum on the war, and polls showing public support for the war at record lows, Mr. Bush is caught in the difficult spot of coming up with a policy that will satisfy the public and Democrats, while also producing substantive change.

But his comments on Wednesday left Democrats cold.

The incoming speaker of the House, Representative Nancy Pelosi, Democrat of California, complained that the president gave no indication "that he is willing to make the changes needed to reverse the disastrous situation in Iraq."

A former adviser to the Democratic presidential campaign of Senator John Kerry of Massachusetts said the president owed an apology to Mr. Kerry, who proposed increasing the size of the military, only to be ridiculed by Republicans. "I think you could

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say that so far, in this re-evaluation process, he is only dressing up 'Stay the course,' " said the adviser, Richard C. Holbrooke, a former ambassador to the United Nations.

Some Republicans have said that until Mr. Bush gets the situation in Iraq under control, he will be unable to move forward with his domestic agenda on Capitol Hill. But the president expressed optimism on Wednesday that he could work with Democrats in 2007 — perhaps to the chagrin of some in his own party, who fear the president will cut them loose to join with the opposition on issues like Social Security, immigration and energy independence.

"You know, there's a lot of attitude here that says, 'Well, you lost the Congress, therefore you're not going to get anything done,' " Mr. Bush said. "Quite the contrary. I have an interest to get things done, and the Democrats have an interest to get something done."

Mr. Bush is not one for introspection, and he expressed little sense on Wednesday that he regretted his decisions in Iraq, other than to say, "The most painful aspect of my presidency is the fact that I know my decisions have caused young men and women to lose their lives."

Still, with just two years left in his administration, the president hinted that he was thinking about his legacy — even as he denied that it was foremost on his mind.

"Look, everybody's trying to write the history of this administration even before it's over," Mr. Bush said. "I'm reading about George Washington still. My attitude is, if they're still analyzing No. 1, 43 ought not to worry about it, and just do what he thinks is right, make the tough choices necessary."

Dour Bush Talks Of 'New Way Forward' (LAT)

By James Gerstenzang

The Los Angeles Times, December 21, 2006

WASHINGTON — President Bush, saying he was still considering options for "a new way forward" in Iraq, delivered an uncharacteristically dour assessment Wednesday of the war there and called 2006 a "difficult year" in which extremists successfully thwarted efforts to establish security and stability in the country.

Appearing reflective in a year-end news conference, Bush said the optimism generated after Iraqis elected a new government last December had fallen away, as extremists undertook "a deliberate strategy to foment sectarian violence between Sunnis and Shia. And over the course of the year, they had success. Their success hurt our efforts to help the Iraqis rebuild their country."

With Bush reassessing his Iraq policy and expecting to announce changes early next month, his statements reflected a new willingness to acknowledge that the sectarian violence in Iraq has grown consistently worse and political cooperation there is flagging. He has come under intense pressure to change course in the war from Democrats, from the bipartisan Iraq Study Group and because of mid-term elections that saw his party lose control of Congress.

Bush said he would work with Republicans and Democrats "and listen to ideas from every corridor" to redraw his approach. But the president also said he would not change his objective. "Our goal remains a free and democratic Iraq that can govern itself, sustain itself, and defend itself, and is an ally in this war on terror," he said.

Moreover, he said that U.S. troops remained in Iraq because they will be successful. "Victory in Iraq is achievable," he said. "It hasn't happened nearly as quickly as I hoped it would have. ... But I also don't believe most Americans want us just to get out now."

Bush said he would not adjust his Iraq policies until talking with Defense Secretary Robert M. Gates, who was sworn in on Monday and by Wednesday had landed in Baghdad to meet with U.S. commanders and others there. One option under consideration is a temporary increase in U.S. troop levels. Bush said such a surge was not certain, and that before he sends in additional troops, "there must be a specific mission that can be accomplished."

In Baghdad, Gates gave no hints as to what new strategy he preferred, but he acknowledged he and U.S. generals had discussed the possibility of a surge of U.S. forces into the Iraqi capital.

Army Gen. George W. Casey Jr., the commander of U.S. forces in Iraq, who has been resistant to proposals to increase troop levels, appeared to qualify his objections after meeting with Gates. "I'm not necessarily opposed to the idea," he told a news conference.

"What I want to see happen is, if we do bring more American troops here, they help us progress toward our strategic objectives," Casey said.

Bush's comments on Wednesday did not satisfy senior Democratic leaders in Congress. In similar statements, Sen. Harry Reid of Nevada, the Democratic Senate leader, and Rep. Nancy Pelosi of California, the incoming House speaker, said Bush did not understand the need for a more dramatic change in Iraq.

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"The president seems lost within his own rhetoric," Reid said. "He is grasping for a victory his current policies have put out of reach and leaving our troops stuck policing a civil war." Reid, who has given qualified support to increasing troops in Iraq if it leads to Iraqis picking up security responsibilities, also said that Bush should follow the course that Democrats and the Iraq Study Group recommended for withdrawal of U.S. troops.

Sen. Hillary R. Clinton, D-N.Y., said on NBC's Today Show that her support for a temporary troop increase would depend on their mission.

"Everyone knows there is no military solution to the difficulties we face in Iraq," she said. "There has to be a broad-based, comprehensive approach that includes resolving some of the political issues, bringing the region together."

Bush spoke in the Indian Treaty Room, an elaborate, marble-encrusted two-story at the top of the Eisenhower Executive Office Building next door to the White House.

Bush said he was optimistic about working on a range of issues with the Democrats who will lead Congress in January. He said he supported an increase in the minimum wage -- a proposal that is a top priority for Democrats. But Bush said he wanted to pair the increase with a cut in taxes and regulations to make it less costly for small businesses.

Efforts to link a hike in the minimum wage to tax cuts have repeatedly failed during Bush time in office, despite Republican control of Congress.

Democrats have objected to linking the wage increase to tax cuts, and Drew Hammill, a spokesman for Pelosi, said she was not interested in such an arrangement. But shortly afterward, Hammill altered his response. He said Pelosi "prefers" a bill unencumbered by tax cuts but that "House Democrats have long supported tax changes that would benefit small business" and would look at such proposals.

Still, there is strong opposition to the idea among Democrats.

"Given that nearly a decade has passed since the last minimum wage increase, no one can seriously believe that the proposed increase will harm the small business sector," said Rep. George Miller, D-Calif., the incoming chairman of the House Education and Workforce Committee.

But Iraq dominated the 50-minute news conference, just as it has the bulk of his presidency.

Bush said that if he did not think the U.S. could accomplish its objectives in Iraq, then U.S. troops would not be there. "I want the enemy to understand that this is a tough task, but they can't run us out of the Middle East, that they can't intimidate America," he said. "They think they can. They think it's just a matter of time before America grows weary and leaves, abandons the people of Iraq, for example. And that's not going to happen."

The president also said he is "inclined to believe" that the Army and Marines must increase the size of their permanent forces.

"This war on terror is the calling of a new generation; it is the calling of our generation. ... We have an obligation to ensure our military is capable of sustaining this war over the long haul," he said. He said he had asked Gates "to determine how such an increase could take place and report back to me as quickly as possible."

White House officials had revealed on Tuesday that Bush was considering a boost in permanent force levels, and the president himself talked about the idea that day in an interview with The Washington Post.

Bush Seeks To Expand Military (BSUN/CTRIB)

By Mark Silva, Chicago Tribune

The Baltimore Sun, December 21, 2006

WASHINGTON -- As he attempts to chart a "new way forward" in Iraq, President Bush again is striving to frame the conflict there as central to a broader struggle against world terrorism -- despite analysis from inside and outside the administration that worsening sectarian violence inside Iraq is responsible for a greater share of the increasing casualties than any acts of terrorism.

Announcing today that he will order an overall expansion of the Army and Marines to better confront the "challenges" of the war on terror, and acknowledging that he is considering deploying more troops inside Iraq, the president stopped short of saying whether he will boost the U.S. deployment in Iraq as part of a new war strategy that he promises to unveil early in 2007.

"We enter this New Year clear-eyed about the challenges in Iraq," said Bush, warning Americans that the conflict there will require "additional sacrifices."

The president, who has maintained before that the U.S. is "absolutely" winning in Iraq, now offers a more sobering assessment of the war -- saying that American forces are neither winning nor losing, but still asserting that victory will be achieved. That victory, as he has defined it before, remains the promise of an Iraqi government that can govern the nation, sustain it and defend it against unrelenting violence.

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"We're not succeeding as fast as I wanted," the president conceded at a news conference today, asked if he is willing to press ahead with a war that has lost support among a majority of Americans. "I am willing to follow a path that leads to victory. ... Victory in Iraq is achievable. It hasn't happened nearly as quickly as I hoped it would."

Bush, conceding that the U.S. is neither winning nor losing at this stage of a war that has claimed nearly 3,000 American lives almost four years after the U.S.-led invasion that overthrew Saddam Hussein, maintained that victory is still possible.

"I believe that we're going to win," Bush asserted in the ornate old Indian Treaty Room of the Eisenhower Executive Office Building next door to the White House during his final news conference of the year. "If I didn't think that we would, I wouldn't have our troops over there."

The president, who has spent weeks consulting with military, diplomatic and political advisers as well as government leaders in Iraq, has promised to unveil a new strategy for victory in January. Saying that his new secretary of defense, Robert Gates, will "bring a fresh perspective to the Pentagon," Bush framed his ongoing "Iraq strategy review" as part of a broader mission of fighting the war on terror. Gates is visiting Iraq this week after being sworn in Monday.

"We have an obligation" to ensure that the U.S. military is capable of confronting that threat of terrorism, Bush said, announcing that the Army and Marines require an overall buildup in force and he is asking Gates to advise him how best to carry that out.

Yet the Department of Defense's own newest quarterly assessment of the situation in Iraq delivered to Congress, while citing the surging casualties of both Iraqis and coalition forces this year, has attributed the most recent uptick in violence not to terrorism but to sectarian violence inside Iraq.

"The most significant development in the Iraqi security environment was the growing role of Shi'a militants," the Pentagon analysis reported of the situation during the past three months. "It is likely that Shi'a militants were responsible for more civilian casualties than those associated with terrorist organizations. Shi'a militants were the most significant threat to the coalition presence in Baghdad and southern Iraq."

This internal assessment of violence in Iraq, which "poses a grave threat to political progress," echoes an assessment that the independent Iraq Study Group, a bipartisan panel appointed by Congress, issued in a recent report. The panel called the situation in Iraq "grave and deteriorating" and blamed violence there more on sectarian violence than on any terrorist acts.

Yet Bush, who has maintained that the war in Iraq is the central front in the broader conflict with terrorists, said today that, "The advance of liberty has never been easy, and Iraq is proving how hard it can be. ... I am predicting that it will take a while for the ideology of freedom to (win) over the ideology of hate. ... We will succeed in Iraq."

The president plans to spell out a detailed strategy for success in Iraq in 2007, but meanwhile used this news conference to deliver a direct message before holidays in a nation deeply divided over war.

"I'm appealing to the American people," he said. "I want them to know that I know how tough it is."

At the same time, he defiantly vowed that the U.S. will not back down in Iraq, saying of the enemy: "They think it's just a matter of time before America grows weary and leaves. ... That's not going to happen."

With some of the president's advisers privately proposing a "surge" of 20,000 or more additional troops in Iraq to confront the violence there, particularly in Baghdad, Bush insisted today that he has not decided if the force buildup should include an additional deployment of troops inside Iraq. He also insisted that there is no divide between him and military leaders who may be advising against a surge in forces.

"That's a dangerous hypothetical question," Bush said. "Let me wait and gather all the recommendations.

"I haven't made up my mind yet about more troops," he said. "Hypothetical questions -- I'm not going to answer those today. ... I will tell you, we are looking at all options, and one of those options is ... more troops." But, he added, "there's got to be a specific mission that can be accomplished with more troops before I agree."

The president appeared today in a regal room where President Eisenhower staged his first televised news conference, a hall with marbled walls and tiled floors ringed with wrought-iron railings on the balcony of the second floor. This president has never staged a press conference here.

But with the White House's main floor decorated for Christmas, this stately room provided a setting for what will likely be the last news conference of the year. Bush plans to spend the Christmas holiday weekend at Camp David and then head to his Texas ranch for a week.

Bush, asked if he has undergone any "painful realization" about the war during the past, admittedly difficult year, said: "The most painful aspect of my presidency has been knowing that young men and woman have died in combat. ... When you ask about pain, that's pain."

Bush Seeks To Bolster Support For Sustained Iraq Engagement (WSJ)

By Yochi J. Dreazen And Greg Jaffe

DOJ_NMG_0108185

The Wall Street Journal, December 21, 2006

WASHINGTON -- President Bush said the U.S. will have to make "additional sacrifices" in Iraq, stepping up an administration push to rally support for what it says will be an open-ended and costly U.S. presence there.

Speaking to reporters at the White House, Mr. Bush backed away from earlier assertions the U.S. was winning in Iraq and emphasized that violence is likely to continue well into the future. Success in Iraq and the broader war on terror is going to require a "sustained commitment" from the American public and his successor, Mr. Bush said.

The president said he asked Defense Secretary Robert Gates, now in Baghdad reviewing American military strategy, to devise plans for permanently increasing the size of the Army and Marine Corps. Mr. Bush said the expansion was needed to ensure the armed forces, strained by deployments to Iraq and Afghanistan, have sufficient manpower for the long war against Islamic extremists around the world.

"Securing this peace for the future is going to require a sustained commitment from the American people and our military," Mr. Bush said. "The next president, whoever the person is, will have the same charge, the same obligations to deal with terrorists so they don't hurt us, and to help young democracies survive the threats of radicalism and extremism."

Mr. Bush's comments highlighted the administration's search for a long-term strategy that is sustainable politically at a time when a majority of Americans have concluded the U.S. is losing in Iraq.

The president's belief that U.S. forces need to remain in Iraq indefinitely will face opposition from Congress's coming Democratic leaders, who want to see U.S. troops begin leaving Iraq early next year. Democrats won control of Congress in the midterm elections largely because of voter anger over how the administration handled Iraq. Many lawmakers from both parties assumed the White House would begin looking for a way out of Iraq to prevent further political damage. Instead, the White House has signaled it largely will maintain the current policy and may even bet heavily that Iraq can still be won by temporarily sending up to 20,000 more troops.

Mr. Bush acknowledged in March that the war in Iraq was likely to extend beyond his final two years in office, saying "future presidents" would be charged with determining when U.S. forces finally withdrew.

But in recent days Mr. Bush and other senior officials have stepped up efforts to persuade Americans to support what the administration envisions as an open-ended U.S. presence in Iraq -- and one that is likely to grow. Secretary of State Condoleezza Rice said Tuesday that the U.S. was at "the beginning of a long struggle, not the end of it" and emphasized it would take decades to make a final determination whether the U.S. mission in Iraq had succeeded.

The administration's rhetorical shift comes as Mr. Bush prepares to address the country early next year, laying out a way forward in Iraq. Administration officials say Mr. Bush is leaning toward ordering the temporary deployment of tens of thousands of troops in a bid to stabilize Iraq, though Mr. Bush said yesterday he hadn't made a decision.

It is far from certain that the administration will be able to persuade the public to be patient, since the war has lasted longer -- and been costlier in terms of lives and material resources -- than senior officials initially led the nation to expect. Americans have grown more pessimistic on the subject, pulling Mr. Bush's approval rating down to 34%, his lowest ever in The Wall Street Journal/NBC News poll.

The White House's belief that American forces need to remain in Iraq indefinitely will also spark tension with the coming Democratic leadership of the House and Senate. Sen. Harry Reid of Nevada, the incoming majority leader, criticized the president for failing to "understand the need for urgent change in Iraq."

Administration officials acknowledge there is no guarantee the U.S. will be able to end Iraq's civil war, regardless of how many troops are deployed.

Senior military commanders in the Pentagon have quietly warned that a surge of U.S. forces must be part of a long-term strategy to reinforce political progress in Iraq.

Gen. Peter Schoomaker, the Army's chief of staff, has told associates U.S. troop levels in Iraq should only be increased if Iraqi political leaders reach agreements about sharing Iraq's oil revenue and isolating Shiite extremists.

Bush Concedes U.S. Not Ready For Iraq (WT)

By Joseph Curl

The Washington Times, December 21, 2006

President Bush yesterday conceded that U.S. forces were inadequately prepared to handle sectarian violence that broke out in Iraq after the fall of Baghdad, but said any increase in American troops to establish security there must be tied to a specific mission "that can be accomplished."

The president also acknowledged that 2006 "was a difficult year for our troops and the Iraqi people" and that "the enemies of liberty ... carried out a deliberate strategy to foment sectarian violence."

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During an hourlong press conference in which Mr. Bush was both reflective and, at times, gloomy, the president called the war in Iraq "the beginning of a conflict between competing ideologies" and urged Congress to put aside partisanship for the long-term protection of the American people.

"I believe the next president, whoever the person is, will have the same charge, the same obligations to deal with terrorists so they don't hurt us and to help young democracies survive the threats of radicalism and extremism," the president said in the Indian Treaty Room of the Eisenhower Executive Office Building.

Mr. Bush's year-end press conference came as Defense Secretary Robert M. Gates made his first visit to Iraq since being sworn in Monday. The president has asked his new Pentagon chief to report to him as quickly as possible on long-term plans to enlarge the size of the Army and Marine Corps, an idea Mr. Bush said he supports.

Meanwhile yesterday, the Pentagon planned to ask the White House for $99.7 billion to fund the wars in Iraq and Afghanistan, which would push the total cost to taxpayers to more than $500 billion, according to the nonpartisan Congressional Research Service.

Although Mr. Bush said he supports increasing the Army and Marines, he said he has not decided whether to add U.S. troops in Iraq in hopes of controlling sectarian violence that has made this year one of the most deadly of the nearly four-year war.

"We're looking at all options, and one of those options, of course, is increasing more troops. But in order to do so, there must be a specific mission that can be accomplished with more troops," he said.

Democrats wasted little time in condemning the president's comments.

"The president gave no indication in his press conference today that he is willing to make the changes needed to reverse the disastrous situation in Iraq," House Speaker-elect Nancy Pelosi said. "Unless there is a fundamental change in policy and in the mission of our troops in support of that policy, events in Iraq are unlikely to improve."

Said incoming Senate Majority Leader Harry Reid: "Unfortunately, it is troubling to see that he still does not understand the need for urgent change in Iraq. ... Democrats and the bipartisan Iraq Study Group have both laid down a road map for the president to begin the withdrawal of American troops from the civil war in Iraq. It is now up to the president to follow that course."

Mr. Bush said he is still mulling his options as he prepares to announce early next month a change in strategy for the war in Iraq and is compiling recommendations from a slew of sources, including the bipartisan panel led by former Secretary of State James A. Baker III and former Democratic Rep. Lee H. Hamilton of Indiana, which called for withdrawal of combat troops by early 2008.

Mr. Bush again expressed optimism that the United States can "win" in Iraq.

"Victory in Iraq is achievable. It hasn't happened nearly as quickly as I hoped it would have. ... But I also don't believe most Americans want us just to get out now. A lot of Americans understand the consequences of retreat," he said.

But the president was somber when asked about his legacy, breaking from his normal assertion that history will judge him well.

"It's going to take awhile for people to ... determine whether or not the decisions made during the eight years I was president have affected history in a positive way," he said.

Mr. Bush also looked ahead to the long-term needs of the military, saying that although he still supports a light, agile Army, "that doesn't necessarily preclude increasing end strength for the Army and the Marines."

"The reason why I'm inclined to believe this is a good idea is because I understand that we're going to be in a long struggle against radicals and extremists, and we must make sure that our military has the capability to stay in the fight for a long period of time," he said.

That move is a break with former Defense Secretary Donald H. Rumsfeld's push to build a lighter, more agile military. Mr. Rumsfeld took office under orders from Mr. Bush to transform the military for 21st-century threats, and the former secretary first moved to cut two divisions, from 10 to eight, a plan shelved after the September 11 attacks.

As the war on terrorism ground on, critics emerged again to say the Army had grown too small to fight two wars and keep other global commitments. Mr. Rumsfeld responded by authorizing 30,000 more soldiers, but refused to recommend it be put into law as "end strength."

He also moved to make the Army more agile by breaking down the division organization into combat brigade teams, which trained and deployed with their own support groups instead of joining up with them before deployment.

Contention Increases On Troop Numbers (WP)

By Peter Baker

The Washington Post, December 21, 2006

DOJ_NMG_0108187

The debate over sending more U.S. troops to Iraq intensified yesterday as President Bush signaled that he will listen but not necessarily defer to balky military officers, while Gen. John P. Abizaid, his top Middle East commander and a leading skeptic of a so-called surge, announced his retirement.

At an end-of-the-year news conference, Bush said he agrees with generals "that there's got to be a specific mission that can be accomplished" before he decides to dispatch an additional 15,000 to 30,000 troops to the war zone. But he declined to repeat his usual formulation that he will heed his commanders on the ground when it comes to troop levels.

Bush sought to use the 52-minute session, held in the ornate Indian Treaty Room in a building adjacent to the White House, to sum up what he called "a difficult year for our troops and the Iraqi people" and reassure the American public that "we enter this new year clear-eyed about the challenges in Iraq." Asked about his comment to The Washington Post this week that the United States is neither winning nor losing the war, Bush pivoted forward. "Victory in Iraq is achievable," he said.

The tension between the White House and the Joint Chiefs of Staff over the proposed troop increase has come to dominate the administration's post-election search for a new strategy in Iraq. The uniformed leadership has opposed sending additional forces without a clear mission, seeing the idea as ill-formed and driven by a desire in the White House to do something different even without a defined purpose.

Abizaid's announcement amid that debate could shift the dynamics. His retirement in March had been expected, given that he has led the U.S. Central Command longer than any predecessor and had already extended his assignment at the request of then-Defense Secretary Donald H. Rumsfeld. But Abizaid has been a forceful voice of doubt about the utility of a surge, and his imminent departure could make it easier for the White House to shift direction.

During a news conference in Baghdad alongside newly installed Defense Secretary Robert M. Gates, Abizaid declined to discuss troop levels except to say "all options are on the table," and he characterized his retirement as appropriate. "No decision that anybody makes in a position like this is ever totally their decision," he said, "but I think the time is right, and it has nothing to do with dissatisfaction."

The internal struggle over troop levels in Iraq has exposed a schism between civilian and military leadership 45 months into a war that, at the moment, has no end in sight. Testifying before a Senate committee Nov. 15, Abizaid bluntly rejected the surge option, saying: "I do not believe that more American troops right now is the solution to the problem. I believe that the troop levels need to stay where they are." Other generals have been equally resistant in public and private comments.

Bush has traditionally paid public deference to the generals, saying any decisions on moving U.S. forces in the region would depend on their views. At a Chicago news conference in July, for instance, Bush said he would yield to Gen. George W. Casey Jr., the Iraq commander.

"General Casey will make the decisions as to how many troops we have there," Bush said, adding: "He'll decide how best to achieve victory and the troop levels necessary to do so. I've spent a lot of time talking to him about troop levels. And I've told him this: I said, 'You decide, General.' "

By yesterday, however, Bush indicated that he will not necessarily let military leaders decide, ducking a question about whether he would overrule them. "The opinion of my commanders is very important," he said. "They are bright, capable, smart people whose opinion matters to me a lot." He added: "I agree with them that there's got to be a specific mission that can be accomplished with the addition of more troops before I agree on that strategy."

A senior aide said later that Bush would not let the military decide the matter. "He's never left the decision to commanders," said the aide, who spoke on the condition of anonymity so Bush's comments would be the only ones on the record. "He is the commander in chief. But he has said he will listen to those commanders when making these decisions. That hasn't changed."

As he consults with the Joint Chiefs on troop levels in Iraq, Bush has tried to address their broader concern about the overstretched armed forces. He told The Post on Tuesday that he plans to expand the size of the Army and Marines and repeated that intention yesterday while denying that his decision amounted to a repudiation of Rumsfeld's efforts to build a lighter, more agile military.

On his first tour of Iraq yesterday, Gates said "we're just beginning that process" of figuring out how much to expand ground forces overall. But he cautioned that the long-term project was not related to the immediate question of what to do in Iraq. "An increase in the size of the Army today really won't show up for some period of time," Gates said.

Sen. Bill Nelson (D-Fla.), wrapping up his own visit to Iraq, said a surge might be helpful in Anbar, the western province that has been a haven for al-Qaeda. "But in Baghdad," he told reporters from Kuwait, "it's not going to help unless the Iraqis decide that they're going to get their act together and stop sectarian violence."

Incoming Senate Majority Leader Harry M. Reid (D-Nev.) said Bush's latest remarks indicate that he has not come to grips with the need for urgent change in Iraq. "The president seems lost within his own rhetoric," Reid said in a statement. "He is grasping for a victory his current policies have put out of reach and leaving our troops stuck policing a civil war."

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Bush argued that failure in Iraq would be an even worse result and expressed confidence that many Americans "understand the consequences of retreat." As he prepared to begin his holiday break at Camp David and his ranch in Crawford, Tex., he ruminated in response to questions on the difficulty of wartime leadership but said he harbors no doubts about his decision to invade Iraq in 2003. "The most painful aspect of the presidency," he said, "is the fact that I know my decisions have caused young men and women to lose their lives."

An antiwar group reacted angrily to the comments.

"I know that my son's life was wasted, thrown away like it was nothing," Michelle Deford, whose son, Army Sgt. David Johnson, was killed in Iraq in 2004, said in a statement released by Gold Star Families Speak Out. "What we need to do is bring the rest of our sons and daughters home now."

Bush: 'Additional Sacrifices' In Iraq Required In 2007 (USAT)

By Bill Nichols

USA Today, December 21, 2006

WASHINGTON — In a sober, end-of-the-year news conference Wednesday, President Bush said the "brutal" amount of violence in Baghdad must be prevented from spreading if the United States' mission in Iraq is to succeed.

"I'm not going to make predictions about what 2007 will look like in Iraq, except that it's going to require difficult choices and additional sacrifices because the enemy is merciless and violent," Bush said.

Bush acknowledged that U.S. forces in Iraq are "not succeeding nearly as fast as I wanted," but he said he has not made up his mind on a new strategy for the war.

He said 2006 "was a difficult year for our troops and the Iraqi people." He said insurgent attacks "kept Iraq's unity government and our coalition from establishing security and stability."

Bush confirmed that one option he is considering is sending tens of thousands of additional troops to Iraq to try to establish control in key areas, particularly Baghdad.

The president said that before he would pursue such a strategy, he and his military planners would have to agree on a "specific mission that can be accomplished with more troops."

"We've got to help the (Iraqi) government prevent (violence) from spreading in order to be successful," he said. Bush is likely to outline his new Iraq strategy in the first weeks of 2007.

Incoming Senate Majority Leader Harry Reid, D-Nev., issued a statement saying Bush "still does not understand the need for urgent change in Iraq. … He is grasping for a victory his current policies have put out of reach and leaving our troops stuck policing a civil war."

As Bush spoke, his new Defense secretary, Robert Gates, was in Iraq discussing with commanders the possibility of increasing U.S. troop numbers.

IRAQ: Gates discusses possible troop proposal

The Pentagon, meanwhile, wants the White House to seek an additional $99.7 billion to fund the wars in Iraq and Afghanistan, according to information provided to the Associated Press. The information was provided by a person familiar with the proposal who asked for anonymity because that person was not authorized to release the information.

The request, if accepted by Bush and approved by Congress, would boost this year's spending for the two wars to about $170 billion. The non-partisan Congressional Research Service has estimated the costs of Iraq, Afghanistan and overall anti-terrorism efforts have topped $500 billion.

Bush, ending a year in which Democrats won control of Congress in the November elections, took more than a dozen questions in the nearly hour-long session. "I'm going to sprint to the finish," he said of the remaining two years of his second term.

Other highlights:

·Bush said U.S. forces are "going to win" in Iraq, despite comments on Tuesday to The Washington Post in which he said for the first time that the United States is not winning or losing the war. The president said that when he emphatically said earlier this year that the United States was "absolutely winning," he meant to convey his confidence in an ultimate victory.

·Bush said he hopes for bipartisan agreements with Congress on Social Security and immigration reform, as well as renewed efforts to reduce U.S. dependence on foreign oil.

The president said he would support one top Democratic priority — a $2.10-an-hour increase in the minimum wage — but only if it was accompanied by tax and regulatory relief for small businesses.

·Asked about the pregnancy of Mary Cheney, the gay daughter of Vice President Cheney, Bush said: "I know Mary, and I like her, and I know she is going to be a fine, loving mother."

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U.S. Commanders Wary Of Gates Proposal (AP)

By Lolita C. Baldor

AP, December 21, 2006

Defense Secretary Robert Gates found American commanders wary of a proposal to rush more U.S. troops to Iraq as he visited the war-ravaged country Wednesday.

President Bush is considering that idea and others in his search for a fresh path in a 3 1/2-plus year war that has no end in sight and has lost the support of the American public.

On just his third day in charge of the Pentagon, Gates made the unannounced trip with the administration under intense pressure to forge a new strategy — and just hours after the president conceded, for the first time, that the U.S. is not winning the conflict.

After meeting with top U.S. generals at Camp Victory, Gates acknowledged concerns that rushing thousands more American troops to the battlefront could allow the Iraqis to slow their effort take control of the country. He said no decisions have been made.

"It's clearly a consideration," Gates said of how an infusion of American troops might affect Iraqi leaders. "I think that the commanders out here have expressed a concern about that."

Gen. George Casey, the top U.S. commander in Iraq and one of several generals who met with Gates, said he supports boosting troop levels only when there is a specific purpose for their deployment. Other military leaders have expressed uncertainty over the purpose and results of injecting more troops.

"I'm not necessarily opposed to the idea, but what I want to see happen is when, if we do bring more American troops here, they help us progress to our strategic objectives," Casey told reporters during a news conference with Gates and other military leaders.

Gen. John Abizaid, top U.S. commander in the Middle East, sounded a more favorable tone. The military, he said, is "looking at every possible thing that might influence the situation to make Baghdad in particular more secure."

Bush said Wednesday he is considering sending more troops to Iraq but has not made up his mind. No timetables or troop totals have been mentioned publicly, but by some accounts roughly 20,000 troops would be added to the 140,000 already there.

The president is expected to announce his decisions next month — when a new Congress convenes, controlled by Democrats ready to make the war their top concern.

Echoing some of his commanders' questions about a troop surge, Bush said, "In order to do so, there must be a specific mission that can be accomplished with more troops."

Bush is considering choices ranging from a short-term increase of thousands of troops to bring the escalating violence in Baghdad and Anbar province under control, to removing combat U.S. forces and accelerating the training and equipping of Iraqi security forces. More than one-third of the U.S. troops in Iraq are combat forces.

Gates, on his third day on the job, said he would not form a judgment until he has spoken to Iraqi leaders, which he is scheduled to do during his visit.

Also on the trip was Gen. Peter Pace, chairman of the Joint Chiefs of Staff, plus officials from the State Department, the National Security Council and the White House.

The timing of Gates' trip, and his entourage, underscored how important the administration believes it is to set a new direction in the Iraq war.

Gates was noncommittal when asked whether the sectarian violence in Baghdad can be quashed without taking action against the Mahdi Army of anti-American Shiite cleric Muqtada al-Sadr. Al-Sadr is a main supporter of Iraqi Prime Minister Nouri al-Maliki.

Gates said he is looking for ways to help the Iraqi government bring down the violence and "that will be a principle theme of discussions."

Bush and Gates also said they are considering increasing the overall size of the U.S. military following recent complaints by top generals that the forces have been stretched too thin by the worldwide campaign against terrorists. They used no figures, but Bush said he was asking Gates to produce a plan for the expansion.

Gates said he was just starting to study that idea. He expressed concern that the Army and Marine Corps are not large enough to face challenges of the 21st century that might include threats in Iran and North Korea, as well as natural disasters.

The debate over increasing troops has continued for months, as the military has been struggling to quell the escalating violence — particularly sectarian bloodshed — in Iraq. The war has claimed more than 2,950 U.S. casualties and cost roughly $350 billion.

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Some top U.S. commanders have been wary of even a short-term troop increase, saying it might bring only a temporary respite to the violence while confronting the U.S. with shortages of fresh troops in the future.

Military leaders are also considering an increase in the number of American advisers for Iraqi security forces.

Gates Talks Over Options With U.S. Commanders In Iraq (WP)

By Thomas E. Ricks

The Washington Post, December 21, 2006

BAGHDAD, Dec. 20 -- Defense Secretary Robert M. Gates spent his third day as Pentagon chief in an intense series of discussions with top U.S. military commanders about next steps in Iraq, but said he wouldn't move toward any conclusions until he had talked with senior Iraqi officials.

"We discussed the obvious things," Gates said after meeting with Gen. John P. Abizaid, Gen. George W. Casey Jr. and other top Army generals here. "We discussed the possibility of a surge and the potential for what it might accomplish." In recent days the Joint Chiefs of Staff and the White House have debated whether to conduct such a "surge," or short-term escalation of U.S. troops in Iraq, in an effort to bring more security to the country's turbulent capital, Baghdad.

Appearing relaxed but looking funereal in a black suit, white shirt and dark tie, Gates said he had received "candid, honest, firsthand assessments" from senior officers he met with here Wednesday.

"This trip is part of the overall assessment that the president asked me to do," he said. Underscoring that focus, Gates was accompanied on his aircraft by Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, as well as officials from the State Department, the staff of Vice President Cheney and the National Security Council. Defense secretaries rarely travel with the chairman of the Joint Chiefs or with such a broad delegation of officials from other agencies.

Abizaid and Casey, who have differed on a troop increase, appeared to engage in a bit of military rope-a-dope in which each seemed to embrace the other's stance. Abizaid, long known inside the military for his opposition to boosting the U.S. troop presence here, said flatly: "Absolutely every option is on the table." Casey, his immediate subordinate and old friend, who is said to favor an increase, said, "I'm not necessarily opposed to the idea" -- if, he added, sending additional troops would help achieve strategic objectives.

There are about 140,000 U.S. troops in Iraq. Advocates of a short, sharp increase say an additional 20,000 to 30,000 might help quell the violence that is ripping apart Baghdad, while some top U.S. military officers caution that a smaller surge last summer turned out to be ineffective.

Gates rejected the notion that he is the "swing vote" in the discussion, although he stands between a Joint Chiefs of Staff extremely skeptical of a troop surge and many officials at the White House who appear to favor it. "Let me be very clear, I am not the swing vote," he said. "There is only one vote that matters, and that is the president of the United States."

A former CIA chief, Gates was last in Iraq in early September as a member of the Iraq Study Group, the bipartisan commission on Iraq policy led by former secretary of state James A. Baker III and former representative Lee Hamilton (D-Ind.)

"I didn't dream at that time that I would have some responsibility for what goes forward," he said Wednesday.

Gates left that group after being nominated in early November to succeed Donald H. Rumsfeld as defense secretary. About a month after he left, the group issued a scathing report that depicted the situation in Iraq in far bleaker terms than the Bush administration had been using.

The group concluded that the security situation was grave and deteriorating, that U.S. officials sometimes didn't understand the facts of the matter, and that U.S. policy was failing. That bleak diagnosis appears to have altered the debate over Iraq, with few people now claiming that "steady progress" is being made, as Bush administration officials did for several years.

The Iraq Study Group also issued 79 recommendations calling for the United States to step up diplomacy in the Middle East and to transform the U.S. military effort in Iraq from one focused on combat to one focused on training and advising Iraqi forces. This change, it argued, should enable the U.S. military to withdraw most of its combat brigades from Iraq by early 2008.

Since the report was issued, its recommendations have received only a lukewarm response, both from the White House and from members of Congress. However, Gates's presence at the Pentagon, and his ability there to implement some of the recommendations almost immediately, may give the report a boost when Congress meets in a few weeks to resume its review of the Iraq war.

Coleman Says He's Against Sending More Troops To Iraq (AP)

By Frederic J. Frommer

AP, December 21, 2006

WASHINGTON - Sen. Norm Coleman, following a two-day trip to Iraq, said Wednesday he opposes a plan President Bush is considering for a short-term surge of U.S. troops there.

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At the same time, Coleman said, he supports Bush's call this week for the U.S. to increase its overall number of troops to help a taxed military fight the global war on terror.

"I would not support a massive increase in troops in Baghdad," Coleman, R-Minn., said from Bahrain, on his way back to the United States. "I think it would create more targets, I think we'd put more life at risk."

He added that he hadn't heard anything in talks with U.S. military officials that led him to believe extra troops would solve problems there.

But he agreed that the United States needs more troops overall.

"I think our military is stretched too thin," Coleman said. "We need more soldiers so we're not taking these citizen-soldiers that we have and calling them back every year for another extended tour of duty. We need a larger army because we live in a very dangerous world."

Coleman, who traveled to Iraq with Sen. Bill Nelson, D-Fla., said that they told Iraqi officials that they needed to stem the sectarian violence.

Coleman said that the U.S. should set a deadline for the Iraqi government, requiring Iraq to meet certain benchmarks, and that the U.S. should reposition its troops if those benchmarks are not reached.

"I anticipate we will be in Iraq for a long time, we're going to be in the Middle East for a long time," Coleman said. "But we can't be on the front line, we don't need to be patrolling the streets of Fallujah." He said that U.S. forces could move to a secondary position - and move toward that more quickly if the Iraqis don't make progress on reconciliation.

Coleman said he did not cross paths with Defense Secretary Robert Gates, who is in Iraq now. It was Coleman's second trip to Iraq.

Meanwhile, Sen.-elect Amy Klobuchar, D-Minn., appearing on Minnesota Public Radio's "Midday" program Wednesday, said she also opposes increasing troops in Iraq.

"The solution to this is not more boots on the ground," she said. "The answer to me is a different way of looking at this, which is to transition to Iraqi authority" - and to have Congress do a better oversight job of contracts.

On increasing the permanent size of the military, Klobuchar said, "I do think we're going to need to expand so we don't tax these people to the point they can't do their jobs. That's what's been happening and it's not been fair to them."

Bush's Move To Supersize US Military (CSM)

By Peter Grier

The Christian Science Monitor, December 21, 2006

WASHINGTON

Expanding the size of US armed forces could be an expensive and lengthy task - in essence, a redoubling of the national effort to grapple with the challenge posed by Islamic extremism.

The move would be irrelevant in the Iraq war, say some critics, because by the time more troops are recruited, trained, and deployed, the conflict there will probably be set in its course.

But in calling for such an increase, President Bush said the US military must be positioned to deal with terrorists for a generation to come.

"It's the calling of our time," he said at a press conference Wednesday.

Mr. Bush has not specified the degree to which he believes the Army and Marine Corps should increase. New Secretary of Defense Robert Gates, currently in Iraq, first must propose a plan that includes numbers and estimated cost, Bush said at his news conference and in an earlier interview with The Washington Post.

If approved by Bush, the plan will then be tucked into the budget the administration will submit to Congress early next year.

Currently, the Army has an authorized strength of some 514,000 troops, with about 30,000 of that total a temporary rise approved by Congress in the wake of the 9/11 attacks. The Marine Corps has 180,000 personnel.

Bush was careful to note that he was not telegraphing an increase in troops in Iraq by asking for an overall larger US ground force. The administration's new strategy to fight rising violence there won't be unveiled until early next year.

Instead, Bush billed a larger US military as essential for the security of today's children and their children.

"Securing this peaceful future is going to require a sustained commitment from the American people and our military," said Bush. "We have an obligation to ensure our military is capable of sustaining this war over the long haul and performing the many tasks that we ask of them."

Ground forces may not be as glamorous as high-tech weaponry, but they are expensive nonetheless. Each increment of 10,000 soldiers added to the Army costs just a tick over $1 billion, according to a service estimate.

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Thus, adding 30,000 troops a year for two years, as proposed by a recent American Enterprise Institute study co-written by military expert Robert Kagan, would add more than $6 billion to the military budget at a time when the cost of the Iraq conflict is exceeding $6 billion per month.

In addition, more troops mean more long-term spending on equipment, training, and future benefits, says Gordon Adams, senior White House official for national security budgeting under President Bill Clinton.

"At more than $500 billion a year, we are already overspending on defense," says Mr. Adams, now a fellow at the Woodrow Wilson International Center for Scholars.

Any new forces would probably not be ready in time for use in the Iraq conflict, says Adams. It would take at least two years to get them ready. By then, events in Baghdad would have already determined whether the country has split apart or whether an Iraqi government has managed to establish security. The US is likely to be withdrawing from Iraq in two years, according to Adams.

An overall troop increase "is not about Iraq," he says. "It's about militarizing our national-security policy for the long war."

The White House, however, has some reason to believe that a call for a larger military may not be overly controversial. In the past, Democrats in Congress have called for such a move. In part, this reflects their criticism that the war in Iraq has been prosecuted with too few US troops, and that the pace of rotations in and out of Iraq is such that the Army is now close to breaking.

For instance, Rep. Ike Skelton (D) of Missouri, who will chair the House Armed Services Committee in the next Congress, has long supported a larger military as a means of breaking the deployment cycle of one year in Iraq, one year at home, and then another deployment.

Democrats remain wary, however, that Bush's call for a larger military is a means to make more politically palatable a separate decision to increase troop strength in Iraq. That is a move many of them oppose.

"More troops would get us in deeper and is a military response to a political problem," said Sen. Carl Levin (D) of Michigan, incoming Senate Armed Services chairman, in a statement.

Enlarging Military Poses Challenge (AP)

By Anne Plummer Flaherty

AP, December 21, 2006

President Bush's plan to enlarge the Army and Marine Corps responds to pleas from the Pentagon and Capitol Hill, but finding more recruits will be expensive and challenging and have little immediate impact on the wars in Iraq and Afghanistan.

In a news conference Wednesday, the president said he has asked Defense Secretary Robert Gates to look into adding more troops to the nearly 1.4 million uniformed personnel on active duty — a force which has been strained by the two wars.

Bush also said he remains undecided on whether to send more troops to Iraq and expects to announce that decision early next year.

Bush's desire to expand the services — an abrupt turnaround — was cheered Wednesday by lawmakers and military analysts. They agreed, though, that boosting troop levels is costly and time-consuming and will do little to help in Iraq anytime soon.

"To get to the kind of levels both services want will be five to 10 years," said Anthony Cordesman, a national security expert with the Center for Strategic and International Studies in Washington. "And by then the Iraq war on one level or the other will be over."

According to service officials, the Army wants to expand its force of 507,000 soldiers by 20,000 to 30,000, while the Marine Corps would like to add 5,000 to its nearly 180,000 troops.

The unpopular war in Iraq — where more than 2,950 American troops have already died — complicates the task of finding more recruits and retaining current troops.

To find new troops, the military will have to hire more recruiters and offer incentives like increased bonuses and higher salaries. In recent years, it has accepted more recruits with minor criminal records and with lower scores on aptitude tests.

Once the recruits are found, the military must train and equip them, which takes months. Other expenses will come from additional health care and support programs for families.

"It takes a long time to train trigger-pullers. And that's what we need — more trigger-pullers," said retired Lt. Gen. Jay Garner, former assistant vice chief of staff for the Army.

According to the nonpartisan Congressional Budget Office, increasing the Army by 40,000 troops would cost $2.6 billion the first year and more than $4 billion annually to maintain.

The estimate is similar to one provided by Army Chief of Staff Gen. Peter Schoomaker, who says the service budget jumps $1.2 billion for every additional 10,000 soldiers. Schoomaker says the Army can add up to 7,000 troops per year.

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There are about 6,700 recruiters trying to sign up 80,000 new active duty soldiers for the 2007 budget year, which began last October. Roughly 1,800 recruiters are working to sign up 35,000 for the Army Reserves for the same period, officials said.

To accomplish additional growth, the service will need to sweeten incentives. The Army failed to meet its recruiting goal in the 2005 budget year for the first time since 1999, but met its goal in 2006 after adding recruiters and incentives for new enlistees.

The Pentagon also will have to budget for the additional troops at a time of rising health care costs and an overall budget crunch caused in part by Iraq and Afghanistan, which cost $120 billion last year and are likely to get more expensive.

"If the president doesn't put forward a plan to pay for this in his annual budget request then this announcement is meaningless," said Sen. Jack Reed, D-R.I., a member of the Armed Services Committee and longtime advocate of a bigger force.

So far, Congress has provided about $450 billion for the Pentagon for 2007. That includes $70 billion for the wars, but it excludes another $100 billion the military wants to request for additional war costs.

Last week, Schoomaker said the Army will break without more soldiers, but he had previously opposed congressional mandates to add more troops. He had argued the cost would overburden the Army's budget. But retired Pentagon officials say it doesn't have be an either-or situation if there is the political will to do it.

"You can certainly do it, but it takes time and it takes resources," said Les Brownlee, former acting Army secretary.

One reason adding several thousand troops would make a difference in the massive military is the types of jobs they do.

Only a fraction of the Army and Marines available are the kind needed in Iraq — combat infantry troops that can conduct security patrols and staff checkpoints. Of the 140,000 now in Iraq, just over one-third are combat forces.

As a result, many people serve repeated tours there and heavily used units must scramble to replace or fix battle-damaged equipment.

Gates' predecessor, Donald H. Rumsfeld, staunchly opposed increasing the size of the force because of the cost. Instead, Rumsfeld advocated reorganizing the Army into small, more flexible units that would rely less on manpower and more on technology.

Bush sided with Rumsfeld until his departure last week.

"It's so frustrating to me we have to be four years into a war with the Marine Corps and Army on the verge of breaking that we decide we need more Army and Marines," said retired Maj. Gen. Robert Scales, former commandant of the Army War College.

Cost, Effort, Time Of Military Expansion Plan Likely To Have 'Enormous' Impact (USAT)

By Matt Kelley

USA Today, December 21, 2006

WASHINGTON — Meeting President Bush's goal of a larger Army and Marine Corps will require more time and money to recruit volunteers, retain the officers needed to lead them and outfit new units.

Bush said Wednesday that he asked Defense Secretary Robert Gates to quickly come up with a plan for expanding U.S. ground forces, not just for the wars in Iraq and Afghanistan but for the larger struggle against what he called "extremists and radicals." He pledged to work with Congress "to see that this becomes a reality."

The Pentagon has increased incentives and lowered standards in recent years to keep the military at its current size, particularly as recruiting fell short of goals. Enlarging the military will require more of that, experts say.

"It's not going to be easy, but it's certainly doable," says Bernard Rostker, a military manpower expert at the RAND Corp., a private advisory firm that often writes reports for the Pentagon.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said last month that it would take two years to recruit, train and equip a new division. Rep. Ike Skelton of Missouri and Sen. Jack Reed of Rhode Island, Democrats on the House and Senate armed services committees, say the extra 10,000 troops alone would cost the Pentagon about $1.2 billion a year.

The Iraq war's unpopularity is another challenge for recruiters, says Andrew Bacevich, a retired Army colonel and professor at Boston University. That adds to the costs of getting more people to enlist, he says.

"You would have to buy the additional volunteers by offering bonuses and educational benefits, and they would be bought at a substantial price," Bacevich says. "Even apart from the lengthy period of time this project would take to bring to fruition, the impact on the defense budget is going to be enormous."

Members of the Army and Marine Corps make up 97% — 2,852 — of the U.S. troops killed in Iraq, records show.

In 2005, the Army fell 8% short of its annual goal of 80,000 recruits. After adding recruiting incentives, it met that goal this year, records show. The Marines met their annual goal of about 32,000 recruits both years. This year, the Army has offered a series of bonuses for recruits and soldiers who re-enlist. They include:

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·A maximum of $40,000 for Army recruits, which is double the previous $20,000 recruit bonus.

·An extra $1,000 bonus for high school seniors who join.

·A $2,000 referral bonus for soldiers and retirees who persuade friends or relatives to join. That's double the previous $1,000 bonus.

The Army also raised the age limit for recruits from 34 to 41. In October 2005, the Army also started taking more recruits who scored in the lowest brackets of the service's aptitude test, doubling the percentage of those recruits from 2% to 4%. The Army had the 2% limit since the 1980s.

That's not necessarily a problem, says David Armor, a former Pentagon manpower official in the Reagan administration.

"There are lots of jobs in the military that can use persons with average skills," says Armor, a professor at George Mason University in Fairfax, Va.

Leaned On As Never Before, Reservists Weigh Re-enlistment (MCT)

By Dave Montgomery And Kevin G. Hall

McClatchy Newspapers, December 21, 2006

WASHINGTON - Sgt. Vic Blazier and his wife, Capt. Carla Blazier, were sent to war in 2003, leaving an infant and a toddler with a grandfather who died while the couple served in Iraq.

The ex-Army reservists from Marion, Ohio, had become civilian soldiers out of patriotism. But the sacrifice proved overwhelming.

After a decade of service, she resigned her commission as an officer in late 2004 after a year in Iraq. He returned home on hardship leave in late 2003 after his father died. Last year he passed up re-enlistment and joined Iraq Veterans Against the War.

The Blaziers are part of what military experts see as a pattern as the Pentagon seeks to increase the burden on the Army's two reserve components, the Reserve and National Guard. Torn between family and the call to duty, many are taking a hard look at military commitment and choosing family when re-enlistment time arrives.

"I do a lot of volunteering. When you miss two birthdays, you try to make up for them," said Carla Blazier, 35, who joined the Reserves in 1993 as a software expert on a career path, but now puts family first. "I try to stay very involved and active in my children's life because I missed that year."

Those deciding whether to remain in the Guard and Reserve must take into account the possibility that they'd have to serve longer and more frequently on active duty than they do now. Under current mobilization policies, part-time troops can be called on to serve involuntarily on active duty for no more than 24 months during a five-year period. Army officials want the Pentagon to lift those restrictions so that National Guard and Reserve troops can be pressed into service more often; specifics remain to be worked out.

National Guard and Reserve troops called for service in Iraq usually spend about six months training, then a year in Iraq.

"We're not close to burnout, but we're at an important point and we need to monitor the situation very closely," said Christine E. Wormuth of the Center for Strategic and International Studies, who authored a study on the future of the Guard and Reserves. "There is a recognition that you can't keep using the reserve component the way we've used it in the past three years."

Carla Blazier said that about half the 120 enlisted soldiers in her company didn't re-enlist or just stopped coming to drills.

It's the same story in Harlingen, Texas, near the Mexico border. The 100 soldiers in the 812th Quartermaster Company, an Army Reserve unit, are still fresh from a deployment in Iraq. Roughly 25 percent to 35 percent are considering getting out, said Sgt. Maj. William S. Patterson, the unit administrator.

Some are eager to rekindle civilian jobs, threatened by their long absences. Others want to complete their education, said Patterson, a Vietnam veteran.

"These people want to get on track with their lives," he said.

A twice-deployed member of the unit with a wife and two sons, Staff Sgt. Noel Cortez decided that it was time to "take a break" from the Reserves after seeing the hardship that his absences imposed on his family.

"I wasn't there for a whole year and I missed a whole lot," said Cortez, who plans to attend college in January and become a nurse. "I don't want to go through it again and I don't want them to go through it again."

The trend, military analysts said, certainly isn't a wholesale mutiny from the Reserve and Guard.

Officials at Fort Worth Naval Air Station, the nation's largest joint reserve base, see no evidence of manpower erosion or sagging morale among the more than 20 major units at the base, despite multiple deployments involving more than 4,000 guardsmen and reservists.

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"I don't know anybody who says, `This is just too much for me that I've got to leave,'" said Col. Kevin Pottinger, the commander of the 301st Fighter Wing. "My problem is, quite honestly, I've got people who want to go (overseas) and I'm trying to hold people back."

Still, the nation's 522,000-member Army Reserve and National Guard force shows signs of strain from repeated assignments. The assistant secretary of defense for reserve affairs, Thomas F. Hall, describes the balancing act as a "three-legged stool": the soldier, the family, the civilian employer.

"If any of those legs fall off," he said, "the stool tilts over."

A significant number of reservists and guardsmen are choosing "Fort Living Room," the buzz phrase for civilian life.

The Army Reserve fell about 15 percent short of its recruitment goal in 2005. It hired more recruiters, added to its advertising budget, eased age restrictions and added bonuses, and in 2006 it was just slightly short of the goal: It added 25,378 recruits and had a goal of 25,500.

The National Guard had recruitment problems in 2004 but is meeting its targets today thanks to bonuses and other incentives.

Still, some officials worry that many midlevel and noncommissioned officers are poised to leave the military to avoid falling behind in their civilian careers.

"That has really long-term implications for the quality of leadership we'll have 10 or 15 or 20 years from now," former Pentagon Comptroller Dov Zakheim said. "We're really losing our best and brightest young ones."

Certain guardsmen and reservists are particularly vulnerable to being called up because of their specialties, he said. "We keep going back to the same well, and so the pressure is actually greater than some people realize."

Many soldiers tell of the pressure of family separation.

Sgt. 1st Class Lance Schneider of Raleigh, N.C., spent 11 months in Iraq in 2004 as a member of the 30th Heavy Brigade Combat Team of the North Carolina National Guard. His son was born less than a month after he reached the war zone. Before his deployment, he'd never been away from his wife longer than two weeks.

"It's hard on your employer, it's hard on you, it's hardest on your family," said Schneider, 41, who works as a project manager for IBM in civilian life and plans to remain in the Guard.

Loretta Cox, a sergeant major with the 648th Regional Support Group in St. Louis, relied on a supportive husband when she left their kids, ages 2 and 11, behind. She spent two years in a domestic deployment, singing lullabies over the phone.

"My kids will say, `Mommy's a soldier and she's protecting us,'" said Cox, who plans to stay in the Reserve. "Obviously, I've already missed two years of my children's lives, and I'm not going to be jumping up and down saying, `Pick me, pick me.' But if I'm asked to do so, I'll honor my commitment."

Despite hardships, morale among reservists remains good, said Lt. Col. Mack Griffith, an Army Reserve chaplain at Fort McPherson, Ga.

But he said soldiers faced big challenges when they returned. Many find it hard to resume their usual roles at home after months of combat and brutality in Iraq.

"This is not the time to be the drill sergeant," Griffith said. "This is the time to come back and regain loving relationships in the home."

The divorce rate among reservists spiked in 2004, Griffith said, but has eased down since as a result of intensified family support activities offered by the Army, such as weekend couples retreats.

But, the chaplain noted, this reality lingers like an unwanted guest: "It's impossible for the spouse to fully appreciate what the husband or wife have gone through."

A Soldier's Soldier, Outflanked (WP)

By Ann Scott Tyson And Josh White

The Washington Post, December 21, 2006

Gen. John P. Abizaid rose to become the top American commander for the Middle East in July 2003 with impeccable credentials for the job: A Lebanese American who speaks Arabic with a master's degree in Middle Eastern studies from Harvard, Abizaid was considered a soldier's soldier. He led a Ranger company into battle in Grenada in 1983 and commanded an airborne battalion during the 1991 Persian Gulf War.

But Abizaid's announcement yesterday that he will retire in March after almost four years as a chief architect of U.S. Iraq strategy comes as violence drives civilian and military casualties there to record highs and as officials broadly say the U.S. military campaign is at a stalemate.

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The departure of the general, who has won wide respect for his candid advice to the administration as the head of U.S. Central Command, was expected and is not seen as an indication of his own displeasure or that of superiors over his performance. "I think the time is right, and it has nothing to do with dissatisfaction," Abizaid told reporters in Baghdad.

"After 50 months out here, I think it's okay to think about retiring," he said.

His decision creates an opportunity for President Bush, with the recommendation of Defense Secretary Robert M. Gates, to name a commander who will take a fresh approach as they weigh alternative military strategies.

Supporters portray Abizaid, 55, as a brilliant commander who did his best, despite constraints from Washington, to adapt the U.S. military to fight an unanticipated guerrilla war -- which he was among the first to identify -- and later the unexpected outbreak of sectarian violence.

"Understanding how difficult the job is, nobody's done it better than John Abizaid," said a Pentagon official who as an Army general worked with Abizaid.

Yet critics say Abizaid has placed too much emphasis on Arab sensitivity to foreign occupation, and therefore never demanded enough U.S. troops to stabilize the country. "He was too smart by half," another U.S. officer said.

"The bottom line is we are losing a war in his theater on his watch," said Michael E. O'Hanlon, a defense expert at the Brookings Institution, saying Abizaid's popularity has dwindled in recent months as the situations in Iraq and Afghanistan have deteriorated. "We need a fresh approach."

Abizaid made clear his continued opposition to a major surge of U.S. troops in Iraq beyond the current 140,000, arguing that it would perpetuate a mentality of dependency by Iraqi forces and increase resistance among Iraq's population.

The widespread expectation within the military has been that Abizaid will be succeeded by Lt. Gen. David H. Petraeus, who led the 101st Airborne Division in the invasion and early occupation of Iraq and later returned to head the effort to train Iraqi army and police forces. Gen. George W. Casey Jr., the top U.S. commander in Iraq, is also expected to leave his post in the spring, and some Pentagon officials predict he will be followed by Marine Lt. Gen. James N. Mattis. Casey is another candidate to replace Abizaid, one senior military official said. But all those moves will be dependent on the approval of Gates, whose views on the personnel changes are not well known.

Moreover, Abizaid's replacement will face the same immediate constraints: overstretched U.S. ground forces and the need to be able to respond to other contingencies in the region, such as a further escalation of fighting in Afghanistan or a serious showdown with Iran.

Abizaid recently acknowledged that more U.S. troops, as well as Iraqi forces and international forces, "should have been available" to stabilize Iraq in the immediate aftermath of the U.S.-led invasion in March 2003.

"General Shinseki was right," Abizaid told the Senate Armed Services Committee, referring to then-Army Chief of Staff Eric K. Shinseki's prediction before the war -- dismissed by the Pentagon -- that several hundred thousand troops would be required to occupy Iraq.

Abizaid also made clear that his plans for a significant withdrawal of U.S. troops from Iraq this year were aborted by a major, unanticipated outbreak of sectarian violence spurred by the February bombing of a Shiite mosque in Samarra. "We clearly did not achieve the force levels we had hoped to," Abizaid told reporters this fall, saying sectarian unrest could be "fatal" to Iraq.

Yet Abizaid has argued that the Army and Marine Corps, which face serious shortages of manpower and equipment, could simply not sustain a surge of 20,0000 troops into Iraq.

Some described Abizaid as having his hands tied by both the Bush administration in Washington and situations in Iraq that were beyond his control. Abizaid has also been frustrated over a lack of support in Iraq from other U.S. governmental agencies, believing military force is not the main tool for fighting what he has defined as the "long war" against violent extremists.

Sen. Jack Reed (D-R.I.), who has been friends with Abizaid for more than three decades and served with him in the 82nd Airborne Division in the mid-1970s, said Abizaid is "probably the most capable person we could have had because of his experience and his talent and his commitment to the troops he leads."

But Reed, a member of the Armed Services Committee, said decisions made by former defense secretary Donald H. Rumsfeld and other top government leaders put Abizaid in a difficult position.

Reed, who said he has had several personal conversations with Abizaid over the past few years, cited as particularly important the decision to limit the number of U.S. forces going into Iraq during the invasion in 2003 and the failure to plan for stabilizing Iraq after initial combat operations. "I always got the sense the mission was under-resourced and vaguely defined," Reed said.

Rudderless In Iraq (NYT)

The New York Times, December 21, 2006

DOJ_NMG_0108197

Anyone looking for new thinking on Iraq, or even candor, had to be disappointed by President Bush's news conference yesterday. Mr. Bush may want to defer unveiling his new strategy, but there will be no obliging pause in Iraq's unraveling.

The latest Pentagon status report confirms a spiraling death toll, ever deeper sectarian divisions and near total lawlessness on the streets of Baghdad, despite repeated American vows to secure the capital. In a further sign of Iraq's descent, our colleague James Glanz reported this week that Baghdad gets less than seven hours of electricity a day, as insurgents and looters dismantle the power grid.

While Mr. Bush contemplates his fast-disappearing options, competing factions in the administration and the military have been less reticent about floating their ideas. Some urge a sharp, temporary increase in American troop strength in Baghdad. Others argue that Iraqi forces should take the lead, whether or not they're ready. Still others talk about different ways of reconfiguring Iraq's dysfunctional governing coalition.

The problem is not so much with the specific proposals — some deserve serious consideration — as with the illusion that the political and military components of American policy can be pursued in isolation from each other. That is the kind of made-in-Washington tunnel vision that produced the current disaster. Only a political strategy, embraced by Iraqis themselves and backed by American military muscle, can have even a remote chance of altering events, and even that may be too late.

Consider the talk of a temporary escalation of American forces to impose some order in Baghdad. That is guaranteed to fail, unless it is tightly integrated with a political strategy for producing an Iraqi government finally willing to move against Shiite militias and open a dialogue on national reconciliation. Without that, any temporary increase could slide seamlessly into a permanent escalation — something America's depleted ground forces cannot handle — with no chance of containing the chaos.

And while American diplomats report hints that Iraq's top Shiite cleric, Grand Ayatollah Ali al-Sistani, might be willing to support a genuine national unity government, it remains unclear whether he would countenance any loss of power for Shiite fundamentalists — and whether Washington has any leverage left to influence his decision.

Yesterday, Mr. Bush acknowledged the obvious and desperate need to rebuild America's overstretched ground forces, a subject he refrained from talking about so long as Donald Rumsfeld ran the Pentagon. But that will take time and won't be any help in Iraq. Mr. Bush also needs to acknowledge that his course there has reached a dead end. He needs to quickly define a new direction while he still has any choices left.

Uncle Sam Needs More (LAT)

The Los Angeles Times, December 21, 2006

WHEN PRESIDENT BUSH announced after the election that he was replacing Secretary of Defense Donald H. Rumsfeld with Robert M. Gates, he promised that Gates would bring a "fresh perspective" to the Pentagon. The assumption was that Bush was referring to Iraq. But this week, Bush indicated that the biggest difference between the Rumsfeld and Gates eras may involve the size of the U.S. military over the next several years.

Bigger, Bush now seems to believe, is better. Amplifying an earlier comment in an interview with the Washington Post, the president said at a news conference Wednesday that "I'm inclined to believe that we need to increase … the permanent size of both the United States Army and the United States Marines."

Bush is right — regardless of what one thinks of the separate issue of whether he should approve a short-term "surge" in U.S. forces in Iraq to stabilize Baghdad. But the president will have to do a better job of explaining why this country needs a bigger military establishment.

On Wednesday, Bush couched his argument in excessively narrow terms, saying that a beefed-up military was necessary to prosecute the "war on terror [that] is the calling of a new generation." This argument jumbles together the (at least partly metaphorical) "war on terror" — a many-fronted effort to prevent the repetition of the attacks of Sept. 11, 2001 — with the amassing and deployment of military forces around the globe to protect all of the nation's vital interests.

Of course, the war on terror is one of the threats tying up resources. It took a conventional military operation in Afghanistan to topple Al Qaeda's Taliban patrons (and that one was fought on the cheap, relying mainly on Afghan warlords as U.S. surrogates). Further, opponents of a precipitous U.S. withdrawal from Iraq — including Bush — argue that a pullout would embolden terrorists there and elsewhere.

The need for a larger military isn't confined to the Iraq war but to any number of possibilities — war on the Korean peninsula, genocide in Africa, the defense of Israel, you name it.

Hence, the case for repudiating the "leaner, meaner" posture identified with Rumsfeld — who presided over a slight reduction in active-duty military personnel despite engagements in Afghanistan and Iraq — transcends today's debates. Critics in both parties (and with a variety of views on Iraq) have supported an increase in the permanent size of the armed forces to increase flexibility in future crises, shorten tours of duty, ease the burden on military families and rely less on the Reserves and National Guard, which to some degree have been turned into a full-time fighting force.

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The U.S. remains the world's sole superpower, but the nation no longer has enough men and women under arms to shoulder its responsibilities. By that we don't mean ill-conceived adventures like the war in Iraq, but the preparedness to react to unforeseen crises. One reason the armed forces are too small is that the Pentagon's military-industrial complex favors spending money on costly gadgetry, some of it unnecessary, over such prosaic things as a foot soldier's pay. But the scary truth is that with roughly 150,000 troops tied down in Iraq, the U.S. is hardly in a position to react effectively to a major crisis elsewhere.

A significant increase in soldiers and Marines could be accomplished with ramped-up recruiting and pay incentives. In testimony to Congress last week, Army Chief of Staff Gen. Peter J. Schoomaker suggested that his branch of the service could efficiently add up to 7,000 troops a year. Many such increases could take place without the current size of the Army (507,000) approaching the level of the 1991 Persian Gulf War (780,000). Secretary Gates should be more aggressive and advocate the addition of 100,000 more troops, which would cost in the neighborhood of $20 billion — not an exorbitant amount in Pentagon terms.

There is no need for a draft. Better pay and incentives may be needed to entice more people to join, but there are more than 60 million Americans between the ages of 18 and 35 to recruit from.

To understand why an Army of half a million troops is inadequate, you have to consider that only about two-thirds of that number can be deployed overseas, and not all of those can be sent to trouble spots simultaneously. Ideally, military convention holds, you rotate active-duty combat troops in such a way that they get plenty of training and time with their families. Do the math, and you realize why the 150,000 troops stationed in Iraq are such a strain on the Pentagon.

What's worse, all that strain — the added burden on reserves, the training shortcuts, the extended tours of duty — translates into poor morale, which makes it difficult to recruit more troops. It's a Catch-22. And again, this should not be a partisan issue. Along with GOP Sen. John McCain, Democratic Sens. John Kerry and Hillary Rodham Clinton have been calling for a larger military for some time.

Until recently, the White House has been cool to such calls. A year ago, reflecting Rumsfeld's thinking, Secretary of the Army Francis J. Harvey assured Congress that his branch of the services would be able to roll back a temporary increase of 30,000 troops authorized in 2004, increasing available combat units through reorganization.

Bush took office disdainful of nation-building exercises and skeptical of the types of humanitarian interventions the military engaged in during the 1990s, and that is partly why this administration was reluctant to build troop strength. Bush's second thoughts are long overdue, even if he isn't doing his cause justice by simply pointing to the war on terror as his rationale.

U.S. Cannot Accept Defeat (USAT)

By Frederick W. Kagan

USA Today, December 21, 2006

America faces a critical moment in Iraq. Sectarian violence threatens to destroy Iraq's government and society and what's left of America's will to fight. Yet the consequences of accepting defeat would be horrendous. Iran and Iraq's Sunni neighbors would vie for dominance, and the conflict would likely expand throughout the Middle East. Al-Qaeda could establish a base in the ensuing vacuum. Abandoning Iraq to chaos would harm America's vital interests immeasurably.

It is essential, therefore, to adopt a new strategy. We must secure Iraq's population and thereby bring the violence under control, abandoning the failed attempt to hand responsibility over to the Iraqis prematurely.

As we saw in Bosnia and Kosovo in the 1990s, military forces, together with political and diplomatic initiatives, can control ethnic and sectarian conflict. A large scale two-year effort to clear and hold critical areas in Baghdad that are the center of sectarian violence in the capital can succeed today. U.S. forces secured Tal Afar in 2005 and parts of Sadr City in 2004.

U.S. commanders admit that recent attempts to gain control of Baghdad in Operation Together Forward II failed through lack of resources. Many neighborhoods were cleared, but there were too few American troops to maintain security in those areas. U.S. military forces know how to establish security and maintain it, but they cannot do so without the necessary resources and time.

Securing the critical areas of Baghdad would require a surge of at least 35,000 more U.S. combat troops into Iraq (some would go into Anbar province and elsewhere to contain any spillover from Baghdad). This surge would come from extending the tours of soldiers already in Iraq and accelerating the deployment of a few brigades. It would require two years to succeed, accompanied by economic reconstruction and political efforts to strengthen the Iraqi government. Training of the Iraqi army would continue, and the Iraqis would have to take responsibility for their own security at the end of these efforts. They can only do so, however, if we bring the violence down as we train the Iraqis up.

Some argue that these actions would "break" our Army by destroying morale. But with more than a million men under arms, these claims are not credible. The extensions are modest and within the bounds of what the United States has done in this conflict. Above all, let us consider the alternative: A defeated Army would have to withdraw under fire, humiliated, watching as

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the enemy tortures and kills the Iraqis it had worked with and defended. Nothing would break the Army more surely than ignominious defeat.

The options in Iraq are stark: withdrawal, defeat and regional disaster, or an effort to secure the population to permit the political, economic and social development and national reconciliation needed for Iraq to move forward. The president's determination to win with a comprehensive new strategy isn't stubbornness. It is wisdom.

Frederick W. Kagan is a resident scholar at the American Enterprise Institute and the author of Choosing Victory: A Plan for Success in Iraq.

Push To Add Troops Grows, But No One Knows What They'd Do (USAT)

USA Today, December 21, 2006

As the public and policymakers alike have begun to grasp the sobering choices in Iraq in recent weeks, one key option has seemed to gain currency: A temporary "surge" of 15,000 to 30,000 U.S. troops in a last-ditch effort to stabilize the violence-wracked nation.

It's an idea with surface political appeal: If it works, great; if not, we can claim that we did our best. Just one problem: No one seems to have a clear idea of what such a surge might achieve, and even key military leaders are questioning its value.

Though it's tempting to think that adding troops for a little while would solve the problem, this is a seductive and dangerous road. It's the same vague reasoning that led to sending hundreds of thousands of troops to Vietnam. Before it hardens into policy for Iraq, President Bush and his advisers should ask some tough questions:

·What's the mission? So far, there's not much specificity beyond "more troops in Baghdad." Where in a city of 5 million would they go? Which warring groups would they fight? How would this be different from what's not working? This is the most pointed criticism of the surge idea, and the president acknowledged it at a news conference Wednesday, saying he would only approve a "specific mission." The fact that he couldn't immediately articulate one suggests the surge is an idea in search of credibility, not a strategy developed to solve a defined problem.

·Could it work? Assuming the short-term goal is to stabilize Baghdad, which the administration has labeled the definitive battleground, the next question is whether that is achievable. U.S. and Iraqi forces have been trying to pacify the capital since summer by massing forces there, but an unusually downbeat Pentagon report revealed this week that "Operation Together Forward" seems only to have intensified the violence. The report notes that the effort to control the violence in Baghdad worked at first, but that the insurgents adapted and violence surged again in September. One factor: Iraqi police tipped insurgents to raids by U.S. and Iraqi troops, allowing the bad guys to melt away.

·Who are the bad guys? That's not easy to figure out. Baghdad is a cauldron of insurgents, terrorists, criminal gangs, rival sectarian militias, Iraqi police with questionable loyalties and ministries with their own security forces.

·Would the Iraqi government go along? Prime Minister Nouri al-Maliki has already clashed with U.S. officials and put restrictions on what U.S. troops can do, recently ordering them to stop blockading a neighborhood in their search for a kidnapped U.S. soldier. Would Maliki, a Shiite, approve a tough crackdown on the Shiite militias and death squads responsible for much of the sectarian violence?

·What about the rest of Iraq? The borders are porous, and Anbar province, west of Baghdad, is a haven for al-Qaeda-linked terrorists, the primary U.S. concern. They are destroying the electrical grid in unguarded desert areas far from the city, eroding U.S. credibility in Baghdad, which has less electricity now than before the war.

·How long would it take? Most of the discussion involves a commitment of six to eight months, but those who argue most articulately for a surge say it would take two years or more to succeed. Less than two years from the next presidential election, this is a political non-starter. Three-quarters of Americans want U.S. troops out of Iraq altogether in about a year.

·Are there enough troops? This isn't a matter of scooping up an extra 15,000 or 30,000 troops idling at U.S. bases. Any influx would come from keeping troops in Iraq beyond the end of their tours and sending more troops there sooner than they had been promised. Both of these are morale-busters. Neither is a sustainable plan. This week, Bush endorsed increasing the overall size of the military. That would aid the long war against terrorism but wouldn't help in the immediate crisis.

Bush likes to say he listens to his commanders about troop levels, and two of the nation's wisest combat veterans — former secretary of State Colin Powell and Gen. John Abizaid, the outgoing top U.S. commander in the Middle East — have advised against surging U.S. troops.

Sending more troops to Iraq would have been a good idea in 2003 to stabilize the country after Saddam Hussein was toppled. Today, it has the scent of doubling down on a losing bet, a desperate option seized upon because the cost of others is so high.

Promoters of the more-troops option Bush is considering include Sen. John McCain, R-Ariz., and neoconservative think tanks that supported the war and are frustrated with its failures. Those supporters should ask themselves one more question:

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Would they want their own children "surged" into a chaotic environment with such an ill-defined mission and limited prospects of success?

A Military Of The Willing Works Best (WP)

By Berl Brechner

The Washington Post, December 21, 2006

Should we revive the military draft? There's been a lot of talk about it lately.

Conscription, as a social exercise, might instill discipline and respect while getting people to mix with all types and classes of their fellow Americans and perform a patriotic duty. It might also serve the political goals of some who oppose the Iraq war.

But if the purpose of the armed services is to be an effective force for defending and protecting the nation, and winning wars when engaged, I have to say this: The draft wasn't great when I got caught up in it 37 years ago, and it would be even worse today.

On March 24, 1969, I reported for duty at a draft board office in downtown Washington, as ordered by the government. I was processed into military service in Baltimore, assigned to the Army (two very surprised individuals of the 30 or so in my group were randomly picked to become Marines) and bused overnight to Fort Bragg, N.C. Eight weeks later, I was a soldier -- a graduate of Army basic training. And two years to the day after being drafted, I was a civilian again (but still available for recall for six more years, though no such call ever came).

I have no regrets about my service, though my view may be colored by the fact that I never went to Vietnam. (Drafted college graduates who could operate a typewriter generally ended up, despite their combat training, in some administrative capacity.) I learned about military discipline, doctrine and process; met and worked with an array of people I would not have met otherwise; and gained viewpoints different from those that college had provided. Looking back, I regard it as an honor to have served.

The reality of the moment, however, was that I didn't want to be there, didn't believe in the war being fought and despised the concept of conscription. And as it turned out, the Army didn't really want me either, or most other draftees for that matter. That was because as a group, with a questionable fight on our hands, we tended to be uncooperative, sometimes obstreperous (occasionally considered subversive), unmotivated and underpaid -- yet still expensive, since the military invested four to eight months, including advanced training, in readying us for a commitment of two years.

Of course plenty of draftees were brave, aggressive and dedicated, and many died for their country. Everyone in the military recognized and respected that fact. But as a whole, the system didn't work well, and on June 30, 1973, the last draftee of the modern era was sworn into service.

The numbers in the year I was drafted were staggering: 283,586 men drafted in one year, principally for service in only two of the fighting forces. By comparison, enlistment in the non-officer ranks in the Army and Marines combined in fiscal 2006 totaled 112,972.

The ending of military conscription in 1973 wasn't just one more bit of fallout from an unpopular war. It had a lot to do with the real needs of the military. Cohesiveness, effectiveness and cooperation are best found in people who have made a decision to be where they are. The high-tech battlefield is best operated by soldiers who, after extensive training and field experience, use their advanced skills for some reasonable period thereafter.

A draft fits none of these needs. Army jobs for non-officer troops are categorized into more than 200 military occupational specialties. Infantrymen are 11Bs (some used to call them one-one-bullet-stoppers), and my guess is that the percentage of the Army in that classification is a lot less now than in my years. The new Army jobs carry labels such as "Multiple Launch Rocket System Operational Fire Direction Specialist" and "Satellite Communication Systems Operator/Maintainer."

An army has to have the right people to do the jobs that the mission and the equipment require. In Vietnam, when there were a lot more Redeye missile launchers available than trained Redeye gunners, clearly the system had broken down. More technology creates personnel demands different from those a draft was intended to fill. The two world wars required a draft. For the kind of fighting our services do now, we're better off without one.

And one more thing: We've had the latest version of the Selective Service System in place and registering potential draftees since 1976. Only males, at age 18, are required to register. For conscription into a military that now prides itself on its equality of opportunity, shouldn't we start registering women, too?

The writer has been a magazine editor and broadcasting executive.

CIA Exercise Reveals Consequences Of Defeat (WT)

By Rowan Scarborough

The Washington Times, December 21, 2006

DOJ_NMG_0108201

The CIA this month conducted a simulation of how the Iraq war affects the global jihadist movement, and one conclusion was that a U.S. loss would embolden al Qaeda to expand its ranks of terrorists as well as pick new strategic targets, according to sources familiar with the two-day exercise.

CIA spokesman Mark Mansfield confirmed to The Washington Times yesterday that the simulation took place in Northern Virginia. He declined to discuss its findings, saying that a final report is not finished and that the report will not be the intelligence community's official view. It will, however, be circulated within the community and possibly to U.S. policy-makers.

The exercise involved 75 CIA analysts and outside specialists. It was conducted by the CIA's Office of Terrorism Analysis, within the agency's Counterterrorism Center.

A source familiar with the simulation said it was a "red team" exercise in which participants played the role of global jihadists and war-gamed how the U.S. involvement in Iraq will influence their terror movement.

Although it takes no policy positions, the simulation's key finding appears to bolster Mr. Bush's contention that a U.S. loss in Iraq will have far-reaching ramifications.

At a press conference yesterday, Mr. Bush said, "A lot of Americans understand the consequences of retreat. Retreat would embolden radicals. It would hurt the credibility of the United States. Retreat from Iraq would dash the hopes of millions who want to be free. Retreat from Iraq would enable the extremists and radicals to more likely be able to have safe haven from which to plot and plan further attacks."

Al Qaeda has made stopping democracy in Iraq a top priority, according to U.S. military officials. It has recruited hundreds of suicide bombers to come to Iraq and inflict mass casualties to spur a Sunni-Shi'ite Muslim civil war. The group wants to wear down U.S. troops to the point where they will retreat. Al Qaeda's ultimate goal is to turn Iraq and other Middle East countries into hard-line Islamic states, U.S. military officials say.

One key finding from the "red team" exercise is that al Qaeda will follow past practices. Jihadists perceived the victory over the Soviet Union in Afghanistan in 1988 as a seminal event that spawned the creation of al Qaeda under the direction of Osama bin Laden. Al Qaeda leaders thought that if jihadists could defeat a global power in one theater, it could bring down governments in other nations.

Six years later, when U.S. troops left Somalia after taking casualties at the hands of al Qaeda-trained Muslim fighters, it reaffirmed its feeling of invincibility and its belief that Western powers have a low threshold for casualties. After Somalia, al Qaeda -- and like-minded jihadists -- began attacking U.S. targets in the Persian Gulf region and ultimately struck America on September 11, 2001.

The CIA-sponsored simulation predicts that al Qaeda will view a U.S. defeat in Iraq as another jihadist victory over a superpower and one that will bring it even more terrorist recruits.

"When we did the simulation, the ramifications were enormous," said the source, who asked not to be named. The source said al Qaeda will proclaim, "God has given us a second victory over a superpower.

"Imagine what defeat in Iraq would do," said the source. "Al Qaeda picks new targets after it thinks it's won."

This person expressed unhappiness that the Iraq Study Group, a bipartisan panel led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, devoted less than a page to what a loss in Iraq would mean for global terrorism.

The source said he hopes the CIA report is circulated within the administration to drive home the point that the stakes are high in Iraq. Mr. Bush is set to announce early next year new strategies and tactics for winning in Iraq. He previously has dismissed proposals from Democrats to pull out all 135,000 U.S. troops now or withdraw them on a set timetable regardless of events on the ground.

Mr. Mansfield said the Counterterrorism Center this year has sponsored 20 internal simulations, seminars and conferences using outside experts to examine issues related to the war on terror.

He added, "We frequently reach out to experts outside of government and solicit their views on a range of matters. It is done routinely, and it is a very important aspect of our work. The simulation consisted of officers from around the intelligence community as well as outside experts."

Such events are held, he said, "to better understand emerging threats to the United States."

AP: Pentagon Wants $99.7B More For Wars (AP)

By Andrew Taylor

AP, December 21, 2006

The Pentagon wants the White House to seek an additional $99.7 billion to fund the wars in Iraq and Afghanistan, according to information provided to The Associated Press.

The military's request, if embraced by President Bush and approved by Congress, would boost this year's budget for those wars to about $170 billion.

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Military planners assembled the proposal at a time when Bush is developing new strategies for Iraq, such as sending thousands of more U.S. troops there, although it was put together before the president said the troop surge was under consideration.

Overall, the war in Iraq has cost about $350 billion. Combined with the conflict in Afghanistan and operations against terrorism elsewhere, the cost has topped $500 billion, according to the nonpartisan Congressional Research Service.

The additional funds, if approved, would push this year's cost of the war in Iraq to about $50 billion over last year's record. In September, Congress approved an initial $70 billion for the current budget year, which began Oct. 1.

A description of the Pentagon request was provided by a person familiar with the proposal who asked for anonymity because the person was not authorized to release the information.

The cost of the war has risen dramatically as the security situation has deteriorated and more equipment is destroyed or worn out in harsh conditions. The Army, which has borne the brunt of the fighting, would receive about half of the request, a reflection of the wear and tear that the war has had on soldiers and their equipment.

An additional $9.8 billion is being sought for training and equipping Iraq's and Afghanistan's security forces.

The administration's request for more Iraq money will be submitted along with Bush's budget in February for the 2008 budget year, which starts next Oct. 1. The White House can add or subtract from the Pentagon request as it sees fit, and the total could grow if money is added for reconstruction costs.

In a memo several weeks ago, Deputy Defense Secretary Gordon England encouraged the services to include in their budget requests projects connected to the broader fight against terrorism, as opposed to costs strictly limited to Iraq and Afghanistan. Critics have said that could be interpreted to cover almost anything.

Earlier requests submitted by service branches to Pentagon brass were considerably higher, but were trimmed back after meeting resistance at the White House and from key lawmakers.

The budget request includes:

_$41.5 billion to cover the costs of ongoing military operations.

_$26.7 billion for replacing and repairing equipment damaged or destroyed in Iraq and Afghanistan.

_$10 billion for body armor and other equipment to protect U.S. troops from attack.

_$2.5 billion to combat roadside bombs and other improvised explosive devices.

_$2.7 billion for intelligence activities.

Whatever request emerges from the Bush administration will go to a new Congress controlled by Democrats highly critical of the Iraq war and Bush's handling of it.

Even so, there is much sentiment among Democrats to protect troops and much fear about being portrayed as unsympathetic to men and women in uniform. These factors probably would overwhelm any efforts by anti-war Democrats to use the debate over the Iraq money to take on Bush's conduct of the war.

Democrats have promised, however, to give the upcoming request greater scrutiny than Republicans did when considering Bush's previous requests.

"Democrats are committed to ensuring our troops have all that they need, but we're going to return oversight to spending on the war," said Jim Manley, spokesman for incoming Senate Majority Leader Harry Reid, D-Nev. "Our troops must have everything they need, but Halliburton shouldn't get everything it wants."

Halliburton Co. is a Texas-based oil services conglomerate once led by Vice President Dick Cheney. Bush administration officials have come under fire since the beginning of the war in Iraq for awarding more than $10 billion to the company and its subsidiaries in 2003 and 2004, some of it in a no-bid contract. There have been allegations of fraud, poor work, overpricing and other abuse, which the company has denied.

Democrats such as incoming Senate Budget Committee Chairman Kent Conrad of North Dakota have grown increasingly critical of the fact that Iraq spending is kept on a set of books separate from the rest of government operations.

The Vietnam War cost an inflation-adjusted $121 billion at its height in 1968, according to the Congressional Research Service. The overall tally for Vietnam is $663 billion, adjusted for inflation, and Iraq costs are rapidly catching up.

Shiite Clerics' Rivalry Deepens In Fragile Iraq (WP)

By Sudarsan Raghavan

The Washington Post, December 21, 2006

BAGHDAD -- In the quest to create a new Iraq, two powerful clerics compete for domination, one from within the government, the other from its shadows.

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Both wear the black turban signifying their descent from the prophet Muhammad. They have fought each other since the days their fathers vied to lead Iraq's majority Shiites. They hold no official positions, but their parties each control 30 seats in the parliament. And they both lead militias that are widely alleged to run death squads.

But in the view of the Bush administration, Abdul Aziz al-Hakim is a moderate and Moqtada al-Sadr is an extremist. As the U.S. president faces mounting pressure to reshape his Iraq policy, administration officials say they are pursuing a Hakim-led moderate coalition of Shiites, Sunnis and Kurdish parties in order to isolate extremists, in particular Sadr.

Hakim, who once verbally attacked U.S. policy, now senses a political opportunity and is softening his stance toward the Americans. Sadr's position is hardening. Young and aggressive, he has suspended his participation in Iraq's government and is intensifying his demands for U.S. troops to leave the country.

Their rivalry is rising as the moderating influence of Iraq's most revered Shiite figure, Grand Ayatollah Ali Sistani, is fading on the streets of Baghdad and is being replaced by allegiance to militant clerics such as Sadr, according to Iraqi officials and analysts.

They question whether Hakim can counter Sadr's growing street power without worsening the chaos. As President Bush ponders limited alternatives in forging a new approach in Iraq, some wonder whether the United States is overestimating Hakim's ability.

The U.S. embrace of Hakim "will deepen their rivalry," said Mahmoud Othman, an independent Kurdish legislator. "And it will deepen the rifts between the United States and the Sadrists."

Across Baghdad, as the fourth year of war nears an end, many Iraqis are asking one question: Can their prime minister, Nouri al-Maliki, a Shiite politician backed by Sadr, balance U.S. demands to distance himself from the cleric and move their country forward?Competing Strategies

In Karrada, a mostly Shiite Baghdad neighborhood of large, tan houses owned by educated professionals and bureaucrats, the trim-bearded Hakim smiles from a large billboard in front of his headquarters.

The son of an ayatollah, Hakim wears the long black robes of an Islamic scholar. He spent years in exile in Iran, where his political party, the Supreme Council for the Islamic Revolution in Iraq, was founded as an armed opposition group to President Saddam Hussein, who brutally oppressed Shiites.

Less than a mile away in a bustling, working-class section of Karrada, in a poster hanging in a grimy sidewalk restaurant, the thick-bearded Sadr weeps, his hands clasped.

The son of Iraq's most respected populist cleric, who was assassinated by Hussein's government in 1999, Sadr remained in Iraq during the repression. He has stayed faithful to his father's vision, deriving his power from the seminary and the followers he has mobilized from Iraq's streets.

After the invasion, as a Shiite religious revival blossomed, Iraq's clerics saw themselves as the caretakers of the nation's Islamic identity. They were as concerned about American power and ambitions for Iraq as they were about the importation of a decadent Western culture. Many refused to deal with U.S. officials, preferring to preserve their status as outsiders, a tactic that reaps immense rewards today from a population that is increasingly disenchanted with the United States.

"There's no necessity to meet the Americans," said Beirut-based Hamid al-Khafaf, the chief spokesman for Sistani. He added that Sistani favored a peaceful resistance to end the U.S. occupation.

Hakim and Sadr approached the Americans differently. Hakim joined the 25-seat Iraqi Governing Council set up by the interim U.S. administration of L. Paul Bremer. Through his involvement in the government and his allegiance to Sistani, Hakim built up his power base.

Sadr went to war against U.S. forces, launching two major uprisings in the spring and summer of 2004 in the southern holy city of Najaf. Soon, Hakim and Sadr turned on each other. In Iraq's Shiite-dominated south, Sadr's militias have attacked the offices of Hakim's party, SCIRI, and fought with his forces.

Today, the control Hakim's armed wing, the Badr Organization, exerts over Karrada is dwindling. Since the February bombing of a Shiite shrine in Samarra, which triggered an ongoing cycle of revenge killings, Sadr's Mahdi Army has pushed into mixed Shiite and Sunni neighborhoods across Baghdad. In recent months, it has arrived in Karrada, its stated goal to protect Shiite brethren from Sunni Arab insurgents.'Pouring Their Poison In'

Inside the Sayyed Idris mosque, a large shrine in Karrada with an ornate blue-and-yellow tiled minaret, Haji Abbas al-Zubaidi is a witness to this changing world.

For years, the picture of Hakim's white-bearded brother, Ayatollah Mohammed Bakir Hakim, who was killed by a car bomb in 2003, hung in the mosque's library along with images of Sistani and a collection of revered Shiite saints. Now, the pictures of Sadr and his father hang along with them.

Baghdad's sectarian strife now rules Zubaidi's life. In recent weeks, car bombs and mass kidnappings have rocked his neighborhood. So Zubaidi, who has lived in Karrada for 35 years, sees the Mahdi Army, not the Badr Organization, as his main

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source of protection. It has created "popular protection committees" that watch over blocks, as they do in the Mahdi Army's stronghold of Sadr City.

"The terrorists are pouring their poison into our neighborhood," said Zubaidi, slim with long, slender fingers and a narrow face, as he sat on a large red carpet inside the mosque. "The sons of Karrada who have joined the popular committees and the Mahdi Army are now 98 percent in control. We have noticed that many of the attempts have been foiled."

Zubaidi and other educated Karrada residents continue to obey Sistani's pacifist vision and view him as their preeminent leader. But younger Shiites, while still revering Sistani, have switched their allegiances.

"We imitate and follow Sayyed Sistani," said Zubaidi, using an honorific for Sistani. "As for the field commanders and the young men, they are followers of Moqtada Sadr."

As the militancy grew, U.S. officials viewed Sistani as the most influential voice of moderation in Iraq. A gray-bearded, Iranian-born cleric in Najaf, whose pronouncements carried the force of law, he stepped in with calming statements at momentous points in Iraq's post-invasion history. One Sistani appeal ended Sadr's last rebellion against U.S. forces.

But since the February bombing, Sistani's words have had little impact, Iraqi officials say. Shiite militias have attacked Sunni Arab mosques. Bodies of young Sunni men, blindfolded and tortured with drills, turn up daily in ditches and trash dumps. Sistani has made three fruitless statements to stop the killings.

"Now when you have daily mass killings, it makes such a call for restraint weak," said Ali Dabbagh, an Iraqi government spokesman with close ties to Sistani.

Sadr's Mahdi Army militia perpetrated many of the attacks, and Hakim's Badr Organization committed torture and other atrocities, U.S. and Iraqi officials say.Rivals Sharply Divided

The rivalry between Sadr and Hakim has unfolded mostly on the political stage. The two leaders joined the alliance that produced the current government, but soon their visions diverged. This year, Sadr threw his support behind Maliki largely to stop Hakim's candidate, current vice president Adel Abdul Mahdi, from becoming prime minister.

Hakim and Sadr are also sharply divided over whether Iraq should split into autonomous regions. Hakim is pushing for a separate Shiite region in the south, but Sadr, who views himself as an Iraqi nationalist, wants to keep the country unified.

Senior Sadr officials have circulated a petition among national lawmakers demanding a timetable for U.S. withdrawal. They have managed to get 131 signatures, nearly half of the parliament, Othman said.

"Politically we can make the occupation withdraw," said Mustafa Yacoubi, Sadr's top deputy and a cleric who wears a black turban.

Hakim, meanwhile, has shown his pragmatism, understanding that he needs U.S. troops and support to balance the growing power of Sadr. Last month, he met with Bush, an action that many observers saw as the U.S. hedging its gamble on the weak Maliki government. Bush also met with Iraq's Sunni vice president, Tariq al-Hashemi, leader of the Iraqi Islamic Party, who is also perceived by Washington as a moderate, although many Iraqis would disagree.

"Maliki is very worried about this turnabout," said Wamid Nadhmi, a political analyst in Baghdad. "This is because of his affiliation with Moqtada Sadr and the promotion that Mr. Bush is giving to Mr. Hakim. Maliki is seeing his political end, that they are trying to form a new government with the approval of the Americans."

U.S. pressure on Maliki to isolate Sadr is growing. American officials have declared Shiite militias -- particularly the Mahdi Army -- as the most significant threat to Iraq's stability. Maliki has not cracked down on the militia of his political benefactor. He and his Shiite Islamic Dawa Party are also resisting U.S. attempts to build a moderate coalition.

In many circles, Iraqis question whether Hakim and other so-called moderates can curb the growing power of Sadr.

"I have serious doubts about Mr. Hakim's influence among the Shiites, and I have serious doubts of Hashemi becoming the leader of Sunnis," Nadhmi said.

It's a sentiment shared in Karrada. "Al-Hakim is not loved by the people," said Abdul Amir Ali, a burly Shiite shopkeeper. "People love the Islamic Dawa Party and Maliki because they don't have militias."

In the sidewalk restaurant where Sadr's poster hangs, its owner, Ali Hussein, points at clusters of young men nearby. They are all Mahdi Army, he said. And so is he.

Hakim, he said, made a fatal mistake by meeting Bush. In today's Iraq, credibility and power are measured by opposition to the United States.

"At this time, whoever has his hands with the Americans or Jews is not an Iraqi," said Hussein, as he chopped up cubes of lamb. "So how could Hakim put his hands with the Americans? There will be tensions because Sayyed Moqtada Sadr is a revolutionary man, like his father. Even if Hakim tries to come back to Sadr, Sadr will never receive his hand."

If the rift between Hakim and Sadr deepens, moderate Shiites fear, all Iraqis may suffer. "It should not leave any shadow on a fragile situation on Iraq," said Dabbagh, the government spokesman. "Iraq cannot absorb such a shock."

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In Iraq, Let's Fight One War At A Time (NYT)

By Reuel Marc Gerecht

The New York Times, December 21, 2006

ONCE again American officials are growing dissatisfied with an Iraqi government. In Baghdad and in Washington, officials privately and the press publicly suggest that the Bush administration would prefer that Prime Minister Nuri Kamal al-Maliki fell, and that Adil Abdul Mahdi, a French-educated economist who is a vice president, would replace him. Mr. Maliki is politically too dependent, the reasoning goes, on the young Shiite militia leader Moktada al-Sadr, a scion of a prestigious clerical family and the boss of a pivotal bloc of votes in Iraq's Parliament.

Mr. Mahdi may look like a good bet for Washington. He is a far more amiable gentleman than Mr. Maliki, and doesn't appear to be emotionally distressed when he is in the company of Americans. His group, the Supreme Council for the Islamic Revolution in Iraq, was created in exile in Iran; its militia, the Badr Organization, has never had a serious clash with the United States military and is less prominent in the sectarian strife than Mr. Sadr's followers, the Mahdi Army. In addition, the Supreme Council's top man, Abdul Aziz al-Hakim, has long dealt directly and pleasantly with American officials.

Since President Bush is now immersed in a top-to-bottom Iraq review, in which a substantial surge of American soldiers into Baghdad seems ever more likely and the Army is again seriously considering directly confronting Mr. Sadr, the appeal of Mr. Mahdi and the Supreme Council may grow in Washington and Baghdad.

If so, the administration should nip in the bud such inclinations. Changing the Shiite parts of the Iraqi government and quickly taking on Mr. Sadr would do nothing to end the Sunni insurgency and the holy war of foreign jihadists against the new Iraq.

Indeed, such a tack would not likely diminish the appeal or the power of the Mahdi Army, which is largely made up of poor, radicalized young men whose families were brutalized by Saddam Hussein and have been savaged by Sunni Arab fighters since the fall of 2003.

Nor would changing prime ministers and confronting Mr. Sadr's militia advance the cause of reconciliation among the Sunni and Shiite Arabs and Kurds, allow the Iraqi government to operate more effectively, or let American troops leave Mesopotamia one day sooner.

In fact, attacking Mr. Sadr now and elevating the Supreme Council is likely to accomplish the exact opposite of what we want. And it shouldn't be that hard to see why: the sine qua non for peace in Iraq, and for a democratic future for the country, has always been unity among the Shiites. Any violent struggle between the Mahdi Army and Supreme Council could provoke anarchy throughout the entire Arab Shiite zone, including Iraq's holy cities and the oil-rich south. As bad as things seem now, such Shiite strife could impoverish all of Arab Iraq, dropping the non-Kurdish regions to an Afghan-like subsistence level.

In such a situation, we would likely see the hyper-radicalization of the Shiites, who have already become more militant owing to the tenacity and barbarism of the Sunni insurgency. In addition, whatever fraternal and nationalist bonds remain among moderate Sunni and Shiite Arabs would probably disappear in a Shiite-versus-Shiite bloodbath.

We would do well not to underestimate how these age-old familial and national ties and sympathies still diminish the sectarian strife. A genocidal Shiite-versus-Sunni conflict in Iraq — a real possibility — would be much more likely after an intra-Shiite war that destroys the traditional social and religious hierarchy that has remained vastly stronger among the Shiites than among Sunni Arabs since the American invasion.

Yes, the forces of the Supreme Council might be able to beat Mr. Sadr's militia, the Mahdi Army. Trained by Iran's Revolutionary Guards Corps, the Badr Organization is a serious army that might handle Mr. Sadr's more numerous and passionate supporters. The mullahs in Tehran, who have aided both Mr. Sadr and Mr. Hakim, would probably throw their support to the latter's Supreme Council in the event of all-out war. Such a confrontation, beyond wrecking Iraq politically, would probably allow the worst elements in the Supreme Council — those who envision a religious dictatorship along the lines of Iran — to become more powerful within the party.

And an American assault on Sadr City, the impoverished Baghdad stronghold of the Mahdi Army, would be militarily and politically counterproductive if undertaken before the United States launches a serious new counterinsurgency against the Sunnis.

Even with a substantial surge of soldiers along the lines recommended by Jack Keane, a retired four-star general, and the military historian Frederick Kagan of the American Enterprise Institute — approximately 35,000 more combat troops — the United States still wouldn't have enough forces to fight a two-front war against the Sunnis and the Shiites, as it briefly did in 2004.

In Iraq, the United States is much weaker than in 2004. So is Grand Ayatollah Ali al-Sistani, the moderate bulwark of the Shiite establishment — so the tentative support he gave yesterday for a plan to isolate Mr. Sadr should be taken with a grain of

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salt. Because of the nonstop insurgency, Shiite politics are fragile. We absolutely cannot afford to have an American effort to pacify Baghdad be seen as a "pro-Sunni" military assault on the capital's densely populated Shiite ghetto.

If the administration first focuses militarily on the Sunni insurgency, as called for in the Keane-Kagan plan — and the press indicates Mr. Bush is taking the two men very seriously — the United States and the Iraqi government would be better able to diminish sectarian violence. With more troops, we can clear and hold Sunni areas in Baghdad and thereby prevent Shiite militias from streaming out of Sadr City to attack defenseless Sunnis.

Shiite militias are clever predators. They fear American power — the confrontation in Najaf in 2004, during which thousands from the Mahdi Army perished, taught them about the destructive capacity of the American military. If the Americans leave sufficient forces in cleared Sunni areas, they will stay away. But if we pass the holding part of counterinsurgency campaigns to ill-equipped units of the Iraqi Army and to the Iraqi police, who often aid Shiite militias, they will pounce.

Only after Baghdad's Sunni neighborhoods are fully secured can the Americans turn their attention to the Shiite quarters, ensuring that American and reliable Iraqi forces control the streets and municipal facilities necessary to sustain city life. We may eventually have to confront militarily the Mahdi forces inside Sadr City, but we want to do this only as the last step in counterinsurgency operations in the capital.

Mr. Sadr and his radicalized followers — temperamentally, they are as much children of Saddam Hussein as are the savage Sunnis who glorify the murder of Americans and Shiite civilians — are unlikely to become peaceful players in Iraqi politics. But Mr. Sadr's reputation can be reduced and his charisma countered if ordinary Shiites have more moderate alternatives, backed by American power, who can protect them from insurgency-loving Sunnis and death-squad Shiites.

It's unclear how Prime Minister Maliki will react to any American effort to diminish Mr. Sadr. His party, Islamic Dawa, is a bundle of mostly militant contradictions. In the end, President Bush may have to ignore the prime minister if the latter sides with Mr. Sadr.

And some Shiites, and perhaps most Sunnis, may threaten to walk out of Iraq's government and forsake reconciliation talks if the Americans get serious about pacifying Baghdad and the insurgency elsewhere. Let them. If the city's and country's Shiites, who represent about 65 percent of Iraq's population, see that the Americans are committed to countering the insurgency, any protest from Mr. Maliki or call to arms by Mr. Sadr will have increasingly less power.

No, it won't be easy — but with American and Iraqi troops all over Baghdad and daily life returning to some normality, the situation will certainly be more manageable than what we confront now. The politics of peaceful Shiite consensus, which is what Grand Ayatollah Sistani has tried to advance since 2003, could again rapidly gain ground.

No progress can be made in Iraq, however, if the Sunni Arabs, who have regrettably embraced the insurgency and holy war in large numbers, are allowed politically to check counterinsurgency operations.

The key for America is the same as it has been for years: to clear and hold the Sunni areas of Baghdad and the so-called Sunni triangle to the north. There will probably be no political solution among the Iraqi factions to save American troops from the bulk of this task. The sooner we start in Baghdad, the better the odds are that the radicalization of the Iraqi Shiites can be halted. As long as this community doesn't explode into total militia war, Iraq is not lost, and neither is Mr. Bush's presidency.

Reuel Marc Gerecht, a former Central Intelligence Agency officer, is a resident fellow at the American Enterprise Institute.

Cleric Weighs 1-month Cease-fire In Iraq (AP)

By Qassim Abdul-Zahra

AP, December 21, 2006

Radical Shiite cleric Muqtada al-Sadr, who heads a militia feared by Iraq's Sunnis, is considering a one-month unilateral cease-fire and may push his followers to rejoin the political process after a three-week boycott, officials close to him said Wednesday.

The issue is expected to come up at a meeting Thursday in the holy city of Najaf between al-Sadr and a delegation representing the seven Shiite groups that form the largest bloc in Iraq's parliament, the Shiite officials said on condition of anonymity because of the secrecy of the talks.

In perhaps an even more important session, the delegation will also sit down with the country's top Shiite cleric, Grand Ayatollah Ali al-Sistani. Officials from several factions confirmed the planned trip to Najaf.

The visit is intended to allow the Shiite bloc, the United Iraqi Alliance, to work out some of Iraq's biggest political obstacles in front of al-Sistani, and to pressure al-Sadr to rein in his fighters and rejoin politics — or face isolation, participants said.

Until the walkout, al-Sadr's faction had been an integral part of Prime Minister Nouri al-Maliki's governing coalition. Cabinet ministers and legislators who belong to al-Sadr's movement called the boycott after al-Maliki met with President Bush in Jordan three weeks ago. Al-Sadr's militia and its offshoots have been increasingly blamed for sectarian attacks.

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As violence rages across Baghdad and much of Iraq, a new coalition taking shape among Shiites, Kurds and one Sunni party is seen as a last-ditch effort to form a government across sectarian divisions that have split the country. While al-Sadr's movement would not be part of this coalition, such an alliance — which reportedly is supported by the Bush administration — might pressure the radical cleric to soften his stance.

In Thursday's meeting, the group wants to assure al-Sistani that the new coalition would not break apart the Shiite bloc, said officials from several Shiite parties. Potential members of the coalition said they have been negotiating for two weeks, and now want the blessing of al-Sistani, whose word many Shiites consider binding.

The movement is backed by the U.S. government, said Sami al-Askari, a member of the Dawa party and an adviser to al-Maliki.

"I met the American ambassador in Baghdad and he named this front the 'front of the moderates,' and they (the Americans) support it," al-Askari said.

The U.S. Embassy in Baghdad could not comment on the ambassador's meeting or his position on the possible coalition deal.

However, two prominent figures in the proposed coalition went to Washington to meet Bush separately in the past three weeks: Tarek al-Hashemi of the Sunni Iraqi Islamic Party and Abdul-Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq, known as SCIRI. The U.S. supports two other potential members, the Kurdish Democratic Party and President Jalal Talabani's Patriotic Union of Kurdistan.

"The U.S. wants to see an Iraq that is united, stable, democratic and prosperous. We will continue to work with the democratically elected government of Iraq to reach this goal by improving security, promoting national reconciliation and the rule of law and helping the Iraqis deliver essential services," U.S. Embassy spokesman Lou Fintor said.

After meeting al-Sistani, the delegation will visit al-Sadr to try to persuade him to tell his followers to return to politics, and to assure him that the new coalition — still being completed — will not isolate his movement, said officials from several factions, including al-Sadr's movement.

"Tomorrow we will visit Grand Ayatollah al-Sistani and Muqtada al-Sadr, though the (coalition) front has not yet been formed, due to the demands of the Iraqi Islamic Party," al-Askari said.

His and al-Maliki's Dawa faction has expressed willingness to join the coalition, but fears it could weaken the Shiite United Iraqi Alliance, Dawa officials said on condition of anonymity because the deal was not final.

"We will inform al-Sistani about the latest developments and assure Muqtada al-Sadr that he will not be sidelined from the political process. We want him to change his mind and be a part of that process," al-Askari told The Associated Press.

Officials close to al-Sadr said they believe the firebrand cleric and his followers would turn a friendly ear to the coalition, out of fear of being sidelined in the future.

Fearing such political isolation as well as possible attack by U.S. forces, al-Sadr will secretly order his Mahdi Army militia to abide by a one-month halt in fighting, said a Shiite politician, who spoke on condition of anonymity because of the delicacy of the negotiations. He did not give further details.

Another official close to al-Sadr did not speak about the planned truce directly, but said when asked about it that "the security situation will improve in the coming month."

Even if al-Sadr commands his militia, the Madhi Army, to halt sectarian attacks for a month, questions remain as to whether violence would decrease. The militia is believed to be increasingly fragmented, with some factions no longer reporting to him, and a call for a truce could further divide it.

In exchange for a halt in fighting, al-Sadr's followers want officials from al-Hakim's Supreme Council for the Islamic Revolution in Iraq to make a promise in front of al-Sistani that they will not sideline al-Sadr's movement, said a member of al-Sadr's group.

The Shiite, Kurdish and Sunni coalition was not a done deal, though. Several Shiites complained about conditions set by the Sunni Iraqi Islamic Party, which they said could jeopardize an agreement.

"The demands of the Iraqi Islamic Party are not logical and it is hard to implement them," said Humam Hamoudi, a SCIRI lawmaker. For example, the Sunni party wants all checkpoints leading to and from Baghdad to have an equal number of Shiite and Sunni guards, he said.

Al-Qaida Hints At Power Status In Iraq (AP)

By Maggie Michael

AP, December 21, 2006

The deputy leader of al-Qaida, Ayman al-Zawahri, told the United States it is negotiating with the wrong people in Iraq, suggesting in a video released Wednesday that his terror group was the real power broker in the country.

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The terrorist chief warned that al-Qaida would keep fighting U.S. troops in the Muslim world and target Western nations in retaliation. But he also criticized rival Islamic militant groups, such as the Palestinian Hamas, for being too soft in waging "jihad" or holy war.

"The mujahedeen (holy warriors) will keep their weapons pointed at you until you leave our lands and cease backing our corrupt leaders," al-Zawahri said, addressing Americans in excerpts of the video aired on Al-Jazeera television.

The video — which bore the logo of al-Qaida's media production house al-Sahab — was the 14th time this year that al-Zawahri has issued a statement. As in previous videos, he appeared in a black turban and white robe with a rifle behind him leaning against a plain brown backdrop. He frequently wagged his finger at the camera for emphasis.

In his comments on Iraq, al-Zawahri appeared to suggest that Washington should be negotiating with al-Qaida over the fate of the country. The Bush administration has been reaching out to numerous players in Iraq and to allied Mideast governments in an attempt to calm escalating violence amid calls in the U.S. for a troop reduction.

"I want to tell the Republicans and the Democrats together ... you are trying to negotiate with some parties to secure your withdrawal, but these parties won't find you an exit" from Iraq, al-Zawahri said.

"It seems that you will go through a painful journey of failed negotiations until you will be forced to return to negotiate with the real powers," he said, referring to al-Qaida's branch in the country, which has allied with some Sunni Arab insurgent groups.

But Diaa Rashwan, an Egyptian expert on radical Islamic groups, said al-Qaida had no intention to negotiate with Washington over Iraq. Al-Zawahri's statement was largely rhetorical and aimed at destabilizing U.S. opinion, he said.

"He's just trying to tell the American public that their government is failing in peace as it has failed in war in Iraq," Rashwan said.

In a January audiotape, al-Qaida leader Osama bin Laden offered a "truce" to the United States for unspecified conditions — the only previous suggestion of a negotiation with Washington. But al-Zawahri said in a later video the offer was retracted after the U.S. rejected it.

In Wednesday's video, al-Zawahri vowed that al-Qaida would "never stop striking" at the United States and other countries that sent soldiers into Muslim nations such as Iraq and Afghanistan.

He addressed a range of topics in a video that appeared aimed at emphasizing al-Qaida's leadership of jihad and mobilizing support against the U.S. and a range of Middle Eastern players — Palestinian President Mahmoud Abbas of Fatah, Hamas and Iran and its Shiite allies in Iraq and elsewhere.

Al-Qaida's leaders "see the jihad as a global effort and all issues as interconnected," said Ben Venzke of the U.S.-based IntelCenter, a U.S. government contractor that studies al-Qaida messaging. He noted that al-Zawahri was increasingly responsive to regional developments and fast at broadcasting al-Qaida's take on recent news events.

Al-Zawahri made references to the call made by Abbas for early elections, indicating the video was made since the Palestinian president spoke out on Saturday.

A technical analysis of the tape indicated that the voice was al-Zawahri's, said one U.S. intelligence official. The official spoke on condition of anonymity because he was not authorized to speak about it on the record.

Al-Zawahri, who is largely regarded as al-Qaida's main theoretician, criticized Abbas for calling early elections and Hamas for having participated in January elections, then forming a government after it won.

"Aren't they an Islamic movement? Aren't they campaigning for the word of God to be supreme?" he said, adding Hamas should have insisted on "an Islamic constitution for Palestine."

Al-Zawahri "wants to remind the Muslim world and radical militants that jihad should not compromise with democracy," Rashwan said. But the attack on Hamas could backfire, because many Arabs may reject criticism of the Palestinian movement, he said.

Al-Zawahri's comments were expected to have little influence in the West Bank and Gaza Strip. Hamas has distanced itself from al-Qaida, saying its struggle is against Israel, not the West. In Gaza, Hamas spokesman Fawzi Barhoum brushed off al-Zawahri's criticism.

"Our Palestinian institutions are in need of reform, and to fix them we need to participate in the parliament and other institutions," Barhoum said.

Al Qaeda Warns U.S. On Fighting In Muslim Lands (NYT)

By Mona El-Naggar

The New York Times, December 21, 2006

CAIRO, Dec. 20 — Ayman al-Zawahri, Al Qaeda's second in command, has threatened the United States with more attacks if it does not end its military activity in Muslim countries. He spoke on a videotape broadcast Wednesday on Al Jazeera's news channel.

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"If we are attacked in our countries, then we will not stop attacking you in your countries," he said.

On the tape, he also appears to reproach Hamas, the militant Islamic group that won Palestinian elections in January and now heads the government, for taking part in the formal political process and undermining "holy war" or resistance efforts.

In his remarks aimed at the United States, Mr. Zawahri warned of "more failures" if the United States failed to negotiate with the "real force in the Islamic world."

"You are trying, in a panic, to find an exit from the disasters surrounding you in Iraq and Afghanistan," he says on the tape, appearing impassive. "It looks like you will go through a painful journey of failed negotiations until you come back, forced to negotiate with the real force."

Mr. Zawahri has made about 15 taped appearances this year in which he has repeatedly threatened the United States and other Western countries with more attacks.

"Part of the reason for his appearance in the media is just to assert the presence of Al Qaeda on the scene," said Diaa Rashwan, an Egyptian expert in Islamic movements at the Ahram Center for Political and Strategic Studies in Cairo. "The other part is to counter the noticeable rise of political Islam in the region."

Mr. Rashwan was referring to groups like Hamas, the Muslim Brotherhood in Egypt and others that want to establish a state based on Islamic law but are seeking power through politics.

"How did they not demand an Islamic constitution for Palestine before entering these elections?" Mr. Zawahri said in a clear reference to Hamas. "Are they not an Islamic movement?" Al Qaeda deems any dealing that is "based on secular constitutions" un-Islamic.

Osama Hamdan, a representative of Hamas in Lebanon, said in response, "We do not see the contradiction in being an Islamic movement and taking part in democratic elections that are in accordance with general Islamic principles."

Anonymous Slayings, Car Bombs Plague Iraqi Capital (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 21, 2006

BAGHDAD, Iraq — The bodies of 76 unidentified people were recovered in Baghdad on Wednesday, police said, the highest 24-hour toll so far for the anonymous slayings that have become a grim part of life in the capital.

All of the victims were men between the ages of 20 and 50. Although they died violently, all shot with automatics weapons, the men were not slain execution-style as is often the case these days -- no handcuffs or blindfolds, morgue staff said. Only a few showed signs of torture.

And they were not the only bodies delivered to the morgue Wednesday.

There were victims of drive-by shootings, assassinations and bombings, police said. The corpses included a Yarmuk Hospital morgue work who usually receives the dead. In all, an additional 26 Iraqis were killed around the country during the day, most of them in the capital.

Two U.S. soldiers also were killed by separate roadside bomb explosions Wednesday. One soldier died while investigating an explosion on foot with a combat patrol southwest of the capital, the military said. Another soldier died after an explosion near his vehicle during a road-clearing mission in southern Baghdad. Six soldiers were wounded in the explosions.

Four bombs rocked the capital during the day with explosions loud enough to send jittery residents to their windows to see cars speeding from the scenes and plumes of black smoke visible from miles away.

The first came at 7 a.m. when a massive suicide car bomb exploded at an Iraqi police checkpoint near the entrance to Baghdad University. The blast killed 11 people, including six Iraqi police, and injuring at least two dozen, police said.

Students had crowded the area during the morning rush, police said. Buses also had pulled into the street, full of Muslim pilgrims on their way to the Saudi city of Mecca via Baghdad International Airport. Investigators believe the bomber intended to target the pilgrims. State-run Al Iraqiya television announced afterward that pilgrims' buses traveling to the airport would be rerouted.

Another suicide car bomb exploded at 9:45 a.m. near the government passport office at crowded Kasra Market in northeast Baghdad. Security guards stopped the car before it entered the market, and the driver detonated the bomb, killing one person and injuring four, police said.

Two more car bombs exploded later in the day in Camp Sara, a neighborhood in south Baghdad, and in Bayaa, to the west. No one was killed, although five people were injured in the attacks, according to the Interior Ministry.

Gunmen opened fire on the Bab Al Muadhem bus terminal at about 3:10 p.m., concentrating on buses headed to the mostly Shiite areas of Sadr City, Talibiya, Husseiniya and Shaab, police said. Three people were killed and at least seven injured, police said.

Gunmen also targeted three teachers Wednesday.

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Palestinian teacher Mahmoud Mohammed Rasheed, brother of Iraqi television star Zuhair Mohammed Rasheed, was killed in the eastern Baghdad neighborhood of Baladiyat, where he taught middle school, police said. Investigators say Rasheed may have been targeted for being Palestinian, or attackers may have mistaken him for his famous brother, who stars in a popular sketch comedy.

Gunmen also attacked professor Ali Arnoosi, deputy dean of the college of law at the University of Baghdad and fellow law professor Mohammed Hamdani, police said. The two were slain at 3 p.m. as they were on their way home. Their driver and guard were also killed, police said.

In the northern city of Mosul, gunmen killed five people in five different neighborhoods Wednesday, according to police spokesman Brig. Gen. Said Ahmed.

South of Baghdad, gunmen also killed Jamhooryia Aozaiyab, a former member of Saddam Hussein's Baathist party and leader in the Baathist Iraqi Women's Union, police said. The gunmen opened fire on Aozaiyab near her home in the city of Kut.

Elsewhere in the south, six farmers were kidnapped at a makeshift checkpoint morning. They were attempting to drive two trucks full of fruits and vegetables north from the mostly Shiite village of Lijij, about 15 miles south of Baghdad, to the city of Swaira when they were taken, their trucks abandoned, police said.

The U.S. military announced Wednesday that coalition soldiers on Dec. 14 captured an al-Qaida leader suspected of attacks last year in Baghdad and Mosul that resulted in hundreds of civilian deaths, including the downing of a coalition helicopter, kidnappings and suicide car bombings. The leader was identified in the military statement only as "The Military Emir of Mosul" and, later, "The Military Emir of Karkh."

Iraqi Comedian Shot To Death In Baghdad (AP)

By Mazin Yahya

AP, December 21, 2006

Gunmen killed a veteran Iraqi actor and comedian known for his stage portrayal of the lighter side of life in Baghdad during Ottoman rule in the early 1900s, police said Wednesday.

Mitashar al-Sudani, 60, was killed as he drove to theater offices on Haifa Street in Baghdad on Tuesday, a police officer and an official at Iraq's Theater and Cinema Ministry said. Both officials spoke on condition of anonymity because of security concerns.

Al-Sudani was shot multiple times, suggesting that the gunmen had singled him out. Armed groups have often killed prominent figures in politics, sports, the media and other fields, apparently as part of a campaign to create a climate of fear and intimidation.

The actor, a native of the southern city of Basra, appeared on television and in stage comedies. In the 1980s, during the rule of Saddam Hussein, he starred in a play in which he used proverbs to poke fun at life in Baghdad when it was controlled by the declining Ottoman Empire.

But he also gave serious performances, and he was a familiar face to many Iraqis for decades — even though many of his roles were minor.

On Nov. 20, another popular comic actor was killed. Walid Hassan, 47, was the star of "Caricature," a weekend satire on Al-Sharqiyah TV known for its dark humor about Iraq's many problems.

His weekend program poked fun at the country's poor security, long gas lines, electricity blackouts and ineffective politicians, providing desperately needed comic relief.

After the 2003 U.S. invasion, Haifa Street for a time became the scene of almost daily gunfights between insurgents and U.S. and Iraqi troops.

In December 2004, gunmen pulled election workers from a car in morning traffic on the street and shot them. Security on the street has improved since then, but remains tenuous.

Meaty Ceremony Marks Shift Of Province Command (LAT)

By Molly Hennessy-Fiske, Saad Fakhrildeen

The Los Angeles Times, December 21, 2006

NAJAF, Iraq — The local audience knew what to expect when Iraqi commandos took the stage at the stadium here Wednesday with frogs and a rabbit in hand, preparing to celebrate with a bloody flourish the transfer of local authority from U.S. to Iraqi troops.

The Americans were in for a surprise.

As U.S. commanders and guests looked on, the commandos in dark green T-shirts began taking bites out of the frogs.

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One man knelt, placed the rabbit belly-up on his lap and proceeded to cut it open with his military knife. He screamed as he bit the rabbit's heart, then handed the carcass to companions who began gnawing away, blood flowing down their cheeks.

The ceremony marked the shifting of responsibility for security in Najaf province to Iraqi forces and was attended by U.S. and Iraqi dignitaries, including Iraqi national security adviser Mowaffak Rubaie. It was the third such shift by the U.S.-led coalition, following the transfer of Muthanna province by the British in July and Dhi Qar province by the Italians in September.

The show of Iraqi machismo followed a tamer warmup by counterterrorism forces from the Interior Ministry. Dressed in karate uniforms, they performed martial arts moves before simulating the capture of a "terrorist," in this case a fellow policeman in civilian clothes.

The gory performance was familiar territory for many Iraqis, who grew up watching such shows of brute strength, either at mass gatherings or on Saddam Hussein's state-run television. The former president's special forces, or fedayeen, were known for devouring wolves, and commandos ate snakes, dogs and cats, as well as the usual frogs and rabbits.

"This is included in their training," said Mohammed Askari, an Iraqi Defense Ministry spokesman. "It's an indication that they can operate under any circumstances, whatever nature provides them."

But the display was not standard procedure for the Americans.

"Our soldiers do a lot of things, but I've never seen them do anything like that," Air Force Maj. Gen. Kurt Cichowski, who attended the ceremony, told the Associated Press.

U.S. commandos have long studied survival techniques that include devouring freshly killed animals. They're just usually dining under duress rather than on stage, military historians say.

Rich Baker, a military historian at the Army Military History Institute in Carlisle, Pa., said soldiers are often taught to eat small animals such as snails. The Army Field Manual contains dozens of examples, including culinary oddities such as insects, frogs, snakes and lizards.

Baker, who served in the Air Force, says he still remembers being taught how to kill and eat snake, "However, I didn't get to the point where I had to actually do it."

Certainly not on stage.

"That's not something you would find in the Western world," he said. "PETA, People for the Ethical Treatment of Animals, would probably roll over and scream bloody murder."

U.S. Transfers Control Of Najaf Province To Iraqi Security Forces (WP)

By Nancy Trejos And Saad Sarhan

The Washington Post, December 21, 2006

BAGHDAD, Dec. 20 -- U.S. forces handed over control of the southern province of Najaf to Iraqi security forces Wednesday while violence continued in the Iraqi capital, with several car bombs killing at least 12 people.

Top Iraqi government and military leaders attended a handover ceremony in Najaf, a holy Shiite city that two years ago was the site of heavy fighting.

Najaf is the third province to be turned over to Iraqi forces. Fifteen more are still under the control of U.S.-led forces.

Prime Minister Nouri al-Maliki has said repeatedly that he wants to speed up the transfer of authority over Iraq's provinces from coalition forces to the Iraqi police and army. The U.S. military has troops embedded with Iraqi forces to train them to handle security responsibilities on their own.

During the ceremony, Iraq's national security adviser, Mowaffak al-Rubaie, reiterated Maliki's stance.

"Any interference in the country's internal affairs is a red line and an infraction in the Iraqi national security," he said.

Rubaie visited Grand Ayatollah Ali Sistani, the country's most influential Shiite religious figure, and said afterward that he had informed Sistani of the government's plan to take control of its provinces as soon as possible. Sistani, Rubaie said, called for "national unity and closing ranks behind the elected Iraqi government, which represents the unity of Iraq."

But violence elsewhere showed that some parts of the country, particularly Baghdad, will be harder to tame than others.

At 7 a.m., a car bomb exploded near Baghdad University in the southwestern Jadriya district. Interior Ministry spokesman Abdul Kareem al-Kinani said 11 people were killed and 17 wounded.

The U.S. military said the bomb detonated near a police-escorted bus on its way to the Baghdad airport. Iraqi police reported that two police officers and four civilians were killed, the military said. An additional six policemen and 22 civilians were injured, the military said, citing a police report.

According to Iraqi television, passengers on the bus were making a pilgrimage to Mecca in Saudi Arabia.

In Adhamiyah, a neighborhood in north Baghdad, a suicide bomber detonated explosives close to an Iraqi army checkpoint, killing two and wounding seven, Kinani said.

Another car bomb exploded in the Sinaa district of Baghdad, killing one civilian and injuring four, Kinani said.

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Meanwhile, the U.S. military reported that a roadside bomb killed one soldier and wounded four Wednesday as they were on their way to investigate an explosion southwest of Baghdad. In a southern neighborhood of Baghdad, a roadside bomb killed one soldier and wounded two, the military said.

The U.S. military also reported that a female civilian was killed Tuesday by insurgents who attacked a police station in Ramadi with two rockets. A man, another female and a 12-year-old child were wounded, the military said.

Coalition forces captured a senior al-Qaeda leader and five other suspected insurgents in Mosul last Thursday, the military reported Wednesday.

As the military emir of Mosul in 2005, the al-Qaeda leader, who was not identified by name, housed foreign fighters who carried out suicide bombings, the U.S. military said. In late 2005, he became the military emir of Karkh, in Baghdad, coordinating car bombings and kidnappings, the U.S. military said. He is also suspected of organizing an attempt to shoot down a coalition forces helicopter in the Adhamiyah neighborhood in May, according to the U.S. military.

Home In Illinois May Lure Fugitive Former Iraqi Minister (NYT)

By Susan Saulny

The New York Times, December 21, 2006

OAK BROOK, Ill., Dec. 20 — It was an unremarkable scene on Wednesday outside a gated community here where the former Iraqi electricity minister, Aiham Alsammarae, now a fugitive from justice, keeps a palatial house.

Having escaped from a Baghdad jail over the weekend in what he boasted was the "Chicago way," Mr. Alsammarae, whose whereabouts are unknown, could have been on the way back here.

Or perhaps he had already arrived, enjoying the serenity of the leafy surroundings of the Covington subdivision, about a half-hour west of Chicago.

Dennis Brugh, the property manager of the subdivision, where homes range in price from $1.5 million to $4 million, said that whatever trouble Mr. Alsammarae had found in Iraq, here "he was a homeowner in good standing."

"He kept his house just like any other guy," said Mr. Brugh, who works for Oak and Dale Properties, a management company. "He'd have to or else we'd be all over it."

Mr. Alsammarae, who holds dual American and Iraqi citizenship, moved to the Chicago area in the late 1970s but returned to Iraq just after the American-led invasion.

He was jailed four months ago on corruption charges related to deals made when he was the electricity manager, from August 2003 to May 2005.

In a phone conversation with a reporter on Tuesday, Mr. Alsammarae said he escaped over the weekend and fled Iraq on a flight from Baghdad International Airport. Officials in Iraq acknowledged the escape but doubted some of the details he offered.

The watchman at the Covington entrance, who either stops or waves through every car that approaches, said Wednesday that he knew Mr. Alsammarae but that he had not seen him "in quite some time."

Was that days or months?

The watchman, who would not give his name, would not elaborate.

French Pulls Troops From Afghanistan (AP)

By Elaine Ganley

AP, December 21, 2006

As violence mounts in Afghanistan, France is pulling 200 of its best soldiers out. But military officials here insist France remains fully committed, with 1,100 troops still based in Kabul.

Nevertheless, France's decision to withdraw its Special Forces comes amid concerns in Paris that NATO's mission in Afghanistan has grown confused and that the alliance may be overreaching in its efforts to stabilize and rebuild the nation.

French officials and experts say that as fighting in Afghanistan has dragged on and the insurgency has grown in strength, the special forces were no longer ideal for the mission. Such elite units tend to be more lightly armed, and specialize in gathering intelligence or rapid attacks.

"The conditions no longer correspond to what the special forces do," said Capt. Christophe Prazuck, a spokesman for the French Joint Chiefs of Staff.

The French elite troops — deployed in southeastern Afghanistan since July 2003 — were France's contribution to a U.S. anti-terror mission code-named Operation Enduring Freedom that is separate from the NATO mission.

Seven of the 10 French troops killed in Afghanistan since 2003 were special forces. The soldiers combed the border with Pakistan for al-Qaida and Taliban fighters and looked for al-Qaida leader Osama bin Laden. Long based in Spin Boldak, a

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southern border town in Kandahar, the French rebased this year to Jalalabad in the east and are now expected home in January.

Enduring Freedom has been trimmed as NATO's International Security Assistance Force has evolved. By October, the NATO force's 32,800 troops became the prime fighting force, moving into special forces' terrain in Taliban-infested southern and eastern regions.

U.S. commanders say the work of special forces soldiers is still critical in Afghanistan, whether it's small-group reconnaissance missions, mentoring Afghan soldiers or supporting conventional NATO and Afghan troops in combat.

But State Department spokesman Sean McCormack said the French pullout was understandable. France is heavily committed elsewhere in places like Lebanon and Africa.

"They have numerous other responsibilities around the globe where their military forces are deployed as peacekeepers, so we understand that there are other demands on these kind of particular forces," McCormack said.

Other countries have quietly pulled special forces from Afghanistan. Australia said in September that it was withdrawing some 200 commandos and Special Air Service Regiment troops. Germany has had special forces in Afghanistan, but Defense Minister Franz Josef Jung said none have been there since he took office in late 2005.

And while pulling out its elite troops, France is strengthening its commitment in other areas, maintaining Mirage jet fighters in neighboring Tajikistan and beefing up its mission to help Afghanistan form its own special forces, adding another 20 French trainers.

Paris also has agreed that its 1,100 soldiers in the Afghan capital, Kabul, can be used as reinforcements for NATO combat missions. That concession came at a NATO summit last month where all 26 member states agreed to aid each other in emergencies in Afghanistan.

However, a senior French defense official said any response by Kabul-based French forces would be "prompt and temporary" — with decisions made in Paris on a case-by-case basis.

France has been lukewarm about the decision to dovetail the NATO mission with Operation Enduring Freedom.

"There is strong skepticism about the relevance of NATO in Afghanistan if it is not for stabilization and rebuilding of the country," said Francois Gere, head of the French Institute of Strategic Analysis, a think tank. "If it is for waging nasty guerrilla warfare, there is no appetite in France and, I think, most European countries."

Pakistani City Serves As A Refuge For The Taliban (LAT)

By Laura King

The Los Angeles Times, December 21, 2006

QUETTA, PAKISTAN — At a time when the Taliban is making its strongest push in years to regain influence and territory across the border in Afghanistan, this mountain-ringed provincial capital has become an increasingly brazen hub of activity by the Islamist militia.

Quetta serves as a place of rest and refuge for Taliban fighters between battles, a funneling point for cash and armaments, a fertile recruiting ground and a sometime meeting point for the group's fugitive leaders, say aid workers, local officials, diplomats and others.

"Everybody is here," said Mahmood Khan Achakzai, a Quetta-based member of Pakistan's National Assembly, describing the routine comings and goings of senior Taliban commanders in Quetta, the capital of the Pakistani province of Baluchistan.

The apparent ease of Taliban movement in and out of Quetta comes against a backdrop of increasingly bitter squabbling by authorities in Afghanistan and Pakistan over who bears responsibility for the militia's use of tribal areas on the Pakistani side of the border as a staging ground for attacks that have killed at least 180 North Atlantic Treaty Organization and allied troops this year.

Afghan President Hamid Karzai this month blamed Pakistan for orchestrating Taliban activity. Pakistan, a key ally in President Bush's "war on terror," in turn accused Karzai of seeking a scapegoat for his own failures of governance.

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Nerve-racking encounters

Quetta is a microcosm for these tensions. Local Pakistani authorities insist that they keep a tight lid on Taliban activity — a claim derided by many residents of this city of about 1.5 million people, and one backed by little demonstrable evidence.

Residents described nerve-racking random encounters with Taliban convoys bristling with weaponry and hearing volleys of automatic-weapons fire echoing from within some walled-off madrasas. Taliban recruitment videos sell briskly in stalls tucked between the gun emporiums and carpet shops of Quetta's raucous main market.

"For the Taliban, this is considered to be a safe haven," said Syed Ali Shah, a journalist who writes for the Baluchistan Times. "They come here, they regroup and retrain."

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At a local madrasa, or Islamic seminary, black-turbaned young men gathered around a makeshift fountain on a recent day, performing their ablutions before noon prayers. One, then two, then half a dozen of them aimed steely glares at outsiders lingering near the rusty green gate of the mud-brick compound.

The madrasa is one of dozens in and around Quetta at which Taliban ideology is openly preached. From these schools, willing foot soldiers emerge by the hundreds to join the fight against Western forces in Afghanistan.

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Secretive society

The Taliban presence in Quetta is helped by the insular and secretive nature of Pashtun tribal society, the virtually unsecured border with Afghanistan and the city's large population of Afghan refugees, with whom the militia's members can readily blend.

The city also has close historic, ethnic and cultural ties to the Taliban's birthplace, the Afghan city of Kandahar, a bone-jarring five hours away by road. Many Pashtun clans have roots on both sides of the border.

Afghan provinces close to Baluchistan have been the scene of some of the heaviest fighting this year between Taliban and Western and allied forces. The bulk of more than 115 suicide attacks against coalition troops has taken place in and near Kandahar, which was the seat of Taliban power when the movement ruled Afghanistan from 1996 to 2001.

Today in Quetta, it's almost as if the Taliban never went away.

Some Taliban-affiliated madrasas operate almost in the shadow of police and military installations. On the main road that runs from the border town of Chaman to Quetta, there is only one police checkpoint. On a recent day, two police officers sat in a lean-to, drinking tea and barely glancing up at passing cars.

Pakistani police in Quetta say they have rounded up hundreds of suspected Taliban militants in the last year, and report frequent raids on madrasas suspected of militant ties.

"All the time we are harassing them," said Salman Syed Mohammed, Quetta's deputy police inspector-general.

But one Western aid official, speaking on condition of anonymity, described such roundups as a "catch-and-release" program, with most of the detainees seen on the streets again within a matter of days.

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Mingling with refugees

Militants who are deported to Afghanistan can make their way back to Pakistan at will, either traveling by motorbike on unmarked border trails or joining the crush of up to 6,000 people, mainly Afghans, who cross the border daily at Chaman.

By mingling with refugees, wounded fighters are able to seek treatment in several Quetta hospitals, which on the whole are better equipped than those on the Afghan side of the frontier. The International Committee of the Red Cross helps arrange medical care in Quetta for injured civilians, and says that inevitably some fighters slip in among them.

"According to international law, once a wounded combatant has put down his weapon, it becomes a humanitarian case," said Paul Fruh, who heads the Red Cross office in Quetta.

Although most local people are afraid to talk about sightings of senior Taliban figures, commanders are said to have unimpeded access to the city, even highly recognizable ones.

"Dadullah roams these streets, and they know it," said Achakzai, the lawmaker, referring to Mullah Dadullah, a one-legged Taliban commander with a reputation for egregious brutality.

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Westerners monitored

Pakistan's security branches demonstrate far more efficiency in keeping track of Western outsiders, including foreign journalists, whose movements in and around Quetta are closely monitored.

New York Times reporter Carlotta Gall was questioned this week by Pakistani security agents who forced their way into her Quetta hotel room and at one point struck her in the face, she said. Gall's notes and laptop were seized but later returned. The U.S. Embassy in Islamabad said it was looking into the incident.

For the families of young fighters from Quetta and its environs, the subject of their decision to take up arms for the Taliban is taboo. A local leader said the tiny hamlet of Charqol, about a dozen miles northwest of Quetta, had produced half a dozen suicide bombers this year alone. None of their relatives would talk.

The climate of fear extends to foreign humanitarian agencies, whose workers are required to have armed escorts whenever they venture outside Quetta. The Office of the U.N. High Commissioner for Refugees office in Quetta was briefly shut down this year in response to a Taliban threat.

"I'm afraid, not as an aid worker but as a citizen, as someone living here," said Duniya Khan of the refugee agency. "Everyone in this city feels insecure."

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Al-Qaeda's Sanctuary (WP)

The Washington Post, December 21, 2006

THREE MONTHS ago the Pakistani government struck a deal with pro-Taliban leaders in the district of North Waziristan, bordering Afghanistan: It agreed to abandon military operations, withdraw the army and release prisoners in exchange for promises that the militants would cease cross-border attacks and disarm the foreign terrorists in their midst. That the extremists would not respect the accord, and that attacks on U.S. forces in Afghanistan would increase rather than decline, obviously seemed likely at the time. Yet President Bush, ever indulgent of Pakistan's autocratic ruler, Gen. Pervez Musharraf, accepted his promises. "When the president looks me in the eye and says the tribal deal is intended to reject the Talibanization of the people, and that there won't be a Taliban and won't be al-Qaeda, I believe him," Mr. Bush declared when he met Gen. Musharraf at the White House on Sept. 22.

As senior administration officials now acknowledge, Gen. Musharraf's assurances were empty -- as they have been many times before. According to multiple independent reports, Waziristan has been thoroughly Talibanized, and the fundamentalists are spreading their influence through adjacent border districts. Cross-border attacks and the deaths of American soldiers that they cause are up significantly. Al-Qaeda is reliably reported to be operating training camps in North Waziristan with the help of scores of foreign militants who are schooling recruits in suicide bombing and the use of improvised explosive devices. According to a stunning report in the current edition of Newsweek, they are also preparing Western citizens who could carry out major terrorist attacks in Britain or the United States.

Director of National Intelligence John D. Negroponte grossly understated the case last week when he told The Post that "tribal authorities are not living up to the deal" struck by Gen. Musharraf and that the Taliban cross-border activity "causes serious problems." Considering the grave threat to U.S. soldiers and the homeland itself posed by the Pakistani sanctuary, the intelligence chief sounded positively laconic. "Sooner or later the government will have to reckon with it," he said, before quickly offering excuses for Gen. Musharraf, who, he said, "has a domestic political balancing act to perform."

In fact the situation in Pakistan's border areas is starting to look a lot like eastern Afghanistan before Sept. 11, 2001. President Bush and Mr. Negroponte ought to be asking themselves if they are repeating history by tolerating the situation. They need not do so: The United States has provided Gen. Musharraf strategic cover and billions of dollars in military and economic aid since 2001. In return it should have the right to demand that he abandon his separate peace. Action must be taken against Taliban and al-Qaeda forces in Pakistan before spring, when another major offensive against U.S. and NATO forces can be expected unless the enemy bases and supply lines are disrupted.

As for Gen. Musharraf's political problems, these could be addressed if he stopped allying himself with Pakistan's own Muslim fundamentalists and rehabilitated the secular democratic political parties that he has repressed since his 1999 coup. He could also abolish the colonial governing system in the tribal areas, under which secular political parties are banned and mullahs empowered, and allow representative government. By tolerating the general's empty promises and excuses, the Bush administration is putting its mission in Afghanistan and homeland security into unacceptable jeopardy.

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New US Attorney Sworn in For Little Rock District (AP)

AP, December 20, 2006

Little Rock, AR (AP) - Tim Griffin, a former assistant to President Bush (website/newsbio) adviser Karl Rove, was sworn in today as the interim US attorney for the Eastern District of Arkansas.

The 38-year-old Griffin replaces Bud Cummins, who announced last week that his resignation would be effective today.

A native of Magnolia, Griffin served previously as special assistant U-S attorney for the Eastern District of Arkansas. He recently spent three months of active duty in Iraq in the Army Judge Advocate General's Corps.

Griffin had previously served as special assistant to President Bush and deputy director of political affairs at the White House, as well as deputy communications director for the Republican National Committee.

Griffin will serve as interim federal prosecutor until the Justice Department nominates a candidate to replace him.

Feds laud A-C police (ABH)

By Joe Johnson

Athens (CA) Banner Herald, December 21, 2006

Their duty is to protect and serve, so what does dressing up like Santa, waiting tables for tip money to buy toys and walking neighborhood streets have to do with being a good police officer?

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Everything, according to the U.S. Department of Justice, which highlighted Athens-Clarke police's Community Oriented Policing and Problem Solving (COPPS) program in the current edition of In-Sites, a magazine published by the department's crime prevention arm, the Office of Justice Programs.

"Imagine a successful, proactive police department, one that involves all levels of law enforcement management and strong community leadership," the magazine says. "The police force in Athens, Georgia, does more than imagine it - they practice it."

The magazine goes on to explain how since Athens-Clarke Police Chief Jack Lumpkin introduced the concept of community-oriented policing nearly 10 years ago, it has evolved so that individual officers now are "chiefs" of their beats, responsible for resolving quality of life issues and reducing crime.

"Officers make concerted efforts to inform residents of their availability and involvement," the Justice Department magazine says. "They attend neighborhood meetings and offer their cell phone numbers and e-mail addresses. In return, the community recognizes the value of having a police presence in the neighborhood and law enforcement's willingness and ability to solve problems and improve residents' quality of life."

Lumpkin said the national recognition makes him proud for the officers, but steadily declining crime rates and growing community participation in crime fighting already has validated the concept he introduced after becoming police chief in 1997.

"We have heroes every day doing something that may not be a front-page news story, but they are out there helping a citizen," he said.

When officers aren't trying to rid neighborhoods of drug dealing or cut down on car break-ins and other crime, Lumpkin said, they are attending neighborhood and business meetings to learn what the problems are. If the police can't help, he said, officers will refer residents to other government departments that deal with quality of life issues such as dilapidated houses and abandoned cars.

"There's been a cultural change by the citizens and police, and we have moved into partnerships in many areas of the community," Lumpkin said.

"It's the broken-window theory," Assistant Police Chief Alan Brown said. "If you don't fix the windows and allow things to get out of hand, then criminals have the perception that the community is in disorder and they feel empowered to go ahead and commit crimes."

One of the keys to the COPPS program is encouraging officers to spend more time out of their patrol cars, mingling with the people they are sworn to protect, Lumpkin said. They form relationships that allow residents to feel more comfortable passing along information.

"Perpetrators are strengthened and enhanced when they can operate in environments where anonymity exists," the police chief said.

The department has emphasized the return of the beat cop even more since last fall, when supervisors began to check patrol car odometers and gas gauges to see that officers are spending more time on foot.

"What I'm proud of is the citizens are our partners, and we're doing it in a tough environment," Lumpkin said. "Athens-Clarke County is a great place to live and work, but it's a tough environment for police because the expectations are much higher."

Loss of grant money clouds future for regional drug task force (BTF)

By Mark Caudill

Bucyrus (OH) Telegraph Forum, December 20, 2006

MANSFIELD — The METRICH Enforcement Unit annually spends $115,000 on drug buys.

But because of federal and state funding cuts, METRICH will receive a total of only $100,000 in 2007 after getting $260,000 this year.

Mansfield police Chief Phil Messer, also the program director for METRICH, made the cutback announcement today at the Holiday Inn at a luncheon celebrating the task force's 20th anniversary.

"One good thing about METRICH is we have prepared for cuts," Messer said. "We hope that most of our agencies have made plans to get us through 2007."

It's anyone's guess after that.

"After 2007, the cuts could be so deep you can't survive as a task force," Messer said.

Task forces in general could be in trouble. In 2002, $4.8 million of federal money was allocated from the U.S. Department of Justice through the Ohio Office of Criminal Justice Services for task forces. That figure will drop to $1.2 million in 2007.

Messer said he hopes the 10 counties in the region would continue to work together even if they receive no funding.

"It would be difficult to do, but it's worth staying together," he said.

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Messer said METRICH has avoided using grant money for personnel, opting to earmark the funds for training and equipment.

"Hopefully, that good planning will sustain us through what should be a very challenging year," the chief said.

Another possible way to offset the budget cuts is a proposal to have participating agencies make a 50-50 match for any federal and state funding instead of the current 25 percent.

During the luncheon, METRICH recognized several people for their involvement.

Attorney John Allen and Mansfield Municipal Court Judge Jerry Ault, then members of the Richland County Prosecutor's Office, were two of the founding members.

Messer recalled them starting METRICH "because the police and the sheriff's office couldn't get along."

From those humble beginnings, METRICH has grown into the largest multi-jurisdictional task force in the state.

That includes Crawford County.

CORPORATE SCANDALS:

Juniper Takes Big Charge For Tainted Options (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, December 21, 2006

Announcing one of the largest restatements stemming from the stock option scandal, Juniper Networks said today it will take a charge of about $900 million to account for tainted options issued to Chief Executive Scott Kriens and others during the frenzied tech boom.

``That tells me the profits of this company were massively overstated during this time period, that's what it tells me," said Todd Fernandez, senior research analyst for Glass Lewis, which advises institutional investors on corporate governance issues.

The Sunnyvale networking and security company's board and audit committee absolved Kriens of responsibility and ``expressed their continuing confidence" in him and the current management team. In a press release issued after the stock market had closed, the company said its seven-month investigation assigned blame to ``certain former management" whom the company declined to identify.

Still, some corporate governance experts say the company's probe left unanswered questions about Kriens' role -- questions that might not be resolved until the Securities and Exchange Commission and Justice Department conclude their own probes.

Corporate investigations have triggered at least $8 billion in restatements nationwide so far, according to Bloomberg News. Juniper's restatement ranks behind UnitedHealth ($1.5 billion to $1.7 billion), Broadcom ($1.5 billion) and Brocade Communications Systems (about $1 billion, including adjustments not related to backdated options).

Some analysts downplayed the findings, saying the news shouldn't make Juniper a less-attractive acquisition target.

``You're talking about things that happened in 1999, and it's a non-cash charge," said Sam Wilson, an analyst with JMP Securities. ``It's now what's called old news. Wall Street looks ahead, they don't care what happened in 2002 and 2003. They care about 2006 and 2007."

Juniper's internal probe found ``numerous" cases of misdated options, with ``99.9 percent" of the problems occurring from just days before the company's initial public offering in June 1999 through December 2003. The company also cited lax controls by management to oversee the options program.

CEO Kriens received two tainted grants during that period, both issued at quarterly lows in Juniper's volatile stock price. In 2000, for example, his options were granted at $93.94 -- just weeks after the stock had hit its all-time high of $243.

Both of Kriens' grants were canceled in 2001. Company records indicate, however, that he exchanged 2.2 million ``underwater" options granted in 1999 and 2000 for 2.2 million options priced six months later at the going rate of $10.31 per share in May 2002.

Two corporate governance experts raised concerns that Kriens continues to benefit from the original tainted options.

``Follow the money trail: He got options that were backdated, and he turned them in for something else of value," said Las Vegas compensation expert Graef Crystal. ``He can't wiggle out of that. It isn't `no harm, no foul,' because he got something of value."

Despite the board's vote of confidence in Kriens, the scandal could continue to dog Kriens and Juniper, Fernandez said.

``Here is a case where you have close to a $1 billion restatement, and it's the sitting CEO who is affected," he said. ``That probably won't be lost on the regulatory bodies or the lawyers" filing shareholder lawsuits.

DOJ_NMG_0108218

IBM Ends Director Stock Options, Spotlighting Popular Perk's Decline (WSJ)

By Joann S. Lublin And William M. Bulkeley

The Wall Street Journal, December 21, 2006

Stock options, long touted by many companies as a vital tool for rewarding board members and aligning their interests with those of shareholders, are falling out of favor as a perk amid scandal and accounting and legal changes.

Yesterday, International Business Machines Corp. said it no longer will grant outside directors stock options -- which give recipients the right to purchase company shares in the future at a set price. Instead, starting Jan. 1, those directors will be paid an annual $200,000 retainer, which they can take either in IBM shares or partly in cash -- though rules strongly encourage them to take the shares.

IBM is only the latest big company to abandon options -- which are worthless unless a stock price rises -- in favor of compensation involving cash, restricted stock or outright equity stakes that both rise and fall with the share price. The move by the iconic company underscores a broader repudiation of options for board members two decades after many companies began to embrace them -- and could even accelerate the trend because of IBM's reputation as a bellwether of corporate behavior. Among others that have dropped the practice in recent years are retailer Gap Inc., recruiter Heidrick & Struggles International Inc. and food company Tyson Foods Inc.

In 2001, as the stock-market boom of the 1990s crested, nearly eight in 10 big companies were giving their directors options, according to a proxy analysis of 350 major companies conducted for The Wall Street Journal by Mercer Human Resource Consulting in New York. By last year, the figure was down to 53%.

The percentage may drop to as low as 10% by 2010, because boards now consider options "somewhat problematic," said Charles Elson, head of the Weinberg Center for Corporate Governance at the University of Delaware's business school, and a director of two public companies. Abandoning options "reduces the controversy" because "any potential for manipulation just goes away," said Peter Gleason, chief operating officer of the National Association of Corporate Directors in Washington.

Options are suffering a heavy backlash after big corporate scandals such as the accounting frauds at Enron Corp. and WorldCom Inc. and the more recent backdating scandal, corporate-governance experts said. In those and other cases, critics have claimed directors, motivated to boost returns on their stock options, turned a blind eye to problems.

The backdating scandal has revealed that dozens of companies altered their grant dates to days when their stock was trading at a lower price -- thereby boosting profits on options. More than 130 companies currently are under investigation for the practice in the biggest corporate-fraud probe in decades. An academic study released this week suggested that as many as 1,400 outside board members at 160 companies received questionable option grants, though the study didn't address whether they knew about it.

Companies also are responding to new accounting rules requiring options to be counted as an expense after more than a decade in which they weren't. Under proxy-disclosure rules that took effect for fiscal years ending after Dec. 15, moreover, businesses must reveal far more detail about the elements and costs of board compensation packages -- which could make options less attractive.

More broadly, post-Enron changes in laws and corporate practices have imposed greater demands on outside directors -- that is, those who have no other ties to a company. The New York Stock Exchange, for instance, now requires that a majority of board seats, and all compensation- and audit-committee members, be independent.

That has prompted plenty of discussion about how best to compensate outside directors and keep them focused on shareholder interests while protecting their independence. Outside directors are supposed to play a special role safeguarding against cozy board relationships with management.

"The overall governance thrust today is to have board members be [stock] owners rather than optionees," said Pearl Meyer, senior managing director of Steven Hall & Partners, a pay consulting firm in New York. Options focus recipients "too much on short-term movements in the stock price," she said.

Director compensation has been a subject of heated debate and experimentation for more than two decades. In the 1980s, corporate reformers and some large institutional investors argued that options would help motivate directors to focus harder on shareholder returns by giving them ownership incentives. The idea gained fuel thanks to tax and accounting policies that kept options tax- and expense-free, and the large fortunes that began to be made by companies going public in the early days of the 1990s boom.

According to Executive Compensation Reports, a newsletter that covered executive pay, just 1.6% of the nation's 1,000 largest companies gave directors some kind of stock in 1983. By 1994, nearly one in five did.

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No one has suggested that IBM's directors received backdated grants. An IBM spokesman said the Armonk, N.Y., computer giant's action was consistent with its practice of "broadly reducing our reliance on stock options" as compensation for employees and officers.

IBM started expensing options in 2005 because of new accounting rules. But even before that, "we'd been saying we were reducing our reliance on equity compensation," he said. People familiar with the matter said IBM also believes options tend to make recipients more oriented toward short-term results than they are with other forms of compensation.

IBM said the additional cash compensation for directors is equal to the value of the stock options outside directors have been receiving; each year they were given 4,000.

Ironically, IBM's elimination of options increases the likelihood that outside directors will acquire sizable share stakes -- thanks to its substantial stock-ownership guidelines. The company pays 60% of these board members' annual retainer in a type of deferred stock known as "Promised Fee Shares," the latest proxy noted. Those shares are based on the market price of IBM stock. They accumulate dividends in the form of more Promised Fee Shares, and they can't be redeemed until retirement or departure from the board, at which time the director can receive either IBM stock or the cash equivalent.

Under IBM's corporate-governance guidelines, such directors are expected "to have stock-based holdings in IBM equal in value to five times the annual retainer," the proxy added. With the retainer doubled to $200,000, each outside IBM board member must now aim to own $1 million worth of shares.

The IBM spokesman said all the company's outside directors this year chose to invest all of their cash compensation in such shares. IBM directors include Lucio Noto, former chief executive of Mobil Corp.; James W. Owens, chief executive of Caterpillar Inc.; Kenneth I. Chennault, chief executive of American Express Co.; and Minoru Makihara, former chairman of Mitsubishi Corp. IBM Chairman and Chief Executive Samuel J. Palmisano is the only IBM employee on the board.

Recent years have seen companies take a wide range of approaches to compensating directors. Coca-Cola Co. earlier this year unveiled a plan to pay directors solely through annually allocated "equity-share units," which can't be cashed until three years have passed -- and then only if Coke posts compounded annual growth of 8% in earnings per share.

Similarly, Campbell Soup Co. board members will no longer get options as of Jan. 1. Instead they will receive an equal mixture of actual shares and cash, the big food maker disclosed in its latest proxy statement. "We have moved away from stock options as a form of compensation in part due to the change in accounting rules," a spokesman said.

When Heidrick & Struggles eliminated options for directors in 2002, it replaced them with restricted stock units, believing that "would better align the interests of the directors with our stockholders," its 2002 proxy said. In light of later controversy over options, "it looks like it was a wise decision," said Gerard Roche, senior chairman. "We're in a position where we don't have any worries" about director compensation.

Some companies eschew any stock-based compensation for directors at all. Those that pay outside directors only in cash include Alcoa Inc., Berkshire Hathaway Inc. and Sears Holdings Corp.

IBM won mixed reviews yesterday. "It's a welcome move" because options create incentives "that aren't in the interest of long-term shareholders," said Dan Pedrotty, head of the AFL-CIO's Office of Investment. But he said he wishes the company would go further and adopt a performance-share plan for directors. Union-sponsored pension funds have assets of about $400 billion.

But Mr. Elson, of the University of Delaware, said he was troubled by the move -- even though outside directors must hold a high multiple of their cash retainer in IBM shares. "To show continued confidence, you have to own stock over the long term" and also be partly paid in stock, he said. "You should increase your [stock] position over time."

Separately, American Tower Corp. said yesterday that directors and officers who received options at prices below the fair-market value on the legal grant date have agreed to "eliminate any benefit" by compensating the company in cash, or by canceling vested but unexercised options. The company will increase the exercise price of any unexercised options to the fair-market value. American Tower, a Boston-based owner of cellphone towers, said that the value of eliminating the benefit is $7.5 million.

American Tower said it plans to eliminate similar options benefits totaling $7.6 billion for three former executives.

American Tower has said that "there were a number of deficiencies in the company's stock option granting practices." Last month it restated results for 2005 to reflect a review of the options. A spokesman didn't immediately return calls seeking comment on the options issue or the names of the executives and directors involved.

American Tower Will Cut Gains From Managers' Options (BLOOM)

By Ville Heiskanen, Alex Armitage
Bloomberg, December 21, 2006

DOJ_NMG_0108220

Dec. 20 (Bloomberg) -- American Tower Corp., the largest U.S. owner of sites for wireless telephone antennas, will eliminate about $7.5 million in gains from misdated stock option grants given to eight current executives and directors.

The company also plans to cut about $7.6 million in benefits received by three former officers, Boston-based American Tower said today in a statement. And the company said it will resume a half-finished $750 million stock buyback.

American Tower continues to cooperate with U.S. Justice Department and Securities and Exchange Commission options inquiries. The company reported on Nov. 8 that some managers routinely misdated option grants for at least six years, artificially inflating their worth. It is one of at least 190 companies to report internal or federal options probes.

``The stock option probe will not have significant consequences for the company," said Vance Edelson, a Morgan Stanley analyst in New York, in a note to investors today.

``Resumption of the share buyback program is a double positive for American Tower," Edelson said. He rates the shares ``overweight."

American Tower will resume a stock buyback program started a year ago and suspended in May. The company has already spent $358.3 million to buy 11.8 million shares, leaving $391.7 million to be spent by Feb. 28.

American Tower may decide to extend the buyback program, Edelson said in his note. He said the pace of the repurchases, at about $100 million a month, will be faster than a ``widely anticipated pace" of $80 million a month.

Shares of American Tower slipped 27 cents to $36.98 at 4 p.m. in New York Stock Exchange composite trading. They have risen 36 percent this year.

Backdating options to days when prices were lower can boost gains to employees and directors who get them, if the underlying stock's price rises. American tower said the values of eliminated gains may be adjusted for taxes.

Chordiant Gets Nasdaq Noncompliance Note (AP)

AP, December 21, 2006

Chordiant Receives Nasdaq Noncompliance Notice Over Delayed Reports From Options Probe

CUPERTINO, Calif. (AP) -- Chordiant Software Inc., a maker of customer relationship software for businesses, said Wednesday it received an anticipated Nasdaq Staff Determination letter for its failure to timely file its 2006 annual report as a result of a stock options probe.

Nasdaq initially informed the company in August that its common stock would be delisted because of its failure to timely file its Form 10-Q for the quarter ended June 30, unless it requested a hearing. Chordiant appeared before the Nasdaq Listing Qualifications Panel, which issued a decision granting it an exception until Dec. 29, to get into compliance with listing rules.

Last month, Chordiant decided to restate its historical financial statements for 2001 through 2003, the nine-month period ended Sept. 30, 2004, fiscal 2005, and the quarters ended Dec. 31, 2005 and March 31, 2006. The company said it intends to seek an additional extension to file its amended and delinquent reports, including its Form 10-K for 2006.

The restatements are necessary because of the conclusions of a historical stock option review concluded by its audit committee, which determined additional non-cash expense for the period 2001 through 2006 is expected to be about $8 million.

A total of 105 companies are currently under Securities and Exchange Commission or Justice Department stock-option grants scrutiny, and at least 90 other firms have launched or completed internal reviews, according to an AP review.

"No assurance can be made that the company will be granted an additional extension," according to Chordiant. "If the Listing Qualifications Panel does not grant the request, the company's common stock will be delisted."

Shares of Chordiant added 16 cents, or 5.1 percent, to $3.27 in afternoon trading.

4 Former Enterasys Officials Found Guilty (AP)

AP, December 21, 2006

Jury can't decide former officer's fate in fraud case

CONCORD, N.H. -- A federal jury convicted four former Enterasys executives on securities fraud and conspiracy charges yesterday, but was unable to reach a verdict on five charges against the computer networking company's former chief operating officer.

The verdict came after more than a week of jury deliberations. The onetime executives were accused of scheming to inflate company revenues in the quarter ended Sept. 1, 2001.

The charges were related to sales contracts, investments, and revenue the company reported during and immediately after its spinoff from Cabletron Systems Inc.

The four former executives were convicted on 27 of 39 conspiracy, securities, and wire fraud charges against them. They included:

Former chief financial officer Robert Gagalis, 49, of Rye.

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Former vice president Bruce Kay, 53, of Yarmouth, Maine.

Former accountant Robert Barber, 53, of Durham.

David Boey, 51, of Atlanta, who worked in the company's Singapore office.

Former chief operating officer Jerry Shanahan, the only defendant who was not a certified public accountant, was acquitted on one count of securities fraud. The jury returned no verdict on a wire fraud charge, three other securities fraud charges, and a conspiracy charge.

Shanahan, who is from Ireland, will remain free on bail while the US attorney's office decides whether to retry him on those charges, a spokeswoman said.

The securities fraud charges are each punishable by up to 10 years in prison, while conspiracy can draw up to five years in prison and a $250,000 fine. The four executives will remain free until they are sentenced on March 21 and March 22.

Enterasys, which was publicly traded and based in Rochester, N.H., at the time, makes routers and switches for corporate networks.

The company has since moved to Andover, Mass., and was taken private in March.

Former Enterasys Executives Convicted In New Hampshire (IW)

By W. David Gardner

InformationWeek, December 20, 2006

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Prosecutors scored another victory over executives who played illegal financial games during the technology bubble when a federal jury convicted four former executives of telecom equipment provider Enterasys of securities fraud and conspiracy charges.

The jury on Tuesday convicted former chief financial officer Robert Gagalis and three others on charges that they illegally inflated Enterasys revenue in 2001. Also convicted were Bruce Kay, a former VP; Robert Barber, a former accountant; and David Boey, a former executive in the firm's Singapore office.

But the jury acquitted the firm's former chief operating officer Jerry Shanahan of one charge and failed to return a verdict on several other charges he was facing. Prosecutors are considering whether to seek a new trial against him.

Enterasys was the largest piece of the former Cabletron, a networking firm whose stock rocketed into the stratosphere before the company was broken up in the early 2000s.

Four other former Enterasys executives, including former chairman, president, and CEO Enrique Fiallo, had previously pleaded guilty to charges and testified in the jury trial, according to media reports.

Sentencing of all the executives is scheduled for March.

The company has a storied history, beginning in 1983 in a Massachusetts garage as Cabletron and eventually employing 6,000, most of them in New Hampshire.

Cabletron tracked the technology bubble, inflating in the late 1990s, but collapsing in the early 2000s. Cabletron was broken into different units, and Enterasys remained the largest operation. Enterasys later moved back to Massachusetts and the firm was taken private in March.

Convicted Enterasys execs use homes for bail (MUL)

By DENIS PAISTE

Manchester Union Leader, December 21, 2006

Concord – Two of four former Enterasys executives convicted of securities fraud and conspiracy Tuesday by a jury in U.S. District Court in Concord have posted equity in their homes as bail, while two others have been ordered to home confinement with electronic bracelet monitoring pending sentencing on the federal criminal charges in March.

Former Enterasys Chief Financial Officer Robert Gagalis, 49, of Rye, signed an agreement to forfeit his $2.5 million home in Rye if he fails to appear for his sentencing, according to Assistant U.S. Attorney William E. Morse. Gagalis has approximately $1.5 million in equity in the house, he said.

Bruce D. Kay, former vice president. 53, of Yarmouth, Maine, agreed to forfeit his principal home and a vacation home collectively valued at about $630,000, which he owns free and clear, Morse said.

Although Robert G. Barber, 53, of Durham, a former accountant, agreed to forfeit his $400,000 house in Durham in which he had about $170,000 of equity, Morse said Judge Paul Barbadoro determined Barber did not have enough equity to provide an adequate assurance of appearance and ordered him to confinement in his home with electronic bracelet monitoring.

David (Hor Chong) Boey, 51, of Atlanta, who is a Malaysian national, also was ordered to serve home confinement with electronic bracelet monitoring. Boey had already put up the $60,000 equity in his $300,000 Atlanta metropolitan area home, as well as $30,000 in cash for collateral, Morse said.

The four were convicted on key conspiracy and fraud charges in which the government alleged they illegally inflated Enterasys' revenues in the quarter ended Sept. 1, 2001. They were part of 27 guilty pleas returned on 39 criminal charges in U.S. District Court Tuesday afternoon.

Morse said they have 10 days to file notice of appeal.

The jury acquitted the fifth defendant, Jerry Shanahan, 42, former chief operating officer, on a charge of keeping false books and records and deadlocked on three others against him.

Morse said yesterday afternoon the government is still weighing whether to retry Shanahan on the three charges that resulted in a hung jury.

Andrew Good, Shanahan's attorney, said yesterday he hoped to meet with prosecutors before the weekend.

Acting U.S. Attorney Joseph N. Laplante praised the verdict, stating yesterday: "The investing public deserves and needs accurate financial information about public companies. The successful prosecutions in this case should serve as a substantial deterrent to others in similar circumstances who might otherwise be inclined to cook the books.'"

As a result of the fraudulent scheme, then Rochester-based Enterasys overstated its revenue by more than $11 million in the quarter ending Sept. 1, 2001, the Justice Department said. Enterasys' shareholders lost approximately $1.3 billion after the company disclosed one of the fraudulent transactions and a pending investigation by the U.S. Securities and Exchange Commission. The company specializes in computer networking equipment.

Enterasys Networks Inc. was taken private earlier this year and is now based in Andover, Mass.

Those convicted face possible sentences of five years and a $250,000 fine on the conspiracy charges and 10 years on the securities charges.

Sentence hearings are set for Gagalis at 9:30 a.m. on March 21; for Kay at 10:30 the same day; for Barber at 9:30 a.m. on March 22; and for Boey at 10:30 a.m. the same day.

Prison stay delayed for ex-Homestore CEO (INMAN)

By Glenn Roberts Jr.

Inman News, December 20, 2006

Lawyers seek release pending appeal of conviction

Lawyers for Stuart Wolff, the former Homestore CEO who was sentenced in October to 15 years in federal prison for his role in an accounting fraud scheme that artificially inflated Homestore revenues and almost ruined the company, have filed a motion to keep him out of custody pending an appeal of his conviction.

The motion raises questions about a judge's financial interest in a company involved with Wolff's case and other aspects of his trial.

U.S. District Court Judge Percy Anderson on Nov. 30 ordered Wolff to surrender himself to federal custody on or before Dec. 13 to begin serving his sentence, though legal proceedings have so far postponed his prison time.

On Dec. 7, Wolff's lawyers submitted a motion to the Ninth Circuit U.S. Court of Appeals for Wolff's release, and lawyers had earlier filed a motion with the district court to put off Wolff's payment of a $5 million fine plus about $8 million in restitution. Wolff remains under electronic monitoring in his Southern California home.

"We think he should start serving his sentence," said Assistant U.S. Attorney Michael R. Wilner, who is representing the government in the case against Wolff. "We are just waiting to hear what the court is going to do."

E. Lawrence Barcella Jr., one of the lawyers who is representing Wolff, said, "We think that there are a number of very significant issues that we will be appealing on what we think constituted error which will cause the case to be reversed." These issues warrant that Wolff should be allowed to remain free pending the appeal, he added. Court briefs related to Wolff's appeal are due in April and May.

The court had recommended that Wolff serve his sentence at a federal prison in either Lompoc, Calif., or Taft, Calif.

Wolff served as CEO and chairman for Homestore -- now known as Move Inc. -- from 1997 to 2002, when he resigned during an internal investigation.

A group of 11 other Homestore officials have also been convicted for their participation in illegal schemes that led the company to restate its earnings and almost led to the delisting of the company's stock, which had dropped to just pennies per share.

The U.S. Securities and Exchange Commission and U.S. Justice Department in April 2005 filed criminal and civil cases against Wolff and Peter Tafeen, the company's former executive vice president of business development from 1997 to 2001.

Tafeen pleaded guilty to one count of securities fraud and was sentenced to 30 months in federal prison and three years of supervised release.

The government's case has focused on multimillion-dollar advertising transactions that Homestore entered into with AOL and other companies through which Homestore essentially paid itself by routing money to and from other companies and disguising the true nature of those transactions.

Wolff's appeal, according to the court filing, "will raise the highly 'substantial' question whether the trial judge -- the Honorable Percy Anderson -- should have presided over the matter in the first place," as Anderson "acknowledged that he owned AOL stock and recognized that he had a 'financial interest in AOL.' " And the court motion notes that four current or former AOL employees testified at Wolff's trial.

While Wolff's lawyers had earlier sought to excuse Anderson from the case on the basis of his financial interest in AOL, a separate U.S. District Court judge had considered the matter and denied that motion. About half of the $67.3 million in disputed Homestore revenue was related to AOL, "which acted as the 'third leg' in most of the disputed transactions," Wolff's lawyers state in court documents, and they also noted that "the Department of Justice has filed a criminal complaint against AOL ... regarding AOL's participation in at least one of the very transactions charged in the Wolff indictment."

The Dec. 8 motion by Wolff's lawyers also takes issue with Anderson's denial of requests to allow an accounting expert as a witness to explain the complexity of accounting rules, and separate instruction that would have explained to the jury that "triangular deals" with a similar structure to those that Homestore engaged in are not always improper.

Also, Wolff's lawyers charge in their court filing that the court's admission of evidence related to Homestore's financial restatements was improper, and "other courts have concluded in substantially identical circumstances that restatements are not admissible."

Wolff's legal team includes Barcella and Howard M. Privette from the Paul, Hastings, Janofsky & Walker LLP law firm in Los Angeles, as well as Lawrence S. Robbins, Gregory L. Poe and Mark T. Stancil from the Robbins, Russell, Englert, Orseck & Untereiner LLP law firm in Washington, D.C. Move Inc. had reached an agreement through which the company would pay up to $15.2 million related to Wolff's legal fees and up to $11.9 million in Tafeen's legal costs. The company has also faced legal fees relating to other former employees.

Wilner said that the government has begun the process of collecting money related to the judgment in Wolff's trial. The restitution amount relates to Wolff's insider trading profits from the scheme, he said.

A Job He Couldn't Refuse (MRKTWTCH)

By Matt Andrejczak, Marketwatch

Market Watch, December 20, 2006

Former airline CEO takes over bookkeeping duties at Dell Inc.

SAN FRANCISCO (MarketWatch) -- Faced with two investigations into its bookkeeping, Dell Inc. turned to the head of its audit committee and a close friend of the chairman and the chief executive to sort out the accounting mess.

Donald Carty was named Dell's chief financial officer late Tuesday.

The move comes as the world's No. 2 manufacturer of personal computers copes with investigations into its bookkeeping, corporate stumbles and a faltering stock price.

Carty, a former CEO at American Airlines and a Dell director for 14 years, will succeed James Schneider on Jan. 1.

"Michael's a very good friend and Kevin Rollins, the CEO, is a very good friend. They just asked me to get involved, and they're two people I couldn't say no to," Carty told the Dallas Morning News.

But there is doubt about whether Carty is best suited to the job.

The 60-year-old executive is Dell's longtime audit-committee chairman, and the company's accounting methods are under the scrutiny of the Securities and Exchange Commission and the U.S. Attorney in New York. The inquiries forced Dell to delay its third-quarter results last month.

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"We are not sure if Carty is the best choice as he has been a Dell board member since 1992 and was the audit committee chairman who oversaw financial activities that are now in question by the SEC," wrote Shaw Wu, analyst at American Technology Research, which has a neutral rating on Dell shares.

Carty was forced to resign from American Airlines in 2003 after failing to disclose large bonuses and pension protections for executives even as he was negotiating for concessions from unions.

Dell spokesman Dwayne Cox declined to make Carty available for comment.

But Cox contended that the former airline CEO's "high level of familiarity with Dell's finances" makes him a good fit for the job, adding that Carty will help to "revitalize the company."

Merrill Lynch analyst Richard Farmer wrote that Carty's appointment "could be interpreted as a vote of confidence about the potential outcome of the ongoing SEC investigation."

Farmer, who rates Dell shares neutral, said it's typically tough to attract a new CFO when the outcome of an SEC investigation is far from certain.

Michael Dell has been trying to shore up the company he founded 22 years ago amid stiffer competition from Hewlett-Packard Co., Lenovo and Apple Computer Inc.

Dell lost its status as the world's No. 1 personal computer maker to rival Hewlett-Packard in September. To bolster its sales, Dell broke its exclusive-supply agreement with Intel Corp., the world's largest maker of computer chips, and started offering PCs and servers equipped with chips from Advanced Micro Devices Inc.

In other moves, Tom Luce, a former U.S. assistant secretary of education, is re-joining Dell's board. Luce, 66, had served on Dell's board from 1991 to 2005, much of that time on the company's audit committee.

Carty and Luce are expected to work closely together as the company responds to questions from SEC and Justice Department enforcement officials, Dell said.

Dell also tapped Steve Schuckenbrock to lead the company's global services organization. Schuckenbrock is a former senior executive of EDS and PepsiCo.

In trading Wednesday, Dell shares fell 1.4% at $25.77.

Dell Books Carty To Captain Its Finances (FOR)

By Matthew Kirdahy

Forbes, December 20, 2006

Don Carty left American Airlines under a cloud. Now he's returning to a marquee corporate job at Dell, which has some clouds of its own.

Carty was tapped to be the computer maker's chief financial officer, with a vice chairmanship thrown in for good measure. He's already on the company's board and was previously chairman of the audit committee.

Which is puzzling because Dell's problems have to do with its accounting, indirectly overseen by the panel that Carty chaired. A month ago, the computer maker said the Securities and Exchange Commission launched a formal probe into unspecified issues with its books. Both the SEC and the Justice Department are investigating whether prior financials were misstated regarding issues like revenue recognition, accruals, reserves and other balance sheet items.

American Technology Research analyst Shaw Wu questioned the move. “Frankly, we are not sure if naming an existing member allows Dell (nasdaq: DELL - news - people) to restart with a clean slate,” said Wu. “For now, Kevin Rollins remains chief executive; however, we would not be surprised to see further changes should Dell not make material progress over the next couple quarters.”

In a note to investors, Prudential Equity Group’s Jesse Tortora said he expects more changes down the road as Dell rebounds after two delays in quarterly reports and a recall of faulty batteries.

“We believe Dell will continue to surprise investors over the next several quarters as the company re-establishes its cost leadership, wins share in servers and storage, and expands its services business,” Tortora said. Dell, once the unchallenged leader in Windows-based personal computers, has been facing stiff competition from a rejuvenated Hewlett-Packard (nyse: HPQ - news - people).

The Carty move was certainly a surprise. It is unusual for the chairman of a major corporation to return to another as a CFO, and more unusual in this case.

Carty was chairman of AMR (nyse: AMR - news - people), the parent company of American Airlines from 1998 to 2003.

He was the boss after the terrorist attacks of Sept. 11, 2001, which was especially hard on the commercial airline industry, especially American, which had the unhappy distinction of having two of its planes commandeered. Two years later, the company was running low on cash, having lost about $6 billion after the attacks.

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To overcome the company's shaky finances Carty said he needed $1.8 billion in annual concessions, including pay cuts, from employees or the carrier would file for bankruptcy protection. Workers complied but then learned that bonuses and pension benefits for Carty and other senior executives were secretly approved at the same time the workers were aiding the company.

Carty quickly headed for the door.

Wall Street Raises Privacy Fears Over Election-Law Overhauls (WSJ)

By Michael Hudson

The Wall Street Journal, December 21, 2006

State-level election-law overhauls are bumping up against Wall Street executives who want to protect their privacy.

A Wall Street trade association has gone to court to challenge a new Connecticut election law that requires that state officials maintain an Internet database listing the names of the children and spouses of executives at companies that do business with the state.

The law is meant to discourage executives from hiding campaign contributions by funneling them through family members. The Securities Industry and Financial Markets Association, a combined group of the stock-market and bond-trading trade groups, contends the state's public-disclosure requirement would invade its members' privacy and put children at risk.

"How many Dateline NBC 'To Catch a Predators' do we have to watch to know it's not a good idea to put the name of a kid on the Internet?" said Ira Hammerman, the association's general counsel. He said the trade group supports campaign reform, but said state officials "have gone overboard" in their "zeal to do the right thing."

The disclosure requirement is part of a campaign package passed by the state legislature in December 2005 and amended in May 2006.

With the names set to go online Dec. 31, the trade group filed papers Dec. 15 in U.S. District Court in Connecticut asking a judge to stop the state from going forward. State officials agreed to hold off posting names at least until Jan. 2, when a judge will hear arguments in the case.

Connecticut Attorney General Richard Blumenthal said the group's concerns are understandable, but its assertion of a privacy right "seems questionable." He said the law requires the state to publish only the names of top executives' family members; no home addresses, telephone numbers, email addresses or ages would be posted.

Connecticut's effort to toughen its election laws came in the wake of a series of high-profile corruption scandals that landed former Gov. John G. Rowland and former state Treasurer Paul Silvester in prison. Mr. Silvester admitted steering hundreds of millions in state funds to investment firms in exchange for campaign contributions and consulting contracts for his friends.

Andy Sauer, executive director of Connecticut Common Cause, said his group's research found contractors linked to the scandals frequently sidestepped contribution limits by channeling money through family members. Mr. Sauer said Common Cause hasn't taken a position on the disclosure requirement.

FBR Settles With SEC Over Insider Trading Case (WP)

By David S. Hilzenrath And Kim Hart

The Washington Post, December 21, 2006

Friedman, Billings, Ramsey Group, the Arlington investment firm, yesterday agreed to pay $7.8 million to settle charges that it engaged in insider trading and other violations in 2001 when in effect it bet that the stock price of a client company would decline.

Emanuel Friedman, former chairman of the firm, agreed to pay almost $1.3 million for his role in the episode. He was held responsible as a top executive at FBR who allegedly knew about the firm's trading, but he was not accused of personally selling shares on confidential information. Friedman was barred from supervising a brokerage firm for at least two years, and two other former FBR executives agreed to smaller settlements on related charges.

Regulators alleged that shares in CompuDyne, an Annapolis security firm, had been sold short by FBR while it was handling a private stock sale for the company that would sharply increase the number of shares available to the public and depress their price. The trading allegedly netted FBR a profit of $343,773.

Short-selling is a type of trading that enables the seller to profit if the price of the stock later declines.

FBR's conduct breached its duty to CompuDyne and victimized investors who bought shares from FBR without knowing that the private stock sale was in the works, officials at the Securities and Exchange Commission said.

"It is unusual and a rare event for the SEC to bring enforcement actions against broker-dealers for insider trading," said Daniel M. Hawke, district administrator of the SEC's Philadelphia office.

The long-running investigation has been a cloud over FBR, a local upstart that rose to national prominence and vied with top Wall Street firms.

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Regulators had previously taken enforcement action against a hedge fund and two of its employees stemming from the same CompuDyne deal.

In settling the new charges, FBR and the former executives neither admitted nor denied wrongdoing. FBR, Friedman and the company's former compliance director, Nicholas Nichols, settled with both the SEC and the NASD. Scott Dreyer, the former head trader for FBR, settled with the SEC.

On Nov. 21, CompuDyne announced that FBR had agreed to pay $4.5 million to the company and a former shareholder over the allegations.

FBR declined to comment on the settlement, but the firm's lawyer, Wallace L. Timmeny, said the matter was "absolutely finished."

"We are all very pleased that it is completely over," Timmeny said.

Friedman, 60, who helped found FBR, resigned from his posts as co-chairman and co-chief executive in April 2005 and is now running EJF Capital, a $400 million hedge fund venture in Arlington. His decision to the leave the firm was not related to the insider trading investigation, an FBR news release said.

In an interview yesterday, Friedman said he did not intend to violate any rules and did not profit personally from the trading at issue. "There is no assertion that I acted with bad intent or improper motive," Friedman said.

The settlement does not affect his asset management activities, and he said he does not intend to go back into the brokerage business.

According to the SEC complaint filed yesterday in federal court, CompuDyne was a thinly traded stock before the terrorist attacks of Sept. 11, 2001. After the attacks, the security company's stock price surged and it hired FBR to help with a pair of private transactions. An investor planned to sell a major stake in CompuDyne and CompuDyne planned to sell a new batch of shares to other investors.

Together, the transactions would more than triple the number of CompuDyne shares available for public trading. They would also occur at a lower price than investors were paying on the open market.

While the private sales were pending, and before they were publicly disclosed, FBR sold short CompuDyne shares. Friedman knew about the short-selling and did not stop it, even after a member of FBR's risk management group notified him that the volume of the trading had exceeded the firm's internal limit on short-selling any one stock, the SEC alleged.

"Friedman told FBR's head trader that FBR needed to be 'very, very, active' in CompuDyne stock and that if the stock price continued moving up, FBR should not be afraid to sell short," the SEC complaint said.

After the private offering was announced, CompuDyne's share price plunged.

FBR collected a $1,764,000 underwriting fee from CompuDyne. FBR profited by an additional $97,831 when it improperly sold shares from the private offering before they were registered, the SEC alleged.

The Pump-and-Dump Economy (WSJ)

By Michael S. Malone

The Wall Street Journal, December 21, 2006

Three major news events in the second half of 2006 offer hints of an underlying problem that may stifle, if not this economic boom, then certainly the next. The Dow Jones Industrial Average reaching a record high, Google's announcement of its acquisition of YouTube, and the spying scandal at Hewlett-Packard -- all seemed comparatively unrelated. And yet, each bears within it a clue to a growing menace of misguided and ultimately destructive new regulations that has gone almost unremarked in all of the overheated press coverage.

Take the Dow industrials blowing past 12000, and the attendant stratospheric valuations of companies like Google and Apple. While it is a welcome rebuke to those who smugly proclaimed five years ago that the tech industry was being punished for its excesses and would never see such good times again -- Silicon Valley and other tech enclaves are now more prosperous than ever -- it is troubling to note that something is missing from this new boom: Where are the IPOs?

Historically, stock booms have seen an explosion in the number of young companies making their first public sale of stock. In high tech, where most of these IPOs now come from, the new company strategy is to start up during a downturn while big competitors are distracted, weakened or paralyzed, then ramp up product introductions to catch the beginning of the next wave, and then go public as the boom (and the market) starts to peak. Certainly that was true during the dot.com boom: 1999 and 2000 saw more than 450 young companies go public. But it was also true throughout the '90s, where on a much smaller base, in good times and bad, an average of 160 companies per year went public.

By comparison, by the end of the third quarter this year, only 37 companies had offered IPOs -- a figure comparable to 2001, when the entire economy seemed to be coming apart. The shortfall doesn't owe to a lack of entrepreneurial fervor. Venture capital funds are swollen with money right now. Nor is it a shortage of new companies: VCs have invested nearly $20 billion in

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start-ups this year, suggesting that this is one of the most productive periods for new company creation in modern business history.

To know why they aren't going public, just look at their business plans. In the past, the inevitable end-point of these plans, the so-called liquidation moment, was an IPO. Not any more. These days, the goal of almost every new start-up is to be acquired by an established company. And in that little shift in orientation lies a potentially radical change in the U.S. economy. * * *

Why do young private companies want to sell out now instead of becoming public corporations? After all, the potential long-term gains for a founder for owning a chunk of stock in a large corporation are far greater than those from a quick sale. To understand this sudden desire to pump and dump, put yourself in the entrepreneurs' shoes. Looking ahead at a possible IPO for your hot little start-up, all you see are minefields of legal precedents and new regulations created after the dot.com boom.

Not least -- but worst -- there is the Sarbanes-Oxley Act of 2002, whose self-monitoring rules Big Corporate initially resisted, but now embraces as an effective way to track internal financial operations. That alone should make you suspicious, because when established businesses like new rules it's usually because it makes them more competitive against start-ups. Entrepreneurs have no constituencies, they don't hire lobbyists or form PACs (like Google just did). Meanwhile, in an almost perfectly timed punchline, China's biggest bank, ICBC, recently went public on the Hong Kong and Shanghai exchanges. The $19-billion IPO was the largest in history, arriving as Hong Kong becomes the world leader in IPOs.

The closer you look at Sarbanes-Oxley the more you realize it is almost perfectly designed to crush new business creation. The latest estimate for the annual cost of implementing Sarbox in a public corporation is $3.5 million. Pocket change for a Fortune 500 company; the entire annual profit of a newly public firm. Is it really any wonder that smart entrepreneurs look for a corporate sugar daddy instead of an IPO?

Which brings us to Google. One reason that few people have noticed the IPO dearth is that the one real initial public offering -- Google's legendary Going Public Day in August 2004 -- was such a supernova that it blinded everyone to the changes taking place around it. Now rich and fat, Google has assumed a new role in the Silicon Valley ecology: buyer. The joke these days is that every new business plan has the same words on the last page: Sell to Google. That probably makes Chris Sacca, Google's director of new business development, the most influential businessman in America today.

Google's $1.65-billion acquisition of YouTube is emblematic of this shift. YouTube might eventually have become the Google of the Web 2.0 generation, the great IPO that put a valuation on the rest of that young industry. Instead, it is unlikely that any of the new crop of community-based Web companies will ever show up on any big board; rather, their fate is to become yet one more offering on an existing billion-dollar web service. The entrepreneurs who've started those companies know the situation better than anyone -- and right now you'd be hard-pressed to find a Silicon Valley start-up that is building itself for the long haul. And that in turn is going to put some serious financial stress on the big, later-term venture capital companies -- the folks who financed the digital revolution -- as they find their business model increasingly obsolete.

Meanwhile, the one traditional force that might have propelled these companies forward to an eventual IPO is gone as well, also thanks to recent regulations. The Financial Accounting Standards Board, which advises the SEC, has been itching for years to force tech companies to put a value on their stock options -- despite the fact that most such options end up valueless. As with Sarbox, these regulators used the supposed excesses of Frank Quattrone and all of the others in the dot.com bubble to finally ram through new rules on stock option valuation.

The result, as anyone but an accountant would have known, is that start-ups are far less willing to throw options like monopoly money to everyone from the chief scientist to the guy who waters the office plants. If that sounds good in principle, keep in mind that easy options were probably the most effective form of wealth distribution in modern life. The great stories are not about a Steve Jobs becoming a billionaire, but about his secretary becoming a millionaire.

Under the new options rules there will still be new T-shirt tycoons like Mr. Jobs, but a whole lot fewer of his secretaries will be able to retire young. And it will be interesting to see just how many of those secretaries (and code writers and marketing specialists) will be willing to put up with the long hours in a job that could disappear overnight -- merely for wages. That is yet another argument for keeping your start-up to little more than the coterie of founders, and then selling out quickly to Google. No wonder big tech companies like Microsoft and Intel jumped on the stock option reporting bandwagon so quickly.

If all of this sounds like one giant conspiracy (conscious or not) to destroy new high tech company creation in America, take comfort in knowing that Big Tech hasn't been forgotten, either.

Consider the H-P scandal. One of the real curiosities of the case has been why a company with a reputation for probity and propriety would suddenly kick over the ethical traces and start illegally spying on its own directors, not to mention reporters. The usual answers -- that the Carly Fiorina era made everyone half-nuts, that the subject of the leak (talk of choosing AMD over Intel processors) was too serious to be ignored -- are likely true, but insufficient for a company like H-P to lose its moral compass.

A more believable explanation, one you hear from those inside the company when all of this was going on, is that Good Scout H-P started toward this disaster by trying to live up exactly to the letter of the law -- in this case the new Regulation FD

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("Fair Disclosure") on selective disclosure and insider trading instituted by the SEC in 2000. For a notorious stickler to details like Chairman Patricia Dunn, the boardroom leak represented not just a betrayal but a true threat to the future of Hewlett-Packard -- and, in the face of Regulation FD, it's hard to disagree. That was enough to turn her into Inspector Javert, ultimately hurting the company's reputation and destroying her own career.

Tom Hayes, who was a senior marketing executive at H-P at the time, argues that if Ms. Dunn and company had sat idly by as insiders unevenly shared corporate information with the outside world, they would likely have violated their fiduciary duties. Indeed, says Mr. Hayes, if you set aside the questionable acts by the outside firm she hired, Ms. Dunn might have been applauded for her diligence in meeting the new rules. No wonder Regulation FD is nicknamed "Fear and Distrust" in America's boardrooms.

At H-P as elsewhere, under Regulation FD plugging the leaks became a moral crusade. Hewlett-Packard just couldn't deal with the moral dilemmas that pursuit created. Other, less honorable, companies are probably not having that problem. Congress is right to ask how much of this self-spying is going on, but it should also look in the mirror and ask why. * * *

Given a fate of living under the magnifying glasses of SOX and FD, who in their right mind would want to sit on a corporate board these days? The smart board-level people I know in Silicon Valley now reduce their involvement to being merely corporate "advisers." Thus, the intellectual capital of America's high tech company boards is falling by the month.

It is often noted in dismay that military academies teach the last war, not the next one. The same can be said for business regulation. In the zeal to punish the excesses of the dot.com boom, the federal government, with the tacit approval of the electorate, sought to not only punish the small number of real evildoers but also build the perfect universal plugs for all of the perceived holes in existing business practices.

The result was Sarbanes-Oxley, Regulation FD and stock option valuation -- three great lessons in the law of unintended consequences. Let's do our own accounting: Thanks to this troika, fewer new companies are going public; economic power is being concentrated in the hands of fewer companies; competition is reduced; new wealth is less widely distributed; the rich are getting richer; fewer talented people want to join entrepreneurial ventures; and corporate boards are getting stupider and more paranoid. And, please note, one of the crucial triggers for economic booms -- a burst of young tech company IPOs -- has now largely evaporated.

Just curious, but is this really what federal regulators, Congress and shareholder rights activists had in mind?

Mr. Malone, a columnist for ABCNews.com, is author of "Bill and Dave: How Hewlett and Packard Built the World's Greatest Company," to be published next April.

Hedge Fund Secrets (WSJ)

The Wall Street Journal, December 21, 2006

Phillip Goldstein is at it again. This time last year, the White Plains, N.Y., hedge-fund manager was in a federal appeals court in Washington fighting the Securities and Exchange Commission's ill-considered hedge fund regulation, an effort that bore fruit in June when the judges slapped down the SEC. Now he has the agency's portfolio disclosure rules in his sights, and the result could inform the broader debate over hedge fund regulation.

Specifically, Mr. Goldstein is seeking an exemption from Section 13(f) of the 1934 Securities Exchange Act, and if he doesn't get it he says he'll mount a legal challenge to the rule. The clause requires managers with more than $100 million in assets under their care to disclose their equity positions quarterly. Congress passed the law in 1975 amid a wave of anti-big-fund fervor, with the idea that the SEC could use the disclosures to figure out how to "clean up" large investment funds. In reality, the SEC merely makes the filings available to the public because staffers lack the time or mandate to do anything with the data. No one at the Commission could even tell us exactly how many of these filings come in each quarter.

Not so other investors, however, and that's the nub of Mr. Goldstein's complaint. Filers of 13(f) forms can request confidentiality but the bar is so high that, of all the managers covered by the rule, only about 60 ask for secrecy in any given quarter. So 13(f)-based articles frequently appear in the business press reporting the latest moves of savvy investors.

Mr. Goldstein argues that this is tantamount to theft, allowing others to capitalize on smart money managers' talents without paying for their services. And by facilitating this, Mr. Goldstein says, the SEC is essentially perpetrating an eminent domain seizure of managers' intellectual property rights.

It's a novel theory. Whether or not it succeeds, though, Mr. Goldstein's gambit promises to spark a much-needed discussion about the virtues of secrecy. Hedge funds, let it not be forgot, have come in for intense scrutiny because they are often "black boxes" that emit as little information as possible about their holdings.

Mr. Goldstein argues that such secrecy isn't sinister; it's protection of valuable intellectual property. Some disclosures, like the financials of publicly traded companies, benefit small investors. But there's no good reason to shine the light on everything,

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particularly when public disclosure benefits only large institutional investors with enough clout of their own to pry information from fund managers.

Hedge-fund secrecy has become something of a political issue on Capitol Hill, and now the five worthies who run the SEC find themselves confronted with it perhaps sooner than they wished; a vote of the commissioners will have to decide the fate of Mr. Goldstein's petition, probably within a few months. Chairman Chris Cox has been trying to carve out a reasoned position on hedge fund regulation, and here's a chance for him to do so.

CRIMINAL LAW:

Death Penalty May Follow A N.Y. Verdict (NYS)

By JOSEPH GOLDSTEIN

New York Sun, December 21, 2006

The first federal death penalty execution of a New York resident in more than 50 years may be on the horizon following the conviction yesterday of a Staten Island gang member who executed two undercover police detectives.

In the U.S. courthouse in Brooklyn yesterday, the foreman of the jury called out "guilty" in a loud voice for each of the 10 counts in Ronell Wilson's federal racketeering indictment. The jury will return to the courthouse January 10 to hear more testimony before deciding whether to impose a sentence of death or life in prison without parole.

Police officers unable to find seating in the crowded courtroom lined the hallway outside as the verdict was announced.

"The verdict is a victory for justice and for police officers who continue to risk their lives for the public," Police Commissioner Kelly said in a statement. "They need to know that cop killers will be brought to justice."

The jury found that Wilson killed two detectives in the course of committing a carjacking and robbery on behalf of a violent organization. The crime occurred in northeastern Staten Island not far from the projects of the Stapleton Houses, which prosecutors say served as the base for the gang.

The two slain detectives, James Nemorin and Rodney Andrews, were members of the police department's elite Firearms Investigations Unit, which targets the city's illicit gun market. Nemorin had previously purchased a gun from a member of the gang, which prosecutors called the Stapleton Crew, and he returned on March 10, 2003, the evening of his murder, with his partner, Rodney Andrews, believing they would be able to buy another.

In response to yesterday's conviction, Mayor Bloomberg reaffirmed his commitment to seizing illegal guns.

Referring to the two slain detectives, Mr. Bloomberg said, "We will continue to honor their memory by doing everything possible to take illegal guns of the street and protect the safety of all New Yorkers."

At the beginning and end of the trial, prosecutors told the jury that Wilson had at least considered that the men could be police officers, although the criminal charges did not require that Wilson knew the true identity of the men.

Over the course of three weeks of testimony, prosecutors called two members of the Stapleton Crew to testify against Wilson. One of those witnesses, Mitchell Diaz, said members of the gang had discussed the possibility that Nemorin was a police officer. The other gang member prosecutors called to testify, Jessie Jacobus, was with Wilson when he murdered the two detectives. Jacobus, 17 at the time of the shootings, testified that Wilson, then 20, shot both detectives in the head suddenly and without warning. Jacobus testified that the plan had been to rob them.

Attorneys for Mr. Wilson pinned their efforts on undermining Jacobus's testimony and suggesting that it could have been Jacobus who committed to the murders.

Refrain Of 'Guilty' Ends Trial In Murder Of 2 Detectives (NYT)

By Michael Brick

The New York Times, December 21, 2006

A street gang member who boasted of bloodshed and invincibility in his amateur rap lyrics was found guilty yesterday of capital murder for shooting two undercover detectives in the back of the head during a weapons sting on Staten Island.

The convicted man, Ronell Wilson, 24, known by the street name Rated R, cocked his head to watch sidelong and deadpan as the jury foreman announced the verdict, which could lead to his death by lethal injection. The same anonymous panel will reconvene next month in Federal District Court in Brooklyn to decide whether to impose a death sentence.

The verdict, after three and a half years of legal machinations, concluded an agonizing chapter for the Police Department. The two detectives, James V. Nemorin and Rodney J. Andrews, were killed on March 10, 2003, the first two officers killed by gunfire in a single day since 1988.

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Police Commissioner Raymond W. Kelly called the decision a victory for police officers and for the people of New York. "They need to know that cop killers will be brought to justice," he said in a written statement, adding that he hoped the verdict would provide a measure of comfort to the detectives' families. "We will never forget them or their sacrifice."

Outside the courtroom, officers who had worked alongside the two detectives whispered their relief. "It's finally over," said Detective Al Hawkins, who served with both men in the firearms unit. "I'm just happy. I guess there is a God."

The extended murder case bridged a passage from the aftermath of the 2001 terrorist attacks, when the nation warmly embraced the New York police, to the onset of new acrimony after several police shootings of civilians. It became a part of the debate over the state's death penalty law and was a catalyst for an ambitious weapons crackdown by the city.

In a written statement on the verdict, Mayor Michael R. Bloomberg said, "We will continue to honor their memory by doing everything possible to take illegal guns off the street and protect the safety of all New Yorkers."

The killings drew scrutiny to the work of undercover narcotics and firearms investigators, their mission perilous by nature and furtive by design. And by a twist of fate, the three-and-a-half-week trial of Mr. Wilson began two days after an undercover police team in Queens killed an unarmed man in a rain of 50 bullets.

The coincidence made for uneasy parallels as such undercover terms of art as set (the area of operation) and ghost (for backup officer) were analyzed simultaneously in the Brooklyn courtroom and in protests and news conferences concerning the Queens case.

Within the walls of the courthouse, where a lunchroom telecast of the proceedings droned daily for overflow crowds of law enforcement officers and police union officials, there was solidarity and undiminished grief. Even as Judge Nicholas G. Garaufis banished police regalia from the courtroom at the outset so as not to prejudice the jury, officers attended in plainclothes, with flag pins on their lapels.

In the gallery, they sat grimfaced alongside the detectives' widows and kin, who lost control of their emotions at times and left for the makeshift cafeteria theater to regain their composure, with mixed success.

Across the courtroom aisle sat supporters of Mr. Wilson, including his mother, Cheryl Wilson. Another of her sons, Leonard Wilson, is serving 25 years to life for the murder of a rival drug dealer in 1999. At the center of the trial, her younger son sat calmly and impassively, betraying neither hope nor despair.

Family members on all sides declined to comment on the verdict, as many of them are likely to testify in the death penalty phase of the trial. In that proceeding, set to begin Jan. 10, prosecutors will offer lists of aggravating factors, and defense lawyers will offer lists of mitigating ones. In court yesterday, defense lawyers said they planned two weeks of testimony; prosecutors promised that their case would be "brief."

The forum allows room for arguments on residual doubt, a kind existing beyond the reasonable, as well as on penitence, continuing danger to society, congenital disadvantage, influence of rap culture and spark of humanity in him. Mr. Wilson's lyrics will almost certainly be discussed, especially lines like "I won't stop until I'm dead."

Only three men have been executed in federal prison since 1988, when the modern death penalty statute was enacted, though the states have put hundreds to death. The last federal inmate executed in a New York case was Gerhard A. Puff, a bank robber convicted of killing an F.B.I. agent and put to death in 1954.

The New York courts invalidated the latest version of the state death penalty law in 2004 midway through a series of turns that extended the prosecution of Mr. Wilson and his co-defendants, a gang of men based around the Stapleton Houses project in northeastern Staten Island. Federal prosecutors took over the case, endorsing existing plea bargains and striking others to build a racketeering case carrying the federal death penalty.

Seven members of the crew pleaded guilty to various crimes, including two men who testified against Mr. Wilson in exchange for letters to their sentencing judges.

It was never proved whether Mr. Wilson knew his victims were detectives, and an accomplice's recantation eventually prompted prosecutors to drop such charges. But a witness testified that Mr. Wilson gave a reason for the shootings in the minutes after he pulled the trigger. He did not care, the witness quoted him saying, "about anybody."

The prosecutors, Colleen Kavanagh, Morris J. Fodeman and Jack Smith, assisted by Special Agent Thomas Shelton of the Bureau of Alcohol, Tobacco, Firearms and Explosives, presented nearly three weeks of testimony and evidence from members of the crew, scientific experts, civilian eyewitnesses, investigators and audio and video surveillance recordings.

After nine hours of deliberations over two days, the seven men and five women of the jury notified the judge of a verdict at 1 p.m. yesterday. The gallery filled with spectators, including law officers, family members, television commentators, sketch artists and the United States attorney, Roslynn R. Mauskopf.

The lawyers packed their briefing papers and soda bottles, for something to do. Federal marshals lined the gallery in dark suits and holiday ties. The courtroom was nearly silent but for doors opening and closing.

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Mr. Wilson walked in slowly and shook hands with a lawyer, then sat and surveyed this scene. He wore dark slacks and an argyle sweater. He maintained his even demeanor.

The judge asked for decorum, telling anyone who could not keep silent to watch from the overflow room. No one left. Mr. Wilson rocked side to side in his chair, slowly.

“Will the defendant please rise?” the judge said, and Mr. Wilson lifted himself from his chair, palms on the table. The widows and sisters of the detectives clutched hands tightly and sank in their pews.

The jury foreman stood in a black suit, eyes on the judge. One by one, he declared Mr. Wilson guilty of two counts of murder in aid of racketeering, robbery conspiracy, attempted robbery and carjacking, each one a charge punishable by death. He continued, declaring him guilty of two counts of using a firearm, two of causing death with a firearm and another of robbery conspiracy, 10 crimes in all.

The gallery was hushed. There were many dry eyes. Mr. Wilson arched his brow for a second. His hands were clasped behind his back, and he gave a small shrug, then sat and leaned back in his padded chair. He glanced at his mother and then returned his gaze to some point far, far away.

Guilty In Killing Of 2 Detectives (NSDY)

By Herbert Lowe, Newsday Staff Writer

Newsday, December 21, 2006

A reputed Staten Island gang leader now awaits a federal jury's decision next month on whether he should live or die after the panel found him guilty yesterday in Brooklyn of killing two New York City police detectives.

"I just feel good that justice was served," said Al Hawkins, assigned to the same NYPD Firearms Investigation Unit as the slain detectives. "I'm just happy. There is a God. There is a silver lining. It's not going to bring them back. But the people ... have spoken."

After deliberating for nine hours over two days, the jury convicted Ronell Wilson, 24, in the deaths of undercover detectives James Nemorin, 36, of Baldwin Harbor and Rodney Andrews, 34, of Middle Village during an aborted gun buy on March 10, 2003.

Wilson calmly shifted his arms from front to back, then front again, but showed no emotion as he stood between his attorneys as the jury foreman announced "guilty" on all 10 charges in the racketeering murder case.

With U.S. District Judge Nicholas Garaufis having warned against any outbursts from the packed gallery, Nemorin's widow, Rose, and Andrews' ex-wife, Maryann, sat quietly in the second row with seven other women, all relatives of the detectives, holding hands as the verdict was read.

Afterward, Nemorin and Andrews, herself a New York City police officer, declined to comment on the verdicts. So, too, did federal prosecutors and Wilson's attorneys.

But Hawkins praised the jury and said Wilson's conviction showed that "good citizens" will not tolerate the killing of police officers.

Prosecutors contend that Wilson, the reputed leader of the notorious Stapleton Crew, shot and killed Nemorin and Andrews in their undercover car as the detectives were seeking to purchase a Tec-9 gun from Wilson and an accomplice, who said both he and Wilson were planning to rob the two men of the $1,200 to $1,300 purchase money. Wilson used a .44-caliber handgun to murder the two detectives, prosecutors said.

"Detectives Rodney Andrews and James Nemorin were selfless heroes who put their lives on the line to get illegal guns off the streets of our city," Mayor Michael Bloomberg said in a statement after the verdict. "For their families, today's guilty verdict and the knowledge that a cop killer will not be allowed to roam free provides some small measure of comfort. We will never forget the sacrifice of Detectives Andrews and Nemorin. We will be forever grateful for their service, courage and dedication to our city."

"The verdict is a victory for justice and for police officers who continue to risk their lives for the public," Police Commissioner Ray Kelly said in a separate statement. "They need to know that cop killers will be brought to justice."

Garaufis told the panel of seven men and five women they must return to his courtroom on Jan. 10 to begin the trial's penalty phase.

Wilson's attorneys told the judge they expect to spend nearly two weeks presenting evidence and testimony in hopes of persuading the jury to spare his life. Garaufis said he expects a penalty verdict by late January.

While state appeals courts have voided the death penalty in New York, Michael Palladino, president of the New York City Detectives Benevolent Association, said he was hopeful a federal death sentence against Wilson could be carried out.

Q&A: What comes next

What's next in the Ronell Wilson murder trial?

DOJ_NMG_0108232

The same jury of seven men and five women that found him guilty must report back to U.S. District Judge Nicholas Garaufis in Brooklyn federal court on Jan. 10 for the start of the trial's penalty phase.

Is the penalty phase the same as a normal trial?

In many respects, yes, but a major difference is that the defense is presumed to have the burden of proof in its bid to see that Wilson's life is spared.

How long is the penalty phase expected to last?

Wilson's attorneys said they plan to spend nearly two weeks presenting evidence and testimony on his behalf. Prosecutors have said they will be brief in their bid for the death penalty, but they were not more specific. Garaufis told the jury the penalty phase should be concluded in January.

What happens if the jury votes not to impose the death penalty?

Wilson is then likely to be sentenced to life in prison without parole.

Will Wilson personally ask the jury to spare his life?

That is not known yet.

- HERBERT LOWE

Cops' Killer Faces Needle (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, December 21, 2006

He took the lives of two NYPD detectives, killed them without any thought of remorse. Now Ronell Wilson will have time to think about his cold-blooded act - and whether he will lose his own life for it.

A Brooklyn federal jury will reconvene Jan. 10 to consider whether Wilson should face death by lethal injection for murdering undercover Detectives James Nemorin and Rodney Andrews.

The jury's decision to approve the death penalty must be unanimous. No one convicted of a capital crime in the Eastern District of New York - covering Brooklyn, Queens, Staten Island and Long Island - has ever been executed.

But for those who were touched by the lives of Nemorin and Andrews, and left empty by their deaths, there is always room for a first.

"Cop killers will be brought to justice," Police Commissioner Raymond Kelly said in a statement. "The verdict is a victory for justice and for police officers who continue to risk their lives for the public."

Wilson was convicted yesterday of 10 counts of racketeering murder, carjacking, robbery and criminal use of a firearm.

The feds took on the case after the state's death penalty statute was ruled unconstitutional by the state Court of Appeals.

Federal Judge Nicholas Garaufis had warned spectators against any outbursts and the heroes' widows conducted themselves with quiet dignity.

Nemorin's widow, Rose, nodded her head at each guilty count. Andrews' widow, Maryann, leaned forward so the jurors could not see her crying - then text-messaged the verdict on her phone to their two young sons at school.

Brooklyn U.S. Attorney Roslynn Mauskopf wiped tears from her eyes after the verdict was read by the jury foreman in a loud, strong voice after only nine hours of deliberations.

But the 24-year-old killer from Staten Island stood with a blank look on his face.

Lead defense attorney Ephraim Savitt said Wilson wasn't surprised by the verdict.

"He took it stoically, very maturely and without any bitterness at all," Savitt said outside court. "He's ready to fight for his life."

Wilson's mother declined to speak to reporters.

Nemorin and Andrews were gunned down March 10, 2003, while negotiating the purchase of a submachine gun from members of a violent drug gang operating out of the Stapleton Houses.

The anonymous jury of 10 whites, one black and one Hispanic heard disturbing testimony from cooperating witnesses how Wilson planned to rob Nemorin of the $1,200 in buy money.

Fellow gang member Jessie Jacobus testified that Wilson shot Andrews in the temple without warning from the backseat of the undercovers' auto. Then Nemorin was executed with a bullet to the back of his head as the father of three pleaded for his life.

"I popped them," the remorseless punk told fellow gang members when he returned to the housing project to change his bloody clothes.

Faced with overwhelming evidence that included forensics, testimony from snitches and demented rap lyrics that Wilson penned after the crime in which he boasted of leaving "slugs in the back of ya head ... cause I'm getting dat bread," defense attorneys had little to work with and called only four witnesses to attack the government's case.

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It remains unclear whether Wilson knew the victims were cops, an issue that may be key during the upcoming penalty phase of the trial, which will last at least two weeks. The jury did conclude that Wilson was motivated in part to "increase his status" in the gang.

For the penalty phase, the government will call family members and colleagues of the detectives to give victim impact statements about the "loss, injury and harm" caused by their deaths.

Prosecutors also will highlight Wilson's threat to inmates and guards in prison if his life is spared, pointing to a note containing rap lyrics penned by Wilson after the double murder in which he proclaimed "aint goin stop to I'm dead."

Defense attorneys are expected to argue for mercy by calling Wilson's mother and other family members as witnesses, and offering psychiatric reports.

If Wilson gets death, years of appeals will follow. The sentence, if upheld, would likely be carried out at the death chamber in a federal prison in Terre Haute, Ind.

Anchorage Man Charged With Sex Trafficking, Drug Counts (AP)

By Dan Joling, Associated Press

AP, December 21, 2006

ANCHORAGE, Alaska – An Anchorage man has been indicted on charges of coercing juvenile girls and adult women into prostitution and paying them off in crack cocaine.

Don Arthur Webster Jr., 49, who went by the name of Jerry Starr and “Daddy,” was indicted in federal court on 28 counts of sex and drug trafficking.

The indictment was made public Wednesday. Webster already was in custody on drug charges stemming from a Nov. 14 indictment, said U.S. Attorney for Alaska Nelson Cohen.

The yearlong investigation was a joint effort of the FBI, Anchorage police and the U.S. Attorney's office.

Cohen said Webster operated at least seven businesses – Foxy Roxies, Sunshine Girls, American Beauties, Kotton Kandy, Tiffani's, Tickle Your Fancy and Lickety Split – that purported to be companion services in which clients would pay for another person's time and company.

“It was, in fact, a prostitution ring,” Cohen said.

Prosecutors said the prostitution ring was operated on an out-call basis. When a client called, females would meet the caller at his home or a hotel.

Callers paid a fixed hourly fee plus a transportation fee. If requested, the girls and women would provide drugs from Webster for an additional fee, prosecutors said.

The girls and women were required to turn over all money they collected in return for sex acts, prosecutors said. Webster or his representative would pay them in drugs, typically a gram of crack cocaine, prosecutors said.

Webster provided housing for the females at six homes. Police and federal authorities said Webster was violent with the females and threatened them with harm if they disobeyed him or tried to leave.

He would take their personal property and identification when they moved into one of his homes, prosecutors said.

At least five girls and six women were victims of Webster, Cohen said.

Sgt. Kathy Lacey of the Anchorage Police Department vice squad said there may be other victims.

“I would like to encourage them to come forward,” she said.

Cohen revealed few details of the investigation outside of what was stated in the indictment, such as the ages of the juvenile prostitutes. He would not indicate whether the women were U.S. citizens or foreign nationals.

“We want to protect them,” Cohen said.

Charges only include incidents back to 2000 when federal law governing human trafficking was revised.

FBI special agent Toni Marie Fogle said human trafficking crimes have been made a high priority of the agency and are considered to be a human rights violation.

Cohen said there were no plans to prosecute clients who used Webster's businesses.

The indictment unveiled Wednesday charges Webster with four counts of sex trafficking using force, fraud or coercion, two counts of attempted sex trafficking of a child, five counts of sex trafficking of an adult, three counts of distribution of cocaine base to a pregnant woman, four counts of distributing cocaine to a child and five counts of distribution of cocaine base.

They were added to the November indictment that included one count each of manufacturing cocaine, possessing cocaine with intent to distribute, and maintaining a place to manufacture, distribute and use cocaine.

Prosecutors are seeking forfeiture of a home belonging to Webster in the Spenard neighborhood of Anchorage. Homes can be seized if used in the commission of sex trafficking or drug distribution and the indictment seeks forfeiture under both provisions.

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Federal prosecutors charge an Anchorage man with 28 counts of sex trafficking and drug-related offenses (KTVA)

By Steve O'Brien

KTVA-TV Anchorage, December 20, 2006

Five girls under the age of 18, may have been victimized in an Anchorage prostitution ring. Federal prosecutors have charged an Anchorage man with 28 counts of sex trafficking and drug-related offenses.

Investigators say they're dealing with a pimp who ran at least seven businesses that were really fronts for prostitution. If the charges are true, it's a disturbing case for the community.

Forty nine-year-old Don Arthur Webster Jr. is in hot water. Authorities say he's a pimp known on the street as Jerry Starr. Investigators believe he worked out of six houses throughout Anchorage, one of them on Oregon Drive.

The Feds announced he's been indicted on 28 counts of sex and drug crimes.

"This indictment is the culmination of an investigation that has taken place for over a year," said U.S. Attorney Nelson P. Cohen.

Webster is accused of operating seven so-called escort services. They have names like Foxy Roxies, Sunshine Girls, Tickle Your Fancy and Tiffani's. They are all listed in the phone book, but investigators say they're really a front for prostitution.

CBS 11 News called these numbers on Wednesday, and they're now out of service. Among the most startling accusations in the indictment is that among the 11 women allegedly victimized by Webster, five are underage.

"If we have one child who is affected by child exploitation in our city, we have a problem. If we have one person out there doing that, it's likely that person will be affecting far more than just one child," said Sergeant Kathy Lacey of the Vice Unit, A.P.D.

The story doesn't end there. Authorities say some of the adult women are pregnant. They accuse Webster of keeping the money he made off their bodies. He allegedly paid them with crack cocaine.

Meanwhile, the FBI, the U.S. Attorney and Anchorage police say the investigation isn't over and there could be more victims they don't know about yet.

"We want to get the message out that there is a task force to work on human trafficking. And so we encourage any victims to come forward," said Cohen.

Vice Unit: 786-2425

Investigators say the underage girls and the women involved are getting the proper support they need, especially from the Alaska Coalition Against Trafficking.

They want to get the word out in case there are more victims out there. So if you know of a victim, you are urged to call the Vice Unit at 786-2425.

Harsher penalties weighed for online sex offenders (WT)

By Seth McLaughlin

Washington Times, December 21, 2006

Virginia should establish stiffer sentencing guidelines against sexual predators convicted of hunting down victims on the Internet, and parents must be better educated about the risks their children face in cyberspace, according to a report released by a state task force yesterday.

The Youth Internet Safety Task Force was established by state Attorney General Robert F. McDonnell, who said raising public awareness is the best way to shield unsuspecting children from attacks on the Internet.

"Today your children spend more time online than they do in playgrounds," said Mr. McDonnell, a father of five. "We need to protect kids in cyberspace by keeping them out of areas frequented by sexual predators."

There are 25 recommendations in the nearly 100-page report, which was compiled by more than 40 parents, business leaders and law-enforcement officials after six months of study.

"Here in the Internet capital of the world ... we must do everything possible to protect the Internet from child pornographers, sexual predators, identity thieves and other criminals," the report states. "The Internet is the new or last frontier for child predators."

The report recommends giving law-enforcement officials additional tools to police the "dark side of the Internet."

The proposals include mandatory minimum prison sentences for producing child pornography or soliciting children online.

For example, someone convicted of producing or financing child pornography now faces one to 10 years in prison. The report recommends raising the penalty to five to 30 years.

"That will significantly bump up the punishment," Mr. McDonnell said.

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The report also includes the proposal of requiring convicted sex offenders to register their online identities with the state to help social networking sites such as MySpace.com to block access to those people. The move would make Virginia the first in the nation to take such action.

The Internet and social-networking sites have skyrocketed in popularity in recent years, giving youngsters a new avenue to meet people worldwide.

However, the sites also have given the estimated 50,000 sexual predators online at any given time a new venue to lure children by posing as a teen.

According to the U.S. Justice Department, one in five children ages 10 to 17 receive an unwanted sexual solicitation online.

The statewide media campaign to raise public awareness is scheduled to begin next month and estimated to cost about $1 million.

Mr. McDonnell said there already has been about $200,000 in private contributions, including $100,000 from AOL.

"This campaign is designed to use offline and online channels to raise the awareness of all parents -- not just those who are Internet savvy," said Charles Curran, AOL's chief counsel for policy and a task force member. "We need to take a good part of this training offline so that parents who are unfamiliar with Internet technology have the same opportunity to provide a safe Internet experience for their children."

Wilson Challenges Subpoena In CIA Case (AP)

AP, December 21, 2006

Former ambassador Joseph Wilson asked a federal judge Wednesday not to force him to testify in the CIA leak case and accused former White House aide I. Lewis "Scooter" Libby of trying to harass him on the witness stand.

Libby, who faces perjury and obstruction charges, subpoenaed Wilson as a defense witness this month. Libby's attorney, William Jeffress, said in court Tuesday that was a precautionary move and he did not expect to put Wilson on the stand.

Libby is accused of lying to investigators about his conversations with reporters regarding Wilson's wife, outed CIA operative Valerie Plame. Plame and Wilson have sued Libby and other Bush administration officials, accusing them of plotting to leak Plame's identity as retribution for Wilson's criticism of prewar intelligence on Iraq.

"Mr. Libby should not be permitted to compel Mr. Wilson's testimony at trial either for the purpose of harassing Mr. Wilson or to gain an advantage in the civil case," Wilson's attorneys wrote.

While Wilson and Plame are at the center of the CIA leak scandal, Wilson is a minor figure in Libby's perjury trial. U.S. District Judge Reggie B. Walton has sought to keep much of the back story of the leak out of the case.

Katrina fraud in Yuba (AD)

By Rob Young

Yuba (CA) Appeal-Democrat, December 20, 2006

A Yuba County resident admitted Tuesday in federal court that she conspired to steal $6,000 in Hurricane Katrina disaster relief, according to the U.S. Attorney's Office.

Crystal J. Housley, 27, who has a Marysville mailing address but was living earlier this year in Olivehurst, pleaded guilty before Judge Lawrence K. Karlton in U.S. District Court in Sacramento.

Housley, along with defendants John P. Housley and Shawn R. Cudaback, said they lived in Gibson, La., at the time of the hurricane when they actually were in Arkansas, according to U.S. Attorney McGregor W. Scott.

The three allegedly gathered Sept. 15, 2005, at a Yuba County motel to defraud the Federal Emergency Management Agency.

John Housley, who also had an Olivehurst address earlier this year, is scheduled to be arraigned today. Crystal Housley will be sentenced Feb. 27 and Cudaback, who pleaded guilty earlier, on March 20.

Each defendant is facing a maximum prison term of 10 years and a fine up to $250,000.

The case was investigated by the Justice Department's Hurricane Katrina Fraud Task Force.

According to an indictment filed Oct. 18, the three defendants learned from the American Red Cross how to apply for FEMA aid by telephone. They agreed to support each other's claims that they lived in a mobile home in Gibson, which was in the disaster area.

Each defendant received a U.S. Treasury check for $2,000, mailed to a general delivery address in Marysville.

As of September, more than 400 people nationwide had been charged with hurricane-related fraud, according to the latest progress report from the Task Force.

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The U.S. Attorney's Office in Sacramento previously charged 72 people in connection with a scheme to defraud the American Red Cross of funds intended for Hurricane Katrina victims by submitting or causing others to submit fraudulent claims through the American Red Cross call center in Bakersfield.

Sixty-four of those defendants pleaded guilty to felonies, and 54 have been sentenced, according to the Task Force's report

CyberNET wife, others indicted in fed court

(WOOD-TV)

WOOD-TV Grand Rapids, December 21, 2006

GRAND RAPIDS - Krista Watson and two others were indicted Wednesday morning for their role in the CyberNET fraud uncovered in 2004.

Watson, 39, her mother-in-law Geraldine and Paul Wright are charged in a criminal conspiracy to commit bank fraud, mail fraud and money laundering crimes. The charges lay out how they and others defrauded investors of approximately $100 million.

"CyberNET is a local example of a national problem," said US Attorney Margaret Chiara. "Prosecuting corporate officers for committing unconscionable acts against the public remains a top priority of my office and the Department of Justice."

The three are also charged with defrauding Huntington National Bank over a $17 million line of credit, as well as individual acts of money laundering.

Krista Watson was arrested in Chicago. Additionally, she is charged with spending money received through bank fraud, and three counts of income tax evasion for 2002, 2003 and 2004.

Geraldine Watson, 77, also faces a charge of making a false statement to a firearms dealer related to a gun purchase. She said the gun was for herself, but it's alleged she bought the Remington shotgun for her son Barton. He couldn't buy a gun because of a previous felony conviction. She bought the gun on November 22, 2004 and gave it to Barton the same day. Two days later, he killed himself with that gun.

Wright, 57, is facing a mail fraud charge connected to his commercial mailbox accounts with CyberNET. He was arrested in Grand Rapids.

If convicted on all counts, the three are facing very long prison sentences as well as the forfeiture of $3,364,412.49 in nine bank accounts.

The arraignment is set for this afternoon, and the case has been assigned to Chief US District Judge Robert Holmes Bell.

CyberNET Widow, Mother, Executive Indicted (GRPRESS)

Grand Rapids Press, December 21, 2006

GRAND RAPIDS -- Federal authorities Wednesday indicted Krista Kotlarz-Watson, her mother-in-law and a former company vice president in connection with the CyberNET fraud scheme.

Geraldine Watson, mother of the company founder, the late Barton Watson, is charged with falsifying a federal form submitted to a gun dealer when she bought a 12-gauge shotgun Nov. 22, 2004. The indictment alleges that Mrs. Watson said the gun was for her when she in fact bought it for her son.

Watson, 44, shot himself with a 12-gauge shotgun after a standoff with police at his Ada Township home in the early hours of Nov. 24.

CyberNET, a high-tech Grand Rapids firm, collapsed in November 2004 after a federal raid on company headquarters at 25 S. Division Ave. that left about $90 million in unpaid debt to banks nationwide.

The indictment also accuses Kotlarz-Watson, 39, widow of CyberNET founder Barton Watson, Geraldine Watson, 77, and Paul Wright, 57, in a criminal conspiracy to commit bank fraud, mail fraud and money laundering crimes with others at CyberNET.

Kotlarz-Watson was arrested today in Chicago, and Wright was arrested in Grand Rapids. They were to appear before a federal magistrate this afternoon.

The conspiracy charge outlines what investigators called a plan to deceive banks and other lenders to amass $100 million from 2002 to 2004. The charge carries a maximum penalty of five years in prison and a $250,000 fine.

All three also are charged with defrauding Huntington National Bank through a $17 million line of credit extended to CyberNET. The maximum penalty for bank fraud is 30 years in prison, a $1 million fine and restitution. The indictment also charges each of them with individual acts of money laundering, carrying a maximum penalty of 20 years in prison and a $500,000 fine.

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Other charges against Kotlarz-Watson include one count of illegally spending money obtained through bank fraud and three counts of income tax evasion. Federal law prohibits spending proceeds from bank fraud for any purpose. That charge carries a maximum 10-year prison term. The income tax charges carry a maximum five-year prison term and $500,000 fine.

Wright faces charges of engaging in mail fraud by setting up commercial mailbox accounts as part of the CyberNET fraud scheme, which carries a maximum 30-year prison term and $1 million fine.

The indictment also states nine bank accounts, totaling more than $3.3 million, are subject to criminal forfeiture if the defendants are convicted.

Crete Man Gets 7 Years For $7M Pension Fraud

(STNG)

STNG Wire, December 21, 2006

ROCKFORD, Ill. (STNG) -- A 61-year-old Crete man was sentenced to seven years in prison for defrauding union members of nearly $7 million in pensions and benefits.

Michael G. Linder was sentenced to seven years in federal prison for paying to two union local officials and for embezzling from and defrauding numerous union local pensions and welfare benefit plans for more than $6.9 million, according to a release from the U.S. Department of Justice.

Linder pleaded guilty to defrauding eleven union local pension plans of $5 million and embezzling $1,930,154 from five union local pensions and health and welfare benefit plans on June 30, 2006, the release stated.

The court also ordered Linder, who also pleaded guilty grafting charges on Dec. 10, 2004, to serve three years on supervised release after his prison sentence and pay $6,595,154 in restitution.

Linder was the president of Matteson-based Joseph/Anthony and Associates, Inc., a third party administrator for pension plans for various union locals, including Ironworkers Locals 498 in Rockford, 111 in Rock Island, 136 in River Grove and 465 in Kankakee.

Between 1997 and Sept. 23, 2003, Linder defrauded the union local pension benefit plans by recommending to the trustees of the plans that they change their investments to mutual funds being administered by Nationwide Life Insurance Company, the release stated.

Linder, however, invested the assets with Nationwide in group annuity contracts where Linder received more than $5 million in fees and commissions, the release stated. Linder did not fully disclose to the board of trustees that he would be receiving the fees, according to the release.

Linder also embezzled more than $1.9 million from three pension and two health and welfare plans between Jan. 1996 and Sept. 30, 2003, by setting up bank accounts for each plan to be used to pay premiums on life insurance or stop-loss insurance policies.

Linder then billed each plan purportedly for the insurance premiums that were due. The amounts billed, however, exceeded the actual amount of premiums that were due and owed, and Linder secretly kept the excess amounts, the release stated.

While Linder was defrauding the pension and welfare benefit plans, he provided union local officials with graft payments, including a 1999 Harley Davidson motorcycle valued at more than $19,000, the release stated. Thomas Kisting and Fred Schreier, who received the bikes, were also charged and convicted, the release stated.

Phone-fraud Ring Raided In Canada (WT)

By Jerry Seper

The Washington Times, December 21, 2006

The Royal Canadian Mounted Police, working with U.S. law-enforcement authorities, have dismantled a Montreal-based telemarketing ring that victimized as many as 500 people a week, many of them U.S. citizens, for up to $13 million.

U.S. Immigration and Customs Enforcement (ICE) spokeswoman Kadia H. Koroma said the eight-month investigation, known as "Project Colt," culminated this week when nearly 200 Canadian police officers, led by the RCMP, conducted 50 raids, primarily in the Montreal region, that targeted the "boiler rooms" used to make misleading telephone calls.

Forty Canadian citizens were arrested on suspicion of fraud.

"These fraudulent telemarketers prey on some of our most vulnerable citizens, often victimizing them repeatedly until their savings are depleted," said Marcy Forman, ICE director of investigations. "This collaboration with our Canadian law-enforcement partners and other U.S. agencies continues to yield significant results, both in shutting down the criminal networks and in restoring some funds to the victims."

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Ms. Koroma said the ring engaged in two types of telemarketing fraud: a lottery scheme and a mass telemarketing fraud. In the lottery scheme, she said, the fraudulent telemarketers persuaded their victims that they had won a large sum of money. In order to claim their prizes, the victims were told, they had to send in payments ranging from $1,500 to $60,000 to cover various costs, including customs charges, taxes and insurance.

In the mass telemarketing fraud, she said, the ring used various approaches, either telling persons they called that they were eligible to receive a $7,000 grant, or selling them health care kits or billing them for services never rendered. A common feature of every scheme of this kind is that the victims are asked to pay less than $500.

All the telemarketing schemes required the victims to send money in the form of a certified check or money order. Nearly 90 percent of the victims in this case were over 60 years of age.

The investigative task force included ICE, the U.S. Postal Service, the U.S. Federal Trade Commission and the FBI working with the RCMP, the Surete du Quebec, Service de police de la Ville de Montreal and the Competition Bureau of Canada.

Since its inception, the task force has recovered more than $15 million for U.S. victims of telemarketing fraud. ICE agents were instrumental in getting evidence from victims of the lottery scheme in the United States.

"Investigators draw connections between various forms of crime and link certain crime groups such as street gangs and traditional organized crime with the leaders of a telemarketing fraud ring," said Saverio Orlando, RCMP officer in charge of the Montreal commercial crime section. "This investigation shows that the fight against commercial crime is one of our priorities."

The Canadian anti-fraud call center estimates that 500 to 1,000 criminal telemarketing boiler-room operations are conducted on any given day in Canada, grossing about $1 billion a year.

Felons' DNA Missing From Va. Database (WP)

By Candace Rondeaux

The Washington Post, December 21, 2006

Virginia authorities have launched a massive review of the state's DNA database after discovering that thousands of felons may have skirted a legal requirement to submit genetic samples, partly because local and state agencies may have failed to make them do so.

Public safety and crime lab officials estimate that at least 20 percent of felons' DNA profiles could be missing from the database, a flaw that could hamper criminal investigations across the state and nation. Investigators routinely take crime scene evidence and run it through Virginia's database and others looking for DNA matches.

"The good news is it appears that we have well over 80 percent of convicted felons in the database, but obviously we need to have 100 percent of them in the database," said Clyde Cristman, deputy secretary of the Virginia Department of Public Safety.

Virginia law requires all convicted felons and those arrested in connection with violent crimes such as rape or homicide to submit cheek swabs for DNA analysis and entry into the statewide database. Currently, there are more than 253,000 samples in the database, according to the Department of Forensic Science Web site.

The Public Safety Department is working with the departments of Corrections, Forensic Science and Juvenile Justice to determine how many offenders' profiles are missing and why. The multi-agency review will begin with a check of about 54,000 people on probation or parole to verify that their samples have been processed.

Cristman said that about 12,000 cases have been examined. He could not say how many of those offenders' samples were missing from the data bank but said the number is in the thousands. It could take about two months to complete the review and update the data.

Long considered a national leader in DNA crime technology, Virginia has logged about 3,600 "cold hits" from its database -- matching biological evidence from a crime scene to an offender's DNA profile. Scores of violent crimes, including some homicides, have been solved that way. Virginia's database, like that of other states, forms part of a larger national DNA network that has similarly produced millions of cold hits.

Gaps in the state database could diminish the effectiveness of DNA as a crime-fighting tool, officials said. "In order to maximize effectiveness of the national DNA database, it is important to collect DNA samples from all persons authorized by state and federal legislation," said Ann Todd, a spokeswoman for the FBI crime lab.

Louisiana, which has some of the nation's broadest DNA collection laws, has become the envy of many states for a highly advanced and centralized computer system that allows jails, courts and law enforcement agencies to track which offenders have submitted DNA samples.

Cristman said his office was alerted to the problem several weeks ago when an investigation into a series of rapes in Charlottesville revealed that suspects with criminal backgrounds were not listed in the database. Charlottesville police Capt. J.E. "Chip" Harding discovered missing profiles after an audit revealed that 125 felons -- or 20 percent of the 600 supervised felons in Charlottesville and Albemarle County -- were not in the database.

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But Virginia crime lab director Paul Ferrara said this week that he became aware of a possible problem earlier when a review last year of the state's more than 13,000 registered sex offenders uncovered 3,149 missing DNA profiles, or about 24 percent of the state registry.

"I'm not surprised that there are missing felons," Ferrara said. "What would be surprising is the magnitude. That's the thing we're not sure on."

Ferrara said some prisons and jails might have failed to take samples from offenders when the requirement was introduced in the 1990s because the importance of building a DNA database was not yet understood. The collection process might have been further complicated because until about 10 years ago, blood samples were to be taken by qualified medical technicians, who may not have been available, Ferrara said. But he and others pointed to clerical errors as another likely reason for the missing profiles.

"Sometimes you find they aren't missing, but it's just that if you query the database and you don't have the right Social Security number or right spelling on the name, you're not going to hit it," Cristman said.

He said that training on how to collect samples may need improvement and that the lack of a centralized state tracking system made it difficult to coordinate processing. "It's been a challenge in Virginia with various agencies working with different computer systems that don't talk to each other," Cristman said.

Experts say the problem in Virginia is symptomatic of growing gaps in DNA databases nationwide that have occurred as states have expanded the pool of offenders required to submit samples. Most states have long required DNA samples from people convicted of such violent crimes as murder or rape. But the increasing popularity of DNA as a crime-fighting tool has prompted widespread passage of laws to include samples for such lesser offenses as burglary. More recently some states -- including Virginia, California, Florida, Louisiana and Texas -- have begun to require samples from those arrested for certain crimes.

"Whenever you dump a tremendous increase in the samples to be tracked and collected, there's more chances of things being overlooked and things falling through the cracks," said Bill Marbaker, president of the American Society of Crime Laboratory Directors.

In Quest For A Killer, An Inmate Finds Vindication (NYT)

By Fernanda Santos

The New York Times, December 21, 2006

AUBURN, N.Y., Dec. 20 — The day before Christmas three years ago, Inmate No. 92B-0448 sat in front of a computer at the Elmira Correctional Facility and typed a harsh letter to the man he thought should have been in prison in his place.

“Witnesses can commit perjury, judges can be fooled and juries can make mistakes,” the letter read. “When it comes to DNA testing, there’s no mistakes. DNA is GOD’s creation and GOD makes no mistakes.”

The inmate, Roy Brown, was serving 25 years to life for the 1991 murder of a social worker, Sabina Kulakowski, who was found naked, beaten, bitten and strangled outside the farmhouse where she lived in Aurelius, a town of 3,000 on the northern tip of Cayuga Lake.

Mr. Brown, a self-professed hard drinker who made a living at the time selling magazine subscriptions in Syracuse, 30 miles to the east, did not know Ms. Kulakowski. Just six days before her killing, though, he had been released from jail, where he spent eight months for making threatening phone calls to another social worker at the agency where she worked.

Nor did Mr. Brown know the man to whom he was writing, Barry Bench. It was only that year, 2003, that Mr. Brown had uncovered witness statements that pointed toward Mr. Bench, whose brother had been the victim’s boyfriend.

Five days after receiving Mr. Brown’s accusatory letter, Mr. Bench committed suicide by jumping in front of an Amtrak train.

Two weeks ago, DNA tests matched a sample provided by Mr. Bench’s daughter to saliva stains on a bloodied nightshirt found at the crime scene, and now Mr. Brown is scheduled to appear in court on Thursday to ask the judge who presided over his original trial to vacate the conviction.

“I used the old hunting technique here: if there’s a killer in the bush, I’m going to flush him out,” Mr. Brown, 46, said in a telephone interview from prison. “I know that they can keep me in jail after I show up in court. But the world will know that I’m innocent, and that was my main goal.”

Mr. Brown’s lawyers at the Innocence Project, a nonprofit legal clinic that has helped exonerate 188 people since 1989, said his case stood out because it was the first in which the convicted man essentially investigated and solved the crime himself.

The lawyers, Peter Neufeld and Nina Morrison, have also questioned the reliability of forensic evidence in the case, since the conviction rested largely on expert testimony linking bite marks found on Ms. Kulakowski’s body to Mr. Brown even though they showed indentations from six upper teeth and he had four.

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The Cayuga County district attorney, James B. Vargason, did not respond to numerous requests for comment on Wednesday, but Mr. Brown's lawyers said they expected him to oppose their motion. Mr. Vargason took office two weeks before Mr. Brown's trial and tried the case personally; he has since used it to build a reputation as a get-tough prosecutor.

Help came to Mr. Brown from an unlikely source: Mr. Bench's 19-year-old daughter, Katherine Eckstadt, who volunteered a sample of her DNA. A private investigator had tracked her down through her mother, who had told sheriff's deputies in 1991 that Mr. Bench acted suspiciously the night of the murder.

The recent DNA tests have excluded Mr. Brown as the source of the saliva on Ms. Kulakowski's nightshirt and showed half of the DNA profile matched Ms. Eckstadt's, suggesting the saliva could have come from her father.

"I had to know the truth," Ms. Eckstadt said last week in an interview in the basement of a Baptist church in suburban Syracuse where her mother works as a secretary. "How was I supposed to live knowing that I could have helped Roy Brown, yet I let him rot in prison?"

Mr. Brown was arrested on May 26, 1991, three days after Ms. Kulakowski's battered body was found on a dirt road about 300 yards from the farmhouse, which had been set afire, investigators said, possibly by the killer in an attempt to cover his tracks. Mr. Brown had just been released from jail for making threatening calls to a county Social Services Department worker who had ordered his 7-year-old daughter removed from his home. Though Ms. Kulakowski also worked for the agency, she had no involvement in the case.

Mr. Bench, on the other hand, knew the victim well. His older brother, Ronald, had been romantically involved with Ms. Kulakowski for 17 years and had lived with her at the farmhouse, which their parents had given to Ronald. The couple separated in the spring of 1991, and Ronald Bench moved to Auburn, but he allowed Ms. Kulakowski, who was 49, to continue living at the farm.

"For a while, Barry was angry at his brother because he felt that he should have been the one to own the farm," said Tamara Eckstadt, Katherine's mother, who lived with Barry Bench for 13 years.

Mrs. Eckstadt said that Barry Bench did not seem to dislike Ms. Kulakowski, but that their relationship was "antagonistic," in part because of the farm.

The night of Ms. Kulakowski's murder, Barry Bench left his house at 5 p.m., after a fight with Mrs. Eckstadt, according to his and her statements to investigators at the time. Mr. Bench, a volunteer firefighter, went to a bar, carrying his fire monitor, which he rarely shut off. He left the bar at 12:30 a.m., their statements said. Mrs. Eckstadt told the police that he arrived home, drunk, about an hour later, even though the bar was just a half-mile from where they lived.

She said Mr. Bench never plugged the fire monitor back in after arriving home, which was unusual.

Though the farmhouse began to burn around the time Mr. Bench was unaccounted for, investigators did not question his whereabouts, instead focusing within days on Mr. Brown.

At the trial in 1992, Mr. Vargason argued that Mr. Brown had killed Ms. Kulakowski in a fit of rage against the social services agency. The case rested largely on testimony by Dr. Edward Mofson that Mr. Brown could have left the bite marks on Ms. Kulakowski's body despite the discrepancy in the number of upper teeth. He said that Mr. Brown could have twisted her skin while biting her, therefore filling the gaps that would have been left by his missing teeth.

The defense's lone witness, Dr. Homer Campbell, a forensic odontologist from New Mexico who has testified about bite-mark evidence in numerous criminal trials, sharply rebutted Dr. Mofson's assertion, but it was not enough to convince the jurors. Mr. Brown was convicted of second-degree murder after less than six hours of deliberation.

Ms. Kulakowski's parents and two sisters have all died. Thomas Murray, her brother-in-law, said in a telephone interview from his home in Omaha, Neb., that the family had never heard of Mr. Brown before his arrest, and that he was unaware of the evidence pointing toward Mr. Bench.

"Sabina touched the lives of many people through her work, and we could never understand why someone would kill her," Mr. Murray said. "When that happened, we didn't have any reason to suspect anyone in the Bench family, or anybody else, for that matter."

Ronald Bench, a real estate broker in Auburn, refused to comment when reached on his cellphone Wednesday. "I don't have anything to say," he said.

The results of the DNA tests came back on Dec. 6; Mr. Brown has said that he has wondered since then what might have been had he laid his hands on Mrs. Eckstadt's statement — and others mentioning the unaccounted hour in Mr. Bench's night — at the time. "I could have showed them to the jury," he said.

One of Mr. Brown's original lawyers, Katy Karlovitz, said that when asked about the statements after Mr. Brown uncovered them in 2003, prosecutors said they had turned them over before trial. But Ms. Karlovitz said she never received them, and there are no records of the statements in a list of documents that is included in the court file.

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Mr. Brown learned about the statements only because of a fire at his stepfather's house in 2003 that destroyed his trial records. He filed a request under Freedom of Information laws seeking new copies, and among the documents he received were statements from Mrs. Eckstadt, Mr. Bench and two of their neighbors.

Mr. Brown, a father of four, has been married four times, twice while in prison, where he teaches guitar and helps run counseling sessions. He has liver problems that leave his skin a pale yellow. He has never ceased to profess his innocence.

But his three appeals were denied, along with his 1995 request for DNA tests on the nightshirt. He took to drafting motions from prison, calling his stepfather, William Murphy, several times a week for help.

"I've lived from phone call to phone call, from one disappointment to another," Mr. Murphy, 63, said in an interview from his home in Boonville, N.Y., southwest of the Adirondack Park. "Sometimes I got discouraged, but Roy always came back with another motion, with another way out. He never let me give up."

At the same time, Mr. Brown's sister, Billie Jo Kuczynski, put together a petition asking people to support his request for DNA tests on the nightshirt. She distributed 36,000 copies around the state, even tucking them on car windshields at the Cayuga County courthouse.

In January 2005, the Innocence Project joined the case, eventually filing the motion for the DNA testing that ultimately led to the match with Mr. Bench's daughter.

"Whatever happens, I've already proven my innocence; I'm already free," Mr. Brown said. "I may be in prison, but my spirit is free."

5 Houston-Area Men Attacked By Rapist (NYT)

By The New York Times

The New York Times, December 21, 2006

BAYTOWN, Tex., Dec. 20 — A serial rapist appears to be responsible for five attacks and robberies of young men in an area east of Houston, the authorities here said.

The most recent attack took place on Nov. 30 in a prominent Baytown subdivision called Tanglewilde. The first attack occurred in April in eastern Harris County, Capt. Roger Clifford of the Baytown Police Department said Wednesday.

Another attack in eastern Harris County was in September, and the two others in Baytown took place in May and July.

All five victims have been white men who were alone and attacked in or near their homes in upscale neighborhoods, Captain Clifford said. The attacker is described as a black man in his mid-20s who is about 6 feet tall and 200 pounds with short hair and no discernible accent. He is also clean-cut and well dressed and sometimes wears an earring.

The assailant has used a gun and knife to abduct his victims, all of whom have been physically smaller than him, but he has not always been successful in forcing them into sexual acts, Captain Clifford said.

Concerns Raised About Security At Supermax Prison (WP)

By R. Scott Rappold, Mcclatchey Newspapers

The Washington Post, December 21, 2006

Town Residents Aren't Worried, But Guards Are

FLORENCE, Colo. -- You can't see Supermax from the highway, but everyone knows it's there.

The prison, hidden by the rolling slopes of the high desert 50 miles south of Colorado Springs, houses 400 of the most dangerous inmates in the federal system -- psychopaths, gang leaders, Mafia bosses, multiple murderers and terrorists, including Eric Rudolph, Ramzi Yousef and Zacarias Moussaoui.

Daniel Garcia, who runs the Super 8 Motel a few minutes' dash from the prison, doesn't worry about one of Supermax's notorious inmates escaping and becoming his problem. "The ones that are really dangerous, I don't think they've got much of a chance of walking away," he said.

After all, it's the most secure prison in the nation. Or is it?

Although it was once taken as an article of faith that Supermax -- one of four federal prisons at the complex and officially known as ADX Florence -- is as secure as anyplace on Earth, some aren't so sure now.

The union representing prison guards is raising alarms about staff cuts. A federal report revealed inadequate scanning of terrorists' mail, and an arbitrator agreed that staff cuts had made the prison dangerous for employees.

The presence of a couple of dozen terrorists, while the war against Islamic extremists goes on around the globe, has made prison security a cause celebre for Colorado's U.S. senators, who have toured the facility and pushed for more staff and a perimeter fence.

But on the streets of Florence, there is little concern about a terrorist breaking out -- or his fellow terrorists breaking in.

"If they break out, they're running like crazy," Gail Clairemont said while shopping recently in a Florence coffee shop.

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Across the street, gallery owner Rudl Mergelman doesn't lose sleep about Florence's notorious celebrities.

"The people from out of town are really more concerned about it than we are," he said.

Among those who think the danger has been overblown is the man who once was responsible for making sure Supermax lived up to its name.

"No one's getting out of the Supermax, period. End of story," said Robert Hood, warden of Supermax from 2002 to 2005.

Even union officials concede that an escape is unlikely. But they say staff cuts have made the prison dangerous for employees and vulnerable to attack from the outside.

This year, a federal arbitrator agreed.

The evidence, the arbitrator wrote, is clear: 3,147 critical shifts left unfilled; some housing units unsupervised for entire shifts; cells no longer being regularly searched; a rise in assaults on staff and threats of assaults by inmates angry they can't get their one hour per day of recreation; two murders at the prison in two months last year, after a decade without any.

Suddenly, the issue was viewed as more than union blustering over staff cuts.

"One of the problems we run into as a union is we're always dismissed as trying to pad federal jobs," said Mike Schnobrich, a correctional officer and secretary/treasurer of the American Federation of Government Employees Council of Prison Locals 1302. "We've been saying from the beginning this is not just a management-labor issue. This is a good-government issue."

Federal officials have acknowledged the problem and recently hired or will hire 18 staff members, bringing the total to at least 208 -- still fewer than the 240 the prison had when it opened in the mid-1990s.

The union says it is not enough and has filed a charge of unfair labor practice, saying the prison has not followed the arbitrator's order to create a safe workplace.

"We're talking about a continuing problem," Schnobrich said. "We can't wait two years for budgets to kick in and talk about how to make this facility more safe."

The lack of a fence around the complex has become the central issue for the lawmakers who have taken an interest in the Supermax. Sens. Ken Salazar (D) and Wayne Allard (R) have sought $12 million for a new fence.

State Rep. Liane "Buffie" McFadyen (D) believes a fence would slow down not only an escapee, but anyone trying to break in, such as Islamic extremists bent on rescuing an imprisoned comrade.

The union, although it supports a perimeter fence, agrees it would not be a complete solution. "A fence isn't going to solve every problem we have out here for security," Schnobrich said.

Despite the clamor, many in Florence are against the idea of a fence as an unnecessary blight that would only draw attention to the massive federal prison.

"I don't have any particular concern about somebody getting out of Supermax. I've toured that facility twice," said Fremont County Commissioner Ed Norden (R). "A lot has been said about having a perimeter fence around the entire complex. I hope they give that some careful study."

He is more concerned that local police and emergency officials can't communicate with the prisons by radio. During one escape from the complex -- though not from the Supermax -- police didn't find out until after the inmate had been recaptured.

The Supermax warden, R. Wiley, declined an interview request. Prison spokeswoman Krista Rear, responding to questions in writing, said, "While a perimeter fence around the several buildings that comprise the Florence complex would enhance security, other measures can be taken in lieu of or in addition to the fence that would also assist in limiting access to the property." She did not elaborate.

The presence of terrorists has focused attention on the prison, but former warden Hood said they might not even be the most dangerous inmates at the complex.

Although Supermax is meant to be a transition facility, where inmates can earn through good behavior a transfer to other prisons, the terrorists are probably there to stay -- as much for their own protection as for society's.

"How could you take, anytime in the future, [1993 World Trade Center bomber] Ramzi Yousef and put him on the grounds of Leavenworth and let him walk around every day?" Hood said.

"They can stand on their heads every day for the next 50 years, and they're not going anywhere."

A Vexing Leap In US Robbery Rate (CSM)

By Ben Arnoldy

The Christian Science Monitor, December 21, 2006

It's a crime chosen by those desperate for quick cash - and it's rising faster than a couple of hands during a stickup.

Possible explanations abound for the soaring robbery rate - 9.7 percent nationwide in the first half of 2006, according to federal crime statistics released this week. But a lead suspect in that troubling trend, say some criminologists, is added economic stress.

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Small- to medium-size cities are the ones that saw the largest spikes in reported violent crime, especially robbery. In some of those, the poverty rate has also been climbing faster than the national average.

"It strikes me that many of the cities that have experienced increases in poverty and child poverty [in recent years] are the very same places experiencing increases in robbery right now," says Richard Rosenfeld, a criminologist at the University of Missouri.

The Rust Belt has seen large rises in poverty rates between 1999 and 2005, according to a report this month by the Brookings Institution in Washington - and many of the region's cities turn out to have seen sharp increases in robberies this year. In Lansing, Mich., reported robberies rose 34 percent through June 2006, after its poverty rate climbed 7.5 percentage points over the previous six years. In Cleveland, the robbery rate rose 13.1 percent, and the incidence of poverty went up 6.1 points. In Rochester, N.Y.: robbery is up 49.8 percent, and poverty 4.1 points.

But many cities show no such correlation, meaning the root of the problem is more complex than simple economics. In the West, for instance, some places report flat poverty rates and more robberies.

It's too early to pinpoint the causes of the jump in violent crime, caution Mr. Rosenfeld and others. The FBI report this week showed violent crime overall climbing for the second straight year, after more than a decade of declines.

A mix of factors could be contributing, say experts. Among them: overstretched police departments, convicts reentering society, a change in the illegal market for methamphetamine, and a baby-boom "echo" that's entering the 15- to 25-year-old prime crime bracket.

"Economic conditions are certainly not the whole story behind robbery," says Rosenfeld. But "when we're trying to understand year-to-year changes and why they're occurring in certain places and not others, then we need to focus on those factors that change relatively rapidly as opposed to those that don't."

Rosenfeld's previous research shows that robbery rates rise when consumer confidence measures turn negative. Robbery tempts those who see few economic options, he and others say.

Robbery "provides cash immediately. So it's kind of a measure of how desperate people are for cash," says Richard Wright, chairman of the criminology department at the University of Missouri. He has studied differences between the crimes of burglary, in which victims are not present, and robbery, in which they are. Burglary rates spike with the introduction of new and valuable consumer goods, whereas robbery appeals to those seeking an immediate payoff - such as people who can't find work, are addicted to drugs like crack cocaine and methamphetamine, or have just left prison and have nowhere to go, says Mr. Wright.

The robbery statistic is "a kind of leading-edge indicator" of something amiss, says David Harris, professor of law and values at the University of Toledo in Ohio. "When you have an increasing demographic bubble in these crime-prone years [15 to 25], and you combine that with a ... willingness to do something like robbery, then you really do have reason to be concerned."

For his part, Mr. Harris suspects the worsening violent-crime rates may be related to less police presence on the streets. Touring the US to promote his new book, "Good Cops: The Case for Preventive Policing," Mr. Harris says he often hears that police departments have become overstretched. "They have a whole set of demands on their plates that simply didn't exist a few years ago," says Harris, referring to homeland-security duties and less assistance from federal agents reassigned to antiterrorism.

A Justice Department spokesman counters that view, noting that federal spending has never been more than 4 percent of state and local law-enforcement spending. The number of police officers has grown every year regardless of federal funding, he adds, and first responders have benefited from a windfall of homeland-security funding in recent years.

In parsing the crime data, few experts dwelled on illicit drugs. But "meth" was the first word off the lips of police officials in two cities where robbery rates climbed. Spokane, Wash., and Colorado Springs, Colo., are now battling the drug that has long beset the Midwest and rural areas. What's different now, say Spokane police, is that do-it-yourself meth production has been beaten back, and users are buying meth made in Mexico. Hence, a sudden need for cash among addicts.

Free Genarlow Wilson Now (NYT)

The New York Times, December 21, 2006

Genarlow Wilson loves reading mystery novels and can't wait for the next Harry Potter book. The 20-year-old former high school football player and honor student works in a library, the perfect job for a young bookworm. Unfortunately, that is where the good news ends and a genuine horror story of this country's legal system begins.

The library in Georgia where Mr. Wilson works is in prison. He is two years into a sentence for engaging in consensual oral sex with a 15-year-old girl at a New Year's Eve party when he was 17. He won't be eligible for parole until he has served 10 years, essentially sacrificing his remaining youth to an obvious miscarriage of justice.

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As Shaila Dewan reported in The Times this week, Mr. Wilson has been convicted of aggravated child molestation even though he and the girl were both minors at the time. Even if he could win an early release, Mr. Wilson could not go home to his family. He would have to register as a sex offender and would be prohibited from living with his 8-year-old sister. It is all the more disgraceful because the Georgia Supreme Court last week refused to hear his appeal.

The sexual act took place during a party involving sex, marijuana and alcohol, all captured on a graphic videotape. But that does not make Mr. Wilson a child molester. When high school students engage in consensual sexual activity, that is not the same as an adult molesting a teenager or a teenager molesting a child.

What makes this case more absurd is that if Mr. Wilson and the young woman had sexual intercourse, he would have been guilty only of a misdemeanor and not required to register as a sex offender, thanks to a provision in the law meant to avoid just this type of draconian punishment for consensual youthful indiscretions, the "Romeo and Juliet" exception. And since Mr. Wilson's conviction, the law has been changed to exempt oral sex as well. But the courts say that can't help Mr. Wilson retroactively.

His lawyer is planning to file a habeas petition seeking his release. The courts need to grant it and expunge his record so that Mr. Wilson can return to his family and his once promising academic career. Legislators in other states should take notice and make sure that their own laws do not catch children in dragnets designed for predatory adults.

CIVIL LAW:

U.S. Justice Department Moves Against Prosser in Bankruptcy Proceedings (STS)

St. Thomas (USVI) Source, December 21, 2006

Dec. 20, 2006 -- An arm of the U.S. Justice Department has moved against Innovative Communication Corp. owner Jeffrey Prosser in the seemingly endless bankruptcy cases involving, indirectly, Vitelco, the V.I. phone company.

The government unit is the U.S. Trustee, a self-described "watchdog" of the bankruptcy courts. It is part of the U.S. Department of Justice and is separate from the U.S. Bankruptcy Courts, which are part of the judicial system.

The U.S. Trustee moved on Dec. 19 that a case trustee be appointed to manage Prosser's business operations until the bankruptcy case is concluded. The presiding judge, Judith K. Fitzgerald, has already indicated her positive interest in such an appointment.

The judge will decide, presumably in a few weeks, and after a hearing, if such a government-imposed manager is a good idea. If she does she will then order the U.S. Trustee to appoint the case trustee. (The U.S. Trustee deals with all bankruptcies, while a case trustee deals with a single case or group of cases.)

The U.S. Trustee for the southeast United States is Felicia S. Turner, headquartered in Atlanta. Her motion filed with the bankruptcy court was noteworthy because of the directness of the language, for example:

"Virtually no progress has been made in these cases since [they]... were filed almost a year ago...The Debtors [i.e. Prosser and his companies] have done little more than repeatedly request continuances and then fail to meet the extended deadlines … Additionally, since Debtors' management has completely lost the trust of its creditors and other parties in interest, no progress will ever be made in these cases if Debtors' management remains in control of estate assets …."

Turner continues: "Thus while some level of acrimony is to be expected in these circumstances, these cases have been paralyzed by such acrimony. This paralysis combined with the allegation of the Debtors? creditors regarding the Debtors? alleged breach of their fiduciary responsibilities to their creditors is sufficient justification for the appointment of a chapter 11 trustee...."

The appointment of a case trustee, according to the Justice Department publication Bankruptcy Basics, is "a rarity in a chapter 11 case … the court, on motion by a party in interest or the U.S. Trustee, shall order the appointment … for cause, including fraud, dishonesty, incompetence, or gross mismanagement or if such an appointment is in the interest of creditors, any equity security holders, and other interests of the estate." (The estate being the property subject to the bankruptcy proceedings.)

The U.S. Trustee's motion, like several others over the past few months, has nibbled away at the secrecy of these proceedings in that it disclosed the size of the "discounted" settlement that Prosser had once worked out with his main adversaries. The settlement then collapsed, twice, when Prosser could not come up with the needed funding. That settlement – now moot – was set at $402 million.

The $402 million dealt only with debts Prosser and companies owe to his longtime bankers, the Virginia-based Rural Telephone Finance Cooperative, and to the one-time minority stockholders in the predecessor firm to Innovative Communications Co., represented by the Greenlight companies.

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In addition, Prosser's group owes about $85 million to a group of Vitelco's preferred stockholders and another $60 million or so to the U.S. Treasury.

The full set of undiscounted debts, including unpaid interest and extensive legal bills, has been estimated as exceeding $800 million.

Meanwhile, on Dec. 19, both RTFC and Greenlight filed separate (and mutually-supporting) motions with the bankruptcy court seeking the appointment of a bankruptcy trustee in another manner. These two organizations asked the judge to transfer the case from the relatively pro-debtor chapter 11 of the Bankruptcy Code, where it is now, to the harsher chapter 7 of the Code, which would entail the selection of such a trustee.

In their briefs, the two major creditors contended that Prosser should not continue to manage the bankrupt properties on the grounds of "irrefutable conflicts of interest" since he is the sole shareholder of the firms. "Prosser," RTFC argued, "should not be allowed to stay in control of this chapter 11 process through his insider-domination of the corporate Debtors."

A reading of the three briefs – by the U.S. Trustee, RTFC, and Greenlight – indicate that while the last two knew of each other's actions, there was no indication that the U.S. Trustee was aware of the RTFC-Greenlight filings or vice-versa.

CIVIL RIGHTS:

LaRoque discusses district attorney Nifong with Fox News (KFP)

Kinston (NC) Free Press, December 21, 2006

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December 21,2006

State Rep. Stephen LaRoque has joined U.S. Congressman Walter Jones in calling for the investigation of Durham County District Attorney Mike Nifong.

Jones, in a letter to U.S. Attorney General Alberto Gonzales, said Nifong might have violated the civil rights of three Duke University lacrosse players accused of raping an exotic dancer last spring. He also could have committed prosecutorial misconduct in his investigation of the case, Jones said.

LaRoque, who represents the 10th House District, was expected to appear last night on Fox News channel's "On the Record," with Greta VanSusteren, to discuss his belief that state law should be changed to allow the Legislature to investigate charges of malfeasance by district attorneys. Currently, the N.C. Bar Association — or a superior court judge — conducts such investigations.

Nifong was running for the Durham County Democratic Party's nomination for district attorney during the early stages of the rape investigation. The alleged victim's accusation of being raped by three lacrosse players during an off-campus party brought national attention to Nifong and his department. He won his nomination, and went on to eventually win the election.

"The prosecutor seems to have put his own political aspirations ahead of justice for these three young men who appear to have been falsely accused," LaRoque said.

LaRoque contends that the N.C. Bar Association should not be the only entity with authority to punish incidents of legal misconduct.

"That's like having the fox guard the hen house," he said.

State lifts new patient moratorium at Fort Bayard (AP)

AP, December 21, 2006

DOJ_NMG_0108246

SILVER CITY, N.M. (AP) - The state Department of Health has lifted a yearlong-plus moratorium against admitting new long-term patients at its Fort Bayard Medical Center.

The state agency halted new admissions after a Justice Department review of the facility. On Monday, Health Secretary Michelle Lujan Grisham rescinded the motoratorium.

Fort Bayard, with a staff of 320, houses 133 patients.

Justice investigators said last spring they had serious concerns with the care at Fort Bayard. A report said an investigation "revealed a wide range of dangerously deficient medical and nursing care practices," and a failure to comply with federal regulations or meet professional standards.

The state cited the center in December 2004 for failings in maintenance, staff training and administration. The center's administrator was placed on leave three months later, then was fired.

The Department of Health took over management of the hospital in the interim.

Grisham said in August 2005 said officials found a pattern of abuse, neglect and exploitation of residents at Fort Bayard.

Federal investigators who reviewed documents and visited Fort Bayard in July and October 2005 cited inadequate medical care and nutritional services, failure to ensure that residents were safe, the dangerous use of psychotropic medications and numerous incidents of violence against patients and nurses.

The state hired GEO Care Inc. of Florida to run the center in November 2005. GEO Care recently hired an administrator, an assistant administrator and a medical director.

GEO Care asked the state to lift the moratorium, and has proposed a gradual admission of new long-term residents.

The medical center has continued admitting short-term rehabilitation patients.

The state also determined that the center needs a new facility because of deficiencies in the current aging structure. GEO Care plans to build a new $30 million medical center which it would lease to the state.

Grant County residents made it clear they want the state hospital to remain on or near Fort Bayard.

The village of Santa Clara purchased land administered by the U.S. Forest Service for a new facility, and the county provided funds. The county now owns the land where a replacement would be built.

Groundbreaking is tentatively set for next year, and a new center could be ready by mid-2008.

Fort Bayard is one of two state-owned and operated long-term care facilities for low-income New Mexicans. The other is in Las Vegas.

ANTITRUST:

Delta lawyer: US Airways merger has 'antitrust issues' (NMBW)

New Mexico Business Weekly, December 20, 2006

Delta Chairman and CEO Jerry Grinstein continued his offensive against US Airways' hostile takeover bid in a conference call with analysts Tuesday, saying the merger would create too much of a monopoly in too many markets.

"If the suggestion is that we're going to put a for-sale sign on Delta airlines, we're just not going to do that," Grinstein said.

But "if the process of consolidation starts, you do not want to be left out," he added, explaining that all airlines are keeping tabs on each other.

And he touted "the huge amount of value" that has been created at Delta during the Atlanta-based airline's bankruptcy proceedings, essentially pointing to US Airways' $8.7 billion bid as being less than the up to $12 billion in value that Delta believes it is worth. Delta earlier on Thursday filed its standalone plan to emerge from bankruptcy and reported its board of directors unanimously rejected US Airways' takeover bid.

"I hope we'd be an acquirer rather than an 'aquiree,'" Grinstein said.

Delta's chief antitrust lawyer added that he doesn't believe the U.S. Department of Justice will approve a merger between Delta Air Lines Inc. (Pink Sheets: DALRQ) and Tempe, Ariz.-based US Airways Group Inc. (NYSE: LCC). The two airlines serve New Mexico air travelers through the Albuquerque International Sunport.

"It appears from a factual standpoint this is a merger that clearly has a lot of antitrust issues attached to it," said Jim Weiss, a Washington partner in the law firm Preston Gates & Ellis LLP. "The antitrust risk here is quite high."

Weiss, the former head of the DOJ's antitrust division and a hired gun for Delta since 1988, said he believes it would take the department about a year to review US Airways' hostile bid for Delta. That's because the DOJ will anticipate more merger proposals and would want to go over the Delta/US Airways merger with a fine-toothed comb.

In a detailed PowerPoint presentation available on Delta's Web site, Weiss showed why he believes the Delta/US Airways combination wouldn't pass muster. Chiefly, he said, a lot of small to mid-sized American cities would lose competition if the two

airlines merged. The combined airline would be the largest carrier in 127 small communities. And Weiss contends that low cost carriers don't usually go into really small cities, so the competition isn't likely to be replaced.

Other proof he offered for his position: the DOJ rejected a US Airways/United merger after a 14-month investigation. And that merger had even fewer overlapping routes and hubs, Weiss said.

Meanwhile, US Airways continued its public campaign for Delta. The airline sent out a statement from Chairman and CEO Doug Parker saying, "Combining US Airways and Delta will create at least $1.65 billion in annual synergies beyond the value that could be created by any standalone plan. These synergies come on top of the certainty of $4 billion in cash and the upside potential of 78.5 million shares of US Airways stock."

But Grinstein said in the conference call that he expects Delta would be $8 billion in debt when it emerges from bankruptcy. By contrast, he said, a US Airways/Delta merger would be saddled with $23 billion in debt. If that sounds familiar, he quipped, that was the amount of debt Delta had when it filed for Chapter 11 in 2005.

Phone Carriers Win A Skirmish In Cable Wars (NYT)

By Matt Richtel

The New York Times, December 21, 2006

Telephone companies got some help yesterday in elbowing their way into the video arena that the cable industry has dominated.

Arguing that cable television rates have surged in the absence of robust competition, federal regulators moved to speed up the local approval process for phone companies seeking to compete.

The action came in a 3-to-2 vote by the Federal Communications Commission. The ruling does not force municipalities to grant phone companies a video franchise, but it does require a decision within 90 days.

Phone carriers, notably Verizon, have asserted that some municipalities are slow to grant approvals, often in the face of cable industry lobbying.

If it succeeds in fostering competition, the decision could eventually affect the rates and services available to the roughly 100 million households that pay for access to television.

The decision is part of a fierce political, regulatory and business battle between the cable and telephone companies. They are battling town by town and household by household to get a share of the growing amount Americans spend on their monthly telecommunications bills.

Cable companies have made considerable inroads at offering telephone service and high-speed Internet access. Telephone companies have in the last year entered cable's traditional turf, television, and say this decision will fuel their offensive.

"This means an end to the automatic skyrocketing in cable prices and means greater choice in service and programming," said David Fish, a Verizon spokesman.

But industry analysts said that the decision would not prompt overnight change, in part because it is likely to face a court challenge, but also because the biggest challenge to the phone companies remains the technical and financial logistics of entering a costly new business.

The F.C.C. found that municipalities were unnecessarily and unfairly delaying approval of franchise agreements, refusing them unreasonably, or making unrelated demands, like requiring financing for public swimming pools or recreation centers.

Cable industry officials said they objected to the decision, arguing it creates an uneven playing field by not similarly expediting the process for renewal of their own franchises — the typically multiyear agreements that allow cable companies to provide television access in a community in exchange for a tax of around 5 percent of their sales.

The industry also rejected F.C.C. data indicating that cable television prices had risen steadily in recent years, even as competition had driven down the cost of other telecommunications services, like Internet and phone access.

The commission found that the average monthly rate for cable service increased 5.2 percent, to $43.04, in 2004 alone, and 93 percent in less than a decade.

Kyle McSlarrow, president and chief executive of the National Cable and Telecommunications Association, said those figures were taken from published rate cards, and thus ignored the reality that most subscribers get discounts or other deals.

He said the prices also did not reflect the discounts offered when subscribers buy bundles of telephone, Internet and television service.

Roughly 66 million American households pay for cable service, compared with around 28 million who get satellite access. There are only a few million who get it through telephone lines.

Bills introduced in Congress this year would have eased the franchise approval process, either by making it national or creating a national standard, but no legislation was ultimately approved.

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There have also been political battles at the state level, with the phone companies seeking a statewide approval process that would circumvent municipal franchising. They have prevailed in states including Texas, New Jersey and California.

Jessica Zufolo, an analyst who studies the telecommunications market on behalf of investors, called the F.C.C. decision "a huge victory for the Bells," but said "it's a somewhat pyrrhic victory because there's a high, high litigation risk." She said cities in particular might sue, arguing that the F.C.C. had overstepped its authority.

Commissioner Jonathan S. Adelstein, who voted against the proposal, asserted that the agency lacked the authority to rule as it had. And Jim L. Haggerton, vice chairman of the Information Technology and Communications Committee of the National League of Cities, said the ruling took away municipalities' rightful power.

"We're totally opposed to the federal government making the decisions for cities across the country," said Mr. Haggerton, who sits on the city council in Tukwila, Wash.

Kevin J. Martin, the commission chairman, who voted in favor of the new rule, emphasized the finding that insufficient competition was fueling a rise in cable rates.

"It is critical then that the commission act to remove regulatory barriers to the ability of a second cable operator to enter the market," he said in a statement.

The most aggressive effort to compete against cable companies has come from Verizon. The company said it provided television service to 1.2 million customers, and had franchise agreements in about 300 municipalities including 25 in New York State, mostly on Long Island. That is a small fraction of the more than 3,000 municipalities Verizon said it needed to reach to achieve its goal of providing television service in 60 percent of its telephone territory.

Mr. Fish of Verizon said agreements in other cities had taken many months; he said 83 percent of franchise negotiations with cities had been going on for more than a year.

AT&T, the nation's other big phone company, is so far offering television service in two markets, Houston and San Antonio.

Michael Balmoris, a company spokesman, said AT&T's position was that because it was delivering television service over telephone lines, it was not subject to local franchise regulation.

But it has already encountered local skirmishes over related issues. For example, he said that "multiple cities" in Illinois had not allowed AT&T to upgrade its network to high-speed fiber lines on the ground that doing so would effectively permit the company to offer video service without a franchise agreement.

"We can use the F.C.C. item today in litigation to show we should be able to upgrade" our lines, he said.

Still, analysts said the chief hurdle for telephone companies would be laying lines in the ground capable of delivering television, then convincing consumers to switch.

The F.C.C. decision "certainly alleviates something of a challenge that Verizon and AT&T have to go through," said Alan Bezoza, telecommunications industry analyst with Oppenheimer & Company. "But the biggest challenge will be just rolling this out."

FCC Vote A Victory For Phone Companies (WP)

By Alan Sipress

The Washington Post, December 21, 2006

A divided Federal Communications Commission yesterday approved a measure aimed at helping telephone companies move into cable television markets by significantly limiting what local officials can demand in return for franchises.

The new rule reflects the intensifying battle between the phone and cable industries over who will control distribution of video, voice and Internet access in an increasingly wired country. But the telephone industry's victory could prove temporary because opponents say the measure will almost certainly be challenged in court.

The FCC voted 3 to 2 along party lines to change how local officials award television franchises to eliminate what Republican supporters said were unreasonable demands and delays.

The measure requires local regulators to rule on franchise applications within 90 days for companies such as Verizon Communications and AT&T that have wires in place. It also bars local officials from requiring that companies provide TV service to everyone in a jurisdiction and prevents them from demanding fees or in-kind contributions exceeding 5 percent of the television revenues.

Verizon has been seeking local TV franchises nationwide and has won more than 200, including agreements with most of the counties and cities in the Washington area. The company has said it plans to win 3,300 franchises nationwide and has been lobbying state legislatures and Congress to speed up the approval process.

The FCC's Republican majority said that removing unreasonable hurdles erected by local governments would translate into lower cable rates. Democratic members disagreed and accused the Republicans of overstepping the FCC's authority.

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FCC Chairman Kevin J. Martin, a leading proponent of the new federal rule, called it crucial for breaking the virtual monopoly held by cable companies in many areas and reversing the steady increase in cable bills over the past decade. Martin said the measure, which is to take effect next year, also would make broadband Internet access more widely available because telephone companies would gain revenue to continue building fiber-optic networks.

"The record collected by the commission in this proceeding cited instances where [local officials] sat on applications for more than a year or required extraordinary in-kind contributions such as the building of public swimming pools and recreation centers," Martin said.

But the commission's Democrats warned that the FCC, by exceeding its legal mandate, would face time-consuming challenges from opponents, including cable companies and local officials angered by what they say is a preemption of their authority.

"The end result will likely be litigation, confusion of the process and a certain amount of chaos," Commissioner Jonathan S. Adelstein said. He questioned the claim that local officials have unreasonably refused applications, saying the FCC had not cited a single instance in which a franchise was being unduly delayed or held up because of demands for exorbitant fees or concessions.

"The majority simply accepts in every case that the big phone companies are right and the local governments are wrong," Adelstein said.

In the District, where phone companies do not have franchises to provide television service, officials called the FCC decision troubling.

"People in the District would be concerned if control is taken away from local municipalities. Cities could be damaged in many different ways," said J. Carl Wilson, general counsel of the D.C. Office of Cable Television and Telecommunications. He said District residents could suffer if officials no longer asked providers for public channels.

Montgomery County Council President Marilyn Praisner (D-Eastern County) said consumers would suffer from the FCC ruling. "This is an early Christmas present of a stocking full of coal," she said, predicting that the county and other jurisdictions would challenge the decision in court.

Montgomery County and Verizon clashed this year over the company's ultimately successful bid to win a franchise there.

The United States Telecom Association, a telephone industry trade group, said the measure would give consumers more choice.

"The steps outlined today will help fix the franchising process and end the unnecessary delays caused by outdated regulations," said Walter B. McCormick Jr., president of the association.

Kyle McSlarrow, president of the National Cable and Telecommunications Association, said the FCC gave phone companies an unfair advantage over longtime cable providers. FCC officials promised to study how cable providers should be treated when their franchises come up for renewal.

Phone Giants Are Closer To TV Service (USAT)

By Paul Davidson

USA Today, December 21, 2006

To jump-start competition for subscription TV service, the Federal Communications Commission passed new rules Wednesday designed to let the big phone companies obtain local video franchises more easily.

The move is expected to let AT&T and Verizon more quickly enter hundreds of markets in the next few years, spurring new competition for the cable giants and possibly bringing lower prices.

By a 3-2 party-line vote, the Republican-controlled FCC said cities and counties may not impose unreasonable barriers that delay rollout of the video services.

AT&T and Verizon are spending billions to build fiber-optic lines that deliver bundles of voice, broadband and pay-TV services. But when they seek TV franchises, the companies say, local officials often cause delays by making outrageous demands, such as to build swimming pools and recreation centers.

"Such requirements are especially troubling, because competition is desperately needed," FCC Chairman Kevin Martin says.

Phone companies say it typically takes 15 months or more to receive a franchise.

The new rules would force localities to act on the phone companies' franchise requests within 90 days and count the value of any sweeteners the company tosses in toward a 5% fee on revenue that it's already required to pay. Local officials won't be able to force a carrier to offer video to parts of a community it can't serve for technical or other practical reasons.

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To lend support to its ruling, the FCC released a study showing that cable prices jumped 93%, to $43.04 a month, from 1995 to 2005. But prices were 17% lower in markets where there was a second landline rival. Satellite services did not manage to hold down cable prices, the FCC says. AT&T says its prices in San Antonio underpriced cable by as much as 42%.

But Kyle McSlarrow, head of the National Cable & Telecommunications Association, says the study doesn't account for cable's discount bundles. He also says the FCC is unfairly favoring phone companies.

"We don't believe the commission has the legal authority to establish separate regimes for incumbents and new entrants," he says.

Carolyn Coleman of the National League of Cities says the FCC is overstepping its legal authority by "circumventing negotiations" when there's no evidence to support the phone companies' claims.

Democratic FCC Commissioner Jonathan Adelstein accused the agency of "riding roughshod over local governments."

Martin acted after Congress failed this year to pass a bill that would have created a national video franchise. Eight states, including Texas, California and New Jersey, have streamlined franchising in their communities.

Bell Companies' FCC Victory Might Be Short-Lived (WSJ)

By Amy Schatz

The Wall Street Journal, December 21, 2006

WASHINGTON -- Phone companies scored a win at the Federal Communications Commission when the agency agreed to change rules to let them enter the cable-television business faster, but the victory may be short-lived, as congressional Democrats complained and opponents threatened legal action.

The FCC, in a 3-2 party-line vote, passed rules that give state and local authorities a 90-day deadline to grant video-franchising agreements to new competitors. The commission also struck down rules requiring that the Bells do more to provide service to all residents in an area than current providers.

· What's New: The FCC changed the rules to make it easier for phone companies to enter the cable television business.

· The Background: The Bells have gotten states to change laws so they can offer video, but want a U.S. standard so they don't have to lobby state-by-state.

· What It Means: Local officials are likely to challenge the FCC action in court and states may be less willing to change their laws if there's a possibility the FCC will pre-empt their efforts anyway.

The FCC action raises potentially significant issues for the Bells, which have persuaded eight states -- including California, New Jersey and Texas -- to change laws to accelerate entry to the video business. State and local officials say the FCC is trying to usurp their authority, and cable companies say the Bells are getting preferential treatment. The matter looks to be heading for court. Yesterday's decision may make it more difficult for the Bells to persuade other states to change some rules that are made somewhat moot by the FCC action.

Verizon Communications Inc. and AT&T Inc. lobbyists have argued to state legislatures that more competition will lead to lower prices and more broadband Internet services.

"We don't expect states [that] are interested in passing legislation to stop that work because of today's FCC action," said David Fish, a Verizon spokesman. Michael Balmoris, an AT&T spokesman, said the company intends to continue to press states to change franchising laws and said the FCC "expressly chose not to pre-empt existing state franchising law."

Verizon, AT&T and other phone companies argue it isn't in the public's best interest for them to have to seek approval from 30,000 local communities to offer digital television service. The Bells say community officials have demanded various incentives -- such as landscaping for parks and street lights -- before allowing them to offer local video service.

FCC Chairman Kevin Martin has argued that the FCC has authority to stop unreasonable delays by local officials in granting video franchises. Mr. Martin said changing the rules nationally to set time limits will promote video competition, increase the spread of high-speed Internet service across the U.S. and lower cable rates. He said he is "committed to seeing that consumers are able to realize the benefits of competition in the forms of better services and lower prices."

In recent weeks, organizations representing U.S. cities, mayors and governors challenged the FCC's authority to impose federal rules on what has been a state and local decision, essentially telling the FCC to back off. Along with cable operators, they argued there is scant evidence suggesting the Bells haven't had success getting approval from communities to offer competitive video service.

FCC Commissioner Jonathan Adelstein, a Democrat who voted against the change, argued the FCC was doing "legal gymnastics that would only impress an Olympic judge whose vote has been promised before the competition begins" to justify its authority.

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The decision "undermines local franchising authority and enforcement, threatens local budgets, and limits the benefits of broadband video competition to a few well-to-do neighborhoods," said Larry Naake, executive director for the National Association of Counties.

"Fundamentally, as a matter of good policy, we're not too keen on any proposals that treat us and the telcos differently. We have serious questions about the FCC's ability to set legislative policy," said Kyle McSlarrow, president of the National Cable & Telecommunications Association, a lobbying group.

Questions surrounding the FCC's authority over video franchising is the main reason phone companies tried to get Congress to make similar changes earlier this year. That effort died amid partisan bickering over Internet discrimination rules.

U.S. Clears CVS To Acquire Caremark Rx (BLOOM)

Bloomberg, December 21, 2006

CVS Corporation has won antitrust approval to purchase Caremark Rx, the pharmacy benefit manager, removing potential regulatory opposition to the pending $21 billion acquisition.

CVS, which is competing against Express Scripts's $26 billion bid for Caremark, received approval from the Federal Trade Commission, Caremark, which is based in Nashville, said in a statement yesterday.

Last month, CVS agreed to buy Caremark to gain more power to negotiate prices with drug makers and to prevent the loss of foot traffic to mail-order medicines from hurting sales of razors, sodas and makeup.

Should either CVS or Caremark scuttle the deal because of a competing offer, it would pay the other a breakup fee of $675 million, CVS's chief financial officer, David B. Rickard, said in an interview last month.

Shares of CVS, which is based in Woonsocket, R.I., fell 7 cents, to $29.91, on the New York Stock Exchange.

Caremark, which fell 28 cents, to $56 yesterday, has risen 11 percent since Dec. 15, the last trading day before the Express Scripts offer. Express Scripts rose $1.52, to $73.78, and has advanced 7.5 percent since Dec. 15.

We Energies Sells Nuclear Plant to FPL (AP)

By Emily Fredrix

AP, December 21, 2006

MILWAUKEE (AP) -- Wisconsin Energy Corp. is selling its only nuclear power plant to Florida-based FPL Energy in a deal worth about $1 billion, the companies announced Wednesday.

We Energies' agreement with the subsidiary of FPL Group Inc. includes $783 million for the plant and $215 million for its nuclear fuel and other inventories.

Milwaukee-based We Energies will buy the entire output of the plant, whose two reactors generate about a quarter of the company's energy needs.

The sale means the company will no longer operate the plant in Two Rivers, Wis., north of Milwaukee, or pay to decommission it in about 20 years, at a cost of hundreds of millions of dollars, said spokesman Barry McNulty.

As part of the deal, We Energies will give FPL Energy $560 million from a trust fund it had set aside to pay for the decommissioning, when the plant is taken offline and cleaned up, McNulty said.

The state's public service commission will consider what to do with the remainder of the trust fund, about $300 million, which customers contributed to, he said. More money could also be available depending on rulings from the Internal Revenue Service, McNulty said.

The commission will rule on the sale and could consider looking at returning some of the money to ratepayers. A message was left with the commission Wednesday seeking details.

Besides the Public Service Commission of Wisconsin, other groups that have to rule on the deal include the U.S. Nuclear Regulatory Commission, the Federal Energy Regulatory Commission, the U.S. Department of Justice and the Federal Trade Commission.

One of the reactors at Point Beach, a 1,033-megawatt facility, is licensed to operate until 2030. The second reactor is licensed to operate until 2033.

The deal is expected to close in August 2007.

FPL Energy, based in Juno Beach, Fla., said it will keep the plant's 660 employees.

If the deal is approved, the plant will be FPL Energy's fifth, said Mike O'Sullivan, FPL Energy vice president.

Part of the company's strategy is to buy nuclear plants from utilities that only operate one because with FPL's size, it can run the plants more efficiently, he said. Nearly one year ago, FPL bought 70 percent ownership of Iowa's only nuclear power plant, the Duane Arnold Energy Center, near Palo, for about $373 million.

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Wisconsin Energy announced in February its intent to look at selling the plant either outright or partially. The company received several offers of partial buyouts but decided selling the entire plant was the best option, the company's president and chief executive officer, Gale Klappa, told investors in a conference call Wednesday. Based on initial estimates, the deal means We Energies will get energy for 26 years below the cost of continuing to operate the plant, he said.

The deal means We Energies will get the same amount of energy it would have produced but for less money because it will not have to pay to operate the plant, a cost expected to rise in the future, or for its eventual decommission, McNulty said.

FPL Energy and its parent company, FPL Group, operate nuclear plants in Florida, Iowa and New England. FPL Energy is considered the largest wind energy producer in the country. It owns and operates 47 wind energy facilities, including the Montfort Wind Energy Center in Montfort, Wis.

Charlie Higley, the executive director of The Citizens Utility Board in Wisconsin, said the group opposes the sale because We Energies' 1 million customers will eventually pay more for their energy. We Energies was obligated to return any profits to customers as rebates, he said, but if the plant is sold to the out-of-state utility, Wisconsin cannot force the company to return profits to customers.

Shares of Wisconsin Energy fell 36 cents to close at $47.94 on the New York Stock Exchange Wednesday, while shares of FPL Group rose 38 cents to close at $55.10 on the New York Stock Exchange.

Wisconsin Energy to sell Point Beach nuclear plant for $1B (BJM)

Business Journal of Milwaukee, December 20, 2006

Wisconsin Energy Corp. has agreed to sell the Point Beach Nuclear Plant in Two Rivers to a unit of Florida energy company FPL Group Inc. for nearly $1 billion.

Point Beach is a 1,033-megawatt power plant. The first unit at Point Beach went into commercial service in 1970 and is licensed to operate until 2030. The second unit was brought on line in 1973 and is licensed to operate until 2033.

FPL Group's FPL Energy Inc. subsidiary will purchase the plant, its nuclear fuel and associated inventories for approximately $998 million from Wisconsin Electric Power Co., a subsidiary of Wisconsin Energy.

FPL will enter into a long-term agreement under which FPL Energy will sell 100 percent of the output of Point Beach to We Energies. The price represents $783 million for the plant itself and $215 million for fuel, inventory and other items, Juno Beach, Fla.-based FPL Group said in a separate statement.

The transaction is expected to close in August 2007. The transaction is subject to a number of state and federal approvals, including the Public Service Commission of Wisconsin, the Nuclear Regulatory Commission, the Federal Energy Regulatory Commission and review by the Department of Justice.

As part of the transaction, FPL Energy will offer employment to all current employees at the plant. In addition, FPL Energy will be responsible for the ultimate decommissioning of the facility and the cost of that decommissioning.

After closing the transaction, We Energies also will receive approximately $300 million from a trust fund that had been established to pay for the decommissioning of the plant.

The Public Service Commission of Wisconsin will determine how the net proceeds from the sale will be used to benefit customers, Wisconsin Energy said.

Upon closing, FPL Energy will assume management and operation of the plant from Nuclear Management Co., Hudson, and will work with NMC to ensure a smooth transition. NMC, a joint venture of upper Midwest utilities, has managed the plant since 2000.

Wisconsin Energy said in February 2006 that it planned to launch a formal review of its ownership and operation in the Point Beach plant.

Service Corp. Seeks Approval For Sale (AP)

AP, December 21, 2006

WASHINGTON --Funeral home operator Service Corp. International requested government approval Wednesday to sell several properties in order to comply with an agreement reached with the Federal Trade Commission last month.

Service Corp. petitioned the FTC Wednesday to approve the sale of thirteen funeral homes and cemeteries in Texas, Louisiana and Mississippi to privately-held Legacy Holdings.

The company filed a similar petition Tuesday seeking approval for the sale of two properties in California to Carriage Services Inc. The FTC is seeking public comment on the petitions for thirty days, and will then decide whether to approve the transactions.

SCI agreed with the FTC Nov. 22 to sell a total of 55 properties in order to settle antitrust concerns stemming from its purchase of Alderwoods Group. SCI's purchase of Alderwoods closed Nov. 28.

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The 40 funeral homes and 15 cemeteries that SCI was required to sell generated $57 million in revenue and $11 million in operating income annually, the company said in a November 22 statement. SCI expects to sell the properties for a total of $120 million to $130 million, the company said.

The SCI-Alderwoods combination will have 2,000 funeral home and cemetery locations after the divestitures, SCI said. Those properties are expected to generate $2.3 billion in annual revenue.

Mitchell Katz, an FTC spokesman, said the agency expects further petitions from the company as it sells off additional properties as called for in the agreement.

Shares of SCI dropped 22 cents to $10.13, while Carriage Services shares were unchanged at $5.05 on the New York Stock Exchange.

Lawsuit against Amway still stands (MCT)

By Dan Margolies

Kansas City Star/McClatchy, December 21, 2006

KANSAS CITY, Mo. - Plaintiffs in a massive antitrust action against Amway Corp. overcame another hurdle this week in their long quest to get their case heard by a jury.

A federal judge on Monday refused to dismiss all but one of eight counts against the company, finding that the plaintiffs' allegations were legally sufficient to support claims of price fixing, conspiracy and other charges.

U.S. District Judge Richard E. Dorr agreed to dismiss only a civil racketeering claim, ruling that it failed to establish "a pattern of racketeering activity."

"We are obviously pleased with the ruling," said Kansas City lawyer Dan Boulware, who represents several Amway distributors, including Nitro Distributing Inc. of Springfield, Mo. "All of our claims survived with the exception of the racketeering claim, which was a new claim we had recently added, and the judge kept the door open for that."

Boulware said that he intended to refile the racketeering claim.

Amway, now known as Alticor Inc., said it was "pleased" that the court had rejected the plaintiffs' "misguided effort to sensationalize the case with its unfounded (racketeering) claims."

"The court decided that it would be premature to dismiss Nitro's remaining claims for alleged violations of the antitrust laws and various common law torts," the company said in a news release. "The court noted that, at this early stage of the proceeding, it was legally required to accept Nitro's unproven allegations as true.

"Alticor is confident that, as the litigation proceeds and Nitro is unable to produce evidence to support its claims, Nitro's misguided claims will be dismissed before trial."

The case, which was filed in mid-2003 in the U.S. District Court for the Western District of Missouri, has been closely watched by Amway distributors nationwide. Most recently, a federal appeals court upheld Dorr's rejection of Amway's request to send the case to arbitration.

The lawsuit contends that Amway exaggerates the profits to be made selling its products and pressures distributors into buying its motivational materials. It alleges that a handful of Amway "kingpins" - those who bought into Amway early on - control thousands of down-line distributors and make most of their money by selling them the motivational materials, known at Amway as the "tool and function" business.

The lawsuit says that distributors are misled into thinking they can attain great wealth by selling Amway products. In reality, it says, distributors can only become wealthy by participating in the motivational business. But because that business is dominated by the kingpins, very few succeed.

Among other allegations, the lawsuit says the kingpins use a variety of tactics to exercise control, including illegal tying arrangements, price fixing and blackballing disfavored distributors.

The case is scheduled to go to trial in early 2008.

NYSE Gets OK On Euronext Deal (USAT)

By Greg Farrell

USA Today, December 21, 2006

NEW YORK — Shareholders in the New York Stock Exchange voted overwhelmingly Wednesday to approve a $14 billion acquisition of Euronext that will create the first trans-Atlantic market for stocks.

"This is an historic day for NYSE Group and reaffirms our leadership position in global finance markets," said NYSE CEO John Thain. The merger will "enable us to move forward with our shared vision of building the first truly global exchange group," he said.

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With more than 75% of NYSE shareholders voting, the merger received overwhelming approval, winning an estimated 99.7% of ballots cast. Euronext shareholders approved the deal Tuesday.

Thain spent the first half of the year negotiating the transaction with Euronext, which had also been in merger discussions with the Deutsche Börse. The German exchange finally abandoned its overtures last month, clearing the way for the NYSE deal.

Approval of the Euronext deal comes one year after seat holders on the NYSE voted to approve a merger with Archipelago, an electronic stock exchange. That deal transformed the Big Board from a private club into a public company and also gave the NYSE a much stronger electronic trading platform to go along with its open-floor auction system.

After the approval of the Euronext deal, Thain met with reporters. He said the expansion into Europe was part of the three-pronged strategy he laid out after taking the job as head of the NYSE three years ago.

His first goal was to "de-mutualize" the exchange, and his second was to diversify the NYSE's product offerings. Both strategic goals were accomplished in the Archipelago deal.

The Euronext deal is the first step toward the "globalization" of the NYSE, the final piece of his strategy. The deal is expected to close within three months, since European regulators have already approved it.

Thain said he would look closely at further expansion opportunities in Asia, particularly in China, Japan and India. But he said there was no guarantee that he'd be able to keep rivals from expanding there first. "You have to be concerned about what competitors might do," he said.

Still, Thain's biggest rival, the Nasdaq, has stumbled so far in its own attempt to expand beyond the U.S. borders. It has made two offers to buy the London Stock Exchange in recent months but has been rebuffed both times. This week, LSE chief Clara Furse said she wouldn't even consider the Nasdaq's $5.3 billion takeover bid, calling it "wholly inadequate."

The NYSE's own shares closed at $102.19 Wednesday, down $1.17.

N.Y. Firm To Buy Harland Low-profile M&F Worldwide's $1.7 Billion All-cash Deal For Decatur Check Printing Firm Certain To Face Antitrust Scrutiny. (AJC)

By Péralte C. Paul, The Atlanta Journal-constitution

Atlanta Journal-Constitution, December 21, 2006

M&F Worldwide Corp. isn't exactly a household name.

The New York company — which said Wednesday it entered into a $1.7 billion deal to acquire John H. Harland Co., the Decatur-based check maker — owns Clarke American Corp., another big check printer. Its other holding is Mafco Worldwide Corp., a maker of licorice extract used in candies, pharmaceuticals and tobacco products.

OK, so licorice and check printing aren't what you'd call sexy businesses.

But one analyst said the all-cash transaction, which calls for M&F to give $52.75 per share to Harland stockholders, will allow Clarke American to leapfrog Deluxe Corp., the market leader in check printing.

And it fits in with the style of Ronald O. Perelman, an M&F board member and head of cosmetics giant Revlon Inc., said John Kraft, an analyst at D.A. Davidson & Co. who follows Harland.

Perelman is chairman and chief executive of MacAndrews & Forbes Holdings Inc. That company is the principal shareholder in M&F Worldwide.

"He doesn't need a glamorous industry," Kraft said of Perelman, who owns 500,000 shares of M&F, valued at more than $10.2 billion. "He's looking to milk the cash flows."

Printing checks is a business ripe for consolidation.

Check usage has declined dramatically — more than 30 percent since 1995 — as consumers increasingly migrate to other payment forms such as debit and credit cards and online bill paying, government statistics show.

Both Deluxe and Harland, the fiercest competitors in the business, have watched their revenues from their check printing operations decline as a result. Revenues were pushed further downward by the rivals' pricing wars designed to win over financial institutions as clients.

Harland recognized that long ago and sought to extend into other business lines: It bought up technology and software companies that provide services to banks, and it also has Scantron, a standardized testing business.

But Kraft said the check business still has a lot of life left, even as it declines.

"It's manageable," Kraft said. "It's not growing, but that doesn't mean you can't generate money on it."

Even so, Harland was likely to do something. Executives have long said they were looking at ways to maximize shareholder value.

In business-speak, that's usually taken to mean selling off the company or spinning out a unit into a separate, publicly traded company.

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Still, the pending acquisition, which the companies anticipate will close in the second half of next year, isn't necessarily a done deal.

Regulators will take their time in reviewing the proposal because of antitrust concerns, Kraft said.

Deluxe has about 40 percent of the check printing business, which is about $2 billion a year. Harland and Clarke American each have about 30 percent market share.

With both Harland and Clarke American under the same umbrella, M&F would control 60 percent of the market, which is almost certain to raise antitrust concerns, Kraft said.

"Antitrust is going to be the issue," Kraft said. "That's not a slam dunk with regulators."

Wall Street, however, didn't seem to have a problem.

Shares of both Harland and M&F rose dramatically. Even Deluxe got a bit of a boost.

Harland shares rose more than 13 percent Wednesday, climbing $5.84 to close at $50.31. M&F shares rose almost 12 percent, a gain of $2.19 to close at $20.49. Deluxe shares also rose, gaining nearly 3 percent, or 67 cents, to close at $24.17.

Neither executives of M&F nor Harland — both with historically conservative images — would provide additional details about the deal beyond what was said in a joint-issued news release.

"Combining the resources of Harland and Clarke American will provide significant value to customers and shareholders of both companies," said Harland's Timothy C. Tuff, chairman and chief executive.

"Financial institutions of all sizes will have a strategic partner that can provide a full suite of products and services designed to help them meet their business objectives."

Huntington, Sky To Merge Banks (WSJ)

By Ann Carrns

The Wall Street Journal, December 21, 2006

Huntington Bancshares Inc., a Columbus, Ohio, bank with 380 branches in five states, said it agreed to merge with Sky Financial Group Inc. in a stock-and-cash deal valued at roughly $3.29 billion, signaling that banking-industry consolidation is occurring even in less attractive markets like the Midwest.

Because there are many banks in the region vying for customers amid a relatively slow-growing economy, competition is even more fierce than elsewhere in the country. Sky Financial, Bowling Green, Ohio, has about 330 branches in five states, overlapping with Huntington's footprint in four: Indiana, Michigan, Ohio and West Virginia. The combined banks will have more than 700 branches, 1,384 ATMs and deposits of about $38 billion, the companies said.

The deal is expected to close in the third quarter of next year, subject to the approval of both banks' shareholders and of regulators.

Huntington ranks fourth by deposits in Ohio, with a nearly 8% share of the market as of June 30, according to the most recent Federal Deposit Insurance Corp. data. The bank said the merger will boost it to No. 3 in Ohio as ranked by deposits. The deal also will give Huntington the top spot in several Ohio cities, including Columbus and Toledo; will boost its share in Cleveland; and will give it the No. 3 spot in Indianapolis, which is one of the region's "faster growing" markets, Huntington CEO Thomas Hoaglin said.

Officials at the bank weren't available to discuss the deal, a spokeswoman said.

In 4 p.m. trading on the Nasdaq Stock Market, shares of Huntington closed at $24.70, down seven cents, while shares of Sky Financial closed at $24.29, up 12 cents.

Ericsson's Purchase Of Redback Boosts Internet-Video Strategy (WSJ)

By Bobby White And Sara Silver

The Wall Street Journal, December 20, 2006

Telefon AB L.M. Ericsson's agreement to buy Redback Networks Inc. for $2.1 billion reflects how the explosion in video and other multimedia services over the Internet and a surge in broadband subscribers are driving phone and cable companies to upgrade their networks and spurring big makers of networking hardware to unite.

Ericsson, a Swedish provider of equipment and services for telecommunications infrastructure, said it will pay holders of the Silicon Valley seller of routing equipment $25 a share, or 18% more than Redback's share price before the announcement. Ericsson characterized the price as a 60% premium above the 90-day average for Redback stock.

The companies said the deal will make them more effective suppliers for the fast-moving market. It also could help Redback contend with larger competitors such as Cisco Systems Inc. and Juniper Networks Inc.

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"Some companies were reluctant to use our technology because of Redback's size," said Paul Giordano, chairman of Redback's board and chief executive of Tamalpais Asset Management, a hedge fund that is an investor in the company. "Redback can compete in a much stronger way now."

Redback was forced to file for Chapter 11 bankruptcy-court protection in 2003, after an expansion during the telecom boom left the company saddled with debt. It slashed costs, cut nearly 1,000 employees and invested millions of dollars on new technology.

At one point, the stock traded for less than $1. In 4 p.m. Nasdaq Stock Market composite trading, before the deal was announced, the stock traded at $21.17, up 45 cents. In after-hours trading the shares were up $3.63, or 17%, to $24.80.

Kevin Denuccio, Redback's chief executive, said his company had been in talks with Ericsson off and on for months but discussions grew more intense in mid-November. He said Redback was interested in being acquired, hoping "to marry the size, reach and resources of Ericsson with Silicon Valley culture and expertise."

Ericsson, with a market value of $65 billion, is Europe's largest telecom-equipment maker. Its acquisition last year of most of the assets of Marconi PLC set off a wave of consolidation in the industry, which included the proposed combination of the networks divisions of Nokia Corp. and Siemens AG, as well as last month's purchase of Lucent Technologies Inc. by Alcatel SA of France to form Alcatel Lucent.

Marconi's technology, designed to help telecom carriers handle big increases in data traffic, gave Ericsson a foothold in the networks of Marconi's existing customers, which were concentrated in the United Kingdom, Italy and Germany. The Redback deal could further improve Ericsson's ability to sell to U.S. carriers rolling out Internet television services.

"There's a scramble right now between Ericsson and Cisco to become the alternative to Alcatel in Internet television," said Inder Singh, telecom analyst at Prudential Equity Group. He thinks Ericsson could still be in the market for high-speed optical devices that collect and send signals to hundreds of homes.

Redback, of San Jose, Calif., will retain its management team and will operate as a business unit of Ericsson. The deal is expected to close by early 2007.

Arcelor Mittal buys steel plants from Grupo Villacero (BLOOM)

By Alaric Nightingale, Matthew Craze

Bloomberg, December 21, 2006

LONDON: Arcelor Mittal, the world's largest steel maker, said Wednesday that it had bought plants owned by Grupo Villacero for $1.4 billion to become the biggest producer of the metal in Mexico.

The purchase is the first since Mittal Steel's $38.3 billion combination with Arcelor this year.

Arcelor Mittal, based in Luxembourg, purchased the Sicartsa mill in Lázaro Cárdenas, Mexico, it said in a statement. It also acquired Border Steel, a mini-mill in Texas, as part of the deal. Arcelor Mittal and Villacero also created a joint venture to become the biggest supplier of steel products in Mexico and the U.S. Southwest.

Arcelor Mittal wants to strengthen its position as the biggest steel maker in the United States and tap growing demand for the metal in Latin America. Mexican steel demand may grow 6 percent a year in the next decade, according to Arcelor Mittal's chief financial officer, Aditya Mittal.

Michael Shillaker, an analyst at Credit Suisse in London, said, "This sends a clear signal to the market that the company will continue a growth path alongside its integration path."

Brussels Approves MAN's Scania Bid (FT)

By Richard Milne In Munich, Tobias Buck In Brussels And David,ibison In Stockholm

Financial Times, December 21, 2006

MAN, the German truckmaker, last night won unconditional approval from Europe's top competition regulator for its €10.3bn ($13.7bn) hostile bid for Swedish rival Scania, removing a significant obstacle from the four-month take-over fight.

The European Commission said there was no reason to object to the transaction on antitrust grounds. TheBrussels-based regulator added that it had "found that European bus and truck markets would remain competitive even after the proposed acquisition, because the merged entity would still face strong competition from a number of other important manufacturers such as DaimlerChrysler, Volvo, Iveco and DAF".

The focus will now move to MAN's efforts to persuade Scania's two largest shareholders - German carmaker Volkswagen and the investment vehicle of the Wallenberg family, Investor - to accept its offer before aJanuary 31 deadline.

The approval by the regulator is a relief to MAN, because the European Commission had previously blocked an attempt by Volvo to take over Scania in 2000. But MAN's bid is still poised on a knife-edge as Scania and Investor, in particular, opposes it strongly.

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MAN has said it believes its SKr475 a share is a fair price but admits it has "the theoretical possibility" to increase its offer. The German group is trying to present its offer as "a merger of equals" rather than a straight takeover.

Advisers to MAN say compromises may be possible on issues such as the name of the new company, a possible secondary listing in Stockholm, and the composition of its supervisory board.

But in spite of VW and Investor recognising the industrial logic of a combination, it is not clear whether the Swedish group is prepared to cede control to MAN and a system of corporate governance with which it has big problems.

VW's position is also unclear since Bernd Pischetsrieder, its chief executive, was forced to resign from the end of this month. VW eventually wants to control a company combining all three groups' truck assets, supervisory board members say.

Separately, the uneasy truce between the main labour unions of Scania and MAN collapsed yesterday after IF Metal, the Swedish truckmaker's main union, said the proposed deal was "unrealistic" and would lead to hundreds of job losses.

Its statement will reignite fears any deal will encounter politically explosive labour market opposition in Sweden. "We would lose jobs, and they would gain jobs," the union said.

Intesa Must Sell More Branches, Antitrust Says (BLOOM)

By Steve Scherer, Tommaso Ebhardt

Bloomberg, December 21, 2006

Dec. 20 (Bloomberg) -- Banca Intesa SpA, Italy's second- biggest bank, must sell 748 bank branches and part of its insurance business to win approval from Italy's antitrust regulator for its purchase of Sanpaolo IMI SpA.

Credit Agricole SA, Intesa's biggest shareholder, ``must reduce significantly'' its stake in the new bank and may not play an ``administrative or management role,'' according to a faxed statement from the Rome-based antitrust authority. Intesa must also sell its Po Vita life insurance unit, and limit the sales of insurance products from its bank branches.

Intesa and Sanpaolo shareholders backed the 30.8 billion- euro ($41 billion) acquisition on Dec. 1. The new bank will have almost twice as many domestic customers as UniCredit SpA, Italy's biggest bank. Italian banking takeovers have reached a record $85 billion this year as lenders seek to cut costs and boost profit amid increasing competition from foreign companies.

``It doesn't change substantially the merger,'' said Fabrizio Barini, an analyst at Websim SpA in Milan. ``They won't have any problems selling the extra branches.''

Intesa and Sanpaolo welcomed the antitrust's decision in a statement distributed by the Italian exchange.

``This will allow the merger to be completed by the end of the year,'' the companies said in a joint statement.

Intesa won the support of Credit Agricole for the Sanpaolo transaction by agreeing to sell the French lender 650 branches in northern Italy. That means Intesa is going to have to shed about another hundred to satisfy the regulator.

Representatives of Generali SpA, Italy's biggest insurer, must not participate in discussions or votes that involve Eurizon SpA, which is Sanpaolo's insurance and asset management unit, the regulator said. Generali owns 7.5 percent of Intesa.

ENVIRONMENT:

Reforestation Lags Amid Record Wildfires (USAT)

By Patrick O'Driscoll

USA Today, December 21, 2006

DENVER — As severe wildfires scorch more of the USA each year, the Forest Service is falling further behind in replacing trees lost to fire, insects and disease because of shrinking budgets and mounting costs of fighting the blazes.

The Forest Service had a backlog of 1.1 million acres that needed replanting in 2005 — a combined area slightly larger than Rhode Island — according to the agency's latest reforestation report. Last year, it could replant only 153,000 acres.

John Rosenow, president of the National Arbor Day Foundation, calls it "a double whammy — the high need (to replant) because of fires, and then the funds having to be diverted."

The Forest Service had to borrow $200 million from other programs to cover firefighting costs this year. Most of that, $159 million, came from reforestation accounts, the agency says.

Wildfires last year scorched almost 8.7 million acres, the highest total in more than a half-century — until this year's record 9.6 million acres burned.

"I'll give you one word: crisis," says forest ecologist Tom Bonnicksen, an adviser to the Forest Foundation, a California-based group. "In California areas burned by wildfires in 2001, only 3.8% were reforested. That, to me, is a crisis."

Not all land burned in these record years are in the 193 million acres of national forests. Nor do all burned forests need intensive replanting. Wildfires can char some areas but only singe others, so some tracts can reseed naturally.

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But millions of acres of forestland, especially in the West, are dangerously overgrown because federal policy for decades was to put out every fire. When those forests catch fire now, they can burn so severely that replanting is the only option. If the forests aren't restored, erosion can mar the land, damage wildlife habitat and ruin the water quality of streams that contribute to the nation's water supply.

The Forest Service report says the increased acreage in need of replanting is mostly attributable to major fires in the West since 2000. It also acknowledges a steady decline in replanting since 1990.

"I'm concerned about our ability to do the appropriate level of reforestation," Forest Service Chief Dale Bosworth says. "That is a core value of the Forest Service."

A 2005 study by the Government Accountability Office warned that neglected reforestation could make wildfires worse. The report said that without new trees, burned areas will fill in with brush and weeds, which can dry out quickly and become volatile fuel for more fires.

In an attempt to close the gap, groups and businesses are donating money and seedlings. In October, Enterprise Rent-A-Car, working with the National Arbor Day Foundation, pledged 1 million trees a year for the next 50 years. Earlier this year, Ikea, the home store chain, paired with American Forests, another conservation group, to plant 300,000 trees.

Bosworth says such donations accounted for 12% of reforestation spending in 2004: "I'd like to double that over time."

Two Lawsuits Filed Against ICC (BSUN)

By Timothy B. Wheeler, Sun Reporter

The Baltimore Sun, December 21, 2006

Actions are effort to block building of the highway in Maryland suburbs

GAITHERSBURG -- In a challenge to both the outgoing Ehrlich administration and the incoming O'Malley regime, opponents of the proposed Inter-County Connector filed a pair of lawsuits Wednesday seeking to block construction of the east-west toll highway through Washington's Maryland suburbs.

In suits filed in federal courts in the District of Columbia and in Greenbelt, four environmental groups and two Montgomery County residents who live near the proposed highway contend that federal transportation and environmental agencies abrogated their duties in approving the state's plans for the 18-mile, six-lane highway.

Speaking at a news conference at a suburban home that would lose part of its leafy backyard to the highway, the opponents alleged that state and federal officials glossed over the environmental damage the project would do. They also contend that officials failed to consider other ways of easing Washington area traffic congestion that would be less costly and less harmful to human health and natural resources.

"We ask that the federal government go back and take an honest look," said Erik Bluemel, staff attorney for the Institute of Public Representation at Georgetown University Law Center, one of the lawyers representing highway opponents.

The suits name as defendants federal transportation and environmental agencies, along with regional planning entities that approved the state's ICC plans.

Gov. Robert L. Ehrlich Jr. had made the long-planned highway's construction one of his priorities. He revived the project, which his Democratic predecessor, Parris N. Glendening, had rejected on environmental grounds. Ehrlich also sought to "fast-track" approval by federal agencies of a new, more favorable environmental study of the ICC.

Transportation Secretary Robert L. Flanagan defended Wednesday the state's efforts to minimize and mitigate the highway's environmental impact. He dismissed ICC opponents as "a tiny minority of people who are unhappy with the democratic process."

"It's not only the governor, but a very strong majority of legislators, state legislators from across the state, [who] support this project," Flanagan said. "They understand that it's going to be very good for the state of Maryland."

Flanagan said bids are being sought for construction of the first leg of the connector, 7.2 miles from Interstate 370 in Gaithersburg to Georgia Avenue near Silver Spring.

The entire project is expected to cost about $2.4 billion, he said, with about $280 million of that devoted to replacing parkland that would be taken for the highway and restoring woods ands wetlands that would be bulldozed.

A spokesman for Baltimore Mayor Martin O'Malley said the governor-elect stood by his campaign statements in support of the project -- a rare point of agreement between him and the Republican incumbent he ousted. "We will defend the lawsuits, and the ICC will progress, will be built," said Rick Abbruzzese, O'Malley's spokesman.

But opponents said they hope O'Malley will rethink his position once in office.

"When the highway is running right by the swing set, what do you tell your children?" asked Connie McKenna, president of the Shady Grove Woods Homeowners Association, who lives several doors from where Wednesday's news conference was

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held. Her son, Artie Sadtler, 12, has asthma, she said, and she worries that air pollution from the 125,000 vehicles a day expected to use the highway would aggravate his breathing difficulties.

"The worst part of this," McKenna added, "is it's not going to solve the terrible traffic we've been living with."

Though transportation officials say the highway would reduce commute times and ease gridlock along some routes, opponents say traffic would increase, worsening congestion elsewhere.

In addition to displacing 11 businesses and 52 homes, the proposed highway would clear 746 acres of woodlands, fill in 47 acres of wetlands and disrupt about seven miles of streams, said John Parrish, vice president of the Maryland Native Plant Society.

The state plans to create almost twice as many acres of wetlands as the highway would destroy, according to a fact sheet from the state Department of Transportation. Similarly, every acre of parkland lost would be replaced by 8 acres elsewhere.

But the highway also would spawn additional development in the area, Parrish pointed out. He said that growth would level another 2,213 acres of woods, fill in 160 acres more of wetlands and disturb an additional 15 miles of stream bed.

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Federal Agency Sued Over Environmental Study (WP)

By Katherine Shaver

The Washington Post, December 21, 2006

Four environmental groups and a Montgomery County couple filed lawsuits yesterday arguing that federal transportation officials approved the intercounty connector project before adequately studying the highway's effects on wildlife and public health.

The two federal lawsuits -- one filed in the District and the other in Maryland -- also allege that the federal environmental review did not meet legal requirements to consider other east-west transportation options. Building mass transit and improving local roads, among other measures, would cost less, do less environmental damage and combat traffic better than an 18-mile road cutting across Montgomery and Prince George's counties, the complaints say.

"The ICC has been steamrolled through the approval process without a thorough evaluation of smarter, more effective and, frankly, healthier alternatives," said one of the plaintiffs, John M. Balbus, director of the health program for Environmental Defense.

Balbus and other highway opponents spoke at a news conference in the back yard of a home on Briardale Road in the Derwood area of Rockville, where the six-lane highway would cut through a swath of woods between two neighborhoods. The road's right of way would take part of the yard and run within a few feet of the family's swing set and basketball hoop.

Doug Hecox, a spokesman for the Federal Highway Administration, said he had not seen the lawsuits. However, he said, the agency does not typically comment on pending litigation.

Maryland highway officials were not named in the lawsuits, but state Transportation Secretary Robert L. Flanagan said he had expected them. Still, he said, he was confident the state's study -- and federal officials' approval of it -- would withstand legal scrutiny.

"Every highway project that's ever been built in modern times has had to face a lawsuit," Flanagan said, adding that he had not seen the complaints. "This highway meets and, in fact, probably exceeds all federal and state environmental laws and regulations."

The plaintiffs said they hope for decisions in the cases by late summer. Their attorneys said they are not seeking an immediate injunction because state highway officials said no work that could cause environmental damage, such as tree cutting or filling in wetlands, would occur while the suits are pending. The suits probably will be settled or decided by a federal judge before any trial, lawyers said.

Gov. Robert L. Ehrlich Jr. (R) made building the highway his administration's top transportation priority, saying it would reduce congestion on dangerously crowded east-west local roads while speeding travel between the Interstate-270 corridor in Montgomery and the Interstate-95 corridor in Prince George's. Maryland officials have begun buying property in the path of the toll highway, estimated to cost $2.4 billion. The first major contract -- to design and build the westernmost section between I-270 and Georgia Avenue -- is scheduled to be awarded in March, Flanagan said.

But in U.S. District Court in Maryland, opponents will argue that federal officials didn't consider "reasonable alternatives" to a highway and didn't fully weigh such environmental effects as increased noise on parkland. The complaint listing those allegations was filed by the Audubon Naturalist Society, the Maryland Native Plant Society, and Roger Metcalf and Eve Burton, a Derwood couple who would lose their Cashell Estates home to the highway.

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The other suit, filed in U.S. District Court in Washington by Environmental Defense and the Sierra Club, argues that the federal review did not properly analyze the road's effect on local pollution levels and the health of nearby residents and schoolchildren.

"It's terrifying for us having seen our kids in the hospital with asthma to know this road might be coming," said Connie McKenna, a highway opponent who lives near the proposed route.

Suits Seek To Block ICC Construction (WT/AP)

By Sarah Karush, Associated Press

The Washington Times, December 21, 2006

Environmental groups filed two court challenges yesterday aimed at blocking construction of Maryland's Intercounty Connector, a highway that officials say will ease commutes and take vehicles off local streets.

The 18-mile, six-lane highway connecting Interstate 270 in Montgomery County with Interstate 95 in Prince George's County has long been championed by regional business groups, but faced stiff opposition from environmentalists as well as concerns over its cost. It finally won federal approval in May.

In one lawsuit, filed in U.S. District Court in the District, Environmental Defense and the Sierra Club say the air quality analysis conducted by federal and regional officials was inadequate because it gauged the potential pollution from the ICC by using monitors that were more than 1½ miles from major highways.

The second lawsuit -- filed in U.S. District Court in Greenbelt, by the Audubon Naturalist Society, the Maryland Native Plant Society and a family whose property is on the proposed route for the ICC -- says federal officials failed to consider reasonable alternatives to the road and the full environmental impact of the project.

The ICC "would bring 125,000 vehicles per day into quiet residential neighborhoods and scenic parks and in close proximity to five schools where children ... will be exposed to dangerous levels of toxic and particulate matter air pollution," the groups said in the suit filed in the District.

Maryland Transportation Secretary Robert L. Flanagan said the environmental impact studies "exceed the requirements of state and federal regulations."

"Now and until the ICC is built there will be congestion on neighborhood roads in Montgomery County that is more harmful than any emissions emanating from the ICC in the future," Mr. Flanagan said. He noted that studies indicate that moving traffic onto the ICC would reduce the number of serious accidents by 340 a year.

AAA Mid-Atlantic was quick to condemn the lawsuit, as was the Greater Washington Board of Trade.

"The environmental work was very carefully put together in anticipation of these lawsuits," said Bob Grow, director of government relations at the board. "I'd be surprised if they have any traction whatsoever."

Build It (WP)

The Washington Post, December 21, 2006

MOST OFFICIALS in Maryland understand that the planned intercounty connector, possibly history's must studied road, has been examined and assessed ad nauseam -- and approved. Still, the Montgomery County Planning Board has blocked the state's purchase of a few small parcels for the 18-mile ICC, thus prolonging the roadway's 40-year-plus odyssey just a little bit more.

Depending on who's doing the explaining, the board has held up sale of 87 acres along the planned route because:

? The precise location of a planned maintenance facility is in dispute.

? Further protection for environmentally sensitive watersheds is required from the state.

? The planning board wants Gov.-elect Martin O'Malley (D) and the newly elected County Council to affirm that the connector will really be built.

Maybe the board members are also awaiting a bolt of lightning or some other heavenly sign before they give the go-ahead for the road, which would connect two vital corridors in the Maryland suburbs, Interstate 270 in Montgomery County and I-95 in Prince George's County. While they wait, they might consider that the connector has been on the drawing board since the 1950s; that it has been the subject of exhaustive efforts to mitigate possible environmental impacts; that the state and federal governments have given it the green light; that financing is in place; and that the 87 acres in dispute have been purchased, preserved and set aside for the roadway over the course of three decades. As for Mr. O'Malley, he has backed the ICC repeatedly.

Environmentalists filed lawsuits yesterday; that is their right. In the meantime, the planning board should stop its posturing, sell the parcels and get out of the way.

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Big Profits, And Questions, In Effort To Cut Emissions (NYT)

By Keith Bradsher

New York Times, December 21, 2006

QUZHOU, China — Foreign businesses have embraced an obscure United Nations-backed program as a favored approach to limiting global warming. But the early efforts have revealed some hidden problems.

Under the program, businesses in wealthier nations of Europe and in Japan help pay to reduce pollution in poorer ones as a way of staying within government limits for emitting climate-changing gases like carbon dioxide, as part of the Kyoto Protocol.

Among their targets is a large rusting chemical factory here in southeastern China. Its emissions of just one waste gas contribute as much to global warming each year as the emissions from a million American cars, each driven 12,000 miles.

Cleaning up this factory will require an incinerator that costs $5 million — far less than the cost of cleaning up so many cars, or other sources of pollution in Europe and Japan.

Yet the foreign companies will pay roughly $500 million for the incinerator — 100 times what it cost. The high price is set in a European-based market in carbon dioxide emissions. Because the waste gas has a far more powerful effect on global warming than carbon dioxide emissions, the foreign businesses must pay a premium far beyond the cost of the actual cleanup.

The huge profits from that will be divided by the chemical factory's owners, a Chinese government energy fund, and the consultants and bankers who put together the deal from a mansion in the wealthy Mayfair district of London.

Arrangements like this still make sense to the foreign companies financing them because they are a lot less expensive, despite the large profit for others, than cleaning up their own operations.

Such efforts are being watched in the United States as an alternative more politically attractive than imposing taxes on fossil fuels like coal and oil that emit global-warming gases when burned.

But critics of the fast-growing program, through which European and Japanese companies are paying roughly $3 billion for credits this year, complain that it mostly enriches a few bankers, consultants and factory owners.

With so much money flowing to a few particularly lucrative cleanup deals, the danger is that they will distract attention from the broader effort to curb global warming gases, and that the lure of quick profit will encourage short-term fixes at the expense of fundamental, long-run solutions, including developing renewable energy sources like solar power.

As word of deals like this has spread, everyone involved in the nascent business is searching for other such potential jackpots in developing countries.

As for more modest deals, like small wind farms, "if you don't have a humongous margin, it's not worth it," said Pedro Moura Costa, chief operating officer of EcoSecurities, an emissions-trading company in Oxford, England.

The financing of the chemical factory's incinerator here and other deals like it are now drawing unfavorable attention. Canada's environment minister, Rona Ambrose, announced in October that her government would withdraw from the trading program.

"There is a lot of evidence now about the lack of accountability around these kinds of projects," she said.

Another concern is that the program can have unintended results. The waste gas to be incinerated here is emitted during the production of a refrigerant that will soon be banned in the United States and other industrial nations because it depletes the ozone layer that protects the earth from ultraviolet rays.

Handsome payments to clean up the waste gas have helped chemical companies to expand existing factories that make the old refrigerant and even build new factories, said Michael Wara, a carbon-trading lawyer at Holland & Knight in San Francisco.

Moreover, air-conditioners using this Freon-like refrigerant are much less efficient users of electricity than newer models. The expansion of large middle classes in India and China has led to soaring sales of cheap, inefficient air-conditioners, along with the building of coal-fired plants to power them, further contributing to global warming and the depletion of the ozone layer.

The program is at the forefront of efforts to address the most intractable problem in climate change: how to limit soaring emissions from the largest developing countries. Sometime in 2009, China's total emissions of carbon dioxide, the most important global warming gas, are expected to surpass those from the United States, according to the International Energy Agency.

While the challenge of addressing global warming is daunting, so are the consequences of inaction. Scientists warn that rising concentrations of carbon dioxide and other global warming gases could result in more severe storms, wide crop failures, the spread of tropical diseases and rising sea levels endangering some coastal cities.

Programs like the one the United Nations supports are increasingly common in Europe. In general, they allow companies to buy rights on the market to exceed their limits on global warming gases from other companies prepared to reduce emissions

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elsewhere at a lower cost. Many economists consider emissions-trading systems, which are driving participants to the cheapest cleanups with the biggest impact, as the most efficient way to address pollution.

But a study commissioned by the world organization has found that the profits are enormous in destroying trifluoromethane, or HFC-23, a very potent greenhouse gas that is produced at the factory here and several dozen other plants in developing countries. The study calculated that industrial nations could pay $800 million a year to buy credits, even though the cost of building and operating incinerators will be only $31 million a year.

The situation has set in motion a diplomatic struggle pitting China, the biggest beneficiary from payments, against advanced industrial nations, particularly in Europe. At a global climate conference in Nairobi, Kenya, in November, European delegates suggested that in the case of Freon factories now under construction in developing countries, any payments for the incineration of the waste gas should go only into an international fund to help factories retool for the production of more modern refrigerants that do not deplete the ozone layer.

But the Chinese government blocked the initiative, insisting that money for Chinese factories go into the government's own clean energy fund. Negotiators ended up setting up a group to study the issue.

Even as hundreds of millions of dollars from the program are devoted to the refrigerant industry, countries in sub-Saharan Africa, which were originally envisioned as big beneficiaries of emissions trading, are receiving almost nothing. Just four nations — China, India, Brazil and South Korea — are collecting four-fifths of the payments under the program, with China alone collecting almost half.

Two-thirds of the payments are going to projects to eliminate HFC-23.

Those payments also illustrate conflicting goals under Kyoto and the Montreal Protocol, a 1987 agreement that requires the phasing out of ozone-depleting substances. The problem is that the trading program backed by the United Nations, known as the Clean Development Mechanism, is helping support an industry that another international organization is trying to phase out.

And while ozone depletion is a separate problem from global warming, some gases, like HFC-23, make both worse. The separate secretariats under the protocols have little legal authority to resolve this quandary.

"It's tricky in that we don't have a mechanism other than the Security Council, and who cares there about HFC's?" said Janos Pasztor, the acting coordinator of the organization that oversees the program.

In the end, officials say, there should be more projects aimed at providing renewable energy and sustainable economic development for the world's poorest people.

"If people only do HFC-23 projects, then they miss the whole idea," Mr. Pasztor said.

Richard Rosenzweig, chief operating officer of Natsource, a company in Washington arranging emissions deals between poor and rich countries, said it was not fair to look only at incineration costs and compare them with the size of payments from industrial nations. The administrative costs of the program are high, he said, and at least disposal of the waste gas is taking place.

If the world tried to reduce emissions through an outright ban or regulation alone, as many environmentalists recommend, it might not happen at all, he said. The United Nations-favored program may have flaws, he added, but "it's a pilot phase — this is a 100-year problem."

Environmental groups say that governments in developing countries should either require factories to incinerate the waste gas as a cost of doing business, or receive aid from wealthier countries to cover the relatively modest cost of incinerators.

"Couldn't we pay for the cost, or even twice the cost, of abatement and spend the rest of the money in better ways?" Mr. Wara asked.

DuPont produces HFC-23 as part of its output of Teflon, but has routinely burned the colorless, odorless waste gas without compensation for many years, even though it is not required by law to do so, a DuPont spokeswoman said.

The secretariat of the Clean Development Mechanism estimates that a ton of HFC-23 in the atmosphere has the same effect as 11,700 tons of carbon dioxide. James Cameron, the vice chairman of Climate Change Capital, which organized the chemical factory deal here, said there were considerable costs and risks in setting up plans that required elaborate certification by consultants, acceptance by developing-country governments and approval by a United Nations secretariat.

For small projects involving less than $250,000 worth of credits, fees for deal makers, consultants and lawyers can far exceed the cost of installing equipment to clean up emissions.

Even the Chinese government, the main seller of carbon credits and a defender of the program, is expressing some misgivings.

"We do not encourage more HFC projects," a statement by Lu Xuedu, deputy director of the Office of Global Environment Affairs at the Ministry of Science and Technology, said. "We would prefer to have more energy efficiency and renewable-energy projects that could help alleviate poverty in the countryside."

But for now, the projects involving industrial gases like HFC-23 are where most of the action is.

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"You can do those quickly," Mr. Rosenzweig of Natsource said, "and it's worth the investment."

FBI/DEA/ATF/USMS:

Mexican Indicted On Drug Kingpin Charges (WT)

By Jerry Seper

The Washington Times, December 21, 2006

A Mexican described by U.S. authorities as "one of the world's major drug traffickers" has been indicted by a federal grand jury in California on racketeering, drug trafficking and money laundering charges that carry the death penalty.

U.S. Attorney Carol C. Lam in San Diego said the indictment, unsealed yesterday, accuses Francisco Javier Arellano-Felix of six counts of operating a continuing criminal enterprise, which dominated the Mexican drug trade for more than a decade and flooded the United States with hundreds of tons of cocaine, marijuana, methamphetamine and heroin.

The indictment accuses Arellano-Felix of maintaining control of his drug trafficking empire by personally ordering kidnappings and up to 20 slayings, including beheadings, of rivals in the drug trade, law-enforcement officers and members of the press.

Arellano-Felix, who also oversaw the construction of sophisticated tunnels to smuggle drugs under the U.S.-Mexico border, was arrested in August by U.S. authorities while deep-sea fishing and is now in custody in San Diego. The U.S. Coast Guard apprehended him aboard a boat known as the "Dock Holiday," 15 miles off the shore of La Paz, Mexico.

An earlier indictment that sought his extradition in 2003 did not include the charges that could lead to his execution and is expected to be dismissed as moot. Mexico has balked at extraditing those facing a possible death sentence in this country.

U.S. Drug Enforcement Administration (DEA) spokesman Rusty Payne said a decision whether to seek the death penalty will be made by Attorney General Alberto R. Gonzales at a later date.

Deputy Attorney General Paul J. McNulty has described Arellano-Felix, 37, as "one of the world's major drug traffickers," citing his role as a leader of a brutal international drug gang that includes seven brothers and four sisters.

Mr. McNulty said the Arellano-Felix organization negotiated directly with Colombian cocaine-trafficking organizations, including the Revolutionary Armed Forces of Colombia for the purchase of multiton shipments of cocaine, received those shipments by sea and air in Mexico, and then arranged for smuggling the cocaine into the U.S.

Also indicted was Manuel Arturo Villarreal Heredia, 31, described as a hired assassin for the Arellano-Felix organization. He also was taken into custody on the fishing boat and is held in San Diego.

The indictment describes Arellano-Felix as the gang's principal organizer and top leader since March 2000, and Villarreal as one of its top six under-bosses, in command of crews that carried out enforcement operations and drug trafficking activities.

It names Arellano-Felix and Villarreal in connection with the 2005 killing of Deputy Police Chief Hugo Gabrial Coronel Vargas in Tijuana, Mexico, and the kidnapping, slaying and beheading of three Rosarito Beach police officers in June 2006.

Arellano-Felix also was charged in Mexico in 1993 with conspiring to assassinate Roman Catholic Cardinal Juan Posadas Ocampo. Cardinal Posadas Ocampo, along with six other persons, was assassinated on May 24, 1993, in the parking lot at Guadalajara International Airport. He was shot 14 times.

In January, federal agents located a 2,400-foot-long tunnel built by the Tijuana-based Arellano-Felix organization, filled with 2 tons of marijuana and connecting warehouses in Tijuana to San Diego.

Suspected Drug Kingpin Pleads Not Guilty To New Charges In U.S. (AP)

By Allison Hoffman

AP, December 21, 2006

SAN DIEGO - A man suspected of overseeing one of Mexico's most violent drug cartels and his top associate pleaded not guilty Wednesday to new charges detailing a criminal enterprise that included a hit on Tijuana's deputy police chief and the beheadings of three officers.

The new charges could make Francisco Javier Arellano Felix, 37, and his right-hand man Manuel Arturo Villarreal Heredia, 31, eligible for the death penalty if they are found guilty of crimes outlined in a seven-count indictment unsealed this week.

The two men, both looking pale and drawn, shuffled into the federal courtroom with hands shackled to their waists and ankles chained together. It was far different from the designer cruisewear and flip-flops the pair wore when they made their first court appearance in August, just days after their arrest aboard a sport fishing boat off La Paz, Mexico.

Not guilty pleas were entered on their behalf by their attorneys.

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U.S. District Court Judge Jan M. Adler rejected requests by the defense to remove the shackles and ordered both men held without bail. A Jan. 2 hearing was scheduled.

The indictment charges the men with running a criminal enterprise, racketeering and conspiracy to commit racketeering, drug trafficking and money laundering. According to the filing, the pair directed the smuggling of cocaine and marijuana shipments from Mexico into the U.S. and oversaw "enforcement operations" - threats and murders designed to reinforce the power of the cartel.

The indictment lists the 2005 murder of Tijuana's deputy police chief, a January shootout between the cartel and officers in Tijuana and the June beheadings of three officers in the Mexican resort town of Rosarito Beach as evidence of the criminal enterprise that authorities say extended into the United States.

Both men face charges for those crimes and broader racketeering charges in Mexican courts, according to the Mexican federal attorney general's office. Officials at Mexico's Foreign Relations Department and attorney general's office said Wednesday they had no immediate response to the new allegations or to the possibility of death sentences, which are illegal under Mexican law.

Villarreal's attorney Kerry Steigerwalt questioned whether his client, who holds dual citizenship and has been seeking extradition to Mexico, would be able to get a fair trial in the U.S.

"It is difficult for us to conduct a defense when we can't subpoena people in Mexico," Steigerwalt said outside court.

Assistant U.S. Attorney Laura Duffy said the Mexican government had agreed to allow the U.S. to complete its prosecution of the pair before pursuing extradition requests. She said the criminal enterprise operated on both sides of the border and merited prosecution in U.S. courts.

"The U.S. has a big interest in this," said John Kirby, a former federal prosecutor who has worked on cartel cases. "A lot of drugs were brought over, and a lot of people were killed in the United States."

Arellano Felix and Villarreal have been held in a San Diego jail since the August raid aboard the yacht. The capture was the culmination of a manhunt triggered by a 2003 indictment charging Arellano Felix and 10 others of running the cartel, which authorities say smuggled tons of Colombian cocaine and Mexican marijuana into the United States.

The indictment also linked Arellano Felix to a 1996 killing in Coronado, near San Diego, and a 1992 shootout at a disco in Puerto Vallarta, Mexico.

Arellano Felix pleaded not guilty to those charges, which would have carried up to 40 years in prison. That case will likely be stayed as prosecution proceeds on the new indictment.

Villarreal was not named in the 2003 indictment and had previously been held as a material witness after the boat raid.

Web Site Puts Undercover Officers At Risk (KHOU)

KHOU-TV, December 21, 2006

What we see often looks easy - slip on the handcuffs for the trip to jail.

But getting the evidence to make an arrest often is a long road paved with trouble at every turn.

One Web site is putting undercover officers and their contacts in the public eye.

“The whole point of putting someone in an undercover capacity is to get them close to the criminal element without them knowing that they are dealing with a police officer,” said Lt. John Martin, Harris County Sheriff’s Dept.

And it works.

So well that some folks want to make being undercover a little more difficult.

It is a Web site called ‘Who’s a Rat’.

Its operators say it was put together to provide defense attorneys with a resource that they may not have access to: searching court records for accusers’ histories or hiring investigators to check out informants takes time and money.

The site is a collection of profiles of alleged confidential informants, submitted by the public.

Search 'Houston' and you’ll find profiles of more than 250 people who are said to be helping police - some with pictures, others with court documents - to back up the claims.

Some defense attorneys call it a potentially important resource.

“The more information you have about an individual, especially if that individual is getting paid or is a criminal themselves. That information should come to light to the defense attorney so that the individual can get a fair trial,” said Randall Kallinen, ACLU criminal defense attorney.

But that is not all that is there. Another section of profiles is a much bigger concern.

“Once that criminal element realizes that they are dealing with a peace officer, then his very life is endanger at that point,” Lt. Martin said.

The site calls them “agents.”

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Search for the term 'Houston', and more than 200 profiles pop up with names and sometimes pictures of officers said to be working at agencies all over the area: state and local police, sheriff's deputies, and even the FBI and DEA.

Still civil libertarians defend the site's right to exist.

"In the world of crime and crime prevention there are some risks," Kallinen said, "However, it has not been shown that this site has led to the injuries of any law enforcement officer."

The site may not have caused damage yet, but law enforcement officials said you don't have to look far to see the potential risk.

Look at the Harris County Law Enforcement Memorial. One of the names is Deputy Rodney Scott Morgan.

"He was working in an undercover capacity, I believe he was a narcotics detective at the time," Lt. John Martin, Harris County Sheriff's Office.

Morgan was in a bar and was recognized by the bartender from his days on patrol.

He tried to play that off, but when he went to the restroom, "We had two very large individuals not letting anyone in while someone else inside was cutting his throat. His partner ended up noticing he had been gone for a very long time and went and intervened and took some of the suspects into custody, but he ended up getting killed from that incident," said Lt. Martin.

The site has gotten the attention of the Judicial Conference and that group sent an official memo last month to all federal judges, alerting them and asking that certain documents be sealed to protect the identities of informants and agents.

Some think that's dangerous.

"An individual needs to have a fair trial. The most common cause of wrongful capital convictions is due to confidential informants. These informants generally are criminals themselves," said Kallinen.

Informants are difficult to track but local law enforcement says no local officer listed on the site right now appears to be working undercover.

Yet with new posts coming each day it is extremely dangerous and of concern when someone takes the cover out of undercover.

KCK Man Sentenced To 121 Months In Connection To Marijuana Bust (KESQ)

KESQ-TV, December 21, 2006

A local medical marijuana dispensary may be in even more trouble now. CannaHelp in Palm Desert continues to do business, even after the city revoked their business license.

"They may well be in violation."

Palm Desert City Attorney David Irwin won't discuss what possible action may be taken against CannaHelp, after the medicinal marijuana dispensary defied the city's cease and desist order to operate.

CannaHelp allegedly sold marijuana to an undercover cop who didn't have necessary credentials. Irwin says that's a city violation.

"They would service people who had certain identification and they didn't do that."

We visited CannaHelp to talk to owner, Stacy Hochanadel, to get his side of the story. He wasn't available for comment.

Feds and local police recently raided CannaHelp, suspecting it sold marijuana for profit. We spoke with Hochanadel after the raid. He said he was, indeed, drawing a salary from CannaHelp sales.

"If you look at the Compassionate Use Act, it specifically says, you shall not sell marijuana for a profit. So I think your interview was very interesting," said Erwin.

Caregivers in Palm Springs shut down after it was raided last month. Marijuana patients say they're the ones really affected.

"People voted a law in and it's kind of a bummer."

With Caregivers now out of business and CannaHelp in hot water, Capps is the only dispensary in the Valley that has not been in trouble. We tried to talk to them about the subject, but they refused.

Meanwhile, Palm Desert's city attorney and his staff are busy figuring out their next move.

"Several alternatives. I don't know which one we will take and I'm not even free to share the alternatives with you."

CannaHelp Still Open In Defiance Of City Order (DS)

Desert Sun, December 20, 2006

A medical marijuana dispensary in Palm Desert remained open for business today, in defiance of a cease-and-desist letter it received from the city Tuesday.

It was business as usual at CannaHelp at 73-350 El Paseo, with a mix of employees and volunteers keeping the doors open, said owner Stacy Hochanadel.

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"Our patients are calling and asking us what they can do to let people know they need their medicine from a reliable safe source," Hochanadel said. "They all want to show up to the next City Council meeting."

Hochanadel justified his decision to keep the dispensary open because, he said, the City Council should have held a public hearing before voting to revoke his business license last Thursday.

The vote was taken in a closed session, based on a report stating that Hochanadel sold medical marijuana to an undercover police agent who did not have appropriate paperwork.

Hochanadel has had a business license from the city since he opened the dispensary in October 2005. He signed a letter with the city earlier this year, agreeing to sell medical marijuana only to patients with a state-issued medical marijuana ID card.

City Attorney David Erwin said Tuesday he had yet to determine what action he would recommend the city take if Hochanadel continues to keep the dispensary open despite the letter.

Secrets To Be Declassified Under New Rule At Age 25 (NYT)

By Scott Shane

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — It will be a Cinderella moment for the band of researchers who study the hidden history of American government.

At midnight on Dec. 31, hundreds of millions of pages of secret documents will be instantly declassified, including many F.B.I. cold war files on investigations of people suspected of being Communist sympathizers. After years of extensions sought by federal agencies behaving like college students facing a term paper, the end of 2006 means the government's first automatic declassification of records.

Secret documents 25 years old or older will lose their classified status without so much as the stroke of a pen, unless agencies have sought exemptions on the ground that the material remains secret.

Historians say the deadline, created in the Clinton administration but enforced, to the surprise of some scholars, by the secrecy-prone Bush administration, has had huge effects on public access, despite the large numbers of intelligence documents that have been exempted.

And every year from now on, millions of additional documents will be automatically declassified as they reach the 25-year limit, reversing the traditional practice of releasing just what scholars request.

Many historians had expected President Bush to scrap the deadline. His administration has overseen the reclassification of many historical files and restricted access to presidential papers of past administrations, as well as contemporary records.

Practical considerations, including a growing backlog of records at the National Archives, mean that it could take months before the declassified papers are ready for researchers.

"Deadlines clarify the mind," said Thomas S. Blanton, director of the private National Security Archive at George Washington University, which obtains and publishes historical government documents.

Despite what he called a disappointing volume of exemptions, Mr. Blanton said automatic declassification had "given advocates of freedom of information a real lever."

Gearing up to review aging records to meet the deadline, agencies have declassified more than one billion pages, shedding light on the Cuban missile crisis, the Vietnam War and the network of Soviet agents in the American government.

Several hundred million pages will be declassified at midnight on Dec. 31, including 270 million pages at the Federal Bureau of Investigation, which has lagged most agencies. J. William Leonard, who oversees declassification as head of the Information Security Oversight Office at the National Archives, said the threat that files might be made public without a security review had sent a useful chill through the bureaucracy.

"Unfortunately, you sometimes need a two-by-four to get agencies to pay attention," Mr. Leonard said. "Automatic declassification was essentially that two-by-four."

What surprises await in the documents is impossible to predict.

"It is going to take a generation for scholars to go through the material declassified under this process," said Steven Aftergood, who runs a project on government secrecy for the Federation of American Scientists.

"It represents the classified history of a momentous period, the cold war," Mr. Aftergood said. "Almost every current headline has an echo in the declassified past, whether it's coping with nuclear weapons, understanding the Middle East or dictatorship and democracy in Latin America."

Anna K. Nelson, a historian at American University, said she hoped that the files would shed light on the Central Intelligence Agency role in Iran and deepen the documentation of the Jimmy Carter years, in particular the Camp David accords.

"Americans need to know this history, and the history is in those documents," Ms. Nelson said.

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She said the National Archives staff was buried in a 400-million-page backlog that awaits processing and is not publicly available.

Also, a budget shortfall has cut back on evening and weekend access to the major research center of the archives, in College Park, Md.

"They can declassify the records, but the archives don't have the staff to handle them," Ms. Nelson said.

The first deadline was imposed in an executive order that President Bill Clinton signed in 1995, when officials realized that taxpayers were paying billions of dollars to protect a mountain of cold war documents.

The order gave agencies five years to declassify documents or show the need for continued secrecy.

When agencies protested that they could not meet the 2000 deadline, it was extended to 2003. Mr. Bush then granted another three-year extension, but put out the word that it was the last one, despite the new emphasis on security after the Sept. 11, 2001, attacks and a new war in Iraq.

"The Bush administration could have said, 'This is a Clinton thing,' and abandoned it," Mr. Aftergood, said. "To their credit, they did not."

As an enforceable deadline loomed, the intelligence agencies that produce most secret material add workers to plow through files from World War II.

The C.I.A. has reviewed more than 100 million pages, released 30 million pages and created a database of documents, Crest, that is accessible from terminals at the National Archives. Although most of the files are exempt, they can be requested under the Freedom of Information Act.

The National Security Agency, the eavesdropping and code-breaking agency, has released 35 million pages, including an extensive collection on the Gulf of Tonkin incident that led to the escalation of the Vietnam War. The agency plans a major release early next year on the Israeli attack on the Liberty, an American eavesdropping ship, in 1967.

The F.B.I., by contrast, negotiated an exemption from the 1995 executive order and concluded last year that the 2003 executive order ended its special status. It has rushed to review material, seeking exemption for 50 million pages on intelligence, counterintelligence and terrorism, but leaving 270 million pages to be automatically declassified now.

Among those files, said David M. Hardy, the bureau declassification chief, are those on investigations of Americans with suspected ties to the Communist Party. Reviewers will keep working on the exempt material to see what can be released, but it is a slow process, Mr. Hardy said.

"The numbers of documents are staggering," Mr. Hardy said.

The bureau is studying digitizing documents and using computers to search for classified material. Some experts say mass declassification is not the smartest approach. L. Britt Snider, a former intelligence official who heads the Public Interest Declassification Board, which advises the White House, said most government records, even top-secret ones, were pretty boring.

"Rather than take this blunderbuss approach," Mr. Snider said, "I'd like to see the agencies concentrate first on what's interesting and what's important."

Federal Inquiry Focuses On 2 Bruno Firms (NYT)

By Mike McIntire

The New York Times, December 21, 2006

Federal investigators have issued subpoenas to at least two firms linked to the State Senate majority leader, Joseph L. Bruno, as part of their investigation into his business dealings, one of Mr. Bruno's former business partners and a legislative aide said yesterday.

One of the companies was a partnership involving Mr. Bruno and an influential Albany lobbyist that bought and sold lakeside property in Rensselaer County, including a parcel that was purchased by the wife of Jared E. Abbruzzese. Mr. Abbruzzese is an investor in a group seeking control of the state's thoroughbred racing franchise — a decision in which Mr. Bruno will play a key role.

The other company is a consulting firm that Mr. Bruno operated out of his home that he said had "a client relationship with lawyers and businesspeople." The senator has not identified the clients, but said his work involved providing advice on marketing and business development.

It was unclear whether any of Mr. Bruno's other business dealings have been drawn into the investigation, which Mr. Bruno has said is examining his "relationships and business interests" over the last six years. The two companies that received subpoenas are just a small part of Mr. Bruno's broad array of personal financial interests, several of which have intersected with his activities as the most powerful Republican in the State Legislature.

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Mr. Bruno has purchased stock in about a half-dozen companies whose principals obtained state aid or contracts, sometimes with his help, according to a review of his financial-disclosure reports and other public records. He also once co-owned a small apartment building with an Albany-area businessman, who said that Mr. Bruno asked him to step in and replace the senator's son as an investment partner.

Mr. Bruno, who said he learned of the investigation into his business dealings several months ago, disclosed the inquiry at a news conference he called suddenly on Tuesday.

Yesterday, John McArdle, a spokesman for Mr. Bruno, confirmed the impression Mr. Bruno gave on Tuesday that his firm, Capital Business Consultants, was subpoenaed.

The disclosure has rattled the marble-halled State Capitol and prompted speculation about his political viability. As recently as October, Mr. Bruno was calling on the embattled state comptroller, Alan G. Hevesi, a Democrat, to resign in the face of claims that he used state employees to chauffer his wife.

The United States Attorney's office in Syracuse, which is directing the investigation, declined to comment yesterday.

William Dreyer, a lawyer for Mr. Bruno, also declined to comment.

The inquiry, according to a law enforcement official who has knowledge of the investigation and would speak only on the condition of anonymity, is focusing on how Mr. Bruno's personal affairs may relate to his activities as Senate majority leader.

While Mr. Bruno's revelation threw a broad spotlight on his personal financial affairs, much attention has focused on his relationship with Mr. Abbruzzese, a friend who is a founding investor in Empire Racing Associates, one of several groups vying for the horse racing franchise. Mr. Bruno will have a major role in awarding the franchise, along with the Assembly speaker, Sheldon Silver, and Governor-elect Eliot Spitzer.

One of the federal subpoenas was issued to the First Grafton Corporation, a real estate partnership involving Mr. Bruno that sold 17 housing lots — including one to Mr. Abbruzzese's wife, Sherrie, for $90,000 in November 2004.

Mr. Bruno had a 25 percent interest in the partnership, whose other major investors included James D. Featherstonhaugh, a prominent Albany lawyer and lobbyist. Yesterday, Mr. Featherstonhaugh (pronounced feather-stun-HAW), who kept the records for the partnership, said federal investigators had recently issued a subpoena for them.

Over the last four years, Mr. Bruno directed $500,000 in state funds to Evident Technologies, a company financed by Mr. Abbruzzese, and was instrumental in obtaining $2.5 million in state aid for a joint- development project involving Evident and Russell Sage College in Troy, N.Y., near Mr. Bruno's home.

Mr. Abbruzzese invited Mr. Bruno to fly on his private jet, contributed through his companies more than $118,000 to a campaign committee controlled by Mr. Bruno, and was involved in the senator's purchase of stock in Tejas Inc., a small securities brokerage in Texas that was closely connected to Mr. Abbruzzese. Mr. Bruno ultimately lost money on the stock purchase.

Mr. Bruno's investment in Tejas was one of several that he has made over the years in companies whose principals have interests before the state.

In July 2001, Mr. Bruno took credit for securing $500,000 in state money for a joint research project involving Rensselaer Polytechnic Institute in Troy and Plug Power Inc., a maker of fuel cells, near Albany, that has had contracts with the state and received other government assistance. At the time, Mr. Bruno was a shareholder in both Plug Power and a sister company, Mechanical Technology. He bought stock in both firms in 2000, according to his financial disclosure reports.

Mr. McArdle said the senator sold his shares in both companies in 2005 at a loss. Mr. Bruno is not alone in having been a Plug Power shareholder. Other lawmakers who have owned its stock include Mr. Silver, the Assembly speaker.

Mr. Bruno also has owned shares of at least two companies, Vytek and Interliant, run by Leonard Fassler, an information-technology entrepreneur from Westchester County. Vytek had part of a state contract to sell computer-networking equipment.

Last year, Mr. Bruno appeared with Mr. Hevesi to announce an investment of $1.7 million from the state pension fund in another of Mr. Fassler's companies. Mr. McArdle said Mr. Bruno was not involved in securing the investment, and only joined in the announcement because the company was located in his district.

In addition to stock investments, Mr. Bruno also owned an apartment house in Troy, initially taking his son, Joseph M. Bruno, as an investment partner in June 1999, according to county property records. But after a few months, the senator asked a close friend and local technology executive, Joseph Magno, to step in and replace his son as an owner and co-guarantor on a $235,000 bank loan related to the investment, Mr. Magno said yesterday. Mr. Magno agreed.

The following year, Mr. Bruno secured $150,000 in state money to help start up the New York State Software Network, a trade association of technology firms that was headed by Mr. Magno.

Mr. Magno, who became a lobbyist in 2004, said he was not involved in Mr. Bruno's decision to award money to his trade group. He added that he and the senator sold the apartment house in 2002 at a loss.

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"Joe is a good man who's always asking if he can be helpful, but I always prefer to not accept his help," Mr. Magno said in a telephone interview. "I try to stay away of him only because I understand the sensitivity of dealing with him because of his position and because we're friends."

Fear Over Scrutiny Of Bruno (NSDY)

By Errol A. Cockfield Jr. And John Moreno Gonzales, Newsday Albany Bureau

Long Island Newsday, December 21, 2006

Republicans worry about what the result will be of the FBI investigation into the business interests of the State Senate leader.

ALBANY -- An FBI investigation of Senate Majority Leader Joseph Bruno's business interests has set off alarms among Senate Republicans who fear their flagbearer has been wounded as Governor-elect Eliot Spitzer, a tenacious Democrat, prepares to take office.

Members of the GOP held out hope Wednesday that Bruno, 77, can withstand the scrutiny of a federal inquiry, but those sentiments were clouded by apprehension, especially at a time when Democratic state Comptroller Alan Hevesi may be hours from indictment.

"There's a lot of angst about where this is going to go," said one Republican Senate official, who spoke on the condition of anonymity. "People are wondering whether Bruno can survive and whether he can lead."

Capital Business Consultants, the advisory firm Bruno runs out of his Brunswick home, has been under investigation since late spring, but Bruno tried to stay upbeat when he revealed the federal probe late Tuesday. He even wished members of the press corps "Merry Christmas" at the end of a news conference.

He returned to business Wednesday, but another Republican Senate source said members are in the dark about the gravity of the investigation and what its full ramifications may be.

Bruno now heads into a new session that starts Jan. 3 when Spitzer will lay out his agenda in his first State of the State address. Stanley Klein, a political scientist from Long Island University's C.W. Post Campus and a Suffolk GOP committeeman, said Bruno's legal worries could hurt him as he negotiates with Spitzer and Assembly Speaker Sheldon Silver (D-Manhattan).

"If he has any sort of Damocles hanging over his head, it weakens him," Klein said. "What the Republicans don't need is a scandal."

Republicans hold a 34 to 28 majority in the State Senate and are already gearing up for a fight to hold onto it in 2008, when Democratic turnout is expected to be strong in the presidential race. Democrats outnumber Republicans by a 5 to 3 margin in the state.

For now, Republicans are taking Bruno's word that the investigation will find nothing. Sources familiar with it said it focuses on Bruno's relationship with Jared Abbruzzese, a friend and businessman from Loudonville.

Evident Technologies in Troy, of which Abbruzzese is former co-chairman, has received $500,000 in taxpayer money from Bruno's selected appropriation fund since 2001. The funding of the small nanotechnology firm caught the eye of watchdog groups because such monies are usually funneled to nonprofits.

Abbruzzese's Albany attorney, Stephen R. Coffey, did not return telephone calls.

The connection between Bruno and Abbruzzese stems from their shared love of horse racing, according to published reports. But even that common ground has raised questions, as Abbruzzese, leader of a group called Empire Racing Associates, seeks a state racing franchise that Bruno will have a role in awarding.

The relationship between the men is also being investigated by the state Lobbying Commission, which is seeking to determine if Bruno's flights on Abbruzzese-owned aircraft were illegal gifts. Commission head David Grandeau, who has been accused by Abbruzzese's lawyer of having a vendetta against Bruno, also declined to comment.

Evident Technologies spokesman Steven Talbot did not return calls, but Bruno's office has defended the grants as a gift to a company that will generate jobs.

According to business information listings, the company grew from seven employees three years ago to 25 this year. Its Web site says Evident is a leader in quantum dots, a material that can be drawn into fibers to detect radiation and "serve as Homeland Security devices."

Wednesday, James Featherstonhaugh, an Albany lobbyist and a friend of Bruno's, said investigators had asked him for records related to a now-dissolved real estate company both men were involved in, the Associated Press reported.

Featherstonhaugh said during an interview Wednesday that most of the records are public. "You can go down to the courthouse and get them," he said.

Feds Are Mining Joe's Biz (NYDN)

By Joe Mahoney In Albany, And Corky Siemaszko In New York Daily News Staff Writers

New York Daily News, December 21, 2006

The FBI's corruption probe of New York's most powerful Republican gathered steam as a federal grand jury was going over state Senate Majority Leader Joe Bruno's business dealings, the Daily News learned last night.

The grand jury has authorized FBI subpoenas related to Bruno's dealings with Albany-area businessman Jared (Jerry) Abbruzzese, a principal of a Troy, N.Y., high-tech company to which Bruno steered $500,000 in pork-barrel grants over the past four years, sources said.

One specific subpoena was issued to a big-time Albany lobbyist, who confirmed the FBI rousted him for records on a land deal he and his pal Bruno were involved in until last year.

"Someone from the FBI dropped by with a subpoena and asked for the records," the lobbyist, James Featherstonhaugh, said. "They were provided."

A spokesman for Bruno, who revealed on Tuesday the FBI has been probing his "outside business interests" for seven months, said there was nothing fishy about First Grafton Corp. - Bruno's real estate venture with Featherstonhaugh.

Bruno placed his 25% stake in First Grafton in a blind trust in 1992 - before he became majority leader - and made no business decisions, the spokesman, John McArdle, said.

"Joe Bruno didn't have any contact with First Grafton for a decade," added Featherstonhaugh.

Abbruzzese also has ties to the Grafton deal. Last year, his wife, Sherrie Abbruzzese, bought a 12-acre waterfront lot from First Grafton for $90,000 in 2004.

The agent who earned the commission on the sale was Bruno's son, former lobbyist Kenneth Bruno. He handled the sale of a lot to his then-girlfriend, lobbyist Theresa Russo.

At the time, the younger Bruno was going through a bitter divorce from his wife, Mary Beth, the mother of their two daughters.

Reached yesterday by The News, Mary Beth Bruno would not say whether she was helping the FBI in the Bruno probe. But sources said records from all her ex's Grafton deals are now in the hands of federal investigators.

Bruno, 77, has denied any wrongdoing and claims he is cooperating with investigators. "I have nothing to hide," he said Tuesday.

Bruno, who earns $79,500 a year as a senator and gets another $41,500 as majority leader, is also a principal in a firm called Capital Business Consultants LLC. The FBI has subpoenaed those company records as well.

Federal prosecutors in Albany declined to comment on the Bruno probe yesterday. But Gov. Pataki stood by Bruno.

"I have confidence in Sen. Bruno, I have confidence in our judiciary system, and I'm confident things will work out fine in the end," the outgoing governor said.

Abbruzzese is also the subject of an ongoing state Lobbying Commission investigation into plane rides he arranged for Bruno after the senator steered $500,000 in pork-barrel money to Evident Technologies Inc. - a private company in which Abbruzzese is one of the principals.

At the time, Abbruzzese was a partner of Empire Racing, which is seeking the state's approval to replace the New York Racing Association. Bruno helps decide which group runs racing in the state.

Land Deal With Albany Lobbyist At Center Of Bruno Inquiry (NYS)

By Jacob Gershman

New York Sun, December 21, 2006

A federal investigation into the business interests of the Republican majority leader of the state Senate, Joseph Bruno, is reportedly connected to a land deal involving Mr. Bruno and a veteran Albany lobbyist who is one of the senator's closest friends.

The lobbyist, James Featherstonhaugh, told the Associated Press yesterday that federal investigators asked him to supply records of an apparently unsuccessful real estate venture in eastern Rensselaer County, First Grafton Corp., a company that dissolved last year.

"I did receive a request for some records and those records have been provided," Mr. Featherstonhaugh told the Associated Press.

On Tuesday, Mr. Bruno, 77, who is the most powerful Republican in Albany, announced that he was the subject of an FBI investigation into his outside business interests. He said he is cooperating with authorities but did not know details of the probe. Federal officials have refused to comment on the inquiry.

Mr. Featherstonhaugh and Douglas Rutnik, a lobbyist who is the father of Rep.-elect Kirsten Gillibrand, reportedly established First Grafton Corp. in the late 1980s, buying hundreds of acres of isolated swampland near Grafton.

After initial investors dropped out of the partnership with little of the land developed, Mr. Bruno, his brother Peter, and a Glenn Falls businessman Richard Carota invested in the venture, the Times Union reported.The newspaper reported that First Grafton bulldozed the land and built a 1.7-mile road without required permits from the Department of Environmental Conservation, prompting federal and state lawsuits that delayed development.

The Times Union reported in July 2005 that Mr. Bruno blocked the Senate from voting on wetlands legislation, the Clean Water Protection/Flood Protection Act, which would have further restricted development.

Prosecutors Eye Rolex To Show A Pattern Of Payoffs (MCS)

By Marc Perrusquia

Memphis Commercial Appeal, December 21, 2006

December 21, 2006 Just when it seemed John Ford's legal troubles couldn't get worse, enter a $40,000 wristwatch of questionable origin.

Federal prosecutors alleged Wednesday that Ford received the watch -- a diamond-studded Rolex Masterpiece -- in 2004 from prominent Memphis developer Rusty Hyneman.

Advertisement

Ford once asserted he got the watch free of charge after using his influence to try to reduce state pollution fines levied against Hyneman, prosecutors said.

Neither Hyneman nor Ford has been charged in connection with the watch transaction, yet prosecutors plan to use it as evidence that Ford, who faces separate corruption charges in Memphis and Nashville, had a practice of taking payoffs.

"Ford stated that he had received the watch because he had done Hyneman a big favor, that is, saved him 1.3 million dollars," says a "Notice of Intervention to Introduce Evidence of Other Crimes, Wrongs or Acts," filed Wednesday.

The notice by U.S. Atty. David Kustoff and Asst. U.S. Atty. Tim DiScenza seeks to introduce the watch as evidence in Ford's bribery trial set to start Feb. 5 in Memphis.

Ford's lawyer, Michael Scholl, said the watch wasn't a payoff or a gift and that he will emphatically fight to keep it out of evidence.

"The watch is completely irrelevant to any of this. It was never used for a payoff or anything else," Scholl said. "That truth will come out in our court filing."

Hyneman didn't return two phone messages left at his office.

Ford is charged in U.S. District Court in Memphis with taking $55,000 in cash bribes in the FBI's Tennessee Waltz undercover sting. In an unrelated matter, Ford was indicted this week by a federal grand jury in Nashville on charges alleging huge kickbacks taken while he was in the General Assembly.

Ford, 64, denies the charges in both cases.

He resigned from the Senate in May 2005 after his Waltz indictment in Memphis.

According to the notice filed Wednesday, federal authorities relieved Ford of the Rolex when he was arrested. Evidence rules let prosecutors introduce "like and similar" acts by a defendant, but defense attorneys get an opportunity to quash the evidence. No hearing has been set.

Given the government's allegations about the watch, it's not clear why Ford or Hyneman haven't been charged. A retired University of Tennessee law professor said it could be a strategic move by prosecutors.

"It could be that they're after the developer and they're holding these prosecutions out as a stick" to get him to cooperate, said Neil P. Cohen, who has an expertise in criminal law.

The U.S. Attorney's Office won't comment on the case.

The notice says prosecutors will introduce statements by Ford -- presumably taped during the Waltz sting -- that he "had assisted a Memphis developer, Rusty Hyneman, in trying to clear up approximately two million dollars in fines ... ."

The notice said Ford met with state lawyers and a state commissioner and that Ford claimed "he had saved Hyneman one million dollars in fines as a result of the meeting ... .

"The United States will further prove that subsequent to the meeting with environmental officials, John Ford attempted to telephone Rusty Hyneman, and indicated that he wanted 'that watch' ... .

"Ford (later) showed (an) individual a Rolex watch, stating that it was worth fifty thousand dollars. Ford stated that he had received this watch from Rusty Hyneman, and that he had not paid anything for the watch."

The Commercial Appeal reported last year that Ford interceded on behalf of Hyneman, yet based on official accounts, it didn't appear he saved Hyneman any money or that fines were as high as the notice cites Ford as claiming.

After state Atty. Gen. Paul Summers filed suit against Hyneman and two other developers seeking penalties, Ford arranged a meeting to negotiate to reduce the penalties.

Ford, Hyneman and his attorney, Allan Wade, met with Betsy L. Child, then-commissioner of the Tennessee Department of Environment and Conservation, and other state officials on or about Oct. 4, 2004.

The topic was a case in which the state alleged widespread, ongoing water pollution violations at several East Shelby County subdivisions developed by Hyneman.

One of the meeting participants, TDEC general counsel Joseph Sanders, said at the time that he recalled Ford indicated his involvement on behalf of Hyneman was that of a legislator helping a constituent.

The meeting was relatively brief, Sanders said, because the state easily refuted claims by the Hyneman contingent that the enforcement action targeted "paperwork violations" instead of real pollution. State officials presented photos of muddy runoff pouring off construction sites as a result of inadequate erosion-control measures.

After viewing the photos, the Hyneman representatives indicated they were ready to settle the case, Sanders said. The state's response was "make us an offer," he said. But as far as he recalls, no offer was made.

Reached Wednesday, Attorney General chief of staff Leigh Ann Jones said the suit, filed in Davidson County Chancery Court, remains open and is set for trial in July.

Doral Case Comes Back To Bite Politician (MJS)

By Cary Spivak

Milwaukee Journal Sentinel, December 21, 2006

Maybe you forgot all about Mequon-based Doral Dental and its controversial ties to a once-powerful Tennessee politician who has a bribery indictment hanging over his head.

Yeah, maybe you forgot about it, but the feds sure haven't.

Federal prosecutors in Nashville, Tenn., this week unsealed a six-count indictment charging former Tennessee Sen. John Ford with wire fraud and failing to disclose more than $400,000 in payments from Doral after he helped the Wisconsin company land a lucrative state contract.

The feds say Ford and two others created a consulting firm, Managed Care Services Group, in 2001 that collected $1 million from Doral after it beat out other firms vying for the three-year, $18 million contract to administer dental payments for poor Tennessee children.

A member of one of the Volunteer State's most powerful political families, Ford received 40% of the Doral money, the feds allege. The consulting firm, the indictment says, had no other clients.

"As a public servant, Sen. Ford had a duty to provide honest services to the people of Tennessee," U.S. Attorney Craig Morford said in a statement. "The facts alleged in this indictment reveal an appalling willingness to violate that duty by using his public position for personal gain."

Through his lawyer, Ford denied wrongdoing, saying he was doing legitimate consulting services for Doral. He goes to trial in February on unrelated charges.

DentaQuest, the Boston company that now owns Doral, issued a statement saying the firm has been cooperative with state and federal authorities investigating the matter. DentaQuest's statement, however, pointedly did not offer a defense of the firm's prior owners - most notably Milwaukee entrepreneurs Craig Kasten and Greg Borca, Doral's co-founders.

"The consulting agreement between Doral Dental and Managed Care Services Group was entered into prior to the acquisition by the current ownership," the statement says. "Doral Dental has been advised that neither it, nor its current owners or management are a target of this investigation."

Kasten's attorney, Dennis Coffey, said he had long expected the charges against Ford. But Coffey said he doesn't expect the Tennessee grand jury to slap anyone else with charges.

"Based on my reading of the indictment, I do not have any reason to believe there will be further charges arising in the state of Tennessee," Coffey said.

But what about Wisconsin and the other states, including Pennsylvania, looking into Doral's dealings?

"I am making no comment whatsoever other than what I have said," Coffey replied. He refused to answer questions about whether Kasten had appeared before the grand jury or was cooperating with authorities.

Consistent with Borca's low-key public profile, his lawyer, Stephen Glynn, declined Wednesday even to confirm that he is representing the Milwaukee-area businessman. But Glynn did suggest that Borca is in the clear.

"Without acknowledging I'm his lawyer or not, in reading the indictment, there is nothing there that suggests that there is anybody at Doral, current or past, who has done anything wrong," Glynn said.

"There's nothing wrong, according to the indictment, with anybody paying him (Ford) that money to act as a consultant. And if he violated the law . . . that's a problem for him but not a problem for the company or the persons that retained him as a consultant."

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Since the firm was launched in the '90s, Doral was a profitable but little-known entity in Milwaukee's business community. In 2004, DentaQuest paid $95 million to acquire the business.

But Doral landed in hot water early last year when it was disclosed that Doral had hired Managed Care of Pennsylvania, which began making payments to Ford, then an influential legislative committee chairman, shortly after Doral was awarded the Tennessee contract. Managed Care was paid 3 cents per month for every child enrolled in the dental program.

The indictment notes that Ford had argued in favor of carving out a state contract like the one that Doral ultimately won. He also hauled high-ranking state officials to his office to talk up Doral, with a company official attending at least one of those meetings, the indictment says.

Last year, Kasten acknowledged that Doral had hired Managed Care but said he was unaware that Ford was receiving any money from the partnership. The contract, however, said it would be voided "upon the death of the principal legislator associated" with Managed Care, and several old e-mails showed Ford and Kasten were working closely together.

In the midst of the Doral controversy, Ford and other Tennessee legislators were charged in May 2005 with bribery and threatening to shoot potential witnesses against him. The witnesses turned out to be undercover federal agents running a sting operation dubbed the Tennessee Waltz.

Though the two cases are not linked, Ford's lawyer suggested that it's no coincidence that the feds waited until now to lower the boom in the Doral matter.

"Obviously, this indictment here (Nashville) comes out in December, and we're beginning to start trial in February in Memphis," attorney Michael Scholl said. "This was an investigation that was done years ago.

"You can draw your own conclusion. The dates are what the dates are."

3 Plead Guilty In Alabama Church Arsons (AP)

By Phillip Rawls

AP, December 21, 2006

BIRMINGHAM, Ala. - Three former college students pleaded guilty Wednesday to federal arson charges for burning nine churches in a series of blazes that alarmed rural congregations across Alabama.

Matthew Cloyd, Benjamin Nathan Moseley and Russell Lee DeBusk entered the guilty pleas to federal arson and conspiracy charges in the string of church fires set on two nights in February.

The three wore orange jail jumpsuits and leg chains as they stood before U.S. District Judge David Proctor, who told them they all face minimum seven-year sentences.

Cloyd, 21, and Moseley, 20, had a plea agreement with federal prosecutors that called for them to recommend a sentence of up to eight years and one month, but not less than seven years.

DeBusk, 20, did not have an agreement on a sentence with his plea but decided to plead guilty "to help those congregations and others hurt by his behavior continue to heal," defense attorney Brett Bloomston said. A prosecutor said he expects DeBusk to get a shorter sentence because he participated in only five fires.

Defense lawyer Tommy Spina said Cloyd "is incredibly remorseful, and he regrets creating this much misery in people's lives."

The three are also charged with state crimes in Bibb, Pickens, Greene and Sumter counties, including arson, burglary, criminal mischief and cruelty to animals for killing a cow. Defense attorneys have been discussing a similar plea deal with county prosecutors, but none has been reached.

Prosecutors said that the first fires occurred during a night of illegal hunting and underage drinking, and that the second fires were set to throw off investigators.

All the churches have either rebuilt or are in the process after receiving an outpouring of donations.

The Rev. James Posey suffered a stroke and had to step down as pastor after Morning Star Baptist Church in Eutaw was destroyed. Posey, who blames his stroke on the stress of the fire, was pleased to hear of the pleas.

"It sends a message out that you are not going to run amok and not desecrate and destroy property, especially God's church," he said.

Uncle Sam's Private Equity Fund (FOR)

By Mary Crane

Forbes, December 20, 2006

Uncle Sam's got a thing for strip clubs. And banana plantations, horse farms and private prisons. These are just some of the businesses overseen by the federal government while their shady owners sit on trial for various crimes.

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Administering this colorful portfolio is Len Briskman, deputy chief of business management for the U.S. Marshals Service. Call him Washington's own Warren Buffett. At any given time, Briskman presides over 30 businesses--many of them profitable and each with $20 million to $400 million in assets--while their owners get a fair trial, which could take up to seven years. Meanwhile, all of those honest employees get to keep working.

If the bad guys beat the rap, they get their businesses back, in tact and humming. If they don't, Briskman sells off the company, in whole or in pieces, at auction to the highest bidder. Proceeds go to fund the Department of Justice's Asset Forfeiture Program, which the USMS administers, as well as the other agencies that nabbed the criminals, like the Drug Enforcement Agency, the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco and Firearms.

In Pictures: Crime And Entrepreneurship

How much do Briskman's efforts pull in? "Conservatively, [the government] makes a couple hundred million a year, at least" from selling those businesses (net of losses), he says. That's a pretty snazzy return for a relatively minuscule initial investment.

A deliberate speaker with a grandfatherly disposition and a charming chuckle, Briskman joined the Marshals Service in 1997, less than a year after he had finished selling off the last bits of a publicly held athletic shoe company, Diversified Retail Group, which he founded in the 1970s. "I was burned out from my business, and it looked like a very interesting position," says Briskman, 69.

Indeed, his latest gig is an entrepreneur's dream. Of the 60 businesses referred to him every year, he only takes on those he thinks are viable--or could be, sans the criminal contribution; the rest get sold for parts. The owners may know how to sell drugs, "but they're really dumb when it comes to their investments," he quips. Of the remaining 30 he chooses to look after, only five require close day-to-day management, while the rest simply report weekly or monthly financials.

The variety keeps things interesting, too: Restaurants, car dealerships, supermarkets, casinos, fitness centers, strip clubs and now even hedge funds are in the mix. While some businesses started off clean but turned wayward later, says Briskman, others were tainted from the get-go.

One of them, a Puerto Rican horse farm near San Juan, trained prize-winning Pasa Fino horses worth as much as $50,000 each. The owner, who was moonlighting as a drug-runner, got snared by the DEA in early 2001. As part of his plea agreement, he turned over the farm, which never made much money, to the government. Briskman switched gears and leased the farm to horse enthusiasts, who paid a monthly rental fee. "We ended up making a lot of money on the lease payments over a few years" before selling it all off, he says.

Briskman found himself in Puerto Rico again two years later, this time tending to a banana plantation in Guayanilla. The owner was arrested on drug charges in 2003, and the U.S. Marshals Service managed her banana farm while the Department of Justice worked her case. Briskman hired a Puerto Rican accounting firm to monitor the day-to-day operations, reconcile bank statements and send reports to Washington. Thanks to Briskman's yellow thumb and savvy business skills, the plantation added an extra 65 acres under his watch.

Sometimes, Briskman's stewardship simply amounts to running a sale. That was the case in 2002 with the Ritz Cabaret, Baltimore's most famous strip club. While the club's owner commanded a very valuable asset--one of the only all-nude cabaret licenses in town--he still sunk to underreporting income and money-laundering. Briskman didn't take this one on (the USMS doesn't operate adult-entertainment facilities), but he did manage to sell the club and the license for a cool $1.1 million when the owner was found guilty.

With the number of forfeited businesses growing in recent years, Eben Morales, deputy chief in charge of the Asset Forfeiture Program, wishes he could find "carbon copies" of Briskman to help distribute the workload.

Banana farming, anyone?

Alleged Bank Robber Captured In Florida (AP)

AP, December 21, 2006

CONCORD, N.H. --A suspected bank robber from Manchester has been captured in Florida, according to the U.S. Marshals Service.

The federal marshals said Richard Villar, 33, was arrested and charged with the armed robbery of a St. Mary's Bank in Hudson on April 18.

His alleged accomplices, Joshua Gagnon, 21, of Nashua, and Debra Scott, 28, formerly of Manchester, were arrested in May by Hudson police, but Villar reportedly fled the state and was using an alias.

Federal marshals said they traced him to the St. Petersburg area where he had family and friends. Marshals said he was arrested without incident Tuesday.

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Akron Man Accused Of Raping 12-Year-Old (WEWS)

WEWS-TV Cleveland, December 21, 2006

AKRON, Ohio - A rape suspect is in jail after being arrested by the Akron police gang unit and U.S. Marshals. Ryan Lawson, 19, was arrested on warrants for rape and gross sexual imposition involving a 12-year-old girl, NewsChannel5 reported.

Police said Lawson raped the girl sometime between February and March.

He is being held in the Summit County Jail.

2 Tenn. fugitives arrested in New Orleans (AP)

AP, December 21, 2006

JACKSON, Tenn. Two men wanted in Jackson, Tennessee, on charges of statutory rape have been arrested in New Orleans.Twenty-three-year-old William Paulus and 22-year-old Santo Camarillo were arrested while working construction jobs. That's according to the U-S Marshals Service.Paulus is from Tennessee while Camarillo, who is also known as Leo Chavez, is believed to be from Mexico.The men were arrested in Louisiana on federal charges they used cell phones to entice minors to engage in sexual acts.The two were wanted in Tennessee after they failed to appear in court on eight counts of statutory rape.

IMMIGRATION:

U.S. Sued Over Dropping Of Benefits For Disabled (WP)

By Darryl Fears

Washington Post, December 21, 2006

For eight years, Shmul Kaplan lived alone in a suburban Philadelphia housing complex with hardly any furniture and barely enough food to eat. Two years ago, the government told the amputee he would have to make do with less.

Kaplan, who is from Ukraine, lost his $603 in Supplemental Security Income after he missed a seven-year deadline to become a U.S. citizen. The clock started ticking after he was granted asylum in 1997.

A class-action lawsuit filed in federal court in Pennsylvania recently on behalf of people such as Kaplan, 80, contends that they are not responsible for missing the deadline. Kaplan's citizenship application is among hundreds of thousands awaiting background checks by the FBI, a mountainous backlog that grew after the Sept. 11, 2001, attacks. More than 6,000 physically handicapped people who were granted asylum have had benefits cut as they wait, according to the suit.

"The Social Security Administration . . . projects that over 46,000 immigrants will be cut off from SSI in the years 2006-2012 as a result of delays in granting citizenship and the operation of the seven year rule," the lawsuit says.

The suit's plaintiffs include Eshetu Meri, 51, of Fairfax, a blind man who escaped from Ethiopia, where he was targeted for advocating democracy; Tasim Mandija, 80, of Philadelphia, a native of Albania who suffers from prostate cancer and neuropathy; and Rouzbeh Aliaghaei, 17, an Iranian who suffers from a rare genetic disorder that resulted in autism, seizures, mental retardation and an enlarged head. He came to the United States in 1998 when his parents escaped political persecution.

Kaplan, who is Jewish, claimed religious persecution and was granted asylum in January 1997. He was given humanitarian aid because one of his legs was severed when he ran to catch a train at age 18, slipped on ice and slid beneath the wheels. The other leg was so severely fractured that it arcs like a bow.

"I have a very sick leg," Kaplan said in a telephone interview. "It has a lot of fractures, and now it is a curved leg. My stump, it is not a normal stump. Sometimes I have to see a doctor. They take away my benefits, and, of course, it is very bad for me."

Others in the lawsuit declined to be interviewed, fearing that speaking out might interfere with the progress of their citizenship applications, or that they would be sought out for harm.

The suit was filed against top officials of the Social Security Administration, the Department of Homeland Security, the U.S. Citizenship and Immigration Services (USCIS) unit of DHS, the Justice Department and the FBI.

The National Name Check Program at the FBI receives more than 67,000 requests for background checks each week. Half the requests come from the USCIS, said Paul Bresson, an FBI spokesman.

When requests from private entities are included, the total reaches several million each year, Bresson said. The USCIS is the FBI's biggest customer, accounting for about 128,000 background-check requests per month, plus 2.7 million that are backlogged from years past, Bresson said.

The FBI has struggled for years with a growing backlog of such requests from all entities. The Government Accountability Office reported earlier this year that, for immigration cases alone, 113,000 background checks had been pending for more than six months.

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USCIS spokeswoman Chris Rhatigan said her agency processes citizenship applications as quickly as it can and is not responsible for the backlog that results from the delay in background checks.

Rhatigan said requests often stall because questions arising from the applications go unanswered. "There could be a number of different reasons," she said. "It could be a failure to respond or a request for additional information."

The Social Security Administration declined to comment on its decision to end the benefits, saying only that the law requires it to do so seven years after asylum is granted if U.S. citizenship has not been obtained.

That may be, said Jonathan Stein, an attorney for the group that has filed suit, but Congress never intended to cut those granted asylum from humanitarian aid when it approved in 1996 the legislation that provides it.

The benefit provides $603 monthly to single recipients and $904 to couples. Congress assumed that seven years was enough time for applicants to make it through the citizenship process. But the Sept. 11 attacks diverted large numbers of FBI agents to counterterrorism duties, greatly slowing the background checks.

Stein wondered why USCIS, FBI and Social Security officials could not flag citizenship requests from disabled applicants here on asylum. "Their lives depend on this," he said. "If they can't expedite their cases, let's at least continue their SSI until they become citizens."

Kaplan began to receive Supplemental Security Income payments in March 1997, two months after he was granted asylum. A year later, he applied for permanent residency, the first step toward naturalized citizenship. The process should have taken a year. But it took six years, according to Kaplan and his attorneys.

With time running out, Kaplan applied for citizenship as soon as he could in the spring of 2004. Fearing he would miss the deadline, aid workers took his letters and pleas for an expedited process to the Social Security office. "They said there was nothing they could do," Kaplan said in his deposition. His benefits were cut that summer.

Too old and too weak to work, Kaplan said he gets by on $215 a month that he uses for paying rent and $140 in food stamps. Regardless, Kaplan said he loves the United States and does not miss life in Ukraine or Russia, where he also lived.

"The food in grocery stores was rationed . . . and many times, I was told that I could not stay in line for the food because I was Jewish," he said in the deposition. "One winter, two men pushed me down when I was walking in the street.

"I knew that I had to leave Russia," he said in the deposition. "If they did not kill me today, I thought, they would kill me tomorrow."

For Divided Family, Border Is Sorrowful Barrier (NYT)

By Mireya Navarro

The New York Times, December 21, 2006

MONTERREY, Mexico — She tells her story from a windowless bedroom in a cinderblock house carved into four apartments that share two showers and two toilet stalls outside. Her kitchen has no refrigerator or sink. To cook, she buys perishables on the same day. To wash dishes, she fills buckets from a faucet in the front yard.

“Look how I live,” Irma tells a visitor. “I was used to something else.”

Not so long ago, Irma, 44, had achieved her own modest version of the American dream about 300 miles from here in San Antonio, where she lived illegally for more than six years. She had left Mexico with three of her four daughters, escaping financial turmoil and marriage to a man so violent that she considered suicide, twice slipping a rope over a beam to hang herself.

In Texas, she had learned how to drive and owned not one but two cars. She held two jobs and, after years of sharing homes with her older sister, Raquel Rodríguez, the family’s only legal resident, and other relatives and friends, moved with her daughters into a small rented house furnished from flea markets.

“My daughters were in peace,” Irma recalled, proud in that accomplishment, her last name and those of some relatives not being disclosed here because they have been illegal immigrants. “No one bothered us.”

Then one night over dinner, three years ago, her daughter Mayra, a high school senior, stunned her with the news that she was pregnant and intended to marry her boyfriend. Another daughter, Barbie, not yet 16, was adamant that said she, too, was getting married and moving out.

“I was so depressed,” Irma said. “All I wanted was to pick up my stuff and leave.”

Disillusioned and feeling abandoned, she attended her daughters’ courthouse weddings on a Wednesday but did not stick around for the weekend parties. She made a quick round of goodbyes to her sister Raquel and another sister, Verónica, who was also living illegally in San Antonio.

By Friday she was on her way back to Mexico with her youngest daughter, passengers in a pickup truck that joined the exodus of immigrants who at some point cross in the opposite direction to go back home. Even with the benefit of having sisters nearby, the kind of support that many immigrants cannot do without, Irma felt she could not stay without Mayra to give her a hand with the driving, child care and other needs that can become particularly daunting for a single mother.

She left one daughter her dining room set, washing machine and refrigerator; the other got her living room set, king-size bed and two dressers.

"I doled out everything," Irma said. "I cried so much because it took so much sacrifice to avail myself of things and I had to get rid of them."

Now all she has to show for her migration to the United States, she said, is the heartache of separation.

Her youngest daughter, Lupita, and another daughter, who is married and has three children, now live together just a few blocks from her. But the other two are still in Texas, still illegally, now with one American-born child each.

The border is now a barrier between the Mexican and American sides of her family, and now Irma feels the pull of her absent daughters. The older one has faced her own marital troubles, and both of their families recently moved into an uncle's house to share expenses. If some illness or emergency befell her girls, Irma worries, she could not be there to help them.

"I still feel that I should be with them, supporting them," Irma said. "They're still children."

Back to the Old Neighborhood

In sweltering heat one evening, with an ear out for "Duel of Passions," the telenovela on the television in the bedroom, Irma performed a culinary magic trick. She transformed $5 in groceries into a meal of rice with corn, fried potatoes and steamed nopales, cactus, with vegetables to feed two daughters, three grandchildren and two visitors, and still have enough waiting for Gilberto, a tractor-truck mechanic she fell in love with upon her return to Monterrey.

"I always got my daughters used to the food from over here," she said, perspiring heavily despite the gusts from a stand-up fan. "They're 100 percent Mexican. None of that pizza."

Irma has taken up once again in her old neighborhood, a cluster of lower-middle-class and poor homes at the foot of a mountain called Cerro de la Silla, or Saddle Mountain, in this industrial city of 1.1 million.

The streets in Irma's insular world are lined with ficus trees, and the homes are in varying stages of completion, giving the area the character of a work in progress. Residents buy the land and then build their houses over time, evolving at the pace of their means. Floors are still without tile and zinc roofs have yet to be replaced with cement, though gang graffiti spreads faster than kudzu on the exterior walls.

Irma works part time as a bar waitress and lives in the sparsely furnished home she shares with Gilberto, 35, who makes $120 a week and foots most of the couple's household expenses, including the $150 monthly rent. The house where she lived before meeting Gilberto is still in disrepair, with partly exposed rooms, missing walls and open sections of the roof. Her daughters still live there, their clothes hanging from bare walls moist from the recent rains and the sofas and light fixtures worn out or broken.

At first she stayed in her sister Raquel's second home, a large corner property with an empty swimming pool and rental units, known as La Quinta, that her family in Monterrey — Irma's mother, a sister and four brothers — used for celebrations.

Then she set out to rehabilitate her old five-room house — which she said her estranged husband had been using "as his little hotel" for trysts with women — and bring her family back under one roof. But like a recurring nightmare, her husband, whom she said she could not afford to divorce, still harassed her when he came to visit his daughters.

More and more, her days here are filled with daydreaming about crossing back. A six-hour drive is all that separates her from her daughters in San Antonio. But Irma said she was stuck, with no money to pay for an illegal crossing and no prospects for a tourist visa because she did not own property, hold a full-time job or offer any evidence that she had ties to Mexico that would compel her to return after a visit.

For now, the telephone must do. Twice-a-week calls from San Antonio are her only connection to the life she once had. One morning in October, one of her daughters, Mayra, called and Irma savored each word, careful to shield her own emotions.

"It's been raining. Every day?" she asked. To her delight, Mayra stayed on the phone for more than two hours when her younger sister Lupita got on the line.

Adjusting to Mexico has been even tougher for Lupita, who turns 16 in December and wears her blond hair waist-long and favors outfits that expose her midriff. A drop earring cascades from her navel. She changed schools five times before she dropped out and took a job in customer service and billing with a cellphone company. Lupita hated the schedule of afternoon-only classes, and resented having to pay for her textbooks, something unheard of in Texas.

"It makes me quite sad that she's not in high school," Irma said. "I tell my daughters, 'You don't have to struggle like me.' If I had studied, I'd be in an office, not a bar."

'Over There'

Fanning herself with bare hands in the midday heat, Irma walks around a flea market, casting a disdainful eye over the secondhand shoes, clothes and trinkets spread out on blankets and tables, and sometimes in piles over the dirt of the soccer field. She settles on a pair of bright yellow beach thongs for $1 for herself and two pairs of jeans for Lupita.

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She is starting over, from scratch. But she was not thrilled with today's finds. "Over there you pay less and it's new," she said with authority about Texas.

She says it again and again. "Over there" — that world that taught her what she is missing. Irma knew only poverty when she went to San Antonio.

She left school at 12 to start work cleaning houses. At 17 she learned to sew and worked in a factory. At 20, after three years of courtship, she married a neighbor and began a new cycle of deprivation. It was the untenable marriage, more than economic hardship, that compelled her to follow in the footsteps of her sister Raquel, the first in her family to immigrate north and who remains the family's mainstay in San Antonio.

A fading wedding picture in the living room of the home where her daughters live shows the couple in posed embrace, with a darker-haired Irma in white gown and long train and her mustachioed husband holding her by the waist. Irma said the newlywed bliss lasted only two years. Her husband soon started cheating and beating her, once even breaking her nose, she said.

At one point she left with the girls, staying with siblings and moving from house to house. The husband would not give her economic support. Things got so bad, she said, that twice she planned her suicide, but changed her mind when she heard her daughters coming into the house.

"I was tired and desperate," she said of her marital situation. "That wasn't a life."

Her daughter Mayra left for Texas first. The girl was driven across the border with false identification papers. She went to live with her Aunt Raquel in San Antonio and attended middle school there. Irma followed later, leaving her other daughters in Monterrey.

"It went badly for me," she said of that first and toughest year in the north. "I wasn't happy here or there. I had Mayra, who was my solace."

Irma eventually found work as a seamstress, making military uniforms in a maquiladora in San Antonio, a job that paid, by the piece, $400 to $500 in a good week, and enabled her to send $200 to $300 home weekly. But when her family sent word that her husband, a welder, had suffered a severe leg injury at work and was dying and asking for her forgiveness, she returned to Monterrey. A month later, he had recovered and she was back in San Antonio and at Raquel's, this time with two more daughters in tow.

The maquiladora jobs had vanished, so she went to work cleaning and washing dishes at a Mexican restaurant. She had been promoted to cook and substitute restaurant manager, making $5.75 an hour, by the time the two daughters announced their wedding plans.

A Chance Meeting

Despite her sad eyes and unsmiling face, Irma presents a youthful exterior — brown eyes under tattooed eyebrows, short honey-colored hair pinned back with girlish barrettes, form-fitting tops over tight jeans, tattoos on her lower back and left leg and upper arm. A victim of domestic violence by both her father and husband, she said she had long stopped looking for a man.

Then last year, at a girlfriend's birthday party, she met Gilberto.

"We danced and we were giggling and all of a sudden we were kissing," she said. Gilberto has kind eyes and a calm demeanor, but he also had a drinking problem. Irma became his confidante, a supportive friend, but did not agree to live with him, she said, until last summer, when she was convinced he had dealt with his own demons.

Irma's days are now split between Gilberto, her work, her daughters, her grandchildren and, increasingly, her longing for "over there."

She first found work cleaning in a factory for $80 a week. Last March she got a better position as a waitress at a pool hall three days a week for $90. She works Thursday through Saturday, the 3 p.m. to 2 a.m. shift, also getting up at 5 a.m. on weekdays to cook Gilberto's breakfast and pack him a lunch of rice soup or potatoes with chorizo. She watches the news and then walks two blocks to play with her grandchildren.

"The family-oriented lifestyle has not changed for me," said Irma, who prefers a quiet home life after work, with the occasional outing to a karaoke bar or the public swimming pool.

One afternoon, she walked her 6-year-old granddaughter, Briseiry, to school for the United Nations World Food Day. Dressed as a strawberry, Briseiry performed two dance numbers in the school yard, with classmates in grape and potato costumes. Irma and her daughter Mireya laughed and clapped from the sidelines.

From the produce ranks, Briseiry flashed her grandmother a toothless smile, and Irma smiled back with tenderness. But even in this revelry, she pointed out the school's flaws — the chairs without desks and bathrooms that lacked doors and toilet lids.

"The differences are many," she said, comparing Monterrey with San Antonio.

Another American Grandchild

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Her brush with American life has made Irma less tolerant of the poverty, quick to find fault with her surroundings. The urge to start over in Texas is the strongest it has been since she returned. Her daughter Barbie gave birth to a second child in December. Once again, Irma missed out on welcoming a new grandchild. And as usual, Irma will wait for one of her sister Raquel's visits to see pictures of her growing American family.

She has her fantasy return planned out. She would take Lupita and Gilberto with her, get a higher-paying job at a restaurant, or cleaning houses, that would allow her to help her daughters in Texas and send money to Mireya in Monterrey to get a tourist visa.

Getting through the border, Irma noted, is not as daunting as coming up with the $2,000 she said she would need to pay for fake identification papers and a coyote to drive her through as his wife or sister. When she first crossed by car in the late 1990s, as the coyote's "wife," she paid only $500.

"Imagine that, together we'd need $4,000," Irma told Gilberto one night.

It would be easier to buy a car, he replied.

Another hope is that Irma's daughters in San Antonio, or maybe her sister Raquel, would become citizens and sponsor her for permanent residency. But that would be years away.

Sometimes Irma looks so melancholic that Gilberto asks if she has misgivings about having returned. She tells him no, because she wouldn't have met him.

"I don't regret having come because, after so many years of being alone, I found Gilberto, who treats me well, who loves me and takes care of me," she says.

But that is only half the truth.

One Thursday afternoon, Irma left home shortly before 3 p.m. for her job at the billiard hall, a short walk through a busy commercial area with restaurants, tortillerias, clothing stores and auto repair shops.

A burly man yelled from across the avenue that he had the reconditioned refrigerator she had been looking for. When she signaled "how much?" he held up five fingers to signal 500 pesos, or about $50.

The rent was due, she said, so the purchase had to wait.

"That's why you don't get ahead here," Irma said of the low salaries. "What you make here in a week, over there you collect daily, even just cleaning up yards."

Irma's workplace is a bar with six pool tables and wall décor that ranges from pictures of Pancho Villa to a calendar featuring topless women.

Three television sets are tuned to Animal Planet.

That night about a dozen men in their 20s and 30s focused on their game and $2 bets. Irma, in jeans and a sweater, moved about at a relaxed pace serving beer and picking up empties from tables.

Most customers summoned her with an "Irma, cerveza!" Many greeted her with a kiss. On busy nights, Irma and another waitress serve up to 200 patrons at a time. No one tips like in Texas, where Irma sometimes ended the night at the restaurant with an extra $40. She has to wait until Saturday to get paid for the three days.

And it is, after all, a bar. "The bad thing here is that people drink until they crawl," she said. "Over there, if they see you drunk, they don't sell to you."

During a break, sitting in a plastic chair and sipping a beer sent over by a customer, she fought back tears as she pondered her future. A customer was grilling meat over firewood in one corner for Irma and his friends. A childhood friend, Antonio Flores, walked in and kissed her on the cheek.

"She was very good and very beautiful," Mr. Flores said, reminiscing of Irma as a teenager.

Irma smiled in appreciation, but on this night, her cocoon in Monterrey felt like a prison.

"If I had the money I'd leave today," she repeated, barely audible over the ranchera playing on the jukebox.

Mr. Bush's Immigration Realism (NYT)

The New York Times, December 21, 2006

Every now and then the public gets a glimpse of the George W. Bush who is a calm realist on immigration, a former governor of a border state who knows, likes and understands Latino immigrants. It's an identity sharply at odds with that of many other members of his Republican Party, especially the snarlers clustered on its right wing.

At his news conference yesterday, Mr. Bush commented on the raids at Swift & Company, the meatpacking giant that, to nobody's surprise, seems to have had hundreds of illegal immigrants with forged papers on its low-skill work force. Mr. Bush did not condemn the detainees as border-crossing evildoers. He spoke with startling tolerance.

"The system we have in place has caused people to rely upon smugglers and forgers in order to do work Americans aren't doing," Mr. Bush said. "It is a system that, frankly, leads to inhumane treatment of people."

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He continued: "The best way to deal with an issue that Americans agree on — that we ought to enforce our borders in a humane way — is we've got to have a comprehensive bill."

Mr. Bush understands that many illegal immigrants are doing what they have to do to support families within a system that offers few routes to lawful entry. He understands that giving immigrants the opportunity to earn an honest foothold in this country — the path to citizenship despised by restrictionists as "amnesty" — is not giving a reward to criminals. It is not something for nothing. It is an attempt to fix a system that draws in millions of illegal immigrants each year, efficiently taking their labor but withholding hope.

Mr. Bush has shown a way to move the debate away from the "amnesty" trap by casting reform as a means to end an abusive system and remove the perverse incentives that allow illegality to flourish. It may sound shocking to say that illegal immigrants deserve better. But as long as this country keeps swallowing them up into a broken, unjust system, they do.

Mr. Bush showed yesterday that he gets it. He should do that more often.

TAX:

Judge Refuses To Split Trial In U.S. Case On Tax Shelters (NYT)

By Lynnley Browning

New York Times, December 21, 2006

The federal judge overseeing a mammoth tax shelter case said yesterday that the delayed trial would begin next fall, but he rejected a proposal by prosecutors to try the defendants separately in two groups.

The judge, Lewis A. Kaplan of Federal District Court in Manhattan, ordered jury selection to begin on Sept. 17, 2007, in the criminal trial of the 18 defendants, 16 of whom are former employees of the accounting firm KPMG.

The judge also said that he had tentatively decided not to have separate trials. "Essentially what I have been offered is the opportunity to have two unmanageable trials rather than one," he said.

The judge said he preferred to have one. The trial — the largest criminal tax case in history, according to prosecutors — was originally due to begin last September, but Judge Kaplan postponed it twice, citing concerns over who would pay the defendants' legal bills.

The trial date could still be changed again, because of uncertainty over the issue of legal fees.

A federal appeals panel is weighing whether Judge Kaplan had the authority last June to dismiss KPMG's motion to compel the defendants to submit to arbitration over the fees issue. A panel of the United States Court of Appeals for the Second Circuit is hearing KPMG's appeal of the judge's ruling. The defendants had sued KPMG, seeking to force it to pay the fees.

The 18 defendants are accused of conspiracy and tax fraud by making, selling and, in some cases, using questionable tax shelters that cost the Treasury an estimated $2.5 billion in unpaid taxes.

In his June ruling, Judge Kaplan criticized KPMG, saying it had bowed to prosecutorial pressure to reverse its longstanding policy and cut off legal fees to the defendants or face a heightened risk of indictment. At the time, KPMG was under criminal investigation for its tax shelter work. Last year, the firm averted indictment and instead reached a $456 million deferred-prosecution agreement, one of the largest of its kind.

In the June ruling, Judge Kaplan also criticized what he called the government's abusive prosecutorial guidelines. Last week, amid mounting criticism, the Justice Department changed the guidelines, making it unacceptable for prosecutors weighing whether to indict a company to consider whether the company was paying the legal fees of employees caught up in investigations.

It is unclear whether this policy shift may now strengthen the position of the defendants on the legal fees issue.

Prosecutors are continuing to turn over to the defense scores of documents, most of them from Deutsche Bank, which is itself under investigation over its work with questionable tax shelters.

At yesterday's court hearing, John Hillebrecht, an assistant United States attorney in Manhattan who is overseeing the broad inquiries, said there was "a wide-ranging investigation, and it's still ongoing," looking at accounting firms, banks, law firms and investment boutiques that made and sold questionable shelters.

IRS Scales Back Audits Of Big Firms, Study Finds (WSJ)

By Jesse Drucker

The Wall Street Journal, December 21, 2006

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The Internal Revenue Service audited a smaller proportion of the nation's largest corporations this year than it did in 2005 and, over the past five years, it has cut the average number of hours spent on such audits, according to researchers at Syracuse University.

The university's Transactional Records Access Clearinghouse, which frequently issues reports based on IRS data obtained through the Freedom of Information Act, found that the number of hours the agency spent per audit of corporations with assets of $250 million or more dropped to a projected 958 for 2006 from 1,210 per audit in 2002. (The 2006 projection was based on data through the first six months of the year.)

In a report released yesterday, TRAC also pointed out that the percentage of big companies audited in 2006 dropped to 35.3% from 44.1% in 2005, after rising for two years. The audit rate this year was slightly higher than in 2002, but still far below rates from the early to mid-1990s, when audit coverage sometimes exceeded 50%.

IRS officials said part of the reason for the overall drop in audits of big corporations was that the agency hired hundreds of new auditors in 2006 who required training. The officials cited the decline in hours per audit as a sign of greater efficiency. They pointed out that the amount of money the IRS determined big companies owed as a result of audits was up markedly from 2002, even though the time spent on those audits dropped.

For example, the sums sought from large corporations after audits of big companies were completed nearly doubled to $25.53 billion in 2006 from $13.67 billion in 2002. In that same period, the amount sought per hour spent by auditors on those companies also increased sharply, rising to $6,543 in 2006 from $2,957 in 2002.

IRS Commissioner Mark Everson has cited increased enforcement efforts, particularly those aimed at large corporations and high-income taxpayers, as a top priority.

Some tax analysts said the IRS effort to seek more money per company after audits could be because corporate profits have risen substantially in recent years, meaning there may be more uncollected tax to be found. Eric Toder, a tax economist at the Urban Institute and former IRS director of research, pointed out that the IRS is making comparisons with a very slow year for audits and enforcement activity in 2002.

Joel Slemrod, a professor of economics at the University of Michigan, said the data from both TRAC and the IRS didn't offer enough information to provide a complete picture of whether the IRS has become more or less efficient.

Yankton Firm Implicated In Tax Fraud Case (YDP)

By Nathan Johnson

Yankton (SD) Daily Press, December 21, 2006

A Yankton accounting firm has been implicated in a health care reimbursement tax fraud plan that was recently shut down by a Chicago federal court.

According to a press release issued by the Tax Division of the U.S. Department of Justice, the firm of Wohlenberg, Ritzman & Co. LLC of Yankton helped businesses in Illinois and Indiana sell "illegal or improper" health care reimbursement plans that the Internal Revenue Service estimates cost the U.S. Treasury between $12 and $63 million.

The district court in Illinois issued a permanent injunction Dec. 5, ordering Carmelo Zanfei of Steger, Ill., and William Crouse of Greenwood, Ind., and any individuals or entities working in association with them, to no longer sell their Health Incentive Plan and HealthIER Plan.

Wohlenberg, Ritzman & Co. is not named in the injunction but was named in an earlier memorandum opinion and order issued by the court.

Charles Miller, a spokesman for the Department of Justice, said the organization would not comment on whether there is a criminal investigation into the case.

However, a lawyer representing Wohlenberg, Ritzman & Co. said he has been assured by the Department of Justice that there will be no criminal investigation into his client's involvement.

"There has not been one hint of criminal accusations against Wohlenberg, Ritzman & Co.," said Yankton attorney Mike Marlow. "In fact, they were told (by the Department of Justice) there was no further follow-up, that they were satisfied with the explanations given and were to take no further action -- and that was a couple of years ago."

The Department of Justice said the health care reimbursement plans created and sold by Zanfei and Crouse beginning in 1999 allowed "hundreds of businesses and thousands of employees avoid federal taxes and, in the case of the employees, resulted in the under-reporting of income."

The court found that, under the plans, items such as athletic shoes, health club fees, soaps and daycare were listed as reimbursable expenses. In reality, such expenses are reimbursable only under rare circumstances, according to the court.

Also, the court stated that medical expenses were often reimbursed without being substantiated.

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The HI Plan, in particular, was illegal because it "allowed reimbursement for health insurance premiums as opposed to out-of-pocket health care expenses," according to the Department of Justice.

According to court documents, Wohlenberg, Ritzman & Co. became involved when it entered a formal agreement with the one of the entities selling the HI Plan to provide technical and consulting services. As part of the agreement, Wohlenberg, Ritzman & Co. prepared opinion letters that stated the plan was in compliance with the Internal Revenue Code and Treasury Regulations. The agreement also specified that the accounting firm would receive a $2,500 retainer and $1 for each participant enrolled in the program. It later entered a similar agreement with another company selling the HI Plan.

The court stated that the opinion letters, written by Blaine Meier, should be discounted because "he had a financial interest in the plans and thus had an incentive to find them legal."

Marlow said Wohlenberg, Ritzman & Co. stands by its opinion of the HI Program.

"Wohlenberg, Ritzman & Co. was asked to provide an opinion regarding the deductibility of certain medical expenses under plans proposed by other folks," he said. "Wohlenberg, Ritzman investigated and researched the applicable regulations and opinion letters from the IRS and felt that, as the plan was proposed, it was an appropriate and valid plan."

Additionally, a processing center for the health care plans was established in Yankton to authenticate medical expenses for employers and send them year-end adjustment reports at the cost of $20 per employee. Called Kuhlmann Enterprises, LLC, the processing center was housed in the Wohlenberg, Ritzman & Co. building and was staffed by Cynthia Nordstrom, a daughter of one of Wohlenberg's partners.

Court documents state the processing center "was created by WRC." However, Marlow contests that description, saying it was a separate company that rented space from Wohlenberg, Ritzman & Co.

Either way, the court stated that the processing center did not function as it was supposed to and "failed to provide authentication to the majority of the HealthIER Plan customers." During 2004, for example, the center provided adjustment reports to well under 30 percent of the employers enrolled in the plan. For those companies that did receive adjustment reports, employee expenses substantiated whether or not there were receipts to validate them.

Nordstrom told the court that Zanfei and Crouse told her the center should consider all expenses were substantiated whether there was proof or not.

Ultimately, Marlow said it is important to note the Department of Justice has never said the work done by Wohlenberg, Ritzman & Company was inappropriate.

"What the Department of Justice has said is, they don't think (the health care plans), as they were applied by some employers, were the way to go," he said. "That doesn't have anything to do with Wohlenberg, Ritzman or whether it provided appropriate advice regarding this medical insurance deductibility program."

CONGRESS-ADMINISTRATION:

Report Says Berger Hid Archive Documents (AP)

By Larry Margasak

AP, December 21, 2006

President Clinton's national security adviser removed classified documents from the National Archives, hid them under a construction trailer and later tried to find the trash collector to retrieve them, the agency's internal watchdog said Wednesday.

The report was issued more than a year after Sandy Berger pleaded guilty to unlawfully removing and retaining classified documents.

Berger took the documents in the fall of 2003 while working to prepare himself and Clinton administration witnesses for testimony to the Sept. 11 commission. Berger was authorized as the Clinton administration's representative to make sure the commission got the correct classified materials.

Inspector General Paul Brachfeld reported that National Archives employees spotted Berger outside the building, bending down and fiddling with something white around his ankles.

The employees did not feel at the time that there was enough information to confront someone of Berger's stature, the report said.

Later, when Berger was confronted by Archives officials about the missing documents, he lied by saying he did not take them, the report said.

Brachfeld reported that on one visit, Berger took a break to go outside without an escort while it was dark outside.

"He headed toward a construction area. ... Mr. Berger looked up and down the street, up into the windows of the Archives and the DOJ (Department of Justice), and did not see anyone," said notes prepared by the inspector general's office.

He then slid the documents under a construction trailer, according to the inspector general. Berger acknowledged that he later retrieved the documents from the construction area and returned with them to his office.

"He was aware of the risk he was taking," the inspector general's notes said. Berger then returned to the Archives building without fearing the documents would slip out of his pockets or that staff would notice that his pockets were bulging.

The notes said Berger had not been aware that Archives staff had been tracking the documents he was provided because of earlier suspicions from previous visits that he was removing materials. Also, the employees had made copies of some documents.

In October 2003, the report said, an Archives official called Berger to discuss missing documents from his visit two days earlier. The investigator's notes said, "Mr. Berger panicked because he realized he was caught."

The notes said that Berger had "destroyed, cut into small pieces, three of the four documents. These were put in the trash."

After the trash had been picked up, Berger "tried to find the trash collector but had no luck," the notes said.

The significant portions of the inspector general's report were redacted to protect privacy or national security.

Berger's lawyer, Lanny Breuer, said in a statement that the contents of all the documents exist today and were made available to the commission.

For his guilty plea, Berger was fined $50,000, ordered to perform 100 hours of community service and barred from access to classified material for three years.

Report Details Archives Theft By Ex-Adviser (NYT)

By Eric Lichtblau

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — Samuel R. Berger, the former national security adviser to President Bill Clinton, went to such lengths to conceal his theft of classified material from the National Archives that he hid some of the documents under a trailer at a construction site, according to a government report released Wednesday.

The report, prepared by the National Archives inspector general, provided new details about an episode that caused a brief stir in the 2004 presidential campaign and led to a guilty plea to a misdemeanor charge by Mr. Berger a year later.

In 2003, Mr. Berger spent several days at the National Archives reviewing classified material as the Clinton administration's designated liaison to the Sept. 11 commission. He later admitted that he took and destroyed several versions of a classified report prepared in 2000 on the so-called millennium terrorist plots, although the commission had copies of the same reports.

The report on Wednesday disclosed that during a visit to the National Archives in October 2003, Mr. Berger removed four versions of the 2000 report and took them with him when he left the building for a walk after dark.

"He was aware of the risk he was taking," the report said, and "he did not want to run the risk of bringing the documents back in the building," where he might be detected. So he found a nearby construction site and, slid the documents under a trailer. He later returned to the construction site, retrieved the documents and later destroyed some of them. Several days later, archives staff members confronted him.

Still unresolved in the inspector general's report is one lingering mystery in the episode: Whether, as Mr. Berger's critics have charged, he was so cavalier as to stuff classified documents in his socks.

The report said one witness at the archives saw Mr. Berger bending down and "fiddling with something white, which could have been paper, around his ankle." But Mr. Berger denied he had ever stuffed documents in his socks, explaining the episode by saying that "his shoes frequently come untied and his socks frequently fall down."

When the episode first became public, in 2004, Mr. Berger was forced to step down as an adviser to Senator John Kerry's presidential campaign. In 2005, he agreed to plead guilty to unauthorized removal of classified documents. He was fined $50,000 but received no jail time.

Mr. Berger's lawyer, Lanny Breuer, said Wednesday that his client considered the matter closed and was seeking to move on.

Berger Hid Archives Papers Under A Trailer, Probe Shows (WP)

By R. Jeffrey Smith

The Washington Post, December 21, 2006

On the evening of Oct. 2, 2003, former White House national security adviser Samuel R. "Sandy" Berger stashed highly classified documents he had taken from the National Archives beneath a construction trailer at the corner of Ninth Street and Pennsylvania Avenue NW so he could surreptitiously retrieve them later and take them to his office, according to a newly disclosed government investigation.

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The documents he took detailed how the Clinton administration had responded to the threat of terrorist attacks at the end of 1999. Berger removed a total of five copies of the same document without authorization and later used scissors to destroy three before placing them in his office trash, the National Archives inspector general concluded in a Nov. 4, 2005, report.

After archives officials accused him of taking the documents, Berger told investigators, he "tried to find the trash collector but had no luck." But instead of admitting he had removed them deliberately -- by stuffing them in his suit pockets on multiple occasions -- Berger initially said he had removed them by mistake.

The fact that Berger, one of President Bill Clinton's closest aides from 1997 to 2001, illicitly removed the documents is well-known: A federal judge in September 2005 ordered him to pay a $50,000 fine for his actions and forfeit his security clearance for three years.

What Berger did, and the ham-handed and comical methods by which he did it, are freshly detailed in the National Archives report, which the Associated Press obtained first under a Freedom of Information Act request.

Although the report reiterates that Berger's main motive was to prepare himself for testifying before a commission investigating the Sept. 11 attacks, it makes clear that he not only sought to study the documents but also destroyed some copies and -- when initially confronted -- denied he had done so.

His lawyer, Lanny Breuer, said in a statement yesterday that Berger "considers this matter closed, and he is pleased to have moved on." Berger is a principal with Stonebridge International, a consultant to large energy firms that recently opened an office in China.

In the statement, Breuer emphasized that the Justice Department concluded that other copies of the documents at issue existed and that they were provided to the Sept. 11 commission. He also said the Justice Department affirmed that Berger had no intent to hide the contents.

Berger made four visits to the Archives to inspect Clinton administration records in 2003. The inspector general's office attempted to retrieve the missing documents and probed how the archives handled each of his visits. In its report, the office criticized the fact that Berger was given special treatment and also said the archives' investigation of his actions was "improper" because the FBI and Justice Department were not promptly informed.

The report states that in 2003, an official whose name was deleted informed the White House that the documents Berger reviewed during his first two visits -- in May and June of that year -- were so poorly organized and tracked that the archives "would never know what if any original documents were missing." Berger has said he removed nothing during those visits, and a source close to him said last night that no one had accused him of doing so.

In September and October, Berger was able to sneak papers -- slight variations of a report titled "Millennium Alert After Action Review," which looked at U.S. vulnerabilities to terrorists, as well as the notes he took from other classified documents -- into his pockets, the report said, because an unnamed senior official left the room while Berger made or took phone calls.

Although one archives official claimed to have seen Berger fiddling with what appeared to be a piece of paper "rolled around his ankle and underneath his pant leg," Berger told investigators he was merely pulling up his socks, which he said "frequently fall down." He said "this story was absurd and embarrassing."

Berger said that after spending hours at the archives on Oct. 2, he took a walk outside past a construction fence to leave four classified copies of the millennium document beneath a trailer. He later explained that he needed to return to the building for several additional hours of work and was worried that guards would see the documents bulging in his suit.

Berger got caught partly because suspicious archives employees secretly numbered the millennium document copies they showed him in October. When an official challenged him by telephone on Oct. 4, he turned over two copies of the millennium document that he said he had accidentally kept.

Berger Took Papers To A Hiding Place (WT)

By Jerry Seper

The Washington Times, December 21, 2006

Former National Security Adviser Samuel R. Berger, fined $50,000 for taking classified documents from the National Archives, hid the papers under a construction trailer where they later could easily be retrieved, a report yesterday said.

The National Archives Office of Inspector General said that during a 2003 visit to the facility, Mr. Berger left the building unescorted for a break, during which time he "placed the documents under a trailer in an accessible construction area outside Archives 1 (the main Archives building)."

The report said Mr. Berger acknowledged that he later retrieved the documents from the construction area and brought them to his office.

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Mr. Berger, who served as national security adviser under President Clinton from 1997 to 2000, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material. The material included documents outlining the government's knowledge of terrorist threats in the United States during the 2000 New Year's celebration.

He was fined $50,000 by a federal judge, ordered to perform 100 hours of community service and barred from access to classified material for three years. The top Clinton adviser had faced a year in prison and a $100,000 fine, but a plea agreement in the case reduced the fine and kept him out of jail.

The removal occurred while Mr. Berger was preparing to testify before the September 11 commission investigating intelligence and security failures, raising questions about whether he was attempting to cover up the Clinton administration's counterterrorism policies and actions.

Mr. Berger, with authorization from Mr. Clinton, also was reviewing National Security Council documents on Osama bin Laden and al Qaeda, Sudan and related presidential correspondence to prepare for testimony before the House and Senate intelligence committees.

In his televised testimony to the September 11 commission, Mr. Berger said the Clinton administration's "sustained attention" to terrorist threats and "rigorous actions" had foiled a terrorist threat in December 1999 to bomb airports in the United States.

But Attorney General John Ashcroft told the commission that he saw some of the documents that had turned up missing from the Archives and that the plot was stopped with "luck playing a major role."

During his sentencing in September, Mr. Berger told the court that he let "considerations of personal convenience override clear rules of handling classified material."

"In this case, I failed. I will not again," he said.

The inspector general's report, first made public by the Associated Press, said that when Archives employees first suspected Mr. Berger was removing classified documents, they failed to notify any law-enforcement agency. It also said Archives employees did not feel that there was enough information to confront someone of Mr. Berger's stature.

The report said Mr. Berger removed four documents from the facility.

The government charged that Mr. Berger "knowingly removed classified documents from the National Archives and Records Administration and stored and retained such documents at places," including his office in the District.

Mr. Berger initially claimed he took the documents as the result of an "honest mistake," but later admitted that he placed the classified records in his pants and jacket and put other classified documents in a leather portfolio.

In October, several top House Republicans asked for an investigation and committee hearings to determine which documents were "destroyed, removed or are missing" as a result of Mr. Berger's admitted theft.

In a letter to the House Government Reform Committee, the lawmakers asked Chairman Thomas M. Davis III, Virginia Republican, to investigate whether there was criminal misconduct in the removal of the classified documents by the Clinton administration official.

Democrats will assume control of Congress next month, and the request for an investigation is expected to be shelved.

Bush Links Minimum Wage To Tax Break (AP)

By Jennifer Loven

AP, December 21, 2006

President Bush endorsed one of the Democrats' top priorities for the new Congress, a $2.10-an-hour minimum wage increase — and on a faster timetable than they have proposed.

But his support comes with a catch.

Bush said at a Wednesday news conference that any pay hike should be accompanied by tax and regulatory relief for small businesses, potentially a tough sell for Democrats, who are about to reassume control of the House and Senate.

"Minimum wage workers have waited almost 10 long years for an increase," responded Democratic Sen. Edward Kennedy of Massachusetts, who has said that boosting the federal minimum wage will be his chief goal when he takes over as chairman of the Senate Committee on Health, Education, Labor and Pensions. "We need to pass a clean bill giving them the raise they deserve as quickly as possible."

The president brought up the issue unprompted during the White House news conference that was dominated by Iraq but veered into domestic issues as well.

Eager to show he heard the message of voters who stripped his party of majorities in both the House and Senate in the November elections, Bush said he'll work hard on what he called "an interesting new challenge" — trying to find common ground with Democrats who will lead Congress for the first time in his presidency.

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"I don't expect Democratic leaders to compromise on their principles, and they don't expect me to compromise on mine," he said. "But the American people do expect us to compromise on legislation that will benefit the country."

He said initial consultations with incoming Democratic leaders revealed openings for cooperation in several areas. One was an immigration policy overhaul, including a way for some illegal workers to move toward citizenship. That was stymied this year primarily by conservative Republicans who favored a get-tough-only approach.

Other openings Bush saw for cooperation were increased federal spending on alternate energy sources; reform of Congress' appropriations process that has made it common for lawmakers to slip pet projects into spending bills, and giving American workers new skills and businesses help investing in new innovations.

Despite Washington's changed political reality, Bush also did not shy away from issues that have less chance of being well-received by Democrats, who have felt ignored for the first six years of the president's tenure.

He said he wants to work on the looming insolvency of the Social Security program. But his one-time plan to add private accounts to the system, once the highest domestic priority of his administration, is considered dead by Democrats. Bush is sending Treasury Secretary Henry M. Paulson Jr. to the Hill to gather ideas on how to restructure Social Security.

Bush also said he wants lawmakers to approve new trade deals. But Democrats have said they will insist bilateral trade agreements include tougher labor and environmental standards.

On other topics:

_Bush was asked about the pregnancy of Mary Cheney, Vice President Dick Cheney's openly gay daughter, in light of his previous statements that a child ideally should be raised by in a family headed by a married father and mother.

The president said "we ought to review law to make sure that people are treated fairly" but didn't provide specifics. Neither he nor his questioner referred to Cheney's partner, Heather Poe.

_The president said he first learned from a newspaper story Wednesday that the vice president will be called to testify in the CIA leak case on behalf of his former chief of staff. Defense attorneys for I. Lewis "Scooter" Libby, charged with perjury and obstruction, would not say whether Cheney was being subpoenaed — a potential separation-of-powers issue — but said they do not expect the vice president to resist.

"It's an interesting piece of news. And that's all I'm going to comment about an ongoing case," Bush said.

Raising the minimum wage from $5.15 to $7.25 over three years is at the top of Democratic leaders' early to-do list for next year.

GOP-crafted legislation earlier this year combined an increase with a cut in inheritance taxes on multimillion-dollar estates and the resurrection of a number of popular tax breaks, but that combination did not get through the Republican-controlled Congress.

Bush said he supports a $2.10 raise for minimum-wage earners, but over a two-year period instead of three, and added that "we should do it in a way that does not punish" small businesses.

"I support pairing it with targeted tax and regulatory relief, to help these small businesses stay competitive and to help keep our economy growing," he said.

Bush resisted any attempt to judge his presidency two years before it expires.

"I'm going to sprint to the finish. And we can get a lot done," he said. "I'm reading about George Washington still. My attitude is if they're still analyzing Number One, 43 ought not to worry about it, and just do what he think is right, and make the tough choices necessary."

Minimum-wage Battle May Be Brewing (LAT)

By Maura Reynolds

The Los Angeles Times, December 21, 2006

WASHINGTON — During his news conference Wednesday, President Bush said he was optimistic about working on a range of issues with the Democrats who will lead Congress in January. He said he supported a $2.10 increase in the federal minimum wage, which is $5.15 an hour — a proposal that is a top priority for Democrats. But Bush said he wanted to pair the increase with a cut in taxes and regulations to make it less costly for small businesses.

Efforts to link a hike in the minimum wage to tax cuts have repeatedly failed during Bush's time in office, despite Republican control of Congress.

Democrats have objected to linking the wage increase to tax cuts, and Drew Hammill, a spokesman for incoming House Speaker Nancy Pelosi (D-San Francisco), said she was not interested in such an arrangement. But shortly afterward, Hammill altered his response. He said that Pelosi preferred a bill unencumbered by tax cuts but that "House Democrats have long supported tax changes that would benefit small business" and would look at such proposals.

Still, there is strong opposition to the idea among Democrats.

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"Given that nearly a decade has passed since the last minimum-wage increase, no one can seriously believe that the proposed increase will harm the small-business sector," said Rep. George Miller (D-Martinez), incoming chairman of the House Education and Workforce Committee. "More than half the states already have laws setting their own minimum wages above $5.15 per hour."

Signaling a potentially difficult domestic policy road, the president said that in addition to the minimum wage, he hoped to work with Democrats on overhauling Social Security and Medicare — two issues that have defied such efforts for years.

Bush also said he would work with Democrats to pass free-trade agreements and a comprehensive rewriting of immigration laws, and to end the practice of "earmarking," in which lawmakers pepper broad spending bills with pet projects for districts.

Minimum-Wage Deal As Bellwether (WSJ)

By John D. McKinnon

The Wall Street Journal, December 21, 2006

WASHINGTON -- President Bush signaled support for raising the federal minimum wage, suggesting the White House is looking for an early deal with Democrats on one of their priorities next year.

Still, Mr. Bush's insistence on tax breaks and regulatory relief for small business sets up a test that could determine the tenor of relations between the White House and Congress's new leaders for the rest of his term.

Incoming Speaker Nancy Pelosi and House Democrats plan to pass an increase in the minimum wage in their first 100 hours of work next year. Other priorities include repealing tax breaks for big oil companies, allowing Medicare to negotiate with drug companies for lower prices and cutting interest rates on student loans.

Democrats hope to build enough momentum to move the provisions through the Senate and force Mr. Bush to accept them as they are. A coalition called "Change America Now," involving about 40 liberal and labor groups, is organizing support this week for passing the measures in the 100-hour package into law.

It is unlikely any of those measures will become law without concessions to Republicans, however. The federal minimum wage, now $5.15 an hour, last was raised in 1997 and its purchasing power has eroded. Democrats and some Republicans have pushed for years to raise it, and Democrats' sweep in the midterm elections significantly increased prospects for doing this. Yesterday, Mr. Bush gave the effort another boost, saying he is willing to sign legislation gradually raising the minimum wage to $7.25 an hour.

"I support the proposed $2.10 increase in the minimum wage over a two-year period," Mr. Bush told reporters at a year-end news conference, calling it an "area where we can work together" with Democratic leaders. At another point, he said that along with education, it is a "key" area where "we've got to work together" with Democrats.

Mr. Bush's comments were his strongest to date in support of a minimum-wage increase, but he also signaled he will expect concessions for business.

"I believe we should do it in a way that does not punish the millions of small businesses that are creating most of the new jobs in our country. So I support pairing it with targeted tax and regulatory relief to help these small businesses stay competitive and help keep our economy growing." He didn't provide specifics about the tax and regulatory breaks that he will seek.

Sen. Edward Kennedy (D., Mass.), incoming chairman of the Senate labor committee and the minimum-wage increase's lead sponsor, was cautious in his praise for Mr. Bush's announcement, noting that "we can't slow down this important legislation with other priorities unrelated to the minimum wage."

Rep. George Miller (D., Calif.), who will head the House Education and the Workforce Committee, also opposed the conditions Mr. Bush wants to attach. "A minimum-wage increase should not and need not be conditional on other legislation or policy changes," he said in a statement.

The House Republican leader, John Boehner of Ohio, was more supportive. "It's important for Congress to ensure a minimum-wage mandate does not have a harmful effect on small employers' ability to create jobs," he said.

Mr. Boehner challenged Democrats to allow Republicans to offer similar legislation on the floor. Democrats have promised not to block debate as strictly as Republicans did when they were in charge.

Past efforts to raise the minimum wage have collapsed over Republican demands for concessions. This year, Republicans tried unsuccessfully to link the minimum wage to a deal to extend relief from the estate tax. It is being gradually eliminated under Mr. Bush's 2001 tax cuts, but returns after the breaks expire.

Mr. Bush's demands for tax and regulatory relief for small business -- as yet relatively undefined -- appear to stand a better chance of drawing Democratic support.

Mr. Bush said he and the Democratic Congress can accomplish a lot working together in the final two years of his presidency. "The truth is the American people are sick of partisanship," he said. He promised to "do my part to elevate the tone."

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Bush Supports Democrats' Minimum Wage Hike Plan (WP)

By Michael A. Fletcher And Jonathan Weisman

The Washington Post, December 21, 2006

President Bush for the first time endorsed a specific plan for raising the federal minimum wage yesterday, as he embraced Democratic calls to boost it by $2.10, to $7.25 an hour, over two years.

The president's backing greatly enhances the prospects for congressional approval next year of the first hike in the federal minimum wage since 1997. He stressed, however, that it should be accompanied by tax breaks and regulatory relief that would cushion the blow for small businesses.

"I believe we should do it in a way that does not punish the millions of small businesses that are creating most of the new jobs in our country," Bush said during a news conference. "So I support pairing it with targeted tax and regulatory relief to help these small businesses stay competitive and to help keep our economy growing."

The president's endorsement of a minimum wage increase breaks with the position long held by conservative Republicans that the increase would hurt business and ultimately the economy. But with the Democrats poised to take control of both chambers of Congress for the first time in more than a decade, Bush cited his support of the proposed increase as proof of his intent to operate in a more bipartisan manner during the remaining two years of his presidency.

Beyond increasing the minimum wage, the president said that he hopes to reach agreements with the new Congress on a guest-worker program for low-skill immigrants, renewal of the No Child Left Behind education law and measures aimed at encouraging the development of alternative fuels.

"To achieve these and other key goals, we need to put aside our partisan differences and work constructively to address the vital issues confronting our nation," Bush said.

Democrats and their supporters in organized labor responded warily to Bush's proposal to link a minimum wage hike to tax breaks for business, saying the increase should be passed on its own merits. Democratic leaders have promised to make increasing the $5.15-per-hour minimum wage one of the first orders of business when the new Congress convenes Jan. 4.

"Minimum wage workers have waited almost 10 long years for an increase -- we need to pass a clean bill giving them the raise they deserve as quickly as possible," said Sen. Edward M. Kennedy (D-Mass.), who sponsored legislation to increase the wage that failed in Congress earlier this year.

Democrats have pledged to reinstate budget rules that would require that any tax cut be offset by equivalent tax increases or spending cuts. Some Democrats say they do not want to complicate their effort to raise the minimum wage by linking that issue to business tax breaks, as Bush and many Republicans are insisting. House Democrats will vote early next month on a stand-alone wage increase, leadership aides said.

"Let's be clear, given that nearly a decade has passed since the last minimum wage increase, no one can seriously believe that the proposed increase will harm the small-business sector," said Rep. George Miller (D-Calif.), the incoming chairman of the House Education and the Workforce Committee. "A minimum wage increase should not and need not be conditional on other legislation or policy changes."

But House Democrats concede that the situation may be different in the Senate. Earlier this year, Senate Republicans voted down a stand-alone wage hike, and Democrats may need 60 votes to break a filibuster if they try to pass a minimum wage increase without tax cuts. Senate Finance Committee aides are already looking for small-business tax breaks that the incoming committee chairman, Max Baucus (D-Mont.) wants passed regardless of minimum wage legislation.

"Senator Baucus is looking at small-business tax breaks for sure," a Baucus aide said. "Whether they're paired with minimum wage or move at another time, he intends to help small business."

White House officials, meanwhile, say they are still working to identify tax cuts they would like to see accompany a minimum wage increase.

Across the country, about 1.9 million workers earn the minimum wage or less, and economists estimate that 14.9 million other workers would benefit from an increase in the standard. When adjusted for inflation, the buying power of the minimum wage has dwindled to its lowest level since 1955, and raising the rate has become a popular issue among voters.

Twenty-eight states and the District of Columbia have established minimum wages that surpass the federal standard. In November, voters ratified ballot initiatives, often backed by coalitions including both organized labor and religious groups, to increase the minimum wage in six states.

"America's workers deserve a clean vote on a $7.25 increase, with no strings attached," AFL-CIO President John J. Sweeney said. "Such an increase helps everyone and hurts no one."

At his news conference, Bush said that, despite the power shift in Congress, he will continue to have a strong voice in domestic policy even if it means reaching across the aisle to get things done. "There's a lot of attitude here that says, 'Well, you

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lost the Congress. Therefore, you're not going to get anything done.' Quite the contrary," he said. "I have an interest to get things done. And the Democrat leaders have an interest to get something done to show that they're worthy of their leadership roles."

Bush Prepares To Make Deals With Democrats (WT)

By Stephen Dinan

The Washington Times, December 21, 2006

President Bush yesterday said his top priorities for working together with Democrats in Congress will be raising the minimum wage, renewing the No Child Left Behind education act, boosting energy alternatives to oil and completing an overhaul of the immigration system that includes a guest-worker program.

On immigration, he called for a bill to be put on his desk soon, once again setting a timetable on an issue that has stymied Congress for the last two years.

And in a morning press conference the president pledged to support a $2.10 minimum wage increase over two years, the first time he has endorsed that large an increase, though he said it must be coupled with tax cuts and new regulations that will help businesses offset the costs.

The minimum wage is shaping up as the first major domestic battle next year, and a chance for Democrats to see how far they can press their advantage in Congress.

Mr. Bush said the lesson of November's congressional elections was bipartisanship.

"I don't expect Democratic leaders to compromise on their principles, and they don't expect me to compromise on mine. But the American people do expect us to compromise on legislation that will benefit the country," he said.

Mr. Bush highlighted the new dynamic at work on Capitol Hill, saying now he and the Democrats both have an interest in getting things done -- "to show that they're worthy of their leadership roles."

The president said he is willing to accept a deal with Democrats that raises the minimum wage to $7.25 as long as that doesn't hurt businesses. He said the way to protect businesses is to combine the increase "with targeted tax and regulatory relief to help these small businesses stay competitive and to help keep our economy growing."

Senate and House Republican leaders lined up behind Mr. Bush's position yesterday, with incoming Senate Minority Leader Mitch McConnell, Kentucky Republican, saying pairing tax cuts and wage increases makes sense.

But Sen. Edward M. Kennedy, Massachusetts Democrat and the new chairman of the key committee that handles the issue, rejected that approach.

"We can't slow down this important legislation with other priorities unrelated to the minimum wage," he said. "Minimum wage workers have waited almost 10 long years for an increase -- we need to pass a clean bill giving them the raise they deserve as quickly as possible."

Mr. Kennedy has proposed increasing the wage rate from $5.15 to $7.25 over a little more than two years, with the first 75-cent increase coming 60 days after the bill passes.

Mr. Bush did not say what taxes or regulatory changes he wants included in the bill.

In the past he has supported smaller minimum-wage increases that were tied in one case to research and development and estate-tax-cut provisions, and in another instance were tied to flex-time provisions that would have changed the rules for overtime pay.

Democrats opposed both of those alternatives, insisting on a clean increase.

It is not clear whether the election broke that logjam, especially given the possibility Republicans in the Senate might filibuster a bill that contains only wage increases with no sweeteners for businesses.

The president tried to strike a bipartisan tone on both domestic and international issues, promising to listen to Democrats as he plots a course in Iraq and to "do my part to elevate the tone" in Washington.

"I'm looking forward to working with them. It's going to be an interesting new challenge," Mr. Bush said, pointing out that he worked well with Democrats in the state legislature when he was governor of Texas.

On immigration, Mr. Bush said, "I strongly believe that we can and must get a comprehensive immigration plan on my desk this year." With Congress recessed until after the new year, it is certain he meant 2007.

The president repeated his call for a guest-worker program to handle future foreign workers, which he said is critical to reducing the flow of illegal aliens.

He also said energy policy is a prime spot for cooperation with Democrats.

"There is a consensus that we need to move forward with continued research on alternative forms of energy," he said.

Bush Signs Massive Tax And Trade Bill (AP)

AP, December 21, 2006

DOJ_NMG_0108290

President Bush revived some 20 tax breaks, extended trade benefits for developing countries and protected doctors from a big cut in Medicare payments by signing sweeping tax and trade legislation Wednesday.

The bill is a patchwork of must-do items that were left for the lame duck Congress. It was bundled together and passed by the House and Senate just before adjourning earlier this month.

"This is a good piece of pro-growth legislation," said Bush, just before putting his signature to the legislation at a White House ceremony.

Republican budget hawks bridled at the measure's approximately $40 billion price tag, and textile state senators objected to trade provisions benefiting Haiti.

The bill would:

_Extend through the end of next year a deduction for research and development initiatives.

_Renew a deduction of up to $4,000 for higher education costs.

_Give tax breaks for teachers who pay for supplies out of their own pockets.

_Let taxpayers deduct state and local sales taxes instead of state and local income taxes, a provision that primarily benefits those in states with no income taxes.

_Open up 8.3 million acres in the Gulf of Mexico to oil and gas drilling, and offer a dozen credits promoting alternative and efficient uses of energy.

_Prevent a 5 percent cut in Medicare payments to doctors from taking effect on Jan. 1.

_Renew, with increased federal contributions, a program to help clean up abandoned coal mines and provide health care for miners who worked for companies that have gone out of business.

_Permanently normalize trade with Vietnam and extend trade benefits for four Andean nations, sub-Saharan African countries and Haiti.

Bush also signed a bill to upgrade and modernize the nation's tsunami warning system, nearly two years after an Indian Ocean tsunami killed some 230,000 people in a dozen countries.

Approved by Congress earlier this month, the legislation is intended to bolster the tsunami detection and warning system in the Pacific Ocean, as well as expand it to any area in the Atlantic and Caribbean considered at risk by federal officials.

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The bills are H.R. 6111 and H.R. 1674

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On the Net:

Congress: http://thomas.loc.gov/

Congress Closes With A Pork-filled Flourish (LAT)

By Tom Hamburger And Walter F. Roche Jr.

The Los Angeles Times, December 21, 2006

WASHINGTON — Christmas arrived Wednesday for the kidney dialysis industry.

That's when President Bush signed into law the last major piece of legislation approved by the outgoing Congress. It was a lavish hodgepodge that included a $100 million-a-year boost in the Medicare reimbursement rates for dialysis providers who proved to be generous contributors to important legislators, notably House Ways and Means Chairman Bill Thomas of Bakersfield.

The dialysis folks were among many special interests benefiting from a piece of legislation that was designed to simply extend existing tax cuts and credits — but ended up freighted with billions of dollars in new spending earmarks for the coal industry, Brooks Brothers and various other interests.

There have been more outrageous end-of-session bills, but following this election — when corruption and fiscal incompetence were campaign themes — some lawmakers found the latest package particularly offensive.

Senate Budget Committee Chairman Judd Gregg (R-N.H.) termed the legislative spectacle "embarrassing." He offered a scathing review of the final bill on the Senate floor, citing its myriad earmarks and other expenditures that had never been reviewed by a congressional committee or subjected to debate.

His statement covered the big-ticket items: a budgetary sleight of hand that blocked a planned 5% reduction in Medicare fees to doctors, a top priority of the powerful American Medical Assn.; the insertion of a rum excise tax shift that benefits Puerto Rico; and the addition of a $35-million earmark to fund a healthcare program in Tennessee.

Gregg reserved special scorn for a $4.9-billion item requested by coal-state senators for health and mine-safety spending. The lawmakers said such spending was necessary because some coal companies had not fulfilled healthcare responsibilities to miners and because abandoned mines remained a serious problem in coal country.

Even Brooks Brothers, an upscale clothing purveyor, walked away a winner. The company was part of a coalition that won about $32 million in refunds of tariffs that it said had penalized the declining domestic shirt-manufacturing industry. The measure also aids domestic cotton growers, many of which are in California.

A Brooks Brothers vice president, Joe Dixon, said the company sought the tariff relief to "save clothing manufacturing jobs in Pennsylvania and North Carolina." The refunds, he said, would make it possible for Brooks Brothers and other U.S. shirt-makers to better modernize plants and compete with foreign manufacturers.

The watchdog group Taxpayers for Common Sense called the cotton measure "another example of special interests grabbing on to the last train leaving the station…. Obviously Congress didn't think enough of this proposal to pass it on its own during the past two years."

The dialysis earmark, like other nuggets in the bill, had not been authorized by a congressional committee, and its addition to the tax bill was made final in a secret middle-of-the-night meeting in the waning hours of the session on Dec. 7.

Dialysis scored "not because dialysis patients have the most meritorious case," said Sara Rosenbaum, professor of health law and policy at George Washington University, but because the industry is "effective on Capitol Hill."

One example: House Ways and Means Committee Chairman Thomas got $84,250 in donations during the last campaign cycle from DaVita Inc., a leading dialysis company. Thomas was among the negotiators at the late-night meeting who agreed on the dialysis earmark.

Thomas' former chief of staff, Cathy Abernathy, lobbies on DaVita's behalf.

After decades of working for Thomas, Abernathy has built a multimillion-dollar lobbying business focused on healthcare clients, including a coalition of dialysis providers, patients and manufacturers.

DaVita paid Abernathy fees of $20,000, part of the $1.14 million the company reported spending on federal lobbying in the first half of this year. Until recently, Abernathy was also a registered lobbyist for Kidney Care Partners, a nonprofit group representing patients, manufacturers and providers that has been chaired by DaVita's chief executive.

Tucked away in a Senate conference room with House Speaker J. Dennis Hastert (R-Ill.), Sens. Charles E. Grassley (R-Iowa) and Max Baucus (D-Mont.), and other leaders, Thomas led the charge for the dialysis coalition's proposals, according to a staffer who attended. Thomas recommended not only raising Medicare reimbursements for the dialysis industry but also including an automatic inflation adjustment. He also pushed for incentive bonuses for good healthcare results.

In the end, the negotiators agreed only to a one-time 1.6% increase in the Medicare reimbursement rate for dialysis, which will cost taxpayers $400 million over five years, according to the Congressional Budget Office.

Thomas' staff and DaVita officials said the campaign contributions and the congressman's ties to Abernathy played no role in his championing of the dialysis cause.

"Bill Thomas makes policy decisions based on the merits of policy, not on campaign contributions," said Rob Vanden Heuvel, spokesman for the ways and means committee.

LeAnne Zumwalt, a DaVita vice president, said effective lobbying was important for the dialysis coalition.

"Dialysis is the only Medicare program without an annual update for inflation," Zumwalt said, noting that increased funding had earned support across both parties and houses of Congress.

DaVita executives called the final decision "a step in the right direction."

The company had also sent contributions to other lawmakers who participated in the secret conference, including the only Democratic lawmaker in the room, Baucus, who received $22,000 from DaVita this cycle, according to the Center for Responsive Politics.

A Baucus aide said the Montana senator supported a rate hike because of his concerns about the financial stability of dialysis facilities in his home state. Baucus and other lawmakers also noted that an outside bipartisan advisory panel had recommended increasing the rate by twice the congressionally approved amount.

However, Rosenbaum said that the Medicare payment advisory panel made "tons of recommendations all the time" and that other worthy providers — such as community clinics serving the poor — were often overlooked.

Other factors, such as lobbying and the nature of last-minute legislation, explain more powerfully the willingness of Congress to legislate a rate increase for one group of healthcare providers, she said.

FEDERAL DIARY: Price Caps At The Old Stamping Ground (WP)

By Stephen Barr

Washington Post, December 21, 2006

For almost 12 years, Rep. John M. McHugh (R-N.Y.) has championed legislation to overhaul the U.S. Postal Service. It has been a long and sometimes lonely journey.

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McHugh has worked to balance the competing interests of postal management, postal competitors, unions and companies, including Hallmark Cards, L.L. Bean and American Express, that rely on the post office.

Yesterday, he was among a small group from Capitol Hill that saw President Bush sign the Postal Accountability and Enhancement Act, the first change to the Postal Service since President Richard M. Nixon agreed to replace the old Post Office Department with a self-sustaining government corporation.

Thirty-six years ago, of course, the communications landscape was different. The Internet was an infant at the Defense Department, FedEx had not started operations and the United Parcel Service had a smaller market share than it does today.

Concerned that the post office might not be able to continue universal service at reasonable postage rates, McHugh in 1995 began his effort to update the Postal Service's business operations and create a less cumbersome system for setting postal rates. In June 1996, he introduced his first bill to revamp postal laws.

McHugh called the new law "a major achievement," and said it will provide the Postal Service with "the tools to both act and compete as a modern business."

The public, for the most part, will see no change in its dealings with the post office. But stamp prices will probably go up once or twice in the next year. The Postal Service has a request pending to raise first-class postage by 3 cents, to 42 cents, probably in May. Under the new law, the Postal Service can seek one more increase, no later than Dec. 20 next year, before new rules take effect.

The law offers some hope that subsequent increases in postage will be more predictable, especially for letters, magazines and advertising mail. For 10 years, the Postal Service will operate under a price cap that keeps it from raising postage prices above inflation. After that trial run, postal officials and regulators will review the effectiveness of the price cap to see if it should be modified.

The law imposes no price cap on "competitive products," such as Express Mail and Priority Mail. Those rates will be set by the postal board of governors, which will be guided by new regulations developed at the Postal Regulatory Commission (a new name for the Postal Rate Commission). The commission has 18 months to develop the regulations.

In an interview, Postmaster General John E. Potter said some parts of the law will take as long as three years to implement and that changes to postal service standards could take longer.

William Burrus, president of the American Postal Workers Union and a steady critic of the new law, has told his union members that the price cap will make it more difficult to bargain for higher salaries. "This limit on rate increases -- without regard to the actual costs the Postal Service incurs -- will result in an artificial cap on postal workers' wages," he said.

But Potter said the Postal Service plans to continue offering "wages that are comparable to the private sector. The goal here is not to harm postal employees."

The new law shifts responsibility for military pensions earned by postal workers to the Treasury Department, as is the practice for federal agencies. The law also redirects money set aside for postal retirement costs to a new trust fund that will finance retiree health benefits. Potter estimated that about $90 billion will be placed in the trust fund.

Although McHugh pushed the longest and hardest for postal overhaul, others in Congress played key roles in pulling together a compromise acceptable to the White House. Sens. Susan Collins (R-Maine) and Thomas R. Carper (D-Del.) and Reps. Henry A. Waxman (D-Calif.) and Thomas M. Davis III (R-Va.) brokered the final bill, which passed in the hours before Congress adjourned for the year.

On the House floor, McHugh told colleagues, "If there is any truth in the old adage that anything worth having is worth waiting for, this is a very, very good night."Boost for Health Accounts

Federal employees and retirees will be able to take advantage of a tax law signed by the president yesterday and increase the amount of money they contribute to health savings accounts, the Office of Personnel Management announced.

Employees who had a 2006 flexible spending account also will have an opportunity to enroll in a high-deductible health plan with a savings account for 2007, the OPM said. They may roll over any used money in their FSA to their new health spending account.

Belated enrollments in a high-deductible plan and the transfer of FSA funds must be completed by midnight Dec. 31, the OPM said. In 2007, the maximum health savings contribution is $2,850 for an individual and $5,650 for a family, the OPM said. Previously, health savings contributions were limited to the amount of a person's deductible.

Bush OKs Billions To Clean Up Coal Mines (AP)

By Kimberly Hefling

AP, December 21, 2006

President Bush signed legislation Wednesday that gives billions of dollars to coal-producing states to clean up hazardous abandoned coal mines and pay for health care for retired miners.

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His signature ends a long fight that has pitted coal-producing states against each other over the best use of funds collected for the nation's coal mine reclamation program.

Coal-producing states will get an estimated $6.3 billion for abandoned mine cleanup and another $1.6 billion to pay for health care for retired miners who worked for coal companies that no longer exist, according to the federal Office of Surface Mining. The money will be distributed from 2007 to 2025.

The bill, part of a sweeping tax bill, renews the abandoned mines land reclamation program that was created in 1977.

Particularly in eastern coalfields, toxins from abandoned mines pollute streams. The unstable land from the abandoned mines has been blamed for fatal accidents by ATV riders and hikers — in Pennsylvania 24 deaths were reported last year on abandoned mine land. Mines sometimes catch fire and burn for years.

The program is based on a per-ton fee that coal companies pay into a fund. The bill makes spending for the reclamation program mandatory, which means it would not be controlled through the annual congressional appropriations process.

"This will provide us long term stability and continuity," said Ben Owens, a spokesman for the Office of Surface Mining, which oversees mine reclamation.

Since the program's creation, much of the nation's mining has shifted from states in the east like Pennsylvania, West Virginia and Kentucky to those in the west, like Wyoming.

The western states have not struggled as much with abandoned mine restoration issues because much of the mining has been done with more modern techniques.

The historic coal mining states have complained that Wyoming uses its abandoned mine land fund for public works. The western states, in turn, have complained of bearing the burden of funding the program.

The legislation signed Wednesday lowers the fees paid into the program and modifies the formula so that historic coal mining states with the more serious problems get a higher stake of the money.

It was supported by a coalition of the coal industry, coalfield communities, environmental conservation organizations, sportsmen and mine workers, according to a joint statement from Pennsylvania Sens. Rick Santorum and Arlen Specter.

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On the Net: Office of Surface Mining: http://www.osmre.gov/

New Congress To Toughen Oversight (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 21, 2006

WASHINGTON

With little prospect of funding bold spending initiatives, Democrats poised to take control of the 110th Congress are reviving the ability to investigate the executive branch.

With more workdays in Washington and the creation of subcommittees charged exclusively with investigation, Democratic leaders and new committee chairs aim to jump-start oversight on issues ranging from the Iraq war to homeland security and consumer protection.

But in a consistent disclaimer, they say the new probes will not be motivated by a spirit of revenge. And they will be conducted, to the extent possible, on a bipartisan basis.

This approach, Democrats say, rejects the example of Rep. Dan Burton (R) of Indiana, who, as chair of the House Government Reform Committee, paved the Clinton presidency with subpoenas. As early as May 2006, Nancy Pelosi also denied speculation that Democrats would try to impeach the president.

Democrats say they will not use their new powers to conduct a witch hunt on the Bush presidency, and will take a more careful tack instead. Time: key resource for investigations

To give committees the time for thorough investigations, Democrats say they will move to a five-day workweek on Capitol Hill. In contrast, under Republican control, the typical House workweek lasted from Tuesday evening to Thursday afternoon.

"We are going to provide the time for committees to do oversight of the executive department and of the way the people's money is being spent and the effectiveness of the policy implementation of the president," said House majority leader Steny Hoyer.

But that time - and the eagerness of new committee chairs - also poses dilemmas for the new Democratic leadership over how to aggressively question administration officials, without distracting them from their work fighting wars and securing the homeland.

"The problem is not that any one committee or subcommittee will suffer an excessive zeal of investigation. The problem is there is so much of it. And so much of it is directed at Iraq that it might become a distraction to people whose job it is to fight the war," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J.

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Even if no one committee chair takes on the scope of investigation that occurred during former GOP Sen. Joseph McCarthy's assault on alleged communists in government, the volume of appearances before congressional committees for key administration officials could have a demoralizing impact. On the war

In the new Congress, some of the most powerful critics of the Bush administration's conduct during the Iraq war will move into committee chairmanships.

Sen. Carl Levin (D) of Michigan, who opposed the decision to go into Iraq, is developing hearings on a phased withdrawal of forces from Iraq. In June, Senator Levin and Sen. Jack Reed (D) of Rhode Island proposed a non-binding amendment calling for US forces to begin a phrased withdrawal from Iraq in 2006. He is also planning probes into waste and abuse in contracting.

On the House side, Rep. Ike Skelton (D) of Missouri, has set as a top priority for the House Armed Services committee the "fixing of US forces." "They're stretched and strained, and I'm convinced the Army and the Marines are near the breaking point," he said in a press briefing on Tuesday.

As chairman, he is also opposing any move to send 20,000 to 30,000 more forces into Iraq, a move he says will only "exacerbate the situation."

But both new chairmen say they are not prepared to resort to the ultimate congressional sanction on a commander-in-chief with whom they disagree: to cut off funding for the war.

Instead, Skelton is reviving his panel's Oversight Investigations Subcommittee, which was axed by Republicans when they took over control of the House in 1995. The new panel, he says, will focus on asking "the tough questions: Why did this happen? Why did you make a decision to do this or that?"

"That does influence behavior," he says. "It's a very solid tool that Congress has not been using." On homeland security

With control of the Senate capable of flipping with a single senator, few members have as much independence as Sen. Joseph Lieberman (D) of Connecticut, the new chairman of the Homeland Security and Governmental Affairs Committee.

After losing the Democratic primary, Senator Lieberman won as an independent. He enjoys an unusually strong working relationship with the outgoing chairman, Sen. Susan Collins (R) of Maine. Together, they pushed for the creation of the 9/11 Commission. In the new Congress, the committee will first take up new legislation to implement some of the remaining 9/11 recommendations and to review those that were not implemented well.

"Not enough oversight has taken place of the Department of Homeland Security. This is a relatively new organization, but faces a multitude of management challenges. The senator will be very closely focusing on how the different agencies within DHS integrate with each other," says Lieberman spokeswoman Leslie Phillips.

Other issues that are likely to come up early on include the level of preparedness for a bioterrorist attack.

While the Republican-led Congress issued not one subpoena, Democrats say they will use that power more aggressively. Senators Lieberman and Collins disagreed over whether subpoenas should be issued over the federal government's response to hurricane Katrina. The next time such an issue comes up, he makes the call.

Despite a strong recommendation from the 9/11 Commission that Congress drastically streamline its oversight for intelligence - leaders of the Department of Homeland Security now appear before 88 committees and subcommittees, the panel reported - neither the House nor the Senate is prepared to take up the turf battles necessary to change this.

But citing recommendations of the 9/11 panel, House Democrats are proposing a new Select Intelligence Oversight Panel within the House Appropriations Committee. It's a move they say will "strengthen the oversight process" by considering intelligence funding from the combined perspective of the Appropriations and Intelligence Committees. On the economy

Democrats have lined up some of their sharpest investigators on panels relating to the economy. The incoming chair of the Government Reform Committee, Rep. Henry Waxman (D) of California directed landmark hearings on the tobacco industry and, more recently, produced his own investigations on no-bid contracts in Iraq. He has also peppered the Bush administration with questions on its response to hurricane Katrina and the cost of prescription drugs.

Aides say he has yet to set priorities for the 110th Congress, but is ideally positioned to develop probes on all these fronts. Waxman says he prefers to avoid subpoenas, and that voluntary appearances are better.

As chair of the House Banking Committee, Rep. Barney Frank (D) of Massachusetts is moving consumer protection back onto the legislative agenda. Look for hearings on issues such as predatory lending and data privacy. But in a forum on Dec. 11, he cautioned that "excessive regulation or ineffective regulation is bad for regulation. The market does need some corrections, but if you overdo it, then you weaken your case, he said.

Va. Congressman Fears Election Of 'Many More Muslims' To Office (AP)

By Frederic J. Frommer

AP, December 21, 2006

DOJ_NMG_0108295

WASHINGTON -- Responding to constituent e-mails about Rep.-elect Keith Ellison's decision to use the Quran at his ceremonial swearing-in, a Virginia congressman warned that "many more Muslims" will be elected demanding to use the Quran unless immigration is tightened.

Rep. Virgil Goode, R-Va., made the comments in a letter sent to hundreds of constituents about Ellison, D-Minn., the first Muslim elected to Congress. The letter triggered angry responses from a New Jersey congressman and an Islamic civil rights group.

In the letter, Goode wrote, "The Muslim representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran."

Goode said the U.S. needs to stop illegal immigration "totally" and reduce legal immigration.

Goode added: "I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped."

Ellison was born in Detroit and converted to Islam in college. He did not return telephone messages left Wednesday.

Meanwhile, Rep. Bill Pascrell Jr., D-N.J., wrote to Goode saying he was "greatly disappointed and in fact startled" by Goode's letter.

"I take your remarks as personally offensive to the large community of Muslim-Americans I represent in the Eighth District of New Jersey," Pascrell wrote. "... Muslim-Americans do not threaten our American values and traditions, in fact they only add to them."

And the Council on American-Islamic Relations called on Goode to apologize.

"Representative Goode's Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office," said CAIR's national legislative director, Corey Saylor. "There can be no reasonable defense for such bigotry."

Goode spokesman Linwood Duncan said no apology was forthcoming.

"The only statement the congressman has is that he stands by the letter," Duncan said.

The letter was made public by John Cruickshank, the chairman of the Piedmont group of the Sierra Club in central Virginia, who had received it after writing to Goode about environmental issues. Duncan said Goode's office had sent the letter to Cruickshank by mistake.

Cruickshank said he was "deeply offended" by the letter.

"I felt like other people needed to know about it," he said.

Ellison's decision to use the Quran at his ceremonial swearing in next month has generated heated controversy. Conservative talk radio host Dennis Prager has criticized Ellison for it, prompting CAIR to call on Prager's removal from the U.S. Holocaust Memorial Museum board.

Va. Lawmaker's Remarks On Muslims Criticized (WP)

By Zachary A. Goldfarb

The Washington Post, December 21, 2006

Rep. Virgil H. Goode Jr. (R-Va.) is coming under sharp criticism for lashing out against the decision by Keith Ellison (D-Minn.), who will become the first Muslim member of Congress next month, to use the Koran during a swearing-in ceremony.

In a recent letter to constituents, Goode, a five-term congressman from Rocky Mount, wrote that he does "not subscribe to using the Koran in any way" and added: "The Muslim Representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration, there will likely be many more Muslims elected to office and demanding the use of the Koran."

The Council on American-Islamic Relations condemned Goode's remarks and called on him to apologize.

"Congressman Goode's ignorant and divisive statements are an affront to Muslims in his district and to Americans of all faiths who believe in our nation's longstanding traditions of religious tolerance and diversity," said Nihad Awad, executive director of the council.

Goode wrote the letter to constituents who had e-mailed him with concerns about Ellison using the Koran, he said in a written response to questions from The Washington Post. That letter was obtained by the C-Ville Weekly, a Charlottesville newspaper, and posted on its Web site.

"We need to stop illegal immigration totally and reduce legal immigration and end the diversity visas policy . . . allowing many persons from the Middle East to come to this country," Goode said in the letter. "I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America."

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When members of Congress are sworn in, they simply raise their right hand. In a ceremony afterward, they may take the oath of office on a Christian Bible, another religious book or no book at all.

In his written response, Goode said he will not apologize and does not see why his comments could be offensive to some Muslims. "The voters of each Congressional district select the representative that they choose to represent them, and perhaps voters in all districts will now ask prospective candidates whether they will use the Bible, the Koran, or anything else," Goode said.

Ellison, who was born in Detroit, could not be reached to comment.

Rep. William J. Pascrell Jr. (D-N.J.), who represents a congressional district with a large Muslim community, yesterday sent Goode a letter challenging his remarks.

"I was greatly disappointed and in fact startled by your recent constituent letter addressing the issue of Representative-elect Keith Ellison using a Koran for his swearing-in ceremony," Pascrell said in the letter. "Your letter also wrongfully equates the issue of immigration with a fear of Muslim integration in our society. I take your remarks as personally offensive to the large community of Muslim-Americans I represent."

Congressman Criticizes Election Of Muslim (NYT)

By Rachel L. Swarns

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — In a letter sent to hundreds of voters this month, Representative Virgil H. Goode Jr., Republican of Virginia, warned that the recent election of the first Muslim to Congress posed a serious threat to the nation's traditional values.

Mr. Goode was referring to Keith Ellison, the Minnesota Democrat and criminal defense lawyer who converted to Islam as a college student and was elected to the House in November. Mr. Ellison's plan to use the Koran during his private swearing-in ceremony in January had outraged some Virginia voters, prompting Mr. Goode to issue a written response to them, a spokesman for Mr. Goode said.

In his letter, which was dated Dec. 5, Mr. Goode said that Americans needed to "wake up" or else there would "likely be many more Muslims elected to office and demanding the use of the Koran."

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped," said Mr. Goode, who vowed to use the Bible when taking his own oath of office.

Mr. Goode declined Wednesday to comment on his letter, which quickly stirred a furor among some Congressional Democrats and Muslim Americans, who accused him of bigotry and intolerance.

They noted that the Constitution specifically bars any religious screening of members of Congress and that the actual swearing in of those lawmakers occurs without any religious texts. The use of the Bible or Koran occurs only in private ceremonial events that take place after lawmakers have officially sworn to uphold the Constitution.

Mr. Ellison dismissed Mr. Goode's comments, saying they seemed ill informed about his personal origins as well as about Constitutional protections of religious freedom. "I'm not an immigrant," added Mr. Ellison, who traces his American ancestors back to 1742. "I'm an African-American."

Since the November election, Mr. Ellison said, he has received hostile phone calls and e-mail messages along with some death threats. But in an interview on Wednesday, he emphasized that members of Congress and ordinary citizens had been overwhelmingly supportive and said he was focusing on setting up his Congressional office, getting phone lines hooked up and staff members hired, not on negative comments.

"I'm not a religious scholar, I'm a politician, and I do what politicians do, which is hopefully pass legislation to help the nation," said Mr. Ellison, who said he planned to focus on secular issues like increasing the federal minimum wage and getting health insurance for the uninsured.

"I'm looking forward to making friends with Representative Goode, or at least getting to know him," Mr. Ellison said, speaking by telephone from Minneapolis. "I want to let him know that there's nothing to fear. The fact that there are many different faiths, many different colors and many different cultures in America is a great strength."

In Washington, Brendan Daly, a spokesman for the incoming House speaker, Nancy Pelosi of California, called Mr. Goode's letter "offensive." Corey Saylor, legislative director for the Council on American-Islamic Relations, criticized what he described as Mr. Goode's "message of intolerance."

Representative Bill Pascrell Jr., Democrat of New Jersey, urged Mr. Goode to reach out to Muslims in Virginia and learn "to dispel misconceptions instead of promoting them."

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"Keith Ellison serves as a great example of Muslim Americans in our nation, and he does not have to answer to you, to me or anyone else in regards to questions about his faith," said Mr. Pascrell, whose district includes many Arab-Americans.

The fracas over Mr. Ellison's decision to use the Koran during his personal swearing-in ceremony began last month when Dennis Prager, a conservative columnist and radio host, condemned the decision as one that would undermine American civilization.

"Ellison's doing so will embolden Islamic extremists and make new ones, as Islamists, rightly or wrongly, see the first sign of the realization of their greatest goal — the Islamicization of America," said Mr. Prager, who said the Bible was the only relevant religious text in the United States.

"If you are incapable of taking an oath on that book, don't serve in Congress," Mr. Prager said.

In his letter, Mr. Goode echoed that view, saying that he did not "subscribe to using the Koran in any way." He also called for ending illegal immigration and reducing legal immigration.

Linwood Duncan, a spokesman for Mr. Goode, said the Virginia lawmaker had no intention of backing down, despite the furor.

"He stands by the letter," Mr. Duncan said. "He has no intention of apologizing."

Lawmaker Sees Muslims As Threat (MINNST)

By Rob Hotakainen

Minneapolis Star Tribune, December 21, 2006

WASHINGTON - A Muslim group is asking Virginia Republican Rep. Virgil Goode Jr. to apologize after he told hundreds of his constituents that more Muslims will follow Rep.-elect Keith Ellison, D-Minn., to Congress if strict immigration laws are not passed.

"The Muslim representative from Minnesota was elected by the voters of that district, and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran," Goode wrote.

The letter was written in response to constituents who contacted Goode after Ellison said he planned to bring his Qur'an with him when he takes the oath of office on Jan. 4.

In his letter, Goode said: "When I raise my hand to take the oath on Swearing In Day, I will have the Bible in my other hand. I do not subscribe to using the Koran in any way."

Goode, an attorney and former state senator who was first elected to Congress in 1996, said he wants to "stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country.

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped," Goode wrote.

Corey Saylor, national legislative director of the Council on American-Islamic Relations (CAIR), said Goode's "Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office."

Ellison, who will replace the retiring Democratic Rep. Martin Sabo, did not return phone calls. CAIR officials noted that Ellison traces his family roots in the United States back to 1742. He is a native of Detroit.

Saylor said Goode should apologize, and he offered to arrange a meeting with Goode and Muslims in his district.

Linwood Duncan, Goode's press secretary, said that Goode sent the letter to hundreds of constituents who contacted his office after Ellison disclosed his plans. At about the same time, the head of the local Sierra Club contacted Goode about a different issue, and the letter was accidentally sent to him in response. The Sierra Club official gave a copy of the letter to a reporter.

"The congressman is not apologizing," Duncan said. "He stands by the letter."

John Cruickshank, the Sierra Club official from Earlysville, Va., said he was "deeply offended" when he received the letter from Goode. He said he's in regular contact with Goode on environmental issues.

Goode's letter drew a response from Democratic Rep. Bill Pascrell Jr. of New Jersey, who wrote a letter to Goode saying he took his remarks as "personally offensive."I have learned a great deal from the Muslim community and have made it one of my priorities to educate other Americans about the common misconceptions regarding the peaceful faith of Islam," Pascrell wrote.

"There are many valid policy questions regarding immigration that should be addressed by Congress; however, promoting a fear and disrespect of Muslims is not only wrongheaded, but it is reckless. Muslim-Americans do not threaten our American values and traditions, in fact they only add to them."

DOJ_NMG_0108298

Goode Stands By Comments On Muslims (RTD)

By Rex Bowman

Richmond Times Dispatch, December 21, 2006

ROCKY MOUNT -- U.S. Rep. Virgil H. Goode Jr. will not apologize to Islamic groups for a letter he wrote that decries Muslim immigration to America, his press aide said yesterday.

"He stands by the letter," said Linwood Duncan, aide to the 5th District Republican. Duncan refused to say more.

The Council on American-Islamic Relations demanded an apology Tuesday night for the letter, which Goode, of Rocky Mount, sent to hundreds of constituents and which the council labeled Islamophobic.

"We need to stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country," Goode wrote.

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped."

Corey Saylor, national legislative director for the Council on American-Islamic Relations, condemned the letter. "Representative Goode's Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office," Saylor said. "There can be no reasonable defense for such bigotry."

Duncan said Goode wrote the letter this month in response to hundreds of e-mails he had received from 5th District constituents concerned about Minnesota Rep.-elect Keith Ellison's decision to use the Quran in his swearing-in ceremony. Ellison, born in the United States, converted to Islam.

After one of Goode's letters miscarried, its contents were plastered online across the blogosphere.

"I do not subscribe to using the Koran [an alternate spelling of the Muslim holy book] in any way," Goode wrote in the letter's opening paragraph. "The Muslim Representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran."

"It's about as stupid a comment as I've ever heard from a legislator," said Mukit Hossain, president of the Potomac Falls-based Virginia Muslim Political Action Committee, which estimates there are 60,000 Muslim voters in Virginia. "We will do everything we can to keep this issue alive. I think we can educate the people in his district that he is not the right candidate."

James Zogby, president of the Arab American Institute, said he was horrified when he read the letter. "I said to myself, the only thing that might make it not horrifying is if a staff person wrote it and he never saw it. But he's owning up to it. It's fundamentally wrong in so many ways . . . and ought to disqualify one for public service in so many other ways."

Goode could not be reached for comment by telephone or at his home.

Among the chorus of critics was a fellow lawmaker, Democratic Rep. Bill Pascrell Jr. of New Jersey. He took Goode to task in a letter for Goode's "personally offensive" remarks and for "promoting a fear and disrespect of Muslims."

Goode is Virginia's most outspoken advocate in Congress for clamping down on illegal immigration. He has pushed legislation to build a security fence across the border with Mexico and to make English the nation's official language.

The 5th Congressional District, largely rural, stretches from the North Carolina line between Henry and Brunswick counties north through Charlottesville to Greene County. It is home to few Muslims, but precise numbers are not available because the Census Bureau does not collect data based on religious adherence.

However, there is a small Muslims of America community in western Charlotte County. In recent weeks, members of an organization calling itself the Christian Action Network have sought to have changed the name of the main road, Sheikh Gilani Lane, that runs through the African-American community.

Tools: Save | Print | E-mail | Most Popular Lawmaker Won't Apologize For 'Islamophobic' Letter (CNN)

CNN.com, December 20, 2006

WASHINGTON (CNN) -- A Virginia congressman will not apologize for writing that without immigration reform "there will be many more Muslims elected to office demanding the use of the Quran," his spokesman said.

Republican Rep. Virgil Goode's letter to constituents also warns that without immigration reform "we will have many more Muslims in the United States."

Spokesman Linwood Duncan said Goode's letter was written in response to complaints his office received about Minnesota Rep.-elect Keith Ellison's request to be sworn in using the Quran.

Ellison is the first Muslim to be elected to Congress.

DOJ_NMG_0108299

Goode's office released the letter to CNN Wednesday.

In it, Goode wrote, "When I raise my hand to take the oath on Swearing In Day, I will have the Bible in my other hand. I do not subscribe to using the Quran in any way.

"The Muslim representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Quran.

"We need to stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country.

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped."

He added, "The Ten Commandments and 'In God We Trust' are on the wall in my office. A Muslim student came by the office and asked why I did not have anything on my wall about the Quran.

"My response was clear, 'As long as I have the honor of representing the citizens of the 5th District of Virginia in the United States House of Representatives, the Quran is not going to be on the wall of my office.' "

The Council on American-Islamic Relations asked Goode to apologize.

"Rep. Goode's Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office," the council's Corey Saylor said in a statement. "There can be no reasonable defense for such bigotry."

Duncan told CNN that Goode stands by his comments.

Congress Asked To Intervene In Fla. Race (AP)

By David Royse

AP, December 21, 2006

The Democrat who narrowly lost to a Republican in the race to replace Rep. Katherine Harris asked Congress on Wednesday for an investigation.

The state has declared that Democrat Christine Jennings lost to Republican Vern Buchanan by 369 votes. But 18,000 Sarasota County electronic ballots did not record a choice in the race, and Jennings contends that the number is abnormally high and that the machines lost the votes.

She filed with the House clerk an official contest of the election results in Florida's 13th Congressional District.

She said she will ask Congress to consider ordering a revote if her legal challenge in Florida fails. She is seeking to obtain the programming code for the touch-screen voting machines to determine whether a bug or malicious programming could have lost votes. The state has found no evidence of malfunction.

The company that makes the machines, Electronic Systems & Software Inc., is fighting the effort, saying its programming is a trade secret.

"It's not about me. It's about a revote," Jennings said by telephone from Washington. "I am not trying in any way to tell Congress what they should do. I am simply doing this for the integrity of our voting system."

Buchanan is to be sworn in Jan. 4. He has 30 days to respond to the challenge.

"Our primary concern is representing our constituency," Buchanan spokeswoman Sally Tibbetts said. "Nevertheless, we fully intend to respond."

Congress is unlikely to intervene immediately, said Salley Collins, a spokeswoman for the Committee on House Administration. The usual practice in such cases is to wait for the state-declared winner to be sworn in and a court to rule, then investigate if the candidate wishes to continue contesting the case.

Mass. Governor's Rightward Shift Raises Questions (WP)

By Dan Balz And Shailagh Murray

The Washington Post, December 21, 2006

As he prepares for a 2008 presidential campaign, Massachusetts Gov. Mitt Romney (R) has championed the conservative principles that guided President Ronald Reagan, become an outspoken opponent of same-sex marriage and supported overturning the Supreme Court decision that legalized abortion.

It was not always so. Twelve years ago, Romney boasted that he would be more effective in fighting discrimination against gay men and lesbians than Sen. Edward M. Kennedy (D-Mass.), distanced himself from some conservative policies of the Reagan administration, and proudly recalled his family's record in support of abortion rights.

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The apparent gulf between the candidate who ran for the Senate in 1994 and the one getting ready to run for president has raised questions as to who is the real Mitt Romney. Is he the self-described moderate who unsuccessfully challenged Kennedy in the year of the Republican landslide, the self-described conservative now ready to bid for the Republican presidential nomination in 2008, or merely an ambitious and adaptable politician? The answer could be crucial to Romney's presidential ambitions.

In stressing his conservative views, Romney has sought to fill a vacuum on the right in the Republican nomination contest. Neither Sen. John McCain (Ariz.) nor former New York mayor Rudolph W. Giuliani, who top the opinion polls among Republicans, has a comfortable relationship with social and cultural conservatives.

McCain has a long record of opposition to abortion rights, but many conservatives, nonetheless, remain wary of him because he went out of his way in 2000 to attack religious conservative leaders Jerry Falwell and Pat Robertson. Giuliani supports abortion rights, gay rights and gun control, creating potentially irreconcilable differences with many conservatives.

Romney acknowledges that his positions on abortion and gay rights have changed. He told National Review Online last week that he would like to see the Supreme Court overturn the 1973 Roe v. Wade decision and return the issue to the states. He also said he no longer favors a federal non-discrimination law that would cover gay men and lesbians, and no longer backs accelerating the opening up of the military to gay men and lesbians.

Romney declined a request for an interview to discuss the evolution of his thinking on these issues. Aides said his schedule did not permit him to take the time for a telephone interview. They also said he has responded to questions on these subjects many times as he has explored a presidential candidacy.

Eric Fehrnstrom, his statehouse communications director, responded to questions about the apparent shift in Romney's beliefs. "The governor should be judged on his four-year record in office in one of the most liberal states in the country," he said. "He has governed as a mainstream conservative. He's gone after wasteful spending; he's defended traditional marriage; he pushed to bring abstinence education to the classroom; he fought against embryonic cloning and stood up and vetoed an emergency-contraceptive bill."

But it will not just be that record that will attract attention as Romney leaves office in January and turns his attention toward a likely presidential campaign. The entire arc of his political career will be under examination, beginning with that 1994 race for the Senate.

When he challenged Kennedy, Romney was a young businessman with no firm ideological identity, the latest in a line of moderate Massachusetts Republicans that included former governor Francis W. Sargent and then-Gov. William F. Weld. Then 47, he had been a registered independent until 1993 and had voted for Democrat Paul Tsongas in the 1992 presidential primary. He took a tough, more conservative view of crime, immigration and welfare than Kennedy but shared the senator's liberal tolerance on social issues.

"It was a no-rocking-the-boat sort of reformism," said John Gorman, an independent Boston-based pollster.

As a Michigan-born Mormon, Romney was a cultural oddity in Massachusetts. Throughout the campaign, he sought to reassure voters that his religious faith would not influence his public actions. "One of the great things about our nation . . . is that we're each entitled to have strong, personal beliefs," Romney said during his first debate with Kennedy. "But, as a nation, we recognize the right of all people to believe as they want and not to impose our beliefs on other people."

One group he went out of his way to court was the gay rights community. While he noted that he opposed same-sex marriage, Romney said that "certain benefits and privileges should be offered to gay couples and lesbian couples." Acknowledging that Kennedy had a strong record on sexual-orientation issues, Romney said his GOP identity gave his words extra weight.

"There's something to be said for having a Republican who supports civil rights in this broader context, including sexual orientation," he told Bay Windows, a Boston-area newspaper for the gay community, in an Aug. 18, 1994, interview. "When Ted Kennedy speaks on gay rights, he's seen as an extremist. When Mitt Romney speaks on gay rights, he's seen as a centrist and a moderate."

He said he would push gay rights issues if elected. "I think the gay community needs more support from the Republican Party, and I would be a voice in the Republican Party to foster anti-discrimination efforts," he said then.

In an Oct. 6, 1994, letter to the Log Cabin Club of Massachusetts, a GOP gay and lesbian group, Romney endorsed broad federal anti-discrimination protections and the creation of a federal panel to address gay and lesbian youth suicide. He called President Bill Clinton's "don't ask, don't tell" military policy "the first of a number of steps that will ultimately lead to gays and lesbians being able to serve openly and honestly in our nation's military."

Romney has since backed away from his endorsement of that federal anti-discrimination statute and from his previously expansive position on gay people in the military. On that issue, he told National Review Online, he now defers to military leaders.

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Fehrnstrom said Romney remains opposed to discrimination against gay men and lesbians, though his focus in the past few years has shifted to the issue of same-sex marriage. "Even as the governor has emerged nationally as a prime defender of traditional marriage, he always cloaks his rhetoric in tolerance and respect for people of all walks of life," he said.

Romney has long said he personally opposes abortion, and in an Oct. 25, 1994, debate with Kennedy, he was asked to reconcile his personal beliefs with his support for abortion rights.

"I believe that abortion should be safe and legal in this country," Romney responded. "I have, since the time when my mom took that position when she ran in 1970 as a U.S. Senate candidate. I believe that since Roe v. Wade has been the law for 20 years, we should sustain and support it. I sustain and support that law and the right of a woman to make that choice. And my personal beliefs, like the personal beliefs of other people, should not be brought into a political campaign."

He ran for governor in 2002 promising to preserve the status quo on abortion in Massachusetts, saying he would oppose changes that either liberalized or restricted access to abortion. He has lived up to that promise. But in late 2004, as he studied the issue of embryonic stem cell research, he underwent what he has called an awakening that led him to the conclusion that "the sanctity of life had been cheapened" by the Roe decision.

That led him to describe himself as "pro-life." Still, he remained cagey about what that meant in terms of public policy, saying only that he would abide by his 2002 campaign promise. Asked in an interview with Washington Post reporters in February 2005 whether he favored making abortion illegal, he replied: "I'm telling you exactly what I will do as governor of Massachusetts, but I'm not going to tell you what I'd do as mayor of Boston or a congressman or any of those positions."

In the 1994 campaign, Romney also proudly labeled himself a moderate. "I'm not a partisan politician," he said in an interview with The Post that fall. "My hope is that, after this election, it will be the moderates of both parties who will control the Senate, not the Jesse Helmses."

Helms, the former Republican senator from North Carolina, was one of the most conservative elected officials in the country.

In his 1994 debate with Kennedy, Romney also refused to endorse the "Contract With America," which House Republicans had proudly presented as their campaign manifesto, and he balked when Kennedy tried to link him to the Reagan administration. "I was an independent during the time of Reagan-Bush," Romney retorted.

Questions about Romney's conservative credentials could provide an opening for several other Republicans exploring 2008 candidacies, among them Sen. Sam Brownback (Kan.) and outgoing Arkansas Gov. Mike Huckabee.

Several conservative leaders, Falwell among them, declined to be interviewed for this article. One said it is premature to comment publicly. But Paul M. Weyrich, who is head of the Free Congress Foundation, said Romney should not underestimate the problem he may face as he prepares to launch his campaign.

"I think it's very serious," he said. "Our position is that, if a candidate can change his position sort of overnight, what would he do once he got in office? Would he do the same thing?"

The Courts Need This Watchdog (WP)

By Ronald D. Rotunda

The Washington Post, December 21, 2006

The Judicial Transparency and Ethics Enhancement Act of 2006, now before Congress, would create an inspector general for the courts. It offers modest reforms that would keep our judiciary independent (because no one favors a dependent judiciary) and help keep it accountable (because no one favors a judiciary that is above the law).

Nonetheless, there are those who greet it the way Dracula would greet a bouquet of garlic. Justice Ruth Bader Ginsburg, for example, has said of the proposal: "That's a really scary idea."

On the contrary, this bill would strengthen judicial independence because it would give people greater faith that if there were problems, the inspector general for the courts would deal with them and not sweep them under the rug. An inspector general would also protect judges from frivolous or false charges.

There are already 57 inspectors general for other organs of government -- for the Justice Department, Iraq reconstruction and so forth. The House of Representatives has imposed an inspector general on itself. Indeed, one wonders why it has taken so long to create one for the courts.

Giving an IG the power to audit federal judicial expenditures, to recommend changes in laws or regulations governing the judicial branch, and to investigate fraud, waste and abuse, is a modest reform that would not dislodge the heavens. That's why the House Judiciary Committee recently voted in favor of this bill by a bipartisan majority of 20 to 6.

After I testified in favor of the legislation in June, I received many supporting letters. For example, a federal judge, John Kane (who gave me permission to quote his e-mail), wrote, "I've been a district judge for 29 years and think the federal judicial house has brought this legislation on itself." He sat on the 10th Circuit Judicial Council when the first complaint about a judge

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came up for consideration: A district judge was trying to coerce counsel into establishing a library on product liability cases in honor of the judge.

Judge Kane's e-mail is worth quoting at length. He voted for discipline. The vote was 3 to 3, "and so the Chief Judge voted against sustaining the complaint because it was the first such complaint and he thought a close vote was too slender a reed upon which to proceed. As we were leaving the meeting, one of the judges who had voted to dismiss collared me and said, 'John, think about it. The next time it could be you or me. We've got to stick together.' "

Kane added, "I've recently heard of a number of judges who ruled on cases involving companies in which they owned an interest, yet nothing was done about it. The point is that the current system is a 'kiss your sister' operation that hasn't worked and won't as long as judges are covering one another's butts. The present system is ineffectual and I think that could be demonstrated by the very sorry record."

Other judges may not favor these conclusions but they do not dispute the facts. Justice Stephen Breyer's commission on judicial discipline recently reported that the judiciary failed to conduct a proper investigation of judicial misconduct in five of 17 "high visibility cases" between 2001 and 2005. This error rate, the report admitted, is "far too high."

We can do better.

Right now the discipline process is conducted largely in secret. The proposed bill would give us sunlight, the best disinfectant. As for the independence of the judiciary, the proposed bill provides that the chief justice would appoint, and could remove, the inspector general. Federal judges already have lifetime tenure and salary protection. Giving them an inspector general whom the chief justice appoints and removes would not interfere with their independence.

Opponents of this bill say that the sky is falling. But it is not falling. There are no cracks in the sky. There are not even pre-fracture incipient fissures in the sky. Instead there is a real need for change.

The writer is university professor and a professor of law at George Mason University.

Discover America Partnership Lands Ridge (WP)

By Judy Sarasohn

The Washington Post, December 21, 2006

If a travel industry group wanted a big name with big credentials to speak up for opening U.S. borders to let in more business and recreational travelers, it couldn't have done much better than former homeland security secretary Tom Ridge.

And that's just who the Discover America Partnership got.

"It's a huge coup for us. There's no more credible source," Geoff Freeman, executive director of the Discover America Partnership, said yesterday.

The group wants Ridge to evaluate the entry process -- difficulties real and perceived with getting visas and going through airports -- and to propose strategies for a better balance between security and open doors. Freeman declined to say how much the group is paying Ridge.

The coalition and its multimillion-dollar advocacy campaign were launched in September to help boost the number of visitors by 10 million a year. Since Sept. 11, 2001, there has been a 17 percent decline in overseas travel to the United States, the group said.

Ridge said that he doesn't do lobbying, but that he will help devise "a tactical plan of which lobbying may be a part."

"Our borders are where our security and future prosperity intersect. The borders are getting more secure, but the doors are not opened enough," Ridge said. "We're not viewed as easily accessible because we're not."

Some of the coalition members are Steve Porter, president of the InterContinental Hotels Group, the Americas; Joseph A. McInerney, chief executive of the American Hotel and Lodging Association; Roger Dow, chief executive of the Travel Industry Association; and Jay Rasulo, chairman of Walt Disney Parks and Resorts.McCurdy Is Making a Move

Dave McCurdy, a Democratic survivor of the Republican K Street Project, is moving from the Electronic Industries Alliance to become president of the Alliance of Automobile Manufacturers.

McCurdy, a former Democratic House member from Oklahoma, will take his post Feb. 12, succeeding Frederick L. Webber, who is retiring.

In 1998, Republicans tried to pressure the EIA into hiring a fellow Republican instead. Some GOP lawmakers told their staffs not to meet with EIA officials, and they delayed passage of legislation that the EIA supported.

Republicans were unsuccessful then -- McCurdy became chief executive of the EIA -- and the House ethics committee privately chastised then-Majority Whip Tom DeLay (R-Tex.) for threatening retaliation.

McCurdy was unavailable to comment on his new appointment, a spokeswoman for the auto group said. Nels Olson of Korn-Ferry International helped with the executive search.

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Among the alliance's issues: The industry wants to avoid what it considers congressional meddling in government regulation of safety standards.

The alliance represents the BMW Group, DaimlerChrysler, Ford Motor Co., General Motors Corp., Mazda, Mitsubishi Motors, Porsche, Toyota and Volkswagen.Shepherd Heading to Venable

Not to be outdone by other law firms snagging Hill investigator types for the much-anticipated oversight investigations in the Democratic-controlled Congress, Venable has signed one up, too.

Raymond Shepherd III, chief counsel of the Senate Permanent Subcommittee on Investigations, is moving to Venable next month to be head of the law firm's new congressional investigation group.

Before going to work for Sen. Norm Coleman (R-Minn.) at the subcommittee, Shepherd was oversight counsel at the House Energy and Commerce Committee.

Shepherd was involved with the panel's 25 hearings on such topics as abusive tax shelters, the United Nations oil-for-food program and the USA Patriot Act.

"I've seen a lot of companies prejudiced by counsel not knowing what Congress wants" and not realizing there are few rules that govern congressional investigations, he said.

Shepherd, who also will do some lobbying, will be covered by the one-year ethics ban from contacting former Senate colleagues.

Karl Racine of Venable said that Shepherd is a "special catch," particularly because the Coleman panel was known for its bipartisan approach.Lobby Shop Takes a Left Turn

Johnson, Madigan, Peck, Boland & Stewart has had strong Democratic -- and Republican -- credentials for years, and now it's getting a little more Democratic.

Jonathon Jones, a longtime aide to Sen. Thomas R. Carper (D-Del.), most recently as chief of staff, joined the lobby shop Monday. Jones also helped create the Third Way, a centrist think tank, or "strategy center," for Senate Democrats.

David Johnson, a former executive director of the Senate Democratic Campaign Committee, said of Jones's work with Carper and Third Way: "In the Senate you have to have enough in the middle to get anything done."

Jones is covered by a one-year ban on lobbying Carper or his staff.Here and There

Also moving about town . . . Howard Waltzman, chief counsel for the House Energy and Commerce Committee, is leaving the Hill for Mayer, Brown, Rowe & Maw as a partner in the law firm.

Scott Gottlieb, deputy commissioner for medical and scientific affairs at the Food and Drug Administration, is leaving Jan. 16 to rejoin the American Enterprise Institute.

OTHER NEWS:

Chavez Accuses U.S. Envoy Of Lying On Drug Problem (AP)

AP, December 20, 2006

CARACAS, Venezuela (AP) -- The U.S. ambassador's suggestion that better ties were possible with Venezuela's President Hugo Chavez met a blunt reply on Wednesday when Chavez accused the ambassador of lying about drug trafficking.

The lack of counter-drug cooperation between Venezuela and the United States has been one of many diplomatic sticking points between the two countries -- one that has worsened as Chavez has accused American anti-drug agents of involvement in espionage.

"A little while ago, the U.S. ambassador in Caracas told a big lie. He should retract it if it's really true that [U.S. officials] want good relations like they've been saying," Chavez told reporters who questioned him during an unrelated event Wednesday.

Ambassador William Brownfield told the Venezuelan newspaper El Nacional this week that U.S. officials estimate that the amount of cocaine smuggled through Venezuela has increased by 22 to 33 tons (20 to 30 metric tons) a year over the last five years, reaching about 330 tons (300 metric tons) in 2006.

"The drug traffickers have identified a vacuum because there is less police collaboration than in any other country ... and as a result they take advantage of Venezuela to move their product toward the Caribbean," Brownfield told El Nacional.

Brownfield also told El Nacional that Washington is seeking a pragmatic relationship with Chavez's government, cooperating on trade, energy and drug issues despite political differences.

Chavez called Brownfield's claims about drugs "a lack of respect for the truth" and said they were "absolutely false."

He said consumption by Americans was the root of the drug problem and accused the U.S. government of turning from communism to the drug war as an excuse to intervene in Latin America and justify its military presence in the region.

The U.S. Embassy declined to comment Wednesday.

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Venezuela, due to its location next to Colombia, is a major transit route for cocaine headed to the United States and Europe.

But Venezuelan officials said they are fighting the drug war with increasing success, claiming that since Chavez broke off cooperation with the U.S. Drug Enforcement Administration last year, the amount of illegal drugs seized has doubled.

Brownfield has urged Venezuela to sign a new agreement with the DEA, but Chavez revived his earlier claims that officials of that agency had been involved in spying -- allegations that Washington denies.

"They had secret bases here ... the DEA blackmailed Venezuelan police and military officers in order to conduct political espionage," and support efforts to destabilize the country, Chavez said, without elaborating.

Following Chavez's re-election on December 3 by a wide margin, both the U.S. and Venezuelan governments have shown cautious hope for more dialogue despite deep differences.

But Chavez said Brownfield was playing the "bad cop" and was threatening the credibility of U.S. overtures: "It seems the ambassador here doesn't toe that line."

Chavez threatened to kick out Brownfield earlier this year, accusing him of trying to provoke confrontations with his frequent trips into pro-Chavez slums to hand out donations to libraries and youth baseball teams.

Bush Forcefully Rejects Direct Talks With Syria, Iran (MCT)

By William Douglas And Warren P. Strobel

McClatchy Newspapers, December 21, 2006

WASHINGTON - President Bush on Wednesday voiced his strongest opposition yet to talking directly to Iran and Syria as other administration officials acknowledged secret U.S. funding of opponents to Syria's regime.

At a year-end White House news conference, the president insisted that he won't deal with Iran until it verifiably abandons its uranium enrichment program and won't talk with Syria until it stops interfering in Lebanon and Iraq. Both stands are rejections of a key recommendation made earlier this month by the Iraq Study Group.

On Iraq, Bush said he's still consulting and hasn't made up his mind whether to increase U.S. troops there, but he insisted that "victory in Iraq is achievable." The president will outline what he calls "a new way forward" in Iraq in an address to the nation next month.

In addition, Bush said the Army and Marines must grow to fight "radicals and extremists ... for a long period of time" around the world. He offered no specifics but has instructed new Defense Secretary Robert Gates to develop a plan to bolster the ranks of both services.

His strongest language Wednesday concerned Iran and Syria.

He called Iranian President Mahmoud Ahmadinejad's government "out of step" with the rest of the world and chastised it for sponsoring a conference on the Holocaust that "heralded a really backward view of the history of the world."

"My message to the Iranian people is, `You can do better ...," Bush said. As for Syria, he said, "the message is the same."

He scolded the Syrian government for allowing money and weapons to flow through its borders to insurgents in Iraq and reiterated his call for Syria to end its efforts to destabilize Lebanon's fledgling democratic government.

With such comments, Bush rejected one of the key suggestions from the Iraq Study Group, a 10-member, bipartisan panel led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, D-Ind.

Some analysts believe that Bush's refusal to talk to Syria could be a crucial mistake and undermine his hope of sponsoring a new push for an Israeli-Palestinian settlement. Secretary of State Condoleezza Rice will travel to the Middle East next month looking to reignite stalled peace efforts.

"The idea that we can't talk with the Syrians when we had talks with the Evil Empire, the Soviet Union, for decades is ridiculous," said David Mack, vice president of the Middle East Institute, a nonprofit group devoted to fostering knowledge of the region.

Rather than talk with Iran and Syria, the White House is taking steps to bolster opponents of the two countries' governing regimes.

U.S. officials confirmed Wednesday that the State Department has been quietly funding meetings of opponents of Syrian President Bashar Assad in Europe.

One official, who spoke on condition of anonymity because of the issue's sensitivity, said the meetings have been coordinated via the Berlin offices of the Aspen Institute, a private think tank, and are funded by the department's Middle East Partnership Initiative, an effort to promote democracy in Arab countries.

This is the first time that the U.S. government has acknowledged funding Syrian opposition groups. Syria holds legislative elections in March.

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Ammar Abdulhamid, a critic of the Syrian government who's based in Washington, said the Berlin meetings have involved opposition groups of all stripes. Another is planned for late January or early February, he said.

Asked about the funding, which was first reported on Time magazine's Web site, State Department spokesman Sean McCormack said it's "no different from any other programs that we have all throughout the rest of the world and especially in the Middle East, promoting those civil society groups who have an interest in greater freedom and democracy in the Middle East."

Other officials say that's not necessarily the case because the funding involves strengthening groups and individuals that favor replacing Assad's regime.

An administration working group, known as the Iran-Syria Operations Group, whose existence is technically classified, has been meeting almost weekly to discuss ways to promote change in Iran and Syria through U.S.-funded broadcasting and other methods. The ISOG and its sub-groups are co-chaired by the White House's National Security Council and the State Department.

Additionally, Bush aides met at the White House in late October with members of a coalition of Syrian opposition groups called the National Salvation Front. That awkward coalition includes secular Syrians who advocate democracy; members of the Muslim Brotherhood, the Middle East's largest Islamist group; and former vice president Abdul Halim Khaddam, once a leading member of the regime.

Rice has made clear that rather than engaging with Iran and Syria, the administration plans to try to reduce their influence. The plan is to bolster a coalition of "mainstream" states, which would include Egypt, Jordan and six Arab nations bordering the Persian Gulf, led by Saudi Arabia. Iran and Syria, which Rice and Bush have repeatedly denounced as destabilizing the region, would be excluded.

Rice, in an interview with McClatchy Newspapers and other news organizations Tuesday, said she plans to encourage the coalition during the rest of her tenure. "I think that's really the diplomacy of the next couple of years, is to try and solidify that alignment in the Middle East," she said.

But while Sunni Arab nations are worried over Shiite Iran's resurgence, they've made clear to Rice that their cooperation is dependent on greater U.S. involvement to solve the Israeli-Palestinian conflict. Syria could undermine any such effort in retaliation for U.S. efforts to undermine Syria.

Bush vowed to work with the new Democratic-controlled Congress next year on improving the situation in Iraq and adding more soldiers to the U.S. military.

But some Democrats were skeptical of Bush's comments Wednesday.

"Unfortunately, it is troubling to see that he does not understand the need for urgent change in Iraq," Senate Majority Leader-designate Harry Reid said in a written statement. "The president seems lost within his own rhetoric."

Bush also vowed to work with Democrats to increase the minimum wage by $2.10 over a two-year period, if the increase is coupled with a relaxation of regulations and taxes for small businesses.

And he pledged to try again to get a comprehensive immigration policy that includes a guest worker program.

Kerry, Dodd Meet With Syria President (AP)

By Albert Aji

AP, December 21, 2006

Sens. John Kerry and Christopher Dodd met with Syrian President Bashar Assad on Wednesday and discussed the need for Damascus to cooperate with efforts to maintain the unity and stability of war-ravaged Iraq, state media reported.

The U.S. Embassy in Damascus said the meeting, which lasted two and a half hours, covered "a full-range of topics relating to U.S.-Syrian relations and regional issues."

"I feel quite confident in saying this was a conversation worth having and that the (Bush) administration ought to pursue it," Kerry said in a telephone interview with the Associated Press from Jerusalem where he traveled after the meeting with Assad. "I feel very strongly about that...It's worth following up on a number of avenues."

Kerry said he told Assad the new Democratic-controlled Congress has serious concerns about issues such as the flow of "money, weapons and terrorists" through Syria into Iraq and Lebanon.

Kerry has criticized the Bush administration for refusing to engage with Syria and Iran, a move that was recommended by the recently released Iraq Study Group, a bipartisan panel.

The Democratic senators, both prospective 2008 presidential candidates, and Assad "reviewed the situation in Iraq and stressed the importance of supporting the current political process to arrive at setting a timetable for the withdrawal of foreign troops," SANA said.

Talks also dealt with ways of stopping the escalating violence in the Palestinian territories, the agency said.

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The Bush administration has accused Kerry, Dodd and other senators who have met with Assad of sending mixed signals and has insisted that the U.S. will not make concessions to Damascus to win its help in Iraq.

"We discourage the travel of members of Congress to Syria because we believe it undermines the cause of democracy in the region and particularly" Lebanon's government, White House spokesman Blair Jones said Wednesday night.

Syrian-U.S. relations have been strained for several years. The U.S. government has expressed reluctance to seek help from Damascus on Iraq until the Syrians curb their support to radical Palestinian groups and to the Lebanese Hezbollah and reduce their influence in Lebanon.

The two American lawmakers arrived in Damascus on Tuesday as part of a Middle East tour to investigate Syria's readiness to help bring about stability and security to neighboring Iraq.

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AP writers Barry Schweid and Andrew Miga in Washington contributed to this report.

Kerry: Syria Leader Wants To Assist In Iraq (BOS)

By Rick Klein

The Boston Globe, December 21, 2006

Senator John F. Kerry said Wednesday that President Bashar Assad of Syria expressed a willingness to work with the United States to bring stability to Iraq, and said Assad personally offered assistance that Kerry plans to convey to the Bush administration.

Kerry -- who visited Syria along with Senator Christopher J. Dodd, Democrat of Connecticut, despite the administration's opposition to the trip -- said the meeting with Assad reinforced the need to follow the Iraq Study Group's recommendation that the US government directly engage Syria and Iran to find a way forward in Iraq.

"He offered some very direct and concrete ways in which they could be helpful in Iraq," Kerry said in an interview conducted by telephone from Damascus. "I came away with a distinct feeling that there are opportunities here. There are fronts in which we can work together if people are inclined to."

Kerry said the Assad government is interested in approaching the Iraq war from a regional perspective, where other Middle East issues -- including the Israeli-Palestinian conflict -- are part of the equation. The Massachusetts Democrat said he would not publicly discuss the substance of his talks with Assad until he has fully briefed State Department officials about his visit.

But Kerry reiterated his position that President Bush is wrong to rule out direct talks with Syria and Iran. He added that he is interested in visiting Iran as well at an "appropriate time" that's well-removed from the country's recent conference for Holocaust deniers, which Kerry labeled "absurd and insulting."

"I think you've got to talk with people," Kerry said. "You can disagree with them and disagree with them and disagree with them, and you may not get anywhere, but you've got to talk to people."

Wednesday's two-hour meeting involving Kerry, Dodd, and Assad is part of a growing diplomatic effort by senators to improve US relations with Syria. Last week, Senator Bill Nelson, a Florida Democrat, became the first senator in nearly two years to meet with Assad, and Senator Arlen Specter, a Pennsylvania Republican, is also due to visit Syria this week.

The Bush administration cut off high-level diplomatic contact with Syria in late 2004, saying that talks with the government had failed to convince Syria to stop the flow of insurgents into Iraq or to stop support for the anti-Israeli militant groups Hezbollah and Hamas.

State Department officials sought to dissuade Kerry, Dodd, and Nelson from going to Syria, though they helped set up logistics of the visits when the lawmakers insisted on making their trips. Last week, White House Press Secretary Tony Snow blasted the visits as "not appropriate," saying that such meetings hand the Syrian government "a PR victory" by allowing officials to showcase what they portray as improved relations with the West.

At a White House press conference Wednesday, Bush defended his administration's decision to rule out talks with Iran and Syria until the leaders of those countries change their behavior.

"We have talked to them about what is necessary for them to have a better relationship with the United States," Bush said. "And they're not unreasonable requests."

Still, Bush cited the fact that US lawmakers are visiting Syria as a signal to the Syrian government that they can work to repair relations with the United States. The Bush administration withdrew its ambassador to Syria in February 2005, after Syria was implicated in the assassination of Rafiq Hariri, a former prime minister of Lebanon, although lower-level staff remain in Damascus.

"We've had visits with the Syrians in the past. Congressmen and senators visit Syria," Bush said at the press conference. "What I would suggest, that if they're interested in better relations with the United States, that they take some concrete, positive steps that promote peace, as opposed to instability."

Nelson told reporters after his meeting with Assad that the Syrian president "clearly indicated the willingness to cooperate" with US and Iraqi forces to secure his country's border with Iraq.

Kerry said his meeting gave him and Dodd a chance to express the "unanimity of Democrats" about the need for an independent Lebanon, free of Syrian interference. In a joint statement, the senators said they laid out a series of steps the Assad government must take to improve its standing in the eyes of the United States.

"While we believe in resuming dialogue, our message is no different: Syria can and should play a more constructive role in the region," the senators said. "We conveyed our strong belief that only concrete and verifiable actions by the Syrian government would help convince Americans that Syria is willing to change course."

But the State Department continued to emphasize that it did not endorse the senators' trip to Syria. Officials' assistance in setting up the trip reflects only the "courtesy that you might expect we would [extend] to senior members of the Senate," said Sean McCormack, a department spokesman.

"Whether they're foreign visitors or US senators or US congressmen, it is their decision to take," McCormack said. "It doesn't mean that we support the fact that they are there or having these discussions."

Syria's official news agency cast Wednesday's meeting as a chance for the Syrian government to work toward an end to violence in Iraq -- and to press Israel to withdraw from the Golan Heights, Syrian territory that has been occupied by Israel since 1967.

"The president and the two senators discussed the deteriorating situation in Palestine and the need to preserve Palestinian national unity," the SANA agency reported. "The Baker-Hamilton [Iraq Study Group] report was discussed and President Assad affirmed the need to stop violence in Iraq, and Syria's readiness to achieve Middle East peace under honest international auspices."

Both Kerry and Dodd are considering running for president in 2008.

Kerry has said he would announce his decision shortly after the turn of the year.

U.S. And Britain To Add Ships To Persian Gulf In Signal To Iran (NYT)

By Thom Shanker

The New York Times, December 21, 2006

WASHINGTON, Dec. 20 — The United States and Britain will begin moving additional warships and strike aircraft into the Persian Gulf region in a display of military resolve toward Iran that will come as the United Nations continues to debate possible sanctions against the country, Pentagon and military officials said Wednesday.

The officials said that Defense Secretary Robert M. Gates was expected this week to approve a request by commanders for a second aircraft carrier and its supporting ships to be stationed within quick sailing distance of Iran by early next year.

Senior American officers said the increase in naval power should not be viewed as preparations for any offensive strike against Iran. But they acknowledged that the ability to hit Iran would be increased and that Iranian leaders might well call the growing presence provocative. One purpose of the deployment, they said, is to make clear that the focus on ground troops in Iraq has not made it impossible for the United States and its allies to maintain a military watch on Iran. That would also reassure Washington's allies in the region who are concerned about Iran's intentions.

The officials said the planned growth in naval power in the gulf and surrounding waters would be useful in enforcing any sanctions that the United Nations might impose as part of Washington's strategy to punish Iran for what it sees as ambitions to acquire nuclear weapons. And the buildup would address another concern: that Iran could try to block oil shipments from the gulf in retaliation for United Nations sanctions or other American-led pressure.

Steps are already being taken to increase the number of minesweeping vessels and magnetic "sleds" carried by helicopters to improve the ability to counter Iranian mines that could block oil-shipping lanes, Pentagon and military officials said.

As part of future deployments after the first of the year, the British Navy plans to add two mine-hunting vessels to its ships that already are part of the international coalition patrolling waters in the Persian Gulf.

A Royal Navy news release said the ship movements were aimed at "maintaining familiarity with the challenges of warm water mine-hunting conditions." But a senior British official said: "We are increasing our presence. That is only prudent." Military officers said doubling the aircraft carrier presence in the region could be accomplished quickly by a shift in sailing schedules.

As opposed to ground and air forces that require bases in the region, naval forces offer a capacity for projecting power in parts of the world where a large American footprint is controversial, and unwanted even by allies. Many of the ships could be kept over the horizon, out of sight, but close enough to project their power quickly if needed.

Vice Adm. Patrick M. Walsh, commander of naval forces across the military's Central Command, said that while "Iranian tone and rhetoric creates an environment of intimidation and fear," the United States "must be careful not to contribute to

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escalation." In an interview from his headquarters in Bahrain, Admiral Walsh declined to discuss the specifics of future deployments. "To assure our friends, we have to have capabilities to secure the critical sea lines of communication," he said.

"They need reassurances that we expect to be part of the effort here for the long term, that we will not run away from intimidation and that we will be part of the effort here for security and stability at sea for the long term," he added. "Our position must be visible and it must have muscle in order to be credible. That requires sustained presence."

Other military and Pentagon officials did describe specifics of the planned deployments in order to clarify the rationale for the movement of ships and aircraft, but they would not do so by name because Mr. Gates had not yet signed any deployment orders.

Pentagon officials said that the military's joint staff, which plans operations and manages deployments, had recently received what is called a "request for forces" from commanders asking for a second aircraft carrier strike group in the region, and that a deployment order was expected to be signed by the end of the week by Mr. Gates. That specific request was mentioned in various news accounts over the past few days.

The aircraft carrier Eisenhower and its strike group — including three escort ships, an attack submarine and 6,500 sailors in all — entered the Persian Gulf on Dec. 11 after a naval exercise to practice halting vessels suspected of smuggling nuclear materials in waters across the region. A carrier had not been inside the gulf since the Enterprise left in July, according to Pentagon officials. The next carrier scheduled to sail toward the Middle East is the Stennis, already set to depart Bremerton, Wash., for the region in late January, Navy officers said.

Officials expressed doubt that the Stennis and its escorts would be asked to set sail before the holiday season, but it could be ordered to sea several weeks earlier than planned. It could then overlap for months with the Eisenhower, which is not scheduled to return home until May, offering ample time to decide whether to send another carrier or to extend the Eisenhower's tour to keep the carrier presence at two.

Doubling the number of carriers in the region offers commanders the flexibility of either keeping both strike groups in the gulf or keeping one near Iran while placing a second carrier group outside the gulf, where it would be in position to fly combat patrols over Afghanistan or cope with growing violence in the Horn of Africa.

But these same officials acknowledge that Iran is the focus of any new deployments, as administration officials view recent bold moves by Iran — and by North Korea, as well — as at least partly explained by assessments in Tehran and North Korea that the American military is bogged down in Iraq and incapable of fully projecting power elsewhere.

Adm. Mike Mullen, the chief of naval operations, has made the case that the United States should seek to create "a thousand-ship Navy." That would be impossible for the United States alone given current budgets, so instead it would be accomplished by operating more closely with allied warships to better cover critical areas like the Persian Gulf.

He said that such a cooperative naval concept would be a "global maritime partnership that unites navies, coast guards, maritime forces, port operators, commercial shippers and many other government and nongovernment agencies to address maritime concerns."

As an example, at present there are about 45 warships deployed in the Persian Gulf and waters across the region from the Red Sea to the Indian Ocean, with a third of those supplied by allies, which this month include Australia, Bahrain, Canada, France, Germany, Italy, Pakistan and Britain.

Security Council Set To Vote Friday On Iran Sanctions (AFP)

By Gerard Aziakou

AFP, December 21, 2006

Under pressure from the United States, the UN Security Council edged toward a Friday vote on a compromise draft resolution mandating sanctions against Iran over its refusal to halt sensitive nuclear fuel work.

After the European sponsors offered concessions to overcome Russian objections, Britain's UN envoy Emyr Jones Parry announced: "The president of the council concluded there would be a vote on Friday morning" on the watered-down text.

The new draft, which watered down a contentious proposal for a travel ban on 12 officials directly linked to Iran's nuclear and ballistic missile programs, was circulated to the council's 15 members Wednesday.

"The travel ban is gone," said Russian Ambassador Vitaly Churkin, saying the issue was "addressed in a creative manner which is more in line with our original thinking."

The new draft, a copy of which was obtained by AFP, finessed the issue by making the travel ban voluntary.

It urged "all states to exercise vigilance regarding the entry into or transit through their territories of individuals who are engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems."

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It further says that all states shall notify a monitoring committee "of the entry into or transit through their territories of persons" designated in the draft's annex as well as additional persons found to be linked with Iran's nuclear and ballistic missile programs.

The compromise text drawn up by Britain, France and Germany emerged after several rounds of bargaining Wednesday involving envoys of the Security Council's five veto-wielding members -- Britain, China, France, Russia and the United States -- as well as Germany.

"We are down to two or three issues to be tackled," Churkin said. "I hope they will be by tomorrow."

The new draft also eases some of the financial restrictions slapped on entities or persons linked to Iran's nuclear and ballistic missile programs.

"We believe there is no reason we should not have a vote tomorrow," State Department spokesman Sean McCormack said.

US acting ambassador Alejandro Wolff said he was consulting with Washington over the latest changes to the draft.

Asked about the travel ban, which earlier this week he described as a "priority" issue for the US side, Wolff said: "We're still negotiating this... we want a vote early and we want a really good resolution."

"We have been working very hard on this resolution which unfortunately we have to do because Iran has not agreed to suspend certain activities which would have opened the door to negotiations," Churkin said.

The aim, he added, was to "make sure this is a careful targeted resolution, which would created some problems for Iran in pursuing activities which the Security Council does not want to pursue but also will make it very clear that the door is open for negotiation when Iran accepts the requirement for suspension."

Moscow, which like China has strong economic ties with Tehran, strongly backs Iran's right to civilian nuclear technology. The Russians are building the Islamic Republic's first atomic power station in Bushehr.

US Secretary of State Condoleezza Rice meanwhile spoke by telephone Wednesday with her British counterpart Margaret Beckett to discuss "ways to close the remaining gaps" over the wording of the draft, McCormack said.

"I would caution that we're not there yet, we don't have a final agreement on a resolution," the US spokesman added.

The draft calls for a mandatory ban on trade with Iran in goods related to its nuclear and ballistic missile programs and place financial restrictions on persons and entities involved in the sectors.

It demands that Iran "without further delay suspend all enrichment-related and reprocessing activities, including research and development and work on all heavy water related projects."

It calls for a report within 60 days by the head of the UN nuclear watchdog agency on whether Iran has complied with fully with UN demands.

It warns that if Tehran refuses to comply, the council "shall adopt further appropriate measures under Article 41 of Chapter Seven" of the UN charter," a reference to economic sanctions only.

The United States and other Western countries suspect that Iran is trying to develop nuclear weapons under cover of a civilian nuclear energy program. Tehran denies this.

U.N. Draft Resolution On Iran Loosens Travel Ban And Time Limits (NYT)

By Warren Hoge

The New York Times, December 21, 2006

UNITED NATIONS, Dec. 20 — The European sponsors of a resolution to take steps against Iran for its refusal to halt sensitive nuclear activities submitted a freshly revised draft to the Security Council on Wednesday evening and called for a vote on Friday.

In a major concession to Russia, the principal dissenter during the months it has taken to settle on the language of the resolution, the final revision eases a travel ban on people involved in Iran's nuclear and ballistic missile programs.

Instead of directing countries to prevent entry of such people into their territory, it now "calls upon" states to "exercise vigilance" over those who cross their borders.

It also gives to a monitoring committee that would be set up under the resolution greater authority than earlier drafts did to restrict what people and entities should be listed as suspected participants in nuclear activities.

In addition, the new draft qualifies a freeze on assets of such people and gives countries more time — 60 days instead of 30 — to report to the committee on how they are complying with the demands of the resolution.

The major thrust of the resolution is to demand that Iran immediately end all enrichment of uranium, which can produce fuel for power plants but also for bombs, and cease all its research and development work on the kinds of activities that are aimed at making weapons.

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The amendments were added to address complaints from Russia, a country with close economic ties to Iran. Vitaly I. Churkin, the Russian ambassador to the United Nations, said the resolution appeared largely acceptable to his government.

"The travel ban is gone," he said, adding, "It is addressed in a more creative manner, which is more in line with our original thinking."

Alejandro D. Wolff, the acting American ambassador who on Tuesday had called the ban an American priority, was asked if the new version could still be called a ban.

"Well, under the vigilance, obviously countries can take their decision on whether they are going to allow people to travel into their country or not, so it does not exclude a ban on travel," he said.

Mr. Wolff said that the United States was still studying the text, which was circulated among the 15 members of the Council only at 6 p.m. Countries were expected to seek guidance from their capitals overnight and present any final suggested changes to the text on Thursday.

"We are not necessarily quite there yet," said Emyr Jones Parry, Britain's ambassador. "We will vote this resolution Friday morning — that's what we intend to do."

The resolution bans imports and exports of materials and technology related to uranium enrichment, reprocessing and ballistic missile systems.

An earlier draft extended those restrictions to the light-water reactor that Russia is building in Bushehr in southern Iran, but, in another concession, all mention of the plant was dropped from the measure.

Settling on the language of the resolution has taken months of tough negotiating among ambassadors at the United Nations, periodic meetings in Europe of senior foreign ministry officials of the countries involved and frequent consultations between missions here and their capitals.

The participants have been Germany and the Council's five permanent members: the United States, Britain, China, France and Russia.

The principal stumbling block has been resistance from Russia and China to steps that would punish Iran for its defiance of the Security Council deadline on suspending the enrichment of uranium.

Iran says that it is exercising its sovereign right to develop nuclear power for peaceful energy purposes, but the United States and other Western governments believe Iran is developing nuclear weapons.

Who's Tough On Tehran? (WSJ)

The Wall Street Journal, December 21, 2006

Iranians made their feelings plain about Mahmoud Ahmadinejad last week by voting to reject his allies in municipal elections and in the Assembly of Experts, a clerical body that theoretically has authority over Supreme Leader Ali Khamenei. That doesn't mean reformers now run Iran, but it does suggest that international pressure and a policy of democracy promotion may produce the kinds of changes in Iran that three years of Western diplomacy have failed to achieve.

So it's all the more puzzling that, even as Iranians try to apply some pressure on Mr. Ahmadinejad, the international community is about to prove his point that Iran will pay little price for its quest to develop an atomic bomb. Consider what's happening at the U.N., where the Security Council is expected to approve a sanctions resolution this week, nearly four months after its August 31 "deadline" for Tehran to stop enriching uranium.

We've seen the latest draft of the resolution, hashed out among the U.S., the Europeans and Russia. Iran will be forbidden from importing any items or technical assistance "which could contribute to [its] enrichment-related, reprocessing or heavy water related activities, or to the delivery of nuclear weapon delivery systems." The resolution also imposes travel restrictions, and it freezes the financial assets of certain individuals involved in Iran's nuclear and ballistic missile programs.

This almost sounds tough. But then the resolution carves out exceptions that are broader than the actual rules. Consider the financial freeze: It shall apply in all cases, except where the money is necessary for "basic expenses," "extraordinary expenses," or is "the subject of a judicial, administrative or arbitral lien." Or take the travel ban, which has exceptions for "humanitarian need," "religious obligation," or when the sanctioned individuals need to travel in connection to some nuclear activities as opposed to others.

More dangerous is the exception for Bushehr, the civilian reactor that Russia has built for Iran at a cost of $1 billion and that is expected to be ready by October 2007. Conventional wisdom says "light-water" reactors such as Bushehr can't easily be used to make nukes, one reason the Clinton Administration arranged to build two of them for North Korea.

In fact, says proliferation expert Henry Sokolski, such reactors produce hundreds of tons of reactor-grade plutonium, which can be reprocessed into nuclear fuel for as many as 60 Nagasaki-type bombs in a matter of weeks. The Russians promise to safeguard the nuclear fuel. But the reactor's uranium pellets can be secretly removed by substituting dummy fuel rods and then

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quickly enriched to weapons-grade material in Iran's centrifuge cascades, without foreign inspectors ever being the wiser. Iranian scientists will also gain invaluable nuclear know-how simply by operating a civilian reactor.

In other words, the Security Council's resolution may well be worse than nothing at all. It reaffirms Iran's "right" to peaceful nuclear energy -- a right it has long since forfeited by violating the terms of the Nuclear Nonproliferation Treaty (NPT). And by carving a legally binding exception around Bushehr, the Security Council gives Iran the foothold it needs to develop its nuclear program to within a screw's twist of an actual bomb, without ever trespassing against the sanctions.

The resolution's defenders, particularly at the State Department, tell us this is a price worth paying to accommodate the Russians and achieve an international consensus. They also say the resolution is just the latest incremental step. But at some point one has to ask whether consensus is helping to achieve U.S. policy goals, particularly when Iran keeps using international divisions to buy time for its nuclear programs. Perhaps the best the Administration can hope for is that Iran responds to even these minimal sanctions by making good on its threats to withdraw from the NPT, embarrassing even the U.N. Security Council into tougher action.

Which brings us back to the Iranian elections. It is wrong to imagine that the big winner -- former president and Ayatollah Akbar Hashemi Rafsanjani -- is a moderate or a reformer, though he is more certainly presentable than his successor; he too has threatened Israel with nuclear annihilation. But given the limited political choices the regime offers voters, the election indicates that most Iranians dislike the regime and that they take no pleasure in their president's status as a moral pariah.

There's an opening here to promote change, provided the U.S. doesn't reward Mr. Ahmadinejad's bad behavior by failing to punish it, and provided President Bush reminds Iranians that while the U.S. opposes their government, it stands with Iranians who want more freedom.

Iran Admits Oil Projects Suffering (FT)

By Najmeh Bozorgmehr And Roula Khalaf

Financial Times, December 21, 2006

Iran's oil minister on Wednesday admitted that Tehran was having trouble financing oil projects, in a rare acknowledgment of the economic cost of its nuclear dispute.

"Currently, overseas banks and financiers have decreased their co-operation," Kazem Vaziri-Hamaneh told the oil ministry news agency, Shana.

The statement underlined the impact of de facto financial sanctions on the Organisation of the Petroleum Exporting Countries' second biggest oil producer. As the controversy over Iran's nuclear programme has escalated, the US has applied pressure on European banks and financial institutions to curb dealings with Tehran.

The fact that the UN Security Council could soon impose the first – even if mild – sanctions against Iran has compounded the political uncertainty and risks of doing business with Tehran. Iranian officials insist there is international interest in investing in Iran's oil industry and European executives play down any impact on companies seeking deals in Iran.

The National Iranian Oil Company has signed a memorandum of understanding with China's CNOOC to develop the North Pars gas field. The memorandum, if it turns into a final deal, would bring $16bn worth of Chinese investments for the initial part of any deal, the semi-official Fars news agency reported on Wednesday.

But western officials hope the financial squeeze's effect on the oil industry, the backbone of Iran's economy, will help raise domestic pressure for a change of policy and persuade the regime to heed international calls for a suspension of its uranium enrichment programme.

Iran's oil production capacity, at 4.3m barrels per day, is set to reach 5m bpd, according to the country's latest five-year plan, which closes in 2009. This would involve $16bn of investment in the sector. But the International Energy Agency reckons that Iran's longer term plans to lift oil production to 6.8m bpd by 2030 would require nearly $80bn in investment, with expansion plans for the gas industry requiring an extra $85bn.

"There's a growing awareness that de facto sanctions are beginning to hurt and everyone understands the future of the economy depends on the development of oil and gas," said a western diplomat. "Banks are not lending, partly because of US pressure, but the banks are also drawing their own conclusions."

Mr Vaziri-Hamaneh said projects would be financed from the Oil Stabilisation Fund, which accumulates oil windfalls to promote the private sector and save for periods of low oil prices.

Iran President Facing Revival Of Students' Ire (NYT)

By Nazila Fathi

The New York Times, December 21, 2006

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TEHRAN, Dec. 20 — As protests broke out last week at a prestigious university here, cutting short a speech by President Mahmoud Ahmadinejad, Babak Zamanian could only watch from afar. He was on crutches, having been clubbed by supporters of the president and had his foot run over by a motorcycle during a less publicized student demonstration a few days earlier.

But the significance of the confrontation was easy to grasp, even from a distance, said Mr. Zamanian, a leader of a student political group.

The student movement, which planned the 1979 seizure of the American Embassy from the same university, Amir Kabir, is reawakening from its recent slumber and may even be spearheading a widespread resistance against Mr. Ahmadinejad. This time the catalysts were academic and personal freedom.

"It is not that simple to break up a president's speech," said Alireza Siassirad, a former student political organizer, explaining that an event of that magnitude takes meticulous planning. "I think what happened at Amir Kabir is a very important and a dangerous sign. Students are definitely becoming active again."

The protest, punctuated by shouts of "Death to the dictator," was the first widely publicized outcry against Mr. Ahmadinejad, one that was reflected Friday in local elections, where voters turned out in droves to vote for his opponents.

The students' complaints largely mirrored public frustrations over the president's crackdown on civil liberties, his blundering economic policies and his harsh oratory against the West, which they fear will isolate the country.

But the students had an additional and potent source of outrage: the president's campaign to purge the universities of all vestiges of the reform movement of his predecessor, Mohammad Khatami.

Last summer the newly installed head of the university, Alireza Rahai, ordered the demolition of the office of the Islamic Association, which had been the core of student political activities on campus since 1963 and had matured into a moderate, pro-reform group.

Since then, students say, more than 100 liberal professors have been forced into retirement and many popular figures have been demoted. At least 70 students were suspended for political activities, and two were jailed. Some 30 students were given warnings, and a prominent Ph.D. candidate, Matin Meshkin, was barred from finishing his studies.

The students also complain about overcrowded and crumbling dormitories and proscriptions against women wearing makeup or bright colors, rules that were relaxed when Mr. Khatami came to power in 1997.

Amir Kabir University of Technology, a major polytechnic institute, has been a hotbed of student activism since before Ayatollah Ruhollah Khomeini's Islamic Revolution of 1979. Drawing on networks at universities around the country through an office that links their Islamic associations, students can organize large protests on a moment's notice. There are also student guilds, which are independent, and more than 2,000 student publications.

Mr. Zamanian, the head of public relations of the Islamic Association at Amir Kabir, said that while the situation had not been ideal in the Khatami years, Mr. Ahmadinejad's antireformist campaign had led students to value their previous freedoms.

They were permitted to hold meetings and invite opposition figures to speak, he said, and could freely publish their journals. Now, he said, their papers are forbidden to print anything but reports from official news agencies.

The students also complain about the president's failure to deliver economic growth and jobs. At last week's protest, which coincided with a now infamous Holocaust conference held by the Foreign Ministry, students chanted, "Forget the Holocaust — do something for us."

A student who identified himself only as Ahmad, for fear of retribution, said: "A nuclear program is our right, but we fear that it will bring more damage than good."

Another student said: "It is so hard and costly to come to this university, but I don't see a bright future. Even if you are lucky enough to get a job, the pay would not be enough for you to pay your rent."

Mr. Zamanian said that the protest had not been planned ahead of Mr. Ahmadinejad's visit, but that students were further enraged when they saw supporters of the president being bused in.

Although the auditorium was almost filled with the president's supporters by the time any students were let in, the protesters forced their way inside, chanted, "Death to the dictator," and held banners calling him a "fascist president." They also held up posters of the president with his picture upside down and set fire to three of them. Many of the students are now in hiding.

At one point, the head of a moderate student guild complained to Mr. Ahmadinejad that students were being expelled for political activities and given three stars next to their names in university records, barring them from re-entering. The president responded by ridiculing him, joking that the three stars made them sergeants in the army.

The president was eventually forced to cut his speech short and leave. But angry students stormed his car, kicking it and chanting slogans. His convoy of four cars collided several times as they tried to leave in a rush. Eventually the students were dispersed.

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An entry on Mr. Ahmadinejad's Web log, posted Wednesday, played down the scale and significance of the protest, writing that the president had a "good feeling when he saw a small group amid the dominant majority insulting him without any fear."

A few days after the protest, former Amir Kabir students affiliated with the Islamic associations' coordinating office wrote a letter to Mr. Ahmadinejad. In it, they turned down what they said was his invitation to share their problems with him, because they believed that he wanted to use the occasion to bolster his candidates in the local elections.

The students also wrote that the president had insulted their intelligence by talking to them in the same language he uses in remote villages on his provincial trips.

"You should know that what happened at Polytechnic University was the voice of universities and the real voice of the people," they wrote. Tehran Polytechnic was the university's name before the revolution.

Cleric's Star Rises In Iran After Vote (AP)

By Nasser Karimi

AP, December 21, 2006

Elder statesman Hashemi Rafsanjani, a mercurial cleric who has played both sides of Iran's reformist-conservative divide, is rising again as a key challenger to Iran's president after local elections show deep discontent with the president's hard line.

Last week's elections for local councils in towns and cities across Iran were seen as a referendum on President Mahmoud Ahmadinejad's 18 months in office, and results so far were showing widespread victories for his opponents.

Since taking power, Ahmadinejad has escalated Iran's confrontation with the United States and the West on multiple fronts, in particular drawing the threat of U.N. sanctions for pushing ahead with uranium enrichment in Iran's nuclear program. He has also sparked widespread international outrage for his comments against Israel and casting doubt on the Nazi Holocaust.

On Wednesday, a leading newspaper that usually reflects the thinking of many in Iran's conservative clerical leadership said in a blistering editorial that the election results showed it was time for Ahmadinejad to moderate his tone and concentrate on improving the ailing economy.

"The election could be very instructive to those who have been in power," the Jomhuri Eslami editorial said. "Arrogance, disregarding people's economic situation, insulting respected people and high-flying policies were among the elements of the failure of those who could not imagine such a failure."

Ahmadinejad, who has not commented on Friday's elections, felt the heat personally during a speech Tuesday in the western town of Kermanshah. During his address, some in the crowd chanted, "unemployment, unemployment, unemployment is a major problem," the pro-government daily Keyhan reported.

The results showed a partial comeback for Iran's reformist movement, which was crushed over the past five years by hard-liners who drove them out of the local councils, parliament and the presidency. The reformers seek closer ties to the West — even the United States — and a loosening of the power of Iran's clerical rulers.

But the big winners were "moderate conservatives," who support the clerical regime but have become disillusioned by Ahmadinejad, saying he needlessly provokes the West, isolates Iran and ignores economic reform.

Many analysts were now predicting a coalition between reformers and moderate conservatives to oppose Ahmadinejad and his hard-line allies in parliament and presidential elections in 2009.

Talk of a political bloc was fueled after two top reformist politicians — former president Mohammad Khatami and Mehdi Karroubi — met on Sunday with Rafsanjani, a top moderate conservative.

Rafsanjani's status was boosted in a parallel election held Friday picking members of the Assembly of Experts, a body made up of 86 clerics that oversees Iran's supreme leader and picks his successor.

Rafsanjani won the most votes of any candidate in Tehran for the assembly — half a million more than his closest competitor — a strong show of support for Rafsanjani, who lost to Ahmadinejad in June 2005 presidential elections.

"The people's vote for Rafsanjani meant they hope he will create and improve the moderate line," said Amir Mohebbian, a political analyst and columnist in Resalat conservative daily.

Final results from the local council election in Tehran were expected on Thursday. The interior ministry said only a few thousand of the 1.9 million votes still remained to be tallied, blaming the delay on the large turnout and the simultaneous vote for the Experts Assembly.

But partial results showed Ahmadinejad's allies won only two seats on Tehran's 15-member council, one of them going to his sister, Parvin Ahmadinejad. Conservative moderates were on track to take eight seats, and reformers four. The last seat appeared set to go to an independent.

Final results were announced for the rest of the country and showed a heavy defeat for Ahmadinejad supporters. None of his candidates won seats on the councils in the cities of Shiraz, Bandar Abbas, Sari, Zanjan and Kerman. Many councils in other cities were divided along similar proportions as Tehran's.

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The election does not directly effect Ahmadinejad's power. It chose 113,000 seats on councils that administer city affairs and pick mayors.

It was not clear whether Ahmadinejad will bow to pressure to at least change his tone, if not the substance, of his policies. The pro-government Keyhan called the election as a victory for Ahmadinejad — depicting all conservatives as his supporters — suggesting some in the hard-liner camp do not see it as a call for change.

But many see the vote as signs of an anti-Ahmadinejad moderate coalition rallying behind Rafsanjani.

The 72-year-old Rafsanjani — who served as president from 1989-1997 — has long been an elusive inside player in Iran's clerical leadership. He is mistrusted by reformists because of his closeness to supreme leader Ayatollah Ali Khamenei and by hard-liners because of his emphasis on pragmatism over ideology.

Rafsanjani has supported the Islamic republic's policy of shunning the United States, yet played a major role in the 1980s Iran-Contra scandal in which the U.S. sold arms to Iran in return for help in freeing hostages held in Lebanon. He also backs the line rejecting a suspension of Iran's uranium enrichment program, but has shown a willingness to compromise in backroom negotiations on the nuclear program.

Pro-reform students frequently jeered him in demonstrations in the past, and he suffered a humiliating defeat by reformists in 2000 parliament elections, when he failed to win a seat.

In the 2005 run-off presidential election, Rafsanjani was the more moderate candidate in the race against Ahmadinejad, but demoralized pro-reform voters failed to turn out in strength to support him.

But Khatami's meeting with him Sunday suggested reformers could turn to embrace him.

"People showed in the elections that they don't like hard-line policies," said Mohammad Atrianfar, a political activist and a leader of moderate Kargozaran Party. "From now on (Ahmadinejad's) hard-line current will lose its power and it will return to its place."

U.S. Negotiator Notes An Improved Tone In Talks On North Korea (NYT)

By Joseph Kahn

The New York Times, December 21, 2006

BEIJING, Dec. 20 — The chief American negotiator at talks to address North Korea's nuclear program said Wednesday that the parties could reach a new agreement on rolling back North Korea's bomb-making effort this week, but the prospects for a meaningful breakthrough remained uncertain.

The chief negotiator, Christopher R. Hill, told reporters that the United States, North Korea and the four other countries participating in the Chinese-sponsored talks had begun discussing details of how to carry out a 2005 draft agreement on ending North Korea's nuclear program. He said the tenor of the often tortuous discussions had improved.

"The discussions for us have been very useful," said Mr. Hill, assistant secretary of state for East Asian and Pacific affairs. "Certainly we are talking about much more than just agreeing on things on paper. We're discussing actual developments on the ground, and for that reason these discussions are not easy."

The negotiations are part of a series of talks sponsored by China that have continued for more than three years and have failed to make tangible progress in slowing North Korea's nuclear weapons program.

On Oct. 9, North Korea exploded a nuclear device for the first time, prompting the United Nations Security Council to impose sanctions. After a frenzied round of Chinese diplomacy, North Korea agreed to return to the six-nation talks for the first time in more than a year.

The talks opened on an unpromising note Monday, when the senior North Korean negotiator, Kim Kye-gwan, declared that as a new nuclear power North Korea would engage only in "arms control" negotiations, implying that it had no intention of eliminating its nuclear program.

But during a series of one-on-one sessions on Tuesday and Wednesday, North Korea's attitude turned more pragmatic, Asian diplomats participating in the talks said, adding that concrete proposals for freezing North Korea's weapons program on the way to a broader accord were under active discussion.

Many analysts say that North Korea is not likely to give up its quest to become a full nuclear power and that any talks are merely a stalling tactic or an attempt to foster good will from China, its main aid supplier.

Others say that North Korea may at some point prove willing to make concessions on its nuclear program in exchange for a big aid program to bail out its closed, ailing economy.

Mr. Hill said he was pleasantly surprised that the talks had moved beyond posturing, and he raised the possibility that they could produce an agreement before the end of the current round this week.

"To be frank, Monday was kind of a difficult day, and the idea that I'd still be here Wednesday night telling you it was useful to continue — I frankly didn't think I would be saying that," he said.

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He said China, as the host and mediator, had begun drafting the text of an accord that would commit the parties to concrete steps to carry out a vaguely worded 2005 agreement.

In September 2005, North Korea agreed to end its nuclear weapons program in exchange for security guarantees, diplomatic recognition and economic and energy aid from its neighbors and the United States.

The 2005 accord, though hailed as a breakthrough at the time, collapsed almost immediately after it was reached. North Korea publicly renounced the text.

“The whole purpose is to take the September agreement and start getting it implemented,” Mr. Hill said of the current talks.

Faint Hopes Of Progress As NKorea Nuclear Talks Enter Fourth Day (AFP)

AFP, December 21, 2006

Six-nation talks aimed at ending North Korea's nuclear program have entered a fourth day amid a slightly warmer climate, with the US envoy saying negotiations were tough but offered a glimmer of hope.

The talks resumed on Monday after a 13-month break with North Korea, emboldened by its first-ever atomic test on October 9, outlining a long list of hardline demands to be met before it would even consider disarming.

Delegates to the talks -- which involve the two Koreas, host China, the United States, Japan and Russia -- have said those demands are not acceptable and reported no breakthroughs this week.

However US envoy Christopher Hill said late Wednesday after a second straight day of direct talks with his North Korean counterpart, Kim Kye-Gwan, that he had not given up hope of progress.

"The discussions are not easy -- actually, they are very difficult but we are encouraged by the process," Hill told reporters.

"I think discussions for us have been very useful in the last day and a half. Whether we are successful at the end of the week, I think time will tell."

Hill and the Chinese side have said they want North Korea to recommit to a six-party deal brokered in September last year in which it said it would give up its nuclear program in return for energy assistance and security guarantees.

Hill said Wednesday that was still the goal and that he hoped this could be achieved within one year.

But despite his cautiously upbeat comments, many analysts believe North Korea has no intention of surrendering its nuclear weapons, and it is using the six-party talks to give the impression of wanting to negotiate.

"The bomb is now a symbol of the legitimacy of Kim Jong-Il's regime," Scott Bruce, the program officer at the Nautilus Institute in Berkeley, which specializes in North Korean nuclear issues, told AFP at the start of the week.

"It will take a very large price for the North to trade it in... definitely a higher price than the United States is willing to pay right now."

Japan's chief envoy to the talks, Kenichiro Sasae, also offered a blunt assessment on Wednesday night of the likelihood of a major breakthrough in Beijing this week.

"Our basic stances remain far apart. At this point, I cannot say that the outlook is optimistic," Sasae said.

One of the top priorities for North Korea is the lifting of US sanctions imposed on Pyongyang late last year for alleged money laundering and counterfeiting.

The sanctions have seen bank accounts in Macau that are crucial to Pyongyang's ruling elite frozen, and North Korea has reiterated this week that it will not consider disarming until the financial curbs are removed.

Financial teams from the two nations met on Tuesday and Wednesday in Beijing on the sidelines of the six-party forum to discuss the standoff, but they finished without any agreement being reached.

The US chief negotiator to the sanctions talks, Daniel Glaser, told reporters late Wednesday only that the two sides may meet again in New York next month.

Glaser's confirmation that no breakthrough had been achieved on the sanctions dispute ensured that one of North Korea's key demands this week for disarming would not be met.

North Korean envoy Kim also said on Monday that United Nations sanctions imposed on his country following the atomic test must be lifted before it would consider surrendering its nuclear weapons.

Kim further demanded that North Korea be given help in building a nuclear reactor for power needs, and that the US policy of "hostility" towards it must be dropped.

North Korea Not Budging On Sanctions (AP)

By Burt Herman

AP, December 21, 2006

North Korea is refusing to back down from its demand at international arms talks that U.S. financial restrictions be lifted before it dismantles its nuclear program, delegates said Wednesday.

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North Korea agreed to end a 13-month boycott of the talks — which also include China, Japan, Russia, South Korea and the U.S. — to discuss a Washington campaign seeking to isolate the communist nation from the international banking system. The U.S. alleges the North is involved in a range of illegal activity, including counterfeiting $100 bills and money laundering.

U.S. and North Korean experts discussed the U.S. financial restrictions for five hours Wednesday, their second day of meetings this week that are separate from the arms talks, but made no breakthroughs and planned no further meetings.

Daniel Glaser, the Treasury Department's deputy assistant secretary for terrorist financing and financial crimes who is leading the U.S. delegation, said the talks at the North Korean Embassy were "businesslike and useful."

Glaser said he would possibly meet the North Koreans next month in New York.

"For this process moving forward to be productive and useful, it's going to have to start focusing very, very closely on the underlying concerns of illicit finance," he told reporters. "We hope to get to do that."

The separate, six-nation nuclear talks are to continue until at least Friday, but negotiators said that does not mean results are guaranteed by then.

"The financial issues are a major interest for North Korea," Japanese envoy Kenichiro Sasae said after the third day of discussions in Beijing.

Sasae pleaded with the North to put aside that issue at the nuclear talks.

"I think it is not realistic to treat the financial issue as a major block while putting the broader discussion on hold," Sasae said.

However, the North said it would be willing to halt operation of its main nuclear reactor and allow international inspectors "under the right conditions," a South Korean official said on condition of anonymity due to the ongoing negotiations

"We are focusing our discussion on what those conditions would be," he said.

Negotiators were addressing the implementation of a September 2005 agreement where the North pledged to abandon its nuclear weapons in exchange for security guarantees and aid.

"Whether we can start implementing the agreement this week, time will tell," Assistant Secretary of State Christopher Hill said Wednesday evening.

He said the talks focused on specific steps toward the North's disarmament that the U.S. hoped would happen in a timeframe "a lot shorter than a year."

The North Koreans appeared interested and there were many questions between the sides, Hill said.

Hill declined to release details of U.S. proposals to North Korea, but a news report Wednesday said the Americans had outlined a process in which the North would first freeze its nuclear program, followed by inspections and eventual dismantlement.

Washington would be willing to give the North a written security guarantee — a pledge that it would not seek to topple the regime by force — as soon as the North allows the return of international nuclear inspectors, South Korea's Yonhap news agency said, citing "diplomatic sources" at the talks.

"We cannot be just optimistic about the situation since this round of talks opened after many difficulties," South Korea's main envoy Chun Yung-woo said, referring to the long break, the North's nuclear test and U.N. sanctions.

North Korea's state media kept up its tough rhetoric against Washington, saying U.S.-South Korean military preparations showed "the United States is trying to pull a dirty business against the (North) behind the curtain of talks."

"This is clear proof that it is seeking to vanquish (North Korea) with a military strong arm, whetting its sword of aggression under the mask of dialogue," the North's Communist Party newspaper Rodong Sinmun said in a commentary carried by the country's official Korean Central News Agency.

U.S. Nuke Envoy Hopes Japan-N.Korea Meet (AP)

By Mari Yamaguchi

AP, December 21, 2006

The top U.S. envoy to the North Korean nuclear talks expressed hope Wednesday that Japan and North Korea would meet on the sidelines of the six-nation negotiations to discuss normalizing their relations.

Japan is the only participating nation that has not met separately with North Korean delegates since the talks resumed Monday in Beijing after a 13-month hiatus.

While the thrust is to dismantle the North's nuclear weapons program, the talks are also about improving diplomatic ties between the nations, U.S. Assistant Secretary of State Christopher Hill said.

"The normalization process depends on the discussion of ongoing issues and clearly the Japanese have some issues that need to be addressed," Hill told reporters.

"It's our hope that there can be a bilateral meeting between the DPRK and the Japanese aiming at these issues," he said. DPRK stands for the Democratic People's Republic of Korea, the North's official name.

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Hill did not specify the issues to be resolved between Tokyo and Pyongyang, but Japanese leaders have been demanding more information about Japanese citizens abducted by North Korea decades ago.

The North has acknowledged kidnapping 13 Japanese citizens in the 1970s and 1980s to tutor its spies in Japanese language and culture. Pyongyang allowed five to return home and says the others are dead. It has refused to respond to demands for more information.

Japan's top envoy Kenichiro Sasae said Wednesday that "Japan has always kept its door open for dialogue," indicating that Japan planned to wait for North Korea to make an approach.

China is hosting the talks, which also involve South Korea and Russia.

Somali Government, Islamic Militias Agree To Resume Peace Talks (WP)

By Stephanie McCrummen

The Washington Post, December 21, 2006

NAIROBI, Dec. 20 -- Somalia's Council of Islamic Courts and the country's transitional government agreed Wednesday to resume peace talks without any preconditions, as fighting broke out between the two sides.

"The mission can be considered a full success," a European Union envoy, Louis Michel, said at a news conference in Nairobi. " . . . There was a broad agreement to de-escalate and refrain from hostile acts. . . . There are still issues that will have to be resolved. But I'm convinced of the sincerity of both parties to go forward."

While Michel discussed peace with their leaders, Islamic Courts militias and the Ethiopian-backed transitional government fought with rockets and heavy weapons in towns just southeast and southwest of Baidoa, the town where the government is based.

Michel said he had "noted" the fighting. "I'm in favor of the optimism of the will, and not the pessimism of reality," he said.

No place or date has been set for the talks, which would be a resumption of negotiations held in Khartoum, the Sudanese capital, that fell apart after each side accused the other of violating agreements. Michel said Wednesday that both sides had "reaffirmed previous commitments" made in Khartoum.

The United States and Ethiopian Prime Minister Meles Zenawi expressed support for the agreement, Michel said, adding that it offered an opportunity to avert a conflict that he and other diplomats say could spill across the Horn of Africa.

Ethiopia is estimated to have at least 8,000 troops in Somalia to protect the fragile transitional government, which it considers a buffer against an Islamic movement that has taken control over most of southern Somalia, including the capital, Mogadishu.

A recent U.N. report found that the Islamic movement has received arms from Eritrea, among other countries.

Michel said no agreement had been made on withdrawing the Ethiopian troops, a primary demand of the Islamic movement, which considers Ethiopia a U.S.-backed invading force.

The Ethiopian government has repeatedly denied having more than a few hundred military trainers in Somalia and accuses the Islamic Courts of backing secessionist groups in the ethnically Somali region of Ethiopia. Both the United States and Ethiopia accuse the Islamic Courts of harboring terrorists, a charge the movement has denied.

Initially a grouping of local clerics, the Islamic Courts came to power this year by defeating U.S.-backed warlords who marketed themselves as an "anti-terrorism" coalition but who mostly terrorized a Somali population that came to despise them.

Beleaguered Somalis embraced the Islamic Courts movement, which has created a semblance of order based on Islamic law in a country of warring clans that has been without a central government since 1991.

Somalia has historically been strategically important to the United States because of its proximity to the Middle East and lucrative Red Sea shipping lanes. But U.S. policy there, driven mostly by fears that Somalia could become an Afghanistan in the Horn of Africa, has been widely viewed as a failure.

The Islamic Court's foreign minister, Ibrahim Hassan Addou, accused the U.S. State Department on Wednesday of exacerbating the situation rather than trying to understand it. The Islamic Courts believe that the United States has given Ethiopia approval to launch an offensive in Somalia, he said.

"They could send a fact-finding mission, talk to leaders," Addou said in an interview from Dubai, United Arab Emirates. "But the U.S. has never bothered. . . . What the U.S. has been doing is intimidation and threats."

Addou praised European Union officials, who flew to Somalia on Wednesday in a delegation that included officials from the Arab League and the Kenyan ambassador to Somalia.

Michel met with the leaders of the transitional government in Baidoa, then jetted to Mogadishu, where he met with an Islamic Courts delegation that included Hassan Dahir Aweys, a top leader.

Aweys is on the State Department's terrorism list because he headed a group, now disbanded, that allegedly had connections with al-Qaeda in the 1990s and was linked to the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

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Analysts differ on whether he is genuinely striving for legitimacy or simply using negotiations to buy time to advance the Courts' control.

After having a "frank" and "tough" meeting with Aweys, Michel said he shared the former analysis.

"I had the perception that there is a strong goodwill in the ICU to resolve this by a political agreement," he said, referring to the Islamic movement, also known as the Islamic Courts Union. "Maybe I'm wrong, but this is my feeling."

Somalis Agree To Peace Talks Despite Clashes (FT)

By Andrew England

Financial Times, December 21, 2006

A powerful Somali Islamic group and the transitional government on Wednesday agreed to resume peace talks, hours after fresh clashes had broken out between the two groups in central Somalia.

The fighting, which occurred about 15km from the town of Baidoa, the government's seat, had erupted as Louis Michel, the European commissioner for development and aid, visited Somalia to meet officials from both sides and push for a peaceful resolution to the crisis.

While in Mogadishu, the capital, Mr Michel announced the parties had agreed to resume talks in the Sudanese capital, Khartoum. Previous rounds of negotiations have made little progress, but the peace process is deemed crucial to avoiding all-out war in Somalia amid fears this could develop into a regional conflict. No date was given for the talks.

It was unclear how serious the latest fighting was. It followed a period when rhetoric from both the government and the Islamic movement had appeared to be toned down.

The two factions have been at loggerheads since the Islamists, an alliance of Islamic courts, seized Mogadishu from a group of US-backed warlords in June. The alliance has since spread its influence throughout much of southern Somalia, which has been without an effective central government and beset by violence since 1991.

The transitional administration, which is weak and plagued by divisions, has little influence outside Baidoa. But it is internationally recognised and has backing from Ethiopia, which is reported to have several thousand soldiers inside Somalia.

Fears have been mounting for months that the fighting could suck in neighbouring countries. Both Eritrea and Ethiopia have been accused of using Somalia as a proxy for their own border dispute.

However, there have been few big direct clashes between the Somali parties, both of which include hardliners and moderates with differing agendas, analysts say.

"There is still space for diplomacy to work, but something has to give soon. The standoff is unsustainable," said Matt Bryden, a Somalia expert. "The military deployments on both sides are too large and too costly to be sustained indefinitely. They are either going to have to fight or start standing down."

Still, diplomats and analysts say it would serve neither side to push for a military solution, which could lead to a protracted guerrilla war and mean international isolation for the Islamic courts.

Earlier this month the United Nations Security Council passed a US-drafted resolution that authorised the deployment of a regional peacekeeping force in Somalia. The mission, if it were to materialise, would ring-fence the government in Baidoa and be used to train the administration's forces.

But it is unclear who would finance the mission or send troops, with neighbouring countries divided on the issue. There are also concerns that foreign intervention would exacerbate the situation and be seen as a proxy for US interests. Washington, which has a dire track record in Somalia, has accused the Islamists of containing and sheltering al-Qaida suspects.

"The UN Security Council resolution and US diplomacy have probably created a sense of urgency on the side of the courts who think maybe the US will weigh in on the side of Ethiopia and a regional force could be deployed to support the transitional government," Mr Bryden said.

Diplomat Pushes Peace Talks In Somalia (AP)

By Mohamed Olad Hassan

AP, December 21, 2006

Somali fighters clashed with artillery, rocket-propelled grenades and anti-aircraft guns Wednesday, even as a European diplomat persuaded both the government and a rival Islamic movement to resume peace talks.

The heavy fighting outside the only town the government controls dragged on into the evening and underlined the difficulties of securing peace in this desperately poor country in the Horn of Africa.

European Union envoy Louis Michel said such skirmishes were likely to continue for now even though both sides had agreed to ease tensions and were committed to negotiations.

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The talks will be held in Khartoum, the Sudanese capital where several rounds of talks have already been held. No date was given.

Somalia's Foreign Minister Ismail Hurre said that while the government seeks a peaceful settlement, it did not believe the Islamic Courts movement does.

Leaders of the Islamic movement said they were willing to attend discussions without conditions. Islamic leader Sheik Hassan Dahir Aweys played down the significance of Wednesday's fighting.

The comments marked a shift in the position of Islamic movement leaders, who previously said they would not attend talks until Ethiopia withdrew its military support for the Somalian government.

Michel, speaking to reporters in neighboring Kenya after a day of diplomacy in Somalia, said he believed both hard liners and moderates in the Islamic movement backed Wednesday's agreement.

The diplomat said that the current conflict in Somalia is being driven by outside forces. In response to a question about Eritrea and Ethiopia, two neighboring states with a history of hostility toward each other, Michel said: "Somalia is suffering because some are using Somalia as a battlefield for other issues."

As many as 8,000 Ethiopian troops may be in Somalia supporting its government, United Nations officials say. Eritrea, the U.N. says, has deployed 2,000 troops in support of the Islamic group. Both countries deny these assertions.

Michel spoke Tuesday to Ethiopian Prime Minister Meles Zenawi, who expressed support for the EU peace initiative. But the diplomat did not provide other details of their conversation.

Clashes first erupted Wednesday nine miles from the government garrison town of Baidoa, where the EU envoy was meeting with Prime Minister Ali Mohamed Gedi and President Abdullahi Yusuf.

Mohamed Abdullahi Hassan, a Baidoa resident reached by telephone late Wednesday, said the fighting intensified after dark. He said he could hear mortars being fired on the outskirts of town. During a visit to the Baidoa hospital, he said he counted seven government soldiers killed and 18 injured.

The clashes occurred one day after a deadline set by the Islamic group for the withdrawal of Ethiopian troops. The religious movement's fighters had threatened a major attack if Ethiopian forces did not leave Somalia.

As the fighting began, several hundred Ethiopian troops boarded 13 military trucks and — with artillery support — were dispatched to reinforce government troops on the eastern side of the city. The information came from a government official, who spoke on condition of anonymity because of the sensitive nature of the information.

Somalia's internationally recognized central government holds only a small area around the central town of Baidoa, about 140 miles northwest of the capital of Mogadishu. The Islamic militiamen, meanwhile, control Mogadishu along with most of southern Somalia.

Somalia has not had an effective government since 1991. The country's secular interim government, set up in 2004 and backed by the U.N., has rejected religious rule. Muslim leaders have insisted on an Islamic government.

The international community is concerned about the Islamic movement's alleged ties to terror groups, something Islamic leaders have repeatedly denied.

Jendayi Frazer, the top U.S. diplomat for Africa, has said al-Qaida militants are operating with "great comfort" in Somalia, providing training and assistance to the Islamic militia.

Somali and Ethiopian officials allege that men wanted in connection with the 1998 U.S. Embassy bombings in Kenya and Tanzania now hold senior command positions within the Islamic forces.

Somalia's deputy defense minister Salad Ali Jelle told reporters Wednesday that one of the embassy bombing suspects, Abu Talha al Sudani, had led Islamic militiamen in a battle with government troops Tuesday near Idale, 37 miles southwest of Baidoa. Ten people were killed.

Fears of a full-blown civil war have intensified in recent weeks. Both sides have moved fighters, fuel and ammunition to the front lines.

Clashes Raise Fears Of Civil War In Somalia (LAT)

By Edmund Sanders And Abukar Albadri

The Los Angeles Times, December 21, 2006

MOGADISHU, SOMALIA — Clashes between Islamic fighters and Ethiopian-backed government soldiers heightened fears Wednesday that Somalia is inching toward a civil war that could drag in the entire Horn of Africa.

As international negotiators worked furiously to resolve the dispute, armed battles around Somalia's transitional capital of Baidoa killed at least one government soldier, according to Somali officials.

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Islamic leaders, who seized control of Mogadishu, the traditional capital, and much of southern Somalia from warlords this summer, are calling for a "holy war" against Christian-dominated Ethiopia unless the neighboring nation withdraws its troops, which were sent across the border to prop up Somalia's weak transitional government.

Both sides have been massing weapons and troops in strategic points around southern Somalia in recent weeks.

It remained unclear who started Wednesday's fighting, but officials said skirmishes were ignited by a gunfight between two rival reconnaissance missions in the town of Idale, about 40 miles southwest of Baidoa, where Somalia's transitional government is based. Fighting spread to two other areas.

"We captured two technical vehicles [converted 4x4s with mounted heavy guns], killed nine soldiers from their side and have prisoners in hand," said Mohammed Ibrahim Bilal, a senior Islamist military official, speaking via telephone from the front line. "In the coming hours, Baidoa will be under our control. We will clean Ethiopians from our soil."

The transitional government's assistant defense minister, Salad Ali Jelle, said only one of his forces' soldiers was killed.

Islamic Courts Union leader Sheik Hassan Dahir Aweys shed his usual religious robes for military fatigues Wednesday and spent much of the day monitoring the fighting, witnesses said. But by Wednesday evening, after meeting with European Union negotiators, he downplayed the skirmishes.

"The war has not started," he told reporters. "Fighting is happening, but it is not between Islamic courts and the government. It's between Islamic courts and Ethiopian invaders."

The Islamic Courts Union is an alliance of religious leaders and their militias that formed to restore order to Somalia. The country has been beset with internecine fighting between warlords since the 1991 collapse of the Mohamed Siad Barre regime, the country's last functioning government.

European Union Development Commissioner Louis Michel flew to Somalia on Wednesday to meet separately with leaders from the Islamic Courts Union and the transitional government, urging them to participate in a fourth round of peace talks, which are being mediated by the Arab League in Khartoum, the Sudanese capital.

At a news conference in Mogadishu, Michel announced that both sides had agreed to pursue mediation rather than war. Michel called the agreement a "breakthrough…. I believe that there is a chance to be able to relaunch the political dialogue."

Experts nevertheless warn that renewed war in Somalia remains a risk and fighting could draw in its neighbors, including Eritrea and Kenya. A recent U.N.-commissioned study said that numerous nations already were sending fighters and guns to fuel the conflict.

"Everyone who knows something about Somalia knows that a real fight could easily spread to the region," said Mario Raffaelli, Italy's special envoy for Somalia.

Ethiopian and U.S. officials accuse the Islamists in Somalia of having links to terrorism and say the courts union seeks to install a Taliban-style regime. In her most blunt assessment yet, Assistant Secretary of State for African Affairs Jendayi E. Frazer last week accused the Islamic union of being controlled by "East Africa Al Qaeda cell individuals."

Islamists dismiss such allegations as Western propaganda, though some concede that the union is struggling to strike a balance between its moderate and fundamentalist factions. One extremist sect is accused of masterminding the September killing of an Italian nun in Mogadishu.

Though Islamist leaders in Mogadishu have won praise from residents for restoring peace and order to the city, the rise of the courts union has stirred anxiety in neighboring Ethiopia. Somalia and Ethiopia have repeatedly gone to war over the years, often over a contested swath of land known as the Ogaden, in eastern Ethiopia. Some Somalis have made no secret of their desire to create a "Greater Somalia," including parts of current-day Ethiopia and Kenya.

In the 1990s, Aweys helped run an Islamic network in Somalia known as Itihaad al Islamiya, which was responsible for several terrorist bombings in Ethiopia.

The United States has taken a largely hands-off policy toward Somalia since 1993, when 18 American servicemen were killed during a failed raid in Mogadishu later chronicled in the book and film "Black Hawk Down." In recent years, however, the U.S. government began quietly funding some warlords as part of the war on terror. Earlier this year, U.S.-backed warlords were chased out of Mogadishu by Islamic soldiers.

Saudi Arabia Set To Name Jubeir As Ambassador (WP)

By Robin Wright

The Washington Post, December 21, 2006

Saudi Arabia has informed the State Department that it intends to appoint Adel al-Jubeir as the new ambassador to Washington, according to U.S. officials. Jubeir, who is one of King Abdullah's closest foreign policy advisers, has long been the public face of the oil-rich kingdom in the West.

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Jubeir is a well-known figure in Washington who was put out front by the kingdom in an effort to dissociate the Saudi royal family from the Islamic extremism of al-Qaeda after the Sept. 11, 2001, attacks by Saudi militant Osama bin Laden. He has often had to defend against tough criticism of one of the world's most autocratic governments.

On CNN "Late Edition" last year, Jubeir disputed reports that bin Laden is still widely popular in the kingdom. "You can talk to radicals in Europe and they'll tell you that their agenda is very popular with the masses when, in fact, it's not," he said. "If Osama bin Laden or al-Qaeda in Saudi Arabia were popular, we would see an increase in recruitment, not a decrease. We would see an increase in their ability to do damage, not a decrease. . . . We are winning the war on terrorism. It will take time, though."

In 2004, when then-Saudi Crown Prince Abdullah said that "Zionist hands" were "95 percent" behind recent terrorist attacks, Jubeir was again dispatched to defuse criticism in the United States. U.S. officials linked al-Qaeda sympathizers with the incidents.

"Bin Laden wants to destroy the Saudi government," Jubeir said, again on CNN. "So you should understand . . . that those who are most critical of Saudi Arabia in a very hostile way in the United States, as well as in Israel, share the same objective as Osama bin Laden and those who committed these acts."

The impending appointment represents a meteoric rise in Saudi diplomacy for a man who last served in Washington as special assistant to Prince Bandar bin Sultan, now the Saudi national security adviser. Jubeir will step in to replace Prince Turki al-Faisal, who quit this month after only 15 months on the job.

The highly sensitive appointment has been shrouded in secrecy. The typed letter delivered to the State Department Friday left blank the name of the ambassador-designate, which was written in by the Saudi envoy shortly before he delivered it, according to well-informed sources who requested anonymity because no announcement has been made.

Jubeir, 44, attended the University of North Texas and Georgetown University. Bandar plucked him from graduate school to help him at the Saudi embassy. He once was featured in U.S. gossip columns for dating NBC news anchor Campbell Brown.

US Deeply Concerned Over Darfur After Visit By Bush Envoy (AFP)

AFP, December 21, 2006

The crisis in Sudan's Darfur region remains an issue of "deep concern" to the United States following a visit to Khartoum last week by a top US envoy, Secretary of State Condoleezza Rice said.

Rice called again on Sudan to drop its objections to deployment of a hybrid African-UN peacekeeping force to halt resurgent violence against civilians in the war-torn region.

"It is extremely important (to deploy) a robust peacekeeping force that can actually help to end the violence and bring relief to the many innocent men, women and children who are suffering in Sudan," Rice said.

"This is an issue of deep concern to the United States and deep concern to the president of the United States," Rice said following a meeting with Andrew Natsios, President George W. Bush's personal envoy to Sudan.

Natsios met with Sudanese President Omar al-Beshir and other leaders in Khartoum last week but failed to gain their agreement to comply with a deal brokered last month by UN Secretary General Kofi Annan to deploy some 20,000 UN-led peacekeepers to Darfur.

With violence against civilians again on the rise in Darfur, largely blamed on Arab militia allied to Beshir's government, US officials last week warned that tougher measures -- including enforcement of a no-fly zone over the region -- could be taken.

Rice said Natsios had "moved the ball forward" by reassuring Khartoum, via a statement issued Tuesday by the current president of the UN Security Council, that Washington and its partners remained committed to the peacekeeping plan rather than coercive options.

"Now we expect the government of Khartoum to respond positively to that action in the UN," Rice said.

The UN estimates that more than 200,000 people have died and 2.5 million been displaced in Darfur since early 2003 when the region's ethnic African population revolted against the Arab-led government in Khartoum.

The hybrid peacekeeping force would replace an underfunded 7,000-strong African Union mission which has failed to end the violence.

Beshir has consistently rejected any UN troop presence in Darfur, accusing the West of seeking to partition his country.

U.S. Warns Sudan Of Possible Action (AP)

By George Gedda

AP, December 21, 2006

Sudan must open a path toward ending the Darfur crisis before the end of the year or the international community will take coercive action against the Islamic government, a top U.S. diplomat said Wednesday.

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Andrew Natsios, special White House envoy to Sudan, said international patience is running out on Sudan almost four years deep into Darfur's humanitarian disaster.

But he declined to say what options are being considered. "It's not useful to make threats," said Natsios, briefing reporters. British officials have said that creation of a no-fly zone over Darfur is one option being considered.

Natsios said there have been so many threats against the Sudanese government to bring peace to Darfur that it no longer takes them seriously.

"None of the threats have been carried out. I think we should stop making threats," said Natsios, who met with Sudanese President Omar al-Bashir in Khartoum last week.

Hundreds of thousands of Darfurians have died and an estimated 2.5 million driven from their homes since early 2003.

A 7,000-member African Union force has not brought stability to Darfur. That has prompted proposals for a hybrid mission totaling some 20,000 troops from the African Union and the U.N. Sudan has been unwilling to go along.

To avoid a crisis with the international community, Natsios said, Bashir must allow 60 U.N. troops and civilians stationed in Khartoum to be transported with their equipment to Darfur by the end of the year. Until now, he has forbidden a U.N. military presence in the area.

Another requirement, he said, is Bashir's approval of the combined U.N.-African Union peacekeeping proposal, which would be carried out over three phases. The proposal is spelled out in a letter U.N. Secretary General Kofi Annan has sent to Bashir. A top aide to Annan will remain in Khartoum until Bashir responds, Natsios said.

Earlier Wednesday, Secretary of State Condoleezza Rice met with Natsios and said afterward she expects the Sudanese government to respond positively to the proposal for a hybrid force.

It is "extremely important that a robust security force, a robust peacekeeping force" be created," Rice said.

A no-fly zone would be designed to prevent Sudanese military aircraft from continuing to assist government-backed Arab militias, believed to be responsible for most of the atrocities in Darfur. Another option is imposing an asset freeze and a travel ban on Sudanese officials who have abetted the abuses in Darfur.

Sudan Given January 1 Deadline To Accept Darfur Peacekeepers (AFP)

By David Millikin

AFP, December 21, 2006

A senior US official warned that Sudan faces a January 1 deadline to accept the deployment of UN peacekeepers to Darfur or face coercive international action to halt violence in the region.

US Presidential envoy Andrew Natsios said he told Sudanese leaders in Khartoum last week they must allow an initial group of 60 UN peacekeeping staff currently "marooned" in the Sudanese capital to deploy to Darfur by year's end.

The also must "accept in writing" a plan put forward last month by UN Secretary General Kofi Annan to place 20,000 UN-led troops in Darfur to halt violence which has left more than 200,000 people dead and 2.5 million displaced over the past four years.

"I have said publicly that I think making threats is not very useful, but we are going to take a different approach to this in January and there is a plan to do that," Natsios said.

"For us to continue on the process of quiet diplomacy, negotiation and a process to resolve Darfur, then we need progress that's operational, on the ground, in Darfur ... by the end of the year," he said.

Natsios refused to provide details of what he described as "Plan B" if Sudan persists in rejecting the UN deployment, saying it was classified.

But US officials confirmed last week that enforcing a no-fly zone over Darfur, imposing sanctions on Sudan and backing prosecution of some Khartoum officials for crimes against humanity were among available options.

Natsios said the "Plan B" had been discussed with key partners dealing with the crisis, which include the European Union, China and the Arab League.

"We have a consensus that action is going to be taken," he said.

The international community is also seeking to obtain a "humanitarian ceasefire" in fighting between government forces and Darfur rebels over the next 10 days to allow a resumption of aid shipments to camps housing tens of thousands of displaced people, he said.

Natsios spoke to reporters after meeting Wednesday with US Secretary of State Condoleezza Rice and a half-dozen of her top policy advisors on the Darfur crisis.

Rice expressed her "deep concern" with the ongoing violence in Darfur, where government forces recently launched a new offensive against ethnic African rebels seeking greater autonomy from the Arab-led administration in Khartoum.

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The government and one of three main rebel factions signed a much-heralded peace agreement earlier this year, but the pact failed to halt the bloodshed.

The UN Security Council then adopted a resolution in July demanding the deployment of 20,000 blue-helmeted peacekeepers to replace an under-funded and ineffective African Union force of 7,000.

The government of President Omar al-Beshir rejected the plan, which he called a Western bid to partition his oil-rich country.

A compromise deal brokered by Annan last month called for the three-phased deployment of a hybrid force made up primarily of African troops but with UN command and logistics support.

While the Sudanese agreed to the plan in principle, Beshir later balked at allowing UN troops into the region, stranding 60 UN military advisors and civilian logistics experts in Khartoum.

Natsios said Wednesday that in order to avoid tougher international action, Khartoum had to let the 60 UN staff and their equipment into Darfur over the next 10 days and definitively accept the rest of the Annan plan.

A senior UN envoy, Ahmadou Ould Abdallah, arrived in Khartoum Wednesday with a letter from Annan laying out the world body's demands and will remain in Sudan until he obtains Beshir's written reply, he said.

During his week of talks in Khartoum, Natsios said the only assurance he received from the Sudanese was that they would "try very hard" to change their policy on rejecting UN troops.

Natsios also said China, which buys most of Sudan's oil and has resisted pressuring Khartoum in the past, was playing a "very helpful role" in the effort to resolve the Darfur crisis.

U.S. Gives Deadline Over Darfur (WT)

By Nicholas Kralev

The Washington Times, December 21, 2006

The United States has given Sudan until the end of the year to accept a three-stage U.N. proposal for an international peacekeeping force in Darfur before resorting to a harsher "Plan B," a senior U.S. envoy said yesterday.

The envoy, Andrew S. Natsios, declined to disclose details of the plan, saying it was classified. But diplomats say that a humanitarian corridor and a no-fly zone over Darfur are some of the measures being considered.

"Making threats is not very useful, but we are going to take a different approach to this in January, and there is a plan to do that," Mr. Natsios told reporters at the State Department after briefing Secretary of State Condoleezza Rice on his trip to Sudan last week.

"For us to continue on the process of quiet diplomacy, negotiation and a process to resolve Darfur, then we need progress that's operational, on the ground in Darfur... by the end of the year," he said.

Mr. Natsios also said the Bush administration has been working closely with European allies on the fallback plan, although Arab and African countries have yet to be brought on board.

Many Arab governments back U.N. Secretary-General Kofi Annan's proposal for a three-stage deployment of a 20,000-strong "hybrid" peacekeeping force that includes troops from the United Nations and African Union, he said.

Mr. Annan sent an envoy to Khartoum yesterday with a letter outlining the stages, and Mr. Natsios said Washington needs an official, written response from the Sudanese government.

The first phase calls for a team of about 100 U.N. military advisers and civilian logistics staff, about 60 of whom are stuck in Khartoum, awaiting permission to go to Darfur. In the second stage, 2,000 troops would be deployed, with the remaining troops arriving in the third phase.

Mr. Annan's proposal is a compromise after Khartoum's rejection of a July resolution by the U.N. Security Council calling for a U.N. force to take over from a largely ineffective AU force.

"It is extremely important [to deploy] a robust peacekeeping force that can actually help to end the violence and bring relief to the many innocent men, women and children who are suffering in Sudan," Miss Rice said yesterday.

The Darfur conflict between mostly non-Arab rebels and government-sponsored militias, which Washington has called genocide, began in 2003. The International Criminal Court is investigating possible war crimes in the region, where analysts estimate that 200,000 have been killed and more than 2 million displaced.

Recent attacks on Darfur aid workers' compounds in the town of Gereida have forced the evacuation of 71 staff members and severely restricted humanitarian aid reaching the region's largest population of war victims, officials said yesterday.

About 20 armed men attacked the South Darfur town on Monday night, seizing a dozen vehicles and communications equipment and almost paralyzing aid operations, according to wire service reports.

"It's massive and hugely destructive and has severely disrupted aid operations," said Alun McDonald, spokesman for the British aid organization Oxfam, which had five vehicles stolen and whose compound was fired on during the attack.

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US Hits At EU Emissions Plan For Airlines (FT)

By Andrew Bounds

Financial Times, December 21, 2006

The US on Wednesday condemned as illegal plans to include all airlines flying to and from the European Union in the bloc's greenhouse gas trading scheme from 2012.

"The inclusion of non-EU airlines on a non-consensual basis runs counter to EU member states' legal obligations under the Chicago convention...and their bilateral air transport agreements, including with the US," a government spokesman said.

The European Commission had taken the decision "despite strong objections raised by the US and many other countries," he added. It proposed to "circumvent the appropriate multilateral body", the United Nations-run International Civil Aviation Organisation (ICAO). The US called on the EU's 25 member states to block the proposal, saying that it jeopardised international efforts to tackle the effect of air travel on global warming. It could use a dispute procedure in the 1944 Chicago convention, Washington said.

Stavros Dimas, environment commissioner, stood firm. He said the scheme was legally watertight and that the ICAO, which is expected to produced guidelines on fighting climate change next year, would not act without a firm lead.

Mr Dimas said flights wholly within the EU would be included within the bloc's greenhouse gas trading scheme from 2011, with all flights arriving and departing from the EU being covered a year later. He admitted the fast rate of air travel growth would hardly slow as green groups attacked the plans as too weak.

The European parliament, as well as national governments, must approve the plans. Caroline Lucas, an MEP who drafted a report on the subject that was approved in July, said it was a "wasted opportunity".

Her report noted that airline emissions were up to four times more damaging because they were produced high in the atmosphere. Allowing them to buy cheap permits from other industries would diminish the impact of the scheme.

Mr Dimas's plans to auction 10 per cent of the permits were amended to avoid legal challenges. Instead, the average figure from the 25- member state national allocation plans for industry would be used, which is just under 3 per cent. The rest will be given away based on historic emissions between 2004-6. The World Wildlife Fund estimates the industry could make €3.5bn ($4.6bn, £2.3bn) a year in windfall profits by passing on the perceived costs to customers.

The airline industry welcomed the market-based scheme but said other measures such as a single air traffic control space in the EU would be more useful in cutting emissions.

Europe Acts To Penalize Jet Pollution (NYT)

By James Kanter

New York Times, December 21, 2006

PARIS, Dec. 20 — In the face of stiff opposition from the airline industry, the European Union moved forward Wednesday with plans to impose extra charges on foreign and domestic carriers that pollute too much.

"We are showing our determination to fight climate change," said Europe's environment commissioner, Stavros Dimas, who announced the proposal Wednesday in Brussels. "This is one way to persuade other countries to come along with us."

The rules, which would be legally binding, would apply to all flights within the bloc starting in 2011. Foreign carriers landing and taking off from busy airports like those in Frankfurt, London and Paris would be obliged to join the system the following year. If enacted, the measure could drive up costs for airlines, potentially leading to higher airfares for travelers.

The proposal draws from the principles of an established system that Europe now uses to help combat global warming and meet emissions goals set forth under the Kyoto Protocol.

Under that plan, which has so far exempted airlines, governments set goals for the carbon dioxide emissions of producers of power, cement, fuels, pulp and paper. If they exceed those goals, companies must purchase allocations, or credits. Many airlines, supported by the United States government, are seeking to blunt the European plans, calling them expensive and unworkable. They want the International Civil Aviation Organization, a United Nations agency, to draw up any rules for emissions trading so that all countries comply.

Giovanni Bisignani, director general of the International Air Transport Association, a group that includes most of the world's airlines, said Wednesday that he would continue to seek changes before the plan was approved by European Union governments and the European Parliament, a process that is likely to take years.

"We are concerned about the legal implications of applying the scheme outside Europe from 2012," Mr. Bisignani said. "We must have a global approach for a global problem."

Mr. Dimas maintained that his plans were legal, and he encouraged governments and airlines to speed efforts to reach a global accord to cap emissions, rather than block European efforts.

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Peter Lockley, a policy analyst at the Aviation Environment Federation in London, praised Mr. Dimas for "standing up to pressure from the U.S. and certain sections of the aviation industry" by including all flights landing at and taking off from European airports.

But Mr. Lockley criticized plans to give airlines most of their pollution credits free, rather than through more extensive auctions. Mr. Lockley also said that airlines, like other heavy polluters in Europe, should be required to reduce their emissions from 1990 levels, rather than from present levels.

Officials from the International Air Transport Association acknowledged that they had already won concessions from Europe in recent weeks, including a delay in specific plans to regulate nitrogen oxide, another pollutant emitted by aircraft engines.

British Airways said the planned legislation would "now treat aviation more similarly to other industries." But Lufthansa, a German carrier, sharply criticized the plan, saying that more rapid action to streamline air traffic control and reduce flight detours and holding patterns would be far more effective at cutting emissions.

The proposals "would tie up resources and capital by bureaucracy," Lufthansa said, warning that "important investments in environmentally friendly technologies would have to be postponed." Lufthansa is more dependent for overall sales than British Airways on flights that take off and land in the European Union.

The international air transport group said that Europe's proposal could still cost airlines globally up to 2.9 billion euros ($3.8 billion) a year to buy allowances starting in 2012, when the rules are expected to cover all flights in and out of the union.

But European officials said that airlines should be able to pass much of the extra costs on to passengers, who would face increases in ticket prices of $2 to $12 for a trip within the European Union over the next decade. Officials said a return flight to New York might cost an additional $10 to more than $50, depending on how much individual airlines would have to pay for extra carbon allowances.

Fliers Could See Fares Rise When EU Pollution Allowances Begin (AP)

By Aoife White

AP, December 21, 2006

BRUSSELS — Airlines that fly within the European Union will have to trade pollution allowances beginning in 2011, the European Commission said Wednesday, which could see travelers pay more for popular short-break trips.

Expanded rules covering all airlines that fly into the EU will take effect the next year, a move that would hit U.S. airlines on their lucrative trans-Atlantic routes.

Airlines are generally in favor of the plan, since EU officials had warned them that refusing to back a carbon emissions trading program would result in an aviation tax.

But the Commission urged the airline industry to cut down on releasing the greenhouse gas that causes climate change.

"EU emissions from international air transport are increasing faster than from any other sector," it said. "This growth threatens to undermine the EU's progress in cutting overall greenhouse gas emissions."

The plan could add between 1.80 euros and 9 euros (about $2.40 to $11.80) to a typical return flight within Europe with higher price hikes for long-haul trips. The Commission said this would be "significantly lower" than recent oil price increases passed on to air travelers.

Bowing to pressure from trade partners, the EU's executive arm will give all flights to and from EU airports an extra year to join the program.

All airlines — based in the EU or elsewhere — will have to trade emissions beginning in 2012 for all flights to and from European airports, it said.

The plan is compatible with international rules, EU Environment Commissioner Stavros Dimas said, adding that he did not believe U.S. airlines would win a challenge to it. He called on them to play their part in the fight against climate change.

It's a global problem," Dimas told reporters. "It needs a global solution."

The emissions trading program gives airlines a financial incentive to reduce emissions because they can sell allowances that they don't use. But if they fail to convert to low-carbon technology or simply increase their flights, they will be punished by being forced to buy additional allowances to release more carbon dioxide.

The EU said aircraft emissions currently make up 3% of total greenhouse gas emissions — higher than any other industry — but are increasing fast as cheap flights multiply and would likely double by 2020.

"Without action, the growth in emissions from flights from EU airports will by 2012 cancel out more than a quarter of the 8% emission reduction the EU must achieve to reach its Kyoto Protocol target," it said.

Someone flying from London to New York and back generates about the same level of emissions as the average person in the EU does by heating their home for a year, the Commission said.

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Emissions will be capped at the average from 2004 to 2006, it said. Some allowances will be auctioned by national governments but most will be given away.

Scandinavian airline operator SAS AB said carbon trading was the best option because it did not punish economic growth. But it said it would have preferred to start with a global plan "in environmental terms and from a competitive perspective."

The Association of European Airlines, which represents Air France SA and British Airways, backed emissions trading but warned that a poorly designed program could strip airlines of the funds they need to introduce cleaner technology. The International Air Transport Association also gave it a "cautious welcome."

But environmentalists claimed the EU plan was too weak, citing a report from a British research organization, the Institute for Public Policy Research, that said airlines could earn up to 2.7 billion pounds ($5.26 billion) because they will get emissions allowances for free and pass on the costs in higher ticket prices.

One group, Transport and Environment, said the plan would barely reduce overall emissions and more measures were needed such as a tax on fuel and sales tax on tickets.

"This looks like business as usual and the likelihood of massive windfall profits for the industry," said T&E director Jos Dings.

Caroline Lucas, a Green Party member of the European Parliament, said airlines produce other greenhouse gases not covered by the plan, meaning their total contribution to climate change is between two and four times greater than other industries.

The required adoption by the European Parliament was unlikely while the plan runs "completely counter to their clearly stated view that all flights into and out of the EU should be included, and that the non-CO2 emissions should be taken into account,", said Lucas, a British MEP.

EU governments and the Parliament must back the plan — and can make changes — before it takes effect.

Paper Chase China's Reporters Face A Backlash Over Investigations (WSJ)

By Geoffrey A. Fowler And Jason Dean

The Wall Street Journal, December 21, 2006

BEIJING -- In a country where media censorship is national policy, Liu Jianqiang has pulled off some remarkable journalistic scoops.

When a wealthy socialite struck and killed a farmer with her BMW in northeastern China three years ago -- and then got off with a slap on the wrist -- it was Mr. Liu, an investigative reporter from out of town, who dug deep into the case. Local reporters who had been hushed up by government officials passed him information on irregularities in the way prosecutors handled the trial.

The result was a widely read story that suggested corruption influenced the verdict. Within days of the article's publication, the government ordered an official investigation. A prosecutor in the case was later convicted of receiving bribes on the BMW and other cases, and sentenced to six years in prison.

"There are people who don't want things to come out," says Mr. Liu. "But there are always other people who do."

Today, China's government is waging a media crackdown on such hard-hitting reports. Some officials fear that investigative reporting feeds public discontent over social ills such as rampant pollution, a growing wealth gap, and especially corruption. Prominent editors at publications around the country have lost their jobs. A law under review in China's legislature could make it much more difficult for reporters like Mr. Liu to investigate emergencies and dig up wrongdoing in distant towns and villages.

Mr. Liu's journalistic successes and the pressure he and his peers now face reflect the Chinese leadership's deep ambivalence toward the press. Journalists have become an effective tool for rooting out corruption, one of China's most intractable problems. They also unnerve Communist Party rulers fearful of unrest and any challenge to their authority.

In September the party ousted one of its highest-ranking members, Shanghai party secretary Chen Liangyu, as part of a probe into misuse of the city's $1.2 billion pension fund. The dismissal of Mr. Chen followed in-depth stories in several publications about the involvement of Mr. Chen's allies in the scandal.

For years, the government treated newspapers and TV stations -- all of which were at least partly state-owned -- as propaganda vehicles, and profitability wasn't a priority. Typical front-page news included tedious recitations of party leader speeches and profiles of model communist workers.

But as China's economic reforms gathered steam a decade ago, the government began cutting subsidies to media outlets and subjecting them to market forces. Many print media groups, increasingly forced to fend for themselves, produced commercial titles to draw readers and tap China's booming ad industry. At the same time, the party began officially encouraging watchdog journalism by state-run media outlets under the rubric "supervision by public opinion."

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The changing atmosphere prompted some news outlets to pump up their investigative reporting, which quickly won over readers eager for an alternative to bland propaganda. Southern Weekend, the newspaper where Mr. Liu made his name, was among the first to make that shift. In 1992, the party-controlled Nanfang Daily Group transformed what had been a four-page entertainment newspaper into a hard-hitting weekly covering national news. It won more than a million readers, and advertising dollars flowed in. The paper, based in the booming southern city of Guangzhou, became famous for edgy interviews, such as one published in 2001 with members of a gang that had killed 28 people in a spree of murder and theft. The story analyzed the role of poverty in gang violence, and challenged China's growing inequality.

China's censors still wielded the authority to block sensitive stories about corruption and wrongdoing, and some topics -- such as direct criticism of senior leaders -- remained strictly off limits. But journalists at Southern Weekend and other publications found loopholes.

One of the most effective ones involved reporters digging for news in distant parts of the country, away from their own censors. China's censorship often relies on local officials using their influence over the local press. Out-of-towners escaped their reach.

The practice of sending reporters to investigate wrongdoing in other locations became known as yidi jiandu, or "cross-regional supervision." Journalists exploiting this regulatory gray zone helped expose such problems as China's massive rural HIV/AIDS crisis, which devastated the countryside in Henan province.

Aggrieved farmers and families of mining-disaster victims began seeking out journalists. Some papers, including Southern Weekend, set up special hotlines for calls from readers with grievances and story ideas. The growth of the Internet also helped enterprising reporters sniff out stories or get them published by faraway newspapers. Local government officials in provinces all around China soon feared visits from out-of-town reporters, especially from Southern Weekend.

One of the paper's most aggressive news hounds was Mr. Liu, now 37 years old. During his childhood in rural Shandong province, China didn't have any investigative journalists. His father, who had worked in a small municipal waterworks, was banished with the rest of the family to the countryside during the decadelong Cultural Revolution that began in 1966. With no books in the house, Mr. Liu learned to read using the only written material available -- self-criticisms his father was forced to write for his purported political offenses.

In college, Mr. Liu studied Marxism and then went to work for a bank. Bored with his job, he took a writing test for his local Communist Party newspaper, and landed a reporting job in 1997. The work wasn't as exciting as he had hoped. "I would follow party leaders and write that they went to a place and had a very important speech," he says.

In 2000, Mr. Liu joined a journalism program at Tsinghua University, one of China's top schools. There, he began to read overseas newspapers. He studied the Pulitzer Prizes. "My whole world changed," he says. "I learned what real news was."

After completing his master's degree in 2003, Mr. Liu found a job in the Beijing bureau of Southern Weekend. There, his editors got wind of the BMW incident. Local journalists in Harbin, a major city in the northeast, had been filing uncritical stories on the trial of the wealthy driver. Then, Chinese Internet forum users and bloggers began commenting on the case, raising its national profile.

Mr. Liu went to Harbin to investigate. He says he set up lunch with local journalists, some of whom "had information they could share, but had been instructed by the local propaganda department not to do so." One journalist hinted to Mr. Liu that the trial was flawed, and passed him a videotape of the court proceedings.

Mr. Liu took a taxi to the tiny village where the victim's husband lived. But the husband, Dai Yiquan, didn't want to talk about the accident. As Mr. Liu tried to put him at ease, another farmer pulled up in a tractor with a machine to grind corn into feed. Mr. Liu, familiar with such chores from his childhood on a farm, offered to help Mr. Dai.

Several bushels later, Mr. Liu had won Mr. Dai's trust, and a major lead on the story. The husband, it turned out, had told police that the BMW driver had shouted and cursed at the couple before the collision, and had tried to hit him with her car before striking his wife. This belied the defendant's claims that the incident was a simple accident.

Back in town, Mr. Liu found a judge -- a friend of a friend -- who helped him review the videotape of the court proceedings. They found that the prosecutor never introduced Mr. Dai's recounting of the driver's verbal assault, nor his allegation that the collision was intentional. The judge told Mr. Liu this omission was a violation of Chinese court procedure. Mr. Liu's story ran in the following week's Southern Weekend. The headline read: "Harbin's 'BMW-Hits-Pedestrian' Case Clouded by Doubt: Numerous Problems Emerge in Legal Procedures."

Two officials connected with the case were eventually removed from office. One, a prosecutor named Pang Jiulin, was convicted in August of 2004 of corruption for having taken $10,125 in bribes in the BMW and other cases. He was sentenced to six years in prison. Zhang Yanbin, another local official, was dismissed in July for taking a $1,012 bribe. The court report said that the BMW bribe was from the driver's family, but never said who was doing the bribing in the other cases.

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The provincial propaganda department office declined to comment on the case. Messrs. Pang and Zhang couldn't be reached for comment.

Mr. Liu later scored other journalistic coups. A front-page story he wrote last year helped prompt the government to abandon a project to seal the bottom of a Beijing lake after showing that the project was destroying the surrounding ecosystem. It won him an environmental reporting prize sponsored by DuPont Co. After he wrote a piece about an HIV prevention program for sex workers in Yunnan province, the Bill and Melinda Gates Foundation paid for him to attend the International AIDS Conference in Toronto.

But outwitting the system through yidi jiandu soon got a lot tougher for Mr. Liu and his colleagues. In the summer of 2005, Mr. Liu landed what he thought was another big scoop: a tip, he says, that the deputy governor of Henan province was being investigated for conspiring to have his wife killed.

Mr. Liu called the police for comment. "I knew that the story was sensitive and if I got one little thing wrong, they would use it to come after me," he says. When he called at 10:00 a.m. the day before the story was to run, police confirmed the case existed, but said they were still awaiting instruction from authorities on how to talk about it, Mr. Liu says.

That afternoon, the propaganda department of Guangdong province, Southern Weekend's home, called Mr. Liu's editors and told them not to run the story, he says. He believes the call came because the Henan propaganda department asked the central government to intervene in the case. The Guangdong and Henan propaganda departments didn't respond to a request for an interview.

Only months later did China's high court release rudimentary details of the case. In October of 2005, the vice governor was sentenced to death for the murder of his wife, according to the court's official Web site.

The incident was a sign of bigger problems. As muckraking stirred up public angst, government officials grew frustrated. "The central government is using the media as a watchdog," says Li Xiguang, executive dean at the School of Journalism and Communication at Tsinghua University. But officials are also "very much worried about mistrust of the public toward the government."

In particular, the increasingly freewheeling media were criticized by some outside the government for shoddy journalistic practices. "Commercial pressure seeks readers, and people love negative news," Mr. Li says.

Such criticism resonated with the administration of President Hu Jintao, who has made building a "harmonious society" a big priority since he took office in 2003. Last fall, the government stepped up its curbs on the Internet and fired or censured several prominent editors. The central government also issued a guideline calling for an end to "cross-regional supervision" reporting.

When Southern Weekend's top editor heard the news, he held a somber staff meeting. "Everyone felt helpless," says Ruichun Yang, at the time Southern Weekend's page-one editor, who adds: "If yidi jiandu ends, so does watchdog journalism." Soon after, three of the weekly's front-page stories were yanked before they went to press, says Ms. Yang.

The guidance against yidi jiandu doesn't yet constitute Chinese law, and Southern Weekend still sends its staff to report in other provinces. But editors think twice now before doing so. Today as many as one in five of Southern Weekend's big stories end up getting axed, and many more ideas are killed before they're even reported, Ms. Yang says.

Officials at Nanfang Daily Group, Southern Weekend's owner, didn't respond to a request for an interview.

A frustrated Mr. Liu took a sabbatical last April to write a book about Tibetan culture, and returned only this month. He and other Chinese journalists say they haven't given up. "Even with the restrictions on political reporting, there is a lot of room for Chinese journalists to write meaningful articles," Mr. Liu says.

Last summer, China's legislature began debating a proposed law that would make yidi jiandu harder, by enabling heavy fines against journalists who report news without the authorization of local governments. But in a surprising show of defiance, some newspapers and magazines condemned the draft law almost immediately after lawmakers began considering it in June. The proposal remains under discussion.

Chinese Journalist Freed Five Years Early (WT/AP)

By Elaine Kurtenbach, Associated Press

The Washington Times, December 21, 2006

SHANGHAI -- A journalist serving a 13-year jail term for reporting about a bogus irrigation project has been released five years early to unusually vocal official acclaim for his determination to fight corruption.

Gao Qinrong, previously an investigative journalist for a state-run newspaper in northern China's Shanxi province, was imprisoned in 1998 and released earlier this month, according to media activists and state press reports.

Such developments rarely win a mention in China's state-controlled press, given the political sensitivities over Beijing's violations of freedom of press and other civil liberties.

DOJ_NMG_0108329

Yet, Mr. Gao's case is being touted as evidence of the country's willingness to empower the press to help fight corruption.

"That the local reporter Gao Qinrong was framed and imprisoned after revealing the frightful spectacle of local corruption is a highly irregular situation," the state-run newspaper Southern Weekend said in a commentary accompanying a lengthy interview with Mr. Gao after his release.

"Why should media today have to face this problem or that problem when reporting on the problem of corruption?" it stated. Mr. Gao, 51, was not immediately available for comment yesterday.

In the interview, he insisted he was right in publishing the reports that resulted in his imprisonment.

"To be a journalist, you have to speak for the people," Mr. Gao told Southern Weekend. "If I hadn't published that report, it would be as if the case never happened. We can't all be yes-men. If we are, what hope is there for our country?

"Corruption must be exposed," he said.

The authorities' motives in highlighting Mr. Gao's case are not clear.

Mr. Gao drew national attention with a 1998 report in the Shanxi Youth Daily that a $35 million irrigation project in Yuncheng, a city in northern China, was a scam meant to boost the careers of local officials. It was published in the Communist Party newspaper the People's Daily and followed on state-run television.

Months later, Mr. Gao was arrested by Yuncheng officials on charges of bribery and fraud, among others, and sentenced after a brief trial to 13 years in prison.

His release comes as China's top leaders are orchestrating simultaneous corruption crackdowns in several major Chinese cities, including Beijing and Shanghai.

The scandals appear to be aimed at appeasing public anger over corruption while shoring up the power base of President Hu Jintao ahead of an important party congress next year.

Welcome, Wal-Mart Comrades (WSJ)

The Wall Street Journal, December 21, 2006

For a peek into China's labor market, look no further than Wal-Mart. In North America, the world's biggest retailer prefers to close down stores rather than tolerate unionized staff. But in China, most of Wal-Mart's 68 stores not only have labor unions, but six locations now boast Communist Party branches as well. What's next? Comrade Sam's Clubs?

The latest Wal-Mart Party cell debuted Friday at the chain's headquarters in Shenzhen. This followed the company's decision in July to give in after years of pressure from the nationally sanctioned All-China Federation of Trade Unions. Thirty employees at a Wal-Mart store in Fujian province unionized. According to the ACFTU, it now has more than 6,000 members in Wal-Marts across China. The Party has followed the unions' path through the front doors.

Wal-Mart spokesman Jonathan Dong told China Daily that Wal-Mart supports the Shenzhen cadres. "We have had this attitude since the trade union was established [in July]," he said. "Both will be good for the development of Wal-Mart in China."

That's not a sure thing. For starters, the function of the new unions remains unclear. Labor lawyers tell us that Chinese unions aren't like those in the West. Relations with management are generally benign. Demonstrations are rare, as unions and party cells like to keep a low profile. So a company like Wal-Mart may not perceive much threat from opening its doors to union and Party. But there's nothing to guarantee that union members won't catch onto the practices of their Western peers.

Legal change is afoot, too. Sometime in the next week, Beijing's legislature is expected to hold a second reading of the Labor Contract Law. The document will redefine labor rights and the ACFTU's power. The first draft gave foreign investors a jolt. It made employee dismissals for poor performance difficult. The draft also required company policies and regulations to be negotiated between employer and "employee representatives," a la Germany.

More than 190,000 industry players registered comments on the draft law with the Party. Many believe the new version will be more employer friendly, though the draft still hasn't been made public. Many foreign-invested firms are waiting for the passage of the legislation before deciding whether to admit the ACFTU, as Wal-Mart did.

Which makes Wal-Mart's embrace of union and Party all the more puzzling. Perhaps Wal-Mart wasn't given much of a choice, and was chosen to send a message to other foreign-invested enterprises. Which is: We're watching you from outside, and inside.

DOJ_NMG_0108330

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From:	USDOJ- Office of Public Affairs
Sent:	Friday, December 22, 2006 8:12 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, December 22, 2006
Attachments:	agnb061222.pdf; agnb061222.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 22, 2006 7:45 AM EST

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TERRORISM NEWS:

Editor's Note. In observance of the federal Christmas holiday, the Attorney General's News Briefing will not be published on Monday, December 25. Bulletin News wishes all of our readers a very happy holiday, and we look forward to working with you in 2007.

Rice Asks Chertoff, DOJ To Review Arar Case. Bloomberg (12/22, Zacharia) reports that in a press conference yesterday with Canadian Foreign Minister Peter MacKay, "U.S. Secretary of State Condoleezza Rice has asked homeland security chief Michael Chertoff and the Justice Department to review the case of Maher Arar, a Canadian citizen who Canada says was wrongly accused of links to terrorism and remains on a U.S. terrorist watch list. … Canada has removed Arar from its watch list and wants the U.S. to do the same." Bloomberg adds, "Asked if she had anything to say to Arar on how he has been treated, Rice defended U.S. counterterrorism and border security procedures, saying 'it needs to be understood that in the post-September 11 circumstances we are determined to protect our borders.'

CBC News (12/21) reported Rice said that "U.S. security officials will review why…Arar is still on a U.S. terrorist watch list," but she "reiterated that the U.S. makes its own security decisions based on independent information. 'We value accuracy in cases but we do have our own process,' she said. 'It needs to be understood that in the post-Sept. 11 circumstances, we are determined to protect our borders.' MacKay said he brought up Arar's status in the meeting with his U.S. counterpart and reiterated that Arar has been cleared by the Canadian government of any ties to terrorism." CBC noted, "The meeting between MacKay and Rice came a day after" DHS Acting Assistant Secretary for International Affairs Paul Rosenzweig "bluntly stated the U.S. would follow its own path on Arar without informing Canadians on its reasons. … Prime Minister Stephen Harper told Sun Media that 'as near as I can see, we simply have a U.S. government that won't admit it's wrong.'"

New Analysis Finds Hudson River Tunnels Vulnerable To Bomb Attack. The New York Times (12/22, Rashbaum, Neuman, 1.16M) reports, "An analysis done for the Port Authority of New York and New Jersey says that the PATH train tunnels under the Hudson River are more vulnerable to a bomb attack than previously thought, and that a relatively small amount of high explosives could cause significant flooding of the rail system within hours." The new information was shared with the Times "by a government official who was troubled by what the official felt was a lack of action in response to the analysis, which the official said the Port Authority got about three weeks ago." The official said the Port Authority had not yet informed the governors of New York and New Jersey, the "Department of Homeland Security, Mayor Michael R. Bloomberg, the New York Police Department or other law enforcement agencies" of the results of the analysis.

Five Cuban-Americans Testify In Posada Carriles Probe. The AP (12/22, Press) reports, "Five Cuban-Americans were called to testify in a federal grand jury probe exploring allegations they helped send more than $30,000 to an anti-Castro militant suspected of directing attacks on Cuba, their lawyer said Thursday. All five deny wrongdoing, attorney Gilberto M. Garcia said. He told The Record of Bergen County that four of his clients claim someone used their names to send transfers to Luis Posada Carriles," and "a fifth, Oscar Rojas, acknowledges handling transfers but says he did so only at the request of a former millionaire businessman that he worked for and did not know what the funds would be used for, according to The Record." The AP notes, "Justice Department spokesman Bryan Sierra would neither confirm nor deny an investigation into the money transfers was ongoing."

HOMELAND RESPONSE:

Chertoff Says DHS Will Issue New Chemical Plant Security Rules. The New York Times (12/22, Lipton, 1.16M) reports following "years of debate, and criticism over the delay," Department of Homeland Security Secretary Michael Chertoff said Thursday that the department will issue chemical plant security rules Friday that "will bring us to a much higher level of security." However, "the draft regulations will almost certainly evoke protest from

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Democrats on Capitol Hill — as well as from state officials — because they may allow a federal pre-emption of conflicting and perhaps more demanding state laws. They also may allow the Department of Homeland Security, under certain circumstances, to recognize as sufficient the security measures already put in place voluntarily by major chemical manufacturers, meaning that for many plants, few if any changes would be required." The times continues that the draft rules "will leave it up to plant owners to decide what measures are most appropriate, although the Homeland Security Department will review the plans and have the power to order changes."

The Wall Street Journal (12/22, A3, Block, 2.04M) reports the rules were "heavily influenced by the chemical industry," and "will tell plants what they need to do, and not how, a strategy unlikely to satisfy many Democratic lawmakers who take control of Congress next month." Chertoff said the announcement "is part two of what we did with respect to trains carrying hazardous chemicals between places. These rules now cover security when those chemicals come to rest." The Journal adds that critics saw the rail security rules unveiled last week "as weak -- a charge also likely to hit the chemical-plant rules."

DHS Privacy Office Says Secure Flight Violated Federal Law. The Washington Post (12/22, A7, Nakashima, Wilber, 690K) reports a report to be issued Friday by the Homeland Security Department's privacy office says "Secure Flight, the US government's stalled program to screen domestic air passengers against terrorism watch lists, violated federal law during a crucial test phase" when it gathered "passenger data from commercial brokers…without notifying the passengers." It is "the first time that the Homeland Security Department has acknowledged that the problem-plagued Secure Flight program has violated the law." The report finds "that 'the disparity between what TSA proposed to do and what it actually did in the testing program resulted in significant privacy concerns being raised."

Audit Finds DHS Lacks Financial Controls. The New York Times (12/22, News, 1.16M) reports the auditing firm KPMG LLP has found, for the third straight year, that it could not provide an opinion on the balance sheet of the Department of Homeland Security "because of its lax financial controls and oversight. The department last year hired a chief financial officer, David Norquist, for the first time. In a Nov. 15 letter, Mr. Norquist wrote: 'We agree with the independent public accountant's conclusions. Since my arrival at the department I have made corrective actions my highest priority.'"

"Material Support" Laws Said To Be Limiting Refugee Admission Into US. The Los Angeles Times (12/22, Gaouette, 850K) reports that post-9/11 US laws denying "admission to anyone who has provided 'material support'…to terrorist groups" have expanded over the last few years "to the point that they are disqualifying people who even immigration judges agree pose no threat to the US." Critics say disqualifications of people who unwillingly supported terrorists "are a big reason why refugee admissions in fiscal 2006 fell to 41,277 from more than 50,000 in each of the two previous years. The material-support clause has even snared American allies who fought alongside US troops or at the United States' behest." The Times adds that "Homeland Security officials say they hope for legislation next year" that "would expand the use of government-issued waivers that allow an otherwise banned group or person into the country."

WAR NEWS:

Eight Marines Charged In Haditha Killings. ABC World News (12/21, story 4, 2:40, Gibson, 8.78M) reported, "Criminal charges were filed today against eight Marines in a case that has damaged the US military's reputation in Iraq and throughout the Muslim world, the alleged massacre of 24 civilians in the Iraqi town of Haditha. Four of the Marines were charged with murder, and four were charged with dereliction of duty." The CBS Evening News (12/21, lead story, 2:41, Couric, 7.66M) said that "in a war filled with horrors, this was one of the most shocking." CBS (Martin) added, "It's the biggest criminal case of the Iraq war, a sergeant faced with 13 counts of murder and a lieutenant colonel accused of dereliction of duty are among the eight Marines charged. It all started when an improvised explosive device, or I.E.D., killed one Marine." Col. Stewart Navarre, spokesman US Marine Corps: "Over the next several hours, 24 Iraqi men, women, and children, died in the vicinity of the IED explosion." Martin: "Sergeant Frank Wuterich, the leader of the squad ambushed in Haditha a year ago, is charged with killing 12 Iraqi civilians. He's also accused of killing six when he opened fire without first identifying his victims. His attorney insists Wuterich was not out for revenge." Neal

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Puckett, defense attorney: "Everything he did that day was in an effort to protect his Marines from any further harm after the IED went off." Puckett "portrayed the war -- nasty, urban combat in which one false step can lead to death -- as the real culprit."

NBC Nightly News (12/21, story 4, 1:10, Miklaszewski, 9.87M) reported, "Military officials say it appeared some of the victims had been shot execution-style. Defense lawyers argue the Marines were using appropriate force under the current rules of engagement. Four other Marines – officers -- have also been charged with dereliction of duty for failing to investigate the incident. Now, if those four initial Marines are court-martialed and convicted of murder, they could face life in prison on each count." The Los Angeles Times (12/22, Marosi, Perry, 850K) notes, "Initial reports from the Marines stated that 15 civilians died in an explosion and eight Iraqis were killed in a firefight. Only after Time magazine published an investigative story suggesting that the Marine account was false did the military begin its own investigations."

The AP (12/22, Watkins) reports, "At a news conference to announce the charges, military officials would not say what they believe prompted the killings. But investigators have raised the possibility that the men went on a rampage in a fury over the roadside bombing that killed Lance Cpl. Miguel Terrazas of El Paso, Texas, and wounded two other Marines." USA Today (12/22, Kasindorf, 2.27M), New York Times (12/22, Von Zielbauer, Marshall, 1.16M), Washington Post (12/22, A1, White, Geis, 690K) and Christian Science Monitor (12/22, Knickerbocker, 59K) also report on the incident and charges.

Contractor Accused Of Opening Fire On Civilians. NBC Nightly News (12/21, story 6, 2:55, Williams, 9.87M) reported on "two men who went to Iraq as part of a team of heavily-armed private security contractors and who now tell NBC News they saw their supervisor open fire on Iraqi civilians just, as they say, 'for the thrill of it.' An act of violence by contractors would not be an isolated incident in Iraq. But this story comes as a new Federal report accuses the Pentagon of failing to adequately oversee private contractors in that war zone." NBC (Myers) added, "Shane Schmidt is a former Marine Corps sniper, Chuck Shepard, a former Army Ranger. Both joined the legions of heavily-armed private security contractors in Iraq. They claim that during a mission last July, another American fired unprovoked into two Iraqi civilian vehicles, possibly killing at least one person. Do you think a crime was committed that day?" Triple Canopy "does not deny that shootings occurred. But it says the facts, including what might have provoked the shootings, are in dispute and it has no evidence anyone was hurt."

Gates Hears Support For More Troops In Iraq. The AP (12/21, Baldor) reports Defense Secretary Robert Gates "traded ideas with Iraqi leaders Thursday about boosting military assistance for the embattled government and warned Iraq's neighbors that the U.S. will be a presence in the Persian Gulf for a long time." Gates said that "Iran and Syria are playing a negative role in the violence" and added, "We need to make damned sure that the neighbors understand that we're going to be here for a long time -- here being the Persian Gulf." He also said that "there are several approaches that could be used to improve security, yet offered few details." In speaking to soldiers, Gates "asked whether adding forces would help" and "got a roomful of nods and smattering of 'yes, sir' responses." Meanwhile, the New York Times (12/22, Cloud, 1.16M) says Gates, "talking to enlisted soldiers on his second day in Iraq, heard broad support today for a proposal to send more American forces to Iraq." Gates also said that in a "meeting with Prime Minister Nuri Kamal al-Maliki and other senior Iraqi officials…he had discussed 'the possibility of some additional assistance' with the Iraqis, but that there had been no mention of specific numbers of additional American troops."

The Washington Post (12/22, A23, Ricks, Raghavan, 690K) reports that Maliki told Gates that "he would let U.S. generals decide whether there is a need for a 'surge' in U.S. troops deployed in Iraq." Iraqi Defense Minister Abdul Qadir Muhammed Jassim "indicated general acceptance" of an "increase in the number of U.S. troops." But Sami al-Askari, "a Shiite member of parliament who is close to Maliki" said that at a meeting of Shiite parliamentarians "there was a general feeling that 'there's no need for further troops.'" Maliki's office said that he "told Gates that Sunni Arab insurgents and loyalists of Saddam Hussein's former Baath Party were behind the violence unfolding in the capital." Maliki "advisers say he has proposed a two-pronged strategy in which U.S. troops would target Sunni Arab insurgents in outer Baghdad neighborhoods for four to eight weeks, while Iraqi forces would take over control of inner Baghdad." At a breakfast with "more than a dozen enlisted soldiers" Gates "got an earful about the need for more personnel."

Some Military Leaders Could Back Troop Surge. The Wall Street Journal (12/22, A4, Harwood, 2.04M) reports,

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"Some military leaders aren't opposed to Iraq troop surge. Army leaders privately tell White House they could back more soldiers if Bush provides latitude to sustain the effort through reserve call-ups."

Armed Forces Expansion Favored By Retired Officers And Joint Chiefs. The Washington Times (12/22, Scarborough, 88K) reports, "President Bush only acceded to a jump in the number of U.S. Army and Marine Corps ground troops after intense pressure from senior officers, active and retired, including the Joint Chiefs, defense sources said." Bush "heard about the stressed Army and Marines Corps from a group of retired officers at the Pentagon" and he "listened to a request for more combat forces from Gen. Peter Schoomaker, the Army chief of staff, and Gen. James T. Conway, the Marine commandant." Schoomaker "and Mr. Rumsfeld's staff did not see eye to eye on the size of a budget increases needed to replace damaged equipment." Meanwhile, "the Joint Chiefs do not favor proposals from Democrats to remove all 135,000 troops immediately from Iraq or to bring them out in a preset timeline." Retired Air Force Lt. Gen. Thomas McInerney said, "We are badly under-funding the Department of Defense for the missions we have given them."

Gates, Rumsfeld Styles Contrasted. The New York Times (12/22, Cloud, 1.16M) runs a profile of Gates this morning, in which the new secretary is contrasted (favorably) with former Defense Secretary Donald H. Rumsfeld. For example, the Times notes Gates' use of meetings with soldiers to "collect impressions about conditions outside the heavily fortified American military compounds." But "it is easy -- and facile -- to view almost every move he makes as either a deliberate or unconscious repudiation of Mr. Rumsfeld." The article indicates some "similarities" between the two, noting that "both men left Washington for long periods" and that Gates can "be an exacting bureaucratic taskmaster." But "Gates has not returned with sweeping ambitions of transforming the department. Nor has he brought a coterie of ideologically driven aides with him." Gates also "leaves no doubt that he sees fixing Iraq as his overriding mission." And "perhaps he recognizes that his best management tool, at least for now, is to be seen as the anti-Rumsfeld."

Rice Says US Can Still Win In Iraq. In an exclusive interview with the AP (12/22, Gearan), Secretary of State Condoleezza Rice said Iraq is "worth the investment" in American lives and dollars and "said the US can still win a conflict that has been more difficult than she expected." Asked whether an additional $100 billion the Pentagon wants for the Iraq and Afghan wars "might amount to throwing good money after bad in Iraq," Rice said, "I don't think it's a matter of money. Along the way there have been plenty of markers that show that this is a country that is worth the investment, because once it emerges as a country that is a stabilizing factor you will have a very different kind of Middle East." The secretary noted that "a lot has been invested in Iraq," and said President Bush would not ask for continued sacrifice and spending "if he didn't believe, and in fact I believe as well, that we can in fact succeed."

On PBS' NewsHour (12/21, Warner), Rice said, "The President's looking at his options. And I'm going to look at them with him. And, of course, we'll give him advice. But my view is that we need to do what needs to be done in order to win. … The President is waiting not to hear reports of what commanders may be saying, or rumors about what commanders may be saying, or even the voices of a commander here or a commander there, but rather to get a systematic look at what his options are, at what the people on the ground, the commanders, think is going to help support this Iraqi government in getting control of the violence in Baghdad. And he'll make a decision at that point."

Experts Skeptical About Possibility Of Victory. NBC Nightly News (12/21, story 8, 3:25, Williams, 9.87M) reported on the results of asking "five prominent thinkers and policymakers -- how do you define victory in Iraq?" Their responses were generally negative, saying that victory was "unlikely" or "no longer achievable" yet each held out the hope of a redefined victory under a new strategy. Jamil Mroue, Editor-in-Chief, The Daily Star, Beirut: "Victory to this part of the world is stability." He urged the U.S. to "move from a paradigm of security and force to an active role in justice, which is the essence of America, then there is possibly a win-win situation that would be victory." Susan Rice, Senior Fellow, Brookings Institution: "A stable, democratic, peaceful Iraq -- is no longer achievable in a reasonable timeframe, if it ever was." Instead, "the best we can hope for at this stage, and it is a long shot, is to prevent Iraq from becoming a fully failed state." Dr. Henry Kissinger, Secretary of State, 1973-1977: "Victory…is unlikely." But, "An end to the civil war and a coalition government that prevents the establishment of terrorist ends on its territory" is "achievable, but not by the present strategy." Paul Rieckhoff, Executive Director, Iraq & Afghanistan Veterans of America: "For most of the troops on

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the ground, the key victory is just surviving." Still, "if victory is trying to stand up a government and trying to save face, maybe we've got a chance." Sen. Kay Bailey Hutchison: "I think everyone agrees that adjustments are due but let's do it in a way that continues the overall goal of stopping terrorism and protecting Americans and freedom-loving people throughout the world."

Sadr, Sunni Group Seen As Undercutting Drive Toward New Iraqi Coalition. The New York Times (12/22, Glanz, 1.16M) reports, "Several Iraqi political groups on Thursday maneuvered to undercut an American-backed initiative that would create a multisectarian bloc intended to isolate extremists like the Shiite cleric and militia leader Moktada al-Sadr. The bloc would consist of Sunni Arab, Shiite Arab and Kurdish parties in an alliance that would be novel in Iraq's highly sectarian political environment. This week, Iraqi and Western officials said that Grand Ayatollah Ali al-Sistani, a highly influential Shiite cleric, had given a tentative go-ahead to the coalition." But yesterday, "Saleem Abdullah, a Sunni Arab lawmaker who is a senior member of the Iraqi Islamic Party, said his party had set tough new conditions for its participation in the bloc."

Meanwhile, says USA Today/AP (12/22, 7A), "Sadr has agreed to allow supporters to rejoin the Iraqi government after a three-week boycott, officials close to the militia leader said Thursday, as political rivals pushed to form a coalition without him. Shiites from parliament's largest bloc met Thursday in their holy city of Najaf to try to forge a new coalition across sectarian lines -- one that won't include al-Sadr's supporters." They "hoped, in part, to pressure al-Sadr to rejoin the political process and rein in his Mahdi Army militia, which is blamed for much of Iraq's sectarian violence." In Najaf, "delegates from seven Shiite parties appealed to Grand Ayatollah Ali al-Sistani, whose word is law to many Shiites, to support a planned governing coalition. The coalition would include Shiites, Kurds and one Sunni party -- and bridge Iraq's treacherous sectarian divide." The AP adds. "Though al-Sistani is expected to approve the deal, he fears the coalition could weaken the Shiite bloc, officials close to him said on condition of anonymity because they were not allowed to speak to the press. It seems likely that al-Sistani intervened to persuade al-Sadr to return to government and avoid a Shiite split."

ABC World News (12/21, story 5, 1:20, Gibson, 8.78M) reported on "word from Iraq tonight of a possible -- and we emphasize possible -- breakthrough in trying to end the political paralysis there." ABC (McCarthy) added that "after reports surfaced that the US was brokering a new coalition government of moderate Sunnis and Shiites, Sadr appears to have become nervous that he would be left out."

Arab States Said To View Iraqi Government As "Iranian Stooge." The Wall Street Journal (12/22, A4, Harwood, 2.04M) reports in its "Washington Wire" column, "US military officials and diplomats want Saudi Arabia, United Arab Emirates and other Gulf states to recognize Maliki government, send ambassadors to Baghdad and forgive more than $40 billion in Iraqi debt. Among Sunni states, only Egypt has sent an ambassador, and he was assassinated. The problem: Most Arab states, an official says, 'see the current government as...an Iranian stooge.'"

The Christian Science Monitor (12/22, Murphy, 59K) reports that leaders of "Jordan, Israel, and Saudi Arabia, and its foes Syria and Iran -- are engaging in new diplomatic efforts, largely aimed at preventing Iraq's fighting from causing broader turmoil." While in some cases the talks are "only tangentially about Iraq, this high-level dialogue appears to reflect a new reality: With US prestige crippled by the war, regional actors are bypassing the West to forge partnerships and find solutions on their own." In Jordan, King Abdullah II sought to relieve growing tensions between Palestinian factions, while Arab League chief Amr Moussa "seems to be making some progress at ending" Lebanon's "political crisis." However, Saudi Arabia, Jordan, and Israel are "less concerned about democracy in Iraq or Lebanon," but instead are "all committed to opposing an expansion of Iranian power, which they see as threatening their own vital interests."

Three More US Service Members Killed Iraq. NBC Nightly News (12/21, story 5, 0:25, Williams, 9.87M) reported "the United States military announced the deaths of three more American service members in Iraq. That brings the total number of Americans killed in the month of December to 71. And if the violence does not let up, this could turn out to be the deadliest month of the year, surpassing October's total of 105."

The Los Angeles Times (12/22, Daragahi, 850K) reported that a suicide bomber wearing an explosives-packed belt killed 14 Iraqis near a crowded police recruitment center in the capital…in the latest salvo by Sunni Arab insurgents against the Shiite Muslim-dominated

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government." The Washington Post (12/22, A23, Trejos, 690K) runs a similar story,

Contractor Blames Government For Botched Iraq Building Mission. The Washington Post (12/22, D1, Witte, 690K) reports, "Until this year, Parsons Corp. was about as quiet as a $3 billion engineering and construction firm with 12,000 employees could be. That's the way the firm's chief executive for the past decade -- a soft-spoken, white-haired Army veteran named James F. McNulty -- liked it." But "Iraq has changed everything." Parsons "has been reproved in recent federal audits for completing just a small fraction of the 150 primary health clinics originally planned to be built in Iraq and for building a police academy so flawed that human waste rained from the ceilings. For this, it has taken bipartisan hits on Capitol Hill, where its name is now whispered by war critics in the same breath as that perennial boogeyman, Halliburton." The Post adds, "Sick of taking blame, McNulty, 64, is speaking out about what went wrong with his firm's work and what he regards as the problems with how the United States uses private contractors in Iraq. In a recent interview at the firm's Washington offices, one of a series he has given, McNulty said the government handed Parsons an impossible task by setting unrealistically high expectations for how much could be built while under-funding its efforts." McNulty "said the company repeatedly pleaded with the government to either provide enough money to get the job done or scale back its goals, but said its entreaties were ignored." The comments "are unusual for the leader of a firm that makes much of its money doing work for the government. Then again, few have been battered as badly as Parsons."

Saddam's Commanders Deny Gassing Kurds. The AP (12/22, Al-Bashir, Halaby) reports, "Two former Iraqi commanders denied gassing Kurdish civilians in northern Iraq 20 years ago, telling Saddam Hussein's genocide trial Thursday that they used only conventional weapons against Kurdish rebels and Iranian troops." Sultan al-Tai, minister of defense under Saddam, and Gen. Hussein Mohammed, a deputy director of army operations, "testified to rebut evidence presented by prosecutors in videos and documents this week."

Former NATO Chief Says Taliban Still Crossing Pakistani Border. AFP (12/22) reports, "Islamic fighters are still entering Afghanistan from Pakistan, despite a deal between Islamabad and tribal chiefs meant to cut down the incursions, NATO's former top General warned." Gen. James Jones, "who handed over to General John Craddock as Supreme Allied Commander Europe this month, said the Western alliance's political leadership would raise the issue with Pakistan unless things improved."

Nicholson Says "Society Would Benefit" From Draft. The AP (12/22, Hunt) reports the Selective Service System "is planning a comprehensive test of the military draft machinery, which hasn't been run since 1998." However, the agency "is not gearing up for a draft, an agency official said Thursday. The test itself would not likely occur until 2009." And after Veterans Affairs Secretary Jim Nicholson said "that 'society would benefit' if the US were to bring back the draft and that it shouldn't have any loopholes for anyone who is called to serve," he "later issued a statement saying he does not support reinstituting a draft." The AP (12/22, Kugler) notes "the administration has for years forcefully opposed bringing back the draft, and the White House said Thursday that its position had not changed." Nicholson, "who served in Vietnam, was in New York to announce a partnership with Mayor Michael Bloomberg to help homeless veterans find housing." A reporter "suggested that the all-volunteer armed forces attract a disproportionate number of minorities and people trying to lift themselves out of poverty, and asked Nicholson if the draft should be reinstated to make the military more equal." Nicholson said, "I think that our society would benefit from that, yes sir."

Ignatius Urges Americans To Read Soldiers' Blogs. In his Washington Post column (12/22, A33), David Ignatius writes, "This holiday season, America is struggling through a searing national debate about Iraq. The horror of the war feels immediate, even to people who've never been near Baghdad, but less so the humanity of the thousands of American soldiers who are serving there. That's part of the Iraq disconnect: The war dominates our political life, but the men and women in the midst of it often are nearly invisible. We see them in thumbnail photos in group obituaries but not as real, living people." Ignatius adds, "If you read soldiers' blogs, and I've looked at several dozen over the past few days, you see a recurring anger that the media aren't telling their story. … Needless to say, the first thing most American soldiers are thinking about is getting back home."

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Gonzales Appoints Wrigley To Chair DOJ Crime Subcommittee. WDAY-TV Fargo, ND (12/21, 6:00 p.m.) reported in its broadcast that Attorney General Alberto Gonzales "appointed Drew Wrigley, North Dakota's US attorney, to chairman of the Violent and Organized Crime Subcomittee. The 14-member committee will meet every six weeks in Washington with Gonzales," playing "a role in advancing the Justice Department's efforts to battle terrorism, corporate fraud, and other types of crime."

DOJ Move Against Steroid Probe Reporters Expected To Fuel Shield Law Debate. The Wall Street Journal (12/22, B3, Bravin, Ellison, 2.04M) reports, "The Bush administration is increasingly at odds with some Republicans over its efforts to make journalists reveal confidential sources. The controversy is reaching a flashpoint in San Francisco, where the Justice Department is expected to file papers today urging that two San Francisco Chronicle reporters face jail if they refuse to reveal their source for confidential grand-jury proceedings concerning baseball slugger Barry Bonds's alleged use of steroids." The Journal adds, "Under Attorney General Alberto Gonzales, the Justice Department has pursued journalists' sources in cases ranging from a terrorism investigation of Islamic charities to the alleged vandalism of a police car. … Justice Department spokeswoman Tasia Scolinos said the government continues to follow its guidelines and disputed claims that pursuit of reporters' sources and records has increased under Mr. Gonzales. 'Over the past 15 years there have been less than 20 source subpoenas issued,' she said, although no figures were available on subpoenas for unpublished notes or recordings. 'To say we've been incredibly cautious and restrained when using this lawful tool is an understatement.'" The Journal notes, "Mark Corallo, the Justice Department press secretary under former Attorney General John Ashcroft, filed an affidavit in the Chronicle case saying that he wouldn't have approved the reporter subpoenas. 'This case is so far below the acceptable standards the department has lived by for close to 40 years that it will embolden prosecutors to make this a first step, not a last step,' Mr. Corallo said in an interview."

Defense Lawyer Said To Be Source Of BALCO Leak. The AP (12/22) reports, "A private investigator who worked for defendants in the probe of a Bay Area sports steroid ring said a defense lawyer was the source of leaked federal grand jury testimony in the case, according to a report published Thursday. Larry McCormack, former executive director of the Pro Rodeo Hall of Fame, told the FBI that defense lawyer Troy Ellerman gave the confidential information to a San Francisco Chronicle reporter in 2004, Yahoo.com reported. 'We do have an investigation on those allegations that he (Ellerman) was responsible for the leak,' FBI spokesman Joe Schadler told The Associated Press. Ellerman, who serves as commissioner of the Professional Rodeo Cowboys Association, represented Victor Conte, founder of the Bay Area Laboratory Co-operative. He later represented BALCO vice president James Valente. Both men pleaded guilty in 2005 to distributing steroids."

2006 Seen As "Busy Year" For DOJ. NBC News (12/22, Williams) reported on its Web site, "Between the Supreme Court's striking down of the Bush administration's plan to conduct military trials for war-on-terror detainees and the pursuit of allegedly corrupt government officials, it was a busy year for the Justice Department. With decisions expected on the National Security Agency's Terror Surveillance Program and the Lewis 'Scooter' Libby trial getting underway in January, 2007 is expected to be just as decisive." Reviewing major DOJ-related issues from this past year, NBC noted, "The Justice Department struggled to respond to a setback delivered in June by the U.S. Supreme Court, which struck down the administration's plan to conduct military trials for detainees picked up in the war on terror." Meanwhile, "Attorney General Alberto Gonzales pushed Congress to find a way to resolve legal doubts about the government's Terrorist Surveillance Program," but "when the Congress finished its work in early December, no agreement had been reached on clarifying the program's legality." NBC added, "New statistics showed the number of federal terrorism prosecutions dropping to its lowest point since 9/11," yet "the government defended its record. 'We could await further action by these men and then arrest and prosecute them. Or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws,' said Paul McNulty, the deputy attorney general." Additionally, "A growth area for federal prosecutors came in high profile cases involving government figures."

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Retiring Metcalfe Seen As Balanced Advocate Of Open Government. Government Executive (12/22, Pulliam) reports, "After 25 years heading one of the federal government's key privacy and information offices, Daniel J. Metcalfe will retire Jan. 3. Observers say that while they have not always agreed with him, he will be remembered for his ability to administer the open government policies of both Republican and Democratic presidents. As a founding director of the Justice Department's Office of Information and Privacy since November 1981, Metcalfe has worked for seven attorneys general, pushed agencies to improve the management of requests for information and made a substantial impact on the law governing agencies' responsibilities to release information to the public. … In an interview with Government Executive, Metcalfe said he believes open government is critical. But at the same time, agencies must ensure that government information is disclosed responsibly." GE notes, "He denied rumors that he is retiring out of frustration with the Bush administration's overall policies on secrecy in government. He said he has averaged more than 75 hours on the job per week since the Sept. 11, 2001, terrorist attacks, and his wife is thrilled that he can cut that back to about 40 in 'retirement.' … Patrice McDermott, director of OpenTheGovernment.org…said that 'while it is not clear' whether Metcalfe has 'been an advocate for openness in government the way others have been,' he has 'been a good and faithful government official.'"

Former DOJ Civil Rights Prosecutor Rosenthal Joining Venable. The Washington Business Journal (12/22) reports, "Seth Rosenthal, a longtime prosecutor for the U.S. Department of Justice who has spent the past two years as legal director of the Alliance for Justice, has joined Venable as a litigation partner in the law firm's Washington office. Rosenthal, 40, spent 10 years in the DoJ's civil rights division handling a range of federal investigations and prosecutions, including cases involving human trafficking, hate crimes, police misconduct and housing and lending discrimination. … Last year, Rosenthal joined the nonprofit Alliance for Justice, an advocacy organization that monitors the selection of federal judges and tracks efforts to change the civil justice system." WBJ notes, "In making his first move to the private sector, Rosenthal says he sought out a law firm with a strong litigation practice and a commitment to public service."

CORPORATE SCANDALS:

Bristol-Myers Offers To Pay $499 Million Price-Fixing Settlement. The AP (12/22, Witkowski) reports, "Bristol-Myers Squibb Co. offered to pay $499 million to settle federal investigations into whether the company played a role in a pricing scheme that led insurers and government agencies to overpay for drugs. The company reduced its profit forecast to reflect the charges." Bristol-Myers "entered an agreement in principle with the Justice Department and the U.S. Attorney in Massachusetts to pay the settlement and avoid civil and criminal charges. The company will also enter a corporate integrity agreement with the Office of Inspector General of the Department of Health and Human Services. The agreement must still get final approval from the Justice Department." Bristol-Myers spokesman Jeff McDonald said that "the company expects the Justice Department review to take 'a couple of months' before a decision is made." The AP notes, "The agreement is the latest in a series of deals cut with the government. In June 2005, Bristol-Myers settled federal charges for an accounting scandal that cost the company $800 million, and was placed under the observation of a federal monitor until 2007."

USA Today (12/22, 2.27M) reports, "The tentative agreement is one of the biggest in recent years for drugmakers regarding drug marketing and pricing. It aims to settle investigations into Bristol's marketing of schizophrenia and bipolar disorder drug Abilify for conditions the drug was not approved to treat, says Bristol spokesman Jeff Macdonald. It also covers some cases in which Bristol allegedly inflated drug prices so government programs for the poor and elderly paid more. It would not negate other so-called average wholesale price cases launched against Bristol by several states and others, Bristol said." The Wall Street Journal (12/22, Barris, Moore, 2.04M) notes, "In August, rival Schering-Plough Corp. agreed to pay $435 million and a unit pleaded guilty to criminal charges to settle federal allegations of fraudulent drug marketing and pricing, one of the largest settlements in a crackdown that has forced big drug makers to return billions of dollars the U.S. government says were illegally extracted from the Medicare and Medicaid programs. In its release, Bristol-Myers didn't elaborate on the investigations."

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Bloomberg (12/22, Rapaport) reports, "The latest agreement 'removes an overhang, but the lack of information makes it difficult for Wall Street to react,' said Les Funtleyder, an analyst for Miller Tabak & Co. in New York, in a telephone interview today. 'The laws around average wholesale pricing are convoluted. It's easy to run afoul of the rules. I don't think Wall Street takes this too seriously.' Shares of Bristol-Myers rose 28 cents, or 1.1 percent, to $26.05 at 4:01 p.m. in New York Stock Exchange composite trading." USA adds, "No criminal charges will be filed as a result of today's preliminary settlement, the company said. … Samantha Martin, spokeswoman for the U.S. Attorney in Massachusetts, declined to comment in a telephone interview." The Trenton Times (12/22, Jordan) notes, "Wall Street yawned. After dropping in morning trading, Bristol's shares rallied to close up 1 percent. 'This is nothing unexpected,' MacDonald said, adding the settlement was mentioned in Bristol's financial disclosures earlier this year.

Deutsche Bank Agrees To $208 Million Mutual Fund Timing Settlement. The AP (12/22) reports, "Deutsche Bank AG agreed to pay $208 million to end state and federal investigations into the timing of trading in mutual-fund accounts that could benefit insiders and hurt other investors. The settlement is the 21st by New York Attorney General Eliot Spitzer in his mutual-funds investigation over the past three years. Mr. Spitzer had accused the German bank's asset-management division of allowing excessive market timing in its mutual funds. He also accused its broker-dealer division of assisting in what he called deceptive market timing and allowing a form of late trading by one client." The AP notes, "Deutsche Bank didn't admit or deny the allegations as part of the settlement. The company said all the alleged improper arrangements originated in subsidiaries before they became part of Deutsche Bank and that those were stopped before Mr. Spitzer and the Securities and Exchange Commission acted."

SEC Charges Three Former Tyco Executives With Securities Violations. The Wall Street Journal (12/22, C3, Bulkeley, 2.04M) reports the SEC "charged three former Tyco International Ltd. financial executives with securities-law violations for 'structuring sham transactions' and 'manipulating reserves' to boost reported income and cash flow by well over $700 million from 1997 to 2002. … The SEC's civil charges name two lower-level officials who reported to" jailed former CEO Dennis Kozlowski former CFO Mark Swartz. "Richard D. Power, now 58, held a series of financial positions in a 20-year career at Tyco, including chief financial officer and vice president-special projects. Edward Federman, 53, was controller of Tyco and later chief financial officer of Tyco Electronics, a big division. The SEC is seeking disgorgement of unspecified gains and fines." The Journal adds, "A third former official, Richard "Skip" Heger, was accused of separate securities violations. He agreed to pay $450,000 to settle with the SEC, without admitting or denying wrongdoing."

Fidelity To Pay Funds $42 Million As Redress For Gifts To Traders. The Wall Street Journal (12/22, Levitz, Bulkeley, 2.04M) reports, "Fidelity Investments said it will pay $42 million to some of its mutual funds as redress for lavish gifts and entertainment some of its equity traders accepted from brokers between 2002 and 2004. The payments were recommended by several of Fidelity's independent trustees who conducted an internal probe of the matter." The Journal notes, "The trustees concluded 'it was not possible to prove' statistically that shareholders were harmed, according to the report. But they recommended Fidelity pay the penalty, saying the company inadequately supervised the traders. In a rare public statement, Edward C. Johnson III, chairman of Fidelity, posted a letter on Fidelity's Web site, personally offering his apology for 'this improper behavior' and saying that 'there is no question that the Funds were put at potential risk.'"

Sony BMG To Pay $4.25 Million Settlement For Hidden CD Security Software. The AP (12/22, Veiga) reports, "Sony BMG Music Entertainment will pay $4.25 million as part of a settlement with 39 states to resolve investigations into problems caused by music CDs loaded with hidden anti-piracy software. Under terms of Thursday's agreement, which also applies to the District of Columbia, the record company will reimburse consumers whose computers were damaged while trying to uninstall the anti-piracy software. Sony BMG also said it will no longer distribute any compact discs loaded with copy-protection software that hinders computer users from easily locating it or removing it from their PCs." The AP notes, "Customers will be able to file a claim with Sony BMG to receive refunds of up to $175, but claims must include a description of how their computer was harmed and documentation of repair

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expenses. The refund policy will also apply to states that were not a party to the settlement."

Judge Urged To Unseal San Francisco Chronicle Antitrust Case Documents. The AP (12/22, Chea) reports, "A media advocacy group and an alternative weekly newspaper asked a federal judge Thursday to unseal key documents in an antitrust case involving MediaNews Group Inc. and the San Francisco Chronicle. The Oakland-based Media Alliance and the San Francisco Bay Guardian filed a motion with U.S. District Judge Susan Illston to make public court records in a lawsuit that challenges a business partnership between MediaNews and the Hearst Corp, the Chronicle's publisher." Media Alliance and Bay Guardian "argued that the public's First Amendment right to access the court filings outweighed the defendants' interest in keeping them confidential." The AP notes, "San Francisco businessman Clint Reilly filed the federal antitrust lawsuit to block the deal, claiming it would limit competition for readers and advertising in the Bay Area newspaper market. The newspaper companies maintain the arrangement is not anticompetitive because readers and advertisers have other media venues such as the Internet."

Business Group Argues PCAOB Lacks Proper Oversight. The Washington Post (12/22, D1, Day, 690K) reports, "A business group argued in U.S. District Court yesterday that a panel created by Congress to police the accounting industry lacks sufficient oversight by the White House. The five-member Public Company Accounting Oversight Board acts as a federal regulator, deciding whether accounting firms are fit to audit the books of publicly traded companies, without having been appointed by the president and confirmed by the Senate as the Constitution requires, the plaintiffs argued. Lawyers for the accounting board, created in 2002 under the Sarbanes-Oxley Act, and the Justice Department argued that the board is legal because it is supervised by the Securities and Exchange Commission, a federal agency whose members are appointed by the president and confirmed by the Senate. SEC Chairman Christopher Cox has said the agency supports the Justice Department's position." The Post notes, "Lawyers attacking the legality of the accounting oversight board represent Beckstead & Watts, an accounting firm under investigation by the board, and the Free Enterprise Fund, a nonprofit group that advocates 'limited government' and whose chairman, Mallory Factor, is a major Republican fundraiser."

CRIMINAL LAW:

Walters, Gonzales Announce Overall Decline In Youth Drug Use. The Detroit News (12/22, Trowbridge) reports, "Drug use among American youths continued to decline in the past year, according to a federally funded study by the University of Michigan, a trend Bush administration officials said ratified their anti-drug efforts. 'This is not a natural waxing and waning of social forces,' said John Walters, the Bush administration drug czar. He attributed sharp declines since the start of the decade to anti-drug advertising campaigns and other government programs." The News adds, "Walters and Attorney General Alberto Gonzales pointed to figures showing that overall drug use had declined about 23 percent since 2001 as an endorsement of the administration's policies. Walters said anti-drug programs and advertising campaigns designed to make drug use less socially acceptable among young people can have a powerful effect."

The New York Times (12/22, Cohen, 1.16M) reports, "A question was added to the survey in 2002, asking students specifically about the recreational use of Vicodin and OxyContin, both narcotic drugs prescribed to treat pain. Since then, nonmedical use of those drugs has increased slightly, although abuse of OxyContin by eighth graders doubled to 2.6 percent in 2006, from 1.3 percent in 2002. 'We're not changing the rate that prescription medications are being taken by young people,' Attorney General Alberto R. Gonzales said." Bloomberg (12/22, Schmidt) adds, "Walters and U.S. Attorney General Alberto Gonzales said the results of the study…were mainly positive and continued to show a drop in drug abuse. … The results 'are very, very encouraging to all of us in government,' said Gonzales." The Washington Post (12/22, A3, Lee, 690K) notes that "the survey shows a continued long-term decline in teenagers' use of alcohol and illicit drugs such as marijuana, the most widely used illicit substance. The reduction occurred while federal funding for anti-drug advertising fell annually, from $185 million when President Bush took office in 2001 to $100 million in 2006. However, the past year's declines in drug and alcohol use were 'relatively small,' the report said.

ABC World News (12/21, story 7, 2:45, Gibson, 8.78M) reported, "According to the newly-released survey, one out of

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every ten high school seniors reported using the painkiller Vicodin in the last year, and disturbing numbers are also using cough and cold medicine. Most have no idea how dangerous an overdose of cough syrup can be. … You can turn to our Web site, where our medical unit is on-hand to answer your questions about teenage drug abuse." The CBS Evening News (12/21, story 5, 0:22, Couric, 7.66M) reported, "We've got some good and bad news tonight about American teenagers. A new government survey shows fewer are drinking or using illegal drugs, but more teens are getting high on drugs they find in their parents' medicine chest. One out of ten high school seniors has used Vicodin, and one out of 14 has used cough syrup to get high."

USA Today (12/22, 3A, Leinwand, 2.27M) reports, "Abuse of the painkiller OxyContin by younger teens hit record levels in 2006, a national survey says. While most other teen drug and alcohol use continued a decade-long decline, teen abuse of pharmaceuticals, including prescription narcotics, barely budged, the survey says. … For the first time, the survey asked teenagers whether they used over-the-counter cough or cold medicine to get high. One in 25 eighth-graders and one in 14 seniors said they had abused the medicines in the past year. 'Clearly, prescription drugs have become more a part of the problem,' says the study's principal investigator, Lloyd Johnson." USA notes that Walters said "his office will design an ad campaign targeting abuse of prescription drugs." The Washington Times (12/22, Price, Pescatore, 88K), Christian Science Monitor (12/22, Marks, 59K), AP (12/21), UPI (12/21, Dell'amore) and CNN.com (12/22, Frieden) also report on the study, noting the rise in pharmaceutical drug abuse.

Accuracy Of Survey Questioned. The Arizona Daily Star (12/22, 128K) reports the 2006 survey "indicates reductions in the use of nearly every drug, with about 840,000 fewer youths using illicit drugs in 2006 than in 2001, according to a news release from the Office of National Drug Control Policy. It notes a 25 percent decrease in marijuana use during the five-year period, and a significant decrease in teens' use of methamphetamine. However, officials at two Tucson programs that work to treat teen addiction say the exact opposite is happening here. 'I'm not sure that the study is an accurate depiction of what is happening and it is certainly not what I am seeing in working with adolescents with drug and alcohol addictions,' said Tori Ferrari, director of the Springboard Home for Youth in Crisis, which houses girls but also provides counseling for families and boys. 'We are actually seeing more and more kids getting involved at younger ages with harder drugs than marijuana.'"

Local TV Coverage. NC8-TV, Washington DC (12/21, 5:00 p.m.) showed Gonzales saying, "Let's start with the good news. The latest study on adolescent drug use shows a slight decline in the number of teens using most illegal drugs and alcohol. That's a drop of more than slight decline in the number of teens using most illegal drugs and alcohol. These survey results of course are very, very encouraging track. But high numbers of teens continue to abuse prescription narcotics with more trying oxycontin, a narcotic pain reliever, than ever before."

KOAT-TV, Albuquerque, Santa Fe, NM (12/21, 12:00 p.m.) reported on its broadcast, "Prescription drug abuse continues to remain high, according to an annual study Attorney General Alberto Gonzales announced this morning. The study finds that the use of most illegal drugs and alcohol went down slightly last year among 8th, 10th, and 12th graders." WDKY-TV Lexington, KY (12/21, 10:00 p.m.), WJHL-TV Bristol, TN (12/21, 5:00 p.m.) and KVAL-TV Eugene, OR (12/21, 6:00 p.m.) were among the other local TV stations reporting on the study.

Virginia Task Force Calls For ISPs To Retain Subscriber Data. CNETNews.com (12/21, Broache) reported, "All Internet service providers should keep their subscribers' data for lengthier time periods in order to aid police prowling for criminals online, a task force organized by the Virginia state attorney general recommended this week. Echoing similar calls from U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller earlier this year, the latest suggestions arrived in a 103-page report drawn up by Virginia Attorney General Bob McDonnell and his 6-month-old Youth Internet Safety Task Force." CNET added, "Still, rather than prescribing data retention laws, as some members of Congress have supported, the task force makes a vague instruction to Internet service providers: they should commit to 'keeping data relevant to such investigations and engaging at the national level to help define appropriate policies.' That seemingly softer recommendation is likely a reflection of the broader divide over the issue that is mirrored in the task force's makeup. Its members include representatives from various state and local law enforcement bodies, schools, educational agencies, parenting organizations, and corporate entities such as Yahoo, News

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Corp.'s MySpace.com, Microsoft, Time Warner's AOL and Sony."

Police Chiefs Call For US To Create National Law Enforcement Commission. USA Today (12/22, 3A, Johnson, 2.27M) reports, "The nation's largest police chiefs' organization is calling on the federal government to re-establish a national law enforcement commission to help restore confidence in local public safety operations. The International Association of Chiefs of Police said Thursday that recent incidents involving officers' questionable use of force and abrupt increases in murder and robbery represent strong evidence for a panel, similar to President Lyndon Johnson's Crime Commission, which would develop a national anti-criminal justice strategy. The panel would address a wide range of topics from police deployment to prison administration." IACP President Joseph Carter said Thursday that "the need for a crime commission was 'validated' earlier this week by an FBI report showing that violent crime remained on the rise during the first six months of 2006." However, Sen. Joe Biden, "instrumental in passing the Clinton administration program to hire 100,000 additional police officers, says more money for additional officers and resources — not a commission — is needed to drive down rising crime." USA notes, "Recent jumps in violence prompted the Justice Department in October to launch its own review of possible causes."

DOJ Investigating Russian Mobster's Connection To Natural Gas Industry. In a front-page story, the Wall Street Journal (12/22, A1, Simpson, 2.04M) reports, "Amid growing concern about Europe's energy dependence on Russia, U.S. authorities are investigating possible links between one of that country's top organized crime figures and multibillion-dollar natural-gas deals between Russia and Ukraine. The wide-ranging inquiry focuses on 60-year-old Semion Mogilevich, one of the FBI's most-wanted men, who is viewed by law-enforcement agencies as one of the world's most-sophisticated international criminals. U.S. officials have long expressed concern that his operations foster high-level official corruption throughout the former Soviet Union, underwriting criminal activities ranging from prostitution and drug dealing to stock fraud." The Journal notes, "In their natural-gas investigation, senior U.S. prosecutors and agents of the Federal Bureau of Investigation are focusing on connections between Mr. Mogilevich and a Cyprus-registered company called Highrock Holding Ltd. that has played a role in several multibillion-dollar gas deals, according to current and former law-enforcement officials. … The U.S. investigation, which is being led by the Justice Department's Organized Crime and Racketeering Section, began early this year, shortly after Moscow's brief cutoff of natural-gas shipments to Ukraine in a price dispute sparked an international crisis."

NYTimes Calls Prison Collect-Call System "Morally Indefensible." The New York Times (12/22, 1.16M) editorializes, "Studies of prison inmates clearly show that keeping them in contact with friends and family is vital to giving them a chance to create an honest life after jail instead of committing new crimes that land them right back behind bars. Yet the simple act of picking up the phone to call home can be bankrupting for inmates and their families. The cruel and counterproductive system now in place around the country charges them as much as six times the going rate for collect calls placed from inside state prisons." The Times concludes, "State prison officials say the money is used to pay for programs that benefit inmates. But it also gouges the poorest citizens…to pay for prison services that the state is obligated to provide. It might be legal, but it is also counterproductive and morally indefensible."

CIVIL RIGHTS:

DOJ Clarifies It Has Not Opened Formal Probe Of Georgia Police Shootings. The Atlanta Journal-Constitution (12/22, Gentry, 379K) reports, "U. S. Justice Department officials said that the department was not conducting an 'independent federal investigation' into a string of fatal police shootings in DeKalb County, but would review investigations by local authorities when they are completed. A spokeswoman for the Justice Department's Civil Rights Division issued a statement Thursday in which she sought to clarify a Dec. 12 letter from Assistant Attorney General Wan J. Kim to a local activist who had called for a federal investigation." DOJ spokeswoman Cynthia Magnuson "said the letter from Kim does not imply that the Justice Department had opened a formal investigation into the shootings. 'While the Department of Justice is gathering information and monitoring that investigation, we have not at this point opened an independent federal investigation into the shootings,' the statement said. 'Federal authorities will review the results of

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the local investigation and then make an assessment about what additional investigation, if any, is warranted.'" The AJC notes, "Magnuson's statement did not mention the FBI, which was included in Kim's earlier letter. An FBI spokesman declined to comment on Kim's letter on Tuesday."

Judge Overturns Law Giving Villaraigosa Authority Over Los Angeles School District. The Los Angeles Times (12/22, Blume, 850K) reports Los Angeles County Superior Court Judge Dzintra Janavs "nullified legislation giving" Los Angeles Mayor Antonio Villaraigosa "substantial authority over the Los Angeles Unified School District, a stunning setback to Villaraigosa's plans -- already in progress -- to assume direct control of dozens of Los Angeles schools." Villaraigosa said that he will appeal and "would also ask that the California Supreme Court hear the appeal directly." The ruling is called "a sweeping victory for the school district" and "puts in question the mayor's education agenda." Judge Janavs "found the entire law defective and ordered public officials 'to refrain from enforcing or implementing' any part of it." The judge "cited a 1946 constitutional amendment that 'specifically removed municipal authority over school districts and appears to reflect the people's determination to separate municipal functions from school functions due to the variety of conflicts that arise between their respective interests.'"

The Los Angeles Daily News (12/22, Boghossian) reports the ruling is "In a major political blow to Mayor Antonio Villaraigosa." Villaraigosa "remained defiant, calling it a 'bump in the road' and vowing to immediately appeal." He also said that "his staff would continue to plan for a mayoral takeover of the 708,000-student district and vowed to get involved in the March school board election, when four of the seven seats are up for grabs." Judge Janavs ruled that the law "violates the state constitution, the City Charter and voter rights." Gov. Arnold Schwarzenegger (R) "said he still backs the mayor's plan and supports an appeal of the court's decision." The AP (12/22) also reported this story.

ANTITRUST:

DOJ Antitrust Division Announces Effort To Streamline Merger Investigations. The Deal (12/22, Lindell) reports, "The Department of Justice's antitrust division on Dec. 15 officially announced further efforts to streamline the time and cost of merger investigations. The changes are part of a 2001 merger process reform effort and closely mirror changes the Federal Trade Commission announced in February. But there's a big catch for merging parties that participate, and if the FTC's track record is an indication, antitrust lawyers won't be pushing clients to sign up. To be eligible for DOJ's latest streamlining efforts, the Justice Department requires merging parties to agree to set a period of pretrial discovery, perhaps as much as six months, should regulators seek a court order to block a merger. That could leave merging parties open to significantly more discovery time than the government usually is granted." The Deal notes, "'Efficient merger enforcement reaching the right answers as quickly as possible with the least burdens necessary is one of our top priorities,' said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division. 'The amendments to the division's already successful merger review process initiative are part of our ongoing efforts to reduce enforcement burdens, while at the same time preserve our ability to conduct thorough investigations and protect consumers from anticompetitive transactions.'"

Fifth Samsung Executive Pleads Guilty In DRAM Price-Fixing Probe. The AP (12/22, Robertson) reports, "A Samsung Electronics Co. executive agreed to plead guilty and serve 10 months in prison for his role in a global price-fixing scheme involving a common form of computer memory, federal prosecutors said Thursday. Young Hwan Park, president of Samsung Semiconductor Inc., the company's San Jose-based U.S. subsidiary, is the fifth Samsung executive this year to agree to a prison sentence over price manipulation of dynamic random access memory, or DRAM, the most common type of memory chip used in personal computers." The AP notes, "In total, four memory chip companies and 18 people have been charged in the Justice Department's investigation of DRAM makers. … 'This latest plea underscores our resolve to hold responsible those who target U.S. businesses and consumers with price-fixing schemes,' Thomas O. Barnett, the assistant attorney general in charge of Justice Department's antitrust division, said in a statement. 'Individuals who choose to engage in price fixing are on notice of the consequences of their illegal actions: criminal fines and prison time.'"

IDG News Service (12/21, Gross) also notes Barnett said in his statement that those who "choose to engage in price fixing are on notice of the consequences of their illegal

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actions – criminal fines and prison time," and the Financial Times (12/22, Kirchgaessner) reports, "The probe has generated $730m in criminal penalties from the parties involved, the second-highest number of fines to emerge from any single price-fixing conspiracy. … The Justice Department said Mr Park carried out the price-fixing conspiracy from April, 2001 to June, 2002 by participating in meetings and conversations with rivals in the D-Ram market and agreeing to charge certain customers a fixed price. The talks ultimately affected sales to US computer makers such as Dell, HP and Compaq."

US Airways CEO Disputes Delta Claims About Merger Valuation, Approval Hurdles. The Atlanta Journal-Constitution (12/22, Grantham, 379K) reports, "Delta Air Lines' self-valuation that it will be worth as much as $12 billion after bankruptcy 'lacks credibility,' US Airways Chief Executive Doug Parker said Thursday as he urged creditors to push the Atlanta airline's executives to explore its merger proposal. 'This is where I'd like to see the [Delta] management team come along,' Parker said in a conference call with industry analysts and reporters." The AJC adds, "While Parker said US Airways is in 'continuing dialog' with Delta's creditors and advisers, he said he felt an 'obligation to correct' Delta's claims that its proposal is more valuable and that the merger would fail to win regulatory approval or produce the savings US Airways expects." The AJC notes, "Clark Orsky, an analyst with KDP Investment Advisors, said US Airways made a good case that Delta's value for its plan is 'aggressive' and that concerns the Department of Justice would shoot down the merger are overblown." The Birmingham Business Journal (12/22) notes Parker said, "The anti-trust issues are fully manageable. We've done much more work on this, more than anyone else." Parker "also emphasized that the proposed merger is labor friendly and that employees would possibly come out better than they are now, because the merged airline would go to the 'highest common denominator' contracts."

The Pittsburgh Tribune-Review (12/22, Olson) reports, "Parker said Delta used 'flawed' criteria in analyzing antitrust issues a merger would raise with the Department of Justice. For instance, Delta's criticism does not allow for the probable entry of discount airlines into markets served by Delta and US Airways. 'We are not going to let this transaction fail on antitrust issues,' Parker said. But the only way to know what antitrust objections might surface is for both US Airways and Delta to file merger plans with the Justice Department, US Airways antitrust attorney Rick Rule told analysts." The Wall Street Journal (12/22, A10, Dade, McWilliams, 2.04M) notes, "The denunciation of the plan in a conference call with investors and analysts…comes as creditors are burrowing deeper into the financial projections underlying Delta's valuation of the Atlanta carrier at $9.4 billion to $12 billion once it emerges from bankruptcy proceedings in the spring. Both airlines are expected to aggressively press their case during the next several weeks, and Mr. Parker's remarks showed that US Airways, based in Tempe, Ariz., remains determined to acquire Delta despite fierce and increasingly vocal opposition by Delta."

The Arizona Republic (12/22, Gilbertson), Washington Times (12/22, Lengell, 88K) and TheStreet.com (12/22, Reed) also report on Parker's comments.

Caremark Shareholders Seek Injunction In CVS Buyout. The AP (12/22, Giuffrida) reports, "A group of shareholders in pharmacy benefits manager Caremark Rx Inc. has filed for an injunction to force company officials to consider a proposed buyout by rival Express Scripts Inc. that could pay more than an offer from CVS Corp. … On Thursday, CVS and Caremark announced that the proposed merger passed antitrust scrutiny of the U.S. Federal Trade Commission and could be completed by the first quarter of 2007. The approval comes days after rival pharmacy benefits manager Express Scripts Inc. proposed to pay about $26 billion in a hostile bid for Caremark that would offer a cash option and premium for shareholders." The AP notes that the shareholder motion "claims that Caremark board members will personally benefit from the CVS deal and have entered into a strict merger agreement that keeps them from seeking out the best deal for shareholders.

Meanwhile, the St. Louis Business Journal (12/21) reported, "Express Scripts Inc. issued a statement late Wednesday calling its $26 billion bid for pharmaceutical services company Caremark Rx Inc. 'superior.' … Express Scripts rival bid, made Monday, represented at the time a 15 percent premium over the all-stock purchase price to be paid to Caremark's stockholders under Caremark's" deal with CVS.

Delta Pine Shareholders Approve Monsanto Merger. Forbes (12/21, Lipton) reported on its Web site, "Two of the largest seed companies in the world just came one step closer to their long-awaited merger. On Thursday,

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Delta and Pine Land Company announced that at a special meeting held in Memphis, Tenn., the company's shareholders formally approved its merger with Monsanto." Forbes noted, "Mark Gulley, an analyst at Soleil-Gulley & Associates, said the companies still face the challenge of regulatory approval. 'This decision isn't key,' Gulley said in an interview. 'The antitrust review is what we're all waiting for.' Regulators still have to weigh in on the proposed merger and decide whether it's anticompetitive. To close the transaction and satisfy Uncle Sam, Monsanto has already said it's willing to divest the U.S. assets of its Stoneville cottonseed business."

Lockheed Agrees To Buy Management Systems Designers. The AP (12/22) reports, "Military contractor Lockheed Martin Corp. said Thursday it agreed to acquire Fairfax, Va.-based Management Systems Designers Inc. for undisclosed terms. MDS, which has more than 600 employees, is a provider of information technology, primarily for government agencies including the Internal Revenue Service, Department of Homeland Security and Department of Defense." The AP notes, "The transaction is set to close during the first quarter of 2007, subject to regulatory approval."

EU Approves German Movie Industry Subsidies. The AP (12/22) reports, "The European Union on Thursday approved German subsidies totaling $240 million for its movie industry, officials said. The subsidies will back feature length movies, documentaries and cartoons. he aid is approved until 2010."

Finland Says Stora Enso Engaged In Anticompetitive Behavior. The AP (12/22) reports, "Finnish antitrust officials said Thursday that paper maker Stora Enso Oyj should be fined $40 million for anticompetitive behavior. The Finnish Competition Authority proposed the fine to the country's Market Court, saying the Finnish-Swedish company had violated competition laws in buying timber in Finland from 1997 to 2004." The AP adds, "Stora Enso denied the charges, saying the proposal is 'groundless.' Earlier this month, Stora Enso denied any involvement in a price-fixing conspiracy in the United States after a federal grand jury in Hartford, Conn., indicted Stora Enso North America Corp. for being part of a plan to drive up prices of paper used to print magazines and catalogues."

ENVIRONMENT/INDIAN AFFAIRS:

DaimlerChrysler To Pay $1.2 Billion Air Pollution Reporting Settlement. The AP (12/22) reports, "The Department of Justice said Thursday that Mercedes-Benz USA and parent DaimlerChrysler AG will pay $1.2 million to settle allegations that they failed to report air pollution problems with Mercedes-Benz vehicles to federal regulators. As a result of the complaint brought by the government, Mercedes-Benz USA has issued voluntary recalls and extended warranties to address the defects, at an estimated cost of $59 million. Under the settlement, the company is also required to overhaul its emissions reporting system." The AP notes, "The affected 1998 to 2006 Mercedes vehicles have defective catalytic converters or defective air pumps. According to the government, the recalls and warranty extensions will reduce the harmful emissions caused by the defects by over 500 tons cumulatively."

The Washington Times (12/22, Seper, 88K) reports, "The settlement, announced by the Justice Department and the EPA, resolves a suspected Clean Air Act violation: The auto manufacturer did not promptly inform the EPA of defects in emission-related parts so the agency could determine whether the emission standards were exceeded and whether a recall was necessary. … 'Reliable and effective automobile pollution control systems are essential to protect human health and the environment from harmful automobile emissions,' said Assistant Attorney General Sue Ellen Wooldridge, who heads the Justice Department's Environment and Natural Resources Division. 'Mercedes' failure to alert EPA to a number of defects in emission-related components over a multiyear period is a serious violation,' she said."

California High Court Rules Tribes Can Be Sued For Campaign Finance Violations. The Los Angeles Times (12/22, Dolan, 850K) reports, "A divided California Supreme Court ruled Thursday that Indian tribes can be sued for violating the state's campaign disclosure law even though tribes enjoy sovereign immunity under federal law. The 4-3 ruling is unprecedented and may be appealed to the U.S. Supreme Court, which has consistently protected Indian immunity from lawsuits. The state court justified its ruling in Agua Caliente v. Superior Court by citing the growing role of Indian casino money in state elections and the state's

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need to protect against political corruption." The Times notes, "Thursday's ruling permits the state's Fair Political Practices Commission to sue the Agua Caliente Band of Cahuilla Indians, a federally recognized tribe in Palm Springs, for failing to properly report millions of dollars in campaign contributions. The watchdog panel said the tribe did not follow the law when it contributed more than $7.5 million to campaigns in 1998, $175,200 in the first half of 2001, and $426,000 in the first half of 2002."

FBI/DEA/ATF/USMS:

New Head Of Baltimore FBI Office Wants To Boost Criminal Program. The Washington Post (12/21, T3, Rich, 690K) reported, "After running down fugitives in the District and pursuing one of the nation's most storied fugitives, William D. Chase is settling in as the head of the FBI's Baltimore office. Chase, 50, who assumed the job in June, says that while counterterrorism remains the bureau's top priority, he also wants to dedicate more resources to fighting crime, the bureau's traditional role. 'I'm hoping to make some changes to firm up resources to better address the criminal program,' Chase said." The Post noted that since 9/11 "the bureau's top priority has been fighting terrorism," and the "majority of Chase's agents necessarily are assigned to that central responsibility. … Still, he said, he hopes to work more closely with state and local authorities, particularly to address the gang activity that has increasingly taken root in Maryland's Washington suburbs. The Baltimore FBI office covers Maryland and Delaware. The FBI announced in February that Kevin L. Perkins, then the special agent in charge of the bureau's Baltimore office, was being appointed assistant director in charge of the FBI's finance division. Chase replaced him during the summer. Federal law enforcement officials, including U.S. Attorney Rod J. Rosenstein, spoke highly of Chase in recent interviews." The Post went on to report, "In the late 1990s, Chase was named assistant special agent in charge of the Boston office, a period that he recalls as frustrating and in some ways disappointing."

Tennessee Lawmaker Seeks Return Of $40,000 Watch Said To Have Been A Bribe. The Memphis Commercial Appeal (12/22, Perrusquia, 163K) reports, "John Ford had one thing to say Thursday about prosecutors' suggestions he took a $40,000 wristwatch as a payoff: He wants the Rolex -- confiscated as evidence -- returned to him. 'I want to get it back,' the former state senator said as his lawyer told reporters that Ford had obtained the watch legally. Ford's comments came a day after the U.S. Attorney's Office alleged Ford accepted the watch from Memphis developer Rusty Hyneman after intervening in a 2004 state pollution-control case against the real estate millionaire. 'The watch was completely a legal transaction,' said Ford's lawyer, Michael Scholl, who said he will spell out details soon in a court filing. Prosecutors hope to use the watch as evidence in Ford's upcoming bribery trial." Ford "is set to stand trial in Memphis for allegedly taking $55,000 in bribes in the FBI's undercover Tennessee Waltz sting. He learned Monday about the new indictment in Nashville alleging he took $800,000 in kickbacks from contractors while in the General Assembly. Ford denies charges in both cases."

The AP (12/22, Baird) reports Scholl "asked Thursday for a delay in the trial, arguing that news reports surrounding Ford's indictment Monday in Nashville on federal charges unrelated to Tennessee Waltz will make picking an impartial jury difficult. Ford is accused in Nashville of taking more than $800,000 from TennCare contractors while he was on several Senate committees overseeing the state's expanded Medicaid program. No trial date has been set on those charges. … Judge J. Daniel Breen told Scholl to put his arguments in writing. 'But at this point, we are set,' the judge said. Prosecutor Tim DiScenza objected to a delay."

New Jersey Developer Admits Bribing Maryland Mayor. The Newark Star-Ledger (12/22, Whelan) reports Moshe 'Michael' Gohar, a Monmouth County developer , "admitted paying off former Ocean Township Mayor Terrance Weldon to increase the zoning density for his housing project." Gohar "acknowledged in federal district court in Trenton that he gave Weldon $50,000 in cash after Weldon helped influence the 2001 vote on the zoning change. … Gohar pleaded guilty to one count of conspiring to give and offer corrupt payments. He initially had been indicted in February and also charged with mail fraud and bribery. The latter charge alone could have put him behind bars for up to 10 years. Under the plea agreement between Gohar's attorneys and Assistant U.S. Attorneys Brian Howe and Charles McKenna, Gohar could face between 18 and 27 months in prison. One factor in sentencing could be a previous state tax conviction against Gohar." FBI agents

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"raided Weldon's house in January 2002 as part of a long-running corruption probe in Monmouth County, and found the cash in the pocket of a suit jacket in the mayor's attic. Weldon later pleaded guilty on corruption charges."

FBI Announces Reward For Information About Pittsburgh Trestle Fire. WTAE Pittsburgh (12/22) reports the FBI "doesn't know if it was one person or a team effort that started a massive fire on a train trestle in Donegal Township, Butler County -- so they hope a big reward will trigger some leads. 'This was an intentional criminal act of violence that directly attacked the industrial and economic infastructure of our community,' FBI Special Agent Ray Morrow said of the May fire. Business owners who heavily rely on those tracks are offering a $40,000 reward to anyone who helps investigators crack the case.

The Pittsburgh Post-Gazette (12/22, Ove, 230K) reports, "The bridge, a wooden structure owned by the Buffalo & Pittsburgh Railroad that predated the Civil War, went up in flames just 15 minutes after a train carrying sulphuric acid crossed it. 'That would have been a disaster. That could have wiped out that town,' said Ray Morrow, head of the Pittsburgh FBI office. Another train was some 30 minutes away from crossing the span. The railroad and three companies directly impacted by the loss of the trestle put up the reward money. T he FBI got involved because it has jurisdiction over crimes involving railroad lines; the agency and state police are conducting the investigation."

Four Charged In Georgia Meth, Cocaine-Trafficking Conspiracy. AccessNorthGeorgia.com (12/21) reported four illegal aliens "have been indicted on charges relating to a large scale methamphetamine and cocaine-trafficking conspiracy in Barrow and Gwinnett counties. Arnulfo Nunez-Villanueva, 26; Miguel Angel Gonzalez, 20; Rafael Garcia-Nunez, 33; and Mauricio Medina-Mojica, 26, all believed to be from Mexico, were indicted by a federal grand jury late Wednesday." The indictment "charges all four defendants with engaging in a conspiracy to distribute cocaine and methamphetamine. … DEA Atlanta Special Agent in Charge Sherri Strange noted the quantity of methamphetamine seized in this case constitutes the nation's fifth largest methamphetamine seizure in 2006."

The Gwinnett Daily Post (12/22) reports the charges "stem from five separate search warrants executed in November in Gwinnett and Barrow Counties, where law enforcement seized 145 pounds of crystal methamphetamine or ice, 135 pounds of cocaine and a .223 caliber AR-15-style rifle, [a] release said." The Athens Banner-Herald (12/22) reports "On Nov. 6, Barrow County Superior Court Judge Joe Booth authorized federal investigators to tap a telephone belonging to Nunez-Villanueva, according to an affidavit that a Drug Enforcement Administration special agent filed in federal court. Through the wiretap, investigators learned that Nunez-Villanueva "appeared to be a broker for numerous illegal drug transactions," the agent said in the affidavit."

Detective In Tennessee Accused Of Helping Family Cocaine Ring. The Nashville City Paper (12/21) reported federal prosecutors on Thursday "unsealed an indictment on a Metro Police narcotics detective, Officer Ernest B. Cecil, charging him with conspiracy for using his police powers to help his nephew run a Nashville cocaine ring. Cecil, a 15-year veteran of the department, was arrested by federal Drug Enforcement Agency (DEA) agents and immediately taken into custody Thursday morning. … Federal officials said they believe Cecil's alleged crimes were all committed to help his nephew, Corey Cecil, hide his drug operation from the rest of the Metro Police Department."

Investor's Business Daily Urges DOJ To Seek Maximum Penalty For Arellano-Felix. In an editorial, Investor's Business Daily (12/21) wrote, "We doubt anyone's facing worse charges in U.S. courts than drug lord Francisco Javier Arellano Felix. So why is the Justice Department hesitating to suggest the death penalty? To put it delicately, this guy's a monster. Apprehended in August by the Drug Enforcement Administration in international waters off Baja California, Arellano was charged in U.S. federal court in San Diego on Wednesday in a string of grotesque crimes on both sides of the U.S.-Mexican border. … There are good reasons for prosecutors to seek the maximum in this case and not worry about public opinion or potential noncooperation on future extraditions from Mexican authorities."

IMMIGRATION:

Immigration Board Rejects Demjanjuk Appeal. The AP (12/22, Kropko) reports, "A man accused of being a Nazi death camp guard lost an appeal today fighting his deportation." John Demjanjuk "was ordered

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deported in 2005 after the chief federal immigration judge determined he had served at several Nazi death camps during World War II. Demjanjuk has denied the allegation and still has the right to appeal in federal courts." The Board of Immigration Appeals ruling "said facts established previously in courts identifying him as a Nazi guard 'are conclusively established' and that there is no reason to believe there may be new information about his past in a Soviet KGB file, as his lawyer alleged. The board reviewed legal briefs in the case before dismissing Demjanjuk's appeal, said Elaine Komis, spokeswoman for the Executive Office for Immigration Review." The BBC News (12/21) noted, "The US Justice Department said efforts were continuing to remove him from the country as soon as possible."

Saudi Princess Ordered Deported In Forced Servitude Case. The AP (12/22) reports, "A Saudi Arabian princess who broke U.S. immigration laws to keep her domestic servants was ordered to be deported, prosecutors said Thursday. Hana F. Al Jader of Winchester was sentenced to two years of probation, the first six months of which must be served in home confinement, after which she'll be deported to Saudi Arabia, prosecutors said. U.S. District Judge Reginald J. Lindsay also sentenced Al Jader, 40, to pay $206,000 in restitution to three of her former domestic servants, pay a $40,000 fine, and perform 100 hours of community service." The AP notes, "Al Jader and her husband, Prince Mohamed Bin Turki Al Saud, and have lived in Winchester and Arlington since the mid-1990s, when the couple came to the United States to obtain medical and rehabilitation treatment for injuries the prince suffered in an auto accident."

CONGRESS-ADMINISTRATION:

Grand Jury Subpoenaed Weldon Records In November. The Los Angeles Times (12/22, Schmitt, 850K) reports, "A federal grand jury has subpoenaed congressional records from Rep. Curt Weldon, R-Pa., as part of an escalating Justice Department corruption probe aimed at determining whether Weldon used his influence to win favors for family members, people familiar with the investigation said. The previously unreported subpoena was issued by a grand jury in Washington before the November election, although it is unclear when Weldon received it." The Times notes, "Weldon said public disclosure of the Justice Department investigation, which came three weeks before election day, was politically motivated. He said at the time that he was not aware of any investigation and that he had done nothing wrong."

Bush Issues 16 Pardons. The AP (12/22, Loven) reports, "President Bush issued 16 pardons on Thursday and commuted the sentence of an Iowa man who was convicted on drug charges. Six of the federal offenses were drug crimes, while others included bank fraud, mail fraud, the acceptance of a kickback, a false statement on a loan application and conspiracy to defraud the government over taxes. Seven of the 16 received no prison or jail time, instead getting probation or a reduction in their military pension." The AP notes that a White House spokesman, Tony Fratto, "said that after investigation by the Office of the Pardon Attorney at the Justice Department, most weight is given to these factors: the seriousness of the crime; how long ago it was committed; the acceptance of responsibility and showing remorse; post-conviction conduct and contributions to society; any specific compelling need for relief; official recommendations, including from the sentencing judge, the probation officer and the federal prosecutor."

Bush Makes Two Recess Appointments. The AP (12/22) reports, "President Bush has appointed an outspoken conservative television producer to the board of directors of the Corporation for Public Broadcasting. Warren Bell, executive producer of ABC's 'According to Jim' was first nominated by Bush in June. In September, his nomination was abruptly pulled from the Senate Commerce, Science and Transportation Committee's agenda because of some senators' concerns." Bell "has been an online contributor to the conservative National Review magazine. In May 2005 he described himself as 'thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues.'" Bell's recess appointment "means he will stay on the board through the congressional session that ends in 2007." The New York Times (12/22, 1.16M) runs a truncated version of the AP story.

Meanwhile, the Washington Times (12/22, Herman, 88K) reports Bush also gave a recess appointment to Mark McKinnon, who "will join the Broadcasting Board of Governors (BBG) in time for its Jan. 10 meeting. The recess appointment is good for a year, but Mr. McKinnon said yesterday that he is confident the Senate would confirm him

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for a full term that would end in 2009. Senators, however, often don't look favorably on recess appointees." The BBG "oversees a global operation that draws more than 100 million listeners and viewers a week. The operations include the Voice of America, Radio Free Europe and broadcast systems that cover Asia, Cuba and the Middle East." Bush's "first attempt to get Mr. McKinnon on the board was in September 2005 in a nomination for a seat formerly held by a member whose term expired. The appointment ran into opposition from Democrats because it was a seat reserved for Democrats."

McClatchy (12/22) calls McKinnon "Bush's media adviser," and says "Senate Democrats were livid when the Texan was first nominated for a Democratic slot on the board. His quick re-nomination as a Republican -- the longtime Texas Democrat now calls himself a 'Bush Republican' -- did not appease them, either." Sen. Joe Biden, "the incoming Senate Foreign Relations Committee who takes over in January, was not likely to move McKinnon's nomination, said insiders, prompting the White House action. 'The nomination had been out there a very long time and we needed to fill the position,' said White House spokesman Tony Fratto. 'This was the most expedient way to get that slot filled.'"

Bush Gives Pay Raise To Federal Workers, Lawmakers, Cheney. The AP (12/22) reports, "President Bush signed an executive order Thursday to raise the pay of federal workers, members of Congress and Vice President Dick Cheney in the new year." Congress "passed the pay raises earlier this year, but Bush was required to sign an executive order to enforce them." The President's "annual salary of $400,000 is not affected by the legislation." The Washington Post (12/22, D1, Barr, 690K) notes "members of the armed forces will also see their base pay rise next year by an average 2.2 percent, though some military personnel will receive higher increases because they are in hard-to-fill positions or have special skills." Salaries for House members and senators "will climb to $168,000, up from $165,200. Congress has put the raise on hold, however, because Democrats first want to approve an increase in the minimum wage, which they believe will prove popular with voters." Cabinet secretaries "will make $186,600 in 2007, up from $183,500 this year. The vice president's salary will be $215,700, rising from $212,100."

Bush Signs Bill To Preserve Japanese Internment Camps. The AP (12/22) reports President Bush "signed into law a $38 million grant program to preserve notorious internment camps where Japanese-Americans were kept behind barbed wire during World War II." The money "will be administered by the National Park Service to restore and pay for research at 10 camps. The law is intended to help preserve the camps as reminders of how the United States turned on some of its citizens in a time of fear." The camps "housed more than 120,000 Japanese-Americans — U.S. citizens and residents — under an executive order signed by President Roosevelt in 1942, when America was reeling from the Japanese attack on Pearl Harbor, Hawaii, on Dec. 7, 1941."

Rohrabacher Says Petition For Convicted Border Agents Ready For Bush. The Washington Times (12/22, Seper, 88K) reports Rep. Dana Rohrabacher said in a press conference yesterday that he will soon present President Bush with "a petition signed by 160,000 Americans calling for the commutation of prison sentences for two US Border Patrol agents convicted of shooting a drug smuggling suspect in the buttocks." He asked the president to "'have some Christian charity and pardon' Agents Ignacio Ramos and Jose Alonso Compean, who are scheduled to begin serving 11- and 12-year prison terms, respectively, next month." Rohrabacher said the petition was "part of a continuing effort to 'turn up the pressure on President Bush to pardon' the agents."

Flawed US Immigration System Said To Invite Illegals. Marcela Sanchez, in her column for the Washington Post (12/22, 690K) writes that last week's immigration raids at Swift & Co. were a "big disappointment all around. People whose intention was to get work used stolen information, such as Social Security numbers. US officials intending to do their jobs used a law meant for a far more serious crime as justification for the crackdown. Both sides are guilty of weakening the rule of law -- a taste of home we Latino immigrants could really do without." Sanchez continues, "Without excusing those who committed fraud to get jobs, it is important to make clear that the United States -- its government, its businesses and even its laws -- invites this type of behavior."

Zeleny Removed From Post Amid Complaints. The Washington Post's (12/22, A31) Al

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Kamen writes in his "In the Loop" column that the "career diplomats at the State Department are celebrating a decision this week by the department's director general to overturn the assignment of an aide to Undersecretary Karen Hughes to a top job running the new Public Diplomacy Rapid Response office in Brussels." The American Foreign Service Association two months ago "protested the selection of mid-level civil servant Diane Zeleny for the job, calling it a 'pre-cooked deal' done by manipulating the process and violating personnel rules," Kamen notes. AFSA filed a grievance asking foreign service director general George Staples to "undo this assignment," which he did, but "gave Zeleny until next summer to leave Brussels." Diplomats "said the opening was never properly advertised so senior officials looking for new postings would know about it. And then it was announced at the last minute, so there was no way top officers, who had already gotten new assignments, could apply for it."

Interior Department Study Finds Oil Drilling Incentives Spur Little Production. The New York Times (12/22, Andrews, 1.16M) reports the US "offers some of the most lucrative incentives in the world to companies that drill for oil in publicly owned coastal waters, but a newly released study suggests that the government is getting very little for its money. The study, which the Interior Department refused to release for more than a year, estimates that current inducements could allow drilling companies in the Gulf of Mexico to escape tens of billions of dollars in royalties that they would otherwise pay the government for oil and gas produced in areas that belong to American taxpayers." The "study predicts that the inducements would cause only a tiny increase in production even if they were offered without some of the limitations now in place. It also suggests that the cost of that additional oil could be as much as $80 a barrel, far more than the government would have to pay if it simply bought the oil on its own."

Goode Won't Apologize For Koran Comments. NBC Nightly News (12/21, story 7, 2:05, Allen, 9.87M) reported, "Since becoming the nation's first Muslim-American elected to Congress, Keith Ellison of Minnesota says he's received hateful mail and phone calls and a few death threats after saying he'd place his hand on a Koran during a private, unofficial swearing-in ceremony. The latest attack -- this letter from Republican Congressman Virgil Goode of Virginia to hundreds of constituents, urging Americans to '…wake up,' adopt his position on illegal immigration, or '…there will be many more Muslims elected to office and demanding the use of the Koran.' Today, with security unusually tight, Goode said he would not apologize for his words. … Ellison has pointed out he is not an immigrant, rather an African-American who can trace his roots to 1742. In a statement today, he said, 'Let's remember…diversity is a great strength of America.' Leading Muslim groups call Goode's letter Islamophobic and ignorant."

The AP (12/22, Lindsey) reports Goode said "he will not retract a letter warning that unless immigration is tightened, 'many more Muslims will be elected' and use the Quran to take the oath of office." Goode "triggered angry responses from a civil rights group and some colleagues with a letter this month to constituents concerned about a decision by Rep.-elect Keith Ellison of Minnesota, the first Muslim elected to Congress, to use the Quran when he is sworn in." Goode said he is "receiving more positive comments from constituents than negative," and he "told Fox News he wants to limit legal immigration and do away with 'diversity visas,' which he said let in people 'not from European countries' and 'some terrorist states.'"

The Washington Times (12/22, McLaughlin, 88K) reports Rep. Rahm Emanuel "called on" Goode "to meet with Rep.-elect Keith Ellison." Emanuel, who is Jewish, said, "If he meets with Keith, he'll see what I saw: a good American with good values of a different faith who's trying to do right by the people he represents." The Times adds Goode "sparked a controversy when he told constituents that if Americans 'don't wake up' and strengthen the country's immigration laws, more Muslims will be elected to Congress and will demand to use the Koran when they take the oath of office." At a Franklin County Courthouse press conference, Goode said, "I will not be putting my hand on the Koran."

Ellison said on CNN's The Situation Room (12/21, Blitzer), "Diversity of our country is a great strength. It's a good thing that we have people from all faiths and all cultures that come here. And we all support one Constitution that upholds our right to equal protection, one Constitution that guarantees us due process under the law, one Constitution which says that there is no religious test for elective office in America. … Diversity in our nation is a great thing and we should embrace it, not be afraid of it." Asked about being sworn in on a Koran, Ellison said, "When I'm officially sworn in, I will do it the same,

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exact way as every congressperson-elect who is sworn in. We will all stand up and, in unison, lift our hand and swear to uphold that Constitution. And then later, in a private ceremony, of course, I'll put my hand on a book that is the basis of my faith, which is Islam."

WPost Says Goode Is A Bigot. The Washington Post (12/22, A32, 690K) says in an editorial, "Bigotry comes in various guises -- some coded, some closeted, some colossally stupid. The bigotry displayed recently by Rep. Virgil H. Goode Jr., a Republican who represents a patch of south-central Virginia, falls squarely in the third category." The "real worry for the nation is that the rest of the world might take Mr. Goode seriously, interpreting his biased remarks about Muslims as proof that America really has embarked on a civilizational war against Islam."

Virginia Interfaith Group Posts Arabic Signs. The AP (12/22, Gelineau) reports that in Richmond, "small beige signs bearing black Arabic script have been appearing all over town on buses and at colleges. … Actual translation: 'Paper or plastic?'" The signs "are part of a campaign by A More Perfect Union, a program of the Virginia Interfaith Center for Public Policy, and are aimed at dispelling some of the public's fears about the Muslim community." The signs "were placed in all 170 Greater Richmond Transit Co. buses in Richmond on Nov. 27 and will remain there through December, though many buses will continue to display them at least through January."

Holocaust Museum Board Criticizes Member For Condemning Ellison. The New York Times (12/22, Swarns, 1.16M) reports the board "that oversees the United States Holocaust Memorial Museum here publicly distanced itself on Thursday from a member who recently condemned the first Muslim elected to Congress for planning to use a Koran during the private part of his swearing-in ceremony." In November, board member Dennis Prager, "a conservative commentator and radio show host, said that Keith Ellison, the newly elected Muslim member of Congress, should give up his post if he could not take his oath on a Bible, which Mr. Prager said was the traditional religious text of the United States." The Holocaust Museum's "executive committee criticized Mr. Prager's remarks as 'antithetical to the mission of the museum as an institution promoting tolerance and respect for all peoples regardless of their race, religion or ethnicity.'"

Davis Continues Probe Of Berger's Removal Of Archive Documents. The Washington Times (12/22, Seper, 88K) reports Rep. Tom Davis, the outgoing chairman of the House Government Reform Committee, "says questions remain about former National Security Adviser Samuel R. Berger's removal of classified documents from the National Archives and pledged yesterday to get the answers." Davis said, "I don't care if it's Sandy Berger or Warren Burger or Veggie Burger who walked off with these documents. It's the lax controls that permitted such a theft; it's the way it was handled internally at the Archives and then by [the Justice Department] that is of grave concern." The Times adds that in October, Davis "led an effort by top House Republicans to investigate and hold hearings on which documents might have been 'destroyed, removed or were missing.'" Democrats assume control of Congress next month, and the request is expected to be shelved. But Mr. Davis said his staff continues to look into the matter, and a final investigative report is expected next month."

Report Says Berger Viewed Documents In Archives Official's Office. The Washington Post (12/22, A31, Smith, 690K) reports Berger has "admitted taking five slightly different copies of a highly classified document from the National Archives in 2003 by stuffing them into his suit and sneaking them past guards. He was eventually detected, confronted and ordered by a federal judge to pay a $50,000 fine for his illegal actions." A newly released report "by the National Archives' Office of the Inspector General contains fresh details of the incident, which involved a classified Clinton administration study called the Millennium Alert After Action Review (MAAR)." During "four visits to the Archives in 2003, Berger worked at a small table in the office of a senior Archives official, instead of in the public reading room -- a practice the inspector general said was 'unauthorized.' The official, whose name was redacted from the report, violated standard protocol by leaving the office to give Berger privacy to speak on the telephone."

WSJournal Says Berger's Actions "Astonishing." The Wall Street Journal (12/22, 2.04M) says in an editorial that the Archives' Inspector General report "suggests Mr. Berger knew he was engaged in a bit of hugger-mugger when he secreted the after-action memos he was reviewing out of the building." Hiding documents "under a trailer in a construction site before returning to retrieve them later" is "not the behavior of a man with a clear conscience. And it's astonishing for a man who served in a senior White House

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position that made him familiar with the obligations of handling classified papers."

Emanuel To Push Prescription Drug Importation Bill. The Chicago Tribune (12/22, Yednak, 617K) reports Rep. Rahm Emanuel (D-Ill.) "said Democrats and Republicans in both chambers will push again for a bill that would allow prescription drugs to be imported to help reduce costs for U.S. consumers." Emanuel said, "People from around the world come to America for first-class medical care, but Americans travel around the world for affordable medications." The Tribune adds the bill "would allow consumers to import drugs directly from Canada, while wholesalers and pharmacies could import FDA-approved drugs from the European Union, Canada, New Zealand, Australia and Japan to offer for sale."

Iraq Complicates Tight Budget For Bush, Congressional Democrats. The Wall Street Journal (12/22, Solomon, 2.04M) reports, "Iraq is casting a shadow over the next U.S. budget, complicating efforts by President Bush and congressional Democrats to fund domestic programs as costs of the war rise." The fiscal 2008 budget is "expected to be released Feb. 5. The budget is likely to be the tightest of Mr. Bush's presidency, with little new discretionary spending expected for any area outside the departments of Defense and Homeland Security." The costs "associated with the Iraq war and broader war on terrorism have exacerbated funding constraints caused, in large part, by rising mandatory costs for programs such as Medicare and Social Security." The situation is "posing a challenge for the White House, which must craft a budget that will cover rising expenses while preserving Mr. Bush's 2001 and 2003 tax cuts and not worsening the deficit." Meanwhile, Congress' "new Democratic majority is expected to face an even tougher task as its leaders look to implement their agenda, which may include increased spending in areas such as education, health care and homeland security."

Krugman Says Democrats Should Spend More Rather Than Cut Deficit. In his New York Times column (12/22), Paul Krugman questions if Democrats should "return to Rubinomics — the doctrine, associated with former Treasury Secretary Robert Rubin, that placed a very high priority on reducing the budget deficit." While Rubinomics "made sense in terms of pure economics, it failed to take account of the ugly realities of contemporary American politics. And the lesson of the last six years is that the Democrats shouldn't spend political capital trying to bring the deficit down. They should refrain from actions that make the deficit worse. But given a choice between cutting the deficit and spending more on good things like health care reform, they should choose the spending."

Pelosi Planning Presidential-Style Inauguration Ceremonies. The Washington Post (12/22, A1, Layton, 690K) reports, "On a scale associated with presidential inaugurations, Nancy Pelosi is planning four days of celebration surrounding her Jan. 4 swearing-in as the first female speaker of the House. She will return to the blue-collar Baltimore neighborhood where she grew up, attend Mass at the women's college where she studied political science, and dine at the Italian Embassy as Tony Bennett sings 'I Left My Heart in San Francisco.'" But "the hoopla is more than just a party." Pelosi "is grabbing the moment to present herself as the new face of the Democratic Party and to restore the party's image as one hospitable to ethnic minorities, families, religion, the working class and women. … In her meticulous selection of events and venues during a week when she expects to attract media attention from as far away as Australia, Pelosi is clearly trying to bury the label 'San Francisco liberal' that Republicans tried to affix to her during the midterm elections." Mike Murphy, "a Republican political consultant and former adviser to Massachusetts Gov. Mitt Romney and Sen. John McCain (Ariz.), said the four-day extravaganza is excessive. 'What? No fireworks?' he said." He "said the schedule is 'classic Pelosi.'"

USA Today (12/22, Scouten, 2.27M) reports on inaugural bashes across the nation, "Unlike campaign contributions, most states don't limit or require public disclosure of inaugural fundraising. Edwin Bender of the Institute on Money in State Politics said greater transparency is needed because governors are guaranteed 'to wield a great deal of influence over public policy.'"

DC Circuit Relaxes Restrictions On Special Interest Group "Issue Ads." The AP (12/22, Apuzzo) reports that the US Court of Appeals for the District of Columbia Circuit "loosened restrictions on corporations, unions and other special interest groups that run political advertising in peak election season." The 2-1 ruling "said groups may mention candidates by name in commercials as long as they are trying to influence public policy, rather than

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sway an election." The ruling "came in a challenge to the so-called McCain-Feingold law designed to reduce the influence of big money in political campaigns." Some lawmakers "have predicted such a ruling would create a loophole in the 2002 law. Advocacy groups have used ads similar to those paid for by the Wisconsin group to advocate for and against candidates."

The Washington Post (12/22, A11, Leonnig, 690K) reports the "divided three-judge court ruled yesterday that ads advocating for an issue and mentioning candidates can run during an election, creating a loophole in the law that sought to control the power of big money in elections." The court "found that the government had no compelling justification to regulate television ads such as the ones Wisconsin Right to Life Inc. broadcast in July 2004, which advocated stopping congressional filibusters against President Bush's judicial nominees." The ads "ran when Sen. Russell Feingold (D-Wis.) was running for reelection and had opposed some of Bush's nominees. The ads made no mention of Feingold's record, instead urging Wisconsin residents to call their senators to express their dissatisfaction."

The New York Times (12/22, Phillips, 1.16M) reports the case, "which was heard by a special federal court panel in Washington, now heads to the Supreme Court. If upheld, the ruling would unravel one of the tougher restrictions on the use of unregulated donations that interest groups pumped by the millions of dollars into political commercials." The majority opinion "was by Judge David B. Sentelle of the United States Court of Appeals for the District of Columbia Circuit and Richard J. Leon of Federal District Court. Judge Richard W. Roberts of Federal District Court dissented." The Washington Times (12/22, Dinan, 88K) notes the ruling is "the first major dent in the 2002 McCain-Feingold campaign-finance law." The "small but potentially deep change creates an exception to what had been considered a near-blanket rule."

NYTimes Criticizes Brownback Over Neff Nomination. The New York Times (12/22, 1.16M) editorializes, "If most people were asked to list the qualities they want in a federal judge, few would include 'has not attended a same-sex commitment ceremony.' But that was the outrageous litmus test that Senator Sam Brownback, Republican of Kansas, applied to Janet Neff, whose nomination he has been blocking. Mr. Brownback -- who has presidential ambitions -- now says he will allow a vote on her nomination. We hope that is a sign that gay-baiting is becoming less tolerable, even to Republican primary voters." The Times adds, "Whether someone has attended a same-sex commitment ceremony is not a worthy litmus test to impose on someone seeking an important office. Whether someone holds hateful views toward gay people certainly is."

OTHER NEWS:

Judge Reduces Texas Vioxx Award From $32 Million To $7 Million. The AP (12/22) reports, "A judge in a Texas widow's lawsuit over the Merck & Co. drug Vioxx on Thursday reduced a $32 million jury award to about $7.75 million, citing Texas' recently enacted caps on punitive damages. The state jury in April found Merck & Co. liable for the death of Leonel Garza, a 71-year-old man who had a fatal heart attack within a month of taking the since-withdrawn painkiller. The company was ordered to pay the Garza family $7 million in non-economic compensatory damages and $25 million in punitive damages. But Judge Alex Garza, in a Rio Grande City courtroom, ordered the punitive damage reduced as required by state law."

US Businessman Pleads Guilty To Bribing UN Official. The New York Times (12/22, Gootman, 1.16M) reports, "A businessman pleaded guilty Thursday to providing cash and a significantly discounted luxury Manhattan condominium to a ranking United Nations procurement official, in a successful effort to win more than $50 million in contracts, federal prosecutors said. The businessman, Nishan Kohli, 30, pleaded guilty in Manhattan federal court to a single count of bribery after acknowledging that he had given cash payments to Sanjaya Bahel, who was chief of the commodity procurement section of the United Nations procurement division from 1998 until 2003. Mr. Kohli faces up to 10 years in prison. He also acknowledged that from 2003 to 2005, he allowed Mr. Bahel to pay reduced rent at a high-rise apartment that Mr. Kohli owned in the Dag Hammarskjold Towers, near United Nations headquarters. In May 2005, Mr. Kohli sold the unit to Mr. Bahel at a price so far below the market value that the condominium's board considered blocking the sale, prosecutors said. … Mr. Kohli's guilty plea is the latest development in a series of corruption charges against United Nations officials and those seeking to do business with them. The plea and Mr. Kohli's agreement to cooperate with the government are likely to

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strengthen the case against Mr. Bahel, who has pleaded not guilty to bribery charges. His trial is scheduled for May 7."

The New York Sun (12/22, Goldstein) reports, "Prior to Mr. Bahel's recent indictment, another top procurement department employee, Alexander Yakovlev, pleaded guilty in the summer of 2005 to corruption and wire fraud charges. Messrs. Bahel and Yakovlev were key officers involved in the awarding of a U.N. contract to the Swiss-based inspection company Cotecna, which had employed Secretary General Annan's son, Kojo. In addition, last January the U.N. suspended eight employees in the procurement department, including Mr. Bahel, pending an investigation into allegations of wrongdoing."

Mexican Anti-Drug Operation Focuses On Hindering Drug Gang Cash Flow. The USA Today (12/22, 6A, Llana, 2.27M) reports Mexico "has long been under pressure from the United States to crack down on the drug trade and end violence between drug gangs. According to the U.S. State Department, 70%-90% of drugs coming to the USA from Latin America enter through Mexico. Mexico is one of the main producers of marijuana and heroin destined for the USA. U.S. Ambassador Tony Garza has repeatedly expressed concern about the rising violence, most of it drug-related. The week-old Operation Michoacan…is the biggest anti-drug effort taken on by the Mexican government, says Army Gen. Manuel Garcia Ruiz, who heads the operation. … The first goal, Garcia Ruiz says, is to disrupt the drug gangs' source of income and their ability to communicate."

Former Administration Officials Decry White House Op-ed Redaction. The New York Times today's publishes the redacted version of an op-ed written by former NSC adviser Flynt Leverett, and former Foreign Service officer Hillary Mann. In an accompanying op-ed titled "What We Wanted To Tell You About Iran," Leverett and Mann say their original piece was "blacked out by the Central Intelligence Agency's Publication Review Board after the White House intervened in the normal prepublication review process and demanded substantial deletions." Agency officials, the write, "told us that they had concluded on their own that the original draft included no classified material, but that they had to bow to the White House." Leverett and Mann say the deleted passages "go into aspects of American-Iranian relations during the Bush administration's first term that have been publicly discussed by Secretary of State Condoleezza Rice; former Secretary of State Colin Powell; former Deputy Secretary of State Richard Armitage; a former State Department policy planning director, Richard Haass; and a former special envoy to Afghanistan, James Dobbins." The content, they note, have also been "extensively reported in the news media, and one of us, Mr. Leverett, has written about them in The Times and other publications with the explicit permission of the review board." Leverett and Mann provide a list of links to their citations "to demonstrate that all of the material the White House objected to is already in the public domain," noting that "unfortunately, to make sense of much of our Op-Ed article, readers will have to read the citations for themselves." Leverett and Mann conclude by stating that "national security must be above politics. In a democracy, transparency in government has to be honored and protected. To classify information for reasons other than the safety and security of the United States and its interests is a violation of these principles."

Rice Backs UN Resolution On Iran Sanctions As Vote Looms. The AP (12/22, Gearan) reports Secretary of State Condoleezza Rice said Washington "supports a draft UN sanctions resolution against Iran even though it omits a mandatory travel ban against several Iranians involved in the country's nuclear and missile programs." However, she "said she expects changes to be made in the draft before it is put to a vote at the United Nations Security Council, perhaps on Friday." Speaking at a news conference with Canadian Foreign Minister Peter MacKay, she offered no details of the revisions she expects, saying, "It's no secret we would have preferred to have this earlier had we been the lone drafter, and of course there might have been other things in it." At the same time, she said the resolution would make clear to Iran that the "international community is not going to tolerate its defiance" of demands that it abandon its nuclear program. The Washington Times (12/22, Pisik, 88K) reports the US and EU yesterday "pushed for a UN Security Council vote as early as today on Iran sanctions," while Russia "said last night that the resolution needed more work, casting doubt on whether the vote could be held today." Meanwhile, Secretary Rice told reporters after a meeting with MacKay that she is "quite satisfied and quite certain" that the resolution "will be adopted."

The Financial Times (12/22, Turner) reports the UNSC is "poised finally to agree sanctions on Iran after months of

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wrangling." Diplomats "had hoped to adopt" the resolution "today but the vote had slipped to the weekend," saying "some issues still needed to be ironed out but they were hopeful that unanimous agreement could be reached by this morning."

Ahmadinejad Defiant Ahead Of Security Council Vote. AFP (12/22) reports Iranian President Mahmoud Ahmadinejad "vowed that nothing would stop Iran pushing ahead with its nuclear program," as the UNSC "prepared to vote Friday on sanctions" against Tehran. In a public address, he said "the United States and Europeans know well that they cannot do anything against Iran and their pressure will not hold back Iran's desire to fully obtain peaceful nuclear technology." The AP (12/22, Dareini) reports Ahmadinejad also called President Bush "the most hated person" in the world Thursday, "keeping up his tirades against the West."

Iranian Official Rejects Talks With US About Iraq. The Los Angeles Times (12/22, Daragahi, 850K) reports Tehran's top envoy in Iraq "said there was no need for contacts with the United States aimed at stabilizing Iraq, saying that Iranians already were pursuing channels to help secure their embattled neighbor." Ambassador Hassan Kazemi-Qomi "brushed aside recommendations of the Iraq Study Group," saying, "We don't need a Mr. Baker-style proposal calling for Iran to talk with the United States about Iraq. We have our own well-defined policies about Iraq. We have never waited for a Mr. Baker or someone else to offer talks."

NYTimes Urges US To Push For More Effective Sanctions. In an editorial, the New York Times (12/22, 1.16M) reports Ahmadinejad "has not been having a very good month, which is good news both for the beaten-down people of Iran and for the outside world. The populist demagogue, it seems, is not so popular with important elements of Iranian society growing uneasy over the price Iran may have to pay for his belligerent pursuit of nuclear technology. This week, Mr. Ahmadinejad's oil minister acknowledged that foreign banks were pulling back from financing Iranian oil projects because of the worsening nuclear dispute." Also last week, "in a remarkable show of courage, students at one of Tehran's elite universities openly denounced Mr. Ahmadinejad as a dictator and a fascist, forcing him to cut short his planned address." As some Iranians begin to recognize that their nation's nuclear program may "do more harm than good," the Times says "Washington needs to keep pushing for effective economic sanctions that will compel Mr. Ahmadinejad to recognize it as well."

Saudi Officials Seen As Split Over Iran Policy. The New York Times (12/22, A16, Fattah, 1.16M) reports that across Saudi Arabia, "in both official and casual conversation, once-quiet concern over the chaos in Iraq and Iran's growing regional influence has burst into the open," with many saying "a showdown with Iran is inevitable." According to the Times a "growing debate" in the kingdom "has centered on how Iran should be confronted: head on, with Saudi Arabia throwing its lot in with the full force of the United States, or diplomatically, with a grand bargain Iran would find hard to refuse?" The "apparent split burst into the open last week when Prince Turki al-Faisal, Saudi Arabia's ambassador to Washington, abruptly resigned after just 15 months." His resignation is "seen by many…as part of a long-running battle over Saudi Arabia's foreign policy," and "privately some Saudi officials and analysts with knowledge of the situation say Prince Turki resigned over deep differences with Prince Bandar bin Sultan," who is "believed to favor the tough American approach of confronting Iran, analysts say, while Prince Turki advocates more diplomatic tactics, including negotiating with Iran." Also, the new Saudi ambassador, Adel al-Jubeir, a foreign policy adviser to King Abdullah, is seen as "a wild card." Although he "once worked for Prince Bandar," Saudi officials said that Jubeir "did not necessarily share Prince Bandar's opinions," saying instead he will act as "a direct line between the king and the administration."

Bush Signs Measure Blocking Aid To Hamas. The AP (12/22) reports President Bush Thursday signed into law a bill "meant to block US aid to the Hamas-led Palestinian government and ban contacts with Hamas until the militant faction has renounced violence and recognized Israel's existence." The measure "also creates a $20 million fund to promote democracy, human rights, freedom of the press and peace between Israel and the Palestinians." Sen. Mitch McConnell (R-KY), co-sponsor of the Senate bill, "said the legislation makes clear the Palestinian Authority can expect no US help so long as it continues to be led by Hamas." For its part, the White House said the legislation Bush signed "reflects the administration's concern over the current government's failure to renounce violence and terror,

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recognize Israel and respect previous agreements and obligations."

Renewed Fighting Threatens Palestinian Ceasefire. The AP (12/22, Barzak) reports a "fierce gunbattle broke out between Hamas and Fatah militants in Gaza City early Friday, underscoring the fragility of a two-day old truce that had largely ended factional violence there." The "street battle" erupted when Hamas militiamen "tried to free two kidnapped militants, including a senior member of the Islamic group." Meanwhile, Palestinians "stepped up rocket attacks on Israel," threatening a separate cease-fire between Israel and the Palestinians. In a conflicting report, AFP (12/22, El Oun) writes under the headline "Gaza Breathes A Sigh Of Relief As Ceasefire Holds" that the "embattled Gaza Strip breathed a sigh of relief as a truce between rival Palestinian factions took hold." AFP said "no clashes between" Fatah and Hamas "have been reported since early Wednesday."

US Prepares $500 Million Aid Package To Strengthen Lebanon Against Hezbollah. The Washington Post (12/22, A29, Wright, 690K) reports the US is "preparing a package of almost $500 million in aid for Lebanon's military and police to help strengthen security forces, part of almost $1 billion in total US assistance to help the beleaguered Lebanese government," according to US officials. The package is part of an international effort to "shore up the Lebanese security forces so they can eventually extend their control over the entire country" and "to strengthen the government's hand over the influence of Hezbollah," the sources said. Secretary Rice told The Post last week in an interview that "one of the most important things that you can do is to strengthen the Lebanese armed forces not -- I think probably not to replace the United Nations forces for some time, but to be more capable themselves of defending the country and providing a stable platform." Rice said the package will require "further consultations with Congress to win funding." The "other half of the $1 billion is likely to be for reconstruction through USAID as well as debt relief," US officials said. The US aid package is being prepared "even as a new report by the International Crisis Group, set to be released today, warns that the Middle Eastern country is at risk of 'renewed collapse' unless domestic and international players work to achieve political compromise." ICG analyst Patrick Haenni warns, "Street politics have replaced institutional politics. Civil war remains unlikely. But with heightened polarization, intensified [religious divisions] and heavy outside interference, it is again becoming thinkable."

Rice Questions Pyongyang's Commitment As Six-Party Talks Stall. In an exclusive interview with the AP (12/22, Gearan), Secretary of State Condoleezza Rice "said she has no reason to believe North Korea is serious about dismantling its nuclear weapons," but this week's six-party talks will help determine "whether or not they follow through." Meanwhile, in Beijing, the New York Times (12/22, A5, Lague, 1.16M) reports Assistant Secretary of State Christopher Hill Thursday said Pyongyang's "determination to link nuclear disarmament with the financial restrictions was an obstacle" to solving what had become a "very urgent problem." Hill said negotiators "have made it very clear that we consider the financial issue quite separately from the denuclearization issue. I would rather not obscure that problem by talking about finances." Kenichiro Sasae, Japan's chief envoy to the talks, said North Korea's refusal to disarm before the United States lifted the financial restrictions meant "there is no prospect for a breakthrough" in the talks. The Washington Post (12/22, A21, Cody, 690K) reports that "after what he described as a frustrating day of discussions," Hill "said he would give the Chinese-sponsored talks another day in hopes that the North Korean negotiators received last-minute instructions from Pyongyang to change their stand. But in any case, he said, he will be making plane reservations to head back to Washington on Saturday." In Washington, Secretary Rice told reporters, "Diplomacy sometimes takes time, but we should not be diverted somehow by an issue that is clearly in another lane and is clearly being dealt with in a way that the North Koreans themselves asked that it be dealt with." The Washington Times (12/22, Kralev, 88K) says Secretary Rice "rejected a North Korean attempt at the six-nation nuclear talks in Beijing to link the negotiations to US financial sanctions imposed last year." Speaking to reporters after a meeting with Canadian Foreign Minister Peter MacKay, Rice, "We've been very clear that these are two separate issues."

The AP (12/22, Olesen) notes Hill "said Friday that there were no signs of a breakthrough and accused the communist state of not being serious about the negotiations." Hill was quoted as saying, "When the DPRK raises problems, one day it's financial issues, another day it's something they want but they know they can't have, another day it's something we said about them that hurt their feelings. "What they need to do is to

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get serious about the issue that made them such a problem...their nuclear activities." AFP (12/22) says the talks "appeared set to end in deadlock."

Korean Expert Says Pyongyang Misunderstood. B.R. Myers, a North Korea researcher at Dongseo University in Busan, South Korea, writes in the Wall Street Journal (12/22, 2.04M) that the "ideological landscape" of the Korean peninsula "defeats the reasoning that led to the six-party talks in the first place." North Korea, he notes, is "not a communist country with ideological and sentimental reasons to listen to China and Russia; it is a virulently nationalist state that distrusts all the other parties at the table. And though the rhetoric of a 'concerted front' against North Korea has proved to be just that, it has sufficed to heighten South Korea's sense of solidarity with the North. This will continue to mean plenty of aid money for Kim Jong Il with which to build weapons." The US, Myers writes, "has urged Beijing to bring more pressure to bear on the North. But if America can do nothing with its own ally, it can hardly expect the Chinese to do more with theirs."

US Cancels Military Exercise With Philippines Over Detained Marine. The New York Times (12/22, A8, Shanker, 1.16M) reports under the headline "Tensions Flare Over Custody In Rape Case In Philippines" that the commander of American forces in the Pacific announced Thursday that he had canceled "a huge annual military exercise with the Philippines in a dispute over custody of a marine lance corporal convicted of raping a local woman." Adm. William J. Fallon said he also "would halt aid and reconstruction programs carried out by the American military in the Philippines until he was confident that the troops' legal rights would be protected under bilateral agreements governing visiting United States forces." The rape case involving Lance Cpl. Daniel Smith "has tested relations between the countries and challenged the validity" of a bilateral agreement. It has also "sharpened a political division between Filipinos with nationalist resentments" and those "who cite the economic and security benefits of ties to the United States."

Singh Expresses Concerns About Nuclear Pact. The AP (12/22) reports Indian Prime Minister Manmohan Singh told President Bush Thursday that his country has "some concerns" about the nuclear pact signed into law earlier this week, according to a statement by Singh's office. The Indian government has "not elaborated on its concerns, but Congress included a nonbinding clause in the new law directing the White House to certify that India is cooperating in efforts to force Iran to abandon its nuclear programs." The clause has been "criticized by Singh's leftist allies and opposition parties, who claim it violates India's sovereignty." During the telephone call, the two leaders "expressed the hope that remaining concerns will be addressed in the next stage of negotiations" on the nuclear cooperation deal, the statement from Singh's office said.

Somali Government Declares Victory In Battle Against Islamic Militants. The New York Times (12/22, A8, Gettleman, 1.16M) reports the transitional government of Somalia "claimed victory on Thursday in the first major confrontation" with Islamic militants. United Nations officials "confirmed heavy Islamist casualties in the fighting, which began Wednesday and continued Thursday." The Islamist fighters, the officials said, were "mowed down by transitional government soldiers backed by the Ethiopian Army." "After initially playing down the fighting, Islamic militant leader Sheik Hassan Dahir Aweys, "announced Thursday over national radio that Somalia was at war" and urges "all Somalis" to "take part in this struggle against Ethiopia." The AP (12/22, Duhul) says the "clashes threaten to spiral into a major conflict in this volatile region, sucking in Ethiopia and its bitter rival Eritrea, which is accused of supporting the Islamic group. Analysts believe Ethiopia may soon raise the stakes by deploying attack helicopters in support of the government."

US Embassy Accuses Congolese Company Of Stealing Aid Shipment. AFP (12/22) reports the US embassy in Brazzaville "accused a private Congolese company of stealing more than 5,800 tons of humanitarian aid worth more $3 million with the help of a local magistrate." The embassy accused import-export company Super-Market of having "illegally removed" the aid at the start of December from warehouses of a transit company in Pointe-Noire, according to a statement received by AFP. Ambassador Robert Wesiberg told journalists that Super-Market had "acted in complicity with prosecutor Narcisse Ngoulou" and asked the Congolese government to do "everything to remove this aid from Super-Market, so that it can reach people following normal procedures." Wesiberg noted that "so far all attempts to obtain help from ministries had been in vain."

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The ambassador on Wednesday "boycotted" a ceremony organized by the UN Development Programme during which an appeal for $28 million in aid for Congo in 2007 was due to be launched.

Sudden Death Of Turkmen President Raises Fears Of Instability. ABC World News (12/21, story 6, 0:25, Gibson, 8.78M) reported, "One of the world's most ruthless and eccentric dictators has died. Saparmurat Niyazov ruled Turkmenistan in central Asia for 21 years. He crushed opponents and named towns, mosques and even months of the year after himself. His bizarre decrees included a ban on lip-syncing. His death raises questions about the stability of Turkmenistan, which has vast natural gas and oil reserves." The Financial Times (12/22, Gorst) says Niyazov's death "has raised the threat of instability in a Central Asian republic that is an important energy supplier to Europe." Niyazov, who ruled for more than 20 years, died "with no obvious successor," likely "to spark both an internal power struggle and a tussle for influence between Russia, China and the US over a country with the world's fifth-largest gas reserves." The New York Times (12/22, Chivers, 1.16M) reports "foreign governments and energy analysts expressed misgivings about the expected succession battles ahead, and what they might mean for stability and the intense international competition for the gas reserves." Acting President Berdymukhammedov, it notes, is "a relatively unknown political figure" and "probably not a long-term successor."

The Wall Street Journal (12/22, A4, Chazan, Cullison, 2.04M) says Russia "will probably have the edge in any 'Great Game'-style jockeying for influence over Turkmenistan," noting that President Vladimir Putin "has long nurtured close ties to the Turkmen leadership." However, Niyazov's death "could also revitalize Western-backed efforts to open up new transport routes for Central Asian gas." The AP (12/22, Heintz) reports that "within hours of his death, Turkmenistan appeared to be showing signs of political infighting."

The Los Angeles Times (12/22, Holley, 850K) and Washington Post (12/22, A21, Finn, 690K) run similar reports. Also in the Washington Post (12/22, A33, 690K), Marsha Lipman writes that "struggle seems inevitable. Niyazov's regime implied that he was Turkmenistan's ruler for eternity, and any plans for succession were simply ruled out. Just as it was after Stalin's death, members of the leader's inner circle must be seized by fear and deep distrust of each other. … One would hope that change will at least improve somewhat the situation of the Turkmen people. But with the balance of power in Central Asia at stake, it's unlikely that human rights abuses will be of major concern to the contestants in this tug-of-war."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — President and Mrs. Bush participate in a visit to Walter Reed Army Medical Center; participates in a holiday service project, Walter Reed Army Medical Center.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No scheduled events.

Other: No scheduled events.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Judge Tosses Out Mayor's Takeover Of L.A. Schools."
"In Vegas, All Bets Off On The Homeless."
"Major Storms Snarl Holiday Air Travel."
"Refugees Shut Out By War On Terrorism."
"Gov. Calls For Prison Growth."
"4 Marines Charged With Murder In Iraqi Deaths."

USA Today:

"Southern Growth Leads USA."
"Big Donors Bankroll Inaugural Bashes."
"Homelessness Catches Families Even Amid Affluence."

New York Times:

"Marines Charge 4 With Murder Of Iraq Civilians."
"Study Suggests Incentives On Oil Barely Help U.S."
"Hudson Tunnels Seen As Fragile."
"Parenting As Therapy For Child's Mental Disorders."
"Looking To 2008, Democrats Nurse Freshmen At Risk."
"Those Inflatable Santas: Eyepoppers To Eyesores."

Washington Post:

"4 Marines Charged In Haditha Killings."
"A Slow Start For Holiday Travelers."
"Area Population Losses Offset By Immigrants."

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"Powerful Interests Ally To Restructure Agriculture Subsidies."
"Pelosi Aims To Recast Self, Party."
"In China, Aging In The Care Of Strangers."

Washington Times:
"U.S. And EU Urge Vote On Iran Ban."
"Bush Caved To Pressure On Troops."
"Teens' Use Of Illegal Drugs Drops."
"Issue Ads Allowed In Election Run-Up."
"Steele Seeks Advisory Role In '08 Race"
"Board Games Reach Biblical Proportions."

Detroit Free Press:
"Granholm: State Must Raise Taxes Or Cut Back."
"Anatomy Of A Conviction."
"8 Marines Charged In Deaths Of 24 Civilians."

Atlanta Journal-Constitution:
"State Little help With Bible Classes."
"Marines Charged In 24 Killings."
"If You Could Do It All Over Again."
"Katrina Wave Boosts Ga. Population."

Houston Chronicle:
"Metro Bypasses Obstacle, But Rail Fight Isn't Over."
"Tape Leads To Arrest In 'Good Samaritan' Death."
"State Cuts Social Services Contract."
"SMU Pulls Ahead As Favorite For Bush Library."
"4 U.S. Marines Charged In Iraqi Civilian Deaths."

Story Lineup From Last Night's Network News:
ABC: Western Blizzard; Blizzard-Travel Impact; London-Heavy Fog; Marines-Haditha Killings; Iraq-Potential Political Breakthrough; Niyazov Obit; US Teens-Drug Use; US Economic Growth; Barbaro's Recovery; Holiday Food To Exercise Ratio; NY Couple-Unexpected Pregnancy.
CBS: Marines-Haditha Killings; Western Blizzard; Western Blizzard-Analysis; London-Heavy Fog; US Teens-Drug Use; Environmental Dangers-Industrial Soot; Economic Briefs; OR-Missing Climbers; Interview With Wife Of Deceased Climber.
NBC: Western Blizzard; Blizzard-Travel Impact; London-Heavy Fog; Marines-Haditha Killings; Iraq-US KIAs; Iraq-Federal Contractor Shootings; Congress-Ellison-Goode Dispute; Iraq-Victory Definitions; NJ-Civil Unions; Holiday Spending; Stock Markets; Spain-Dinosaur Discovery.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Western Blizzard; Blizzard-Travel Impact; WA-Helicopter Crash; Marines-Haditha Killings; Rice-Iraq; Toyota Expecting To Produce Record Number Of Vehicles In 2007; Journal Health Psychology-Back Pain; O'Donnell, Trump Feud; Bush-Federal Pay Raise.
CBS: Marines-Haditha Killings; Iraq-US KIAs; Nicholson-Military Draft; Western Blizzard; New Orleans-Heavy Rain; US Teens-Drug Use.
NPR: Marines-Haditha Killings; Western Blizzard; Blizzard-Travel Impact; Space Shuttle; Tokyo Stock Exchange; Six-Nation Talks With North Korea; French Prime Minister Testifies In Court Case Investigating Alleged Smear Campaign; Britain-Prostitute Murders; Wall Street.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 22, 2006 7:45 AM EST

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TERRORISM NEWS:

Editor's Note. In observance of the federal Christmas holiday, the Attorney General's News Briefing will not be published on Monday, December 25. Bulletin News wishes all of our readers a very happy holiday, and we look forward to working with you in 2007.

Rice Asks Chertoff, DOJ To Review Arar Case.

Bloomberg (12/22, Zacharia) reports that in a press conference yesterday with Canadian Foreign Minister Peter MacKay, "U.S. Secretary of State Condoleezza Rice has asked homeland security chief Michael Chertoff and the Justice Department to review the case of Maher Arar, a Canadian citizen who Canada says was wrongly accused of links to terrorism and remains on a U.S. terrorist watch list. … Canada has removed Arar from its watch list and wants the U.S. to do the same." Bloomberg adds, "Asked if she had anything to say to Arar on how he has been treated, Rice defended U.S. counterterrorism and border security procedures, saying 'it needs to be understood that in the post- September 11 circumstances we are determined to protect our borders.'

CBC News (12/21) reported Rice said that "U.S. security officials will review why…Arar is still on a U.S. terrorist watch list," but she "reiterated that the U.S. makes its own security decisions based on independent information. 'We value accuracy in cases but we do have our own process,' she said. 'It needs to be understood that in the post-Sept. 11 circumstances, we are determined to protect our borders.' MacKay said he brought up Arar's status in the

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meeting with his U.S. counterpart and reiterated that Arar has been cleared by the Canadian government of any ties to terrorism." CBC noted, "The meeting between MacKay and Rice came a day after" DHS Acting Assistant Secretary for International Affairs Paul Rosenzweig "bluntly stated the U.S. would follow its own path on Arar without informing Canadians on its reasons. … Prime Minister Stephen Harper told Sun Media that 'as near as I can see, we simply have a U.S. government that won't admit it's wrong.'"

New Analysis Finds Hudson River Tunnels Vulnerable To Bomb Attack. The New York Times (12/22, Rashbaum, Neuman, 1.16M) reports, "An analysis done for the Port Authority of New York and New Jersey says that the PATH train tunnels under the Hudson River are more vulnerable to a bomb attack than previously thought, and that a relatively small amount of high explosives could cause significant flooding of the rail system within hours." The new information was shared with the Times "by a government official who was troubled by what the official felt was a lack of action in response to the analysis, which the official said the Port Authority got about three weeks ago." The official said the Port Authority had not yet informed the governors of New York and New Jersey, the "Department of Homeland Security, Mayor Michael R. Bloomberg, the New York Police Department or other law enforcement agencies" of the results of the analysis.

Five Cuban-Americans Testify In Posada Carriles Probe. The AP (12/22, Press) reports, "Five Cuban-Americans were called to testify in a federal grand jury probe exploring allegations they helped send more than $30,000 to an anti-Castro militant suspected of directing attacks on Cuba, their lawyer said Thursday. All five deny wrongdoing, attorney Gilberto M. Garcia said. He told The Record of Bergen County that four of his clients claim someone used their names to send transfers to Luis Posada Carriles," and "a fifth, Oscar Rojas, acknowledges handling transfers but says he did so only at the request of a former millionaire businessman that he worked for and did not know what the funds would be used for, according to The Record." The AP notes, "Justice Department spokesman Bryan Sierra would neither confirm nor deny an investigation into the money transfers was ongoing."

HOMELAND RESPONSE:

Chertoff Says DHS Will Issue New Chemical Plant Security Rules. The New York Times (12/22, Lipton, 1.16M) reports following "years of debate, and criticism over the delay," Department of Homeland Security Secretary Michael Chertoff said Thursday that the department will issue chemical plant security rules Friday that "will bring us to a much higher level of security." However, "the draft regulations will almost certainly evoke protest from Democrats on Capitol Hill — as well as from state officials — because they may allow a federal pre-emption of conflicting and perhaps more demanding state laws. They also may allow the Department of Homeland Security, under certain circumstances, to recognize as sufficient the security measures already put in place voluntarily by major chemical manufacturers, meaning that for many plants, few if any changes would be required." The times continues that the draft rules "will leave it up to plant owners to decide what measures are most appropriate, although the Homeland Security Department will review the plans and have the power to order changes."

The Wall Street Journal (12/22, A3, Block, 2.04M) reports the rules were "heavily influenced by the chemical industry," and "will tell plants what they need to do, and not how, a strategy unlikely to satisfy many Democratic lawmakers who take control of Congress next month." Chertoff said the announcement "is part two of what we did with respect to trains carrying hazardous chemicals between places. These rules now cover security when those chemicals come to rest." The Journal adds that critics saw the rail security rules unveiled last week "as weak -- a charge also likely to hit the chemical-plant rules."

DHS Privacy Office Says Secure Flight Violated Federal Law. The Washington Post (12/22, A7, Nakashima, Wilber, 690K) reports a report to be issued Friday by the Homeland Security Department's privacy office says "Secure Flight, the US government's stalled program to screen domestic air passengers against terrorism watch lists, violated federal law during a crucial test phase" when it gathered "passenger data from commercial brokers…without notifying the passengers." It is "the first time that the Homeland Security Department has acknowledged that the problem-plagued Secure Flight program has violated the law." The report finds "that 'the disparity between what TSA proposed to do and what it actually did in the testing program resulted in significant privacy concerns being raised."

Audit Finds DHS Lacks Financial Controls. The New York Times (12/22, News, 1.16M) reports the auditing firm KPMG LLP has found, for the third straight year, that it could not provide an opinion on the balance sheet of the Department of Homeland Security "because of its lax financial controls and oversight. The department last year hired a chief financial officer, David Norquist, for the first time. In a Nov. 15 letter, Mr. Norquist wrote: 'We agree with the independent public accountant's conclusions. Since my

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arrival at the department I have made corrective actions my highest priority.'"

"Material Support" Laws Said To Be Limiting Refugee Admission Into US. The Los Angeles Times (12/22, Gaouette, 850K) reports that post-9/11 US laws denying "admission to anyone who has provided 'material support'…to terrorist groups" have expanded over the last few years "to the point that they are disqualifying people who even immigration judges agree pose no threat to the US." Critics say disqualifications of people who unwillingly supported terrorists "are a big reason why refugee admissions in fiscal 2006 fell to 41,277 from more than 50,000 in each of the two previous years. The material-support clause has even snared American allies who fought alongside US troops or at the United States' behest." The Times adds that "Homeland Security officials say they hope for legislation next year" that "would expand the use of government-issued waivers that allow an otherwise banned group or person into the country."

WAR NEWS:

Eight Marines Charged In Haditha Killings. ABC World News (12/21, story 4, 2:40, Gibson, 8.78M) reported, "Criminal charges were filed today against eight Marines in a case that has damaged the US military's reputation in Iraq and throughout the Muslim world, the alleged massacre of 24 civilians in the Iraqi town of Haditha. Four of the Marines were charged with murder, and four were charged with dereliction of duty." The CBS Evening News (12/21, lead story, 2:41, Couric, 7.66M) said that "in a war filled with horrors, this was one of the most shocking." CBS (Martin) added, "It's the biggest criminal case of the Iraq war, a sergeant faced with 13 counts of murder and a lieutenant colonel accused of dereliction of duty are among the eight Marines charged. It all started when an improvised explosive device, or I.E.D., killed one Marine." Col. Stewart Navarre, spokesman US Marine Corps: "Over the next several hours, 24 Iraqi men, women, and children, died in the vicinity of the IED explosion." Martin: "Sergeant Frank Wuterich, the leader of the squad ambushed in Haditha a year ago, is charged with killing 12 Iraqi civilians. He's also accused of killing six when he opened fire without first identifying his victims. His attorney insists Wuterich was not out for revenge." Neal Puckett, defense attorney: "Everything he did that day was in an effort to protect his Marines from any further harm after the IED went off." Puckett "portrayed the war -- nasty, urban combat in which one false step can lead to death -- as the real culprit."

NBC Nightly News (12/21, story 4, 1:10, Miklaszewski, 9.87M) reported, "Military officials say it appeared some of the victims had been shot execution-style. Defense lawyers argue the Marines were using appropriate force under the current rules of engagement. Four other Marines – officers -- have also been charged with dereliction of duty for failing to investigate the incident. Now, if those four initial Marines are court-martialed and convicted of murder, they could face life in prison on each count." The Los Angeles Times (12/22, Marosi, Perry, 850K) notes, "Initial reports from the Marines stated that 15 civilians died in an explosion and eight Iraqis were killed in a firefight. Only after Time magazine published an investigative story suggesting that the Marine account was false did the military begin its own investigations."

The AP (12/22, Watkins) reports, "At a news conference to announce the charges, military officials would not say what they believe prompted the killings. But investigators have raised the possibility that the men went on a rampage in a fury over the roadside bombing that killed Lance Cpl. Miguel Terrazas of El Paso, Texas, and wounded two other Marines." USA Today (12/22, Kasindorf, 2.27M), New York Times (12/22, Von Zielbauer, Marshall, 1.16M), Washington Post (12/22, A1, White, Geis, 690K) and Christian Science Monitor (12/22, Knickerbocker, 59K) also report on the incident and charges.

Contractor Accused Of Opening Fire On Civilians. NBC Nightly News (12/21, story 6, 2:55, Williams, 9.87M) reported on "two men who went to Iraq as part of a team of heavily-armed private security contractors and who now tell NBC News they saw their supervisor open fire on Iraqi civilians just, as they say, 'for the thrill of it.' An act of violence by contractors would not be an isolated incident in Iraq. But this story comes as a new Federal report accuses the Pentagon of failing to adequately oversee private contractors in that war zone." NBC (Myers) added, "Shane Schmidt is a former Marine Corps sniper, Chuck Shepard, a former Army Ranger. Both joined the legions of heavily-armed private security contractors in Iraq. They claim that during a mission last July, another American fired unprovoked into two Iraqi civilian vehicles, possibly killing at least one person. Do you think a crime was committed that day?" Triple Canopy "does not deny that shootings occurred. But it says the facts, including what might have provoked the shootings, are in dispute and it has no evidence anyone was hurt."

Gates Hears Support For More Troops In Iraq. The AP (12/21, Baldor) reports Defense Secretary Robert Gates "traded ideas with Iraqi leaders Thursday about boosting military assistance for the embattled government and warned Iraq's neighbors that the U.S. will be a presence in the Persian Gulf for a long time." Gates said that "Iran and Syria are playing a negative role in the violence" and added, "We need to make damned sure that the neighbors understand that we're going to be here for a long time -- here

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being the Persian Gulf." He also said that "there are several approaches that could be used to improve security, yet offered few details." In speaking to soldiers, Gates "asked whether adding forces would help" and "got a roomful of nods and smattering of 'yes, sir' responses." Meanwhile, the New York Times (12/22, Cloud, 1.16M) says Gates, "talking to enlisted soldiers on his second day in Iraq, heard broad support today for a proposal to send more American forces to Iraq." Gates also said that in a "meeting with Prime Minister Nuri Kamal al-Maliki and other senior Iraqi officials…he had discussed 'the possibility of some additional assistance' with the Iraqis, but that there had been no mention of specific numbers of additional American troops."

The Washington Post (12/22, A23, Ricks, Raghavan, 690K) reports that Maliki told Gates that "he would let U.S. generals decide whether there is a need for a 'surge' in U.S. troops deployed in Iraq." Iraqi Defense Minister Abdul Qadir Muhammed Jassim "indicated general acceptance" of an "increase in the number of U.S. troops." But Sami al-Askari, "a Shiite member of parliament who is close to Maliki" said that at a meeting of Shiite parliamentarians "there was a general feeling that 'there's no need for further troops.'" Maliki's office said that he "told Gates that Sunni Arab insurgents and loyalists of Saddam Hussein's former Baath Party were behind the violence unfolding in the capital." Maliki "advisers say he has proposed a two-pronged strategy in which U.S. troops would target Sunni Arab insurgents in outer Baghdad neighborhoods for four to eight weeks, while Iraqi forces would take over control of inner Baghdad." At a breakfast with "more than a dozen enlisted soldiers" Gates "got an earful about the need for more personnel."

Some Military Leaders Could Back Troop Surge. The Wall Street Journal (12/22, A4, Harwood, 2.04M) reports, "Some military leaders aren't opposed to Iraq troop surge. Army leaders privately tell White House they could back more soldiers if Bush provides latitude to sustain the effort through reserve call-ups."

Armed Forces Expansion Favored By Retired Officers And Joint Chiefs. The Washington Times (12/22, Scarborough, 88K) reports, "President Bush only acceded to a jump in the number of U.S. Army and Marine Corps ground troops after intense pressure from senior officers, active and retired, including the Joint Chiefs, defense sources said." Bush "heard about the stressed Army and Marines Corps from a group of retired officers at the Pentagon" and he "listened to a request for more combat forces from Gen. Peter Schoomaker, the Army chief of staff, and Gen. James T. Conway, the Marine commandant." Schoomaker "and Mr. Rumsfeld's staff did not see eye to eye on the size of a budget increases needed to replace damaged equipment." Meanwhile, "the Joint Chiefs do not favor proposals from Democrats to remove all 135,000 troops immediately from Iraq or to bring them out in a preset timeline." Retired Air Force Lt. Gen. Thomas McInerney said, "We are badly underfunding the Department of Defense for the missions we have given them."

Gates, Rumsfeld Styles Contrasted. The New York Times (12/22, Cloud, 1.16M) runs a profile of Gates this morning, in which the new secretary is contrasted (favorably) with former Defense Secretary Donald H. Rumsfeld. For example, the Times notes Gates' use of meetings with soldiers to "collect impressions about conditions outside the heavily fortified American military compounds." But "it is easy -- and facile -- to view almost every move he makes as either a deliberate or unconscious repudiation of Mr. Rumsfeld." The article indicates some "similarities" between the two, noting that "both men left Washington for long periods" and that Gates can "be an exacting bureaucratic taskmaster." But "Gates has not returned with sweeping ambitions of transforming the department. Nor has he brought a coterie of ideologically driven aides with him." Gates also "leaves no doubt that he sees fixing Iraq as his overriding mission." And "perhaps he recognizes that his best management tool, at least for now, is to be seen as the anti-Rumsfeld."

Rice Says US Can Still Win In Iraq. In an exclusive interview with the AP (12/22, Gearan), Secretary of State Condoleezza Rice said Iraq is "worth the investment" in American lives and dollars and "said the US can still win a conflict that has been more difficult than she expected." Asked whether an additional $100 billion the Pentagon wants for the Iraq and Afghan wars "might amount to throwing good money after bad in Iraq," Rice said, "I don't think it's a matter of money. Along the way there have been plenty of markers that show that this is a country that is worth the investment, because once it emerges as a country that is a stabilizing factor you will have a very different kind of Middle East." The secretary noted that "a lot has been invested in Iraq," and said President Bush would not ask for continued sacrifice and spending "if he didn't believe, and in fact I believe as well, that we can in fact succeed."

On PBS' NewsHour (12/21, Warner), Rice said, "The President's looking at his options. And I'm going to look at them with him. And, of course, we'll give him advice. But my view is that we need to do what needs to be done in order to win. … The President is waiting not to hear reports of what commanders may be saying, or rumors about what commanders may be saying, or even the voices of a commander here or a commander there, but rather to get a systematic look at what his options are, at what the people on the ground, the commanders, think is going to help support this Iraqi government in getting control of the violence in Baghdad. And he'll make a decision at that point."

Experts Skeptical About Possibility Of Victory. NBC Nightly News (12/21, story 8, 3:25, Williams, 9.87M) reported on the results of asking "five prominent thinkers and

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policymakers -- how do you define victory in Iraq?" Their responses were generally negative, saying that victory was "unlikely" or "no longer achievable" yet each held out the hope of a redefined victory under a new strategy. Jamil Mroue, Editor-in-Chief, The Daily Star, Beirut: "Victory to this part of the world is stability." He urged the U.S. to "move from a paradigm of security and force to an active role in justice, which is the essence of America, then there is possibly a win-win situation that would be victory." Susan Rice, Senior Fellow, Brookings Institution: "A stable, democratic, peaceful Iraq -- is no longer achievable in a reasonable timeframe, if it ever was." Instead, "the best we can hope for at this stage, and it is a long shot, is to prevent Iraq from becoming a fully failed state." Dr. Henry Kissinger, Secretary of State, 1973-1977: "Victory…is unlikely." But, "An end to the civil war and a coalition government that prevents the establishment of terrorist ends on its territory" is "achievable, but not by the present strategy." Paul Rieckhoff, Executive Director, Iraq & Afghanistan Veterans of America: "For most of the troops on the ground, the key victory is just surviving." Still, "if victory is trying to stand up a government and trying to save face, maybe we've got a chance." Sen. Kay Bailey Hutchison: "I think everyone agrees that adjustments are due but let's do it in a way that continues the overall goal of stopping terrorism and protecting Americans and freedom-loving people throughout the world."

Sadr, Sunni Group Seen As Undercutting Drive Toward New Iraqi Coalition. The New York Times (12/22, Glanz, 1.16M) reports, "Several Iraqi political groups on Thursday maneuvered to undercut an American-backed initiative that would create a multisectarian bloc intended to isolate extremists like the Shiite cleric and militia leader Moktada al-Sadr. The bloc would consist of Sunni Arab, Shiite Arab and Kurdish parties in an alliance that would be novel in Iraq's highly sectarian political environment. This week, Iraqi and Western officials said that Grand Ayatollah Ali al-Sistani, a highly influential Shiite cleric, had given a tentative go-ahead to the coalition." But yesterday, "Saleem Abdullah, a Sunni Arab lawmaker who is a senior member of the Iraqi Islamic Party, said his party had set tough new conditions for its participation in the bloc."

Meanwhile, says USA Today/AP (12/22, 7A), "Sadr has agreed to allow supporters to rejoin the Iraqi government after a three-week boycott, officials close to the militia leader said Thursday, as political rivals pushed to form a coalition without him. Shiites from parliament's largest bloc met Thursday in their holy city of Najaf to try to forge a new coalition across sectarian lines -- one that won't include al-Sadr's supporters." They "hoped, in part, to pressure al-Sadr to rejoin the political process and rein in his Mahdi Army militia, which is blamed for much of Iraq's sectarian violence." In Najaf, "delegates from seven Shiite parties appealed to Grand Ayatollah Ali al-Sistani, whose word is law to many Shiites, to support a planned governing coalition. The coalition would include Shiites, Kurds and one Sunni party -- and bridge Iraq's treacherous sectarian divide." The AP adds. "Though al-Sistani is expected to approve the deal, he fears the coalition could weaken the Shiite bloc, officials close to him said on condition of anonymity because they were not allowed to speak to the press. It seems likely that al-Sistani intervened to persuade al-Sadr to return to government and avoid a Shiite split."

ABC World News (12/21, story 5, 1:20, Gibson, 8.78M) reported on "word from Iraq tonight of a possible -- and we emphasize possible -- breakthrough in trying to end the political paralysis there." ABC (McCarthy) added that "after reports surfaced that the US was brokering a new coalition government of moderate Sunnis and Shiites, Sadr appears to have become nervous that he would be left out."

Arab States Said To View Iraqi Government As "Iranian Stooge." The Wall Street Journal (12/22, A4, Harwood, 2.04M) reports in its "Washington Wire" column, "US military officials and diplomats want Saudi Arabia, United Arab Emirates and other Gulf states to recognize Maliki government, send ambassadors to Baghdad and forgive more than $40 billion in Iraqi debt. Among Sunni states, only Egypt has sent an ambassador, and he was assassinated. The problem: Most Arab states, an official says, 'see the current government as...an Iranian stooge.'"

The Christian Science Monitor (12/22, Murphy, 59K) reports that leaders of "Jordan, Israel, and Saudi Arabia, and its foes Syria and Iran -- are engaging in new diplomatic efforts, largely aimed at preventing Iraq's fighting from causing broader turmoil." While in some cases the talks are "only tangentially about Iraq, this high-level dialogue appears to reflect a new reality: With US prestige crippled by the war, regional actors are bypassing the West to forge partnerships and find solutions on their own." In Jordan, King Abdullah II sought to relieve growing tensions between Palestinian factions, while Arab League chief Amr Moussa "seems to be making some progress at ending" Lebanon's "political crisis." However, Saudi Arabia, Jordan, and Israel are "less concerned about democracy in Iraq or Lebanon," but instead are "all committed to opposing an expansion of Iranian power, which they see as threatening their own vital interests."

Three More US Service Members Killed Iraq. NBC Nightly News (12/21, story 5, 0:25, Williams, 9.87M) reported "the United States military announced the deaths of three more American service members in Iraq. That brings the total number of Americans killed in the month of December to 71. And if the violence does not let up, this

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could turn out to be the deadliest month of the year, surpassing October's total of 105."

The Los Angeles Times (12/22, Daragahi, 850K) reported that a suicide bomber wearing an explosives-packed belt killed 14 Iraqis near a crowded police recruitment center in the capital…in the latest salvo by Sunni Arab insurgents against the Shiite Muslim-dominated government." The Washington Post (12/22, A23, Trejos, 690K) runs a similar story,

Contractor Blames Government For Botched Iraq Building Mission. The Washington Post (12/22, D1, Witte, 690K) reports, "Until this year, Parsons Corp. was about as quiet as a $3 billion engineering and construction firm with 12,000 employees could be. That's the way the firm's chief executive for the past decade -- a soft-spoken, white-haired Army veteran named James F. McNulty -- liked it." But "Iraq has changed everything." Parsons "has been reproved in recent federal audits for completing just a small fraction of the 150 primary health clinics originally planned to be built in Iraq and for building a police academy so flawed that human waste rained from the ceilings. For this, it has taken bipartisan hits on Capitol Hill, where its name is now whispered by war critics in the same breath as that perennial boogeyman, Halliburton." The Post adds, "Sick of taking blame, McNulty, 64, is speaking out about what went wrong with his firm's work and what he regards as the problems with how the United States uses private contractors in Iraq. In a recent interview at the firm's Washington offices, one of a series he has given, McNulty said the government handed Parsons an impossible task by setting unrealistically high expectations for how much could be built while under-funding its efforts." McNulty "said the company repeatedly pleaded with the government to either provide enough money to get the job done or scale back its goals, but said its entreaties were ignored." The comments "are unusual for the leader of a firm that makes much of its money doing work for the government. Then again, few have been battered as badly as Parsons."

Saddam's Commanders Deny Gassing Kurds. The AP (12/22, Al-Bashir, Halaby) reports, "Two former Iraqi commanders denied gassing Kurdish civilians in northern Iraq 20 years ago, telling Saddam Hussein's genocide trial Thursday that they used only conventional weapons against Kurdish rebels and Iranian troops." Sultan al-Tai, minister of defense under Saddam, and Gen. Hussein Mohammed, a deputy director of army operations, "testified to rebut evidence presented by prosecutors in videos and documents this week."

Former NATO Chief Says Taliban Still Crossing Pakistani Border. AFP (12/22) reports, "Islamic fighters are still entering Afghanistan from Pakistan, despite a deal between Islamabad and tribal chiefs meant to cut down the incursions, NATO's former top General warned." Gen. James Jones, "who handed over to General John Craddock as Supreme Allied Commander Europe this month, said the Western alliance's political leadership would raise the issue with Pakistan unless things improved."

Nicholson Says "Society Would Benefit" From Draft. The AP (12/22, Hunt) reports the Selective Service System "is planning a comprehensive test of the military draft machinery, which hasn't been run since 1998." However, the agency "is not gearing up for a draft, an agency official said Thursday. The test itself would not likely occur until 2009." And after Veterans Affairs Secretary Jim Nicholson said "that 'society would benefit' if the US were to bring back the draft and that it shouldn't have any loopholes for anyone who is called to serve," he "later issued a statement saying he does not support reinstituting a draft." The AP (12/22, Kugler) notes "the administration has for years forcefully opposed bringing back the draft, and the White House said Thursday that its position had not changed." Nicholson, "who served in Vietnam, was in New York to announce a partnership with Mayor Michael Bloomberg to help homeless veterans find housing." A reporter "suggested that the all-volunteer armed forces attract a disproportionate number of minorities and people trying to lift themselves out of poverty, and asked Nicholson if the draft should be reinstated to make the military more equal." Nicholson said, "I think that our society would benefit from that, yes sir."

Ignatius Urges Americans To Read Soldiers' Blogs. In his Washington Post column (12/22, A33), David Ignatius writes, "This holiday season, America is struggling through a searing national debate about Iraq. The horror of the war feels immediate, even to people who've never been near Baghdad, but less so the humanity of the thousands of American soldiers who are serving there. That's part of the Iraq disconnect: The war dominates our political life, but the men and women in the midst of it often are nearly invisible. We see them in thumbnail photos in group obituaries but not as real, living people." Ignatius adds, "If you read soldiers' blogs, and I've looked at several dozen over the past few days, you see a recurring anger that the media aren't telling their story. … Needless to say, the first thing most American soldiers are thinking about is getting back home."

DOJ:

Gonzales Appoints Wrigley To Chair DOJ Crime Subcommittee. WDAY-TV Fargo, ND (12/21,

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6:00 p.m.) reported in its broadcast that Attorney General Alberto Gonzales "appointed Drew Wrigley, North Dakota's US attorney, to chairman of the Violent and Organized Crime Subcomittee. The 14-member committee will meet every six weeks in Washington with Gonzales," playing "a role in advancing the Justice Department's efforts to battle terrorism, corporate fraud, and other types of crime."

DOJ Move Against Steroid Probe Reporters Expected To Fuel Shield Law Debate. The Wall Street Journal (12/22, B3, Bravin, Ellison, 2.04M) reports, "The Bush administration is increasingly at odds with some Republicans over its efforts to make journalists reveal confidential sources. The controversy is reaching a flashpoint in San Francisco, where the Justice Department is expected to file papers today urging that two San Francisco Chronicle reporters face jail if they refuse to reveal their source for confidential grand-jury proceedings concerning baseball slugger Barry Bonds's alleged use of steroids." The Journal adds, "Under Attorney General Alberto Gonzales, the Justice Department has pursued journalists' sources in cases ranging from a terrorism investigation of Islamic charities to the alleged vandalism of a police car. … Justice Department spokeswoman Tasia Scolinos said the government continues to follow its guidelines and disputed claims that pursuit of reporters' sources and records has increased under Mr. Gonzales. 'Over the past 15 years there have been less than 20 source subpoenas issued,' she said, although no figures were available on subpoenas for unpublished notes or recordings. 'To say we've been incredibly cautious and restrained when using this lawful tool is an understatement.'" The Journal notes, "Mark Corallo, the Justice Department press secretary under former Attorney General John Ashcroft, filed an affidavit in the Chronicle case saying that he wouldn't have approved the reporter subpoenas. 'This case is so far below the acceptable standards the department has lived by for close to 40 years that it will embolden prosecutors to make this a first step, not a last step,' Mr. Corallo said in an interview."

Defense Lawyer Said To Be Source Of BALCO Leak. The AP (12/22) reports, "A private investigator who worked for defendants in the probe of a Bay Area sports steroid ring said a defense lawyer was the source of leaked federal grand jury testimony in the case, according to a report published Thursday. Larry McCormack, former executive director of the Pro Rodeo Hall of Fame, told the FBI that defense lawyer Troy Ellerman gave the confidential information to a San Francisco Chronicle reporter in 2004, Yahoo.com reported. 'We do have an investigation on those allegations that he (Ellerman) was responsible for the leak,' FBI spokesman Joe Schadler told The Associated Press. Ellerman, who serves as commissioner of the Professional Rodeo Cowboys Association, represented Victor Conte, founder of the Bay Area Laboratory Co-operative. He later represented BALCO vice president James Valente. Both men pleaded guilty in 2005 to distributing steroids."

2006 Seen As "Busy Year" For DOJ. NBC News (12/22, Williams) reported on its Web site, "Between the Supreme Court's striking down of the Bush administration's plan to conduct military trials for war-on-terror detainees and the pursuit of allegedly corrupt government officials, it was a busy year for the Justice Department. With decisions expected on the National Security Agency's Terror Surveillance Program and the Lewis 'Scooter' Libby trial getting underway in January, 2007 is expected to be just as decisive." Reviewing major DOJ-related issues from this past year, NBC noted, "The Justice Department struggled to respond to a setback delivered in June by the U.S. Supreme Court, which struck down the administration's plan to conduct military trials for detainees picked up in the war on terror." Meanwhile, "Attorney General Alberto Gonzales pushed Congress to find a way to resolve legal doubts about the government's Terrorist Surveillance Program," but "when the Congress finished its work in early December, no agreement had been reached on clarifying the program's legality." NBC added, "New statistics showed the number of federal terrorism prosecutions dropping to its lowest point since 9/11," yet "the government defended its record. 'We could await further action by these men and then arrest and prosecute them. Or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws,' said Paul McNulty, the deputy attorney general." Additionally, "A growth area for federal prosecutors came in high profile cases involving government figures."

Retiring Metcalfe Seen As Balanced Advocate Of Open Government. Government Executive (12/22, Pulliam) reports, "After 25 years heading one of the federal government's key privacy and information offices, Daniel J. Metcalfe will retire Jan. 3. Observers say that while they have not always agreed with him, he will be remembered for his ability to administer the open government policies of both Republican and Democratic presidents. As a founding director of the Justice Department's Office of Information and Privacy since November 1981, Metcalfe has worked for seven attorneys general, pushed agencies to improve the management of requests for information and made a substantial impact on the law governing agencies' responsibilities to release information to the public. … In an interview with Government Executive, Metcalfe said he believes open government is critical. But at the same time, agencies must ensure that government information is disclosed responsibly." GE notes, "He denied rumors that he

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is retiring out of frustration with the Bush administration's overall policies on secrecy in government. He said he has averaged more than 75 hours on the job per week since the Sept. 11, 2001, terrorist attacks, and his wife is thrilled that he can cut that back to about 40 in 'retirement.' … Patrice McDermott, director of OpenTheGovernment.org…said that 'while it is not clear' whether Metcalfe has 'been an advocate for openness in government the way others have been,' he has 'been a good and faithful government official.'"

Former DOJ Civil Rights Prosecutor Rosenthal Joining Venable. The Washington Business Journal (12/22) reports, "Seth Rosenthal, a longtime prosecutor for the U.S. Department of Justice who has spent the past two years as legal director of the Alliance for Justice, has joined Venable as a litigation partner in the law firm's Washington office. Rosenthal, 40, spent 10 years in the DoJ's civil rights division handling a range of federal investigations and prosecutions, including cases involving human trafficking, hate crimes, police misconduct and housing and lending discrimination. … Last year, Rosenthal joined the nonprofit Alliance for Justice, an advocacy organization that monitors the selection of federal judges and tracks efforts to change the civil justice system." WBJ notes, "In making his first move to the private sector, Rosenthal says he sought out a law firm with a strong litigation practice and a commitment to public service."

CORPORATE SCANDALS:

Bristol-Myers Offers To Pay $499 Million Price-Fixing Settlement. The AP (12/22, Witkowski) reports, "Bristol-Myers Squibb Co. offered to pay $499 million to settle federal investigations into whether the company played a role in a pricing scheme that led insurers and government agencies to overpay for drugs. The company reduced its profit forecast to reflect the charges." Bristol-Myers "entered an agreement in principle with the Justice Department and the U.S. Attorney in Massachusetts to pay the settlement and avoid civil and criminal charges. The company will also enter a corporate integrity agreement with the Office of Inspector General of the Department of Health and Human Services. The agreement must still get final approval from the Justice Department." Bristol-Myers spokesman Jeff McDonald said that "the company expects the Justice Department review to take 'a couple of months' before a decision is made." The AP notes, "The agreement is the latest in a series of deals cut with the government. In June 2005, Bristol-Myers settled federal charges for an accounting scandal that cost the company $800 million, and was placed under the observation of a federal monitor until 2007."

USA Today (12/22, 2.27M) reports, "The tentative agreement is one of the biggest in recent years for drugmakers regarding drug marketing and pricing. It aims to settle investigations into Bristol's marketing of schizophrenia and bipolar disorder drug Abilify for conditions the drug was not approved to treat, says Bristol spokesman Jeff Macdonald. It also covers some cases in which Bristol allegedly inflated drug prices so government programs for the poor and elderly paid more. It would not negate other so-called average wholesale price cases launched against Bristol by several states and others, Bristol said." The Wall Street Journal (12/22, Barris, Moore, 2.04M) notes, "In August, rival Schering-Plough Corp. agreed to pay $435 million and a unit pleaded guilty to criminal charges to settle federal allegations of fraudulent drug marketing and pricing, one of the largest settlements in a crackdown that has forced big drug makers to return billions of dollars the U.S. government says were illegally extracted from the Medicare and Medicaid programs. In its release, Bristol-Myers didn't elaborate on the investigations."

Bloomberg (12/22, Rapaport) reports, "The latest agreement 'removes an overhang, but the lack of information makes it difficult for Wall Street to react,' said Les Funtleyder, an analyst for Miller Tabak & Co. in New York, in a telephone interview today. 'The laws around average wholesale pricing are convoluted. It's easy to run afoul of the rules. I don't think Wall Street takes this too seriously.' Shares of Bristol-Myers rose 28 cents, or 1.1 percent, to $26.05 at 4:01 p.m. in New York Stock Exchange composite trading." USA adds, "No criminal charges will be filed as a result of today's preliminary settlement, the company said. … Samantha Martin, spokeswoman for the U.S. Attorney in Massachusetts, declined to comment in a telephone interview." The Trenton Times (12/22, Jordan) notes, "Wall Street yawned. After dropping in morning trading, Bristol's shares rallied to close up 1 percent. 'This is nothing unexpected,' MacDonald said, adding the settlement was mentioned in Bristol's financial disclosures earlier this year.

Deutsche Bank Agrees To $208 Million Mutual Fund Timing Settlement. The AP (12/22) reports, "Deutsche Bank AG agreed to pay $208 million to end state and federal investigations into the timing of trading in mutual-fund accounts that could benefit insiders and hurt other investors. The settlement is the 21st by New York Attorney General Eliot Spitzer in his mutual-funds investigation over the past three years. Mr. Spitzer had accused the German bank's asset-management division of allowing excessive market timing in its mutual funds. He also accused its broker-dealer division of assisting in what he called deceptive market timing and allowing a form of late trading by one client." The AP notes, "Deutsche Bank didn't admit or deny the

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allegations as part of the settlement. The company said all the alleged improper arrangements originated in subsidiaries before they became part of Deutsche Bank and that those were stopped before Mr. Spitzer and the Securities and Exchange Commission acted."

SEC Charges Three Former Tyco Executives With Securities Violations. The Wall Street Journal (12/22, C3, Bulkeley, 2.04M) reports the SEC "charged three former Tyco International Ltd. financial executives with securities-law violations for 'structuring sham transactions' and 'manipulating reserves' to boost reported income and cash flow by well over $700 million from 1997 to 2002. … The SEC's civil charges name two lower-level officials who reported to" jailed former CEO Dennis Kozlowski former CFO Mark Swartz. "Richard D. Power, now 58, held a series of financial positions in a 20-year career at Tyco, including chief financial officer and vice president-special projects. Edward Federman, 53, was controller of Tyco and later chief financial officer of Tyco Electronics, a big division. The SEC is seeking disgorgement of unspecified gains and fines." The Journal adds, "A third former official, Richard "Skip" Heger, was accused of separate securities violations. He agreed to pay $450,000 to settle with the SEC, without admitting or denying wrongdoing."

Fidelity To Pay Funds $42 Million As Redress For Gifts To Traders. The Wall Street Journal (12/22, Levitz, Bulkeley, 2.04M) reports, "Fidelity Investments said it will pay $42 million to some of its mutual funds as redress for lavish gifts and entertainment some of its equity traders accepted from brokers between 2002 and 2004. The payments were recommended by several of Fidelity's independent trustees who conducted an internal probe of the matter." The Journal notes, "The trustees concluded 'it was not possible to prove' statistically that shareholders were harmed, according to the report. But they recommended Fidelity pay the penalty, saying the company inadequately supervised the traders. In a rare public statement, Edward C. Johnson III, chairman of Fidelity, posted a letter on Fidelity's Web site, personally offering his apology for 'this improper behavior' and saying that 'there is no question that the Funds were put at potential risk.'"

Sony BMG To Pay $4.25 Million Settlement For Hidden CD Security Software. The AP (12/22, Veiga) reports, "Sony BMG Music Entertainment will pay $4.25 million as part of a settlement with 39 states to resolve investigations into problems caused by music CDs loaded with hidden anti-piracy software. Under terms of Thursday's agreement, which also applies to the District of Columbia, the record company will reimburse consumers whose computers were damaged while trying to uninstall the anti-piracy software. Sony BMG also said it will no longer distribute any compact discs loaded with copy-protection software that hinders computer users from easily locating it or removing it from their PCs." The AP notes, "Customers will be able to file a claim with Sony BMG to receive refunds of up to $175, but claims must include a description of how their computer was harmed and documentation of repair expenses. The refund policy will also apply to states that were not a party to the settlement."

Judge Urged To Unseal San Francisco Chronicle Antitrust Case Documents. The AP (12/22, Chea) reports, "A media advocacy group and an alternative weekly newspaper asked a federal judge Thursday to unseal key documents in an antitrust case involving MediaNews Group Inc. and the San Francisco Chronicle. The Oakland-based Media Alliance and the San Francisco Bay Guardian filed a motion with U.S. District Judge Susan Illston to make public court records in a lawsuit that challenges a business partnership between MediaNews and the Hearst Corp, the Chronicle's publisher." Media Alliance and Bay Guardian "argued that the public's First Amendment right to access the court filings outweighed the defendants' interest in keeping them confidential." The AP notes, "San Francisco businessman Clint Reilly filed the federal antitrust lawsuit to block the deal, claiming it would limit competition for readers and advertising in the Bay Area newspaper market. The newspaper companies maintain the arrangement is not anticompetitive because readers and advertisers have other media venues such as the Internet."

Business Group Argues PCAOB Lacks Proper Oversight. The Washington Post (12/22, D1, Day, 690K) reports, "A business group argued in U.S. District Court yesterday that a panel created by Congress to police the accounting industry lacks sufficient oversight by the White House. The five-member Public Company Accounting Oversight Board acts as a federal regulator, deciding whether accounting firms are fit to audit the books of publicly traded companies, without having been appointed by the president and confirmed by the Senate as the Constitution requires, the plaintiffs argued. Lawyers for the accounting board, created in 2002 under the Sarbanes-Oxley Act, and the Justice Department argued that the board is legal because it is supervised by the Securities and Exchange Commission, a federal agency whose members are appointed by the president and confirmed by the Senate. SEC Chairman Christopher Cox has said the agency supports the Justice Department's position." The Post notes, "Lawyers attacking the legality of the accounting oversight board represent Beckstead & Watts, an accounting firm under investigation by

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the board, and the Free Enterprise Fund, a nonprofit group that advocates 'limited government' and whose chairman, Mallory Factor, is a major Republican fundraiser."

CRIMINAL LAW:

Walters, Gonzales Announce Overall Decline In Youth Drug Use. The Detroit News (12/22, Trowbridge) reports, "Drug use among American youths continued to decline in the past year, according to a federally funded study by the University of Michigan, a trend Bush administration officials said ratified their anti-drug efforts. 'This is not a natural waxing and waning of social forces,' said John Walters, the Bush administration drug czar. He attributed sharp declines since the start of the decade to anti-drug advertising campaigns and other government programs." The News adds, "Walters and Attorney General Alberto Gonzales pointed to figures showing that overall drug use had declined about 23 percent since 2001 as an endorsement of the administration's policies. Walters said anti-drug programs and advertising campaigns designed to make drug use less socially acceptable among young people can have a powerful effect."

The New York Times (12/22, Cohen, 1.16M) reports, "A question was added to the survey in 2002, asking students specifically about the recreational use of Vicodin and OxyContin, both narcotic drugs prescribed to treat pain. Since then, nonmedical use of those drugs has increased slightly, although abuse of OxyContin by eighth graders doubled to 2.6 percent in 2006, from 1.3 percent in 2002. 'We're not changing the rate that prescription medications are being taken by young people,' Attorney General Alberto R. Gonzales said." Bloomberg (12/22, Schmidt) adds, "Walters and U.S. Attorney General Alberto Gonzales said the results of the study…were mainly positive and continued to show a drop in drug abuse. … The results 'are very, very encouraging to all of us in government,' said Gonzales." The Washington Post (12/22, A3, Lee, 690K) notes that "the survey shows a continued long-term decline in teenagers' use of alcohol and illicit drugs such as marijuana, the most widely used illicit substance. The reduction occurred while federal funding for anti-drug advertising fell annually, from $185 million when President Bush took office in 2001 to $100 million in 2006. However, the past year's declines in drug and alcohol use were 'relatively small,' the report said.

ABC World News (12/21, story 7, 2:45, Gibson, 8.78M) reported, "According to the newly-released survey, one out of every ten high school seniors reported using the painkiller Vicodin in the last year, and disturbing numbers are also using cough and cold medicine. Most have no idea how dangerous an overdose of cough syrup can be. … You can turn to our Web site, where our medical unit is on-hand to answer your questions about teenage drug abuse." The CBS Evening News (12/21, story 5, 0:22, Couric, 7.66M) reported, "We've got some good and bad news tonight about American teenagers. A new government survey shows fewer are drinking or using illegal drugs, but more teens are getting high on drugs they find in their parents' medicine chest. One out of ten high school seniors has used Vicodin, and one out of 14 has used cough syrup to get high."

USA Today (12/22, 3A, Leinwand, 2.27M) reports, "Abuse of the painkiller OxyContin by younger teens hit record levels in 2006, a national survey says. While most other teen drug and alcohol use continued a decade-long decline, teen abuse of pharmaceuticals, including prescription narcotics, barely budged, the survey says. … For the first time, the survey asked teenagers whether they used over-the-counter cough or cold medicine to get high. One in 25 eighth-graders and one in 14 seniors said they had abused the medicines in the past year. 'Clearly, prescription drugs have become more a part of the problem,' says the study's principal investigator, Lloyd Johnson." USA notes that Walters said "his office will design an ad campaign targeting abuse of prescription drugs." The Washington Times (12/22, Price, Pescatore, 88K), Christian Science Monitor (12/22, Marks, 59K), AP (12/21), UPI (12/21, Dell'amore) and CNN.com (12/22, Frieden) also report on the study, noting the rise in pharmaceutical drug abuse.

Accuracy Of Survey Questioned. The Arizona Daily Star (12/22, 128K) reports the 2006 survey "indicates reductions in the use of nearly every drug, with about 840,000 fewer youths using illicit drugs in 2006 than in 2001, according to a news release from the Office of National Drug Control Policy. It notes a 25 percent decrease in marijuana use during the five-year period, and a significant decrease in teens' use of methamphetamine. However, officials at two Tucson programs that work to treat teen addiction say the exact opposite is happening here. 'I'm not sure that the study is an accurate depiction of what is happening and it is certainly not what I am seeing in working with adolescents with drug and alcohol addictions,' said Tori Ferrari, director of the Springboard Home for Youth in Crisis, which houses girls but also provides counseling for families and boys. 'We are actually seeing more and more kids getting involved at younger ages with harder drugs than marijuana.'"

Local TV Coverage. NC8-TV, Washington DC (12/21, 5:00 p.m.) showed Gonzales saying, "Let's start with the good news. The latest study on adolescent drug use shows a slight decline in the number of teens using most illegal drugs and alcohol. That's a drop of more than slight decline in the number of teens using most illegal drugs and alcohol. These survey results of course are very, very encouraging track. But high numbers of teens continue to abuse prescription narcotics with more trying oxycontin, a narcotic pain reliever, than ever before."

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KOAT-TV, Albuquerque, Santa Fe, NM (12/21, 12:00 p.m.) reported on its broadcast, "Prescription drug abuse continues to remain high, according to an annual study Attorney General Alberto Gonzales announced this morning. The study finds that the use of most illegal drugs and alcohol went down slightly last year among 8th, 10th, and 12th graders." WDKY-TV Lexington, KY (12/21, 10:00 p.m.), WJHL-TV Bristol, TN (12/21, 5:00 p.m.) and KVAL-TV Eugene, OR (12/21, 6:00 p.m.) were among the other local TV stations reporting on the study.

Virginia Task Force Calls For ISPs To Retain Subscriber Data. CNETNews.com (12/21, Broache) reported, "All Internet service providers should keep their subscribers' data for lengthier time periods in order to aid police prowling for criminals online, a task force organized by the Virginia state attorney general recommended this week. Echoing similar calls from U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller earlier this year, the latest suggestions arrived in a 103-page report drawn up by Virginia Attorney General Bob McDonnell and his 6-month-old Youth Internet Safety Task Force." CNET added, "Still, rather than prescribing data retention laws, as some members of Congress have supported, the task force makes a vague instruction to Internet service providers: they should commit to 'keeping data relevant to such investigations and engaging at the national level to help define appropriate policies.' That seemingly softer recommendation is likely a reflection of the broader divide over the issue that is mirrored in the task force's makeup. Its members include representatives from various state and local law enforcement bodies, schools, educational agencies, parenting organizations, and corporate entities such as Yahoo, News Corp.'s MySpace.com, Microsoft, Time Warner's AOL and Sony."

Police Chiefs Call For US To Create National Law Enforcement Commission. USA Today (12/22, 3A, Johnson, 2.27M) reports, "The nation's largest police chiefs' organization is calling on the federal government to re-establish a national law enforcement commission to help restore confidence in local public safety operations. The International Association of Chiefs of Police said Thursday that recent incidents involving officers' questionable use of force and abrupt increases in murder and robbery represent strong evidence for a panel, similar to President Lyndon Johnson's Crime Commission, which would develop a national anti-criminal justice strategy. The panel would address a wide range of topics from police deployment to prison administration." IACP President Joseph Carter said Thursday that "the need for a crime commission was 'validated' earlier this week by an FBI report showing that violent crime remained on the rise during the first six months of 2006." However, Sen. Joe Biden, "instrumental in passing the Clinton administration program to hire 100,000 additional police officers, says more money for additional officers and resources — not a commission — is needed to drive down rising crime." USA notes, "Recent jumps in violence prompted the Justice Department in October to launch its own review of possible causes."

DOJ Investigating Russian Mobster's Connection To Natural Gas Industry. In a front-page story, the Wall Street Journal (12/22, A1, Simpson, 2.04M) reports, "Amid growing concern about Europe's energy dependence on Russia, U.S. authorities are investigating possible links between one of that country's top organized crime figures and multibillion-dollar natural-gas deals between Russia and Ukraine. The wide-ranging inquiry focuses on 60-year-old Semion Mogilevich, one of the FBI's most-wanted men, who is viewed by law-enforcement agencies as one of the world's most-sophisticated international criminals. U.S. officials have long expressed concern that his operations foster high-level official corruption throughout the former Soviet Union, underwriting criminal activities ranging from prostitution and drug dealing to stock fraud." The Journal notes, "In their natural-gas investigation, senior U.S. prosecutors and agents of the Federal Bureau of Investigation are focusing on connections between Mr. Mogilevich and a Cyprus-registered company called Highrock Holding Ltd. that has played a role in several multibillion-dollar gas deals, according to current and former law-enforcement officials. … The U.S. investigation, which is being led by the Justice Department's Organized Crime and Racketeering Section, began early this year, shortly after Moscow's brief cutoff of natural-gas shipments to Ukraine in a price dispute sparked an international crisis."

NYTimes Calls Prison Collect-Call System "Morally Indefensible." The New York Times (12/22, 1.16M) editorializes, "Studies of prison inmates clearly show that keeping them in contact with friends and family is vital to giving them a chance to create an honest life after jail instead of committing new crimes that land them right back behind bars. Yet the simple act of picking up the phone to call home can be bankrupting for inmates and their families. The cruel and counterproductive system now in place around the country charges them as much as six times the going rate for collect calls placed from inside state prisons." The Times concludes, "State prison officials say the money is used to pay for programs that benefit inmates. But it also gouges the poorest citizens…to pay for prison services that the state is obligated to provide. It might be legal, but it is also counterproductive and morally indefensible."

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CIVIL RIGHTS:

DOJ Clarifies It Has Not Opened Formal Probe Of Georgia Police Shootings. The Atlanta Journal-Constitution (12/22, Gentry, 379K) reports, "U. S. Justice Department officials said that the department was not conducting an 'independent federal investigation' into a string of fatal police shootings in DeKalb County, but would review investigations by local authorities when they are completed. A spokeswoman for the Justice Department's Civil Rights Division issued a statement Thursday in which she sought to clarify a Dec. 12 letter from Assistant Attorney General Wan J. Kim to a local activist who had called for a federal investigation." DOJ spokeswoman Cynthia Magnuson "said the letter from Kim does not imply that the Justice Department had opened a formal investigation into the shootings. 'While the Department of Justice is gathering information and monitoring that investigation, we have not at this point opened an independent federal investigation into the shootings,' the statement said. 'Federal authorities will review the results of the local investigation and then make an assessment about what additional investigation, if any, is warranted.'" The AJC notes, "Magnuson's statement did not mention the FBI, which was included in Kim's earlier letter. An FBI spokesman declined to comment on Kim's letter on Tuesday."

Judge Overturns Law Giving Villaraigosa Authority Over Los Angeles School District. The Los Angeles Times (12/22, Blume, 850K) reports Los Angeles County Superior Court Judge Dzintra Janavs "nullified legislation giving" Los Angeles Mayor Antonio Villaraigosa "substantial authority over the Los Angeles Unified School District, a stunning setback to Villaraigosa's plans -- already in progress -- to assume direct control of dozens of Los Angeles schools." Villaraigosa said that he will appeal and "would also ask that the California Supreme Court hear the appeal directly." The ruling is called "a sweeping victory for the school district" and "puts in question the mayor's education agenda." Judge Janavs "found the entire law defective and ordered public officials 'to refrain from enforcing or implementing' any part of it." The judge "cited a 1946 constitutional amendment that 'specifically removed municipal authority over school districts and appears to reflect the people's determination to separate municipal functions from school functions due to the variety of conflicts that arise between their respective interests.'"

The Los Angeles Daily News (12/22, Boghossian) reports the ruling is "In a major political blow to Mayor Antonio Villaraigosa." Villaraigosa "remained defiant, calling it a 'bump in the road' and vowing to immediately appeal." He also said that "his staff would continue to plan for a mayoral takeover of the 708,000-student district and vowed to get involved in the March school board election, when four of the seven seats are up for grabs." Judge Janavs ruled that the law "violates the state constitution, the City Charter and voter rights." Gov. Arnold Schwarzenegger (R) "said he still backs the mayor's plan and supports an appeal of the court's decision." The AP (12/22) also reported this story.

ANTITRUST:

DOJ Antitrust Division Announces Effort To Streamline Merger Investigations. The Deal (12/22, Lindell) reports, "The Department of Justice's antitrust division on Dec. 15 officially announced further efforts to streamline the time and cost of merger investigations. The changes are part of a 2001 merger process reform effort and closely mirror changes the Federal Trade Commission announced in February. But there's a big catch for merging parties that participate, and if the FTC's track record is an indication, antitrust lawyers won't be pushing clients to sign up. To be eligible for DOJ's latest streamlining efforts, the Justice Department requires merging parties to agree to set a period of pretrial discovery, perhaps as much as six months, should regulators seek a court order to block a merger. That could leave merging parties open to significantly more discovery time than the government usually is granted." The Deal notes, "'Efficient merger enforcement reaching the right answers as quickly as possible with the least burdens necessary is one of our top priorities,' said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division. 'The amendments to the division's already successful merger review process initiative are part of our ongoing efforts to reduce enforcement burdens, while at the same time preserve our ability to conduct thorough investigations and protect consumers from anticompetitive transactions.'"

Fifth Samsung Executive Pleads Guilty In DRAM Price-Fixing Probe. The AP (12/22, Robertson) reports, "A Samsung Electronics Co. executive agreed to plead guilty and serve 10 months in prison for his role in a global price-fixing scheme involving a common form of computer memory, federal prosecutors said Thursday. Young Hwan Park, president of Samsung Semiconductor Inc., the company's San Jose-based U.S. subsidiary, is the fifth Samsung executive this year to agree to a prison sentence over price manipulation of dynamic random access memory, or DRAM, the most common type of memory chip used in personal computers." The AP notes, "In total, four memory chip companies and 18 people have been charged in the Justice Department's investigation of DRAM makers. …

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'This latest plea underscores our resolve to hold responsible those who target U.S. businesses and consumers with price-fixing schemes,' Thomas O. Barnett, the assistant attorney general in charge of Justice Department's antitrust division, said in a statement. 'Individuals who choose to engage in price fixing are on notice of the consequences of their illegal actions: criminal fines and prison time.'"

IDG News Service (12/21, Gross) also notes Barnett said in his statement that those who "choose to engage in price fixing are on notice of the consequences of their illegal actions – criminal fines and prison time," and the Financial Times (12/22, Kirchgaessner) reports, "The probe has generated $730m in criminal penalties from the parties involved, the second-highest number of fines to emerge from any single price-fixing conspiracy. … The Justice Department said Mr Park carried out the price-fixing conspiracy from April, 2001 to June, 2002 by participating in meetings and conversations with rivals in the D-Ram market and agreeing to charge certain customers a fixed price. The talks ultimately affected sales to US computer makers such as Dell, HP and Compaq."

US Airways CEO Disputes Delta Claims About Merger Valuation, Approval Hurdles. The Atlanta Journal-Constitution (12/22, Grantham, 379K) reports, "Delta Air Lines' self-valuation that it will be worth as much as $12 billion after bankruptcy 'lacks credibility,' US Airways Chief Executive Doug Parker said Thursday as he urged creditors to push the Atlanta airline's executives to explore its merger proposal. 'This is where I'd like to see the [Delta] management team come along,' Parker said in a conference call with industry analysts and reporters." The AJC adds, "While Parker said US Airways is in 'continuing dialog' with Delta's creditors and advisers, he said he felt an 'obligation to correct' Delta's claims that its proposal is more valuable and that the merger would fail to win regulatory approval or produce the savings US Airways expects." The AJC notes, "Clark Orsky, an analyst with KDP Investment Advisors, said US Airways made a good case that Delta's value for its plan is 'aggressive' and that concerns the Department of Justice would shoot down the merger are overblown." The Birmingham Business Journal (12/22) notes Parker said, "The anti-trust issues are fully manageable. We've done much more work on this, more than anyone else." Parker "also emphasized that the proposed merger is labor friendly and that employees would possibly come out better than they are now, because the merged airline would go to the 'highest common denominator' contracts."

The Pittsburgh Tribune-Review (12/22, Olson) reports, "Parker said Delta used 'flawed' criteria in analyzing antitrust issues a merger would raise with the Department of Justice. For instance, Delta's criticism does not allow for the probable entry of discount airlines into markets served by Delta and US Airways. 'We are not going to let this transaction fail on antitrust issues,' Parker said. But the only way to know what antitrust objections might surface is for both US Airways and Delta to file merger plans with the Justice Department, US Airways antitrust attorney Rick Rule told analysts." The Wall Street Journal (12/22, A10, Dade, McWilliams, 2.04M) notes, "The denunciation of the plan in a conference call with investors and analysts…comes as creditors are burrowing deeper into the financial projections underlying Delta's valuation of the Atlanta carrier at $9.4 billion to $12 billion once it emerges from bankruptcy proceedings in the spring. Both airlines are expected to aggressively press their case during the next several weeks, and Mr. Parker's remarks showed that US Airways, based in Tempe, Ariz., remains determined to acquire Delta despite fierce and increasingly vocal opposition by Delta."

The Arizona Republic (12/22, Gilbertson), Washington Times (12/22, Lengell, 88K) and TheStreet.com (12/22, Reed) also report on Parker's comments.

Caremark Shareholders Seek Injunction In CVS Buyout. The AP (12/22, Giuffrida) reports, "A group of shareholders in pharmacy benefits manager Caremark Rx Inc. has filed for an injunction to force company officials to consider a proposed buyout by rival Express Scripts Inc. that could pay more than an offer from CVS Corp. … On Thursday, CVS and Caremark announced that the proposed merger passed antitrust scrutiny of the U.S. Federal Trade Commission and could be completed by the first quarter of 2007. The approval comes days after rival pharmacy benefits manager Express Scripts Inc. proposed to pay about $26 billion in a hostile bid for Caremark that would offer a cash option and premium for shareholders." The AP notes that the shareholder motion "claims that Caremark board members will personally benefit from the CVS deal and have entered into a strict merger agreement that keeps them from seeking out the best deal for shareholders.

Meanwhile, the St. Louis Business Journal (12/21) reported, "Express Scripts Inc. issued a statement late Wednesday calling its $26 billion bid for pharmaceutical services company Caremark Rx Inc. 'superior.' … Express Scripts rival bid, made Monday, represented at the time a 15 percent premium over the all-stock purchase price to be paid to Caremark's stockholders under Caremark's" deal with CVS.

Delta Pine Shareholders Approve Monsanto Merger. Forbes (12/21, Lipton) reported on its Web site, "Two of the largest seed companies in the world just came one step closer to their long-awaited merger. On Thursday, Delta and Pine Land Company announced that at a special

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meeting held in Memphis, Tenn., the company's shareholders formally approved its merger with Monsanto." Forbes noted, "Mark Gulley, an analyst at Soleil-Gulley & Associates, said the companies still face the challenge of regulatory approval. 'This decision isn't key,' Gulley said in an interview. 'The antitrust review is what we're all waiting for.' Regulators still have to weigh in on the proposed merger and decide whether it's anticompetitive. To close the transaction and satisfy Uncle Sam, Monsanto has already said it's willing to divest the U.S. assets of its Stoneville cottonseed business."

Lockheed Agrees To Buy Management Systems Designers. The AP (12/22) reports, "Military contractor Lockheed Martin Corp. said Thursday it agreed to acquire Fairfax, Va.-based Management Systems Designers Inc. for undisclosed terms. MDS, which has more than 600 employees, is a provider of information technology, primarily for government agencies including the Internal Revenue Service, Department of Homeland Security and Department of Defense." The AP notes, "The transaction is set to close during the first quarter of 2007, subject to regulatory approval."

EU Approves German Movie Industry Subsidies. The AP (12/22) reports, "The European Union on Thursday approved German subsidies totaling $240 million for its movie industry, officials said. The subsidies will back feature length movies, documentaries and cartoons. he aid is approved until 2010."

Finland Says Stora Enso Engaged In Anticompetitive Behavior. The AP (12/22) reports, "Finnish antitrust officials said Thursday that paper maker Stora Enso Oyj should be fined $40 million for anticompetitive behavior. The Finnish Competition Authority proposed the fine to the country's Market Court, saying the Finnish-Swedish company had violated competition laws in buying timber in Finland from 1997 to 2004." The AP adds, "Stora Enso denied the charges, saying the proposal is 'groundless.' Earlier this month, Stora Enso denied any involvement in a price-fixing conspiracy in the United States after a federal grand jury in Hartford, Conn., indicted Stora Enso North America Corp. for being part of a plan to drive up prices of paper used to print magazines and catalogues."

ENVIRONMENT/INDIAN AFFAIRS:

DaimlerChrysler To Pay $1.2 Billion Air Pollution Reporting Settlement. The AP (12/22) reports, "The Department of Justice said Thursday that Mercedes-Benz USA and parent DaimlerChrysler AG will pay $1.2 million to settle allegations that they failed to report air pollution problems with Mercedes-Benz vehicles to federal regulators. As a result of the complaint brought by the government, Mercedes-Benz USA has issued voluntary recalls and extended warranties to address the defects, at an estimated cost of $59 million. Under the settlement, the company is also required to overhaul its emissions reporting system." The AP notes, "The affected 1998 to 2006 Mercedes vehicles have defective catalytic converters or defective air pumps. According to the government, the recalls and warranty extensions will reduce the harmful emissions caused by the defects by over 500 tons cumulatively."

The Washington Times (12/22, Seper, 88K) reports, "The settlement, announced by the Justice Department and the EPA, resolves a suspected Clean Air Act violation: The auto manufacturer did not promptly inform the EPA of defects in emission-related parts so the agency could determine whether the emission standards were exceeded and whether a recall was necessary. … 'Reliable and effective automobile pollution control systems are essential to protect human health and the environment from harmful automobile emissions,' said Assistant Attorney General Sue Ellen Wooldridge, who heads the Justice Department's Environment and Natural Resources Division. 'Mercedes' failure to alert EPA to a number of defects in emission-related components over a multiyear period is a serious violation,' she said."

California High Court Rules Tribes Can Be Sued For Campaign Finance Violations. The Los Angeles Times (12/22, Dolan, 850K) reports, "A divided California Supreme Court ruled Thursday that Indian tribes can be sued for violating the state's campaign disclosure law even though tribes enjoy sovereign immunity under federal law. The 4-3 ruling is unprecedented and may be appealed to the U.S. Supreme Court, which has consistently protected Indian immunity from lawsuits. The state court justified its ruling in Agua Caliente v. Superior Court by citing the growing role of Indian casino money in state elections and the state's need to protect against political corruption." The Times notes, "Thursday's ruling permits the state's Fair Political Practices Commission to sue the Agua Caliente Band of Cahuilla Indians, a federally recognized tribe in Palm Springs, for failing to properly report millions of dollars in campaign contributions. The watchdog panel said the tribe did not follow the law when it contributed more than $7.5 million to campaigns in 1998, $175,200 in the first half of 2001, and $426,000 in the first half of 2002."

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FBI/DEA/ATF/USMS:

New Head Of Baltimore FBI Office Wants To Boost Criminal Program. The Washington Post (12/21, T3, Rich, 690K) reported, "After running down fugitives in the District and pursuing one of the nation's most storied fugitives, William D. Chase is settling in as the head of the FBI's Baltimore office. Chase, 50, who assumed the job in June, says that while counterterrorism remains the bureau's top priority, he also wants to dedicate more resources to fighting crime, the bureau's traditional role. 'I'm hoping to make some changes to firm up resources to better address the criminal program,' Chase said." The Post noted that since 9/11 "the bureau's top priority has been fighting terrorism," and the "majority of Chase's agents necessarily are assigned to that central responsibility. … Still, he said, he hopes to work more closely with state and local authorities, particularly to address the gang activity that has increasingly taken root in Maryland's Washington suburbs. The Baltimore FBI office covers Maryland and Delaware. The FBI announced in February that Kevin L. Perkins, then the special agent in charge of the bureau's Baltimore office, was being appointed assistant director in charge of the FBI's finance division. Chase replaced him during the summer. Federal law enforcement officials, including U.S. Attorney Rod J. Rosenstein, spoke highly of Chase in recent interviews." The Post went on to report, "In the late 1990s, Chase was named assistant special agent in charge of the Boston office, a period that he recalls as frustrating and in some ways disappointing."

Tennessee Lawmaker Seeks Return Of $40,000 Watch Said To Have Been A Bribe. The Memphis Commercial Appeal (12/22, Perrusquia, 163K) reports, "John Ford had one thing to say Thursday about prosecutors' suggestions he took a $40,000 wristwatch as a payoff: He wants the Rolex -- confiscated as evidence -- returned to him. 'I want to get it back,' the former state senator said as his lawyer told reporters that Ford had obtained the watch legally. Ford's comments came a day after the U.S. Attorney's Office alleged Ford accepted the watch from Memphis developer Rusty Hyneman after intervening in a 2004 state pollution-control case against the real estate millionaire. 'The watch was completely a legal transaction,' said Ford's lawyer, Michael Scholl, who said he will spell out details soon in a court filing. Prosecutors hope to use the watch as evidence in Ford's upcoming bribery trial." Ford "is set to stand trial in Memphis for allegedly taking $55,000 in bribes in the FBI's undercover Tennessee Waltz sting. He learned Monday about the new indictment in Nashville alleging he took $800,000 in kickbacks from contractors while in the General Assembly. Ford denies charges in both cases."

The AP (12/22, Baird) reports Scholl "asked Thursday for a delay in the trial, arguing that news reports surrounding Ford's indictment Monday in Nashville on federal charges unrelated to Tennessee Waltz will make picking an impartial jury difficult. Ford is accused in Nashville of taking more than $800,000 from TennCare contractors while he was on several Senate committees overseeing the state's expanded Medicaid program. No trial date has been set on those charges. … Judge J. Daniel Breen told Scholl to put his arguments in writing. 'But at this point, we are set,' the judge said. Prosecutor Tim DiScenza objected to a delay."

New Jersey Developer Admits Bribing Maryland Mayor. The Newark Star-Ledger (12/22, Whelan) reports Moshe 'Michael' Gohar, a Monmouth County developer , "admitted paying off former Ocean Township Mayor Terrance Weldon to increase the zoning density for his housing project." Gohar "acknowledged in federal district court in Trenton that he gave Weldon $50,000 in cash after Weldon helped influence the 2001 vote on the zoning change. … Gohar pleaded guilty to one count of conspiring to give and offer corrupt payments. He initially had been indicted in February and also charged with mail fraud and bribery. The latter charge alone could have put him behind bars for up to 10 years. Under the plea agreement between Gohar's attorneys and Assistant U.S. Attorneys Brian Howe and Charles McKenna, Gohar could face between 18 and 27 months in prison. One factor in sentencing could be a previous state tax conviction against Gohar." FBI agents "raided Weldon's house in January 2002 as part of a long-running corruption probe in Monmouth County, and found the cash in the pocket of a suit jacket in the mayor's attic. Weldon later pleaded guilty on corruption charges."

FBI Announces Reward For Information About Pittsburgh Trestle Fire. WTAE Pittsburgh (12/22) reports the FBI "doesn't know if it was one person or a team effort that started a massive fire on a train trestle in Donegal Township, Butler County -- so they hope a big reward will trigger some leads. 'This was an intentional criminal act of violence that directly attacked the industrial and economic infastructure of our community,' FBI Special Agent Ray Morrow said of the May fire. Business owners who heavily rely on those tracks are offering a $40,000 reward to anyone who helps investigators crack the case.

The Pittsburgh Post-Gazette (12/22, Ove, 230K) reports, "The bridge, a wooden structure owned by the Buffalo & Pittsburgh Railroad that predated the Civil War, went up in flames just 15 minutes after a train carrying sulphuric acid crossed it. 'That would have been a disaster.

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That could have wiped out that town,' said Ray Morrow, head of the Pittsburgh FBI office. Another train was some 30 minutes away from crossing the span. The railroad and three companies directly impacted by the loss of the trestle put up the reward money. T he FBI got involved because it has jurisdiction over crimes involving railroad lines; the agency and state police are conducting the investigation."

Four Charged In Georgia Meth, Cocaine-Trafficking Conspiracy. AccessNorthGeorgia.com (12/21) reported four illegal aliens "have been indicted on charges relating to a large scale methamphetamine and cocaine-trafficking conspiracy in Barrow and Gwinnett counties. Arnulfo Nunez-Villanueva, 26; Miguel Angel Gonzalez, 20; Rafael Garcia-Nunez, 33; and Mauricio Medina-Mojica, 26, all believed to be from Mexico, were indicted by a federal grand jury late Wednesday." The indictment "charges all four defendants with engaging in a conspiracy to distribute cocaine and methamphetamine. … DEA Atlanta Special Agent in Charge Sherri Strange noted the quantity of methamphetamine seized in this case constitutes the nation's fifth largest methamphetamine seizure in 2006."

The Gwinnett Daily Post (12/22) reports the charges "stem from five separate search warrants executed in November in Gwinnett and Barrow Counties, where law enforcement seized 145 pounds of crystal methamphetamine or ice, 135 pounds of cocaine and a .223 caliber AR-15-style rifle, [a] release said." The Athens Banner-Herald (12/22) reports "On Nov. 6, Barrow County Superior Court Judge Joe Booth authorized federal investigators to tap a telephone belonging to Nunez-Villanueva, according to an affidavit that a Drug Enforcement Administration special agent filed in federal court. Through the wiretap, investigators learned that Nunez-Villanueva "appeared to be a broker for numerous illegal drug transactions," the agent said in the affidavit."

Detective In Tennessee Accused Of Helping Family Cocaine Ring. The Nashville City Paper (12/21) reported federal prosecutors on Thursday "unsealed an indictment on a Metro Police narcotics detective, Officer Ernest B. Cecil, charging him with conspiracy for using his police powers to help his nephew run a Nashville cocaine ring. Cecil, a 15-year veteran of the department, was arrested by federal Drug Enforcement Agency (DEA) agents and immediately taken into custody Thursday morning. … Federal officials said they believe Cecil's alleged crimes were all committed to help his nephew, Corey Cecil, hide his drug operation from the rest of the Metro Police Department."

Investor's Business Daily Urges DOJ To Seek Maximum Penalty For Arellano-Felix. In an editorial, Investor's Business Daily (12/21) wrote, "We doubt anyone's facing worse charges in U.S. courts than drug lord Francisco Javier Arellano Felix. So why is the Justice Department hesitating to suggest the death penalty? To put it delicately, this guy's a monster. Apprehended in August by the Drug Enforcement Administration in international waters off Baja California, Arellano was charged in U.S. federal court in San Diego on Wednesday in a string of grotesque crimes on both sides of the U.S.-Mexican border. … There are good reasons for prosecutors to seek the maximum in this case and not worry about public opinion or potential noncooperation on future extraditions from Mexican authorities."

IMMIGRATION:

Immigration Board Rejects Demjanjuk Appeal. The AP (12/22, Kropko) reports, "A man accused of being a Nazi death camp guard lost an appeal today fighting his deportation." John Demjanjuk "was ordered deported in 2005 after the chief federal immigration judge determined he had served at several Nazi death camps during World War II. Demjanjuk has denied the allegation and still has the right to appeal in federal courts." The Board of Immigration Appeals ruling "said facts established previously in courts identifying him as a Nazi guard 'are conclusively established' and that there is no reason to believe there may be new information about his past in a Soviet KGB file, as his lawyer alleged. The board reviewed legal briefs in the case before dismissing Demjanjuk's appeal, said Elaine Komis, spokeswoman for the Executive Office for Immigration Review." The BBC News (12/21) noted, "The US Justice Department said efforts were continuing to remove him from the country as soon as possible."

Saudi Princess Ordered Deported In Forced Servitude Case. The AP (12/22) reports, "A Saudi Arabian princess who broke U.S. immigration laws to keep her domestic servants was ordered to be deported, prosecutors said Thursday. Hana F. Al Jader of Winchester was sentenced to two years of probation, the first six months of which must be served in home confinement, after which she'll be deported to Saudi Arabia, prosecutors said. U.S. District Judge Reginald J. Lindsay also sentenced Al Jader, 40, to pay $206,000 in restitution to three of her former domestic servants, pay a $40,000 fine, and perform 100 hours of community service." The AP notes, "Al Jader and her husband, Prince Mohamed Bin Turki Al Saud, and have lived in Winchester and Arlington since the mid-1990s, when the couple came to the United States to obtain medical and rehabilitation treatment for injuries the prince suffered in an auto accident."

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CONGRESS-ADMINISTRATION:

Grand Jury Subpoenaed Weldon Records In November. The Los Angeles Times (12/22, Schmitt, 850K) reports, "A federal grand jury has subpoenaed congressional records from Rep. Curt Weldon, R-Pa., as part of an escalating Justice Department corruption probe aimed at determining whether Weldon used his influence to win favors for family members, people familiar with the investigation said. The previously unreported subpoena was issued by a grand jury in Washington before the November election, although it is unclear when Weldon received it." The Times notes, "Weldon said public disclosure of the Justice Department investigation, which came three weeks before election day, was politically motivated. He said at the time that he was not aware of any investigation and that he had done nothing wrong."

Bush Issues 16 Pardons. The AP (12/22, Loven) reports, "President Bush issued 16 pardons on Thursday and commuted the sentence of an Iowa man who was convicted on drug charges. Six of the federal offenses were drug crimes, while others included bank fraud, mail fraud, the acceptance of a kickback, a false statement on a loan application and conspiracy to defraud the government over taxes. Seven of the 16 received no prison or jail time, instead getting probation or a reduction in their military pension." The AP notes that a White House spokesman, Tony Fratto, "said that after investigation by the Office of the Pardon Attorney at the Justice Department, most weight is given to these factors: the seriousness of the crime; how long ago it was committed; the acceptance of responsibility and showing remorse; post-conviction conduct and contributions to society; any specific compelling need for relief; official recommendations, including from the sentencing judge, the probation officer and the federal prosecutor."

Bush Makes Two Recess Appointments. The AP (12/22) reports, "President Bush has appointed an outspoken conservative television producer to the board of directors of the Corporation for Public Broadcasting. Warren Bell, executive producer of ABC's 'According to Jim' was first nominated by Bush in June. In September, his nomination was abruptly pulled from the Senate Commerce, Science and Transportation Committee's agenda because of some senators' concerns." Bell "has been an online contributor to the conservative National Review magazine. In May 2005 he described himself as 'thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues.'" Bell's recess appointment "means he will stay on the board through the congressional session that ends in 2007." The New York Times (12/22, 1.16M) runs a truncated version of the AP story.

Meanwhile, the Washington Times (12/22, Herman, 88K) reports Bush also gave a recess appointment to Mark McKinnon, who "will join the Broadcasting Board of Governors (BBG) in time for its Jan. 10 meeting. The recess appointment is good for a year, but Mr. McKinnon said yesterday that he is confident the Senate would confirm him for a full term that would end in 2009. Senators, however, often don't look favorably on recess appointees." The BBG "oversees a global operation that draws more than 100 million listeners and viewers a week. The operations include the Voice of America, Radio Free Europe and broadcast systems that cover Asia, Cuba and the Middle East." Bush's "first attempt to get Mr. McKinnon on the board was in September 2005 in a nomination for a seat formerly held by a member whose term expired. The appointment ran into opposition from Democrats because it was a seat reserved for Democrats."

McClatchy (12/22) calls McKinnon "Bush's media adviser," and says "Senate Democrats were livid when the Texan was first nominated for a Democratic slot on the board. His quick re-nomination as a Republican -- the longtime Texas Democrat now calls himself a 'Bush Republican' -- did not appease them, either." Sen. Joe Biden, "the incoming Senate Foreign Relations Committee who takes over in January, was not likely to move McKinnon's nomination, said insiders, prompting the White House action. 'The nomination had been out there a very long time and we needed to fill the position,' said White House spokesman Tony Fratto. 'This was the most expedient way to get that slot filled.'"

Bush Gives Pay Raise To Federal Workers, Lawmakers, Cheney. The AP (12/22) reports, "President Bush signed an executive order Thursday to raise the pay of federal workers, members of Congress and Vice President Dick Cheney in the new year." Congress "passed the pay raises earlier this year, but Bush was required to sign an executive order to enforce them." The President's "annual salary of $400,000 is not affected by the legislation." The Washington Post (12/22, D1, Barr, 690K) notes "members of the armed forces will also see their base pay rise next year by an average 2.2 percent, though some military personnel will receive higher increases because they are in hard-to-fill positions or have special skills." Salaries for House members and senators "will climb to $168,000, up from $165,200. Congress has put the raise on hold, however, because Democrats first want to approve an increase in the minimum wage, which they believe will prove popular with voters." Cabinet secretaries "will make $186,600 in 2007, up from $183,500 this year. The vice president's salary will be $215,700, rising from $212,100."

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Bush Signs Bill To Preserve Japanese Internment Camps. The AP (12/22) reports President Bush "signed into law a $38 million grant program to preserve notorious internment camps where Japanese-Americans were kept behind barbed wire during World War II." The money "will be administered by the National Park Service to restore and pay for research at 10 camps. The law is intended to help preserve the camps as reminders of how the United States turned on some of its citizens in a time of fear." The camps "housed more than 120,000 Japanese-Americans — U.S. citizens and residents — under an executive order signed by President Roosevelt in 1942, when America was reeling from the Japanese attack on Pearl Harbor, Hawaii, on Dec. 7, 1941."

Rohrabacher Says Petition For Convicted Border Agents Ready For Bush. The Washington Times (12/22, Seper, 88K) reports Rep. Dana Rohrabacher said in a press conference yesterday that he will soon present President Bush with "a petition signed by 160,000 Americans calling for the commutation of prison sentences for two US Border Patrol agents convicted of shooting a drug smuggling suspect in the buttocks." He asked the president to "'have some Christian charity and pardon' Agents Ignacio Ramos and Jose Alonso Compean, who are scheduled to begin serving 11- and 12-year prison terms, respectively, next month." Rohrabacher said the petition was "part of a continuing effort to 'turn up the pressure on President Bush to pardon' the agents."

Flawed US Immigration System Said To Invite Illegals. Marcela Sanchez, in her column for the Washington Post (12/22, 690K) writes that last week's immigration raids at Swift & Co. were a "big disappointment all around. People whose intention was to get work used stolen information, such as Social Security numbers. US officials intending to do their jobs used a law meant for a far more serious crime as justification for the crackdown. Both sides are guilty of weakening the rule of law -- a taste of home we Latino immigrants could really do without." Sanchez continues, "Without excusing those who committed fraud to get jobs, it is important to make clear that the United States -- its government, its businesses and even its laws -- invites this type of behavior."

Zeleny Removed From Post Amid Complaints. The Washington Post's (12/22, A31) Al Kamen writes in his "In the Loop" column that the "career diplomats at the State Department are celebrating a decision this week by the department's director general to overturn the assignment of an aide to Undersecretary Karen Hughes to a top job running the new Public Diplomacy Rapid Response office in Brussels." The American Foreign Service Association two months ago "protested the selection of mid-level civil servant Diane Zeleny for the job, calling it a 'pre-cooked deal' done by manipulating the process and violating personnel rules," Kamen notes. AFSA filed a grievance asking foreign service director general George Staples to "undo this assignment," which he did, but "gave Zeleny until next summer to leave Brussels." Diplomats "said the opening was never properly advertised so senior officials looking for new postings would know about it. And then it was announced at the last minute, so there was no way top officers, who had already gotten new assignments, could apply for it."

Interior Department Study Finds Oil Drilling Incentives Spur Little Production. The New York Times (12/22, Andrews, 1.16M) reports the US "offers some of the most lucrative incentives in the world to companies that drill for oil in publicly owned coastal waters, but a newly released study suggests that the government is getting very little for its money. The study, which the Interior Department refused to release for more than a year, estimates that current inducements could allow drilling companies in the Gulf of Mexico to escape tens of billions of dollars in royalties that they would otherwise pay the government for oil and gas produced in areas that belong to American taxpayers." The "study predicts that the inducements would cause only a tiny increase in production even if they were offered without some of the limitations now in place. It also suggests that the cost of that additional oil could be as much as $80 a barrel, far more than the government would have to pay if it simply bought the oil on its own."

Goode Won't Apologize For Koran Comments. NBC Nightly News (12/21, story 7, 2:05, Allen, 9.87M) reported, "Since becoming the nation's first Muslim-American elected to Congress, Keith Ellison of Minnesota says he's received hateful mail and phone calls and a few death threats after saying he'd place his hand on a Koran during a private, unofficial swearing-in ceremony. The latest attack -- this letter from Republican Congressman Virgil Goode of Virginia to hundreds of constituents, urging Americans to '…wake up,' adopt his position on illegal immigration, or '…there will be many more Muslims elected to office and demanding the use of the Koran.' Today, with security unusually tight, Goode said he would not apologize for his words. … Ellison has pointed out he is not an immigrant, rather an African-American who can trace his roots to 1742. In a statement today, he said, 'Let's remember…diversity is a great strength of America.' Leading Muslim groups call Goode's letter Islamophobic and ignorant."

The AP (12/22, Lindsey) reports Goode said "he will not retract a letter warning that unless immigration is tightened, 'many more Muslims will be elected' and use the Quran to take the oath of office." Goode "triggered angry responses

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from a civil rights group and some colleagues with a letter this month to constituents concerned about a decision by Rep.-elect Keith Ellison of Minnesota, the first Muslim elected to Congress, to use the Quran when he is sworn in." Goode said he is "receiving more positive comments from constituents than negative," and he "told Fox News he wants to limit legal immigration and do away with 'diversity visas,' which he said let in people 'not from European countries' and 'some terrorist states.'"

The Washington Times (12/22, McLaughlin, 88K) reports Rep. Rahm Emanuel "called on" Goode "to meet with Rep.-elect Keith Ellison." Emanuel, who is Jewish, said, "If he meets with Keith, he'll see what I saw: a good American with good values of a different faith who's trying to do right by the people he represents." The Times adds Goode "sparked a controversy when he told constituents that if Americans 'don't wake up' and strengthen the country's immigration laws, more Muslims will be elected to Congress and will demand to use the Koran when they take the oath of office." At a Franklin County Courthouse press conference, Goode said, "I will not be putting my hand on the Koran."

Ellison said on CNN's The Situation Room (12/21, Blitzer), "Diversity of our country is a great strength. It's a good thing that we have people from all faiths and all cultures that come here. And we all support one Constitution that upholds our right to equal protection, one Constitution that guarantees us due process under the law, one Constitution which says that there is no religious test for elective office in America. … Diversity in our nation is a great thing and we should embrace it, not be afraid of it." Asked about being sworn in on a Koran, Ellison said, "When I'm officially sworn in, I will do it the same, exact way as every congressperson-elect who is sworn in. We will all stand up and, in unison, lift our hand and swear to uphold that Constitution. And then later, in a private ceremony, of course, I'll put my hand on a book that is the basis of my faith, which is Islam."

WPost Says Goode Is A Bigot. The Washington Post (12/22, A32, 690K) says in an editorial, "Bigotry comes in various guises -- some coded, some closeted, some colossally stupid. The bigotry displayed recently by Rep. Virgil H. Goode Jr., a Republican who represents a patch of south-central Virginia, falls squarely in the third category." The "real worry for the nation is that the rest of the world might take Mr. Goode seriously, interpreting his biased remarks about Muslims as proof that America really has embarked on a civilizational war against Islam."

Virginia Interfaith Group Posts Arabic Signs. The AP (12/22, Gelineau) reports that in Richmond, "small beige signs bearing black Arabic script have been appearing all over town on buses and at colleges. … Actual translation: 'Paper or plastic?'" The signs "are part of a campaign by A More Perfect Union, a program of the Virginia Interfaith Center for Public Policy, and are aimed at dispelling some of the public's fears about the Muslim community." The signs "were placed in all 170 Greater Richmond Transit Co. buses in Richmond on Nov. 27 and will remain there through December, though many buses will continue to display them at least through January."

Holocaust Museum Board Criticizes Member For Condemning Ellison. The New York Times (12/22, Swarns, 1.16M) reports the board "that oversees the United States Holocaust Memorial Museum here publicly distanced itself on Thursday from a member who recently condemned the first Muslim elected to Congress for planning to use a Koran during the private part of his swearing-in ceremony." In November, board member Dennis Prager, "a conservative commentator and radio show host, said that Keith Ellison, the newly elected Muslim member of Congress, should give up his post if he could not take his oath on a Bible, which Mr. Prager said was the traditional religious text of the United States." The Holocaust Museum's "executive committee criticized Mr. Prager's remarks as 'antithetical to the mission of the museum as an institution promoting tolerance and respect for all peoples regardless of their race, religion or ethnicity.'"

Davis Continues Probe Of Berger's Removal Of Archive Documents. The Washington Times (12/22, Seper, 88K) reports Rep. Tom Davis, the outgoing chairman of the House Government Reform Committee, "says questions remain about former National Security Adviser Samuel R. Berger's removal of classified documents from the National Archives and pledged yesterday to get the answers." Davis said, "I don't care if it's Sandy Berger or Warren Burger or Veggie Burger who walked off with these documents. It's the lax controls that permitted such a theft; it's the way it was handled internally at the Archives and then by [the Justice Department] that is of grave concern." The Times adds that in October, Davis "led an effort by top House Republicans to investigate and hold hearings on which documents might have been 'destroyed, removed or were missing.'" Democrats assume control of Congress next month, and the request is expected to be shelved. But Mr. Davis said his staff continues to look into the matter, and a final investigative report is expected next month."

Report Says Berger Viewed Documents In Archives Official's Office. The Washington Post (12/22, A31, Smith, 690K) reports Berger has "admitted taking five slightly different copies of a highly classified document from the National Archives in 2003 by stuffing them into his suit and sneaking them past guards. He was eventually detected, confronted and ordered by a federal judge to pay a $50,000 fine for his illegal actions." A newly released report "by the National Archives' Office of the Inspector General contains fresh details of the incident, which involved a classified Clinton administration study called the Millennium Alert After

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Action Review (MAAR)." During "four visits to the Archives in 2003, Berger worked at a small table in the office of a senior Archives official, instead of in the public reading room -- a practice the inspector general said was 'unauthorized.' The official, whose name was redacted from the report, violated standard protocol by leaving the office to give Berger privacy to speak on the telephone."

WSJournal Says Berger's Actions "Astonishing." The Wall Street Journal (12/22, 2.04M) says in an editorial that the Archives' Inspector General report "suggests Mr. Berger knew he was engaged in a bit of hugger-mugger when he secreted the after-action memos he was reviewing out of the building." Hiding documents "under a trailer in a construction site before returning to retrieve them later" is "not the behavior of a man with a clear conscience. And it's astonishing for a man who served in a senior White House position that made him familiar with the obligations of handling classified papers."

Emanuel To Push Prescription Drug Importation Bill. The Chicago Tribune (12/22, Yednak, 617K) reports Rep. Rahm Emanuel (D-Ill.) "said Democrats and Republicans in both chambers will push again for a bill that would allow prescription drugs to be imported to help reduce costs for U.S. consumers." Emanuel said, "People from around the world come to America for first-class medical care, but Americans travel around the world for affordable medications." The Tribune adds the bill "would allow consumers to import drugs directly from Canada, while wholesalers and pharmacies could import FDA-approved drugs from the European Union, Canada, New Zealand, Australia and Japan to offer for sale."

Iraq Complicates Tight Budget For Bush, Congressional Democrats. The Wall Street Journal (12/22, Solomon, 2.04M) reports, "Iraq is casting a shadow over the next U.S. budget, complicating efforts by President Bush and congressional Democrats to fund domestic programs as costs of the war rise." The fiscal 2008 budget is "expected to be released Feb. 5. The budget is likely to be the tightest of Mr. Bush's presidency, with little new discretionary spending expected for any area outside the departments of Defense and Homeland Security." The costs "associated with the Iraq war and broader war on terrorism have exacerbated funding constraints caused, in large part, by rising mandatory costs for programs such as Medicare and Social Security." The situation is "posing a challenge for the White House, which must craft a budget that will cover rising expenses while preserving Mr. Bush's 2001 and 2003 tax cuts and not worsening the deficit." Meanwhile, Congress' "new Democratic majority is expected to face an even tougher task as its leaders look to implement their agenda, which may include increased spending in areas such as education, health care and homeland security."

Krugman Says Democrats Should Spend More Rather Than Cut Deficit. In his New York Times column (12/22), Paul Krugman questions if Democrats should "return to Rubinomics — the doctrine, associated with former Treasury Secretary Robert Rubin, that placed a very high priority on reducing the budget deficit." While Rubinomics "made sense in terms of pure economics, it failed to take account of the ugly realities of contemporary American politics. And the lesson of the last six years is that the Democrats shouldn't spend political capital trying to bring the deficit down. They should refrain from actions that make the deficit worse. But given a choice between cutting the deficit and spending more on good things like health care reform, they should choose the spending."

Pelosi Planning Presidential-Style Inauguration Ceremonies. The Washington Post (12/22, A1, Layton, 690K) reports, "On a scale associated with presidential inaugurations, Nancy Pelosi is planning four days of celebration surrounding her Jan. 4 swearing-in as the first female speaker of the House. She will return to the blue-collar Baltimore neighborhood where she grew up, attend Mass at the women's college where she studied political science, and dine at the Italian Embassy as Tony Bennett sings 'I Left My Heart in San Francisco.'" But "the hoopla is more than just a party." Pelosi "is grabbing the moment to present herself as the new face of the Democratic Party and to restore the party's image as one hospitable to ethnic minorities, families, religion, the working class and women. … In her meticulous selection of events and venues during a week when she expects to attract media attention from as far away as Australia, Pelosi is clearly trying to bury the label 'San Francisco liberal' that Republicans tried to affix to her during the midterm elections." Mike Murphy, "a Republican political consultant and former adviser to Massachusetts Gov. Mitt Romney and Sen. John McCain (Ariz.), said the four-day extravaganza is excessive. 'What? No fireworks?' he said." He "said the schedule is 'classic Pelosi.'"

USA Today (12/22, Scouten, 2.27M) reports on inaugural bashes across the nation, "Unlike campaign contributions, most states don't limit or require public disclosure of inaugural fundraising. Edwin Bender of the Institute on Money in State Politics said greater transparency is needed because governors are guaranteed 'to wield a great deal of influence over public policy.'"

DC Circuit Relaxes Restrictions On Special Interest Group "Issue Ads." The AP (12/22, Apuzzo) reports that the US Court of Appeals for the District of Columbia Circuit "loosened restrictions on corporations,

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unions and other special interest groups that run political advertising in peak election season." The 2-1 ruling "said groups may mention candidates by name in commercials as long as they are trying to influence public policy, rather than sway an election." The ruling "came in a challenge to the so-called McCain-Feingold law designed to reduce the influence of big money in political campaigns." Some lawmakers "have predicted such a ruling would create a loophole in the 2002 law. Advocacy groups have used ads similar to those paid for by the Wisconsin group to advocate for and against candidates."

The Washington Post (12/22, A11, Leonnig, 690K) reports the "divided three-judge court ruled yesterday that ads advocating for an issue and mentioning candidates can run during an election, creating a loophole in the law that sought to control the power of big money in elections." The court "found that the government had no compelling justification to regulate television ads such as the ones Wisconsin Right to Life Inc. broadcast in July 2004, which advocated stopping congressional filibusters against President Bush's judicial nominees." The ads "ran when Sen. Russell Feingold (D-Wis.) was running for reelection and had opposed some of Bush's nominees. The ads made no mention of Feingold's record, instead urging Wisconsin residents to call their senators to express their dissatisfaction."

The New York Times (12/22, Phillips, 1.16M) reports the case, "which was heard by a special federal court panel in Washington, now heads to the Supreme Court. If upheld, the ruling would unravel one of the tougher restrictions on the use of unregulated donations that interest groups pumped by the millions of dollars into political commercials." The majority opinion "was by Judge David B. Sentelle of the United States Court of Appeals for the District of Columbia Circuit and Richard J. Leon of Federal District Court. Judge Richard W. Roberts of Federal District Court dissented." The Washington Times (12/22, Dinan, 88K) notes the ruling is "the first major dent in the 2002 McCain-Feingold campaign-finance law." The "small but potentially deep change creates an exception to what had been considered a near-blanket rule."

NYTimes Criticizes Brownback Over Neff Nomination. The New York Times (12/22, 1.16M) editorializes, "If most people were asked to list the qualities they want in a federal judge, few would include 'has not attended a same-sex commitment ceremony.' But that was the outrageous litmus test that Senator Sam Brownback, Republican of Kansas, applied to Janet Neff, whose nomination he has been blocking. Mr. Brownback -- who has presidential ambitions -- now says he will allow a vote on her nomination. We hope that is a sign that gay-baiting is becoming less tolerable, even to Republican primary voters." The Times adds, "Whether someone has attended a same-sex commitment ceremony is not a worthy litmus test to impose on someone seeking an important office. Whether someone holds hateful views toward gay people certainly is."

OTHER NEWS:

Judge Reduces Texas Vioxx Award From $32 Million To $7 Million. The AP (12/22) reports, "A judge in a Texas widow's lawsuit over the Merck & Co. drug Vioxx on Thursday reduced a $32 million jury award to about $7.75 million, citing Texas' recently enacted caps on punitive damages. The state jury in April found Merck & Co. liable for the death of Leonel Garza, a 71-year-old man who had a fatal heart attack within a month of taking the since-withdrawn painkiller. The company was ordered to pay the Garza family $7 million in non-economic compensatory damages and $25 million in punitive damages. But Judge Alex Garza, in a Rio Grande City courtroom, ordered the punitive damage reduced as required by state law."

US Businessman Pleads Guilty To Bribing UN Official. The New York Times (12/22, Gootman, 1.16M) reports, "A businessman pleaded guilty Thursday to providing cash and a significantly discounted luxury Manhattan condominium to a ranking United Nations procurement official, in a successful effort to win more than $50 million in contracts, federal prosecutors said. The businessman, Nishan Kohli, 30, pleaded guilty in Manhattan federal court to a single count of bribery after acknowledging that he had given cash payments to Sanjaya Bahel, who was chief of the commodity procurement section of the United Nations procurement division from 1998 until 2003. Mr. Kohli faces up to 10 years in prison. He also acknowledged that from 2003 to 2005, he allowed Mr. Bahel to pay reduced rent at a high-rise apartment that Mr. Kohli owned in the Dag Hammarskjold Towers, near United Nations headquarters. In May 2005, Mr. Kohli sold the unit to Mr. Bahel at a price so far below the market value that the condominium's board considered blocking the sale, prosecutors said. … Mr. Kohli's guilty plea is the latest development in a series of corruption charges against United Nations officials and those seeking to do business with them. The plea and Mr. Kohli's agreement to cooperate with the government are likely to strengthen the case against Mr. Bahel, who has pleaded not guilty to bribery charges. His trial is scheduled for May 7."

The New York Sun (12/22, Goldstein) reports, "Prior to Mr. Bahel's recent indictment, another top procurement department employee, Alexander Yakovlev, pleaded guilty in the summer of 2005 to corruption and wire fraud charges. Messrs. Bahel and Yakovlev were key officers involved in the awarding of a U.N. contract to the Swiss-based inspection company Cotecna, which had employed Secretary General

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Annan's son, Kojo. In addition, last January the U.N. suspended eight employees in the procurement department, including Mr. Bahel, pending an investigation into allegations of wrongdoing."

Mexican Anti-Drug Operation Focuses On Hindering Drug Gang Cash Flow. The USA Today (12/22, 6A, Llana, 2.27M) reports Mexico "has long been under pressure from the United States to crack down on the drug trade and end violence between drug gangs. According to the U.S. State Department, 70%-90% of drugs coming to the USA from Latin America enter through Mexico. Mexico is one of the main producers of marijuana and heroin destined for the USA. U.S. Ambassador Tony Garza has repeatedly expressed concern about the rising violence, most of it drug-related. The week-old Operation Michoacan…is the biggest anti-drug effort taken on by the Mexican government, says Army Gen. Manuel Garcia Ruiz, who heads the operation. … The first goal, Garcia Ruiz says, is to disrupt the drug gangs' source of income and their ability to communicate."

Former Administration Officials Decry White House Op-ed Redaction. The New York Times today's publishes the redacted version of an op-ed written by former NSC adviser Flynt Leverett, and former Foreign Service officer Hillary Mann. In an accompanying op-ed titled "What We Wanted To Tell You About Iran," Leverett and Mann say their original piece was "blacked out by the Central Intelligence Agency's Publication Review Board after the White House intervened in the normal prepublication review process and demanded substantial deletions." Agency officials, the write, "told us that they had concluded on their own that the original draft included no classified material, but that they had to bow to the White House." Leverett and Mann say the deleted passages "go into aspects of American-Iranian relations during the Bush administration's first term that have been publicly discussed by Secretary of State Condoleezza Rice; former Secretary of State Colin Powell; former Deputy Secretary of State Richard Armitage; a former State Department policy planning director, Richard Haass; and a former special envoy to Afghanistan, James Dobbins." The content, they note, have also been "extensively reported in the news media, and one of us, Mr. Leverett, has written about them in The Times and other publications with the explicit permission of the review board." Leverett and Mann provide a list of links to their citations "to demonstrate that all of the material the White House objected to is already in the public domain," noting that "unfortunately, to make sense of much of our Op-Ed article, readers will have to read the citations for themselves." Leverett and Mann conclude by stating that "national security must be above politics. In a democracy, transparency in government has to be honored and protected. To classify information for reasons other than the safety and security of the United States and its interests is a violation of these principles."

Rice Backs UN Resolution On Iran Sanctions As Vote Looms. The AP (12/22, Gearan) reports Secretary of State Condoleezza Rice said Washington "supports a draft UN sanctions resolution against Iran even though it omits a mandatory travel ban against several Iranians involved in the country's nuclear and missile programs." However, she "said she expects changes to be made in the draft before it is put to a vote at the United Nations Security Council, perhaps on Friday." Speaking at a news conference with Canadian Foreign Minister Peter MacKay, she offered no details of the revisions she expects, saying, "It's no secret we would have preferred to have this earlier had we been the lone drafter, and of course there might have been other things in it." At the same time, she said the resolution would make clear to Iran that the "international community is not going to tolerate its defiance" of demands that it abandon its nuclear program. The Washington Times (12/22, Pisik, 88K) reports the US and EU yesterday "pushed for a UN Security Council vote as early as today on Iran sanctions," while Russia "said last night that the resolution needed more work, casting doubt on whether the vote could be held today." Meanwhile, Secretary Rice told reporters after a meeting with MacKay that she is "quite satisfied and quite certain" that the resolution "will be adopted."

The Financial Times (12/22, Turner) reports the UNSC is "poised finally to agree sanctions on Iran after months of wrangling." Diplomats "had hoped to adopt" the resolution "today but the vote had slipped to the weekend," saying "some issues still needed to be ironed out but they were hopeful that unanimous agreement could be reached by this morning."

Ahmadinejad Defiant Ahead Of Security Council Vote. AFP (12/22) reports Iranian President Mahmoud Ahmadinejad "vowed that nothing would stop Iran pushing ahead with its nuclear program," as the UNSC "prepared to vote Friday on sanctions" against Tehran. In a public address, he said "the United States and Europeans know well that they cannot do anything against Iran and their pressure will not hold back Iran's desire to fully obtain peaceful nuclear technology." The AP (12/22, Dareini) reports Ahmadinejad also called President Bush "the most hated person" in the world Thursday, "keeping up his tirades against the West."

Iranian Official Rejects Talks With US About Iraq. The Los Angeles Times (12/22, Daragahi, 850K) reports Tehran's top envoy in Iraq "said there was no need for contacts with the United States aimed at stabilizing Iraq, saying that Iranians already were pursuing channels to help secure their embattled neighbor." Ambassador Hassan

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Kazemi-Qomi "brushed aside recommendations of the Iraq Study Group," saying, "We don't need a Mr. Baker-style proposal calling for Iran to talk with the United States about Iraq. We have our own well-defined policies about Iraq. We have never waited for a Mr. Baker or someone else to offer talks."

NYTimes Urges US To Push For More Effective Sanctions. In an editorial, the New York Times (12/22, 1.16M) reports Ahmadinejad "has not been having a very good month, which is good news both for the beaten-down people of Iran and for the outside world. The populist demagogue, it seems, is not so popular with important elements of Iranian society growing uneasy over the price Iran may have to pay for his belligerent pursuit of nuclear technology. This week, Mr. Ahmadinejad's oil minister acknowledged that foreign banks were pulling back from financing Iranian oil projects because of the worsening nuclear dispute." Also last week, "in a remarkable show of courage, students at one of Tehran's elite universities openly denounced Mr. Ahmadinejad as a dictator and a fascist, forcing him to cut short his planned address." As some Iranians begin to recognize that their nation's nuclear program may "do more harm than good," the Times says "Washington needs to keep pushing for effective economic sanctions that will compel Mr. Ahmadinejad to recognize it as well."

Saudi Officials Seen As Split Over Iran Policy. The New York Times (12/22, A16, Fattah, 1.16M) reports that across Saudi Arabia, "in both official and casual conversation, once-quiet concern over the chaos in Iraq and Iran's growing regional influence has burst into the open," with many saying "a showdown with Iran is inevitable." According to the Times a "growing debate" in the kingdom "has centered on how Iran should be confronted: head on, with Saudi Arabia throwing its lot in with the full force of the United States, or diplomatically, with a grand bargain Iran would find hard to refuse?" The "apparent split burst into the open last week when Prince Turki al-Faisal, Saudi Arabia's ambassador to Washington, abruptly resigned after just 15 months." His resignation is "seen by many…as part of a long-running battle over Saudi Arabia's foreign policy," and "privately some Saudi officials and analysts with knowledge of the situation say Prince Turki resigned over deep differences with Prince Bandar bin Sultan," who is "believed to favor the tough American approach of confronting Iran, analysts say, while Prince Turki advocates more diplomatic tactics, including negotiating with Iran." Also, the new Saudi ambassador, Adel al-Jubeir, a foreign policy adviser to King Abdullah, is seen as "a wild card." Although he "once worked for Prince Bandar," Saudi officials said that Jubeir "did not necessarily share Prince Bandar's opinions," saying instead he will act as "a direct line between the king and the administration."

Bush Signs Measure Blocking Aid To Hamas. The AP (12/22) reports President Bush Thursday signed into law a bill "meant to block US aid to the Hamas-led Palestinian government and ban contacts with Hamas until the militant faction has renounced violence and recognized Israel's existence." The measure "also creates a $20 million fund to promote democracy, human rights, freedom of the press and peace between Israel and the Palestinians." Sen. Mitch McConnell (R-KY), co-sponsor of the Senate bill, "said the legislation makes clear the Palestinian Authority can expect no US help so long as it continues to be led by Hamas." For its part, the White House said the legislation Bush signed "reflects the administration's concern over the current government's failure to renounce violence and terror, recognize Israel and respect previous agreements and obligations."

Renewed Fighting Threatens Palestinian Ceasefire. The AP (12/22, Barzak) reports a "fierce gunbattle broke out between Hamas and Fatah militants in Gaza City early Friday, underscoring the fragility of a two-day old truce that had largely ended factional violence there." The "street battle" erupted when Hamas militiamen "tried to free two kidnapped militants, including a senior member of the Islamic group." Meanwhile, Palestinians "stepped up rocket attacks on Israel," threatening a separate cease-fire between Israel and the Palestinians. In a conflicting report, AFP (12/22, El Oun) writes under the headline "Gaza Breathes A Sigh Of Relief As Ceasefire Holds" that the "embattled Gaza Strip breathed a sigh of relief as a truce between rival Palestinian factions took hold." AFP said "no clashes between" Fatah and Hamas "have been reported since early Wednesday."

US Prepares $500 Million Aid Package To Strengthen Lebanon Against Hezbollah. The Washington Post (12/22, A29, Wright, 690K) reports the US is "preparing a package of almost $500 million in aid for Lebanon's military and police to help strengthen security forces, part of almost $1 billion in total US assistance to help the beleaguered Lebanese government," according to US officials. The package is part of an international effort to "shore up the Lebanese security forces so they can eventually extend their control over the entire country" and "to strengthen the government's hand over the influence of Hezbollah," the sources said. Secretary Rice told The Post last week in an interview that "one of the most important things that you can do is to strengthen the Lebanese armed forces not -- I think probably not to replace the United Nations forces for some time, but to be more capable themselves of defending the country and providing a stable platform." Rice said the package will require "further consultations with Congress to win funding." The "other half of the $1 billion is likely to be for reconstruction through USAID as well as debt

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relief," US officials said. The US aid package is being prepared "even as a new report by the International Crisis Group, set to be released today, warns that the Middle Eastern country is at risk of 'renewed collapse' unless domestic and international players work to achieve political compromise." ICG analyst Patrick Haenni warns, "Street politics have replaced institutional politics. Civil war remains unlikely. But with heightened polarization, intensified [religious divisions] and heavy outside interference, it is again becoming thinkable."

Rice Questions Pyongyang's Commitment As Six-Party Talks Stall. In an exclusive interview with the AP (12/22, Gearan), Secretary of State Condoleezza Rice "said she has no reason to believe North Korea is serious about dismantling its nuclear weapons," but this week's six-party talks will help determine "whether or not they follow through." Meanwhile, in Beijing, the New York Times (12/22, A5, Lague, 1.16M) reports Assistant Secretary of State Christopher Hill Thursday said Pyongyang's "determination to link nuclear disarmament with the financial restrictions was an obstacle" to solving what had become a "very urgent problem." Hill said negotiators "have made it very clear that we consider the financial issue quite separately from the denuclearization issue. I would rather not obscure that problem by talking about finances." Kenichiro Sasae, Japan's chief envoy to the talks, said North Korea's refusal to disarm before the United States lifted the financial restrictions meant "there is no prospect for a breakthrough" in the talks. The Washington Post (12/22, A21, Cody, 690K) reports that "after what he described as a frustrating day of discussions," Hill "said he would give the Chinese-sponsored talks another day in hopes that the North Korean negotiators received last-minute instructions from Pyongyang to change their stand. But in any case, he said, he will be making plane reservations to head back to Washington on Saturday." In Washington, Secretary Rice told reporters, "Diplomacy sometimes takes time, but we should not be diverted somehow by an issue that is clearly in another lane and is clearly being dealt with in a way that the North Koreans themselves asked that it be dealt with." The Washington Times (12/22, Kralev, 88K) says Secretary Rice "rejected a North Korean attempt at the six-nation nuclear talks in Beijing to link the negotiations to US financial sanctions imposed last year." Speaking to reporters after a meeting with Canadian Foreign Minister Peter MacKay, Rice, "We've been very clear that these are two separate issues."

The AP (12/22, Olesen) notes Hill "said Friday that there were no signs of a breakthrough and accused the communist state of not being serious about the negotiations." Hill was quoted as saying, "When the DPRK raises problems, one day it's financial issues, another day it's something they want but they know they can't have, another day it's something we said about them that hurt their feelings. "What they need to do is to get serious about the issue that made them such a problem...their nuclear activities." AFP (12/22) says the talks "appeared set to end in deadlock."

Korean Expert Says Pyongyang Misunderstood. B.R. Myers, a North Korea researcher at Dongseo University in Busan, South Korea, writes in the Wall Street Journal (12/22, 2.04M) that the "ideological landscape" of the Korean peninsula "defeats the reasoning that led to the six-party talks in the first place." North Korea, he notes, is "not a communist country with ideological and sentimental reasons to listen to China and Russia; it is a virulently nationalist state that distrusts all the other parties at the table. And though the rhetoric of a 'concerted front' against North Korea has proved to be just that, it has sufficed to heighten South Korea's sense of solidarity with the North. This will continue to mean plenty of aid money for Kim Jong Il with which to build weapons." The US, Myers writes, "has urged Beijing to bring more pressure to bear on the North. But if America can do nothing with its own ally, it can hardly expect the Chinese to do more with theirs."

US Cancels Military Exercise With Philippines Over Detained Marine. The New York Times (12/22, A8, Shanker, 1.16M) reports under the headline "Tensions Flare Over Custody In Rape Case In Philippines" that the commander of American forces in the Pacific announced Thursday that he had canceled "a huge annual military exercise with the Philippines in a dispute over custody of a marine lance corporal convicted of raping a local woman." Adm. William J. Fallon said he also "would halt aid and reconstruction programs carried out by the American military in the Philippines until he was confident that the troops' legal rights would be protected under bilateral agreements governing visiting United States forces." The rape case involving Lance Cpl. Daniel Smith "has tested relations between the countries and challenged the validity" of a bilateral agreement. It has also "sharpened a political division between Filipinos with nationalist resentments" and those "who cite the economic and security benefits of ties to the United States."

Singh Expresses Concerns About Nuclear Pact. The AP (12/22) reports Indian Prime Minister Manmohan Singh told President Bush Thursday that his country has "some concerns" about the nuclear pact signed into law earlier this week, according to a statement by Singh's office. The Indian government has "not elaborated on its concerns, but Congress included a nonbinding clause in the new law directing the White House to certify that India is cooperating in efforts to force Iran to abandon its nuclear

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programs." The clause has been "criticized by Singh's leftist allies and opposition parties, who claim it violates India's sovereignty." During the telephone call, the two leaders "expressed the hope that remaining concerns will be addressed in the next stage of negotiations" on the nuclear cooperation deal, the statement from Singh's office said.

Somali Government Declares Victory In Battle Against Islamic Militants. The New York Times (12/22, A8, Gettleman, 1.16M) reports the transitional government of Somalia "claimed victory on Thursday in the first major confrontation" with Islamic militants. United Nations officials "confirmed heavy Islamist casualties in the fighting, which began Wednesday and continued Thursday." The Islamist fighters, the officials said, were "mowed down by transitional government soldiers backed by the Ethiopian Army." "After initially playing down the fighting, Islamic militant leader Sheik Hassan Dahir Aweys, "announced Thursday over national radio that Somalia was at war" and urges "all Somalis" to "take part in this struggle against Ethiopia." The AP (12/22, Duhul) says the "clashes threaten to spiral into a major conflict in this volatile region, sucking in Ethiopia and its bitter rival Eritrea, which is accused of supporting the Islamic group. Analysts believe Ethiopia may soon raise the stakes by deploying attack helicopters in support of the government."

US Embassy Accuses Congolese Company Of Stealing Aid Shipment. AFP (12/22) reports the US embassy in Brazzaville "accused a private Congolese company of stealing more than 5,800 tons of humanitarian aid worth more $3 million with the help of a local magistrate." The embassy accused import-export company Super-Market of having "illegally removed" the aid at the start of December from warehouses of a transit company in Pointe-Noire, according to a statement received by AFP. Ambassador Robert Wesiberg told journalists that Super-Market had "acted in complicity with prosecutor Narcisse Ngoulou" and asked the Congolese government to do "everything to remove this aid from Super-Market, so that it can reach people following normal procedures." Wesiberg noted that "so far all attempts to obtain help from ministries had been in vain." The ambassador on Wednesday "boycotted" a ceremony organized by the UN Development Programme during which an appeal for $28 million in aid for Congo in 2007 was due to be launched.

Sudden Death Of Turkmen President Raises Fears Of Instability. ABC World News (12/21, story 6, 0:25, Gibson, 8.78M) reported, "One of the world's most ruthless and eccentric dictators has died. Saparmurat Niyazov ruled Turkmenistan in central Asia for 21 years. He crushed opponents and named towns, mosques and even months of the year after himself. His bizarre decrees included a ban on lip-syncing. His death raises questions about the stability of Turkmenistan, which has vast natural gas and oil reserves." The Financial Times (12/22, Gorst) says Niyazov's death "has raised the threat of instability in a Central Asian republic that is an important energy supplier to Europe." Niyazov, who ruled for more than 20 years, died "with no obvious successor," likely "to spark both an internal power struggle and a tussle for influence between Russia, China and the US over a country with the world's fifth-largest gas reserves." The New York Times (12/22, Chivers, 1.16M) reports "foreign governments and energy analysts expressed misgivings about the expected succession battles ahead, and what they might mean for stability and the intense international competition for the gas reserves." Acting President Berdymukhammedov, it notes, is "a relatively unknown political figure" and "probably not a long-term successor."

The Wall Street Journal (12/22, A4, Chazan, Cullison, 2.04M) says Russia "will probably have the edge in any 'Great Game'-style jockeying for influence over Turkmenistan," noting that President Vladimir Putin "has long nurtured close ties to the Turkmen leadership." However, Niyazov's death "could also revitalize Western-backed efforts to open up new transport routes for Central Asian gas." The AP (12/22, Heintz) reports that "within hours of his death, Turkmenistan appeared to be showing signs of political infighting."

The Los Angeles Times (12/22, Holley, 850K) and Washington Post (12/22, A21, Finn, 690K) run similar reports. Also in the Washington Post (12/22, A33, 690K), Marsha Lipman writes that "struggle seems inevitable. Niyazov's regime implied that he was Turkmenistan's ruler for eternity, and any plans for succession were simply ruled out. Just as it was after Stalin's death, members of the leader's inner circle must be seized by fear and deep distrust of each other. … One would hope that change will at least improve somewhat the situation of the Turkmen people. But with the balance of power in Central Asia at stake, it's unlikely that human rights abuses will be of major concern to the contestants in this tug-of-war."

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — President and Mrs. Bush participate in a visit to Walter Reed Army Medical Center; participates in a holiday service project, Walter Reed Army Medical Center.

VICE PRESIDENT CHENEY — No public schedule.

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US Senate: No Scheduled Events.
US House: No scheduled events.
Other: No scheduled events.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Judge Tosses Out Mayor's Takeover Of L.A. Schools."
"In Vegas, All Bets Off On The Homeless."
"Major Storms Snarl Holiday Air Travel."
"Refugees Shut Out By War On Terrorism."
"Gov. Calls For Prison Growth."
"4 Marines Charged With Murder In Iraqi Deaths."

USA Today:
"Southern Growth Leads USA."
"Big Donors Bankroll Inaugural Bashes."
"Homelessness Catches Families Even Amid Affluence."

New York Times:
"Marines Charge 4 With Murder Of Iraq Civilians."
"Study Suggests Incentives On Oil Barely Help U.S."
"Hudson Tunnels Seen As Fragile."
"Parenting As Therapy For Child's Mental Disorders."
"Looking To 2008, Democrats Nurse Freshmen At Risk."
"Those Inflatable Santas: Eyepoppers To Eyesores."

Washington Post:
"4 Marines Charged In Haditha Killings."
"A Slow Start For Holiday Travelers."
"Area Population Losses Offset By Immigrants."
"Powerful Interests Ally To Restructure Agriculture Subsidies."
"Pelosi Aims To Recast Self, Party."
"In China, Aging In The Care Of Strangers."

Washington Times:
"U.S. And EU Urge Vote On Iran Ban."
"Bush Caved To Pressure On Troops."
"Teens' Use Of Illegal Drugs Drops."
"Issue Ads Allowed In Election Run-Up."
"Steele Seeks Advisory Role In '08 Race"
"Board Games Reach Biblical Proportions."

Detroit Free Press:
"Granholm: State Must Raise Taxes Or Cut Back."
"Anatomy Of A Conviction."
"8 Marines Charged In Deaths Of 24 Civilians."

Atlanta Journal-Constitution:
"State Little help With Bible Classes."
"Marines Charged In 24 Killings."
"If You Could Do It All Over Again."
"Katrina Wave Boosts Ga. Population."

Houston Chronicle:
"Metro Bypasses Obstacle, But Rail Fight Isn't Over."
"Tape Leads To Arrest In 'Good Samaritan' Death."
"State Cuts Social Services Contract."
"SMU Pulls Ahead As Favorite For Bush Library."
"4 U.S. Marines Charged In Iraqi Civilian Deaths."

Story Lineup From Last Night's Network News:
ABC: Western Blizzard; Blizzard-Travel Impact; London-Heavy Fog; Marines-Haditha Killings; Iraq-Potential Political Breakthrough; Niyazov Obit; US Teens-Drug Use; US Economic Growth; Barbaro's Recovery; Holiday Food To Exercise Ratio; NY Couple-Unexpected Pregnancy.
CBS: Marines-Haditha Killings; Western Blizzard; Western Blizzard-Analysis; London-Heavy Fog; US Teens-Drug Use; Environmental Dangers-Industrial Soot; Economic Briefs; OR-Missing Climbers; Interview With Wife Of Deceased Climber.
NBC: Western Blizzard; Blizzard-Travel Impact; London-Heavy Fog; Marines-Haditha Killings; Iraq-US KIAs; Iraq-Federal Contractor Shootings; Congress-Ellison-Goode Dispute; Iraq-Victory Definitions; NJ-Civil Unions; Holiday Spending; Stock Markets; Spain-Dinosaur Discovery.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Western Blizzard; Blizzard-Travel Impact; WA-Helicopter Crash; Marines-Haditha Killings; Rice-Iraq; Toyota Expecting To Produce Record Number Of Vehicles In 2007; Journal Health Psychology-Back Pain; O'Donnell, Trump Feud; Bush-Federal Pay Raise.
CBS: Marines-Haditha Killings; Iraq-US KIAs; Nicholson-Military Draft; Western Blizzard; New Orleans-Heavy Rain; US Teens-Drug Use.
NPR: Marines-Haditha Killings; Western Blizzard; Blizzard-Travel Impact; Space Shuttle; Tokyo Stock Exchange; Six-Nation Talks With North Korea; French Prime Minister Testifies In Court Case Investigating Alleged Smear Campaign; Britain-Prostitute Murders; Wall Street.

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DOJ_NMG_0108389

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From:	USDOJ- Office of Public Affairs
Sent:	Friday, December 22, 2006 8:12 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Friday, December 22, 2006
Attachments:	dojclips061222.pdf; dojclips061222.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 22, 2006 7:45 AM EST

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TERRORISM NEWS:

Rice Seeks U.S. Probe Of Why Canada's Arar Still On Watch List (BLOOM)

By Janine Zacharia

Bloomberg, December 22, 2006

Dec. 21 (Bloomberg) -- U.S. Secretary of State Condoleezza Rice has asked homeland security chief Michael Chertoff and the Justice Department to review the case of Maher Arar, a Canadian citizen who Canada says was wrongly accused of links to terrorism and remains on a U.S. terrorist watch list.

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The U.S. accused Arar of links to al-Qaeda when authorities detained him in 2002 at John F. Kennedy International Airport on a stopover during his return to Canada from Tunisia. A Canadian inquiry found in September that Arar was tortured in his native Syria and that Canadian officials gave inaccurate information to the U.S. that portrayed Arar inaccurately as a terrorist.

Canada has removed Arar from its watch list and wants the U.S. to do the same. Rice, speaking at a press conference with Canadian Foreign Minister Peter MacKay at the State Department in Washington today, said she was seeking clarification from Chertoff.

``I talked with Mike Chertoff about this just this morning, and he said that he would examine this and he will be back to us," Rice told reporters.

MacKay, speaking alongside Rice, said that the Canadian inquiry exonerated Arar. The case led to resignation earlier this month of Royal Canadian Mounted Police Commissioner Giuliano Zaccardelli.

``There's clarity as to Canada's position and the findings with respect to Mr. Arar. We've removed him from our watch list. We've urged the United States to take the same steps," MacKay said.

Asked if she had anything to say to Arar on how he has been treated, Rice defended U.S. counterterrorism and border security procedures, saying ``it needs to be understood that in the post- September 11 circumstances we are determined to protect our borders."

U.S. To Look Into Arar's Status: Rice (CBC)

CBC News, December 21, 2006

U.S. security officials will review why Canadian Maher Arar is still on a U.S. terrorist watch list, Secretary of State Condoleezza Rice said Thursday following a meeting with Canada's foreign affairs minister.

"It will of course be looked at," Rice told reporters at a joint news conference with Peter MacKay in Washington. U.S. Secretary of State Condoleezza Rice and Canadian Foreign Affairs Minister Peter MacKay, shown after an appearance in Stellarton, N.S., in September, discussed Maher Arar on Thursday. Rice said his case 'will be looked at.'

Rice said she instructed Michael Chertoff, the Department of Homeland Security's secretary, and the Justice Department to look further into the matter.

"He said he would examine it and would get back to me."

But Rice reiterated that the U.S. makes its own security decisions based on independent information.

"We value accuracy in cases but we do have our own process," she said. "It needs to be understood that in the post-Sept. 11 circumstances, we are determined to protect our borders."

MacKay said he brought up Arar's status in the meeting with his U.S. counterpart and reiterated that Arar has been cleared by the Canadian government of any ties to terrorism. "There's clarity in Canada's position with the findings of Mr. Arar," MacKay said. "I'm very pleased at the decision to revisit the restriction on his case."

Arar, a Canadian citizen born in Syria, was seized at a New York airport in 2002 and sent to Syria, where he was tortured. A judicial inquiry into his case led by Justice Dennis O'Connor was set up after Arar returned to Canada more than a year later.

O'Connor concluded Arar had no terror links and the RCMP had given misleading information to U.S. authorities, which may have been the reason he was sent to Syria.

Parliament apologized to Arar and the government has been asking Washington to remove him from a watch list that prevents him from travelling to the U.S. andÂ makes him a marked man, despite being cleared in Canada.

However, the U.S. has refused and has not explained why. 'Go our own way'

The meeting between MacKay and Rice came a day after an American security official bluntly stated the U.S. would follow its own path on Arar without informing Canadians on its reasons.

"With respect to some issues, we're going to have to respectfully but firmly go our own way and the Arar matter, at least for now, is one of those," Paul Rosenzweig, acting assistant secretary for international affairs for the Department of Homeland Security, told reporters in Washington.

"As for the sharing of information with the Canadian government, while I do recognize that in an idealized world we would share every bit of intelligence information with all of our partners, in the real world that is an idealization that isn't achievable."

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Prime Minister Stephen Harper told Sun Media that "as near as I can see, we simply have a U.S. government that won't admit it's wrong."

He said he can't compel the U.S. to explain why it still views Arar with suspicion.

"I'm not aware of the U.S. violating any law by not sharing it with us, but I'm obviously disappointed that they don't seem at this point to have responded fully to the conclusions of our own inquiry, and I have no explanation for why they're taking the position that they are."

Arar's lawsuit against the U.S. has been cited as one reason American authorities won't talk about the case. With files from the Canadian Press

Hudson River Tunnels Seen As Fragile (NYT)

By William K. Rashbaum And William Neuman

The New York Times, December 22, 2006

An analysis done for the Port Authority of New York and New Jersey says that the PATH train tunnels under the Hudson River are more vulnerable to a bomb attack than previously thought, and that a relatively small amount of high explosives could cause significant flooding of the rail system within hours.

The analysis, based on work by Lawrence Livermore National Laboratory and the Rensselaer Polytechnic Institute, revises some critical aspects of an assessment of the system's vulnerability that was presented to the agency last spring. It makes clear that the tunnels — four tubes of varying design and sturdiness that stretch across the Hudson riverbed — are structurally more fragile than first thought.

A draft summary of the most recent analysis was given to The New York Times by a government official who was troubled by what the official felt was a lack of action in response to the analysis, which the official said the Port Authority got about three weeks ago. The official said the latest analysis indicates that it would take only six minutes for one of the PATH tubes to flood if a significant but not necessarily very large bomb were detonated.

Marc La Vorgna, a spokesman for the Port Authority, would not answer specific questions about the analysis, or with whom it had been shared.

"If we believed in any way that passengers were in danger, we'd close the system," he said. "That would happen immediately." He said the Port Authority police had substantially increased patrols and bag searches in the PATH system in recent weeks. In addition, the agency's board voted on Dec. 14 to spend $180 million on PATH security improvements. He refused to say what had prompted the actions.

The vulnerability of the PATH tubes and other tunnels has long been a source of concern to security, transportation and government officials, as well as the public. It has given rise to various projections about their likelihood as a target and what ought to be done to safeguard them.

The fears have existed at least as far back as 1993, the year of the first terror attack on the World Trade Center. Various agencies, including New York City Transit and the Metropolitan Transportation Authority, over the years have been studying ways to improve the tunnels' security and stalwartness.

Just last July, several people were arrested overseas in what authorities said was a plot to bomb the PATH system — which has a weekday ridership of 230,000. The arrests halted what officials said was a bid to set off backpack bombs in a PATH train car and flood the tunnels. Some published reports said maps and other material relating to the PATH tunnels had been found on the computer of one of those arrested.

That investigation began a year before the arrests, about the same time that an analysis of the vulnerability of the transit system's underwater train tubes was jointly commissioned by the Port Authority and the Metropolitan Transportation Authority, which oversees the operation of the city's subways. It is unclear, however, whether the investigation prompted the analysis.

A 19-page summary of the analysis details some of the measures the Port Authority has been planning to put in place to better secure the PATH system: laying concrete blankets atop the tubes to plug holes caused by a blast, strengthening portions of the tubes and installing floodgates to prevent the system from being overwhelmed.

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The official who gave a copy of the report to The Times said the Port Authority, whose executive director and board members are appointed by the governors of New York and New Jersey, had informed neither state executive of the most recent results. Neither has it yet shared the new findings with the United States Department of Homeland Security, Mayor Michael R. Bloomberg, the New York Police Department or other law enforcement agencies, the official said.

The official disputed the Port Authority's contention that it had increased patrols and bag searches.

Aides speaking for Gov. Jon S. Corzine of New Jersey and Gov. George E. Pataki of New York would not comment on whether the two leaders had been apprised of the latest analysis, but they insisted that the governors are both fully and regularly briefed on the security of the region's mass transportation system.

A spokesman for Mr. Bloomberg would not comment on the analysis. But a senior Police Department official acknowledged that the police had not been informed of the newer findings. Yesterday afternoon, Russ Knocke, a spokesman for the Department of Homeland Security in Washington, said he could not determine whether anyone at the agency had been notified.

Speaking generally, Mr. La Vorgna of the Port Authority said the agency was "constantly undergoing threat assessment," and that the analysis was regularly shared with its federal, state and city partners.

Since 9/11, government and security officials have emphasized that there is no way to fully protect every possible target. But in New York, officials have regularly sought to reassure the public that serious steps are being taken to address major vulnerabilities in the area's array of tunnels, bridges and rail systems.

The analysis appears to be the most detailed and sophisticated government review of the train tubes' vulnerability. Initial findings were shared last May with the some members of the agency, but was not made public, and further tests were ordered. More tests are being done in an effort to come up with the best way to strengthen the tunnels.

The Hudson River tubes of the PATH system, which suffered serious damage in the 2001 terror attack, are more vulnerable than most other tunnels that pass under the city's waterways because they lie in the soft riverbed, unlike other tunnels that are bored through the underlying bedrock. Silt over years has built up atop the tubes, which were laid roughly 90 years ago, but they are not in bedrock.

Several city subway tunnels beneath the East River are in many ways similar to the four PATH tunnels — essentially cast-iron tubes that run along the riverbed. An official at the Metropolitan Transportation Authority said that agency is working on an analysis of its tubes.

The PATH analysis, which is characterized as preliminary and continuing, examines the three different types of PATH tubes under the Hudson. Roughly three-quarters of the tubes' total length is made of unlined cast iron, with the balance made from concrete-lined cast iron or brick. Many of the details of the analysis — including the size of the bombs under discussion, their placement and the exact nature of the vulnerability — are being withheld by The Times.

The worst case included in the analysis suggests that a bomb that could be easily carried aboard a train could punch a 50-square-foot hole in one side of a tube, possibly breaching both sides of the tunnel. Under that situation, 1.2 million gallons of water a minute could pour into the tunnel, flooding parts of the system in a matter of hours.

That is a much more dire view than an earlier draft of the analysis — completed last May — contemplated.

PATH trains run in sets of seven cars, each with a capacity of 130, so that there could potentially be about 900 people on a crowded train. New cars on order would allow 10-car trains that could carry more people.

The analysis — presented in November by a senior member of the Port Authority's engineering department to a small group of the agency's senior managers, says that the new results are based on a combination of tests on the cast iron from the tunnels and computer modeling. It recommends seeking an additional $3.8 million to supplement the $4.5 million already authorized for the continuing analysis.

Additional computer models, it said, were also being run to develop more specific results. The Livermore laboratory, a government-financed institution that evaluates security threats, has also done blast analysis for the Bay Area Rapid Transit system in the San Francisco Bay area.

The strategy to minimize the impact of explosions in the tunnels has been organized into a three-part program, according to the report: Laying down the material to cover the tubes, known as Geotextile Concrete Mats; installing floodgates on the

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tunnels to minimize flooding, protect other parts of the system and allow repair after a blast; and strengthening critical portions of the tubes.

Simulations show how, "in the event of a tunnel breach the mat would be pulled into and clog the opening to at least reduce the rate of inflow of soil and water into the tunnel," the summary said.

The summary recommended that Port Authority officials seek authorization for an additional $71 million to build and install floodgates at the World Trade Center and Exchange Place stops at the agency's December board meeting, which occurred Dec. 14. Mr. La Vorgna would not say what measures were covered by the $180 million the agency voted to spend on PATH security improvements or whether that sum included the $71 million.

Lawyer: 5 Tapped In N.J. Posada Probe (AP)

By Associated Press

AP, December 22, 2006

NEWARK, N.J. — Five Cuban-Americans were called to testify in a federal grand jury probe exploring allegations they helped send more than $30,000 to an anti-Castro militant suspected of directing attacks on Cuba, their lawyer said Thursday.

All five deny wrongdoing, attorney Gilberto M. Garcia said. He told The Record of Bergen County that four of his clients claim someone used their names to send transfers to Luis Posada Carriles, an anti-Castro militant wanted in Cuba and Venezuela.

He said a fifth, Oscar Rojas, acknowledges handling transfers but says he did so only at the request of a former millionaire businessman that he worked for and did not know what the funds would be used for, according to The Record.

Garcia said one of his clients testified and that two gave written statements, although he wouldn't specify which. He said two others were excused from testifying after saying they intended to invoke their Fifth Amendment rights against self-incrimination.

Posada, 79, has spent the past 18 months in federal custody in El Paso, Texas, on immigration charges. A judge ruled Posada, who was born in Cuba and naturalized in Venezuela, can not be deported to either country. He is wanted in both for his alleged involvement in a 1976 bombing of a Cuban jet in Venezuela that killed 73 people and a 1997 bombing campaign on Havana hotels, restaurants and clubs.

Besides Rojas, Garcia said his other subpoenaed clients were Abel Hernandez, Angel Alfonso Aleman, Ruben Gonzalo and his son, Jose Gonzalo.

Justice Department spokesman Bryan Sierra would neither confirm nor deny an investigation into the money transfers was ongoing.

HOMELAND RESPONSE:

U.S. To Require More Security At High-Risk Chemical Plants (NYT)

By Eric Lipton

The New York Times, December 22, 2006

WASHINGTON, Dec. 21 — After years of debate, and criticism over the delay, the Bush administration will move Friday to require security enhancements at high-risk chemical plants nationwide so their hazardous stockpiles do not become a target for terrorists.

Department of Homeland Security officials said Thursday that the new rules would reduce the likelihood of a catastrophic chemical attack when paired with a recent tightening of regulations for rail shipments of highly toxic materials.

"This will bring us to a much higher level of security," Homeland Security Secretary Michael Chertoff said in an interview Thursday.

But the draft regulations will almost certainly evoke protest from Democrats on Capitol Hill — as well as from state officials — because they may allow a federal pre-emption of conflicting and perhaps more demanding state laws.

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They also may allow the Department of Homeland Security, under certain circumstances, to recognize as sufficient the security measures already put in place voluntarily by major chemical manufacturers, meaning that for many plants, few if any changes would be required.

And the draft rules do not require any specific security measures, like the construction of barriers or a switch to less hazardous chemicals. Instead, they will leave it up to plant owners to decide what measures are most appropriate, although the Homeland Security Department will review the plans and have the power to order changes.

Democrats, who failed this year in an effort to mandate more stringent requirements, said that they intended to take up the issue next year, when they will have the majority.

"It concerns me that the regulations do not require chemical facilities to switch to safer technologies wherever feasible," said Representative Bennie Thompson, Democrat of Mississippi, who is to take over as chairman of the House Committee on Homeland Security. "Without such a requirement, I fear a significant gap remains in our chemical security efforts."

Scott Jensen, a spokesman for the American Chemistry Council, said the organization's members, which include industry giants like Dow Chemical and DuPont, welcomed the regulations, particularly if they would credit security investments already made by plant owners, which he said had cost more than $3.3 billion nationwide.

"We want to make sure that work is recognized when it comes to complying with the new regulations," he said.

Rick Hind, a lobbyist for the environmental group Greenpeace, called the regulations "an industry-friendly excuse so they can claim they are doing something."

The debate over the need for chemical plant regulations began shortly after the Sept. 11, 2001, attacks. Unlike nuclear power plants or ports, facilities that manufacture or store large quantities of toxic chemicals are not subject to antiterrorism mandates.

Christie Whitman, the former administrator of the Environmental Protection Agency, said after she left the agency that its efforts to enact such regulations had been held back by the White House, under pressure from the chemical industry.

The Bush administration and the chemical industry joined with Democrats in calling for regulations because even though the industry had voluntarily adopted security standards, some plants were not abiding by them.

The new regulations, which Congress ordered as part of the 2007 Homeland Security budget act, would require that facilities that manufacture, use or store chemicals evaluate all the ways they could be attacked — from outside the plant, or by sabotage from the inside — and then propose countermeasures.

"We are not going to tell them, 'You have to build a big fence as opposed to putting a tank underground,' " Mr. Chertoff said. "We are simply going to say, 'The choice you make must prevent somebody from being able to shoot the tank and blow it up.' "

Only "high risk" plants are subject to the mandate, although the draft rules do not yet define exactly what that term means, making it impossible to say how many facilities will be subject to the regulation.

Plants that are affected will have to conduct background checks on employees and take at least some steps to control access, secure chemical stockpiles and establish emergency plans in the event of an attack. Plants that ignore the requirements may be subject to fines of up to $25,000 a day or face a shut-down order.

The proposed rules do not explicitly pre-empt state plant security laws, like one adopted last year in New Jersey that requires facilities to consider switching to safer chemicals or technologies. But the draft regulations say the Homeland Security Department may take such a step to "preserve chemical facilities' flexibility to choose security measures."

U.S. Allows Chemical Plants Leeway In Terror Order (WSJ)

By Robert Block

The Wall Street Journal, December 22, 2006

WASHINGTON -- The Department of Homeland Security is expected to issue rules today to require thousands of U.S. chemical plants to protect themselves from terrorists. But under the proposed rules -- heavily influenced by the chemical industry -- the department will tell plants what they need to do, and not how, a strategy unlikely to satisfy many Democratic lawmakers who take control of Congress next month.

DOJ_NMG_0108398

The department's preliminary rulemaking follows its announcement last week of regulations to ensure that the nation's freight rail system and hazardous chemicals transported by rail aren't vulnerable to terrorists. "This is part two of what we did with respect to trains carrying hazardous chemicals between places. These rules now cover security when those chemicals come to rest," said DHS Secretary Michael Chertoff in an interview. There will be a 60-day comment period after the proposed rules for chemical plants are made public.

The rail rules, which included extra security at rail yards across the country and tracking of all hazardous train shipments, fell short of more stringent measures proposed by Democrats, such as rerouting dangerous rail cargo away from heavily populated areas. Critics saw the rules as weak -- a charge also likely to hit the chemical-plant rules.

According to Mr. Chertoff, the proposed chemical security regulations will make the country safer by requiring facilities with the most hazardous chemicals to craft their own risk assessments and security plans to address their specific vulnerabilities. All plans, however, must meet the department's minimum "performance standards," which amount to setting specific security targets, such as protecting chemical-tank cars from weapons fire. But how a particular facility chooses to do that -- such as enclosing them with walls or burying them -- would be up to the individual chemical plant.

The department would review the assessments and plans, requiring facilities that fail to meet standards to go back to the drawing board. Fines for noncompliance could reach $25,000 a day, and for serious breaches the department could close the facility.

"We are not proscribing method, we are simply demanding results," Mr. Chertoff said. "The idea is to be aggressive and comprehensive, but also let industry figure out the way they want to achieve the outcome."

While chemical-industry executives haven't seen the rules in their proposed form, industry representatives had consulted some with the department during their development and they support the general thrust of the approach.

"We think risk-based performance standards, vulnerability assessments and security plans are exactly the way to go," said Ted Cromwell, senior director of Security and Operations for the American Chemistry Council, which represents the country's leading chemical companies, including Dow Chemical, DuPont and BASF. He said the individual-plant approach offers the best security because it "tailors measures to specific vulnerabilities."

Railways and chemical plants have long been identified as the country's most gaping security vulnerabilities. Hundreds of thousands of hazardous-chemical shipments travel unsecured by rail across the country every day. According to the Environmental Protection Agency, there are 7,728 U.S. chemical plants where an accident -- or act of sabotage -- could endanger 1,000 or more nearby residents. However, efforts to make chemical shipments and facilities more resistant to sabotage have languished for years as industry and the White House opposed the imposition of onerous regulation.

The standoff ended in a three-year stop-gap law that was hastily made part of the DHS appropriations bill in September and signed by President Bush on Oct. 4. The chemical industry and the administration worked with Congress on the law, which in many ways limits how far the Homeland Security secretary can go in prescribing measures not backed by industry, such as forcing plants to substitute safer alternative chemicals for dangerous ones.

The latest regulations will be scrutinized by congressional leaders. Democrats say they hope to begin moving permanent chemical-security legislation next year and incoming chairman of the House Homeland Security Committee, Mississippi Rep. Bennie Thompson, has indicated Congress may impose stricter requirements on rail and chemical plants than those proposed by the administration.

Write to Robert Block at bobby.block@wsj.com1

Report Says TSA Violated Privacy Law (WP)

By Ellen Nakashima And Del Quentin Wilber

The Washington Post, December 22, 2006

Secure Flight, the U.S. government's stalled program to screen domestic air passengers against terrorism watch lists, violated federal law during a crucial test phase, according to a report to be issued today by the Homeland Security Department's privacy office.

DOJ_NMG_0108399

The agency found that by gathering passenger data from commercial brokers in 2004 without notifying the passengers, the program violated a 1974 Privacy Act requirement that the public be made aware of any changes in a federal program that affects the privacy of U.S. citizens. "As ultimately implemented, the commercial data test conducted in connection with the Secure Flight program testing did not match [the Transportation Security Administration's] public announcements," the report states.

The finding marks the first time that the Homeland Security Department has acknowledged that the problem-plagued Secure Flight program has violated the law. It comes at a time when a separate program to screen international passengers is under attack for officials' failure to disclose until recently that they were creating passenger profiles that would be stored for 40 years.

The report on Secure Flight says that "the disparity between what TSA proposed to do and what it actually did in the testing program resulted in significant privacy concerns being raised. . . . Privacy missteps such as these undercut an agency's effort to implement a program effectively, even one that promises to improve security."

Congress has halted Secure Flight, except for testing, until it can allay privacy and security concerns.

The report notes that TSA eventually revised its public notice about the program to reflect more closely the program itself. But it also suggests that Secure Flight will run afoul of the law again unless it follows a set of recommendations, including being transparent about the program's collection and use of passengers' personal information.

TSA Administrator Kip Hawley said that he supports the use of Secure Flight and that his agency is working closely with other government officials to ensure it protects privacy. "We are working in a transparent way," Hawley said, adding that the agency's "challenging" goal is to roll out the program in 2008.

In 2004, the TSA published a Federal Register notice on a data-test phase of the program, saying that "strict firewalls" would prevent any commercial data from mixing with government data. However, this was based on the notion that the Secure Flight contractor, EagleForce Associates Inc. of McLean, would ensure that no commercial data were used, the report said.

But by the time the EagleForce contract was finalized, "it was clear that TSA would receive commercial data," the report says. If, for instance, TSA data for an individual passenger lacked an address or date of birth, EagleForce would obtain the missing information from commercial data brokers.

"The fact that EagleForce had access to the commercial data did not create a firewall," the report says, because under the Privacy Act, in effect, "EagleForce stands in the shoes of TSA."

Moreover, commercial databases provided Eagle Force with data for some individuals who were not air passengers. These people were never notified -- a violation of the privacy act, the report says.

TSA spokeswoman Ellen Howe said the agency has "already implemented or is in the process of implementing" the recommendations contained in the privacy office report. She said the report's conclusions were not surprising, adding that they were "very similar" to those reached last year by the General Accounting Office, the government's auditing arm.

A 2004 probe found that the TSA improperly stored 100 million commercial data records containing personal information on passengers after the agency said no data storage would occur.

Audit Finds Lack Of Financial Controls At Homeland Security (NYT/BLOOM)

By Bloomberg News

The New York Times, December 22, 2006

The Department of Homeland Security lacks adequate financial controls three years after its creation, an independent audit found. The auditing firm KPMG LLP said for the third straight year that it could not provide an opinion on the balance sheet of the $40.3 billion department, the second-largest federal agency, because of its lax financial controls and oversight. The department last year hired a chief financial officer, David Norquist, for the first time. In a Nov. 15 letter, Mr. Norquist wrote: “We agree with the independent public accountant’s conclusions. Since my arrival at the department I have made corrective actions my highest priority.”

Anti-terror Laws Stymie Asylum Seekers (LAT)

By Nicole Gaouette

The Los Angeles Times, December 22, 2006

DOJ_NMG_0108400

WASHINGTON — The first time they came for her, the Colombian guerrillas shoved the 31-year-old nurse blindfolded into the back of a green Renault sedan. Her kidnappers took her to a house and forced her to treat one of their commandants, who was writhing in pain from a bullet wound to the leg.

The woman said she was abducted seven more times in 1997 and 1998 to give medical care to members of the Revolutionary Armed Forces. Each time, they warned her not to go to the police. "I know you have a daughter," one man said as he prodded her back with his gun. In 2000, after her cousin was tortured and killed, she fled the country. Now she is in Northern California, working as a nurse and raising her daughter.

Today, her hopes of staying in the U.S. have run smack into the federal government's war on terrorism. The Department of Homeland Security rejected her claim for asylum. Their reason: By giving the guerrillas medical care — willingly or not — she was supporting terrorism.

Laws passed after the attacks of Sept. 11, 2001, deny admission to anyone who has provided "material support" — money, food, clothing, advice — to terrorist groups. In the last few years, these provisions and the definition of terrorism have been expanded to the point that they are disqualifying people who even immigration judges agree pose no threat to the U.S.

Refugee advocates cite cases in which the administration has denied asylum to Liberian women forced to cook and clean for rebels who raped them and killed family members. Colombians who paid kidnappers' ransoms to free family members also have been barred for providing material support. So many refugee applicants have been blocked for this reason that last year the United Nations Refugee Agency stopped trying to settle Colombians in the U.S.

Critics of the government's policy, who are pushing for legislation next year to change the system, say that such disqualifications are a big reason why refugee admissions in fiscal 2006 fell to 41,277 from more than 50,000 in each of the two previous years.

The material-support clause has even snared American allies who fought alongside U.S. troops or at the United States' behest. Cubans who tried to overthrow Fidel Castro in the Bay of Pigs uprising are being denied entry, as are Montagnards and Hmong who fought alongside American troops in Vietnam.

About 2,300 former combatants who have been admitted to the U.S. are unable to apply for permanent legal resident status, a step toward citizenship, because they fear that immigration judges would have to deport them under the expanded definition of terrorism, said Cassandra Champion, director of communications for the Lutheran Immigration and Refugee Service.

The administration defines a terrorist organization as any group of two or more people, organized or not, that uses any device or weapon to cause injury to person or property. Motive is not a consideration, the person's frame of mind is not an issue, and no exceptions are made if someone, like the Colombian nurse, helped a designated terrorist group only at gunpoint.

"They knew about my daughter; they knew where my parents are; they can make you disappear, and there's nobody in my country who can help you," said the nurse, now 40, in a phone interview. She asked that her name not be used because she feared for the safety of family in Colombia. "What would you do? I never did anything because I wanted to."

Unless she wins an appeal in court, she faces deportation.

Administration officials say they are trying to strike a balance between honoring the American tradition of welcoming asylum-seekers and refugees while managing the security risks of a world transformed by Sept. 11. That kind of transition takes time, they say.

"The president has said he wants to let refugees in," said Paul Rosenzweig, a senior policy advisor at the Homeland Security Department. "In the same vein, he's said he doesn't want to let dangerous people in. The conundrum is that this law applies to both, and the process of sorting them out is not as easy as waving a magic wand."

The government's policy has brought opposition from an unlikely alliance of conservatives, refugee advocates and constitutional experts, who say the Bush administration is clinging to the harshest possible interpretation of the laws.

Michael Horowitz, a former Reagan administration official and senior fellow at the conservative Hudson Institute, is critical of the administration's stance — particularly as it applies to "freedom fighters" and the broad definition of terrorism. He notes that, as written, it would apply to Jews who rose up against the Nazis in the Warsaw Ghetto.

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"The administration is being undermined by this caricature of conservatism that is victimizing heroes," Horowitz said. "How does it advance national security when we're defining as terrorists people who fought on our side?"

Refugee advocates have been campaigning for change since the provisions were expanded by the Patriot Act in 2001 and the Real ID Act of 2005. Lately, there have been signs that change may be coming.

This month, the administration sent suggested revisions to Republican lawmakers, in the hope that they would be passed before the 109th Congress adjourned. That didn't happen, and now Homeland Security officials say they hope for legislation next year.

The administration's proposals would expand the use of government-issued waivers that allow an otherwise banned group or person into the country. Only three such waivers have ever been issued.

Though the waivers can cover people who offered material support to so-called freedom fighters, they do not extend to the fighters themselves. The administration proposes to expand the waivers to include freedom fighters, but only if Homeland Security, the Justice Department and the State Department agree. The administration would be able to revoke the waiver at any time, for any reason.

Advocates say the government's unlimited ability to revoke a waiver means refugees entering the country that way could never feel entirely secure. "They're taking a bad problem and seemingly making it worse," said Melanie Nezer of the Hebrew Immigrant Aid Society.

Rosenzweig said the ability to revoke waivers was to ensure that the government could reverse course if someone did turn out to be a threat.

With Democrats at the helm in Congress, hearings on the topic are likely next year, according to Capitol Hill sources.

Staff for Rep. Joe Pitts (R-Pa.) say he will reintroduce legislation that immigrant advocates strongly support. His bill would amend the definition of terrorism to apply only to those who threatened the interests of the U.S. or its allies.

"We recognize that there are some people who meet the definition who aren't in actuality a threat," said Rachel Brand, head of the Justice Department's legal policy office. "The answer to that is to waive them in, not change the definition.... Narrowing the definition would make it harder to exclude people who are actual threats."

Refugee advocates say Brand's worries are unfounded. "Refugees already go through so many security checks. They are fingerprinted, run through FBI databases ... they're a very tightly screened group," said Jana Mason of the International Rescue Committee.

The Pitts bill would also address cases like that of the Colombian nurse, making it clear that people coerced into helping terrorists would not be considered supporters of terrorism.

Administration officials say they can't be sure that refugees' tales of coercion are true. They add that accepting such a defense could weaken their terrorism prosecutions if defendants start arguing that they were forced to participate.

Rosenzweig also cited philosophical reasons for rejecting a duress defense. "We should encourage people to oppose terrorist organizations wherever they are," he said.

Refugee advocates say opposing terrorists is not so easy when a loved one has been kidnapped for ransom.

Said Horowitz: "Any one of us would hand over money if someone held a gun to our child's head."

WAR NEWS:

8 Marines Charged In Haditha Killings (LAT)

By Richard Marosi And Tony Perry

The Los Angeles Times, December 22, 2006

CAMP PENDLETON — Four Marines were charged today with murder and other offenses in connection with the killings last year of 24 men, women and children in the Iraqi town of Haditha. Four Marine Corp. officers were charged with dereliction of duty for failing to make accurate reports and thoroughly investigate the deaths of the Iraqi civilians.

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The most serious accusations were leveled against a squad leader, Staff Sgt. Frank D. Wuterich, who allegedly murdered 12 people and ordered Marines under his command to "shoot first and ask questions later" in a sweep of homes that led to six more deaths.

The Marines allegedly went on a rampage on Nov. 19, 2005, after a roadside bomb exploded beneath one of the Hummers in their convoy, killing a Marine and injuring two others. Initial reports from the Marines stated that 15 civilians died in an explosion and eight Iraqis were killed in a firefight.

Only after Time magazine published an investigative story suggesting that the Marine account was false did the military begin its own investigations. The criminal investigation, largely by the Naval Criminal Investigative Service, led to the charges unveiled today.

Wuterich and other Marines were preparing to storm a house containing several people when Wuterich gave the order to "shoot first and ask questions later," showing wanton disregard for human life, according to the charge sheet. Marines are required to positively identify targets before an engagement, according to the charges.

The victims in Haditha included several women, six children and an elderly man in a wheelchair.

Wuterich also allegedly made a false statement to another Marine in connection with the deaths of four other victims who came upon the Marine convoy in a car, stating that the men had fired on the convoy. Wuterich allegedly solicited another Marine to falsely state that the Iraqi men had been killed by Iraqi soldiers.

Neal Puckett, Wuterich's defense attorney, expressed confidence that his client would be cleared. Innocent civilians did die, he said, but Wuterich acted in accordance with his training.

"Everything he did that day was in an effort to protect his fellow Marines after that [improvised explosive device] went off," said Puckett at a news conference after the charges were announced at Camp Pendleton.

Defense attorneys have said the Marines were following established rules of engagement by tossing fragmentation grenades into homes where insurgents were suspected of hiding, and following up with blasts of M-16 fire.

Wuterich and the other three Marines facing murder counts were charged with unpremeditated murder, which brings a maximum penalty of a life sentence. They are from Kilo Company, 3rd Battalion, 1st Marine Regiment, 1st Marine Division, based at Camp Pendleton. None of the Marines were ordered to be confined during the preliminary hearings.

The other Marines facing murder charges are: Lance Cpl. Stephen B. Tatum, 25; Lance Cpl. Justin L. Sharratt, 22; and Sgt. Sanick P. Dela Cruz, 24.

Theresa Sharratt, the mother of Justin, who was charged with murdering three people, denied her son was guilty. "He said, 'Mom, we followed the rules of engagement.' " She added that her son "still loves being a Marine, but they let him down."

The Haditha case represents the most serious case of alleged abuse committed by in Iraq or Afghanistan.

The Marine Corps initially dismissed the deaths as the unfortunate result of a firefight between insurgents and U.S. forces.

Dereliction of duty charges for failing to make accurate reports and thoroughly investigate the incident were filed against four officers: Lt. Col. Jeffrey R. Chessani, 1st Lt. Andrew A. Grayson, Capt. Lucas M. McConnell and Capt. Randy W. Stone. Grayson was also charged with making a false statement.

After the Time magazine story, the then-Marine commandant, Gen. Michael Hagee, went to Iraq to talk to front-line Marines about the need to use restraint and show respect for civilians and their property.

In an e-mail this week to The Times, Lt. Gen. James N. Mattis, the convening authority in the case, said that "allegations of what took place in Haditha are not representative of the magnificent conduct our Marines demonstrate daily in a complex and challenging combat environment."

He said that young Marines in Iraq need to "keep their ethical balance under morally bruising conditions," where enemy fighters often hide behind women and children.

He said that Marines show daily restraint "to preserve the lives of those they are sent to protect and defend; often incurring risk to themselves as they strive to protect the noncombatants on the battlefield."

Under the military system of justice, Mattis will play an enormous role in the case.

After preliminary hearings, called Article 32s, he will decide whether the case is strong enough for court-martial. If there is a conviction by jury or judge, he can overturn it. And he is the final arbiter of any plea bargains.

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In another case in Hamandiya, where seven Marines and a Navy corpsman were accused of dragging an Iraqi from his home and murdering him, Mattis permitted plea bargains to lesser charges for the four most inexperienced Marines.

He also turned down a judge's recommendation that after the brig sentences, each be given an dishonorable discharge.

The Haditha case may hinge on the so-called rules of engagement given to Marines by their superiors.

Marines receive lectures about the laws of war and the need to protect noncombatants before they leave the U.S. and soon after they arrive in Iraq. Refresher courses, so-called reset lectures, are given periodically.

In fact, even as the Haditha charges were being announced, Marines were being lectured at Camp Fallouja about the laws of war and the rules of engagement.

The latter are classified rules that, in effect, instruct Marines when it is appropriate to use deadly force — including how much verification is needed before it can be determined that a threat justifies the use of M-16s and other weaponry.

Marines Charged In Iraqi Civilian Deaths (AP)

By Thomas Watkins

AP, December 22, 2006

Eight Marines were charged Thursday in the killings of 24 Iraqi civilians last year during a bloody, door-to-door sweep in the town of Haditha that came after one of their comrades was killed by a roadside bomb.

In the biggest U.S. criminal case involving civilian deaths to come out of the Iraq war, four of the Marines — all enlisted men — were charged with unpremeditated murder.

The other four were officers who were not there during the killings but were accused of failures in investigating and reporting the deaths.

The most serious charges were brought against Staff Sgt. Frank Wuterich, a 26-year-old squad leader accused of murdering 12 civilians and ordering the murders of six more inside a house cleared by his squad. He was accused of telling his men to "shoot first and ask questions later," according to court papers released by his attorney.

The highest-ranking defendant was Lt. Col. Jeffrey Chessani, 42. He was accused of failing to obey an order or regulation, encompassing dereliction of duty.

At a news conference to announce the charges, military officials would not say what they believe prompted the killings. But investigators have raised the possibility that the men went on a rampage in a fury over the roadside bombing that killed Lance Cpl. Miguel Terrazas of El Paso, Texas, and wounded two other Marines.

Defense attorneys have disputed that, saying their clients were doing what they had been trained to do: responding to a perceived threat with legitimate force.

Terrazas' father denounced the charges, saying his son was murdered by insurgents. "What they are doing to our troops ... it's just wrong," Martin Terrazas said in Texas. "I feel for their families. They are in my prayers."

Wuterich and two comrades charged with murder could get life in prison. The military is not seeking the death penalty. The other men face shorter prison sentences.

The Marine Corps initially reported that 15 Iraqis died in a roadside bomb blast and that Marines killed eight insurgents in an ensuing firefight. That account was widely discredited, and later reports put the number of dead Iraqis at 24.

A criminal probe was launched after Time magazine reported in March, citing survivor accounts and human rights groups, that innocent people were killed.

Lt. Gen. James Mattis, commanding general of the Marine Corps Central Command, said Thursday that the Corps' initial news release, which stated that the civilians in Haditha had been killed by an improvised explosive device, was incorrect.

"We now know with certainty that the press release was incorrect, and that none of the civilians were killed by the IED explosion," Mattis said.

As word spread that charges were imminent, some Iraqis said Thursday that American troops should face justice in Iraq.

"They committed a horrible crime against innocents," Naji al-Ani, a 36-year-old laborer, said by telephone from Haditha.

Other residents of Haditha agreed.

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"Are they terrorists or are they fighting terrorism?" said Jamal al-Obaidi, a 40-year-old teacher. "The trial is not fair because it is taking place in America. Executing them is the minimum penalty."

Besides Wuterich, Sgt. Sanick P. Dela Cruz, 24, was accused of the unpremeditated murders of five people and making a false statement. Lance Cpl. Justin Sharratt, 22, of Carbondale, Pa., was charged with the unpremeditated murder of three Iraqis. Lance Cpl. Stephen Tatum, 25, of Edmund, Okla., was accused of the unpremeditated murders of two Iraqis, negligent homicide of four Iraqis and assault.

The other officers charged were 1st Lt. Andrew Grayson, 25, Capt. Lucas McConnell, 31, and Capt. Randy Stone, 34, a military attorney.

The men are not being locked up for now because they are unlikely to flee and are not a danger to themselves or others, said Col. Stewart Navarre, a Corps spokesman.

In Meriden, Conn., Frank Wuterich's father, Dave, said his son was out Christmas shopping. The father said family members believe his son's version of events.

"He says they followed the rules of engagement," Dave Wuterich said. "They were taking small arms fire. They did what they had to do."

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On the Net:

Marine Corps Iraq Investigations: http://www.usmc.mil/lapa/iraq-investigations.htm

Squad Leader, 7 Other Marines Charged With Deaths Of Iraqi Civilians (USAT)

By Martin Kasindorf

USA Today, December 22, 2006

CAMP PENDLETON, Calif. — The Marine Corps leveled homicide charges Thursday against four enlisted men who killed 24 Iraqi civilians in the hostile town of Haditha, and accused four officers of failing to properly investigate the deaths.

All of the enlisted men were charged with unpremeditated murder in the biggest U.S. criminal case to be prosecuted out of the Iraq war. Each could receive a life sentence if convicted.

"The Marine Corps takes allegations of wrongdoing by Marines very seriously and is committed to thoroughly investigating such allegations," Col. Stewart Navarre said. "All Marines are trained in and are expected to fully comply with the law of armed conflict."

Lawyers for the accused vowed to fight the charges and said the Marines were caught in a life-or-death confrontation that led to the unintentional deaths of civilians.

The "very dangerous environment" for Marines in Iraq "puts people on a hair trigger in terms of protecting themselves," said Neal Puckett, a lawyer representing Staff Sgt. Frank Wuterich.

The defendants accused of unlawful killing during the Nov. 19, 2005, incident were four members of a rifle squad, led by Wuterich, from Camp Pendleton-based Kilo Company, 3rd Marine Battalion, 1st Marine Regiment. The battalion commander at the time, Lt. Col. Jeffrey Chessani, 42, and the company commander, Capt. Lucas McConnell, 31, were among officers charged with dereliction of duty for failing to properly report and investigate the slayings.

Lt. Gen. James Mattis, head of Marine Forces Central Command, authorized the criminal charges under the Uniform Code of Military Justice. Charges included unpremeditated murder, negligent homicide, assault, dereliction, making false official statements and obstructing justice.

Wuterich, 26, of Meriden, Conn., was charged with unpremeditated murder in the deaths of 18 Iraqis. Three squadmates — Lance Cpl. Justin Sharratt, 22, Sgt. Sanick P. Dela Cruz, 24, and Lance Cpl. Stephen Tatum, 25 — were charged with unlawfully killing three, five and six civilians, respectively. The maximum penalty for unpremeditated murder on conviction by a general court-martial is life in prison.

Chessani and McConnell were relieved of command in April. Maximum penalty for dereliction is six months confinement.

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Haditha is a Euphrates River farm town of 90,000 about 150 miles northwest of Baghdad in Anbar province, a hotbed of the Sunni-led insurgency. Nineteen civilians in three houses and five people in a taxi were killed there in the course of five hours of Marines' weapons fire after a roadside bomb killed a Marine traveling in the squad's convoy.

The Iraqis who died included four women, six children and an elderly man who used a wheelchair.

Soon after the incident, a Marine Corps news release said that 15 Iraqi civilians had been killed by the roadside bomb and that Marines killed eight insurgents in an ensuing firefight. Navarre said Thursday that the release was incorrect and that none of the civilians was killed by the improvised explosive device.

Mattis allowed the eight defendants to remain unconfined pending a preliminary hearing, at which a presiding officer will recommend to him whether to order courts-martial or dismiss the charges. Timing of the charges during the holidays was "coincidental," Navarre said.

Only 20 of the 24 civilians who died at Haditha were named as homicide victims. Navarre said it was "privileged information" why four of the deaths were not considered to warrant criminal charges.

Puckett, the lawyer for Wuterich, said his client denies "killing anyone unlawfully" and denies the charge that he made a false official statement.

"They did everything they were supposed to do that day in protecting themselves," Puckett said. The squad "engaged hostile forces" in places that "contained innocent civilians," an unfortunate but common occurrence in war, Puckett said.

The parents and sister of Sharratt, a rifleman from Carbondale, Pa., defended his actions.

"Justin has given everything to his country and has done nothing to disgrace it," said Sharratt's mother, Theresa Sharratt. "To the Marine Corps I simply say: Shame on you - for abandoning my son."

Capt. Randy Stone, 34, who was the military lawyer on Chessani's battalion staff, was alleged to have been derelict in failing to report a possible "violation of the law of war" to higher headquarters. Facing a similar count is 1st Lt. Andrew Grayson, 25, who directed a team that collected photos and other evidence at Haditha.

8 Marines Charged In Killings Of Iraqi Civilians (NYT)

By Paul Von Zielbauer And Carolyn Marshall

The New York Times, December 22, 2006

Responding to one of the most extreme cases of illegal civilian killings by the American troops in Iraq, the Marine Corps today charged four enlisted men with the murders of nearly two dozen people — including at least 10 women and children — in the village of Haditha last year.

Military prosecutors also charged four officers, including a lieutenant colonel in charge of the First Marine Regiment's 3rd Battalion, with dereliction of duty and failing to ensure that accurate information about the killings was delivered up the Marine Corps chain of command.

Marine officials, who announced the charges at Camp Pendleton, Calif., could punish other ranking officers administratively in coming weeks. But the criminal charges filed today against Lt. Col. Jeffrey R. Chessani, 42, and three other officers are an unusually aggressive judicial reaction by military prosecutors to a massacre that has damaged the military's credibility with Iraqi officials and civilians, military justice experts said.

"I think this illustrates the deep seriousness the Marine Corps takes with these events," said Gary Solis, who teaches the law of war at Georgetown University Law Center and at West Point.

"I defintely think the Marine Corps is sending a message to commanders," he added, "to those in authority of combat troops, that they better pay close attention to the activities of their subordinates to ensure that there was no wrongdoing."

The four enlisted men charged with unpremeditated murder, all members of a squad of Company K, Third Battalion, First Marine Regiment, are: Staff Sgt. Frank Wuterich, 26, of Meriden, Conn.; Sgt. Sanick De La Cruz, 24, of Chicago; Lance Cpl. Justin L. Sharratt, 22, of Carbondale, Penn.; and Lance Cpl. Stephen B. Tatum, 25, of Edmund, Okla.

Sgt. Wuterich was charged with killing 13 Iraqis. Sgt. De La Cruz, a Lance Corporal at the time, was charged with five counts of murder. Lance Cpl. Sharratt, a marine rifleman, was charged with three counts of murder. Lance Cpl. Tatum was charged with murder in the death of two Iraqis, negligent homicide in the deaths of four others, and assault.

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The charges are the result of two months-long military investigations of the actions of Company K, Third Battalion, First Marine Regiment after a roadside bomb killed one of their comrades shortly after 7 a.m. on Nov. 19, 2005, in Haditha, a village in a dangerous region northwest of Baghdad rife with Sunni Arab insurgents.

A total of 24 Iraqis, nearly all of them unarmed, were killed by several marines in a series of attacks on a car and three nearby homes over the next several hours, military officials said.

Sgt. Wuterich and Sgt. De La Cruz confronted five military-age men, a taxi driver and and four college students, after marines frantically ordered the vehicle to stop, about 100 yards from the stalled marine convoy of four Humvees. The two marines killed all five men after ordering them out of the taxi, marine officials said.

Several marines then attacked a home nearby, killing several family members inside, military officials and defense lawyer said. Sgt. Wuterich is charged with killing six people in the house. Lance Cpl. Tatum is charged with killing four people, including an elderly man in a wheelchair.

Thinking they were under fire and believing they were pursuing attackers from the first home, squad members proceeded to a second home, defense lawyers said. Sgt. Wuterich is charged with killing six people in that house: two adults and four children, including three who were 4, 6 and 11 years old.

Lance Cpl. Tatum is charged with killing two children in the second house: a 15-year-old boy and girl who was about six years old.

At least two hours later, squad members attacked people in a third home nearby, where one AK-47 was found later, military officials and defense lawyers have said. Sgt. Wuterich is charged with killing the first person in that house. Lance Cpl. Sharrat is charged with the murders of three brothers who rushed to the home to inquire what was happening, military officials have said.

In all, Sgt. Wuterich was charged with 13 counts of murder, falsely telling an investigator that the men from the taxi fired at the convoy, and with urging Sgt. De La Cruz to report that those men were killed by Iraqi Army soldiers at the scene.

Lance Cpl. Sharratt was charged with three counts of murder, and Lance Cpl. Tatum was charged with murder in the death of two Iraqis, negligent homicide in the deaths of four others, and assault.

The lawyers for all four enlisted men declared their clients' innocence, arguing in separate statements that the killings were an unfortunate result of marines properly responding to an insurgent attack in a dangerous area northwest of Baghdad.

Sgt. Wuterich and his men, "did everything they were supposed to do that day to protect themselves," said his lawyer Neal A. Puckett.

In addition to Lt. Col. Chessani, prosecutors charged two captains and a 1st lieutenant with crimes for either covering up or failing to discover and pass along certain facts about the killings.

"The reporting of the incident up the chain of command was inaccurate and untimely," Col. Stewart Navarre said at a news conference at Camp Pendleton, Calif., announcing the charges.

Capt. Lucas M. McConnell, 31, the Company K commander, was charged with dereliction of duty for willfully failing to ensure a thorough investigation; Capt. Randy W. Stone, 34, a military lawyer for the Third Battalion, was charged with dereliction of duty for failing to investigate suspected violations; and 1st Lt.

A marine intelligence officer who was part of a team that photographed the aftermath of the killings, Andrew A. Grayson, 25, was charged with dereliction of duty failure to ensure a thorough investigation, making a false official statement and obstruction of justice.

The murder charges against the four enlisted marines are punishable by a maximum of life in prison and dishonorable discharge, the marines said.

The charges filed against four officers carry significantly less potential prison time — two years for Lt. Col. Chessani and Capt. Stone; six months for Capt. McConnell; and more than 10 years for 1st Lt. Grayson — as well as the prospect of dismissal and forfeiture of pay.

None of the eight marines charged enterered a plea Thursday. Formal reviews, known as Article 32 hearings, to determine whether the charges warrant court martial, could begin for each man as early as next month, Mr. Solis said.

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Defense lawyers and military justice experts said that in addition the unusually tough overall charges against the eight marines in the Haditha matter, the charges against Capt. Stone, a military lawyer known as a staff judge advocate, or S.J.A., were the most surprising and least expected.

"Stone has come as a complete surprise to everybody," said Kevin B. McDermott, a lawyer for Capt. McConnell. "His name had never come up at all in the last six, eight months. Nobody every thought that an SJA would be put in the crosshairs."

4 Marines Charged In Haditha Killings (WP)

By Josh White And Sonya Geis

The Washington Post, December 22, 2006

Four U.S. Marines were charged with multiple counts of murder yesterday for their alleged roles in the deaths of two dozen civilians in the Iraqi town of Haditha last year. The accusations set up what could be the highest-profile atrocity prosecution to arise from the Iraq war.

In an unusual move, the Marine Corps also charged four officers with crimes related to their alleged failure to investigate and report the Nov. 19, 2005, slayings, which occurred when the Marines conducted a house-to-house sweep and attacked a vehicle after a member of their unit was killed in an ambush.

The separate investigation into how the incident was reported led to dereliction charges against a lieutenant colonel, two captains and a first lieutenant. They are accused of failing to thoroughly investigate and accurately report the slayings to superiors. The lieutenant also faces charges of making a false official statement and obstructing justice, according to the Marine Corps.

None of the murder charges carries a possible death sentence, because the Marines are not accused of premeditated murder. But the charging documents indicate that they did not properly identify their targets, did intend to kill the people in the houses and should have known that their actions could lead to the deaths of innocent civilians.

The 24 civilians were killed in a neighborhood near the spot where a roadside bomb killed a Marine who was driving in a convoy of Humvees. Early media reports suggested that the Marines went on a rampage after Lance Cpl. Miguel "T.J." Terrazas was killed, but they have claimed through their defense lawyers that they were following their rules of engagement when they responded to the attack.

It took the Marine Corps 13 months to charge the men in part because initial reports about the case delivered up the chain of command were incomplete; a public affairs statement about the incident was incorrect; and investigators were not brought in until months later, after a Time magazine reporter asked about the case. Naval Criminal Investigative Service officials have been investigating since March.

Attention to the case increased earlier this year when Rep. John P. Murtha (D-Pa.) alleged after briefings from military officials that the Marines had killed civilians "in cold blood."

In a news conference yesterday afternoon at Camp Pendleton, a Marine base north of San Diego, Col. Stewart Navarre declined to comment on details of the cases.

Each of the Marines was charged in multiple slayings, but Staff Sgt. Frank D. Wuterich, 26, a squad leader with Kilo Company, 3rd Battalion, 1st Marine Regiment, 1st Marine Division, was implicated in 18 deaths. Wuterich faces 13 counts of unpremeditated murder.

Kathleen A. Duignan, executive director of the Washington-based National Institute of Military Justice, said: "I think they know they can't prove premeditated murder, because you need to prove intent." She said prosecutors probably will argue that the Marines did not take due and deliberate care and did not follow rules of engagement.

Defense attorneys are likely to argue that the Marines were following the rules while taking fire and simply made mistakes. Duignan said the case falls into a gray area, where lawful combat could blur into unlawful action.

"It's a very fine line," Duignan said. "It will be a very difficult yet very interesting case."

The charge sheets allege that the Marines failed to properly identify their targets and that Wuterich told his unit to "shoot first and ask questions later."

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Iraqis in Haditha have described the incident as a massacre, saying Marines went from house to house indiscriminately shooting at men, women and children. One witness told The Washington Post in May that victims pleaded for their lives and said they were not insurgents, moments before they were shot.

Wuterich has long claimed, through his lawyers, that he was responding to a coordinated attack on his unit and did nothing wrong that day. He and other Marines have told their lawyers that they received small-arms fire from the houses they attacked. They used standard house-clearing techniques to ensure that the threat against them was eliminated from two houses, they have said. The slayings of the civilians -- including women and children -- were an unfortunate result of the Marines' attack, they have argued.

Neal Puckett, one of Wuterich's civilian attorneys, said in an interview yesterday that the allegations do not contradict Wuterich's version of events. Puckett said there is no evidence that the Marines lost control or went on some sort of a rampage.

"It's what happens in wartime. You intend to kill the people you're shooting at," Puckett said. "It would imply that they have no proof of a sweep conducted to punish Iraqis."

Wuterich was later recommended for an award for heroism that said his efforts prevented further injury or death to Marines and civilians.

Lance Cpl. Justin L. Sharratt, 22, is charged with three counts of unpremeditated murder, apparently for the deaths of three men he allegedly shot in a third house the Marines entered later on Nov. 19.

Sharratt has maintained his innocence to his family. His parents, Theresa and Daryl Sharratt, were at Camp Pendleton when the charges were announced. In an e-mailed statement, Theresa Sharratt said she believes the Marine Corps has let her son down.

"Justin has given everything to his country and has done nothing to disgrace it," she wrote. "To the Marine Corps I simply say, 'shame on you for abandoning my son who has gallantly served through horrible times.' "

Sgt. Sanick P. Dela Cruz, 24, faces five charges of unpremeditated murder for allegedly killing a group of men who approached the Marine convoy in a white car that morning after the bomb blast. Marines who were on the scene have alleged that Dela Cruz emptied his rifle's clip into the victims' bodies. The Marine Corps alleges that he also lied to investigators after the incident.

Also charged with two counts of unpremeditated murder is Lance Cpl. Stephen B. Tatum, 25, who joined Wuterich as he cleared the Haditha houses. Tatum also faces four counts of negligent homicide -- which carry a maximum punishment of three years in prison -- and one charge of assault.

Charges in such a case are the first step in the military's legal process and will be followed by an Article 32 hearing, which is roughly equivalent to a civilian grand jury investigation. After that hearing, an investigating officer will recommend how to proceed, and commanders will decide whether the cases should go to courts-martial.

The four Marines charged in the slayings face possible sentences of life in prison. The four officers face much lighter sentences.

They are charged with dereliction for failing to report the incident to superiors and failing to initiate an investigation. None of the officers was at the scene when the slayings occurred. A young lieutenant platoon leader who arrived shortly after the shootings is not accused in the case.

Lt. Col. Jeffrey R. Chessani, 42, the Marines' battalion commander, was charged with one count of violating an order, which carries a maximum sentence of two years in prison, and two counts of dereliction, each of which carries a six-month sentence. Capt. Randy W. Stone, 34, the battalion's staff judge advocate, faces similar accusations. Capt. Lucas M. McConnell, 31, the Marines' company commander, is charged with two counts of dereliction. Lt. Andrew A. Grayson, 25, an intelligence officer, faces two dereliction counts, one count of making a false official statement and one count of obstructing justice.

In a statement to investigators, Chessani said he believed that the Marines' actions followed a complex attack meant to draw them into firing on civilian houses. He said he reported to superiors that civilians had been killed.

"I thought it was very sad, very unfortunate, but at the time I did not suspect any wrongdoing from my Marines," Chessani told investigators, according to a transcript. "I saw it as a combat action."

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The four officers are the largest number charged in any one civilian homicide case from the Iraq war and bring to 10 the total number of officers charged in connection with homicide cases.

Sixty-four U.S. service members have been charged in connection with the deaths of Iraqi civilians since the war began in March 2003. Eighteen have been sentenced to prison time, including a 90-year term for an Army soldier who admitted his role in raping an Iraqi teenager in Mahmudiyah and killing her and her family.

'Atrocity' Cases Test US Military Justice (CSM)

By Brad Knickerbocker

The Christian Science Monitor, December 22, 2006

Haditha, Hamdaniyah, and Mahmudiya - Iraqi cities where US troops are alleged to have committed wartime atrocities - may not have seared the public consciousness as deeply as did My Lai in Vietnam. But the cases, including new criminal charges filed Thursday against eight marines in connection with the killing of 24 civilians in Haditha, are sure to focus more attention on how the military handles abuse and killing of prisoners and civilians.

The serious charges brought in these cases also raise basic questions about how the US military-justice system proceeds against alleged atrocities:

What constitutes a "war crime"? What is the responsibility of officers of enlisted soldiers and marines who are found guilty? What punishments are being meted out?

Prosecution in such cases falls under the US Uniform Code of Military Justice, the Law of Armed Conflict, and the Geneva Conventions. But it is the "rules of engagement" that may be most relevant for troops going into battle.

Such rules for combat typically are set by the unit commander just before an operation begins, based on an evaluation of mission, enemy, terrain, troops, and time available, says retired Army Col. Dan Smith, a military analyst with the Friends Committee on National Legislation, the Quaker lobby in Washington. But, he adds, rules of engagement "can be idiosyncratic."

Colonel Smith notes, too, that "soldiers always have the right of self-defense using even deadly force if they judge that they are in danger of suffering grievous wounds or death from enemy action."

In the Haditha case, those marines charged with killing civilians (including 10 women and children shot at close range) are expected to assert that they were fired on from houses near where their convoy was hit by an improvised explosive device (IED) that killed a lance corporal.

"Our view has been and continues to be that these are combat-related deaths," defense lawyer Gary Myers told the Associated Press. Mr. Myers represents Lance Cpl. Justin Sharratt, who faces one charge of murder involving unpremeditated killings of three men in a house.

Evidence gathered by military investigators contradicts that, prompting the Marine Corps to charge four of the eight marines with murder. It also led Thursday to charges against four others - unit officers not present at the scene - of failing to properly investigate and report the event. The highest-ranking officer to be charged is a lieutenant colonel, accused of failing to obey an order or regulation, encompassing dereliction of duty.

That raises questions about the responsibility of officers up the chain of command, from lieutenants leading platoons to colonels commanding brigades.

Rank should be important in assessing professional and perhaps even criminal responsibility, says Gary Solis, a 26-year Marine Corps veteran who served as a courts-martial prosecutor and judge.

"Under the law of armed conflict, if a superior knew, or should have known, of a subordinate's misconduct, and he took no action to stop it or to punish it, then he is himself personally criminally liable for the crime committed," says Dr. Solis, who directed the law of war program at West Point and now teaches at Georgetown Law School in Washington.

"That's basic World War II Nuremberg Tribunal stuff," he says. "But how often have we seen the principle honored? Not often."

During the nine-year Vietnam War, 95 soldiers and marines were convicted of murder or manslaughter of noncombatants. Courts-martial resulted in sentences as stiff as 50 years and life in prison.

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In Iraq and Afghanistan, most incidents involving civilian deaths caused illegally by US forces have resulted in far lighter punishment, Solis finds.

For example, an Army chief warrant officer charged with negligent homicide in the 2003 death of an Iraqi detainee received a letter of reprimand, a fine of $6,000, and two months' restriction to Fort Carson, Colo. A sergeant involved in the beating death of an Afghan detainee in 2005 was reprimanded, given a one-grade demotion, and fined $1,000. In the Abu Ghraib prison scandal, the most senior officer punished was Army Reserve Brig. Gen. Janis Karpinski, demoted to colonel.

But dealing with detainees is very different from fighting in the heat and fog of battle, especially when the enemy emerges from or blends into the civilian populace. That situation, which troops face routinely in Iraq and Afghanistan, can lead to a difficult and potentially deadly paradox.

"Because Army personnel are trained for conventional warfare, they naturally want to kill the enemy," says national security analyst Ivan Eland of the Independent Institute, a nonpartisan think tank. "But in counterinsurgency warfare, a premium must be put on providing security for the population without killing civilians.

"This unfortunately means tighter rules of engagement, which increases US casualties," says Dr. Eland.

In Haditha, the death of one marine and injuries to two others while traveling in a convoy preceded the attacks on Iraqi civilians. The squad leader that day faces the most serious charges - murdering 12 people and ordering other marines to kill six people. His attorney said the charges carry a maximum penalty of life in prison.

Other recent cases of civilian deaths at the hands of US troops point to murderous intent.

In the Hamdaniyah case, seven marines and a Navy corpsman have been charged in the kidnap and murder of an Iraqi man, and then making it look as if he had planted an IED. So far, four have pleaded guilty to lesser charges in return for prison terms of less than two years.

In the Mahmudiya case, five Army soldiers have been charged in the rape and premeditated murder in April of a 14-year-old Iraqi girl and the murder of her parents and 5-year-old sister. One soldier pleaded guilty to avoid the death penalty. Another, a sergeant charged with dereliction of duty for failing to report the crimes, accepted an "other than honorable" discharge from the Army. Cases against the others are pending.

As with civilian trials, the nature of the evidence may lead military prosecutors to conclude that negligent homicide - not premeditated murder - is the most serious case they can make.

"Even with negligent homicide, the starched and pressed judge advocate who's not been in combat has to convince a jury that the young [marines] who daily risked their lives in Iraq are unworthy of belief," says Solis, the former Marine Corps judge advocate. "That could be a hard sell, and acquittals would not surprise me."

Some experts attribute such atrocities to the stress of enduring multiple tours of duty in Iraq, as well as the very difficult circumstances of fighting an unconventional war.

"It seems to me the main point is that these incidents are symptoms of combat stress," says John Pike, director of globalsecurity.org. "The question is whether the combat stress management system is doing a good job because there are so few incidents or a bad job because these incidents happened."

Gates Meets With Iraqis On Military Aid (AP)

By Lolita C. Baldor

AP, December 22, 2006

Defense Secretary Robert Gates traded ideas with Iraqi leaders Thursday about boosting military assistance for the embattled government and warned Iraq's neighbors that the U.S. will be a presence in the Persian Gulf for a long time.

But on the second day of a visit to the war zone, the new Pentagon chief would not answer the key question on the minds of many, including U.S. troops: Will he recommend a short-term increase in the number of American forces in Iraq?

Speaking to reporters after meetings with Prime Minister Nouri al-Maliki and other Iraqi officials, Gates said the talks were "mainly on the overall approach, including the possibility of some additional assistance." He said no numbers of additional troops were discussed.

"We were really talking in broad terms," said Gates, who is in his first week as defense secretary.

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Gates' visit comes as President Bush reassesses U.S. policy in the war, which is solidly opposed by the American public after 3 1/2 years of bloodshed. Among the president's options is whether to quickly add thousands of U.S. troops to the 140,000 already in Iraq, in hopes of staunching the escalating violence in Baghdad and elsewhere.

In the meetings, Gates said he discussed how "with Iraqis in the lead, we can best play a supporting role" in helping bring order to the country. He said he assured the Iraqis of "the steadfastness of American support and our enduring presence in the Persian Gulf."

Earlier in the day, he said Iran and Syria are playing a negative role in the violence. A special U.S. commission, the Iraq Study Group, recently suggested a diplomatic push that would involve all of Iraq's neighbors — including Iran and Syria. Bush, however, has seemed disinclined to involve those two American nemeses.

"We need to make damned sure that the neighbors understand that we're going to be here for a long time — here being the Persian Gulf," said Gates, during a morning meeting with soldiers.

He suggested that commitment will include keeping U.S. logistics and support troops in Iraq for a lot longer than the combat forces.

Gates said he discussed with the Iraqis how their government could address the deteriorating security problems. Besides an unrelenting insurgency, killings and kidnappings between Sunnis and Shiites are approaching civil war dimensions and U.S. and civilian casualties keep rising.

"One of the strong messages I received today was the desire of the Iraqi government to take a leadership role in addressing some of the challenges that face the country, above all the security problem here in Baghdad," Gates said during a press conference with Iraqi Defense Minister Abdul Qadir.

Gates said there are several approaches that could be used to improve security, yet offered few details. He sidestepped several questions probing for more details about the possibility of boosting troop levels — an idea that has gotten mixed reviews.

After Gates met with U.S. soldiers at Camp Victory, several said the extra forces would help.

"Sir, I think we need to just keep doing what we're doing," Spc. Jason T. Green, with the 101st Military Intelligence Brigade Combat Team of the 1st Infantry Division, told Gates during a breakfast session with about 15 soldiers.

"I really think we need more troops here," Green said. "With more presence on the ground, more troops might hold them off long enough to where we can get the Iraqi Army trained up."

Military commanders worry that rushing thousands more Americans to the battlefront could prompt Iraqis to slow their effort to take control of their country.

Those concerns are "clearly a consideration" in mapping out future strategy, Gates said.

His hourlong question-and-answer session over scrambled eggs was spent largely gathering insights from those closest to the action.

When Gates asked whether adding forces would help, he got a roomful of nods and smattering of "yes, sir" responses.

"More troops would help us integrate the Iraq Army into patrols more," said Pfc. Cassandra Wallace, from the 10th Mountain Division.

The soldiers told him they think the Iraqi Army is getting better, but that it should be bigger and that many of the Iraqis are still not showing up for duty.

Gates, who later flew by helicopter to Balad Air Base west of Baghdad for a special operations briefing, did not tip his hand much to the soldiers.

Gates planned more meetings Friday before returning to the United States.

Gates, In Iraq, Hears Support For More Troops (NYT)

By David S. Cloud

The New York Times, December 22, 2006

BAGHDAD, Iraq Dec 21 — Defense Secretary Robert M. Gates, talking to enlisted soldiers on his second day in Iraq, heard broad support today for a proposal to send more American forces to Iraq, an idea that has emerged as a leading option as the Bush administration considers a strategy shift.

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"I really think we need more troops here," said Specialist Jason T. Glenn, one of several soldiers at a breakfast meeting with Mr. Gates who backed the idea. "With more presence here," he said, security might improve to a point that "we can get the Iraqi Army trained up."

Mr. Gates said later, after meeting with Prime Minister Nuri Kamal al-Maliki and other senior Iraqi officials, that he had discussed "the possibility of some additional assistance" with the Iraqis, but that there had been no mention of specific numbers of additional American troops.

Although Bush administration officials are considering a temporary troop increase of 20,000 soldiers or more, which would raise troop levels in Iraq to more than 150,000, the idea runs counter to the desire of many American commanders for the Iraqi Army and the Iraqi police to take more responsibility for security. Mr. Gates has provided no firm signs on what he will recommend to Mr. Bush after returning from Iraq.

Still, the Bush administration may see a temporary increase as a way to regain momentum in Baghdad, where security has been deteriorating, as well as providing leverage to get Mr. Maliki to take steps sought by American officials, like moving more Iraqi troops into Baghdad and moving against sectarian militias.

At a news conference with the Iraqi defense minister, Abdul Qadir al-Obaidi, Mr. Gates said he discussed with the Iraqis was how their government could take the lead, especially in reducing the worsening violence in Baghdad.

"One of the strong messages I received today was the desire of the Iraqi government to take a leadership role in addressing some of the challenges that face the country — above all, the security problem here in Baghdad," Mr. Gates said. The talks examined "how in our partnership with the Iraqis in the lead we can best play a supporting role" in improving security, Mr. Gates added.

Mr. Gates said at the breakfast meeting with troops that the Bush administration was putting together a package of idea for reversing the violence, including new procedures for delivering reconstruction assistance quickly to places where the military has conducted operations to clear out insurgents and militias.

Mr. Gates said the first assistance to a neighborhood should come "within hours" of the end of such a clearing operation, to shows residents the tangible benefits of rejecting militants and backing the Iraqi government.

It was not clear how the soldiers who met with Mr. Gates had been selected, but in a show of hands he requested, about half said they were serving their second tour in Iraq and the rest said they were in their first deployment.

Several soldiers said the Iraqi Army and police were improving but were not competent enough for them to shift to a supporting role. Many Iraqi soldiers and police officers do not show up regularly for work, they said, and some tip off insurgents and sectarian militias about coming military operations.

"Are they ready to take it on themselves?" Mr. Gates asked, referring to the Iraqi security forces. Sgt. Christopher Coulter, an infantryman with the First Infantry Division, replied, "Not now, but they're getting a lot better"

When Mr. Gates asked, "Do you think we need more American troops?" a majority of the soldiers nodded their heads or murmured, "Yes, sir."

Iraqi Prime Minister Tells Gates He'll Let U.S. Decide On Troop 'Surge' (WP)

By Thomas E. Ricks And Sudarsan Raghavan

The Washington Post, December 22, 2006

BAGHDAD, Dec. 21 -- Prime Minister Nouri al-Maliki told visiting Defense Secretary Robert M. Gates that he would let U.S. generals decide whether there is a need for a "surge" in U.S. troops deployed in Iraq, according to Iraqi officials with knowledge of the meeting.

In a news conference, Gates said his conversation with the Iraqi prime minister and defense minister included "no numbers. . . . We were really talking in broader terms."

Iraqi Defense Minister Abdul Qadir Muhammed Jassim later indicated general acceptance of an idea that has emerged as one of the chief options President Bush is considering as he reevaluates Iraq policy. "I did not say no to an increase in the number of U.S. troops," Qadir said in a brief interview after the meeting at Maliki's residence in the Green Zone. "If we need it, we need it."

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But after seeing Gates, Maliki met with Shiite Muslim members of his alliance, in a session where divisions unfolded over whether more U.S. troops were needed, said Sami al-Askari, a Shiite member of parliament who is close to Maliki. Askari, who attended the second meeting, said there was a general feeling that "there's no need for further troops."

Gates said that during his meeting with Maliki, he "emphasized . . . the steadfastness of American support" for Iraq. The message he heard back from Maliki, he said, was that the Iraqi government wants to take the lead role in solving the country's security problems -- including in the most violent zones in and around Baghdad.

According to a statement issued by the prime minister's office, Maliki told Gates that Sunni Arab insurgents and loyalists of Saddam Hussein's former Baath Party were behind the violence unfolding in the capital.

Maliki spoke in general terms about the Baghdad security plan he has developed, saying Iraqi forces were working with U.S. troops to enact the plan "according to a new vision," the statement said. Maliki's close advisers say he has proposed a two-pronged strategy in which U.S. troops would target Sunni Arab insurgents in outer Baghdad neighborhoods for four to eight weeks, while Iraqi forces would take over control of inner Baghdad.

Maliki would also launch a political offensive, which would include threats of force, to persuade radical cleric Moqtada al-Sadr to agree to contain his Mahdi Army militia during the operation.

Gates has billed his trip to Iraq, launched the day after he became defense secretary earlier this week, as key to formulating his recommendations for Bush on how to reshape the U.S. approach in Iraq. But in his public comments, he gave little indication of how his two days of talks here so far with generals, enlisted soldiers and Iraqi officials have affected his views.

He had breakfast Thursday with more than a dozen enlisted soldiers who were less bashful. Along with his scrambled eggs and hash browns, Gates got an earful about the need for more personnel.

"I really think we need more troops here," said Spec. Jason Glenn, who said he operates an unmanned aerial vehicle in an intelligence unit in the 1st Infantry Division. He said he has noticed that when insurgents see a drone aircraft overhead, they simply lie low, "so I think more presence on the ground" is the answer.

"I think we do need more troops over here," agreed Pfc. Cassandra Wallace, a support soldier in the 10th Mountain Division. "More troops would help us integrate the Iraqi army into patrols here."

Asked later about his breakfast with the soldiers, Gates said he asked for their advice, and "they were not hesitant to give it." He dodged the question raised by their call for a boost in troop levels, saying, "Like most people on the front lines in a battle, they'd always like to have more forces."

There are about 140,000 U.S. soldiers in Iraq, and recently there has been an intense discussion inside the Bush administration about whether to increase that by roughly 30,000 troops for six months, to try to bring security to Baghdad.

"Some say 140,000 troops is quite enough to secure Iraq," said Askari, the Shiite politician allied with Maliki. "The problem is not in the number but in the way the security plan is conducted. The concept of trying to balance between a majority and minority in Iraq, and doing plans only if the minority accepts, is the issue. Some see this as the main problem with the plan. As long as the Americans don't change this tactic, adding more troops won't matter."

Other Shiite politicians at the meeting with Maliki said U.S. and Iraqi commanders should decide whether to increase U.S. troop levels, Askari said.

Late Thursday, the Associated Press reported that Sadr had agreed to allow his supporters to return to their positions in the government and end a three-week boycott of the government begun to protest Maliki's meeting with Bush last month. Nassar al-Rubaie, head of Sadr's parliamentary bloc, denied that account.

Askari said members of the Shiite alliance, a coalition of Shiite groups that leads the government, are planning to meet with Sadr to try to persuade him to end the boycott. Others want to take stronger action and demand that he denounce the Mahdi Army's involvement in sectarian strife.

"We have to solve this for good," Askari said. "We have to have him denounce the militias for good." He added that the meeting would dovetail with Maliki's effort to persuade Sadr to lay down his arms, provided the U.S. accepts the prime minister's security plan.

But Askari said it was still unclear whether Sadr would meet with the Shiite alliance members.

DOJ_NMG_0108414

Washington Wire (WSJ)

By John Harwood

The Wall Street Journal, December 22, 2006

ADMINISTRATION LEANS on Persian Gulf allies to help Iraq.

U.S. military officials and diplomats want Saudi Arabia, United Arab Emirates and other Gulf states to recognize Maliki government, send ambassadors to Baghdad and forgive more than $40 billion in Iraqi debt. Among Sunni states, only Egypt has sent an ambassador, and he was assassinated.

The problem: Most Arab states, an official says, "see the current government as...an Iranian stooge." U.S. conditions military help to counter Iran on assistance in Iraq.

Iran also becomes lever for Rice to rally "mainstream states" behind Israeli-Palestinian solution.

SOME MILITARY LEADERS aren't opposed to Iraq troop surge.

Army leaders privately tell White House they could back more soldiers if Bush provides latitude to sustain the effort through reserve call-ups. One of the first units called back to Iraq could be the Florida National Guard brigade that served in restive Ramadi in 2003.

Army Chief of Staff Schoomaker aims to link surge to pact sharing Iraq's oil revenue, as well as moves by Maliki to isolate Shiite extremists like Moqtada al-Sadr. U.S. wants Iraqis to reduce influence of Sadr -- who has ended a government boycott -- through a coalition of Shiite, Sunni Arab and Kurdish parties.

HOUSE REPUBLICANS EYE 2008 targets after Democratic sweep.

Campaign committee chief Tom Cole touts 60 seats held by Democrats in districts Bush carried twice. One aim: "Minimize retirements" among Republican members chafing at life in the minority.

"We'll be on offense," says Democratic counterpart Chris Van Hollen, noting that most of those 60 won with at least 55%. Democrats enjoy more favorable 2008 Senate terrain, defending 12 seats to Republicans' 21. Potential retirement of Colorado Republican Sen. Allard represents a pickup opportunity.

Warner of Virginia and Domenici of New Mexico, who will be 81 and 76 by Election Day, signal re-election bids.

BIDEN TIME? After Bayh exits Democrats' 2008 presidential race, Biden's camp insists he's in. One adviser notes the Delaware Democrat's $5.5 million raised through September represents more new money than most would-be rivals to Clinton and Obama. The 34-year Senate veteran will announce an exploratory committee after New Year's, citing foreign-policy experience and the fact that he has never lived in Washington.

GREETINGS: The NRA, which had a deer on holiday card after Republicans' 2004 victory, this year features a tree emblazoned with "Peace on Earth." Card from Republican media firm Brabender Cox reads "Jingle Upsets Prancer," adding, "The extent of voter anger took a lot of people by surprise this year."

HU IN 2008? At Strategic Economic Dialogue with Paulson and other officials, Chinese government voices interest in U.S. ethanol program to ease energy squeeze. China is third after Brazil and the U.S. in ethanol production. Energy Secretary Bodman invites Chinese counterparts to visit U.S. research labs.

FRIENDLY SKIES: A local politician, Prince George's County, Md., executive Jack Johnson, makes blogger Howard Mortman's list of 10 funniest political quotes of 2006 for saying taxpayers want him flying first class. "I don't think they expect me to be riding in a seat with four across and I'm in the middle," Johnson said after winning re-election.

DEMOCRATS INSIST they'll work with White House on trade.

In closed-door meeting, a Pelosi adviser tells National Foreign Trade Council the next speaker will push labor's concerns but opposes protectionism. "We are willing to talk" with the administration, adviser Arshi Siddiqui says, if White House avoids "take it or leave it" stance.

Skepticism mounts on Doha deal during Bush's term. But Trade Representative Schwab seeks to ease political tensions, citing role of labor concerns in talks on bilateral deal with Panama.

Democratic Rep. Levin of Michigan plans hearings on the yuan as Treasury declines to label Beijing a "manipulator."

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MINOR MEMOS: Banned by TSA from carry-ons: "Snow globes and like decorations regardless of size or amount of liquid inside"...A "Soldier's Silent Night," reprised by conservative Weekly Standard to honor troops abroad, ends, "Then the soldier rolled over, with a voice soft and pure, and whispered, 'Carry on Santa, It's Christmas Day, all is secure.'"

Bush Caved To Pressure On Troops (WT)

By Rowan Scarborough

The Washington Times, December 22, 2006

President Bush only acceded to a jump in the number of U.S. Army and Marine Corps ground troops after intense pressure from senior officers, active and retired, including the Joint Chiefs, defense sources said.

Mr. Bush, who announced Wednesday that he will increase an active force that now stands at 1.4 million personnel, this month heard about the stressed Army and Marines Corps from a group of retired officers at the Pentagon.

But the deal-clincher came when he traveled to the Pentagon and met with the six-member Joint Chiefs inside the super-secret "tank."

There, the commander in chief listened to a request for more combat forces from Gen. Peter Schoomaker, the Army chief of staff, and Gen. James T. Conway, the Marine commandant, said defense sources briefed on the meeting.

The Army, with a little more than 500,000 active soldiers, is pulling the brunt of the war on terror both in Afghanistan and Iraq. Army combat brigade teams only receive about a 13-month home-base stay before deploying again. What's more, the Army is fast wearing out its inventory of armored vehicles and weapons and needs replacements fast, Gen. Schoomaker has said.

The Marines, who patrol the al Qaeda-infested al Anbar province, west of Baghdad, send 1st and 2nd expeditionary forces on seven-month rotations. Marine officers have complained of insufficient troop numbers to control the Sunni Muslim province.

The messages on a larger armed forces, but not necessarily a troop increase for Iraq, came in rapid succession earlier this month. On Dec. 11, Mr. Bush welcomed to the White House two outside military analysts and three retired officers, including former Army Gen. Barry McCaffrey, a critic of former Defense Secretary Donald H. Rumsfeld.

Gen. McCaffrey said in a previous interview that the Army should be increased by 80,000 soldiers.

"We have inadequate Army and Marine Corps combat power to sustain this level of deployment," said Gen. McCaffrey, who led the 24th Infantry Division in Desert Storm.

Two days after he met with the retired generals, Mr. Bush went to the Pentagon and later called the discussion "candid." A day later, Gen. Schoomaker told a blue-ribbon commission on the Guard and Reserve that the Army "will break" unless the active force is bumped up. He suggested 6,000 more soldiers per year.

Republicans on the House Armed Services Committee have endorsed an increase of 11,000 Army soldiers, to 523,000, and 8,000 more Marines, to 187,000. On a trip to Iraq this week, Defense Secretary Robert M. Gates did not endorse any specific numbers.

Gen. Schoomaker and Mr. Rumsfeld's staff did not see eye to eye on the size of a budget increases needed to replace damaged equipment in a process called "reset."

"Schoomaker wants everything replaced so every unit and every soldier is equipped to the max," said an aide.

The good news for the president is that the Joint Chiefs do not favor proposals from Democrats to remove all 135,000 troops immediately from Iraq or to bring them out in a preset timeline. A defense source also said the chiefs "are cool at best" to the Iraq Study Group proposal to have virtually all land combat forces out of Iraq by early 2008, if conditions permit.

"I think one of the most important things the new secretary of defense has to do is realize we are badly underfunding the Department of Defense for the missions we have given them," said retired Air Force Lt. Gen. Thomas McInerney, an Iraq war hawk. "We are going to have to increase the defense budget significantly."

The Pentagon is spending about $460 billion annually, plus an expected $170 billion more this fiscal year to fund the Iraq and Afghanistan wars.

"The president is not only going to have to do an Iraq strategy, he is going to have to do a national strategy for the whole military," Gen. McInerney said. "We cannot continue like we are going now."

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Mr. Bush's decision to ask Congress for a bigger Army and Marine Corps is a break from the policy of Mr. Rumsfeld. Instead of seeking a permanently larger Army, he exercised his legal authority to temporarily boost the Army by up to 30,000 soldiers.

At Pentagon, A New Personality Faces The Same Tough Calls (NYT)

By David S. Cloud

The New York Times, December 22, 2006

BAGHDAD, Dec. 21— When Defense Secretary Robert M. Gates sat down for breakfast on Thursday with a half-dozen enlisted soldiers here in Iraq, it was not the setting that his aloof predecessor, Donald H. Rumsfeld, would have chosen.

Most often, Mr. Rumsfeld would meet with hundreds of troops at once in Iraq, in town-hall-style sessions that often resembled rallies. He took questions, made sweeping historical comparisons and was often cheered by enthusiastic crowds, but never seemed to use the session to collect impressions about conditions outside the heavily fortified American military compounds.

Mr. Gates, by contrast, listened patiently for almost an hour at the breakfast while enlisted soldiers offered him their views about everything from strategy and tactics to mundane matters of soldier life.

In a statement never heard in public from the supremely confident Mr. Rumsfeld, he closed the session by going around the table one soldier at a time, asking: "What advice would you give me?"

Just days into Mr. Gates's tenure, it is easy — and facile — to view almost every move he makes as either a deliberate or unconscious repudiation of Mr. Rumsfeld. By heading right off to Iraq, the scene of Mr. Rumsfeld's undoing, Mr. Gates has seemed to invite the comparison, even though his one public mention of Mr. Rumsfeld since he was sworn in was to praise him.

Where Mr. Rumsfeld was volcanic and opinionated, Mr. Gates has come across as humble and open-minded.

Where Mr. Rumsfeld fought to keep troop levels in Iraq low, Mr. Gates is assumed to be inching toward recommending increasing American troop levels, even as he professes not to have made up his mind.

When Mr. Gates vowed, as he has several times, to rely heavily on advice from the uniformed military, it was seen as a subtle signal that he would not run roughshod over the Pentagon brass the way Mr. Rumsfeld was widely criticized for doing.

How valid these early impressions of Mr. Gates will prove to be, though, is still an open question.

If Mr. Gates comes down in favor of a troop increase, it will arguably put him in the same position Mr. Rumsfeld often found himself — at odds with his top generals in Iraq, several of whom have expressed reservations about increasing American troop levels.

There are other similarities. Both men left Washington for long periods before assuming the defense secretary job. Those who knew Mr. Gates during his 27-year tenure at the Central Intelligence Agency, where he became the first entry-level analyst to rise to become director, say he could be an exacting bureaucratic taskmaster, just like Mr. Rumsfeld.

But Mr. Rumsfeld returned to Washington determined to accumulate power and run a bureaucracy he viewed as resistant to change, a task he kept at even after the terrorist attacks of 2001 and the invasion of Iraq.

Mr. Gates has not returned with sweeping ambitions of transforming the department.

Nor has he brought a coterie of ideologically driven aides with him, as Mr. Rumsfeld did initially, and Mr. Gates has informed much of Mr. Rumsfeld's senior staff, few of whom are now as ideological as they once were, that he wants them to stay on, to minimize disruption.

Certainly the two men are stylistically very different, as Mr. Gates's breakfast meeting underscored. On Mr. Rumsfeld's visits to Baghdad, he rarely showed much patience for pondering the flaws in American strategy, at least not in public. His answer to questions about stabilizing the country was that it was "tough stuff" but largely up to the Iraqis to accomplish.

Last March, days after the selection of Nuri Kamal al-Maliki as prime minister, Mr. Rumsfeld stared at the ceiling, noticeably uninterested, at a news conference while Secretary of State Condoleezza Rice fielded reporters' questions about the worsening sectarian violence.

Mr. Gates, by contrast, leaves no doubt that he sees fixing Iraq as his overriding mission.

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He is still working out a public style in a position that brings much more attention than that given a college president or even a C.I.A. director. “I’m new at this,” he reminded reporters at a news conference on Thursday with Iraq’s defense minister, Abdel-Kader Jassem al-Obeidi.

Perhaps he recognizes that his best management tool, at least for now, is to be seen as the anti-Rumsfeld, a persona that will buy him time to consider far-reaching changes in strategy.

Certainly it helped him win bipartisan confirmation in the Senate, winning over Democrats who favored setting a rapid date for beginning troop withdrawals and Republicans who want to send reinforcements.

Just over a month ago, Mr. Gates was a member of the Iraq Study Group, apparently as comfortable as the panel’s other members with recommending a major shift in Iraq strategy aimed at getting American combat troops out by early 2008.

“I didn’t dream at that time I would have actual responsibility for what goes forward,” Mr. Gates told reporters this week, in a statement that seemed to indicate he was having sudden doubts about at least some of the study group’s recommendations for getting out quickly.

Since taking office, he said publicly several times that the responsibilities of his office — and the need not to fail in Iraq — are weighing heavily on him.

He has even taken to repeating one of Mr. Rumsfeld’s favorite lines about Iraq: that the problems there will not be solved by the American military, but by the diplomats at the State Department and by the Iraqi government.

Rice: Iraq Worth Investment In U.S. Aid (AP)

By Anne Gearan

AP, December 22, 2006

Secretary of State Condoleezza Rice told The Associated Press on Thursday that Iraq is "worth the investment" in American lives and dollars and said the U.S. can still win a conflict that has been more difficult than she expected.

In an interview at the State Department, the nation's highest-ranking black government official also said the United States is ready to elect a black president.

Rice was asked whether an additional $100 billion the Pentagon wants for the Iraq and Afghan wars might amount to throwing good money after bad in Iraq. President Bush and Congress have already provided more than $500 billion for the two conflicts and worldwide efforts against terrorism, including more than $350 billion for Iraq.

"I don't think it's a matter of money," Rice said. "Along the way there have been plenty of markers that show that this is a country that is worth the investment, because once it emerges as a country that is a stabilizing factor you will have a very different kind of Middle East."

The top U.S. diplomat made the remarks as Bush faces mounting pressure from the public and members of Congress to find a fresh course in the long-running war. More than three-and-half years after the U.S. invasion that deposed Saddam Hussein, the conflict shows no signs of nearing an end and has cost the lives of more than 2,950 American troops.

Bush conceded this week for the first time that the U.S. is not winning the conflict, though he said it is also not losing.

"I know from the point of view of not just the monetary cost but the sacrifice of American lives a lot has been sacrificed for Iraq, a lot has been invested in Iraq," Rice said.

Bush would not ask for continued sacrifice and spending "if he didn't believe, and in fact I believe as well, that we can in fact succeed," Rice said.

Rice said the Bush administration should be remembered for far more than the Iraq war. She ticked off foreign policy commitments and accomplishments including increased aid to fight AIDS and malaria in Africa and a peace deal ending two decades of North-South warfare in Sudan.

Rice has repeatedly said she will not run for president, despite high popularity ratings and measurable support in opinion polls. Rice declined to say whether she would like to see her predecessor, Colin Powell, become a candidate. Powell is a fellow black Republican.

"I'm not going to give Colin any advice and he's not going to give me any advice on this one," Rice said.

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Democratic Sen. Barack Obama, D-Ill., is the most prominent black politician to emerge as a potential candidate for the 2008 presidential race. Rice was asked whether, watching Obama's rise, she thinks Americans are willing to put a black in the White House.

"Yes, I think a black person can be elected president," Rice said.

She said the first successful black candidate will be "judged by all the things that Americans ultimately end up making their decision on: Do I agree with this person? Do I share this person's basic values? Am I comfortable that this person is going to make decisions when I'm not in the room that are very consequential?"

At the same time, she said, "We should not be naive. Race is still an issue in America. When a person walks into a room, race is evident. It's something that I think is going to be with us for a very, very long time."

Rice said she has no reason to believe North Korea is serious about dismantling its nuclear weapons. "That's what we're testing" in disarmament talks this week that a Japanese envoy described as deadlocked.

"They're signed on to denuclearization," in an agreement last year that was never implemented. "We'll see whether or not they follow through," Rice said.

A watered-down United Nations sanctions resolution against Iran would have more than symbolic value, Rice said. But she said she has no assurances that Russia will vote for the resolution this week despite long efforts to satisfy Moscow's misgivings about sanctions.

"The Russians say that they want to prevent the Iranians from perfecting technologies that could lead to a nuclear weapon," Rice said. "I take them at their word and that's why I think ... they will reflect that in their support for a resolution."

She said she is confident all U.N. members will enforce the sanctions once passed, no matter how they voted.

Iraqi Factions Try To Undercut A Plan To Isolate Extremists (NYT)

By James Glanz

The New York Times, December 22, 2006

BAGHDAD, Dec. 21 — Several Iraqi political groups on Thursday maneuvered to undercut an American-backed initiative that would create a multisectarian bloc intended to isolate extremists like the Shiite cleric and militia leader Moktada al-Sadr.

The bloc would consist of Sunni Arab, Shiite Arab and Kurdish parties in an alliance that would be novel in Iraq's highly sectarian political environment. This week, Iraqi and Western officials said that Grand Ayatollah Ali al-Sistani, a highly influential Shiite cleric, had given a tentative go-ahead to the coalition.

But on Thursday, Saleem Abdullah, a Sunni Arab lawmaker who is a senior member of the Iraqi Islamic Party, said his party had set tough new conditions for its participation in the bloc.

And Mr. Sadr was considering a plan to announce that his militia, the Mahdi Army, would scale back its military activities in response to accusations that it was involved in sectarian violence, an official knowledgeable about the plan said.

The framers of the bloc seemed highly unlikely to be able to meet some of the Islamic party's demands, like an insistence that more Sunni Arabs be installed in senior positions at Iraqi ministries and security forces now controlled by Shiites.

"Now the negotiations are stopped, and we are waiting for their response," Mr. Abdullah said. "Honestly, I think an agreement will be very difficult."

As those political moves played out, the new United States defense secretary, Robert M. Gates, met with enlisted men and women in Baghdad to talk about the possibility that more troops could be sent to Iraq. And the American military announced that three more service members had died in Iraq, putting December on a pace to be among the deadliest months of the conflict.

Also on Thursday, 38 bodies of Iraqis were found dumped at various sites around Baghdad, apparently the victims of death squads, the Interior Ministry said, and three bombs killed at least 12 and wounded 18.

The deadliest of the blasts was a suicide bomb that went off near a police academy just after 7 a.m., a police official said, killing mostly police recruits. A second bomb exploded near a funeral procession in the Amel neighborhood, and another detonated near a passport office.

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The trial of Saddam Hussein on charges of the killing of tens of thousands of Kurds during the 1980s was adjourned until Jan. 8. Prosecutors told the court that Iraqi soldiers had been ordered to cooperate with Turkish forces in the killings, but the precise nature of an implied agreement between the countries was not spelled out.

When a document supposedly describing the agreement was read into the record, the judge ordered the microphone cut off so that reporters could not hear it. Beyond interjecting a few brief comments, Mr. Hussein mostly sat silently.

Mr. Sadr's maneuvers on Thursday were seen by some officials as a possible move to reduce his political and military liabilities as the Americans and their allies pressed to form the bloc meant to marginalize him and perhaps make any attempt to disarm or attack the Mahdi Army more politically palatable.

At the moment, Prime Minister Nuri Kamal al-Maliki owes his power to a coalition that includes a major contingent led by Mr. Sadr, complicating any move against the cleric or his Mahdi Army militia.

Mr. Sadr was also said to be ready to allow his allies to rejoin the government after a three-week boycott, The Associated Press reported.

The walkout, including 30 lawmakers and six cabinet officials, was a protest against Mr. Maliki's meeting with President Bush in Jordan, and it has kept Mr. Maliki's government from passing legislation. Any return by the politicians would make it more likely that Mr. Sadr could keep some influence in the government even if a new cross-sectarian governing bloc was approved.

"Within two days, the Sadr movement will return to the government and Parliament," said Abdul Karim al-Anizi, a lawmaker from Mr. Maliki's Dawa faction, according to The Associated Press. Two allies of Mr. Sadr's who were not identified also said the politicians would return.

Although there were hints on Thursday that the Sunni Arab Iraqi Islamic Party might reconsider some of its demands, if taken at face value they would almost certainly scuttle the formation of the unity bloc because they could never be met in the spoils system of Iraqi politics.

In that system, the ministries are doled out to parties that won various shares of the vote in the last elections, and top ministry posts are given to members of those parties.

In Baghdad, Mr. Gates talked to enlisted service members on the second day of his visit to Iraq. A majority of the troops at the meeting signaled that they supported the idea of sending more American forces to Iraq, a proposal that has emerged as a leading option as the Bush administration considers a strategy shift.

"I really think we need more troops here," said Specialist Jason T. Glenn. "With more presence here," he said, security might improve to a point that "we can get the Iraqi Army trained up."

On Wednesday, American generals expressed concern about such a plan, saying that sending more troops would make Iraqis less likely to take responsibility for security.

After a meeting with Mr. Maliki and other senior Iraqi officials, Mr. Gates said that he had discussed "the possibility of some additional assistance" but that there had been no mention of specific numbers of additional American troops.

Mr. Gates told the troops that the administration was putting together a package of ideas for reversing sectarian violence, including procedures for delivering reconstruction assistance quickly to places where the military had conducted operations to clear out insurgents and militias.

Mr. Gates said the first assistance to a neighborhood should come "within hours" of such a clearing operation, to shows residents the tangible benefits of rejecting militants and backing the government.

It was not clear how the troops who met with Mr. Gates had been selected, but in a show of hands he requested, about half said they were serving their second tour in Iraq and the rest said they were on their first.

Several said the Iraqi Army and police were improving but were not competent enough for the Americans to shift to a supporting role. Many do not show up regularly for work, they said, and some tip off insurgents and militias about military operations.

Shiite Cleric Lets Supporters Rejoin Iraqi Government (USAT/AP)

By The Associated Press

USA Today, December 22, 2006

DOJ_NMG_0108420

BAGHDAD — Radical Shiite cleric Muqtada al-Sadr has agreed to allow his supporters to rejoin the Iraqi government after a three-week boycott to protest the prime minister's meeting with President Bush, three officials close to the militia leader said late Thursday.

Al-Sadr's loyalists — 30 in parliament and six in the Cabinet — walked out three weeks ago after Prime Minister Nouri al-Maliki met Bush in Jordan. The move halted the passage of legislation.

Shiites from the Iraqi parliament's largest bloc, the United Iraqi Alliance, met Thursday in their holy city of Najaf, as part of a plan to persuade the anti-American militia leader to rejoin the political process and rein in his fighters. They were in touch with al-Sadr's aides, and would meet the cleric today or Saturday, aides to participants told the Associated Press on condition of anonymity because of the secrecy of the talks.

"The main (United Iraqi) Alliance forces and the al-Sadr movement have agreed to solve the problems and overcome the obstacles that made al-Sadr boycott the political process," said Abdul Karim al-Anizi, a Shiite lawmaker from the Dawa faction. Two figures in al-Sadr's movement — an aide and a parliament member — also told AP the cleric had agreed to allow his followers to go back to their jobs.

On Thursday, al-Sadr's loyalists met with members of the Shiite bloc, and laid out their demands for returning to the government, said the lawmaker. "Our demands are to hand over the security file and not allow any regional interference in Iraqi affairs," he said. The Sadrists planned to issue a statement on Saturday, he added.

The reference to the security file appeared to be a demand that U.S. forces cede control of security to the Iraqi government. American forces already are implementing a plan to give more responsibility to Iraqi troops, but doubts remain about whether they are ready.

Al-Sadr's agreement to tell his followers to rejoin politics was possibly the result of intervention by Grand Ayatollah Ali al-Sistani, Iraq's top Shiite cleric, in a bid to keep Shiite unity. Still unsettled: the fate of al-Sadr's Mahdi Army, blamed for some of the country's worst attacks on Sunnis.

American officials also were considering changes to Iraq policy, including a short-term surge in U.S. troop numbers. Defense Secretary Robert Gates, on his second day in Iraq, met with Iraqi leaders to discuss "the overall approach, including the possibility of some additional assistance." He was vague about the type of assistance and said no specific numbers were discussed.

President Bush is considering whether to quickly send thousands of additional troops to the country.

Also Thursday:

•The U.S. military announced the death of three more American troops in Iraq.

• A suicide bomber killed 15 people and wounded 15 others in a crowd of police volunteers in eastern Baghdad, Iraqi police and the U.S. military said.

•Iraqi officials announced the murder of Iraq's Olympic cycling coach, Mahoud Ahmed Fulayih, 48.

Mideast Leaders Seek Their Own Solutions For Region (CSM)

By Dan Murphy

The Christian Science Monitor, December 22, 2006

CAIRO

For many of the Middle East's leaders, the upshot of the swirling American debate over Iraq is that when, as seems likely, the US withdraws it will leave behind an ongoing war.

So the region's powers - US allies Jordan, Israel, and Saudi Arabia, and its foes Syria and Iran - are engaging in new diplomatic efforts, largely aimed at preventing Iraq's fighting from causing broader turmoil.

While in some cases the talks are only tangentially about Iraq, this high-level dialogue appears to reflect a new reality: With US prestige crippled by the war, regional actors are bypassing the West to forge partnerships and find solutions on their own.

Thursday, Jordan's King Abdullah II, who has recently been more vocal about restarting Arab-Israeli negotiations, invited Palestinian rivals Hamas and Fatah, locked in deadly street battles this past week, to hash out their differences in Jordan on Sunday.

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In Beirut, Arab League negotiator Amr Moussa seems to be making some progress at ending the political crisis between the country's ruling coalition and the Shiite militant party Hizbullah.

But in all cases, Iraq is the volatile backdrop, specifically its potential to become a proxy arena for the region's problems.

A good example is Israel. Watching the unfolding tragedy in Iraq and with its own war this summer against the Shiite militants of Hizbullah in mind, it's reaching out to the Jordanians, the Saudis, and the Lebanese to find solutions to its own security problems.

"In the late 1990s, Israel's worldview was that 'we are the military superpower in the region and we are very closely allied with the world's only superpower. So we have very little to worry about,' " says Gidi Grinstein, a former peace negotiator for the Israeli government and now president of the Reut Institute, a Tel Aviv think tank.

Now, he says, "you have America in a situation of very serious overstretch, unable to get a decisive victory across the region ... we have to look for new partners, alliances, and means of cooperation."

Before Sunday's meeting between Fatah and Hamas was announced, Israeli Prime Minister Ehud Olmert flew to Jordan Tuesday to talk with Abdullah about reviving failed peace talks with the Palestinians.

Diplomatic activity is also swirling in Lebanon, where a domestic squabble over the country's sectarian power-sharing arrangement, also draws together the competing interests of the Sunni Arab powers of the region on the one side, and Shiite Iran, on the other.

Arab League Secretary General Amr Moussa, a former Egyptian foreign minister, returned to Beirut Wednesday, where he met with an Iranian official and Lebanese leaders from the ruling party and Hizbullah, before traveling to Damascus to meet with that country's president, Bashar Assad.

His regional hopscotch is an effort to cobble together a deal that would probably see pressure lessened on Syria over its political role in Lebanon in return for Hizbullah, an ally of Syria and Iran's, agreeing to a smaller role in a new Lebanese government than it has been demanding so far. The current Beirut government, in turn, is heavily backed by both the US and by Saudi Arabia, which sees it as a bulwark against the expansion of Iranian influence in the region.

From Iraq to Lebanon and in the capitals of Amman and Cairo, the perception of Iran as a potential threat is driving the new engagement and is making for unusual alliances in which the interests of a state like Israel's are being closely aligned with those of the Saudi Arabian monarchy.

In a speech in Dubai Wednesday, British Prime Minister Tony Blair starkly summed up the views of the many governments that fear the expansion of Iranian power.

Iran has profited strategically from the rise of a Shiite-dominated government in Iraq whose main leaders are drawn from Shiite Islamist movements, the Supreme Council for the Islamic Revolution in Iraq (SCIRI) and the Dawa Party, which have close ties to Tehran.

Mr. Blair accused parts of Iran's government of "openly supporting terrorism in Iraq ... trying to turn out a democratic government in Lebanon; flaunting the international community's desire for peace in Palestine ... and trying to acquire nuclear weapons capability."

While Saudi Arabia, Jordan, and Israel are less concerned about democracy in Iraq or Lebanon, they are all committed to opposing an expansion of Iranian power, which they see as threatening their own vital interests.

In that area of concern, Iraq once again takes center stage. Saudi Arabia and Jordan are not only concerned about refugees and a sectarian war that could spill over and destabilize their countries, analysts say, but with the chance that Iraq could take center stage in the 25-year-old cold war that has persisted between Shiite Iran and its Sunni neighbors.

"All of these players are on the same side wishing to preserve the state order rather than seeing it undone," says Asher Susser, an expert on Jordanian-Israeli relations at Tel Aviv University. "That is why the undoing of Iraq causes such anxiety to Israel, to Jordan, to all those adjacent to Iraq."

Their current maneuvers, talking with disaffected former Baathists in their capitals and, regional diplomats say, quietly passing money to Sunni insurgent groups in Iraq in an effort to build up influence and intelligence aren't particularly likely to end Iraq's war soon.

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But they could find a way to contain the violence there and the regional animosities it is threatening to inflame, or set the stage for Iraq to become a proxy battle ground.

"If you're looking forward, this is the next stage," says Toby Dodge, a political scientist and expert on Mideast Politics at Queen Mary College at the University of London. "The point will soon come when it's much more obvious than it is today that the Americans are going home, and then what will the Saudis and others do?

"Will they say, right, the sky is falling in ... but we have an opportunity to contain it by working together? Or, will this become the front line of a much nastier covert war?" he says.

Greg Gause, a political science professor at the University of Vermont and Middle East expert, says: "This is about balance of power politics ... it seems to me what the Saudis, particularly the Saudis, fear is growing Iranian power, and they fear that the Iranians will seek to use that to destabilize the Gulf and their own country, through their own Shia populations."

Regional diplomats say Saudi Arabia is already funding some Sunni groups in the country, and a recent International Crisis Group report on Iraq recommended that Saudi Arabia cut "off funding from private Saudi sources" to insurgent groups in Iraq that refuse work toward a national peace deal.

Iran, for its part, is in fact expanding its influence inside that country. "They want to be the guiding foreign-policy actor in Iraq, which will eventually have an oil policy, and that's also something Iran wants a say in.... I think they're winning all this and they're ambitious," says Mr. Gause.

Mr. Dodge says that Saudi and Jordanian fears about expanding Iranian influence, famously termed by Jordan's Abdullah as a potential "Shiite crescent" arcing from Iran to Lebanon, exaggerates the threat to their states, but the fear itself is nevertheless real and could have negative consequences.

Suicide Bomber Kills 14 In Baghdad (LAT)

By Borzou Daragahi

The Los Angeles Times, December 22, 2006

BAGHDAD — A suicide bomber wearing an explosives-packed belt killed 14 Iraqis near a crowded police recruitment center in the capital this morning, in the latest salvo by Sunni Arab insurgents against the Shiite Muslim-dominated government.

Also today, three U.S. troops were reported to have been killed in separate combat incidents.

The police recruiting station bombing cost Mustafa Numan, a 25-year-old trying to sign up for the police, two of his friends.

"We were all getting ready to get into line when the explosion occurred," he said from his bed at Kindi Hospital, where he recovered from stomach and leg wounds. "I lost consciousness and came to at the hospital. I consider myself lucky when I think about those who lost their lives."

Sunni Arabs distrust Iraq's security forces as a Shiite-controlled tool in the country's sectarian civil war. In addition to the police recruiting center bombing, Sunni insurgents today killed a police intelligence officer in west Baghdad and attempted to kill another police commander near Kirkuk.

Apparent insurgent bomb strikes and shootings in the capital left at least three more dead.

Suspected Shiite militiamen with alleged ties to security forces have waged their own deadly campaign, killing dozens a day in secretive death squad operations. At least 76 unidentified bodies were discovered in and around Baghdad during a 24-hour period ending Wednesday night. Another four bodies were discovered today in southern Iraq.

The three U.S. troops died over the past three days. One Marine died in Al Anbar province today. A soldier was killed in a roadside bombing south of Baghdad on Wednesday. Another soldier died Tuesday in Al Anbar.

December is shaping up as one of the deadliest for Americans in Iraq. But U.S. soldiers told visiting Defense Secretary of State Robert M. Gates that a controversial proposal to increase the American troop presence in Baghdad would buy time to stabilize Iraq.

"I really think we need more troops here," Spc. Jason Glenn told Gates during a meeting at Camp Victory in Baghdad, according to news services. "With more presence on the ground, more troops might hold them [the insurgents] off long enough to where we can get the Iraqi army trained up."

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Gates, in Iraq on a second day of a fact-finding mission, was told by the soldier that the current strategy of training Iraqi forces to take over from Americans was working.

"Sir, I think we need to just keep doing what we're doing," Glenn said.

Gates later met with senior Iraqi officials, assuring them of U.S. support for the fractured Baghdad government.

"The Iraqi government is determined to improve the security of the people here in Iraq, and above all here in Baghdad," Gates told reporters after meeting with Iraqi Prime Minister Nouri Maliki and other ranking officials, according to the news agencies.

Meanwhile the judge in the genocide trial of Saddam Hussein and six codefendants silenced testimony suggesting that Turkey, a U.S. ally, cooperated with Baghdad during a late 1980s operation to use chemical weapons to crush rebellious Kurds.

"There has to be very delicate cooperation with the Turkish side to ensure that these ... ," said a passage in Aug 21, 1988 document read in the courtroom before the judge cut off the sound.

Another audio snippet a few minutes later referred to a "secret Iraqi-Turkish protocol" that allowed Turkish troops to enter Iraq in pursuit of Kurdish guerrillas fighting the Ankara government.

Three U.S. Troops Killed (WP)

By Nancy Trejos

The Washington Post, December 22, 2006

BAGHDAD, Dec. 21 -- The U.S. military announced Thursday that three more American service members have been killed in Iraq, as a suicide bomber detonated himself in a crowd of police recruits in Baghdad, killing 15.

A Marine assigned to Regimental Combat Team 7 died in western Anbar province Tuesday, and soldier from the 1st Brigade, 1st Armored Division, died there Wednesday, the military said. The area is considered the heartland of the Sunni Arab insurgency.

A roadside bomb killed one soldier and wounded three others while they were escorting personnel to their base south of Baghdad on Wednesday, the military said.

The deaths occur as President Bush, under pressure to come up with a new war strategy, is considering sending more U.S. troops to Iraq. Military casualties have mounted as American forces have tried to calm sectarian violence in the capital while fighting insurgents in Anbar.

The Web site Icasualties.org, which tracks war fatalities, said Thursday that 70 service members had died this month, which would put December on track to becoming one of the deadliest of the year. The U.S. military, whose count often lags behind those of independent organizations, said 51 service members had been killed.

Lt. Col. Christopher C. Garver, a U.S. military spokesman, cautioned against ranking death tolls. "We don't count them that way," he said.

Insurgents have often targeted crowds of Iraqi army and police recruits. On Thursday, a suicide bomber detonated explosives in his vest at Baghdad Police College in eastern Baghdad, killing 15 people and wounding 15, the U.S. military said. Police reports said three police officers and 12 recruits were among the dead, according to the military.

An Interior Ministry official who requested anonymity because he was not authorized to speak to the media said the suicide bomber detonated the bomb at 7:15 a.m. as he stood with the police recruits near the ministry building.

In the northern city of Kirkuk, the commander of the Adala Police Station, Col. Adnan Mohammad, escaped an assassination attempt when a roadside bomb exploded in his convoy. Four bodyguards were wounded, according to Col. Yadqar Abdul Allah of the Kirkuk police.

Meanwhile, at Saddam Hussein's genocide trial, prosecutors have spent the week presenting videos and documents purporting to show that Hussein's government sanctioned the use of chemical weapons against civilians.

Sultan Hashem Ahmed, former minister of defense, and Gen. Hussein Mohammed, former deputy director of army operations, denied using such weapons. They said that they did use conventional weapons against Iranian troops and insisted that they were carrying out the orders of their superiors.

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Hussein and six other defendants are on trial for the so-called Anfal campaign, which prosecutors say resulted in the deaths of as many as 180,000 ethnic Kurds. The trial was adjourned until Jan. 8.

The Builder Who Bombed In Iraq (WP)

By Griff Witte

The Washington Post, December 22, 2006

Until this year, Parsons Corp. was about as quiet as a $3 billion engineering and construction firm with 12,000 employees could be. That's the way the firm's chief executive for the past decade -- a soft-spoken, white-haired Army veteran named James F. McNulty -- liked it.

But Iraq has changed everything.

Parsons has been reproved in recent federal audits for completing just a small fraction of the 150 primary health clinics originally planned to be built in Iraq and for building a police academy so flawed that human waste rained from the ceilings. For this, it has taken bipartisan hits on Capitol Hill, where its name is now whispered by war critics in the same breath as that perennial boogeyman, Halliburton.

Sick of taking blame, McNulty, 64, is speaking out about what went wrong with his firm's work and what he regards as the problems with how the United States uses private contractors in Iraq.

In a recent interview at the firm's Washington offices, one of a series he has given, McNulty said the government handed Parsons an impossible task by setting unrealistically high expectations for how much could be built while under-funding its efforts. McNulty said the company repeatedly pleaded with the government to either provide enough money to get the job done or scale back its goals, but said its entreaties were ignored.

"The entire reconstruction effort was much too ambitious," McNulty said. For instance, he said, his firm wanted to build a small number of clinics, some in each of three regions of the country, rather than try to do all 150 at once. "If we had built five in each region, we could have at least understood what problems we were going to face in building them," he said. "And we probably would have had 15 darn good clinics up a lot faster."

McNulty, a West Point graduate who served two tours in Vietnam during a 24-year Army career, also suggested the government needed to rethink its heavy dependence on the private sector for reconstruction, security and support in a combat environment.

The comments are unusual for the leader of a firm that makes much of its money doing work for the government. Then again, few have been battered as badly as Parsons, an employee-owned, California-based company with a six-decade track record. Since the spring, when news of the stumbling health clinic program first broke, the company's performance has been derided in the press and put under the microscope at congressional hearings. At a hearing in September, Rep. Henry A. Waxman (D-Calif.) spoke of a $75 million police academy that Parsons was responsible for but that went badly awry: "This is the lens through which Iraqis will now see America. Incompetence. Profiteering. Arrogance. And human waste oozing out of ceilings as a result."

At the same hearing, Stuart W. Bowen Jr., special inspector general for Iraq reconstruction, said 13 out of 14 Parsons projects that his office examined were flawed.

While Bowen's reports have spread the blame for the failed projects between Parsons and the government, one of the firm's customers in Iraq, the Army Corps of Engineers, has pointed responsibility squarely at its contractor.

"We had hundreds and hundreds of projects completed at the same time by other contractors. Parsons just wasn't able to meet their schedules," said Michael Fallon, a corps official who directed reconstruction programs in Iraq.

Fallon said that with the money Parsons was given to build health clinics -- roughly $200 million -- it should have been able to complete its work. The government insisted on 150 clinics, produced on an accelerated schedule, because "the country of Iraq needed health care in a hurry," Fallon said. Parsons says it finished 20 clinics before being terminated from the contract, though the corps insists just seven are operational.

"I don't know how much they understood what they were getting into," Fallon said.

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McNulty contends the company was misled. Parsons had worked in Bosnia, Kosovo and Kuwait, and it was prepared for a similar security situation in postwar Iraq. The firm won eight reconstruction contracts, worth $1.7 billion, with a hope that those contracts would serve as a bridge to more work as the country blossomed under new leadership. "All the contractors were told to assume, and this is a quote, a 'permissive security environment.' That means to me you're going to be able to move around the country," he said.

Instead, the company's expatriate employees were virtual prisoners of the heavily fortified, U.S.-run Green Zone. At most sites, it was too dangerous for Parsons's expatriates. The company had to train Iraqis to oversee construction carried out by Iraqi subcontractors. Many were inexperienced firms that found themselves targeted by insurgents. Parsons subcontractors were kidnapped, killed by roadside bombs and assassinated in their offices. McNulty declined to answer questions about violence against expatriate Parsons employees until after they are all out of Iraq.

"You would have 500 workers on the site, and then one kidnapping or one bombing later, you would have no people out there for a week or two," McNulty said.

Meanwhile, McNulty said the company was not getting the help it needed from the government. U.S. officials initially gave the company coordinates for building clinics that turned out to be locations at the bottom of a lake or on top of a mosque. As U.S. officials rotated in and out of Baghdad, priorities shifted. "We couldn't get anybody to really make any decisions," he said.

Those factors took a toll on the company's timelines. But Jon C. Bowersox, who oversaw health care projects for the U.S. Embassy from late 2005 until mid-2006, said the company was not transparent about its problems. "They were giving [the government] very optimistic completion dates," Bowersox said. Clinics that were supposedly 90 percent complete proved to be far from it, he said, although added that he does not blame Parsons entirely.

"The real take-home message is you can't do construction in the midst of a civil war," he said.

McNulty said he would like to see the government rethink how it handles reconstruction in a combat zone. In Iraq, the government oversees the work, but contractors handle both the construction and security at work sites. In future conflicts, he said, he would like to see the U.S. military or an international force at least take over security, and perhaps the construction work itself.

Parsons, meanwhile, is not through with Iraq just yet. The company boasts it has completed more than a thousand projects there, and is still wrapping up others.

McNulty said the criticism Parsons received has been "a huge morale problem" for employees who served in Iraq. He has personally been under intense pressure to explain the company's performance to potential clients and to the public. But he said the firm continues to rack up contracts even as it comes under assault.

"We've lost no business over it," McNulty said. "In fact, the very people who are criticizing us are giving us more work."

Saddam Co-defendants Deny Gassing Kurds (AP)

By Al-Bashir and Halaby

AP, December 22, 2006

Two former Iraqi commanders denied gassing Kurdish civilians in northern Iraq 20 years ago, telling Saddam Hussein's genocide trial Thursday that they used only conventional weapons against Kurdish rebels and Iranian troops.

Sultan al-Tai, minister of defense under Saddam, and Gen. Hussein Mohammed, a deputy director of army operations, testified to rebut evidence presented by prosecutors in videos and documents this week.

The documents, prosecutors said, showed Saddam's government sanctioned the use of "special weapons" — mustard or nerve agent — against Kurdish civilians as well as rebel fighters in 1987-88.

In sometimes emotional testimony, al-Tai alleged some of the documents implicating him in waging chemical warfare were forged. "I didn't use any special weapon against the Kurds," al-Tai shouted at the judges.

The two men, Saddam and four other former members of his regime have pleaded innocent to charges of war crimes and crimes against humanity for their roles in the military campaign, code-named Operation Anfal. The campaign took place during the 1980-88 Iraq-Iran war.

An estimated 180,000 Kurds died during the operation. Saddam and one other defendant have pleaded innocent to the additional charge of genocide.

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Al-Tai and Mohammed argued Thursday — shouting at times — that Iranian forces had infiltrated northern Iraq and were using Kurdish rebel bases to attack government troops.

Both men insisted they used only conventional weapons and both said they were carrying out their superiors' orders.

"My job allowed me only limited responsibility," Mohammed told the court. "In an army, a deputy commander is not the responsible person."

He challenged evidence presented by prosecutors. "Did I sign these documents?" he demanded. "Is my name on them? If it's there, I'll sign my execution myself."

The chief judge, Mohammed Oreibi al-Khalifa, interrupted to say: "Prosecution documents show that special weapons were used, but you say they weren't from army warehouses?"

"No," Mohammed responded.

"So they didn't belong to you," the judge asked.

"Of course not," Mohammed said.

"So, where did they come from?" al-Khalifa asked.

"I don't know. Had I known, I would've told you. You have to ask other people — the military industrialization department," Mohammed replied, provoking a smirk from Saddam, sitting in the dock alongside him.

Al-Tai said the government relocated Kurdish civilians for their safety during the campaign.

"We removed all civilians from the fighting zones. The civilians were transferred in trucks ... and they were put in safe houses," al-Tai said.

Chief prosecutor Munqith al-Faroon scoffed at this claim.

"I wonder where the people in the mass graves come from?" al-Faroon asked the judges rhetorically. "How were they transferred to the mass graves? Maybe in the same trucks that went to the safe houses he's talking about!"

"We saw documents. We watched videos incriminating them. What more do we need — believe the documents and the videos or believe him?" the prosecutor said.

The trial was adjourned to Jan. 8.

At an earlier trial, Saddam was condemned to death for the killing of nearly 150 people in the town of Dujail after a 1982 attempt to assassinate him. His lawyers have appealed both the verdict and sentence, and the appeals court is expected to rule next month.

Iraqi officials suggest that Saddam's prosecution on genocide charges would be halted if the appeal court upholds the death sentence of the first trial.

NATO Ex-commander Warns On Pakistan Border (AFP)

AFP, December 22, 2006

Islamic fighters are still entering Afghanistan from Pakistan, despite a deal between Islamabad and tribal chiefs meant to cut down the incursions, NATO's former top General warned.

General James Jones, who handed over to General John Craddock as Supreme Allied Commander Europe this month, said the Western alliance's political leadership would raise the issue with Pakistan unless things improved.

Pakistan's government signed peace deals in September with tribal elders along the border, saying the move would help stem the flow of Taliban fighters entering Afghanistan to battle Western troops.

But Jones said during an appearance at the Atlantic Council of the United States think-tank, he had discussed the situation frankly with General Ehsan Ul Haq, Chairman of the Joint Chiefs of Pakistan's military staff last month.

"I told him that the returns did not really look too encouraging, given the porous nature of the borders and some very physical evidence that fighters were still coming across and returning rather freely across the many border crossings that are there," Jones said.

"I think that from the political side that NATO will be heard through the Secretary General on this issue if it continues to be a significant problem," said Jones.

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"The problem of the Taliban is not an Afghan problem alone. This could be a Pakistani problem if Afghanistan doesn't work out the way we want it to."

However, Jones said that he had been convinced of Haq's "earnestness and sincerity" to work with the Western alliance, and said several initiatives involving NATO, Pakistan and Afghanistan would be put in place over the winter.

Agency To Test Military Draft Machinery (AP)

By Kasie Hunt

AP, December 22, 2006

The Selective Service System is planning a comprehensive test of the military draft machinery, which hasn't been run since 1998.

The agency is not gearing up for a draft, an agency official said Thursday. The test itself would not likely occur until 2009.

Meanwhile, the secretary for Veterans Affairs said that "society would benefit" if the U.S. were to bring back the draft and that it shouldn't have any loopholes for anyone who is called to serve. VA Secretary Jim Nicholson later issued a statement saying he does not support reinstituting a draft.

The Selective Service "readiness exercise" would test the system that randomly chooses draftees by birth date and the network of appeals boards that decide how to deal with conscientious objectors and others who want to delay reporting for duty, said Scott Campbell, Selective Service director for operations and chief information officer.

"We're kind of like a fire extinguisher. We sit on a shelf" until needed, Campbell said. "Everyone fears our machine for some reason. Our machine, unless the president and Congress get together and say, 'Turn the machine on' ... we're still on the shelf."

The administration has for years forcefully opposed bringing back the draft, and the White House said Thursday that its position had not changed.

A day earlier, President Bush said he is considering sending more troops to Iraq and has asked Defense Secretary Robert Gates to look into adding more troops to the nearly 1.4 million uniformed personnel on active duty.

According to the nonpartisan Congressional Budget Office, increasing the Army by 40,000 troops would cost as much as $2.6 billion the first year and $4 billion after that. Service officials have said the Army wants to increase its force by 20,000 to 30,000 soldiers and the Marine Corps would like 5,000 more troops.

The unpopular war in Iraq, where more than 2,950 American troops have already died, complicates the task of finding more recruits and retaining current troops — to meet its recruitment goals in recent years, the Army has accepted recruits with lower aptitude test scores.

In remarks to reporters in New York, Nicholson recalled his own experience as a company commander in an infantry unit that brought together soldiers of different backgrounds and education levels. He said the draft "does bring people from all quarters of our society together in the common purpose of serving."

Rep. Charles Rangel, a New York Democrat who has said minorities and the poor share an unfair burden of the war, plans to introduce a bill next year to reinstate the draft.

House Speaker-elect Nancy Pelosi has said that reinstating the draft would not be high on the Democratic-led Congress' priority list, and the White House said Thursday that no draft proposal is being considered.

Planning for the Selective Service exercise, called the Area Office Mobilization Prototype Exercise, is slated to begin in June or July of next year for a 2009 test. Campbell said budget cuts could force the agency to cancel the test, which he said should take place every three years but hasn't because of funding constraints.

Hearst Newspapers first reported the planned test for a story sent to its subscribers for weekend use.

The military drafted people during the Civil War and both world wars and between 1948 and 1973. An agency independent of the Defense Department, the Selective Service System was reincorporated in 1980 to maintain a registry of 18-year-old men, but call-ups have not occurred since the Vietnam War.

VA Head: Draft Beneficial To Society (AP)

By Sara Kugler

AP, December 22, 2006

DOJ_NMG_0108428

President Bush's secretary for Veterans Affairs said Thursday that "society would benefit" if the country brought back the military draft, then clarified that he doesn't support such a move.

Veterans Affairs Secretary Jim Nicholson spoke a day after Bush said he is considering sending more troops to Iraq. The administration has for years forcefully opposed bringing back the draft, and the White House said Thursday that its position had not changed.

Nicholson, who served in Vietnam, was in New York to announce a partnership with Mayor Michael Bloomberg to help homeless veterans find housing.

A reporter suggested that the all-volunteer armed forces attract a disproportionate number of minorities and people trying to lift themselves out of poverty, and asked Nicholson if the draft should be reinstated to make the military more equal.

"I think that our society would benefit from that, yes sir," Nicholson said.

The secretary recalled his own experience as a company commander in an infantry unit that brought together soldiers of different backgrounds and education levels, noting that the draft "does bring people from all quarters of our society together in the common purpose of serving."

He later issued a statement saying his comments had been misconstrued and that he does not support bringing back the draft.

Nicholson, a graduate of the military academy at West Point, N.Y., served eight years on active duty as a paratrooper and Ranger-qualified Army officer, then 22 years in the Army reserve. He has held the VA post since February 2005.

Bush said he has not made up his mind about whether to send more troops to Iraq. No timetables or totals have been outlined publicly, but by some accounts roughly 20,000 troops could be added to the 140,000 already there.

Their Christmas At War (WP)

By David Ignatius

The Washington Post, December 22, 2006

Thanks to a military blogger who calls himself "Blackfive" ("The Paratrooper of Love"), we have a snapshot of what Christmas looks like this year at Camp Taji, 20 miles north of Baghdad. It's a man dressed up in a Santa Claus suit, standing behind a "sleigh" that is actually an unmanned aerial vehicle and six soldiers who are wearing antlers and perched precariously on the launch ramp.

Or we can read this Christmas message posted Dec. 21 from "Lt. Col. Patrick," an Air Force C-130 pilot. Next to a picture, taken at his base, of a Christmas tree decorated with festive lights, he writes: "Holiday deployments are difficult but the one characteristic that comes from being away from home at this time of year is that everyone else misses home too. You don't hear people actually complain about missing Christmas at home I think because we're all in it together." Misery may love company, but in the military, it keeps its mouth shut.

This holiday season, America is struggling through a searing national debate about Iraq. The horror of the war feels immediate, even to people who've never been near Baghdad, but less so the humanity of the thousands of American soldiers who are serving there. That's part of the Iraq disconnect: The war dominates our political life, but the men and women in the midst of it often are nearly invisible. We see them in thumbnail photos in group obituaries but not as real, living people.

If you read soldiers' blogs, and I've looked at several dozen over the past few days, you see a recurring anger that the media aren't telling their story. So I'll let a few of the military bloggers speak for themselves. If you want to share in the conversation, a good place to start is http://milblogging.com, which collects blogs from soldiers deployed in Iraq, Afghanistan and around the world.

Needless to say, the first thing most American soldiers are thinking about is getting back home. They wait for a magic acronym: RIP/TOA, which means: "Relief in Place/Transfer of Authority." In his blog, "Duty in the Desert," Lt. Col. Patrick writes: "You can easily tell the folks that have been here awhile from the newer arrivals. New guys tell you how they're doing and what they're feeling. The old heads, deployed longer, start off every sentence with how many days remaining in their tour."

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A young woman who calls herself "Techno" has a small Christmas tree at the foot of her bed. She explains in her blog that she broke up with her boyfriend before joining the Army and coming to Iraq. She wrote this week: "I really can't think of a better place to go through all of this. Back home, I would have been a mess for a lot longer and really would have gone back to him."

Her motto atop her Web page reads in part: "I belong to the Army. Sometimes it sucks, sometimes it doesn't."

What does Iraq mean? For many soldiers, the big issues debated back home are less important than the simple reality of being there. A 23-year-old soldier who calls himself "Dreadcow," who recently returned home, tries to explain: "As much as it sucked I wouldn't trade my time in the desert for anything. . . . When people ask me what I did during the war I don't have to say I shoveled [expletive] and picked strawberries." Dreadcow says he has learned two things from Iraqis: the importance of having a special place for your gun at home, and the requirement that "every male should have some sort of facial hair."

The military bloggers celebrate their heroes, like Pfc. Ross A. McGinnis, a 19-year-old Army gunner from Knox, Pa., who died Dec. 4 falling on a grenade that was thrown into his truck, thereby saving his buddies. His platoon sergeant explained: "He had time to jump out of the truck. He chose not to." His friend Pfc. Brennan Beck said of him: "He loved it here in Iraq. He loved being a gunner. It was a thrill, he loved everything about it." He was awarded the Silver Star posthumously.

War changes people. That's something that comes through powerfully in these soldiers' accounts of life in the battle zone. "Grey Eagle," the moniker of a 35-year-old combat medic serving with the 101st Airborne Division, writes in her blog, "I have been living in another life time another dimension so separate from the world I left behind that I fear I may never really find my way back. Will those I love be able to accept me if I was not the exact person they knew. Would they be angry with me for the loss of my innocence."

DOJ:

Media-Sourcing Debate On Deck At Capitol (WSJ)

By JESS BRAVIN, SARAH ELLISON

Wall Street Journal, December 22, 2006

WASHINGTON -- The Bush administration is increasingly at odds with some Republicans over its efforts to make journalists reveal confidential sources.

The controversy is reaching a flashpoint in San Francisco, where the Justice Department is expected to file papers today urging that two San Francisco Chronicle reporters face jail if they refuse to reveal their source for confidential grand-jury proceedings concerning baseball slugger Barry Bonds's alleged use of steroids.

The issue also is expected to re-emerge on Capitol Hill next year, where two influential Republicans, Sen. Richard Lugar and Rep. Mike Pence, both of Indiana, plan to reintroduce legislation limiting the government's power to force journalists to disclose confidential sources. Many Democrats, whose party will control Congress next year, also support extending protection to reporters' sources and are expected to co-sponsor the legislation.

Mr. Pence said in an interview that he expects to reintroduce the bill with his Democratic co-sponsor in the previous Congress, Rep. Rick Boucher of Virginia. In the upper house, he said Sens. Lugar, Christopher Dodd (D., Conn.) and Arlen Specter (R., Pa.) were likely to be involved as well.

"We're suggesting there's been a tear in the First Amendment right now, and it's widening," Mr. Pence said. "The only way you patch it is to do as many states have done and pass a federal statute that clarifies the boundaries."

Mr. Pence said that some were surprised to see him and other conservatives championing a press-freedom bill. "It's one of those things that's a little counterintuitive for a cheerful right-winger to be involved in," he said, but "I really do believe that the framers of the Constitution put a free and independent press in the First Amendment to protect the public's right to know, and the only way you do that is protect reporters' ability to keep certain sources confidential."

Currently, all states except Wyoming have passed laws or issued court rulings that provide some level of protection for reporters' confidential sources or notes from subpoenas, says Marv Johnson, a legislative counsel with the American Civil Liberties Union in Washington. The rationale for the so-called shield laws is that society benefits from aggressive news reporting, a value embodied in the First Amendment. Giving prosecutors or other litigants access to reporters' sources could transform

journalists into investigators for the government or private parties, media advocates say, potentially exposing sources to retaliation and thereby impeding public access to news of possible wrongdoing or questionable activities.

Others maintain that the First Amendment confers no privilege upon journalists and that, in any case, legal proceedings take precedence over news gathering. In 1972, the Supreme Court upheld a local prosecutor's subpoena to make a Louisville, Ky., reporter disclose the identity of sources he had seen in possession of marijuana. The court rejected "the notion that the First Amendment protects a newsman's agreement to conceal the criminal conduct of his source, or evidence thereof, on the theory that it is better to write about crime than to do something about it," Justice Byron White wrote.

The case didn't resolve all constitutional questions regarding the issue, however, and various federal circuit courts have interpreted them differently.

The Justice Department also has long taken a stand against letting its prosecutors routinely pry open reporters' notebooks, and in 1973 issued guidelines requiring that the U.S. attorney general personally approve subpoena requests for the news media. In its most recent version, the guidelines state that "except under exigent circumstances" such subpoenas should "be limited to the verification of published information."

Under Attorney General Alberto Gonzales, the Justice Department has pursued journalists' sources in cases ranging from a terrorism investigation of Islamic charities to the alleged vandalism of a police car. In the latter case, free-lancer Josh Wolf has been jailed since September for refusing to turn over videotape of a July 2005 altercation between protesters and San Francisco police in which a city police car was vandalized. Although California state law would bar local prosecutors from obtaining Mr. Wolf's footage, federal authorities have asserted jurisdiction because the San Francisco Police Department receives some funding from Washington.

Justice Department spokeswoman Tasia Scolinos said the government continues to follow its guidelines and disputed claims that pursuit of reporters' sources and records has increased under Mr. Gonzales. "Over the past 15 years there have been less than 20 source subpoenas issued," she said, although no figures were available on subpoenas for unpublished notes or recordings. "To say we've been incredibly cautious and restrained when using this lawful tool is an understatement."

San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams have published articles and a book involving allegations that Mr. Bonds, the San Francisco Giants slugger, committed perjury when he testified in 2003 that he never knowingly used steroids to boost his performance. At the urging of federal prosecutors, U.S. District Judge Jeffrey White found the Chronicle and its reporters in contempt of court for refusing to reveal how they obtained the information for grand-jury proceedings, with a potential penalty of 18 months in jail and a $1,000 per day fine.

The Chronicle's owner, Hearst Corp., backed by dozens of states and news organizations, appealed to the Ninth U.S. Circuit Court of Appeals, also in San Francisco, and the government's response is due today.

In an attempt to turn the tables on the government's push to learn the identity of reporters' confidential sources, Norman Pearlstine, the former top editor at Time Inc. (and earlier of The Wall Street Journal), this week filed a Freedom of Information Act request with Mr. Gonzales seeking documents relating to subpoenas of reporters in three high-profile cases.

The request seeks documents regarding Mr. Gonzales's approval of grand-jury subpoenas sent to the Chronicle and its reporters; to Mr. Wolf; and for telephone records of the New York Times and its former and current reporters, Judith Miller and Philip Shenon, respectively, in connection with a federal investigation into Islamic charities.

"I don't know what guidelines Gonzales was reading," Mr. Pearlstine said in an interview, "but I don't see how these cases fit into the Justice Department's own guidelines about subpoenas." Mr. Pearlstine has spent the past year writing a book on anonymous sources. While editor in chief of Time Inc., Mr. Pearlstine agreed to hand over the notes of Matthew Cooper, then a Time magazine reporter, after exhausting appeals to a court order to cooperate with a federal grand jury.

Mark Corallo, the Justice Department press secretary under former Attorney General John Ashcroft, filed an affidavit in the Chronicle case saying that he wouldn't have approved the reporter subpoenas. "This case is so far below the acceptable standards the department has lived by for close to 40 years that it will embolden prosecutors to make this a first step, not a last step," Mr. Corallo said in an interview.

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Some lawmakers are troubled by the pursuit of reporters' sources as well. "The lack of adherence to departmental standards, to the extent there are any, is a troubling matter and one I expect the committee will want to examine," Rep. John Conyers (D., Mich.), the House Judiciary Committee's incoming chairman, said through a spokesman.

The War On Terror And Rule Of Law Collide (NBC)

By Pete Williams, Justice correspondent

NBC News, December 22, 2006

WASHINGTON — The judicial branch of the government lived up to its task during the last year, working as a check on both the White House and Congress.

Between the Supreme Court's striking down of the Bush administration's plan to conduct military trials for war-on-terror detainees and the pursuit of allegedly corrupt government officials, it was a busy year for the Justice Department.

With decisions expected on the National Security Agency's Terror Surveillance Program and the Lewis "Scooter" Libby trial getting underway in January, 2007 is expected to be just as decisive.

The year that was: 2006

Legal rights reshaped in war on terror

The Justice Department struggled to respond to a setback delivered in June by the U.S. Supreme Court, which struck down the administration's plan to conduct military trials for detainees picked up in the war on terror. The court's five-member majority held that the military tribunal rules failed to follow a long-standing federal law requiring all military courts to provide fair trial rights.

Congress passed a new law allowing terror trials before military courts but providing more protections for defendants. Even so, the law raised new questions about the appeal rights of detainees.

Terror Surveillance Program

Attorney General Alberto Gonzales pushed Congress to find a way to resolve legal doubts about the government's Terrorist Surveillance Program, the NSA-run effort to monitor the calls of suspected terrorists.

Officials conceded that the program could involve listening in on the calls of American citizens without a court order. The administration disclosed some of the program's details, once among the most closely held secrets, after its existence was reported by the New York Times. Well over a dozen lawsuits were filed in federal courts, challenging the constitutionality of the program. But when the Congress finished its work in early December, no agreement had been reached on clarifying the program's legality.

Terrorism prosecutions

New statistics showed the number of federal terrorism prosecutions dropping to its lowest point since 9/11, with the new cases filed being generally less dramatic.

Seven men in South Florida were accused of being part of a terror plotting to attack prominent buildings, including the Sears Tower. And an Illinois man was accused of planning to set off hand grenades at a shopping mall. But in neither case did those arrested get very far in their planning or even appear to have many resources to carry out an attack.

Nonetheless, the government defended its record. "We could await further action by these men and then arrest and prosecute them. Or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws," said Paul McNulty, the deputy attorney general.

High profile prosecutions

A growth area for federal prosecutors came in high profile cases involving government figures. An investigation of Congressman William Jefferson, a Louisiana Democrat, touched off a prickly battle over access by FBI agents to the offices of members of Congress.

And Jack Abramoff, once Washington's lobbying super-power, made a surprise decision to admit that he tried to bribe congressmen and senators to get official favors for his clients. His plea launched a series of investigations into whether members who received Abramoff's payments broke the law.

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Former Enron executive Jeffrey Skilling reported to prison in December, the final step in the Justice Department's high profile prosecution of the former energy giant. The government's Enron task force obtained more than a dozen guilty pleas. Company founder Ken Lay died after a jury convicted him but before he could be sentenced.

Violent crime spike

Despite FBI statistics showing only a modest increase in violent crime nationwide — up 2.3 percent, with murder up 3.4 percent — many of the nation's police chiefs warned that in their cities, violent crimes were spiking.

A survey of 55 cities by the Police Executive Research Forum found murder up in 32, robbery up in 44, and aggravated assault rising in 28, all from January to June. Among the causes, a spread of gangs beyond the biggest cities, an epidemic of guns in younger hands, and acts of spontaneous violence over trivial slights.

Terror Surveillance Program

Justice Department officials will try again to urge Congress to pass a law clarifying the legal status of the Terrorist Surveillance Program. But Democrats in Congress may try to restore appeal rights for terror detainees, giving them greater legal authority to challenge their detentions. Court rulings will be due early in the year that could provide similar protections.

Vice President Cheney to take the stand

Dick Cheney will likely become the first sitting vice president to testify in a criminal trial. Lawyers for Lewis "Scooter" Libby, his former chief of staff, expect to call him as a defense witness in Libby's perjury trial, which begins in January. Libby is accused of lying during the investigation of the CIA-Valerie Plame leak case.

Abramoff fallout

The fallout from the Abramoff lobbying scandal could bring further prosecutions against members of Congress

Need to stem violent crime

Pressure will likely grow on the Justice Department to find ways to help cities respond to the spike in violent crime.

Key 'open Government' Official Leaves Policy Mark (GE)

By Daniel Pulliam

Government Executive, December 22, 2006

After 25 years heading one of the federal government's key privacy and information offices, Daniel J. Metcalfe will retire Jan. 3. Observers say that while they have not always agreed with him, he will be remembered for his ability to administer the open government policies of both Republican and Democratic presidents.

As a founding director of the Justice Department's Office of Information and Privacy since November 1981, Metcalfe has worked for seven attorneys general, pushed agencies to improve the management of requests for information and made a substantial impact on the law governing agencies' responsibilities to release information to the public.

Over that time, Metcalfe has supervised more than 500 Freedom of Information Act and Privacy Act litigation cases. Until last year, he co-directed the Office of Information and Privacy with Richard Huff, who retired after 36 years in the government.

In an interview with Government Executive, Metcalfe said he believes open government is critical. But at the same time, agencies must ensure that government information is disclosed responsibly.

"I'm more supportive of openness than some people might think, but I also recognize and respect the need to protect information," he said. "I have seen the types of sensitive information that the government can have. And I know first-hand the importance of protecting it."

Metcalfe will leave his mark on both the management of requests for information and the policies governing how much is released.

Management of FOIA Requests

President Bush issued an executive order in December 2005 requiring agencies to improve their administration of FOIA requests for government documents. Metcalfe said his office -- and secondarily the Office of Management and Budget -- has been the driving force for enforcing the changes.

According to a Justice report issued in October, agencies are for the most part complying with the executive order, which outlines a two-year process for improving the implementation of the 40-year-old law.

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Officials within the privacy community say the executive order staved off legislation that would have imposed stricter enforcement of the existing 20-day deadline for FOIA responses and would have created a system to allow people requesting information to track the status of their queries on the Internet and by telephone.

Meredith Fuchs, general counsel for the National Security Archive, which collects and publishes declassified documents, said while the information and privacy office has done excellent work, Metcalfe was not empowered to make substantial recommendations that would improve the administration of agency FOIA processes. She said the executive order, since it did not contain any recommendations for increasing funding or staffing levels, exposed the weakness of the information and privacy office.

"When you're in the one office that is charged with making recommendations a reality and you can't do anything to make the recommendations a reality, it's a frustrating situation to be in," Fuchs said.

Metcalfe noted there has not yet been time within agency budget cycles to discuss increasing resources. He said he expects agencies to implement their FOIA improvement plans and issue their progress reports on time.

He added that he has personally spearheaded the executive order's implementation, even as he has prepared to leave government service.

"I've been going out 'full throttle,' so to speak, in both guiding and admonishing the chief FOIA officers of all federal agencies to treat their individual agency executive order responsibilities with the care and seriousness they deserve," Metcalfe said. "Now it is up to them to do their part by meeting their implementation and reporting deadlines on Feb. 1."

Legal Impact

In the spring of 1978, before becoming head of the information and privacy office, Metcalfe began establishing, as a Justice trial attorney, the legal concept in FOIA law known as "survivor privacy," whereby the government can hold back personal information about a deceased person out of respect for the privacy interests of surviving family members.

In Lesar v. Department of Justice, Metcalfe decided to argue that releasing certain FOIA-requested information in the files from the investigation of the assassination of Dr. Martin Luther King Jr. would invade the privacy of the civil rights leader's family.

"I was in a unique position. I was able to decide what was quote unquote 'right,'" Metcalfe said. "I was taking a risk, given the state of the case law at the time, but I thought it was the right thing to do."

The government's decision to withhold the information eventually was upheld by the D.C. Circuit Court of Appeals in 1980. But Metcalfe's survivor privacy principle was not firmly established until the Supreme Court ruled 9-0 in 2004 that bloody photographs of the body of Deputy White House Counsel Vincent W. Foster Jr., taken after he committed suicide in 1993 with a handgun in a Virginia park managed by the National Park Service, were exempt from release under FOIA.

"It felt quite good that something that I had conceived in 1978 as a matter of litigation policy was ultimately accepted by the Supreme Court," Metcalfe said. "The court recognized that you can have something so sensitive that when it is disclosed, it could harm the survivors.

"Vince Foster's youngest child was still in high school at the time," Metcalfe said. "He could have walked into his classroom and seen his father's death displayed on the television screen there. Or his aged grandmother could have seen it on the cover of a supermarket tabloid. That's the interest we were protecting."

Metcalfe also helped establish the legal principle known as "Glomarization," whereby the government can refuse to confirm or deny whether requested records even exist because such an action could reveal FOIA-exempted information. He litigated the first such cases to go to judgment in the late 1970s and argued the leading appellate case of Gardels v. CIA, which kept the CIA from having to confirm or deny the existence of covert contacts on particular American campuses, hence protecting them from foreign intelligence analysts.

Policy Conflicts

As a career Senior Executive Service official leading an office with significant political undercurrents for four different presidents, Metcalfe often enforced and helped shape governmentwide policies that seemed opposed to one another.

For instance, an October 1993 FOIA standard established by President Clinton and Attorney General Janet Reno rescinded a 1981 rule that had encouraged agencies to withhold information whenever there was "a substantial legal basis" for

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doing so. The newer legal standard "strongly encouraged" agencies to disclose information requested under FOIA whenever possible.

But an October 2001 memo from President Bush's attorney general, John Ashcroft, superseded the 1993 memo and was viewed in the FOIA and privacy community as an attempt to hold back government information. The memo urged agencies to disclose information under FOIA only after full consideration of the institutional, commercial and personal privacy implications.

Acknowledging that it might be hard to imagine that a single person could have been involved in crafting the Reno and Ashcroft memos, Metcalfe said it was no secret that he worked on each.

"Our responsibility is to implement, not to mention shape, the policy of the current administration as best we can," Metcalfe said. "We have developed a standard of excellence, and that is a big part of what our office has been known for from the beginning."

He denied rumors that he is retiring out of frustration with the Bush administration's overall policies on secrecy in government. He said he has averaged more than 75 hours on the job per week since the Sept. 11, 2001, terrorist attacks, and his wife is thrilled that he can cut that back to about 40 in "retirement." He added that he wants to take advantage of opportunities such as teaching law.

"This has been an absolutely fantastic position for an attorney interested in governmentwide policy and litigation," Metcalfe said. "It has been a fabulous job more than 98 percent of the time, even lately."

Patrice McDermott, director of OpenTheGovernment.org, a coalition of journalists and good government groups, said that "while it is not clear" whether Metcalfe has "been an advocate for openness in government the way others have been," he has "been a good and faithful government official."

"He followed whatever official party line of whatever administration he was in," McDermott said. "I don't think he's been an advocate for openness in government the way others have been, but he's done a good job doing what his job tells him to do."

International Advocate

Notwithstanding his domestic management and policy achievements, Metcalfe listed his influence on other countries as one of his biggest accomplishments.

When the Justice information and privacy office was created in 1981, Sweden, Norway and the United States were the only countries that had open government policies, he said.

Starting with a group from Japan that same year, several hundred delegations have come to Metcalfe's office for advice on enacting and then implementing open government policies and procedures.

"We have gone all around the world promoting openness in government," Metcalfe said. "When we started, we had only the three. Then the Berlin Wall fell, and many nations realized that government transparency could be used as emblematic building blocks of modern democracy."

Today there are 68 governments with FOIA-like laws, Metcalfe said, nearly all based closely on the American experience with FOIA.

"It's vitally important to have openness in government. It's a cornerstone of democracy," he said. "But at the same time, you have to have the kind of openness that strives for careful, fully responsible disclosure. Sometimes disclosing more information is not responsible. I would have been irresponsible to not try to protect the privacy of Martin Luther King's family, for example."

Former Justice Department Prosecutor Joins Venable (WBJ)

Washington Business Journal, December 22, 2006

South Florida

Seth Rosenthal, a longtime prosecutor for the U.S. Department of Justice who has spent the past two years as legal director of the Alliance for Justice, has joined Venable as a litigation partner in the law firm's Washington office.

Rosenthal, 40, spent 10 years in the DoJ's civil rights division handling a range of federal investigations and prosecutions, including cases involving human trafficking, hate crimes, police misconduct and housing and lending discrimination.

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In 1999, Rosenthal also served under then-U.S. Attorney General Janet Reno on a special task force investigating the assassination of Dr. Martin Luther King Jr. Last year, Rosenthal joined the nonprofit Alliance for Justice, an advocacy organization that monitors the selection of federal judges and tracks efforts to change the civil justice system.

"We are getting a wonderful complement of skill sets with Seth Rosenthal -- it's like getting several attorneys at once," says Geoffrey Garinther, national head of Venable's litigation group, in a statement.

In making his first move to the private sector, Rosenthal says he sought out a law firm with a strong litigation practice and a commitment to public service. "Venable definitely stood out in this regard," he says.

CORPORATE SCANDALS:

Bristol-Myers Agrees To $499M Settlement (AP)

By Wallace Witkowski, Ap Business Writer

AP, December 22, 2006

NEW YORK -- Bristol-Myers Squibb Co. offered to pay $499 million to settle federal investigations into whether the company played a role in a pricing scheme that led insurers and government agencies to overpay for drugs. The company reduced its profit forecast to reflect the charges.

The New York-based drugmaker entered an agreement in principle with the Justice Department and the U.S. Attorney in Massachusetts to pay the settlement and avoid civil and criminal charges.

The company will also enter a corporate integrity agreement with the Office of Inspector General of the Department of Health and Human Services. The agreement must still get final approval from the Justice Department.

Bristol-Myers spokesman Jeff McDonald said the probe covered "a number" of the company's products introduced before 2006, including the anti-psychotic treatment Abilify, as well as some drugs it no longer markets. The company expects the Justice Department review to take "a couple of months" before a decision is made, McDonald said.

Samantha Martin, a spokeswoman for the U.S. Attorney's Office in Massachusetts, would not comment on the settlement offer.

Attorneys general of several states and a number of counties in New York charged that Bristol-Myers and several other drug companies caused the reported average wholesale prices of their drugs to be inflated -- leading government programs and insurers to overpay since reimbursement rates were based on those lists. All the lawsuits were consolidated under the federal district court in Massachusetts.

The practice of using "average wholesale prices" for reimbursement rates has come under fire recently. First DataBank, a unit of Hearst Corp., collects data from drug wholesalers on how much they have paid drug companies for pharmaceuticals and average prices are published in a list that insurers and government agencies use to base reimbursement. However, critics claim that the system has been gamed by drugmakers, distributors and wholesalers for so long, the prices no longer reflect an accurate price.

In October, First DataBank offered a tentative settlement to the same Massachusetts court that called for it to eventually abandon the use of average wholesale prices, and lower its reported prices. Such moves could save health plans an estimated $4 billion in 2007.

Bristol-Myers products on the wholesale price list included the blood thinner Plavix -- its best-selling drug -- along with blood-pressure drug Avapro, cancer treatment Taxol, and the cholesterol-lowering drug Pravachol. The company booked sales of $19.21 billion in 2005.

As a result of the settlement, Bristol-Myers increased its reserves for the probe by $353 million to total $499 million. Separately, the company said it will take a charge of $220 million for debt restructuring in the fourth quarter.

With the charges, the company lowered its full-year 2006 estimate for earnings per share from continuing operations to a range of 72 cents to 77 cents, from a range of 97 cents to $1.02. The company reiterated its 2006 earnings outlook of $1.02 to $1.07 per share, excluding charges. Analysts surveyed by Thomson Financial expect earnings per share of $1.04.

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The agreement is the latest in a series of deals cut with the government. In June 2005, Bristol-Myers settled federal charges for an accounting scandal that cost the company $800 million, and was placed under the observation of a federal monitor until 2007.

The same monitor recommended in September that the company fire Chief Executive Pete Dolan after a failed agreement to keep a lower-priced generic version of Plavix off the market attracted the interest of federal investigators. Dolan stepped down the next day. The agreement soured when state attorneys general refused to sign off on it.

Shares of Bristol-Myers rose 28 cents to $26.05 in late afternoon trading on the New York Stock Exchange.

Bristol's $499M Drug-pricing Settlement Among Biggest (USAT)

By Julie Schmit

USA Today, December 22, 2006

Drugmaker Bristol-Myers Squibb said Thursday that it would pay $499 million to settle federal investigations into its pricing, sales and marketing practices.

The tentative agreement is one of the biggest in recent years for drugmakers regarding drug marketing and pricing.

It aims to settle investigations into Bristol's marketing of schizophrenia and bipolar disorder drug Abilify for conditions the drug was not approved to treat, says Bristol spokesman Jeff Macdonald.

It also covers some cases in which Bristol allegedly inflated drug prices so government programs for the poor and elderly paid more.

It would not negate other so-called average wholesale price cases launched against Bristol by several states and others, Bristol said.

No criminal charges would be filed against Bristol. The agreement is subject to approval by the U.S. Department of Justice and was struck with Justice and the U.S. Attorney for the District of Massachusetts. Their investigation covered more than five years through 2005. It included several other drugs that Bristol declined to name. The U.S. Attorney's office declined comment.

Doctors can prescribe drugs for whatever reason. But drugmakers cannot promote them to treat conditions unless the Food and Drug Administration approves them for that condition.

Numerous drugmakers are or have been under investigation for marketing. In August, Schering-Plough agreed to pay $435 million to settle federal civil and criminal charges that it illegally promoted several drugs and defrauded Medicaid.

Serono settled similar charges last year involving AIDS drug Serostim, as did Pfizer in 2004 involving pain and anti-seizure drug Neurontin.

Settling the investigation would remove one cloud of uncertainty over Bristol, says Moody's Investors Service pharmaceutical analyst Michael Levesque. Bristol shares closed up 1% Thursday at $26.05. Bristol expects 2006 earnings to range from 72 cents a share to 77 cents a share, down from its prior outlook of 97 cents to $1.02 a share. Excluding one-time items, it still expects earnings of $1.02 to $1.07 a share.

Bristol still faces a federal investigation into a failed patent settlement for blood-clot drug Plavix, its biggest-selling drug. In September, it ousted CEO Peter Dolan for mishandling Plavix and has an interim CEO. This agreement would require Bristol to enter into a corporate integrity agreement with the U.S. Department of Health and Human Services.

Bristol-Myers Settles Probes Into Pricing For $499 Million (WSJ)

By Mike Barris And Angela Moore

The Wall Street Journal, December 22, 2006

Bristol-Myers Squibb Co. said it reached a preliminary agreement with the Justice Department and the U.S. attorney for the district of Massachusetts to settle years-old investigations into its drug pricing, sales and marketing practices.

The New York drug company will pay $499 million and enter a corporate-integrity agreement with the Department of Health and Human Services. There will be no criminal charges against it under the agreement, which must still get final approval from the Justice Department. (See Bristol-Myers statement1.)

Attorneys general of several states and a number of counties in New York charged that Bristol-Myers inflated the average wholesale prices of its drugs, which are used by government programs and insurers for reimbursement purposes. All suits were consolidated under the federal district court in Massachusetts.

Bristol-Myers said it will increase the reserves set aside to cover the cost of the probes by $353 million, to be recorded in the fourth quarter. Separately, the company will take a fourth-quarter charge of $220 million for debt restructuring.

The company now expects 2006 earnings of 72 cents to 77 cents a share, down from an outlook of 97 cents to $1.02. Excluding special items, Bristol-Myers still expects profit of $1.02 to $1.07 a share.

Bristol-Myers shares were up 28 cents, or 1%, to $26.05, in 4 p.m. composite trading on the New York Stock Exchange.

In August, rival Schering-Plough Corp. agreed to pay $435 million and a unit pleaded guilty to criminal charges to settle federal allegations of fraudulent drug marketing and pricing, one of the largest settlements in a crackdown that has forced big drug makers to return billions of dollars the U.S. government says were illegally extracted from the Medicare and Medicaid programs.

In its release, Bristol-Myers didn't elaborate on the investigations.

In July 2003, Bristol-Myers started an internal review into whether its sales violated U.S. antikickback laws and drug-pricing rules. That move came just as executives were saying the company had turned the corner after an accounting scandal.

Bristol-Myers Agrees To Settle U.S. Investigation (Update6) (BLOOM)

By Lisa Rapaport

Bloomberg, December 22, 2006

Dec. 21 (Bloomberg) -- Bristol-Myers Squibb Co. agreed to pay $499 million to settle U.S. allegations it overcharged the government for drugs and promoted medicines for unapproved uses. The company lowered its 2006 earnings forecast 26 percent.

The settlement resolves federal charges the company inflated the average wholesale price of some drugs, Bristol-Myers said in a statement today. Setting aside funds for the settlement will reduce 2006 profit from continuing operations to 72 to 77 cents a share from 97 cents to $1.02.

U.S. investigators in Massachusetts also were examining promotion of the Abilify schizophrenia drug and ``other current and divested products" for unapproved, or off-label, uses, said Bristol-Myers spokesman Jeffrey MacDonald in a telephone interview today. The company last year settled a previous probe involving allegations it boosted sales by encouraging distributors to buy more medicine than they could sell.

The latest agreement ``removes an overhang, but the lack of information makes it difficult for Wall Street to react," said Les Funtleyder, an analyst for Miller Tabak & Co. in New York, in a telephone interview today. ``The laws around average wholesale pricing are convoluted. It's easy to run afoul of the rules. I don't think Wall Street takes this too seriously."

Shares of Bristol-Myers rose 28 cents, or 1.1 percent, to $26.05 at 4:01 p.m. in New York Stock Exchange composite trading. The stock has risen 15 percent in the last 12 months.

Reimbursement Rates

The case stems from the government practice of using average wholesale prices, as reported by the drugmakers, to set reimbursement rates for medicines used by federal health programs, including Medicare and Medicaid. State attorneys and consumer groups claimed the companies used the formula to artificially inflate drug prices.

GlaxoSmithKline Plc, Europe's biggest drugmaker, agreed in August to pay about $70 million to settle claims it overcharged U.S. government health programs by exploiting the formula.

The drugmaker also said today that it boosted its reserves for the latest settlement by $353 million and said it would record an estimated pretax charge of $220 million for previously disclosed debt restructuring. McDonald wouldn't identify the other therapies being probed by regulators.

No criminal charges will be filed as a result of today's preliminary settlement, the company said. The agreement still must be approved by the Justice Department, the statement said.

Samantha Martin, spokeswoman for the U.S. Attorney in Massachusetts, declined to comment in a telephone interview today.

Private Suit

Bristol-Myers has not yet resolved a private class action suit involving drug prices, MacDonald said. The private case involves pricing of 20 drugs, according to a regulatory filing. MacDonald declined to comment on which drugs were involved.

Separately, Bristol-Myers and other drugmakers have been sued by Attorneys General of several states over pricing practices, according to a regulatory filing. Investigations by the U.S. Attorneys' Offices for the Eastern District of Pennsylvania and the Northern District of Texas are also continuing.

As part of last year's agreement, the company removed Chief Executive Officer Peter Dolan as chairman, paid $300 million to the government and allowed former U.S. District Judge Frederick Lacey to monitor its transactions. In September, the company fired Dolan as CEO on Lacey's urging as a result of an agreement Dolan made to delay competition on the Plavix heart pill.

Strong Medicine (TTNJ)

By George E. Jordan, Times Staff

Trenton Times, December 22, 2006

Bristol-Myers Squibb's penalty bill has surpassed $1 billion.

The New York drugmaker yesterday announced a proposed $499 million settlement of a criminal investigation in Massachusetts of price-fixing and off-label promotion of a schizophrenia drug. The agreement, which must be approved by federal prosecutors, adds to the company's payouts during the past two years to settle criminal investigations and lawsuits involving patent disputes, pricing practices and drug-safety issues.

The latest probe covered a number of the company's products introduced before 2006, including the anti-psychotic treatment Abilify, as well as some drugs it no longer markets, said Jeff MacDonald, a Bristol spokesman. The company expects the Justice Department review to take "a couple of months" before a decision is made, he said.

The penalty will hurt the company's bottom line. For the second time this year, Bristol lowered its 2006 earnings forecast to between 72 cents and 77 cents a share. Previously, it expected 97 cents to $1.02. The company left unchanged its 2007 earnings forecast for a net profit of between $1.02 and $1.07 a share.

Wall Street yawned. After dropping in morning trading, Bristol's shares rallied to close up 1 percent.

"This is nothing unexpected," MacDonald said, adding the settlement was mentioned in Bristol's financial disclosures earlier this year. "Hopefully, this is not something totally out of left field."

Samantha Martin, spokeswoman for the U.S. Attorney in Massachusetts, declined to comment.

Bristol -- with 6,000 workers in New Brunswick and Princeton -- remains under criminal investigation by the U.S. Attorney's Office in Newark for a botched deal with Apotex, a Canadian drugmaker that flooded the U.S. market with copycat versions of the blood thinner Plavix, Bristol's top-selling drug.

After generic Plavix cut into Bristol's revenue, the company fired former Chief Executive Peter Dolan, who was one of the youngest Fortune 500 chieftains, and lowered its 2006 earnings guidance. Bristol is searching for Dolan's successor.

The proposed settlement announced yesterday comes a year after Bristol signed a deferred prosecution agreement with the U.S. Attorney in Newark to avoid criminal prosecution for "pipe-stuffing," a scheme that boosted Bristol's sales in 1999 through 2001 by encouraging distributors to buy more medicine than they could sell. Under the agreement, Bristol reimbursed shareholders $300 million and former U.S. District Judge Frederick Lacey was appointed to monitor Bristol's finances.

In total, Bristol paid $842 million in fines and settlements related to the accounting scandal -- an amount federal prosecutors have said equals the losses suffered by stockholders in the four days after Bristol's 2002 earning restatement.

MacDonald said yesterday's proposed settlement also covers an investigation into alleged overbilling of Medicare and Medicaid by Bristol. The U.S. Justice Department has been investigating several drugmakers for alleged manipulation of the average wholesale price, a system that uses prices as reported by the drugmakers to set reimbursement rates for medicines.

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GlaxoSmithKline, Europe's biggest drugmaker, agreed in August to pay about $70 million to settle claims it overcharged U.S. federal health programs.

MacDonald said the company hasn't resolved a private class action lawsuit that alleges the company used the average price formula to inflate prices.

Bristol said it lowered its 2006 earnings to boost its reserves by $353 million to pay the settlement and an estimated pretax charge of $220 million for previously disclosed debt restructuring unrelated to the settlement.

George E. Jordan may be reached at gjordan@starledger.com or (973) 392-1801.

Deutsche Bank Settles Some Cases (WSJ/AP)

By Associated Press

Wall Street Journal, December 22, 2006

Deutsche Bank AG agreed to pay $208 million to end state and federal investigations into the timing of trading in mutual-fund accounts that could benefit insiders and hurt other investors.

The settlement is the 21st by New York Attorney General Eliot Spitzer in his mutual-funds investigation over the past three years.

Mr. Spitzer had accused the German bank's asset-management division of allowing excessive market timing in its mutual funds. He also accused its broker-dealer division of assisting in what he called deceptive market timing and allowing a form of late trading by one client.

In one scheme, Mr. Spitzer claimed that a favored trader would make a trade before the 4 p.m. close of the U.S. market, but the trade would then be rejected by a fund company. A senior Deutsche Bank broker then would contact the trader and permit him or her to substitute a different trade, sometimes as late as 5 p.m. That would allow the trader to benefit from changes in the market or news not available to most traders.

Deutsche Bank didn't admit or deny the allegations as part of the settlement.

The company said all the alleged improper arrangements originated in subsidiaries before they became part of Deutsche Bank and that those were stopped before Mr. Spitzer and the Securities and Exchange Commission acted. No current employees approved of the arrangements, the company said.

The deal calls for $102 million in restitution to investors and $20 million in civil penalties. Deutsche Bank must reduce fees by $86 million to investors over five years. It agreed to several overhauls, including disclosing to investors expenses and fees and ensuring independent officials monitor operations to avoid conflicts of interest that could hurt investors.

SEC Charges Former Tyco Officials With Fraud (WSJ)

By William M. Bulkeley

Wall Street Journal, December 22, 2006

The Securities and Exchange Commission charged three former Tyco International Ltd. financial executives with securities-law violations for "structuring sham transactions" and "manipulating reserves" to boost reported income and cash flow by well over $700 million from 1997 to 2002.

Tyco, a conglomerate whose nominal headquarters is now in Bermuda, became a stock market darling in the 1990s, revered for its predictable growth fueled by aggressive acquisitions. However, its stock price started tumbling in 2002 after questions were raised about accounting practices.

Last year, Tyco's former chief executive, L. Dennis Kozlowski was convicted of looting the company. He and former chief financial officer Mark H. Swartz are serving prison sentences in New York state. Both are appealing their convictions.

The SEC's civil charges name two lower-level officials who reported to Mr. Kozlowski or Mr. Swartz. Richard D. Power, now 58, held a series of financial positions in a 20-year career at Tyco, including chief financial officer and vice president-special projects. Edward Federman, 53, was controller of Tyco and later chief financial officer of Tyco Electronics, a big division. The SEC is seeking disgorgement of unspecified gains and fines.

Daniel J. Horwitz, of Dickstein Shapiro who represents Mr. Power, said: "Mr. Power is a person of integrity and we intend to fight these allegations vigorously." Lawyers for the other two men didn't return phone calls. The men didn't return calls.

A third former official, Richard "Skip" Heger, was accused of separate securities violations. He agreed to pay $450,000 to settle with the SEC, without admitting or denying wrongdoing. Mr. Heger had served as vice president for finance of Tyco's fire and security services division until 2002.

According to the SEC, Mr. Power developed an accounting scheme for security-alarm monitoring contracts to boost earnings after Tyco acquired ADT Ltd., a security monitoring company, in 1997. Under the scheme, Tyco added a $200 "growth bonus" to the $800 fee that ADT had been paying dealers for each contract. But it also demanded the dealers pay Tyco a new $200 "dealer connection fee." The SEC said "the sham transaction had no economic substance." But Tyco treated the fee as additional income that it recognized immediately, and it treated the "growth bonus" as a capital expenditure that was amortized over 10 years.

The SEC said that Messrs. Federman and Power also engaged in "abusive acquisition accounting" from 1996 through 2002.

Fidelity Imposes Penalty On Itself After Gifts Probe (WSJ)

By Jennifer Levitz And William M. Bulkeley

Wall Street Journal, December 22, 2006

BOSTON -- Fidelity Investments said it will pay $42 million to some of its mutual funds as redress for lavish gifts and entertainment some of its equity traders accepted from brokers between 2002 and 2004.

The payments were recommended by several of Fidelity's independent trustees who conducted an internal probe of the matter. They included departed member Robert M. Gates, the new Defense Secretary.

The trustees concluded "it was not possible to prove" statistically that shareholders were harmed, according to the report. But they recommended Fidelity pay the penalty, saying the company inadequately supervised the traders.

In a rare public statement, Edward C. Johnson III, chairman of Fidelity, posted a letter on Fidelity's Web site, personally offering his apology for "this improper behavior" and saying that "there is no question that the Funds were put at potential risk."

"Therefore, I have agreed that Fidelity should pay a penalty set by the Trustees for this misbehavior and the company's failure to stop it," he wrote.

The independent trustees of Fidelity funds launched an investigation in July 2005. Fidelity has disciplined -- including, in some cases, firing -- more than 20 employees on its trading desk and has adopted new policies on gifts. The company so far has not been subject to any regulatory action, unlike the brokers involved, although it remains under investigation by the SEC.

The New York-based brokerage firm Jefferies Group Inc. two weeks ago agreed to pay more than $10 million to the National Association of Securities Dealers and the Securities and Exchange Commission to settle allegations that a former top employee wooed Fidelity traders with expensive wine and private-jet travel to win mutual-fund trading business.

In its settlement with Jefferies, the SEC noted that its business with Fidelity soared during the time gifts were being doled out. Mutual funds are supposed to send stock trades to whichever firms offer the best price.

Shareholders won't receive a check or a direct payment. The money Fidelity will pay to each mutual fund will become part of the fund's total assets and will "be put to work by the fund by investing in securities," said Fidelity spokeswoman Anne Crowley.

She said Fidelity also plans to make a redress payment to its pension funds and other institutional shareholders.

Sony BMG To Pay $4.25 Million In Settlement With 39 States (AP)

By Alex Veiga, AP Business Writer

AP, December 22, 2006

(AP) - LOS ANGELES-Sony BMG Music Entertainment will pay $4.25 million (â,¬3.23 million) as part of a settlement with 39 states to resolve investigations into problems caused by music CDs loaded with hidden anti-piracy software.

Under terms of Thursday's agreement, which also applies to the District of Columbia, the record company will reimburse consumers whose computers were damaged while trying to uninstall the anti-piracy software.

Sony BMG also said it will no longer distribute any compact discs loaded with copy-protection software that hinders computer users from easily locating it or removing it from their PCs.

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The office of Massachusetts Attorney General Tom Reilly took the lead in brokering the multistate agreement, which was expected to be filed Thursday in Suffolk County Superior Court in Boston.

"If companies want to use technology to protect their interests, they need to be up front with consumers, and give consumers the opportunity to make informed choices about buying and using these products," Reilly said in a prepared statement.

Thirteen states that started the settlement process with Sony BMG will each receive $316,538 (â‚¬240,202), while the rest will get $5,000 (â‚¬3,794), Reilly's office said.

New York-based Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG, said it was pleased to reach the agreement.

It covers CDs loaded with one of two types of copy-protection software - MediaMax or XCP. The record label began including MediaMax on some of its discs in August 2003 and introduced XCP in January 2005.

Last year, the record company shipped more than 12 million compact discs on 52 Sony BMG titles, each loaded with one of the two programs. About 4 million CDs with the MediaMax software and about 3 million CDs loaded with the XCP software were sold.

Both programs restricted the number of copies of a disc that a user could make, but the programs caused problems for some users when they played the CDs on their computers.

The XCP software concealed itself to thwart computer users from finding it and attempting to delete it. It also ended up opening a potential security hole on PCs running on Microsoft Corp.'s Windows Operating System, making them vulnerable to viruses or other threats.

Some who used certain antispyware software to remove the programs ended up with a glitch that disabled their CD-ROM drives.

As word spread on the Internet in late 2005 that the CDs carried hidden software, some suggested the company was using the technology to spy on consumers.

Sony BMG maintained it did not use the software to collect personal data about consumers without their consent - an assertion backed up by an outside company commissioned by the company to audit its use of the copy-protection software.

Sony BMG ultimately recalled the discs with XCP in November 2005 and released a way to remove the files from users' computers. It also released a software patch to fix a potential security hole from the MediaMax 5.0 program.

Customers will be able to file a claim with Sony BMG to receive refunds of up to $175 (â‚¬133), but claims must include a description of how their computer was harmed and documentation of repair expenses.

The refund policy will also apply to states that were not a party to the settlement.

The latest settlement closes out the states' investigations into the problem.

On Tuesday, Sony BMG reached a separate settlement with California and Texas, agreeing to pay $1.5 million (â‚¬1.14 million) to the states and reimburse consumers for PC damage. The company earlier settled a class-action case over the episode.

In addition to Massachusetts, the states that were a party to Thursday's settlement are: Alabama, Alaska, Arizona, Arkansas, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Michigan, Mississippi, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

Judge Asked To Unseal Documents In Newspaper Antitrust Case (AP)

By Terence Chea

AP, December 22, 2006

A media advocacy group and an alternative weekly newspaper asked a federal judge Thursday to unseal key documents in an antitrust case involving MediaNews Group Inc. and the San Francisco Chronicle.

DOJ_NMG_0108442

The Oakland-based Media Alliance and the San Francisco Bay Guardian filed a motion with U.S. District Judge Susan Illston to make public court records in a lawsuit that challenges a business partnership between MediaNews and the Hearst Corp, the Chronicle's publisher.

After the antitrust lawsuit was filed in July, Hearst and MediaNews asked the judge to seal certain documents containing business information they considered confidential.

In the motion filed Thursday, Media Alliance and the Bay Guardian argued that the public's First Amendment right to access the court filings outweighed the defendants' interest in keeping them confidential.

"These are the nation's biggest newspaper chains, and they're moving to destroy daily competition in the Bay Area and impose regional monopoly," said Bruce Brugmann, the Bay Guardian's editor and publisher. "They should not be able to do it in the middle of the night with sealed documents."

Hearst officials were reviewing the motion and could not comment Thursday, said spokesman Paul Luthringer. Representatives at MediaNews did not immediately respond to a request for comment.

New York-based Hearst has invested $300 million in a complex deal that gives Denver-based MediaNews three more Bay Area newspapers - on top of the seven it already owns. Hearst's investment helped finance MediaNews' purchase of the Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year.

San Francisco businessman Clint Reilly filed the federal antitrust lawsuit to block the deal, claiming it would limit competition for readers and advertising in the Bay Area newspaper market.

The newspaper companies maintain the arrangement is not anticompetitive because readers and advertisers have other media venues such as the Internet.

On Tuesday, Judge Illston barred Bay Area newspapers owned by MediaNews and Hearst from consolidating some of their business operations until the lawsuit is resolved.

When she issued a temporary restraining order against the alliance in November, Illston said she had been under the impression that Hearst's investment was solely an equity stake, but an April 26 memo had surfaced suggesting it actually was a bid to merge some of their business operations.

The case is expected to go to trial next spring.

The case is Reilly v. MediaNews Group, 06-4332.

Business Interests Challenge Oversight (WP)

By Kathleen Day

Washington Post, December 22, 2006

A business group argued in U.S. District Court yesterday that a panel created by Congress to police the accounting industry lacks sufficient oversight by the White House.

The five-member Public Company Accounting Oversight Board acts as a federal regulator, deciding whether accounting firms are fit to audit the books of publicly traded companies, without having been appointed by the president and confirmed by the Senate as the Constitution requires, the plaintiffs argued.

Lawyers for the accounting board, created in 2002 under the Sarbanes-Oxley Act, and the Justice Department argued that the board is legal because it is supervised by the Securities and Exchange Commission, a federal agency whose members are appointed by the president and confirmed by the Senate. SEC Chairman Christopher Cox has said the agency supports the Justice Department's position.

The legal battle is part of an attempt by business groups to roll back Sarbanes-Oxley, which Congress passed in response to widespread corporate frauds such as those at Enron and WorldCom.

At the heart of those frauds were financial statements that presented an inaccurate picture of each company's health to investors and employees, who lost tens of billions of dollars after the problems were made public and the companies' stock prices plummeted. In some cases, stock became worthless.

Among the investor protections created under Sarbanes-Oxley was a board to oversee the accounting industry. The idea was that the board would help to ensure that audits of companies are accurate and not just rubber stamps without meaning.

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Lawyers attacking the legality of the accounting oversight board represent Beckstead & Watts, an accounting firm under investigation by the board, and the Free Enterprise Fund, a nonprofit group that advocates "limited government" and whose chairman, Mallory Factor, is a major Republican fundraiser.

Attorney Michael A. Carvin, who presented the oral argument against the accounting board, argued before the Florida Supreme Court on behalf of George W. Bush in the dispute over recounting votes in the 2000 presidential election. Co-counsel Kenneth W. Starr was independent counsel in the Whitewater investigation of President Bill Clinton.

Carvin said the SEC can "veto" the board's rules and "stop them from doing bad things." But, he said, "that's not supervision."

Jeffrey A. Lamken, a lawyer hired by the accounting board, said Congress gave the SEC "broad" authority to supervise the board, including the power to take away its authority in any investigation.

U.S. District Judge James Robertson said he would decide the case as soon as possible.

The case pits people who supported President Bush's reelection against the White House policy of supporting the accounting board. And it puts the board in a difficult situation: The panel privately has chafed at SEC oversight but must now publicly argue that it is that oversight that makes it beholden to the president, and therefore legal.

This week the board, under pressure from the SEC, proposed a relaxed set of rules to implement another section of Sarbanes-Oxley, which requires companies to document, and an outside auditor to confirm, that adequate internal controls are in place to ensure that financial statements filed with the SEC are accurate.

CRIMINAL LAW:

Teen Drug Use Down, U-M Study Shows (DET)

By Gordon Trowbridge

Detroit News, December 22, 2006

WASHINGTON -- Drug use among American youths continued to decline in the past year, according to a federally funded study by the University of Michigan, a trend Bush administration officials said ratified their anti-drug efforts.

"This is not a natural waxing and waning of social forces," said John Walters, the Bush administration drug czar. He attributed sharp declines since the start of the decade to anti-drug advertising campaigns and other government programs.

U-M's Monitoring the Future survey, in its 32nd year, found small drops in drug use, at any point or in the last 12 months, among the more than 48,000 eighth, 10th and 12th graders surveyed. Most of the decline came in use of marijuana, the most commonly used illegal drug. The number of 12th graders reporting use of marijuana in the last year, for example, declined from 38.4 percent in 2005 to 36.5 percent this year.

Most other drugs showed small declines, but generally the drops were not statistically significant.

Walters and Attorney General Alberto Gonzales pointed to figures showing that overall drug use had declined about 23 percent since 2001 as an endorsement of the administration's policies. Walters said anti-drug programs and advertising campaigns designed to make drug use less socially acceptable among young people can have a powerful effect.

"We have not always delivered that message consistently," he said, saying that the government "took our eye off the ball" in the late 1990s and allowed drug use to increase.

Lloyd Johnston, the U-M researcher, said there were a number of cautionary notes in the survey. Abuse of prescription drugs, especially painkillers such as Vicodin and Oxycontin, is high and in some cases rising; Vicodin has become the second most abused drug among 12th graders, with about 10 percent of those in the survey saying they had abused it in the last year.

Also, after falling by more than 50 percent in the last decade, the declines have stopped in smoking, especially among younger students.

Illegal Drug Use By Teenagers Is On Decline, U.S. Study Finds (NYT)

By Micah Cohen

New York Times, December 22, 2006

DOJ_NMG_0108444

WASHINGTON, Dec. 21 — The percentage of teenagers using illegal drugs continued a decade-long decline in 2006, but the illicit use of prescription drugs remains worrying, according to a survey released Thursday by the National Institute on Drug Abuse.

"I think we're seeing a generation that has gotten wiser about drugs," said Lloyd D. Johnston, the survey's principal investigator. But more attention, Dr. Johnston said, should be paid to prescription drug abuse.

The survey showed a decline of 23 percent since 2001 in the percentage of students who said they had used "any illicit drug" in the month before taking the survey, with 14.9 percent saying they had used such drugs.

The 32nd annual report was based on a survey of almost 50,000 students in the 8th, 10th, and 12th grades in more than 400 public and private schools nationwide. The survey was financed by the National Institute on Drug Abuse, and carried out by the University of Michigan.

A question was added to the survey in 2002, asking students specifically about the recreational use of Vicodin and OxyContin, both narcotic drugs prescribed to treat pain. Since then, nonmedical use of those drugs has increased slightly, although abuse of OxyContin by eighth graders doubled to 2.6 percent in 2006, from 1.3 percent in 2002.

"We're not changing the rate that prescription medications are being taken by young people," Attorney General Alberto R. Gonzales said.

This 2006 survey asked for the first time whether the students used over-the-counter cough medicine.

John P. Walters, director of the White House Office of National Drug Control Policy, said the response was alarming, with 4.2 percent of 8th graders, 5.3 percent of 10th graders and 6.9 percent of 12th graders saying they used nonprescription cough medicine recreationally.

Because most drug abuse is declining among teenagers, and prescription drug abuse has remained stable, "prescription drug abuse represents a larger part of the total problem," said Dr. Johnston, who is program director at the Institute for Social Research at the University of Michigan.

Mr. Walters said, "Based on the trends we've seen with prescription drug abuse among teens, and corroborated by the results from this report, it's clear we need to start developing messages for young people about the dangers of misusing prescription drugs."

In 1998, three years before Mr. Walters became director, the drug control policy office began the National Youth Anti-Drug Media Campaign — an effort to use multimedia messages to persuade adolescents to stay drug free. That campaign has not produced an advertisement warning about prescription drug abuse.

The survey released Thursday also suggested that the continuous decline in daily smoking of cigarettes by 8th and 10th graders had ended, although the rate, which peaked in the mid-1990's, did not increase.

"I hate to see that improvement stop, as it seems to be doing," Dr. Johnston said.

Teens Getting High On Medicine As Abuse Of Illegal Drugs Falls (BLOOM)

By Robert Schmidt

Bloomberg, December 22, 2006

Dec. 21 (Bloomberg) -- Use of illegal drugs by teenagers fell slightly over the past year as adolescents took prescription drugs and over-the-counter cough medicines to get high, a U.S. government-funded study showed.

The survey found increasing adolescent use of prescription drugs such as OxyContin and Vicodin. The annual look at drug use by students in eighth, 10th and 12th grades also showed that teenagers are abusing cough and cold medicine at a rate that U.S. officials said is a cause for concern.

``Youth may think these drugs are safer or safe because they are talked about as medicines," said John Walters, director of the White House Office of National Drug Control Policy, at a news conference in Washington. He urged parents to ``go to your medicine cabinet and take unused or those prescription drugs you are finished using and throw them away."

Walters and U.S. Attorney General Alberto Gonzales said the results of the study, sponsored by the National Institute of Drug Abuse and conducted by the University of Michigan, were mainly positive and continued to show a drop in drug abuse.

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Youth drug use in 2006 is 23.2 percent lower than it was in 2001, Walters said. Use of marijuana, the most popular illegal drug, fell 25 percent over the five-year period, while cigarette smoking dropped by 29 percent and drinking alcohol fell by 13 percent, he said.

The results ``are very, very encouraging to all of us in government,'' said Gonzales.

Slight Decline

The number of students who reported taking illegal drugs during the past 12 months declined slightly from 2005. Fifteen percent of eighth graders, 29 percent of 10th graders and 37 percent of 12th graders had used illicit drugs, the study said. The reduction from the previous year was less than 1 percent for eighth graders, 1 percent for 10th graders and 1.9 percent for those in 12th grade.

Use of marijuana showed a decline, though researchers said the small decrease for eighth grade students -- 0.5 percent from 2005 -- may mean the five-year drop is ending. Use of methamphetamines fell significantly among 10th graders, though not in the other two grades, the study found.

A number of drugs, including LSD, powder cocaine, heroin and other narcotics, tranquilizers and sedatives, showed no change in use this year, according to researchers. Ecstasy was one of the few drugs that more students reported taking, with its use by 12th graders rising 1.1 percent from last year.

At Some Point in Life

Overall, 21 percent of eighth graders, 36 percent of 10th graders and 28 percent of 12th graders said they had taken an illegal drug at some point in their life, the study found.

Of prescription drugs, the use of Vicodin, a narcotic painkiller, rose among all three grade levels. Abuse of OxyContin, also a painkiller, increased by eighth and 10th graders.

This year's study for the first time included a question on cough and cold medicines. Those that are taken recreationally contain dextromethorphan, which in high doses can cause alterations of mood and consciousness. On the street the drug is known as DXM, Dex or skittles.

Four percent of eighth graders, 5 percent of 10th graders and 7 percent of 12th grade students reported using cough medicines to get high during the prior year, the study said.

The survey showed that 6 percent of eighth graders, 19 percent of 10th graders and 30 percent of 12th graders reported being drunk at least once in the prior month.

Daily cigarette smoking by teens has stopped declining after a decade of improvement, according to the study. Still, since the peak in the mid-1990s, daily smoking has fallen by 50 percent among 12th graders and more than 50 percent of eighth and 10th graders, researchers said.

The survey, which has been conducted since 1975, measures drug, alcohol and cigarette use by adolescent students across the U.S. This year, 48,460 students in eighth, 10th and 12th grades from 410 public and private schools participated.

Illegal Drug Use Among Teenagers Continues To Fall (WP)

By Christopher Lee

Washington Post, December 22, 2006

Federal officials are concerned that teenagers are abusing prescription medications and over-the-counter cold remedies even as their use of illegal drugs has generally declined over the past five years, according to a government survey released yesterday.

Illegal drug use by teenagers has fallen 23 percent since 2001, but their use of prescription narcotics, tranquilizers and other medicines remains "relatively high," government investigators said.

For the first time researchers asked whether teenagers were using nonprescription cough or cold medicines to get high and found reason for concern. Over-the-counter medicines often contain the cough suppressant dextromethorphan, which alters mood and consciousness when consumed in high doses and can cause brain damage or even death, officials said.

About 1 in 14 12th-graders, or 7 percent, said they had taken such medicines to get high in the past year. Among eighth-graders, the figure was 1 in 25, or about 4 percent.

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"This is now an area of drug abuse that we need to pay more attention to," said Lloyd D. Johnston, the University of Michigan researcher who led the annual "Monitoring the Future" survey, now in its 32nd year. "My guess is that young people do not understand the dangers of abusing these drugs."

The annual government-funded survey reached 48,460 students in the eighth, 10th and 12th grades in 410 public and private schools nationwide.

Prescription-drug abuse remained a persistent problem, officials said. After rising steadily since 2002, the percentage of 12th-graders who said they had used the highly addictive painkiller OxyContin in the past year fell from 5.5 percent to 4.3 percent, about the same level as four years ago. Use of Vicodin, another popular narcotic, more or less has held steady since 2002, with 10 percent of 12th-graders, 7 percent of 10th-graders and 3 percent of eighth-graders saying they had used it to get high within the past year.

"If there is one thing that every adult can do today to help protect young people against prescription drugs, it is go to your medicine cabinet, take those prescription drugs you are finished using and throw them away," said John P. Walters, director of the Office of National Drug Control Policy. "If you have teens in your house, remove this hazard today."

Overall, the survey shows a continued long-term decline in teenagers' use of alcohol and illicit drugs such as marijuana, the most widely used illicit substance. The reduction occurred while federal funding for anti-drug advertising fell annually, from $185 million when President Bush took office in 2001 to $100 million in 2006. However, the past year's declines in drug and alcohol use were "relatively small," the report said.

"In many ways, this was a year of modest changes, but nearly all of it in the right direction," Johnston said.

For instance, about 32 percent of high school seniors and 25 percent of 10th-graders said they had used marijuana in the past year, down from 34 percent and 27 percent, respectively, in 2005. Among eighth-graders the figure held steady at about 12 percent. In 2000, the comparable figures were 37 percent for seniors, 32 percent for sophomores and 16 percent for eighth-graders.

In 2006, about 30 percent of 12th-graders said they had been drunk in the month before taking the survey, the same as in 2005. That compared with about 32 percent in 2000 and 31 percent in 1996.

Cocaine use dipped slightly among eighth- and 10th-graders in 2006, with 2 percent and 3 percent, respectively, saying they had used the drug in the past year. But it rose slightly among 12th-graders, to 6 percent from 5 percent. In 2000, by comparison, 5 percent of seniors reported using the drug in the past year, as did 4 percent of sophomores and 3 percent of eighth-graders.

Critics noted that teenagers' use of marijuana, cocaine and other illicit drugs remains higher today than it was 15 years ago. In 2006, 37 percent of high school seniors said they had used an illicit drug in the past year. In 1991, 29 percent said so.

"This isn't progress," said Bruce Mirken, a spokesman for the Marijuana Policy Project, an advocacy group that wants marijuana to be regulated and taxed the way alcohol is. "The truth is that our policies don't work."

Walters warned that favorable trends could turn around.

"We've had in the past a tendency to take our eye off the ball," he said. "We want to continue this decline, and that requires us to stay at it. If we fail to send anti-drug messages across multiple contexts with young people -- especially given the contrary drumbeat that still appears in popular culture and on the Internet -- we risk losing our progress."

Teen Drug Use Drops, With Exceptions (USAT)

By Donna Leinwand

USA Today, December 22, 2006

WASHINGTON — Abuse of the painkiller OxyContin by younger teens hit record levels in 2006, a national survey says.

While most other teen drug and alcohol use continued a decade-long decline, teen abuse of pharmaceuticals, including prescription narcotics, barely budged, the survey says.

The annual survey of 50,000 high school and middle school students, released Thursday, was conducted by the University of Michigan for the National Institute on Drug Abuse.

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Among high school seniors, the percentage reporting that they had used prescription narcotics, including OxyContin and Vicodin, in the past year declined from 9.5% in 2004, the peak year, to 9% in 2006, the survey found. Among younger teens, OxyContin use rose this year: 2.6% of eighth-graders and 3.8% of 10th-graders reported having used the drug, up from 1.8% and 3.2% in 2005.

For the first time, the survey asked teenagers whether they used over-the-counter cough or cold medicine to get high. One in 25 eighth-graders and one in 14 seniors said they had abused the medicines in the past year.

"Clearly, prescription drugs have become more a part of the problem," says the study's principal investigator, Lloyd Johnson.

High school seniors saw the largest drop in overall drug use. The percentage reporting any illicit drug use was 36.5% in 2006, compared with 38.4% in 2005.

Regular marijuana use among teens declined for the fifth year in a row. Among seniors, 31.5% said they had used the drug in the previous year, compared with 33.6% in 2005 and 37% in 2001.

"It's great to have one-quarter fewer kids using drugs than there were in 2001," said John Walters, director of the White House Office of National Drug Control Policy. His office will design an ad campaign targeting abuse of prescription drugs, he said.

Other drugs showing a decline include methamphetamine and crack cocaine. The use of LSD, inhalants, cocaine, crystal meth, heroin, narcotics other than heroin, tranquilizers and sedatives remained stable.

Researchers say they have new concerns about Ecstasy, inhalants and prescription drugs.

The survey noted a slight increase in inhalant and Ecstasy use among seniors and a continuing decline in the percentage of students who consider these drugs dangerous, Johnston said. "It's a little disturbing, and we wouldn't want to see a rebound," he said.

Older students showed the sharpest drops in drug use, which reflects declines in previous years among eighth- and 10th-graders who have carried their lower drug use with them as they age, Johnston said.

The survey shows that federal policies have little effect on drug use in the USA, says Rob Kampia, executive director of the Marijuana Policy Project, a Washington, D.C.-based organization that wants to legalize marijuana.

"Our suggestion is to face the facts, to acknowledge that this war on marijuana users has failed to prevent teenagers from using marijuana," Kampia says. "The federal government hasn't had a new idea in 30 years. … What we've been doing for decades isn't working."

Teens' Use Of Illegal Drugs Drops (WT)

By Joyce Howard Price And Brittney Pescatore

Washington Times, December 22, 2006

Teenagers' use of illegal drugs has declined significantly in the past five years, a new government study shows, although the study found a slight increase in teens abusing prescription painkillers and other legally available substances.

Comparing data from 2001 and 2006, the federal study found the number of teens who reported using marijuana within the past 30 days fell 25 percent, while past 30-day use of methamphetamine plunged 50 percent during the same five-year period.

Teen use of cigarettes, alcohol, steroids, cocaine, heroin and LSD were also down, in some cases dramatically, the report from the National Institute on Drug Abuse (NIDA) found. Underage drinking is down more than a third since it peaked a decade ago. Past-month teen smoking is at an all-time low, with the biggest declines among 12th-graders.

The 32nd annual NIDA "Monitoring the Future" survey, conducted by the University of Michigan, found that 840,000 fewer adolescents used illicit drugs in 2006 than in 2001. The 23-percent decline in past 30-day usage nearly reached President Bush's goal of reducing teens' illicit-drug use by 25 percent during that time period.

However, officials said they were concerned by other findings in this year's report -- based on a survey of nearly 50,000 eighth-, 10th- and 12th-graders from 410 public and private schools -- which marked the first time "Monitoring the Future" examined the frequency of teens using over-the-counter (OTC) cough-and-cold medicines to get high.

DOJ_NMG_0108448

Dr. Elias A. Zerhouni, director of the National Institutes of Health, of which NIDA is a part, said the report showed that 4.2 percent of eighth-graders, 5.3 percent of 10th-graders and 6.9 percent of 12th-graders reported such misuse of nonprescription cough-and-cold medicines containing dextromethorphan (DXM), a cough suppressant, during the past 12 months. DXM -- known by the slang term "dex" or "skittles" -- is generally safe when taken at recommended levels. But it can cause harmful side effects, such as alterations of consciousness or mood, if taken in large amounts, health officials say.

Coupled with that, the report showed increased teen abuse of prescription painkillers, Vicodin and Oxycontin, and of stimulants including Ritalin, which is commonly prescribed for those suffering attention-deficit disorders.

Authors of the study expressed "significant concern" over the Vicodin data. Use of that drug by teens rose 0.3 percent between 2002 and 2006 and 0.6 percent just from last year. Vicodin use remained high in all three grade levels, with nearly one in 10 high-school seniors saying they had taken it in the past year.

Oxycontin use by high-school seniors dipped between 2005 and 2006 but not for students in younger grades, the report showed.

University of Michigan researcher Lloyd Johnston, lead investigator in the study, told reporters at a press conference yesterday that annual prevalence of Oxycontin use by 12th-graders averaged 4.3 percent this year, down from 5.5 percent in 2005. But the 2.6 percent annual prevalence by eighth-graders and the 3.6 percent prevalence by sophomores were the highest ever. Use among eighth-graders seems to be increasing rapidly.

"Obviously, relatively few young people are using Oxycontin; still, given the addictive potential of this strong narcotic drug, I think we should be concerned about these rates," Mr. Johnston said.

He added: "Because most of the illegal drugs like LSD, Ecstasy, cocaine and heroin have shown considerable declines in recent years, while the misuse of prescription drugs has been growing, the latter have become a more important part of the country's drug problems."

Although use of marijuana also has been declining, it remains the most widely used of all illegal drugs, Mr. Johnston said.

He and others also expressed concern that eighth-graders two years in a row have shown a decreased perception of the harmfulness of Ecstasy. He said too many teens also fail to recognize the dangers posed by DXM in cough medicines.

"The survey results indicate that the messages we are sending to students about addiction and drug abuse are having an overall positive effect," said Dr. Zerhouni. But he called the "rise in prescription-drug use among the younger grades and the intentional abuse of over-the-counter medicines ... very disturbing."

John Walters, director of the White House Office of National Drug Control Policy, urged parents to help the Bush administration's campaign against teen drug abuse by discarding unused and unneeded drugs from their home medicine cabinets.

Teen Drug Abuse Moves To The Medicine Cabinet (CSM)

By Alexandra Marks

Christian Science Monitor, December 22, 2006

NEW YORK

There's some very good news in the battle against illicit drugs: Use by America's teens has dropped more than 23 percent during the last five years.

But their abuse of medicines, both over-the-counter and prescription, is rising.

These opposing trends - detailed in a survey of teens released Thursday - reflect the complexity of the US drug scene. They also present a new set of challenges. The most important: How to apply the prevention tools that have apparently succeeded in combating illegal drug use to fight the abuse of legal medicines.

Experts credit campaigns focusing on parental involvement and the dangers of abuse for the significant declines in not only drugs like marijuana, but alcohol and cigarettes as well.

The newly released Monitoring the Future study, which experts consider to be one of the most definitive in the US, is done by the University of Michigan and funded by the National Institute on Drug Abuse. It found that teen use of marijuana - their most common drug - declined from 35 percent in 2001 to 29 percent in 2006.

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"The broad nature of these declines across multiple drugs and alcohol and cigarettes ... is a kind of youth movement for the good," says John Walters, director of National Drug Control Policy at the press conference in Washington. "This shows us that we can as a society push back and make a difference. When we do that effectively together it has enormous beneficial consequences not only for our children now, but for the rest of their lives."

Studies consistently show that if people don't start using drugs during their teen years, it is very unlike that they will develop drug problems later in life. That means there will be "less addiction, less suffering, less crime, lower health costs, and higher achievement for this upcoming generation of Americans," Mr. Walters says.

At the same time Walters trumpeted success, he warned that the increase in the abuse of medicines has to be addressed now, if the positive trends are to continue.

Nearly 1 in 10 high school seniors used the narcotic painkiller Vicodin without a prescription and nearly 1 in 20 used the painkiller Oxycontin, according to the Monitoring the Future study.

The findings were backed by recent studies done by the Partnership for a Drug-Free America in New York. Those studies found 1 in 5 teens, ages 12 to 17, report intentionally abusing a prescription drug. As many as 1 in 10 intentionally abused over-the-counter drugs, like cough medicines that contain dextromethorphan.

Focus groups done by the Partnership found that kids think these drugs are either safe, or at least safer, because they're legal. This change of drug type and source, from the neighborhood drug dealer to the family medicine cabinet, is just one of the dilemmas.

"We don't know if they're abusing medicines instead of abusing so-called street drugs," says Tom Hedrick, a founding member of Partnership, "although current research does indicate that heavy abusers of medicines are also abusing illicit drugs."

Another challenge for prevention experts is finessing a message that these legal drugs are safe when used properly, but can be life threatening when abused. That challenge is compounded by both easy access to legal drugs on the Internet and the nation's advertising culture, according to David Rosenbloom, director of Join Together, a nonprofit research and prevention organization based in Boston.

The growth of direct-to-consumer advertising of pharmaceuticals over the past decade has in many ways normalized the use of medicines, making it more difficult to finesse a campaign against abuse, he says.

"The traditional prevention messages become somewhat confused because there are clearly some circumstances under which these medications are wonderful," says Dr. Rosenbloom. "So it's got to be a much more nuanced message and as a practical mater, prevention curricula are still focused on alcohol and illicit drugs."

Three years ago, Linda Surks discovered firsthand the importance of changing the nation's antidrug focus. For more than 15 years she's worked at the National Council of Alcoholism and Drug Dependence on prevention programs in Middlesex County, N.J. As she counseled other parents, she also regularly talked to her son about the dangers of illicit drug abuse. When he was 19, in college studying to become a pharmacist, he died of an overdose of a combination of the antidepressant Xanex and the painkillers Oxycontin and Vicodin.

"I talked about drug abuse a lot more than most parents do," says Ms. Surks. "It wasn't until I was called to the emergency room that I found out he was abusing prescription drugs - and it was quite a shock... because I had no clue he was using at all, and this is from someone who's in prevention and knows what to look for."

Walters says that in order to prevent such tragedies there's something that everyone can do to help deal with the hike in prescription drug abuse.

"Go to your medicine cabinet, take unused prescription [medication] and throw them away," says Walters.

Study: Teens Use Medicines To Get High (AP)

By Lara Jakes Jordan

AP, December 22, 2006

Director of the Office of Drug Control Policy John Walters gestures during a news conference at the National Press Club in Washington, Thursday, Dec. 21, 2006 to discuss the results of an annual school survey on drug use by youths. (AP Photo/ Stephen J. Boitano)

DOJ_NMG_0108450

WASHINGTON -- Teens increasingly are getting high with legal drugs like painkillers and mood stimulants, and they're turning to cough syrup as well, says a government survey released Thursday.

The annual study by the National Institute on Drug Abuse, conducted by the University of Michigan, showed mixed results in the nation's longtime campaign against teen drug abuse.

It found that while fewer teens overall drank alcohol or used illegal drugs in the last year, a small but growing number were popping prescription painkillers like OxyContin and Vicodin and stimulants like Ritalin.

As many as one in every 14 high school seniors said they used cold medicine "fairly recently" to get high, the study found.

It was the first year that the government tracked the frequency of teens who reported getting high from over-the-counter medicine for coughs and colds.

"It's bad that kids are buying cough syrup and using it this way - it's not good for them," said John P. Walters, director of the White House Office of National Drug Control Policy.

The study found about one in 10 high school seniors have abused the painkiller Vicodin and Walters said kids may be pilfering the pills from their parents' medicine cabinets.

"That is one thing you can do - take the pills that are no longer being used and throw them away, get rid of them," he said in an interview.

Walters credited public service advertising with a steady decrease in overall teen drug use over the past five years and said the agency would shift some of its 2007 advertising budget toward combatting prescription drug abuse.

He challenged the recommendations of an August government audit that said the anti-drug advertising campaign wasn't working and suggested Congress consider reducing its funding. The report by the Government Accountability Office found some children were actually more likely to use marijuana after seeing the ads.

"We're pushing back," Walters told reporters Thursday as he outlined the study results. "What this shows is we're pushing back successfully."

The rise in prescription drug abuse was a troubling conclusion in a study that Walters described as good news overall because of the drop in teen use of alcohol, cigarettes, marijuana and other illicit substances.

An estimated 840,000 fewer teens reported using illegal drugs now compared to five years ago, he said.

The annual study, in its 32nd year, surveyed 50,000 students in the 8th, 10th and 12th grades at more than 400 schools nationwide. It found, that over the last year:

-Illegal drug use at all three grade levels dropped, if only slightly. An estimated 36.5 percent of high school seniors reported using illicit drugs at some point in the year.

-Marijuana remained the single most abused drug among teens, although its use also dropped slightly within all three grades. Nearly 12 percent of 8th graders reported using it, compared to 25 percent of 10th graders and 31 percent of high school seniors.

-One-third of 8th graders said they had consumed alcoholic beverages, compared to more than a half of 10th graders and two-thirds of seniors surveyed. That also was a small decrease among the three grade levels. But the number of 10th and 12th graders who reported getting drunk increased slightly.

Comparatively, the number of teens who got high from medicines and households items instead of illegal drugs was small. They included:

-Nearly 10 percent of high school seniors admitted to using excessive dosages of Vicodin, a slight increase over the last year.

-Nine percent of 8th graders sniffed glue, spray paints, cleaning fluids or other inhalants, down slightly.

-3.6 percent of 10th graders got high off Ritalin, up two-tenths of 1 percent. Ritalin is used normally to combat effects of attention deficit disorder.

That teens are turning to cough syrup to get high is particularly alarming, experts said, because the medicine is cheap and easy to get. Moreover, few people - teens and their parents alike - recognize the dangers of overdosing on the otherwise safe and legal drugs.

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"There is this mistaken belief that intentionally abusing prescription and over-the-counter drugs is somehow safer than abusing street drugs," said Steve Pasierb, president and chief executive of the New York-based Partnership for Drug Free America. "What parents don't realize is that this is about your kids taking six pills with a beer."

Good And Bad News On Teen Drug Use (UPI)

By Christine Dell'amore, Upi Consumer Health Correspondent

United Press International, December 21, 2006

WASHINGTON, Dec. 21 (UPI) -- Illegal drug use among U.S. teenagers has fallen sharply since 2001, but abuse of prescription drugs continues to soar, according to an annual government survey released Thursday.

The Monitoring the Future Survey, funded by the National Institute of Drug Abuse, found drug use among eighth-, tenth- and twelfth-graders has dropped 23.2 percent since 2001. The results almost hit the 25-percent reduction goal set by President Bush in 2002.

"Today we announce a remarkable achievement," John P. Walters, director of the Office of National Drug Control Policy, told a news briefing in Washington.

The annual survey asks youths to confidentially answer questionnaires on their drug and alcohol abuse in the past month or year. In 2006, 48,460 students, representing 410 public and private schools, participated.

Past-month marijuana abuse for all three grades plummeted from 2005 to 2006 -- a vital inroad, officials say, because marijuana is often a gateway to other drugs. Cigarette smoking is at an all-time low for the three grades, and alcohol use has also fallen.

The drop in hallucinogens LSD and Ecstasy was dramatic, experts said, going down as much as 50 percent.

Walters stressed the 2006 progress was not due to chance but reflective of anti-drug campaigns and efforts.

"It's not an invisible hand, it's not an automatic waxing and waning of cultural forces -- it's a lot of people out there everyday saving lives, taking these substances of the street."

Yet the report also delivered troubling news: Abuse of the prescription drug Vicodin remained stable -- almost one in 10 high school seniors reported experimenting with the substance in the past year. Painkiller OxyContin was the only drug that went up across all three grades.

Over-the-counter drug medications also seem to be on the rise. Just over 4 percent of eighth-graders, 5.3 percent of tenth-graders and nearly 7 percent of high school seniors reported taking cough or cold medications containing the cough suppressant dextromethorphan to get high in the past year.

The abuse of prescription drugs and OTC medicines, which are often cheap and easily accessible, is a "worrisome trend," said Frank Murphy, director of psychological services at Caron Treatment Centers, a national network of alcohol and drug-addiction treatment centers. "It's almost as if it has gotten chic for kids."

Although the overall trend in marijuana went down, Murphy was alarmed at the 19 percent of twelfth-graders still smoking marijuana. "We're talking about a massive amount of substance on the street," he said. "That's really something for us to pay attention to."

Despite the desirable image of drugs sometimes shown in the popular media, "rejecting a life of drug abuse has now become a national movement among young people, just as unhealthy behavior in drug use became a movement almost three decades ago," Walters said.

However, Walters did not pinpoint a specific campaign or initiative that led to the improvements. Media campaigns, such as TV advertising, have spurred "subtle progress" in implanting anti-drug messages, Lloyd Johnston, the principal investigator for the survey and a research scientist at the University of Michigan, told United Press International.

But recent budget cuts in the National Youth Anti-Drug Media Campaign have led to less advertising reaching kids.

Walters acknowledged anti-drug coalitions put down their guard after waging a fruitful campaign to reduce cocaine use in the 1980s. This led to a redoubling of drug use in the 1990s, a spike that is now finally starting to ebb.

"We've had in the past a tendency to take our eye off the ball," Walters said. "We want to continue this decline, and that requires us to stay at it."

DOJ_NMG_0108452

Study: Teens Getting High On Legal Drugs (CNN)

By Terry Frieden

CNN.com, December 22, 2006

WASHINGTON (CNN) -- Slightly fewer adolescents abused illegal drugs and alcohol in 2006, but fairly high numbers of them continued to abuse prescription narcotics, according to a new study.

Researchers found reasons to be encouraged, but also concerned. The government-funded study, conducted by the University of Michigan, found that a high number of teens are taking over-the-counter cold medicine to get high. Measured for the first time, teenagers' abuse of such medicine is widespread, the survey said.

But officials characterized the overall survey results as generally positive, saying they reflect a slow decade-long decline in the percentage of teenagers who have experimented with illegal drugs.

The study backed by the National Institute on Drug Abuse shows that 21 percent of eighth-graders, 36 percent of 10th-graders and 48 percent of 12th-graders acknowledged that they had at some point tried at least one illicit drug. Those figures represent declines of 0.5 percent, 2.1 percent and 2.2 percent from the previous year, respectively. (Watch how teenagers pop legal pills to get high)Underage drinking also down

The number of students who had tried an illicit drug in the past year also declined from peak levels in the mid-1990s, the study said.

Underage drinking continued to decline as well. About 6 percent of eighth-graders, 19 percent of 10th-graders and 30 percent of 12th-graders said they had been drunk at least once in the past 30 days. The numbers are down significantly from a decade ago.

Officials said the new numbers suggest the decline in alcohol use may be over in the younger grades but continuing in higher grades.

The closely watched annual survey of eighth-, 10th-, and 12th-grade students nationwide will be formally unveiled at a press conference Thursday by the White House Drug Policy Chief John Walters, Attorney General Alberto Gonzales and other senior government officials. (Look at the trends)Pot still drug-of-choice for teens

By far the most popular illegal drug continues to be marijuana.

For the fifth year in a row, the percentage of 10th- and 12th-grade students using marijuana declined, but there was no corresponding decline in the percentage of eighth-graders who experimented with pot.

"The eighth-graders generally were the first to show the declines [over the past decade] but their improvements now seem near an end," said Lloyd Johnston, the lead investigator for the University of Michigan, which conducts the study.

The use of methamphetamine declined significantly among 10th-graders this year, but not among eighth-graders or 12th-graders, the study found. Meth use is now about 1.8 percent for eighth- and 10th-graders, and 2.5 percent for 12th-graders.Crack abuse down up to 50 percent since late '90s

Crack cocaine use continued to drop with use ranging from 1.3 percent to 2.1 percent, marking a decline of up to 50 percent since teen crack use peaked in the late '90s.

Use of anabolic steroids also dropped last year, which officials said may be attributable to the negative publicity associated with steroid use by professional baseball players.

The scientific survey of 50,000 students in 400 schools nationwide marks the 32nd consecutive year the "Monitoring the Future" study has been done. Anti-drug officials and academicians agree the study has become the key barometer in providing a window on trends of drug use among teenagers at critical decision-making stages of development.

Use of inhalants, LSD and other hallucinogens showed virtually no change in the past year, along with heroin, tranquilizers, sedatives and club drugs such as Ketamine and Rohypnol.

Of some concern to the researchers was a slight increase in the use of ecstasy, and the continued relatively high use of OxyContin and Vicodin.

OxyContin use by 12th-graders, which peaked in 2005 at 5.5 percent, dropped back to 4.3 percent, but the greatest levels to date were observed among eighth-graders (2.6 percent) and 10th-graders (3.8 percent).

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"Obviously relatively few young people are using OxyContin; still, given the addictive potential of this strong narcotic drug, I think we should be concerned about these rates," Johnston said in a prepared statement.

Use of the painkiller Vicodin showed even higher rates. Use this year hit 3 percent for eighth-graders, 7 percent for 10th-graders, and 9.7 percent for 12th-graders.

The abuse of cough and cold medicines called DXM, Dex, and Skittles by teens had attracted 4 percent of eighth-graders, 5 percent of 10th-graders and 7 percent of 12th-graders.

Teen Drug Use Dips Nationally, Not Locally (ADS)

By Alexis Huicochea

Arizona Daily Star, December 22, 2006

Teen drug use across the nation has decreased by more than 20 percent during the last five years, according to a study released Thursday. But officials say the downward trend is not occurring in Pima County.

The Monitoring the Future study, conducted by the University of Michigan, measures drug, alcohol and cigarette use among eighth-, 10th- and 12th-graders across the country by asking about drug-use behavior during their lifetime, past year and past month.

The 2006 survey indicates reductions in the use of nearly every drug, with about 840,000 fewer youths using illicit drugs in 2006 than in 2001, according to a news release from the Office of National Drug Control Policy.

It notes a 25 percent decrease in marijuana use during the five-year period, and a significant decrease in teens' use of methamphetamine. More on national study, Page A12.

However, officials at two Tucson programs that work to treat teen addiction say the exact opposite is happening here.

"I'm not sure that the study is an accurate depiction of what is happening and it is certainly not what I am seeing in working with adolescents with drug and alcohol addictions," said Tori Ferrari, director of the Springboard Home for Youth in Crisis, which houses girls but also provides counseling for families and boys. "We are actually seeing more and more kids getting involved at younger ages with harder drugs than marijuana."

She said that while marijuana is one of the most commonly used drugs by teens, it is a gateway drug and almost always leads to experimentation with drugs like heroin, cocaine or meth.

Ferrari believes the reason for the increase has to do with the availability of drugs, specifically meth, and the fact that it has become more common or more acceptable to do drugs.

During the last 30 years, Teen Challenge — the group in charge of Springboard — has served nearly 7,500 teens in Arizona.

Compass Health Care, another organization that works with addicted teens, has also seen an increase in not only illicit drug use, but alcohol and prescription drugs as well, said Cynthia Klein, a spokeswoman for the organization.

"We are seeing lots of kids using OxyContin and other drugs that are used to treat attention-deficit disorder because so many young people are on those medications," she said.

Things are not getting any better, she said. The lack of resources for teens dealing with drug and alcohol addictions is also a contributing factor to the problem.

Compass, along with the University of Arizona, recently began a free treatment program that focuses on kids between the ages of 12 and 17.

Virginia Is For Longer Data Retention (CNET)

By Anne Broache

CNETNews.com, December 22, 2006

All Internet service providers should keep their subscribers' data for lengthier time periods in order to aid police prowling for criminals online, a task force organized by the Virginia state attorney general recommended this week.

Echoing similar calls from U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller earlier this year, the latest suggestions arrived in a 103-page report drawn up by Virginia Attorney General Bob McDonnell (click for PDF) and his 6-month-old Youth Internet Safety Task Force.

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Bob McDonnell

"It is the responsibility of business to assist in the apprehension of those who violate the promise of the Internet and prey upon children," the report said in its introductory section. The report did not address how these databases of customer information would be secured or whether they would be available to attorneys in civil lawsuits through subpoenas.

Although all Internet service providers already are legally required to preserve user data when requested by federal police, and some retain their users' connection logs for a few months, practices differ between companies. That means that "there is continuing need for ways of improving and streamlining procedures for disclosing pertinent information," the report went on to say.

Still, rather than prescribing data retention laws, as some members of Congress have supported, the task force makes a vague instruction to Internet service providers: they should commit to "keeping data relevant to such investigations and engaging at the national level to help define appropriate policies."

That seemingly softer recommendation is likely a reflection of the broader divide over the issue that is mirrored in the task force's makeup. Its members include representatives from various state and local law enforcement bodies, schools, educational agencies, parenting organizations, and corporate entities such as Yahoo, News Corp.'s MySpace.com, Microsoft, Time Warner's AOL and Sony.

Law enforcement officials and Internet companies have been at odds over the notion of adopting European-style data retention rules because ISPs maintain that retaining such vast amounts of data presents inordinately high costs and could pose security and privacy complications.

Internet companies also argue that they're already obligated to help law enforcement under a 1996 federal law. Called the Electronic Communication Transactional Records Act, it requires Internet providers to retain any "record" in their possession for 90 days, "upon the request of a governmental entity."

As an alternative to mandatory data retention, the task force report also proposes various methods designed to speed up the legal process involved in requesting data preservation.

AOL, which announced that it had donated $100,000 to the state for use in launching an Internet safety awareness campaign, applauded the conclusions. "The findings in this report, if implemented, will help make Virginia a safer place to raise a family," Mark Hileman, the Dulles, Va.-based company's deputy general counsel, said in a statement.

But Internet companies aren't likely to be free from the specter of national data retention laws yet. An FBI representative told CNET News.com recently that the agency continues to support data retention, viewing it as "crucial in advancing our cyberinvestigations to include online sexual exploitation of children." A representative for the National Association of Attorneys General said she wasn't aware that anything had changed since 49 of the state officials signed a letter (click for PDF) in June urging Congress to act on the issue.

Police Chiefs Ask Feds For Crime Commission (USAT)

By Kevin Johnson

USA Today, December 22, 2006

WASHINGTON — The nation's largest police chiefs' organization is calling on the federal government to re-establish a national law enforcement commission to help restore confidence in local public safety operations.

The International Association of Chiefs of Police said Thursday that recent incidents involving officers' questionable use of force and abrupt increases in murder and robbery represent strong evidence for a panel, similar to President Lyndon Johnson's Crime Commission, which would develop a national anti-criminal justice strategy. The panel would address a wide range of topics from police deployment to prison administration.

"We're past the time when we've needed to do this," IACP President Joseph Carter said Thursday.

Carter says the need for a crime commission was "validated" earlier this week by an FBI report showing that violent crime remained on the rise during the first six months of 2006.

The review found that overall violent crime was up by 3.7%.

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The IACP also cited "highly publicized" police incidents, such as the New York City shooting death of 23-year-old Sean Bell after his bachelor party and the death of an 88-year-old woman during an Atlanta drug raid.

The IACP's proposal, listed among the organization's highest priorities for 2007, is not winning early support.

Sen. Joe Biden, D-Del., instrumental in passing the Clinton administration program to hire 100,000 additional police officers, says more money for additional officers and resources — not a commission — is needed to drive down rising crime.

"We don't need a commission to tell us what works," says Biden.

Samuel Walker, criminal justice professor at the University of Nebraska, says more attention needs to be focused on the application of the death penalty and such issues as police use of stun-guns.

"But I'm not sure we need a full blown commission," Walker says.

Recent jumps in violence prompted the Justice Department in October to launch its own review of possible causes.

U.S. Probes Possible Crime Links To Russian Natural-Gas Deals (WSJ)

By Glenn R. Simpson

Wall Street Journal, December 22, 2006

Amid growing concern about Europe's energy dependence on Russia, U.S. authorities are investigating possible links between one of that country's top organized crime figures and multibillion-dollar natural-gas deals between Russia and Ukraine.

The wide-ranging inquiry focuses on 60-year-old Semion Mogilevich, one of the FBI's most-wanted men, who is viewed by law-enforcement agencies as one of the world's most-sophisticated international criminals. U.S. officials have long expressed concern that his operations foster high-level official corruption throughout the former Soviet Union, underwriting criminal activities ranging from prostitution and drug dealing to stock fraud.

Their concern has only grown as Russia has tightened its grip on the vast oil and gas resources of Central Asia and shown a growing willingness to brandish energy as a political weapon. The European Union gets a quarter of its natural gas from Russia, most of which is shipped by pipeline across Ukraine.

That puts Mr. Mogilevich close to one of Europe's most vital economic crossroads at a time when the West is focusing on the failure of Russian President Vladimir Putin to check rampant organized crime and corporate corruption in Russia. The U.S. is worried that the Russian mafia will spread its influence in the energy industry and use its natural-gas profits to increase its economic and political clout.

Mr. Mogilevich couldn't be reached for comment. A Moscow lawyer who has worked with him declined to comment yesterday. In a 1999 interview with the British Broadcasting Corp., Mr. Mogilevich described himself as a businessman involved in commodities trading.

In 2002, Mr. Mogilevich and an associate, Igor Fisherman, were indicted in Philadelphia on charges of money-laundering and securities fraud in connection with the collapse of YBM Magnex Inc., a Pennsylvania-based company registered in Canada. Prosecutors allege that the two men used fraudulent accounting records and a network of shell companies to manipulate YBM Magnex's stock, then laundered the profits of their stock sales through numerous banks.

Messrs. Mogilevich and Fisherman haven't responded to the U.S. charges, and, according to the FBI, they now live in Moscow. The U.S. and Russia have no extradition treaty.

In their natural-gas investigation, senior U.S. prosecutors and agents of the Federal Bureau of Investigation are focusing on connections between Mr. Mogilevich and a Cyprus-registered company called Highrock Holding Ltd. that has played a role in several multibillion-dollar gas deals, according to current and former law-enforcement officials.

Highrock, which has operations in Moscow, Tel Aviv and the Ukrainian capital of Kiev, supplies consumer goods and other products to Turkmenistan and other Central Asian gas producers in exchange for billions of cubic meters of natural gas. The gas is then shipped to customers in Ukraine and other East European countries over pipelines owned by Russian gas giant OAO Gazprom.

Until June of 2003, the wives of Messrs. Mogilevich and Fisherman were among Highrock's major shareholders, say people familiar with the company's operations. While the wives are no longer listed as shareholders, authorities are investigating whether their husbands retain an interest in the venture. The officials say they have yet to reach any definitive conclusions.

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A Ukrainian businessman named Dimytro Firtash, now Highrock's principal owner, says he removed the two men's wives from Highrock in 2003, soon after he learned they were involved with the company. Mr. Firtash says a former partner had brought in Mr. Mogilevich as an investor without his knowledge.

The U.S. investigation, which is being led by the Justice Department's Organized Crime and Racketeering Section, began early this year, shortly after Moscow's brief cutoff of natural-gas shipments to Ukraine in a price dispute sparked an international crisis. The January cutoff came during a cold snap, throwing Europe's energy dependence on Russia into sharp relief.

The crisis was resolved when a previously little-known firm called RosUkrenErgo came forward to act as a middleman and broker a compromise. The company, known as RUE, said it was half-owned by Gazprom, but for months it refused to identify its other owners.

After The Wall Street Journal reported in April that RUE was under investigation by the Justice Department's organized-crime unit, Highrock's owner, Mr. Firtash, came forward saying he was RUE's other owner. Today, RUE supplies gas to several other European countries, including Poland and Hungary.

The U.S. investigation's focus on Messrs. Mogilevich and Fisherman is only now emerging. In recent months, agents have questioned several witnesses in Central and Eastern Europe about their knowledge of Mr. Mogilevich's role in Highrock, people with knowledge of the inquiry said.

The investigation is concentrating on Mr. Mogilevich's former base of operations in Budapest. For the past six years, the FBI has maintained a special unit in the Hungarian capital largely devoted to the investigation of the Mogilevich organization.

According to law-enforcement officials, the FBI team is being aided by authorities in Israel, another of Mr. Mogilevich's suspected bases of operations, and Cyprus, an offshore banking center used by many Russians. Spokesmen for the Justice Department and the FBI declined to comment on that matter because it is under investigation.

Global Witness, a London-based watchdog group that monitors the exploitation of natural resources, published a report earlier this year questioning the ownership of RUE, Highrock, and several other firms at the center of the Asian-European natural-gas trade. "There are still too many unanswered questions about these men and the interests they may or may not serve," says Global Witness researcher Tom Mayne. "Gazprom is a major supplier of energy to Europe, so there is a pressing need for more transparency about what is going on in the gas trade."

According to his FBI "Wanted" notice, Mr. Mogilevich, a heavy smoker who weighs nearly 300 pounds, was born in Kiev. He earned a degree in economics from the University of Lvov, according to people familiar with his background. He lived in Israel in the early 1990s, then moved to Hungary in 1995, the FBI says. He was also a prominent figure in a 1998-2006 probe of money laundering at the Bank of New York but wasn't charged in the case.

A substantial part of the natural-gas probe revolves around a network of companies, known as the Itera Group, that dominate the Russia-Ukraine natural-gas trade through their close relationship with Gazprom.

Itera, which is based in Moscow and Jacksonville, Fla., says it is the third-largest gas company in Russia. It has been Gazprom's partner in many gas deals that critics say didn't make business sense for Gazprom.

Itera Chairman Igor Makarov was a business partner of Mr. Firtash. According to Mr. Firtash, Highrock worked closely with Itera for years, providing goods to the Central Asian nations that supplied Itera with natural gas.

In 2000, Olga Shnayder, a private lawyer who worked with Itera, set up Highrock and several offshore affiliates of the company, according to corporate records and statements by Mr. Firtash.

The Highrock entity in Cyprus had three shareholders, one of which was Agatheas Trading Ltd., also of Cyprus. One director of Agatheas was Galina Telesh -- Mr. Mogilevich's wife. People involved in the U.S. inquiry say she represented her husband and Mr. Fisherman's combined one-third interest in Highrock.

Ms. Shnayder is listed in Russian corporate records as part-owner of a well-known Moscow funeral-home business previously owned by a company called Arigon Ltd. According to the Justice Department indictment of Mr. Mogilevich and his associates, "defendant Mogilevich was a 40% shareholder of Arigon, and controlled its operations."

Ms. Shnayder, reached through the funeral-home offices, denied that she was an owner of the funeral home. She said it would be "a violation of client-attorney privilege" to comment on whether Mr. Mogilevich or Itera's Mr. Makarov are her clients.

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She also declined to say whether she created Highrock. Itera didn't respond to requests for comment at its U.S. and Moscow offices; in the past, Mr. Makarov has denied having a relationship with Mr. Mogilevich.

The FBI is also conducting a separate corruption inquiry into Itera's ties to Rep. Curt Weldon of Pennsylvania, a senior Republican in Congress. His daughter, Karen Weldon, a lobbyist, received at least $500,000 in lobbying fees in 2002 from U.S.-based Itera Energy LLC. Rep. Weldon subsequently praised Itera in public statements. He denies any wrongdoing.

The Bankrupt-Your-Family Calling Plan (NYT)

New York Times, December 22, 2006

Studies of prison inmates clearly show that keeping them in contact with friends and family is vital to giving them a chance to create an honest life after jail instead of committing new crimes that land them right back behind bars. Yet the simple act of picking up the phone to call home can be bankrupting for inmates and their families.

The cruel and counterproductive system now in place around the country charges them as much as six times the going rate for collect calls placed from inside state prisons. The collect-call service providers keep a stranglehold on the business by paying the state prisons a legalized kickback called a "commission."

These costs are borne by spouses, parents and other collect-call recipients who typically come from the country's poorest families. Worse still, these families can be barred from receiving a prisoner's collect call at all until they open costly accounts with the same companies that provide the prison phone service.

With bills that sometimes reach into the hundreds of dollars a month, families must often choose between talking to a jailed loved one and paying the rent. The lost contact is especially crushing for imprisoned parents, who make up more than half the national prison population and are often held in prisons hundreds of miles away from their children.

A bill that went nowhere in Congress this year would have mandated fair rates for interstate calls made from prison. The bill, introduced by Representative Bobby Rush, Democrat of Illinois, would also have required prisons to use both the collect-calling system and the less expensive debit-calling system. Used in federal prisons, debit calling lets inmates use computer-controlled accounts to pay for easily monitored calls to specified phone numbers.

The collect-call-only system is being challenged in court in a number of states, including New York, where a closely watched case is scheduled to be argued before the state's highest court in early January. The suit rightly argues that the telephone markup is a hidden levy on families who already support the prison system through their taxes.

State prison officials say the money is used to pay for programs that benefit inmates. But it also gouges the poorest citizens — driving them deeper into poverty — to pay for prison services that the state is obligated to provide. It might be legal, but it is also counterproductive and morally indefensible.

CIVIL RIGHTS:

Feds: No Independent Probe Of DeKalb Police Justice Department Clarifies Letter, Says It Will Only Review Results Of Local Investigations. (AJC)

By Mae Gentry

Atlanta Journal-Constitution, December 22, 2006

U. S. Justice Department officials said that the department was not conducting an "independent federal investigation" into a string of fatal police shootings in DeKalb County, but would review investigations by local authorities when they are completed.

A spokeswoman for the Justice Department's Civil Rights Division issued a statement Thursday in which she sought to clarify a Dec. 12 letter from Assistant Attorney General Wan J. Kim to a local activist who had called for a federal investigation.

"The Department is currently gathering information, in conjunction with the Federal Bureau of Investigation, concerning the DeKalb County shootings," Kim wrote in the letter to John Evans, former head of the DeKalb NAACP. "You can be assured that if the evidence shows that there were any prosecutable violations of any federal criminal civil rights statute, appropriate action will be taken."

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On Thursday, the spokeswoman, Cynthia Magnuson, said the letter from Kim does not imply that the Justice Department had opened a formal investigation into the shootings. "While the Department of Justice is gathering information and monitoring that investigation, we have not at this point opened an independent federal investigation into the shootings," the statement said. "Federal authorities will review the results of the local investigation and then make an assessment about what additional investigation, if any, is warranted."

DeKalb Interim Police Chief Nick Marinelli last month asked District Attorney Gwen Keyes Fleming to review the Police Department's investigation of several shootings in 2006. DeKalb's 12 fatal police shootings this year are more than any other department in metro Atlanta.

Keyes Fleming, who said she will request that a special grand jury be impaneled to look into the cases, had said Tuesday, "It appears that the FBI is investigating a completely independent track, and we will continue what we've started."

Magnuson's statement did not mention the FBI, which was included in Kim's earlier letter. An FBI spokesman declined to comment on Kim's letter on Tuesday.

In an interview Thursday, Magnuson said her statement explains Kim's letter. "I don't believe that they're inconsistent," she said.

Evans, however, said the new statement conflicted with the letter from Kim.

"There's conflict in the statements — no doubt about that," he said. "Either what he said wasn't explained properly or there was some political pressure."

Evans said he intended to call Kim to find out "what's what."

Keyes Fleming's spokeswoman, Adora Andy, said Thursday, "The DA has had conversations with the U.S. Attorney for the Northern District of Georgia, David Nahmias." Andy declined further comment.

Nahmias also spoke to Chief Executive Officer Vernon Jones and sent him a copy of Magnuson's statement, according to a news release from Jones' office.

Jones declined Thursday to discuss his conversation with Nahmias.

Judge Scuttles Mayor's School Takeover Plan (LAT)

By Howard Blume

The Los Angeles Times, December 22, 2006

A judge today nullified legislation giving Mayor Antonio Villaraigosa substantial authority over the Los Angeles Unified School District, a stunning setback to Villaraigosa's plans -- already in progress -- to assume direct control of dozens of Los Angeles schools.

The mayor, at a news conference this afternoon, said he has instructed lawyers for the city to appeal the ruling. He said he would also ask that the California Supreme Court hear the appeal directly.

"We will not be set back," Villaraigosa said.

He added: "We refuse to be deterred by the forces of the status quo."

The ruling was a sweeping victory for the school district and puts in question the mayor's education agenda, which was embodied in the legislation before the court.

Under Assembly Bill 1381, Villaraigosa would have ratified the hiring and firing of future superintendents through a Council of Mayors that he would have dominated. And he would have had direct authority over three low-performing high schools and the elementary and middle schools that feed into them.

Judge Dzintra Janavs found the entire law defective and ordered public officials "to refrain from enforcing or implementing" any part of it.

"The statute makes drastic changes in the local governance of the LAUSD, giving the mayor a role that is unprecedented in California," she noted in her ruling, adding that the law "completely deprives the LAUSD governing board of any ability to control or influence the actions or decisions" in schools directly under the mayor's control.

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That was a primary goal of the legislation, but the judge rejected that intent as contrary to the California Constitution on numerous grounds. Fundamentally, she said, the Constitution forbids transferring authority over schools to entities outside the public school system.

She cited a 1946 constitutional amendment that "specifically removed municipal authority over school districts and appears to reflect the people's determination to separate municipal functions from school functions due to the variety of conflicts that arise between their respective interests."

The mayor's side argued that the Legislature had broad authority to designate the mayor, or anyone else, as a valid education agency to oversee schools.

The judge disagreed, siding with the district's lawyers.

"The mayor of Los Angeles [and] the members of the Council of Mayors … are not 'authorities' within the public school system or 'officers of the public schools,' " Janavs wrote in a decision issued midafternoon.

She also concluded that the new law violated the Los Angeles City Charter and the state Constitution by emasculating the school board's authority and by putting Villaraigosa in conflicting management roles.

School district officials were elated with the ruling, but measured in their reaction.

"We're anxious to move forward," said district general counsel Kevin Reed, who helped argue the case last week.

"We have believed from the day Mayor Villaraigosa was sworn in that it was important to work with him," Reed said. "We always thought this vehicle was the wrong way to do it. We continue to invite and look forward to a true partnership with him."

Judge Strikes Down LAUSD Takeover Plan (LADN)

By Naush Boghossian

Los Angeles Daily News, December 22, 2006

READ the court ruling striking down AB 1381. In a major political blow to Mayor Antonio Villaraigosa, a judge on Thursday declared unconstitutional the state Assembly bill that would give the mayor substantial control over the Los Angeles Unified School District and blocked its Jan. 1 implementation.

But while district officials called the ruling just, Villaraigosa remained defiant, calling it a "bump in the road" and vowing to immediately appeal.

"This ruling may seem like a disappointing setback for our kids, but I want to be absolutely clear today -- we will not be set back," he said. " ... We refuse to be defeated by the forces of the status quo. I believe we have the law on our side, I believe we have the constitution on our side, and more than that, I believe we have the people on our side."

And despite the ruling, he said his staff would continue to plan for a mayoral takeover of the 708,000-student district and vowed to get involved in the March school board election, when four of the seven seats are up for grabs. Putting on a conciliatory face, district officials said they were gratified with the ruling and stressed that they want to create a partnership with the mayor and the city of Los Angeles.

School board President Marlene Canter said she and Superintendent David Brewer III already had spoken with the mayor and that they all "agreed to work together on behalf of our students." "Thursday's ruling confirms our long-standing belief that this legislation was unconstitutional and not in the best interest of our students," she said.

In a strong rebuke of the mayor's plan -- Assembly Bill 1381 -- Los Angeles County Superior Court Judge Dzintra Janavs sided with all four of the district's arguments on the legality of the bill, including that it violates the state constitution, the City Charter and voter rights.

The judge said the unconstitutional portions of the bill cannot be separated from the rest, meaning the whole thing had to be thrown out.

"There is substantial evidence that passage of AB 1381 was the result of political compromise and that its provisions are so interconnected and so critically dependent upon one another that no single provision would have been enacted or should be given effect without the whole," Janavs wrote in the 20-page ruling.

The district challenged the bill, contending that it violated provisions of the state constitution, which creates a separation between the operation of the municipal government and the education system; the L.A. City Charter, which sets forth the duties of

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the mayor but does not grant him authority over public schools; and voting rights, disenfranchising voters who don't live in Los Angeles and those who voted for LAUSD board members.

The ruling came after a yearlong battle between the Mayor's Office and the district, with Villaraigosa wanting to shake up the LAUSD with reforms aimed at raising student achievement faster and reducing the dropout rate, which has been pegged anywhere between 24 percent and 50 percent.

He proposed stripping away the school board's authority and shifting it to the superintendent; creating a 28-member council of mayors to review the budget and ratify hiring of new superintendents; giving the mayor direct oversight of three c lusters of the district's lowest-performing schools; and giving schools greater control over budget and curriculum.

Critics called Villaraigosa's efforts a power grab. Besides a few community meetings, he didn't put it to a public vote and used his significant political clout to have the Legislature pass the bill in August. Gov. Arnold Schwarzenegger signed it in to law in September, and a coalition led by the district filed suit in October.

For the popular mayor, who used substantial political capital to push for the school reform, the judge's decision is a big setback, said Jaime Regalado, director of the Edmund G. Pat Brown Institute of Public Affairs at California State University, Los Angeles.

"It's a major blow, there's no question about it," Regalado said. "It's a major initial blow."

But the mayor could come out victorious, depending on the state Court of Appeal decision. And this defeat won't have long-term impacts for a mayor who many believe has gubernatorial aspirations, he said.

" ... The fight is not over yet and he has a lot of political capital to burn," Regalado said. "He didn't invest 100 percent of what he had in the vault."

In fact, an appellate court could reach a completely different conclusion from Janavs , and it is that decision that would se t a legal precedent, while Thursday's doesn t.

For his part, Schwarzenegger said he still backs the mayor's plan and supports an appeal of the court's decision.

"I strongly support Mayor Villaraigosa's efforts to put our children first," he said in a written statement. "The status quo simply isn't working -- the current system is failing too many of our students."

Sen. Gloria Romero, D-Los Angeles, a co-author of the bill, said she still believes it s legal and should be appealed all the way to the U.S. Supreme Court, if necessary.

"I look forward to that," she said.

The state legislative counsel earlier this year issued an opinion questioning the measure s constitutionality. Concerned that a lawsuit might result in some parts of the bill being overturned while others remained, Sen. George Runner, R-Lancaster, had successfully pushed for the removal of a severability clause, a phrase that says if one part is overturned, the rest remains law. After that clause was added, Runner decided to put aside his misgivings about the bill and vote in favor of it.

But some legal experts said judges are free to use their own discretion on severability, regardless of the presence of an enabling phrase.

Meanwhile Thursday, Villaraigosa said he received an additional $1 million for the cluster of schools he was poised to oversee. Deputy Mayor Ray Cortines would only say it came from a foundation that he'd like to keep anonymous. He collected $1 million from Verizon last week.

Villaraigosa also said he had spoken to Assembly Speaker Fabian Nuñez, D-Los Angeles, and that they would move to audit the LAUSD to begin the process of determining how much money is being spent on bureaucracy.

Monica Garcia, the sole Villaraigosa supporter on the school board, said she hopes the ruling doesn't send the district the signal that what it has done so far is enough.

In fact, she said, she believes the district should move forward to implement demonstration schools, or clusters of lowest-performing schools, the mayor had proposed to oversee.

"I think this whole effort has encouraged a civic conversation that would not have happened otherwise," said Garcia, who added that she hasn't decided whether to support an appeal of the judge's ruling. "The judge ruled in one way, but the work continues to need aggressive, bold, optimistic reform and leadership."

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While the mayor's detractors will certainly say he was much too ambitious with his plan and was bound to fail, there are plenty in the city who want change and back his plan, Regalado said.

"Most people feel something needs to change at LAUSD, and I think he ll be given plaudits by some, if not the majority of voters, for making the try, for expending capital and putting himself out there on the issues," he said. "It does take a bit of his political capital away, but long-term injuries? Not yet."

California: Judge Strikes Down Los Angeles School Plan (AP)

AP, December 22, 2006

A judge struck down a law granting Mayor Antonio R. Villaraigosa of Los Angeles partial control of the nation's second-largest school district. The law, scheduled to take effect Jan. 1, violated the state's Constitution by interfering with the governing authority of the Los Angeles Unified School District board, the judge, Dzintra I. Janavs of Superior Court, ruled. A coalition of parents, students and administrators sued in October, contending the law took too much power away from the elected school board. Mr. Villaraigosa said he was considering a direct appeal to the State Supreme Court. "I believe we have the law on our side," he said.

ANTITRUST:

DOJ Unveils Merger Investigations Reform (DEAL)

By Cecile Kohrs Lindell

The Deal, December 22, 2006

The Department of Justice's antitrust division on Dec. 15 officially announced further efforts to streamline the time and cost of merger investigations. The changes are part of a 2001 merger process reform effort and closely mirror changes the Federal Trade Commission announced in February.

But there's a big catch for merging parties that participate, and if the FTC's track record is an indication, antitrust lawyers won't be pushing clients to sign up. To be eligible for DOJ's latest streamlining efforts, the Justice Department requires merging parties to agree to set a period of pretrial discovery, perhaps as much as six months, should regulators seek a court order to block a merger. That could leave merging parties open to significantly more discovery time than the government usually is granted. The FTC's streamlining, by contrast, requires only two months of discovery.

DOJ's latest changes are intended to ease the burden imposed by a "second request for information," the step antitrust regulators must take to extend a merger investigation beyond limits set by the Hart-Scott-Rodino Act. After companies notify the antitrust agencies of their plans to merge, the DOJ and the FTC, the agencies then have 30 days -- or 15 in the case of a hostile tender offer -- to decide whether to clear the deal or to issue a second request.

The typical merger review process can take up to a year, but recent efforts have brought the average time for mergers with complex issues to less than six months.

"Efficient merger enforcement reaching the right answers as quickly as possible with the least burdens necessary is one of our top priorities," said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division. "The amendments to the division's already successful merger review process initiative are part of our ongoing efforts to reduce enforcement burdens, while at the same time preserve our ability to conduct thorough investigations and protect consumers from anticompetitive transactions."

The DOJ second request changes are similar to the FTC's, by limiting to 30 the number of corporate officials whose documents will be reviewed and shortening the default time studied from three years to two. (The FTC capped the number officials at 35.) The merger review process initiative also says the staff is encouraged to talk with lawyers for the merging parties early on in an effort to get deals cleared during the initial 30-day period.

Though formally announced only last week, the changes have been in practice at least since October, when senior staff lawyer Bob Kramer told a gathering of antitrust lawyers about the need for changes in how the agencies review mergers. The

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biggest problem, according to Kramer, was that when companies complied with the second requests, the agency was swamped with documents, much of it superfluous to the investigation.

"Dumping" is a practice of collecting all documents related to the investigation from the merging firms, then filing everything in one fell swoop to the agency staff lawyers who requested it. After lawyers dump on an agency and certify they have complied with a second request, the regulators have only 30 days to review hundreds of thousands of documents and decide whether to block or to permit the deal.

In an effort to avoid these problems, DOJ's reforms include making initial requests for a range of information on a voluntary basis. DOJ is also asking lawyers to come in and discuss the merger with staff lawyers early in the process.

And, as with the FTC, DOJ is also using a carrot-and-stick option. If the merging parties want to move quickly, they can enter a "Process and Timing Agreement" with staff. That would mean the companies provide information to the agency when available, on a rolling basis rather than submitting everything at once. The parties must also agree to give DOJ lawyers extra time before a trial if the agency decides to block the deal.

"Even in cases preceded by full HSR compliance, it has been the division's experience that a period of four to six months is generally necessary to conduct appropriate post-complaint discovery," the agency wrote in its description of the new arrangement.

That means if the merging parties cannot agree with DOJ on a remedy, or if DOJ simply believes the anticompetitive problems with the deal are excessive, the parties must give DOJ four to six months to prepare its case before going to court rather than the three months or less courts typically grant the government.

According to Steve Sunshine, a partner at Cadwalader, Wickersham & Taft LLP and a former deputy assistant attorney general at DOJ, the changes are "more of an evolution of best practices" and not a radical change in policy.

The changes "are kind of helpful on the margins," Sunshine said. "Where it can really matter is on a big deal with lots of issues that aren't really deal stoppers; it can help to give some focus" to the investigation.

Barnett said that by helping to focus the investigation, DOJ's process can be helpful, because firms can benefit from time and cost savings.

But for most deals, the longer discovery phase required by the new Process and Timing Agreement is a disincentive to companies that is not offset by the agreement's benefits, Sunshine said. Private firm antitrust lawyers already can negotiate with staff and winnow down the number of people whose files are searched without giving the government more time to prepare a court case.

Indeed, merging parties in only one deal have so far agreed to give the FTC even a two-month discovery period in exchange for any concessions during the HSR process, according to FTC officials.

Barnett acknowledges that the appeal of the latest change may be limited, but the effort to streamline the premerger review process isn't over. The goal has been "to increase transparency and increase communication," he said. "We've been very successful at getting these resolved more quickly."

Prosecutors: 5th Samsung Exec To Plead Guilty In Price-fixing (AP)

By Jordan Robertson

AP, December 22, 2006

SAN JOSE, Calif. - A Samsung Electronics Co. executive agreed to plead guilty and serve 10 months in prison for his role in a global price-fixing scheme involving a common form of computer memory, federal prosecutors said Thursday.

Young Hwan Park, president of Samsung Semiconductor Inc., the company's San Jose-based U.S. subsidiary, is the fifth Samsung executive this year to agree to a prison sentence over price manipulation of dynamic random access memory, or DRAM, the most common type of memory chip used in personal computers.

A Samsung spokeswoman said Thursday that Park is still with the company but declined to discuss the company's future plans. "Samsung is strongly committed to fair competition and ethical practices and forbids anticompetitive behavior," spokeswoman Chris Goodhart said in a statement.

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In total, four memory chip companies and 18 people have been charged in the Justice Department's investigation of DRAM makers.

Samsung, Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc. have all pleaded guilty for roles in the scheme and were ordered to pay about $729 million in fines. The fine for Samsung and its subsidiary totaled $300 million.

Fifteen people charged in the case have now pleaded guilty, including the five Samsung executives, four executives each from Infineon and Hynix, an executive from Elpida and a sales manager from Micron Technology Inc.

Park's prison sentence would be the longest levied against any of the defendants.

The Justice Department said collusion among the world's DRAM makers began in 1996, when manufacturing ramped up but prices failed to drop as expected. Investigators said DRAM executives hatched a covert plan to keep prices artificially high and colluded in the United States and abroad.

The charge against Park was filed and his expected guilty plea, which still needs court approval, was announced simultaneously Thursday in San Francisco federal court. Park also agreed to pay a $250,000 fine. A court date for Park to enter the plea had not been set.

"This latest plea underscores our resolve to hold responsible those who target U.S. businesses and consumers with price-fixing schemes," Thomas O. Barnett, the assistant attorney general in charge of Justice Department's antitrust division, said in a statement. "Individuals who choose to engage in price fixing are on notice of the consequences of their illegal actions: criminal fines and prison time."

Park is accused of conspiring with employees from other memory chip makers from April 2001 to June 2002 to keep the prices of chips artificially high. He was vice president of sales for Samsung Electronics at the time.

Prosecutors say the scheme affected sales to computer makers Apple Computer Inc., Compaq Computer Corp., Dell Inc., Gateway Inc., Hewlett-Packard Co. and IBM Corp.

The indictment alleges Park struck deals with other executives in secret meetings about the prices charged to certain manufacturers. The executives allegedly swapped data on DRAM shipments to those manufacturers to make sure everyone was selling at agreed-upon prices.

The probe of anticompetitive practices in the semiconductor industry has since expanded to the sale of graphics processors and cards, and another form of memory known as static random access memory, or SRAM.

At least five SRAM makers have said they were contacted by Justice Department investigators as part of the industrywide probe, including Sony Corp., San Jose-based Cypress Semiconductor Corp., and the U.S. units of Mitsubishi Electric Corp., Samsung Electronics Co. and Toshiba Corp.

SRAM chips are faster and more reliable than DRAM chips, but are also more expensive and found in far smaller quantities in PCs. Worldwide SRAM sales totaled $2.8 billion in 2005, compared with DRAM sales the same year of about $24.8 billion, according to market researcher iSuppli Corp.

Two leading graphics chip companies - Advanced Micro Devices Inc. and Nvidia Corp. - have said they were subpoenaed by federal investigators probing possible anticompetitive practices among makers of computer graphics chips.

The Justice Department has declined to discuss details of the graphics chips and SRAM probes.

Samsung Exec Pleads Guilty To DRAM Price Fixing (IDG)

By Grant Gross

IDG News Service, December 22, 2006

A top executive from Samsung Electronics will serve 10 months in prison and pay a $250,000 fine for his role in a global conspiracy to fix DRAM (dynamic RAM) prices, the U.S. Department of Justice (DOJ) announced Thursday.

Young Hwan Park, currently president of Samsung's U.S. subsidiary Samsung Semiconductor Inc., agreed to plead guilty to a violation of the U.S. Sherman Antitrust Act for conspiring with other companies to fix DRAM prices, according to court records.

Park, formerly vice president of sales at Samsung, is the fifth Samsung executive to agree to prison sentences in the DOJ's ongoing price-fixing investigation. Samsung, based in South Korea, is the world's largest manufacturer of DRAM, a memory chip commonly used in PCs and several other electronic devices.

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Since December 2003, the DOJ has charged four DRAM vendors and 18 people in the price-fixing investigation.

People who "choose to engage in price fixing are on notice of the consequences of their illegal actions – criminal fines and prison time," Thomas O. Barnett, assistant attorney general in charge of the DOJ's Antitrust Division, said in a statement.

Park conspired with employees from other memory makers to fix the prices of DRAM sold to OEMs (original equipment manufacturers) from April 2001 to June 2002, according to a felony court filed Thursday in U.S. District Court for the Northern District of California in San Francisco. Computer makers affected by the price fixing included Dell Inc., Hewlett-Packard Co., Apple Computer Inc. and Gateway Inc., the DOJ said.

Park participated in meetings with other DRAM makers where the prices of DRAM were discussed, and he committed to charging the agreed prices, the DOJ said.

Samsung pleaded guilty to the price-fixing conspiracy and was sentenced to pay a $300 million fine in November 2005. Hynix Semiconductor Inc., the world's second-largest DRAM manufacturer, pleaded guilty and was sentenced to pay a $185 million fine in May 2005.

In January, Japanese manufacturer Elpida Memory Inc. agreed to plead guilty and pay an $84 million fine. In October 2004, German manufacturer Infineon Technologies AG pleaded guilty and was sentenced to pay a $160 million fine.

Samsung Executive Faces Jail Sentence (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, December 22, 2006

The chief executive of Samsung Electronics' US-based chip division is facing 10 months behind bars after pleading guilty on Thursday to price-fixing charges.

The Korean executive, Park Young-hwan, was involved in a wide-ranging conspiracy involving Samsung and other makers of dynamic random access memory components – or D-Ram chips – while he served as vice-president of the Korean company's sales division.

Mr Park is the fifth Samsung executive to agree to a prison sentence in the Justice Department's investigation, which has also ensnared four Hynix executives, four officials at Infineon, and resulted in one obstruction charge against a regional sales manager at Micron Technology. The probe has generated $730m in criminal penalties from the parties involved, the second-highest number of fines to emerge from any single price-fixing conspiracy.

According to Samsung's website, Mr Park has served as president and chief executive of Samsung Semiconductor in the US since March, 2004, leading the industry's second highest-volume supplier of chip products in North America. The website also credits Mr Park for leading the company's memory sales team at a time, between 2001 and 2003, when it saw its "most dramatic growth".

The Justice Department said Mr Park carried out the price-fixing conspiracy from April, 2001 to June, 2002 by participating in meetings and conversations with rivals in the D-Ram market and agreeing to charge certain customers a fixed price. The talks ultimately affected sales to US computer makers such as Dell, HP and Compaq.

US Airways CEO: Delta's Self-valuation 'Lacks Credibility' (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 22, 2006

Delta Air Lines' self-valuation that it will be worth as much as $12 billion after bankruptcy "lacks credibility," US Airways Chief Executive Doug Parker said Thursday as he urged creditors to push the Atlanta airline's executives to explore its merger proposal.

"This is where I'd like to see the [Delta] management team come along," Parker said in a conference call with industry analysts and reporters. "I've passed the threshold to think that's going to happen soon."

Parker was less ebullient than during a similar call on Nov. 15 in announcing Tempe, Ariz.-based US Airways' proposed $8.4 billion takeover, but sounded no less determined.

"This is a transaction that makes all the sense in the world and that we are determined and committed to continue to pursue, and we are highly confident we are going to get closed," Parker said.

His comments came on the heels of Delta's filing of a bankruptcy reorganization plan this week, in which the airline said it believes it should emerge from Chapter 11 next spring as an independent carrier. Delta's court-appointed creditors committee stated Wednesday that it welcomed Delta's decision to file a plan but would continue to look at "potential alternatives" as well.

Delta is offering creditors — who effectively control the airline's destiny — an all-stock stake that it values at $9.4 billion to $12 billion. US Airways has offered $4 billion in cash and 78.5 million of its shares with a current market value of $4.4 billion.

US Airways has signaled that it will consider upping its bid, while some industry experts believe Delta's creditors will press both sides to sweeten their offers in coming weeks.

While Parker said US Airways is in "continuing dialog" with Delta's creditors and advisers, he said he felt an "obligation to correct" Delta's claims that its proposal is more valuable and that the merger would fail to win regulatory approval or produce the savings US Airways expects.

"We know how to do this, and we know what the issues are," said Parker, who last year led America West in its takeover of the larger US Airways, assuming the latter company's name. "We're extremely comfortable with our ability to do this."

Dissecting Delta's plan during the one-hour, 40-minute call, Parker said his company values Delta's proposal at $5.5 billion to $6.9 billion.

"Their method is extremely aggressive, and we believe it lacks credibility," he added, noting that Southwest Airlines, the industry's most valuable company, has a current market value of $12.2 billion.

Clark Orsky, an analyst with KDP Investment Advisors, said US Airways made a good case that Delta's value for its plan is "aggressive" and that concerns the Department of Justice would shoot down the merger are overblown. His firm in Montpelier, Vt., is an independent analyst of high-yield debt.

"They seem to poke quite a few holes in the Delta analysis," said Orsky.

The Associated Press contributed to this article.

US Airways Strikes Back, Doubts Delta's Antitrust Concerns (BBJ)

Birmingham Business Journal, December 22, 2006

After several big days for the Atlanta-based airline Delta Air Lines Inc. -- in which Delta's board of directors unanimously rejected US Airways Group Inc.'s takeover bid, the creditors committee praised Delta for filing its reorganization plan, and Delta's executives formally launched a petition against the takeover -- Tempe, Ariz.-based US Airways struck back today.

In a conference call with analysts on Dec. 21, US Airways (NYSE: LCC) Chairman and CEO Doug Parker took Delta to task on the points that the Atlanta-based airline has been harping on: specifically, that the proposed merger poses too many antitrust issues, that the resulting debt level would be exorbitant, and that employee integration, contracts and morale would suffer.

"The anti-trust issues are fully managable," said Parker. "We've done much more work on this, more than anyone else. We are not going to let this deal fail on anti-trust issues."

He also emphasized that the proposed merger is labor friendly and that employees would possibly come out better than they are now, because the merged airline would go to the "highest common denominator" contracts.

Similar to a conference call that Delta held on Dec. 19, US Airways's top executive and top hired gun, lawyer Rick Rule, a partner in the law firm Fried Frank LLP's Washington and New York offices and a former Department of Justice antitrust division attorney, poked holes in Delta's position that a merger would pose too many antitrust issues.

Rule said that Delta's methodology is "severely flawed."

They don't believe the merger would create as many monopolycities as Delta has said.

"We feel very confident, having gotten down in the weeds, that we have accurately and correctly analyzed this merger," said Rule. "At the end of the day, the arbiter of who is right is the Department of Justice."

In a detailed, 24-page presentation on US Airways' Web site, US Airways also shows why it feels Delta has dramatically over-valued itself.

US Airways has offered about $8.7 billion for the Delta, but Delta's standalone plan assumes a value of between $9.4 billion and $12 billion.

"Which we find to be unrealistic," said Parker. "The valuation completely lacks credibility."

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Parker said that Delta has been "trying to discredit our proposal and two show that Delta as a standalone is worth more than people believe it is."

US Airways CEO Calls Delta Unrealistic (PTR)

By Thomas Olson

Pittsburgh Tribune-Review, December 22, 2006

Pushing his case for merging with Delta Air Lines, US Airways CEO Doug Parker on Thursday lambasted elements of bankrupt Delta's just-filed reorganization plan as "unrealistic" and "superficial."

Parker spoke to analysts on a conference call to poke holes in Delta's own plan and to answer its criticism of US Airways' bid. He appealed to analysts to scrutinize both plans.

US Airways made a hostile offer last month worth nearly $8.4 billion to acquire the Atlanta-based airline out of bankruptcy. Such a move would create the world's largest airline, better compensate Delta creditors and create $1.6 billion in new revenue and cost savings, Parker claims.

Delta management on Tuesday formally rejected the merger plan, arguing US Airways' offer would result in too big a debt load, would not reach the $1.6 billion in synergies claimed by US Airways and would not pass muster with antitrust regulators.

"The US Airways proposal provides inferior value to our stand-alone plan," Delta spokeswoman Betsy Talton said in a statement.

Delta filed a reorganization plan that values it between $9.4 billion and $12 billion. Its plan would result in $3.55 billion in total projected earnings from 2007 through 2010.

Yesterday, Parker said the profit estimates might be correct, but he termed Delta's valuation projections "unrealistic." Rather, the CEO said Delta's equity would be worth between $5.5 billion and $6.9 billion.

"We think their valuations are really out of whack," Parker said. "Delta coming out and saying they are worth as much as Southwest (Airlines) doesn't pass the smell test."

Parker said Delta used "flawed" criteria in analyzing antitrust issues a merger would raise with the Department of Justice. For instance, Delta's criticism does not allow for the probable entry of discount airlines into markets served by Delta and US Airways.

"We are not going to let this transaction fail on antitrust issues," Parker said.

But the only way to know what antitrust objections might surface is for both US Airways and Delta to file merger plans with the Justice Department, US Airways antitrust attorney Rick Rule told analysts.

"It needs to be done by (Delta) management," Parker said. "Absent that, Delta's creditors would need to direct management to do that, which they have the full ability to do."

US Airways has been directly appealing to Delta's creditors to pressure management into accepting its bid. Delta's creditor committee broke its silence on Wednesday, saying it sided with Delta's stand-alone plan but would consider US Airways' offer and any alternatives.

Delta has discounted US Airways' merger plan because it says the Tempe, Ariz.-based airline has yet to integrate operations with America West.

Yesterday, Parker countered that by saying US Airways has achieved several "milestones." All but one of 38 airports served by US Airways and America West have been integrated. He also cited a labor agreement reached Wednesday.

US Airways reached a single-contract agreement with the Transport Workers Union representing 156 flight dispatchers, covering 120 at US Airways' flight-operation control center in Moon, and 37 at America West's center in Phoenix.

The pact, which does not require formal ratification by union members, mostly raises salaries for the comparatively lower-paid dispatchers in Phoenix, said Don Wright, president of TWU Local 545 in Moon.

Wright declined to provide wage rates and ranges. But he said the new contract will provide additional paid days off, while "meeting the needs of the company" in terms of productivity and work rules.

The labor pact has no bearing on US Airways' pending decision to consolidate the flight control center in either Pittsburgh or Phoenix. That decision is expected in late January or early February.

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US Air Challenges Delta's Proposal To Restructure (WSJ)

By Corey Dade And Gary Mcwilliams

Wall Street Journal, December 22, 2006

US Airways Group Inc. attacked the restructuring plan proposed by Delta Air Lines Inc. this week to fend off an $8.38 billion hostile takeover as "extremely aggressive" and lacking "credibility on any kind of standard."

The denunciation of the plan in a conference call with investors and analysts Thursday by Doug Parker, the US Airways chairman and chief executive who sprang the unsolicited bid on Delta last month and unleashed a frenzy of takeover maneuvering in the U.S. airline industry, comes as creditors are burrowing deeper into the financial projections underlying Delta's valuation of the Atlanta carrier at $9.4 billion to $12 billion once it emerges from bankruptcy proceedings in the spring.

Both airlines are expected to aggressively press their case during the next several weeks, and Mr. Parker's remarks showed that US Airways, based in Tempe, Ariz., remains determined to acquire Delta despite fierce and increasingly vocal opposition by Delta, which ranks as the third-largest U.S. carrier, by passenger traffic. US Airways ranks sixth.

As a stand-alone company, Delta would be valued at just $5.5 billion to $6.9 billion if the valuation were based on reasonable financial assumptions, Mr. Parker said. US Airways said its takeover offer would be worth $11.6 billion to $14.2 billion under the calculations used in Delta's restructuring plan.

Delta officials were quick to defend their projections, which include swinging from a 2006 loss of $385 million to 2007 net income of $456 million and profit of $1.19 billion in 2010. "Nothing we heard today explains away the fact that the US Airways proposal provides inferior value to our stand-alone plan, is structurally flawed, and raises overwhelming regulatory and labor issues that -- after a lengthy delay -- are likely to prevent the proposed merger from being completed," Delta said in a statement, noting that its projections are based partly on costs already shed during the bankruptcy proceeding.

US Airways Chief Executive Claims Proposal For Reorganization 'clearly Lacks Credibility' (AR)

By Dawn Gilbertson

Arizona Republic, December 22, 2006

Two days after Delta executives called US Airways the worst of all merger partners and continued their blistering assault against its buyout offer, US Airways CEO Doug Parker shot back with a vengeance.

In a hastily arranged conference call with Wall Street analysts and the media Thursday, Parker rebutted, in rapid fire, key assumptions in Delta's plan to emerge from bankruptcy on its own and tried to clear up misconceptions he said that Delta has been spreading to discredit the Tempe airline's $8 billion-plus offer.

The only time Parker paused in the hourlong presentation was for a similarly fast-paced rundown by the attorney handling regulatory matters for the merger.

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Parker said the financial plan Delta presented this week "clearly lacks credibility."

The merger, in contrast, "is a transaction that makes all the sense in the world," he said. He said he's "highly confident" the deal will get done and repeatedly referred to the "new Delta's" plans, as the combined airline would be called Delta.

The intensity, coming just a day before a long holiday weekend when business usually grinds to a halt, underscores the high-stakes public relations battle under way on both sides as the industry embarks on what many expect to be another round of consolidation.

Delta creditors hold the key in this case, given Delta's bankruptcy, and both sides are going all out to win their votes.

Parker and US Airways were seen as losing momentum a few weeks ago, in part because of Parker's comments he made suggesting that US Airways would back off if Delta's management didn't buy in.

He has since backed off those comments and the airline has gone more on the offensive publicly in the face of Delta's defiant stance and huge employee rallies against the merger in its hometown of Atlanta.

Parker's comments Thursday weren't as biting as some out of the Delta camp since the deal was proposed Nov. 15, but he got in plenty of digs:

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• On Delta's projections, filed in U.S. Bankruptcy Court this week, that it would be worth between $9.4 billion to $12 billion when it emerges from Chapter 11: "We think their valuation is way out of whack."

Saying Delta would be worth more than Southwest, the industry standard bearer, didn't "pass the smell test," he said.

Referring to the upward slope of Delta's earnings projections over the next few years, Parker said, "They have a pretty big hockey stick built in."

If analysts buy Delta's valuation, he said, then they should value US Airways' offer under the same financial assumptions, which would bring it up to $12 billion to $14 billion.

• On Delta's repeated assertion that the deal won't pass muster with antitrust regulators because there is too much overlap between the airlines: "The Delta analysis has all sorts of flaws in it."

• On Delta's criticisms of US Airways' customer service: "We don't look so good (in baggage handling and customer complaints) and we're well aware of it, but frankly, neither does Delta."

• To Delta's argument that the combined airline's $23 billion debt load would be too high: "Of course, it ends up with higher levels of debt; it's a much larger airline. . . .

"To argue that the absolute level of debt is something meaningful is hard for us to come to grips with."

• To Delta's assertion that US Airways management is not done with the US Airways-America West merger: "What we've learned over the last 14 months have taught us exactly what the issues are going to be. . . . We're extremely comfortable with our ability to manage this."

Airline Pushes Takeover Of Delta (WT)

By Sean Lengell

Washington Times, December 22, 2006

US Airways is continuing to push its takeover of Delta Air Lines, even as the bankrupt creditors say they're not interested in the $8.4 billion offer.

US Airways Chairman and Chief Executive Doug Parker yesterday accused Delta of intentionally misleading its creditors and the public by maligning US Airways' proposal, which was offered Nov. 15 and includes $4 billion in cash and 78.5 million company shares.

He added that Delta's plan to emerge from bankruptcy alone is "unrealistic" and worth far less than US Airways' offer.

US Airways, the nation's sixth-largest airline, says combining with Delta, the nation's third biggest after American and United, would create annual benefits of $1.65 billion.

"We are going forward [with our plan] and we're dedicated to getting this done," Mr. Parker told analysts during a telephone conference yesterday.

But Delta says it is determined to remain an independent airline. On Tuesday its board unanimously rejected US Airways' offer, saying it was "substantially inferior" to its own reorganization plan.

The board filed a five-year business strategy with the U.S. Bankruptcy Court in New York. The plan lets unsecured creditors recover 63 percent to 80 percent of their claims.

Delta's proposal values the airline at as much as $12 billion. The airline has forecast a net income of $450 million in 2007 and $1.2 billion in 2010.

Trading of Delta unsecured bonds has increased from about 40 cents on the dollar Nov. 14 -- the day before US Airways announced its intention to buy Delta -- to about 66 cents on Wednesday, which Mr. Parker says validates his company's offer.

"This obviously shows that the creditors of Delta believe that the US Airways merger proposal is worth more than [Delta's] stand-alone" plan, he said.

But Delta's creditors remain unconvinced. The airline's creditors committee, appointed after the carrier filed for Chapter 11 protection in September 2005, announced Wednesday it was supporting Delta's reorganization plan.

Delta's pilots' union, a large creditor and committee member, also has said it supports Delta's mission to remain an independent carrier.

The creditors did leave open the possibility of entertaining future offers.

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The committee "will continue to consider potential alternatives in order to maximize the ultimate recoveries for the unsecured creditors in the Delta bankruptcy," the group said Wednesday.

Many analysts had been skeptical that US Airways would be able to pull off the acquisition, even before the creditors' announcement.

Antitrust issues would be difficult to overcome, they said. And a merger of the two airlines would create a cumbersome system with eight hubs -- far too many to be cost-effective.

Mr. Parker downplayed the antitrust question, saying that the issue is "fully manageable."

"We did not go launching this offer without knowing that and assessing the risk of antitrust," he said.

Even if the proposed deal with US Airways falls through, some industry analysts predict that Delta, with its attractive European routes, will have future suitors.

"We thought it was noteworthy that [Delta] management made the point in its conference call with investors [Wednesday] that it is not inherently opposed to considering mergers, but rather the specifics of the US Airways combination," said Clark Orsky, an airline analyst from KDP Investment Advisors.

"We think merger possibilities will remain in the forefront of investors' minds so that, even if [Delta] shortly exits Chapter 11 as an independent carrier, the company will remain a merger candidate for a while."

Parker Fires Back At Delta (STREET)

By Ted Reed

TheStreet.com, December 22, 2006

"Something here looks a little out of whack, to say it politely," he said during an online conference with analysts. Parker responded to the case, which Delta laid out earlier this week, that the US Airways bid is undervalued, unlikely to receive regulatory approval and illegal under its pilot contract.

Parker said Delta's self-valuation of $9.4 billion to $12.2 billion would mean the airline, at the high end, is worth nearly as much as Southwest (LUV - news - Cramer's Take) or as United (UAUA - news - Cramer's Take) and American (AMR - news - Cramer's Take) combined.

The valuation "clearly lacks credibility," he said. For Delta's stock to reach a range implied by the valuation, based on expected 2007 profits, the company would sport a price-to-earnings ratio of 20.6 to 26.3, he said.

Parker also disputed Delta's estimates that its earnings will rise gradually from about $500 million in 2007 to $1.2 billion in 2010. "They have a pretty big hockey stick built in that has 2008 and 2009 ramping up much faster than we would," he said. Using the same multiples for shares given to creditors that Delta uses, US Airways' offer is worth $11.6 billion to $14.2 billion, rather than its $8.6 billion current valuation, he said.

Meanwhile, Rick Rule, US Airways' antitrust attorney, challenged Delta's assertion that Justice Department regulators would reject or delay US Airways' bid to take over its primary competitor. He said the government would be concerned that competition could decline in some small markets, but at the same time a merged, more efficient company "should give them comfort that there won't be increases in fares." In the end, "lower costs benefit consumers," he said.

Caremark Shareholders Fight CVS Deal (AP)

By Greg Giuffrida

AP, December 22, 2006

NASHVILLE, Tenn. (AP) -- A group of shareholders in pharmacy benefits manager Caremark Rx Inc. has filed for an injunction to force company officials to consider a proposed buyout by rival Express Scripts Inc. that could pay more than an offer from CVS Corp.

Woonsocket, R.I.-based CVS Corp., the nation's largest operator of drugstores and second to Walgreen Co. in sales, said on Nov. 1 that it planned to acquire Nashville-based Caremark for about $21.2 billion in stock.

On Thursday, CVS and Caremark announced that the proposed merger passed antitrust scrutiny of the U.S. Federal Trade Commission and could be completed by the first quarter of 2007.

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The approval comes days after rival pharmacy benefits manager Express Scripts Inc. proposed to pay about $26 billion in a hostile bid for Caremark that would offer a cash option and premium for shareholders.

The shareholders' motion filed Thursday evening in Nashville's U.S. District Court claims that Caremark board members will personally benefit from the CVS deal and have entered into a strict merger agreement that keeps them from seeking out the best deal for shareholders.

The motion comes in a lawsuit originally filed by the Iron Workers of Western Pennsylvania Pension Plan and asks for a judge to immediately order Caremark to end the "draconian" agreement with CVS and turn over internal documents.

"What they have to do is put aside their own individual interests and think only what is best for their own shareholders," said Douglas Johnston, a plaintiffs' attorney with Barrett, Johnston & Parsley of Nashville.

The motion also claims that Caremark chairman E. Mac Crawford would keep his position at the newly formed CVS/Caremark Corp. and make up to $48 million in stock, severance payments and consulting fees.

"Unfortunately, what happens many times is that potential buyers will come in and try to work with the managers, provide special benefits, and as much as they possibly can, prevent the board from doing its fiduciary duties," Johnston said.

A phone message left late Thursday night with Caremark's corporate communications office was not immediately returned.

Caremark officials said this week that they still believe the CVS deal is the best long-term strategic value for shareholders and they remain committed to it.

Under the CVS deal, Caremark shareholders would receive 1.67 shares of CVS for each share of Caremark. CVS shareholders would own 54.5 percent of the combined company and Caremark shareholders would own 45.5 percent.

Under the Express Scripts deal, Caremark stockholders would own approximately 57 percent of the combined company, and Express Scripts stockholders would own approximately 43 percent.

Some analysts have said that Express Scripts' offer to pay $29.25 in cash and 0.426 shares of its stock for each share of Caremark could be more attractive to shareholders.

Caremark shares rose 15 cents, or 0.27 percent, to close at $56.15 on Wednesday on the New York Stock Exchange. CVS rose $1.01, or 3.38 percent, to $30.92. Maryland Heights, Mo.-based Express Scripts fell 31 cents, or 0.42 percent, to $73.47 on the Nasdaq Stock Market.

Express Scripts Calls Its Offer For Caremark 'superior' (SLBJ)

St. Louis Business Journal, December 21, 2006

Express Scripts Inc. issued a statement late Wednesday calling its $26 billion bid for pharmaceutical services company Caremark Rx Inc. "superior."

The statement came after Caremark and rival bidder CVS Corp. issued releases Wednesday saying that their previously announced merger deal had cleared a regulatory hurdle: The initial waiting period required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 had expired without a request for additional information from the U.S. Federal Trade Commission.

Express Scripts rival bid, made Monday, represented at the time a 15 percent premium over the all-stock purchase price to be paid to Caremark's stockholders under Caremark's Nov. 1 deal with drug chain CVS (NYSE: CVS), headquartered in Woonsocket, R.I. Express Scripts proposed to acquire all of the outstanding shares of Caremark Rx for $29.25 in cash and 0.426 shares of Express Scripts stock for each share of Caremark stock.

In its release Wednesday, Express Scripts' stated, "As we expected, the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act has expired for CVS Corporation. We said on December 18th that we anticipate the Express Scripts transaction with Caremark would be completed in the third quarter of 2007. The superior value of the Express Scripts offer for Caremark is clear as evidenced by the strong support of both Express Scripts and Caremark stockholders."

Express Scripts said that based on Wednesday's closing stock prices, its offer has a value of $60.68 per share, or $26.5 billion, a 21.5 percent premium on the current value of the CVS offer.

In its release Wednesday, CVS said it anticipates that a shareholder meeting to approve its deal and the closing will occur as early as the first quarter next year. Both CVS' and Caremark's shareholders must approve the transaction.

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Caremark Rx Inc. (NYSE: CMX), based in Nashville, Tenn., dispenses pharmaceuticals to eligible participants in benefit plans maintained by its customers.

Delta And Pine Approves Monsanto Merger (FOR)

By Joshua Lipton

Forbes, December 21, 2006

Two of the largest seed companies in the world just came one step closer to their long-awaited merger.

On Thursday, Delta and Pine Land Company (nyse: DLP - news - people) announced that at a special meeting held in Memphis, Tenn., the company's shareholders formally approved its merger with Monsanto (nyse: MON - news - people).

The acquisition is a long time in the making. It was back in 1998 when Monsanto first announced its intention to buy Delta and Pine Land, a leading commercial breeder, producer, and marketer of cotton planting seed. But Monsanto then backed out of the deal. A legal scrap followed, until the new agreement was brokered.

On Aug. 15, Monsanto announced that it would acquire Scott, Miss.-based Delta and Pine Land for $1.5 billion in cash.

"Delta and Pine Land represents an excellent fit for our company as we look to bring value-added traits and high-quality seed to cotton growers around the world," said Monsanto chief executive Hugh Grant, at the time of the announcement. "Delta and Pine Land has strong cotton genetics, and we believe Monsanto's leadership in providing the best cotton traits can improve on this already strong base."

Shares of Monsanto nudged down 25 cents, or 0.5%, to $51.65 while shares of Delta and Pine Land slipped 24 cents, or 0.6%, to $40.56 in Thursday trading.

Mark Gulley, an analyst at Soleil-Gulley & Associates, said the companies still face the challenge of regulatory approval. "This decision isn't key," Gulley said in an interview. "The antitrust review is what we're all waiting for."

Regulators still have to weigh in on the proposed merger and decide whether it's anticompetitive. To close the transaction and satisfy Uncle Sam, Monsanto has already said it's willing to divest the U.S. assets of its Stoneville cottonseed business.

There is no set date on when the government will decide the issue.

Lockheed Martin Buys Management Systems (AP)

AP, December 22, 2006

BETHESDA, Md. — Military contractor Lockheed Martin Corp. said Thursday it agreed to acquire Fairfax, Va.-based Management Systems Designers Inc. for undisclosed terms.

MDS, which has more than 600 employees, is a provider of information technology, primarily for government agencies including the Internal Revenue Service, Department of Homeland Security and Department of Defense.

Lockheed Martin said the deal, which won't have a material effect on its results, strengthens its initiatives in the growing health care information market.

The transaction is set to close during the first quarter of 2007, subject to regulatory approval.

Shares of Lockheed gained 34 cents to finish at $91.94 on the New York Stock Exchange.

ETEU Approves German Movie Subsidies (AP)

AP, December 22, 2006

BRUSSELS, Belgium (AP) - The European Union on Thursday approved German subsidies totaling $240 million for its movie industry, officials said.

The subsidies will back feature length movies, documentaries and cartoons. The aid is approved until 2010.

"The commission says the new German funds for movie productions are in line with state aid rules," EU Antitrust Commissioner Neelie Kroes said.

Finnish Antitrust Body Proposes $40 Million Fine On Stora Enso (AP)

Associated Press

AP, December 22, 2006

DOJ_NMG_0108472

HELSINKI, Finland -- Finnish antitrust officials said Thursday that paper maker Stora Enso Oyj should be fined $40 million for anticompetitive behavior.

The Finnish Competition Authority proposed the fine to the country's Market Court, saying the Finnish-Swedish company had violated competition laws in buying timber in Finland from 1997 to 2004. It gave no other details.

Stora Enso denied the charges, saying the proposal is "groundless."

Earlier his month, Stora Enso denied any involvement in a price-fixing conspiracy in the United States after a federal grand jury in Hartford, Conn., indicted Stora Enso North America Corp. for being part of a plan to drive up prices of paper used to print magazines and catalogues.

Stora Enso is one of the world's largest forest product groups, making magazine paper, newsprint, fine paper, pulp and packaging boards. It employs 44,000 people in more than 40 countries.

The group was formed in a 1998 merger between Finland's Enso and Stora of Sweden. The Finnish government is the major shareholder with more than 10 percent of the stock.

ENVIRONMENT/INDIAN AFFAIRS:

DaimlerChrysler Paying $1.2M To Settle Pollution Violation (AP)

AP, December 22, 2006

WASHINGTON - The Department of Justice said Thursday that Mercedes-Benz USA and parent DaimlerChrysler AG will pay $1.2 million to settle allegations that they failed to report air pollution problems with Mercedes-Benz vehicles to federal regulators.

As a result of the complaint brought by the government, Mercedes-Benz USA has issued voluntary recalls and extended warranties to address the defects, at an estimated cost of $59 million. Under the settlement, the company is also required to overhaul its emissions reporting system. The improvements will likely cost the company $1 million per year, the Department of Justice said in a statement.

The affected 1998 to 2006 Mercedes vehicles have defective catalytic converters or defective air pumps. According to the government, the recalls and warranty extensions will reduce the harmful emissions caused by the defects by over 500 tons cumulatively.

Under the Clean Air Act auto makers are required to notify the Environmental Protection Agency of problems with vehicle emissions.

Calls for comment were left with DaimlerChrysler.

Shares of DaimlerChrysler fell 36 cents to close at $61.23 on the New York Stock Exchange.

Mercedes To Pay EPA $1.2 Million (WT)

By Jerry Seper, The Washington Times

Washington Times, December 22, 2006

Mercedes-Benz USA and its parent company, DaimlerChrysler AG, yesterday agreed to pay the government $1.2 million for failing to notify the Environmental Protection Agency about air pollution controls defects on numerous 1998 to 2006 Mercedes vehicles.

The settlement, announced by the Justice Department and the EPA, resolves a suspected Clean Air Act violation: The auto manufacturer did not promptly inform the EPA of defects in emission-related parts so the agency could determine whether the emission standards were exceeded and whether a recall was necessary.

Both the complaint and the settlement were filed in the U.S. District Court in the District of Columbia.

"Reliable and effective automobile pollution control systems are essential to protect human health and the environment from harmful automobile emissions," said Assistant Attorney General Sue Ellen Wooldridge, who heads the Justice Department's Environment and Natural Resources Division.

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"Mercedes' failure to alert EPA to a number of defects in emission-related components over a multiyear period is a serious violation," she said.

In response to the EPA's investigation, Mercedes began voluntary recalls for two of the defects and notified owners that it would extend the warranty coverage to address a third defect, at an estimated cost of $59 million.

Mercedes U.S. spokeswoman Tracy Darchini wasn't available to comment on the settlement.

Justice Department officials said the vehicles subject to the voluntary recalls and extended warranties have defective catalytic converters or defective air pumps. The voluntary recalls and extended warranty will reduce the emissions of harmful pollutants caused by the defects by more than 500 tons, they said.

The pollutants include non-methane hydrocarbons, nitrogen oxides, which are key ingredients in the production of ozone, a major contributor to cancer-causing smog. Carbon monoxide, another pollutant, impairs breathing and is especially harmful to children, people with asthma and the elderly.

Under the terms of the consent decree, Mercedes will be required to improve its emissions-defect investigation and reporting system to ensure future compliance, at an estimated cost of $1 million per year.

"These defect reporting requirements are a critical part of EPA's program to ensure that vehicles on the road comply with the Clean Air Act's emissions standards," said Catherine R. McCabe, EPA's principal deputy assistant administrator for the Office of Enforcement and Compliance Assurance.

The agreement is subject to a 30-day public comment period and final court approval.

Court Rules Against Tribes In Disclosure Case (LAT)

By Maura Dolan

Los Angeles Times, December 22, 2006

SAN FRANCISCO -- A divided California Supreme Court ruled Thursday that Indian tribes can be sued for violating the state's campaign disclosure law even though tribes enjoy sovereign immunity under federal law.

The 4-3 ruling is unprecedented and may be appealed to the U.S. Supreme Court, which has consistently protected Indian immunity from lawsuits.

The state court justified its ruling in Agua Caliente v. Superior Court by citing the growing role of Indian casino money in state elections and the state's need to protect against political corruption.

Justice Ming Chin, writing for the majority, conceded that Thursday's decision was an "abrogation of the sovereign immunity doctrine" that protects tribes from lawsuits. But he said the ruling was narrow and justified by the state's need to provide "a transparent election process with rules that apply equally to all parties who enter the political fray."

Justice Carlos R. Moreno, writing for the dissenting justices, insisted that only Congress could change Indian tribes' immunity from lawsuits.

"The ideal of Indian tribal sovereign immunity and federal protection has existed side by side with the reality of Indians massacred and dispossessed from their land by state and private interests or more recently, of Indians living in poverty as second-class citizens," Moreno wrote.

Now that some tribes are growing wealthy from casinos, "the ideal of tribal sovereignty is becoming more concretely realized," and any need to modify it must come from Congress, Moreno wrote.

Thursday's ruling permits the state's Fair Political Practices Commission to sue the Agua Caliente Band of Cahuilla Indians, a federally recognized tribe in Palm Springs, for failing to properly report millions of dollars in campaign contributions.

The watchdog panel said the tribe did not follow the law when it contributed more than $7.5 million to campaigns in 1998, $175,200 in the first half of 2001, and $426,000 in the first half of 2002.

One of the alleged contributions made in 2002 went to support a ballot initiative that would have authorized $15 million a year for eight years to fund several projects, including a passenger rail line from Los Angeles to Palm Springs, where the tribe runs a casino.

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The Fair Political Practices Commission requires full disclosure of contributions in political campaigns, both from the donors and the recipients. The commission sued the tribe, arguing that it had violated the disclosure law in making the contributions from 1998 to 2002. The lawsuit seeks penalties and a court injunction.

The tribe argued the doctrine of sovereign immunity shields it from lawsuits and appealed to the California Supreme Court after losing in the trial and appeals courts.

In ruling against the tribe, the court majority admitted that the U.S. Supreme Court has consistently affirmed the sovereign immunity doctrine. But the majority said the court also has "grown increasingly critical of its continued application in light of the changed status of Indian tribes as viable economic and political nations."

California has the right to regulate its electoral process under the U.S. Constitution's 10th Amendment, which protects state rights, and the guarantee clause, which gives states the duty and power to maintain a republican form of government, the majority said.

Without the ability to enforce tribal compliance, the Political Reform Act of 1974 would be substantially weakened, Chin said.

The court's decision, he wrote, would apply only to attempts to enforce the campaign laws.

The tribe had insisted the state had other means of enforcing its campaign laws, including discussions with the tribe on a government-to-government basis or acquiring the donation information from other sources, and offered to enter into a voluntary compliance agreement with the state.

But the majority rejected the tribe's proposals.

In the dissent, Moreno said the U.S. Supreme Court "has not wavered from the principle that whatever problems arise from the conflict between Indian and state sovereignty are matters for Congress, exercising its plenary power over Indian affairs, to solve."

The federal Constitution gives states "no power to abrogate Indian sovereign immunity" because the states ceded such powers to the federal government when they ratified the Constitution, wrote Moreno, joined by Justices Joyce Kennard and Kathryn Mickle Werdegar.

Moreno noted that the Agua Caliente band has been willing to enter into an agreement to waive its immunity for political reporting and has practical reasons for doing so.

"A tribe concerned with preserving its own sovereignty while at the same time seeking to maintain good relations with the government and the citizens ... may recognize that concessions are necessary to promote its own long-run interests," Moreno wrote.

A lawyer and a spokeswoman for the Agua Caliente band refused to say whether it would appeal the ruling to the U.S. Supreme Court. The tribe issued a statement from tribal Chairman Richard M. Milanovich, who expressed disappointment and said the Tribal Council would "decide what further actions it may take."

The tribe owns about 31,500 acres in a checkerboard pattern in the alm Springs area and has about 400 members, a spokeswoman said.

FBI/DEA/ATF/USMS:

FBI Chief For Md. Faces Balancing Act (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, December 22, 2006

Chase Sees Need To Bolster Fight On Crime, Terror

After running down fugitives in the District and pursuing one of the nation's most storied fugitives, William D. Chase is settling in as the head of the FBI's Baltimore office.

Chase, 50, who assumed the job in June, says that while counterterrorism remains the bureau's top priority, he also wants to dedicate more resources to fighting crime, the bureau's traditional role.

"I'm hoping to make some changes to firm up resources to better address the criminal program," Chase said.

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Since the terrorist attacks of 2001, the bureau's top priority has been fighting terrorism, and that is more the case in the Washington area, with its preponderance of government facilities, than elsewhere. The majority of Chase's agents necessarily are assigned to that central responsibility; his agents must follow tips and possible leads of all kinds, even hoaxes, often simply to eliminate them.

Still, he said, he hopes to work more closely with state and local authorities, particularly to address the gang activity that has increasingly taken root in Maryland's Washington suburbs. The Baltimore FBI office covers Maryland and Delaware.

The FBI announced in February that Kevin L. Perkins, then the special agent in charge of the bureau's Baltimore office, was being appointed assistant director in charge of the FBI's finance division.

Chase replaced him during the summer. Federal law enforcement officials, including U.S. Attorney Rod J. Rosenstein, spoke highly of Chase in recent interviews.

Rosenstein, the top federal prosecutor in Maryland, said he and Chase agree that the Baltimore division must be appropriately mindful of the need to balance counterterrorism activities with the bureau's more traditional crime-fighting role.

"I think he's a very experienced and very responsible leader, and I think we're going to work very effectively together," Rosenstein said.

Clare Weber, a spokeswoman for the Baltimore division of the Bureau of Alcohol, Tobacco, Firearms and Explosives, said her agency has worked well with the bureau under Chase. "It's just a good partnership," she said. "Everything is all glowing."

Chase comes to the position with an unusual r?sum?, having started his professional career as a corporate attorney specializing in environmental law. It was "very unfulfilling," said Chase, a graduate of Vermont Law School and a self-described environmentalist.

But Chase had an uncle who was an agent, and over dinner that uncle told stories that intrigued the young lawyer more than a little bit. Chase applied to the bureau "kind of on a whim."

Chase was accepted, and soon he was assigned to St. Louis, where he battled organized crime and drug-trafficking, working closely with local authorities in some of the same ways he hopes his agents do here.

But he was a lawyer, and before long the FBI decided it wanted him in headquarters. He worked in the office of legal counsel from 1986 to 1991, when he was named special assistant to William S. Sessions, then the director of the FBI.

"I came to the bureau to get out of being an attorney, and three years later I was back to being an attorney," he said.

But Chase said he missed doing what the FBI does on the ground level: working cases. He joined the Washington field office in 1993, where he was the head of a fugitive task force. The ratio of paperwork to arrests was very good, he said.

"It was kind of like a law enforcement officer's dream," he said. "We'd hit 10 places a day . . . and usually every arrest was high stress."

The team looked for fugitives anywhere that one could hide -- in dishwashers, in refrigerators -- and looked for such tell-tale signs as loose ceiling tiles. In one instance, he said, a fugitive was found hiding behind a disposal.

In the late 1990s, Chase was named assistant special agent in charge of the Boston office, a period that he recalls as frustrating and in some ways disappointing.

That office, and much of that city, was seemingly fixated on the bureau's long-running search for James "Whitey" Bulger, a reputed mobster and fugitive for more than a decade. It was around that time that the public learned, in an extremely embarrassing moment for the bureau, that the suspected multiple-murderer also had been an FBI informant. Possible sightings were everywhere, from Thailand to South America, and each had to be explored. Bulger remains at large.

The Boston office also came under public scrutiny in what may be one of the FBI's most embarrassing revelations in recent history, that one of its agents had been an informant for the mob.

And Chase was in Boston on Sept. 11 -- his birthday, incidentally -- when two airplanes slammed into the World Trade Center after leaving Logan International Airport. What first seemed to be a hijacking was quickly revealed to be a terrorist attack, and the bureau's mission was recast in a sprint to prevent a feared second wave of attacks.

"I still remember that night," Chase said. "I got home, it was probably 2 in the morning and I turned on the television and I was still watching it at 5 a.m."

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Everyone worked every day for two months, he said, and eventually, agents were told they had to take a half-day off on the weekend.

The fear that a second wave would follow immediately belongs to a different era, but in some respects, of course, the concern persists.

"Our mission is that there never be a recurrence of 9/11," Chase said.

Ford Wants Rolex Returned (MCA)

By Marc Perrusquia

Memphis Commercial Appeal, December 22, 2006

December 22, 2006 John Ford had one thing to say Thursday about prosecutors' suggestions he took a $40,000 wristwatch as a payoff: He wants the Rolex -- confiscated as evidence -- returned to him.

"I want to get it back," the former state senator said as his lawyer told reporters that Ford had obtained the watch legally.

Advertisement

Ford's comments came a day after the U.S. Attorney's Office alleged Ford accepted the watch from Memphis developer Rusty Hyneman after intervening in a 2004 state pollution-control case against the real estate millionaire.

"The watch was completely a legal transaction," said Ford's lawyer, Michael Scholl, who said he will spell out details soon in a court filing.

Prosecutors hope to use the watch as evidence in Ford's upcoming bribery trial.

Ford and Scholl spoke briefly with reporters after a hearing where Scholl asked a judge to postpone Ford's Feb. 5 trial because of publicity this week about the watch and separate corruption charges just unveiled in Nashville.

Ford is set to stand trial in Memphis for allegedly taking $55,000 in bribes in the FBI's undercover Tennessee Waltz sting.

He learned Monday about the new indictment in Nashville alleging he took $800,000 in kickbacks from contractors while in the General Assembly. Ford denies charges in both cases.

Scholl told U.S. Dist. Judge J. Daniel Breen in a hearing in the federal building that all the sudden adverse publicity will make it hard to get a fair trial.

"There almost is no presumption of innocence for Mr. Ford as far as what's been laid out in the media this week day after day," Scholl told the judge.

Less than 50 days from trial, the timing of the Nashville charges and news of the watch create a prejudicial effect, Scholl said.

Breen expressed hesitance, yet said he will consider Scholl's request after he files a written motion, expected next week.

Asst. U.S. Atty. Tim DiScenza urged the judge to stick to the trial schedule, saying there are plenty of protections to ensure a fair trial.

DiScenza filed a motion Wednesday seeking to introduce the Rolex as evidence of "like and similar" acts by Ford showing he was inclined to take payoffs.

Neither Ford nor Hyneman, who hasn't returned calls for comment, has been charged in connection with the watch.

A legal analyst, retired University of Tennessee law professor Neil P. Cohen, said the lack of charges over the watch could be a strategy by prosecutors to win more witness cooperation.

John Ford Linked To $40,000 Watch (AP)

By Woody Baird

AP, December 22, 2006

MEMPHIS - Former state Sen. John Ford, facing corruption charges in Memphis and Nashville, bragged about getting a $40,000 watch for helping a wealthy real estate developer avoid pollution fines, prosecutors say in a court filing.

Prosecutors want to tell Ford's jury about the watch, a Rolex Masterpiece, when he goes to trial on unrelated charges of bribery, extortion and threatening a federal witness.

Ford, 64, is set for trial Feb. 5 on charges he took $55,000 in bribes from undercover agents posing as representatives of E-Cycle Management, a fake company at the center of an FBI investigation code-named Tennessee Waltz.

Defense lawyer Michael Scholl asked Thursday for a delay in the trial, arguing that news reports surrounding Ford's indictment Monday in Nashville on federal charges unrelated to Tennessee Waltz will make picking an impartial jury difficult.

Ford is accused in Nashville of taking more than $800,000 from TennCare contractors while he was on several Senate committees overseeing the state's expanded Medicaid program. No trial date has been set on those charges.

"The attention it's gotten is just unreal," Scholl said.

Judge J. Daniel Breen told Scholl to put his arguments in writing. "But at this point, we are set," the judge said.

Prosecutor Tim DiScenza objected to a delay.

"It's time for this case to be tried," he said. "No part of that Nashville case are we going to use in our case."

Prosecutors filed a request with Breen on Wednesday to bring up Ford's watch at his Memphis trial "as evidence of other crimes, wrongs and acts."

Scholl said Ford got the watch legally.

"This absolutely has nothing to do with this trial," he said.

Following a brief status conference with Breen, Ford refused to talk about the watch, except to say, "I want to get it back."

Prosecutors said Ford talked about getting the watch two years ago from Rusty Hyneman, one of Memphis' best-know real estate developers.

A call to Hyneman's office was not returned.

"Ford stated that he had received the watch because he had done Hyneman a big favor, that is, saved him $1.3 million dollars," prosecutors said in their petition.

The watch was taken from Ford when he was arrested on the Tennessee Waltz charges last year. Ford, who had represented a Memphis district for more than 30 years, resigned from the Senate shortly after that arrest.

Prosecutors do not identify two individuals with whom they said Ford talked about the watch. During the two-year Tennessee Waltz investigation, the FBI made hundreds of hours of secret audio and video recordings.

Ford met with state officials on Hyneman's behalf after the developer was cited for water pollution violations at subdivisions he was building in Shelby County, prosecutors said.

Ford denies the Nashville charges, saying he had a private consulting business while in the Senate and his dealings with TennCare contractors were proper.

TennCare is an expanded state-federal Medicaid program that provides health care to the poor, elderly, disabled and uninsurable.

Developer Admits Ocean Twp. Graft (NSL)

By Jeff Whelan, Star-ledger Staff

Newark Star-Ledger, December 22, 2006

Says he paid mayor $50,000 to boost zoning

A Monmouth County developer yesterday admitted paying off former Ocean Township Mayor Ter rance Weldon to increase the zon ing density for his housing project.

Moshe "Michael" Gohar acknowledged in federal district court in Trenton that he gave Weldon $50,000 in cash after Weldon helped influence the 2001 vote on the zon ing change.

"Where did you do it?" U.S. District Judge Joel Pisano asked of the corrupt payment.

"He came to my house," said Gohar, a 56-year-old Ocean Township resident, his voice barely audible.

The zoning change allowed the developer to build 75 townhouses on 81.1 acres, instead of the roughly 30 single-family homes permitted under the original zoning. The Apple Farm development was never constructed.

Gohar pleaded guilty to one count of conspiring to give and offer corrupt payments. He initially had been indicted in February and also charged with mail fraud and bribery. The latter charge alone could have put him behind bars for up to 10 years.

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Under the plea agreement between Gohar's attorneys and Assistant U.S. Attorneys Brian Howe and Charles McKenna, Gohar could face between 18 and 27 months in prison. One factor in sentencing could be a previous state tax conviction against Gohar.

If Pisano stays within the parameters of the plea agreement, neither side can appeal. The judge, however, is not bound by the agreement and Gohar faces a max imum of five years in prison and a $250,000 fine.

"He's contrite," Blair Zwillman, Gohar's attorney, said after the hearing. "He realizes it was a big mistake and wants to go on with his life."

FBI agents raided Weldon's house in January 2002 as part of a long-running corruption probe in Monmouth County, and found the cash in the pocket of a suit jacket in the mayor's attic. Weldon later pleaded guilty on corruption charges.

Gohar also said he conspired with the late Neptune businessman Philip Konvitz in the scheme. Be fore Konvitz died in 2005, a federal judge dismissed corruption charges against him after medical experts agreed that the 92-year-old suffered from Alzheimer's disease and was unfit to stand trial.

Pisano is scheduled to sentence Gohar on March 28. Gohar was re leased on a $500,000 secured property bond after his indictment and remains free pending his sentenc ing.

Jeff Whelan may be reached at (973) 622-3405.

FBI Offers $40,000 Reward For Info On Trestle Fire (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 22, 2006

The FBI yesterday announced a $40,000 reward for information leading to the conviction of the arsonist who set a fire that destroyed a Butler County train trestle in May, causing an estimated $8 million in damage and lost business to the railroad and three area companies that rely on the rail line.

State police ruled the fire an arson eight days after the blaze, which quickly engulfed the 624-foot Divener Trestle in Donegal.

The bridge, a wooden structure owned by the Buffalo & Pittsburgh Railroad that predated the Civil War, went up in flames just 15 minutes after a train carrying sulphuric acid crossed it.

"That would have been a disaster. That could have wiped out that town," said Ray Morrow, head of the Pittsburgh FBI office.

Another train was some 30 minutes away from crossing the span.

The railroad and three companies directly impacted by the loss of the trestle put up the reward money. The FBI got involved because it has jurisdiction over crimes involving railroad lines; the agency and state police are conducting the investigation.

The railroad had to pay about $2.7 million to replace the bridge.

While the bridge was down, three industrial plants in northern Butler County suffered huge financial hardships.

Indspec Chemical Corp. and Sonneborn Inc., both chemical companies in Petrolia, and Penreco, a supply company in Karns City, estimated the loss of rail access cost them a total of $5.3 million because of disruption of shipments to and from their facilities.

The rail line, a 17-mile link from the city of Butler along Route 68, runs directly into two of the plants.

Anyone with information is asked to call the FBI at 412-432-4000.

Four Indicted On Drug Trafficking Charges (ANG)

Access North Georgia, December 21, 2006

ATLANTA - Four illegal aliens have been indicted on charges relating to a large scale methamphetamine and cocaine trafficking conspiracy in Barrow and Gwinnett counties.

Arnulfo Nunez-Villanueva, 26; Miguel Angel Gonzalez, 20; Rafael Garcia-Nunez, 33; and Mauricio Medina-Mojica, 26, all believed to be from Mexico, were indicted by a federal grand jury late Wednesday.

Search warrants yielded over 280 pounds of illegal drugs and a rifle, according to the U.S. Attorney's office in Atlanta.

"We are coming after those responsible for the scourge of methamphetamine and other dangerous drugs that undermine the well being of our community and our country," said United States Attorney David E. Nahmias. "We will also seek additional charges and longer sentences for anyone possessing or using a firearm in conjunction with their drug trafficking activities."

The indictment charges the defendants in relation to five separate search warrants that were executed in Gwinnett and Barrow counties November 21. A search of four residences in those counties yielded a total of 145 pounds of crystal methamphetamine (aks Ice), 135 pounds of cocaine, and a .223 caliber AR-15 style rifle.

The indictment charges all four defendants with engaging in a conspiracy to distribute cocaine and methamphetamine. In addition, Miguel Angel Gonzalez is charged with the actual possession of cocaine and methamphetamine and the possession of a firearm in furtherance of a drug trafficking crime.

DEA Atlanta Special Agent in Charge Sherri Strange noted the quantity of methamphetamine seized in this case constitutes the nation's fifth largest methamphetamine seizure in 2006.

At an earlier news conference outlining details of the seizure, Ms. Strange said that DEA maintains a commitment to disrupt and dismantle the organizations that bring these drugs to Atlanta, commenting, "As members of these groups step up their operations, we are going to step up our operations."

This case is being investigated by the Drug Enforcement Administration, with assistance from the Barrow County Sheriff's Department and Gwinnett County Police Department.

Four Indicted On Charges They Ran Large Drug Ring (GDP)

Gwinnett Daily Post, December 22, 2006

ATLANTA - Four illegal aliens believed to be from Mexico have been indicted by a federal grand jury on charges related to a large-scale drug-trafficking conspiracy.

Arnulfo Nunez-Villanueva, 26, Miguel Angel Gonzalez, 20, Rafael Garcia-Nunez, 33, and Mauricio Medino-Mojica, 26, are charged with engaging in a conspiracy to distribute cocaine and methamphetamine, according to a press release issued by Patrick Crosby, public affairs officer for the U.S. Attorney's Office.

Gonzalez is charged with "the actual possession of cocaine and methamphetamine and the possession of a firearm in furtherance of a drug-trafficking crime," Crosby said.

The charges stem from five separate search warrants executed in November in Gwinnett and Barrow Counties, where law enforcement seized 145 pounds of crystal methamphetamine or ice, 135 pounds of cocaine and a .223 caliber AR-15-style rifle, the release said.

Searches were executed at two Lilburn addresses, two Lawrenceville addresses and one Winder address, Crosby said.

Almost all the drugs and the gun were found at the Johns Way address, and the other residences yielded drug ledgers and some drug proceeds, Crosby said.

A Drug Enforcement Administration official noted that this bust is the nation's fifth largest meth seizure this year.

The DEA is investigating the case with assistance from law enforcement in Barrow and Gwinnett Counties.

Assistant U.S. Attorney Garrett M. Heenan is prosecuting the case.

Arrests Tied To Huge Drug Ring (ABH)

Athens Banner-Herald, December 22, 2006

Four Mexican nationals are charged with running the local branch of a massive drug ring out of Gwinnett and Barrow counties, after federal authorities made what they are calling the nation's fifth-largest methamphetamine seizure of the year.

Indictments handed down Wednesday against men believed to be undocumented aliens from Mexico stem from five search warrants executed Nov. 21 at houses in Barrow and Gwinnett counties, U.S. Attorney for the Northern District of Georgia David Nahmias said in a news release.

Arnulfo Nunez-Villanueva, 26, Miguel Angel Gonzalez, 20, Rafael Garcia-Nunez, 33, and Mauricio Medino-Mojica, 26, were indicted Wednesday on charges of engaging in a conspiracy to distribute cocaine and meth, according to Nahmias' office. Gonzalez also is charged with possession of cocaine and methamphetamine and the possession of a firearm in furtherance of a drug trafficking crime.

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The Barrow and Gwinnett searches yielded 145 pounds of crystal meth, 135 pounds of cocaine and a .223-caliber AR-15-style rifle.

Agents searched a house off Patrick Mill Road in southwestern Barrow County and four in Gwinnett County - two in Lilburn and two in Lawrenceville. Almost all of the drugs and the rifle were found at one of the Lilburn houses, while investigators found drug ledgers and some drug proceeds at the other houses, according to Patrick Crosby, spokesman for Nahmias.

A day later, federal authorities filed criminal complaints against the four men in advance of the federal grand jury's indictment.

On Nov. 6, Barrow County Superior Court Judge Joe Booth authorized federal investigators to tap a telephone belonging to Nunez-Villanueva, according to an affidavit that a Drug Enforcement Administration special agent filed in federal court.

Through the wiretap, investigators learned that Nunez-Villanueva "appeared to be a broker for numerous illegal drug transactions," the agent said in the affidavit.

Three days later, DEA officers and the Barrow County Sheriff's Office began surveillance of a house at 721 Tom Miller Road - a house where Nunez-Villanueva lived and met with customers, according to the affidavit.

Meanwhile, federal authorities in Illinois, Indiana and Kentucky arrested 13 others, charging them with conspiracy to distribute methamphetamine and cocaine. Those 13 men - three of whom are on the lam - are charged with conspiring to bring cocaine and meth from Chicago and Atlanta to southeastern Indiana and Louisville, Ky., according to Susan W. Brooks, the U.S. attorney for the Southern District of Indiana.

In Chicago and Indiana, investigators seized 15 kilos of cocaine, two vehicles with compartments that could be used for hiding drugs, 25 pounds of meth, almost a kilo of heroin, roughly $400,000 in cash and guns. Authorities also arrested seven others on unrelated charges.

"Based on the amount of cash seized and drugs recovered, we have dismantled a highly productive drug organization," Brooks said in a news release.

Among the customers who went to the Winder house were couriers sent by Clarksville, Ind., resident Francisco Ortuno-Vasquez, who faces an indictment in Indiana, according to court records and Brooks.

The Georgia case is being investigated by the Drug Enforcement Administration, with help from the Barrow County Sheriff's Office and Gwinnett County police. Assistant U.S. Attorney Garrett M. Heenan is prosecuting the case.

Feds Bust Metro Cop For Helping Family's Cocaine Ring (NCP)

Nashville City Paper, December 21, 2006

Federal prosecutors on Thursday unsealed an indictment on a Metro Police narcotics detective, Officer Ernest B. Cecil, charging him with conspiracy for using his police powers to help his nephew run a Nashville cocaine ring.

Cecil, a 15-year veteran of the department, was arrested by federal Drug Enforcement Agency (DEA) agents and immediately taken into custody Thursday morning, Metro Police Chief Ronal Serpas said at a press conference announcing the indictment.

U.S. Attorney Craig S. Morford – whose office on Monday indicted former State Senator John Ford on a new round of fraud charges – called Thursday's announcement of the indicting of a Metro Police officer a "sad day."

"It is a sad day whenever we have to stand here and announce that we have indicted an officer who is accused of violating the very laws that he has taken an oath to enforce," Morford said.

Cecil was indicted by a federal grand jury on one count of conspiracy to distribute over 5 kilograms of cocaine, one count of possession with the intent to distribute over 500 kilograms cocaine, and one count each of robbery in violation of the Hobbs Act and of brandishing a firearm during a drug trafficking crime.

Federal officials said they believe Cecil's alleged crimes were all committed to help his nephew, Corey Cecil, hide his drug operation from the rest of the Metro Police Department.

"Officer Cecil's nephew, Corey Cecil, and others regularly brought up large amounts of cocaine into Nashville for distribution and resale on the streets of this community," Morford said.

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The indictment charges Cecil with providing protection to those drug dealers by warning his nephew to stay away from certain police-targeted areas, telling his nephew to dump his cell phones because they were no longer safe, arranging for the dismissal of parking tickets for his nephew, and assisted his nephew in retrieving a confiscated cell phone, and making threats on his behalf.

"And most importantly and most significantly, he participated with his nephew and a fellow Metro police officer in the robbery of a cocaine dealer," Morford said.

On April 30, 2003, Officer Cecil and Officer Charles Williams – who is already under indictment and will be going to trial in January – made a bogus police stop on one of the nephew's cocaine suppliers, federal prosecutors said.

That stop and the subsequent indictment of Williams eventually led Metro Police investigators to turn their attention to Cecil, Serpas said.

"There is a zero tolerance in the Metropolitan Police Department for untruthfulness, there's a zero tolerance for unethical behavior, and there's a zero tolerance for unethical behavior," Serpas said.

Serpas said Officer Cecil's arrest should put an end to the Cecil family drug operation.

IMMIGRATION:

Federal Panel Rejects Demjanjuk Appeal Of Deportation Order (AP)

By M. R. Kropko

AP, December 22, 2006

CLEVELAND — A man accused of being a Nazi death camp guard lost an appeal today fighting his deportation.

John Demjanjuk, 86, of suburban Cleveland, was ordered deported in 2005 after the chief federal immigration judge determined he had served at several Nazi death camps during World War II. Demjanjuk has denied the allegation and still has the right to appeal in federal courts today's ruling by the Board of Immigration Appeals in Falls Church, Va.

In its 20-page ruling, the board said facts established previously in courts identifying him as a Nazi guard "are conclusively established" and that there is no reason to believe there may be new information about his past in a Soviet KGB file, as his lawyer alleged.

The board reviewed legal briefs in the case before dismissing Demjanjuk's appeal, said Elaine Komis, spokeswoman for the Executive Office for Immigration Review.

"We are studying it," said John Broadley, Demjanjuk's lawyer. "But that's the conclusion they reached. What their reasoning is, we'll have to take a look at, and federal courts will have to look at it, too."

Demjanjuk, a former auto worker, was cleared in 1993 in Israel of being the notorious "Ivan the Terrible," a sadistic guard at the Treblinka concentration camp.

But Demjanjuk, who first lost his U.S. citizenship in 1981, was stripped of his citizenship in 2002 for a second time when a federal district judge in Cleveland ruled that documents from World War II prove he was a Nazi guard at various Nazi death or forced labor camps.

Demjanjuk is in frail health due to leg and back pain and appeared in a wheelchair at his deportation hearing last year. He lives in virtual seclusion at his home in Seven Hills.

"My expectation is that our lawyer is going to want to review it," said Demjanjuk's son, John Demjanjuk Jr. "My understanding it that it's appealable. They can't send him anywhere. We're not aware of any country offering to accept him from the United States."

Former Chief Immigration Judge Michael Creppy ruled Dec. 28 last year that there was no evidence to document Demjanjuk's claim that he would be tortured if deported to his native Ukraine. Creppy ruled that Demjanjuk should be deported to Germany or Poland if Ukraine does not accept him.

Broadley argued in the appeal that Creppy held an administrative position and should not have assigned the case to himself, and that he was biased because he once wrote an article containing his opinions on Nazi cases. Broadley also said Demjanjuk was not given a fair chance to adequately oppose some findings against him.

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The 11-member Board of Immigration Appeals is the highest administrative body for interpreting and applying immigration laws. Generally, the board does not conduct courtroom proceedings.

The board hears appeals from decisions of immigration judges and by district directors of the Department of Homeland Security. Decisions of the board are binding unless modified or overruled by the attorney general or a federal appeals court.

Demjanjuk's case started 29 years ago and is the second longest in the records of the Justice Department's Office of Special Investigations, which handles cases against people accused of being former Nazis.

The longest running U.S. case involving an accused Nazi was that of Andrija Artukovic, a Croatia wartime government official. The former Immigration and Naturalization Service started deportation proceedings against him in May 1951, and he was extradited to Yugoslavia in early 1986, some 35 years later.

US 'Nazi Guard' Faces Deportation (BBC)

BBC News, December 22, 2006

An 85-year-old man accused of having been a guard at a Nazi death camp has lost an appeal against his deportation from the US to his native Ukraine.

John Demjanjuk, who was ordered to be deported a year ago, can still make a further appeal against this ruling.

He has denied the allegations and his lawyers argued he would be tortured if sent back to Ukraine.

Mr Demjanjuk migrated to the US in 1951 and was briefly deported to Israel amid a 30-year legal battle over his past.

At the time, he was suspected of having been a notorious concentration camp guard, known by the nickname "Ivan the Terrible".

But his name was eventually cleared in an Israeli court and he was spared the death penalty.

Lack of evidence

The Board of Immigration Appeals upheld the 2005 deportation order which said there was no evidence to prove Mr Damjanjuk would be tortured if returned to the Ukraine.

"Simply put, the respondent's arguments regarding the likelihood of torture are speculative and not based on evidence in record," the board stated.

Mr Damjanjuk's lawyer, John Broadley said he was studying the ruling.

"What their reasoning is, we'll have to take a look at, and federal courts will have to look at it, too," he said.

His son, John Demjanjuk Jr, believed an appeal could still be made, adding: "We're not aware of any country offering to accept him from the United States."

The US Justice Department said efforts were continuing to remove him from the country as soon as possible.

Citizenship battle

Mr Demjanjuk returned to the US and his citizenship - which he had lost for allegedly lying to US immigration officials - was restored in 1998.

However, in 2002, an immigration judge ruled that there was enough evidence to prove Mr Demjanjuk had been a guard at several Nazi death camps and again stripped him of his citizenship.

He lost an appeal against the decision in 2004.

Mr Demjanjuk has always insisted he was a prisoner of war with the Nazis, rather than a guard serving under them.

But his 2002 hearing found that he had been an armed guard at the Sobibor, Majdanek and Flossenburg concentration camps where tens of thousands of Jews were killed.

Saudi Princess To Be Deported, Judge Orders (AP)

AP, December 22, 2006

BOSTON --A Saudi Arabian princess who broke U.S. immigration laws to keep her domestic servants was ordered to be deported, prosecutors said Thursday.

Hana F. Al Jader of Winchester was sentenced to two years of probation, the first six months of which must be served in home confinement, after which she'll be deported to Saudi Arabia, prosecutors said.

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U.S. District Judge Reginald J. Lindsay also sentenced Al Jader, 40, to pay $206,000 in restitution to three of her former domestic servants, pay a $40,000 fine, and perform 100 hours of community service.

In September, Al Jader pleaded guilty to two counts of visa fraud for lying on immigration forms, and two counts of harboring an alien for keeping the two women at her house though she knew their visas had expired.

In a deal with prosecutors, six counts of forced labor were dropped in exchange for guilty pleas on the other charges.

Prosecutors alleged that Al Jader forced two domestic servants from Indonesia to work long hours, while holding their passports in a safe.

Al Jader submitted fraudulent forms to the U.S. Embassy in Saudi Arabia guaranteeing the women would work eight hours daily for $1,500 a month, they charged.

The women were actually paid just $300 per month after arriving in February 2003 to cook, clean and care for Al Jader's disabled husband, and their children.

Al Jader and her husband, Prince Mohamed Bin Turki Al Saud, and have lived in Winchester and Arlington since the mid-1990s, when the couple came to the United States to obtain medical and rehabilitation treatment for injuries the prince suffered in an auto accident.

Lindsay also sentenced Al Jader to forfeit a second residence in Arlington.

CONGRESS-ADMINISTRATION:

Grand Jury Subpoenas Weldon Records (LAT)

By Richard B. Schmitt, Times Staff Writer

Los Angeles Times, December 22, 2006

Washington — A federal grand jury has subpoenaed congressional records from Rep. Curt Weldon, R-Pa., as part of an escalating Justice Department corruption probe aimed at determining whether Weldon used his influence to win favors for family members, people familiar with the investigation said.

The previously unreported subpoena was issued by a grand jury in Washington before the November election, although it is unclear when Weldon received it.

The 10-term lawmaker was at the time in a tight race to retain his seat representing the Philadelphia suburbs, which he subsequently lost to Democrat Joe Sestak, a retired Navy vice admiral.

Weldon said public disclosure of the Justice Department investigation, which came three weeks before election day, was politically motivated. He said at the time that he was not aware of any investigation and that he had done nothing wrong.

An attorney for Weldon, William J. Winning, did not return messages Thursday seeking comment.

House rules require members of Congress to promptly report the receipt of subpoenas to the leadership when Congress is in session. Notice of the subpoena is then customarily published in the Congressional Record.

A search of the record Thursday did not turn up evidence that Weldon had disclosed the subpoena.

It is possible that the lawmaker did not receive the subpoena until after Congress adjourned following the election, when different reporting rules would have applied. In that case, he still would have been required to notify the leadership, but the subpoena would not become public in the Congressional Record until Congress reconvenes in January.

Weldon is a former vice chairman of the House Armed Services Committee and a leading voice in Washington on the affairs of former Eastern bloc nations. The FBI is investigating whether he traded his influence to get lobbying business for his daughter and others.

Karen Weldon and Charles Sexton, a close friend and political adviser to the lawmaker, operated Solutions North America. Investigators are examining about $1 million in contracts from foreign clients that Weldon may have helped steer to the firm.

The corruption probe became known on Oct. 16, when the FBI searched six sites in Philadelphia and Jacksonville, Fla. They included the lobbying firm run by Weldon's daughter and one of its clients, a Russian energy company, Itera International Energy Corp.

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The Los Angeles Times reported in 2004 that Solutions North America won contracts from companies or individuals that Weldon tried to help. The beneficiaries included two struggling Russian companies and a Serbian family linked to accused war criminal Slobodan Milosevic.

The Times reported Itera was paying Solutions $500,000 a year for public relations help around the same time that Weldon was extolling the company and helping to round up 30 congressional colleagues for a dinner honoring the company's chairman.

Weldon said at the time of the October searches that he had "no communication or contact with anyone, nobody from the Justice Department" about an investigation, and had not been told that he was a target of any probe.

Another lawyer for Weldon, William B. Canfield, said at the time that the House Ethics Committee had reviewed the matter, and that it had been resolved, although the report has never been made public. Canfield could not be reached Thursday.

The FBI subsequently opened an investigation into whether law-enforcement officials illegally leaked information about the Weldon probe to the media. It is a violation of the law for government officials to reveal grand jury material publicly.

Legal experts said that Weldon's electoral defeat did not relieve him of the obligation to report the subpoena.

"If they were served with a subpoena before the House adjourned, then they were supposed to give notice immediately," said Charles Tiefer, a University of Baltimore law professor and a former counsel to the House.

"For a member not re-elected, the rules are no different," Tiefer said. But he observed that the House has virtually no power to sanction former members for violations of its rules.

Conservative Appointed To CPB Board (AP)

AP, December 22, 2006

President Bush has appointed an outspoken conservative television producer to the board of directors of the Corporation for Public Broadcasting.

Warren Bell, executive producer of ABC's "According to Jim," was first nominated by Bush in June. In September, his nomination was abruptly pulled from the Senate Commerce, Science and Transportation Committee's agenda because of some senators' concerns.

The Corporation for Public Broadcasting is a private, nonprofit company that was created by Congress in 1967 to distribute federal funds to local public television and radio stations.

Bell has been an online contributor to the conservative National Review magazine. In May 2005 he described himself as "thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues."

Since then he has pledged to be nonpartisan in his service on the board.

The board has been criticized in recent years as stacked with right-wing political operatives. In 2005, then-chairman Kenneth Tomlinson was accused in an inspector general's report of using "political tests" as a criteria for hiring top employees, exerting political influence over programming, and other offenses.

The appointment, announced Wednesday night, prompted criticism from Sen. Frank Lautenberg, D-N.J., who accused the Bush administration of not caring about the "integrity or quality" of the public broadcasting system.

"First we saw Ken Tomlinson's embarrassing tenure as chairman. Now, the president is putting Warren Bell, an unqualified nominee that the Senate refused to consider, on the CPB board," he said.

Bell's recess appointment means he will stay on the board through the congressional session that ends in 2007.

Appointment To Public Broadcasting Board (NYT/AP)

By The Associated Press

The New York Times, December 22, 2006

President Bush has appointed a conservative television producer to the board of the Corporation for Public Broadcasting. The appointee, Warren Bell, executive producer of ABC's "According to Jim," was first nominated by President Bush in June. In September, his nomination was pulled from the agenda of a Senate committee because of some lawmakers' concerns about Mr. Bell's background. In May 2005 he described himself as "thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues." Because Congress is in recess, Mr. Bush can appoint Mr. Bell without its approval.

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Bush's Recess Appointment Puts Pick In Broadcast Post (WT/COX)

By Ken Herman, Cox News Service

The Washington Times, December 22, 2006

President Bush, blocked by the Senate in two attempts, has used a recess appointment to bypass senators and put his top political advertising adviser on the panel that oversees the nation's international broadcasting operations.

Mark McKinnon will join the Broadcasting Board of Governors (BBG) in time for its Jan. 10 meeting. The recess appointment is good for a year, but Mr. McKinnon said yesterday that he is confident the Senate would confirm him for a full term that would end in 2009.

Senators, however, often don't look favorably on recess appointees.

The BBG oversees a global operation that draws more than 100 million listeners and viewers a week. The operations include the Voice of America, Radio Free Europe and broadcast systems that cover Asia, Cuba and the Middle East.

"This board is doing very important work confronting some of the biggest challenges this country faces trying to communicate the American image abroad," Mr. McKinnon said.

Mr. Bush's first attempt to get Mr. McKinnon on the board was in September 2005 in a nomination for a seat formerly held by a member whose term expired. The appointment ran into opposition from Democrats because it was a seat reserved for Democrats.

The nine-member board consists of four Democrats and four Republicans, as well as the secretary of state.

Several Democratic senators, including Delaware's Joseph R. Biden Jr., were upset by the effort to put Mr. McKinnon in a Democratic seat. Mr. McKinnon had been an adviser to Texas Democrats before he signed on with Mr. Bush in 1997. He directed the media efforts, including advertising, in the 2000 and 2004 presidential campaigns.

In October 2005, Mr. Bush withdrew the McKinnon nomination for the Democratic seat and, instead, tapped him for a seat vacated by a Republican. It was a dual nomination, covering an unexpired term and a full term through 2009.

But senators never confirmed the nomination.

Mr. McKinnon said nominations to the board were held up in the Senate "due to issues that go back years" that had "nothing to do with me."

"I told them I'd be glad to serve whenever it works out," he said.

Mr. McKinnon's nomination got caught up in Senate concerns about partisanship at the board. The concerns deepened when Mr. Bush renominated Kenneth Y. Tomlinson as the panel's chairman. Mr. Tomlinson had drawn criticism during his tenure at the Corporation for Public Broadcasting, which helps support public radio and television stations. Critics said Mr. Tomlinson politicized that operation.

McKinnon's Appointment To Broadcasting Board Angers Democrats (MCT)

By Maria Recio

McClatchy Newspapers, December 22, 2006

(MCT)

WASHINGTON - President Bush's media adviser, Mark McKinnon, got a recess appointment Wednesday night from the White House to be a member of the Broadcasting Board of Governors, a little-known but influential federal agency that oversees U.S. government-sponsored news outlets such as the Voice of America.

Why would he need a recess appointment - a presidential perk to get around Congress? The Democrat-turned-Republican media consultant's nomination languished for nearly a year and a half in the Senate Foreign Relations Committee.

Senate Democrats were livid when the Texan was first nominated for a Democratic slot on the board. His quick re-nomination as a Republican - the longtime Texas Democrat now calls himself a "Bush Republican" - did not appease them, either.

Sen. Joe Biden, D-Del., the incoming Senate Foreign Relations Committee who takes over in January, was not likely to move McKinnon's nomination, said insiders, prompting the White House action.

DOJ_NMG_0108486

"The nomination had been out there a very long time and we needed to fill the position," said White House spokesman Tony Fratto. "This was the most expedient way to get that slot filled."

The recess appointment lasts for one year for the part-time position. McKinnon is expected to be formally nominated for the position, as well, but is unlikely to get any further in a Senate controlled by Democrats than he did in one run by Republicans.

While presidential politics may or may not be at play - Biden is a presidential aspirant and McKinnon is an adviser to the all-but-announced presidential campaign of Sen. John McCain, R-Ariz. - sources close to the issue say the problem is Broadcasting Board of Governors chairman Kenneth Tomlinson.

"The issue is Tomlinson," said a Senate official close to the controversy, who spoke on condition of anonymity because of the sensitivity of the issue.

Democrats view Tomlinson as partisan, and some question his ethics after a report by the State Department's inspector general, released in August, said he misused government funds for two years, including using the office's resources to promote his private horse racing operation.

Tomlinson, who denied the conclusions, serves as the board of governors' chair in one of four Republican slots. There are four Democratic slots with the ninth member being the secretary of state. Karen Hughes, Bush's close confidante and image-maker, now the undersecretary of state for public diplomacy and public affairs, represents Secretary of State Condoleezza Rice on the board.

Because of a Democratic vacancy, McKinnon's appointment tips the balance of the board to the Republicans. That gives Tomlinson, Democrats say, effective control of the board.

Tomlinson's own nomination has been an issue for more than two years. But the chairman, whose board membership expired in 2004, continues to serve under the provision of the law that created the board. Biden co-authored that law.

For more information on the Broadcasting Board of Governors, see http://www.bbg.gov

Bush Signs Executive Order On Pay Raises (AP)

AP, December 22, 2006

President Bush signed an executive order Thursday to raise the pay of federal workers, members of Congress and Vice President Dick Cheney in the new year.

Congress passed the pay raises earlier this year, but Bush was required to sign an executive order to enforce them.

The president's annual salary of $400,000 is not affected by the legislation.

The size of the pay raises was based on a formula in federal law that takes into account cost-of-living changes.

Civil servants, on average, will get a 2.2 percent pay increase in January. So will uniformed members of the military.

Members of Congress, the vice president and most senior federal officials will get a 1.7 percent pay increase, as will federal administrative law judges.

Congress opted to put off its pay increases until Feb. 16, not Jan. 1, on the urging of the incoming Democratic leaders in the House and Senate. They say no pay raise should kick in until Congress approves an increase in the federal minimum wage, which has been stuck at $5.15 an hour for the past 10 years.

Currently, rank-and-file members of Congress get $165,200.

Local Government Workers To Get 2.64% Raise In '07 (WP)

By Stephen Barr

The Washington Post, December 22, 2006

President Bush offered some holiday cheer yesterday by issuing an executive order that provides pay raises next year for federal employees, military personnel, Cabinet officers and members of Congress.

Washington-Baltimore federal employees will receive a 2.64 percent increase under a salary formula that gives higher adjustments to metropolitan areas where federal pay has lagged the furthest behind the private sector. The average civil service raise will be 2.2 percent under the order.

Members of the armed forces will also see their base pay rise next year by an average 2.2 percent, though some military personnel will receive higher increases because they are in hard-to-fill positions or have special skills.

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Salaries for House members and senators will climb to $168,000, up from $165,200. Congress has put the raise on hold, however, because Democrats first want to approve an increase in the minimum wage, which they believe will prove popular with voters.

Cabinet secretaries will make $186,600 in 2007, up from $183,500 this year. The vice president's salary will be $215,700, rising from $212,100. (The president's salary has been fixed at $400,000 since 2001.)

The new pay tables show that a captain in the armed forces with four years of service will earn $52,704 in base pay next year and that a typical Foreign Service officer with five years of service will earn $62,935 in base pay.

Federal employees in the Washington area average 16 years of service and earn an average of $89,128, federal data show.

In most years, Congress has approved a federal employee raise by this time of the year and the presidential order merely ratifies that decision.

But Congress has not acted on a civil service raise for next year, in part because the Senate could not clear most of the fiscal 2007 spending bills. The government, except for the departments of Defense and Homeland Security, is operating on an interim funding measure, known as a continuing resolution, that expires Feb. 15. The Defense and DHS bills were passed and signed into law by Bush.

With no congressional action on the federal raise, Bush signaled last month that he would issue his order and trigger the publication of new salary tables. Most of the raises will take effect Jan. 7, officials said.

Rep. Steny H. Hoyer (D-Md.), who will be the House majority leader next year, called the Bush announcement "disappointing" but not a surprise. If Congress had completed work on the transportation-Treasury spending bill, he said, federal employees would be receiving an average raise of 2.7 percent, slightly higher than what Bush has ordered.

"This illustrates once again that when the legislative branch fails to use the power of the purse strings as the Constitution provides, the executive branch fills the vacuum," Hoyer said.

The leader of a union that represents employees in 30 federal agencies suggested that Bush acted like a Grinch. "The reality is that about half the members of the federal workforce will receive a meager pay raise of only 1.8 percent in 2007 -- the lowest amount in 18 years," said Colleen M. Kelley, president of the National Treasury Employees Union.

Federal pay is allocated according to geographic areas, and employees outside 31 specially designated metropolitan areas will receive the 1.8 percent raise. The highest-percentage raise goes to federal employees in the New York City area, 3.02 percent.

The NTEU and the American Federation of Government Employees said they will lobby Congress to increase the civil service and military pay raises when lawmakers return next month.

Congress also has not acted on judicial pay for 2007, and Bush's order keeps the judiciary at its 2006 rates. If Congress does not approve a pay measure for judges, the chief justice of the United States will continue at $212,100, with associate Supreme Court justices at $203,000 and federal district court judges at $165,200 annually.Santa's Fly Zone

Santa Claus has turned to the National Geospatial-Intelligence Agency for a new digital navigation system to help Rudolph plot his sleigh route around the globe. It's called the NGA Toy Delivery System X-100, and tech-savvy kids will want to watch at http://www.nga.mil.Talk Shows

Sen. Byron L. Dorgan (D-N.D.) and David M. Walker, head of the Government Accountability Office, will be the guests on "Inside Government" at 10 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Navy Capt. James J. Shannon, a program manager for future combat systems, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Bush Signs Bill To Preserve WWII Camps (AP)

AP, December 22, 2006

President Bush signed into law a $38 million grant program to preserve notorious internment camps where Japanese-Americans were kept behind barbed wire during World War II.

The money will be administered by the National Park Service to restore and pay for research at 10 camps. The law is intended to help preserve the camps as reminders of how the United States turned on some of its citizens in a time of fear.

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The camps housed more than 120,000 Japanese-Americans — U.S. citizens and residents — under an executive order signed by President Roosevelt in 1942, when America was reeling from the Japanese attack on Pearl Harbor, Hawaii, on Dec. 7, 1941.

At the time there were fears that Japanese-Americans were loyal to Japan. Roosevelt's order prohibited them from living on the West Coast, in a position possibly to help an invasion force.

Thousands of families in California and parts of Washington state, Oregon and Arizona were pushed from their homes and into camps surrounded by armed guards. The sites named in the legislation are in California, Arizona, Arkansas, Colorado, Wyoming, Utah and Idaho.

The last of the camps closed in 1946.

President Reagan signed a presidential apology to Japanese-Americans in 1988.

Co-sponsors of the bill included the two current members of Congress who spent time in the camps as children: Democratic Reps. Mike Honda and Doris Matsui of California. Matsui was born in the Poston camp in Arizona.

The National Park Service already operates facilities at two of the 10 camps: the Manzanar National Historic Site in California and the Minidoka Internment National Monument in Idaho.

The law will give grants to nonfederal organizations for historical, research and restoration work at the sites named in the legislation, as well others selected by the head of the Interior Department, which includes the National Park Service.

Petition Readied For 2 Border Agents (WT)

By Jerry Seper

The Washington Times, December 22, 2006

A Republican congressman yesterday announced the pending delivery to President Bush of a petition signed by 160,000 Americans calling for the commutation of prison sentences for two U.S. Border Patrol agents convicted of shooting a drug smuggling suspect in the buttocks.

During a press conference on the front steps of the Orange County Courthouse in Santa Ana, Calif., Rep. Dana Rohrabacher asked Mr. Bush to "have some Christian charity and pardon" Agents Ignacio Ramos and Jose Alonso Compean, who are scheduled to begin serving 11- and 12-year prison terms, respectively, next month.

Mr. Rohrabacher called on Mr. Bush to "do the right thing and not allow the lives and families of these fine men to be destroyed."

Joined during the press conference by Compean and his family, Mr. Rohrabacher described the petition as part of a continuing effort to "turn up the pressure on President Bush to pardon" the agents.

The congressman recently sent a letter to the president demanding his intervention in the case and was joined last month at a Washington press conference by Republican Reps. Walter B. Jones of North Carolina, Ted Poe of Texas and Marsha Blackburn of Tennessee to announce that more than 50 members of Congress had signed on to a pardon request letter to Mr. Bush.

Compean, 28, and Ramos, 37, were sentenced Oct. 19 by U.S. District Court Judge Kathleen Cardone in El Paso, Texas, to prison for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

A federal jury had convicted the two men in March after a two-week trial, and Judge Cardone ordered them to report to prison Jan. 17.

The government brought the charges after Osbaldo Aldrete-Davila, a Mexican national, agreed to testify against the agents in exchange for a grant of immunity in a possible drug case after an investigation by the Department of Homeland Security's Office of Inspector General.

The immunity deal protected Mr. Aldrete-Davila from being charged in this country as a drug smuggler. Ramos and Compean found 743 pounds of marijuana in a van Mr. Aldrete-Davila abandoned in Texas near the U.S.-Mexico border.

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Mr. Aldrete-Davila was shot after he illegally entered the United States near Fabens, Texas, and ignored efforts by the agents to stop the van. Court records show he jumped from the vehicle and ran south to the Rio Grande, where he was confronted by Compean, who was knocked to the ground.

Although wounded, Mr. Aldrete-Davila crossed the border and escaped in a waiting van.

"The U.S. attorney wrongly focused on the minor mistakes of the officers instead of on the illegal drug trafficker," said Mr. Rohrabacher, referring to the fact that the agents did not report the shooting in writing and picked up their shell casings.

The government's case began after an investigator from the Office of Inspector General located Mr. Aldrete-Davila in Mexico. The investigator had been dispatched after Mr. Aldrete-Davila's mother told a Border Patrol agent in Arizona that her son had been shot. That agent notified the Department of Homeland Security.

A Crackdown's Contradictions (WP)

By Marcela Sanchez

The Washington Post, December 22, 2006

Much has been said about the use of identity theft laws in last week's six-state round up of illegal immigrants working at Swift & Co. meat processing plants. Some observers said it was the long-awaited application of the full weight of U.S. statutes to curb what has become an old practice among immigrants. For others it was a sinister and untimely crackdown on an immigration violation normally considered a misdemeanor.

But I say it is a big disappointment all around. People whose intention was to get work used stolen information, such as Social Security numbers. U.S. officials intending to do their jobs used a law meant for a far more serious crime as justification for the crackdown. Both sides are guilty of weakening the rule of law -- a taste of home we Latino immigrants could really do without.

Unpredictability, inefficiency, corruption, abuse and impunity -- all are attributes of lawlessness that plague the nations most immigrants leave behind. In Latin America, weak rule of law discourages investment, generates instability and disrupts economic activity, keeping the region firmly stuck in the "developing" world.

The social toll is also dramatic. A judicial system that seems arbitrary erodes people's confidence. A general distrust of laws and lawmakers feeds a quaint irreverence that results in justice being denied.

Most people do their best to get by in a flawed system. Others flout it. And yet others leave it all behind and head north.

That's when a culture that believes in laws and one that distrusts them suddenly collide. If you live in a U.S. community with an increasing influx of immigrants, you may have seen that clash play out not far from your doorstep.

You may have already come across the immigrant contractor remodeling a house across the street without all the required permits, or Latinos going to jobs in the back of a pickup. Maybe you've also heard about those who use someone else's Social Security number to gain employment.

Back in the immigrants' home countries, these actions would carry little consequence. But here, sooner or later, the contractor will find an official notice halting all construction until the paperwork is in place. The pickup driver will be stopped and fined. And as it occurred last week, workers detained in Colorado, Iowa, Minnesota, Nebraska, Texas and Utah will be charged with identity theft -- a felony that could land them in prison.

"They are not aware that they are stealing somebody's identity," said Guatemala's consul in Texas, Jose Barillas, who has been talking to many of those detained, their families and their co-workers. "All they did was to borrow a Social Security number to be able to work."

Their problem is that under U.S. law, ignorance does not excuse a violation, nor there is such thing as "borrowing" somebody else's identity.

Last week, only 65 of the 1,282 rounded up faced criminal charges, including identify theft. By early this week that number had more than doubled to 144, and U.S. officials insist that as the investigation continues, more workers could be charged.

"These were not victimless crimes," said Homeland Security Secretary Michael Chertoff, adding that hundreds of U.S. citizens and legal residents have suffered the consequences of this practice.

Without excusing those who committed fraud to get jobs, it is important to make clear that the United States -- its government, its businesses and even its laws -- invites this type of behavior. Writing in The Washington Post, Tamar Jacoby, an

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immigration expert at the Manhattan Institute, has noted that "every year the economy as a whole creates some 500,000 more unskilled jobs than Americans want to do, yet we issue only 5,000 year-round visas for the immigrants who might fill them."

If levels of population growth continue as they are today, 40 percent of the next 100 million people in this country will come from abroad. Just as today, they will be coming to do jobs that the U.S. native work force is not doing but that will need to be filled if the U.S. economy is to grow at its current pace.

Whether many of those jobs will continue to be filled by immigrants working here illegally will depend on what Congress does in the coming year. A proper reform could reward more immigrants who play by the rules.

Or, by inaction, Congress will continue to maintain a system that enjoys and profits from immigrant labor, yet seeks to punish immigrants when they dare fill those vacancies.

That is the kind of arbitrariness immigrants know too well, but it is also the kind unworthy of a nation of laws.

Marcela Sanchez's e-mail address is desdewashAT washpost.com.

A Diplomat's Plum Post, Plucked Away (WP)

By Al Kamen

The Washington Post, December 22, 2006

The career diplomats at the State Department are celebrating a decision this week by the department's director general to overturn the assignment of an aide to Undersecretary Karen Hughes to a top job running the new Public Diplomacy Rapid Response office in Brussels.

The American Foreign Service Association two months ago protested the selection of mid-level civil servant Diane Zeleny for the job, calling it a "pre-cooked deal" done by manipulating the process and violating personnel rules. AFSA filed a grievance asking foreign service director general George Staples to "undo this assignment."

Staples did, though he gave Zeleny until next summer to leave Brussels. Staples, in a joint announcement with AFSA chief J. Anthony Holmes, said "we understand that she is doing an excellent job and is to be commended" for her work. But foreign service officers may now begin applying for the job, they said.

Foggy Bottom folks said the opening was never properly advertised so senior officials looking for new postings would know about it. And then it was announced at the last minute, so there was no way top officers, who had already gotten new assignments, could apply for it.

The Zeleny appointment came at a time when career diplomats were seething over jumps by several other lower-level officers with political connections into top jobs that the career folks thought should have gone to more senior officers.

It probably didn't help matters, in this case, that Zeleny, a talented civil servant -- but not a foreign service officer -- who has some experience overseas, is married to prominent neocon Reuel Marc Gerecht, an Iraq war promoter and occasional Bush adviser.

In addition to Zeleny's removal, the joint cable by Holmes and Staples announced, the "procedures" that led to her getting the assignment in the first place were "not clear," and it outlined steps being taken to "ensure that any future assignments of this nature will be guided by negotiated, established procedures that are fair and transparent."

Some career folks said they were surprised to see that Staples, also a career diplomat, moved with such dispatch to overturn a move made by the political powers.The Best Bettors

And now, the winners in the In the Loop Congressional Election Contest. In order to winnow down the hundreds of entrants, Loop advisers -- okay, a few reporters sitting nearby -- said true prognosticators were those who correctly predicted the Democrats' Senate takeover at 51 to 49. So that was the initial screen.

Then, of that group, the winners were those who most closely predicted the House ratio of 233 Democrats to 202 Republicans.

The Grand Winner, the only entrant who got them both exactly right, was Roger Peterson, who is in public relations in Vancouver, Wash.

Ari Schoenholtz of Bethesda, recently an intern at WAMU radio and now looking for work in public radio, was one off, guessing the Democrats would pick up 234 seats in the House.

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Retired federal employee Dick Harlow of Prescott, Ariz., was one off the other way, guessing 232 Democratic House members.

Lobbyist David Bushnell of Silver Spring was two off on the House vote, as was Fred Huebscher of the Los Angeles area. Peter Lorenzo, a retired political science professor from Roseville, Calif., was three off in the House, as was Montgomery County teacher John M. Mosier.

Ed Black, president and chief executive of the Computer & Communications Industry Association here, was four off, as was George Mason University political science professor Jeremy D. Mayer of Arlington and Alice Johnson Cain of Takoma Park, who works for the incoming House Education Committee chairman, Rep. George Miller.

Three other entrants missed the Senate vote but were exactly right on the House vote: Arlington consultant Stan Karson; Cockeysville, Md., jewelry maker Dori Grasso; and Adam Shah, deputy editorial editor at Media Matters for America.

Congratulations to the winners, and thanks to all for entering.No Longer to Labor at Labor

Moving on . . . Steven J. Law, formerly executive director of the Republican Senatorial Committee under Sen. Mitch McConnell (R-Ky.) and more recently deputy secretary of labor, is moving to the private sector in a few weeks. He'll probably be continuing his work on labor issues involved in trade and immigration matters.Not the Best Bet

Another bitter loss for Iranian President Mahmoud Ahmadinejad. Bad enough that his pals were trounced in this week's local elections in Teheran. Sportsbook.com, the online bookie, reported that almost 33 percent of the betting on Time's Person of the Year was for Secretary of State Condoleezza Rice. Only 21 percent went for Ahmadinejad.

Study Suggests Incentives On Oil Barely Help U.S. (NYT)

By Edmund L. Andrews

New York Times, December 22, 2006

WASHINGTON, Dec. 21 — The United States offers some of the most lucrative incentives in the world to companies that drill for oil in publicly owned coastal waters, but a newly released study suggests that the government is getting very little for its money.

The study, which the Interior Department refused to release for more than a year, estimates that current inducements could allow drilling companies in the Gulf of Mexico to escape tens of billions of dollars in royalties that they would otherwise pay the government for oil and gas produced in areas that belong to American taxpayers.

But the study predicts that the inducements would cause only a tiny increase in production even if they were offered without some of the limitations now in place.

It also suggests that the cost of that additional oil could be as much as $80 a barrel, far more than the government would have to pay if it simply bought the oil on its own.

“They are giving up a lot of money and not getting much in return,” said Robert A. Speir, a former analyst at the Energy Department who worked on the report. “If they took that money, they could buy a whole lot more oil with it on the open market.”

Oil closed Thursday at $62.66 a barrel in regular trading.

The Interior Department study, commissioned to analyze the costs of royalty incentives and their effectiveness at increasing energy supplies, was completed in fall 2005. But the study was not released until last month because senior officials said they considered it incomplete.

After repeated requests, the department provided a copy to The New York Times with a “note to readers” that said the report did not show the “actual effects” of incentives. Indeed, Interior officials contended that the cost of the incentives would turn out to be far less than the study concluded.

They also said that the nation benefits from even small amounts of additional domestic fossil fuels.

But industry analysts who compare oil policies around the world said the United States was much more generous to oil companies than most other countries, demanding a smaller share of revenues than others that let private companies drill on public lands and in public waters. In addition, they said, the United States has sweetened some of its incentives in recent years, while dozens of other countries demanded a bigger share of revenue.

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In the United States, the federal government's take — royalties as well as corporate taxes — is about 40 percent of revenue from oil and gas produced on federal property, according to Van Meurs Associates, an industry consulting firm that compares the taxes of all oil-producing countries.

By contrast, according to Van Meurs, the worldwide average "government take" is about 60 to 65 percent. And that figure, of course, excludes countries that do not allow any private ownership in oil production.

Democratic leaders in Congress have already vowed to roll back royalty incentives and tax breaks for drilling companies when they take control of the House and Senate in January.

"Royalty relief is the gift that keeps on giving," said Representative Nick J. Rahall, Democrat of West Virginia, who will become chairman of the House Resources Committee. "It seems painfully obvious that when the government gives tax breaks in the form of royalty relief to Big Oil, the American people are footing the bill."

Supporters of drilling incentives say they make sense for a country that wants to reduce its dependence on foreign oil and whose biggest untapped reserves are in water thousands of feet deep where the cost of drilling a dry hole can hit $100 million.

"The amount of exploration investment that a company has to endure to find and develop reserves in the U.S. is far more than in a place like Angola," said Michael Rodgers, a senior economist at PFC Energy, a consulting firm that analyzes the tax regimes in oil-producing countries.

As oil and gas prices have surged in recent years, moreover, many countries have forced companies to give up a bigger share of revenues. Venezuela, Nigeria and Kazakhstan are among several dozen countries that have forced foreign oil companies to pay more money through either higher taxes or bigger equity stakes for the government.

"They've become emboldened by higher oil prices but they're also being emboldened by muted response from investors," said Michelle Billig, director of political risk analysis at the PIRA Energy Group in New York. "Companies don't have the luxury of contesting and taking a hard line."

Starting this year, Britain imposed the second of two new supplemental taxes on petroleum revenue from the North Sea, pushing the government's share to 50 percent. Norway keeps at least 70 percent of revenues, but the government share increases automatically as oil prices rise and tops out at 78 percent.

Norway is on the growing list of countries that have adopted "progressive" systems that automatically increase the tax rate on oil and gas production as energy prices climb. Several Canadian provinces have adopted similar policies, and Alaska approved a tax system in August that automatically inches up as oil prices climb above $55 a barrel.

"The United States is not extracting sufficient benefit from oil and gas production," said Pedro Van Meurs, president of Van Meurs Associates.

"The U.S. system worked fine when oil was $20 a barrel, but it wasn't changed when prices went up," added Mr. Van Meurs, who advised Alaska legislators on their tax system. When oil prices soar, he said, political leaders almost inevitably view the immutable bargain as too generous to industry.

In principle, the federal government has its own form of a progressive system. It offers royalty relief to companies that drill in very deep waters, but companies are supposed to pay the full rate — 12 to 16 percent — if oil prices climb above about $34 a barrel.

In practice, it does not always work out that way. Companies that signed leases in 1998 and 1999 enjoy an unintended loophole that entitles them to royalty-free oil and gas regardless of how high prices climb.

Last week, the Bush administration persuaded five companies to give up the loophole. But about 50 other companies have thus far refused to follow suit.

The Bush administration scaled back the incentive for newer leases, but in 2004, the administration offered lucrative new royalty incentives for companies that drill extremely deep natural gas wells in shallow water. Congress, meanwhile, added several billion dollars worth of new tax breaks in 2004 and 2005 for exploration and drilling.

James A. Watt, chief executive of Remington Oil in Dallas before it was acquired by Helix Energy Solutions in July, said the federal incentives help reduce the risks and high cost of exploring in more difficult areas of the Gulf of Mexico.

"Tax issues are extraordinarily important," Mr. Watt said, in an interview this year. "Having said that, my view is that we just drilled a $50 million dry hole. That swamps the tax benefits we're getting."

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The big issue for both lawmakers and the Interior Department is whether royalty relief has much of an impact.

The new study, prepared under contract to the Minerals Management Service of the Interior Department by Innovation and Information Consultants of Concord, Mass., is one of the few attempts to assess the impact through a rigorous econometric analysis.

The report estimates that the current incentives would have a tiny impact that is far exceeded by swings in market prices.

The report predicted that the current incentives would lead to the discovery of only 1.1 percent more reserves than if there had been no incentives at all. Total oil production from 2003 to 2042 would be about 300 million barrels more, or less than 1 percent, than it would have been anyway. Natural gas production would be 0.6 percent greater than it would have been otherwise.

But the cost of those royalty incentives would be high: about $48 billion less in royalty payments over the 40-year period. That loss would be offset by a slight increase in the prices that companies pay when bidding for leases in government auctions, but analysts said the net cost would still be above $40 billion.

The Interior Department, in a written response to questions, said the actual cost of its incentives would be much lower than $40 billion because most leases in the Gulf of Mexico include an escape clause that requires companies to pay full royalties if prices are above $34 a barrel.

But officials conceded that oil companies are still poised to escape billions of dollars in royalties in the next five years alone.

Dozens of companies signed leases in the late 1990's under a Clinton administration program that offered highly generous incentives and, apparently because of a bureaucratic error, omitted the escape clause. The government has estimated that it would have received as much as $10 billion more over the next five years if the mistake had not been made. It is trying to renegotiate the terms.

But as much as half of that money is out of reach. The Bush administration also endorsed a new royalty holiday for "deep gas" drilling in shallow waters even if natural gas prices climb above today's levels. According to internal budget estimates last year, the deep gas incentives account for half of the $10 billion that the government stands to lose.

To be sure, the newly released study found that the extra incentives prompted companies to pay more money upfront when bidding on offshore drilling leases and predicted that they would lead to a small increase in exploration and production.

The actual impact of the incentives depends on what happens to oil prices. But under any of the projections, the cost ended up exceeding the market price for oil.

Analysts said the meager impact of royalty incentives was not surprising: for oil and gas companies deciding whether to drill in deep water, the potential money involved in royalty incentives is small compared with the money at stake in changes of market prices.

Eliminating royalties on oil or gas will save a company 12 to 16 percent on some of its production. But those savings are minuscule compared with the nearly fourfold increase in oil prices from $15 a barrel in 1999 to more than $70 this summer.

At today's prices, even the risk of a $100 million dry hole is not so daunting.

Lawmaker Stands Firm On Quran Criticism (AP)

By Sue Lindsey

AP, December 22, 2006

A congressman said Thursday that he will not retract a letter warning that unless immigration is tightened, "many more Muslims will be elected" and use the Quran to take the oath of office.

Republican Rep. Virgil Goode triggered angry responses from a civil rights group and some colleagues with a letter this month to constituents concerned about a decision by Rep.-elect Keith Ellison of Minnesota, the first Muslim elected to Congress, to use the Quran when he is sworn in.

"I will not be putting my hand on the Quran," Goode said at a news conference Thursday at the Franklin County Courthouse.

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Goode, who represents Virginia's 5th Congressional District, said he is receiving more positive comments from constituents than negative.

"One lady told me she thinks I'm doing the right thing on this," he told Fox News. "I wish more people would take a stand and stand up for the principles on which this country was founded."

Goode also told Fox News he wants to limit legal immigration and do away with "diversity visas," which he said let in people "not from European countries" and "some terrorist states."

In his letter, Goode wrote that strict immigration polices are necessary "to preserve the values and beliefs traditional to the United States of America."

"The Muslim representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran," he wrote.

Ellison said Thursday that Goode and others had nothing to fear about Muslims.

"They are our nurses, doctors, husbands, wives, kids, who just want to live and prosper in the American way," Ellison, a Democrat from Minneapolis, said Thursday on CNN when asked what he would say to Goode if they met. "All of us are steadfastly opposed to the same people he's opposed to, which is terrorists, and so there's nothing for him to be afraid of."

Asked whether he thought Goode was a bigot, Ellison said, "I don't know the fellow, and I'd rather just say that he has a lot to learn about Islam. ... I don't want to start any name-calling."

Virginia's senior senator, Republican John Warner, said in a statement Thursday that he respects the right of congressional members to freely "exercise the religion of their choice, including those of the Islamic faith utilizing the Quran."

Rep. Rahm Emanuel, an Illinois Democrat who is Jewish, said Thursday that he hoped Goode would meet with Ellison, saying he would "see what I saw: a good American with good values of a different faith who's trying to do right by the people he represents."

The Council on American-Islamic Relations had asked Goode to apologize, saying the remarks sent "a message of intolerance that is unworthy of anyone elected to public office."

Ellison was born in Detroit and converted to Islam in college.

His decision to use the Quran at his ceremonial swearing-in next month prompted criticism from conservative talk radio host Dennis Prager. The American-Islamic relations council has called for Prager's removal from the board of the U.S. Holocaust Memorial Museum.

Lawmaker Goode Urged To Reconsider (WT)

By Seth Mclaughlin

The Washington Times, December 22, 2006

An Illinois Democrat yesterday called on Rep. Virgil H. Goode Jr. to meet with Rep.-elect Keith Ellison, whom the Virginia Republican criticized for his intention to take the oath of office using the Koran rather than the Bible.

"If he meets with Keith, he'll see what I saw: a good American with good values of a different faith who's trying to do right by the people he represents," Rep. Rahm Emanuel, who is Jewish, said of Mr. Ellison, Minnesota Democrat, who is the first Muslim elected to Congress.

Earlier this month, Mr. Goode sparked a controversy when he told constituents that if Americans "don't wake up" and strengthen the country's immigration laws, more Muslims will be elected to Congress and will demand to use the Koran when they take the oath of office.

"I will not be putting my hand on the Koran," Mr. Goode said at a press conference yesterday at the Franklin County Courthouse.

Mr. Goode made the comments in a letter he wrote responding to an onslaught of e-mail complaints he received from constituents who were angered by Mr. Ellison's decision to use the Koran during the swearing-in ceremony.

"The Muslim Representative from Minnesota was elected by the voters of the district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the

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use of the Koran," he said in the letter. "We need to stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country."

Mr. Goode said he is receiving more positive than negative comments from constituents.

"One lady told me she thinks I'm doing the right thing on this," he said in a Fox News interview yesterday. "I wish more people would take a stand and stand up for the principles on which this country was founded."

Mr. Ellison was born in Detroit and converted to Islam in college.

In the letter, Mr. Goode also wrote, "I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped."

Franklin County Sheriff Quint Overton said he had extra officers at the courthouse yesterday because Mr. Goode had received several threatening phone calls.

Asked whether he had received any death threats, Mr. Goode responded, "No comment."

Mr. Ellison offered his comments in a statement released yesterday.

"Let's remember that diversity is a great strength of America. People of all faiths, all cultures, all colors coming together in support of one great nation is a beautiful thing," Mr. Ellison said. "On January 4th, no matter the faith, gender, or culture of the congressperson, all of us will swear to uphold one Constitution the Constitution of the United States."

When asked whether he does not support Muslims in Congress, Mr. Goode told The Washington Times, "That's not said in the letter."

Mr. Goode has stood by his letter, and has not given into the request of the Council on American-Islamic Relations (CAIR), a civil rights group, that he apologize.

"Representative Goode's Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office," said Corey Saylor, national legislative director for CAIR. "There can be no reasonable defense for such bigotry."

House members are sworn in en masse in the chamber, and no Bible or other religious document is used for the oath. However, several incoming House members use Bibles for their individual swearing-in, which is administered by the House Speaker and takes place after the official group oath.

In addition, the U.S. Constitution states that " no religious Test shall ever be required as a Qualification to any Office or public Trust under the United States."

Mr. Ellison has also been criticized by some Christian organizations and conservative radio host Dennis Prager, who say that even if the law allows him to take an oath on the Koran, he should adhere to what they call the historical tradition of taking the oath of office on the Bible.

Mr. Goode's remarks come on the heels of Sen. George Allen's infamous "macaca" remark, which showed the impact a verbal gaffe can have on someone's political future. Mr. Allen, Virginia Republican, lost his re-election bid to Democrat James H. Webb Jr.

A Bigot In Congress (WP)

The Washington Post, December 22, 2006

BIGOTRY COMES in various guises -- some coded, some closeted, some colossally stupid. The bigotry displayed recently by Rep. Virgil H. Goode Jr., a Republican who represents a patch of south-central Virginia, falls squarely in the third category. Mr. Goode, evidently in a state of xenophobic delirium, went on a semi-public tirade against the looming peril and corrupting threat posed by Muslim immigration to the United States. "I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America," he wrote in a letter to constituents.

The inspiration for Mr. Goode's rant is Keith Ellison, a Minnesota Democrat who last month became the first Muslim elected to Congress. Mr. Ellison, who was born in Detroit and converted to Islam in college, has decided to use the Koran during a ceremonial swearing-in, as is his constitutional right. This does not sit well with Mr. Goode, who, obnoxiously referring to his

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congressional colleague-to-be as "the Muslim Representative from Minnesota," warned ominously that current immigration policy would lead to an outbreak of elected Muslims in this country and unfettered use of the Koran.

Forget that Muslims represent a small fraction of immigrants to America. And leave aside the obvious point that Mr. Goode was evidently napping in class the day they taught the traditional American values of tolerance, diversity and religious freedom. This country's history is rife with instances of uncivil, hateful and violent behavior toward newcomers, be they Jewish, Irish, Italian or plenty of others whose ethnicities did not jibe with some pinched view of what it means to be American. Mr. Goode's dimwitted outburst of nativism is nothing new.

No, the real worry for the nation is that the rest of the world might take Mr. Goode seriously, interpreting his biased remarks about Muslims as proof that America really has embarked on a civilizational war against Islam. With 535 members, you'd think that Congress would welcome the presence of a single Muslim representative. Whether it can afford a lawmaker of Mr. Goode's caliber is another question.

Signs Aim To Quash Fear Of Muslims (WT/AP)

By Kristen Gelineau, Associated Press

The Washington Times, December 22, 2006

RICHMOND -- The small beige signs bearing black Arabic script have been appearing all over town on buses and at colleges.

"Are they secret messages from terrorists?" one panicked bus rider asked. Should the FBI be contacted? What do they mean?

Actual translation: "Paper or plastic?"

The signs are part of a campaign by A More Perfect Union, a program of the Virginia Interfaith Center for Public Policy, and are aimed at dispelling some of the public's fears about the Muslim community.

Organizers hope to expand the program statewide.

"As people see Arabic, they immediately make an association with terrorism," said the Rev. C. Douglas Smith, executive director of the interfaith center. "That's probably because since 9/11, not only is fear overwhelming us, but that's how we're being trained to think."

The signs were placed in all 170 Greater Richmond Transit Co. buses in Richmond on Nov. 27 and will remain there through December, though many buses will continue to display them at least through January.

The signs, designed by the Martin Agency, also have been posted at the University of Richmond and Virginia Commonwealth University.

Along with the "paper or plastic" sign, others translate to "I'm a little teapot" and "Rock, paper, scissors."

The English translations are printed in small text on the bottom of the posters, next to comments such as "Misunderstanding can make anything scary," and "What did you think it said?"

The transit company has fielded several calls from concerned riders, said Gretchen Schoel, executive director of A More Perfect Union.

One woman Miss Schoel described as a well-educated university employee placed a frantic call to the bus company's manager, suggesting that the FBI be called in to investigate.

Even after the signs' English translations were explained to her, she remained concerned that they might contain secret messages, Miss Schoel said.

"It's so great that we're getting feedback, even if it is negative, because it shows that people are looking, they're thinking," Miss Schoel said. "And it really proves the point that this script right here conjures up certain ideas in our heads that we have to work with."

Bias toward the Muslim community is a continuing problem across the country and in Virginia, said Imad Damaj, president of the Virginia Muslim Coalition for Public Affairs.

"There's so many lazy, unexamined assumptions about all of us and how we react to people," Mr. Damaj said. "We need to challenge ourselves."

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Miss Schoel said history has proved that Americans can learn to let go of irrational fears toward other cultures.

"After World War II, when people saw Japanese script, it was scary," she said. "But now we see it and it's fun, it's hip, it signifies a cool culture. That's a huge turnaround."

Holocaust Museum Rebukes Member For Koran Comment (NYT)

By Rachel L. Swarns

The New York Times, December 22, 2006

WASHINGTON, Dec. 21 — The board that oversees the United States Holocaust Memorial Museum here publicly distanced itself on Thursday from a member who recently condemned the first Muslim elected to Congress for planning to use a Koran during the private part of his swearing-in ceremony.

In November, the board member, Dennis Prager, a conservative commentator and radio show host, said that Keith Ellison, the newly elected Muslim member of Congress, should give up his post if he could not take his oath on a Bible, which Mr. Prager said was the traditional religious text of the United States.

In its resolution, the council's executive committee criticized Mr. Prager's remarks as "antithetical to the mission of the museum as an institution promoting tolerance and respect for all peoples regardless of their race, religion or ethnicity."

Mr. Prager, one of 68 members of the board, known as the Holocaust Memorial Council, was appointed to the unpaid post by President Bush, and is serving a five-year term, which expires in 2011, said Andrew Hollinger, a spokesman for the council.

Mr. Hollinger said Mr. Bush had the sole power to remove Mr. Prager.

On Wednesday, Representative Virgil H. Goode Jr., Republican of Virginia, was sharply criticized by Congressional Democrats and Muslim Americans for warning that Mr. Ellison's election to the House posed a serious threat to the traditional values.

Critics of Mr. Goode and Mr. Prager noted that the Constitution specifically bars any religious screening of members of Congress and that the actual swearing in of those lawmakers occurs without any religious texts. The use of such texts occurs only in private ceremonies that take place after lawmakers have officially sworn to uphold the Constitution.

Mr. Goode stood by his comments on Thursday and told Fox News that he wanted to restrict legal immigration to the United States "so that we don't have a majority of Muslims elected to the United States House of Representatives." (Mr. Ellison, a lawyer who converted to Islam as a college student, is an African-American, not an immigrant.)

Mr. Prager said Muslim American groups and others had pressured the museum board. "Everybody knows there's no bigotry in what I said, but they felt they had to do it," he said in an interview.

"I completely respect Congressman-Elect Ellison's right to take an oath on the Koran, and regret any language that suggested otherwise," Mr. Prager added in a statement, emphasizing that he began reaching out to the Muslims 20 years ago. "My entire effort in the Keith Ellison matter has been to draw attention to the need to acknowledge the Bible as the basis of America's moral values. Judeo-Christian values are the greatest single protection against another Holocaust."

In response to questions about Mr. Bush's reaction to Mr. Prager's remarks, Nicole M. Guillemard, a spokeswoman for the White House, said by e-mail that President Bush "respects religious freedom and the right to free speech."

Ms. Guillemard did not respond to questions about whether Mr. Bush believed that Mr. Prager should resign or be removed.

Davis Won't Give Up Probe Into Berger-Archives Case (WT)

By Jerry Seper

The Washington Times, December 22, 2006

The outgoing chairman of the House Government Reform Committee says questions remain about former National Security Adviser Samuel R. Berger's removal of classified documents from the National Archives and pledged yesterday to get the answers.

"I don't care if it's Sandy Berger or Warren Burger or Veggie Burger who walked off with these documents," said Rep. Thomas M. Davis III, Virginia Republican. "It's the lax controls that permitted such a theft; it's the way it was handled internally at the Archives and then by [the Justice Department] that is of grave concern."

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In October, Mr. Davis led an effort by top House Republicans to investigate and hold hearings on which documents might have been "destroyed, removed or were missing."

Democrats assume control of Congress next month, and the request is expected to be shelved. But Mr. Davis said his staff continues to look into the matter, and a final investigative report is expected next month.

Mr. Davis noted that during three visits by Mr. Berger to the Archives, he was given access to three categories of documents: National Security Council (NSC) numbered documents, printed copies of e-mail messages and attachments, and staff member office files (SMOFs).

He said the SMOFs contain the working papers of NSC staff members, including Mr. Berger, and their content is not inventoried by the Archives at the document level. He said that the SMOFs given to Mr. Berger during his first two visits contained only original documents and that there is "no way to determine" whether Mr. Berger "swiped any of these original documents."

As a result, Mr. Davis said, there is no way to know whether Mr. Berger gave the September 11 commission the documents he said he was seeking at the Archives in response to the panel's requests.

"At best, Berger's actions portray a disturbing breach of trust and protocol," Mr. Davis said. "At worst, however, Berger's actions suggest an intentional effort to keep critical information away from the 9/11 commission and the American public.

"Our work has not concluded, and we fully expect to continue our oversight efforts with respect to this matter," he said.

Mr. Berger, national security adviser under President Clinton from 1997 to 2001, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material -- including documents outlining the government's knowledge of terrorist threats to the United States.

He was fined $50,000 and barred from access to classified material for three years. He had faced a year in prison and a $100,000 fine, but a plea agreement with the Justice Department reduced the fine and kept him out of jail.

Prosecutors had recommended a fine of $10,000, but U.S. Magistrate Judge Deborah A. Robinson increased it to $50,000 at Berger's sentencing, saying the lower figure did not "reflect the seriousness of the offense."

The removal of the material occurred while Mr. Berger was preparing to testify before the September 11 commission investigating intelligence and security failures -- raising questions about whether he was attempting to cover up the Clinton administration's counterterrorism policies and actions.

On Wednesday, the National Archives Office of Inspector General said Mr. Berger hid the documents under a construction trailer where they could be retrieved easily. It said he left the building unescorted for a break and placed the papers "in an accessible construction area outside" the main Archives building.

The report said Mr. Berger put the documents "in his pockets, headed toward a construction area ... looked up and down the street ... did not see anyone" and then slid them under the trailer.

Mr. Berger's attorney, Lanny Breuer, said his client "considers this matter closed, and he is pleased to have moved on."

Describing the material removed as "code-word documents," meaning only a limited number of people had access to them, Mr. Davis said Mr. Berger's conduct in hiding the papers "exposed this country to more serious national security breaches than previously thought."

More Details About Archives Case (WP)

The Washington Post, December 22, 2006

Former national security adviser Samuel R. "Sandy" Berger has admitted taking five slightly different copies of a highly classified document from the National Archives in 2003 by stuffing them into his suit and sneaking them past guards. He was eventually detected, confronted and ordered by a federal judge to pay a $50,000 fine for his illegal actions.

A newly released report by the National Archives' Office of the Inspector General contains fresh details of the incident, which involved a classified Clinton administration study called the Millennium Alert After Action Review (MAAR).

The document was an assessment of the nation's handling of a series of terrorist threats in 1999 and its continuing vulnerabilities. It was distributed to only about 15 people and contained 29 recommendations for action and funding.

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During four visits to the Archives in 2003, Berger worked at a small table in the office of a senior Archives official, instead of in the public reading room -- a practice the inspector general said was "unauthorized." The official, whose name was redacted from the report, violated standard protocol by leaving the office to give Berger privacy to speak on the telephone.

Berger gave an account of his actions in an interview at his office on July 8, 2005, described below in excerpts from the report. He sought at the outset to deflect any suggestion that he pressured the Archives official into relaxing the rules.

-- R. Jeffrey Smith

"Mr. Berger described his personality as intense. . . . He did not feel he was overbearing and did not seek to intimidate anyone while at the Archives."

Berger said he started taking the copies on Sept. 2, to help him prepare for his testimony before a commission investigating the Sept. 11, 2001, terrorist attacks.

"Mr. Berger took the first opportunity when[redacted] was out of[redacted] office to remove the document. He most likely put it in his jacket pocket, after folding it, but he does not have a precise recollection of where he put the document. It is perceivable he put it in his pants pocket. . . .

Mr. Berger denied removing any documents in his socks. . . . He stated his shoes frequently come untied . . . and his socks frequently fell down. [At that point, Mr. Berger lifted his pant leg to reveal a sock falling down his ankle and pale skin.]"

On a subsequent visit, on Oct. 2, Berger was surprised to see other copies of the document in the files he was given, and he slid each one under his briefcase to hide them.

"In total, he removed four documents, all versions of the MAAR . . . . He did not put the documents on his person until he was alone. . . .[Name redacted] suggested he take a walk and come back and finish up. Mr. Berger left the building with all the documents he put in his pockets. . . .

It was dark. He did not want to run the risk of bringing the documents back in the building. . . . He headed towards a construction area on Ninth Street. Mr. Berger looked up and down the street, up into the windows of the Archives and the DOJ[Department of Justice] , and did not see anyone. He removed the documents from his pockets, folded the notes in a 'V' shape and . . . walked inside a construction fence and slid the documents under a trailer.

[After 7 p.m.,] Mr. Berger left the building, retrieved the documents and notes from the construction area, and returned to his office. . . . On Oct. 4, 2003[name redacted] called Mr. Berger . . .[and] said documents were missing after Mr. Berger's visit. . . . Mr. Berger lied to[redacted] telling[redacted] he did not take the documents. . . .

Mr. Berger drove to his office late that afternoon. On the night of Oct. 2, 2003, he had destroyed, cut into small pieces, three of the four documents. These were put in the trash. By Saturday, the trash had been picked up. He tried to find the trash collector but had no luck. . . .

About 7 p.m., Mr. Berger called[redacted] and said 'I think I solved the mystery.' . . . Mr. Berger told[redacted] , 'I found two documents but not the other two.' "

Archives officials -- who had grown so suspicious of Berger in September that they secretly numbered the documents he saw in October -- got angry when they retrieved the two copies at Berger's home on Oct. 6. and saw that one had indeed been taken in September.

The Archives moved cautiously at the outset. The report quotes a senior official as saying he "could not explain" why agency officials did not immediately call the FBI. They did call the White House, but the FBI and the Justice Department were not brought into the case until nine days after two of the five documents were retrieved.

Trailer Trash (WSJ)

The Wall Street Journal, December 22, 2006

Bill Clinton's former National Security Adviser, Sandy Berger, has already recanted his initial claim that he removed documents from the National Archives "inadvertently" back in 2003 while preparing for testimony to the 9/11 Commission. He pleaded guilty to a misdemeanor in 2005 and paid a $50,000 fine. But now the report of the Archives' Inspector General has come to light, and it suggests Mr. Berger knew he was engaged in a bit of hugger-mugger when he secreted the after-action memos he was reviewing out of the building.

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According to the report, obtained by the Associated Press through a Freedom of Information Act request, Mr. Berger removed the documents and hid some of them under a trailer in a construction site before returning to retrieve them later. This is not the behavior of a man with a clear conscience. And it's astonishing for a man who served in a senior White House position that made him familiar with the obligations of handling classified papers.

At the time of the plea, federal prosecutor Noel Hillman assured this newspaper that Mr. Berger was working off of copies of the memos printed from a hard drive, so there was no danger that handwritten notes in the margins of certain copies could have been destroyed. But one doesn't need to entertain conspiracy theories to be reminded through this tale of how the Clinton Administration had a penchant for abusing the public trust. The Berger story is of a piece with the Travel Office dust-up and the 900 confidential FBI files that the White House somehow managed to collect, some of them pertaining to prominent Republicans. That too was supposed to have been an accident.

To the extent that Mr. Berger's actions did not affect the completeness of the historical record on the Clinton Administration's approach to al Qaeda, we've argued that his plea agreement did justice to the nature of the crime. But the Inspector General's account of Mr. Berger's document-stashing serves as a useful reminder of the Clinton circle's ethos that all too many rules simply did not apply to them.

New Push For Drug Import Bill (CHIT)

By Crystal Yednak

Chicago Tribune, December 22, 2006

U.S. Rep. Rahm Emanuel (D-Ill.) said Democrats and Republicans in both chambers will push again for a bill that would allow prescription drugs to be imported to help reduce costs for U.S. consumers.

"People from around the world come to America for first-class medical care, but Americans travel around the world for affordable medications," Emanuel said during a Chicago news conference to announce plans to reintroduce the legislation.

The bill would allow consumers to import drugs directly from Canada, while wholesalers and pharmacies could import FDA-approved drugs from the European Union, Canada, New Zealand, Australia and Japan to offer for sale.

Emanuel said his office keeps comparing the cost of certain drugs at a Chicago Costco and at a Costco in Toronto. December cost comparisons show Lipitor running $242 in the U.S., compared with $156 in Toronto.

"You can clearly get a better price from around the world," Emanuel said.

In 2003, a similar bill passed in the House but failed to pass in the Senate. Emanuel said that with bipartisan sponsors in both chambers, he is hopeful for the support to pass the bill.

Republican Rep. Jo Ann Emerson (R-Mo.) will co-sponsor the legislation in the House, while U.S. Sens. Byron Dorgan (D-N.D.) and Olympia Snowe (R-Maine) will sponsor the bill in the Senate, Emanuel said.

Iraq May Crimp Democrats' Priorities (WSJ)

By Deborah Solomon

The Wall Street Journal, December 22, 2006

WASHINGTON -- Iraq is casting a shadow over the next U.S. budget, complicating efforts by President Bush and congressional Democrats to fund domestic programs as costs of the war rise.

The tax-and-spending plan for fiscal 2008, which starts Oct. 1, 2007, is expected to be released Feb. 5. The budget is likely to be the tightest of Mr. Bush's presidency, with little new discretionary spending expected for any area outside the departments of Defense and Homeland Security.

Moreover, the costs associated with the Iraq war and broader war on terrorism have exacerbated funding constraints caused, in large part, by rising mandatory costs for programs such as Medicare and Social Security.

The situation is posing a challenge for the White House, which must craft a budget that will cover rising expenses while preserving Mr. Bush's 2001 and 2003 tax cuts and not worsening the deficit.

At the same time, Congress' new Democratic majority is expected to face an even tougher task as its leaders look to implement their agenda, which may include increased spending in areas such as education, health care and homeland

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security. In the past, Democrats looked to defense as a place to cut spending, but given the deteriorating security situation in Iraq, such a move now is considered politically untenable.

The war "certainly makes it hard and makes it hard in two ways: Whatever you think should happen in Iraq, the fact is we have troops there and we have to fund them," said James Horney, senior fellow at the Center on Budget Policies and Priorities, a liberal think tank here.

Since the Iraq invasion in 2003, the U.S. commitment has totaled $379 billion, according to estimates by the Congressional Research Service. During fiscal year 2006, which ended Sept. 30, the war was costing an average of $8 billion a month. Money has come mainly through emergency spending bills passed by Congress. The White House doesn't separate funding for the Iraq war from its broader "global war on terror," so exact numbers are difficult to ascertain.

At the same time, funding for the Defense and Homeland Security departments has increased and now equals roughly half the discretionary budget -- that is, annually appropriated spending on programs other than federal entitlement benefits and interest payments.

Of the $843 billion in discretionary spending for 2006, $411 billion went to Defense and $32 billion to Homeland Security. A separate $120 billion in emergency funds also was approved by Congress for the war on terror. Funding in the current budget for fiscal 2007 is expected to be even higher, with $70 billion in emergency funds already approved for war efforts and the Pentagon expected to seek as much as $100 billion more, plus about $435 billion in discretionary spending for the Pentagon's budget.

White House budget chief Rob Portman said in a meeting with reporters this week that rising federal revenue "has more than covered the cost of the war."

Aside from security costs, the government also faces skyrocketing mandatory expenses -- which aren't part of the discretionary budget. Medicare, Social Security and Medicaid now consume 39% of the overall $2.7 trillion federal budget, and those costs are projected to increase as the population ages and fewer people enter the labor market. Medicare costs alone are expected to grow 31% to $501 billion in 2011 from $382 billion in 2007.

With an ever-larger chunk of money devoted to security and mandatory programs -- and the government running a budget deficit -- budget watchers say something has to give, and it undoubtedly will be spending for domestic programs.

"It's getting very difficult to give large spending increases to programs that have already grown immensely while trying to fund the war and entitlements and keep the tax cuts," said Brian Riedl, a federal-budget expert with the Heritage Foundation, a conservative think tank.

But cutting costs isn't easy. Spending on nonsecurity discretionary programs has increased by about 23% since Mr. Bush took office. The White House -- prodded by conservative Republicans on Capitol Hill -- has tried to trim spending and asked Congress to cut some nonsecurity discretionary spending for 2006 and 2007. The White House says it has succeeded in slowing the growth of nonsecurity discretionary spending every year since Mr. Bush took office.

For 2008, the White House is expected to try to squeeze funding where it previously sought cuts, including areas like Housing and Urban Development, Education, Labor and the Environmental Protection Agency, all of which were targeted for reductions in 2007. Most of the 2007 budget never passed, however, as Congress adjourned before taking up spending bills other than Defense and Homeland Security. As a result, most agencies are expected to operate at 2006 funding levels, creating more pressure to increase spending in 2008.

While the White House hasn't yet disclosed its proposal for nonsecurity discretionary spending in 2008, it is almost certain to be lower than the 2007 request of $399 billion. At Mr. Portman's swearing-in ceremony earlier this year, Mr. Bush said the government must "control the federal appetite for spending" and said he would continue to "cut unnecessary spending."

Mr. Portman said since the 2007 spending bills were never implemented, the White House expects to reiterate those requests in the 2008 budget. "If we had proposed something be increased or reduced we would probably propose that again," Mr. Portman said.

Democrats, meanwhile, may have a tougher time given their agenda, which includes initiatives expected to cost money, including implementing the full recommendations of the 9/11 Commission and cutting interest rates on student loans. Incoming House Speaker Nancy Pelosi, (D., Calif.), has called for pay-as-you-go budget rules, which require that any new entitlement spending or tax cuts be accompanied by offsetting revenue increases or spending cuts to avoid widening the deficit.

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With a war going on and potentially more troops heading overseas, tapping the defense budget to fund initiatives "risks sending the wrong message to the voter," said Michael O'Hanlon, a senior fellow with the Brookings Institution.

Instead, Democrats are likely to seek out money by rolling back some subsidies for oil companies and targeting earmark spending. Regardless, policy watchers say, it will be a challenge.

"Democrats are going to have to try to find a way to meet their needs while keeping an eye on the long-term budget problem and not making things worse," Mr. Horney said.

Democrats And The Deficit (NYT)

By Paul Krugman

The New York Times, December 22, 2006

Now that the Democrats have regained some power, they have to decide what to do. One of the biggest questions is whether the party should return to Rubinomics — the doctrine, associated with former Treasury Secretary Robert Rubin, that placed a very high priority on reducing the budget deficit.

The answer, I believe, is no. Mr. Rubin was one of the ablest Treasury secretaries in American history. But it's now clear that while Rubinomics made sense in terms of pure economics, it failed to take account of the ugly realities of contemporary American politics.

And the lesson of the last six years is that the Democrats shouldn't spend political capital trying to bring the deficit down. They should refrain from actions that make the deficit worse. But given a choice between cutting the deficit and spending more on good things like health care reform, they should choose the spending.

In a saner political environment, the economic logic behind Rubinomics would have been compelling. Basic fiscal principles tell us that the government should run budget deficits only when it faces unusually high expenses, mainly during wartime. In other periods it should try to run a surplus, paying down its debt.

Since the 1990s were an era of peace, prosperity and favorable demographics (the baby boomers were still in the work force, not collecting Social Security and Medicare), it should have been a good time to put the federal budget in the black. And under Mr. Rubin, the huge deficits of the Reagan-Bush years were transformed into an impressive surplus.

But the realities of American politics ensured that it was all for naught. The second President Bush quickly squandered the surplus on tax cuts that heavily favored the wealthy, then plunged the budget deep into deficit by cutting taxes on dividends and capital gains even as he took the country into a disastrous war. And you can even argue that Mr. Rubin's surplus was a bad thing, because it greased the rails for Mr. Bush's irresponsibility.

As Brad DeLong, a Berkeley economist who served in the Clinton administration, recently wrote on his influential blog: "Rubin and us spearcarriers moved heaven and earth to restore fiscal balance to the American government in order to raise the rate of economic growth. But what we turned out to have done, in the end, was to enable George W. Bush's right-wing class war: his push for greater after-tax income inequality."

My only quibble with Mr. DeLong's characterization is that this wasn't just one man's class war: the whole conservative movement shared Mr. Bush's squanderlust, his urge to run off with the money so carefully saved under Mr. Rubin's leadership.

With the benefit of hindsight, it's clear that conservatives who claimed to care about deficits when Democrats were in power never meant it. Let's not forget how Alan Greenspan, who posed as the high priest of fiscal rectitude as long as Bill Clinton was in the White House, became an apologist for tax cuts — even in the face of budget deficits — once a Republican took up residence.

Now the Democrats are back in control of Congress. They've pledged not to be as irresponsible as their predecessors: Nancy Pelosi, the incoming House speaker, has promised to restore the "pay-as-you-go" rule that the Republicans tossed aside in the Bush years. This rule would basically prevent Congress from passing budgets that increase the deficit.

I'm for pay-as-you-go. The question, however, is whether to go further. Suppose the Democrats can free up some money by fixing the Medicare drug program, by ending the Iraq war and/or clamping down on war profiteering, or by rolling back some of the Bush tax cuts. Should they use the reclaimed revenue to reduce the deficit, or spend it on other things?

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The answer, I now think, is to spend the money — while taking great care to ensure that it is spent well, not squandered — and let the deficit be. By spending money well, Democrats can both improve Americans' lives and, more broadly, offer a demonstration of the benefits of good government. Deficit reduction, on the other hand, might just end up playing into the hands of the next irresponsible president.

In the long run, something will have to be done about the deficit. But given the state of our politics, now is not the time.

Pelosi Aims To Recast Self, Party (WP)

By Lyndsey Layton

The Washington Post, December 22, 2006

On a scale associated with presidential inaugurations, Nancy Pelosi is planning four days of celebration surrounding her Jan. 4 swearing-in as the first female speaker of the House. She will return to the blue-collar Baltimore neighborhood where she grew up, attend Mass at the women's college where she studied political science, and dine at the Italian Embassy as Tony Bennett sings "I Left My Heart in San Francisco."

But the hoopla is more than just a party.

Pelosi is grabbing the moment to present herself as the new face of the Democratic Party and to restore the party's image as one hospitable to ethnic minorities, families, religion, the working class and women.

"This is important strategic repositioning," said Kathleen Hall Jamieson, who teaches political communication and rhetoric at the University of Pennsylvania. "Essentially, she's trying to embody the Democratic Party that she would like to offer the nation in 2008."

In her meticulous selection of events and venues during a week when she expects to attract media attention from as far away as Australia, Pelosi is clearly trying to bury the label "San Francisco liberal" that Republicans tried to affix to her during the midterm elections.

" 'San Francisco liberal' is a construct used very effectively for a long time by Republicans," Jamieson said. "It's a little like 'Taxachusetts.' It's telegraphic and very powerful. They haven't been able to get her identified with it because, to this point, a lot of people didn't know who she was. She's trying to position a counterimage before she gets well known."

Brendan Daly, Pelosi's spokesman, said the four-day celebration befits a historic moment in American politics. "We've never had a woman speaker before," Daly said. "This is a big deal."

Newt Gingrich (Ga.) took two days to celebrate his election as speaker when the Republicans formally took control of Congress in 1995. They were largely filled with speeches that outlined his "Contract With America" and fleshed out the ideology of the Republican revolution.

Pelosi's mission is entirely different. She is planning events that will highlight select parts of her personal life while muting her liberal voting record and ideology. "She's showing all the ways she shares other women's lives," said Celinda Lake, a Democratic strategist. "It reminds me of the way Sandra Day O'Connor introduced herself when she was nominated to be the first woman on the Supreme Court -- she talked about growing up on a ranch, working as a secretary, all the dimensions of her life."

Ken Sunshine, a communications consultant for entertainers and Democratic politicians, said Pelosi is not creating a false persona.

"If she's going to Mass, right on," Sunshine said. "Going to Baltimore, right on. This is really where she's from. She wasn't born in an elite setting. Here's a wife, mother, grandmother, and in her spare time, she becomes speaker of the House. I don't know if this is a new brand, but it's true about her. Why should the Republicans have a lock on those qualities?"

Pelosi's public relations offensive follows some missteps that marred her first few weeks after the elections, including a stinging defeat when she backed Rep. John P. Murtha (D-Pa.) over Rep. Steny H. Hoyer (D-Md.) for the job of House majority leader and a very public spat with Rep. Jane Harman (D-Calif.), who was passed over for the chairmanship of the House intelligence committee.

The day after New Year's Day, Pelosi will visit Albermarle Street in Baltimore's Little Italy neighborhood, where she grew up as the daughter and sister of Baltimore mayors. The current mayor, Maryland Gov.-elect Martin O'Malley (D), will rename

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Albermarle "Via Nancy D'Alesandro Pelosi." She will drop by St. Leo the Great Roman Catholic Church and then eat dinner with her extended family at an Italian restaurant.

On Jan. 3, Pelosi will attend morning Mass at Trinity University, her alma mater in Washington, and then attend a tea in the Andrew W. Mellon Auditorium for about 400 female politicians, supporters and activists. In the evening, she will be honored at a dinner at the Italian Embassy, where Bennett will perform.

The next day, Pelosi will participate in a nondenominational service at St. Peter's Catholic Church on Capitol Hill and then eat brunch with hundreds of supporters at the Cannon House Office Building and the Library of Congress. At noon, the House will convene to elect Pelosi speaker. That night, the Democratic Congressional Campaign Committee will hold a fundraiser at the Building Museum, where 1,200 partygoers will pay $1,000 each to applaud Pelosi between performances by Jimmy Buffett, Carole King and Mickey Hart, among others.

Finally, on Jan. 5, Pelosi will hold what she is calling the "People's House" open house at the Cannon House Office Building. But it will be less welcoming than it sounds -- the event is by invitation only.

All the festivities, except the fundraiser at the Building Museum, are being funded by Pelosi's campaign chest.

Mike Murphy, a Republican political consultant and former adviser to Massachusetts Gov. Mitt Romney and Sen. John McCain (Ariz.), said the four-day extravaganza is excessive. "What? No fireworks?" he said. "I'm glad they canceled the tickertape parade. They probably couldn't find biodegradable tickertape and a hybrid convertible."

He said the schedule is "classic Pelosi."

"She's not known for a light touch," he said. "She has every right to throw a new-speaker celebration, but it's 500 percent from what is normal. It's an aggressive act to grab the spotlight. Sounds to me like there's nobody at the meetings saying, 'Maybe that's a little too much.' She's needs a deputy chief of staff from the 'It's Not About You' department."

"Instead of pinning medals on each other, maybe it's time for more seriousness and purpose," Murphy added. "Nobody voted for Nancy Pelosi as speaker; they voted for a change in Washington. For her to grab the spotlight seems like a cult of personality. I have a feeling that Steny Hoyer is probably having a quiet lunch with his family."

A spokeswoman for Hoyer said the Marylander, who will become majority leader on Jan. 4, will host a small reception in his office.

Big Donors Bankroll Inaugural Bashes (USAT)

By Fredreka Schouten

USA Today, December 22, 2006

WASHINGTON — The elections are over, but some of the nation's governors are still collecting from individuals and corporations to pay for their upcoming inaugurations. Some of the donations come in amounts that vastly exceed what state law allows in their campaigns.

Unlike campaign contributions, most states don't limit or require public disclosure of inaugural fundraising. Edwin Bender of the Institute on Money in State Politics said greater transparency is needed because governors are guaranteed "to wield a great deal of influence over public policy."

PARTY TIME: No expense spared

•In Massachusetts, Democratic Gov.-elect Deval Patrick is accepting contributions of up to $50,000, including from corporations, to fund his $1 million celebration. State law limits campaign contributions from individuals to $500 a year and bars corporate contributions.

•In Colorado, corporate donors that give at least $20,000 to Gov.-elect Bill Ritter's inaugural can attend a VIP reception and join the Democrat on a day-long train tour. In his campaign, Ritter could take no more than $1,000 in 2006 from corporations — and only through their political action committees.

•California's Republican Gov. Arnold Schwarzenegger has received $640,000 in contributions from the likes of Chevron and the California Chamber of Commerce to sponsor his Jan. 5 inaugural. State law allows him to receive campaign donations of up to $44,600 from corporations, unions and individuals this year. Inaugural "gold sponsors" such as Chevron and the chamber are giving $50,000.

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"Setting ridiculously high limits … is really setting no limits at all," said Ellen Miller of the Sunlight Foundation, a political watchdog group.

Common Cause Massachusetts has criticized Patrick's inaugural fundraising. Corporations "can't have a role in campaigns, so they shouldn't have a role in inaugurals," said executive director Pamela Wilmot.

Patrick aide Stephen Crawford said the contributions make it possible for more people to participate. They are "designed to include as many people who don't have 'influence' in this celebration," he said.

At least one incoming governor has eschewed new inaugural fundraising. New York Democrat Eliot Spitzer, know for battling Wall Street as state attorney general, will tap $5.5 million left over from his campaign. "We didn't want to create any perception that someone was trying to curry favor with the new governor," spokeswoman Christine Anderson said.

Court Says Issue Ads OK During Elections (AP)

By Matt Apuzzo

AP, December 22, 2006

A federal court on Thursday loosened restrictions on corporations, unions and other special interest groups that run political advertising in peak election season.

The 2-1 ruling said groups may mention candidates by name in commercials as long as they are trying to influence public policy, rather than sway an election.

The ruling came in a challenge to the so-called McCain-Feingold law designed to reduce the influence of big money in political campaigns. The law banned groups from using unrestricted money to run advertisements that name candidates two months before a general election or one month before a primary.

Wisconsin Right to Life, an anti-abortion group, has been fighting the law since 2004, when it sought to run an advertisement urging voters to contact Wisconsin Sens. Russ Feingold and Herb Kohl, both Democrats, and ask them not to hold up President Bush's judicial nominees.

Because Feingold was running for re-election in 2004, the ad was prohibited. Wisconsin Right to Life argued that it wasn't trying to influence an election and said the law restricted its constitutional right to petition the government.

Some lawmakers have predicted such a ruling would create a loophole in the 2002 law. Advocacy groups have used ads similar to those paid for by the Wisconsin group to advocate for and against candidates.

Supporters of the law quickly criticized the ruling. Rep. Martin Meehan, D-Mass., a co-sponsor of the campaign finance law, said he was disappointed and that the decision was written narrowly and should not be seen as a "carte blanche" to get around the law.

The case automatically heads to the Supreme Court for review. If the high court agrees with Thursday's decision, the justices may have to establish a test to differentiate genuine issue ads from phony ones.

James Bopp, an attorney for Wisconsin Right to Life, said the McCain-Feingold law is flawed because politicians assume people only want to influence elections and don't care about influencing public policy.

"To them, what's important is whether they're going to be in office two years from now," Bopp said. "But the people, what's important to them is the laws that are being enacted right now."

The Federal Election Commission had argued that it needed a consistent "bright line" rule to prevent organizations from influencing elections using phony issue advertisements, but the three-judge panel disagreed.

"The virtues of a bright-line rule surely cannot alone justify regulating constitutional speech," U.S. District Judge Richard Leon wrote.

Leon was joined in the opinion by U.S. Court of Appeals Judge David B. Sentelle. U.S. District Judge Richard W. Roberts dissented.

Federal Election Commissioner David M. Mason said the commission would review the opinion and hoped to have the matter resolved by the 2008 Iowa caucuses.

Issue Advocacy Ads May Run During An Election, Three-Judge Court Rules (WP)

By Carol D. Leonnig

DOJ_NMG_0108506

The Washington Post, December 22, 2006

A divided three-judge court ruled yesterday that ads advocating for an issue and mentioning candidates can run during an election, creating a loophole in the law that sought to control the power of big money in elections.

In a 2 to 1 ruling, the court found that the government had no compelling justification to regulate television ads such as the ones Wisconsin Right to Life Inc. broadcast in July 2004, which advocated stopping congressional filibusters against President Bush's judicial nominees.

The ads ran when Sen. Russell Feingold (D-Wis.) was running for reelection and had opposed some of Bush's nominees. The ads made no mention of Feingold's record, instead urging Wisconsin residents to call their senators to express their dissatisfaction.

U.S. District Judge Richard J. Leon, joined by U.S. Court of Appeals Judge David B. Sentelle, agreed with Wisconsin Right to Life that ads such as theirs merely advocate a position without trying to criticize the record of a particular candidate.

The ads are not targeted "electioneering communications" and should not be burdened by the reporting requirements of the federal campaign finance law, Leon wrote.

The ruling was a key victory for Wisconsin Right to Life, which had sued the Federal Election Commission on the grounds that it had infringed on the group's constitutional right to free speech.

The loser was the FEC, which had argued that the Wisconsin Right to Life ads were election ads, and that the antiabortion group had to follow the finance limits and reporting rules called for under the Bipartisan Campaign Reform Act. The 2002 amendments to federal campaign finance law are better known as the McCain-Feingold Act, named for Feingold and his Senate co-sponsor, John McCain (R-Ariz.).

In a lengthy dissent, Judge Robert W. Roberts wrote that the majority's approach was too simplistic in reviewing just the language of the ads, even though there is a significant factual dispute about their purpose. He argued that the ads' intent is critical to determining whether the FEC should be regulating them.

First, were the Wisconsin Right to Life ads truly meant to advocate for an issue, as the group's lawyer asserts, Roberts asked, or did the sponsors intend to influence the election and lead voters to cast votes against Feingold? Also, Roberts wrote, no one has definitively addressed the FEC's argument that the ads were sham ads, "designed and timed to set up a legal challenge" and create a loophole in the McCain-Feingold law.

Carl Tobias, a University of Richmond law professor, said the ruling could "create a major loophole in which all groups have to do is say they are running advocacy-issue ads and they can avoid the statute."

FEC Commissioner David M. Mason said in an interview that the six-member commission has not decided whether to appeal the ruling to the Supreme Court, but he cautioned about predicting what campaign finance limits will govern in the 2008 presidential elections. A similar case involving a Maine group is still to be decided, and the Supreme Court could have a different view.

"It's very unlikely this ruling will affect what the law will be a year from now," Mason said.

Court Overturns Limits On Political Ads, Part Of The Campaign Finance Law (NYT)

By Kate Phillips

The New York Times, December 22, 2006

WASHINGTON, Dec. 21 — A three-judge panel on Thursday overturned a key segment of the campaign finance law that banned issue advertisements paid for by corporate or union money in the critical weeks before federal elections.

The case, which was heard by a special federal court panel in Washington, now heads to the Supreme Court. If upheld, the ruling would unravel one of the tougher restrictions on the use of unregulated donations that interest groups pumped by the millions of dollars into political commercials.

The case was brought by Wisconsin Right to Life, which has been fighting the restrictions since 2004, claiming they infringe on its First Amendment guarantee of free speech, among other grounds.

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Using its corporate treasury, the group had paid for advertisements denouncing Senate filibusters of judicial nominees and urging viewers to contact either Senator Russell D. Feingold, who was up for re-election that year, or the state's other Democratic senator, Herb Kohl, who was not.

Under the 2002 McCain-Feingold campaign finance law, groups wanting to broadcast advertisements that name federal candidates within 60 days before a general election, or 30 days before a primary, are required to follow strict rules on how they pay for them. The law requires that donors be disclosed and caps contributions to prevent secretive groups from advocating for or against candidates in thinly disguised advertisements known as issue ads.

This case has been closely watched for several reasons. For one, organizations with quite disparate interests, including the American Civil Liberties Union, the National Rifle Association, the Chamber of Commerce and the conservative Club for Growth, have argued that they have a right to petition the government.

As grassroots lobbying groups, they say, they should be exempt from the ban on issue ads. Some have contended, most recently in an unsuccessful case before the Federal Election Commission, that their First Amendment rights are infringed upon because the law restricts them from pursuing their policy agendas in election seasons.

The court's decision Thursday clearly loosened the clamps on such activities. Those who want to broadcast such ads are "going to push the envelope," said Edward B. Foley, an election law expert at Ohio State University. "They're going to explore the scope of this exemption."

The case has already been heard by the Supreme Court, which kicked it back to the three-judge panel in January. The justices said the panel had misinterpreted a 2003 decision, in which they upheld the McCain-Feingold law, as foreclosing future challenges to the advertising restrictions.

The special panel that ruled Thursday did not consider the right-to-life group's argument for an exemption as a grassroots lobbying organization. The 2-to-1 decision more narrowly found that the group's ads did not violate restrictions against "express advocacy" for or against a federal candidate and were not campaign ads but general issue ads.

The majority opinion was by Judge David B. Sentelle of the United States Court of Appeals for the District of Columbia Circuit and Richard J. Leon of Federal District Court. Judge Richard W. Roberts of Federal District Court dissented.

The judges adhered strictly to the content of the actual commercials and rejected arguments by the government that the commercials were intended to influence the election. The advertisements did not state the senators' views on the filibusters but urged viewers to call them.

The panel found that the government had not demonstrated a compelling enough interest to impose restrictions on these groups' free speech rights. It said this section of the McCain-Feingold law was unconstitutional because it imposed campaign finance limits on organizations that were using advertisements to advance legislative policy.

Mr. Foley said the court reopened the door to use of corporate money.

"This is clearly a shift in direction and invites the use of corporate money," Mr. Foley said, adding: "You can run ads about any policy issue you want to and you can name members of Congress in the ads. You can use corporate money for any ad that fits this profile."

Mr. Foley said it would appear that so-called 527 groups, which emerged in the 2004 presidential campaign as a powerful force, would also be allowed to use corporate money for general issue ads under the Wisconsin decision. But the law is still murky on the regulation of 527's, named for the part of the tax code that regulates them.

In the Wisconsin case, the F.E.C. had argued that the Wisconsin advertisements were clearly intended to try to defeat Mr. Feingold. The group's opposition to the Senate filibustering of judicial nominees was closely linked to nominees who opposed abortion.

Representative Christopher Shays, Republican of Connecticut and a main architect of the campaign finance law, expressed disappointment in the decision.

"The lower court majority opinion ignores a wealth of evidence that shows W.R.T.L. had a 'priority' to defeat Senator Feingold in the 2004 election, and that the ads in question were part of that effort," Mr. Shays said in a statement. Fred Wertheimer, head of Democracy 21, a campaign finance reform group, and one of the lawyers involved in the case, said he was hopeful that the Supreme Court would overturn the decision.

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"We agree with the dissent in this case," Mr. Wertheimer said, adding, "The context surrounding these ads, and not just the text and the face of these ads, must be considered in making this determination."

Issue Ads Allowed In Election Run-up (WT)

By Stephen Dinan

The Washington Times, December 22, 2006

Political groups have a constitutional right to run issue ads that include the name of a candidate for office even in the contentious days before an election, a panel of federal judges ruled yesterday in the first major dent in the 2002 McCain-Feingold campaign-finance law.

Under that law, ads that interest groups ran 60 days before an election or 30 days before a primary were assumed to be aimed at influencing voters if they mentioned a candidate for federal office.

But in a 2-1 ruling, the panel yesterday said three ads from Wisconsin Right to Life (WRTL) in 2004 were issue ads rather than election ads and cannot be banned outright. The panel said permitting such ads should be decided based on the individual content.

"On their face, WRTL's three 2004 anti-filibuster advertisements were not intended to influence the voters' decisions," District Court Judge Richard J. Leon wrote in the majority opinion, joined by Appeals Court Judge David B. Sentelle.

The small but potentially deep change creates an exception to what had been considered a near-blanket rule.

"A free-speech interest is too substantial here," said Carl Tobias, a law professor at the University of Richmond, who said the government didn't justify such a broad ban.

The 2002 law was meant to end the use of "soft money," or unrestricted donations, to run ads that appear to be talking about issues but intend to affect an election.

Critics say interest groups could use the ruling as a loophole to run such "sham" ads and say judges should consider the groups' motives.

Interest groups had argued that the law kept them from playing a legitimate role in educating voters and influencing the legislative process.

"This is a victory for the right of the people to lobby their members of Congress on upcoming votes even if there is a pending election," said James Bopp Jr., the right-to-life group's lawyer. "This grass-roots lobbying is simply self-government at work, which is protected by the First Amendment."

Backers of the law were considering an appeal yesterday, while the FEC was weighing options.

"The commission is carefully studying the opinion and will consult with the Justice Department on the next appropriate step," said Michael E. Toner, chairman of the Federal Election Commission.

The ads in question told listeners to call Wisconsin's two senators, Democrats Russ Feingold and Herb Kohl, to urge them to oppose a filibuster of President Bush's judicial nominees. Mr. Feingold is one of the key sponsors of the campaign-finance law that bears his name and that of co-sponsor Sen. John McCain, Arizona Republican.

In 2005, the panel ruled that the ads violated the campaign law because they mentioned Mr. Feingold, who was running for re-election. The court said the Supreme Court's 2003 ruling in McConnell v. FEC left no room to judge on a case-by-case basis.

But the Supreme Court sent the case back to the panel earlier this year, ruling that cases could be decided individually.

District Judge Richard W. Roberts dissented from yesterday's ruling, saying more facts were needed to decide what the right-to-life group's motives were in running the ads.

The decision applies only to WRTL's three ads. The court rejected the group's request to write new rules for how to treat ads in the future.

Fred Wertheimer, president of Democracy 21, a group that backed the McCain-Feingold law, said the decision is narrow but he still disagrees with it. He said the advertiser's motives should matter, even if the ad seems to be straightforward.

"The context surrounding the ads, and not just the text and face of the ads, must be considered in making this determination," said Mr. Wertheimer, who is urging an appeal.

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Challenges to the 2002 McCain-Feingold law are heard first by a panel of two district court judges and one judge from the court of appeals for the D.C. circuit. Appeals go directly to the Supreme Court.

Senator Brownback And The Judge (NYT)

The New York Times, December 22, 2006

If most people were asked to list the qualities they want in a federal judge, few would include "has not attended a same-sex commitment ceremony." But that was the outrageous litmus test that Senator Sam Brownback, Republican of Kansas, applied to Janet Neff, whose nomination he has been blocking. Mr. Brownback — who has presidential ambitions — now says he will allow a vote on her nomination. We hope that is a sign that gay-baiting is becoming less tolerable, even to Republican primary voters.

Judge Neff, a Michigan state court judge, attended the commitment ceremony of the daughter of a family who had lived next door to her for 26 years. She said that attending and delivering a homily was like joining in an important event in the life of one of her own daughters.

Mr. Brownback, one of the most conservative senators, considered it to be a disqualifier for the bench. Later, he made an equally objectionable offer: he would allow a vote on Judge Neff if she agreed to recuse herself from cases involving same-sex unions. The Senate does not get to tell federal judges what areas of law they may rule on.

Senator Brownback now seems to be calculating that even in the Republican Party, the sort of extreme bigotry he has shown toward gay people would not be a selling point. At a time when Vice President Dick Cheney's lesbian daughter is pregnant and President Bush has declared himself "happy for her," Mr. Brownback's hostility puts him far out on the political fringe.

Mr. Brownback says that although he will allow Judge Neff's nomination to come to a vote, he is still likely to vote against her. If he does, he should be asked to explain his vote if he hits the presidential campaign trail. Whether someone has attended a same-sex commitment ceremony is not a worthy litmus test to impose on someone seeking an important office. Whether someone holds hateful views toward gay people certainly is.

OTHER NEWS:

Texas Judge Cuts Vioxx Award To $7.75M (AP)

AP, December 22, 2006

(AP) - HARLINGEN, Texas-A judge in a Texas widow's lawsuit over the Merck & Co. drug Vioxx on Thursday reduced a $32 million jury award to about $7.75 million, citing Texas' recently enacted caps on punitive damages.

The state jury in April found Merck & Co. liable for the death of Leonel Garza, a 71-year-old man who had a fatal heart attack within a month of taking the since-withdrawn painkiller.

The company was ordered to pay the Garza family $7 million in non-economic compensatory damages and $25 million in punitive damages.

But Judge Alex Garza, in a Rio Grande City courtroom, ordered the punitive damage reduced as required by state law.

The law caps punitive damages at twice the amount of economic damages - lost pay - and up to $750,000 on top of non-economic damages. Because Garza was retired, the jury awarded no economic damages, so Merck was ordered to pay the most the family could receive under state law.

A spokesman for Merck's outside legal counsel said the company was seeking a new trial based on "the undisclosed financial relationship" between the plaintiff and one of the jurors.

Merck attorneys in September were granted access to bank and cell phone records they said would show an improper financial relationship between juror Jose Manuel Rios and Felicia Garza, the widow.

Businessman Pleads Guilty In Bribery Case Involving U.N. (NYT)

By Elissa Gootman

The New York Times, December 22, 2006

DOJ_NMG_0108510

UNITED NATIONS, Dec. 21 — A businessman pleaded guilty Thursday to providing cash and a significantly discounted luxury Manhattan condominium to a ranking United Nations procurement official, in a successful effort to win more than $50 million in contracts, federal prosecutors said.

The businessman, Nishan Kohli, 30, pleaded guilty in Manhattan federal court to a single count of bribery after acknowledging that he had given cash payments to Sanjaya Bahel, who was chief of the commodity procurement section of the United Nations procurement division from 1998 until 2003. Mr. Kohli faces up to 10 years in prison.

He also acknowledged that from 2003 to 2005, he allowed Mr. Bahel to pay reduced rent at a high-rise apartment that Mr. Kohli owned in the Dag Hammarskjold Towers, near United Nations headquarters. In May 2005, Mr. Kohli sold the unit to Mr. Bahel at a price so far below the market value that the condominium's board considered blocking the sale, prosecutors said. Mr. Kohli also gave Mr. Bahel a cellphone that allowed them to speak privately.

Mr. Kohli's guilty plea is the latest development in a series of corruption charges against United Nations officials and those seeking to do business with them. The plea and Mr. Kohli's agreement to cooperate with the government are likely to strengthen the case against Mr. Bahel, who has pleaded not guilty to bribery charges. His trial is scheduled for May 7.

Richard Herman, Mr. Bahel's lawyer, said his client had accepted no bribes and was "vigorously fighting the allegations of any wrongdoing." Mr. Herman noted that the condominium sale took place two years after Mr. Bahel, 56, left his procurement position and said that the contracts in question were awarded through a "sealed bid process."

Mr. Bahel has been suspended without pay from his latest position, as chief of the commercial activities service within the United Nations postal administration, for four months since an internal United Nations investigation found he had improperly steered contacts toward Mr. Kohli's companies.

Stéphane Dujarric, a spokesman for Secretary General Kofi Annan, said that the prosecutors' case was "based in large part on evidence uncovered by the United Nations," adding, "We very much welcome the fact that people who have been accused of wrongdoing involving the U.N. are being brought to justice."

Prosecutors said Mr. Kohli's efforts helped secure contracts for the companies he represented, including Telecommunications Consultants India Ltd., an enterprise owned by the Indian government, and Thunderbird Industries, where Mr. Kohli was the managing partner. Since 2000, prosecutors said, Mr. Kohli's businesses have received contracts ranging from nearly $3 million for desktop computers and monitors, to $36 million for radio communications systems.

UN Official Admits Bribery (NYS)

By Joseph Goldstein

New York Sun, December 22, 2006

Efforts by federal prosecutors to root out corruption at the U.N. received a boost yesterday when a Florida businessman pleaded guilty to bribing a senior U.N. procurement official.

As a liaison to the U.N. for two companies, the businessman, Nishan Kohli, was able to secure more than $60 million worth of U.N. business contracts. His guilty plea yesterday is part of a cooperation agreement he has entered into with prosecutors.

While the details of the deal did not emerge in court, it is likely that the government will call him as a witness at the trial of the U.N. official, Sanjaya Bahel, 55. The trial is scheduled for May, 2007.

Mr. Bahel was chief of the Commodity Procurement Section within the Procurement Division of the United Nations until 2003.

Prior to Mr. Bahel's recent indictment, another top procurement department employee, Alexander Yakovlev, pleaded guilty in the summer of 2005 to corruption and wire fraud charges. Messrs. Bahel and Yakovlev were key officers involved in the awarding of a U.N. contract to the Swiss-based inspection company Cotecna, which had employed Secretary General Annan's son, Kojo.

In addition, last January the U.N. suspended eight employees in the procurement department, including Mr. Bahel, pending an investigation into allegations of wrongdoing.

Mexican Army Invades Pot Plantations (USAT)

By Sara Miller Llana

DOJ_NMG_0108511

USA Today, December 22, 2006

LAZARO CARDENAS, Mexico — Thirty-five soldiers jump off two helicopters and fan out across a marijuana field tucked deep into the mountains of Mexico's western state of Michoacan.

The choppers secure the perimeter as soldiers yank out plants growing in neat lines. Two hours later, most of the marijuana smolders in a bonfire.

This is one of 38 marijuana fields identified in a remote area, 25 miles from Aguililla, the nearest town. Rooting out — literally — marijuana plantations is a major component in Mexico's latest war on drugs, announced last week by President Felipe Calderó´n.

Mexico has long been under pressure from the United States to crack down on the drug trade and end violence between drug gangs. According to the U.S. State Department, 70%-90% of drugs coming to the USA from Latin America enter through Mexico. Mexico is one of the main producers of marijuana and heroin destined for the USA.

U.S. Ambassador Tony Garza has repeatedly expressed concern about the rising violence, most of it drug-related.

The week-old Operation Michoacan, Calderó´n's first major initiative since he took office Dec. 1, is the biggest anti-drug effort taken on by the Mexican government, says Army Gen. Manuel Garcia Ruiz, who heads the operation.

The purpose is to "end the impunity of the criminals that puts at risk the tranquility of all Mexicans, especially our families," Interior Secretary Francisco Javier Ramirez Acuna said at a news conference in Mexico City on Monday.

It also is a high-profile effort by the new president to follow through on his campaign vow to improve security in Mexico.

"Calderó´n came in as a law-and-order president and wants to show he is capable of reasserting state authority to convince the Mexican people, as well as the U.S., that he is, in fact, in charge," says Bruce Bagley, a drug specialist at the University of Miami.

Mexico's drug wars claimed about 2,000 lives in 2006, according to the Associated Press, and have been marked by increasing violence as drug lords battle for control of what the State Department says is a multibillion-dollar industry. In September, gunmen stormed a nightclub and hurled five heads onto a dance floor in Uruapan in Michoacan, the president's home state. Juan Antonio Magana, the state's attorney general, told the AP more than 200 homicides here this year were drug-related.

Last week, Calderó´n sent 7,000 military and federal officers into Michoacan to burn drug fields and arrest suspects. "This is a very difficult battle," Garcia Ruiz says. "It will last as long as it is necessary."

About 50 people suspected of drug trafficking, including suspected drug lord Elias Valencia, have been arrested. The soldiers and federal officers have seized about 100 firearms, bulletproof vests, antennas and telephones, officials announced at Monday's news conference. They estimated the raids could cost the cartels as much as $626 million, which includes future profits from the plants and opium seeds.

The first goal, Garcia Ruiz says, is to disrupt the drug gangs' source of income and their ability to communicate. Over the past week, military and police have identified 1,795 marijuana fields covering 585 acres throughout the state.

Attorney General Eduardo Medina says the government will expand the new offensive by sending soldiers and police to several states simultaneously to prevent traffickers from fleeing between regions. The idea is to wrest income and turf from drug traffickers. "The focus is on territory, recovering geographical space for the public," Medina says.

Tuesday, journalists witnessed a raid on a marijuana plantation in Michoacan. The field where the two helicopters landed was ringed with lime trees and an irrigation system: thousands of yards of tubing fed by a nearby rushing creek. Footpaths led to at least two other fields, a 15-minute trek away, and a recently abandoned shack. Half-eaten tamales, corncobs and crushed pepper littered wooden benches.

The type of marijuana growing here illustrates how hard the battle against drugs has become. It's a genetically modified variety resistant to pesticides; it can be killed only if it's pulled out with the roots. It also grows year-round, Garcia Ruiz says.

He says the plants, which mature in two months, are primarily exported to the USA.

Residents in Michoacan hope the operation will tamp down the violence. Rosalba Sanchez, 32, and her mother, Nicolasa Diez, 65, live in Patzcuaro, west of the state capital Morelia. They say that even though the main targets are people who produce and distribute drugs, the violence has affected their quality of life.

A drug-gang-related shootout two weeks ago in the city killed a store owner, they say. "When you leave your house, anything could happen," Sanchez says. "Hopefully with more security, they will be more afraid."

Redacted Version Of Original Op-Ed (NYT)

By Flynt Leverett And Hillary Mann

The New York Times, December 22, 2006

The Iraq Study Group has added its voice to a burgeoning chorus of commentators, politicians, and former officials calling for a limited, tactical dialogue with Iran regarding Iraq. The Bush administration has indicated a conditional willingness to pursue a similarly compartmented dialogue with Tehran over Iran's nuclear activities.

Unfortunately, advocates of limited engagement — either for short-term gains on specific issues or to "test" Iran regarding broader rapprochement — do not seem to understand the 20-year history of United States-Iranian cooperation on discrete issues or appreciate the impact of that history on Iran's strategic outlook. In the current regional context, issue-specific engagement with Iran is bound to fail. The only diplomatic approach that might succeed is a comprehensive one aimed at a "grand bargain" between the United States and the Islamic Republic.

Since the 1980s, cooperation with Iran on specific issues has been tried by successive administrations, but United States policymakers have consistently allowed domestic politics or other foreign policy interests to torpedo such cooperation and any chance for a broader opening. The Reagan administration's engagement with Iran to secure the release of American hostages in Lebanon came to grief in the Iran-contra scandal. The first Bush administration resumed contacts with Tehran to secure release of the last American hostages in Lebanon, but postponed pursuit of broader rapprochement until after the 1992 presidential election.

In 1994, the Clinton administration acquiesced to the shipment of Iranian arms to Bosnian Muslims, but the leak of this activity in 1996 and criticism from presumptive Republican presidential nominee Robert Dole shut down possibilities for further United States-Iranian cooperation for several years.

These episodes reinforced already considerable suspicion among Iranian leaders about United States intentions toward the Islamic Republic. But, in the wake of the 9/11 attacks, senior Iranian diplomats told us that Tehran believed it had a historic opportunity to improve relations with Washington. Iranian leaders offered to help the United States in responding to the attacks without making that help contingent on changes in America's Iran policy — a condition stipulated in the late 1990s when Tehran rejected the Clinton administration's offer of dialogue — calculating that cooperation would ultimately prompt fundamental shifts in United States policy.

The argument that Iran helped America in Afghanistan because it was in Tehran's interest to get rid of the Taliban is misplaced. Iran could have let America remove the Taliban without getting its own hands dirty, as it remained neutral during the 1991 gulf war. Tehran cooperated with United States efforts in Afghanistan primarily because it wanted a better relationship with Washington.

But Tehran was profoundly disappointed with the United States response. After the 9/11 attacks, xxx xxx xx xxxxxxxx xxxxxxxxx xxxxxxxxx xxxxxxxx xxxxxx xxxxxxx xx set the stage for a November 2001 meeting between Secretary of State Colin Powell and the foreign ministers of Afghanistan's six neighbors and Russia. xxxx xxxxxxx xxxxx xxxxx xxxxxxx xxxxxx xxxx xx xxxxxx xxxxxx xxxxxxx xxxx xxx xxxxxx xxxxxx xxxxxx xxxx xxxxx xxxxx xx xxxx xxxxx xxxxx xxxxxxx xxxxx xxxxx xxxxx xxxxx xxxxx xxxx xxxxx Iran went along, working with the United States to eliminate the Taliban and establish a post-Taliban political order in Afghanistan.

In December 2001, xxxxxx xxxxxxx xxxxxxxxxxxxxx xxxxxxxxx xxxxxxxxx x Tehran to keep Gulbuddin Hekmatyar, the brutal pro-Al Qaeda warlord, from returning to Afghanistan to lead jihadist resistance there. xxxxx xxxxxxx so long as the Bush administration did not criticize it for harboring terrorists. But, in his January 2002 State of the Union address, President Bush did just that in labeling Iran part of the "axis of evil." Unsurprisingly, Mr. Hekmatyar managed to leave Iran in short order after the speech. xxx xxxxxxxx xxxxxx xxxxxx xxxxxx xxxxx xxxxx xxxxx xxxx xxxxx xxxxx xxxxx xxxxx xxxx xxxx xxxx xxx the Islamic Republic could not be seen to be harboring terrorists.

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xxx xxxxxx xxxxxxxxx xxxxxxxxxx xxxxxxxxxx xxxxxxxx xxxxxxxx xxxx xxxxxxx xxxxxxxxx xxxxxxxxx xxxxx xxxxxxxxxx xxxxxxxxxx xxxxxxxxxxx xxxx xxxxxxxxxx xxxxxxxxxxx xxxxxxxxx xxxxxxxxxxxx xxxx xxx xxxxxx xxxxxxx xxxxxx xxxxxxxxxx xxxxxxxxxxxxx xxxx xxxxxxxx xxxx xxxxxxxx xxxx xx xxxxx xxxxx xxxxx xxxxxxxx xxxx xxxxx xxxx xxxxx xxx xxxxxxx xxxxxxx xxxx xxxxx xxxxx xxxxxx xx xxxxx xxx xx xxxxxxx This demonstrated to Afghan warlords that they could not play America and Iran off one another and prompted Tehran to deport hundreds of suspected Al Qaeda and Taliban operatives who had fled Afghanistan.

Those who argue that Iran did not cause Iraq's problems and therefore can be of only limited help in dealing with Iraq's current instability must also acknowledge that Iran did not "cause" Afghanistan's deterioration into a terrorist-harboring failed state. But, when America and Iran worked together, Afghanistan was much more stable than it is today, Al Qaeda was on the run, the Islamic Republic's Hezbollah protégé was comparatively restrained, and Tehran was not spinning centrifuges. Still, the Bush administration conveyed no interest in building on these positive trends.

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From an Iranian perspective, this record shows that Washington will take what it can get from talking to Iran on specific issues but is not prepared for real rapprochement. Yet American proponents of limited engagement anticipate that Tehran will play this fruitless game once more — even after numerous statements by senior administration figures targeting the Islamic Republic for prospective "regime change" and by President Bush himself that attacking Iran's nuclear and national security infrastructure is "on the table."

Our experience dealing with xxxx xxxx Iranian diplomats over Afghanistan and in more recent private conversations in Europe and elsewhere convince us that Iran will not go down such a dead-end road again. Iran will not help the United States in Iraq because it wants to avoid chaos there; Tehran is well positioned to defend its interests in Iraq unilaterally as America flounders. Similarly, Iran will not accept strategically meaningful limits on its nuclear capabilities for a package of economic and technological goodies.

Iran will only cooperate with the United States, whether in Iraq or on the nuclear issue, as part of a broader rapprochement addressing its core security concerns. This requires extension of a United States security guarantee — effectively, an American commitment not to use force to change the borders or form of government of the Islamic Republic — bolstered by the prospect of lifting United States unilateral sanctions and normalizing bilateral relations. This is something no United States administration has ever offered, and that the Bush administration has explicitly refused to consider.

Indeed, no administration would be able to provide a security guarantee unless United States concerns about Iran's nuclear activities, regional role and support for terrorist organizations were definitively addressed. That is why, at this juncture, resolving any of the significant bilateral differences between the United States and Iran inevitably requires resolving all of them. Implementing the reciprocal commitments entailed in a "grand bargain" would almost certainly play out over time and in phases, but all of the commitments would be agreed up front as a package, so that both sides would know what they were getting.

Unfortunately, the window for pursuing a comprehensive settlement with Iran will not be open indefinitely. The Iranian leadership is more radicalized today, with Mahmoud Ahmadinejad as president, than it was three years ago, and could become more radicalized in the future, depending on who ultimately succeeds Ayatollah Ali Khamenei as supreme leader. If President Bush does not move decisively toward strategic engagement with Tehran during his remaining two years in office, his successor will not have the same opportunities that he will have so blithely squandered.

What We Wanted To Tell You About Iran (NYT)

By Flynt Leverett And Hillary Mann

The New York Times, December 22, 2006

Washington

HERE is the redacted version of a draft Op-Ed article we wrote for The Times, as blacked out by the Central Intelligence Agency's Publication Review Board after the White House intervened in the normal prepublication review process and

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demanded substantial deletions. Agency officials told us that they had concluded on their own that the original draft included no classified material, but that they had to bow to the White House.

Indeed, the deleted portions of the original draft reveal no classified material. These passages go into aspects of American-Iranian relations during the Bush administration's first term that have been publicly discussed by Secretary of State Condoleezza Rice; former Secretary of State Colin Powell; former Deputy Secretary of State Richard Armitage; a former State Department policy planning director, Richard Haass; and a former special envoy to Afghanistan, James Dobbins.

These aspects have been extensively reported in the news media, and one of us, Mr. Leverett, has written about them in The Times and other publications with the explicit permission of the review board. We provided the following citations to the board to demonstrate that all of the material the White House objected to is already in the public domain. Unfortunately, to make sense of much of our Op-Ed article, readers will have to read the citations for themselves. (See links at left.)

The decisions of the C.I.A. and the White House took us by surprise. Since leaving government service three and a half years ago, Mr. Leverett has put more than 20 articles through the C.I.A.'s prepublication review process and the Publication Review Board has never changed a word or asked the White House for permission to clear these articles.

What's more, we have spent a collective 20 years serving our country as career civil servants in national security, for both Republican and Democratic administrations. We know firsthand the importance of protecting sensitive information. But we also know the importance of shared knowledge. In the entrance to the C.I.A.'s headquarters the words of the Gospel of John are inscribed, "And ye shall know the truth and the truth shall set you free."

National security must be above politics. In a democracy, transparency in government has to be honored and protected. To classify information for reasons other than the safety and security of the United States and its interests is a violation of these principles. It is for this reason that we will continue to press for the release of the article without the material deleted.

Flynt Leverett is a former senior director for Middle East affairs at the National Security Council and a senior fellow at the New America Foundation. Hillary Mann, a former Foreign Service officer, participated in the United States discussions with Iran from 2001 to 2003.

Rice: U.S. Backs Iran Sanctions Draft (AP)

By Anne Gearan

AP, December 22, 2006

The United States supports a draft U.N. sanctions resolution against Iran even though it omits a mandatory travel ban against several Iranians involved in the country's nuclear and missile programs, Secretary of State Condoleezza Rice said Thursday.

Rice said she expects changes to be made in the draft before it is put to a vote at the United Nations Security Council, perhaps on Friday.

Speaking at a news conference with Canadian Foreign Minister Peter MacKay, she offered no details of the revisions she expects.

"It's no secret we would have preferred to have this earlier had we been the lone drafter, and of course there might have been other things in it," she said of the draft circulated by Britain and France.

At the same time, she said the resolution would make clear to Iran that the "international community is not going to tolerate its defiance" of demands that it abandon its nuclear program. Iranians insist the effort is for peaceful aims, but the United States and other western countries have said the real purpose is the development of nuclear weapons.

The latest draft would order all countries to ban the supply of specified materials and technology that could contribute to Iran's nuclear and missile programs.

Prodded by MacKay on a different issue, Rice said the United States would review the status of Maher Arar, who was recently cleared by the Canadian government of any ties to terrorism.

Arar has become the best-known case of extraordinary rendition, a practice in which the U.S. government sends foreign terror suspects to third countries for interrogation.

Arar says he was shunted to Syria, and was tortured and kept in a dark cell for nearly a year.

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Arar no longer is under travel restrictions in Canada, but remains on a U.S. watch list.

Rice said she had spoken earlier in the day with Michael Chertoff, the secretary of the Department of Homeland Security, about Arar's status. "He said he would examine it and would get back to me."

U.S., EU Urge Vote On Iran Ban (WT)

By Betsy Pisik

The Washington Times, December 22, 2006

NEW YORK -- The United States and European Union yesterday pushed for a U.N. Security Council vote as early as today on Iran sanctions, a diluted version that drops a U.S.-backed travel ban on Iranian nuclear officials in a bid to win Russian support.

The governments of Germany, France and Britain drafted the latest text, which calls for a ban on trading parts or technology for use in making ballistic missiles or nuclear fuel.

Iranian President Mahmoud Ahmadinejad vowed to ignore the resolution, which comes just days after Pentagon officials disclosed plans to beef up the contingent of warships in the region by early next year.

"The United States and Europeans know well that they cannot do anything against Iran and their pressure will not hold back Iran's desire to fully obtain peaceful nuclear technology," Mr. Ahmadinejad said yesterday.

Secretary of State Condoleezza Rice indicated that Washington would support the draft.

"Had we been the lone drafters of the resolution, of course there might have been other things in it," she told reporters yesterday after a meeting with Canadian Foreign Minister Peter MacKay.

"But I am quite satisfied and quite certain that the resolution that will be adopted will be one that both says to Iran 'you cannot defy the international community' and imposes penalties on Iran for that defiance," Miss Rice said.

Russia said last night that the resolution needed more work, casting doubt on whether the vote could be held today.

The West fears Tehran is developing fissile material for a nuclear weapon, but Iran insists it seeks nuclear power.

The latest council text cites Chapter VII of the U.N. Charter, which authorizes the body to undertake economic, political and military action to address threats to international peace and security.

However, the draft stresses the need for a political and diplomatic effort to contain proliferation.

It also calls on the U.N. nuclear agency to report within 60 days whether Iran is complying with its requests for information and access to all enrichment-related activities.

The draft demands that all states to deny Iran technical assistance, training, financial assistance or investment that could be used to advance suspect nuclear activities.

In addition, the resolution would immediately freeze the assets of two dozen individuals and companies listed as crucial to Iran's nuclear or ballistic enterprises.

Iran's oil minister admitted earlier this week that de-facto financial restrictions already in place are making it difficult for the Islamic state to raise needed investment funds for its oil and gas industry.

"Currently, overseas banks and financiers have decreased their cooperation," Oil Minister Kazem Vaziri-Hamaneh told Shana, the Oil Ministry's news service, according to a report in the Financial Times yesterday.

Some analysts were skeptical that the Security Council could effectively rein in Iran's nuclear ambitions.

"They should get off the U.N. track and go back to the U.S.-EU track, which can take action much more quickly and resolutely than the Security Council can," said Lee Feinstein, a senior fellow at the Council on Foreign Relations. "The U.N. track has been a diversion and sends the wrong message."

Meanwhile, political candidates aligned with Mr. Ahmadinejad appear to have lost last week's local elections, according to results announced early yesterday in Tehran.

Moderates and reformers won most seats from the hard-line ruling party, according to press reports.

UN Poised To Agree Sanctions On Iran (FT)

By Mark Turner

Financial Times, December 22, 2006

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The United Nations Security Council was poised finally to agree sanctions on Iran after months of wrangling over Tehran's nuclear programme.

Western diplomats say the measures are crucial to creating a united front against Iran's nuclear ambitions but concede that the steps finally agreed, which have been watered down from initial European Union proposals, are likely to have only a limited impact on Tehran. Iran, which insists its nuclear programme is for peaceful purposes, ignored an August 31 UN deadline to suspend uranium enrichment.

A binding resolution, which ambassadors had hoped to adopt today but the vote had slipped to the weekend, would ban countries from sending the most sensitive nuclear materials to Iran and establish limited controls over dual-use technology. It would also freeze the overseas finances of some organisations, companies and people, although Russian opposition led European drafters to step back from a travel ban. A committee would be told of trips by named officials instead.

Diplomats said some issues still needed to be ironed out but they were hopeful that unanimous agreement could be reached by this morning. If adopted, the UN resolution would increase the pressure on Tehran, although experts and diplomats acknowledge its impact may be limited.

Tehran admitted this week that the de facto financial sanctions, encouraged by the US, had started to hurt investment in the oil sector.

Iran dismissed the UN move. Ali Larijani, the secretary of Iran's Supreme National Security Council, was quoted as saying: "The nature of this resolution is not capable of pressuring Iran and Iran will give an appropriate response to it.

"This behaviour will just create more problems. If they ratify the resolution Iran will . . .review its co-operation with the International Atomic Energy Agency and others [in the] political, economic and cultural fields."

Separately, US Central Command, which oversees military activities in the Middle East, has asked the Pentagon to send a second aircraft carrier battle group to the Persian Gulf in a move that has been interpreted as sending a strong message to Iran. Robert Gates, the new US defence secretary who is visiting Iraq, would have to approve the request.

Iran Defiant On Nuclear Energy Despite Looming Sanctions (AFP)

AFP, December 22, 2006

Iranian President Mahmoud Ahmadinejad vowed that nothing would stop Iran pushing ahead with its nuclear programme, as world powers prepared to vote Friday on sanctions against Tehran.

"The United States and Europeans know well that they cannot do anything against Iran and their pressure will not hold back Iran's desire to fully obtain peaceful nuclear technology," Ahmadinejad said.

"The bullying powers today, in confronting Iran's peaceful nuclear technology, are faced with a sea of courageous people," he added in a speech in Gilan-e Gharb town, in Iran's western Kermanshah province.

"If they think that nuclear energy only belongs to one group of the Iranian people they are mistaken."

Qatar, which is chairing UN Security Council sessions this month, confirmed Thursday that a draft resolution would be put to a vote before the 15-nation body on Friday.

In Washington, US Secretary of State Condoleezza Rice said her government was seeking last-minute changes to the draft UN resolution ahead of the vote.

The draft calls for a ban on trade with Iran in goods related to its nuclear and ballistic missile programmes.

It also waters down a contentious proposal for a travel ban on Iranian officials, in a bid to win Russia's support for the resolution that has been held up for weeks by wrangling amongst the Security Council powers.

Western countries want to impose sanctions on Iran over its refusal to suspend uranium enrichment, for fear that it would lead to Tehran having nuclear weapons that would radically shift the balance of power in the region.

Iran counters that its nuclear programme is only aimed at providing energy for a growing population.

Qatar's UN ambassador Nasser Abdelaziz al-Nasser expressed misgivings about sanctions, saying Thursday: "We don't know how the Iranians are going to react."

"The Middle East is going through difficult times," he told reporters at UN headquarters in New York. "We are worried about this matter. We live there."

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Without elaborating, Rice said Thursday that "there are some changes that are still to be made" to the draft resolution.

But she added Washington was "very supportive" of the overall draft -- drawn up by Britain, France and Germany -- and she expressed confidence it would be adopted.

"I am quite satisfied and quite certain that the resolution that will be adopted will be one that both says to Iran 'you cannot defy the international community' and imposes penalties on Iran," she said.

The New York Times newspaper, quoting unnamed US officials, reported Thursday that the United States and Britain would move additional warships into the Gulf region as the Security Council moves on sanctions.

"Defense Secretary Robert M. Gates was expected this week to approve a request by commanders for a second aircraft carrier and its supporting ships to be stationed within quick sailing distance of Iran by early next year," it reported.

In his address Thursday, Ahmadinejad reaffirmed his prediction that Iran would be able to hold a "nuclear celebration" at the same time as it marks the 28th anniversary of the Islamic revolution on February 11.

Iran has not specified exactly what landmark will be feted on that day, but Ahmadinejad added: "Iran is only one step before we reach the zenith and we will take that step with pride."

The Islamic republic has set a goal of installing 3,000 uranium enriching centrifuges at a key nuclear plant by March, in what would be an important step towards industrial enrichment.

Iran's President Says Bush 'Most Hated' (AP)

By Ali Akbar Dareini

AP, December 22, 2006

President Mahmoud Ahmadinejad called President Bush "the most hated person" in the world on Thursday, keeping up his tirades against the West despite elections that showed Iranians want him to focus on the country's domestic problems.

In final results announced Thursday from local elections last week, moderate conservatives opposed to Ahmadinejad won a majority of seats. They were followed by reformists, making a comeback after being driven out of local councils, parliament and the presidency over the past five years.

In the capital Tehran, where Ahmadinejad was mayor before becoming president 16 months ago, his allies grabbed only three of the 15 council seats, while moderate conservatives won seven. Reformists won four, and an independent one. Though the Dec. 15 elections were local, they were the first time the public has weighed in on Ahmadinejad's stormy presidency.

But Ahmadinejad appeared unbowed. He toured cities in western Iran, telling the crowds that Iran will not be intimidated by Western demands to dismantle its nuclear program, and scolding Bush.

"Oh, the respectful gentleman, get out of the glassy palace and know that you are the most hated person in the eyes of the world's nations and you can't harm the Iranian nation," Ahmadinejad said, according to the official Iranian Republic News Agency.

He said Iran would continue uranium enrichment even under threat of U.N. sanctions. "A nation that has resisted until today will resist until the last step and will defend its rights," he said.

The United States and its allies believe Iran is trying to develop nuclear weapons. Iran denies the allegation, saying its nuclear goal is only to generate electricity.

Ahmadinejad did not comment on the election results. But his hard-line foreign policy, in the absence of a strong domestic agenda or economic program, is believed to have divided the conservative base that voted him into the presidency last year.

The president has sharply escalated Iran's standoff with the United States and its allies over several issues. Besides uranium enrichment, he has sparked international outrage for his calls to eliminate Israel and for casting doubt on the Nazi Holocaust.

Election results outside Tehran also showed a heavy defeat for Ahmadinejad supporters. None of his candidates won seats on the councils in the cities of Shiraz, Bandar Abbas, Sari, Zanjan, Rasht, Ilam, Sanandaj and Kerman, and many councils in other cities were divided like Tehran's.

Similar anti-Ahmadinejad sentiment appeared in final results of a parallel election for the Assembly of Experts, the body of 86 senior clerics that monitors Iran's supreme Islamic leader and chooses his successor.

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A big boost for moderates within the ruling Islamic establishment was visible in the large number of votes for former President Hashemi Rafsanjani, who lost to Ahmadinejad in the 2005 presidential election runoff.

Rafsanjani, who supports dialogue with the United States, got the most votes of any candidate from Tehran to win re-election to the assembly.

Opposition candidates demanded that Ahmadinejad pay more attention to unemployment, now estimated at 11 percent, and other economic problems. He has failed to carry through on several domestic campaign promises, including a pledge to send a share of the country's oil revenues to every family and to implement an anti-poverty program.

The moderate daily newspaper Etemad-e-Melli, or National Confidence, urged Ahmadinejad to change his policies if he has any respect for the vote.

"The result of the elections, if there is any ear to listen or any eye to see, demands reconsideration in policies," the paper said in an editorial Thursday.

Conservative lawmaker Emad Afroogh also called on Ahmadinejad to learn a lesson from the vote. "The people's vote means they don't like Ahmadinejad's populist methods," Afroogh told The Associated Press.

Reformist Saeed Shariati also said the results of the election were a "big no" to Ahmadinejad and his allies, who he accused of harming Iran's interests with their hard line.

"We consider this government's policy to be against Iran's national interests and security. It is simply acting against Iran's interests," said Shariati, a leader of the Islamic Iran Participation Front, Iran's largest reformist party. His party seeks democratic changes within the ruling Islamic establishment and supports relations with the United States.

Iran Forging Ahead In Iraq Without U.S. (LAT)

By Borzou Daragahi

The Los Angeles Times, December 22, 2006

BAGHDAD — Tehran's top envoy here said there was no need for contacts with the United States aimed at stabilizing Iraq, saying that Iranians already were pursuing channels to help secure their embattled neighbor.

Ambassador Hassan Kazemi-Qomi brushed aside recommendations of the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, that the Bush administration speak to Tehran about the chaos in Iraq.

"We don't need a Mr. Baker-style proposal calling for Iran to talk with the United States about Iraq," Kazemi-Qomi said in an interview this week. "We have our own well-defined policies about Iraq. We have never waited for a Mr. Baker or someone else to offer talks."

Washington and Tehran broke formal diplomatic ties after Iranian radicals stormed the U.S. Embassy in Tehran during the 1979 Islamic Revolution, which toppled the country's pro-U.S. monarch and brought to power the world's first Shiite Muslim theocracy.

U.S. officials have accused Iran's government of destabilizing Iraq by providing arms, training and money to Shiite militias considered to be leading players in the civil war gripping Iraq's central provinces.

Told of Kazemi-Qomi's remarks, a State Department official in Washington accused Tehran of duplicity.

"It's not unusual for the Iranians to say all the right things, but at the same time engage in activities that are problematic, and certainly not what we would hope to see from a country expressing a desire for good neighborly relations," said the official, who spoke on condition of anonymity.

The Iraq Study Group report advised the Bush administration to make diplomatic contacts with Iran to persuade it to stop supporting armed Shiite groups. The controversy surrounding the report has rekindled debate in Iraq and the region about Iran's role here.

Iranians are mostly Persians and Iraqis are mostly Arabs. Their languages are different, but the Shiite majorities in both countries share centuries-old religious and cultural ties.

Iraq's Sunni Arabs accuse Iran of employing Shiite militias to settle old scores with former Iraqi army officers and the United States. They accuse Tehran of fomenting unrest.

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Kazemi-Qomi, speaking in a sitting room in Iran's ornate embassy a block from the perimeter of the U.S.-protected Green Zone, painted a drastically different portrait of Iran's role.

In a rare interview with Western media, he said that Iran maintained strong ties with Sunni as well as Shiite groups, supported the national unity government assembled by U.S. Ambassador Zalmay Khalilzad and the reconciliation talks taking place between Iraq's squabbling factions.

Iran respects all of Iraq's tribes and political groups, Kazemi-Qomi said. "Our relations are not limited to the Iraqi Shiites."

Iran provides Iraq with refined petroleum products, 140 megawatts of electricity and access to its Persian Gulf ports, and is willing to arm and train Iraqi security forces, he said.

"We are also serious in sharing intelligence with Iraq in an attempt to identify and bust terrorist groups," said KazemiQomi, a former member of Iran's conservative Revolutionary Guard who served in his country's consulate in the western Afghan city of Herat before coming to Iraq. In May, he became his nation's first ambassador to Baghdad in more than 25 years.

Iran is helping Iraq not because it wants to remain in the good graces of Washington, but out of self interest, he said.

"Security in Iraq will strip foreign troops of any pretext to prolong their presence in the country," he said in the 30-minute interview, which was granted only after The Times submitted a list of questions. "Security in Iraq will deprive terrorists of any safe haven, and we will no longer see an influx of Iraqi [refugees] to Iran."

He brushed aside suggestions that Iran was fostering instability in Iraq, instead taking a jab at Washington's Sunni allies in the region.

Iraq's border with Iran is more secure than any of its other borders, he said.

"You can go and find a list of suspected terrorists held in Iraqi prisons. You will definitely find out that no Iranian is among them," Kazemi-Qomi said, adding that few of them are from Afghanistan or Pakistan, which are on Iran's eastern border. "I regret to tell you that the majority of these suspects come from Arab countries."

Some Western diplomats in Iraq say the Iranians are able to leave their embassy compound more easily without fear of kidnapping or street violence, and they call on their Iranian colleagues for assessments of developments in Iraq.

But a number of Iraqis suggest that Tehran exaggerates its influence in Iraq, hoping the perception of its importance will give it more leverage in its dispute with the United States and European allies over its nuclear program.

Iraq's Sunnis have long said Shiite militias linked to major political parties with Iranian ties are at least as destructive as Arab insurgents. Sunnis argue that the increasing abilities of Muqtada Sadr's Al Mahdi army and Abdelaziz Hakim's Badr Brigade reflect help from abroad.

"Who's supporting Mahdi army? And who's supporting Badr?" said Saleh Mutlak, a leader of a hard-line Sunni faction in parliament. "They seem to have a lot of money and a lot of arms. They can't do this on their own."

Mutlak noted that the Shiite militias were not linked to Sunni-dominated countries such as Jordan or Saudi Arabia.

American officials say some types of roadside bombs used against U.S. and British forces in Iraq are similar to those used by the Iranian-financed militant group Hezbollah in Lebanon.

Despite repeated allegations, neither U.S. nor Iraqi officials have presented conclusive evidence that Iran is funding or supporting Shiite militias or violence in Iraq.

"Nobody reveals details," said Mahmoud Othman, a Kurdish lawmaker. "It's just talk and accusations."

U.S. officials consider Iraqi Shiite groups with the strongest ties to Iran to be the most moderate. Sadr's late uncle, Mohammed Baqer Sadr, had close ties to the founder of Iran's theocracy, Grand Ayatollah Ruhollah Khomeini, and founded the pro-Iranian Dawa Party, which is now led by U.S.-backed Prime Minister Nouri Maliki.

Hakim, who recently met with President Bush in Washington and has been trying to form a more moderate governing coalition, spent years in exile in Iran and headed an Iraqi military force opposed to Saddam Hussein that was largely created by Iran's Revolutionary Guard.

Shiite groups that were founded and grew exclusively in Iraq are considered the most disruptive. Sadr is an Arab nationalist who has never left Iraq and whose Al Mahdi army derides Hakim as a Persian bent on dividing up Iraq. The Fadila Party, another major Shiite group with few historic ties to Iran, follows a similar line.

Kazemi-Qomi said Iran respected the wishes of Hakim to have good ties to Washington.

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"Icy relations between Iran and the United States have nothing to do with Iran-Iraq ties," he said.

Saner Voices In Iran (NYT)

New York Times, December 22, 2006

President Mahmoud Ahmadinejad of Iran has not been having a very good month, which is good news both for the beaten-down people of Iran and for the outside world.

The populist demagogue, it seems, is not so popular with important elements of Iranian society growing uneasy over the price Iran may have to pay for his belligerent pursuit of nuclear technology. This week, Mr. Ahmadinejad's oil minister acknowledged that foreign banks were pulling back from financing Iranian oil projects because of the worsening nuclear dispute.

The clearest evidence of Mr. Ahmadinejad's troubles came in last week's elections for municipal offices and the national council that oversees the work of Iran's supreme leader, Ayatollah Ali Khamenei. Mr. Ahmadinejad's supporters fared surprisingly poorly. The main gainers came from two very different opposition groups, one aligned with former President Ali Rafsanjani, an establishment conservative, and the other with remnants of the cautious reform movement led by former President Mohammad Khatami.

Mr. Rafsanjani, a venomous foe of Israel (with his own nuclear appetites), is so notorious for the corruption that marred his presidency that his political career had almost gone into eclipse. Mr. Khatami's followers are more high-minded, but still managed to fumble Iran's best chance for reform in decades. What distinguishes them from Mr. Ahmadinejad's supporters is their recognition that Iran exists in the real world. They understand that its future requires good relations with foreign investors, trade partners and educational institutions.

Mr. Ahmadinejad has been systematically dynamiting those relations, by defying the International Atomic Energy Agency and the United Nations and with his loathsome circus of Holocaust denial. Though meant to whip up voters, that travesty failed to save his supporters from electoral defeat.

Last week, in a remarkable show of courage, students at one of Tehran's elite universities openly denounced Mr. Ahmadinejad as a dictator and a fascist, forcing him to cut short his planned address.

Their anger had been stoked by a blatantly political purge of professors and students, a crackdown on basic personal freedoms, and worries that economic mismanagement and diplomatic provocations were blighting their future. Two weeks ago, the students chanted, "Forget the Holocaust — do something for us." Last week, one of them told a reporter: "A nuclear program is our right. But we fear that it will do more harm than good."

Indeed it would, and it is encouraging to hear from Iranians who recognize that threat. Washington needs to keep pushing for effective economic sanctions that will compel Mr. Ahmadinejad to recognize it as well.

Bickering Saudis Struggle For An Answer To Iran's Rising Influence In The Middle East (NYT)

By Hassan M. Fattah

The New York Times, December 22, 2006

RIYADH, Saudi Arabia, Dec. 21 — At a late-night reading this week, a self-styled poet raised his hand for silence and began a riff on neighboring Iraq, in the old style of Bedouin storytellers.

"Saddam Hussein was a real leader who deserved our support," he began, making up the lines as he went. "He kept Iraq stable and peaceful," he added, "and most of all he fought back the Iranians." He continued, "His one mistake was invading Kuwait."

Across the kingdom, in both official and casual conversation, once-quiet concern over the chaos in Iraq and Iran's growing regional influence has burst into the open.

Saudi newspapers now denounce Iran's growing power. Religious leaders here, who view Shiism as heresy, have begun talking about a "Persian onslaught" that threatens Islam. In the salons and diwans of Riyadh, the "Iranian threat" is raised almost as frequently as the stock market.

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"Iran has become more dangerous than Israel itself," said Sheik Musa bin Abdulaziz, editor of the magazine Al Salafi, who describes himself as a moderate Salafi, a fundamentalist Muslim movement. "The Iranian revolution has come to renew the Persian presence in the region. This is the real clash of civilizations."

Many here say a showdown with Iran is inevitable. After several years of a thaw in relations between Iran and Saudi Arabia, Saudis are growing concerned that Iran may build a nuclear bomb and become the de facto superpower in the region.

In recent weeks, the Saudis, with other Persian Gulf countries, have announced plans to develop peaceful nuclear power. Saudi officials publicly welcomed the Iraqi Harith al-Dhari, whose Muslim Scholars Association has links to the insurgency, during a visit in October, and they have indicated that they may support Iraq's Sunnis over the majority Shiites with links to Iran. All were meant to send a message to Iran.

"You need to create a strategic challenge to Iran," said Steve Clemons, senior fellow and director of the American Strategy Program at the New America Foundation. "To some degree, what the Saudis are doing is puffing up because they see nobody else in the region doing so."

Yet a growing debate here has centered on how Iran should be confronted: head on, with Saudi Arabia throwing its lot in with the full force of the United States, or diplomatically, with a grand bargain Iran would find hard to refuse?

The apparent split burst into the open last week when Prince Turki al-Faisal, Saudi Arabia's ambassador to Washington, abruptly resigned after just 15 months. The resignation is seen by many here as part of a long-running battle over Saudi Arabia's foreign policy.

On Tuesday, Prince Saud al-Faisal, the country's ailing foreign minister, confirmed the ambassador's resignation, citing personal reasons. Privately some Saudi officials and analysts with knowledge of the situation say Prince Turki resigned over deep differences with Prince Bandar bin Sultan, the national security minister and former Washington ambassador, over how to deal with Iran.

Prince Bandar is believed to favor the tough American approach of confronting Iran, analysts say, while Prince Turki advocates more diplomatic tactics, including negotiating with Iran.

If this is the case, then the successor to Prince Turki as Saudi ambassador — Adel al-Jubeir, a foreign policy adviser to King Abdullah — is a wild card, Saudi and American officials said Thursday.

Polished and American-educated, Mr. Jubeir, 44, once worked for Prince Bandar when he was ambassador to Washington. Mr. Jubeir became well known as the public face of Saudi Arabia, defending Saudi policy after the Sept. 11 attacks, appearing on talk shows and escorting NBC's White House correspondent at the time, Campbell Brown, around town.

But Saudi officials said that Mr. Jubeir did not necessarily share Prince Bandar's opinions. "Basically, the king is putting his own man in America," one Saudi official said. "Adel will be a direct line between the king and the administration."

Mr. Clemons, whose blog, The Washington Note, first reported Mr. Jubeir's appointment on Wednesday, said Mr. Jubeir "is someone who can help de-escalate tensions between quadroons of the royal family. I don't think he necessarily brings Bandar's views on Iran to the table."

Just days before President Bush met with the Iraqi prime minister, Nuri Kamal al-Maliki, the outlines of what seemed to be a new plan were made public by Nawaf Obaid, a Saudi security consultant. In an op-ed article in The Washington Post, he said that if the United States withdrew from Iraq, the Saudis would back the Sunnis "to stop Iranian-backed Shiite militias from butchering Iraqi Sunnis."

Saudi Arabia said Mr. Obaid did not speak on its behalf, and he was subsequently dismissed from his position. He is widely expected to return to the government in some capacity. And King Abdullah warned Vice President Dick Cheney during a meeting in Riyadh three weeks ago that Saudi Arabia would back the Sunnis if the Americans withdrew from Iraq and a civil war ensued.

"The possibility of having conflict is very high," said Abdelrahman Rashid, managing director of the satellite news channel Al Arabiya and a respected Saudi columnist. "Who will face the Iranians tomorrow? Just the Israelis alone? I don't think that is possible." Prince Turki, Mr. Clemons and palace insiders say, had lobbied Washington for a broader policy that eschews a military confrontation in favor of a policy that will strike Iran's interests. In effect, Mr. Clemons said, Prince Turki had sought a plan mirroring some of the recommendations in the Iraq Study Group report but with a harder edge.

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"Turki is not playing nice guy at all," he said. "Essentially, the Saudis are engagers. They want to weave together a blurry ambiguity to what they want to do."

A member of the Saudi royal family with knowledge of the discussions between Mr. Cheney and King Abdullah said the king had presented Mr. Cheney with a plan to raise oil production to force down the price, in hopes of causing economic turmoil for Iran without becoming directly involved in a confrontation.

Shortly afterward, Mr. Obaid's op-ed article was published, building on earlier public comments that Saudi Arabia intends to get serious about Iran and may back Sunnis in Iraq in the event of an abrupt United States pullout. Neither Prince Bandar nor Prince Turki was available for comment for this article. An adviser to Prince Bandar said there were no divisions over policy, and many officials have been at pains in recent days to prove there is no split.

Many Saudis have grown openly critical of the country's policy on Iraq, citing its adherence to an American-centric policy at the cost of Saudi interests. More pessimistic analysts here say the country has lost significant strength and stature in Iraq, Lebanon and the Palestinian areas, while Iran, with its populist, anti-American agenda, has benefited.

"The Saudis made a big mistake by following the Americans when they had no plan," said Khalid al-Dakhil, a professor of political sociology at King Saud University in Riyadh. "If the Saudis had intervened earlier and helped the Sunnis they could have found a political solution to their differences, instead of the bloodshed we are seeing today."

Last week, a group of prominent Saudi clerics and university professors called on the government to begin actively backing Iraq's Sunnis. The clerics described what they called a Persian-Jewish partnership besieging the Sunnis.

"There is a segment in this country that will do everything the U.S. wants," said Turki al-Rasheed, who runs a group that seeks to encourage democracy in the Persian Gulf. "But fortunately the big leaders know this whole agenda will take us to hell."

Bush OKs Law Blocking Aid To Hamas Gov't (AP)

AP, December 22, 2006

President Bush signed into law a bill meant to block U.S. aid to the Hamas-led Palestinian government and ban contacts with Hamas until the militant faction has renounced violence and recognized Israel's existence.

It also creates a $20 million fund to promote democracy, human rights, freedom of the press and peace between Israel and the Palestinians.

The Bush administration stopped aid shortly after the January election victory by Hamas, which Washington considers an international terror organization. The bill Bush signed puts into law what already was administration policy.

Republican Sen. Mitch McConnell, R-Ky., sponsor of the Senate bill with Sen. Joe Biden, D-Del., said the legislation makes clear the Palestinian Authority can expect no U.S. help so long as it continues to be led by Hamas.

"The Palestinian people are ill-served by a Hamas-led government that refuses to work toward the betterment of its citizens by failing to renounce terror and work toward peace with Israel," McConnell said.

Rep. Ileana Ros-Lehtinen, R-Fla., ranking member on the House International Relations Committee after Congress reconvenes Jan. 4, said she was pleased the president signed the bill she sponsored in the House.

"By fixing his hand to this legislation today, President Bush has indicated that the U.S. will not, directly or indirectly, allow American taxpayer funds to be used to perpetuate the leadership of an Islamist jihadist entity like Hamas," she said.

The White House said the legislation Bush signed reflects the administration's concern over the current government's failure to renounce violence and terror, recognize Israel and respect previous agreements and obligations. Exceptions are made to provide financial support for Palestinian President Mahmoud Abbas, who has committed to a negotiated two-state solution with Israel.

Despite the ban on official aid, the United States has provided $468 million in humanitarian aid, delivered by non-governmental organizations and in other ways that bypass the Hamas government.

Gunbattles Rage Between Hamas And Fatah (AP)

By Ibrahim Barzak

AP, December 22, 2006

DOJ_NMG_0108523

A fierce gunbattle broke out between Hamas and Fatah militants in Gaza City early Friday, underscoring the fragility of a two-day old truce that had largely ended factional violence there.

The street battle erupted when Hamas militiamen tried to free two kidnapped militants, including a senior member of the Islamic group. It died down after 20 minutes as Muslim clerics and other mediators worked to restore the cease-fire. Nobody was hurt despite the battle's intensity, health officials said.

Hamas said its fighters exchanged fire with Fatah-affiliated militants behind the abductions. The fight quickly spread, drawing in guards outside the residence of Palestinian President Mahmoud Abbas of Fatah, and Hamas militiamen guarding the home of Foreign Minister Mahmoud Zahar of Hamas Zahar. Abbas was not in Gaza at the time.

Meanwhile, Palestinians stepped up rocket attacks on Israel, including one that veered off course and hit a Gaza home, injuring a 2-year-old Palestinian boy sleeping in his bedroom, officials aid.

Six other rockets landed in Israel, but nobody was hurt. The barrage threatened a separate cease-fire between Israel and the Palestinians that ended months of Israeli military activity in the Gaza strip.

A minister in Olmert's Cabinet said it was time to call off the cease-fire.

"Enough restraint," Binyamin Ben-Eliezer told Israel Radio. "Israel is many things, but a suicidal state isn't one of them."

A week of factional violence in Gaza has killed 16 people and left dozens injured across Gaza before the truce took effect Tuesday night.

Hamas blamed the Thursday night kidnappings on a clan affiliated with Fatah that was trying to avenge the deaths of two its members in an earlier round of fighting.

In Friday's battle, gunmen on rooftops fired at others in the streets. The presidential guard took up defensive positions behind newly built walls of sandbags and barriers of cement blocs outside Abbas' residence.

Hamas officials said the Fatah gunmen shot at Zahar's home.

One witness said several rocket-propelled grenades were also launched. Residents said they put their children in bath tubs for protection against stray bullets. Others tucked themselves in corners for safety.

The militant group Islamic Jihad claimed responsibility for some of the rockets that landed in Israel, including one that hit a community center the southern town of Sderot. The army said the rocket caused some damage but nobody was hurt.

There was no immediate claim of responsibility for the attack that struck the Gaza home. In the past, similar cases of Palestinians being hurt by Palestinian rockets have led to backlashes against militant groups, whose attacks against Israel are generally supported by the public.

The boy, Samir al-Masri, suffered two broken legs, said Dr. Said Judeh of Kamal Adwan hospital. The boy's 4-year-old sister and 3-year-old brother were lightly wounded by shrapnel, said their uncle, Jad al-Masri.

Abbas, a moderate, has repeatedly called for an end to rocket fire, saying they only invite harsh Israeli retaliation.

In the West Bank town of Ramallah, Abbas said he hoped to hold a long-awaited summit with Olmert by the end of the year.

"We always showed our willingness to hold this meeting with Olmert, and it's no secret that we hope it will take place before the end of this year," Abbas said at a news conference with the visiting Italian foreign minister, Massimo D'Alema. "There is progress in preparations for this meeting."

The two leaders have repeatedly expressed readiness to meet for what would be their first summit. But preparations have bogged down amid disagreements over the agenda.

Abbas wants Israel to promise to release hundreds of Palestinian prisoners. Olmert has ruled out a prisoner release until Hamas-linked militants free an Israeli soldier they captured last June. Olmert's spokesman, Jacob Galanti, said he was not aware of firm plans for a meeting.

Gaza Breathes A Sigh Of Relief As Ceasefire Holds (AFP)

By Sakher Abu El Oun

AFP, December 22, 2006

The embattled Gaza Strip breathed a sigh of relief as a truce between rival Palestinian factions took hold and president Mahmud Abbas urged all sides to consolidate the ceasefire.

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No clashes between Abbas's Fatah party and the ruling Hamas movement have been reported since early Wednesday, when a four-hour gunbattle in southern Gaza City killed two Fatah loyalists hours after a new truce went into effect.

Abbas urged the rival factions to respect the truce again on Thursday, following a similar call the night before.

"I call upon my people to show responsibility and work to consolidate the calm in the Gaza Strip," he told a news conference in Ramallah. "I'm convinced that everybody wants security and civil peace."

Hundreds of people, waving the Palestinian standard, gathered in front of the parliament building in Gaza to call on the rivals to respect the truce and restart talks on forming a coalition government.

"O Hamas, O Haniya, we want a government of national unity immediately," they chanted. "Enough with the battles, we want to live in security."

Abbas's call for early elections on Saturday was roundly condemned by Hamas as tantamount to a coup and sparked four days of fierce factional battles.

On Thursday, a militant died of wounds received during the fighting, bringing the toll from the clashes to 14. Dozens were also wounded.

But Abbas reiterated that despite his call for the early polls, he was still open to forming a coalition government with Hamas.

His spokesman Nabil Abu Rudeina told AFP, however, that no preparations have been made for a new round of talks.

A Hamas spokesman told AFP that the ruling Islamists were also favorable to dialogue and that prime minister Ismail Haniya was ready to meet with Abbas in Jordan, as suggested earlier in the week by King Abdullah II.

"We have not received an official invitation. If such an invitation is sent to us, we will accept," he said.

The latest truce announced by Abbas and Haniya late Tuesday -- after a previous ceasefire between the factions held barely for 24 hours -- came after the Palestinian president spoke by phone with Abdullah, who offered to host a meeting between the two rival leaders.

Abbas, who said he was prepared to "respond favorably" to the invitation, was due to travel to Jordan on Sunday.

The Palestinian president announced his intention to call early polls as a way to resolve a months-long standoff with the ruling Islamists after talks over forming a national unity government collapsed over Hamas's refusal to bend to the West's demands to renounce violence, recognize Israel and past peace deals.

Haniya's government has been boycotted by Israel and the West since it took office in March after a shock election win over Abbas's long-dominant Fatah, plunging the Palestinian territories into their worst ever financial crisis.

Also Thursday, Abbas said that he hoped to meet with Israeli Prime Minister Ehud Olmert before the end of the year. It would be the first meeting between the two leaders in six months.

"Discussions on preparing for the encounter continue and we hope that it will take place before the end of the year," Abbas said.

On a visit to the region on Monday, British Prime Minister Tony Blair called for an initiative to jumpstart the Middle East peace process, in a slumber since 2000.

The following day, Olmert paid a surprise visit to Jordan, whose King Abdullah II has recently issued calls on the necessity to revive talks between Israelis and Palestinians.

Olmert touched on the issue during a phone call with US President George W. Bush on Thursday, his office said.

"The prime minister spoke to the American president on the recent developments on the Israeli-Palestinian track and on the ways to move forward," it said.

U.S. Readies Security Aid Package To Help Lebanon Counter Hezbollah (WP)

By Robin Wright

The Washington Post, December 22, 2006

The United States is preparing a package of almost $500 million in aid for Lebanon's military and police to help strengthen security forces, part of almost $1 billion in total U.S. assistance to help the beleaguered Lebanese government, according to U.S. officials.

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The package is part of an effort by the United States, France, Saudi Arabia, the United Arab Emirates and others to shore up the Lebanese security forces so they can eventually extend their control over the entire country for the first time since civil war erupted there in 1975. It is also designed to strengthen the government's hand over the influence of Hezbollah, Lebanon's last militia and a force often better-equipped than the country's army, the sources said.

After Iraq, Lebanon has become the primary battleground for influence between the United States and Iran.

Tehran is still smuggling arms into Lebanon across the Syrian border in violation of U.N. resolutions, although the shipments to its Hezbollah allies appear to have diminished somewhat since before the war with Israel last summer, U.S. officials say.

The U.S. aid package is being prepared even as a new report by the International Crisis Group, set to be released today, warns that the Middle Eastern country is at risk of "renewed collapse" unless domestic and international players work to achieve political compromise.

"Street politics have replaced institutional politics," said ICG analyst Patrick Haenni. "Civil war remains unlikely. But with heightened polarization, intensified [religious divisions] and heavy outside interference, it is again becoming thinkable."

Although U.S. officials say the final details have to be worked out, the aid package is likely to be divided about evenly among training, spare parts and ammunition. The leadership training will probably be done by contract workers rather than by the U.S. military. U.S. Army trainers attempted to retrain and reform the Lebanese Army in the early 1980s, but they achieved limited results because of sectarian divisions and other problems in the military.

Secretary of State Condoleezza Rice told editors and reporters at The Washington Post last week that strengthening the Lebanese armed forces is a major priority of the United States and the region's "mainstream" Arabs. Stability, particularly along the southern border with Israel, has been dependent on about 15,000 U.N. peacekeeping forces, most of whom were deployed after the summer war between Hezbollah and Israel.

"Ultimately . . . one of the most important things that you can do is to strengthen the Lebanese armed forces not -- I think probably not to replace the United Nations forces for some time, but to be more capable themselves of defending the country and providing a stable platform," Rice told The Post. "Everybody understands that the future of Lebanon is very important."

Rice said the package will require further consultations with Congress to win funding. The other half of the $1 billion is likely to be for reconstruction through USAID as well as debt relief, U.S. officials said.

The aid increase is one of the largest outside Iraq and Afghanistan in recent years. Until this year, U.S. aid for Lebanese security forces hovered around $2 million to $3 million a year, and training has been limited to 60 to 100 military officers, U.S. officials say. This year, it has increased to roughly $44 million.

The train-and-equip package includes about 300 Humvees that the United States has pledged to deliver by the spring, with up to another 700 Humvees coming during the year, the sources said.

U.S. Negotiator Urges North Korea To End Standoff On Financial Curbs (NYT)

By David Lague

The New York Times, December 22, 2006

BEIJING, Dec. 21 — The top American envoy at arms control talks here on Thursday called for North Korea to negotiate the dismantling of its nuclear weapons program without insisting that the United States first lift financial restrictions it had placed on North Korea.

The envoy, Assistant Secretary of State Christopher R. Hill, said North Korea's determination to link nuclear disarmament with the financial restrictions was an obstacle to solving what had become a "very urgent problem" since North Korea tested a nuclear device on Oct. 9.

"We have made it very clear that we consider the financial issue quite separately from the denuclearization issue," Mr. Hill said. "I would rather not obscure that problem by talking about finances."

After four days of six-nation talks in the Chinese capital, it was clear that North Korea's top priority was to restore its access to the international banking system.

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The United States angered North Korea in September 2005 when it began investigating Banco Delta Asia, a bank in the Chinese territory of Macao that handled transactions with North Korean government companies and other entities linked to it.

The investigation has sharply curtailed North Korea's access to the international financial system because other banks have cut ties with North Korea rather than risk becoming the target of similar action.

Some foreigners doing business in North Korea say the inquiry has effectively imposed financial sanctions on the country, limiting its ability to trade and earn hard currency.

"They have had strict instructions from their capital that they can't engage officially on the subject of six-party talks until they have the Banco Delta Asia issue resolved," Mr. Hill said. "I have made it very clear, I am not a Banco Delta Asia negotiator."

Kenichiro Sasae, Japan's chief envoy to the talks, said North Korea's refusal to disarm before the United States lifted the financial restrictions meant that no agreement on dismantling the weapons program was expected, The Associated Press reported.

"The situation remains severe, and there is no prospect for a breakthrough," he said. "North Korea's claims, and its position on financial issues are very firm, and that is the biggest cause of the difficulty."

Mr. Hill said that he expected Friday to be the final day of the talks and that he planned to leave Beijing on Saturday. He said no date had been set for further negotiations.

North Korea restarted the talks only when the United States agreed in October to open separate negotiations into the Banco Delta Asia investigation. Alongside the six-nation talks this week, government financial experts from North Korea and the United States held two days of discussions on the Macao bank without reaching any agreement.

N. Korea Balks At Weapons Discussion (WP)

By Edward Cody

The Washington Post, December 22, 2006

BEIJING, Dec. 21 -- North Korea is refusing to engage in negotiations on ending its nuclear weapons program until the United States lifts punitive measures imposed to halt Pyongyang's alleged money-laundering operations, the chief U.S. negotiator said here Thursday.

Assistant Secretary of State Christopher R. Hill, after what he described as a frustrating day of discussions, said he would give the Chinese-sponsored talks another day in hopes that the North Korean negotiators received last-minute instructions from Pyongyang to change their stand. But in any case, he said, he will be making plane reservations to head back to Washington on Saturday.

Hill's comments indicated there has been little progress -- and little hope of any -- in the latest round of on-and-off discussions designed to persuade North Korea to abandon its nuclear weapons program in return for diplomatic recognition and economic aid. Adding to the pessimism, Japan's chief negotiator, Kenichiro Sasae, described the talks as stalemated and said, "There is no prospect for a breakthrough," the Associated Press reported.

The six-party talks -- which involve the United States, North Korea, China, Japan, South Korea and Russia -- resumed Monday after a 13-month boycott by North Korea over the U.S. Treasury Department's blacklisting of Macau-based Banco Delta Asia. U.S. officials alleged that the bank was being used to inject counterfeit $100 bills and drug money from North Korea into the financial system.

Under pressure from China, the North Korean government agreed Oct. 30 to return to the talks. In return, the United States agreed to parallel discussions on the punitive measures against Banco Delta Asia and its North Korean account holders. A Treasury Department team met Tuesday and Wednesday with North Korean banking officials and set more meetings for January in the United States.

But since the nuclear talks opened Monday, Hill said, North Korean negotiators have been under "strict instructions" not to engage in official discussions on the nuclear dispute until the banking measures are lifted. This has prevented progress on the main subject, which he described as concrete steps by North Korea to take down its nuclear weapons program, as it pledged to do in an agreement in principle reached in September 2005.

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"The purpose of being here was to discuss the denuclearization of the Korean Peninsula," Hill said. "I want to emphasize I'm not here to talk about [Banco Delta Asia]. That's not what I do."

At a news conference in Washington, Secretary of State Condoleezza Rice said the talks must remain focused on the issue of denuclearization.

"Diplomacy sometimes takes time, but we should not be diverted somehow by an issue that is clearly in another lane and is clearly being dealt with in a way that the North Koreans themselves asked that it be dealt with," Rice said.

Although the North Koreans have cited the U.S. banking measures as the main obstacle to nuclear negotiations, several diplomats said the overriding issue is whether North Korea genuinely has decided to forgo nuclear weapons. The question is particularly relevant, they said, since the North Korean government tested a nuclear device Oct. 9 and subsequently declared itself a nuclear power.

In public statements, North Korea has said it needs the nuclear weapons because it faces a hostile policy from the United States. Dropping the measures against Banco Delta Asia, a pro-North Korean newspaper in Japan suggested Thursday, would be proof that the Bush administration is willing to end the hostility and thus would make nuclear negotiations possible.

Rice Rejects Tying Nuclear Talks To Currency Issue (WT)

By Nicholas Kralev

The Washington Times, December 22, 2006

Pyongyang wants curbs lifted on its accounts in Macau bank

Secretary of State Condoleezza Rice yesterday rejected a North Korean attempt at the six-nation nuclear talks in Beijing to link the negotiations to U.S. financial sanctions imposed last year for purported money laundering and counterfeiting of U.S. currency.

With the latest round of talks slated to end today, the North Korean delegation said it would not negotiate the nuclear issue until curbs on a Macau bank holding North Korean accounts are lifted, diplomats said.

"We've been very clear that these are two separate issues," Miss Rice told reporters in Washington after a meeting with Canadian Foreign Minister Peter Mackey.

"We cannot be diverted from what we need to do in the six-party talks, which is to have the denuclearization of the Korean Peninsula," she said.

U.S. Treasury officials met Tuesday and Wednesday with North Korean representatives to discuss the financial sanctions, also in Beijing, but in a different building from the venue of the nuclear talks.

Christopher Hill, the chief U.S. negotiator at the six-party talks, said he planned to leave China on schedule tomorrow, even if the talks remain deadlocked.

"We are trying as hard as we can to get this done," he said. "But we are not prepared for a situation where somehow we pretend that they are doing things and they pretend to disarm and we pretend to believe them. This has to be real."

The penalties on Macau's Banco Delta Asia (BDA), which the Bush administration called a "willing pawn" in the North's illicit activities, were put in place in September 2005.

U.S. officials say the bank was used by North Korea to distribute high-quality $100 bills it printed.

"They have had strict instructions from their capital that they cannot engage officially on the subject of six-party talks until they have the BDA issue resolved, and I made very clear, I'm not a BDA negotiator," Mr. Hill said of the North Koreans.

State Department spokesman Sean McCormack said the United States could not close its eyes to its currency being counterfeited, as well as to other illicit activities, even if that might help the nuclear negotiations. The two issues should not be mixed, he said.

The United States, China, Japan, South Korea and Russia are trying to persuade the North to dismantle its nuclear programs.

In a Sept. 19, 2005, statement issued at the last round of six-party talks, Pyongyang agreed in principle to end its nuclear pursuits in exchange for a series of incentives, including energy, economic aid, security guarantees and normalized relations with the United States.

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But major disagreements remained on the timing and sequencing of the steps.

On Tuesday, Miss Rice said the United States favors a Chinese plan with "sets of actions" both sides must take over a period of at least several months.

The plan would not "marry up every little step," because "the North Koreans are masters" of blaming others for what they fail to do, Miss Rice said. The North Koreans would have to "demonstrate early on" that they are serious about dismantling their nuclear program.

Mr. Hill, assistant secretary of state for Asian and Pacific affairs, said yesterday he was not ready to set a date for a future round of negotiations, but he held out a glimmer of hope that a last-minute deal could be brokered.

"These rounds — you have to judge them by the end," he said. "It's hard to judge them in the middle."

U.S.: N. Korea Not Serious In Nuke Talks (AP)

By Alexa Olesen

AP, December 22, 2006

The U.S. envoy to talks on dismantling North Korea's nuclear weapons program said Friday that there were no signs of a breakthrough and accused the communist state of not being serious about the negotiations.

Asked if there were any indications of a breakthrough ahead of the last day of talks Friday, U.S. Assistant Secretary of State Christopher Hill said, "No, I am not aware of any."

After four days of negotiations in the wake of North Korea's Oct. 9 nuclear test, the North has refused to get into substantive discussions on its atomic weapons, envoys said. Instead, the North has complained about the U.S. blacklisting a Macau bank, where the regime allegedly laundered money to help fund its weapons programs.

"When the DPRK raises problems, one day it's financial issues, another day it's something they want but they know they can't have, another day it's something we said about them that hurt their feelings," Hill said. DPRK stands for the Democratic People's Republic of Korea, the North's official name.

"What they need to do is to get serious about the issue that made them such a problem ... their nuclear activities," he said.

Japanese envoy Kenichiro Sasae delivered a similar assessment late Thursday. "The situation remains severe and there is no prospect for a breakthrough," he said. "North Korea's claims and its position on financial issues are very firm and inflexible and that is the biggest cause of the difficulty."

Sasae said Friday that delegates at the closing meeting would would consider dropping the current format involving six countries.

"There will be opinions questioning the credibility of the six-party talks," Sasae said, without elaborating. He did not say what alternative formats would be proposed, if any.

In comments Thursday, Hill said the financial restrictions were a defense against weapons proliferation, warning Pyongyang would find itself further economically isolated if it doesn't disarm.

He said that the North Korean delegation had apparently been instructed to resolve the financial issue before talking about nuclear weapons.

While insisting the financial restrictions were separate from the six-nation arms talks, he acknowledged they were a means to defend against nuclear proliferation.

"We need to protect ourselves in a variety of different ways and we need to make sure that the international financial system is not easily available to countries that are involved in nuclear weapons programs," Hill said Thursday evening.

"There's one thing that anyone involved in denuclearization can predict, that as long as (the North Koreans) stay in this nuclear business, they're going to have more and more and more financial problems," he said.

In Washington, Secretary of State Condoleezza Rice said North Korea had given the United States no reason to believe it is serious about dismantling its nuclear weapons. "That's what we're testing" in the disarmament talks, she said in an Associated Press interview Thursday.

American and North Korean experts consulted on the financial restrictions for two days this week in Beijing separately from the nuclear talks, but made no breakthroughs and were possibly meeting again next month in New York.

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Hill noted he had traveled five times to Beijing since the nuclear test to lay the groundwork for this week's negotiations, which he has said should focus on implementing a September 2005 disarmament pledge by North Korea.

"I would like to see them engage a little more in what we are talking about," he said of the North Koreans. "We've done a lot of work in the last few weeks and we'd like to see the (North Korean) delegation match that amount of work and show they're looking at the proposals."

Hill would not talk about specific incentives the U.S. has offered the North at this week's talks which include China, Japan, Russia, the U.S. and the two Koreas but the earlier agreement outlines possibilities such as diplomatic recognition, aid and economic cooperation.

The North has maintained it needs nuclear weapons because of the "hostile" policy of the United States, citing issues including the financial campaign, criticism of North Korea's human rights record and U.S.-South Korean joint military exercises.

Meanwhile, a South Korean lawmaker said Thursday there were signs North Korea could conduct another nuclear test.

Rep. Chung Hyung-keun of the main opposition Grand National Party, a former intelligence official, said North Korea dug two underground tunnels at a mountain in the country's northeast and used one of them for its earlier nuclear test.

"There has been brisk activity since this month" at the other tunnel, he said.

NKorean Nuclear Talks Set To End In Deadlock (AFP)

AFP, December 22, 2006

Six-nation talks aimed at ending North Korea's nuclear program have appeared set to end in deadlock, with the chief US envoy accusing the reclusive nation of stubbornly sticking to impossible demands.

Officials and delegates involved in the talks said they had broken down over North Korea's insistence that US financial sanctions against it be lifted before substantive discussions begin on Pyongyang giving up its nuclear arms.

But the United States refused to buckle, maintaining that the sanctions, which were imposed for alleged money laundering and counterfeiting, were a law enforcement issue and not related to North Korea's nuclear weapons program.

US Secretary of State Condoleezza Rice reiterated in Washington Thursday that the sanctions -- which led to the freezing of North Korean funds in a Macau bank -- were "clearly in another lane" to the six-party talks.

"We cannot be diverted from what we need to do in the six-party talks, which is to have the denuclearization of the Korean peninsula," Rice said. The talks involve China, North and South Korea, the United States, Japan and Russia.

The chief US envoy to the talks, Christopher Hill, said in Beijing on Friday that the onus was on North Korea to make some constructive proposals after the United States had put forward its positions earlier in the week.

"I think what they need to do is get serious about the issues that have made them such problems," Hill told reporters.

When asked about the difficulty of dealing with the North Korean delegation this week, the normally ultra-polished diplomat allowed some frustration to seep into his remarks.

"When the DPRK (North Korea) raises problems, one day it's financial issues, another day it's something they want that they know they can not have, and another day it's something that is said about them that hurts their feelings," he said.

"It's one thing after the other."

Hill said he was scheduled to fly home on Saturday, and with the talks officially due to end on Friday, it appeared certain that this week's forum would achieve very little.

Japan's chief envoy, Kenichiro Sasae, said late Thursday that "no progress" had been achieved due to North Korea's recalcitrance.

"Basically, North Korea has maintained its hard position... we are not seeing any signs of flexibility," Sasae told reporters.

Sasae called North Korea's refusal to budge on its demands "extremely regrettable and unfortunate."

North Korea came to the negotiating table this week emboldened by its first-ever atomic test on October 9.

Aside from the US financial sanctions issue, it listed a wide range of demands that had to be met before it would consider disarming.

These included the lifting of separate United Nations sanctions imposed on North Korea after its atomic test, as well as aid to build a nuclear reactor for power and that the United States drop its "hostile" policy against it.

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The United States had insisted that North Korea take initial steps to prove it was heading along the path towards disarming before receiving any concessions.

All of these negotiations, however, were thrown into the background as North Korea kept the focus on the US financial sanctions.

Nam Sung-Wook, a North Korea expert and professor at Korea University in Seoul, said Friday the talks had been bound to fail from the start.

"North Korea has been only interested in the lifting of sanctions while the US expected to discuss the nuclear issue," Nam said.

"They have had different dreams on the same bed... it was a destined course. It was no surprise."

'Concerted Front' (WSJ)

By B.R. Myers

The Wall Street Journal, December 22, 2006

No country today is as misunderstood as North Korea. Journalists still refer to it as a Stalinist or communist state, when in fact it espouses a race-based nationalism such as the West last confronted during the Pacific War. Pyongyang's propaganda touts the moral superiority of the Korean race, condemns South Korea for allowing miscegenation, and stresses the need to defend the Dear Leader with kyeolsa, or dare-to-die spirit -- the Korean version of the Japanese kamikaze slogan kesshi. The six-party talks are therefore less likely to replicate the successes of Cold War détente than the negotiating failures of the 1930s. According to early reports from Beijing, the North Korean delegation appears more confident than ever. It has clearly been emboldened not only by its accession to the nuclear club, but by the awareness that Seoul will continue providing food and financial support no matter what happens.

This support is not meant to expedite unification, which South Koreans are happy to put off indefinitely. Nor has it much to do with concern for starving children; by now everyone knows where the "humanitarian" aid really goes. No, the desire to help North Korea derives in large part from ideological common ground. South Koreans may chuckle at the personality cult, but they generally agree with Pyongyang that Koreans are a pure-blooded race whose innate goodness has made them the perennial victims of rapacious foreign powers. They share the same tendency to regard Koreans as innocent children on the world stage -- and to ascribe evil to foreigners alone. Though the North expresses itself more stridently on such matters, there is no clear ideological divide such as the one that separated West and East Germany. Bonn held its nose when conducting Ostpolitik. Seoul pursues its sunshine policy with respect for Pyongyang.

The relationship between the Koreas can therefore be likened to the relationship between a moderate Muslim state such as Turkey and a fundamentalist one like Iran. The South Koreans have compromised their nationalist principles in a quest for wealth and modernity, and while they're glad they did, they feel a nagging sense of moral inferiority to their more orthodox brethren. They often disapprove of the North's actions, but never with indignation, and always with an effort to blame the outside world for having provoked them. (The same is true of moderate Islam's response to fundamentalist terrorism.) To be sure, there was public anger at Kim Jong Il when his nuclear test made stock prices drop in Seoul, but it dissipated the moment the U.S. began talking sanctions. Seoul has since made clear that the nuclear issue will have no significant effect on its sunshine policy. This earns it no goodwill from the North, mind; between soft-liners and hard-liners, sympathy can only go in one direction.

The ideological landscape of the peninsula defeats the reasoning that led to the six-party talks in the first place. North Korea is not a communist country with ideological and sentimental reasons to listen to China and Russia; it is a virulently nationalist state that distrusts all the other parties at the table. And though the rhetoric of a "concerted front" against North Korea has proved to be just that, it has sufficed to heighten South Korea's sense of solidarity with the North. This will continue to mean plenty of aid money for Kim Jong Il with which to build weapons. The U.S. has urged Beijing to bring more pressure to bear on the North. But if America can do nothing with its own ally, it can hardly expect the Chinese to do more with theirs.

Mr. Myers is a North Korea researcher at Dongseo University in Busan, South Korea.

Tensions Flare Over Custody In Rape Case In Philippines (NYT)

By Thom Shanker

DOJ_NMG_0108531

The New York Times, December 22, 2006

WASHINGTON, Dec. 21 — The commander of American forces in the Pacific announced Thursday that he had canceled a huge annual military exercise with the Philippines in a dispute over custody of a marine lance corporal convicted of raping a local woman.

The commander, Adm. William J. Fallon, said he also would halt aid and reconstruction programs carried out by the American military in the Philippines until he was confident that the troops' legal rights would be protected under bilateral agreements governing visiting United States forces.

The bilateral pact that governs American forces in the Philippines, the Visiting Forces Agreement, requires that American military personnel be held in American custody during criminal proceedings, including appeals, until a final resolution of the matter.

But after Lance Cpl. Daniel Smith was convicted of rape and sentenced early this month, a judge ordered him held in local police custody even though his case went straight to appeal.

The rape case, which concluded Dec. 4 with a conviction and a sentence of 40 years in prison, has tested relations between the countries and challenged the validity of the bilateral agreement. It also has sharpened a political division between Filipinos with nationalist resentments and those with affection for the former colonial power — or at least those who cite the economic and security benefits of ties to the United States.

In a telephone interview from Pacific Command headquarters in Hawaii, Admiral Fallon said that he already had ordered the withdrawal of an aid team in the Philippines that was assessing needs of a typhoon-ravaged area. He said that he also had canceled a number of visits by American ships.

American military officers said the Philippines armed forces supported the legal position of the United States, and the political officer at the Philippine Embassy in Washington agreed Thursday that the United States' position was correct.

"Regarding the Corporal Smith case, the United States government and the executive branch of the Philippines government are on the same side of this issue," said Patricia Paez, the embassy's political officer here. "We believe Corporal Smith should be in the custody of the U.S. Embassy because of the terms and conditions of the Visiting Forces Agreement."

Ms. Paez said that responsibility for the dispute rested with the judicial branch of her government, and that her nation's president and Parliament were constrained on ending the dispute.

"Just like the United States, we have a separation of branches of government that are co-equal and independent," Ms. Paez said. "We are making our best efforts to make sure the provisions of the Visiting Forces Agreement are enforced."

In a decision with repercussions for regional counterterrorism efforts, Admiral Fallon said he had canceled the field exercise portions of this year's bilateral military exercise, which was to begin in coming weeks and was to involve 4,700 American military personnel and 3,000 from the Philippines.

The annual exercise has taken on greater significance since the attacks of Sept. 11, 2001, as the Philippines battles internal terrorist threats.

"I'm not the judge of the guilt or innocence of the individual," Admiral Fallon said. "The issue is only one of custody. I am responsible to our people in uniform. I have to have guarantees that I can trust their safety to an international agreement."

The cancellation of the exercise and other American military visits to the Philippines jeopardizes disease-prevention programs, water-purification efforts, and more broadly, counterterrorism cooperation between the nations.

The rape case dates from Nov. 1, 2005, when, according to testimony at the trial, four marines from Okinawa who were in the Philippines for training took a 22-year-old woman from a bar where they had met to a van, where one of them raped her.

During the trial, Lance Corporal Smith did not deny having sex with the woman, but said it was consensual. The court heard testimony that the woman was so drunk that she could not have agreed to sex, with one witness saying Lance Corporal Smith had carried her to the van.

Indian Leader Frets About U.S. Nuke Deal (AP)

AP, December 22, 2006

DOJ_NMG_0108532

India's prime minister told President Bush on Thursday that his country is worried about details of a landmark nuclear pact with the United States, under which the U.S. agreed to supply the Indian power industry with fuel and technology.

Bush signed legislation Monday approving the deal, which reverses 30 years of U.S. atomic policy.

Prime Minister Manmohan Singh told President Bush in a phone call that India has "some concerns" about the nuclear pact, according to a statement by Singh's office.

The Indian government has not elaborated on its concerns, but Congress included a nonbinding clause in the new law directing the White House to certify that India is cooperating in efforts to force Iran to abandon its nuclear programs.

The clause has been criticized by Singh's leftist allies and opposition parties, who claim it violates India's sovereignty. They warn it could lead to efforts to cap, or even roll back, India's cherished nuclear weapons program.

The nuclear deal has been praised as the cornerstone of an emerging partnership between India and the U.S., and is unlikely to be rejected by New Delhi.

Gordon Johndroe, spokesman for Bush's National Security Council, said Bush and Singh "agreed on the importance of completing the necessary remaining steps" and implementing the agreement.

But the alarm in India over the language in the pact regarding Iran shows, perhaps, how far the countries have to go as they try to overcome decades of mistrust.

Singh, in his statement, added that "many" of India's concerns have already been addressed in the president's signing statement.

The White House has frequently blunted the impact of unwelcome provisions in federal legislation by issuing so-called signing statements.

In them, the president has laid out which parts of laws he has just signed he will follow and which he will not. The use of these statements, greatly increased during the Bush presidency, has been criticized by members of Congress.

During Thursday's phone call, which lasted about five minutes, the two leaders "expressed the hope that remaining concerns will be addressed in the next stage of negotiations" on the nuclear cooperation deal, the statement from Singh's office said.

Earlier this week, Singh told parliament that his government would do nothing that violates national interest.

As Fighting Rages In Somalia, Government Claims A Victory (NYT)

By Jeffrey Gettleman

The New York Times, December 22, 2006

ZANZIBAR, Tanzania, Dec. 21 — The transitional government of Somalia, which for several months had been rapidly losing territory to Somalia's growing Islamist movement, claimed victory on Thursday in the first major confrontation between the sides.

"We have overrun their troops," said Abdirizak Adam Hassan, chief of staff for the transitional president, Abdullahi Yusuf Ahmed.

United Nations officials confirmed heavy Islamist casualties in the fighting, which began Wednesday and continued Thursday.

The Islamist fighters — many of them lightly armed teenage boys, the officials said — were mowed down by transitional government soldiers backed by the Ethiopian Army, the most powerful military in the region.

"The Islamists attacked, they retreated and then they made the mistake of running into an open field," a United Nations official said on the condition of anonymity. "After that, it was one shot, one kill."

United Nations officials estimated that dozens of Islamists had died. The Islamists denied suffering humiliating defeats. On Thursday, the Islamist clerics who rule Mogadishu, Somalia's capital, ordered schools closed so more children could be sent to the front lines.

After initially playing down the fighting, Sheik Hassan Dahir Aweys, the leader of the Islamist forces, announced Thursday over national radio that Somalia was at war and said, "All Somalis should take part in this struggle against Ethiopia."

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Ethiopia still denies that many of its soldiers are in Somalia, but has acknowledged sending military advisers. Ethiopia has cause to fear a strong Islamist movement next door. Christians have led Ethiopia for centuries, but about half of its population is Muslim, as are the vast majority of Somalis, and the Muslim areas have become more restive.

The fighting started early Wednesday as hundreds of Islamist fighters attacked the transitional government's forces from two sides.

Witnesses said the transitional government, with help from Ethiopia, had repelled the Islamist advance in Daynunay, a town outside the government's base in Baidoa. But in Diinsoor, near Baidoa, the battles were closely contested, and on Thursday, witnesses said each side continued to pound away with artillery, mortars and antiaircraft guns on pickup trucks.

Somalia has been in a state of anarchy since 1991, when the government collapsed in clan warfare. Backing the transitional government was an attempt by donor nations to help bring order, but more Somalis support the Islamists.

The two sides have talked of sharing power. European Union diplomats shuttled between Baidoa and Mogadishu on Wednesday. "The leaders on both sides want dialogue, but we're not necessarily dealing with homogenous groups that always obey their leaders," a European official said Thursday.

Somali Islamic Leader Issues War Decree (AP)

By Salad Duhul

AP, December 22, 2006

Somalia is in "a state of war," the country's Islamic leader said Thursday, as bodies lay in the streets of strategic villages where U.N.-backed government troops fought advancing Islamic forces.

The clashes threaten to spiral into a major conflict in this volatile region, sucking in Ethiopia and its bitter rival Eritrea, which is accused of supporting the Islamic group. Analysts believe Ethiopia may soon raise the stakes by deploying attack helicopters in support of the government.

An Associated Press photographer saw 19 bodies of Islamic fighters in Moode Moode, a town nine miles from the government garrison town of Baidoa, where fighting had taken place Wednesday.

Three Islamic fighters were captured. One, 25-year-old Aweys Hassan Ma'alim, said he had been forced to fight by the Islamic movement. Another, Adan Abdullahi Mohammed, said he wanted to fight Ethiopians and "die for the sake of Allah in jihad."

Meanwhile Sheikh Ibrahim Shukri Abuu-Zeynab, a spokesman for the Islamic courts, said they had now captured the town of Idale, 37 miles southwest of Baidoa, and killed 200 Ethiopian troops. The claim could not be verified.

"All Somalis should take part in this struggle against Ethiopia," Sheik Hassan Dahir Aweys, an Islamic leader, told The Associated Press.

Three days of clashes between the Islamic fighters and government forces, newly trained by Ethiopian troops, have left more than 100 people dead.

Ethiopia denies its forces are fighting, but says it has deployed several hundred military trainers in support of the transitional government.

On Wednesday, Aweys told an EU envoy that he was willing to return to peace talks with the U.N.-backed Somali government, but on Thursday, he said "the country is in a state of war."

In Ethiopia, the government said Wednesday that the Islamic group was warmongering and not interested in peace. "Ethiopia has exerted efforts as it will do so for the peaceful resolution of the problem in Somalia," the statement said.

EU envoy Louis Michel, in response to a question about Eritrea and Ethiopia's involvement, said, "Somalia is suffering because some are using Somalia as a battlefield for other issues." Both countries fought an unresolved border war in 1998.

Somalia's deputy defense minister Salad Ali Jelle told reporters that 71 Islamic fighters had been killed and 221 injured so far during clashes near Baidoa.

Three government troops were killed and seven injured, Jelle said.

Separately, witnesses in the town of Bur Haqaba, which is controlled by the Islamic movement, reported hearing mortars, anti-aircraft missiles and rocket-propelled grenades being fired Thursday.

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After returning from Somalia late Wednesday, Michel said skirmishes were likely to continue, but said both sides had broadly agreed to ease tensions and hold new talks in Sudan.

The interim government holds only a small area around the central town of Baidoa. The Islamic militiamen control the capital, Mogadishu, but have also fanned out across most of southern Somalia.

Somalia has not had an effective government since 1991.

US Embassy Accuses Congolese Company Of Massive Aid Theft (AFP)

AFP, December 22, 2006

The US embassy in Brazzaville accused a private Congolese company of stealing more than 5,800 tonnes of humanitarian aid worth more three million dollars with the help of a local magistrate.

The embassy accused import-export company Super-Market of having "illegally removed" the aid at the start of December from warehouses of a transit company in Pointe-Noire, the country's economic capital, according to a statement received by AFP.

The US aid mostly contained supplies for locals.

US ambassador Robert Wesiberg told journalists that Super-Market had acted in complicity with prosecutor Narcisse Ngoulou, from Pointe-Noire in the southwest of Congo.

"It's him, the prosecutor Narcisse Ngoulou, who authorized Super-Market to remove the humanitarian aid from the warehouses," Wesiberg said.

Ngoulou declined to comment on the accusation to AFP.

"We're asking the government to do everything to remove this aid from Super-Market, so that it can reach people following normal procedures," Wesiberg said, adding that so far all attempts to obtain help from ministries had been in vain.

The US ambassador on Wednesday boycotted a ceremony organized by the UN Development Programme during which an appeal for 28 million dollars' aid for Congo in 2007, sponsored by the US diplomat, was due to be launched.

"Ambassador Wesiberg considered it pointless to take part in launching the reinforced appeal due to the lack of resolution on the question of humanitarian aid illegally removed from Pointe-Noire port," the embassy said in a statement.

US NGO International Partnership for Human Development receives US humanitarian aid to Congo and selects a company to buy the products and sell them on at a low price to locals.

Eight Congolese companies put in tenders for the allegedly stolen goods, including Super-Market, but the company Sadi was chosen almost two months ago. The embassy said that Sadi never received the goods.

Turkmen Leader's Death Fuels Energy Fears (FT)

By Isabel Gorst

Financial Times, December 22, 2006

The sudden death on Thursday of Saparmurat Niyazov, Turkmenistan's autocratic and eccentric president, has raised the threat of instability in a Central Asian republic that is an important energy supplier to Europe.

Niyazov, known as Turkmenbashi or Ruler of the Turkmens, left the former Soviet republic he ruled for more than 20 years impoverished, internationally isolated and with no obvious successor. He died of a cardiac arrest, Turkmen state television reported. He was 66.

His death is expected to spark both an internal power struggle and a tussle for influence between Russia, China and the US over a country with the world's fifth-largest gas reserves.

Any disruption to gas exports from Turkmenistan via Russia to Europe – mostly to Ukraine – could affect the continent's energy security. Analysts said, however, there were no immediate signs of unrest that could threaten supply.

Niyazov had himself appointed president for life by Turkmenistan's parliament in 1999. The oddball leader admitted this year to suffering from heart disease.

According to the republic's constitution, the parliament's speaker should have taken power. But he was blocked on Thursday as justice officials opened a criminal probe into him. A deputy prime minister was instead named acting president.

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Several former and exiled Turkmen officials said they were considering returning to the country. But Nurmukhamad Khannamov, a former Turkmen ambassador to Israel who is now an opposition leader, warned it might be too dangerous.

Mr Khannamov said the opposition would call for democratic elections and an investigation into Niyazov's huge wealth.

"Niyazov had several foreign bank accounts and we will insist that the money is given back to the people," Mr Khannamov said.

A US embassy spokesman in Ashgabat, the capital, said the US hoped for "a peaceful, smooth constitutional succession".

Sergei Lavrov, Russian foreign minister, said Moscow hoped that "continuity in our relations is ensured".

Niyazov, a former head of the Turkmen communist party, crushed or exiled opposition in the republic bordering Afghanistan, Iran and Uzbekistan, and left it with no free media.

Turkmens, most of whom live in poverty, were forbidden contact with the outside world.

The governors of Turkmenistan's five main provinces have all been sacked since a failed grain crop this autumn. Last year Niyazov sacked most of the top oil and gas officials accusing them of taking bribes from unnamed foreign companies.

Saparmurat Niyazov, Turkmen Leader, Dies At 66 (NYT)

By C. J. Chivers

The New York Times, December 22, 2006

MOSCOW, Dec. 21 — Saparmurat Niyazov, the authoritarian president of Turkmenistan, died unexpectedly today, the Turkmen government said, raising questions about succession and stability in a nation that is an essential supplier of energy to Europe.

Mr. Niyazov, who gave himself the name Turkmenbashi, or the Head of All Turkmen, had ruled his sparsely populated nation since becoming chairman of the Turkmen Communist Party in 1985, when the country was a Soviet republic.

He weathered the Soviet Union's collapse, becoming the president of independent Turkmenistan, pushing through a constitution that concentrated power in his hands and embarking upon a megalomaniacal career as president for life.

While other post-Soviet countries suffered disorder and, in some cases, revolutions or war, Mr. Niyazov lorded over Turkmenistan with a sprawling security apparatus and a fantastically well-developed personality cult. He was 66 and had suffered from heart disease, but never publicly anointed a successor.

Intrigue immediately followed his death. According to the Turkmen constitution, upon the death of a president, the chairman of the Majlis, the country's lower house of parliament, becomes the acting president.

But in Ashgabat, the Turkmen capital, power passed instead to a deputy prime minister, Gurbanguly Berdymukhammedov, and the state news agency announced that the prosecutor general had opened a criminal investigation against the Majlis chairman, Ovez Atayev.

The news agency also said that the People's Council, the upper house of parliament, would hold an emergency meeting on Tuesday. Under the constitution, the council selects presidential candidates who would stand in a special election in two months, according to Michael J. Denison, a professor at the University of Leeds who specializes in Turkmen politics.

Turkmenistan, located in Central Asia next to Iran, Afghanistan and the Caspian Sea, contains many of world's largest natural gas fields and provides gas to Russia and European countries.

Foreign governments and energy analysts expressed misgivings about the expected succession battles ahead, and what they might mean for stability and the intense international competition for the gas reserves.

Russia's foreign minister, Sergey V. Lavrov, and Germany's foreign minister, Frank-Walter Steinmeier, encouraged Turkmenistan at a joint appearance in Moscow to conduct a legal and orderly succession.

"We hope that the transfer of power will remain within the framework of the law," Mr. Lavrov said, according to Interfax.

Goldman Sachs sent a note to investors saying the abrupt political change "throws into question the country's political stability and control over its substantial natural gas exports."

It added that with Mr. Niyazov gone, the United States and perhaps the European Union might compete with Russia and push Turkmenistan to consider new export routes and weaken the position of Gazprom, Russia's state-controlled gas monopoly. Gazprom relies in part on Turkmen gas to meet commitments to its customers.

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There was no publicly clear front-runner to follow Mr. Niyazov's long reign, and speculation ranged from insiders of Mr. Niyazov's circle to exiled opposition leaders, at least two of whom said that they planned to return home.

Mr. Niyazov's son, Murat, was also a potential candidate, in part because in 2005 Mr. Niyazov arranged for the deletion of a line in the constitution requiring the president to be an ethnic Turkmen.

Mr. Niyazov was married to a Russian woman; their son is half Turkmen. The constitutional change allowed Murat Niyazov to qualify for the post, although it was not clear whether he had the support to overcome a reputation as a playboy with little backing from the country's five principal tribes.

Acting President Berdymukhammedov is related to Mr. Niyazov. But Mr. Denison said in an e-mail message that he is a relatively unknown political figure and "probably not a long-term successor."

One opposition figure, Khudaiberdy Orazov, a former chairman of Turkmenistan's central bank, said the appointment of Mr. Berdymukhammedov and the criminal charges against the Majlis chairman signaled that the country's security services were influencing events.

The security services, he said, successors to the K.G.B., played a large role in Mr. Niyazov's rule and would try to select a president of their choosing. "We've been afraid of this, because having lots of blood on their hands, they are a force that does not want democratic rule," he said by telephone from Sweden, where he lives in exile.

Inside Turkmenistan, a country largely closed to Westerners, there were signs of official mourning.

Holiday decorations were removed from the streets of the capital. State television showed a portrait of Mr. Niyazov against the sounds of the funeral march from Chopin's Piano Sonata No. 2, according to a resident of Ashgabat reached by telephone.

Such somber pomp was hardly universal, and critics of Mr. Niyazov recalled a dictator who created an almost otherworldly totalitarian state.

Mr. Niyazov forbade independent news media and opposition parties, jailed rivals or drove them to exile, and imposed his name, words and image on all manner of public discourse and life. His face appears on Turkmen currency. His name, given to streets and buildings, is in such abundant local use that it replaced the word January on the official Turkmen calendar.

His pronouncements, many of them disconnected from the normal affairs of state, were sometimes strange enough to assume an irreverent life on the Internet. He banned video games, gold teeth, opera and ballet, and once encouraged his people to chew on bones — good, he said, for their teeth.

It was the sort of declaration that made him the most bizarre dictator in a region dominated by autocrats, but was also a small part of his political canon. The Ruhnama, his semi-autobiographical book of philosophy, poems and instructions for moral living, is required reading in colleges and schools, and is displayed throughout the country, including in mosques.

In Prague, Yovshan Annagurban of Radio Free Europe/Radio Liberty's Turkmen Service said it was difficult to predict what course Turkmenistan would take now, after suffering decades of repression that reach back to the Soviet Union and became even stranger in Mr. Niyazov's time.

"The problem is he destroyed everything," he said. "He corrupted everything and everyone around him. People at the top as well as ordinary people do not trust anyone and everyone."

Turkmenistan Leader's Death May Spur Struggle (WSJ)

By Guy Chazan And Alan Cullison

Wall Street Journal, December 22, 2006

MOSCOW -- The death of the reclusive dictator of Turkmenistan could spark a fierce struggle between Russia and the West for influence over a country with the world's fifth-largest natural-gas reserves.

Under Saparmurat Niyazov, who died at age 66, Turkmenistan was largely a political and economic pariah, engaged only by Russia and, more recently, China. But his death could revive Western interest in the nation's huge natural resources, especially now amid growing jitters about energy security.

"This could unlock Turkmenistan's potential as an energy supplier," said Christof Van Agt, a Central Asian expert at the International Energy Agency in Paris. "You're going to have a lot more attention focused on its role in Caspian energy."

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Russia will probably have the edge in any "Great Game"-style jockeying for influence over Turkmenistan. President Vladimir Putin has long nurtured close ties to the Turkmen leadership, and in September Russia's natural-gas monopoly OAO Gazprom concluded a deal with Mr. Niyazov that essentially locked up exports of Turkmen natural gas for three years.

But some analysts say a new leader might try to renegotiate natural-gas export prices or seek alternatives to Gazprom, whose imports of Turkmen gas help the company meet domestic needs and its obligations to foreign customers like Ukraine. Any change could tighten supplies in Russia and affect European consumers.

The death of Mr. Niyazov, who had a history of heart disease, could also revitalize Western-backed efforts to open up new transport routes for Central Asian gas. The U.S. has pushed a plan for a pipeline under the Caspian Sea that would originate in Turkmenistan and bypass Russia. But Western companies said they couldn't agree on terms for the project with the eccentric Mr. Niyazov.

"The problems of Turkmenistan have been directly related to Niyazov, and now that he's out of the picture, that creates a lot of opportunities," said Zeyno Baran, director of the Center for Eurasian Policy at the Hudson Institute in Washington. "The question is, though, who is going to take advantage of those opportunities? Is it going to be the Russians? Or the Europeans and the Americans?"

Mr. Niyazov frequently purged potential political opponents, even those within his own family, leaving no obvious successors. In a sign that the post-Niyazov power struggle has already begun, Turkmenistan's State Security Council named Deputy Prime Minister Kurbanguli Berdymukhamedov acting president, even though under the constitution, the speaker of Parliament was supposed to assume the job. The Security Council said it couldn't appoint the speaker because a criminal investigation had been opened against him.

Mr. Berdymukhamedov, 49, was a confidant of Mr. Niyazov and one of the few people in government to survive repeated purges. But some people expect him to face strong challenges from other competing factions in the leadership, including the security forces.

"So much of the country's political and economic life was invested in the personality of Niyazov himself that there's a possibility of serious infighting and instability now that he's gone," said Michael Hall, director of the International Crisis Group's Central Asia project. "There are a lot of lucrative assets to fight over."

Some Central Asian experts say a worst-case scenario is civil unrest and even the breakup of the country along regional and tribal lines. But others disagree. "There may be a fight under the carpet between people at the highest level of power, but the people won't be involved," said Nagia Badykova, a former Turkmen government official who now lectures on international affairs at George Washington University.

Mr. Niyazov's 21-year rule was defined by a bizarre personality cult and the region's most oppressive political regime. He destroyed all domestic opposition after his motorcade came under fire in an alleged attempted coup in 2002. Afterward, opposition activists and their families were arrested.

After Niyazov Dies, Nation At Crossroads (AP)

By Jim Heintz

AP, December 22, 2006

He was, by his own decree, the "Father Of All Turkmen," and his death Thursday leaves an energy-rich, strategically situated swath of Central Asia without an heir apparent — and potentially at the heart of a global tussle between Russia, China and the United States.

President Saparmurat Niyazov, who died at age 66, ruled Turkmenistan for more than two decades with imperial eccentricity — naming towns, mosques and even the days of the week after himself, crushing opposition and requiring children to read his spiritual ruminations daily.

The former Soviet republic — which lent support to the U.S.-led war on terror — now faces a deeply uncertain future.

Some analysts were already predicting the vacuum could spark a new "Great Game" in Central Asia, similar to the struggle for supremacy in the region among imperial powers in the 19th century. At the least, the world's major powers will be watching

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and maneuvering for influence in the country that neighbors Iran and stretches from the petroleum-rich Caspian Sea to the border of chaotic Afghanistan.

"It's obvious that a serious war for influence in Turkmenistan will begin between Russia and the United States — and added to that will be serious attempts by Iran and the Islamic world to come into this country's political space," said Eldar Namazov, an analyst in Azerbaijan.

The fate of Turkmenistan carries high stakes because of its huge natural gas fields and substantial oil reserves, and its status as an island of stability in a volatile region.

Although Turkmenistan is a member of the Commonwealth of Independent States, a loose grouping of former Soviet republics, its foreign policy has been determinedly neutral — one of its state-run papers is called "Neutral Turkmenistan."

Still, Niyazov helped Washington in its campaign in Afghanistan, allowing overflights by coalition planes. President Bush expressed condolences Thursday, saying: "We look forward to continuing to expand our relations with Turkmenistan, to a bright future for that country and to a government that provides justice and opportunity for its people."

The announcement of their leader's death sent the capital, Ashgabat, into quiet shock.

New Year's decorations on the streets were removed and liquor stores ordered shut. The military was put on heightened alert, but there were no signs of increased military or police presence in the city.

Niyazov's death is "comparable to a shock the Soviet Union felt after Stalin's death," Vyacheslav Nikonov, head of the Moscow-based Politika think tank, was quoted as saying by the RIA-Novosti news agency.

Niyazov created an extraordinarily elaborate cult of personality, similar to that around North Korean dictator Kim Jong Il.

Niyazov banned opera and ballet, and railed against lip-synching and car radios. He declared himself "Turkmenbashi" — Father of All Turkmen — and renamed a seaport, the month of January and facilities throughout the country that way.

He also tried to show an affable side. This month he grinned in pleasure as he was greeted by actors dressed as mythological characters at an amusement park named in his honor.

Like Stalin, his dominance left no room for an apparent successor. He is survived by a wife, daughter and son — but analysts say there is little chance of a dynastic succession.

Within hours of his death, Turkmenistan appeared to be showing signs of political infighting. Although the constitution requires that the parliament speaker be named acting president until elections can be held, the State Security Council named the deputy prime minister instead — saying the parliament speaker had been indicted for corruption.

Deputy Prime Minister Kurbanguli Berdymukhamedov pledged to "continue to go the political course of the great leader" in remarks soon after being named acting president.

All political figures in Turkmenistan were loyal to Niyazov, but the country's politics are seen as factional and clan-driven.

If an orderly succession doesn't occur, opposition figures who have long lain low could see an opening. But most of the main opposition figures live in exile and it was unclear if they would be allowed to return.

"We are ready to take part in developments there ... But first we must receive guarantees that our activity there will be made possible," said opposition leader Bairam Shikhmuradov, who lives in Moscow.

Shirin Akiner, a Central Asia specialist at Britain's Royal Institute for International Affairs, said Islamists in Afghanistan may see Niyazov's death as a chance to expand their influence.

Turkmenistan's 5 million people are overwhelmingly Sunni Muslim, but it is not clear how many are observant. Under Niyazov, the government was officially secular, but it encouraged an officially approved version of Islam. The country is home to Central Asia's largest mosque — named "The Spirit of Turkmenbashi."

Any other form of Islam was repressed and the country showed little sign of the religious radicalism that emerged in other ex-Soviet Central Asian states.

But "as new authorities will try to replace the ideology of Niyazov's personality cult with something else, they might try to use Islam to some extent as a substitute," said Eduard Poletayev, a political analyst in Kazakhstan.

Niyazov, who lost all his immediate family to war and earthquakes by age 8, became communist boss of Turkmenistan in 1985 while it was part of the Soviet Union, remaining in power following the 1991 Soviet collapse.

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His cult of personality included authorship of the "Rukhnama," a book of spiritual guidance that became required reading for children. Earlier this year, he said he had asked Allah to ensure that anyone who read the "Rukhnama" three times would go directly to heaven — and he appeared to have little doubt his request would be honored.

Niyazov's visage adorned the country's currency and statues of him were put up throughout the arid, impoverished land, including a golden one in the capital that rotated to follow the sun's path. His face was even featured on some vodka labels and on canisters of tea.

What will become of his iconic presence is unclear.

Maybe it will disappear "in some barbaric way, with the burning of his portraits and demolition of his monuments, (or) maybe gradually like after Stalin," said Poletayev.

Turkmenistan Leader's Death Leaves Vacuum (LAT)

By David Holley

The Los Angeles Times, December 22, 2006

MOSCOW — Turkmenistan's President Saparmurad A. Niyazov, an eccentric leader who ruled his country with an iron hand, died suddenly Thursday, triggering a scramble for power in the gas-rich Central Asian state.

Niyazov, who used the name Turkmenbashi, or "father of all Turkmens," was 66. State television said he died of a heart attack.

In an apparent sign of an immediate power struggle, the country's security council announced the opening of a criminal investigation against the speaker of parliament, Ovezgeldy Atayev, who under the constitution was in line to become acting president.

Instead, the council named Deputy Prime Minister Gurbanguly Berdimukhamedov, 49, to the post. Under the constitution, a presidential election must be held within two months, and the acting president cannot be a candidate.

Turkmenistan has large natural gas reserves and is a major supplier to Western Europe. The gas is piped first to Russia, which then resells it. If political turmoil in Turkmenistan disrupted the flow to Russia, Gazprom, the Russian gas monopoly, might be unable to meet its commitments, the Russian news agency Interfax reported.

Turkmen authorities praised Niyazov's long rule in a statement announcing his death. "The glorious years … confirmed his heavenly faculty to foresee, and his ability to determine priorities," they said. "His unique abilities in the art of leading the nation revealed his talent as a diplomat and a wise and humane person."

Turkmenistan, which is mostly desert and slightly larger than California, has a population of 5 million, most of them Muslim. Any opposition to Niyazov was severely repressed, meaning there is no clear successor.

Niyazov encouraged an extravagant personality cult. He renamed the months of January, April and September after himself, his mother and the Ruhnama, a history and spiritual guide he is said to have written.

In Ashgabat, the capital, a revolving 35-foot golden statue of Niyazov is perched atop the giant Arch of Neutrality, a symbol of his policy of remaining largely isolated to avoid the potentially dominating influences of neighboring Russia, Uzbekistan and Iran. The statue's arms are raised to welcome the sun at dawn and bid it farewell at dusk.

Some observers said a struggle over political succession might ultimately be linked to competition between the West and Russia for control of Turkmenistan's energy resources.

"It is known that Turkey and the United States are making vigorous attempts to pursue their interests in Turkmenistan, primarily its oil and gas sector," Leonid Ivashov, vice president of the Academy for Geopolitical Problems, a Moscow think tank, told Interfax. "If Russia chooses a passive role, it may further weaken its positions."

Opposition rejoices

Several of Turkmenistan's exiled opposition leaders said they would quickly try to return home.

"It is a great joy for all of us … that he has freed the country from himself," Avdy Kuliyev, a former foreign minister who is now an opposition leader, said in a telephone interview from Norway. "We are planning to come back to Turkmenistan in the nearest future…. We want to guide our people in a different way.

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"Certainly Niyazov's supporters who are present in the country would like to continue this same policy, possible slightly changing it," Kuliyev said.

"As for us, we want an absolutely different policy. We want people to get freedom so they could decide themselves on their future."

Turkmen authorities quickly tightened entry rules, with visas no longer available at airports even for those holding official invitations to visit the country, Interfax reported. Citing a law enforcement source in Kazakhstan, another neighboring country, the news agency also said that Turkmenistan's armed forces had been put on combat alert.

Niyazov's funeral was set for Sunday, and the country entered a period of official mourning. Streets and markets in Ashgabat fell silent, New Year's decorations were removed, and flags were at half-staff, Interfax said.

Niyazov, born Feb. 19, 1940, was orphaned as a child. His father died in World War II and the rest of his immediate family died in an earthquake that hit Ashgabat in 1948. He rose through the Communist Party and became the party boss of Turkmenistan in 1985, when it was still part of the Soviet Union.

President for life

After Turkmenistan gained independence in 1991, Niyazov won election the next year with an official 99.5% of the vote, in balloting outsiders deemed neither free nor fair. The People's Council, a handpicked body of loyalists, named him president for life in 1999.

Vitaly Ponomaryov, director of the Central Asia program at Memorial, a human rights group in Moscow, said Niyazov's determination to keep all power in his hands meant he not only left no clear successor, but left no one of political strength in the government.

"There is not a single strong political figure in Niyazov's camp," Ponomaryov said. "Once someone's position and role increased, then, let's say within one or two years, that person was jailed. As a result, there is no real leader in the current government in Turkmenistan. Those who had connections, money or influence were removed from power."

Ponomaryov predicted that some of these ousted former officials would make a bid for power at the same time exiled opposition leaders tried to return.

"Many of these people who worked in governmental structures enjoy support among some governmental groups," he said. "Those people are also well connected with different clan groups."

Exiled opposition leaders have some influence because their views have been carried in Turkmen-language broadcasts of U.S.-sponsored Radio Liberty, Ponomaryov said.

"Today, especially in this transitional situation, all the major countries and the whole world have a unique chance to bring pressure on Turkmenistan, which in its turn might be effective enough to help promote democratic reforms in this country," he said.

Kuliyev acknowledged that Turkmen authorities might try to keep opposition leaders from returning, but indicated the opposition was searching for ways to circumvent any ban.

"To some extent we rely on the United States," he said. "We want a real state to be built on democratic principles, such as freedom of speech and respect for human rights."

After A Tyrant, What Next? (WP)

By Masha Lipman

Washington Post, December 22, 2006

MOSCOW -- Although the official statement yesterday on Turkmenistan's president spoke of his "divine foresight," not even this dictator could foresee his own death or what will happen to his country afterward.

Saparmurad Niyazov, who died unexpectedly yesterday after a heart attack, was a tyrant par excellence. He presided over a closed and repressive regime as uncontested master of the Turkmen people. Those who dared challenge his absolute power were arrested and tortured, then sentenced to long prison terms. Any sign of dissent was fiercely suppressed.

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Among his more recent victims were two journalists who worked for foreign news outlets and one human rights activist. Ogulsapar Muradova, 58, who worked for Radio Free Europe/Radio Liberty, died in prison. Her body showed obvious signs of torture.

Niyazov was the last communist leader of Turkmenistan when it was still part of the Soviet Union. He inherited his country after it was suddenly transformed into an independent state upon the collapse of the U.S.S.R. 15 years ago. He proclaimed himself Turkmenbashi, Father of All Turkmen, and began reshaping his land according to his whims.

The result was that Turkmenistan was plunged into the Middle Ages. Niyazov closed theaters, libraries and newspapers. He limited access to education, travel and medical services. In an abrupt move last year, he ordered that all hospitals be closed except those in the Turkmen capital, Ashgabat. He dramatically cut pensions to the elderly. Houses of those suspected of disloyalty were routinely torn down.

State-controlled media and government officials eulogized the Father of All Turkmen for his loving care for his people. Statues and portraits of him are in the streets of Turkmen towns, many of them renamed after himself and his mother. A gigantic golden statue of Niyazov erected in Ashgabat is equipped with a mechanism ensuring that the Turkmen leader is always facing the sun.

Turkmenbashi authored a book titled "Ruhnama" ("Spirituality") and ordered that all Turkmen schoolchildren, college students and government officials and civil servants study it thoroughly. As befits a divine leader, he claimed to command nature itself. One report has it that he demanded that a crop be harvested early because he'd become tired holding back the rain.

Turkmenbashi renamed months and days of the week and redefined measures of human age, which he subdivided into special periods of his own invention -- at 61 he entered the period of "spiritual greatness." He had his hair dyed black and was not to enter "old age" until he reached 85.

He died at 66, and the immediate future of his country is in the hands of his inner circle. But whoever succeeds Turkmenbashi will have a hard time establishing his own stature and defining his legitimacy, whether it is that of a popularly recognized ruler or the winner of a power struggle.

In fact, the struggle seems inevitable. Niyazov's regime implied that he was Turkmenistan's ruler for eternity, and any plans for succession were simply ruled out. Just as it was after Stalin's death, members of the leader's inner circle must be seized by fear and deep distrust of each other. Some of the Turkmen officials who had earlier fled abroad to avoid repression are talking about coming back, further aggravating the struggle. Chances are that this fight will not be contained within the elites but that it will spill over and turn into popular unrest.

In spite of Turkmenistan's sinister regime, world players -- Russia first and foremost -- have shown great interest in the country because of its rich resources, especially natural gas. Turkmenbashi was a difficult partner for Vladimir Putin -- whimsical and disrespectful, even defiant at times. Under his rule, Turkmen citizens who had Russian passports were commonly subjected to harassment. But Turkmenistan's gas plays a key role in Putin's policy of using energy as a tool of political influence, and so he put up with Niyazov's unruly behavior. (Right now Russia buys Turkmen gas wholesale and resells it. Observers are already warning that a destabilization of Turkmenistan might affect its gas supplies and, consequently, Russia's.)

Since Central Asia has increasingly become an area of rivalry between Russia and the United States, the U.S. government hasn't been very demanding with regard to Niyazov's rule, either. And the Turkmen president eagerly took advantage of the U.S.-Russia rivalry. He agreed to harbor a U.S. military base after it was driven out of Uzbekistan, a favor that ensured that the U.S. administration would show tolerance for blatant abuses of human rights in Turkmenistan, regardless of President Bush's proclaimed mission of bringing freedom and democracy to the world.

Niyazov lived in self-isolation, rarely leaving his country and never binding himself by any alliances. His successor will hardly be able to stay so distanced. Turkmenistan's resources are an obvious source of power, and in the fight to control them, members of the Turkmen elite sooner or later will be tempted to look abroad for backing. The stakes in this geopolitical game could be quite high. For Russia, having a reliable and more compliant partner in Turkmenistan would mean a significant consolidation of its energy weapon, as well as its position vis-a-vis former Soviet states.

One would hope that change will at least improve somewhat the situation of the Turkmen people. But with the balance of power in Central Asia at stake, it's unlikely that human rights abuses will be of major concern to the contestants in this tug-of-war.

DOJ_NMG_0108542

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

DOJ_NMG_0108543

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 22, 2006 7:45 AM EST

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TERRORISM NEWS:

Rice Seeks U.S. Probe Of Why Canada's Arar Still On Watch List (BLOOM)

By Janine Zacharia

Bloomberg, December 22, 2006

Dec. 21 (Bloomberg) -- U.S. Secretary of State Condoleezza Rice has asked homeland security chief Michael Chertoff and the Justice Department to review the case of Maher Arar, a Canadian citizen who Canada says was wrongly accused of links to terrorism and remains on a U.S. terrorist watch list.

The U.S. accused Arar of links to al-Qaeda when authorities detained him in 2002 at John F. Kennedy International Airport on a stopover during his return to Canada from Tunisia. A Canadian inquiry found in September that Arar was tortured in his native Syria and that Canadian officials gave inaccurate information to the U.S. that portrayed Arar inaccurately as a terrorist.

Canada has removed Arar from its watch list and wants the U.S. to do the same. Rice, speaking at a press conference with Canadian Foreign Minister Peter MacKay at the State Department in Washington today, said she was seeking clarification from Chertoff.

``I talked with Mike Chertoff about this just this morning, and he said that he would examine this and he will be back to us," Rice told reporters.

MacKay, speaking alongside Rice, said that the Canadian inquiry exonerated Arar. The case led to resignation earlier this month of Royal Canadian Mounted Police Commissioner Giuliano Zaccardelli.

``There's clarity as to Canada's position and the findings with respect to Mr. Arar. We've removed him from our watch list. We've urged the United States to take the same steps," MacKay said.

Asked if she had anything to say to Arar on how he has been treated, Rice defended U.S. counterterrorism and border security procedures, saying ``it needs to be understood that in the post- September 11 circumstances we are determined to protect our borders."

U.S. To Look Into Arar's Status: Rice (CBC)

CBC News, December 21, 2006

U.S. security officials will review why Canadian Maher Arar is still on a U.S. terrorist watch list, Secretary of State Condoleezza Rice said Thursday following a meeting with Canada's foreign affairs minister.

"It will of course be looked at," Rice told reporters at a joint news conference with Peter MacKay in Washington. U.S. Secretary of State Condoleezza Rice and Canadian Foreign Affairs Minister Peter MacKay, shown after an appearance in Stellarton, N.S., in September, discussed Maher Arar on Thursday. Rice said his case 'will be looked at.'

Rice said she instructed Michael Chertoff, the Department of Homeland Security's secretary, and the Justice Department to look further into the matter.

"He said he would examine it and would get back to me."

But Rice reiterated that the U.S. makes its own security decisions based on independent information.

"We value accuracy in cases but we do have our own process," she said. "It needs to be understood that in the post-Sept. 11 circumstances, we are determined to protect our borders."

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MacKay said he brought up Arar's status in the meeting with his U.S. counterpart and reiterated that Arar has been cleared by the Canadian government of any ties to terrorism. "There's clarity in Canada's position with the findings of Mr. Arar," MacKay said. "I'm very pleased at the decision to revisit the restriction on his case."

Arar, a Canadian citizen born in Syria, was seized at a New York airport in 2002 and sent to Syria, where he was tortured. A judicial inquiry into his case led by Justice Dennis O'Connor was set up after Arar returned to Canada more than a year later.

O'Connor concluded Arar had no terror links and the RCMP had given misleading information to U.S. authorities, which may have been the reason he was sent to Syria.

Parliament apologized to Arar and the government has been asking Washington to remove him from a watch list that prevents him from travelling to the U.S. andÂ makes him a marked man, despite being cleared in Canada.

However, the U.S. has refused and has not explained why. 'Go our own way'

The meeting between MacKay and Rice came a day after an American security official bluntly stated the U.S. would follow its own path on Arar without informing Canadians on its reasons.

"With respect to some issues, we're going to have to respectfully but firmly go our own way and the Arar matter, at least for now, is one of those," Paul Rosenzweig, acting assistant secretary for international affairs for the Department of Homeland Security, told reporters in Washington.

"As for the sharing of information with the Canadian government, while I do recognize that in an idealized world we would share every bit of intelligence information with all of our partners, in the real world that is an idealization that isn't achievable."

Prime Minister Stephen Harper told Sun Media that "as near as I can see, we simply have a U.S. government that won't admit it's wrong."

He said he can't compel the U.S. to explain why it still views Arar with suspicion.

"I'm not aware of the U.S. violating any law by not sharing it with us, but I'm obviously disappointed that they don't seem at this point to have responded fully to the conclusions of our own inquiry, and I have no explanation for why they're taking the position that they are."

Arar's lawsuit against the U.S. has been cited as one reason American authorities won't talk about the case. With files from the Canadian Press

Hudson River Tunnels Seen As Fragile (NYT)

By William K. Rashbaum And William Neuman

The New York Times, December 22, 2006

An analysis done for the Port Authority of New York and New Jersey says that the PATH train tunnels under the Hudson River are more vulnerable to a bomb attack than previously thought, and that a relatively small amount of high explosives could cause significant flooding of the rail system within hours.

The analysis, based on work by Lawrence Livermore National Laboratory and the Rensselaer Polytechnic Institute, revises some critical aspects of an assessment of the system's vulnerability that was presented to the agency last spring. It makes clear that the tunnels — four tubes of varying design and sturdiness that stretch across the Hudson riverbed — are structurally more fragile than first thought.

A draft summary of the most recent analysis was given to The New York Times by a government official who was troubled by what the official felt was a lack of action in response to the analysis, which the official said the Port Authority got about three weeks ago. The official said the latest analysis indicates that it would take only six minutes for one of the PATH tubes to flood if a significant but not necessarily very large bomb were detonated.

Marc La Vorgna, a spokesman for the Port Authority, would not answer specific questions about the analysis, or with whom it had been shared.

"If we believed in any way that passengers were in danger, we'd close the system," he said. "That would happen immediately." He said the Port Authority police had substantially increased patrols and bag searches in the PATH system in recent weeks. In addition, the agency's board voted on Dec. 14 to spend $180 million on PATH security improvements. He refused to say what had prompted the actions.

The vulnerability of the PATH tubes and other tunnels has long been a source of concern to security, transportation and government officials, as well as the public. It has given rise to various projections about their likelihood as a target and what ought to be done to safeguard them.

The fears have existed at least as far back as 1993, the year of the first terror attack on the World Trade Center. Various agencies, including New York City Transit and the Metropolitan Transportation Authority, over the years have been studying ways to improve the tunnels' security and stalwartness.

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Just last July, several people were arrested overseas in what authorities said was a plot to bomb the PATH system — which has a weekday ridership of 230,000. The arrests halted what officials said was a bid to set off backpack bombs in a PATH train car and flood the tunnels. Some published reports said maps and other material relating to the PATH tunnels had been found on the computer of one of those arrested.

That investigation began a year before the arrests, about the same time that an analysis of the vulnerability of the transit system's underwater train tubes was jointly commissioned by the Port Authority and the Metropolitan Transportation Authority, which oversees the operation of the city's subways. It is unclear, however, whether the investigation prompted the analysis.

A 19-page summary of the analysis details some of the measures the Port Authority has been planning to put in place to better secure the PATH system: laying concrete blankets atop the tubes to plug holes caused by a blast, strengthening portions of the tubes and installing floodgates to prevent the system from being overwhelmed.

The official who gave a copy of the report to The Times said the Port Authority, whose executive director and board members are appointed by the governors of New York and New Jersey, had informed neither state executive of the most recent results. Neither has it yet shared the new findings with the United States Department of Homeland Security, Mayor Michael R. Bloomberg, the New York Police Department or other law enforcement agencies, the official said.

The official disputed the Port Authority's contention that it had increased patrols and bag searches.

Aides speaking for Gov. Jon S. Corzine of New Jersey and Gov. George E. Pataki of New York would not comment on whether the two leaders had been apprised of the latest analysis, but they insisted that the governors are both fully and regularly briefed on the security of the region's mass transportation system.

A spokesman for Mr. Bloomberg would not comment on the analysis. But a senior Police Department official acknowledged that the police had not been informed of the newer findings. Yesterday afternoon, Russ Knocke, a spokesman for the Department of Homeland Security in Washington, said he could not determine whether anyone at the agency had been notified.

Speaking generally, Mr. La Vorgna of the Port Authority said the agency was "constantly undergoing threat assessment," and that the analysis was regularly shared with its federal, state and city partners.

Since 9/11, government and security officials have emphasized that there is no way to fully protect every possible target. But in New York, officials have regularly sought to reassure the public that serious steps are being taken to address major vulnerabilities in the area's array of tunnels, bridges and rail systems.

The analysis appears to be the most detailed and sophisticated government review of the train tubes' vulnerability. Initial findings were shared last May with the some members of the agency, but was not made public, and further tests were ordered. More tests are being done in an effort to come up with the best way to strengthen the tunnels.

The Hudson River tubes of the PATH system, which suffered serious damage in the 2001 terror attack, are more vulnerable than most other tunnels that pass under the city's waterways because they lie in the soft riverbed, unlike other tunnels that are bored through the underlying bedrock. Silt over years has built up atop the tubes, which were laid roughly 90 years ago, but they are not in bedrock.

Several city subway tunnels beneath the East River are in many ways similar to the four PATH tunnels — essentially cast-iron tubes that run along the riverbed. An official at the Metropolitan Transportation Authority said that agency is working on an analysis of its tubes.

The PATH analysis, which is characterized as preliminary and continuing, examines the three different types of PATH tubes under the Hudson. Roughly three-quarters of the tubes' total length is made of unlined cast iron, with the balance made from concrete-lined cast iron or brick. Many of the details of the analysis — including the size of the bombs under discussion, their placement and the exact nature of the vulnerability — are being withheld by The Times.

The worst case included in the analysis suggests that a bomb that could be easily carried aboard a train could punch a 50-square-foot hole in one side of a tube, possibly breaching both sides of the tunnel. Under that situation, 1.2 million gallons of water a minute could pour into the tunnel, flooding parts of the system in a matter of hours.

That is a much more dire view than an earlier draft of the analysis — completed last May — contemplated.

PATH trains run in sets of seven cars, each with a capacity of 130, so that there could potentially be about 900 people on a crowded train. New cars on order would allow 10-car trains that could carry more people.

The analysis — presented in November by a senior member of the Port Authority's engineering department to a small group of the agency's senior managers, says that the new results are based on a combination of tests on the cast iron from the tunnels and computer modeling. It recommends seeking an additional $3.8 million to supplement the $4.5 million already authorized for the continuing analysis.

Additional computer models, it said, were also being run to develop more specific results. The Livermore laboratory, a government-financed institution that evaluates security threats, has also done blast analysis for the Bay Area Rapid Transit system in the San Francisco Bay area.

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The strategy to minimize the impact of explosions in the tunnels has been organized into a three-part program, according to the report: Laying down the material to cover the tubes, known as Geotextile Concrete Mats; installing floodgates on the tunnels to minimize flooding, protect other parts of the system and allow repair after a blast; and strengthening critical portions of the tubes.

Simulations show how, "in the event of a tunnel breach the mat would be pulled into and clog the opening to at least reduce the rate of inflow of soil and water into the tunnel," the summary said.

The summary recommended that Port Authority officials seek authorization for an additional $71 million to build and install floodgates at the World Trade Center and Exchange Place stops at the agency's December board meeting, which occurred Dec. 14. Mr. La Vorgna would not say what measures were covered by the $180 million the agency voted to spend on PATH security improvements or whether that sum included the $71 million.

Lawyer: 5 Tapped In N.J. Posada Probe (AP)

By Associated Press

AP, December 22, 2006

NEWARK, N.J. — Five Cuban-Americans were called to testify in a federal grand jury probe exploring allegations they helped send more than $30,000 to an anti-Castro militant suspected of directing attacks on Cuba, their lawyer said Thursday.

All five deny wrongdoing, attorney Gilberto M. Garcia said. He told The Record of Bergen County that four of his clients claim someone used their names to send transfers to Luis Posada Carriles, an anti-Castro militant wanted in Cuba and Venezuela.

He said a fifth, Oscar Rojas, acknowledges handling transfers but says he did so only at the request of a former millionaire businessman that he worked for and did not know what the funds would be used for, according to The Record.

Garcia said one of his clients testified and that two gave written statements, although he wouldn't specify which. He said two others were excused from testifying after saying they intended to invoke their Fifth Amendment rights against self-incrimination.

Posada, 79, has spent the past 18 months in federal custody in El Paso, Texas, on immigration charges. A judge ruled Posada, who was born in Cuba and naturalized in Venezuela, can not be deported to either country. He is wanted in both for his alleged involvement in a 1976 bombing of a Cuban jet in Venezuela that killed 73 people and a 1997 bombing campaign on Havana hotels, restaurants and clubs.

Besides Rojas, Garcia said his other subpoenaed clients were Abel Hernandez, Angel Alfonso Aleman, Ruben Gonzalo and his son, Jose Gonzalo.

Justice Department spokesman Bryan Sierra would neither confirm nor deny an investigation into the money transfers was ongoing.

HOMELAND RESPONSE:

U.S. To Require More Security At High-Risk Chemical Plants (NYT)

By Eric Lipton

The New York Times, December 22, 2006

WASHINGTON, Dec. 21 — After years of debate, and criticism over the delay, the Bush administration will move Friday to require security enhancements at high-risk chemical plants nationwide so their hazardous stockpiles do not become a target for terrorists.

Department of Homeland Security officials said Thursday that the new rules would reduce the likelihood of a catastrophic chemical attack when paired with a recent tightening of regulations for rail shipments of highly toxic materials.

"This will bring us to a much higher level of security," Homeland Security Secretary Michael Chertoff said in an interview Thursday.

But the draft regulations will almost certainly evoke protest from Democrats on Capitol Hill — as well as from state officials — because they may allow a federal pre-emption of conflicting and perhaps more demanding state laws.

They also may allow the Department of Homeland Security, under certain circumstances, to recognize as sufficient the security measures already put in place voluntarily by major chemical manufacturers, meaning that for many plants, few if any changes would be required.

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And the draft rules do not require any specific security measures, like the construction of barriers or a switch to less hazardous chemicals. Instead, they will leave it up to plant owners to decide what measures are most appropriate, although the Homeland Security Department will review the plans and have the power to order changes.

Democrats, who failed this year in an effort to mandate more stringent requirements, said that they intended to take up the issue next year, when they will have the majority.

"It concerns me that the regulations do not require chemical facilities to switch to safer technologies wherever feasible," said Representative Bennie Thompson, Democrat of Mississippi, who is to take over as chairman of the House Committee on Homeland Security. "Without such a requirement, I fear a significant gap remains in our chemical security efforts."

Scott Jensen, a spokesman for the American Chemistry Council, said the organization's members, which include industry giants like Dow Chemical and DuPont, welcomed the regulations, particularly if they would credit security investments already made by plant owners, which he said had cost more than $3.3 billion nationwide.

"We want to make sure that work is recognized when it comes to complying with the new regulations," he said.

Rick Hind, a lobbyist for the environmental group Greenpeace, called the regulations "an industry-friendly excuse so they can claim they are doing something."

The debate over the need for chemical plant regulations began shortly after the Sept. 11, 2001, attacks. Unlike nuclear power plants or ports, facilities that manufacture or store large quantities of toxic chemicals are not subject to antiterrorism mandates.

Christie Whitman, the former administrator of the Environmental Protection Agency, said after she left the agency that its efforts to enact such regulations had been held back by the White House, under pressure from the chemical industry.

The Bush administration and the chemical industry joined with Democrats in calling for regulations because even though the industry had voluntarily adopted security standards, some plants were not abiding by them.

The new regulations, which Congress ordered as part of the 2007 Homeland Security budget act, would require that facilities that manufacture, use or store chemicals evaluate all the ways they could be attacked — from outside the plant, or by sabotage from the inside — and then propose countermeasures.

"We are not going to tell them, 'You have to build a big fence as opposed to putting a tank underground,' " Mr. Chertoff said. "We are simply going to say, 'The choice you make must prevent somebody from being able to shoot the tank and blow it up.' "

Only "high risk" plants are subject to the mandate, although the draft rules do not yet define exactly what that term means, making it impossible to say how many facilities will be subject to the regulation.

Plants that are affected will have to conduct background checks on employees and take at least some steps to control access, secure chemical stockpiles and establish emergency plans in the event of an attack. Plants that ignore the requirements may be subject to fines of up to $25,000 a day or face a shut-down order.

The proposed rules do not explicitly pre-empt state plant security laws, like one adopted last year in New Jersey that requires facilities to consider switching to safer chemicals or technologies. But the draft regulations say the Homeland Security Department may take such a step to "preserve chemical facilities' flexibility to choose security measures."

U.S. Allows Chemical Plants Leeway In Terror Order (WSJ)

By Robert Block

The Wall Street Journal, December 22, 2006

WASHINGTON -- The Department of Homeland Security is expected to issue rules today to require thousands of U.S. chemical plants to protect themselves from terrorists. But under the proposed rules -- heavily influenced by the chemical industry -- the department will tell plants what they need to do, and not how, a strategy unlikely to satisfy many Democratic lawmakers who take control of Congress next month.

The department's preliminary rulemaking follows its announcement last week of regulations to ensure that the nation's freight rail system and hazardous chemicals transported by rail aren't vulnerable to terrorists. "This is part two of what we did with respect to trains carrying hazardous chemicals between places. These rules now cover security when those chemicals come to rest," said DHS Secretary Michael Chertoff in an interview. There will be a 60-day comment period after the proposed rules for chemical plants are made public.

The rail rules, which included extra security at rail yards across the country and tracking of all hazardous train shipments, fell short of more stringent measures proposed by Democrats, such as rerouting dangerous rail cargo away from heavily populated areas. Critics saw the rules as weak -- a charge also likely to hit the chemical-plant rules.

According to Mr. Chertoff, the proposed chemical security regulations will make the country safer by requiring facilities with the most hazardous chemicals to craft their own risk assessments and security plans to address their specific vulnerabilities. All

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plans, however, must meet the department's minimum "performance standards," which amount to setting specific security targets, such as protecting chemical-tank cars from weapons fire. But how a particular facility chooses to do that -- such as enclosing them with walls or burying them -- would be up to the individual chemical plant.

The department would review the assessments and plans, requiring facilities that fail to meet standards to go back to the drawing board. Fines for noncompliance could reach $25,000 a day, and for serious breaches the department could close the facility.

"We are not proscribing method, we are simply demanding results," Mr. Chertoff said. "The idea is to be aggressive and comprehensive, but also let industry figure out the way they want to achieve the outcome."

While chemical-industry executives haven't seen the rules in their proposed form, industry representatives had consulted some with the department during their development and they support the general thrust of the approach.

"We think risk-based performance standards, vulnerability assessments and security plans are exactly the way to go," said Ted Cromwell, senior director of Security and Operations for the American Chemistry Council, which represents the country's leading chemical companies, including Dow Chemical, DuPont and BASF. He said the individual-plant approach offers the best security because it "tailors measures to specific vulnerabilities."

Railways and chemical plants have long been identified as the country's most gaping security vulnerabilities. Hundreds of thousands of hazardous-chemical shipments travel unsecured by rail across the country every day. According to the Environmental Protection Agency, there are 7,728 U.S. chemical plants where an accident -- or act of sabotage -- could endanger 1,000 or more nearby residents. However, efforts to make chemical shipments and facilities more resistant to sabotage have languished for years as industry and the White House opposed the imposition of onerous regulation.

The standoff ended in a three-year stop-gap law that was hastily made part of the DHS appropriations bill in September and signed by President Bush on Oct. 4. The chemical industry and the administration worked with Congress on the law, which in many ways limits how far the Homeland Security secretary can go in prescribing measures not backed by industry, such as forcing plants to substitute safer alternative chemicals for dangerous ones.

The latest regulations will be scrutinized by congressional leaders. Democrats say they hope to begin moving permanent chemical-security legislation next year and incoming chairman of the House Homeland Security Committee, Mississippi Rep. Bennie Thompson, has indicated Congress may impose stricter requirements on rail and chemical plants than those proposed by the administration.

Write to Robert Block at bobby.block@wsj.com1

Report Says TSA Violated Privacy Law (WP)

By Ellen Nakashima And Del Quentin Wilber

The Washington Post, December 22, 2006

Secure Flight, the U.S. government's stalled program to screen domestic air passengers against terrorism watch lists, violated federal law during a crucial test phase, according to a report to be issued today by the Homeland Security Department's privacy office.

The agency found that by gathering passenger data from commercial brokers in 2004 without notifying the passengers, the program violated a 1974 Privacy Act requirement that the public be made aware of any changes in a federal program that affects the privacy of U.S. citizens. "As ultimately implemented, the commercial data test conducted in connection with the Secure Flight program testing did not match [the Transportation Security Administration's] public announcements," the report states.

The finding marks the first time that the Homeland Security Department has acknowledged that the problem-plagued Secure Flight program has violated the law. It comes at a time when a separate program to screen international passengers is under attack for officials' failure to disclose until recently that they were creating passenger profiles that would be stored for 40 years.

The report on Secure Flight says that "the disparity between what TSA proposed to do and what it actually did in the testing program resulted in significant privacy concerns being raised. . . . Privacy missteps such as these undercut an agency's effort to implement a program effectively, even one that promises to improve security."

Congress has halted Secure Flight, except for testing, until it can allay privacy and security concerns.

The report notes that TSA eventually revised its public notice about the program to reflect more closely the program itself. But it also suggests that Secure Flight will run afoul of the law again unless it follows a set of recommendations, including being transparent about the program's collection and use of passengers' personal information.

TSA Administrator Kip Hawley said that he supports the use of Secure Flight and that his agency is working closely with other government officials to ensure it protects privacy. "We are working in a transparent way," Hawley said, adding that the agency's "challenging" goal is to roll out the program in 2008.

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In 2004, the TSA published a Federal Register notice on a data-test phase of the program, saying that "strict firewalls" would prevent any commercial data from mixing with government data. However, this was based on the notion that the Secure Flight contractor, EagleForce Associates Inc. of McLean, would ensure that no commercial data were used, the report said.

But by the time the EagleForce contract was finalized, "it was clear that TSA would receive commercial data," the report says. If, for instance, TSA data for an individual passenger lacked an address or date of birth, EagleForce would obtain the missing information from commercial data brokers.

"The fact that EagleForce had access to the commercial data did not create a firewall," the report says, because under the Privacy Act, in effect, "EagleForce stands in the shoes of TSA."

Moreover, commercial databases provided Eagle Force with data for some individuals who were not air passengers. These people were never notified -- a violation of the privacy act, the report says.

TSA spokeswoman Ellen Howe said the agency has "already implemented or is in the process of implementing" the recommendations contained in the privacy office report. She said the report's conclusions were not surprising, adding that they were "very similar" to those reached last year by the General Accounting Office, the government's auditing arm.

A 2004 probe found that the TSA improperly stored 100 million commercial data records containing personal information on passengers after the agency said no data storage would occur.

Audit Finds Lack Of Financial Controls At Homeland Security (NYT/BLOOM)

By Bloomberg News

The New York Times, December 22, 2006

The Department of Homeland Security lacks adequate financial controls three years after its creation, an independent audit found. The auditing firm KPMG LLP said for the third straight year that it could not provide an opinion on the balance sheet of the $40.3 billion department, the second-largest federal agency, because of its lax financial controls and oversight. The department last year hired a chief financial officer, David Norquist, for the first time. In a Nov. 15 letter, Mr. Norquist wrote: “We agree with the independent public accountant’s conclusions. Since my arrival at the department I have made corrective actions my highest priority.”

Anti-terror Laws Stymie Asylum Seekers (LAT)

By Nicole Gaouette

The Los Angeles Times, December 22, 2006

WASHINGTON — The first time they came for her, the Colombian guerrillas shoved the 31-year-old nurse blindfolded into the back of a green Renault sedan. Her kidnappers took her to a house and forced her to treat one of their commandants, who was writhing in pain from a bullet wound to the leg.

The woman said she was abducted seven more times in 1997 and 1998 to give medical care to members of the Revolutionary Armed Forces. Each time, they warned her not to go to the police. "I know you have a daughter," one man said as he prodded her back with his gun. In 2000, after her cousin was tortured and killed, she fled the country. Now she is in Northern California, working as a nurse and raising her daughter.

Today, her hopes of staying in the U.S. have run smack into the federal government's war on terrorism. The Department of Homeland Security rejected her claim for asylum. Their reason: By giving the guerrillas medical care — willingly or not — she was supporting terrorism.

Laws passed after the attacks of Sept. 11, 2001, deny admission to anyone who has provided "material support" — money, food, clothing, advice — to terrorist groups. In the last few years, these provisions and the definition of terrorism have been expanded to the point that they are disqualifying people who even immigration judges agree pose no threat to the U.S.

Refugee advocates cite cases in which the administration has denied asylum to Liberian women forced to cook and clean for rebels who raped them and killed family members. Colombians who paid kidnappers' ransoms to free family members also have been barred for providing material support. So many refugee applicants have been blocked for this reason that last year the United Nations Refugee Agency stopped trying to settle Colombians in the U.S.

Critics of the government's policy, who are pushing for legislation next year to change the system, say that such disqualifications are a big reason why refugee admissions in fiscal 2006 fell to 41,277 from more than 50,000 in each of the two previous years.

The material-support clause has even snared American allies who fought alongside U.S. troops or at the United States' behest. Cubans who tried to overthrow Fidel Castro in the Bay of Pigs uprising are being denied entry, as are Montagnards and Hmong who fought alongside American troops in Vietnam.

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About 2,300 former combatants who have been admitted to the U.S. are unable to apply for permanent legal resident status, a step toward citizenship, because they fear that immigration judges would have to deport them under the expanded definition of terrorism, said Cassandra Champion, director of communications for the Lutheran Immigration and Refugee Service.

The administration defines a terrorist organization as any group of two or more people, organized or not, that uses any device or weapon to cause injury to person or property. Motive is not a consideration, the person's frame of mind is not an issue, and no exceptions are made if someone, like the Colombian nurse, helped a designated terrorist group only at gunpoint.

"They knew about my daughter; they knew where my parents are; they can make you disappear, and there's nobody in my country who can help you," said the nurse, now 40, in a phone interview. She asked that her name not be used because she feared for the safety of family in Colombia. "What would you do? I never did anything because I wanted to."

Unless she wins an appeal in court, she faces deportation.

Administration officials say they are trying to strike a balance between honoring the American tradition of welcoming asylum-seekers and refugees while managing the security risks of a world transformed by Sept. 11. That kind of transition takes time, they say.

"The president has said he wants to let refugees in," said Paul Rosenzweig, a senior policy advisor at the Homeland Security Department. "In the same vein, he's said he doesn't want to let dangerous people in. The conundrum is that this law applies to both, and the process of sorting them out is not as easy as waving a magic wand."

The government's policy has brought opposition from an unlikely alliance of conservatives, refugee advocates and constitutional experts, who say the Bush administration is clinging to the harshest possible interpretation of the laws.

Michael Horowitz, a former Reagan administration official and senior fellow at the conservative Hudson Institute, is critical of the administration's stance — particularly as it applies to "freedom fighters" and the broad definition of terrorism. He notes that, as written, it would apply to Jews who rose up against the Nazis in the Warsaw Ghetto.

"The administration is being undermined by this caricature of conservatism that is victimizing heroes," Horowitz said. "How does it advance national security when we're defining as terrorists people who fought on our side?"

Refugee advocates have been campaigning for change since the provisions were expanded by the Patriot Act in 2001 and the Real ID Act of 2005. Lately, there have been signs that change may be coming.

This month, the administration sent suggested revisions to Republican lawmakers, in the hope that they would be passed before the 109th Congress adjourned. That didn't happen, and now Homeland Security officials say they hope for legislation next year.

The administration's proposals would expand the use of government-issued waivers that allow an otherwise banned group or person into the country. Only three such waivers have ever been issued.

Though the waivers can cover people who offered material support to so-called freedom fighters, they do not extend to the fighters themselves. The administration proposes to expand the waivers to include freedom fighters, but only if Homeland Security, the Justice Department and the State Department agree. The administration would be able to revoke the waiver at any time, for any reason.

Advocates say the government's unlimited ability to revoke a waiver means refugees entering the country that way could never feel entirely secure. "They're taking a bad problem and seemingly making it worse," said Melanie Nezer of the Hebrew Immigrant Aid Society.

Rosenzweig said the ability to revoke waivers was to ensure that the government could reverse course if someone did turn out to be a threat.

With Democrats at the helm in Congress, hearings on the topic are likely next year, according to Capitol Hill sources.

Staff for Rep. Joe Pitts (R-Pa.) say he will reintroduce legislation that immigrant advocates strongly support. His bill would amend the definition of terrorism to apply only to those who threatened the interests of the U.S. or its allies.

"We recognize that there are some people who meet the definition who aren't in actuality a threat," said Rachel Brand, head of the Justice Department's legal policy office. "The answer to that is to waive them in, not change the definition.... Narrowing the definition would make it harder to exclude people who are actual threats."

Refugee advocates say Brand's worries are unfounded. "Refugees already go through so many security checks. They are fingerprinted, run through FBI databases ... they're a very tightly screened group," said Jana Mason of the International Rescue Committee.

The Pitts bill would also address cases like that of the Colombian nurse, making it clear that people coerced into helping terrorists would not be considered supporters of terrorism.

Administration officials say they can't be sure that refugees' tales of coercion are true. They add that accepting such a defense could weaken their terrorism prosecutions if defendants start arguing that they were forced to participate.

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Rosenzweig also cited philosophical reasons for rejecting a duress defense. "We should encourage people to oppose terrorist organizations wherever they are," he said.

Refugee advocates say opposing terrorists is not so easy when a loved one has been kidnapped for ransom.

Said Horowitz: "Any one of us would hand over money if someone held a gun to our child's head."

WAR NEWS:

8 Marines Charged In Haditha Killings (LAT)

By Richard Marosi And Tony Perry

The Los Angeles Times, December 22, 2006

CAMP PENDLETON — Four Marines were charged today with murder and other offenses in connection with the killings last year of 24 men, women and children in the Iraqi town of Haditha. Four Marine Corp. officers were charged with dereliction of duty for failing to make accurate reports and thoroughly investigate the deaths of the Iraqi civilians.

The most serious accusations were leveled against a squad leader, Staff Sgt. Frank D. Wuterich, who allegedly murdered 12 people and ordered Marines under his command to "shoot first and ask questions later" in a sweep of homes that led to six more deaths.

The Marines allegedly went on a rampage on Nov. 19, 2005, after a roadside bomb exploded beneath one of the Hummers in their convoy, killing a Marine and injuring two others. Initial reports from the Marines stated that 15 civilians died in an explosion and eight Iraqis were killed in a firefight.

Only after Time magazine published an investigative story suggesting that the Marine account was false did the military begin its own investigations. The criminal investigation, largely by the Naval Criminal Investigative Service, led to the charges unveiled today.

Wuterich and other Marines were preparing to storm a house containing several people when Wuterich gave the order to "shoot first and ask questions later," showing wanton disregard for human life, according to the charge sheet. Marines are required to positively identify targets before an engagement, according to the charges.

The victims in Haditha included several women, six children and an elderly man in a wheelchair.

Wuterich also allegedly made a false statement to another Marine in connection with the deaths of four other victims who came upon the Marine convoy in a car, stating that the men had fired on the convoy. Wuterich allegedly solicited another Marine to falsely state that the Iraqi men had been killed by Iraqi soldiers.

Neal Puckett, Wuterich's defense attorney, expressed confidence that his client would be cleared. Innocent civilians did die, he said, but Wuterich acted in accordance with his training.

"Everything he did that day was in an effort to protect his fellow Marines after that [improvised explosive device] went off," said Puckett at a news conference after the charges were announced at Camp Pendleton.

Defense attorneys have said the Marines were following established rules of engagement by tossing fragmentation grenades into homes where insurgents were suspected of hiding, and following up with blasts of M-16 fire.

Wuterich and the other three Marines facing murder counts were charged with unpremeditated murder, which brings a maximum penalty of a life sentence. They are from Kilo Company, 3rd Battalion, 1st Marine Regiment, 1st Marine Division, based at Camp Pendleton. None of the Marines were ordered to be confined during the preliminary hearings.

The other Marines facing murder charges are: Lance Cpl. Stephen B. Tatum, 25; Lance Cpl. Justin L. Sharratt, 22; and Sgt. Sanick P. Dela Cruz, 24.

Theresa Sharratt, the mother of Justin, who was charged with murdering three people, denied her son was guilty. "He said, 'Mom, we followed the rules of engagement.' " She added that her son "still loves being a Marine, but they let him down."

The Haditha case represents the most serious case of alleged abuse committed by in Iraq or Afghanistan.

The Marine Corps initially dismissed the deaths as the unfortunate result of a firefight between insurgents and U.S. forces.

Dereliction of duty charges for failing to make accurate reports and thoroughly investigate the incident were filed against four officers: Lt. Col. Jeffrey R. Chessani, 1st Lt. Andrew A. Grayson, Capt. Lucas M. McConnell and Capt. Randy W. Stone. Grayson was also charged with making a false statement.

After the Time magazine story, the then-Marine commandant, Gen. Michael Hagee, went to Iraq to talk to front-line Marines about the need to use restraint and show respect for civilians and their property.

In an e-mail this week to The Times, Lt. Gen. James N. Mattis, the convening authority in the case, said that "allegations of what took place in Haditha are not representative of the magnificent conduct our Marines demonstrate daily in a complex and challenging combat environment."

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He said that young Marines in Iraq need to "keep their ethical balance under morally bruising conditions," where enemy fighters often hide behind women and children.

He said that Marines show daily restraint "to preserve the lives of those they are sent to protect and defend; often incurring risk to themselves as they strive to protect the noncombatants on the battlefield."

Under the military system of justice, Mattis will play an enormous role in the case.

After preliminary hearings, called Article 32s, he will decide whether the case is strong enough for court-martial. If there is a conviction by jury or judge, he can overturn it. And he is the final arbiter of any plea bargains.

In another case in Hamandiya, where seven Marines and a Navy corpsman were accused of dragging an Iraqi from his home and murdering him, Mattis permitted plea bargains to lesser charges for the four most inexperienced Marines.

He also turned down a judge's recommendation that after the brig sentences, each be given an dishonorable discharge.

The Haditha case may hinge on the so-called rules of engagement given to Marines by their superiors.

Marines receive lectures about the laws of war and the need to protect noncombatants before they leave the U.S. and soon after they arrive in Iraq. Refresher courses, so-called reset lectures, are given periodically.

In fact, even as the Haditha charges were being announced, Marines were being lectured at Camp Fallouja about the laws of war and the rules of engagement.

The latter are classified rules that, in effect, instruct Marines when it is appropriate to use deadly force — including how much verification is needed before it can be determined that a threat justifies the use of M-16s and other weaponry.

Marines Charged In Iraqi Civilian Deaths (AP)

By Thomas Watkins

AP, December 22, 2006

Eight Marines were charged Thursday in the killings of 24 Iraqi civilians last year during a bloody, door-to-door sweep in the town of Haditha that came after one of their comrades was killed by a roadside bomb.

In the biggest U.S. criminal case involving civilian deaths to come out of the Iraq war, four of the Marines — all enlisted men — were charged with unpremeditated murder.

The other four were officers who were not there during the killings but were accused of failures in investigating and reporting the deaths.

The most serious charges were brought against Staff Sgt. Frank Wuterich, a 26-year-old squad leader accused of murdering 12 civilians and ordering the murders of six more inside a house cleared by his squad. He was accused of telling his men to "shoot first and ask questions later," according to court papers released by his attorney.

The highest-ranking defendant was Lt. Col. Jeffrey Chessani, 42. He was accused of failing to obey an order or regulation, encompassing dereliction of duty.

At a news conference to announce the charges, military officials would not say what they believe prompted the killings. But investigators have raised the possibility that the men went on a rampage in a fury over the roadside bombing that killed Lance Cpl. Miguel Terrazas of El Paso, Texas, and wounded two other Marines.

Defense attorneys have disputed that, saying their clients were doing what they had been trained to do: responding to a perceived threat with legitimate force.

Terrazas' father denounced the charges, saying his son was murdered by insurgents. "What they are doing to our troops ... it's just wrong," Martin Terrazas said in Texas. "I feel for their families. They are in my prayers."

Wuterich and two comrades charged with murder could get life in prison. The military is not seeking the death penalty. The other men face shorter prison sentences.

The Marine Corps initially reported that 15 Iraqis died in a roadside bomb blast and that Marines killed eight insurgents in an ensuing firefight. That account was widely discredited, and later reports put the number of dead Iraqis at 24.

A criminal probe was launched after Time magazine reported in March, citing survivor accounts and human rights groups, that innocent people were killed.

Lt. Gen. James Mattis, commanding general of the Marine Corps Central Command, said Thursday that the Corps' initial news release, which stated that the civilians in Haditha had been killed by an improvised explosive device, was incorrect.

"We now know with certainty that the press release was incorrect, and that none of the civilians were killed by the IED explosion," Mattis said.

As word spread that charges were imminent, some Iraqis said Thursday that American troops should face justice in Iraq.

"They committed a horrible crime against innocents," Naji al-Ani, a 36-year-old laborer, said by telephone from Haditha.

Other residents of Haditha agreed.

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"Are they terrorists or are they fighting terrorism?" said Jamal al-Obaidi, a 40-year-old teacher. "The trial is not fair because it is taking place in America. Executing them is the minimum penalty."

Besides Wuterich, Sgt. Sanick P. Dela Cruz, 24, was accused of the unpremeditated murders of five people and making a false statement. Lance Cpl. Justin Sharratt, 22, of Carbondale, Pa., was charged with the unpremeditated murder of three Iraqis. Lance Cpl. Stephen Tatum, 25, of Edmund, Okla., was accused of the unpremeditated murders of two Iraqis, negligent homicide of four Iraqis and assault.

The other officers charged were 1st Lt. Andrew Grayson, 25, Capt. Lucas McConnell, 31, and Capt. Randy Stone, 34, a military attorney.

The men are not being locked up for now because they are unlikely to flee and are not a danger to themselves or others, said Col. Stewart Navarre, a Corps spokesman.

In Meriden, Conn., Frank Wuterich's father, Dave, said his son was out Christmas shopping. The father said family members believe his son's version of events.

"He says they followed the rules of engagement," Dave Wuterich said. "They were taking small arms fire. They did what they had to do."

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On the Net:

Marine Corps Iraq Investigations: http://www.usmc.mil/lapa/iraq-investigations.htm

Squad Leader, 7 Other Marines Charged With Deaths Of Iraqi Civilians (USAT)

By Martin Kasindorf

USA Today, December 22, 2006

CAMP PENDLETON, Calif. — The Marine Corps leveled homicide charges Thursday against four enlisted men who killed 24 Iraqi civilians in the hostile town of Haditha, and accused four officers of failing to properly investigate the deaths.

All of the enlisted men were charged with unpremeditated murder in the biggest U.S. criminal case to be prosecuted out of the Iraq war. Each could receive a life sentence if convicted.

"The Marine Corps takes allegations of wrongdoing by Marines very seriously and is committed to thoroughly investigating such allegations," Col. Stewart Navarre said. "All Marines are trained in and are expected to fully comply with the law of armed conflict."

Lawyers for the accused vowed to fight the charges and said the Marines were caught in a life-or-death confrontation that led to the unintentional deaths of civilians.

The "very dangerous environment" for Marines in Iraq "puts people on a hair trigger in terms of protecting themselves," said Neal Puckett, a lawyer representing Staff Sgt. Frank Wuterich.

The defendants accused of unlawful killing during the Nov. 19, 2005, incident were four members of a rifle squad, led by Wuterich, from Camp Pendleton-based Kilo Company, 3rd Marine Battalion, 1st Marine Regiment. The battalion commander at the time, Lt. Col. Jeffrey Chessani, 42, and the company commander, Capt. Lucas McConnell, 31, were among officers charged with dereliction of duty for failing to properly report and investigate the slayings.

Lt. Gen. James Mattis, head of Marine Forces Central Command, authorized the criminal charges under the Uniform Code of Military Justice. Charges included unpremeditated murder, negligent homicide, assault, dereliction, making false official statements and obstructing justice.

Wuterich, 26, of Meriden, Conn., was charged with unpremeditated murder in the deaths of 18 Iraqis. Three squadmates — Lance Cpl. Justin Sharratt, 22, Sgt. Sanick P. Dela Cruz, 24, and Lance Cpl. Stephen Tatum, 25 — were charged with unlawfully killing three, five and six civilians, respectively. The maximum penalty for unpremeditated murder on conviction by a general court-martial is life in prison.

Chessani and McConnell were relieved of command in April. Maximum penalty for dereliction is six months confinement.

Haditha is a Euphrates River farm town of 90,000 about 150 miles northwest of Baghdad in Anbar province, a hotbed of the Sunni-led insurgency. Nineteen civilians in three houses and five people in a taxi were killed there in the course of five hours of Marines' weapons fire after a roadside bomb killed a Marine traveling in the squad's convoy.

The Iraqis who died included four women, six children and an elderly man who used a wheelchair.

Soon after the incident, a Marine Corps news release said that 15 Iraqi civilians had been killed by the roadside bomb and that Marines killed eight insurgents in an ensuing firefight. Navarre said Thursday that the release was incorrect and that none of the civilians was killed by the improvised explosive device.

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Mattis allowed the eight defendants to remain unconfined pending a preliminary hearing, at which a presiding officer will recommend to him whether to order courts-martial or dismiss the charges. Timing of the charges during the holidays was "coincidental," Navarre said.

Only 20 of the 24 civilians who died at Haditha were named as homicide victims. Navarre said it was "privileged information" why four of the deaths were not considered to warrant criminal charges.

Puckett, the lawyer for Wuterich, said his client denies "killing anyone unlawfully" and denies the charge that he made a false official statement.

"They did everything they were supposed to do that day in protecting themselves," Puckett said. The squad "engaged hostile forces" in places that "contained innocent civilians," an unfortunate but common occurrence in war, Puckett said.

The parents and sister of Sharratt, a rifleman from Carbondale, Pa., defended his actions.

"Justin has given everything to his country and has done nothing to disgrace it," said Sharratt's mother, Theresa Sharratt. "To the Marine Corps I simply say: Shame on you - for abandoning my son."

Capt. Randy Stone, 34, who was the military lawyer on Chessani's battalion staff, was alleged to have been derelict in failing to report a possible "violation of the law of war" to higher headquarters. Facing a similar count is 1st Lt. Andrew Grayson, 25, who directed a team that collected photos and other evidence at Haditha.

8 Marines Charged In Killings Of Iraqi Civilians (NYT)

By Paul Von Zielbauer And Carolyn Marshall

The New York Times, December 22, 2006

Responding to one of the most extreme cases of illegal civilian killings by the American troops in Iraq, the Marine Corps today charged four enlisted men with the murders of nearly two dozen people — including at least 10 women and children — in the village of Haditha last year.

Military prosecutors also charged four officers, including a lieutenant colonel in charge of the First Marine Regiment's 3rd Battalion, with dereliction of duty and failing to ensure that accurate information about the killings was delivered up the Marine Corps chain of command.

Marine officials, who announced the charges at Camp Pendleton, Calif., could punish other ranking officers administratively in coming weeks. But the criminal charges filed today against Lt. Col. Jeffrey R. Chessani, 42, and three other officers are an unusually aggressive judicial reaction by military prosecutors to a massacre that has damaged the military's credibility with Iraqi officials and civilians, military justice experts said.

"I think this illustrates the deep seriousness the Marine Corps takes with these events," said Gary Solis, who teaches the law of war at Georgetown University Law Center and at West Point.

"I defintely think the Marine Corps is sending a message to commanders," he added, "to those in authority of combat troops, that they better pay close attention to the activities of their subordinates to ensure that there was no wrongdoing."

The four enlisted men charged with unpremeditated murder, all members of a squad of Company K, Third Battalion, First Marine Regiment, are: Staff Sgt. Frank Wuterich, 26, of Meriden, Conn.; Sgt. Sanick De La Cruz, 24, of Chicago; Lance Cpl. Justin L. Sharratt, 22, of Carbondale, Penn.; and Lance Cpl. Stephen B. Tatum, 25, of Edmund, Okla.

Sgt. Wuterich was charged with killing 13 Iraqis. Sgt. De La Cruz, a Lance Corporal at the time, was charged with five counts of murder. Lance Cpl. Sharratt, a marine rifleman, was charged with three counts of murder. Lance Cpl. Tatum was charged with murder in the death of two Iraqis, negligent homicide in the deaths of four others, and assault.

The charges are the result of two months-long military investigations of the actions of Company K, Third Battalion, First Marine Regiment after a roadside bomb killed one of their comrades shortly after 7 a.m. on Nov. 19, 2005, in Haditha, a village in a dangerous region northwest of Baghdad rife with Sunni Arab insurgents.

A total of 24 Iraqis, nearly all of them unarmed, were killed by several marines in a series of attacks on a car and three nearby homes over the next several hours, military officials said.

Sgt. Wuterich and Sgt. De La Cruz confronted five military-age men, a taxi driver and and four college students, after marines frantically ordered the vehicle to stop, about 100 yards from the stalled marine convoy of four Humvees. The two marines killed all five men after ordering them out of the taxi, marine officials said.

Several marines then attacked a home nearby, killing several family members inside, military officials and defense lawyer said. Sgt. Wuterich is charged with killing six people in the house. Lance Cpl. Tatum is charged with killing four people, including an elderly man in a wheelchair.

Thinking they were under fire and believing they were pursuing attackers from the first home, squad members proceeded to a second home, defense lawyers said. Sgt. Wuterich is charged with killing six people in that house: two adults and four children, including three who were 4, 6 and 11 years old.

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Lance Cpl. Tatum is charged with killing two children in the second house: a 15-year-old boy and girl who was about six years old.

At least two hours later, squad members attacked people in a third home nearby, where one AK-47 was found later, military officials and defense lawyers have said. Sgt. Wuterich is charged with killing the first person in that house. Lance Cpl. Sharrat is charged with the murders of three brothers who rushed to the home to inquire what was happening, military officials have said.

In all, Sgt. Wuterich was charged with 13 counts of murder, falsely telling an investigator that the men from the taxi fired at the convoy, and with urging Sgt. De La Cruz to report that those men were killed by Iraqi Army soldiers at the scene.

Lance Cpl. Sharratt was charged with three counts of murder, and Lance Cpl. Tatum was charged with murder in the death of two Iraqis, negligent homicide in the deaths of four others, and assault.

The lawyers for all four enlisted men declared their clients' innocence, arguing in separate statements that the killings were an unfortunate result of marines properly responding to an insurgent attack in a dangerous area northwest of Baghdad.

Sgt. Wuterich and his men, "did everything they were supposed to do that day to protect themselves," said his lawyer Neal A. Puckett.

In addition to Lt. Col. Chessani, prosecutors charged two captains and a 1st lieutenant with crimes for either covering up or failing to discover and pass along certain facts about the killings.

"The reporting of the incident up the chain of command was inaccurate and untimely," Col. Stewart Navarre said at a news conference at Camp Pendleton, Calif., announcing the charges.

Capt. Lucas M. McConnell, 31, the Company K commander, was charged with dereliction of duty for willfully failing to ensure a thorough investigation; Capt. Randy W. Stone, 34, a military lawyer for the Third Battalion, was charged with dereliction of duty for failing to investigate suspected violations; and 1st Lt.

A marine intelligence officer who was part of a team that photographed the aftermath of the killings, Andrew A. Grayson, 25, was charged with dereliction of duty failure to ensure a thorough investigation, making a false official statement and obstruction of justice.

The murder charges against the four enlisted marines are punishable by a maximum of life in prison and dishonorable discharge, the marines said.

The charges filed against four officers carry significantly less potential prison time — two years for Lt. Col. Chessani and Capt. Stone; six months for Capt. McConnell; and more than 10 years for 1st Lt. Grayson — as well as the prospect of dismissal and forfeiture of pay.

None of the eight marines charged enterered a plea Thursday. Formal reviews, known as Article 32 hearings, to determine whether the charges warrant court martial, could begin for each man as early as next month, Mr. Solis said.

Defense lawyers and military justice experts said that in addition the unusually tough overall charges against the eight marines in the Haditha matter, the charges against Capt. Stone, a military lawyer known as a staff judge advocate, or S.J.A., were the most surprising and least expected.

"Stone has come as a complete surprise to everybody," said Kevin B. McDermott, a lawyer for Capt. McConnell. "His name had never come up at all in the last six, eight months. Nobody every thought that an SJA would be put in the crosshairs."

4 Marines Charged In Haditha Killings (WP)

By Josh White And Sonya Geis

The Washington Post, December 22, 2006

Four U.S. Marines were charged with multiple counts of murder yesterday for their alleged roles in the deaths of two dozen civilians in the Iraqi town of Haditha last year. The accusations set up what could be the highest-profile atrocity prosecution to arise from the Iraq war.

In an unusual move, the Marine Corps also charged four officers with crimes related to their alleged failure to investigate and report the Nov. 19, 2005, slayings, which occurred when the Marines conducted a house-to-house sweep and attacked a vehicle after a member of their unit was killed in an ambush.

The separate investigation into how the incident was reported led to dereliction charges against a lieutenant colonel, two captains and a first lieutenant. They are accused of failing to thoroughly investigate and accurately report the slayings to superiors. The lieutenant also faces charges of making a false official statement and obstructing justice, according to the Marine Corps.

None of the murder charges carries a possible death sentence, because the Marines are not accused of premeditated murder. But the charging documents indicate that they did not properly identify their targets, did intend to kill the people in the houses and should have known that their actions could lead to the deaths of innocent civilians.

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The 24 civilians were killed in a neighborhood near the spot where a roadside bomb killed a Marine who was driving in a convoy of Humvees. Early media reports suggested that the Marines went on a rampage after Lance Cpl. Miguel "T.J." Terrazas was killed, but they have claimed through their defense lawyers that they were following their rules of engagement when they responded to the attack.

It took the Marine Corps 13 months to charge the men in part because initial reports about the case delivered up the chain of command were incomplete; a public affairs statement about the incident was incorrect; and investigators were not brought in until months later, after a Time magazine reporter asked about the case. Naval Criminal Investigative Service officials have been investigating since March.

Attention to the case increased earlier this year when Rep. John P. Murtha (D-Pa.) alleged after briefings from military officials that the Marines had killed civilians "in cold blood."

In a news conference yesterday afternoon at Camp Pendleton, a Marine base north of San Diego, Col. Stewart Navarre declined to comment on details of the cases.

Each of the Marines was charged in multiple slayings, but Staff Sgt. Frank D. Wuterich, 26, a squad leader with Kilo Company, 3rd Battalion, 1st Marine Regiment, 1st Marine Division, was implicated in 18 deaths. Wuterich faces 13 counts of unpremeditated murder.

Kathleen A. Duignan, executive director of the Washington-based National Institute of Military Justice, said: "I think they know they can't prove premeditated murder, because you need to prove intent." She said prosecutors probably will argue that the Marines did not take due and deliberate care and did not follow rules of engagement.

Defense attorneys are likely to argue that the Marines were following the rules while taking fire and simply made mistakes. Duignan said the case falls into a gray area, where lawful combat could blur into unlawful action.

"It's a very fine line," Duignan said. "It will be a very difficult yet very interesting case."

The charge sheets allege that the Marines failed to properly identify their targets and that Wuterich told his unit to "shoot first and ask questions later."

Iraqis in Haditha have described the incident as a massacre, saying Marines went from house to house indiscriminately shooting at men, women and children. One witness told The Washington Post in May that victims pleaded for their lives and said they were not insurgents, moments before they were shot.

Wuterich has long claimed, through his lawyers, that he was responding to a coordinated attack on his unit and did nothing wrong that day. He and other Marines have told their lawyers that they received small-arms fire from the houses they attacked. They used standard house-clearing techniques to ensure that the threat against them was eliminated from two houses, they have said. The slayings of the civilians -- including women and children -- were an unfortunate result of the Marines' attack, they have argued.

Neal Puckett, one of Wuterich's civilian attorneys, said in an interview yesterday that the allegations do not contradict Wuterich's version of events. Puckett said there is no evidence that the Marines lost control or went on some sort of a rampage.

"It's what happens in wartime. You intend to kill the people you're shooting at," Puckett said. "It would imply that they have no proof of a sweep conducted to punish Iraqis."

Wuterich was later recommended for an award for heroism that said his efforts prevented further injury or death to Marines and civilians.

Lance Cpl. Justin L. Sharratt, 22, is charged with three counts of unpremeditated murder, apparently for the deaths of three men he allegedly shot in a third house the Marines entered later on Nov. 19.

Sharratt has maintained his innocence to his family. His parents, Theresa and Daryl Sharratt, were at Camp Pendleton when the charges were announced. In an e-mailed statement, Theresa Sharratt said she believes the Marine Corps has let her son down.

"Justin has given everything to his country and has done nothing to disgrace it," she wrote. "To the Marine Corps I simply say, 'shame on you for abandoning my son who has gallantly served through horrible times.' "

Sgt. Sanick P. Dela Cruz, 24, faces five charges of unpremeditated murder for allegedly killing a group of men who approached the Marine convoy in a white car that morning after the bomb blast. Marines who were on the scene have alleged that Dela Cruz emptied his rifle's clip into the victims' bodies. The Marine Corps alleges that he also lied to investigators after the incident.

Also charged with two counts of unpremeditated murder is Lance Cpl. Stephen B. Tatum, 25, who joined Wuterich as he cleared the Haditha houses. Tatum also faces four counts of negligent homicide -- which carry a maximum punishment of three years in prison -- and one charge of assault.

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Charges in such a case are the first step in the military's legal process and will be followed by an Article 32 hearing, which is roughly equivalent to a civilian grand jury investigation. After that hearing, an investigating officer will recommend how to proceed, and commanders will decide whether the cases should go to courts-martial.

The four Marines charged in the slayings face possible sentences of life in prison. The four officers face much lighter sentences.

They are charged with dereliction for failing to report the incident to superiors and failing to initiate an investigation. None of the officers was at the scene when the slayings occurred. A young lieutenant platoon leader who arrived shortly after the shootings is not accused in the case.

Lt. Col. Jeffrey R. Chessani, 42, the Marines' battalion commander, was charged with one count of violating an order, which carries a maximum sentence of two years in prison, and two counts of dereliction, each of which carries a six-month sentence. Capt. Randy W. Stone, 34, the battalion's staff judge advocate, faces similar accusations. Capt. Lucas M. McConnell, 31, the Marines' company commander, is charged with two counts of dereliction. Lt. Andrew A. Grayson, 25, an intelligence officer, faces two dereliction counts, one count of making a false official statement and one count of obstructing justice.

In a statement to investigators, Chessani said he believed that the Marines' actions followed a complex attack meant to draw them into firing on civilian houses. He said he reported to superiors that civilians had been killed.

"I thought it was very sad, very unfortunate, but at the time I did not suspect any wrongdoing from my Marines," Chessani told investigators, according to a transcript. "I saw it as a combat action."

The four officers are the largest number charged in any one civilian homicide case from the Iraq war and bring to 10 the total number of officers charged in connection with homicide cases.

Sixty-four U.S. service members have been charged in connection with the deaths of Iraqi civilians since the war began in March 2003. Eighteen have been sentenced to prison time, including a 90-year term for an Army soldier who admitted his role in raping an Iraqi teenager in Mahmudiyah and killing her and her family.

'Atrocity' Cases Test US Military Justice (CSM)

By Brad Knickerbocker

The Christian Science Monitor, December 22, 2006

Haditha, Hamdaniyah, and Mahmudiya - Iraqi cities where US troops are alleged to have committed wartime atrocities - may not have seared the public consciousness as deeply as did My Lai in Vietnam. But the cases, including new criminal charges filed Thursday against eight marines in connection with the killing of 24 civilians in Haditha, are sure to focus more attention on how the military handles abuse and killing of prisoners and civilians.

The serious charges brought in these cases also raise basic questions about how the US military-justice system proceeds against alleged atrocities:

What constitutes a "war crime"? What is the responsibility of officers of enlisted soldiers and marines who are found guilty? What punishments are being meted out?

Prosecution in such cases falls under the US Uniform Code of Military Justice, the Law of Armed Conflict, and the Geneva Conventions. But it is the "rules of engagement" that may be most relevant for troops going into battle.

Such rules for combat typically are set by the unit commander just before an operation begins, based on an evaluation of mission, enemy, terrain, troops, and time available, says retired Army Col. Dan Smith, a military analyst with the Friends Committee on National Legislation, the Quaker lobby in Washington. But, he adds, rules of engagement "can be idiosyncratic."

Colonel Smith notes, too, that "soldiers always have the right of self-defense using even deadly force if they judge that they are in danger of suffering grievous wounds or death from enemy action."

In the Haditha case, those marines charged with killing civilians (including 10 women and children shot at close range) are expected to assert that they were fired on from houses near where their convoy was hit by an improvised explosive device (IED) that killed a lance corporal.

"Our view has been and continues to be that these are combat-related deaths," defense lawyer Gary Myers told the Associated Press. Mr. Myers represents Lance Cpl. Justin Sharratt, who faces one charge of murder involving unpremeditated killings of three men in a house.

Evidence gathered by military investigators contradicts that, prompting the Marine Corps to charge four of the eight marines with murder. It also led Thursday to charges against four others - unit officers not present at the scene - of failing to properly investigate and report the event. The highest-ranking officer to be charged is a lieutenant colonel, accused of failing to obey an order or regulation, encompassing dereliction of duty.

That raises questions about the responsibility of officers up the chain of command, from lieutenants leading platoons to colonels commanding brigades.

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Rank should be important in assessing professional and perhaps even criminal responsibility, says Gary Solis, a 26-year Marine Corps veteran who served as a courts-martial prosecutor and judge.

"Under the law of armed conflict, if a superior knew, or should have known, of a subordinate's misconduct, and he took no action to stop it or to punish it, then he is himself personally criminally liable for the crime committed," says Dr. Solis, who directed the law of war program at West Point and now teaches at Georgetown Law School in Washington.

"That's basic World War II Nuremberg Tribunal stuff," he says. "But how often have we seen the principle honored? Not often."

During the nine-year Vietnam War, 95 soldiers and marines were convicted of murder or manslaughter of noncombatants. Courts-martial resulted in sentences as stiff as 50 years and life in prison.

In Iraq and Afghanistan, most incidents involving civilian deaths caused illegally by US forces have resulted in far lighter punishment, Solis finds.

For example, an Army chief warrant officer charged with negligent homicide in the 2003 death of an Iraqi detainee received a letter of reprimand, a fine of $6,000, and two months' restriction to Fort Carson, Colo. A sergeant involved in the beating death of an Afghan detainee in 2005 was reprimanded, given a one-grade demotion, and fined $1,000. In the Abu Ghraib prison scandal, the most senior officer punished was Army Reserve Brig. Gen. Janis Karpinski, demoted to colonel.

But dealing with detainees is very different from fighting in the heat and fog of battle, especially when the enemy emerges from or blends into the civilian populace. That situation, which troops face routinely in Iraq and Afghanistan, can lead to a difficult and potentially deadly paradox.

"Because Army personnel are trained for conventional warfare, they naturally want to kill the enemy," says national security analyst Ivan Eland of the Independent Institute, a nonpartisan think tank. "But in counterinsurgency warfare, a premium must be put on providing security for the population without killing civilians.

"This unfortunately means tighter rules of engagement, which increases US casualties," says Dr. Eland.

In Haditha, the death of one marine and injuries to two others while traveling in a convoy preceded the attacks on Iraqi civilians. The squad leader that day faces the most serious charges - murdering 12 people and ordering other marines to kill six people. His attorney said the charges carry a maximum penalty of life in prison.

Other recent cases of civilian deaths at the hands of US troops point to murderous intent.

In the Hamdaniyah case, seven marines and a Navy corpsman have been charged in the kidnap and murder of an Iraqi man, and then making it look as if he had planted an IED. So far, four have pleaded guilty to lesser charges in return for prison terms of less than two years.

In the Mahmudiya case, five Army soldiers have been charged in the rape and premeditated murder in April of a 14-year-old Iraqi girl and the murder of her parents and 5-year-old sister. One soldier pleaded guilty to avoid the death penalty. Another, a sergeant charged with dereliction of duty for failing to report the crimes, accepted an "other than honorable" discharge from the Army. Cases against the others are pending.

As with civilian trials, the nature of the evidence may lead military prosecutors to conclude that negligent homicide - not premeditated murder - is the most serious case they can make.

"Even with negligent homicide, the starched and pressed judge advocate who's not been in combat has to convince a jury that the young [marines] who daily risked their lives in Iraq are unworthy of belief," says Solis, the former Marine Corps judge advocate. "That could be a hard sell, and acquittals would not surprise me."

Some experts attribute such atrocities to the stress of enduring multiple tours of duty in Iraq, as well as the very difficult circumstances of fighting an unconventional war.

"It seems to me the main point is that these incidents are symptoms of combat stress," says John Pike, director of globalsecurity.org. "The question is whether the combat stress management system is doing a good job because there are so few incidents or a bad job because these incidents happened."

Gates Meets With Iraqis On Military Aid (AP)

By Lolita C. Baldor

AP, December 22, 2006

Defense Secretary Robert Gates traded ideas with Iraqi leaders Thursday about boosting military assistance for the embattled government and warned Iraq's neighbors that the U.S. will be a presence in the Persian Gulf for a long time.

But on the second day of a visit to the war zone, the new Pentagon chief would not answer the key question on the minds of many, including U.S. troops: Will he recommend a short-term increase in the number of American forces in Iraq?

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Speaking to reporters after meetings with Prime Minister Nouri al-Maliki and other Iraqi officials, Gates said the talks were "mainly on the overall approach, including the possibility of some additional assistance." He said no numbers of additional troops were discussed.

"We were really talking in broad terms," said Gates, who is in his first week as defense secretary.

Gates' visit comes as President Bush reassesses U.S. policy in the war, which is solidly opposed by the American public after 3 1/2 years of bloodshed. Among the president's options is whether to quickly add thousands of U.S. troops to the 140,000 already in Iraq, in hopes of staunching the escalating violence in Baghdad and elsewhere.

In the meetings, Gates said he discussed how "with Iraqis in the lead, we can best play a supporting role" in helping bring order to the country. He said he assured the Iraqis of "the steadfastness of American support and our enduring presence in the Persian Gulf."

Earlier in the day, he said Iran and Syria are playing a negative role in the violence. A special U.S. commission, the Iraq Study Group, recently suggested a diplomatic push that would involve all of Iraq's neighbors — including Iran and Syria. Bush, however, has seemed disinclined to involve those two American nemeses.

"We need to make damned sure that the neighbors understand that we're going to be here for a long time — here being the Persian Gulf," said Gates, during a morning meeting with soldiers.

He suggested that commitment will include keeping U.S. logistics and support troops in Iraq for a lot longer than the combat forces.

Gates said he discussed with the Iraqis how their government could address the deteriorating security problems. Besides an unrelenting insurgency, killings and kidnappings between Sunnis and Shiites are approaching civil war dimensions and U.S. and civilian casualties keep rising.

"One of the strong messages I received today was the desire of the Iraqi government to take a leadership role in addressing some of the challenges that face the country, above all the security problem here in Baghdad," Gates said during a press conference with Iraqi Defense Minister Abdul Qadir.

Gates said there are several approaches that could be used to improve security, yet offered few details. He sidestepped several questions probing for more details about the possibility of boosting troop levels — an idea that has gotten mixed reviews.

After Gates met with U.S. soldiers at Camp Victory, several said the extra forces would help.

"Sir, I think we need to just keep doing what we're doing," Spc. Jason T. Green, with the 101st Military Intelligence Brigade Combat Team of the 1st Infantry Division, told Gates during a breakfast session with about 15 soldiers.

"I really think we need more troops here," Green said. "With more presence on the ground, more troops might hold them off long enough to where we can get the Iraqi Army trained up."

Military commanders worry that rushing thousands more Americans to the battlefront could prompt Iraqis to slow their effort to take control of their country.

Those concerns are "clearly a consideration" in mapping out future strategy, Gates said.

His hourlong question-and-answer session over scrambled eggs was spent largely gathering insights from those closest to the action.

When Gates asked whether adding forces would help, he got a roomful of nods and smattering of "yes, sir" responses.

"More troops would help us integrate the Iraq Army into patrols more," said Pfc. Cassandra Wallace, from the 10th Mountain Division.

The soldiers told him they think the Iraqi Army is getting better, but that it should be bigger and that many of the Iraqis are still not showing up for duty.

Gates, who later flew by helicopter to Balad Air Base west of Baghdad for a special operations briefing, did not tip his hand much to the soldiers.

Gates planned more meetings Friday before returning to the United States.

Gates, In Iraq, Hears Support For More Troops (NYT)

By David S. Cloud

The New York Times, December 22, 2006

BAGHDAD, Iraq Dec 21 — Defense Secretary Robert M. Gates, talking to enlisted soldiers on his second day in Iraq, heard broad support today for a proposal to send more American forces to Iraq, an idea that has emerged as a leading option as the Bush administration considers a strategy shift.

“I really think we need more troops here,” said Specialist Jason T. Glenn, one of several soldiers at a breakfast meeting with Mr. Gates who backed the idea. “With more presence here,” he said, security might improve to a point that “we can get the Iraqi Army trained up.”

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Mr. Gates said later, after meeting with Prime Minister Nuri Kamal al-Maliki and other senior Iraqi officials, that he had discussed “the possibility of some additional assistance” with the Iraqis, but that there had been no mention of specific numbers of additional American troops.

Although Bush administration officials are considering a temporary troop increase of 20,000 soldiers or more, which would raise troop levels in Iraq to more than 150,000, the idea runs counter to the desire of many American commanders for the Iraqi Army and the Iraqi police to take more responsibility for security. Mr. Gates has provided no firm signs on what he will recommend to Mr. Bush after returning from Iraq.

Still, the Bush administration may see a temporary increase as a way to regain momentum in Baghdad, where security has been deteriorating, as well as providing leverage to get Mr. Maliki to take steps sought by American officials, like moving more Iraqi troops into Baghdad and moving against sectarian militias.

At a news conference with the Iraqi defense minister, Abdul Qadir al-Obaidi, Mr. Gates said he discussed with the Iraqis was how their government could take the lead, especially in reducing the worsening violence in Baghdad.

“One of the strong messages I received today was the desire of the Iraqi government to take a leadership role in addressing some of the challenges that face the country — above all, the security problem here in Baghdad,” Mr. Gates said. The talks examined “how in our partnership with the Iraqis in the lead we can best play a supporting role” in improving security, Mr. Gates added.

Mr. Gates said at the breakfast meeting with troops that the Bush administration was putting together a package of idea for reversing the violence, including new procedures for delivering reconstruction assistance quickly to places where the military has conducted operations to clear out insurgents and militias.

Mr. Gates said the first assistance to a neighborhood should come “within hours” of the end of such a clearing operation, to shows residents the tangible benefits of rejecting militants and backing the Iraqi government.

It was not clear how the soldiers who met with Mr. Gates had been selected, but in a show of hands he requested, about half said they were serving their second tour in Iraq and the rest said they were in their first deployment.

Several soldiers said the Iraqi Army and police were improving but were not competent enough for them to shift to a supporting role. Many Iraqi soldiers and police officers do not show up regularly for work, they said, and some tip off insurgents and sectarian militias about coming military operations.

“Are they ready to take it on themselves?” Mr. Gates asked, referring to the Iraqi security forces. Sgt. Christopher Coulter, an infantryman with the First Infantry Division, replied, “Not now, but they’re getting a lot better”

When Mr. Gates asked, “Do you think we need more American troops?” a majority of the soldiers nodded their heads or murmured, “Yes, sir.”

Iraqi Prime Minister Tells Gates He'll Let U.S. Decide On Troop 'Surge' (WP)

By Thomas E. Ricks And Sudarsan Raghavan

The Washington Post, December 22, 2006

BAGHDAD, Dec. 21 -- Prime Minister Nouri al-Maliki told visiting Defense Secretary Robert M. Gates that he would let U.S. generals decide whether there is a need for a "surge" in U.S. troops deployed in Iraq, according to Iraqi officials with knowledge of the meeting.

In a news conference, Gates said his conversation with the Iraqi prime minister and defense minister included "no numbers. . . . We were really talking in broader terms."

Iraqi Defense Minister Abdul Qadir Muhammed Jassim later indicated general acceptance of an idea that has emerged as one of the chief options President Bush is considering as he reevaluates Iraq policy. "I did not say no to an increase in the number of U.S. troops," Qadir said in a brief interview after the meeting at Maliki's residence in the Green Zone. "If we need it, we need it."

But after seeing Gates, Maliki met with Shiite Muslim members of his alliance, in a session where divisions unfolded over whether more U.S. troops were needed, said Sami al-Askari, a Shiite member of parliament who is close to Maliki. Askari, who attended the second meeting, said there was a general feeling that "there's no need for further troops."

Gates said that during his meeting with Maliki, he "emphasized . . . the steadfastness of American support" for Iraq. The message he heard back from Maliki, he said, was that the Iraqi government wants to take the lead role in solving the country's security problems -- including in the most violent zones in and around Baghdad.

According to a statement issued by the prime minister's office, Maliki told Gates that Sunni Arab insurgents and loyalists of Saddam Hussein's former Baath Party were behind the violence unfolding in the capital.

Maliki spoke in general terms about the Baghdad security plan he has developed, saying Iraqi forces were working with U.S. troops to enact the plan "according to a new vision," the statement said. Maliki's close advisers say he has proposed a two-

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pronged strategy in which U.S. troops would target Sunni Arab insurgents in outer Baghdad neighborhoods for four to eight weeks, while Iraqi forces would take over control of inner Baghdad.

Maliki would also launch a political offensive, which would include threats of force, to persuade radical cleric Moqtada al-Sadr to agree to contain his Mahdi Army militia during the operation.

Gates has billed his trip to Iraq, launched the day after he became defense secretary earlier this week, as key to formulating his recommendations for Bush on how to reshape the U.S. approach in Iraq. But in his public comments, he gave little indication of how his two days of talks here so far with generals, enlisted soldiers and Iraqi officials have affected his views.

He had breakfast Thursday with more than a dozen enlisted soldiers who were less bashful. Along with his scrambled eggs and hash browns, Gates got an earful about the need for more personnel.

"I really think we need more troops here," said Spec. Jason Glenn, who said he operates an unmanned aerial vehicle in an intelligence unit in the 1st Infantry Division. He said he has noticed that when insurgents see a drone aircraft overhead, they simply lie low, "so I think more presence on the ground" is the answer.

"I think we do need more troops over here," agreed Pfc. Cassandra Wallace, a support soldier in the 10th Mountain Division. "More troops would help us integrate the Iraqi army into patrols here."

Asked later about his breakfast with the soldiers, Gates said he asked for their advice, and "they were not hesitant to give it." He dodged the question raised by their call for a boost in troop levels, saying, "Like most people on the front lines in a battle, they'd always like to have more forces."

There are about 140,000 U.S. soldiers in Iraq, and recently there has been an intense discussion inside the Bush administration about whether to increase that by roughly 30,000 troops for six months, to try to bring security to Baghdad.

"Some say 140,000 troops is quite enough to secure Iraq," said Askari, the Shiite politician allied with Maliki. "The problem is not in the number but in the way the security plan is conducted. The concept of trying to balance between a majority and minority in Iraq, and doing plans only if the minority accepts, is the issue. Some see this as the main problem with the plan. As long as the Americans don't change this tactic, adding more troops won't matter."

Other Shiite politicians at the meeting with Maliki said U.S. and Iraqi commanders should decide whether to increase U.S. troop levels, Askari said.

Late Thursday, the Associated Press reported that Sadr had agreed to allow his supporters to return to their positions in the government and end a three-week boycott of the government begun to protest Maliki's meeting with Bush last month. Nassar al-Rubaie, head of Sadr's parliamentary bloc, denied that account.

Askari said members of the Shiite alliance, a coalition of Shiite groups that leads the government, are planning to meet with Sadr to try to persuade him to end the boycott. Others want to take stronger action and demand that he denounce the Mahdi Army's involvement in sectarian strife.

"We have to solve this for good," Askari said. "We have to have him denounce the militias for good." He added that the meeting would dovetail with Maliki's effort to persuade Sadr to lay down his arms, provided the U.S. accepts the prime minister's security plan.

But Askari said it was still unclear whether Sadr would meet with the Shiite alliance members.

Washington Wire (WSJ)

By John Harwood

The Wall Street Journal, December 22, 2006

ADMINISTRATION LEANS on Persian Gulf allies to help Iraq.

U.S. military officials and diplomats want Saudi Arabia, United Arab Emirates and other Gulf states to recognize Maliki government, send ambassadors to Baghdad and forgive more than $40 billion in Iraqi debt. Among Sunni states, only Egypt has sent an ambassador, and he was assassinated.

The problem: Most Arab states, an official says, "see the current government as...an Iranian stooge." U.S. conditions military help to counter Iran on assistance in Iraq.

Iran also becomes lever for Rice to rally "mainstream states" behind Israeli-Palestinian solution.

SOME MILITARY LEADERS aren't opposed to Iraq troop surge.

Army leaders privately tell White House they could back more soldiers if Bush provides latitude to sustain the effort through reserve call-ups. One of the first units called back to Iraq could be the Florida National Guard brigade that served in restive Ramadi in 2003.

Army Chief of Staff Schoomaker aims to link surge to pact sharing Iraq's oil revenue, as well as moves by Maliki to isolate Shiite extremists like Moqtada al-Sadr. U.S. wants Iraqis to reduce influence of Sadr -- who has ended a government boycott -- through a coalition of Shiite, Sunni Arab and Kurdish parties.

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HOUSE REPUBLICANS EYE 2008 targets after Democratic sweep.

Campaign committee chief Tom Cole touts 60 seats held by Democrats in districts Bush carried twice. One aim: "Minimize retirements" among Republican members chafing at life in the minority.

"We'll be on offense," says Democratic counterpart Chris Van Hollen, noting that most of those 60 won with at least 55%. Democrats enjoy more favorable 2008 Senate terrain, defending 12 seats to Republicans' 21. Potential retirement of Colorado Republican Sen. Allard represents a pickup opportunity.

Warner of Virginia and Domenici of New Mexico, who will be 81 and 76 by Election Day, signal re-election bids.

BIDEN TIME? After Bayh exits Democrats' 2008 presidential race, Biden's camp insists he's in. One adviser notes the Delaware Democrat's $5.5 million raised through September represents more new money than most would-be rivals to Clinton and Obama. The 34-year Senate veteran will announce an exploratory committee after New Year's, citing foreign-policy experience and the fact that he has never lived in Washington.

GREETINGS: The NRA, which had a deer on holiday card after Republicans' 2004 victory, this year features a tree emblazoned with "Peace on Earth." Card from Republican media firm Brabender Cox reads "Jingle Upsets Prancer," adding, "The extent of voter anger took a lot of people by surprise this year."

HU IN 2008? At Strategic Economic Dialogue with Paulson and other officials, Chinese government voices interest in U.S. ethanol program to ease energy squeeze. China is third after Brazil and the U.S. in ethanol production. Energy Secretary Bodman invites Chinese counterparts to visit U.S. research labs.

FRIENDLY SKIES: A local politician, Prince George's County, Md., executive Jack Johnson, makes blogger Howard Mortman's list of 10 funniest political quotes of 2006 for saying taxpayers want him flying first class. "I don't think they expect me to be riding in a seat with four across and I'm in the middle," Johnson said after winning re-election.

DEMOCRATS INSIST they'll work with White House on trade.

In closed-door meeting, a Pelosi adviser tells National Foreign Trade Council the next speaker will push labor's concerns but opposes protectionism. "We are willing to talk" with the administration, adviser Arshi Siddiqui says, if White House avoids "take it or leave it" stance.

Skepticism mounts on Doha deal during Bush's term. But Trade Representative Schwab seeks to ease political tensions, citing role of labor concerns in talks on bilateral deal with Panama.

Democratic Rep. Levin of Michigan plans hearings on the yuan as Treasury declines to label Beijing a "manipulator."

MINOR MEMOS: Banned by TSA from carry-ons: "Snow globes and like decorations regardless of size or amount of liquid inside"...A "Soldier's Silent Night," reprised by conservative Weekly Standard to honor troops abroad, ends, "Then the soldier rolled over, with a voice soft and pure, and whispered, 'Carry on Santa, It's Christmas Day, all is secure.'"

Bush Caved To Pressure On Troops (WT)

By Rowan Scarborough

The Washington Times, December 22, 2006

President Bush only acceded to a jump in the number of U.S. Army and Marine Corps ground troops after intense pressure from senior officers, active and retired, including the Joint Chiefs, defense sources said.

Mr. Bush, who announced Wednesday that he will increase an active force that now stands at 1.4 million personnel, this month heard about the stressed Army and Marines Corps from a group of retired officers at the Pentagon.

But the deal-clincher came when he traveled to the Pentagon and met with the six-member Joint Chiefs inside the super-secret "tank."

There, the commander in chief listened to a request for more combat forces from Gen. Peter Schoomaker, the Army chief of staff, and Gen. James T. Conway, the Marine commandant, said defense sources briefed on the meeting.

The Army, with a little more than 500,000 active soldiers, is pulling the brunt of the war on terror both in Afghanistan and Iraq. Army combat brigade teams only receive about a 13-month home-base stay before deploying again. What's more, the Army is fast wearing out its inventory of armored vehicles and weapons and needs replacements fast, Gen. Schoomaker has said.

The Marines, who patrol the al Qaeda-infested al Anbar province, west of Baghdad, send 1st and 2nd expeditionary forces on seven-month rotations. Marine officers have complained of insufficient troop numbers to control the Sunni Muslim province.

The messages on a larger armed forces, but not necessarily a troop increase for Iraq, came in rapid succession earlier this month. On Dec. 11, Mr. Bush welcomed to the White House two outside military analysts and three retired officers, including former Army Gen. Barry McCaffrey, a critic of former Defense Secretary Donald H. Rumsfeld.

Gen. McCaffrey said in a previous interview that the Army should be increased by 80,000 soldiers.

"We have inadequate Army and Marine Corps combat power to sustain this level of deployment," said Gen. McCaffrey, who led the 24th Infantry Division in Desert Storm.

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Two days after he met with the retired generals, Mr. Bush went to the Pentagon and later called the discussion "candid." A day later, Gen. Schoomaker told a blue-ribbon commission on the Guard and Reserve that the Army "will break" unless the active force is bumped up. He suggested 6,000 more soldiers per year.

Republicans on the House Armed Services Committee have endorsed an increase of 11,000 Army soldiers, to 523,000, and 8,000 more Marines, to 187,000. On a trip to Iraq this week, Defense Secretary Robert M. Gates did not endorse any specific numbers.

Gen. Schoomaker and Mr. Rumsfeld's staff did not see eye to eye on the size of a budget increases needed to replace damaged equipment in a process called "reset."

"Schoomaker wants everything replaced so every unit and every soldier is equipped to the max," said an aide.

The good news for the president is that the Joint Chiefs do not favor proposals from Democrats to remove all 135,000 troops immediately from Iraq or to bring them out in a preset timeline. A defense source also said the chiefs "are cool at best" to the Iraq Study Group proposal to have virtually all land combat forces out of Iraq by early 2008, if conditions permit.

"I think one of the most important things the new secretary of defense has to do is realize we are badly underfunding the Department of Defense for the missions we have given them," said retired Air Force Lt. Gen. Thomas McInerney, an Iraq war hawk. "We are going to have to increase the defense budget significantly."

The Pentagon is spending about $460 billion annually, plus an expected $170 billion more this fiscal year to fund the Iraq and Afghanistan wars.

"The president is not only going to have to do an Iraq strategy, he is going to have to do a national strategy for the whole military," Gen. McInerney said. "We cannot continue like we are going now."

Mr. Bush's decision to ask Congress for a bigger Army and Marine Corps is a break from the policy of Mr. Rumsfeld. Instead of seeking a permanently larger Army, he exercised his legal authority to temporarily boost the Army by up to 30,000 soldiers.

At Pentagon, A New Personality Faces The Same Tough Calls (NYT)

By David S. Cloud

The New York Times, December 22, 2006

BAGHDAD, Dec. 21— When Defense Secretary Robert M. Gates sat down for breakfast on Thursday with a half-dozen enlisted soldiers here in Iraq, it was not the setting that his aloof predecessor, Donald H. Rumsfeld, would have chosen.

Most often, Mr. Rumsfeld would meet with hundreds of troops at once in Iraq, in town-hall-style sessions that often resembled rallies. He took questions, made sweeping historical comparisons and was often cheered by enthusiastic crowds, but never seemed to use the session to collect impressions about conditions outside the heavily fortified American military compounds.

Mr. Gates, by contrast, listened patiently for almost an hour at the breakfast while enlisted soldiers offered him their views about everything from strategy and tactics to mundane matters of soldier life.

In a statement never heard in public from the supremely confident Mr. Rumsfeld, he closed the session by going around the table one soldier at a time, asking: “What advice would you give me?”

Just days into Mr. Gates’s tenure, it is easy — and facile — to view almost every move he makes as either a deliberate or unconscious repudiation of Mr. Rumsfeld. By heading right off to Iraq, the scene of Mr. Rumsfeld’s undoing, Mr. Gates has seemed to invite the comparison, even though his one public mention of Mr. Rumsfeld since he was sworn in was to praise him.

Where Mr. Rumsfeld was volcanic and opinionated, Mr. Gates has come across as humble and open-minded.

Where Mr. Rumsfeld fought to keep troop levels in Iraq low, Mr. Gates is assumed to be inching toward recommending increasing American troop levels, even as he professes not to have made up his mind.

When Mr. Gates vowed, as he has several times, to rely heavily on advice from the uniformed military, it was seen as a subtle signal that he would not run roughshod over the Pentagon brass the way Mr. Rumsfeld was widely criticized for doing.

How valid these early impressions of Mr. Gates will prove to be, though, is still an open question.

If Mr. Gates comes down in favor of a troop increase, it will arguably put him in the same position Mr. Rumsfeld often found himself — at odds with his top generals in Iraq, several of whom have expressed reservations about increasing American troop levels.

There are other similarities. Both men left Washington for long periods before assuming the defense secretary job. Those who knew Mr. Gates during his 27-year tenure at the Central Intelligence Agency, where he became the first entry-level analyst to rise to become director, say he could be an exacting bureaucratic taskmaster, just like Mr. Rumsfeld.

But Mr. Rumsfeld returned to Washington determined to accumulate power and run a bureaucracy he viewed as resistant to change, a task he kept at even after the terrorist attacks of 2001 and the invasion of Iraq.

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Mr. Gates has not returned with sweeping ambitions of transforming the department.

Nor has he brought a coterie of ideologically driven aides with him, as Mr. Rumsfeld did initially, and Mr. Gates has informed much of Mr. Rumsfeld's senior staff, few of whom are now as ideological as they once were, that he wants them to stay on, to minimize disruption.

Certainly the two men are stylistically very different, as Mr. Gates's breakfast meeting underscored. On Mr. Rumsfeld's visits to Baghdad, he rarely showed much patience for pondering the flaws in American strategy, at least not in public. His answer to questions about stabilizing the country was that it was "tough stuff" but largely up to the Iraqis to accomplish.

Last March, days after the selection of Nuri Kamal al-Maliki as prime minister, Mr. Rumsfeld stared at the ceiling, noticeably uninterested, at a news conference while Secretary of State Condoleezza Rice fielded reporters' questions about the worsening sectarian violence.

Mr. Gates, by contrast, leaves no doubt that he sees fixing Iraq as his overriding mission.

He is still working out a public style in a position that brings much more attention than that given a college president or even a C.I.A. director. "I'm new at this," he reminded reporters at a news conference on Thursday with Iraq's defense minister, Abdel-Kader Jassem al-Obeidi.

Perhaps he recognizes that his best management tool, at least for now, is to be seen as the anti-Rumsfeld, a persona that will buy him time to consider far-reaching changes in strategy.

Certainly it helped him win bipartisan confirmation in the Senate, winning over Democrats who favored setting a rapid date for beginning troop withdrawals and Republicans who want to send reinforcements.

Just over a month ago, Mr. Gates was a member of the Iraq Study Group, apparently as comfortable as the panel's other members with recommending a major shift in Iraq strategy aimed at getting American combat troops out by early 2008.

"I didn't dream at that time I would have actual responsibility for what goes forward," Mr. Gates told reporters this week, in a statement that seemed to indicate he was having sudden doubts about at least some of the study group's recommendations for getting out quickly.

Since taking office, he said publicly several times that the responsibilities of his office — and the need not to fail in Iraq — are weighing heavily on him.

He has even taken to repeating one of Mr. Rumsfeld's favorite lines about Iraq: that the problems there will not be solved by the American military, but by the diplomats at the State Department and by the Iraqi government.

Rice: Iraq Worth Investment In U.S. Aid (AP)

By Anne Gearan

AP, December 22, 2006

Secretary of State Condoleezza Rice told The Associated Press on Thursday that Iraq is "worth the investment" in American lives and dollars and said the U.S. can still win a conflict that has been more difficult than she expected.

In an interview at the State Department, the nation's highest-ranking black government official also said the United States is ready to elect a black president.

Rice was asked whether an additional $100 billion the Pentagon wants for the Iraq and Afghan wars might amount to throwing good money after bad in Iraq. President Bush and Congress have already provided more than $500 billion for the two conflicts and worldwide efforts against terrorism, including more than $350 billion for Iraq.

"I don't think it's a matter of money," Rice said. "Along the way there have been plenty of markers that show that this is a country that is worth the investment, because once it emerges as a country that is a stabilizing factor you will have a very different kind of Middle East."

The top U.S. diplomat made the remarks as Bush faces mounting pressure from the public and members of Congress to find a fresh course in the long-running war. More than three-and-half years after the U.S. invasion that deposed Saddam Hussein, the conflict shows no signs of nearing an end and has cost the lives of more than 2,950 American troops.

Bush conceded this week for the first time that the U.S. is not winning the conflict, though he said it is also not losing.

"I know from the point of view of not just the monetary cost but the sacrifice of American lives a lot has been sacrificed for Iraq, a lot has been invested in Iraq," Rice said.

Bush would not ask for continued sacrifice and spending "if he didn't believe, and in fact I believe as well, that we can in fact succeed," Rice said.

Rice said the Bush administration should be remembered for far more than the Iraq war. She ticked off foreign policy commitments and accomplishments including increased aid to fight AIDS and malaria in Africa and a peace deal ending two decades of North-South warfare in Sudan.

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Rice has repeatedly said she will not run for president, despite high popularity ratings and measurable support in opinion polls. Rice declined to say whether she would like to see her predecessor, Colin Powell, become a candidate. Powell is a fellow black Republican.

"I'm not going to give Colin any advice and he's not going to give me any advice on this one," Rice said.

Democratic Sen. Barack Obama, D-Ill., is the most prominent black politician to emerge as a potential candidate for the 2008 presidential race. Rice was asked whether, watching Obama's rise, she thinks Americans are willing to put a black in the White House.

"Yes, I think a black person can be elected president," Rice said.

She said the first successful black candidate will be "judged by all the things that Americans ultimately end up making their decision on: Do I agree with this person? Do I share this person's basic values? Am I comfortable that this person is going to make decisions when I'm not in the room that are very consequential?"

At the same time, she said, "We should not be naive. Race is still an issue in America. When a person walks into a room, race is evident. It's something that I think is going to be with us for a very, very long time."

Rice said she has no reason to believe North Korea is serious about dismantling its nuclear weapons. "That's what we're testing" in disarmament talks this week that a Japanese envoy described as deadlocked.

"They're signed on to denuclearization," in an agreement last year that was never implemented. "We'll see whether or not they follow through," Rice said.

A watered-down United Nations sanctions resolution against Iran would have more than symbolic value, Rice said. But she said she has no assurances that Russia will vote for the resolution this week despite long efforts to satisfy Moscow's misgivings about sanctions.

"The Russians say that they want to prevent the Iranians from perfecting technologies that could lead to a nuclear weapon," Rice said. "I take them at their word and that's why I think ... they will reflect that in their support for a resolution."

She said she is confident all U.N. members will enforce the sanctions once passed, no matter how they voted.

Iraqi Factions Try To Undercut A Plan To Isolate Extremists (NYT)

By James Glanz

The New York Times, December 22, 2006

BAGHDAD, Dec. 21 — Several Iraqi political groups on Thursday maneuvered to undercut an American-backed initiative that would create a multisectarian bloc intended to isolate extremists like the Shiite cleric and militia leader Moktada al-Sadr.

The bloc would consist of Sunni Arab, Shiite Arab and Kurdish parties in an alliance that would be novel in Iraq's highly sectarian political environment. This week, Iraqi and Western officials said that Grand Ayatollah Ali al-Sistani, a highly influential Shiite cleric, had given a tentative go-ahead to the coalition.

But on Thursday, Saleem Abdullah, a Sunni Arab lawmaker who is a senior member of the Iraqi Islamic Party, said his party had set tough new conditions for its participation in the bloc.

And Mr. Sadr was considering a plan to announce that his militia, the Mahdi Army, would scale back its military activities in response to accusations that it was involved in sectarian violence, an official knowledgeable about the plan said.

The framers of the bloc seemed highly unlikely to be able to meet some of the Islamic party's demands, like an insistence that more Sunni Arabs be installed in senior positions at Iraqi ministries and security forces now controlled by Shiites.

"Now the negotiations are stopped, and we are waiting for their response," Mr. Abdullah said. "Honestly, I think an agreement will be very difficult."

As those political moves played out, the new United States defense secretary, Robert M. Gates, met with enlisted men and women in Baghdad to talk about the possibility that more troops could be sent to Iraq. And the American military announced that three more service members had died in Iraq, putting December on a pace to be among the deadliest months of the conflict.

Also on Thursday, 38 bodies of Iraqis were found dumped at various sites around Baghdad, apparently the victims of death squads, the Interior Ministry said, and three bombs killed at least 12 and wounded 18.

The deadliest of the blasts was a suicide bomb that went off near a police academy just after 7 a.m., a police official said, killing mostly police recruits. A second bomb exploded near a funeral procession in the Amel neighborhood, and another detonated near a passport office.

The trial of Saddam Hussein on charges of the killing of tens of thousands of Kurds during the 1980s was adjourned until Jan. 8. Prosecutors told the court that Iraqi soldiers had been ordered to cooperate with Turkish forces in the killings, but the precise nature of an implied agreement between the countries was not spelled out.

When a document supposedly describing the agreement was read into the record, the judge ordered the microphone cut off so that reporters could not hear it. Beyond interjecting a few brief comments, Mr. Hussein mostly sat silently.

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Mr. Sadr's maneuvers on Thursday were seen by some officials as a possible move to reduce his political and military liabilities as the Americans and their allies pressed to form the bloc meant to marginalize him and perhaps make any attempt to disarm or attack the Mahdi Army more politically palatable.

At the moment, Prime Minister Nuri Kamal al-Maliki owes his power to a coalition that includes a major contingent led by Mr. Sadr, complicating any move against the cleric or his Mahdi Army militia.

Mr. Sadr was also said to be ready to allow his allies to rejoin the government after a three-week boycott, The Associated Press reported.

The walkout, including 30 lawmakers and six cabinet officials, was a protest against Mr. Maliki's meeting with President Bush in Jordan, and it has kept Mr. Maliki's government from passing legislation. Any return by the politicians would make it more likely that Mr. Sadr could keep some influence in the government even if a new cross-sectarian governing bloc was approved.

"Within two days, the Sadr movement will return to the government and Parliament," said Abdul Karim al-Anizi, a lawmaker from Mr. Maliki's Dawa faction, according to The Associated Press. Two allies of Mr. Sadr's who were not identified also said the politicians would return.

Although there were hints on Thursday that the Sunni Arab Iraqi Islamic Party might reconsider some of its demands, if taken at face value they would almost certainly scuttle the formation of the unity bloc because they could never be met in the spoils system of Iraqi politics.

In that system, the ministries are doled out to parties that won various shares of the vote in the last elections, and top ministry posts are given to members of those parties.

In Baghdad, Mr. Gates talked to enlisted service members on the second day of his visit to Iraq. A majority of the troops at the meeting signaled that they supported the idea of sending more American forces to Iraq, a proposal that has emerged as a leading option as the Bush administration considers a strategy shift.

"I really think we need more troops here," said Specialist Jason T. Glenn. "With more presence here," he said, security might improve to a point that "we can get the Iraqi Army trained up."

On Wednesday, American generals expressed concern about such a plan, saying that sending more troops would make Iraqis less likely to take responsibility for security.

After a meeting with Mr. Maliki and other senior Iraqi officials, Mr. Gates said that he had discussed "the possibility of some additional assistance" but that there had been no mention of specific numbers of additional American troops.

Mr. Gates told the troops that the administration was putting together a package of ideas for reversing sectarian violence, including procedures for delivering reconstruction assistance quickly to places where the military had conducted operations to clear out insurgents and militias.

Mr. Gates said the first assistance to a neighborhood should come "within hours" of such a clearing operation, to shows residents the tangible benefits of rejecting militants and backing the government.

It was not clear how the troops who met with Mr. Gates had been selected, but in a show of hands he requested, about half said they were serving their second tour in Iraq and the rest said they were on their first.

Several said the Iraqi Army and police were improving but were not competent enough for the Americans to shift to a supporting role. Many do not show up regularly for work, they said, and some tip off insurgents and militias about military operations.

Shiite Cleric Lets Supporters Rejoin Iraqi Government (USAT/AP)

By The Associated Press

USA Today, December 22, 2006

BAGHDAD — Radical Shiite cleric Muqtada al-Sadr has agreed to allow his supporters to rejoin the Iraqi government after a three-week boycott to protest the prime minister's meeting with President Bush, three officials close to the militia leader said late Thursday.

Al-Sadr's loyalists — 30 in parliament and six in the Cabinet — walked out three weeks ago after Prime Minister Nouri al-Maliki met Bush in Jordan. The move halted the passage of legislation.

Shiites from the Iraqi parliament's largest bloc, the United Iraqi Alliance, met Thursday in their holy city of Najaf, as part of a plan to persuade the anti-American militia leader to rejoin the political process and rein in his fighters. They were in touch with al-Sadr's aides, and would meet the cleric today or Saturday, aides to participants told the Associated Press on condition of anonymity because of the secrecy of the talks.

"The main (United Iraqi) Alliance forces and the al-Sadr movement have agreed to solve the problems and overcome the obstacles that made al-Sadr boycott the political process," said Abdul Karim al-Anizi, a Shiite lawmaker from the Dawa faction.

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Two figures in al-Sadr's movement — an aide and a parliament member — also told AP the cleric had agreed to allow his followers to go back to their jobs.

On Thursday, al-Sadr's loyalists met with members of the Shiite bloc, and laid out their demands for returning to the government, said the lawmaker. "Our demands are to hand over the security file and not allow any regional interference in Iraqi affairs," he said. The Sadrists planned to issue a statement on Saturday, he added.

The reference to the security file appeared to be a demand that U.S. forces cede control of security to the Iraqi government. American forces already are implementing a plan to give more responsibility to Iraqi troops, but doubts remain about whether they are ready.

Al-Sadr's agreement to tell his followers to rejoin politics was possibly the result of intervention by Grand Ayatollah Ali al-Sistani, Iraq's top Shiite cleric, in a bid to keep Shiite unity. Still unsettled: the fate of al-Sadr's Mahdi Army, blamed for some of the country's worst attacks on Sunnis.

American officials also were considering changes to Iraq policy, including a short-term surge in U.S. troop numbers. Defense Secretary Robert Gates, on his second day in Iraq, met with Iraqi leaders to discuss "the overall approach, including the possibility of some additional assistance." He was vague about the type of assistance and said no specific numbers were discussed.

President Bush is considering whether to quickly send thousands of additional troops to the country.

Also Thursday:

·The U.S. military announced the death of three more American troops in Iraq.

· A suicide bomber killed 15 people and wounded 15 others in a crowd of police volunteers in eastern Baghdad, Iraqi police and the U.S. military said.

·Iraqi officials announced the murder of Iraq's Olympic cycling coach, Mahoud Ahmed Fulayih, 48.

Mideast Leaders Seek Their Own Solutions For Region (CSM)

By Dan Murphy

The Christian Science Monitor, December 22, 2006

CAIRO

For many of the Middle East's leaders, the upshot of the swirling American debate over Iraq is that when, as seems likely, the US withdraws it will leave behind an ongoing war.

So the region's powers - US allies Jordan, Israel, and Saudi Arabia, and its foes Syria and Iran - are engaging in new diplomatic efforts, largely aimed at preventing Iraq's fighting from causing broader turmoil.

While in some cases the talks are only tangentially about Iraq, this high-level dialogue appears to reflect a new reality: With US prestige crippled by the war, regional actors are bypassing the West to forge partnerships and find solutions on their own.

Thursday, Jordan's King Abdullah II, who has recently been more vocal about restarting Arab-Israeli negotiations, invited Palestinian rivals Hamas and Fatah, locked in deadly street battles this past week, to hash out their differences in Jordan on Sunday.

In Beirut, Arab League negotiator Amr Moussa seems to be making some progress at ending the political crisis between the country's ruling coalition and the Shiite militant party Hizbullah.

But in all cases, Iraq is the volatile backdrop, specifically its potential to become a proxy arena for the region's problems.

A good example is Israel. Watching the unfolding tragedy in Iraq and with its own war this summer against the Shiite militants of Hizbullah in mind, it's reaching out to the Jordanians, the Saudis, and the Lebanese to find solutions to its own security problems.

"In the late 1990s, Israel's worldview was that 'we are the military superpower in the region and we are very closely allied with the world's only superpower. So we have very little to worry about,' " says Gidi Grinstein, a former peace negotiator for the Israeli government and now president of the Reut Institute, a Tel Aviv think tank.

Now, he says, "you have America in a situation of very serious overstretch, unable to get a decisive victory across the region ... we have to look for new partners, alliances, and means of cooperation."

Before Sunday's meeting between Fatah and Hamas was announced, Israeli Prime Minister Ehud Olmert flew to Jordan Tuesday to talk with Abdullah about reviving failed peace talks with the Palestinians.

Diplomatic activity is also swirling in Lebanon, where a domestic squabble over the country's sectarian power-sharing arrangement, also draws together the competing interests of the Sunni Arab powers of the region on the one side, and Shiite Iran, on the other.

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Arab League Secretary General Amr Moussa, a former Egyptian foreign minister, returned to Beirut Wednesday, where he met with an Iranian official and Lebanese leaders from the ruling party and Hizbullah, before traveling to Damascus to meet with that country's president, Bashar Assad.

His regional hopscotch is an effort to cobble together a deal that would probably see pressure lessened on Syria over its political role in Lebanon in return for Hizbullah, an ally of Syria and Iran's, agreeing to a smaller role in a new Lebanese government than it has been demanding so far. The current Beirut government, in turn, is heavily backed by both the US and by Saudi Arabia, which sees it as a bulwark against the expansion of Iranian influence in the region.

From Iraq to Lebanon and in the capitals of Amman and Cairo, the perception of Iran as a potential threat is driving the new engagement and is making for unusual alliances in which the interests of a state like Israel's are being closely aligned with those of the Saudi Arabian monarchy.

In a speech in Dubai Wednesday, British Prime Minister Tony Blair starkly summed up the views of the many governments that fear the expansion of Iranian power.

Iran has profited strategically from the rise of a Shiite-dominated government in Iraq whose main leaders are drawn from Shiite Islamist movements, the Supreme Council for the Islamic Revolution in Iraq (SCIRI) and the Dawa Party, which have close ties to Tehran.

Mr. Blair accused parts of Iran's government of "openly supporting terrorism in Iraq ... trying to turn out a democratic government in Lebanon; flaunting the international community's desire for peace in Palestine ... and trying to acquire nuclear weapons capability."

While Saudi Arabia, Jordan, and Israel are less concerned about democracy in Iraq or Lebanon, they are all committed to opposing an expansion of Iranian power, which they see as threatening their own vital interests.

In that area of concern, Iraq once again takes center stage. Saudi Arabia and Jordan are not only concerned about refugees and a sectarian war that could spill over and destabilize their countries, analysts say, but with the chance that Iraq could take center stage in the 25-year-old cold war that has persisted between Shiite Iran and its Sunni neighbors.

"All of these players are on the same side wishing to preserve the state order rather than seeing it undone," says Asher Susser, an expert on Jordanian-Israeli relations at Tel Aviv University. "That is why the undoing of Iraq causes such anxiety to Israel, to Jordan, to all those adjacent to Iraq."

Their current maneuvers, talking with disaffected former Baathists in their capitals and, regional diplomats say, quietly passing money to Sunni insurgent groups in Iraq in an effort to build up influence and intelligence aren't particularly likely to end Iraq's war soon.

But they could find a way to contain the violence there and the regional animosities it is threatening to inflame, or set the stage for Iraq to become a proxy battle ground.

"If you're looking forward, this is the next stage," says Toby Dodge, a political scientist and expert on Mideast Politics at Queen Mary College at the University of London. "The point will soon come when it's much more obvious than it is today that the Americans are going home, and then what will the Saudis and others do?

"Will they say, right, the sky is falling in ... but we have an opportunity to contain it by working together? Or, will this become the front line of a much nastier covert war?" he says.

Greg Gause, a political science professor at the University of Vermont and Middle East expert, says: "This is about balance of power politics ... it seems to me what the Saudis, particularly the Saudis, fear is growing Iranian power, and they fear that the Iranians will seek to use that to destabilize the Gulf and their own country, through their own Shia populations."

Regional diplomats say Saudi Arabia is already funding some Sunni groups in the country, and a recent International Crisis Group report on Iraq recommended that Saudi Arabia cut "off funding from private Saudi sources" to insurgent groups in Iraq that refuse work toward a national peace deal.

Iran, for its part, is in fact expanding its influence inside that country. "They want to be the guiding foreign-policy actor in Iraq, which will eventually have an oil policy, and that's also something Iran wants a say in.... I think they're winning all this and they're ambitious," says Mr. Gause.

Mr. Dodge says that Saudi and Jordanian fears about expanding Iranian influence, famously termed by Jordan's Abdullah as a potential "Shiite crescent" arcing from Iran to Lebanon, exaggerates the threat to their states, but the fear itself is nevertheless real and could have negative consequences.

Suicide Bomber Kills 14 In Baghdad (LAT)

By Borzou Daragahi

The Los Angeles Times, December 22, 2006

DOJ_NMG_0108571

BAGHDAD — A suicide bomber wearing an explosives-packed belt killed 14 Iraqis near a crowded police recruitment center in the capital this morning, in the latest salvo by Sunni Arab insurgents against the Shiite Muslim-dominated government.

Also today, three U.S. troops were reported to have been killed in separate combat incidents.

The police recruiting station bombing cost Mustafa Numan, a 25-year-old trying to sign up for the police, two of his friends.

"We were all getting ready to get into line when the explosion occurred," he said from his bed at Kindi Hospital, where he recovered from stomach and leg wounds. "I lost consciousness and came to at the hospital. I consider myself lucky when I think about those who lost their lives."

Sunni Arabs distrust Iraq's security forces as a Shiite-controlled tool in the country's sectarian civil war. In addition to the police recruiting center bombing, Sunni insurgents today killed a police intelligence officer in west Baghdad and attempted to kill another police commander near Kirkuk.

Apparent insurgent bomb strikes and shootings in the capital left at least three more dead.

Suspected Shiite militiamen with alleged ties to security forces have waged their own deadly campaign, killing dozens a day in secretive death squad operations. At least 76 unidentified bodies were discovered in and around Baghdad during a 24-hour period ending Wednesday night. Another four bodies were discovered today in southern Iraq.

The three U.S. troops died over the past three days. One Marine died in Al Anbar province today. A soldier was killed in a roadside bombing south of Baghdad on Wednesday. Another soldier died Tuesday in Al Anbar.

December is shaping up as one of the deadliest for Americans in Iraq. But U.S. soldiers told visiting Defense Secretary of State Robert M. Gates that a controversial proposal to increase the American troop presence in Baghdad would buy time to stabilize Iraq.

"I really think we need more troops here," Spc. Jason Glenn told Gates during a meeting at Camp Victory in Baghdad, according to news services. "With more presence on the ground, more troops might hold them [the insurgents] off long enough to where we can get the Iraqi army trained up."

Gates, in Iraq on a second day of a fact-finding mission, was told by the soldier that the current strategy of training Iraqi forces to take over from Americans was working.

"Sir, I think we need to just keep doing what we're doing," Glenn said.

Gates later met with senior Iraqi officials, assuring them of U.S. support for the fractured Baghdad government.

"The Iraqi government is determined to improve the security of the people here in Iraq, and above all here in Baghdad," Gates told reporters after meeting with Iraqi Prime Minister Nouri Maliki and other ranking officials, according to the news agencies.

Meanwhile the judge in the genocide trial of Saddam Hussein and six codefendants silenced testimony suggesting that Turkey, a U.S. ally, cooperated with Baghdad during a late 1980s operation to use chemical weapons to crush rebellious Kurds.

"There has to be very delicate cooperation with the Turkish side to ensure that these ... ," said a passage in Aug 21, 1988 document read in the courtroom before the judge cut off the sound.

Another audio snippet a few minutes later referred to a "secret Iraqi-Turkish protocol" that allowed Turkish troops to enter Iraq in pursuit of Kurdish guerrillas fighting the Ankara government.

Three U.S. Troops Killed (WP)

By Nancy Trejos

The Washington Post, December 22, 2006

BAGHDAD, Dec. 21 -- The U.S. military announced Thursday that three more American service members have been killed in Iraq, as a suicide bomber detonated himself in a crowd of police recruits in Baghdad, killing 15.

A Marine assigned to Regimental Combat Team 7 died in western Anbar province Tuesday, and soldier from the 1st Brigade, 1st Armored Division, died there Wednesday, the military said. The area is considered the heartland of the Sunni Arab insurgency.

A roadside bomb killed one soldier and wounded three others while they were escorting personnel to their base south of Baghdad on Wednesday, the military said.

The deaths occur as President Bush, under pressure to come up with a new war strategy, is considering sending more U.S. troops to Iraq. Military casualties have mounted as American forces have tried to calm sectarian violence in the capital while fighting insurgents in Anbar.

The Web site Icasualties.org, which tracks war fatalities, said Thursday that 70 service members had died this month, which would put December on track to becoming one of the deadliest of the year. The U.S. military, whose count often lags behind those of independent organizations, said 51 service members had been killed.

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Lt. Col. Christopher C. Garver, a U.S. military spokesman, cautioned against ranking death tolls. "We don't count them that way," he said.

Insurgents have often targeted crowds of Iraqi army and police recruits. On Thursday, a suicide bomber detonated explosives in his vest at Baghdad Police College in eastern Baghdad, killing 15 people and wounding 15, the U.S. military said. Police reports said three police officers and 12 recruits were among the dead, according to the military.

An Interior Ministry official who requested anonymity because he was not authorized to speak to the media said the suicide bomber detonated the bomb at 7:15 a.m. as he stood with the police recruits near the ministry building.

In the northern city of Kirkuk, the commander of the Adala Police Station, Col. Adnan Mohammad, escaped an assassination attempt when a roadside bomb exploded in his convoy. Four bodyguards were wounded, according to Col. Yadqar Abdul Allah of the Kirkuk police.

Meanwhile, at Saddam Hussein's genocide trial, prosecutors have spent the week presenting videos and documents purporting to show that Hussein's government sanctioned the use of chemical weapons against civilians.

Sultan Hashem Ahmed, former minister of defense, and Gen. Hussein Mohammed, former deputy director of army operations, denied using such weapons. They said that they did use conventional weapons against Iranian troops and insisted that they were carrying out the orders of their superiors.

Hussein and six other defendants are on trial for the so-called Anfal campaign, which prosecutors say resulted in the deaths of as many as 180,000 ethnic Kurds. The trial was adjourned until Jan. 8.

The Builder Who Bombed In Iraq (WP)

By Griff Witte

The Washington Post, December 22, 2006

Until this year, Parsons Corp. was about as quiet as a $3 billion engineering and construction firm with 12,000 employees could be. That's the way the firm's chief executive for the past decade -- a soft-spoken, white-haired Army veteran named James F. McNulty -- liked it.

But Iraq has changed everything.

Parsons has been reproved in recent federal audits for completing just a small fraction of the 150 primary health clinics originally planned to be built in Iraq and for building a police academy so flawed that human waste rained from the ceilings. For this, it has taken bipartisan hits on Capitol Hill, where its name is now whispered by war critics in the same breath as that perennial boogeyman, Halliburton.

Sick of taking blame, McNulty, 64, is speaking out about what went wrong with his firm's work and what he regards as the problems with how the United States uses private contractors in Iraq.

In a recent interview at the firm's Washington offices, one of a series he has given, McNulty said the government handed Parsons an impossible task by setting unrealistically high expectations for how much could be built while under-funding its efforts. McNulty said the company repeatedly pleaded with the government to either provide enough money to get the job done or scale back its goals, but said its entreaties were ignored.

"The entire reconstruction effort was much too ambitious," McNulty said. For instance, he said, his firm wanted to build a small number of clinics, some in each of three regions of the country, rather than try to do all 150 at once. "If we had built five in each region, we could have at least understood what problems we were going to face in building them," he said. "And we probably would have had 15 darn good clinics up a lot faster."

McNulty, a West Point graduate who served two tours in Vietnam during a 24-year Army career, also suggested the government needed to rethink its heavy dependence on the private sector for reconstruction, security and support in a combat environment.

The comments are unusual for the leader of a firm that makes much of its money doing work for the government. Then again, few have been battered as badly as Parsons, an employee-owned, California-based company with a six-decade track record. Since the spring, when news of the stumbling health clinic program first broke, the company's performance has been derided in the press and put under the microscope at congressional hearings. At a hearing in September, Rep. Henry A. Waxman (D-Calif.) spoke of a $75 million police academy that Parsons was responsible for but that went badly awry: "This is the lens through which Iraqis will now see America. Incompetence. Profiteering. Arrogance. And human waste oozing out of ceilings as a result."

At the same hearing, Stuart W. Bowen Jr., special inspector general for Iraq reconstruction, said 13 out of 14 Parsons projects that his office examined were flawed.

While Bowen's reports have spread the blame for the failed projects between Parsons and the government, one of the firm's customers in Iraq, the Army Corps of Engineers, has pointed responsibility squarely at its contractor.

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"We had hundreds and hundreds of projects completed at the same time by other contractors. Parsons just wasn't able to meet their schedules," said Michael Fallon, a corps official who directed reconstruction programs in Iraq.

Fallon said that with the money Parsons was given to build health clinics -- roughly $200 million -- it should have been able to complete its work. The government insisted on 150 clinics, produced on an accelerated schedule, because "the country of Iraq needed health care in a hurry," Fallon said. Parsons says it finished 20 clinics before being terminated from the contract, though the corps insists just seven are operational.

"I don't know how much they understood what they were getting into," Fallon said.

McNulty contends the company was misled. Parsons had worked in Bosnia, Kosovo and Kuwait, and it was prepared for a similar security situation in postwar Iraq. The firm won eight reconstruction contracts, worth $1.7 billion, with a hope that those contracts would serve as a bridge to more work as the country blossomed under new leadership. "All the contractors were told to assume, and this is a quote, a 'permissive security environment.' That means to me you're going to be able to move around the country," he said.

Instead, the company's expatriate employees were virtual prisoners of the heavily fortified, U.S.-run Green Zone. At most sites, it was too dangerous for Parsons's expatriates. The company had to train Iraqis to oversee construction carried out by Iraqi subcontractors. Many were inexperienced firms that found themselves targeted by insurgents. Parsons subcontractors were kidnapped, killed by roadside bombs and assassinated in their offices. McNulty declined to answer questions about violence against expatriate Parsons employees until after they are all out of Iraq.

"You would have 500 workers on the site, and then one kidnapping or one bombing later, you would have no people out there for a week or two," McNulty said.

Meanwhile, McNulty said the company was not getting the help it needed from the government. U.S. officials initially gave the company coordinates for building clinics that turned out to be locations at the bottom of a lake or on top of a mosque. As U.S. officials rotated in and out of Baghdad, priorities shifted. "We couldn't get anybody to really make any decisions," he said.

Those factors took a toll on the company's timelines. But Jon C. Bowersox, who oversaw health care projects for the U.S. Embassy from late 2005 until mid-2006, said the company was not transparent about its problems. "They were giving [the government] very optimistic completion dates," Bowersox said. Clinics that were supposedly 90 percent complete proved to be far from it, he said, although added that he does not blame Parsons entirely.

"The real take-home message is you can't do construction in the midst of a civil war," he said.

McNulty said he would like to see the government rethink how it handles reconstruction in a combat zone. In Iraq, the government oversees the work, but contractors handle both the construction and security at work sites. In future conflicts, he said, he would like to see the U.S. military or an international force at least take over security, and perhaps the construction work itself.

Parsons, meanwhile, is not through with Iraq just yet. The company boasts it has completed more than a thousand projects there, and is still wrapping up others.

McNulty said the criticism Parsons received has been "a huge morale problem" for employees who served in Iraq. He has personally been under intense pressure to explain the company's performance to potential clients and to the public. But he said the firm continues to rack up contracts even as it comes under assault.

"We've lost no business over it," McNulty said. "In fact, the very people who are criticizing us are giving us more work."

Saddam Co-defendants Deny Gassing Kurds (AP)

By Al-Bashir and Halaby

AP, December 22, 2006

Two former Iraqi commanders denied gassing Kurdish civilians in northern Iraq 20 years ago, telling Saddam Hussein's genocide trial Thursday that they used only conventional weapons against Kurdish rebels and Iranian troops.

Sultan al-Tai, minister of defense under Saddam, and Gen. Hussein Mohammed, a deputy director of army operations, testified to rebut evidence presented by prosecutors in videos and documents this week.

The documents, prosecutors said, showed Saddam's government sanctioned the use of "special weapons" — mustard or nerve agent — against Kurdish civilians as well as rebel fighters in 1987-88.

In sometimes emotional testimony, al-Tai alleged some of the documents implicating him in waging chemical warfare were forged. "I didn't use any special weapon against the Kurds," al-Tai shouted at the judges.

The two men, Saddam and four other former members of his regime have pleaded innocent to charges of war crimes and crimes against humanity for their roles in the military campaign, code-named Operation Anfal. The campaign took place during the 1980-88 Iraq-Iran war.

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An estimated 180,000 Kurds died during the operation. Saddam and one other defendant have pleaded innocent to the additional charge of genocide.

Al-Tai and Mohammed argued Thursday — shouting at times — that Iranian forces had infiltrated northern Iraq and were using Kurdish rebel bases to attack government troops.

Both men insisted they used only conventional weapons and both said they were carrying out their superiors' orders.

"My job allowed me only limited responsibility," Mohammed told the court. "In an army, a deputy commander is not the responsible person."

He challenged evidence presented by prosecutors. "Did I sign these documents?" he demanded. "Is my name on them? If it's there, I'll sign my execution myself."

The chief judge, Mohammed Oreibi al-Khalifa, interrupted to say: "Prosecution documents show that special weapons were used, but you say they weren't from army warehouses?"

"No," Mohammed responded.

"So they didn't belong to you," the judge asked.

"Of course not," Mohammed said.

"So, where did they come from?" al-Khalifa asked.

"I don't know. Had I known, I would've told you. You have to ask other people — the military industrialization department," Mohammed replied, provoking a smirk from Saddam, sitting in the dock alongside him.

Al-Tai said the government relocated Kurdish civilians for their safety during the campaign.

"We removed all civilians from the fighting zones. The civilians were transferred in trucks ... and they were put in safe houses," al-Tai said.

Chief prosecutor Munqith al-Faroon scoffed at this claim.

"I wonder where the people in the mass graves come from?" al-Faroon asked the judges rhetorically. "How were they transferred to the mass graves? Maybe in the same trucks that went to the safe houses he's talking about!"

"We saw documents. We watched videos incriminating them. What more do we need — believe the documents and the videos or believe him?" the prosecutor said.

The trial was adjourned to Jan. 8.

At an earlier trial, Saddam was condemned to death for the killing of nearly 150 people in the town of Dujail after a 1982 attempt to assassinate him. His lawyers have appealed both the verdict and sentence, and the appeals court is expected to rule next month.

Iraqi officials suggest that Saddam's prosecution on genocide charges would be halted if the appeal court upholds the death sentence of the first trial.

NATO Ex-commander Warns On Pakistan Border (AFP)

AFP, December 22, 2006

Islamic fighters are still entering Afghanistan from Pakistan, despite a deal between Islamabad and tribal chiefs meant to cut down the incursions, NATO's former top General warned.

General James Jones, who handed over to General John Craddock as Supreme Allied Commander Europe this month, said the Western alliance's political leadership would raise the issue with Pakistan unless things improved.

Pakistan's government signed peace deals in September with tribal elders along the border, saying the move would help stem the flow of Taliban fighters entering Afghanistan to battle Western troops.

But Jones said during an appearance at the Atlantic Council of the United States think-tank, he had discussed the situation frankly with General Ehsan Ul Haq, Chairman of the Joint Chiefs of Pakistan's military staff last month.

"I told him that the returns did not really look too encouraging, given the porous nature of the borders and some very physical evidence that fighters were still coming across and returning rather freely across the many border crossings that are there," Jones said.

"I think that from the political side that NATO will be heard through the Secretary General on this issue if it continues to be a significant problem," said Jones.

"The problem of the Taliban is not an Afghan problem alone. This could be a Pakistani problem if Afghanistan doesn't work out the way we want it to."

However, Jones said that he had been convinced of Haq's "earnestness and sincerity" to work with the Western alliance, and said several initiatives involving NATO, Pakistan and Afghanistan would be put in place over the winter.

Agency To Test Military Draft Machinery (AP)

DOJ_NMG_0108575

By Kasie Hunt

AP, December 22, 2006

The Selective Service System is planning a comprehensive test of the military draft machinery, which hasn't been run since 1998.

The agency is not gearing up for a draft, an agency official said Thursday. The test itself would not likely occur until 2009.

Meanwhile, the secretary for Veterans Affairs said that "society would benefit" if the U.S. were to bring back the draft and that it shouldn't have any loopholes for anyone who is called to serve. VA Secretary Jim Nicholson later issued a statement saying he does not support reinstituting a draft.

The Selective Service "readiness exercise" would test the system that randomly chooses draftees by birth date and the network of appeals boards that decide how to deal with conscientious objectors and others who want to delay reporting for duty, said Scott Campbell, Selective Service director for operations and chief information officer.

"We're kind of like a fire extinguisher. We sit on a shelf" until needed, Campbell said. "Everyone fears our machine for some reason. Our machine, unless the president and Congress get together and say, 'Turn the machine on' ... we're still on the shelf."

The administration has for years forcefully opposed bringing back the draft, and the White House said Thursday that its position had not changed.

A day earlier, President Bush said he is considering sending more troops to Iraq and has asked Defense Secretary Robert Gates to look into adding more troops to the nearly 1.4 million uniformed personnel on active duty.

According to the nonpartisan Congressional Budget Office, increasing the Army by 40,000 troops would cost as much as $2.6 billion the first year and $4 billion after that. Service officials have said the Army wants to increase its force by 20,000 to 30,000 soldiers and the Marine Corps would like 5,000 more troops.

The unpopular war in Iraq, where more than 2,950 American troops have already died, complicates the task of finding more recruits and retaining current troops — to meet its recruitment goals in recent years, the Army has accepted recruits with lower aptitude test scores.

In remarks to reporters in New York, Nicholson recalled his own experience as a company commander in an infantry unit that brought together soldiers of different backgrounds and education levels. He said the draft "does bring people from all quarters of our society together in the common purpose of serving."

Rep. Charles Rangel, a New York Democrat who has said minorities and the poor share an unfair burden of the war, plans to introduce a bill next year to reinstate the draft.

House Speaker-elect Nancy Pelosi has said that reinstating the draft would not be high on the Democratic-led Congress' priority list, and the White House said Thursday that no draft proposal is being considered.

Planning for the Selective Service exercise, called the Area Office Mobilization Prototype Exercise, is slated to begin in June or July of next year for a 2009 test. Campbell said budget cuts could force the agency to cancel the test, which he said should take place every three years but hasn't because of funding constraints.

Hearst Newspapers first reported the planned test for a story sent to its subscribers for weekend use.

The military drafted people during the Civil War and both world wars and between 1948 and 1973. An agency independent of the Defense Department, the Selective Service System was reincorporated in 1980 to maintain a registry of 18-year-old men, but call-ups have not occurred since the Vietnam War.

VA Head: Draft Beneficial To Society (AP)

By Sara Kugler

AP, December 22, 2006

President Bush's secretary for Veterans Affairs said Thursday that "society would benefit" if the country brought back the military draft, then clarified that he doesn't support such a move.

Veterans Affairs Secretary Jim Nicholson spoke a day after Bush said he is considering sending more troops to Iraq. The administration has for years forcefully opposed bringing back the draft, and the White House said Thursday that its position had not changed.

Nicholson, who served in Vietnam, was in New York to announce a partnership with Mayor Michael Bloomberg to help homeless veterans find housing.

A reporter suggested that the all-volunteer armed forces attract a disproportionate number of minorities and people trying to lift themselves out of poverty, and asked Nicholson if the draft should be reinstated to make the military more equal.

"I think that our society would benefit from that, yes sir," Nicholson said.

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The secretary recalled his own experience as a company commander in an infantry unit that brought together soldiers of different backgrounds and education levels, noting that the draft "does bring people from all quarters of our society together in the common purpose of serving."

He later issued a statement saying his comments had been misconstrued and that he does not support bringing back the draft.

Nicholson, a graduate of the military academy at West Point, N.Y., served eight years on active duty as a paratrooper and Ranger-qualified Army officer, then 22 years in the Army reserve. He has held the VA post since February 2005.

Bush said he has not made up his mind about whether to send more troops to Iraq. No timetables or totals have been outlined publicly, but by some accounts roughly 20,000 troops could be added to the 140,000 already there.

Their Christmas At War (WP)

By David Ignatius

The Washington Post, December 22, 2006

Thanks to a military blogger who calls himself "Blackfive" ("The Paratrooper of Love"), we have a snapshot of what Christmas looks like this year at Camp Taji, 20 miles north of Baghdad. It's a man dressed up in a Santa Claus suit, standing behind a "sleigh" that is actually an unmanned aerial vehicle and six soldiers who are wearing antlers and perched precariously on the launch ramp.

Or we can read this Christmas message posted Dec. 21 from "Lt. Col. Patrick," an Air Force C-130 pilot. Next to a picture, taken at his base, of a Christmas tree decorated with festive lights, he writes: "Holiday deployments are difficult but the one characteristic that comes from being away from home at this time of year is that everyone else misses home too. You don't hear people actually complain about missing Christmas at home I think because we're all in it together." Misery may love company, but in the military, it keeps its mouth shut.

This holiday season, America is struggling through a searing national debate about Iraq. The horror of the war feels immediate, even to people who've never been near Baghdad, but less so the humanity of the thousands of American soldiers who are serving there. That's part of the Iraq disconnect: The war dominates our political life, but the men and women in the midst of it often are nearly invisible. We see them in thumbnail photos in group obituaries but not as real, living people.

If you read soldiers' blogs, and I've looked at several dozen over the past few days, you see a recurring anger that the media aren't telling their story. So I'll let a few of the military bloggers speak for themselves. If you want to share in the conversation, a good place to start is http://milblogging.com, which collects blogs from soldiers deployed in Iraq, Afghanistan and around the world.

Needless to say, the first thing most American soldiers are thinking about is getting back home. They wait for a magic acronym: RIP/TOA, which means: "Relief in Place/Transfer of Authority." In his blog, "Duty in the Desert," Lt. Col. Patrick writes: "You can easily tell the folks that have been here awhile from the newer arrivals. New guys tell you how they're doing and what they're feeling. The old heads, deployed longer, start off every sentence with how many days remaining in their tour."

A young woman who calls herself "Techno" has a small Christmas tree at the foot of her bed. She explains in her blog that she broke up with her boyfriend before joining the Army and coming to Iraq. She wrote this week: "I really can't think of a better place to go through all of this. Back home, I would have been a mess for a lot longer and really would have gone back to him."

Her motto atop her Web page reads in part: "I belong to the Army. Sometimes it sucks, sometimes it doesn't."

What does Iraq mean? For many soldiers, the big issues debated back home are less important than the simple reality of being there. A 23-year-old soldier who calls himself "Dreadcow," who recently returned home, tries to explain: "As much as it sucked I wouldn't trade my time in the desert for anything. . . . When people ask me what I did during the war I don't have to say I shoveled [expletive] and picked strawberries." Dreadcow says he has learned two things from Iraqis: the importance of having a special place for your gun at home, and the requirement that "every male should have some sort of facial hair."

The military bloggers celebrate their heroes, like Pfc. Ross A. McGinnis, a 19-year-old Army gunner from Knox, Pa., who died Dec. 4 falling on a grenade that was thrown into his truck, thereby saving his buddies. His platoon sergeant explained: "He had time to jump out of the truck. He chose not to." His friend Pfc. Brennan Beck said of him: "He loved it here in Iraq. He loved being a gunner. It was a thrill, he loved everything about it." He was awarded the Silver Star posthumously.

War changes people. That's something that comes through powerfully in these soldiers' accounts of life in the battle zone. "Grey Eagle," the moniker of a 35-year-old combat medic serving with the 101st Airborne Division, writes in her blog, "I have been living in another life time another dimension so separate from the world I left behind that I fear I may never really find my way back. Will those I love be able to accept me if I was not the exact person they knew. Would they be angry with me for the loss of my innocence."

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Media-Sourcing Debate On Deck At Capitol (WSJ)

By JESS BRAVIN, SARAH ELLISON

Wall Street Journal, December 22, 2006

WASHINGTON -- The Bush administration is increasingly at odds with some Republicans over its efforts to make journalists reveal confidential sources.

The controversy is reaching a flashpoint in San Francisco, where the Justice Department is expected to file papers today urging that two San Francisco Chronicle reporters face jail if they refuse to reveal their source for confidential grand-jury proceedings concerning baseball slugger Barry Bonds's alleged use of steroids.

The issue also is expected to re-emerge on Capitol Hill next year, where two influential Republicans, Sen. Richard Lugar and Rep. Mike Pence, both of Indiana, plan to reintroduce legislation limiting the government's power to force journalists to disclose confidential sources. Many Democrats, whose party will control Congress next year, also support extending protection to reporters' sources and are expected to co-sponsor the legislation.

Mr. Pence said in an interview that he expects to reintroduce the bill with his Democratic co-sponsor in the previous Congress, Rep. Rick Boucher of Virginia. In the upper house, he said Sens. Lugar, Christopher Dodd (D., Conn.) and Arlen Specter (R., Pa.) were likely to be involved as well.

"We're suggesting there's been a tear in the First Amendment right now, and it's widening," Mr. Pence said. "The only way you patch it is to do as many states have done and pass a federal statute that clarifies the boundaries."

Mr. Pence said that some were surprised to see him and other conservatives championing a press-freedom bill. "It's one of those things that's a little counterintuitive for a cheerful right-winger to be involved in," he said, but "I really do believe that the framers of the Constitution put a free and independent press in the First Amendment to protect the public's right to know, and the only way you do that is protect reporters' ability to keep certain sources confidential."

Currently, all states except Wyoming have passed laws or issued court rulings that provide some level of protection for reporters' confidential sources or notes from subpoenas, says Marv Johnson, a legislative counsel with the American Civil Liberties Union in Washington. The rationale for the so-called shield laws is that society benefits from aggressive news reporting, a value embodied in the First Amendment. Giving prosecutors or other litigants access to reporters' sources could transform journalists into investigators for the government or private parties, media advocates say, potentially exposing sources to retaliation and thereby impeding public access to news of possible wrongdoing or questionable activities.

Others maintain that the First Amendment confers no privilege upon journalists and that, in any case, legal proceedings take precedence over news gathering. In 1972, the Supreme Court upheld a local prosecutor's subpoena to make a Louisville, Ky., reporter disclose the identity of sources he had seen in possession of marijuana. The court rejected "the notion that the First Amendment protects a newsman's agreement to conceal the criminal conduct of his source, or evidence thereof, on the theory that it is better to write about crime than to do something about it," Justice Byron White wrote.

The case didn't resolve all constitutional questions regarding the issue, however, and various federal circuit courts have interpreted them differently.

The Justice Department also has long taken a stand against letting its prosecutors routinely pry open reporters' notebooks, and in 1973 issued guidelines requiring that the U.S. attorney general personally approve subpoena requests for the news media. In its most recent version, the guidelines state that "except under exigent circumstances" such subpoenas should "be limited to the verification of published information."

Under Attorney General Alberto Gonzales, the Justice Department has pursued journalists' sources in cases ranging from a terrorism investigation of Islamic charities to the alleged vandalism of a police car. In the latter case, free-lancer Josh Wolf has been jailed since September for refusing to turn over videotape of a July 2005 altercation between protesters and San Francisco police in which a city police car was vandalized. Although California state law would bar local prosecutors from obtaining Mr. Wolf's footage, federal authorities have asserted jurisdiction because the San Francisco Police Department receives some funding from Washington.

Justice Department spokeswoman Tasia Scolinos said the government continues to follow its guidelines and disputed claims that pursuit of reporters' sources and records has increased under Mr. Gonzales. "Over the past 15 years there have been less than 20 source subpoenas issued," she said, although no figures were available on subpoenas for unpublished notes or recordings. "To say we've been incredibly cautious and restrained when using this lawful tool is an understatement."

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San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams have published articles and a book involving allegations that Mr. Bonds, the San Francisco Giants slugger, committed perjury when he testified in 2003 that he never knowingly used steroids to boost his performance. At the urging of federal prosecutors, U.S. District Judge Jeffrey White found the Chronicle and its reporters in contempt of court for refusing to reveal how they obtained the information for grand-jury proceedings, with a potential penalty of 18 months in jail and a $1,000 per day fine.

The Chronicle's owner, Hearst Corp., backed by dozens of states and news organizations, appealed to the Ninth U.S. Circuit Court of Appeals, also in San Francisco, and the government's response is due today.

In an attempt to turn the tables on the government's push to learn the identity of reporters' confidential sources, Norman Pearlstine, the former top editor at Time Inc. (and earlier of The Wall Street Journal), this week filed a Freedom of Information Act request with Mr. Gonzales seeking documents relating to subpoenas of reporters in three high-profile cases.

The request seeks documents regarding Mr. Gonzales's approval of grand-jury subpoenas sent to the Chronicle and its reporters; to Mr. Wolf; and for telephone records of the New York Times and its former and current reporters, Judith Miller and Philip Shenon, respectively, in connection with a federal investigation into Islamic charities.

"I don't know what guidelines Gonzales was reading," Mr. Pearlstine said in an interview, "but I don't see how these cases fit into the Justice Department's own guidelines about subpoenas." Mr. Pearlstine has spent the past year writing a book on anonymous sources. While editor in chief of Time Inc., Mr. Pearlstine agreed to hand over the notes of Matthew Cooper, then a Time magazine reporter, after exhausting appeals to a court order to cooperate with a federal grand jury.

Mark Corallo, the Justice Department press secretary under former Attorney General John Ashcroft, filed an affidavit in the Chronicle case saying that he wouldn't have approved the reporter subpoenas. "This case is so far below the acceptable standards the department has lived by for close to 40 years that it will embolden prosecutors to make this a first step, not a last step," Mr. Corallo said in an interview.

Some lawmakers are troubled by the pursuit of reporters' sources as well. "The lack of adherence to departmental standards, to the extent there are any, is a troubling matter and one I expect the committee will want to examine," Rep. John Conyers (D., Mich.), the House Judiciary Committee's incoming chairman, said through a spokesman.

The War On Terror And Rule Of Law Collide (NBC)

By Pete Williams, Justice correspondent

NBC News, December 22, 2006

WASHINGTON — The judicial branch of the government lived up to its task during the last year, working as a check on both the White House and Congress.

Between the Supreme Court's striking down of the Bush administration's plan to conduct military trials for war-on-terror detainees and the pursuit of allegedly corrupt government officials, it was a busy year for the Justice Department.

With decisions expected on the National Security Agency's Terror Surveillance Program and the Lewis "Scooter" Libby trial getting underway in January, 2007 is expected to be just as decisive.

The year that was: 2006

Legal rights reshaped in war on terror

The Justice Department struggled to respond to a setback delivered in June by the U.S. Supreme Court, which struck down the administration's plan to conduct military trials for detainees picked up in the war on terror. The court's five-member majority held that the military tribunal rules failed to follow a long-standing federal law requiring all military courts to provide fair trial rights.

Congress passed a new law allowing terror trials before military courts but providing more protections for defendants. Even so, the law raised new questions about the appeal rights of detainees.

Terror Surveillance Program

Attorney General Alberto Gonzales pushed Congress to find a way to resolve legal doubts about the government's Terrorist Surveillance Program, the NSA-run effort to monitor the calls of suspected terrorists.

Officials conceded that the program could involve listening in on the calls of American citizens without a court order. The administration disclosed some of the program's details, once among the most closely held secrets, after its existence was reported by the New York Times. Well over a dozen lawsuits were filed in federal courts, challenging the constitutionality of the program. But when the Congress finished its work in early December, no agreement had been reached on clarifying the program's legality.

Terrorism prosecutions

New statistics showed the number of federal terrorism prosecutions dropping to its lowest point since 9/11, with the new cases filed being generally less dramatic.

Seven men in South Florida were accused of being part of a terror plotting to attack prominent buildings, including the Sears Tower. And an Illinois man was accused of planning to set off hand grenades at a shopping mall. But in neither case did those arrested get very far in their planning or even appear to have many resources to carry out an attack.

Nonetheless, the government defended its record. "We could await further action by these men and then arrest and prosecute them. Or we could prosecute at the moment our investigation reveals both a risk to our national security and a violation of our nation's laws," said Paul McNulty, the deputy attorney general.

High profile prosecutions

A growth area for federal prosecutors came in high profile cases involving government figures. An investigation of Congressman William Jefferson, a Louisiana Democrat, touched off a prickly battle over access by FBI agents to the offices of members of Congress.

And Jack Abramoff, once Washington's lobbying super-power, made a surprise decision to admit that he tried to bribe congressmen and senators to get official favors for his clients. His plea launched a series of investigations into whether members who received Abramoff's payments broke the law.

Former Enron executive Jeffrey Skilling reported to prison in December, the final step in the Justice Department's high profile prosecution of the former energy giant. The government's Enron task force obtained more than a dozen guilty pleas. Company founder Ken Lay died after a jury convicted him but before he could be sentenced.

Violent crime spike

Despite FBI statistics showing only a modest increase in violent crime nationwide — up 2.3 percent, with murder up 3.4 percent — many of the nation's police chiefs warned that in their cities, violent crimes were spiking.

A survey of 55 cities by the Police Executive Research Forum found murder up in 32, robbery up in 44, and aggravated assault rising in 28, all from January to June. Among the causes, a spread of gangs beyond the biggest cities, an epidemic of guns in younger hands, and acts of spontaneous violence over trivial slights.

Terror Surveillance Program

Justice Department officials will try again to urge Congress to pass a law clarifying the legal status of the Terrorist Surveillance Program. But Democrats in Congress may try to restore appeal rights for terror detainees, giving them greater legal authority to challenge their detentions. Court rulings will be due early in the year that could provide similar protections.

Vice President Cheney to take the stand

Dick Cheney will likely become the first sitting vice president to testify in a criminal trial. Lawyers for Lewis “Scooter” Libby, his former chief of staff, expect to call him as a defense witness in Libby's perjury trial, which begins in January. Libby is accused of lying during the investigation of the CIA-Valerie Plame leak case.

Abramoff fallout

The fallout from the Abramoff lobbying scandal could bring further prosecutions against members of Congress

Need to stem violent crime

Pressure will likely grow on the Justice Department to find ways to help cities respond to the spike in violent crime.

Key 'open Government' Official Leaves Policy Mark (GE)

By Daniel Pulliam

Government Executive, December 22, 2006

After 25 years heading one of the federal government's key privacy and information offices, Daniel J. Metcalfe will retire Jan. 3. Observers say that while they have not always agreed with him, he will be remembered for his ability to administer the open government policies of both Republican and Democratic presidents.

As a founding director of the Justice Department's Office of Information and Privacy since November 1981, Metcalfe has worked for seven attorneys general, pushed agencies to improve the management of requests for information and made a substantial impact on the law governing agencies' responsibilities to release information to the public.

Over that time, Metcalfe has supervised more than 500 Freedom of Information Act and Privacy Act litigation cases. Until last year, he co-directed the Office of Information and Privacy with Richard Huff, who retired after 36 years in the government.

In an interview with Government Executive, Metcalfe said he believes open government is critical. But at the same time, agencies must ensure that government information is disclosed responsibly.

"I'm more supportive of openness than some people might think, but I also recognize and respect the need to protect information," he said. "I have seen the types of sensitive information that the government can have. And I know first-hand the importance of protecting it."

Metcalfe will leave his mark on both the management of requests for information and the policies governing how much is released.

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Management of FOIA Requests

President Bush issued an executive order in December 2005 requiring agencies to improve their administration of FOIA requests for government documents. Metcalfe said his office -- and secondarily the Office of Management and Budget -- has been the driving force for enforcing the changes.

According to a Justice report issued in October, agencies are for the most part complying with the executive order, which outlines a two-year process for improving the implementation of the 40-year-old law.

Officials within the privacy community say the executive order staved off legislation that would have imposed stricter enforcement of the existing 20-day deadline for FOIA responses and would have created a system to allow people requesting information to track the status of their queries on the Internet and by telephone.

Meredith Fuchs, general counsel for the National Security Archive, which collects and publishes declassified documents, said while the information and privacy office has done excellent work, Metcalfe was not empowered to make substantial recommendations that would improve the administration of agency FOIA processes. She said the executive order, since it did not contain any recommendations for increasing funding or staffing levels, exposed the weakness of the information and privacy office.

"When you're in the one office that is charged with making recommendations a reality and you can't do anything to make the recommendations a reality, it's a frustrating situation to be in," Fuchs said.

Metcalfe noted there has not yet been time within agency budget cycles to discuss increasing resources. He said he expects agencies to implement their FOIA improvement plans and issue their progress reports on time.

He added that he has personally spearheaded the executive order's implementation, even as he has prepared to leave government service.

"I've been going out 'full throttle,' so to speak, in both guiding and admonishing the chief FOIA officers of all federal agencies to treat their individual agency executive order responsibilities with the care and seriousness they deserve," Metcalfe said. "Now it is up to them to do their part by meeting their implementation and reporting deadlines on Feb. 1."

Legal Impact

In the spring of 1978, before becoming head of the information and privacy office, Metcalfe began establishing, as a Justice trial attorney, the legal concept in FOIA law known as "survivor privacy," whereby the government can hold back personal information about a deceased person out of respect for the privacy interests of surviving family members.

In Lesar v. Department of Justice, Metcalfe decided to argue that releasing certain FOIA-requested information in the files from the investigation of the assassination of Dr. Martin Luther King Jr. would invade the privacy of the civil rights leader's family.

"I was in a unique position. I was able to decide what was quote unquote 'right,'" Metcalfe said. "I was taking a risk, given the state of the case law at the time, but I thought it was the right thing to do."

The government's decision to withhold the information eventually was upheld by the D.C. Circuit Court of Appeals in 1980. But Metcalfe's survivor privacy principle was not firmly established until the Supreme Court ruled 9-0 in 2004 that bloody photographs of the body of Deputy White House Counsel Vincent W. Foster Jr., taken after he committed suicide in 1993 with a handgun in a Virginia park managed by the National Park Service, were exempt from release under FOIA.

"It felt quite good that something that I had conceived in 1978 as a matter of litigation policy was ultimately accepted by the Supreme Court," Metcalfe said. "The court recognized that you can have something so sensitive that when it is disclosed, it could harm the survivors.

"Vince Foster's youngest child was still in high school at the time," Metcalfe said. "He could have walked into his classroom and seen his father's death displayed on the television screen there. Or his aged grandmother could have seen it on the cover of a supermarket tabloid. That's the interest we were protecting."

Metcalfe also helped establish the legal principle known as "Glomarization," whereby the government can refuse to confirm or deny whether requested records even exist because such an action could reveal FOIA-exempted information. He litigated the first such cases to go to judgment in the late 1970s and argued the leading appellate case of Gardels v. CIA, which kept the CIA from having to confirm or deny the existence of covert contacts on particular American campuses, hence protecting them from foreign intelligence analysts.

Policy Conflicts

As a career Senior Executive Service official leading an office with significant political undercurrents for four different presidents, Metcalfe often enforced and helped shape governmentwide policies that seemed opposed to one another.

For instance, an October 1993 FOIA standard established by President Clinton and Attorney General Janet Reno rescinded a 1981 rule that had encouraged agencies to withhold information whenever there was "a substantial legal basis" for doing so. The newer legal standard "strongly encouraged" agencies to disclose information requested under FOIA whenever possible.

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But an October 2001 memo from President Bush's attorney general, John Ashcroft, superseded the 1993 memo and was viewed in the FOIA and privacy community as an attempt to hold back government information. The memo urged agencies to disclose information under FOIA only after full consideration of the institutional, commercial and personal privacy implications.

Acknowledging that it might be hard to imagine that a single person could have been involved in crafting the Reno and Ashcroft memos, Metcalfe said it was no secret that he worked on each.

"Our responsibility is to implement, not to mention shape, the policy of the current administration as best we can," Metcalfe said. "We have developed a standard of excellence, and that is a big part of what our office has been known for from the beginning."

He denied rumors that he is retiring out of frustration with the Bush administration's overall policies on secrecy in government. He said he has averaged more than 75 hours on the job per week since the Sept. 11, 2001, terrorist attacks, and his wife is thrilled that he can cut that back to about 40 in "retirement." He added that he wants to take advantage of opportunities such as teaching law.

"This has been an absolutely fantastic position for an attorney interested in governmentwide policy and litigation," Metcalfe said. "It has been a fabulous job more than 98 percent of the time, even lately."

Patrice McDermott, director of OpenTheGovernment.org, a coalition of journalists and good government groups, said that "while it is not clear" whether Metcalfe has "been an advocate for openness in government the way others have been," he has "been a good and faithful government official."

"He followed whatever official party line of whatever administration he was in," McDermott said. "I don't think he's been an advocate for openness in government the way others have been, but he's done a good job doing what his job tells him to do."

International Advocate

Notwithstanding his domestic management and policy achievements, Metcalfe listed his influence on other countries as one of his biggest accomplishments.

When the Justice information and privacy office was created in 1981, Sweden, Norway and the United States were the only countries that had open government policies, he said.

Starting with a group from Japan that same year, several hundred delegations have come to Metcalfe's office for advice on enacting and then implementing open government policies and procedures.

"We have gone all around the world promoting openness in government," Metcalfe said. "When we started, we had only the three. Then the Berlin Wall fell, and many nations realized that government transparency could be used as emblematic building blocks of modern democracy."

Today there are 68 governments with FOIA-like laws, Metcalfe said, nearly all based closely on the American experience with FOIA.

"It's vitally important to have openness in government. It's a cornerstone of democracy," he said. "But at the same time, you have to have the kind of openness that strives for careful, fully responsible disclosure. Sometimes disclosing more information is not responsible. I would have been irresponsible to not try to protect the privacy of Martin Luther King's family, for example."

Former Justice Department Prosecutor Joins Venable (WBJ)

Washington Business Journal, December 22, 2006

South Florida

Seth Rosenthal, a longtime prosecutor for the U.S. Department of Justice who has spent the past two years as legal director of the Alliance for Justice, has joined Venable as a litigation partner in the law firm's Washington office.

Rosenthal, 40, spent 10 years in the DoJ's civil rights division handling a range of federal investigations and prosecutions, including cases involving human trafficking, hate crimes, police misconduct and housing and lending discrimination.

In 1999, Rosenthal also served under then-U.S. Attorney General Janet Reno on a special task force investigating the assassination of Dr. Martin Luther King Jr. Last year, Rosenthal joined the nonprofit Alliance for Justice, an advocacy organization that monitors the selection of federal judges and tracks efforts to change the civil justice system.

"We are getting a wonderful complement of skill sets with Seth Rosenthal -- it's like getting several attorneys at once," says Geoffrey Garinther, national head of Venable's litigation group, in a statement.

In making his first move to the private sector, Rosenthal says he sought out a law firm with a strong litigation practice and a commitment to public service. "Venable definitely stood out in this regard," he says.

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CORPORATE SCANDALS:

Bristol-Myers Agrees To $499M Settlement (AP)

By Wallace Witkowski, Ap Business Writer

AP, December 22, 2006

NEW YORK -- Bristol-Myers Squibb Co. offered to pay $499 million to settle federal investigations into whether the company played a role in a pricing scheme that led insurers and government agencies to overpay for drugs. The company reduced its profit forecast to reflect the charges.

The New York-based drugmaker entered an agreement in principle with the Justice Department and the U.S. Attorney in Massachusetts to pay the settlement and avoid civil and criminal charges.

The company will also enter a corporate integrity agreement with the Office of Inspector General of the Department of Health and Human Services. The agreement must still get final approval from the Justice Department.

Bristol-Myers spokesman Jeff McDonald said the probe covered "a number" of the company's products introduced before 2006, including the anti-psychotic treatment Abilify, as well as some drugs it no longer markets. The company expects the Justice Department review to take "a couple of months" before a decision is made, McDonald said.

Samantha Martin, a spokeswoman for the U.S. Attorney's Office in Massachusetts, would not comment on the settlement offer.

Attorneys general of several states and a number of counties in New York charged that Bristol-Myers and several other drug companies caused the reported average wholesale prices of their drugs to be inflated -- leading government programs and insurers to overpay since reimbursement rates were based on those lists. All the lawsuits were consolidated under the federal district court in Massachusetts.

The practice of using "average wholesale prices" for reimbursement rates has come under fire recently. First DataBank, a unit of Hearst Corp., collects data from drug wholesalers on how much they have paid drug companies for pharmaceuticals and average prices are published in a list that insurers and government agencies use to base reimbursement. However, critics claim that the system has been gamed by drugmakers, distributors and wholesalers for so long, the prices no longer reflect an accurate price.

In October, First DataBank offered a tentative settlement to the same Massachusetts court that called for it to eventually abandon the use of average wholesale prices, and lower its reported prices. Such moves could save health plans an estimated $4 billion in 2007.

Bristol-Myers products on the wholesale price list included the blood thinner Plavix -- its best-selling drug -- along with blood-pressure drug Avapro, cancer treatment Taxol, and the cholesterol-lowering drug Pravachol. The company booked sales of $19.21 billion in 2005.

As a result of the settlement, Bristol-Myers increased its reserves for the probe by $353 million to total $499 million. Separately, the company said it will take a charge of $220 million for debt restructuring in the fourth quarter.

With the charges, the company lowered its full-year 2006 estimate for earnings per share from continuing operations to a range of 72 cents to 77 cents, from a range of 97 cents to $1.02. The company reiterated its 2006 earnings outlook of $1.02 to $1.07 per share, excluding charges. Analysts surveyed by Thomson Financial expect earnings per share of $1.04.

The agreement is the latest in a series of deals cut with the government. In June 2005, Bristol-Myers settled federal charges for an accounting scandal that cost the company $800 million, and was placed under the observation of a federal monitor until 2007.

The same monitor recommended in September that the company fire Chief Executive Pete Dolan after a failed agreement to keep a lower-priced generic version of Plavix off the market attracted the interest of federal investigators. Dolan stepped down the next day. The agreement soured when state attorneys general refused to sign off on it.

Shares of Bristol-Myers rose 28 cents to $26.05 in late afternoon trading on the New York Stock Exchange.

Bristol's $499M Drug-pricing Settlement Among Biggest (USAT)

By Julie Schmit

USA Today, December 22, 2006

Drugmaker Bristol-Myers Squibb said Thursday that it would pay $499 million to settle federal investigations into its pricing, sales and marketing practices.

The tentative agreement is one of the biggest in recent years for drugmakers regarding drug marketing and pricing.

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It aims to settle investigations into Bristol's marketing of schizophrenia and bipolar disorder drug Abilify for conditions the drug was not approved to treat, says Bristol spokesman Jeff Macdonald.

It also covers some cases in which Bristol allegedly inflated drug prices so government programs for the poor and elderly paid more.

It would not negate other so-called average wholesale price cases launched against Bristol by several states and others, Bristol said.

No criminal charges would be filed against Bristol. The agreement is subject to approval by the U.S. Department of Justice and was struck with Justice and the U.S. Attorney for the District of Massachusetts. Their investigation covered more than five years through 2005. It included several other drugs that Bristol declined to name. The U.S. Attorney's office declined comment.

Doctors can prescribe drugs for whatever reason. But drugmakers cannot promote them to treat conditions unless the Food and Drug Administration approves them for that condition.

Numerous drugmakers are or have been under investigation for marketing. In August, Schering-Plough agreed to pay $435 million to settle federal civil and criminal charges that it illegally promoted several drugs and defrauded Medicaid.

Serono settled similar charges last year involving AIDS drug Serostim, as did Pfizer in 2004 involving pain and anti-seizure drug Neurontin.

Settling the investigation would remove one cloud of uncertainty over Bristol, says Moody's Investors Service pharmaceutical analyst Michael Levesque. Bristol shares closed up 1% Thursday at $26.05. Bristol expects 2006 earnings to range from 72 cents a share to 77 cents a share, down from its prior outlook of 97 cents to $1.02 a share. Excluding one-time items, it still expects earnings of $1.02 to $1.07 a share.

Bristol still faces a federal investigation into a failed patent settlement for blood-clot drug Plavix, its biggest-selling drug. In September, it ousted CEO Peter Dolan for mishandling Plavix and has an interim CEO. This agreement would require Bristol to enter into a corporate integrity agreement with the U.S. Department of Health and Human Services.

Bristol-Myers Settles Probes Into Pricing For $499 Million (WSJ)

By Mike Barris And Angela Moore

The Wall Street Journal, December 22, 2006

Bristol-Myers Squibb Co. said it reached a preliminary agreement with the Justice Department and the U.S. attorney for the district of Massachusetts to settle years-old investigations into its drug pricing, sales and marketing practices.

The New York drug company will pay $499 million and enter a corporate-integrity agreement with the Department of Health and Human Services. There will be no criminal charges against it under the agreement, which must still get final approval from the Justice Department. (See Bristol-Myers statement1.)

Attorneys general of several states and a number of counties in New York charged that Bristol-Myers inflated the average wholesale prices of its drugs, which are used by government programs and insurers for reimbursement purposes. All suits were consolidated under the federal district court in Massachusetts.

Bristol-Myers said it will increase the reserves set aside to cover the cost of the probes by $353 million, to be recorded in the fourth quarter. Separately, the company will take a fourth-quarter charge of $220 million for debt restructuring.

The company now expects 2006 earnings of 72 cents to 77 cents a share, down from an outlook of 97 cents to $1.02. Excluding special items, Bristol-Myers still expects profit of $1.02 to $1.07 a share.

Bristol-Myers shares were up 28 cents, or 1%, to $26.05, in 4 p.m. composite trading on the New York Stock Exchange.

In August, rival Schering-Plough Corp. agreed to pay $435 million and a unit pleaded guilty to criminal charges to settle federal allegations of fraudulent drug marketing and pricing, one of the largest settlements in a crackdown that has forced big drug makers to return billions of dollars the U.S. government says were illegally extracted from the Medicare and Medicaid programs.

In its release, Bristol-Myers didn't elaborate on the investigations.

In July 2003, Bristol-Myers started an internal review into whether its sales violated U.S. antikickback laws and drug-pricing rules. That move came just as executives were saying the company had turned the corner after an accounting scandal.

Bristol-Myers Agrees To Settle U.S. Investigation (Update6) (BLOOM)

By Lisa Rapaport

Bloomberg, December 22, 2006

Dec. 21 (Bloomberg) -- Bristol-Myers Squibb Co. agreed to pay $499 million to settle U.S. allegations it overcharged the government for drugs and promoted medicines for unapproved uses. The company lowered its 2006 earnings forecast 26 percent.

DOJ_NMG_0108584

The settlement resolves federal charges the company inflated the average wholesale price of some drugs, Bristol-Myers said in a statement today. Setting aside funds for the settlement will reduce 2006 profit from continuing operations to 72 to 77 cents a share from 97 cents to $1.02.

U.S. investigators in Massachusetts also were examining promotion of the Abilify schizophrenia drug and ``other current and divested products'' for unapproved, or off-label, uses, said Bristol-Myers spokesman Jeffrey MacDonald in a telephone interview today. The company last year settled a previous probe involving allegations it boosted sales by encouraging distributors to buy more medicine than they could sell.

The latest agreement ``removes an overhang, but the lack of information makes it difficult for Wall Street to react,'' said Les Funtleyder, an analyst for Miller Tabak & Co. in New York, in a telephone interview today. ``The laws around average wholesale pricing are convoluted. It's easy to run afoul of the rules. I don't think Wall Street takes this too seriously.''

Shares of Bristol-Myers rose 28 cents, or 1.1 percent, to $26.05 at 4:01 p.m. in New York Stock Exchange composite trading. The stock has risen 15 percent in the last 12 months.

Reimbursement Rates

The case stems from the government practice of using average wholesale prices, as reported by the drugmakers, to set reimbursement rates for medicines used by federal health programs, including Medicare and Medicaid. State attorneys and consumer groups claimed the companies used the formula to artificially inflate drug prices.

GlaxoSmithKline Plc, Europe's biggest drugmaker, agreed in August to pay about $70 million to settle claims it overcharged U.S. government health programs by exploiting the formula.

The drugmaker also said today that it boosted its reserves for the latest settlement by $353 million and said it would record an estimated pretax charge of $220 million for previously disclosed debt restructuring. McDonald wouldn't identify the other therapies being probed by regulators.

No criminal charges will be filed as a result of today's preliminary settlement, the company said. The agreement still must be approved by the Justice Department, the statement said.

Samantha Martin, spokeswoman for the U.S. Attorney in Massachusetts, declined to comment in a telephone interview today.

Private Suit

Bristol-Myers has not yet resolved a private class action suit involving drug prices, MacDonald said. The private case involves pricing of 20 drugs, according to a regulatory filing. MacDonald declined to comment on which drugs were involved.

Separately, Bristol-Myers and other drugmakers have been sued by Attorneys General of several states over pricing practices, according to a regulatory filing. Investigations by the U.S. Attorneys' Offices for the Eastern District of Pennsylvania and the Northern District of Texas are also continuing.

As part of last year's agreement, the company removed Chief Executive Officer Peter Dolan as chairman, paid $300 million to the government and allowed former U.S. District Judge Frederick Lacey to monitor its transactions. In September, the company fired Dolan as CEO on Lacey's urging as a result of an agreement Dolan made to delay competition on the Plavix heart pill.

Strong Medicine (TTNJ)

By George E. Jordan, Times Staff

Trenton Times, December 22, 2006

Bristol-Myers Squibb's penalty bill has surpassed $1 billion.

The New York drugmaker yesterday announced a proposed $499 million settlement of a criminal investigation in Massachusetts of price-fixing and off-label promotion of a schizophrenia drug. The agreement, which must be approved by federal prosecutors, adds to the company's payouts during the past two years to settle criminal investigations and lawsuits involving patent disputes, pricing practices and drug-safety issues.

The latest probe covered a number of the company's products introduced before 2006, including the anti-psychotic treatment Abilify, as well as some drugs it no longer markets, said Jeff MacDonald, a Bristol spokesman. The company expects the Justice Department review to take "a couple of months" before a decision is made, he said.

The penalty will hurt the company's bottom line. For the second time this year, Bristol lowered its 2006 earnings forecast to between 72 cents and 77 cents a share. Previously, it expected 97 cents to $1.02. The company left unchanged its 2007 earnings forecast for a net profit of between $1.02 and $1.07 a share.

Wall Street yawned. After dropping in morning trading, Bristol's shares rallied to close up 1 percent.

"This is nothing unexpected," MacDonald said, adding the settlement was mentioned in Bristol's financial disclosures earlier this year. "Hopefully, this is not something totally out of left field."

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Samantha Martin, spokeswoman for the U.S. Attorney in Massachusetts, declined to comment.

Bristol -- with 6,000 workers in New Brunswick and Princeton -- remains under criminal investigation by the U.S. Attorney's Office in Newark for a botched deal with Apotex, a Canadian drugmaker that flooded the U.S. market with copycat versions of the blood thinner Plavix, Bristol's top-selling drug.

After generic Plavix cut into Bristol's revenue, the company fired former Chief Executive Peter Dolan, who was one of the youngest Fortune 500 chieftains, and lowered its 2006 earnings guidance. Bristol is searching for Dolan's successor.

The proposed settlement announced yesterday comes a year after Bristol signed a deferred prosecution agreement with the U.S. Attorney in Newark to avoid criminal prosecution for "pipe-stuffing," a scheme that boosted Bristol's sales in 1999 through 2001 by encouraging distributors to buy more medicine than they could sell. Under the agreement, Bristol reimbursed shareholders $300 million and former U.S. District Judge Frederick Lacey was appointed to monitor Bristol's finances.

In total, Bristol paid $842 million in fines and settlements related to the accounting scandal -- an amount federal prosecutors have said equals the losses suffered by stockholders in the four days after Bristol's 2002 earning restatement.

MacDonald said yesterday's proposed settlement also covers an investigation into alleged overbilling of Medicare and Medicaid by Bristol. The U.S. Justice Department has been investigating several drugmakers for alleged manipulation of the average wholesale price, a system that uses prices as reported by the drugmakers to set reimbursement rates for medicines.

GlaxoSmithKline, Europe's biggest drugmaker, agreed in August to pay about $70 million to settle claims it overcharged U.S. federal health programs.

MacDonald said the company hasn't resolved a private class action lawsuit that alleges the company used the average price formula to inflate prices.

Bristol said it lowered its 2006 earnings to boost its reserves by $353 million to pay the settlement and an estimated pretax charge of $220 million for previously disclosed debt restructuring unrelated to the settlement.

George E. Jordan may be reached at gjordan@starledger.com or (973) 392-1801.

Deutsche Bank Settles Some Cases (WSJ/AP)

By Associated Press

Wall Street Journal, December 22, 2006

Deutsche Bank AG agreed to pay $208 million to end state and federal investigations into the timing of trading in mutual-fund accounts that could benefit insiders and hurt other investors.

The settlement is the 21st by New York Attorney General Eliot Spitzer in his mutual-funds investigation over the past three years.

Mr. Spitzer had accused the German bank's asset-management division of allowing excessive market timing in its mutual funds. He also accused its broker-dealer division of assisting in what he called deceptive market timing and allowing a form of late trading by one client.

In one scheme, Mr. Spitzer claimed that a favored trader would make a trade before the 4 p.m. close of the U.S. market, but the trade would then be rejected by a fund company. A senior Deutsche Bank broker then would contact the trader and permit him or her to substitute a different trade, sometimes as late as 5 p.m. That would allow the trader to benefit from changes in the market or news not available to most traders.

Deutsche Bank didn't admit or deny the allegations as part of the settlement.

The company said all the alleged improper arrangements originated in subsidiaries before they became part of Deutsche Bank and that those were stopped before Mr. Spitzer and the Securities and Exchange Commission acted. No current employees approved of the arrangements, the company said.

The deal calls for $102 million in restitution to investors and $20 million in civil penalties. Deutsche Bank must reduce fees by $86 million to investors over five years. It agreed to several overhauls, including disclosing to investors expenses and fees and ensuring independent officials monitor operations to avoid conflicts of interest that could hurt investors.

SEC Charges Former Tyco Officials With Fraud (WSJ)

By William M. Bulkeley

Wall Street Journal, December 22, 2006

The Securities and Exchange Commission charged three former Tyco International Ltd. financial executives with securities-law violations for "structuring sham transactions" and "manipulating reserves" to boost reported income and cash flow by well over $700 million from 1997 to 2002.

DOJ_NMG_0108586

Tyco, a conglomerate whose nominal headquarters is now in Bermuda, became a stock market darling in the 1990s, revered for its predictable growth fueled by aggressive acquisitions. However, its stock price started tumbling in 2002 after questions were raised about accounting practices.

Last year, Tyco's former chief executive, L. Dennis Kozlowski was convicted of looting the company. He and former chief financial officer Mark H. Swartz are serving prison sentences in New York state. Both are appealing their convictions.

The SEC's civil charges name two lower-level officials who reported to Mr. Kozlowski or Mr. Swartz. Richard D. Power, now 58, held a series of financial positions in a 20-year career at Tyco, including chief financial officer and vice president-special projects. Edward Federman, 53, was controller of Tyco and later chief financial officer of Tyco Electronics, a big division. The SEC is seeking disgorgement of unspecified gains and fines.

Daniel J. Horwitz, of Dickstein Shapiro who represents Mr. Power, said: "Mr. Power is a person of integrity and we intend to fight these allegations vigorously." Lawyers for the other two men didn't return phone calls. The men didn't return calls.

A third former official, Richard "Skip" Heger, was accused of separate securities violations. He agreed to pay $450,000 to settle with the SEC, without admitting or denying wrongdoing. Mr. Heger had served as vice president for finance of Tyco's fire and security services division until 2002.

According to the SEC, Mr. Power developed an accounting scheme for security-alarm monitoring contracts to boost earnings after Tyco acquired ADT Ltd., a security monitoring company, in 1997. Under the scheme, Tyco added a $200 "growth bonus" to the $800 fee that ADT had been paying dealers for each contract. But it also demanded the dealers pay Tyco a new $200 "dealer connection fee." The SEC said "the sham transaction had no economic substance." But Tyco treated the fee as additional income that it recognized immediately, and it treated the "growth bonus" as a capital expenditure that was amortized over 10 years.

The SEC said that Messrs. Federman and Power also engaged in "abusive acquisition accounting" from 1996 through 2002.

Fidelity Imposes Penalty On Itself After Gifts Probe (WSJ)

By Jennifer Levitz And William M. Bulkeley

Wall Street Journal, December 22, 2006

BOSTON -- Fidelity Investments said it will pay $42 million to some of its mutual funds as redress for lavish gifts and entertainment some of its equity traders accepted from brokers between 2002 and 2004.

The payments were recommended by several of Fidelity's independent trustees who conducted an internal probe of the matter. They included departed member Robert M. Gates, the new Defense Secretary.

The trustees concluded "it was not possible to prove" statistically that shareholders were harmed, according to the report. But they recommended Fidelity pay the penalty, saying the company inadequately supervised the traders.

In a rare public statement, Edward C. Johnson III, chairman of Fidelity, posted a letter on Fidelity's Web site, personally offering his apology for "this improper behavior" and saying that "there is no question that the Funds were put at potential risk."

"Therefore, I have agreed that Fidelity should pay a penalty set by the Trustees for this misbehavior and the company's failure to stop it," he wrote.

The independent trustees of Fidelity funds launched an investigation in July 2005. Fidelity has disciplined -- including, in some cases, firing -- more than 20 employees on its trading desk and has adopted new policies on gifts. The company so far has not been subject to any regulatory action, unlike the brokers involved, although it remains under investigation by the SEC.

The New York-based brokerage firm Jefferies Group Inc. two weeks ago agreed to pay more than $10 million to the National Association of Securities Dealers and the Securities and Exchange Commission to settle allegations that a former top employee wooed Fidelity traders with expensive wine and private-jet travel to win mutual-fund trading business.

In its settlement with Jefferies, the SEC noted that its business with Fidelity soared during the time gifts were being doled out. Mutual funds are supposed to send stock trades to whichever firms offer the best price.

Shareholders won't receive a check or a direct payment. The money Fidelity will pay to each mutual fund will become part of the fund's total assets and will "be put to work by the fund by investing in securities," said Fidelity spokeswoman Anne Crowley.

She said Fidelity also plans to make a redress payment to its pension funds and other institutional shareholders.

Sony BMG To Pay $4.25 Million In Settlement With 39 States (AP)

By Alex Veiga, AP Business Writer

AP, December 22, 2006

DOJ_NMG_0108587

(AP) - LOS ANGELES-Sony BMG Music Entertainment will pay $4.25 million (â,¬3.23 million) as part of a settlement with 39 states to resolve investigations into problems caused by music CDs loaded with hidden anti-piracy software.

Under terms of Thursday's agreement, which also applies to the District of Columbia, the record company will reimburse consumers whose computers were damaged while trying to uninstall the anti-piracy software.

Sony BMG also said it will no longer distribute any compact discs loaded with copy-protection software that hinders computer users from easily locating it or removing it from their PCs.

The office of Massachusetts Attorney General Tom Reilly took the lead in brokering the multistate agreement, which was expected to be filed Thursday in Suffolk County Superior Court in Boston.

"If companies want to use technology to protect their interests, they need to be up front with consumers, and give consumers the opportunity to make informed choices about buying and using these products," Reilly said in a prepared statement.

Thirteen states that started the settlement process with Sony BMG will each receive $316,538 (â,¬240,202), while the rest will get $5,000 (â,¬3,794), Reilly's office said.

New York-based Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG, said it was pleased to reach the agreement.

It covers CDs loaded with one of two types of copy-protection software - MediaMax or XCP. The record label began including MediaMax on some of its discs in August 2003 and introduced XCP in January 2005.

Last year, the record company shipped more than 12 million compact discs on 52 Sony BMG titles, each loaded with one of the two programs. About 4 million CDs with the MediaMax software and about 3 million CDs loaded with the XCP software were sold.

Both programs restricted the number of copies of a disc that a user could make, but the programs caused problems for some users when they played the CDs on their computers.

The XCP software concealed itself to thwart computer users from finding it and attempting to delete it. It also ended up opening a potential security hole on PCs running on Microsoft Corp.'s Windows Operating System, making them vulnerable to viruses or other threats.

Some who used certain antispyware software to remove the programs ended up with a glitch that disabled their CD-ROM drives.

As word spread on the Internet in late 2005 that the CDs carried hidden software, some suggested the company was using the technology to spy on consumers.

Sony BMG maintained it did not use the software to collect personal data about consumers without their consent - an assertion backed up by an outside company commissioned by the company to audit its use of the copy-protection software.

Sony BMG ultimately recalled the discs with XCP in November 2005 and released a way to remove the files from users' computers. It also released a software patch to fix a potential security hole from the MediaMax 5.0 program.

Customers will be able to file a claim with Sony BMG to receive refunds of up to $175 (â,¬133), but claims must include a description of how their computer was harmed and documentation of repair expenses.

The refund policy will also apply to states that were not a party to the settlement.

The latest settlement closes out the states' investigations into the problem.

On Tuesday, Sony BMG reached a separate settlement with California and Texas, agreeing to pay $1.5 million (â,¬1.14 million) to the states and reimburse consumers for PC damage. The company earlier settled a class-action case over the episode.

In addition to Massachusetts, the states that were a party to Thursday's settlement are: Alabama, Alaska, Arizona, Arkansas, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Michigan, Mississippi, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

Judge Asked To Unseal Documents In Newspaper Antitrust Case (AP)

By Terence Chea

AP, December 22, 2006

A media advocacy group and an alternative weekly newspaper asked a federal judge Thursday to unseal key documents in an antitrust case involving MediaNews Group Inc. and the San Francisco Chronicle.

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The Oakland-based Media Alliance and the San Francisco Bay Guardian filed a motion with U.S. District Judge Susan Illston to make public court records in a lawsuit that challenges a business partnership between MediaNews and the Hearst Corp, the Chronicle's publisher.

After the antitrust lawsuit was filed in July, Hearst and MediaNews asked the judge to seal certain documents containing business information they considered confidential.

In the motion filed Thursday, Media Alliance and the Bay Guardian argued that the public's First Amendment right to access the court filings outweighed the defendants' interest in keeping them confidential.

"These are the nation's biggest newspaper chains, and they're moving to destroy daily competition in the Bay Area and impose regional monopoly," said Bruce Brugmann, the Bay Guardian's editor and publisher. "They should not be able to do it in the middle of the night with sealed documents."

Hearst officials were reviewing the motion and could not comment Thursday, said spokesman Paul Luthringer. Representatives at MediaNews did not immediately respond to a request for comment.

New York-based Hearst has invested $300 million in a complex deal that gives Denver-based MediaNews three more Bay Area newspapers - on top of the seven it already owns. Hearst's investment helped finance MediaNews' purchase of the Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year.

San Francisco businessman Clint Reilly filed the federal antitrust lawsuit to block the deal, claiming it would limit competition for readers and advertising in the Bay Area newspaper market.

The newspaper companies maintain the arrangement is not anticompetitive because readers and advertisers have other media venues such as the Internet.

On Tuesday, Judge Illston barred Bay Area newspapers owned by MediaNews and Hearst from consolidating some of their business operations until the lawsuit is resolved.

When she issued a temporary restraining order against the alliance in November, Illston said she had been under the impression that Hearst's investment was solely an equity stake, but an April 26 memo had surfaced suggesting it actually was a bid to merge some of their business operations.

The case is expected to go to trial next spring.

The case is Reilly v. MediaNews Group, 06-4332.

Business Interests Challenge Oversight (WP)

By Kathleen Day

Washington Post, December 22, 2006

A business group argued in U.S. District Court yesterday that a panel created by Congress to police the accounting industry lacks sufficient oversight by the White House.

The five-member Public Company Accounting Oversight Board acts as a federal regulator, deciding whether accounting firms are fit to audit the books of publicly traded companies, without having been appointed by the president and confirmed by the Senate as the Constitution requires, the plaintiffs argued.

Lawyers for the accounting board, created in 2002 under the Sarbanes-Oxley Act, and the Justice Department argued that the board is legal because it is supervised by the Securities and Exchange Commission, a federal agency whose members are appointed by the president and confirmed by the Senate. SEC Chairman Christopher Cox has said the agency supports the Justice Department's position.

The legal battle is part of an attempt by business groups to roll back Sarbanes-Oxley, which Congress passed in response to widespread corporate frauds such as those at Enron and WorldCom.

At the heart of those frauds were financial statements that presented an inaccurate picture of each company's health to investors and employees, who lost tens of billions of dollars after the problems were made public and the companies' stock prices plummeted. In some cases, stock became worthless.

Among the investor protections created under Sarbanes-Oxley was a board to oversee the accounting industry. The idea was that the board would help to ensure that audits of companies are accurate and not just rubber stamps without meaning.

Lawyers attacking the legality of the accounting oversight board represent Beckstead & Watts, an accounting firm under investigation by the board, and the Free Enterprise Fund, a nonprofit group that advocates "limited government" and whose chairman, Mallory Factor, is a major Republican fundraiser.

Attorney Michael A. Carvin, who presented the oral argument against the accounting board, argued before the Florida Supreme Court on behalf of George W. Bush in the dispute over recounting votes in the 2000 presidential election. Co-counsel Kenneth W. Starr was independent counsel in the Whitewater investigation of President Bill Clinton.

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Carvin said the SEC can "veto" the board's rules and "stop them from doing bad things." But, he said, "that's not supervision."

Jeffrey A. Lamken, a lawyer hired by the accounting board, said Congress gave the SEC "broad" authority to supervise the board, including the power to take away its authority in any investigation.

U.S. District Judge James Robertson said he would decide the case as soon as possible.

The case pits people who supported President Bush's reelection against the White House policy of supporting the accounting board. And it puts the board in a difficult situation: The panel privately has chafed at SEC oversight but must now publicly argue that it is that oversight that makes it beholden to the president, and therefore legal.

This week the board, under pressure from the SEC, proposed a relaxed set of rules to implement another section of Sarbanes-Oxley, which requires companies to document, and an outside auditor to confirm, that adequate internal controls are in place to ensure that financial statements filed with the SEC are accurate.

CRIMINAL LAW:

Teen Drug Use Down, U-M Study Shows (DET)

By Gordon Trowbridge

Detroit News, December 22, 2006

WASHINGTON -- Drug use among American youths continued to decline in the past year, according to a federally funded study by the University of Michigan, a trend Bush administration officials said ratified their anti-drug efforts.

"This is not a natural waxing and waning of social forces," said John Walters, the Bush administration drug czar. He attributed sharp declines since the start of the decade to anti-drug advertising campaigns and other government programs.

U-M's Monitoring the Future survey, in its 32nd year, found small drops in drug use, at any point or in the last 12 months, among the more than 48,000 eighth, 10th and 12th graders surveyed. Most of the decline came in use of marijuana, the most commonly used illegal drug. The number of 12th graders reporting use of marijuana in the last year, for example, declined from 38.4 percent in 2005 to 36.5 percent this year.

Most other drugs showed small declines, but generally the drops were not statistically significant.

Walters and Attorney General Alberto Gonzales pointed to figures showing that overall drug use had declined about 23 percent since 2001 as an endorsement of the administration's policies. Walters said anti-drug programs and advertising campaigns designed to make drug use less socially acceptable among young people can have a powerful effect.

"We have not always delivered that message consistently," he said, saying that the government "took our eye off the ball" in the late 1990s and allowed drug use to increase.

Lloyd Johnston, the U-M researcher, said there were a number of cautionary notes in the survey. Abuse of prescription drugs, especially painkillers such as Vicodin and Oxycontin, is high and in some cases rising; Vicodin has become the second most abused drug among 12th graders, with about 10 percent of those in the survey saying they had abused it in the last year.

Also, after falling by more than 50 percent in the last decade, the declines have stopped in smoking, especially among younger students.

Illegal Drug Use By Teenagers Is On Decline, U.S. Study Finds (NYT)

By Micah Cohen

New York Times, December 22, 2006

WASHINGTON, Dec. 21 — The percentage of teenagers using illegal drugs continued a decade-long decline in 2006, but the illicit use of prescription drugs remains worrying, according to a survey released Thursday by the National Institute on Drug Abuse.

“I think we’re seeing a generation that has gotten wiser about drugs,” said Lloyd D. Johnston, the survey’s principal investigator. But more attention, Dr. Johnston said, should be paid to prescription drug abuse.

The survey showed a decline of 23 percent since 2001 in the percentage of students who said they had used “any illicit drug” in the month before taking the survey, with 14.9 percent saying they had used such drugs.

The 32nd annual report was based on a survey of almost 50,000 students in the 8th, 10th, and 12th grades in more than 400 public and private schools nationwide. The survey was financed by the National Institute on Drug Abuse, and carried out by the University of Michigan.

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A question was added to the survey in 2002, asking students specifically about the recreational use of Vicodin and OxyContin, both narcotic drugs prescribed to treat pain. Since then, nonmedical use of those drugs has increased slightly, although abuse of OxyContin by eighth graders doubled to 2.6 percent in 2006, from 1.3 percent in 2002.

"We're not changing the rate that prescription medications are being taken by young people," Attorney General Alberto R. Gonzales said.

This 2006 survey asked for the first time whether the students used over-the-counter cough medicine.

John P. Walters, director of the White House Office of National Drug Control Policy, said the response was alarming, with 4.2 percent of 8th graders, 5.3 percent of 10th graders and 6.9 percent of 12th graders saying they used nonprescription cough medicine recreationally.

Because most drug abuse is declining among teenagers, and prescription drug abuse has remained stable, "prescription drug abuse represents a larger part of the total problem," said Dr. Johnston, who is program director at the Institute for Social Research at the University of Michigan.

Mr. Walters said, "Based on the trends we've seen with prescription drug abuse among teens, and corroborated by the results from this report, it's clear we need to start developing messages for young people about the dangers of misusing prescription drugs."

In 1998, three years before Mr. Walters became director, the drug control policy office began the National Youth Anti-Drug Media Campaign — an effort to use multimedia messages to persuade adolescents to stay drug free. That campaign has not produced an advertisement warning about prescription drug abuse.

The survey released Thursday also suggested that the continuous decline in daily smoking of cigarettes by 8th and 10th graders had ended, although the rate, which peaked in the mid-1990's, did not increase.

"I hate to see that improvement stop, as it seems to be doing," Dr. Johnston said.

Teens Getting High On Medicine As Abuse Of Illegal Drugs Falls (BLOOM)

By Robert Schmidt

Bloomberg, December 22, 2006

Dec. 21 (Bloomberg) -- Use of illegal drugs by teenagers fell slightly over the past year as adolescents took prescription drugs and over-the-counter cough medicines to get high, a U.S. government-funded study showed.

The survey found increasing adolescent use of prescription drugs such as OxyContin and Vicodin. The annual look at drug use by students in eighth, 10th and 12th grades also showed that teenagers are abusing cough and cold medicine at a rate that U.S. officials said is a cause for concern.

``Youth may think these drugs are safer or safe because they are talked about as medicines," said John Walters, director of the White House Office of National Drug Control Policy, at a news conference in Washington. He urged parents to ``go to your medicine cabinet and take unused or those prescription drugs you are finished using and throw them away."

Walters and U.S. Attorney General Alberto Gonzales said the results of the study, sponsored by the National Institute of Drug Abuse and conducted by the University of Michigan, were mainly positive and continued to show a drop in drug abuse.

Youth drug use in 2006 is 23.2 percent lower than it was in 2001, Walters said. Use of marijuana, the most popular illegal drug, fell 25 percent over the five-year period, while cigarette smoking dropped by 29 percent and drinking alcohol fell by 13 percent, he said.

The results ``are very, very encouraging to all of us in government," said Gonzales.

Slight Decline

The number of students who reported taking illegal drugs during the past 12 months declined slightly from 2005. Fifteen percent of eighth graders, 29 percent of 10th graders and 37 percent of 12th graders had used illicit drugs, the study said. The reduction from the previous year was less than 1 percent for eighth graders, 1 percent for 10th graders and 1.9 percent for those in 12th grade.

Use of marijuana showed a decline, though researchers said the small decrease for eighth grade students -- 0.5 percent from 2005 -- may mean the five-year drop is ending. Use of methamphetamines fell significantly among 10th graders, though not in the other two grades, the study found.

A number of drugs, including LSD, powder cocaine, heroin and other narcotics, tranquilizers and sedatives, showed no change in use this year, according to researchers. Ecstasy was one of the few drugs that more students reported taking, with its use by 12th graders rising 1.1 percent from last year.

At Some Point in Life

Overall, 21 percent of eighth graders, 36 percent of 10th graders and 28 percent of 12th graders said they had taken an illegal drug at some point in their life, the study found.

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Of prescription drugs, the use of Vicodin, a narcotic painkiller, rose among all three grade levels. Abuse of OxyContin, also a painkiller, increased by eighth and 10th graders.

This year's study for the first time included a question on cough and cold medicines. Those that are taken recreationally contain dextromethorphan, which in high doses can cause alterations of mood and consciousness. On the street the drug is known as DXM, Dex or skittles.

Four percent of eighth graders, 5 percent of 10th graders and 7 percent of 12th grade students reported using cough medicines to get high during the prior year, the study said.

The survey showed that 6 percent of eighth graders, 19 percent of 10th graders and 30 percent of 12th graders reported being drunk at least once in the prior month.

Daily cigarette smoking by teens has stopped declining after a decade of improvement, according to the study. Still, since the peak in the mid-1990s, daily smoking has fallen by 50 percent among 12th graders and more than 50 percent of eighth and 10th graders, researchers said.

The survey, which has been conducted since 1975, measures drug, alcohol and cigarette use by adolescent students across the U.S. This year, 48,460 students in eighth, 10th and 12th grades from 410 public and private schools participated.

Illegal Drug Use Among Teenagers Continues To Fall (WP)

By Christopher Lee

Washington Post, December 22, 2006

Federal officials are concerned that teenagers are abusing prescription medications and over-the-counter cold remedies even as their use of illegal drugs has generally declined over the past five years, according to a government survey released yesterday.

Illegal drug use by teenagers has fallen 23 percent since 2001, but their use of prescription narcotics, tranquilizers and other medicines remains "relatively high," government investigators said.

For the first time researchers asked whether teenagers were using nonprescription cough or cold medicines to get high and found reason for concern. Over-the-counter medicines often contain the cough suppressant dextromethorphan, which alters mood and consciousness when consumed in high doses and can cause brain damage or even death, officials said.

About 1 in 14 12th-graders, or 7 percent, said they had taken such medicines to get high in the past year. Among eighth-graders, the figure was 1 in 25, or about 4 percent.

"This is now an area of drug abuse that we need to pay more attention to," said Lloyd D. Johnston, the University of Michigan researcher who led the annual "Monitoring the Future" survey, now in its 32nd year. "My guess is that young people do not understand the dangers of abusing these drugs."

The annual government-funded survey reached 48,460 students in the eighth, 10th and 12th grades in 410 public and private schools nationwide.

Prescription-drug abuse remained a persistent problem, officials said. After rising steadily since 2002, the percentage of 12th-graders who said they had used the highly addictive painkiller OxyContin in the past year fell from 5.5 percent to 4.3 percent, about the same level as four years ago. Use of Vicodin, another popular narcotic, more or less has held steady since 2002, with 10 percent of 12th-graders, 7 percent of 10th-graders and 3 percent of eighth-graders saying they had used it to get high within the past year.

"If there is one thing that every adult can do today to help protect young people against prescription drugs, it is go to your medicine cabinet, take those prescription drugs you are finished using and throw them away," said John P. Walters, director of the Office of National Drug Control Policy. "If you have teens in your house, remove this hazard today."

Overall, the survey shows a continued long-term decline in teenagers' use of alcohol and illicit drugs such as marijuana, the most widely used illicit substance. The reduction occurred while federal funding for anti-drug advertising fell annually, from $185 million when President Bush took office in 2001 to $100 million in 2006. However, the past year's declines in drug and alcohol use were "relatively small," the report said.

"In many ways, this was a year of modest changes, but nearly all of it in the right direction," Johnston said.

For instance, about 32 percent of high school seniors and 25 percent of 10th-graders said they had used marijuana in the past year, down from 34 percent and 27 percent, respectively, in 2005. Among eighth-graders the figure held steady at about 12 percent. In 2000, the comparable figures were 37 percent for seniors, 32 percent for sophomores and 16 percent for eighth-graders.

In 2006, about 30 percent of 12th-graders said they had been drunk in the month before taking the survey, the same as in 2005. That compared with about 32 percent in 2000 and 31 percent in 1996.

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Cocaine use dipped slightly among eighth- and 10th-graders in 2006, with 2 percent and 3 percent, respectively, saying they had used the drug in the past year. But it rose slightly among 12th-graders, to 6 percent from 5 percent. In 2000, by comparison, 5 percent of seniors reported using the drug in the past year, as did 4 percent of sophomores and 3 percent of eighth-graders.

Critics noted that teenagers' use of marijuana, cocaine and other illicit drugs remains higher today than it was 15 years ago. In 2006, 37 percent of high school seniors said they had used an illicit drug in the past year. In 1991, 29 percent said so.

"This isn't progress," said Bruce Mirken, a spokesman for the Marijuana Policy Project, an advocacy group that wants marijuana to be regulated and taxed the way alcohol is. "The truth is that our policies don't work."

Walters warned that favorable trends could turn around.

"We've had in the past a tendency to take our eye off the ball," he said. "We want to continue this decline, and that requires us to stay at it. If we fail to send anti-drug messages across multiple contexts with young people -- especially given the contrary drumbeat that still appears in popular culture and on the Internet -- we risk losing our progress."

Teen Drug Use Drops, With Exceptions (USAT)

By Donna Leinwand

USA Today, December 22, 2006

WASHINGTON — Abuse of the painkiller OxyContin by younger teens hit record levels in 2006, a national survey says.

While most other teen drug and alcohol use continued a decade-long decline, teen abuse of pharmaceuticals, including prescription narcotics, barely budged, the survey says.

The annual survey of 50,000 high school and middle school students, released Thursday, was conducted by the University of Michigan for the National Institute on Drug Abuse.

Among high school seniors, the percentage reporting that they had used prescription narcotics, including OxyContin and Vicodin, in the past year declined from 9.5% in 2004, the peak year, to 9% in 2006, the survey found. Among younger teens, OxyContin use rose this year: 2.6% of eighth-graders and 3.8% of 10th-graders reported having used the drug, up from 1.8% and 3.2% in 2005.

For the first time, the survey asked teenagers whether they used over-the-counter cough or cold medicine to get high. One in 25 eighth-graders and one in 14 seniors said they had abused the medicines in the past year.

"Clearly, prescription drugs have become more a part of the problem," says the study's principal investigator, Lloyd Johnson.

High school seniors saw the largest drop in overall drug use. The percentage reporting any illicit drug use was 36.5% in 2006, compared with 38.4% in 2005.

Regular marijuana use among teens declined for the fifth year in a row. Among seniors, 31.5% said they had used the drug in the previous year, compared with 33.6% in 2005 and 37% in 2001.

"It's great to have one-quarter fewer kids using drugs than there were in 2001," said John Walters, director of the White House Office of National Drug Control Policy. His office will design an ad campaign targeting abuse of prescription drugs, he said.

Other drugs showing a decline include methamphetamine and crack cocaine. The use of LSD, inhalants, cocaine, crystal meth, heroin, narcotics other than heroin, tranquilizers and sedatives remained stable.

Researchers say they have new concerns about Ecstasy, inhalants and prescription drugs.

The survey noted a slight increase in inhalant and Ecstasy use among seniors and a continuing decline in the percentage of students who consider these drugs dangerous, Johnston said. "It's a little disturbing, and we wouldn't want to see a rebound," he said.

Older students showed the sharpest drops in drug use, which reflects declines in previous years among eighth- and 10th-graders who have carried their lower drug use with them as they age, Johnston said.

The survey shows that federal policies have little effect on drug use in the USA, says Rob Kampia, executive director of the Marijuana Policy Project, a Washington, D.C.-based organization that wants to legalize marijuana.

"Our suggestion is to face the facts, to acknowledge that this war on marijuana users has failed to prevent teenagers from using marijuana," Kampia says. "The federal government hasn't had a new idea in 30 years. … What we've been doing for decades isn't working."

Teens' Use Of Illegal Drugs Drops (WT)

By Joyce Howard Price And Brittney Pescatore

Washington Times, December 22, 2006

DOJ_NMG_0108593

Teenagers' use of illegal drugs has declined significantly in the past five years, a new government study shows, although the study found a slight increase in teens abusing prescription painkillers and other legally available substances.

Comparing data from 2001 and 2006, the federal study found the number of teens who reported using marijuana within the past 30 days fell 25 percent, while past 30-day use of methamphetamine plunged 50 percent during the same five-year period.

Teen use of cigarettes, alcohol, steroids, cocaine, heroin and LSD were also down, in some cases dramatically, the report from the National Institute on Drug Abuse (NIDA) found. Underage drinking is down more than a third since it peaked a decade ago. Past-month teen smoking is at an all-time low, with the biggest declines among 12th-graders.

The 32nd annual NIDA "Monitoring the Future" survey, conducted by the University of Michigan, found that 840,000 fewer adolescents used illicit drugs in 2006 than in 2001. The 23-percent decline in past 30-day usage nearly reached President Bush's goal of reducing teens' illicit-drug use by 25 percent during that time period.

However, officials said they were concerned by other findings in this year's report -- based on a survey of nearly 50,000 eighth-, 10th- and 12th-graders from 410 public and private schools -- which marked the first time "Monitoring the Future" examined the frequency of teens using over-the-counter (OTC) cough-and-cold medicines to get high.

Dr. Elias A. Zerhouni, director of the National Institutes of Health, of which NIDA is a part, said the report showed that 4.2 percent of eighth-graders, 5.3 percent of 10th-graders and 6.9 percent of 12th-graders reported such misuse of nonprescription cough-and-cold medicines containing dextromethorphan (DXM), a cough suppressant, during the past 12 months. DXM -- known by the slang term "dex" or "skittles" -- is generally safe when taken at recommended levels. But it can cause harmful side effects, such as alterations of consciousness or mood, if taken in large amounts, health officials say.

Coupled with that, the report showed increased teen abuse of prescription painkillers, Vicodin and Oxycontin, and of stimulants including Ritalin, which is commonly prescribed for those suffering attention-deficit disorders.

Authors of the study expressed "significant concern" over the Vicodin data. Use of that drug by teens rose 0.3 percent between 2002 and 2006 and 0.6 percent just from last year. Vicodin use remained high in all three grade levels, with nearly one in 10 high-school seniors saying they had taken it in the past year.

Oxycontin use by high-school seniors dipped between 2005 and 2006 but not for students in younger grades, the report showed.

University of Michigan researcher Lloyd Johnston, lead investigator in the study, told reporters at a press conference yesterday that annual prevalence of Oxycontin use by 12th-graders averaged 4.3 percent this year, down from 5.5 percent in 2005. But the 2.6 percent annual prevalence by eighth-graders and the 3.6 percent prevalence by sophomores were the highest ever. Use among eighth-graders seems to be increasing rapidly.

"Obviously, relatively few young people are using Oxycontin; still, given the addictive potential of this strong narcotic drug, I think we should be concerned about these rates," Mr. Johnston said.

He added: "Because most of the illegal drugs like LSD, Ecstasy, cocaine and heroin have shown considerable declines in recent years, while the misuse of prescription drugs has been growing, the latter have become a more important part of the country's drug problems."

Although use of marijuana also has been declining, it remains the most widely used of all illegal drugs, Mr. Johnston said.

He and others also expressed concern that eighth-graders two years in a row have shown a decreased perception of the harmfulness of Ecstasy. He said too many teens also fail to recognize the dangers posed by DXM in cough medicines.

"The survey results indicate that the messages we are sending to students about addiction and drug abuse are having an overall positive effect," said Dr. Zerhouni. But he called the "rise in prescription-drug use among the younger grades and the intentional abuse of over-the-counter medicines ... very disturbing."

John Walters, director of the White House Office of National Drug Control Policy, urged parents to help the Bush administration's campaign against teen drug abuse by discarding unused and unneeded drugs from their home medicine cabinets.

Teen Drug Abuse Moves To The Medicine Cabinet (CSM)

By Alexandra Marks

Christian Science Monitor, December 22, 2006

NEW YORK

There's some very good news in the battle against illicit drugs: Use by America's teens has dropped more than 23 percent during the last five years.

But their abuse of medicines, both over-the-counter and prescription, is rising.

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These opposing trends - detailed in a survey of teens released Thursday - reflect the complexity of the US drug scene. They also present a new set of challenges. The most important: How to apply the prevention tools that have apparently succeeded in combating illegal drug use to fight the abuse of legal medicines.

Experts credit campaigns focusing on parental involvement and the dangers of abuse for the significant declines in not only drugs like marijuana, but alcohol and cigarettes as well.

The newly released Monitoring the Future study, which experts consider to be one of the most definitive in the US, is done by the University of Michigan and funded by the National Institute on Drug Abuse. It found that teen use of marijuana - their most common drug - declined from 35 percent in 2001 to 29 percent in 2006.

"The broad nature of these declines across multiple drugs and alcohol and cigarettes ... is a kind of youth movement for the good," says John Walters, director of National Drug Control Policy at the press conference in Washington. "This shows us that we can as a society push back and make a difference. When we do that effectively together it has enormous beneficial consequences not only for our children now, but for the rest of their lives."

Studies consistently show that if people don't start using drugs during their teen years, it is very unlike that they will develop drug problems later in life. That means there will be "less addiction, less suffering, less crime, lower health costs, and higher achievement for this upcoming generation of Americans," Mr. Walters says.

At the same time Walters trumpeted success, he warned that the increase in the abuse of medicines has to be addressed now, if the positive trends are to continue.

Nearly 1 in 10 high school seniors used the narcotic painkiller Vicodin without a prescription and nearly 1 in 20 used the painkiller Oxycontin, according to the Monitoring the Future study.

The findings were backed by recent studies done by the Partnership for a Drug-Free America in New York. Those studies found 1 in 5 teens, ages 12 to 17, report intentionally abusing a prescription drug. As many as 1 in 10 intentionally abused over-the-counter drugs, like cough medicines that contain dextromethorphan.

Focus groups done by the Partnership found that kids think these drugs are either safe, or at least safer, because they're legal. This change of drug type and source, from the neighborhood drug dealer to the family medicine cabinet, is just one of the dilemmas.

"We don't know if they're abusing medicines instead of abusing so-called street drugs," says Tom Hedrick, a founding member of Partnership, "although current research does indicate that heavy abusers of medicines are also abusing illicit drugs."

Another challenge for prevention experts is finessing a message that these legal drugs are safe when used properly, but can be life threatening when abused. That challenge is compounded by both easy access to legal drugs on the Internet and the nation's advertising culture, according to David Rosenbloom, director of Join Together, a nonprofit research and prevention organization based in Boston.

The growth of direct-to-consumer advertising of pharmaceuticals over the past decade has in many ways normalized the use of medicines, making it more difficult to finesse a campaign against abuse, he says.

"The traditional prevention messages become somewhat confused because there are clearly some circumstances under which these medications are wonderful," says Dr. Rosenbloom. "So it's got to be a much more nuanced message and as a practical mater, prevention curricula are still focused on alcohol and illicit drugs."

Three years ago, Linda Surks discovered firsthand the importance of changing the nation's antidrug focus. For more than 15 years she's worked at the National Council of Alcoholism and Drug Dependence on prevention programs in Middlesex County, N.J. As she counseled other parents, she also regularly talked to her son about the dangers of illicit drug abuse. When he was 19, in college studying to become a pharmacist, he died of an overdose of a combination of the antidepressant Xanex and the painkillers Oxycontin and Vicodin.

"I talked about drug abuse a lot more than most parents do," says Ms. Surks. "It wasn't until I was called to the emergency room that I found out he was abusing prescription drugs - and it was quite a shock... because I had no clue he was using at all, and this is from someone who's in prevention and knows what to look for."

Walters says that in order to prevent such tragedies there's something that everyone can do to help deal with the hike in prescription drug abuse.

"Go to your medicine cabinet, take unused prescription [medication] and throw them away," says Walters.

Study: Teens Use Medicines To Get High (AP)

By Lara Jakes Jordan

AP, December 22, 2006

DOJ_NMG_0108595

Director of the Office of Drug Control Policy John Walters gestures during a news conference at the National Press Club in Washington, Thursday, Dec. 21, 2006 to discuss the results of an annual school survey on drug use by youths. (AP Photo/ Stephen J. Boitano)

WASHINGTON -- Teens increasingly are getting high with legal drugs like painkillers and mood stimulants, and they're turning to cough syrup as well, says a government survey released Thursday.

The annual study by the National Institute on Drug Abuse, conducted by the University of Michigan, showed mixed results in the nation's longtime campaign against teen drug abuse.

It found that while fewer teens overall drank alcohol or used illegal drugs in the last year, a small but growing number were popping prescription painkillers like OxyContin and Vicodin and stimulants like Ritalin.

As many as one in every 14 high school seniors said they used cold medicine "fairly recently" to get high, the study found.

It was the first year that the government tracked the frequency of teens who reported getting high from over-the-counter medicine for coughs and colds.

"It's bad that kids are buying cough syrup and using it this way - it's not good for them," said John P. Walters, director of the White House Office of National Drug Control Policy.

The study found about one in 10 high school seniors have abused the painkiller Vicodin and Walters said kids may be pilfering the pills from their parents' medicine cabinets.

"That is one thing you can do - take the pills that are no longer being used and throw them away, get rid of them," he said in an interview.

Walters credited public service advertising with a steady decrease in overall teen drug use over the past five years and said the agency would shift some of its 2007 advertising budget toward combatting prescription drug abuse.

He challenged the recommendations of an August government audit that said the anti-drug advertising campaign wasn't working and suggested Congress consider reducing its funding. The report by the Government Accountability Office found some children were actually more likely to use marijuana after seeing the ads.

"We're pushing back," Walters told reporters Thursday as he outlined the study results. "What this shows is we're pushing back successfully."

The rise in prescription drug abuse was a troubling conclusion in a study that Walters described as good news overall because of the drop in teen use of alcohol, cigarettes, marijuana and other illicit substances.

An estimated 840,000 fewer teens reported using illegal drugs now compared to five years ago, he said.

The annual study, in its 32nd year, surveyed 50,000 students in the 8th, 10th and 12th grades at more than 400 schools nationwide. It found, that over the last year:

-Illegal drug use at all three grade levels dropped, if only slightly. An estimated 36.5 percent of high school seniors reported using illicit drugs at some point in the year.

-Marijuana remained the single most abused drug among teens, although its use also dropped slightly within all three grades. Nearly 12 percent of 8th graders reported using it, compared to 25 percent of 10th graders and 31 percent of high school seniors.

-One-third of 8th graders said they had consumed alcoholic beverages, compared to more than a half of 10th graders and two-thirds of seniors surveyed. That also was a small decrease among the three grade levels. But the number of 10th and 12th graders who reported getting drunk increased slightly.

Comparatively, the number of teens who got high from medicines and households items instead of illegal drugs was small. They included:

-Nearly 10 percent of high school seniors admitted to using excessive dosages of Vicodin, a slight increase over the last year.

-Nine percent of 8th graders sniffed glue, spray paints, cleaning fluids or other inhalants, down slightly.

-3.6 percent of 10th graders got high off Ritalin, up two-tenths of 1 percent. Ritalin is used normally to combat effects of attention deficit disorder.

That teens are turning to cough syrup to get high is particularly alarming, experts said, because the medicine is cheap and easy to get. Moreover, few people - teens and their parents alike - recognize the dangers of overdosing on the otherwise safe and legal drugs.

"There is this mistaken belief that intentionally abusing prescription and over-the-counter drugs is somehow safer than abusing street drugs," said Steve Pasierb, president and chief executive of the New York-based Partnership for Drug Free America. "What parents don't realize is that this is about your kids taking six pills with a beer."

Good And Bad News On Teen Drug Use (UPI)

DOJ_NMG_0108596

By Christine Dell'amore, Upi Consumer Health Correspondent

United Press International, December 21, 2006

WASHINGTON, Dec. 21 (UPI) -- Illegal drug use among U.S. teenagers has fallen sharply since 2001, but abuse of prescription drugs continues to soar, according to an annual government survey released Thursday.

The Monitoring the Future Survey, funded by the National Institute of Drug Abuse, found drug use among eighth-, tenth- and twelfth-graders has dropped 23.2 percent since 2001. The results almost hit the 25-percent reduction goal set by President Bush in 2002.

"Today we announce a remarkable achievement," John P. Walters, director of the Office of National Drug Control Policy, told a news briefing in Washington.

The annual survey asks youths to confidentially answer questionnaires on their drug and alcohol abuse in the past month or year. In 2006, 48,460 students, representing 410 public and private schools, participated.

Past-month marijuana abuse for all three grades plummeted from 2005 to 2006 -- a vital inroad, officials say, because marijuana is often a gateway to other drugs. Cigarette smoking is at an all-time low for the three grades, and alcohol use has also fallen.

The drop in hallucinogens LSD and Ecstasy was dramatic, experts said, going down as much as 50 percent.

Walters stressed the 2006 progress was not due to chance but reflective of anti-drug campaigns and efforts.

"It's not an invisible hand, it's not an automatic waxing and waning of cultural forces -- it's a lot of people out there everyday saving lives, taking these substances of the street."

Yet the report also delivered troubling news: Abuse of the prescription drug Vicodin remained stable -- almost one in 10 high school seniors reported experimenting with the substance in the past year. Painkiller OxyContin was the only drug that went up across all three grades.

Over-the-counter drug medications also seem to be on the rise. Just over 4 percent of eighth-graders, 5.3 percent of tenth-graders and nearly 7 percent of high school seniors reported taking cough or cold medications containing the cough suppressant dextromethorphan to get high in the past year.

The abuse of prescription drugs and OTC medicines, which are often cheap and easily accessible, is a "worrisome trend," said Frank Murphy, director of psychological services at Caron Treatment Centers, a national network of alcohol and drug-addiction treatment centers. "It's almost as if it has gotten chic for kids."

Although the overall trend in marijuana went down, Murphy was alarmed at the 19 percent of twelfth-graders still smoking marijuana. "We're talking about a massive amount of substance on the street," he said. "That's really something for us to pay attention to."

Despite the desirable image of drugs sometimes shown in the popular media, "rejecting a life of drug abuse has now become a national movement among young people, just as unhealthy behavior in drug use became a movement almost three decades ago," Walters said.

However, Walters did not pinpoint a specific campaign or initiative that led to the improvements. Media campaigns, such as TV advertising, have spurred "subtle progress" in implanting anti-drug messages, Lloyd Johnston, the principal investigator for the survey and a research scientist at the University of Michigan, told United Press International.

But recent budget cuts in the National Youth Anti-Drug Media Campaign have led to less advertising reaching kids.

Walters acknowledged anti-drug coalitions put down their guard after waging a fruitful campaign to reduce cocaine use in the 1980s. This led to a redoubling of drug use in the 1990s, a spike that is now finally starting to ebb.

"We've had in the past a tendency to take our eye off the ball," Walters said. "We want to continue this decline, and that requires us to stay at it."

Study: Teens Getting High On Legal Drugs (CNN)

By Terry Frieden

CNN.com, December 22, 2006

WASHINGTON (CNN) -- Slightly fewer adolescents abused illegal drugs and alcohol in 2006, but fairly high numbers of them continued to abuse prescription narcotics, according to a new study.

Researchers found reasons to be encouraged, but also concerned. The government-funded study, conducted by the University of Michigan, found that a high number of teens are taking over-the-counter cold medicine to get high. Measured for the first time, teenagers' abuse of such medicine is widespread, the survey said.

But officials characterized the overall survey results as generally positive, saying they reflect a slow decade-long decline in the percentage of teenagers who have experimented with illegal drugs.

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The study backed by the National Institute on Drug Abuse shows that 21 percent of eighth-graders, 36 percent of 10th-graders and 48 percent of 12th-graders acknowledged that they had at some point tried at least one illicit drug. Those figures represent declines of 0.5 percent, 2.1 percent and 2.2 percent from the previous year, respectively. (Watch how teenagers pop legal pills to get high)Underage drinking also down

The number of students who had tried an illicit drug in the past year also declined from peak levels in the mid-1990s, the study said.

Underage drinking continued to decline as well. About 6 percent of eighth-graders, 19 percent of 10th-graders and 30 percent of 12th-graders said they had been drunk at least once in the past 30 days. The numbers are down significantly from a decade ago.

Officials said the new numbers suggest the decline in alcohol use may be over in the younger grades but continuing in higher grades.

The closely watched annual survey of eighth-, 10th-, and 12th-grade students nationwide will be formally unveiled at a press conference Thursday by the White House Drug Policy Chief John Walters, Attorney General Alberto Gonzales and other senior government officials. (Look at the trends)Pot still drug-of-choice for teens

By far the most popular illegal drug continues to be marijuana.

For the fifth year in a row, the percentage of 10th- and 12th-grade students using marijuana declined, but there was no corresponding decline in the percentage of eighth-graders who experimented with pot.

"The eighth-graders generally were the first to show the declines [over the past decade] but their improvements now seem near an end," said Lloyd Johnston, the lead investigator for the University of Michigan, which conducts the study.

The use of methamphetamine declined significantly among 10th-graders this year, but not among eighth-graders or 12th-graders, the study found. Meth use is now about 1.8 percent for eighth- and 10th-graders, and 2.5 percent for 12th-graders.Crack abuse down up to 50 percent since late '90s

Crack cocaine use continued to drop with use ranging from 1.3 percent to 2.1 percent, marking a decline of up to 50 percent since teen crack use peaked in the late '90s.

Use of anabolic steroids also dropped last year, which officials said may be attributable to the negative publicity associated with steroid use by professional baseball players.

The scientific survey of 50,000 students in 400 schools nationwide marks the 32nd consecutive year the "Monitoring the Future" study has been done. Anti-drug officials and academicians agree the study has become the key barometer in providing a window on trends of drug use among teenagers at critical decision-making stages of development.

Use of inhalants, LSD and other hallucinogens showed virtually no change in the past year, along with heroin, tranquilizers, sedatives and club drugs such as Ketamine and Rohypnol.

Of some concern to the researchers was a slight increase in the use of ecstasy, and the continued relatively high use of OxyContin and Vicodin.

OxyContin use by 12th-graders, which peaked in 2005 at 5.5 percent, dropped back to 4.3 percent, but the greatest levels to date were observed among eighth-graders (2.6 percent) and 10th-graders (3.8 percent).

"Obviously relatively few young people are using OxyContin; still, given the addictive potential of this strong narcotic drug, I think we should be concerned about these rates," Johnston said in a prepared statement.

Use of the painkiller Vicodin showed even higher rates. Use this year hit 3 percent for eighth-graders, 7 percent for 10th-graders, and 9.7 percent for 12th-graders.

The abuse of cough and cold medicines called DXM, Dex, and Skittles by teens had attracted 4 percent of eighth-graders, 5 percent of 10th-graders and 7 percent of 12th-graders.

Teen Drug Use Dips Nationally, Not Locally (ADS)

By Alexis Huicochea

Arizona Daily Star, December 22, 2006

Teen drug use across the nation has decreased by more than 20 percent during the last five years, according to a study released Thursday. But officials say the downward trend is not occurring in Pima County.

The Monitoring the Future study, conducted by the University of Michigan, measures drug, alcohol and cigarette use among eighth-, 10th- and 12th-graders across the country by asking about drug-use behavior during their lifetime, past year and past month.

The 2006 survey indicates reductions in the use of nearly every drug, with about 840,000 fewer youths using illicit drugs in 2006 than in 2001, according to a news release from the Office of National Drug Control Policy.

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It notes a 25 percent decrease in marijuana use during the five-year period, and a significant decrease in teens' use of methamphetamine. More on national study, Page A12.

However, officials at two Tucson programs that work to treat teen addiction say the exact opposite is happening here.

"I'm not sure that the study is an accurate depiction of what is happening and it is certainly not what I am seeing in working with adolescents with drug and alcohol addictions," said Tori Ferrari, director of the Springboard Home for Youth in Crisis, which houses girls but also provides counseling for families and boys. "We are actually seeing more and more kids getting involved at younger ages with harder drugs than marijuana."

She said that while marijuana is one of the most commonly used drugs by teens, it is a gateway drug and almost always leads to experimentation with drugs like heroin, cocaine or meth.

Ferrari believes the reason for the increase has to do with the availability of drugs, specifically meth, and the fact that it has become more common or more acceptable to do drugs.

During the last 30 years, Teen Challenge — the group in charge of Springboard — has served nearly 7,500 teens in Arizona.

Compass Health Care, another organization that works with addicted teens, has also seen an increase in not only illicit drug use, but alcohol and prescription drugs as well, said Cynthia Klein, a spokeswoman for the organization.

"We are seeing lots of kids using OxyContin and other drugs that are used to treat attention-deficit disorder because so many young people are on those medications," she said.

Things are not getting any better, she said. The lack of resources for teens dealing with drug and alcohol addictions is also a contributing factor to the problem.

Compass, along with the University of Arizona, recently began a free treatment program that focuses on kids between the ages of 12 and 17.

Virginia Is For Longer Data Retention (CNET)

By Anne Broache

CNETNews.com, December 22, 2006

All Internet service providers should keep their subscribers' data for lengthier time periods in order to aid police prowling for criminals online, a task force organized by the Virginia state attorney general recommended this week.

Echoing similar calls from U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller earlier this year, the latest suggestions arrived in a 103-page report drawn up by Virginia Attorney General Bob McDonnell (click for PDF) and his 6-month-old Youth Internet Safety Task Force.

Bob McDonnell

"It is the responsibility of business to assist in the apprehension of those who violate the promise of the Internet and prey upon children," the report said in its introductory section. The report did not address how these databases of customer information would be secured or whether they would be available to attorneys in civil lawsuits through subpoenas.

Although all Internet service providers already are legally required to preserve user data when requested by federal police, and some retain their users' connection logs for a few months, practices differ between companies. That means that "there is continuing need for ways of improving and streamlining procedures for disclosing pertinent information," the report went on to say.

Still, rather than prescribing data retention laws, as some members of Congress have supported, the task force makes a vague instruction to Internet service providers: they should commit to "keeping data relevant to such investigations and engaging at the national level to help define appropriate policies."

That seemingly softer recommendation is likely a reflection of the broader divide over the issue that is mirrored in the task force's makeup. Its members include representatives from various state and local law enforcement bodies, schools, educational agencies, parenting organizations, and corporate entities such as Yahoo, News Corp.'s MySpace.com, Microsoft, Time Warner's AOL and Sony.

Law enforcement officials and Internet companies have been at odds over the notion of adopting European-style data retention rules because ISPs maintain that retaining such vast amounts of data presents inordinately high costs and could pose security and privacy complications.

Internet companies also argue that they're already obligated to help law enforcement under a 1996 federal law. Called the Electronic Communication Transactional Records Act, it requires Internet providers to retain any "record" in their possession for 90 days, "upon the request of a governmental entity."

As an alternative to mandatory data retention, the task force report also proposes various methods designed to speed up the legal process involved in requesting data preservation.

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AOL, which announced that it had donated $100,000 to the state for use in launching an Internet safety awareness campaign, applauded the conclusions. "The findings in this report, if implemented, will help make Virginia a safer place to raise a family," Mark Hileman, the Dulles, Va.-based company's deputy general counsel, said in a statement.

But Internet companies aren't likely to be free from the specter of national data retention laws yet. An FBI representative told CNET News.com recently that the agency continues to support data retention, viewing it as "crucial in advancing our cyberinvestigations to include online sexual exploitation of children." A representative for the National Association of Attorneys General said she wasn't aware that anything had changed since 49 of the state officials signed a letter (click for PDF) in June urging Congress to act on the issue.

Police Chiefs Ask Feds For Crime Commission (USAT)

By Kevin Johnson

USA Today, December 22, 2006

WASHINGTON — The nation's largest police chiefs' organization is calling on the federal government to re-establish a national law enforcement commission to help restore confidence in local public safety operations.

The International Association of Chiefs of Police said Thursday that recent incidents involving officers' questionable use of force and abrupt increases in murder and robbery represent strong evidence for a panel, similar to President Lyndon Johnson's Crime Commission, which would develop a national anti-criminal justice strategy. The panel would address a wide range of topics from police deployment to prison administration.

"We're past the time when we've needed to do this," IACP President Joseph Carter said Thursday.

Carter says the need for a crime commission was "validated" earlier this week by an FBI report showing that violent crime remained on the rise during the first six months of 2006.

The review found that overall violent crime was up by 3.7%.

The IACP also cited "highly publicized" police incidents, such as the New York City shooting death of 23-year-old Sean Bell after his bachelor party and the death of an 88-year-old woman during an Atlanta drug raid.

The IACP's proposal, listed among the organization's highest priorities for 2007, is not winning early support.

Sen. Joe Biden, D-Del., instrumental in passing the Clinton administration program to hire 100,000 additional police officers, says more money for additional officers and resources — not a commission — is needed to drive down rising crime.

"We don't need a commission to tell us what works," says Biden.

Samuel Walker, criminal justice professor at the University of Nebraska, says more attention needs to be focused on the application of the death penalty and such issues as police use of stun-guns.

"But I'm not sure we need a full blown commission," Walker says.

Recent jumps in violence prompted the Justice Department in October to launch its own review of possible causes.

U.S. Probes Possible Crime Links To Russian Natural-Gas Deals (WSJ)

By Glenn R. Simpson

Wall Street Journal, December 22, 2006

Amid growing concern about Europe's energy dependence on Russia, U.S. authorities are investigating possible links between one of that country's top organized crime figures and multibillion-dollar natural-gas deals between Russia and Ukraine.

The wide-ranging inquiry focuses on 60-year-old Semion Mogilevich, one of the FBI's most-wanted men, who is viewed by law-enforcement agencies as one of the world's most-sophisticated international criminals. U.S. officials have long expressed concern that his operations foster high-level official corruption throughout the former Soviet Union, underwriting criminal activities ranging from prostitution and drug dealing to stock fraud.

Their concern has only grown as Russia has tightened its grip on the vast oil and gas resources of Central Asia and shown a growing willingness to brandish energy as a political weapon. The European Union gets a quarter of its natural gas from Russia, most of which is shipped by pipeline across Ukraine.

That puts Mr. Mogilevich close to one of Europe's most vital economic crossroads at a time when the West is focusing on the failure of Russian President Vladimir Putin to check rampant organized crime and corporate corruption in Russia. The U.S. is worried that the Russian mafia will spread its influence in the energy industry and use its natural-gas profits to increase its economic and political clout.

Mr. Mogilevich couldn't be reached for comment. A Moscow lawyer who has worked with him declined to comment yesterday. In a 1999 interview with the British Broadcasting Corp., Mr. Mogilevich described himself as a businessman involved in commodities trading.

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In 2002, Mr. Mogilevich and an associate, Igor Fisherman, were indicted in Philadelphia on charges of money-laundering and securities fraud in connection with the collapse of YBM Magnex Inc., a Pennsylvania-based company registered in Canada. Prosecutors allege that the two men used fraudulent accounting records and a network of shell companies to manipulate YBM Magnex's stock, then laundered the profits of their stock sales through numerous banks.

Messrs. Mogilevich and Fisherman haven't responded to the U.S. charges, and, according to the FBI, they now live in Moscow. The U.S. and Russia have no extradition treaty.

In their natural-gas investigation, senior U.S. prosecutors and agents of the Federal Bureau of Investigation are focusing on connections between Mr. Mogilevich and a Cyprus-registered company called Highrock Holding Ltd. that has played a role in several multibillion-dollar gas deals, according to current and former law-enforcement officials.

Highrock, which has operations in Moscow, Tel Aviv and the Ukrainian capital of Kiev, supplies consumer goods and other products to Turkmenistan and other Central Asian gas producers in exchange for billions of cubic meters of natural gas. The gas is then shipped to customers in Ukraine and other East European countries over pipelines owned by Russian gas giant OAO Gazprom.

Until June of 2003, the wives of Messrs. Mogilevich and Fisherman were among Highrock's major shareholders, say people familiar with the company's operations. While the wives are no longer listed as shareholders, authorities are investigating whether their husbands retain an interest in the venture. The officials say they have yet to reach any definitive conclusions.

A Ukrainian businessman named Dimytro Firtash, now Highrock's principal owner, says he removed the two men's wives from Highrock in 2003, soon after he learned they were involved with the company. Mr. Firtash says a former partner had brought in Mr. Mogilevich as an investor without his knowledge.

The U.S. investigation, which is being led by the Justice Department's Organized Crime and Racketeering Section, began early this year, shortly after Moscow's brief cutoff of natural-gas shipments to Ukraine in a price dispute sparked an international crisis. The January cutoff came during a cold snap, throwing Europe's energy dependence on Russia into sharp relief.

The crisis was resolved when a previously little-known firm called RosUkrenErgo came forward to act as a middleman and broker a compromise. The company, known as RUE, said it was half-owned by Gazprom, but for months it refused to identify its other owners.

After The Wall Street Journal reported in April that RUE was under investigation by the Justice Department's organized-crime unit, Highrock's owner, Mr. Firtash, came forward saying he was RUE's other owner. Today, RUE supplies gas to several other European countries, including Poland and Hungary.

The U.S. investigation's focus on Messrs. Mogilevich and Fisherman is only now emerging. In recent months, agents have questioned several witnesses in Central and Eastern Europe about their knowledge of Mr. Mogilevich's role in Highrock, people with knowledge of the inquiry said.

The investigation is concentrating on Mr. Mogilevich's former base of operations in Budapest. For the past six years, the FBI has maintained a special unit in the Hungarian capital largely devoted to the investigation of the Mogilevich organization.

According to law-enforcement officials, the FBI team is being aided by authorities in Israel, another of Mr. Mogilevich's suspected bases of operations, and Cyprus, an offshore banking center used by many Russians. Spokesmen for the Justice Department and the FBI declined to comment on that matter because it is under investigation.

Global Witness, a London-based watchdog group that monitors the exploitation of natural resources, published a report earlier this year questioning the ownership of RUE, Highrock, and several other firms at the center of the Asian-European natural-gas trade. "There are still too many unanswered questions about these men and the interests they may or may not serve," says Global Witness researcher Tom Mayne. "Gazprom is a major supplier of energy to Europe, so there is a pressing need for more transparency about what is going on in the gas trade."

According to his FBI "Wanted" notice, Mr. Mogilevich, a heavy smoker who weighs nearly 300 pounds, was born in Kiev. He earned a degree in economics from the University of Lvov, according to people familiar with his background. He lived in Israel in the early 1990s, then moved to Hungary in 1995, the FBI says. He was also a prominent figure in a 1998-2006 probe of money laundering at the Bank of New York but wasn't charged in the case.

A substantial part of the natural-gas probe revolves around a network of companies, known as the Itera Group, that dominate the Russia-Ukraine natural-gas trade through their close relationship with Gazprom.

Itera, which is based in Moscow and Jacksonville, Fla., says it is the third-largest gas company in Russia. It has been Gazprom's partner in many gas deals that critics say didn't make business sense for Gazprom.

Itera Chairman Igor Makarov was a business partner of Mr. Firtash. According to Mr. Firtash, Highrock worked closely with Itera for years, providing goods to the Central Asian nations that supplied Itera with natural gas.

In 2000, Olga Shnayder, a private lawyer who worked with Itera, set up Highrock and several offshore affiliates of the company, according to corporate records and statements by Mr. Firtash.

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The Highrock entity in Cyprus had three shareholders, one of which was Agatheas Trading Ltd., also of Cyprus. One director of Agatheas was Galina Telesh -- Mr. Mogilevich's wife. People involved in the U.S. inquiry say she represented her husband and Mr. Fisherman's combined one-third interest in Highrock.

Ms. Shnayder is listed in Russian corporate records as part-owner of a well-known Moscow funeral-home business previously owned by a company called Arigon Ltd. According to the Justice Department indictment of Mr. Mogilevich and his associates, "defendant Mogilevich was a 40% shareholder of Arigon, and controlled its operations."

Ms. Shnayder, reached through the funeral-home offices, denied that she was an owner of the funeral home. She said it would be "a violation of client-attorney privilege" to comment on whether Mr. Mogilevich or Itera's Mr. Makarov are her clients. She also declined to say whether she created Highrock. Itera didn't respond to requests for comment at its U.S. and Moscow offices; in the past, Mr. Makarov has denied having a relationship with Mr. Mogilevich.

The FBI is also conducting a separate corruption inquiry into Itera's ties to Rep. Curt Weldon of Pennsylvania, a senior Republican in Congress. His daughter, Karen Weldon, a lobbyist, received at least $500,000 in lobbying fees in 2002 from U.S.-based Itera Energy LLC. Rep. Weldon subsequently praised Itera in public statements. He denies any wrongdoing.

The Bankrupt-Your-Family Calling Plan (NYT)

New York Times, December 22, 2006

Studies of prison inmates clearly show that keeping them in contact with friends and family is vital to giving them a chance to create an honest life after jail instead of committing new crimes that land them right back behind bars. Yet the simple act of picking up the phone to call home can be bankrupting for inmates and their families.

The cruel and counterproductive system now in place around the country charges them as much as six times the going rate for collect calls placed from inside state prisons. The collect-call service providers keep a stranglehold on the business by paying the state prisons a legalized kickback called a “commission.”

These costs are borne by spouses, parents and other collect-call recipients who typically come from the country’s poorest families. Worse still, these families can be barred from receiving a prisoner’s collect call at all until they open costly accounts with the same companies that provide the prison phone service.

With bills that sometimes reach into the hundreds of dollars a month, families must often choose between talking to a jailed loved one and paying the rent. The lost contact is especially crushing for imprisoned parents, who make up more than half the national prison population and are often held in prisons hundreds of miles away from their children.

A bill that went nowhere in Congress this year would have mandated fair rates for interstate calls made from prison. The bill, introduced by Representative Bobby Rush, Democrat of Illinois, would also have required prisons to use both the collect-calling system and the less expensive debit-calling system. Used in federal prisons, debit calling lets inmates use computer-controlled accounts to pay for easily monitored calls to specified phone numbers.

The collect-call-only system is being challenged in court in a number of states, including New York, where a closely watched case is scheduled to be argued before the state’s highest court in early January. The suit rightly argues that the telephone markup is a hidden levy on families who already support the prison system through their taxes.

State prison officials say the money is used to pay for programs that benefit inmates. But it also gouges the poorest citizens — driving them deeper into poverty — to pay for prison services that the state is obligated to provide. It might be legal, but it is also counterproductive and morally indefensible.

CIVIL RIGHTS:

Feds: No Independent Probe Of DeKalb Police Justice Department Clarifies Letter, Says It Will Only Review Results Of Local Investigations. (AJC)

By Mae Gentry

Atlanta Journal-Constitution, December 22, 2006

U. S. Justice Department officials said that the department was not conducting an "independent federal investigation" into a string of fatal police shootings in DeKalb County, but would review investigations by local authorities when they are completed.

A spokeswoman for the Justice Department's Civil Rights Division issued a statement Thursday in which she sought to clarify a Dec. 12 letter from Assistant Attorney General Wan J. Kim to a local activist who had called for a federal investigation.

"The Department is currently gathering information, in conjunction with the Federal Bureau of Investigation, concerning the DeKalb County shootings," Kim wrote in the letter to John Evans, former head of the DeKalb NAACP. "You can be assured that if

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the evidence shows that there were any prosecutable violations of any federal criminal civil rights statute, appropriate action will be taken."

On Thursday, the spokeswoman, Cynthia Magnuson, said the letter from Kim does not imply that the Justice Department had opened a formal investigation into the shootings. "While the Department of Justice is gathering information and monitoring that investigation, we have not at this point opened an independent federal investigation into the shootings," the statement said. "Federal authorities will review the results of the local investigation and then make an assessment about what additional investigation, if any, is warranted."

DeKalb Interim Police Chief Nick Marinelli last month asked District Attorney Gwen Keyes Fleming to review the Police Department's investigation of several shootings in 2006. DeKalb's 12 fatal police shootings this year are more than any other department in metro Atlanta.

Keyes Fleming, who said she will request that a special grand jury be impaneled to look into the cases, had said Tuesday, "It appears that the FBI is investigating a completely independent track, and we will continue what we've started."

Magnuson's statement did not mention the FBI, which was included in Kim's earlier letter. An FBI spokesman declined to comment on Kim's letter on Tuesday.

In an interview Thursday, Magnuson said her statement explains Kim's letter. "I don't believe that they're inconsistent," she said.

Evans, however, said the new statement conflicted with the letter from Kim.

"There's conflict in the statements — no doubt about that," he said. "Either what he said wasn't explained properly or there was some political pressure."

Evans said he intended to call Kim to find out "what's what."

Keyes Fleming's spokeswoman, Adora Andy, said Thursday, "The DA has had conversations with the U.S. Attorney for the Northern District of Georgia, David Nahmias." Andy declined further comment.

Nahmias also spoke to Chief Executive Officer Vernon Jones and sent him a copy of Magnuson's statement, according to a news release from Jones' office.

Jones declined Thursday to discuss his conversation with Nahmias.

Judge Scuttles Mayor's School Takeover Plan (LAT)

By Howard Blume

The Los Angeles Times, December 22, 2006

A judge today nullified legislation giving Mayor Antonio Villaraigosa substantial authority over the Los Angeles Unified School District, a stunning setback to Villaraigosa's plans -- already in progress -- to assume direct control of dozens of Los Angeles schools.

The mayor, at a news conference this afternoon, said he has instructed lawyers for the city to appeal the ruling. He said he would also ask that the California Supreme Court hear the appeal directly.

"We will not be set back," Villaraigosa said.

He added: "We refuse to be deterred by the forces of the status quo."

The ruling was a sweeping victory for the school district and puts in question the mayor's education agenda, which was embodied in the legislation before the court.

Under Assembly Bill 1381, Villaraigosa would have ratified the hiring and firing of future superintendents through a Council of Mayors that he would have dominated. And he would have had direct authority over three low-performing high schools and the elementary and middle schools that feed into them.

Judge Dzintra Janavs found the entire law defective and ordered public officials "to refrain from enforcing or implementing" any part of it.

"The statute makes drastic changes in the local governance of the LAUSD, giving the mayor a role that is unprecedented in California," she noted in her ruling, adding that the law "completely deprives the LAUSD governing board of any ability to control or influence the actions or decisions" in schools directly under the mayor's control.

That was a primary goal of the legislation, but the judge rejected that intent as contrary to the California Constitution on numerous grounds. Fundamentally, she said, the Constitution forbids transferring authority over schools to entities outside the public school system.

She cited a 1946 constitutional amendment that "specifically removed municipal authority over school districts and appears to reflect the people's determination to separate municipal functions from school functions due to the variety of conflicts that arise between their respective interests."

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The mayor's side argued that the Legislature had broad authority to designate the mayor, or anyone else, as a valid education agency to oversee schools.

The judge disagreed, siding with the district's lawyers.

"The mayor of Los Angeles [and] the members of the Council of Mayors … are not 'authorities' within the public school system or 'officers of the public schools,' " Janavs wrote in a decision issued midafternoon.

She also concluded that the new law violated the Los Angeles City Charter and the state Constitution by emasculating the school board's authority and by putting Villaraigosa in conflicting management roles.

School district officials were elated with the ruling, but measured in their reaction.

"We're anxious to move forward," said district general counsel Kevin Reed, who helped argue the case last week.

"We have believed from the day Mayor Villaraigosa was sworn in that it was important to work with him," Reed said. "We always thought this vehicle was the wrong way to do it. We continue to invite and look forward to a true partnership with him."

Judge Strikes Down LAUSD Takeover Plan (LADN)

By Naush Boghossian

Los Angeles Daily News, December 22, 2006

READ the court ruling striking down AB 1381. In a major political blow to Mayor Antonio Villaraigosa, a judge on Thursday declared unconstitutional the state Assembly bill that would give the mayor substantial control over the Los Angeles Unified School District and blocked its Jan. 1 implementation.

But while district officials called the ruling just, Villaraigosa remained defiant, calling it a "bump in the road" and vowing to immediately appeal.

"This ruling may seem like a disappointing setback for our kids, but I want to be absolutely clear today -- we will not be set back," he said. " ... We refuse to be defeated by the forces of the status quo. I believe we have the law on our side, I believe we have the constitution on our side, and more than that, I believe we have the people on our side."

And despite the ruling, he said his staff would continue to plan for a mayoral takeover of the 708,000-student district and vowed to get involved in the March school board election, when four of the seven seats are up for grabs. Putting on a conciliatory face, district officials said they were gratified with the ruling and stressed that they want to create a partnership with the mayor and the city of Los Angeles.

School board President Marlene Canter said she and Superintendent David Brewer III already had spoken with the mayor and that they all "agreed to work together on behalf of our students." "Thursday's ruling confirms our long-standing belief that this legislation was unconstitutional and not in the best interest of our students," she said.

In a strong rebuke of the mayor's plan -- Assembly Bill 1381 -- Los Angeles County Superior Court Judge Dzintra Janavs sided with all four of the district's arguments on the legality of the bill, including that it violates the state constitution, the City Charter and voter rights.

The judge said the unconstitutional portions of the bill cannot be separated from the rest, meaning the whole thing had to be thrown out.

"There is substantial evidence that passage of AB 1381 was the result of political compromise and that its provisions are so interconnected and so critically dependent upon one another that no single provision would have been enacted or should be given effect without the whole," Janavs wrote in the 20-page ruling.

The district challenged the bill, contending that it violated provisions of the state constitution, which creates a separation between the operation of the municipal government and the education system; the L.A. City Charter, which sets forth the duties of the mayor but does not grant him authority over public schools; and voting rights, disenfranchising voters who don't live in Los Angeles and those who voted for LAUSD board members.

The ruling came after a yearlong battle between the Mayor's Office and the district, with Villaraigosa wanting to shake up the LAUSD with reforms aimed at raising student achievement faster and reducing the dropout rate, which has been pegged anywhere between 24 percent and 50 percent.

He proposed stripping away the school board's authority and shifting it to the superintendent; creating a 28-member council of mayors to review the budget and ratify hiring of new superintendents; giving the mayor direct oversight of three clusters of the district's lowest-performing schools; and giving schools greater control over budget and curriculum.

Critics called Villaraigosa's efforts a power grab. Besides a few community meetings, he didn't put it to a public vote and used his significant political clout to have the Legislature pass the bill in August. Gov. Arnold Schwarzenegger signed it into law in September, and a coalition led by the district filed suit in October.

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For the popular mayor, who used substantial political capital to push for the school reform, the judge's decision is a big setback, said Jaime Regalado, director of the Edmund G. Pat Brown Institute of Public Affairs at California State University, Los Angeles.

"It's a major blow, there's no question about it," Regalado said. "It's a major initial blow."

But the mayor could come out victorious, depending on the state Court of Appeal decision. And this defeat won't have long-term impacts for a mayor who many believe has gubernatorial aspirations, he said.

" ... The fight is not over yet and he has a lot of political capital to burn," Regalado said. "He didn't invest 100 percent of what he had in the vault."

In fact, an appellate court could reach a completely different conclusion from Janavs , and it is that decision that would set a legal precedent, while Thursday's doesn t.

For his part, Schwarzenegger said he still backs the mayor's plan and supports an appeal of the court's decision.

"I strongly support Mayor Villaraigosa's efforts to put our children first," he said in a written statement. "The status quo simply isn't working -- the current system is failing too many of our students."

Sen. Gloria Romero, D-Los Angeles, a co-author of the bill, said she still believes it s legal and should be appealed all the way to the U.S. Supreme Court, if necessary.

"I look forward to that," she said.

The state legislative counsel earlier this year issued an opinion questioning the measure s constitutionality. Concerned that a lawsuit might result in some parts of the bill being overturned while others remained, Sen. George Runner, R-Lancaster, had successfully pushed for the removal of a severability clause, a phrase that says if one part is overturned, the rest remains law. After that clause was added, Runner decided to put aside his misgivings about the bill and vote in favor of it.

But some legal experts said judges are free to use their own discretion on severability, regardless of the presence of an enabling phrase.

Meanwhile Thursday, Villaraigosa said he received an additional $1 million for the cluster of schools he was poised to oversee. Deputy Mayor Ray Cortines would only say it came from a foundation that he'd like to keep anonymous. He collected $1 million from Verizon last week.

Villaraigosa also said he had spoken to Assembly Speaker Fabian Nuñez, D-Los Angeles, and that they would move to audit the LAUSD to begin the process of determining how much money is being spent on bureaucracy.

Monica Garcia, the sole Villaraigosa supporter on the school board, said she hopes the ruling doesn't send the district the signal that what it has done so far is enough.

In fact, she said, she believes the district should move forward to implement demonstration schools, or clusters of lowest-performing schools, the mayor had proposed to oversee.

"I think this whole effort has encouraged a civic conversation that would not have happened otherwise," said Garcia, who added that she hasn't decided whether to support an appeal of the judge's ruling. "The judge ruled in one way, but the work continues to need aggressive, bold, optimistic reform and leadership."

While the mayor's detractors will certainly say he was much too ambitious with his plan and was bound to fail, there are plenty in the city who want change and back his plan, Regalado said.

"Most people feel something needs to change at LAUSD, and I think he ll be given plaudits by some, if not the majority of voters, for making the try, for expending capital and putting himself out there on the issues," he said. "It does take a bit of his political capital away, but long-term injuries? Not yet."

California: Judge Strikes Down Los Angeles School Plan (AP)

AP, December 22, 2006

A judge struck down a law granting Mayor Antonio R. Villaraigosa of Los Angeles partial control of the nation's second-largest school district. The law, scheduled to take effect Jan. 1, violated the state's Constitution by interfering with the governing authority of the Los Angeles Unified School District board, the judge, Dzintra I. Janavs of Superior Court, ruled. A coalition of parents, students and administrators sued in October, contending the law took too much power away from the elected school board. Mr. Villaraigosa said he was considering a direct appeal to the State Supreme Court. "I believe we have the law on our side," he said.

ANTITRUST:

DOJ Unveils Merger Investigations Reform (DEAL)

DOJ_NMG_0108605

By Cecile Kohrs Lindell

The Deal, December 22, 2006

The Department of Justice's antitrust division on Dec. 15 officially announced further efforts to streamline the time and cost of merger investigations. The changes are part of a 2001 merger process reform effort and closely mirror changes the Federal Trade Commission announced in February.

But there's a big catch for merging parties that participate, and if the FTC's track record is an indication, antitrust lawyers won't be pushing clients to sign up. To be eligible for DOJ's latest streamlining efforts, the Justice Department requires merging parties to agree to set a period of pretrial discovery, perhaps as much as six months, should regulators seek a court order to block a merger. That could leave merging parties open to significantly more discovery time than the government usually is granted. The FTC's streamlining, by contrast, requires only two months of discovery.

DOJ's latest changes are intended to ease the burden imposed by a "second request for information," the step antitrust regulators must take to extend a merger investigation beyond limits set by the Hart-Scott-Rodino Act. After companies notify the antitrust agencies of their plans to merge, the DOJ and the FTC, the agencies then have 30 days -- or 15 in the case of a hostile tender offer -- to decide whether to clear the deal or to issue a second request.

The typical merger review process can take up to a year, but recent efforts have brought the average time for mergers with complex issues to less than six months.

"Efficient merger enforcement reaching the right answers as quickly as possible with the least burdens necessary is one of our top priorities," said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's Antitrust Division. "The amendments to the division's already successful merger review process initiative are part of our ongoing efforts to reduce enforcement burdens, while at the same time preserve our ability to conduct thorough investigations and protect consumers from anticompetitive transactions."

The DOJ second request changes are similar to the FTC's, by limiting to 30 the number of corporate officials whose documents will be reviewed and shortening the default time studied from three years to two. (The FTC capped the number officials at 35.) The merger review process initiative also says the staff is encouraged to talk with lawyers for the merging parties early on in an effort to get deals cleared during the initial 30-day period.

Though formally announced only last week, the changes have been in practice at least since October, when senior staff lawyer Bob Kramer told a gathering of antitrust lawyers about the need for changes in how the agencies review mergers. The biggest problem, according to Kramer, was that when companies complied with the second requests, the agency was swamped with documents, much of it superfluous to the investigation.

"Dumping" is a practice of collecting all documents related to the investigation from the merging firms, then filing everything in one fell swoop to the agency staff lawyers who requested it. After lawyers dump on an agency and certify they have complied with a second request, the regulators have only 30 days to review hundreds of thousands of documents and decide whether to block or to permit the deal.

In an effort to avoid these problems, DOJ's reforms include making initial requests for a range of information on a voluntary basis. DOJ is also asking lawyers to come in and discuss the merger with staff lawyers early in the process.

And, as with the FTC, DOJ is also using a carrot-and-stick option. If the merging parties want to move quickly, they can enter a "Process and Timing Agreement" with staff. That would mean the companies provide information to the agency when available, on a rolling basis rather than submitting everything at once. The parties must also agree to give DOJ lawyers extra time before a trial if the agency decides to block the deal.

"Even in cases preceded by full HSR compliance, it has been the division's experience that a period of four to six months is generally necessary to conduct appropriate post-complaint discovery," the agency wrote in its description of the new arrangement.

That means if the merging parties cannot agree with DOJ on a remedy, or if DOJ simply believes the anticompetitive problems with the deal are excessive, the parties must give DOJ four to six months to prepare its case before going to court rather than the three months or less courts typically grant the government.

According to Steve Sunshine, a partner at Cadwalader, Wickersham & Taft LLP and a former deputy assistant attorney general at DOJ, the changes are "more of an evolution of best practices" and not a radical change in policy.

The changes "are kind of helpful on the margins," Sunshine said. "Where it can really matter is on a big deal with lots of issues that aren't really deal stoppers; it can help to give some focus" to the investigation.

Barnett said that by helping to focus the investigation, DOJ's process can be helpful, because firms can benefit from time and cost savings.

But for most deals, the longer discovery phase required by the new Process and Timing Agreement is a disincentive to companies that is not offset by the agreement's benefits, Sunshine said. Private firm antitrust lawyers already can negotiate with

staff and winnow down the number of people whose files are searched without giving the government more time to prepare a court case.

Indeed, merging parties in only one deal have so far agreed to give the FTC even a two-month discovery period in exchange for any concessions during the HSR process, according to FTC officials.

Barnett acknowledges that the appeal of the latest change may be limited, but the effort to streamline the premerger review process isn't over. The goal has been "to increase transparency and increase communication," he said. "We've been very successful at getting these resolved more quickly."

Prosecutors: 5th Samsung Exec To Plead Guilty In Price-fixing (AP)

By Jordan Robertson

AP, December 22, 2006

SAN JOSE, Calif. - A Samsung Electronics Co. executive agreed to plead guilty and serve 10 months in prison for his role in a global price-fixing scheme involving a common form of computer memory, federal prosecutors said Thursday.

Young Hwan Park, president of Samsung Semiconductor Inc., the company's San Jose-based U.S. subsidiary, is the fifth Samsung executive this year to agree to a prison sentence over price manipulation of dynamic random access memory, or DRAM, the most common type of memory chip used in personal computers.

A Samsung spokeswoman said Thursday that Park is still with the company but declined to discuss the company's future plans. "Samsung is strongly committed to fair competition and ethical practices and forbids anticompetitive behavior," spokeswoman Chris Goodhart said in a statement.

In total, four memory chip companies and 18 people have been charged in the Justice Department's investigation of DRAM makers.

Samsung, Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc. have all pleaded guilty for roles in the scheme and were ordered to pay about $729 million in fines. The fine for Samsung and its subsidiary totaled $300 million.

Fifteen people charged in the case have now pleaded guilty, including the five Samsung executives, four executives each from Infineon and Hynix, an executive from Elpida and a sales manager from Micron Technology Inc.

Park's prison sentence would be the longest levied against any of the defendants.

The Justice Department said collusion among the world's DRAM makers began in 1996, when manufacturing ramped up but prices failed to drop as expected. Investigators said DRAM executives hatched a covert plan to keep prices artificially high and colluded in the United States and abroad.

The charge against Park was filed and his expected guilty plea, which still needs court approval, was announced simultaneously Thursday in San Francisco federal court. Park also agreed to pay a $250,000 fine. A court date for Park to enter the plea had not been set.

"This latest plea underscores our resolve to hold responsible those who target U.S. businesses and consumers with price-fixing schemes," Thomas O. Barnett, the assistant attorney general in charge of Justice Department's antitrust division, said in a statement. "Individuals who choose to engage in price fixing are on notice of the consequences of their illegal actions: criminal fines and prison time."

Park is accused of conspiring with employees from other memory chip makers from April 2001 to June 2002 to keep the prices of chips artificially high. He was vice president of sales for Samsung Electronics at the time.

Prosecutors say the scheme affected sales to computer makers Apple Computer Inc., Compaq Computer Corp., Dell Inc., Gateway Inc., Hewlett-Packard Co. and IBM Corp.

The indictment alleges Park struck deals with other executives in secret meetings about the prices charged to certain manufacturers. The executives allegedly swapped data on DRAM shipments to those manufacturers to make sure everyone was selling at agreed-upon prices.

The probe of anticompetitive practices in the semiconductor industry has since expanded to the sale of graphics processors and cards, and another form of memory known as static random access memory, or SRAM.

At least five SRAM makers have said they were contacted by Justice Department investigators as part of the industrywide probe, including Sony Corp., San Jose-based Cypress Semiconductor Corp., and the U.S. units of Mitsubishi Electric Corp., Samsung Electronics Co. and Toshiba Corp.

SRAM chips are faster and more reliable than DRAM chips, but are also more expensive and found in far smaller quantities in PCs. Worldwide SRAM sales totaled $2.8 billion in 2005, compared with DRAM sales the same year of about $24.8 billion, according to market researcher iSuppli Corp.

Two leading graphics chip companies - Advanced Micro Devices Inc. and Nvidia Corp. - have said they were subpoenaed by federal investigators probing possible anticompetitive practices among makers of computer graphics chips.

The Justice Department has declined to discuss details of the graphics chips and SRAM probes.

Samsung Exec Pleads Guilty To DRAM Price Fixing (IDG)

By Grant Gross

IDG News Service, December 22, 2006

A top executive from Samsung Electronics will serve 10 months in prison and pay a $250,000 fine for his role in a global conspiracy to fix DRAM (dynamic RAM) prices, the U.S. Department of Justice (DOJ) announced Thursday.

Young Hwan Park, currently president of Samsung's U.S. subsidiary Samsung Semiconductor Inc., agreed to plead guilty to a violation of the U.S. Sherman Antitrust Act for conspiring with other companies to fix DRAM prices, according to court records.

Park, formerly vice president of sales at Samsung, is the fifth Samsung executive to agree to prison sentences in the DOJ's ongoing price-fixing investigation. Samsung, based in South Korea, is the world's largest manufacturer of DRAM, a memory chip commonly used in PCs and several other electronic devices.

Since December 2003, the DOJ has charged four DRAM vendors and 18 people in the price-fixing investigation.

People who "choose to engage in price fixing are on notice of the consequences of their illegal actions – criminal fines and prison time," Thomas O. Barnett, assistant attorney general in charge of the DOJ's Antitrust Division, said in a statement.

Park conspired with employees from other memory makers to fix the prices of DRAM sold to OEMs (original equipment manufacturers) from April 2001 to June 2002, according to a felony court filed Thursday in U.S. District Court for the Northern District of California in San Francisco. Computer makers affected by the price fixing included Dell Inc., Hewlett-Packard Co., Apple Computer Inc. and Gateway Inc., the DOJ said.

Park participated in meetings with other DRAM makers where the prices of DRAM were discussed, and he committed to charging the agreed prices, the DOJ said.

Samsung pleaded guilty to the price-fixing conspiracy and was sentenced to pay a $300 million fine in November 2005. Hynix Semiconductor Inc., the world's second-largest DRAM manufacturer, pleaded guilty and was sentenced to pay a $185 million fine in May 2005.

In January, Japanese manufacturer Elpida Memory Inc. agreed to plead guilty and pay an $84 million fine. In October 2004, German manufacturer Infineon Technologies AG pleaded guilty and was sentenced to pay a $160 million fine.

Samsung Executive Faces Jail Sentence (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, December 22, 2006

The chief executive of Samsung Electronics' US-based chip division is facing 10 months behind bars after pleading guilty on Thursday to price-fixing charges.

The Korean executive, Park Young-hwan, was involved in a wide-ranging conspiracy involving Samsung and other makers of dynamic random access memory components – or D-Ram chips – while he served as vice-president of the Korean company's sales division.

Mr Park is the fifth Samsung executive to agree to a prison sentence in the Justice Department's investigation, which has also ensnared four Hynix executives, four officials at Infineon, and resulted in one obstruction charge against a regional sales manager at Micron Technology. The probe has generated $730m in criminal penalties from the parties involved, the second-highest number of fines to emerge from any single price-fixing conspiracy.

According to Samsung's website, Mr Park has served as president and chief executive of Samsung Semiconductor in the US since March, 2004, leading the industry's second highest-volume supplier of chip products in North America. The website also credits Mr Park for leading the company's memory sales team at a time, between 2001 and 2003, when it saw its "most dramatic growth".

The Justice Department said Mr Park carried out the price-fixing conspiracy from April, 2001 to June, 2002 by participating in meetings and conversations with rivals in the D-Ram market and agreeing to charge certain customers a fixed price. The talks ultimately affected sales to US computer makers such as Dell, HP and Compaq.

US Airways CEO: Delta's Self-valuation 'Lacks Credibility' (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, December 22, 2006

DOJ_NMG_0108608

Delta Air Lines' self-valuation that it will be worth as much as $12 billion after bankruptcy "lacks credibility," US Airways Chief Executive Doug Parker said Thursday as he urged creditors to push the Atlanta airline's executives to explore its merger proposal.

"This is where I'd like to see the [Delta] management team come along," Parker said in a conference call with industry analysts and reporters. "I've passed the threshold to think that's going to happen soon."

Parker was less ebullient than during a similar call on Nov. 15 in announcing Tempe, Ariz.-based US Airways' proposed $8.4 billion takeover, but sounded no less determined.

"This is a transaction that makes all the sense in the world and that we are determined and committed to continue to pursue, and we are highly confident we are going to get closed," Parker said.

His comments came on the heels of Delta's filing of a bankruptcy reorganization plan this week, in which the airline said it believes it should emerge from Chapter 11 next spring as an independent carrier. Delta's court-appointed creditors committee stated Wednesday that it welcomed Delta's decision to file a plan but would continue to look at "potential alternatives" as well.

Delta is offering creditors — who effectively control the airline's destiny — an all-stock stake that it values at $9.4 billion to $12 billion. US Airways has offered $4 billion in cash and 78.5 million of its shares with a current market value of $4.4 billion.

US Airways has signaled that it will consider upping its bid, while some industry experts believe Delta's creditors will press both sides to sweeten their offers in coming weeks.

While Parker said US Airways is in "continuing dialog" with Delta's creditors and advisers, he said he felt an "obligation to correct" Delta's claims that its proposal is more valuable and that the merger would fail to win regulatory approval or produce the savings US Airways expects.

"We know how to do this, and we know what the issues are," said Parker, who last year led America West in its takeover of the larger US Airways, assuming the latter company's name. "We're extremely comfortable with our ability to do this."

Dissecting Delta's plan during the one-hour, 40-minute call, Parker said his company values Delta's proposal at $5.5 billion to $6.9 billion.

"Their method is extremely aggressive, and we believe it lacks credibility," he added, noting that Southwest Airlines, the industry's most valuable company, has a current market value of $12.2 billion.

Clark Orsky, an analyst with KDP Investment Advisors, said US Airways made a good case that Delta's value for its plan is "aggressive" and that concerns the Department of Justice would shoot down the merger are overblown. His firm in Montpelier, Vt., is an independent analyst of high-yield debt.

"They seem to poke quite a few holes in the Delta analysis," said Orsky.

The Associated Press contributed to this article.

US Airways Strikes Back, Doubts Delta's Antitrust Concerns (BBJ)

Birmingham Business Journal, December 22, 2006

After several big days for the Atlanta-based airline Delta Air Lines Inc. -- in which Delta's board of directors unanimously rejected US Airways Group Inc.'s takeover bid, the creditors committee praised Delta for filing its reorganization plan, and Delta's executives formally launched a petition against the takeover -- Tempe, Ariz.-based US Airways struck back today.

In a conference call with analysts on Dec. 21, US Airways (NYSE: LCC) Chairman and CEO Doug Parker took Delta to task on the points that the Atlanta-based airline has been harping on: specifically, that the proposed merger poses too many antitrust issues, that the resulting debt level would be exorbitant, and that employee integration, contracts and morale would suffer.

"The anti-trust issues are fully managable," said Parker. "We've done much more work on this, more than anyone else. We are not going to let this deal fail on anti-trust issues."

He also emphasized that the proposed merger is labor friendly and that employees would possibly come out better than they are now, because the merged airline would go to the "highest common denominator" contracts.

Similar to a conference call that Delta held on Dec. 19, US Airways's top executive and top hired gun, lawyer Rick Rule, a partner in the law firm Fried Frank LLP's Washington and New York offices and a former Department of Justice antitrust division attorney, poked holes in Delta's position that a merger would pose too many antitrust issues.

Rule said that Delta's methodology is "severely flawed."

They don't believe the merger would create as many monopoly cities as Delta has said.

"We feel very confident, having gotten down in the weeds, that we have accurately and correctly analyzed this merger," said Rule. "At the end of the day, the arbiter of who is right is the Department of Justice."

In a detailed, 24-page presentation on US Airways' Web site, US Airways also shows why it feels Delta has dramatically over-valued itself.

US Airways has offered about $8.7 billion for the Delta, but Delta's standalone plan assumes a value of between $9.4 billion and $12 billion.

"Which we find to be unrealistic," said Parker. "The valuation completely lacks credibility."

Parker said that Delta has been "trying to discredit our proposal and two show that Delta as a standalone is worth more than people believe it is."

US Airways CEO Calls Delta Unrealistic (PTR)

By Thomas Olson

Pittsburgh Tribune-Review, December 22, 2006

Pushing his case for merging with Delta Air Lines, US Airways CEO Doug Parker on Thursday lambasted elements of bankrupt Delta's just-filed reorganization plan as "unrealistic" and "superficial."

Parker spoke to analysts on a conference call to poke holes in Delta's own plan and to answer its criticism of US Airways' bid. He appealed to analysts to scrutinize both plans.

US Airways made a hostile offer last month worth nearly $8.4 billion to acquire the Atlanta-based airline out of bankruptcy. Such a move would create the world's largest airline, better compensate Delta creditors and create $1.6 billion in new revenue and cost savings, Parker claims.

Delta management on Tuesday formally rejected the merger plan, arguing US Airways' offer would result in too big a debt load, would not reach the $1.6 billion in synergies claimed by US Airways and would not pass muster with antitrust regulators.

"The US Airways proposal provides inferior value to our stand-alone plan," Delta spokeswoman Betsy Talton said in a statement.

Delta filed a reorganization plan that values it between $9.4 billion and $12 billion. Its plan would result in $3.55 billion in total projected earnings from 2007 through 2010.

Yesterday, Parker said the profit estimates might be correct, but he termed Delta's valuation projections "unrealistic." Rather, the CEO said Delta's equity would be worth between $5.5 billion and $6.9 billion.

"We think their valuations are really out of whack," Parker said. "Delta coming out and saying they are worth as much as Southwest (Airlines) doesn't pass the smell test."

Parker said Delta used "flawed" criteria in analyzing antitrust issues a merger would raise with the Department of Justice. For instance, Delta's criticism does not allow for the probable entry of discount airlines into markets served by Delta and US Airways.

"We are not going to let this transaction fail on antitrust issues," Parker said.

But the only way to know what antitrust objections might surface is for both US Airways and Delta to file merger plans with the Justice Department, US Airways antitrust attorney Rick Rule told analysts.

"It needs to be done by (Delta) management," Parker said. "Absent that, Delta's creditors would need to direct management to do that, which they have the full ability to do."

US Airways has been directly appealing to Delta's creditors to pressure management into accepting its bid. Delta's creditor committee broke its silence on Wednesday, saying it sided with Delta's stand-alone plan but would consider US Airways' offer and any alternatives.

Delta has discounted US Airways' merger plan because it says the Tempe, Ariz.-based airline has yet to integrate operations with America West.

Yesterday, Parker countered that by saying US Airways has achieved several "milestones." All but one of 38 airports served by US Airways and America West have been integrated. He also cited a labor agreement reached Wednesday.

US Airways reached a single-contract agreement with the Transport Workers Union representing 156 flight dispatchers, covering 120 at US Airways' flight-operation control center in Moon, and 37 at America West's center in Phoenix.

The pact, which does not require formal ratification by union members, mostly raises salaries for the comparatively lower-paid dispatchers in Phoenix, said Don Wright, president of TWU Local 545 in Moon.

Wright declined to provide wage rates and ranges. But he said the new contract will provide additional paid days off, while "meeting the needs of the company" in terms of productivity and work rules.

The labor pact has no bearing on US Airways' pending decision to consolidate the flight control center in either Pittsburgh or Phoenix. That decision is expected in late January or early February.

US Air Challenges Delta's Proposal To Restructure (WSJ)

By Corey Dade And Gary Mcwilliams

Wall Street Journal, December 22, 2006

DOJ_NMG_0108610

US Airways Group Inc. attacked the restructuring plan proposed by Delta Air Lines Inc. this week to fend off an $8.38 billion hostile takeover as "extremely aggressive" and lacking "credibility on any kind of standard."

The denunciation of the plan in a conference call with investors and analysts Thursday by Doug Parker, the US Airways chairman and chief executive who sprang the unsolicited bid on Delta last month and unleashed a frenzy of takeover maneuvering in the U.S. airline industry, comes as creditors are burrowing deeper into the financial projections underlying Delta's valuation of the Atlanta carrier at $9.4 billion to $12 billion once it emerges from bankruptcy proceedings in the spring.

Both airlines are expected to aggressively press their case during the next several weeks, and Mr. Parker's remarks showed that US Airways, based in Tempe, Ariz., remains determined to acquire Delta despite fierce and increasingly vocal opposition by Delta, which ranks as the third-largest U.S. carrier, by passenger traffic. US Airways ranks sixth.

As a stand-alone company, Delta would be valued at just $5.5 billion to $6.9 billion if the valuation were based on reasonable financial assumptions, Mr. Parker said. US Airways said its takeover offer would be worth $11.6 billion to $14.2 billion under the calculations used in Delta's restructuring plan.

Delta officials were quick to defend their projections, which include swinging from a 2006 loss of $385 million to 2007 net income of $456 million and profit of $1.19 billion in 2010. "Nothing we heard today explains away the fact that the US Airways proposal provides inferior value to our stand-alone plan, is structurally flawed, and raises overwhelming regulatory and labor issues that -- after a lengthy delay -- are likely to prevent the proposed merger from being completed," Delta said in a statement, noting that its projections are based partly on costs already shed during the bankruptcy proceeding.

US Airways Chief Executive Claims Proposal For Reorganization 'clearly Lacks Credibility' (AR)

By Dawn Gilbertson

Arizona Republic, December 22, 2006

Two days after Delta executives called US Airways the worst of all merger partners and continued their blistering assault against its buyout offer, US Airways CEO Doug Parker shot back with a vengeance.

In a hastily arranged conference call with Wall Street analysts and the media Thursday, Parker rebutted, in rapid fire, key assumptions in Delta's plan to emerge from bankruptcy on its own and tried to clear up misconceptions he said that Delta has been spreading to discredit the Tempe airline's $8 billion-plus offer.

The only time Parker paused in the hourlong presentation was for a similarly fast-paced rundown by the attorney handling regulatory matters for the merger.

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Parker said the financial plan Delta presented this week "clearly lacks credibility."

The merger, in contrast, "is a transaction that makes all the sense in the world," he said. He said he's "highly confident" the deal will get done and repeatedly referred to the "new Delta's" plans, as the combined airline would be called Delta.

The intensity, coming just a day before a long holiday weekend when business usually grinds to a halt, underscores the high-stakes public relations battle under way on both sides as the industry embarks on what many expect to be another round of consolidation.

Delta creditors hold the key in this case, given Delta's bankruptcy, and both sides are going all out to win their votes.

Parker and US Airways were seen as losing momentum a few weeks ago, in part because of Parker's comments he made suggesting that US Airways would back off if Delta's management didn't buy in.

He has since backed off those comments and the airline has gone more on the offensive publicly in the face of Delta's defiant stance and huge employee rallies against the merger in its hometown of Atlanta.

Parker's comments Thursday weren't as biting as some out of the Delta camp since the deal was proposed Nov. 15, but he got in plenty of digs:

· On Delta's projections, filed in U.S. Bankruptcy Court this week, that it would be worth between $9.4 billion to $12 billion when it emerges from Chapter 11: "We think their valuation is way out of whack."

Saying Delta would be worth more than Southwest, the industry standard bearer, didn't "pass the smell test," he said.

Referring to the upward slope of Delta's earnings projections over the next few years, Parker said, "They have a pretty big hockey stick built in."

If analysts buy Delta's valuation, he said, then they should value US Airways' offer under the same financial assumptions, which would bring it up to $12 billion to $14 billion.

· On Delta's repeated assertion that the deal won't pass muster with antitrust regulators because there is too much overlap between the airlines: "The Delta analysis has all sorts of flaws in it."

· On Delta's criticisms of US Airways' customer service: "We don't look so good (in baggage handling and customer complaints) and we're well aware of it, but frankly, neither does Delta."

· To Delta's argument that the combined airline's $23 billion debt load would be too high: "Of course, it ends up with higher levels of debt; it's a much larger airline. . . .

"To argue that the absolute level of debt is something meaningful is hard for us to come to grips with."

· To Delta's assertion that US Airways management is not done with the US Airways-America West merger: "What we've learned over the last 14 months have taught us exactly what the issues are going to be. . . . We're extremely comfortable with our ability to manage this."

Airline Pushes Takeover Of Delta (WT)

By Sean Lengell

Washington Times, December 22, 2006

US Airways is continuing to push its takeover of Delta Air Lines, even as the bankrupt creditors say they're not interested in the $8.4 billion offer.

US Airways Chairman and Chief Executive Doug Parker yesterday accused Delta of intentionally misleading its creditors and the public by maligning US Airways' proposal, which was offered Nov. 15 and includes $4 billion in cash and 78.5 million company shares.

He added that Delta's plan to emerge from bankruptcy alone is "unrealistic" and worth far less than US Airways' offer.

US Airways, the nation's sixth-largest airline, says combining with Delta, the nation's third biggest after American and United, would create annual benefits of $1.65 billion.

"We are going forward [with our plan] and we're dedicated to getting this done," Mr. Parker told analysts during a telephone conference yesterday.

But Delta says it is determined to remain an independent airline. On Tuesday its board unanimously rejected US Airways' offer, saying it was "substantially inferior" to its own reorganization plan.

The board filed a five-year business strategy with the U.S. Bankruptcy Court in New York. The plan lets unsecured creditors recover 63 percent to 80 percent of their claims.

Delta's proposal values the airline at as much as $12 billion. The airline has forecast a net income of $450 million in 2007 and $1.2 billion in 2010.

Trading of Delta unsecured bonds has increased from about 40 cents on the dollar Nov. 14 -- the day before US Airways announced its intention to buy Delta -- to about 66 cents on Wednesday, which Mr. Parker says validates his company's offer.

"This obviously shows that the creditors of Delta believe that the US Airways merger proposal is worth more than [Delta's] stand-alone" plan, he said.

But Delta's creditors remain unconvinced. The airline's creditors committee, appointed after the carrier filed for Chapter 11 protection in September 2005, announced Wednesday it was supporting Delta's reorganization plan.

Delta's pilots' union, a large creditor and committee member, also has said it supports Delta's mission to remain an independent carrier.

The creditors did leave open the possibility of entertaining future offers.

The committee "will continue to consider potential alternatives in order to maximize the ultimate recoveries for the unsecured creditors in the Delta bankruptcy," the group said Wednesday.

Many analysts had been skeptical that US Airways would be able to pull off the acquisition, even before the creditors' announcement.

Antitrust issues would be difficult to overcome, they said. And a merger of the two airlines would create a cumbersome system with eight hubs -- far too many to be cost-effective.

Mr. Parker downplayed the antitrust question, saying that the issue is "fully manageable."

"We did not go launching this offer without knowing that and assessing the risk of antitrust," he said.

Even if the proposed deal with US Airways falls through, some industry analysts predict that Delta, with its attractive European routes, will have future suitors.

"We thought it was noteworthy that [Delta] management made the point in its conference call with investors [Wednesday] that it is not inherently opposed to considering mergers, but rather the specifics of the US Airways combination," said Clark Orsky, an airline analyst from KDP Investment Advisors.

"We think merger possibilities will remain in the forefront of investors' minds so that, even if [Delta] shortly exits Chapter 11 as an independent carrier, the company will remain a merger candidate for a while."

Parker Fires Back At Delta (STREET)

By Ted Reed

DOJ_NMG_0108612

TheStreet.com, December 22, 2006

"Something here looks a little out of whack, to say it politely," he said during an online conference with analysts. Parker responded to the case, which Delta laid out earlier this week, that the US Airways bid is undervalued, unlikely to receive regulatory approval and illegal under its pilot contract.

Parker said Delta's self-valuation of $9.4 billion to $12.2 billion would mean the airline, at the high end, is worth nearly as much as Southwest (LUV - news - Cramer's Take) or as United (UAUA - news - Cramer's Take) and American (AMR - news - Cramer's Take) combined.

The valuation "clearly lacks credibility," he said. For Delta's stock to reach a range implied by the valuation, based on expected 2007 profits, the company would sport a price-to-earnings ratio of 20.6 to 26.3, he said.

Parker also disputed Delta's estimates that its earnings will rise gradually from about $500 million in 2007 to $1.2 billion in 2010. "They have a pretty big hockey stick built in that has 2008 and 2009 ramping up much faster than we would," he said. Using the same multiples for shares given to creditors that Delta uses, US Airways' offer is worth $11.6 billion to $14.2 billion, rather than its $8.6 billion current valuation, he said.

Meanwhile, Rick Rule, US Airways' antitrust attorney, challenged Delta's assertion that Justice Department regulators would reject or delay US Airways' bid to take over its primary competitor. He said the government would be concerned that competition could decline in some small markets, but at the same time a merged, more efficient company "should give them comfort that there won't be increases in fares." In the end, "lower costs benefit consumers," he said.

Caremark Shareholders Fight CVS Deal (AP)

By Greg Giuffrida

AP, December 22, 2006

NASHVILLE, Tenn. (AP) -- A group of shareholders in pharmacy benefits manager Caremark Rx Inc. has filed for an injunction to force company officials to consider a proposed buyout by rival Express Scripts Inc. that could pay more than an offer from CVS Corp.

Woonsocket, R.I.-based CVS Corp., the nation's largest operator of drugstores and second to Walgreen Co. in sales, said on Nov. 1 that it planned to acquire Nashville-based Caremark for about $21.2 billion in stock.

On Thursday, CVS and Caremark announced that the proposed merger passed antitrust scrutiny of the U.S. Federal Trade Commission and could be completed by the first quarter of 2007.

The approval comes days after rival pharmacy benefits manager Express Scripts Inc. proposed to pay about $26 billion in a hostile bid for Caremark that would offer a cash option and premium for shareholders.

The shareholders' motion filed Thursday evening in Nashville's U.S. District Court claims that Caremark board members will personally benefit from the CVS deal and have entered into a strict merger agreement that keeps them from seeking out the best deal for shareholders.

The motion comes in a lawsuit originally filed by the Iron Workers of Western Pennsylvania Pension Plan and asks for a judge to immediately order Caremark to end the "draconian" agreement with CVS and turn over internal documents.

"What they have to do is put aside their own individual interests and think only what is best for their own shareholders," said Douglas Johnston, a plaintiffs' attorney with Barrett, Johnston & Parsley of Nashville.

The motion also claims that Caremark chairman E. Mac Crawford would keep his position at the newly formed CVS/Caremark Corp. and make up to $48 million in stock, severance payments and consulting fees.

"Unfortunately, what happens many times is that potential buyers will come in and try to work with the managers, provide special benefits, and as much as they possibly can, prevent the board from doing its fiduciary duties," Johnston said.

A phone message left late Thursday night with Caremark's corporate communications office was not immediately returned.

Caremark officials said this week that they still believe the CVS deal is the best long-term strategic value for shareholders and they remain committed to it.

Under the CVS deal, Caremark shareholders would receive 1.67 shares of CVS for each share of Caremark. CVS shareholders would own 54.5 percent of the combined company and Caremark shareholders would own 45.5 percent.

Under the Express Scripts deal, Caremark stockholders would own approximately 57 percent of the combined company, and Express Scripts stockholders would own approximately 43 percent.

Some analysts have said that Express Scripts' offer to pay $29.25 in cash and 0.426 shares of its stock for each share of Caremark could be more attractive to shareholders.

Caremark shares rose 15 cents, or 0.27 percent, to close at $56.15 on Wednesday on the New York Stock Exchange. CVS rose $1.01, or 3.38 percent, to $30.92. Maryland Heights, Mo.-based Express Scripts fell 31 cents, or 0.42 percent, to $73.47 on the Nasdaq Stock Market.

DOJ_NMG_0108613

Express Scripts Calls Its Offer For Caremark 'superior' (SLBJ)

St. Louis Business Journal, December 21, 2006

Express Scripts Inc. issued a statement late Wednesday calling its $26 billion bid for pharmaceutical services company Caremark Rx Inc. "superior."

The statement came after Caremark and rival bidder CVS Corp. issued releases Wednesday saying that their previously announced merger deal had cleared a regulatory hurdle: The initial waiting period required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 had expired without a request for additional information from the U.S. Federal Trade Commission.

Express Scripts rival bid, made Monday, represented at the time a 15 percent premium over the all-stock purchase price to be paid to Caremark's stockholders under Caremark's Nov. 1 deal with drug chain CVS (NYSE: CVS), headquartered in Woonsocket, R.I. Express Scripts proposed to acquire all of the outstanding shares of Caremark Rx for $29.25 in cash and 0.426 shares of Express Scripts stock for each share of Caremark stock.

In its release Wednesday, Express Scripts' stated, "As we expected, the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act has expired for CVS Corporation. We said on December 18th that we anticipate the Express Scripts transaction with Caremark would be completed in the third quarter of 2007. The superior value of the Express Scripts offer for Caremark is clear as evidenced by the strong support of both Express Scripts and Caremark stockholders."

Express Scripts said that based on Wednesday's closing stock prices, its offer has a value of $60.68 per share, or $26.5 billion, a 21.5 percent premium on the current value of the CVS offer.

In its release Wednesday, CVS said it anticipates that a shareholder meeting to approve its deal and the closing will occur as early as the first quarter next year. Both CVS' and Caremark's shareholders must approve the transaction.

Caremark Rx Inc. (NYSE: CMX), based in Nashville, Tenn., dispenses pharmaceuticals to eligible participants in benefit plans maintained by its customers.

Delta And Pine Approves Monsanto Merger (FOR)

By Joshua Lipton

Forbes, December 21, 2006

Two of the largest seed companies in the world just came one step closer to their long-awaited merger.

On Thursday, Delta and Pine Land Company (nyse: DLP - news - people) announced that at a special meeting held in Memphis, Tenn., the company's shareholders formally approved its merger with Monsanto (nyse: MON - news - people).

The acquisition is a long time in the making. It was back in 1998 when Monsanto first announced its intention to buy Delta and Pine Land, a leading commercial breeder, producer, and marketer of cotton planting seed. But Monsanto then backed out of the deal. A legal scrap followed, until the new agreement was brokered.

On Aug. 15, Monsanto announced that it would acquire Scott, Miss.-based Delta and Pine Land for $1.5 billion in cash.

"Delta and Pine Land represents an excellent fit for our company as we look to bring value-added traits and high-quality seed to cotton growers around the world," said Monsanto chief executive Hugh Grant, at the time of the announcement. "Delta and Pine Land has strong cotton genetics, and we believe Monsanto's leadership in providing the best cotton traits can improve on this already strong base."

Shares of Monsanto nudged down 25 cents, or 0.5%, to $51.65 while shares of Delta and Pine Land slipped 24 cents, or 0.6%, to $40.56 in Thursday trading.

Mark Gulley, an analyst at Soleil-Gulley & Associates, said the companies still face the challenge of regulatory approval. "This decision isn't key," Gulley said in an interview. "The antitrust review is what we're all waiting for."

Regulators still have to weigh in on the proposed merger and decide whether it's anticompetitive. To close the transaction and satisfy Uncle Sam, Monsanto has already said it's willing to divest the U.S. assets of its Stoneville cottonseed business.

There is no set date on when the government will decide the issue.

Lockheed Martin Buys Management Systems (AP)

AP, December 22, 2006

BETHESDA, Md. — Military contractor Lockheed Martin Corp. said Thursday it agreed to acquire Fairfax, Va.-based Management Systems Designers Inc. for undisclosed terms.

MDS, which has more than 600 employees, is a provider of information technology, primarily for government agencies including the Internal Revenue Service, Department of Homeland Security and Department of Defense.

Lockheed Martin said the deal, which won't have a material effect on its results, strengthens its initiatives in the growing health care information market.

The transaction is set to close during the first quarter of 2007, subject to regulatory approval.

DOJ_NMG_0108614

Shares of Lockheed gained 34 cents to finish at $91.94 on the New York Stock Exchange.

ETEU Approves German Movie Subsidies (AP)

AP, December 22, 2006

BRUSSELS, Belgium (AP) - The European Union on Thursday approved German subsidies totaling $240 million for its movie industry, officials said.

The subsidies will back feature length movies, documentaries and cartoons. The aid is approved until 2010.

"The commission says the new German funds for movie productions are in line with state aid rules," EU Antitrust Commissioner Neelie Kroes said.

Finnish Antitrust Body Proposes $40 Million Fine On Stora Enso (AP)

Associated Press

AP, December 22, 2006

HELSINKI, Finland -- Finnish antitrust officials said Thursday that paper maker Stora Enso Oyj should be fined $40 million for anticompetitive behavior.

The Finnish Competition Authority proposed the fine to the country's Market Court, saying the Finnish-Swedish company had violated competition laws in buying timber in Finland from 1997 to 2004. It gave no other details.

Stora Enso denied the charges, saying the proposal is "groundless."

Earlier his month, Stora Enso denied any involvement in a price-fixing conspiracy in the United States after a federal grand jury in Hartford, Conn., indicted Stora Enso North America Corp. for being part of a plan to drive up prices of paper used to print magazines and catalogues.

Stora Enso is one of the world's largest forest product groups, making magazine paper, newsprint, fine paper, pulp and packaging boards. It employs 44,000 people in more than 40 countries.

The group was formed in a 1998 merger between Finland's Enso and Stora of Sweden. The Finnish government is the major shareholder with more than 10 percent of the stock.

ENVIRONMENT/INDIAN AFFAIRS:

DaimlerChrysler Paying $1.2M To Settle Pollution Violation (AP)

AP, December 22, 2006

WASHINGTON - The Department of Justice said Thursday that Mercedes-Benz USA and parent DaimlerChrysler AG will pay $1.2 million to settle allegations that they failed to report air pollution problems with Mercedes-Benz vehicles to federal regulators.

As a result of the complaint brought by the government, Mercedes-Benz USA has issued voluntary recalls and extended warranties to address the defects, at an estimated cost of $59 million. Under the settlement, the company is also required to overhaul its emissions reporting system. The improvements will likely cost the company $1 million per year, the Department of Justice said in a statement.

The affected 1998 to 2006 Mercedes vehicles have defective catalytic converters or defective air pumps. According to the government, the recalls and warranty extensions will reduce the harmful emissions caused by the defects by over 500 tons cumulatively.

Under the Clean Air Act auto makers are required to notify the Environmental Protection Agency of problems with vehicle emissions.

Calls for comment were left with DaimlerChrysler.

Shares of DaimlerChrysler fell 36 cents to close at $61.23 on the New York Stock Exchange.

Mercedes To Pay EPA $1.2 Million (WT)

By Jerry Seper, The Washington Times

Washington Times, December 22, 2006

Mercedes-Benz USA and its parent company, DaimlerChrysler AG, yesterday agreed to pay the government $1.2 million for failing to notify the Environmental Protection Agency about air pollution controls defects on numerous 1998 to 2006 Mercedes vehicles.

DOJ_NMG_0108615

The settlement, announced by the Justice Department and the EPA, resolves a suspected Clean Air Act violation: The auto manufacturer did not promptly inform the EPA of defects in emission-related parts so the agency could determine whether the emission standards were exceeded and whether a recall was necessary.

Both the complaint and the settlement were filed in the U.S. District Court in the District of Columbia.

"Reliable and effective automobile pollution control systems are essential to protect human health and the environment from harmful automobile emissions," said Assistant Attorney General Sue Ellen Wooldridge, who heads the Justice Department's Environment and Natural Resources Division.

"Mercedes' failure to alert EPA to a number of defects in emission-related components over a multiyear period is a serious violation," she said.

In response to the EPA's investigation, Mercedes began voluntary recalls for two of the defects and notified owners that it would extend the warranty coverage to address a third defect, at an estimated cost of $59 million.

Mercedes U.S. spokeswoman Tracy Darchini wasn't available to comment on the settlement.

Justice Department officials said the vehicles subject to the voluntary recalls and extended warranties have defective catalytic converters or defective air pumps. The voluntary recalls and extended warranty will reduce the emissions of harmful pollutants caused by the defects by more than 500 tons, they said.

The pollutants include non-methane hydrocarbons, nitrogen oxides, which are key ingredients in the production of ozone, a major contributor to cancer-causing smog. Carbon monoxide, another pollutant, impairs breathing and is especially harmful to children, people with asthma and the elderly.

Under the terms of the consent decree, Mercedes will be required to improve its emissions-defect investigation and reporting system to ensure future compliance, at an estimated cost of $1 million per year.

"These defect reporting requirements are a critical part of EPA's program to ensure that vehicles on the road comply with the Clean Air Act's emissions standards," said Catherine R. McCabe, EPA's principal deputy assistant administrator for the Office of Enforcement and Compliance Assurance.

The agreement is subject to a 30-day public comment period and final court approval.

Court Rules Against Tribes In Disclosure Case (LAT)

By Maura Dolan

Los Angeles Times, December 22, 2006

SAN FRANCISCO -- A divided California Supreme Court ruled Thursday that Indian tribes can be sued for violating the state's campaign disclosure law even though tribes enjoy sovereign immunity under federal law.

The 4-3 ruling is unprecedented and may be appealed to the U.S. Supreme Court, which has consistently protected Indian immunity from lawsuits.

The state court justified its ruling in Agua Caliente v. Superior Court by citing the growing role of Indian casino money in state elections and the state's need to protect against political corruption.

Justice Ming Chin, writing for the majority, conceded that Thursday's decision was an "abrogation of the sovereign immunity doctrine" that protects tribes from lawsuits. But he said the ruling was narrow and justified by the state's need to provide "a transparent election process with rules that apply equally to all parties who enter the political fray."

Justice Carlos R. Moreno, writing for the dissenting justices, insisted that only Congress could change Indian tribes' immunity from lawsuits.

"The ideal of Indian tribal sovereign immunity and federal protection has existed side by side with the reality of Indians massacred and dispossessed from their land by state and private interests or more recently, of Indians living in poverty as second-class citizens," Moreno wrote.

Now that some tribes are growing wealthy from casinos, "the ideal of tribal sovereignty is becoming more concretely realized," and any need to modify it must come from Congress, Moreno wrote.

Thursday's ruling permits the state's Fair Political Practices Commission to sue the Agua Caliente Band of Cahuilla Indians, a federally recognized tribe in Palm Springs, for failing to properly report millions of dollars in campaign contributions.

The watchdog panel said the tribe did not follow the law when it contributed more than $7.5 million to campaigns in 1998, $175,200 in the first half of 2001, and $426,000 in the first half of 2002.

One of the alleged contributions made in 2002 went to support a ballot initiative that would have authorized $15 million a year for eight years to fund several projects, including a passenger rail line from Los Angeles to Palm Springs, where the tribe runs a casino.

DOJ_NMG_0108616

The Fair Political Practices Commission requires full disclosure of contributions in political campaigns, both from the donors and the recipients. The commission sued the tribe, arguing that it had violated the disclosure law in making the contributions from 1998 to 2002. The lawsuit seeks penalties and a court injunction.

The tribe argued the doctrine of sovereign immunity shields it from lawsuits and appealed to the California Supreme Court after losing in the trial and appeals courts.

In ruling against the tribe, the court majority admitted that the U.S. Supreme Court has consistently affirmed the sovereign immunity doctrine. But the majority said the court also has "grown increasingly critical of its continued application in light of the changed status of Indian tribes as viable economic and political nations."

California has the right to regulate its electoral process under the U.S. Constitution's 10th Amendment, which protects state rights, and the guarantee clause, which gives states the duty and power to maintain a republican form of government, the majority said.

Without the ability to enforce tribal compliance, the Political Reform Act of 1974 would be substantially weakened, Chin said.

The court's decision, he wrote, would apply only to attempts to enforce the campaign laws.

The tribe had insisted the state had other means of enforcing its campaign laws, including discussions with the tribe on a government-to-government basis or acquiring the donation information from other sources, and offered to enter into a voluntary compliance agreement with the state.

But the majority rejected the tribe's proposals.

In the dissent, Moreno said the U.S. Supreme Court "has not wavered from the principle that whatever problems arise from the conflict between Indian and state sovereignty are matters for Congress, exercising its plenary power over Indian affairs, to solve."

The federal Constitution gives states "no power to abrogate Indian sovereign immunity" because the states ceded such powers to the federal government when they ratified the Constitution, wrote Moreno, joined by Justices Joyce Kennard and Kathryn Mickle Werdegar.

Moreno noted that the Agua Caliente band has been willing to enter into an agreement to waive its immunity for political reporting and has practical reasons for doing so.

"A tribe concerned with preserving its own sovereignty while at the same time seeking to maintain good relations with the government and the citizens ... may recognize that concessions are necessary to promote its own long-run interests," Moreno wrote.

A lawyer and a spokeswoman for the Agua Caliente band refused to say whether it would appeal the ruling to the U.S. Supreme Court. The tribe issued a statement from tribal Chairman Richard M. Milanovich, who expressed disappointment and said the Tribal Council would "decide what further actions it may take."

The tribe owns about 31,500 acres in a checkerboard pattern in the alm Springs area and has about 400 members, a spokeswoman said.

FBI/DEA/ATF/USMS:

FBI Chief For Md. Faces Balancing Act (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, December 22, 2006

Chase Sees Need To Bolster Fight On Crime, Terror

After running down fugitives in the District and pursuing one of the nation's most storied fugitives, William D. Chase is settling in as the head of the FBI's Baltimore office.

Chase, 50, who assumed the job in June, says that while counterterrorism remains the bureau's top priority, he also wants to dedicate more resources to fighting crime, the bureau's traditional role.

"I'm hoping to make some changes to firm up resources to better address the criminal program," Chase said.

Since the terrorist attacks of 2001, the bureau's top priority has been fighting terrorism, and that is more the case in the Washington area, with its preponderance of government facilities, than elsewhere. The majority of Chase's agents necessarily are assigned to that central responsibility; his agents must follow tips and possible leads of all kinds, even hoaxes, often simply to eliminate them.

Still, he said, he hopes to work more closely with state and local authorities, particularly to address the gang activity that has increasingly taken root in Maryland's Washington suburbs. The Baltimore FBI office covers Maryland and Delaware.

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The FBI announced in February that Kevin L. Perkins, then the special agent in charge of the bureau's Baltimore office, was being appointed assistant director in charge of the FBI's finance division.

Chase replaced him during the summer. Federal law enforcement officials, including U.S. Attorney Rod J. Rosenstein, spoke highly of Chase in recent interviews.

Rosenstein, the top federal prosecutor in Maryland, said he and Chase agree that the Baltimore division must be appropriately mindful of the need to balance counterterrorism activities with the bureau's more traditional crime-fighting role.

"I think he's a very experienced and very responsible leader, and I think we're going to work very effectively together," Rosenstein said.

Clare Weber, a spokeswoman for the Baltimore division of the Bureau of Alcohol, Tobacco, Firearms and Explosives, said her agency has worked well with the bureau under Chase. "It's just a good partnership," she said. "Everything is all glowing."

Chase comes to the position with an unusual r?sum?, having started his professional career as a corporate attorney specializing in environmental law. It was "very unfulfilling," said Chase, a graduate of Vermont Law School and a self-described environmentalist.

But Chase had an uncle who was an agent, and over dinner that uncle told stories that intrigued the young lawyer more than a little bit. Chase applied to the bureau "kind of on a whim."

Chase was accepted, and soon he was assigned to St. Louis, where he battled organized crime and drug-trafficking, working closely with local authorities in some of the same ways he hopes his agents do here.

But he was a lawyer, and before long the FBI decided it wanted him in headquarters. He worked in the office of legal counsel from 1986 to 1991, when he was named special assistant to William S. Sessions, then the director of the FBI.

"I came to the bureau to get out of being an attorney, and three years later I was back to being an attorney," he said.

But Chase said he missed doing what the FBI does on the ground level: working cases. He joined the Washington field office in 1993, where he was the head of a fugitive task force. The ratio of paperwork to arrests was very good, he said.

"It was kind of like a law enforcement officer's dream," he said. "We'd hit 10 places a day . . . and usually every arrest was high stress."

The team looked for fugitives anywhere that one could hide -- in dishwashers, in refrigerators -- and looked for such tell-tale signs as loose ceiling tiles. In one instance, he said, a fugitive was found hiding behind a disposal.

In the late 1990s, Chase was named assistant special agent in charge of the Boston office, a period that he recalls as frustrating and in some ways disappointing.

That office, and much of that city, was seemingly fixated on the bureau's long-running search for James "Whitey" Bulger, a reputed mobster and fugitive for more than a decade. It was around that time that the public learned, in an extremely embarrassing moment for the bureau, that the suspected multiple-murderer also had been an FBI informant. Possible sightings were everywhere, from Thailand to South America, and each had to be explored. Bulger remains at large.

The Boston office also came under public scrutiny in what may be one of the FBI's most embarrassing revelations in recent history, that one of its agents had been an informant for the mob.

And Chase was in Boston on Sept. 11 -- his birthday, incidentally -- when two airplanes slammed into the World Trade Center after leaving Logan International Airport. What first seemed to be a hijacking was quickly revealed to be a terrorist attack, and the bureau's mission was recast in a sprint to prevent a feared second wave of attacks.

"I still remember that night," Chase said. "I got home, it was probably 2 in the morning and I turned on the television and I was still watching it at 5 a.m."

Everyone worked every day for two months, he said, and eventually, agents were told they had to take a half-day off on the weekend.

The fear that a second wave would follow immediately belongs to a different era, but in some respects, of course, the concern persists.

"Our mission is that there never be a recurrence of 9/11," Chase said.

Ford Wants Rolex Returned (MCA)

By Marc Perrusquia

Memphis Commercial Appeal, December 22, 2006

December 22, 2006 John Ford had one thing to say Thursday about prosecutors' suggestions he took a $40,000 wristwatch as a payoff: He wants the Rolex -- confiscated as evidence -- returned to him.

"I want to get it back," the former state senator said as his lawyer told reporters that Ford had obtained the watch legally.

Advertisement

Ford's comments came a day after the U.S. Attorney's Office alleged Ford accepted the watch from Memphis developer Rusty Hyneman after intervening in a 2004 state pollution-control case against the real estate millionaire.

"The watch was completely a legal transaction," said Ford's lawyer, Michael Scholl, who said he will spell out details soon in a court filing.

Prosecutors hope to use the watch as evidence in Ford's upcoming bribery trial.

Ford and Scholl spoke briefly with reporters after a hearing where Scholl asked a judge to postpone Ford's Feb. 5 trial because of publicity this week about the watch and separate corruption charges just unveiled in Nashville.

Ford is set to stand trial in Memphis for allegedly taking $55,000 in bribes in the FBI's undercover Tennessee Waltz sting.

He learned Monday about the new indictment in Nashville alleging he took $800,000 in kickbacks from contractors while in the General Assembly. Ford denies charges in both cases.

Scholl told U.S. Dist. Judge J. Daniel Breen in a hearing in the federal building that all the sudden adverse publicity will make it hard to get a fair trial.

"There almost is no presumption of innocence for Mr. Ford as far as what's been laid out in the media this week day after day," Scholl told the judge.

Less than 50 days from trial, the timing of the Nashville charges and news of the watch create a prejudicial effect, Scholl said.

Breen expressed hesitance, yet said he will consider Scholl's request after he files a written motion, expected next week.

Asst. U.S. Atty. Tim DiScenza urged the judge to stick to the trial schedule, saying there are plenty of protections to ensure a fair trial.

DiScenza filed a motion Wednesday seeking to introduce the Rolex as evidence of "like and similar" acts by Ford showing he was inclined to take payoffs.

Neither Ford nor Hyneman, who hasn't returned calls for comment, has been charged in connection with the watch.

A legal analyst, retired University of Tennessee law professor Neil P. Cohen, said the lack of charges over the watch could be a strategy by prosecutors to win more witness cooperation.

John Ford Linked To $40,000 Watch (AP)

By Woody Baird

AP, December 22, 2006

MEMPHIS - Former state Sen. John Ford, facing corruption charges in Memphis and Nashville, bragged about getting a $40,000 watch for helping a wealthy real estate developer avoid pollution fines, prosecutors say in a court filing.

Prosecutors want to tell Ford's jury about the watch, a Rolex Masterpiece, when he goes to trial on unrelated charges of bribery, extortion and threatening a federal witness.

Ford, 64, is set for trial Feb. 5 on charges he took $55,000 in bribes from undercover agents posing as representatives of E-Cycle Management, a fake company at the center of an FBI investigation code-named Tennessee Waltz.

Defense lawyer Michael Scholl asked Thursday for a delay in the trial, arguing that news reports surrounding Ford's indictment Monday in Nashville on federal charges unrelated to Tennessee Waltz will make picking an impartial jury difficult.

Ford is accused in Nashville of taking more than $800,000 from TennCare contractors while he was on several Senate committees overseeing the state's expanded Medicaid program. No trial date has been set on those charges.

"The attention it's gotten is just unreal," Scholl said.

Judge J. Daniel Breen told Scholl to put his arguments in writing. "But at this point, we are set," the judge said.

Prosecutor Tim DiScenza objected to a delay.

"It's time for this case to be tried," he said. "No part of that Nashville case are we going to use in our case."

Prosecutors filed a request with Breen on Wednesday to bring up Ford's watch at his Memphis trial "as evidence of other crimes, wrongs and acts."

Scholl said Ford got the watch legally.

"This absolutely has nothing to do with this trial," he said.

Following a brief status conference with Breen, Ford refused to talk about the watch, except to say, "I want to get it back."

Prosecutors said Ford talked about getting the watch two years ago from Rusty Hyneman, one of Memphis' best-know real estate developers.

A call to Hyneman's office was not returned.

"Ford stated that he had received the watch because he had done Hyneman a big favor, that is, saved him $1.3 million dollars," prosecutors said in their petition.

The watch was taken from Ford when he was arrested on the Tennessee Waltz charges last year. Ford, who had represented a Memphis district for more than 30 years, resigned from the Senate shortly after that arrest.

Prosecutors do not identify two individuals with whom they said Ford talked about the watch. During the two-year Tennessee Waltz investigation, the FBI made hundreds of hours of secret audio and video recordings.

Ford met with state officials on Hyneman's behalf after the developer was cited for water pollution violations at subdivisions he was building in Shelby County, prosecutors said.

Ford denies the Nashville charges, saying he had a private consulting business while in the Senate and his dealings with TennCare contractors were proper.

TennCare is an expanded state-federal Medicaid program that provides health care to the poor, elderly, disabled and uninsurable.

Developer Admits Ocean Twp. Graft (NSL)

By Jeff Whelan, Star-ledger Staff

Newark Star-Ledger, December 22, 2006

Says he paid mayor $50,000 to boost zoning

A Monmouth County developer yesterday admitted paying off former Ocean Township Mayor Ter rance Weldon to increase the zon ing density for his housing project.

Moshe "Michael" Gohar acknowledged in federal district court in Trenton that he gave Weldon $50,000 in cash after Weldon helped influence the 2001 vote on the zon ing change.

"Where did you do it?" U.S. District Judge Joel Pisano asked of the corrupt payment.

"He came to my house," said Gohar, a 56-year-old Ocean Township resident, his voice barely audible.

The zoning change allowed the developer to build 75 townhouses on 81.1 acres, instead of the roughly 30 single-family homes permitted under the original zoning. The Apple Farm development was never constructed.

Gohar pleaded guilty to one count of conspiring to give and offer corrupt payments. He initially had been indicted in February and also charged with mail fraud and bribery. The latter charge alone could have put him behind bars for up to 10 years.

Under the plea agreement between Gohar's attorneys and Assistant U.S. Attorneys Brian Howe and Charles McKenna, Gohar could face between 18 and 27 months in prison. One factor in sentencing could be a previous state tax conviction against Gohar.

If Pisano stays within the parameters of the plea agreement, neither side can appeal. The judge, however, is not bound by the agreement and Gohar faces a max imum of five years in prison and a $250,000 fine.

"He's contrite," Blair Zwillman, Gohar's attorney, said after the hearing. "He realizes it was a big mistake and wants to go on with his life."

FBI agents raided Weldon's house in January 2002 as part of a long-running corruption probe in Monmouth County, and found the cash in the pocket of a suit jacket in the mayor's attic. Weldon later pleaded guilty on corruption charges.

Gohar also said he conspired with the late Neptune businessman Philip Konvitz in the scheme. Be fore Konvitz died in 2005, a federal judge dismissed corruption charges against him after medical experts agreed that the 92-year-old suffered from Alzheimer's disease and was unfit to stand trial.

Pisano is scheduled to sentence Gohar on March 28. Gohar was re leased on a $500,000 secured property bond after his indictment and remains free pending his sentenc ing.

Jeff Whelan may be reached at (973) 622-3405.

FBI Offers $40,000 Reward For Info On Trestle Fire (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 22, 2006

The FBI yesterday announced a $40,000 reward for information leading to the conviction of the arsonist who set a fire that destroyed a Butler County train trestle in May, causing an estimated $8 million in damage and lost business to the railroad and three area companies that rely on the rail line.

State police ruled the fire an arson eight days after the blaze, which quickly engulfed the 624-foot Divener Trestle in Donegal.

The bridge, a wooden structure owned by the Buffalo & Pittsburgh Railroad that predated the Civil War, went up in flames just 15 minutes after a train carrying sulphuric acid crossed it.

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"That would have been a disaster. That could have wiped out that town," said Ray Morrow, head of the Pittsburgh FBI office.

Another train was some 30 minutes away from crossing the span.

The railroad and three companies directly impacted by the loss of the trestle put up the reward money. The FBI got involved because it has jurisdiction over crimes involving railroad lines; the agency and state police are conducting the investigation.

The railroad had to pay about $2.7 million to replace the bridge.

While the bridge was down, three industrial plants in northern Butler County suffered huge financial hardships.

Indspec Chemical Corp. and Sonneborn Inc., both chemical companies in Petrolia, and Penreco, a supply company in Karns City, estimated the loss of rail access cost them a total of $5.3 million because of disruption of shipments to and from their facilities.

The rail line, a 17-mile link from the city of Butler along Route 68, runs directly into two of the plants.

Anyone with information is asked to call the FBI at 412-432-4000.

Four Indicted On Drug Trafficking Charges (ANG)

Access North Georgia, December 21, 2006

ATLANTA - Four illegal aliens have been indicted on charges relating to a large scale methamphetamine and cocaine trafficking conspiracy in Barrow and Gwinnett counties.

Arnulfo Nunez-Villanueva, 26; Miguel Angel Gonzalez, 20; Rafael Garcia-Nunez, 33; and Mauricio Medina-Mojica, 26, all believed to be from Mexico, were indicted by a federal grand jury late Wednesday.

Search warrants yielded over 280 pounds of illegal drugs and a rifle, according to the U.S. Attorney's office in Atlanta.

“We are coming after those responsible for the scourge of methamphetamine and other dangerous drugs that undermine the well being of our community and our country,” said United States Attorney David E. Nahmias. “We will also seek additional charges and longer sentences for anyone possessing or using a firearm in conjunction with their drug trafficking activities.”

The indictment charges the defendants in relation to five separate search warrants that were executed in Gwinnett and Barrow counties November 21. A search of four residences in those counties yielded a total of 145 pounds of crystal methamphetamine (aks Ice), 135 pounds of cocaine, and a .223 caliber AR-15 style rifle.

The indictment charges all four defendants with engaging in a conspiracy to distribute cocaine and methamphetamine. In addition, Miguel Angel Gonzalez is charged with the actual possession of cocaine and methamphetamine and the possession of a firearm in furtherance of a drug trafficking crime.

DEA Atlanta Special Agent in Charge Sherri Strange noted the quantity of methamphetamine seized in this case constitutes the nation’s fifth largest methamphetamine seizure in 2006.

At an earlier news conference outlining details of the seizure, Ms. Strange said that DEA maintains a commitment to disrupt and dismantle the organizations that bring these drugs to Atlanta, commenting, “As members of these groups step up their operations, we are going to step up our operations.”

This case is being investigated by the Drug Enforcement Administration, with assistance from the Barrow County Sheriff's Department and Gwinnett County Police Department.

Four Indicted On Charges They Ran Large Drug Ring (GDP)

Gwinnett Daily Post, December 22, 2006

ATLANTA - Four illegal aliens believed to be from Mexico have been indicted by a federal grand jury on charges related to a large-scale drug-trafficking conspiracy.

Arnulfo Nunez-Villanueva, 26, Miguel Angel Gonzalez, 20, Rafael Garcia-Nunez, 33, and Mauricio Medino-Mojica, 26, are charged with engaging in a conspiracy to distribute cocaine and methamphetamine, according to a press release issued by Patrick Crosby, public affairs officer for the U.S. Attorney's Office.

Gonzalez is charged with "the actual possession of cocaine and methamphetamine and the possession of a firearm in furtherance of a drug-trafficking crime," Crosby said.

The charges stem from five separate search warrants executed in November in Gwinnett and Barrow Counties, where law enforcement seized 145 pounds of crystal methamphetamine or ice, 135 pounds of cocaine and a .223 caliber AR-15-style rifle, the release said.

Searches were executed at two Lilburn addresses, two Lawrenceville addresses and one Winder address, Crosby said.

Almost all the drugs and the gun were found at the Johns Way address, and the other residences yielded drug ledgers and some drug proceeds, Crosby said.

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A Drug Enforcement Administration official noted that this bust is the nation's fifth largest meth seizure this year.

The DEA is investigating the case with assistance from law enforcement in Barrow and Gwinnett Counties.

Assistant U.S. Attorney Garrett M. Heenan is prosecuting the case.

Arrests Tied To Huge Drug Ring (ABH)

Athens Banner-Herald, December 22, 2006

Four Mexican nationals are charged with running the local branch of a massive drug ring out of Gwinnett and Barrow counties, after federal authorities made what they are calling the nation's fifth-largest methamphetamine seizure of the year.

Indictments handed down Wednesday against men believed to be undocumented aliens from Mexico stem from five search warrants executed Nov. 21 at houses in Barrow and Gwinnett counties, U.S. Attorney for the Northern District of Georgia David Nahmias said in a news release.

Arnulfo Nunez-Villanueva, 26, Miguel Angel Gonzalez, 20, Rafael Garcia-Nunez, 33, and Mauricio Medino-Mojica, 26, were indicted Wednesday on charges of engaging in a conspiracy to distribute cocaine and meth, according to Nahmias' office. Gonzalez also is charged with possession of cocaine and methamphetamine and the possession of a firearm in furtherance of a drug trafficking crime.

The Barrow and Gwinnett searches yielded 145 pounds of crystal meth, 135 pounds of cocaine and a .223-caliber AR-15-style rifle.

Agents searched a house off Patrick Mill Road in southwestern Barrow County and four in Gwinnett County - two in Lilburn and two in Lawrenceville. Almost all of the drugs and the rifle were found at one of the Lilburn houses, while investigators found drug ledgers and some drug proceeds at the other houses, according to Patrick Crosby, spokesman for Nahmias.

A day later, federal authorities filed criminal complaints against the four men in advance of the federal grand jury's indictment.

On Nov. 6, Barrow County Superior Court Judge Joe Booth authorized federal investigators to tap a telephone belonging to Nunez-Villanueva, according to an affidavit that a Drug Enforcement Administration special agent filed in federal court.

Through the wiretap, investigators learned that Nunez-Villanueva "appeared to be a broker for numerous illegal drug transactions," the agent said in the affidavit.

Three days later, DEA officers and the Barrow County Sheriff's Office began surveillance of a house at 721 Tom Miller Road - a house where Nunez-Villanueva lived and met with customers, according to the affidavit.

Meanwhile, federal authorities in Illinois, Indiana and Kentucky arrested 13 others, charging them with conspiracy to distribute methamphetamine and cocaine. Those 13 men - three of whom are on the lam - are charged with conspiring to bring cocaine and meth from Chicago and Atlanta to southeastern Indiana and Louisville, Ky., according to Susan W. Brooks, the U.S. attorney for the Southern District of Indiana.

In Chicago and Indiana, investigators seized 15 kilos of cocaine, two vehicles with compartments that could be used for hiding drugs, 25 pounds of meth, almost a kilo of heroin, roughly $400,000 in cash and guns. Authorities also arrested seven others on unrelated charges.

"Based on the amount of cash seized and drugs recovered, we have dismantled a highly productive drug organization," Brooks said in a news release.

Among the customers who went to the Winder house were couriers sent by Clarksville, Ind., resident Francisco Ortuno-Vasquez, who faces an indictment in Indiana, according to court records and Brooks.

The Georgia case is being investigated by the Drug Enforcement Administration, with help from the Barrow County Sheriff's Office and Gwinnett County police. Assistant U.S. Attorney Garrett M. Heenan is prosecuting the case.

Feds Bust Metro Cop For Helping Family's Cocaine Ring (NCP)

Nashville City Paper, December 21, 2006

Federal prosecutors on Thursday unsealed an indictment on a Metro Police narcotics detective, Officer Ernest B. Cecil, charging him with conspiracy for using his police powers to help his nephew run a Nashville cocaine ring.

Cecil, a 15-year veteran of the department, was arrested by federal Drug Enforcement Agency (DEA) agents and immediately taken into custody Thursday morning, Metro Police Chief Ronal Serpas said at a press conference announcing the indictment.

U.S. Attorney Craig S. Morford – whose office on Monday indicted former State Senator John Ford on a new round of fraud charges – called Thursday's announcement of the indicting of a Metro Police officer a "sad day."

"It is a sad day whenever we have to stand here and announce that we have indicted an officer who is accused of violating the very laws that he has taken an oath to enforce," Morford said.

Cecil was indicted by a federal grand jury on one count of conspiracy to distribute over 5 kilograms of cocaine, one count of possession with the intent to distribute over 500 kilograms cocaine, and one count each of robbery in violation of the Hobbs Act and of brandishing a firearm during a drug trafficking crime.

Federal officials said they believe Cecil's alleged crimes were all committed to help his nephew, Corey Cecil, hide his drug operation from the rest of the Metro Police Department.

"Officer Cecil's nephew, Corey Cecil, and others regularly brought up large amounts of cocaine into Nashville for distribution and resale on the streets of this community," Morford said.

The indictment charges Cecil with providing protection to those drug dealers by warning his nephew to stay away from certain police-targeted areas, telling his nephew to dump his cell phones because they were no longer safe, arranging for the dismissal of parking tickets for his nephew, and assisted his nephew in retrieving a confiscated cell phone, and making threats on his behalf.

"And most importantly and most significantly, he participated with his nephew and a fellow Metro police officer in the robbery of a cocaine dealer," Morford said.

On April 30, 2003, Officer Cecil and Officer Charles Williams – who is already under indictment and will be going to trial in January – made a bogus police stop on one of the nephew's cocaine suppliers, federal prosecutors said.

That stop and the subsequent indictment of Williams eventually led Metro Police investigators to turn their attention to Cecil, Serpas said.

"There is a zero tolerance in the Metropolitan Police Department for untruthfulness, there's a zero tolerance for unethical behavior, and there's a zero tolerance for unethical behavior," Serpas said.

Serpas said Officer Cecil's arrest should put an end to the Cecil family drug operation.

IMMIGRATION:

Federal Panel Rejects Demjanjuk Appeal Of Deportation Order (AP)

By M. R. Kropko

AP, December 22, 2006

CLEVELAND — A man accused of being a Nazi death camp guard lost an appeal today fighting his deportation.

John Demjanjuk, 86, of suburban Cleveland, was ordered deported in 2005 after the chief federal immigration judge determined he had served at several Nazi death camps during World War II. Demjanjuk has denied the allegation and still has the right to appeal in federal courts today's ruling by the Board of Immigration Appeals in Falls Church, Va.

In its 20-page ruling, the board said facts established previously in courts identifying him as a Nazi guard "are conclusively established" and that there is no reason to believe there may be new information about his past in a Soviet KGB file, as his lawyer alleged.

The board reviewed legal briefs in the case before dismissing Demjanjuk's appeal, said Elaine Komis, spokeswoman for the Executive Office for Immigration Review.

"We are studying it," said John Broadley, Demjanjuk's lawyer. "But that's the conclusion they reached. What their reasoning is, we'll have to take a look at, and federal courts will have to look at it, too."

Demjanjuk, a former auto worker, was cleared in 1993 in Israel of being the notorious "Ivan the Terrible," a sadistic guard at the Treblinka concentration camp.

But Demjanjuk, who first lost his U.S. citizenship in 1981, was stripped of his citizenship in 2002 for a second time when a federal district judge in Cleveland ruled that documents from World War II prove he was a Nazi guard at various Nazi death or forced labor camps.

Demjanjuk is in frail health due to leg and back pain and appeared in a wheelchair at his deportation hearing last year. He lives in virtual seclusion at his home in Seven Hills.

"My expectation is that our lawyer is going to want to review it," said Demjanjuk's son, John Demjanjuk Jr. "My understanding it that it's appealable. They can't send him anywhere. We're not aware of any country offering to accept him from the United States."

Former Chief Immigration Judge Michael Creppy ruled Dec. 28 last year that there was no evidence to document Demjanjuk's claim that he would be tortured if deported to his native Ukraine. Creppy ruled that Demjanjuk should be deported to Germany or Poland if Ukraine does not accept him.

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Broadley argued in the appeal that Creppy held an administrative position and should not have assigned the case to himself, and that he was biased because he once wrote an article containing his opinions on Nazi cases. Broadley also said Demjanjuk was not given a fair chance to adequately oppose some findings against him.

The 11-member Board of Immigration Appeals is the highest administrative body for interpreting and applying immigration laws. Generally, the board does not conduct courtroom proceedings.

The board hears appeals from decisions of immigration judges and by district directors of the Department of Homeland Security. Decisions of the board are binding unless modified or overruled by the attorney general or a federal appeals court.

Demjanjuk's case started 29 years ago and is the second longest in the records of the Justice Department's Office of Special Investigations, which handles cases against people accused of being former Nazis.

The longest running U.S. case involving an accused Nazi was that of Andrija Artukovic, a Croatia wartime government official. The former Immigration and Naturalization Service started deportation proceedings against him in May 1951, and he was extradited to Yugoslavia in early 1986, some 35 years later.

US 'Nazi Guard' Faces Deportation (BBC)

BBC News, December 22, 2006

An 85-year-old man accused of having been a guard at a Nazi death camp has lost an appeal against his deportation from the US to his native Ukraine.

John Demjanjuk, who was ordered to be deported a year ago, can still make a further appeal against this ruling.

He has denied the allegations and his lawyers argued he would be tortured if sent back to Ukraine.

Mr Demjanjuk migrated to the US in 1951 and was briefly deported to Israel amid a 30-year legal battle over his past.

At the time, he was suspected of having been a notorious concentration camp guard, known by the nickname "Ivan the Terrible".

But his name was eventually cleared in an Israeli court and he was spared the death penalty.

Lack of evidence

The Board of Immigration Appeals upheld the 2005 deportation order which said there was no evidence to prove Mr Damjanjuk would be tortured if returned to the Ukraine.

"Simply put, the respondent's arguments regarding the likelihood of torture are speculative and not based on evidence in record," the board stated.

Mr Damjanjuk's lawyer, John Broadley said he was studying the ruling.

"What their reasoning is, we'll have to take a look at, and federal courts will have to look at it, too," he said.

His son, John Demjanjuk Jr, believed an appeal could still be made, adding: "We're not aware of any country offering to accept him from the United States."

The US Justice Department said efforts were continuing to remove him from the country as soon as possible.

Citizenship battle

Mr Demjanjuk returned to the US and his citizenship - which he had lost for allegedly lying to US immigration officials - was restored in 1998.

However, in 2002, an immigration judge ruled that there was enough evidence to prove Mr Demjanjuk had been a guard at several Nazi death camps and again stripped him of his citizenship.

He lost an appeal against the decision in 2004.

Mr Demjanjuk has always insisted he was a prisoner of war with the Nazis, rather than a guard serving under them.

But his 2002 hearing found that he had been an armed guard at the Sobibor, Majdanek and Flossenburg concentration camps where tens of thousands of Jews were killed.

Saudi Princess To Be Deported, Judge Orders (AP)

AP, December 22, 2006

BOSTON --A Saudi Arabian princess who broke U.S. immigration laws to keep her domestic servants was ordered to be deported, prosecutors said Thursday.

Hana F. Al Jader of Winchester was sentenced to two years of probation, the first six months of which must be served in home confinement, after which she'll be deported to Saudi Arabia, prosecutors said.

U.S. District Judge Reginald J. Lindsay also sentenced Al Jader, 40, to pay $206,000 in restitution to three of her former domestic servants, pay a $40,000 fine, and perform 100 hours of community service.

In September, Al Jader pleaded guilty to two counts of visa fraud for lying on immigration forms, and two counts of harboring an alien for keeping the two women at her house though she knew their visas had expired.

DOJ_NMG_0108624

In a deal with prosecutors, six counts of forced labor were dropped in exchange for guilty pleas on the other charges.

Prosecutors alleged that Al Jader forced two domestic servants from Indonesia to work long hours, while holding their passports in a safe.

Al Jader submitted fraudulent forms to the U.S. Embassy in Saudi Arabia guaranteeing the women would work eight hours daily for $1,500 a month, they charged.

The women were actually paid just $300 per month after arriving in February 2003 to cook, clean and care for Al Jader's disabled husband, and their children.

Al Jader and her husband, Prince Mohamed Bin Turki Al Saud, and have lived in Winchester and Arlington since the mid-1990s, when the couple came to the United States to obtain medical and rehabilitation treatment for injuries the prince suffered in an auto accident.

Lindsay also sentenced Al Jader to forfeit a second residence in Arlington.

CONGRESS-ADMINISTRATION:

Grand Jury Subpoenas Weldon Records (LAT)

By Richard B. Schmitt, Times Staff Writer

Los Angeles Times, December 22, 2006

Washington — A federal grand jury has subpoenaed congressional records from Rep. Curt Weldon, R-Pa., as part of an escalating Justice Department corruption probe aimed at determining whether Weldon used his influence to win favors for family members, people familiar with the investigation said.

The previously unreported subpoena was issued by a grand jury in Washington before the November election, although it is unclear when Weldon received it.

The 10-term lawmaker was at the time in a tight race to retain his seat representing the Philadelphia suburbs, which he subsequently lost to Democrat Joe Sestak, a retired Navy vice admiral.

Weldon said public disclosure of the Justice Department investigation, which came three weeks before election day, was politically motivated. He said at the time that he was not aware of any investigation and that he had done nothing wrong.

An attorney for Weldon, William J. Winning, did not return messages Thursday seeking comment.

House rules require members of Congress to promptly report the receipt of subpoenas to the leadership when Congress is in session. Notice of the subpoena is then customarily published in the Congressional Record.

A search of the record Thursday did not turn up evidence that Weldon had disclosed the subpoena.

It is possible that the lawmaker did not receive the subpoena until after Congress adjourned following the election, when different reporting rules would have applied. In that case, he still would have been required to notify the leadership, but the subpoena would not become public in the Congressional Record until Congress reconvenes in January.

Weldon is a former vice chairman of the House Armed Services Committee and a leading voice in Washington on the affairs of former Eastern bloc nations. The FBI is investigating whether he traded his influence to get lobbying business for his daughter and others.

Karen Weldon and Charles Sexton, a close friend and political adviser to the lawmaker, operated Solutions North America. Investigators are examining about $1 million in contracts from foreign clients that Weldon may have helped steer to the firm.

The corruption probe became known on Oct. 16, when the FBI searched six sites in Philadelphia and Jacksonville, Fla. They included the lobbying firm run by Weldon's daughter and one of its clients, a Russian energy company, Itera International Energy Corp.

The Los Angeles Times reported in 2004 that Solutions North America won contracts from companies or individuals that Weldon tried to help. The beneficiaries included two struggling Russian companies and a Serbian family linked to accused war criminal Slobodan Milosevic.

The Times reported Itera was paying Solutions $500,000 a year for public relations help around the same time that Weldon was extolling the company and helping to round up 30 congressional colleagues for a dinner honoring the company's chairman.

Weldon said at the time of the October searches that he had "no communication or contact with anyone, nobody from the Justice Department" about an investigation, and had not been told that he was a target of any probe.

Another lawyer for Weldon, William B. Canfield, said at the time that the House Ethics Committee had reviewed the matter, and that it had been resolved, although the report has never been made public. Canfield could not be reached Thursday.

The FBI subsequently opened an investigation into whether law-enforcement officials illegally leaked information about the Weldon probe to the media. It is a violation of the law for government officials to reveal grand jury material publicly.

Legal experts said that Weldon's electoral defeat did not relieve him of the obligation to report the subpoena.

"If they were served with a subpoena before the House adjourned, then they were supposed to give notice immediately," said Charles Tiefer, a University of Baltimore law professor and a former counsel to the House.

"For a member not re-elected, the rules are no different," Tiefer said. But he observed that the House has virtually no power to sanction former members for violations of its rules.

Conservative Appointed To CPB Board (AP)

AP, December 22, 2006

President Bush has appointed an outspoken conservative television producer to the board of directors of the Corporation for Public Broadcasting.

Warren Bell, executive producer of ABC's "According to Jim," was first nominated by Bush in June. In September, his nomination was abruptly pulled from the Senate Commerce, Science and Transportation Committee's agenda because of some senators' concerns.

The Corporation for Public Broadcasting is a private, nonprofit company that was created by Congress in 1967 to distribute federal funds to local public television and radio stations.

Bell has been an online contributor to the conservative National Review magazine. In May 2005 he described himself as "thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues."

Since then he has pledged to be nonpartisan in his service on the board.

The board has been criticized in recent years as stacked with right-wing political operatives. In 2005, then-chairman Kenneth Tomlinson was accused in an inspector general's report of using "political tests" as a criteria for hiring top employees, exerting political influence over programming, and other offenses.

The appointment, announced Wednesday night, prompted criticism from Sen. Frank Lautenberg, D-N.J., who accused the Bush administration of not caring about the "integrity or quality" of the public broadcasting system.

"First we saw Ken Tomlinson's embarrassing tenure as chairman. Now, the president is putting Warren Bell, an unqualified nominee that the Senate refused to consider, on the CPB board," he said.

Bell's recess appointment means he will stay on the board through the congressional session that ends in 2007.

Appointment To Public Broadcasting Board (NYT/AP)

By The Associated Press

The New York Times, December 22, 2006

President Bush has appointed a conservative television producer to the board of the Corporation for Public Broadcasting. The appointee, Warren Bell, executive producer of ABC's “According to Jim,” was first nominated by President Bush in June. In September, his nomination was pulled from the agenda of a Senate committee because of some lawmakers’ concerns about Mr. Bell’s background. In May 2005 he described himself as “thoroughly conservative in ways that strike horror into the hearts of my Hollywood colleagues.” Because Congress is in recess, Mr. Bush can appoint Mr. Bell without its approval.

Bush's Recess Appointment Puts Pick In Broadcast Post (WT/COX)

By Ken Herman, Cox News Service

The Washington Times, December 22, 2006

President Bush, blocked by the Senate in two attempts, has used a recess appointment to bypass senators and put his top political advertising adviser on the panel that oversees the nation's international broadcasting operations.

Mark McKinnon will join the Broadcasting Board of Governors (BBG) in time for its Jan. 10 meeting. The recess appointment is good for a year, but Mr. McKinnon said yesterday that he is confident the Senate would confirm him for a full term that would end in 2009.

Senators, however, often don't look favorably on recess appointees.

The BBG oversees a global operation that draws more than 100 million listeners and viewers a week. The operations include the Voice of America, Radio Free Europe and broadcast systems that cover Asia, Cuba and the Middle East.

"This board is doing very important work confronting some of the biggest challenges this country faces trying to communicate the American image abroad," Mr. McKinnon said.

Mr. Bush's first attempt to get Mr. McKinnon on the board was in September 2005 in a nomination for a seat formerly held by a member whose term expired. The appointment ran into opposition from Democrats because it was a seat reserved for Democrats.

The nine-member board consists of four Democrats and four Republicans, as well as the secretary of state.

Several Democratic senators, including Delaware's Joseph R. Biden Jr., were upset by the effort to put Mr. McKinnon in a Democratic seat. Mr. McKinnon had been an adviser to Texas Democrats before he signed on with Mr. Bush in 1997. He directed the media efforts, including advertising, in the 2000 and 2004 presidential campaigns.

In October 2005, Mr. Bush withdrew the McKinnon nomination for the Democratic seat and, instead, tapped him for a seat vacated by a Republican. It was a dual nomination, covering an unexpired term and a full term through 2009.

But senators never confirmed the nomination.

Mr. McKinnon said nominations to the board were held up in the Senate "due to issues that go back years" that had "nothing to do with me."

"I told them I'd be glad to serve whenever it works out," he said.

Mr. McKinnon's nomination got caught up in Senate concerns about partisanship at the board. The concerns deepened when Mr. Bush renominated Kenneth Y. Tomlinson as the panel's chairman. Mr. Tomlinson had drawn criticism during his tenure at the Corporation for Public Broadcasting, which helps support public radio and television stations. Critics said Mr. Tomlinson politicized that operation.

McKinnon's Appointment To Broadcasting Board Angers Democrats (MCT)

By Maria Recio

McClatchy Newspapers, December 22, 2006

(MCT)

WASHINGTON - President Bush's media adviser, Mark McKinnon, got a recess appointment Wednesday night from the White House to be a member of the Broadcasting Board of Governors, a little-known but influential federal agency that oversees U.S. government-sponsored news outlets such as the Voice of America.

Why would he need a recess appointment - a presidential perk to get around Congress? The Democrat-turned-Republican media consultant's nomination languished for nearly a year and a half in the Senate Foreign Relations Committee.

Senate Democrats were livid when the Texan was first nominated for a Democratic slot on the board. His quick re-nomination as a Republican - the longtime Texas Democrat now calls himself a "Bush Republican" - did not appease them, either.

Sen. Joe Biden, D-Del., the incoming Senate Foreign Relations Committee who takes over in January, was not likely to move McKinnon's nomination, said insiders, prompting the White House action.

"The nomination had been out there a very long time and we needed to fill the position," said White House spokesman Tony Fratto. "This was the most expedient way to get that slot filled."

The recess appointment lasts for one year for the part-time position. McKinnon is expected to be formally nominated for the position, as well, but is unlikely to get any further in a Senate controlled by Democrats than he did in one run by Republicans.

While presidential politics may or may not be at play - Biden is a presidential aspirant and McKinnon is an adviser to the all-but-announced presidential campaign of Sen. John McCain, R-Ariz. - sources close to the issue say the problem is Broadcasting Board of Governors chairman Kenneth Tomlinson.

"The issue is Tomlinson," said a Senate official close to the controversy, who spoke on condition of anonymity because of the sensitivity of the issue.

Democrats view Tomlinson as partisan, and some question his ethics after a report by the State Department's inspector general, released in August, said he misused government funds for two years, including using the office's resources to promote his private horse racing operation.

Tomlinson, who denied the conclusions, serves as the board of governors' chair in one of four Republican slots. There are four Democratic slots with the ninth member being the secretary of state. Karen Hughes, Bush's close confidante and image-maker, now the undersecretary of state for public diplomacy and public affairs, represents Secretary of State Condoleezza Rice on the board.

Because of a Democratic vacancy, McKinnon's appointment tips the balance of the board to the Republicans. That gives Tomlinson, Democrats say, effective control of the board.

Tomlinson's own nomination has been an issue for more than two years. But the chairman, whose board membership expired in 2004, continues to serve under the provision of the law that created the board. Biden co-authored that law.

For more information on the Broadcasting Board of Governors, see http://www.bbg.gov

Bush Signs Executive Order On Pay Raises (AP)

AP, December 22, 2006

DOJ_NMG_0108627

President Bush signed an executive order Thursday to raise the pay of federal workers, members of Congress and Vice President Dick Cheney in the new year.

Congress passed the pay raises earlier this year, but Bush was required to sign an executive order to enforce them.

The president's annual salary of $400,000 is not affected by the legislation.

The size of the pay raises was based on a formula in federal law that takes into account cost-of-living changes.

Civil servants, on average, will get a 2.2 percent pay increase in January. So will uniformed members of the military.

Members of Congress, the vice president and most senior federal officials will get a 1.7 percent pay increase, as will federal administrative law judges.

Congress opted to put off its pay increases until Feb. 16, not Jan. 1, on the urging of the incoming Democratic leaders in the House and Senate. They say no pay raise should kick in until Congress approves an increase in the federal minimum wage, which has been stuck at $5.15 an hour for the past 10 years.

Currently, rank-and-file members of Congress get $165,200.

Local Government Workers To Get 2.64% Raise In '07 (WP)

By Stephen Barr

The Washington Post, December 22, 2006

P resident Bush offered some holiday cheer yesterday by issuing an executive order that provides pay raises next year for federal employees, military personnel, Cabinet officers and members of Congress.

Washington-Baltimore federal employees will receive a 2.64 percent increase under a salary formula that gives higher adjustments to metropolitan areas where federal pay has lagged the furthest behind the private sector. The average civil service raise will be 2.2 percent under the order.

Members of the armed forces will also see their base pay rise next year by an average 2.2 percent, though some military personnel will receive higher increases because they are in hard-to-fill positions or have special skills.

Salaries for House members and senators will climb to $168,000, up from $165,200. Congress has put the raise on hold, however, because Democrats first want to approve an increase in the minimum wage, which they believe will prove popular with voters.

Cabinet secretaries will make $186,600 in 2007, up from $183,500 this year. The vice president's salary will be $215,700, rising from $212,100. (The president's salary has been fixed at $400,000 since 2001.)

The new pay tables show that a captain in the armed forces with four years of service will earn $52,704 in base pay next year and that a typical Foreign Service officer with five years of service will earn $62,935 in base pay.

Federal employees in the Washington area average 16 years of service and earn an average of $89,128, federal data show.

In most years, Congress has approved a federal employee raise by this time of the year and the presidential order merely ratifies that decision.

But Congress has not acted on a civil service raise for next year, in part because the Senate could not clear most of the fiscal 2007 spending bills. The government, except for the departments of Defense and Homeland Security, is operating on an interim funding measure, known as a continuing resolution, that expires Feb. 15. The Defense and DHS bills were passed and signed into law by Bush.

With no congressional action on the federal raise, Bush signaled last month that he would issue his order and trigger the publication of new salary tables. Most of the raises will take effect Jan. 7, officials said.

Rep. Steny H. Hoyer (D-Md.), who will be the House majority leader next year, called the Bush announcement "disappointing" but not a surprise. If Congress had completed work on the transportation-Treasury spending bill, he said, federal employees would be receiving an average raise of 2.7 percent, slightly higher than what Bush has ordered.

"This illustrates once again that when the legislative branch fails to use the power of the purse strings as the Constitution provides, the executive branch fills the vacuum," Hoyer said.

The leader of a union that represents employees in 30 federal agencies suggested that Bush acted like a Grinch. "The reality is that about half the members of the federal workforce will receive a meager pay raise of only 1.8 percent in 2007 -- the lowest amount in 18 years," said Colleen M. Kelley, president of the National Treasury Employees Union.

Federal pay is allocated according to geographic areas, and employees outside 31 specially designated metropolitan areas will receive the 1.8 percent raise. The highest-percentage raise goes to federal employees in the New York City area, 3.02 percent.

The NTEU and the American Federation of Government Employees said they will lobby Congress to increase the civil service and military pay raises when lawmakers return next month.

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Congress also has not acted on judicial pay for 2007, and Bush's order keeps the judiciary at its 2006 rates. If Congress does not approve a pay measure for judges, the chief justice of the United States will continue at $212,100, with associate Supreme Court justices at $203,000 and federal district court judges at $165,200 annually.Santa's Fly Zone

Santa Claus has turned to the National Geospatial-Intelligence Agency for a new digital navigation system to help Rudolph plot his sleigh route around the globe. It's called the NGA Toy Delivery System X-100, and tech-savvy kids will want to watch at http://www.nga.mil.Talk Shows

Sen. Byron L. Dorgan (D-N.D.) and David M. Walker, head of the Government Accountability Office, will be the guests on "Inside Government" at 10 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Navy Capt. James J. Shannon, a program manager for future combat systems, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Bush Signs Bill To Preserve WWII Camps (AP)

AP, December 22, 2006

President Bush signed into law a $38 million grant program to preserve notorious internment camps where Japanese-Americans were kept behind barbed wire during World War II.

The money will be administered by the National Park Service to restore and pay for research at 10 camps. The law is intended to help preserve the camps as reminders of how the United States turned on some of its citizens in a time of fear.

The camps housed more than 120,000 Japanese-Americans — U.S. citizens and residents — under an executive order signed by President Roosevelt in 1942, when America was reeling from the Japanese attack on Pearl Harbor, Hawaii, on Dec. 7, 1941.

At the time there were fears that Japanese-Americans were loyal to Japan. Roosevelt's order prohibited them from living on the West Coast, in a position possibly to help an invasion force.

Thousands of families in California and parts of Washington state, Oregon and Arizona were pushed from their homes and into camps surrounded by armed guards. The sites named in the legislation are in California, Arizona, Arkansas, Colorado, Wyoming, Utah and Idaho.

The last of the camps closed in 1946.

President Reagan signed a presidential apology to Japanese-Americans in 1988.

Co-sponsors of the bill included the two current members of Congress who spent time in the camps as children: Democratic Reps. Mike Honda and Doris Matsui of California. Matsui was born in the Poston camp in Arizona.

The National Park Service already operates facilities at two of the 10 camps: the Manzanar National Historic Site in California and the Minidoka Internment National Monument in Idaho.

The law will give grants to nonfederal organizations for historical, research and restoration work at the sites named in the legislation, as well others selected by the head of the Interior Department, which includes the National Park Service.

Petition Readied For 2 Border Agents (WT)

By Jerry Seper

The Washington Times, December 22, 2006

A Republican congressman yesterday announced the pending delivery to President Bush of a petition signed by 160,000 Americans calling for the commutation of prison sentences for two U.S. Border Patrol agents convicted of shooting a drug smuggling suspect in the buttocks.

During a press conference on the front steps of the Orange County Courthouse in Santa Ana, Calif., Rep. Dana Rohrabacher asked Mr. Bush to "have some Christian charity and pardon" Agents Ignacio Ramos and Jose Alonso Compean, who are scheduled to begin serving 11- and 12-year prison terms, respectively, next month.

Mr. Rohrabacher called on Mr. Bush to "do the right thing and not allow the lives and families of these fine men to be destroyed."

Joined during the press conference by Compean and his family, Mr. Rohrabacher described the petition as part of a continuing effort to "turn up the pressure on President Bush to pardon" the agents.

The congressman recently sent a letter to the president demanding his intervention in the case and was joined last month at a Washington press conference by Republican Reps. Walter B. Jones of North Carolina, Ted Poe of Texas and Marsha Blackburn of Tennessee to announce that more than 50 members of Congress had signed on to a pardon request letter to Mr. Bush.

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Compean, 28, and Ramos, 37, were sentenced Oct. 19 by U.S. District Court Judge Kathleen Cardone in El Paso, Texas, to prison for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

A federal jury had convicted the two men in March after a two-week trial, and Judge Cardone ordered them to report to prison Jan. 17.

The government brought the charges after Osbaldo Aldrete-Davila, a Mexican national, agreed to testify against the agents in exchange for a grant of immunity in a possible drug case after an investigation by the Department of Homeland Security's Office of Inspector General.

The immunity deal protected Mr. Aldrete-Davila from being charged in this country as a drug smuggler. Ramos and Compean found 743 pounds of marijuana in a van Mr. Aldrete-Davila abandoned in Texas near the U.S.-Mexico border.

Mr. Aldrete-Davila was shot after he illegally entered the United States near Fabens, Texas, and ignored efforts by the agents to stop the van. Court records show he jumped from the vehicle and ran south to the Rio Grande, where he was confronted by Compean, who was knocked to the ground.

Although wounded, Mr. Aldrete-Davila crossed the border and escaped in a waiting van.

"The U.S. attorney wrongly focused on the minor mistakes of the officers instead of on the illegal drug trafficker," said Mr. Rohrabacher, referring to the fact that the agents did not report the shooting in writing and picked up their shell casings.

The government's case began after an investigator from the Office of Inspector General located Mr. Aldrete-Davila in Mexico. The investigator had been dispatched after Mr. Aldrete-Davila's mother told a Border Patrol agent in Arizona that her son had been shot. That agent notified the Department of Homeland Security.

A Crackdown's Contradictions (WP)

By Marcela Sanchez

The Washington Post, December 22, 2006

Much has been said about the use of identity theft laws in last week's six-state round up of illegal immigrants working at Swift & Co. meat processing plants. Some observers said it was the long-awaited application of the full weight of U.S. statutes to curb what has become an old practice among immigrants. For others it was a sinister and untimely crackdown on an immigration violation normally considered a misdemeanor.

But I say it is a big disappointment all around. People whose intention was to get work used stolen information, such as Social Security numbers. U.S. officials intending to do their jobs used a law meant for a far more serious crime as justification for the crackdown. Both sides are guilty of weakening the rule of law -- a taste of home we Latino immigrants could really do without.

Unpredictability, inefficiency, corruption, abuse and impunity -- all are attributes of lawlessness that plague the nations most immigrants leave behind. In Latin America, weak rule of law discourages investment, generates instability and disrupts economic activity, keeping the region firmly stuck in the "developing" world.

The social toll is also dramatic. A judicial system that seems arbitrary erodes people's confidence. A general distrust of laws and lawmakers feeds a quaint irreverence that results in justice being denied.

Most people do their best to get by in a flawed system. Others flout it. And yet others leave it all behind and head north.

That's when a culture that believes in laws and one that distrusts them suddenly collide. If you live in a U.S. community with an increasing influx of immigrants, you may have seen that clash play out not far from your doorstep.

You may have already come across the immigrant contractor remodeling a house across the street without all the required permits, or Latinos going to jobs in the back of a pickup. Maybe you've also heard about those who use someone else's Social Security number to gain employment.

Back in the immigrants' home countries, these actions would carry little consequence. But here, sooner or later, the contractor will find an official notice halting all construction until the paperwork is in place. The pickup driver will be stopped and fined. And as it occurred last week, workers detained in Colorado, Iowa, Minnesota, Nebraska, Texas and Utah will be charged with identity theft -- a felony that could land them in prison.

"They are not aware that they are stealing somebody's identity," said Guatemala's consul in Texas, Jose Barillas, who has been talking to many of those detained, their families and their co-workers. "All they did was to borrow a Social Security number to be able to work."

Their problem is that under U.S. law, ignorance does not excuse a violation, nor there is such thing as "borrowing" somebody else's identity.

Last week, only 65 of the 1,282 rounded up faced criminal charges, including identify theft. By early this week that number had more than doubled to 144, and U.S. officials insist that as the investigation continues, more workers could be charged.

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"These were not victimless crimes," said Homeland Security Secretary Michael Chertoff, adding that hundreds of U.S. citizens and legal residents have suffered the consequences of this practice.

Without excusing those who committed fraud to get jobs, it is important to make clear that the United States -- its government, its businesses and even its laws -- invites this type of behavior. Writing in The Washington Post, Tamar Jacoby, an immigration expert at the Manhattan Institute, has noted that "every year the economy as a whole creates some 500,000 more unskilled jobs than Americans want to do, yet we issue only 5,000 year-round visas for the immigrants who might fill them."

If levels of population growth continue as they are today, 40 percent of the next 100 million people in this country will come from abroad. Just as today, they will be coming to do jobs that the U.S. native work force is not doing but that will need to be filled if the U.S. economy is to grow at its current pace.

Whether many of those jobs will continue to be filled by immigrants working here illegally will depend on what Congress does in the coming year. A proper reform could reward more immigrants who play by the rules.

Or, by inaction, Congress will continue to maintain a system that enjoys and profits from immigrant labor, yet seeks to punish immigrants when they dare fill those vacancies.

That is the kind of arbitrariness immigrants know too well, but it is also the kind unworthy of a nation of laws.

Marcela Sanchez's e-mail address is desdewashATwashpost.com.

A Diplomat's Plum Post, Plucked Away (WP)

By Al Kamen

The Washington Post, December 22, 2006

The career diplomats at the State Department are celebrating a decision this week by the department's director general to overturn the assignment of an aide to Undersecretary Karen Hughes to a top job running the new Public Diplomacy Rapid Response office in Brussels.

The American Foreign Service Association two months ago protested the selection of mid-level civil servant Diane Zeleny for the job, calling it a "pre-cooked deal" done by manipulating the process and violating personnel rules. AFSA filed a grievance asking foreign service director general George Staples to "undo this assignment."

Staples did, though he gave Zeleny until next summer to leave Brussels. Staples, in a joint announcement with AFSA chief J. Anthony Holmes, said "we understand that she is doing an excellent job and is to be commended" for her work. But foreign service officers may now begin applying for the job, they said.

Foggy Bottom folks said the opening was never properly advertised so senior officials looking for new postings would know about it. And then it was announced at the last minute, so there was no way top officers, who had already gotten new assignments, could apply for it.

The Zeleny appointment came at a time when career diplomats were seething over jumps by several other lower-level officers with political connections into top jobs that the career folks thought should have gone to more senior officers.

It probably didn't help matters, in this case, that Zeleny, a talented civil servant -- but not a foreign service officer -- who has some experience overseas, is married to prominent neocon Reuel Marc Gerecht, an Iraq war promoter and occasional Bush adviser.

In addition to Zeleny's removal, the joint cable by Holmes and Staples announced, the "procedures" that led to her getting the assignment in the first place were "not clear," and it outlined steps being taken to "ensure that any future assignments of this nature will be guided by negotiated, established procedures that are fair and transparent."

Some career folks said they were surprised to see that Staples, also a career diplomat, moved with such dispatch to overturn a move made by the political powers.The Best Bettors

And now, the winners in the In the Loop Congressional Election Contest. In order to winnow down the hundreds of entrants, Loop advisers -- okay, a few reporters sitting nearby -- said true prognosticators were those who correctly predicted the Democrats' Senate takeover at 51 to 49. So that was the initial screen.

Then, of that group, the winners were those who most closely predicted the House ratio of 233 Democrats to 202 Republicans.

The Grand Winner, the only entrant who got them both exactly right, was Roger Peterson, who is in public relations in Vancouver, Wash.

Ari Schoenholtz of Bethesda, recently an intern at WAMU radio and now looking for work in public radio, was one off, guessing the Democrats would pick up 234 seats in the House.

Retired federal employee Dick Harlow of Prescott, Ariz., was one off the other way, guessing 232 Democratic House members.

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Lobbyist David Bushnell of Silver Spring was two off on the House vote, as was Fred Huebscher of the Los Angeles area. Peter Lorenzo, a retired political science professor from Roseville, Calif., was three off in the House, as was Montgomery County teacher John M. Mosier.

Ed Black, president and chief executive of the Computer & Communications Industry Association here, was four off, as was George Mason University political science professor Jeremy D. Mayer of Arlington and Alice Johnson Cain of Takoma Park, who works for the incoming House Education Committee chairman, Rep. George Miller.

Three other entrants missed the Senate vote but were exactly right on the House vote: Arlington consultant Stan Karson; Cockeysville, Md., jewelry maker Dori Grasso; and Adam Shah, deputy editorial editor at Media Matters for America.

Congratulations to the winners, and thanks to all for entering.No Longer to Labor at Labor

Moving on . . . Steven J. Law, formerly executive director of the Republican Senatorial Committee under Sen. Mitch McConnell (R-Ky.) and more recently deputy secretary of labor, is moving to the private sector in a few weeks. He'll probably be continuing his work on labor issues involved in trade and immigration matters.Not the Best Bet

Another bitter loss for Iranian President Mahmoud Ahmadinejad. Bad enough that his pals were trounced in this week's local elections in Teheran. Sportsbook.com, the online bookie, reported that almost 33 percent of the betting on Time's Person of the Year was for Secretary of State Condoleezza Rice. Only 21 percent went for Ahmadinejad.

Study Suggests Incentives On Oil Barely Help U.S. (NYT)

By Edmund L. Andrews

New York Times, December 22, 2006

WASHINGTON, Dec. 21 — The United States offers some of the most lucrative incentives in the world to companies that drill for oil in publicly owned coastal waters, but a newly released study suggests that the government is getting very little for its money.

The study, which the Interior Department refused to release for more than a year, estimates that current inducements could allow drilling companies in the Gulf of Mexico to escape tens of billions of dollars in royalties that they would otherwise pay the government for oil and gas produced in areas that belong to American taxpayers.

But the study predicts that the inducements would cause only a tiny increase in production even if they were offered without some of the limitations now in place.

It also suggests that the cost of that additional oil could be as much as $80 a barrel, far more than the government would have to pay if it simply bought the oil on its own.

“They are giving up a lot of money and not getting much in return,” said Robert A. Speir, a former analyst at the Energy Department who worked on the report. “If they took that money, they could buy a whole lot more oil with it on the open market.”

Oil closed Thursday at $62.66 a barrel in regular trading.

The Interior Department study, commissioned to analyze the costs of royalty incentives and their effectiveness at increasing energy supplies, was completed in fall 2005. But the study was not released until last month because senior officials said they considered it incomplete.

After repeated requests, the department provided a copy to The New York Times with a “note to readers” that said the report did not show the “actual effects” of incentives. Indeed, Interior officials contended that the cost of the incentives would turn out to be far less than the study concluded.

They also said that the nation benefits from even small amounts of additional domestic fossil fuels.

But industry analysts who compare oil policies around the world said the United States was much more generous to oil companies than most other countries, demanding a smaller share of revenues than others that let private companies drill on public lands and in public waters. In addition, they said, the United States has sweetened some of its incentives in recent years, while dozens of other countries demanded a bigger share of revenue.

In the United States, the federal government’s take — royalties as well as corporate taxes — is about 40 percent of revenue from oil and gas produced on federal property, according to Van Meurs Associates, an industry consulting firm that compares the taxes of all oil-producing countries.

By contrast, according to Van Meurs, the worldwide average “government take” is about 60 to 65 percent. And that figure, of course, excludes countries that do not allow any private ownership in oil production.

Democratic leaders in Congress have already vowed to roll back royalty incentives and tax breaks for drilling companies when they take control of the House and Senate in January.

“Royalty relief is the gift that keeps on giving,” said Representative Nick J. Rahall, Democrat of West Virginia, who will become chairman of the House Resources Committee. “It seems painfully obvious that when the government gives tax breaks in the form of royalty relief to Big Oil, the American people are footing the bill.”

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Supporters of drilling incentives say they make sense for a country that wants to reduce its dependence on foreign oil and whose biggest untapped reserves are in water thousands of feet deep where the cost of drilling a dry hole can hit $100 million.

"The amount of exploration investment that a company has to endure to find and develop reserves in the U.S. is far more than in a place like Angola," said Michael Rodgers, a senior economist at PFC Energy, a consulting firm that analyzes the tax regimes in oil-producing countries.

As oil and gas prices have surged in recent years, moreover, many countries have forced companies to give up a bigger share of revenues. Venezuela, Nigeria and Kazakhstan are among several dozen countries that have forced foreign oil companies to pay more money through either higher taxes or bigger equity stakes for the government.

"They've become emboldened by higher oil prices but they're also being emboldened by muted response from investors," said Michelle Billig, director of political risk analysis at the PIRA Energy Group in New York. "Companies don't have the luxury of contesting and taking a hard line."

Starting this year, Britain imposed the second of two new supplemental taxes on petroleum revenue from the North Sea, pushing the government's share to 50 percent. Norway keeps at least 70 percent of revenues, but the government share increases automatically as oil prices rise and tops out at 78 percent.

Norway is on the growing list of countries that have adopted "progressive" systems that automatically increase the tax rate on oil and gas production as energy prices climb. Several Canadian provinces have adopted similar policies, and Alaska approved a tax system in August that automatically inches up as oil prices climb above $55 a barrel.

"The United States is not extracting sufficient benefit from oil and gas production," said Pedro Van Meurs, president of Van Meurs Associates.

"The U.S. system worked fine when oil was $20 a barrel, but it wasn't changed when prices went up," added Mr. Van Meurs, who advised Alaska legislators on their tax system. When oil prices soar, he said, political leaders almost inevitably view the immutable bargain as too generous to industry.

In principle, the federal government has its own form of a progressive system. It offers royalty relief to companies that drill in very deep waters, but companies are supposed to pay the full rate — 12 to 16 percent — if oil prices climb above about $34 a barrel.

In practice, it does not always work out that way. Companies that signed leases in 1998 and 1999 enjoy an unintended loophole that entitles them to royalty-free oil and gas regardless of how high prices climb.

Last week, the Bush administration persuaded five companies to give up the loophole. But about 50 other companies have thus far refused to follow suit.

The Bush administration scaled back the incentive for newer leases, but in 2004, the administration offered lucrative new royalty incentives for companies that drill extremely deep natural gas wells in shallow water. Congress, meanwhile, added several billion dollars worth of new tax breaks in 2004 and 2005 for exploration and drilling.

James A. Watt, chief executive of Remington Oil in Dallas before it was acquired by Helix Energy Solutions in July, said the federal incentives help reduce the risks and high cost of exploring in more difficult areas of the Gulf of Mexico.

"Tax issues are extraordinarily important," Mr. Watt said, in an interview this year. "Having said that, my view is that we just drilled a $50 million dry hole. That swamps the tax benefits we're getting."

The big issue for both lawmakers and the Interior Department is whether royalty relief has much of an impact.

The new study, prepared under contract to the Minerals Management Service of the Interior Department by Innovation and Information Consultants of Concord, Mass., is one of the few attempts to assess the impact through a rigorous econometric analysis.

The report estimates that the current incentives would have a tiny impact that is far exceeded by swings in market prices.

The report predicted that the current incentives would lead to the discovery of only 1.1 percent more reserves than if there had been no incentives at all. Total oil production from 2003 to 2042 would be about 300 million barrels more, or less than 1 percent, than it would have been anyway. Natural gas production would be 0.6 percent greater than it would have been otherwise.

But the cost of those royalty incentives would be high: about $48 billion less in royalty payments over the 40-year period. That loss would be offset by a slight increase in the prices that companies pay when bidding for leases in government auctions, but analysts said the net cost would still be above $40 billion.

The Interior Department, in a written response to questions, said the actual cost of its incentives would be much lower than $40 billion because most leases in the Gulf of Mexico include an escape clause that requires companies to pay full royalties if prices are above $34 a barrel.

But officials conceded that oil companies are still poised to escape billions of dollars in royalties in the next five years alone.

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Dozens of companies signed leases in the late 1990's under a Clinton administration program that offered highly generous incentives and, apparently because of a bureaucratic error, omitted the escape clause. The government has estimated that it would have received as much as $10 billion more over the next five years if the mistake had not been made. It is trying to renegotiate the terms.

But as much as half of that money is out of reach. The Bush administration also endorsed a new royalty holiday for "deep gas" drilling in shallow waters even if natural gas prices climb above today's levels. According to internal budget estimates last year, the deep gas incentives account for half of the $10 billion that the government stands to lose.

To be sure, the newly released study found that the extra incentives prompted companies to pay more money upfront when bidding on offshore drilling leases and predicted that they would lead to a small increase in exploration and production.

The actual impact of the incentives depends on what happens to oil prices. But under any of the projections, the cost ended up exceeding the market price for oil.

Analysts said the meager impact of royalty incentives was not surprising: for oil and gas companies deciding whether to drill in deep water, the potential money involved in royalty incentives is small compared with the money at stake in changes of market prices.

Eliminating royalties on oil or gas will save a company 12 to 16 percent on some of its production. But those savings are minuscule compared with the nearly fourfold increase in oil prices from $15 a barrel in 1999 to more than $70 this summer.

At today's prices, even the risk of a $100 million dry hole is not so daunting.

Lawmaker Stands Firm On Quran Criticism (AP)

By Sue Lindsey

AP, December 22, 2006

A congressman said Thursday that he will not retract a letter warning that unless immigration is tightened, "many more Muslims will be elected" and use the Quran to take the oath of office.

Republican Rep. Virgil Goode triggered angry responses from a civil rights group and some colleagues with a letter this month to constituents concerned about a decision by Rep.-elect Keith Ellison of Minnesota, the first Muslim elected to Congress, to use the Quran when he is sworn in.

"I will not be putting my hand on the Quran," Goode said at a news conference Thursday at the Franklin County Courthouse.

Goode, who represents Virginia's 5th Congressional District, said he is receiving more positive comments from constituents than negative.

"One lady told me she thinks I'm doing the right thing on this," he told Fox News. "I wish more people would take a stand and stand up for the principles on which this country was founded."

Goode also told Fox News he wants to limit legal immigration and do away with "diversity visas," which he said let in people "not from European countries" and "some terrorist states."

In his letter, Goode wrote that strict immigration polices are necessary "to preserve the values and beliefs traditional to the United States of America."

"The Muslim representative from Minnesota was elected by the voters of that district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran," he wrote.

Ellison said Thursday that Goode and others had nothing to fear about Muslims.

"They are our nurses, doctors, husbands, wives, kids, who just want to live and prosper in the American way," Ellison, a Democrat from Minneapolis, said Thursday on CNN when asked what he would say to Goode if they met. "All of us are steadfastly opposed to the same people he's opposed to, which is terrorists, and so there's nothing for him to be afraid of."

Asked whether he thought Goode was a bigot, Ellison said, "I don't know the fellow, and I'd rather just say that he has a lot to learn about Islam. ... I don't want to start any name-calling."

Virginia's senior senator, Republican John Warner, said in a statement Thursday that he respects the right of congressional members to freely "exercise the religion of their choice, including those of the Islamic faith utilizing the Quran."

Rep. Rahm Emanuel, an Illinois Democrat who is Jewish, said Thursday that he hoped Goode would meet with Ellison, saying he would "see what I saw: a good American with good values of a different faith who's trying to do right by the people he represents."

The Council on American-Islamic Relations had asked Goode to apologize, saying the remarks sent "a message of intolerance that is unworthy of anyone elected to public office."

Ellison was born in Detroit and converted to Islam in college.

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His decision to use the Quran at his ceremonial swearing-in next month prompted criticism from conservative talk radio host Dennis Prager. The American-Islamic relations council has called for Prager's removal from the board of the U.S. Holocaust Memorial Museum.

Lawmaker Goode Urged To Reconsider (WT)

By Seth Mclaughlin

The Washington Times, December 22, 2006

An Illinois Democrat yesterday called on Rep. Virgil H. Goode Jr. to meet with Rep.-elect Keith Ellison, whom the Virginia Republican criticized for his intention to take the oath of office using the Koran rather than the Bible.

"If he meets with Keith, he'll see what I saw: a good American with good values of a different faith who's trying to do right by the people he represents," Rep. Rahm Emanuel, who is Jewish, said of Mr. Ellison, Minnesota Democrat, who is the first Muslim elected to Congress.

Earlier this month, Mr. Goode sparked a controversy when he told constituents that if Americans "don't wake up" and strengthen the country's immigration laws, more Muslims will be elected to Congress and will demand to use the Koran when they take the oath of office.

"I will not be putting my hand on the Koran," Mr. Goode said at a press conference yesterday at the Franklin County Courthouse.

Mr. Goode made the comments in a letter he wrote responding to an onslaught of e-mail complaints he received from constituents who were angered by Mr. Ellison's decision to use the Koran during the swearing-in ceremony.

"The Muslim Representative from Minnesota was elected by the voters of the district and if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Koran," he said in the letter. "We need to stop illegal immigration totally and reduce legal immigration and end the diversity visas policy pushed hard by President Clinton and allowing many persons from the Middle East to come to this country."

Mr. Goode said he is receiving more positive than negative comments from constituents.

"One lady told me she thinks I'm doing the right thing on this," he said in a Fox News interview yesterday. "I wish more people would take a stand and stand up for the principles on which this country was founded."

Mr. Ellison was born in Detroit and converted to Islam in college.

In the letter, Mr. Goode also wrote, "I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America and to prevent our resources from being swamped."

Franklin County Sheriff Quint Overton said he had extra officers at the courthouse yesterday because Mr. Goode had received several threatening phone calls.

Asked whether he had received any death threats, Mr. Goode responded, "No comment."

Mr. Ellison offered his comments in a statement released yesterday.

"Let's remember that diversity is a great strength of America. People of all faiths, all cultures, all colors coming together in support of one great nation is a beautiful thing," Mr. Ellison said. "On January 4th, no matter the faith, gender, or culture of the congressperson, all of us will swear to uphold one Constitution the Constitution of the United States."

When asked whether he does not support Muslims in Congress, Mr. Goode told The Washington Times, "That's not said in the letter."

Mr. Goode has stood by his letter, and has not given into the request of the Council on American-Islamic Relations (CAIR), a civil rights group, that he apologize.

"Representative Goode's Islamophobic remarks send a message of intolerance that is unworthy of anyone elected to public office," said Corey Saylor, national legislative director for CAIR. "There can be no reasonable defense for such bigotry."

House members are sworn in en masse in the chamber, and no Bible or other religious document is used for the oath. However, several incoming House members use Bibles for their individual swearing-in, which is administered by the House Speaker and takes place after the official group oath.

In addition, the U.S. Constitution states that " no religious Test shall ever be required as a Qualification to any Office or public Trust under the United States."

Mr. Ellison has also been criticized by some Christian organizations and conservative radio host Dennis Prager, who say that even if the law allows him to take an oath on the Koran, he should adhere to what they call the historical tradition of taking the oath of office on the Bible.

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Mr. Goode's remarks come on the heels of Sen. George Allen's infamous "macaca" remark, which showed the impact a verbal gaffe can have on someone's political future. Mr. Allen, Virginia Republican, lost his re-election bid to Democrat James H. Webb Jr.

A Bigot In Congress (WP)

The Washington Post, December 22, 2006

BIGOTRY COMES in various guises -- some coded, some closeted, some colossally stupid. The bigotry displayed recently by Rep. Virgil H. Goode Jr., a Republican who represents a patch of south-central Virginia, falls squarely in the third category. Mr. Goode, evidently in a state of xenophobic delirium, went on a semi-public tirade against the looming peril and corrupting threat posed by Muslim immigration to the United States. "I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies that I believe are necessary to preserve the values and beliefs traditional to the United States of America," he wrote in a letter to constituents.

The inspiration for Mr. Goode's rant is Keith Ellison, a Minnesota Democrat who last month became the first Muslim elected to Congress. Mr. Ellison, who was born in Detroit and converted to Islam in college, has decided to use the Koran during a ceremonial swearing-in, as is his constitutional right. This does not sit well with Mr. Goode, who, obnoxiously referring to his congressional colleague-to-be as "the Muslim Representative from Minnesota," warned ominously that current immigration policy would lead to an outbreak of elected Muslims in this country and unfettered use of the Koran.

Forget that Muslims represent a small fraction of immigrants to America. And leave aside the obvious point that Mr. Goode was evidently napping in class the day they taught the traditional American values of tolerance, diversity and religious freedom. This country's history is rife with instances of uncivil, hateful and violent behavior toward newcomers, be they Jewish, Irish, Italian or plenty of others whose ethnicities did not jibe with some pinched view of what it means to be American. Mr. Goode's dimwitted outburst of nativism is nothing new.

No, the real worry for the nation is that the rest of the world might take Mr. Goode seriously, interpreting his biased remarks about Muslims as proof that America really has embarked on a civilizational war against Islam. With 535 members, you'd think that Congress would welcome the presence of a single Muslim representative. Whether it can afford a lawmaker of Mr. Goode's caliber is another question.

Signs Aim To Quash Fear Of Muslims (WT/AP)

By Kristen Gelineau, Associated Press

The Washington Times, December 22, 2006

RICHMOND -- The small beige signs bearing black Arabic script have been appearing all over town on buses and at colleges.

"Are they secret messages from terrorists?" one panicked bus rider asked. Should the FBI be contacted? What do they mean?

Actual translation: "Paper or plastic?"

The signs are part of a campaign by A More Perfect Union, a program of the Virginia Interfaith Center for Public Policy, and are aimed at dispelling some of the public's fears about the Muslim community.

Organizers hope to expand the program statewide.

"As people see Arabic, they immediately make an association with terrorism," said the Rev. C. Douglas Smith, executive director of the interfaith center. "That's probably because since 9/11, not only is fear overwhelming us, but that's how we're being trained to think."

The signs were placed in all 170 Greater Richmond Transit Co. buses in Richmond on Nov. 27 and will remain there through December, though many buses will continue to display them at least through January.

The signs, designed by the Martin Agency, also have been posted at the University of Richmond and Virginia Commonwealth University.

Along with the "paper or plastic" sign, others translate to "I'm a little teapot" and "Rock, paper, scissors."

The English translations are printed in small text on the bottom of the posters, next to comments such as "Misunderstanding can make anything scary," and "What did you think it said?"

The transit company has fielded several calls from concerned riders, said Gretchen Schoel, executive director of A More Perfect Union.

One woman Miss Schoel described as a well-educated university employee placed a frantic call to the bus company's manager, suggesting that the FBI be called in to investigate.

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Even after the signs' English translations were explained to her, she remained concerned that they might contain secret messages, Miss Schoel said.

"It's so great that we're getting feedback, even if it is negative, because it shows that people are looking, they're thinking," Miss Schoel said. "And it really proves the point that this script right here conjures up certain ideas in our heads that we have to work with."

Bias toward the Muslim community is a continuing problem across the country and in Virginia, said Imad Damaj, president of the Virginia Muslim Coalition for Public Affairs.

"There's so many lazy, unexamined assumptions about all of us and how we react to people," Mr. Damaj said. "We need to challenge ourselves."

Miss Schoel said history has proved that Americans can learn to let go of irrational fears toward other cultures.

"After World War II, when people saw Japanese script, it was scary," she said. "But now we see it and it's fun, it's hip, it signifies a cool culture. That's a huge turnaround."

Holocaust Museum Rebukes Member For Koran Comment (NYT)

By Rachel L. Swarns

The New York Times, December 22, 2006

WASHINGTON, Dec. 21 — The board that oversees the United States Holocaust Memorial Museum here publicly distanced itself on Thursday from a member who recently condemned the first Muslim elected to Congress for planning to use a Koran during the private part of his swearing-in ceremony.

In November, the board member, Dennis Prager, a conservative commentator and radio show host, said that Keith Ellison, the newly elected Muslim member of Congress, should give up his post if he could not take his oath on a Bible, which Mr. Prager said was the traditional religious text of the United States.

In its resolution, the council's executive committee criticized Mr. Prager's remarks as "antithetical to the mission of the museum as an institution promoting tolerance and respect for all peoples regardless of their race, religion or ethnicity."

Mr. Prager, one of 68 members of the board, known as the Holocaust Memorial Council, was appointed to the unpaid post by President Bush, and is serving a five-year term, which expires in 2011, said Andrew Hollinger, a spokesman for the council.

Mr. Hollinger said Mr. Bush had the sole power to remove Mr. Prager.

On Wednesday, Representative Virgil H. Goode Jr., Republican of Virginia, was sharply criticized by Congressional Democrats and Muslim Americans for warning that Mr. Ellison's election to the House posed a serious threat to the traditional values.

Critics of Mr. Goode and Mr. Prager noted that the Constitution specifically bars any religious screening of members of Congress and that the actual swearing in of those lawmakers occurs without any religious texts. The use of such texts occurs only in private ceremonies that take place after lawmakers have officially sworn to uphold the Constitution.

Mr. Goode stood by his comments on Thursday and told Fox News that he wanted to restrict legal immigration to the United States "so that we don't have a majority of Muslims elected to the United States House of Representatives." (Mr. Ellison, a lawyer who converted to Islam as a college student, is an African-American, not an immigrant.)

Mr. Prager said Muslim American groups and others had pressured the museum board. "Everybody knows there's no bigotry in what I said, but they felt they had to do it," he said in an interview.

"I completely respect Congressman-Elect Ellison's right to take an oath on the Koran, and regret any language that suggested otherwise," Mr. Prager added in a statement, emphasizing that he began reaching out to the Muslims 20 years ago. "My entire effort in the Keith Ellison matter has been to draw attention to the need to acknowledge the Bible as the basis of America's moral values. Judeo-Christian values are the greatest single protection against another Holocaust."

In response to questions about Mr. Bush's reaction to Mr. Prager's remarks, Nicole M. Guillemard, a spokeswoman for the White House, said by e-mail that President Bush "respects religious freedom and the right to free speech."

Ms. Guillemard did not respond to questions about whether Mr. Bush believed that Mr. Prager should resign or be removed.

Davis Won't Give Up Probe Into Berger-Archives Case (WT)

By Jerry Seper

The Washington Times, December 22, 2006

The outgoing chairman of the House Government Reform Committee says questions remain about former National Security Adviser Samuel R. Berger's removal of classified documents from the National Archives and pledged yesterday to get the answers.

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"I don't care if it's Sandy Berger or Warren Burger or Veggie Burger who walked off with these documents," said Rep. Thomas M. Davis III, Virginia Republican. "It's the lax controls that permitted such a theft; it's the way it was handled internally at the Archives and then by [the Justice Department] that is of grave concern."

In October, Mr. Davis led an effort by top House Republicans to investigate and hold hearings on which documents might have been "destroyed, removed or were missing."

Democrats assume control of Congress next month, and the request is expected to be shelved. But Mr. Davis said his staff continues to look into the matter, and a final investigative report is expected next month.

Mr. Davis noted that during three visits by Mr. Berger to the Archives, he was given access to three categories of documents: National Security Council (NSC) numbered documents, printed copies of e-mail messages and attachments, and staff member office files (SMOFs).

He said the SMOFs contain the working papers of NSC staff members, including Mr. Berger, and their content is not inventoried by the Archives at the document level. He said that the SMOFs given to Mr. Berger during his first two visits contained only original documents and that there is "no way to determine" whether Mr. Berger "swiped any of these original documents."

As a result, Mr. Davis said, there is no way to know whether Mr. Berger gave the September 11 commission the documents he said he was seeking at the Archives in response to the panel's requests.

"At best, Berger's actions portray a disturbing breach of trust and protocol," Mr. Davis said. "At worst, however, Berger's actions suggest an intentional effort to keep critical information away from the 9/11 commission and the American public.

"Our work has not concluded, and we fully expect to continue our oversight efforts with respect to this matter," he said.

Mr. Berger, national security adviser under President Clinton from 1997 to 2001, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material -- including documents outlining the government's knowledge of terrorist threats to the United States.

He was fined $50,000 and barred from access to classified material for three years. He had faced a year in prison and a $100,000 fine, but a plea agreement with the Justice Department reduced the fine and kept him out of jail.

Prosecutors had recommended a fine of $10,000, but U.S. Magistrate Judge Deborah A. Robinson increased it to $50,000 at Berger's sentencing, saying the lower figure did not "reflect the seriousness of the offense."

The removal of the material occurred while Mr. Berger was preparing to testify before the September 11 commission investigating intelligence and security failures -- raising questions about whether he was attempting to cover up the Clinton administration's counterterrorism policies and actions.

On Wednesday, the National Archives Office of Inspector General said Mr. Berger hid the documents under a construction trailer where they could be retrieved easily. It said he left the building unescorted for a break and placed the papers "in an accessible construction area outside" the main Archives building.

The report said Mr. Berger put the documents "in his pockets, headed toward a construction area ... looked up and down the street ... did not see anyone" and then slid them under the trailer.

Mr. Berger's attorney, Lanny Breuer, said his client "considers this matter closed, and he is pleased to have moved on."

Describing the material removed as "code-word documents," meaning only a limited number of people had access to them, Mr. Davis said Mr. Berger's conduct in hiding the papers "exposed this country to more serious national security breaches than previously thought."

More Details About Archives Case (WP)

The Washington Post, December 22, 2006

Former national security adviser Samuel R. "Sandy" Berger has admitted taking five slightly different copies of a highly classified document from the National Archives in 2003 by stuffing them into his suit and sneaking them past guards. He was eventually detected, confronted and ordered by a federal judge to pay a $50,000 fine for his illegal actions.

A newly released report by the National Archives' Office of the Inspector General contains fresh details of the incident, which involved a classified Clinton administration study called the Millennium Alert After Action Review (MAAR).

The document was an assessment of the nation's handling of a series of terrorist threats in 1999 and its continuing vulnerabilities. It was distributed to only about 15 people and contained 29 recommendations for action and funding.

During four visits to the Archives in 2003, Berger worked at a small table in the office of a senior Archives official, instead of in the public reading room -- a practice the inspector general said was "unauthorized." The official, whose name was redacted from the report, violated standard protocol by leaving the office to give Berger privacy to speak on the telephone.

Berger gave an account of his actions in an interview at his office on July 8, 2005, described below in excerpts from the report. He sought at the outset to deflect any suggestion that he pressured the Archives official into relaxing the rules.

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-- R. Jeffrey Smith

"Mr. Berger described his personality as intense. . . . He did not feel he was overbearing and did not seek to intimidate anyone while at the Archives."

Berger said he started taking the copies on Sept. 2, to help him prepare for his testimony before a commission investigating the Sept. 11, 2001, terrorist attacks.

"Mr. Berger took the first opportunity when[redacted] was out of[redacted] office to remove the document. He most likely put it in his jacket pocket, after folding it, but he does not have a precise recollection of where he put the document. It is perceivable he put it in his pants pocket. . . .

Mr. Berger denied removing any documents in his socks. . . . He stated his shoes frequently come untied . . . and his socks frequently fell down. [At that point, Mr. Berger lifted his pant leg to reveal a sock falling down his ankle and pale skin.]"

On a subsequent visit, on Oct. 2, Berger was surprised to see other copies of the document in the files he was given, and he slid each one under his briefcase to hide them.

"In total, he removed four documents, all versions of the MAAR . . . . He did not put the documents on his person until he was alone. . . .[Name redacted] suggested he take a walk and come back and finish up. Mr. Berger left the building with all the documents he put in his pockets. . . .

It was dark. He did not want to run the risk of bringing the documents back in the building. . . . He headed towards a construction area on Ninth Street. Mr. Berger looked up and down the street, up into the windows of the Archives and the DOJ[Department of Justice] , and did not see anyone. He removed the documents from his pockets, folded the notes in a 'V' shape and . . . walked inside a construction fence and slid the documents under a trailer.

[After 7 p.m.,] Mr. Berger left the building, retrieved the documents and notes from the construction area, and returned to his office. . . . On Oct. 4, 2003[name redacted] called Mr. Berger . . .[and] said documents were missing after Mr. Berger's visit. . . . Mr. Berger lied to[redacted] telling[redacted] he did not take the documents. . . .

Mr. Berger drove to his office late that afternoon. On the night of Oct. 2, 2003, he had destroyed, cut into small pieces, three of the four documents. These were put in the trash. By Saturday, the trash had been picked up. He tried to find the trash collector but had no luck. . . .

About 7 p.m., Mr. Berger called[redacted] and said 'I think I solved the mystery.' . . . Mr. Berger told[redacted] , 'I found two documents but not the other two.' "

Archives officials -- who had grown so suspicious of Berger in September that they secretly numbered the documents he saw in October -- got angry when they retrieved the two copies at Berger's home on Oct. 6. and saw that one had indeed been taken in September.

The Archives moved cautiously at the outset. The report quotes a senior official as saying he "could not explain" why agency officials did not immediately call the FBI. They did call the White House, but the FBI and the Justice Department were not brought into the case until nine days after two of the five documents were retrieved.

Trailer Trash (WSJ)

The Wall Street Journal, December 22, 2006

Bill Clinton's former National Security Adviser, Sandy Berger, has already recanted his initial claim that he removed documents from the National Archives "inadvertently" back in 2003 while preparing for testimony to the 9/11 Commission. He pleaded guilty to a misdemeanor in 2005 and paid a $50,000 fine. But now the report of the Archives' Inspector General has come to light, and it suggests Mr. Berger knew he was engaged in a bit of hugger-mugger when he secreted the after-action memos he was reviewing out of the building.

According to the report, obtained by the Associated Press through a Freedom of Information Act request, Mr. Berger removed the documents and hid some of them under a trailer in a construction site before returning to retrieve them later. This is not the behavior of a man with a clear conscience. And it's astonishing for a man who served in a senior White House position that made him familiar with the obligations of handling classified papers.

At the time of the plea, federal prosecutor Noel Hillman assured this newspaper that Mr. Berger was working off of copies of the memos printed from a hard drive, so there was no danger that handwritten notes in the margins of certain copies could have been destroyed. But one doesn't need to entertain conspiracy theories to be reminded through this tale of how the Clinton Administration had a penchant for abusing the public trust. The Berger story is of a piece with the Travel Office dust-up and the 900 confidential FBI files that the White House somehow managed to collect, some of them pertaining to prominent Republicans. That too was supposed to have been an accident.

To the extent that Mr. Berger's actions did not affect the completeness of the historical record on the Clinton Administration's approach to al Qaeda, we've argued that his plea agreement did justice to the nature of the crime. But the

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Inspector General's account of Mr. Berger's document-stashing serves as a useful reminder of the Clinton circle's ethos that all too many rules simply did not apply to them.

New Push For Drug Import Bill (CHIT)

By Crystal Yednak

Chicago Tribune, December 22, 2006

U.S. Rep. Rahm Emanuel (D-Ill.) said Democrats and Republicans in both chambers will push again for a bill that would allow prescription drugs to be imported to help reduce costs for U.S. consumers.

"People from around the world come to America for first-class medical care, but Americans travel around the world for affordable medications," Emanuel said during a Chicago news conference to announce plans to reintroduce the legislation.

The bill would allow consumers to import drugs directly from Canada, while wholesalers and pharmacies could import FDA-approved drugs from the European Union, Canada, New Zealand, Australia and Japan to offer for sale.

Emanuel said his office keeps comparing the cost of certain drugs at a Chicago Costco and at a Costco in Toronto. December cost comparisons show Lipitor running $242 in the U.S., compared with $156 in Toronto.

"You can clearly get a better price from around the world," Emanuel said.

In 2003, a similar bill passed in the House but failed to pass in the Senate. Emanuel said that with bipartisan sponsors in both chambers, he is hopeful for the support to pass the bill.

Republican Rep. Jo Ann Emerson (R-Mo.) will co-sponsor the legislation in the House, while U.S. Sens. Byron Dorgan (D-N.D.) and Olympia Snowe (R-Maine) will sponsor the bill in the Senate, Emanuel said.

Iraq May Crimp Democrats' Priorities (WSJ)

By Deborah Solomon

The Wall Street Journal, December 22, 2006

WASHINGTON -- Iraq is casting a shadow over the next U.S. budget, complicating efforts by President Bush and congressional Democrats to fund domestic programs as costs of the war rise.

The tax-and-spending plan for fiscal 2008, which starts Oct. 1, 2007, is expected to be released Feb. 5. The budget is likely to be the tightest of Mr. Bush's presidency, with little new discretionary spending expected for any area outside the departments of Defense and Homeland Security.

Moreover, the costs associated with the Iraq war and broader war on terrorism have exacerbated funding constraints caused, in large part, by rising mandatory costs for programs such as Medicare and Social Security.

The situation is posing a challenge for the White House, which must craft a budget that will cover rising expenses while preserving Mr. Bush's 2001 and 2003 tax cuts and not worsening the deficit.

At the same time, Congress' new Democratic majority is expected to face an even tougher task as its leaders look to implement their agenda, which may include increased spending in areas such as education, health care and homeland security. In the past, Democrats looked to defense as a place to cut spending, but given the deteriorating security situation in Iraq, such a move now is considered politically untenable.

The war "certainly makes it hard and makes it hard in two ways: Whatever you think should happen in Iraq, the fact is we have troops there and we have to fund them," said James Horney, senior fellow at the Center on Budget Policies and Priorities, a liberal think tank here.

Since the Iraq invasion in 2003, the U.S. commitment has totaled $379 billion, according to estimates by the Congressional Research Service. During fiscal year 2006, which ended Sept. 30, the war was costing an average of $8 billion a month. Money has come mainly through emergency spending bills passed by Congress. The White House doesn't separate funding for the Iraq war from its broader "global war on terror," so exact numbers are difficult to ascertain.

At the same time, funding for the Defense and Homeland Security departments has increased and now equals roughly half the discretionary budget -- that is, annually appropriated spending on programs other than federal entitlement benefits and interest payments.

Of the $843 billion in discretionary spending for 2006, $411 billion went to Defense and $32 billion to Homeland Security. A separate $120 billion in emergency funds also was approved by Congress for the war on terror. Funding in the current budget for fiscal 2007 is expected to be even higher, with $70 billion in emergency funds already approved for war efforts and the Pentagon expected to seek as much as $100 billion more, plus about $435 billion in discretionary spending for the Pentagon's budget.

White House budget chief Rob Portman said in a meeting with reporters this week that rising federal revenue "has more than covered the cost of the war."

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Aside from security costs, the government also faces skyrocketing mandatory expenses -- which aren't part of the discretionary budget. Medicare, Social Security and Medicaid now consume 39% of the overall $2.7 trillion federal budget, and those costs are projected to increase as the population ages and fewer people enter the labor market. Medicare costs alone are expected to grow 31% to $501 billion in 2011 from $382 billion in 2007.

With an ever-larger chunk of money devoted to security and mandatory programs -- and the government running a budget deficit -- budget watchers say something has to give, and it undoubtedly will be spending for domestic programs.

"It's getting very difficult to give large spending increases to programs that have already grown immensely while trying to fund the war and entitlements and keep the tax cuts," said Brian Riedl, a federal-budget expert with the Heritage Foundation, a conservative think tank.

But cutting costs isn't easy. Spending on nonsecurity discretionary programs has increased by about 23% since Mr. Bush took office. The White House -- prodded by conservative Republicans on Capitol Hill -- has tried to trim spending and asked Congress to cut some nonsecurity discretionary spending for 2006 and 2007. The White House says it has succeeded in slowing the growth of nonsecurity discretionary spending every year since Mr. Bush took office.

For 2008, the White House is expected to try to squeeze funding where it previously sought cuts, including areas like Housing and Urban Development, Education, Labor and the Environmental Protection Agency, all of which were targeted for reductions in 2007. Most of the 2007 budget never passed, however, as Congress adjourned before taking up spending bills other than Defense and Homeland Security. As a result, most agencies are expected to operate at 2006 funding levels, creating more pressure to increase spending in 2008.

While the White House hasn't yet disclosed its proposal for nonsecurity discretionary spending in 2008, it is almost certain to be lower than the 2007 request of $399 billion. At Mr. Portman's swearing-in ceremony earlier this year, Mr. Bush said the government must "control the federal appetite for spending" and said he would continue to "cut unnecessary spending."

Mr. Portman said since the 2007 spending bills were never implemented, the White House expects to reiterate those requests in the 2008 budget. "If we had proposed something be increased or reduced we would probably propose that again," Mr. Portman said.

Democrats, meanwhile, may have a tougher time given their agenda, which includes initiatives expected to cost money, including implementing the full recommendations of the 9/11 Commission and cutting interest rates on student loans. Incoming House Speaker Nancy Pelosi, (D., Calif.), has called for pay-as-you-go budget rules, which require that any new entitlement spending or tax cuts be accompanied by offsetting revenue increases or spending cuts to avoid widening the deficit.

With a war going on and potentially more troops heading overseas, tapping the defense budget to fund initiatives "risks sending the wrong message to the voter," said Michael O'Hanlon, a senior fellow with the Brookings Institution.

Instead, Democrats are likely to seek out money by rolling back some subsidies for oil companies and targeting earmark spending. Regardless, policy watchers say, it will be a challenge.

"Democrats are going to have to try to find a way to meet their needs while keeping an eye on the long-term budget problem and not making things worse," Mr. Horney said.

Democrats And The Deficit (NYT)

By Paul Krugman

The New York Times, December 22, 2006

Now that the Democrats have regained some power, they have to decide what to do. One of the biggest questions is whether the party should return to Rubinomics — the doctrine, associated with former Treasury Secretary Robert Rubin, that placed a very high priority on reducing the budget deficit.

The answer, I believe, is no. Mr. Rubin was one of the ablest Treasury secretaries in American history. But it's now clear that while Rubinomics made sense in terms of pure economics, it failed to take account of the ugly realities of contemporary American politics.

And the lesson of the last six years is that the Democrats shouldn't spend political capital trying to bring the deficit down. They should refrain from actions that make the deficit worse. But given a choice between cutting the deficit and spending more on good things like health care reform, they should choose the spending.

In a saner political environment, the economic logic behind Rubinomics would have been compelling. Basic fiscal principles tell us that the government should run budget deficits only when it faces unusually high expenses, mainly during wartime. In other periods it should try to run a surplus, paying down its debt.

Since the 1990s were an era of peace, prosperity and favorable demographics (the baby boomers were still in the work force, not collecting Social Security and Medicare), it should have been a good time to put the federal budget in the black. And under Mr. Rubin, the huge deficits of the Reagan-Bush years were transformed into an impressive surplus.

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But the realities of American politics ensured that it was all for naught. The second President Bush quickly squandered the surplus on tax cuts that heavily favored the wealthy, then plunged the budget deep into deficit by cutting taxes on dividends and capital gains even as he took the country into a disastrous war. And you can even argue that Mr. Rubin's surplus was a bad thing, because it greased the rails for Mr. Bush's irresponsibility.

As Brad DeLong, a Berkeley economist who served in the Clinton administration, recently wrote on his influential blog: "Rubin and us spearcarriers moved heaven and earth to restore fiscal balance to the American government in order to raise the rate of economic growth. But what we turned out to have done, in the end, was to enable George W. Bush's right-wing class war: his push for greater after-tax income inequality."

My only quibble with Mr. DeLong's characterization is that this wasn't just one man's class war: the whole conservative movement shared Mr. Bush's squanderlust, his urge to run off with the money so carefully saved under Mr. Rubin's leadership.

With the benefit of hindsight, it's clear that conservatives who claimed to care about deficits when Democrats were in power never meant it. Let's not forget how Alan Greenspan, who posed as the high priest of fiscal rectitude as long as Bill Clinton was in the White House, became an apologist for tax cuts — even in the face of budget deficits — once a Republican took up residence.

Now the Democrats are back in control of Congress. They've pledged not to be as irresponsible as their predecessors: Nancy Pelosi, the incoming House speaker, has promised to restore the "pay-as-you-go" rule that the Republicans tossed aside in the Bush years. This rule would basically prevent Congress from passing budgets that increase the deficit.

I'm for pay-as-you-go. The question, however, is whether to go further. Suppose the Democrats can free up some money by fixing the Medicare drug program, by ending the Iraq war and/or clamping down on war profiteering, or by rolling back some of the Bush tax cuts. Should they use the reclaimed revenue to reduce the deficit, or spend it on other things?

The answer, I now think, is to spend the money — while taking great care to ensure that it is spent well, not squandered — and let the deficit be. By spending money well, Democrats can both improve Americans' lives and, more broadly, offer a demonstration of the benefits of good government. Deficit reduction, on the other hand, might just end up playing into the hands of the next irresponsible president.

In the long run, something will have to be done about the deficit. But given the state of our politics, now is not the time.

Pelosi Aims To Recast Self, Party (WP)

By Lyndsey Layton

The Washington Post, December 22, 2006

On a scale associated with presidential inaugurations, Nancy Pelosi is planning four days of celebration surrounding her Jan. 4 swearing-in as the first female speaker of the House. She will return to the blue-collar Baltimore neighborhood where she grew up, attend Mass at the women's college where she studied political science, and dine at the Italian Embassy as Tony Bennett sings "I Left My Heart in San Francisco."

But the hoopla is more than just a party.

Pelosi is grabbing the moment to present herself as the new face of the Democratic Party and to restore the party's image as one hospitable to ethnic minorities, families, religion, the working class and women.

"This is important strategic repositioning," said Kathleen Hall Jamieson, who teaches political communication and rhetoric at the University of Pennsylvania. "Essentially, she's trying to embody the Democratic Party that she would like to offer the nation in 2008."

In her meticulous selection of events and venues during a week when she expects to attract media attention from as far away as Australia, Pelosi is clearly trying to bury the label "San Francisco liberal" that Republicans tried to affix to her during the midterm elections.

" 'San Francisco liberal' is a construct used very effectively for a long time by Republicans," Jamieson said. "It's a little like 'Taxachusetts.' It's telegraphic and very powerful. They haven't been able to get her identified with it because, to this point, a lot of people didn't know who she was. She's trying to position a counterimage before she gets well known."

Brendan Daly, Pelosi's spokesman, said the four-day celebration befits a historic moment in American politics. "We've never had a woman speaker before," Daly said. "This is a big deal."

Newt Gingrich (Ga.) took two days to celebrate his election as speaker when the Republicans formally took control of Congress in 1995. They were largely filled with speeches that outlined his "Contract With America" and fleshed out the ideology of the Republican revolution.

Pelosi's mission is entirely different. She is planning events that will highlight select parts of her personal life while muting her liberal voting record and ideology. "She's showing all the ways she shares other women's lives," said Celinda Lake, a Democratic strategist. "It reminds me of the way Sandra Day O'Connor introduced herself when she was nominated to be the

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first woman on the Supreme Court -- she talked about growing up on a ranch, working as a secretary, all the dimensions of her life."

Ken Sunshine, a communications consultant for entertainers and Democratic politicians, said Pelosi is not creating a false persona.

"If she's going to Mass, right on," Sunshine said. "Going to Baltimore, right on. This is really where she's from. She wasn't born in an elite setting. Here's a wife, mother, grandmother, and in her spare time, she becomes speaker of the House. I don't know if this is a new brand, but it's true about her. Why should the Republicans have a lock on those qualities?"

Pelosi's public relations offensive follows some missteps that marred her first few weeks after the elections, including a stinging defeat when she backed Rep. John P. Murtha (D-Pa.) over Rep. Steny H. Hoyer (D-Md.) for the job of House majority leader and a very public spat with Rep. Jane Harman (D-Calif.), who was passed over for the chairmanship of the House intelligence committee.

The day after New Year's Day, Pelosi will visit Albermarle Street in Baltimore's Little Italy neighborhood, where she grew up as the daughter and sister of Baltimore mayors. The current mayor, Maryland Gov.-elect Martin O'Malley (D), will rename Albermarle "Via Nancy D'Alesandro Pelosi." She will drop by St. Leo the Great Roman Catholic Church and then eat dinner with her extended family at an Italian restaurant.

On Jan. 3, Pelosi will attend morning Mass at Trinity University, her alma mater in Washington, and then attend a tea in the Andrew W. Mellon Auditorium for about 400 female politicians, supporters and activists. In the evening, she will be honored at a dinner at the Italian Embassy, where Bennett will perform.

The next day, Pelosi will participate in a nondenominational service at St. Peter's Catholic Church on Capitol Hill and then eat brunch with hundreds of supporters at the Cannon House Office Building and the Library of Congress. At noon, the House will convene to elect Pelosi speaker. That night, the Democratic Congressional Campaign Committee will hold a fundraiser at the Building Museum, where 1,200 partygoers will pay $1,000 each to applaud Pelosi between performances by Jimmy Buffett, Carole King and Mickey Hart, among others.

Finally, on Jan. 5, Pelosi will hold what she is calling the "People's House" open house at the Cannon House Office Building. But it will be less welcoming than it sounds -- the event is by invitation only.

All the festivities, except the fundraiser at the Building Museum, are being funded by Pelosi's campaign chest.

Mike Murphy, a Republican political consultant and former adviser to Massachusetts Gov. Mitt Romney and Sen. John McCain (Ariz.), said the four-day extravaganza is excessive. "What? No fireworks?" he said. "I'm glad they canceled the tickertape parade. They probably couldn't find biodegradable tickertape and a hybrid convertible."

He said the schedule is "classic Pelosi."

"She's not known for a light touch," he said. "She has every right to throw a new-speaker celebration, but it's 500 percent from what is normal. It's an aggressive act to grab the spotlight. Sounds to me like there's nobody at the meetings saying, 'Maybe that's a little too much.' She's needs a deputy chief of staff from the 'It's Not About You' department."

"Instead of pinning medals on each other, maybe it's time for more seriousness and purpose," Murphy added. "Nobody voted for Nancy Pelosi as speaker; they voted for a change in Washington. For her to grab the spotlight seems like a cult of personality. I have a feeling that Steny Hoyer is probably having a quiet lunch with his family."

A spokeswoman for Hoyer said the Marylander, who will become majority leader on Jan. 4, will host a small reception in his office.

Big Donors Bankroll Inaugural Bashes (USAT)

By Fredreka Schouten

USA Today, December 22, 2006

WASHINGTON — The elections are over, but some of the nation's governors are still collecting from individuals and corporations to pay for their upcoming inaugurations. Some of the donations come in amounts that vastly exceed what state law allows in their campaigns.

Unlike campaign contributions, most states don't limit or require public disclosure of inaugural fundraising. Edwin Bender of the Institute on Money in State Politics said greater transparency is needed because governors are guaranteed "to wield a great deal of influence over public policy."

PARTY TIME: No expense spared

·In Massachusetts, Democratic Gov.-elect Deval Patrick is accepting contributions of up to $50,000, including from corporations, to fund his $1 million celebration. State law limits campaign contributions from individuals to $500 a year and bars corporate contributions.

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·In Colorado, corporate donors that give at least $20,000 to Gov.-elect Bill Ritter's inaugural can attend a VIP reception and join the Democrat on a day-long train tour. In his campaign, Ritter could take no more than $1,000 in 2006 from corporations — and only through their political action committees.

·California's Republican Gov. Arnold Schwarzenegger has received $640,000 in contributions from the likes of Chevron and the California Chamber of Commerce to sponsor his Jan. 5 inaugural. State law allows him to receive campaign donations of up to $44,600 from corporations, unions and individuals this year. Inaugural "gold sponsors" such as Chevron and the chamber are giving $50,000.

"Setting ridiculously high limits … is really setting no limits at all," said Ellen Miller of the Sunlight Foundation, a political watchdog group.

Common Cause Massachusetts has criticized Patrick's inaugural fundraising. Corporations "can't have a role in campaigns, so they shouldn't have a role in inaugurals," said executive director Pamela Wilmot.

Patrick aide Stephen Crawford said the contributions make it possible for more people to participate. They are "designed to include as many people who don't have 'influence' in this celebration," he said.

At least one incoming governor has eschewed new inaugural fundraising. New York Democrat Eliot Spitzer, know for battling Wall Street as state attorney general, will tap $5.5 million left over from his campaign. "We didn't want to create any perception that someone was trying to curry favor with the new governor," spokeswoman Christine Anderson said.

Court Says Issue Ads OK During Elections (AP)

By Matt Apuzzo

AP, December 22, 2006

A federal court on Thursday loosened restrictions on corporations, unions and other special interest groups that run political advertising in peak election season.

The 2-1 ruling said groups may mention candidates by name in commercials as long as they are trying to influence public policy, rather than sway an election.

The ruling came in a challenge to the so-called McCain-Feingold law designed to reduce the influence of big money in political campaigns. The law banned groups from using unrestricted money to run advertisements that name candidates two months before a general election or one month before a primary.

Wisconsin Right to Life, an anti-abortion group, has been fighting the law since 2004, when it sought to run an advertisement urging voters to contact Wisconsin Sens. Russ Feingold and Herb Kohl, both Democrats, and ask them not to hold up President Bush's judicial nominees.

Because Feingold was running for re-election in 2004, the ad was prohibited. Wisconsin Right to Life argued that it wasn't trying to influence an election and said the law restricted its constitutional right to petition the government.

Some lawmakers have predicted such a ruling would create a loophole in the 2002 law. Advocacy groups have used ads similar to those paid for by the Wisconsin group to advocate for and against candidates.

Supporters of the law quickly criticized the ruling. Rep. Martin Meehan, D-Mass., a co-sponsor of the campaign finance law, said he was disappointed and that the decision was written narrowly and should not be seen as a "carte blanche" to get around the law.

The case automatically heads to the Supreme Court for review. If the high court agrees with Thursday's decision, the justices may have to establish a test to differentiate genuine issue ads from phony ones.

James Bopp, an attorney for Wisconsin Right to Life, said the McCain-Feingold law is flawed because politicians assume people only want to influence elections and don't care about influencing public policy.

"To them, what's important is whether they're going to be in office two years from now," Bopp said. "But the people, what's important to them is the laws that are being enacted right now."

The Federal Election Commission had argued that it needed a consistent "bright line" rule to prevent organizations from influencing elections using phony issue advertisements, but the three-judge panel disagreed.

"The virtues of a bright-line rule surely cannot alone justify regulating constitutional speech," U.S. District Judge Richard Leon wrote.

Leon was joined in the opinion by U.S. Court of Appeals Judge David B. Sentelle. U.S. District Judge Richard W. Roberts dissented.

Federal Election Commissioner David M. Mason said the commission would review the opinion and hoped to have the matter resolved by the 2008 Iowa caucuses.

Issue Advocacy Ads May Run During An Election, Three-Judge Court Rules (WP)

DOJ_NMG_0108644

By Carol D. Leonnig

The Washington Post, December 22, 2006

A divided three-judge court ruled yesterday that ads advocating for an issue and mentioning candidates can run during an election, creating a loophole in the law that sought to control the power of big money in elections.

In a 2 to 1 ruling, the court found that the government had no compelling justification to regulate television ads such as the ones Wisconsin Right to Life Inc. broadcast in July 2004, which advocated stopping congressional filibusters against President Bush's judicial nominees.

The ads ran when Sen. Russell Feingold (D-Wis.) was running for reelection and had opposed some of Bush's nominees. The ads made no mention of Feingold's record, instead urging Wisconsin residents to call their senators to express their dissatisfaction.

U.S. District Judge Richard J. Leon, joined by U.S. Court of Appeals Judge David B. Sentelle, agreed with Wisconsin Right to Life that ads such as theirs merely advocate a position without trying to criticize the record of a particular candidate.

The ads are not targeted "electioneering communications" and should not be burdened by the reporting requirements of the federal campaign finance law, Leon wrote.

The ruling was a key victory for Wisconsin Right to Life, which had sued the Federal Election Commission on the grounds that it had infringed on the group's constitutional right to free speech.

The loser was the FEC, which had argued that the Wisconsin Right to Life ads were election ads, and that the antiabortion group had to follow the finance limits and reporting rules called for under the Bipartisan Campaign Reform Act. The 2002 amendments to federal campaign finance law are better known as the McCain-Feingold Act, named for Feingold and his Senate co-sponsor, John McCain (R-Ariz.).

In a lengthy dissent, Judge Robert W. Roberts wrote that the majority's approach was too simplistic in reviewing just the language of the ads, even though there is a significant factual dispute about their purpose. He argued that the ads' intent is critical to determining whether the FEC should be regulating them.

First, were the Wisconsin Right to Life ads truly meant to advocate for an issue, as the group's lawyer asserts, Roberts asked, or did the sponsors intend to influence the election and lead voters to cast votes against Feingold? Also, Roberts wrote, no one has definitively addressed the FEC's argument that the ads were sham ads, "designed and timed to set up a legal challenge" and create a loophole in the McCain-Feingold law.

Carl Tobias, a University of Richmond law professor, said the ruling could "create a major loophole in which all groups have to do is say they are running advocacy-issue ads and they can avoid the statute."

FEC Commissioner David M. Mason said in an interview that the six-member commission has not decided whether to appeal the ruling to the Supreme Court, but he cautioned about predicting what campaign finance limits will govern in the 2008 presidential elections. A similar case involving a Maine group is still to be decided, and the Supreme Court could have a different view.

"It's very unlikely this ruling will affect what the law will be a year from now," Mason said.

Court Overturns Limits On Political Ads, Part Of The Campaign Finance Law (NYT)

By Kate Phillips

The New York Times, December 22, 2006

WASHINGTON, Dec. 21 — A three-judge panel on Thursday overturned a key segment of the campaign finance law that banned issue advertisements paid for by corporate or union money in the critical weeks before federal elections.

The case, which was heard by a special federal court panel in Washington, now heads to the Supreme Court. If upheld, the ruling would unravel one of the tougher restrictions on the use of unregulated donations that interest groups pumped by the millions of dollars into political commercials.

The case was brought by Wisconsin Right to Life, which has been fighting the restrictions since 2004, claiming they infringe on its First Amendment guarantee of free speech, among other grounds.

Using its corporate treasury, the group had paid for advertisements denouncing Senate filibusters of judicial nominees and urging viewers to contact either Senator Russell D. Feingold, who was up for re-election that year, or the state's other Democratic senator, Herb Kohl, who was not.

Under the 2002 McCain-Feingold campaign finance law, groups wanting to broadcast advertisements that name federal candidates within 60 days before a general election, or 30 days before a primary, are required to follow strict rules on how they pay for them. The law requires that donors be disclosed and caps contributions to prevent secretive groups from advocating for or against candidates in thinly disguised advertisements known as issue ads.

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This case has been closely watched for several reasons. For one, organizations with quite disparate interests, including the American Civil Liberties Union, the National Rifle Association, the Chamber of Commerce and the conservative Club for Growth, have argued that they have a right to petition the government.

As grassroots lobbying groups, they say, they should be exempt from the ban on issue ads. Some have contended, most recently in an unsuccessful case before the Federal Election Commission, that their First Amendment rights are infringed upon because the law restricts them from pursuing their policy agendas in election seasons.

The court's decision Thursday clearly loosened the clamps on such activities. Those who want to broadcast such ads are "going to push the envelope," said Edward B. Foley, an election law expert at Ohio State University. "They're going to explore the scope of this exemption."

The case has already been heard by the Supreme Court, which kicked it back to the three-judge panel in January. The justices said the panel had misinterpreted a 2003 decision, in which they upheld the McCain-Feingold law, as foreclosing future challenges to the advertising restrictions.

The special panel that ruled Thursday did not consider the right-to-life group's argument for an exemption as a grassroots lobbying organization. The 2-to-1 decision more narrowly found that the group's ads did not violate restrictions against "express advocacy" for or against a federal candidate and were not campaign ads but general issue ads.

The majority opinion was by Judge David B. Sentelle of the United States Court of Appeals for the District of Columbia Circuit and Richard J. Leon of Federal District Court. Judge Richard W. Roberts of Federal District Court dissented.

The judges adhered strictly to the content of the actual commercials and rejected arguments by the government that the commercials were intended to influence the election. The advertisements did not state the senators' views on the filibusters but urged viewers to call them.

The panel found that the government had not demonstrated a compelling enough interest to impose restrictions on these groups' free speech rights. It said this section of the McCain-Feingold law was unconstitutional because it imposed campaign finance limits on organizations that were using advertisements to advance legislative policy.

Mr. Foley said the court reopened the door to use of corporate money.

"This is clearly a shift in direction and invites the use of corporate money," Mr. Foley said, adding: "You can run ads about any policy issue you want to and you can name members of Congress in the ads. You can use corporate money for any ad that fits this profile."

Mr. Foley said it would appear that so-called 527 groups, which emerged in the 2004 presidential campaign as a powerful force, would also be allowed to use corporate money for general issue ads under the Wisconsin decision. But the law is still murky on the regulation of 527's, named for the part of the tax code that regulates them.

In the Wisconsin case, the F.E.C. had argued that the Wisconsin advertisements were clearly intended to try to defeat Mr. Feingold. The group's opposition to the Senate filibustering of judicial nominees was closely linked to nominees who opposed abortion.

Representative Christopher Shays, Republican of Connecticut and a main architect of the campaign finance law, expressed disappointment in the decision.

"The lower court majority opinion ignores a wealth of evidence that shows W.R.T.L. had a 'priority' to defeat Senator Feingold in the 2004 election, and that the ads in question were part of that effort," Mr. Shays said in a statement. Fred Wertheimer, head of Democracy 21, a campaign finance reform group, and one of the lawyers involved in the case, said he was hopeful that the Supreme Court would overturn the decision.

"We agree with the dissent in this case," Mr. Wertheimer said, adding, "The context surrounding these ads, and not just the text and the face of these ads, must be considered in making this determination."

Issue Ads Allowed In Election Run-up (WT)

By Stephen Dinan

The Washington Times, December 22, 2006

Political groups have a constitutional right to run issue ads that include the name of a candidate for office even in the contentious days before an election, a panel of federal judges ruled yesterday in the first major dent in the 2002 McCain-Feingold campaign-finance law.

Under that law, ads that interest groups ran 60 days before an election or 30 days before a primary were assumed to be aimed at influencing voters if they mentioned a candidate for federal office.

But in a 2-1 ruling, the panel yesterday said three ads from Wisconsin Right to Life (WRTL) in 2004 were issue ads rather than election ads and cannot be banned outright. The panel said permitting such ads should be decided based on the individual content.

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"On their face, WRTL's three 2004 anti-filibuster advertisements were not intended to influence the voters' decisions," District Court Judge Richard J. Leon wrote in the majority opinion, joined by Appeals Court Judge David B. Sentelle.

The small but potentially deep change creates an exception to what had been considered a near-blanket rule.

"A free-speech interest is too substantial here," said Carl Tobias, a law professor at the University of Richmond, who said the government didn't justify such a broad ban.

The 2002 law was meant to end the use of "soft money," or unrestricted donations, to run ads that appear to be talking about issues but intend to affect an election.

Critics say interest groups could use the ruling as a loophole to run such "sham" ads and say judges should consider the groups' motives.

Interest groups had argued that the law kept them from playing a legitimate role in educating voters and influencing the legislative process.

"This is a victory for the right of the people to lobby their members of Congress on upcoming votes even if there is a pending election," said James Bopp Jr., the right-to-life group's lawyer. "This grass-roots lobbying is simply self-government at work, which is protected by the First Amendment."

Backers of the law were considering an appeal yesterday, while the FEC was weighing options.

"The commission is carefully studying the opinion and will consult with the Justice Department on the next appropriate step," said Michael E. Toner, chairman of the Federal Election Commission.

The ads in question told listeners to call Wisconsin's two senators, Democrats Russ Feingold and Herb Kohl, to urge them to oppose a filibuster of President Bush's judicial nominees. Mr. Feingold is one of the key sponsors of the campaign-finance law that bears his name and that of co-sponsor Sen. John McCain, Arizona Republican.

In 2005, the panel ruled that the ads violated the campaign law because they mentioned Mr. Feingold, who was running for re-election. The court said the Supreme Court's 2003 ruling in McConnell v. FEC left no room to judge on a case-by-case basis.

But the Supreme Court sent the case back to the panel earlier this year, ruling that cases could be decided individually.

District Judge Richard W. Roberts dissented from yesterday's ruling, saying more facts were needed to decide what the right-to-life group's motives were in running the ads.

The decision applies only to WRTL's three ads. The court rejected the group's request to write new rules for how to treat ads in the future.

Fred Wertheimer, president of Democracy 21, a group that backed the McCain-Feingold law, said the decision is narrow but he still disagrees with it. He said the advertiser's motives should matter, even if the ad seems to be straightforward.

"The context surrounding the ads, and not just the text and face of the ads, must be considered in making this determination," said Mr. Wertheimer, who is urging an appeal.

Challenges to the 2002 McCain-Feingold law are heard first by a panel of two district court judges and one judge from the court of appeals for the D.C. circuit. Appeals go directly to the Supreme Court.

Senator Brownback And The Judge (NYT)

The New York Times, December 22, 2006

If most people were asked to list the qualities they want in a federal judge, few would include “has not attended a same-sex commitment ceremony.” But that was the outrageous litmus test that Senator Sam Brownback, Republican of Kansas, applied to Janet Neff, whose nomination he has been blocking. Mr. Brownback — who has presidential ambitions — now says he will allow a vote on her nomination. We hope that is a sign that gay-baiting is becoming less tolerable, even to Republican primary voters.

Judge Neff, a Michigan state court judge, attended the commitment ceremony of the daughter of a family who had lived next door to her for 26 years. She said that attending and delivering a homily was like joining in an important event in the life of one of her own daughters.

Mr. Brownback, one of the most conservative senators, considered it to be a disqualifier for the bench. Later, he made an equally objectionable offer: he would allow a vote on Judge Neff if she agreed to recuse herself from cases involving same-sex unions. The Senate does not get to tell federal judges what areas of law they may rule on.

Senator Brownback now seems to be calculating that even in the Republican Party, the sort of extreme bigotry he has shown toward gay people would not be a selling point. At a time when Vice President Dick Cheney’s lesbian daughter is pregnant and President Bush has declared himself “happy for her,” Mr. Brownback’s hostility puts him far out on the political fringe.

Mr. Brownback says that although he will allow Judge Neff’s nomination to come to a vote, he is still likely to vote against her. If he does, he should be asked to explain his vote if he hits the presidential campaign trail. Whether someone has attended

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a same-sex commitment ceremony is not a worthy litmus test to impose on someone seeking an important office. Whether someone holds hateful views toward gay people certainly is.

OTHER NEWS:

Texas Judge Cuts Vioxx Award To $7.75M (AP)

AP, December 22, 2006

(AP) - HARLINGEN, Texas-A judge in a Texas widow's lawsuit over the Merck & Co. drug Vioxx on Thursday reduced a $32 million jury award to about $7.75 million, citing Texas' recently enacted caps on punitive damages.

The state jury in April found Merck & Co. liable for the death of Leonel Garza, a 71-year-old man who had a fatal heart attack within a month of taking the since-withdrawn painkiller.

The company was ordered to pay the Garza family $7 million in non-economic compensatory damages and $25 million in punitive damages.

But Judge Alex Garza, in a Rio Grande City courtroom, ordered the punitive damage reduced as required by state law.

The law caps punitive damages at twice the amount of economic damages - lost pay - and up to $750,000 on top of non-economic damages. Because Garza was retired, the jury awarded no economic damages, so Merck was ordered to pay the most the family could receive under state law.

A spokesman for Merck's outside legal counsel said the company was seeking a new trial based on "the undisclosed financial relationship" between the plaintiff and one of the jurors.

Merck attorneys in September were granted access to bank and cell phone records they said would show an improper financial relationship between juror Jose Manuel Rios and Felicia Garza, the widow.

Businessman Pleads Guilty In Bribery Case Involving U.N. (NYT)

By Elissa Gootman

The New York Times, December 22, 2006

UNITED NATIONS, Dec. 21 — A businessman pleaded guilty Thursday to providing cash and a significantly discounted luxury Manhattan condominium to a ranking United Nations procurement official, in a successful effort to win more than $50 million in contracts, federal prosecutors said.

The businessman, Nishan Kohli, 30, pleaded guilty in Manhattan federal court to a single count of bribery after acknowledging that he had given cash payments to Sanjaya Bahel, who was chief of the commodity procurement section of the United Nations procurement division from 1998 until 2003. Mr. Kohli faces up to 10 years in prison.

He also acknowledged that from 2003 to 2005, he allowed Mr. Bahel to pay reduced rent at a high-rise apartment that Mr. Kohli owned in the Dag Hammarskjold Towers, near United Nations headquarters. In May 2005, Mr. Kohli sold the unit to Mr. Bahel at a price so far below the market value that the condominium's board considered blocking the sale, prosecutors said. Mr. Kohli also gave Mr. Bahel a cellphone that allowed them to speak privately.

Mr. Kohli's guilty plea is the latest development in a series of corruption charges against United Nations officials and those seeking to do business with them. The plea and Mr. Kohli's agreement to cooperate with the government are likely to strengthen the case against Mr. Bahel, who has pleaded not guilty to bribery charges. His trial is scheduled for May 7.

Richard Herman, Mr. Bahel's lawyer, said his client had accepted no bribes and was "vigorously fighting the allegations of any wrongdoing." Mr. Herman noted that the condominium sale took place two years after Mr. Bahel, 56, left his procurement position and said that the contracts in question were awarded through a "sealed bid process."

Mr. Bahel has been suspended without pay from his latest position, as chief of the commercial activities service within the United Nations postal administration, for four months since an internal United Nations investigation found he had improperly steered contacts toward Mr. Kohli's companies.

Stéphane Dujarric, a spokesman for Secretary General Kofi Annan, said that the prosecutors' case was "based in large part on evidence uncovered by the United Nations," adding, "We very much welcome the fact that people who have been accused of wrongdoing involving the U.N. are being brought to justice."

Prosecutors said Mr. Kohli's efforts helped secure contracts for the companies he represented, including Telecommunications Consultants India Ltd., an enterprise owned by the Indian government, and Thunderbird Industries, where Mr. Kohli was the managing partner. Since 2000, prosecutors said, Mr. Kohli's businesses have received contracts ranging from nearly $3 million for desktop computers and monitors, to $36 million for radio communications systems.

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UN Official Admits Bribery (NYS)

By Joseph Goldstein

New York Sun, December 22, 2006

Efforts by federal prosecutors to root out corruption at the U.N. received a boost yesterday when a Florida businessman pleaded guilty to bribing a senior U.N. procurement official.

As a liaison to the U.N. for two companies, the businessman, Nishan Kohli, was able to secure more than $60 million worth of U.N. business contracts. His guilty plea yesterday is part of a cooperation agreement he has entered into with prosecutors.

While the details of the deal did not emerge in court, it is likely that the government will call him as a witness at the trial of the U.N. official, Sanjaya Bahel, 55. The trial is scheduled for May, 2007.

Mr. Bahel was chief of the Commodity Procurement Section within the Procurement Division of the United Nations until 2003.

Prior to Mr. Bahel's recent indictment, another top procurement department employee, Alexander Yakovlev, pleaded guilty in the summer of 2005 to corruption and wire fraud charges. Messrs. Bahel and Yakovlev were key officers involved in the awarding of a U.N. contract to the Swiss-based inspection company Cotecna, which had employed Secretary General Annan's son, Kojo.

In addition, last January the U.N. suspended eight employees in the procurement department, including Mr. Bahel, pending an investigation into allegations of wrongdoing.

Mexican Army Invades Pot Plantations (USAT)

By Sara Miller Llana

USA Today, December 22, 2006

LAZARO CARDENAS, Mexico — Thirty-five soldiers jump off two helicopters and fan out across a marijuana field tucked deep into the mountains of Mexico's western state of Michoacan.

The choppers secure the perimeter as soldiers yank out plants growing in neat lines. Two hours later, most of the marijuana smolders in a bonfire.

This is one of 38 marijuana fields identified in a remote area, 25 miles from Aguililla, the nearest town. Rooting out — literally — marijuana plantations is a major component in Mexico's latest war on drugs, announced last week by President Felipe Calderó´n.

Mexico has long been under pressure from the United States to crack down on the drug trade and end violence between drug gangs. According to the U.S. State Department, 70%-90% of drugs coming to the USA from Latin America enter through Mexico. Mexico is one of the main producers of marijuana and heroin destined for the USA.

U.S. Ambassador Tony Garza has repeatedly expressed concern about the rising violence, most of it drug-related.

The week-old Operation Michoacan, Calderó´n's first major initiative since he took office Dec. 1, is the biggest anti-drug effort taken on by the Mexican government, says Army Gen. Manuel Garcia Ruiz, who heads the operation.

The purpose is to "end the impunity of the criminals that puts at risk the tranquility of all Mexicans, especially our families," Interior Secretary Francisco Javier Ramirez Acuna said at a news conference in Mexico City on Monday.

It also is a high-profile effort by the new president to follow through on his campaign vow to improve security in Mexico.

"Calderó´n came in as a law-and-order president and wants to show he is capable of reasserting state authority to convince the Mexican people, as well as the U.S., that he is, in fact, in charge," says Bruce Bagley, a drug specialist at the University of Miami.

Mexico's drug wars claimed about 2,000 lives in 2006, according to the Associated Press, and have been marked by increasing violence as drug lords battle for control of what the State Department says is a multibillion-dollar industry. In September, gunmen stormed a nightclub and hurled five heads onto a dance floor in Uruapan in Michoacan, the president's home state. Juan Antonio Magana, the state's attorney general, told the AP more than 200 homicides here this year were drug-related.

Last week, Calderó´n sent 7,000 military and federal officers into Michoacan to burn drug fields and arrest suspects. "This is a very difficult battle," Garcia Ruiz says. "It will last as long as it is necessary."

About 50 people suspected of drug trafficking, including suspected drug lord Elias Valencia, have been arrested. The soldiers and federal officers have seized about 100 firearms, bulletproof vests, antennas and telephones, officials announced at Monday's news conference. They estimated the raids could cost the cartels as much as $626 million, which includes future profits from the plants and opium seeds.

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The first goal, Garcia Ruiz says, is to disrupt the drug gangs' source of income and their ability to communicate. Over the past week, military and police have identified 1,795 marijuana fields covering 585 acres throughout the state.

Attorney General Eduardo Medina says the government will expand the new offensive by sending soldiers and police to several states simultaneously to prevent traffickers from fleeing between regions. The idea is to wrest income and turf from drug traffickers. "The focus is on territory, recovering geographical space for the public," Medina says.

Tuesday, journalists witnessed a raid on a marijuana plantation in Michoacan. The field where the two helicopters landed was ringed with lime trees and an irrigation system: thousands of yards of tubing fed by a nearby rushing creek. Footpaths led to at least two other fields, a 15-minute trek away, and a recently abandoned shack. Half-eaten tamales, corncobs and crushed pepper littered wooden benches.

The type of marijuana growing here illustrates how hard the battle against drugs has become. It's a genetically modified variety resistant to pesticides; it can be killed only if it's pulled out with the roots. It also grows year-round, Garcia Ruiz says.

He says the plants, which mature in two months, are primarily exported to the USA.

Residents in Michoacan hope the operation will tamp down the violence. Rosalba Sanchez, 32, and her mother, Nicolasa Diez, 65, live in Patzcuaro, west of the state capital Morelia. They say that even though the main targets are people who produce and distribute drugs, the violence has affected their quality of life.

A drug-gang-related shootout two weeks ago in the city killed a store owner, they say. "When you leave your house, anything could happen," Sanchez says. "Hopefully with more security, they will be more afraid."

Redacted Version Of Original Op-Ed (NYT)

By Flynt Leverett And Hillary Mann

The New York Times, December 22, 2006

The Iraq Study Group has added its voice to a burgeoning chorus of commentators, politicians, and former officials calling for a limited, tactical dialogue with Iran regarding Iraq. The Bush administration has indicated a conditional willingness to pursue a similarly compartmented dialogue with Tehran over Iran's nuclear activities.

Unfortunately, advocates of limited engagement — either for short-term gains on specific issues or to "test" Iran regarding broader rapprochement — do not seem to understand the 20-year history of United States-Iranian cooperation on discrete issues or appreciate the impact of that history on Iran's strategic outlook. In the current regional context, issue-specific engagement with Iran is bound to fail. The only diplomatic approach that might succeed is a comprehensive one aimed at a "grand bargain" between the United States and the Islamic Republic.

Since the 1980s, cooperation with Iran on specific issues has been tried by successive administrations, but United States policymakers have consistently allowed domestic politics or other foreign policy interests to torpedo such cooperation and any chance for a broader opening. The Reagan administration's engagement with Iran to secure the release of American hostages in Lebanon came to grief in the Iran-contra scandal. The first Bush administration resumed contacts with Tehran to secure release of the last American hostages in Lebanon, but postponed pursuit of broader rapprochement until after the 1992 presidential election.

In 1994, the Clinton administration acquiesced to the shipment of Iranian arms to Bosnian Muslims, but the leak of this activity in 1996 and criticism from presumptive Republican presidential nominee Robert Dole shut down possibilities for further United States-Iranian cooperation for several years.

These episodes reinforced already considerable suspicion among Iranian leaders about United States intentions toward the Islamic Republic. But, in the wake of the 9/11 attacks, senior Iranian diplomats told us that Tehran believed it had a historic opportunity to improve relations with Washington. Iranian leaders offered to help the United States in responding to the attacks without making that help contingent on changes in America's Iran policy — a condition stipulated in the late 1990s when Tehran rejected the Clinton administration's offer of dialogue — calculating that cooperation would ultimately prompt fundamental shifts in United States policy.

The argument that Iran helped America in Afghanistan because it was in Tehran's interest to get rid of the Taliban is misplaced. Iran could have let America remove the Taliban without getting its own hands dirty, as it remained neutral during the 1991 gulf war. Tehran cooperated with United States efforts in Afghanistan primarily because it wanted a better relationship with Washington.

But Tehran was profoundly disappointed with the United States response. After the 9/11 attacks, xxx xxx xx xxxxxxxx xxxxxxxxx xxxxxxxxx xxxxxxxx xxxxxx xxxxxxx xx set the stage for a November 2001 meeting between Secretary of State Colin Powell and the foreign ministers of Afghanistan's six neighbors and Russia. xxxx xxxxxxx xxxxx xxxxx xxxxxxx xxxxxx xxxx xx xxxxxx xxxxxx xxxxxxx xxxx xxx xxxxxx xxxxxx xxxxxx xxxx xxxxx xxxxx xx xxxx xxxxx xxxxx xxxxxxx xxxxx xxxxx xxxxx xxxxx

xxxxx xxxxx xxxx xxxxx Iran went along, working with the United States to eliminate the Taliban and establish a post-Taliban political order in Afghanistan.

In December 2001, xxxxxx xxxxxxx xxxxxxxxxxxxxx xxxxxxxxx xxxxxxxxx x Tehran to keep Gulbuddin Hekmatyar, the brutal pro-Al Qaeda warlord, from returning to Afghanistan to lead jihadist resistance there. xxxxx xxxxxxx so long as the Bush administration did not criticize it for harboring terrorists. But, in his January 2002 State of the Union address, President Bush did just that in labeling Iran part of the "axis of evil." Unsurprisingly, Mr. Hekmatyar managed to leave Iran in short order after the speech. xxx xxxxxxxx xxxxxx xxxxxx xxxxxx xxxxx xxxxx xxxxx xxxx xxxxx xxxxx xxxxx xxxxx xxxx xxxx xxxx xxx the Islamic Republic could not be seen to be harboring terrorists.

xxx xxxxxx xxxxxxxxx xxxxxxxxxx xxxxxxxxxx xxxxxxxx xxxxxxxx xxxx xxxxxxx xxxxxxxxx xxxxxxxxx xxxxx xxxxxxxxxx xxxxxxxxxx xxxxxxxxxxx xxxx xxxxxxxxxx xxxxxxxxxxx xxxxxxxxx xxxxxxxxxxxx xxxx xxx xxxxxx xxxxxxx xxxxxx xxxxxxxxxx xxxxxxxxxxxxx xxxx xxxxxxxx xxxx xxxxxxxx xxxx xx xxxxx xxxxx xxxxx xxxxxxxx xxxx xxxxx xxxx xxxxx xxx xxxxxxx xxxxxxx xxxx xxxxx xxxxx xxxxxx xx xxxxx xxx xx xxxxxxx This demonstrated to Afghan warlords that they could not play America and Iran off one another and prompted Tehran to deport hundreds of suspected Al Qaeda and Taliban operatives who had fled Afghanistan.

Those who argue that Iran did not cause Iraq's problems and therefore can be of only limited help in dealing with Iraq's current instability must also acknowledge that Iran did not "cause" Afghanistan's deterioration into a terrorist-harboring failed state. But, when America and Iran worked together, Afghanistan was much more stable than it is today, Al Qaeda was on the run, the Islamic Republic's Hezbollah protégé was comparatively restrained, and Tehran was not spinning centrifuges. Still, the Bush administration conveyed no interest in building on these positive trends.

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From an Iranian perspective, this record shows that Washington will take what it can get from talking to Iran on specific issues but is not prepared for real rapprochement. Yet American proponents of limited engagement anticipate that Tehran will play this fruitless game once more — even after numerous statements by senior administration figures targeting the Islamic Republic for prospective "regime change" and by President Bush himself that attacking Iran's nuclear and national security infrastructure is "on the table."

Our experience dealing with xxxx xxxx Iranian diplomats over Afghanistan and in more recent private conversations in Europe and elsewhere convince us that Iran will not go down such a dead-end road again. Iran will not help the United States in Iraq because it wants to avoid chaos there; Tehran is well positioned to defend its interests in Iraq unilaterally as America flounders. Similarly, Iran will not accept strategically meaningful limits on its nuclear capabilities for a package of economic and technological goodies.

Iran will only cooperate with the United States, whether in Iraq or on the nuclear issue, as part of a broader rapprochement addressing its core security concerns. This requires extension of a United States security guarantee — effectively, an American commitment not to use force to change the borders or form of government of the Islamic Republic — bolstered by the prospect of lifting United States unilateral sanctions and normalizing bilateral relations. This is something no United States administration has ever offered, and that the Bush administration has explicitly refused to consider.

Indeed, no administration would be able to provide a security guarantee unless United States concerns about Iran's nuclear activities, regional role and support for terrorist organizations were definitively addressed. That is why, at this juncture, resolving any of the significant bilateral differences between the United States and Iran inevitably requires resolving all of them. Implementing the reciprocal commitments entailed in a "grand bargain" would almost certainly play out over time and in phases, but all of the commitments would be agreed up front as a package, so that both sides would know what they were getting.

Unfortunately, the window for pursuing a comprehensive settlement with Iran will not be open indefinitely. The Iranian leadership is more radicalized today, with Mahmoud Ahmadinejad as president, than it was three years ago, and could become more radicalized in the future, depending on who ultimately succeeds Ayatollah Ali Khamenei as supreme leader. If President Bush does not move decisively toward strategic engagement with Tehran during his remaining two years in office, his successor will not have the same opportunities that he will have so blithely squandered.

What We Wanted To Tell You About Iran (NYT)

By Flynt Leverett And Hillary Mann
The New York Times, December 22, 2006
Washington

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HERE is the redacted version of a draft Op-Ed article we wrote for The Times, as blacked out by the Central Intelligence Agency's Publication Review Board after the White House intervened in the normal prepublication review process and demanded substantial deletions. Agency officials told us that they had concluded on their own that the original draft included no classified material, but that they had to bow to the White House.

Indeed, the deleted portions of the original draft reveal no classified material. These passages go into aspects of American-Iranian relations during the Bush administration's first term that have been publicly discussed by Secretary of State Condoleezza Rice; former Secretary of State Colin Powell; former Deputy Secretary of State Richard Armitage; a former State Department policy planning director, Richard Haass; and a former special envoy to Afghanistan, James Dobbins.

These aspects have been extensively reported in the news media, and one of us, Mr. Leverett, has written about them in The Times and other publications with the explicit permission of the review board. We provided the following citations to the board to demonstrate that all of the material the White House objected to is already in the public domain. Unfortunately, to make sense of much of our Op-Ed article, readers will have to read the citations for themselves. (See links at left.)

The decisions of the C.I.A. and the White House took us by surprise. Since leaving government service three and a half years ago, Mr. Leverett has put more than 20 articles through the C.I.A.'s prepublication review process and the Publication Review Board has never changed a word or asked the White House for permission to clear these articles.

What's more, we have spent a collective 20 years serving our country as career civil servants in national security, for both Republican and Democratic administrations. We know firsthand the importance of protecting sensitive information. But we also know the importance of shared knowledge. In the entrance to the C.I.A.'s headquarters the words of the Gospel of John are inscribed, "And ye shall know the truth and the truth shall set you free."

National security must be above politics. In a democracy, transparency in government has to be honored and protected. To classify information for reasons other than the safety and security of the United States and its interests is a violation of these principles. It is for this reason that we will continue to press for the release of the article without the material deleted.

Flynt Leverett is a former senior director for Middle East affairs at the National Security Council and a senior fellow at the New America Foundation. Hillary Mann, a former Foreign Service officer, participated in the United States discussions with Iran from 2001 to 2003.

Rice: U.S. Backs Iran Sanctions Draft (AP)

By Anne Gearan

AP, December 22, 2006

The United States supports a draft U.N. sanctions resolution against Iran even though it omits a mandatory travel ban against several Iranians involved in the country's nuclear and missile programs, Secretary of State Condoleezza Rice said Thursday.

Rice said she expects changes to be made in the draft before it is put to a vote at the United Nations Security Council, perhaps on Friday.

Speaking at a news conference with Canadian Foreign Minister Peter MacKay, she offered no details of the revisions she expects.

"It's no secret we would have preferred to have this earlier had we been the lone drafter, and of course there might have been other things in it," she said of the draft circulated by Britain and France.

At the same time, she said the resolution would make clear to Iran that the "international community is not going to tolerate its defiance" of demands that it abandon its nuclear program. Iranians insist the effort is for peaceful aims, but the United States and other western countries have said the real purpose is the development of nuclear weapons.

The latest draft would order all countries to ban the supply of specified materials and technology that could contribute to Iran's nuclear and missile programs.

Prodded by MacKay on a different issue, Rice said the United States would review the status of Maher Arar, who was recently cleared by the Canadian government of any ties to terrorism.

Arar has become the best-known case of extraordinary rendition, a practice in which the U.S. government sends foreign terror suspects to third countries for interrogation.

Arar says he was shunted to Syria, and was tortured and kept in a dark cell for nearly a year.

Arar no longer is under travel restrictions in Canada, but remains on a U.S. watch list.

Rice said she had spoken earlier in the day with Michael Chertoff, the secretary of the Department of Homeland Security, about Arar's status. "He said he would examine it and would get back to me."

U.S., EU Urge Vote On Iran Ban (WT)

By Betsy Pisik

The Washington Times, December 22, 2006

NEW YORK -- The United States and European Union yesterday pushed for a U.N. Security Council vote as early as today on Iran sanctions, a diluted version that drops a U.S.-backed travel ban on Iranian nuclear officials in a bid to win Russian support.

The governments of Germany, France and Britain drafted the latest text, which calls for a ban on trading parts or technology for use in making ballistic missiles or nuclear fuel.

Iranian President Mahmoud Ahmadinejad vowed to ignore the resolution, which comes just days after Pentagon officials disclosed plans to beef up the contingent of warships in the region by early next year.

"The United States and Europeans know well that they cannot do anything against Iran and their pressure will not hold back Iran's desire to fully obtain peaceful nuclear technology," Mr. Ahmadinejad said yesterday.

Secretary of State Condoleezza Rice indicated that Washington would support the draft.

"Had we been the lone drafters of the resolution, of course there might have been other things in it," she told reporters yesterday after a meeting with Canadian Foreign Minister Peter MacKay.

"But I am quite satisfied and quite certain that the resolution that will be adopted will be one that both says to Iran 'you cannot defy the international community' and imposes penalties on Iran for that defiance," Miss Rice said.

Russia said last night that the resolution needed more work, casting doubt on whether the vote could be held today.

The West fears Tehran is developing fissile material for a nuclear weapon, but Iran insists it seeks nuclear power.

The latest council text cites Chapter VII of the U.N. Charter, which authorizes the body to undertake economic, political and military action to address threats to international peace and security.

However, the draft stresses the need for a political and diplomatic effort to contain proliferation.

It also calls on the U.N. nuclear agency to report within 60 days whether Iran is complying with its requests for information and access to all enrichment-related activities.

The draft demands that all states to deny Iran technical assistance, training, financial assistance or investment that could be used to advance suspect nuclear activities.

In addition, the resolution would immediately freeze the assets of two dozen individuals and companies listed as crucial to Iran's nuclear or ballistic enterprises.

Iran's oil minister admitted earlier this week that de-facto financial restrictions already in place are making it difficult for the Islamic state to raise needed investment funds for its oil and gas industry.

"Currently, overseas banks and financiers have decreased their cooperation," Oil Minister Kazem Vaziri-Hamaneh told Shana, the Oil Ministry's news service, according to a report in the Financial Times yesterday.

Some analysts were skeptical that the Security Council could effectively rein in Iran's nuclear ambitions.

"They should get off the U.N. track and go back to the U.S.-EU track, which can take action much more quickly and resolutely than the Security Council can," said Lee Feinstein, a senior fellow at the Council on Foreign Relations. "The U.N. track has been a diversion and sends the wrong message."

Meanwhile, political candidates aligned with Mr. Ahmadinejad appear to have lost last week's local elections, according to results announced early yesterday in Tehran.

Moderates and reformers won most seats from the hard-line ruling party, according to press reports.

UN Poised To Agree Sanctions On Iran (FT)

By Mark Turner

Financial Times, December 22, 2006

The United Nations Security Council was poised finally to agree sanctions on Iran after months of wrangling over Tehran's nuclear programme.

Western diplomats say the measures are crucial to creating a united front against Iran's nuclear ambitions but concede that the steps finally agreed, which have been watered down from initial European Union proposals, are likely to have only a limited impact on Tehran. Iran, which insists its nuclear programme is for peaceful purposes, ignored an August 31 UN deadline to suspend uranium enrichment.

A binding resolution, which ambassadors had hoped to adopt today but the vote had slipped to the weekend, would ban countries from sending the most sensitive nuclear materials to Iran and establish limited controls over dual-use technology. It would also freeze the overseas finances of some organisations, companies and people, although Russian opposition led European drafters to step back from a travel ban. A committee would be told of trips by named officials instead.

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Diplomats said some issues still needed to be ironed out but they were hopeful that unanimous agreement could be reached by this morning. If adopted, the UN resolution would increase the pressure on Tehran, although experts and diplomats acknowledge its impact may be limited.

Tehran admitted this week that the de facto financial sanctions, encouraged by the US, had started to hurt investment in the oil sector.

Iran dismissed the UN move. Ali Larijani, the secretary of Iran's Supreme National Security Council, was quoted as saying: "The nature of this resolution is not capable of pressuring Iran and Iran will give an appropriate response to it.

"This behaviour will just create more problems. If they ratify the resolution Iran will . . .review its co-operation with the International Atomic Energy Agency and others [in the] political, economic and cultural fields."

Separately, US Central Command, which oversees military activities in the Middle East, has asked the Pentagon to send a second aircraft carrier battle group to the Persian Gulf in a move that has been interpreted as sending a strong message to Iran. Robert Gates, the new US defence secretary who is visiting Iraq, would have to approve the request.

Iran Defiant On Nuclear Energy Despite Looming Sanctions (AFP)

AFP, December 22, 2006

Iranian President Mahmoud Ahmadinejad vowed that nothing would stop Iran pushing ahead with its nuclear programme, as world powers prepared to vote Friday on sanctions against Tehran.

"The United States and Europeans know well that they cannot do anything against Iran and their pressure will not hold back Iran's desire to fully obtain peaceful nuclear technology," Ahmadinejad said.

"The bullying powers today, in confronting Iran's peaceful nuclear technology, are faced with a sea of courageous people," he added in a speech in Gilan-e Gharb town, in Iran's western Kermanshah province.

"If they think that nuclear energy only belongs to one group of the Iranian people they are mistaken."

Qatar, which is chairing UN Security Council sessions this month, confirmed Thursday that a draft resolution would be put to a vote before the 15-nation body on Friday.

In Washington, US Secretary of State Condoleezza Rice said her government was seeking last-minute changes to the draft UN resolution ahead of the vote.

The draft calls for a ban on trade with Iran in goods related to its nuclear and ballistic missile programmes.

It also waters down a contentious proposal for a travel ban on Iranian officials, in a bid to win Russia's support for the resolution that has been held up for weeks by wrangling amongst the Security Council powers.

Western countries want to impose sanctions on Iran over its refusal to suspend uranium enrichment, for fear that it would lead to Tehran having nuclear weapons that would radically shift the balance of power in the region.

Iran counters that its nuclear programme is only aimed at providing energy for a growing population.

Qatar's UN ambassador Nasser Abdelaziz al-Nasser expressed misgivings about sanctions, saying Thursday: "We don't know how the Iranians are going to react."

"The Middle East is going through difficult times," he told reporters at UN headquarters in New York. "We are worried about this matter. We live there."

Without elaborating, Rice said Thursday that "there are some changes that are still to be made" to the draft resolution.

But she added Washington was "very supportive" of the overall draft -- drawn up by Britain, France and Germany -- and she expressed confidence it would be adopted.

"I am quite satisfied and quite certain that the resolution that will be adopted will be one that both says to Iran 'you cannot defy the international community' and imposes penalties on Iran," she said.

The New York Times newspaper, quoting unnamed US officials, reported Thursday that the United States and Britain would move additional warships into the Gulf region as the Security Council moves on sanctions.

"Defense Secretary Robert M. Gates was expected this week to approve a request by commanders for a second aircraft carrier and its supporting ships to be stationed within quick sailing distance of Iran by early next year," it reported.

In his address Thursday, Ahmadinejad reaffirmed his prediction that Iran would be able to hold a "nuclear celebration" at the same time as it marks the 28th anniversary of the Islamic revolution on February 11.

Iran has not specified exactly what landmark will be feted on that day, but Ahmadinejad added: "Iran is only one step before we reach the zenith and we will take that step with pride."

The Islamic republic has set a goal of installing 3,000 uranium enriching centrifuges at a key nuclear plant by March, in what would be an important step towards industrial enrichment.

Iran's President Says Bush 'Most Hated' (AP)

DOJ_NMG_0108654

By Ali Akbar Dareini
AP, December 22, 2006

President Mahmoud Ahmadinejad called President Bush "the most hated person" in the world on Thursday, keeping up his tirades against the West despite elections that showed Iranians want him to focus on the country's domestic problems.

In final results announced Thursday from local elections last week, moderate conservatives opposed to Ahmadinejad won a majority of seats. They were followed by reformists, making a comeback after being driven out of local councils, parliament and the presidency over the past five years.

In the capital Tehran, where Ahmadinejad was mayor before becoming president 16 months ago, his allies grabbed only three of the 15 council seats, while moderate conservatives won seven. Reformists won four, and an independent one. Though the Dec. 15 elections were local, they were the first time the public has weighed in on Ahmadinejad's stormy presidency.

But Ahmadinejad appeared unbowed. He toured cities in western Iran, telling the crowds that Iran will not be intimidated by Western demands to dismantle its nuclear program, and scolding Bush.

"Oh, the respectful gentleman, get out of the glassy palace and know that you are the most hated person in the eyes of the world's nations and you can't harm the Iranian nation," Ahmadinejad said, according to the official Iranian Republic News Agency.

He said Iran would continue uranium enrichment even under threat of U.N. sanctions. "A nation that has resisted until today will resist until the last step and will defend its rights," he said.

The United States and its allies believe Iran is trying to develop nuclear weapons. Iran denies the allegation, saying its nuclear goal is only to generate electricity.

Ahmadinejad did not comment on the election results. But his hard-line foreign policy, in the absence of a strong domestic agenda or economic program, is believed to have divided the conservative base that voted him into the presidency last year.

The president has sharply escalated Iran's standoff with the United States and its allies over several issues. Besides uranium enrichment, he has sparked international outrage for his calls to eliminate Israel and for casting doubt on the Nazi Holocaust.

Election results outside Tehran also showed a heavy defeat for Ahmadinejad supporters. None of his candidates won seats on the councils in the cities of Shiraz, Bandar Abbas, Sari, Zanjan, Rasht, Ilam, Sanandaj and Kerman, and many councils in other cities were divided like Tehran's.

Similar anti-Ahmadinejad sentiment appeared in final results of a parallel election for the Assembly of Experts, the body of 86 senior clerics that monitors Iran's supreme Islamic leader and chooses his successor.

A big boost for moderates within the ruling Islamic establishment was visible in the large number of votes for former President Hashemi Rafsanjani, who lost to Ahmadinejad in the 2005 presidential election runoff.

Rafsanjani, who supports dialogue with the United States, got the most votes of any candidate from Tehran to win re-election to the assembly.

Opposition candidates demanded that Ahmadinejad pay more attention to unemployment, now estimated at 11 percent, and other economic problems. He has failed to carry through on several domestic campaign promises, including a pledge to send a share of the country's oil revenues to every family and to implement an anti-poverty program.

The moderate daily newspaper Etemad-e-Melli, or National Confidence, urged Ahmadinejad to change his policies if he has any respect for the vote.

"The result of the elections, if there is any ear to listen or any eye to see, demands reconsideration in policies," the paper said in an editorial Thursday.

Conservative lawmaker Emad Afroogh also called on Ahmadinejad to learn a lesson from the vote. "The people's vote means they don't like Ahmadinejad's populist methods," Afroogh told The Associated Press.

Reformist Saeed Shariati also said the results of the election were a "big no" to Ahmadinejad and his allies, who he accused of harming Iran's interests with their hard line.

"We consider this government's policy to be against Iran's national interests and security. It is simply acting against Iran's interests," said Shariati, a leader of the Islamic Iran Participation Front, Iran's largest reformist party. His party seeks democratic changes within the ruling Islamic establishment and supports relations with the United States.

Iran Forging Ahead In Iraq Without U.S. (LAT)

By Borzou Daragahi
The Los Angeles Times, December 22, 2006

BAGHDAD — Tehran's top envoy here said there was no need for contacts with the United States aimed at stabilizing Iraq, saying that Iranians already were pursuing channels to help secure their embattled neighbor.

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Ambassador Hassan Kazemi-Qomi brushed aside recommendations of the Iraq Study Group, led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, that the Bush administration speak to Tehran about the chaos in Iraq.

"We don't need a Mr. Baker-style proposal calling for Iran to talk with the United States about Iraq," Kazemi-Qomi said in an interview this week. "We have our own well-defined policies about Iraq. We have never waited for a Mr. Baker or someone else to offer talks."

Washington and Tehran broke formal diplomatic ties after Iranian radicals stormed the U.S. Embassy in Tehran during the 1979 Islamic Revolution, which toppled the country's pro-U.S. monarch and brought to power the world's first Shiite Muslim theocracy.

U.S. officials have accused Iran's government of destabilizing Iraq by providing arms, training and money to Shiite militias considered to be leading players in the civil war gripping Iraq's central provinces.

Told of Kazemi-Qomi's remarks, a State Department official in Washington accused Tehran of duplicity.

"It's not unusual for the Iranians to say all the right things, but at the same time engage in activities that are problematic, and certainly not what we would hope to see from a country expressing a desire for good neighborly relations," said the official, who spoke on condition of anonymity.

The Iraq Study Group report advised the Bush administration to make diplomatic contacts with Iran to persuade it to stop supporting armed Shiite groups. The controversy surrounding the report has rekindled debate in Iraq and the region about Iran's role here.

Iranians are mostly Persians and Iraqis are mostly Arabs. Their languages are different, but the Shiite majorities in both countries share centuries-old religious and cultural ties.

Iraq's Sunni Arabs accuse Iran of employing Shiite militias to settle old scores with former Iraqi army officers and the United States. They accuse Tehran of fomenting unrest.

Kazemi-Qomi, speaking in a sitting room in Iran's ornate embassy a block from the perimeter of the U.S.-protected Green Zone, painted a drastically different portrait of Iran's role.

In a rare interview with Western media, he said that Iran maintained strong ties with Sunni as well as Shiite groups, supported the national unity government assembled by U.S. Ambassador Zalmay Khalilzad and the reconciliation talks taking place between Iraq's squabbling factions.

Iran respects all of Iraq's tribes and political groups, Kazemi-Qomi said. "Our relations are not limited to the Iraqi Shiites."

Iran provides Iraq with refined petroleum products, 140 megawatts of electricity and access to its Persian Gulf ports, and is willing to arm and train Iraqi security forces, he said.

"We are also serious in sharing intelligence with Iraq in an attempt to identify and bust terrorist groups," said KazemiQomi, a former member of Iran's conservative Revolutionary Guard who served in his country's consulate in the western Afghan city of Herat before coming to Iraq. In May, he became his nation's first ambassador to Baghdad in more than 25 years.

Iran is helping Iraq not because it wants to remain in the good graces of Washington, but out of self interest, he said.

"Security in Iraq will strip foreign troops of any pretext to prolong their presence in the country," he said in the 30-minute interview, which was granted only after The Times submitted a list of questions. "Security in Iraq will deprive terrorists of any safe haven, and we will no longer see an influx of Iraqi [refugees] to Iran."

He brushed aside suggestions that Iran was fostering instability in Iraq, instead taking a jab at Washington's Sunni allies in the region.

Iraq's border with Iran is more secure than any of its other borders, he said.

"You can go and find a list of suspected terrorists held in Iraqi prisons. You will definitely find out that no Iranian is among them," Kazemi-Qomi said, adding that few of them are from Afghanistan or Pakistan, which are on Iran's eastern border. "I regret to tell you that the majority of these suspects come from Arab countries."

Some Western diplomats in Iraq say the Iranians are able to leave their embassy compound more easily without fear of kidnapping or street violence, and they call on their Iranian colleagues for assessments of developments in Iraq.

But a number of Iraqis suggest that Tehran exaggerates its influence in Iraq, hoping the perception of its importance will give it more leverage in its dispute with the United States and European allies over its nuclear program.

Iraq's Sunnis have long said Shiite militias linked to major political parties with Iranian ties are at least as destructive as Arab insurgents. Sunnis argue that the increasing abilities of Muqtada Sadr's Al Mahdi army and Abdelaziz Hakim's Badr Brigade reflect help from abroad.

"Who's supporting Mahdi army? And who's supporting Badr?" said Saleh Mutlak, a leader of a hard-line Sunni faction in parliament. "They seem to have a lot of money and a lot of arms. They can't do this on their own."

Mutlak noted that the Shiite militias were not linked to Sunni-dominated countries such as Jordan or Saudi Arabia.

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American officials say some types of roadside bombs used against U.S. and British forces in Iraq are similar to those used by the Iranian-financed militant group Hezbollah in Lebanon.

Despite repeated allegations, neither U.S. nor Iraqi officials have presented conclusive evidence that Iran is funding or supporting Shiite militias or violence in Iraq.

"Nobody reveals details," said Mahmoud Othman, a Kurdish lawmaker. "It's just talk and accusations."

U.S. officials consider Iraqi Shiite groups with the strongest ties to Iran to be the most moderate. Sadr's late uncle, Mohammed Baqer Sadr, had close ties to the founder of Iran's theocracy, Grand Ayatollah Ruhollah Khomeini, and founded the pro-Iranian Dawa Party, which is now led by U.S.-backed Prime Minister Nouri Maliki.

Hakim, who recently met with President Bush in Washington and has been trying to form a more moderate governing coalition, spent years in exile in Iran and headed an Iraqi military force opposed to Saddam Hussein that was largely created by Iran's Revolutionary Guard.

Shiite groups that were founded and grew exclusively in Iraq are considered the most disruptive. Sadr is an Arab nationalist who has never left Iraq and whose Al Mahdi army derides Hakim as a Persian bent on dividing up Iraq. The Fadila Party, another major Shiite group with few historic ties to Iran, follows a similar line.

Kazemi-Qomi said Iran respected the wishes of Hakim to have good ties to Washington.

"Icy relations between Iran and the United States have nothing to do with Iran-Iraq ties," he said.

Saner Voices In Iran (NYT)

New York Times, December 22, 2006

President Mahmoud Ahmadinejad of Iran has not been having a very good month, which is good news both for the beaten-down people of Iran and for the outside world.

The populist demagogue, it seems, is not so popular with important elements of Iranian society growing uneasy over the price Iran may have to pay for his belligerent pursuit of nuclear technology. This week, Mr. Ahmadinejad's oil minister acknowledged that foreign banks were pulling back from financing Iranian oil projects because of the worsening nuclear dispute.

The clearest evidence of Mr. Ahmadinejad's troubles came in last week's elections for municipal offices and the national council that oversees the work of Iran's supreme leader, Ayatollah Ali Khamenei. Mr. Ahmadinejad's supporters fared surprisingly poorly. The main gainers came from two very different opposition groups, one aligned with former President Ali Rafsanjani, an establishment conservative, and the other with remnants of the cautious reform movement led by former President Mohammad Khatami.

Mr. Rafsanjani, a venomous foe of Israel (with his own nuclear appetites), is so notorious for the corruption that marred his presidency that his political career had almost gone into eclipse. Mr. Khatami's followers are more high-minded, but still managed to fumble Iran's best chance for reform in decades. What distinguishes them from Mr. Ahmadinejad's supporters is their recognition that Iran exists in the real world. They understand that its future requires good relations with foreign investors, trade partners and educational institutions.

Mr. Ahmadinejad has been systematically dynamiting those relations, by defying the International Atomic Energy Agency and the United Nations and with his loathsome circus of Holocaust denial. Though meant to whip up voters, that travesty failed to save his supporters from electoral defeat.

Last week, in a remarkable show of courage, students at one of Tehran's elite universities openly denounced Mr. Ahmadinejad as a dictator and a fascist, forcing him to cut short his planned address.

Their anger had been stoked by a blatantly political purge of professors and students, a crackdown on basic personal freedoms, and worries that economic mismanagement and diplomatic provocations were blighting their future. Two weeks ago, the students chanted, "Forget the Holocaust — do something for us." Last week, one of them told a reporter: "A nuclear program is our right. But we fear that it will do more harm than good."

Indeed it would, and it is encouraging to hear from Iranians who recognize that threat. Washington needs to keep pushing for effective economic sanctions that will compel Mr. Ahmadinejad to recognize it as well.

Bickering Saudis Struggle For An Answer To Iran's Rising Influence In The Middle East (NYT)

By Hassan M. Fattah

The New York Times, December 22, 2006

RIYADH, Saudi Arabia, Dec. 21 — At a late-night reading this week, a self-styled poet raised his hand for silence and began a riff on neighboring Iraq, in the old style of Bedouin storytellers.

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"Saddam Hussein was a real leader who deserved our support," he began, making up the lines as he went. "He kept Iraq stable and peaceful," he added, "and most of all he fought back the Iranians." He continued, "His one mistake was invading Kuwait."

Across the kingdom, in both official and casual conversation, once-quiet concern over the chaos in Iraq and Iran's growing regional influence has burst into the open.

Saudi newspapers now denounce Iran's growing power. Religious leaders here, who view Shiism as heresy, have begun talking about a "Persian onslaught" that threatens Islam. In the salons and diwans of Riyadh, the "Iranian threat" is raised almost as frequently as the stock market.

"Iran has become more dangerous than Israel itself," said Sheik Musa bin Abdulaziz, editor of the magazine Al Salafi, who describes himself as a moderate Salafi, a fundamentalist Muslim movement. "The Iranian revolution has come to renew the Persian presence in the region. This is the real clash of civilizations."

Many here say a showdown with Iran is inevitable. After several years of a thaw in relations between Iran and Saudi Arabia, Saudis are growing concerned that Iran may build a nuclear bomb and become the de facto superpower in the region.

In recent weeks, the Saudis, with other Persian Gulf countries, have announced plans to develop peaceful nuclear power. Saudi officials publicly welcomed the Iraqi Harith al-Dhari, whose Muslim Scholars Association has links to the insurgency, during a visit in October, and they have indicated that they may support Iraq's Sunnis over the majority Shiites with links to Iran. All were meant to send a message to Iran.

"You need to create a strategic challenge to Iran," said Steve Clemons, senior fellow and director of the American Strategy Program at the New America Foundation. "To some degree, what the Saudis are doing is puffing up because they see nobody else in the region doing so."

Yet a growing debate here has centered on how Iran should be confronted: head on, with Saudi Arabia throwing its lot in with the full force of the United States, or diplomatically, with a grand bargain Iran would find hard to refuse?

The apparent split burst into the open last week when Prince Turki al-Faisal, Saudi Arabia's ambassador to Washington, abruptly resigned after just 15 months. The resignation is seen by many here as part of a long-running battle over Saudi Arabia's foreign policy.

On Tuesday, Prince Saud al-Faisal, the country's ailing foreign minister, confirmed the ambassador's resignation, citing personal reasons. Privately some Saudi officials and analysts with knowledge of the situation say Prince Turki resigned over deep differences with Prince Bandar bin Sultan, the national security minister and former Washington ambassador, over how to deal with Iran.

Prince Bandar is believed to favor the tough American approach of confronting Iran, analysts say, while Prince Turki advocates more diplomatic tactics, including negotiating with Iran.

If this is the case, then the successor to Prince Turki as Saudi ambassador — Adel al-Jubeir, a foreign policy adviser to King Abdullah — is a wild card, Saudi and American officials said Thursday.

Polished and American-educated, Mr. Jubeir, 44, once worked for Prince Bandar when he was ambassador to Washington. Mr. Jubeir became well known as the public face of Saudi Arabia, defending Saudi policy after the Sept. 11 attacks, appearing on talk shows and escorting NBC's White House correspondent at the time, Campbell Brown, around town.

But Saudi officials said that Mr. Jubeir did not necessarily share Prince Bandar's opinions. "Basically, the king is putting his own man in America," one Saudi official said. "Adel will be a direct line between the king and the administration."

Mr. Clemons, whose blog, The Washington Note, first reported Mr. Jubeir's appointment on Wednesday, said Mr. Jubeir "is someone who can help de-escalate tensions between quadroons of the royal family. I don't think he necessarily brings Bandar's views on Iran to the table."

Just days before President Bush met with the Iraqi prime minister, Nuri Kamal al-Maliki, the outlines of what seemed to be a new plan were made public by Nawaf Obaid, a Saudi security consultant. In an op-ed article in The Washington Post, he said that if the United States withdrew from Iraq, the Saudis would back the Sunnis "to stop Iranian-backed Shiite militias from butchering Iraqi Sunnis."

Saudi Arabia said Mr. Obaid did not speak on its behalf, and he was subsequently dismissed from his position. He is widely expected to return to the government in some capacity. And King Abdullah warned Vice President Dick Cheney during a meeting in Riyadh three weeks ago that Saudi Arabia would back the Sunnis if the Americans withdrew from Iraq and a civil war ensued.

"The possibility of having conflict is very high," said Abdelrahman Rashid, managing director of the satellite news channel Al Arabiya and a respected Saudi columnist. "Who will face the Iranians tomorrow? Just the Israelis alone? I don't think that is possible." Prince Turki, Mr. Clemons and palace insiders say, had lobbied Washington for a broader policy that eschews a military confrontation in favor of a policy that will strike Iran's interests. In effect, Mr. Clemons said, Prince Turki had sought a plan mirroring some of the recommendations in the Iraq Study Group report but with a harder edge.

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"Turki is not playing nice guy at all," he said. "Essentially, the Saudis are engagers. They want to weave together a blurry ambiguity to what they want to do."

A member of the Saudi royal family with knowledge of the discussions between Mr. Cheney and King Abdullah said the king had presented Mr. Cheney with a plan to raise oil production to force down the price, in hopes of causing economic turmoil for Iran without becoming directly involved in a confrontation.

Shortly afterward, Mr. Obaid's op-ed article was published, building on earlier public comments that Saudi Arabia intends to get serious about Iran and may back Sunnis in Iraq in the event of an abrupt United States pullout. Neither Prince Bandar nor Prince Turki was available for comment for this article. An adviser to Prince Bandar said there were no divisions over policy, and many officials have been at pains in recent days to prove there is no split.

Many Saudis have grown openly critical of the country's policy on Iraq, citing its adherence to an American-centric policy at the cost of Saudi interests. More pessimistic analysts here say the country has lost significant strength and stature in Iraq, Lebanon and the Palestinian areas, while Iran, with its populist, anti-American agenda, has benefited.

"The Saudis made a big mistake by following the Americans when they had no plan," said Khalid al-Dakhil, a professor of political sociology at King Saud University in Riyadh. "If the Saudis had intervened earlier and helped the Sunnis they could have found a political solution to their differences, instead of the bloodshed we are seeing today."

Last week, a group of prominent Saudi clerics and university professors called on the government to begin actively backing Iraq's Sunnis. The clerics described what they called a Persian-Jewish partnership besieging the Sunnis.

"There is a segment in this country that will do everything the U.S. wants," said Turki al-Rasheed, who runs a group that seeks to encourage democracy in the Persian Gulf. "But fortunately the big leaders know this whole agenda will take us to hell."

Bush OKs Law Blocking Aid To Hamas Gov't (AP)

AP, December 22, 2006

President Bush signed into law a bill meant to block U.S. aid to the Hamas-led Palestinian government and ban contacts with Hamas until the militant faction has renounced violence and recognized Israel's existence.

It also creates a $20 million fund to promote democracy, human rights, freedom of the press and peace between Israel and the Palestinians.

The Bush administration stopped aid shortly after the January election victory by Hamas, which Washington considers an international terror organization. The bill Bush signed puts into law what already was administration policy.

Republican Sen. Mitch McConnell, R-Ky., sponsor of the Senate bill with Sen. Joe Biden, D-Del., said the legislation makes clear the Palestinian Authority can expect no U.S. help so long as it continues to be led by Hamas.

"The Palestinian people are ill-served by a Hamas-led government that refuses to work toward the betterment of its citizens by failing to renounce terror and work toward peace with Israel," McConnell said.

Rep. Ileana Ros-Lehtinen, R-Fla., ranking member on the House International Relations Committee after Congress reconvenes Jan. 4, said she was pleased the president signed the bill she sponsored in the House.

"By fixing his hand to this legislation today, President Bush has indicated that the U.S. will not, directly or indirectly, allow American taxpayer funds to be used to perpetuate the leadership of an Islamist jihadist entity like Hamas," she said.

The White House said the legislation Bush signed reflects the administration's concern over the current government's failure to renounce violence and terror, recognize Israel and respect previous agreements and obligations. Exceptions are made to provide financial support for Palestinian President Mahmoud Abbas, who has committed to a negotiated two-state solution with Israel.

Despite the ban on official aid, the United States has provided $468 million in humanitarian aid, delivered by non-governmental organizations and in other ways that bypass the Hamas government.

Gunbattles Rage Between Hamas And Fatah (AP)

By Ibrahim Barzak

AP, December 22, 2006

A fierce gunbattle broke out between Hamas and Fatah militants in Gaza City early Friday, underscoring the fragility of a two-day old truce that had largely ended factional violence there.

The street battle erupted when Hamas militiamen tried to free two kidnapped militants, including a senior member of the Islamic group. It died down after 20 minutes as Muslim clerics and other mediators worked to restore the cease-fire. Nobody was hurt despite the battle's intensity, health officials said.

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Hamas said its fighters exchanged fire with Fatah-affiliated militants behind the abductions. The fight quickly spread, drawing in guards outside the residence of Palestinian President Mahmoud Abbas of Fatah, and Hamas militiamen guarding the home of Foreign Minister Mahmoud Zahar of Hamas Zahar. Abbas was not in Gaza at the time.

Meanwhile, Palestinians stepped up rocket attacks on Israel, including one that veered off course and hit a Gaza home, injuring a 2-year-old Palestinian boy sleeping in his bedroom, officials aid.

Six other rockets landed in Israel, but nobody was hurt. The barrage threatened a separate cease-fire between Israel and the Palestinians that ended months of Israeli military activity in the Gaza strip.

A minister in Olmert's Cabinet said it was time to call off the cease-fire.

"Enough restraint," Binyamin Ben-Eliezer told Israel Radio. "Israel is many things, but a suicidal state isn't one of them."

A week of factional violence in Gaza has killed 16 people and left dozens injured across Gaza before the truce took effect Tuesday night.

Hamas blamed the Thursday night kidnappings on a clan affiliated with Fatah that was trying to avenge the deaths of two its members in an earlier round of fighting.

In Friday's battle, gunmen on rooftops fired at others in the streets. The presidential guard took up defensive positions behind newly built walls of sandbags and barriers of cement blocs outside Abbas' residence.

Hamas officials said the Fatah gunmen shot at Zahar's home.

One witness said several rocket-propelled grenades were also launched. Residents said they put their children in bathtubs for protection against stray bullets. Others tucked themselves in corners for safety.

The militant group Islamic Jihad claimed responsibility for some of the rockets that landed in Israel, including one that hit a community center the southern town of Sderot. The army said the rocket caused some damage but nobody was hurt.

There was no immediate claim of responsibility for the attack that struck the Gaza home. In the past, similar cases of Palestinians being hurt by Palestinian rockets have led to backlashes against militant groups, whose attacks against Israel are generally supported by the public.

The boy, Samir al-Masri, suffered two broken legs, said Dr. Said Judeh of Kamal Adwan hospital. The boy's 4-year-old sister and 3-year-old brother were lightly wounded by shrapnel, said their uncle, Jad al-Masri.

Abbas, a moderate, has repeatedly called for an end to rocket fire, saying they only invite harsh Israeli retaliation.

In the West Bank town of Ramallah, Abbas said he hoped to hold a long-awaited summit with Olmert by the end of the year.

"We always showed our willingness to hold this meeting with Olmert, and it's no secret that we hope it will take place before the end of this year," Abbas said at a news conference with the visiting Italian foreign minister, Massimo D'Alema. "There is progress in preparations for this meeting."

The two leaders have repeatedly expressed readiness to meet for what would be their first summit. But preparations have bogged down amid disagreements over the agenda.

Abbas wants Israel to promise to release hundreds of Palestinian prisoners. Olmert has ruled out a prisoner release until Hamas-linked militants free an Israeli soldier they captured last June. Olmert's spokesman, Jacob Galanti, said he was not aware of firm plans for a meeting.

Gaza Breathes A Sigh Of Relief As Ceasefire Holds (AFP)

By Sakher Abu El Oun

AFP, December 22, 2006

The embattled Gaza Strip breathed a sigh of relief as a truce between rival Palestinian factions took hold and president Mahmud Abbas urged all sides to consolidate the ceasefire.

No clashes between Abbas's Fatah party and the ruling Hamas movement have been reported since early Wednesday, when a four-hour gunbattle in southern Gaza City killed two Fatah loyalists hours after a new truce went into effect.

Abbas urged the rival factions to respect the truce again on Thursday, following a similar call the night before.

"I call upon my people to show responsibility and work to consolidate the calm in the Gaza Strip," he told a news conference in Ramallah. "I'm convinced that everybody wants security and civil peace."

Hundreds of people, waving the Palestinian standard, gathered in front of the parliament building in Gaza to call on the rivals to respect the truce and restart talks on forming a coalition government.

"O Hamas, O Haniya, we want a government of national unity immediately," they chanted. "Enough with the battles, we want to live in security."

Abbas's call for early elections on Saturday was roundly condemned by Hamas as tantamount to a coup and sparked four days of fierce factional battles.

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On Thursday, a militant died of wounds received during the fighting, bringing the toll from the clashes to 14. Dozens were also wounded.

But Abbas reiterated that despite his call for the early polls, he was still open to forming a coalition government with Hamas.

His spokesman Nabil Abu Rudeina told AFP, however, that no preparations have been made for a new round of talks.

A Hamas spokesman told AFP that the ruling Islamists were also favorable to dialogue and that prime minister Ismail Haniya was ready to meet with Abbas in Jordan, as suggested earlier in the week by King Abdullah II.

"We have not received an official invitation. If such an invitation is sent to us, we will accept," he said.

The latest truce announced by Abbas and Haniya late Tuesday -- after a previous ceasefire between the factions held barely for 24 hours -- came after the Palestinian president spoke by phone with Abdullah, who offered to host a meeting between the two rival leaders.

Abbas, who said he was prepared to "respond favorably" to the invitation, was due to travel to Jordan on Sunday.

The Palestinian president announced his intention to call early polls as a way to resolve a months-long standoff with the ruling Islamists after talks over forming a national unity government collapsed over Hamas's refusal to bend to the West's demands to renounce violence, recognize Israel and past peace deals.

Haniya's government has been boycotted by Israel and the West since it took office in March after a shock election win over Abbas's long-dominant Fatah, plunging the Palestinian territories into their worst ever financial crisis.

Also Thursday, Abbas said that he hoped to meet with Israeli Prime Minister Ehud Olmert before the end of the year. It would be the first meeting between the two leaders in six months.

"Discussions on preparing for the encounter continue and we hope that it will take place before the end of the year," Abbas said.

On a visit to the region on Monday, British Prime Minister Tony Blair called for an initiative to jumpstart the Middle East peace process, in a slumber since 2000.

The following day, Olmert paid a surprise visit to Jordan, whose King Abdullah II has recently issued calls on the necessity to revive talks between Israelis and Palestinians.

Olmert touched on the issue during a phone call with US President George W. Bush on Thursday, his office said.

"The prime minister spoke to the American president on the recent developments on the Israeli-Palestinian track and on the ways to move forward," it said.

U.S. Readies Security Aid Package To Help Lebanon Counter Hezbollah (WP)

By Robin Wright

The Washington Post, December 22, 2006

The United States is preparing a package of almost $500 million in aid for Lebanon's military and police to help strengthen security forces, part of almost $1 billion in total U.S. assistance to help the beleaguered Lebanese government, according to U.S. officials.

The package is part of an effort by the United States, France, Saudi Arabia, the United Arab Emirates and others to shore up the Lebanese security forces so they can eventually extend their control over the entire country for the first time since civil war erupted there in 1975. It is also designed to strengthen the government's hand over the influence of Hezbollah, Lebanon's last militia and a force often better-equipped than the country's army, the sources said.

After Iraq, Lebanon has become the primary battleground for influence between the United States and Iran.

Tehran is still smuggling arms into Lebanon across the Syrian border in violation of U.N. resolutions, although the shipments to its Hezbollah allies appear to have diminished somewhat since before the war with Israel last summer, U.S. officials say.

The U.S. aid package is being prepared even as a new report by the International Crisis Group, set to be released today, warns that the Middle Eastern country is at risk of "renewed collapse" unless domestic and international players work to achieve political compromise.

"Street politics have replaced institutional politics," said ICG analyst Patrick Haenni. "Civil war remains unlikely. But with heightened polarization, intensified [religious divisions] and heavy outside interference, it is again becoming thinkable."

Although U.S. officials say the final details have to be worked out, the aid package is likely to be divided about evenly among training, spare parts and ammunition. The leadership training will probably be done by contract workers rather than by the U.S. military. U.S. Army trainers attempted to retrain and reform the Lebanese Army in the early 1980s, but they achieved limited results because of sectarian divisions and other problems in the military.

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Secretary of State Condoleezza Rice told editors and reporters at The Washington Post last week that strengthening the Lebanese armed forces is a major priority of the United States and the region's "mainstream" Arabs. Stability, particularly along the southern border with Israel, has been dependent on about 15,000 U.N. peacekeeping forces, most of whom were deployed after the summer war between Hezbollah and Israel.

"Ultimately . . . one of the most important things that you can do is to strengthen the Lebanese armed forces not -- I think probably not to replace the United Nations forces for some time, but to be more capable themselves of defending the country and providing a stable platform," Rice told The Post. "Everybody understands that the future of Lebanon is very important."

Rice said the package will require further consultations with Congress to win funding. The other half of the $1 billion is likely to be for reconstruction through USAID as well as debt relief, U.S. officials said.

The aid increase is one of the largest outside Iraq and Afghanistan in recent years. Until this year, U.S. aid for Lebanese security forces hovered around $2 million to $3 million a year, and training has been limited to 60 to 100 military officers, U.S. officials say. This year, it has increased to roughly $44 million.

The train-and-equip package includes about 300 Humvees that the United States has pledged to deliver by the spring, with up to another 700 Humvees coming during the year, the sources said.

U.S. Negotiator Urges North Korea To End Standoff On Financial Curbs (NYT)

By David Lague

The New York Times, December 22, 2006

BEIJING, Dec. 21 — The top American envoy at arms control talks here on Thursday called for North Korea to negotiate the dismantling of its nuclear weapons program without insisting that the United States first lift financial restrictions it had placed on North Korea.

The envoy, Assistant Secretary of State Christopher R. Hill, said North Korea's determination to link nuclear disarmament with the financial restrictions was an obstacle to solving what had become a "very urgent problem" since North Korea tested a nuclear device on Oct. 9.

"We have made it very clear that we consider the financial issue quite separately from the denuclearization issue," Mr. Hill said. "I would rather not obscure that problem by talking about finances."

After four days of six-nation talks in the Chinese capital, it was clear that North Korea's top priority was to restore its access to the international banking system.

The United States angered North Korea in September 2005 when it began investigating Banco Delta Asia, a bank in the Chinese territory of Macao that handled transactions with North Korean government companies and other entities linked to it.

The investigation has sharply curtailed North Korea's access to the international financial system because other banks have cut ties with North Korea rather than risk becoming the target of similar action.

Some foreigners doing business in North Korea say the inquiry has effectively imposed financial sanctions on the country, limiting its ability to trade and earn hard currency.

"They have had strict instructions from their capital that they can't engage officially on the subject of six-party talks until they have the Banco Delta Asia issue resolved," Mr. Hill said. "I have made it very clear, I am not a Banco Delta Asia negotiator."

Kenichiro Sasae, Japan's chief envoy to the talks, said North Korea's refusal to disarm before the United States lifted the financial restrictions meant that no agreement on dismantling the weapons program was expected, The Associated Press reported.

"The situation remains severe, and there is no prospect for a breakthrough," he said. "North Korea's claims, and its position on financial issues are very firm, and that is the biggest cause of the difficulty."

Mr. Hill said that he expected Friday to be the final day of the talks and that he planned to leave Beijing on Saturday. He said no date had been set for further negotiations.

North Korea restarted the talks only when the United States agreed in October to open separate negotiations into the Banco Delta Asia investigation. Alongside the six-nation talks this week, government financial experts from North Korea and the United States held two days of discussions on the Macao bank without reaching any agreement.

N. Korea Balks At Weapons Discussion (WP)

By Edward Cody

The Washington Post, December 22, 2006

BEIJING, Dec. 21 -- North Korea is refusing to engage in negotiations on ending its nuclear weapons program until the United States lifts punitive measures imposed to halt Pyongyang's alleged money-laundering operations, the chief U.S. negotiator said here Thursday.

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Assistant Secretary of State Christopher R. Hill, after what he described as a frustrating day of discussions, said he would give the Chinese-sponsored talks another day in hopes that the North Korean negotiators received last-minute instructions from Pyongyang to change their stand. But in any case, he said, he will be making plane reservations to head back to Washington on Saturday.

Hill's comments indicated there has been little progress -- and little hope of any -- in the latest round of on-and-off discussions designed to persuade North Korea to abandon its nuclear weapons program in return for diplomatic recognition and economic aid. Adding to the pessimism, Japan's chief negotiator, Kenichiro Sasae, described the talks as stalemated and said, "There is no prospect for a breakthrough," the Associated Press reported.

The six-party talks -- which involve the United States, North Korea, China, Japan, South Korea and Russia -- resumed Monday after a 13-month boycott by North Korea over the U.S. Treasury Department's blacklisting of Macau-based Banco Delta Asia. U.S. officials alleged that the bank was being used to inject counterfeit $100 bills and drug money from North Korea into the financial system.

Under pressure from China, the North Korean government agreed Oct. 30 to return to the talks. In return, the United States agreed to parallel discussions on the punitive measures against Banco Delta Asia and its North Korean account holders. A Treasury Department team met Tuesday and Wednesday with North Korean banking officials and set more meetings for January in the United States.

But since the nuclear talks opened Monday, Hill said, North Korean negotiators have been under "strict instructions" not to engage in official discussions on the nuclear dispute until the banking measures are lifted. This has prevented progress on the main subject, which he described as concrete steps by North Korea to take down its nuclear weapons program, as it pledged to do in an agreement in principle reached in September 2005.

"The purpose of being here was to discuss the denuclearization of the Korean Peninsula," Hill said. "I want to emphasize I'm not here to talk about [Banco Delta Asia]. That's not what I do."

At a news conference in Washington, Secretary of State Condoleezza Rice said the talks must remain focused on the issue of denuclearization.

"Diplomacy sometimes takes time, but we should not be diverted somehow by an issue that is clearly in another lane and is clearly being dealt with in a way that the North Koreans themselves asked that it be dealt with," Rice said.

Although the North Koreans have cited the U.S. banking measures as the main obstacle to nuclear negotiations, several diplomats said the overriding issue is whether North Korea genuinely has decided to forgo nuclear weapons. The question is particularly relevant, they said, since the North Korean government tested a nuclear device Oct. 9 and subsequently declared itself a nuclear power.

In public statements, North Korea has said it needs the nuclear weapons because it faces a hostile policy from the United States. Dropping the measures against Banco Delta Asia, a pro-North Korean newspaper in Japan suggested Thursday, would be proof that the Bush administration is willing to end the hostility and thus would make nuclear negotiations possible.

Rice Rejects Tying Nuclear Talks To Currency Issue (WT)

By Nicholas Kralev

The Washington Times, December 22, 2006

Pyongyang wants curbs lifted on its accounts in Macau bank

Secretary of State Condoleezza Rice yesterday rejected a North Korean attempt at the six-nation nuclear talks in Beijing to link the negotiations to U.S. financial sanctions imposed last year for purported money laundering and counterfeiting of U.S. currency.

With the latest round of talks slated to end today, the North Korean delegation said it would not negotiate the nuclear issue until curbs on a Macau bank holding North Korean accounts are lifted, diplomats said.

"We've been very clear that these are two separate issues," Miss Rice told reporters in Washington after a meeting with Canadian Foreign Minister Peter Mackey.

"We cannot be diverted from what we need to do in the six-party talks, which is to have the denuclearization of the Korean Peninsula," she said.

U.S. Treasury officials met Tuesday and Wednesday with North Korean representatives to discuss the financial sanctions, also in Beijing, but in a different building from the venue of the nuclear talks.

Christopher Hill, the chief U.S. negotiator at the six-party talks, said he planned to leave China on schedule tomorrow, even if the talks remain deadlocked.

"We are trying as hard as we can to get this done," he said. "But we are not prepared for a situation where somehow we pretend that they are doing things and they pretend to disarm and we pretend to believe them. This has to be real."

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The penalties on Macau's Banco Delta Asia (BDA), which the Bush administration called a "willing pawn" in the North's illicit activities, were put in place in September 2005.

U.S. officials say the bank was used by North Korea to distribute high-quality $100 bills it printed.

"They have had strict instructions from their capital that they cannot engage officially on the subject of six-party talks until they have the BDA issue resolved, and I made very clear, I'm not a BDA negotiator," Mr. Hill said of the North Koreans.

State Department spokesman Sean McCormack said the United States could not close its eyes to its currency being counterfeited, as well as to other illicit activities, even if that might help the nuclear negotiations. The two issues should not be mixed, he said.

The United States, China, Japan, South Korea and Russia are trying to persuade the North to dismantle its nuclear programs.

In a Sept. 19, 2005, statement issued at the last round of six-party talks, Pyongyang agreed in principle to end its nuclear pursuits in exchange for a series of incentives, including energy, economic aid, security guarantees and normalized relations with the United States.

But major disagreements remained on the timing and sequencing of the steps.

On Tuesday, Miss Rice said the United States favors a Chinese plan with "sets of actions" both sides must take over a period of at least several months.

The plan would not "marry up every little step," because "the North Koreans are masters" of blaming others for what they fail to do, Miss Rice said. The North Koreans would have to "demonstrate early on" that they are serious about dismantling their nuclear program.

Mr. Hill, assistant secretary of state for Asian and Pacific affairs, said yesterday he was not ready to set a date for a future round of negotiations, but he held out a glimmer of hope that a last-minute deal could be brokered.

"These rounds — you have to judge them by the end," he said. "It's hard to judge them in the middle."

U.S.: N. Korea Not Serious In Nuke Talks (AP)

By Alexa Olesen

AP, December 22, 2006

The U.S. envoy to talks on dismantling North Korea's nuclear weapons program said Friday that there were no signs of a breakthrough and accused the communist state of not being serious about the negotiations.

Asked if there were any indications of a breakthrough ahead of the last day of talks Friday, U.S. Assistant Secretary of State Christopher Hill said, "No, I am not aware of any."

After four days of negotiations in the wake of North Korea's Oct. 9 nuclear test, the North has refused to get into substantive discussions on its atomic weapons, envoys said. Instead, the North has complained about the U.S. blacklisting a Macau bank, where the regime allegedly laundered money to help fund its weapons programs.

"When the DPRK raises problems, one day it's financial issues, another day it's something they want but they know they can't have, another day it's something we said about them that hurt their feelings," Hill said. DPRK stands for the Democratic People's Republic of Korea, the North's official name.

"What they need to do is to get serious about the issue that made them such a problem ... their nuclear activities," he said.

Japanese envoy Kenichiro Sasae delivered a similar assessment late Thursday. "The situation remains severe and there is no prospect for a breakthrough," he said. "North Korea's claims and its position on financial issues are very firm and inflexible and that is the biggest cause of the difficulty."

Sasae said Friday that delegates at the closing meeting would would consider dropping the current format involving six countries.

"There will be opinions questioning the credibility of the six-party talks," Sasae said, without elaborating. He did not say what alternative formats would be proposed, if any.

In comments Thursday, Hill said the financial restrictions were a defense against weapons proliferation, warning Pyongyang would find itself further economically isolated if it doesn't disarm.

He said that the North Korean delegation had apparently been instructed to resolve the financial issue before talking about nuclear weapons.

While insisting the financial restrictions were separate from the six-nation arms talks, he acknowledged they were a means to defend against nuclear proliferation.

"We need to protect ourselves in a variety of different ways and we need to make sure that the international financial system is not easily available to countries that are involved in nuclear weapons programs," Hill said Thursday evening.

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"There's one thing that anyone involved in denuclearization can predict, that as long as (the North Koreans) stay in this nuclear business, they're going to have more and more and more financial problems," he said.

In Washington, Secretary of State Condoleezza Rice said North Korea had given the United States no reason to believe it is serious about dismantling its nuclear weapons. "That's what we're testing" in the disarmament talks, she said in an Associated Press interview Thursday.

American and North Korean experts consulted on the financial restrictions for two days this week in Beijing separately from the nuclear talks, but made no breakthroughs and were possibly meeting again next month in New York.

Hill noted he had traveled five times to Beijing since the nuclear test to lay the groundwork for this week's negotiations, which he has said should focus on implementing a September 2005 disarmament pledge by North Korea.

"I would like to see them engage a little more in what we are talking about," he said of the North Koreans. "We've done a lot of work in the last few weeks and we'd like to see the (North Korean) delegation match that amount of work and show they're looking at the proposals."

Hill would not talk about specific incentives the U.S. has offered the North at this week's talks which include China, Japan, Russia, the U.S. and the two Koreas but the earlier agreement outlines possibilities such as diplomatic recognition, aid and economic cooperation.

The North has maintained it needs nuclear weapons because of the "hostile" policy of the United States, citing issues including the financial campaign, criticism of North Korea's human rights record and U.S.-South Korean joint military exercises.

Meanwhile, a South Korean lawmaker said Thursday there were signs North Korea could conduct another nuclear test.

Rep. Chung Hyung-keun of the main opposition Grand National Party, a former intelligence official, said North Korea dug two underground tunnels at a mountain in the country's northeast and used one of them for its earlier nuclear test.

"There has been brisk activity since this month" at the other tunnel, he said.

NKorean Nuclear Talks Set To End In Deadlock (AFP)

AFP, December 22, 2006

Six-nation talks aimed at ending North Korea's nuclear program have appeared set to end in deadlock, with the chief US envoy accusing the reclusive nation of stubbornly sticking to impossible demands.

Officials and delegates involved in the talks said they had broken down over North Korea's insistence that US financial sanctions against it be lifted before substantive discussions begin on Pyongyang giving up its nuclear arms.

But the United States refused to buckle, maintaining that the sanctions, which were imposed for alleged money laundering and counterfeiting, were a law enforcement issue and not related to North Korea's nuclear weapons program.

US Secretary of State Condoleezza Rice reiterated in Washington Thursday that the sanctions -- which led to the freezing of North Korean funds in a Macau bank -- were "clearly in another lane" to the six-party talks.

"We cannot be diverted from what we need to do in the six-party talks, which is to have the denuclearization of the Korean peninsula," Rice said. The talks involve China, North and South Korea, the United States, Japan and Russia.

The chief US envoy to the talks, Christopher Hill, said in Beijing on Friday that the onus was on North Korea to make some constructive proposals after the United States had put forward its positions earlier in the week.

"I think what they need to do is get serious about the issues that have made them such problems," Hill told reporters.

When asked about the difficulty of dealing with the North Korean delegation this week, the normally ultra-polished diplomat allowed some frustration to seep into his remarks.

"When the DPRK (North Korea) raises problems, one day it's financial issues, another day it's something they want that they know they can not have, and another day it's something that is said about them that hurts their feelings," he said.

"It's one thing after the other."

Hill said he was scheduled to fly home on Saturday, and with the talks officially due to end on Friday, it appeared certain that this week's forum would achieve very little.

Japan's chief envoy, Kenichiro Sasae, said late Thursday that "no progress" had been achieved due to North Korea's recalcitrance.

"Basically, North Korea has maintained its hard position... we are not seeing any signs of flexibility," Sasae told reporters.

Sasae called North Korea's refusal to budge on its demands "extremely regrettable and unfortunate."

North Korea came to the negotiating table this week emboldened by its first-ever atomic test on October 9.

Aside from the US financial sanctions issue, it listed a wide range of demands that had to be met before it would consider disarming.

These included the lifting of separate United Nations sanctions imposed on North Korea after its atomic test, as well as aid to build a nuclear reactor for power and that the United States drop its "hostile" policy against it.

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The United States had insisted that North Korea take initial steps to prove it was heading along the path towards disarming before receiving any concessions.

All of these negotiations, however, were thrown into the background as North Korea kept the focus on the US financial sanctions.

Nam Sung-Wook, a North Korea expert and professor at Korea University in Seoul, said Friday the talks had been bound to fail from the start.

"North Korea has been only interested in the lifting of sanctions while the US expected to discuss the nuclear issue," Nam said.

"They have had different dreams on the same bed... it was a destined course. It was no surprise."

'Concerted Front' (WSJ)

By B.R. Myers

The Wall Street Journal, December 22, 2006

No country today is as misunderstood as North Korea. Journalists still refer to it as a Stalinist or communist state, when in fact it espouses a race-based nationalism such as the West last confronted during the Pacific War. Pyongyang's propaganda touts the moral superiority of the Korean race, condemns South Korea for allowing miscegenation, and stresses the need to defend the Dear Leader with kyeolsa, or dare-to-die spirit -- the Korean version of the Japanese kamikaze slogan kesshi. The six-party talks are therefore less likely to replicate the successes of Cold War détente than the negotiating failures of the 1930s. According to early reports from Beijing, the North Korean delegation appears more confident than ever. It has clearly been emboldened not only by its accession to the nuclear club, but by the awareness that Seoul will continue providing food and financial support no matter what happens.

This support is not meant to expedite unification, which South Koreans are happy to put off indefinitely. Nor has it much to do with concern for starving children; by now everyone knows where the "humanitarian" aid really goes. No, the desire to help North Korea derives in large part from ideological common ground. South Koreans may chuckle at the personality cult, but they generally agree with Pyongyang that Koreans are a pure-blooded race whose innate goodness has made them the perennial victims of rapacious foreign powers. They share the same tendency to regard Koreans as innocent children on the world stage -- and to ascribe evil to foreigners alone. Though the North expresses itself more stridently on such matters, there is no clear ideological divide such as the one that separated West and East Germany. Bonn held its nose when conducting Ostpolitik. Seoul pursues its sunshine policy with respect for Pyongyang.

The relationship between the Koreas can therefore be likened to the relationship between a moderate Muslim state such as Turkey and a fundamentalist one like Iran. The South Koreans have compromised their nationalist principles in a quest for wealth and modernity, and while they're glad they did, they feel a nagging sense of moral inferiority to their more orthodox brethren. They often disapprove of the North's actions, but never with indignation, and always with an effort to blame the outside world for having provoked them. (The same is true of moderate Islam's response to fundamentalist terrorism.) To be sure, there was public anger at Kim Jong Il when his nuclear test made stock prices drop in Seoul, but it dissipated the moment the U.S. began talking sanctions. Seoul has since made clear that the nuclear issue will have no significant effect on its sunshine policy. This earns it no goodwill from the North, mind; between soft-liners and hard-liners, sympathy can only go in one direction.

The ideological landscape of the peninsula defeats the reasoning that led to the six-party talks in the first place. North Korea is not a communist country with ideological and sentimental reasons to listen to China and Russia; it is a virulently nationalist state that distrusts all the other parties at the table. And though the rhetoric of a "concerted front" against North Korea has proved to be just that, it has sufficed to heighten South Korea's sense of solidarity with the North. This will continue to mean plenty of aid money for Kim Jong Il with which to build weapons. The U.S. has urged Beijing to bring more pressure to bear on the North. But if America can do nothing with its own ally, it can hardly expect the Chinese to do more with theirs.

Mr. Myers is a North Korea researcher at Dongseo University in Busan, South Korea.

Tensions Flare Over Custody In Rape Case In Philippines (NYT)

By Thom Shanker

The New York Times, December 22, 2006

WASHINGTON, Dec. 21 — The commander of American forces in the Pacific announced Thursday that he had canceled a huge annual military exercise with the Philippines in a dispute over custody of a marine lance corporal convicted of raping a local woman.

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The commander, Adm. William J. Fallon, said he also would halt aid and reconstruction programs carried out by the American military in the Philippines until he was confident that the troops' legal rights would be protected under bilateral agreements governing visiting United States forces.

The bilateral pact that governs American forces in the Philippines, the Visiting Forces Agreement, requires that American military personnel be held in American custody during criminal proceedings, including appeals, until a final resolution of the matter.

But after Lance Cpl. Daniel Smith was convicted of rape and sentenced early this month, a judge ordered him held in local police custody even though his case went straight to appeal.

The rape case, which concluded Dec. 4 with a conviction and a sentence of 40 years in prison, has tested relations between the countries and challenged the validity of the bilateral agreement. It also has sharpened a political division between Filipinos with nationalist resentments and those with affection for the former colonial power — or at least those who cite the economic and security benefits of ties to the United States.

In a telephone interview from Pacific Command headquarters in Hawaii, Admiral Fallon said that he already had ordered the withdrawal of an aid team in the Philippines that was assessing needs of a typhoon-ravaged area. He said that he also had canceled a number of visits by American ships.

American military officers said the Philippines armed forces supported the legal position of the United States, and the political officer at the Philippine Embassy in Washington agreed Thursday that the United States' position was correct.

"Regarding the Corporal Smith case, the United States government and the executive branch of the Philippines government are on the same side of this issue," said Patricia Paez, the embassy's political officer here. "We believe Corporal Smith should be in the custody of the U.S. Embassy because of the terms and conditions of the Visiting Forces Agreement."

Ms. Paez said that responsibility for the dispute rested with the judicial branch of her government, and that her nation's president and Parliament were constrained on ending the dispute.

"Just like the United States, we have a separation of branches of government that are co-equal and independent," Ms. Paez said. "We are making our best efforts to make sure the provisions of the Visiting Forces Agreement are enforced."

In a decision with repercussions for regional counterterrorism efforts, Admiral Fallon said he had canceled the field exercise portions of this year's bilateral military exercise, which was to begin in coming weeks and was to involve 4,700 American military personnel and 3,000 from the Philippines.

The annual exercise has taken on greater significance since the attacks of Sept. 11, 2001, as the Philippines battles internal terrorist threats.

"I'm not the judge of the guilt or innocence of the individual," Admiral Fallon said. "The issue is only one of custody. I am responsible to our people in uniform. I have to have guarantees that I can trust their safety to an international agreement."

The cancellation of the exercise and other American military visits to the Philippines jeopardizes disease-prevention programs, water-purification efforts, and more broadly, counterterrorism cooperation between the nations.

The rape case dates from Nov. 1, 2005, when, according to testimony at the trial, four marines from Okinawa who were in the Philippines for training took a 22-year-old woman from a bar where they had met to a van, where one of them raped her.

During the trial, Lance Corporal Smith did not deny having sex with the woman, but said it was consensual. The court heard testimony that the woman was so drunk that she could not have agreed to sex, with one witness saying Lance Corporal Smith had carried her to the van.

Indian Leader Frets About U.S. Nuke Deal (AP)

AP, December 22, 2006

India's prime minister told President Bush on Thursday that his country is worried about details of a landmark nuclear pact with the United States, under which the U.S. agreed to supply the Indian power industry with fuel and technology.

Bush signed legislation Monday approving the deal, which reverses 30 years of U.S. atomic policy.

Prime Minister Manmohan Singh told President Bush in a phone call that India has "some concerns" about the nuclear pact, according to a statement by Singh's office.

The Indian government has not elaborated on its concerns, but Congress included a nonbinding clause in the new law directing the White House to certify that India is cooperating in efforts to force Iran to abandon its nuclear programs.

The clause has been criticized by Singh's leftist allies and opposition parties, who claim it violates India's sovereignty. They warn it could lead to efforts to cap, or even roll back, India's cherished nuclear weapons program.

The nuclear deal has been praised as the cornerstone of an emerging partnership between India and the U.S., and is unlikely to be rejected by New Delhi.

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Gordon Johndroe, spokesman for Bush's National Security Council, said Bush and Singh "agreed on the importance of completing the necessary remaining steps" and implementing the agreement.

But the alarm in India over the language in the pact regarding Iran shows, perhaps, how far the countries have to go as they try to overcome decades of mistrust.

Singh, in his statement, added that "many" of India's concerns have already been addressed in the president's signing statement.

The White House has frequently blunted the impact of unwelcome provisions in federal legislation by issuing so-called signing statements.

In them, the president has laid out which parts of laws he has just signed he will follow and which he will not. The use of these statements, greatly increased during the Bush presidency, has been criticized by members of Congress.

During Thursday's phone call, which lasted about five minutes, the two leaders "expressed the hope that remaining concerns will be addressed in the next stage of negotiations" on the nuclear cooperation deal, the statement from Singh's office said.

Earlier this week, Singh told parliament that his government would do nothing that violates national interest.

As Fighting Rages In Somalia, Government Claims A Victory (NYT)

By Jeffrey Gettleman

The New York Times, December 22, 2006

ZANZIBAR, Tanzania, Dec. 21 — The transitional government of Somalia, which for several months had been rapidly losing territory to Somalia's growing Islamist movement, claimed victory on Thursday in the first major confrontation between the sides.

"We have overrun their troops," said Abdirizak Adam Hassan, chief of staff for the transitional president, Abdullahi Yusuf Ahmed.

United Nations officials confirmed heavy Islamist casualties in the fighting, which began Wednesday and continued Thursday.

The Islamist fighters — many of them lightly armed teenage boys, the officials said — were mowed down by transitional government soldiers backed by the Ethiopian Army, the most powerful military in the region.

"The Islamists attacked, they retreated and then they made the mistake of running into an open field," a United Nations official said on the condition of anonymity. "After that, it was one shot, one kill."

United Nations officials estimated that dozens of Islamists had died. The Islamists denied suffering humiliating defeats. On Thursday, the Islamist clerics who rule Mogadishu, Somalia's capital, ordered schools closed so more children could be sent to the front lines.

After initially playing down the fighting, Sheik Hassan Dahir Aweys, the leader of the Islamist forces, announced Thursday over national radio that Somalia was at war and said, "All Somalis should take part in this struggle against Ethiopia."

Ethiopia still denies that many of its soldiers are in Somalia, but has acknowledged sending military advisers. Ethiopia has cause to fear a strong Islamist movement next door. Christians have led Ethiopia for centuries, but about half of its population is Muslim, as are the vast majority of Somalis, and the Muslim areas have become more restive.

The fighting started early Wednesday as hundreds of Islamist fighters attacked the transitional government's forces from two sides.

Witnesses said the transitional government, with help from Ethiopia, had repelled the Islamist advance in Daynunay, a town outside the government's base in Baidoa. But in Diinsoor, near Baidoa, the battles were closely contested, and on Thursday, witnesses said each side continued to pound away with artillery, mortars and antiaircraft guns on pickup trucks.

Somalia has been in a state of anarchy since 1991, when the government collapsed in clan warfare. Backing the transitional government was an attempt by donor nations to help bring order, but more Somalis support the Islamists.

The two sides have talked of sharing power. European Union diplomats shuttled between Baidoa and Mogadishu on Wednesday. "The leaders on both sides want dialogue, but we're not necessarily dealing with homogenous groups that always obey their leaders," a European official said Thursday.

Somali Islamic Leader Issues War Decree (AP)

By Salad Duhul

AP, December 22, 2006

Somalia is in "a state of war," the country's Islamic leader said Thursday, as bodies lay in the streets of strategic villages where U.N.-backed government troops fought advancing Islamic forces.

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The clashes threaten to spiral into a major conflict in this volatile region, sucking in Ethiopia and its bitter rival Eritrea, which is accused of supporting the Islamic group. Analysts believe Ethiopia may soon raise the stakes by deploying attack helicopters in support of the government.

An Associated Press photographer saw 19 bodies of Islamic fighters in Moode Moode, a town nine miles from the government garrison town of Baidoa, where fighting had taken place Wednesday.

Three Islamic fighters were captured. One, 25-year-old Aweys Hassan Ma'alim, said he had been forced to fight by the Islamic movement. Another, Adan Abdullahi Mohammed, said he wanted to fight Ethiopians and "die for the sake of Allah in jihad."

Meanwhile Sheikh Ibrahim Shukri Abuu-Zeynab, a spokesman for the Islamic courts, said they had now captured the town of Idale, 37 miles southwest of Baidoa, and killed 200 Ethiopian troops. The claim could not be verified.

"All Somalis should take part in this struggle against Ethiopia," Sheik Hassan Dahir Aweys, an Islamic leader, told The Associated Press.

Three days of clashes between the Islamic fighters and government forces, newly trained by Ethiopian troops, have left more than 100 people dead.

Ethiopia denies its forces are fighting, but says it has deployed several hundred military trainers in support of the transitional government.

On Wednesday, Aweys told an EU envoy that he was willing to return to peace talks with the U.N.-backed Somali government, but on Thursday, he said "the country is in a state of war."

In Ethiopia, the government said Wednesday that the Islamic group was warmongering and not interested in peace. "Ethiopia has exerted efforts as it will do so for the peaceful resolution of the problem in Somalia," the statement said.

EU envoy Louis Michel, in response to a question about Eritrea and Ethiopia's involvement, said, "Somalia is suffering because some are using Somalia as a battlefield for other issues." Both countries fought an unresolved border war in 1998.

Somalia's deputy defense minister Salad Ali Jelle told reporters that 71 Islamic fighters had been killed and 221 injured so far during clashes near Baidoa.

Three government troops were killed and seven injured, Jelle said.

Separately, witnesses in the town of Bur Haqaba, which is controlled by the Islamic movement, reported hearing mortars, anti-aircraft missiles and rocket-propelled grenades being fired Thursday.

After returning from Somalia late Wednesday, Michel said skirmishes were likely to continue, but said both sides had broadly agreed to ease tensions and hold new talks in Sudan.

The interim government holds only a small area around the central town of Baidoa. The Islamic militiamen control the capital, Mogadishu, but have also fanned out across most of southern Somalia.

Somalia has not had an effective government since 1991.

US Embassy Accuses Congolese Company Of Massive Aid Theft (AFP)

AFP, December 22, 2006

The US embassy in Brazzaville accused a private Congolese company of stealing more than 5,800 tonnes of humanitarian aid worth more three million dollars with the help of a local magistrate.

The embassy accused import-export company Super-Market of having "illegally removed" the aid at the start of December from warehouses of a transit company in Pointe-Noire, the country's economic capital, according to a statement received by AFP.

The US aid mostly contained supplies for locals.

US ambassador Robert Wesiberg told journalists that Super-Market had acted in complicity with prosecutor Narcisse Ngoulou, from Pointe-Noire in the southwest of Congo.

"It's him, the prosecutor Narcisse Ngoulou, who authorized Super-Market to remove the humanitarian aid from the warehouses," Wesiberg said.

Ngoulou declined to comment on the accusation to AFP.

"We're asking the government to do everything to remove this aid from Super-Market, so that it can reach people following normal procedures," Wesiberg said, adding that so far all attempts to obtain help from ministries had been in vain.

The US ambassador on Wednesday boycotted a ceremony organized by the UN Development Programme during which an appeal for 28 million dollars' aid for Congo in 2007, sponsored by the US diplomat, was due to be launched.

"Ambassador Wesiberg considered it pointless to take part in launching the reinforced appeal due to the lack of resolution on the question of humanitarian aid illegally removed from Pointe-Noire port," the embassy said in a statement.

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US NGO International Partnership for Human Development receives US humanitarian aid to Congo and selects a company to buy the products and sell them on at a low price to locals.

Eight Congolese companies put in tenders for the allegedly stolen goods, including Super-Market, but the company Sadi was chosen almost two months ago. The embassy said that Sadi never received the goods.

Turkmen Leader's Death Fuels Energy Fears (FT)

By Isabel Gorst

Financial Times, December 22, 2006

The sudden death on Thursday of Saparmurat Niyazov, Turkmenistan's autocratic and eccentric president, has raised the threat of instability in a Central Asian republic that is an important energy supplier to Europe.

Niyazov, known as Turkmenbashi or Ruler of the Turkmens, left the former Soviet republic he ruled for more than 20 years impoverished, internationally isolated and with no obvious successor. He died of a cardiac arrest, Turkmen state television reported. He was 66.

His death is expected to spark both an internal power struggle and a tussle for influence between Russia, China and the US over a country with the world's fifth-largest gas reserves.

Any disruption to gas exports from Turkmenistan via Russia to Europe – mostly to Ukraine – could affect the continent's energy security. Analysts said, however, there were no immediate signs of unrest that could threaten supply.

Niyazov had himself appointed president for life by Turkmenistan's parliament in 1999. The oddball leader admitted this year to suffering from heart disease.

According to the republic's constitution, the parliament's speaker should have taken power. But he was blocked on Thursday as justice officials opened a criminal probe into him. A deputy prime minister was instead named acting president.

Several former and exiled Turkmen officials said they were considering returning to the country. But Nurmukhamad Khannamov, a former Turkmen ambassador to Israel who is now an opposition leader, warned it might be too dangerous.

Mr Khannamov said the opposition would call for democratic elections and an investigation into Niyazov's huge wealth.

"Niyazov had several foreign bank accounts and we will insist that the money is given back to the people," Mr Khannamov said.

A US embassy spokesman in Ashgabat, the capital, said the US hoped for "a peaceful, smooth constitutional succession".

Sergei Lavrov, Russian foreign minister, said Moscow hoped that "continuity in our relations is ensured".

Niyazov, a former head of the Turkmen communist party, crushed or exiled opposition in the republic bordering Afghanistan, Iran and Uzbekistan, and left it with no free media.

Turkmens, most of whom live in poverty, were forbidden contact with the outside world.

The governors of Turkmenistan's five main provinces have all been sacked since a failed grain crop this autumn. Last year Niyazov sacked most of the top oil and gas officials accusing them of taking bribes from unnamed foreign companies.

Saparmurat Niyazov, Turkmen Leader, Dies At 66 (NYT)

By C. J. Chivers

The New York Times, December 22, 2006

MOSCOW, Dec. 21 — Saparmurat Niyazov, the authoritarian president of Turkmenistan, died unexpectedly today, the Turkmen government said, raising questions about succession and stability in a nation that is an essential supplier of energy to Europe.

Mr. Niyazov, who gave himself the name Turkmenbashi, or the Head of All Turkmen, had ruled his sparsely populated nation since becoming chairman of the Turkmen Communist Party in 1985, when the country was a Soviet republic.

He weathered the Soviet Union's collapse, becoming the president of independent Turkmenistan, pushing through a constitution that concentrated power in his hands and embarking upon a megalomaniacal career as president for life.

While other post-Soviet countries suffered disorder and, in some cases, revolutions or war, Mr. Niyazov lorded over Turkmenistan with a sprawling security apparatus and a fantastically well-developed personality cult. He was 66 and had suffered from heart disease, but never publicly anointed a successor.

Intrigue immediately followed his death. According to the Turkmen constitution, upon the death of a president, the chairman of the Majlis, the country's lower house of parliament, becomes the acting president.

But in Ashgabat, the Turkmen capital, power passed instead to a deputy prime minister, Gurbanguly Berdymukhammedov, and the state news agency announced that the prosecutor general had opened a criminal investigation against the Majlis chairman, Ovez Atayev.

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The news agency also said that the People's Council, the upper house of parliament, would hold an emergency meeting on Tuesday. Under the constitution, the council selects presidential candidates who would stand in a special election in two months, according to Michael J. Denison, a professor at the University of Leeds who specializes in Turkmen politics.

Turkmenistan, located in Central Asia next to Iran, Afghanistan and the Caspian Sea, contains many of world's largest natural gas fields and provides gas to Russia and European countries.

Foreign governments and energy analysts expressed misgivings about the expected succession battles ahead, and what they might mean for stability and the intense international competition for the gas reserves.

Russia's foreign minister, Sergey V. Lavrov, and Germany's foreign minister, Frank-Walter Steinmeier, encouraged Turkmenistan at a joint appearance in Moscow to conduct a legal and orderly succession.

"We hope that the transfer of power will remain within the framework of the law," Mr. Lavrov said, according to Interfax.

Goldman Sachs sent a note to investors saying the abrupt political change "throws into question the country's political stability and control over its substantial natural gas exports."

It added that with Mr. Niyazov gone, the United States and perhaps the European Union might compete with Russia and push Turkmenistan to consider new export routes and weaken the position of Gazprom, Russia's state-controlled gas monopoly. Gazprom relies in part on Turkmen gas to meet commitments to its customers.

There was no publicly clear front-runner to follow Mr. Niyazov's long reign, and speculation ranged from insiders of Mr. Niyazov's circle to exiled opposition leaders, at least two of whom said that they planned to return home.

Mr. Niyazov's son, Murat, was also a potential candidate, in part because in 2005 Mr. Niyazov arranged for the deletion of a line in the constitution requiring the president to be an ethnic Turkmen.

Mr. Niyazov was married to a Russian woman; their son is half Turkmen. The constitutional change allowed Murat Niyazov to qualify for the post, although it was not clear whether he had the support to overcome a reputation as a playboy with little backing from the country's five principal tribes.

Acting President Berdymukhammedov is related to Mr. Niyazov. But Mr. Denison said in an e-mail message that he is a relatively unknown political figure and "probably not a long-term successor."

One opposition figure, Khudaiberdy Orazov, a former chairman of Turkmenistan's central bank, said the appointment of Mr. Berdymukhammedov and the criminal charges against the Majlis chairman signaled that the country's security services were influencing events.

The security services, he said, successors to the K.G.B., played a large role in Mr. Niyazov's rule and would try to select a president of their choosing. "We've been afraid of this, because having lots of blood on their hands, they are a force that does not want democratic rule," he said by telephone from Sweden, where he lives in exile.

Inside Turkmenistan, a country largely closed to Westerners, there were signs of official mourning.

Holiday decorations were removed from the streets of the capital. State television showed a portrait of Mr. Niyazov against the sounds of the funeral march from Chopin's Piano Sonata No. 2, according to a resident of Ashgabat reached by telephone.

Such somber pomp was hardly universal, and critics of Mr. Niyazov recalled a dictator who created an almost otherworldly totalitarian state.

Mr. Niyazov forbade independent news media and opposition parties, jailed rivals or drove them to exile, and imposed his name, words and image on all manner of public discourse and life. His face appears on Turkmen currency. His name, given to streets and buildings, is in such abundant local use that it replaced the word January on the official Turkmen calendar.

His pronouncements, many of them disconnected from the normal affairs of state, were sometimes strange enough to assume an irreverent life on the Internet. He banned video games, gold teeth, opera and ballet, and once encouraged his people to chew on bones — good, he said, for their teeth.

It was the sort of declaration that made him the most bizarre dictator in a region dominated by autocrats, but was also a small part of his political canon. The Ruhnama, his semi-autobiographical book of philosophy, poems and instructions for moral living, is required reading in colleges and schools, and is displayed throughout the country, including in mosques.

In Prague, Yovshan Annagurban of Radio Free Europe/Radio Liberty's Turkmen Service said it was difficult to predict what course Turkmenistan would take now, after suffering decades of repression that reach back to the Soviet Union and became even stranger in Mr. Niyazov's time.

"The problem is he destroyed everything," he said. "He corrupted everything and everyone around him. People at the top as well as ordinary people do not trust anyone and everyone."

Turkmenistan Leader's Death May Spur Struggle (WSJ)

By Guy Chazan And Alan Cullison

Wall Street Journal, December 22, 2006

DOJ_NMG_0108671

MOSCOW -- The death of the reclusive dictator of Turkmenistan could spark a fierce struggle between Russia and the West for influence over a country with the world's fifth-largest natural-gas reserves.

Under Saparmurat Niyazov, who died at age 66, Turkmenistan was largely a political and economic pariah, engaged only by Russia and, more recently, China. But his death could revive Western interest in the nation's huge natural resources, especially now amid growing jitters about energy security.

"This could unlock Turkmenistan's potential as an energy supplier," said Christof Van Agt, a Central Asian expert at the International Energy Agency in Paris. "You're going to have a lot more attention focused on its role in Caspian energy."

Russia will probably have the edge in any "Great Game"-style jockeying for influence over Turkmenistan. President Vladimir Putin has long nurtured close ties to the Turkmen leadership, and in September Russia's natural-gas monopoly OAO Gazprom concluded a deal with Mr. Niyazov that essentially locked up exports of Turkmen natural gas for three years.

But some analysts say a new leader might try to renegotiate natural-gas export prices or seek alternatives to Gazprom, whose imports of Turkmen gas help the company meet domestic needs and its obligations to foreign customers like Ukraine. Any change could tighten supplies in Russia and affect European consumers.

The death of Mr. Niyazov, who had a history of heart disease, could also revitalize Western-backed efforts to open up new transport routes for Central Asian gas. The U.S. has pushed a plan for a pipeline under the Caspian Sea that would originate in Turkmenistan and bypass Russia. But Western companies said they couldn't agree on terms for the project with the eccentric Mr. Niyazov.

"The problems of Turkmenistan have been directly related to Niyazov, and now that he's out of the picture, that creates a lot of opportunities," said Zeyno Baran, director of the Center for Eurasian Policy at the Hudson Institute in Washington. "The question is, though, who is going to take advantage of those opportunities? Is it going to be the Russians? Or the Europeans and the Americans?"

Mr. Niyazov frequently purged potential political opponents, even those within his own family, leaving no obvious successors. In a sign that the post-Niyazov power struggle has already begun, Turkmenistan's State Security Council named Deputy Prime Minister Kurbanguli Berdymukhamedov acting president, even though under the constitution, the speaker of Parliament was supposed to assume the job. The Security Council said it couldn't appoint the speaker because a criminal investigation had been opened against him.

Mr. Berdymukhamedov, 49, was a confidant of Mr. Niyazov and one of the few people in government to survive repeated purges. But some people expect him to face strong challenges from other competing factions in the leadership, including the security forces.

"So much of the country's political and economic life was invested in the personality of Niyazov himself that there's a possibility of serious infighting and instability now that he's gone," said Michael Hall, director of the International Crisis Group's Central Asia project. "There are a lot of lucrative assets to fight over."

Some Central Asian experts say a worst-case scenario is civil unrest and even the breakup of the country along regional and tribal lines. But others disagree. "There may be a fight under the carpet between people at the highest level of power, but the people won't be involved," said Nagia Badykova, a former Turkmen government official who now lectures on international affairs at George Washington University.

Mr. Niyazov's 21-year rule was defined by a bizarre personality cult and the region's most oppressive political regime. He destroyed all domestic opposition after his motorcade came under fire in an alleged attempted coup in 2002. Afterward, opposition activists and their families were arrested.

After Niyazov Dies, Nation At Crossroads (AP)

By Jim Heintz

AP, December 22, 2006

He was, by his own decree, the "Father Of All Turkmen," and his death Thursday leaves an energy-rich, strategically situated swath of Central Asia without an heir apparent — and potentially at the heart of a global tussle between Russia, China and the United States.

President Saparmurat Niyazov, who died at age 66, ruled Turkmenistan for more than two decades with imperial eccentricity — naming towns, mosques and even the days of the week after himself, crushing opposition and requiring children to read his spiritual ruminations daily.

The former Soviet republic — which lent support to the U.S.-led war on terror — now faces a deeply uncertain future.

Some analysts were already predicting the vacuum could spark a new "Great Game" in Central Asia, similar to the struggle for supremacy in the region among imperial powers in the 19th century. At the least, the world's major powers will be watching

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and maneuvering for influence in the country that neighbors Iran and stretches from the petroleum-rich Caspian Sea to the border of chaotic Afghanistan.

"It's obvious that a serious war for influence in Turkmenistan will begin between Russia and the United States — and added to that will be serious attempts by Iran and the Islamic world to come into this country's political space," said Eldar Namazov, an analyst in Azerbaijan.

The fate of Turkmenistan carries high stakes because of its huge natural gas fields and substantial oil reserves, and its status as an island of stability in a volatile region.

Although Turkmenistan is a member of the Commonwealth of Independent States, a loose grouping of former Soviet republics, its foreign policy has been determinedly neutral — one of its state-run papers is called "Neutral Turkmenistan."

Still, Niyazov helped Washington in its campaign in Afghanistan, allowing overflights by coalition planes. President Bush expressed condolences Thursday, saying: "We look forward to continuing to expand our relations with Turkmenistan, to a bright future for that country and to a government that provides justice and opportunity for its people."

The announcement of their leader's death sent the capital, Ashgabat, into quiet shock.

New Year's decorations on the streets were removed and liquor stores ordered shut. The military was put on heightened alert, but there were no signs of increased military or police presence in the city.

Niyazov's death is "comparable to a shock the Soviet Union felt after Stalin's death," Vyacheslav Nikonov, head of the Moscow-based Politika think tank, was quoted as saying by the RIA-Novosti news agency.

Niyazov created an extraordinarily elaborate cult of personality, similar to that around North Korean dictator Kim Jong Il.

Niyazov banned opera and ballet, and railed against lip-synching and car radios. He declared himself "Turkmenbashi" — Father of All Turkmen — and renamed a seaport, the month of January and facilities throughout the country that way.

He also tried to show an affable side. This month he grinned in pleasure as he was greeted by actors dressed as mythological characters at an amusement park named in his honor.

Like Stalin, his dominance left no room for an apparent successor. He is survived by a wife, daughter and son — but analysts say there is little chance of a dynastic succession.

Within hours of his death, Turkmenistan appeared to be showing signs of political infighting. Although the constitution requires that the parliament speaker be named acting president until elections can be held, the State Security Council named the deputy prime minister instead — saying the parliament speaker had been indicted for corruption.

Deputy Prime Minister Kurbanguli Berdymukhamedov pledged to "continue to go the political course of the great leader" in remarks soon after being named acting president.

All political figures in Turkmenistan were loyal to Niyazov, but the country's politics are seen as factional and clan-driven.

If an orderly succession doesn't occur, opposition figures who have long lain low could see an opening. But most of the main opposition figures live in exile and it was unclear if they would be allowed to return.

"We are ready to take part in developments there ... But first we must receive guarantees that our activity there will be made possible," said opposition leader Bairam Shikhmuradov, who lives in Moscow.

Shirin Akiner, a Central Asia specialist at Britain's Royal Institute for International Affairs, said Islamists in Afghanistan may see Niyazov's death as a chance to expand their influence.

Turkmenistan's 5 million people are overwhelmingly Sunni Muslim, but it is not clear how many are observant. Under Niyazov, the government was officially secular, but it encouraged an officially approved version of Islam. The country is home to Central Asia's largest mosque — named "The Spirit of Turkmenbashi."

Any other form of Islam was repressed and the country showed little sign of the religious radicalism that emerged in other ex-Soviet Central Asian states.

But "as new authorities will try to replace the ideology of Niyazov's personality cult with something else, they might try to use Islam to some extent as a substitute," said Eduard Poletayev, a political analyst in Kazakhstan.

Niyazov, who lost all his immediate family to war and earthquakes by age 8, became communist boss of Turkmenistan in 1985 while it was part of the Soviet Union, remaining in power following the 1991 Soviet collapse.

His cult of personality included authorship of the "Rukhnama," a book of spiritual guidance that became required reading for children. Earlier this year, he said he had asked Allah to ensure that anyone who read the "Rukhnama" three times would go directly to heaven — and he appeared to have little doubt his request would be honored.

Niyazov's visage adorned the country's currency and statues of him were put up throughout the arid, impoverished land, including a golden one in the capital that rotated to follow the sun's path. His face was even featured on some vodka labels and on canisters of tea.

What will become of his iconic presence is unclear.

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Maybe it will disappear "in some barbaric way, with the burning of his portraits and demolition of his monuments, (or) maybe gradually like after Stalin," said Poletayev.

Turkmenistan Leader's Death Leaves Vacuum (LAT)

By David Holley

The Los Angeles Times, December 22, 2006

MOSCOW — Turkmenistan's President Saparmurad A. Niyazov, an eccentric leader who ruled his country with an iron hand, died suddenly Thursday, triggering a scramble for power in the gas-rich Central Asian state.

Niyazov, who used the name Turkmenbashi, or "father of all Turkmens," was 66. State television said he died of a heart attack.

In an apparent sign of an immediate power struggle, the country's security council announced the opening of a criminal investigation against the speaker of parliament, Ovezgeldy Atayev, who under the constitution was in line to become acting president.

Instead, the council named Deputy Prime Minister Gurbanguly Berdimukhamedov, 49, to the post. Under the constitution, a presidential election must be held within two months, and the acting president cannot be a candidate.

Turkmenistan has large natural gas reserves and is a major supplier to Western Europe. The gas is piped first to Russia, which then resells it. If political turmoil in Turkmenistan disrupted the flow to Russia, Gazprom, the Russian gas monopoly, might be unable to meet its commitments, the Russian news agency Interfax reported.

Turkmen authorities praised Niyazov's long rule in a statement announcing his death. "The glorious years … confirmed his heavenly faculty to foresee, and his ability to determine priorities," they said. "His unique abilities in the art of leading the nation revealed his talent as a diplomat and a wise and humane person."

Turkmenistan, which is mostly desert and slightly larger than California, has a population of 5 million, most of them Muslim. Any opposition to Niyazov was severely repressed, meaning there is no clear successor.

Niyazov encouraged an extravagant personality cult. He renamed the months of January, April and September after himself, his mother and the Ruhnama, a history and spiritual guide he is said to have written.

In Ashgabat, the capital, a revolving 35-foot golden statue of Niyazov is perched atop the giant Arch of Neutrality, a symbol of his policy of remaining largely isolated to avoid the potentially dominating influences of neighboring Russia, Uzbekistan and Iran. The statue's arms are raised to welcome the sun at dawn and bid it farewell at dusk.

Some observers said a struggle over political succession might ultimately be linked to competition between the West and Russia for control of Turkmenistan's energy resources.

"It is known that Turkey and the United States are making vigorous attempts to pursue their interests in Turkmenistan, primarily its oil and gas sector," Leonid Ivashov, vice president of the Academy for Geopolitical Problems, a Moscow think tank, told Interfax. "If Russia chooses a passive role, it may further weaken its positions."

Opposition rejoices

Several of Turkmenistan's exiled opposition leaders said they would quickly try to return home.

"It is a great joy for all of us … that he has freed the country from himself," Avdy Kuliyev, a former foreign minister who is now an opposition leader, said in a telephone interview from Norway. "We are planning to come back to Turkmenistan in the nearest future…. We want to guide our people in a different way.

"Certainly Niyazov's supporters who are present in the country would like to continue this same policy, possible slightly changing it," Kuliyev said.

"As for us, we want an absolutely different policy. We want people to get freedom so they could decide themselves on their future."

Turkmen authorities quickly tightened entry rules, with visas no longer available at airports even for those holding official invitations to visit the country, Interfax reported. Citing a law enforcement source in Kazakhstan, another neighboring country, the news agency also said that Turkmenistan's armed forces had been put on combat alert.

Niyazov's funeral was set for Sunday, and the country entered a period of official mourning. Streets and markets in Ashgabat fell silent, New Year's decorations were removed, and flags were at half-staff, Interfax said.

Niyazov, born Feb. 19, 1940, was orphaned as a child. His father died in World War II and the rest of his immediate family died in an earthquake that hit Ashgabat in 1948. He rose through the Communist Party and became the party boss of Turkmenistan in 1985, when it was still part of the Soviet Union.

President for life

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After Turkmenistan gained independence in 1991, Niyazov won election the next year with an official 99.5% of the vote, in balloting outsiders deemed neither free nor fair. The People's Council, a handpicked body of loyalists, named him president for life in 1999.

Vitaly Ponomaryov, director of the Central Asia program at Memorial, a human rights group in Moscow, said Niyazov's determination to keep all power in his hands meant he not only left no clear successor, but left no one of political strength in the government.

"There is not a single strong political figure in Niyazov's camp," Ponomaryov said. "Once someone's position and role increased, then, let's say within one or two years, that person was jailed. As a result, there is no real leader in the current government in Turkmenistan. Those who had connections, money or influence were removed from power."

Ponomaryov predicted that some of these ousted former officials would make a bid for power at the same time exiled opposition leaders tried to return.

"Many of these people who worked in governmental structures enjoy support among some governmental groups," he said. "Those people are also well connected with different clan groups."

Exiled opposition leaders have some influence because their views have been carried in Turkmen-language broadcasts of U.S.-sponsored Radio Liberty, Ponomaryov said.

"Today, especially in this transitional situation, all the major countries and the whole world have a unique chance to bring pressure on Turkmenistan, which in its turn might be effective enough to help promote democratic reforms in this country," he said.

Kuliyev acknowledged that Turkmen authorities might try to keep opposition leaders from returning, but indicated the opposition was searching for ways to circumvent any ban.

"To some extent we rely on the United States," he said. "We want a real state to be built on democratic principles, such as freedom of speech and respect for human rights."

After A Tyrant, What Next? (WP)

By Masha Lipman

Washington Post, December 22, 2006

MOSCOW -- Although the official statement yesterday on Turkmenistan's president spoke of his "divine foresight," not even this dictator could foresee his own death or what will happen to his country afterward.

Saparmurad Niyazov, who died unexpectedly yesterday after a heart attack, was a tyrant par excellence. He presided over a closed and repressive regime as uncontested master of the Turkmen people. Those who dared challenge his absolute power were arrested and tortured, then sentenced to long prison terms. Any sign of dissent was fiercely suppressed.

Among his more recent victims were two journalists who worked for foreign news outlets and one human rights activist. Ogulsapar Muradova, 58, who worked for Radio Free Europe/Radio Liberty, died in prison. Her body showed obvious signs of torture.

Niyazov was the last communist leader of Turkmenistan when it was still part of the Soviet Union. He inherited his country after it was suddenly transformed into an independent state upon the collapse of the U.S.S.R. 15 years ago. He proclaimed himself Turkmenbashi, Father of All Turkmen, and began reshaping his land according to his whims.

The result was that Turkmenistan was plunged into the Middle Ages. Niyazov closed theaters, libraries and newspapers. He limited access to education, travel and medical services. In an abrupt move last year, he ordered that all hospitals be closed except those in the Turkmen capital, Ashgabat. He dramatically cut pensions to the elderly. Houses of those suspected of disloyalty were routinely torn down.

State-controlled media and government officials eulogized the Father of All Turkmen for his loving care for his people. Statues and portraits of him are in the streets of Turkmen towns, many of them renamed after himself and his mother. A gigantic golden statue of Niyazov erected in Ashgabat is equipped with a mechanism ensuring that the Turkmen leader is always facing the sun.

Turkmenbashi authored a book titled "Ruhnama" ("Spirituality") and ordered that all Turkmen schoolchildren, college students and government officials and civil servants study it thoroughly. As befits a divine leader, he claimed to command nature itself. One report has it that he demanded that a crop be harvested early because he'd become tired holding back the rain.

Turkmenbashi renamed months and days of the week and redefined measures of human age, which he subdivided into special periods of his own invention -- at 61 he entered the period of "spiritual greatness." He had his hair dyed black and was not to enter "old age" until he reached 85.

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He died at 66, and the immediate future of his country is in the hands of his inner circle. But whoever succeeds Turkmenbashi will have a hard time establishing his own stature and defining his legitimacy, whether it is that of a popularly recognized ruler or the winner of a power struggle.

In fact, the struggle seems inevitable. Niyazov's regime implied that he was Turkmenistan's ruler for eternity, and any plans for succession were simply ruled out. Just as it was after Stalin's death, members of the leader's inner circle must be seized by fear and deep distrust of each other. Some of the Turkmen officials who had earlier fled abroad to avoid repression are talking about coming back, further aggravating the struggle. Chances are that this fight will not be contained within the elites but that it will spill over and turn into popular unrest.

In spite of Turkmenistan's sinister regime, world players -- Russia first and foremost -- have shown great interest in the country because of its rich resources, especially natural gas. Turkmenbashi was a difficult partner for Vladimir Putin -- whimsical and disrespectful, even defiant at times. Under his rule, Turkmen citizens who had Russian passports were commonly subjected to harassment. But Turkmenistan's gas plays a key role in Putin's policy of using energy as a tool of political influence, and so he put up with Niyazov's unruly behavior. (Right now Russia buys Turkmen gas wholesale and resells it. Observers are already warning that a destabilization of Turkmenistan might affect its gas supplies and, consequently, Russia's.)

Since Central Asia has increasingly become an area of rivalry between Russia and the United States, the U.S. government hasn't been very demanding with regard to Niyazov's rule, either. And the Turkmen president eagerly took advantage of the U.S.-Russia rivalry. He agreed to harbor a U.S. military base after it was driven out of Uzbekistan, a favor that ensured that the U.S. administration would show tolerance for blatant abuses of human rights in Turkmenistan, regardless of President Bush's proclaimed mission of bringing freedom and democracy to the world.

Niyazov lived in self-isolation, rarely leaving his country and never binding himself by any alliances. His successor will hardly be able to stay so distanced. Turkmenistan's resources are an obvious source of power, and in the fight to control them, members of the Turkmen elite sooner or later will be tempted to look abroad for backing. The stakes in this geopolitical game could be quite high. For Russia, having a reliable and more compliant partner in Turkmenistan would mean a significant consolidation of its energy weapon, as well as its position vis-a-vis former Soviet states.

One would hope that change will at least improve somewhat the situation of the Turkmen people. But with the balance of power in Central Asia at stake, it's unlikely that human rights abuses will be of major concern to the contestants in this tug-of-war.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

DOJ_NMG_0108676

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TERRORISM NEWS:

Panel Faults FBI In Okla. Bombing Follow-Up (WP/AP)

By John Solomon, Associated Press

The Washington Post, December 24, 2006

The FBI failed to fully investigate information suggesting other suspects may have helped Timothy McVeigh and Terry Nichols with the 1995 Oklahoma City bombing, allowing questions to linger more than a decade after the deadly attack, a congressional inquiry concludes.

The House International Relations investigative subcommittee will release the findings of its two-year review as early as Wednesday, declaring that no conclusive evidence of a foreign connection to the attack exists but that far too many unanswered questions remain.

The report sharply criticizes the FBI for failing to be curious enough to pursue credible information that foreign or U.S. citizens may have had contact with Nichols or McVeigh and could have assisted the pair. Their truck bomb killed 168 people in the main federal building in Oklahoma City on April 19, 1995.

McVeigh and Nichols were convicted of murder. McVeigh was executed in 2001; Nichols is serving a life sentence without the possibility of parole.

"We did our best with limited resources, and I think we moved the understanding of this issue forward a couple of notches, even though important questions remain unanswered," Rep. Dana Rohrabacher (R-Calif.), the subcommittee chairman, said in an interview.

The subcommittee's report discloses for the first time that Nichols admitted participating in the robbery of an Arkansas gun dealer, the crime that funded the attack. There have long been questions about that robbery because the FBI concluded McVeigh was in another state when it occurred.

Rohrabacher's subcommittee saved its sharpest words for the Justice Department, saying officials there exhibited a mindset of thwarting congressional oversight and did not assist the investigation fully.

The report says the inadequacy of the FBI's work was exposed two years ago when some bombing evidence overlooked for 10 years was discovered in a house linked to Nichols that had been searched repeatedly by agents.

Special Agent Richard Kolko, an FBI spokesman, declined to comment on the report yesterday because he had not seen it.

Kolko said: "The Oklahoma City bombing case was the largest case the FBI worked on before 9/11. Agents at virtually every office, domestically and overseas, covered thousands of leads. Every bit of information was investigated and reviewed. The FBI worked tirelessly to cover all of the leads and conducted a thorough and complete investigation."

The bureau has said previously there is no credible evidence that other people were involved.

The subcommittee concludes that the Justice Department should not have rushed to execute McVeigh after he dropped his court appeals, and that officials should have made more efforts to interview and question him about evidence suggesting he might have had help beyond Nichols's.

Feds Failed To Follow Bombing Evidence (SLT)

By Pamela Manson

Salt Lake Tribune, December 25, 2006

For years, Salt Lake City attorney Jesse Trentadue has maintained his brother was killed in prison months after the Oklahoma City bombing by interrogators who mistakenly believed he was connected to the attack.

Now, a new congressional report says federal authorities failed to investigate evidence suggesting Timothy McVeigh and Terry Nichols had assistance plotting the bombing - and some of the information pointing to co-conspirators came out of Trentadue's lawsuits against the FBI.

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And it adds fuel to the mystery of Kenneth Trentadue's supposed suicide in 1995 at the Federal Transfer Center in Oklahoma City.

Trentadue believes FBI records hold clues to his brother's death and has fought the agency in court for those documents. Some that have been ordered released say investigators got tips about a possible link between the April 19, 1995, bombing and a group of white supremacist bank robbers with links to a training camp in Elohim City, Okla.

That information is included in the report by the House International Relations investigative subcommittee.

Trentadue said Sunday that two findings in the report stand out, including the lack of cooperation by the FBI in the congressional body's investigation.

The second is that McVeigh and Nichols may have been aided by others.

"It's pretty clear, whether Islamic terrorists or homegrown neo-Nazis, there were other people involved," Trentadue said, adding that the subcommittee's probe "will help reveal the truth about the Oklahoma City bombing, which I now know is linked to my brother's death."

Kenneth Trentadue, who had served time for bank robbery, was arrested near San Diego in June 1995, two months after the bombing that killed 168 people. He was sent to the transfer center in Oklahoma City for an alleged parole violation. On Aug. 21, guards found Trentadue's blood-soaked body in his cell hanging from a noose made of torn bedsheets. Prison officials say the 44-year-old inmate committed suicide.

According to Jesse Trentadue, his brother bore a strong resemblance to Richard Lee Guthrie, a bank robber and alleged accomplice of McVeigh. He maintains that authorities mistakenly thought his brother was Guthrie - a member of the Midwest Bank Robbery Gang, an arm of the Aryan Republican Army that stole from financial institutions to fund attacks on government buildings - and killed him during an interrogation that got out of hand.

Guthrie was arrested on bank robbery charges in 1996 and eventually struck a plea bargain with prosecutors. In fall 1996, he claimed he would soon be revealing information that "would blow the lid off the Oklahoma City bombing case," according to the report. The next day, he was found dead, hanging in his cell in Kentucky, purportedly a suicide.

"This suspicious 'suicide' mirrored the similar death of [Kenneth] Trentadue, another prisoner, who may have been tangentially and incorrectly linked to the Oklahoma City bombing," the subcommittee report says.

Trentadue has filed three lawsuits in U.S. District Court in Salt Lake City alleging, among other claims, that the FBI has violated the Freedom of Information Act by failing to turn over requested documents on the Oklahoma City bombing. In one of the suits, Judge Dale Kimball ordered the agency to produce some of the disputed records on information about a possible white supremacist link to the bombing.

The House International Relations investigative subcommittee will release the findings of its two-year review as early as Wednesday, declaring there is no conclusive evidence of a foreign connection to the attack but far too many unanswered questions remain.

The subcommittee's report will conclude there is no doubt McVeigh and Nichols were the main perpetrators, and it discloses for the first time that Nichols confirmed to House investigators he participated in the robbery of an Arkansas gun dealer that provided the proceeds for the attack.

There have long been questions about that robbery because the FBI concluded McVeigh was in another state at the time it occurred.

The report also sharply criticizes the FBI for failing to be curious enough to pursue credible information that foreign or U.S. citizens may have had contact with Nichols or McVeigh and could have assisted their plot.

The subcommittee saved its sharpest words for the Justice Department, saying officials there exhibited a mindset of thwarting congressional oversight and did not assist the investigation fully.

FBI spokesman Richard Kolko said Sunday, "The Oklahoma City bombing case was the largest case the FBI worked on before 9/11. Agents at virtually every office, domestically and overseas, covered thousands of leads. Every bit of information was investigated and reviewed. The FBI worked tirelessly to cover all of the leads and conducted a thorough and complete investigation."

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Courts Side With NSA On Wiretaps (NYSUN)

By Joseph Goldstein

New York Sun, December 26, 2006

Defense lawyers who had hoped that the public disclosure a year ago of the National Security Agency's wiretapping program would yield information favorable to their clients are being rebuffed by the federal judiciary, which in a series of unusually consistent rulings has rejected efforts by terrorism suspects to access the records.

In at least 17 criminal cases, federal district judges nominated to the federal bench by presidents Reagan, George H.W. Bush, Clinton, and George W. Bush have ruled against requests to force the government to tell defendants, most accused of terrorism-related crimes, whether the NSA eavesdropped on them without a court warrant.

The rulings indicate that even as public support for the war in Iraq has eroded in polls and as the NSA program has come under criticism from congressional Democrats, and even some Republicans, federal judges may be a bulwark that the Bush administration can rely on to defer to at least some aspects of its wartime policies.

The judges' decisions have come after defense attorneys filed motions requesting access to relevant surveillance intercepts that the government obtained without a warrant. Defense attorneys claim they are entitled to such information and that evidence obtained from warrantless wiretaps is tainted and inadmissible at trial. In many, but not all instances, the motions were filed after a conviction.

Individually, the judges' orders, often very brief and rarely providing explanations, indicate little. Taken together, however, they signal that the judges are unwilling to permit defense attorneys to use prosecutions to force disclosures about the program.

The legality of the NSA program is being litigated in several civil lawsuits across the country. In one case, a district judge in Detroit, Anna Diggs Taylor, ruled in August that the program was unconstitutional, a decision that the government has appealed. Legal observers dispute whether even a ruling by the Supreme Court that the program is unconstitutional would lead to the overturning of criminal convictions in which the program played a role in securing evidence or targeting the defendants.

In every instance, the Justice Department's policy is to refuse to say publicly whether the NSA program was involved in a case, because denying its role in one case but refusing to deny its role elsewhere could disclose classified information, according to public government court filings. Rather, in response to defense motions, the Justice Department has filed secret documents with the court that are not supplied to defense lawyers.

"There is a veil of secrecy over these parts of the proceedings," said one attorney, Marvin Miller, who filed such a motion on behalf of Ali Asad Chandia, who was convicted in Alexandria, Va., of aiding a terrorist organization in Pakistan.

Defense attorneys say they are frustrated that judges are accepting these secret briefs from the government.

"Whatever the government is saying in these secret ex parte in camera filings, it is sure clamming up a lot of judges," said attorney Jeanne Baker, who represents Adham Amin Hassoun, a co-defendant of "dirty bomb" suspect Jose Padilla.

Speculation abounds among attorneys over just what the Justice Department is saying in the secret briefs.

Some defense attorneys suggest that the government's ex parte briefs may contain a simple yes-or-no answer as to whether a specific defendant was targeted by the NSA program. Another defense attorney, Jill Shellow-Lavine, speculates that the size of the program may prevent the government from stating whether a particular defendant was the subject of the surveillance.

A former Justice Department official says that the government probably declines to give any answers in its secret filings.

"There is no basis to assume than the government is making defendant-specific disclosures," David Rivkin, who served in the Reagan and George H.W. Bush administrations, said. "The far more likely scenario is that the government is telling the relevant judges that the classified program has nothing to do with this prosecution."

Defense attorneys say the willingness of judges to accept secret briefings puts them in an unfair position.

"It short-circuits the adversary system, and it prevents the issues from being litigated," a lawyer who has filed a motion for disclosure regarding the NSA program, Malick Ghachem, said. "I haven't found a single judge so far who has been willing to take a serious look at this or at least let the defendants know they are taking a serious look at it."

Defense attorneys acknowledge that these motions for disclosure are made routinely, even without any evidence to suggest that their clients were targeted by the NSA program.

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Still, even in cases in which the NSA program is believed to have played a role, it is not clear that judges would rule any differently. Officials in the Bush administration have credited the NSA program with helping uncover the terrorist plot of an Ohio truck driver, Iyman Faris, to topple the Brooklyn Bridge, according to a New York Times report. In October a federal judge in Alexandria, Va., Leonie Brinkema, declined Faris's request for government documents about the NSA program's role in the case. Last month, Judge Brinkema upheld Faris's guilty plea from 2003, ruling that Faris did not have standing to bring his challenge even if "electronic surveillance" had first led the government to him.

In only one case has a federal appeals court looked at the relationship of the NSA program to criminal prosecutions. The 4th Circuit Court of Appeals in Richmond, Va., in April remanded a separate case to Judge Brinkema, questioning whether the government possessed "undisclosed intercepts" that should have been turned over. The case involved a Muslim cleric, Ali al-Timimi, who was found guilty last year of encouraging Muslims to join the Taliban's war efforts.

Timimi's attorney, Jonathan Turley, said he believes that NSA intercepts may contain exculpatory evidence that could have benefited Timimi, rather than incriminating evidence used to target him.

A court filing by the Justice Department in the case against Lynne Stewart, the New York lawyer who was convicted of criminally helping her terrorist client communicate with his followers, listed 17 criminal cases in which judges have denied motions for disclosure about the NSA program. The New York Sun reviewed 14 of them. In those orders, the judges, excluding Judge Brinkema, did not state any reason for denying the defense motions, except to indicate that they had considered the secret briefs of the government. In one written order, a judge implied that his willingness to sentence a defendant without further hearings was on the condition that the government's secret brief said no evidence came from the NSA program.

HOMELAND RESPONSE:

Alarming 9/11 Claim Is Found Baseless (LAT)

By Greg Miller

The Los Angeles Times, December 25, 2006

WASHINGTON — The Senate Intelligence Committee has rejected as untrue one of the most disturbing claims about the Sept. 11 terrorist strikes — a congressman's contention that a team of military analysts identified Mohamed Atta or other hijackers before the attacks — according to a summary of the panel's investigation obtained by The Times.

The conclusion contradicts assertions by Rep. Curt Weldon (R-Pa.) and a few military officers that U.S. national security officials ignored startling intelligence available in early 2001 that might have helped to prevent the attacks.

In particular, Weldon and other officials have repeatedly claimed that the military analysts' effort, known as Able Danger, produced a chart that included a picture of Atta and identified him as being tied to an Al Qaeda cell in Brooklyn, N.Y. Weldon has also said that the chart was shared with White House officials, including Stephen J. Hadley, then deputy national security advisor.

But after a 16-month investigation, the Intelligence Committee has concluded that those assertions are unfounded.

"Able Danger did not identify Mohammed Atta or any other 9/11 hijacker at any time prior to Sept. 11, 2001," the committee determined, according to an eight-page letter sent last week to panel members by the top Republican and Democrat on the committee.

Weldon, the focus of an unrelated Justice Department corruption probe, was defeated last month in his campaign for an 11th term in a suburban Philadelphia district that has a large GOP majority in voter registration. Attempts were unsuccessful Sunday to reach a Weldon spokesman and an attorney representing Weldon in the Justice Department investigation.

The Senate panel began investigating Able Danger in August 2005, after Weldon and people close to the program went public with their claims. At the time, Weldon was the vice chairman of the House Armed Services Committee and the House Homeland Security Committee.

The recently completed probe also dismissed other assertions that have fueled conspiracy theories surrounding the Sept. 11 attacks.

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The panel said it found "no evidence" to support claims by military officers connected to Able Danger that Defense Department lawyers prevented the team's analysts from sharing their findings with FBI counter-terrorism officials before the attacks.

Nor was the alleged chart or any information developed by Able Danger improperly destroyed at the direction of Pentagon lawyers, the panel concluded — a charge that had stoked claims of a cover-up.

Though the committee concluded that claims about Able Danger were unfounded, two of the hijackers were known to the U.S. intelligence community before the Sept. 11 attacks. The two had been observed by the CIA attending a meeting with Al Qaeda operatives in Malaysia, but that information was not shared with other agencies in time to locate them after they had entered the United States and moved to San Diego.

Able Danger was the unclassified name given to a program launched in 1999 by the U.S. Special Operations Command as part of an effort to develop military plans targeting the leadership ranks of Al Qaeda and other terrorist networks.

Military analysts assigned to the effort did create charts with pictures of Al Qaeda operatives whose identities were known publicly at the time, the committee found. But the committee concluded that none of those charts depicted Atta, and that the claims of Weldon and others may have been caused by confusion.

One of the charts, titled "The Al Qaeda Network: Snapshots of Typical Operational Cells Associated With UBL [Usama bin Laden]," was attached to the letter sent to committee members last week by Sens. Pat Roberts (R-Kan.) and John D. "Jay" Rockefeller IV (D-W.Va.), the panel's leaders.

"One of these individuals depicted on the chart arguably looked like Mohammed Atta," the committee concluded. "In addition, the chart contained names of Al Qaeda associates that sound like Atta, as well as numerous variations of the common Arab name Mohammed."

The committee also suggested that officials' memories may have been clouded by the flurry of charts and photographs of Atta that surfaced after the attacks. The panel noted that a defense contractor that produced the chart at the center of the controversy subsequently created a follow-up chart, after the attacks, that did include Atta.

Atta, an Egyptian-born Islamic radical, was the ringleader of the Sept. 11 attacks and pilot of one of the planes that struck the World Trade Center.

In June 2005, Weldon generated controversy when he declared in a speech on the House floor and in a book released that month that he had met with Hadley at the White House shortly after the attacks and had given the national security official a copy of a chart showing that Atta had been identified by Able Danger.

But the committee concluded that the chart "was not a pre-9/11 chart" and that "at no time did Mr. Hadley ever see a chart with pre-9/11 data bearing Atta's picture or name as described by Congressman Weldon."

The Senate Intelligence Committee noted in its report that its findings were consistent with those of a similar investigation of Able Danger by the Defense Department inspector general's office, released in September.

Weldon has relished the role of calling attention to national security threats he believes are being ignored by others in government. At times he has carried around a replica of a suitcase-size nuclear bomb to highlight terrorist nuclear dangers. He has also accused Iran of hiding Al Qaeda leader Osama bin Laden.

Weldon's rising legal troubles played a role in his reelection loss last month. It was disclosed last week that a federal grand jury had subpoenaed congressional records from Weldon's office as part of an FBI probe aimed at determining whether he traded his influence to get lobbying business for his daughter Karen and others.

The House seat was won by Democrat Joe Sestak, a retired Navy vice admiral.

Nuclear Traffic Doubles Since '90s (USAT)

By Richard Willing

USA Today, December 25, 2006

Annual incidents of trafficking and mishandling of nuclear and other radioactive material reported to U.S. intelligence officials have more than doubled since the early 1990s, says the director of domestic nuclear detection at the Department of Homeland Security.

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Also up: scams in which fake or non-existent nuclear or radioactive material is offered for sale, often online, says Vayl Oxford, nuclear detection director at the department.

"We sense that people have recognized the value of nuclear material as a useful way of making money," Oxford said. "Nuclear material is becoming a marketable commodity."

The incidents tracked by the department, based on its reporting and information from foreign diplomatic and intelligence sources, average about twice the number made public each year by the International Atomic Energy Agency (IAEA).

Oxford said reports of nuclear and radioactive materials trafficking have ranged from 200 to 250 a year since 2000, up from about 100 a year in the 1990s.

The reports include incidents in which material was stolen, offered for sale, lost or mishandled.

The IAEA, whose members self-report trafficking incidents on a voluntary basis, said there were 121 such incidents in 2004 and 103 last year. The agency, based in Vienna, reports only trafficking incidents that its members have confirmed and elected to make public. The Department of Homeland Security numbers include all known or suspected trafficking incidents identified by the United States and allied governments.

Reported incidents may be increasing, Oxford says, because since the Sept. 11 terrorist attacks, governments have become more diligent about policing material that could be used by terrorists to build a radioactive "dirty bomb" or similar device.

Most reported incidents occurred outside the USA. There are no reported incidents in which radioactive or nuclear material was successfully sold to a terror group, according to the IAEA.

Some of the incidents have involved enriched uranium or plutonium of the type that can be used to make a nuclear weapon. In June 2003, for instance, a smuggler was arrested trying to carry 170 grams of enriched uranium across a border in Sadahlo, Georgia, in the former Soviet Union.

Most incidents involved very small amounts of material that were mishandled by authorities and never intended to be sold, the IAEA said. In New Jersey last year, a package containing 3.3 grams of enriched helium was "accidentally disposed of," the IAEA reported.

Some experts are concerned that the increase in trafficking incidents makes it more likely terrorists could acquire nuclear material.

"We're only seeing the dysfunctional part of the market — the supplier who's dumb enough to try to sell it to the police," said Jeffrey Lewis, director of the Project on Managing the Atom at Harvard University's Belfer Center for Science and International Affairs.

WAR NEWS:

Shiite-on-Shiite Violence Racks Southern Iraqi City (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 25, 2006

BAGHDAD — Shiite militia fighters clashed with police Sunday in Samawah, a provincial capital in southern Iraq, transforming it into a lawless battleground and exposing rifts that increasingly divide Iraq's Shiite Muslim majority.

Nine people, including four police officers, have died in the violence gripping parts of Samawah since Friday, police said. On Sunday, police backed by some Shiite tribal leaders called in Iraqi soldiers from nearby Diwaniya to help battle the militia. The security forces closed entrances to the city, which is about 145 miles southeast of Baghdad, imposed a curfew and shut the schools as they traded fire with militiamen.

Much of the death and destruction in Iraq this year has involved fighting between Shiites and the Sunni Muslim minority, which dominated the country under former President Saddam Hussein. But the violence in Samawah underscores the difficulty that Prime Minister Nouri Maliki and other Shiite leaders have had in maintaining order among members of their sect in a country where people's loyalties are divided among political parties, religious groupings and tribes.

Conflicts within Shiite communities have troubled Baghdad and other parts of Iraq in recent weeks, but the violence has been particularly notable in Samawah, capital of the first province handed over by U.S.-led forces to Iraqi control.

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At a news conference Sunday, Iraq's interior minister, Jawad Bolani, a Shiite, said police were restoring order in Samawah. "People who try to create problems can appear in any city in the world," he said. "The important thing is that [security forces] are there to stop them."

Samawah police say they are battling a militia associated with the Al Mahdi army of Shiite cleric Muqtada Sadr, but Sadr associates said Sunday that the militia involved in the fighting is an offshoot led by a local Shiite cleric feuding with rival tribes.

The conflict in Samawah began Dec. 1, when gunmen attempted to rescue detainees from a local prison, killing three people, according to local hospital staffers. Militia leaders agreed to a cease-fire with police and provincial officials two days later, then apparently broke the agreement Friday after clashing with police at checkpoints near local mosques.

A Sadr associate, who spoke on condition that his name not be used, said the Samawah militia is led by Sheik Ghazi Zurgani, a renegade cleric. The Sadr associate said Sadr was distancing himself from the Samawah militia and stood by the Dec. 3 cease-fire.

But Qusai Abdul-Wahab, a member of Sadr's party in parliament, blamed the latest conflict on local police, who he said provoked militias Friday by opening fire on Shiite worshipers as they celebrated a religious anniversary. He called the police "provocative and intimidating."

"They are dealing with people as if they are still in the Saddam era," he said.

Jaafar Abdul Razzaq, a spokesman from Sadr's Samawah office, said the militia would not stop fighting until police released about 30 militia members detained since Friday. Police officials said they were negotiating another cease-fire with militia leaders.

Saad Aziz, a Shiite member of the Samawah city council, said local Shiites were divided by tribe and political party, with some loyal to Sadr's parliamentary bloc, others to another leading Shiite party, the Supreme Council for Islamic Revolution in Iraq, or SCIRI.

"The Ziad tribe itself is now divided among those who support SCIRI and those who are supporting Sadr," Aziz said, referring to one of the area's major clans. "There is now internal fighting inside the tribe itself."

Abdul Hussein Dhalimi, the acting governor of Muthanna province and a SCIRI member, said he met Sunday with provincial leaders and with delegates from the nearby holy Shiite cities of Karbala and Najaf to "settle things down in the province."

"The security forces are controlling the situation. The city is under their control," he said, adding that local leaders would not negotiate with the militia until it disarmed. "The arms must be carried by the security forces only," he said.

Muthanna, of which Samawah is the capital, is one of the three provinces out of 18 transferred to Iraqi security control since 2003. British forces handed over control of Muthanna nearly six months ago. Italian forces transferred neighboring Dhi Qar province in September, and last week, U.S. forces handed over nearby Najaf province.

The British left behind an "overwatch battle group" in Muthanna of about 800 Australian soldiers responsible to local and national Iraqi authorities, according to Capt. Tane Dunlop, a British forces spokesman.

Iraqi authorities did not ask for support from Australian forces in Samawah on Sunday, Dunlop said, but the Australian troops were "keeping an eye on the situation."

"There seems to be a standoff up there, and the Iraqi forces have it under control," Dunlop said, adding that the Australians were staying out of the fighting out of respect for the fledgling provincial security forces. Getting involved, even to crush a rogue militia, might undermine Iraqi sovereignty, he said.

"The whole point is to hand over control to all the provinces. If we hand over control, we can't go around saying how people should handle that control. They'll deal with things the way they see fit," he said. "We can't keep sort of charging back in."

Also on Sunday, the U.S. military announced that six soldiers had been killed Saturday.

Three soldiers in the 89th Military Police Brigade were killed by a roadside bomb while on patrol in east Baghdad, and another soldier with the 3rd Brigade Combat Team, 1st Cavalry Division, died in an explosion in Diyala province.

A roadside bomb southeast of the capital killed one soldier on patrol and wounded four, and another roadside bomb southwest of the capital killed a soldier on a combat resupply mission.

Their deaths brought U.S. troop fatalities since the conflict began to 2,969, according to icasualties.org.

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The military also released a statement saying it had detained four suspected insurgents in central Baghdad.

Several mortar attacks were reported in Baghdad on Sunday, including an afternoon assault on an athletic club and an attack on a Shiite neighborhood in the northern part of the city. Baghdad police reported recovering 29 bodies in the 24-hour period ending Sunday. Elsewhere in the country, a suicide bomber killed seven Iraqi police and injured 30 others in the city of Muqdadiya, about 60 miles northeast of the capital, officials said. In the northern city of Kirkuk, gunmen killed two brothers, according to police Lt. Salah Juboori.

Meanwhile in Baghdad, where U.S. forces have stepped up raids in recent weeks, residents of the Kamaliya neighborhood in the eastern part of the city protested Sunday after U.S. soldiers blocked the area to cars and pedestrians with barbed wire at 5 a.m., searching homes and shops for insurgents and weapons, witnesses said.

Resident Mohammed Abu Zahara, 34, was stuck at home with his family, without heat or electricity, thankful he went to the market Saturday and didn't need to go out. He watched as neighbors, unable to work or run errands, were forced to open their homes to U.S. troops.

British Soldiers Storm Iraqi Jail, Citing Torture (NYT)

By Marc Santora

The New York Times, December 26, 2006

BAGHDAD, Dec. 25 — Hundreds of British and Iraqi soldiers assaulted a police station in the southern city of Basra on Monday, killing seven gunmen, rescuing 127 prisoners from what the British said was almost certain execution and ultimately reducing the facility to rubble.

The military action was one of the most significant undertaken by British troops since the 2003 invasion, British officials said, adding that it was an essential step in any plan to re-establish security in Basra.

When the combined British and Iraqi force of 1,400 troops gained control of the station, it found the prisoners being held in conditions that a British military spokesman, Maj. Charlie Burbridge, described as “appalling.” More than 100 men were crowded into a single cell, 30 feet by 40 feet, he said, with two open toilets, two sinks and just a few blankets spread over the concrete floor.

A significant number showed signs of torture. Some had crushed hands and feet, Major Burbridge said, while others had cigarette and electrical burns and a significant number had gunshot wounds to their legs and knees.

The fetid dungeon was another example of abuses by the Iraqi security forces. The discovery highlighted the continuing struggle to combat the infiltration of the police and army by militias and criminal elements — even in a Shiite city like Basra, where there has been no sectarian violence.

As recently as October, the Iraqi government suspended an entire police brigade in Baghdad on suspicion of participation in death squads. The raid on Monday also raised echoes of the infamous Baghdad prison run by the Interior Ministry, known as Site 4, where more than 1,400 prisoners were subjected to systematic abuse and torture.

The focus of the attack was an arm of the local police called the serious crimes unit, which British officials said had been thoroughly infiltrated by criminals and militias who used it to terrorize local residents and violently settle scores with political or tribal rivals.

“The serious crimes unit was at the center of death squad activity,” Major Burbridge said.

A little over a year ago, British troops stormed the same building seeking to rescue two British special forces soldiers who had been captured by militants. A mob of 1,000 to 2,000 people gathered in protest, and a widely circulated video showed boys throwing stones at a burning British armored fighting vehicle parked outside the station. The soldiers, who were being held in a nearby building, were eventually freed.

Although some local officials, including Basra’s police chief, publicly condemned the action, local residents privately said they were grateful, and described what they said was an organization widely feared for its brutality.

“They are like savage dogs that bite when they are hungry,” said one resident, who spoke anonymously for fear of retribution. “Their evaluation of guilt or innocence is how much money you can pay.”

Residents said that people were afraid to challenge the officers because they were backed by powerful militia groups, including the Mahdi Army, which is led by the rebel cleric Moktada al-Sadr, though the extent of his control is unclear.

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"Everyone wants to avoid the mouth of the lion," one resident said. "From this, they became stronger and stronger."

Major Burbridge said that the dismantling of the serious crimes unit had been planned for months.

As far back as 2004, he said, there was a growing realization that the police had been widely infiltrated by members of various militias and elements of organized crime. To combat their influence, the British have been trying to cull them from the forces in a campaign that began in September.

After trying to determine who was fit to serve in the police, the British began outfitting trusted officers with sophisticated identification cards meant to limit the access of impostors to police intelligence, weapons and vehicles.

In late October, gunmen — believed by the British to have been connected to the serious crimes unit — ambushed a minibus carrying 17 employees of a new police academy and killed them all. Their mutilated remains were dumped in the Shuaiba area of the city in an effort to intimidate the local population.

"It had simply gone beyond the pale and it was clear it was time for the serious crimes unit to go," Major Burbridge said in an interview.

While they had planned to take over the station on Monday, British forces had to speed up the operation by several hours. "We received information late last night," Major Burbridge said Monday, "that the crimes unit was aware this was going to take place and we received information that the prisoners' lives were in danger."

More than 800 British soldiers, supported by five Challenger tanks and roughly 40 Warrior fighting vehicles, began their assault at 2 a.m. on Monday. They were aided by 600 Iraqi soldiers.

The British force faced the heaviest fighting as it made its way through the city, coming under sporadic attacks by rocket-propelled grenades and small-arms fire. Of the seven guerrillas killed, six were gunned down as the unit made its way to the police station.

Upon reaching the station, British troops killed a guard in a watchtower who had fired on the approaching forces, but there was little other resistance.

The members of the serious crimes unit who had been occupying the building, several dozen, according to the British military, fled and were not caught. The British forces turned over the prisoners to the regular Iraqi police, who put them in a new detention facility.

The two-story building, once used by Saddam Hussein's security forces, was then demolished, in an attempt to remove all traces of the serious crimes unit, Major Burbridge said.

The battle lasted nearly three hours. There were no British casualties, but the streets around the station were littered with bombed-out cars and rubble.

The violence in Basra, Iraq's second largest city, is different from that in Baghdad to the north or Anbar Province to the west, Major Burbridge said.

The killing in Baghdad in recent months has primarily been the result of sectarian violence, as Shiites have sought to drive Sunnis from mixed neighborhoods and Sunnis have retaliated. On Monday, at least 10 civilians were killed and 15 were wounded when a car bomb exploded in the mixed neighborhood of Jadida.

In northeastern Baghdad, a suicide bomber with explosives tied to his body blew himself up on a crowded bus, killing 2 people and wounding 20 others.

An American soldier also died Monday in Baghdad in a roadside bomb attack.

In Sunni-controlled Anbar Province, where the fighting is mainly between insurgents and American troops, two American soldiers were killed in fighting on Sunday.

In southern cities like Basra, dominated by Shiites, the fighting is a combination of battles between rival militias vying for power, warring tribes and organized crime, Major Burbridge said.

"In northern Basra, the fighting is mainly between three warring tribes," he said. "The death squads are typically related to political maneuvering and tribal gain. Then there are rogue elements of militias aiming attacks on the multinational forces. You throw all those elements into a melting pot and you get a picture of the complexity of what we are facing."

Hundreds Disappear Into The Black Hole Of The Kurdish Prison System In Iraq (NYT)

DOJ_NMG_0108687

By C. J. Chivers

The New York Times, December 26, 2006

SULAIMANIYA, Iraq — The inmates began their strike with an angry call. "Allahu akbar!" they shouted, 120 voices joining in a cadence punctuated by whoops.

They thrust their arms between the metal bars and ripped away the curtains and plastic sheets covering the windows facing the prison courtyard. Their squinting faces were exposed to light.

Their Kurdish guards gathered, ready to control a prison break. There was no break. The inmates were able only to shove their bunks against the doors and barricade themselves in their cells. They settled into a day of issuing complaints.

They were not allowed the Koran, they said. Their rations were meager and often moldy. Sometimes the guards beat them, they said, and several inmates had disappeared. The entire inmate population had either been denied trials or had been held beyond the terms of their sentences, they said — lost in legal limbo in the Kurdish-controlled region of Iraq.

The prison strike here, on Dec. 4, ended when the local authorities agreed to transfer three unpopular guards and to allow copies of the Koran in the cells. But it exposed an intractable problem that has accompanied Kurdish cooperation with the United States in Iraq.

The Kurdish prison population has swelled to include at least several hundred suspected insurgents, and yet there is no legal system to sort out their fates. So the inmates wait, a population for which there is no plan.

The Kurdish government that holds the prisoners says they are dangerous, and points out that the population includes men who have attended terrorist or guerrilla training in Iraq or Afghanistan. But it also concedes to being stymied, with a small budget, limited prison space and little legal precedent to look back on.

"We have not had trials for them," said Brig. Sarkawt Hassan Jalal, the director of security in the Sulaimaniya region. "We have no counterterrorism law, and any law we would pass would not affect them because it would not be retroactive."

The problems reach back to before the American-led invasion, when northern Iraq was a Kurdish enclave out of Saddam Hussein's control.

At the time, the Kurds in northeastern Iraq were fighting Ansar al-Islam, a small insurgent and terrorist group that seized control of a slice of territory along the Iranian border in 2002.

The Kurds captured several prisoners and suspected terrorists, but had no clear idea what to do with them, other than to hold them in cells.

Several weeks after the war started in 2003, an attack by American special forces and Kurdish fighters pushed Ansar al-Islam off Kurdish turf. But the border with Iran had not been sealed before the attack. Most of the insurgents escaped.

In the years since, Ansar al-Islam's ideological war has spread throughout Sunni Arab regions of Iraq, becoming a far more dangerous insurgency. Kurdish jails have swelled with people accused of participating in it.

Many of the detained men exude menace. But others claim they are innocent. And Kurdish officials say they have a limited capacity to disentangle the groups.

Brig. Hassan Nouri, the Kurdish security official responsible for the prisons in northeastern Iraq, said the detainees are in a status resembling that of the American-held detainees in Guantánamo Bay. "We cannot let them go, and we will hold them as long as we have to," he said.

The population's size is unclear. In this prison run by the local security service on a Kurdish military base at Sulaimaniya's outskirts, 120 accused insurgents are held.

Hania Mufti, a researcher for Human Rights Watch who has investigated the prison conditions and the absence of due process for the inmates, said that about 2,500 people are being held by the security services of the two ruling Kurdish parties. She estimated that two-thirds of them are accused of participating in the insurgency.

Ms. Mufti said she has encouraged Kurdish political leaders to set up an independent commission to review each of the accused insurgents' cases.

"We're not saying, 'throw open the doors of the prisons,' " she said, but rather are suggesting that the Kurds create a means to examine the merits of each man's detention, and to determine why and whether each of them should be held and for how long, and under what conditions.

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Kurdish officials have not yet developed such a policy; the detainees are essentially warehoused. The strike in early December exposed the strains the unresolved status has placed on the Kurdish government and the inmates alike.

The four visible cells here, spaces of about 7 yards by 8 yards, each were packed with 30 men. The men shared a toilet on the floor outside the cells, in a hall. The group seethes. One inmate shouted at two journalists through the bars. "Stop your hatred toward Islam!" he said. "Otherwise we will kill you!"

Speaking from a law enforcement perspective, Mr. Jalal said the close quarters and evident anger had made many of the inmates more radical, and that the prison serves as an insurgents' nest.

The detainees themselves blame the Kurds. As the disruption began, one inmate who had been outside the cells to meet a family member was swiftly pushed into a guard bunkroom and left with two journalists.

The man, Yunis Ahmad, 34, of Kirkuk, said he had been held two years without being charged. He was briefly detained, he said, by the American military, and then turned over to the Kurds.

Behind him on the wall of the guard's room hung two pieces of heavy electric cable, a common tool for beatings.

Mr. Ahmad said that the Americans had treated him decently, interviewing him politely and giving him food and juice. But since being in Kurdish custody, he said, he had been tortured, including having a bed placed on him and then being nearly crushed with weights and having his arms almost pulled from his shoulder sockets by the guards.

"I promise you, if they pulled your arms like that, you will confess to being in Al Qaeda," he said.

He was an Islamic cleric, he said, and his brother was an insurgent. He said he did not know the reasons for his incarceration. "The people who are here don't know why they are here," he said.

Later, other prisoners spoke through their windows and cell doors.

One man, Ahmed Jamal, 24, said he was an Australian citizen and had been held without being charged since he was arrested by Kurdish authorities in Aug. 2004.

"They don't give us enough to drink," he said. "They don't give us medicine." He pointed to a middle-aged man who was moaning on a bunk, semi-conscious, and said that the authorities would not provide the man with medical treatment.

Mr. Jamal's own journey into custody appeared strange. Kurdish authorities said that Mr. Jamal came to Iraq to join the insurgency, a topic Mr. Jamal was evasive about.

He said he had flown to Baghdad in 2004 because he planned to drive into Jordan illegally, and was then arrested in Mosul by the Kurds. He could not fly directly to Jordan, he said, because the Jordanian government considered him a terrorist, which he said he was not.

Asked how he ended up in Mosul, which is not on the way to Jordan from Baghdad, he shrugged, and said, "My plans changed."

Andrew S. Todd, a senior spokesman for the Australian Department of Foreign Affairs, confirmed by telephone that Mr. Jamal is an Australian citizen. He added that he had been visited by consular officials, who have been discussing his circumstances with the Kurdish authorities. He declined to discuss the case further, citing diplomatic protocol.

Another inmate, Haqi Ismail Ibrahim, an Iraqi Arab who had trained with the Taliban in Afghanistan before the terrorist attacks in the United States in 2001, said he had been held without charges or a legal hearing for more than five years. (Mr. Ibrahim has been held since at least 2002, when he was previously interviewed by The New York Times.)

He said 10 to 15 other inmates have vanished, and that he feared they had been executed. "We asked the Red Cross to search for these people," he said through the bars. "But they do not know where they are."

One of the prisoners who Mr. Ibrahim said was now missing, Qais Ibrahim Khadir, was captured in 2002 after an assassination attempt against Barham Salih. Mr. Salih was then the prime minister of the eastern Kurdish enclave and is now a deputy prime minister of Iraq. Five Kurdish guards were killed in the attempt.

Mr. Salih later said he wanted to spare Mr. Khadir's life, as part of an example of official restraint and respect for life in a country that had endured unchecked state violence under Mr. Hussein. Other Kurdish officials, in interviews in 2002 and 2003, dismissed such notions as fancy, and said Mr. Khadir would be executed.

Mr. Khadir's fate has never been disclosed. Mr. Jalal and Mr. Nouri would say publicly only that he is no longer in his custody.

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The International Committee for the Red Cross has an office in Sulaimaniya. Its head of mission declined to comment about the prisoners' allegations, other than to say that the organization visits the prison and the inmates and is in contact with the Kurdish authorities.

The United States military said it was also not directly involved in these jails. "We just don't have that role in the Kurdish legal system," said Maj. Derrick W. Cheng, a spokesman for the Third Brigade, 25th Infantry Division. "We have security overwatch in the area, but we don't have an immediate or direct role in the prisons."

U.S. Military Death Toll In Iraq Exceeds Number Of Deaths In Sept. 11, 2001, Attacks (USAT/AP)

By The Associated Press

USA Today, December 25, 2006

BAGHDAD (AP) — Two more American soldiers were killed in Iraq, officials said Tuesday, pushing the U.S. military death toll to at least 2,974 — one more than the number killed in the Sept. 11, 2001, attacks.

The tragic milestone came with the deaths of the two soldiers Monday in a bomb explosion southwest of Baghdad, the military said.

The deaths — announced Tuesday — raised the number of troops killed to 2,974 since the beginning of the Iraq war in March 2003, according to an Associated Press count. The figure includes at least seven military civilians.

The Sept. 11, 2001, attacks claimed 2,973 victims in New York, Washington and Pennsylvania. Opponents of President Bush have criticized him for raising the attacks as a justification for the protracted fight in Iraq.

"The joint patrol was conducting security operations in order to stop terrorists from placing roadside bombs in the area," the military said in a statement on the latest deaths. "As they conducted their mission, a roadside bomb exploded near one of their vehicles."

Another soldier was wounded in the explosion, the military said.

On Monday, the U.S. command announced the deaths of two other soldiers and a Marine. It said one soldier died and two were wounded when a roadside bomb exploded near a U.S. military vehicle in southern Baghdad on Monday. An American soldier and a Marine died Sunday from combat wounds suffered in Anbar province.

Prior to the deaths announced Tuesday, the AP count was 15 higher than the Defense Department's tally, last updated Friday at 10 a.m. ET. At least 2,377 died as a result of hostile action, according to the military's numbers.

The British military has reported 126 deaths; Italy, 33; Ukraine, 18; Poland, 18; Bulgaria, 13; Spain, 11; Denmark, six; El Salvador, five; Slovakia, four; Estonia, Netherlands, Thailand, two each; and Australia, Hungary, Kazakhstan, Latvia, Romania, one death each.

On Monday, British soldiers backed by tanks raided a police station in the southern city of Basra, killing seven gunmen in an effort to stop renegade Iraqi officers from executing their prisoners, the British military said.

After the British stormed the Basra police station, they removed the prisoners, who showed evidence of torture, then evacuated the building before blowing it up.

The operation showed how closely aligned some police units are with militias and death squads — and the challenges coalition forces face as they transfer authority for security to Iraqis.

In Baghdad, police found 40 bodies, apparent victims of sectarian violence. A car bomb exploded beside a market and a suicide bomber struck a bus in separate attacks that killed 14 civilians and wounded at least 33.

In the Basra raid, the British set out to arrest officers with the station's serious crimes unit who were suspected of involvement with Shiite death squads. Seven members of the rogue police unit were apprehended three days ago in other raids, said a British spokeswoman, Royal Navy Lt. Jenny Saleh.

"We had intelligence to indicate that the serious crimes unit would execute its prisoners in the coming days, so we decided to intervene," Saleh said.

British troops were fired on as they approached the station and their return fire killed seven gunmen, said Maj. Charlie Burbridge, another British military spokesman.

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British and Iraqi forces transferred all 76 prisoners at the station to another facility in downtown Basra, he said. Some prisoners had "classic torture injuries" such as crushed hands and feet, cigarette and electrical burns and gunshot wounds in the knees, Burbridge said.

The British demolished the building in an effort to disband the unit. "We identified the serious crimes unit as, frankly, too far gone," Burbridge said. "We just had to get rid of it."

The unit's members, he alleged, were involved in tribal and political feuds in southern Iraq, which is mostly Shiite. They were not, he said, engaged in the kind of sectarian reprisal killings that have terrorized mixed neighborhoods of Baghdad.

Most of Britain's 7,200 troops in Iraq are based in the Basra area.

Mohammed al-Askari, a spokesman for Iraq's Defense Ministry, said the operation was coordinated with the Iraqi government. "Multinational forces got approval for this raid from this ministry and with participation of the Iraqi army," he said.

U.S. Army Lt. Gen. Martin Dempsey, who is in charge of training Iraqi forces, said in Washington last week that efforts were underway to weed out Iraqi national police believed to be sympathetic to the militias.

Up to a quarter are thought to be aligned with the militias, which are engaged in sectarian violence.

The establishment of a viable Iraqi police force is vital to the U.S.-led coalition's goal of handing responsibility for security to Iraqis, so foreign troops can return home.

In another sign of lawlessness in Basra, gunmen on Monday robbed $740,000 from a bank about half a mile from the raided police station.

The car bomb in Baghdad, meanwhile, struck a mostly Shiite district to the east that attracts crowds of shoppers and laborers looking for work.

In another part of eastern Baghdad, a suicide bomber exploded in a minibus, killing three people and injuring 19, police said.

Another suicide bomber killed two policemen at a checkpoint at a university entrance in Ramadi, capital of Anbar province, a stronghold of the Sunni-dominated insurgency.

The deaths came a day after Iraq's interior minister said attacks targeting police had killed some 12,000 officers since the 2003 fall of Saddam Hussein.

Christians attended Christmas services in Baghdad and northern Iraq, home to most of Iraq's 800,000 Christians. Some in Baghdad stayed home, however, fearing violence.

Christians are on the fringes of the conflict, which mostly involves Shiite Muslims and Sunni Arabs — but they have been targeted by Islamic militants.

"I hope next year will bring good things and unite all Iraqis because there is no difference between Christians and Muslims," said Abu Fadi, a worshipper who does not use his Christian name because he fears for his safety. "May God bring relief from this."

In another sign of escalating diplomatic tensions between the U.S. and Iran, the White House said Monday that U.S. troops in Iraq detained at least two Iranians and released two others who had diplomatic immunity.

U.S. officials have charged that Iran provides training and other aid to Shiite militias in Iraq — including the equipment used to build roadside bombs. The Tehran regime says it only has political and religious links with Iraqi Shiites.

But Iran is believed to be expanding its shadowy role in Iraq, partly to counter U.S. influence in the region.

In Baghdad, a spokesman for Iraqi President Jalal Talabani confirmed that U.S. troops had detained two Iranians who were in Iraq at his invitation. "The president is unhappy about it," said Hiwa Osman, Talabani's media adviser.

He gave no further details, and the U.S. military said it had no comment.

"We suspect this event validates our claims about Iranian meddling, but we want to finish our investigation of the detained Iranians before characterizing their activities," White House spokesman Alex Conant said Monday. "We will be better able to explain what this means about the larger picture after we finish our investigation."

He said that a routine raid on suspected insurgents netted the Iranians. Two had diplomatic immunity and were released to the Iraqi government, which then released them to Iran, Conant said.

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Troop Push Is Personal For McCain (WP)

By Elizabeth Williamson

The Washington Post, December 25, 2006

As the Iraq Study Group issued its long-awaited report on the war, declaring that the United States should not dispatch more troops, Sen. John McCain reacted with his long-held and contrary view: It will take more boots on the ground, or the nation faces "sooner or later, our defeat in Iraq."

Then the Arizona Republican discreetly flew to San Diego, where the next day, Dec. 8, he sat under a hot sun to watch a skinny 18-year-old in military-issue glasses graduate from boot camp and become a Marine. His son Jimmy.

John McCain's public certainty about Iraq masks a more private and potentially wrenching connection. If more troops go there, as McCain hopes they will, his youngest son could be one of them, taking his place in a line of family warriors that is one of the longest in U.S. history.

Sen.-elect James Webb (D-Va.) also has a son in the Marine Corps named Jimmy. On the campaign trail, Webb declined to talk about his son, who is in Iraq, but he wore Jimmy's boots as he called for American forces to come home.

McCain has not drawn any attention to his son and declined to be interviewed for this article.

A leading contender for the GOP presidential nomination, McCain has been one of the few and among the most vocal politicians pressing for more troops in Iraq. "We left Vietnam, it was over, we just had to heal the wounds of war. We leave this place . . . and they'll follow us home," he said on a news show recently. "So there's a great deal more at stake."

McCain's own father faced the anguish of sending a son to war. Adm. John McCain Jr., who commanded Pacific forces during the Vietnam War, ordered airstrikes on Hanoi even while his son, a Navy pilot, was imprisoned there after being shot down.

McCain was held captive for more than five years, repeatedly beaten and tortured. On more than one occasion, the North Vietnamese offered to release him as a propaganda move to shame his father. McCain, citing a prisoners' code of conduct requiring that POWs be released in order of capture, refused.

During McCain's imprisonment, his father, while privately collecting every scrap of information about his son that he could, "made an ironclad rule that no one would talk about his son around him," said Torie Clark, who was a staffer for the younger McCain and a Pentagon spokeswoman. "He wanted to make sure he made decisions based on what was right for U.S. forces . . . not what would be good or bad for his son.

"I'm not surprised that the current John McCain separates the private from the public."

In "Faith of My Fathers," the family memoir McCain wrote in 1999 with Mark Salter, his chief of staff, he recalls the prisoners' jubilation at the 1972 bombing of Hanoi, ordered by his father, that helped end the war. His thoughts foreshadowed his position on Iraq:

"The misery we had endured . . . was made all the worse by our fear that the United States was unprepared to do what was necessary to bring the war to a reasonably swift conclusion," the authors wrote.

"No one who goes to war believes once he is there that it is worth the terrible cost of war to fight it by half measures," they wrote. "War is too horrible a thing to drag out unnecessarily. It was a shameful waste to ask men to suffer and die, to persevere through awful afflictions and heartaches, for a cause that half the country didn't believe in and our leaders weren't committed to winning."

Those who know McCain say they are not surprised that his children would feel a call to duty -- his son Jack is a Naval Academy midshipmen -- and that the senator would not allow his paternal concerns to influence his thinking about how the war should be conducted.

"I get a feeling that he sometimes must think he's seeing an old movie being played back," said George "Bud" Day, who was McCain's cellmate in Hanoi and remains close to him now. "There's no doubt his kids have the McCain genes. That means they're going to war."

McCain's view of the war and his family history is born of "his sense of duty, that is so deeply ingrained . . . there were probably times that he felt a prisoner of it," said Robert Timberg, who has written a book about McCain and who, the senator has said, "knows more about me than I do."

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McCain has spoken publicly about Jimmy only once. In response to questions from Time magazine in June, as his son prepared for boot camp, he said, "I'm obviously very proud of my son, but also understandably a little nervous." After the interview, the magazine reported, McCain tried to get the story killed.

His reluctance to publicly discuss his thoughts about his son going to Iraq is a sign of decency, said Timberg, a fellow Annapolis graduate and Vietnam veteran. But there is another reason, common to fathers with sons in war.

"The last thing in the world he'd want to do," Timberg said, "is to anger the gods."

Jimmy McCain is an outgoing young man who told his fellow recruits that he had no ambition for politics, recalled Lance Cpl. Dominic Stam, 17, who served in a platoon with him for a time.

"On the very first day, I felt sorry for him because all the drill instructors already knew who he was," Stam said. Over three months of rigorous training, 80 of the 500 recruits quit. McCain "did really well" and "was a squad leader for a while," he said. "He started out as John McCain's son . . . and became Private McCain, just another Marine."

Stam said McCain signed up for the infantry. He reports to Camp Pendleton for more training in early January and could deploy by mid-2007. "He decided to choose one of the most dangerous jobs in the Marine Corps, and I respected him for it," Stam said. "He could have chosen something where he would be safe."

On graduation day, Stam scanned the military officers and family on the reviewing stand. There was John McCain, in suit and sunglasses.

"He sat there like a normal parent," Stam said. "He looked proud to me. I can't imagine a parent not being proud."

Staff researcher Madonna Lebling and research editor Alice Crites contributed to this report.

Old Iraq Strategy Lives On In Weekly Progress Reports (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, December 26, 2006

Despite Upbeat Details, Updates Paint a Picture of Failure

A year ago, President Bush announced a new plan for Iraq, framed around "eight pillars" of U.S. policy for victory. In the past month, the president and his national security team have been busily working on a new recipe for success in Iraq, having declared the previous plan a failure.

But never mind what the politicians are doing. The bureaucracy churns on.

The State Department continues every Wednesday to issue a 30-page public report that details exactly how the U.S. government is meeting the goals set forth in the president's now-abandoned plan. The report frames the data around Bush's storied eight pillars, which include such goals as "Defeat the Terrorists and Neutralize the Insurgents" (Pillar 1) and "Increase International Support for Iraq" (Pillar 7).

In many ways, the report is a microcosm of the administration's lost year in Iraq. The reams of details aimed at touting success belie the fact that few of the goals are being met.

The report is often upbeat as it presents some of the most minuscule factoids of the situation in Iraq. The Dec. 13 report noted that on Dec. 7, 40 sheikhs from across Diyala province met "to discuss ways to maintain peace and stability" and that on Dec. 9, U.S. soldiers discovered a factory for making improvised explosive devices in a house in Baqubah.

But the bottom-line graphs tell a story of failure. Under Pillar 5 ("Help Iraq Strengthen Its Economy") the reports show that week after week, the Iraqis cannot meet their goals for crude oil production. Another chart shows that efforts to build a 15-day supply of all refined products, such as diesel and gasoline, are woefully behind schedule, reaching a peak of a four-day supply.

Under Pillar 7, increasing international support, the trends are on the decline. The first report of the year showed that 28 countries, in addition to the United States, contributed 23,000 troops to coalition forces. By last week's report, the number of countries had fallen to 25 -- and the number of troops was down to 16,860, a decrease of more than 25 percent. Italy recently dropped off the list when the last of its troops departed.

One figure has not really budged: the $20 billion apportioned for rebuilding Iraq (under Pillar 4, "Help Iraq Build Government Capacity and Provide Essential Services"). That is because the administration ran out of money for rebuilding Iraq, in part because about 25 percent was diverted to security. The latest report says that all but $4 billion has been disbursed.

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A State Department official, speaking on the condition of anonymity because he is not authorized to talk to reporters about the report, said it still plays an important role because it provides the administration with a single set of numbers about the situation in Iraq. Previously, State and Defense department officials might have arrived at meetings armed with different data, but "now everyone is talking off the same sheet on music," he said.

There is also a classified version of the report, which includes details on counterterrorism operations, given to top policymakers on Fridays.

The report is prepared not by State Department officials but by a team of about 10 people hired by a management consulting firm. The firm, BearingPoint, has a $2 million contract to produce the report and to manage the process of running Iraq policy in the administration, the State Department official said.

Below the level of the top policymakers, working groups from across the government implement Iraq policy day by day. The BearingPoint employees, who work out of offices in the State Department, arrange the meetings, set the agendas, take notes and provide summaries of the discussions, the official said. They also maintain the Web site of the U.S. Embassy in Baghdad.

The twists and turns of American policy are imperfectly reflected in the report. "Operation Together Forward," the effort this summer to bolster security in Baghdad, which was later deemed a disappointment, was the subject of several upbeat reports but then seemed to fade in importance. During the spike in violence in October, the report noted that the Iraqi Ministry of Interior had recalled a police brigade for more training after "possible complicity with sectarian violence," though it brightly added that the training "will improve the professionalism and confidence within the national police."

The report seemed uncertain how to treat the release of a report by the Iraq Study Group, the independent bipartisan panel that criticized the administration's policy and spurred the White House to come up with a new plan. The earliest mention of the study group's report, in the Dec. 13 edition, came under Pillar 3, "Help Iraqis to Forge a National Compact for Democratic Government."

The headline said it all: "Iraqi Leaders Blast Iraq Study Group's Report." The State Department, perhaps in an effort to demonstrate the unity of Iraqi leaders, then devoted a whole page to negative quotes about the panel's recommendations.

The Dec. 20 report featured one curious item. Under the rubric of increasing international support, the report highlighted a visit to Damascus, Syria, by Sens. John F. Kerry (D-Mass.) and Christopher J. Dodd (D-Conn.). The senators "arrived in Syria December 19 to discuss how Damascus could help bring stability and security in Iraq," the report said, noting that another senator, Bill Nelson (D-Fla.), met with Syrian President Bashar al-Assad in early December.

The State Department had strongly discouraged the trips, saying Syria is a key source of problems in Iraq.

CORPORATE SCANDALS:

DCX Probe Spans Globe (DETNEWS)

By David Shepardson

Detroit News, December 26, 2006

Internal probe reveals bribes; ex-FBI chief hired as monitor

WASHINGTON -- DaimlerChrysler AG has hired former FBI director Louis Freeh to serve as an outside monitor as it nears the end of a two-year internal investigation that has uncovered multiple instances of bribery by company employees, according to people familiar with the situation.

The massive internal investigation found employees at the automaker's Mercedes division bribed officials in Asia, Africa and Eastern Europe, the people said.

The bribery allegations, brought to light in 2004 by company whistle-blowers, also are the focus of a civil investigation by the Securities and Exchange Commission and a criminal probe by the Justice Department.

Company officials would not comment on the findings of the internal probe.

"The company is very determined to operate our business with the highest ethical standards. We take these matters very seriously," DaimlerChrysler spokesman Han Tjan said. "We're still conducting our investigation."

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At its height, the internal investigation led by prominent Washington, D.C., attorney Robert Bennett involved 85 lawyers and nearly as many accountants reviewing millions of documents and conducting hundreds of interviews. The company's legal, accounting and consulting bills connected to the probe have topped tens of millions of dollars, a person familiar with the matter said.

Investigators traveled to 25 countries and interviewed dozens of people, including former DaimlerChrysler Chairman Juergen Schrempp and other executives, the people said. Investigators also uncovered evidence of secret bank accounts.

This fall, DaimlerChrysler hired Freeh as a consultant to monitor the company's compliance with anti-bribery regulations and to review its internal investigation. Freeh's hiring hasn't been announced publicly.

Efforts by The News to reach Freeh, who works as a consultant to companies facing legal issues, were unsuccessful.

DaimlerChrysler has been regularly debriefing the SEC and Justice Department on the findings of its investigation and has turned over interview summaries and documents.

The bribes were seen by some company officials as an accepted way of doing business in many countries, according to people familiar with the investigation. In some cases, the amount of bribes was based on how many Mercedes vehicles were sold in a given market, the people said. In certain instances, investigators struggled to follow the money trail because intermediaries were used.

While DaimlerChrysler's internal probe is nearing completion, federal officials aren't expected to complete their investigations until 2007. Serious settlement discussions aren't expected until early next year.

Aiming to minimize penalties

DaimlerChrysler is clearly aiming to minimize any fines or sanctions by hiring Freeh as an internal monitor and providing federal investigators with the findings of the exhaustive internal investigation.

DaimlerChrysler, which is based in Stuttgart, Germany, and controls the Auburn Hills-based Chrysler Group, could face charges under the Foreign Corrupt Practices Act, a 1977 law designed to prevent U.S. companies from acting unethically abroad, because its stock is listed on the New York Stock Exchange.

German companies could deduct certain types of bribes on their taxes until the late 1990s.

German prosecutors in Stuttgart also are investigating whether the company violated anti-bribery and disclosure laws.

In March, DaimlerChrysler revealed in its annual report that an undisclosed number of executives have been disciplined or fired as a result of the investigation and admitted that "improper payments" were made in Asia, Africa and Eastern Europe.

The company reduced 2005 net income by $84.5 million and 2005 operating profit by $21 million to account for the improper payments. It also faces the prospect of having to pay back taxes. Still unclear is how much senior executives knew of the arrangements.

No U.S.-based employees are believed to be involved.

Whistle-blower cases settled

On Dec. 6, the company settled the last of two 2004 whistle-blower suits filed in U.S. District Court in Detroit that prompted the probe. Christine Holtzmann had alleged the company ignored reports of accounting fraud and mishandled audits. She said she was fired in December 2003 after an 18-year career with the automaker after speaking up about the fraud.

In July 2005, DaimlerChrysler settled a 2004 wrongful-firing suit filed in U.S. District Court in Detroit by former Chrysler accountant David Bazzetta.

Bazzetta claimed he was fired in January 2004 in part because he talked to superiors about as many as 40 secret bank accounts maintained by the Mercedes unit to bribe foreign government officials.

He said in his lawsuit he learned of the bank accounts during a corporate audit committee meeting in July 2001 in Stuttgart. According to court filings, Bazzetta claimed a vice president of corporate audit, Hubertus Buderath, told a group "a common practice of Daimler Benz was the use of secret bank accounts to bribe government officials." Buderath allegedly told then-chairman Schrempp that 40 of those accounts still existed and "were buried deep in (the company's) balance sheet." Schrempp denied knowledge of any accounts.

SEC lawyers interviewed Bazzetta and Holtzmann.

Point man is powerful lawyer

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The point man for DaimlerChrysler in the internal investigation is Bennett, a high-powered attorney who has represented Enron and KPMG in corporate scandals. He was President Clinton's personal attorney in the Paula Jones civil case and is a partner in Skadden, Arps, Slate, Meagher & Flom LLP.

Bennett declined to comment.

Skadden partner Colleen Mahoney, a former deputy director of enforcement at the SEC, who is also involved in the DaimlerChrysler internal investigation, could not be reached. Two other Skadden Arps partners, former assistant U.S. attorney Gary DiBianco and Mitchell Ettinger, a former chief prosecutor for the Air Force, also have been involved in the probe.

Mark F. Mendelsohn, deputy chief of the Justice Department's fraud section, and Frederic D. Firestone, an SEC associate director of enforcement, who are overseeing the government's investigations into DaimlerChrysler, also declined to comment.

Numerous German companies have faced bribery investigations -- Volkswagen AG for allegedly bribing union officials and most recently engineering giant Siemens AG for allegedly bribing customers using secret bank accounts.

Experts said the government's focus on DaimlerChrysler may be to send a message to the world's third-largest economy to take bribery more seriously.

"The U.S. government really wants to encourage the Germans to crack down," said Peter Henning, a Wayne State University law professor and former SEC attorney. "It's the principle here. The amounts are usually never that large. It's surprisingly cheap to bribe public officials in the Third World."

The SEC has ramped up enforcement of its anti-bribery laws recently, filing more than 100 cases in 2006.

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Report: Ex-FBI Boss Aids DaimlerChrysler (AP)

AP, December 26, 2006

AUBURN HILLS, Mich. (AP) -- Former FBI Director Louis Freeh is aiding DaimlerChrysler AG in its internal investigation of bribery allegations involving company employees, a newspaper reported Tuesday.

The Detroit News quoted unidentified sources as saying that the German-American company hired Freeh in the fall.

Freeh is a member of the Gavel Group, which consists of former federal judges "who can provide strategic advice to corporations and law firms on anticipated actions in business, litigation and investigations," according to the group's Web site.

An e-mail message seeking comment from Freeh was left with the Gavel Group before business hours Tuesday.

A DaimlerChrysler spokesman declined comment.

"The company is very determined to operate our business with the highest ethical standards," Han Tjan told the newspaper.

DaimlerChrysler has acknowledged a U.S. Justice Department probe of allegations the company bribed foreign officials with the knowledge of senior executives.

Last year, the Securities and Exchange Commission opened an inquiry after a DaimlerChrysler employee said he was fired for complaining that the company was using secret bank accounts to bribe government officials.

Ex-Trader Tells Story As A Warning (NYT)

By Eamon Quinn

The New York Times, December 26, 2006

GALWAY, Ireland — As an unsupervised young chief trader in Singapore in 1995, Nicholas W. Leeson lost $1.3 billion in frenzied trades in Japanese stock futures and bonds, destroying his employer, the 233-year-old Barings Bank, which had Queen Elizabeth as a customer.

Now, Mr. Leeson, having served four years in prison and survived a bout with colon cancer, has managed to turn those money-losing bets into a money-making enterprise — warning bankers of their continuing vulnerability to rogue traders.

The paradox is that he is earning a very good living from a notorious past, getting £5,000 ($9,800) a speech.

In November, he spoke at an annual dinner of financial regulators in London's financial district and then headed to Amsterdam for a speech to a large firm of auditors. The previous month, he gave a presentation at a Dublin function on banking

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scandals, arguing that he should have been stopped by Barings at an early stage. The British bank, he says, was culpable for failing to supervise him and for accepting the bluster of a young trader who was prepared to disguise his trading losses.

Mr. Leeson, now 39, has recently been freed from an agreement in which he surrendered some of his earnings to the liquidators of Barings, which was sold to ING of the Netherlands. For over a decade, the liquidators had sought to recover money for creditors of the ruined bank.

Seated in a coffeehouse close to the Galway seashore, he still looks every bit the chief trader, dressed in pinstripes.

"I suppose it embodies more where I am now in life and the changes I have been through in the last 15 to 20 years," he said about his new start in the west of Ireland. "Life is a little bit more slow-paced, but there is a quality of life which was possibly missing when I was in Singapore, when it was all about succeeding. I am more happy now."

He spoke of his new day job as general manager of Galway's soccer club, in which he is responsible for everything from shirt sponsorship to planning for a potential redevelopment of the club's stadium. "There's a sea change in the way the club is run today," he said in a softened London accent. His new home, with its large college student population and prosperous computer and tourism industries, has a reputation as Ireland's summertime party town.

Mr. Leeson, who grew up north of London in a working-class family, left school at 18 but managed to land a job in London's financial district in 1985, when the economy was booming. He joined Barings in 1989 as a back-office clerk but did well enough that he was offered a job in Singapore.

He continued to advance, landing a trading job. His successes led to a salary and bonus that was reportedly more than $1 million a year in the early half of the 1990s. But at some point, Mr. Leeson began taking what amounted to a gamble on the direction of Japanese stock prices and interest rates — a gamble that began to go wrong early in 1995.

By the end of February, Barings had collapsed under the weight of more than $1 billion in losses. In December, Mr. Leeson pleaded guilty to two criminal charges that he had illegally covered up his trading losses and was sentenced in Singapore to six and a half years in prison.

But after serving a little over half that prison sentence, he was released in 1999, and offers began to flood in. He did a string of television commercials, including one for a Swedish stock brokerage firm, and was paid $100,000 for an appearance before an audience of Dutch bankers and brokers. "Half went to the liquidators, half to me," he said the other day.

He also wrote a book, "Rogue Trader," while in prison that was later turned into a movie.

He said he believed he had picked the opportunities wisely. "It's one of the things I have done reasonably well since I have been released," he said. "I don't do everything that is offered me."

He is still in touch with some former colleagues in Singapore but is banned from returning to the country. He laughs when asked about his slim prospects of ever working for a bank again.

He mentioned that he still trades currencies — mostly the dollar against the British pound and the euro — through an account at an online brokerage firm. This time, he says, he feels confident in his trading decisions, contending that he was "ill-disposed" to knowing his limitations 11 years ago.

Speaking in mid-November, he confidently predicted that the dollar had further to fall against the pound and euro.

"If I am risking my money it should be O.K.," he said. "If I were employed by a bank, it would be a different matter."

When reminded that the anniversaries of the Barings collapse coincide with his birthday, he replied: "It is one of those quirks of fate. It does not mean a lot other than I am a year older."

He added, "The positive is that it is a further year on" from the events that made his name synonymous with "rogue trader."

Exxon Damages For Valdez Spill Are Cut In Half (WSJ/AP)

By The Associated Press

The Wall Street Journal, December 26, 2006

A federal appeals court cut in half a $5 billion jury award for punitive damages against Exxon Mobil Corp. in the 1989 Valdez oil spill that affected about 1,500 miles of Alaskan coastline.

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The case, one of the nation's longest-running, noncriminal legal disputes, stems from a 1994 decision by an Anchorage jury to award the punitive damages to 34,000 fishermen and other Alaskans. Their property and livelihoods were harmed when the Valdez oil tanker struck a charted reef, spilling 11 million gallons of crude oil.

It is the third time the Ninth U.S. Circuit Court of Appeals ordered the Anchorage court to reduce the $5 billion award, the nation's largest at the time, saying it was unconstitutionally excessive considering U.S. Supreme Court precedent.

This time, in its 2-1 decision, the court ordered a specific amount in damages, while its previous rulings demanded a lower court to come up with its own figures. "It is time for this protracted litigation to end," Chief Judge Mary Schroeder and Judge Andrew Kleinfeld wrote.

U.S. District Judge H. Russel Holland of Anchorage begrudgingly complied in 2002, reducing damages to $4 billion. Exxon, Irving, Texas, again appealed.

The following year, the appeals court ordered Judge Holland to revisit his decision, this time balancing it against a new 2003 Supreme Court ruling that said punitive damages usually couldn't be more than nine times general damages. The Anchorage jury awarded $287 million in general damages and issued punitive damages that were 17 times that amount.

Judge Holland, appointed by President Reagan in 1984, declared Exxon's conduct "reprehensible" and set the figure at $4.5 billion plus interest, ruling that the Supreme Court's precedent didn't directly apply to the case.

Exxon again appealed, and argued it should have to pay no more than $25 million in punitive damages. Exxon spokesman Dave Gardner criticized the appeals-court decision. "The facts of this case do not warrant an award this size," he said. He didn't say whether the company would appeal the decision.

David Oesting, the lead lawyer from Anchorage representing the plaintiffs, said he was considering whether to ask the court to rehear the case with 15 judges or to go to the Supreme Court.

Lots Of Cheer From R.I.M., But No News On Options (NYT)

By Ian Austen

The New York Times, December 25, 2006

OTTAWA, Dec. 24 — James L. Balsillie, the chairman and co-chief executive of Research In Motion, offered plenty of cheery news during an investor conference call last week: quarterly profit up 47 percent from the same period a year ago and a sales increase of 49 percent, largely based on the company's successful move into the consumer market.

On another issue, Mr. Balsillie had no comment: the review of R.I.M.'s stock options grants being undertaken by the independent board directors. The lack of information follows a pattern at R.I.M., the Canadian company that created the BlackBerry and made it a global brand. Ever since late September, when R.I.M. said it had started the review, the company has offered investors and regulators few details, making it difficult to assess its potential impact or full extent.

An eight-page letter it submitted at the beginning of last week for an Ontario Securities Commission hearing only added to the uncertainty. It indicated that the review was "proceeding more slowly than anticipated" and that various complications "substantially increase" the $25 million to $45 million in restatements the company initially anticipated.

The lack of information is baffling to investors, particularly at a time when the company's stock on the Nasdaq has climbed to $130 on Friday, from $81.93 at the beginning of September.

"If I were a portfolio manager, I would have a hard time figuring out how significant this issue is," said Henry T. C. Hu, a professor of corporate and securities law at the University of Texas in Austin.

"I can't figure out what the best case is," he said. " 'Substantially increase,' does that mean we ought to apply a multiple of 2 or a higher multiple? All we know is that there are enough zeros that they're using the word substantially."

R.I.M. has yet to disclose the nature of the problems with its options-granting policies, including whether the company backdated some options to allow employees and executives to purchase stock at lower prices. Nor is it clear if the options situation directly involves Mr. Balsillie or Michael Lazaridis, the company's president and other co-chief executive.

And at least one small Canadian institutional investor, the Ironworkers Ontario Pension Fund, through a lawyer who specializes in securities-related class-action lawsuits, is raising questions about the wisdom of having the review supervised by directors who themselves benefited from R.I.M. stock options.

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R.I.M. is one of many companies facing questions over their options practices. The Securities and Exchange Commission is investigating at least 120 companies, including Apple Computer, UnitedHealth Group and dozens of technology companies, for possible stock-options manipulation, and the Justice Department and the Internal Revenue Service are conducting separate reviews.

For the moment, however, the uncertainties at R.I.M. appear to have been swept aside in most investors' and analysts' minds by R.I.M.'s overwhelming dominance of the wireless e-mail market for business users and by the immediate, and surprisingly strong, success of its first BlackBerry built for consumers, the Pearl.

This much is known about the situation: four independent directors on R.I.M.'s audit committee, assisted by outside lawyers and accountants, are examining about 3,200 stock options given to about 2,000 employees that date back at least 10 years. The company began trading publicly in 1997.

Searches of the company's computer system, its data backup and something the company calls "forensic imaging" have produced about 650,000 documents related to the options. The delay in the investigation, the company said in its letter, largely comes from the fact that the audit committee is dealing with 250,000 more documents than it originally expected.

What remains unclear is why the company now expects to make a larger-than-expected financial restatement. In its filings, R.I.M. has said only that "certain accounting errors" understated noncash charges from the options and effectively inflated earnings. Exactly what those noncash items are is not known.

Since starting the investigation, the committee has found an "additional error" in accounting that substantially understated the options-related charges.

On Friday, the day after Mr. Balsillie's conference call, Peter Misek, a technology analyst with Canaccord Adams in Toronto, appeared on Report on Business Television, a Canadian cable channel. Like many other analysts, he was effusive about R.I.M.'s results and the company's potential, particularly in the consumer market.

"They were blow-out results," Mr. Misek told viewers. "This is a table pounder for us. You've got to own the stock."

During a subsequent interview, Mr. Misek, whose firm trades R.I.M. shares on behalf of clients but has no holdings or dealings with the company, acknowledged that the uncertainty surrounding the options review made him uneasy.

"I'm not going to deny that I'm nervous," Mr. Misek said, "but I'm going to continue to believe that this was a past issue that was unfortunate. And, I think in the end management will do the right thing."

Mr. Misek estimates that the restatement is in the range of $100 million, although he acknowledged that the figure is a guess. Mr. Misek does not believe that options were adjusted to improperly benefit employees. Instead, he believes that the review will find that bookkeeping systems at the company failed to keep pace with the rapid growth at R.I.M. that followed the introduction of the BlackBerry in January 1999.

But Mr. Misek's anxiety goes beyond the potential amount of the financial restatement. R.I.M.'s success can largely be traced to both Mr. Balsillie and Mr. Lazaridis. Anything that jeopardized their positions within the company would most likely depress R.I.M.'s stock.

Mr. Lazaridis's engineering skills are widely admired. His innovations include obvious features such as the BlackBerry's thumb-operated keyboard, as well as critical technical innovations in the device's radio system, electronics and, above all, the software it uses to route e-mail messages.

It was Mr. Balsillie's aggressive enthusiasm for the BlackBerry that first persuaded major wireless service providers in the United States and Europe to offer an untried product and service from an obscure maker of wireless modems in Canada.

Having known Mr. Balsillie and Mr. Lazaridis for more than six years, Mr. Misek said he did not believe that they would have acted improperly for personal gain.

"I have no love for any executive, but I don't see it in this case," said Mr. Misek, who is an accountant by training. "Mike's not motivated by money," he added, referring to Mr. Lazaridis.

R.I.M. and its directors have consistently declined to discuss the review. But in its letter to the Ontario regulator, the company argued that the amount of information it is providing "is more detailed and informative than the information provided by comparable companies in the United States in similar circumstances."

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During the conference call, Mr. Balsillie spoke at length about the Pearl, which is the first BlackBerry with multimedia capabilities, saying it is just the beginning of a range of new products and services from R.I.M. And while he was talking about new technologies, Mr. Balsillie made a comment that might also apply to the options review.

"Those of you that follow us closely, I would argue that if you really paid attention to us and you are a real expert, you might have a sense of 20 percent of what's really going on," he said.

CRIMINAL LAW:

Why L.A. Jail Cells Have Revolving Doors (LAT)

By Megan Garvey And Jack Leonard, Times Staff Writers

The Los Angeles Times, December 26, 2006

A strained justice system and a flawed rehab law feed the cycle of repeat offenders.

Bertha Cuestas was standing outside her Highland Park apartment scratching off an instant lottery ticket when veteran Los Angeles Police Department Officers J.C. Duarte and Harold Marinelli spotted the 50-year-old from their patrol car.

They had been arresting Cuestas for prostitution and drugs since their days on the vice squad in the mid-1990s. On this warm October afternoon, she was wanted for failing to report to the judge in her most recent drug case.

"Why didn't you go to court?" Duarte asked her.

"I was busy," she replied.

Cuestas knew the drill. She asked a friend for money, then stuffed the $7.42 he gave her into her bra for the bus ride home when she got out of jail.

"How many times have you guys done this with her?" her son asked, cradling his infant daughter in his arm.

"Too many times," Marinelli said.

It was the start of a typical week for Duarte and Marinelli. Like other patrol officers throughout Los Angeles County, the longtime partners are spending more and more time picking up old regulars like Cuestas.

A Times investigation has found that thieves, drug offenders and other repeat criminals are cycling in and out of jail faster than ever.

Since 2000, the number of people booked two or more times into jails in Los Angeles County in a single year has jumped 73%, reaching 61,646 last year, according to a Times analysis. Repeat offenders now account for 42% of bookings, up from 26% in 2000.

Once booked, defendants enter a justice system whose resources have not kept pace with demand, even as crime has dropped in recent years.

There are not enough prosecutors to try them. There are not enough courts to sentence them. There are not enough jail or prison beds to house them. And there is not enough treatment to help them.

Instead, repeat offenders drain limited justice resources and are quickly back on the streets to get arrested again, taking up the time of police, prosecutors, public defenders and judges. Patrol cops are frustrated. Victims feel forgotten.

"Under any other definition of crisis, this would be an emergency," said Los Angeles County Sheriff Lee Baca, who runs the nation's largest network of jails. "The system is collapsing because of its volume."

A solution, top law enforcement officials say, would require far more money than lawmakers have been willing to commit.

"We didn't cure malaria until we started draining the swamps instead of just swatting at the mosquitoes," said Los Angeles Police Chief William J. Bratton. "The resources have just not been committed to draining the swamps."

A week on the beat

To gauge the effects of the revolving door, The Times examined jail bookings since 2000. Reporters interviewed prosecutors, judges, defense attorneys, law enforcement leaders and criminologists.

The paper also spent a week in October with officers in the LAPD's Northeast Division, a 29-square-mile collection of affluent and poor neighborhoods that runs from Eagle Rock to eastern Hollywood.

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Police that week made 28 adult felony arrests, on typical charges for the division's patrol officers, mostly drug offenses, thefts and domestic violence. Within six weeks of their arrests, 12 had cycled through the court system, were found guilty and were back on the streets. Three others arrested on warrants were released by judges within days.

Of those 15, three have already been rearrested and are back in jail.

"We get so many repeaters it's ridiculous," Officer Duarte said. "They do a few days and then they're back out again."

Duarte and Marinelli had a hand in five arrests that week, all involving repeat offenders. Together, the five had at least 106 previous arrests and 61 convictions. Cuestas alone had been arrested 21 times, most recently in July.

Cuestas had been ordered to enter rehab in August under Proposition 36, the 2000 state initiative that mandates treatment rather than incarceration for most nonviolent drug offenders. She never went, leading to the warrant.

She is among thousands who have failed to complete treatment. Although nearly 8,000 people in the county successfully completed Proposition 36 rehab between July 2001 and June 2005, they are the minority. UCLA researchers found that about 75% of those sentenced to treatment opted out, never showed up or stopped going.

Duarte and Marinelli believe the initiative gives longtime, chronic users like Cuestas too many chances to reoffend, with little consequence.

"We need to let the courts know Prop. 36 is not working for a lot of people," Duarte said.

A parolee is arrested

A day after they arrested Cuestas, Marinelli and Duarte were called in to help with a search. Rodolfo Salcido, 35, had been pulled over driving a stolen 1991 Toyota Camry. Before police could detain him, he fled, jumping over a picket fence in a Cypress Park neighborhood.

Police found Salcido crammed into an attic crawl space in the laundry room of a nearby apartment building.

"All right, officers, I'm coming out," he told them. He was on parole for stealing another car. Sweat poured from his shaved head and tattooed torso.

Salcido had spent the last seven years in and out of prison, never in for more than a year or out for more than nine months. In 1999, he was convicted of stealing a $4,000 LAPD radio from an unmarked police car. Soon after, he went to prison in another burglary case, the first of four prison terms.

In his wake, he left victims like Emma Sanchez, a mother of two and owner of the stolen Camry. Sanchez is one of more than 23,000 people whose cars were stolen in the city this year. She said it took her more than six months, working for minimum wage as a lunch-truck driver, to save $2,500 to buy the car.

She said she paid about $220 to the city to get her car out of the impound lot. Her prized $400 stereo was gone.

The Camry smelled of stale beer and cigarettes.

She feels uneasy behind the wheel, as though the car is no longer hers.

"They say once a car is stolen, it's not good anymore," Sanchez said. "I don't even like driving in it. It's not the same anymore. It feels like it was violated."

'Don't I know you?'

A few hours after Salcido's arrest, Duarte and Marinelli were on a new case. The division's detectives received a tip that Orlando Gallegos, 34, a burglary suspect also wanted for failing to report for his parole, was living at a dingy Highland Park hotel.

In the late afternoon, the officers pounded on his door. They found him in his narrow room, several baggies of heroin in the freezer, stolen credit cards on the dresser and two convicted criminals as company.

In the dim hallway, the suspects knelt, handcuffed and facing the wall. Gallegos caught the eye of Marinelli.

"Don't I know you?" Marinelli asked him. "You look familiar to me."

A check of Gallegos' rap sheet jogged Marinelli's memory. Three years earlier, Gallegos had led him on a brief high-speed chase in a stolen car.

"I knew I knew you," said Marinelli, shaking his head.

Gallegos told police he'd found the credit cards in a trashcan.

Police first arrested Gallegos when he was 18 for possession of a small amount of marijuana. Five years later, he was arrested and convicted of vandalism.

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In 1999, he was convicted of domestic violence. A burglary conviction in 2000 led to prison time after he violated probation. Two years later, when Marinelli caught him driving a stolen car, he was sent back to prison.

Gallegos' convictions, though frequent, never met the threshold of a strike under California's three-strikes law, which increases sentences for repeat offenders convicted of more serious or violent crimes. And so he cycled rapidly in and out of jail and prison.

One of the men in the hotel room, Evaristo Torres, 31, was furious at the arrival of police. He said he'd only come by to find someone to "smoke some weed with, get a beer with." He told officers he didn't even know the names of the other men.

Gilbert Morales, 46, told police he was on parole for drunk driving and on probation for drug possession. In the cinderblock holding cells of the Northeast Division, an officer searched him.

The officer pulled a tiny baggie filled with what looked like rock cocaine from Morales' small front jeans pocket. Another bag held what appeared to be a balloon of heroin and powder cocaine.

"Am I going to find anything else?" the officer asked. "You might as well tell me because I'm going to find it."

"No, nothing," Morales said.

The officer pulled another tiny bag from one of Morales' socks: methamphetamine and a single tablet of Tylenol.

It was his 47th arrest. Over the years, he'd had 24 convictions, seven for felonies. This was his third arrest this year.

After nightfall, Marinelli and Duarte helped drive Gallegos, Morales and Torres to the city's downtown jail in Parker Center.

There, Morales said he believed he could stop using drugs, if he could get the right help.

"I did good for a while when I had residential treatment. Maybe if I can get that again," he said.

His friend Gallegos needed medical evaluation for an old head injury. A nurse asked if he was on any medication.

"Dylantin for seizures," he said. She gave him his dose for the day.

Was he on any drugs or alcohol? He shook his head no.

"He got interrupted," Marinelli said.

Some deals are made

Duarte and Marinelli doubted that the five suspects they helped arrest would serve much time. They were right. Four were back on the streets within three weeks.

Cuestas, the drug abuser whose son watched her arrest, spent six days in jail before a judge released her on probation.

On Dec. 7, she failed to show up for a court hearing to decide whether her probation should be revoked. A judge issued a new arrest warrant.

Twelve days after his arrest for car theft, Rodolfo Salcido shuffled into Department 50 of the downtown Los Angeles criminal courthouse. His previous convictions — for robbery, burglary and car theft, among other crimes — meant that he faced up to 13 years in prison. Because his 1995 robbery is considered a strike under the three-strikes law, he would have to serve 80% of the time.

But prosecutors and Judge David M. Horwitz agreed on a three-year prison sentence in return for a guilty plea. As part of the deal, the judge did not consider Salcido's robbery conviction. With credit for good behavior, he is likely to serve only half his sentence.

It did not take long to resolve the drug arrests of the three men in Orlando Gallegos' Highland Park hotel room.

Torres sat in jail for five days until he appeared in court and promised to pay the fine he owed on his previous drug case. When he did so three weeks later, the case was dismissed.

Less than three weeks after their arrests, Gallegos and Morales each pleaded guilty to drug possession. Probation officers recommended prison for Morales, noting that he had already been sentenced under Proposition 36 and "has either been unable or unwilling to rehabilitate."

But Proposition 36 required that both men be sentenced to treatment. In drug court, Los Angeles County Superior Court Judge Maria E. Stratton read aloud a long list of probation conditions.

"If you mess up — and you might mess up — come to court," she told them. "Don't just blow it off. I'd hate to have the police sent out to find you."

That afternoon, the friends left the criminal courthouse together as free men. It had been 19 days since their arrests.

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On Dec. 1, Gallegos rode a bus to the downtown criminal courthouse to check in with Stratton. He had yet to enroll in treatment or attend 12-step meetings. She told him to come back in January with more to show for himself.

His friend Morales was due in court the same day. But there was no answer when Stratton called his name. The judge issued a warrant for his arrest.

A vicious cycle

The county's top law enforcement officials concede that local justice often appears at odds with itself. The number of arrests by county police agencies has risen sharply since 2000. Yet budget cuts have reduced the number of prosecutors available to handle their cases.

The county's courts have not added a single judge to hear criminal cases in more than a decade. Overwhelmed, judges are increasingly relying on special courts where defendants are offered more generous deals in return for quick guilty pleas.

The available room for offenders in jail has also shrunk, due to financial woes and federal court limits on overcrowding. Most offenders sentenced to jail are released well before they complete their sentences. Since 2002, more than 16,000 inmates have been rearrested during time they would still have been in jail if not for early release.

Low-level offenders with enough felony convictions eventually get sent to state prison. But they too cycle in and out. More than half are back in prison within two years of their release.

Beyond jail and prison walls, the state has committed $120 million each year to Proposition 36 — an expense that researchers note has saved millions more on incarceration costs. But a shortage of funds for treatment programs has created waiting lists for residential rehab beds, increasing the chance participants in the program will relapse while awaiting treatment.

Baca blames state lawmakers for concentrating their efforts on enacting laws that increase prison terms for the worst offenders, such as murderers, rapists and other violent criminals. Those laws, he said, fail to deal with drug abuse that plagues lower-level offenders, who commit the bulk of crimes.

"All of these extraordinary laws only work for the worst of the worst," Baca said. For the common offender, he said, they are "not a deterrent."

'We need help'

Even criminals say the system is failing.

On a recent Saturday, Salcido walked into the visiting area of the county's Pitchess Detention Center in Castaic. He was still awaiting transport to prison on his car-theft conviction. Salcido worried his children would read about him. But he began speaking about his drug problems. When he was caught, he said, he'd been on a three-week methamphetamine bender.

"Why do you think these crimes are committed — because I like committing crimes?" he asked. "I've done [prison]. What's the point? Obviously, it's not helping me. Can't they put two and two together? Why not say, 'Here's 18 months in a live-in program?' "

Salcido said he'd attended AA meetings in prison but needed more help. After leaving prison in January, he said, he stayed off drugs for months. Then he was ordered to make child-support payments that took nearly half his $400-a-week construction job wages.

"Instead of drinking a couple of beers, you start doing a couple of lines. Stop coming home. Stop going to work. You're going to lose your job," he said.

"It's always prison, prison, prison. It just corrupts you more," he said, his voice angry and frustrated. "We need help. We're sick. It shouldn't just be back to prison."

Out of jail after his latest arrest, Orlando Gallegos was struggling to rebuild his life.

During the three weeks he was incarcerated, he lost his job servicing old refrigerators. The manager of the hotel where he'd been living threatened to evict him. He had no rent money.

Three weeks after his release, Gallegos said he needed a steady job to stay out of trouble. But his criminal history along with the seizures he suffers make it difficult for him to find work.

"I can't get a job so I find different ways of trying to make my money. When I don't have no work, sometimes I have to steal for it," said Gallegos, who spoke slowly and sometimes struggled to articulate his thoughts. "A car — if I see a window open, I might

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see what's in it or I might go into a store and steal whatever I can steal. Like, if there's a bike laying out in front of the yard, I might take it…. I do these little [crimes] that I know I'm not going to go to prison for the rest of my life."

For now, he said, he was managing to stay clear of heroin and wanted to find work again.

"I like being — how do you say? — stable … taking care of myself, you know. Paying my bills, you know. That felt good, you know, paying my rent every month. And to buy something. I don't have to go steal for it," he said.

Marinelli and Duarte, who have been partners for 18 years, said they've seen too few people turn their lives around.

"A lot of these guys could change if they really wanted to, but the problem is that it's too hard," Duarte said. "Too hard once you've got a felony record — to get a decent job or to make ends meet. And especially if you've got a drug problem, then forget it. All bets are off."

But both officers said their sympathies lie with victims.

"They get outraged," Marinelli said. "'What? He's already out?' Or they'll call us and say, 'Hey! The guy you arrested yesterday for vandalizing my wall is standing right in front of my house right now!' They don't understand the system."

Postscript:

On Dec. 18, Gilbert Morales was arrested again by LAPD officers and is facing new drug possession charges. Bertha Cuestas was arrested Dec. 20 for failing to appear in court. Rodolfo Salcido is awaiting transportation to state prison. Orlando Gallegos said he planned to enter treatment next month. Evaristo Torres lost his job while in jail. He said he is struggling financially and emotionally but has not had new trouble with the law.

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Times researcher Maloy Moore and staff writer Hector Becerra contributed to this report. Data analysis by Doug Smith and Sandra Poindexter.

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(INFOBOX BELOW)

Rise in caseload

In recent years, Los Angeles County's courts and jails have struggled to keep pace with demand.

2000

Total number of bookings: 321,032

Bookings involving repeat offenders: 82,400

Felony filings: 56,404

Number of county prosecutors: 989

2005

Total number of bookings: 375,655

Bookings involving repeat offenders: 159,389

Felony filings: 68,277

Number of county prosecutors: 903

Note: Bookings based on calendar year data. Filings, number of prosecutors are for fiscal years.

Case study: Northeast Division

During the week of Oct. 2 to Oct. 8, police made 28 adult felony arrests in the LAPD's Northeast Division on suspicion of crimes that included drug possession, theft, assault and a variety of other offenses.

Of the 28 arrested:

12 were found guilty, sentenced and let out of but two were rearrested and are back in jail

5 have court cases pending

3 were sentenced to prison

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3 were released by the courts, but one was rearrested and is back in jail

2 were released early but placed in federal custody on unrelated charges

2 were not charged with a crime

1 was sentenced to drug treatment in jail

Sources: L.A. County Superior Court, L.A. County district attorney's office, L.A. County Sheriff's Department.

Duke Rape Case Unravels (CSM)

By Patrik Jonsson

The Christian Science Monitor, December 26, 2006

ATLANTA – Fueled by stereotypes of race and class, as well as a zealous prosecutor, the criminal case against three Duke lacrosse players emerged as a test of the ability of the justice system to sift evidence through a prism of prejudices. Now, after the key charges of rape were dropped Friday, the case is also being seen as a cautionary tale for prosecutors and pundits alike, emblematic of how cultural stereotypes and perceptions don't always add up to hard facts on the ground.

The fuse was lit last March in Durham, N.C., at an off-campus party for lacrosse players - many of whom were Northerners enjoying an exclusive Southern university. Add to the scene two black exotic dancers, who grew up in the predominantly black city walled off from the school. Soon after, three of the white players were charged with kidnapping, assaulting, and raping one of the exotic dancers, allegedly amid a litany of racial slurs.

Yet since then, it's hardly been an open-and-shut case.

"As you look at the facts in the case and look at the testimony, everybody agrees that the case has many significant weaknesses, any one of which may be sufficient basis for either a judge to dismiss or a jury to find the defendants not guilty," says Bennett Gershman, a civil rights law professor at Pace University in White Plains, N.Y.

Charges of kidnapping and first-degree sexual offense (which includes acts similar to rape) are still lodged against Collin Finnerty of Garden City, N.Y.; David Evans of Bethesda, Md.; and Reade Seligmann of Essex Fells, N.J. But the rape charges were dropped because the alleged victim "could no longer testify with certainty that it occurred," according to court documents.

The move came a week after a Dec. 15 court hearing in which a judge ordered a paternity test for the now-pregnant accuser. In addition, facts showed that District Attorney Mike Nifong asked a DNA lab director to withhold potentially exculpatory information from defense attorneys for "the Duke Three," as supporters call them.

Problems for the prosecution

Mr. Nifong still believes "hooligans" committed criminal acts that night, people close to the case say. And the two remaining charges, under North Carolina law, are just as serious as rape and carry equal jail time. But the accuser's changing story, lack of hard evidence of rape, mismatched witness testimony, and possibly exculpatory evidence presented by the defense remain problems for the prosecution. Dropping the rape charge makes the case more manageable, though still difficult to prove in front of a jury, lawyers say.

Nifong has "eliminated the most difficult charge he had to prove," says Woody Vann, a Durham defense attorney who's familiar with the case. "Does this make his case better? No, it just makes it easier."

Either way, the case had already divided a city, a university, and beyond. The perception of rich white college athletes violating a young black mother trying to make a living in an unsavory profession touched sensitivities about race, class, and status in America.

Early on, the "group of 88," a consortium of Duke faculty, condemned the culture of hilarity and immunity allegedly enjoyed by athletes at Duke. As time has worn on, though, supporters of the lacrosse players have pointed to emerging weaknesses in the case as reasons for Nifong to dismiss all the charges.

"Black people used this case as an opportunity to lash out at the privileged people at the university and to air some of their racial grievances," says La Shawn Barber, a conservative black blogger who has focused on the case for the past eight months. "But in the end, those issues have nothing to do with whether this woman was raped or not."

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At the very least, experts say Nifong made several moves that may have hurt his case. He apparently changed police policy on lineups, which are used to identify alleged perpetrators, when he included only lacrosse players. Last week it was revealed he did not release information that showed the lab found DNA from five men, none of them lacrosse players, on the woman or her clothing. Moreover, Nifong's early fiery rhetoric and attendance at community events at North Carolina Central University, the historically black school, raised questions about his political motives, which he repeatedly denied as he ran for and won the DA's seat in November as a Democrat.

"Yes, local prosecutors are elected, but you can't play party, you can't play politics, you can't play race, you can't play anything," says Professor Gershman.

Indeed, criticism of the case has led to some calls for Nifong's disbarment. A North Carolina legislator has asked the US Department of Justice to investigate the case. And legal experts say that while prosecutors enjoy absolute immunity inside the courtroom, Nifong's actions as a lead investigator outside the courtroom for this case may have left him exposed to a potential civil lawsuit from the Duke Three.

"The irony is that although this involved a bunch of white, privileged young defendants, [a potential civil lawsuit against Nifong] might wind up setting a precedent which will help hundreds of other defendants who are black and lack their financial and other resources, because prosecutors around the country will be a little bit more worried about violating civil rights," says John Banzhaf III, a law professor at George Washington University.

Next hearing

The next hearing in the case is scheduled for Feb. 5, when the court is to hear motions to suppress evidence. Some say Nifong may be looking for a face-saving way to back out of the case. Others say the prosecution is as hardened as ever, determined to bring the Duke Three to trial.

"If this case goes to trial, this is going to get much worse, because what you would have is a case with no evidence, where its only chance in trial would be [for Nifong] to stoke these tensions as much as he can," says KC Johnson, a constitutional history professor at Brooklyn College in New York, who runs a blog on the Duke case.

After Years Of Agony, Death Turns Assaults Into Homicides (NYT)

By Cara Buckley

The New York Times, December 26, 2006

Sirkime Stevenson died this year, but he was killed in 1991.

Mr. Stevenson was tall, strapping and 18 that year, when bullets fired from a stranger's gun struck his lower back, shattered parts of his spine and froze him from the waist down.

Even as his body withered around the wounds, he dreamed of walking again — until 1997, when bedsores ate his left leg to the bone and doctors amputated it at the hip. More infections brewed, eroding Mr. Stevenson's insides before finally stopping his heart in January.

Armani Eaddy also died this year, but she was killed in 1997.

Armani was 4 months old that year when she was shaken so violently that delicate parts of her brain were destroyed. She went blind, was never able to walk and had to be fed through a tube tunneled into her stomach. To the amazement of her doctors, Armani survived past the age of 5.

But violent seizures plagued her throughout her life, one so ferocious that it put her in a coma last spring, when she was 8. Two days later, she died.

Two fatal wounds, two deaths years later.

The New York City medical examiner has ruled that both Mr. Stevenson and Armani were the victims of homicides, a medical finding that is not surprising, considering the nature of their wounds. But what is unusual is the amount of time that passed between the fatal wounds and the fatalities themselves.

Both Mr. Stevenson and Armani fell into a subset of crime called "reclassified" homicides, deaths linked to injuries incurred in months or years past. For reasons that no one can quite explain, a record number of reclassified homicides were recorded in

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New York City this year. In all, 35 deaths in the city in 2006 have been linked to wounds incurred as long as 30 years ago. That is roughly three times the historical average, and 14 more than the year before.

The Police Department has cited those figures as accounting for some of the rise in New York's homicide rate, which has outpaced the rate in 2005: by mid-December, 566 homicides had been reported this year, compared with 517 for the same time in 2005.

For those 35, death came in myriad forms, connected only by the excruciatingly glacial tempo of its arrival. From blood poisoning leached from old shot wounds. From infected intestines, slit open in the 1970's by knives. From pneumonia linked to paralysis, which in turn was traced to a bullet lodged long ago in a spine.

For Mr. Stevenson, those who knew him said, death also came from a broken heart. Up until the day that doctors amputated his left leg, he believed he would walk again.

He had been an accomplished basketball and football player, collecting trophies playing for Eastern District High School in Brooklyn. But one chilly autumn night in 1991, after seeing a horror movie called "The People Under the Stairs" with friends, Mr. Stevenson was caught in the middle of a fight. Bullets tore through his intestines, shattering his lower spine. The gunman was never caught.

Mr. Stevenson's voice broke when saw his grandmother, Josephine Anderson, in the hospital. "Grandma," he whispered hoarsely, "I can't move my legs," Ms. Anderson recalled.

Ms. Anderson and her husband, Joseph, had raised Mr. Stevenson in a series of public housing apartments. He had been their light. After the shooting, they tried to buoy his spirits, but after his friends dropped away, his loneliness hardened into despair.

The Andersons urged Mr. Stevenson to finish high school, but he felt alienated surrounded by people who could walk. He also dropped out of physical therapy because he hated being around people in wheelchairs. "I'm not like them," he would say.

Yet even as his once-muscular legs wasted away, Mr. Stevenson clung to the hope of walking again.

After the amputation, Ms. Anderson saw something in her grandson flicker out. Then her own health and her husband's declined. Mr. Anderson lost both legs to diabetes. Arthritis invaded Ms. Anderson's joints.

Exhausted by caring for the family, Ms. Anderson had a nervous breakdown midway through 2005 and went to a nursing home. Early this year, Mr. Stevenson called her, sounding hopeless.

"Grandma, I'm going to die," he said. Ms. Anderson's response was quick and sharp. "The Lord did not bring you this far to drop you now," she said.

But one icy morning a week later, the family's home attendant heard a dull thump from Mr. Stevenson's room. She raced to him, finding him unconscious, wedged between his bed and the wall.

He died at the hospital. The official cause of death was sepsis, a bacterial infection in the blood, linked to his paraplegia and the 1991 wounds, the medical examiner's office said.

But Ms. Anderson said her grandson had simply lost the will to live. "His main friends did not stay with him," she said. "I think he died of heartbreak."

Beating the Odds, for a Time

For nearly four years, Armani Eaddy cheated death.

The brain damage she suffered after being shaken as an infant was so severe that doctors warned that she was unlikely to live more than a handful of years. Five years, tops, they said.

"After six came, then seven, I thought, 'We made it,' said Armani's mother, Teresa Almonte, 33. "I would throw a big party for her, and buy the most expensive cake I could afford."

Ms. Almonte said she had never felt vengeful toward Armani's father, who was charged with attempted murder after Armani was hurt. Ms. Almonte said the man, Derek Eaddy, told her he had done nothing wrong, only found the infant in her crib, unwell. In 1999, he was convicted of assault and was sentenced to one year in prison.

Ms. Almonte did not know what to believe. All she knew was that her once-perfect daughter was now the victim of shaken baby syndrome, and that the brain damage could never be reversed.

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At first, Ms. Almonte raged inward, slipping into an immobilizing depression. She went into therapy and was told she had bipolar disorder. She took mood stabilizers and antipsychotic medications, all the while raising her sons, now aged 11, 8 and 3. But she also devoted herself to Armani, who somehow helped Ms. Almonte forget herself.

Blind, incapacitated and able to make only gurgling sounds, Armani experienced the world through her ears. She adored being outside, listening to bird song and street noises, and feeling the sun's kiss on her skin. Indoors, cloaked in the silence of the family's basement apartment in the Bronx, Armani squealed in protest until someone flipped on the radio or television.

Caring for Armani, Ms. Almonte found, gave her a sense of resolve and purpose. "She taught me patience, how to be responsive," she said. "She taught me how to be a parent."

As Armani's fifth birthday neared, paranoia consumed Ms. Almonte. Then, miraculously, the dreaded birthday passed. Armani seemed to be doing better than ever. At the urging of a neurologist, Ms. Almonte took her off her anti-seizure medications. She allowed herself a glimmer of hope.

The urgent call from Armani's home attendant came on March 4. A violent seizure — "like a volt to the brain," Ms. Almonte said — had put her in a coma. She was being kept alive by a breathing machine, her chest rising and falling amid a tangled octopus of tubes.

For two days, Ms. Almonte agonized. Then acceptance came. "I'm not getting her back," Ms. Almonte realized. She told the doctor to take Armani off the machine, and watched her little girl slip away.

This year, Ms. Almonte and her sons celebrated Armani's ninth birthday anyway. They brought balloons and cake to their favorite treed nook in Mullaly Park in the Bronx. Then they mourned. "The party this year was a memorial," Ms. Almonte said. "And it was the worst."

'I Loved This Girl'

LaPriest Ward believed Shareema Williams was trying to kill herself before her injuries did.

He had loved her from the moment he set eyes on her, outside a friend's building in Brownsville, Brooklyn, in 1993. She managed a smile, her brown eyes twinkling, even though tears of exhaustion were spilling down her cheeks. She was already in a wheelchair then. Mr. Ward was bewitched.

Ms. Williams was 18 and dancing in a Brooklyn nightclub in 1988 when an unwanted suitor refused to leave her alone. He groped her, and she swung at him. Moments later, he returned with a gun, and shot her in the back. Ms. Williams was paralyzed, and later doctors removed her hip joints, which had been shattered by the blasts. Bullet scars pocked her back and buttocks, which bore a patchwork quilt of skin grafts.

Mr. Ward was disabled too. A car accident in 1986 crushed his larynx, and afterward he could speak only in gasps. Yet he and Ms. Williams found solace in each other. He was her legs. She was his voice.

Mr. Ward said Ms. Williams refused to talk about her attacker, although the police said the man was charged with assault and is serving his sentence in Attica state prison.

"She'd say, 'Don't worry about it; what's done is done,' " Mr. Ward said. But demons still stalked Ms. Williams. Before the attack, Mr. Ward said, she barely touched drugs, only occasionally using marijuana. She had left her family because of their drug abuse, Mr. Ward said. But after the shooting, she began to smoke crack.

"She felt insecure," Mr. Ward said in gasps. "She was just trying to blend into her environment. It was a way to take her mind off of herself."

Still, they moved in together and later had five children, including triplets. Mr. Ward, a man of sparkling intelligence, had to settle for jobs as a cook or a stock boy because of his disability.

He would return from work and hunt for Ms. Williams in the forbidding streets near their Bronx apartment. The triplets were taken from them because of her drug abuse, and their two other daughters were, too. Eventually Mr. Ward's mother adopted all five of their children, and they live in Queens.

Mr. Ward, who insists he has never used drugs, still stuck with Ms. Williams, determined to save her from herself.

"I loved this girl, but I don't know how I loved this girl,' " he said.

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Repeated complications kept her returning to the hospital. Spasms. Urinary tract infections. Late in August, a kidney infection put her back in the hospital. Her body swelled up. Mr. Ward was convinced she would get better. She always had before. But she was so swollen, he barely recognized her.

On the morning of Sept. 12, Mr. Ward took a break from Ms. Williams's bedside, overwhelmed. He walked to a welfare office in the Bronx, and sat down. Hours passed. Suddenly, in the late afternoon, a terrible feeling set in. He raced to the hospital, arriving at 5 p.m. A plastic sheet had been drawn over Ms. Williams. A nurse told him she had died at 4:45 p.m.

Two weeks later, the medical examiner determined that Ms. Williams had died from multiple complications caused by the old bullet wounds. Her death became the 28th reclassified homicide of the year.

A Delusional System Of Justice (WP)

By Richard Cohen

The Washington Post, December 25, 2006

Since this is my last column of 2006, tradition and custom obligate me to choose a person of the year. This practice was started by the late Henry Luce, who realized that choosing a man of the year would call as much attention to his Time magazine as it would to the person himself. I have somewhat the same object in mind. My person of the year is Gregory Thompson. I choose him to call attention to the madness of the death penalty.

I apologize for the un-Christmasy nature of my topic, and I will understand if you choose to skip to another subject. But if you can spare me a moment, I'd like to tell you about Thompson. He is a cold-blooded killer, plain and simple. He is also out of his mind.

Thompson, 45, is delusional. He is also paranoid, schizophrenic and depressed. For these ailments, he receives daily doses of drugs and, twice a month, anti-psychotic injections. The state of Tennessee wants very much to put him to death for the horrendous 1985 murder of Brenda Blanton Lane, of which there is no doubt about his guilt. There is grave doubt, though, about the constitutionality, not to mention the decency, of executing an insane man. Thus the 12 pills Thompson takes every day. The idea, according to a recent account of his case in the Wall Street Journal, is to make him sane enough to be put to death.

Shortly before Justice Harry Blackmun retired from the Supreme Court in 1994, he reversed himself on the death penalty. Blackmun had been a lifelong supporter, but finally had had enough. In words that were to become famous, he wrote, "From this day forward, I no longer shall tinker with the machinery of death." It's as if Blackmun had Thompson in mind, for in his case the tinkering occurs on a daily basis.

Blackmun was not the only Supreme Court justice to change his mind about capital punishment. Lewis Powell did something similar. He never got to the point where he considered it unconstitutional or immoral -- he just concluded there was no way to get it right.

Now, from Powell's point of view, matters have even worsened. The death penalty has become so necessarily cumbersome to implement, so full of essential safeguards, that it not only sometimes cannot be done -- note the recent suspensions of executions by lethal injection -- but it takes forever to do it. Thompson, you might have noticed, has been awaiting execution for nearly 22 years -- arguably cruel and unusual punishment in itself.

If I were not forced to choose a person as my person of the year, I might choose a concept: certainty. It is the one concept we cannot afford. Certainty is where we all get into trouble. We were so certain that Iraq had weapons of mass destruction that it was reason enough to go to war. And once we went to war, we were certain that we would be welcomed in Baghdad by adoring throngs of Iraqis. And all that certainty was itself preceded by the fervid certainty of a president that he had been chosen for this war, this moment, this task. This was the worst certainty of them all.

As we keep learning, the devil is not in the details, it's in our certainty. This almost always is true of death-penalty cases. They are built on certainty -- witnesses who were certain, technicians who were certain, cops who were certain, prosecutors who were certain and jurors who were certain beyond a reasonable doubt. Yet routinely we read about convictions being overturned by DNA evidence. All those witnesses, technicians, cops, prosecutors and jurors were wrong -- certain, but wrong. That, in effect, is the only certainty. Occasionally, we will be wrong.

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This year saw the fewest executions in a decade and growing public support for the alternative sentence of life without the possibility of parole. The cynic in me suspects that this is a result of historically low crime rates, not a sudden appreciation of how difficult it is to kill people properly, legally and, of course, justly.

Maybe, though, Americans are beginning to understand that we just don't need the death penalty, that it makes us no safer and demeans us as a people. The case of Gregory Thompson is a case in point. He was probably insane when he murdered Brenda Blanton Lane but will be deemed sane if and when he's executed. He's my person of the year -- a fleetingly sane man in the maw of a thoroughly insane system.

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Federal RICO Statute Has A Tough Year (AP)

AP, December 25, 2006

NEW YORK (AP) -- For more than two decades, the federal RICO law was a pitiless tool in the fight against organized crime -- corralling, convicting and incarcerating a long string of mob bosses once considered untouchable.

But in 2006, federal prosecutors lost a pair of major RICO cases: Second-generation mob boss John A. "Junior" Gotti walked after three mistrials, and the most corrupt officers in NYPD history -- "Mafia Cops" Louis Eppolito and Stephen Caracappa -- had their convictions overturned.

Are these nothing more than legal oddities? Or, mother of mercy, is this the end of RICO -- the statute that allows prosecutors to jail mobsters for decades by tying them to as few as two crimes linked to a criminal enterprise?

"It's not the end," insists Notre Dame law professor G. Robert Blakey, the creator of the law. "A good RICO is virtually impossible to defend."

In both cases, defense attorneys used the statute of limitations to fend off the feds. Gotti's lawyer employed a withdrawal defense, claiming his client had quit the mob more than five years before his indictment, putting him beyond the reach of RICO.

Attorneys for Eppolito and Caracappa argued the defendants' crimes while on the payrolls of both the NYPD and a murderous Luchese family boss had occurred long before the five-year statute of limitations expired. Those crimes, committed between 1986-90, included participation in eight murders; a federal jury found both men guilty.

A federal judge -- who had just three weeks earlier said the two detectives had committed "the most heinous series of crimes ever tried in this courthouse" -- agreed with the defense lawyers, and reversed the cops' convictions last June.

Defense attorney Edward Hayes was part of the legal team that convinced U.S. District Court Judge Jack B. Weinstein to overturn the convictions of the "Mafia Cops." And Hayes believes their triumph could provide a blueprint for other defense lawyers: "Bruce (Cutler) and I made a very good team ... It's likely other lawyers (would) use us as a model."

Other attorneys, from both sides of the aisle, disagree.

"I don't think the statute of limitations defense is terribly appealing to juries, because there's almost an implicit statement -- even if the defense attorney is careful -- that `I did it, but ...'," said Jim Walden, a former federal prosecutor now in private practice.

"I think what you had were some talented lawyers, and cases with problematic cooperators," continued Walden, who spent nine years as an assistant U.S. attorney. "The arguments were successful, but I don't think it's a trend."

Veteran defense lawyer Ron Kuby agreed that there's no "huge lesson here for the defense."

Blakey has never explained the origin of his acronym for the law known officially as the Racketeer Influenced and Corrupt Organizations act. But it's often theorized the name was chosen in homage to the 1931 mob flick "Little Caesar," where Edward G. Robinson played a crook named Rico Bandello whose dying plea to "mother of mercy" is cinematic legend.

The law was initially designed not only to take down the mob, but also to target white-collar criminals. RICO was passed in 1970 -- and then largely ignored for years by shortsighted prosecutors.

Blakey recalled a 1972 visit to Whitney North Seymour Jr., the Manhattan U.S. attorney, where he eagerly explained the new statute's potential. Blakey remembered Seymour cutting him off with a curt remark: "You don't know what you're talking about."

It wasn't until 1985 that federal prosecutor Rudolph Giuliani seized on the RICO act as a way to indict the Mafia's ruling Commission, the heads of New York's five families.

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Convictions came back against Genovese crime family boss Anthony "Fat Tony" Salerno, Colombo boss Carmine "Junior" Persico, and Luchese boss Anthony "Tony Ducks" Corallo, along with five other top level mobsters.

Federal prosecutors were now convinced that they had a friend in RICO. The mob cases were almost foolproof, and the list of convicted mobsters expanded. Genovese head Vincent "The Chin" Gigante, who had avoided conviction since 1970 by feigning mental illness, was finally brought down by a 1997 racketeering conviction.

The highest profile racketeering defeat, John Gotti Sr.'s acquittal at a 1987 trial, came only after the "Teflon Don" greased one juror with $60,000. And when the government brought a second racketeering case in 1992, Gotti was convicted, jailed and died behind bars.

More devastating for the mob were the stiff penalties with RICO: 20 years, minimum. A parade of mobsters became government witnesses, trading information for reduced sentences or a walk.

The racketeering cases also allowed authorities to use new informants to win convictions for ancient crimes, as long as prosecutors could demonstrate an ongoing enterprise. In the case of La Cosa Nostra families, that was rarely a problem.

Walden successfully prosecuted Bonanno family consigliere Anthony Spero for racketeering in 2001 -- a charge that included three murders dating back as far as a decade.

A RICO indictment "was an enormous advantage," he said. "A couple of cooperators and surveillance got you pretty far down the road. It produced spectacular successes, but the failures this year were spectacular, too."

The racketeering defeats came despite several cooperating witnesses in the Gotti and the "Mafia Cops" cases -- both of which involved crimes going back more than a dozen years. The main charge against the younger Gotti, that he ordered the kidnapping and beating of talk radio host Curtis Sliwa, occurred in 1992.

Three trials against Gotti produced three hung juries, with his lawyer able to convince members of each panel that Junior had walked away from the mob before 1999 -- five years before his latest indictment.

The "Mafia Cops" trial was less protracted, but more painful. The duo was tried once, after years of pursuit by law enforcement for crimes dating back to 1986. And the government convicted the pair on every count in their indictment.

But Hayes and Cutler argued there was no evidence that the conspiracy between the two detectives and the Luchese crime family had continued once the pair left the NYPD in the early 1990s. Weinstein agreed, and threw out the convictions.

"The Justice Department just way overstretched RICO," said Hayes.

Kuby believes the lesson in the Gotti and "Mafia Cops" cases is more for the prosecution than the defense.

"You can't take people decades later and try to make them answerable," Kuby said. "You have to do your best law enforcement work earlier, rather than later."

Sentencing Guidelines Face New Scrutiny (WSJ)

By Gary Fields

The Wall Street Journal, December 26, 2006

WASHINGTON -- With Democrats poised to take control of Congress, law-enforcement officials are preparing to defend two decades of federal sentencing policies that mandated harsh prison terms on a variety of crimes and led to a boom in the prison population.

Michigan Rep. John Conyers, the incoming chairman of the House Judiciary Committee, and Rep. Robert Scott (D., Va.) have already said they plan hearings early in the term to look at how nonviolent drug offenders are punished under mandatory minimum laws.

An early target will be the prison terms mandated by Congress for crack-cocaine convictions. Under current law, someone caught with five grams of crack gets a five-year sentence, while it takes 500 grams of powder cocaine to trigger the same sentence, even though there is no physiological difference. Critics have long maintained that the law unfairly targets African-American communities, where crack is more prevalent. In contrast, suburban white users tend to prefer cocaine in its powder form.

Mr. Conyers has called the crack-cocaine sentences the "most outrageous example of the unfairness of mandatory minimums."

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Democrats are buoyed by recent signals from the U.S. Sentencing Commission, which sets guidelines for judges to use in an advisory capacity when they hand down sentences. Members of the commission are likely to recommend a change in the crack-cocaine penalties next year, according to commission members. The commission has tried since 1995 to bring the penalties for crack crimes more in line with powder cocaine but the Republican-controlled Congress has ignored past attempts.

Soft on Crime

Reversing drug laws, though, is politically dangerous, for it risks angering law-enforcement officials and police unions. In addition, it could resurrect the soft-on-crime mantra that Republicans have long used to bludgeon Democrats. As a result, some Democrats might be reluctant to be viewed as rolling back harsh sentences just when the nation's violent crime is starting to rise.

"Whenever you suggest somebody's sentence is too long or a policy is too draconian, the immediate reaction in the political arena is you're soft on crime and you're not taking public safety seriously," says Alexander Busansky, director of the Washington office of the Vera Institute of Justice, a criminal-justice reform organization based in New York.

That claim, though, may no longer be as effective, he adds. Some Republicans have spearheaded efforts to reduce recidivism, and the effort to address the crack-cocaine disparity has attracted some bipartisan backing.

Nevertheless, law-enforcement officials -- from the Justice Department to police groups -- are joining forces to oppose any changes that decrease the severity of the crack penalty, warning that it's a slippery slope that could weaken other mandatory sentences.

"Our position on crack versus powder has been to increase the penalty for powder cocaine, not decrease the punishment for crack," says Gene Voegtlin, of the International Association of Chiefs of Police, which represents 18,000 chiefs, department heads and other law-enforcement officials.

Prisoners in Their Own Homes

Street cops agree with this view as well, says James Pasco, of the Fraternal Order of Police, which represents about 324,000 street-level police officers, deputies and agents. Mr. Pasco says there is more violence attached to crack-related crimes, making residents in the communities where these crimes occur -- often poor, urban areas -- prisoners in their own homes. "We're not opposing this because of its impact on law enforcement. We're opposing this because of its impact on the communities we protect," says Mr. Pasco.

Law-enforcement groups, however, need to push back not too hard, lest they anger Democrats who control funding over various programs that benefit local police. For example, Rep. Bennie Thompson (D., Miss.), who co-sponsored a crack-powder penalty-equalization bill in the last Congress, is the incoming chairman of the Homeland Security Committee. He plans to push an agenda to improve intelligence sharing and communications ability between federal and local law-enforcement officials, a key goal for police groups.

The police groups' biggest ally in preventing a reversal of mandatory minimums will be Republican lawmakers, such as Rep. Lamar Smith of Texas, who will be the ranking minority member on the House Judiciary Committee.

"The sentencing disparity between possession of crack cocaine and powder cocaine is a valid issue, and I look forward to a discussion next year," says Mr. Smith. "But we need to remember that the drug trade is directly linked to the level of violent crime in America. This week, the [Federal Bureau of Investigation] reported the number of violent crimes committed in 2005 rose more than it has in any of the last 15 years....We need tough drug laws that deter drug abuse -- not increase it."

At least one advocacy group that opposes the mandatory minimums believes the debate is being couched incorrectly. Julie Stewart, founder and president of Families Against Mandatory Minimums, says lawmakers should look at the crack-cocaine sentencing and decide whether it is fair on its own merit, not in comparison with powder cocaine.

"The problem is not powder cocaine. The problem is crack," she said. If five grams is not an amount handled by a major trafficker, "then let's figure out what quantity is more reflective of someone who is dealing at a higher level," she said. "We shouldn't be focused on ratio between the two."

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The Tell-Tell Rap? (WP)

By Jabari Asim

DOJ_NMG_0108712

The Washington Post, December 26, 2006

Rap lyrics stole much of the spotlight during the recent capital murder trial of Ronell Wilson, a 24-year-old Staten Island native also known as "Rated R." Wilson stood accused of killing two New York undercover detectives, James V. Nemorin and Rodney J. Andrews, in March 2003.

Prosecutors argued that the scribbled lyrics found in Wilson's pocket soon after the deaths of the officers were evidence of his guilt. But other evidence -- which didn't receive as much attention as the defendant's half-baked rhymes -- did more to persuade the jury. That evidence included eyewitness testimony, DNA findings, video and audio surveillance footage and the opinions of scientific experts. Wilson was found guilty of 10 crimes in all, several of them punishable by death. The death penalty phase of his trial begins Jan. 10.

Still, prosecutors and the media made much of Wilson's lyrics, which make the Black Eyed Peas sound like Langston Hughes. A sample for your delectation: "Leave a 45 slugs in da back of ya head. Cause I'm gettin dat bread /aint' goin stop to I'm dead."

To prosecutors, the words were a confession, a revelatory window into the fevered mind of a cold-blooded murderer. To me, they resembled a cut-rate ripoff of the Notorious B.I.G.'s 1994 hit "Ready to Die": "As I grab the glock, put it to your headpiece/One in the chamber, the safety is off release/straight at your dome homes, I wanna see cabbage."

The B.I.G. went on to rhyme "cabbage" with "brain damage" before announcing that, like Rated R, he was fully prepared to shuffle off this mortal coil.

The defense team was not allowed to place a rap expert on the stand. But such an expert might have pointed out that Rated R's lyrics were not only predictable, but derivative too.

The use of hip-hop lyrics in trials is not new, as George Washington University law professor Paul Butler and others have pointed out. Still, the courts remain somewhat baffled as to how to regard them. Are they straight-up autobiography or merely macho fantasies?

Two Live Crew's obscenity trial in Florida in October 1990 may have been the first high-profile courtroom drama involving rap lyrics. In that case, Henry Louis Gates Jr., a well-known black scholar, testified that the trio's lyrics were part of a lengthy tradition and not meant to be taken seriously. "It's a way the black people could fight against the oppression of their white masters," he said. "They would mock each other to release anger and tension."

That explanation shed little light on how the group's persistent, gleefully vulgar mockery of women amounted to resistance to white oppression. But that was not a question the mostly white jury needed to wrestle with. For their part, jurors expressed little difficulty with the Crew's lyrics. "Those were their songs. They were doing their poetry in song," said a 65-year-old juror who voted quickly for acquittal.

Her very charitable assessment will have to go unchallenged here, because it is almost impossible to refute without quoting from the lyrics -- an equally unlikely task in a family newspaper.

The stakes were starker and higher in Wilson's trial. Ultimately, this was no showdown over naughty words or celebrations of strip-club hedonism but a murder case involving the deaths of two brave, hardworking family men. And the fascination with the killer's lyrics threatened to overshadow all that.

Nemorin was 36 and a married father of three. Andrews was 34 and a divorced father of two. Shortly after New York police killed 23-year-old Sean Bell, an unarmed black man, in a hail of bullets, at least one rapper took to the airwaves to offer musical tribute to the victim's tragically brief life. It takes nothing away from Bell to ask where all the rappers are now; and to wonder who will offer rhymes in memory of two brave police officers who also died way too young.

CIVIL LAW:

No Fed Oversight On Some Air Charters (USAT/AP)

By John Christoffersen, Associated Press

USA Today, December 25, 2006

DOJ_NMG_0108713

NEW HAVEN, Conn. — Travelers who pay a premium for the convenience of charter air travel could unknowingly end up on a flights operated without direct federal oversight.

That fact — along with an effort to change it — is central to a lawsuit filed by NBC Sports executive Dick Ebersol and actress Susan Saint James over the 2004 crash that killed their teenage son.

Charter flights have gained in popularity among executives and the wealthy as an alternative to the long lines for commercial flights. They have become safer in the last two decades, but the accident rate is still higher than for commercial airlines.

Not all charter operations are certified by the Federal Aviation Administration. Those outside the FAA umbrella aren't required to give flight crews the same training required of certified companies, and it isn't always obvious which aren't certified. Some non-certified operators fly under the auspices of other companies.

In Ebersol's case, the family says it wasn't told that charter operator Key Air Inc. had hired another operator, Air Castle of Millville, N.J., to make the flight.

Just before takeoff from Montrose, Colo., on Nov. 28, 2004, Ebersol saw slush sliding off the fuselage. Moments later, the plane crashed, killing his 14-year-old son, Edward "Teddy" Ebersol, the pilot and a flight attendant.

According to the Ebersol lawsuit, the Air Castle pilots were unqualified to fly in the weather when the plane crashed.

"This is an issue Dick Ebersol thinks needs to be at the forefront of commercial aviation in America," said his attorney, Robert Clifford.

Air Castle officials declined to comment.

Key Air Chief Executive Brad Kost said Air Castle had an excellent reputation and the crew possessed all the certificates required by regulators.

Doug Carr, vice president of safety for the National Business Aviation Association, which claims 7,000 members, said charter flights are not inherently more dangerous, but he said some charter operators rely on planes that are more susceptible to poor weather and higher altitudes.

The National Transportation Safety Board concluded in May that the pilot's failure to carefully examine the wings for icing probably caused the crash that killed Ebersol's son.

NTSB members agreed that the pilots should have taken several safety precautions before flying in icing conditions and that their lack of experience in such weather contributed to the crash. They are now urging the FAA to require more training for charter crews and better disclosure to customers.

"We're looking for more transparency," NTSB Chairman Mark Rosenker said.

The safety board also cited a 2005 charter jet crash in New Jersey that injured 10 people as a need for reform.

In that case, a small jet was unable to get airborne and overran a runway at Teterboro Airport because the flight crew failed to properly calculate the plane's center of gravity. At least half of the eight passengers were not wearing seat belts because they were hidden, and a cabin aide could not open the main door for evacuation, the investigators' report said.

The NTSB ruled that the FAA's lack of close oversight of the charter industry was a contributing factor in the Teterboro crash.

FAA officials say they are addressing the concerns by meeting with charter operators to make sure they comply with regulations. The agency also will issue new operating specifications in the next few months to clearly spell out what is required of flight operators.

Ebersol's flight had been arranged by General Electric Corporate Air Transport, and charter operator Key Air brokered the flight to Air Castle because it didn't have any planes available, according to NTSB member Deborah A.P. Hersman.

"GE Corporate Air Transport undoubtedly believed it was diligent in insisting on certain standards for the air charter operator, but it did not get what it probably thought it was getting," Hersman wrote in the NTSB's report of the crash.

"If an experienced corporate travel organization like GE Corporate Air Transport can be so fooled," she said, "how easy is it for others with perhaps far less savvy and market power to hire air charter services that are less safe than they expect?"

Where Real Money Meets Virtual Reality, The Jury Is Still Out (WP)

DOJ_NMG_0108714

By Alan Sipress

The Washington Post, December 25, 2006

Veronica Brown is a hot fashion designer, making a living off the virtual lingerie and formalwear she sells inside the online fantasy world Second Life. She expects to have earned about $60,000 this year from people who buy her digital garments to outfit their animated self-images in this fast-growing virtual community.

But Brown got an unnerving reminder last month of how tenuous her livelihood is when a rogue software program that copies animated objects appeared in Second Life. Scared that their handiwork could be cloned and sold by others, Brown and her fellow shopkeepers launched a general strike and briefly closed the electronic storefronts where they peddle digital furniture, automobiles, hairdos and other virtual wares.

"It was fear, fear of your effort being stolen," said Brown, 44, whose online alter ego, Simone Stern, trades under the name Simone! Design.

Brown has reopened her boutique but remains uncomfortably aware that the issue of whether she owns what she makes -- a fundamental right underpinning nearly all businesses -- is unresolved.

As virtual worlds proliferate across the Web, software designers and lawyers are straining to define property rights in this emerging digital realm. The debate over these rights extends far beyond the early computer games that pioneered virtual reality into the new frontiers of commerce.

"Courts are trying to figure out how to apply laws from real life, which we've grown accustomed to, to the new world," said Greg Lastowka, a professor at Rutgers School of Law at Camden in New Jersey. "The law is struggling to keep up."

U.S. courts have heard several cases involving virtual-world property rights but have yet to set a clear precedent clarifying whether people own the electronic goods they make, buy or accumulate in Second Life and other online landscapes. Also unclear is whether people have any claim when their real-life property is depicted online, for instance in Microsoft's new three-dimensional renderings of actual real estate.

The debate is assuming greater urgency as commerce gains pace in virtual reality. In Second Life, where nearly 2 million people have signed up to create their own characters and socialize with other digital beings, the virtual economy is booming, with total transactions in November reaching the equivalent of $20 million. Second Life's creator, Linden Lab, allows members to exchange the electronic currency they accumulate online with real U.S. dollars. Last month, people converted about $3 million at the Lindex currency market.

Second Life's economy has been surging since Linden Lab made the unusual decision three years ago to grant users intellectual property rights for what they create with the Web site's free software tools. Thousands of people have created homes and businesses on virtual land leased from the site and are peddling virtual items as varied as yachts and ice cream.

Congress has taken note and is completing a study of whether income in the virtual economy, such as from the sale of gowns that Brown makes, should be taxed by the Internal Revenue Service. The Joint Economic Committee of Congress is expected to issue its findings early next year.

"There seems to be a lack of ground rules in an area that would have explosive growth in the next decade or two," said Christopher Frenze, the committee's executive director.

Though she grew up watching her mother at the sewing machine, learning the craft with each loving stitch of the family's clothes, Brown never considered making it a career until two years ago, when she entered Second Life. Within days, she studied up on the basic software skills and began designing virtual women's apparel from her home in Indiana. "When I design," she said, "I think about how the cloth falls and the sheen silk has compared to satin." She said she now spends 70 hours a week on her trade. Starting with four original outfits, she now offers 1,200 designs and has also moved into men's fashion.

But the rogue program, called a copybot, that appeared last month in Second Life underscored the need to clarify her property rights. After the attack, Linden Lab announced efforts to ban the program and encouraged users to report abuses. Some users argued that even stronger property protections were needed.

"I'm feeling uncomfortable," Brown admitted. "I'm safe for now, but it's very tentative."

Linden Lab made cyber-history when it gave Second Life users the intellectual property rights to their creations -- similar to the copyright real-world authors have to their writings. By contrast, most Web sites offering virtual experiences have not accorded

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users any property rights, requiring them to accept a license agreement stating that all content belongs solely to the Web site owner.

Four years ago, several online gaming veterans tried to get around this agreement and make real money by selling game items from Dark Age of Camelot on eBay and at specialty online auctions. The items, which included weapons, armor and specialized characters, in some cases went for more than $300 each. The developers of the Camelot game blocked them. When the gaming veterans sued, claiming that they had rights to the items they acquired in the game, a federal court in California ruled against them on the grounds that the license agreement took precedence. Other recent U.S. court rulings in virtual disputes have come to similar conclusions.

But judges elsewhere have taken a different view. A Chinese player in the Korean-made online game Mir 3 claimed that his personal rights had been violated when the game's local Chinese operators deleted the magic sword he used to battle virtual villains. The operators claimed it had been illegally duplicated from an original. The player filed suit, contending that he had bought the magic sword in good faith and that it was worth about $120. A Chinese court in Xuhui district ruled against the game's operators, essentially finding that the player's property rights were paramount.

In Second Life, Linden Lab executives wanted to avoid this confusion, believing that users needed clear ownership for economic activity to thrive, recounted Cory Ondrejka, chief technical officer. Otherwise, users would have little incentive to invest.

But he stressed that this ownership did not extend to full property rights -- creators have intellectual property rights to the software patterns used in making virtual objects but no rights to the objects themselves. Under this formulation, Brown owns her designs but not the individual dresses and pieces of underwear. Nor do her customers "own" the apparel they purchase and hang in their virtual closets.

"Everything in the virtual world is intellectual property, as much as it looks like property or as much as property is a useful metaphor," Ondrejka said. "Copying it is not theft. It's infringement, but it's not theft."

But Joshua Fairfield, a professor at Indiana University School of Law, said there's more to online rights than just intellectual property. He said there are legal reasons to believe that property rights to objects can exist in a virtual realm, but no U.S. court has affirmed the concept.

Earlier this month, U.S. Circuit Judge Richard A. Posner visited Second Life, appearing as a balding, bespectacled cartoon rendering of himself, and addressed a crowd of other animated characters on a range of legal issues, including property rights in virtual reality. Posner stressed that it was in Linden Lab's interest to ensure due process and other rights.

"They want people to invest in Second Life, and we know people won't invest if their rights are not reasonably secure," he told the audience, which included a giant chipmunk and several supermodels. He went on to predict the eventual emergence of an "international law of virtual worlds" similar to international maritime law.

Meanwhile, as mapping technologies rapidly improve, companies are increasingly able to transfer the real world to the online world. But are property rights any clearer in such a "real" virtual world?

Microsoft, for instance, launched an online service last month called Virtual Earth that features highly detailed three-dimensional photographic maps of American cities. Microsoft plans to make money by selling advertising billboards in this virtual depiction of urban America.

But the company's lawyers and advertising executives are still grappling with the question of whether those who own the property depicted in Microsoft's 3-D images have any control over how their depicted property is used online. For instance, does Federal Express have the right to object if an ad for its competitor DHL is posted in the parking lot at virtual FedEx Field?

"We haven't fully delineated all the guidelines for do's and don'ts," said Bobby Figueroa, a director of product management at Microsoft.

CIVIL RIGHTS:

Justice Dept. Database Stirs Privacy Fears (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, December 26, 2006

DOJ_NMG_0108716

Size and Scope of the Interagency Investigative Tool Worry Civil Libertarians

The Justice Department is building a massive database that allows state and local police officers around the country to search millions of case files from the FBI, Drug Enforcement Administration and other federal law enforcement agencies, according to Justice officials.

The system, known as "OneDOJ," already holds approximately 1 million case records and is projected to triple in size over the next three years, Justice officials said. The files include investigative reports, criminal-history information, details of offenses, and the names, addresses and other information of criminal suspects or targets, officials said.

The database is billed by its supporters as a much-needed step toward better information-sharing with local law enforcement agencies, which have long complained about a lack of cooperation from the federal government.

But civil-liberties and privacy advocates say the scale and contents of such a database raise immediate privacy and civil rights concerns, in part because tens of thousands of local police officers could gain access to personal details about people who have not been arrested or charged with crimes.

The little-noticed program has been coming together over the past year and a half. It already is in use in pilot projects with local police in Seattle, San Diego and a handful of other areas, officials said. About 150 separate police agencies have access, officials said.

But in a memorandum sent last week to the FBI, U.S. attorneys and other senior Justice officials, Deputy Attorney General Paul J. McNulty announced that the program will be expanded immediately to 15 additional regions and that federal authorities will "accelerate . . . efforts to share information from both open and closed cases."

Eventually, the department hopes, the database will be a central mechanism for sharing federal law enforcement information with local and state investigators, who now run checks individually, and often manually, with Justice's five main law enforcement agencies: the FBI, the DEA, the U.S. Marshals Service, the Bureau of Prisons and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Within three years, officials said, about 750 law enforcement agencies nationwide will have access.

In an interview last week, McNulty said the goal is to broaden the pool of data available to local and state investigators beyond systems such as the National Crime Information Center, the FBI-run repository of basic criminal records used by police and sheriff's deputies around the country.

By tapping into the details available in incident reports, interrogation summaries and other documents, investigators will dramatically improve their chances of closing cases, he said.

"The goal is that all of U.S. law enforcement will be able to look at each other's records to solve cases and protect U.S. citizens," McNulty said. "With OneDOJ, we will essentially hook them up to a pipe that will take them into its records."

McNulty and other Justice officials emphasize that the information available in the database already is held individually by the FBI and other federal agencies. Much information will be kept out of the system, including data about public corruption cases, classified or sensitive topics, confidential informants, administrative cases and civil rights probes involving allegations of wrongdoing by police, officials said.

But civil-liberties and privacy advocates -- many of whom are already alarmed by the proliferation of federal databases -- warn that granting broad access to such a system is almost certain to invite abuse and lead to police mistakes.

Barry Steinhardt, director of the Technology and Liberty Project at the American Civil Liberties Union, said the main problem is one of "garbage in, garbage out," because case files frequently include erroneous or unproved allegations.

"Raw police files or FBI reports can never be verified and can never be corrected," Steinhardt said. "That is a problem with even more formal and controlled systems. The idea that they're creating another whole system that is going to be full of inaccurate information is just chilling."

Steinhardt noted that in 2003, the FBI announced that it would no longer meet the Privacy Act's accuracy requirements for the National Crime Information Center, its main criminal-background-check database, which is used by 80,000 law enforcement agencies across the country.

"I look at this system and imagine it will raise many of the same questions that the whole information-sharing approach is raising across the government," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a Washington-based group that has criticized many of the government's data-gathering policies.

"Information that's collected in the law enforcement realm can find [its way] into other arenas and be abused very easily," Rotenberg said.

McNulty and other officials said the data compiled under OneDOJ would be subject to the same civil-liberties and privacy oversight as any other Justice Department database. A coordinating committee within Justice will oversee the database and other information-sharing initiatives, according to McNulty's memo.

Gene Voegtlin, legislative counsel for the Arlington-based International Association of Chiefs of Police, said his group welcomes any initiatives to share more data with local law enforcement agencies.

"The working partnership between the states and the feds has gotten much better than the pre-9/11 era," Voegtlin said. "But we're still overcoming a lot of issues, both functional and organizational . . . so we're happy to see DOJ taking positive steps in that area."

Diabetics In The Workplace Confront A Tangle Of Laws (NYT)

By N. R. Kleinfield

The New York Times, December 26, 2006

MINNEAPOLIS — John Steigauf spent more than a decade fiddling with the innards of those huge United Parcel Service trucks until an icy day two years ago when the company put him on leave from his mechanic's job. A supervisor escorted him off the premises.

His work was good. He hadn't socked the boss or embezzled money. It had to do with what was inside him: diabetes.

U.P.S. framed it as a safety issue: Mr. Steigauf's blood sugar might suddenly plummet while he tested a truck, causing him to slam into someone.

Mr. Steigauf considered it discrimination, a taint that diabetes can carry. "I was regarded as a damaged piece of meat," he said. "It was like, 'You're one of those, and we can't have one of those.' "

With 21 million American diabetics, disputes like this have increasingly rippled through the workplace:

¶A mortgage loan officer in Oregon was denied permission to eat at her desk to stanch her sugar fluctuations, and eventually was fired.

¶A Sears lingerie saleswoman in Illinois with nerve damage in her leg quit after being told she could not cut through a stockroom to reach her department.

¶A worker at a candy company in Wisconsin was fired after asking where he could dispose of his insulin needles.

In each instance, diabetics contend that they are being blocked by their employers from the near-normal lives their doctors say are possible. But the companies say they are struggling, too, with confusion about whether diabetes is a legitimate disability and with concern about whether it is overly expensive, hazardous and disruptive to accommodate the illness.

The debate will probably intensify. The number of diabetics in America swelled by 80 percent in the past decade. Experts say the disease is on its way to becoming a conspicuous fact of life in the nation's labor force, raising all sorts of issues for workers and managers.

Even an outspoken advocate for diabetics like Fran Carpentier, a Type 1 diabetic and a senior editor at Parade magazine, understands the implications for business. "Knowing what it's like to live with the disease hour by hour, day by day, I wonder if I owned my own company if I would hire someone with diabetes," she said. "I'm being bluntly honest. And it kills me to say this."

Doctors, though, say that with improved medications and methods of self-testing blood sugar, most diabetics can do almost any job if they properly manage their illness. Yet myths about the disease persist, advocates say, leading many companies to shun diabetic employees.

"It's not all about ignorance, but if I can get rid of ignorance, I can get rid of a lot of discrimination," said Shereen Arent, the director of legal advocacy for the American Diabetes Association.

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Part of the confusion is a byproduct of the disease itself, a capricious illness of elevated, damaging levels of sugar in the blood. Type 1 is a malfunction of the immune system that usually appears in childhood, while the far more prevalent Type 2 is closely associated with obesity and inactivity. Many people with diabetes will face withering complications like blindness, amputations and heart disease. Others will not.

For some, particularly insulin users prone to the abnormal drops in blood sugar known as hypoglycemia, the illness can cause dizziness, fainting or muddled judgment. Doctors, however, say those constitute a tiny number of readily identifiable cases.

Nonetheless, the risk of plunging blood sugars has fueled a longstanding reluctance to employ diabetics in jobs like those of truck driver or police officer, if they are on insulin. Until this summer, the National Fire Protection Association cautioned against making it too easy for even non-insulin-dependent diabetics to become firefighters. Now the association recommends an individual assessment.

Federal law bars diabetics from joining the armed services and prevents diabetics on insulin from becoming commercial pilots.

Innumerable diabetics, though, are engaged in more mundane jobs uninvolved in matters of life and death. For these people, secretaries and factory workers and programmers, a "reasonable accommodation," like permission to eat at one's desk or to be excused from fluctuating shifts, can make the difference in whether they can function.

When disputes can't be resolved, the cases often land in court or before the Equal Employment Opportunity Commission. The commission, which enforces the Americans With Disabilities Act of 1990, says diabetes-related complaints have been on the rise, one of the few conditions generally showing an increase in complaints. Diabetes accounts for nearly 5 percent of the 15,000 annual allegations that the commission gets under that act, trailing only back impairment, other orthopedic injuries and depression.

Often the courts are of scant help in bringing clarity. Mr. Steigauf has spent two years trying to thread his way through the disability discrimination law. The federal law can be fuzzy, for it mentions no illness or handicap by name but supplies a legal test under which plaintiffs must usually demonstrate that a "major life activity," like walking or vision, is "substantially limited."

This is easy enough for anyone who has lost sight or a limb. But the restrictions of diabetes are often invisible. Diabetics thus can find themselves teetering on a balance beam, needing to prove they are disabled enough to fit under the law but not so impaired that they can't do a job.

Judges in nearly identical cases have ruled in completely opposite ways, leaving diabetics bewildered and businesses unsure what, if anything, they should do. While some courts, for example, have held that the eating restrictions diabetics face satisfy the substantial limitation, others have disagreed.

"Usually the battle is over that word, 'substantially,' " said Craig A. Crispin, an Oregon employment lawyer. "If you say the person is disabled because of the impact on eating, the other side will say: 'Hey, look, she's eating a sandwich. Where's the disability?' "

Seeking Accommodations

The quarrels are as varied as working life: a musician rejected for a cruise ship's cabaret band, baggage handlers and plane cleaners fired by an airline, a blackjack dealer dismissed by a casino.

The American Diabetes Association fields about 100 calls a month about workplace tussles like these. Many of them revolve around accommodations, though the changes sought tend to be modest: predictable hours, a place to test blood, freedom to snack when sugars get unbalanced.

Companies often cite workplace safety as their paramount concern, though there is little hard evidence to suggest that diabetics are a risk.

In one case in 2002, ConAgra Foods withdrew a job offer to Rudy Rodriguez at a Texas baked bean plant after a physical suggested that his Type 2 diabetes was so out of control that he was a hazard. Mr. Rodriguez had performed fine as an interim laborer, but the examining doctor declared there was nowhere he could safely work "outside of a padded room where he could even then fall and break his neck from dizziness or fainting."

An appeals court found otherwise and held that ConAgra had violated the law. The case was settled, and Mr. Rodriguez now works for a printer.

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"Some people who have a problem with hypoglycemia should not be doing public safety-type jobs," said John W. Griffin Jr., a lawyer from Texas with Type 2 diabetes who handles discrimination cases. "But I guarantee you that that baked bean factory was not public safety."

There has been other progress for diabetics: the San Antonio Police Department's barring of diabetics on insulin was struck down. Insulin-using diabetics in good control of their illness can get private pilot's licenses.

In the lingerie saleswoman's case, Sears agreed to a consent decree awarding the woman $150,000 and stipulating that the store train supervisors about disability discrimination.

Employers, however, prevail in a vast majority of cases (many are settled). It is hard even to get lawyers to pursue complaints since prejudice is tricky to prove. Establishing discrimination has become harder since 1999, when the Supreme Court held that if a disability can be corrected with medicine or things like prostheses, it is not necessarily protected. Advocates for the disabled say the ruling warped the intent of Congress.

Ruth Colker, a law professor at Ohio State University who studies disability discrimination, said that very few working people with diabetes now find themselves guarded by the law.

Judges, in fact, have deemed these diabetics not disabled: a Maine store manager who had trouble walking because of poor circulation, and a New York security guard without vision in one eye and declining vision in the other who had four episodes of hypoglycemia in two years.

In some instances, employers have said they took action against an employee because of diabetes, but the court still found that the worker was not disabled and threw out the case.

"There's not a remedy for every wrong," said David A. Copus, a lawyer who represents employers and specializes in disability issues. "There are employers who don't like ugly people. They're not protected by the law."

Mr. Copus said he was not unsympathetic. His father had diabetes; it was very debilitating.

Wary of bad outcomes, many diabetics conceal their illness on the job. Brian T. McMahon, a professor at Virginia Commonwealth University who studies workplace discrimination, said: "You get to the question of whether or not to disclose you have diabetes. Most people opt not to, for they fear: Am I inviting more trouble?"

Figuring Employer Costs

There was a time, four or five decades ago, when you wouldn't find one diabetic on the entire floor of a factory. Now, Type 2 diabetics are commonplace. It is not only the ascendancy of the disease, but also the fact that a condition once considered a corollary to old age is striking people sooner, catching them long before retirement. And this comes as companies are already struggling to balance productivity in the workplace with soaring medical costs.

To understand the brutal math of diabetes, all a business has to do is consult the Web site diabetesatwork.org, set up by the government to furnish advice on addressing diabetes in the workplace. One of its tools is a calculator that uses rough assumptions to suggest what costs might be involved.

Businesses plug in the number of employees, the tally is multiplied by 8.2 percent (a slightly dated national prevalence rate for diabetes), then that figure is multiplied by $13,243, an estimate for yearly medical costs of a diabetic. Voilà: the price tag of diabetes. It is a burden more than five times that of workers without diabetes.

Ron Z. Goetzel, a vice president for Thomson Medstat, which analyzes health care costs for businesses, said that if absenteeism and productivity losses are added, diabetes ranks third among major conditions as an economic cost to employers, after heart disease and hypertension.

Companies have only started to reckon with this, and with the disease's ancillary concerns. Even if advocates say safety is rarely a factor, companies argue they cannot take chances with some types of workers, like school bus drivers or even pizza deliverers.

Concessions may seem small — for example, granting a bank teller more frequent breaks — but many employers contend that if rules bend for one person, then that breeds resentment among other employees. Co-workers cannot see the diabetes, and if an employer gives preferential treatment to a diabetic worker, it cannot legally tell other workers it is because of the diabetes. Companies feel that indulging all diabetics trivializes the meaning of disability and of fairness.

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"It comes down to how many extra points do I give you," said William J. Kilberg, a Washington employment lawyer. "Why is everybody a victim?"

He said too many people who are not disabled demand special favors. "I mean, I wear eyeglasses," he said.

In addition to the threat of a suit under federal or state disability law, businesses must grapple with the Family and Medical Leave Act, which requires them to grant unpaid leave to ill workers. That can create scheduling difficulties.

"This whole area gets complicated, because the medical leave act can mean employees absent from the workplace for extended periods," said Stephen A. Bokat, general counsel for the United States Chamber of Commerce. "That bothers employers even more than an employee needing a half-hour during the day to administer some insulin."

Health care consultants urge companies to become proactive, try to use tools like wellness programs to forestall diabetes' claim on their workers and install disease management programs to improve existing cases. And many do. Companies dangle $100 incentives (though more often a mug or a T-shirt) if an employee submits to a health assessment or accepts a phone call from a health coach.

But getting participation is hard. And the economic worth of these undertakings to a business is difficult to gauge with a progressive disease like diabetes. Sometimes the evident benefits of in-house health programs are years down the road, when an employee a business invested in may well be working elsewhere.

When Safety Comes First

John Steigauf's fellow mechanics called him "Flunky." The name caught on after Mr. Steigauf gave advice to a prickly supervisor, who thundered, "I'm not going to let some flunky mechanic tell me how to do my job." Mr. Steigauf, 47, wanted it embroidered onto his uniform. Supervisors said forget it.

He joined United Parcel in Minneapolis in 1991, turning wrenches from the start. Five years ago, he learned that he had Type 2 diabetes. Though it often goes with being overweight, he had a wide receiver's build: 6-foot-2, 193 pounds. But his mother had diabetes.

He was put on pills and watched his diet, abandoning his cherished hot chocolate. Yet his blood sugar remained high. If it didn't drop, he would need insulin. That sent fear pumping through him.

U.P.S. requires mechanics, like its interstate drivers, to hold a commercial driver's license and to be cleared to drive out of state so they can road-test trucks. In reality, mechanics could go weeks without leaving the yard, but those were the rules. And at the time, federal officials did not grant interstate licenses to insulin-using diabetics.

They did dispense a few exemptions. But Mr. Steigauf, who started using insulin only in 2004, stood no chance. The requirement was to have driven safely while on insulin for three years.

So Mr. Steigauf tried starving himself, slicing off 30 pounds. It made him crabby, fatigued and so thin "that if I stuck my tongue out, I looked like a zipper."

His blood sugars did not budge. But after he took insulin, his diabetes settled down almost at once.

Later in 2004, he had to have a physical to renew his commercial license, a test he could no longer pass. Minnesota did not have the three-year rule, and since he had never had a hypoglycemic episode or other problems, Mr. Steigauf got an exemption to drive within the state. Given that he didn't even leave the county while road-testing trucks, he hoped that would be good enough.

It wasn't. For consistency, U.P.S. wanted all its mechanics to be certified to drive from state to state, whether they needed to or not. So Mr. Steigauf was sent home on disability, even though he felt fine.

Norman Black, a U.P.S. spokesman, said the company had always intended to find Mr. Steigauf another position. He said the company did not discriminate but was passionate about safety.

Studies tracking accident rates of diabetics are inconclusive; some indicate worse outcomes, others don't. But either way, Mr. Steigauf's direct supervisor at the time, Dan Welke, said he thought the company had gone too far, that somebody else could road-test the trucks repaired by Mr. Steigauf.

"It just seemed ridiculous," Mr. Welke said.

Mr. Steigauf also had trouble making sense of this. When his diabetes raged out of control, it had been all right to fix trucks. Now, with the illness under control, it wasn't.

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When he spoke to someone in human resources, Mr. Steigauf said he was told that he would never come back. The notion that he was a human tinderbox punctuated his interactions. "I'd be told that I could pull a tractor up to a fuel pump and pass out and the thing would explode," he said. "I was like a grenade and was going to kill people."

At home in Bloomington, Minn., where Mr. Steigauf's tidy ranch is bordered by a soupçon of lawn, he, his wife, Dawn, their twin daughters and their severely autistic son struggled on a weekly disability check of $431, about half his old pay.

To keep going, he did odd jobs. Friends at U.P.S. dug into their pockets. The family cut one another's hair and skipped sending Christmas cards.

Finally, Mr. Steigauf asked U.P.S. to excuse him from interstate driving as a "reasonable accommodation" under disability law. After all, he had left the state for U.P.S. only once in 13 years. Some of his colleagues, he found out, did not even have commercial driver's licenses.

But U.P.S. refused, saying he was not disabled under discrimination law, and thus not entitled to an accommodation.

So, in early 2005, he filed a complaint with the Equal Employment Opportunity Commission and waited, interned in his house, as if he had evaporated — all the while collecting disability from a company that said he was not disabled.

After seven months, U.P.S. offered him a lower-paying job, fixing trailers. He could not touch an engine or drive. But he took it while he battled for his former position.

Then he had some luck. Federal officials changed their rules on interstate licenses and Mr. Steigauf qualified for a waiver, allowing him to return to his old job. He is expected to start within a month or so.

This fall, the E.E.O.C. concluded that he had been discriminated against and that U.P.S. owed him relief. U.P.S. said it would contest the decision.

Mr. Steigauf is still bitter, not toward U.P.S. itself, but toward the way he believes it treats diabetics. Even now, he feels singled out.

"I've had unloaders at work say to me, 'Are you that diabetic guy?' " he said. "I don't know what they mean. Nothing? Or, 'You shouldn't be working here'?"

To keep his exemption, he must obey a complicated protocol to show the Federal Motor Carrier Safety Administration that he remains fit. Every three months, he has to report how much he drives and his sugar levels. If he has an accident, even if someone rams his car while he's in a movie, he has two days to alert the government. He has seven days to let the government know if he has a new car or a new phone number.

"The exemption adds to the discrimination," he said one afternoon at home. "It constantly reminds me that I'm different."

His children skittered through the room.

"You become a show dog," he said. "I fix engines. I don't want to be a show dog."

ANTITRUST:

Judge Postpones Delphi Hearing After New Plan (WSJ)

By John D. Stoll

The Wall Street Journal, December 26, 2006

Bankruptcy Judge Robert Drain postponed a key hearing in the Delphi Corp. bankruptcy case to Jan. 11 from Jan. 5, allowing more time for critics to compose arguments against the auto-parts supplier's proposed $3.4 billion bankruptcy-emergence equity deal with a group of investors led by Appaloosa Management.

The bankruptcy court must approve the deal by Jan. 22, or it can be nullified by the Appaloosa group, according to a letter the hedge fund's team sent to Delphi last week. Cerberus Capital Management, hedge fund Harbinger Capital, Merrill Lynch & Co. and UBS AG's UBS Securities are part of Appaloosa's team.

Judge Drain changed the hearing date following an alternative $4.7 billion funding plan proposed Thursday by hedge fund Highland Capital, which says it owns about 8.8% of Delphi's stock and has positioned itself as a rival to Appaloosa in the battle to shape Delphi's future. The fund's actions highlight the growing interest among private-capital players in the restructuring of the U.S. auto industry.

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Highland accuses the Appaloosa team of forging a deal that gives too much preference to the investment group. Other stakeholders have also filed court papers expressing displeasure with the Appaloosa plan, which was first announced early last week.

Separately, General Motors Corp. said it plans to honor an agreement with the Appaloosa team not to talk to other Delphi stakeholders about alternative funding plans before April 2, though GM spokeswoman Renee Rashid-Merem said there may be certain contingencies that eventually allow the auto maker to discuss alternative plans with other stakeholders, including Highland, prior to April 2.

GM, which spun off Delphi in 1999, stands to hold about a 5% equity stake in the new Delphi under Appaloosa's proposal.

Delphi spokeswoman Claudia Piccinin said the Troy, Mich., company will consider Highland's proposal and discuss its merit with its board.

ENVIRONMENT/INDIAN AFFAIRS:

After Long Struggle, Whooping Crane Population Hits Milestone (WP)

By Sylvia Moreno

The Washington Post, December 26, 2006

AUSTWELL, Tex. -- One of the most beloved groups of winter Texans is back, in the largest number in a century and with a record 45 youngsters in tow, including an even rarer seven pairs of twins.

They flew 2,400 miles from Canada's Northwest Territories and can be seen munching on blue crabs and bright red-orange wolfberries among the marshes of the Aransas National Wildlife Refuge.

The whooping crane, the tallest bird in North America, whose numbers dwindled to fewer than 20 in 1941, is not only back from the brink of extinction but also thriving -- a comeback story, federal wildlife officials say, that illustrates how a coordinated conservation effort can save a species.

"The whooping crane continues to mirror the success of endangered species recovery when man sets his mind to it," said Tom Stehn, the national whooping crane coordinator for the U.S. Fish and Wildlife Service. "We have come a long way, but we do have a long, long way to go."

This year, the nation's only natural wild population of whooping cranes reached a milestone. Stehn's mid-December census of the migratory crane flock at the wildlife refuge, where he is based, numbered 237. Combined with the number of birds in captivity in three special flocks raised for reintroduction to the wild and those in zoos, the crane population now numbers 518. This is the first time in more than a century that whooping cranes have numbered more than 500.

Deboarding from the tour boat Skimmer at Aransas one sunny morning a few days before Christmas, Mike Dixon explained why he and his family drove in from West Texas just to see the huge white birds and their rusty brown chicks.

"Those birds out there are the result of a whole lot of effort, money and concern to save a species, and that's exciting," he said.

Recovery efforts date to 1938, a year after the federal government established the Aransas Wildlife Refuge along the south Texas Gulf Coast. The salt marsh was known to be the winter home of several species of migratory birds, including the majestic whooping crane, with its long sinuous neck, height of five feet and wingspan of seven feet.

The cranes numbered just over 20 in the first census, in 1938. By 1941, the migratory flock was down to 15, largely because of shooting, the conversion of grasslands to agriculture and the draining of wetlands.

"This species was virtually four nesting females away from extinction, and that's why this is so significant," Stehn said. "It was just such a close call, such an incredibly close call."

The crane's breeding grounds were unknown until 1954, when a fire crew flying over Wood Buffalo National Park in Canada's Northwest Territories accidentally discovered the migratory flock. In the United States, the whooping crane was listed as a threatened species in 1968 and moved to the endangered list two years later, prompting a series of efforts to increase the flock's size.

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From the mid-1970s to the late 1980s, whooping crane eggs were placed in sandhill crane nests in Idaho so the sandhill cranes could teach the whoopers how to survive in the wild, when to migrate and where to winter. But that whooping crane flock never paired or reproduced, and the last whooper in the Rocky Mountains died in 2002.

U.S. scientists also developed a technique in the 1980s for raising whoopers in captivity by using crane handlers -- humans dressed in costumes that resemble cranes -- to raise chicks in isolation from actual human contact, so they grow up to be wild. Starting in 1993, many of those captive cranes have been released yearly in central Florida, where they have stayed because they never learned how to migrate, behavior that would normally be passed on by their parents.

In 2001, the Whooping Crane Eastern Partnership, an American-Canadian partnership of governments, nonprofit organizations, citizens and corporations, developed a method to teach captive-raised whoopers how to migrate so they could be introduced to the wild. Since then, young cranes have been led in migration every fall by gliders flying from the Necedah National Wildlife Refuge in Wisconsin to the Chassahowitzka National Wildlife Refuge in Florida, 1,200 miles away. The cranes return on their own in the spring.

These efforts involve the Canadian and U.S. governments; federal agencies such as the Fish and Wildlife Service and the Geological Survey; state agencies; conservation groups such as the Whooping Crane Eastern Partnership and the International Crane Foundation of Baraboo, Wis.; and local zoos.

"For all of us, this is exactly what we are all about: trying to get animals reproduced and back out in the wild," said San Antonio Zoo bird curator Josef San Miguel. His staff specializes in costume-rearing whooping crane chicks, some of which are donated yearly to the International Crane Foundation for the glider migration project.

"It's a group effort, and when you hear the birds are doing what we need for them to do, it makes us all feel good," San Miguel said.

Extremely good nest production this summer in Wood Buffalo National Park is credited with producing this winter's record flock at the Aransas refuge. Stuart Macmillan, a biologist at Wood Buffalo, cited favorable breeding conditions such as adequate water levels in ponds where cranes build their nests, an ample food supply and fewer natural predators.

Today's threats to the species are power lines, which cranes crash into during migration; loss of stopover habitat; a lack of genetic diversity; disease; and a decline in habitat conditions at the Aransas refuge because less freshwater is flowing into the salt marsh.

"There are a lot of threats out there on the horizon, and that's what worries us," Stehn said. The whooping crane is likely to remain on the endangered species list until the migratory flock numbers more than 5,000, he said.

IMMIGRATION:

Bipartisan Effort To Draft Immigration Bill (NYT)

By Rachel L. Swarns

The New York Times, December 26, 2006

WASHINGTON, Dec. 25 — Counting on the support of the new Democratic majority in Congress, Democratic lawmakers and their Republican allies are working on measures that could place millions of illegal immigrants on a more direct path to citizenship than would a bill that the Senate passed in the spring.

The lawmakers are considering abandoning a requirement in the Senate bill that would compel several million illegal immigrants to leave the United States before becoming eligible to apply for citizenship.

The lawmakers are also considering denying financing for 700 miles of fencing along the border with Mexico, a law championed by Republicans that passed with significant Democratic support.

Details of the bill, which would be introduced early next year, are being drafted. The lawmakers, who hope for bipartisan support, will almost certainly face pressure to compromise on the issues from some Republicans and conservative Democrats.

Still, the proposals reflect significant shifts since the November elections, as well as critical support from the Homeland Security Department.

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Proponents said the prospects for such a measure, which would include tougher border security and a guest worker plan, had markedly improved since Nov. 7.

The Senate plans to introduce its immigration bill next month with an eye toward passage in March or April, officials said. The House is expected to consider its version later. President Bush said last week that he hoped to sign an immigration bill next year.

The major lawmakers drafting the legislation include Senators Edward M. Kennedy, Democrat of Massachusetts, and John McCain, Republican of Arizona, along with Representatives Jeff Flake, Republican of Arizona, and Luis V. Gutierrez, Democrat of Illinois. The four met this month, and their staffs have begun working on a bill.

"I'm very hopeful about this, both in terms of the substance and the politics of it," said Mr. Kennedy, the incoming chairman of the Senate Immigration, Border Security and Citizenship Subcommittee.

Mr. Kennedy acknowledged that there would be hurdles. But he and other lawmakers say Republicans and Democrats are now more likely to work together to repair a system widely considered as broken.

House Republicans blocked consideration of the bill that passed the Senate this year, saying it amounted to an amnesty for lawbreakers and voicing confidence that a tough stance would touch off a groundswell of support in the Congressional elections. The strategy largely failed.

Hispanic voters, a swing constituency that Republicans covet, abandoned the party in large numbers. Several Republican hardliners, including Representatives John Hostettler of Indiana and J. D. Hayworth of Arizona, lost their seats. After the dismal showing, House Republicans denied F. James Sensenbrenner Jr. of Wisconsin, the departing chairman of the Judiciary Committee and an architect of the House immigration approach, a senior position on any major committee in the new Congress.

Domestic security officials have voiced support for important elements of the framework under consideration. Homeland Security Secretary Michael Chertoff has repeatedly raised doubts about the effectiveness of border fencing in remote desert areas. Mr. Bush signed the fence bill this year, but Congress did not appropriate enough money for it. Officials say they would also prefer a less burdensome process than the original Senate bill outlined.

That bill divided the estimated 12 million illegal immigrants into three groups, those living here for five years or more, those here for two to five years and those here for less than two years.

All but the illegal immigrants living here for five years or more, roughly seven million, would have to leave the country briefly to be eligible for legal status. Those here for fewer than two years would have to leave the country and would not even be guaranteed a slot in a guest worker plan.

Domestic security officials said the original plan would have been enormously difficult to administer because many illegal immigrants lacked documentation to prove how long they had been in the United States.

The officials said it would have fueled a market in fraudulent documents as illegal immigrants scrambled to offer proof of residency.

The three-tiered approach would also discourage millions of illegal immigrants from registering, driving millions deeper underground.

"We do have concerns over breaking it down into that tiered system," said a domestic security official who insisted on anonymity. "When you do that, you run the risk of people trying to create false documentation that would get them the highest benefits."

Also expected to have prominent roles in the debate are Representatives Zoe Lofgren, the California Democrat who is likely to head the House Immigration, Border Security and Claims Subcommittee; Howard L. Berman, a California Democrat who has followed immigration issues closely for many years; and Bennie Thompson, the Mississippi Democrat who is set to lead the House Homeland Security Committee and has said he plans to re-evaluate the 700-mile fence.

But Mr. Flake described himself as optimistic, saying the elections had disabused many Republicans of the notion that opposing legalization and guest worker plans would win widespread support.

"That illusion is gone," he said.

The percentage of Hispanics who voted for Republicans fell to 29 percent, from 44 percent in 2004, and some Republicans say passing immigration bills is a crucial part of the effort to win them back.

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Mr. Flake warned that some Republicans might balk at proposals like broadening the number of illegal immigrants eligible for a less burdensome path to citizenship, making passage of bipartisan legislation potentially "politically more difficult."

The prospects for a bill that contains such a proposal remain particularly uncertain in the House, where many prominent Democrats want to ensure broad bipartisan backing as part of their efforts to maintain their majority in 2008, Congressional aides said.

The House Democrats are concerned about protecting newly elected moderate and conservative Democrats, some of whom had campaigned against legalizing illegal immigrants.

It is also unclear whether Mr. Gutierrez and Mr. Flake will produce the only House legislation on immigration and whether their plan will ultimately become the basis for the bill that emerges.

In the Senate, Mr. Kennedy's bill certainly has the backing of the Democratic leadership, Congressional aides said.

Senator John Cornyn, Republican of Texas, argued that expanding citizenship eligibility and abandoning financing for the fence would alienate moderates in both parties. The three-tier legalization system, a hard-fought compromise, was critical for moderate Republican support for the original bill.

The plan under consideration would allow 10 million or 11 million illegal immigrants to become eligible to apply for citizenship without returning home, up from 7 million in the original Senate bill. To be granted citizenship, they would have to remain employed, pass background checks, pay fines and back taxes, and enroll in English classes.

"I think it's a nonstarter," said Mr. Cornyn, who opposes a path to citizenship for illegal workers, but supports a plan for temporary workers that would let foreigners work here temporarily before returning home.

Congressional aides and lawyers familiar with the proposed bills emphasize that it will be very difficult for a smaller group of illegal immigrants, those who arrived after a certain date, perhaps 2004, to become citizens. The aides said the bill might include incentives for illegal immigrants to leave the country. While they hope such elements may ease concerns, many challenges remain.

Some powerful unions, which expect to exert more leverage in the new Congress, remain deeply opposed to the temporary worker program in the Senate bill. The unions say it threatens American jobs.

Officials at the A.F.L.-C.I.O. say they can scuttle such a plan next year, even though Mr. Bush and businesses say it is critical to ensure an adequate labor force.

There is also the political clock to consider. Supporters of immigration measures acknowledge that the prospects for a bipartisan bill will dim significantly if a bill is not passed before the presidential primaries of 2008 are in full swing.

Some Congressional aides and immigrants' advocates worry about the commitment of Mr. McCain, a likely presidential candidate in 2008.

Mr. McCain has long supported legalization that would not require illegal immigrants to leave the United States. Some advocates fear that his ambitions may lead to a shifting of that stance to avoid alienating moderate Republicans.

A spokeswoman for Mr. McCain said last week that he was not available to comment on the bill being drafted.

Many lawmakers say their hope is growing that Congress will pass an immigration bill next year.

"There are going to be hard choices that are going to be made, because we need to build a bipartisan, broad-based coalition," said Mr. Gutierrez, who leads the House Democratic immigration group. "But I'm hopeful that in the environment in which we're working now we can get it done."

CONGRESS-ADMINISTRATION:

Democrats Pledge To Restrain Spending (WP)

By Lori Montgomery

The Washington Post, December 25, 2006

Determined to banish their old tax-and-spend image, Democrats want to shrink the federal deficit, preserve tax cuts for the middle class and challenge the president to raise money for the Iraq war when they take control of Congress next week. But it won't be easy.

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The incoming Democratic chairmen of the House and Senate Budget committees said they plan to honor a campaign promise to devote billions of additional dollars a year to homeland security and education. And they reiterated a commitment not to cut off funding for U.S. troops in Iraq and Afghanistan.

But with the costs of those military operations rising and President Bush considering an expansion of forces, the incoming chairmen, Rep. John M. Spratt Jr. (S.C.) and Sen. Kent Conrad (N.D.), said they will have little room in their budget blueprints for significant new domestic spending, such as closing a much-criticized gap in the new Medicare prescription-drug benefit that forces millions of seniors to pay 100 percent of drug costs for a few weeks or months each year.

They said they will press Bush to help finance a war that is costing the nation as much as $8 billion a month.

"Raising taxes would certainly be an option," Conrad said in an interview. "The president, this is his policy. He's got an obligation to pay for it."

The two chairmen said they would seek to save money by demanding a better accounting of military spending and an end to "the ever-expanding 'shadow budget' of supplemental and bridge funds," as they put it in a letter to the White House last week that was also signed by outgoing Senate Budget Committee chairman Judd Gregg (R-N.H.). Those budget mechanisms have funneled more than $500 billion to terror-related operations since Sept. 11, 2001, with little scrutiny from the Republican lawmakers who are leaving power. Spratt said he would spend most of January in oversight hearings to determine where the money is going.

"When the president talks about staying the course, he never mentions cost as a factor," Spratt said. "But it is a factor, particularly when you get costs over $100 billion a year."

Spratt and Conrad said they would aim to balance the budget by 2012, a goal that could anger liberal Democrats eager for new spending on domestic programs and conservative Republicans determined to preserve the tax cuts passed during Bush's first term. But it also could establish the Democrats as able stewards of the nation's treasury, political analysts said, giving the party's presidential candidates an important accomplishment for the 2008 campaign.

"In terms of practical politics, the reality is this: We have to be on good behavior so we have a chance to win the presidency," said Rep. Jim Cooper (D-Tenn.), a leader of the Blue Dog Coalition, a group of conservative House Democrats whose ranks swelled to 44 in the November elections. "We have a chance now of having a new Democratic Party that supports the middle class and has middle-class priorities at heart."

Republicans and budget experts say they doubt Democrats can simultaneously cut the deficit and meet their spending goals, especially given GOP opposition to higher taxes. Bush's top budget advisers said last week that they see no need to increase taxes to pay for military operations in Iraq and Afghanistan, which are expected to cost $170 billion this year, up from $120 billion in fiscal 2006.

Despite the rising expense of the war, the annual budget deficit declined to $248 billion in the fiscal year ended in September because of an unexpected surge in tax collections.

"Revenues are up because of a growing economy," said White House budget director Rob Portman. "That has enabled us not just to afford the relatively high [war] supplementals -- higher than we expected -- but actually to decline the deficit."

Democrats say the annual deficit is kept artificially low with cash borrowed from the Social Security trust fund. The nation's overall indebtedness is approaching $9 trillion, and interest on that debt grew by 23 percent last year, making it the fastest-growing part of the budget.

Less than 20 percent of the budget is available for education, highways, housing and courts, discretionary programs that are being further squeezed by an increasingly expensive military. In the session that just ended, Congress failed to pass budget bills for most domestic agencies, in part because lawmakers refused to support painful spending restraints.

Two weeks ago, Democrats announced plans to plug some of the most difficult holes in the current fiscal year by stripping funds for lawmakers' pet projects, known as earmarks, from the bills. For next year, Spratt and Conrad said they plan to keep the purse strings pulled tight on discretionary programs and apply a pay-as-you-go rule to changes in tax policy and mandatory programs such as Social Security and health care.

That will force Democrats to find spending cuts or new revenue to pay for some big-ticket items: They have promised to halve interest rates for federal student loans, which would cost as much as $60 billion over five years. They want more money for

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border and port security, first responders and the National Guard. They say health programs for children and veterans need more cash to avoid dropping thousands of people from their rolls. And they want to extend some of the Bush tax cuts that are set to expire in 2010, including an expanded child credit, a reduction in the so-called marriage penalty and the new 10 percent tax bracket.

Plus, Democrats have promised to freeze the alternative minimum tax, a parallel tax structure that will add thousands of dollars to the tax bills of millions of families unless Congress comes up with about $50 billion to halt its expansion for another year.

Democrats say they will cover that cost by ending tax breaks on foreign profits of U.S. businesses, closing corporate tax shelters, cutting subsidies to oil and gas companies and giving the federal government authority to negotiate lower drug prices for Medicare. They would also tap the vast amount of uncollected tax revenue known as the tax gap, which has been projected at $300 billion a year.

But some of those funding sources are highly uncertain. The nonpartisan Congressional Budget Office has said negotiating drug prices is unlikely to produce much savings. Past attempts to harness the tax gap have produced little new revenue.

Without more money, Democrats will face "a real struggle for which wins out: the political promises or the fiscal-responsibility promise," said Robert L. Bixby, executive director of the Concord Coalition, a nonpartisan group that opposes deficits. "If the public perceives that they're making real choices and cutting back on some things they want to do politically because they're trying to be fiscally responsible, then they can declare victory." But if people perceive that they're honoring fiscal restraint in word but not in deed, then they'll look pretty silly, Bixby said.

So far, Bixby said, he has been impressed by Democratic leaders' commitment to deficit reduction, calling the elimination of earmarks "rather stunning." Another Blue Dog leader, Rep. Dennis Cardoza (D-Calif.), said the Democrats' conservative wing will block any effort in the House to backslide on those promises.

"Yes, there's going to be tough medicine," Cardoza said. "But we are incredibly united behind these goals. And they need us to do anything."

OTHER NEWS:

Roberts Leading Court In More Media-friendly Direction (USAT/AP)

By The Associated Press

USA Today, December 25, 2006

WASHINGTON (AP) — Many Supreme Court justices prize the anonymity that comes with their lifetime appointments and camera-free courtroom. Unrecognized, justices have snapped pictures for tourists in front of the court or been asked to move out of the way of a shot.

On rare occasion, a justice might consent to an interview on the C-SPAN cable network to discuss a recent book or be shown addressing a lawyers' gathering somewhere.

Lately, however, some members of the court have been popping up in unusual places — including network television news programs — and talking about more than just the law.

For an institution that has kept the media at a comfortable distance for much of its existence, the Supreme Court's increasingly public face is astonishing, said University of Chicago law professor Dennis Hutchinson, who served as a law clerk for Justices Byron White and William Douglas.

"More and more, the justices are spending time talking off the bench informally to reporters, on the record, off the record, in public, on tape, on film," Hutchinson said.

Justices Antonin Scalia and Stephen Breyer recently debated their competing views of the Constitution. Breyer and retired Justice Sandra Day O'Connor have talked publicly and repeatedly about threats to judicial independence. Justice Samuel Alito proudly affirmed his membership in the conservative Federalist Society, speaking in a packed ballroom at its recent convention.

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Perhaps most noteworthy, though, has been the media-friendly attitude adoped by new Chief Justice John Roberts, in contrast to his predecessor William Rehnquist. Roberts recently was featured on ABC News' Nightline discussing both his view of the court and his son Jack's Spiderman imitation at Roberts' introduction by President Bush.

"Roberts is putting a smiley face in the center chair," said Hutchinson, who recalled earlier eras in which chief justices rigorously avoided the press and looked askance at their colleagues who consented to the rare interview.

Having spent more of his legal career as an advocate than as a judge, Roberts is at ease on a public stage. He has longstanding professional relationships with many in the court's veteran reporting corps.

For many years, justices held to the view that the court's mystique and reputation were enhanced by their distance from the public. The justices spoke through their written opinions, laying out not only what they had decided, but why.

Their unbending refusal to allow cameras in the courtroom has been part and parcel of this belief that the Supreme Court is unlike the Congress and the presidency in that it does not serve at the pleasure of voters.

Rehnquist could stroll around the court, unrecognized by tourists. Justice Anthony Kennedy snapped a photograph for visitors who had no idea who he was. Justice John Paul Stevens once was asked to move out of the way by a picture-taking tourist.

Now comes Roberts, who appears intent on allowing the public more of a look inside the court, although the prospect of televised court sessions still seems remote. He also heartily endorsed tighter ethics rules for judges, although those rules do not apply to the Supreme Court.

Douglas Kmiec, a Pepperdine law professor and Justice Department official in earlier Republican administrations, said Roberts' public relations effort is in line with his desire to have the court issue narrower, more consensual rulings.

"I think he feels a burden of explanation. The court has become so much the storm center of cultural controversy. Roberts is committed to not having that be so," Kmiec said. "If that's the case, it requires a certain amount of public explanation."

Stephen Wermiel, a law professor at American University, agreed that "the idea of more consensus brought about by narrower decision making enhances the public image of the court."

Yet Breyer and Scalia, for instance, have said they don't necessarily agree with the chief's call for greater consensus on the court. Scalia made clear he prefers bold rulings that serve as a guide for lower courts and lawyers, saying narrow rulings can be so constricted as to be useless

Another possibility, said University of Virginia law professor G. Edward White, is that the court will stay in the middle of national controversies and that Roberts believes its credibility will be enhanced if the justices appear less remote.

It may also be that the justices believe they can keep proponents of even greater openness, especially cameras in the courtroom, at bay.

At this early stage in his tenure, it is unclear just where the court is headed. With Roberts and Alito two new conservative faces on the court, high-profile cases involving abortion, race and the environment await decisions.

But by courting the media, the chief justice already has broken with his predecessors in one respect.

Italian In Poison Case Arrested (AP)

AP, December 25, 2006

ROME — An Italian who met with an ex-KGB agent around the time that radiation made the Russian fatally ill was arrested Sunday on charges of international arms trafficking and slander, the Italian man's father said.

The accusations against Mario Scaramella were not believed to be directly related to the investigation into the poisoning death of Alexander Litvinenko.

Scaramella, the first person connected to the poisoning case to be arrested, met Litvinenko at a London sushi bar Nov. 1, the apparent day that the former agent was poisoned. Litvinenko died of exposure to polonium-210 on Nov. 23.

Amedeo Scaramella said his son was arrested in Naples after returning from London, where he had been hospitalized for radiation exposure.

Ten people in Britain have tested positive for exposure since Litvinenko died.

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Scaramella said he showed Litvinenko e-mails at the Nov. 1 meeting from a confidential source identifying the possible killers of Russian investigative journalist Anna Politkovskaya and listing other potential targets for assassination — including himself and Litvinenko.

On his deathbed, Litvinenko blamed Russian President Vladimir V. Putin for his poisoning — an allegation that the Kremlin denied.

Ethiopian Jets Strafe Mogadishu Airports (NYT)

By Jeffrey Gettleman

The New York Times, December 26, 2006

NAIROBI, Kenya, Dec. 25 — An Ethiopian fighter jet strafed Mogadishu's airport on Monday in a striking show of force that took the growing conflict in the Horn of Africa to Somalia's capital for the first time.

Across the country, Somalia's Islamist leaders conceded that they were rapidly losing territory to the forces of Somalia's internationally recognized transitional government.

In Beledweyne, a town near the Ethiopian border, residents resumed the lives they had led before Islamist rule, not even a day after the Islamist forces pulled out. A truck hauling chat, a mildly narcotic leaf that the Islamists had outlawed, pulled into the market to a burst of cheers.

"It was wonderful to see that truck," said Farah Abdi Dereer, a vendor of spare parts.

The fighting between Somalia's transitional government and the country's powerful Islamist movement, based in Mogadishu, has been raging on and off for nearly a week.

On Sunday, Ethiopia officially joined the hostilities, with the tacit blessing of the United States, bombing Islamist positions in several frontline areas and pushing ground troops deep into Somali territory. Ethiopian officials said they sided with the transitional government because the Islamists, whom American officials have accused of harboring Qaeda terrorists, posed a threat to the region.

On Monday, witnesses in Mogadishu said that a lone Ethiopian fighter jet roared over the Indian Ocean around 9 a.m., fired machine guns at the parking lot of the international airport, which was mostly empty, and banked sharply away.

The attack was apparently meant to be more a demonstration of military might than a destructive mission; the only reported casualty was an airport janitor who was slightly wounded. It did, however, have the intended effect of shutting the airport down as Daallo Airlines, one of the last carriers to fly into Somalia, promptly canceled all service.

Witnesses said four more Ethiopian fighter planes then attacked an intensely guarded military airport west of Mogadishu, where the Islamist forces stored their heavy weapons and ammunition.

Ethiopian officials said they were following specific instructions by the transitional government to seal Somalia's borders to bar foreign fighters. According to United Nations officials, the Islamists are supported by several thousand Eritreans, Libyans, Syrians and Yemenis who have responded to the call of a holy war against Ethiopia, a Christian-led country.

In Baidoa, the inland seat of the transitional government, top officials were sounding increasingly confident. After months of isolation in a provincial market town, too weak to spread their administration to Somalia's cities, transitional government officials laid out an ambitious three-part plan.

"We're going to eradicate the enemy, we're going to appoint administrators and we're going to rule nationwide," said Abdirizak Adam Hassan, chief of staff for President Abdullahi Yusuf Ahmed.

A few weeks ago, this would have sounded preposterous. But the injection of forces from Ethiopia, which commands the most powerful military in the region, seems to be changing Somalia's wobbly balance of power.

Still, with attacks and counterattacks continuing, the outcome remains uncertain. Western diplomats have cautioned Ethiopia not to try to overthrow the Islamists and occupy Mogadishu, fearing that would spawn a long, messy guerrilla war.

Already, thousands of people, with barely enough to eat before conflict struck, are fleeing their homes and their farms, creating a worrisome situation for the few aid organizations still operating in Somalia.

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Ethiopian officials reiterated Monday that they felt they were forced to act because of the threat the Islamists posed to their security. So far, the Ethiopian military seems to be selecting targets mostly outside urban areas in an effort to reduce civilian casualties.

But the extent of the casualties is hard to tell. Warfare in Somalia is traditionally mobile and small scale, fought between armed pickup trucks and small crews of fighters. Red Cross officials have said that they have treated more than 400 people for combat injuries, and United Nations officials put the death toll from the past week in the low hundreds.

Both sides have published pictures of the dead sprawled on the battlefield. On Monday, the Islamists showed images of prisoners of war with their arms bound behind their backs and their throats slit. Last week, the Islamists vowed to execute all captives.

Though the Islamist leaders conceded Monday that they had retreated from two towns they had controlled (the transitional government said the true number was five), they seemed unbowed. Mosques in Mogadishu continued to blare out recruitment calls, and thousands of young men, many in their early teens, continued to enlist.

But some people in Mogadishu who used to support the Islamists — who did indeed bring a semblance of order to a very dangerous city — were beginning to express doubts.

Asho Ali, a mother of eight, went to the hospital on Sunday to see her 16-year-old son, who had been wounded fighting for the Islamists. On Monday, he died.

“For no reason we are losing our children,” she said. “Why are they doing this?”

Ethiopia Steps Up Attacks On Somalia (WP)

By Stephanie McCrummen

The Washington Post, December 26, 2006

LONDON, Dec. 25 -- Ethiopian warplanes attacked the airport in Somalia's capital, Mogadishu, on Monday in another major escalation of fighting between the Ethiopian-backed Somali government and the Islamic Courts movement that in recent months has taken over much of the country.

In Mogadishu, businesses shut down and thousands of enraged Somalis loyal to the Islamic movement rallied in the streets, once again proclaiming holy war against Ethiopia, a bitter enemy that is widely perceived to be supported by the U.S. government. Witnesses said young Somali men who have grown up in a country awash with AK-47 assault rifles continued to pour into recruiting centers to sign up to fight.

And 150 miles away on the front lines near Baidoa, seat of the fragile interim government, sources said that fighters from Eritrea and Pakistan, among others, had joined the Islamic movement's battle against Ethiopia in a conflict that analysts fear could engulf the Horn of Africa.

"The feelings are very bad, very confusing -- everywhere, it's confusing," said a businessman in Mogadishu who did not want to be identified. "I didn't expect this scale of war, but most Somalis, even if they were fighting each other before on a clan basis, they are united now against Ethiopia. And there's a feeling that the international community is not helping."

Thousands of Somalis who had fled war and drought earlier this year and epic flooding in recent weeks once again abandoned villages, leaving behind fields and livestock at harvest time, aid workers said. Droves of villagers trudged down muddy roads toward refugee camps just across the Kenyan border. The camps are already full of Somalis displaced by years of fighting and natural disasters.

"These families are really pushed into the extreme limits," Pedram Yazdi, a spokesman for the International Committee of the Red Cross, said from Nairobi, adding that Red Cross-supported medical facilities had received more than 440 wounded and that the total "is rising every hour." Aid workers believe the number of dead is in the hundreds.

Meanwhile, Ethiopian officials said on state-run television Monday that they would continue the assault against the Islamic movement and vowed to push toward Mogadishu, clearing the Islamic fighters out of every town they control over the next five days. By Monday night, Ethiopian forces, which are vastly superior to the Islamic movement in conventional military terms, had secured the strategically important town of Beledweyne, which is near the Ethiopian border and along a main road to Mogadishu.

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The Associated Press reported that Ethiopian and government forces had also captured three villages in a push toward Jowhar, about 60 miles north of Mogadishu.

AP also reported that airstrikes hit a second airport, Baledogle Airport, outside Mogadishu.

Negotiations between Somalia's weak but internationally recognized interim government and the Islamic movement have fallen apart in recent months as the Islamic group has become stronger and advanced its control. The current conflict began even as the two sides had signed an agreement to de-escalate fighting and resume talks.

Analysts believe that Ethiopia's offensive is intended to force the movement back into negotiations by changing the situation on the ground.

But some analysts have expressed fear that Ethiopia's military calculation is seriously flawed, and that even if its superior military initially routs the Islamic movement, the ideologically driven militias will become only more motivated to pursue a guerrilla-style war or terrorist attacks across the region.

Ethiopia, which has fought two wars with Somalia in the past 45 years, is perceived as a historically Christian nation, though Muslims now make up nearly half its population.

"Hasn't anyone heard of Iraq?" said John Prendergast, a senior analyst with the International Crisis Group in Washington. "A military strategy of 'countering terrorism' never works and will likely blow up in their faces."

Ethiopian Prime Minister Meles Zenawi has maintained, however, that this is a war of self-defense and that dialogue has only bought the Islamic movement time to expand its control. He has repeatedly accused the Islamic movement of supporting secessionist Somali groups inside Ethiopia, and, along with the United States, has accused the movement of harboring terrorists, an allegation it has denied.

Though the United States has remained on the sidelines as the situation has deteriorated, Meles has said he has support for a defensive war from the United States, which fears that Somalia, a country without a central government since 1991, could become a new base for terrorist groups.

Opposition groups inside Ethiopia say that Meles, an increasingly authoritarian leader, has shrewdly played up the terrorism charges to win U.S. support. Based in part on intelligence out of Ethiopia, U.S. Assistant Secretary of State Jendayi E. Frazer has asserted that the Islamic movement is now under the control of an al-Qaeda cell, a claim that regional analysts believe is exaggerated.

Although some analysts believe al-Qaeda may exert influence over some military and political leaders within the Islamic movement, they caution that the leadership is very large and complex and that claims that any one person or group is in control is a misunderstanding of the movement.

Somalia has historically been of strategic importance to the United States because of its proximity to the Middle East and Red Sea shipping lanes. But U.S. policy there has been sharply criticized over the years.

A U.S.-led attempt to stabilize the country led to the deaths of 18 American troops in October 1993 in an incident depicted in a popular book and film, "Black Hawk Down." And more recently, the United States financed warlords in Somalia who described themselves as an "anti-terrorism coalition" but who mostly terrorized local Somalis, who came to despise them.

The Islamic Courts, initially a grouping of local clerics, came to power in that context, establishing order based on Islamic law village by village, and winning the support of businessmen and others who found the transitional government ineffective and the warlords unacceptable. Analysts say it is a measure of beleaguered Somalis' desire for order, rather than a tendency toward religious extremism, that they embraced the movement.

The movement is well financed, receiving money from the Somali diaspora and countries such as Eritrea, Yemen and others, according to a recent U.N. report.

Though the movement includes moderate leaders, it is backed by a militant core of young fighters called shebab, who have been indoctrinated with the ideology of holy war and whose leaders, analysts say, seem to have become more influential in recent months.

Analysts said the current crisis stems from another failure of U.S. policy in an increasingly vulnerable region. "All this could have been averted," Prendergast said. "If the U.S. joined a serious diplomatic effort aimed at finding a compromise between

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Ethiopia and the Courts, negotiations could have had a much better chance. Once the serious punching has started, it's going to be increasingly difficult to stop this brawl."

Ethiopian Jets Bomb Two Main Airports In Somalia (AP)

AP, December 26, 2006

MOGADISHU, Somalia (AP) — Ethiopian jets bombed Somalia's two main airports Monday while ground troops captured three villages and a strategic border town, lending Somalia's internationally backed government crucial military aid in its struggle against a powerful Islamic militia.

Russian-made jets swept low over the capital at midmorning, dropping two bombs on Mogadishu International Airport, part of a major escalation in the week-old fighting. The leader of the Islamic militia, Sheik Hassan Dahir Aweys, flew into the airport shortly after the attack; it was not clear if he was an intended target.

Airstrikes also hit Baledogle Airport outside Mogadishu.

"We heard the sound of the jets and then they pounded," said Abdi Mudey, a soldier with Somalia's Council of Islamic Courts, which has seized the capital and much of southern Somalia since June.

Somalia has not had an effective government since warlords overthrew longtime dictator Mohamed Siad Barre in 1991, pushing the country into anarchy. Two years ago, the United Nations helped set up a central government for the arid, impoverished nation on the Horn of Africa.

But the government has not been able to extend its influence outside the city of Baidoa, where it is headquartered about 140 miles northeast of Mogadishu. The country was largely under the control of warlords until this past summer, when the Islamic militia movement seized power.

Experts fear the conflict in Somalia could engulf the region. A recent U.N. report said 10 countries have been supplying arms and equipment to both sides of the conflict, using Somalia as a proxy battlefield. Some analysts also fear that the courts movement hopes to make Somalia a third front, after Afghanistan and Iraq, in militant Islam's war against the West.

The Islamic group's often severe interpretation of Islam is reminiscent, to some, of Afghanistan's Taliban regime — ousted by a U.S.-led campaign in 2001 for harboring Osama bin Laden. The U.S. government says four al-Qaeda leaders, believed to be behind the 1998 bombing of the U.S. Embassies in Kenya and Tanzania, are now leaders in the Islamic militia.

Militia forces have surrounded Somali government forces in Baidoa, where heavy artillery and mortar fire echoed through the streets, said Mohammed Sheik Ali, a resident reached by telephone.

But Ethiopian-backed government troops appeared to take the initiative on Monday.

Pro-government forces drove Islamic fighters out of the key border town of Belet Weyne, then headed south in pursuit of fleeing militiamen, a Somali officer said. Government troops were enforcing a curfew of 3 p.m. to 6 a.m.

"Anyone who has a gun but is not wearing a government uniform will be targeted as a terrorist," said Aden Garase, a government soldier who was put in charge of Belet Weyne.

On Ethiopian television Monday night, the defense ministry said troops would move toward the city of Jowhar, about 55 miles from Mogadishu. Later, Ethiopia made a push in that direction, capturing the villages of Bandiradley, Adadow and Galinsor, according Yusuf Ahmed Ali, a businessman in Adadow.

As its military forces advanced against militia fighters, Somalia's government also sought to seal its borders in order to prevent foreign Islamic militants from joining the Islamic courts forces.

Residents living along Somalia's coast have seen hundreds of militants arriving by boat, apparently in answer to calls by religious leaders to wage a holy war against Ethiopia.

It seems unlikely the government can blockade Somalia's 1,860-mile coastline — the longest in Africa. But the closures could hamper humanitarian aid deliveries to the country, where one in five children dies before age 5 from a preventable disease.

The U.N. World Food Program airlifted several tons of food and other aid into Somalia on Monday, but had not yet been notified of any border closings, agency spokesman Peter Smerdon said.

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The Islamic militia, which grew out of a network of ad hoc Muslim courts, has brought a measure of law to a lawless country: The international airport reopened in July after being closed for a decade.

But leaders of the Islamic courts movement alarmed the country's neighbors by threatening to incorporate ethnic Somalis living in eastern Ethiopia, northeastern Kenya and Djibouti into a Greater Somalia.

Many Somalis are enraged by Ethiopian intervention because the countries have fought two wars over their disputed border in the past 45 years. Somalia is overwhelmingly Sunni Muslim, while Ethiopia has a large Christian minority.

Despite this friction, the Somali government — which has failed to assert any real control since it was formed two years ago — relies on its neighbor's military strength.

Earlier, Ethiopia had said it sent advisers to bolster the Somali government's outgunned military forces, but denied dispatching combat troops. The U.N., though, estimates that Ethiopia has 8,000 troops in the country.

Ethiopian Prime Minister Meles Zenawi said Sunday that his country was "forced to enter a war" with Somalia's Council of Islamic Courts after the group declared holy war on Ethiopia.

So far, Ethiopian and Somali troops have used MiG jet fighters and artillery to attack the Islamists, who have no military aircraft and can return fire only with much smaller mortars and recoilless rifles.

Meles has said he does not intend to keep his forces in Somalia for long, perhaps only a few weeks. He has told visiting dignitaries that his goal is to damage the courts' military capabilities, take away their sense of invincibility and allow both sides to return to peace talks on an even footing.

Government officials and Islamic militiamen have said hundreds of people have been killed in clashes since Tuesday, but the claims could not be independently confirmed. Aid groups put the death toll in the dozens.

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Somalia Could Be Ethiopia's Quagmire (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, December 26, 2006

A more involved military offensive might pose the same problems the U.S. is facing in Iraq, observers say.

NAIROBI, KENYA — Ethiopia's attacks against Islamic forces in Somalia may have delivered a short-term military victory, but analysts warned that a longer offensive could present the U.S. ally with some of the same challenges facing American forces in Iraq.

Airstrikes against the Somali capital, Mogadishu, and other towns Sunday and Monday demonstrated Ethiopia's military superiority over the Islamic forces that seized most of southern Somalia during the summer.

But Ethiopia would be hard-pressed to dispatch enough troops to capture and occupy Islamic-held areas of Somalia.

"I don't understand what Ethiopia's objective is," said David Shinn, a former U.S. ambassador to Ethiopia and now a political science professor at George Washington University. "I can't imagine their objective is to occupy and hold Somalia. It was a very limited victory."

Most experts agree that Ethiopia's battle-tested army, numbering as many as 150,000 troops, could easily beat Somalia's ragtag Islamic fighters, which are believed to total under 10,000.

But Islamists say they would compensate for their lack of numbers and sophisticated weaponry by pursuing an unconventional war, including suicide attacks and other insurgency-style tactics that U.S. and allied troops face in Iraq.

"The Ethiopians could get bogged down into a hopeless, long-term guerrilla campaign with enormous supply lines," Shinn said. "I don't see how they 'defeat' the Islamists in the long run."

The attacks Sunday and Monday marked the first time Ethiopia has publicly acknowledged taking direct military action against Somalia's Islamists.

Ethiopian officials said they acted to preempt threats by Islamic forces to launch a "holy war" against them. Ethiopia is also moving to protect Somalia's weak transitional government, which has been battling with Islamists over who will control the Horn of Africa nation.

Somalia has been without a functioning government since 1991.

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Anger over the Ethiopian airstrikes reverberated Monday throughout Mogadishu. Local radio stations flooded the airwaves with nationalist songs, recalling the history of tensions between Ethiopia and Somalia, which last went to war in 1977.

Angry youths rioted in several Somali cities, urging all adult males to join the Islamic forces.

The Ethiopian attacks appeared to be bolstering support for the Islamists.

"I used to think that the Islamic courts were just another interest group, but now I recognize that they are standing up for the country and religion," said Muse Ali Omar, a banana vendor in Mogadishu.

"Ethiopia is my enemy, I will not sell bananas anymore," he said. "I will take my gun and go for jihad. Otherwise I am sure they will kill me in my banana kiosk if I wait for them here."

Mohammed Ibrahim Mohammed, a moderate Muslim, said, "As long as the West is supporting Ethiopian invasion, it will open the door for Islamic courts."

The Ethiopian strikes have helped unify the Islamic Courts Union, an alliance of religious leaders that came together to defeat U.S.-backed warlords this year. In recent months, some cracks were beginning to appear inside the alliance over how rigorously to implement Islamic law.

But more recently, U.S. and Ethiopian officials have concluded that extremists have seized control of the courts. They accuse court leaders of having links to terrorist groups, including Al Qaeda.

Last weekend, one Islamist leader issued an invitation to Muslims worldwide to join the fighting in Somalia. Eritrea is also believed to have dispatched as many as 2,000 troops to aid the Islamists.

U.S. officials Monday called on Somali groups to end their fighting, but they did not call for an Ethiopian withdrawal.

"Ethiopia has genuine security concerns," said one U.S. official, adding that State Department officials have urged the Ethiopian government to use "maximum restraint."

The U.S. has worked closely with Ethiopia, including training elements of its military, in its four-year effort to contain the spread of Islamic extremism in the Horn of Africa. U.S. officials repeatedly have denied using Ethiopia as a proxy against Somali Islamists, and have insisted that they argued against an Ethiopian invasion with officials in Addis Ababa, the Ethiopian capital.

A U.S. military official said the Pentagon, which set up a 1,500-man task force in neighboring Djibouti in 2002 because of concerns Al Qaeda-linked groups were seeking refuge in the region, has yet to take any action in response to the Ethiopian offensive.

"We're just watching it," the official said.

Shinn said international leaders should immediately intervene and push to remove all foreign fighters from Somalia.

"A week ago I was still optimistic that we could get this cat back in the box," he said. "Now I'm not clear if that's an option."

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Times staff writer Peter Spiegel in Washington and special correspondent Abukar Albadri in Mogadishu contributed to this report.

Israel Approves West Bank Roadblock Removals (USAT)

By Yaakov Katz

USA Today, December 25, 2006

TEL AVIV — Israel is boosting support for moderate Palestinian leader Mahmoud Abbas as his Fatah Party and the ruling militant Hamas government wage an increasingly violent battle for control of the Palestinian territories.

On Monday, Israeli Prime Minister Ehud Olmert approved in principle the removal of some army roadblocks that have hindered Palestinian travel in the West Bank "to strengthen moderate (Palestinian) elements," according to a statement from Olmert's office.

Olmert, who met with Abbas for the first time in Jerusalem on Saturday, pledged to transfer $100 million in tax money Israel had been withholding to the Palestinians, his office said. Israel also will transfer $8 million to Palestinian-run hospitals in Jerusalem, Abbas aide Saeb Erekat said.

The goodwill gestures could lead to resumption of peace talks after years of hostility between Israel and the Palestinian Authority. Olmert said Monday that his weekend meeting with Abbas would "hopefully lead to additional meetings."

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Shlomo Dror, spokesman for the Israeli Coordinator of Activities in the Territories, said the diplomatic "quartet" seeking to facilitate Middle East peace talks — the United States, the European Union, the United Nations and Russia — transferred $450 million this year in direct aid to Abbas, not to the Hamas-led government's offices.

Hamas, which refuses to recognize Israel's right to exist, took office in March after beating Fatah in elections in January. After the victory, the United States and the EU cut off direct aid to the Palestinian government. Both say Hamas is a terrorist group.

"The money is not transferred to the government ministries since they are controlled by Hamas," Dror said. "Rather, the money goes directly to bank accounts controlled by Abbas in Ramallah under European supervision."

The United States has set aside about $42 million to fund a program that trains Abbas' Presidential Guard. The program seeks to restructure Fatah and gives electoral training and strategic advice to moderate parties.

Hamas accuses the United States of trying to overthrow the Palestinian government. "The U.S. is trying to bring down our government by undermining us politically and economically," spokesman Ghazi Hamad said in an interview from Gaza. "By not giving us money, they are essentially acting against an elected government."

Micaela Schweitzer-Bluhm, spokeswoman for the U.S. Consulate in Jerusalem said, "The Hamas government is responsible for its situation by not participating in international norms of governing and by not meeting previous agreements between Israel and the Palestinian Authority."

The lack of foreign funding has forced Hamas to smuggle cash in suitcases into Gaza to meet expenses such as salaries for government and security personnel. Two weeks ago, Israel closed the crossing from Egypt into Gaza after Palestinian Prime Minister Ismail Haniyeh tried to carry in $35 million.

Gidi Grinstein, head of the Reut Institute, a think tank in Tel Aviv, said Israel and the United States should beware of "overembracing" Abbas and other moderates because such support could cause Palestinians to turn against the Palestinian president. "The Palestinians live with an eternal fear that everything is a conspiracy against them," Grinstein said.

Hamas spokesman Hamad says Palestinians will see through attempts to bolster Abbas and will vote for Hamas in the next elections. He says Abbas has received nearly $100 million in backdoor donations in addition to official aid. "The money will not weaken Hamas, and if the Americans think it will, then they are deceiving themselves," he says. "People support us not through money, but through views and honesty, and money cannot buy integrity."

Contributing: The Associated Press

Olmert Says He'd Like To Renew Talks With Syria (AP)

AP, December 25, 2006

JERUSALEM (AP) — Prime Minister Ehud Olmert on Monday said he would like to renew peace talks with Syria, but insisted that Damascus first end its support of anti-Israel militant groups in the Palestinian areas and Lebanon.

Syria has said on several occasions recently that it would like to resume negotiations with Israel, which broke down seven years ago. Olmert has rejected the offers, citing Syria's support for Hamas, Lebanese Hezbollah guerrillas and other militant groups.

"I hope we will be able to arrive at dialogue with Syria at some point if Syria upholds the most basic of commitments, the cessation of violence — the same commitment we demand of anyone we talk to," Olmert told a meeting of lawmakers from his Kadima party.

"If Syria agrees to stop the violence, stop its support for Hamas, stop its support for Hezbollah, and sever its appalling connection with Iran, then we'll be able to engage in a diplomatic process," Olmert added. "I have no doubt that this is something we want to happen."

Syria hosts headquarters of Hamas and Islamic Jihad, Palestinian militant groups committed to Israel's destruction, and offers financial and logistical support to Hezbollah, which battled the Israeli army to a stalemate during a 34-day war last summer.

There was no immediate reaction from Syria to Olmert's latest comments. The recent Baker-Hamilton report submitted to the White House recommended that Israel resume talks with Syria to help ease Mideast tensions. Olmert has rejected the report's conclusions.

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Israeli officials have been divided over whether Assad's latest gestures are sincere. A senior military intelligence official said Monday that he believes the Syrian offer is genuine, lawmakers said.

Brig. Gen. Yossi Baidatz, head of military intelligence's research decision, told parliament's Foreign Affairs and Defense Committee that Syria is interested in talks to boost its international standing, said committee member Yuval Steinitz.

But the officer stopped short of saying Syria is interested in a peace agreement, committee members said.

Steinitz said he thinks Syria wants to open negotiations to buy itself time to topple the government in neighboring Lebanon. Syria controlled its smaller neighbor for 29 years before being forced to withdraw its troops in 2005.

Last week, Meir Dagan, director of the Mossad spy agency, took the opposite view of Baidatz's, saying Syria was not prepared to return to the negotiating table, despite its overtures.

Peace talks between Israel and Syria broke down in January 2000 over Syria's demand for a full withdrawal from the Golan Heights. Israel captured the plateau, which overlooks northern Israel, in the 1967 Mideast War.

DOJ_NMG_0108737

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, DECEMBER 26, 2006 7:45 AM EST

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TERRORISM NEWS:

Panel Faults FBI In Okla. Bombing Follow-Up (WP/AP)

By John Solomon, Associated Press

The Washington Post, December 24, 2006

The FBI failed to fully investigate information suggesting other suspects may have helped Timothy McVeigh and Terry Nichols with the 1995 Oklahoma City bombing, allowing questions to linger more than a decade after the deadly attack, a congressional inquiry concludes.

The House International Relations investigative subcommittee will release the findings of its two-year review as early as Wednesday, declaring that no conclusive evidence of a foreign connection to the attack exists but that far too many unanswered questions remain.

The report sharply criticizes the FBI for failing to be curious enough to pursue credible information that foreign or U.S. citizens may have had contact with Nichols or McVeigh and could have assisted the pair. Their truck bomb killed 168 people in the main federal building in Oklahoma City on April 19, 1995.

McVeigh and Nichols were convicted of murder. McVeigh was executed in 2001; Nichols is serving a life sentence without the possibility of parole.

"We did our best with limited resources, and I think we moved the understanding of this issue forward a couple of notches, even though important questions remain unanswered," Rep. Dana Rohrabacher (R-Calif.), the subcommittee chairman, said in an interview.

The subcommittee's report discloses for the first time that Nichols admitted participating in the robbery of an Arkansas gun dealer, the crime that funded the attack. There have long been questions about that robbery because the FBI concluded McVeigh was in another state when it occurred.

Rohrabacher's subcommittee saved its sharpest words for the Justice Department, saying officials there exhibited a mindset of thwarting congressional oversight and did not assist the investigation fully.

The report says the inadequacy of the FBI's work was exposed two years ago when some bombing evidence overlooked for 10 years was discovered in a house linked to Nichols that had been searched repeatedly by agents.

Special Agent Richard Kolko, an FBI spokesman, declined to comment on the report yesterday because he had not seen it.

Kolko said: "The Oklahoma City bombing case was the largest case the FBI worked on before 9/11. Agents at virtually every office, domestically and overseas, covered thousands of leads. Every bit of information was investigated and reviewed. The FBI worked tirelessly to cover all of the leads and conducted a thorough and complete investigation."

The bureau has said previously there is no credible evidence that other people were involved.

The subcommittee concludes that the Justice Department should not have rushed to execute McVeigh after he dropped his court appeals, and that officials should have made more efforts to interview and question him about evidence suggesting he might have had help beyond Nichols's.

Feds Failed To Follow Bombing Evidence (SLT)

By Pamela Manson

Salt Lake Tribune, December 25, 2006

For years, Salt Lake City attorney Jesse Trentadue has maintained his brother was killed in prison months after the Oklahoma City bombing by interrogators who mistakenly believed he was connected to the attack.

Now, a new congressional report says federal authorities failed to investigate evidence suggesting Timothy McVeigh and Terry Nichols had assistance plotting the bombing - and some of the information pointing to co-conspirators came out of Trentadue's lawsuits against the FBI.

And it adds fuel to the mystery of Kenneth Trentadue's supposed suicide in 1995 at the Federal Transfer Center in Oklahoma City.

Trentadue believes FBI records hold clues to his brother's death and has fought the agency in court for those documents. Some that have been ordered released say investigators got tips about a possible link between the April 19, 1995, bombing and a group of white supremacist bank robbers with links to a training camp in Elohim City, Okla.

That information is included in the report by the House International Relations investigative subcommittee.

Trentadue said Sunday that two findings in the report stand out, including the lack of cooperation by the FBI in the congressional body's investigation.

The second is that McVeigh and Nichols may have been aided by others.

"It's pretty clear, whether Islamic terrorists or homegrown neo-Nazis, there were other people involved," Trentadue said, adding that the subcommittee's probe "will help reveal the truth about the Oklahoma City bombing, which I now know is linked to my brother's death."

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Kenneth Trentadue, who had served time for bank robbery, was arrested near San Diego in June 1995, two months after the bombing that killed 168 people. He was sent to the transfer center in Oklahoma City for an alleged parole violation. On Aug. 21, guards found Trentadue's blood-soaked body in his cell hanging from a noose made of torn bedsheets. Prison officials say the 44-year-old inmate committed suicide.

According to Jesse Trentadue, his brother bore a strong resemblance to Richard Lee Guthrie, a bank robber and alleged accomplice of McVeigh. He maintains that authorities mistakenly thought his brother was Guthrie - a member of the Midwest Bank Robbery Gang, an arm of the Aryan Republican Army that stole from financial institutions to fund attacks on government buildings - and killed him during an interrogation that got out of hand.

Guthrie was arrested on bank robbery charges in 1996 and eventually struck a plea bargain with prosecutors. In fall 1996, he claimed he would soon be revealing information that "would blow the lid off the Oklahoma City bombing case," according to the report. The next day, he was found dead, hanging in his cell in Kentucky, purportedly a suicide.

"This suspicious 'suicide' mirrored the similar death of [Kenneth] Trentadue, another prisoner, who may have been tangentially and incorrectly linked to the Oklahoma City bombing," the subcommittee report says.

Trentadue has filed three lawsuits in U.S. District Court in Salt Lake City alleging, among other claims, that the FBI has violated the Freedom of Information Act by failing to turn over requested documents on the Oklahoma City bombing. In one of the suits, Judge Dale Kimball ordered the agency to produce some of the disputed records on information about a possible white supremacist link to the bombing.

The House International Relations investigative subcommittee will release the findings of its two-year review as early as Wednesday, declaring there is no conclusive evidence of a foreign connection to the attack but far too many unanswered questions remain.

The subcommittee's report will conclude there is no doubt McVeigh and Nichols were the main perpetrators, and it discloses for the first time that Nichols confirmed to House investigators he participated in the robbery of an Arkansas gun dealer that provided the proceeds for the attack.

There have long been questions about that robbery because the FBI concluded McVeigh was in another state at the time it occurred.

The report also sharply criticizes the FBI for failing to be curious enough to pursue credible information that foreign or U.S. citizens may have had contact with Nichols or McVeigh and could have assisted their plot.

The subcommittee saved its sharpest words for the Justice Department, saying officials there exhibited a mindset of thwarting congressional oversight and did not assist the investigation fully.

FBI spokesman Richard Kolko said Sunday, "The Oklahoma City bombing case was the largest case the FBI worked on before 9/11. Agents at virtually every office, domestically and overseas, covered thousands of leads. Every bit of information was investigated and reviewed. The FBI worked tirelessly to cover all of the leads and conducted a thorough and complete investigation."

Courts Side With NSA On Wiretaps (NYSUN)

By Joseph Goldstein

New York Sun, December 26, 2006

Defense lawyers who had hoped that the public disclosure a year ago of the National Security Agency's wiretapping program would yield information favorable to their clients are being rebuffed by the federal judiciary, which in a series of unusually consistent rulings has rejected efforts by terrorism suspects to access the records.

In at least 17 criminal cases, federal district judges nominated to the federal bench by presidents Reagan, George H.W. Bush, Clinton, and George W. Bush have ruled against requests to force the government to tell defendants, most accused of terrorism-related crimes, whether the NSA eavesdropped on them without a court warrant.

The rulings indicate that even as public support for the war in Iraq has eroded in polls and as the NSA program has come under criticism from congressional Democrats, and even some Republicans, federal judges may be a bulwark that the Bush administration can rely on to defer to at least some aspects of its wartime policies.

The judges' decisions have come after defense attorneys filed motions requesting access to relevant surveillance intercepts that the government obtained without a warrant. Defense attorneys claim they are entitled to such information and that evidence obtained from warrantless wiretaps is tainted and inadmissible at trial. In many, but not all instances, the motions were filed after a conviction.

Individually, the judges' orders, often very brief and rarely providing explanations, indicate little. Taken together, however, they signal that the judges are unwilling to permit defense attorneys to use prosecutions to force disclosures about the program.

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The legality of the NSA program is being litigated in several civil lawsuits across the country. In one case, a district judge in Detroit, Anna Diggs Taylor, ruled in August that the program was unconstitutional, a decision that the government has appealed. Legal observers dispute whether even a ruling by the Supreme Court that the program is unconstitutional would lead to the overturning of criminal convictions in which the program played a role in securing evidence or targeting the defendants.

In every instance, the Justice Department's policy is to refuse to say publicly whether the NSA program was involved in a case, because denying its role in one case but refusing to deny its role elsewhere could disclose classified information, according to public government court filings. Rather, in response to defense motions, the Justice Department has filed secret documents with the court that are not supplied to defense lawyers.

"There is a veil of secrecy over these parts of the proceedings," said one attorney, Marvin Miller, who filed such a motion on behalf of Ali Asad Chandia, who was convicted in Alexandria, Va., of aiding a terrorist organization in Pakistan.

Defense attorneys say they are frustrated that judges are accepting these secret briefs from the government.

"Whatever the government is saying in these secret ex parte in camera filings, it is sure clamming up a lot of judges," said attorney Jeanne Baker, who represents Adham Amin Hassoun, a co-defendant of "dirty bomb" suspect Jose Padilla.

Speculation abounds among attorneys over just what the Justice Department is saying in the secret briefs.

Some defense attorneys suggest that the government's ex parte briefs may contain a simple yes-or-no answer as to whether a specific defendant was targeted by the NSA program. Another defense attorney, Jill Shellow-Lavine, speculates that the size of the program may prevent the government from stating whether a particular defendant was the subject of the surveillance.

A former Justice Department official says that the government probably declines to give any answers in its secret filings.

"There is no basis to assume than the government is making defendant-specific disclosures," David Rivkin, who served in the Reagan and George H.W. Bush administrations, said. "The far more likely scenario is that the government is telling the relevant judges that the classified program has nothing to do with this prosecution."

Defense attorneys say the willingness of judges to accept secret briefings puts them in an unfair position.

"It short-circuits the adversary system, and it prevents the issues from being litigated," a lawyer who has filed a motion for disclosure regarding the NSA program, Malick Ghachem, said. "I haven't found a single judge so far who has been willing to take a serious look at this or at least let the defendants know they are taking a serious look at it."

Defense attorneys acknowledge that these motions for disclosure are made routinely, even without any evidence to suggest that their clients were targeted by the NSA program.

Still, even in cases in which the NSA program is believed to have played a role, it is not clear that judges would rule any differently. Officials in the Bush administration have credited the NSA program with helping uncover the terrorist plot of an Ohio truck driver, Iyman Faris, to topple the Brooklyn Bridge, according to a New York Times report. In October a federal judge in Alexandria, Va., Leonie Brinkema, declined Faris's request for government documents about the NSA program's role in the case. Last month, Judge Brinkema upheld Faris's guilty plea from 2003, ruling that Faris did not have standing to bring his challenge even if "electronic surveillance" had first led the government to him.

In only one case has a federal appeals court looked at the relationship of the NSA program to criminal prosecutions. The 4th Circuit Court of Appeals in Richmond, Va., in April remanded a separate case to Judge Brinkema, questioning whether the government possessed "undisclosed intercepts" that should have been turned over. The case involved a Muslim cleric, Ali al-Timimi, who was found guilty last year of encouraging Muslims to join the Taliban's war efforts.

Timimi's attorney, Jonathan Turley, said he believes that NSA intercepts may contain exculpatory evidence that could have benefited Timimi, rather than incriminating evidence used to target him.

A court filing by the Justice Department in the case against Lynne Stewart, the New York lawyer who was convicted of criminally helping her terrorist client communicate with his followers, listed 17 criminal cases in which judges have denied motions for disclosure about the NSA program. The New York Sun reviewed 14 of them. In those orders, the judges, excluding Judge Brinkema, did not state any reason for denying the defense motions, except to indicate that they had considered the secret briefs of the government. In one written order, a judge implied that his willingness to sentence a defendant without further hearings was on the condition that the government's secret brief said no evidence came from the NSA program.

HOMELAND RESPONSE:

Alarming 9/11 Claim Is Found Baseless (LAT)

By Greg Miller

The Los Angeles Times, December 25, 2006

DOJ_NMG_0108741

WASHINGTON — The Senate Intelligence Committee has rejected as untrue one of the most disturbing claims about the Sept. 11 terrorist strikes — a congressman's contention that a team of military analysts identified Mohamed Atta or other hijackers before the attacks — according to a summary of the panel's investigation obtained by The Times.

The conclusion contradicts assertions by Rep. Curt Weldon (R-Pa.) and a few military officers that U.S. national security officials ignored startling intelligence available in early 2001 that might have helped to prevent the attacks.

In particular, Weldon and other officials have repeatedly claimed that the military analysts' effort, known as Able Danger, produced a chart that included a picture of Atta and identified him as being tied to an Al Qaeda cell in Brooklyn, N.Y. Weldon has also said that the chart was shared with White House officials, including Stephen J. Hadley, then deputy national security advisor.

But after a 16-month investigation, the Intelligence Committee has concluded that those assertions are unfounded.

"Able Danger did not identify Mohammed Atta or any other 9/11 hijacker at any time prior to Sept. 11, 2001," the committee determined, according to an eight-page letter sent last week to panel members by the top Republican and Democrat on the committee.

Weldon, the focus of an unrelated Justice Department corruption probe, was defeated last month in his campaign for an 11th term in a suburban Philadelphia district that has a large GOP majority in voter registration. Attempts were unsuccessful Sunday to reach a Weldon spokesman and an attorney representing Weldon in the Justice Department investigation.

The Senate panel began investigating Able Danger in August 2005, after Weldon and people close to the program went public with their claims. At the time, Weldon was the vice chairman of the House Armed Services Committee and the House Homeland Security Committee.

The recently completed probe also dismissed other assertions that have fueled conspiracy theories surrounding the Sept. 11 attacks.

The panel said it found "no evidence" to support claims by military officers connected to Able Danger that Defense Department lawyers prevented the team's analysts from sharing their findings with FBI counter-terrorism officials before the attacks.

Nor was the alleged chart or any information developed by Able Danger improperly destroyed at the direction of Pentagon lawyers, the panel concluded — a charge that had stoked claims of a cover-up.

Though the committee concluded that claims about Able Danger were unfounded, two of the hijackers were known to the U.S. intelligence community before the Sept. 11 attacks. The two had been observed by the CIA attending a meeting with Al Qaeda operatives in Malaysia, but that information was not shared with other agencies in time to locate them after they had entered the United States and moved to San Diego.

Able Danger was the unclassified name given to a program launched in 1999 by the U.S. Special Operations Command as part of an effort to develop military plans targeting the leadership ranks of Al Qaeda and other terrorist networks.

Military analysts assigned to the effort did create charts with pictures of Al Qaeda operatives whose identities were known publicly at the time, the committee found. But the committee concluded that none of those charts depicted Atta, and that the claims of Weldon and others may have been caused by confusion.

One of the charts, titled "The Al Qaeda Network: Snapshots of Typical Operational Cells Associated With UBL [Usama bin Laden]," was attached to the letter sent to committee members last week by Sens. Pat Roberts (R-Kan.) and John D. "Jay" Rockefeller IV (D-W.Va.), the panel's leaders.

"One of these individuals depicted on the chart arguably looked like Mohammed Atta," the committee concluded. "In addition, the chart contained names of Al Qaeda associates that sound like Atta, as well as numerous variations of the common Arab name Mohammed."

The committee also suggested that officials' memories may have been clouded by the flurry of charts and photographs of Atta that surfaced after the attacks. The panel noted that a defense contractor that produced the chart at the center of the controversy subsequently created a follow-up chart, after the attacks, that did include Atta.

Atta, an Egyptian-born Islamic radical, was the ringleader of the Sept. 11 attacks and pilot of one of the planes that struck the World Trade Center.

In June 2005, Weldon generated controversy when he declared in a speech on the House floor and in a book released that month that he had met with Hadley at the White House shortly after the attacks and had given the national security official a copy of a chart showing that Atta had been identified by Able Danger.

But the committee concluded that the chart "was not a pre-9/11 chart" and that "at no time did Mr. Hadley ever see a chart with pre-9/11 data bearing Atta's picture or name as described by Congressman Weldon."

The Senate Intelligence Committee noted in its report that its findings were consistent with those of a similar investigation of Able Danger by the Defense Department inspector general's office, released in September.

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Weldon has relished the role of calling attention to national security threats he believes are being ignored by others in government. At times he has carried around a replica of a suitcase-size nuclear bomb to highlight terrorist nuclear dangers. He has also accused Iran of hiding Al Qaeda leader Osama bin Laden.

Weldon's rising legal troubles played a role in his reelection loss last month. It was disclosed last week that a federal grand jury had subpoenaed congressional records from Weldon's office as part of an FBI probe aimed at determining whether he traded his influence to get lobbying business for his daughter Karen and others.

The House seat was won by Democrat Joe Sestak, a retired Navy vice admiral.

Nuclear Traffic Doubles Since '90s (USAT)

By Richard Willing

USA Today, December 25, 2006

Annual incidents of trafficking and mishandling of nuclear and other radioactive material reported to U.S. intelligence officials have more than doubled since the early 1990s, says the director of domestic nuclear detection at the Department of Homeland Security.

Also up: scams in which fake or non-existent nuclear or radioactive material is offered for sale, often online, says Vayl Oxford, nuclear detection director at the department.

"We sense that people have recognized the value of nuclear material as a useful way of making money," Oxford said. "Nuclear material is becoming a marketable commodity."

The incidents tracked by the department, based on its reporting and information from foreign diplomatic and intelligence sources, average about twice the number made public each year by the International Atomic Energy Agency (IAEA).

Oxford said reports of nuclear and radioactive materials trafficking have ranged from 200 to 250 a year since 2000, up from about 100 a year in the 1990s.

The reports include incidents in which material was stolen, offered for sale, lost or mishandled.

The IAEA, whose members self-report trafficking incidents on a voluntary basis, said there were 121 such incidents in 2004 and 103 last year. The agency, based in Vienna, reports only trafficking incidents that its members have confirmed and elected to make public. The Department of Homeland Security numbers include all known or suspected trafficking incidents identified by the United States and allied governments.

Reported incidents may be increasing, Oxford says, because since the Sept. 11 terrorist attacks, governments have become more diligent about policing material that could be used by terrorists to build a radioactive "dirty bomb" or similar device.

Most reported incidents occurred outside the USA. There are no reported incidents in which radioactive or nuclear material was successfully sold to a terror group, according to the IAEA.

Some of the incidents have involved enriched uranium or plutonium of the type that can be used to make a nuclear weapon. In June 2003, for instance, a smuggler was arrested trying to carry 170 grams of enriched uranium across a border in Sadahlo, Georgia, in the former Soviet Union.

Most incidents involved very small amounts of material that were mishandled by authorities and never intended to be sold, the IAEA said. In New Jersey last year, a package containing 3.3 grams of enriched helium was "accidentally disposed of," the IAEA reported.

Some experts are concerned that the increase in trafficking incidents makes it more likely terrorists could acquire nuclear material.

"We're only seeing the dysfunctional part of the market — the supplier who's dumb enough to try to sell it to the police," said Jeffrey Lewis, director of the Project on Managing the Atom at Harvard University's Belfer Center for Science and International Affairs.

WAR NEWS:

Shiite-on-Shiite Violence Racks Southern Iraqi City (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, December 25, 2006

BAGHDAD — Shiite militia fighters clashed with police Sunday in Samawah, a provincial capital in southern Iraq, transforming it into a lawless battleground and exposing rifts that increasingly divide Iraq's Shiite Muslim majority.

Nine people, including four police officers, have died in the violence gripping parts of Samawah since Friday, police said. On Sunday, police backed by some Shiite tribal leaders called in Iraqi soldiers from nearby Diwaniya to help battle the militia.

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The security forces closed entrances to the city, which is about 145 miles southeast of Baghdad, imposed a curfew and shut the schools as they traded fire with militiamen.

Much of the death and destruction in Iraq this year has involved fighting between Shiites and the Sunni Muslim minority, which dominated the country under former President Saddam Hussein. But the violence in Samawah underscores the difficulty that Prime Minister Nouri Maliki and other Shiite leaders have had in maintaining order among members of their sect in a country where people's loyalties are divided among political parties, religious groupings and tribes.

Conflicts within Shiite communities have troubled Baghdad and other parts of Iraq in recent weeks, but the violence has been particularly notable in Samawah, capital of the first province handed over by U.S.-led forces to Iraqi control.

At a news conference Sunday, Iraq's interior minister, Jawad Bolani, a Shiite, said police were restoring order in Samawah. "People who try to create problems can appear in any city in the world," he said. "The important thing is that [security forces] are there to stop them."

Samawah police say they are battling a militia associated with the Al Mahdi army of Shiite cleric Muqtada Sadr, but Sadr associates said Sunday that the militia involved in the fighting is an offshoot led by a local Shiite cleric feuding with rival tribes.

The conflict in Samawah began Dec. 1, when gunmen attempted to rescue detainees from a local prison, killing three people, according to local hospital staffers. Militia leaders agreed to a cease-fire with police and provincial officials two days later, then apparently broke the agreement Friday after clashing with police at checkpoints near local mosques.

A Sadr associate, who spoke on condition that his name not be used, said the Samawah militia is led by Sheik Ghazi Zurgani, a renegade cleric. The Sadr associate said Sadr was distancing himself from the Samawah militia and stood by the Dec. 3 cease-fire.

But Qusai Abdul-Wahab, a member of Sadr's party in parliament, blamed the latest conflict on local police, who he said provoked militias Friday by opening fire on Shiite worshipers as they celebrated a religious anniversary. He called the police "provocative and intimidating."

"They are dealing with people as if they are still in the Saddam era," he said.

Jaafar Abdul Razzaq, a spokesman from Sadr's Samawah office, said the militia would not stop fighting until police released about 30 militia members detained since Friday. Police officials said they were negotiating another cease-fire with militia leaders.

Saad Aziz, a Shiite member of the Samawah city council, said local Shiites were divided by tribe and political party, with some loyal to Sadr's parliamentary bloc, others to another leading Shiite party, the Supreme Council for Islamic Revolution in Iraq, or SCIRI.

"The Ziad tribe itself is now divided among those who support SCIRI and those who are supporting Sadr," Aziz said, referring to one of the area's major clans. "There is now internal fighting inside the tribe itself."

Abdul Hussein Dhalimi, the acting governor of Muthanna province and a SCIRI member, said he met Sunday with provincial leaders and with delegates from the nearby holy Shiite cities of Karbala and Najaf to "settle things down in the province."

"The security forces are controlling the situation. The city is under their control," he said, adding that local leaders would not negotiate with the militia until it disarmed. "The arms must be carried by the security forces only," he said.

Muthanna, of which Samawah is the capital, is one of the three provinces out of 18 transferred to Iraqi security control since 2003. British forces handed over control of Muthanna nearly six months ago. Italian forces transferred neighboring Dhi Qar province in September, and last week, U.S. forces handed over nearby Najaf province.

The British left behind an "overwatch battle group" in Muthanna of about 800 Australian soldiers responsible to local and national Iraqi authorities, according to Capt. Tane Dunlop, a British forces spokesman.

Iraqi authorities did not ask for support from Australian forces in Samawah on Sunday, Dunlop said, but the Australian troops were "keeping an eye on the situation."

"There seems to be a standoff up there, and the Iraqi forces have it under control," Dunlop said, adding that the Australians were staying out of the fighting out of respect for the fledgling provincial security forces. Getting involved, even to crush a rogue militia, might undermine Iraqi sovereignty, he said.

"The whole point is to hand over control to all the provinces. If we hand over control, we can't go around saying how people should handle that control. They'll deal with things the way they see fit," he said. "We can't keep sort of charging back in."

Also on Sunday, the U.S. military announced that six soldiers had been killed Saturday.

Three soldiers in the 89th Military Police Brigade were killed by a roadside bomb while on patrol in east Baghdad, and another soldier with the 3rd Brigade Combat Team, 1st Cavalry Division, died in an explosion in Diyala province.

A roadside bomb southeast of the capital killed one soldier on patrol and wounded four, and another roadside bomb southwest of the capital killed a soldier on a combat resupply mission.

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Their deaths brought U.S. troop fatalities since the conflict began to 2,969, according to icasualties.org.

The military also released a statement saying it had detained four suspected insurgents in central Baghdad.

Several mortar attacks were reported in Baghdad on Sunday, including an afternoon assault on an athletic club and an attack on a Shiite neighborhood in the northern part of the city. Baghdad police reported recovering 29 bodies in the 24-hour period ending Sunday. Elsewhere in the country, a suicide bomber killed seven Iraqi police and injured 30 others in the city of Muqdadiya, about 60 miles northeast of the capital, officials said. In the northern city of Kirkuk, gunmen killed two brothers, according to police Lt. Salah Juboori.

Meanwhile in Baghdad, where U.S. forces have stepped up raids in recent weeks, residents of the Kamaliya neighborhood in the eastern part of the city protested Sunday after U.S. soldiers blocked the area to cars and pedestrians with barbed wire at 5 a.m., searching homes and shops for insurgents and weapons, witnesses said.

Resident Mohammed Abu Zahara, 34, was stuck at home with his family, without heat or electricity, thankful he went to the market Saturday and didn't need to go out. He watched as neighbors, unable to work or run errands, were forced to open their homes to U.S. troops.

British Soldiers Storm Iraqi Jail, Citing Torture (NYT)

By Marc Santora

The New York Times, December 26, 2006

BAGHDAD, Dec. 25 — Hundreds of British and Iraqi soldiers assaulted a police station in the southern city of Basra on Monday, killing seven gunmen, rescuing 127 prisoners from what the British said was almost certain execution and ultimately reducing the facility to rubble.

The military action was one of the most significant undertaken by British troops since the 2003 invasion, British officials said, adding that it was an essential step in any plan to re-establish security in Basra.

When the combined British and Iraqi force of 1,400 troops gained control of the station, it found the prisoners being held in conditions that a British military spokesman, Maj. Charlie Burbridge, described as “appalling.” More than 100 men were crowded into a single cell, 30 feet by 40 feet, he said, with two open toilets, two sinks and just a few blankets spread over the concrete floor.

A significant number showed signs of torture. Some had crushed hands and feet, Major Burbridge said, while others had cigarette and electrical burns and a significant number had gunshot wounds to their legs and knees.

The fetid dungeon was another example of abuses by the Iraqi security forces. The discovery highlighted the continuing struggle to combat the infiltration of the police and army by militias and criminal elements — even in a Shiite city like Basra, where there has been no sectarian violence.

As recently as October, the Iraqi government suspended an entire police brigade in Baghdad on suspicion of participation in death squads. The raid on Monday also raised echoes of the infamous Baghdad prison run by the Interior Ministry, known as Site 4, where more than 1,400 prisoners were subjected to systematic abuse and torture.

The focus of the attack was an arm of the local police called the serious crimes unit, which British officials said had been thoroughly infiltrated by criminals and militias who used it to terrorize local residents and violently settle scores with political or tribal rivals.

“The serious crimes unit was at the center of death squad activity,” Major Burbridge said.

A little over a year ago, British troops stormed the same building seeking to rescue two British special forces soldiers who had been captured by militants. A mob of 1,000 to 2,000 people gathered in protest, and a widely circulated video showed boys throwing stones at a burning British armored fighting vehicle parked outside the station. The soldiers, who were being held in a nearby building, were eventually freed.

Although some local officials, including Basra’s police chief, publicly condemned the action, local residents privately said they were grateful, and described what they said was an organization widely feared for its brutality.

“They are like savage dogs that bite when they are hungry,” said one resident, who spoke anonymously for fear of retribution. “Their evaluation of guilt or innocence is how much money you can pay.”

Residents said that people were afraid to challenge the officers because they were backed by powerful militia groups, including the Mahdi Army, which is led by the rebel cleric Moktada al-Sadr, though the extent of his control is unclear.

“Everyone wants to avoid the mouth of the lion,” one resident said. “From this, they became stronger and stronger.”

Major Burbridge said that the dismantling of the serious crimes unit had been planned for months.

As far back as 2004, he said, there was a growing realization that the police had been widely infiltrated by members of various militias and elements of organized crime. To combat their influence, the British have been trying to cull them from the forces in a campaign that began in September.

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After trying to determine who was fit to serve in the police, the British began outfitting trusted officers with sophisticated identification cards meant to limit the access of impostors to police intelligence, weapons and vehicles.

In late October, gunmen — believed by the British to have been connected to the serious crimes unit — ambushed a minibus carrying 17 employees of a new police academy and killed them all. Their mutilated remains were dumped in the Shuaiba area of the city in an effort to intimidate the local population.

"It had simply gone beyond the pale and it was clear it was time for the serious crimes unit to go," Major Burbridge said in an interview.

While they had planned to take over the station on Monday, British forces had to speed up the operation by several hours. "We received information late last night," Major Burbridge said Monday, "that the crimes unit was aware this was going to take place and we received information that the prisoners' lives were in danger."

More than 800 British soldiers, supported by five Challenger tanks and roughly 40 Warrior fighting vehicles, began their assault at 2 a.m. on Monday. They were aided by 600 Iraqi soldiers.

The British force faced the heaviest fighting as it made its way through the city, coming under sporadic attacks by rocket-propelled grenades and small-arms fire. Of the seven guerrillas killed, six were gunned down as the unit made its way to the police station.

Upon reaching the station, British troops killed a guard in a watchtower who had fired on the approaching forces, but there was little other resistance.

The members of the serious crimes unit who had been occupying the building, several dozen, according to the British military, fled and were not caught. The British forces turned over the prisoners to the regular Iraqi police, who put them in a new detention facility.

The two-story building, once used by Saddam Hussein's security forces, was then demolished, in an attempt to remove all traces of the serious crimes unit, Major Burbridge said.

The battle lasted nearly three hours. There were no British casualties, but the streets around the station were littered with bombed-out cars and rubble.

The violence in Basra, Iraq's second largest city, is different from that in Baghdad to the north or Anbar Province to the west, Major Burbridge said.

The killing in Baghdad in recent months has primarily been the result of sectarian violence, as Shiites have sought to drive Sunnis from mixed neighborhoods and Sunnis have retaliated. On Monday, at least 10 civilians were killed and 15 were wounded when a car bomb exploded in the mixed neighborhood of Jadida.

In northeastern Baghdad, a suicide bomber with explosives tied to his body blew himself up on a crowded bus, killing 2 people and wounding 20 others.

An American soldier also died Monday in Baghdad in a roadside bomb attack.

In Sunni-controlled Anbar Province, where the fighting is mainly between insurgents and American troops, two American soldiers were killed in fighting on Sunday.

In southern cities like Basra, dominated by Shiites, the fighting is a combination of battles between rival militias vying for power, warring tribes and organized crime, Major Burbridge said.

"In northern Basra, the fighting is mainly between three warring tribes," he said. "The death squads are typically related to political maneuvering and tribal gain. Then there are rogue elements of militias aiming attacks on the multinational forces. You throw all those elements into a melting pot and you get a picture of the complexity of what we are facing."

Hundreds Disappear Into The Black Hole Of The Kurdish Prison System In Iraq (NYT)

By C. J. Chivers

The New York Times, December 26, 2006

SULAIMANIYA, Iraq — The inmates began their strike with an angry call. "Allahu akbar!" they shouted, 120 voices joining in a cadence punctuated by whoops.

They thrust their arms between the metal bars and ripped away the curtains and plastic sheets covering the windows facing the prison courtyard. Their squinting faces were exposed to light.

Their Kurdish guards gathered, ready to control a prison break. There was no break. The inmates were able only to shove their bunks against the doors and barricade themselves in their cells. They settled into a day of issuing complaints.

They were not allowed the Koran, they said. Their rations were meager and often moldy. Sometimes the guards beat them, they said, and several inmates had disappeared. The entire inmate population had either been denied trials or had been held beyond the terms of their sentences, they said — lost in legal limbo in the Kurdish-controlled region of Iraq.

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The prison strike here, on Dec. 4, ended when the local authorities agreed to transfer three unpopular guards and to allow copies of the Koran in the cells. But it exposed an intractable problem that has accompanied Kurdish cooperation with the United States in Iraq.

The Kurdish prison population has swelled to include at least several hundred suspected insurgents, and yet there is no legal system to sort out their fates. So the inmates wait, a population for which there is no plan.

The Kurdish government that holds the prisoners says they are dangerous, and points out that the population includes men who have attended terrorist or guerrilla training in Iraq or Afghanistan. But it also concedes to being stymied, with a small budget, limited prison space and little legal precedent to look back on.

"We have not had trials for them," said Brig. Sarkawt Hassan Jalal, the director of security in the Sulaimaniya region. "We have no counterterrorism law, and any law we would pass would not affect them because it would not be retroactive."

The problems reach back to before the American-led invasion, when northern Iraq was a Kurdish enclave out of Saddam Hussein's control.

At the time, the Kurds in northeastern Iraq were fighting Ansar al-Islam, a small insurgent and terrorist group that seized control of a slice of territory along the Iranian border in 2002.

The Kurds captured several prisoners and suspected terrorists, but had no clear idea what to do with them, other than to hold them in cells.

Several weeks after the war started in 2003, an attack by American special forces and Kurdish fighters pushed Ansar al-Islam off Kurdish turf. But the border with Iran had not been sealed before the attack. Most of the insurgents escaped.

In the years since, Ansar al-Islam's ideological war has spread throughout Sunni Arab regions of Iraq, becoming a far more dangerous insurgency. Kurdish jails have swelled with people accused of participating in it.

Many of the detained men exude menace. But others claim they are innocent. And Kurdish officials say they have a limited capacity to disentangle the groups.

Brig. Hassan Nouri, the Kurdish security official responsible for the prisons in northeastern Iraq, said the detainees are in a status resembling that of the American-held detainees in Guantánamo Bay. "We cannot let them go, and we will hold them as long as we have to," he said.

The population's size is unclear. In this prison run by the local security service on a Kurdish military base at Sulaimaniya's outskirts, 120 accused insurgents are held.

Hania Mufti, a researcher for Human Rights Watch who has investigated the prison conditions and the absence of due process for the inmates, said that about 2,500 people are being held by the security services of the two ruling Kurdish parties. She estimated that two-thirds of them are accused of participating in the insurgency.

Ms. Mufti said she has encouraged Kurdish political leaders to set up an independent commission to review each of the accused insurgents' cases.

"We're not saying, 'throw open the doors of the prisons,' " she said, but rather are suggesting that the Kurds create a means to examine the merits of each man's detention, and to determine why and whether each of them should be held and for how long, and under what conditions.

Kurdish officials have not yet developed such a policy; the detainees are essentially warehoused. The strike in early December exposed the strains the unresolved status has placed on the Kurdish government and the inmates alike.

The four visible cells here, spaces of about 7 yards by 8 yards, each were packed with 30 men. The men shared a toilet on the floor outside the cells, in a hall. The group seethes. One inmate shouted at two journalists through the bars. "Stop your hatred toward Islam!" he said. "Otherwise we will kill you!"

Speaking from a law enforcement perspective, Mr. Jalal said the close quarters and evident anger had made many of the inmates more radical, and that the prison serves as an insurgents' nest.

The detainees themselves blame the Kurds. As the disruption began, one inmate who had been outside the cells to meet a family member was swiftly pushed into a guard bunkroom and left with two journalists.

The man, Yunis Ahmad, 34, of Kirkuk, said he had been held two years without being charged. He was briefly detained, he said, by the American military, and then turned over to the Kurds.

Behind him on the wall of the guard's room hung two pieces of heavy electric cable, a common tool for beatings.

Mr. Ahmad said that the Americans had treated him decently, interviewing him politely and giving him food and juice. But since being in Kurdish custody, he said, he had been tortured, including having a bed placed on him and then being nearly crushed with weights and having his arms almost pulled from his shoulder sockets by the guards.

"I promise you, if they pulled your arms like that, you will confess to being in Al Qaeda," he said.

He was an Islamic cleric, he said, and his brother was an insurgent. He said he did not know the reasons for his incarceration. "The people who are here don't know why they are here," he said.

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Later, other prisoners spoke through their windows and cell doors.

One man, Ahmed Jamal, 24, said he was an Australian citizen and had been held without being charged since he was arrested by Kurdish authorities in Aug. 2004.

"They don't give us enough to drink," he said. "They don't give us medicine." He pointed to a middle-aged man who was moaning on a bunk, semi-conscious, and said that the authorities would not provide the man with medical treatment.

Mr. Jamal's own journey into custody appeared strange. Kurdish authorities said that Mr. Jamal came to Iraq to join the insurgency, a topic Mr. Jamal was evasive about.

He said he had flown to Baghdad in 2004 because he planned to drive into Jordan illegally, and was then arrested in Mosul by the Kurds. He could not fly directly to Jordan, he said, because the Jordanian government considered him a terrorist, which he said he was not.

Asked how he ended up in Mosul, which is not on the way to Jordan from Baghdad, he shrugged, and said, "My plans changed."

Andrew S. Todd, a senior spokesman for the Australian Department of Foreign Affairs, confirmed by telephone that Mr. Jamal is an Australian citizen. He added that he had been visited by consular officials, who have been discussing his circumstances with the Kurdish authorities. He declined to discuss the case further, citing diplomatic protocol.

Another inmate, Haqi Ismail Ibrahim, an Iraqi Arab who had trained with the Taliban in Afghanistan before the terrorist attacks in the United States in 2001, said he had been held without charges or a legal hearing for more than five years. (Mr. Ibrahim has been held since at least 2002, when he was previously interviewed by The New York Times.)

He said 10 to 15 other inmates have vanished, and that he feared they had been executed. "We asked the Red Cross to search for these people," he said through the bars. "But they do not know where they are."

One of the prisoners who Mr. Ibrahim said was now missing, Qais Ibrahim Khadir, was captured in 2002 after an assassination attempt against Barham Salih. Mr. Salih was then the prime minister of the eastern Kurdish enclave and is now a deputy prime minister of Iraq. Five Kurdish guards were killed in the attempt.

Mr. Salih later said he wanted to spare Mr. Khadir's life, as part of an example of official restraint and respect for life in a country that had endured unchecked state violence under Mr. Hussein. Other Kurdish officials, in interviews in 2002 and 2003, dismissed such notions as fancy, and said Mr. Khadir would be executed.

Mr. Khadir's fate has never been disclosed. Mr. Jalal and Mr. Nouri would say publicly only that he is no longer in his custody.

The International Committee for the Red Cross has an office in Sulaimaniya. Its head of mission declined to comment about the prisoners' allegations, other than to say that the organization visits the prison and the inmates and is in contact with the Kurdish authorities.

The United States military said it was also not directly involved in these jails. "We just don't have that role in the Kurdish legal system," said Maj. Derrick W. Cheng, a spokesman for the Third Brigade, 25th Infantry Division. "We have security overwatch in the area, but we don't have an immediate or direct role in the prisons."

U.S. Military Death Toll In Iraq Exceeds Number Of Deaths In Sept. 11, 2001, Attacks (USAT/AP)

By The Associated Press

USA Today, December 25, 2006

BAGHDAD (AP) — Two more American soldiers were killed in Iraq, officials said Tuesday, pushing the U.S. military death toll to at least 2,974 — one more than the number killed in the Sept. 11, 2001, attacks.

The tragic milestone came with the deaths of the two soldiers Monday in a bomb explosion southwest of Baghdad, the military said.

The deaths — announced Tuesday — raised the number of troops killed to 2,974 since the beginning of the Iraq war in March 2003, according to an Associated Press count. The figure includes at least seven military civilians.

The Sept. 11, 2001, attacks claimed 2,973 victims in New York, Washington and Pennsylvania. Opponents of President Bush have criticized him for raising the attacks as a justification for the protracted fight in Iraq.

"The joint patrol was conducting security operations in order to stop terrorists from placing roadside bombs in the area," the military said in a statement on the latest deaths. "As they conducted their mission, a roadside bomb exploded near one of their vehicles."

Another soldier was wounded in the explosion, the military said.

On Monday, the U.S. command announced the deaths of two other soldiers and a Marine. It said one soldier died and two were wounded when a roadside bomb exploded near a U.S. military vehicle in southern Baghdad on Monday. An American soldier and a Marine died Sunday from combat wounds suffered in Anbar province.

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Prior to the deaths announced Tuesday, the AP count was 15 higher than the Defense Department's tally, last updated Friday at 10 a.m. ET. At least 2,377 died as a result of hostile action, according to the military's numbers.

The British military has reported 126 deaths; Italy, 33; Ukraine, 18; Poland, 18; Bulgaria, 13; Spain, 11; Denmark, six; El Salvador, five; Slovakia, four; Estonia, Netherlands, Thailand, two each; and Australia, Hungary, Kazakhstan, Latvia, Romania, one death each.

On Monday, British soldiers backed by tanks raided a police station in the southern city of Basra, killing seven gunmen in an effort to stop renegade Iraqi officers from executing their prisoners, the British military said.

After the British stormed the Basra police station, they removed the prisoners, who showed evidence of torture, then evacuated the building before blowing it up.

The operation showed how closely aligned some police units are with militias and death squads — and the challenges coalition forces face as they transfer authority for security to Iraqis.

In Baghdad, police found 40 bodies, apparent victims of sectarian violence. A car bomb exploded beside a market and a suicide bomber struck a bus in separate attacks that killed 14 civilians and wounded at least 33.

In the Basra raid, the British set out to arrest officers with the station's serious crimes unit who were suspected of involvement with Shiite death squads. Seven members of the rogue police unit were apprehended three days ago in other raids, said a British spokeswoman, Royal Navy Lt. Jenny Saleh.

"We had intelligence to indicate that the serious crimes unit would execute its prisoners in the coming days, so we decided to intervene," Saleh said.

British troops were fired on as they approached the station and their return fire killed seven gunmen, said Maj. Charlie Burbridge, another British military spokesman.

British and Iraqi forces transferred all 76 prisoners at the station to another facility in downtown Basra, he said. Some prisoners had "classic torture injuries" such as crushed hands and feet, cigarette and electrical burns and gunshot wounds in the knees, Burbridge said.

The British demolished the building in an effort to disband the unit. "We identified the serious crimes unit as, frankly, too far gone," Burbridge said. "We just had to get rid of it."

The unit's members, he alleged, were involved in tribal and political feuds in southern Iraq, which is mostly Shiite. They were not, he said, engaged in the kind of sectarian reprisal killings that have terrorized mixed neighborhoods of Baghdad.

Most of Britain's 7,200 troops in Iraq are based in the Basra area.

Mohammed al-Askari, a spokesman for Iraq's Defense Ministry, said the operation was coordinated with the Iraqi government. "Multinational forces got approval for this raid from this ministry and with participation of the Iraqi army," he said.

U.S. Army Lt. Gen. Martin Dempsey, who is in charge of training Iraqi forces, said in Washington last week that efforts were underway to weed out Iraqi national police believed to be sympathetic to the militias.

Up to a quarter are thought to be aligned with the militias, which are engaged in sectarian violence.

The establishment of a viable Iraqi police force is vital to the U.S.-led coalition's goal of handing responsibility for security to Iraqis, so foreign troops can return home.

In another sign of lawlessness in Basra, gunmen on Monday robbed $740,000 from a bank about half a mile from the raided police station.

The car bomb in Baghdad, meanwhile, struck a mostly Shiite district to the east that attracts crowds of shoppers and laborers looking for work.

In another part of eastern Baghdad, a suicide bomber exploded in a minibus, killing three people and injuring 19, police said.

Another suicide bomber killed two policemen at a checkpoint at a university entrance in Ramadi, capital of Anbar province, a stronghold of the Sunni-dominated insurgency.

The deaths came a day after Iraq's interior minister said attacks targeting police had killed some 12,000 officers since the 2003 fall of Saddam Hussein.

Christians attended Christmas services in Baghdad and northern Iraq, home to most of Iraq's 800,000 Christians. Some in Baghdad stayed home, however, fearing violence.

Christians are on the fringes of the conflict, which mostly involves Shiite Muslims and Sunni Arabs — but they have been targeted by Islamic militants.

"I hope next year will bring good things and unite all Iraqis because there is no difference between Christians and Muslims," said Abu Fadi, a worshipper who does not use his Christian name because he fears for his safety. "May God bring relief from this."

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In another sign of escalating diplomatic tensions between the U.S. and Iran, the White House said Monday that U.S. troops in Iraq detained at least two Iranians and released two others who had diplomatic immunity.

U.S. officials have charged that Iran provides training and other aid to Shiite militias in Iraq — including the equipment used to build roadside bombs. The Tehran regime says it only has political and religious links with Iraqi Shiites.

But Iran is believed to be expanding its shadowy role in Iraq, partly to counter U.S. influence in the region.

In Baghdad, a spokesman for Iraqi President Jalal Talabani confirmed that U.S. troops had detained two Iranians who were in Iraq at his invitation. "The president is unhappy about it," said Hiwa Osman, Talabani's media adviser.

He gave no further details, and the U.S. military said it had no comment.

"We suspect this event validates our claims about Iranian meddling, but we want to finish our investigation of the detained Iranians before characterizing their activities," White House spokesman Alex Conant said Monday. "We will be better able to explain what this means about the larger picture after we finish our investigation."

He said that a routine raid on suspected insurgents netted the Iranians. Two had diplomatic immunity and were released to the Iraqi government, which then released them to Iran, Conant said.

Troop Push Is Personal For McCain (WP)

By Elizabeth Williamson

The Washington Post, December 25, 2006

As the Iraq Study Group issued its long-awaited report on the war, declaring that the United States should not dispatch more troops, Sen. John McCain reacted with his long-held and contrary view: It will take more boots on the ground, or the nation faces "sooner or later, our defeat in Iraq."

Then the Arizona Republican discreetly flew to San Diego, where the next day, Dec. 8, he sat under a hot sun to watch a skinny 18-year-old in military-issue glasses graduate from boot camp and become a Marine. His son Jimmy.

John McCain's public certainty about Iraq masks a more private and potentially wrenching connection. If more troops go there, as McCain hopes they will, his youngest son could be one of them, taking his place in a line of family warriors that is one of the longest in U.S. history.

Sen.-elect James Webb (D-Va.) also has a son in the Marine Corps named Jimmy. On the campaign trail, Webb declined to talk about his son, who is in Iraq, but he wore Jimmy's boots as he called for American forces to come home.

McCain has not drawn any attention to his son and declined to be interviewed for this article.

A leading contender for the GOP presidential nomination, McCain has been one of the few and among the most vocal politicians pressing for more troops in Iraq. "We left Vietnam, it was over, we just had to heal the wounds of war. We leave this place . . . and they'll follow us home," he said on a news show recently. "So there's a great deal more at stake."

McCain's own father faced the anguish of sending a son to war. Adm. John McCain Jr., who commanded Pacific forces during the Vietnam War, ordered airstrikes on Hanoi even while his son, a Navy pilot, was imprisoned there after being shot down.

McCain was held captive for more than five years, repeatedly beaten and tortured. On more than one occasion, the North Vietnamese offered to release him as a propaganda move to shame his father. McCain, citing a prisoners' code of conduct requiring that POWs be released in order of capture, refused.

During McCain's imprisonment, his father, while privately collecting every scrap of information about his son that he could, "made an ironclad rule that no one would talk about his son around him," said Torie Clark, who was a staffer for the younger McCain and a Pentagon spokeswoman. "He wanted to make sure he made decisions based on what was right for U.S. forces . . . not what would be good or bad for his son.

"I'm not surprised that the current John McCain separates the private from the public."

In "Faith of My Fathers," the family memoir McCain wrote in 1999 with Mark Salter, his chief of staff, he recalls the prisoners' jubilation at the 1972 bombing of Hanoi, ordered by his father, that helped end the war. His thoughts foreshadowed his position on Iraq:

"The misery we had endured . . . was made all the worse by our fear that the United States was unprepared to do what was necessary to bring the war to a reasonably swift conclusion," the authors wrote.

"No one who goes to war believes once he is there that it is worth the terrible cost of war to fight it by half measures," they wrote. "War is too horrible a thing to drag out unnecessarily. It was a shameful waste to ask men to suffer and die, to persevere through awful afflictions and heartaches, for a cause that half the country didn't believe in and our leaders weren't committed to winning."

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Those who know McCain say they are not surprised that his children would feel a call to duty -- his son Jack is a Naval Academy midshipmen -- and that the senator would not allow his paternal concerns to influence his thinking about how the war should be conducted.

"I get a feeling that he sometimes must think he's seeing an old movie being played back," said George "Bud" Day, who was McCain's cellmate in Hanoi and remains close to him now. "There's no doubt his kids have the McCain genes. That means they're going to war."

McCain's view of the war and his family history is born of "his sense of duty, that is so deeply ingrained . . . there were probably times that he felt a prisoner of it," said Robert Timberg, who has written a book about McCain and who, the senator has said, "knows more about me than I do."

McCain has spoken publicly about Jimmy only once. In response to questions from Time magazine in June, as his son prepared for boot camp, he said, "I'm obviously very proud of my son, but also understandably a little nervous." After the interview, the magazine reported, McCain tried to get the story killed.

His reluctance to publicly discuss his thoughts about his son going to Iraq is a sign of decency, said Timberg, a fellow Annapolis graduate and Vietnam veteran. But there is another reason, common to fathers with sons in war.

"The last thing in the world he'd want to do," Timberg said, "is to anger the gods."

Jimmy McCain is an outgoing young man who told his fellow recruits that he had no ambition for politics, recalled Lance Cpl. Dominic Stam, 17, who served in a platoon with him for a time.

"On the very first day, I felt sorry for him because all the drill instructors already knew who he was," Stam said. Over three months of rigorous training, 80 of the 500 recruits quit. McCain "did really well" and "was a squad leader for a while," he said. "He started out as John McCain's son . . . and became Private McCain, just another Marine."

Stam said McCain signed up for the infantry. He reports to Camp Pendleton for more training in early January and could deploy by mid-2007. "He decided to choose one of the most dangerous jobs in the Marine Corps, and I respected him for it," Stam said. "He could have chosen something where he would be safe."

On graduation day, Stam scanned the military officers and family on the reviewing stand. There was John McCain, in suit and sunglasses.

"He sat there like a normal parent," Stam said. "He looked proud to me. I can't imagine a parent not being proud."

Staff researcher Madonna Lebling and research editor Alice Crites contributed to this report.

Old Iraq Strategy Lives On In Weekly Progress Reports (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, December 26, 2006

Despite Upbeat Details, Updates Paint a Picture of Failure

A year ago, President Bush announced a new plan for Iraq, framed around "eight pillars" of U.S. policy for victory. In the past month, the president and his national security team have been busily working on a new recipe for success in Iraq, having declared the previous plan a failure.

But never mind what the politicians are doing. The bureaucracy churns on.

The State Department continues every Wednesday to issue a 30-page public report that details exactly how the U.S. government is meeting the goals set forth in the president's now-abandoned plan. The report frames the data around Bush's storied eight pillars, which include such goals as "Defeat the Terrorists and Neutralize the Insurgents" (Pillar 1) and "Increase International Support for Iraq" (Pillar 7).

In many ways, the report is a microcosm of the administration's lost year in Iraq. The reams of details aimed at touting success belie the fact that few of the goals are being met.

The report is often upbeat as it presents some of the most minuscule factoids of the situation in Iraq. The Dec. 13 report noted that on Dec. 7, 40 sheikhs from across Diyala province met "to discuss ways to maintain peace and stability" and that on Dec. 9, U.S. soldiers discovered a factory for making improvised explosive devices in a house in Baqubah.

But the bottom-line graphs tell a story of failure. Under Pillar 5 ("Help Iraq Strengthen Its Economy") the reports show that week after week, the Iraqis cannot meet their goals for crude oil production. Another chart shows that efforts to build a 15-day supply of all refined products, such as diesel and gasoline, are woefully behind schedule, reaching a peak of a four-day supply.

Under Pillar 7, increasing international support, the trends are on the decline. The first report of the year showed that 28 countries, in addition to the United States, contributed 23,000 troops to coalition forces. By last week's report, the number of countries had fallen to 25 -- and the number of troops was down to 16,860, a decrease of more than 25 percent. Italy recently dropped off the list when the last of its troops departed.

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One figure has not really budged: the $20 billion apportioned for rebuilding Iraq (under Pillar 4, "Help Iraq Build Government Capacity and Provide Essential Services"). That is because the administration ran out of money for rebuilding Iraq, in part because about 25 percent was diverted to security. The latest report says that all but $4 billion has been disbursed.

A State Department official, speaking on the condition of anonymity because he is not authorized to talk to reporters about the report, said it still plays an important role because it provides the administration with a single set of numbers about the situation in Iraq. Previously, State and Defense department officials might have arrived at meetings armed with different data, but "now everyone is talking off the same sheet on music," he said.

There is also a classified version of the report, which includes details on counterterrorism operations, given to top policymakers on Fridays.

The report is prepared not by State Department officials but by a team of about 10 people hired by a management consulting firm. The firm, BearingPoint, has a $2 million contract to produce the report and to manage the process of running Iraq policy in the administration, the State Department official said.

Below the level of the top policymakers, working groups from across the government implement Iraq policy day by day. The BearingPoint employees, who work out of offices in the State Department, arrange the meetings, set the agendas, take notes and provide summaries of the discussions, the official said. They also maintain the Web site of the U.S. Embassy in Baghdad.

The twists and turns of American policy are imperfectly reflected in the report. "Operation Together Forward," the effort this summer to bolster security in Baghdad, which was later deemed a disappointment, was the subject of several upbeat reports but then seemed to fade in importance. During the spike in violence in October, the report noted that the Iraqi Ministry of Interior had recalled a police brigade for more training after "possible complicity with sectarian violence," though it brightly added that the training "will improve the professionalism and confidence within the national police."

The report seemed uncertain how to treat the release of a report by the Iraq Study Group, the independent bipartisan panel that criticized the administration's policy and spurred the White House to come up with a new plan. The earliest mention of the study group's report, in the Dec. 13 edition, came under Pillar 3, "Help Iraqis to Forge a National Compact for Democratic Government."

The headline said it all: "Iraqi Leaders Blast Iraq Study Group's Report." The State Department, perhaps in an effort to demonstrate the unity of Iraqi leaders, then devoted a whole page to negative quotes about the panel's recommendations.

The Dec. 20 report featured one curious item. Under the rubric of increasing international support, the report highlighted a visit to Damascus, Syria, by Sens. John F. Kerry (D-Mass.) and Christopher J. Dodd (D-Conn.). The senators "arrived in Syria December 19 to discuss how Damascus could help bring stability and security in Iraq," the report said, noting that another senator, Bill Nelson (D-Fla.), met with Syrian President Bashar al-Assad in early December.

The State Department had strongly discouraged the trips, saying Syria is a key source of problems in Iraq.

CORPORATE SCANDALS:

DCX Probe Spans Globe (DETNEWS)

By David Shepardson

Detroit News, December 26, 2006

Internal probe reveals bribes; ex-FBI chief hired as monitor

WASHINGTON -- DaimlerChrysler AG has hired former FBI director Louis Freeh to serve as an outside monitor as it nears the end of a two-year internal investigation that has uncovered multiple instances of bribery by company employees, according to people familiar with the situation.

The massive internal investigation found employees at the automaker's Mercedes division bribed officials in Asia, Africa and Eastern Europe, the people said.

The bribery allegations, brought to light in 2004 by company whistle-blowers, also are the focus of a civil investigation by the Securities and Exchange Commission and a criminal probe by the Justice Department.

Company officials would not comment on the findings of the internal probe.

"The company is very determined to operate our business with the highest ethical standards. We take these matters very seriously," DaimlerChrysler spokesman Han Tjan said. "We're still conducting our investigation."

At its height, the internal investigation led by prominent Washington, D.C., attorney Robert Bennett involved 85 lawyers and nearly as many accountants reviewing millions of documents and conducting hundreds of interviews. The company's legal,

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accounting and consulting bills connected to the probe have topped tens of millions of dollars, a person familiar with the matter said.

Investigators traveled to 25 countries and interviewed dozens of people, including former DaimlerChrysler Chairman Juergen Schrempp and other executives, the people said. Investigators also uncovered evidence of secret bank accounts.

This fall, DaimlerChrysler hired Freeh as a consultant to monitor the company's compliance with anti-bribery regulations and to review its internal investigation. Freeh's hiring hasn't been announced publicly.

Efforts by The News to reach Freeh, who works as a consultant to companies facing legal issues, were unsuccessful.

DaimlerChrysler has been regularly debriefing the SEC and Justice Department on the findings of its investigation and has turned over interview summaries and documents.

The bribes were seen by some company officials as an accepted way of doing business in many countries, according to people familiar with the investigation. In some cases, the amount of bribes was based on how many Mercedes vehicles were sold in a given market, the people said. In certain instances, investigators struggled to follow the money trail because intermediaries were used.

While DaimlerChrysler's internal probe is nearing completion, federal officials aren't expected to complete their investigations until 2007. Serious settlement discussions aren't expected until early next year.

Aiming to minimize penalties

DaimlerChrysler is clearly aiming to minimize any fines or sanctions by hiring Freeh as an internal monitor and providing federal investigators with the findings of the exhaustive internal investigation.

DaimlerChrysler, which is based in Stuttgart, Germany, and controls the Auburn Hills-based Chrysler Group, could face charges under the Foreign Corrupt Practices Act, a 1977 law designed to prevent U.S. companies from acting unethically abroad, because its stock is listed on the New York Stock Exchange.

German companies could deduct certain types of bribes on their taxes until the late 1990s.

German prosecutors in Stuttgart also are investigating whether the company violated anti-bribery and disclosure laws.

In March, DaimlerChrysler revealed in its annual report that an undisclosed number of executives have been disciplined or fired as a result of the investigation and admitted that "improper payments" were made in Asia, Africa and Eastern Europe.

The company reduced 2005 net income by $84.5 million and 2005 operating profit by $21 million to account for the improper payments. It also faces the prospect of having to pay back taxes. Still unclear is how much senior executives knew of the arrangements.

No U.S.-based employees are believed to be involved.

Whistle-blower cases settled

On Dec. 6, the company settled the last of two 2004 whistle-blower suits filed in U.S. District Court in Detroit that prompted the probe. Christine Holtzmann had alleged the company ignored reports of accounting fraud and mishandled audits. She said she was fired in December 2003 after an 18-year career with the automaker after speaking up about the fraud.

In July 2005, DaimlerChrysler settled a 2004 wrongful-firing suit filed in U.S. District Court in Detroit by former Chrysler accountant David Bazzetta.

Bazzetta claimed he was fired in January 2004 in part because he talked to superiors about as many as 40 secret bank accounts maintained by the Mercedes unit to bribe foreign government officials.

He said in his lawsuit he learned of the bank accounts during a corporate audit committee meeting in July 2001 in Stuttgart. According to court filings, Bazzetta claimed a vice president of corporate audit, Hubertus Buderath, told a group "a common practice of Daimler Benz was the use of secret bank accounts to bribe government officials." Buderath allegedly told then-chairman Schrempp that 40 of those accounts still existed and "were buried deep in (the company's) balance sheet." Schrempp denied knowledge of any accounts.

SEC lawyers interviewed Bazzetta and Holtzmann.

Point man is powerful lawyer

The point man for DaimlerChrysler in the internal investigation is Bennett, a high-powered attorney who has represented Enron and KPMG in corporate scandals. He was President Clinton's personal attorney in the Paula Jones civil case and is a partner in Skadden, Arps, Slate, Meagher & Flom LLP.

Bennett declined to comment.

Skadden partner Colleen Mahoney, a former deputy director of enforcement at the SEC, who is also involved in the DaimlerChrysler internal investigation, could not be reached. Two other Skadden Arps partners, former assistant U.S. attorney Gary DiBianco and Mitchell Ettinger, a former chief prosecutor for the Air Force, also have been involved in the probe.

Mark F. Mendelsohn, deputy chief of the Justice Department's fraud section, and Frederic D. Firestone, an SEC associate director of enforcement, who are overseeing the government's investigations into DaimlerChrysler, also declined to comment.

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Numerous German companies have faced bribery investigations -- Volkswagen AG for allegedly bribing union officials and most recently engineering giant Siemens AG for allegedly bribing customers using secret bank accounts.

Experts said the government's focus on DaimlerChrysler may be to send a message to the world's third-largest economy to take bribery more seriously.

"The U.S. government really wants to encourage the Germans to crack down," said Peter Henning, a Wayne State University law professor and former SEC attorney. "It's the principle here. The amounts are usually never that large. It's surprisingly cheap to bribe public officials in the Third World."

The SEC has ramped up enforcement of its anti-bribery laws recently, filing more than 100 cases in 2006.

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Report: Ex-FBI Boss Aids DaimlerChrysler (AP)

AP, December 26, 2006

AUBURN HILLS, Mich. (AP) -- Former FBI Director Louis Freeh is aiding DaimlerChrysler AG in its internal investigation of bribery allegations involving company employees, a newspaper reported Tuesday.

The Detroit News quoted unidentified sources as saying that the German-American company hired Freeh in the fall.

Freeh is a member of the Gavel Group, which consists of former federal judges "who can provide strategic advice to corporations and law firms on anticipated actions in business, litigation and investigations," according to the group's Web site.

An e-mail message seeking comment from Freeh was left with the Gavel Group before business hours Tuesday.

A DaimlerChrysler spokesman declined comment.

"The company is very determined to operate our business with the highest ethical standards," Han Tjan told the newspaper.

DaimlerChrysler has acknowledged a U.S. Justice Department probe of allegations the company bribed foreign officials with the knowledge of senior executives.

Last year, the Securities and Exchange Commission opened an inquiry after a DaimlerChrysler employee said he was fired for complaining that the company was using secret bank accounts to bribe government officials.

Ex-Trader Tells Story As A Warning (NYT)

By Eamon Quinn

The New York Times, December 26, 2006

GALWAY, Ireland — As an unsupervised young chief trader in Singapore in 1995, Nicholas W. Leeson lost $1.3 billion in frenzied trades in Japanese stock futures and bonds, destroying his employer, the 233-year-old Barings Bank, which had Queen Elizabeth as a customer.

Now, Mr. Leeson, having served four years in prison and survived a bout with colon cancer, has managed to turn those money-losing bets into a money-making enterprise — warning bankers of their continuing vulnerability to rogue traders.

The paradox is that he is earning a very good living from a notorious past, getting £5,000 ($9,800) a speech.

In November, he spoke at an annual dinner of financial regulators in London's financial district and then headed to Amsterdam for a speech to a large firm of auditors. The previous month, he gave a presentation at a Dublin function on banking scandals, arguing that he should have been stopped by Barings at an early stage. The British bank, he says, was culpable for failing to supervise him and for accepting the bluster of a young trader who was prepared to disguise his trading losses.

Mr. Leeson, now 39, has recently been freed from an agreement in which he surrendered some of his earnings to the liquidators of Barings, which was sold to ING of the Netherlands. For over a decade, the liquidators had sought to recover money for creditors of the ruined bank.

Seated in a coffeehouse close to the Galway seashore, he still looks every bit the chief trader, dressed in pinstripes.

"I suppose it embodies more where I am now in life and the changes I have been through in the last 15 to 20 years," he said about his new start in the west of Ireland. "Life is a little bit more slow-paced, but there is a quality of life which was possibly missing when I was in Singapore, when it was all about succeeding. I am more happy now."

He spoke of his new day job as general manager of Galway's soccer club, in which he is responsible for everything from shirt sponsorship to planning for a potential redevelopment of the club's stadium. "There's a sea change in the way the club is run today," he said in a softened London accent. His new home, with its large college student population and prosperous computer and tourism industries, has a reputation as Ireland's summertime party town.

Mr. Leeson, who grew up north of London in a working-class family, left school at 18 but managed to land a job in London's financial district in 1985, when the economy was booming. He joined Barings in 1989 as a back-office clerk but did well enough that he was offered a job in Singapore.

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He continued to advance, landing a trading job. His successes led to a salary and bonus that was reportedly more than $1 million a year in the early half of the 1990s. But at some point, Mr. Leeson began taking what amounted to a gamble on the direction of Japanese stock prices and interest rates — a gamble that began to go wrong early in 1995.

By the end of February, Barings had collapsed under the weight of more than $1 billion in losses. In December, Mr. Leeson pleaded guilty to two criminal charges that he had illegally covered up his trading losses and was sentenced in Singapore to six and a half years in prison.

But after serving a little over half that prison sentence, he was released in 1999, and offers began to flood in. He did a string of television commercials, including one for a Swedish stock brokerage firm, and was paid $100,000 for an appearance before an audience of Dutch bankers and brokers. “Half went to the liquidators, half to me,” he said the other day.

He also wrote a book, “Rogue Trader,” while in prison that was later turned into a movie.

He said he believed he had picked the opportunities wisely. “It’s one of the things I have done reasonably well since I have been released,” he said. “I don’t do everything that is offered me.”

He is still in touch with some former colleagues in Singapore but is banned from returning to the country. He laughs when asked about his slim prospects of ever working for a bank again.

He mentioned that he still trades currencies — mostly the dollar against the British pound and the euro — through an account at an online brokerage firm. This time, he says, he feels confident in his trading decisions, contending that he was “ill-disposed” to knowing his limitations 11 years ago.

Speaking in mid-November, he confidently predicted that the dollar had further to fall against the pound and euro.

“If I am risking my money it should be O.K.,” he said. “If I were employed by a bank, it would be a different matter.”

When reminded that the anniversaries of the Barings collapse coincide with his birthday, he replied: “It is one of those quirks of fate. It does not mean a lot other than I am a year older.”

He added, “The positive is that it is a further year on” from the events that made his name synonymous with “rogue trader.”

Exxon Damages For Valdez Spill Are Cut In Half (WSJ/AP)

By The Associated Press

The Wall Street Journal, December 26, 2006

A federal appeals court cut in half a $5 billion jury award for punitive damages against Exxon Mobil Corp. in the 1989 Valdez oil spill that affected about 1,500 miles of Alaskan coastline.

The case, one of the nation's longest-running, noncriminal legal disputes, stems from a 1994 decision by an Anchorage jury to award the punitive damages to 34,000 fishermen and other Alaskans. Their property and livelihoods were harmed when the Valdez oil tanker struck a charted reef, spilling 11 million gallons of crude oil.

It is the third time the Ninth U.S. Circuit Court of Appeals ordered the Anchorage court to reduce the $5 billion award, the nation's largest at the time, saying it was unconstitutionally excessive considering U.S. Supreme Court precedent.

This time, in its 2-1 decision, the court ordered a specific amount in damages, while its previous rulings demanded a lower court to come up with its own figures. "It is time for this protracted litigation to end," Chief Judge Mary Schroeder and Judge Andrew Kleinfeld wrote.

U.S. District Judge H. Russel Holland of Anchorage begrudgingly complied in 2002, reducing damages to $4 billion. Exxon, Irving, Texas, again appealed.

The following year, the appeals court ordered Judge Holland to revisit his decision, this time balancing it against a new 2003 Supreme Court ruling that said punitive damages usually couldn't be more than nine times general damages. The Anchorage jury awarded $287 million in general damages and issued punitive damages that were 17 times that amount.

Judge Holland, appointed by President Reagan in 1984, declared Exxon's conduct "reprehensible" and set the figure at $4.5 billion plus interest, ruling that the Supreme Court's precedent didn't directly apply to the case.

Exxon again appealed, and argued it should have to pay no more than $25 million in punitive damages. Exxon spokesman Dave Gardner criticized the appeals-court decision. "The facts of this case do not warrant an award this size," he said. He didn't say whether the company would appeal the decision.

David Oesting, the lead lawyer from Anchorage representing the plaintiffs, said he was considering whether to ask the court to rehear the case with 15 judges or to go to the Supreme Court.

Lots Of Cheer From R.I.M., But No News On Options (NYT)

By Ian Austen

The New York Times, December 25, 2006

DOJ_NMG_0108755

OTTAWA, Dec. 24 — James L. Balsillie, the chairman and co-chief executive of Research In Motion, offered plenty of cheery news during an investor conference call last week: quarterly profit up 47 percent from the same period a year ago and a sales increase of 49 percent, largely based on the company's successful move into the consumer market.

On another issue, Mr. Balsillie had no comment: the review of R.I.M.'s stock options grants being undertaken by the independent board directors. The lack of information follows a pattern at R.I.M., the Canadian company that created the BlackBerry and made it a global brand. Ever since late September, when R.I.M. said it had started the review, the company has offered investors and regulators few details, making it difficult to assess its potential impact or full extent.

An eight-page letter it submitted at the beginning of last week for an Ontario Securities Commission hearing only added to the uncertainty. It indicated that the review was "proceeding more slowly than anticipated" and that various complications "substantially increase" the $25 million to $45 million in restatements the company initially anticipated.

The lack of information is baffling to investors, particularly at a time when the company's stock on the Nasdaq has climbed to $130 on Friday, from $81.93 at the beginning of September.

"If I were a portfolio manager, I would have a hard time figuring out how significant this issue is," said Henry T. C. Hu, a professor of corporate and securities law at the University of Texas in Austin.

"I can't figure out what the best case is," he said. " 'Substantially increase,' does that mean we ought to apply a multiple of 2 or a higher multiple? All we know is that there are enough zeros that they're using the word substantially."

R.I.M. has yet to disclose the nature of the problems with its options-granting policies, including whether the company backdated some options to allow employees and executives to purchase stock at lower prices. Nor is it clear if the options situation directly involves Mr. Balsillie or Michael Lazaridis, the company's president and other co-chief executive.

And at least one small Canadian institutional investor, the Ironworkers Ontario Pension Fund, through a lawyer who specializes in securities-related class-action lawsuits, is raising questions about the wisdom of having the review supervised by directors who themselves benefited from R.I.M. stock options.

R.I.M. is one of many companies facing questions over their options practices. The Securities and Exchange Commission is investigating at least 120 companies, including Apple Computer, UnitedHealth Group and dozens of technology companies, for possible stock-options manipulation, and the Justice Department and the Internal Revenue Service are conducting separate reviews.

For the moment, however, the uncertainties at R.I.M. appear to have been swept aside in most investors' and analysts' minds by R.I.M.'s overwhelming dominance of the wireless e-mail market for business users and by the immediate, and surprisingly strong, success of its first BlackBerry built for consumers, the Pearl.

This much is known about the situation: four independent directors on R.I.M.'s audit committee, assisted by outside lawyers and accountants, are examining about 3,200 stock options given to about 2,000 employees that date back at least 10 years. The company began trading publicly in 1997.

Searches of the company's computer system, its data backup and something the company calls "forensic imaging" have produced about 650,000 documents related to the options. The delay in the investigation, the company said in its letter, largely comes from the fact that the audit committee is dealing with 250,000 more documents than it originally expected.

What remains unclear is why the company now expects to make a larger-than-expected financial restatement. In its filings, R.I.M. has said only that "certain accounting errors" understated noncash charges from the options and effectively inflated earnings. Exactly what those noncash items are is not known.

Since starting the investigation, the committee has found an "additional error" in accounting that substantially understated the options-related charges.

On Friday, the day after Mr. Balsillie's conference call, Peter Misek, a technology analyst with Canaccord Adams in Toronto, appeared on Report on Business Television, a Canadian cable channel. Like many other analysts, he was effusive about R.I.M.'s results and the company's potential, particularly in the consumer market.

"They were blow-out results," Mr. Misek told viewers. "This is a table pounder for us. You've got to own the stock."

During a subsequent interview, Mr. Misek, whose firm trades R.I.M. shares on behalf of clients but has no holdings or dealings with the company, acknowledged that the uncertainty surrounding the options review made him uneasy.

"I'm not going to deny that I'm nervous," Mr. Misek said, "but I'm going to continue to believe that this was a past issue that was unfortunate. And, I think in the end management will do the right thing."

Mr. Misek estimates that the restatement is in the range of $100 million, although he acknowledged that the figure is a guess. Mr. Misek does not believe that options were adjusted to improperly benefit employees. Instead, he believes that the review will find that bookkeeping systems at the company failed to keep pace with the rapid growth at R.I.M. that followed the introduction of the BlackBerry in January 1999.

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But Mr. Misek's anxiety goes beyond the potential amount of the financial restatement. R.I.M.'s success can largely be traced to both Mr. Balsillie and Mr. Lazaridis. Anything that jeopardized their positions within the company would most likely depress R.I.M.'s stock.

Mr. Lazaridis's engineering skills are widely admired. His innovations include obvious features such as the BlackBerry's thumb-operated keyboard, as well as critical technical innovations in the device's radio system, electronics and, above all, the software it uses to route e-mail messages.

It was Mr. Balsillie's aggressive enthusiasm for the BlackBerry that first persuaded major wireless service providers in the United States and Europe to offer an untried product and service from an obscure maker of wireless modems in Canada.

Having known Mr. Balsillie and Mr. Lazaridis for more than six years, Mr. Misek said he did not believe that they would have acted improperly for personal gain.

"I have no love for any executive, but I don't see it in this case," said Mr. Misek, who is an accountant by training. "Mike's not motivated by money," he added, referring to Mr. Lazaridis.

R.I.M. and its directors have consistently declined to discuss the review. But in its letter to the Ontario regulator, the company argued that the amount of information it is providing "is more detailed and informative than the information provided by comparable companies in the United States in similar circumstances."

During the conference call, Mr. Balsillie spoke at length about the Pearl, which is the first BlackBerry with multimedia capabilities, saying it is just the beginning of a range of new products and services from R.I.M. And while he was talking about new technologies, Mr. Balsillie made a comment that might also apply to the options review.

"Those of you that follow us closely, I would argue that if you really paid attention to us and you are a real expert, you might have a sense of 20 percent of what's really going on," he said.

CRIMINAL LAW:

Why L.A. Jail Cells Have Revolving Doors (LAT)

By Megan Garvey And Jack Leonard, Times Staff Writers

The Los Angeles Times, December 26, 2006

A strained justice system and a flawed rehab law feed the cycle of repeat offenders.

Bertha Cuestas was standing outside her Highland Park apartment scratching off an instant lottery ticket when veteran Los Angeles Police Department Officers J.C. Duarte and Harold Marinelli spotted the 50-year-old from their patrol car.

They had been arresting Cuestas for prostitution and drugs since their days on the vice squad in the mid-1990s. On this warm October afternoon, she was wanted for failing to report to the judge in her most recent drug case.

"Why didn't you go to court?" Duarte asked her.

"I was busy," she replied.

Cuestas knew the drill. She asked a friend for money, then stuffed the $7.42 he gave her into her bra for the bus ride home when she got out of jail.

"How many times have you guys done this with her?" her son asked, cradling his infant daughter in his arm.

"Too many times," Marinelli said.

It was the start of a typical week for Duarte and Marinelli. Like other patrol officers throughout Los Angeles County, the longtime partners are spending more and more time picking up old regulars like Cuestas.

A Times investigation has found that thieves, drug offenders and other repeat criminals are cycling in and out of jail faster than ever.

Since 2000, the number of people booked two or more times into jails in Los Angeles County in a single year has jumped 73%, reaching 61,646 last year, according to a Times analysis. Repeat offenders now account for 42% of bookings, up from 26% in 2000.

Once booked, defendants enter a justice system whose resources have not kept pace with demand, even as crime has dropped in recent years.

There are not enough prosecutors to try them. There are not enough courts to sentence them. There are not enough jail or prison beds to house them. And there is not enough treatment to help them.

Instead, repeat offenders drain limited justice resources and are quickly back on the streets to get arrested again, taking up the time of police, prosecutors, public defenders and judges. Patrol cops are frustrated. Victims feel forgotten.

"Under any other definition of crisis, this would be an emergency," said Los Angeles County Sheriff Lee Baca, who runs the nation's largest network of jails. "The system is collapsing because of its volume."

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A solution, top law enforcement officials say, would require far more money than lawmakers have been willing to commit.

"We didn't cure malaria until we started draining the swamps instead of just swatting at the mosquitoes," said Los Angeles Police Chief William J. Bratton. "The resources have just not been committed to draining the swamps."

A week on the beat

To gauge the effects of the revolving door, The Times examined jail bookings since 2000. Reporters interviewed prosecutors, judges, defense attorneys, law enforcement leaders and criminologists.

The paper also spent a week in October with officers in the LAPD's Northeast Division, a 29-square-mile collection of affluent and poor neighborhoods that runs from Eagle Rock to eastern Hollywood.

Police that week made 28 adult felony arrests, on typical charges for the division's patrol officers, mostly drug offenses, thefts and domestic violence. Within six weeks of their arrests, 12 had cycled through the court system, were found guilty and were back on the streets. Three others arrested on warrants were released by judges within days.

Of those 15, three have already been rearrested and are back in jail.

"We get so many repeaters it's ridiculous," Officer Duarte said. "They do a few days and then they're back out again."

Duarte and Marinelli had a hand in five arrests that week, all involving repeat offenders. Together, the five had at least 106 previous arrests and 61 convictions. Cuestas alone had been arrested 21 times, most recently in July.

Cuestas had been ordered to enter rehab in August under Proposition 36, the 2000 state initiative that mandates treatment rather than incarceration for most nonviolent drug offenders. She never went, leading to the warrant.

She is among thousands who have failed to complete treatment. Although nearly 8,000 people in the county successfully completed Proposition 36 rehab between July 2001 and June 2005, they are the minority. UCLA researchers found that about 75% of those sentenced to treatment opted out, never showed up or stopped going.

Duarte and Marinelli believe the initiative gives longtime, chronic users like Cuestas too many chances to reoffend, with little consequence.

"We need to let the courts know Prop. 36 is not working for a lot of people," Duarte said.

A parolee is arrested

A day after they arrested Cuestas, Marinelli and Duarte were called in to help with a search. Rodolfo Salcido, 35, had been pulled over driving a stolen 1991 Toyota Camry. Before police could detain him, he fled, jumping over a picket fence in a Cypress Park neighborhood.

Police found Salcido crammed into an attic crawl space in the laundry room of a nearby apartment building.

"All right, officers, I'm coming out," he told them. He was on parole for stealing another car. Sweat poured from his shaved head and tattooed torso.

Salcido had spent the last seven years in and out of prison, never in for more than a year or out for more than nine months. In 1999, he was convicted of stealing a $4,000 LAPD radio from an unmarked police car. Soon after, he went to prison in another burglary case, the first of four prison terms.

In his wake, he left victims like Emma Sanchez, a mother of two and owner of the stolen Camry. Sanchez is one of more than 23,000 people whose cars were stolen in the city this year. She said it took her more than six months, working for minimum wage as a lunch-truck driver, to save $2,500 to buy the car.

She said she paid about $220 to the city to get her car out of the impound lot. Her prized $400 stereo was gone.

The Camry smelled of stale beer and cigarettes.

She feels uneasy behind the wheel, as though the car is no longer hers.

"They say once a car is stolen, it's not good anymore," Sanchez said. "I don't even like driving in it. It's not the same anymore. It feels like it was violated."

'Don't I know you?'

A few hours after Salcido's arrest, Duarte and Marinelli were on a new case. The division's detectives received a tip that Orlando Gallegos, 34, a burglary suspect also wanted for failing to report for his parole, was living at a dingy Highland Park hotel.

In the late afternoon, the officers pounded on his door. They found him in his narrow room, several baggies of heroin in the freezer, stolen credit cards on the dresser and two convicted criminals as company.

In the dim hallway, the suspects knelt, handcuffed and facing the wall. Gallegos caught the eye of Marinelli.

"Don't I know you?" Marinelli asked him. "You look familiar to me."

A check of Gallegos' rap sheet jogged Marinelli's memory. Three years earlier, Gallegos had led him on a brief high-speed chase in a stolen car.

"I knew I knew you," said Marinelli, shaking his head.

Gallegos told police he'd found the credit cards in a trashcan.

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Police first arrested Gallegos when he was 18 for possession of a small amount of marijuana. Five years later, he was arrested and convicted of vandalism.

In 1999, he was convicted of domestic violence. A burglary conviction in 2000 led to prison time after he violated probation. Two years later, when Marinelli caught him driving a stolen car, he was sent back to prison.

Gallegos' convictions, though frequent, never met the threshold of a strike under California's three-strikes law, which increases sentences for repeat offenders convicted of more serious or violent crimes. And so he cycled rapidly in and out of jail and prison.

One of the men in the hotel room, Evaristo Torres, 31, was furious at the arrival of police. He said he'd only come by to find someone to "smoke some weed with, get a beer with." He told officers he didn't even know the names of the other men.

Gilbert Morales, 46, told police he was on parole for drunk driving and on probation for drug possession. In the cinderblock holding cells of the Northeast Division, an officer searched him.

The officer pulled a tiny baggie filled with what looked like rock cocaine from Morales' small front jeans pocket. Another bag held what appeared to be a balloon of heroin and powder cocaine.

"Am I going to find anything else?" the officer asked. "You might as well tell me because I'm going to find it."

"No, nothing," Morales said.

The officer pulled another tiny bag from one of Morales' socks: methamphetamine and a single tablet of Tylenol.

It was his 47th arrest. Over the years, he'd had 24 convictions, seven for felonies. This was his third arrest this year.

After nightfall, Marinelli and Duarte helped drive Gallegos, Morales and Torres to the city's downtown jail in Parker Center.

There, Morales said he believed he could stop using drugs, if he could get the right help.

"I did good for a while when I had residential treatment. Maybe if I can get that again," he said.

His friend Gallegos needed medical evaluation for an old head injury. A nurse asked if he was on any medication.

"Dylantin for seizures," he said. She gave him his dose for the day.

Was he on any drugs or alcohol? He shook his head no.

"He got interrupted," Marinelli said.

Some deals are made

Duarte and Marinelli doubted that the five suspects they helped arrest would serve much time. They were right. Four were back on the streets within three weeks.

Cuestas, the drug abuser whose son watched her arrest, spent six days in jail before a judge released her on probation.

On Dec. 7, she failed to show up for a court hearing to decide whether her probation should be revoked. A judge issued a new arrest warrant.

Twelve days after his arrest for car theft, Rodolfo Salcido shuffled into Department 50 of the downtown Los Angeles criminal courthouse. His previous convictions — for robbery, burglary and car theft, among other crimes — meant that he faced up to 13 years in prison. Because his 1995 robbery is considered a strike under the three-strikes law, he would have to serve 80% of the time.

But prosecutors and Judge David M. Horwitz agreed on a three-year prison sentence in return for a guilty plea. As part of the deal, the judge did not consider Salcido's robbery conviction. With credit for good behavior, he is likely to serve only half his sentence.

It did not take long to resolve the drug arrests of the three men in Orlando Gallegos' Highland Park hotel room.

Torres sat in jail for five days until he appeared in court and promised to pay the fine he owed on his previous drug case. When he did so three weeks later, the case was dismissed.

Less than three weeks after their arrests, Gallegos and Morales each pleaded guilty to drug possession. Probation officers recommended prison for Morales, noting that he had already been sentenced under Proposition 36 and "has either been unable or unwilling to rehabilitate."

But Proposition 36 required that both men be sentenced to treatment. In drug court, Los Angeles County Superior Court Judge Maria E. Stratton read aloud a long list of probation conditions.

"If you mess up — and you might mess up — come to court," she told them. "Don't just blow it off. I'd hate to have the police sent out to find you."

That afternoon, the friends left the criminal courthouse together as free men. It had been 19 days since their arrests.

On Dec. 1, Gallegos rode a bus to the downtown criminal courthouse to check in with Stratton. He had yet to enroll in treatment or attend 12-step meetings. She told him to come back in January with more to show for himself.

His friend Morales was due in court the same day. But there was no answer when Stratton called his name. The judge issued a warrant for his arrest.

A vicious cycle

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The county's top law enforcement officials concede that local justice often appears at odds with itself. The number of arrests by county police agencies has risen sharply since 2000. Yet budget cuts have reduced the number of prosecutors available to handle their cases.

The county's courts have not added a single judge to hear criminal cases in more than a decade. Overwhelmed, judges are increasingly relying on special courts where defendants are offered more generous deals in return for quick guilty pleas.

The available room for offenders in jail has also shrunk, due to financial woes and federal court limits on overcrowding. Most offenders sentenced to jail are released well before they complete their sentences. Since 2002, more than 16,000 inmates have been rearrested during time they would still have been in jail if not for early release.

Low-level offenders with enough felony convictions eventually get sent to state prison. But they too cycle in and out. More than half are back in prison within two years of their release.

Beyond jail and prison walls, the state has committed $120 million each year to Proposition 36 — an expense that researchers note has saved millions more on incarceration costs. But a shortage of funds for treatment programs has created waiting lists for residential rehab beds, increasing the chance participants in the program will relapse while awaiting treatment.

Baca blames state lawmakers for concentrating their efforts on enacting laws that increase prison terms for the worst offenders, such as murderers, rapists and other violent criminals. Those laws, he said, fail to deal with drug abuse that plagues lower-level offenders, who commit the bulk of crimes.

"All of these extraordinary laws only work for the worst of the worst," Baca said. For the common offender, he said, they are "not a deterrent."

'We need help'

Even criminals say the system is failing.

On a recent Saturday, Salcido walked into the visiting area of the county's Pitchess Detention Center in Castaic. He was still awaiting transport to prison on his car-theft conviction. Salcido worried his children would read about him. But he began speaking about his drug problems. When he was caught, he said, he'd been on a three-week methamphetamine bender.

"Why do you think these crimes are committed — because I like committing crimes?" he asked. "I've done [prison]. What's the point? Obviously, it's not helping me. Can't they put two and two together? Why not say, 'Here's 18 months in a live-in program?' "

Salcido said he'd attended AA meetings in prison but needed more help. After leaving prison in January, he said, he stayed off drugs for months. Then he was ordered to make child-support payments that took nearly half his $400-a-week construction job wages.

"Instead of drinking a couple of beers, you start doing a couple of lines. Stop coming home. Stop going to work. You're going to lose your job," he said.

"It's always prison, prison, prison. It just corrupts you more," he said, his voice angry and frustrated. "We need help. We're sick. It shouldn't just be back to prison."

Out of jail after his latest arrest, Orlando Gallegos was struggling to rebuild his life.

During the three weeks he was incarcerated, he lost his job servicing old refrigerators. The manager of the hotel where he'd been living threatened to evict him. He had no rent money.

Three weeks after his release, Gallegos said he needed a steady job to stay out of trouble. But his criminal history along with the seizures he suffers make it difficult for him to find work.

"I can't get a job so I find different ways of trying to make my money. When I don't have no work, sometimes I have to steal for it," said Gallegos, who spoke slowly and sometimes struggled to articulate his thoughts. "A car — if I see a window open, I might see what's in it or I might go into a store and steal whatever I can steal. Like, if there's a bike laying out in front of the yard, I might take it…. I do these little [crimes] that I know I'm not going to go to prison for the rest of my life."

For now, he said, he was managing to stay clear of heroin and wanted to find work again.

"I like being — how do you say? — stable … taking care of myself, you know. Paying my bills, you know. That felt good, you know, paying my rent every month. And to buy something. I don't have to go steal for it," he said.

Marinelli and Duarte, who have been partners for 18 years, said they've seen too few people turn their lives around.

"A lot of these guys could change if they really wanted to, but the problem is that it's too hard," Duarte said. "Too hard once you've got a felony record — to get a decent job or to make ends meet. And especially if you've got a drug problem, then forget it. All bets are off."

But both officers said their sympathies lie with victims.

"They get outraged," Marinelli said. "'What? He's already out?' Or they'll call us and say, 'Hey! The guy you arrested yesterday for vandalizing my wall is standing right in front of my house right now!' They don't understand the system."

Postscript:

DOJ_NMG_0108760

On Dec. 18, Gilbert Morales was arrested again by LAPD officers and is facing new drug possession charges. Bertha Cuestas was arrested Dec. 20 for failing to appear in court. Rodolfo Salcido is awaiting transportation to state prison. Orlando Gallegos said he planned to enter treatment next month. Evaristo Torres lost his job while in jail. He said he is struggling financially and emotionally but has not had new trouble with the law.

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Times researcher Maloy Moore and staff writer Hector Becerra contributed to this report. Data analysis by Doug Smith and Sandra Poindexter.

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(INFOBOX BELOW)

Rise in caseload

In recent years, Los Angeles County's courts and jails have struggled to keep pace with demand.

2000

Total number of bookings: 321,032

Bookings involving repeat offenders: 82,400

Felony filings: 56,404

Number of county prosecutors: 989

2005

Total number of bookings: 375,655

Bookings involving repeat offenders: 159,389

Felony filings: 68,277

Number of county prosecutors: 903

Note: Bookings based on calendar year data. Filings, number of prosecutors are for fiscal years.

Case study: Northeast Division

During the week of Oct. 2 to Oct. 8, police made 28 adult felony arrests in the LAPD's Northeast Division on suspicion of crimes that included drug possession, theft, assault and a variety of other offenses.

Of the 28 arrested:

12 were found guilty, sentenced and let out of but two were rearrested and are back in jail

5 have court cases pending

3 were sentenced to prison

3 were released by the courts, but one was rearrested and is back in jail

2 were released early but placed in federal custody on unrelated charges

2 were not charged with a crime

1 was sentenced to drug treatment in jail

Sources: L.A. County Superior Court, L.A. County district attorney's office, L.A. County Sheriff's Department.

Duke Rape Case Unravels (CSM)

By Patrik Jonsson

The Christian Science Monitor, December 26, 2006

ATLANTA – Fueled by stereotypes of race and class, as well as a zealous prosecutor, the criminal case against three Duke lacrosse players emerged as a test of the ability of the justice system to sift evidence through a prism of prejudices. Now, after the key charges of rape were dropped Friday, the case is also being seen as a cautionary tale for prosecutors and pundits alike, emblematic of how cultural stereotypes and perceptions don't always add up to hard facts on the ground.

The fuse was lit last March in Durham, N.C., at an off-campus party for lacrosse players - many of whom were Northerners enjoying an exclusive Southern university. Add to the scene two black exotic dancers, who grew up in the predominantly black city walled off from the school. Soon after, three of the white players were charged with kidnapping, assaulting, and raping one of the exotic dancers, allegedly amid a litany of racial slurs.

Yet since then, it's hardly been an open-and-shut case.

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"As you look at the facts in the case and look at the testimony, everybody agrees that the case has many significant weaknesses, any one of which may be sufficient basis for either a judge to dismiss or a jury to find the defendants not guilty," says Bennett Gershman, a civil rights law professor at Pace University in White Plains, N.Y.

Charges of kidnapping and first-degree sexual offense (which includes acts similar to rape) are still lodged against Collin Finnerty of Garden City, N.Y.; David Evans of Bethesda, Md.; and Reade Seligmann of Essex Fells, N.J. But the rape charges were dropped because the alleged victim "could no longer testify with certainty that it occurred," according to court documents.

The move came a week after a Dec. 15 court hearing in which a judge ordered a paternity test for the now-pregnant accuser. In addition, facts showed that District Attorney Mike Nifong asked a DNA lab director to withhold potentially exculpatory information from defense attorneys for "the Duke Three," as supporters call them.

Problems for the prosecution

Mr. Nifong still believes "hooligans" committed criminal acts that night, people close to the case say. And the two remaining charges, under North Carolina law, are just as serious as rape and carry equal jail time. But the accuser's changing story, lack of hard evidence of rape, mismatched witness testimony, and possibly exculpatory evidence presented by the defense remain problems for the prosecution. Dropping the rape charge makes the case more manageable, though still difficult to prove in front of a jury, lawyers say.

Nifong has "eliminated the most difficult charge he had to prove," says Woody Vann, a Durham defense attorney who's familiar with the case. "Does this make his case better? No, it just makes it easier."

Either way, the case had already divided a city, a university, and beyond. The perception of rich white college athletes violating a young black mother trying to make a living in an unsavory profession touched sensitivities about race, class, and status in America.

Early on, the "group of 88," a consortium of Duke faculty, condemned the culture of hilarity and immunity allegedly enjoyed by athletes at Duke. As time has worn on, though, supporters of the lacrosse players have pointed to emerging weaknesses in the case as reasons for Nifong to dismiss all the charges.

"Black people used this case as an opportunity to lash out at the privileged people at the university and to air some of their racial grievances," says La Shawn Barber, a conservative black blogger who has focused on the case for the past eight months. "But in the end, those issues have nothing to do with whether this woman was raped or not."

At the very least, experts say Nifong made several moves that may have hurt his case. He apparently changed police policy on lineups, which are used to identify alleged perpetrators, when he included only lacrosse players. Last week it was revealed he did not release information that showed the lab found DNA from five men, none of them lacrosse players, on the woman or her clothing. Moreover, Nifong's early fiery rhetoric and attendance at community events at North Carolina Central University, the historically black school, raised questions about his political motives, which he repeatedly denied as he ran for and won the DA's seat in November as a Democrat.

"Yes, local prosecutors are elected, but you can't play party, you can't play politics, you can't play race, you can't play anything," says Professor Gershman.

Indeed, criticism of the case has led to some calls for Nifong's disbarment. A North Carolina legislator has asked the US Department of Justice to investigate the case. And legal experts say that while prosecutors enjoy absolute immunity inside the courtroom, Nifong's actions as a lead investigator outside the courtroom for this case may have left him exposed to a potential civil lawsuit from the Duke Three.

"The irony is that although this involved a bunch of white, privileged young defendants, [a potential civil lawsuit against Nifong] might wind up setting a precedent which will help hundreds of other defendants who are black and lack their financial and other resources, because prosecutors around the country will be a little bit more worried about violating civil rights," says John Banzhaf III, a law professor at George Washington University.

Next hearing

The next hearing in the case is scheduled for Feb. 5, when the court is to hear motions to suppress evidence. Some say Nifong may be looking for a face-saving way to back out of the case. Others say the prosecution is as hardened as ever, determined to bring the Duke Three to trial.

"If this case goes to trial, this is going to get much worse, because what you would have is a case with no evidence, where its only chance in trial would be [for Nifong] to stoke these tensions as much as he can," says KC Johnson, a constitutional history professor at Brooklyn College in New York, who runs a blog on the Duke case.

After Years Of Agony, Death Turns Assaults Into Homicides (NYT)

By Cara Buckley

The New York Times, December 26, 2006

DOJ_NMG_0108762

Sirkime Stevenson died this year, but he was killed in 1991.

Mr. Stevenson was tall, strapping and 18 that year, when bullets fired from a stranger's gun struck his lower back, shattered parts of his spine and froze him from the waist down.

Even as his body withered around the wounds, he dreamed of walking again — until 1997, when bedsores ate his left leg to the bone and doctors amputated it at the hip. More infections brewed, eroding Mr. Stevenson's insides before finally stopping his heart in January.

Armani Eaddy also died this year, but she was killed in 1997.

Armani was 4 months old that year when she was shaken so violently that delicate parts of her brain were destroyed. She went blind, was never able to walk and had to be fed through a tube tunneled into her stomach. To the amazement of her doctors, Armani survived past the age of 5.

But violent seizures plagued her throughout her life, one so ferocious that it put her in a coma last spring, when she was 8. Two days later, she died.

Two fatal wounds, two deaths years later.

The New York City medical examiner has ruled that both Mr. Stevenson and Armani were the victims of homicides, a medical finding that is not surprising, considering the nature of their wounds. But what is unusual is the amount of time that passed between the fatal wounds and the fatalities themselves.

Both Mr. Stevenson and Armani fell into a subset of crime called "reclassified" homicides, deaths linked to injuries incurred in months or years past. For reasons that no one can quite explain, a record number of reclassified homicides were recorded in New York City this year. In all, 35 deaths in the city in 2006 have been linked to wounds incurred as long as 30 years ago. That is roughly three times the historical average, and 14 more than the year before.

The Police Department has cited those figures as accounting for some of the rise in New York's homicide rate, which has outpaced the rate in 2005: by mid-December, 566 homicides had been reported this year, compared with 517 for the same time in 2005.

For those 35, death came in myriad forms, connected only by the excruciatingly glacial tempo of its arrival. From blood poisoning leached from old shot wounds. From infected intestines, slit open in the 1970's by knives. From pneumonia linked to paralysis, which in turn was traced to a bullet lodged long ago in a spine.

For Mr. Stevenson, those who knew him said, death also came from a broken heart. Up until the day that doctors amputated his left leg, he believed he would walk again.

He had been an accomplished basketball and football player, collecting trophies playing for Eastern District High School in Brooklyn. But one chilly autumn night in 1991, after seeing a horror movie called "The People Under the Stairs" with friends, Mr. Stevenson was caught in the middle of a fight. Bullets tore through his intestines, shattering his lower spine. The gunman was never caught.

Mr. Stevenson's voice broke when saw his grandmother, Josephine Anderson, in the hospital. "Grandma," he whispered hoarsely, "I can't move my legs," Ms. Anderson recalled.

Ms. Anderson and her husband, Joseph, had raised Mr. Stevenson in a series of public housing apartments. He had been their light. After the shooting, they tried to buoy his spirits, but after his friends dropped away, his loneliness hardened into despair.

The Andersons urged Mr. Stevenson to finish high school, but he felt alienated surrounded by people who could walk. He also dropped out of physical therapy because he hated being around people in wheelchairs. "I'm not like them," he would say.

Yet even as his once-muscular legs wasted away, Mr. Stevenson clung to the hope of walking again.

After the amputation, Ms. Anderson saw something in her grandson flicker out. Then her own health and her husband's declined. Mr. Anderson lost both legs to diabetes. Arthritis invaded Ms. Anderson's joints.

Exhausted by caring for the family, Ms. Anderson had a nervous breakdown midway through 2005 and went to a nursing home. Early this year, Mr. Stevenson called her, sounding hopeless.

"Grandma, I'm going to die," he said. Ms. Anderson's response was quick and sharp. "The Lord did not bring you this far to drop you now," she said.

But one icy morning a week later, the family's home attendant heard a dull thump from Mr. Stevenson's room. She raced to him, finding him unconscious, wedged between his bed and the wall.

He died at the hospital. The official cause of death was sepsis, a bacterial infection in the blood, linked to his paraplegia and the 1991 wounds, the medical examiner's office said.

But Ms. Anderson said her grandson had simply lost the will to live. "His main friends did not stay with him," she said. "I think he died of heartbreak."

Beating the Odds, for a Time

DOJ_NMG_0108763

For nearly four years, Armani Eaddy cheated death.

The brain damage she suffered after being shaken as an infant was so severe that doctors warned that she was unlikely to live more than a handful of years. Five years, tops, they said.

"After six came, then seven, I thought, 'We made it,' said Armani's mother, Teresa Almonte, 33. "I would throw a big party for her, and buy the most expensive cake I could afford."

Ms. Almonte said she had never felt vengeful toward Armani's father, who was charged with attempted murder after Armani was hurt. Ms. Almonte said the man, Derek Eaddy, told her he had done nothing wrong, only found the infant in her crib, unwell. In 1999, he was convicted of assault and was sentenced to one year in prison.

Ms. Almonte did not know what to believe. All she knew was that her once-perfect daughter was now the victim of shaken baby syndrome, and that the brain damage could never be reversed.

At first, Ms. Almonte raged inward, slipping into an immobilizing depression. She went into therapy and was told she had bipolar disorder. She took mood stabilizers and antipsychotic medications, all the while raising her sons, now aged 11, 8 and 3. But she also devoted herself to Armani, who somehow helped Ms. Almonte forget herself.

Blind, incapacitated and able to make only gurgling sounds, Armani experienced the world through her ears. She adored being outside, listening to bird song and street noises, and feeling the sun's kiss on her skin. Indoors, cloaked in the silence of the family's basement apartment in the Bronx, Armani squealed in protest until someone flipped on the radio or television.

Caring for Armani, Ms. Almonte found, gave her a sense of resolve and purpose. "She taught me patience, how to be responsive," she said. "She taught me how to be a parent."

As Armani's fifth birthday neared, paranoia consumed Ms. Almonte. Then, miraculously, the dreaded birthday passed. Armani seemed to be doing better than ever. At the urging of a neurologist, Ms. Almonte took her off her anti-seizure medications. She allowed herself a glimmer of hope.

The urgent call from Armani's home attendant came on March 4. A violent seizure — "like a volt to the brain," Ms. Almonte said — had put her in a coma. She was being kept alive by a breathing machine, her chest rising and falling amid a tangled octopus of tubes.

For two days, Ms. Almonte agonized. Then acceptance came. "I'm not getting her back," Ms. Almonte realized. She told the doctor to take Armani off the machine, and watched her little girl slip away.

This year, Ms. Almonte and her sons celebrated Armani's ninth birthday anyway. They brought balloons and cake to their favorite treed nook in Mullaly Park in the Bronx. Then they mourned. "The party this year was a memorial," Ms. Almonte said. "And it was the worst."

'I Loved This Girl'

LaPriest Ward believed Shareema Williams was trying to kill herself before her injuries did.

He had loved her from the moment he set eyes on her, outside a friend's building in Brownsville, Brooklyn, in 1993. She managed a smile, her brown eyes twinkling, even though tears of exhaustion were spilling down her cheeks. She was already in a wheelchair then. Mr. Ward was bewitched.

Ms. Williams was 18 and dancing in a Brooklyn nightclub in 1988 when an unwanted suitor refused to leave her alone. He groped her, and she swung at him. Moments later, he returned with a gun, and shot her in the back. Ms. Williams was paralyzed, and later doctors removed her hip joints, which had been shattered by the blasts. Bullet scars pocked her back and buttocks, which bore a patchwork quilt of skin grafts.

Mr. Ward was disabled too. A car accident in 1986 crushed his larynx, and afterward he could speak only in gasps. Yet he and Ms. Williams found solace in each other. He was her legs. She was his voice.

Mr. Ward said Ms. Williams refused to talk about her attacker, although the police said the man was charged with assault and is serving his sentence in Attica state prison.

"She'd say, 'Don't worry about it; what's done is done,' " Mr. Ward said. But demons still stalked Ms. Williams. Before the attack, Mr. Ward said, she barely touched drugs, only occasionally using marijuana. She had left her family because of their drug abuse, Mr. Ward said. But after the shooting, she began to smoke crack.

"She felt insecure," Mr. Ward said in gasps. "She was just trying to blend into her environment. It was a way to take her mind off of herself."

Still, they moved in together and later had five children, including triplets. Mr. Ward, a man of sparkling intelligence, had to settle for jobs as a cook or a stock boy because of his disability.

He would return from work and hunt for Ms. Williams in the forbidding streets near their Bronx apartment. The triplets were taken from them because of her drug abuse, and their two other daughters were, too. Eventually Mr. Ward's mother adopted all five of their children, and they live in Queens.

Mr. Ward, who insists he has never used drugs, still stuck with Ms. Williams, determined to save her from herself.

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"I loved this girl, but I don't know how I loved this girl,' " he said.

Repeated complications kept her returning to the hospital. Spasms. Urinary tract infections. Late in August, a kidney infection put her back in the hospital. Her body swelled up. Mr. Ward was convinced she would get better. She always had before. But she was so swollen, he barely recognized her.

On the morning of Sept. 12, Mr. Ward took a break from Ms. Williams's bedside, overwhelmed. He walked to a welfare office in the Bronx, and sat down. Hours passed. Suddenly, in the late afternoon, a terrible feeling set in. He raced to the hospital, arriving at 5 p.m. A plastic sheet had been drawn over Ms. Williams. A nurse told him she had died at 4:45 p.m.

Two weeks later, the medical examiner determined that Ms. Williams had died from multiple complications caused by the old bullet wounds. Her death became the 28th reclassified homicide of the year.

A Delusional System Of Justice (WP)

By Richard Cohen

The Washington Post, December 25, 2006

Since this is my last column of 2006, tradition and custom obligate me to choose a person of the year. This practice was started by the late Henry Luce, who realized that choosing a man of the year would call as much attention to his Time magazine as it would to the person himself. I have somewhat the same object in mind. My person of the year is Gregory Thompson. I choose him to call attention to the madness of the death penalty.

I apologize for the un-Christmasy nature of my topic, and I will understand if you choose to skip to another subject. But if you can spare me a moment, I'd like to tell you about Thompson. He is a cold-blooded killer, plain and simple. He is also out of his mind.

Thompson, 45, is delusional. He is also paranoid, schizophrenic and depressed. For these ailments, he receives daily doses of drugs and, twice a month, anti-psychotic injections. The state of Tennessee wants very much to put him to death for the horrendous 1985 murder of Brenda Blanton Lane, of which there is no doubt about his guilt. There is grave doubt, though, about the constitutionality, not to mention the decency, of executing an insane man. Thus the 12 pills Thompson takes every day. The idea, according to a recent account of his case in the Wall Street Journal, is to make him sane enough to be put to death.

Shortly before Justice Harry Blackmun retired from the Supreme Court in 1994, he reversed himself on the death penalty. Blackmun had been a lifelong supporter, but finally had had enough. In words that were to become famous, he wrote, "From this day forward, I no longer shall tinker with the machinery of death." It's as if Blackmun had Thompson in mind, for in his case the tinkering occurs on a daily basis.

Blackmun was not the only Supreme Court justice to change his mind about capital punishment. Lewis Powell did something similar. He never got to the point where he considered it unconstitutional or immoral -- he just concluded there was no way to get it right.

Now, from Powell's point of view, matters have even worsened. The death penalty has become so necessarily cumbersome to implement, so full of essential safeguards, that it not only sometimes cannot be done -- note the recent suspensions of executions by lethal injection -- but it takes forever to do it. Thompson, you might have noticed, has been awaiting execution for nearly 22 years -- arguably cruel and unusual punishment in itself.

If I were not forced to choose a person as my person of the year, I might choose a concept: certainty. It is the one concept we cannot afford. Certainty is where we all get into trouble. We were so certain that Iraq had weapons of mass destruction that it was reason enough to go to war. And once we went to war, we were certain that we would be welcomed in Baghdad by adoring throngs of Iraqis. And all that certainty was itself preceded by the fervid certainty of a president that he had been chosen for this war, this moment, this task. This was the worst certainty of them all.

As we keep learning, the devil is not in the details, it's in our certainty. This almost always is true of death-penalty cases. They are built on certainty -- witnesses who were certain, technicians who were certain, cops who were certain, prosecutors who were certain and jurors who were certain beyond a reasonable doubt. Yet routinely we read about convictions being overturned by DNA evidence. All those witnesses, technicians, cops, prosecutors and jurors were wrong -- certain, but wrong. That, in effect, is the only certainty. Occasionally, we will be wrong.

This year saw the fewest executions in a decade and growing public support for the alternative sentence of life without the possibility of parole. The cynic in me suspects that this is a result of historically low crime rates, not a sudden appreciation of how difficult it is to kill people properly, legally and, of course, justly.

Maybe, though, Americans are beginning to understand that we just don't need the death penalty, that it makes us no safer and demeans us as a people. The case of Gregory Thompson is a case in point. He was probably insane when he murdered Brenda Blanton Lane but will be deemed sane if and when he's executed. He's my person of the year -- a fleetingly sane man in the maw of a thoroughly insane system.

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Federal RICO Statute Has A Tough Year (AP)

AP, December 25, 2006

NEW YORK (AP) -- For more than two decades, the federal RICO law was a pitiless tool in the fight against organized crime -- corralling, convicting and incarcerating a long string of mob bosses once considered untouchable.

But in 2006, federal prosecutors lost a pair of major RICO cases: Second-generation mob boss John A. "Junior" Gotti walked after three mistrials, and the most corrupt officers in NYPD history -- "Mafia Cops" Louis Eppolito and Stephen Caracappa -- had their convictions overturned.

Are these nothing more than legal oddities? Or, mother of mercy, is this the end of RICO -- the statute that allows prosecutors to jail mobsters for decades by tying them to as few as two crimes linked to a criminal enterprise?

"It's not the end," insists Notre Dame law professor G. Robert Blakey, the creator of the law. "A good RICO is virtually impossible to defend."

In both cases, defense attorneys used the statute of limitations to fend off the feds. Gotti's lawyer employed a withdrawal defense, claiming his client had quit the mob more than five years before his indictment, putting him beyond the reach of RICO.

Attorneys for Eppolito and Caracappa argued the defendants' crimes while on the payrolls of both the NYPD and a murderous Luchese family boss had occurred long before the five-year statute of limitations expired. Those crimes, committed between 1986-90, included participation in eight murders; a federal jury found both men guilty.

A federal judge -- who had just three weeks earlier said the two detectives had committed "the most heinous series of crimes ever tried in this courthouse" -- agreed with the defense lawyers, and reversed the cops' convictions last June.

Defense attorney Edward Hayes was part of the legal team that convinced U.S. District Court Judge Jack B. Weinstein to overturn the convictions of the "Mafia Cops." And Hayes believes their triumph could provide a blueprint for other defense lawyers: "Bruce (Cutler) and I made a very good team ... It's likely other lawyers (would) use us as a model."

Other attorneys, from both sides of the aisle, disagree.

"I don't think the statute of limitations defense is terribly appealing to juries, because there's almost an implicit statement -- even if the defense attorney is careful -- that `I did it, but ...'," said Jim Walden, a former federal prosecutor now in private practice.

"I think what you had were some talented lawyers, and cases with problematic cooperators," continued Walden, who spent nine years as an assistant U.S. attorney. "The arguments were successful, but I don't think it's a trend."

Veteran defense lawyer Ron Kuby agreed that there's no "huge lesson here for the defense."

Blakey has never explained the origin of his acronym for the law known officially as the Racketeer Influenced and Corrupt Organizations act. But it's often theorized the name was chosen in homage to the 1931 mob flick "Little Caesar," where Edward G. Robinson played a crook named Rico Bandello whose dying plea to "mother of mercy" is cinematic legend.

The law was initially designed not only to take down the mob, but also to target white-collar criminals. RICO was passed in 1970 -- and then largely ignored for years by shortsighted prosecutors.

Blakey recalled a 1972 visit to Whitney North Seymour Jr., the Manhattan U.S. attorney, where he eagerly explained the new statute's potential. Blakey remembered Seymour cutting him off with a curt remark: "You don't know what you're talking about."

It wasn't until 1985 that federal prosecutor Rudolph Giuliani seized on the RICO act as a way to indict the Mafia's ruling Commission, the heads of New York's five families.

Convictions came back against Genovese crime family boss Anthony "Fat Tony" Salerno, Colombo boss Carmine "Junior" Persico, and Luchese boss Anthony "Tony Ducks" Corallo, along with five other top level mobsters.

Federal prosecutors were now convinced that they had a friend in RICO. The mob cases were almost foolproof, and the list of convicted mobsters expanded. Genovese head Vincent "The Chin" Gigante, who had avoided conviction since 1970 by feigning mental illness, was finally brought down by a 1997 racketeering conviction.

The highest profile racketeering defeat, John Gotti Sr.'s acquittal at a 1987 trial, came only after the "Teflon Don" greased one juror with $60,000. And when the government brought a second racketeering case in 1992, Gotti was convicted, jailed and died behind bars.

More devastating for the mob were the stiff penalties with RICO: 20 years, minimum. A parade of mobsters became government witnesses, trading information for reduced sentences or a walk.

The racketeering cases also allowed authorities to use new informants to win convictions for ancient crimes, as long as prosecutors could demonstrate an ongoing enterprise. In the case of La Cosa Nostra families, that was rarely a problem.

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Walden successfully prosecuted Bonanno family consigliere Anthony Spero for racketeering in 2001 -- a charge that included three murders dating back as far as a decade.

A RICO indictment "was an enormous advantage," he said. "A couple of cooperators and surveillance got you pretty far down the road. It produced spectacular successes, but the failures this year were spectacular, too."

The racketeering defeats came despite several cooperating witnesses in the Gotti and the "Mafia Cops" cases -- both of which involved crimes going back more than a dozen years. The main charge against the younger Gotti, that he ordered the kidnapping and beating of talk radio host Curtis Sliwa, occurred in 1992.

Three trials against Gotti produced three hung juries, with his lawyer able to convince members of each panel that Junior had walked away from the mob before 1999 -- five years before his latest indictment.

The "Mafia Cops" trial was less protracted, but more painful. The duo was tried once, after years of pursuit by law enforcement for crimes dating back to 1986. And the government convicted the pair on every count in their indictment.

But Hayes and Cutler argued there was no evidence that the conspiracy between the two detectives and the Luchese crime family had continued once the pair left the NYPD in the early 1990s. Weinstein agreed, and threw out the convictions.

"The Justice Department just way overstretched RICO," said Hayes.

Kuby believes the lesson in the Gotti and "Mafia Cops" cases is more for the prosecution than the defense.

"You can't take people decades later and try to make them answerable," Kuby said. "You have to do your best law enforcement work earlier, rather than later."

Sentencing Guidelines Face New Scrutiny (WSJ)

By Gary Fields

The Wall Street Journal, December 26, 2006

WASHINGTON -- With Democrats poised to take control of Congress, law-enforcement officials are preparing to defend two decades of federal sentencing policies that mandated harsh prison terms on a variety of crimes and led to a boom in the prison population.

Michigan Rep. John Conyers, the incoming chairman of the House Judiciary Committee, and Rep. Robert Scott (D., Va.) have already said they plan hearings early in the term to look at how nonviolent drug offenders are punished under mandatory minimum laws.

An early target will be the prison terms mandated by Congress for crack-cocaine convictions. Under current law, someone caught with five grams of crack gets a five-year sentence, while it takes 500 grams of powder cocaine to trigger the same sentence, even though there is no physiological difference. Critics have long maintained that the law unfairly targets African-American communities, where crack is more prevalent. In contrast, suburban white users tend to prefer cocaine in its powder form.

Mr. Conyers has called the crack-cocaine sentences the "most outrageous example of the unfairness of mandatory minimums."

Democrats are buoyed by recent signals from the U.S. Sentencing Commission, which sets guidelines for judges to use in an advisory capacity when they hand down sentences. Members of the commission are likely to recommend a change in the crack-cocaine penalties next year, according to commission members. The commission has tried since 1995 to bring the penalties for crack crimes more in line with powder cocaine but the Republican-controlled Congress has ignored past attempts.

Soft on Crime

Reversing drug laws, though, is politically dangerous, for it risks angering law-enforcement officials and police unions. In addition, it could resurrect the soft-on-crime mantra that Republicans have long used to bludgeon Democrats. As a result, some Democrats might be reluctant to be viewed as rolling back harsh sentences just when the nation's violent crime is starting to rise.

"Whenever you suggest somebody's sentence is too long or a policy is too draconian, the immediate reaction in the political arena is you're soft on crime and you're not taking public safety seriously," says Alexander Busansky, director of the Washington office of the Vera Institute of Justice, a criminal-justice reform organization based in New York.

That claim, though, may no longer be as effective, he adds. Some Republicans have spearheaded efforts to reduce recidivism, and the effort to address the crack-cocaine disparity has attracted some bipartisan backing.

Nevertheless, law-enforcement officials -- from the Justice Department to police groups -- are joining forces to oppose any changes that decrease the severity of the crack penalty, warning that it's a slippery slope that could weaken other mandatory sentences.

"Our position on crack versus powder has been to increase the penalty for powder cocaine, not decrease the punishment for crack," says Gene Voegtlin, of the International Association of Chiefs of Police, which represents 18,000 chiefs, department heads and other law-enforcement officials.

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Prisoners in Their Own Homes

Street cops agree with this view as well, says James Pasco, of the Fraternal Order of Police, which represents about 324,000 street-level police officers, deputies and agents. Mr. Pasco says there is more violence attached to crack-related crimes, making residents in the communities where these crimes occur -- often poor, urban areas -- prisoners in their own homes. "We're not opposing this because of its impact on law enforcement. We're opposing this because of its impact on the communities we protect," says Mr. Pasco.

Law-enforcement groups, however, need to push back not too hard, lest they anger Democrats who control funding over various programs that benefit local police. For example, Rep. Bennie Thompson (D., Miss.), who co-sponsored a crack-powder penalty-equalization bill in the last Congress, is the incoming chairman of the Homeland Security Committee. He plans to push an agenda to improve intelligence sharing and communications ability between federal and local law-enforcement officials, a key goal for police groups.

The police groups' biggest ally in preventing a reversal of mandatory minimums will be Republican lawmakers, such as Rep. Lamar Smith of Texas, who will be the ranking minority member on the House Judiciary Committee.

"The sentencing disparity between possession of crack cocaine and powder cocaine is a valid issue, and I look forward to a discussion next year," says Mr. Smith. "But we need to remember that the drug trade is directly linked to the level of violent crime in America. This week, the [Federal Bureau of Investigation] reported the number of violent crimes committed in 2005 rose more than it has in any of the last 15 years....We need tough drug laws that deter drug abuse -- not increase it."

At least one advocacy group that opposes the mandatory minimums believes the debate is being couched incorrectly. Julie Stewart, founder and president of Families Against Mandatory Minimums, says lawmakers should look at the crack-cocaine sentencing and decide whether it is fair on its own merit, not in comparison with powder cocaine.

"The problem is not powder cocaine. The problem is crack," she said. If five grams is not an amount handled by a major trafficker, "then let's figure out what quantity is more reflective of someone who is dealing at a higher level," she said. "We shouldn't be focused on ratio between the two."

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The Tell-Tell Rap? (WP)

By Jabari Asim

The Washington Post, December 26, 2006

Rap lyrics stole much of the spotlight during the recent capital murder trial of Ronell Wilson, a 24-year-old Staten Island native also known as "Rated R." Wilson stood accused of killing two New York undercover detectives, James V. Nemorin and Rodney J. Andrews, in March 2003.

Prosecutors argued that the scribbled lyrics found in Wilson's pocket soon after the deaths of the officers were evidence of his guilt. But other evidence -- which didn't receive as much attention as the defendant's half-baked rhymes -- did more to persuade the jury. That evidence included eyewitness testimony, DNA findings, video and audio surveillance footage and the opinions of scientific experts. Wilson was found guilty of 10 crimes in all, several of them punishable by death. The death penalty phase of his trial begins Jan. 10.

Still, prosecutors and the media made much of Wilson's lyrics, which make the Black Eyed Peas sound like Langston Hughes. A sample for your delectation: "Leave a 45 slugs in da back of ya head. Cause I'm gettin dat bread /aint' goin stop to I'm dead."

To prosecutors, the words were a confession, a revelatory window into the fevered mind of a cold-blooded murderer. To me, they resembled a cut-rate ripoff of the Notorious B.I.G.'s 1994 hit "Ready to Die": "As I grab the glock, put it to your headpiece/One in the chamber, the safety is off release/straight at your dome homes, I wanna see cabbage."

The B.I.G. went on to rhyme "cabbage" with "brain damage" before announcing that, like Rated R, he was fully prepared to shuffle off this mortal coil.

The defense team was not allowed to place a rap expert on the stand. But such an expert might have pointed out that Rated R's lyrics were not only predictable, but derivative too.

The use of hip-hop lyrics in trials is not new, as George Washington University law professor Paul Butler and others have pointed out. Still, the courts remain somewhat baffled as to how to regard them. Are they straight-up autobiography or merely macho fantasies?

Two Live Crew's obscenity trial in Florida in October 1990 may have been the first high-profile courtroom drama involving rap lyrics. In that case, Henry Louis Gates Jr., a well-known black scholar, testified that the trio's lyrics were part of a lengthy tradition and not meant to be taken seriously. "It's a way the black people could fight against the oppression of their white masters," he said. "They would mock each other to release anger and tension."

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That explanation shed little light on how the group's persistent, gleefully vulgar mockery of women amounted to resistance to white oppression. But that was not a question the mostly white jury needed to wrestle with. For their part, jurors expressed little difficulty with the Crew's lyrics. "Those were their songs. They were doing their poetry in song," said a 65-year-old juror who voted quickly for acquittal.

Her very charitable assessment will have to go unchallenged here, because it is almost impossible to refute without quoting from the lyrics -- an equally unlikely task in a family newspaper.

The stakes were starker and higher in Wilson's trial. Ultimately, this was no showdown over naughty words or celebrations of strip-club hedonism but a murder case involving the deaths of two brave, hardworking family men. And the fascination with the killer's lyrics threatened to overshadow all that.

Nemorin was 36 and a married father of three. Andrews was 34 and a divorced father of two. Shortly after New York police killed 23-year-old Sean Bell, an unarmed black man, in a hail of bullets, at least one rapper took to the airwaves to offer musical tribute to the victim's tragically brief life. It takes nothing away from Bell to ask where all the rappers are now; and to wonder who will offer rhymes in memory of two brave police officers who also died way too young.

CIVIL LAW:

No Fed Oversight On Some Air Charters (USAT/AP)

By John Christoffersen, Associated Press

USA Today, December 25, 2006

NEW HAVEN, Conn. — Travelers who pay a premium for the convenience of charter air travel could unknowingly end up on a flights operated without direct federal oversight.

That fact — along with an effort to change it — is central to a lawsuit filed by NBC Sports executive Dick Ebersol and actress Susan Saint James over the 2004 crash that killed their teenage son.

Charter flights have gained in popularity among executives and the wealthy as an alternative to the long lines for commercial flights. They have become safer in the last two decades, but the accident rate is still higher than for commercial airlines.

Not all charter operations are certified by the Federal Aviation Administration. Those outside the FAA umbrella aren't required to give flight crews the same training required of certified companies, and it isn't always obvious which aren't certified. Some non-certified operators fly under the auspices of other companies.

In Ebersol's case, the family says it wasn't told that charter operator Key Air Inc. had hired another operator, Air Castle of Millville, N.J., to make the flight.

Just before takeoff from Montrose, Colo., on Nov. 28, 2004, Ebersol saw slush sliding off the fuselage. Moments later, the plane crashed, killing his 14-year-old son, Edward "Teddy" Ebersol, the pilot and a flight attendant.

According to the Ebersol lawsuit, the Air Castle pilots were unqualified to fly in the weather when the plane crashed.

"This is an issue Dick Ebersol thinks needs to be at the forefront of commercial aviation in America," said his attorney, Robert Clifford.

Air Castle officials declined to comment.

Key Air Chief Executive Brad Kost said Air Castle had an excellent reputation and the crew possessed all the certificates required by regulators.

Doug Carr, vice president of safety for the National Business Aviation Association, which claims 7,000 members, said charter flights are not inherently more dangerous, but he said some charter operators rely on planes that are more susceptible to poor weather and higher altitudes.

The National Transportation Safety Board concluded in May that the pilot's failure to carefully examine the wings for icing probably caused the crash that killed Ebersol's son.

NTSB members agreed that the pilots should have taken several safety precautions before flying in icing conditions and that their lack of experience in such weather contributed to the crash. They are now urging the FAA to require more training for charter crews and better disclosure to customers.

"We're looking for more transparency," NTSB Chairman Mark Rosenker said.

The safety board also cited a 2005 charter jet crash in New Jersey that injured 10 people as a need for reform.

In that case, a small jet was unable to get airborne and overran a runway at Teterboro Airport because the flight crew failed to properly calculate the plane's center of gravity. At least half of the eight passengers were not wearing seat belts because they were hidden, and a cabin aide could not open the main door for evacuation, the investigators' report said.

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The NTSB ruled that the FAA's lack of close oversight of the charter industry was a contributing factor in the Teterboro crash.

FAA officials say they are addressing the concerns by meeting with charter operators to make sure they comply with regulations. The agency also will issue new operating specifications in the next few months to clearly spell out what is required of flight operators.

Ebersol's flight had been arranged by General Electric Corporate Air Transport, and charter operator Key Air brokered the flight to Air Castle because it didn't have any planes available, according to NTSB member Deborah A.P. Hersman.

"GE Corporate Air Transport undoubtedly believed it was diligent in insisting on certain standards for the air charter operator, but it did not get what it probably thought it was getting," Hersman wrote in the NTSB's report of the crash.

"If an experienced corporate travel organization like GE Corporate Air Transport can be so fooled," she said, "how easy is it for others with perhaps far less savvy and market power to hire air charter services that are less safe than they expect?"

Where Real Money Meets Virtual Reality, The Jury Is Still Out (WP)

By Alan Sipress

The Washington Post, December 25, 2006

Veronica Brown is a hot fashion designer, making a living off the virtual lingerie and formalwear she sells inside the online fantasy world Second Life. She expects to have earned about $60,000 this year from people who buy her digital garments to outfit their animated self-images in this fast-growing virtual community.

But Brown got an unnerving reminder last month of how tenuous her livelihood is when a rogue software program that copies animated objects appeared in Second Life. Scared that their handiwork could be cloned and sold by others, Brown and her fellow shopkeepers launched a general strike and briefly closed the electronic storefronts where they peddle digital furniture, automobiles, hairdos and other virtual wares.

"It was fear, fear of your effort being stolen," said Brown, 44, whose online alter ego, Simone Stern, trades under the name Simone! Design.

Brown has reopened her boutique but remains uncomfortably aware that the issue of whether she owns what she makes -- a fundamental right underpinning nearly all businesses -- is unresolved.

As virtual worlds proliferate across the Web, software designers and lawyers are straining to define property rights in this emerging digital realm. The debate over these rights extends far beyond the early computer games that pioneered virtual reality into the new frontiers of commerce.

"Courts are trying to figure out how to apply laws from real life, which we've grown accustomed to, to the new world," said Greg Lastowka, a professor at Rutgers School of Law at Camden in New Jersey. "The law is struggling to keep up."

U.S. courts have heard several cases involving virtual-world property rights but have yet to set a clear precedent clarifying whether people own the electronic goods they make, buy or accumulate in Second Life and other online landscapes. Also unclear is whether people have any claim when their real-life property is depicted online, for instance in Microsoft's new three-dimensional renderings of actual real estate.

The debate is assuming greater urgency as commerce gains pace in virtual reality. In Second Life, where nearly 2 million people have signed up to create their own characters and socialize with other digital beings, the virtual economy is booming, with total transactions in November reaching the equivalent of $20 million. Second Life's creator, Linden Lab, allows members to exchange the electronic currency they accumulate online with real U.S. dollars. Last month, people converted about $3 million at the Lindex currency market.

Second Life's economy has been surging since Linden Lab made the unusual decision three years ago to grant users intellectual property rights for what they create with the Web site's free software tools. Thousands of people have created homes and businesses on virtual land leased from the site and are peddling virtual items as varied as yachts and ice cream.

Congress has taken note and is completing a study of whether income in the virtual economy, such as from the sale of gowns that Brown makes, should be taxed by the Internal Revenue Service. The Joint Economic Committee of Congress is expected to issue its findings early next year.

"There seems to be a lack of ground rules in an area that would have explosive growth in the next decade or two," said Christopher Frenze, the committee's executive director.

Though she grew up watching her mother at the sewing machine, learning the craft with each loving stitch of the family's clothes, Brown never considered making it a career until two years ago, when she entered Second Life. Within days, she studied up on the basic software skills and began designing virtual women's apparel from her home in Indiana. "When I design," she said, "I think about how the cloth falls and the sheen silk has compared to satin." She said she now spends 70 hours a week on her trade. Starting with four original outfits, she now offers 1,200 designs and has also moved into men's fashion.

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But the rogue program, called a copybot, that appeared last month in Second Life underscored the need to clarify her property rights. After the attack, Linden Lab announced efforts to ban the program and encouraged users to report abuses. Some users argued that even stronger property protections were needed.

"I'm feeling uncomfortable," Brown admitted. "I'm safe for now, but it's very tentative."

Linden Lab made cyber-history when it gave Second Life users the intellectual property rights to their creations -- similar to the copyright real-world authors have to their writings. By contrast, most Web sites offering virtual experiences have not accorded users any property rights, requiring them to accept a license agreement stating that all content belongs solely to the Web site owner.

Four years ago, several online gaming veterans tried to get around this agreement and make real money by selling game items from Dark Age of Camelot on eBay and at specialty online auctions. The items, which included weapons, armor and specialized characters, in some cases went for more than $300 each. The developers of the Camelot game blocked them. When the gaming veterans sued, claiming that they had rights to the items they acquired in the game, a federal court in California ruled against them on the grounds that the license agreement took precedence. Other recent U.S. court rulings in virtual disputes have come to similar conclusions.

But judges elsewhere have taken a different view. A Chinese player in the Korean-made online game Mir 3 claimed that his personal rights had been violated when the game's local Chinese operators deleted the magic sword he used to battle virtual villains. The operators claimed it had been illegally duplicated from an original. The player filed suit, contending that he had bought the magic sword in good faith and that it was worth about $120. A Chinese court in Xuhui district ruled against the game's operators, essentially finding that the player's property rights were paramount.

In Second Life, Linden Lab executives wanted to avoid this confusion, believing that users needed clear ownership for economic activity to thrive, recounted Cory Ondrejka, chief technical officer. Otherwise, users would have little incentive to invest.

But he stressed that this ownership did not extend to full property rights -- creators have intellectual property rights to the software patterns used in making virtual objects but no rights to the objects themselves. Under this formulation, Brown owns her designs but not the individual dresses and pieces of underwear. Nor do her customers "own" the apparel they purchase and hang in their virtual closets.

"Everything in the virtual world is intellectual property, as much as it looks like property or as much as property is a useful metaphor," Ondrejka said. "Copying it is not theft. It's infringement, but it's not theft."

But Joshua Fairfield, a professor at Indiana University School of Law, said there's more to online rights than just intellectual property. He said there are legal reasons to believe that property rights to objects can exist in a virtual realm, but no U.S. court has affirmed the concept.

Earlier this month, U.S. Circuit Judge Richard A. Posner visited Second Life, appearing as a balding, bespectacled cartoon rendering of himself, and addressed a crowd of other animated characters on a range of legal issues, including property rights in virtual reality. Posner stressed that it was in Linden Lab's interest to ensure due process and other rights.

"They want people to invest in Second Life, and we know people won't invest if their rights are not reasonably secure," he told the audience, which included a giant chipmunk and several supermodels. He went on to predict the eventual emergence of an "international law of virtual worlds" similar to international maritime law.

Meanwhile, as mapping technologies rapidly improve, companies are increasingly able to transfer the real world to the online world. But are property rights any clearer in such a "real" virtual world?

Microsoft, for instance, launched an online service last month called Virtual Earth that features highly detailed three-dimensional photographic maps of American cities. Microsoft plans to make money by selling advertising billboards in this virtual depiction of urban America.

But the company's lawyers and advertising executives are still grappling with the question of whether those who own the property depicted in Microsoft's 3-D images have any control over how their depicted property is used online. For instance, does Federal Express have the right to object if an ad for its competitor DHL is posted in the parking lot at virtual FedEx Field?

"We haven't fully delineated all the guidelines for do's and don'ts," said Bobby Figueroa, a director of product management at Microsoft.

CIVIL RIGHTS:

Justice Dept. Database Stirs Privacy Fears (WP)

By Dan Eggen, Washington Post Staff Writer
The Washington Post, December 26, 2006

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Size and Scope of the Interagency Investigative Tool Worry Civil Libertarians

The Justice Department is building a massive database that allows state and local police officers around the country to search millions of case files from the FBI, Drug Enforcement Administration and other federal law enforcement agencies, according to Justice officials.

The system, known as "OneDOJ," already holds approximately 1 million case records and is projected to triple in size over the next three years, Justice officials said. The files include investigative reports, criminal-history information, details of offenses, and the names, addresses and other information of criminal suspects or targets, officials said.

The database is billed by its supporters as a much-needed step toward better information-sharing with local law enforcement agencies, which have long complained about a lack of cooperation from the federal government.

But civil-liberties and privacy advocates say the scale and contents of such a database raise immediate privacy and civil rights concerns, in part because tens of thousands of local police officers could gain access to personal details about people who have not been arrested or charged with crimes.

The little-noticed program has been coming together over the past year and a half. It already is in use in pilot projects with local police in Seattle, San Diego and a handful of other areas, officials said. About 150 separate police agencies have access, officials said.

But in a memorandum sent last week to the FBI, U.S. attorneys and other senior Justice officials, Deputy Attorney General Paul J. McNulty announced that the program will be expanded immediately to 15 additional regions and that federal authorities will "accelerate . . . efforts to share information from both open and closed cases."

Eventually, the department hopes, the database will be a central mechanism for sharing federal law enforcement information with local and state investigators, who now run checks individually, and often manually, with Justice's five main law enforcement agencies: the FBI, the DEA, the U.S. Marshals Service, the Bureau of Prisons and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Within three years, officials said, about 750 law enforcement agencies nationwide will have access.

In an interview last week, McNulty said the goal is to broaden the pool of data available to local and state investigators beyond systems such as the National Crime Information Center, the FBI-run repository of basic criminal records used by police and sheriff's deputies around the country.

By tapping into the details available in incident reports, interrogation summaries and other documents, investigators will dramatically improve their chances of closing cases, he said.

"The goal is that all of U.S. law enforcement will be able to look at each other's records to solve cases and protect U.S. citizens," McNulty said. "With OneDOJ, we will essentially hook them up to a pipe that will take them into its records."

McNulty and other Justice officials emphasize that the information available in the database already is held individually by the FBI and other federal agencies. Much information will be kept out of the system, including data about public corruption cases, classified or sensitive topics, confidential informants, administrative cases and civil rights probes involving allegations of wrongdoing by police, officials said.

But civil-liberties and privacy advocates -- many of whom are already alarmed by the proliferation of federal databases -- warn that granting broad access to such a system is almost certain to invite abuse and lead to police mistakes.

Barry Steinhardt, director of the Technology and Liberty Project at the American Civil Liberties Union, said the main problem is one of "garbage in, garbage out," because case files frequently include erroneous or unproved allegations.

"Raw police files or FBI reports can never be verified and can never be corrected," Steinhardt said. "That is a problem with even more formal and controlled systems. The idea that they're creating another whole system that is going to be full of inaccurate information is just chilling."

Steinhardt noted that in 2003, the FBI announced that it would no longer meet the Privacy Act's accuracy requirements for the National Crime Information Center, its main criminal-background-check database, which is used by 80,000 law enforcement agencies across the country.

"I look at this system and imagine it will raise many of the same questions that the whole information-sharing approach is raising across the government," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a Washington-based group that has criticized many of the government's data-gathering policies.

"Information that's collected in the law enforcement realm can find [its way] into other arenas and be abused very easily," Rotenberg said.

McNulty and other officials said the data compiled under OneDOJ would be subject to the same civil-liberties and privacy oversight as any other Justice Department database. A coordinating committee within Justice will oversee the database and other information-sharing initiatives, according to McNulty's memo.

Gene Voegtlin, legislative counsel for the Arlington-based International Association of Chiefs of Police, said his group welcomes any initiatives to share more data with local law enforcement agencies.

"The working partnership between the states and the feds has gotten much better than the pre-9/11 era," Voegtlin said. "But we're still overcoming a lot of issues, both functional and organizational . . . so we're happy to see DOJ taking positive steps in that area."

Diabetics In The Workplace Confront A Tangle Of Laws (NYT)

By N. R. Kleinfield

The New York Times, December 26, 2006

MINNEAPOLIS — John Steigauf spent more than a decade fiddling with the innards of those huge United Parcel Service trucks until an icy day two years ago when the company put him on leave from his mechanic's job. A supervisor escorted him off the premises.

His work was good. He hadn't socked the boss or embezzled money. It had to do with what was inside him: diabetes.

U.P.S. framed it as a safety issue: Mr. Steigauf's blood sugar might suddenly plummet while he tested a truck, causing him to slam into someone.

Mr. Steigauf considered it discrimination, a taint that diabetes can carry. "I was regarded as a damaged piece of meat," he said. "It was like, 'You're one of those, and we can't have one of those.' "

With 21 million American diabetics, disputes like this have increasingly rippled through the workplace:

¶A mortgage loan officer in Oregon was denied permission to eat at her desk to stanch her sugar fluctuations, and eventually was fired.

¶A Sears lingerie saleswoman in Illinois with nerve damage in her leg quit after being told she could not cut through a stockroom to reach her department.

¶A worker at a candy company in Wisconsin was fired after asking where he could dispose of his insulin needles.

In each instance, diabetics contend that they are being blocked by their employers from the near-normal lives their doctors say are possible. But the companies say they are struggling, too, with confusion about whether diabetes is a legitimate disability and with concern about whether it is overly expensive, hazardous and disruptive to accommodate the illness.

The debate will probably intensify. The number of diabetics in America swelled by 80 percent in the past decade. Experts say the disease is on its way to becoming a conspicuous fact of life in the nation's labor force, raising all sorts of issues for workers and managers.

Even an outspoken advocate for diabetics like Fran Carpentier, a Type 1 diabetic and a senior editor at Parade magazine, understands the implications for business. "Knowing what it's like to live with the disease hour by hour, day by day, I wonder if I owned my own company if I would hire someone with diabetes," she said. "I'm being bluntly honest. And it kills me to say this."

Doctors, though, say that with improved medications and methods of self-testing blood sugar, most diabetics can do almost any job if they properly manage their illness. Yet myths about the disease persist, advocates say, leading many companies to shun diabetic employees.

"It's not all about ignorance, but if I can get rid of ignorance, I can get rid of a lot of discrimination," said Shereen Arent, the director of legal advocacy for the American Diabetes Association.

Part of the confusion is a byproduct of the disease itself, a capricious illness of elevated, damaging levels of sugar in the blood. Type 1 is a malfunction of the immune system that usually appears in childhood, while the far more prevalent Type 2 is closely associated with obesity and inactivity. Many people with diabetes will face withering complications like blindness, amputations and heart disease. Others will not.

For some, particularly insulin users prone to the abnormal drops in blood sugar known as hypoglycemia, the illness can cause dizziness, fainting or muddled judgment. Doctors, however, say those constitute a tiny number of readily identifiable cases.

Nonetheless, the risk of plunging blood sugars has fueled a longstanding reluctance to employ diabetics in jobs like those of truck driver or police officer, if they are on insulin. Until this summer, the National Fire Protection Association cautioned against making it too easy for even non-insulin-dependent diabetics to become firefighters. Now the association recommends an individual assessment.

Federal law bars diabetics from joining the armed services and prevents diabetics on insulin from becoming commercial pilots.

Innumerable diabetics, though, are engaged in more mundane jobs uninvolved in matters of life and death. For these people, secretaries and factory workers and programmers, a "reasonable accommodation," like permission to eat at one's desk or to be excused from fluctuating shifts, can make the difference in whether they can function.

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When disputes can't be resolved, the cases often land in court or before the Equal Employment Opportunity Commission. The commission, which enforces the Americans With Disabilities Act of 1990, says diabetes-related complaints have been on the rise, one of the few conditions generally showing an increase in complaints. Diabetes accounts for nearly 5 percent of the 15,000 annual allegations that the commission gets under that act, trailing only back impairment, other orthopedic injuries and depression.

Often the courts are of scant help in bringing clarity. Mr. Steigauf has spent two years trying to thread his way through the disability discrimination law. The federal law can be fuzzy, for it mentions no illness or handicap by name but supplies a legal test under which plaintiffs must usually demonstrate that a "major life activity," like walking or vision, is "substantially limited."

This is easy enough for anyone who has lost sight or a limb. But the restrictions of diabetes are often invisible. Diabetics thus can find themselves teetering on a balance beam, needing to prove they are disabled enough to fit under the law but not so impaired that they can't do a job.

Judges in nearly identical cases have ruled in completely opposite ways, leaving diabetics bewildered and businesses unsure what, if anything, they should do. While some courts, for example, have held that the eating restrictions diabetics face satisfy the substantial limitation, others have disagreed.

"Usually the battle is over that word, 'substantially,' " said Craig A. Crispin, an Oregon employment lawyer. "If you say the person is disabled because of the impact on eating, the other side will say: 'Hey, look, she's eating a sandwich. Where's the disability?' "

Seeking Accommodations

The quarrels are as varied as working life: a musician rejected for a cruise ship's cabaret band, baggage handlers and plane cleaners fired by an airline, a blackjack dealer dismissed by a casino.

The American Diabetes Association fields about 100 calls a month about workplace tussles like these. Many of them revolve around accommodations, though the changes sought tend to be modest: predictable hours, a place to test blood, freedom to snack when sugars get unbalanced.

Companies often cite workplace safety as their paramount concern, though there is little hard evidence to suggest that diabetics are a risk.

In one case in 2002, ConAgra Foods withdrew a job offer to Rudy Rodriguez at a Texas baked bean plant after a physical suggested that his Type 2 diabetes was so out of control that he was a hazard. Mr. Rodriguez had performed fine as an interim laborer, but the examining doctor declared there was nowhere he could safely work "outside of a padded room where he could even then fall and break his neck from dizziness or fainting."

An appeals court found otherwise and held that ConAgra had violated the law. The case was settled, and Mr. Rodriguez now works for a printer.

"Some people who have a problem with hypoglycemia should not be doing public safety-type jobs," said John W. Griffin Jr., a lawyer from Texas with Type 2 diabetes who handles discrimination cases. "But I guarantee you that that baked bean factory was not public safety."

There has been other progress for diabetics: the San Antonio Police Department's barring of diabetics on insulin was struck down. Insulin-using diabetics in good control of their illness can get private pilot's licenses.

In the lingerie saleswoman's case, Sears agreed to a consent decree awarding the woman $150,000 and stipulating that the store train supervisors about disability discrimination.

Employers, however, prevail in a vast majority of cases (many are settled). It is hard even to get lawyers to pursue complaints since prejudice is tricky to prove. Establishing discrimination has become harder since 1999, when the Supreme Court held that if a disability can be corrected with medicine or things like prostheses, it is not necessarily protected. Advocates for the disabled say the ruling warped the intent of Congress.

Ruth Colker, a law professor at Ohio State University who studies disability discrimination, said that very few working people with diabetes now find themselves guarded by the law.

Judges, in fact, have deemed these diabetics not disabled: a Maine store manager who had trouble walking because of poor circulation, and a New York security guard without vision in one eye and declining vision in the other who had four episodes of hypoglycemia in two years.

In some instances, employers have said they took action against an employee because of diabetes, but the court still found that the worker was not disabled and threw out the case.

"There's not a remedy for every wrong," said David A. Copus, a lawyer who represents employers and specializes in disability issues. "There are employers who don't like ugly people. They're not protected by the law."

Mr. Copus said he was not unsympathetic. His father had diabetes; it was very debilitating.

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Wary of bad outcomes, many diabetics conceal their illness on the job. Brian T. McMahon, a professor at Virginia Commonwealth University who studies workplace discrimination, said: "You get to the question of whether or not to disclose you have diabetes. Most people opt not to, for they fear: Am I inviting more trouble?"

Figuring Employer Costs

There was a time, four or five decades ago, when you wouldn't find one diabetic on the entire floor of a factory. Now, Type 2 diabetics are commonplace. It is not only the ascendancy of the disease, but also the fact that a condition once considered a corollary to old age is striking people sooner, catching them long before retirement. And this comes as companies are already struggling to balance productivity in the workplace with soaring medical costs.

To understand the brutal math of diabetes, all a business has to do is consult the Web site diabetesatwork.org, set up by the government to furnish advice on addressing diabetes in the workplace. One of its tools is a calculator that uses rough assumptions to suggest what costs might be involved.

Businesses plug in the number of employees, the tally is multiplied by 8.2 percent (a slightly dated national prevalence rate for diabetes), then that figure is multiplied by $13,243, an estimate for yearly medical costs of a diabetic. Voilà: the price tag of diabetes. It is a burden more than five times that of workers without diabetes.

Ron Z. Goetzel, a vice president for Thomson Medstat, which analyzes health care costs for businesses, said that if absenteeism and productivity losses are added, diabetes ranks third among major conditions as an economic cost to employers, after heart disease and hypertension.

Companies have only started to reckon with this, and with the disease's ancillary concerns. Even if advocates say safety is rarely a factor, companies argue they cannot take chances with some types of workers, like school bus drivers or even pizza deliverers.

Concessions may seem small — for example, granting a bank teller more frequent breaks — but many employers contend that if rules bend for one person, then that breeds resentment among other employees. Co-workers cannot see the diabetes, and if an employer gives preferential treatment to a diabetic worker, it cannot legally tell other workers it is because of the diabetes. Companies feel that indulging all diabetics trivializes the meaning of disability and of fairness.

"It comes down to how many extra points do I give you," said William J. Kilberg, a Washington employment lawyer. "Why is everybody a victim?"

He said too many people who are not disabled demand special favors. "I mean, I wear eyeglasses," he said.

In addition to the threat of a suit under federal or state disability law, businesses must grapple with the Family and Medical Leave Act, which requires them to grant unpaid leave to ill workers. That can create scheduling difficulties.

"This whole area gets complicated, because the medical leave act can mean employees absent from the workplace for extended periods," said Stephen A. Bokat, general counsel for the United States Chamber of Commerce. "That bothers employers even more than an employee needing a half-hour during the day to administer some insulin."

Health care consultants urge companies to become proactive, try to use tools like wellness programs to forestall diabetes' claim on their workers and install disease management programs to improve existing cases. And many do. Companies dangle $100 incentives (though more often a mug or a T-shirt) if an employee submits to a health assessment or accepts a phone call from a health coach.

But getting participation is hard. And the economic worth of these undertakings to a business is difficult to gauge with a progressive disease like diabetes. Sometimes the evident benefits of in-house health programs are years down the road, when an employee a business invested in may well be working elsewhere.

When Safety Comes First

John Steigauf's fellow mechanics called him "Flunky." The name caught on after Mr. Steigauf gave advice to a prickly supervisor, who thundered, "I'm not going to let some flunky mechanic tell me how to do my job." Mr. Steigauf, 47, wanted it embroidered onto his uniform. Supervisors said forget it.

He joined United Parcel in Minneapolis in 1991, turning wrenches from the start. Five years ago, he learned that he had Type 2 diabetes. Though it often goes with being overweight, he had a wide receiver's build: 6-foot-2, 193 pounds. But his mother had diabetes.

He was put on pills and watched his diet, abandoning his cherished hot chocolate. Yet his blood sugar remained high. If it didn't drop, he would need insulin. That sent fear pumping through him.

U.P.S. requires mechanics, like its interstate drivers, to hold a commercial driver's license and to be cleared to drive out of state so they can road-test trucks. In reality, mechanics could go weeks without leaving the yard, but those were the rules. And at the time, federal officials did not grant interstate licenses to insulin-using diabetics.

They did dispense a few exemptions. But Mr. Steigauf, who started using insulin only in 2004, stood no chance. The requirement was to have driven safely while on insulin for three years.

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So Mr. Steigauf tried starving himself, slicing off 30 pounds. It made him crabby, fatigued and so thin "that if I stuck my tongue out, I looked like a zipper."

His blood sugars did not budge. But after he took insulin, his diabetes settled down almost at once.

Later in 2004, he had to have a physical to renew his commercial license, a test he could no longer pass. Minnesota did not have the three-year rule, and since he had never had a hypoglycemic episode or other problems, Mr. Steigauf got an exemption to drive within the state. Given that he didn't even leave the county while road-testing trucks, he hoped that would be good enough.

It wasn't. For consistency, U.P.S. wanted all its mechanics to be certified to drive from state to state, whether they needed to or not. So Mr. Steigauf was sent home on disability, even though he felt fine.

Norman Black, a U.P.S. spokesman, said the company had always intended to find Mr. Steigauf another position. He said the company did not discriminate but was passionate about safety.

Studies tracking accident rates of diabetics are inconclusive; some indicate worse outcomes, others don't. But either way, Mr. Steigauf's direct supervisor at the time, Dan Welke, said he thought the company had gone too far, that somebody else could road-test the trucks repaired by Mr. Steigauf.

"It just seemed ridiculous," Mr. Welke said.

Mr. Steigauf also had trouble making sense of this. When his diabetes raged out of control, it had been all right to fix trucks. Now, with the illness under control, it wasn't.

When he spoke to someone in human resources, Mr. Steigauf said he was told that he would never come back. The notion that he was a human tinderbox punctuated his interactions. "I'd be told that I could pull a tractor up to a fuel pump and pass out and the thing would explode," he said. "I was like a grenade and was going to kill people."

At home in Bloomington, Minn., where Mr. Steigauf's tidy ranch is bordered by a soupçon of lawn, he, his wife, Dawn, their twin daughters and their severely autistic son struggled on a weekly disability check of $431, about half his old pay.

To keep going, he did odd jobs. Friends at U.P.S. dug into their pockets. The family cut one another's hair and skipped sending Christmas cards.

Finally, Mr. Steigauf asked U.P.S. to excuse him from interstate driving as a "reasonable accommodation" under disability law. After all, he had left the state for U.P.S. only once in 13 years. Some of his colleagues, he found out, did not even have commercial driver's licenses.

But U.P.S. refused, saying he was not disabled under discrimination law, and thus not entitled to an accommodation.

So, in early 2005, he filed a complaint with the Equal Employment Opportunity Commission and waited, interned in his house, as if he had evaporated — all the while collecting disability from a company that said he was not disabled.

After seven months, U.P.S. offered him a lower-paying job, fixing trailers. He could not touch an engine or drive. But he took it while he battled for his former position.

Then he had some luck. Federal officials changed their rules on interstate licenses and Mr. Steigauf qualified for a waiver, allowing him to return to his old job. He is expected to start within a month or so.

This fall, the E.E.O.C. concluded that he had been discriminated against and that U.P.S. owed him relief. U.P.S. said it would contest the decision.

Mr. Steigauf is still bitter, not toward U.P.S. itself, but toward the way he believes it treats diabetics. Even now, he feels singled out.

"I've had unloaders at work say to me, 'Are you that diabetic guy?' " he said. "I don't know what they mean. Nothing? Or, 'You shouldn't be working here'?"

To keep his exemption, he must obey a complicated protocol to show the Federal Motor Carrier Safety Administration that he remains fit. Every three months, he has to report how much he drives and his sugar levels. If he has an accident, even if someone rams his car while he's in a movie, he has two days to alert the government. He has seven days to let the government know if he has a new car or a new phone number.

"The exemption adds to the discrimination," he said one afternoon at home. "It constantly reminds me that I'm different."

His children skittered through the room.

"You become a show dog," he said. "I fix engines. I don't want to be a show dog."

ANTITRUST:

Judge Postpones Delphi Hearing After New Plan (WSJ)

By John D. Stoll

DOJ_NMG_0108776

The Wall Street Journal, December 26, 2006

Bankruptcy Judge Robert Drain postponed a key hearing in the Delphi Corp. bankruptcy case to Jan. 11 from Jan. 5, allowing more time for critics to compose arguments against the auto-parts supplier's proposed $3.4 billion bankruptcy-emergence equity deal with a group of investors led by Appaloosa Management.

The bankruptcy court must approve the deal by Jan. 22, or it can be nullified by the Appaloosa group, according to a letter the hedge fund's team sent to Delphi last week. Cerberus Capital Management, hedge fund Harbinger Capital, Merrill Lynch & Co. and UBS AG's UBS Securities are part of Appaloosa's team.

Judge Drain changed the hearing date following an alternative $4.7 billion funding plan proposed Thursday by hedge fund Highland Capital, which says it owns about 8.8% of Delphi's stock and has positioned itself as a rival to Appaloosa in the battle to shape Delphi's future. The fund's actions highlight the growing interest among private-capital players in the restructuring of the U.S. auto industry.

Highland accuses the Appaloosa team of forging a deal that gives too much preference to the investment group. Other stakeholders have also filed court papers expressing displeasure with the Appaloosa plan, which was first announced early last week.

Separately, General Motors Corp. said it plans to honor an agreement with the Appaloosa team not to talk to other Delphi stakeholders about alternative funding plans before April 2, though GM spokeswoman Renee Rashid-Merem said there may be certain contingencies that eventually allow the auto maker to discuss alternative plans with other stakeholders, including Highland, prior to April 2.

GM, which spun off Delphi in 1999, stands to hold about a 5% equity stake in the new Delphi under Appaloosa's proposal.

Delphi spokeswoman Claudia Piccinin said the Troy, Mich., company will consider Highland's proposal and discuss its merit with its board.

ENVIRONMENT/INDIAN AFFAIRS:

After Long Struggle, Whooping Crane Population Hits Milestone (WP)

By Sylvia Moreno

The Washington Post, December 26, 2006

AUSTWELL, Tex. -- One of the most beloved groups of winter Texans is back, in the largest number in a century and with a record 45 youngsters in tow, including an even rarer seven pairs of twins.

They flew 2,400 miles from Canada's Northwest Territories and can be seen munching on blue crabs and bright red-orange wolfberries among the marshes of the Aransas National Wildlife Refuge.

The whooping crane, the tallest bird in North America, whose numbers dwindled to fewer than 20 in 1941, is not only back from the brink of extinction but also thriving -- a comeback story, federal wildlife officials say, that illustrates how a coordinated conservation effort can save a species.

"The whooping crane continues to mirror the success of endangered species recovery when man sets his mind to it," said Tom Stehn, the national whooping crane coordinator for the U.S. Fish and Wildlife Service. "We have come a long way, but we do have a long, long way to go."

This year, the nation's only natural wild population of whooping cranes reached a milestone. Stehn's mid-December census of the migratory crane flock at the wildlife refuge, where he is based, numbered 237. Combined with the number of birds in captivity in three special flocks raised for reintroduction to the wild and those in zoos, the crane population now numbers 518. This is the first time in more than a century that whooping cranes have numbered more than 500.

Deboarding from the tour boat Skimmer at Aransas one sunny morning a few days before Christmas, Mike Dixon explained why he and his family drove in from West Texas just to see the huge white birds and their rusty brown chicks.

"Those birds out there are the result of a whole lot of effort, money and concern to save a species, and that's exciting," he said.

Recovery efforts date to 1938, a year after the federal government established the Aransas Wildlife Refuge along the south Texas Gulf Coast. The salt marsh was known to be the winter home of several species of migratory birds, including the majestic whooping crane, with its long sinuous neck, height of five feet and wingspan of seven feet.

The cranes numbered just over 20 in the first census, in 1938. By 1941, the migratory flock was down to 15, largely because of shooting, the conversion of grasslands to agriculture and the draining of wetlands.

"This species was virtually four nesting females away from extinction, and that's why this is so significant," Stehn said. "It was just such a close call, such an incredibly close call."

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The crane's breeding grounds were unknown until 1954, when a fire crew flying over Wood Buffalo National Park in Canada's Northwest Territories accidentally discovered the migratory flock. In the United States, the whooping crane was listed as a threatened species in 1968 and moved to the endangered list two years later, prompting a series of efforts to increase the flock's size.

From the mid-1970s to the late 1980s, whooping crane eggs were placed in sandhill crane nests in Idaho so the sandhill cranes could teach the whoopers how to survive in the wild, when to migrate and where to winter. But that whooping crane flock never paired or reproduced, and the last whooper in the Rocky Mountains died in 2002.

U.S. scientists also developed a technique in the 1980s for raising whoopers in captivity by using crane handlers -- humans dressed in costumes that resemble cranes -- to raise chicks in isolation from actual human contact, so they grow up to be wild. Starting in 1993, many of those captive cranes have been released yearly in central Florida, where they have stayed because they never learned how to migrate, behavior that would normally be passed on by their parents.

In 2001, the Whooping Crane Eastern Partnership, an American-Canadian partnership of governments, nonprofit organizations, citizens and corporations, developed a method to teach captive-raised whoopers how to migrate so they could be introduced to the wild. Since then, young cranes have been led in migration every fall by gliders flying from the Necedah National Wildlife Refuge in Wisconsin to the Chassahowitzka National Wildlife Refuge in Florida, 1,200 miles away. The cranes return on their own in the spring.

These efforts involve the Canadian and U.S. governments; federal agencies such as the Fish and Wildlife Service and the Geological Survey; state agencies; conservation groups such as the Whooping Crane Eastern Partnership and the International Crane Foundation of Baraboo, Wis.; and local zoos.

"For all of us, this is exactly what we are all about: trying to get animals reproduced and back out in the wild," said San Antonio Zoo bird curator Josef San Miguel. His staff specializes in costume-rearing whooping crane chicks, some of which are donated yearly to the International Crane Foundation for the glider migration project.

"It's a group effort, and when you hear the birds are doing what we need for them to do, it makes us all feel good," San Miguel said.

Extremely good nest production this summer in Wood Buffalo National Park is credited with producing this winter's record flock at the Aransas refuge. Stuart Macmillan, a biologist at Wood Buffalo, cited favorable breeding conditions such as adequate water levels in ponds where cranes build their nests, an ample food supply and fewer natural predators.

Today's threats to the species are power lines, which cranes crash into during migration; loss of stopover habitat; a lack of genetic diversity; disease; and a decline in habitat conditions at the Aransas refuge because less freshwater is flowing into the salt marsh.

"There are a lot of threats out there on the horizon, and that's what worries us," Stehn said. The whooping crane is likely to remain on the endangered species list until the migratory flock numbers more than 5,000, he said.

IMMIGRATION:

Bipartisan Effort To Draft Immigration Bill (NYT)

By Rachel L. Swarns

The New York Times, December 26, 2006

WASHINGTON, Dec. 25 — Counting on the support of the new Democratic majority in Congress, Democratic lawmakers and their Republican allies are working on measures that could place millions of illegal immigrants on a more direct path to citizenship than would a bill that the Senate passed in the spring.

The lawmakers are considering abandoning a requirement in the Senate bill that would compel several million illegal immigrants to leave the United States before becoming eligible to apply for citizenship.

The lawmakers are also considering denying financing for 700 miles of fencing along the border with Mexico, a law championed by Republicans that passed with significant Democratic support.

Details of the bill, which would be introduced early next year, are being drafted. The lawmakers, who hope for bipartisan support, will almost certainly face pressure to compromise on the issues from some Republicans and conservative Democrats.

Still, the proposals reflect significant shifts since the November elections, as well as critical support from the Homeland Security Department.

Proponents said the prospects for such a measure, which would include tougher border security and a guest worker plan, had markedly improved since Nov. 7.

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The Senate plans to introduce its immigration bill next month with an eye toward passage in March or April, officials said. The House is expected to consider its version later. President Bush said last week that he hoped to sign an immigration bill next year.

The major lawmakers drafting the legislation include Senators Edward M. Kennedy, Democrat of Massachusetts, and John McCain, Republican of Arizona, along with Representatives Jeff Flake, Republican of Arizona, and Luis V. Gutierrez, Democrat of Illinois. The four met this month, and their staffs have begun working on a bill.

"I'm very hopeful about this, both in terms of the substance and the politics of it," said Mr. Kennedy, the incoming chairman of the Senate Immigration, Border Security and Citizenship Subcommittee.

Mr. Kennedy acknowledged that there would be hurdles. But he and other lawmakers say Republicans and Democrats are now more likely to work together to repair a system widely considered as broken.

House Republicans blocked consideration of the bill that passed the Senate this year, saying it amounted to an amnesty for lawbreakers and voicing confidence that a tough stance would touch off a groundswell of support in the Congressional elections. The strategy largely failed.

Hispanic voters, a swing constituency that Republicans covet, abandoned the party in large numbers. Several Republican hardliners, including Representatives John Hostettler of Indiana and J. D. Hayworth of Arizona, lost their seats. After the dismal showing, House Republicans denied F. James Sensenbrenner Jr. of Wisconsin, the departing chairman of the Judiciary Committee and an architect of the House immigration approach, a senior position on any major committee in the new Congress.

Domestic security officials have voiced support for important elements of the framework under consideration. Homeland Security Secretary Michael Chertoff has repeatedly raised doubts about the effectiveness of border fencing in remote desert areas. Mr. Bush signed the fence bill this year, but Congress did not appropriate enough money for it. Officials say they would also prefer a less burdensome process than the original Senate bill outlined.

That bill divided the estimated 12 million illegal immigrants into three groups, those living here for five years or more, those here for two to five years and those here for less than two years.

All but the illegal immigrants living here for five years or more, roughly seven million, would have to leave the country briefly to be eligible for legal status. Those here for fewer than two years would have to leave the country and would not even be guaranteed a slot in a guest worker plan.

Domestic security officials said the original plan would have been enormously difficult to administer because many illegal immigrants lacked documentation to prove how long they had been in the United States.

The officials said it would have fueled a market in fraudulent documents as illegal immigrants scrambled to offer proof of residency.

The three-tiered approach would also discourage millions of illegal immigrants from registering, driving millions deeper underground.

"We do have concerns over breaking it down into that tiered system," said a domestic security official who insisted on anonymity. "When you do that, you run the risk of people trying to create false documentation that would get them the highest benefits."

Also expected to have prominent roles in the debate are Representatives Zoe Lofgren, the California Democrat who is likely to head the House Immigration, Border Security and Claims Subcommittee; Howard L. Berman, a California Democrat who has followed immigration issues closely for many years; and Bennie Thompson, the Mississippi Democrat who is set to lead the House Homeland Security Committee and has said he plans to re-evaluate the 700-mile fence.

But Mr. Flake described himself as optimistic, saying the elections had disabused many Republicans of the notion that opposing legalization and guest worker plans would win widespread support.

"That illusion is gone," he said.

The percentage of Hispanics who voted for Republicans fell to 29 percent, from 44 percent in 2004, and some Republicans say passing immigration bills is a crucial part of the effort to win them back.

Mr. Flake warned that some Republicans might balk at proposals like broadening the number of illegal immigrants eligible for a less burdensome path to citizenship, making passage of bipartisan legislation potentially "politically more difficult."

The prospects for a bill that contains such a proposal remain particularly uncertain in the House, where many prominent Democrats want to ensure broad bipartisan backing as part of their efforts to maintain their majority in 2008, Congressional aides said.

The House Democrats are concerned about protecting newly elected moderate and conservative Democrats, some of whom had campaigned against legalizing illegal immigrants.

It is also unclear whether Mr. Gutierrez and Mr. Flake will produce the only House legislation on immigration and whether their plan will ultimately become the basis for the bill that emerges.

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In the Senate, Mr. Kennedy's bill certainly has the backing of the Democratic leadership, Congressional aides said.

Senator John Cornyn, Republican of Texas, argued that expanding citizenship eligibility and abandoning financing for the fence would alienate moderates in both parties. The three-tier legalization system, a hard-fought compromise, was critical for moderate Republican support for the original bill.

The plan under consideration would allow 10 million or 11 million illegal immigrants to become eligible to apply for citizenship without returning home, up from 7 million in the original Senate bill. To be granted citizenship, they would have to remain employed, pass background checks, pay fines and back taxes, and enroll in English classes.

"I think it's a nonstarter," said Mr. Cornyn, who opposes a path to citizenship for illegal workers, but supports a plan for temporary workers that would let foreigners work here temporarily before returning home.

Congressional aides and lawyers familiar with the proposed bills emphasize that it will be very difficult for a smaller group of illegal immigrants, those who arrived after a certain date, perhaps 2004, to become citizens. The aides said the bill might include incentives for illegal immigrants to leave the country. While they hope such elements may ease concerns, many challenges remain.

Some powerful unions, which expect to exert more leverage in the new Congress, remain deeply opposed to the temporary worker program in the Senate bill. The unions say it threatens American jobs.

Officials at the A.F.L.-C.I.O. say they can scuttle such a plan next year, even though Mr. Bush and businesses say it is critical to ensure an adequate labor force.

There is also the political clock to consider. Supporters of immigration measures acknowledge that the prospects for a bipartisan bill will dim significantly if a bill is not passed before the presidential primaries of 2008 are in full swing.

Some Congressional aides and immigrants' advocates worry about the commitment of Mr. McCain, a likely presidential candidate in 2008.

Mr. McCain has long supported legalization that would not require illegal immigrants to leave the United States. Some advocates fear that his ambitions may lead to a shifting of that stance to avoid alienating moderate Republicans.

A spokeswoman for Mr. McCain said last week that he was not available to comment on the bill being drafted.

Many lawmakers say their hope is growing that Congress will pass an immigration bill next year.

"There are going to be hard choices that are going to be made, because we need to build a bipartisan, broad-based coalition," said Mr. Gutierrez, who leads the House Democratic immigration group. "But I'm hopeful that in the environment in which we're working now we can get it done."

CONGRESS-ADMINISTRATION:

Democrats Pledge To Restrain Spending (WP)

By Lori Montgomery

The Washington Post, December 25, 2006

Determined to banish their old tax-and-spend image, Democrats want to shrink the federal deficit, preserve tax cuts for the middle class and challenge the president to raise money for the Iraq war when they take control of Congress next week. But it won't be easy.

The incoming Democratic chairmen of the House and Senate Budget committees said they plan to honor a campaign promise to devote billions of additional dollars a year to homeland security and education. And they reiterated a commitment not to cut off funding for U.S. troops in Iraq and Afghanistan.

But with the costs of those military operations rising and President Bush considering an expansion of forces, the incoming chairmen, Rep. John M. Spratt Jr. (S.C.) and Sen. Kent Conrad (N.D.), said they will have little room in their budget blueprints for significant new domestic spending, such as closing a much-criticized gap in the new Medicare prescription-drug benefit that forces millions of seniors to pay 100 percent of drug costs for a few weeks or months each year.

They said they will press Bush to help finance a war that is costing the nation as much as $8 billion a month.

"Raising taxes would certainly be an option," Conrad said in an interview. "The president, this is his policy. He's got an obligation to pay for it."

The two chairmen said they would seek to save money by demanding a better accounting of military spending and an end to "the ever-expanding 'shadow budget' of supplemental and bridge funds," as they put it in a letter to the White House last week that was also signed by outgoing Senate Budget Committee chairman Judd Gregg (R-N.H.). Those budget mechanisms have funneled more than $500 billion to terror-related operations since Sept. 11, 2001, with little scrutiny from the Republican

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lawmakers who are leaving power. Spratt said he would spend most of January in oversight hearings to determine where the money is going.

"When the president talks about staying the course, he never mentions cost as a factor," Spratt said. "But it is a factor, particularly when you get costs over $100 billion a year."

Spratt and Conrad said they would aim to balance the budget by 2012, a goal that could anger liberal Democrats eager for new spending on domestic programs and conservative Republicans determined to preserve the tax cuts passed during Bush's first term. But it also could establish the Democrats as able stewards of the nation's treasury, political analysts said, giving the party's presidential candidates an important accomplishment for the 2008 campaign.

"In terms of practical politics, the reality is this: We have to be on good behavior so we have a chance to win the presidency," said Rep. Jim Cooper (D-Tenn.), a leader of the Blue Dog Coalition, a group of conservative House Democrats whose ranks swelled to 44 in the November elections. "We have a chance now of having a new Democratic Party that supports the middle class and has middle-class priorities at heart."

Republicans and budget experts say they doubt Democrats can simultaneously cut the deficit and meet their spending goals, especially given GOP opposition to higher taxes. Bush's top budget advisers said last week that they see no need to increase taxes to pay for military operations in Iraq and Afghanistan, which are expected to cost $170 billion this year, up from $120 billion in fiscal 2006.

Despite the rising expense of the war, the annual budget deficit declined to $248 billion in the fiscal year ended in September because of an unexpected surge in tax collections.

"Revenues are up because of a growing economy," said White House budget director Rob Portman. "That has enabled us not just to afford the relatively high [war] supplementals -- higher than we expected -- but actually to decline the deficit."

Democrats say the annual deficit is kept artificially low with cash borrowed from the Social Security trust fund. The nation's overall indebtedness is approaching $9 trillion, and interest on that debt grew by 23 percent last year, making it the fastest-growing part of the budget.

Less than 20 percent of the budget is available for education, highways, housing and courts, discretionary programs that are being further squeezed by an increasingly expensive military. In the session that just ended, Congress failed to pass budget bills for most domestic agencies, in part because lawmakers refused to support painful spending restraints.

Two weeks ago, Democrats announced plans to plug some of the most difficult holes in the current fiscal year by stripping funds for lawmakers' pet projects, known as earmarks, from the bills. For next year, Spratt and Conrad said they plan to keep the purse strings pulled tight on discretionary programs and apply a pay-as-you-go rule to changes in tax policy and mandatory programs such as Social Security and health care.

That will force Democrats to find spending cuts or new revenue to pay for some big-ticket items: They have promised to halve interest rates for federal student loans, which would cost as much as $60 billion over five years. They want more money for border and port security, first responders and the National Guard. They say health programs for children and veterans need more cash to avoid dropping thousands of people from their rolls. And they want to extend some of the Bush tax cuts that are set to expire in 2010, including an expanded child credit, a reduction in the so-called marriage penalty and the new 10 percent tax bracket.

Plus, Democrats have promised to freeze the alternative minimum tax, a parallel tax structure that will add thousands of dollars to the tax bills of millions of families unless Congress comes up with about $50 billion to halt its expansion for another year.

Democrats say they will cover that cost by ending tax breaks on foreign profits of U.S. businesses, closing corporate tax shelters, cutting subsidies to oil and gas companies and giving the federal government authority to negotiate lower drug prices for Medicare. They would also tap the vast amount of uncollected tax revenue known as the tax gap, which has been projected at $300 billion a year.

But some of those funding sources are highly uncertain. The nonpartisan Congressional Budget Office has said negotiating drug prices is unlikely to produce much savings. Past attempts to harness the tax gap have produced little new revenue.

Without more money, Democrats will face "a real struggle for which wins out: the political promises or the fiscal-responsibility promise," said Robert L. Bixby, executive director of the Concord Coalition, a nonpartisan group that opposes deficits. "If the public perceives that they're making real choices and cutting back on some things they want to do politically because they're trying to be fiscally responsible, then they can declare victory." But if people perceive that they're honoring fiscal restraint in word but not in deed, then they'll look pretty silly, Bixby said.

So far, Bixby said, he has been impressed by Democratic leaders' commitment to deficit reduction, calling the elimination of earmarks "rather stunning." Another Blue Dog leader, Rep. Dennis Cardoza (D-Calif.), said the Democrats' conservative wing will block any effort in the House to backslide on those promises.

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"Yes, there's going to be tough medicine," Cardoza said. "But we are incredibly united behind these goals. And they need us to do anything."

OTHER NEWS:

Roberts Leading Court In More Media-friendly Direction (USAT/AP)

By The Associated Press

USA Today, December 25, 2006

WASHINGTON (AP) — Many Supreme Court justices prize the anonymity that comes with their lifetime appointments and camera-free courtroom. Unrecognized, justices have snapped pictures for tourists in front of the court or been asked to move out of the way of a shot.

On rare occasion, a justice might consent to an interview on the C-SPAN cable network to discuss a recent book or be shown addressing a lawyers' gathering somewhere.

Lately, however, some members of the court have been popping up in unusual places — including network television news programs — and talking about more than just the law.

For an institution that has kept the media at a comfortable distance for much of its existence, the Supreme Court's increasingly public face is astonishing, said University of Chicago law professor Dennis Hutchinson, who served as a law clerk for Justices Byron White and William Douglas.

"More and more, the justices are spending time talking off the bench informally to reporters, on the record, off the record, in public, on tape, on film," Hutchinson said.

Justices Antonin Scalia and Stephen Breyer recently debated their competing views of the Constitution. Breyer and retired Justice Sandra Day O'Connor have talked publicly and repeatedly about threats to judicial independence. Justice Samuel Alito proudly affirmed his membership in the conservative Federalist Society, speaking in a packed ballroom at its recent convention.

Perhaps most noteworthy, though, has been the media-friendly attitude adoped by new Chief Justice John Roberts, in contrast to his predecessor William Rehnquist. Roberts recently was featured on ABC News' Nightline discussing both his view of the court and his son Jack's Spiderman imitation at Roberts' introduction by President Bush.

"Roberts is putting a smiley face in the center chair," said Hutchinson, who recalled earlier eras in which chief justices rigorously avoided the press and looked askance at their colleagues who consented to the rare interview.

Having spent more of his legal career as an advocate than as a judge, Roberts is at ease on a public stage. He has longstanding professional relationships with many in the court's veteran reporting corps.

For many years, justices held to the view that the court's mystique and reputation were enhanced by their distance from the public. The justices spoke through their written opinions, laying out not only what they had decided, but why.

Their unbending refusal to allow cameras in the courtroom has been part and parcel of this belief that the Supreme Court is unlike the Congress and the presidency in that it does not serve at the pleasure of voters.

Rehnquist could stroll around the court, unrecognized by tourists. Justice Anthony Kennedy snapped a photograph for visitors who had no idea who he was. Justice John Paul Stevens once was asked to move out of the way by a picture-taking tourist.

Now comes Roberts, who appears intent on allowing the public more of a look inside the court, although the prospect of televised court sessions still seems remote. He also heartily endorsed tighter ethics rules for judges, although those rules do not apply to the Supreme Court.

Douglas Kmiec, a Pepperdine law professor and Justice Department official in earlier Republican administrations, said Roberts' public relations effort is in line with his desire to have the court issue narrower, more consensual rulings.

"I think he feels a burden of explanation. The court has become so much the storm center of cultural controversy. Roberts is committed to not having that be so," Kmiec said. "If that's the case, it requires a certain amount of public explanation."

Stephen Wermiel, a law professor at American University, agreed that "the idea of more consensus brought about by narrower decision making enhances the public image of the court."

Yet Breyer and Scalia, for instance, have said they don't necessarily agree with the chief's call for greater consensus on the court. Scalia made clear he prefers bold rulings that serve as a guide for lower courts and lawyers, saying narrow rulings can be so constricted as to be useless

Another possibility, said University of Virginia law professor G. Edward White, is that the court will stay in the middle of national controversies and that Roberts believes its credibility will be enhanced if the justices appear less remote.

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It may also be that the justices believe they can keep proponents of even greater openness, especially cameras in the courtroom, at bay.

At this early stage in his tenure, it is unclear just where the court is headed. With Roberts and Alito two new conservative faces on the court, high-profile cases involving abortion, race and the environment await decisions.

But by courting the media, the chief justice already has broken with his predecessors in one respect.

Italian In Poison Case Arrested (AP)

AP, December 25, 2006

ROME — An Italian who met with an ex-KGB agent around the time that radiation made the Russian fatally ill was arrested Sunday on charges of international arms trafficking and slander, the Italian man's father said.

The accusations against Mario Scaramella were not believed to be directly related to the investigation into the poisoning death of Alexander Litvinenko.

Scaramella, the first person connected to the poisoning case to be arrested, met Litvinenko at a London sushi bar Nov. 1, the apparent day that the former agent was poisoned. Litvinenko died of exposure to polonium-210 on Nov. 23.

Amedeo Scaramella said his son was arrested in Naples after returning from London, where he had been hospitalized for radiation exposure.

Ten people in Britain have tested positive for exposure since Litvinenko died.

Scaramella said he showed Litvinenko e-mails at the Nov. 1 meeting from a confidential source identifying the possible killers of Russian investigative journalist Anna Politkovskaya and listing other potential targets for assassination — including himself and Litvinenko.

On his deathbed, Litvinenko blamed Russian President Vladimir V. Putin for his poisoning — an allegation that the Kremlin denied.

Ethiopian Jets Strafe Mogadishu Airports (NYT)

By Jeffrey Gettleman

The New York Times, December 26, 2006

NAIROBI, Kenya, Dec. 25 — An Ethiopian fighter jet strafed Mogadishu's airport on Monday in a striking show of force that took the growing conflict in the Horn of Africa to Somalia's capital for the first time.

Across the country, Somalia's Islamist leaders conceded that they were rapidly losing territory to the forces of Somalia's internationally recognized transitional government.

In Beledweyne, a town near the Ethiopian border, residents resumed the lives they had led before Islamist rule, not even a day after the Islamist forces pulled out. A truck hauling chat, a mildly narcotic leaf that the Islamists had outlawed, pulled into the market to a burst of cheers.

"It was wonderful to see that truck," said Farah Abdi Dereer, a vendor of spare parts.

The fighting between Somalia's transitional government and the country's powerful Islamist movement, based in Mogadishu, has been raging on and off for nearly a week.

On Sunday, Ethiopia officially joined the hostilities, with the tacit blessing of the United States, bombing Islamist positions in several frontline areas and pushing ground troops deep into Somali territory. Ethiopian officials said they sided with the transitional government because the Islamists, whom American officials have accused of harboring Qaeda terrorists, posed a threat to the region.

On Monday, witnesses in Mogadishu said that a lone Ethiopian fighter jet roared over the Indian Ocean around 9 a.m., fired machine guns at the parking lot of the international airport, which was mostly empty, and banked sharply away.

The attack was apparently meant to be more a demonstration of military might than a destructive mission; the only reported casualty was an airport janitor who was slightly wounded. It did, however, have the intended effect of shutting the airport down as Daallo Airlines, one of the last carriers to fly into Somalia, promptly canceled all service.

Witnesses said four more Ethiopian fighter planes then attacked an intensely guarded military airport west of Mogadishu, where the Islamist forces stored their heavy weapons and ammunition.

Ethiopian officials said they were following specific instructions by the transitional government to seal Somalia's borders to bar foreign fighters. According to United Nations officials, the Islamists are supported by several thousand Eritreans, Libyans, Syrians and Yemenis who have responded to the call of a holy war against Ethiopia, a Christian-led country.

In Baidoa, the inland seat of the transitional government, top officials were sounding increasingly confident. After months of isolation in a provincial market town, too weak to spread their administration to Somalia's cities, transitional government officials laid out an ambitious three-part plan.

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"We're going to eradicate the enemy, we're going to appoint administrators and we're going to rule nationwide," said Abdirizak Adam Hassan, chief of staff for President Abdullahi Yusuf Ahmed.

A few weeks ago, this would have sounded preposterous. But the injection of forces from Ethiopia, which commands the most powerful military in the region, seems to be changing Somalia's wobbly balance of power.

Still, with attacks and counterattacks continuing, the outcome remains uncertain. Western diplomats have cautioned Ethiopia not to try to overthrow the Islamists and occupy Mogadishu, fearing that would spawn a long, messy guerrilla war.

Already, thousands of people, with barely enough to eat before conflict struck, are fleeing their homes and their farms, creating a worrisome situation for the few aid organizations still operating in Somalia.

Ethiopian officials reiterated Monday that they felt they were forced to act because of the threat the Islamists posed to their security. So far, the Ethiopian military seems to be selecting targets mostly outside urban areas in an effort to reduce civilian casualties.

But the extent of the casualties is hard to tell. Warfare in Somalia is traditionally mobile and small scale, fought between armed pickup trucks and small crews of fighters. Red Cross officials have said that they have treated more than 400 people for combat injuries, and United Nations officials put the death toll from the past week in the low hundreds.

Both sides have published pictures of the dead sprawled on the battlefield. On Monday, the Islamists showed images of prisoners of war with their arms bound behind their backs and their throats slit. Last week, the Islamists vowed to execute all captives.

Though the Islamist leaders conceded Monday that they had retreated from two towns they had controlled (the transitional government said the true number was five), they seemed unbowed. Mosques in Mogadishu continued to blare out recruitment calls, and thousands of young men, many in their early teens, continued to enlist.

But some people in Mogadishu who used to support the Islamists — who did indeed bring a semblance of order to a very dangerous city — were beginning to express doubts.

Asho Ali, a mother of eight, went to the hospital on Sunday to see her 16-year-old son, who had been wounded fighting for the Islamists. On Monday, he died.

"For no reason we are losing our children," she said. "Why are they doing this?"

Ethiopia Steps Up Attacks On Somalia (WP)

By Stephanie McCrummen

The Washington Post, December 26, 2006

LONDON, Dec. 25 -- Ethiopian warplanes attacked the airport in Somalia's capital, Mogadishu, on Monday in another major escalation of fighting between the Ethiopian-backed Somali government and the Islamic Courts movement that in recent months has taken over much of the country.

In Mogadishu, businesses shut down and thousands of enraged Somalis loyal to the Islamic movement rallied in the streets, once again proclaiming holy war against Ethiopia, a bitter enemy that is widely perceived to be supported by the U.S. government. Witnesses said young Somali men who have grown up in a country awash with AK-47 assault rifles continued to pour into recruiting centers to sign up to fight.

And 150 miles away on the front lines near Baidoa, seat of the fragile interim government, sources said that fighters from Eritrea and Pakistan, among others, had joined the Islamic movement's battle against Ethiopia in a conflict that analysts fear could engulf the Horn of Africa.

"The feelings are very bad, very confusing -- everywhere, it's confusing," said a businessman in Mogadishu who did not want to be identified. "I didn't expect this scale of war, but most Somalis, even if they were fighting each other before on a clan basis, they are united now against Ethiopia. And there's a feeling that the international community is not helping."

Thousands of Somalis who had fled war and drought earlier this year and epic flooding in recent weeks once again abandoned villages, leaving behind fields and livestock at harvest time, aid workers said. Droves of villagers trudged down muddy roads toward refugee camps just across the Kenyan border. The camps are already full of Somalis displaced by years of fighting and natural disasters.

"These families are really pushed into the extreme limits," Pedram Yazdi, a spokesman for the International Committee of the Red Cross, said from Nairobi, adding that Red Cross-supported medical facilities had received more than 440 wounded and that the total "is rising every hour." Aid workers believe the number of dead is in the hundreds.

Meanwhile, Ethiopian officials said on state-run television Monday that they would continue the assault against the Islamic movement and vowed to push toward Mogadishu, clearing the Islamic fighters out of every town they control over the next five days. By Monday night, Ethiopian forces, which are vastly superior to the Islamic movement in conventional military terms, had secured the strategically important town of Beledweyne, which is near the Ethiopian border and along a main road to Mogadishu.

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The Associated Press reported that Ethiopian and government forces had also captured three villages in a push toward Jowhar, about 60 miles north of Mogadishu.

AP also reported that airstrikes hit a second airport, Baledogle Airport, outside Mogadishu.

Negotiations between Somalia's weak but internationally recognized interim government and the Islamic movement have fallen apart in recent months as the Islamic group has become stronger and advanced its control. The current conflict began even as the two sides had signed an agreement to de-escalate fighting and resume talks.

Analysts believe that Ethiopia's offensive is intended to force the movement back into negotiations by changing the situation on the ground.

But some analysts have expressed fear that Ethiopia's military calculation is seriously flawed, and that even if its superior military initially routs the Islamic movement, the ideologically driven militias will become only more motivated to pursue a guerrilla-style war or terrorist attacks across the region.

Ethiopia, which has fought two wars with Somalia in the past 45 years, is perceived as a historically Christian nation, though Muslims now make up nearly half its population.

"Hasn't anyone heard of Iraq?" said John Prendergast, a senior analyst with the International Crisis Group in Washington. "A military strategy of 'countering terrorism' never works and will likely blow up in their faces."

Ethiopian Prime Minister Meles Zenawi has maintained, however, that this is a war of self-defense and that dialogue has only bought the Islamic movement time to expand its control. He has repeatedly accused the Islamic movement of supporting secessionist Somali groups inside Ethiopia, and, along with the United States, has accused the movement of harboring terrorists, an allegation it has denied.

Though the United States has remained on the sidelines as the situation has deteriorated, Meles has said he has support for a defensive war from the United States, which fears that Somalia, a country without a central government since 1991, could become a new base for terrorist groups.

Opposition groups inside Ethiopia say that Meles, an increasingly authoritarian leader, has shrewdly played up the terrorism charges to win U.S. support. Based in part on intelligence out of Ethiopia, U.S. Assistant Secretary of State Jendayi E. Frazer has asserted that the Islamic movement is now under the control of an al-Qaeda cell, a claim that regional analysts believe is exaggerated.

Although some analysts believe al-Qaeda may exert influence over some military and political leaders within the Islamic movement, they caution that the leadership is very large and complex and that claims that any one person or group is in control is a misunderstanding of the movement.

Somalia has historically been of strategic importance to the United States because of its proximity to the Middle East and Red Sea shipping lanes. But U.S. policy there has been sharply criticized over the years.

A U.S.-led attempt to stabilize the country led to the deaths of 18 American troops in October 1993 in an incident depicted in a popular book and film, "Black Hawk Down." And more recently, the United States financed warlords in Somalia who described themselves as an "anti-terrorism coalition" but who mostly terrorized local Somalis, who came to despise them.

The Islamic Courts, initially a grouping of local clerics, came to power in that context, establishing order based on Islamic law village by village, and winning the support of businessmen and others who found the transitional government ineffective and the warlords unacceptable. Analysts say it is a measure of beleaguered Somalis' desire for order, rather than a tendency toward religious extremism, that they embraced the movement.

The movement is well financed, receiving money from the Somali diaspora and countries such as Eritrea, Yemen and others, according to a recent U.N. report.

Though the movement includes moderate leaders, it is backed by a militant core of young fighters called shebab, who have been indoctrinated with the ideology of holy war and whose leaders, analysts say, seem to have become more influential in recent months.

Analysts said the current crisis stems from another failure of U.S. policy in an increasingly vulnerable region. "All this could have been averted," Prendergast said. "If the U.S. joined a serious diplomatic effort aimed at finding a compromise between Ethiopia and the Courts, negotiations could have had a much better chance. Once the serious punching has started, it's going to be increasingly difficult to stop this brawl."

Ethiopian Jets Bomb Two Main Airports In Somalia (AP)

AP, December 26, 2006

MOGADISHU, Somalia (AP) — Ethiopian jets bombed Somalia's two main airports Monday while ground troops captured three villages and a strategic border town, lending Somalia's internationally backed government crucial military aid in its struggle against a powerful Islamic militia.

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Russian-made jets swept low over the capital at midmorning, dropping two bombs on Mogadishu International Airport, part of a major escalation in the week-old fighting. The leader of the Islamic militia, Sheik Hassan Dahir Aweys, flew into the airport shortly after the attack; it was not clear if he was an intended target.

Airstrikes also hit Baledogle Airport outside Mogadishu.

"We heard the sound of the jets and then they pounded," said Abdi Mudey, a soldier with Somalia's Council of Islamic Courts, which has seized the capital and much of southern Somalia since June.

Somalia has not had an effective government since warlords overthrew longtime dictator Mohamed Siad Barre in 1991, pushing the country into anarchy. Two years ago, the United Nations helped set up a central government for the arid, impoverished nation on the Horn of Africa.

But the government has not been able to extend its influence outside the city of Baidoa, where it is headquartered about 140 miles northeast of Mogadishu. The country was largely under the control of warlords until this past summer, when the Islamic militia movement seized power.

Experts fear the conflict in Somalia could engulf the region. A recent U.N. report said 10 countries have been supplying arms and equipment to both sides of the conflict, using Somalia as a proxy battlefield. Some analysts also fear that the courts movement hopes to make Somalia a third front, after Afghanistan and Iraq, in militant Islam's war against the West.

The Islamic group's often severe interpretation of Islam is reminiscent, to some, of Afghanistan's Taliban regime — ousted by a U.S.-led campaign in 2001 for harboring Osama bin Laden. The U.S. government says four al-Qaeda leaders, believed to be behind the 1998 bombing of the U.S. Embassies in Kenya and Tanzania, are now leaders in the Islamic militia.

Militia forces have surrounded Somali government forces in Baidoa, where heavy artillery and mortar fire echoed through the streets, said Mohammed Sheik Ali, a resident reached by telephone.

But Ethiopian-backed government troops appeared to take the initiative on Monday.

Pro-government forces drove Islamic fighters out of the key border town of Belet Weyne, then headed south in pursuit of fleeing militiamen, a Somali officer said. Government troops were enforcing a curfew of 3 p.m. to 6 a.m.

"Anyone who has a gun but is not wearing a government uniform will be targeted as a terrorist," said Aden Garase, a government soldier who was put in charge of Belet Weyne.

On Ethiopian television Monday night, the defense ministry said troops would move toward the city of Jowhar, about 55 miles from Mogadishu. Later, Ethiopia made a push in that direction, capturing the villages of Bandiradley, Adadow and Galinsor, according Yusuf Ahmed Ali, a businessman in Adadow.

As its military forces advanced against militia fighters, Somalia's government also sought to seal its borders in order to prevent foreign Islamic militants from joining the Islamic courts forces.

Residents living along Somalia's coast have seen hundreds of militants arriving by boat, apparently in answer to calls by religious leaders to wage a holy war against Ethiopia.

It seems unlikely the government can blockade Somalia's 1,860-mile coastline — the longest in Africa. But the closures could hamper humanitarian aid deliveries to the country, where one in five children dies before age 5 from a preventable disease.

The U.N. World Food Program airlifted several tons of food and other aid into Somalia on Monday, but had not yet been notified of any border closings, agency spokesman Peter Smerdon said.

The Islamic militia, which grew out of a network of ad hoc Muslim courts, has brought a measure of law to a lawless country: The international airport reopened in July after being closed for a decade.

But leaders of the Islamic courts movement alarmed the country's neighbors by threatening to incorporate ethnic Somalis living in eastern Ethiopia, northeastern Kenya and Djibouti into a Greater Somalia.

Many Somalis are enraged by Ethiopian intervention because the countries have fought two wars over their disputed border in the past 45 years. Somalia is overwhelmingly Sunni Muslim, while Ethiopia has a large Christian minority.

Despite this friction, the Somali government — which has failed to assert any real control since it was formed two years ago — relies on its neighbor's military strength.

Earlier, Ethiopia had said it sent advisers to bolster the Somali government's outgunned military forces, but denied dispatching combat troops. The U.N., though, estimates that Ethiopia has 8,000 troops in the country.

Ethiopian Prime Minister Meles Zenawi said Sunday that his country was "forced to enter a war" with Somalia's Council of Islamic Courts after the group declared holy war on Ethiopia.

So far, Ethiopian and Somali troops have used MiG jet fighters and artillery to attack the Islamists, who have no military aircraft and can return fire only with much smaller mortars and recoilless rifles.

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Meles has said he does not intend to keep his forces in Somalia for long, perhaps only a few weeks. He has told visiting dignitaries that his goal is to damage the courts' military capabilities, take away their sense of invincibility and allow both sides to return to peace talks on an even footing.

Government officials and Islamic militiamen have said hundreds of people have been killed in clashes since Tuesday, but the claims could not be independently confirmed. Aid groups put the death toll in the dozens.

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Somalia Could Be Ethiopia's Quagmire (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, December 26, 2006

A more involved military offensive might pose the same problems the U.S. is facing in Iraq, observers say.

NAIROBI, KENYA — Ethiopia's attacks against Islamic forces in Somalia may have delivered a short-term military victory, but analysts warned that a longer offensive could present the U.S. ally with some of the same challenges facing American forces in Iraq.

Airstrikes against the Somali capital, Mogadishu, and other towns Sunday and Monday demonstrated Ethiopia's military superiority over the Islamic forces that seized most of southern Somalia during the summer.

But Ethiopia would be hard-pressed to dispatch enough troops to capture and occupy Islamic-held areas of Somalia.

"I don't understand what Ethiopia's objective is," said David Shinn, a former U.S. ambassador to Ethiopia and now a political science professor at George Washington University. "I can't imagine their objective is to occupy and hold Somalia. It was a very limited victory."

Most experts agree that Ethiopia's battle-tested army, numbering as many as 150,000 troops, could easily beat Somalia's ragtag Islamic fighters, which are believed to total under 10,000.

But Islamists say they would compensate for their lack of numbers and sophisticated weaponry by pursuing an unconventional war, including suicide attacks and other insurgency-style tactics that U.S. and allied troops face in Iraq.

"The Ethiopians could get bogged down into a hopeless, long-term guerrilla campaign with enormous supply lines," Shinn said. "I don't see how they 'defeat' the Islamists in the long run."

The attacks Sunday and Monday marked the first time Ethiopia has publicly acknowledged taking direct military action against Somalia's Islamists.

Ethiopian officials said they acted to preempt threats by Islamic forces to launch a "holy war" against them. Ethiopia is also moving to protect Somalia's weak transitional government, which has been battling with Islamists over who will control the Horn of Africa nation.

Somalia has been without a functioning government since 1991.

Anger over the Ethiopian airstrikes reverberated Monday throughout Mogadishu. Local radio stations flooded the airwaves with nationalist songs, recalling the history of tensions between Ethiopia and Somalia, which last went to war in 1977.

Angry youths rioted in several Somali cities, urging all adult males to join the Islamic forces.

The Ethiopian attacks appeared to be bolstering support for the Islamists.

"I used to think that the Islamic courts were just another interest group, but now I recognize that they are standing up for the country and religion," said Muse Ali Omar, a banana vendor in Mogadishu.

"Ethiopia is my enemy, I will not sell bananas anymore," he said. "I will take my gun and go for jihad. Otherwise I am sure they will kill me in my banana kiosk if I wait for them here."

Mohammed Ibrahim Mohammed, a moderate Muslim, said, "As long as the West is supporting Ethiopian invasion, it will open the door for Islamic courts."

The Ethiopian strikes have helped unify the Islamic Courts Union, an alliance of religious leaders that came together to defeat U.S.-backed warlords this year. In recent months, some cracks were beginning to appear inside the alliance over how rigorously to implement Islamic law.

But more recently, U.S. and Ethiopian officials have concluded that extremists have seized control of the courts. They accuse court leaders of having links to terrorist groups, including Al Qaeda.

Last weekend, one Islamist leader issued an invitation to Muslims worldwide to join the fighting in Somalia. Eritrea is also believed to have dispatched as many as 2,000 troops to aid the Islamists.

U.S. officials Monday called on Somali groups to end their fighting, but they did not call for an Ethiopian withdrawal.

"Ethiopia has genuine security concerns," said one U.S. official, adding that State Department officials have urged the Ethiopian government to use "maximum restraint."

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The U.S. has worked closely with Ethiopia, including training elements of its military, in its four-year effort to contain the spread of Islamic extremism in the Horn of Africa. U.S. officials repeatedly have denied using Ethiopia as a proxy against Somali Islamists, and have insisted that they argued against an Ethiopian invasion with officials in Addis Ababa, the Ethiopian capital.

A U.S. military official said the Pentagon, which set up a 1,500-man task force in neighboring Djibouti in 2002 because of concerns Al Qaeda-linked groups were seeking refuge in the region, has yet to take any action in response to the Ethiopian offensive.

"We're just watching it," the official said.

Shinn said international leaders should immediately intervene and push to remove all foreign fighters from Somalia.

"A week ago I was still optimistic that we could get this cat back in the box," he said. "Now I'm not clear if that's an option."

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Times staff writer Peter Spiegel in Washington and special correspondent Abukar Albadri in Mogadishu contributed to this report.

Israel Approves West Bank Roadblock Removals (USAT)

By Yaakov Katz

USA Today, December 25, 2006

TEL AVIV — Israel is boosting support for moderate Palestinian leader Mahmoud Abbas as his Fatah Party and the ruling militant Hamas government wage an increasingly violent battle for control of the Palestinian territories.

On Monday, Israeli Prime Minister Ehud Olmert approved in principle the removal of some army roadblocks that have hindered Palestinian travel in the West Bank "to strengthen moderate (Palestinian) elements," according to a statement from Olmert's office.

Olmert, who met with Abbas for the first time in Jerusalem on Saturday, pledged to transfer $100 million in tax money Israel had been withholding to the Palestinians, his office said. Israel also will transfer $8 million to Palestinian-run hospitals in Jerusalem, Abbas aide Saeb Erekat said.

The goodwill gestures could lead to resumption of peace talks after years of hostility between Israel and the Palestinian Authority. Olmert said Monday that his weekend meeting with Abbas would "hopefully lead to additional meetings."

Shlomo Dror, spokesman for the Israeli Coordinator of Activities in the Territories, said the diplomatic "quartet" seeking to facilitate Middle East peace talks — the United States, the European Union, the United Nations and Russia — transferred $450 million this year in direct aid to Abbas, not to the Hamas-led government's offices.

Hamas, which refuses to recognize Israel's right to exist, took office in March after beating Fatah in elections in January. After the victory, the United States and the EU cut off direct aid to the Palestinian government. Both say Hamas is a terrorist group.

"The money is not transferred to the government ministries since they are controlled by Hamas," Dror said. "Rather, the money goes directly to bank accounts controlled by Abbas in Ramallah under European supervision."

The United States has set aside about $42 million to fund a program that trains Abbas' Presidential Guard. The program seeks to restructure Fatah and gives electoral training and strategic advice to moderate parties.

Hamas accuses the United States of trying to overthrow the Palestinian government. "The U.S. is trying to bring down our government by undermining us politically and economically," spokesman Ghazi Hamad said in an interview from Gaza. "By not giving us money, they are essentially acting against an elected government."

Micaela Schweitzer-Bluhm, spokeswoman for the U.S. Consulate in Jerusalem said, "The Hamas government is responsible for its situation by not participating in international norms of governing and by not meeting previous agreements between Israel and the Palestinian Authority."

The lack of foreign funding has forced Hamas to smuggle cash in suitcases into Gaza to meet expenses such as salaries for government and security personnel. Two weeks ago, Israel closed the crossing from Egypt into Gaza after Palestinian Prime Minister Ismail Haniyeh tried to carry in $35 million.

Gidi Grinstein, head of the Reut Institute, a think tank in Tel Aviv, said Israel and the United States should beware of "overembracing" Abbas and other moderates because such support could cause Palestinians to turn against the Palestinian president. "The Palestinians live with an eternal fear that everything is a conspiracy against them," Grinstein said.

Hamas spokesman Hamad says Palestinians will see through attempts to bolster Abbas and will vote for Hamas in the next elections. He says Abbas has received nearly $100 million in backdoor donations in addition to official aid. "The money will not weaken Hamas, and if the Americans think it will, then they are deceiving themselves," he says. "People support us not through money, but through views and honesty, and money cannot buy integrity."

Contributing: The Associated Press

DOJ_NMG_0108788

Olmert Says He'd Like To Renew Talks With Syria (AP)

AP, December 25, 2006

JERUSALEM (AP) — Prime Minister Ehud Olmert on Monday said he would like to renew peace talks with Syria, but insisted that Damascus first end its support of anti-Israel militant groups in the Palestinian areas and Lebanon.

Syria has said on several occasions recently that it would like to resume negotiations with Israel, which broke down seven years ago. Olmert has rejected the offers, citing Syria's support for Hamas, Lebanese Hezbollah guerrillas and other militant groups.

"I hope we will be able to arrive at dialogue with Syria at some point if Syria upholds the most basic of commitments, the cessation of violence — the same commitment we demand of anyone we talk to," Olmert told a meeting of lawmakers from his Kadima party.

"If Syria agrees to stop the violence, stop its support for Hamas, stop its support for Hezbollah, and sever its appalling connection with Iran, then we'll be able to engage in a diplomatic process," Olmert added. "I have no doubt that this is something we want to happen."

Syria hosts headquarters of Hamas and Islamic Jihad, Palestinian militant groups committed to Israel's destruction, and offers financial and logistical support to Hezbollah, which battled the Israeli army to a stalemate during a 34-day war last summer.

There was no immediate reaction from Syria to Olmert's latest comments. The recent Baker-Hamilton report submitted to the White House recommended that Israel resume talks with Syria to help ease Mideast tensions. Olmert has rejected the report's conclusions.

Israeli officials have been divided over whether Assad's latest gestures are sincere. A senior military intelligence official said Monday that he believes the Syrian offer is genuine, lawmakers said.

Brig. Gen. Yossi Baidatz, head of military intelligence's research decision, told parliament's Foreign Affairs and Defense Committee that Syria is interested in talks to boost its international standing, said committee member Yuval Steinitz.

But the officer stopped short of saying Syria is interested in a peace agreement, committee members said.

Steinitz said he thinks Syria wants to open negotiations to buy itself time to topple the government in neighboring Lebanon. Syria controlled its smaller neighbor for 29 years before being forced to withdraw its troops in 2005.

Last week, Meir Dagan, director of the Mossad spy agency, took the opposite view of Baidatz's, saying Syria was not prepared to return to the negotiating table, despite its overtures.

Peace talks between Israel and Syria broke down in January 2000 over Syria's demand for a full withdrawal from the Golan Heights. Israel captured the plateau, which overlooks northern Israel, in the 1967 Mideast War.

DOJ_NMG_0108789

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, December 26, 2006 9:37 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, December 23, 2006
Attachments:	agnb061223.pdf; agnb061223.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 23, 2006 7:45 AM EST

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TERRORISM NEWS:

Iraqi-Trained Terrorists Could Be Planning Terror Attacks On Europe, US. ABC World News (12/22, story 4, 3:00, Gibson, 8.78M) reported, "British officials are on edge tonight concerning about a possible imminent terrorist attack. Intelligence sources tell ABC News that al Qaeda operatives in Britain are being encouraged to strike during the Christmas holidays. Britain's top policeman said he has no intelligence about exactly when an attack may occur, but counterterrorism police have never been busier." ABC went on to report, "One of the reasons British officials are anxious involves a new threat. Hundreds of European Muslims traveled to Iraq to join the insurgency, and ABC News learns intelligence officials fear some foreign fighters may return to Europe to execute attacks, and the US could be at risk as well. A new State Department report obtained by ABC News says foreign fighters in Iraq include Islamic radicals 'from France, Germany, Italy, Sweden, and the United Kingdom.' The report calls them 'Iraq war alumni' and concludes the 'radicalization is a high risk to US interests.' A major concern: those radicals will return from Iraq as heroes and may find fertile recruiting ground in Europe."

The CBS Evening News (12/22, story 7, 0:25, Couric, 7.66M) reported, "The police chief in London said today that al Qaeda might be planning a Christmastime attack." The AP (12/22) reports Metropolitan Police Commissioner Sir Ian Blair "said al-Qaeda represented the gravest threat to Britain since World War II and was of an 'unparalleled nature and growing.' 'The threat of another terrorist attempt is ever present,' he told British Broadcasting Corp. radio. 'Christmas is a period when that might happen. We have no specific intelligence to do (with) that.'"

NYPD Seeks Study On Train Tunnels' Vulnerability To Terrorism. The New York Times (12/23, B5, Neuman, Rashbaum, 1.16M) reports New York police commissioner Ray Kelly "said yesterday that he had asked the Port Authority of New York and New Jersey to turn over a copy of a security analysis of the PATH train tubes beneath the Hudson River that shows they might be more vulnerable than previously thought to a small but powerful bomb. Mr. Kelly's request came after a government official provided a draft summary of the analysis to The New York Times because the official was concerned that the Port Authority had not acted with sufficient urgency in its response to the findings. The findings were presented to senior managers at the agency, which runs the PATH trains, last month, the official said." Kelly "called the new data on the PATH tubes 'a cause for concern,' although he said he believed the trains were safe." The CBS Evening News (12/22, story 7, 0:25, Couric, 7.66M) reported, "a government report says train tunnels between New York and New Jersey are vulnerable to an attack. The report, obtained by the New York Times, warns a small bomb could trigger a flood inside those tunnels. The Port Authority, which operates the tunnels, insists they are safe."

Judge Attributes "Significant Responsibility" To Iran For Khobar Towers Bombing. The New York Times (12/23, A13, Lewis, 1.16M) reports, "A federal trial judge ruled Friday that the government of Iran bore significant responsibility for the June 25, 1996, bombing of Khobar Towers in Saudi Arabia, and ordered Tehran to pay more than $253 million in damages to surviving family members of many of the American airmen killed there. Judge Royce C. Lamberth overturned an earlier ruling by a United States magistrate judge who had found that there was insufficient evidence to tie Iran to the terrorist attack, in which 19 military service members were killed. In this case, as in several similar lawsuits, Iran did not participate in the trial, holding that as a sovereign government it could not be sued in an American court." Lambeth "ruled that Iran lacked sovereign immunity under the law, which was amended about 10 years ago to cover acts of terrorism, and entered a default judgment — that is, a ruling in favor of the

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plaintiffs because there was no response from the other side." He "was persuaded of Iran's involvement by testimony from Louis J. Freeh, the former director of the F.B.I., who had taken a deep personal interest in the investigation, and from the bureau's former deputy chief counterterrorism official, Dale Watson."

HOMELAND RESPONSE:

DHS Releases New Chemical Plant Security Rules. The Washington Post (12/23, A22, 690K) reports, "The nation's chemical companies would have to submit to new security inspections and provide the government with plans for protecting themselves from terrorist attacks under proposed rules released yesterday by the Department of Homeland Security. The rules, scheduled to take effect April 4, closely follow the recommendations of the chemical industry and result from legislation President Bush signed into law in October. Companies would be required to assess their own vulnerabilities and provide the government with plans for fixing them under the new rules, which were released for public comment. Industry representatives welcomed their arrival." According to the Post, Democrats "view the new rules as too soft on industry and have sought to require manufacturers, in some cases, to replace toxic materials with safer but more expensive substitutes."

DHS Admits Secure Flight Privacy Violations. The AP (12/22) reports DHS "admitted Friday it violated the Privacy Act two years ago by obtaining more commercial data about U.S. airline passengers than it had announced it would. Seventeen months ago, the Government Accountability Office, Congress' auditing arm, reached the same conclusion: The department's Transportation Security Administration 'did not fully disclose to the public its use of personal information in its fall 2004 privacy notices as required by the Privacy Act.' Even so, in a report Friday on the testing of TSA's Secure Flight domestic air passenger screening program, the Homeland Security department's privacy office acknowledged TSA didn't comply with the law. But the privacy office still couldn't bring itself to use the word 'violate.' Instead, the privacy office said, 'TSA announced one testing program, but conducted an entirely different one.'" TSA spokesman Christopher White "noted the GAO's earlier conclusions and said, 'TSA has already implemented or is in the process of implementing each of the DHS privacy office recommendations.'"

CNET News.com (12/23, McCullagh) adds, "The Transportation Security Agency, operating under the auspices of Homeland Security, had publicly pledged two years ago--in official notices describing the Secure Flight program--that it "will not receive" or have access to dossiers on American travelers compiled by a Beltway contractor. That promise turned out to be untrue, according to a report published Friday by DHS' privacy office. The commercial data 'made its way directly to TSA, contrary to the express statements in the fall privacy notices about the Secure Flight program,' the report says. … The report, and a second one critiquing a government database called Matrix, was released on the last business day before Christmas, a tactic that federal agencies and publicly traded companies sometimes use to avoid drawing attention to critical findings. Neither report appears on the DHS.gov or TSA.gov home pages, or even on the home page of the DHS privacy office, but rather was linked to from a subpage on the DHS privacy site."

WAR NEWS:

Gates Sees "Broad Agreement" On Having Iraqis Take Lead. The New York Times (12/23, A12, Cloud, O'Neil, 1.16M) reports Defense Secretary Robert Gates "said Friday that American and Iraqi officials were in 'broad strategic agreement' about how to address the violence here, and he stressed that success 'will only be achieved with a joint effort with the Iraqis taking the lead.' The Times adds, "The policy review has created tensions between White House officials who have been pressing for a so-called surge — the temporary addition of American troops to quell violence in Baghdad and Sunni-dominated Anbar Province — and military leaders, who have warned that the move could slow the rate at which Iraqi troops move to the forefront." Gates "seemed to emphasize the need for Iraqi troops to play a larger part, saying that he was impressed with the Iraqi government's determination 'to take a leadership role in dealing with some of these security problems and then economic reconstruction.'"

The Financial Times (12/23, Negus) reports, "US commanders in Baghdad are understood to have told Mr Gates what the joint chiefs in the Pentagon have already concluded: that a surge in troop levels would be counter-productive because it could not be sustained for a long

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period, and would reduce the pressure on the Iraqi government to clamp down on sectarian militias. While it is unclear whether Mr Gates will endorse the views of military leaders, Mr Bush this week side-stepped a question about whether he would ignore the advice of his commanders." However, the Los Angeles Times (12/23, Barnes, 850K) has a different take, saying in a front-page report that "op U.S. military commanders in Iraq have decided to recommend a 'surge' of fresh American combat forces, eliminating one of the last remaining hurdles to proposals being considered by President Bush for a troop increase."

Lawmakers Might Resist "New Way Forward." The Los Angeles Times (12/23, Gerstenzang, 850K) reports, "As President Bush considers whether to temporarily boost the number of U.S. troops in Iraq, few members of Congress are stepping forward forcefully to promote the idea," mostly reacting with a "mix of silence, skepticism and outright opposition. ... Some members of Congress are asking what mission the troops would be charged with performing and questioning the likelihood of success."

Al Qaeda Allies Claim Wider Base Of Support In Iraq. The Washington Post (12/23, A17, DeYoung, 690K) reports, "Forces allied with al-Qaeda in Iraq claimed yesterday to have broadened their base of support among Iraqi Sunnis, saying that 70 percent of tribal sheiks and a number of previously independent insurgent groups have pledged allegiance to what has been called the Islamic State of Iraq under its emir, Abu Omar al-Baghdadi." An audiotape "attributed to Baghdadi and released on the Internet invited officers in ousted president Saddam Hussein's disbanded army to join the insurgents. ... Since the death last summer of Abu Musab al-Zarqawi, the brutal leader of al-Qaeda in Iraq, once-disparate Sunni insurgent groups have portrayed themselves as increasingly unified, with political as well as military goals. ... The insurgents appear well aware of the Bush administration's current policy review, saying that U.S. military forces in Iraq are staggering and 'starting to look for flight.'"

Insurgents Offer US 30-Day Truce. CNN.com (12/22) reports that in the tape "a speaker identified as Abu Omar al-Baghdadi, the leader of the Mujahideen Shura Council, said that if U.S. forces begin withdrawing from Iraq immediately and leave their heavy weaponry behind, 'we will allow your withdrawal to complete without anyone targeting you with any explosive or anything else.'"

AFP (12/23) also reports the offer, saying, "Abu Omar al-Baghdadi also charged that Washington had attempted to open communications through Saudi intermediaries but said he had rebuffed the overture, in the voice recording whose authenticity could not immediately be verified."

Five US Soldiers Killed In Iraq. The Iraq death toll for December was mentioned by both CBS and NBC. The CBS Evening News (12/22, story 8, 0:15, Couric, 7.66M) reported, "December's been another especially deadly month for American forces in Iraq. Today the military announced five more deaths in Anbar province. That brings the total for the month to 76." NBC Nightly News (12/22, story 3, 0:25, Williams, 9.87M) ran a similar brief item, and the Washington Post (12/23, A17, Trejos, 690K) and the Washington Times/AP (12/23, Torchia) also have reports.

Shiites Begin To Remake Baghdad. The New York Times (12/23, Tavernise, 1.16M) reports on its front page, "Large portions of Baghdad have become Shiite in recent months, as militias press their fight against Sunni militants deeper into the heart of the capital, displacing thousands of Sunni residents. At least 10 neighborhoods that a year ago were mixed Sunni and Shiite are now almost entirely Shiite, according to residents, American and Iraqi military commanders and local officials. For the first years of the war, Sunni militants were dominant, forcing Shiites out of neighborhoods and systematically killing bakers, barbers and trash collectors, who were often Shiites. But starting in February, after the bombing of a shrine in the city of Samarra, Shiite militias began to strike back ... Sunnis have grown suspicious [of the 'Shiite-dominated government"s promises]." The Times adds, "The debate reaches to the heart of the American enterprise here. While President Bush is considering more troops, some in the Shiite-dominated government say the Americans should stay out of the sectarian fight in Baghdad and let the battle run its course." Meanwhile, Sunni Arabs contend "that an emboldened [Shiite] fringe will conduct broader killings without being stopped by the government, or, some fear, with its help. That could, in turn, draw Sunni countries into the fight and lead to a protracted regional war, precisely the outcome that Americans most fear."

Iraqi Citizens Sue Over Oil For Food Bank, Wheat Exporter. The AP (12/23, Neumeister) reports, "[Seven] Iraqi citizens filed a $200 million lawsuit Friday

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against a prominent European bank and an Australian wheat exporter, saying they were cheated out of humanitarian goods when the companies permitted the U.N. oil-for-food program to be corrupted. ... The suit, in U.S. District Court in Manhattan, seeks at least $200 million in damages under the federal Racketeer Influenced and Corrupt Organizations Act, the Foreign Corrupt Practices Act and the International Emergency Economic Powers Act." The suit "said the bank, BNP Paribas, and AWB Limited, the largest humanitarian goods provider under the oil-for-food program, cheated the citizens of Iraq from June 10, 1999, to June 3, 2003." The Washington Post (12/23, A10, 690K) runs an abbreviated version of the story.

Flurry Of Calls Over Draft Reaches Spokesman. The New York Times (12/23, A14, Lichtblau, 1.16M) reports on Dick Flahavan, the "de facto media contact" for Selective Service: "With the military draft out of business since 1973, the Selective Service just doesn't get a lot of calls these days. But by midday Friday, Mr. Flahavan's office had fielded dozens of inquiries, not just from reporters but from some anxious parents as well, all with some variation of the same urgent question: Are you reinstituting the draft?" Calls resulted from "a Hearst wire service article noting that the Selective Service was making plans for a 'mock' draft exercise that would use computerized models to determine how, if necessary, the government would get some 100,000 young adults to report to their local draft boards. ... With President Bush saying that he wants to increase the size of the Army and the Marine Corps, the military strained near the breaking point and the secretary of veterans affairs suggesting publicly this week that a reconstituted draft could 'benefit' the country, even the notion of a mock exercise seemed to strike a nerve." The Times adds, "Although senior military officers agree that the armed forces are stretched, they also agree that a return to the draft is not the best way to fill the ranks."

CORPORATE SCANDALS:

Siemens CEO Remains Positive. Financial Times (12/23, Milne) reports, "Fighting to save his reputation - and that of Europe's largest engineering group - amid a €420m ($553m) bribery scandal," Siemens CEO Klaus Kleinfeld "has already had to undergo the indignity of giving up a 30 per cent pay rise and becoming perhaps the most unpopular manager in Germany after a former division became insolvent. … But in an interview over lunch at the German group's Munich headquarters Mr Kleinfeld strikes a bullish note, annus horribilis or not. … Mr Kleinfeld is adamant that the Nokia deal will go ahead - almost certainly without financial penalties for Siemens. But there is little doubt that he is taxed by the bribery scandal and the bashing Siemens' reputation has received as a result. Mr Kleinfeld says he is determined not only that the truth comes out about what happened but that 'five years down the road I want people to say that Siemens [sets] an example for a transparent company.'"

The Wall Street Journal (12/22, B4, Esterl, 2.04M) reported, "Siemens AG Chief Executive Klaus Kleinfeld said he is hopeful the financial scope of alleged fraud at the German conglomerate will shrink from the €420 million ($553 million) in transactions the company has identified as suspicious. Mr. Kleinfeld defended top management's role in the money-laundering and bribery investigation, saying that Europe's largest engineering company by sales has tightened compliance procedures in recent years. But he also acknowledged that the investigation, which has forced the delay of a €16 billion merger of the telecommunications equipment divisions of Siemens and Finland's Nokia Corp., has exposed shortcomings in corporate governance at the German company."

Justice Investigates Minerals Management Service. The Midland (TX) Reporter-Telegram (12/23) reports, "The Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service, which is already the focus of several inquiries into its collection of royalties for oil and gas produced on federal property. The new investigations are still in the early stages, said congressional officials who were briefed earlier this week by Earl E. Devaney, the Interior Department's chief independent investigator." They "are an unexpected development in what has already become a broad examination of the Interior Department's oversight of companies that pump more than $60 billion worth of oil and gas each year from publicly owned land and coastal waters. … That investigation is being run by the Justice Department's Public Integrity Section, which examines suspected criminal violations by federal employees. The focus of the second investigation is unclear, but it is being conducted by the inspector general with help from the FBI."

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Potential Conflict Of Interest Seen For US Attorney. The San Diego Union-Tribune (12/23, Thornton, 324K) reports, "U.S. Attorney Carol Lam is, or was, a longtime client of financial adviser and pension whistle-blower Diann Shipione – a relationship that some lawyers said raises the specter of conflict of interest. Shipione, a vice president at UBS Financial, an investment banking and securities firm, is likely to be a key witness in the federal case brought by Lam's office against five former San Diego pension officials. Defense attorneys said Lam may have been improperly influenced by Shipione and that the entire case is tainted as a result. They said they intend to investigate and possibly seek dismissal of the case, but some legal experts said that without proof of egregious misconduct, such a severe remedy is unlikely."

Smartmatic Blames US Scrutiny For Sale Of Voting-Machine Company. Financial Times (12/23, Kirchgaessner) reports, "A company with ties to Venezuela yesterday blamed Washington's increasing scrutiny of foreign acquisitions of US assets for its decision to sell a California-based voting-machine company it acquired last year. The move by Smartmatic comes months after the Committee on Foreign Investment in the US (Cfius) opened an investigation into the national security implications of the company's ownership of Sequoia, a supplier of voting machines used in US elections. The inter-agency committee took the unusual step of investigating the deal months after it was completed, when a New York congresswoman, Carolyn Maloney, wrote to the then Treasury secretary, John Snow, with questions about the deal and whether the company had ties to the government of Venezuelan President Hugo Chávez."

CRIMINAL LAW:

Nifong Drops Rape Charges In Duke Lacrosse Case. The New York Times (12/23, Barstow, Wilson, 1.16M) reports, "The Durham district attorney dropped rape charges against three former Duke lacrosse players on Friday, but he said he would continue to pursue kidnapping and sexual offense charges that carry equally stiff sentences. The district attorney, Michael B. Nifong, who has faced relentless and rising criticism for his handling of the case, said he dismissed the rape charges because the accuser had begun to waver on crucial details." The Times adds, "[H]is decision, coming in a case that has already transfixed and divided this state and much of the nation, also intensified questions about Mr. Nifong himself. Since the first frenzied weeks of this case, Mr. Nifong's judgment has repeatedly come under fire. Defense lawyers, defendants' families and friends, bloggers and many experts have attacked him for making early outspoken comments about the case, setting up a lineup that violated police procedures, failing to interview the woman himself and sitting on evidence favorable to the defendants. Above all, they say, he ignored his basic obligation to seek the truth."

Bush's Pardon List Includes Several Never Sentenced To Jail. The Washington Times (12/23, 88K) reports President Bush "ave a pre-Christmas gift to 17 minor criminals, but even after adding these pardons and one sentence commutation to his record he remains one of the least-forgiving of presidents. Six of the federal offenses involved in the 16 pardons and one commutation issued Thursday were drug crimes, while others included bank fraud, mail fraud, the acceptance of a kickback, a false statement on a loan application and conspiracy to defraud the government over taxes. Seven of the 17 weren't even sent to prison or jail, getting probation, small fines or other penalties instead. The longest sentence was nine years, for aiding cocaine distribution, followed by a six-year term for conspiracy to possess marijuana. With this batch, Mr. Bush has issued 113 pardons and commuted three sentences in his nearly six years in the White House, according to spokesman Tony Fratto."

CIVIL LAW:

Federal Appeals Court Sides With FEMA On Restart Of Katrina Housing Program. The Washington Post (12/23, A22, Apuzzo, 690K) reports, "A federal appeals court told the Bush administration yesterday that it does not need to immediately restart a housing program for thousands of Hurricane Katrina victims. The ruling by a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit puts a restart on hold at least until March, when the court will hear arguments in the case. The court suspended an order by U.S. District Judge Richard J. Leon, who said last month that the Federal Emergency Management Agency violated the Constitution when it

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eliminated short-term housing assistance. … Under Leon's order, FEMA told officials in Texas early this week to expect federal money for housing about 4,200 evacuees. Yesterday's ruling means FEMA can advise Texas that plans have changed." The New York Times (12/23, A14, Dewan, 1.16M) reports, "Last spring, FEMA began notifying thousands of families who were given emergency shelter after the storms that they did not qualify for long-term help in the form of rent and utility payments, shocking many families who had been given housing vouchers good for a year." The Houston Chronicle (12/23, Reinert, Carroll, 530K) reports, "The Association of Community Organizations for Reform Now, or ACORN, sued FEMA in August for failing to adequately explain why the housing benefits were ending. … In addition to the rental subsidies, estimated at $750 per family per month, Leon was pushing FEMA to make back payments for September, October and November. He also ordered the agency to explain to the evacuees why the assistance was denied in the first place and what they are required to do to reinstate it."

Louisiana Officials Upset By Distribution Of FEMA Housing Grants. The New York Times (12/23, A14, Lipton, 1.16M) reports, "FEMA trailers, the cramped, impersonal housing units that have come to define the federal response to major disasters, may be on the way out, thanks to $388 million in federal grants, announced Friday, that will test half a dozen cozier, more permanent models of postdisaster housing. … Mississippi came out on top in the contest for the grants, receiving $280.8 million, compared with $74.5 million for Louisiana, $16.5 million for Texas and $15.7 million for Alabama. Officials in Louisiana were furious, saying their state, which suffered the greatest losses in Hurricanes Katrina and Rita last year, had been shortchanged." Sen. Mary Landrieu is quoted as saying, ""FEMA has clearly learned very little from its mistakes, let alone basic math or a sense of fundamental fairness." However, FEMA officials "said Mississippi's big share simply reflected the creativity of its plans, as the financing was awarded competitively, based on how quickly the new models could be set up, how comfortable and safe they would be and how much they would cost, among other factors."

CIVIL RIGHTS:

Pennsylvania At Risk Of Losing House Seat At Next Reapportionment. The Philadelphia Inquirer (12/23, Fifield, 385K) reports, "New U.S. census data could mean the loss of congressional clout for both Pennsylvania and New Jersey and drops the Garden State from among the nation's 10-most-populous states." If the House "were reapportioned based on the numbers, Pennsylvania would be among seven states to lose a seat," while New Jersey would hold all of its 13 seats. Iowa, Louisiana, Massachusetts, Missouri, New York, and Ohio "also would shed seats, while Arizona, Florida, Georgia, Nevada and Utah would each gain one and Texas would pick up two."

Nevada Now Fastest-Growing State. NBC Nightly News (12/22, story 8, 1:05, Williams, 9.87M) reported, "It has taken 19 years but tonight, Nevada has been knocked out of first place as the fastest-growing state in America. The new fastest growing state in the nation: not Nevada, it's in Arizona, according to the US Census Bureau's latest population report, which shows some 32,000 immigrants moving there, along with four times as many people relocating from California and elsewhere. Nevada is now the second-fastest growing state, followed by Idaho, Georgia and Texas. At the other end of the spectrum, losing population were Washington, D.C., along with Rhode Island, New York, and Louisiana, which by the way, lost more people than any other state largely because of Hurricane Katrina."

Abortion Case Brought By Departing Kansas AG Thrown Out. The Washington Post (12/23, A3, Hegeman, 690K) reports Kansas Attorney General Phil Kline "charged a well-known abortion provider Friday with illegally performing late-term abortions, but a Sedgwick County judge threw out the charges only hours later. Judge Paul W. Clark dismissed the charges against George Tiller at the request of Sedgwick County District Attorney Nola Foulston, who said her office had not been consulted." Kline, "who lost his reelection bid in November and leaves office in three weeks, said he would try to get Clark to reinstate the charges."

Justice Report Offers "Nightmarish Picture" Of Lubbock State School. The Dallas Morning News/AP (12/23, Peterson) reports, "Shoddy health care, substantial neglect and harmful treatment techniques have jeopardized the lives of Lubbock State School residents, federal investigators said in a report that criticized nearly every part of the facility. The U.S. Department of Justice report

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paints a nightmarish picture of the facility that cares for about 350 people with mental retardation and developmental disabilities. … Michael Jones, a spokesman for the state agency that oversees the state school, said he could not comment on the report's contents because 'it's still a potential legal matter.' But he would say the facility has a new management team that has worked hard to improve training and hire more medical professionals."

ANTITRUST:

Murdoch Announces Agreement To Sell DirecTV Stake To Liberty. USA Today (12/22, Lieberman, 2.27M) reported, "On Friday — three years, to the day, after News Corp. (NWS) took control of DirecTV — CEO Rupert Murdoch announced an agreement to turn over his controlling 38.5% interest in the No. 1 satellite company, as well as three regional sports networks and $550 million in cash, to Liberty in exchange for its 16.3% stake in News Corp. The deal, which values Liberty's shares at about $11 billion, ends a potential threat to Murdoch's control of News Corp. that Malone posed after he acquired his voting shares two years ago. Executives expect the deal to close in the middle of 2007 following approvals from News Corp. shareholders, federal antitrust officials and the Federal Communications Commission."

Murdoch, Malone Now Free To "Pursue Broader Ambitions." The Los Angeles Times (12/23, Menn, 850K) reports that the "long-awaited agreement…frees" Murdoch and Liberty CEO John Malone to each "pursue broader ambitions in his medium of choice. Murdoch expects faster growth in the Internet business than he does in U.S. satellite TV distribution." The Times writes, "By solidifying control of News Corp., Murdoch can more easily seek out deals like the 2005 acquisition of the MySpace.com social networking site. Meanwhile, Malone is unlikely to settle for the investment in El Segundo-based DirecTV Group Inc. that he gets from Murdoch."

Dicks Sporting Goods Receives Antitrust Approval For Golf Galaxy Acquisition. The AP (12/22) reported, "Dick's Sporting Goods Inc. on Friday said federal authorities have approved its pending $225 million acquisition of Golf Galaxy Inc. The companies agreed to the takeover in November, under which Dick's will pay Golf Galaxy shareholders $18.82 per share in cash."

Judge Asked To Unseal MediaNews Antitrust Documents. The Eureka Reporter (12/23) reports, "A media advocacy group and an alternative weekly newspaper asked a federal judge Thursday to unseal key documents in an antitrust case involving MediaNews Group Inc. and the San Francisco Chronicle. The Oakland-based Media Alliance and the San Francisco Bay Guardian filed a motion with U.S. District Judge Susan Illston to make public court records in a lawsuit that challenges a business partnership between MediaNews and the Hearst Corp, the Chronicle's publisher.

ENVIRONMENT/INDIAN AFFAIRS:

Court Strikes Down Bush Administration Clean Air Regulations. The Washington Post (12/23, A10, Heilprin, 690K) reports, "A federal appeals court yesterday struck down the Bush administration's strategy for reducing smog, ruling that the Environmental Protection Agency's rules for forcing state cleanups do not meet requirements of the Clean Air Act. Judge Judith W. Rogers, writing for the three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit, said, 'EPA has failed to heed the restrictions on its discretion set forth in the Act.' The court ordered the agency to come up with another enforcement plan. … EPA in 2004 issued new smog standards requiring 474 counties, with about 159 million people living in them, to reduce pollution of smog-causing ozone and improve the air enough to meet federal health standards. The agency gave them three to 17 years to do so. The appellate panel said that was too long. It also said the agency was allowing 'backsliding' by states when it should have been directing them to order new emission controls on industrial plants, more public transportation, tougher vehicle-inspection programs or cleaner-burning gasoline."

Ninth Circuit Panel Halves Damages Stemming From Exxon Valdez Spill. The CBS Evening News (12/22, story 5, 0:30, Couric, 7.66M) reported, "The world's biggest oil company got an early Christmas present today." The New York Times (12/23, A17, Barringer, 1.16M) reports, "A federal appeals panel on Friday cut nearly in half the $4.5 billion punitive damage award against Exxon Mobil as a result of the Exxon Valdez oil spill in 1989. A majority of a three-judge panel said the company's negligent

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conduct, while 'particularly egregious,' was not intentional and did not warrant the maximum financial penalty that a lower court imposed. The panel of the United States Court of Appeals for the Ninth Circuit, in San Francisco, split on applying legal precedents to the company responsible for the worst oil spill in United States history. It cut the award for punitive damages to $2.5 billion." The Washington Post (12/23, D1, Kravets, 690K) reports, "The case, one of the nation's longest-running noncriminal legal disputes, stems from a 1994 decision by an Anchorage jury to award the damages to 34,000 fishermen and other Alaskans. Their property and livelihoods were damaged when the Exxon Valdez tanker struck a charted reef, spilling 11 million gallons of crude oil. It is the third time the U.S. Court of Appeals for the 9th Circuit ordered the Anchorage court to reduce the $5 billion award, the nation's largest at the time, saying it was unconstitutionally excessive in light of U.S. Supreme Court precedent."

FBI/DEA/ATF/USMS:

Federal Probe Into Stevens' Son Could Be Expanding. On its web site, Roll Call (12/22, Stanton) reports, "In a move that could signal a widening of the investigation into the son of Sen. Ted Stevens," federal investigators probing Alaska Senate President Ben Stevens "have issued a host of subpoenas to fishing industry executives and trade associations in Seattle, Alaska and Washington, D.C., sources familiar with the investigation said. Federal investigators with the FBI and the Department of Justice have been looking into Ben Stevens for at least a year as part of a broader ethics probe of a group of state lawmakers." The scandal "has swept up some of the state's most powerful families and companies, including the Stevenses, energy industry giant VECO Corp. and other entities in the oil and gas sector." But there is "no evidence that federal investigators are targeting Ted Stevens or any other Member of Congress in the investigation."

IMMIGRATION:

ICE Has Repatriated 2,300 Illegal Aliens In Past Two Weeks. The Washington Times (12/23, Seper, 88K) reports U.S. Immigration and Customs Enforcement agents "removed more than 2,300 illegal aliens from the country in the past two weeks on 35 flights to the Caribbean, Latin America, Asia and Africa -- one of the busiest periods of the year for ICE's Office of Detention and Removal Operations. Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said 852 of those removed had criminal records, and that another 21 flights this week will take 2,087 aliens to Central America and the Caribbean, including 515 who are criminal aliens. … In fiscal 2006, ICE removed more than 186,600 illegal aliens from the country, a record for the agency and a 10 percent increase over the number of removals during the previous fiscal year. More than 50,000 of them were repatriated to Central American and Caribbean Basin countries."

CONGRESS-ADMINISTRATION:

Attorneys Detail Potential Pitfalls For Witnesses In Congressional Hearings. In a "Rule of Law" column appearing in the Wall Street Journal (12/23, A9, 2.04M) Adam Goldberg and Preston Burton, partners at Orrick Herrington & Sutcliffe LLP, write, "As corporate America steels itself for an onslaught of investigations by the Democratically controlled Congress, consultants are busy advising companies on how best to prepare for and get through them. While one can do much to manage the fallout, navigating one of these investigations is a lot like surfing. Regardless of what you do, the biggest factor is still the size and nature of the wave. On this score, witnesses called before Congress have few protections." They note that Congress "does not necessarily recognize the attorney-client privilege and the protections that it gives individuals and companies," that there is a "very limited right to counsel," that "there is effectively no limit to what Congress can subpoena, or do with the information that it has obtained," and that "every now and then Congress appears to set a 'perjury trap' -- asking or compelling a witness to testify and then making a criminal referral for perjury to the Department of Justice when that witness fails to remember something or remembers something incorrectly."

OTHER NEWS:

Edwards, Obama Tied For Lead, Clinton Fourth, In Iowa Caucus Poll. The Research 2000 Iowa Poll surveyed 400 likely 2008 Iowa Democratic caucus

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goers (+/- 5%) over December 18-20. John Edwards and Sen. Barack Obama are tied at 22% each, followed by Gov. Tom Vilsack at 12%, Sen. Hillary Clinton 10%, Al Gore 7%, Sen. John Kerry 5%, Wesley Clark 4%, Rep. Dennis Kucinich 4%, Sen. Evan Bayh 1%, Sen. Joseph Biden 1%, and Gov. Bill Richardson 1%, with 11% undecided.

McCain Leads Giuliani By One Point In Iowa Caucus Poll. The Research 2000 Iowa Poll surveyed 400 likely 2008 Iowa Republican caucus goers (+/- 5%) over December 18-20. Sen. John McCain leads with 27%, followed by Rudy Giuliani at 26%, Gov. Mitt Romney 9%, Newt Gingrich 7%, Secretary of State Condoleezza Rice 4%, Sen. George Allen 1%, Sen. Sam Brownback 1%, Gov. Jeb Bush 1%, Gov. George Pataki 1%, Sen. Rick Santorum 1%, and Rep. Duncan Hunter 0%, with 22% undecided.

Aide Says Romney Presidential Run Will Begin In Early January. The AP (12/22) reports a "top adviser" to Gov. Mitt Romney said Romney will announce his bid for the presidency "in two phases early next month." Romney is expected to file FEC paperwork to create presidential campaign committee "as early as Jan. 2," as "as soon as the week of Jan. 8, Romney will hold a ceremony to officially declare his candidacy." The timing "is somewhat dependent on when Sen. John McCain of Arizona makes an expected announcement about his own campaign for the GOP nomination, the Romney aide said."

Rice Says US Ready To Elect Black President. The Washington Times/AP (12/23, Gearan) reports on its front page that Secretary of State Condoleezza Rice says the US "is ready to elect a black president." Rice said in an interview, "Yes, I think a black person can be elected president." But "we should not be naive. Race is still an issue in America. When a person walks into a room, race is evident. It's something that I think is going to be with us for a very, very long time." The story notes that Rice "has said repeatedly she will not run for president, despite high popularity ratings and measurable support in opinion polls."

WPost Laments Shrinking Presidential Field, But Also Gilmore Candidacy. The Washington Post (12/23, A20, 690K) editorializes, "In theory, this should be the most wide-open presidential contest in decades. In reality, more than a year before the first vote, the field seems to be narrowing awfully fast. … It would be unfortunate if the departures portended a presidential race winnowed to a few almost before it begins. The country would benefit from a multitude of voices in both parties -- not just Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) on the Democratic side and Sen. John McCain (Ariz.), Massachusetts Gov. Mitt Romney and former New York mayor Rudy Giuliani on the Republican. … We're anxious to see some Davids tromping through the snows of Iowa and New Hampshire, not just a few big-footed Goliaths. And we'd like the voters to have some say in deciding which is which."

In a related editorial, the Washington Post (12/23, A20, 690K) says it is less than pleased that James Gilmore, "the highhanded, dissent-averse and altogether unsuccessful ex-governor of Virginia," is among those remaining in the field. The Post says, "Heaven help us. For if Mr. Gilmore does to the 50 states what he did to the Old Dominion, the federal government might as well declare bankruptcy now. … A former governor from the South, zealous about tax-cutting and allergic to opposing views, who stubbornly insists on ill-fated policies despite abundant and well-founded warnings that they are leading to ruin. Maybe this guy is presidential material after all."

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule; at Camp David for Christmas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: BETHLEHEM _ 4 p.m. The Ad Hoc Committee for Bethlehem holds a procession creating a "circle of Light" around the White House to dramatize the situation in Bethlehem. Location: Lafayette Park. Contacts: Rev. Susan Wilder, 703-913-5913

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Generals: More Troops Needed In Iraq."

"Delivering Dual Benefits."

"A Sousa Band Of Indians."

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"Web Error Reveals Censure Of U.S. Judge."
"Meat And Milk From Cloning Are Safe, 2 FDA Scientists Say"
"OT Pushes Guards' Pay Past $100,000."
"'War On Christmas' Has A New Jingle: Money."

New York Times:

"District By District, Shiites Make Baghdad Their Own."
"Gates Says Iraqis And U.S. Are In 'Broad Strategic Agreement.'"
"Charges Of Rape Against 3 At Duke Are Abandoned."
"A Joint Attack On Many Perils Of Africa's Young."
"Seductively Easy, Payday Loans Often Snowball."
"In Shirt-Sleeve Holiday Season, Overcoats Linger On The Racks."
"From Scum, Perhaps The Tiniest Form Of Life."

Washington Post:

"Prosecutors Drop Duke Rape Counts."
"Va. Soldier, Tested In Combat In Iraq, Shifts Focus To Future, Family."
"Lerners Plan To Spend Millions More On Improvements To D.C. Ballpark."
"Schwarzenegger Remakes Himself As Environmentalist."
"Toyota Expects To Be World's No. 1 Automaker Next Year."

Washington Times:

"Judge Faults Iran In '96 Bombing."
"Rice: Black President A Real Option, But Not Her."
"Ecuador's Leader To Oust U.S. From Base."
"'Entire City' Invited To Fenty's Bash."

Detroit Free Press:

"Last-Minute Michigan Holiday Shoppers Aim For Discounts."
"Toyota's '07 Sales Likely To Pass Gm's."
"Goodyear And Union End Strike."

Atlanta Journal-Constitution:

"Bolton Tapped As DeKalb Chief."
"Duke Rape Charges Dropped."
"Smooth Sailing At Airport."
"Diebold Hires Ex-Elections Chief."
"Judge Won't Delay Nichols Trial."
"Love Shack Order Delayed."

Dallas Morning News:

"Red-Light Camera Bill A Threat To City Coffers."
"Bush Library Could Mean Big Changes In Park Cities."
"Ousted Police Chief Bolton Lands New Job."
"Apartments Sue Over FB Ordinance."
"Data On 15,000 TWU Students Exposed."
"Experts: E-Cards Not Always Best."
"Mild Temps, Light Rain Expected For Weekend."

Houston Chronicle:

"Houstonian Dies In 12-Story Elevator-Shaft Fall."
"2 Houston-Area Hunting Accidents Kill 1, Injure 1."
"Feds Critical Of Safety Plan For Trailers At Refineries."
"Fallen Brazoria Soldier Helps Twin With His Dream."
"Culberson Firm On Metro Rail-Bypass Stance."
"Ex-State Ag Morales Enters Halfway House."
"New Ruling Puts Freeze On FEMA Payments."

Story Lineup From Last Night's Network News:

ABC: Travel Delays; Duke Rape Case; Bush At Walter Reed; Terror Threats; Shuttle Landing; Amish Girl Goes Home; Day Care Difficulties; Person Of The Week.

CBS: Duke Rape Case; Duke Rape Case Analysis; Travel Delays; Gift Card Sales; Shuttle Landing; Terror Threats; Iraq Death Toll; Baghdad Neighborhood; Free Speech-Meaning Of Christmas; Belief In Santa Claus; Car Salesmen; Favorite Stories Of 2006.

NBC: Duke Rape Case; Travel Delays; Iraq Death Toll; Bush At Walter Reed; Military Holiday Greetings; Toyota Becomes World's Largest Automaker; Shuttle Landing; Us Population Shifts.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 23, 2006 7:45 AM EST

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TERRORISM NEWS:

Iraqi-Trained Terrorists Could Be Planning Terror Attacks On Europe, US. ABC World News (12/22, story 4, 3:00, Gibson, 8.78M) reported, "British officials are on edge tonight concerning about a possible imminent terrorist attack. Intelligence sources tell ABC News that al Qaeda operatives in Britain are being encouraged to strike during the Christmas holidays. Britain's top policeman said he has no intelligence about exactly when an attack may occur, but counterterrorism police have never been busier." ABC went on to report, "One of the reasons British officials are anxious involves a new threat. Hundreds of European Muslims traveled to Iraq to join the insurgency, and ABC News learns intelligence officials fear some foreign fighters may return to Europe to execute attacks, and the US could be at risk as well. A new State Department report obtained by ABC News says foreign fighters in Iraq include Islamic radicals 'from France, Germany, Italy, Sweden, and the United Kingdom.' The report calls them 'Iraq war alumni' and concludes the 'radicalization is a high risk to US interests.' A major concern: those radicals will return from Iraq as heroes and may find fertile recruiting ground in Europe."

The CBS Evening News (12/22, story 7, 0:25, Couric, 7.66M) reported, "The police chief in London said today that al Qaeda might be planning a Christmastime attack." The AP (12/22) reports Metropolitan Police Commissioner Sir Ian Blair "said al-Qaeda represented the gravest threat to Britain since World War II and was of an 'unparalleled nature and growing.' 'The threat of another terrorist attempt is ever present,' he told British Broadcasting Corp. radio. 'Christmas is a period when that might happen. We have no specific intelligence to do (with) that.'"

NYPD Seeks Study On Train Tunnels' Vulnerability To Terrorism. The New York Times (12/23, B5, Neuman, Rashbaum, 1.16M) reports New York police commissioner Ray Kelly "said yesterday that he had asked the Port Authority of New York and New Jersey to turn over a copy of a security analysis of the PATH train tubes beneath the Hudson River that shows they might be more vulnerable than previously thought to a small but powerful bomb. Mr. Kelly's request came after a government official provided a draft summary of the analysis to The New York Times because the official was concerned that the Port Authority had not acted with sufficient urgency in its response to the findings. The findings were presented to senior managers at the agency, which runs the PATH trains, last month, the official said." Kelly "called the new data on the PATH tubes 'a cause for concern,' although he said he believed the trains were safe." The CBS Evening News (12/22, story 7, 0:25, Couric, 7.66M) reported, "a government report says train tunnels between New York and New Jersey are vulnerable to an attack. The report, obtained by the New York Times, warns a small bomb could trigger a flood inside those tunnels. The Port Authority, which operates the tunnels, insists they are safe."

Judge Attributes "Significant Responsibility" To Iran For Khobar Towers Bombing. The New York Times (12/23, A13, Lewis, 1.16M) reports, "A federal trial judge ruled Friday that the government of Iran bore significant responsibility for the June 25, 1996, bombing of Khobar Towers in Saudi Arabia, and ordered Tehran to pay more than $253 million in damages to surviving family members of many of the American airmen killed there. Judge Royce C. Lamberth overturned an earlier ruling by a United States magistrate judge who had found that there was insufficient evidence to tie Iran to the terrorist attack, in which 19 military service members were killed. In this case, as in several similar lawsuits, Iran did not participate in the trial, holding that as a sovereign government it could not be sued in an American court." Lambeth "ruled that Iran lacked sovereign immunity under the law, which was amended about 10 years ago to cover acts of terrorism, and entered a default judgment — that is, a ruling in favor of the plaintiffs because there was no response from the other side." He "was persuaded of Iran's involvement by testimony from Louis J. Freeh, the former director of the F.B.I., who had taken a deep personal interest in the investigation, and from the bureau's former deputy chief counterterrorism official, Dale Watson."

HOMELAND RESPONSE:

DHS Releases New Chemical Plant Security Rules. The Washington Post (12/23, A22, 690K) reports, "The nation's chemical companies would have to submit to new security inspections and provide the government with plans for protecting themselves from terrorist attacks under proposed rules released yesterday by the Department of Homeland Security. The rules, scheduled to take effect April 4, closely follow the recommendations of the chemical industry and result from legislation President Bush signed into law in October. Companies would be required to assess their own vulnerabilities and provide the government with plans for fixing them under the new rules, which were released for public comment. Industry representatives welcomed their arrival." According to the Post, Democrats "view the new rules as too soft on industry and have sought to require

manufacturers, in some cases, to replace toxic materials with safer but more expensive substitutes."

DHS Admits Secure Flight Privacy Violations. The AP (12/22) reports DHS "admitted Friday it violated the Privacy Act two years ago by obtaining more commercial data about U.S. airline passengers than it had announced it would. Seventeen months ago, the Government Accountability Office, Congress' auditing arm, reached the same conclusion: The department's Transportation Security Administration 'did not fully disclose to the public its use of personal information in its fall 2004 privacy notices as required by the Privacy Act.' Even so, in a report Friday on the testing of TSA's Secure Flight domestic air passenger screening program, the Homeland Security department's privacy office acknowledged TSA didn't comply with the law. But the privacy office still couldn't bring itself to use the word 'violate.' Instead, the privacy office said, 'TSA announced one testing program, but conducted an entirely different one.'" TSA spokesman Christopher White "noted the GAO's earlier conclusions and said, 'TSA has already implemented or is in the process of implementing each of the DHS privacy office recommendations.'"

CNET News.com (12/23, McCullagh) adds, "The Transportation Security Agency, operating under the auspices of Homeland Security, had publicly pledged two years ago--in official notices describing the Secure Flight program--that it "will not receive" or have access to dossiers on American travelers compiled by a Beltway contractor. That promise turned out to be untrue, according to a report published Friday by DHS' privacy office. The commercial data 'made its way directly to TSA, contrary to the express statements in the fall privacy notices about the Secure Flight program,' the report says. … The report, and a second one critiquing a government database called Matrix, was released on the last business day before Christmas, a tactic that federal agencies and publicly traded companies sometimes use to avoid drawing attention to critical findings. Neither report appears on the DHS.gov or TSA.gov home pages, or even on the home page of the DHS privacy office, but rather was linked to from a subpage on the DHS privacy site."

WAR NEWS:

Gates Sees "Broad Agreement" On Having Iraqis Take Lead. The New York Times (12/23, A12, Cloud, O'Neil, 1.16M) reports Defense Secretary Robert Gates "said Friday that American and Iraqi officials were in 'broad strategic agreement' about how to address the violence here, and he stressed that success 'will only be achieved with a joint effort with the Iraqis taking the lead.' The Times adds, "The policy review has created tensions between White House officials who have been pressing for a so-called surge — the temporary addition of American troops to quell violence in Baghdad and Sunni-dominated Anbar Province — and military leaders, who have warned that the move could slow the rate at which Iraqi troops move to the forefront." Gates "seemed to emphasize the need for Iraqi troops to play a larger part, saying that he was impressed with the Iraqi government's determination 'to take a leadership role in dealing with some of these security problems and then economic reconstruction.'"

The Financial Times (12/23, Negus) reports, "US commanders in Baghdad are understood to have told Mr Gates what the joint chiefs in the Pentagon have already concluded: that a surge in troop levels would be counter-productive because it could not be sustained for a long period, and would reduce the pressure on the Iraqi government to clamp down on sectarian militias. While it is unclear whether Mr Gates will endorse the views of military leaders, Mr Bush this week side-stepped a question about whether he would ignore the advice of his commanders." However, the Los Angeles Times (12/23, Barnes, 850K) has a different take, saying in a front-page report that "op U.S. military commanders in Iraq have decided to recommend a 'surge' of fresh American combat forces, eliminating one of the last remaining hurdles to proposals being considered by President Bush for a troop increase."

Lawmakers Might Resist "New Way Forward." The Los Angeles Times (12/23, Gerstenzang, 850K) reports, "As President Bush considers whether to temporarily boost the number of U.S. troops in Iraq, few members of Congress are stepping forward forcefully to promote the idea," mostly reacting with a "mix of silence, skepticism and outright opposition. ... Some members of Congress are asking what mission the troops would be charged with performing and questioning the likelihood of success."

Al Qaeda Allies Claim Wider Base Of Support In Iraq. The Washington Post (12/23, A17, DeYoung, 690K) reports, "Forces allied with al-Qaeda in Iraq claimed yesterday to have broadened their base of support among Iraqi Sunnis, saying that 70 percent of tribal sheiks and a number of previously independent insurgent groups have pledged allegiance to what has been called the Islamic State of Iraq under its emir, Abu Omar al-Baghdadi." An audiotape "attributed to Baghdadi and released on the Internet invited officers in ousted president Saddam Hussein's disbanded army to join the insurgents. ... Since the death last summer of Abu Musab al-Zarqawi, the brutal leader of al-Qaeda in Iraq, once-disparate Sunni insurgent groups have portrayed themselves as increasingly unified, with political as well as military goals. ... The insurgents appear well aware of the Bush administration's current policy review, saying that U.S.

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military forces in Iraq are staggering and 'starting to look for flight.'"

Insurgents Offer US 30-Day Truce. CNN.com (12/22) reports that in the tape "a speaker identified as Abu Omar al-Baghdadi, the leader of the Mujahideen Shura Council, said that if U.S. forces begin withdrawing from Iraq immediately and leave their heavy weaponry behind, 'we will allow your withdrawal to complete without anyone targeting you with any explosive or anything else.'"

AFP (12/23) also reports the offer, saying, "Abu Omar al-Baghdadi also charged that Washington had attempted to open communications through Saudi intermediaries but said he had rebuffed the overture, in the voice recording whose authenticity could not immediately be verified."

Five US Soldiers Killed In Iraq. The Iraq death toll for December was mentioned by both CBS and NBC. The CBS Evening News (12/22, story 8, 0:15, Couric, 7.66M) reported, "December's been another especially deadly month for American forces in Iraq. Today the military announced five more deaths in Anbar province. That brings the total for the month to 76." NBC Nightly News (12/22, story 3, 0:25, Williams, 9.87M) ran a similar brief item, and the Washington Post (12/23, A17, Trejos, 690K) and the Washington Times/AP (12/23, Torchia) also have reports.

Shiites Begin To Remake Baghdad. The New York Times (12/23, Tavernise, 1.16M) reports on its front page, "Large portions of Baghdad have become Shiite in recent months, as militias press their fight against Sunni militants deeper into the heart of the capital, displacing thousands of Sunni residents. At least 10 neighborhoods that a year ago were mixed Sunni and Shiite are now almost entirely Shiite, according to residents, American and Iraqi military commanders and local officials. For the first years of the war, Sunni militants were dominant, forcing Shiites out of neighborhoods and systematically killing bakers, barbers and trash collectors, who were often Shiites. But starting in February, after the bombing of a shrine in the city of Samarra, Shiite militias began to strike back ... Sunnis have grown suspicious [of the 'Shiite-dominated government"s promises]." The Times adds, "The debate reaches to the heart of the American enterprise here. While President Bush is considering more troops, some in the Shiite-dominated government say the Americans should stay out of the sectarian fight in Baghdad and let the battle run its course." Meanwhile, Sunni Arabs contend "that an emboldened [Shiite] fringe will conduct broader killings without being stopped by the government, or, some fear, with its help. That could, in turn, draw Sunni countries into the fight and lead to a protracted regional war, precisely the outcome that Americans most fear."

Iraqi Citizens Sue Over Oil For Food Bank, Wheat Exporter. The AP (12/23, Neumeister) reports, "[Seven] Iraqi citizens filed a $200 million lawsuit Friday against a prominent European bank and an Australian wheat exporter, saying they were cheated out of humanitarian goods when the companies permitted the U.N. oil-for-food program to be corrupted. ... The suit, in U.S. District Court in Manhattan, seeks at least $200 million in damages under the federal Racketeer Influenced and Corrupt Organizations Act, the Foreign Corrupt Practices Act and the International Emergency Economic Powers Act." The suit "said the bank, BNP Paribas, and AWB Limited, the largest humanitarian goods provider under the oil-for-food program, cheated the citizens of Iraq from June 10, 1999, to June 3, 2003." The Washington Post (12/23, A10, 690K) runs an abbreviated version of the story.

Flurry Of Calls Over Draft Reaches Spokesman. The New York Times (12/23, A14, Lichtblau, 1.16M) reports on Dick Flahavan, the "de facto media contact" for Selective Service: "With the military draft out of business since 1973, the Selective Service just doesn't get a lot of calls these days. But by midday Friday, Mr. Flahavan's office had fielded dozens of inquiries, not just from reporters but from some anxious parents as well, all with some variation of the same urgent question: Are you reinstituting the draft?" Calls resulted from "a Hearst wire service article noting that the Selective Service was making plans for a 'mock' draft exercise that would use computerized models to determine how, if necessary, the government would get some 100,000 young adults to report to their local draft boards. ... With President Bush saying that he wants to increase the size of the Army and the Marine Corps, the military strained near the breaking point and the secretary of veterans affairs suggesting publicly this week that a reconstituted draft could 'benefit' the country, even the notion of a mock exercise seemed to strike a nerve." The Times adds, "Although senior military officers agree that the armed forces are stretched, they also agree that a return to the draft is not the best way to fill the ranks."

CORPORATE SCANDALS:

Siemens CEO Remains Positive. Financial Times (12/23, Milne) reports, "Fighting to save his reputation - and that of Europe's largest engineering group - amid a €420m ($553m) bribery scandal," Siemens CEO Klaus Kleinfeld "has already had to undergo the indignity of giving up a 30 per cent pay rise and becoming perhaps the most unpopular manager in Germany after a former division became insolvent. … But in an interview over lunch at the German group's Munich headquarters Mr Kleinfeld strikes a bullish

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note, annus horribilis or not. … Mr Kleinfeld is adamant that the Nokia deal will go ahead - almost certainly without financial penalties for Siemens. But there is little doubt that he is taxed by the bribery scandal and the bashing Siemens' reputation has received as a result. Mr Kleinfeld says he is determined not only that the truth comes out about what happened but that 'five years down the road I want people to say that Siemens [sets] an example for a transparent company.'"

The Wall Street Journal (12/22, B4, Esterl, 2.04M) reported, "Siemens AG Chief Executive Klaus Kleinfeld said he is hopeful the financial scope of alleged fraud at the German conglomerate will shrink from the €420 million ($553 million) in transactions the company has identified as suspicious. Mr. Kleinfeld defended top management's role in the money-laundering and bribery investigation, saying that Europe's largest engineering company by sales has tightened compliance procedures in recent years. But he also acknowledged that the investigation, which has forced the delay of a €16 billion merger of the telecommunications equipment divisions of Siemens and Finland's Nokia Corp., has exposed shortcomings in corporate governance at the German company."

Justice Investigates Minerals Management Service. The Midland (TX) Reporter-Telegram (12/23) reports, "The Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service, which is already the focus of several inquiries into its collection of royalties for oil and gas produced on federal property. The new investigations are still in the early stages, said congressional officials who were briefed earlier this week by Earl E. Devaney, the Interior Department's chief independent investigator." They "are an unexpected development in what has already become a broad examination of the Interior Department's oversight of companies that pump more than $60 billion worth of oil and gas each year from publicly owned land and coastal waters. … That investigation is being run by the Justice Department's Public Integrity Section, which examines suspected criminal violations by federal employees. The focus of the second investigation is unclear, but it is being conducted by the inspector general with help from the FBI."

Potential Conflict Of Interest Seen For US Attorney. The San Diego Union-Tribune (12/23, Thornton, 324K) reports, "U.S. Attorney Carol Lam is, or was, a longtime client of financial adviser and pension whistle-blower Diann Shipione – a relationship that some lawyers said raises the specter of conflict of interest. Shipione, a vice president at UBS Financial, an investment banking and securities firm, is likely to be a key witness in the federal case brought by Lam's office against five former San Diego pension officials. Defense attorneys said Lam may have been improperly influenced by Shipione and that the entire case is tainted as a result. They said they intend to investigate and possibly seek dismissal of the case, but some legal experts said that without proof of egregious misconduct, such a severe remedy is unlikely."

Smartmatic Blames US Scrutiny For Sale Of Voting-Machine Company. Financial Times (12/23, Kirchgaessner) reports, "A company with ties to Venezuela yesterday blamed Washington's increasing scrutiny of foreign acquisitions of US assets for its decision to sell a California-based voting-machine company it acquired last year. The move by Smartmatic comes months after the Committee on Foreign Investment in the US (Cfius) opened an investigation into the national security implications of the company's ownership of Sequoia, a supplier of voting machines used in US elections. The inter-agency committee took the unusual step of investigating the deal months after it was completed, when a New York congresswoman, Carolyn Maloney, wrote to the then Treasury secretary, John Snow, with questions about the deal and whether the company had ties to the government of Venezuelan President Hugo Chávez."

CRIMINAL LAW:

Nifong Drops Rape Charges In Duke Lacrosse Case. The New York Times (12/23, Barstow, Wilson, 1.16M) reports, "The Durham district attorney dropped rape charges against three former Duke lacrosse players on Friday, but he said he would continue to pursue kidnapping and sexual offense charges that carry equally stiff sentences. The district attorney, Michael B. Nifong, who has faced relentless and rising criticism for his handling of the case, said he dismissed the rape charges because the accuser had begun to waver on crucial details." The Times adds, "[H]is decision, coming in a case that has already transfixed and divided this state and much of the nation, also intensified questions about Mr. Nifong himself. Since the first frenzied weeks of this case, Mr. Nifong's judgment has repeatedly come under fire. Defense lawyers, defendants' families and friends, bloggers and many experts have attacked him for making early outspoken comments about the case, setting up a lineup that violated police procedures, failing to interview the woman himself and sitting on evidence favorable to the defendants. Above all, they say, he ignored his basic obligation to seek the truth."

Bush's Pardon List Includes Several Never Sentenced To Jail. The Washington Times (12/23, 88K)

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reports President Bush "ave a pre-Christmas gift to 17 minor criminals, but even after adding these pardons and one sentence commutation to his record he remains one of the least-forgiving of presidents. Six of the federal offenses involved in the 16 pardons and one commutation issued Thursday were drug crimes, while others included bank fraud, mail fraud, the acceptance of a kickback, a false statement on a loan application and conspiracy to defraud the government over taxes. Seven of the 17 weren't even sent to prison or jail, getting probation, small fines or other penalties instead. The longest sentence was nine years, for aiding cocaine distribution, followed by a six-year term for conspiracy to possess marijuana. With this batch, Mr. Bush has issued 113 pardons and commuted three sentences in his nearly six years in the White House, according to spokesman Tony Fratto."

CIVIL LAW:

Federal Appeals Court Sides With FEMA On Restart Of Katrina Housing Program. The Washington Post (12/23, A22, Apuzzo, 690K) reports, "A federal appeals court told the Bush administration yesterday that it does not need to immediately restart a housing program for thousands of Hurricane Katrina victims. The ruling by a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit puts a restart on hold at least until March, when the court will hear arguments in the case. The court suspended an order by U.S. District Judge Richard J. Leon, who said last month that the Federal Emergency Management Agency violated the Constitution when it eliminated short-term housing assistance. … Under Leon's order, FEMA told officials in Texas early this week to expect federal money for housing about 4,200 evacuees. Yesterday's ruling means FEMA can advise Texas that plans have changed." The New York Times (12/23, A14, Dewan, 1.16M) reports, "Last spring, FEMA began notifying thousands of families who were given emergency shelter after the storms that they did not qualify for long-term help in the form of rent and utility payments, shocking many families who had been given housing vouchers good for a year." The Houston Chronicle (12/23, Reinert, Carroll, 530K) reports, "The Association of Community Organizations for Reform Now, or ACORN, sued FEMA in August for failing to adequately explain why the housing benefits were ending. … In addition to the rental subsidies, estimated at $750 per family per month, Leon was pushing FEMA to make back payments for September, October and November. He also ordered the agency to explain to the evacuees why the assistance was denied in the first place and what they are required to do to reinstate it."

Louisiana Officials Upset By Distribution Of FEMA Housing Grants. The New York Times (12/23, A14, Lipton, 1.16M) reports, "FEMA trailers, the cramped, impersonal housing units that have come to define the federal response to major disasters, may be on the way out, thanks to $388 million in federal grants, announced Friday, that will test half a dozen cozier, more permanent models of postdisaster housing. … Mississippi came out on top in the contest for the grants, receiving $280.8 million, compared with $74.5 million for Louisiana, $16.5 million for Texas and $15.7 million for Alabama. Officials in Louisiana were furious, saying their state, which suffered the greatest losses in Hurricanes Katrina and Rita last year, had been shortchanged." Sen. Mary Landrieu is quoted as saying, ""FEMA has clearly learned very little from its mistakes, let alone basic math or a sense of fundamental fairness." However, FEMA officials "said Mississippi's big share simply reflected the creativity of its plans, as the financing was awarded competitively, based on how quickly the new models could be set up, how comfortable and safe they would be and how much they would cost, among other factors."

CIVIL RIGHTS:

Pennsylvania At Risk Of Losing House Seat At Next Reapportionment. The Philadelphia Inquirer (12/23, Fifield, 385K) reports, "New U.S. census data could mean the loss of congressional clout for both Pennsylvania and New Jersey and drops the Garden State from among the nation's 10-most-populous states." If the House "were reapportioned based on the numbers, Pennsylvania would be among seven states to lose a seat," while New Jersey would hold all of its 13 seats. Iowa, Louisiana, Massachusetts, Missouri, New York, and Ohio "also would shed seats, while Arizona, Florida, Georgia, Nevada and Utah would each gain one and Texas would pick up two."

Nevada Now Fastest-Growing State. NBC Nightly News (12/22, story 8, 1:05, Williams, 9.87M) reported, "It has taken 19 years but tonight, Nevada has been knocked out of first place as the fastest-growing state in America. The new fastest growing state in the nation: not Nevada, it's in Arizona, according to the US Census Bureau's latest population report, which shows some 32,000 immigrants moving there, along with four times as many people relocating from California and elsewhere. Nevada is now the second-fastest growing state, followed by Idaho, Georgia and Texas. At the other end of the spectrum, losing population were Washington, D.C., along with Rhode Island, New York, and Louisiana, which by the way, lost more people than any other state largely because of Hurricane Katrina."

DOJ_NMG_0108807

Abortion Case Brought By Departing Kansas AG Thrown Out. The Washington Post (12/23, A3, Hegeman, 690K) reports Kansas Attorney General Phil Kline "charged a well-known abortion provider Friday with illegally performing late-term abortions, but a Sedgwick County judge threw out the charges only hours later. Judge Paul W. Clark dismissed the charges against George Tiller at the request of Sedgwick County District Attorney Nola Foulston, who said her office had not been consulted." Kline, "who lost his reelection bid in November and leaves office in three weeks, said he would try to get Clark to reinstate the charges."

Justice Report Offers "Nightmarish Picture" Of Lubbock State School. The Dallas Morning News/AP (12/23, Peterson) reports, "Shoddy health care, substantial neglect and harmful treatment techniques have jeopardized the lives of Lubbock State School residents, federal investigators said in a report that criticized nearly every part of the facility. The U.S. Department of Justice report paints a nightmarish picture of the facility that cares for about 350 people with mental retardation and developmental disabilities. … Michael Jones, a spokesman for the state agency that oversees the state school, said he could not comment on the report's contents because 'it's still a potential legal matter.' But he would say the facility has a new management team that has worked hard to improve training and hire more medical professionals."

ANTITRUST:

Murdoch Announces Agreement To Sell DirecTV Stake To Liberty. USA Today (12/22, Lieberman, 2.27M) reported, "On Friday — three years, to the day, after News Corp. (NWS) took control of DirecTV — CEO Rupert Murdoch announced an agreement to turn over his controlling 38.5% interest in the No. 1 satellite company, as well as three regional sports networks and $550 million in cash, to Liberty in exchange for its 16.3% stake in News Corp. The deal, which values Liberty's shares at about $11 billion, ends a potential threat to Murdoch's control of News Corp. that Malone posed after he acquired his voting shares two years ago. Executives expect the deal to close in the middle of 2007 following approvals from News Corp. shareholders, federal antitrust officials and the Federal Communications Commission."

Murdoch, Malone Now Free To "Pursue Broader Ambitions." The Los Angeles Times (12/23, Menn, 850K) reports that the "long-awaited agreement…frees" Murdoch and Liberty CEO John Malone to each "pursue broader ambitions in his medium of choice. Murdoch expects faster growth in the Internet business than he does in U.S. satellite TV distribution." The Times writes, "By solidifying control of News Corp., Murdoch can more easily seek out deals like the 2005 acquisition of the MySpace.com social networking site. Meanwhile, Malone is unlikely to settle for the investment in El Segundo-based DirecTV Group Inc. that he gets from Murdoch."

Dicks Sporting Goods Receives Antitrust Approval For Golf Galaxy Acquisition. The AP (12/22) reported, "Dick's Sporting Goods Inc. on Friday said federal authorities have approved its pending $225 million acquisition of Golf Galaxy Inc. The companies agreed to the takeover in November, under which Dick's will pay Golf Galaxy shareholders $18.82 per share in cash."

Judge Asked To Unseal MediaNews Antitrust Documents. The Eureka Reporter (12/23) reports, "A media advocacy group and an alternative weekly newspaper asked a federal judge Thursday to unseal key documents in an antitrust case involving MediaNews Group Inc. and the San Francisco Chronicle. The Oakland-based Media Alliance and the San Francisco Bay Guardian filed a motion with U.S. District Judge Susan Illston to make public court records in a lawsuit that challenges a business partnership between MediaNews and the Hearst Corp, the Chronicle's publisher.

ENVIRONMENT/INDIAN AFFAIRS:

Court Strikes Down Bush Administration Clean Air Regulations. The Washington Post (12/23, A10, Heilprin, 690K) reports, "A federal appeals court yesterday struck down the Bush administration's strategy for reducing smog, ruling that the Environmental Protection Agency's rules for forcing state cleanups do not meet requirements of the Clean Air Act. Judge Judith W. Rogers, writing for the three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit, said, 'EPA has failed to heed the restrictions on its discretion set forth in the Act.' The court ordered the agency to come up with another enforcement plan. … EPA in 2004 issued new smog standards requiring 474 counties, with about 159 million people living in them, to reduce pollution of smog-causing ozone and improve the air enough to meet federal health standards. The agency gave them three to 17 years to do so. The appellate panel said that was too long. It also said the agency was allowing 'backsliding' by states when it should have been directing them to order new emission controls on industrial plants, more public transportation, tougher vehicle-inspection programs or cleaner-burning gasoline."

DOJ_NMG_0108808

Ninth Circuit Panel Halves Damages Stemming From Exxon Valdez Spill. The CBS Evening News (12/22, story 5, 0:30, Couric, 7.66M) reported, "The world's biggest oil company got an early Christmas present today." The New York Times (12/23, A17, Barringer, 1.16M) reports, "A federal appeals panel on Friday cut nearly in half the $4.5 billion punitive damage award against Exxon Mobil as a result of the Exxon Valdez oil spill in 1989. A majority of a three-judge panel said the company's negligent conduct, while 'particularly egregious,' was not intentional and did not warrant the maximum financial penalty that a lower court imposed. The panel of the United States Court of Appeals for the Ninth Circuit, in San Francisco, split on applying legal precedents to the company responsible for the worst oil spill in United States history. It cut the award for punitive damages to $2.5 billion." The Washington Post (12/23, D1, Kravets, 690K) reports, "The case, one of the nation's longest-running noncriminal legal disputes, stems from a 1994 decision by an Anchorage jury to award the damages to 34,000 fishermen and other Alaskans. Their property and livelihoods were damaged when the Exxon Valdez tanker struck a charted reef, spilling 11 million gallons of crude oil. It is the third time the U.S. Court of Appeals for the 9th Circuit ordered the Anchorage court to reduce the $5 billion award, the nation's largest at the time, saying it was unconstitutionally excessive in light of U.S. Supreme Court precedent."

FBI/DEA/ATF/USMS:

Federal Probe Into Stevens' Son Could Be Expanding. On its web site, Roll Call (12/22, Stanton) reports, "In a move that could signal a widening of the investigation into the son of Sen. Ted Stevens," federal investigators probing Alaska Senate President Ben Stevens "have issued a host of subpoenas to fishing industry executives and trade associations in Seattle, Alaska and Washington, D.C., sources familiar with the investigation said. Federal investigators with the FBI and the Department of Justice have been looking into Ben Stevens for at least a year as part of a broader ethics probe of a group of state lawmakers." The scandal "has swept up some of the state's most powerful families and companies, including the Stevenses, energy industry giant VECO Corp. and other entities in the oil and gas sector." But there is "no evidence that federal investigators are targeting Ted Stevens or any other Member of Congress in the investigation."

IMMIGRATION:

ICE Has Repatriated 2,300 Illegal Aliens In Past Two Weeks. The Washington Times (12/23, Seper, 88K) reports U.S. Immigration and Customs Enforcement agents "removed more than 2,300 illegal aliens from the country in the past two weeks on 35 flights to the Caribbean, Latin America, Asia and Africa -- one of the busiest periods of the year for ICE's Office of Detention and Removal Operations. Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said 852 of those removed had criminal records, and that another 21 flights this week will take 2,087 aliens to Central America and the Caribbean, including 515 who are criminal aliens. … In fiscal 2006, ICE removed more than 186,600 illegal aliens from the country, a record for the agency and a 10 percent increase over the number of removals during the previous fiscal year. More than 50,000 of them were repatriated to Central American and Caribbean Basin countries."

CONGRESS-ADMINISTRATION:

Attorneys Detail Potential Pitfalls For Witnesses In Congressional Hearings. In a "Rule of Law" column appearing in the Wall Street Journal (12/23, A9, 2.04M) Adam Goldberg and Preston Burton, partners at Orrick Herrington & Sutcliffe LLP, write, "As corporate America steels itself for an onslaught of investigations by the Democratically controlled Congress, consultants are busy advising companies on how best to prepare for and get through them. While one can do much to manage the fallout, navigating one of these investigations is a lot like surfing. Regardless of what you do, the biggest factor is still the size and nature of the wave. On this score, witnesses called before Congress have few protections." They note that Congress "does not necessarily recognize the attorney-client privilege and the protections that it gives individuals and companies," that there is a "very limited right to counsel," that "there is effectively no limit to what Congress can subpoena, or do with the information that it has obtained," and that "every now and then Congress appears to set a 'perjury trap' -- asking or compelling a witness to testify and then making a criminal referral for perjury to the Department of Justice when that witness fails to remember something or remembers something incorrectly."

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OTHER NEWS:

Edwards, Obama Tied For Lead, Clinton Fourth, In Iowa Caucus Poll. The Research 2000 Iowa Poll surveyed 400 likely 2008 Iowa Democratic caucus goers (+/- 5%) over December 18-20. John Edwards and Sen. Barack Obama are tied at 22% each, followed by Gov. Tom Vilsack at 12%, Sen. Hillary Clinton 10%, Al Gore 7%, Sen. John Kerry 5%, Wesley Clark 4%, Rep. Dennis Kucinich 4%, Sen. Evan Bayh 1%, Sen. Joseph Biden 1%, and Gov. Bill Richardson 1%, with 11% undecided.

McCain Leads Giuliani By One Point In Iowa Caucus Poll. The Research 2000 Iowa Poll surveyed 400 likely 2008 Iowa Republican caucus goers (+/- 5%) over December 18-20. Sen. John McCain leads with 27%, followed by Rudy Giuliani at 26%, Gov. Mitt Romney 9%, Newt Gingrich 7%, Secretary of State Condoleezza Rice 4%, Sen. George Allen 1%, Sen. Sam Brownback 1%, Gov. Jeb Bush 1%, Gov. George Pataki 1%, Sen. Rick Santorum 1%, and Rep. Duncan Hunter 0%, with 22% undecided.

Aide Says Romney Presidential Run Will Begin In Early January. The AP (12/22) reports a "top adviser" to Gov. Mitt Romney said Romney will announce his bid for the presidency "in two phases early next month." Romney is expected to file FEC paperwork to create presidential campaign committee "as early as Jan. 2," as "as soon as the week of Jan. 8, Romney will hold a ceremony to officially declare his candidacy." The timing "is somewhat dependent on when Sen. John McCain of Arizona makes an expected announcement about his own campaign for the GOP nomination, the Romney aide said."

Rice Says US Ready To Elect Black President. The Washington Times/AP (12/23, Gearan) reports on its front page that Secretary of State Condoleezza Rice says the US "is ready to elect a black president." Rice said in an interview, "Yes, I think a black person can be elected president." But "we should not be naive. Race is still an issue in America. When a person walks into a room, race is evident. It's something that I think is going to be with us for a very, very long time." The story notes that Rice "has said repeatedly she will not run for president, despite high popularity ratings and measurable support in opinion polls."

WPost Laments Shrinking Presidential Field, But Also Gilmore Candidacy. The Washington Post (12/23, A20, 690K) editorializes, "In theory, this should be the most wide-open presidential contest in decades. In reality, more than a year before the first vote, the field seems to be narrowing awfully fast. … It would be unfortunate if the departures portended a presidential race winnowed to a few almost before it begins. The country would benefit from a multitude of voices in both parties -- not just Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) on the Democratic side and Sen. John McCain (Ariz.), Massachusetts Gov. Mitt Romney and former New York mayor Rudy Giuliani on the Republican. … We're anxious to see some Davids tromping through the snows of Iowa and New Hampshire, not just a few big-footed Goliaths. And we'd like the voters to have some say in deciding which is which."

In a related editorial, the Washington Post (12/23, A20, 690K) says it is less than pleased that James Gilmore, "the highhanded, dissent-averse and altogether unsuccessful ex-governor of Virginia," is among those remaining in the field. The Post says, "Heaven help us. For if Mr. Gilmore does to the 50 states what he did to the Old Dominion, the federal government might as well declare bankruptcy now. … A former governor from the South, zealous about tax-cutting and allergic to opposing views, who stubbornly insists on ill-fated policies despite abundant and well-founded warnings that they are leading to ruin. Maybe this guy is presidential material after all."

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule; at Camp David for Christmas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: BETHLEHEM _ 4 p.m. The Ad Hoc Committee for Bethlehem holds a procession creating a "circle of Light" around the White House to dramatize the situation in Bethlehem. Location: Lafayette Park. Contacts: Rev. Susan Wilder, 703-913-5913

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Generals: More Troops Needed In Iraq."
"Delivering Dual Benefits."
"A Sousa Band Of Indians."
"Web Error Reveals Censure Of U.S. Judge."
"Meat And Milk From Cloning Are Safe, 2 FDA Scientists Say"
"OT Pushes Guards' Pay Past $100,000."

DOJ_NMG_0108810

"'War On Christmas' Has A New Jingle: Money."

New York Times:

"District By District, Shiites Make Baghdad Their Own."
"Gates Says Iraqis And U.S. Are In 'Broad Strategic Agreement.'"
"Charges Of Rape Against 3 At Duke Are Abandoned."
"A Joint Attack On Many Perils Of Africa's Young."
"Seductively Easy, Payday Loans Often Snowball."
"In Shirt-Sleeve Holiday Season, Overcoats Linger On The Racks."
"From Scum, Perhaps The Tiniest Form Of Life."

Washington Post:

"Prosecutors Drop Duke Rape Counts."
"Va. Soldier, Tested In Combat In Iraq, Shifts Focus To Future, Family."
"Lerners Plan To Spend Millions More On Improvements To D.C. Ballpark."
"Schwarzenegger Remakes Himself As Environmentalist."
"Toyota Expects To Be World's No. 1 Automaker Next Year."

Washington Times:

"Judge Faults Iran In '96 Bombing."
"Rice: Black President A Real Option, But Not Her."
"Ecuador's Leader To Oust U.S. From Base."
"'Entire City' Invited To Fenty's Bash."

Detroit Free Press:

"Last-Minute Michigan Holiday Shoppers Aim For Discounts."
"Toyota's '07 Sales Likely To Pass Gm's."
"Goodyear And Union End Strike."

Atlanta Journal-Constitution:

"Bolton Tapped As DeKalb Chief."
"Duke Rape Charges Dropped."
"Smooth Sailing At Airport."
"Diebold Hires Ex-Elections Chief."
"Judge Won't Delay Nichols Trial."
"Love Shack Order Delayed."

Dallas Morning News:

"Red-Light Camera Bill A Threat To City Coffers."
"Bush Library Could Mean Big Changes In Park Cities."
"Ousted Police Chief Bolton Lands New Job."
"Apartments Sue Over FB Ordinance."
"Data On 15,000 TWU Students Exposed."
"Experts: E-Cards Not Always Best."
"Mild Temps, Light Rain Expected For Weekend."

Houston Chronicle:

"Houstonian Dies In 12-Story Elevator-Shaft Fall."
"2 Houston-Area Hunting Accidents Kill 1, Injure 1."
"Feds Critical Of Safety Plan For Trailers At Refineries."
"Fallen Brazoria Soldier Helps Twin With His Dream."
"Culberson Firm On Metro Rail-Bypass Stance."
"Ex-State Ag Morales Enters Halfway House."
"New Ruling Puts Freeze On FEMA Payments."

Story Lineup From Last Night's Network News:

ABC: Travel Delays; Duke Rape Case; Bush At Walter Reed; Terror Threats; Shuttle Landing; Amish Girl Goes Home; Day Care Difficulties; Person Of The Week.
CBS: Duke Rape Case; Duke Rape Case Analysis; Travel Delays; Gift Card Sales; Shuttle Landing; Terror Threats; Iraq Death Toll; Baghdad Neighborhood; Free Speech-Meaning Of Christmas; Belief In Santa Claus; Car Salesmen; Favorite Stories Of 2006.
NBC: Duke Rape Case; Travel Delays; Iraq Death Toll; Bush At Walter Reed; Military Holiday Greetings; Toyota Becomes World's Largest Automaker; Shuttle Landing; Us Population Shifts.

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DOJ_NMG_0108811

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, December 26, 2006 9:38 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Saturday, December 23, 2006
Attachments:	dojclips061223.pdf; dojclips061223.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 23, 2006 7:45 AM EST

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TERRORISM NEWS:

London Police Chief Warns Of Terrorism (AP)

AP, December 22, 2006

LONDON (AP) — London's police chief said Friday the threat of a terror attack in Britain is growing and warned that the Christmas holidays were an especially dangerous period.

Metropolitan Police Commissioner Sir Ian Blair said al-Qaeda represented the gravest threat to Britain since World War II and was of an "unparalleled nature and growing."

"The threat of another terrorist attempt is ever present," he told British Broadcasting Corp. radio. "Christmas is a period when that might happen. We have no specific intelligence to do (with) that."

He said al-Qaeda posed a greater threat than the Irish Republican Army's 1970-1997 failed campaign to force Northern Ireland out of the United Kingdom and into the Republic of Ireland, which killed 1,775 people.

The IRA usually did not aim to cause mass atrocities, did not want to die, gave warnings and was "heavily penetrated" by British intelligence agents, Blair said.

"None of those four apply with al Qaida and its affiliates," he said.

"It took 20 years to penetrate the IRA and I have no doubt that the intelligence services will be attempting that now, but it is a more difficult and a much more recent phenomenon," he said.

Home Secretary John Reid said on Dec. 10 that it was highly likely that terrorists would attempt an attack over the holiday period.

Last month, Dame Eliza Manningham-Buller — who heads MI5, Britain's domestic spy service — said authorities were tracking almost 30 terrorist plots involving 1,600 suspects and that her agency had foiled five major plots since the July 2005 transit bomb attacks in London, which killed 52 commuters and the four bombers.

Police Leader Seeks Data On Tunnel Security (NYT)

By William Neuman, William K. Rashbaum

The New York Times, December 23, 2006

The New York police commissioner, Raymond W. Kelly, said yesterday that he had asked the Port Authority of New York and New Jersey to turn over a copy of a security analysis of the PATH train tubes beneath the Hudson River that shows they might be more vulnerable than previously thought to a small but powerful bomb.

Mr. Kelly's request came after a government official provided a draft summary of the analysis to The New York Times because the official was concerned that the Port Authority had not acted with sufficient urgency in its response to the findings. The findings were presented to senior managers at the agency, which runs the PATH trains, last month, the official said.

The government official said the analysis, which revealed a greater weakness in the tubes than was found in earlier tests, had so far not been shared with other government agencies.

Mr. Kelly called the new data on the PATH tubes "a cause for concern," although he said he believed the trains were safe.

DOJ_NMG_0108814

Last July, several people were arrested overseas in what the authorities said was a plot to set off bombs in the PATH system that would rupture the tubes and flood the tunnels. The trains have a weekday ridership of 230,000, and carry passengers in four single-track tubes between New Jersey and Manhattan.

Marc La Vorgna, a Port Authority spokesman, said that the agency was in contact with police officials yesterday.

The Port Authority has refused to discuss the analysis of the tubes, which found that a bomb made from a small amount of high explosives could puncture a large hole in the tube wall, allowing river water to flood the tube and other parts of the rail system. The analysis suggested that one tunnel would flood within six minutes, and that the entire system could be overwhelmed in a matter of hours.

Mr. La Vorgna said that the agency in recent weeks has significantly stepped up patrols by Port Authority police and increased bag searches in PATH stations.

But a reporter who toured four stations yesterday in the midafternoon, including the World Trade Center in Lower Manhattan and Exchange Place in Jersey City, saw only occasional uniformed police officers. No officers were seen stopping passengers to search their bags.

The study of the PATH tubes, which included blast analysis, computer modeling and other tests, was partly financed by the Department of Homeland Security, according to a spokesman for that agency, Russ Knocke. He said that a senior Homeland Security official, Assistant Secretary Robert B. Stephan, had met with Port Authority security officials last month. Mr. Knocke refused to say whether the Port Authority officials had informed Mr. Stephan of the updated blast and flooding data.

Gov. George E. Pataki of New York stressed that the data on the PATH tubes was preliminary, but he urged the Port Authority to move quickly.

"We want them not to wait until there's just the final, ultimate report but to act on any interim findings that they have coming along," Mr. Pataki said.

The agency's board voted this month to spend $180 million for security improvements in the PATH system.

The tests were originally commissioned as part of a joint effort by the Port Authority and the Metropolitan Transportation Authority to analyze underwater tunnels in both the PATH system and the subway.

The head of security for the transportation authority, which operates the subway, said that tests had not found similar weaknesses in the subway tubes.

"Notably, none of the vulnerability analysis has indicated that a small explosive device carried on a train would compromise the integrity of our tunnels," Lewis D. Schiliro, the director of interagency preparedness for the transportation authority, said in a statement.

The transportation authority runs trains through 14 subway tunnels under the Harlem and East Rivers, some of which have a construction that is similar in some ways to the PATH tubes under the Hudson River.

Tom Kelly, a spokesman for the transportation authority, refused to say how many of the under river tunnels were situated in bedrock or other strata below the riverbed and how many of them are made from metal tubes lying in the soft river silt, like the PATH tubes.

At least some of the riverbed tubes in the subway system are lined with concrete, which may make them stronger than the largely unlined PATH tubes.

Elliot G. Sander, the incoming chief executive of the transportation authority, said yesterday he was not prepared to discuss tunnel security before he takes charge of the agency next month.

Judge Links Iran To '96 Attack In Saudi Arabia (NYT)

By Neil A. Lewis

The New York Times, December 23, 2006

WASHINGTON, Dec. 22 — A federal trial judge ruled Friday that the government of Iran bore significant responsibility for the June 25, 1996, bombing of Khobar Towers in Saudi Arabia, and ordered Tehran to pay more than $253 million in damages to surviving family members of many of the American airmen killed there.

DOJ_NMG_0108815

Judge Royce C. Lamberth overturned an earlier ruling by a United States magistrate judge who had found that there was insufficient evidence to tie Iran to the terrorist attack, in which 19 military service members were killed. In this case, as in several similar lawsuits, Iran did not participate in the trial, holding that as a sovereign government it could not be sued in an American court.

But Judge Lamberth ruled that Iran lacked sovereign immunity under the law, which was amended about 10 years ago to cover acts of terrorism, and entered a default judgment — that is, a ruling in favor of the plaintiffs because there was no response from the other side.

Judge Lamberth wrote that he was persuaded of Iran's involvement by testimony from Louis J. Freeh, the former director of the F.B.I., who had taken a deep personal interest in the investigation, and from the bureau's former deputy chief counterterrorism official, Dale Watson.

As with several similar lawsuits, there is considerable uncertainty whether the 55 surviving relatives who participated in the lawsuit will ever be able to obtain any of the damages awarded them.

Shale D. Stiller, the lawyer who brought the case, acknowledged that obtaining money from Iran was an uncertain proposition. He said in an interview that his firm, DLA Piper, would try to have the judgment enforced by searching for Iranian government assets around the world and asking foreign courts to attach them — that is, to sequester them to possibly be awarded to the plaintiffs.

"What we have to do now is take the judgment and go all over the world and find assets that belong to the government of Iran," Mr. Stiller said.

Lawyers say, however, that courts around the world are typically reluctant to enforce judgments in cases that were won by default because they are open to challenge.

Mr. Stiller said that the fact of an unambiguous statement from a United States court of Iran's role "is more important to the families than any monetary award."

Prof. Ruth Wedgwood of the Paul H. Nitze School of Advanced International Studies of Johns Hopkins University said that governments often found such judicial interventions unwelcome because they may come at a delicate time in bilateral relations. But she said such rulings had great value because "they officially categorize the behavior as illegal and often make clear facts everybody knows to be true" but are not acknowledged by governments for diplomatic reasons.

In his ruling, Judge Lamberth cited Mr. Freeh's testimony that six of the people who participated in the attack were trained by Iranian officials, sometimes in Iran, and received money and materials from the Iranian Ministry of Information and Security and the Iranian Islamic Revolutionary Guard Corp.

Judge Lamberth said he accepted testimony from other experts that the perpetrators were recruited by a senior official of the Revolutionary Guard at the Iranian Embassy in Damascus, Syria.

The Lamberth opinion is in distinct contrast to previous executive branch examinations, which broadly hinted of an Iranian role but never produced explicit conclusions. The Justice Department's 2001 indictment of many of those involved in the bombing mentioned Iran frequently but avoided pinning responsibility on Tehran.

HOMELAND RESPONSE:

Proposed Rules For Securing Chemical Plants Released (WP/AP)

The Washington Post, December 23, 2006

The nation's chemical companies would have to submit to new security inspections and provide the government with plans for protecting themselves from terrorist attacks under proposed rules released yesterday by the Department of Homeland Security.

The rules, scheduled to take effect April 4, closely follow the recommendations of the chemical industry and result from legislation President Bush signed into law in October.

Companies would be required to assess their own vulnerabilities and provide the government with plans for fixing them under the new rules, which were released for public comment. Industry representatives welcomed their arrival.

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"They are following the structure that Congress outlined," said Scott Jensen, a spokesman for the American Chemistry Council, which represents the largest chemical makers. "The idea here is to set a security level that they want these facilities to achieve, commensurate with the risk that each facility represents."

The council's 133 members lobbied for the new rules and have spent $3.5 billion on security upgrades at their 2,000 facilities since the Sept. 11, 2001, terrorist attacks, Jensen said.

Companies would have to conduct background checks on employees and better control access or face possible fines of as much as $25,000 a day and the risk of being shut down. But they may also contest government disapproval of their security plans.

Congress will probably have more than a little to say about the proposed new rules next month, in view of the reaction yesterday from critics, who included Sen. Susan Collins (R-Maine), the outgoing chairman of the Senate Homeland Security Committee.

Collins, who co-wrote the legislation calling for the rules with Sen. Joseph I. Lieberman (D-Conn.), the committee's incoming chairman, said the department is going too far in some areas, such as by assigning itself the power to preempt the legal authority of states and courts.

Democrats, who will take control of Congress next month, view the new rules as too soft on industry and have sought to require manufacturers, in some cases, to replace toxic materials with safer but more expensive substitutes.

Department of Homeland Security officials, however, say that the proposed rules, along with tighter security and the tracking of rail shipments of highly toxic materials, would reduce the likelihood of a chemical attack by terrorists.

Homeland Security Admits Violating Privacy (AP)

AP, December 22, 2006

WASHINGTON (AP) — The Homeland Security Department admitted Friday it violated the Privacy Act two years ago by obtaining more commercial data about U.S. airline passengers than it had announced it would.

Seventeen months ago, the Government Accountability Office, Congress' auditing arm, reached the same conclusion: The department's Transportation Security Administration "did not fully disclose to the public its use of personal information in its fall 2004 privacy notices as required by the Privacy Act."

Even so, in a report Friday on the testing of TSA's Secure Flight domestic air passenger screening program, the Homeland Security department's privacy office acknowledged TSA didn't comply with the law. But the privacy office still couldn't bring itself to use the word "violate."

Instead, the privacy office said, "TSA announced one testing program, but conducted an entirely different one." In a 40-word, separate sentence, the report noted that federal programs that collect personal data that can identify Americans "are required to be announced in Privacy Act system notices and privacy impact assessments."

TSA spokesman Christopher White noted the GAO's earlier conclusions and said, "TSA has already implemented or is in the process of implementing each of the DHS privacy office recommendations."

Congress has been unhappy with TSA's domestic airline screening program for years — since it was called CAPPS II before it was tweaked and renamed Secure Flight. Federal law now bars TSA from implementing a domestic screening system until the GAO is satisfied it can meet 10 standards of privacy protection, accuracy and security.

Secure Flight has never passed all those tests, and White said there is no target date for implementing it. "We are more concerned with getting it right," White said.

Friday's report reinforced concerns on Capitol Hill.

"This further documents the cavalier way the Bush administration treats Americans' privacy," said Sen. Patrick Leahy, D-Vt., who is set to become Senate Judiciary Committee chairman in January. "With this database program, first they ignored the Privacy Act, and now, two years later, they still have a hard time admitting it."

Leahy promised the new Congress will try to learn more about how the administration uses such databases. "Data mining technology has great potential," Leahy said, "but history shows that without adequate checks and balances and oversight, misuse and abuse of the public's personal information will be inevitable."

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Characterizing the Secure Flight problems as "largely unintentional," Homeland Security's privacy office attributed them to TSA's failure to revise the public announcement after the test changed.

The privacy office said TSA announced in fall 2004 it would acquire passenger name records of people who flew domestically in June 2004. Airline passenger name records include the flyer's name, address, itinerary, form of payment, history of one-way travel, contact phone number, seating location and even requests for special meals.

The public notices said TSA would try to match the passenger names with names on watch lists of terrorists and criminals.

But they also said the passenger records would be compared with unspecified commercial data about Americans in an effort to see if the passenger data was accurate. It assured the public that TSA would not receive commercial data used by contractors to conduct that part of the tests.

But the contractor, EagleForce, used data obtained from commercial data collection companies Acxiom, Insight America and Qsent to fill in missing information in the passenger records and then sent the enhanced records back to TSA on CDs for comparison with watch lists.

This was "contrary to the express statements in the fall privacy notices about the Secure Flight program," Homeland Security's privacy office concluded. "EagleForce's access to the commercial data amounted to access of the data by TSA."

Another procedure originally thought to enhance privacy backfired. EagleForce augmented the 42,000 passenger name records with similar variations of the spelling of each first and last name so it asked for commercial data on 240,000 names.

Many of these variations were the actual names of real people whose records were then put into the test without any public notice, the report said. Eventually, the three companies supplied EagleForce with 191 million records, though many were duplicates.

Feds: Homeland Security Project Didn't Protect Privacy (CNET)

By Declan McCullagh

CNET News.com, December 23, 2006

A Department of Homeland Security program that linked details on millions of air travelers with profiles drawn from commercial databases was plagued by "privacy missteps" that misled the public, a new government report concludes.

The Transportation Security Agency, operating under the auspices of Homeland Security, had publicly pledged two years ago--in official notices describing the Secure Flight program--that it "will not receive" or have access to dossiers on American travelers compiled by a Beltway contractor.

That promise turned out to be untrue, according to a report published Friday by DHS' privacy office. The commercial data "made its way directly to TSA, contrary to the express statements in the fall privacy notices about the Secure Flight program," the report says. (Click on "Secure Flight Report" to view a PDF version.)

The report, and a second one critiquing a government database called Matrix, was released on the last business day before Christmas, a tactic that federal agencies and publicly traded companies sometimes use to avoid drawing attention to critical findings. Neither report appears on the DHS.gov or TSA.gov home pages, or even on the home page of the DHS privacy office, but rather was linked to from a subpage on the DHS privacy site.

Jim Harper, a policy analyst with the free-market Cato Institute who serves on a Homeland Security advisory panel, said the reports show that the department needs to pay far more attention to privacy. "They didn't think ahead. They didn't study. They didn't pay attention to the privacy issues," Harper said. "It may need to be hammered home many more times."

Secure Flight was born in September 2004 when DHS ordered airlines to hand over the complete records of all passengers who traveled on a domestic flight in the month of June--which were in turn linked with information on those passengers drawn from commercial databases. (Secure Flight, which was put on hold in February in large part because of privacy concerns, was the successor to DHS' Computer Assisted Passenger Prescreening System.)

The agency's Secure Flight contractor, a McLean, Va.-based company called EagleForce, bought databases with personal information on Americans from three data-mining firms: Acxiom, Insight America and Qsent. The data included U.S. citizens' names, gender, spouse's names, address, date of birth, and in some cases Social Security numbers.

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The report from the Homeland Security privacy office takes pains to say that the privacy compromises over Secure Flight were "not intentional," and includes a list of seven recommendations to avoid similar mishaps in the future. Those include explaining to the public exactly what's going on and creating a "data flow map" to ensure information is handled in compliance with the 1974 Privacy Act.

This isn't the first report to take issue with Secure Flight. Last year, auditors at the U.S. Government Accountability Office reported that the program violated the Privacy Act.

In an interview with CNET News.com earlier this year, Peter Pietra, TSA's director of privacy policy, downplayed those concerns. Pietra said the agency disagrees with GAO's interpretation of the law.

A Matrix post-mortem

The second report released Friday represents a postmortem of a defunct project called the Matrix, or the Multistate Anti-Terrorism Information Exchange. Matrix ended in April 2005. (Click on "Matrix Report" for a PDF version.)

DHS provided most of the funding for Matrix, $8 million in 2003, with the Department of Justice tossing in $4 million. Operated by Seisint, which is now part of LexisNexis, the pilot project involved information sharing between state government, federal government, and commercial databases. At least 13 states participated, including California, Texas and New York.

Matrix quickly became controversial for a long list of reasons: It launched in July 2003 with no privacy policy in place. Few participating states ever conducted a self-audit to make sure abuse didn't happen. Neither the Justice Department nor DHS ever did. Privacy specialists weren't consulted until nearly three years after planning began. Even though Matrix was supposedly created as an antiterrorism network, only 2.6 percent of the cases investigated turned out to be terrorism-related.

Also raising questions was the unwillingness of LexisNexis and the participating governments to give a complete list of information accessible through Matrix. But a page captured by Archive.org from the former Matrix-at.org Web site lists records from criminal histories, driver's licenses and motor vehicle registrations, court documents, property ownership, professional licenses, and commercial databases including telephone directories. Other reports have said Social Security numbers, speeding tickets, and family members also are included.

The ACLU had been one of Matrix's most vocal critics. It charged that Matrix was "dangerous and Orwellian" and represented an intrusive data-mining program on innocent Americans.

DHS' privacy office said Friday that Matrix "was undermined, and ultimately halted, in large part because it did not have a comprehensive privacy policy from the outset to provide transparency about the project's purpose and practices and protect against mission creep or abuse."

WAR NEWS:

Gates Says Iraqis And U.S. Are In "Broad Strategic Agreement" (NYT)

By David S. Cloud, John O'Neil

The New York Times, December 23, 2006

BAGHDAD, Dec. 22 — Defense Secretary Robert M. Gates said Friday that American and Iraqi officials were in "broad strategic agreement" about how to address the violence here, and he stressed that success "will only be achieved with a joint effort with the Iraqis taking the lead."

Mr. Gates spoke to reporters at the end of a three-day Iraq trip that included meetings with Prime Minister Nuri Kamal al-Maliki, top American generals and a small group of enlisted soldiers.

He said he had directed Gen. George W. Casey Jr., the top ground commander in Iraq, to work with Iraqi political and military leaders over the next few days to come up with specific recommendations on improving the security situation.

"They do have some concrete plans in mind, and putting flesh on those bones is exactly what General Casey and his team and the Iraqis will be doing in the days ahead," Mr. Gates said, according to [a news agency].

Mr. Gates also indicated that he would brief President Bush, possibly as early as this weekend, on the findings from his trip, his second to Iraq this year. Mr. Bush is in the midst of reviewing Iraq policy and has said no decisions on a change in strategy will be made until he receives proposals from Mr. Gates and the military.

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The policy review has created tensions between White House officials who have been pressing for a so-called surge — the temporary addition of American troops to quell violence in Baghdad and Sunni-dominated Anbar Province — and military leaders, who have warned that the move could slow the rate at which Iraqi troops move to the forefront.

Mr. Gates seemed to emphasize the need for Iraqi troops to play a larger part, saying that he was impressed with the Iraqi government's determination "to take a leadership role in dealing with some of these security problems and then economic reconstruction."

He also said that the Iraqis' willingness to step forward "seems to me to be significantly advanced since I was here a couple of months ago," when he visited Baghdad as a member of the Iraq Study Group.

"This is a very difficult situation, but I believe, based on what I've heard both from the American commanders and the Iraqis, that things are moving in a positive direction," he said. "But it's still going to be a long haul."

The American military announced the deaths of five service members, four of whom died in combat in Anbar Province on Thursday, and one who was killed west of Baghdad on Friday when a patrol came under mortar and machine-gun fire.

US And Iraqis "agree On Broad Strategy" (FT)

By Steve Negus

Financial Times, December 23, 2006

US defence secretary Robert Gates – fresh from a three-day visit to Baghdad – is expected to sit down on Saturday with George W Bush to discuss the White House's new Iraq policy.

The new defence secretary travelled to Iraq immediately after his swearing in this week to solicit the advice of US military commanders before he makes recommendations to the president. Mr Bush is expected early next year to unveil his new "way forward" for Iraq.

Mr Gates said before leaving Baghdad on Friday that US and Iraqi officials were in "broad strategic agreement", but declined to provide details on a short-term increase in troop levels and other specific proposals.

One option Mr Bush is considering is a short-term surge in US troop levels to attempt to quell the sectarian violence gripping the Iraqi capital.

US commanders in Baghdad are understood to have told Mr Gates what the joint chiefs in the Pentagon have already concluded: that a surge in troop levels would be counter-productive because it could not be sustained for a long period, and would reduce the pressure on the Iraqi government to clamp down on sectarian militias.

While it is unclear whether Mr Gates will endorse the views of military leaders, Mr Bush this week side-stepped a question about whether he would ignore the advice of his commanders.

Iraqi politicians meanwhile discussed forming a new ruling coalition – an issue at the heart of US planning.

The Shia-led government of Prime Minister Nouri al-Maliki is under pressure from both the US and Sunni Arabs to distance itself from the radical Shia cleric Moqtada al-Sadr. Shia politicians on Thursday were reported to have visited the venerated Shia cleric, Grand Ayatollah Ali al-Sistani, to seek his approval for a new government. On Friday they were planning a weekend meeting with Mr Sadr himself.

Several of Mr Sadr's followers said the radical cleric had agreed to allow his supporters to rejoin the Iraqi government, three weeks after he called a boycott to protest at Mr Maliki's meeting with President Bush in Jordan, in an apparent move to prevent the group from being sidelined altogether.

Dealing with Mr Sadr's movement has posed a dilemma for both Iraqi politicians and US policymakers. Mr Maliki is heavily beholden to the Sadrists, who are probably Iraq's largest mass movement and whose street presence far outweighs that of the prime minister's own Dawa party.

The Sadrist movement holds 30 seats in the 275-member parliament and three important ministries in the cabinet, yet its Mahdi Army militia is blamed for much of the sectarian violence that has killed many thousands since February.

However, it is unclear how much authority Mr Sadr wields over the loosely structured militia which is nominally loyal to him, and whether his personal influence has increased or reduced the level of sectarian violence.

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On the one hand, Mr Sadr has issued statements condemning the violence and lashed out at his followers for failing to obey instructions, but on the other hand he may have used his political influence in Mr Maliki's government to protect militia leaders accused of carrying out sectarian killings.

US commanders say their Iraqi counterparts are pressured to release detained militia leaders, and also have reportedly chafed at Mr Maliki's decision to block raids on the militia's main support base of Sadr City.

Analysts meanwhile are divided as to whether sidelining Mr Sadr would help. A US congressional delegation which visited Iraq 10 days ago told Mr Maliki that he must break his ties with the radical cleric, but the Brussels-based International Crisis Group in a report released last week called on the US to "avoid steps to engineer a cabinet reshuffle aimed at sidelining Moqtada al-Sadr, which would further inflame the situation".

Meanwhile, British forces in the southern port city of Basra arrested seven members of a police unit accused of murdering their colleagues.

British military spokesmen said that one of the suspects was accused of complicity in the October 29 hijacking of a bus containing police translaters, trainers, and cleaning workers. The passengers were executed and their bodies dumped around Basra.

British military spokesman Major Charlie Burbridge said the raid was part of an effort to dissolve Basra's serious crimes unit, which he said had been a problem for several years.

U.S. Commanders In Iraq Recommend A "Surge" (LAT)

By Julian E. Barnes

The Los Angeles Times, December 23, 2006

WASHINGTON — Top U.S. military commanders in Iraq have decided to recommend a "surge" of fresh American combat forces, eliminating one of the last remaining hurdles to proposals being considered by President Bush for a troop increase, a defense official familiar with the plan said Friday.

The approval of a troop increase plan by top Iraq commanders, including Gen. George W. Casey Jr. and Lt. Gen. Raymond T. Odierno, comes days before Bush unveils a new course for the troubled U.S. involvement in Iraq. Bush still must address concerns among some Pentagon officials and overcome opposition from Congress, where many Democrats favor a blue-ribbon commission's recommendation for a gradual withdrawal of combat troops.

But the recommendation by the commanders in Iraq is significant because Bush has placed prime importance on their advice. The U.S. command in Iraq decided to recommend an increase of troops several days ago, prior to meetings in Baghdad this week with Defense Secretary Robert M. Gates, the defense official said.

Gates, who returned to Washington on Friday, will join Secretary of State Condoleezza Rice and National Security Advisor Stephen Hadley in meetings with President Bush Saturday at Camp David. White House Press Secretary Dana Perino said the meeting was part of the Iraq strategy review, and Bush was not expected to make a final decision on the administration's new policy.

Commanders have been skeptical of the value of increasing troops, and the decision represents a reversal for Casey, the highest ranking officer in Iraq. Casey and Gen. John P. Abizaid, the top commander in the Middle East who will step down in March, have long resisted adding more troops in Iraq, arguing that it could delay the development of Iraqi security forces and increase anger at the United States in the Arab world.

The defense official said commanders have not determined the exact number of extra troops they will request. Military officers have debated an increase of about 20,000, about five extra combat brigades. But while some officers think five extra brigades would be difficult to muster, others believe more troops will be required.

"People are warming to the realization that some sort of surge is necessary," said another military official.

The officials spoke on the condition their names not be revealed because Bush has not announced a final decision on his Iraq policy.

Bush recently called for an increase in the overall size of the Army and Marine Corps. But he stressed he has not made a decision on whether to send more troops to Iraq and wants to speak further with Gates.

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Some members of the Joint Chiefs of Staff remain skeptical of a surge, unconvinced that it will yield more positive results than other recent military operations to secure Baghdad or Iraq. But other military officers have said that a buildup in troops is America's last chance to roll back the sectarian violence, neutralize the insurgency and strengthen the government of Prime Minister Nouri al-Maliki.

Many military officers maintain there is no middle ground strategy for Iraq, and that United States must either increase the force, gambling that the military can impose a measure of security on Iraq, or else begin to withdraw its forces.

Those skeptical about the efficacy of an increase argue that any new troops must be given clear instructions. However, defense officials say the U.S. commanders in Iraq have not settled on what that mission should be, although they are expected to decide before calling up new units.

Gates may have been alluding to that on Friday, when he told reporters he has asked Casey to make specific recommendations on how to improve security in Iraq and to work with Iraqi military leaders to "put flesh on those bones" of a new security plan.

"There is still some work to be done between Gen. Casey and his counterparts in the Iraqi government," Gates said. "But I do expect to give a report to the president on what I have learned and my perceptions."

Iraqi politics will be a key factor in deciding how to use extra U.S. military force. American diplomats are trying to engineer an ouster of the political faction of radical Shiite cleric Muqtada al-Sadr from the government and are trying to help set up a moderate coalition of Kurds, Sunnis and Shiites that is more willing to confront al-Sadr's militias.

The U.S. military now considers forces loyal to al-Sadr to be the top threat to the security of Iraq.

Al-Sadr controls 30 seats in the Iraqi parliament and six Cabinet seats in the current government, although the al-Sadr loyalists have been boycotting the government in protest of al-Maliki's meeting with Bush in Jordan in November.

Military officials were dismayed that one of the country's most influential clerics, Grand Ayatollah Ali al-Sistani, did not immediately back efforts to establish a new coalition government. If al-Sistani insists that al-Sadr remain within the Shiite coalition, it would represent a blow to the U.S. goal of marginalizing the radical cleric.

"The goals are tied to the palace intrigue," the military official said. "We are watching them carefully."

A troop buildup has sparse political support, but is backed by Sen. John McCain R-Ariz., considered a front-runner for the GOP presidential nomination. Key Democratic lawmakers and some Pentagon officials, however, remain skeptical. Sen. Carl Levin D-Mich., the incoming chairman of the Senate Armed Services committee, is among those pushing for a timetable for withdrawal -- not a buildup of forces.

Several members of the Joint Chiefs of Staff also have expressed reservations. Because the Joint Chiefs are not part of the military's formal chain of command, the recommendation to increase or decrease will go from commanders in Iraq to Gates and then to Bush. But the Joint Chiefs retain an important advisory role.

Gen. James T. Conway, the new commandant of the Marine Corps and a member of the Joint Chiefs, emphasized the drawbacks of a surge in public comments last week.

"We would fully support, I think, as the Joint Chiefs, the idea of putting more troops into Iraq if there is a solid military reason for doing that, if there is something to be gained," he said. "We do not believe that just adding numbers for the sake of adding numbers -- just thickening the mix -- is necessarily the way to go."

Like Conway, Gen. Peter J. Schoomaker, the Army chief of staff, has said extra troops must be given a clearly defined mission. "We would not surge without a purpose," Schoomaker said recently. "And that purpose should be measurable."

Conway suggested that adding more troops now would mean the military would be less ready to deploy in the future.

"You better make sure your timing is right," he said. "Because if you commit the reserve for something other than a decisive win or to stave off defeat, then you have essentially shot your bolt."

'A New Way Forward,' If With More Troops, Faces Resistance (LAT)

By James Gerstenzang, Times Staff Writer

The Los Angeles Times, December 23, 2006

DOJ_NMG_0108822

— The leader of the Senate Democrats, Harry Reid of Nevada, seemed to open the door Sunday to supporting a temporary increase in the number of U.S. troops in Iraq. Two days later, he shut it.

Sen. Norm Coleman (R-Minn.), returned from two days in Iraq and stated his opposition to a troop surge. "It would create more targets," he said.

As President Bush considers whether to temporarily boost the number of U.S. troops in Iraq, few members of Congress are stepping forward forcefully to promote the idea. So far, the bulk of the political response has been a mix of silence, skepticism and outright opposition.Bush is considering whether to add as many as 30,000 troops to the force of about 140,000 already in Iraq, but he has not committed to the idea. The president is expected to launch a new Iraq strategy, which he calls a "new way forward," in early January — just as Democrats are moving into majority positions in the House and Senate after a midterm election widely interpreted as rejecting the president's conduct of the Iraq war.

Members of Congress have limited reach in shaping day-to-day policy in Iraq. The effect of their votes on spending for the war will play out only in months and years to come, and the president has demonstrated time and again his readiness to buck the tide of the Democrats' opposition.

But broad political opposition has historically put reins on unpopular military policies. Some members of Congress are asking what mission the troops would be charged with performing and questioning the likelihood of success.

Sen. John McCain, the Arizona Republican considered a front-runner for his party's presidential nomination in 2008, has been a leader of a limited group that has pressed for a more aggressive approach in Iraq, including the dispatch of more troops to stem the sectarian violence and insurgent attacks.

Sen. Joe Lieberman of Connecticut, the Democrats' 2000 vice presidential candidate who won reelection to the Senate in November as an independent, has strongly favored sending additional troops.

McCain, Lieberman, and Sen. Susan Collins (R-Maine) visited Baghdad last week. Collins said she was "not yet convinced that additional troops" would help bring a lasting peace.

Their comments aside, many Republican leaders have been reluctant to express themselves on the question, and Democrats who have spoken about it remain skeptical or oppose a troop increase.

The incoming Senate Republican leader, Sen. Mitch McConnell of Kentucky, has made no public statements on whether to increase the deployment. He is waiting "to hear from the folks at the Pentagon," said a spokesman, Don Stewart.

On Sunday, Reid said on ABC News' "This Week" that he would go along with a troop surge if it lasted two or three months and was "part of a program to get us out of there ... by this time next year." But two days later, he came out against an increase. In a blog posting on the website Huffingtonpost.com, he wrote: "Frankly, I don't believe that more troops is the answer for Iraq .... I do not support an escalation of the conflict."

Rep. Nancy Pelosi (D-San Francisco), who is preparing to become House speaker, opposes sending more troops, as does the second-ranking House Democrat, Rep. Steny H. Hoyer of Maryland.

Sens. Barack Obama of Illinois, John F. Kerry of Massachusetts, Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware, all potential Democratic presidential candidates, also oppose a troop increase.

Sen. Hillary Rodham Clinton of New York, who is also a potential Democratic presidential candidates, presented a nuanced response on NBC's "Today Show" earlier this week, when she said she was not in favor of an increase "unless it's part of a larger plan."

Sen. Jack Reed of Rhode Island, a leading Democratic spokesman on military affairs, said in a telephone interview: "Put me down as skeptical."

He said that before he would support a surge, the divergent elements within the Iraqi government would have to move toward political reconciliation and begin delivering public services, and Bush would have to convince him that the troops he was sending would have a specific, achievable mission.

And Reed said the additional deployment would have to be much greater than 20,000, given the size of Baghdad and the number of militants operating there.

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DOJ_NMG_0108823

Al-Qaeda Allies Claim Bigger Base Of Support In Iraq (WP)

By Karen DeYoung

The Washington Post, December 23, 2006

Forces allied with al-Qaeda in Iraq claimed yesterday to have broadened their base of support among Iraqi Sunnis, saying that 70 percent of tribal sheiks and a number of previously independent insurgent groups have pledged allegiance to what has been called the Islamic State of Iraq under its emir, Abu Omar al-Baghdadi.

An 18-minute audiotape attributed to Baghdadi and released on the Internet invited officers in ousted president Saddam Hussein's disbanded army to join the insurgents. Iraqi Prime Minister Nouri al-Maliki issued a similar invitation last week to all former soldiers and officers to join the government's military.

The Sunni-dominated army was dissolved by L. Paul Bremer, then the U.S. administrator in Iraq, after American-led forces toppled Hussein's government in the spring of 2003. Many of its members are believed to have already joined the insurgency.

Maliki's invitation, issued last weekend, was part of the latest reconciliation effort aimed at ending the sectarian violence that has swept Iraq this year. Even as it has appealed to Sunnis, Maliki's Shiite-majority government has been unable to rein in its own side, including radical Shiite cleric Moqtada al-Sadr, whose militia is believed to be driving much of the violence.

Baghdadi's statement called on Sunnis to shun the faltering efforts to maintain a multiethnic unity government in Iraq, which it said were being negotiated by Saudi Arabia at the behest of the United States.

Since the death last summer of Abu Musab al-Zarqawi, the brutal leader of al-Qaeda in Iraq, once-disparate Sunni insurgent groups have portrayed themselves as increasingly unified, with political as well as military goals. They declared the formation of an Islamic state in October, and yesterday's statement said that governors have been appointed in Sunni-dominated areas and Islamic law is being imposed at "the request of the people themselves." Judges have been appointed "to finish the disputes and stop the standing disagreements" among Sunni tribal leaders, and punishments are being meted out for crimes such as adultery, the statement said.

Baghdadi's invitation to Hussein's disbanded army is open to officers holding the rank of major and below, provided they can "recite at least three chapters" of the Koran and pass an exam on Islamic law. It added: "This is to make sure that he is free from his unbelief with Baath," Hussein's secular political party. In return, "we will provide him with travel, salary, food and lodging."

The statement, translated by the Washington-based SITE Institute, which monitors extremist Web sites, noted that President Bush has warned of the establishment of an "Islamic state from China to Spain" and added: "This liar is right."

The insurgents appear well aware of the Bush administration's current policy review, saying that U.S. military forces in Iraq are staggering and "starting to look for flight." Baghdadi offered Bush two weeks to decide to withdraw all U.S. forces, adding that they would be given one month to leave without interference, provided they left behind all equipment and heavy weapons.

Insurgents Offer U.S. 30-day Truce To Get Out Of Iraq (CNN)

CNN.com, December 22, 2006

BAGHDAD, Iraq (CNN) -- The leader of an umbrella organization for Iraqi insurgent groups is offering the United States a one-month truce to withdraw all U.S. forces from Iraq and turn over its military bases "to the mujahedeen of the Islamic state."

In an audiotape posted on Islamic Web sites Friday, a speaker identified as Abu Omar al-Baghdadi, the leader of the Mujahideen Shura Council, said that if U.S. forces begin withdrawing from Iraq immediately and leave their heavy weaponry behind, "we will allow your withdrawal to complete without anyone targeting you with any explosive or anything else."

"We say to Bush not to waste this historic opportunity that will guarantee you a safe withdrawal," al-Baghdadi said on the audiotape.

The United States was given two weeks to respond to the offer.

The Mujahideen Shura Council is an umbrella group formed in late 2005 that includes several terrorist and insurgent groups, including al Qaeda in Iraq.

On the audiotape, al-Baghdadi also called on officers from the former Iraqi army to join an "army of the Islamic state," promising them a house and a salary as long as they pass a "test of faith" intended to demonstrate the extent of their "hatred" for Saddam Hussein and his regime.

DOJ_NMG_0108824

The U.S. military Friday reported five U.S. troop deaths, while Iraqi authorities reported the discovery of a dozen bodies and the kidnapping of a Sunni imam in Baghdad.

One soldier was killed and another wounded when attackers targeted a coalition patrol west of the capital, the U.S. military said. Three Marines and a sailor assigned to Regimental Combat Team 7 died Thursday from wounds suffered during combat in Anbar province, the military also said.

The deaths bring the December U.S. military death toll to 73 and the overall total during the war to 2,955; seven U.S. contractors also have been killed.Other developments

U.S. Defense Secretary Robert Gates concluded his three-day tour of Iraq to assess U.S. troop levels and Iraq's security situation. He was headed for Washington on Friday and was expected to issue a report of his consultations with U.S. troops, commanders and Iraqi officials to President Bush during the weekend.

Coalition forces in Baghdad killed an insurgent and detained 35 others Friday morning during raids aimed at al Qaeda in Iraq members, the U.S. military said. In Basra, about 1,000 British troops arrested four and seized weapons in a sweep to arrest police suspected of death squad activities. Iraqi troops in Diyala province also launched raids, detaining 13 people in a sweep that targeted "an illegal armed group cell."

The Shiite leadership says it will not exclude radical Shiite cleric Muqtada al-Sadr, a statement that appeared to douse hopes for the emergence of a moderate political alliance that would include Sunni and Kurdish parties.

President Bush and first lady Laura Bush made bedside visits to 38 American service members at the Walter Reed Army Medical Center on Friday, The Associated Press reported. They joined Girl Scouts and children of hospital staff to wrap presents for families and children of wounded military personnel and were to head for Camp David later Friday for the Christmas holiday, AP reported.

Polish President Lech Kaczynski has approved a one-year extension through 2007 for his country's 900 troops to serve in Iraq, the AP cited his foreign policy adviser as saying Friday. They are mainly involved in training Iraqi security forces, AP reported.

Eight Marines have been charged in the killings of 24 Iraqi civilians in Haditha last year, the Marine Corps announced Thursday.

Ultimatum From Al Qaeda (AFP)

AFP, December 23, 2006

Dec 23, 2006, DUBAI (AFP) - The head of an Al-Qaeda-dominated group in Iraq offered to give US troops a month to pull out free of attack in an audiotape posted on the Internet and demanded an answer within two weeks.

Abu Omar al-Baghdadi also charged that Washington had attempted to open communications through Saudi intermediaries but said he had rebuffed the overture, in the voice recording whose authenticity could not immediately be verified.

"We are offering you the opportunity to withdraw your troops in complete safety and we are expecting your response within two weeks," said the voice purporting to be that of Baghdadi, leader of a self-proclaimed Islamic emirate in western and north-central Iraq that is dominated by Al-Qaeda supporters.

"We appeal to President George W. Bush to seize this historic opportunity which should allow your troops to pull out in safety," it said.

Asked wether the US administration was checking on the authenticity of the tape or if it would answer the offer, Gordon Johndroe, a White House spokesman, declined any comment.

Bush has faced intense political pressure to overhaul his Iraq policy, following the rout of his Republican party in mid-term elections, rock-bottom approval of his management of the Iraq war and mounting US combat deaths.

A policy review by the Iraq Study Group, a bi-partisan panel, recommended that all frontline US troops be withdrawn by early 2008.

But Bush made clear Wednesday that he was opposed to any precipitate withdrawal from Iraq and that in the short term US troop numbers might even rise.

"I want the enemy to understand that this is a tough task, but they can't run us out of the Middle East; that they can't intimidate America," he said.

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The voice recording also charged that US officials had made contact with the Al-Qaeda front organization through Saudi intermediaries in a bid to open up communication but said that the overture had been rebuffed.

"The giant has begun to collapse and is seeking to negotiate through various parties, particularly through its agents," it said.

"It conveyed to us through the Saud family (the royal family in Saudi Arabia), the dictators of the (Arabian) peninsula, its desire (to negotiate), claiming already to have sat down with all parties apart from us.

"But we told it: 'We don't negotiate with those who have shed the blood of our children.'"

US officials have expressed readiness to open up communications with insurgent groups in Iraq but have always excluded those with links to Al-Qaeda.

5 U.S. Troops Die In Iraq As Month's Toll Hits 70 (WP)

By Nancy Trejos

The Washington Post, December 23, 2006

BAGHDAD, Dec. 22 -- Five more American service members have been killed in Iraq, the U.S. military reported Friday, in what is shaping up to be one of the deadliest months for U.S. forces this year.

Four of those deaths occurred Thursday in western Iraq's Anbar province, where Sunni insurgents are aggressively fighting U.S. troops. The fatalities included three Marines and a sailor assigned to Regimental Combat Team 7, the military said.

On Friday, one soldier died and another was wounded when they came under fire during a patrol west of the capital, according to the military.

Newly appointed Secretary of Defense Robert M. Gates on Friday returned to the United States for consultations with President Bush. Gates will offer findings from three days of meetings with U.S. commanders and Iraqi leaders about possible shifts in U.S. war strategy.

Before leaving, Gates told reporters at Camp Victory in Baghdad that naval forces in the Persian Gulf have increased, the Associated Press reported. Denying that this was a direct reaction to Iran's refusal to rein in its nuclear program, he called it a signal to all Gulf countries that the United States will maintain an enduring presence in the region.

As of Thursday, 70 service members had been killed this month, said Lt. Col. Christopher C. Garver, a U.S. military spokesman. Sixty were killed in action, and 10 died from noncombat causes such as accidents and illnesses, he said.

According to iCasualties.org, a Web site that tracks military casualties, the deadliest month this year has been October, with 110 deaths, including four non-Americans.

"We are in a tough fight, and we continue to conduct aggressive operations in support of the people of Iraq," Garver said.

U.S.-led forces have stepped up efforts to quell sectarian violence in Baghdad while continuing to fight insurgents in Anbar.

During multiple raids throughout the region Friday morning, coalition forces killed one suspected insurgent and detained 25 believed to be responsible for car bombings and other attacks against civilians and troops, the military said. They also captured an al-Qaeda financier, the military said.

U.S. forces are training Iraqi forces to take over security. Part of that training involves conducting joint operations to confiscate weapons caches and arrest suspected insurgents.

On Thursday, forces with the Iraqi army's 4th Division and U.S.-led coalition advisers captured a suspected leader of an insurgent cell and detained two others in Taji, north of Baghdad. The suspected cell leader, whose name was not released, planned car and roadside bombings against the convoys of Iraqi and coalition forces and helped set up illegal checkpoints, the military said.

Meanwhile, the purported leader of a militant group linked to al-Qaeda offered U.S. troops a one-month truce if they agreed to withdraw from Iraq and hand over their heavy weapons and military bases.

In a 19-minute speech posted on an insurgent Web site, Abu Omar al-Baghdadi, the leader of Islamic State of Iraq, said the troops would not be attacked on their way out. "We tell Bush, 'Don't miss this historical opportunity that will guarantee you a safe withdrawal from Iraq,' " he said.

The authenticity of the tape could not be verified.

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Also Friday, the U.S. Embassy denied involvement in the escape of Iraq's former electricity minister from a police station in the Green Zone, the fortress-like compound that houses the Iraqi government and U.S. and British embassies.

Aiham al-Sammarae, an Iraqi-U.S. citizen who had lived in exile in a Chicago suburb until the 2003 U.S.-led occupation, had been awaiting trial on several corruption charges when he fled the station with the help of private security agents, Iraqi officials said.

Radhi al-Radhi, the head of Iraq's Public Integrity Commission, an anti-corruption panel investigating Sammarae, said in an interview shortly after the escape that he believed the agents were Americans.

December A Very Bloody Month For U.S. Troops (WT/AP)

By Christopher Torchia

The Washington Times, December 23, 2006

BAGHDAD -- Insurgent attacks killed five more American troops west of the Iraqi capital, the military said yesterday, making December the second-deadliest month for U.S. servicemen in 2006.

So far this month, 76 American troops have died in Iraq, the same number that were killed in all of April.

Defense Secretary Robert M. Gates flew back to Washington yesterday to give President Bush his advice on transforming U.S. policy in Iraq after holding three days of talks in the war zone with military and political leaders.

Mr. Gates was scheduled to see the president at the mountain retreat of Camp David, Md., today.

Before leaving Baghdad, Mr. Gates declined to say whether he plans to recommend a short-term increase in U.S. troop levels, but said he thinks there is "a broad strategic agreement between the Iraqi military and Iraqi government and our military."

Britain's Defense Secretary Des Browne acknowledged yesterday he may have to increase the size of Britain's armed forces as a result of commitments in Iraq and Afghanistan -- echoing military expansion plans being considered in Washington.

Mr. Browne told the Times of London he could consider increasing the size of the armed forces from 95,560 because current deployments had left too little time for training exercises.

"People imagine that the best form of training is to be in Iraq or Afghanistan, but it's not true," Mr. Browne was quoted as saying by the newspaper. "While we are deploying troops in their thousands, we lose the chance to build up their basic skills."

Poland, which has 900 soldiers in Iraq, agreed yesterday to extend its mission in Iraq until the end of 2007. The Poles focus mainly on training Iraqi security forces and are based in an area south of Baghdad that is calmer than the capital.

Also yesterday, South Korean lawmakers endorsed a motion to extend the country's deployment in Iraq for another year, but cut the number of troops in half. The motion calls on the South Korean government to withdraw 1,100 troops of its 2,300-strong contingent in the relatively peaceful, northern city of Irbil by April.

The five U.S. deaths announced yesterday took place over two days. One soldier died and another was wounded yesterday when their patrol came under fire west of Baghdad, the military said. On Thursday, three Marines and one U.S. sailor died from wounds sustained in combat in western Anbar province.

Meanwhile, Shi'ites from parliament's largest bloc, the United Iraqi Alliance, met yesterday in Najaf amid efforts to craft a new coalition that would include Kurds and one Sunni party. They had traveled to the holy city to seek approval for the plan from Grand Ayatollah Ali al-Sistani, a revered Shi'ite cleric who is said to be alarmed at the bloodshed sweeping swathes of the country.

It was not clear whether such a coalition would be able to govern effectively without the backing of radical Shi'ite cleric Muqtada al-Sadr's 30 loyalists in the 275-member parliament, and his six ministers in the 38-member Cabinet.

The builders of the new coalition are trying to exclude Sheik al-Sadr, whose faction has been an integral part of Prime Minister Nouri al-Maliki's government but has been boycotting the parliament and Cabinet to protest Mr. al-Maliki's recent meeting with Mr. Bush.

Officials close to the militia leader said he has agreed to end the three-week boycott and allow supporters to rejoin the government.

Separately, the purported leader of an al Qaeda-linked militant group offered U.S. troops a one-month truce to withdraw from Iraq without being attacked, according to a speech posted on an Islamic Web site yesterday.

DOJ_NMG_0108827

The authenticity of the tape of Abu Omar al-Baghdadi, leader of al Qaeda in Iraq, could not be verified.

Shiites Remake Baghdad In Their Image (NYT)

By Sabrina Tavernise

The New York Times, December 23, 2006

BAGHDAD, Dec. 22 — As the United States debates what to do in Iraq, this country's Shiite majority has been moving toward its own solution: making the capital its own.

Large portions of Baghdad have become Shiite in recent months, as militias press their fight against Sunni militants deeper into the heart of the capital, displacing thousands of Sunni residents. At least 10 neighborhoods that a year ago were mixed Sunni and Shiite are now almost entirely Shiite, according to residents, American and Iraqi military commanders and local officials.

For the first years of the war, Sunni militants were dominant, forcing Shiites out of neighborhoods and systematically killing bakers, barbers and trash collectors, who were often Shiites. But starting in February, after the bombing of a shrine in the city of Samarra, Shiite militias began to strike back, pushing west from their strongholds and redrawing the sectarian map of the capital, home to a quarter of Iraq's population.

The Shiite-dominated government publicly condemns violence against Sunnis and says it is trying to stop the militias that carry it out. But the attacks have continued unabated, and Sunnis have grown suspicious.

Plans for a new bridge that would bypass a violent Sunni area in the east, and a proposal for land handouts in towns around Baghdad that would bring Shiites into what are now Sunni strongholds underscored these concerns.

Sunni political control in Baghdad is all but nonexistent: Of the 51 members of the Baghdad Provincial Council, which runs the city's services, just one is Sunni.

In many ways, the changes are a natural development. Shiites, a majority of Iraq's population, were locked out of the ruling elite under Saddam Hussein and now have power that matches their numbers.

The danger, voiced by Sunni Arabs, is that an emboldened militant fringe will conduct broader killings without being stopped by the government, or, some fear, with its help. That could, in turn, draw Sunni countries into the fight and lead to a protracted regional war, precisely the outcome that Americans most fear.

"They say they're against this, but on the ground they do nothing," said Mahmoud al-Mashhadani, the speaker of Parliament, a Sunni. He moved his family to the better-protected Green Zone in October.

The debate reaches to the heart of the American enterprise here. While President Bush is considering more troops, some in the Shiite-dominated government say the Americans should stay out of the sectarian fight in Baghdad and let the battle run its course. Getting involved would simply prolong the fight, they say.

At an army base in northern Baghdad, an Iraqi general moved his hand across a map of the capital. The city is dividing fast, he said, writing, "Sunni" and "Shiite" in graceful Arabic script across each neighborhood.

"Now we face a new style of splitting the neighborhoods," said the general, a Shiite. "The politicians are doing this."

Neighborhoods in the east — most vulnerable to Shiite militias from Sadr City, the largest eastern district and one of its poorest — have lost much of their minority Sunni populations since February. Even the solidly middle-class neighborhoods of Zayuna and Ghadier, very mixed as little as six months ago, are starting to lose Sunnis.

In Baladiyad, a once-mixed area of eastern Baghdad, workers smoothed mortar onto brick. A Shiite mosque was taking shape.

On the same block, a half-finished Sunni mosque stood deserted, its facade hung with peeling posters of last year's leaders. Less than a mile away, another mosque has never been used.

"They can't come here now," a Shiite worker said. "They are Sunni."

Further south, in the neighborhood of Naariya, a Shiite refugee family sat in a darkened living room in a house they recently occupied.

The house belonged to a Sunni family, but they had fled after a spate of killings, and the local office of Moktada al-Sadr, a Shiite cleric, had arranged for Shiites to move in.

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The new family's scant belongings hung on the wall: a portrait of the father, now dead, and a broken revolver. Somebody else's clock chimed. Mattresses and couches of the previous owners packed the room.

"They told us it's safe here, it's a Shiite neighborhood," said Mustafa, one of the sons. "The Mahdi Army is protecting the area," he said, referring to Mr. Sadr's militia. Family members declined to give their name for safety reasons.

The family has no sympathy for the Sunnis. They fled Baquba, a relentlessly violent town north of Baghdad, after Sunni militants killed their father, a man in his 70's; kidnapped a brother; and shot another brother dead.

Around 400 Shiite families have fled from Baquba to Naariya and a nearby neighborhood, Baghdad Jedidah, over the past few months, said Mustafa, citing local officials in Mr. Sadr's office.

"We are a ship that sank under the ocean," said his mother, Aziza, 46.

Besides, Mustafa said, Shiite militias pursue only Sunnis with suspicious affiliations. The Sunni militias, on the other hand, "are killing anyone who is Shiite," Aziza said. (A relative in a separate conversation said one of Aziza's sons had killed more than 10 Sunnis since coming to Baghdad this fall. The family denied any involvement in militias.)

Aziza added, "My husband was an ordinary man."

But a divided Iraq can destroy ordinary people.

A Sunni man named Bassim, his Shiite wife and their three small children said Shiite militiamen forced them to leave their home in Huriya, west of the Tigris, one chilly afternoon this month. Bassim left two jobs as a butcher and a hospital cleaner because they were in very Shiite neighborhoods.

"My husband is a Sunni, but he has nothing to do with insurgents," said his wife, Zahra Kareem Alwan, holding her sobbing daughter on her hip in a school in Adel, a Sunni neighborhood in western Baghdad where families took temporary refuge. Boxes of water were stacked in a corner.

Last week, the family was moved to an empty house farther west. They did not know the owner.

Shiite leaders argue that the Iraqi Army would not allow massacres. They say Americans will be embedded with units as a safety check.

In Huriya, it was an Iraqi Army unit that helped Ms. Alwan and other families into trucks and brought them to Adel. An American colonel advising the Iraqi Army unit that controls the area said that Shiites occupied the houses within 48 hours. Americans counted about 180 families who had fled. The Iraqi general said it was 50.

Shiite political leaders were skeptical.

"These are lies," said Hadi al-Amiri, head of the security committee in Parliament and of the Badr Organization, the armed wing of one of Iraq's most powerful Shiite parties.

"It's merely propaganda to create fears among Arabs," he added, a reference to Sunni Arab countries.

The main problem, Mr. Amiri said, was Sunni insurgents and their suicide bombs.

"They want to go back to the old equation, when they were the officers and the Shia were just soldiers and slaves," Mr. Amiri said, with an intensity that spoke of deep scars inflicted by the past government, referring to the loyalists to Saddam Hussein. "This will never happen again. They should believe in the new equation."

Using the unlikely analogy of Mr. Hussein draining the marshes in southern Iraq to destroy the marsh Arabs, Mr. Amiri talked about ways that Baghdad could be encircled to choke off the supply lines of Sunni militants, for instance, by fortifying a network of rivers, a dam, and several highways.

"He divided it, drained the water, and within two to three years it was a desert," he said. "I believe Baghdad will be like this."

Militias are already doing their part to defend Shiites. In a Shiite mosque in northern Baghdad, refugees from the embattled northern village of Sabaa al-Bour, many of them women in black abayas, gathered in October asking for food and shelter.

Killings of Shiites in the town had enraged leaders in Baghdad. But weeks had dragged on, and one morning in October, a volunteer walked through the refugees telling them to go back home.

The Mahdi Army was there now, she said. The town was now safe for Shiites.

Shiites are also making inroads on local and federal levels. Baghdad's municipal government is taking bids for designs of a bridge that would connect Greyat with Kadhimiya, two major Shiite areas in northern Baghdad on opposite sides of the Tigris River. Adhamiya, a Sunni area where the bridge is now and where it has been closed, would be bypassed altogether.

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"The former regime refused to make the connection because it would strengthen the Shia," said Naem al-Kaabi, a deputy mayor of Baghdad.

In another plan that appears intended to repopulate heavily Sunni-controlled areas with Shiites, the Ministry of Public Works has proposed giving land to victims of violence inflicted by Mr. Hussein and by insurgents since 2003. The plots would be in six towns outside Baghdad — Abu Ghraib, Taji, Salman Pak, Husseiniya, Mahmudiya and Latifiya, according to a local official familiar with the plan.

Sunni militants now control the towns and have conducted brutal campaigns to eliminate Shiites. Mr. Hussein gave favors to Sunni tribes there to protect against Shiites from the south. Few Sunnis claim compensation as victims of violence, since the application requires visits to police stations and hospitals, places no longer safe for Sunnis.

It was not clear how soon the plan would be carried out. A previous proposal, made by the Iraqi cabinet last year, would give some land in heavily Sunni west Baghdad to about 3,000 families, but names are still being registered.

In another indication of the current mood, a popular cellphone ring in eastern Baghdad, now largely Shiite, is a tune with the words: "If you can't beat me, don't fight me."

The Sunni houses in Naariya did not empty easily. A college student with a Sunni name said he hid in his house, as Shiite militiamen went into homes on his block in late September and marched people away. A few days later, his uncle, a 35-year-old refrigerator repairman, was taken. The body was found in Ur, a Shiite stronghold in north Baghdad.

But unlike a bomb blast, where everybody remembers how someone died, the Sunnis' losses seems to melt away. The Mahdi Army-controlled police station had no record of them.

Terrified, the men of the family scattered, settling on couches and in a garage of friends and family.

The student, Omar, is keeping a diary.

"One day I'll be a teacher," he said. "I should teach children what we passed through."

Iraqis Sue Over Oil-for-food Program (AP)

By Larry Neumeister,

AP, December 23, 2006

Iraqi citizens filed a $200 million lawsuit Friday against a prominent European bank and an Australian wheat exporter, saying they were cheated out of humanitarian goods when the companies permitted the U.N. oil-for-food program to be corrupted.

The lawsuit, brought by seven Iraqi individuals seeking class-action status on behalf of northern Iraqis, said the bank, BNP Paribas, and AWB Limited, the largest humanitarian goods provider under the oil-for-food program, cheated the citizens of Iraq from June 10, 1999, to June 3, 2003.

The suit, in U.S. District Court in Manhattan, seeks at least $200 million in damages under the federal Racketeer Influenced and Corrupt Organizations Act, the Foreign Corrupt Practices Act and the International Emergency Economic Powers Act.

According to the lawsuit, residents of the Irbil, Dokuk and Sulaimaniyah areas of Iraq claimed they did not receive the full benefits to which they were entitled.

The lawsuit said the companies stole from the Iraqis "by engaging in a brazen kickback scheme" in which money earmarked for the benefit of Iraqis was instead improperly transferred "into the coffers of Saddam Hussein's corrupt Iraqi regime or used to indemnify goods suppliers, including AWB, for the bribes they had paid Iraq."

The lawsuit said the companies disguised and misrepresented the kickbacks to make them appear to be legitimate costs. It also accused them of knowing or recklessly disregarding that money was being paid illegally to the government of Saddam Hussein.

BNP paid as much as $1.5 billion in kickbacks to Hussein's government while AWB paid more than $200 million, the lawsuit claims.

BNP is headquartered in Paris, France, but has offices in the United States, including New York. Edwina Frawley, a BNP spokeswoman, said she had no comment Friday.

DOJ_NMG_0108830

A government-commissioned report in Australia was released several weeks ago saying AWB paid $220 million in kickbacks to former Iraqi leader Saddam Hussein's regime from 1999 to 2003 to secure lucrative wheat contracts under the oil-for-food scheme.

Under the oil-for-food program, AWB, which had sold wheat to Iraq since 1948, sold 6.8 million tons to the nation, receiving more than $2.3 billion in payments, the lawsuit said.

"It's the first I've heard of it," AWB spokesman Peter McBride said of the lawsuit. "It would be an ill-conceived action, and if it's brought to fruition, it would be vigorously defended."

In late November, in response to the government-commissioned report, the wheat exporter accepted responsibility for the scandal and announced a corporate restructuring plan.

Iraq no longer permits AWB to send wheat there.

In October 2005, a U.N.-backed investigation said in a report that about 2,200 companies in the oil-for-food program, including corporations in the United States, France, Germany and Russia, paid a total of $1.8 billion in kickbacks and illicit surcharges to Saddam Hussein's government.

A message seeking comment from lawyers Gary Osen and Joshua Glatter was not returned Friday evening.

The lawsuit was filed in New York because, it says, "the defendants maintained offices, conducted or transacted substantial business and committed acts in New York."

Iraqis' Suit Targets 2 Firms In U.N. Oil-for-Food Program (WP)

The Washington Post, December 23, 2006

NEW YORK, Dec. 22 -- Seven Iraqi citizens filed a $200 million lawsuit Friday against a prominent European bank and an Australian wheat exporter, saying the Iraqis were cheated out of humanitarian goods when the companies permitted the U.N. oil-for-food program to be corrupted.

The lawsuit seeks class-action status on behalf of northern Iraqis. It alleges that the bank, BNP Paribas, and AWB Limited, the largest humanitarian goods provider under the oil-for-food program, cheated the citizens of Iraq from June 10, 1999, to June 3, 2003.

The suit, filed in U.S. District Court in Manhattan, seeks damages under the federal Racketeer Influenced and Corrupt Organizations Act, the Foreign Corrupt Practices Act, and the International Emergency Economic Powers Act.

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In October 2005, a United Nations-backed investigation said in a report that about 2,200 companies in the oil-for-food program, including corporations in the United States, France, Germany and Russia, paid a total of $1.8 billion in kickbacks and illicit surcharges to Hussein's government.

In a related matter, the United Nations announced that the documents from that investigation will be stored for at least two years, and made available to U.N. member nations, if the secretary general approves. The papers will not be released to the public.

Flurry Of Calls About Draft, And A Day Of Denials (NYT)

By Eric Lichtblau

The New York Times, December 23, 2006

WASHINGTON, Dec. 22 — As the de facto media contact for the Selective Service System, Dick Flahavan is the Maytag repairman of government press people. With the military draft out of business since 1973, the Selective Service just doesn't get a lot of calls these days.

But by midday Friday, Mr. Flahavan's office had fielded dozens of inquiries, not just from reporters but from some anxious parents as well, all with some variation of the same urgent question: Are you reinstituting the draft?

So adamant was the denial that Mr. Flahavan, a bit beleaguered, had his staff members post an unplanned update Friday morning at the top of Selective Service's Web site: "No Draft on Horizon!"

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What prompted all this was a Hearst wire service article noting that the Selective Service was making plans for a "mock" draft exercise that would use computerized models to determine how, if necessary, the government would get some 100,000 young adults to report to their local draft boards.

The mock computer exercise, last carried out in 1998, is strictly routine, Selective Service officials said, and it will not actually be run until 2009 — if at all. The exercise has been scheduled several times in the last few years, only to be scuttled each time because of budget and staffing problems, and Mr. Flahavan said he would not be surprised if it was canceled this time around, too.

No matter. With President Bush saying that he wants to increase the size of the Army and the Marine Corps, the military strained near the breaking point and the secretary of veterans affairs suggesting publicly this week that a reconstituted draft could "benefit" the country, even the notion of a mock exercise seemed to strike a nerve.

Since the start of the war in Iraq, some Democrats and Internet bloggers have been stirring up talk of a "secret plan" by the Bush administration to resume the draft, and the mere mention of the idea summons Vietnam-era images of birthday-generated draft lotteries and draft evaders fleeing to Canada.

Mr. Flahavan, an associate director of the Selective Service who has worked there for nearly two decades, has seen fears of a draft enflamed before — most notably at the start of the Persian Gulf war in 1991 and the start of the Iraq war in 2003, as anxious parents would call to ask what effect their son's heart murmur would have on his draft status. He said he understood the anxiety caused by this week's latest round of reports, even if he found the whole thing somewhat irksome.

"People think, 'Aha, they're having an exercise, dusting off the plans, a draft must be right around the corner,' " he said.

The reality, said Mr. Flahavan, who spent most of Friday tamping down the fears, is that "this is much ado about nothing."

"None of that is accurate," he said.

White House officials did their part to dampen the speculation as well.

"The president's position has not changed," said Trey Bohn, a spokesman for the White House. "He supports an all-volunteer military, and the administration is not considering reinstating the draft."

Although senior military officers agree that the armed forces are stretched, they also agree that a return to the draft is not the best way to fill the ranks. Draftees, they say, are not as motivated as volunteers, and tend to leave as soon as possible, after spending much of their time in costly training. Re-enlistment rates are much higher among volunteers.

Representative Charles B. Rangel, Democrat of New York, has championed the idea of bringing back the draft, calling attention to what he sees as social and economic inequities in the volunteer military. The House rejected his bill in 2004, by 402 votes to 2. Mr. Rangel has said he will try again, but other Democratic leaders have been cool to the idea.

The exercise planned for 2009 would run computerized models to assign random lottery picks by birthday and simulate the processes for notifying those selected and for lodging conscientious objector claims.

William A. Chatfield, director of the Selective Service, said Friday that "we try to send out a signal of strength that we're prepared." The Selective Service, he said, needs to be ready "if something totally unforeseen should come upon us."

But for now, the chances of that happening are "very, very, very low," Mr. Chatfield said. "There's nothing even being discussed in a remote fashion, but you have people trying to create fear when there's nothing there."

CORPORATE SCANDALS:

Siemens Chief Bullish In Spite Of Bribery Scandal (FT)

By Richard Milne

Financial Times, December 23, 2006

Klaus Kleinfeld, chief executive of Siemens, says he sympathises with the Queen Elizabeth II's complaint at Christmas in 1992 of having suffered an annus horribilis.

Fighting to save his reputation - and that of Europe's largest engineering group - amid a €420m ($553m) bribery scandal, Mr Kleinfeld has already had to undergo the indignity of giving up a 30 per cent pay rise and becoming perhaps the most unpopular manager in Germany after a former division became insolvent.

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A €20bn joint venture in telecommunications equipment with Nokia has been postponed for up to three months. There has also been talk of bans on Siemens conducting business in certain countries affected by the bribery scandal.

But in an interview over lunch at the German group's Munich headquarters Mr Kleinfeld strikes a bullish note, annus horribilis or not.

"We have managed to add €12bn to our top line - that is the size of a medium-sized Dax [the German blue-chip index] company."

The chief executive shows boyish enthusiasm as he discusses rises in profitability and the advantages of being a conglomerate.

Mr Kleinfeld is adamant that the Nokia deal will go ahead - almost certainly without financial penalties for Siemens.

But there is little doubt that he is taxed by the bribery scandal and the bashing Siemens' reputation has received as a result.

Mr Kleinfeld says he is determined not only that the truth comes out about what happened but that "five years down the road I want people to say that Siemens [sets] an example for a transparent company".

Many outside experts, lawyers of suspects in the scandal and even some Siemens managers argue that the group's culture has at least tolerated bribery, if not encouraged it.

Mr Kleinfeld feels that the hiring of an external law firm, Debevoise & Plimpton; outside auditors, Deloitte; and an anti-corruption expert, Watergate investigator Michael Hershman, show how serious the company is about addressing its problems.

Mr Kleinfeld was briefly responsible in 2004 for the telecoms division where the slush funds for the alleged bribery originated. The chief executive says he was so busy working on the restructuring of the division that he barely had any time for anything else. Shortly after the restructuring ended, he was named chief executive of the whole group.

But the suspect payments continued. Mr Kleinfeld says he learned about one suspect account in Switzerland at the end of January as part of Siemens' own investigations. When his offices were raided in mid-November he presumed it was an extension of that probe.

He says that, prior to prosecutors' investigations, he did not know of the alleged connection and scale of the various bribery schemes. Prosecutors say Mr Kleinfeld and Siemens are witnesses and not suspects in their investigation.

The chief executive talked to the US Securities and Exchange Commission and Department of Justice after the raids and in four subsequent conversations has sought approval for each of Siemens' clean-up efforts.

He says the alleged bribery was not a normal business practice, as lawyers for the suspects have argued, but a criminal enterprise. "You need three signatures to interfere with the SAP [payment bookings] system - and it is possible if, as it looks like here, they all work together."

Mr Kleinfeld underlines that with an average of 9m financial payments a day, oversight of all of them is difficult.

The idea that to wincontracts in some countries, bribes are necessary is swiftly rebuffed. "Particularly when we have transactions in these countries we were clear that the business management had to be more careful [with regard] to the[se] topics [bribery]," he says.

Mr Kleinfeld also defends Heinrich von Pierer, his predecessor as chief executive and the company's current chairman, from critics who say he should accept responsibility for the scandal and resign.

In a comment that underlines his unapologetically capitalist nature, which has often rubbed up the German public the wrong way, Mr Kleinfeld says: "This is not a political organisation. We have to run a company here in the best way possible and not be deflected."

Siemens CEO Hopes New Audit Cuts Scope Of Suspected Fraud (WSJ)

By Mike Esterl

The Wall Street Journal, December 22, 2006

MUNICH, Germany -- Siemens AG Chief Executive Klaus Kleinfeld said he is hopeful the financial scope of alleged fraud at the German conglomerate will shrink from the €420 million ($553 million) in transactions the company has identified as suspicious.

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Mr. Kleinfeld defended top management's role in the money-laundering and bribery investigation, saying that Europe's largest engineering company by sales has tightened compliance procedures in recent years.

But he also acknowledged that the investigation, which has forced the delay of a €16 billion merger of the telecommunications equipment divisions of Siemens and Finland's Nokia Corp., has exposed shortcomings in corporate governance at the German company.

"I don't think anybody can claim they were not aware of the behavior that was expected from the top," Mr. Kleinfeld said in an interview at the company's headquarters, adding that he was "shocked" and "disappointed" by signs of wrongdoing.

Mr. Kleinfeld said the probe indicates Siemens isn't "best in class" when it comes to corporate governance. "With the knowledge I have today, I would fully back that view," said Mr. Kleinfeld, who joined the company in 1987 and became chief executive in January 2005.

Siemens said last week it had found €420 million in suspicious transactions dating back seven years -- twice the amount that German prosecutors had flagged last month after more than 200 police raided company offices. Prosecutors have arrested several current and former employees, including senior managers.

On Friday, six suspects taken into custody in the corruption investigation were released after questioning, prosecutors said. The suspects, including the ex-head of its telecommunications equipment unit, were detained in the November raids.

Investigators suspect that company officials funneled funds into secret bank accounts and bogus consulting contracts to pay bribes to potential customers abroad. Siemens itself hasn't been charged with any wrongdoing.

Among those jailed so far is Thomas Ganswindt, a former management-board member who left Siemens at the end of September. Mr. Ganswindt was released from custody Thursday after denying any wrongdoing, his lawyer said.

The corruption allegations are the strongest yet to hit Siemens, which is active in nearly 200 countries and has been enmeshed in other bribery scandals in the past. They also come at a delicate time for Mr. Kleinfeld, who is pushing hard to restructure unprofitable businesses.

Mr. Kleinfeld reiterated that Siemens believes the alleged wrongdoing was confined to its struggling telecommunications equipment unit and to a group of individuals who circumvented financial controls on their own initiative. He said Siemens is being "very conservative" in reaching the €420 million total for suspect transactions and that he is hopeful a follow-up audit will find some of those transactions to have been legitimate.

The 49-year-old executive said the conglomerate, whose range products include medical scanners and power turbines, has implemented stronger controls in recent years so that financial transactions require multiple signatures. The approval process for consulting contracts also was toughened last year, he added.

Siemens announced last week it had hired the law firm Debevoise & Plimpton LLP to make an independent inquiry into the company's financial controls. It also hired Michael Hershman, a co-founder of Transparency International, the nongovernmental corruption watchdog, as a private consultant.

Mr. Kleinfeld said the U.S. Securities and Exchange Commission and U.S. Department of Justice are "very happy" with last week's measures by Siemens, whose shares trade in Frankfurt and New York. In a regulatory filing last week, the company warned that the SEC and Justice Department could launch investigations of their own. SEC and Justice Department officials declined to comment.

Citing the criminal probe, Siemens and Nokia last week said they would delay the planned merger of their carrier networks businesses.

U.S. Oil-gas Unit Is Subject Of Two Criminal Investigations (MRT)

Midland (TX) Reporter-Telegram, December 23, 2006

WASHINGTON -- The Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service, which is already the focus of several inquiries into its collection of royalties for oil and gas produced on federal property.

The new investigations are still in the early stages, said congressional officials who were briefed earlier this week by Earl E. Devaney, the Interior Department's chief independent investigator.

The investigations are an unexpected development in what has already become a broad examination of the Interior Department's oversight of companies that pump more than $60 billion worth of oil and gas each year from publicly owned land and coastal waters.

One of the Justice inquiries involves Interior officials in Denver who manage the government's fast-growing program to collect "royalties in kind," which are royalties in the form of oil and gas rather than in financial payments, people briefed on the investigation said.

That investigation is being run by the Justice Department's Public Integrity Section, which examines suspected criminal violations by federal employees. The focus of the second investigation is unclear, but it is being conducted by the inspector general with help from the FBI.

Devaney, the department's inspector general, is already conducting two other investigations into suspected mismanagement of the minerals agency. And just last week, he issued a scathing criticism of the agency's system for auditing oil and gas royalty payments.Devaney is also finishing up an investigation into how the Interior Department signed 1,100 oil and gas leases in the late 1990s that inadvertently permitted companies to avoid up to $10 billion in royalties over the next five years. The errors were made during the Clinton administration, but people briefed on Devaney's investigation said he had concluded that high-ranking agency officials either knew or should have known about the problem at least two years ago.

Rep. Ed Markey, D-Mass., said Thursday in a statement that Devaney had briefed his staff.

"The two criminal referrals by the Department of Interior's inspector general to the FBI and Justice Department are proof positive that the conflicts of interest between Bush administration regulators and those they regulate in the oil and gas industry are costing the American taxpayers billions in royalty revenues," Markey said.

Word of the criminal investigations surfaced just as the Interior Department announced Thursday that five big oil producers had voluntarily renegotiated leases and agreed to not exploit a loophole that could save them hundreds of millions of dollars each.

The leases gave companies an incentive to drill in deep waters in the Gulf of Mexico by letting them skip royalties on millions of barrels of oil and gas. But the leases omitted a standard escape clause that would have required the companies to pay in full if oil prices rose above about $34 a barrel. Interior officials have said the mistake, if left unchanged, could cost the government as much as $10 billion.

The Interior Department said Thursday that it had concluded new deals with BP, ConocoPhillips, Marathon Oil, Royal Dutch Shell and Walter Oil and Gas. Those companies hold about 17 percent of the flawed leases, according to Interior data.

But about 50 other companies have not yet agreed to change their leases. Among them is Chevron, one of the biggest potential beneficiaries of the error. Chevron and several partners could save more than $1 billion in royalties in years to come if the lease language is not changed.

Don Campbell, a spokesman for Chevron, said company executives had met several times with government officials to resolve the matter. Campbell said his company "put a reasonable offer forward" and would "look forward to further discussions."

The new agreements did little to mollify the Interior Department's Republican and Democratic critics in Congress.

The incoming Democratic chairman and the retiring Republican chairman of the House Government Reform Committee sent a letter to Attorney General Alberto R. Gonzales, suggesting that the leases might never have been valid and that the government might be able to force the companies to pay up.

Officials have provided few details about the new criminal investigations, except to say they are "related" to previous inquiries of the royalty-management program.

Started about six years ago, the royalty-in-kind program has become a multibillion dollar trading program run from Denver. Since President Bush took office, Interior officials and many of the industry's biggest producers have argued that the government should collect as much of its royalties as possible through "in kind" payments because, they say, the accounting is much simpler.

In 2005, the Interior Department collected about $3 billion worth of royalties in oil and gas -- about a third of the total. The government funnels much of the oil it receives to the Strategic Petroleum Reserve, but it sells virtually all its natural gas and sends the cash to the Treasury.

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Congressional officials briefed this week by Devaney said he had cautioned that both of the criminal investigations would last several more months. Devaney said it was possible the investigations would not lead to criminal charges, though he suggested that they should lead at least to disciplinary actions.

Lam's Link To Pension Witness Challenged (SDUT)

By Kelly Thornton

The San Diego Union-Tribune, December 23, 2006

U.S. Attorney Carol Lam is, or was, a longtime client of financial adviser and pension whistle-blower Diann Shipione – a relationship that some lawyers said raises the specter of conflict of interest.

Shipione, a vice president at UBS Financial, an investment banking and securities firm, is likely to be a key witness in the federal case brought by Lam's office against five former San Diego pension officials.

Defense attorneys said Lam may have been improperly influenced by Shipione and that the entire case is tainted as a result. They said they intend to investigate and possibly seek dismissal of the case, but some legal experts said that without proof of egregious misconduct, such a severe remedy is unlikely.

Lam reported the relationship to Justice Department superiors as soon as it became apparent that Shipione could become a witness in the case. The department's ethics advisers concluded there was no issue.

"The Department of Justice has determined that there are no ethical or conflict issues that require Ms. Lam to be recused from the pension case," said Debra Hartman, Lam's spokeswoman, in an e-mail statement. Citing "pending litigation," Lam declined to answer questions about the nature and length of the relationship or whether it continues.

Shipione gained attention for her repeated warnings of abuses in the city retirement system when she was a board member. Although she was privately dismissed by her colleagues and system bureaucrats as a gadfly, her suspicions proved correct.

The city now faces a pension deficit of at least $1.43 billion; last month the Securities and Exchange Commission found that the city defrauded investors in 2002 and 2003 by not disclosing a massive pension deficit; and two criminal prosecutions of former pension officials are under way.

Under federal grand jury indictment are Shipione's former pension board colleagues, then-trustees Ronald Saathoff, Cathy Lexin and Teresa Webster, administrator Lawrence Grissom and pension system lawyer Loraine Chapin. They are charged with fraud and conspiracy in connection with actions that contributed to the deficit.

Shipione, who also declined an interview request but issued an e-mail statement, said, "As a matter of industry policy and my professional policy, I do not discuss any professional or client relationship matters."

'Ax to grind' Defense lawyers said they heard rumors that Shipione handled Lam's trust funds and that they sent letters to prosecutors asking for an explanation, to no avail.

"We're going to make a motion about that, that there's been a conflict of interest and some kind of prosecutorial misconduct," said Victor Sherman, lawyer for Saathoff. "We've written a number of letters to prosecutors, and all they do is stonewall; they send letters back that say, 'What difference does it make,' things like that.

"We think it's going to result in a dismissal because it's the result of improper influence. The U.S. attorney has been influenced by someone that has an ax to grind."

City Attorney Michael Aguirre said the move would be a smear tactic by the defense.

"If the Justice Department has made that judgment, then it becomes clear that this is just an effort to try and distract the focus from what it should be on – the wrongdoing of the defendants," Aguirre said.

"This is what people do when they are in a lot of trouble and they're desperate. If you don't have the law on your side, you attack the facts, and if you don't have the facts on your side, you attack the law, and if you don't have either on your side, you attack the prosecutor."

A gray area Legal experts said matters of recusal are a gray area.

"Part of my reaction is, what bad luck for Carol Lam," said University of San Diego law professor Shaun Martin. "I can only assume (the relationship) predated (the pension case). Assuming that it did, that's terrible luck, and it raises a slew of recusal

issues that I'm quite sure they wish never existed and which probably explain their profound reluctance to talk about it with anyone.

"Financial planners usually have a very intimate relationship with their clients, and vice versa, so anytime someone with whom you have an intimate relationship is a witness, there's a real possibility of a conflict of interest. This is someone who knows all about the money you make and who presumably you've told quite a bit of private information to."

If the defense does file a motion, a judge could deny it or order that Lam or her entire office be recused from the case and that it be switched to a U.S. attorney in another district or to a special prosecutor. Such a move would add months or years to the litigation process and could kill the case, experts said.

Or, the judge could decide that the case should be dismissed, but that's about as likely as the state of California falling into the ocean, Martin said.

Extent of relationship "Based upon what we know now, which is just that they had a relationship, there's no way the case will be dismissed or the entire office will be recused," Martin said. "If something weird happened, if (Lam) was talking with (Shipione) about the case, then an extraordinary remedy would at least be in the ballpark.

"Assuming the only relationship is a pre-existing business relationship, the best that you could hope for is that Carol Lam couldn't be personally involved in the prosecution."

The outcome depends on the extent of the relationship, and the defense is likely to move for a hearing to discover whether Shipione played any role in determining whether to file charges and against whom, said criminal defense attorney Geoffrey C. Morrison, who is not involved in the case. The defense probably would seek to question Lam.

Disclosing the matter to the Justice Department was not enough, some experts said.

"We don't know at this point whether it was disclosed to the court or to the defense, but if not, it was a horrible mistake," Morrison said.

"When you don't disclose, you're denying them the opportunity to raise the issue, and if you're wrong about the impact of the conflict, you risk sanctions that are far more Draconian than had the conflict been disclosed at the outset."

Cfius Probe Blamed For Sale Of Voting-machine Company (FT)

By Stephanie Kirchgaessner

Financial Times, December 23, 2006

A company with ties to Venezuela yesterday blamed Washington's increasing scrutiny of foreign acquisitions of US assets for its decision to sell a California-based voting-machine company it acquired last year.

The move by Smartmatic comes months after the Committee on Foreign Investment in the US (Cfius) opened an investigation into the national security implications of the company's ownership of Sequoia, a supplier of voting machines used in US elections.

The inter-agency committee took the unusual step of investigating the deal months after it was completed, when a New York congresswoman, Carolyn Maloney, wrote to the then Treasury secretary, John Snow, with questions about the deal and whether the company had ties to the government of Venezuelan President Hugo Chávez.

The company's announcement underscores how influential Congress can be in forcing executive branch agencies, which have primary oversight over such deals, to investigate transactions on national security grounds.

The Smartmatic chief executive, Antonio Mugica, yesterday denied that any foreign government had ever held an ownership stake in the group, saying the company was "owned primarily by four young entrepreneurs and their families".

"Sequoia and Smartmatic are two great companies with very bright futures and we do not want the companies' ownership to be a distraction," Mr Mugica, a dual Spanish/Venezuelan citizen, said.

The agencies that comprise Cfius, including the Treasury, Justice Department and Department of Homeland Security, have markedly increased their scrutiny of foreign acquisitions this year, after the inter-agency panel was criticised by lawmakers for failing to block the takeover of five US port terminals by a Dubai-owned company.

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Non-US companies that acquire sensitive US assets, particularly in the fields of defence and technology, have traditionally applied voluntarily for Cfius review. Smartmatic did not apply for one until the government began to take an interest in the deal after it was completed.

CRIMINAL LAW:

Charges Of Rape Against 3 At Duke Are Dropped (NYT)

By David Barstow And Duff Wilson

The New York Times, December 23, 2006

DURHAM, N.C., Dec. 22 — The Durham district attorney dropped rape charges against three former Duke lacrosse players on Friday, but he said he would continue to pursue kidnapping and sexual offense charges that carry equally stiff sentences.

The district attorney, Michael B. Nifong, who has faced relentless and rising criticism for his handling of the case, said he dismissed the rape charges because the accuser had begun to waver on crucial details.

The woman, who said she was attacked while performing as a stripper at a lacrosse team party last March, has repeatedly asserted that she endured violent penile penetration. She said this to the first doctor who saw her, to the sexual-assault nurse, to the sexual-assault doctor, to detectives and in her own handwritten statement to the police, records show. She also consistently said she was forced onto her hands and knees and raped from behind.

Yet when questioned again on Thursday afternoon by Mr. Nifong's investigator, the woman said for the first time that she could no longer be sure what had penetrated her.

Mr. Nifong said her uncertainty required him to act.

"Since there is no scientific or other evidence independent of the victim's testimony that would corroborate specifically penetration by a penis, the state is unable to meet its burden of proof with respect to this offense," he said in court papers.

But his decision, coming in a case that has already transfixed and divided this state and much of the nation, also intensified questions about Mr. Nifong himself. Since the first frenzied weeks of this case, Mr. Nifong's judgment has repeatedly come under fire. Defense lawyers, defendants' families and friends, bloggers and many experts have attacked him for making early outspoken comments about the case, setting up a lineup that violated police procedures, failing to interview the woman himself and sitting on evidence favorable to the defendants. Above all, they say, he ignored his basic obligation to seek the truth.

One defense lawyer, Wade M. Smith, said that after all the revelations, Mr. Nifong ought to "do the honorable thing" and drop the remaining charges. "We have this bare assertion and nothing else, and we've come three-quarters of a year down the road with the suffering of these people," Mr. Smith said.

Mr. Nifong declined interview requests Friday, but said in an e-mail message that his decision to dismiss the rape charges showed he was "willing to go in whatever direction the evidence takes me." And in a three-hour interview on Thursday, Mr. Nifong said he would not hesitate to drop all the charges if the accuser expressed doubt about the identity of the men she has accused when she sees all three defendants at a pretrial hearing set for February.

"If she came in and said she could not identify her assailants, then we don't have a case," Mr. Nifong said. On the other hand, he continued, "If she says, yes, it's them, or one or two of them, I have an obligation to put that to a jury."

The woman, a 28-year-old single mother who worked for an escort service, danced at an adult club and attended North Carolina Central University in Durham, told the police she was gang-raped by the three lacrosse players on March 13 after she and another dancer performed at the team party. The accuser said that her assailants did not wear condoms and that at least one ejaculated.

But despite extensive DNA testing, including tests sensitive enough to detect DNA from a single cell, Mr. Nifong has not linked any of the defendants — or any other members of the lacrosse team — to DNA on the rape kit swabs or the accuser's clothing.

Although the woman identified three lacrosse players as her rapists from an array of photographs, Mr. Nifong said she would get a better look at them at the pretrial hearing in February. "You can't always tell from a photograph," he said, adding,

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"The only real time that you're able to say if you have a misidentification is to put the person in the courtroom with the other people."

Mr. Nifong said he intends to ask the woman about her level of certitude after February's hearing. "It's an opportunity to say, 'Yes, I'm 100 percent certain these are the people who did it,' " he said. "It's also an opportunity to express doubt." Given the absence of physical evidence, he said, any doubts from the woman could end the prosecution for one or more of the defendants.

As it happened, as Mr. Nifong made those remarks on Thursday afternoon, the woman was expressing new doubts to his investigator, doubts that forced him to drop the rape charges late Friday morning.

Mr. Nifong's reversal escalated the mounting criticism of his conduct. Cracks in his case began to appear last spring when one suspect, Reade W. Seligmann, produced a cellphone log and other records showing that he left the party early. That alibi evidence raised questions about the timeline of the reported assault.

On Friday, defense lawyers responded with a barrage of new accusations of bad faith. In interviews and at a news conference, they accused Mr. Nifong and the woman of tailoring her account to minimize the impact of recently disclosed DNA tests that they say confirm their clients' innocence.

Those tests, conducted on rape kit swabs and underwear collected from the woman hours after the party, found traces of sperm and other DNA material from several men, none of them the defendants or their teammates. The results were not disclosed to the defense team until late October, almost seven months after they were provided to prosecutors.

"Now, since the revelation of exculpatory DNA tests, all of a sudden, there's no penile penetration," Joseph B. Cheshire, a lawyer for one of the players, said in an interview.

On Thursday, Mr. Nifong acknowledged knowing about those test results before any players were indicted last spring. He also acknowledged that the results were relevant and "potentially exculpatory," and he said he should have given the results to the defense before May 18, the day he signed a filing that said "the state is not aware of any additional material or information which may be exculpatory in nature."

But Mr. Nifong denied the defense team's contention that he had deliberately tried to hide the results or delay their release. Mr. Nifong, who is personally overseeing this case, said that given the volume of evidence he had not realized that he had failed to turn over those specific DNA test results. "That wasn't something I was concentrating on," he said.

For Mr. Nifong, Friday's announcement capped a week in which he seemed to be losing support and gaining critics from many quarters.

On Tuesday, the normally supportive editorial page of Durham's main newspaper, The Herald-Sun, described some of Mr. Nifong's actions as "flawed" and "inexplicable." On Thursday, Irving Joyner, a law professor monitoring the case for the state N.A.A.C.P., said for the first time that Mr. Nifong should consider recusing himself. The N.A.A.C.P. has been watching the case because the accuser is black and the defendants are white.

Woody Vann, a Durham defense lawyer who said he respects Mr. Nifong as a prosecutor, said in an interview that he did not know of a single lawyer in town who thought Mr. Nifong had a winnable case.

Robert C. Trenkle, another Durham defense lawyer, said that while Friday's retreat "makes perfect tactical sense," criticism was growing nonetheless. "I can't exactly figure out what Mike Nifong's doing other than committing career suicide and possibly inviting ethics charges," Mr. Trenkle said.

Led by defense lawyers, a team that includes some of the most prominent and experienced lawyers in the state, a growing chorus of critics is calling for Mr. Nifong to be removed from the case, and even investigated for prosecutorial misconduct.

Mr. Cheshire, the defense lawyer, asserted that Friday's action fit a broader pattern: "Mr. Nifong and his accuser are continually changing their stories to fit new evidence." The woman, for example, first said the players did not wear condoms, but after initial laboratory tests did not show the presence of semen, Mr. Nifong said it was possible that her assailants did wear condoms.

"I think he's got a conflict of interest between defending himself and prosecuting the case," Mr. Cheshire said.

Mr. Nifong rejected the notion of stepping aside. "We don't traditionally let the defense decide who gets to prosecute their case," he said. He also accused defense lawyers of using the new DNA test results as part of a campaign of "character assassination" against the accuser.

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"What is the best way to keep the case from coming to trial?" he asked. "Probably the best way is to attack the victim. If you can keep the victim from coming to court, if you make the victim say, 'Gee, this isn't worth it.' "

The remaining kidnapping charge refers to the woman's accusation that the three players held her captive while they assaulted her in a bathroom. Under North Carolina law, the other remaining charge, sexual offense, is any unwanted oral or anal sexual act or "penetration, however slight, by any object." Rape refers only to unwanted vaginal intercourse.

Mr. Nifong said the woman was resolved to go forward. "You can't make everybody back away from a fight," he said.

In Thursday's interview, Mr. Nifong addressed many of the questions that have been raised about his handling of this case, including his dealings with the news media, his controversial decision to show the accuser only photographs of members of the lacrosse team and his decision not to question the accuser himself about the events of March 13.

Mr. Nifong said he had not yet talked to the woman about the case because he preferred to rely on investigator interviews and to assess her credibility through talking with her about other things.

He also expressed remorse for some of the comments he made to reporters in the first weeks after the party. He said, for example, that he was wrong to refer to Duke lacrosse players as "a bunch of hooligans."

"I regret having used that word," he said.

Mr. Nifong, a 28-year career prosecutor, said he had not been contacted by the Justice Department, which has been asked to intervene by a North Carolina congressman. He declined to say, though, whether any state authorities, like the State Bar Association, had contacted him.

Almost lost in the uproar of the past week, a 42-page defense motion filed on Dec. 14 raised new questions about the woman's reliability in identifying the men who stand accused of kidnapping and sexual offenses.

The police showed her three sets of photographs during the first three weeks of the case, one with 24 lacrosse players, one with 12, and, after she failed to identify any suspects, one with all 46 white players.

She identified only one person with 100 percent certainty in two photo arrays as having been present at the team party. But that person, Dan Ross, was not there. He was 24 miles away in a dorm room in Raleigh.

The woman also identified the wrong player as having held up a broomstick while making a sexually crude remark to the two dancers.

As previously reported, she did not identify two of the defendants — Mr. Seligmann and David F. Evans — as attackers when she saw their pictures in the first photo arrays. She said it was harder than she thought because "the people in the photos looked alike," police investigators wrote. Yet she later identified Mr. Seligmann with 100 percent certainty and Mr. Evans with 90 percent certainty, saying he "looks just like him without the mustache." Mr. Evans has never had a mustache.

The final identification procedure contained photographs the police had taken of all 46 white lacrosse players. By not including any filler photographs of people who could not possibly be involved, the procedure appeared to violate Durham police, state and national standards for photo lineups and was called by the defense "a multiple-choice test in which there were no wrong answers."

Mr. Nifong said this technique was not a photo lineup as that term is applied to police guidelines. "What is a lineup?" he asked. "What if I have no idea who did the assault?"

Defense lawyers, though, said the identification procedures were so flawed and suggestive that the accuser should be barred from making an in-court identification at trial. Their motion attacking the lineups will be heard starting Feb. 5.

Mr. Cheshire, the lawyer for Mr. Evans, said he relished the opportunity to cross-examine the woman he calls "the false accuser." Mr. Nifong said it would be the most important pretrial hearing in the case — in part because of the ruling, in part because it will be the first time "my victim" is back in a room with members of the Duke lacrosse team.

"I have told the defense attorneys that if at any time the victim in this case tells me that she thinks that one of these people who have been identified was not her assailant, as soon as she tells me that, then that case will go away," he said. "I've said I'm not interested in prosecuting somebody that's innocent. But until she tells me that, until she tells me these are not the right guys, we're prosecuting this case."

Bush Pardons Short List (WT/AP)

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The Washington Times, December 23, 2006

President Bush gave a pre-Christmas gift to 17 minor criminals, but even after adding these pardons and one sentence commutation to his record he remains one of the least-forgiving of presidents.

Six of the federal offenses involved in the 16 pardons and one commutation issued Thursday were drug crimes, while others included bank fraud, mail fraud, the acceptance of a kickback, a false statement on a loan application and conspiracy to defraud the government over taxes.

Seven of the 17 weren't even sent to prison or jail, getting probation, small fines or other penalties instead. The longest sentence was nine years, for aiding cocaine distribution, followed by a six-year term for conspiracy to possess marijuana.

With this batch, Mr. Bush has issued 113 pardons and commuted three sentences in his nearly six years in the White House, according to spokesman Tony Fratto.

"Requests for executive clemency receive intense individualized consideration based upon an established set of objective criteria," Mr. Fratto said.

He said that most weight is given to the seriousness of the crime, how long ago it was committed, acceptance of responsibility and remorse, an applicant's conduct and contribution to society, and recommendations from the sentencing judge, probation officer and prosecutor.

Since World War II, the largest number of pardons and commutations -- 2,031 -- came from President Truman, who served 82 days short of eight years. Other recent presidents issued hundreds each, though Mr. Bush's father, George Bush, handed out only 77 pardons and commutations in four years in office.

A pardon amounts to federal forgiveness for one's crime, while a commutation merely cuts short an existing prison term.

On the pardons list were:

•Charles James Allen of Winchester, Va. -- conspiracy to defraud the United States. A former federal employee, Mr. Allen was convicted in 1979 for approving payments to James Hilles Associates Inc., a Virginia firm, for office supplies that were never delivered. In return, Mr. Allen received car parts, a radio, a freezer and other gifts from the firm. He was sentenced to a year of custody to be served by 30 days in jail, 90 days in a work-release program, and the remaining period on parole.

•William Sidney Baldwin Sr. of Green Pond, S.C. -- conspiracy to possess marijuana. Sentenced Oct. 27, 1981, to six years' imprisonment.

•Dale C. Critz Jr., Savannah, Ga. -- making a false statement. Sentenced July 13, 1989, to three years' probation.

•Mark Alan Eberwine of San Antonio -- conspiracy to defraud the United States by impeding, impairing, and obstructing the assessment of taxes by the Internal Revenue Service and making false declarations to the grand jury. Sentenced Feb. 1, 1985, as amended April 23, 1986, to two years imprisonment.

CIVIL LAW:

Appeals Court Allows FEMA To Hold Off On Funding (WP/AP)

By Matt Apuzzo

The Washington Post, December 23, 2006

A federal appeals court told the Bush administration yesterday that it does not need to immediately restart a housing program for thousands of Hurricane Katrina victims.

The ruling by a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit puts a restart on hold at least until March, when the court will hear arguments in the case.

The court suspended an order by U.S. District Judge Richard J. Leon, who said last month that the Federal Emergency Management Agency violated the Constitution when it eliminated short-term housing assistance. Leon said the agency did not explain its reasoning and provided victims only confusing computer-generated codes to explain its decisions.

Under Leon's order, FEMA told officials in Texas early this week to expect federal money for housing about 4,200 evacuees.

Yesterday's ruling means FEMA can advise Texas that plans have changed.

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"That's FEMA's Christmas present to the people of Texas and the United States," said Kevin Whelan, a spokesman for the Association of Community Organizations for Reform Now, which brought the lawsuit. "They managed to appeal long enough to be able to deny housing funding."

FEMA spokesman Aaron Walker said lawyers were reviewing the late-afternoon ruling and did not immediately know how the agency would respond.

The ruling by Judges David S. Tatel, Karen Lecraft Henderson and A. Raymond Randolph does not suspend Leon's order requiring FEMA to explain why evacuees were no longer eligible for funding. The letters that went out this summer contained vague and often contradictory computer codes rather than explanations, and Leon ordered the agency to put it in plain English.

FEMA said it was working on those new letters this week, and Whelan said about 4,000 evacuees have received letters.

FEMA Not Required To Restore Aid To Evacuees, Court Rules (NYT)

By Shaila Dewan

The New York Times, December 23, 2006

The Federal Emergency Management Agency does not have to reinstate immediately rental assistance to evacuees from Hurricanes Katrina and Rita, a federal appeals court in Washington ruled yesterday, reversing a decision that a lower court judge had said he hoped would "get these people a roof over their heads before Christmas."

But FEMA still has to comply with part of the earlier order by the judge, Richard J. Leon of Federal District Court for the District of Columbia, by providing families with clear explanations why they were denied assistance.

Responding to the ruling by a three-judge panel of the United States Court of Appeals for the District of Columbia Circuit, FEMA officials said they would immediately suspend plans to provide the money, leading to criticism from evacuees and their advocates.

"It's another setback," Wanda Jones, an evacuee in Houston, said in a statement issued by Acorn, the housing advocacy group that filed the lawsuit. "It's like a terrible roller coaster ride. Every time we go up, when we come down we lose more people."

Last spring, FEMA began notifying thousands of families who were given emergency shelter after the storms that they did not qualify for long-term help in the form of rent and utility payments, shocking many families who had been given housing vouchers good for a year.

Those families were allowed to appeal the agency's decision, but many said they received confusing, contradictory or incomplete instructions as they tried to do so.

In a preliminary injunction, issued on Nov. 29, Judge Leon said the agency's appeals process was so confusing that it denied evacuees their constitutional right to due process, and he ordered FEMA to immediately restore benefits, make retroactive payments and improve the appeals process. The appeals court stayed the first two parts of the injunction.

Aaron Walker, FEMA's chief spokesman, said the agency had already complied with the other part of the order. The agency "reached out to every household affected by the district court's order to more clearly identify their reason for ineligibility, outline the required remedies and allow them an additional 60 days to file an appeal with FEMA," he said.

The new order is temporary because the case has not yet gone to trial.

New Ruling Puts Freeze On FEMA Payments (HC)

By Patty Reinert, Susan Carroll

Houston Chronicle, December 23, 2006

WASHINGTON — Just as federal housing money was to start flowing again to thousands of Texas-based hurricane evacuees, a federal appeals court put everything on hold Friday.

The ruling means that about 4,200 families in Houston, San Antonio and Austin who were left homeless by hurricanes Katrina and Rita will have to wait until at least February to find out whether the federal government is required to restore their rental assistance payments.

By then, the temporary housing program will have expired — unless Congress or President Bush extend it.

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Lakiesha Stredic, 25, took the news hard. She and her three children, ages 6, 4, and 3, are sleeping on the floor at a friend's house. They were evicted from their apartment on Houston's southwest side after she lost her job. For Christmas, Stredic picked up presents from a local charity — two toys for each child.

"My goodness," she said, sighing. "I'm in a really bad hole right now. It's stressing me out. I really need a place that I can call home for me and my kids."

She said she was counting on the Federal Emergency Management Agency to come through with rental assistance. FEMA helped her get an apartment in Houston after the hurricane in the summer of 2005. She said she didn't realize the subsidy had run out until the apartment complex contacted her with a bill for $1,400, she said. By then it was too late. She paid $100 one week, then $200 the next, she said. But the electric company turned off the lights. And she wasn't making much progress paying down the rent anyway, she said.

"It was really unexpected when (the rental subsidy) stopped out of the blue," she said. "I don't know what to do now."

The Association of Community Organizations for Reform Now, or ACORN, sued FEMA in August for failing to adequately explain why the housing benefits were ending. Last month, U.S. District Court Judge Richard J. Leon ruled that FEMA unconstitutionally halted the payments and ordered them to reinstate them immediately.

Judge's order stymiedLeon has spent the past three weeks pushing FEMA to immediately restore the housing assistance.

In addition to the rental subsidies, estimated at $750 per family per month, Leon was pushing FEMA to make back payments for September, October and November. He also ordered the agency to explain to the evacuees why the assistance was denied in the first place and what they are required to do to reinstate it.

Under pressure from the court, FEMA had notified officials in Houston and elsewhere that it would restart the housing program Friday. FEMA appealed, and on Friday, three judges on the U.S. Court of Appeals for the District of Columbia Circuit partially suspended Leon's order.

The court said until it considers the full case early next year, FEMA does not need to restart the housing program or make any retroactive payments. But the agency is still required to immediately inform the evacuees of the reasons they were denied assistance and allow them to challenge the decisions.

FEMA said late Friday that it had notified Texas that it would rescind its plans for restoring the housing aid. Robert Johnson, the manager of Houston's Joint Hurricane Housing Task Force, said Friday that he had not seen the decision and referred comment to the mayor's press office, which did not return phone calls.

FEMA officials also said they had already complied with the part of Leon's order that the higher court upheld — to send letters to about 4,000 evacuees more clearly explaining what they can do to appeal FEMA's decisions. The agency will give them an additional 60 days to file and appeal if they believe the decision was "in error," FEMA officials said.

"It's like a terrible roller-coaster ride," said Wanda Jones of Houston, a Katrina survivor and member of the Association of Community Organizations for Reform Now which sued the government. "Every time we go up, when we come down we lose more people. But we're going to keep on riding and keep on fighting in court for our rights."

'Scrooges'For Katrina refugee Gregory Bernard, 43, the latest court decision means losing his rent subsidy in January and surviving on his $603 a month disability check. Bernard said he has congestive heart failure, and is too sick to work.

He left his apartment in central New Orleans after the hurricanes, he said, and has been trying to figure out how to get back there.

His rent in New Orleans was $400 before the storm, but now his former landlord wants $600. If he chooses a cheaper apartment, he's looking at a deposit for the apartment and deposits for his utilities.

If he stays, he can make his rent at his sprawling apartment in southwest Houston, but it'll probably mean losing his phone, he said. With $12 worth of food stamps, he's been buying deli meat and loaves of bread, Bernard said. That's what he plans to eat for Christmas dinner.

"Sometimes it's like I'm in the Twilight Zone here," he said. "The people here are nice, but I just really want to go home. I'm making it now, but I'm barely making it. I don't know how I'm going to get by."

U.S. Rep. Sheila Jackson Lee, D-Houston, called for the federal government to take a new approach to dealing with the refugee situation, calling the members of the Court of Appeals "scrooges."

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"Instead of spending time trying to figure out how to help these families, and the elderly and disabled, we are engaged in a legal battle," she said. " This is the wrong approach to take on the eve of a sacred holiday."

U.S. Gives Grants To 4 Gulf Coast States To Upgrade Disaster Housing (NYT)

By Eric Lipton

The New York Times, December 23, 2006

WASHINGTON, Dec. 22 — FEMA trailers, the cramped, impersonal housing units that have come to define the federal response to major disasters, may be on the way out, thanks to $388 million in federal grants, announced Friday, that will test half a dozen cozier, more permanent models of postdisaster housing.

The program will offer new housing from the Federal Emergency Management Agency to thousands of families, among the 100,000 still living in trailers across the Gulf Coast, by placing them over the coming year in these studier, roomier, better ventilated homes, many of which have front porches, large windows and even small attics.

Mississippi came out on top in the contest for the grants, receiving $280.8 million, compared with $74.5 million for Louisiana, $16.5 million for Texas and $15.7 million for Alabama.

Officials in Louisiana were furious, saying their state, which suffered the greatest losses in Hurricanes Katrina and Rita last year, had been shortchanged.

“FEMA has clearly learned very little from its mistakes, let alone basic math or a sense of fundamental fairness,” Senator Mary L. Landrieu, Democrat of Louisiana, said in a statement.

But officials of the agency said Mississippi’s big share simply reflected the creativity of its plans, as the financing was awarded competitively, based on how quickly the new models could be set up, how comfortable and safe they would be and how much they would cost, among other factors.

The grants come from an appropriation in which Congress directed FEMA to take an alternative approach to the customary trailers. The biggest single grant will finance the construction of units in Mississippi that look like A-roofed cottages, featuring a compact front porch, windows on three sides, more storage space and better ventilation. Like the existing trailers, they will be set up on wheels, so they can be driven into a disaster zone.

Louisiana officials, meanwhile, intend to use their grant to build what they are calling Katrina Cottages — compact single-family homes made of prefabricated panels, with a porch and up to three bedrooms — in heavily hit areas of New Orleans like Jackson Barracks.

The one model planned in Texas is based on a design that is already used by some 90,000 troops in Iraq. A small house made of prefabricated parts that can be moved by flatbed truck, it can be set up in eight hours by six people. It offers more living space than the trailers and is capable of being elevated so that it can be lifted out of the flood plain.

“It is not going to make the front of Architectural Digest,” said Gil H. Jamieson, a deputy director of FEMA, “but it is aesthetically pleasing.”

In some cases, these homes can be built on regular foundations, making them permanent or at least semipermanent housing, unlike the travel trailers, which are not considered sturdy enough to survive winds that could be produced by a tropical storm.

Federal officials said they could not yet predict how many new homes would be built with the available grant money or how many of the 101,000 families still in FEMA travel trailers or mobile homes across the Gulf Coast would be able to move into these new units.

The government will evaluate each of the six types of new homes to be built, to see whether they should be adopted permanently.

Mr. Jamieson said it was unlikely that FEMA would be able to replace the travel trailers completely. But it hopes that by the next major disaster, it will have cut the numbers significantly.

CIVIL RIGHTS:

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Pa., N.J. Stand To Lose Clout (PHI)

By Adam Fifield

The Philadelphia Inquirer, December 23, 2006

New U.S. census data could mean the loss of congressional clout for both Pennsylvania and New Jersey and drops the Garden State from among the nation's 10-most-populous states.

Population estimates for July 1, 2006, released yesterday, show sluggish population growth in both states while the Sunbelt continued to surge.

North Carolina is now the nation's 10th-most-populous state, kicking Jersey to 11th.

If the U.S. House of Representatives were reapportioned based on the numbers, Pennsylvania would be among seven states to lose a seat, according to a report by the Election Data Services, a political consulting firm in Washington that specializes in analyzing census data for redistricting.

Iowa, Louisiana, Massachusetts, Missouri, New York and Ohio also would shed seats, while Arizona, Florida, Georgia, Nevada and Utah would each gain one and Texas would pick up two, according to the study.

New Jersey also stands to lose one of its 13 congressional seats in the next reapportionment if current trends continue, said James W. Hughes, dean of Rutgers University's Edward J. Bloustein School of Planning and Public Policy.

"It's a pretty good chance we'll lose a seat," said Hughes, referring to the congressional reapportionment that will follow the 2010 census.

Election Data Services predicted that New Jersey would hold onto all 13 seats.

The 435 seats in the U.S. House of Representatives will be reapportioned after the 2010 census. Losing a congressional seat could compromise a state's clout and federal funding levels, said Election Data Services president Kimball Brace.

Referring to Pennsylvania's 19 U.S. representatives, he advised the state "to make use of that 19th member as much as you can for the next four years."

According to the census estimates, Pennsylvania ranks as the sixth-most-populous state, with 12.4 million residents. Its population gained 35,273, or 0.3 percent, over last year.

New Jersey, with 8.7 million residents, remains the most densely populated state, but it has been bumped off the top 10 list.

In the last year, the Garden State grew by just 21,410 people - 0.2 percent.

But 72,547 residents left New Jersey for other states. That number is more than three times that of four years ago.

The state grew because 54,058 people came from overseas, and there were 39,190 more births than deaths last year.

Hughes, of the Bloustein School, said he believes the state has probably experienced "the largest out-migration we've ever had."

He blamed expensive housing and high taxes.

Because of the high cost of operating in New Jersey, businesses that want to expand may decide "we're doing it in North Carolina," Hughes said.

State Assemblyman John Burzichelli (D., Gloucester) speculated on why North Carolina might have gotten the edge.

"They have good furniture prices down there," he joked.

Despite the ignominy of being number 11, Hughes said he doubted Jersey residents care.

"If they're stuck in gridlock... they might think it's a good thing population isn't growing any faster," he said.

Kansas Court Dismisses Abortion Charges (WP/AP)

By Roxana Hegeman

The Washington Post, December 23, 2006

WICHITA, Dec. 22 -- Kansas's attorney general, a vocal opponent of abortion, charged a well-known abortion provider Friday with illegally performing late-term abortions, but a Sedgwick County judge threw out the charges only hours later.

Judge Paul W. Clark dismissed the charges against George Tiller at the request of Sedgwick County District Attorney Nola Foulston, who said her office had not been consulted by Attorney General Phill Kline.

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Kline, who lost his reelection bid in November and leaves office in three weeks, said he would try to get Clark to reinstate the charges.

"We are pursuing a legal remedy to what we believe is a flawed decision by a district court judge," Kline said at a news conference in Topeka.

Kline said that he did consult Foulston about the case Thursday and that she did not object.

The 30 misdemeanor counts Kline filed against Tiller involve 15 abortions from July through November 2003. They were performed on patients 22 years old or younger, including a 10-year-old, according to the criminal complaint unsealed Friday.

Tiller's clinic, known for being one of the few in the country to perform late-term abortions, has been a high-profile target of antiabortion protesters for decades. The clinic was bombed in 1985, and Tiller was shot in both arms by a protester in 1993.

Kline has been investigating whether Tiller and other abortion providers performed illegal late-term abortions in Kansas or failed to report suspected child abuse, as required by law.

Under Kansas law, if a woman wants to obtain an abortion after the 22nd week of her pregnancy, a doctor must first determine whether the fetus could survive outside the womb. If the fetus is viable, the procedure can be used only to preserve the woman's physical or mental health.

The charges involve situations in which Tiller cannot demonstrate that a woman faced permanent damage to a major bodily function, or Tiller's conclusions that some patients' mental health would be harmed if they did not have abortions, Kline said.

Tiller and Planned Parenthood have repeatedly said that they have committed no wrongs and that the patient records Kline obtained contain no evidence of crimes by either the clinics or their doctors.

DOJ Report Paints Nightmarish Picture Of Lubbock State School (DMN/AP)

By By Liz Austin Peterson, Associated Press

The Dallas Morning News, December 23, 2006

Shoddy health care, substantial neglect and harmful treatment techniques have jeopardized the lives of Lubbock State School residents, federal investigators said in a report that criticized nearly every part of the facility.

The U.S. Department of Justice report paints a nightmarish picture of the facility that cares for about 350 people with mental retardation and developmental disabilities.

One man died of an illness that could have been prevented if his doctors and nurses had done something as simple as modifying his diet. Another woman developed excruciating ulcers on her buttocks after lying in urine-soaked diapers. A third resident was grabbed, choked and thrown on the floor when he resisted receiving a shot.

"LSS's provision of health care falls alarmingly short of professional standards of care," said the report, which was issued Dec. 11 but was not posted on the department's Web site until Thursday.

Michael Jones, a spokesman for the state agency that oversees the state school, said he could not comment on the report's contents because "it's still a potential legal matter." But he would say the facility has a new management team that has worked hard to improve training and hire more medical professionals.

Many of the problems stemmed from severe staffing shortages and training issues, the report said.

Advocacy groups have long claimed abuse and neglect is rampant in Texas' state schools, and the report could give them more ammunition.

Dennis Borel, executive director of the Coalition of Texans with Disabilities, said the institutions are a relic of the 1850s and more of their residents should be moved into community settings.

"This should be an excellent incentive for the Legislature to examine the closing of unnecessary state schools in Texas," Borel said.

U.S. Attorney General Alberto Gonzales can file a civil rights lawsuit if Texas and the Justice Department cannot resolve the concerns raised by late January. But Assistant Attorney General Wan J. Kim said in the report he is confident that won't be necessary.

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The investigators documented scores of problems, including 17 deaths in a year and a half and possible violations of the federal Americans with Disabilities Act.

That law says states must treat individuals in the most integrated setting possible. But rather than seeking to move obviously capable residents into the community, officials seemed eager to keep them in the facility, the report said.

The investigators said the facility should develop and implement comprehensive guidelines, policies and procedures for planning residents' transitions to community life. It also recommended giving residents and their families better information about available community placements so they can make a good decision.

The report also raised serious concerns about the psychiatric services the facility provides to the roughly 200 patients with mental health issues.

Psychiatric assessments may be incomplete or inaccurate, the report said, because the school's psychiatrists did not adequately consider residents' medical issues, physical injuries, family and psychiatric histories, and medication regimes when trying to diagnose problems.

Many residents had vague diagnoses, which the investigators said exposes them to "counterproductive, even harmful interventions and to interventions that mask but do not correct underlying disorders."

The report called for a thorough psychiatric evaluation of all current residents, once officials develop standards for reliably diagnosing problems. Residents on psychotropic medications should be examined to ensure the drugs and dosage are appropriate.

The investigators also criticized the excessive use of mechanical, physical and chemical restraints and said most should only be used in true emergencies.

According to the report, several residents are kept in mechanical restraints, such as helmets with face guards, for nearly all of their waking hours no matter how they behave. Others are repeatedly given drugs to control their behavior without any documentation to justify the dosage.

"While undoubtedly well-intended, LSS's choice of behavioral interventions cannot be readily viewed as humane in effect," the report said.

ANTITRUST:

Liberty Media Deals For DirecTV (USAT)

By David Lieberman, Usa Today

USA Today, December 22, 2006

NEW YORK — Liberty Media (LINTA) Chairman John Malone, the executive once known as the "King of Cable," is back — this time with a plan that would make him the most powerful man in satellite television. And maybe more.

On Friday — three years, to the day, after News Corp. (NWS) took control of DirecTV — CEO Rupert Murdoch announced an agreement to turn over his controlling 38.5% interest in the No. 1 satellite company, as well as three regional sports networks and $550 million in cash, to Liberty in exchange for its 16.3% stake in News Corp.

The deal, which values Liberty's shares at about $11 billion, ends a potential threat to Murdoch's control of News Corp. that Malone posed after he acquired his voting shares two years ago.

Executives expect the deal to close in the middle of 2007 following approvals from News Corp. shareholders, federal antitrust officials and the Federal Communications Commission.

The companies also want the IRS to confirm that the deal will be largely tax free for News Corp. and will impose relatively low taxes on Liberty.

Liberty says it expects DirecTV CEO Chase Carey to continue to run the satellite company.

Yet this may be Malone's first big move to regain the media clout he had until 1999, when he sold Tele-Communications Inc., at the time the No. 1 cable company, to AT&T.

Liberty primarily invests in media and technology companies, although it owns a few assets, including QVC and Starz Encore.

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But once Malone has DirecTV, which has 15.6 million subscribers, and the sports channels — FSN Northwest, FSN Pittsburgh and FSN Rocky Mountain, which go to about 8.6 million homes — he'll be well-poised for another play.

For example, several analysts expect him to swap Liberty's 4% stake in Time Warner for the Atlanta Braves baseball team and about $1.5 billion in cash.

"The cash is the most important element since it would likely be non-taxable, and the company could use the proceeds to acquire other strategic assets around the Starz Media Group," writes A.G. Edwards analyst Michael Kupinski.

As a result, Liberty "could emerge as a significant entertainment/media company."

Investors also wonder whether Malone might see this as a good time to take DirecTV private, sell it to a phone company such as AT&T, or merge with its chief rival, EchoStar (DISH), known for its Dish Network.

Oppenheimer's Thomas Eagan, for one, says Malone probably won't fool around with DirecTV just yet.

The deal with Murdoch gives him enough shares to control the operation, the analyst says. Malone would have to pay a big tax bill if he sold his DirecTV shares before two years. And antitrust regulators probably wouldn't approve a deal that left consumers with just one satellite TV provider.

DirecTV Deal Aids 2 Media Moguls (LAT)

By Joseph Menn

The Los Angeles Times, December 23, 2006

A long-awaited agreement reached Friday in which News Corp. Chairman Rupert Murdoch gains a bigger stake in his own company by trading his satellite TV interests to former cable kingpin John Malone frees each man to pursue broader ambitions in his medium of choice.

Murdoch expects faster growth in the Internet business than he does in U.S. satellite TV distribution. By solidifying control of News Corp., Murdoch can more easily seek out deals like the 2005 acquisition of the MySpace.com social networking site.

Meanwhile, Malone is unlikely to settle for the investment in El Segundo-based DirecTV Group Inc. that he gets from Murdoch.

Malone is expected to try to merge DirecTV with rival EchoStar Communications Corp., operator of the Dish Network. He also may team with a telephone company to offer the broadband and phone services that cable operators sell.

Friday's deal involves News Corp. swapping its 38.5% stake in DirecTV to Malone's holding company, Liberty Media Corp., for that firm's 16.5% stake in News Corp., valued at about $11 billion. Murdoch's ownership of voting stock in the New York company, parent of movie studio 20th Century Fox and the Fox television network, will rise from about 30% to about 38%.

Analysts saw more benefits for News Corp. than Liberty.

The elimination of Liberty's stake is tax-free for News Corp. and amounts to one of the largest share repurchases in history. That should increase earnings per share by almost 9%, wrote UBS analyst Aryeh Bourkoff.

News Corp. spokesman Andrew Butcher also confirmed that the company's regular $6-billion buyback plan, which had been on hold during the talks with Malone, would now resume. The company is authorized to spend the remaining $3.4 billion in that plan over the next 18 months, he said.

Malone moved to the background in the world of big media since selling Tele-Communications Inc., one of the largest cable television companies, in 1999 and has been hungry for a comeback. Relations between Murdoch and Malone, once close, grew strained after Malone acquired his News Corp. stake.

Friday's deal, which has been in the works for two years, is expected to close in mid-2007. Beyond the stock swap, it calls for News Corp. to send Englewood, Colo.-based Liberty $550 million in cash and three of the smallest of Fox's 16 regional cable sports networks — those based in the Northwest, the Rocky Mountain area and Pittsburgh.

Malone managed to get the DirecTV stock at an implied value of about $21 a share, analysts said, well below Thursday's $25 closing price. But even with that bargain and the extra cash changing hands, analysts expressed concerns about Liberty's new challenges in the satellite TV business, and Fitch Ratings downgraded its opinion of the company's creditworthiness.

Still, Liberty Chief Executive Greg Maffei said in a statement that the transaction was "a critical step" in the effort to change Liberty into a "well-positioned, focused operating company."

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Liberty expects to get four of DirecTV's 11 board seats, Liberty spokesman John Orr said.

"Our goal is to work with them, to be a good strategic partner," Orr said.

Effective control of DirecTV could lead to distribution of programming for such Liberty assets as Starz Entertainment and home shopping channel QVC.

Malone's chances of merging DirecTV and EchoStar are unclear because previous attempts have been thwarted by antitrust objections.

But the same issues that made DirecTV less appealing for Murdoch — including the faster growth of cable TV and cable's greater number of interactive features — would make it easier for Malone to argue that a dominant satellite service would not harm competition or consumers.

A DirecTV spokesman didn't return messages, and EchoStar declined to comment.

News Corp. Class A shares dropped 5 cents to $21.53. Liberty's tracking stock rose $4.23 to $97.87, and DirecTV's fell 45 cents to $24.55.

joseph.menn@latimes.com

Dick's Sporting Gets Antitrust Clearance (AP)

AP, December 22, 2006

PITTSBURGH (AP) -- Dick's Sporting Goods Inc. on Friday said federal authorities have approved its pending $225 million acquisition of Golf Galaxy Inc.

The companies agreed to the takeover in November, under which Dick's will pay Golf Galaxy shareholders $18.82 per share in cash.

Dick's said the transaction received early clearance from a mandatory antitrust waiting period. The deal still needs approval by Golf Galaxy shareholders and is slated to close after Feb. 6, subject to customary closing conditions.

Golf Galaxy sells golf equipment through 65 stores, on Web sites and in catalogs.

Shares of Dick's fell 12 cents to close at $49.40 on the New York Stock Exchange.

Judge Asked To Unseal Documents In Newspaper Antitrust Case (ER)

The Eureka Reporter, December 23, 2006

A media advocacy group and an alternative weekly newspaper asked a federal judge Thursday to unseal key documents in an antitrust case involving MediaNews Group Inc. and the San Francisco Chronicle.

The Oakland-based Media Alliance and the San Francisco Bay Guardian filed a motion with U.S. District Judge Susan Illston to make public court records in a lawsuit that challenges a business partnership between MediaNews and the Hearst Corp, the Chronicle's publisher.

After the antitrust lawsuit was filed in July, Hearst and MediaNews asked the judge to seal certain documents containing business information they considered confidential.

In the motion filed Thursday, Media Alliance and the Bay Guardian argued that the public's First Amendment right to access the court filings outweighed the defendants' interest in keeping them confidential.

"These are the nation's biggest newspaper chains, and they're moving to destroy daily competition in the Bay Area and impose regional monopoly," said Bruce Brugmann, the Bay Guardian's editor and publisher. "They should not be able to do it in the middle of the night with sealed documents."

Hearst officials were reviewing the motion and could not comment Thursday, said spokesman Paul Luthringer. Representatives at MediaNews did not immediately respond to a request for comment.

New York-based Hearst has invested $300 million in a complex deal that gives Denver-based MediaNews three more Bay Area newspapers — on top of the seven it already owns. Hearst's investment helped finance MediaNews' purchase of the Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year.

San Francisco businessman Clint Reilly filed the federal antitrust lawsuit to block the deal, claiming it would limit competition for readers and advertising in the Bay Area newspaper market.

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The newspaper companies maintain the arrangement is not anticompetitive because readers and advertisers have other media venues such as the Internet.

On Tuesday, Judge Illston barred Bay Area newspapers owned by MediaNews and Hearst from consolidating some of their business operations until the lawsuit is resolved.

When she issued a temporary restraining order against the alliance in November, Illston said she had been under the impression that Hearst's investment was solely an equity stake, but an April 26 memo had surfaced suggesting it actually was a bid to merge some of their business operations.

The case is expected to go to trial next spring.

ENVIRONMENT/INDIAN AFFAIRS:

Federal Court Rejects EPA's Smog Strategy (WP/AP)

By John Heilprin

The Washington Post, December 23, 2006

A federal appeals court yesterday struck down the Bush administration's strategy for reducing smog, ruling that the Environmental Protection Agency's rules for forcing state cleanups do not meet requirements of the Clean Air Act.

Judge Judith W. Rogers, writing for the three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit, said, "EPA has failed to heed the restrictions on its discretion set forth in the Act." The court ordered the agency to come up with another enforcement plan.

Smog is produced by nitrogen oxides reacting with other chemicals to create ground-level ozone, particularly in the summer months when the sun is hottest and brightest. Other major sources of the pollution are motor vehicle exhaust, gas vapors and chemical solvents.

In the stratosphere, ozone occurs naturally and is a beneficial shield against harmful ultraviolet rays.

EPA in 2004 issued new smog standards requiring 474 counties, with about 159 million people living in them, to reduce pollution of smog-causing ozone and improve the air enough to meet federal health standards. The agency gave them three to 17 years to do so.

The appellate panel said that was too long. It also said the agency was allowing "backsliding" by states when it should have been directing them to order new emission controls on industrial plants, more public transportation, tougher vehicle-inspection programs or cleaner-burning gasoline. Under the law, states that do not meet the standards risk losing federal highway dollars.

EPA spokeswoman Jennifer Wood said yesterday that the agency will review the panel's decision to determine whether it will ask the full appeals court to hear the case.

Appeals Panel Cuts Award In Valdez Spill By Exxon (NYT)

By Felicity Barringer

The New York Times, December 23, 2006

WASHINGTON, Dec. 22 — A federal appeals panel on Friday cut nearly in half the $4.5 billion punitive damage award against Exxon Mobil as a result of the Exxon Valdez oil spill in 1989.

A majority of a three-judge panel said the company's negligent conduct, while "particularly egregious," was not intentional and did not warrant the maximum financial penalty that a lower court imposed.

The panel of the United States Court of Appeals for the Ninth Circuit, in San Francisco, split on applying legal precedents to the company responsible for the worst oil spill in United States history. It cut the award for punitive damages to $2.5 billion.

In the decision, the majority wrote, "Exxon's reckless misconduct in placing a known relapsed alcoholic in command of a supertanker, loaded with millions of barrels of oil, to navigate the pristine and resource abundant waters of Prince William Sound, was reckless and warrants severe sanctions."

"The misconduct did not, however, warrant sanctions at the highest range allowable," the ruling added.

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Under the formulas used in such cases, the $4.5 billion was at the upper range permissible, representing a nine fold increase in the actual damages suffered by tens of thousands of fishermen, Alaska Natives and tourism businesses on whose behalf the suit was filed.

The case has bounced between the Circuit Court of Appeals and the District Court in Anchorage as Supreme Court precedents evolved, said Carl Tobias, a law professor at the University of Richmond.

Judges setting punitive damages have “a lot of flexibility,” Professor Tobias said, but they have to adhere to established standards in their calculations. One standard deals with the severity of the conduct and lets a judge set punitive damages up to 10 times actual damages.

A District Court judge, H. Russel Holland, had most recently used one of the highest multiples allowed by Supreme Court precedent, though he had lowered to $4.5 billion his original $5 billion that an earlier appeals panel had rejected.

That was still excessive, Judges Andrew J. Kleinfeld and Mary M. Schroeder wrote for the appeals panel.

Judge James R. Browning dissented, saying Exxon’s conduct was “extremely reprehensible,” “malicious” and “placed at massive risk and, ultimately, seriously injured the property and livelihood of tens of thousands of Alaskans.”

David Oesting, a lawyer for people harmed by the spill, said, “At least we’re back on track and on the way to closure.”

Damages Are Halved In Exxon Valdez Oil Spill (WP/AP)

By David Kravets

The Washington Post, December 23, 2006

SAN FRANCISCO, Dec. 22 -- A federal appeals court on Friday cut in half a $5 billion jury award for punitive damages against Exxon Mobil in the 1989 oil spill that smeared black goo across 1,500 miles of Alaskan coastline.

The case, one of the nation's longest-running noncriminal legal disputes, stems from a 1994 decision by an Anchorage jury to award the damages to 34,000 fishermen and other Alaskans. Their property and livelihoods were damaged when the Exxon Valdez tanker struck a charted reef, spilling 11 million gallons of crude oil.

It is the third time the U.S. Court of Appeals for the 9th Circuit ordered the Anchorage court to reduce the $5 billion award, the nation's largest at the time, saying it was unconstitutionally excessive in light of U.S. Supreme Court precedent.

"It is time for this protracted litigation to end," Chief Judge Mary Schroeder and Judge Andrew J. Kleinfeld wrote.

In dissent, Judge James R. Browning ruled that the $5 billion verdict should remain intact because there is "no principled means by which this award should be reduced."

This time, the court ordered a specific amount, $2.5 billion, in damages; its previous rulings demanded that a lower court come up with its own figures. U.S. District Judge H. Russel Holland of Anchorage grudgingly complied in 2002, reducing damages to $4 billion. Irving, Tex.-based Exxon again appealed.

The following year, the appeals court ordered Holland to reconsider his decision, balancing it against a Supreme Court ruling that said punitive damages usually could not be more than nine times general damages. The Anchorage jury awarded $287 million in general damages -- and issued punitive damages that were 17 times that amount.

Holland, appointed by President Ronald Reagan in 1984, declared Exxon's conduct "reprehensible" and set the figure at $4.5 billion plus interest, ruling that the Supreme Court's precedent did not directly apply to the case.

Exxon again appealed, arguing that it should have to pay no more than $25 million in punitive damages, which are meant to punish a company for misconduct.

The company, whose $36.1 billion profit last year was the highest ever by any U.S. corporation, said it has spent more than $3 billion to settle federal and state lawsuits and to clean the Prince William Sound area.

In October, Exxon Mobil reported a $10.49 billion profit in the third quarter, the second-largest quarterly figure ever recorded by a publicly traded U.S. company.

Exxon spokesman Dave Gardner criticized the court's decision, calling the spill "a tragic accident that Exxon Mobil deeply regrets."

Gardner did not say whether the company would appeal the decision but said that "in our opinion, the facts of this case do not warrant an award this size."

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In 1994, a federal jury found recklessness by Exxon and the captain of the Exxon Valdez, Joseph Hazelwood, who caused the tanker to run aground. That finding made Exxon liable for punitive damages.

The disaster, the worst oil spill in U.S. history, prompted Congress to pass a law in 1990 banning single-hull tankers such as the Exxon Valdez from domestic waters by 2015.

FBI/DEA/ATF/USMS:

Subpoenas May Signal Wider Probe Into Son Of Sen. Stevens (RC)

By John Stanton

RollCall.com, December 23, 2006

In a move that could signal a widening of the investigation into the son of Sen. Ted Stevens (R-Alaska), federal investigators probing Alaska Senate President Ben Stevens (R) have issued a host of subpoenas to fishing industry executives and trade associations in Seattle, Alaska and Washington, D.C., sources familiar with the investigation said.

Federal investigators with the FBI and the Department of Justice have been looking into Ben Stevens for at least a year as part of a broader ethics probe of a group of state lawmakers dubbed by the local media "The Corrupt Bastards Club." The scandal has swept up some of the state's most powerful families and companies, including the Stevenses, energy industry giant VECO Corp. and other entities in the oil and gas sector.

There is no evidence that federal investigators are targeting Ted Stevens or any other Member of Congress in the investigation.

But federal investigators have begun to focus on the financial connections between Ben Stevens and Trevor McCabe, a former aide to the elder Stevens, said a source familiar with the investigation. Although details of federal subpoenas are supposed to be kept secret, The Seattle Times, the Anchorage Daily News and other local media reported earlier this month that a number of recent subpoenas seemed to center on the relationship between the younger Stevens, McCabe and a number of key players in the fishing industry, including Trident Seafoods, Icicle Seafoods and the At Sea Processors Association, a trade group.

Sources close to the investigation who asked not to be identified said that based on the information being sought, DOJ and the FBI appear now to be focusing on the relationship between Ben Stevens, McCabe and the Alaska Fisheries Marketing Board, which provides millions of federal dollars to the state's fishing industry.

Ted Stevens created the board in 2003 to help the industry, which at the time was ailing financially. Since then, Stevens has earmarked millions of dollars to the group for grants each year. Companies, community groups and the state have used those grants for a host of activities, ranging from advertising campaigns in Japan to a decision to paint an Alaska Airlines jet to resemble a fish. The latter project received criticism both within the state and from Sen. John McCain (R-Ariz.) as wasteful spending.

The office of Ted Stevens did not comment for this story.

Ben Stevens formally served as chairman of AFMB's board, while McCabe is a member of the board. McCabe and Stevens have had financial dealings with a number of the companies and trade associations involved in AFMB, including the APA and a number of companies that received significant federal funding from the group during his time on the board. All told, Ben Stevens was paid more than $659,000 by fishing companies from 2000 to 2005, according to financial disclosure forms filed with the state.

In addition, Stevens received more than $243,000 from VECO Corp., which also is being investigated.

IMMIGRATION:

Agents Remove 2,300 Illegal Aliens In Two Weeks (WT)

By Jerry Seper

DOJ_NMG_0108852

The Washington Times, December 23, 2006

U.S. Immigration and Customs Enforcement (ICE) agents removed more than 2,300 illegal aliens from the country in the past two weeks on 35 flights to the Caribbean, Latin America, Asia and Africa -- one of the busiest periods of the year for ICE's Office of Detention and Removal Operations.

Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said 852 of those removed had criminal records, and that another 21 flights this week will take 2,087 aliens to Central America and the Caribbean, including 515 who are criminal aliens.

"By the end of this week, ICE's Air Transportation Unit will have facilitated the removal of more than 4,500 illegal aliens in 14 days, including 1,414 with criminal records," Mrs. Myers said. "Apprehending, detaining and removing criminal and other illegal aliens promotes public safety and protects the integrity of the immigration system."

This week's Caribbean/Latin American flights, which are regularly scheduled via the Justice Prisoner and Alien Transportation System (JPATS) aircraft, are destined to Colombia, the Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua and Haiti (one).

ICE spokeswoman Kadia H. Koroma said that in addition to the regularly scheduled flights using JPATS, ICE Detention and Removal personnel returned last week from two special charter removal missions: one to Africa that repatriated 82 Nigerian and 17 Liberian nationals, and another that returned 55 Filipinos and 12 Cambodians.

Ms. Koroma said that on the African charter flight more than 60 of those removed had criminal convictions, involving drug-smuggling, possession with intent to distribute drugs, weapons violations, sexual assault on children, burglary and bribery. The group, she said, included 17 Nigerians with forgery and fraud convictions.

She said that of the 55 Filipinos removed, 36 were criminal aliens and that 11 of the 12 Cambodian nationals removed also were criminal aliens. Their crimes included sexual offenses against children, sexual assaults, heroin smuggling, aggravated assault and homicide, she said.

The illegal aliens had been housed at various detention facilities across the country.

In fiscal 2006, ICE removed more than 186,600 illegal aliens from the country, a record for the agency and a 10 percent increase over the number of removals during the previous fiscal year. More than 50,000 of them were repatriated to Central American and Caribbean Basin countries using JPATS.

JPATS, managed by the Justice Department, provides regular international and domestic flights for the removal of deportable aliens. In 1995, the air fleets of the U.S. Marshals Service and the now-defunct U.S. Immigration and Naturalization Service merged to create a more efficient and effective system for transporting prisoners and criminal aliens.

JPATS has three client agencies, the Bureau of Prisons, the Marshals Service and ICE, its largest user with more than 60 percent of flight hours during fiscal 2006. JPATS operates a fleet of aircraft that moves prisoners over long distances more economically and with higher security than commercial airlines.

Ms. Koroma said nearly all air movements are done aboard large and small jets that JPATS owns or leases.

She said ICE also manages alien transportation and repatriation flights via special charter missions.

CONGRESS-ADMINISTRATION:

Surf's Up On Capitol Hill (WSJ)

By Adam Goldberg And Preston Burton

The Wall Street Journal, December 23, 2006

As corporate America steels itself for an onslaught of investigations by the Democratically controlled Congress, consultants are busy advising companies on how best to prepare for and get through them. While one can do much to manage the fallout, navigating one of these investigations is a lot like surfing. Regardless of what you do, the biggest factor is still the size and nature of the wave. On this score, witnesses called before Congress have few protections.

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First, Congress does not necessarily recognize the attorney-client privilege and the protections that it gives individuals and companies. While Congress has frequently restrained itself, it has not always done so -- thus everything a client tells a lawyer, before or during an investigation, is theoretically open to congressional grabbing.

In 1998, for example, the Republican-controlled House subcommittee on oversight and investigation subpoenaed documents from a Democratic lawyer and his law firm in an investigation into a real estate lease with the federal government. The firm asserted privilege on its client's behalf; the subcommittee threatened to hold the law firm in contempt; the law firm turned the privileged documents over. Coincidentally -- or not -- shortly thereafter the D.C. Bar Association actually issued an ethics opinion stating that lawyers were ethically free to give Congress attorney-client privileged material when threatened with contempt after first objecting.

Similarly, the 1980s saw cases in which the Democratically controlled Congress rejected the privilege, including cases involving Ferdinand Marcos and Provident Life & Accident Company. Notably, Rep. John Dingell made clear his view that Congress honored the privilege at its sole discretion. Mr. Dingell is expected to be chairman of the House Energy and Commerce Committee when the Democrats take control in January.

From a public policy perspective, we should all hope that restraint is exercised in the imminent investigations. Open communication between clients and their lawyers fosters, rather than impedes, regulatory compliance. This policy can only be served, however, if people believe that the privilege's protections are real. It would be ironic if Congress, in its understandable zeal to oversee compliance with our nation's laws, actually undermines that compliance by sacrificing the attorney-client privilege.

Second, at a congressional hearing or deposition you have only a very limited right to counsel. For example, during hearings there are no "objections" to committee questions, and your lawyer may advise you solely with respect to your legal rights and not about anything else. This is particularly troublesome given that Congress can act as a stalking horse for the Department of Justice and other federal and state government investigators. In effect, Congress frequently acts like a grand jury investigation -- just one without the procedural and secrecy protections afforded grand jury targets.

Moreover, unlike prosecutors and regulators, there is effectively no limit to what Congress can subpoena, or do with the information that it has obtained. Releasing information to the press (even before one hearing is held or one witness is questioned) is frequently unnecessary to oversight or legislation -- but that does not prevent Congress from doing so from time to time.

Third, every now and then Congress appears to set a "perjury trap" -- asking or compelling a witness to testify and then making a criminal referral for perjury to the Department of Justice when that witness fails to remember something or remembers something incorrectly. These referrals are particularly poisonous, as they can greatly inflame media and public perception of a witness. Perjury referrals also serve as a great deterrent to witnesses providing testimony to Congress, by placing them between the rock of a potential perjury trap and the hard place of asserting their Fifth Amendment rights. This brings us to our last point.

Sadly, if witnesses intend to assert their Fifth Amendment protections, they must be prepared to be publicly humiliated. All too often, congressional committees feel the need to call a witness to Capitol Hill and question him even though they know that the witness will not answer their questions.

While some might find it hard to sympathize with Ken Lay and Bernie Ebbers -- who are among the most notable of those recently forced to assert their Fifth Amendment rights in public -- one should keep in mind that they were forced to suffer this experience long before any trial was held in which they had the rights of a defendant. At least 20 other people with far less purported villainy have been forced to suffer this experience in the last five years alone. While the media might benefit from such tactics, it is hard to see what public policy is served by forcing someone to invoke his constitutional right before 60 flashing cameras and then vilifying or dismissing him one minute later. Such needless vilification may affect jury pools and could taint the judicial process itself.

It is natural to ask why people who have done nothing wrong would refuse to answer questions, but our country's founders and the Supreme Court have provided the answer: Being innocent does not prevent your own words from being misused against you. There is already enough reputational pressure on an investigation's target not to assert his constitutional rights. We do not need congressional humiliation helping us along. The Fifth Amendment is there to protect the innocent and we hope Congress does not penalize people who avail themselves of this protection.

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While congressional investigations, like surfing, might be a fun spectator sport, they are no laughing matter for the participants caught in the wave. In fulfilling its important constitutional obligations, we hope Congress keeps this in mind.

Mr. Goldberg was as special associate counsel to President Clinton; Mr. Burton was one of the attorneys representing Monica Lewinsky. Both are partners at Orrick, Herrington & Sutcliffe LLP.

OTHER NEWS:

Romney Set For Presidential Announcement (AP)

AP, December 22, 2006

Massachusetts Gov. Mitt Romney is poised to announce his campaign for the 2008 Republican presidential nomination in two phases early next month, a top adviser told The Associated Press on Friday.

The Massachusetts chief executive is expected to file paperwork as early as Jan. 2 with the Federal Election Commission, establishing a presidential campaign committee and permitting himself to begin raising money for his race on the first business day of the new year. Romney will leave office on Jan. 4.

As soon as the week of Jan. 8, Romney will hold a ceremony to officially declare his candidacy, said the adviser, a top aide who spoke on condition of anonymity in advance of the official filing.

The timing is somewhat dependent on when Sen. John McCain of Arizona makes an expected announcement about his own campaign for the GOP nomination, the Romney aide said. McCain has formed a presidential exploratory committee but held off declaring his candidacy.

Former New York Mayor Rudy Giuliani has also formed an exploratory committee.

Before leaving for a 10-day ski vacation at his home in Deer Valley, Utah, Romney told reporters he would use the holiday gathering with his family to make a decision about a campaign. In total, 22 people will gather at the Romney vacation home outside Salt Lake City, including his five sons, their wives, his 10 grandchildren, and Romney's wife, Ann.

"I've got a lot of data. Now I have to sit down with my family and spend some time," the 59-year-old former venture capitalist said after ringing a Salvation Army bell at a downtown shopping mall. Romney gained international attention in 2002 as head of the Winter Olympics in Salt Lake City.

"The real question is could I be able to make a real contribution to the people of this country, could I make America's future brighter, and that's something which I'll give consideration to over the holiday," the governor said.

While saying that he wanted to consult with his family, Romney dismissed any thought he might be dissuaded from a campaign because of any personal concerns they might express. In the past, Romney has said the only thing that would prompt an immediate end to his political career would be a change in the health of his wife, who has multiple sclerosis.

"You know, there are a lot of people that make a lot greater sacrifices than politicians _ myself included _ and I saw them in Guantanamo, I saw them at the border of North Korea and South Korea, I saw them in Iraq and Afghanistan," Romney said. "So, I'm not focused on the sacrifices that I or my family would make. I'm focused instead on the needs of this country and whether I could make a difference."

In one small sign he will likely mount a campaign, the governor could be overheard at a second charity stop outside Faneuil Hall asking a local comedian who happened by if he could help him write jokes for an appearance next spring at Washington's annual Gridiron Club dinner. The gathering is a regular stop for national politicians and White House aspirants.

Romney spent part of the week in Iowa and New Hampshire, two of the lead presidential voting states. Earlier this month he made a political trip through the South, before using personal money to fund a fact-finding trip to Japan, South Korea and China. He added to his foreign credentials this year with trips to Guantanamo Bay, Cuba, Iraq and Afghanistan.

In Iowa on Wednesday, Romney reiterated his support for President Bush and said a withdrawal from Iraq "would be a mistake."

In New Hampshire on Thursday, he deflected conservative concerns about his record on gay marriage and abortion. He said he now describes himself as "firmly pro-life," despite citing his tolerance for abortion rights during his 2002 gubernatorial campaign, after researching the embryonic stem cell issue.

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Rice: Black President A Real Option, But Not Her (WT/AP)

By Anne Gearan

The Washington Times, December 23, 2006

America is ready to elect a black president, says Secretary of State Condoleezza Rice.

The nation's highest-ranking black government official, Miss Rice has said repeatedly she will not run for president, despite high popularity ratings and measurable support in opinion polls.

"Yes, I think a black person can be elected president," Miss Rice said in an interview.

The top U.S. diplomat also said Iraq is "worth the investment" in American lives and dollars. She thinks the United States can win in Iraq, although the war thus far has been longer and more difficult than she had expected.

She made the remarks at a time when President Bush is under pressure from the public and members of Congress to find a fresh course in the long-running and costly war, which has shown no signs of nearing an end after taking the lives of almost 3,000 American troops.

"I know from the point of view of not just the monetary cost but the sacrifice of American lives a lot has been sacrificed for Iraq, a lot has been invested in Iraq," Miss Rice said.

Mr. Bush would not ask for continued sacrifice and spending "if he didn't believe, and in fact I believe as well, that we can in fact succeed," Miss Rice said.

On politics, Miss Rice said the first successful black candidate will be "judged by all the things that Americans ultimately end up making their decision on: Do I agree with this person? Do I share this person's basic values? Am I comfortable that this person is going to make decisions when I'm not in the room that are very consequential?"

At the same time, she said, "we should not be naive. Race is still an issue in America. When a person walks into a room, race is evident. It's something that I think is going to be with us for a very, very long time."

Miss Rice declined to say whether she would like to see her predecessor, Colin L. Powell, become a candidate. Mr. Powell is a fellow black Republican.

"I'm not going to give Colin any advice and he's not going to give me any advice on this one," Miss Rice said.

Democratic Sen. Barack Obama, Illinois Democrat, is the most prominent black politician to emerge as a potential candidate for the 2008 presidential race.

Miss Rice was asked whether, watching Mr. Obama's rise, she thinks Americans are willing to put a black candidate in the White House.

Most people tell pollsters that whether a candidate is black doesn't matter to their votes.

More than eight in 10 black voters in an AP-AOL Black Voices poll say that it would make no difference to them. And other recent polling has found about the same number among the general public voicing that attitude.

Miss Rice said the Bush administration should be remembered for far more than the Iraq war. She recited foreign policy commitments and accomplishments including increased aid to fight AIDS and malaria in Africa and a peace deal ending two decades of North-South warfare in Sudan.

Miss Rice also said she has no reason to think North Korea is serious about dismantling its nuclear weapons. "That's what we're testing" in disarmament talks this week.

"They're signed on to denuclearization" in an agreement last year that was never implemented. "We'll see whether or not they follow through," Miss Rice said.

The talks ended yesterday in Beijing with no announced progress.

The Narrowing Field (WP)

The Washington Post, December 23, 2006

IN THEORY, this should be the most wide-open presidential contest in decades. In reality, more than a year before the first vote, the field seems to be narrowing awfully fast. On the Democratic side, former Virginia governor Mark Warner, Wisconsin Sen. Russ Feingold, former South Dakota senator Tom Daschle and, this week, Indiana Sen. Evan Bayh have announced they won't

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be running. On the Republican side, Senate Majority Leader Bill Frist of Tennessee is leaving not just the Senate but the presidential race, and Virginia Sen. George Allen, once a leading contender, seems unlikely to toss his hat into the ring.

To be honest, we'll miss some of these candidates more than others. It's not unheard of to have such early dropouts: Former vice president Al Gore emerged from the "Saturday Night Live" hot tub at this time four years ago to announce he wouldn't be a candidate in 2004. And the field of announced candidates will certainly grow. North Carolina's John Edwards, the former Democratic vice presidential nominee, is set to make his announcement next week, joining Iowa Gov. Tom Vilsack in the Democratic field.

But it would be unfortunate if the departures portended a presidential race winnowed to a few almost before it begins. The country would benefit from a multitude of voices in both parties -- not just Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) on the Democratic side and Sen. John McCain (Ariz.), Massachusetts Gov. Mitt Romney and former New York mayor Rudy Giuliani on the Republican.

"Whether there were too many Goliaths or whether I'm just not the right David, the fact remains that at the end of the day, I concluded that, due to circumstances beyond our control, the odds were longer than I felt I could responsibly pursue," said Mr. Bayh, who just a few weeks earlier had formed an exploratory committee.

Call us quaint, but we liked it back when voters actually got to review candidates' qualifications and positions. Now, it seems, the first question potential supporters (read: donors) ask about candidates is not what they believe but whether they are electable. That sets up a vicious political cycle: A candidate seen as unelectable can't raise the daunting amounts ($25 million to $30 million by January 2008) needed to fuel a credible presidential race. But no candidate without a serious bank balance can be considered electable.

That problem has been exacerbated by the withering away of the federal matching fund system, which was designed to boost lesser-known primary candidates but has now become functionally irrelevant, because the top-tier candidates can raise more on their own than they would be permitted to if they accepted matching funds. An increasingly front-loaded primary system -- on the Democratic side, candidates will need enough to get through four contests in 15 days -- intensifies the need for an early pile of cash.

Perhaps our worries are premature; after all, at this point four years ago, hardly anyone had heard of former Vermont governor Howard Dean, who emerged as a leading contender for the Democratic nomination. Nonetheless, we're anxious to see some Davids tromping through the snows of Iowa and New Hampshire, not just a few big-footed Goliaths. And we'd like the voters to have some say in deciding which is which.

Another Inexplicably Jumps In (WP)

The Washington Post, December 23, 2006

NOW COMES news that James S. Gilmore III, the highhanded, dissent-averse and altogether unsuccessful ex-governor of Virginia, is weighing a run for the Republican nomination for president. Heaven help us. For if Mr. Gilmore does to the 50 states what he did to the Old Dominion, the federal government might as well declare bankruptcy now.

Let's review the sorry Gilmore record. After taking office amid boom times in 1998, Mr. Gilmore immediately set about draining Virginia's coffers by promoting ill-advised tax cuts that, when the predictable economic downturn arrived, left the state penniless. He pushed ahead with his narrow political agenda of eliminating the state's car tax despite repeated warnings of the dire consequences, which included diverting funds that should have gone to transportation and public education. (If you're mad about traffic and the state's neglected roads, Mr. Gilmore is high on the list of people to blame.)

As a swan song near the end of his four-year term, Mr. Gilmore forced a bitter budget impasse with the legislature, unprecedented in Virginia, that enraged Republicans and Democrats alike and torpedoed the election prospects of his own party's nominee to succeed him as governor. When he finally left office in 2002 -- condemned by both liberal and libertarian think tanks for his managerial incompetence -- Mr. Gilmore bequeathed to his successor, Mark Warner, a budgetary mess that Mr. Warner spent a good part of his own governorship trying to clean up. All in all, a terrible performance by Mr. Gilmore.

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Let's summarize: A former governor from the South, zealous about tax-cutting and allergic to opposing views, who stubbornly insists on ill-fated policies despite abundant and well-founded warnings that they are leading to ruin. Maybe this guy is presidential material after all.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 23, 2006 7:45 AM EST

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TERRORISM NEWS:

London Police Chief Warns Of Terrorism (AP)

AP, December 22, 2006

LONDON (AP) — London's police chief said Friday the threat of a terror attack in Britain is growing and warned that the Christmas holidays were an especially dangerous period.

Metropolitan Police Commissioner Sir Ian Blair said al-Qaeda represented the gravest threat to Britain since World War II and was of an "unparalleled nature and growing."

"The threat of another terrorist attempt is ever present," he told British Broadcasting Corp. radio. "Christmas is a period when that might happen. We have no specific intelligence to do (with) that."

He said al-Qaeda posed a greater threat than the Irish Republican Army's 1970-1997 failed campaign to force Northern Ireland out of the United Kingdom and into the Republic of Ireland, which killed 1,775 people.

The IRA usually did not aim to cause mass atrocities, did not want to die, gave warnings and was "heavily penetrated" by British intelligence agents, Blair said.

"None of those four apply with al Qaida and its affiliates," he said.

"It took 20 years to penetrate the IRA and I have no doubt that the intelligence services will be attempting that now, but it is a more difficult and a much more recent phenomenon," he said.

Home Secretary John Reid said on Dec. 10 that it was highly likely that terrorists would attempt an attack over the holiday period.

Last month, Dame Eliza Manningham-Buller — who heads MI5, Britain's domestic spy service — said authorities were tracking almost 30 terrorist plots involving 1,600 suspects and that her agency had foiled five major plots since the July 2005 transit bomb attacks in London, which killed 52 commuters and the four bombers.

Police Leader Seeks Data On Tunnel Security (NYT)

By William Neuman, William K. Rashbaum

The New York Times, December 23, 2006

The New York police commissioner, Raymond W. Kelly, said yesterday that he had asked the Port Authority of New York and New Jersey to turn over a copy of a security analysis of the PATH train tubes beneath the Hudson River that shows they might be more vulnerable than previously thought to a small but powerful bomb.

Mr. Kelly's request came after a government official provided a draft summary of the analysis to The New York Times because the official was concerned that the Port Authority had not acted with sufficient urgency in its response to the findings. The findings were presented to senior managers at the agency, which runs the PATH trains, last month, the official said.

The government official said the analysis, which revealed a greater weakness in the tubes than was found in earlier tests, had so far not been shared with other government agencies.

Mr. Kelly called the new data on the PATH tubes "a cause for concern," although he said he believed the trains were safe.

Last July, several people were arrested overseas in what the authorities said was a plot to set off bombs in the PATH system that would rupture the tubes and flood the tunnels. The trains have a weekday ridership of 230,000, and carry passengers in four single-track tubes between New Jersey and Manhattan.

Marc La Vorgna, a Port Authority spokesman, said that the agency was in contact with police officials yesterday.

The Port Authority has refused to discuss the analysis of the tubes, which found that a bomb made from a small amount of high explosives could puncture a large hole in the tube wall, allowing river water to flood the tube and other parts of the rail system. The analysis suggested that one tunnel would flood within six minutes, and that the entire system could be overwhelmed in a matter of hours.

Mr. La Vorgna said that the agency in recent weeks has significantly stepped up patrols by Port Authority police and increased bag searches in PATH stations.

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But a reporter who toured four stations yesterday in the midafternoon, including the World Trade Center in Lower Manhattan and Exchange Place in Jersey City, saw only occasional uniformed police officers. No officers were seen stopping passengers to search their bags.

The study of the PATH tubes, which included blast analysis, computer modeling and other tests, was partly financed by the Department of Homeland Security, according to a spokesman for that agency, Russ Knocke. He said that a senior Homeland Security official, Assistant Secretary Robert B. Stephan, had met with Port Authority security officials last month. Mr. Knocke refused to say whether the Port Authority officials had informed Mr. Stephan of the updated blast and flooding data.

Gov. George E. Pataki of New York stressed that the data on the PATH tubes was preliminary, but he urged the Port Authority to move quickly.

"We want them not to wait until there's just the final, ultimate report but to act on any interim findings that they have coming along," Mr. Pataki said.

The agency's board voted this month to spend $180 million for security improvements in the PATH system.

The tests were originally commissioned as part of a joint effort by the Port Authority and the Metropolitan Transportation Authority to analyze underwater tunnels in both the PATH system and the subway.

The head of security for the transportation authority, which operates the subway, said that tests had not found similar weaknesses in the subway tubes.

"Notably, none of the vulnerability analysis has indicated that a small explosive device carried on a train would compromise the integrity of our tunnels," Lewis D. Schiliro, the director of interagency preparedness for the transportation authority, said in a statement.

The transportation authority runs trains through 14 subway tunnels under the Harlem and East Rivers, some of which have a construction that is similar in some ways to the PATH tubes under the Hudson River.

Tom Kelly, a spokesman for the transportation authority, refused to say how many of the under river tunnels were situated in bedrock or other strata below the riverbed and how many of them are made from metal tubes lying in the soft river silt, like the PATH tubes.

At least some of the riverbed tubes in the subway system are lined with concrete, which may make them stronger than the largely unlined PATH tubes.

Elliot G. Sander, the incoming chief executive of the transportation authority, said yesterday he was not prepared to discuss tunnel security before he takes charge of the agency next month.

Judge Links Iran To '96 Attack In Saudi Arabia (NYT)

By Neil A. Lewis

The New York Times, December 23, 2006

WASHINGTON, Dec. 22 — A federal trial judge ruled Friday that the government of Iran bore significant responsibility for the June 25, 1996, bombing of Khobar Towers in Saudi Arabia, and ordered Tehran to pay more than $253 million in damages to surviving family members of many of the American airmen killed there.

Judge Royce C. Lamberth overturned an earlier ruling by a United States magistrate judge who had found that there was insufficient evidence to tie Iran to the terrorist attack, in which 19 military service members were killed. In this case, as in several similar lawsuits, Iran did not participate in the trial, holding that as a sovereign government it could not be sued in an American court.

But Judge Lamberth ruled that Iran lacked sovereign immunity under the law, which was amended about 10 years ago to cover acts of terrorism, and entered a default judgment — that is, a ruling in favor of the plaintiffs because there was no response from the other side.

Judge Lamberth wrote that he was persuaded of Iran's involvement by testimony from Louis J. Freeh, the former director of the F.B.I., who had taken a deep personal interest in the investigation, and from the bureau's former deputy chief counterterrorism official, Dale Watson.

As with several similar lawsuits, there is considerable uncertainty whether the 55 surviving relatives who participated in the lawsuit will ever be able to obtain any of the damages awarded them.

Shale D. Stiller, the lawyer who brought the case, acknowledged that obtaining money from Iran was an uncertain proposition. He said in an interview that his firm, DLA Piper, would try to have the judgment enforced by searching for Iranian government assets around the world and asking foreign courts to attach them — that is, to sequester them to possibly be awarded to the plaintiffs.

"What we have to do now is take the judgment and go all over the world and find assets that belong to the government of Iran," Mr. Stiller said.

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Lawyers say, however, that courts around the world are typically reluctant to enforce judgments in cases that were won by default because they are open to challenge.

Mr. Stiller said that the fact of an unambiguous statement from a United States court of Iran's role "is more important to the families than any monetary award."

Prof. Ruth Wedgwood of the Paul H. Nitze School of Advanced International Studies of Johns Hopkins University said that governments often found such judicial interventions unwelcome because they may come at a delicate time in bilateral relations. But she said such rulings had great value because "they officially categorize the behavior as illegal and often make clear facts everybody knows to be true" but are not acknowledged by governments for diplomatic reasons.

In his ruling, Judge Lamberth cited Mr. Freeh's testimony that six of the people who participated in the attack were trained by Iranian officials, sometimes in Iran, and received money and materials from the Iranian Ministry of Information and Security and the Iranian Islamic Revolutionary Guard Corp.

Judge Lamberth said he accepted testimony from other experts that the perpetrators were recruited by a senior official of the Revolutionary Guard at the Iranian Embassy in Damascus, Syria.

The Lamberth opinion is in distinct contrast to previous executive branch examinations, which broadly hinted of an Iranian role but never produced explicit conclusions. The Justice Department's 2001 indictment of many of those involved in the bombing mentioned Iran frequently but avoided pinning responsibility on Tehran.

HOMELAND RESPONSE:

Proposed Rules For Securing Chemical Plants Released (WP/AP)

The Washington Post, December 23, 2006

The nation's chemical companies would have to submit to new security inspections and provide the government with plans for protecting themselves from terrorist attacks under proposed rules released yesterday by the Department of Homeland Security.

The rules, scheduled to take effect April 4, closely follow the recommendations of the chemical industry and result from legislation President Bush signed into law in October.

Companies would be required to assess their own vulnerabilities and provide the government with plans for fixing them under the new rules, which were released for public comment. Industry representatives welcomed their arrival.

"They are following the structure that Congress outlined," said Scott Jensen, a spokesman for the American Chemistry Council, which represents the largest chemical makers. "The idea here is to set a security level that they want these facilities to achieve, commensurate with the risk that each facility represents."

The council's 133 members lobbied for the new rules and have spent $3.5 billion on security upgrades at their 2,000 facilities since the Sept. 11, 2001, terrorist attacks, Jensen said.

Companies would have to conduct background checks on employees and better control access or face possible fines of as much as $25,000 a day and the risk of being shut down. But they may also contest government disapproval of their security plans.

Congress will probably have more than a little to say about the proposed new rules next month, in view of the reaction yesterday from critics, who included Sen. Susan Collins (R-Maine), the outgoing chairman of the Senate Homeland Security Committee.

Collins, who co-wrote the legislation calling for the rules with Sen. Joseph I. Lieberman (D-Conn.), the committee's incoming chairman, said the department is going too far in some areas, such as by assigning itself the power to preempt the legal authority of states and courts.

Democrats, who will take control of Congress next month, view the new rules as too soft on industry and have sought to require manufacturers, in some cases, to replace toxic materials with safer but more expensive substitutes.

Department of Homeland Security officials, however, say that the proposed rules, along with tighter security and the tracking of rail shipments of highly toxic materials, would reduce the likelihood of a chemical attack by terrorists.

Homeland Security Admits Violating Privacy (AP)

AP, December 22, 2006

WASHINGTON (AP) — The Homeland Security Department admitted Friday it violated the Privacy Act two years ago by obtaining more commercial data about U.S. airline passengers than it had announced it would.

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Seventeen months ago, the Government Accountability Office, Congress' auditing arm, reached the same conclusion: The department's Transportation Security Administration "did not fully disclose to the public its use of personal information in its fall 2004 privacy notices as required by the Privacy Act."

Even so, in a report Friday on the testing of TSA's Secure Flight domestic air passenger screening program, the Homeland Security department's privacy office acknowledged TSA didn't comply with the law. But the privacy office still couldn't bring itself to use the word "violate."

Instead, the privacy office said, "TSA announced one testing program, but conducted an entirely different one." In a 40-word, separate sentence, the report noted that federal programs that collect personal data that can identify Americans "are required to be announced in Privacy Act system notices and privacy impact assessments."

TSA spokesman Christopher White noted the GAO's earlier conclusions and said, "TSA has already implemented or is in the process of implementing each of the DHS privacy office recommendations."

Congress has been unhappy with TSA's domestic airline screening program for years — since it was called CAPPS II before it was tweaked and renamed Secure Flight. Federal law now bars TSA from implementing a domestic screening system until the GAO is satisfied it can meet 10 standards of privacy protection, accuracy and security.

Secure Flight has never passed all those tests, and White said there is no target date for implementing it. "We are more concerned with getting it right," White said.

Friday's report reinforced concerns on Capitol Hill.

"This further documents the cavalier way the Bush administration treats Americans' privacy," said Sen. Patrick Leahy, D-Vt., who is set to become Senate Judiciary Committee chairman in January. "With this database program, first they ignored the Privacy Act, and now, two years later, they still have a hard time admitting it."

Leahy promised the new Congress will try to learn more about how the administration uses such databases. "Data mining technology has great potential," Leahy said, "but history shows that without adequate checks and balances and oversight, misuse and abuse of the public's personal information will be inevitable."

Characterizing the Secure Flight problems as "largely unintentional," Homeland Security's privacy office attributed them to TSA's failure to revise the public announcement after the test changed.

The privacy office said TSA announced in fall 2004 it would acquire passenger name records of people who flew domestically in June 2004. Airline passenger name records include the flyer's name, address, itinerary, form of payment, history of one-way travel, contact phone number, seating location and even requests for special meals.

The public notices said TSA would try to match the passenger names with names on watch lists of terrorists and criminals.

But they also said the passenger records would be compared with unspecified commercial data about Americans in an effort to see if the passenger data was accurate. It assured the public that TSA would not receive commercial data used by contractors to conduct that part of the tests.

But the contractor, EagleForce, used data obtained from commercial data collection companies Acxiom, Insight America and Qsent to fill in missing information in the passenger records and then sent the enhanced records back to TSA on CDs for comparison with watch lists.

This was "contrary to the express statements in the fall privacy notices about the Secure Flight program," Homeland Security's privacy office concluded. "EagleForce's access to the commercial data amounted to access of the data by TSA."

Another procedure originally thought to enhance privacy backfired. EagleForce augmented the 42,000 passenger name records with similar variations of the spelling of each first and last name so it asked for commercial data on 240,000 names.

Many of these variations were the actual names of real people whose records were then put into the test without any public notice, the report said. Eventually, the three companies supplied EagleForce with 191 million records, though many were duplicates.

Feds: Homeland Security Project Didn't Protect Privacy (CNET)

By Declan McCullagh

CNET News.com, December 23, 2006

A Department of Homeland Security program that linked details on millions of air travelers with profiles drawn from commercial databases was plagued by "privacy missteps" that misled the public, a new government report concludes.

The Transportation Security Agency, operating under the auspices of Homeland Security, had publicly pledged two years ago--in official notices describing the Secure Flight program--that it "will not receive" or have access to dossiers on American travelers compiled by a Beltway contractor.

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That promise turned out to be untrue, according to a report published Friday by DHS' privacy office. The commercial data "made its way directly to TSA, contrary to the express statements in the fall privacy notices about the Secure Flight program," the report says. (Click on "Secure Flight Report" to view a PDF version.)

The report, and a second one critiquing a government database called Matrix, was released on the last business day before Christmas, a tactic that federal agencies and publicly traded companies sometimes use to avoid drawing attention to critical findings. Neither report appears on the DHS.gov or TSA.gov home pages, or even on the home page of the DHS privacy office, but rather was linked to from a subpage on the DHS privacy site.

Jim Harper, a policy analyst with the free-market Cato Institute who serves on a Homeland Security advisory panel, said the reports show that the department needs to pay far more attention to privacy. "They didn't think ahead. They didn't study. They didn't pay attention to the privacy issues," Harper said. "It may need to be hammered home many more times."

Secure Flight was born in September 2004 when DHS ordered airlines to hand over the complete records of all passengers who traveled on a domestic flight in the month of June--which were in turn linked with information on those passengers drawn from commercial databases. (Secure Flight, which was put on hold in February in large part because of privacy concerns, was the successor to DHS' Computer Assisted Passenger Prescreening System.)

The agency's Secure Flight contractor, a McLean, Va.-based company called EagleForce, bought databases with personal information on Americans from three data-mining firms: Acxiom, Insight America and Qsent. The data included U.S. citizens' names, gender, spouse's names, address, date of birth, and in some cases Social Security numbers.

The report from the Homeland Security privacy office takes pains to say that the privacy compromises over Secure Flight were "not intentional," and includes a list of seven recommendations to avoid similar mishaps in the future. Those include explaining to the public exactly what's going on and creating a "data flow map" to ensure information is handled in compliance with the 1974 Privacy Act.

This isn't the first report to take issue with Secure Flight. Last year, auditors at the U.S. Government Accountability Office reported that the program violated the Privacy Act.

In an interview with CNET News.com earlier this year, Peter Pietra, TSA's director of privacy policy, downplayed those concerns. Pietra said the agency disagrees with GAO's interpretation of the law.

A Matrix post-mortem

The second report released Friday represents a postmortem of a defunct project called the Matrix, or the Multistate Anti-Terrorism Information Exchange. Matrix ended in April 2005. (Click on "Matrix Report" for a PDF version.)

DHS provided most of the funding for Matrix, $8 million in 2003, with the Department of Justice tossing in $4 million. Operated by Seisint, which is now part of LexisNexis, the pilot project involved information sharing between state government, federal government, and commercial databases. At least 13 states participated, including California, Texas and New York.

Matrix quickly became controversial for a long list of reasons: It launched in July 2003 with no privacy policy in place. Few participating states ever conducted a self-audit to make sure abuse didn't happen. Neither the Justice Department nor DHS ever did. Privacy specialists weren't consulted until nearly three years after planning began. Even though Matrix was supposedly created as an antiterrorism network, only 2.6 percent of the cases investigated turned out to be terrorism-related.

Also raising questions was the unwillingness of LexisNexis and the participating governments to give a complete list of information accessible through Matrix. But a page captured by Archive.org from the former Matrix-at.org Web site lists records from criminal histories, driver's licenses and motor vehicle registrations, court documents, property ownership, professional licenses, and commercial databases including telephone directories. Other reports have said Social Security numbers, speeding tickets, and family members also are included.

The ACLU had been one of Matrix's most vocal critics. It charged that Matrix was "dangerous and Orwellian" and represented an intrusive data-mining program on innocent Americans.

DHS' privacy office said Friday that Matrix "was undermined, and ultimately halted, in large part because it did not have a comprehensive privacy policy from the outset to provide transparency about the project's purpose and practices and protect against mission creep or abuse."

WAR NEWS:

Gates Says Iraqis And U.S. Are In "Broad Strategic Agreement" (NYT)

By David S. Cloud, John O'Neil

The New York Times, December 23, 2006

DOJ_NMG_0108864

BAGHDAD, Dec. 22 — Defense Secretary Robert M. Gates said Friday that American and Iraqi officials were in "broad strategic agreement" about how to address the violence here, and he stressed that success "will only be achieved with a joint effort with the Iraqis taking the lead."

Mr. Gates spoke to reporters at the end of a three-day Iraq trip that included meetings with Prime Minister Nuri Kamal al-Maliki, top American generals and a small group of enlisted soldiers.

He said he had directed Gen. George W. Casey Jr., the top ground commander in Iraq, to work with Iraqi political and military leaders over the next few days to come up with specific recommendations on improving the security situation.

"They do have some concrete plans in mind, and putting flesh on those bones is exactly what General Casey and his team and the Iraqis will be doing in the days ahead," Mr. Gates said, according to [a news agency].

Mr. Gates also indicated that he would brief President Bush, possibly as early as this weekend, on the findings from his trip, his second to Iraq this year. Mr. Bush is in the midst of reviewing Iraq policy and has said no decisions on a change in strategy will be made until he receives proposals from Mr. Gates and the military.

The policy review has created tensions between White House officials who have been pressing for a so-called surge — the temporary addition of American troops to quell violence in Baghdad and Sunni-dominated Anbar Province — and military leaders, who have warned that the move could slow the rate at which Iraqi troops move to the forefront.

Mr. Gates seemed to emphasize the need for Iraqi troops to play a larger part, saying that he was impressed with the Iraqi government's determination "to take a leadership role in dealing with some of these security problems and then economic reconstruction."

He also said that the Iraqis' willingness to step forward "seems to me to be significantly advanced since I was here a couple of months ago," when he visited Baghdad as a member of the Iraq Study Group.

"This is a very difficult situation, but I believe, based on what I've heard both from the American commanders and the Iraqis, that things are moving in a positive direction," he said. "But it's still going to be a long haul."

The American military announced the deaths of five service members, four of whom died in combat in Anbar Province on Thursday, and one who was killed west of Baghdad on Friday when a patrol came under mortar and machine-gun fire.

US And Iraqis "agree On Broad Strategy" (FT)

By Steve Negus

Financial Times, December 23, 2006

US defence secretary Robert Gates – fresh from a three-day visit to Baghdad – is expected to sit down on Saturday with George W Bush to discuss the White House's new Iraq policy.

The new defence secretary travelled to Iraq immediately after his swearing in this week to solicit the advice of US military commanders before he makes recommendations to the president. Mr Bush is expected early next year to unveil his new "way forward" for Iraq.

Mr Gates said before leaving Baghdad on Friday that US and Iraqi officials were in "broad strategic agreement", but declined to provide details on a short-term increase in troop levels and other specific proposals.

One option Mr Bush is considering is a short-term surge in US troop levels to attempt to quell the sectarian violence gripping the Iraqi capital.

US commanders in Baghdad are understood to have told Mr Gates what the joint chiefs in the Pentagon have already concluded: that a surge in troop levels would be counter-productive because it could not be sustained for a long period, and would reduce the pressure on the Iraqi government to clamp down on sectarian militias.

While it is unclear whether Mr Gates will endorse the views of military leaders, Mr Bush this week side-stepped a question about whether he would ignore the advice of his commanders.

Iraqi politicians meanwhile discussed forming a new ruling coalition – an issue at the heart of US planning.

The Shia-led government of Prime Minister Nouri al-Maliki is under pressure from both the US and Sunni Arabs to distance itself from the radical Shia cleric Moqtada al-Sadr. Shia politicians on Thursday were reported to have visited the venerated Shia cleric, Grand Ayatollah Ali al-Sistani, to seek his approval for a new government. On Friday they were planning a weekend meeting with Mr Sadr himself.

Several of Mr Sadr's followers said the radical cleric had agreed to allow his supporters to rejoin the Iraqi government, three weeks after he called a boycott to protest at Mr Maliki's meeting with President Bush in Jordan, in an apparent move to prevent the group from being sidelined altogether.

Dealing with Mr Sadr's movement has posed a dilemma for both Iraqi politicians and US policymakers. Mr Maliki is heavily beholden to the Sadrists, who are probably Iraq's largest mass movement and whose street presence far outweighs that of the prime minister's own Dawa party.

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The Sadrist movement holds 30 seats in the 275-member parliament and three important ministries in the cabinet, yet its Mahdi Army militia is blamed for much of the sectarian violence that has killed many thousands since February.

However, it is unclear how much authority Mr Sadr wields over the loosely structured militia which is nominally loyal to him, and whether his personal influence has increased or reduced the level of sectarian violence.

On the one hand, Mr Sadr has issued statements condemning the violence and lashed out at his followers for failing to obey instructions, but on the other hand he may have used his political influence in Mr Maliki's government to protect militia leaders accused of carrying out sectarian killings.

US commanders say their Iraqi counterparts are pressured to release detained militia leaders, and also have reportedly chafed at Mr Maliki's decision to block raids on the militia's main support base of Sadr City.

Analysts meanwhile are divided as to whether sidelining Mr Sadr would help. A US congressional delegation which visited Iraq 10 days ago told Mr Maliki that he must break his ties with the radical cleric, but the Brussels-based International Crisis Group in a report released last week called on the US to "avoid steps to engineer a cabinet reshuffle aimed at sidelining Moqtada al-Sadr, which would further inflame the situation".

Meanwhile, British forces in the southern port city of Basra arrested seven members of a police unit accused of murdering their colleagues.

British military spokesmen said that one of the suspects was accused of complicity in the October 29 hijacking of a bus containing police translaters, trainers, and cleaning workers. The passengers were executed and their bodies dumped around Basra.

British military spokesman Major Charlie Burbridge said the raid was part of an effort to dissolve Basra's serious crimes unit, which he said had been a problem for several years.

U.S. Commanders In Iraq Recommend A "Surge" (LAT)

By Julian E. Barnes

The Los Angeles Times, December 23, 2006

WASHINGTON — Top U.S. military commanders in Iraq have decided to recommend a "surge" of fresh American combat forces, eliminating one of the last remaining hurdles to proposals being considered by President Bush for a troop increase, a defense official familiar with the plan said Friday.

The approval of a troop increase plan by top Iraq commanders, including Gen. George W. Casey Jr. and Lt. Gen. Raymond T. Odierno, comes days before Bush unveils a new course for the troubled U.S. involvement in Iraq. Bush still must address concerns among some Pentagon officials and overcome opposition from Congress, where many Democrats favor a blue-ribbon commission's recommendation for a gradual withdrawal of combat troops.

But the recommendation by the commanders in Iraq is significant because Bush has placed prime importance on their advice. The U.S. command in Iraq decided to recommend an increase of troops several days ago, prior to meetings in Baghdad this week with Defense Secretary Robert M. Gates, the defense official said.

Gates, who returned to Washington on Friday, will join Secretary of State Condoleezza Rice and National Security Advisor Stephen Hadley in meetings with President Bush Saturday at Camp David. White House Press Secretary Dana Perino said the meeting was part of the Iraq strategy review, and Bush was not expected to make a final decision on the administration's new policy.

Commanders have been skeptical of the value of increasing troops, and the decision represents a reversal for Casey, the highest ranking officer in Iraq. Casey and Gen. John P. Abizaid, the top commander in the Middle East who will step down in March, have long resisted adding more troops in Iraq, arguing that it could delay the development of Iraqi security forces and increase anger at the United States in the Arab world.

The defense official said commanders have not determined the exact number of extra troops they will request. Military officers have debated an increase of about 20,000, about five extra combat brigades. But while some officers think five extra brigades would be difficult to muster, others believe more troops will be required.

"People are warming to the realization that some sort of surge is necessary," said another military official.

The officials spoke on the condition their names not be revealed because Bush has not announced a final decision on his Iraq policy.

Bush recently called for an increase in the overall size of the Army and Marine Corps. But he stressed he has not made a decision on whether to send more troops to Iraq and wants to speak further with Gates.

Some members of the Joint Chiefs of Staff remain skeptical of a surge, unconvinced that it will yield more positive results than other recent military operations to secure Baghdad or Iraq. But other military officers have said that a buildup in troops is

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America's last chance to roll back the sectarian violence, neutralize the insurgency and strengthen the government of Prime Minister Nouri al-Maliki.

Many military officers maintain there is no middle ground strategy for Iraq, and that United States must either increase the force, gambling that the military can impose a measure of security on Iraq, or else begin to withdraw its forces.

Those skeptical about the efficacy of an increase argue that any new troops must be given clear instructions. However, defense officials say the U.S. commanders in Iraq have not settled on what that mission should be, although they are expected to decide before calling up new units.

Gates may have been alluding to that on Friday, when he told reporters he has asked Casey to make specific recommendations on how to improve security in Iraq and to work with Iraqi military leaders to "put flesh on those bones" of a new security plan.

"There is still some work to be done between Gen. Casey and his counterparts in the Iraqi government," Gates said. "But I do expect to give a report to the president on what I have learned and my perceptions."

Iraqi politics will be a key factor in deciding how to use extra U.S. military force. American diplomats are trying to engineer an ouster of the political faction of radical Shiite cleric Muqtada al-Sadr from the government and are trying to help set up a moderate coalition of Kurds, Sunnis and Shiites that is more willing to confront al-Sadr's militias.

The U.S. military now considers forces loyal to al-Sadr to be the top threat to the security of Iraq.

Al-Sadr controls 30 seats in the Iraqi parliament and six Cabinet seats in the current government, although the al-Sadr loyalists have been boycotting the government in protest of al-Maliki's meeting with Bush in Jordan in November.

Military officials were dismayed that one of the country's most influential clerics, Grand Ayatollah Ali al-Sistani, did not immediately back efforts to establish a new coalition government. If al-Sistani insists that al-Sadr remain within the Shiite coalition, it would represent a blow to the U.S. goal of marginalizing the radical cleric.

"The goals are tied to the palace intrigue," the military official said. "We are watching them carefully."

A troop buildup has sparse political support, but is backed by Sen. John McCain R-Ariz., considered a front-runner for the GOP presidential nomination. Key Democratic lawmakers and some Pentagon officials, however, remain skeptical. Sen. Carl Levin D-Mich., the incoming chairman of the Senate Armed Services committee, is among those pushing for a timetable for withdrawal -- not a buildup of forces.

Several members of the Joint Chiefs of Staff also have expressed reservations. Because the Joint Chiefs are not part of the military's formal chain of command, the recommendation to increase or decrease will go from commanders in Iraq to Gates and then to Bush. But the Joint Chiefs retain an important advisory role.

Gen. James T. Conway, the new commandant of the Marine Corps and a member of the Joint Chiefs, emphasized the drawbacks of a surge in public comments last week.

"We would fully support, I think, as the Joint Chiefs, the idea of putting more troops into Iraq if there is a solid military reason for doing that, if there is something to be gained," he said. "We do not believe that just adding numbers for the sake of adding numbers -- just thickening the mix -- is necessarily the way to go."

Like Conway, Gen. Peter J. Schoomaker, the Army chief of staff, has said extra troops must be given a clearly defined mission. "We would not surge without a purpose," Schoomaker said recently. "And that purpose should be measurable."

Conway suggested that adding more troops now would mean the military would be less ready to deploy in the future.

"You better make sure your timing is right," he said. "Because if you commit the reserve for something other than a decisive win or to stave off defeat, then you have essentially shot your bolt."

'A New Way Forward,' If With More Troops, Faces Resistance (LAT)

By James Gerstenzang, Times Staff Writer

The Los Angeles Times, December 23, 2006

— The leader of the Senate Democrats, Harry Reid of Nevada, seemed to open the door Sunday to supporting a temporary increase in the number of U.S. troops in Iraq. Two days later, he shut it.

Sen. Norm Coleman (R-Minn.), returned from two days in Iraq and stated his opposition to a troop surge. "It would create more targets," he said.

As President Bush considers whether to temporarily boost the number of U.S. troops in Iraq, few members of Congress are stepping forward forcefully to promote the idea. So far, the bulk of the political response has been a mix of silence, skepticism and outright opposition.Bush is considering whether to add as many as 30,000 troops to the force of about 140,000 already in Iraq, but he has not committed to the idea. The president is expected to launch a new Iraq strategy, which he calls a "new way forward," in early January — just as Democrats are moving into majority positions in the House and Senate after a midterm election widely interpreted as rejecting the president's conduct of the Iraq war.

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Members of Congress have limited reach in shaping day-to-day policy in Iraq. The effect of their votes on spending for the war will play out only in months and years to come, and the president has demonstrated time and again his readiness to buck the tide of the Democrats' opposition.

But broad political opposition has historically put reins on unpopular military policies. Some members of Congress are asking what mission the troops would be charged with performing and questioning the likelihood of success.

Sen. John McCain, the Arizona Republican considered a front-runner for his party's presidential nomination in 2008, has been a leader of a limited group that has pressed for a more aggressive approach in Iraq, including the dispatch of more troops to stem the sectarian violence and insurgent attacks.

Sen. Joe Lieberman of Connecticut, the Democrats' 2000 vice presidential candidate who won reelection to the Senate in November as an independent, has strongly favored sending additional troops.

McCain, Lieberman, and Sen. Susan Collins (R-Maine) visited Baghdad last week. Collins said she was "not yet convinced that additional troops" would help bring a lasting peace.

Their comments aside, many Republican leaders have been reluctant to express themselves on the question, and Democrats who have spoken about it remain skeptical or oppose a troop increase.

The incoming Senate Republican leader, Sen. Mitch McConnell of Kentucky, has made no public statements on whether to increase the deployment. He is waiting "to hear from the folks at the Pentagon," said a spokesman, Don Stewart.

On Sunday, Reid said on ABC News' "This Week" that he would go along with a troop surge if it lasted two or three months and was "part of a program to get us out of there ... by this time next year." But two days later, he came out against an increase. In a blog posting on the website Huffingtonpost.com, he wrote: "Frankly, I don't believe that more troops is the answer for Iraq.... I do not support an escalation of the conflict."

Rep. Nancy Pelosi (D-San Francisco), who is preparing to become House speaker, opposes sending more troops, as does the second-ranking House Democrat, Rep. Steny H. Hoyer of Maryland.

Sens. Barack Obama of Illinois, John F. Kerry of Massachusetts, Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware, all potential Democratic presidential candidates, also oppose a troop increase.

Sen. Hillary Rodham Clinton of New York, who is also a potential Democratic presidential candidates, presented a nuanced response on NBC's "Today Show" earlier this week, when she said she was not in favor of an increase "unless it's part of a larger plan."

Sen. Jack Reed of Rhode Island, a leading Democratic spokesman on military affairs, said in a telephone interview: "Put me down as skeptical."

He said that before he would support a surge, the divergent elements within the Iraqi government would have to move toward political reconciliation and begin delivering public services, and Bush would have to convince him that the troops he was sending would have a specific, achievable mission.

And Reed said the additional deployment would have to be much greater than 20,000, given the size of Baghdad and the number of militants operating there.

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Al-Qaeda Allies Claim Bigger Base Of Support In Iraq (WP)

By Karen DeYoung

The Washington Post, December 23, 2006

Forces allied with al-Qaeda in Iraq claimed yesterday to have broadened their base of support among Iraqi Sunnis, saying that 70 percent of tribal sheiks and a number of previously independent insurgent groups have pledged allegiance to what has been called the Islamic State of Iraq under its emir, Abu Omar al-Baghdadi.

An 18-minute audiotape attributed to Baghdadi and released on the Internet invited officers in ousted president Saddam Hussein's disbanded army to join the insurgents. Iraqi Prime Minister Nouri al-Maliki issued a similar invitation last week to all former soldiers and officers to join the government's military.

The Sunni-dominated army was dissolved by L. Paul Bremer, then the U.S. administrator in Iraq, after American-led forces toppled Hussein's government in the spring of 2003. Many of its members are believed to have already joined the insurgency.

Maliki's invitation, issued last weekend, was part of the latest reconciliation effort aimed at ending the sectarian violence that has swept Iraq this year. Even as it has appealed to Sunnis, Maliki's Shiite-majority government has been unable to rein in its own side, including radical Shiite cleric Moqtada al-Sadr, whose militia is believed to be driving much of the violence.

Baghdadi's statement called on Sunnis to shun the faltering efforts to maintain a multiethnic unity government in Iraq, which it said were being negotiated by Saudi Arabia at the behest of the United States.

DOJ_NMG_0108868

Since the death last summer of Abu Musab al-Zarqawi, the brutal leader of al-Qaeda in Iraq, once-disparate Sunni insurgent groups have portrayed themselves as increasingly unified, with political as well as military goals. They declared the formation of an Islamic state in October, and yesterday's statement said that governors have been appointed in Sunni-dominated areas and Islamic law is being imposed at "the request of the people themselves." Judges have been appointed "to finish the disputes and stop the standing disagreements" among Sunni tribal leaders, and punishments are being meted out for crimes such as adultery, the statement said.

Baghdadi's invitation to Hussein's disbanded army is open to officers holding the rank of major and below, provided they can "recite at least three chapters" of the Koran and pass an exam on Islamic law. It added: "This is to make sure that he is free from his unbelief with Baath," Hussein's secular political party. In return, "we will provide him with travel, salary, food and lodging."

The statement, translated by the Washington-based SITE Institute, which monitors extremist Web sites, noted that President Bush has warned of the establishment of an "Islamic state from China to Spain" and added: "This liar is right."

The insurgents appear well aware of the Bush administration's current policy review, saying that U.S. military forces in Iraq are staggering and "starting to look for flight." Baghdadi offered Bush two weeks to decide to withdraw all U.S. forces, adding that they would be given one month to leave without interference, provided they left behind all equipment and heavy weapons.

Insurgents Offer U.S. 30-day Truce To Get Out Of Iraq (CNN)

CNN.com, December 22, 2006

BAGHDAD, Iraq (CNN) -- The leader of an umbrella organization for Iraqi insurgent groups is offering the United States a one-month truce to withdraw all U.S. forces from Iraq and turn over its military bases "to the mujahedeen of the Islamic state."

In an audiotape posted on Islamic Web sites Friday, a speaker identified as Abu Omar al-Baghdadi, the leader of the Mujahideen Shura Council, said that if U.S. forces begin withdrawing from Iraq immediately and leave their heavy weaponry behind, "we will allow your withdrawal to complete without anyone targeting you with any explosive or anything else."

"We say to Bush not to waste this historic opportunity that will guarantee you a safe withdrawal," al-Baghdadi said on the audiotape.

The United States was given two weeks to respond to the offer.

The Mujahideen Shura Council is an umbrella group formed in late 2005 that includes several terrorist and insurgent groups, including al Qaeda in Iraq.

On the audiotape, al-Baghdadi also called on officers from the former Iraqi army to join an "army of the Islamic state," promising them a house and a salary as long as they pass a "test of faith" intended to demonstrate the extent of their "hatred" for Saddam Hussein and his regime.

The U.S. military Friday reported five U.S. troop deaths, while Iraqi authorities reported the discovery of a dozen bodies and the kidnapping of a Sunni imam in Baghdad.

One soldier was killed and another wounded when attackers targeted a coalition patrol west of the capital, the U.S. military said. Three Marines and a sailor assigned to Regimental Combat Team 7 died Thursday from wounds suffered during combat in Anbar province, the military also said.

The deaths bring the December U.S. military death toll to 73 and the overall total during the war to 2,955; seven U.S. contractors also have been killed.Other developments

U.S. Defense Secretary Robert Gates concluded his three-day tour of Iraq to assess U.S. troop levels and Iraq's security situation. He was headed for Washington on Friday and was expected to issue a report of his consultations with U.S. troops, commanders and Iraqi officials to President Bush during the weekend.

Coalition forces in Baghdad killed an insurgent and detained 35 others Friday morning during raids aimed at al Qaeda in Iraq members, the U.S. military said. In Basra, about 1,000 British troops arrested four and seized weapons in a sweep to arrest police suspected of death squad activities. Iraqi troops in Diyala province also launched raids, detaining 13 people in a sweep that targeted "an illegal armed group cell."

The Shiite leadership says it will not exclude radical Shiite cleric Muqtada al-Sadr, a statement that appeared to douse hopes for the emergence of a moderate political alliance that would include Sunni and Kurdish parties.

President Bush and first lady Laura Bush made bedside visits to 38 American service members at the Walter Reed Army Medical Center on Friday, The Associated Press reported. They joined Girl Scouts and children of hospital staff to wrap presents for families and children of wounded military personnel and were to head for Camp David later Friday for the Christmas holiday, AP reported.

DOJ_NMG_0108869

Polish President Lech Kaczynski has approved a one-year extension through 2007 for his country's 900 troops to serve in Iraq, the AP cited his foreign policy adviser as saying Friday. They are mainly involved in training Iraqi security forces, AP reported.

Eight Marines have been charged in the killings of 24 Iraqi civilians in Haditha last year, the Marine Corps announced Thursday.

Ultimatum From Al Qaeda (AFP)

AFP, December 23, 2006

Dec 23, 2006, DUBAI (AFP) - The head of an Al-Qaeda-dominated group in Iraq offered to give US troops a month to pull out free of attack in an audiotape posted on the Internet and demanded an answer within two weeks.

Abu Omar al-Baghdadi also charged that Washington had attempted to open communications through Saudi intermediaries but said he had rebuffed the overture, in the voice recording whose authenticity could not immediately be verified.

"We are offering you the opportunity to withdraw your troops in complete safety and we are expecting your response within two weeks," said the voice purporting to be that of Baghdadi, leader of a self-proclaimed Islamic emirate in western and north-central Iraq that is dominated by Al-Qaeda supporters.

"We appeal to President George W. Bush to seize this historic opportunity which should allow your troops to pull out in safety," it said.

Asked wether the US administration was checking on the authenticity of the tape or if it would answer the offer, Gordon Johndroe, a White House spokesman, declined any comment.

Bush has faced intense political pressure to overhaul his Iraq policy, following the rout of his Republican party in mid-term elections, rock-bottom approval of his management of the Iraq war and mounting US combat deaths.

A policy review by the Iraq Study Group, a bi-partisan panel, recommended that all frontline US troops be withdrawn by early 2008.

But Bush made clear Wednesday that he was opposed to any precipitate withdrawal from Iraq and that in the short term US troop numbers might even rise.

"I want the enemy to understand that this is a tough task, but they can't run us out of the Middle East; that they can't intimidate America," he said.

The voice recording also charged that US officials had made contact with the Al-Qaeda front organization through Saudi intermediaries in a bid to open up communication but said that the overture had been rebuffed.

"The giant has begun to collapse and is seeking to negotiate through various parties, particularly through its agents," it said.

"It conveyed to us through the Saud family (the royal family in Saudi Arabia), the dictators of the (Arabian) peninsula, its desire (to negotiate), claiming already to have sat down with all parties apart from us.

"But we told it: 'We don't negotiate with those who have shed the blood of our children.'"

US officials have expressed readiness to open up communications with insurgent groups in Iraq but have always excluded those with links to Al-Qaeda.

5 U.S. Troops Die In Iraq As Month's Toll Hits 70 (WP)

By Nancy Trejos

The Washington Post, December 23, 2006

BAGHDAD, Dec. 22 -- Five more American service members have been killed in Iraq, the U.S. military reported Friday, in what is shaping up to be one of the deadliest months for U.S. forces this year.

Four of those deaths occurred Thursday in western Iraq's Anbar province, where Sunni insurgents are aggressively fighting U.S. troops. The fatalities included three Marines and a sailor assigned to Regimental Combat Team 7, the military said.

On Friday, one soldier died and another was wounded when they came under fire during a patrol west of the capital, according to the military.

Newly appointed Secretary of Defense Robert M. Gates on Friday returned to the United States for consultations with President Bush. Gates will offer findings from three days of meetings with U.S. commanders and Iraqi leaders about possible shifts in U.S. war strategy.

Before leaving, Gates told reporters at Camp Victory in Baghdad that naval forces in the Persian Gulf have increased, the Associated Press reported. Denying that this was a direct reaction to Iran's refusal to rein in its nuclear program, he called it a signal to all Gulf countries that the United States will maintain an enduring presence in the region.

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As of Thursday, 70 service members had been killed this month, said Lt. Col. Christopher C. Garver, a U.S. military spokesman. Sixty were killed in action, and 10 died from noncombat causes such as accidents and illnesses, he said.

According to iCasualties.org, a Web site that tracks military casualties, the deadliest month this year has been October, with 110 deaths, including four non-Americans.

"We are in a tough fight, and we continue to conduct aggressive operations in support of the people of Iraq," Garver said.

U.S.-led forces have stepped up efforts to quell sectarian violence in Baghdad while continuing to fight insurgents in Anbar.

During multiple raids throughout the region Friday morning, coalition forces killed one suspected insurgent and detained 25 believed to be responsible for car bombings and other attacks against civilians and troops, the military said. They also captured an al-Qaeda financier, the military said.

U.S. forces are training Iraqi forces to take over security. Part of that training involves conducting joint operations to confiscate weapons caches and arrest suspected insurgents.

On Thursday, forces with the Iraqi army's 4th Division and U.S.-led coalition advisers captured a suspected leader of an insurgent cell and detained two others in Taji, north of Baghdad. The suspected cell leader, whose name was not released, planned car and roadside bombings against the convoys of Iraqi and coalition forces and helped set up illegal checkpoints, the military said.

Meanwhile, the purported leader of a militant group linked to al-Qaeda offered U.S. troops a one-month truce if they agreed to withdraw from Iraq and hand over their heavy weapons and military bases.

In a 19-minute speech posted on an insurgent Web site, Abu Omar al-Baghdadi, the leader of Islamic State of Iraq, said the troops would not be attacked on their way out. "We tell Bush, 'Don't miss this historical opportunity that will guarantee you a safe withdrawal from Iraq,' " he said.

The authenticity of the tape could not be verified.

Also Friday, the U.S. Embassy denied involvement in the escape of Iraq's former electricity minister from a police station in the Green Zone, the fortress-like compound that houses the Iraqi government and U.S. and British embassies.

Aiham al-Sammarae, an Iraqi-U.S. citizen who had lived in exile in a Chicago suburb until the 2003 U.S.-led occupation, had been awaiting trial on several corruption charges when he fled the station with the help of private security agents, Iraqi officials said.

Radhi al-Radhi, the head of Iraq's Public Integrity Commission, an anti-corruption panel investigating Sammarae, said in an interview shortly after the escape that he believed the agents were Americans.

December A Very Bloody Month For U.S. Troops (WT/AP)

By Christopher Torchia

The Washington Times, December 23, 2006

BAGHDAD -- Insurgent attacks killed five more American troops west of the Iraqi capital, the military said yesterday, making December the second-deadliest month for U.S. servicemen in 2006.

So far this month, 76 American troops have died in Iraq, the same number that were killed in all of April.

Defense Secretary Robert M. Gates flew back to Washington yesterday to give President Bush his advice on transforming U.S. policy in Iraq after holding three days of talks in the war zone with military and political leaders.

Mr. Gates was scheduled to see the president at the mountain retreat of Camp David, Md., today.

Before leaving Baghdad, Mr. Gates declined to say whether he plans to recommend a short-term increase in U.S. troop levels, but said he thinks there is "a broad strategic agreement between the Iraqi military and Iraqi government and our military."

Britain's Defense Secretary Des Browne acknowledged yesterday he may have to increase the size of Britain's armed forces as a result of commitments in Iraq and Afghanistan -- echoing military expansion plans being considered in Washington.

Mr. Browne told the Times of London he could consider increasing the size of the armed forces from 95,560 because current deployments had left too little time for training exercises.

"People imagine that the best form of training is to be in Iraq or Afghanistan, but it's not true," Mr. Browne was quoted as saying by the newspaper. "While we are deploying troops in their thousands, we lose the chance to build up their basic skills."

Poland, which has 900 soldiers in Iraq, agreed yesterday to extend its mission in Iraq until the end of 2007. The Poles focus mainly on training Iraqi security forces and are based in an area south of Baghdad that is calmer than the capital.

Also yesterday, South Korean lawmakers endorsed a motion to extend the country's deployment in Iraq for another year, but cut the number of troops in half. The motion calls on the South Korean government to withdraw 1,100 troops of its 2,300-strong contingent in the relatively peaceful, northern city of Irbil by April.

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The five U.S. deaths announced yesterday took place over two days. One soldier died and another was wounded yesterday when their patrol came under fire west of Baghdad, the military said. On Thursday, three Marines and one U.S. sailor died from wounds sustained in combat in western Anbar province.

Meanwhile, Shi'ites from parliament's largest bloc, the United Iraqi Alliance, met yesterday in Najaf amid efforts to craft a new coalition that would include Kurds and one Sunni party. They had traveled to the holy city to seek approval for the plan from Grand Ayatollah Ali al-Sistani, a revered Shi'ite cleric who is said to be alarmed at the bloodshed sweeping swathes of the country.

It was not clear whether such a coalition would be able to govern effectively without the backing of radical Shi'ite cleric Muqtada al-Sadr's 30 loyalists in the 275-member parliament, and his six ministers in the 38-member Cabinet.

The builders of the new coalition are trying to exclude Sheik al-Sadr, whose faction has been an integral part of Prime Minister Nouri al-Maliki's government but has been boycotting the parliament and Cabinet to protest Mr. al-Maliki's recent meeting with Mr. Bush.

Officials close to the militia leader said he has agreed to end the three-week boycott and allow supporters to rejoin the government.

Separately, the purported leader of an al Qaeda-linked militant group offered U.S. troops a one-month truce to withdraw from Iraq without being attacked, according to a speech posted on an Islamic Web site yesterday.

The authenticity of the tape of Abu Omar al-Baghdadi, leader of al Qaeda in Iraq, could not be verified.

Shiites Remake Baghdad In Their Image (NYT)

By Sabrina Tavernise

The New York Times, December 23, 2006

BAGHDAD, Dec. 22 — As the United States debates what to do in Iraq, this country's Shiite majority has been moving toward its own solution: making the capital its own.

Large portions of Baghdad have become Shiite in recent months, as militias press their fight against Sunni militants deeper into the heart of the capital, displacing thousands of Sunni residents. At least 10 neighborhoods that a year ago were mixed Sunni and Shiite are now almost entirely Shiite, according to residents, American and Iraqi military commanders and local officials.

For the first years of the war, Sunni militants were dominant, forcing Shiites out of neighborhoods and systematically killing bakers, barbers and trash collectors, who were often Shiites. But starting in February, after the bombing of a shrine in the city of Samarra, Shiite militias began to strike back, pushing west from their strongholds and redrawing the sectarian map of the capital, home to a quarter of Iraq's population.

The Shiite-dominated government publicly condemns violence against Sunnis and says it is trying to stop the militias that carry it out. But the attacks have continued unabated, and Sunnis have grown suspicious.

Plans for a new bridge that would bypass a violent Sunni area in the east, and a proposal for land handouts in towns around Baghdad that would bring Shiites into what are now Sunni strongholds underscored these concerns.

Sunni political control in Baghdad is all but nonexistent: Of the 51 members of the Baghdad Provincial Council, which runs the city's services, just one is Sunni.

In many ways, the changes are a natural development. Shiites, a majority of Iraq's population, were locked out of the ruling elite under Saddam Hussein and now have power that matches their numbers.

The danger, voiced by Sunni Arabs, is that an emboldened militant fringe will conduct broader killings without being stopped by the government, or, some fear, with its help. That could, in turn, draw Sunni countries into the fight and lead to a protracted regional war, precisely the outcome that Americans most fear.

"They say they're against this, but on the ground they do nothing," said Mahmoud al-Mashhadani, the speaker of Parliament, a Sunni. He moved his family to the better-protected Green Zone in October.

The debate reaches to the heart of the American enterprise here. While President Bush is considering more troops, some in the Shiite-dominated government say the Americans should stay out of the sectarian fight in Baghdad and let the battle run its course. Getting involved would simply prolong the fight, they say.

At an army base in northern Baghdad, an Iraqi general moved his hand across a map of the capital. The city is dividing fast, he said, writing, "Sunni" and "Shiite" in graceful Arabic script across each neighborhood.

"Now we face a new style of splitting the neighborhoods," said the general, a Shiite. "The politicians are doing this."

Neighborhoods in the east — most vulnerable to Shiite militias from Sadr City, the largest eastern district and one of its poorest — have lost much of their minority Sunni populations since February. Even the solidly middle-class neighborhoods of Zayuna and Ghadier, very mixed as little as six months ago, are starting to lose Sunnis.

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In Baladiyad, a once-mixed area of eastern Baghdad, workers smoothed mortar onto brick. A Shiite mosque was taking shape.

On the same block, a half-finished Sunni mosque stood deserted, its facade hung with peeling posters of last year's leaders. Less than a mile away, another mosque has never been used.

"They can't come here now," a Shiite worker said. "They are Sunni."

Further south, in the neighborhood of Naariya, a Shiite refugee family sat in a darkened living room in a house they recently occupied.

The house belonged to a Sunni family, but they had fled after a spate of killings, and the local office of Moktada al-Sadr, a Shiite cleric, had arranged for Shiites to move in.

The new family's scant belongings hung on the wall: a portrait of the father, now dead, and a broken revolver. Somebody else's clock chimed. Mattresses and couches of the previous owners packed the room.

"They told us it's safe here, it's a Shiite neighborhood," said Mustafa, one of the sons. "The Mahdi Army is protecting the area," he said, referring to Mr. Sadr's militia. Family members declined to give their name for safety reasons.

The family has no sympathy for the Sunnis. They fled Baquba, a relentlessly violent town north of Baghdad, after Sunni militants killed their father, a man in his 70's; kidnapped a brother; and shot another brother dead.

Around 400 Shiite families have fled from Baquba to Naariya and a nearby neighborhood, Baghdad Jedidah, over the past few months, said Mustafa, citing local officials in Mr. Sadr's office.

"We are a ship that sank under the ocean," said his mother, Aziza, 46.

Besides, Mustafa said, Shiite militias pursue only Sunnis with suspicious affiliations. The Sunni militias, on the other hand, "are killing anyone who is Shiite," Aziza said. (A relative in a separate conversation said one of Aziza's sons had killed more than 10 Sunnis since coming to Baghdad this fall. The family denied any involvement in militias.)

Aziza added, "My husband was an ordinary man."

But a divided Iraq can destroy ordinary people.

A Sunni man named Bassim, his Shiite wife and their three small children said Shiite militiamen forced them to leave their home in Huriya, west of the Tigris, one chilly afternoon this month. Bassim left two jobs as a butcher and a hospital cleaner because they were in very Shiite neighborhoods.

"My husband is a Sunni, but he has nothing to do with insurgents," said his wife, Zahra Kareem Alwan, holding her sobbing daughter on her hip in a school in Adel, a Sunni neighborhood in western Baghdad where families took temporary refuge. Boxes of water were stacked in a corner.

Last week, the family was moved to an empty house farther west. They did not know the owner.

Shiite leaders argue that the Iraqi Army would not allow massacres. They say Americans will be embedded with units as a safety check.

In Huriya, it was an Iraqi Army unit that helped Ms. Alwan and other families into trucks and brought them to Adel. An American colonel advising the Iraqi Army unit that controls the area said that Shiites occupied the houses within 48 hours. Americans counted about 180 families who had fled. The Iraqi general said it was 50.

Shiite political leaders were skeptical.

"These are lies," said Hadi al-Amiri, head of the security committee in Parliament and of the Badr Organization, the armed wing of one of Iraq's most powerful Shiite parties.

"It's merely propaganda to create fears among Arabs," he added, a reference to Sunni Arab countries.

The main problem, Mr. Amiri said, was Sunni insurgents and their suicide bombs.

"They want to go back to the old equation, when they were the officers and the Shia were just soldiers and slaves," Mr. Amiri said, with an intensity that spoke of deep scars inflicted by the past government, referring to the loyalists to Saddam Hussein. "This will never happen again. They should believe in the new equation."

Using the unlikely analogy of Mr. Hussein draining the marshes in southern Iraq to destroy the marsh Arabs, Mr. Amiri talked about ways that Baghdad could be encircled to choke off the supply lines of Sunni militants, for instance, by fortifying a network of rivers, a dam, and several highways.

"He divided it, drained the water, and within two to three years it was a desert," he said. "I believe Baghdad will be like this."

Militias are already doing their part to defend Shiites. In a Shiite mosque in northern Baghdad, refugees from the embattled northern village of Sabaa al-Bour, many of them women in black abayas, gathered in October asking for food and shelter.

Killings of Shiites in the town had enraged leaders in Baghdad. But weeks had dragged on, and one morning in October, a volunteer walked through the refugees telling them to go back home.

The Mahdi Army was there now, she said. The town was now safe for Shiites.

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Shiites are also making inroads on local and federal levels. Baghdad's municipal government is taking bids for designs of a bridge that would connect Greyat with Kadhimiya, two major Shiite areas in northern Baghdad on opposite sides of the Tigris River. Adhamiya, a Sunni area where the bridge is now and where it has been closed, would be bypassed altogether.

"The former regime refused to make the connection because it would strengthen the Shia," said Naem al-Kaabi, a deputy mayor of Baghdad.

In another plan that appears intended to repopulate heavily Sunni-controlled areas with Shiites, the Ministry of Public Works has proposed giving land to victims of violence inflicted by Mr. Hussein and by insurgents since 2003. The plots would be in six towns outside Baghdad — Abu Ghraib, Taji, Salman Pak, Husseiniya, Mahmudiya and Latifiya, according to a local official familiar with the plan.

Sunni militants now control the towns and have conducted brutal campaigns to eliminate Shiites. Mr. Hussein gave favors to Sunni tribes there to protect against Shiites from the south. Few Sunnis claim compensation as victims of violence, since the application requires visits to police stations and hospitals, places no longer safe for Sunnis.

It was not clear how soon the plan would be carried out. A previous proposal, made by the Iraqi cabinet last year, would give some land in heavily Sunni west Baghdad to about 3,000 families, but names are still being registered.

In another indication of the current mood, a popular cellphone ring in eastern Baghdad, now largely Shiite, is a tune with the words: "If you can't beat me, don't fight me."

The Sunni houses in Naariya did not empty easily. A college student with a Sunni name said he hid in his house, as Shiite militiamen went into homes on his block in late September and marched people away. A few days later, his uncle, a 35-year-old refrigerator repairman, was taken. The body was found in Ur, a Shiite stronghold in north Baghdad.

But unlike a bomb blast, where everybody remembers how someone died, the Sunnis' losses seems to melt away. The Mahdi Army-controlled police station had no record of them.

Terrified, the men of the family scattered, settling on couches and in a garage of friends and family.

The student, Omar, is keeping a diary.

"One day I'll be a teacher," he said. "I should teach children what we passed through."

Iraqis Sue Over Oil-for-food Program (AP)

By Larry Neumeister,

AP, December 23, 2006

Iraqi citizens filed a $200 million lawsuit Friday against a prominent European bank and an Australian wheat exporter, saying they were cheated out of humanitarian goods when the companies permitted the U.N. oil-for-food program to be corrupted.

The lawsuit, brought by seven Iraqi individuals seeking class-action status on behalf of northern Iraqis, said the bank, BNP Paribas, and AWB Limited, the largest humanitarian goods provider under the oil-for-food program, cheated the citizens of Iraq from June 10, 1999, to June 3, 2003.

The suit, in U.S. District Court in Manhattan, seeks at least $200 million in damages under the federal Racketeer Influenced and Corrupt Organizations Act, the Foreign Corrupt Practices Act and the International Emergency Economic Powers Act.

According to the lawsuit, residents of the Irbil, Dokuk and Sulaimaniyah areas of Iraq claimed they did not receive the full benefits to which they were entitled.

The lawsuit said the companies stole from the Iraqis "by engaging in a brazen kickback scheme" in which money earmarked for the benefit of Iraqis was instead improperly transferred "into the coffers of Saddam Hussein's corrupt Iraqi regime or used to indemnify goods suppliers, including AWB, for the bribes they had paid Iraq."

The lawsuit said the companies disguised and misrepresented the kickbacks to make them appear to be legitimate costs. It also accused them of knowing or recklessly disregarding that money was being paid illegally to the government of Saddam Hussein.

BNP paid as much as $1.5 billion in kickbacks to Hussein's government while AWB paid more than $200 million, the lawsuit claims.

BNP is headquartered in Paris, France, but has offices in the United States, including New York. Edwina Frawley, a BNP spokeswoman, said she had no comment Friday.

A government-commissioned report in Australia was released several weeks ago saying AWB paid $220 million in kickbacks to former Iraqi leader Saddam Hussein's regime from 1999 to 2003 to secure lucrative wheat contracts under the oil-for-food scheme.

DOJ_NMG_0108874

Under the oil-for-food program, AWB, which had sold wheat to Iraq since 1948, sold 6.8 million tons to the nation, receiving more than $2.3 billion in payments, the lawsuit said.

"It's the first I've heard of it," AWB spokesman Peter McBride said of the lawsuit. "It would be an ill-conceived action, and if it's brought to fruition, it would be vigorously defended."

In late November, in response to the government-commissioned report, the wheat exporter accepted responsibility for the scandal and announced a corporate restructuring plan.

Iraq no longer permits AWB to send wheat there.

In October 2005, a U.N.-backed investigation said in a report that about 2,200 companies in the oil-for-food program, including corporations in the United States, France, Germany and Russia, paid a total of $1.8 billion in kickbacks and illicit surcharges to Saddam Hussein's government.

A message seeking comment from lawyers Gary Osen and Joshua Glatter was not returned Friday evening.

The lawsuit was filed in New York because, it says, "the defendants maintained offices, conducted or transacted substantial business and committed acts in New York."

Iraqis' Suit Targets 2 Firms In U.N. Oil-for-Food Program (WP)

The Washington Post, December 23, 2006

NEW YORK, Dec. 22 -- Seven Iraqi citizens filed a $200 million lawsuit Friday against a prominent European bank and an Australian wheat exporter, saying the Iraqis were cheated out of humanitarian goods when the companies permitted the U.N. oil-for-food program to be corrupted.

The lawsuit seeks class-action status on behalf of northern Iraqis. It alleges that the bank, BNP Paribas, and AWB Limited, the largest humanitarian goods provider under the oil-for-food program, cheated the citizens of Iraq from June 10, 1999, to June 3, 2003.

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In a related matter, the United Nations announced that the documents from that investigation will be stored for at least two years, and made available to U.N. member nations, if the secretary general approves. The papers will not be released to the public.

Flurry Of Calls About Draft, And A Day Of Denials (NYT)

By Eric Lichtblau

The New York Times, December 23, 2006

WASHINGTON, Dec. 22 — As the de facto media contact for the Selective Service System, Dick Flahavan is the Maytag repairman of government press people. With the military draft out of business since 1973, the Selective Service just doesn't get a lot of calls these days.

But by midday Friday, Mr. Flahavan's office had fielded dozens of inquiries, not just from reporters but from some anxious parents as well, all with some variation of the same urgent question: Are you reinstituting the draft?

So adamant was the denial that Mr. Flahavan, a bit beleaguered, had his staff members post an unplanned update Friday morning at the top of Selective Service's Web site: "No Draft on Horizon!"

What prompted all this was a Hearst wire service article noting that the Selective Service was making plans for a "mock" draft exercise that would use computerized models to determine how, if necessary, the government would get some 100,000 young adults to report to their local draft boards.

The mock computer exercise, last carried out in 1998, is strictly routine, Selective Service officials said, and it will not actually be run until 2009 — if at all. The exercise has been scheduled several times in the last few years, only to be scuttled each time because of budget and staffing problems, and Mr. Flahavan said he would not be surprised if it was canceled this time around, too.

No matter. With President Bush saying that he wants to increase the size of the Army and the Marine Corps, the military strained near the breaking point and the secretary of veterans affairs suggesting publicly this week that a reconstituted draft could "benefit" the country, even the notion of a mock exercise seemed to strike a nerve.

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Since the start of the war in Iraq, some Democrats and Internet bloggers have been stirring up talk of a "secret plan" by the Bush administration to resume the draft, and the mere mention of the idea summons Vietnam-era images of birthday-generated draft lotteries and draft evaders fleeing to Canada.

Mr. Flahavan, an associate director of the Selective Service who has worked there for nearly two decades, has seen fears of a draft enflamed before — most notably at the start of the Persian Gulf war in 1991 and the start of the Iraq war in 2003, as anxious parents would call to ask what effect their son's heart murmur would have on his draft status. He said he understood the anxiety caused by this week's latest round of reports, even if he found the whole thing somewhat irksome.

"People think, 'Aha, they're having an exercise, dusting off the plans, a draft must be right around the corner,' " he said.

The reality, said Mr. Flahavan, who spent most of Friday tamping down the fears, is that "this is much ado about nothing."

"None of that is accurate," he said.

White House officials did their part to dampen the speculation as well.

"The president's position has not changed," said Trey Bohn, a spokesman for the White House. "He supports an all-volunteer military, and the administration is not considering reinstating the draft."

Although senior military officers agree that the armed forces are stretched, they also agree that a return to the draft is not the best way to fill the ranks. Draftees, they say, are not as motivated as volunteers, and tend to leave as soon as possible, after spending much of their time in costly training. Re-enlistment rates are much higher among volunteers.

Representative Charles B. Rangel, Democrat of New York, has championed the idea of bringing back the draft, calling attention to what he sees as social and economic inequities in the volunteer military. The House rejected his bill in 2004, by 402 votes to 2. Mr. Rangel has said he will try again, but other Democratic leaders have been cool to the idea.

The exercise planned for 2009 would run computerized models to assign random lottery picks by birthday and simulate the processes for notifying those selected and for lodging conscientious objector claims.

William A. Chatfield, director of the Selective Service, said Friday that "we try to send out a signal of strength that we're prepared." The Selective Service, he said, needs to be ready "if something totally unforeseen should come upon us."

But for now, the chances of that happening are "very, very, very low," Mr. Chatfield said. "There's nothing even being discussed in a remote fashion, but you have people trying to create fear when there's nothing there."

CORPORATE SCANDALS:

Siemens Chief Bullish In Spite Of Bribery Scandal (FT)

By Richard Milne

Financial Times, December 23, 2006

Klaus Kleinfeld, chief executive of Siemens, says he sympathises with the Queen Elizabeth II's complaint at Christmas in 1992 of having suffered an annus horribilis.

Fighting to save his reputation - and that of Europe's largest engineering group - amid a €420m ($553m) bribery scandal, Mr Kleinfeld has already had to undergo the indignity of giving up a 30 per cent pay rise and becoming perhaps the most unpopular manager in Germany after a former division became insolvent.

A €20bn joint venture in telecommunications equipment with Nokia has been postponed for up to three months. There has also been talk of bans on Siemens conducting business in certain countries affected by the bribery scandal.

But in an interview over lunch at the German group's Munich headquarters Mr Kleinfeld strikes a bullish note, annus horribilis or not.

"We have managed to add €12bn to our top line - that is the size of a medium-sized Dax [the German blue-chip index] company."

The chief executive shows boyish enthusiasm as he discusses rises in profitability and the advantages of being a conglomerate.

Mr Kleinfeld is adamant that the Nokia deal will go ahead - almost certainly without financial penalties for Siemens.

But there is little doubt that he is taxed by the bribery scandal and the bashing Siemens' reputation has received as a result.

Mr Kleinfeld says he is determined not only that the truth comes out about what happened but that "five years down the road I want people to say that Siemens [sets] an example for a transparent company".

Many outside experts, lawyers of suspects in the scandal and even some Siemens managers argue that the group's culture has at least tolerated bribery, if not encouraged it.

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Mr Kleinfeld feels that the hiring of an external law firm, Debevoise & Plimpton; outside auditors, Deloitte; and an anti-corruption expert, Watergate investigator Michael Hershman, show how serious the company is about addressing itsproblems.

Mr Kleinfeld was briefly responsible in 2004 for the telecoms division where the slush funds for the alleged bribery originated. The chief executive says he was so busy working on the restructuring of the division that he barely had any time for anything else. Shortly after the restructuring ended, he was named chief executive of the whole group.

But the suspect payments continued. Mr Kleinfeld says he learned about one suspect account in Switzerland at the end of January as part of Siemens' own investigations. When his offices were raided in mid-November he presumed it was an extension of that probe.

He says that, prior to prosecutors' investigations, he did not know of the alleged connection and scale of the various bribery schemes. Prosecutors say Mr Kleinfeld and Siemens are witnesses and not suspects in their investigation.

The chief executive talked to the US Securities and Exchange Commission and Department of Justice after the raids and in four subsequent conversations has sought approval for each of Siemens' clean-up efforts.

He says the alleged bribery was not a normal business practice, as lawyers for the suspects have argued, but a criminal enterprise. "You need three signatures to interfere with the SAP [payment bookings] system - and it is possible if, as it looks like here, they all work together."

Mr Kleinfeld underlines that with an average of 9m financial payments a day, oversight of all of them is difficult.

The idea that to wincontracts in some countries, bribes are necessary is swiftly rebuffed. "Particularly when we have transactions in these countries we were clear that the business management had to be more careful [with regard] to the[se] topics [bribery]," he says.

Mr Kleinfeld also defends Heinrich von Pierer, his predecessor as chief executive and the company's current chairman, from critics who say he should accept responsibility for the scandal and resign.

In a comment that underlines his unapologetically capitalist nature, which has often rubbed up the German public the wrong way, Mr Kleinfeld says: "This is not a political organisation. We have to run a company here in the best way possible and not be deflected."

Siemens CEO Hopes New Audit Cuts Scope Of Suspected Fraud (WSJ)

By Mike Esterl

The Wall Street Journal, December 22, 2006

MUNICH, Germany -- Siemens AG Chief Executive Klaus Kleinfeld said he is hopeful the financial scope of alleged fraud at the German conglomerate will shrink from the €420 million ($553 million) in transactions the company has identified as suspicious.

Mr. Kleinfeld defended top management's role in the money-laundering and bribery investigation, saying that Europe's largest engineering company by sales has tightened compliance procedures in recent years.

But he also acknowledged that the investigation, which has forced the delay of a €16 billion merger of the telecommunications equipment divisions of Siemens and Finland's Nokia Corp., has exposed shortcomings in corporate governance at the German company.

"I don't think anybody can claim they were not aware of the behavior that was expected from the top," Mr. Kleinfeld said in an interview at the company's headquarters, adding that he was "shocked" and "disappointed" by signs of wrongdoing.

Mr. Kleinfeld said the probe indicates Siemens isn't "best in class" when it comes to corporate governance. "With the knowledge I have today, I would fully back that view," said Mr. Kleinfeld, who joined the company in 1987 and became chief executive in January 2005.

Siemens said last week it had found €420 million in suspicious transactions dating back seven years -- twice the amount that German prosecutors had flagged last month after more than 200 police raided company offices. Prosecutors have arrested several current and former employees, including senior managers.

On Friday, six suspects taken into custody in the corruption investigation were released after questioning, prosecutors said. The suspects, including the ex-head of its telecommunications equipment unit, were detained in the November raids.

Investigators suspect that company officials funneled funds into secret bank accounts and bogus consulting contracts to pay bribes to potential customers abroad. Siemens itself hasn't been charged with any wrongdoing.

Among those jailed so far is Thomas Ganswindt, a former management-board member who left Siemens at the end of September. Mr. Ganswindt was released from custody Thursday after denying any wrongdoing, his lawyer said.

The corruption allegations are the strongest yet to hit Siemens, which is active in nearly 200 countries and has been enmeshed in other bribery scandals in the past. They also come at a delicate time for Mr. Kleinfeld, who is pushing hard to restructure unprofitable businesses.

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Mr. Kleinfeld reiterated that Siemens believes the alleged wrongdoing was confined to its struggling telecommunications equipment unit and to a group of individuals who circumvented financial controls on their own initiative. He said Siemens is being "very conservative" in reaching the €420 million total for suspect transactions and that he is hopeful a follow-up audit will find some of those transactions to have been legitimate.

The 49-year-old executive said the conglomerate, whose range products include medical scanners and power turbines, has implemented stronger controls in recent years so that financial transactions require multiple signatures. The approval process for consulting contracts also was toughened last year, he added.

Siemens announced last week it had hired the law firm Debevoise & Plimpton LLP to make an independent inquiry into the company's financial controls. It also hired Michael Hershman, a co-founder of Transparency International, the nongovernmental corruption watchdog, as a private consultant.

Mr. Kleinfeld said the U.S. Securities and Exchange Commission and U.S. Department of Justice are "very happy" with last week's measures by Siemens, whose shares trade in Frankfurt and New York. In a regulatory filing last week, the company warned that the SEC and Justice Department could launch investigations of their own. SEC and Justice Department officials declined to comment.

Citing the criminal probe, Siemens and Nokia last week said they would delay the planned merger of their carrier networks businesses.

U.S. Oil-gas Unit Is Subject Of Two Criminal Investigations (MRT)

Midland (TX) Reporter-Telegram, December 23, 2006

WASHINGTON -- The Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service, which is already the focus of several inquiries into its collection of royalties for oil and gas produced on federal property.

The new investigations are still in the early stages, said congressional officials who were briefed earlier this week by Earl E. Devaney, the Interior Department's chief independent investigator.

The investigations are an unexpected development in what has already become a broad examination of the Interior Department's oversight of companies that pump more than $60 billion worth of oil and gas each year from publicly owned land and coastal waters.

One of the Justice inquiries involves Interior officials in Denver who manage the government's fast-growing program to collect "royalties in kind," which are royalties in the form of oil and gas rather than in financial payments, people briefed on the investigation said.

That investigation is being run by the Justice Department's Public Integrity Section, which examines suspected criminal violations by federal employees. The focus of the second investigation is unclear, but it is being conducted by the inspector general with help from the FBI.

Devaney, the department's inspector general, is already conducting two other investigations into suspected mismanagement of the minerals agency. And just last week, he issued a scathing criticism of the agency's system for auditing oil and gas royalty payments.Devaney is also finishing up an investigation into how the Interior Department signed 1,100 oil and gas leases in the late 1990s that inadvertently permitted companies to avoid up to $10 billion in royalties over the next five years. The errors were made during the Clinton administration, but people briefed on Devaney's investigation said he had concluded that high-ranking agency officials either knew or should have known about the problem at least two years ago.

Rep. Ed Markey, D-Mass., said Thursday in a statement that Devaney had briefed his staff.

"The two criminal referrals by the Department of Interior's inspector general to the FBI and Justice Department are proof positive that the conflicts of interest between Bush administration regulators and those they regulate in the oil and gas industry are costing the American taxpayers billions in royalty revenues," Markey said.

Word of the criminal investigations surfaced just as the Interior Department announced Thursday that five big oil producers had voluntarily renegotiated leases and agreed to not exploit a loophole that could save them hundreds of millions of dollars each.

The leases gave companies an incentive to drill in deep waters in the Gulf of Mexico by letting them skip royalties on millions of barrels of oil and gas. But the leases omitted a standard escape clause that would have required the companies to pay in full if oil prices rose above about $34 a barrel. Interior officials have said the mistake, if left unchanged, could cost the government as much as $10 billion.

The Interior Department said Thursday that it had concluded new deals with BP, ConocoPhillips, Marathon Oil, Royal Dutch Shell and Walter Oil and Gas. Those companies hold about 17 percent of the flawed leases, according to Interior data.

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But about 50 other companies have not yet agreed to change their leases. Among them is Chevron, one of the biggest potential beneficiaries of the error. Chevron and several partners could save more than $1 billion in royalties in years to come if the lease language is not changed.

Don Campbell, a spokesman for Chevron, said company executives had met several times with government officials to resolve the matter. Campbell said his company "put a reasonable offer forward" and would "look forward to further discussions."

The new agreements did little to mollify the Interior Department's Republican and Democratic critics in Congress.

The incoming Democratic chairman and the retiring Republican chairman of the House Government Reform Committee sent a letter to Attorney General Alberto R. Gonzales, suggesting that the leases might never have been valid and that the government might be able to force the companies to pay up.

Officials have provided few details about the new criminal investigations, except to say they are "related" to previous inquiries of the royalty-management program.

Started about six years ago, the royalty-in-kind program has become a multibillion dollar trading program run from Denver. Since President Bush took office, Interior officials and many of the industry's biggest producers have argued that the government should collect as much of its royalties as possible through "in kind" payments because, they say, the accounting is much simpler.

In 2005, the Interior Department collected about $3 billion worth of royalties in oil and gas -- about a third of the total. The government funnels much of the oil it receives to the Strategic Petroleum Reserve, but it sells virtually all its natural gas and sends the cash to the Treasury.

Congressional officials briefed this week by Devaney said he had cautioned that both of the criminal investigations would last several more months. Devaney said it was possible the investigations would not lead to criminal charges, though he suggested that they should lead at least to disciplinary actions.

Lam's Link To Pension Witness Challenged (SDUT)

By Kelly Thornton

The San Diego Union-Tribune, December 23, 2006

U.S. Attorney Carol Lam is, or was, a longtime client of financial adviser and pension whistle-blower Diann Shipione – a relationship that some lawyers said raises the specter of conflict of interest.

Shipione, a vice president at UBS Financial, an investment banking and securities firm, is likely to be a key witness in the federal case brought by Lam's office against five former San Diego pension officials.

Defense attorneys said Lam may have been improperly influenced by Shipione and that the entire case is tainted as a result. They said they intend to investigate and possibly seek dismissal of the case, but some legal experts said that without proof of egregious misconduct, such a severe remedy is unlikely.

Lam reported the relationship to Justice Department superiors as soon as it became apparent that Shipione could become a witness in the case. The department's ethics advisers concluded there was no issue.

“The Department of Justice has determined that there are no ethical or conflict issues that require Ms. Lam to be recused from the pension case,” said Debra Hartman, Lam's spokeswoman, in an e-mail statement. Citing “pending litigation,” Lam declined to answer questions about the nature and length of the relationship or whether it continues.

Shipione gained attention for her repeated warnings of abuses in the city retirement system when she was a board member. Although she was privately dismissed by her colleagues and system bureaucrats as a gadfly, her suspicions proved correct.

The city now faces a pension deficit of at least $1.43 billion; last month the Securities and Exchange Commission found that the city defrauded investors in 2002 and 2003 by not disclosing a massive pension deficit; and two criminal prosecutions of former pension officials are under way.

Under federal grand jury indictment are Shipione's former pension board colleagues, then-trustees Ronald Saathoff, Cathy Lexin and Teresa Webster, administrator Lawrence Grissom and pension system lawyer Loraine Chapin. They are charged with fraud and conspiracy in connection with actions that contributed to the deficit.

Shipione, who also declined an interview request but issued an e-mail statement, said, “As a matter of industry policy and my professional policy, I do not discuss any professional or client relationship matters.”

'Ax to grind' Defense lawyers said they heard rumors that Shipione handled Lam's trust funds and that they sent letters to prosecutors asking for an explanation, to no avail.

“We're going to make a motion about that, that there's been a conflict of interest and some kind of prosecutorial misconduct,” said Victor Sherman, lawyer for Saathoff. “We've written a number of letters to prosecutors, and all they do is stonewall; they send letters back that say, 'What difference does it make,' things like that.

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"We think it's going to result in a dismissal because it's the result of improper influence. The U.S. attorney has been influenced by someone that has an ax to grind."

City Attorney Michael Aguirre said the move would be a smear tactic by the defense.

"If the Justice Department has made that judgment, then it becomes clear that this is just an effort to try and distract the focus from what it should be on – the wrongdoing of the defendants," Aguirre said.

"This is what people do when they are in a lot of trouble and they're desperate. If you don't have the law on your side, you attack the facts, and if you don't have the facts on your side, you attack the law, and if you don't have either on your side, you attack the prosecutor."

A gray area Legal experts said matters of recusal are a gray area.

"Part of my reaction is, what bad luck for Carol Lam," said University of San Diego law professor Shaun Martin. "I can only assume (the relationship) predated (the pension case). Assuming that it did, that's terrible luck, and it raises a slew of recusal issues that I'm quite sure they wish never existed and which probably explain their profound reluctance to talk about it with anyone.

"Financial planners usually have a very intimate relationship with their clients, and vice versa, so anytime someone with whom you have an intimate relationship is a witness, there's a real possibility of a conflict of interest. This is someone who knows all about the money you make and who presumably you've told quite a bit of private information to."

If the defense does file a motion, a judge could deny it or order that Lam or her entire office be recused from the case and that it be switched to a U.S. attorney in another district or to a special prosecutor. Such a move would add months or years to the litigation process and could kill the case, experts said.

Or, the judge could decide that the case should be dismissed, but that's about as likely as the state of California falling into the ocean, Martin said.

Extent of relationship "Based upon what we know now, which is just that they had a relationship, there's no way the case will be dismissed or the entire office will be recused," Martin said. "If something weird happened, if (Lam) was talking with (Shipione) about the case, then an extraordinary remedy would at least be in the ballpark.

"Assuming the only relationship is a pre-existing business relationship, the best that you could hope for is that Carol Lam couldn't be personally involved in the prosecution."

The outcome depends on the extent of the relationship, and the defense is likely to move for a hearing to discover whether Shipione played any role in determining whether to file charges and against whom, said criminal defense attorney Geoffrey C. Morrison, who is not involved in the case. The defense probably would seek to question Lam.

Disclosing the matter to the Justice Department was not enough, some experts said.

"We don't know at this point whether it was disclosed to the court or to the defense, but if not, it was a horrible mistake," Morrison said.

"When you don't disclose, you're denying them the opportunity to raise the issue, and if you're wrong about the impact of the conflict, you risk sanctions that are far more Draconian than had the conflict been disclosed at the outset."

Cfius Probe Blamed For Sale Of Voting-machine Company (FT)

By Stephanie Kirchgaessner

Financial Times, December 23, 2006

A company with ties to Venezuela yesterday blamed Washington's increasing scrutiny of foreign acquisitions of US assets for its decision to sell a California-based voting-machine company it acquired last year.

The move by Smartmatic comes months after the Committee on Foreign Investment in the US (Cfius) opened an investigation into the national security implications of the company's ownership of Sequoia, a supplier of voting machines used in US elections.

The inter-agency committee took the unusual step of investigating the deal months after it was completed, when a New York congresswoman, Carolyn Maloney, wrote to the then Treasury secretary, John Snow, with questions about the deal and whether the company had ties to the government of Venezuelan President Hugo Chávez.

The company's announcement underscores how influential Congress can be in forcing executive branch agencies, which have primary oversight over such deals, to investigate transactions on national security grounds.

The Smartmatic chief executive, Antonio Mugica, yesterday denied that any foreign government had ever held an ownership stake in the group, saying the company was "owned primarily by four young entrepreneurs and their families".

"Sequoia and Smartmatic are two great companies with very bright futures and we do not want the companies' ownership to be a distraction," Mr Mugica, a dual Spanish/Venezuelan citizen, said.

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The agencies that comprise Cfius, including the Treasury, Justice Department and Department of Homeland Security, have markedly increased their scrutiny of foreign acquisitions this year, after the inter-agency panel was criticised by lawmakers for failing to block the takeover of five US port terminals by a Dubai-owned company.

Non-US companies that acquire sensitive US assets, particularly in the fields of defence and technology, have traditionally applied voluntarily for Cfius review. Smartmatic did not apply for one until the government began to take an interest in the deal after it was completed.

CRIMINAL LAW:

Charges Of Rape Against 3 At Duke Are Dropped (NYT)

By David Barstow And Duff Wilson

The New York Times, December 23, 2006

DURHAM, N.C., Dec. 22 — The Durham district attorney dropped rape charges against three former Duke lacrosse players on Friday, but he said he would continue to pursue kidnapping and sexual offense charges that carry equally stiff sentences.

The district attorney, Michael B. Nifong, who has faced relentless and rising criticism for his handling of the case, said he dismissed the rape charges because the accuser had begun to waver on crucial details.

The woman, who said she was attacked while performing as a stripper at a lacrosse team party last March, has repeatedly asserted that she endured violent penile penetration. She said this to the first doctor who saw her, to the sexual-assault nurse, to the sexual-assault doctor, to detectives and in her own handwritten statement to the police, records show. She also consistently said she was forced onto her hands and knees and raped from behind.

Yet when questioned again on Thursday afternoon by Mr. Nifong's investigator, the woman said for the first time that she could no longer be sure what had penetrated her.

Mr. Nifong said her uncertainty required him to act.

"Since there is no scientific or other evidence independent of the victim's testimony that would corroborate specifically penetration by a penis, the state is unable to meet its burden of proof with respect to this offense," he said in court papers.

But his decision, coming in a case that has already transfixed and divided this state and much of the nation, also intensified questions about Mr. Nifong himself. Since the first frenzied weeks of this case, Mr. Nifong's judgment has repeatedly come under fire. Defense lawyers, defendants' families and friends, bloggers and many experts have attacked him for making early outspoken comments about the case, setting up a lineup that violated police procedures, failing to interview the woman himself and sitting on evidence favorable to the defendants. Above all, they say, he ignored his basic obligation to seek the truth.

One defense lawyer, Wade M. Smith, said that after all the revelations, Mr. Nifong ought to "do the honorable thing" and drop the remaining charges. "We have this bare assertion and nothing else, and we've come three-quarters of a year down the road with the suffering of these people," Mr. Smith said.

Mr. Nifong declined interview requests Friday, but said in an e-mail message that his decision to dismiss the rape charges showed he was "willing to go in whatever direction the evidence takes me." And in a three-hour interview on Thursday, Mr. Nifong said he would not hesitate to drop all the charges if the accuser expressed doubt about the identity of the men she has accused when she sees all three defendants at a pretrial hearing set for February.

"If she came in and said she could not identify her assailants, then we don't have a case," Mr. Nifong said. On the other hand, he continued, "If she says, yes, it's them, or one or two of them, I have an obligation to put that to a jury."

The woman, a 28-year-old single mother who worked for an escort service, danced at an adult club and attended North Carolina Central University in Durham, told the police she was gang-raped by the three lacrosse players on March 13 after she and another dancer performed at the team party. The accuser said that her assailants did not wear condoms and that at least one ejaculated.

But despite extensive DNA testing, including tests sensitive enough to detect DNA from a single cell, Mr. Nifong has not linked any of the defendants — or any other members of the lacrosse team — to DNA on the rape kit swabs or the accuser's clothing.

Although the woman identified three lacrosse players as her rapists from an array of photographs, Mr. Nifong said she would get a better look at them at the pretrial hearing in February. "You can't always tell from a photograph," he said, adding, "The only real time that you're able to say if you have a misidentification is to put the person in the courtroom with the other people."

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Mr. Nifong said he intends to ask the woman about her level of certitude after February's hearing. "It's an opportunity to say, 'Yes, I'm 100 percent certain these are the people who did it,' " he said. "It's also an opportunity to express doubt." Given the absence of physical evidence, he said, any doubts from the woman could end the prosecution for one or more of the defendants.

As it happened, as Mr. Nifong made those remarks on Thursday afternoon, the woman was expressing new doubts to his investigator, doubts that forced him to drop the rape charges late Friday morning.

Mr. Nifong's reversal escalated the mounting criticism of his conduct. Cracks in his case began to appear last spring when one suspect, Reade W. Seligmann, produced a cellphone log and other records showing that he left the party early. That alibi evidence raised questions about the timeline of the reported assault.

On Friday, defense lawyers responded with a barrage of new accusations of bad faith. In interviews and at a news conference, they accused Mr. Nifong and the woman of tailoring her account to minimize the impact of recently disclosed DNA tests that they say confirm their clients' innocence.

Those tests, conducted on rape kit swabs and underwear collected from the woman hours after the party, found traces of sperm and other DNA material from several men, none of them the defendants or their teammates. The results were not disclosed to the defense team until late October, almost seven months after they were provided to prosecutors.

"Now, since the revelation of exculpatory DNA tests, all of a sudden, there's no penile penetration," Joseph B. Cheshire, a lawyer for one of the players, said in an interview.

On Thursday, Mr. Nifong acknowledged knowing about those test results before any players were indicted last spring. He also acknowledged that the results were relevant and "potentially exculpatory," and he said he should have given the results to the defense before May 18, the day he signed a filing that said "the state is not aware of any additional material or information which may be exculpatory in nature."

But Mr. Nifong denied the defense team's contention that he had deliberately tried to hide the results or delay their release. Mr. Nifong, who is personally overseeing this case, said that given the volume of evidence he had not realized that he had failed to turn over those specific DNA test results. "That wasn't something I was concentrating on," he said.

For Mr. Nifong, Friday's announcement capped a week in which he seemed to be losing support and gaining critics from many quarters.

On Tuesday, the normally supportive editorial page of Durham's main newspaper, The Herald-Sun, described some of Mr. Nifong's actions as "flawed" and "inexplicable." On Thursday, Irving Joyner, a law professor monitoring the case for the state N.A.A.C.P., said for the first time that Mr. Nifong should consider recusing himself. The N.A.A.C.P. has been watching the case because the accuser is black and the defendants are white.

Woody Vann, a Durham defense lawyer who said he respects Mr. Nifong as a prosecutor, said in an interview that he did not know of a single lawyer in town who thought Mr. Nifong had a winnable case.

Robert C. Trenkle, another Durham defense lawyer, said that while Friday's retreat "makes perfect tactical sense," criticism was growing nonetheless. "I can't exactly figure out what Mike Nifong's doing other than committing career suicide and possibly inviting ethics charges," Mr. Trenkle said.

Led by defense lawyers, a team that includes some of the most prominent and experienced lawyers in the state, a growing chorus of critics is calling for Mr. Nifong to be removed from the case, and even investigated for prosecutorial misconduct.

Mr. Cheshire, the defense lawyer, asserted that Friday's action fit a broader pattern: "Mr. Nifong and his accuser are continually changing their stories to fit new evidence." The woman, for example, first said the players did not wear condoms, but after initial laboratory tests did not show the presence of semen, Mr. Nifong said it was possible that her assailants did wear condoms.

"I think he's got a conflict of interest between defending himself and prosecuting the case," Mr. Cheshire said.

Mr. Nifong rejected the notion of stepping aside. "We don't traditionally let the defense decide who gets to prosecute their case," he said. He also accused defense lawyers of using the new DNA test results as part of a campaign of "character assassination" against the accuser.

"What is the best way to keep the case from coming to trial?" he asked. "Probably the best way is to attack the victim. If you can keep the victim from coming to court, if you make the victim say, 'Gee, this isn't worth it.' "

The remaining kidnapping charge refers to the woman's accusation that the three players held her captive while they assaulted her in a bathroom. Under North Carolina law, the other remaining charge, sexual offense, is any unwanted oral or anal sexual act or "penetration, however slight, by any object." Rape refers only to unwanted vaginal intercourse.

Mr. Nifong said the woman was resolved to go forward. "You can't make everybody back away from a fight," he said.

In Thursday's interview, Mr. Nifong addressed many of the questions that have been raised about his handling of this case, including his dealings with the news media, his controversial decision to show the accuser only photographs of members of the lacrosse team and his decision not to question the accuser himself about the events of March 13.

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Mr. Nifong said he had not yet talked to the woman about the case because he preferred to rely on investigator interviews and to assess her credibility through talking with her about other things.

He also expressed remorse for some of the comments he made to reporters in the first weeks after the party. He said, for example, that he was wrong to refer to Duke lacrosse players as "a bunch of hooligans."

"I regret having used that word," he said.

Mr. Nifong, a 28-year career prosecutor, said he had not been contacted by the Justice Department, which has been asked to intervene by a North Carolina congressman. He declined to say, though, whether any state authorities, like the State Bar Association, had contacted him.

Almost lost in the uproar of the past week, a 42-page defense motion filed on Dec. 14 raised new questions about the woman's reliability in identifying the men who stand accused of kidnapping and sexual offenses.

The police showed her three sets of photographs during the first three weeks of the case, one with 24 lacrosse players, one with 12, and, after she failed to identify any suspects, one with all 46 white players.

She identified only one person with 100 percent certainty in two photo arrays as having been present at the team party. But that person, Dan Ross, was not there. He was 24 miles away in a dorm room in Raleigh.

The woman also identified the wrong player as having held up a broomstick while making a sexually crude remark to the two dancers.

As previously reported, she did not identify two of the defendants — Mr. Seligmann and David F. Evans — as attackers when she saw their pictures in the first photo arrays. She said it was harder than she thought because "the people in the photos looked alike," police investigators wrote. Yet she later identified Mr. Seligmann with 100 percent certainty and Mr. Evans with 90 percent certainty, saying he "looks just like him without the mustache." Mr. Evans has never had a mustache.

The final identification procedure contained photographs the police had taken of all 46 white lacrosse players. By not including any filler photographs of people who could not possibly be involved, the procedure appeared to violate Durham police, state and national standards for photo lineups and was called by the defense "a multiple-choice test in which there were no wrong answers."

Mr. Nifong said this technique was not a photo lineup as that term is applied to police guidelines. "What is a lineup?" he asked. "What if I have no idea who did the assault?"

Defense lawyers, though, said the identification procedures were so flawed and suggestive that the accuser should be barred from making an in-court identification at trial. Their motion attacking the lineups will be heard starting Feb. 5.

Mr. Cheshire, the lawyer for Mr. Evans, said he relished the opportunity to cross-examine the woman he calls "the false accuser." Mr. Nifong said it would be the most important pretrial hearing in the case — in part because of the ruling, in part because it will be the first time "my victim" is back in a room with members of the Duke lacrosse team.

"I have told the defense attorneys that if at any time the victim in this case tells me that she thinks that one of these people who have been identified was not her assailant, as soon as she tells me that, then that case will go away," he said. "I've said I'm not interested in prosecuting somebody that's innocent. But until she tells me that, until she tells me these are not the right guys, we're prosecuting this case."

Bush Pardons Short List (WT/AP)

The Washington Times, December 23, 2006

President Bush gave a pre-Christmas gift to 17 minor criminals, but even after adding these pardons and one sentence commutation to his record he remains one of the least-forgiving of presidents.

Six of the federal offenses involved in the 16 pardons and one commutation issued Thursday were drug crimes, while others included bank fraud, mail fraud, the acceptance of a kickback, a false statement on a loan application and conspiracy to defraud the government over taxes.

Seven of the 17 weren't even sent to prison or jail, getting probation, small fines or other penalties instead. The longest sentence was nine years, for aiding cocaine distribution, followed by a six-year term for conspiracy to possess marijuana.

With this batch, Mr. Bush has issued 113 pardons and commuted three sentences in his nearly six years in the White House, according to spokesman Tony Fratto.

"Requests for executive clemency receive intense individualized consideration based upon an established set of objective criteria," Mr. Fratto said.

He said that most weight is given to the seriousness of the crime, how long ago it was committed, acceptance of responsibility and remorse, an applicant's conduct and contribution to society, and recommendations from the sentencing judge, probation officer and prosecutor.

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Since World War II, the largest number of pardons and commutations -- 2,031 -- came from President Truman, who served 82 days short of eight years. Other recent presidents issued hundreds each, though Mr. Bush's father, George Bush, handed out only 77 pardons and commutations in four years in office.

A pardon amounts to federal forgiveness for one's crime, while a commutation merely cuts short an existing prison term.

On the pardons list were:

·Charles James Allen of Winchester, Va. -- conspiracy to defraud the United States. A former federal employee, Mr. Allen was convicted in 1979 for approving payments to James Hilles Associates Inc., a Virginia firm, for office supplies that were never delivered. In return, Mr. Allen received car parts, a radio, a freezer and other gifts from the firm. He was sentenced to a year of custody to be served by 30 days in jail, 90 days in a work-release program, and the remaining period on parole.

·William Sidney Baldwin Sr. of Green Pond, S.C. -- conspiracy to possess marijuana. Sentenced Oct. 27, 1981, to six years' imprisonment.

·Dale C. Critz Jr., Savannah, Ga. -- making a false statement. Sentenced July 13, 1989, to three years' probation.

·Mark Alan Eberwine of San Antonio -- conspiracy to defraud the United States by impeding, impairing, and obstructing the assessment of taxes by the Internal Revenue Service and making false declarations to the grand jury. Sentenced Feb. 1, 1985, as amended April 23, 1986, to two years imprisonment.

CIVIL LAW:

Appeals Court Allows FEMA To Hold Off On Funding (WP/AP)

By Matt Apuzzo

The Washington Post, December 23, 2006

A federal appeals court told the Bush administration yesterday that it does not need to immediately restart a housing program for thousands of Hurricane Katrina victims.

The ruling by a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit puts a restart on hold at least until March, when the court will hear arguments in the case.

The court suspended an order by U.S. District Judge Richard J. Leon, who said last month that the Federal Emergency Management Agency violated the Constitution when it eliminated short-term housing assistance. Leon said the agency did not explain its reasoning and provided victims only confusing computer-generated codes to explain its decisions.

Under Leon's order, FEMA told officials in Texas early this week to expect federal money for housing about 4,200 evacuees.

Yesterday's ruling means FEMA can advise Texas that plans have changed.

"That's FEMA's Christmas present to the people of Texas and the United States," said Kevin Whelan, a spokesman for the Association of Community Organizations for Reform Now, which brought the lawsuit. "They managed to appeal long enough to be able to deny housing funding."

FEMA spokesman Aaron Walker said lawyers were reviewing the late-afternoon ruling and did not immediately know how the agency would respond.

The ruling by Judges David S. Tatel, Karen Lecraft Henderson and A. Raymond Randolph does not suspend Leon's order requiring FEMA to explain why evacuees were no longer eligible for funding. The letters that went out this summer contained vague and often contradictory computer codes rather than explanations, and Leon ordered the agency to put it in plain English.

FEMA said it was working on those new letters this week, and Whelan said about 4,000 evacuees have received letters.

FEMA Not Required To Restore Aid To Evacuees, Court Rules (NYT)

By Shaila Dewan

The New York Times, December 23, 2006

The Federal Emergency Management Agency does not have to reinstate immediately rental assistance to evacuees from Hurricanes Katrina and Rita, a federal appeals court in Washington ruled yesterday, reversing a decision that a lower court judge had said he hoped would “get these people a roof over their heads before Christmas.”

But FEMA still has to comply with part of the earlier order by the judge, Richard J. Leon of Federal District Court for the District of Columbia, by providing families with clear explanations why they were denied assistance.

Responding to the ruling by a three-judge panel of the United States Court of Appeals for the District of Columbia Circuit, FEMA officials said they would immediately suspend plans to provide the money, leading to criticism from evacuees and their advocates.

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"It's another setback," Wanda Jones, an evacuee in Houston, said in a statement issued by Acorn, the housing advocacy group that filed the lawsuit. "It's like a terrible roller coaster ride. Every time we go up, when we come down we lose more people."

Last spring, FEMA began notifying thousands of families who were given emergency shelter after the storms that they did not qualify for long-term help in the form of rent and utility payments, shocking many families who had been given housing vouchers good for a year.

Those families were allowed to appeal the agency's decision, but many said they received confusing, contradictory or incomplete instructions as they tried to do so.

In a preliminary injunction, issued on Nov. 29, Judge Leon said the agency's appeals process was so confusing that it denied evacuees their constitutional right to due process, and he ordered FEMA to immediately restore benefits, make retroactive payments and improve the appeals process. The appeals court stayed the first two parts of the injunction.

Aaron Walker, FEMA's chief spokesman, said the agency had already complied with the other part of the order. The agency "reached out to every household affected by the district court's order to more clearly identify their reason for ineligibility, outline the required remedies and allow them an additional 60 days to file an appeal with FEMA," he said.

The new order is temporary because the case has not yet gone to trial.

New Ruling Puts Freeze On FEMA Payments (HC)

By Patty Reinert, Susan Carroll

Houston Chronicle, December 23, 2006

WASHINGTON — Just as federal housing money was to start flowing again to thousands of Texas-based hurricane evacuees, a federal appeals court put everything on hold Friday.

The ruling means that about 4,200 families in Houston, San Antonio and Austin who were left homeless by hurricanes Katrina and Rita will have to wait until at least February to find out whether the federal government is required to restore their rental assistance payments.

By then, the temporary housing program will have expired — unless Congress or President Bush extend it.

Lakiesha Stredic, 25, took the news hard. She and her three children, ages 6, 4, and 3, are sleeping on the floor at a friend's house. They were evicted from their apartment on Houston's southwest side after she lost her job. For Christmas, Stredic picked up presents from a local charity — two toys for each child.

"My goodness," she said, sighing. "I'm in a really bad hole right now. It's stressing me out. I really need a place that I can call home for me and my kids."

She said she was counting on the Federal Emergency Management Agency to come through with rental assistance. FEMA helped her get an apartment in Houston after the hurricane in the summer of 2005. She said she didn't realize the subsidy had run out until the apartment complex contacted her with a bill for $1,400, she said. By then it was too late. She paid $100 one week, then $200 the next, she said. But the electric company turned off the lights. And she wasn't making much progress paying down the rent anyway, she said.

"It was really unexpected when (the rental subsidy) stopped out of the blue," she said. "I don't know what to do now."

The Association of Community Organizations for Reform Now, or ACORN, sued FEMA in August for failing to adequately explain why the housing benefits were ending. Last month, U.S. District Court Judge Richard J. Leon ruled that FEMA unconstitutionally halted the payments and ordered them to reinstate them immediately.

Judge's order stymiedLeon has spent the past three weeks pushing FEMA to immediately restore the housing assistance.

In addition to the rental subsidies, estimated at $750 per family per month, Leon was pushing FEMA to make back payments for September, October and November. He also ordered the agency to explain to the evacuees why the assistance was denied in the first place and what they are required to do to reinstate it.

Under pressure from the court, FEMA had notified officials in Houston and elsewhere that it would restart the housing program Friday. FEMA appealed, and on Friday, three judges on the U.S. Court of Appeals for the District of Columbia Circuit partially suspended Leon's order.

The court said until it considers the full case early next year, FEMA does not need to restart the housing program or make any retroactive payments. But the agency is still required to immediately inform the evacuees of the reasons they were denied assistance and allow them to challenge the decisions.

FEMA said late Friday that it had notified Texas that it would rescind its plans for restoring the housing aid. Robert Johnson, the manager of Houston's Joint Hurricane Housing Task Force, said Friday that he had not seen the decision and referred comment to the mayor's press office, which did not return phone calls.

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FEMA officials also said they had already complied with the part of Leon's order that the higher court upheld — to send letters to about 4,000 evacuees more clearly explaining what they can do to appeal FEMA's decisions. The agency will give them an additional 60 days to file and appeal if they believe the decision was "in error," FEMA officials said.

"It's like a terrible roller-coaster ride," said Wanda Jones of Houston, a Katrina survivor and member of the Association of Community Organizations for Reform Now which sued the government. "Every time we go up, when we come down we lose more people. But we're going to keep on riding and keep on fighting in court for our rights."

'Scrooges'For Katrina refugee Gregory Bernard, 43, the latest court decision means losing his rent subsidy in January and surviving on his $603 a month disability check. Bernard said he has congestive heart failure, and is too sick to work.

He left his apartment in central New Orleans after the hurricanes, he said, and has been trying to figure out how to get back there.

His rent in New Orleans was $400 before the storm, but now his former landlord wants $600. If he chooses a cheaper apartment, he's looking at a deposit for the apartment and deposits for his utilities.

If he stays, he can make his rent at his sprawling apartment in southwest Houston, but it'll probably mean losing his phone, he said. With $12 worth of food stamps, he's been buying deli meat and loaves of bread, Bernard said. That's what he plans to eat for Christmas dinner.

"Sometimes it's like I'm in the Twilight Zone here," he said. "The people here are nice, but I just really want to go home. I'm making it now, but I'm barely making it. I don't know how I'm going to get by."

U.S. Rep. Sheila Jackson Lee, D-Houston, called for the federal government to take a new approach to dealing with the refugee situation, calling the members of the Court of Appeals "scrooges."

"Instead of spending time trying to figure out how to help these families, and the elderly and disabled, we are engaged in a legal battle," she said. " This is the wrong approach to take on the eve of a sacred holiday."

U.S. Gives Grants To 4 Gulf Coast States To Upgrade Disaster Housing (NYT)

By Eric Lipton

The New York Times, December 23, 2006

WASHINGTON, Dec. 22 — FEMA trailers, the cramped, impersonal housing units that have come to define the federal response to major disasters, may be on the way out, thanks to $388 million in federal grants, announced Friday, that will test half a dozen cozier, more permanent models of postdisaster housing.

The program will offer new housing from the Federal Emergency Management Agency to thousands of families, among the 100,000 still living in trailers across the Gulf Coast, by placing them over the coming year in these studier, roomier, better ventilated homes, many of which have front porches, large windows and even small attics.

Mississippi came out on top in the contest for the grants, receiving $280.8 million, compared with $74.5 million for Louisiana, $16.5 million for Texas and $15.7 million for Alabama.

Officials in Louisiana were furious, saying their state, which suffered the greatest losses in Hurricanes Katrina and Rita last year, had been shortchanged.

“FEMA has clearly learned very little from its mistakes, let alone basic math or a sense of fundamental fairness,” Senator Mary L. Landrieu, Democrat of Louisiana, said in a statement.

But officials of the agency said Mississippi’s big share simply reflected the creativity of its plans, as the financing was awarded competitively, based on how quickly the new models could be set up, how comfortable and safe they would be and how much they would cost, among other factors.

The grants come from an appropriation in which Congress directed FEMA to take an alternative approach to the customary trailers. The biggest single grant will finance the construction of units in Mississippi that look like A-roofed cottages, featuring a compact front porch, windows on three sides, more storage space and better ventilation. Like the existing trailers, they will be set up on wheels, so they can be driven into a disaster zone.

Louisiana officials, meanwhile, intend to use their grant to build what they are calling Katrina Cottages — compact single-family homes made of prefabricated panels, with a porch and up to three bedrooms — in heavily hit areas of New Orleans like Jackson Barracks.

The one model planned in Texas is based on a design that is already used by some 90,000 troops in Iraq. A small house made of prefabricated parts that can be moved by flatbed truck, it can be set up in eight hours by six people. It offers more living space than the trailers and is capable of being elevated so that it can be lifted out of the flood plain.

“It is not going to make the front of Architectural Digest,” said Gil H. Jamieson, a deputy director of FEMA, “but it is aesthetically pleasing.”

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In some cases, these homes can be built on regular foundations, making them permanent or at least semipermanent housing, unlike the travel trailers, which are not considered sturdy enough to survive winds that could be produced by a tropical storm.

Federal officials said they could not yet predict how many new homes would be built with the available grant money or how many of the 101,000 families still in FEMA travel trailers or mobile homes across the Gulf Coast would be able to move into these new units.

The government will evaluate each of the six types of new homes to be built, to see whether they should be adopted permanently.

Mr. Jamieson said it was unlikely that FEMA would be able to replace the travel trailers completely. But it hopes that by the next major disaster, it will have cut the numbers significantly.

CIVIL RIGHTS:

Pa., N.J. Stand To Lose Clout (PHI)

By Adam Fifield

The Philadelphia Inquirer, December 23, 2006

New U.S. census data could mean the loss of congressional clout for both Pennsylvania and New Jersey and drops the Garden State from among the nation's 10-most-populous states.

Population estimates for July 1, 2006, released yesterday, show sluggish population growth in both states while the Sunbelt continued to surge.

North Carolina is now the nation's 10th-most-populous state, kicking Jersey to 11th.

If the U.S. House of Representatives were reapportioned based on the numbers, Pennsylvania would be among seven states to lose a seat, according to a report by the Election Data Services, a political consulting firm in Washington that specializes in analyzing census data for redistricting.

Iowa, Louisiana, Massachusetts, Missouri, New York and Ohio also would shed seats, while Arizona, Florida, Georgia, Nevada and Utah would each gain one and Texas would pick up two, according to the study.

New Jersey also stands to lose one of its 13 congressional seats in the next reapportionment if current trends continue, said James W. Hughes, dean of Rutgers University's Edward J. Bloustein School of Planning and Public Policy.

"It's a pretty good chance we'll lose a seat," said Hughes, referring to the congressional reapportionment that will follow the 2010 census.

Election Data Services predicted that New Jersey would hold onto all 13 seats.

The 435 seats in the U.S. House of Representatives will be reapportioned after the 2010 census. Losing a congressional seat could compromise a state's clout and federal funding levels, said Election Data Services president Kimball Brace.

Referring to Pennsylvania's 19 U.S. representatives, he advised the state "to make use of that 19th member as much as you can for the next four years."

According to the census estimates, Pennsylvania ranks as the sixth-most-populous state, with 12.4 million residents. Its population gained 35,273, or 0.3 percent, over last year.

New Jersey, with 8.7 million residents, remains the most densely populated state, but it has been bumped off the top 10 list.

In the last year, the Garden State grew by just 21,410 people - 0.2 percent.

But 72,547 residents left New Jersey for other states. That number is more than three times that of four years ago.

The state grew because 54,058 people came from overseas, and there were 39,190 more births than deaths last year.

Hughes, of the Bloustein School, said he believes the state has probably experienced "the largest out-migration we've ever had."

He blamed expensive housing and high taxes.

Because of the high cost of operating in New Jersey, businesses that want to expand may decide "we're doing it in North Carolina," Hughes said.

State Assemblyman John Burzichelli (D., Gloucester) speculated on why North Carolina might have gotten the edge.

"They have good furniture prices down there," he joked.

Despite the ignominy of being number 11, Hughes said he doubted Jersey residents care.

"If they're stuck in gridlock... they might think it's a good thing population isn't growing any faster," he said.

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Kansas Court Dismisses Abortion Charges (WP/AP)

By Roxana Hegeman

The Washington Post, December 23, 2006

WICHITA, Dec. 22 -- Kansas's attorney general, a vocal opponent of abortion, charged a well-known abortion provider Friday with illegally performing late-term abortions, but a Sedgwick County judge threw out the charges only hours later.

Judge Paul W. Clark dismissed the charges against George Tiller at the request of Sedgwick County District Attorney Nola Foulston, who said her office had not been consulted by Attorney General Phill Kline.

Kline, who lost his reelection bid in November and leaves office in three weeks, said he would try to get Clark to reinstate the charges.

"We are pursuing a legal remedy to what we believe is a flawed decision by a district court judge," Kline said at a news conference in Topeka.

Kline said that he did consult Foulston about the case Thursday and that she did not object.

The 30 misdemeanor counts Kline filed against Tiller involve 15 abortions from July through November 2003. They were performed on patients 22 years old or younger, including a 10-year-old, according to the criminal complaint unsealed Friday.

Tiller's clinic, known for being one of the few in the country to perform late-term abortions, has been a high-profile target of antiabortion protesters for decades. The clinic was bombed in 1985, and Tiller was shot in both arms by a protester in 1993.

Kline has been investigating whether Tiller and other abortion providers performed illegal late-term abortions in Kansas or failed to report suspected child abuse, as required by law.

Under Kansas law, if a woman wants to obtain an abortion after the 22nd week of her pregnancy, a doctor must first determine whether the fetus could survive outside the womb. If the fetus is viable, the procedure can be used only to preserve the woman's physical or mental health.

The charges involve situations in which Tiller cannot demonstrate that a woman faced permanent damage to a major bodily function, or Tiller's conclusions that some patients' mental health would be harmed if they did not have abortions, Kline said.

Tiller and Planned Parenthood have repeatedly said that they have committed no wrongs and that the patient records Kline obtained contain no evidence of crimes by either the clinics or their doctors.

DOJ Report Paints Nightmarish Picture Of Lubbock State School (DMN/AP)

By By Liz Austin Peterson, Associated Press

The Dallas Morning News, December 23, 2006

Shoddy health care, substantial neglect and harmful treatment techniques have jeopardized the lives of Lubbock State School residents, federal investigators said in a report that criticized nearly every part of the facility.

The U.S. Department of Justice report paints a nightmarish picture of the facility that cares for about 350 people with mental retardation and developmental disabilities.

One man died of an illness that could have been prevented if his doctors and nurses had done something as simple as modifying his diet. Another woman developed excruciating ulcers on her buttocks after lying in urine-soaked diapers. A third resident was grabbed, choked and thrown on the floor when he resisted receiving a shot.

"LSS's provision of health care falls alarmingly short of professional standards of care," said the report, which was issued Dec. 11 but was not posted on the department's Web site until Thursday.

Michael Jones, a spokesman for the state agency that oversees the state school, said he could not comment on the report's contents because "it's still a potential legal matter." But he would say the facility has a new management team that has worked hard to improve training and hire more medical professionals.

Many of the problems stemmed from severe staffing shortages and training issues, the report said.

Advocacy groups have long claimed abuse and neglect is rampant in Texas' state schools, and the report could give them more ammunition.

Dennis Borel, executive director of the Coalition of Texans with Disabilities, said the institutions are a relic of the 1850s and more of their residents should be moved into community settings.

"This should be an excellent incentive for the Legislature to examine the closing of unnecessary state schools in Texas," Borel said.

U.S. Attorney General Alberto Gonzales can file a civil rights lawsuit if Texas and the Justice Department cannot resolve the concerns raised by late January. But Assistant Attorney General Wan J. Kim said in the report he is confident that won't be necessary.

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The investigators documented scores of problems, including 17 deaths in a year and a half and possible violations of the federal Americans with Disabilities Act.

That law says states must treat individuals in the most integrated setting possible. But rather than seeking to move obviously capable residents into the community, officials seemed eager to keep them in the facility, the report said.

The investigators said the facility should develop and implement comprehensive guidelines, policies and procedures for planning residents' transitions to community life. It also recommended giving residents and their families better information about available community placements so they can make a good decision.

The report also raised serious concerns about the psychiatric services the facility provides to the roughly 200 patients with mental health issues.

Psychiatric assessments may be incomplete or inaccurate, the report said, because the school's psychiatrists did not adequately consider residents' medical issues, physical injuries, family and psychiatric histories, and medication regimes when trying to diagnose problems.

Many residents had vague diagnoses, which the investigators said exposes them to "counterproductive, even harmful interventions and to interventions that mask but do not correct underlying disorders."

The report called for a thorough psychiatric evaluation of all current residents, once officials develop standards for reliably diagnosing problems. Residents on psychotropic medications should be examined to ensure the drugs and dosage are appropriate.

The investigators also criticized the excessive use of mechanical, physical and chemical restraints and said most should only be used in true emergencies.

According to the report, several residents are kept in mechanical restraints, such as helmets with face guards, for nearly all of their waking hours no matter how they behave. Others are repeatedly given drugs to control their behavior without any documentation to justify the dosage.

"While undoubtedly well-intended, LSS's choice of behavioral interventions cannot be readily viewed as humane in effect," the report said.

ANTITRUST:

Liberty Media Deals For DirecTV (USAT)

By David Lieberman, Usa Today

USA Today, December 22, 2006

NEW YORK — Liberty Media (LINTA) Chairman John Malone, the executive once known as the "King of Cable," is back — this time with a plan that would make him the most powerful man in satellite television. And maybe more.

On Friday — three years, to the day, after News Corp. (NWS) took control of DirecTV — CEO Rupert Murdoch announced an agreement to turn over his controlling 38.5% interest in the No. 1 satellite company, as well as three regional sports networks and $550 million in cash, to Liberty in exchange for its 16.3% stake in News Corp.

The deal, which values Liberty's shares at about $11 billion, ends a potential threat to Murdoch's control of News Corp. that Malone posed after he acquired his voting shares two years ago.

Executives expect the deal to close in the middle of 2007 following approvals from News Corp. shareholders, federal antitrust officials and the Federal Communications Commission.

The companies also want the IRS to confirm that the deal will be largely tax free for News Corp. and will impose relatively low taxes on Liberty.

Liberty says it expects DirecTV CEO Chase Carey to continue to run the satellite company.

Yet this may be Malone's first big move to regain the media clout he had until 1999, when he sold Tele-Communications Inc., at the time the No. 1 cable company, to AT&T.

Liberty primarily invests in media and technology companies, although it owns a few assets, including QVC and Starz Encore.

But once Malone has DirecTV, which has 15.6 million subscribers, and the sports channels — FSN Northwest, FSN Pittsburgh and FSN Rocky Mountain, which go to about 8.6 million homes — he'll be well-poised for another play.

For example, several analysts expect him to swap Liberty's 4% stake in Time Warner for the Atlanta Braves baseball team and about $1.5 billion in cash.

"The cash is the most important element since it would likely be non-taxable, and the company could use the proceeds to acquire other strategic assets around the Starz Media Group," writes A.G. Edwards analyst Michael Kupinski.

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As a result, Liberty "could emerge as a significant entertainment/media company."

Investors also wonder whether Malone might see this as a good time to take DirecTV private, sell it to a phone company such as AT&T, or merge with its chief rival, EchoStar (DISH), known for its Dish Network.

Oppenheimer's Thomas Eagan, for one, says Malone probably won't fool around with DirecTV just yet.

The deal with Murdoch gives him enough shares to control the operation, the analyst says. Malone would have to pay a big tax bill if he sold his DirecTV shares before two years. And antitrust regulators probably wouldn't approve a deal that left consumers with just one satellite TV provider.

DirecTV Deal Aids 2 Media Moguls (LAT)

By Joseph Menn

The Los Angeles Times, December 23, 2006

A long-awaited agreement reached Friday in which News Corp. Chairman Rupert Murdoch gains a bigger stake in his own company by trading his satellite TV interests to former cable kingpin John Malone frees each man to pursue broader ambitions in his medium of choice.

Murdoch expects faster growth in the Internet business than he does in U.S. satellite TV distribution. By solidifying control of News Corp., Murdoch can more easily seek out deals like the 2005 acquisition of the MySpace.com social networking site.

Meanwhile, Malone is unlikely to settle for the investment in El Segundo-based DirecTV Group Inc. that he gets from Murdoch.

Malone is expected to try to merge DirecTV with rival EchoStar Communications Corp., operator of the Dish Network. He also may team with a telephone company to offer the broadband and phone services that cable operators sell.

Friday's deal involves News Corp. swapping its 38.5% stake in DirecTV to Malone's holding company, Liberty Media Corp., for that firm's 16.5% stake in News Corp., valued at about $11 billion. Murdoch's ownership of voting stock in the New York company, parent of movie studio 20th Century Fox and the Fox television network, will rise from about 30% to about 38%.

Analysts saw more benefits for News Corp. than Liberty.

The elimination of Liberty's stake is tax-free for News Corp. and amounts to one of the largest share repurchases in history. That should increase earnings per share by almost 9%, wrote UBS analyst Aryeh Bourkoff.

News Corp. spokesman Andrew Butcher also confirmed that the company's regular $6-billion buyback plan, which had been on hold during the talks with Malone, would now resume. The company is authorized to spend the remaining $3.4 billion in that plan over the next 18 months, he said.

Malone moved to the background in the world of big media since selling Tele-Communications Inc., one of the largest cable television companies, in 1999 and has been hungry for a comeback. Relations between Murdoch and Malone, once close, grew strained after Malone acquired his News Corp. stake.

Friday's deal, which has been in the works for two years, is expected to close in mid-2007. Beyond the stock swap, it calls for News Corp. to send Englewood, Colo.-based Liberty $550 million in cash and three of the smallest of Fox's 16 regional cable sports networks — those based in the Northwest, the Rocky Mountain area and Pittsburgh.

Malone managed to get the DirecTV stock at an implied value of about $21 a share, analysts said, well below Thursday's $25 closing price. But even with that bargain and the extra cash changing hands, analysts expressed concerns about Liberty's new challenges in the satellite TV business, and Fitch Ratings downgraded its opinion of the company's creditworthiness.

Still, Liberty Chief Executive Greg Maffei said in a statement that the transaction was "a critical step" in the effort to change Liberty into a "well-positioned, focused operating company."

Liberty expects to get four of DirecTV's 11 board seats, Liberty spokesman John Orr said.

"Our goal is to work with them, to be a good strategic partner," Orr said.

Effective control of DirecTV could lead to distribution of programming for such Liberty assets as Starz Entertainment and home shopping channel QVC.

Malone's chances of merging DirecTV and EchoStar are unclear because previous attempts have been thwarted by antitrust objections.

But the same issues that made DirecTV less appealing for Murdoch — including the faster growth of cable TV and cable's greater number of interactive features — would make it easier for Malone to argue that a dominant satellite service would not harm competition or consumers.

A DirecTV spokesman didn't return messages, and EchoStar declined to comment.

News Corp. Class A shares dropped 5 cents to $21.53. Liberty's tracking stock rose $4.23 to $97.87, and DirecTV's fell 45 cents to $24.55.

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Dick's Sporting Gets Antitrust Clearance (AP)

AP, December 22, 2006

PITTSBURGH (AP) -- Dick's Sporting Goods Inc. on Friday said federal authorities have approved its pending $225 million acquisition of Golf Galaxy Inc.

The companies agreed to the takeover in November, under which Dick's will pay Golf Galaxy shareholders $18.82 per share in cash.

Dick's said the transaction received early clearance from a mandatory antitrust waiting period. The deal still needs approval by Golf Galaxy shareholders and is slated to close after Feb. 6, subject to customary closing conditions.

Golf Galaxy sells golf equipment through 65 stores, on Web sites and in catalogs.

Shares of Dick's fell 12 cents to close at $49.40 on the New York Stock Exchange.

Judge Asked To Unseal Documents In Newspaper Antitrust Case (ER)

The Eureka Reporter, December 23, 2006

A media advocacy group and an alternative weekly newspaper asked a federal judge Thursday to unseal key documents in an antitrust case involving MediaNews Group Inc. and the San Francisco Chronicle.

The Oakland-based Media Alliance and the San Francisco Bay Guardian filed a motion with U.S. District Judge Susan Illston to make public court records in a lawsuit that challenges a business partnership between MediaNews and the Hearst Corp, the Chronicle's publisher.

After the antitrust lawsuit was filed in July, Hearst and MediaNews asked the judge to seal certain documents containing business information they considered confidential.

In the motion filed Thursday, Media Alliance and the Bay Guardian argued that the public's First Amendment right to access the court filings outweighed the defendants' interest in keeping them confidential.

"These are the nation's biggest newspaper chains, and they're moving to destroy daily competition in the Bay Area and impose regional monopoly," said Bruce Brugmann, the Bay Guardian's editor and publisher. "They should not be able to do it in the middle of the night with sealed documents."

Hearst officials were reviewing the motion and could not comment Thursday, said spokesman Paul Luthringer. Representatives at MediaNews did not immediately respond to a request for comment.

New York-based Hearst has invested $300 million in a complex deal that gives Denver-based MediaNews three more Bay Area newspapers — on top of the seven it already owns. Hearst's investment helped finance MediaNews' purchase of the Contra Costa Times, the San Jose Mercury News and Monterey County Herald earlier this year.

San Francisco businessman Clint Reilly filed the federal antitrust lawsuit to block the deal, claiming it would limit competition for readers and advertising in the Bay Area newspaper market.

The newspaper companies maintain the arrangement is not anticompetitive because readers and advertisers have other media venues such as the Internet.

On Tuesday, Judge Illston barred Bay Area newspapers owned by MediaNews and Hearst from consolidating some of their business operations until the lawsuit is resolved.

When she issued a temporary restraining order against the alliance in November, Illston said she had been under the impression that Hearst's investment was solely an equity stake, but an April 26 memo had surfaced suggesting it actually was a bid to merge some of their business operations.

The case is expected to go to trial next spring.

ENVIRONMENT/INDIAN AFFAIRS:

Federal Court Rejects EPA's Smog Strategy (WP/AP)

By John Heilprin

The Washington Post, December 23, 2006

A federal appeals court yesterday struck down the Bush administration's strategy for reducing smog, ruling that the Environmental Protection Agency's rules for forcing state cleanups do not meet requirements of the Clean Air Act.

Judge Judith W. Rogers, writing for the three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit, said, "EPA has failed to heed the restrictions on its discretion set forth in the Act." The court ordered the agency to come up with another enforcement plan.

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Smog is produced by nitrogen oxides reacting with other chemicals to create ground-level ozone, particularly in the summer months when the sun is hottest and brightest. Other major sources of the pollution are motor vehicle exhaust, gas vapors and chemical solvents.

In the stratosphere, ozone occurs naturally and is a beneficial shield against harmful ultraviolet rays.

EPA in 2004 issued new smog standards requiring 474 counties, with about 159 million people living in them, to reduce pollution of smog-causing ozone and improve the air enough to meet federal health standards. The agency gave them three to 17 years to do so.

The appellate panel said that was too long. It also said the agency was allowing "backsliding" by states when it should have been directing them to order new emission controls on industrial plants, more public transportation, tougher vehicle-inspection programs or cleaner-burning gasoline. Under the law, states that do not meet the standards risk losing federal highway dollars.

EPA spokeswoman Jennifer Wood said yesterday that the agency will review the panel's decision to determine whether it will ask the full appeals court to hear the case.

Appeals Panel Cuts Award In Valdez Spill By Exxon (NYT)

By Felicity Barringer

The New York Times, December 23, 2006

WASHINGTON, Dec. 22 — A federal appeals panel on Friday cut nearly in half the $4.5 billion punitive damage award against Exxon Mobil as a result of the Exxon Valdez oil spill in 1989.

A majority of a three-judge panel said the company's negligent conduct, while "particularly egregious," was not intentional and did not warrant the maximum financial penalty that a lower court imposed.

The panel of the United States Court of Appeals for the Ninth Circuit, in San Francisco, split on applying legal precedents to the company responsible for the worst oil spill in United States history. It cut the award for punitive damages to $2.5 billion.

In the decision, the majority wrote, "Exxon's reckless misconduct in placing a known relapsed alcoholic in command of a supertanker, loaded with millions of barrels of oil, to navigate the pristine and resource abundant waters of Prince William Sound, was reckless and warrants severe sanctions."

"The misconduct did not, however, warrant sanctions at the highest range allowable," the ruling added.

Under the formulas used in such cases, the $4.5 billion was at the upper range permissible, representing a ninefold increase in the actual damages suffered by tens of thousands of fishermen, Alaska Natives and tourism businesses on whose behalf the suit was filed.

The case has bounced between the Circuit Court of Appeals and the District Court in Anchorage as Supreme Court precedents evolved, said Carl Tobias, a law professor at the University of Richmond.

Judges setting punitive damages have "a lot of flexibility," Professor Tobias said, but they have to adhere to established standards in their calculations. One standard deals with the severity of the conduct and lets a judge set punitive damages up to 10 times actual damages.

A District Court judge, H. Russel Holland, had most recently used one of the highest multiples allowed by Supreme Court precedent, though he had lowered to $4.5 billion his original $5 billion that an earlier appeals panel had rejected.

That was still excessive, Judges Andrew J. Kleinfeld and Mary M. Schroeder wrote for the appeals panel.

Judge James R. Browning dissented, saying Exxon's conduct was "extremely reprehensible," "malicious" and "placed at massive risk and, ultimately, seriously injured the property and livelihood of tens of thousands of Alaskans."

David Oesting, a lawyer for people harmed by the spill, said, "At least we're back on track and on the way to closure."

Damages Are Halved In Exxon Valdez Oil Spill (WP/AP)

By David Kravets

The Washington Post, December 23, 2006

SAN FRANCISCO, Dec. 22 -- A federal appeals court on Friday cut in half a $5 billion jury award for punitive damages against Exxon Mobil in the 1989 oil spill that smeared black goo across 1,500 miles of Alaskan coastline.

The case, one of the nation's longest-running noncriminal legal disputes, stems from a 1994 decision by an Anchorage jury to award the damages to 34,000 fishermen and other Alaskans. Their property and livelihoods were damaged when the Exxon Valdez tanker struck a charted reef, spilling 11 million gallons of crude oil.

It is the third time the U.S. Court of Appeals for the 9th Circuit ordered the Anchorage court to reduce the $5 billion award, the nation's largest at the time, saying it was unconstitutionally excessive in light of U.S. Supreme Court precedent.

"It is time for this protracted litigation to end," Chief Judge Mary Schroeder and Judge Andrew J. Kleinfeld wrote.

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In dissent, Judge James R. Browning ruled that the $5 billion verdict should remain intact because there is "no principled means by which this award should be reduced."

This time, the court ordered a specific amount, $2.5 billion, in damages; its previous rulings demanded that a lower court come up with its own figures. U.S. District Judge H. Russel Holland of Anchorage grudgingly complied in 2002, reducing damages to $4 billion. Irving, Tex.-based Exxon again appealed.

The following year, the appeals court ordered Holland to reconsider his decision, balancing it against a Supreme Court ruling that said punitive damages usually could not be more than nine times general damages. The Anchorage jury awarded $287 million in general damages -- and issued punitive damages that were 17 times that amount.

Holland, appointed by President Ronald Reagan in 1984, declared Exxon's conduct "reprehensible" and set the figure at $4.5 billion plus interest, ruling that the Supreme Court's precedent did not directly apply to the case.

Exxon again appealed, arguing that it should have to pay no more than $25 million in punitive damages, which are meant to punish a company for misconduct.

The company, whose $36.1 billion profit last year was the highest ever by any U.S. corporation, said it has spent more than $3 billion to settle federal and state lawsuits and to clean the Prince William Sound area.

In October, Exxon Mobil reported a $10.49 billion profit in the third quarter, the second-largest quarterly figure ever recorded by a publicly traded U.S. company.

Exxon spokesman Dave Gardner criticized the court's decision, calling the spill "a tragic accident that Exxon Mobil deeply regrets."

Gardner did not say whether the company would appeal the decision but said that "in our opinion, the facts of this case do not warrant an award this size."

In 1994, a federal jury found recklessness by Exxon and the captain of the Exxon Valdez, Joseph Hazelwood, who caused the tanker to run aground. That finding made Exxon liable for punitive damages.

The disaster, the worst oil spill in U.S. history, prompted Congress to pass a law in 1990 banning single-hull tankers such as the Exxon Valdez from domestic waters by 2015.

FBI/DEA/ATF/USMS:

Subpoenas May Signal Wider Probe Into Son Of Sen. Stevens (RC)

By John Stanton

RollCall.com, December 23, 2006

In a move that could signal a widening of the investigation into the son of Sen. Ted Stevens (R-Alaska), federal investigators probing Alaska Senate President Ben Stevens (R) have issued a host of subpoenas to fishing industry executives and trade associations in Seattle, Alaska and Washington, D.C., sources familiar with the investigation said.

Federal investigators with the FBI and the Department of Justice have been looking into Ben Stevens for at least a year as part of a broader ethics probe of a group of state lawmakers dubbed by the local media “The Corrupt Bastards Club.” The scandal has swept up some of the state’s most powerful families and companies, including the Stevenses, energy industry giant VECO Corp. and other entities in the oil and gas sector.

There is no evidence that federal investigators are targeting Ted Stevens or any other Member of Congress in the investigation.

But federal investigators have begun to focus on the financial connections between Ben Stevens and Trevor McCabe, a former aide to the elder Stevens, said a source familiar with the investigation. Although details of federal subpoenas are supposed to be kept secret, The Seattle Times, the Anchorage Daily News and other local media reported earlier this month that a number of recent subpoenas seemed to center on the relationship between the younger Stevens, McCabe and a number of key players in the fishing industry, including Trident Seafoods, Icicle Seafoods and the At Sea Processors Association, a trade group.

Sources close to the investigation who asked not to be identified said that based on the information being sought, DOJ and the FBI appear now to be focusing on the relationship between Ben Stevens, McCabe and the Alaska Fisheries Marketing Board, which provides millions of federal dollars to the state’s fishing industry.

Ted Stevens created the board in 2003 to help the industry, which at the time was ailing financially. Since then, Stevens has earmarked millions of dollars to the group for grants each year. Companies, community groups and the state have used those grants for a host of activities, ranging from advertising campaigns in Japan to a decision to paint an Alaska Airlines jet to

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resemble a fish. The latter project received criticism both within the state and from Sen. John McCain (R-Ariz.) as wasteful spending.

The office of Ted Stevens did not comment for this story.

Ben Stevens formally served as chairman of AFMB's board, while McCabe is a member of the board. McCabe and Stevens have had financial dealings with a number of the companies and trade associations involved in AFMB, including the APA and a number of companies that received significant federal funding from the group during his time on the board. All told, Ben Stevens was paid more than $659,000 by fishing companies from 2000 to 2005, according to financial disclosure forms filed with the state.

In addition, Stevens received more than $243,000 from VECO Corp., which also is being investigated.

IMMIGRATION:

Agents Remove 2,300 Illegal Aliens In Two Weeks (WT)

By Jerry Seper

The Washington Times, December 23, 2006

U.S. Immigration and Customs Enforcement (ICE) agents removed more than 2,300 illegal aliens from the country in the past two weeks on 35 flights to the Caribbean, Latin America, Asia and Africa -- one of the busiest periods of the year for ICE's Office of Detention and Removal Operations.

Department of Homeland Security Assistant Secretary Julie L. Myers, who heads ICE, said 852 of those removed had criminal records, and that another 21 flights this week will take 2,087 aliens to Central America and the Caribbean, including 515 who are criminal aliens.

"By the end of this week, ICE's Air Transportation Unit will have facilitated the removal of more than 4,500 illegal aliens in 14 days, including 1,414 with criminal records," Mrs. Myers said. "Apprehending, detaining and removing criminal and other illegal aliens promotes public safety and protects the integrity of the immigration system."

This week's Caribbean/Latin American flights, which are regularly scheduled via the Justice Prisoner and Alien Transportation System (JPATS) aircraft, are destined to Colombia, the Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua and Haiti (one).

ICE spokeswoman Kadia H. Koroma said that in addition to the regularly scheduled flights using JPATS, ICE Detention and Removal personnel returned last week from two special charter removal missions: one to Africa that repatriated 82 Nigerian and 17 Liberian nationals, and another that returned 55 Filipinos and 12 Cambodians.

Ms. Koroma said that on the African charter flight more than 60 of those removed had criminal convictions, involving drug-smuggling, possession with intent to distribute drugs, weapons violations, sexual assault on children, burglary and bribery. The group, she said, included 17 Nigerians with forgery and fraud convictions.

She said that of the 55 Filipinos removed, 36 were criminal aliens and that 11 of the 12 Cambodian nationals removed also were criminal aliens. Their crimes included sexual offenses against children, sexual assaults, heroin smuggling, aggravated assault and homicide, she said.

The illegal aliens had been housed at various detention facilities across the country.

In fiscal 2006, ICE removed more than 186,600 illegal aliens from the country, a record for the agency and a 10 percent increase over the number of removals during the previous fiscal year. More than 50,000 of them were repatriated to Central American and Caribbean Basin countries using JPATS.

JPATS, managed by the Justice Department, provides regular international and domestic flights for the removal of deportable aliens. In 1995, the air fleets of the U.S. Marshals Service and the now-defunct U.S. Immigration and Naturalization Service merged to create a more efficient and effective system for transporting prisoners and criminal aliens.

JPATS has three client agencies, the Bureau of Prisons, the Marshals Service and ICE, its largest user with more than 60 percent of flight hours during fiscal 2006. JPATS operates a fleet of aircraft that moves prisoners over long distances more economically and with higher security than commercial airlines.

Ms. Koroma said nearly all air movements are done aboard large and small jets that JPATS owns or leases.

She said ICE also manages alien transportation and repatriation flights via special charter missions.

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CONGRESS-ADMINISTRATION:

Surf's Up On Capitol Hill (WSJ)

By Adam Goldberg And Preston Burton

The Wall Street Journal, December 23, 2006

As corporate America steels itself for an onslaught of investigations by the Democratically controlled Congress, consultants are busy advising companies on how best to prepare for and get through them. While one can do much to manage the fallout, navigating one of these investigations is a lot like surfing. Regardless of what you do, the biggest factor is still the size and nature of the wave. On this score, witnesses called before Congress have few protections.

First, Congress does not necessarily recognize the attorney-client privilege and the protections that it gives individuals and companies. While Congress has frequently restrained itself, it has not always done so -- thus everything a client tells a lawyer, before or during an investigation, is theoretically open to congressional grabbing.

In 1998, for example, the Republican-controlled House subcommittee on oversight and investigation subpoenaed documents from a Democratic lawyer and his law firm in an investigation into a real estate lease with the federal government. The firm asserted privilege on its client's behalf; the subcommittee threatened to hold the law firm in contempt; the law firm turned the privileged documents over. Coincidentally -- or not -- shortly thereafter the D.C. Bar Association actually issued an ethics opinion stating that lawyers were ethically free to give Congress attorney-client privileged material when threatened with contempt after first objecting.

Similarly, the 1980s saw cases in which the Democratically controlled Congress rejected the privilege, including cases involving Ferdinand Marcos and Provident Life & Accident Company. Notably, Rep. John Dingell made clear his view that Congress honored the privilege at its sole discretion. Mr. Dingell is expected to be chairman of the House Energy and Commerce Committee when the Democrats take control in January.

From a public policy perspective, we should all hope that restraint is exercised in the imminent investigations. Open communication between clients and their lawyers fosters, rather than impedes, regulatory compliance. This policy can only be served, however, if people believe that the privilege's protections are real. It would be ironic if Congress, in its understandable zeal to oversee compliance with our nation's laws, actually undermines that compliance by sacrificing the attorney-client privilege.

Second, at a congressional hearing or deposition you have only a very limited right to counsel. For example, during hearings there are no "objections" to committee questions, and your lawyer may advise you solely with respect to your legal rights and not about anything else. This is particularly troublesome given that Congress can act as a stalking horse for the Department of Justice and other federal and state government investigators. In effect, Congress frequently acts like a grand jury investigation -- just one without the procedural and secrecy protections afforded grand jury targets.

Moreover, unlike prosecutors and regulators, there is effectively no limit to what Congress can subpoena, or do with the information that it has obtained. Releasing information to the press (even before one hearing is held or one witness is questioned) is frequently unnecessary to oversight or legislation -- but that does not prevent Congress from doing so from time to time.

Third, every now and then Congress appears to set a "perjury trap" -- asking or compelling a witness to testify and then making a criminal referral for perjury to the Department of Justice when that witness fails to remember something or remembers something incorrectly. These referrals are particularly poisonous, as they can greatly inflame media and public perception of a witness. Perjury referrals also serve as a great deterrent to witnesses providing testimony to Congress, by placing them between the rock of a potential perjury trap and the hard place of asserting their Fifth Amendment rights. This brings us to our last point.

Sadly, if witnesses intend to assert their Fifth Amendment protections, they must be prepared to be publicly humiliated. All too often, congressional committees feel the need to call a witness to Capitol Hill and question him even though they know that the witness will not answer their questions.

While some might find it hard to sympathize with Ken Lay and Bernie Ebbers -- who are among the most notable of those recently forced to assert their Fifth Amendment rights in public -- one should keep in mind that they were forced to suffer this experience long before any trial was held in which they had the rights of a defendant. At least 20 other people with far less purported villainy have been forced to suffer this experience in the last five years alone. While the media might benefit from such tactics, it is hard to see what public policy is served by forcing someone to invoke his constitutional right before 60 flashing cameras and then vilifying or dismissing him one minute later. Such needless vilification may affect jury pools and could taint the judicial process itself.

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It is natural to ask why people who have done nothing wrong would refuse to answer questions, but our country's founders and the Supreme Court have provided the answer: Being innocent does not prevent your own words from being misused against you. There is already enough reputational pressure on an investigation's target not to assert his constitutional rights. We do not need congressional humiliation helping us along. The Fifth Amendment is there to protect the innocent and we hope Congress does not penalize people who avail themselves of this protection.

While congressional investigations, like surfing, might be a fun spectator sport, they are no laughing matter for the participants caught in the wave. In fulfilling its important constitutional obligations, we hope Congress keeps this in mind.

Mr. Goldberg was as special associate counsel to President Clinton; Mr. Burton was one of the attorneys representing Monica Lewinsky. Both are partners at Orrick, Herrington & Sutcliffe LLP.

OTHER NEWS:

Romney Set For Presidential Announcement (AP)

AP, December 22, 2006

Massachusetts Gov. Mitt Romney is poised to announce his campaign for the 2008 Republican presidential nomination in two phases early next month, a top adviser told The Associated Press on Friday.

The Massachusetts chief executive is expected to file paperwork as early as Jan. 2 with the Federal Election Commission, establishing a presidential campaign committee and permitting himself to begin raising money for his race on the first business day of the new year. Romney will leave office on Jan. 4.

As soon as the week of Jan. 8, Romney will hold a ceremony to officially declare his candidacy, said the adviser, a top aide who spoke on condition of anonymity in advance of the official filing.

The timing is somewhat dependent on when Sen. John McCain of Arizona makes an expected announcement about his own campaign for the GOP nomination, the Romney aide said. McCain has formed a presidential exploratory committee but held off declaring his candidacy.

Former New York Mayor Rudy Giuliani has also formed an exploratory committee.

Before leaving for a 10-day ski vacation at his home in Deer Valley, Utah, Romney told reporters he would use the holiday gathering with his family to make a decision about a campaign. In total, 22 people will gather at the Romney vacation home outside Salt Lake City, including his five sons, their wives, his 10 grandchildren, and Romney's wife, Ann.

"I've got a lot of data. Now I have to sit down with my family and spend some time," the 59-year-old former venture capitalist said after ringing a Salvation Army bell at a downtown shopping mall. Romney gained international attention in 2002 as head of the Winter Olympics in Salt Lake City.

"The real question is could I be able to make a real contribution to the people of this country, could I make America's future brighter, and that's something which I'll give consideration to over the holiday," the governor said.

While saying that he wanted to consult with his family, Romney dismissed any thought he might be dissuaded from a campaign because of any personal concerns they might express. In the past, Romney has said the only thing that would prompt an immediate end to his political career would be a change in the health of his wife, who has multiple sclerosis.

"You know, there are a lot of people that make a lot greater sacrifices than politicians _ myself included _ and I saw them in Guantanamo, I saw them at the border of North Korea and South Korea, I saw them in Iraq and Afghanistan," Romney said. "So, I'm not focused on the sacrifices that I or my family would make. I'm focused instead on the needs of this country and whether I could make a difference."

In one small sign he will likely mount a campaign, the governor could be overheard at a second charity stop outside Faneuil Hall asking a local comedian who happened by if he could help him write jokes for an appearance next spring at Washington's annual Gridiron Club dinner. The gathering is a regular stop for national politicians and White House aspirants.

Romney spent part of the week in Iowa and New Hampshire, two of the lead presidential voting states. Earlier this month he made a political trip through the South, before using personal money to fund a fact-finding trip to Japan, South Korea and China. He added to his foreign credentials this year with trips to Guantanamo Bay, Cuba, Iraq and Afghanistan.

In Iowa on Wednesday, Romney reiterated his support for President Bush and said a withdrawal from Iraq "would be a mistake."

In New Hampshire on Thursday, he deflected conservative concerns about his record on gay marriage and abortion. He said he now describes himself as "firmly pro-life," despite citing his tolerance for abortion rights during his 2002 gubernatorial campaign, after researching the embryonic stem cell issue.

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Rice: Black President A Real Option, But Not Her (WT/AP)

By Anne Gearan

The Washington Times, December 23, 2006

America is ready to elect a black president, says Secretary of State Condoleezza Rice.

The nation's highest-ranking black government official, Miss Rice has said repeatedly she will not run for president, despite high popularity ratings and measurable support in opinion polls.

"Yes, I think a black person can be elected president," Miss Rice said in an interview.

The top U.S. diplomat also said Iraq is "worth the investment" in American lives and dollars. She thinks the United States can win in Iraq, although the war thus far has been longer and more difficult than she had expected.

She made the remarks at a time when President Bush is under pressure from the public and members of Congress to find a fresh course in the long-running and costly war, which has shown no signs of nearing an end after taking the lives of almost 3,000 American troops.

"I know from the point of view of not just the monetary cost but the sacrifice of American lives a lot has been sacrificed for Iraq, a lot has been invested in Iraq," Miss Rice said.

Mr. Bush would not ask for continued sacrifice and spending "if he didn't believe, and in fact I believe as well, that we can in fact succeed," Miss Rice said.

On politics, Miss Rice said the first successful black candidate will be "judged by all the things that Americans ultimately end up making their decision on: Do I agree with this person? Do I share this person's basic values? Am I comfortable that this person is going to make decisions when I'm not in the room that are very consequential?"

At the same time, she said, "we should not be naive. Race is still an issue in America. When a person walks into a room, race is evident. It's something that I think is going to be with us for a very, very long time."

Miss Rice declined to say whether she would like to see her predecessor, Colin L. Powell, become a candidate. Mr. Powell is a fellow black Republican.

"I'm not going to give Colin any advice and he's not going to give me any advice on this one," Miss Rice said.

Democratic Sen. Barack Obama, Illinois Democrat, is the most prominent black politician to emerge as a potential candidate for the 2008 presidential race.

Miss Rice was asked whether, watching Mr. Obama's rise, she thinks Americans are willing to put a black candidate in the White House.

Most people tell pollsters that whether a candidate is black doesn't matter to their votes.

More than eight in 10 black voters in an AP-AOL Black Voices poll say that it would make no difference to them. And other recent polling has found about the same number among the general public voicing that attitude.

Miss Rice said the Bush administration should be remembered for far more than the Iraq war. She recited foreign policy commitments and accomplishments including increased aid to fight AIDS and malaria in Africa and a peace deal ending two decades of North-South warfare in Sudan.

Miss Rice also said she has no reason to think North Korea is serious about dismantling its nuclear weapons. "That's what we're testing" in disarmament talks this week.

"They're signed on to denuclearization" in an agreement last year that was never implemented. "We'll see whether or not they follow through," Miss Rice said.

The talks ended yesterday in Beijing with no announced progress.

The Narrowing Field (WP)

The Washington Post, December 23, 2006

IN THEORY, this should be the most wide-open presidential contest in decades. In reality, more than a year before the first vote, the field seems to be narrowing awfully fast. On the Democratic side, former Virginia governor Mark Warner, Wisconsin Sen. Russ Feingold, former South Dakota senator Tom Daschle and, this week, Indiana Sen. Evan Bayh have announced they won't be running. On the Republican side, Senate Majority Leader Bill Frist of Tennessee is leaving not just the Senate but the presidential race, and Virginia Sen. George Allen, once a leading contender, seems unlikely to toss his hat into the ring.

To be honest, we'll miss some of these candidates more than others. It's not unheard of to have such early dropouts: Former vice president Al Gore emerged from the "Saturday Night Live" hot tub at this time four years ago to announce he wouldn't be a candidate in 2004. And the field of announced candidates will certainly grow. North Carolina's John Edwards, the former Democratic vice presidential nominee, is set to make his announcement next week, joining Iowa Gov. Tom Vilsack in the Democratic field.

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But it would be unfortunate if the departures portended a presidential race winnowed to a few almost before it begins. The country would benefit from a multitude of voices in both parties -- not just Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) on the Democratic side and Sen. John McCain (Ariz.), Massachusetts Gov. Mitt Romney and former New York mayor Rudy Giuliani on the Republican.

"Whether there were too many Goliaths or whether I'm just not the right David, the fact remains that at the end of the day, I concluded that, due to circumstances beyond our control, the odds were longer than I felt I could responsibly pursue," said Mr. Bayh, who just a few weeks earlier had formed an exploratory committee.

Call us quaint, but we liked it back when voters actually got to review candidates' qualifications and positions. Now, it seems, the first question potential supporters (read: donors) ask about candidates is not what they believe but whether they are electable. That sets up a vicious political cycle: A candidate seen as unelectable can't raise the daunting amounts ($25 million to $30 million by January 2008) needed to fuel a credible presidential race. But no candidate without a serious bank balance can be considered electable.

That problem has been exacerbated by the withering away of the federal matching fund system, which was designed to boost lesser-known primary candidates but has now become functionally irrelevant, because the top-tier candidates can raise more on their own than they would be permitted to if they accepted matching funds. An increasingly front-loaded primary system -- on the Democratic side, candidates will need enough to get through four contests in 15 days -- intensifies the need for an early pile of cash.

Perhaps our worries are premature; after all, at this point four years ago, hardly anyone had heard of former Vermont governor Howard Dean, who emerged as a leading contender for the Democratic nomination. Nonetheless, we're anxious to see some Davids tromping through the snows of Iowa and New Hampshire, not just a few big-footed Goliaths. And we'd like the voters to have some say in deciding which is which.

Another Inexplicably Jumps In (WP)

The Washington Post, December 23, 2006

NOW COMES news that James S. Gilmore III, the highhanded, dissent-averse and altogether unsuccessful ex-governor of Virginia, is weighing a run for the Republican nomination for president. Heaven help us. For if Mr. Gilmore does to the 50 states what he did to the Old Dominion, the federal government might as well declare bankruptcy now.

Let's review the sorry Gilmore record. After taking office amid boom times in 1998, Mr. Gilmore immediately set about draining Virginia's coffers by promoting ill-advised tax cuts that, when the predictable economic downturn arrived, left the state penniless. He pushed ahead with his narrow political agenda of eliminating the state's car tax despite repeated warnings of the dire consequences, which included diverting funds that should have gone to transportation and public education. (If you're mad about traffic and the state's neglected roads, Mr. Gilmore is high on the list of people to blame.)

As a swan song near the end of his four-year term, Mr. Gilmore forced a bitter budget impasse with the legislature, unprecedented in Virginia, that enraged Republicans and Democrats alike and torpedoed the election prospects of his own party's nominee to succeed him as governor. When he finally left office in 2002 -- condemned by both liberal and libertarian think tanks for his managerial incompetence -- Mr. Gilmore bequeathed to his successor, Mark Warner, a budgetary mess that Mr. Warner spent a good part of his own governorship trying to clean up. All in all, a terrible performance by Mr. Gilmore.

Let's summarize: A former governor from the South, zealous about tax-cutting and allergic to opposing views, who stubbornly insists on ill-fated policies despite abundant and well-founded warnings that they are leading to ruin. Maybe this guy is presidential material after all.

DOJ_NMG_0108898

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From:	USDOJ- Office of Public Affairs
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To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, December 24, 2006
Attachments:	agnb061224.pdf; agnb061224.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 24, 2006 7:45 AM EST

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WAR NEWS:

Bush Meets With Gates, War Cabinet At Camp David. ABC World News (12/23, lead story, 1:55, Muir, 8.78M) reported, "For some time now, President Bush has insisted he can't make a decision about a new strategy in Iraq without hearing from his new Secretary of Defense, Robert Gates." ABC (Morrell): "Today for the first time, President Bush convened his new war council. The White House says they did not make any decisions about a new strategy for Iraq but the President is said to be pleased with their progress. ... Gates went to Iraq to see if a surge of up to 30,000 US troops would stem the violence. Soldiers told him they need more boots on the ground. Iraqi leaders said they would not object to additional forces and even top military commanders who originally opposed an escalation now agree it is necessary." Gen. Jack Keane (ret.): "I would

characterize it as momentum." Morrell: "Retired Gen. Jack Keane has been pushing for a surge since last summer, even recommending it to President Bush." ... Morrell: "With that change of heart by commanders in Baghdad, the path now seems clear for a troop surge although polls show the American people are not on board; just 17% favor more forces."

The CBS Evening News (12/23, story 5, 2:30, Mitchell, 7.66M) reported, "The President is at Camp David for the holiday weekend but it's not quite a vacation." CBS (Chen): "Wrapping up a whirlwind first week on the job, Robert Gates went straight to Camp David to see the boss, eager to deliver his impressions after three days on the ground with US forces in Iraq. ... Gates quickly moved to set himself apart from his predecessor. Gates sat down with small groups of enlisted troops to get their views on what should be done next. ... Gary Sick worked with Gates during the Ford and Carter years." Gary Sick: "He's looking for ways to really deal with problems in a very rational, realistic way, and he isn't, I think, really taken with grand schemes and, you know, ideological visions."

NBC Nightly News (12/23, story 3, 0:30, Cork, 9.87M) reported, "The President was meeting with his national security team, spending time with Bob Gates and the chairman of the Joint Chiefs of Staff. ... The Administration is considering ... five US brigades into Baghdad to secure that area with three Iraqi brigades. We are told by the Pentagon there are many generals on the ground who have for some time wanted more troops, but they felt under the old regime that request would have fallen on deaf ears."

Print coverage played up alleged objections to the troop-surge idea within the Pentagon. The AP (12/23, Loven) reports, "President Bush, drafting an overhaul of his faltering and unpopular war plan, heard Saturday from a Pentagon chief who had just returned from Iraq with a positive impression of Iraqi leaders' plans to address sectarian violence. ... White House officials declined to disclose any details of the conversations."

"Voices At Pentagon" Not Convinced Surge Will Help. The Houston Chronicle/AP (12/24, Loven) runs a modified version of this article, calling the war strategy "troubled" rather than "faltering and unpopular." The AP adds, "Some important voices at the Pentagon, however, are not convinced that a significant troop increase would help and, in fact, worry it could do more harm than good. Democrats about to take control of Congress and other war critics fear that American troops will remain mired unless the Iraqis are threatened with an imminent withdrawal of U.S. soldiers and forced to meet specific benchmarks." Bush "now believes the Army and Marine Corps should be increased in overall size. This process would take years but still could address some doubts in the military about a short-term boost in Iraq."

The Washington Post (12/24, A8, Baker, Ricks, 690K) reports, "Gates brought back from Baghdad a plan put forth by Iraqi leaders that would redefine the U.S. mission to focus more on fighting Sunni insurgents while the Shiite-led government tries to contain Shiite militias. He also brought back views from U.S. commanders." However, "The Joint Chiefs of Staff have resisted additional troops unless a clear, achievable mission is defined and believe the White House is putting forward an ill-conceived idea in a desperate bid to salvage the situation. The Los Angeles Times reported yesterday that Gen. George W. Casey Jr. and Lt. Gen. Raymond Odierno, the top commanders in Iraq, have decided to recommend the surge, a position that if true could make it easier for Bush to go forward even if Pentagon generals remain unenthusiastic. ... A Pentagon official, speaking on the condition of anonymity because of the sensitivity of the discussions, said it would be an exaggeration to say that Casey is pushing for additional troops," suggesting that Casey "told Gates in Iraq that an infusion of U.S. forces would not help him politically with the Iraqi government and could impede reconciliation efforts."

Casey Reportedly Open To Having More Troops In Baghdad. The New York Times (12/24, Gordon, Sanger, 1.16M) reports, "The American military command in Iraq is now willing to back a temporary increase in American troops in Baghdad as part of a broader Iraqi and United States effort to stem the slide toward chaos, senior American officials said Saturday. ... Until recently, the top ground commander in Iraq, Gen. George W. Casey Jr., has argued that sending more American forces into Baghdad and Anbar Province, the two most violent regions of Iraq, would increase the Iraqi dependency on Washington, and in the words of one senior official, 'make this feel more like an occupation.'" However, Casey and Lt. Gen. Raymond T. Odierno "indicated they were open to a troop increase when Mr. Gates met with them in Baghdad this week. ... The key to any new strategy, some officials said, would be a binding commitment by the Iraqi government that it would provide far more troops as well, and take other steps to try to slow the sectarian violence."

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Al-Sistani Balks At Plan For Iraq. The AP (12/24, Abdul-Zahra) reports, "A U.S.-backed plan to form a political coalition of Iraq's Shiites, Sunni Arabs and Kurds — a glimmer of hope in a nation torn by sectarian violence — failed to win the crucial support of the top Shiite cleric Saturday." Lawmakers "said they were told the unity of Shiites, who have the largest bloc in parliament, had to come first." Sistani "holds no political post and rarely emerges from his home and adjacent office. But his word is considered law by many Shiites. Despite this, Shiite militants, including members of al-Sadr's Mahdi Army, have not heeded al-Sistani's appeals for peace in Iraq."

The Washington Post (12/24, A14, Trejos, Sarhan, 690K) reports, "Sistani's endorsement of the proposal was considered key. But during the meeting, Shiite leaders said, Sistani called on them to keep the 130-member United Iraqi Alliance intact." The Post adds that Prime Minister "Maliki and the Dawa party, part of the United Iraqi Alliance, have been unenthusiastic about the proposal from the beginning because they believe that isolating Sadr would exacerbate tensions. Maliki is beholden to Sadr, who supported his bid to become prime minister."

Rich Blames Kerik For Failing To Train Iraq's Police. The New York Times' Frank Rich (12/24) writes publisher Judith Regan lost "her job after enriching O. J. Simpson for a sleazy book project, yet Regan's "worst offenses can't compare even with those of her former lover, Bernard Kerik, the Giuliani-era New York City police commissioner who was appointed by President Bush in 2003 to train Iraqi's police. Mr. Kerik promised to stay 'as long as it takes to get the job done,' then fled months later without explanation and without the job even started. Today the Iraqi police he failed to train are not only useless but are also routinely engaged in sectarian violence, including torture, helping to ensure that Iraq is more dangerous for everyone than ever, American troops included. Mr. Kerik has never been held accountable for that failure, only for less lethal and unrelated graft in New York."

Military Reports Killing Prominent Taliban Leader. NBC Nightly News (12/23, story 6, 0:20, Siegenthaler, 9.87M) reported, "The US military says an air strike killed the highest-ranking member of the Taliban since 2001. He is said to have been a close associate of Osama bin Laden and the Taliban leader. The Taliban denies the claim."

The New York Times/AP (12/24, Press) adds, "Mr. Osmani, regarded as one of three top associates of Mullah Omar, is the highest-ranking Taliban leader that the coalition has reported killing or capturing since the American-led invasion in late 2001. Afghan officials made no immediate confirmation, and no visual proof was offered to support the report. An American spokesman said that "various sources" were used to confirm Mr. Osmani's identity."

The Washington Post (12/24, A14, Constable, 690K) reports, "U.S. military officials in Kabul, the Afghan capital, said Osmani had been operating on both sides of the Afghan-Pakistani border. Afghan officials have complained for months that senior Taliban insurgents are able to move freely in parts of Pakistan's border regions, but the government of Pakistan has denied the assertions, insisting that the Taliban is based in Afghanistan and that the Afghan government should control its own borders."

Taliban May Be Arming, Training In Pakistan. The Los Angeles Times (12/24, Watson, 850K) reports, "Confidential documents obtained by The Times show that for at least two years, U.S. military intelligence agencies have warned American commanders that Taliban militants were arming and training in Pakistan, then slipping into Afghanistan with the help of Pakistani border control officers." The Times calls these doubts "reminiscent of the 1990s, when Islamabad insisted the intelligence service did not help found, train and arm the Taliban, though Pakistani heavy weapons and military officers were found among Taliban units." The Times adds, "Intelligence warnings have for months documented U.S. worries about Pakistan's role in providing a haven for Afghan insurgents."

CORPORATE SCANDALS:

Private Equity Groups Coming Under Increased Scrutiny. The New York Times (12/24, Duhigg, 1.16M) reports that despite attempt to avoid "suspicions," private equity firms are "finding themselves under attack in certain quarters." For example, "In Germany, political candidates have assailed takeover investors as 'locusts.' Oregon regulators last year refused to sell Portland General Electric to a buyout fund, citing a public outcry. And the Justice Department has started an investigation of

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possible collusion among some of the biggest private equity groups." Meanwhile, "other regulators are also threatening to bring greater scrutiny to private equity firms, a threat that the hedge fund business is already facing. Regulators, such as Richard Blumenthal, the attorney general of Connecticut, say they may shift their focus to private equity groups."

US Attorney In Northern California Taking Interest In Corporate Scandals. The San Francisco Chronicle (12/24, 384K) profiles US Attorney Kevin Ryan, "the tough-talking point man for the Bush administration's federal law enforcement efforts in Northern California, has taken a high-profile interest in investigating whether Bay Area companies and executives fraudulently backdated stock-option grants." Over the summer, Ryan "dedicated a federal task force of prosecutors and investigators to the financial scandal that has swept up dozens of companies, led to two criminal indictments and prompted a rash of executive resignations." To add "more investigative firepower," Ryan is "also focusing on whether employees who received the backdated options lied on their individual tax returns." The Chronicle noted that Ryan brings this investigation "amid reports of high-profile defections and low morale among his prosecutors as well as a falling caseload at a US attorney's office whose territory extends from Monterey County to the Oregon border and which has about 100 prosecutors in three branches."

CRIMINAL LAW:

Bush Called "Most Pro-Prisoner President" In History. The New York Times Magazine's Chris Sullentrop (12/24) writes that the G.O.P. "is beginning to embrace the idea that prisoners have not only souls that need saving but also flesh that needs caring for in this world. Increasingly, Republicans are talking about helping ex-prisoners find housing, drug treatment, mental-health counseling, job training and education. They're also reconsidering some of the more punitive sentencing laws for drug possession. … Prison reform is not a highly advertised position of the Republican Party either, but a growing number of social conservatives are trying to make it a centerpiece of the Christian-conservative agenda. The most striking aspect of the Second Chance Act may be the cross-section of Republicans, from every wing of the party, who support it. Senator Arlen Specter, the top-ranked contender for the award of Least Favorite Republican among movement conservatives, is a lead sponsor, as is Senator Sam Brownback of Kansas, who may be Christian conservatives' top choice for the 2008 presidential nomination. Among the House sponsors of the bill are Mike Pence, an Indiana congressman who is a leader of the conservative caucus in the House and a darling of Washington's conservative press corps, and Dan Lungren, a California representative and former California attorney general who helped write California's three-strikes law (which he still supports)." Sullentrop goes on to write, "When George W. Bush took office in 2001, he did not dismantle the Clinton-era re-entry programs; rather, he adapted them to fit his faith-based agenda. Despite his strong support for capital punishment, President Bush may be the most pro-prisoner president in American history — at least if you disregard the war on terror (an admittedly enormous caveat). Certainly in terms of rhetoric, Bush has done more to advance the interests of prisoners than either Jimmy Carter or Bill Clinton. The Second Chance Act takes its name from the 2004 State of the Union address in which Bush asked Congress to pass a $300 million program to help prisoners as they re-enter society.'"

O'Malley Finds Himself In Midst Of Capital Punishment Debate. The Washington Post (12/24, C1, Wagner, Rich, 690K) reports, "The emotionally charged, polarizing issue of the death penalty was barely mentioned during the campaign for Maryland governor. And it hardly seemed something that Gov.-elect Martin O'Malley would be eager to wade into during his first months in office, when he plans to focus on 'the things we agree on.' Yet the confluence of national currents and a Maryland court ruling last week halting executions on a technicality could make the death penalty a defining issue of O'Malley's tenure. In effect, Maryland suddenly has a moratorium on executions, and the new governor, who is personally opposed to capital punishment, could play a pivotal role in determining when -- and whether -- it resumes. … Under the ruling by the Court of Appeals, new regulations must be drafted before the state may put more prisoners to death -- and early signs from O'Malley and his aides suggest that he sees no reason to rush that process."

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CIVIL RIGHTS:

FL13 Democratic Candidate Takes Voting Machine Dispute To Courts. The Washington Post (12/24, A5, Goldfarb, 690K) reports, "A battle over who won the congressional election in Florida's 13th District is in the courts and could be debated in Congress itself. Christine Jennings, the Democrat, informed Congress last week that she was contesting the election, claiming that electronic voting machines malfunctioned and that state officials wrongly certified the election in favor of Republican Vern Buchanan. She also filed a lawsuit asking for access to the source code of the machines, manufactured by Election Systems & Software Inc. Two weeks after the Nov. 7 election, the state certified Buchanan as the winner by 369 votes. Jennings wants a new vote. If she prevails, the Democratic gains in the midterm elections will increase to 31 House seats." The Post notes that on Election Day, "18,000 Sarasota County voters who went to the polls registered no choice in the congressional race. Jennings argued that that was evidence of a machine glitch, but the state indicated that it found no evidence of one. ES&S also rejected her argument, and Buchanan said she should concede.

WPost Blasts Bush Over Failure To Respond To Question On DC Voting Rights. The Washington Post (12/24, B6, 690K), in an editorial, writes that Post reporters asked President, "Do the residents of the District of Columbia -- should they have a vote in the House?" during an interview last week. President Bush responded, "I will look at what Congress proposes. I will look carefully at what Congress proposes. … I know what you're trying to ask me to opine on, and I'm answering that there is -- I will look and see what Congress proposes." The Post notes, "In fact no one was asking that the president comment on specific legislation. He could easily have responded this way: 'I know that citizens of the District of Columbia pay taxes for their country, and I know many of them have gone to war for their country. They should have a say in how their country is ruled. I look forward to working with Congress to find the best way to make that happen.' Instead we get squirming evasions and feeble humor. To be honest, we don't find it funny; if anything, it's pathetic that six years into his presidency Mr. Bush can't bring himself to endorse basic rights for residents of his current hometown."

Gender Pay Gap In US No Longer Narrowing. The New York Times (12/24, Leonhardt, 1.16M) reports, "Throughout the 1980s and early '90s, women of all economic levels — poor, middle class and rich — were steadily gaining ground on their male counterparts in the work force. … Largely without notice, however, one big group of women has stopped making progress: those with a four-year college degree. The gap between their pay and the pay of male college graduates has actually widened slightly since the mid-'90s. For women without a college education, the pay gap with men has narrowed only slightly over the same span." The Times adds, "A decade ago, it was possible to imagine that men and women with similar qualifications might one day soon be making nearly identical salaries. Today, that is far harder to envision. … Last year, college-educated women between 36 and 45 years old, for example, earned 74.7 cents in hourly pay for every dollar that men in the same group did, according to Labor Department data analyzed by the Economic Policy Institute . A decade earlier, the women earned 75.7 cents."

Professor Says Departments At Fault Over Taser Misuse. Larry Karson, a professor of criminal justice at the University of Houston, writes in the Houston Chronicle (12/24, 530K) that "another politician, this time state Rep. Garnet Coleman, D-Houston, has joined the band wagon for 'fixing' the Taser problem by suggesting that legislation is needed to put a moratorium on the use of the stun guns by the police." Karson argued that while "there have been numerous cases nationwide of poorly trained officers and negligent managers who have allowed the continued misuse of Tasers," the fault "doesn't always fall at the feet of the street officers." Rather he suggested that the "for real reason Tasers are consistently misused in some departments, look to management."

ANTITRUST:

Computer Chip Industry Probe Noted. In an article on the year's top computer-related news stories, PC World (12/24, Ben Ames) reports on its Web site that the Department of Justice launched a probe in October "of sales practices in the SRAM memory chip market, serving subpoenas to Cypress Semiconductor, Mitsubishi Electric, Samsung Electronics, Sony Electronics, and Toshiba." The investigation came shortly after the Justice Department won

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"convictions and multimillion-dollar fines for price fixing in the closely related DRAM industry." In December, the Justice Department also turned "its focus to graphics chips makers, demanding documents from AMD and Nvidia as part of an antitrust investigation."

ENVIRONMENT/INDIAN AFFAIRS:

EPA Approves Hydrogen-Powered Zero-Emission Cars. The Los Angeles Times (12/24, 850K) reports the EPA "has cleared the way for automakers to produce hydrogen-powered fuel-cell cars to meet zero-emission vehicle requirements in California and 10 other states. In a waiver signed last week, EPA officials approved amendments adopted in 2003 by the California Air Resources Board that allow manufacturers to produce fuel cells as an alternative to battery-powered cars and light trucks previously required by the state. … Automakers had mixed reactions. General Motors spokesman Dave Barthmuss said fuel-cell vehicles were 'very viable to be a portion of any automaker's compliance strategy.'" Ford Motor Co. "said that much uncertainty remains about fuel-cell vehicles, and that the company agrees with a U.S. Energy Department forecast that the vehicles won't be available in large numbers before 2015."

Will Notes Challenges Facing New Ford CEO. In his column for the Washington Post (12/24, B7, 690K) George Will writes, "If Alan Mulally, Ford Motor Co.'s chief executive, is looking for fresh words to inspirit his troubled company -- words to replace 'The Way Forward,' which rang hollow as Ford slid further backward. … Henry Ford, according to Mulally, said that if, when he founded his company, he had asked potential customers what they wanted, they would have said faster horses. Mulally has bet the company on its ability to develop 'curb appeal' products that people do not yet know they want and to develop them before the company, which burned through about $6 billion in the last two quarters of 2006, burns the rest of its borrowed cash."

Timber Firms' Green-Friendly Reputation Challenged. The Washington Post (12/24, A3, Harden, 690K) reports, "Two of the nation's largest timber companies, Weyerhaeuser and Plum Creek Timber, have polished their public images for years by participating in a program that certifies that their logging is environmentally friendly. But in separate challenges this month from the far corners of the United States, environmental groups in Washington state and in Maine are accusing Weyerhaeuser Co. and Plum Creek Timber Co. of using the forest industry's green-labeling program as a cover while they log in ways that harm endangered spotted owls in Washington and violate forestry laws in Maine. The Seattle Audubon Society and the Natural Resources Council of Maine have demanded in documents sent to the Sustainable Forestry Board that it revoke certification for the companies until they comply with standards they have pledged to uphold. Both companies say the demands are unjustified and show ignorance of relevant facts."

FBI/DEA/ATF/USMS:

Texas Cigarette Tax To Increase In New Year. The Dallas Morning News (12/24, Brooks, 500K) reports taxes on cigarettes in Texas are scheduled to "go up at least $1 per pack and about $12 per carton" after the New Year. Anticipation is "already rising among smokers and nonsmokers" and "convenience stores are bracing for a drop in sales. Discount shops are running out of some brands." Meanwhile, distributors are "liquidating their inventories. And federal agents are keeping an eye on the situation after tax increases in other states led to robberies and smuggling rings."

Older Texans More Likely To Hold Concealed Handgun Permits. The Fort Worth Star-Telegram (12/24, 223K) reports that "Texans who are 55 or older are more likely to get concealed handgun permits than those who are in their 20s, 30s and 40s, according to Texas Department of Public Safety statistics," a figure that "falls in line with national surveys that indicate seniors are more likely than any other age group to be gun owners." The Star-Telegram writes, "In Texas, 42 percent of those who have concealed handgun permits are 55 or older. Texans who are 60 or older have about 25 percent of the permits issued, statistics show."

CONGRESS-ADMINISTRATION:

GOP Retirements Could Allow Democrats To Increase Majority In 2008. The Washington Post (12/24, A4, Murray, 690K) reports, "The Republicans' stinging

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losses last month could be magnified in 2008 if veteran GOP Senate and House members decide to retire, including numerous lawmakers who will be 70 or older on that Election Day. .. GOP leaders are particularly fearful that the Democrats will be able to expand their narrow House and Senate majorities if some of Congress's biggest Republican names call it quits." The Post notes Sen. Ted Stevens was born on Nov. 18, 1923, while in the House, as many as 30 Republicans may retire, according to operatives from both parties, with senior lawmakers including Reps. Ralph Regula (Ohio), 82, and C.W. Bill Young of Florida, who turned 76 on Dec. 16, leading the list." Sen. John Warner "has indicated that he may seek a sixth term, if he remains in good health." The Post goes on to report that Sen. Wayne Allard "has been the subject of considerable speculation" because "he promised to serve only two terms when he was elected in 1996. Colorado just elected a Democratic governor, and the state is considered fertile ground for the Democrats' Western expansion efforts."

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule; at Camp David for Christmas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: No events scheduled.

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Iran Rejects Resolution Against Nuclear Program."
"Schwarzenegger Breaks Leg Skiing."
"The Man Behind The Obama-Mania."
"Aiding And Abetting The Taliban?"

New York Times:

"Commander Said To Be Open To More Troops."
"For Young Offenders, Justice As Impoverished As Africa."
"Gender Pay Gap, Once Narrowing, Is Stuck In Place."
"Testing The Waters, Obama Tests His Own Limits."
"Hotel Log Hints At Illicit Desire That Dr. Freud Didn't Repress."

Washington Post:

"Special Agent."
"Trees For All The Troops."
"Sanctions On Iran Approved By U.N."
"Clinton, Obama Clearing The Field."
"Lebanon's Slow Slide From Hope To Deadlock."

Washington Times:

"U.N. Panel OKs Curbs On Iran Trade."
"Bridging A Faith Divide."
"Air Strike Kills Top Taliban Tactician."
"Olmert To Remit Withheld Taxes, Lift Roadblocks."

Detroit Free Press:

"Michigan Soldiers Come Home For The Holidays."
"Man Arraigned In Killing Of Detroit Mom, Daughter."
"Pistons Swat Undermanned Hawks."

Dallas Morning News:

"Oak Cliff Loses An Anchor."
"Dyncorp Has Big Role, Little Oversight In War Efforts."
"Arlington Volunteers Rebuild Church In New Orleans."
"Girl, 2, Fatally Stabbed In Group Of Kids."
"Chance Of White Christmas In Forecast For Area."
"Rangers Trade Danks For Pitching Help."
"Tech's Knight Ties Record For Coaching Wins."
"West End Is On The Mend."
"Police: 2-Year-Old May Have Been Stabbed By Child."

Houston Chronicle:

"GOP Rival Threatens Craddick's House Rule."
"Shuttle Crew Welcomed Home In Houston."
"Seniors More Likely To Get Concealed Gun Permits."
"Fire-Devastated Towns Hope For Wet Texas Winter."
"Proposed Bill Would Lock In Texas Tuition Rates."
"Bars, Wine-Tasting Rooms Lure Houston Renters."
"West Point Officers Say Duty Called Too Late."
"Holidays Enhance Grief For Fallen Soldiers' Families."
"Denver Travelers May Not Be Home For Christmas."
"Evidence Suggests Freud's Slip With Sister-In-Law."

Story Lineup From Last Night's Network News:

ABC: Bush Meets With Gates; Iran Sanctions; Overstretched Military; Olmert-Abbas Meeting; Travel Delays; Last-Minute Shopping; Documentary On Race; Horse Racing; Kentucky Artist.

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CBS: Last-Minute Shopping; Travel Delays; Iran Sanctions; Olmert-Abbas Meeting; Bush Meets With Gates; Iraq's Christians At Christmas; Texas Tech Basketball; Weekend Journal-Peace On Earth; Snow Globes.

NBC: Travel Delays; Iran Sanctions; Bush Meets With Gates; Iraq Sectarian Violence; Olmert-Abbas Meeting; Taliban Death; Christmas In Afghanistan; Last-Minute Shopping; Duke Rape Case; Sewing; Christmas Greetings.

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THE ATTORNEY GENERAL'S **NEWS BRIEFING**

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 24, 2006 7:45 AM EST

TODAY'S EDITION

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NBC Nightly News (12/23, story 3, 0:30, Cork, 9.87M) reported, "The President was meeting with his national security team, spending time with Bob Gates and the chairman of the Joint Chiefs of Staff. ... The Administration is considering ... five US brigades into Baghdad to secure that area with three Iraqi brigades. We are told by the Pentagon there are many generals on the ground who have for some time wanted more troops, but they felt under the old regime that request would have fallen on deaf ears."

Print coverage played up alleged objections to the troop-surge idea within the Pentagon. The AP (12/23, Loven) reports, "President Bush, drafting an overhaul of his faltering and unpopular war plan, heard Saturday from a Pentagon chief who had just returned from Iraq with a positive impression of Iraqi leaders' plans to address sectarian violence. ... White House officials declined to disclose any details of the conversations."

"Voices At Pentagon" Not Convinced Surge Will Help. The Houston Chronicle/AP (12/24, Loven) runs a modified version of this article, calling the war strategy "troubled" rather than "faltering and unpopular." The AP adds, "Some important voices at the Pentagon, however, are not convinced that a significant troop increase would help and, in fact, worry it could do more harm than good. Democrats about to take control of Congress and other war critics fear that American troops will remain mired unless the Iraqis are threatened with an imminent withdrawal of U.S. soldiers and forced to meet specific benchmarks." Bush "now believes the Army and Marine Corps should be increased in overall size. This process would take years but still could address some doubts in the military about a short-term boost in Iraq."

The Washington Post (12/24, A8, Baker, Ricks, 690K) reports, "Gates brought back from Baghdad a plan put forth by Iraqi leaders that would redefine the U.S. mission to focus more on fighting Sunni insurgents while the Shiite-led government tries to contain Shiite militias. He also brought back views from U.S. commanders." However, "The Joint Chiefs of Staff have resisted additional troops unless a clear, achievable mission is defined and believe the White House is putting forward an ill-conceived idea in a desperate bid to salvage the situation. The Los Angeles Times reported yesterday that Gen. George W. Casey Jr. and Lt. Gen. Raymond Odierno, the top commanders in Iraq, have decided to recommend the surge, a position that if true could make it easier for Bush to go forward even if Pentagon generals remain unenthusiastic. ... A Pentagon official, speaking on the condition of anonymity because of the sensitivity of the discussions, said it would be an exaggeration to say that Casey is pushing for additional troops," suggesting that Casey "told Gates in Iraq that an infusion of U.S. forces would not help him politically with the Iraqi government and could impede reconciliation efforts."

Casey Reportedly Open To Having More Troops In Baghdad. The New York Times (12/24, Gordon, Sanger, 1.16M) reports, "The American military command in Iraq is now willing to back a temporary increase in American troops in Baghdad as part of a broader Iraqi and United States effort to stem the slide toward chaos, senior American officials said Saturday. ... Until recently, the top ground commander in Iraq, Gen. George W. Casey Jr., has argued that sending more American forces into Baghdad and Anbar Province, the two most violent regions of Iraq, would increase the Iraqi dependency on Washington, and in the words of one senior official, 'make this feel more like an occupation.'" However, Casey and Lt. Gen. Raymond T. Odierno "indicated they were open to a troop increase when Mr. Gates met with them in Baghdad this week. ... The key to any new strategy, some officials said, would be a binding commitment by the Iraqi government that it would provide far more troops as well, and take other steps to try to slow the sectarian violence."

Al-Sistani Balks At Plan For Iraq. The AP (12/24, Abdul-Zahra) reports, "A U.S.-backed plan to form a political coalition of Iraq's Shiites, Sunni Arabs and Kurds — a glimmer of hope in a nation torn by sectarian violence — failed to win the crucial support of the top Shiite cleric Saturday." Lawmakers "said they were told the unity of Shiites, who have the largest bloc in parliament, had to come first." Sistani "holds no political post and rarely emerges from his home and adjacent office. But his word is considered law by many Shiites. Despite this, Shiite militants, including members of al-Sadr's Mahdi Army, have not heeded al-Sistani's appeals for peace in Iraq."

The Washington Post (12/24, A14, Trejos, Sarhan, 690K) reports, "Sistani's endorsement of the proposal was considered key. But during the meeting, Shiite leaders said, Sistani called on them to keep the 130-member United Iraqi Alliance intact." The Post adds that Prime Minister "Maliki and the Dawa party, part of the United Iraqi Alliance, have been unenthusiastic about the proposal from the beginning because they believe that isolating Sadr would exacerbate tensions. Maliki is beholden to Sadr, who supported his bid to become prime minister."

Rich Blames Kerik For Failing To Train Iraq's Police. The New York Times' Frank Rich (12/24) writes publisher Judith Regan lost "her job after enriching O. J.

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Simpson for a sleazy book project, yet Regan's "worst offenses can't compare even with those of her former lover, Bernard Kerik, the Giuliani-era New York City police commissioner who was appointed by President Bush in 2003 to train Iraqi's police. Mr. Kerik promised to stay 'as long as it takes to get the job done,' then fled months later without explanation and without the job even started. Today the Iraqi police he failed to train are not only useless but are also routinely engaged in sectarian violence, including torture, helping to ensure that Iraq is more dangerous for everyone than ever, American troops included. Mr. Kerik has never been held accountable for that failure, only for less lethal and unrelated graft in New York."

Military Reports Killing Prominent Taliban Leader. NBC Nightly News (12/23, story 6, 0:20, Siegenthaler, 9.87M) reported, "The US military says an air strike killed the highest-ranking member of the Taliban since 2001. He is said to have been a close associate of Osama bin Laden and the Taliban leader. The Taliban denies the claim."

The New York Times/AP (12/24, Press) adds, "Mr. Osmani, regarded as one of three top associates of Mullah Omar, is the highest-ranking Taliban leader that the coalition has reported killing or capturing since the American-led invasion in late 2001. Afghan officials made no immediate confirmation, and no visual proof was offered to support the report. An American spokesman said that "various sources" were used to confirm Mr. Osmani's identity."

The Washington Post (12/24, A14, Constable, 690K) reports, "U.S. military officials in Kabul, the Afghan capital, said Osmani had been operating on both sides of the Afghan-Pakistani border. Afghan officials have complained for months that senior Taliban insurgents are able to move freely in parts of Pakistan's border regions, but the government of Pakistan has denied the assertions, insisting that the Taliban is based in Afghanistan and that the Afghan government should control its own borders."

Taliban May Be Arming, Training In Pakistan. The Los Angeles Times (12/24, Watson, 850K) reports, "Confidential documents obtained by The Times show that for at least two years, U.S. military intelligence agencies have warned American commanders that Taliban militants were arming and training in Pakistan, then slipping into Afghanistan with the help of Pakistani border control officers." The Times calls these doubts "reminiscent of the 1990s, when Islamabad insisted the intelligence service did not help found, train and arm the Taliban, though Pakistani heavy weapons and military officers were found among Taliban units." The Times adds, "Intelligence warnings have for months documented U.S. worries about Pakistan's role in providing a haven for Afghan insurgents."

CORPORATE SCANDALS:

Private Equity Groups Coming Under Increased Scrutiny. The New York Times (12/24, Duhigg, 1.16M) reports that despite attempt to avoid "suspicions," private equity firms are "finding themselves under attack in certain quarters." For example, "In Germany, political candidates have assailed takeover investors as 'locusts.' Oregon regulators last year refused to sell Portland General Electric to a buyout fund, citing a public outcry. And the Justice Department has started an investigation of possible collusion among some of the biggest private equity groups." Meanwhile, "other regulators are also threatening to bring greater scrutiny to private equity firms, a threat that the hedge fund business is already facing. Regulators, such as Richard Blumenthal, the attorney general of Connecticut, say they may shift their focus to private equity groups."

US Attorney In Northern California Taking Interest In Corporate Scandals. The San Francisco Chronicle (12/24, 384K) profiles US Attorney Kevin Ryan, "the tough-talking point man for the Bush administration's federal law enforcement efforts in Northern California, has taken a high-profile interest in investigating whether Bay Area companies and executives fraudulently backdated stock-option grants." Over the summer, Ryan "dedicated a federal task force of prosecutors and investigators to the financial scandal that has swept up dozens of companies, led to two criminal indictments and prompted a rash of executive resignations." To add "more investigative firepower," Ryan is "also focusing on whether employees who received the backdated options lied on their individual tax returns." The Chronicle noted that Ryan brings this investigation "amid reports of high-profile defections and low morale among his prosecutors as well as a falling caseload at a US attorney's office whose territory extends from Monterey County to the Oregon border and which has about 100 prosecutors in three branches."

CRIMINAL LAW:

Bush Called "Most Pro-Prisoner President" In History. The New York Times Magazine's Chris Sullentrop (12/24) writes that the G.O.P. "is beginning to embrace the idea that prisoners have not only souls that need saving but also flesh that needs caring for in this world. Increasingly, Republicans are talking about helping ex-prisoners find housing, drug treatment, mental-health counseling, job training and education. They're also reconsidering some of

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the more punitive sentencing laws for drug possession. … Prison reform is not a highly advertised position of the Republican Party either, but a growing number of social conservatives are trying to make it a centerpiece of the Christian-conservative agenda. The most striking aspect of the Second Chance Act may be the cross-section of Republicans, from every wing of the party, who support it. Senator Arlen Specter, the top-ranked contender for the award of Least Favorite Republican among movement conservatives, is a lead sponsor, as is Senator Sam Brownback of Kansas, who may be Christian conservatives' top choice for the 2008 presidential nomination. Among the House sponsors of the bill are Mike Pence, an Indiana congressman who is a leader of the conservative caucus in the House and a darling of Washington's conservative press corps, and Dan Lungren, a California representative and former California attorney general who helped write California's three-strikes law (which he still supports)." Sullentrop goes on to write, "When George W. Bush took office in 2001, he did not dismantle the Clinton-era re-entry programs; rather, he adapted them to fit his faith-based agenda. Despite his strong support for capital punishment, President Bush may be the most pro-prisoner president in American history — at least if you disregard the war on terror (an admittedly enormous caveat). Certainly in terms of rhetoric, Bush has done more to advance the interests of prisoners than either Jimmy Carter or Bill Clinton. The Second Chance Act takes its name from the 2004 State of the Union address in which Bush asked Congress to pass a $300 million program to help prisoners as they re-enter society.'"

O'Malley Finds Himself In Midst Of Capital Punishment Debate. The Washington Post (12/24, C1, Wagner, Rich, 690K) reports, "The emotionally charged, polarizing issue of the death penalty was barely mentioned during the campaign for Maryland governor. And it hardly seemed something that Gov.-elect Martin O'Malley would be eager to wade into during his first months in office, when he plans to focus on 'the things we agree on.' Yet the confluence of national currents and a Maryland court ruling last week halting executions on a technicality could make the death penalty a defining issue of O'Malley's tenure. In effect, Maryland suddenly has a moratorium on executions, and the new governor, who is personally opposed to capital punishment, could play a pivotal role in determining when -- and whether -- it resumes. … Under the ruling by the Court of Appeals, new regulations must be drafted before the state may put more prisoners to death -- and early signs from O'Malley and his aides suggest that he sees no reason to rush that process."

CIVIL RIGHTS:

FL13 Democratic Candidate Takes Voting Machine Dispute To Courts. The Washington Post (12/24, A5, Goldfarb, 690K) reports, "A battle over who won the congressional election in Florida's 13th District is in the courts and could be debated in Congress itself. Christine Jennings, the Democrat, informed Congress last week that she was contesting the election, claiming that electronic voting machines malfunctioned and that state officials wrongly certified the election in favor of Republican Vern Buchanan. She also filed a lawsuit asking for access to the source code of the machines, manufactured by Election Systems & Software Inc. Two weeks after the Nov. 7 election, the state certified Buchanan as the winner by 369 votes. Jennings wants a new vote. If she prevails, the Democratic gains in the midterm elections will increase to 31 House seats." The Post notes that on Election Day, "18,000 Sarasota County voters who went to the polls registered no choice in the congressional race. Jennings argued that that was evidence of a machine glitch, but the state indicated that it found no evidence of one. ES&S also rejected her argument, and Buchanan said she should concede.

WPost Blasts Bush Over Failure To Respond To Question On DC Voting Rights. The Washington Post (12/24, B6, 690K), in an editorial, writes that Post reporters asked President, "Do the residents of the District of Columbia -- should they have a vote in the House?" during an interview last week. President Bush responded, "I will look at what Congress proposes. I will look carefully at what Congress proposes. … I know what you're trying to ask me to opine on, and I'm answering that there is -- I will look and see what Congress proposes." The Post notes, "In fact no one was asking that the president comment on specific legislation. He could easily have responded this way: 'I know that citizens of the District of Columbia pay taxes for their country, and I know many of them have gone to war for their country. They should have a say in how their country is ruled. I look forward to working with Congress to find the best way to make that happen.' Instead we get squirming evasions and feeble humor. To be honest, we don't find it funny; if anything, it's pathetic that six years into his presidency Mr. Bush can't bring himself to endorse basic rights for residents of his current hometown."

Gender Pay Gap In US No Longer Narrowing. The New York Times (12/24, Leonhardt, 1.16M) reports, "Throughout the 1980s and early '90s, women of all economic levels — poor, middle class and rich — were steadily gaining ground on their male counterparts in the work

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force. … Largely without notice, however, one big group of women has stopped making progress: those with a four-year college degree. The gap between their pay and the pay of male college graduates has actually widened slightly since the mid-'90s. For women without a college education, the pay gap with men has narrowed only slightly over the same span." The Times adds, "A decade ago, it was possible to imagine that men and women with similar qualifications might one day soon be making nearly identical salaries. Today, that is far harder to envision. … Last year, college-educated women between 36 and 45 years old, for example, earned 74.7 cents in hourly pay for every dollar that men in the same group did, according to Labor Department data analyzed by the Economic Policy Institute . A decade earlier, the women earned 75.7 cents."

Professor Says Departments At Fault Over Taser Misuse. Larry Karson, a professor of criminal justice at the University of Houston, writes in the Houston Chronicle (12/24, 530K) that "another politician, this time state Rep. Garnet Coleman, D-Houston, has joined the band wagon for 'fixing' the Taser problem by suggesting that legislation is needed to put a moratorium on the use of the stun guns by the police." Karson argued that while "there have been numerous cases nationwide of poorly trained officers and negligent managers who have allowed the continued misuse of Tasers," the fault "doesn't always fall at the feet of the street officers." Rather he suggested that the "for real reason Tasers are consistently misused in some departments, look to management."

ANTITRUST:

Computer Chip Industry Probe Noted. In an article on the year's top computer-related news stories, PC World (12/24, Ben Ames) reports on its Web site that the Department of Justice launched a probe in October "of sales practices in the SRAM memory chip market, serving subpoenas to Cypress Semiconductor, Mitsubishi Electric, Samsung Electronics, Sony Electronics, and Toshiba." The investigation came shortly after the Justice Department won "convictions and multimillion-dollar fines for price fixing in the closely related DRAM industry." In December, the Justice Department also turned "its focus to graphics chips makers, demanding documents from AMD and Nvidia as part of an antitrust investigation."

ENVIRONMENT/INDIAN AFFAIRS:

EPA Approves Hydrogen-Powered Zero-Emission Cars. The Los Angeles Times (12/24, 850K) reports the EPA "has cleared the way for automakers to produce hydrogen-powered fuel-cell cars to meet zero-emission vehicle requirements in California and 10 other states. In a waiver signed last week, EPA officials approved amendments adopted in 2003 by the California Air Resources Board that allow manufacturers to produce fuel cells as an alternative to battery-powered cars and light trucks previously required by the state. … Automakers had mixed reactions. General Motors spokesman Dave Barthmuss said fuel-cell vehicles were 'very viable to be a portion of any automaker's compliance strategy.'" Ford Motor Co. "said that much uncertainty remains about fuel-cell vehicles, and that the company agrees with a U.S. Energy Department forecast that the vehicles won't be available in large numbers before 2015."

Will Notes Challenges Facing New Ford CEO. In his column for the Washington Post (12/24, B7, 690K) George Will writes, "If Alan Mulally, Ford Motor Co.'s chief executive, is looking for fresh words to inspirit his troubled company -- words to replace 'The Way Forward,' which rang hollow as Ford slid further backward. … Henry Ford, according to Mulally, said that if, when he founded his company, he had asked potential customers what they wanted, they would have said faster horses. Mulally has bet the company on its ability to develop 'curb appeal' products that people do not yet know they want and to develop them before the company, which burned through about $6 billion in the last two quarters of 2006, burns the rest of its borrowed cash."

Timber Firms' Green-Friendly Reputation Challenged. The Washington Post (12/24, A3, Harden, 690K) reports, "Two of the nation's largest timber companies, Weyerhaeuser and Plum Creek Timber, have polished their public images for years by participating in a program that certifies that their logging is environmentally friendly. But in separate challenges this month from the far corners of the United States, environmental groups in Washington state and in Maine are accusing Weyerhaeuser Co. and Plum Creek Timber Co. of using the forest industry's green-labeling program as a cover while they log in ways that harm endangered spotted owls in Washington and violate forestry laws in Maine. The Seattle Audubon Society and the Natural Resources Council of Maine have demanded in documents sent to the Sustainable Forestry Board that it revoke certification for the companies until they comply with standards they have pledged to uphold. Both companies say the demands are unjustified and show ignorance of relevant facts."

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FBI/DEA/ATF/USMS:

Texas Cigarette Tax To Increase In New Year. The Dallas Morning News (12/24, Brooks, 500K) reports taxes on cigarettes in Texas are scheduled to "go up at least $1 per pack and about $12 per carton" after the New Year. Anticipation is "already rising among smokers and nonsmokers" and "convenience stores are bracing for a drop in sales. Discount shops are running out of some brands." Meanwhile, distributors are "liquidating their inventories. And federal agents are keeping an eye on the situation after tax increases in other states led to robberies and smuggling rings."

Older Texans More Likely To Hold Concealed Handgun Permits. The Fort Worth Star-Telegram (12/24, 223K) reports that "Texans who are 55 or older are more likely to get concealed handgun permits than those who are in their 20s, 30s and 40s, according to Texas Department of Public Safety statistics," a figure that "falls in line with national surveys that indicate seniors are more likely than any other age group to be gun owners." The Star-Telegram writes, "In Texas, 42 percent of those who have concealed handgun permits are 55 or older. Texans who are 60 or older have about 25 percent of the permits issued, statistics show."

CONGRESS-ADMINISTRATION:

GOP Retirements Could Allow Democrats To Increase Majority In 2008. The Washington Post (12/24, A4, Murray, 690K) reports, "The Republicans' stinging losses last month could be magnified in 2008 if veteran GOP Senate and House members decide to retire, including numerous lawmakers who will be 70 or older on that Election Day. .. GOP leaders are particularly fearful that the Democrats will be able to expand their narrow House and Senate majorities if some of Congress's biggest Republican names call it quits." The Post notes Sen. Ted Stevens was born on Nov. 18, 1923, while in the House, as many as 30 Republicans may retire, according to operatives from both parties, with senior lawmakers including Reps. Ralph Regula (Ohio), 82, and C.W. Bill Young of Florida, who turned 76 on Dec. 16, leading the list." Sen. John Warner "has indicated that he may seek a sixth term, if he remains in good health." The Post goes on to report that Sen. Wayne Allard "has been the subject of considerable speculation" because "he promised to serve only two terms when he was elected in 1996. Colorado just elected a Democratic governor, and the state is considered fertile ground for the Democrats' Western expansion efforts."

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule; at Camp David for Christmas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: No events scheduled.

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Iran Rejects Resolution Against Nuclear Program."
"Schwarzenegger Breaks Leg Skiing."
"The Man Behind The Obama-Mania."
"Aiding And Abetting The Taliban?"

New York Times:
"Commander Said To Be Open To More Troops."
"For Young Offenders, Justice As Impoverished As Africa."
"Gender Pay Gap, Once Narrowing, Is Stuck In Place."
"Testing The Waters, Obama Tests His Own Limits."
"Hotel Log Hints At Illicit Desire That Dr. Freud Didn't Repress."

Washington Post:
"Special Agent."
"Trees For All The Troops."
"Sanctions On Iran Approved By U.N."
"Clinton, Obama Clearing The Field."
"Lebanon's Slow Slide From Hope To Deadlock."

Washington Times:
"U.N. Panel OKs Curbs On Iran Trade."
"Bridging A Faith Divide."
"Air Strike Kills Top Taliban Tactician."
"Olmert To Remit Withheld Taxes, Lift Roadblocks."

Detroit Free Press:
"Michigan Soldiers Come Home For The Holidays."
"Man Arraigned In Killing Of Detroit Mom, Daughter."
"Pistons Swat Undermanned Hawks."

Dallas Morning News:
"Oak Cliff Loses An Anchor."
"Dyncorp Has Big Role, Little Oversight In War Efforts."
"Arlington Volunteers Rebuild Church In New Orleans."
"Girl, 2, Fatally Stabbed In Group Of Kids."
"Chance Of White Christmas In Forecast For Area."
"Rangers Trade Danks For Pitching Help."

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"Tech's Knight Ties Record For Coaching Wins."
"West End Is On The Mend."
"Police: 2-Year-Old May Have Been Stabbed By Child."

Houston Chronicle:
"GOP Rival Threatens Craddick's House Rule."
"Shuttle Crew Welcomed Home In Houston."
"Seniors More Likely To Get Concealed Gun Permits."
"Fire-Devastated Towns Hope For Wet Texas Winter."
"Proposed Bill Would Lock In Texas Tuition Rates."
"Bars, Wine-Tasting Rooms Lure Houston Renters."
"West Point Officers Say Duty Called Too Late."
"Holidays Enhance Grief For Fallen Soldiers' Families."
"Denver Travelers May Not Be Home For Christmas."
"Evidence Suggests Freud's Slip With Sister-In-Law."

Story Lineup From Last Night's Network News:
ABC: Bush Meets With Gates; Iran Sanctions; Overstretched Military; Olmert-Abbas Meeting; Travel Delays; Last-Minute Shopping; Documentary On Race; Horse Racing; Kentucky Artist.
CBS: Last-Minute Shopping; Travel Delays; Iran Sanctions; Olmert-Abbas Meeting; Bush Meets With Gates; Iraq's Christians At Christmas; Texas Tech Basketball; Weekend Journal-Peace On Earth; Snow Globes.
NBC: Travel Delays; Iran Sanctions; Bush Meets With Gates; Iraq Sectarian Violence; Olmert-Abbas Meeting; Taliban Death; Christmas In Afghanistan; Last-Minute Shopping; Duke Rape Case; Sewing; Christmas Greetings.

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DOJ_NMG_0108914

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From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, December 26, 2006 9:41 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Sunday, December 24, 2006
Attachments:	dojclips061224.pdf; dojclips061224.doc

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 24, 2006 7:45 AM EST

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WAR NEWS:

New Pentagon Chief Briefs Bush On Iraq (AP)

By Jennifer Loven, Associated Press Writer

AP, December 24, 2006

President Bush, drafting an overhaul of his faltering and unpopular war plan, heard Saturday from a Pentagon chief who had just returned from Iraq with a positive impression of Iraqi leaders' plans to address sectarian violence.

Defense Secretary Robert Gates finished his first week on the job by delivering a report to Bush on the three days he spent talking with Iraqi leaders, U.S. commanders and American soldiers. The chairman of the Joint Chiefs of Staff, Gen. Peter Pace, who traveled with Gates to Iraq, helped make the presentation.

The early-morning meeting at Camp David in Maryland's mountains lasted about an hour. Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and Hadley's deputy, J.D. Crouch, who is coordinating the administration's Iraq review, also participated.

White House officials declined to disclose any details of the conversations. Bush is meeting with his national security team again Thursday at his ranch in Crawford, Texas.

"The president is pleased with the progress being made" to design a new policy, said Blain Rethmeier, a Bush spokesman. "The president is leaving all options on the table on the way forward."

With public support for the war falling as violence and U.S. deaths rise, Bush has been eager to show he is ready to make changes — even while he rejects calls from Democrats, who take control of Congress next month, for significant troop withdrawals to begin soon. The president has talked often in recent weeks about the long commitment America must make to Iraq.

He is expect to announce his revamped Iraq strategy in a speech to the nation between the New Year's Day and his Jan. 23 State of the Union address.

"If you're serving on the front lines halfway across the world, it is natural to wonder what all this means for you," Bush said Saturday in his weekly radio address. "I want our troops to know that while the coming year will bring change, one thing will not change, and that is our nation's support for you and the vital work you do to achieve a victory in Iraq."

There are several signs that a proposal to add thousands of U.S. troops to the 140,000 already in Iraq — as a way to control escalating violence, particularly in Baghdad — is gaining favor at the White House.

The Los Angeles Times reported Saturday that Gen. George Casey, the top U.S. commander in Iraq, and other military leaders in Iraq, who had been the primary voices skeptical of a "surge" in troops, have decided to endorse the idea.

But Lt. Col. Christopher C. Garver, spokesman for Casey, said Saturday, "As of this time, General Casey has not recommended more troops be sent here." Rethmeier would neither confirm nor deny the Times story.

Bush has said he has changed his mind and now believes the Army and Marine Corps should be increased in overall size. This process would take years, but still could address some doubts in the military about the drain of even a short-term boost in Iraq.

And while saying he has not decided whether to deploy more U.S. soldiers, the president gave another nod to military leaders this week by making clear he agrees that any such troop infusion must have a mission that is clear and achievable.

During Gates' trip to Iraq, several soldiers told him they thought a short-term increase in troop levels would help. But the defense secretary repeatedly declined to say whether he would recommend such an increase.

Some important players at the Pentagon remain unconvinced that a significant troop increase would help and, in fact, worry it could do more harm than good by giving Iraqis incentive not to make their own inroads. Democrats and other critics also fear American troops will remain mired unless the Iraqis are forced by the prospect of an imminent withdrawal of U.S. soldiers to make progress.

While in Baghdad, Gates did praise Iraqi leaders for having "some concrete plans in mind" to deal with the deadly militias that have brought the country to the brink of civil war between the Shiite majority and Sunni minority. He left Casey with the assignment of putting "flesh on those bones" in consultations over the next few days with the Iraqi government, which has had little success so far reining in the militias or quelling the bloodshed.

Bush has said all along that U.S. troops cannot come home until Iraqis are able to secure and defend their own country without significant American assistance.

The military component of Bush's upcoming plan has drawn the most attention, but it is only one part of what is expected to be a multi-pronged strategy.

It also will include a way to improve the dismal economic picture in Iraq and a new approach to both diplomacy in the region and to the delicate — and deadly — political situation inside Iraq.

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Bush, Gates Consult Over Iraq War Strategy (HC/AP)

By Jennifer Loven, Associated Press

Houston Chronicle, December 24, 2006

WASHINGTON — Moving closer to an overhaul of troubled war strategy, President Bush today heard firsthand from his new Pentagon chief, just back from a visit to Iraq.

Defense Secretary Robert Gates, finishing up his first week on the job, spent three days in Iraq before heading straight to Camp David in Maryland to report to the president on his conversations with Iraqi leaders and U.S. commanders and soldiers. While in Iraq, Gates expressed confidence that Iraqis can take the lead in reducing the violence and warned Iran and Syria not to meddle in their neighbor's affairs.

Bush, who is spending Christmas at the presidential retreat, was joined by Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and Hadley's deputy, J.D. Crouch, who is coordinating the administration's Iraq review.

A White House spokesman, Blain Rethmeier, said "the president is pleased with the progress being made" on crafting a new policy. The White House would provide no details of the hourlong discussion.

Bush has said he cannot settle on a revised war plan without input from Gates, who took over from Donald H. Rumsfeld at the Defense Department on Monday. The president is expect to announce his revamped Iraq strategy in a speech to the nation between the New Year's Day and Jan. 23, when he gives his State of the Union address.

The president is considering adding thousands of U.S. troops to the 140,000 already in Iraq as a way to control escalating violence, particularly in Baghdad.

The Los Angeles Times reported today that Gen. George Casey, the top U.S. commander in Iraq, and other military leaders in Iraq once skeptical of a "surge" in troops have decided to endorse the idea. Rethmeier would neither confirm nor deny the story.

Some important voices at the Pentagon, however, are not convinced that a significant troop increase would help and, in fact, worry it could do more harm than good.

Democrats about to take control of Congress and other war critics fear that American troops will remain mired unless the Iraqis are threatened with an imminent withdrawal of U.S. soldiers and forced to meet specific benchmarks.

Bush has changed his mind and now believes the Army and Marine Corps should be increased in overall size. This process would take years but still could address some doubts in the military about a short-term boost in Iraq.

While saying he has not decided whether to deploy more U.S. soldiers, the president has given another nod to military leaders by making clear he agrees that any such mission is only feasible if there is a defined mission that is clear and achievable.

Before leaving Baghdad, Gates would not say whether he supports a short-term troop increase. He did speak optimistically about Iraq's political leaders' commitment to taking over their own security and ability to deal with the militias that have brought the country to the brink of civil war.

The military component of Bush's upcoming plan has drawn the most attention. But it is only one part of what is expected to be a multi-pronged strategy.

It also will include a way to improve the economic picture in Iraq and a new approach to both diplomacy in the region and to the delicate — and deadly — political situation inside Iraq.

An anti-American, most Sunni insurgency has been replaced this year as the chief source of violence by bloodshed between Sunni and Shiite factions.

With public support for the war falling as violence and U.S. deaths rise, Bush has been eager to show he is ready to make changes, even while he rejects calls from many Democrats for significant troop withdrawals to begin soon. The president has talked often in recent weeks about the long commitment America must make to Iraq.

"Things are moving in a positive direction. But it's going to be a long haul," Gates said during his visit.

Looking ahead, the president has called a meeting of his National Security Council on Thursday at his Crawford, Texas, ranch.

"If you're serving on the front lines halfway across the world, it is natural to wonder what all this means for you," the president said today in his weekly radio address, taped before he left Washington on Friday for the holiday.

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"I want our troops to know that while the coming year will bring change, one thing will not change, and that is our nation's support for you and the vital work you do to achieve a victory in Iraq."

Also today, Bush called El Salvador's president, Tony Saca, to thank the country for extending its troop presence in Iraq.

Despite public sentiment against it, El Salvador's legislature this month approved Saca's request. The contingent scheduled to remain another year could be smaller than the 380 soldiers that have been in Iraq, mainly for humanitarian and rebuilding work.

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Associated Press writer Lolita C. Baldor contributed to this report.

Gates Gives Bush Evaluation Of Iraq War (WP)

By Peter Baker And Thomas E. Ricks, Washington Post Staff Writers

The Washington Post, December 24, 2006

Defense Secretary Shares Post-Trip Impressions as Strategy Review Continues

Defense Secretary Robert M. Gates headed to Camp David yesterday to brief President Bush and his national security team on his impressions from Iraq as the administration accelerated a debate over a proposed short-term escalation in troop levels to turn around the war.

Gates brought back from Baghdad a plan put forth by Iraqi leaders that would redefine the U.S. mission to focus more on fighting Sunni insurgents while the Shiite-led government tries to contain Shiite militias. He also brought back views from U.S. commanders on the ground, who have said publicly that they are open to a so-called surge in troops if their mission is clearly defined.

The Joint Chiefs of Staff have resisted additional troops unless a clear, achievable mission is defined and believe the White House is putting forward an ill-conceived idea in a desperate bid to salvage the situation. The Los Angeles Times reported yesterday that Gen. George W. Casey Jr. and Lt. Gen. Raymond Odierno, the top commanders in Iraq, have decided to recommend the surge, a position that if true could make it easier for Bush to go forward even if Pentagon generals remain unenthusiastic.

It was unclear, however, whether Casey was genuinely supporting a buildup or simply restating privately what he has already said publicly. "I'm not necessarily opposed to the idea," if sending more troops would help achieve strategic objectives, he said at a Baghdad news conference with Gates last week.

The White House and Pentagon officially had no comment. A Pentagon official, speaking on the condition of anonymity because of the sensitivity of the discussions, said it would be an exaggeration to say that Casey is pushing for additional troops.

"To say that Casey wants more forces, that isn't the case," the official said. Indeed, he said, Casey told Gates in Iraq that an infusion of U.S. forces would not help him politically with the Iraqi government and could impede reconciliation efforts.

"Casey's position all along has been, 'If you want to put additional forces in, I'm not opposed to that -- if it serves the strategic purpose, which is to put Iraqis in the lead,' " the official said.

Casey and Gates agreed that under the current "clear, hold and build" approach, more U.S. troops would be useful only as part of a broader reconstruction effort to hold areas after they have been cleared. This would involve immediate work such as garbage removal, followed by infrastructure projects.

Gates met for an hour at the presidential retreat with Bush, Secretary of State Condoleezza Rice, national security adviser Stephen J. Hadley and deputy national security adviser J.D. Crouch II.

"The president is pleased with the progress being made" in the strategy review, White House spokesman Blain K. Rethmeier said. He declined to discuss the briefing in detail.

During his trip, Gates was presented a two-pronged plan by Iraqi Prime Minister Nouri al-Maliki in which U.S. forces would target Sunni insurgents in Baghdad's outer neighborhoods instead of Shiite militias while Iraqi forces would take over security of the city center. Maliki would work to contain his fellow Shiite, Moqtada al-Sadr and his Mahdi Army militia. Under the plan, Maliki would accept an increase in U.S. troops in Baghdad.

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Bush had hoped to unveil a fresh approach to Iraq before Christmas but delayed a decision until next month so Gates could make his own evaluation. Gates, who was sworn in to succeed Donald H. Rumsfeld on Monday, had privately been critical of the war. The National Security Council will meet again Thursday at Bush's ranch near Crawford, Tex.

Bush used his weekly radio address to pay tribute to troops serving far from families at Christmas.

"I want our troops to know that while the coming year will bring change, one thing will not change, and that is our nation's support for you and the vital work you do to achieve a victory in Iraq," he said. "The American people are keeping you in our thoughts and prayers, and we will make sure you have the resources you need to accomplish your mission."

Commander Said To Be Open To More Troops (NYT)

By Michael R. Gordon And David E. Sanger

The New York Times, December 24, 2006

WASHINGTON, Dec. 23 — The American military command in Iraq is now willing to back a temporary increase in American troops in Baghdad as part of a broader Iraqi and United States effort to stem the slide toward chaos, senior American officials said Saturday.

President Bush and his advisers were told Saturday of the new position when Defense Secretary Robert M. Gates met with them at Camp David, an administration official said.

Until recently, the top ground commander in Iraq, Gen. George W. Casey Jr., has argued that sending more American forces into Baghdad and Anbar Province, the two most violent regions of Iraq, would increase the Iraqi dependency on Washington, and in the words of one senior official, "make this feel more like an occupation."

But General Casey and Lt. Gen. Raymond T. Odierno, who has day-to-day command of American forces in Iraq, indicated they were open to a troop increase when Mr. Gates met with them in Baghdad this week.

"They are open to the possibility of some increase in force," a senior Defense Department official said. "They are supportive of taking steps to support the Iraqis in their plan, including the possible modest augmentation in U.S. combat forces."

"Nobody has decided anything yet and they have not made a formal recommendation," the official continued. "They are open to the idea of such an option and are weighing how best to execute it and what the traffic will bear with the Iraqis."

The possible increase in troops, officials said, ranges from fewer than 10,000 to as many as 30,000.

Politically, winning the support of American generals for the additional troops is crucial to Mr. Bush if he hopes to make the increase part of the new strategy he is expected to announce in early January.

Over the past two weeks, Mr. Bush has appeared at odds with the generals in some of his comments, as the White House veered toward strategies that involve a greater show of force and some members of the Joint Chiefs of Staff questioned whether a "surge" in forces would make a lasting difference.

The Camp David meeting convened by President Bush included Mr. Gates, Secretary of State Condoleezza Rice and the national security adviser, Stephen J. Hadley, for what the White House called a chance for Mr. Gates, who took office this week, to report on his findings. Mr. Bush plans to convene a full meeting of the National Security Council on Thursday at his ranch in Crawford, Tex.

The key to any new strategy, some officials said, would be a binding commitment by the Iraqi government that it would provide far more troops as well, and take other steps to try to slow the sectarian violence. The government of Prime Minister Nuri Kamal al-Maliki has repeatedly stressed the desire to take charge of the security situation in Baghdad, but failed to send most of the reinforcements the Americans requested this summer during a beefed-up effort to quell the violence.

It is unclear how Mr. Bush plans to enforce any commitments from Mr. Maliki, but Mr. Gates said in Baghdad before flying home that he sensed "a broad strategic agreement between the Iraqi military and Iraqi government and our military."

"There is still some work to be done," he said. "But I do expect to give a report to the president on what I've learned and my perceptions." Mr. Gates was joined on his Iraq tour by officials from the White House and other parts of the government.

Administration officials, who spoke anonymously because they were not authorized to publicly discuss internal deliberations, said that General Casey had not yet submitted a formal recommendation to Mr. Gates and Mr. Bush. Mr. Gates, they said, asked General Casey to enter into final discussions with Iraqi officials on the specifics of their role.

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But officials said General Casey was coming closer to the position of General Odierno that a greater a show of force would be critical to the effort to contain the Sunni insurgency and tamp down the violence by Shiite militias. The shift in the general's position was first reported in The Los Angeles Times on Saturday.

General Casey has long argued that the principal emphasis of American policy should be on training Iraqi security forces, and handing over responsibility to the Iraqi military and police. In a plan General Casey presented in Washington in June, he anticipated reducing some American combat troops in September. But his plan was shelved after the surge in violence in Iraq.

As the sectarian killings escalated, the White House began to explore the option of sending more troops as a broader strategy to secure Baghdad. The idea was raised in a November memo prepared by Mr. Hadley. Mr. Bush discussed the option during a recent meeting with the Joint Chiefs of Staff that was organized as part of the administration's Iraq strategy review.

Some generals appeared notably unenthusiastic. Some members of the Joint Chiefs appeared worried about the strain it would place on the Army and the Marines. Gen. John P. Abizaid, the top American commander for the Middle East, told Congress last month that adding 20,000 troops would improve security, but argued that the effect would only be temporary because the United States military was not large enough to sustain such an increase indefinitely.

As for General Casey, he suggested Wednesday that he was neither the originator of the idea nor actively lobbying for it. At the same time, he indicated that he was not adamantly opposed to it. "Additional troops have to be for a purpose," the general said. "I'm not necessarily opposed to the idea, but what I want to see happen is, if we do bring more American troops here, they help us progress toward our strategic objectives."

Should Mr. Bush decide to send more troops, General Casey's backing for a such a step would help the president deal with Congressional critics, who have pressed the administration to begin a withdrawal. It would also aid him with Republicans, some of whom were taken aback this week when Colin L. Powell, the former secretary of state who also served as chairman of the Joint Chiefs of Staff, said Mr. Bush had not yet clearly defined a role for additional troops that made it worth the projected casualties and deeper American involvement.

Mr. Gates said during the trip that he did not believe that Iraqi leaders were deeply split on the question of an increase in the American presence. Mr. Maliki proposed a plan to Mr. Bush in their meeting last month in Amman, Jordan, under which the Iraqis would assume direct command of its 10 Army divisions and a National Police division by June.

The Iraqi prime minister also proposed that his government assume the primary responsibility for security in Baghdad over the next several months while most American forces would move to the periphery of the city. The idea of moving American troops to the capital's outskirts is consistent with General Casey's long-term plan, but the Iraqi time frame is far more compressed. Some of Mr. Bush's aides have expressed concern that the Iraqis' desire for control outstrips their capacity.

However, as a political matter, officials said, it is crucial that Mr. Bush be able to announce that any increase in American troops will be made in parallel with a similar commitment by the Iraqis, and that the eventual goal of the strategy is to put the Iraqis in the lead. The Iraqis promised to send two brigades of Iraqi Army troops this summer, but most of the troops never arrived.

Lt. Gen. Martin Dempsey, who oversees the training of Iraq's security forces, said this week that he was overhauling his training efforts so that Iraqi Army units would be easier to deploy, including providing more pay.

"We've got two or three brigade headquarters and six additional battalions that are scheduled now over the next couple of months to come to Baghdad," he said. An Iraqi battalion nominally has more than 700 soldiers, but the actual number is often far less, since many soldiers are on scheduled leaves or absent without leave.

Top Shiite Cleric Balks At Plan For Iraq (AP)

By Qassim Abdul-zahra, Associated Press Writer

AP, December 24, 2006

A U.S.-backed plan to form a political coalition of Iraq's Shiites, Sunni Arabs and Kurds — a glimmer of hope in a nation torn by sectarian violence — failed to win the crucial support of the top Shiite cleric Saturday.

Lawmakers who presented the plan to Grand Ayatollah Ali al-Sistani in the holy city of Najaf said they were told the unity of Shiites, who have the largest bloc in parliament, had to come first.

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By shunning the coalition plan, al-Sistani sought to unite the Shiite's fractured 130-member United Iraqi Alliance. But his decision — which carries great weight with the country's Shiite majority — significantly weakens American hopes for a national unity government and strengthens the hand of the radical Shiite cleric Muqtada al-Sadr.

Al-Sistani's decision may not doom the proposed coalition, but it significantly reduces its chances.

"There are obstacles in the face of forming this coalition, because al-Sistani does not support it," said Hassan al-Suneid, a top aide to Prime Minister Nouri al-Maliki.

An official close to al-Sistani, who spoke on condition of anonymity because he was not authorized to talk to the media, said the cleric "will not bless nor support any new bloc or front. He only supports the unity of the Shiites."

The proposed coalition — which would not have included al-Sadr's supporters — could have isolated the militant cleric, commander of a militia army blamed for many sectarian attacks.

Two U.S. soldiers were killed Saturday in separate roadside blasts near Baghdad, the U.S. military said. One bomb exploded southeast of the capital near a patrol searching for "suspected terrorists," it said. That blast also wounded four other U.S. soldiers. The other bomb exploded southwest of Baghdad, near a patrol delivering supplies to units in the area.

Police in Baghdad said they discovered 47 bodies — apparent victims of violence between Sunni and Shiites.

Meanwhile, President Bush met with his new defense secretary Robert Gates at his presidential retreat in Camp David, Md., to discuss military options for Iraq including a proposal to send thousands more troops to the 140,000 already in Iraq to try to quell escalating violence, particularly in Baghdad.

The president is expect to announce a revamped Iraq strategy in a speech to the nation between New Year's Day and Jan. 23, when he gives his State of the Union address.

In Iraq, the focus was on politics. Several weeks ago, 30 Iraqi lawmakers and six Cabinet ministers who support al-Sadr launched a boycott of the government. They were protesting a meeting between the prime minister and President Bush.

Now the 275-member Iraqi parliament is in virtual paralysis.

On Saturday, the same Shiite delegation in Najaf that courted al-Sistani tried to persuade al-Sadr to bring his supporters back into government. Al-Sadr did not give a definite answer, according to some of those who met with him.

"He will give his final decision whether to rejoin the government and parliament after Eid al-Adha," Khaled al-Attiya, an independent who is parliament's deputy speaker, said after the meeting. Iraq's Shiites will celebrate the holiday from Dec. 31 to Jan. 4.

Some of al-Sadr's aides had earlier said he would soon end his political boycott and call off attacks by his militia, at least temporarily.

But al-Sistani's rejection of the new coalition — which would have excluded al-Sadr's supporters — strengthened his hand.

Al-Sistani holds no political post and rarely emerges from his home and adjacent office. But his word is considered law by many Shiites.

Despite this, Shiite militants, including members of al-Sadr's Mahdi Army, have not heeded al-Sistani's appeals for peace in Iraq. Many Iraqis on both sides of the sectarian divide view militias as their only form of defense.

One of al-Sadr's key demands is a timetable for the withdrawal of U.S. forces from Iraq.

Without progress toward political reconciliation in Iraq, some observers say, the security situation in the country is likely to remain grim.

In violence on Saturday, an Iraqi military intelligence officer was killed in a drive-by shooting south of Baghdad, police said. Six civilians were killed when a mortar shell hit a house in Baqouba, north of the capital. U.S.-led forces raided a militant hide out in Ramadi, west of Baghdad, killing one person and detaining nine.

Key Iraqi Cleric Rejects U.S. Bid For Moderate Political Bloc (WP)

By Nancy Trejos And Saad Sarhan, Washington Post Staff Writers

The Washington Post, December 24, 2006

BAGHDAD, Dec. 23 -- Iraq's most revered Shiite Muslim cleric has rejected calls for a U.S.-backed effort to form a bloc of moderate Shiite, Sunni Arab and Kurdish leaders to isolate extremists in the government, Shiite leaders said Saturday.

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Members of the United Iraqi Alliance, the dominant Shiite coalition in parliament, said they discussed the bloc with Grand Ayatollah Ali Sistani during a two-hour meeting at his home in Najaf on Saturday.

U.S. leaders say that such a bloc, proposed by national security adviser Stephen J. Hadley in a leaked Nov. 8 White House memo, would dampen the influence of firebrand Shiite cleric and militia leader Moqtada al-Sadr by bolstering his political rivals.

Sistani's endorsement of the proposal was considered key. But during the meeting, Shiite leaders said, Sistani called on them to keep the 130-member United Iraqi Alliance intact.

"Grand Ayatollah Ali Sistani is against any coalition that might weaken the United Iraqi Alliance," said Hasan Suneid, a Shiite lawmaker with Prime Minister Nouri al-Maliki's Dawa party.

Maliki and the Dawa party, part of the United Iraqi Alliance, have been unenthusiastic about the proposal from the beginning because they believe that isolating Sadr would exacerbate tensions. Maliki is beholden to Sadr, who supported his bid to become prime minister.

In recent days, spokesmen for Sistani have denied media reports that he had tentatively approved the coalition and said he was neither supporting nor opposing it and was interested simply in keeping Shiites united.

Basher al-Assadi, a deputy to Sistani, said the cleric "has not given his blessing to the new alliance because it is not complete, as other forces have been excluded from it."

Abdul Karim al-Inazi, another member of the Dawa party, said the leaders do not want to exclude Sadr from the political process. Sadr controls 30 seats in parliament. "We believe the Sadr trend is one of the important blocs," Inazi said. "They are present, and we do not want any group to be weakened."

To some extent, Sadr has already isolated himself from other Shiite leaders, some of whom consider him too confrontational. Last month, he ordered his loyalists to withdraw from parliament to protest Maliki's decision to meet in Jordan with President Bush.

Shortly after ending their discussion with Sistani on Saturday, the Shiite leaders visited Sadr at his home in Najaf and urged him to allow his loyalists to return to government.

Haidar al-Ubadi, a senior official of the Dawa party, said, "Our brothers in the Sadr bloc are on their way to returning to the government and the parliament."

But other participants said Sadr's response was not definitive and more discussions were needed. "I hope that this crisis will be over soon, just after one or two meetings with his eminence and the Sadr bloc," Inazi said.

Meanwhile, the southern city of Samawah remained under curfew a day after clashes between Iraqi forces and Shiite militiamen loyal to Sadr, in which five people were killed and 17 were wounded, the Associated Press reported.

Southwest of Baghdad, a U.S. soldier was killed by a roadside bomb Saturday while delivering supplies, the U.S. military said. A separate roadside blast killed one U.S. soldier and wounded four others on patrol southeast of the capital, the Associated Press reported. In Diyala province, four police officers were killed in clashes with armed groups, local police said.

Sarhan reported from Najaf. Special correspondent Waleed Saffar in Baghdad contributed to this report.

Yes, You Are The Person Of The Year! (NYT)

By Frank Rich

The New York Times, December 24, 2006

TIME'S choice for 2006 Person of the Year — "You" — was a bountiful gift of mirth to America, second only to the championship Donald Trump-Rosie O'Donnell bout as a comic kickoff to the holiday season. The magazine's cover stunt, a computer screen of Mylar reflecting the reader's own image, was so hokey that Jon Stewart and Stephen Colbert merely had to display it on camera to score laughs. The magazine's disingenuous rationale for bestowing its yearly honor on its readers was like a big wet kiss from a distant relative who creeps you out.

According to Time, "You" deserve to be Person of the Year because you — "yes, you," as the cover puts it — "control the Information Age" and spend a lot of time watching YouTube and blogging instead of, well, reading dead-tree media like Time. The pronouncements ginned up to inflate this theme include the observation that "Thomas Paine was in effect the first blogger" (which presumably makes the Old Testament in effect the first Facebook). The desperation of Time to appear relevant and hip

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— "fantastically cutting-edge and New Media," as Nora Ephron put it in a hilarious essay for The Huffington Post — was embarrassing in its nakedness.

And sad. This editorial pratfall struck me, once a proud Time staff member, as a sign that my journalistic alma mater might go the way of the old Life. Like Time today, Life in the late 1960s was a middle-of-the-road publishing fixture sent into an identity crisis by the cultural revolution that coincided with a calamitous war. The fabled weekly finally shut down in 1972, the year Rolling Stone celebrated its fifth anniversary.

Let's hope publishing history doesn't repeat itself. So in Time's defense, let me say that the more I reflected on its 2006 Person of the Year — or perhaps the more that Mylar cover reflected back at me — the more I realized that the magazine wasn't as out of touch as it first seemed. Time made the right choice, albeit for the wrong reasons.

As our country sinks deeper into a quagmire — and even a conclusive Election Day repudiation of the war proves powerless to stop it — we the people, and that includes, yes, you, will seek out any escape hatch we can find. In the Iraq era, the dropout nostrums of choice are not the drugs and drug culture of Vietnam but the equally masturbatory and narcissistic (if less psychedelic) pastimes of the Internet. Why not spend hour upon hour passionately venting in the blogosphere, as Time suggests, about our "state of mind or the state of the nation or the steak-frites at the new bistro down the street"? Or an afternoon surfing from video to video on YouTube, where short-attention-span fluff is infinite? It's more fun than the nightly news, which, as Laura Bush reminded us this month, has been criminally lax in unearthing all those "good things that are happening" in Baghdad.

As of Friday morning, "Britney Spears Nude on Beach" had been viewed 1,041,776 times by YouTube's visitors. The count for YouTube video clips tagged with "Iraq" was 22,783. Not that there is anything wrong with that. But compulsive blogging and free soft-core porn are not, as Time would have it, indications of how much you, I and that glassy-eyed teenage boy hiding in his bedroom are in control of the Information Age. They are indicators instead of how eager we are to flee from brutal real-world information that makes us depressed and angry. This was the year Americans escaped as often as they could into their private pleasure pods. So the Person of 2006 was indeed you — yes, you.

Unless it was Borat. The often uproarious farce that took its name from that hopelessly dense and bigoted fictional TV correspondent from Kazakhstan was the year's most revealing hit movie. It was escapism incarnate, and we couldn't eat it up fast enough. "Borat" also encapsulated the rising xenophobia that feeds American fantasies of the ultimate national escape: fencing off our borders from the world. If its loutish title character hadn't been invented by Sacha Baron Cohen for us to ridicule and feel morally superior to, then Lou Dobbs would have done it for him.

The second most revealing movie hit of this escapist year was "Casino Royale." Though technically an updating of the old Bond franchise — it is, nominally at least, set in the present — its screenplay actually hewed closely to the original Ian Fleming novel of 1953. The film merely changed the villain from a lethal Soviet operative to a terrorist financier, thereby recasting the confusing, hydra-headed threat of Al Qaeda and its ilk as a manageable, easily identifiable enemy that 007 could vanquish as decisively as the ham-fisted Iron Curtain Commies. Better still, Daniel Craig's James Bond smites the terrorists in two hours plus change, not the 24 hours it takes Kiefer Sutherland's Jack Bauer. There could be no happier fairy tale for a country looking in the eye of defeat.

"Christ, I miss the cold war," M, Bond's boss at British intelligence, says early on in "Casino Royale." M — the reassuring Judi Dench — speaks for the entire audience. Nostalgia for the cold war, which America won unambiguously, was visible everywhere this year as we lost a war that has divided the country. In Florida, there was a joyous countdown to Fidel Castro's imminent demise. At NASA, there was a new plan to return to the moon. Throughout the news media, there was a Hannibal Lecterish pleasure in the excruciating physical decline of Alexander Litvinenko, the former KGB spy murdered by poison. As the CNN anchor John Roberts put it rather gleefully, "For many of us, headlines out of London seemed like a James Bond movie or a distant echo of the cold war." Heaven knows those headlines were easier to take than those coming out of the hot war — or, for that matter, out of London itself when terrorists struck there 18 months ago. It's no surprise that "Casino Royale" sold way more tickets than "World Trade Center" and "United 93" combined.

The most revealing index of our lust for escapism this year cannot be found at YouTube or the multiplex, however, but in the sideshow villains who distracted us from main news events in the Middle East: James Frey, Mel Gibson, Michael Richards and Judith Regan. It was a thrill beyond schadenfreude to watch them be soundly thrashed and humiliated for their sins.

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FAR be it for me to defend any of them; Mr. Gibson once threatened to have my "intestines on a stick" after I raised the notion that the author of "The Passion of the Christ" might be an anti-Semite. But our over-the-top pleasure in their comeuppance still seems like escapist fare. It may be satisfying to see "Apocalypto" fade fast after its opening weekend or watch Ms. Regan lose her job after enriching O. J. Simpson for a sleazy book project. Yet something is out of whack when these relatively minor miscreants are publicly stoned and the architects of a needless catastrophe that has cost thousands of American and Iraqi lives escape scot-free. On the same day that Ms. Regan was canned, the fired Donald Rumsfeld was given a 19-gun salute and showered with presidential praise in a farewell ceremony at the Pentagon.

For that matter, Ms. Regan's worst offenses can't compare even with those of her former lover, Bernard Kerik, the Giuliani-era New York City police commissioner who was appointed by President Bush in 2003 to train Iraqi's police. Mr. Kerik promised to stay "as long as it takes to get the job done," then fled months later without explanation and without the job even started. Today the Iraqi police he failed to train are not only useless but are also routinely engaged in sectarian violence, including torture, helping to ensure that Iraq is more dangerous for everyone than ever, American troops included.

Mr. Kerik has never been held accountable for that failure, only for less lethal and unrelated graft in New York. Paul Bremer, whose early decisions as our Iraqi viceroy all but guaranteed our defeat, received the highest civilian award from the president. So did both George Tenet, who presided over the "slam dunk" intelligence that sped us to war, and Gen. Tommy Franks, who let Osama bin Laden get away. Even now, no generals have been fired for their failures in Iraq; the only one to lose his job was the former Army chief of staff, Eric Shinseki, who antagonized Mr. Rumsfeld before the war by correctly warning that hundreds of thousands of American troops would be needed to secure Iraq. But never mind. That's ancient history. We can avoid confronting these morally grotesque skeletons in our closet as long as we can distract ourselves with Michael Richards's meltdown.

Besides, it's time for the home front to party. Whatever else is to be said about Time's Mylar cover, it's news you can literally use: it is just a paper shredder away from being recycled as the most glittering of New Year's Eve confetti.

U.S. Airstrike Kills Close Ally Of Bin Laden, Pentagon Says (NYT/AP)

By The Associated Press

The New York Times, December 24, 2006

KABUL, Afghanistan, Dec. 23 (AP) — A leading Taliban military commander described as a close associate of Osama bin Laden and the Taliban leader Mullah Muhammad Omar was killed in an airstrike this week close to the border with Pakistan, the United States military said Saturday. A man identifying himself as a Taliban spokesman denied the report.

The commander, Mullah Akhtar Muhammad Osmani, , was killed Tuesday by an American airstrike as he traveled by vehicle in a deserted area in Helmand Province in the south, the United States military said. Two of his associates were also killed, it said.

Mr. Osmani, regarded as one of three top associates of Mullah Omar, is the highest-ranking Taliban leader that the coalition has reported killing or capturing since the American-led invasion in late 2001.

Afghan officials made no immediate confirmation, and no visual proof was offered to support the report. An American spokesman said that "various sources" were used to confirm Mr. Osmani's identity.

A man who identified himself as Qari Yousef Ahmadi and who said he was a Taliban spokesman denied that Mr. Osmani had been killed, saying that the airstrike had instead killed Mullah Abdul Zahir, a group commander, and three other Taliban fighters. "I confirm that Osmani is alive and is in Afghanistan," Mr. Ahmadi said by telephone from an undisclosed location.

Col. Tom Collins, an American military spokesman, said that officials had waited four days to announce the news in part so that they could be sure it was Mr. Osmani who died in the strike.

Mr. Osmani, the Taliban's chief military commander in southern Afghanistan, played a central role in attacks including roadside bombs, suicide attacks and kidnappings, Colonel Collins said.

Mr. Osmani, among "co-equals" at the top of the Taliban leadership chain just under Mullah Omar, was in charge of the movement's finances, Colonel Collins said.

He said that Mr. Osmani had been using both sides of the Afghan-Pakistan border, and that the United States military had been tracking him "for a while."

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Taliban Figure Killed In Airstrike, U.S. Says (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, December 24, 2006

Militia Disputes Report On Bin Laden Associate

A top Taliban leader and close associate of Osama bin Laden has been killed in a U.S. airstrike in southern Afghanistan near the Pakistani border, the U.S. military said in a statement Saturday.

Akhtar Mohammad Osmani was traveling in a deserted area of Helmand province on Tuesday when his vehicle was struck, immediately killing him and two unidentified people, the U.S. military said. Osmani was described as the highest-ranking member of the Taliban killed since late 2001.

"Osmani was in the top ring of the Taliban leadership, and he was also a close associate of Osama bin Laden," said Col. Tom Collins, a U.S. military spokesman. Collins said Osmani also had close ties to Gulbuddin Hekmatyar, an Afghan militia leader once allied with the United States who is now an anti-American fugitive.

The Taliban denied that Osmani had been killed.

U.S. military officials in Kabul, the Afghan capital, said Osmani had been operating on both sides of the Afghan-Pakistani border. Afghan officials have complained for months that senior Taliban insurgents are able to move freely in parts of Pakistan's border regions, but the government of Pakistan has denied the assertions, insisting that the Taliban is based in Afghanistan and that the Afghan government should control its own borders.

In an interview in his Washington office last week, Mohammed Ali Durrani, Pakistan's ambassador to the United States, repeated this assertion, saying the Afghan government had not done enough to stop the revived insurgency.

"Ten percent of the problem is in Pakistan, and 90 percent of it is in Afghanistan," Durrani said. "We are doing our best, and we are doing more than anyone else in the region to stop terrorism and solve the problems on our side of the border. Our question is, what the hell is everyone doing on the other side? Why is Pakistan being constantly blamed?"

Osmani's reported death could put a major dent in Taliban operations in Helmand province, a vast, dry region where the insurgents have been able to operate freely in the lawless and cash-rich environment created by the heavy presence of opium poppy cultivation and drug trafficking.

The province has become increasingly engulfed in violence despite aggressive combat operations by British troops based there. On Dec. 12, a suicide bomber attempted to assassinate the governor in his compound, killing six policemen and two civilians. In an effort to stem the bloodshed, NATO agreed to a peace pact with Taliban leaders in one district of Helmand in September, but insurgent attacks surged elsewhere in the province.

During the Taliban's rule from 1996 to 2001, Osmani was known as one of its most influential, hard-line Islamic ideologues. This made it especially ironic that in recent months he was commanding insurgent operations in Helmand, where the Taliban once banned opium growing as un-Islamic. Since the Taliban was ousted, Helmand has become the country's top producer of opium poppies.

Ahmed Rashid, a Pakistani journalist and author of the book "Taliban," told the Associated Press that Osmani was also instrumental in some of the Taliban's most notorious actions, including the demolition of the ancient Buddha statues in Bamian and the trial of Christian aid workers, both of which occurred in 2001, several months before the Taliban was toppled by U.S.-led forces. The aid workers were rescued by U.S. Special Forces.

Aiding And Abetting The Taliban? (LAT)

By Paul Watson, Times Staff Writer

The Los Angeles Times, December 24, 2006

Pakistanis appear to be helping fighters attack Afghan border police.

AFGHANISTAN — The guerrillas followed a dirt road from the Pakistan border through a valley surrounded by low, grassy mountains to their target: an Afghan police post.

Not long after sunset, they opened fire from several sides. For almost four hours, scores of suspected Taliban fighters outgunned the lightly armed Afghan border police, and almost overran their camp.

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Then, as quickly as it started, the fight ended. The militants picked up their dead and wounded and fled back into sanctuaries, three miles away, in one of the loosely governed tribal areas of Pakistan.

"A hundred armed Taliban men passed through the Pakistani border with their equipment, and with their rocket-propelled grenade launchers," said Qasim Khail, commander of the Afghan border police's 2nd Brigade, which guards the post here. "And they retreated the same way. There are only two escape routes out of here, and both of them end at a Pakistani border post."

Confidential documents obtained by The Times show that for at least two years, U.S. military intelligence agencies have warned American commanders that Taliban militants were arming and training in Pakistan, then slipping into Afghanistan with the help of Pakistani border control officers.

Pashtuns signed pact

On Sept. 5, Pashtun tribal leaders in Pakistan's North Waziristan border region signed a pact with the central government led by President Pervez Musharraf, an avowed ally of the U.S. in its declared war on terrorism.

Under the agreement, the Pakistani army, which had fought fierce battles with pro-Taliban militants, withdrew from the region, leaving a tribal force in charge of border posts. In return, the tribesmen foreswore giving support, training and sanctuary to Taliban and Al Qaeda-linked fighters, although some foreigners were allowed to remain.

But the violence has not abated. Instead, Afghan officials and the U.S. military say that since the pact was signed, cross-border attacks have surged.

Like many Afghans, Khail believes that despite Musharraf's persistent denials, his country's Inter-Services Intelligence agency still supports the Taliban and at least some of its allies. The intelligence documents show that the U.S. military shared this suspicion as recently as the start of this year.

Doubts about Pakistan's denials are reminiscent of the 1990s, when Islamabad insisted the intelligence service did not help found, train and arm the Taliban, though Pakistani heavy weapons and military officers were found among Taliban units.

Pakistan has historically sought influence in Afghanistan, in part because of a border dispute dating back to 1893, when the British drew a border, called the Durand Line, that divided the Pashtun tribal areas.

When Musharraf was forced to publicly turn against the Taliban after the Sept. 11 attacks, some in Pakistan's security establishment warned that it could lose influence in Afghanistan, a strategic crossroads between oil-rich Central Asia and the energy-starved Indian subcontinent. The increasing influence of rivals like India, Iran, Russia and China have confirmed such fears.

Here in Khowst province, which borders North Waziristan, militants have killed at least 12 Afghan border police and wounded 52 since early September, Khail said.

Most villagers have family ties that cross the border. They believe that their government is too weak to defend them and they are drifting toward the real power in the region, the Taliban, added Khail, who like most of the Taliban is Pashtun.

In October, Khail said, Taliban fighters who attacked a border post took the body of an Afghan border policeman back to Pakistan, where they mutilated it and paraded it around a village. Khail soon got a phone call from a Pakistani police officer, who told the Afghan commander that he could pick up the Afghan's remains at the border in exchange for the body of a Taliban militant. Among the three Pakistanis attending the exchange was a man in a Pakistani police uniform, Khail said.

"The Pakistani police know everything about the border problems," he charged. "The Pakistanis are giving them the weapons and they are arranging the Taliban attacks. They are training them and they give them food. There are hundreds of training camps there in Pakistan."

Repeated warnings

Intelligence warnings have for months documented U.S. worries about Pakistan's role in providing a haven for Afghan insurgents.

A map prepared in early 2005 for a U.S. Army Special Operations task force warned that officers at Pakistani border control posts were "assisting insurgent attacks." It showed militants' infiltration routes from Pakistan, several of which crossed from North Waziristan to Khowst province, where members of Osama bin Laden's Al Qaeda terrorist network who have long been based in Afghanistan are still active.

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On Jan. 19 of this year, a report from the U.S. military's Joint Intelligence Task Force said that Al Qaeda continued "to provide expertise and resources, such as weapons, training, and fighters to anti-coalition groups including the Taliban" and its allies, among which is Gulbuddin Hekmatyar's Hizb-i-Islami militia.

In a separate report the same month, the Pentagon's Defense Intelligence Agency, or DIA, identified six eastern provinces, including Khowst, as "Al Qaeda strongholds."

"These locations allow Al Qaeda members easy entrance and exit over the Afghanistan/Pakistan border," it added.

The document identified Al Qaeda's commander in Afghanistan as Khalid Habib, and said "Al Qaeda maintains close ties to the Taliban and has received technical support and training from Pakistani militant groups."

It warned that armed Afghans, Arabs and Pakistanis who might attack U.S. forces were in Afghanistan. And it said Pakistan's Inter-Services Intelligence directorate posed "a HIGH intelligence threat to U.S. and Coalition forces."

Pakistani intelligence agencies were recruiting sources among Afghan interpreters for U.S. forces, collecting information on U.S. counterintelligence operations, the report said. It also noted continued risks for the U.S. military posed by spies for Iran, Russia and India.

The DIA report said Iranian spies gathered information from the U.S. Embassy's Afghan guards, interviewed Afghan visitors and shadowed American staff. It described the Iranians as a "critical threat."

Another DIA report from early this year said senior Taliban leaders in Pakistan were directing operations that had led to a fourfold increase in suicide bombings. It said the bombings were carried out to boost Taliban morale and to show financial backers that it was worth funding the insurgency.

Like several other intelligence reports, the "Warning Assessment for Afghanistan" suggested Mullah Mohammed Omar, the Taliban's supreme leader, may have split with other senior commanders over the increased used of suicide bombings. Omar's faction appeared "concerned about collateral damage turning the populace against the movement," it said.

Remains of the battle

After the Nov. 27 battle at Lizha, about 12 miles southwest of a U.S. base in this border region, Khail's men counted 27 Taliban rocket-propelled grenade blast sites. One RPG exploded in the small, empty room where the police normally slept.

The 25 Afghan police defending the post had four RPGs; one hit a Taliban guerrilla as he crawled toward a gap in the camp's wall.

Days after the battle, the charred and blood-soaked remains of the patu blanket that he had worn lay on the ground, along with dried soybeans that he had spilled, about 15 yards from the barrier.

At least five militants were killed in the battle; the fighters took the bodies of three back with them. Afghan police, who did not suffer casualties, buried the other two near the dirt road leading to Pakistan. One of the dead men's black size 10 shoes lay at one end of his stony grave.

The raid was the third on the border post in as many months. Each time, the militants approached through the Zhawar Valley, which leads to an area of North Waziristan dominated by Taliban commander Jalaluddin Haqqani. His forces have a reputation for kidnappings, suicide bombings and other terrorist attacks.

Haqqani became the Taliban's supreme military commander on the eve of the 2001 war with U.S. and allied Afghan forces, and has escaped several U.S. airstrikes. His men appear determined to seize the Lizha camp; each attacking force is bigger and better-armed than the last, Khail said.

Abdul Ghafaar, the Lizha post's commander, said he radioed Khail in Khowst for help when his police came under attack Nov. 27. Khail said he immediately phoned the nearby U.S. base, which promised to send aircraft. But the besieged police post never saw one.

NATO, which took over command of U.S. troops in eastern Afghanistan in October, said a support aircraft flew over the area but did not attack enemy forces.

Khail recently invited five tribal elders to his office in the hope of persuading them to help stop attacks on the border posts. The elders weren't sympathetic.

"They attacked my house," Haji Shad Raan said. "They have killed hundreds of our elders and they will try to kill us too. Now the first question you have to answer is, 'Who should I defend, my house or your post?' "

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When Khail spoke, he was nearly pleading. "I know that your tribe is very brave, and I know that your tribesmen are very brave," he said he told them. "But all I complain about is that the enemy shoots at me from your door. The enemy shoots at me from your mosque. Can you do this much and stop them from shooting at me from your doorstep? Can't you?"

After the meeting, Khail said he understood why the elders were supporting his enemies. The Taliban is stronger, and in Pashtun culture, that commands respect and allegiance.

"We don't need a government that has no power or the ability to protect us," Gul Ahmad Khan told the police commander. "We know that this government is very weak. It only stands with the power of foreigners and nothing else."

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CORPORATE SCANDALS:

Can Private Equity Build A Public Face? (NYT)

By Charles Duhigg

The New York Times, December 24, 2006

ON the upper floors of a soaring Midtown Manhattan skyscraper, behind heavy glass doors that do not bear his name, sits Stephen A. Feinberg, one of the country's most powerful — and anonymous — financiers.

Over the last few years Mr. Feinberg's $24 billion investment fund, Cerberus Capital Management, named after the mythological three-headed dog that guards the gates of hell, has quietly acquired some of the world's best-known companies. The car rental chains National and Alamo, as well as parts of Air Canada and the retailers Mervyn's and Albertson's, are now all within the Feinberg empire.

Last month, when Mr. Feinberg secured a majority stake in General Motors' financing arm, GMAC, he gained control of America's seventh-largest financial institution. Through another company it controls, I.A.P. Worldwide Services, Cerberus is poised to become one of the Army's largest contractors in Iraq. Earlier this month, Cerberus and other funds offered to invest up to $3.4 billion in the Corporation">Delphi Corporation, the auto parts giant.

All told, Cerberus has a controlling interest in more than 45 companies that employ more than 250,000 people and generate $50 billion in revenue each year, more than the sales of Microsoft, Motorola or PepsiCo. The fund has earned an average annual return of about 22 percent over the last seven years, according to its marketing materials, and Institutional Investor magazine estimated that Mr. Feinberg took home a $75 million paycheck in 2004. The executive ranks of Cerberus include former Treasury Secretary John W. Snow and former Vice President Dan Quayle.

For all of that, however, very little is known about Cerberus beyond its intimidating name — a reflection of how greatly Wall Street players like Mr. Feinberg value secrecy, and the pivotal role stealth plays in amassing and deploying the vast pools of capital that private equity investors control.

"Secrecy is very important to how takeover deals get done," said Henry T. Hu, a professor of corporate and securities law at the University of Texas at Austin. "Secrecy gives you access to private information. It lets you bid on companies before the competition is aware they are for sale. Secrecy is part of how this industry works."

But it also has its downside. Although many backers of Cerberus say Mr. Feinberg, 46, is known for his loyalty to investors and partners, his analytical savvy and his creative takeover strategies, the fund's tactics in the bare-knuckled and risky arena of distressed-debt investing have given Cerberus its share of bruises. Court documents detail legal brawls in which investors accuse Cerberus of orchestrating secretive deals that transgressed legal and ethical boundaries, accusations the firm denies.

"These guys come from a different background than other buyout firms," said Joel M. Simon, a principal at XRoads, a financial advisory firm, when asked to describe how Cerberus operates. "When you play in the distressed arena, you develop sharp elbows. They have a reputation as tough negotiators who avoid public attention."

That reputation can also be a liability. Cerberus has lost out on deals because of its secretive image, and it risks attracting the kind of regulatory scrutiny the takeover industry as a whole is trying to avoid. So Cerberus is trying to change. In the spirit of greater openness, it recently built a Web site to give the public a sliver-sized glimpse of the firm. Along with high-profile hires of political heavyweights, Cerberus has become a major political donor. It has distanced itself from its roughneck roots by hiring

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dozens of image-improving blue-chip executives and, during the GMAC announcement, went so far as to let a senior manager appear at a press conference for the first time in the fund's history.

But don't ask for a photo of Mr. Feinberg, an interview with him or even a visit to the company's Park Avenue headquarters — there are only so many shifts that Cerberus is willing to embrace. And the changes that Cerberus refuses to adopt speak to the struggles that many takeover groups confront as they try to establish an image as good corporate citizens rather than opportunists looking for a fast buck.

"The public wants to know who is buying up corporate America," said Felix G. Rohatyn, a well-regarded dean of Wall Street's investment banking industry. "It will be interesting to see how far those at the top are willing to pull back the veil."

THE son of a World War II veteran, Mr. Feinberg founded Cerberus in 1992 with $10 million, a plan to speculate in the debt of troubled public companies and a reputation for honest and tough negotiations. Distressed-debt investors get paid by shouldering aside other stakeholders and gambling that faltering companies can be rehabilitated. Over the years, analysts and investors say, Cerberus excelled by gaining control of companies in bankruptcy smackdowns and developing restructuring plans that helped them become profitable.

Some of those more secretive tactics, however, drew complaints and lawsuits. In 2000, Cerberus invested $42 million in the debt of WSNet Holdings, a small provider of satellite television programming. Over the next two years, according to shareholder lawsuits, Cerberus forced the company into bankruptcy by secretly buying up the bonds of companies WSNet hoped to acquire and forbidding WSNet executives from pursuing deals. Through bankruptcy proceedings, the fund tried to take control of the company, lawsuits contend. The suits also contend that Cerberus installed directors at WSNet who maximized Cerberus's profits at the expense of other stakeholders. The claims were settled for a relatively small amount in 2005, by which time Cerberus had recouped its initial investment in WSNet, according to the lawsuits.

Cerberus contended in court documents that the claims were meritless. Cerberus insiders also point out that courtroom hyperbole is not uncommon when bondholders and equity investors battle for a company, and that litigation has become a routine sideshow in distressed-debt deals. But similar complaints dogged the Cerberus investment in the debt of the Coram Healthcare Corporation, a home health care company.

In 2000, when Coram declared bankruptcy, the company's executives proposed a restructuring plan that would give total ownership to Cerberus and other bondholders. Coram's equity investors, including the real estate magnate Sam Zell, would have gotten nothing. Mr. Zell and other shareholders then discovered that the company's chief executive, who helped propose the plan, was secretly receiving nearly $1 million a year from Cerberus, in addition to his Coram salary, according to court documents. A federal bankruptcy judge ruled that a conflict of interest existed.

Cerberus argued that the Coram dispute was a result of sloppy recordkeeping and not deceptive business tactics, according to sources who requested anonymity because of confidentiality agreements. They note that even the court agreed that Coram's chief executive had brought an operational expertise to the company, and that it was not clear any damages resulted from the failure to disclose the additional payments. In 2003, Cerberus and two other investors agreed to pay $56 million to Coram, partially to settle the conflict-of-interest claims.

By then, Cerberus was looking beyond debt investing. The company had amassed an investment pool of more than $5 billion and was expanding into private equity, a focus that grew when distressed-debt opportunities began disappearing in late 2003. The shift to takeover deals required Cerberus to develop a friendlier image that was more attractive to the boards of companies the firm hoped to acquire.

"When you sit down with a company's board, you want them to know who you are," said Brett H. Barth of BBR Partners, a money management firm that has invested with Cerberus. "Distressed debt is all about having a small piece of the pie and making it bigger at everyone else's expense. In private equity, you own the whole pie. You have to convince people you're focused on different things."

Cerberus began hiring well-known executives to introduce the firm to corporate boards. Today, it employs 140 nonfinancial professionals, including the former chairman of the Rite Aid Corporation, a onetime special adviser to Ford Motor and dozens of other blue-chip executives.

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"Preserving our reputation is vitally important to us," said Timothy F. Price, the senior operations manager of Cerberus. "We don't want anyone from a company we've bought calling another board and saying, 'Stay away from these guys.' "

Cerberus says that when it plugs its seasoned executives into turnaround situations, it generates impressive results. After its purchase of Aozora Bank in Japan in 2003, for instance, new management helped increase net income 412 percent within three years and cut the number of nonperforming loans.

Its new army of familiar faces, its track record and its deep, deep pockets have made Cerberus well known within a strata of the financial sector where buying and selling companies are everyday activities. "The relationship between Cerberus and G.M. got better and better as the deal advanced," said Walter G. Borst, who as treasurer of General Motors helped to negotiate the Cerberus purchase of the stake in GMAC earlier this year. "They did everything they said they were going to do."

But the anonymity of Cerberus — and its reputation for strong-arm tactics — became liabilities when the firm tried to invest in Air Canada two years ago. To keep Cerberus out of the mix, politicians and the airline's directors asked a Canadian billionaire to save the company. Cerberus was seen at the time "as American piranhas looking to rip the place to pieces," said Robert A. Milton, chief executive of Air Canada's parent, ACE Aviation Holdings.

After unions scuttled the billionaire's deal, Cerberus stepped back in and wasted little time lining up local support. Mr. Feinberg hired Brian Mulroney, the former Canadian prime minister, as an adviser and promised not to resell the firm's Air Canada stake — today valued at about $347 million — for at least two years. The airline relented.

"They've been very supportive and knowledgeable investors, and as long as they're making money, they're willing to make hard decisions that invest in the company's future," Mr. Milton said.

The deal was a turning point for the fund. "When our deals were small, we could stay below the radar, but with Air Canada, we realized that we were losing out because people thought we were bad guys," said Mr. Price at Cerberus. "We realized we can't buy national icons without telling people who we are."

To add a higher-profile sheen, Cerberus hired Mr. Snow and spent more than $2.5 million with lobbying firms from 2003 to 2006, according to federal records. Those dollars were spent in part to discourage politicians from regulating private investment pools like Cerberus. Mr. Feinberg personally donated more than $100,000 to primarily Republican causes in the last three electoral cycles, according to federal filings.

Yet Cerberus still keeps a relatively tight lock on its doors.

"I think our guys would be embarrassed if our pictures were in the paper," Mr. Price said. "If I have time to be a celebrity, what message does that send to our 45 portfolio companies who we're asking to work all day?"

WHILE firms like Cerberus continue to eschew celebrity, some people say that greater transparency in the takeover world is not so easily avoided. In fact, they say, it is crucial.

"When you take control of a major company, you have a real responsibility to the employees, to the customers, to the communities they live in, to the public," Mr. Rohatyn said. "The people who run enormous funds understand that responsibility. They understand if they don't introduce themselves, suspicion will grow."

Avoiding those suspicions is a major preoccupation of private equity's founding fathers, who were famously condemned as barbarians at the gates when the industry made its first big splash in the 1980s. Since then, many would-be barbarians have worked hard to become respected executives and members of the corporate establishment. Anonymity has been swapped for high-profile socializing and philanthropy. For example, Henry R. Kravis, a star of the '80s buyout scene, now serves on the board of the Metropolitan Museum of Art, while the name of the corporate raider Carl C. Icahn now graces buildings at Princeton, Choate Rosemary Hall and a New York stadium. But those changes might be more window dressing than genuine transparency.

"Private equity investors realize they need a better public image," said Mr. Hu, the professor. "But they don't want to give up the secrecy and tactics that have made this industry so profitable. They want to be in control of how they are seen, rather than throwing open the doors."

However, that strategy may not be working. Private equity firms are finding themselves under attack in certain quarters. In Germany, political candidates have assailed takeover investors as "locusts." Oregon regulators last year refused to sell Portland General Electric to a buyout fund, citing a public outcry. And the Justice Department has started an investigation of possible collusion among some of the biggest private equity groups.

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OTHER regulators are also threatening to bring greater scrutiny to private equity firms, a threat that the hedge fund business is already facing. Regulators, such as Richard Blumenthal, the attorney general of Connecticut, say they may shift their focus to private equity groups. "It's the same cast of characters, the same secrecy, and they probably deserve the same attention," Mr. Blumenthal said.

So some private equity executives are firing back.

Stephen A. Schwarzman, chairman of one of the world's largest private equity firms, the Blackstone Group, notes that 48 percent of its investment capital comes from state and government pension funds. He also notes that Blackstone-owned companies have created 25,000 new jobs in the last five years (while also filling Blackstone's coffers). "Most of our profits go to retired firemen and teachers, nurses and government employees," Mr. Schwarzman said. "It's important that we educate Americans about how hedge funds and private equity play completely different roles."

Mr. Schwarzman's firm is expected to soon join other private equity giants, the Carlyle Group, Kohlberg Kravis Roberts and the Texas Pacific Group, to announce the formation of the Private Equity Council, a trade association that plans to remind the public and politicians about the brighter side of takeover deals.

Cerberus insiders deride Mr. Schwarzman's sentiments as self-serving. But they acknowledge that Cerberus's preference for secrecy may be pulling the industry's publicity campaign off course. Senior executives at other private equity funds have begun whispering to one another and to Cerberus executives, partners and investors that Cerberus and Mr. Feinberg, having achieved financial prominence, need to renounce their secretive ways.

Some steps are occurring: At least two Cerberus executives have begun talking regularly to journalists, the company lists its address on its Web site and it has hired a public relations firm.

"We're talking about the firm with whoever asks about us, while still respecting the privacy of the people involved," said Mr. Price at Cerberus. "We don't need to be self-aggrandizing rock stars to be of service to America and open in our dealings."

But friends of Mr. Feinberg say he is a deeply private and humble man who does not want to be known by the world at large, and Cerberus executives say that many calls for greater visibility are simply competitors justifying their own showboating.

"Why does someone have to become a public figure just because he's successful?" Mr. Price asked. "It's hard for any of us to take time away from our day to day jobs to talk to outsiders, and Steve is the last guy who can afford to spend time away from our portfolio companies. Why do we have to give up our privacy for everyone else?"

U.S. Attorney On The Record: Kevin Ryan (SFC)

San Francisco Chronicle, December 24, 2006

Kevin Ryan, the tough-talking point man for the Bush administration's federal law enforcement efforts in Northern California, has taken a high-profile interest in investigating whether Bay Area companies and executives fraudulently backdated stock-option grants.

Over the summer, the U.S. attorney for the Northern District of California dedicated a federal task force of prosecutors and investigators to the financial scandal that has swept up dozens of companies, led to two criminal indictments and prompted a rash of executive resignations.

Ryan's office is investigating more than 25 companies. About 15 to 20 percent have troubling red flags, he says. These investigations could go on for years, although sources in federal law enforcement suggest another indictment is imminent. To add more investigative firepower, Ryan is also focusing on whether employees who received the backdated options lied on their individual tax returns.

Ryan brings this investigation amid reports of high-profile defections and low morale among his prosecutors as well as a falling caseload at a U.S. attorney's office whose territory extends from Monterey County to the Oregon border and which has about 100 prosecutors in three branches.

Ryan, a San Francisco native, spent 11 years as a deputy district attorney in Alameda County before then-Gov. Pete Wilson appointed him to the San Francisco bench. He left that post when President Bush appointed him.

The following has been edited for space and clarity.

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Q: When did your office start looking at backdating and at what point did your thinking crystallize that this was something you wanted to prosecute?

A: As you know, in the Brocade case, we had been looking at this for about 18 months before the indictment. I talked to folks about this issue, internally and externally, to try to get a sense of what people were thinking about it. I felt at the end of the day that it was something we really needed to step up and become the leader in because, and I think it's bearing true, a lot of the activity happened in the Silicon Valley.

Whether it turns out to be criminal or not remains to be seen. Whether it turns out to be purely administrative and something that the Securities and Exchange Commission can handle or class-action lawsuits can handle, there seriously is an issue with the Silicon Valley during this period of time.

Q: This whole backdating thing seems a little abstract. Can you make it concrete and tell us why we should care about backdating and who's harmed?

A: I hear that argument all the time whether or not there was self-enrichment, whether or not the market cares, whether or not the market reacts to these things, and you need to understand that sometimes the way we look at an issue as prosecutors is one of the things we are trying to ensure is the integrity of the market and that the books and records are accurate.

For the industry itself, it's taken a very serious look at it and people are losing their jobs behind it. People who are heads of companies, lawyers for companies have all been asked to leave because of what has happened. That's one earmark that it is a serious problem. We're looking at the issue of whether or not there was fraud and criminal intent.

Did this happen in a vacuum? Did this happen because people didn't know what they were doing? Did this happen because people were sloppy? Or did this happen because someone knew the rules, and were people defrauded?

Q: How do you find the harm?

A: The harm is lying to the SEC, lying under oath, lying to the market, not stating your books. If I'm investing in a company and there are 300, 400, 500, 600 million dollars of options that have been backdated that might affect net income for the company, I want to know that. The tax consequences of this are going to be a big part of it.

Q: Do you think that may be individual fraud or people trying to escape taxes by misstating when they actually ...?

A: Well, I mean there have been some relatively high-profile cases recently where it has been reported by you folks of individuals selecting their own grant base -- a hundred million dollars you know, and I think it is not a stretch to assume that it was done for purposes of either avoiding the tax bill, whether it's capital or regular gains. You know the big issue today and you've reported on it, the Wall Street Journal has reported on it recently, is also the grant date and the backdating of the grant date, but now the backdating of the exercise date for purposes of capital gains, partial capital gains.

Q: It's pretty hard for that to be a mistake, isn't it?

A: Yes. Well, it can happen. A lot of the presentations we have heard say that this was done by someone who really didn't know the rules and someone who probably should have been keeping a better eye on that person. Or, we are really hands-on and we didn't know the rules and we should have been keeping an eye on it.

Q: How many cases are you investigating and what percentage are criminal in nature?

A: Well, I think typically we will not answer a question like that, but since the FBI has publicly announced that the last time they talked about this, there were about 53 cases they were involved in investigating for potential criminal conduct, and I have publicly stated of those 53, at least 50 percent of those companies are located in the Northern District of California. We are seeing troubling indicators in about 15 to 20 percent of those companies right now. We haven't finished all of our investigations; we haven't scrubbed all these companies. But we are seeing a handful or more of cases that have red flags that would suggest that we need to keep going.

Q: What are those red flags?

A: If a company comes in, then fires its CEO and head of HR and says, "We have a problem and we are about to restate 300, 400, 500 million dollars," those are all red flags. Often times these cases come to us in a variety of forms. We can get a whistle-blower coming to us. We can get an insider coming to us. We can get a phone call. We created years ago the first 800 number for securities fraud. If you thought something squirrelly was going on in the company, call the 800 number and let us know.

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So we do have a universe of cases -- 150, 180 -- that the SEC is looking at. Then we start parsing that down into our district. How many of these cases are in our district. We start reading the newspaper to see who is restating, who is refiling their 8-Ks, their 10-Ks, their 10-Qs. Who got laid off? And why? And what is the story there? That has an impact on us. We will start looking at companies because of that kind of conduct. And we will start prioritizing and reprioritizing. And oftentimes we will already know or have a sense of what's going on.

Q: As companies conduct these self-investigations, are they reporting to you and the SEC their findings?

A: Yes, they are. They make presentations to us. They come in and tell us what the review process found. Sometimes that can shed light, sometimes it cannot shed any light at all.

Q: Is it true that you are creating a database of lawyers conducting these investigations to judge their credibility?

A: I wouldn't say we are creating a database. We know pretty much the universe of folks doing these things. Like any other profession, reputations mean a lot. If you have a reputation for honesty, integrity, and you are known as someone not to try to pull the wool over someone's eyes, that reputation follows you around and sometimes if you have a contrary reputation, we're a suspicious lot. That's what we do.

Q: There has been a lot of talk lately about the "Thompson Memo" (a set of guidelines drafted by the Department of Justice in 2003 in the wake of Enron and WorldCom to combat corporate wrongdoing) and allegations that the DOJ placed undue pressure on companies to cooperate in these investigations.

Deputy Attorney General Paul McNulty made some revisions to that memo this week. Can you talk a little bit about that? Do you think all of this cooperation has been entirely voluntary on the part of companies? Also, one of the principal problems you face in these cases is the statute of limitations. Have you gotten some of these companies to waive that?

A: Yes, companies have come in and agreed to "toll" stop the clock running (on the statutory period) in an effort to cooperate. With regard to the Thompson/McNulty memo, clearly there has been a shift. I will say that I understand the debate. We are clearly aware of what's happened.

In our office in four-plus years, I have never had anyone complain about the process and whether or not we were heavy-handed in our request. I understand the need to really change the process such that the perception and, if in fact true, the reality that we somehow were sending message out interfering with the attorney-client privilege, we didn't want to do that, that was not the intent of the Thompson Memo, that was not the intent of our prosecutors. We have always had to depend to a certain extent in these types of cases on the cooperation of the lawyers for the firms we are investigating.

Q: Is the McNulty memo going to slow things down or make it more difficult to get cooperation?

A: I don't know if it will slow things down or not. Clearly there was a policy decision that this is the way we are going to go and that's what we are going to do. My experience is that most companies have cooperated with us, and they understand the value of that. Now if they choose not to, that's fine, too.

Q: At what point do you decide to indict?

A: The classic things we're looking for: What is the history of the company? Have they had a history of malfeasance? Have they done this in the past? Have they come in and addressed the issue internally? Have they gotten rid of the people who have violated the code of ethics for the company? Have they made every effort to come up with a solid compliance program to make sure this would never happen again? Has this happened in the past? Have they ignored the indicators (that they) may have some rogue employees or a rogue division within the company? What would be the impact to the company? Would it be a death knell to the company to indict the company? Are there appropriate or reasonable alternatives, such as deferred prosecution agreements that would have the same impact and not put a company out of business and not put people out of their IRAs and retirement plans?

Q: We have been told that more indictments are coming and we have been told that another indictment is in the pipeline from your office in the backdating probe. Can you tell us who, when or how many?

A: No, I won't comment on that. Again, we have seen troubling indicators in a handful of these cases. We are really burrowing down into those cases. And there are red flags sufficient to keep us focused on those cases. At the end of the day, the grand jury is the ultimate decider whether or not there is sufficient evidence to bring a case forward. The last chapter has not been written, but I am not going to say who, how many and when.

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Q: There is the perception that you are more reluctant to go after some individuals and companies than others. Does the prominence or the importance of a person to an industry or a company factor into the investigation and your decision to take action?

A: I have been in law enforcement my entire career. My position is that if someone has violated the law and there is sufficient evidence to bring forth charges under our guidelines then that's what's going to happen. As long as I'm U.S. attorney, that's what's going to happen. Sometimes we have to make difficult calls involving prominent people, powerful people.

Q: How did this become so widespread?

A: Looking at the valley here, I think we saw a confluence of events. You had these companies with a lot of potential, some of them were cash-starved, some of them didn't have money to pay high salaries up front, in many of them there was a belief that there would be a big payoff down the road in the dot-com boom.

So there was an effort to come up with creative ways to recruit people, to retain people, to motivate people, to incentivize people to help the company grow. I think the way the accounting rules for backdating were set up in the '90s created the opportunity for mischief. I think there was an opportunity for those willing to partake in it to engage in this kind of conduct. It was kind of a perfect storm.

Q: Is there a Typhoid Mary running around? Was there a secret seminar that everyone went to?

A: Maybe we will have an answer to that someday in the future. It was clearly a practice. You have to remember, like a lot of things it wasn't illegal or necessarily improper to backdate your options. What was illegal is if you didn't account for it in your compensation. Then the question is: Why did one company account for it properly and why did one company not?

Q: What is the IRS' interest?

A: I brought the IRS (in) early. The immediate thing that grabbed me was the tax implications of this. The individuals who were exercising these options, there could be hundreds of millions of dollars, or tens of millions of dollars. How are they carrying them on their personal taxes? How did they file? Also, what's the company doing? How is the company carrying it? Are they deducting $100 million for compensation-related expenses? The IRS is fully engaged in this. The interesting thing about the IRS is that they have a six-year statute of limitations for criminal tax, no statute of limitations for civil. They bring a little bit of extra room for us on the issue of statute of limitations.

Q: At the time you created the task force, there was speculation that was a means to get more firepower at a time when there had been a lot of reports about high-profile defections from your office and reports of low morale. Can you address that?

A: Well, let me just say this: When I became the U.S. attorney in San Francisco, there were 12 vacancies in my office. There are 12 vacancies now. We have 10-15 percent sometimes 20 percent attrition rate every year. Most large or super-large offices also do. The average tenure of (an assistant U.S. attorney) is about eight years.

The situation becomes a bit more complex in a place like San Francisco, where folks can't afford to buy a home on a government salary. I don't know if you know what we make, but local DAs and deputy city attorneys make far more money than we do and have a better retirement than career (assistant U.S. attorneys).

So many people have left. Some have left for judgeships, some have left for partnerships in firms, and some have left for other reasons. I came in. I had a mandate. I did my job and we've invigorated that office. We have good career prosecutors working these cases. I'll put them up against anyone at anytime, including those who have left.

Q: Some of the attorneys who have left were considered real lifers, not the kind of people who would leave because they couldn't buy a house. There has been a lot of criticism over the handling of the office because of the stream of departures that are perceived as being a result of your leadership style.

A: I am not going to make any excuses for any decisions we have made. We have done a heck of a job. We've invigorated that office. Our numbers are high. Our cases are high. If you can point to another office that has a BALCO, that has a Brocade, that has an option-dating task force, that has done the cases we've done, I'd be happy to talk about it. Our work has not suffered as a result of these departures.

Q: The legal press has taken you to task for the number of criminal filings your office has been responsible for, a number that your office has disputed. They claim these numbers are a low for your tenure and for the office in the past 12 years. What are the numbers? And is it that they are ignoring how complex these high-profile cases are?

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A: That's part of the reason. Our numbers are at the highest or the highest they have been in my tenure. These are complicated cases. I could go out right now and indict 100 low-end drug or gun cases to jump my numbers up if that was what my goal was as the U.S. attorney. That's not my goal. You also have to factor in that it's a post-9/11 world.

The FBI completely realigned its resources after 9/11 and took case agents off narcotics and other squads and put them into counterintelligence that does not necessarily result in cases, and they put them into terrorism cases. They are protecting the American public and they are working on counterintelligence cases that may not result in a criminal prosecution ever. Our job changed completely and utterly after 9/11. The numbers are not what drive us.

People come and go for a variety of reasons. I will not be here forever and most of the people in that office won't be career people. It's not built to be a career institution if you look at the way the retirement is set up for folks. That's just the way it is.

Q: Do you have enough seasoned prosecutors to prosecute every backdating case that warrants it?

A: Yes.

Q: As recently as March, a Justice Department audit said morale wasn't good in your organization.

A: I remember Bob Mueller (former U.S. attorney) gave a speech to Congress. He said when you take over any organization, one third are against you, one third are for you, and one third are in the middle. People are sometimes unhappy for a variety of reasons. If I am not drawing criticism, I figure I am not doing my job. When I was a judge, at the end of every day, you made a temporary friend and a permanent enemy. I imagine there are people who don't like the direction I have taken this office under this administration and they're unhappy about it.

Q: How would you assess morale?

A: I think morale is generally pretty good. I think there are some people who are unhappy.

Q: What about your own future? You just said you won't be there forever. Would you care to be more specific?

A: I think a lot of this is up to God. I serve at the pleasure of the president. Everybody knows that there are two years left on his term. I am one of the longest-serving U.S. attorneys. If you look now, about 60 percent of the people in my class, if you will, have already moved on. So, there will come a day when I pack my bags and leave the federal building.

Q: Do you have a federal judgeship in mind?

A: No, I don't comment on that.

Kevin Ryan

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Education: Bachelor of arts in history from Dartmouth College; law degree from the University of San Francisco

Work experience: Began his career as a prosecutor with the Alameda County district attorney's office; appointed by then-Gov. Pete Wilson to San Francisco Municipal Court in 1996; became a member of the San Francisco Superior Court in 1999; nominated by President Bush to serve as the 48th U.S. attorney for the Northern District of California in May 2002, confirmed by the Senate in July 2002.

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Participating in this interview were Business Editor Ken Howe, Deputy Business Editor Alan T. Saracevic, Assistant Business Editors David Tong and Sam Zuckerman, staff writers Jessica Guynn and Bob Egelko, and editorial assistant Steve Corder.

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CRIMINAL LAW:

The Right Has A Jailhouse Conversion (NYT)

By Chris Suellentrop

The New York Times, December 24, 2006

Not too long ago, you could tell whether an election was under way by watching prime-time television and counting the number of ominous recitatives about prisoners and ex-prisoners in the commercials. This fall, however, the seven million

Americans who are in the custody of the state — in prison or jail, on probation or parole — did not loom large on nightly TV; in fact, as has been the case for nearly a decade, they barely received any notice at all. Prisoners are no longer the charged political symbols and campaign-season scapegoats they once were.

This decline in the exploitation of crime coincides with an odd and surprising change in the politics of crime. The G.O.P., the party of Richard Nixon's 1968 law-and-order campaign and the Willie Horton commercial, is beginning to embrace the idea that prisoners have not only souls that need saving but also flesh that needs caring for in this world. Increasingly, Republicans are talking about helping ex-prisoners find housing, drug treatment, mental-health counseling, job training and education. They're also reconsidering some of the more punitive sentencing laws for drug possession. The members of this nascent movement include a number of politicians not previously known for their attention to prisoners' rights. Senator Jeff Sessions of Alabama, a former federal prosecutor whom The New Republic once accused of being stained "with the taint of racism," wants to reduce the penalty for possession of small amounts of crack. Referring to mandatory-minimum sentences, Representative Bob Inglis of South Carolina, whose district is home to Bob Jones University, declared on the floor of the House: "I voted for them in the past. I will not do it again." Perhaps most remarkably, the outgoing Republican-controlled Congress came tantalizingly close to passing the Second Chance Act, a bill that focuses not on how to "lock them up" but on how to let them out. The bill may become law soon, if Democrats continue to welcome the new conservative interest in rehabilitation.

By some measures, the Second Chance Act is a small bill. It authorizes less than $100 million over two years to address a significant problem: about 700,000 ex-offenders (the population of a good-size American city) will leave prison in 2007 — and two-thirds of them are likely to be rearrested within three years. The bill would provide states with grants to develop model programs for prisoners returning to society. Those states that accept the grants will be asked to re-examine any laws and regulations that make it unreasonably difficult for ex-offenders to reintegrate themselves into their communities — the classic example is the ban on allowing felons to receive a barber's license. (If the felon in question is Sweeney Todd, of course, the ban might make sense. But a blanket prohibition that includes check bouncers and marijuana users seems overly broad.) The bill also provides money to faith-based organizations and other nonprofits for prisoner-mentoring programs. Finally, it requires states to measure how well their programs achieve the bill's main goal: reducing the rate of recidivism among recently released prisoners.

No one expects the Second Chance Act to solve the prisoner-re-entry problem overnight. The bill's authors are probably too confident that drug treatment, education and housing assistance can reduce recidivism on their own. Such services, many criminologists say, are effective only when paired with the tight supervision of ex-offenders. Some researchers point to the "broken windows" response to crime and suggest trying a similar approach with prisoner re-entry: quickly punish any small violations of the terms of a prisoner's release with graduated sanctions while returning ex-offenders to prison only for new crimes, not for technical parole violations like missing a meeting with a probation officer. The Second Chance Act does nothing to support this sort of approach.

As policy, then, the bill won't be an elixir. But as a symbolic political gesture, the Second Chance Act completely reverses recent practice. For the first time in decades, Congress is poised to pass a bill that aims to make the lives of prisoners and ex-prisoners easier, not more difficult. In the 1990s, Democratic and Republican Congresses scrapped the Pell Grant program for prisoners, barred drug offenders from receiving federal student loans and cut highway money for states that did not revoke or suspend the driver's licenses of drug felons. Now leading politicians of both parties are proposing that states remove laws and regulations that wall off the ex-criminal class from the community. Rather than eliminating education and substance-abuse treatment programs, Congress may well finance them. When I met with Mark Earley, a former political star of the Christian right and a present-day prison reformer, I began explaining to him why I was surprised by the Second Chance Act and the so-called "re-entry movement" surrounding it. He knew why I was surprised: "First of all," he said, by the very fact "that there is common ground" between Republicans and Democrats. "And second of all, it's this?"

Many liberals and Democrats — from Senator Joe Biden to members of the Congressional Black Caucus like Stephanie Tubbs Jones, a representative from Cleveland, and Danny Davis, a representative from Chicago — are sponsors of the Second Chance Act. Still, the issue is not a top priority for the party. In their recent blueprint for Democratic success, "The Plan," Rahm Emanuel, the influential Illinois congressman, and Bruce Reed, president of the Democratic Leadership Council, wrote only one

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paragraph on crime — and that was mostly a hymn to the achievements of the 1994 crime bill. The campaign document for House Democrats, "A New Direction for America," promises action on national security, the economy, higher education, energy, health care and retirement. The words "crime" and "prisons" never appear.

Prison reform is not a highly advertised position of the Republican Party either, but a growing number of social conservatives are trying to make it a centerpiece of the Christian-conservative agenda. The most striking aspect of the Second Chance Act may be the cross-section of Republicans, from every wing of the party, who support it. Senator Arlen Specter, the top-ranked contender for the award of Least Favorite Republican among movement conservatives, is a lead sponsor, as is Senator Sam Brownback of Kansas, who may be Christian conservatives' top choice for the 2008 presidential nomination. Among the House sponsors of the bill are Mike Pence, an Indiana congressman who is a leader of the conservative caucus in the House and a darling of Washington's conservative press corps, and Dan Lungren, a California representative and former California attorney general who helped write California's three-strikes law (which he still supports). "For liberals in criminal justice, he's like the devil, almost," says a key liberal lobbyist for the bill, Gene Guerrero of George Soros's Open Society Policy Center.

The Second Chance Act would seem an unlikely bill to be advanced during an election year. At every level of government, after all, elections are thought to encourage tough-on-crime legislation. Recalling his time in the Illinois Legislature, Barack Obama, an early sponsor, says: "We used to have a joke. Let's say the offense was that defacing property was a Class C misdemeanor, or a Class A misdemeanor. Suddenly somebody would jack it up to a Class 2 felony. And it was always before election time. And we'd say, 'You know, it's not a good idea to leap all the way to the maximum penalty, because you'll have nothing to come back with next election.' You know, you want to take it in stages."

With the Second Chance Act, however, three of what were the most endangered senators in America — Rick Santorum of Pennsylvania, Jim Talent of Missouri and Mike DeWine of Ohio — put their names on the bill; all lost their re-election bids. Their support for the legislation wasn't an issue in their losses, but even that fact is remarkable. In today's political environment, crime policy has so receded from controversy that the Republican-led House Judiciary Committee could approve the Second Chance Act in July under the assumption that the full House might take it up on the eve of an election in which the Republican majority was at stake.

What has changed? It's true that crime rates have declined in recent years (notwithstanding a slight uptick last year), but for the last quarter of the 20th century, crime policy was impervious to fluctuations in street crime. If crime went up, politicians got tough on crime. If crime went down, politicians still got tough on crime. At the state level, at least, that is no longer the case — and a large shift in public opinion has much to do with it. In 1994, crime and health care were the two top issues that Americans thought the government should tackle. Nine years later, less than 1 percent of Americans named crime as a top political issue.

If safer streets had something to do with the change in public attitudes, so did another development: the changing place of crime in the national debate over moral values. Over the past decade, as the political scientists William Galston and Elaine Kamarck have suggested, the culture war of the 1970s and 1980s that revolved around race has been replaced by one that revolves around religion. A side effect has been a radically different crime debate. If the Second Chance Act fails to pass, it will not be because the two parties cannot agree on the importance of rehabilitation programs in prisons. But it may be because they disagree on the role religious organizations should play in rehabilitation.

This September, Mark Earley ascended to a lectern at the Washington Convention Center to recite a political act of contrition. Earley, who is white, seemed among the least likely attendees of the Congressional Black Caucus's annual legislative conference to rouse the mostly African-American audience of liberal activists, Capitol Hill staff members, lobbyists and members of Congress to sermon-listener cries of "Amen," "Yes, sir" and "Tell it!" The most successful Christian conservative politician to emerge from the State of Virginia, Earley represented the district of Pat Robertson and Ralph Reed for 10 years in the Old Dominion Legislature. In 1997, he ran for attorney general on a platform that combined socially conservative positions on abortion and other issues with a dollop of tough-on-crime rhetoric — and won.

Now Earley came to confess his sins. In front of an audience filled with former prisoners who were attending a job fair connected to the conference, Earley cast his arms wide and proclaimed: "I was wrong. I repent!"

"I'm 52 years old," he said at the beginning of his remarks, "and for the first 48 years of my life, I didn't think much about prisoners. And when I did, it went something like, I'm glad I'm not one, and I'm glad they are where they are." He continued: "And I

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really pretty much had the view that prisoners were at the end of the line. That if you were in prison, you had no hope, you'd made a mess of your life, and it was better for me that you were there, because my family could be safe."

He went on: "I was elected to the Virginia Legislature and served 10 years, from '87 to '97, in the Senate of Virginia, and quite frankly, spent most of my time in the Legislature working on how to put more people in jail and keeping them there longer. Virginia, like most states in the '80s, abolished parole, instituted three strikes and you're out, lowered the age at which juveniles could be tried as adults from 16 to 14." Earley told the crowd that these policies helped increase the American prison population "tenfold in the last 30 years." Unlike most politicians who say such things, Earley wasn't bragging. He was apologizing.

Like many Republicans and Christian activists, Earley's prison-house conversion dates from an encounter with Chuck Colson, the Watergate crook turned Christian evangelist. When Earley lost the Virginia governor's race in 2001 to Mark Warner, Colson asked Earley to take over Prison Fellowship, the ministry that Colson founded in the mid-1970s. Earley declined on the assumption that devoting himself to prisoners was tantamount to throwing his life "down a dark hole." Over the next few months, Earley read his Bible and was struck by the number of criminals who play starring roles: Moses, for example, murdered a man and became a fugitive. Paul presided over the stoning of Stephen, the first Christian martyr. Earley came to a realization: "If Moses or Paul had lived in Virginia or any state in the United States today, they would be serving, had they been caught, a multiple-decade prison sentence." He took the job.

Of course, it's easy to admit the error of your political ways when you've left office and don't have to worry about voters punishing you for your change of heart. But Earley is far from alone in his apostasy from the usual anti-crime politics. Howard Coble, a congressman from North Carolina and the chairman of the Subcommittee on Crime, Terrorism and Homeland Security in the last Congress, said in 2003 that the internment camps for Japanese-Americans during World War II were "appropriate at the time." And yet when Coble first introduced the Second Chance Act to the full judiciary committee this summer, he called the bill "an enlightened departure" from the politics of "lock them up and throw away the key."

"At one point, I may have embraced that theory," Coble told me over the phone from his home in Greensboro, N.C., during the August Congressional recess. "I still embrace the theory of locking the cell door if an offender has been convicted of a crime. But I don't say throw the key away. I say, keep the key handy, so the same key that locked that door can also unlock it." Coble's words recalled those of Alexander Maconochie, a Scottish prison warden who reformed Norfolk Island, the Alcatraz of 19th-century Australia, by inventing the concept of indeterminate sentencing — an incentive-based system involving early release for hard work and good behavior: "When a man keeps the key of his own prison, he is soon persuaded to fit it to the lock."

For most of the 20th century, indeterminate sentencing and rehabilitation were consensus policies in the United States. The decision to call the state agencies that run prisons departments of "corrections" was intended to reflect the rehabilitative nature of their work. But in 1974, a sociologist named Robert Martinson published an article called "What Works?" in the neoconservative journal The Public Interest. John Dilulio, President Bush's first director of faith-based initiatives, once called Martinson's essay "arguably the single most influential article ever published in that influential journal." Martinson answered the question he posed by concluding that "with few and isolated exceptions," there was no evidence that any rehabilitation programs successfully reduced recidivism. His article and the subsequent media attention it received — along with the high crime rates of the 1970s — are credited with shifting the emphasis in crime policy from rehabilitation to punishment and "just desserts." Martinson later retracted his argument: in a 1979 article in The Hofstra Law Review, he acknowledged that some rehabilitation programs had "an appreciable effect," while emphasizing that other programs were actually harmful. But the political environment was not as receptive to a more nuanced approach. Following California's lead in 1977, state after state abandoned rehabilitation and indeterminate sentencing in favor of punishment and fixed sentences.

Today's revival of rehabilitation began during the final years of Bill Clinton's presidency. The Clinton administration had been as punishment-oriented as its Republican predecessors. With the exception of a few liberal members of Congress — mostly members of the Congressional Black Caucus who represent urban districts — Democrats in the 1990s abandoned prison reform. The two defining moments of Democratic crime politics in the 1990s were Clinton's decision as governor of Arkansas to allow the execution of the mentally impaired Ricky Ray Rector in 1992 and the passage of the 1994 crime bill; along with banning assault weapons and putting 100,000 cops on the street, the bill also prominently featured longer sentences for criminals and a federal three-strikes law.

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But in the spring of 1999, Janet Reno turned to Jeremy Travis, then the director of the National Institute of Justice, and asked, "What are we doing about all the people coming out of prison?" It began to dawn on Reno, Travis and others that the mandatory sentences Congress and state legislatures created over the preceding decades had an unintended side effect: automatic release. More and more prisoners were leaving prison without having to earn their release, because the incentives to change their behavior had been removed. That seems obvious: what else would you expect from states that abolished parole and replaced discretionary sentencing with fixed sentences? Yet few lawmakers and corrections professionals seemed to have considered the consequences. In October 1999, Reno and Travis held a news conference promoting the idea of prisoner "re-entry," a word Travis came up with that rebranded the unpopular notion of prisoner rehabilitation. "Re-entry" shifts the emphasis from the criminal to the community — from how an inmate is treated to how safe you and your neighbors will be when he or she is released. In that sense, re-entry preys on the public fear of a nation of Willie Hortons, but it does so in the service of going "softer" on crime.

Even as Reno and Travis were promoting the idea of prisoner re-entry, Matt Salmon, a Republican congressman from Arizona, was championing the No Second Chances Act, a bill that would take federal money away from states that released a prisoner who then committed a crime in another state. The political climate seemed unfriendly. Yet Reno and Travis's initiative aroused little opposition — or much notice of any kind.

Criminologists of both parties hope that the decreasing importance of crime as a political issue will make it possible to have a more sober discussion of the subject at last. They want to see a less ideologically charged debate and one that rests more closely on sound research. There's only one problem: a shocking paucity of such evidence to inform the policy debate. As Christy Visher, a researcher from the Urban Institute, put it in the May 2006 issue of Criminology and Public Policy, "There is no consensus answer to the question Do prisoner-re-entry programs work?"

And yet there is a consensus to not do what we are doing. Criminologists largely agree that increasing the use of incarceration at some point becomes counterproductive and crime actually starts to rise. Many researchers suggest that we're at that point already. In his book on re-entry, "They All Come Back," Travis notes that only about 25 percent of the violent-crime reduction in the 1990s was because of "incapacitation" — the fact that would-be criminals were locked up and unable to commit more crimes. Michael Jacobson, who worked as the New York City corrections commissioner under Rudy Giuliani, points out that the city's nation-leading decline in street crime during the 1990s coincided with a decline in the use of incarceration as a weapon of crime control. San Diego, the No. 2 city in crime reduction from 1993 to 2001, also sent fewer people to prison during that period.

The best way to deter crime, according to most researchers, is to increase the swiftness and the certainty of arrest for people who break the law, not to increase the severity of their sentences. Many experts would like to see some kind of return to indeterminate sentencing, though they disagree on the particulars. Ultimately, they'd like to see sentencing turn from an Industrial Age policy, a one-size-fits-all assembly line, to an Internet Age policy of personalization. Joan Petersilia, a leading researcher on parole, recommends using statistical risk profiles, similar to those employed by auto insurers, to determine which ex-offenders should receive the most support or supervision from re-entry programs. She argues in her book "When Prisoners Come Home" that "from a victim's standpoint, there is no benefit from determinate sentencing or automatic-prisoner-release schemes," because you "replace a rational, controlled system of earned release for selected inmates with automatic release for nearly all inmates."

Outside the criminology community, conservatives have embraced re-entry to save lives, to save souls and also to save money. Putting aside Medicaid, spending on corrections has been the fastest-growing item in state budgets in recent years. Partly for this reason, Louisiana and Mississippi — the two states, Michael Jacobson notes in his book, "Downsizing Prisons," with the highest rates of per capita incarceration in the country — embraced sentencing reform in 2001. Louisiana eliminated some mandatory sentences and required that the first two "strikes" for offenders be violent, rather than nonviolent, felonies. Mississippi, which had abolished discretionary parole in 1995, decided to bring it back for nonviolent first-time offenders. By 2003, 18 states had implemented similar reforms. Under the Republican governor, John Engler, Michigan repealed all of its mandatory-minimum drug laws.

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When George W. Bush took office in 2001, he did not dismantle the Clinton-era re-entry programs; rather, he adapted them to fit his faith-based agenda. Despite his strong support for capital punishment, President Bush may be the most pro-prisoner president in American history — at least if you disregard the war on terror (an admittedly enormous caveat). Certainly in terms of rhetoric, Bush has done more to advance the interests of prisoners than either Jimmy Carter or Bill Clinton. The Second Chance Act takes its name from the 2004 State of the Union address in which Bush asked Congress to pass a $300 million program to help prisoners as they re-enter society: "In the past, we've worked together to bring mentors to children of prisoners, and provide treatment for the addicted, and help for the homeless. Tonight I ask you to consider another group of Americans in need of help. This year, some 600,000 inmates will be released from prison back into society. We know from long experience that if they can't find work, or a home, or help, they are much more likely to commit crime and return to prison. So tonight, I propose a four-year, $300 million prisoner re-entry initiative to expand job-training and placement services, to provide transitional housing, and to help newly released prisoners get mentoring, including from faith-based groups. America is the land of second chance, and when the gates of the prison open, the path ahead should lead to a better life."

Democrats were flabbergasted. Representative Stephanie Tubbs Jones calls it "the only thing that George W. Bush has ever said at a State of the Union that made me stand up and cheer." Representative Danny Davis says, "I always tell people that when he said that, I was the first person up to applaud, even though I was on the Democratic side of the aisle."

According to Mark Earley, Bush's speech "very subtly sent a signal to conservative Republicans that it's O.K. to talk about rehabilitation and doing something for prisoners as they're coming back into society, and prisoners' kids."

There are few, if any, senators more closely identified with the Christian conservative movement than Sam Brownback. Like a growing number of conservatives, Brownback is a political proponent of the so-called new-evangelical causes, which range from AIDS in Africa and slavery in Sudan to poverty and the Prison Rape Elimination Act, a bill that helped build the coalition of Democrats and Republicans in the re-entry movement. Even when he disagrees with his fellow religious conservatives, he gives faith-based reasons for doing so. A convert to Catholicism, he has said his religion informs his support for a less punitive approach to immigration reform. In February, he held a hearing intended to foster debate on whether the death penalty can be reconciled with Pope John Paul II's call to create "a culture of life."

Brownback also routinely mentions prison reform — especially the faith-based variety — in public speeches. During Alberto Gonzales's confirmation hearing to become attorney general, he made a special point of asking Gonzales about his plans to reduce prison recidivism. He wrote a letter to The Washington Post in February complaining about an op-ed by the U.C.L.A. psychologist David Farabee, who dismissed the Second Chance Act as a return to "the intuitively appealing programs that we correctly rejected 30 years ago." Brownback countered in his letter, "We should not be resigned to allowing generation after generation to return to prison because they don't have the tools to break the cycle."

When I visited him earlier this year, Brownback seemed highly aware of the dangers, even for a conservative Republican from Kansas, of seeming the slightest bit soft on crime. "I wouldn't say I represent the mainstream of this," he insisted. "I think we have to prove results" — that is, demonstrate an actual reduction in recidivism rates among newly released prisoners. He continued: "I personally favor a number of these faith-based approaches. But if there are other approaches, let's try them. This is an enormous problem, and since the '70s, we have basically just said we'll lock people up."

Later, in his office in the Senate Hart Building, Brownback implicitly raised the specter of Willie Horton — the fear that he and the other sponsors of the bill would be blamed for crimes committed by the formerly incarcerated: "Imagine you get one bad prisoner coming out and committing a heinous crime, which is likely to happen. And people's reaction is, they get mad. They don't want this guy out on the streets that's doing this. If you can't show, look, by doing these programs we are cutting the recidivism rate overall, I don't think it will stand the blowback when that situation inevitably happens."

Chris Cannon, a Utah conservative who is the bill's Republican point man in the House, is less circumspect than Brownback. On crime, Cannon can sound like a liberal Democrat, if liberal Democrats still talked the way he did during my first phone conversation with him in August: "Republicans have taken a pretty harsh position, just locking people up." And: "The system has a very strong tendency to change them for the worse. Everybody knows that, I think." And: "Our current system is fundamentally immoral."

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A few weeks later, in his Congressional office, Cannon was just as adamant: “I think society has a huge obligation to prisoners. I think that obligation transcends our current view, which is: Lock them up, hide them away, keep my daughter safe, keep my house safe, if he or she burgles, I want that person gone. Out of sight, out of mind. Away. I think that violates the fundamental concepts of who we are as Americans.

“Nobody thinks this is a bill that solves our moral dilemma,” he went on. “Maybe I should say moral crisis. But it is a first step, an agreeable first step, and it allows us to take a look at where we ought to think about ending up.” But even Cannon occasionally realizes he’s treading on dangerous political ground. After this preamble, apropos of nothing, he declared: “In this whole thing, nobody is being soft on crime. Nobody is saying, let these people out. It’s about after someone is found to have committed a crime, what do we do to help that person become a useful, productive member of society?” Which, of course, involves letting them out.

Cannon and his allies toiled hard on behalf of the Second Chance Act, and they helped shepherd it through the House, where the Republican leadership pledged to schedule a vote if the Senate did the same. But despite their efforts, the outgoing Congress failed to move forward. The first sign of trouble came in the summer. When the bill reached the House Judiciary Committee, Representative Louie Gohmert of Texas tried to amend it so that it explicitly, rather than implicitly, authorized the financing of faith-based organizations. Gohmert’s proposed amendment drew enthusiastic support from Republicans, but it alienated Democrats, who would have scuttled the bill in the Senate. The bill’s Democratic supporters accept that the Bush administration will allocate some of the funds to Christian organizations. But they draw the line at direct legislative authorization to finance religious organizations. Such an authorization was anathema to them unless it contained additional language restricting faith-based groups from proselytizing and from discriminating on the basis of religion in their hiring decisions. To keep the bill on course, four Republicans — including Cannon and Coble — turned against their colleagues and joined with Democrats to defeat Gohmert’s amendment.

In the Senate, with 37 co-sponsors and the support of Republican leaders, the bill seemed sure to pass. But in mid-December, as the legislative term came to an end, Senator Tom Coburn — a Christian conservative from Oklahoma who has said, “As a physician, I believe that we ought to be doing drug treatment rather than incarceration” — ignored personal appeals from Brownback, Specter and others and put a hold on the bill. Coburn supports the bill’s objectives and calls it “a good act,” but his fiscal-conservative conscience overcame his social-conservative one. He demanded the termination of other federal programs that, in his view, served similar purposes. The bill’s supporters must have felt betrayed, as some assumed that Coburn had pledged not to prevent the bill’s passage. Even so, the bill seems likely to pass, with some modifications, in the next legislative session.

In order for that to happen, the Democrats will have to take a step similar to the one Bill Clinton encouraged them to take in the 1990s, when they conceded that the country’s desire for changes in affirmative action, welfare and crime policy was more than just a proxy for racism. By passing the Second Chance Act, Democrats can acknowledge that the Christian desire to improve the lives of prisoners is more than a mere proxy for evangelism. And in doing so, they can re-embrace a cause of their own: the creation of a criminal-justice system that is more humane and more just. The current moment is, in Michael Jacobson’s view, “the best opportunity of the last 25 years for altering the way in which the United States has used incarceration.” But if that moment is to be seized, if there’s any possibility to reform a prison system that almost everyone thinks has failed, both parties are going to have to rely, at least a little bit, on faith.

Md. Death Penalty May Come To Fore (WP)

By John Wagner And Eric Rich, Washington Post Staff Writers

The Washington Post, December 24, 2006

The emotionally charged, polarizing issue of the death penalty was barely mentioned during the campaign for Maryland governor. And it hardly seemed something that Gov.-elect Martin O'Malley would be eager to wade into during his first months in office, when he plans to focus on "the things we agree on."

Yet the confluence of national currents and a Maryland court ruling last week halting executions on a technicality could make the death penalty a defining issue of O'Malley's tenure.

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In effect, Maryland suddenly has a moratorium on executions, and the new governor, who is personally opposed to capital punishment, could play a pivotal role in determining when -- and whether -- it resumes.

"I think the chances of someone being executed on O'Malley's watch decrease very significantly as a result of the court's opinion," said Timothy Maloney, a lawyer and former Prince George's County delegate.

That's due largely to a broad shift in dynamics that has sprung from a narrow ruling.

Before last week, halting executions in Maryland would have required legislation from a General Assembly that in recent years has shown a waning appetite to take up the issue. Despite his personal beliefs, O'Malley seemed unlikely to champion a messy cause that could crowd out his early priorities.

Now, however, executions are not likely to resume without action from his administration. Under the ruling by the Court of Appeals, new regulations must be drafted before the state may put more prisoners to death -- and early signs from O'Malley and his aides suggest that he sees no reason to rush that process.

Given new questions about lethal injection that have arisen in California, Florida and other states, O'Malley could also seize the opportunity for a broader discussion about the wisdom of the death penalty, lawmakers and advocates on both sides of the issue say.

The night of the ruling, O'Malley said he was certain that "all of this will spark a renewed debate as to whether all of the money we spend prosecuting death penalty cases might be better spent fighting violent crime and saving lives."

O'Malley has said little since to suggest what form that debate should take. But it would be well within Annapolis tradition to appoint a commission to study the issue, pushing off any possibility of an execution in the state.

Michael Paranzino, the head of Throw Away the Key, a Kensington-based nonprofit organization that supports capital punishment, said he expects that O'Malley will welcome the opportunity to effectively impose a moratorium on the death penalty.

By doing little or nothing, Paranzino said, O'Malley and other death penalty opponents might accomplish their goal without paying the political price that a strong stand could entail. There appears to be no recent polling done on the issue in Maryland, but 53 percent of voters supported the death penalty in a 2004 poll conducted for the Baltimore Sun.

"I do expect them to move slowly and appoint commissions and stall, stall, stall," Paranzino said. "If the Republican Party has any pulse left in this state, that's the kind of issue they could take to the voters" as a campaign issue four years hence.

Carol Hirschburg, a leading GOP political consultant in Maryland, said it was unclear whether the issue would get traction, however.

"I can't imagine people are going to picket the State House and get him to reinstate the death penalty," Hirschburg said. "O'Malley seems to have lucked into a pretty good situation, given his views."

Politics aside, the high court's ruling has the most immediate effect on the six inmates on Maryland's death row.

Vernon L. Evans Jr., whose case prompted last week's ruling, remains under a death warrant, and three other condemned men are believed to have exhausted their appeals to the point that they could have been executed in 2007, said Jane Henderson, executive director of Maryland Citizens Against State Executions.

"I'm sure there's a good bit of relief," said Henderson, whose organization was a co-plaintiff in the case of Evans, convicted of the 1983 murders of two people at a Pikesville hotel. "This at least puts everything on hold. They're all still under death sentences, but the likelihood of executions in 2007, I would say, is pretty nil."

Such developments are frustrating for many relatives of murder victims, including Anne Furst McCloskey, who watched for more than a decade as the man who murdered her brother in Baltimore County in 1981 was twice sentenced to death and finally spared.

Although her brother's killer, Derrick White, remains in prison, he became eligible for parole less than a year after his death sentence was overturned, she said.

"There has to be some final judgment on killers," McCloskey said.

The pace of executions in Maryland pales compared with many other states -- five prisoners have been put to death since the U.S. Supreme Court reinstated the death penalty in 1976 -- but the issue has generated considerable debate in recent years.

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Prompted by concerns about racial disparities in the death penalty's application, former governor Parris N. Glendening imposed a moratorium on executions in May 2002. That was overturned in January 2003, when Robert L. Ehrlich Jr. became Maryland's first Republican governor in a generation. Two inmates have been put to death during Ehrlich's tenure.

It is possible that Ehrlich could try to push through emergency regulations needed to restart the death penalty before leaving office Jan. 17. Aides say his legal counsel is reviewing options. But that appears highly unlikely to succeed.

The regulations would go before a joint legislative panel for a hearing, and the hearing would be set by the co-chairmen, Sen. Paul G. Pinsky and Del. Anne Healey, Prince George's Democrats who oppose the death penalty.

O'Malley has said he is hopeful Ehrlich will leave the issue for the new administration. In an interview last week, the governor-elect mentioned a case pending in federal court that could shed light on whether Maryland's use of lethal injection constitutes "cruel and unusual punishment." It is unclear when a ruling might be issued, but activists on both sides of the issue do not expect an O'Malley administration to issue regulations before then.

Moreover, O'Malley aides suggest that it is entirely reasonable to give an incoming corrections secretary several months to review the state's death penalty procedures. That Cabinet post is widely considered one of the most difficult for O'Malley to fill and could still be open when he takes office.

It is possible that O'Malley's administration could decline to submit new regulations for the duration of his term, in effect creating a moratorium that lasts as long as he is in office.

Aides say that strategy has drawbacks, and it is one that would bring protest at some point from Republicans. "If there's going to be a policy change, that should come under the jurisdiction of the General Assembly," said incoming House Minority Leader Anthony J. O'Donnell (R-Calvert), a death penalty supporter.

Some powerful voices in the legislature, including Senate President Thomas V. Mike Miller Jr., predicted that executions will resume in Maryland in cases that warrant the punishment. But Miller (D-Calvert) acknowledged that the process to get there is "very cumbersome."

Other lawmakers suggested that O'Malley, who has promised to enforce the law regardless of his personal beliefs, could leave the issue to the legislature, asking lawmakers to create a framework for moving forward. Legislation that allowed executions to resume would be subject to a filibuster in the Senate, however, and is not certain to pass, said Sen. Brian E. Frosh (D-Montgomery), chairman of the Judicial Proceedings Committee.

In coming weeks, lawmakers will be looking at O'Malley to signal where the process is headed, said Del. Samuel I. Rosenberg (D-Baltimore), vice chairman of the Judiciary Committee.

"It's in his lap, absolutely," Rosenberg said.

CIVIL RIGHTS:

Election Challenge For Florida District Is Taken To The House (WP)

By Zachary A. Goldfarb

The Washington Post, December 24, 2006

A battle over who won the congressional election in Florida's 13th District is in the courts and could be debated in Congress itself.

Christine Jennings, the Democrat, informed Congress last week that she was contesting the election, claiming that electronic voting machines malfunctioned and that state officials wrongly certified the election in favor of Republican Vern Buchanan. She also filed a lawsuit asking for access to the source code of the machines, manufactured by Election Systems & Software Inc.

Two weeks after the Nov. 7 election, the state certified Buchanan as the winner by 369 votes. Jennings wants a new vote. If she prevails, the Democratic gains in the midterm elections will increase to 31 House seats.

On Election Day, 18,000 Sarasota County voters who went to the polls registered no choice in the congressional race. Jennings argued that that was evidence of a machine glitch, but the state indicated that it found no evidence of one. ES&S also rejected her argument, and Buchanan said she should concede.

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On Wednesday, Jennings officially contested the election with the House Administration Committee, which usually does not take any action until an election dispute moves through the courts. Buchanan has 30 days to respond. He is likely to be sworn in next week.

Jennings's challenge, which has highlighted long-standing concerns this year about the reliability of electronic voting technology, faces long odds against success. According to a report by the Congressional Research Service, most of the 105 contested elections since 1933 have been decided against the challenger.

ES&S has opposed sharing its programming code, saying that it is confidential and that its machines elsewhere worked just fine.La. House Seat at Risk

Population estimates released by the Census Bureau last week suggest that the loss of population in Louisiana from Hurricane Katrina could result in the state's losing one of its seven congressional seats, according to Election Data Services Inc., a consulting firm.

According to the analysis, 2006 population estimates would give five states -- Arizona, Florida, Georgia, Nevada and Utah -- an additional seat each in Congress, while Texas would gain two seats. Seven states would lose seats -- Iowa, Louisiana, Massachusetts, Missouri, New York, Ohio and Pennsylvania. This year, Georgia and Nevada joined the list of states that would gain seats, while Massachusetts and Louisiana joined the list of states that would lose seats.

These estimates are based on 2006 figures, not 2010 figures, which ultimately will provide the basis for Congress to allocate seats to each state. But the estimates show a general trend in population growth and its impact on the political map.New Note in Vilsack Story

Iowa Gov. Tom Vilsack, who is pursuing the Democratic presidential nomination, said Friday that he received a letter that could help him find his birth mother. Vilsack, who was adopted in Pittsburgh shortly after he was born 56 years ago, said he would think over what to do with the material.

"You have to have time to think about things like this," said Vilsack, according to the Associated Press. "This is a decision nobody else can make."

Vilsack has already made his life story a part of his campaign persona. He was adopted at a young age and then grew up with a mother who battled alcoholism and a father who had financial difficulties. At a time when voters are forming their basic views of presidential candidates, the new development, if pursued, could spark great interest in Vilsack's life story.

Vilsack said the letter recently arrived at his Des Moines campaign offices from a nun who worked at a home for unwed mothers. "It was a place for young women [to] go to have their babies and then decide whether to leave them there," Vilsack said, according to the AP. He added that the letter said birth records are still available if he wants them.

Quasi-Freedom Agenda (WP)

The Washington Post, December 24, 2006

For President Bush, democracy doesn't begin at home.

POLITICIANS OFTEN treat the disenfranchisement of U.S. citizens who live in the District of Columbia as a parochial issue, a concern of Washingtonians alone. It is parochial, of course, in the way that achieving democracy in Iraq is a parochial issue for Iraqis and achieving democracy in China a parochial issue for Chinese. But as President Bush has stated so eloquently, the freedom of Iraqis and Chinese is also a concern for all humanity. "[I]t is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture," he said in his second inaugural address. So why not Washington, D.C.?

Post reporters asked Mr. Bush that question during an interview last week. Here is how he dodged:

Do the residents of the District of Columbia -- should they have a vote in the House?

I will look at what Congress proposes. I will look carefully at what Congress proposes.

But what is your philosophical view of that? Because we've gone to Iraq to provide freedom for people in Iraq, and the people in this country --

I understand that. You're trying to get me to opine on specific legislation that may be forthcoming, and I look forward to working with Congress on that.

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I'm actually asking you to opine on general --

That's my answer. (Laughter.)

-- philosophy on whether --

I know what you're trying to ask me to opine on, and I'm answering that there is -- I will look and see what Congress proposes.

In fact no one was asking that the president comment on specific legislation. He could easily have responded this way: "I know that citizens of the District of Columbia pay taxes for their country, and I know many of them have gone to war for their country. They should have a say in how their country is ruled. I look forward to working with Congress to find the best way to make that happen."

Instead we get squirming evasions and feeble humor. To be honest, we don't find it funny; if anything, it's pathetic that six years into his presidency Mr. Bush can't bring himself to endorse basic rights for residents of his current hometown.

In that same stirring address two years ago, Mr. Bush said that "rights must be . . . secured by free dissent and the participation of the governed." He didn't qualify the principle; there was no asterisk, as in: *except for majority-Democratic cities. Either he believes in democracy, or he doesn't.

Gender Pay Gap, Once Narrowing, Is Stuck In Place (NYT)

By David Leonhardt

The New York Times, December 24, 2006

Throughout the 1980s and early '90s, women of all economic levels — poor, middle class and rich — were steadily gaining ground on their male counterparts in the work force. By the mid-'90s, women earned more than 75 cents for every dollar in hourly pay that men did, up from 65 cents just 15 years earlier.

Largely without notice, however, one big group of women has stopped making progress: those with a four-year college degree. The gap between their pay and the pay of male college graduates has actually widened slightly since the mid-'90s.

For women without a college education, the pay gap with men has narrowed only slightly over the same span.

These trends suggest that all the recent high-profile achievements — the first female secretary of state, the first female lead anchor of a nightly newscast, the first female president of Princeton, and, next month, the first female speaker of the House — do not reflect what is happening to most women, researchers say.

A decade ago, it was possible to imagine that men and women with similar qualifications might one day soon be making nearly identical salaries. Today, that is far harder to envision.

"Nothing happened to the pay gap from the mid-1950s to the late '70s," said Francine D. Blau, an economist at Cornell and a leading researcher of gender and pay. "Then the '80s stood out as a period of sharp increases in women's pay. And it's much less impressive after that."

Last year, college-educated women between 36 and 45 years old, for example, earned 74.7 cents in hourly pay for every dollar that men in the same group did, according to Labor Department data analyzed by the Economic Policy Institute. A decade earlier, the women earned 75.7 cents.

The reasons for the stagnation are complicated and appear to include both discrimination and women's own choices. The number of women staying home with young children has risen recently, according to the Labor Department; the increase has been sharpest among highly educated mothers, who might otherwise be earning high salaries. The pace at which women are flowing into highly paid fields also appears to have slowed.

Like so much about gender and the workplace, there are at least two ways to view these trends. One is that women, faced with most of the burden for taking care of families, are forced to choose jobs that pay less — or, in the case of stay-at-home mothers, nothing at all.

If the government offered day-care programs similar to those in other countries or men spent more time caring for family members, women would have greater opportunity to pursue whatever job they wanted, according to this view.

The other view is that women consider money a top priority less often than men do. Many may relish the chance to care for children or parents and prefer jobs, like those in the nonprofit sector, that offer more opportunity to influence other people's lives.

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Both views, economists note, could have some truth to them.

"Is equality of income what we really want?" asked Claudia Goldin, an economist at Harvard who has written about the revolution in women's work over the last generation. "Do we want everyone to have an equal chance to work 80 hours in their prime reproductive years? Yes, but we don't expect them to take that chance equally often."

Whatever role their own preferences may play in the pay gap, many women say they continue to battle subtle forms of lingering prejudice. Indeed, the pay gap between men and women who have similar qualifications and work in the same occupation — which economists say is one of the purest measures of gender equality — has barely budged since 1990.

Today, the discrimination often comes from bosses who believe they treat everyone equally, women say, but it can still create a glass ceiling that keeps them from reaching the best jobs at a company.

"I don't think anyone would ever say I couldn't do the job as well as a man," said Christine Kwapnoski, a 42-year-old bakery manager at a Sam's Club in Northern California who will make $63,000 this year, including overtime. Still, Ms. Kwapnoski said she was paid significantly less than men in similar jobs, and she has joined a class-action lawsuit against Wal-Mart Stores, which owns Sam's Club.

The lawsuit is part of a spurt of cases in recent years contending gender discrimination at large companies, including Boeing, Costco, Merrill Lynch and Morgan Stanley. Last month, the Supreme Court heard arguments in a case against Goodyear Tire and Rubber.

At Sam's Club, Ms. Kwapnoski said that when she was a dock supervisor, she discovered that a man she supervised was making as much as she was. She was later promoted with no raise, even though men who received such a promotion did get more money, she said.

"Basically, I was told it was none of my business, that there was nothing I could do about it," she said.

Ms. Kwapnoski does not have a bachelor's degree, but her allegations are typical of the recent trends in another way: the pay gap is now largest among workers earning relatively good salaries.

At Wal-Mart, the percentage of women dwindles at each successive management level. They hold almost 75 percent of department-head positions, according to the company. But only about 20 percent of store managers, who can make significantly more than $100,000, are women.

This is true even though women receive better evaluations than men on average and have longer job tenure, said Brad Seligman, the lead plaintiffs' lawyer in the lawsuit.

Theodore J. Boutrous Jr., a lawyer for Wal-Mart, said the company did not discriminate. "It's really a leap of logic to assume that the data is a product of discrimination," Mr. Boutrous said. "People have different interests, different priorities, different career paths" — and different levels of desire to go into management, he added.

The other companies that have been sued also say they do not discriminate.

Economists say that the recent pay trends have been overlooked because the overall pay gap, as measured by the government, continues to narrow. The average hourly pay of all female workers rose to 80.1 percent of men's pay last year, from 77.3 percent in 2000.

But that is largely because women continue to close the qualifications gap. More women than men now graduate from college, and the number of women with decades of work experience is still growing rapidly. Within many demographic groups, though, women are no longer gaining ground.

Ms. Blau and her husband, Lawrence M. Kahn, another Cornell economist, have done some of the most detailed studies of gender and pay, comparing men and women who have the same occupation, education, experience, race and labor-union status. At the end of the late 1970s, women earned about 82 percent as much each hour as men with a similar profile. A decade later, the number had shot up to 91 percent, offering reason to wonder if women would reach parity.

But by the late '90s, the number remained at 91 percent. Ms. Blau and Mr. Kahn have not yet examined the current decade in detail, but she said other data suggested that there had been little movement.

During the 1990s boom, college-educated men received larger raises than women on average. Women have done slightly better than the men in the last few years, but not enough to make up for the late '90s, the Economic Policy Institute analysis found.

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There is no proof that discrimination is the cause of the remaining pay gap, Ms. Blau said. It is possible that the average man, brought up to view himself the main breadwinner, is more committed to his job than the average woman.

But researchers note that government efforts to reduce sex discrimination have ebbed over the period that the pay gap has stagnated. In the 1960s and '70s, laws like Title VII and Title IX prohibited discrimination at work and in school and may have helped close the pay gap in subsequent years. There have been no similar pushes in the last couple of decades.

Women have continued to pour into high-paid professions like law, medicine and corporate management where they were once rare, but the increases seem to have slowed, noted Reeve Vanneman, a sociologist at the University of Maryland.

Medicine offers a particularly good window on these changes. Roughly 40 percent of medical school graduates are women today. Yet many of the highest paid specialties, the ones in which salaries often exceed $400,000, remain dominated by men and will be for decades to come, based on the pipeline of residents.

Only 28 percent of radiology residents in 2004-5 were women, the Association of American Medical Colleges has reported. Only 10 percent of orthopedic surgery residents were female. The specialties in which more than half of new doctors are women, like dermatology, family medicine and pediatrics, tend to pay less.

Melanie Kingsley, a 28-year-old resident at the Indiana University School of Medicine, said she had wanted to be a doctor for as long as she could recall. For a party celebrating her graduation from medical school, her mother printed up invitations with a photo of Dr. Kingsley wearing a stethoscope — when she was a toddler.

As the first doctor in her family, though, she did not have a clear idea of which specialty she would choose until she spent a summer working alongside a female dermatologist in Chicago. There, she saw that dermatologists worked with everyone from newborns to the elderly and worked on nearly every part of the body, and she was hooked.

"You get paid enough to support your family and enjoy life," said Dr. Kingsley, a lifelong Indiana resident. "Yeah, maybe I won't make a lot of money. But I'll be happy with my day-to-day job, and that's the reason I went into medicine — to help other people." She added: "I have seen people do it for the money, and they're not very happy."

The gender differences among medical specialties point to another aspect of the current pay gap. In earlier decades, the size of the gap was similar among middle-class and affluent workers. At times, it was actually smaller at the top.

But the gap is now widest among highly paid workers. A woman making more than 95 percent of all other women earned the equivalent of $36 an hour last year, or about $90,000 a year for working 50 hours a week. A man making more than 95 percent of all other men, putting in the same hours, would have earned $115,000 — a difference of 28 percent.

At the very top of the income ladder, the gap is probably even larger. The official statistics do not capture the nation's highest earners, and in many fields where pay has soared — Wall Street, hedge funds, technology — the top jobs are overwhelmingly held by men.

Taser Debate (HC)

By Larry Karson

Houston Chronicle, December 24, 2006

Another politician, this time state Rep. Garnet Coleman, D-Houston, has joined the band wagon for "fixing" the Taser problem by suggesting that legislation is needed to put a moratorium on the use of the stun guns by the police.

Make no mistake about it: There have been numerous cases nationwide of poorly trained officers and negligent managers who have allowed the continued misuse of Tasers because, as one blogger remarked, the devices are treated as a "motivational tool" to control the citizens the police are supposed to be serving. Just go to YouTube and you will get an eyeful of incompetent cops performing negligent, if not criminal, acts with the devices.

From stunning an individual multiple times because they wouldn't "comply" with an order (think about how well you would comply, as well as understand someone's instructions, after 50,000 volts jolted your system) to using them on people who didn't immediately conform to verbal directions (but were otherwise nonaggressive and may not have even understood the commands being given to them), Tasers have had had a trackrecord of misuse since their introduction to police work.

But the fault doesn't always fall at the feet of the street officers— even if the suspect does after being Tased. For the real reason Tasers are consistently misused in some departments, look to management.

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Good police policy allows officers several options to control a situation. For example, if words or physical control won't work the officer may have no choice but to use an Oleoresin Capsicum (OC) "pepper" spray or a baton. To defend themselves or to establish control in a fight, they also have the choice of using the Taser — not as a replacement for words and not as a substitute for physically directing someone, which is when much of the Taser misuse seems to happen; but when the confrontation is going to turn into a fight. My point is, officers need a variety of tools.

For over 150 years, police have only had their presence and "prestige" — their hands, their nightstick or baton, and their gun — to control criminals. In recent years OC spray was added, but it has limited use, at best. It's the Taser that has proven most effective in controlling the violent and in preventing officers from being injured while attempting to make an arrest. Speaking from the other side of the fence, I'd rather be Tasered than have a couple of upset officers whaling away on me with nightsticks in a fight, possibly breaking some bones in the process. (That's not to mention that if the officers swing for my head because they feel they are losing ground, that in itself is deadly force that can quickly lead to deadly consequences.)

But the other issue that comes into play, especially in Harris County, is the concept of "fearing for one's life." Every time an officer discharges his or her weapon, that is almost always the first thing the officer or deputy says about the decision: "I feared for my life."

Make no mistake. It's why most officers do shoot a suspect; and they aren't lying when they say it. But for the extremely small percentage of officers who get in a bad shooting that reasoning is also the stay-out-of-jail card accepted by the Harris County district attorney and his hand-picked grand jury — and he has five grand juries to choose from — which then historically nobills the deputy or officer.

In 2004, the Chronicle reported that only half of the 189 shootings by officers in Harris County were of suspects carrying a gun or a knife. On average, approximately one shooting a month was of someone who had no weapon. Yet, in only the most egregious cases is an officer ever even considered for prosecution.

And that is where the Taser, as Houston Police Chief Harold Hurtt keeps having to remind us, comes into play. For without that alternative tool now carried by most HPD officers and many Harris County deputies, many more officers would have no choice but to use their gun instead of the Taser whenever they were in fear for their lives.

We, the community, have offered our officers an alternative to using deadly force. Though not always a feasible choice, as Chief Hurtt has stated, in at least 39 instances since December 2004, officers who could otherwise have been justified in using deadly force felt they had an opportunity to stun the suspect instead of shooting him. That figure easily surpasses whatever numbers of individuals are suspected of having died from the electrical charge of the stun gun.

What Rep. Colemanshould do is file a bill that prevents any law enforcement agency in Texas from requiring a signed affidavit from someone making a complaint against a police department, an officer or a deputy before an investigation is initiated for the misuse of force or for any other misconduct.

The Department of Justice has directed numerous other police departments to accept anonymous, verbal and unsworn complaints for investigation. Even federal agencies are mandated to investigate all allegations against their own agents, whether sworn or not. Yet in protecting its departments and their officers, local law enforcement continues to demand sworn affidavits and limit to whom and how a complaint can be made. Who in their right mind would identify themselves as a complainant against an officer allegedly trafficking in narcotics or associating with a drug cartel or organized crime?

If abused, assaulted or Tasered by an officer, many may expect the officer to harass or pursue them if they identify themselves as a complainant to the police. Yet, local police departments continue to demand a sworn affidavit before an investigation is initiated.

Why? They claim they don't want to take the time and trouble investigating the unsubstantiated complaints that they believe would get filed. But they actually use the affidavit as a filtering device to minimize complaints against their departments and to protect their own officers.

I know that the Houston Police Department wouldn't hesitate to investigate one of its own for a narcotic trafficking violation. But after all the corruption that has been reported on the Texas-Mexico border does anyone actually think everyone trusts the police to not protect one of their own?

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When it comes to officer misconduct, any complaint should be investigated. That's where I suggest Rep. Coleman needs to focus his attention.

Chief Hurtt and Mayor Bill White have monitored the actions ofHPD officers and are commissioning a study of the use of Tasers by the department. Both are appropriate responses to an issue that is of concern to all in the community. As part of their commission, these two leaders also need to include members of the community as they are the ones most subject to getting Tasered by the police.

But let's not throw out the baby with the bath water when it comes to Tasers: After all, 39 individuals are alive here who might otherwise have been dead and buried but for the discretion of HPD's finest.

And I suspect that Houston Texans lineman Fred Weary made 40, as unjust and undeserved as the use of the Taser against him may have been.

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ANTITRUST:

2006: The Year In PCs And Chips (PCWORLD)

By Ben Ames

PC World, December 24, 2006

Vendors in the PC and chip industries moved boldly in 2006, changing the marketplace map through mergers, recalls, layoffs, and lawsuits. Oh, and they launched some impressive new products too, keeping Moore's Law moving as they built smaller, faster chips and cooler, more efficient computers. Here, in chronological order, we share a sampling of the biggest events of the past 12 months. Apple Releases Macs That Run on Intel Chips

In January Apple Computer sold its first Mac PCs that run on chips from Intel instead of on chips from IBM and Motorola, fulfilling a promise made in June 2005. Apple substitutes Intel's Core Duo chip for the PowerPC and G4 chips in its iMac and 15-inch MacBook Pro, soon followed by the Mac mini and 13-inch MacBook.

The move also let Apple expand from its own operating system. In April, Apple launches its Boot Camp software, enabling Intel-based Macs to run their choice of Apple's OS X or Microsoft's Windows XP. AMD Announces ATI Acquisition

In July Advanced Micro Devices announces it would buy Canadian graphics chip vendor ATI Technologies for $5.4 billion. Integrating its processors with ATI's chip sets would allow AMD to sell platforms of integrated technologies, competitive with Intel bundles like Centrino, Viiv, and VPro, analysts say. Another effect of the merger is to leave Nvidia as the only independent graphics chip vendor in the market.

By November, Nvidia also says it will expand, paying $357 million to buy PortalPlayer, a maker of semiconductors for digital music players. Battery Recall Begins

Dell recalls 4.1 million notebook batteries in August as a growing number of customers report they could short-circuit, causing some to overheat and catch fire. Within days, other vendors join the recall, leading to 8.1 million recalls of the lithium ion cells manufactured by Sony. Other PC vendors affected by the largest recall in consumer electronics history include Apple, Fujitsu, Hitachi, Lenovo, and Toshiba. Intel Reorganizes, Lays Off Thousands

In September, Intel lays off 10,500 workers--about 10 percent of the workforce--as Chief Executive Paul Otellini enacts a promised reorganization that has already included the sale of its media and signaling business, the firing of 1000 executives, and the sale of its XScale smart phone chip division. Otellini blames slowing growth in the PC market when he predicts Intel's annual profits will reach only $9.3 billion for 2006, down from $12.1 billion in 2005. Analysts point out that Intel had also lost revenue by slashing prices on its chips in an effort to slow gains in market share by rival AMD. Justice Department Investigates SRAM Market

The Department of Justice launches a probe in October of sales practices in the SRAM memory chip market, serving subpoenas to Cypress Semiconductor, Mitsubishi Electric, Samsung Electronics, Sony Electronics, and Toshiba. The investigation comes shortly after the Justice Department wins convictions and multimillion-dollar fines for price fixing in the

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closely related DRAM industry. By December, the Justice Department also turns its focus to graphics chips makers, demanding documents from AMD and Nvidia as part of an antitrust investigation.

Meanwhile, AMD continues another antitrust fight, continuing its long-running suit against Intel over accusations that the much larger chip-maker intimidated vendors from using AMD chips. That case is scheduled to come before a judge in April 2009. HP Tops Dell as World's Largest PC Vendor

Hewlett-Packard overtakes Dell in October as the world's largest PC vendor, capping a year when Dell had reported a series of sagging profits and the start of an accounting investigation by the U.S. Securities and Exchange Commission. HP has its own problems, coping with a spying scandal on its board of directors that leads to criminal investigations and the resignation of chief executive Patricia Dunn. But Dell is unable to stop its loss of market share even when the company ends its longtime allegiance to Intel and begins selling PCs powered by chips from AMD as well. Dell Chief Executive Kevin Rollins says the company was also hurt by slashing prices in order to bolster market share, and pledges to spend $100 million to hire more sales and call-center workers. Intel Launches Quad-Core Processors for PCs

Intel launches the first quad-core processors for mainstream desktops and servers, continuing its effort to rebound from a loss of sales to AMD. The new chips include the Core 2 Extreme QX6700 for gamers and Xeon 5300 for servers, coming just a few months after Intel launches a new family of dual-core chips including the "Conroe" Core 2 Duo for desktops and "Woodcrest" Xeon 5100 for servers.

Still, the arms race continues, as AMD emphasizes its advantage in power efficiency and pledges to launch its own quad-core processor by the second quarter of 2007, the "Barcelona" quad-core Opteron 8000 for servers.

ENVIRONMENT/INDIAN AFFAIRS:

EPA OKs Fuel-cell Car Production (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, December 24, 2006

The hydrogen-powered vehicles will meet the state's zero-emission requirements.

The U.S. Environmental Protection Agency has cleared the way for automakers to produce hydrogen-powered fuel-cell cars to meet zero-emission vehicle requirements in California and 10 other states.

In a waiver signed last week, EPA officials approved amendments adopted in 2003 by the California Air Resources Board that allow manufacturers to produce fuel cells as an alternative to battery-powered cars and light trucks previously required by the state.

"This is a real Christmas gift for all of us," Air Resources Board Chairman Dr. Robert Sawyer said in a statement. "All Californians will breathe easier because of this measure, and the technology that makes these clean cars possible can now be made available to everyone."

Connecticut, Maine, Massachusetts, New York, New Jersey, Oregon, Pennsylvania, Rhode Island, Vermont and Washington have adopted California's rules, touted by state regulators as the toughest in the world. The rules were amended after automakers challenged them in court.

"This waiver simply reflects the prominence of fuel cells," EPA spokesman John Millett said. "Fuel cells have really taken off."

Fuel cells use hydrogen and oxygen to run an electric motor.

Automakers had mixed reactions. General Motors spokesman Dave Barthmuss said fuel-cell vehicles were "very viable to be a portion of any automaker's compliance strategy."

"A lot of milestones are being met, and a lot of progress is really being made" in developing the vehicles, he said.

GM plans to put 100 fuel-cell vehicles on the road next year as a demonstration project, he added.

Barthmuss also said the air board should be willing to review its requirements so they stay in line with the "pace of technology."

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Ford Motor Co. spokeswoman Jennifer Moore said that much uncertainty remains about fuel-cell vehicles, and that the company agrees with a U.S. Energy Department forecast that the vehicles won't be available in large numbers before 2015.

But California officials who fought for the measures painted a rosier picture, noting that the waiver also covers hybrid and super-low-polluting, gasoline-powered vehicles known as partial zero-emission vehicles.

California initially adopted its regulations in 1990, requiring that 10% of new cars sold in the state by major manufacturers by 2003 be zero-emission vehicles. The rules have been modified several times since, largely because of legal challenges by automakers.

Currently, they call for 2% of new cars from the six biggest automakers to be zero-emission vehicles, 2% to be gasoline-electric hybrids and 6% to be partial zero-emission vehicles.

Ford Tries To Outrace The Repo Man (WP)

By George F. Will

The Washington Post, December 24, 2006

DEARBORN, Mich. -- If Alan Mulally, Ford Motor Co.'s chief executive, is looking for fresh words to inspirit his troubled company -- words to replace "The Way Forward," which rang hollow as Ford slid further backward -- he might try: "Lay off the cheeseburgers, America -- you're killing yourself, which is your business, but you're also killing Ford, which is my business." That exhortation is not pithy but is oddly pertinent.

The average weight of American men (191 pounds) and women (164 pounds) has increased 25 pounds since 1960. And according to one study, in 2003 Americans' 223 million cars and light trucks burned an extra 39 million gallons of fuel for every additional pound of passenger weight. So Americans are using almost a billion gallons of gasoline more each year than they would if they were as (comparatively) svelte as they were in 1960. Because Ford is more a truck company than a car company (its big moneymakers are F-Series pickups, and sport-utility vehicles such as the Explorer are classified as trucks), it has been hit especially hard by changing consumer preferences produced by high gasoline prices. That is one reason Ford lost $5.8 billion in the third quarter.

Mulally, 61, is frequently described as having "boyish" looks and pep. But it has been only three months since William Clay Ford Jr., Henry's great-grandson, replaced himself with Mulally (Ford remains the company's executive chairman), who is going to find this an aging experience.

Already he has taken one of the great gambles in the history of American business, one perhaps unavoidable if Ford is to avoid bankruptcy. Ford has taken $23 billion in loans, most of that sum secured by almost everything Ford owns -- physical assets, patents, trademarks. The market value of Ford's outstanding stock is $15.4 billion. "The data," Mulally serenely acknowledges, "say we're going out of business."

Perhaps he is serene because he has seen, and seen off, conditions that were, if not worse, really bad. After Sept. 11, when the commercial airline market froze, Mulally, who then was at Boeing, oversaw the downsizing of that company's payroll from 127,000 to 52,000.

Still, the most difficult military maneuver is a retreat under fire, because it can become a rout, and the same is true of a corporate contraction. However many people Ford hires -- at reduced wages -- to replace some of the approximately 38,000 United Auto Workers employees who have agreed to buyouts, many of them will never have built a car. This could mean quality problems, which could further depress Ford's market share, driving a downward spiral.

Mulally's vision for Ford is forward-looking nostalgia. He wants to restore Ford to the role it had in "the middle America that we grew up with." But to "spiff up the blue oval" -- Ford's trademark -- he must market cars designed on the assumption that gasoline prices "are staying up." He talks about the need to "take the hard decisions" and "rationalize our product family" with a "simplified product portfolio." He stops short of talking -- yet -- about scrapping brands. But why is the company still making the Mercury, the average age of whose buyers is 55? Perhaps because it cost General Motors $1 billion -- payments to dealers, etc. -- to eliminate the Oldsmobile brand.

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Mulally says production efficiencies can solve half the company's economic problem. That will not suffice unless Ford efficiently produces exciting products. Mulally, a quick study, already has a rudimentary grasp of Detroit-speak: He says Ford must develop new products "with curb appeal -- the 'wow' factor."

But in 2001, with much fanfare, Ford rolled out a new version of a 1950s success, the Thunderbird. It was underpowered, handled badly and is no longer in production. Recently, the company heavily advertised the Lincoln Zephyr. But now it is called the MKZ. Why? This is the behavior of a company whose left hand does not know what its other left hand is doing.

Seventy percent of the people who go through O'Hare International Airport, Mulally says, are not going to Chicago. His point is that a snapshot of customers -- moving targets -- does not tell you where they are heading. Henry Ford, according to Mulally, said that if, when he founded his company, he had asked potential customers what they wanted, they would have said faster horses. Mulally has bet the company on its ability to develop "curb appeal" products that people do not yet know they want and to develop them before the company, which burned through about $6 billion in the last two quarters of 2006, burns the rest of its borrowed cash.

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Two Timber Firms Pretending To Be 'Green,' Groups Allege (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, December 24, 2006

Environmentalists Want Companies' Lucrative Certification Revoked

SEATTLE -- Two of the nation's largest timber companies, Weyerhaeuser and Plum Creek Timber, have polished their public images for years by participating in a program that certifies that their logging is environmentally friendly.

But in separate challenges this month from the far corners of the United States, environmental groups in Washington state and in Maine are accusing Weyerhaeuser Co. and Plum Creek Timber Co. of using the forest industry's green-labeling program as a cover while they log in ways that harm endangered spotted owls in Washington and violate forestry laws in Maine.

The Seattle Audubon Society and the Natural Resources Council of Maine have demanded in documents sent to the Sustainable Forestry Board that it revoke certification for the companies until they comply with standards they have pledged to uphold.

Both companies say the demands are unjustified and show ignorance of relevant facts.

The requests mark the first time that mainstream environmental groups have publicly attempted to turn the forest industry's green certification process against big timber companies by insisting that they be suspended from the program, the Sustainable Forestry Initiative, said William H. Banzhaf, president of the forestry board, which oversees certification.

Green labeling is a major marketing tool in the timber industry. It allows companies to reach a bigger marketplace while assuring increasingly sophisticated consumers that their purchases are not harming the environment.

As worry about global warming increases, green building codes are becoming politically fashionable. They have recently been adopted for private construction in the District, Montgomery County and Pasadena, Calif. Eighteen states and 11 federal agencies use such codes for their own buildings. And green codes often give credit to builders who use timber certified to have been logged in a sustainable way.

The timber industry's main lobby, the American Forest & Paper Association, developed the Sustainable Forest Initiative in 1994. That was a year after the Forest Stewardship Council, a group of environmentalists, forestry experts, sociologists and indigenous groups, created another certification system that is often described as far less friendly to the interests of big timber companies.

The competing certification regimes are usually referred to by initialisms -- SFI and FSC -- that can be easily confused. Some environmentalists say this is an intentional industry effort to muddy the green-labeling waters and confuse the public. Timber companies dispute that assertion.

Unlike the industry-created SFI program, FSC rules allow virtually no cutting of old-growth forests, nor do they allow operators to log off a diverse stand of trees and replace it with a plantation forest dominated by a single species, which is often done to enhance the commercial value of forestland.

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Home Depot, Ikea and Williams-Sonoma are among the major retailers that have announced their preference for FSC-certified lumber or paper. The U.S. Green Building Council, which oversees green standards for construction in the District and Montgomery County, among other places, credits only builders that use FSC lumber. But other retailers, such as OfficeMax, have preferences that do not distinguish between certification systems.

The Seattle Audubon Society and the Natural Resources Council of Maine argue that the Sustainable Forest Initiative could lose all credibility if its board does not suspend Weyerhaeuser and Plum Creek until they clean up their forestry practices.

Banzhaf, president of the Sustainable Forestry Board, said the complaints from responsible environmental groups in Washington and Maine are an "important" challenge to the certification system and will be thoroughly investigated.

At the same time, Banzhaf defends the integrity of the SFI certification process, noting that since 2002 it has been "independent of all influence by the forestry trade association."

The program hires third-party certification companies and is financed through licensing fees and foundation grants, he said. Its board members include leaders of major environmental groups, such as the Nature Conservancy, as well as senior state foresters and the heads of several major timber companies, including Plum Creek and Weyerhaeuser.

The separate but nearly simultaneous challenges to the forest industry's certification program appear to be a coincidence.

Over the past year, the Natural Resources Council of Maine has used the state's freedom-of-information law to uncover 18 previously unpublicized violations of state forestry laws by Plum Creek, the largest private owner of timberland in the United States, with more than 900,000 acres in Maine.

The council learned that Plum Creek, without public notice, had been fined $57,000 for its repeated forestry violations, the largest such fine in Maine's history. The violations included cutting too much timber without proper plans and failing to notify the state about clear-cuts.

"Our concern is that consumers in Maine are being routinely misled into thinking that Plum Creek is managing sustainably, when, in fact, they are not complying with basic laws," said Cathy Johnson, the group's project director for the North Woods.

Maine's chief forester, Alec Giffen, confirmed Plum Creek's violations between 1998 and 2002. "We have not had any other case that involved a $57,000 fine, nor have we had any other case where there was this number of noncompliant timber harvests," he said.

But Giffen said Plum Creek self-reported many of the violations and has taken corrective actions. "They have a good compliance history since 2002," he said.

An executive at Plum Creek said it would be "absurd" to revoke the company's SFI certification.

"We get it right 99 percent of the time," said Jim Lehner, who was general manager for Plum Creek's northeast region during the time of the violations and is now its director of community affairs. "It was certainly a mistake. We made a mistake. The fine was a big one. We haven't had any violations since."

Lehner said the Natural Resources Council of Maine is trying to discredit Plum Creek as part of its campaign to halt the company's plans for large-scale residential development in the North Woods around Moosehead Lake.

In Washington state, the Seattle Audubon Society does not allege that Weyerhaeuser, the largest manager of timberlands in the world, broke any state or federal laws. But Audubon says that the company logged its forestland in southwestern Washington in a way that harmed the habitat of four endangered Northern spotted owls and violated SFI certification standards by failing to "protect known sites" of imperiled creatures.

Northern spotted owls were placed on the federal endangered species list in 1990, but their numbers have declined by 50 percent since then in Washington state, in part because of continued loss of habitat.

To protect the reclusive birds, the U.S. Fish and Wildlife Service urges timber companies in the Northwest to refrain from logging more than 60 percent of older trees in areas around known owl nests. Those areas are called owl circles.

The Audubon group, however, cites government and industry estimates showing that circles around four owls on Weyerhaeuser land were much more aggressively cut, leaving between 8 percent and 22 percent of the suitable habitat.

That logging concerned James Michaels, a supervising biologist for the U.S. Fish and Wildlife Service and an expert on spotted owls. His agency wrote a letter to Weyerhaeuser last year, asking the company to stop.

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"It was enough of an issue to raise a flag with us to say we wanted to work with Weyerhaeuser so as not to put those birds at risk," Michaels said.

After Weyerhaeuser was warned about the risk, Michaels said, it suspended further plans for cutting trees near the birds and has been willing to work with federal officials.

A Weyerhaeuser spokesman, Frank Mendizabal, said the company "has not received any notice from any public agency that we have caused any harm" to the owls.

He said that Audubon's assertions that the company has violated SFI standards are without merit and that Weyerhaeuser "operates at the highest standards" for sustainable forestry.

Weyerhaeuser and Plum Creek have 45 days to respond to the certification challenges by the Seattle Audubon Society and the National Resources Council of Maine. A full investigation by the SFI system is likely to take several months.

FBI/DEA/ATF/USMS:

Cigarette Tax Set To Take A Big Leap (DMN)

By Karen Brooks

The Dallas Morning News, December 24, 2006

AUSTIN – Every time he stands outside a nonsmoking bar shivering in the cold winter air, Camel Light cigarette dangling from his lips, Chris Maddock feels punished.

And he likes it.

JIM MAHONEY/DMN Don Novak wrote a check for his purchase Wednesday at Smokey's Discount Cigarettes on Plano Road in Dallas. He plans to start buying his cigarettes in Oklahoma.

That's why the 34-year-old Austin man is looking forward to Jan. 1, when cigarettes go up at least $1 per pack and about $12 per carton after Texas officially increases the tax on cigarettes to help pay for a property-tax cut.

Maybe, finally, it'll make him quit.

"I invite the tax. I'm all for anything that makes it harder for me, both individually and in society, to smoke," he said. "I love things like that. I love smoking bans, I love feeling marginalized and having to pay more for what really is a habit that's bad for my health."

Anticipation is already rising among smokers and nonsmokers and their respective big-money advocates, more than a week before the tax hits convenience stores and smoke shops across Texas.

Convenience stores are bracing for a drop in sales. Discount shops are running out of some brands. Distributors are liquidating their inventories. And federal agents are keeping an eye on the situation after tax increases in other states led to robberies and smuggling rings.

And many smokers are vowing to either kick the habit or look outside state lines for their cigarettes – given that a pack-a-day habit will cost an additional $30 a month after New Year's Day.

Don Novak of Dallas, annoyed at both the cost and the premise of the new tax, plans to make regular cigarette runs to Oklahoma to stock up.

"It might cost me $10 in gas, but I'll just have the satisfaction that I'm buying for a cheaper price up there," said Mr. Novak, 55.

In El Paso, smoker Bonnie Carreno could easily trek across the Mexican border into Juarez for some cheap smokes – if she can get them back into Texas without declaring them and paying the tax at the border, the scenario tax opponents are afraid will happen.

Along with the regular border customs enforcement, the Bureau of Alcohol, Tobacco and Firearms plans to coordinate with other agencies at all levels to be extra vigilant about cigarette smuggling, officials there said.

Still, it won't be difficult to bring in a few packs at a time under the radar for personal use. But after 20 years of smoking, Ms. Carreno, a 36-year-old nuclear medicine tech, isn't even going to bother.

"It's a good excuse to go ahead and quit," she said. "I've been wanting to for a while, anyway. Everybody knows it's not good for you to begin with."

Impetus for quitting

That's music to Dawn Wiatrek's ears. The spokeswoman for the American Cancer Society in Austin is hoping that more of the state's smokers – about 20 percent of adults – stub out their habit.

"We certainly expect to see an impact," she said, adding that it's still too early to say whether people are quitting already. "Along with the New Year's resolutions that tend to kick in, this is a sort of added incentive. We do expect to see additional people quitting for good."

Retired lawyer Susan Portman says most of her buddies are going to quit. But Ms. Portman, 53, of Coppell, stocked up on her favorite Skydancer brand recently at Smokey's Discount Cigarettes. She was surprised to see the stock dwindling already and grabbed the four cartons left before the price jumps from $17 to nearly $30.

"The people that wait to stock up are going to get screwed," Ms. Portman said. "There's not going to be a cigarette to be had anywhere in this city, and right before New Year's."

Some distributors, in an effort to clear the decks before they have to pay the tax on whatever inventory they have on Jan. 1, have told retailers that they're going to halt new supplies until after the New Year.

"It's shocking, and everybody I know who smokes is intending to quit," Ms. Portman said. "So I can't imagine this is going to raise any money for the state, and it's going to be a hassle for those of us who say, 'This is my only vice, leave me alone.' ... I don't know what we're going to do. Cut back, that's for sure. I smoke a lot, and I can't do that when it's this much more."

At Smokey's, customers have started to figure out that they should grab their packs while they can still afford them, the owner said.

"This week it's really kicked in," said Kim Nikolis, who has owned Smokey's for 13 years. "We doubled our business today. It's just now that people are starting to figure out that, oh my god, it's coming. ... Wholesalers are running out of some brands. I've talked to them, and there have been people buying steadily for the past two months. I guess they just want to save a little money. I don't think they're going to stop smoking."

Boost OK'd in May

Texas lawmakers passed the tax hike in May after one of the most contentious legislative battles of the past two years – the fight over how to fund public schools and fix an unconstitutional property tax system.

The Legislature cut school property taxes and replaced that revenue with a new state business tax and the higher cigarette tax. Sales tax from cars was also tweaked to provide additional revenue.

The cigarette tax hike is expected to bring in $680 million over the next year. But it didn't come without a huge fight from Big Tobacco and convenience stores, wholesalers who worry about smuggling from Mexico and other states, and smokers groups who said they were being unfairly taxed.

Texas had one of the lowest cigarette tax rates in the nation. Now it joins New York with one of the top 10 highest taxes in the nation.

When a smaller tax hike hit New York a few years ago, police reported break-ins at convenience stores citywide and a soaring black market that prompted the ATF to form a task force to combat it The city's proximity to Canada and the fact that neighboring states carried cigarettes well below the New York prices compounded the problem.

The agency could form a similar task force in Texas if it needs to, said Special Agent Tom Crowley, the ATF's spokesman in Dallas.

It will also be watching for people taking advantage of smoke shops at the state's three Indian reservations that, by virtue of their federal status, can sell tax-free cigarettes, he said. While it's not illegal to buy cigarettes there, it's illegal to resell them without paying the tax.

The governor of the Tigua Indians, who live on the Ysleta del Sur Pueblo in El Paso, said he expects a brief spike in sales right after the tax goes into effect. But he's uncertain about what will happen to their single smoke shop in the long term.

Scott Fisher, an executive of a trade association for convenience stores, said he'll probably quit smoking his premium Merits – calling the decision a "no-brainer."

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As for smuggling, he advised his members to watch out for people evading the taxes – although he said some areas, like sSouth Texas, may be uniquely insulated from that due to the increasing drug violence in Nuevo Laredo along the border to Matamoros.

"I don't know how much of a factor that's going to be for them because of, frankly, the danger to Americans," Mr. Fisher said. "I'm a smoker, and for a dollar a pack, I wouldn't step foot over there."

Older Texans More Likely To Hold Concealed Weapons Permits (AP)

AP, December 24, 2006

HOUSTON - Texans who are 55 or older are more likely to get concealed handgun permits than those who are in their 20s, 30s and 40s, according to Texas Department of Public Safety statistics.

That falls in line with national surveys that indicate seniors are more likely than any other age group to be gun owners.

In Texas, 42 percent of those who have concealed handgun permits are 55 or older. Texans who are 60 or older have about 25 percent of the permits issued, statistics show.

Former legislator Jerry Patterson, who wrote the Texas concealed weapons law, said getting the permit is often a question of time and money, factors that favor seniors.

"There are a whole bunch of folks in the 30-to-40 range who say they'll do that someday," Patterson said.

Residents who want a permit must pass criminal background checks, take a 10-hour handgun safety course and show proficiency in shooting.

The state also makes permits cheaper for seniors, who get a half-price discount. The permit normally costs $140.

Although studies show seniors are more worried about crime than younger people, U.S. Justice Department statistics indicate people who are 65 or older are much less likely to fall victim to violent crime or property crime.

More than 72,000 people in Texas have concealed handgun licenses. One of them is 70-year-old Karl Virtue, who got a gun last year after fighting with a man he caught stealing from a neighborhood construction site.

He said some seniors are attracted to guns because they can no longer physically defend themselves.

"When I was younger I never had to worry, because nobody was going to go out of their way to give me a hard time," Virtue said. "But when you get old, you feel you've lost your mojo. You feel more vulnerable."

Virtue now owns a 9 mm handgun.

"The old geezers in Texas are well-armed," he said.

CONGRESS-ADMINISTRATION:

Parties Urge Aging Lawmakers To Hang On For One More Term (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, December 24, 2006

After 2006 Losses, GOP Particularly Fears Open Seats

The Republicans' stinging losses last month could be magnified in 2008 if veteran GOP Senate and House members decide to retire, including numerous lawmakers who will be 70 or older on that Election Day.

Sen. Tim Johnson's sudden illness was a reminder to both parties that the balance of power in Congress is fragile indeed. But Johnson, a South Dakota Democrat, is a youthful 59. Republican and Democratic leaders are scrambling to persuade colleagues who qualified for Medicare back during the administration of President Bush's father to hold on for at least one more term.

GOP leaders are particularly fearful that the Democrats will be able to expand their narrow House and Senate majorities if some of Congress's biggest Republican names call it quits. Party leaders dread retirements because they create open seats, which tend to generate costly and highly competitive primaries and general-election races. "The next election cycle could be very challenging," conceded Rep. Tom Cole (R-Okla.), the incoming chairman of the House Republican campaign committee. By losing the majority, he said, "we've lost one of the most powerful reasons for members to stay."

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Sen. Ted Stevens (R-Alaska), born Nov. 18, 1923, is the oldest member of "Club 21," the unusually large class of 21 Republican senators who face reelection in 2008. Seven of those Republicans were born before World War II, including at least four who represent states that could flip Democratic.

In the House, as many as 30 Republicans may retire, according to operatives from both parties, with senior lawmakers including Reps. Ralph Regula (Ohio), 82, and C.W. Bill Young of Florida, who turned 76 on Dec. 16, leading the list. Democrats are nervous, too. Days after the Nov. 7 election, incoming Senate Majority Leader Harry M. Reid (Nev.) called the 12 Democratic senators whose terms are up in 2008 -- including Sens. Frank Lautenberg (N.J.), 82, and John D. Rockefeller IV, who turns 70 next year -- to encourage them to stay put.

For now, at least, Republican leaders are reasonably optimistic that they can keep retirements to a trickle. In a recent Washington Post interview, incoming Senate Republican Leader Mitch McConnell (Ky.) predicted that every member of Club 21 would seek reelection. A few members have already announced their candidacies.

"While the recent election did not go my party's way, I come out of the campaign more determined than ever to fight for Alaska's interests in Washington, D.C.," Stevens, a longtime appropriator and outgoing chairman of the Commerce, Science and Transportation Committee, said in a statement on Nov. 16.

Sen. John W. Warner of Virginia, the outgoing chairman of the Senate Armed Services Committee who turns 80 on Feb. 18, has indicated that he may seek a sixth term, if he remains in good health. "I've heard people as old or older than me talking about reelection," marveled Sen. Charles E. Grassley (R-Iowa), 73, the outgoing chairman of the Senate Finance Committee.

"I have my track shoes on," joked Club 21 member Sen. Pat Roberts of Kansas, still feisty at 70, who said he intends to seek another term. Roberts chaired the Senate Intelligence Committee.

For some lawmakers, 2008 is a touchy subject. Sen. John F. Kerry (D-Mass.), who turns 65 on Dec. 11, 2008, is pondering his options, which include seeking a fifth Senate term and/or running for president a second time. He bristled last week when asked about his plans as he walked off the Senate floor. "You're going to ask me that right here?" he responded testily, darting off without answering.

Some political operatives view what happened in 1996 -- two years after the Republicans won control of the House and Senate -- as instructive on what might happen in the 2008 election cycle. Eight Democrats and six Republicans retired from the Senate that year. In the House, 30 Democrats and 23 Republicans retired or left to run for higher office.

The 1996 retirees included such prominent figures as Democratic Sens. Sam Nunn (Ga.), Bill Bradley (N.J.) and Howell Heflin (Ala.), and GOP Sens. Alan K. Simpson (Wyo.) and William S. Cohen (Maine). But in the House, Democrats were able to persuade some of their veterans to seek reelection. Reps. John D. Dingell (Mich.), now 80, and Charles B. Rangel (N.Y.), who turns 77 in June, survived 12 years in the minority and will become committee chairmen in January. Rangel will head the tax-writing Ways and Means Committee, and Dingell will reclaim the chairmanship of the Energy and Commerce Committee.

"We tend to think the most likely to go are the folks who are older, or see the writing on the wall, in states or districts that are trending against them," said Amy Walter, who monitors House races for the nonpartisan Cook Political Report. "It's a lot more random."

One Republican who has been the subject of considerable speculation is Sen. Wayne Allard of Colorado, who is 63. He promised to serve only two terms when he was elected in 1996. Colorado just elected a Democratic governor, and the state is considered fertile ground for the Democrats' Western expansion efforts. Republicans are worried enough about their hold on the Allard seat that even some GOP politicians with ambitions to succeed him are hoping he breaks his term-limit pledge.

"Run, Senator, run," said Rep. Tom Tancredo (R-Colo.), who is rumored to covet the Senate seat. "An open seat fight we just don't need."

Pat Toomey, a former congressman from Pennsylvania and president of the Club for Growth, said his group, which backs fiscally conservative Republican candidates, is bracing to compete in as many as 40 House races in the next cycle. "It's a big challenge, figuring out how we step up to play in that many races," Toomey said.

What remains to be seen is how well House Republicans adjust to minority status, given that many have never experienced it and may find it very frustrating. On the other hand, Walter said: "Whether they are in the minority or the majority, they are still a member of Congress. And when you retire, you can never get that stature back."

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 24, 2006 7:45 AM EST

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WAR NEWS:

New Pentagon Chief Briefs Bush On Iraq (AP)

By Jennifer Loven, Associated Press Writer
AP, December 24, 2006

President Bush, drafting an overhaul of his faltering and unpopular war plan, heard Saturday from a Pentagon chief who had just returned from Iraq with a positive impression of Iraqi leaders' plans to address sectarian violence.

Defense Secretary Robert Gates finished his first week on the job by delivering a report to Bush on the three days he spent talking with Iraqi leaders, U.S. commanders and American soldiers. The chairman of the Joint Chiefs of Staff, Gen. Peter Pace, who traveled with Gates to Iraq, helped make the presentation.

The early-morning meeting at Camp David in Maryland's mountains lasted about an hour. Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and Hadley's deputy, J.D. Crouch, who is coordinating the administration's Iraq review, also participated.

White House officials declined to disclose any details of the conversations. Bush is meeting with his national security team again Thursday at his ranch in Crawford, Texas.

"The president is pleased with the progress being made" to design a new policy, said Blain Rethmeier, a Bush spokesman. "The president is leaving all options on the table on the way forward."

With public support for the war falling as violence and U.S. deaths rise, Bush has been eager to show he is ready to make changes — even while he rejects calls from Democrats, who take control of Congress next month, for significant troop withdrawals to begin soon. The president has talked often in recent weeks about the long commitment America must make to Iraq.

He is expect to announce his revamped Iraq strategy in a speech to the nation between the New Year's Day and his Jan. 23 State of the Union address.

"If you're serving on the front lines halfway across the world, it is natural to wonder what all this means for you," Bush said Saturday in his weekly radio address. "I want our troops to know that while the coming year will bring change, one thing will not change, and that is our nation's support for you and the vital work you do to achieve a victory in Iraq."

There are several signs that a proposal to add thousands of U.S. troops to the 140,000 already in Iraq — as a way to control escalating violence, particularly in Baghdad — is gaining favor at the White House.

The Los Angeles Times reported Saturday that Gen. George Casey, the top U.S. commander in Iraq, and other military leaders in Iraq, who had been the primary voices skeptical of a "surge" in troops, have decided to endorse the idea.

But Lt. Col. Christopher C. Garver, spokesman for Casey, said Saturday, "As of this time, General Casey has not recommended more troops be sent here." Rethmeier would neither confirm nor deny the Times story.

Bush has said he has changed his mind and now believes the Army and Marine Corps should be increased in overall size. This process would take years, but still could address some doubts in the military about the drain of even a short-term boost in Iraq.

And while saying he has not decided whether to deploy more U.S. soldiers, the president gave another nod to military leaders this week by making clear he agrees that any such troop infusion must have a mission that is clear and achievable.

During Gates' trip to Iraq, several soldiers told him they thought a short-term increase in troop levels would help. But the defense secretary repeatedly declined to say whether he would recommend such an increase.

Some important players at the Pentagon remain unconvinced that a significant troop increase would help and, in fact, worry it could do more harm than good by giving Iraqis incentive not to make their own inroads. Democrats and other critics also fear American troops will remain mired unless the Iraqis are forced by the prospect of an imminent withdrawal of U.S. soldiers to make progress.

While in Baghdad, Gates did praise Iraqi leaders for having "some concrete plans in mind" to deal with the deadly militias that have brought the country to the brink of civil war between the Shiite majority and Sunni minority. He left Casey with the assignment of putting "flesh on those bones" in consultations over the next few days with the Iraqi government, which has had little success so far reining in the militias or quelling the bloodshed.

Bush has said all along that U.S. troops cannot come home until Iraqis are able to secure and defend their own country without significant American assistance.

The military component of Bush's upcoming plan has drawn the most attention, but it is only one part of what is expected to be a multi-pronged strategy.

It also will include a way to improve the dismal economic picture in Iraq and a new approach to both diplomacy in the region and to the delicate — and deadly — political situation inside Iraq.

Bush, Gates Consult Over Iraq War Strategy (HC/AP)

By Jennifer Loven, Associated Press

Houston Chronicle, December 24, 2006

WASHINGTON — Moving closer to an overhaul of troubled war strategy, President Bush today heard firsthand from his new Pentagon chief, just back from a visit to Iraq.

Defense Secretary Robert Gates, finishing up his first week on the job, spent three days in Iraq before heading straight to Camp David in Maryland to report to the president on his conversations with Iraqi leaders and U.S. commanders and soldiers. While in Iraq, Gates expressed confidence that Iraqis can take the lead in reducing the violence and warned Iran and Syria not to meddle in their neighbor's affairs.

Bush, who is spending Christmas at the presidential retreat, was joined by Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and Hadley's deputy, J.D. Crouch, who is coordinating the administration's Iraq review.

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A White House spokesman, Blain Rethmeier, said "the president is pleased with the progress being made" on crafting a new policy. The White House would provide no details of the hourlong discussion.

Bush has said he cannot settle on a revised war plan without input from Gates, who took over from Donald H. Rumsfeld at the Defense Department on Monday. The president is expect to announce his revamped Iraq strategy in a speech to the nation between the New Year's Day and Jan. 23, when he gives his State of the Union address.

The president is considering adding thousands of U.S. troops to the 140,000 already in Iraq as a way to control escalating violence, particularly in Baghdad.

The Los Angeles Times reported today that Gen. George Casey, the top U.S. commander in Iraq, and other military leaders in Iraq once skeptical of a "surge" in troops have decided to endorse the idea. Rethmeier would neither confirm nor deny the story.

Some important voices at the Pentagon, however, are not convinced that a significant troop increase would help and, in fact, worry it could do more harm than good.

Democrats about to take control of Congress and other war critics fear that American troops will remain mired unless the Iraqis are threatened with an imminent withdrawal of U.S. soldiers and forced to meet specific benchmarks.

Bush has changed his mind and now believes the Army and Marine Corps should be increased in overall size. This process would take years but still could address some doubts in the military about a short-term boost in Iraq.

While saying he has not decided whether to deploy more U.S. soldiers, the president has given another nod to military leaders by making clear he agrees that any such mission is only feasible if there is a defined mission that is clear and achievable.

Before leaving Baghdad, Gates would not say whether he supports a short-term troop increase. He did speak optimistically about Iraq's political leaders' commitment to taking over their own security and ability to deal with the militias that have brought the country to the brink of civil war.

The military component of Bush's upcoming plan has drawn the most attention. But it is only one part of what is expected to be a multi-pronged strategy.

It also will include a way to improve the economic picture in Iraq and a new approach to both diplomacy in the region and to the delicate — and deadly — political situation inside Iraq.

An anti-American, most Sunni insurgency has been replaced this year as the chief source of violence by bloodshed between Sunni and Shiite factions.

With public support for the war falling as violence and U.S. deaths rise, Bush has been eager to show he is ready to make changes, even while he rejects calls from many Democrats for significant troop withdrawals to begin soon. The president has talked often in recent weeks about the long commitment America must make to Iraq.

"Things are moving in a positive direction. But it's going to be a long haul," Gates said during his visit.

Looking ahead, the president has called a meeting of his National Security Council on Thursday at his Crawford, Texas, ranch.

"If you're serving on the front lines halfway across the world, it is natural to wonder what all this means for you," the president said today in his weekly radio address, taped before he left Washington on Friday for the holiday.

"I want our troops to know that while the coming year will bring change, one thing will not change, and that is our nation's support for you and the vital work you do to achieve a victory in Iraq."

Also today, Bush called El Salvador's president, Tony Saca, to thank the country for extending its troop presence in Iraq.

Despite public sentiment against it, El Salvador's legislature this month approved Saca's request. The contingent scheduled to remain another year could be smaller than the 380 soldiers that have been in Iraq, mainly for humanitarian and rebuilding work.

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Associated Press writer Lolita C. Baldor contributed to this report.

Gates Gives Bush Evaluation Of Iraq War (WP)

By Peter Baker And Thomas E. Ricks, Washington Post Staff Writers

The Washington Post, December 24, 2006

Defense Secretary Shares Post-Trip Impressions as Strategy Review Continues

Defense Secretary Robert M. Gates headed to Camp David yesterday to brief President Bush and his national security team on his impressions from Iraq as the administration accelerated a debate over a proposed short-term escalation in troop levels to turn around the war.

Gates brought back from Baghdad a plan put forth by Iraqi leaders that would redefine the U.S. mission to focus more on fighting Sunni insurgents while the Shiite-led government tries to contain Shiite militias. He also brought back views from U.S.

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commanders on the ground, who have said publicly that they are open to a so-called surge in troops if their mission is clearly defined.

The Joint Chiefs of Staff have resisted additional troops unless a clear, achievable mission is defined and believe the White House is putting forward an ill-conceived idea in a desperate bid to salvage the situation. The Los Angeles Times reported yesterday that Gen. George W. Casey Jr. and Lt. Gen. Raymond Odierno, the top commanders in Iraq, have decided to recommend the surge, a position that if true could make it easier for Bush to go forward even if Pentagon generals remain unenthusiastic.

It was unclear, however, whether Casey was genuinely supporting a buildup or simply restating privately what he has already said publicly. "I'm not necessarily opposed to the idea," if sending more troops would help achieve strategic objectives, he said at a Baghdad news conference with Gates last week.

The White House and Pentagon officially had no comment. A Pentagon official, speaking on the condition of anonymity because of the sensitivity of the discussions, said it would be an exaggeration to say that Casey is pushing for additional troops.

"To say that Casey wants more forces, that isn't the case," the official said. Indeed, he said, Casey told Gates in Iraq that an infusion of U.S. forces would not help him politically with the Iraqi government and could impede reconciliation efforts.

"Casey's position all along has been, 'If you want to put additional forces in, I'm not opposed to that -- if it serves the strategic purpose, which is to put Iraqis in the lead,' " the official said.

Casey and Gates agreed that under the current "clear, hold and build" approach, more U.S. troops would be useful only as part of a broader reconstruction effort to hold areas after they have been cleared. This would involve immediate work such as garbage removal, followed by infrastructure projects.

Gates met for an hour at the presidential retreat with Bush, Secretary of State Condoleezza Rice, national security adviser Stephen J. Hadley and deputy national security adviser J.D. Crouch II.

"The president is pleased with the progress being made" in the strategy review, White House spokesman Blain K. Rethmeier said. He declined to discuss the briefing in detail.

During his trip, Gates was presented a two-pronged plan by Iraqi Prime Minister Nouri al-Maliki in which U.S. forces would target Sunni insurgents in Baghdad's outer neighborhoods instead of Shiite militias while Iraqi forces would take over security of the city center. Maliki would work to contain his fellow Shiite, Moqtada al-Sadr and his Mahdi Army militia. Under the plan, Maliki would accept an increase in U.S. troops in Baghdad.

Bush had hoped to unveil a fresh approach to Iraq before Christmas but delayed a decision until next month so Gates could make his own evaluation. Gates, who was sworn in to succeed Donald H. Rumsfeld on Monday, had privately been critical of the war. The National Security Council will meet again Thursday at Bush's ranch near Crawford, Tex.

Bush used his weekly radio address to pay tribute to troops serving far from families at Christmas.

"I want our troops to know that while the coming year will bring change, one thing will not change, and that is our nation's support for you and the vital work you do to achieve a victory in Iraq," he said. "The American people are keeping you in our thoughts and prayers, and we will make sure you have the resources you need to accomplish your mission."

Commander Said To Be Open To More Troops (NYT)

By Michael R. Gordon And David E. Sanger

The New York Times, December 24, 2006

WASHINGTON, Dec. 23 — The American military command in Iraq is now willing to back a temporary increase in American troops in Baghdad as part of a broader Iraqi and United States effort to stem the slide toward chaos, senior American officials said Saturday.

President Bush and his advisers were told Saturday of the new position when Defense Secretary Robert M. Gates met with them at Camp David, an administration official said.

Until recently, the top ground commander in Iraq, Gen. George W. Casey Jr., has argued that sending more American forces into Baghdad and Anbar Province, the two most violent regions of Iraq, would increase the Iraqi dependency on Washington, and in the words of one senior official, “make this feel more like an occupation.”

But General Casey and Lt. Gen. Raymond T. Odierno, who has day-to-day command of American forces in Iraq, indicated they were open to a troop increase when Mr. Gates met with them in Baghdad this week.

“They are open to the possibility of some increase in force,” a senior Defense Department official said. “They are supportive of taking steps to support the Iraqis in their plan, including the possible modest augmentation in U.S. combat forces.”

“Nobody has decided anything yet and they have not made a formal recommendation,” the official continued. “They are open to the idea of such an option and are weighing how best to execute it and what the traffic will bear with the Iraqis.”

The possible increase in troops, officials said, ranges from fewer than 10,000 to as many as 30,000.

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Politically, winning the support of American generals for the additional troops is crucial to Mr. Bush if he hopes to make the increase part of the new strategy he is expected to announce in early January.

Over the past two weeks, Mr. Bush has appeared at odds with the generals in some of his comments, as the White House veered toward strategies that involve a greater show of force and some members of the Joint Chiefs of Staff questioned whether a "surge" in forces would make a lasting difference.

The Camp David meeting convened by President Bush included Mr. Gates, Secretary of State Condoleezza Rice and the national security adviser, Stephen J. Hadley, for what the White House called a chance for Mr. Gates, who took office this week, to report on his findings. Mr. Bush plans to convene a full meeting of the National Security Council on Thursday at his ranch in Crawford, Tex.

The key to any new strategy, some officials said, would be a binding commitment by the Iraqi government that it would provide far more troops as well, and take other steps to try to slow the sectarian violence. The government of Prime Minister Nuri Kamal al-Maliki has repeatedly stressed the desire to take charge of the security situation in Baghdad, but failed to send most of the reinforcements the Americans requested this summer during a beefed-up effort to quell the violence.

It is unclear how Mr. Bush plans to enforce any commitments from Mr. Maliki, but Mr. Gates said in Baghdad before flying home that he sensed "a broad strategic agreement between the Iraqi military and Iraqi government and our military."

"There is still some work to be done," he said. "But I do expect to give a report to the president on what I've learned and my perceptions." Mr. Gates was joined on his Iraq tour by officials from the White House and other parts of the government.

Administration officials, who spoke anonymously because they were not authorized to publicly discuss internal deliberations, said that General Casey had not yet submitted a formal recommendation to Mr. Gates and Mr. Bush. Mr. Gates, they said, asked General Casey to enter into final discussions with Iraqi officials on the specifics of their role.

But officials said General Casey was coming closer to the position of General Odierno that a greater a show of force would be critical to the effort to contain the Sunni insurgency and tamp down the violence by Shiite militias. The shift in the general's position was first reported in The Los Angeles Times on Saturday.

General Casey has long argued that the principal emphasis of American policy should be on training Iraqi security forces, and handing over responsibility to the Iraqi military and police. In a plan General Casey presented in Washington in June, he anticipated reducing some American combat troops in September. But his plan was shelved after the surge in violence in Iraq.

As the sectarian killings escalated, the White House began to explore the option of sending more troops as a broader strategy to secure Baghdad. The idea was raised in a November memo prepared by Mr. Hadley. Mr. Bush discussed the option during a recent meeting with the Joint Chiefs of Staff that was organized as part of the administration's Iraq strategy review.

Some generals appeared notably unenthusiastic. Some members of the Joint Chiefs appeared worried about the strain it would place on the Army and the Marines. Gen. John P. Abizaid, the top American commander for the Middle East, told Congress last month that adding 20,000 troops would improve security, but argued that the effect would only be temporary because the United States military was not large enough to sustain such an increase indefinitely.

As for General Casey, he suggested Wednesday that he was neither the originator of the idea nor actively lobbying for it. At the same time, he indicated that he was not adamantly opposed to it. "Additional troops have to be for a purpose," the general said. "I'm not necessarily opposed to the idea, but what I want to see happen is, if we do bring more American troops here, they help us progress toward our strategic objectives."

Should Mr. Bush decide to send more troops, General Casey's backing for a such a step would help the president deal with Congressional critics, who have pressed the administration to begin a withdrawal. It would also aid him with Republicans, some of whom were taken aback this week when Colin L. Powell, the former secretary of state who also served as chairman of the Joint Chiefs of Staff, said Mr. Bush had not yet clearly defined a role for additional troops that made it worth the projected casualties and deeper American involvement.

Mr. Gates said during the trip that he did not believe that Iraqi leaders were deeply split on the question of an increase in the American presence. Mr. Maliki proposed a plan to Mr. Bush in their meeting last month in Amman, Jordan, under which the Iraqis would assume direct command of its 10 Army divisions and a National Police division by June.

The Iraqi prime minister also proposed that his government assume the primary responsibility for security in Baghdad over the next several months while most American forces would move to the periphery of the city. The idea of moving American troops to the capital's outskirts is consistent with General Casey's long-term plan, but the Iraqi time frame is far more compressed. Some of Mr. Bush's aides have expressed concern that the Iraqis' desire for control outstrips their capacity.

However, as a political matter, officials said, it is crucial that Mr. Bush be able to announce that any increase in American troops will be made in parallel with a similar commitment by the Iraqis, and that the eventual goal of the strategy is to put the Iraqis in the lead. The Iraqis promised to send two brigades of Iraqi Army troops this summer, but most of the troops never arrived.

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Lt. Gen. Martin Dempsey, who oversees the training of Iraq's security forces, said this week that he was overhauling his training efforts so that Iraqi Army units would be easier to deploy, including providing more pay.

"We've got two or three brigade headquarters and six additional battalions that are scheduled now over the next couple of months to come to Baghdad," he said. An Iraqi battalion nominally has more than 700 soldiers, but the actual number is often far less, since many soldiers are on scheduled leaves or absent without leave.

Top Shiite Cleric Balks At Plan For Iraq (AP)

By Qassim Abdul-zahra, Associated Press Writer

AP, December 24, 2006

A U.S.-backed plan to form a political coalition of Iraq's Shiites, Sunni Arabs and Kurds — a glimmer of hope in a nation torn by sectarian violence — failed to win the crucial support of the top Shiite cleric Saturday.

Lawmakers who presented the plan to Grand Ayatollah Ali al-Sistani in the holy city of Najaf said they were told the unity of Shiites, who have the largest bloc in parliament, had to come first.

By shunning the coalition plan, al-Sistani sought to unite the Shiite's fractured 130-member United Iraqi Alliance. But his decision — which carries great weight with the country's Shiite majority — significantly weakens American hopes for a national unity government and strengthens the hand of the radical Shiite cleric Muqtada al-Sadr.

Al-Sistani's decision may not doom the proposed coalition, but it significantly reduces its chances.

"There are obstacles in the face of forming this coalition, because al-Sistani does not support it," said Hassan al-Suneid, a top aide to Prime Minister Nouri al-Maliki.

An official close to al-Sistani, who spoke on condition of anonymity because he was not authorized to talk to the media, said the cleric "will not bless nor support any new bloc or front. He only supports the unity of the Shiites."

The proposed coalition — which would not have included al-Sadr's supporters — could have isolated the militant cleric, commander of a militia army blamed for many sectarian attacks.

Two U.S. soldiers were killed Saturday in separate roadside blasts near Baghdad, the U.S. military said. One bomb exploded southeast of the capital near a patrol searching for "suspected terrorists," it said. That blast also wounded four other U.S. soldiers. The other bomb exploded southwest of Baghdad, near a patrol delivering supplies to units in the area.

Police in Baghdad said they discovered 47 bodies — apparent victims of violence between Sunni and Shiites.

Meanwhile, President Bush met with his new defense secretary Robert Gates at his presidential retreat in Camp David, Md., to discuss military options for Iraq including a proposal to send thousands more troops to the 140,000 already in Iraq to try to quell escalating violence, particularly in Baghdad.

The president is expect to announce a revamped Iraq strategy in a speech to the nation between New Year's Day and Jan. 23, when he gives his State of the Union address.

In Iraq, the focus was on politics. Several weeks ago, 30 Iraqi lawmakers and six Cabinet ministers who support al-Sadr launched a boycott of the government. They were protesting a meeting between the prime minister and President Bush.

Now the 275-member Iraqi parliament is in virtual paralysis.

On Saturday, the same Shiite delegation in Najaf that courted al-Sistani tried to persuade al-Sadr to bring his supporters back into government. Al-Sadr did not give a definite answer, according to some of those who met with him.

"He will give his final decision whether to rejoin the government and parliament after Eid al-Adha," Khaled al-Attiya, an independent who is parliament's deputy speaker, said after the meeting. Iraq's Shiites will celebrate the holiday from Dec. 31 to Jan. 4.

Some of al-Sadr's aides had earlier said he would soon end his political boycott and call off attacks by his militia, at least temporarily.

But al-Sistani's rejection of the new coalition — which would have excluded al-Sadr's supporters — strengthened his hand.

Al-Sistani holds no political post and rarely emerges from his home and adjacent office. But his word is considered law by many Shiites.

Despite this, Shiite militants, including members of al-Sadr's Mahdi Army, have not heeded al-Sistani's appeals for peace in Iraq. Many Iraqis on both sides of the sectarian divide view militias as their only form of defense.

One of al-Sadr's key demands is a timetable for the withdrawal of U.S. forces from Iraq.

Without progress toward political reconciliation in Iraq, some observers say, the security situation in the country is likely to remain grim.

In violence on Saturday, an Iraqi military intelligence officer was killed in a drive-by shooting south of Baghdad, police said. Six civilians were killed when a mortar shell hit a house in Baqouba, north of the capital. U.S.-led forces raided a militant hide out in Ramadi, west of Baghdad, killing one person and detaining nine.

DOJ_NMG_0108965

Key Iraqi Cleric Rejects U.S. Bid For Moderate Political Bloc (WP)

By Nancy Trejos And Saad Sarhan, Washington Post Staff Writers

The Washington Post, December 24, 2006

BAGHDAD, Dec. 23 -- Iraq's most revered Shiite Muslim cleric has rejected calls for a U.S.-backed effort to form a bloc of moderate Shiite, Sunni Arab and Kurdish leaders to isolate extremists in the government, Shiite leaders said Saturday.

Members of the United Iraqi Alliance, the dominant Shiite coalition in parliament, said they discussed the bloc with Grand Ayatollah Ali Sistani during a two-hour meeting at his home in Najaf on Saturday.

U.S. leaders say that such a bloc, proposed by national security adviser Stephen J. Hadley in a leaked Nov. 8 White House memo, would dampen the influence of firebrand Shiite cleric and militia leader Moqtada al-Sadr by bolstering his political rivals.

Sistani's endorsement of the proposal was considered key. But during the meeting, Shiite leaders said, Sistani called on them to keep the 130-member United Iraqi Alliance intact.

"Grand Ayatollah Ali Sistani is against any coalition that might weaken the United Iraqi Alliance," said Hasan Suneid, a Shiite lawmaker with Prime Minister Nouri al-Maliki's Dawa party.

Maliki and the Dawa party, part of the United Iraqi Alliance, have been unenthusiastic about the proposal from the beginning because they believe that isolating Sadr would exacerbate tensions. Maliki is beholden to Sadr, who supported his bid to become prime minister.

In recent days, spokesmen for Sistani have denied media reports that he had tentatively approved the coalition and said he was neither supporting nor opposing it and was interested simply in keeping Shiites united.

Basher al-Assadi, a deputy to Sistani, said the cleric "has not given his blessing to the new alliance because it is not complete, as other forces have been excluded from it."

Abdul Karim al-Inazi, another member of the Dawa party, said the leaders do not want to exclude Sadr from the political process. Sadr controls 30 seats in parliament. "We believe the Sadr trend is one of the important blocs," Inazi said. "They are present, and we do not want any group to be weakened."

To some extent, Sadr has already isolated himself from other Shiite leaders, some of whom consider him too confrontational. Last month, he ordered his loyalists to withdraw from parliament to protest Maliki's decision to meet in Jordan with President Bush.

Shortly after ending their discussion with Sistani on Saturday, the Shiite leaders visited Sadr at his home in Najaf and urged him to allow his loyalists to return to government.

Haidar al-Ubadi, a senior official of the Dawa party, said, "Our brothers in the Sadr bloc are on their way to returning to the government and the parliament."

But other participants said Sadr's response was not definitive and more discussions were needed. "I hope that this crisis will be over soon, just after one or two meetings with his eminence and the Sadr bloc," Inazi said.

Meanwhile, the southern city of Samawah remained under curfew a day after clashes between Iraqi forces and Shiite militiamen loyal to Sadr, in which five people were killed and 17 were wounded, the Associated Press reported.

Southwest of Baghdad, a U.S. soldier was killed by a roadside bomb Saturday while delivering supplies, the U.S. military said. A separate roadside blast killed one U.S. soldier and wounded four others on patrol southeast of the capital, the Associated Press reported. In Diyala province, four police officers were killed in clashes with armed groups, local police said.

Sarhan reported from Najaf. Special correspondent Waleed Saffar in Baghdad contributed to this report.

Yes, You Are The Person Of The Year! (NYT)

By Frank Rich

The New York Times, December 24, 2006

TIME'S choice for 2006 Person of the Year — "You" — was a bountiful gift of mirth to America, second only to the championship Donald Trump-Rosie O'Donnell bout as a comic kickoff to the holiday season. The magazine's cover stunt, a computer screen of Mylar reflecting the reader's own image, was so hokey that Jon Stewart and Stephen Colbert merely had to display it on camera to score laughs. The magazine's disingenuous rationale for bestowing its yearly honor on its readers was like a big wet kiss from a distant relative who creeps you out.

According to Time, "You" deserve to be Person of the Year because you — "yes, you," as the cover puts it — "control the Information Age" and spend a lot of time watching YouTube and blogging instead of, well, reading dead-tree media like Time. The pronouncements ginned up to inflate this theme include the observation that "Thomas Paine was in effect the first blogger" (which presumably makes the Old Testament in effect the first Facebook). The desperation of Time to appear relevant and hip —

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"fantastically cutting-edge and New Media," as Nora Ephron put it in a hilarious essay for The Huffington Post — was embarrassing in its nakedness.

And sad. This editorial pratfall struck me, once a proud Time staff member, as a sign that my journalistic alma mater might go the way of the old Life. Like Time today, Life in the late 1960s was a middle-of-the-road publishing fixture sent into an identity crisis by the cultural revolution that coincided with a calamitous war. The fabled weekly finally shut down in 1972, the year Rolling Stone celebrated its fifth anniversary.

Let's hope publishing history doesn't repeat itself. So in Time's defense, let me say that the more I reflected on its 2006 Person of the Year — or perhaps the more that Mylar cover reflected back at me — the more I realized that the magazine wasn't as out of touch as it first seemed. Time made the right choice, albeit for the wrong reasons.

As our country sinks deeper into a quagmire — and even a conclusive Election Day repudiation of the war proves powerless to stop it — we the people, and that includes, yes, you, will seek out any escape hatch we can find. In the Iraq era, the dropout nostrums of choice are not the drugs and drug culture of Vietnam but the equally masturbatory and narcissistic (if less psychedelic) pastimes of the Internet. Why not spend hour upon hour passionately venting in the blogosphere, as Time suggests, about our "state of mind or the state of the nation or the steak-frites at the new bistro down the street"? Or an afternoon surfing from video to video on YouTube, where short-attention-span fluff is infinite? It's more fun than the nightly news, which, as Laura Bush reminded us this month, has been criminally lax in unearthing all those "good things that are happening" in Baghdad.

As of Friday morning, "Britney Spears Nude on Beach" had been viewed 1,041,776 times by YouTube's visitors. The count for YouTube video clips tagged with "Iraq" was 22,783. Not that there is anything wrong with that. But compulsive blogging and free soft-core porn are not, as Time would have it, indications of how much you, I and that glassy-eyed teenage boy hiding in his bedroom are in control of the Information Age. They are indicators instead of how eager we are to flee from brutal real-world information that makes us depressed and angry. This was the year Americans escaped as often as they could into their private pleasure pods. So the Person of 2006 was indeed you — yes, you.

Unless it was Borat. The often uproarious farce that took its name from that hopelessly dense and bigoted fictional TV correspondent from Kazakhstan was the year's most revealing hit movie. It was escapism incarnate, and we couldn't eat it up fast enough. "Borat" also encapsulated the rising xenophobia that feeds American fantasies of the ultimate national escape: fencing off our borders from the world. If its loutish title character hadn't been invented by Sacha Baron Cohen for us to ridicule and feel morally superior to, then Lou Dobbs would have done it for him.

The second most revealing movie hit of this escapist year was "Casino Royale." Though technically an updating of the old Bond franchise — it is, nominally at least, set in the present — its screenplay actually hewed closely to the original Ian Fleming novel of 1953. The film merely changed the villain from a lethal Soviet operative to a terrorist financier, thereby recasting the confusing, hydra-headed threat of Al Qaeda and its ilk as a manageable, easily identifiable enemy that 007 could vanquish as decisively as the ham-fisted Iron Curtain Commies. Better still, Daniel Craig's James Bond smites the terrorists in two hours plus change, not the 24 hours it takes Kiefer Sutherland's Jack Bauer. There could be no happier fairy tale for a country looking in the eye of defeat.

"Christ, I miss the cold war," M, Bond's boss at British intelligence, says early on in "Casino Royale." M — the reassuring Judi Dench — speaks for the entire audience. Nostalgia for the cold war, which America won unambiguously, was visible everywhere this year as we lost a war that has divided the country. In Florida, there was a joyous countdown to Fidel Castro's imminent demise. At NASA, there was a new plan to return to the moon. Throughout the news media, there was a Hannibal Lecterish pleasure in the excruciating physical decline of Alexander Litvinenko, the former KGB spy murdered by poison. As the CNN anchor John Roberts put it rather gleefully, "For many of us, headlines out of London seemed like a James Bond movie or a distant echo of the cold war." Heaven knows those headlines were easier to take than those coming out of the hot war — or, for that matter, out of London itself when terrorists struck there 18 months ago. It's no surprise that "Casino Royale" sold way more tickets than "World Trade Center" and "United 93" combined.

The most revealing index of our lust for escapism this year cannot be found at YouTube or the multiplex, however, but in the sideshow villains who distracted us from main news events in the Middle East: James Frey, Mel Gibson, Michael Richards and Judith Regan. It was a thrill beyond schadenfreude to watch them be soundly thrashed and humiliated for their sins.

FAR be it for me to defend any of them; Mr. Gibson once threatened to have my "intestines on a stick" after I raised the notion that the author of "The Passion of the Christ" might be an anti-Semite. But our over-the-top pleasure in their comeuppance still seems like escapist fare. It may be satisfying to see "Apocalypto" fade fast after its opening weekend or watch Ms. Regan lose her job after enriching O. J. Simpson for a sleazy book project. Yet something is out of whack when these relatively minor miscreants are publicly stoned and the architects of a needless catastrophe that has cost thousands of American and Iraqi lives escape scot-free. On the same day that Ms. Regan was canned, the fired Donald Rumsfeld was given a 19-gun salute and showered with presidential praise in a farewell ceremony at the Pentagon.

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For that matter, Ms. Regan's worst offenses can't compare even with those of her former lover, Bernard Kerik, the Giuliani-era New York City police commissioner who was appointed by President Bush in 2003 to train Iraqi's police. Mr. Kerik promised to stay "as long as it takes to get the job done," then fled months later without explanation and without the job even started. Today the Iraqi police he failed to train are not only useless but are also routinely engaged in sectarian violence, including torture, helping to ensure that Iraq is more dangerous for everyone than ever, American troops included.

Mr. Kerik has never been held accountable for that failure, only for less lethal and unrelated graft in New York. Paul Bremer, whose early decisions as our Iraqi viceroy all but guaranteed our defeat, received the highest civilian award from the president. So did both George Tenet, who presided over the "slam dunk" intelligence that sped us to war, and Gen. Tommy Franks, who let Osama bin Laden get away. Even now, no generals have been fired for their failures in Iraq; the only one to lose his job was the former Army chief of staff, Eric Shinseki, who antagonized Mr. Rumsfeld before the war by correctly warning that hundreds of thousands of American troops would be needed to secure Iraq. But never mind. That's ancient history. We can avoid confronting these morally grotesque skeletons in our closet as long as we can distract ourselves with Michael Richards's meltdown.

Besides, it's time for the home front to party. Whatever else is to be said about Time's Mylar cover, it's news you can literally use: it is just a paper shredder away from being recycled as the most glittering of New Year's Eve confetti.

U.S. Airstrike Kills Close Ally Of Bin Laden, Pentagon Says (NYT/AP)

By The Associated Press

The New York Times, December 24, 2006

KABUL, Afghanistan, Dec. 23 (AP) — A leading Taliban military commander described as a close associate of Osama bin Laden and the Taliban leader Mullah Muhammad Omar was killed in an airstrike this week close to the border with Pakistan, the United States military said Saturday. A man identifying himself as a Taliban spokesman denied the report.

The commander, Mullah Akhtar Muhammad Osmani, , was killed Tuesday by an American airstrike as he traveled by vehicle in a deserted area in Helmand Province in the south, the United States military said. Two of his associates were also killed, it said.

Mr. Osmani, regarded as one of three top associates of Mullah Omar, is the highest-ranking Taliban leader that the coalition has reported killing or capturing since the American-led invasion in late 2001.

Afghan officials made no immediate confirmation, and no visual proof was offered to support the report. An American spokesman said that "various sources" were used to confirm Mr. Osmani's identity.

A man who identified himself as Qari Yousef Ahmadi and who said he was a Taliban spokesman denied that Mr. Osmani had been killed, saying that the airstrike had instead killed Mullah Abdul Zahir, a group commander, and three other Taliban fighters. "I confirm that Osmani is alive and is in Afghanistan," Mr. Ahmadi said by telephone from an undisclosed location.

Col. Tom Collins, an American military spokesman, said that officials had waited four days to announce the news in part so that they could be sure it was Mr. Osmani who died in the strike.

Mr. Osmani, the Taliban's chief military commander in southern Afghanistan, played a central role in attacks including roadside bombs, suicide attacks and kidnappings, Colonel Collins said.

Mr. Osmani, among "co-equals" at the top of the Taliban leadership chain just under Mullah Omar, was in charge of the movement's finances, Colonel Collins said.

He said that Mr. Osmani had been using both sides of the Afghan-Pakistan border, and that the United States military had been tracking him "for a while."

Taliban Figure Killed In Airstrike, U.S. Says (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, December 24, 2006

Militia Disputes Report On Bin Laden Associate

A top Taliban leader and close associate of Osama bin Laden has been killed in a U.S. airstrike in southern Afghanistan near the Pakistani border, the U.S. military said in a statement Saturday.

Akhtar Mohammad Osmani was traveling in a deserted area of Helmand province on Tuesday when his vehicle was struck, immediately killing him and two unidentified people, the U.S. military said. Osmani was described as the highest-ranking member of the Taliban killed since late 2001.

"Osmani was in the top ring of the Taliban leadership, and he was also a close associate of Osama bin Laden," said Col. Tom Collins, a U.S. military spokesman. Collins said Osmani also had close ties to Gulbuddin Hekmatyar, an Afghan militia leader once allied with the United States who is now an anti-American fugitive.

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The Taliban denied that Osmani had been killed.

U.S. military officials in Kabul, the Afghan capital, said Osmani had been operating on both sides of the Afghan-Pakistani border. Afghan officials have complained for months that senior Taliban insurgents are able to move freely in parts of Pakistan's border regions, but the government of Pakistan has denied the assertions, insisting that the Taliban is based in Afghanistan and that the Afghan government should control its own borders.

In an interview in his Washington office last week, Mohammed Ali Durrani, Pakistan's ambassador to the United States, repeated this assertion, saying the Afghan government had not done enough to stop the revived insurgency.

"Ten percent of the problem is in Pakistan, and 90 percent of it is in Afghanistan," Durrani said. "We are doing our best, and we are doing more than anyone else in the region to stop terrorism and solve the problems on our side of the border. Our question is, what the hell is everyone doing on the other side? Why is Pakistan being constantly blamed?"

Osmani's reported death could put a major dent in Taliban operations in Helmand province, a vast, dry region where the insurgents have been able to operate freely in the lawless and cash-rich environment created by the heavy presence of opium poppy cultivation and drug trafficking.

The province has become increasingly engulfed in violence despite aggressive combat operations by British troops based there. On Dec. 12, a suicide bomber attempted to assassinate the governor in his compound, killing six policemen and two civilians. In an effort to stem the bloodshed, NATO agreed to a peace pact with Taliban leaders in one district of Helmand in September, but insurgent attacks surged elsewhere in the province.

During the Taliban's rule from 1996 to 2001, Osmani was known as one of its most influential, hard-line Islamic ideologues. This made it especially ironic that in recent months he was commanding insurgent operations in Helmand, where the Taliban once banned opium growing as un-Islamic. Since the Taliban was ousted, Helmand has become the country's top producer of opium poppies.

Ahmed Rashid, a Pakistani journalist and author of the book "Taliban," told the Associated Press that Osmani was also instrumental in some of the Taliban's most notorious actions, including the demolition of the ancient Buddha statues in Bamian and the trial of Christian aid workers, both of which occurred in 2001, several months before the Taliban was toppled by U.S.-led forces. The aid workers were rescued by U.S. Special Forces.

Aiding And Abetting The Taliban? (LAT)

By Paul Watson, Times Staff Writer

The Los Angeles Times, December 24, 2006

Pakistanis appear to be helping fighters attack Afghan border police.

AFGHANISTAN — The guerrillas followed a dirt road from the Pakistan border through a valley surrounded by low, grassy mountains to their target: an Afghan police post.

Not long after sunset, they opened fire from several sides. For almost four hours, scores of suspected Taliban fighters outgunned the lightly armed Afghan border police, and almost overran their camp.

Then, as quickly as it started, the fight ended. The militants picked up their dead and wounded and fled back into sanctuaries, three miles away, in one of the loosely governed tribal areas of Pakistan.

"A hundred armed Taliban men passed through the Pakistani border with their equipment, and with their rocket-propelled grenade launchers," said Qasim Khail, commander of the Afghan border police's 2nd Brigade, which guards the post here. "And they retreated the same way. There are only two escape routes out of here, and both of them end at a Pakistani border post."

Confidential documents obtained by The Times show that for at least two years, U.S. military intelligence agencies have warned American commanders that Taliban militants were arming and training in Pakistan, then slipping into Afghanistan with the help of Pakistani border control officers.

Pashtuns signed pact

On Sept. 5, Pashtun tribal leaders in Pakistan's North Waziristan border region signed a pact with the central government led by President Pervez Musharraf, an avowed ally of the U.S. in its declared war on terrorism.

Under the agreement, the Pakistani army, which had fought fierce battles with pro-Taliban militants, withdrew from the region, leaving a tribal force in charge of border posts. In return, the tribesmen foreswore giving support, training and sanctuary to Taliban and Al Qaeda-linked fighters, although some foreigners were allowed to remain.

But the violence has not abated. Instead, Afghan officials and the U.S. military say that since the pact was signed, cross-border attacks have surged.

Like many Afghans, Khail believes that despite Musharraf's persistent denials, his country's Inter-Services Intelligence agency still supports the Taliban and at least some of its allies. The intelligence documents show that the U.S. military shared this suspicion as recently as the start of this year.

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Doubts about Pakistan's denials are reminiscent of the 1990s, when Islamabad insisted the intelligence service did not help found, train and arm the Taliban, though Pakistani heavy weapons and military officers were found among Taliban units.

Pakistan has historically sought influence in Afghanistan, in part because of a border dispute dating back to 1893, when the British drew a border, called the Durand Line, that divided the Pashtun tribal areas.

When Musharraf was forced to publicly turn against the Taliban after the Sept. 11 attacks, some in Pakistan's security establishment warned that it could lose influence in Afghanistan, a strategic crossroads between oil-rich Central Asia and the energy-starved Indian subcontinent. The increasing influence of rivals like India, Iran, Russia and China have confirmed such fears.

Here in Khowst province, which borders North Waziristan, militants have killed at least 12 Afghan border police and wounded 52 since early September, Khail said.

Most villagers have family ties that cross the border. They believe that their government is too weak to defend them and they are drifting toward the real power in the region, the Taliban, added Khail, who like most of the Taliban is Pashtun.

In October, Khail said, Taliban fighters who attacked a border post took the body of an Afghan border policeman back to Pakistan, where they mutilated it and paraded it around a village. Khail soon got a phone call from a Pakistani police officer, who told the Afghan commander that he could pick up the Afghan's remains at the border in exchange for the body of a Taliban militant. Among the three Pakistanis attending the exchange was a man in a Pakistani police uniform, Khail said.

"The Pakistani police know everything about the border problems," he charged. "The Pakistanis are giving them the weapons and they are arranging the Taliban attacks. They are training them and they give them food. There are hundreds of training camps there in Pakistan."

Repeated warnings

Intelligence warnings have for months documented U.S. worries about Pakistan's role in providing a haven for Afghan insurgents.

A map prepared in early 2005 for a U.S. Army Special Operations task force warned that officers at Pakistani border control posts were "assisting insurgent attacks." It showed militants' infiltration routes from Pakistan, several of which crossed from North Waziristan to Khowst province, where members of Osama bin Laden's Al Qaeda terrorist network who have long been based in Afghanistan are still active.

On Jan. 19 of this year, a report from the U.S. military's Joint Intelligence Task Force said that Al Qaeda continued "to provide expertise and resources, such as weapons, training, and fighters to anti-coalition groups including the Taliban" and its allies, among which is Gulbuddin Hekmatyar's Hizb-i-Islami militia.

In a separate report the same month, the Pentagon's Defense Intelligence Agency, or DIA, identified six eastern provinces, including Khowst, as "Al Qaeda strongholds."

"These locations allow Al Qaeda members easy entrance and exit over the Afghanistan/Pakistan border," it added.

The document identified Al Qaeda's commander in Afghanistan as Khalid Habib, and said "Al Qaeda maintains close ties to the Taliban and has received technical support and training from Pakistani militant groups."

It warned that armed Afghans, Arabs and Pakistanis who might attack U.S. forces were in Afghanistan. And it said Pakistan's Inter-Services Intelligence directorate posed "a HIGH intelligence threat to U.S. and Coalition forces."

Pakistani intelligence agencies were recruiting sources among Afghan interpreters for U.S. forces, collecting information on U.S. counterintelligence operations, the report said. It also noted continued risks for the U.S. military posed by spies for Iran, Russia and India.

The DIA report said Iranian spies gathered information from the U.S. Embassy's Afghan guards, interviewed Afghan visitors and shadowed American staff. It described the Iranians as a "critical threat."

Another DIA report from early this year said senior Taliban leaders in Pakistan were directing operations that had led to a fourfold increase in suicide bombings. It said the bombings were carried out to boost Taliban morale and to show financial backers that it was worth funding the insurgency.

Like several other intelligence reports, the "Warning Assessment for Afghanistan" suggested Mullah Mohammed Omar, the Taliban's supreme leader, may have split with other senior commanders over the increased used of suicide bombings. Omar's faction appeared "concerned about collateral damage turning the populace against the movement," it said.

Remains of the battle

After the Nov. 27 battle at Lizha, about 12 miles southwest of a U.S. base in this border region, Khail's men counted 27 Taliban rocket-propelled grenade blast sites. One RPG exploded in the small, empty room where the police normally slept.

The 25 Afghan police defending the post had four RPGs; one hit a Taliban guerrilla as he crawled toward a gap in the camp's wall.

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Days after the battle, the charred and blood-soaked remains of the patu blanket that he had worn lay on the ground, along with dried soybeans that he had spilled, about 15 yards from the barrier.

At least five militants were killed in the battle; the fighters took the bodies of three back with them. Afghan police, who did not suffer casualties, buried the other two near the dirt road leading to Pakistan. One of the dead men's black size 10 shoes lay at one end of his stony grave.

The raid was the third on the border post in as many months. Each time, the militants approached through the Zhawar Valley, which leads to an area of North Waziristan dominated by Taliban commander Jalaluddin Haqqani. His forces have a reputation for kidnappings, suicide bombings and other terrorist attacks.

Haqqani became the Taliban's supreme military commander on the eve of the 2001 war with U.S. and allied Afghan forces, and has escaped several U.S. airstrikes. His men appear determined to seize the Lizha camp; each attacking force is bigger and better-armed than the last, Khail said.

Abdul Ghafaar, the Lizha post's commander, said he radioed Khail in Khowst for help when his police came under attack Nov. 27. Khail said he immediately phoned the nearby U.S. base, which promised to send aircraft. But the besieged police post never saw one.

NATO, which took over command of U.S. troops in eastern Afghanistan in October, said a support aircraft flew over the area but did not attack enemy forces.

Khail recently invited five tribal elders to his office in the hope of persuading them to help stop attacks on the border posts. The elders weren't sympathetic.

"They attacked my house," Haji Shad Raan said. "They have killed hundreds of our elders and they will try to kill us too. Now the first question you have to answer is, 'Who should I defend, my house or your post?' "

When Khail spoke, he was nearly pleading. "I know that your tribe is very brave, and I know that your tribesmen are very brave," he said he told them. "But all I complain about is that the enemy shoots at me from your door. The enemy shoots at me from your mosque. Can you do this much and stop them from shooting at me from your doorstep? Can't you?"

After the meeting, Khail said he understood why the elders were supporting his enemies. The Taliban is stronger, and in Pashtun culture, that commands respect and allegiance.

"We don't need a government that has no power or the ability to protect us," Gul Ahmad Khan told the police commander. "We know that this government is very weak. It only stands with the power of foreigners and nothing else."

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CORPORATE SCANDALS:

Can Private Equity Build A Public Face? (NYT)

By Charles Duhigg

The New York Times, December 24, 2006

ON the upper floors of a soaring Midtown Manhattan skyscraper, behind heavy glass doors that do not bear his name, sits Stephen A. Feinberg, one of the country's most powerful — and anonymous — financiers.

Over the last few years Mr. Feinberg's $24 billion investment fund, Cerberus Capital Management, named after the mythological three-headed dog that guards the gates of hell, has quietly acquired some of the world's best-known companies. The car rental chains National and Alamo, as well as parts of Air Canada and the retailers Mervyn's and Albertson's, are now all within the Feinberg empire.

Last month, when Mr. Feinberg secured a majority stake in General Motors' financing arm, GMAC, he gained control of America's seventh-largest financial institution. Through another company it controls, I.A.P. Worldwide Services, Cerberus is poised to become one of the Army's largest contractors in Iraq. Earlier this month, Cerberus and other funds offered to invest up to $3.4 billion in the Corporation">Delphi Corporation, the auto parts giant.

All told, Cerberus has a controlling interest in more than 45 companies that employ more than 250,000 people and generate $50 billion in revenue each year, more than the sales of Microsoft, Motorola or PepsiCo. The fund has earned an average annual return of about 22 percent over the last seven years, according to its marketing materials, and Institutional Investor magazine estimated that Mr. Feinberg took home a $75 million paycheck in 2004. The executive ranks of Cerberus include former Treasury Secretary John W. Snow and former Vice President Dan Quayle.

For all of that, however, very little is known about Cerberus beyond its intimidating name — a reflection of how greatly Wall Street players like Mr. Feinberg value secrecy, and the pivotal role stealth plays in amassing and deploying the vast pools of capital that private equity investors control.

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"Secrecy is very important to how takeover deals get done," said Henry T. Hu, a professor of corporate and securities law at the University of Texas at Austin. "Secrecy gives you access to private information. It lets you bid on companies before the competition is aware they are for sale. Secrecy is part of how this industry works."

But it also has its downside. Although many backers of Cerberus say Mr. Feinberg, 46, is known for his loyalty to investors and partners, his analytical savvy and his creative takeover strategies, the fund's tactics in the bare-knuckled and risky arena of distressed-debt investing have given Cerberus its share of bruises. Court documents detail legal brawls in which investors accuse Cerberus of orchestrating secretive deals that transgressed legal and ethical boundaries, accusations the firm denies.

"These guys come from a different background than other buyout firms," said Joel M. Simon, a principal at XRoads, a financial advisory firm, when asked to describe how Cerberus operates. "When you play in the distressed arena, you develop sharp elbows. They have a reputation as tough negotiators who avoid public attention."

That reputation can also be a liability. Cerberus has lost out on deals because of its secretive image, and it risks attracting the kind of regulatory scrutiny the takeover industry as a whole is trying to avoid. So Cerberus is trying to change. In the spirit of greater openness, it recently built a Web site to give the public a sliver-sized glimpse of the firm. Along with high-profile hires of political heavyweights, Cerberus has become a major political donor. It has distanced itself from its roughneck roots by hiring dozens of image-improving blue-chip executives and, during the GMAC announcement, went so far as to let a senior manager appear at a press conference for the first time in the fund's history.

But don't ask for a photo of Mr. Feinberg, an interview with him or even a visit to the company's Park Avenue headquarters — there are only so many shifts that Cerberus is willing to embrace. And the changes that Cerberus refuses to adopt speak to the struggles that many takeover groups confront as they try to establish an image as good corporate citizens rather than opportunists looking for a fast buck.

"The public wants to know who is buying up corporate America," said Felix G. Rohatyn, a well-regarded dean of Wall Street's investment banking industry. "It will be interesting to see how far those at the top are willing to pull back the veil."

THE son of a World War II veteran, Mr. Feinberg founded Cerberus in 1992 with $10 million, a plan to speculate in the debt of troubled public companies and a reputation for honest and tough negotiations. Distressed-debt investors get paid by shouldering aside other stakeholders and gambling that faltering companies can be rehabilitated. Over the years, analysts and investors say, Cerberus excelled by gaining control of companies in bankruptcy smackdowns and developing restructuring plans that helped them become profitable.

Some of those more secretive tactics, however, drew complaints and lawsuits. In 2000, Cerberus invested $42 million in the debt of WSNet Holdings, a small provider of satellite television programming. Over the next two years, according to shareholder lawsuits, Cerberus forced the company into bankruptcy by secretly buying up the bonds of companies WSNet hoped to acquire and forbidding WSNet executives from pursuing deals. Through bankruptcy proceedings, the fund tried to take control of the company, lawsuits contend. The suits also contend that Cerberus installed directors at WSNet who maximized Cerberus's profits at the expense of other stakeholders. The claims were settled for a relatively small amount in 2005, by which time Cerberus had recouped its initial investment in WSNet, according to the lawsuits.

Cerberus contended in court documents that the claims were meritless. Cerberus insiders also point out that courtroom hyperbole is not uncommon when bondholders and equity investors battle for a company, and that litigation has become a routine sideshow in distressed-debt deals. But similar complaints dogged the Cerberus investment in the debt of the Coram Healthcare Corporation, a home health care company.

In 2000, when Coram declared bankruptcy, the company's executives proposed a restructuring plan that would give total ownership to Cerberus and other bondholders. Coram's equity investors, including the real estate magnate Sam Zell, would have gotten nothing. Mr. Zell and other shareholders then discovered that the company's chief executive, who helped propose the plan, was secretly receiving nearly $1 million a year from Cerberus, in addition to his Coram salary, according to court documents. A federal bankruptcy judge ruled that a conflict of interest existed.

Cerberus argued that the Coram dispute was a result of sloppy recordkeeping and not deceptive business tactics, according to sources who requested anonymity because of confidentiality agreements. They note that even the court agreed that Coram's chief executive had brought an operational expertise to the company, and that it was not clear any damages resulted from the failure to disclose the additional payments. In 2003, Cerberus and two other investors agreed to pay $56 million to Coram, partially to settle the conflict-of-interest claims.

By then, Cerberus was looking beyond debt investing. The company had amassed an investment pool of more than $5 billion and was expanding into private equity, a focus that grew when distressed-debt opportunities began disappearing in late 2003. The shift to takeover deals required Cerberus to develop a friendlier image that was more attractive to the boards of companies the firm hoped to acquire.

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"When you sit down with a company's board, you want them to know who you are," said Brett H. Barth of BBR Partners, a money management firm that has invested with Cerberus. "Distressed debt is all about having a small piece of the pie and making it bigger at everyone else's expense. In private equity, you own the whole pie. You have to convince people you're focused on different things."

Cerberus began hiring well-known executives to introduce the firm to corporate boards. Today, it employs 140 nonfinancial professionals, including the former chairman of the Rite Aid Corporation, a onetime special adviser to Ford Motor and dozens of other blue-chip executives.

"Preserving our reputation is vitally important to us," said Timothy F. Price, the senior operations manager of Cerberus. "We don't want anyone from a company we've bought calling another board and saying, 'Stay away from these guys.' "

Cerberus says that when it plugs its seasoned executives into turnaround situations, it generates impressive results. After its purchase of Aozora Bank in Japan in 2003, for instance, new management helped increase net income 412 percent within three years and cut the number of nonperforming loans.

Its new army of familiar faces, its track record and its deep, deep pockets have made Cerberus well known within a strata of the financial sector where buying and selling companies are everyday activities. "The relationship between Cerberus and G.M. got better and better as the deal advanced," said Walter G. Borst, who as treasurer of General Motors helped to negotiate the Cerberus purchase of the stake in GMAC earlier this year. "They did everything they said they were going to do."

But the anonymity of Cerberus — and its reputation for strong-arm tactics — became liabilities when the firm tried to invest in Air Canada two years ago. To keep Cerberus out of the mix, politicians and the airline's directors asked a Canadian billionaire to save the company. Cerberus was seen at the time "as American piranhas looking to rip the place to pieces," said Robert A. Milton, chief executive of Air Canada's parent, ACE Aviation Holdings.

After unions scuttled the billionaire's deal, Cerberus stepped back in and wasted little time lining up local support. Mr. Feinberg hired Brian Mulroney, the former Canadian prime minister, as an adviser and promised not to resell the firm's Air Canada stake — today valued at about $347 million — for at least two years. The airline relented.

"They've been very supportive and knowledgeable investors, and as long as they're making money, they're willing to make hard decisions that invest in the company's future," Mr. Milton said.

The deal was a turning point for the fund. "When our deals were small, we could stay below the radar, but with Air Canada, we realized that we were losing out because people thought we were bad guys," said Mr. Price at Cerberus. "We realized we can't buy national icons without telling people who we are."

To add a higher-profile sheen, Cerberus hired Mr. Snow and spent more than $2.5 million with lobbying firms from 2003 to 2006, according to federal records. Those dollars were spent in part to discourage politicians from regulating private investment pools like Cerberus. Mr. Feinberg personally donated more than $100,000 to primarily Republican causes in the last three electoral cycles, according to federal filings.

Yet Cerberus still keeps a relatively tight lock on its doors.

"I think our guys would be embarrassed if our pictures were in the paper," Mr. Price said. "If I have time to be a celebrity, what message does that send to our 45 portfolio companies who we're asking to work all day?"

WHILE firms like Cerberus continue to eschew celebrity, some people say that greater transparency in the takeover world is not so easily avoided. In fact, they say, it is crucial.

"When you take control of a major company, you have a real responsibility to the employees, to the customers, to the communities they live in, to the public," Mr. Rohatyn said. "The people who run enormous funds understand that responsibility. They understand if they don't introduce themselves, suspicion will grow."

Avoiding those suspicions is a major preoccupation of private equity's founding fathers, who were famously condemned as barbarians at the gates when the industry made its first big splash in the 1980s. Since then, many would-be barbarians have worked hard to become respected executives and members of the corporate establishment. Anonymity has been swapped for high-profile socializing and philanthropy. For example, Henry R. Kravis, a star of the '80s buyout scene, now serves on the board of the Metropolitan Museum of Art, while the name of the corporate raider Carl C. Icahn now graces buildings at Princeton, Choate Rosemary Hall and a New York stadium. But those changes might be more window dressing than genuine transparency.

"Private equity investors realize they need a better public image," said Mr. Hu, the professor. "But they don't want to give up the secrecy and tactics that have made this industry so profitable. They want to be in control of how they are seen, rather than throwing open the doors."

However, that strategy may not be working. Private equity firms are finding themselves under attack in certain quarters. In Germany, political candidates have assailed takeover investors as "locusts." Oregon regulators last year refused to sell Portland General Electric to a buyout fund, citing a public outcry. And the Justice Department has started an investigation of possible collusion among some of the biggest private equity groups.

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OTHER regulators are also threatening to bring greater scrutiny to private equity firms, a threat that the hedge fund business is already facing. Regulators, such as Richard Blumenthal, the attorney general of Connecticut, say they may shift their focus to private equity groups. "It's the same cast of characters, the same secrecy, and they probably deserve the same attention," Mr. Blumenthal said.

So some private equity executives are firing back.

Stephen A. Schwarzman, chairman of one of the world's largest private equity firms, the Blackstone Group, notes that 48 percent of its investment capital comes from state and government pension funds. He also notes that Blackstone-owned companies have created 25,000 new jobs in the last five years (while also filling Blackstone's coffers). "Most of our profits go to retired firemen and teachers, nurses and government employees," Mr. Schwarzman said. "It's important that we educate Americans about how hedge funds and private equity play completely different roles."

Mr. Schwarzman's firm is expected to soon join other private equity giants, the Carlyle Group, Kohlberg Kravis Roberts and the Texas Pacific Group, to announce the formation of the Private Equity Council, a trade association that plans to remind the public and politicians about the brighter side of takeover deals.

Cerberus insiders deride Mr. Schwarzman's sentiments as self-serving. But they acknowledge that Cerberus's preference for secrecy may be pulling the industry's publicity campaign off course. Senior executives at other private equity funds have begun whispering to one another and to Cerberus executives, partners and investors that Cerberus and Mr. Feinberg, having achieved financial prominence, need to renounce their secretive ways.

Some steps are occurring: At least two Cerberus executives have begun talking regularly to journalists, the company lists its address on its Web site and it has hired a public relations firm.

"We're talking about the firm with whoever asks about us, while still respecting the privacy of the people involved," said Mr. Price at Cerberus. "We don't need to be self-aggrandizing rock stars to be of service to America and open in our dealings."

But friends of Mr. Feinberg say he is a deeply private and humble man who does not want to be known by the world at large, and Cerberus executives say that many calls for greater visibility are simply competitors justifying their own showboating.

"Why does someone have to become a public figure just because he's successful?" Mr. Price asked. "It's hard for any of us to take time away from our day to day jobs to talk to outsiders, and Steve is the last guy who can afford to spend time away from our portfolio companies. Why do we have to give up our privacy for everyone else?"

U.S. Attorney On The Record: Kevin Ryan (SFC)

San Francisco Chronicle, December 24, 2006

Kevin Ryan, the tough-talking point man for the Bush administration's federal law enforcement efforts in Northern California, has taken a high-profile interest in investigating whether Bay Area companies and executives fraudulently backdated stock-option grants.

Over the summer, the U.S. attorney for the Northern District of California dedicated a federal task force of prosecutors and investigators to the financial scandal that has swept up dozens of companies, led to two criminal indictments and prompted a rash of executive resignations.

Ryan's office is investigating more than 25 companies. About 15 to 20 percent have troubling red flags, he says. These investigations could go on for years, although sources in federal law enforcement suggest another indictment is imminent. To add more investigative firepower, Ryan is also focusing on whether employees who received the backdated options lied on their individual tax returns.

Ryan brings this investigation amid reports of high-profile defections and low morale among his prosecutors as well as a falling caseload at a U.S. attorney's office whose territory extends from Monterey County to the Oregon border and which has about 100 prosecutors in three branches.

Ryan, a San Francisco native, spent 11 years as a deputy district attorney in Alameda County before then-Gov. Pete Wilson appointed him to the San Francisco bench. He left that post when President Bush appointed him.

The following has been edited for space and clarity.

Q: When did your office start looking at backdating and at what point did your thinking crystallize that this was something you wanted to prosecute?

A: As you know, in the Brocade case, we had been looking at this for about 18 months before the indictment. I talked to folks about this issue, internally and externally, to try to get a sense of what people were thinking about it. I felt at the end of the day that it was something we really needed to step up and become the leader in because, and I think it's bearing true, a lot of the activity happened in the Silicon Valley.

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Whether it turns out to be criminal or not remains to be seen. Whether it turns out to be purely administrative and something that the Securities and Exchange Commission can handle or class-action lawsuits can handle, there seriously is an issue with the Silicon Valley during this period of time.

Q: This whole backdating thing seems a little abstract. Can you make it concrete and tell us why we should care about backdating and who's harmed?

A: I hear that argument all the time whether or not there was self-enrichment, whether or not the market cares, whether or not the market reacts to these things, and you need to understand that sometimes the way we look at an issue as prosecutors is one of the things we are trying to ensure is the integrity of the market and that the books and records are accurate.

For the industry itself, it's taken a very serious look at it and people are losing their jobs behind it. People who are heads of companies, lawyers for companies have all been asked to leave because of what has happened. That's one earmark that it is a serious problem. We're looking at the issue of whether or not there was fraud and criminal intent.

Did this happen in a vacuum? Did this happen because people didn't know what they were doing? Did this happen because people were sloppy? Or did this happen because someone knew the rules, and were people defrauded?

Q: How do you find the harm?

A: The harm is lying to the SEC, lying under oath, lying to the market, not stating your books. If I'm investing in a company and there are 300, 400, 500, 600 million dollars of options that have been backdated that might affect net income for the company, I want to know that. The tax consequences of this are going to be a big part of it.

Q: Do you think that may be individual fraud or people trying to escape taxes by misstating when they actually ...?

A: Well, I mean there have been some relatively high-profile cases recently where it has been reported by you folks of individuals selecting their own grant base -- a hundred million dollars you know, and I think it is not a stretch to assume that it was done for purposes of either avoiding the tax bill, whether it's capital or regular gains. You know the big issue today and you've reported on it, the Wall Street Journal has reported on it recently, is also the grant date and the backdating of the grant date, but now the backdating of the exercise date for purposes of capital gains, partial capital gains.

Q: It's pretty hard for that to be a mistake, isn't it?

A: Yes. Well, it can happen. A lot of the presentations we have heard say that this was done by someone who really didn't know the rules and someone who probably should have been keeping a better eye on that person. Or, we are really hands-on and we didn't know the rules and we should have been keeping an eye on it.

Q: How many cases are you investigating and what percentage are criminal in nature?

A: Well, I think typically we will not answer a question like that, but since the FBI has publicly announced that the last time they talked about this, there were about 53 cases they were involved in investigating for potential criminal conduct, and I have publicly stated of those 53, at least 50 percent of those companies are located in the Northern District of California. We are seeing troubling indicators in about 15 to 20 percent of those companies right now. We haven't finished all of our investigations; we haven't scrubbed all these companies. But we are seeing a handful or more of cases that have red flags that would suggest that we need to keep going.

Q: What are those red flags?

A: If a company comes in, then fires its CEO and head of HR and says, "We have a problem and we are about to restate 300, 400, 500 million dollars," those are all red flags. Often times these cases come to us in a variety of forms. We can get a whistle-blower coming to us. We can get an insider coming to us. We can get a phone call. We created years ago the first 800 number for securities fraud. If you thought something squirrelly was going on in the company, call the 800 number and let us know.

So we do have a universe of cases -- 150, 180 -- that the SEC is looking at. Then we start parsing that down into our district. How many of these cases are in our district. We start reading the newspaper to see who is restating, who is refiling their 8-Ks, their 10-Ks, their 10-Qs. Who got laid off? And why? And what is the story there? That has an impact on us. We will start looking at companies because of that kind of conduct. And we will start prioritizing and reprioritizing. And oftentimes we will already know or have a sense of what's going on.

Q: As companies conduct these self-investigations, are they reporting to you and the SEC their findings?

A: Yes, they are. They make presentations to us. They come in and tell us what the review process found. Sometimes that can shed light, sometimes it cannot shed any light at all.

Q: Is it true that you are creating a database of lawyers conducting these investigations to judge their credibility?

A: I wouldn't say we are creating a database. We know pretty much the universe of folks doing these things. Like any other profession, reputations mean a lot. If you have a reputation for honesty, integrity, and you are known as someone not to try to pull the wool over someone's eyes, that reputation follows you around and sometimes if you have a contrary reputation, we're a suspicious lot. That's what we do.

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Q: There has been a lot of talk lately about the "Thompson Memo" (a set of guidelines drafted by the Department of Justice in 2003 in the wake of Enron and WorldCom to combat corporate wrongdoing) and allegations that the DOJ placed undue pressure on companies to cooperate in these investigations.

Deputy Attorney General Paul McNulty made some revisions to that memo this week. Can you talk a little bit about that? Do you think all of this cooperation has been entirely voluntary on the part of companies? Also, one of the principal problems you face in these cases is the statute of limitations. Have you gotten some of these companies to waive that?

A: Yes, companies have come in and agreed to "toll" stop the clock running (on the statutory period) in an effort to cooperate. With regard to the Thompson/McNulty memo, clearly there has been a shift. I will say that I understand the debate. We are clearly aware of what's happened.

In our office in four-plus years, I have never had anyone complain about the process and whether or not we were heavy-handed in our request. I understand the need to really change the process such that the perception and, if in fact true, the reality that we somehow were sending message out interfering with the attorney-client privilege, we didn't want to do that, that was not the intent of the Thompson Memo, that was not the intent of our prosecutors. We have always had to depend to a certain extent in these types of cases on the cooperation of the lawyers for the firms we are investigating.

Q: Is the McNulty memo going to slow things down or make it more difficult to get cooperation?

A: I don't know if it will slow things down or not. Clearly there was a policy decision that this is the way we are going to go and that's what we are going to do. My experience is that most companies have cooperated with us, and they understand the value of that. Now if they choose not to, that's fine, too.

Q: At what point do you decide to indict?

A: The classic things we're looking for: What is the history of the company? Have they had a history of malfeasance? Have they done this in the past? Have they come in and addressed the issue internally? Have they gotten rid of the people who have violated the code of ethics for the company? Have they made every effort to come up with a solid compliance program to make sure this would never happen again? Has this happened in the past? Have they ignored the indicators (that they) may have some rogue employees or a rogue division within the company? What would be the impact to the company? Would it be a death knell to the company to indict the company? Are there appropriate or reasonable alternatives, such as deferred prosecution agreements that would have the same impact and not put a company out of business and not put people out of their IRAs and retirement plans?

Q: We have been told that more indictments are coming and we have been told that another indictment is in the pipeline from your office in the backdating probe. Can you tell us who, when or how many?

A: No, I won't comment on that. Again, we have seen troubling indicators in a handful of these cases. We are really burrowing down into those cases. And there are red flags sufficient to keep us focused on those cases. At the end of the day, the grand jury is the ultimate decider whether or not there is sufficient evidence to bring a case forward. The last chapter has not been written, but I am not going to say who, how many and when.

Q: There is the perception that you are more reluctant to go after some individuals and companies than others. Does the prominence or the importance of a person to an industry or a company factor into the investigation and your decision to take action?

A: I have been in law enforcement my entire career. My position is that if someone has violated the law and there is sufficient evidence to bring forth charges under our guidelines then that's what's going to happen. As long as I'm U.S. attorney, that's what's going to happen. Sometimes we have to make difficult calls involving prominent people, powerful people.

Q: How did this become so widespread?

A: Looking at the valley here, I think we saw a confluence of events. You had these companies with a lot of potential, some of them were cash-starved, some of them didn't have money to pay high salaries up front, in many of them there was a belief that there would be a big payoff down the road in the dot-com boom.

So there was an effort to come up with creative ways to recruit people, to retain people, to motivate people, to incentivize people to help the company grow. I think the way the accounting rules for backdating were set up in the '90s created the opportunity for mischief. I think there was an opportunity for those willing to partake in it to engage in this kind of conduct. It was kind of a perfect storm.

Q: Is there a Typhoid Mary running around? Was there a secret seminar that everyone went to?

A: Maybe we will have an answer to that someday in the future. It was clearly a practice. You have to remember, like a lot of things it wasn't illegal or necessarily improper to backdate your options. What was illegal is if you didn't account for it in your compensation. Then the question is: Why did one company account for it properly and why did one company not?

Q: What is the IRS' interest?

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A: I brought the IRS (in) early. The immediate thing that grabbed me was the tax implications of this. The individuals who were exercising these options, there could be hundreds of millions of dollars, or tens of millions of dollars. How are they carrying them on their personal taxes? How did they file? Also, what's the company doing? How is the company carrying it? Are they deducting $100 million for compensation-related expenses? The IRS is fully engaged in this. The interesting thing about the IRS is that they have a six-year statute of limitations for criminal tax, no statute of limitations for civil. They bring a little bit of extra room for us on the issue of statute of limitations.

Q: At the time you created the task force, there was speculation that was a means to get more firepower at a time when there had been a lot of reports about high-profile defections from your office and reports of low morale. Can you address that?

A: Well, let me just say this: When I became the U.S. attorney in San Francisco, there were 12 vacancies in my office. There are 12 vacancies now. We have 10-15 percent sometimes 20 percent attrition rate every year. Most large or super-large offices also do. The average tenure of (an assistant U.S. attorney) is about eight years.

The situation becomes a bit more complex in a place like San Francisco, where folks can't afford to buy a home on a government salary. I don't know if you know what we make, but local DAs and deputy city attorneys make far more money than we do and have a better retirement than career (assistant U.S. attorneys).

So many people have left. Some have left for judgeships, some have left for partnerships in firms, and some have left for other reasons. I came in. I had a mandate. I did my job and we've invigorated that office. We have good career prosecutors working these cases. I'll put them up against anyone at anytime, including those who have left.

Q: Some of the attorneys who have left were considered real lifers, not the kind of people who would leave because they couldn't buy a house. There has been a lot of criticism over the handling of the office because of the stream of departures that are perceived as being a result of your leadership style.

A: I am not going to make any excuses for any decisions we have made. We have done a heck of a job. We've invigorated that office. Our numbers are high. Our cases are high. If you can point to another office that has a BALCO, that has a Brocade, that has an option-dating task force, that has done the cases we've done, I'd be happy to talk about it. Our work has not suffered as a result of these departures.

Q: The legal press has taken you to task for the number of criminal filings your office has been responsible for, a number that your office has disputed. They claim these numbers are a low for your tenure and for the office in the past 12 years. What are the numbers? And is it that they are ignoring how complex these high-profile cases are?

A: That's part of the reason. Our numbers are at the highest or the highest they have been in my tenure. These are complicated cases. I could go out right now and indict 100 low-end drug or gun cases to jump my numbers up if that was what my goal was as the U.S. attorney. That's not my goal. You also have to factor in that it's a post-9/11 world.

The FBI completely realigned its resources after 9/11 and took case agents off narcotics and other squads and put them into counterintelligence that does not necessarily result in cases, and they put them into terrorism cases. They are protecting the American public and they are working on counterintelligence cases that may not result in a criminal prosecution ever. Our job changed completely and utterly after 9/11. The numbers are not what drive us.

People come and go for a variety of reasons. I will not be here forever and most of the people in that office won't be career people. It's not built to be a career institution if you look at the way the retirement is set up for folks. That's just the way it is.

Q: Do you have enough seasoned prosecutors to prosecute every backdating case that warrants it?

A: Yes.

Q: As recently as March, a Justice Department audit said morale wasn't good in your organization.

A: I remember Bob Mueller (former U.S. attorney) gave a speech to Congress. He said when you take over any organization, one third are against you, one third are for you, and one third are in the middle. People are sometimes unhappy for a variety of reasons. If I am not drawing criticism, I figure I am not doing my job. When I was a judge, at the end of every day, you made a temporary friend and a permanent enemy. I imagine there are people who don't like the direction I have taken this office under this administration and they're unhappy about it.

Q: How would you assess morale?

A: I think morale is generally pretty good. I think there are some people who are unhappy.

Q: What about your own future? You just said you won't be there forever. Would you care to be more specific?

A: I think a lot of this is up to God. I serve at the pleasure of the president. Everybody knows that there are two years left on his term. I am one of the longest-serving U.S. attorneys. If you look now, about 60 percent of the people in my class, if you will, have already moved on. So, there will come a day when I pack my bags and leave the federal building.

Q: Do you have a federal judgeship in mind?

A: No, I don't comment on that.

Kevin Ryan

Age: 49

Title: U.S. attorney for the Northern District of California

Education: Bachelor of arts in history from Dartmouth College; law degree from the University of San Francisco

Work experience: Began his career as a prosecutor with the Alameda County district attorney's office; appointed by then-Gov. Pete Wilson to San Francisco Municipal Court in 1996; became a member of the San Francisco Superior Court in 1999; nominated by President Bush to serve as the 48th U.S. attorney for the Northern District of California in May 2002, confirmed by the Senate in July 2002.

On the Record interviews are available online at sfgate.com/chronicle/ontherecord.

Participating in this interview were Business Editor Ken Howe, Deputy Business Editor Alan T. Saracevic, Assistant Business Editors David Tong and Sam Zuckerman, staff writers Jessica Guynn and Bob Egelko, and editorial assistant Steve Corder.

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CRIMINAL LAW:

The Right Has A Jailhouse Conversion (NYT)

By Chris Suellentrop

The New York Times, December 24, 2006

Not too long ago, you could tell whether an election was under way by watching prime-time television and counting the number of ominous recitatives about prisoners and ex-prisoners in the commercials. This fall, however, the seven million Americans who are in the custody of the state — in prison or jail, on probation or parole — did not loom large on nightly TV; in fact, as has been the case for nearly a decade, they barely received any notice at all. Prisoners are no longer the charged political symbols and campaign-season scapegoats they once were.

This decline in the exploitation of crime coincides with an odd and surprising change in the politics of crime. The G.O.P., the party of Richard Nixon's 1968 law-and-order campaign and the Willie Horton commercial, is beginning to embrace the idea that prisoners have not only souls that need saving but also flesh that needs caring for in this world. Increasingly, Republicans are talking about helping ex-prisoners find housing, drug treatment, mental-health counseling, job training and education. They're also reconsidering some of the more punitive sentencing laws for drug possession. The members of this nascent movement include a number of politicians not previously known for their attention to prisoners' rights. Senator Jeff Sessions of Alabama, a former federal prosecutor whom The New Republic once accused of being stained "with the taint of racism," wants to reduce the penalty for possession of small amounts of crack. Referring to mandatory-minimum sentences, Representative Bob Inglis of South Carolina, whose district is home to Bob Jones University, declared on the floor of the House: "I voted for them in the past. I will not do it again." Perhaps most remarkably, the outgoing Republican-controlled Congress came tantalizingly close to passing the Second Chance Act, a bill that focuses not on how to "lock them up" but on how to let them out. The bill may become law soon, if Democrats continue to welcome the new conservative interest in rehabilitation.

By some measures, the Second Chance Act is a small bill. It authorizes less than $100 million over two years to address a significant problem: about 700,000 ex-offenders (the population of a good-size American city) will leave prison in 2007 — and two-thirds of them are likely to be rearrested within three years. The bill would provide states with grants to develop model programs for prisoners returning to society. Those states that accept the grants will be asked to re-examine any laws and regulations that make it unreasonably difficult for ex-offenders to reintegrate themselves into their communities — the classic example is the ban on allowing felons to receive a barber's license. (If the felon in question is Sweeney Todd, of course, the ban might make sense. But a blanket prohibition that includes check bouncers and marijuana users seems overly broad.) The bill also provides money to faith-based organizations and other nonprofits for prisoner-mentoring programs. Finally, it requires states to measure how well their programs achieve the bill's main goal: reducing the rate of recidivism among recently released prisoners.

No one expects the Second Chance Act to solve the prisoner-re-entry problem overnight. The bill's authors are probably too confident that drug treatment, education and housing assistance can reduce recidivism on their own. Such services, many criminologists say, are effective only when paired with the tight supervision of ex-offenders. Some researchers point to the "broken windows" response to crime and suggest trying a similar approach with prisoner re-entry: quickly punish any small violations of the terms of a prisoner's release with graduated sanctions while returning ex-offenders to prison only for new crimes, not for technical parole violations like missing a meeting with a probation officer. The Second Chance Act does nothing to support this sort of approach.

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As policy, then, the bill won't be an elixir. But as a symbolic political gesture, the Second Chance Act completely reverses recent practice. For the first time in decades, Congress is poised to pass a bill that aims to make the lives of prisoners and ex-prisoners easier, not more difficult. In the 1990s, Democratic and Republican Congresses scrapped the Pell Grant program for prisoners, barred drug offenders from receiving federal student loans and cut highway money for states that did not revoke or suspend the driver's licenses of drug felons. Now leading politicians of both parties are proposing that states remove laws and regulations that wall off the ex-criminal class from the community. Rather than eliminating education and substance-abuse treatment programs, Congress may well finance them. When I met with Mark Earley, a former political star of the Christian right and a present-day prison reformer, I began explaining to him why I was surprised by the Second Chance Act and the so-called "re-entry movement" surrounding it. He knew why I was surprised: "First of all," he said, by the very fact "that there is common ground" between Republicans and Democrats. "And second of all, it's this?"

Many liberals and Democrats — from Senator Joe Biden to members of the Congressional Black Caucus like Stephanie Tubbs Jones, a representative from Cleveland, and Danny Davis, a representative from Chicago — are sponsors of the Second Chance Act. Still, the issue is not a top priority for the party. In their recent blueprint for Democratic success, "The Plan," Rahm Emanuel, the influential Illinois congressman, and Bruce Reed, president of the Democratic Leadership Council, wrote only one paragraph on crime — and that was mostly a hymn to the achievements of the 1994 crime bill. The campaign document for House Democrats, "A New Direction for America," promises action on national security, the economy, higher education, energy, health care and retirement. The words "crime" and "prisons" never appear.

Prison reform is not a highly advertised position of the Republican Party either, but a growing number of social conservatives are trying to make it a centerpiece of the Christian-conservative agenda. The most striking aspect of the Second Chance Act may be the cross-section of Republicans, from every wing of the party, who support it. Senator Arlen Specter, the top-ranked contender for the award of Least Favorite Republican among movement conservatives, is a lead sponsor, as is Senator Sam Brownback of Kansas, who may be Christian conservatives' top choice for the 2008 presidential nomination. Among the House sponsors of the bill are Mike Pence, an Indiana congressman who is a leader of the conservative caucus in the House and a darling of Washington's conservative press corps, and Dan Lungren, a California representative and former California attorney general who helped write California's three-strikes law (which he still supports). "For liberals in criminal justice, he's like the devil, almost," says a key liberal lobbyist for the bill, Gene Guerrero of George Soros's Open Society Policy Center.

The Second Chance Act would seem an unlikely bill to be advanced during an election year. At every level of government, after all, elections are thought to encourage tough-on-crime legislation. Recalling his time in the Illinois Legislature, Barack Obama, an early sponsor, says: "We used to have a joke. Let's say the offense was that defacing property was a Class C misdemeanor, or a Class A misdemeanor. Suddenly somebody would jack it up to a Class 2 felony. And it was always before election time. And we'd say, 'You know, it's not a good idea to leap all the way to the maximum penalty, because you'll have nothing to come back with next election.' You know, you want to take it in stages."

With the Second Chance Act, however, three of what were the most endangered senators in America — Rick Santorum of Pennsylvania, Jim Talent of Missouri and Mike DeWine of Ohio — put their names on the bill; all lost their re-election bids. Their support for the legislation wasn't an issue in their losses, but even that fact is remarkable. In today's political environment, crime policy has so receded from controversy that the Republican-led House Judiciary Committee could approve the Second Chance Act in July under the assumption that the full House might take it up on the eve of an election in which the Republican majority was at stake.

What has changed? It's true that crime rates have declined in recent years (notwithstanding a slight uptick last year), but for the last quarter of the 20th century, crime policy was impervious to fluctuations in street crime. If crime went up, politicians got tough on crime. If crime went down, politicians still got tough on crime. At the state level, at least, that is no longer the case — and a large shift in public opinion has much to do with it. In 1994, crime and health care were the two top issues that Americans thought the government should tackle. Nine years later, less than 1 percent of Americans named crime as a top political issue.

If safer streets had something to do with the change in public attitudes, so did another development: the changing place of crime in the national debate over moral values. Over the past decade, as the political scientists William Galston and Elaine Kamarck have suggested, the culture war of the 1970s and 1980s that revolved around race has been replaced by one that revolves around religion. A side effect has been a radically different crime debate. If the Second Chance Act fails to pass, it will not be because the two parties cannot agree on the importance of rehabilitation programs in prisons. But it may be because they disagree on the role religious organizations should play in rehabilitation.

This September, Mark Earley ascended to a lectern at the Washington Convention Center to recite a political act of contrition. Earley, who is white, seemed among the least likely attendees of the Congressional Black Caucus's annual legislative conference to rouse the mostly African-American audience of liberal activists, Capitol Hill staff members, lobbyists and members of Congress to sermon-listener cries of "Amen," "Yes, sir" and "Tell it!" The most successful Christian conservative politician to

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emerge from the State of Virginia, Earley represented the district of Pat Robertson and Ralph Reed for 10 years in the Old Dominion Legislature. In 1997, he ran for attorney general on a platform that combined socially conservative positions on abortion and other issues with a dollop of tough-on-crime rhetoric — and won.

Now Earley came to confess his sins. In front of an audience filled with former prisoners who were attending a job fair connected to the conference, Earley cast his arms wide and proclaimed: "I was wrong. I repent!"

"I'm 52 years old," he said at the beginning of his remarks, "and for the first 48 years of my life, I didn't think much about prisoners. And when I did, it went something like, I'm glad I'm not one, and I'm glad they are where they are." He continued: "And I really pretty much had the view that prisoners were at the end of the line. That if you were in prison, you had no hope, you'd made a mess of your life, and it was better for me that you were there, because my family could be safe."

He went on: "I was elected to the Virginia Legislature and served 10 years, from '87 to '97, in the Senate of Virginia, and quite frankly, spent most of my time in the Legislature working on how to put more people in jail and keeping them there longer. Virginia, like most states in the '80s, abolished parole, instituted three strikes and you're out, lowered the age at which juveniles could be tried as adults from 16 to 14." Earley told the crowd that these policies helped increase the American prison population "tenfold in the last 30 years." Unlike most politicians who say such things, Earley wasn't bragging. He was apologizing.

Like many Republicans and Christian activists, Earley's prison-house conversion dates from an encounter with Chuck Colson, the Watergate crook turned Christian evangelist. When Earley lost the Virginia governor's race in 2001 to Mark Warner, Colson asked Earley to take over Prison Fellowship, the ministry that Colson founded in the mid-1970s. Earley declined on the assumption that devoting himself to prisoners was tantamount to throwing his life "down a dark hole." Over the next few months, Earley read his Bible and was struck by the number of criminals who play starring roles: Moses, for example, murdered a man and became a fugitive. Paul presided over the stoning of Stephen, the first Christian martyr. Earley came to a realization: "If Moses or Paul had lived in Virginia or any state in the United States today, they would be serving, had they been caught, a multiple-decade prison sentence." He took the job.

Of course, it's easy to admit the error of your political ways when you've left office and don't have to worry about voters punishing you for your change of heart. But Earley is far from alone in his apostasy from the usual anti-crime politics. Howard Coble, a congressman from North Carolina and the chairman of the Subcommittee on Crime, Terrorism and Homeland Security in the last Congress, said in 2003 that the internment camps for Japanese-Americans during World War II were "appropriate at the time." And yet when Coble first introduced the Second Chance Act to the full judiciary committee this summer, he called the bill "an enlightened departure" from the politics of "lock them up and throw away the key."

"At one point, I may have embraced that theory," Coble told me over the phone from his home in Greensboro, N.C., during the August Congressional recess. "I still embrace the theory of locking the cell door if an offender has been convicted of a crime. But I don't say throw the key away. I say, keep the key handy, so the same key that locked that door can also unlock it." Coble's words recalled those of Alexander Maconochie, a Scottish prison warden who reformed Norfolk Island, the Alcatraz of 19th-century Australia, by inventing the concept of indeterminate sentencing — an incentive-based system involving early release for hard work and good behavior: "When a man keeps the key of his own prison, he is soon persuaded to fit it to the lock."

For most of the 20th century, indeterminate sentencing and rehabilitation were consensus policies in the United States. The decision to call the state agencies that run prisons departments of "corrections" was intended to reflect the rehabilitative nature of their work. But in 1974, a sociologist named Robert Martinson published an article called "What Works?" in the neoconservative journal The Public Interest. John Dilulio, President Bush's first director of faith-based initiatives, once called Martinson's essay "arguably the single most influential article ever published in that influential journal." Martinson answered the question he posed by concluding that "with few and isolated exceptions," there was no evidence that any rehabilitation programs successfully reduced recidivism. His article and the subsequent media attention it received — along with the high crime rates of the 1970s — are credited with shifting the emphasis in crime policy from rehabilitation to punishment and "just desserts." Martinson later retracted his argument: in a 1979 article in The Hofstra Law Review, he acknowledged that some rehabilitation programs had "an appreciable effect," while emphasizing that other programs were actually harmful. But the political environment was not as receptive to a more nuanced approach. Following California's lead in 1977, state after state abandoned rehabilitation and indeterminate sentencing in favor of punishment and fixed sentences.

Today's revival of rehabilitation began during the final years of Bill Clinton's presidency. The Clinton administration had been as punishment-oriented as its Republican predecessors. With the exception of a few liberal members of Congress — mostly members of the Congressional Black Caucus who represent urban districts — Democrats in the 1990s abandoned prison reform. The two defining moments of Democratic crime politics in the 1990s were Clinton's decision as governor of Arkansas to allow the execution of the mentally impaired Ricky Ray Rector in 1992 and the passage of the 1994 crime bill; along with banning assault weapons and putting 100,000 cops on the street, the bill also prominently featured longer sentences for criminals and a federal three-strikes law.

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But in the spring of 1999, Janet Reno turned to Jeremy Travis, then the director of the National Institute of Justice, and asked, "What are we doing about all the people coming out of prison?" It began to dawn on Reno, Travis and others that the mandatory sentences Congress and state legislatures created over the preceding decades had an unintended side effect: automatic release. More and more prisoners were leaving prison without having to earn their release, because the incentives to change their behavior had been removed. That seems obvious: what else would you expect from states that abolished parole and replaced discretionary sentencing with fixed sentences? Yet few lawmakers and corrections professionals seemed to have considered the consequences. In October 1999, Reno and Travis held a news conference promoting the idea of prisoner "re-entry," a word Travis came up with that rebranded the unpopular notion of prisoner rehabilitation. "Re-entry" shifts the emphasis from the criminal to the community — from how an inmate is treated to how safe you and your neighbors will be when he or she is released. In that sense, re-entry preys on the public fear of a nation of Willie Hortons, but it does so in the service of going "softer" on crime.

Even as Reno and Travis were promoting the idea of prisoner re-entry, Matt Salmon, a Republican congressman from Arizona, was championing the No Second Chances Act, a bill that would take federal money away from states that released a prisoner who then committed a crime in another state. The political climate seemed unfriendly. Yet Reno and Travis's initiative aroused little opposition — or much notice of any kind.

Criminologists of both parties hope that the decreasing importance of crime as a political issue will make it possible to have a more sober discussion of the subject at last. They want to see a less ideologically charged debate and one that rests more closely on sound research. There's only one problem: a shocking paucity of such evidence to inform the policy debate. As Christy Visher, a researcher from the Urban Institute, put it in the May 2006 issue of Criminology and Public Policy, "There is no consensus answer to the question Do prisoner-re-entry programs work?"

And yet there is a consensus to not do what we are doing. Criminologists largely agree that increasing the use of incarceration at some point becomes counterproductive and crime actually starts to rise. Many researchers suggest that we're at that point already. In his book on re-entry, "They All Come Back," Travis notes that only about 25 percent of the violent-crime reduction in the 1990s was because of "incapacitation" — the fact that would-be criminals were locked up and unable to commit more crimes. Michael Jacobson, who worked as the New York City corrections commissioner under Rudy Giuliani, points out that the city's nation-leading decline in street crime during the 1990s coincided with a decline in the use of incarceration as a weapon of crime control. San Diego, the No. 2 city in crime reduction from 1993 to 2001, also sent fewer people to prison during that period.

The best way to deter crime, according to most researchers, is to increase the swiftness and the certainty of arrest for people who break the law, not to increase the severity of their sentences. Many experts would like to see some kind of return to indeterminate sentencing, though they disagree on the particulars. Ultimately, they'd like to see sentencing turn from an Industrial Age policy, a one-size-fits-all assembly line, to an Internet Age policy of personalization. Joan Petersilia, a leading researcher on parole, recommends using statistical risk profiles, similar to those employed by auto insurers, to determine which ex-offenders should receive the most support or supervision from re-entry programs. She argues in her book "When Prisoners Come Home" that "from a victim's standpoint, there is no benefit from determinate sentencing or automatic-prisoner-release schemes," because you "replace a rational, controlled system of earned release for selected inmates with automatic release for nearly all inmates."

Outside the criminology community, conservatives have embraced re-entry to save lives, to save souls and also to save money. Putting aside Medicaid, spending on corrections has been the fastest-growing item in state budgets in recent years. Partly for this reason, Louisiana and Mississippi — the two states, Michael Jacobson notes in his book, "Downsizing Prisons," with the highest rates of per capita incarceration in the country — embraced sentencing reform in 2001. Louisiana eliminated some mandatory sentences and required that the first two "strikes" for offenders be violent, rather than nonviolent, felonies. Mississippi, which had abolished discretionary parole in 1995, decided to bring it back for nonviolent first-time offenders. By 2003, 18 states had implemented similar reforms. Under the Republican governor, John Engler, Michigan repealed all of its mandatory-minimum drug laws.

When George W. Bush took office in 2001, he did not dismantle the Clinton-era re-entry programs; rather, he adapted them to fit his faith-based agenda. Despite his strong support for capital punishment, President Bush may be the most pro-prisoner president in American history — at least if you disregard the war on terror (an admittedly enormous caveat). Certainly in terms of rhetoric, Bush has done more to advance the interests of prisoners than either Jimmy Carter or Bill Clinton. The Second Chance Act takes its name from the 2004 State of the Union address in which Bush asked Congress to pass a $300 million program to help prisoners as they re-enter society: "In the past, we've worked together to bring mentors to children of prisoners, and provide treatment for the addicted, and help for the homeless. Tonight I ask you to consider another group of Americans in need of help. This year, some 600,000 inmates will be released from prison back into society. We know from long experience

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that if they can't find work, or a home, or help, they are much more likely to commit crime and return to prison. So tonight, I propose a four-year, $300 million prisoner re-entry initiative to expand job-training and placement services, to provide transitional housing, and to help newly released prisoners get mentoring, including from faith-based groups. America is the land of second chance, and when the gates of the prison open, the path ahead should lead to a better life."

Democrats were flabbergasted. Representative Stephanie Tubbs Jones calls it "the only thing that George W. Bush has ever said at a State of the Union that made me stand up and cheer." Representative Danny Davis says, "I always tell people that when he said that, I was the first person up to applaud, even though I was on the Democratic side of the aisle."

According to Mark Earley, Bush's speech "very subtly sent a signal to conservative Republicans that it's O.K. to talk about rehabilitation and doing something for prisoners as they're coming back into society, and prisoners' kids."

There are few, if any, senators more closely identified with the Christian conservative movement than Sam Brownback. Like a growing number of conservatives, Brownback is a political proponent of the so-called new-evangelical causes, which range from AIDS in Africa and slavery in Sudan to poverty and the Prison Rape Elimination Act, a bill that helped build the coalition of Democrats and Republicans in the re-entry movement. Even when he disagrees with his fellow religious conservatives, he gives faith-based reasons for doing so. A convert to Catholicism, he has said his religion informs his support for a less punitive approach to immigration reform. In February, he held a hearing intended to foster debate on whether the death penalty can be reconciled with Pope John Paul II's call to create "a culture of life."

Brownback also routinely mentions prison reform — especially the faith-based variety — in public speeches. During Alberto Gonzales's confirmation hearing to become attorney general, he made a special point of asking Gonzales about his plans to reduce prison recidivism. He wrote a letter to The Washington Post in February complaining about an op-ed by the U.C.L.A. psychologist David Farabee, who dismissed the Second Chance Act as a return to "the intuitively appealing programs that we correctly rejected 30 years ago." Brownback countered in his letter, "We should not be resigned to allowing generation after generation to return to prison because they don't have the tools to break the cycle."

When I visited him earlier this year, Brownback seemed highly aware of the dangers, even for a conservative Republican from Kansas, of seeming the slightest bit soft on crime. "I wouldn't say I represent the mainstream of this," he insisted. "I think we have to prove results" — that is, demonstrate an actual reduction in recidivism rates among newly released prisoners. He continued: "I personally favor a number of these faith-based approaches. But if there are other approaches, let's try them. This is an enormous problem, and since the '70s, we have basically just said we'll lock people up."

Later, in his office in the Senate Hart Building, Brownback implicitly raised the specter of Willie Horton — the fear that he and the other sponsors of the bill would be blamed for crimes committed by the formerly incarcerated: "Imagine you get one bad prisoner coming out and committing a heinous crime, which is likely to happen. And people's reaction is, they get mad. They don't want this guy out on the streets that's doing this. If you can't show, look, by doing these programs we are cutting the recidivism rate overall, I don't think it will stand the blowback when that situation inevitably happens."

Chris Cannon, a Utah conservative who is the bill's Republican point man in the House, is less circumspect than Brownback. On crime, Cannon can sound like a liberal Democrat, if liberal Democrats still talked the way he did during my first phone conversation with him in August: "Republicans have taken a pretty harsh position, just locking people up." And: "The system has a very strong tendency to change them for the worse. Everybody knows that, I think." And: "Our current system is fundamentally immoral."

A few weeks later, in his Congressional office, Cannon was just as adamant: "I think society has a huge obligation to prisoners. I think that obligation transcends our current view, which is: Lock them up, hide them away, keep my daughter safe, keep my house safe, if he or she burgles, I want that person gone. Out of sight, out of mind. Away. I think that violates the fundamental concepts of who we are as Americans.

"Nobody thinks this is a bill that solves our moral dilemma," he went on. "Maybe I should say moral crisis. But it is a first step, an agreeable first step, and it allows us to take a look at where we ought to think about ending up." But even Cannon occasionally realizes he's treading on dangerous political ground. After this preamble, apropos of nothing, he declared: "In this whole thing, nobody is being soft on crime. Nobody is saying, let these people out. It's about after someone is found to have committed a crime, what do we do to help that person become a useful, productive member of society?" Which, of course, involves letting them out.

Cannon and his allies toiled hard on behalf of the Second Chance Act, and they helped shepherd it through the House, where the Republican leadership pledged to schedule a vote if the Senate did the same. But despite their efforts, the outgoing Congress failed to move forward. The first sign of trouble came in the summer. When the bill reached the House Judiciary Committee, Representative Louie Gohmert of Texas tried to amend it so that it explicitly, rather than implicitly, authorized the financing of faith-based organizations. Gohmert's proposed amendment drew enthusiastic support from Republicans, but it alienated Democrats, who would have scuttled the bill in the Senate. The bill's Democratic supporters accept that the Bush

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administration will allocate some of the funds to Christian organizations. But they draw the line at direct legislative authorization to finance religious organizations. Such an authorization was anathema to them unless it contained additional language restricting faith-based groups from proselytizing and from discriminating on the basis of religion in their hiring decisions. To keep the bill on course, four Republicans — including Cannon and Coble — turned against their colleagues and joined with Democrats to defeat Gohmert's amendment.

In the Senate, with 37 co-sponsors and the support of Republican leaders, the bill seemed sure to pass. But in mid-December, as the legislative term came to an end, Senator Tom Coburn — a Christian conservative from Oklahoma who has said, "As a physician, I believe that we ought to be doing drug treatment rather than incarceration" — ignored personal appeals from Brownback, Specter and others and put a hold on the bill. Coburn supports the bill's objectives and calls it "a good act," but his fiscal-conservative conscience overcame his social-conservative one. He demanded the termination of other federal programs that, in his view, served similar purposes. The bill's supporters must have felt betrayed, as some assumed that Coburn had pledged not to prevent the bill's passage. Even so, the bill seems likely to pass, with some modifications, in the next legislative session.

In order for that to happen, the Democrats will have to take a step similar to the one Bill Clinton encouraged them to take in the 1990s, when they conceded that the country's desire for changes in affirmative action, welfare and crime policy was more than just a proxy for racism. By passing the Second Chance Act, Democrats can acknowledge that the Christian desire to improve the lives of prisoners is more than a mere proxy for evangelism. And in doing so, they can re-embrace a cause of their own: the creation of a criminal-justice system that is more humane and more just. The current moment is, in Michael Jacobson's view, "the best opportunity of the last 25 years for altering the way in which the United States has used incarceration." But if that moment is to be seized, if there's any possibility to reform a prison system that almost everyone thinks has failed, both parties are going to have to rely, at least a little bit, on faith.

Md. Death Penalty May Come To Fore (WP)

By John Wagner And Eric Rich, Washington Post Staff Writers

The Washington Post, December 24, 2006

The emotionally charged, polarizing issue of the death penalty was barely mentioned during the campaign for Maryland governor. And it hardly seemed something that Gov.-elect Martin O'Malley would be eager to wade into during his first months in office, when he plans to focus on "the things we agree on."

Yet the confluence of national currents and a Maryland court ruling last week halting executions on a technicality could make the death penalty a defining issue of O'Malley's tenure.

In effect, Maryland suddenly has a moratorium on executions, and the new governor, who is personally opposed to capital punishment, could play a pivotal role in determining when -- and whether -- it resumes.

"I think the chances of someone being executed on O'Malley's watch decrease very significantly as a result of the court's opinion," said Timothy Maloney, a lawyer and former Prince George's County delegate.

That's due largely to a broad shift in dynamics that has sprung from a narrow ruling.

Before last week, halting executions in Maryland would have required legislation from a General Assembly that in recent years has shown a waning appetite to take up the issue. Despite his personal beliefs, O'Malley seemed unlikely to champion a messy cause that could crowd out his early priorities.

Now, however, executions are not likely to resume without action from his administration. Under the ruling by the Court of Appeals, new regulations must be drafted before the state may put more prisoners to death -- and early signs from O'Malley and his aides suggest that he sees no reason to rush that process.

Given new questions about lethal injection that have arisen in California, Florida and other states, O'Malley could also seize the opportunity for a broader discussion about the wisdom of the death penalty, lawmakers and advocates on both sides of the issue say.

The night of the ruling, O'Malley said he was certain that "all of this will spark a renewed debate as to whether all of the money we spend prosecuting death penalty cases might be better spent fighting violent crime and saving lives."

O'Malley has said little since to suggest what form that debate should take. But it would be well within Annapolis tradition to appoint a commission to study the issue, pushing off any possibility of an execution in the state.

Michael Paranzino, the head of Throw Away the Key, a Kensington-based nonprofit organization that supports capital punishment, said he expects that O'Malley will welcome the opportunity to effectively impose a moratorium on the death penalty.

By doing little or nothing, Paranzino said, O'Malley and other death penalty opponents might accomplish their goal without paying the political price that a strong stand could entail. There appears to be no recent polling done on the issue in Maryland, but 53 percent of voters supported the death penalty in a 2004 poll conducted for the Baltimore Sun.

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"I do expect them to move slowly and appoint commissions and stall, stall, stall," Paranzino said. "If the Republican Party has any pulse left in this state, that's the kind of issue they could take to the voters" as a campaign issue four years hence.

Carol Hirschburg, a leading GOP political consultant in Maryland, said it was unclear whether the issue would get traction, however.

"I can't imagine people are going to picket the State House and get him to reinstate the death penalty," Hirschburg said. "O'Malley seems to have lucked into a pretty good situation, given his views."

Politics aside, the high court's ruling has the most immediate effect on the six inmates on Maryland's death row.

Vernon L. Evans Jr., whose case prompted last week's ruling, remains under a death warrant, and three other condemned men are believed to have exhausted their appeals to the point that they could have been executed in 2007, said Jane Henderson, executive director of Maryland Citizens Against State Executions.

"I'm sure there's a good bit of relief," said Henderson, whose organization was a co-plaintiff in the case of Evans, convicted of the 1983 murders of two people at a Pikesville hotel. "This at least puts everything on hold. They're all still under death sentences, but the likelihood of executions in 2007, I would say, is pretty nil."

Such developments are frustrating for many relatives of murder victims, including Anne Furst McCloskey, who watched for more than a decade as the man who murdered her brother in Baltimore County in 1981 was twice sentenced to death and finally spared.

Although her brother's killer, Derrick White, remains in prison, he became eligible for parole less than a year after his death sentence was overturned, she said.

"There has to be some final judgment on killers," McCloskey said.

The pace of executions in Maryland pales compared with many other states -- five prisoners have been put to death since the U.S. Supreme Court reinstated the death penalty in 1976 -- but the issue has generated considerable debate in recent years.

Prompted by concerns about racial disparities in the death penalty's application, former governor Parris N. Glendening imposed a moratorium on executions in May 2002. That was overturned in January 2003, when Robert L. Ehrlich Jr. became Maryland's first Republican governor in a generation. Two inmates have been put to death during Ehrlich's tenure.

It is possible that Ehrlich could try to push through emergency regulations needed to restart the death penalty before leaving office Jan. 17. Aides say his legal counsel is reviewing options. But that appears highly unlikely to succeed.

The regulations would go before a joint legislative panel for a hearing, and the hearing would be set by the co-chairmen, Sen. Paul G. Pinsky and Del. Anne Healey, Prince George's Democrats who oppose the death penalty.

O'Malley has said he is hopeful Ehrlich will leave the issue for the new administration. In an interview last week, the governor-elect mentioned a case pending in federal court that could shed light on whether Maryland's use of lethal injection constitutes "cruel and unusual punishment." It is unclear when a ruling might be issued, but activists on both sides of the issue do not expect an O'Malley administration to issue regulations before then.

Moreover, O'Malley aides suggest that it is entirely reasonable to give an incoming corrections secretary several months to review the state's death penalty procedures. That Cabinet post is widely considered one of the most difficult for O'Malley to fill and could still be open when he takes office.

It is possible that O'Malley's administration could decline to submit new regulations for the duration of his term, in effect creating a moratorium that lasts as long as he is in office.

Aides say that strategy has drawbacks, and it is one that would bring protest at some point from Republicans. "If there's going to be a policy change, that should come under the jurisdiction of the General Assembly," said incoming House Minority Leader Anthony J. O'Donnell (R-Calvert), a death penalty supporter.

Some powerful voices in the legislature, including Senate President Thomas V. Mike Miller Jr., predicted that executions will resume in Maryland in cases that warrant the punishment. But Miller (D-Calvert) acknowledged that the process to get there is "very cumbersome."

Other lawmakers suggested that O'Malley, who has promised to enforce the law regardless of his personal beliefs, could leave the issue to the legislature, asking lawmakers to create a framework for moving forward. Legislation that allowed executions to resume would be subject to a filibuster in the Senate, however, and is not certain to pass, said Sen. Brian E. Frosh (D-Montgomery), chairman of the Judicial Proceedings Committee.

In coming weeks, lawmakers will be looking at O'Malley to signal where the process is headed, said Del. Samuel I. Rosenberg (D-Baltimore), vice chairman of the Judiciary Committee.

"It's in his lap, absolutely," Rosenberg said.

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CIVIL RIGHTS:

Election Challenge For Florida District Is Taken To The House (WP)

By Zachary A. Goldfarb

The Washington Post, December 24, 2006

A battle over who won the congressional election in Florida's 13th District is in the courts and could be debated in Congress itself.

Christine Jennings, the Democrat, informed Congress last week that she was contesting the election, claiming that electronic voting machines malfunctioned and that state officials wrongly certified the election in favor of Republican Vern Buchanan. She also filed a lawsuit asking for access to the source code of the machines, manufactured by Election Systems & Software Inc.

Two weeks after the Nov. 7 election, the state certified Buchanan as the winner by 369 votes. Jennings wants a new vote. If she prevails, the Democratic gains in the midterm elections will increase to 31 House seats.

On Election Day, 18,000 Sarasota County voters who went to the polls registered no choice in the congressional race. Jennings argued that that was evidence of a machine glitch, but the state indicated that it found no evidence of one. ES&S also rejected her argument, and Buchanan said she should concede.

On Wednesday, Jennings officially contested the election with the House Administration Committee, which usually does not take any action until an election dispute moves through the courts. Buchanan has 30 days to respond. He is likely to be sworn in next week.

Jennings's challenge, which has highlighted long-standing concerns this year about the reliability of electronic voting technology, faces long odds against success. According to a report by the Congressional Research Service, most of the 105 contested elections since 1933 have been decided against the challenger.

ES&S has opposed sharing its programming code, saying that it is confidential and that its machines elsewhere worked just fine.La. House Seat at Risk

Population estimates released by the Census Bureau last week suggest that the loss of population in Louisiana from Hurricane Katrina could result in the state's losing one of its seven congressional seats, according to Election Data Services Inc., a consulting firm.

According to the analysis, 2006 population estimates would give five states -- Arizona, Florida, Georgia, Nevada and Utah -- an additional seat each in Congress, while Texas would gain two seats. Seven states would lose seats -- Iowa, Louisiana, Massachusetts, Missouri, New York, Ohio and Pennsylvania. This year, Georgia and Nevada joined the list of states that would gain seats, while Massachusetts and Louisiana joined the list of states that would lose seats.

These estimates are based on 2006 figures, not 2010 figures, which ultimately will provide the basis for Congress to allocate seats to each state. But the estimates show a general trend in population growth and its impact on the political map.New Note in Vilsack Story

Iowa Gov. Tom Vilsack, who is pursuing the Democratic presidential nomination, said Friday that he received a letter that could help him find his birth mother. Vilsack, who was adopted in Pittsburgh shortly after he was born 56 years ago, said he would think over what to do with the material.

"You have to have time to think about things like this," said Vilsack, according to the Associated Press. "This is a decision nobody else can make."

Vilsack has already made his life story a part of his campaign persona. He was adopted at a young age and then grew up with a mother who battled alcoholism and a father who had financial difficulties. At a time when voters are forming their basic views of presidential candidates, the new development, if pursued, could spark great interest in Vilsack's life story.

Vilsack said the letter recently arrived at his Des Moines campaign offices from a nun who worked at a home for unwed mothers. "It was a place for young women [to] go to have their babies and then decide whether to leave them there," Vilsack said, according to the AP. He added that the letter said birth records are still available if he wants them.

Quasi-Freedom Agenda (WP)

The Washington Post, December 24, 2006

For President Bush, democracy doesn't begin at home.

POLITICIANS OFTEN treat the disenfranchisement of U.S. citizens who live in the District of Columbia as a parochial issue, a concern of Washingtonians alone. It is parochial, of course, in the way that achieving democracy in Iraq is a parochial issue for Iraqis and achieving democracy in China a parochial issue for Chinese. But as President Bush has stated so eloquently,

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the freedom of Iraqis and Chinese is also a concern for all humanity. "[I]t is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture," he said in his second inaugural address. So why not Washington, D.C.?

Post reporters asked Mr. Bush that question during an interview last week. Here is how he dodged:

Do the residents of the District of Columbia -- should they have a vote in the House?

I will look at what Congress proposes. I will look carefully at what Congress proposes.

But what is your philosophical view of that? Because we've gone to Iraq to provide freedom for people in Iraq, and the people in this country --

I understand that. You're trying to get me to opine on specific legislation that may be forthcoming, and I look forward to working with Congress on that.

I'm actually asking you to opine on general --

That's my answer. (Laughter.)

-- philosophy on whether --

I know what you're trying to ask me to opine on, and I'm answering that there is -- I will look and see what Congress proposes.

In fact no one was asking that the president comment on specific legislation. He could easily have responded this way: "I know that citizens of the District of Columbia pay taxes for their country, and I know many of them have gone to war for their country. They should have a say in how their country is ruled. I look forward to working with Congress to find the best way to make that happen."

Instead we get squirming evasions and feeble humor. To be honest, we don't find it funny; if anything, it's pathetic that six years into his presidency Mr. Bush can't bring himself to endorse basic rights for residents of his current hometown.

In that same stirring address two years ago, Mr. Bush said that "rights must be . . . secured by free dissent and the participation of the governed." He didn't qualify the principle; there was no asterisk, as in: *except for majority-Democratic cities. Either he believes in democracy, or he doesn't.

Gender Pay Gap, Once Narrowing, Is Stuck In Place (NYT)

By David Leonhardt

The New York Times, December 24, 2006

Throughout the 1980s and early ’90s, women of all economic levels — poor, middle class and rich — were steadily gaining ground on their male counterparts in the work force. By the mid-’90s, women earned more than 75 cents for every dollar in hourly pay that men did, up from 65 cents just 15 years earlier.

Largely without notice, however, one big group of women has stopped making progress: those with a four-year college degree. The gap between their pay and the pay of male college graduates has actually widened slightly since the mid-’90s.

For women without a college education, the pay gap with men has narrowed only slightly over the same span.

These trends suggest that all the recent high-profile achievements — the first female secretary of state, the first female lead anchor of a nightly newscast, the first female president of Princeton, and, next month, the first female speaker of the House — do not reflect what is happening to most women, researchers say.

A decade ago, it was possible to imagine that men and women with similar qualifications might one day soon be making nearly identical salaries. Today, that is far harder to envision.

“Nothing happened to the pay gap from the mid-1950s to the late ’70s,” said Francine D. Blau, an economist at Cornell and a leading researcher of gender and pay. “Then the ’80s stood out as a period of sharp increases in women’s pay. And it’s much less impressive after that.”

Last year, college-educated women between 36 and 45 years old, for example, earned 74.7 cents in hourly pay for every dollar that men in the same group did, according to Labor Department data analyzed by the Economic Policy Institute. A decade earlier, the women earned 75.7 cents.

The reasons for the stagnation are complicated and appear to include both discrimination and women’s own choices. The number of women staying home with young children has risen recently, according to the Labor Department; the increase has been sharpest among highly educated mothers, who might otherwise be earning high salaries. The pace at which women are flowing into highly paid fields also appears to have slowed.

Like so much about gender and the workplace, there are at least two ways to view these trends. One is that women, faced with most of the burden for taking care of families, are forced to choose jobs that pay less — or, in the case of stay-at-home mothers, nothing at all.

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If the government offered day-care programs similar to those in other countries or men spent more time caring for family members, women would have greater opportunity to pursue whatever job they wanted, according to this view.

The other view is that women consider money a top priority less often than men do. Many may relish the chance to care for children or parents and prefer jobs, like those in the nonprofit sector, that offer more opportunity to influence other people's lives.

Both views, economists note, could have some truth to them.

"Is equality of income what we really want?" asked Claudia Goldin, an economist at Harvard who has written about the revolution in women's work over the last generation. "Do we want everyone to have an equal chance to work 80 hours in their prime reproductive years? Yes, but we don't expect them to take that chance equally often."

Whatever role their own preferences may play in the pay gap, many women say they continue to battle subtle forms of lingering prejudice. Indeed, the pay gap between men and women who have similar qualifications and work in the same occupation — which economists say is one of the purest measures of gender equality — has barely budged since 1990.

Today, the discrimination often comes from bosses who believe they treat everyone equally, women say, but it can still create a glass ceiling that keeps them from reaching the best jobs at a company.

"I don't think anyone would ever say I couldn't do the job as well as a man," said Christine Kwapnoski, a 42-year-old bakery manager at a Sam's Club in Northern California who will make $63,000 this year, including overtime. Still, Ms. Kwapnoski said she was paid significantly less than men in similar jobs, and she has joined a class-action lawsuit against Wal-Mart Stores, which owns Sam's Club.

The lawsuit is part of a spurt of cases in recent years contending gender discrimination at large companies, including Boeing, Costco, Merrill Lynch and Morgan Stanley. Last month, the Supreme Court heard arguments in a case against Goodyear Tire and Rubber.

At Sam's Club, Ms. Kwapnoski said that when she was a dock supervisor, she discovered that a man she supervised was making as much as she was. She was later promoted with no raise, even though men who received such a promotion did get more money, she said.

"Basically, I was told it was none of my business, that there was nothing I could do about it," she said.

Ms. Kwapnoski does not have a bachelor's degree, but her allegations are typical of the recent trends in another way: the pay gap is now largest among workers earning relatively good salaries.

At Wal-Mart, the percentage of women dwindles at each successive management level. They hold almost 75 percent of department-head positions, according to the company. But only about 20 percent of store managers, who can make significantly more than $100,000, are women.

This is true even though women receive better evaluations than men on average and have longer job tenure, said Brad Seligman, the lead plaintiffs' lawyer in the lawsuit.

Theodore J. Boutrous Jr., a lawyer for Wal-Mart, said the company did not discriminate. "It's really a leap of logic to assume that the data is a product of discrimination," Mr. Boutrous said. "People have different interests, different priorities, different career paths" — and different levels of desire to go into management, he added.

The other companies that have been sued also say they do not discriminate.

Economists say that the recent pay trends have been overlooked because the overall pay gap, as measured by the government, continues to narrow. The average hourly pay of all female workers rose to 80.1 percent of men's pay last year, from 77.3 percent in 2000.

But that is largely because women continue to close the qualifications gap. More women than men now graduate from college, and the number of women with decades of work experience is still growing rapidly. Within many demographic groups, though, women are no longer gaining ground.

Ms. Blau and her husband, Lawrence M. Kahn, another Cornell economist, have done some of the most detailed studies of gender and pay, comparing men and women who have the same occupation, education, experience, race and labor-union status. At the end of the late 1970s, women earned about 82 percent as much each hour as men with a similar profile. A decade later, the number had shot up to 91 percent, offering reason to wonder if women would reach parity.

But by the late '90s, the number remained at 91 percent. Ms. Blau and Mr. Kahn have not yet examined the current decade in detail, but she said other data suggested that there had been little movement.

During the 1990s boom, college-educated men received larger raises than women on average. Women have done slightly better than the men in the last few years, but not enough to make up for the late '90s, the Economic Policy Institute analysis found.

There is no proof that discrimination is the cause of the remaining pay gap, Ms. Blau said. It is possible that the average man, brought up to view himself the main breadwinner, is more committed to his job than the average woman.

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But researchers note that government efforts to reduce sex discrimination have ebbed over the period that the pay gap has stagnated. In the 1960s and '70s, laws like Title VII and Title IX prohibited discrimination at work and in school and may have helped close the pay gap in subsequent years. There have been no similar pushes in the last couple of decades.

Women have continued to pour into high-paid professions like law, medicine and corporate management where they were once rare, but the increases seem to have slowed, noted Reeve Vanneman, a sociologist at the University of Maryland.

Medicine offers a particularly good window on these changes. Roughly 40 percent of medical school graduates are women today. Yet many of the highest paid specialties, the ones in which salaries often exceed $400,000, remain dominated by men and will be for decades to come, based on the pipeline of residents.

Only 28 percent of radiology residents in 2004-5 were women, the Association of American Medical Colleges has reported. Only 10 percent of orthopedic surgery residents were female. The specialties in which more than half of new doctors are women, like dermatology, family medicine and pediatrics, tend to pay less.

Melanie Kingsley, a 28-year-old resident at the Indiana University School of Medicine, said she had wanted to be a doctor for as long as she could recall. For a party celebrating her graduation from medical school, her mother printed up invitations with a photo of Dr. Kingsley wearing a stethoscope — when she was a toddler.

As the first doctor in her family, though, she did not have a clear idea of which specialty she would choose until she spent a summer working alongside a female dermatologist in Chicago. There, she saw that dermatologists worked with everyone from newborns to the elderly and worked on nearly every part of the body, and she was hooked.

"You get paid enough to support your family and enjoy life," said Dr. Kingsley, a lifelong Indiana resident. "Yeah, maybe I won't make a lot of money. But I'll be happy with my day-to-day job, and that's the reason I went into medicine — to help other people." She added: "I have seen people do it for the money, and they're not very happy."

The gender differences among medical specialties point to another aspect of the current pay gap. In earlier decades, the size of the gap was similar among middle-class and affluent workers. At times, it was actually smaller at the top.

But the gap is now widest among highly paid workers. A woman making more than 95 percent of all other women earned the equivalent of $36 an hour last year, or about $90,000 a year for working 50 hours a week. A man making more than 95 percent of all other men, putting in the same hours, would have earned $115,000 — a difference of 28 percent.

At the very top of the income ladder, the gap is probably even larger. The official statistics do not capture the nation's highest earners, and in many fields where pay has soared — Wall Street, hedge funds, technology — the top jobs are overwhelmingly held by men.

Taser Debate (HC)

By Larry Karson

Houston Chronicle, December 24, 2006

Another politician, this time state Rep. Garnet Coleman, D-Houston, has joined the band wagon for "fixing" the Taser problem by suggesting that legislation is needed to put a moratorium on the use of the stun guns by the police.

Make no mistake about it: There have been numerous cases nationwide of poorly trained officers and negligent managers who have allowed the continued misuse of Tasers because, as one blogger remarked, the devices are treated as a "motivational tool" to control the citizens the police are supposed to be serving. Just go to YouTube and you will get an eyeful of incompetent cops performing negligent, if not criminal, acts with the devices.

From stunning an individual multiple times because they wouldn't "comply" with an order (think about how well you would comply, as well as understand someone's instructions, after 50,000 volts jolted your system) to using them on people who didn't immediately conform to verbal directions (but were otherwise nonaggressive and may not have even understood the commands being given to them), Tasers have had had a trackrecord of misuse since their introduction to police work.

But the fault doesn't always fall at the feet of the street officers— even if the suspect does after being Tased. For the real reason Tasers are consistently misused in some departments, look to management.

Good police policy allows officers several options to control a situation. For example, if words or physical control won't work the officer may have no choice but to use an Oleoresin Capsicum (OC) "pepper" spray or a baton. To defend themselves or to establish control in a fight, they also have the choice of using the Taser — not as a replacement for words and not as a substitute for physically directing someone, which is when much of the Taser misuse seems to happen; but when the confrontation is going to turn into a fight. My point is, officers need a variety of tools.

For over 150 years, police have only had their presence and "prestige" — their hands, their nightstick or baton, and their gun — to control criminals. In recent years OC spray was added, but it has limited use, at best. It's the Taser that has proven most effective in controlling the violent and in preventing officers from being injured while attempting to make an arrest. Speaking from the other side of the fence, I'd rather be Tasered than have a couple of upset officers whaling away on me with nightsticks

in a fight, possibly breaking some bones in the process. (That's not to mention that if the officers swing for my head because they feel they are losing ground, that in itself is deadly force that can quickly lead to deadly consequences.)

But the other issue that comes into play, especially in Harris County, is the concept of "fearing for one's life." Every time an officer discharges his or her weapon, that is almost always the first thing the officer or deputy says about the decision: "I feared for my life."

Make no mistake. It's why most officers do shoot a suspect; and they aren't lying when they say it. But for the extremely small percentage of officers who get in a bad shooting that reasoning is also the stay-out-of-jail card accepted by the Harris County district attorney and his hand-picked grand jury — and he has five grand juries to choose from — which then historically nobills the deputy or officer.

In 2004, the Chronicle reported that only half of the 189 shootings by officers in Harris County were of suspects carrying a gun or a knife. On average, approximately one shooting a month was of someone who had no weapon. Yet, in only the most egregious cases is an officer ever even considered for prosecution.

And that is where the Taser, as Houston Police Chief Harold Hurtt keeps having to remind us, comes into play. For without that alternative tool now carried by most HPD officers and many Harris County deputies, many more officers would have no choice but to use their gun instead of the Taser whenever they were in fear for their lives.

We, the community, have offered our officers an alternative to using deadly force. Though not always a feasible choice, as Chief Hurtt has stated, in at least 39 instances since December 2004, officers who could otherwise have been justified in using deadly force felt they had an opportunity to stun the suspect instead of shooting him. That figure easily surpasses whatever numbers of individuals are suspected of having died from the electrical charge of the stun gun.

What Rep. Colemanshould do is file a bill that prevents any law enforcement agency in Texas from requiring a signed affidavit from someone making a complaint against a police department, an officer or a deputy before an investigation is initiated for the misuse of force or for any other misconduct.

The Department of Justice has directed numerous other police departments to accept anonymous, verbal and unsworn complaints for investigation. Even federal agencies are mandated to investigate all allegations against their own agents, whether sworn or not. Yet in protecting its departments and their officers, local law enforcement continues to demand sworn affidavits and limit to whom and how a complaint can be made. Who in their right mind would identify themselves as a complainant against an officer allegedly trafficking in narcotics or associating with a drug cartel or organized crime?

If abused, assaulted or Tasered by an officer, many may expect the officer to harass or pursue them if they identify themselves as a complainant to the police. Yet, local police departments continue to demand a sworn affidavit before an investigation is initiated.

Why? They claim they don't want to take the time and trouble investigating the unsubstantiated complaints that they believe would get filed. But they actually use the affidavit as a filtering device to minimize complaints against their departments and to protect their own officers.

I know that the Houston Police Department wouldn't hesitate to investigate one of its own for a narcotic trafficking violation. But after all the corruption that has been reported on the Texas-Mexico border does anyone actually think everyone trusts the police to not protect one of their own?

When it comes to officer misconduct, any complaint should be investigated. That's where I suggest Rep. Coleman needs to focus his attention.

Chief Hurtt and Mayor Bill White have monitored the actions ofHPD officers and are commissioning a study of the use of Tasers by the department. Both are appropriate responses to an issue that is of concern to all in the community. As part of their commission, these two leaders also need to include members of the community as they are the ones most subject to getting Tasered by the police.

But let's not throw out the baby with the bath water when it comes to Tasers: After all, 39 individuals are alive here who might otherwise have been dead and buried but for the discretion of HPD's finest.

And I suspect that Houston Texans lineman Fred Weary made 40, as unjust and undeserved as the use of the Taser against him may have been.

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ANTITRUST:

2006: The Year In PCs And Chips (PCWORLD)

By Ben Ames
PC World, December 24, 2006

Vendors in the PC and chip industries moved boldly in 2006, changing the marketplace map through mergers, recalls, layoffs, and lawsuits. Oh, and they launched some impressive new products too, keeping Moore's Law moving as they built smaller, faster chips and cooler, more efficient computers. Here, in chronological order, we share a sampling of the biggest events of the past 12 months. Apple Releases Macs That Run on Intel Chips

In January Apple Computer sold its first Mac PCs that run on chips from Intel instead of on chips from IBM and Motorola, fulfilling a promise made in June 2005. Apple substitutes Intel's Core Duo chip for the PowerPC and G4 chips in its iMac and 15-inch MacBook Pro, soon followed by the Mac mini and 13-inch MacBook.

The move also let Apple expand from its own operating system. In April, Apple launches its Boot Camp software, enabling Intel-based Macs to run their choice of Apple's OS X or Microsoft's Windows XP. AMD Announces ATI Acquisition

In July Advanced Micro Devices announces it would buy Canadian graphics chip vendor ATI Technologies for $5.4 billion. Integrating its processors with ATI's chip sets would allow AMD to sell platforms of integrated technologies, competitive with Intel bundles like Centrino, Viiv, and VPro, analysts say. Another effect of the merger is to leave Nvidia as the only independent graphics chip vendor in the market.

By November, Nvidia also says it will expand, paying $357 million to buy PortalPlayer, a maker of semiconductors for digital music players. Battery Recall Begins

Dell recalls 4.1 million notebook batteries in August as a growing number of customers report they could short-circuit, causing some to overheat and catch fire. Within days, other vendors join the recall, leading to 8.1 million recalls of the lithium ion cells manufactured by Sony. Other PC vendors affected by the largest recall in consumer electronics history include Apple, Fujitsu, Hitachi, Lenovo, and Toshiba. Intel Reorganizes, Lays Off Thousands

In September, Intel lays off 10,500 workers--about 10 percent of the workforce--as Chief Executive Paul Otellini enacts a promised reorganization that has already included the sale of its media and signaling business, the firing of 1000 executives, and the sale of its XScale smart phone chip division. Otellini blames slowing growth in the PC market when he predicts Intel's annual profits will reach only $9.3 billion for 2006, down from $12.1 billion in 2005. Analysts point out that Intel had also lost revenue by slashing prices on its chips in an effort to slow gains in market share by rival AMD. Justice Department Investigates SRAM Market

The Department of Justice launches a probe in October of sales practices in the SRAM memory chip market, serving subpoenas to Cypress Semiconductor, Mitsubishi Electric, Samsung Electronics, Sony Electronics, and Toshiba. The investigation comes shortly after the Justice Department wins convictions and multimillion-dollar fines for price fixing in the closely related DRAM industry. By December, the Justice Department also turns its focus to graphics chips makers, demanding documents from AMD and Nvidia as part of an antitrust investigation.

Meanwhile, AMD continues another antitrust fight, continuing its long-running suit against Intel over accusations that the much larger chip-maker intimidated vendors from using AMD chips. That case is scheduled to come before a judge in April 2009. HP Tops Dell as World's Largest PC Vendor

Hewlett-Packard overtakes Dell in October as the world's largest PC vendor, capping a year when Dell had reported a series of sagging profits and the start of an accounting investigation by the U.S. Securities and Exchange Commission. HP has its own problems, coping with a spying scandal on its board of directors that leads to criminal investigations and the resignation of chief executive Patricia Dunn. But Dell is unable to stop its loss of market share even when the company ends its longtime allegiance to Intel and begins selling PCs powered by chips from AMD as well. Dell Chief Executive Kevin Rollins says the company was also hurt by slashing prices in order to bolster market share, and pledges to spend $100 million to hire more sales and call-center workers. Intel Launches Quad-Core Processors for PCs

Intel launches the first quad-core processors for mainstream desktops and servers, continuing its effort to rebound from a loss of sales to AMD. The new chips include the Core 2 Extreme QX6700 for gamers and Xeon 5300 for servers, coming just a few months after Intel launches a new family of dual-core chips including the "Conroe" Core 2 Duo for desktops and "Woodcrest" Xeon 5100 for servers.

Still, the arms race continues, as AMD emphasizes its advantage in power efficiency and pledges to launch its own quad-core processor by the second quarter of 2007, the "Barcelona" quad-core Opteron 8000 for servers.

ENVIRONMENT/INDIAN AFFAIRS:

EPA OKs Fuel-cell Car Production (LAT)

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From Times Staff And Wire Reports

The Los Angeles Times, December 24, 2006

The hydrogen-powered vehicles will meet the state's zero-emission requirements.

The U.S. Environmental Protection Agency has cleared the way for automakers to produce hydrogen-powered fuel-cell cars to meet zero-emission vehicle requirements in California and 10 other states.

In a waiver signed last week, EPA officials approved amendments adopted in 2003 by the California Air Resources Board that allow manufacturers to produce fuel cells as an alternative to battery-powered cars and light trucks previously required by the state.

"This is a real Christmas gift for all of us," Air Resources Board Chairman Dr. Robert Sawyer said in a statement. "All Californians will breathe easier because of this measure, and the technology that makes these clean cars possible can now be made available to everyone."

Connecticut, Maine, Massachusetts, New York, New Jersey, Oregon, Pennsylvania, Rhode Island, Vermont and Washington have adopted California's rules, touted by state regulators as the toughest in the world. The rules were amended after automakers challenged them in court.

"This waiver simply reflects the prominence of fuel cells," EPA spokesman John Millett said. "Fuel cells have really taken off."

Fuel cells use hydrogen and oxygen to run an electric motor.

Automakers had mixed reactions. General Motors spokesman Dave Barthmuss said fuel-cell vehicles were "very viable to be a portion of any automaker's compliance strategy."

"A lot of milestones are being met, and a lot of progress is really being made" in developing the vehicles, he said.

GM plans to put 100 fuel-cell vehicles on the road next year as a demonstration project, he added.

Barthmuss also said the air board should be willing to review its requirements so they stay in line with the "pace of technology."

Ford Motor Co. spokeswoman Jennifer Moore said that much uncertainty remains about fuel-cell vehicles, and that the company agrees with a U.S. Energy Department forecast that the vehicles won't be available in large numbers before 2015.

But California officials who fought for the measures painted a rosier picture, noting that the waiver also covers hybrid and super-low-polluting, gasoline-powered vehicles known as partial zero-emission vehicles.

California initially adopted its regulations in 1990, requiring that 10% of new cars sold in the state by major manufacturers by 2003 be zero-emission vehicles. The rules have been modified several times since, largely because of legal challenges by automakers.

Currently, they call for 2% of new cars from the six biggest automakers to be zero-emission vehicles, 2% to be gasoline-electric hybrids and 6% to be partial zero-emission vehicles.

Ford Tries To Outrace The Repo Man (WP)

By George F. Will

The Washington Post, December 24, 2006

DEARBORN, Mich. -- If Alan Mulally, Ford Motor Co.'s chief executive, is looking for fresh words to inspirit his troubled company -- words to replace "The Way Forward," which rang hollow as Ford slid further backward -- he might try: "Lay off the cheeseburgers, America -- you're killing yourself, which is your business, but you're also killing Ford, which is my business." That exhortation is not pithy but is oddly pertinent.

The average weight of American men (191 pounds) and women (164 pounds) has increased 25 pounds since 1960. And according to one study, in 2003 Americans' 223 million cars and light trucks burned an extra 39 million gallons of fuel for every additional pound of passenger weight. So Americans are using almost a billion gallons of gasoline more each year than they would if they were as (comparatively) svelte as they were in 1960. Because Ford is more a truck company than a car company (its big moneymakers are F-Series pickups, and sport-utility vehicles such as the Explorer are classified as trucks), it has been hit especially hard by changing consumer preferences produced by high gasoline prices. That is one reason Ford lost $5.8 billion in the third quarter.

Mulally, 61, is frequently described as having "boyish" looks and pep. But it has been only three months since William Clay Ford Jr., Henry's great-grandson, replaced himself with Mulally (Ford remains the company's executive chairman), who is going to find this an aging experience.

Already he has taken one of the great gambles in the history of American business, one perhaps unavoidable if Ford is to avoid bankruptcy. Ford has taken $23 billion in loans, most of that sum secured by almost everything Ford owns -- physical

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assets, patents, trademarks. The market value of Ford's outstanding stock is $15.4 billion. "The data," Mulally serenely acknowledges, "say we're going out of business."

Perhaps he is serene because he has seen, and seen off, conditions that were, if not worse, really bad. After Sept. 11, when the commercial airline market froze, Mulally, who then was at Boeing, oversaw the downsizing of that company's payroll from 127,000 to 52,000.

Still, the most difficult military maneuver is a retreat under fire, because it can become a rout, and the same is true of a corporate contraction. However many people Ford hires -- at reduced wages -- to replace some of the approximately 38,000 United Auto Workers employees who have agreed to buyouts, many of them will never have built a car. This could mean quality problems, which could further depress Ford's market share, driving a downward spiral.

Mulally's vision for Ford is forward-looking nostalgia. He wants to restore Ford to the role it had in "the middle America that we grew up with." But to "spiff up the blue oval" -- Ford's trademark -- he must market cars designed on the assumption that gasoline prices "are staying up." He talks about the need to "take the hard decisions" and "rationalize our product family" with a "simplified product portfolio." He stops short of talking -- yet -- about scrapping brands. But why is the company still making the Mercury, the average age of whose buyers is 55? Perhaps because it cost General Motors $1 billion -- payments to dealers, etc. -- to eliminate the Oldsmobile brand.

Mulally says production efficiencies can solve half the company's economic problem. That will not suffice unless Ford efficiently produces exciting products. Mulally, a quick study, already has a rudimentary grasp of Detroit-speak: He says Ford must develop new products "with curb appeal -- the 'wow' factor."

But in 2001, with much fanfare, Ford rolled out a new version of a 1950s success, the Thunderbird. It was underpowered, handled badly and is no longer in production. Recently, the company heavily advertised the Lincoln Zephyr. But now it is called the MKZ. Why? This is the behavior of a company whose left hand does not know what its other left hand is doing.

Seventy percent of the people who go through O'Hare International Airport, Mulally says, are not going to Chicago. His point is that a snapshot of customers -- moving targets -- does not tell you where they are heading. Henry Ford, according to Mulally, said that if, when he founded his company, he had asked potential customers what they wanted, they would have said faster horses. Mulally has bet the company on its ability to develop "curb appeal" products that people do not yet know they want and to develop them before the company, which burned through about $6 billion in the last two quarters of 2006, burns the rest of its borrowed cash.

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Two Timber Firms Pretending To Be 'Green,' Groups Allege (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, December 24, 2006

Environmentalists Want Companies' Lucrative Certification Revoked

SEATTLE -- Two of the nation's largest timber companies, Weyerhaeuser and Plum Creek Timber, have polished their public images for years by participating in a program that certifies that their logging is environmentally friendly.

But in separate challenges this month from the far corners of the United States, environmental groups in Washington state and in Maine are accusing Weyerhaeuser Co. and Plum Creek Timber Co. of using the forest industry's green-labeling program as a cover while they log in ways that harm endangered spotted owls in Washington and violate forestry laws in Maine.

The Seattle Audubon Society and the Natural Resources Council of Maine have demanded in documents sent to the Sustainable Forestry Board that it revoke certification for the companies until they comply with standards they have pledged to uphold.

Both companies say the demands are unjustified and show ignorance of relevant facts.

The requests mark the first time that mainstream environmental groups have publicly attempted to turn the forest industry's green certification process against big timber companies by insisting that they be suspended from the program, the Sustainable Forestry Initiative, said William H. Banzhaf, president of the forestry board, which oversees certification.

Green labeling is a major marketing tool in the timber industry. It allows companies to reach a bigger marketplace while assuring increasingly sophisticated consumers that their purchases are not harming the environment.

As worry about global warming increases, green building codes are becoming politically fashionable. They have recently been adopted for private construction in the District, Montgomery County and Pasadena, Calif. Eighteen states and 11 federal agencies use such codes for their own buildings. And green codes often give credit to builders who use timber certified to have been logged in a sustainable way.

The timber industry's main lobby, the American Forest & Paper Association, developed the Sustainable Forest Initiative in 1994. That was a year after the Forest Stewardship Council, a group of environmentalists, forestry experts, sociologists and

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indigenous groups, created another certification system that is often described as far less friendly to the interests of big timber companies.

The competing certification regimes are usually referred to by initialisms -- SFI and FSC -- that can be easily confused. Some environmentalists say this is an intentional industry effort to muddy the green-labeling waters and confuse the public. Timber companies dispute that assertion.

Unlike the industry-created SFI program, FSC rules allow virtually no cutting of old-growth forests, nor do they allow operators to log off a diverse stand of trees and replace it with a plantation forest dominated by a single species, which is often done to enhance the commercial value of forestland.

Home Depot, Ikea and Williams-Sonoma are among the major retailers that have announced their preference for FSC-certified lumber or paper. The U.S. Green Building Council, which oversees green standards for construction in the District and Montgomery County, among other places, credits only builders that use FSC lumber. But other retailers, such as OfficeMax, have preferences that do not distinguish between certification systems.

The Seattle Audubon Society and the Natural Resources Council of Maine argue that the Sustainable Forest Initiative could lose all credibility if its board does not suspend Weyerhaeuser and Plum Creek until they clean up their forestry practices.

Banzhaf, president of the Sustainable Forestry Board, said the complaints from responsible environmental groups in Washington and Maine are an "important" challenge to the certification system and will be thoroughly investigated.

At the same time, Banzhaf defends the integrity of the SFI certification process, noting that since 2002 it has been "independent of all influence by the forestry trade association."

The program hires third-party certification companies and is financed through licensing fees and foundation grants, he said. Its board members include leaders of major environmental groups, such as the Nature Conservancy, as well as senior state foresters and the heads of several major timber companies, including Plum Creek and Weyerhaeuser.

The separate but nearly simultaneous challenges to the forest industry's certification program appear to be a coincidence.

Over the past year, the Natural Resources Council of Maine has used the state's freedom-of-information law to uncover 18 previously unpublicized violations of state forestry laws by Plum Creek, the largest private owner of timberland in the United States, with more than 900,000 acres in Maine.

The council learned that Plum Creek, without public notice, had been fined $57,000 for its repeated forestry violations, the largest such fine in Maine's history. The violations included cutting too much timber without proper plans and failing to notify the state about clear-cuts.

"Our concern is that consumers in Maine are being routinely misled into thinking that Plum Creek is managing sustainably, when, in fact, they are not complying with basic laws," said Cathy Johnson, the group's project director for the North Woods.

Maine's chief forester, Alec Giffen, confirmed Plum Creek's violations between 1998 and 2002. "We have not had any other case that involved a $57,000 fine, nor have we had any other case where there was this number of noncompliant timber harvests," he said.

But Giffen said Plum Creek self-reported many of the violations and has taken corrective actions. "They have a good compliance history since 2002," he said.

An executive at Plum Creek said it would be "absurd" to revoke the company's SFI certification.

"We get it right 99 percent of the time," said Jim Lehner, who was general manager for Plum Creek's northeast region during the time of the violations and is now its director of community affairs. "It was certainly a mistake. We made a mistake. The fine was a big one. We haven't had any violations since."

Lehner said the Natural Resources Council of Maine is trying to discredit Plum Creek as part of its campaign to halt the company's plans for large-scale residential development in the North Woods around Moosehead Lake.

In Washington state, the Seattle Audubon Society does not allege that Weyerhaeuser, the largest manager of timberlands in the world, broke any state or federal laws. But Audubon says that the company logged its forestland in southwestern Washington in a way that harmed the habitat of four endangered Northern spotted owls and violated SFI certification standards by failing to "protect known sites" of imperiled creatures.

Northern spotted owls were placed on the federal endangered species list in 1990, but their numbers have declined by 50 percent since then in Washington state, in part because of continued loss of habitat.

To protect the reclusive birds, the U.S. Fish and Wildlife Service urges timber companies in the Northwest to refrain from logging more than 60 percent of older trees in areas around known owl nests. Those areas are called owl circles.

The Audubon group, however, cites government and industry estimates showing that circles around four owls on Weyerhaeuser land were much more aggressively cut, leaving between 8 percent and 22 percent of the suitable habitat.

That logging concerned James Michaels, a supervising biologist for the U.S. Fish and Wildlife Service and an expert on spotted owls. His agency wrote a letter to Weyerhaeuser last year, asking the company to stop.

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"It was enough of an issue to raise a flag with us to say we wanted to work with Weyerhaeuser so as not to put those birds at risk," Michaels said.

After Weyerhaeuser was warned about the risk, Michaels said, it suspended further plans for cutting trees near the birds and has been willing to work with federal officials.

A Weyerhaeuser spokesman, Frank Mendizabal, said the company "has not received any notice from any public agency that we have caused any harm" to the owls.

He said that Audubon's assertions that the company has violated SFI standards are without merit and that Weyerhaeuser "operates at the highest standards" for sustainable forestry.

Weyerhaeuser and Plum Creek have 45 days to respond to the certification challenges by the Seattle Audubon Society and the National Resources Council of Maine. A full investigation by the SFI system is likely to take several months.

FBI/DEA/ATF/USMS:

Cigarette Tax Set To Take A Big Leap (DMN)

By Karen Brooks

The Dallas Morning News, December 24, 2006

AUSTIN – Every time he stands outside a nonsmoking bar shivering in the cold winter air, Camel Light cigarette dangling from his lips, Chris Maddock feels punished.

And he likes it.

JIM MAHONEY/DMN Don Novak wrote a check for his purchase Wednesday at Smokey's Discount Cigarettes on Plano Road in Dallas. He plans to start buying his cigarettes in Oklahoma.

That's why the 34-year-old Austin man is looking forward to Jan. 1, when cigarettes go up at least $1 per pack and about $12 per carton after Texas officially increases the tax on cigarettes to help pay for a property-tax cut.

Maybe, finally, it'll make him quit.

"I invite the tax. I'm all for anything that makes it harder for me, both individually and in society, to smoke," he said. "I love things like that. I love smoking bans, I love feeling marginalized and having to pay more for what really is a habit that's bad for my health."

Anticipation is already rising among smokers and nonsmokers and their respective big-money advocates, more than a week before the tax hits convenience stores and smoke shops across Texas.

Convenience stores are bracing for a drop in sales. Discount shops are running out of some brands. Distributors are liquidating their inventories. And federal agents are keeping an eye on the situation after tax increases in other states led to robberies and smuggling rings.

And many smokers are vowing to either kick the habit or look outside state lines for their cigarettes – given that a pack-a-day habit will cost an additional $30 a month after New Year's Day.

Don Novak of Dallas, annoyed at both the cost and the premise of the new tax, plans to make regular cigarette runs to Oklahoma to stock up.

"It might cost me $10 in gas, but I'll just have the satisfaction that I'm buying for a cheaper price up there," said Mr. Novak, 55.

In El Paso, smoker Bonnie Carreno could easily trek across the Mexican border into Juarez for some cheap smokes – if she can get them back into Texas without declaring them and paying the tax at the border, the scenario tax opponents are afraid will happen.

Along with the regular border customs enforcement, the Bureau of Alcohol, Tobacco and Firearms plans to coordinate with other agencies at all levels to be extra vigilant about cigarette smuggling, officials there said.

Still, it won't be difficult to bring in a few packs at a time under the radar for personal use. But after 20 years of smoking, Ms. Carreno, a 36-year-old nuclear medicine tech, isn't even going to bother.

"It's a good excuse to go ahead and quit," she said. "I've been wanting to for a while, anyway. Everybody knows it's not good for you to begin with."

Impetus for quitting

That's music to Dawn Wiatrek's ears. The spokeswoman for the American Cancer Society in Austin is hoping that more of the state's smokers – about 20 percent of adults – stub out their habit.

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"We certainly expect to see an impact," she said, adding that it's still too early to say whether people are quitting already. "Along with the New Year's resolutions that tend to kick in, this is a sort of added incentive. We do expect to see additional people quitting for good."

Retired lawyer Susan Portman says most of her buddies are going to quit. But Ms. Portman, 53, of Coppell, stocked up on her favorite Skydancer brand recently at Smokey's Discount Cigarettes. She was surprised to see the stock dwindling already and grabbed the four cartons left before the price jumps from $17 to nearly $30.

"The people that wait to stock up are going to get screwed," Ms. Portman said. "There's not going to be a cigarette to be had anywhere in this city, and right before New Year's."

Some distributors, in an effort to clear the decks before they have to pay the tax on whatever inventory they have on Jan. 1, have told retailers that they're going to halt new supplies until after the New Year.

"It's shocking, and everybody I know who smokes is intending to quit," Ms. Portman said. "So I can't imagine this is going to raise any money for the state, and it's going to be a hassle for those of us who say, 'This is my only vice, leave me alone.' ... I don't know what we're going to do. Cut back, that's for sure. I smoke a lot, and I can't do that when it's this much more."

At Smokey's, customers have started to figure out that they should grab their packs while they can still afford them, the owner said.

"This week it's really kicked in," said Kim Nikolis, who has owned Smokey's for 13 years. "We doubled our business today. It's just now that people are starting to figure out that, oh my god, it's coming. ... Wholesalers are running out of some brands. I've talked to them, and there have been people buying steadily for the past two months. I guess they just want to save a little money. I don't think they're going to stop smoking."

Boost OK'd in May

Texas lawmakers passed the tax hike in May after one of the most contentious legislative battles of the past two years – the fight over how to fund public schools and fix an unconstitutional property tax system.

The Legislature cut school property taxes and replaced that revenue with a new state business tax and the higher cigarette tax. Sales tax from cars was also tweaked to provide additional revenue.

The cigarette tax hike is expected to bring in $680 million over the next year. But it didn't come without a huge fight from Big Tobacco and convenience stores, wholesalers who worry about smuggling from Mexico and other states, and smokers groups who said they were being unfairly taxed.

Texas had one of the lowest cigarette tax rates in the nation. Now it joins New York with one of the top 10 highest taxes in the nation.

When a smaller tax hike hit New York a few years ago, police reported break-ins at convenience stores citywide and a soaring black market that prompted the ATF to form a task force to combat it The city's proximity to Canada and the fact that neighboring states carried cigarettes well below the New York prices compounded the problem.

The agency could form a similar task force in Texas if it needs to, said Special Agent Tom Crowley, the ATF's spokesman in Dallas.

It will also be watching for people taking advantage of smoke shops at the state's three Indian reservations that, by virtue of their federal status, can sell tax-free cigarettes, he said. While it's not illegal to buy cigarettes there, it's illegal to resell them without paying the tax.

The governor of the Tigua Indians, who live on the Ysleta del Sur Pueblo in El Paso, said he expects a brief spike in sales right after the tax goes into effect. But he's uncertain about what will happen to their single smoke shop in the long term.

Scott Fisher, an executive of a trade association for convenience stores, said he'll probably quit smoking his premium Merits – calling the decision a "no-brainer."

As for smuggling, he advised his members to watch out for people evading the taxes – although he said some areas, like sSouth Texas, may be uniquely insulated from that due to the increasing drug violence in Nuevo Laredo along the border to Matamoros.

"I don't know how much of a factor that's going to be for them because of, frankly, the danger to Americans," Mr. Fisher said. "I'm a smoker, and for a dollar a pack, I wouldn't step foot over there."

Older Texans More Likely To Hold Concealed Weapons Permits (AP)

AP, December 24, 2006

HOUSTON - Texans who are 55 or older are more likely to get concealed handgun permits than those who are in their 20s, 30s and 40s, according to Texas Department of Public Safety statistics.

That falls in line with national surveys that indicate seniors are more likely than any other age group to be gun owners.

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In Texas, 42 percent of those who have concealed handgun permits are 55 or older. Texans who are 60 or older have about 25 percent of the permits issued, statistics show.

Former legislator Jerry Patterson, who wrote the Texas concealed weapons law, said getting the permit is often a question of time and money, factors that favor seniors.

"There are a whole bunch of folks in the 30-to-40 range who say they'll do that someday," Patterson said.

Residents who want a permit must pass criminal background checks, take a 10-hour handgun safety course and show proficiency in shooting.

The state also makes permits cheaper for seniors, who get a half-price discount. The permit normally costs $140.

Although studies show seniors are more worried about crime than younger people, U.S. Justice Department statistics indicate people who are 65 or older are much less likely to fall victim to violent crime or property crime.

More than 72,000 people in Texas have concealed handgun licenses. One of them is 70-year-old Karl Virtue, who got a gun last year after fighting with a man he caught stealing from a neighborhood construction site.

He said some seniors are attracted to guns because they can no longer physically defend themselves.

"When I was younger I never had to worry, because nobody was going to go out of their way to give me a hard time," Virtue said. "But when you get old, you feel you've lost your mojo. You feel more vulnerable."

Virtue now owns a 9 mm handgun.

"The old geezers in Texas are well-armed," he said.

CONGRESS-ADMINISTRATION:

Parties Urge Aging Lawmakers To Hang On For One More Term (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, December 24, 2006

After 2006 Losses, GOP Particularly Fears Open Seats

The Republicans' stinging losses last month could be magnified in 2008 if veteran GOP Senate and House members decide to retire, including numerous lawmakers who will be 70 or older on that Election Day.

Sen. Tim Johnson's sudden illness was a reminder to both parties that the balance of power in Congress is fragile indeed. But Johnson, a South Dakota Democrat, is a youthful 59. Republican and Democratic leaders are scrambling to persuade colleagues who qualified for Medicare back during the administration of President Bush's father to hold on for at least one more term.

GOP leaders are particularly fearful that the Democrats will be able to expand their narrow House and Senate majorities if some of Congress's biggest Republican names call it quits. Party leaders dread retirements because they create open seats, which tend to generate costly and highly competitive primaries and general-election races. "The next election cycle could be very challenging," conceded Rep. Tom Cole (R-Okla.), the incoming chairman of the House Republican campaign committee. By losing the majority, he said, "we've lost one of the most powerful reasons for members to stay."

Sen. Ted Stevens (R-Alaska), born Nov. 18, 1923, is the oldest member of "Club 21," the unusually large class of 21 Republican senators who face reelection in 2008. Seven of those Republicans were born before World War II, including at least four who represent states that could flip Democratic.

In the House, as many as 30 Republicans may retire, according to operatives from both parties, with senior lawmakers including Reps. Ralph Regula (Ohio), 82, and C.W. Bill Young of Florida, who turned 76 on Dec. 16, leading the list. Democrats are nervous, too. Days after the Nov. 7 election, incoming Senate Majority Leader Harry M. Reid (Nev.) called the 12 Democratic senators whose terms are up in 2008 -- including Sens. Frank Lautenberg (N.J.), 82, and John D. Rockefeller IV, who turns 70 next year -- to encourage them to stay put.

For now, at least, Republican leaders are reasonably optimistic that they can keep retirements to a trickle. In a recent Washington Post interview, incoming Senate Republican Leader Mitch McConnell (Ky.) predicted that every member of Club 21 would seek reelection. A few members have already announced their candidacies.

"While the recent election did not go my party's way, I come out of the campaign more determined than ever to fight for Alaska's interests in Washington, D.C.," Stevens, a longtime appropriator and outgoing chairman of the Commerce, Science and Transportation Committee, said in a statement on Nov. 16.

Sen. John W. Warner of Virginia, the outgoing chairman of the Senate Armed Services Committee who turns 80 on Feb. 18, has indicated that he may seek a sixth term, if he remains in good health. "I've heard people as old or older than me talking about reelection," marveled Sen. Charles E. Grassley (R-Iowa), 73, the outgoing chairman of the Senate Finance Committee.

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"I have my track shoes on," joked Club 21 member Sen. Pat Roberts of Kansas, still feisty at 70, who said he intends to seek another term. Roberts chaired the Senate Intelligence Committee.

For some lawmakers, 2008 is a touchy subject. Sen. John F. Kerry (D-Mass.), who turns 65 on Dec. 11, 2008, is pondering his options, which include seeking a fifth Senate term and/or running for president a second time. He bristled last week when asked about his plans as he walked off the Senate floor. "You're going to ask me that right here?" he responded testily, darting off without answering.

Some political operatives view what happened in 1996 -- two years after the Republicans won control of the House and Senate -- as instructive on what might happen in the 2008 election cycle. Eight Democrats and six Republicans retired from the Senate that year. In the House, 30 Democrats and 23 Republicans retired or left to run for higher office.

The 1996 retirees included such prominent figures as Democratic Sens. Sam Nunn (Ga.), Bill Bradley (N.J.) and Howell Heflin (Ala.), and GOP Sens. Alan K. Simpson (Wyo.) and William S. Cohen (Maine). But in the House, Democrats were able to persuade some of their veterans to seek reelection. Reps. John D. Dingell (Mich.), now 80, and Charles B. Rangel (N.Y.), who turns 77 in June, survived 12 years in the minority and will become committee chairmen in January. Rangel will head the tax-writing Ways and Means Committee, and Dingell will reclaim the chairmanship of the Energy and Commerce Committee.

"We tend to think the most likely to go are the folks who are older, or see the writing on the wall, in states or districts that are trending against them," said Amy Walter, who monitors House races for the nonpartisan Cook Political Report. "It's a lot more random."

One Republican who has been the subject of considerable speculation is Sen. Wayne Allard of Colorado, who is 63. He promised to serve only two terms when he was elected in 1996. Colorado just elected a Democratic governor, and the state is considered fertile ground for the Democrats' Western expansion efforts. Republicans are worried enough about their hold on the Allard seat that even some GOP politicians with ambitions to succeed him are hoping he breaks his term-limit pledge.

"Run, Senator, run," said Rep. Tom Tancredo (R-Colo.), who is rumored to covet the Senate seat. "An open seat fight we just don't need."

Pat Toomey, a former congressman from Pennsylvania and president of the Club for Growth, said his group, which backs fiscally conservative Republican candidates, is bracing to compete in as many as 40 House races in the next cycle. "It's a big challenge, figuring out how we step up to play in that many races," Toomey said.

What remains to be seen is how well House Republicans adjust to minority status, given that many have never experienced it and may find it very frustrating. On the other hand, Walter said: "Whether they are in the minority or the majority, they are still a member of Congress. And when you retire, you can never get that stature back."

DOJ_NMG_0108997

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From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, December 27, 2006 9:36 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, December 27, 2006
Attachments:	agnb061227.pdf; agnb061227.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 27, 2006 7:45 AM EST

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TERRORISM NEWS:

US Reassures Allies "Extraordinary Renditions" Have Ended. The Financial Times (12/27, Dinmore) reports the US is "telling its overseas allies that it has stopped 'extraordinary renditions' and needs their help to empty Guantánamo's prison cells. But human rights groups dispute this assertion and a question mark hangs over 200 'war on terror' detainees who could be held indefinitely without trial." But the Administration's "response is seen as confused and inadequate. Analysts attribute this to internal divisions over how far to roll back controversial counter-terrorism practices - including torture, secret prisons, detention without trial, and renditions - as the price for rekindling transatlantic relations." European delegations "have been assured that 'extraordinary renditions' ended, or mostly ended, in 2003. US officials note that the lawsuits brought against the US by former detainees relate to events in 2003 or earlier, when even Condoleezza Rice, secretary of state, has admitted that 'mistakes' happened." Visiting Europeans "have been told that the US reserves the right to carry out renditions, but - as Ms Rice declared in a major statement a year ago - it would respect the sovereignty of other countries and would not send detainees to countries where the US believed they might be tortured." Diplomats say Secretary Rice "has been influential in advocating change to detention policies she sees as damaging relations with allies, while Dick Cheney, vice-president, and David Addington, his chief of staff, are seen as obstacles."

Rights Groups Concerned About Fingerprint Database. The Christian Science Monitor (12/27, Richey) reports, "The US government is building a massive database designed to identify individual terror suspects from fingerprints on objects such as a tea glass in an Iraqi apartment or a shell casing in an abandoned Al Qaeda training camp." The Monitor continues, "The database is being created in part by forensic specialists searching for and preserving evidence overseas. They are collecting unidentified latent fingerprints in places once occupied by Al Qaeda and other suspected terrorists. … The information is feeding into a computerized system designed to match a name with an unidentified fingerprint." The Monitor adds, "Homeland Security Secretary Michael Chertoff calls the program 'a quantum step forward in security.' … '(It) gives us the ability to identify the unknown, unidentified terrorist,' he said in a recent speech. 'It also creates a powerful deterrent for anybody who has ever spent time sitting in a training camp, or building a bomb in a safe house, or carrying out a terrorist mission on a battlefield.'" The Monitor notes, "Not everyone sees the creation of such a database as progress. Privacy advocates and civil libertarians say it could lead to a dangerous erosion of American rights. Privacy advocates voice concern .. 'Our assessment of these systems is that many that are undertaken with a goal of identifying terrorists eventually become systems of mass surveillance directed toward the American public,' says Marc Rotenberg, president of the Electronic Privacy Information Center in Washington."

DHS Investigating Contractor's Missing Handguns. The Washington Post (12/27, A2, Lengel, 690K) reports DHS said Tuesday "that it is investigating how four handguns recently went missing from its headquarters in Northwest Washington." Spokesman Jarrod Agen said the guns "belonged to Paragon Systems of Chantilly, which provides security for the department's facility on Nebraska Avenue NW," and noted that they "do not belong to DHS nor are they under the control of DHS."

Saudis Release 18 Former Guantánamo Detainees. The AP (12/27) reports, "The Saudi government said Tuesday it had released 18 men who were detained after returning to their homeland from the U.S. military prison in Guantanamo Bay. The Saudis, who returned to the kingdom in May and June, were released after they finished their sentences, Interior Ministry spokesman Lt. Gen. Mansour al-Turki said." The AP notes, "Saudi officials have said former Guantanamo inmates are taken into custody on their return to investigate whether they have any connections to Islamic militant groups."

DOD Official Defends Guantánamo Courthouse. The Los Angeles Times (12/26, Williams, 850K) reports on the planned construction of "a $125-million legal complex" at the detention facility at Guantánamo Bay, Cuba, noting that "although the Pentagon estimates that no more than 80 of the 400 or so terrorism detainees here will ever be tried, …Cully Stimson, deputy assistant secretary of Defense for detainee affairs, insists the legal facility is vital to bringing terrorism

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suspects to justice. Even with back-to-back trials, he said, it would take over a decade to prosecute an expected 60 to 80 detainees using one courtroom. 'We're fiscal conservatives by definition. We're not building the Taj Mahal here, Stimson said." The Times notes that the ACLU is pushing Congress to "deny funding" to the complex.

HOMELAND RESPONSE:

Senate Report Dismisses Able Danger Concerns. The AP (12/27, Flaherty) reports, "A lengthy Senate investigation has debunked charges by a Republican congressman that military analysts identified Mohamad Atta and other Sept. 11 hijackers before the attacks, according to a committee aide familiar with the report." The AP continues, "In a letter to members of the Senate Intelligence Committee, Sens. Pat Roberts and John D. Rockefeller dismissed suggestions by Rep. Curt Weldon that defense analysts ignored analysis that could have prevented the attacks. Roberts, a Republican, is outgoing chairman and Rockefeller is the senior Democrat who will assume the chairmanship Jan. 4 month when the new Congress convenes. … They concluded 'there was no evidence Mohamad Atta or any hijackers were identified prior to 9/11,' said the committee aide, who spoke on condition of anonymity because the aide was not authorized to speak publicly on the subject." The AP adds, "An internal Defense Department assessment already had dismissed Weldon's charges as unfounded. But the letter from Roberts and Rockefeller is the first rejection from Capitol Hill. The letter was obtained and first reported Tuesday by the Los Angeles Times. … Weldon, a 10-term Republican who lost his seat in the Nov. 7 election, repeatedly contended a secret military unit called 'Able Danger' searched large amounts of data to link four Sept. 11 hijackers to al-Qaida more than a year before the attacks. … In September, the Pentagon's inspector general found some employees recalled seeing an intelligence chart identifying Atta as a terrorist before the attacks. But the report said those accounts 'varied significantly' and witnesses were inconsistent at times in their statements."

Experts Say Modified Backscatter Machines Will Be Less Effective. USA Today (12/27, Frank, 2.27M) reports the "controversial" backscatter X-ray machines to be tested at a US airport for the first time starting next month have been modified in order to "quiet critics such as the American Civil Liberties Union who have helped block its use in airports by saying the vivid images seen by screeners invade passenger privacy. The altered images will show only cartoon-like black-and-white outlines of each passenger. But the Transportation Security Administration (TSA) is facing questions from experts who say the agency has weakened the effectiveness of the low-intensity X-rays." Spokeswoman Ellen Howe said that the agency is not "endorsing this particular technology, we're testing it."

Hope Still Seen For New Orleans. In a Washington Post op-ed (12/27, A19), Duke University Professor William Chafe says, "Nearly 16 months after Hurricane Katrina, New Orleans remains devastated. In the Lower Ninth Ward (primarily black and poor), mid-city (mixed-race and middle class) and Lakeside (richer and whiter), houses are boarded up and ruined; shattered windows reveal rooms full of debris; perhaps one in 10 places has a FEMA trailer parked outside, as a few returning residents desperately try to reclaim what they have lost. Thousands of small businesses have disappeared. Even in the French Quarter, which was left largely intact after Katrina, shopkeepers despair of being able to survive given the decline in tourism." But in this "season that celebrates the birth of a child in what today would be called a homeless shelter, a remarkable resiliency of spirit remains in New Orleans. Yes, only half the population there in August 2005 has returned. The suicide rate has increased 300 percent, and less than half of the schools and hospitals that existed 16 months ago are functioning. But energy, engagement and love persist, creating tiny ripples of hope, from thousands of individual acts of courage."

WAR NEWS:

Bush To Meet With National Security Team To Consider Iraq Options. The CBS Evening News (12/26, story 2, 2:00, Mitchell, 7.66M) reported, "President Bush plans a working vacation while in Crawford this week. He has called his national security team to Texas to discuss the much-anticipated speech on the way forward in Iraq." NBC Nightly News (12/26, story 2, 2:05, O'Donnell, 9.87M) said the President "will be spending some time working on retooling his war strategy, and advisors say he's being deliberate, he's asking about options and the consequences, including adding more US troops. And today, a senior military

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official says that the deployment orders are ready to go, just needing another signature for another brigade. That would be 3,500 more soldiers from the 82nd Airborne who would go to Kuwait with the possibility of going into Iraq." The AP (12/27, Baldor) notes Defense Secretary Robert Gates has signed the orders that "will send the 82nd Airborne Division's 2nd Brigade to Kuwait shortly after the new year, senior defense officials said Tuesday. … The 82nd Airborne unit…will replace the 15th Marine Expeditionary Unit, which had served as the reserve force based in Kuwait but has been deployed into Iraq."

The AP (12/27, Riechmann) reports that at the Pentagon, officials said Gates "isn't likely to offer a single solution but, rather, a broad set of recommendations for changing the course in Iraq." Bush will "host a National Security Council meeting on Thursday at the ranch, but is not expected to make any final decision on what he says will be a new way forward in Iraq." Secretary Rice is expected to attend Thursday's meeting, along with Vice President Dick Cheney, Defense Secretary Robert Gates and NSA Stephen Hadley.

Another AP story (12/27, Ben Feller) reports, "Determined not to be rushed…Bush has spent weeks figuring out a new war plan in Iraq. All the while, the American public's expectations have been headed in one direction -- up. Anticipation is high not just because people are weary of war, but also because of the way Bush has gone about deciding his next move." The AP adds, "Saddled with a reputation for stubbornness, Bush has gone the other direction. He has made a visible effort to seek advice -- from the military, diplomats, academics, retired generals, a special study commission, Iraqi officials, Republican leaders, even Democrats he once ridiculed. By the time he announces his Iraq plan in January, roughly two months will have passed since a humbling election for Republicans brought a promise of a 'new way forward.'" The AP adds, "There might as well be a drum roll."

State Department To Report On Bush's Abandoned "Eight Pillars" Policy. The Washington Post (12/26, Kessler, 690K) reports that last year Bush "announced a new plan for Iraq, framed around 'eight pillars' of US policy for victory. In the past month, the president and his national security team have been busily working on a new recipe for success in Iraq, having declared the previous plan a failure." But "never mind what the politicians are doing. The bureaucracy churns on." Every Wednesday, the State Department issues "a 30-page public report that details exactly how the US government is meeting the goals set forth in the president's now-abandoned plan." The Post adds, "In many ways, the report is a microcosm of the administration's lost year in Iraq. The reams of details aimed at touting success belie the fact that few of the goals are being met."

Biden's Opposition To "Surge" Option Seen As Harbinger Of Coming Debate. The Los Angeles Times (12/27, Levey, 850K) reports, "After years of playing a marginal role in the Iraq war, congressional Democrats plan to move quickly in January to assert more control and undercut any White House effort to increase troop levels." As Bush "prepares to outline his own plan for Iraq in a major speech in the next few weeks, Democratic leaders will counter with weeks of oversight hearings, summoning military officers, administration officials and foreign policy experts to Capitol Hill." The Democratic plans "put Congress on a collision course with Bush over the direction of the nearly 4-year-old war. And they signal a new phase in a war that has been directed almost exclusively by the White House with little dissent from the Republican-controlled Capitol." Sen. Joseph R. Biden, the incoming chairman of the Senate Foreign Relations Committee, "said Tuesday that he intends to call key administration officials, including Secretary of State Condoleezza Rice, to testify at a series of hearings."

The Washington Post (12/27, A5, Pincus, 690K) reports, "Biden said that his committee will begin hearings on Iraq on Jan. 9 and that if Bush has not released his plan by then, he might start with experts and 'those proposing alternatives' to what the president may do." Rice "has agreed to appear, but not until after Bush has presented his new strategy to the nation. Gates will be asked to appear." Biden "said he does not plan to call former defense secretary Donald H. Rumsfeld, but he added: 'That's not something that's totally off the table.'"

Under the headline "Biden Previews Democrats' Tack Against Troop Plan," the Wall Street Journal (12/27, Dreazen, 2.04M) says "the tensions between the two parties over the war seem certain to escalate if the Bush administration goes through with its tentative plan to send as many as 20,000 new US forces to Iraq." White House officials "say such a troop 'surge' almost certainly will be the centerpiece of Mr. Bush's planned speech to the country early next year to lay out a new strategy for fighting the war."

The New York Times (12/27, Cooper, 1.16M) reports that as Bush "flew to his Texas ranch on Tuesday, a

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spokesman for the National Security Council urged the senator to wait for Mr. Bush to present his new Iraq policy next month before passing judgment. 'President Bush will talk soon to our troops, the American people and Iraqis about a new way forward for Iraq that will lead to a democratic, unified country that can govern, defend and sustain itself,' said Gordon Johndroe, the council spokesman." The Times adds, "The date has not been scheduled, but administration officials said it would be before the State of the Union address on Jan. 23. … One plan under consideration is to send an additional 30,000 troops to Iraq in a bid to restore order."

The Washington Times (12/27, Bellantoni, 88K) reports Republicans "so far seem divided on a surge, with Sen. John McCain of Arizona pushing the idea and Foreign Relations Committee member Sen. Norm Coleman of Minnesota saying he can't support sending more troops."

The CBS Evening News (12/26, story 2, 2:00, Mitchell, 7.66M) also reported that Biden "laid down some markers for the President." CBS (Assuras) added, "During a conference call…Biden told us that sending more troops to Iraq would be the absolute wrong strategy, expanding actually on comment he is made earlier on CBS." Biden: "We should be drawing down troops, putting pressure on the Iraqi government to settle their sectarian differences rather than putting more troops in and acting as apartheid cops. … I'm saying what the Baker commission said, start a drawdown. Make it clear to them by the end of next year we're not going to be there to save them. They have got to begin to make hard political decisions. We can't solve it for them with 30,000 more troops." CBS also reported that "on that conference call, Russ, Senator Biden told us that he intends to run for president in 2008."

The Financial Times (12/27, Washington) reports Biden, "one of the leading Democratic critics of US policy in Iraq, joins Tom Vilsack, governor of Iowa, and Dennis Kucinich, the Ohio congressman who ran unsuccessfully in 2004, as the party's only declared candidates for the 2008 race. 'It is my intention to seek the [Democratic] nomination, and it's my intention sometime in the month of January to set up the appropriate mechanism to be able to raise money for that purpose,' Mr Biden said at the end of a conference call about Iraq policy."

The AP (12/27, Flaherty) says Biden "took advantage of a quiet holiday week to draw attention to his own proposal for Iraq, which includes beginning a drawdown of U.S. forces and finding a political settlement among the various ethnic factions there."

More Commentary On Bush's Options. Jack Keane, a retired Army general, and Frederick W. Kagan, a resident scholar at the American Enterprise Institute, write in the Washington Post (12/26, A19, 690K), "Reports on the Bush administration's efforts to craft a new strategy in Iraq often use the term 'surge' but rarely define it. … We need to cut through the confusion. Bringing security to Baghdad -- the essential precondition for political compromise, national reconciliation and economic development -- is possible only with a surge of at least 30,000 combat troops lasting 18 months or so. Any other option is likely to fail. … The only 'surge' option that makes sense is both long and large."

David Ignatius writes in the Washington Post (12/26, A19, 690K), "Watching…Bush in recent weeks has become a grim kind of reality TV show. In almost every news conference, speech and photo opportunity, the topic is the same: what to do about the grinding war in Iraq. Bush has let the facade crack open -- admitting that his strategy for victory isn't working -- but then he struggles to rebuild it with new words of confidence. The stress of the job -- so well hidden for much of the past six years -- has begun to show on Bush's face." He "often looks burdened, distracted, haunted by a question that has no good answer."

Iraqi High Court Affirms Saddam's Death Sentence. The AP (12/27, Torchia) reports Iraq's "highest court rejected Saddam Hussein's appeal Tuesday and said the former dictator must be hanged within 30 days for ordering the killing of scores of Shiite Muslims in 1982." The decision "came on a particularly bloody day in Baghdad, where at least 54 Iraqis died in bombings and police discovered 49 apparent victims of sectarian reprisal killings. Separately, the US military announced the deaths of seven American soldiers."

The story on Saddam's execution was the lead on each of the networks last night. ABC World News (12/26, lead story, 3:00, Gibson, 8.78M) reported, "The ruling means Hussein could be sent to the gallows any day now, as soon as tomorrow." The CBS Evening News (12/26, lead story, 2:50, Mitchell, 7.66M) reported, "Some experts warn of stepped up attacks now that an appeals court has ruled Saddam must hang within a matter of weeks." A White House spokesman "said this was a great day for the Iraqi people saying Saddam Hussein has received the due process that he denied the

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Iraqi people for so long." NBC Nightly News (12/26, lead story, 3:15, Holt, 9.87M) reported, "Hussein, the so-called butcher of Baghdad, is out of options. He's lost his final appeal and is to be executed by hanging less than a month from now."

The New York Times (12/27, A1, Glanz, 1.16M) reports on its front page the court "ruled that the man whose brutal reign began in 1979 and ended with the American-led invasion in 2003 must go to the gallows within 30 days." No "further appeals are possible, and" Saddam's "final legal recourse appears to be a clause in the Iraqi Constitution stating that the Iraqi president must approve all death sentences." In a front page article, the Washington Post (12/27, A1, Raghavan, Trejos, 690K) also reports officials "in the Iraqi government have already begun to address the logistics and security measures for the execution, possibly a closed and secret one, according to sources familiar with the preparations." USA Today (12/27, Jervis, 2.27M) and the Los Angeles Times (12/27, Zavis, Hennessy-Fiske, 850K) run similar reports.

In an editorial, the Wall Street Journal (12/27, A8, 2.04M) writes, "A case can be made that the cause of justice would be most fully served if Saddam were spared the punishment he meted so promiscuously to others. But that determination belongs to the Iraqi people and their elected leaders, so many of whom participated in the trial as victims or the kin of victims. The day Saddam dies will be their judgment day."

US Iraq War Dead Exceeds Those Killed On 9/11. The AP (12/27, McShane), in an article published in over 100 papers and websites, reports that "according to a count by The Associated Press," the number of US military personnel killed in the war in Iraq climbed to "at least 2,977—four more than the number killed" on September 11, 2001, with a military announcement of "the deaths of six more American soldiers" on Christmas. .

December Toll Rises To 87. The Washington Post (12/27, A1, Trejos, 690K) reports on the announcement by military officials that "seven more American service members have been killed in Iraq," making December, during which 87 troops have died so far, "the second deadliest month of the year for troops." 105 service members were killed in October. "Military officials and analysts have attributed the rise in US casualties in recent months to the larger number and greater visibility of American troops in Baghdad, plus the intensity of the Sunni insurgency in Anbar."

The AP (12/27, Frayer), in an article published in over 60 papers and websites, adds that the seven troops killed came amid "a string of car bombs and other blasts" in Baghdad. The AP details the explosions' toll on the civilian population, and notes that "a car bomb exploded near the Abu Hanifa mosque, …Sunni Islam's holiest shrine in Baghdad, and a regular target of Shiite mortar teams." The piece notes the eclipse of the 9/11 death toll, along with Bush's assertions that "the Iraq war is part of the United States' post-Sept. 11 approach to threats abroad. Going on the offense against enemies before they could harm Americans meant removing the Taliban from power in Afghanistan, pursuing members of al-Qaida and seeking Saddam's ouster in Iraq, Bush has said."

The Los Angeles Times (12/27, Zavis, 850K) adds, "Three car bombs exploded within minutes at a west Baghdad intersection jammed with holiday shoppers, one of a series of attacks reported Tuesday that killed at least 97 Iraqis and injured scores. Three U.S. soldiers also died when a roadside bomb exploded as they were removing explosive devices from a route northwest of the capital, the command said. … Witnesses said the area was full of shoppers preparing for the Eid Athar holiday, which takes place over the New Year's period."

British Demolition Of Basra Police Station Draws Fallout. The Financial Times (12/27, Negus) reports on the "political backlash" generated by UK forces' demolition of "a Basra police station that they claim was used as a base for death squads." Local officials "have condemned Monday's raid," but a British military spokesman suggested that other Iraqi officials approved the move. "Over 1,000 British troops participated in the raid that culminated in the demolition of the Jamiat police station. A British spokesman said 127 prisoners were discovered in the basement, some of them with their kneecaps shot off, their hands or feet crushed, or with cigarette or electrical burns." The Times adds that the station was associated with Basra's Serious Crimes Unit, which was recently disbanded over perceived corruption.

LA Times Praises British Move. The Los Angeles Times (12/27, 850K) editorializes in favor of the "important message" British troops sent to Iraqi Prime Minister Nouri Maliki by destroying the police station in Basra associated with the city's Serious Crimes Unit: "Torturers and murderers

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must be rooted out even when they act under color of the law, and even when reining them in offends political sensitivities." The Times writes that the move "freed 127 prisoners, many of whom showed signs of torture. The headquarters long had been suspected of being infiltrated by death squads linked to tribal rivalries and organized crime." The piece concludes that success in Iraq "will depend on a willingness by Maliki and his successors to establish one rule of law in Iraq. The British and, yes, the Americans, won't be there forever."

Troops In Ramadi Face Increasingly Hostile Population. The Washington Post (12/27, A13, Bruce, 690K) reports on the difficulties faced by US troops patrolling Ramadi, focusing on the Army's 1st Battalion, 36th Infantry Regiment, noting that "Most of the guys here can remember the moment when their frustration killed their empathy. When they no longer felt guilty about knocking down doors. No longer cared to hand out candy." The Post relates the resentment among local people at US tactics intended to "get the people who lay roadside bombs and find the material used to produce them." The piece generally focuses on the troops' low morale and lake of motivation.

Escaped Iraqi Minister Emerges In Jordan. The Chicago Tribune (12/27, Madhani, 617K) reports that Aiham Alsammarae, an engineer formerly from Chicago and Iraq's erstwhile electricity minister, "who has been on the lam since escaping last week from an Iraqi jail where he was being held on corruption charges has surfaced in" Amman, Jordan. US diplomats in Baghdad denied any U.S. involvement in spiriting Alsammarae out of Iraq. "Alsammarae said he fled with the help of a 'multinational' group." The Tribune notes that Alsammarae holds dual US-Iraqi citizenship.

Military Links Iranians Captured In Baghdad To Insurgency. The New York Times (12/27, Tavernise, 1.16M) reports that citing "credible evidence," chief military spokesman Maj. Gen. William Caldwell IV said that two Iranian nationals detained in Baghdad 'and their Iraqi associates' are linked "to criminal activities, including attacks against American forces. Evidence also emerged that some of the detainees were involved in shipments of weapons to illegal armed groups in Iraq. In its first official confirmation of last week's raids, the military said it had confiscated maps, videos, photographs and documents in one of the raids on a site in Baghdad. The military confirmed the arrests of five Iranians, and said that three of them had since been released.' The arrests serve as the 'first evidence of the link' between Tehran and the Iraqi insurgency. The Times reports some Iraqis said that "the compound of Aziz al-Hakim, one of Iraq's most powerful Shiite political leaders, who met with President Bush in Washington three weeks ago" was the subject of a US Raid, but that "a spokesman for Mr. Hakim said he had not heard of a raid on the compound."

Iran Seeking To Project Influence In Afghanistan. In a nearly 2,400-word front page story, the New York Times (12/27, A1, Rohde, 1.16M) reports on Iran's "drive to become a bigger player in Afghanistan, as it exploits new opportunities to spread its influence and ideas farther across the Middle East." Iran has "distributed its largess, more than $200 million in all, mostly here in the west but also in the capital, Kabul." Iran's ambassador, Muhammad Reza Bahrami, "portrayed his government's activities as neighborly good works, with a certain self-interest. Iran, he said, is eager to avoid repeating the calamities of the last 20 years, when two million Afghan refugees streamed over the border." But there are "indications of other motives. Iranian radio stations are broadcasting anti-American propaganda into Afghanistan."

Growing Afghan Heroin Poppy Yield Fuel's US Consumption. The Chicago Tribune (12/27, Therolf, 617K) reports, "The amount of high-quality heroin in America is surging because of an increasing supply from Afghanistan, and with it the fear that record-breaking poppy harvests after the U.S. invasion are fueling more addictions and overdose deaths back home. According to a Drug Enforcement Administration report obtained by the Los Angeles Times, Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States. Its share of the U.S. market doubled from 7 percent in 2001, the year U.S. forces overthrew the Taliban, to 14 percent in 2004, the latest year studied. Another DEA report, released in October, said the 14 percent actually could be significantly higher."

NATO Urged To Court Afghani Hearts And Minds. In a USA Today op-ed, Sarah Holewinski, executive director of CIVIC, the Campaign for Innocent Victims in Conflict, writes, about the plight of the families of unintended victims of US military operations in Afghanistan, profiling one father of two girls who "were killed when a U.S.

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bomb missed its target and exploded in their playground. He says he never saw an American face, never received an apology. At the time, the United States had no program in place to provide compensation for his loss or aid for his family. Meanwhile, the Taliban brought cotton to wrap the dead and food, money and medical care for his wife's severe head injury. That's straight out of the insurgency playbook. And it's one reason the insurgents are winning small battles everyday." Holewinski calls on NATO forces in the country to "recognize what America has learned the hard way in Iraq: You can't win the war if you don't win the people," noting that US forces now compensate such victims, having adapted to the conflicts in Iraq and Afghanistan. She concludes, "The point is not to put a dollar value on human lives, but to offer a gesture of respect reflecting a sense of common humanity—and to recognize the simple truth that Afghanistan will be won one civilian at a time."

Pentagon Seeks To Make Military More Muslim-Friendly. The Christian Science Monitor (12/27, Whittle, 59K) reports on efforts by the DOD and the military to recruit American Muslims into the military, "which needs officers and troops who can speak Arabic and other relevant languages." Moreover, "Pentagon officials say they are striving for mutual understanding with Muslims at home and abroad and to win their support for US war aims." Muslim prayer rooms in military installations, imams recruited to serve as chaplains, and observances of Muslim religious events are among the military's retention tactics. "'There is a message here, and that is that Muslims and the Islamic religion are totally compatible with Western values,' says Deputy Defense Secretary Gordon England in an interview. For the past two years, Mr. England has hosted an iftar, the feast that ends the daytime fast during the Muslim holy month of Ramadan, at the Army Navy Country Club in Arlington, Va. His guests have included ambassadors, leaders of the Muslim-American community, and Muslims who serve in the US armed forces." The Monitor concludes by detailing a "new Middle East Cultural Outreach Program created by the Marine Corps" whose "goal is to educate recruiters to avoid cultural no-nos and foster good relations with Arab-American communities."

DOJ:

DOJ Attorneys May Receive Comp Time. The Federal Times (12/27, Friedman) reports, "More than 9,000 Justice Department attorneys can now receive comp time for after-hours business travel, two years after most federal employees won that right." The Times continues, "On Dec. 20, the president signed HR 4057, which allows the department's lawyers to claim compensation time when their work requires travel during irregular hours, such as evening or weekend flights to attend morning meetings. The House passed the bill in March. The Senate followed on Dec. 6." The Times adds, "Federal workers have been able to claim comp time for official travel since Congress passed the 2004 Workforce Flexibility Act. But the Justice Department had excluded its lawyers, citing a 1999 law that limits their overtime pay. That left about 4,000 department attorneys and 5,400 assistant United States attorneys ineligible for comp time. The new bill, sponsored by Rep. Jon Porter, R-Nev., makes all of the lawyers eligible regardless of the 1999 rule. … The National Association of Assistant United States Attorneys, which represents 5,400 assistant U.S. attorneys, hailed the bill-signing as an 'important legislative victory.'"

Interim Arkansas US Attorney Wants To Focus On Job, Not Appointment Process. The Arkansas Democrat-Gazette (12/27, Satter) reports, "Newly appointed as interim U. S. attorney for the Eastern District of Arkansas through a maneuver that has drawn criticism from the state's two reigning Democrats, Tim Griffin says he hopes to turn the spotlight off the way he got the job and onto his plan to aggressively fight crime through cooperative efforts. … 'I am honored by the attorney general's decision to name me U. S. attorney,' Griffin said Wednesday, his first day on the job. 'I look forward to working with Sen. [Mark] Pryor and Sen. [Blanche] Lincoln to make Arkansas safer,' he said after a long day that began with being sworn in by Chief U. S. District Judge Leon Holmes and ended with many of his books and papers yet to be moved into a corner office from a smaller space down the hall that he has occupied since September." The Democrat-Gazette continues, "Just five days earlier, the U. S. Department of Justice announced that Attorney General Alberto Gonzales planned to appoint the 38-year-old lawyer from Magnolia to the post that Bud Cummins earlier announced he was vacating after five years. … Sens. Pryor and Lincoln immediately expressed dismay that the interim appointment came during a congressional recess, under a provision of the Patriot Act that allows the fill- ing of a vacancy without going through the usual process of being nominated by the White

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House, screened by the Senate Judiciary Committee and voted on by the Senate. … The surprise announcement 'denied the Senate the opportunity to carefully consider and evaluate Mr. Griffin's qualifications and denied the American people the transparency the standard nomination process provides,' Lincoln said through a spokesman."

The AP (12/27) reports, "Justice Department spokesman Brian Roehrkasse said Griffin's appointment is meant to be temporary, at least until it can go through the formal nomination process. Roehrkasse said they have asked the Arkansas senators to meet with Griffin so that they may help support a Congressional nomination in the future. … Roehrkasse sad Griffin was chosen because of his experience working as a federal prosecutor in Arkansas and in the Justice Department. … However, Ryan James, spokesman for Arkansas only Republican U.S. congressman John Boozman, said a full Senate confirmation process could be unfair to Griffin because of the newly-elected Democratic-majority Congress being and Griffin's prior association with Rove."

CORPORATE SCANDALS:

Faked Documents May Be Focus Of Apple Case. The California Recorder (12/27, Scheck) reports, "It must be some consolation for Apple Computer that the company's annual report is going to be published during the slowest news week of the year. … Given the uncomfortable admissions about its past stock options practices -- and the cost to the company -- that Apple will have to make in the delayed SEC filing due by Friday, less public attention is probably a good thing. … But the lull is unlikely to last long. According to people with knowledge of Apple's situation, federal prosecutors are looking closely at stock option administration documents that were apparently falsified by company officials to maximize the profitability of option grants to executives." The Recorder continues, "The faked documents were revealed in a three-month internal probe -- conducted by Quinn Emanuel Urquhart Oliver & Hedges -- that concluded in October, said individuals familiar with the case who requested anonymity because it remains the subject of criminal and civil government investigations." The Recorder adds, "The falsification of documents is perhaps the key issue for government officials trying to determine which of their 100-plus backdating investigations will be pursued as criminal matters and which will be limited to civil SEC inquiries. … 'When there are falsified documents, the government views them as an intent to defraud, because people generally don't falsify documents unless they're trying to make things different from reality,' said Keith Krakaur, a partner at Skadden, Arps, Slate, Meagher & Flom in New York working on backdating cases. … Krakaur was speaking generally and not about Apple, with which he's not involved. But he has been in the middle of one of the most contentious options cases yet: He represented Kobi Alexander, the former CEO of Comverse Technology who was indicted by Brooklyn federal prosecutors on charges of backdating option grants. Krakaur is no longer working on that case, and Alexander has been living as a fugitive in Namibia for the past several months. … Krakaur and other defense lawyers -- including several in San Francisco who asked to remain anonymous for fear of affecting local probes -- said government lawyers are focusing on falsified records as a means of proving that executives knew their actions were wrong. … Since the fruits of Apple's internal investigation were disclosed to San Francisco federal prosecutors in October, the U.S. Attorney's Office has shown great interest in the case, said individuals with knowledge of the probe. … And while it's not yet clear who the prosecutors' focus is, Apple released a statement in October that 'the investigation raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants.'"

CNET To Pay Former COO $750,000, Reprice Options. Bloomberg (12/27, Heiskanen) reports, "Cnet Networks Inc., a provider of online news and information, will pay $750,000 to Barry Briggs, who resigned as president and chief operating officer, and reprice stock options held by nine individuals including Briggs." Bloomberg continues, "Briggs will receive the payment when he leaves the company Jan. 12, San Francisco-based Cnet said today in a regulatory filing. Cnet said Briggs, who resigned on Dec. 11, also remains eligible to receive a bonus for 2006. … Briggs, two other executives and five independent directors agreed to reprice some stock options they hold, Cnet said in the filing. The options were vested by 2005 and had exercise prices set below fair market value on the day they were granted. The directors also agreed to repay any after-tax gains from exercised options that vested with discounted prices." Bloomberg adds, "Cnet's co-founder and former chief executive officer, Shelby Bonnie, stepped down in October

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after the company found that some stock options had been backdated. Neil Ashe, the company's head of strategy, was named to replace Bonnie. Briggs's resignation left Ashe to sort out the company's finances, deal with federal options probes and fend off encroaching competition from companies including Yahoo! Inc. … Ashe's base salary was set at $500,000 and he may get a bonus of as much as $400,000 a year, Cnet said in the filing today. He also received options for 1.5 million Cnet shares that vest in installments beginning in October 2007. … Bonnie also agreed to have his options repriced, Cnet said today. The company said he didn't exercise any options, so there was no need for repayment."

More Stock Options Prosecutions Expected Next Year. The AP (12/27, Gordon) reports, "Eighteen chief executives swept out. More than 100 public companies under federal investigation and more than $5 billion in profits erased by restatements. Indictments so far: five former top executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc." The AP continues, "The toll of the stock options timing affair -- corporate America's scandal of the year -- has been heavy. Federal officials say more prosecutions will be brought in 2007 over manipulation of the timing of stock option grants to enrich top company executives." The AP adds, "Nearly every business day, more companies report federal or internal investigations. New lawsuits by shareholders are filed. More businesses disclose that because past option grants may have distorted their financial results, they may have to restate earnings. .. .Next year could well bring more restatements, and companies' stock could be stripped from public trading because reviews of options grants made them late in filing their quarterly financial reports. … The Justice Department will 'continue to be engaged for perhaps years to come, as we work these cases out,' U.S. Attorney Kevin Ryan, who heads a task force in Northern California pursuing options timing cases, said recently at a gathering of attorneys. 'The final chapter hasn't been written yet.'" The AP notes, "Many of the companies ensnared in the scandal are in Silicon Valley's high-tech industry, where stock options for employees created legions of millionaires in the dot-com era. … The prized perks allow executives and employees to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price -- and pocket the difference."

The Wall Street Journal (12/27, A1, Maremont, Forelle) reports, "Eugene Isenberg is the little-known chief executive of a modest-sized oil-services company in Houston. But he stands out in one way: He is among the highest-paid corporate executives in history. In the past 19 years, he has pocketed more than $450 million. … The key to this wealth: stock options, in abundance. His employer, Nabors Industries Ltd., has lavished more than 25 million options on him over the years. … They became lucrative partly because of Nabors's generally rising stock price, but also because of some controversial moves that gave the options more punch. When Nabors's stock fell below the price at which the options could be exercised, temporarily making them worthless, Nabors let him trade in some of his options for new ones with lower exercise prices. And when Mr. Isenberg cashed some options in, Nabors 'reloaded' him, replacing those he'd exercised with the same number of new ones." The Journal adds, "Stock options were hailed two decades ago as a remedy for runaway executive pay. Academics, politicians and investors, tired of seeing CEOs pocket big money for a so-so job, pushed to have stock options become a primary method of compensating executives. Options -- granting the right to buy stock tomorrow at today's price -- would pay off only if the company's stock went up. To advocates they were the ideal carrot, an incentive for good work that aligned executives' interests with those of shareholders. … That happened -- sometimes. But at many companies, options morphed into the biggest executive bonanza yet, pouring out cash like a stuck ATM, and sorely disappointing those who thought options would moderate executive pay. … Instead of replacing big bonuses, options became an additional form of pay slathered on top of already-generous packages. Employers doled out options in ever-growing numbers, in part because, until recently, accounting rules meant companies didn't have to treat this largess to executives as an expense. And like Nabors, some used repricing, reloading and other tactics that made it even easier for executives to score huge hauls." The Journal notes, "This year, options practices exploded in one of the biggest corporate-fraud scandals in decades. Some companies and executives stole from shareholders, by pretending that options had been issued earlier than they really were, at more favorable prices. At least 130 U.S. corporations are under investigation for possible backdating of option grants. Some have admitted to it. More

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than 60 executives and directors of public companies have lost their jobs so far, 17 of them chief executive officers. After probable backdating was exposed at giant insurer UnitedHealth Group Inc., the CEO had to resign and give up about $200 million of stock-options value. The company said it will have to restate past earnings by as much as $1.7 billion."

SEC Launches Probe Of UnitedHealth Options Practices. The Wall Street Journal (12/27, B8) reports, "UnitedHealth Group Inc. said the Securities and Exchange Commission has launched a formal investigation into its stock-options practices." The Journal continues, "The Minnetonka, Minn., health insurer had been the subject of an informal SEC inquiry since April. … 'The company has cooperated and will continue to cooperate with the SEC,' UnitedHealth said in an SEC filing." The Journal adds, "The company has delayed financial reports while it reviews its stock-options practices, which have led to an internal probe, a management shake-up and a restatement of financial results. UnitedHealth has said that using current accounting practices, the pretax charges for stock-based compensation expense are likely to range from $400 million to $600 million for the period 1994-2005, as well as from $25 million to $60 million for 2006." The Journal notes, "The company has said it has substantially completed its analysis of the adjustments made to its financial statements and has asked for consultation on certain interpretive issues with the SEC's top accounting official. UnitedHealth said it will review these issues with SEC staff before completing its restatement of historical financial statements and filing quarterly reports for the quarters ended June 30 and Sept. 30, 2006. … UnitedHealth is one of the largest companies to be ensnared in the options-backdating scandal, in which companies manipulated the dates that options were awarded to provide additional compensation to executives. More than 130 companies have come under scrutiny by the SEC, and many of those are being investigated by the Justice Department."

Former FBI Chief Freeh To Monitor DaimlerChrysler Bribe Probe. The Detroit News (12/26, Shepardson) reports, "DaimlerChrysler AG has hired former FBI director Louis Freeh to serve as an outside monitor as it nears the end of a two-year internal investigation that has uncovered multiple instances of bribery by company employees, according to people familiar with the situation." The News continues, "The massive internal investigation found employees at the automaker's Mercedes division bribed officials in Asia, Africa and Eastern Europe, the people said." The News adds, "The bribery allegations, brought to light in 2004 by company whistle-blowers, also are the focus of a civil investigation by the Securities and Exchange Commission and a criminal probe by the Justice Department. … Company officials would not comment on the findings of the internal probe. … At its height, the internal investigation led by prominent Washington, D.C., attorney Robert Bennett involved 85 lawyers and nearly as many accountants reviewing millions of documents and conducting hundreds of interviews. The company's legal, accounting and consulting bills connected to the probe have topped tens of millions of dollars, a person familiar with the matter said."

The AP (12/27) reports, "Freeh is a member of the Gavel Consulting Group, which consists of former federal judges 'who can provide strategic advice to corporations and law firms on anticipated actions in business, litigation and investigations,' according to the group's Web site." The AP adds, "In 2004, the Securities and Exchange Commission opened an inquiry after a DaimlerChrysler employee said he was fired for complaining that the company was using secret bank accounts to bribe government officials. … In 2005, DaimlerChrysler acknowledged that the Justice Department was investigating whether the company had paid bribes to foreign officials with the knowledge of its senior executives. The company said it is continuing to cooperate with the investigations."

SEC To Amend Rules On Executive Compensation Disclosure. The Deal (12/27, Block) reports, "The Securities and Exchange Commission is changing newly adopted rules governing the disclosure of executive and director compensation." The Deal continues, "In a statement released Friday, the agency said it is altering the requirements for disclosing the value of stock option awards and giving firms more flexibility in how they report those expenses." The Deal adds, "The SEC said the new rules should more closely conform with the reporting of stock option awards under standards in the Financial Accounting Standards Board's rule FAS 123. That rule requires recognition of the costs of stock option awards over the period in which an employee is required to provide service in exchange for the award. … Using this same approach when disclosing executive compensation will give investors a better

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idea of the compensation earned by an executive or director during a particular reporting period, the SEC explained in its announcement." The Deal notes, "The SEC compensation rules were the most extensive overhaul of executive-pay regulations in 14 years. The SEC received more than 20,000 comment letters, a record, before adopting the new rules in July."

The New York Times (12/27, Norris) reports, "The change in the way grants of stock options are to be explained to investors is a victory for corporations that had opposed the rule when it was issued in July, and a defeat for institutional investors that had backed the S.E.C.'s original rule." The Times adds, "Christopher Cox, the commission chairman, said yesterday that he viewed the decision as 'a relative technicality' that improved the rule. When the rule was adopted in July, Mr. Cox said it was aimed at providing information that would allow shareholders to 'make better decisions about the appropriate amount to pay the men and women entrusted with running their companies.' … In announcing the new rule on Friday, he said 'the new disclosure requirements will be easier for companies to prepare and for investors to understand.'"

CRIMINAL LAW:

Police Groups Urge Congress To Increase Spending On Law Enforcement. The Washington Times (12/27, Seper, 88K) reports, "The International Association of the Chiefs of Police is urging Congress to step up its support for law-enforcement agencies after what it calls 'years of deep budget cuts and a disturbing rise in crime rates.'" Joseph Carter, chief of the Massachusetts Bay Transportation Authority Transit Police Department and president of the IACP, said "law-enforcement agencies are stretched too thin: crime rates rise. … We are hopeful that the 110th Congress will take our suggestions to heart and not only completely fund important programs, but also establish new programs and enhance others that will help state, local and tribal law enforcement keep our homeland and hometowns safe."

Canadian Gold Medal Winner Detained In US On Child Abduction Charge. The AP (12/27, Witte) reports, "A federal judge on Tuesday ordered Canadian Olympic gold-medalist Myriam Bedard to temporarily remain in the custody of U.S. marshals after being charged with violating a child custody order by bringing her 12-year-old daughter to the United States." The AP continues, "U.S. Magistrate Judge James K. Bredar scheduled a hearing for Friday in Baltimore to address whether the U.S. government has the authority to detain the former biathlon champion pending extradition to Canada." The AP adds, "Kevin McCants, an attorney representing Bedard, said he was working on an arrangement that would enable his client to return voluntarily to Quebec on Friday to face the charge. McCants said the holidays have made it difficult to negotiate, but he has been in touch with Canadian prosecutors. … Bedard, 37, was arrested Friday night in Maryland after U.S. marshals found her and her 12-year-old daughter, Maude, at a Columbia hotel. Bedard, of Quebec, Canada, has been in the custody of U.S. marshals since the arrest. Her daughter is back in the custody of Bedard's ex-husband, Jean Paquet. … Bedard faces up to 10 years in prison on the child abduction charge, but her attorneys contend she didn't break the law. .. .Assistant U.S. Attorney Philip Jackson argued that Bedard should be detained because she was a flight risk."

Pittsburgh ID Thief Charged With Forging Leniency Letter. The Pittsburgh Post-Gazette (12/27, Ove) reports, "A man whose prosecution three years ago was announced as part of an identity theft crackdown dubbed 'Operation Identity Crisis' is in trouble again after trying to fool a notoriously no-nonsense federal judge with a forged letter asking for leniency." The Post-Gazette continues, "U.S. marshals are looking for James M. Lyle, 22, of the West End, who was released from federal prison in May, after he failed to appear Thursday for a probation violation hearing before Senior U.S. District Judge Alan Bloch. … Mr. Lyle, who had more than 3 million credit card numbers on his computer when Pittsburgh police arrested him in 2003, was arrested again last month on new theft charges stemming from an August online purchase of a laptop computer with a stolen credit card. … That new arrest meant he had violated the terms of his probation from his previous federal case, according to a filing by the U.S. Probation Office." The Post-Gazette adds, "At a hearing before Judge Bloch on Dec. 13, Mr. Lyle admitted the new offense and the judge placed him on home detention until a space opens up for a six-month term at a Downtown halfway house. … At that hearing, Mr. Lyle also presented the judge with a letter purportedly from Timothy Savina, his boss at British Petroleum in Scott where he had been working, indicating that Mr. Lyle was turning his

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life around and shouldn't go back to jail. .. .But Assistant U.S. Attorney Brendan Conway thought the letter looked suspicious and asked police to check it out." The Post-Gazette notes, "After the forgery came to light, Judge Bloch scheduled a new hearing for Dec. 21, at which time there was a good chance Mr. Lyle would go to jail. But Mr. Lyle didn't show and the judge, who has a reputation as the toughest on the federal bench in Pittsburgh, issued a warrant for his arrest. … Mr. Lyle had been arrested by Pittsburgh police for credit card theft before 2003, but after another arrest that year authorities decided to lump him together with 11 other defendants as part of 'Operation Identity Crisis,' a joint effort of the U.S. Justice Department, U.S. Postal Inspectors, Federal Trade Commission, U.S. Secret Service and various banks."

Kansas Attorney General To Seek Renewal Of Abortion Provider Charges. The AP (12/27) reports District Judge Paul W. Clark "agreed Tuesday to let Kansas' attorney general, a vocal abortion opponent, try to persuade him to reinstate charges against a well-known abortion provider." Judge Clark "scheduled a hearing for Wednesday after Attorney General Phill Kline asked him to reconsider his decision to dismiss the case against Dr. George Tiller over a jurisdictional issue." Kline, who "lost his re-election bid in November and leaves office in three weeks, filed 30 misdemeanor counts last week accusing Tiller of illegally performing 15 late-term abortions." On Friday, Clark had "dismissed the charges after Sedgwick County District Attorney Nola Foulston argued that Kline didn't have the authority to file the charges."

Houston Police Investigating International Flight Luggage Dumped In Trash Bin. In a widely-distributed story, the AP (12/27) reports, "Authorities were trying to figure out how dozens of pieces of luggage belonging to international air travelers ended up in a trash bin behind a Houston pet store. FBI special agent Rolando Munoz said 68 pieces of luggage from various international flights were discovered. He said the luggage was turned over to Continental Airlines to sort out." Harris County Sheriff's Sgt. Dana Wolfe "said tags on the bags showed some of the travelers were going to or from London and Dubai. The Houston Police Department is handling the case, Munoz and Wolfe said."

Security Experts Predict Worsening Cyber Crime In 2007. The Washington Post (12/27, D1, Krebs, 690K) reports, "It was the year of computing dangerously, and next year could be worse. That is the assessment of computer security experts, who said 2006 was marked by an unprecedented spike in junk e-mail and more sophisticated Internet attacks by cybercrooks. Few believe 2007 will be any brighter for consumers, who already are struggling to avoid the clever scams they encounter while banking, shopping or just surfing online. Experts say online criminals are growing smarter about hiding personal data they have stolen on the Internet and are using new methods for attacking computers that are harder to detect." The Post notes, "At any given time, between 3 million and 4 million compromised computers are active on the Internet, according to Gadi Evron, who managed Internet security for the Israeli government before joining Beyond Security, an Israeli security firm. And that estimate only counts spam bots."

Hotel Conglomerate CEO Calls For International Cooperation To Fight Cyber Crime. In a Wall Street Journal (12/27, 2.04M) op-ed, Leading Hotels of the World President and CEO Paul McManus writes, "With the Web now the shopping mall of choice for time-crunched consumers, cyber-thieves are 'dressing up' Web sites and tweaking competitors' domain names to capture unsuspecting shoppers." McManus adds, "What's needed is a set of international laws protecting business and consumers against Internet fraud plus a global squad of cyber crime-busters to enforce them. The U.S. has specific computer fraud laws and the FBI takes 'thousands of complaints' annually through its Internet Crime Complaint Center (www.ic3.gov). But perpetrators who zero in on businesses like mine often work in countries with no laws protecting Web users and lax or little cooperation with U.S. or other foreign law-enforcement agencies. Collaboration is the only realistic solution for the private sector to protect brands from online pirates."

Suburban Houston Rapist Preys On Men. The AP (12/27, Porretto) reports, "A rapist who has struck at least five times since April in and around Baytown has not only spread fear in this working-class community but also piqued the interest of those who study the criminal mind. The reason: He preys on other men. … That makes him something of a rarity in the world of crime." The AP reports that "experts say male-on-male rape sometimes stems from sexual

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encounters gone bad. But that does not appear to be the case with the rapist in this oil-refining town of 70,000 people about 30 miles east of Houston. … Instead, he methodically identifies and stalks young men and attacks them at gunpoint or knifepoint in or near their homes, according to police Capt. Roger Clifford. Sometimes he robs his victims, too, but rape appears to be the primary motivation, police said." The AP adds, "The U.S. Justice Department says one in 33 men in the United States has been a victim of a rape or attempted rape, compared with one in six women. Experts say men are far less likely to report a rape to authorities, because they fear being perceived as weak or see the attack as an assault on their masculinity. … In fact, investigators in Baytown fear there may be other victims of the rapist who are too ashamed to come forward. … Three of the attacks have occurred in the city, the other two on the outskirts of town. The most recent attack was Nov. 30. Clifford would not give details of the rapes but said at least one victim managed to thwart the attack."

Slow Pace Of Virginia's DNA Review Criticized. The Washington Post (12/27, B1, Rondeaux) reports, "A year after Virginia's crime lab launched an unprecedented review of old cases that experts said could free dozens of wrongly convicted people, the project appears to be years from completion, and some are questioning the credentials of the private company selected to do the DNA testing." The Post continues, "Former Virginia governor Mark R. Warner (D) ordered a full review of the cases last December after an analysis of old evidence revealed that two men were not guilty of sexual assault. Warner pardoned the men, who became part of a wave of exonerations that reignited a national debate over post-conviction DNA testing. … At the time, Virginia crime lab director Paul Ferrara predicted that the retesting project would be completed within two years and could free dozens of innocent inmates. But now, just days from retirement, Ferrara has revised his prediction, saying changes at the lab have stalled progress. … 'We got nowhere for a while. It has suffered some delays because of staff turnover,' Ferrara said. 'But we're as interested and as anxious to see this thing through as everyone else. We could see as many as 30 possible exonerations when this is all over with.'" The Post adds, "The physical evidence came to light in 2001, when an inmate asserted his innocence under a new state law that for the first time granted the right to request testing of newly discovered evidence more than 21 days after sentencing. Lab analyst Mary Jane Burton, who retired in 1988 and died in 1999, and two other lab workers meticulously preserved pieces of clothing smeared with blood, semen or saliva before DNA testing got underway in the early 1990s. A cursory review of a small sample of Burton's files has exonerated five former convicts. … Earlier this year, legal experts speculated that the retesting effort could be slowed when Ferrara, 64, announced in August plans to retire by the end of this year. Gov. Timothy M. Kaine (D) has not selected Ferrara's successor, but the state's Forensic Science Board has interviewed several internal and external candidates, and a decision is expected next month, Virginia officials familiar with the process said. … The evidence review entails a painstaking, multi-step process of separating out cases contained in 660 boxes packed with thousands of files from 1973 through 1988, identifying suspects convicted in each case and determining if physical evidence samples can be tested for DNA."

Law Requires Disinterment Of Murderer Buried At Arlington Cemetery. The Washington Post (12/27, B5, Bahrampour) reports, "The remains of a man convicted of murdering an elderly Hagerstown, Md., couple will be removed from Arlington National Cemetery as part of a bill signed into law by President Bush." The Post continues, "Bush signed the $3.2 billion bill, the Veterans Benefits, Health Care and Information Technology Act of 2006, on Friday. … The bill seeks to improve benefits and health care for veterans and their families. It also requires the Secretary of the Army to remove the cremated ashes of Russell Wayne Wagner, who was convicted of murdering Daniel Davis, 84, and Wilda Davis, 80, in 1994. … 'Arlington Cemetery is reserved as a place of honor for men and women who have served their nation in the armed services. It is appropriate to remove the remains of individuals, who, by their own criminal actions, have brought dishonor to themselves and the memory of their service,' said Tony Frato, a White House spokesman." The Post adds, "Wagner died in early 2005 of a heroin overdose while serving two life sentences. An Army private who served during the Vietnam War and was honorably discharged in 1972, Wagner was eligible for parole at the time of his death, which made him eligible for an Arlington service. He was buried with honors in August 2005. .. But after publicity about the case and pressure from the couple's family and Sens. Larry E. Craig (R-Idaho), Barbara A.

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Mikulski (D-Md.) and Ken Salazar (D-Colo.), the case was revisited."

Figure In Alaskan Land-Use Dispute Pleads To Incest Charges. The Washington Post (12/27, A2, Harden) reports, "Robert Hale, a Bible-toting father of 15 who calls himself Papa Pilgrim, became an anti-government celebrity in Alaska by driving a bulldozer across a national park that encircles his land. … The Lord told him that using the bulldozer to clear 14 miles of derelict road through the park was a loving thing to do, Hale said in an interview three years ago. … 'In order for me to love my children, I have to be a provider,' Hale said then, explaining that he needed the bulldozer to fetch supplies for his children, whom he and his wife were home-schooling in an ultra-strict Christian way. … He said his children read only the Bible, always bathed with their clothes on and were not allowed to see one another naked." The Post adds, "Yesterday in a Palmer, Alaska, courtroom, Hale, 65, answered very different questions about his behavior and his family: He pleaded no contest to multiple charges that he raped one of his daughters. … The plea, which came three weeks before Hale was to face trial on 27 felony charges of rape, incest and coercion, punctuates an implausible saga that stretches from Texas to the outback of eastern Alaska. It is a story by turns picaresque, outrageous and sad. … Hale and his now-estranged wife, Kurina, who calls herself Country Rose, and their children, who all have names from the Bible, bought a 410-acre ranch inside Wrangell-St. Elias National Park, the largest national park in the United States. … Much of the money for the $450,000 purchase in 2002 came from the Alaska permanent fund dividend. It is an oil-funded annual payment that this year was worth $1,107 to each state resident. After Hale and his family moved to Alaska in 1998, the dividend provided the onetime subsistence farmers -- who also earned money performing gospel music -- with more cash than they had ever had. … The ranch, which they named Hillbilly Heaven, is an in-holding, which means it is surrounded by federal land controlled by the National Park Service. Under the 1980 law that established much of the vast national park system in Alaska, in-holders are guaranteed 'reasonable and feasible' access to their property. … Hale's bulldozer romp stretched that guarantee beyond the breaking point. The Park Service cited Hale for violating federal law. … But land-rights activists, who in Alaska and across the West have complained for decades about persnickety law enforcement in and around federal parks, adopted Hale and his family as camera-ready symbols of America's frontier spirit."

WPost Urges Broad Death Penalty Debate In Maryland. The Washington Post (12/27, A18, 690K) editorializes, "The Maryland Court of Appeals has thrown a big wrench into the state's already anemic death penalty enforcement. It ruled last week that Maryland's procedures for lethal injection were adopted without adequate legislative oversight." The court action is "an opportunity for a much broader discussion of the utility, justice, necessity and morality of capital punishment. It comes at a propitious moment. Incoming governor Martin O'Malley (D) personally opposes the death penalty. He did not appear inclined to dismiss the court ruling as a mere technicality -- which, formally speaking, is all it really is. That's good. Maryland doesn't need a big debate about how it kills people, but the time is ripe to debate whether it should stop."

CIVIL LAW:

FBI Leak Case Files Missing. The New York Sun (12/27, Gerstein) reports, "The FBI is missing nearly a quarter of its files relating to investigations of recent leaks of classified information, according to a court filing the bureau made last week." The Sun continues, "In response to a Freedom of Information Act lawsuit, the FBI said it identified 94 leak investigations since 2001, but that the investigative files in 22 of those cases 'are missing' and cannot be located. 'There is no physical slip of paper on the shelf which indicates that the file has been charged out to a particular FBI employee, so therefore there is no way of knowing where the file may actually be,' an official in the bureau's records division, Peggy Bellando, wrote in a December 22 declaration. … 'That's an amazing number,' an academic who has studied the FBI's record-keeping procedures, Athan Theoharis of Marquette University, said in an interview yesterday. 'These are very sensitive investigations. ... They could be called to account for whether they are monitoring reporters. These are records that should be handled very well.'" The Sun adds, "Over the past decade, the FBI has waged an epic struggle to computerize and automate its records systems. The agency abandoned a $170 million 'Virtual Case File' project last year after years of Congressional hearings and critical evaluations led to the conclusion that the system would never be implemented successfully. … One frequent critic of government database

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programs, Barry Steinhardt of the American Civil Liberties Union, said that record makes it understandable that a substantial proportion of the leak files would be mislaid. … 'It's par for the course,' Mr. Steinhardt said. He noted that the Justice Department has already put about 1 million case records into a database, called OneDOJ, that is being made widely available even though the files may contain unverified or erroneous data. 'They want to distribute it to law enforcement in every city in the United States, but here the FBI can't manage its own files,' the critic said."

Court Approves Creditor Vote On Seracare Bankruptcy Plan. The AP (12/27) reports, "SeraCare Life Sciences Inc., which makes medical supplies from blood plasma, has won court approval to send its shareholder-backed bankruptcy plan to creditors for a vote." The AP continues, "Judge Louise DeCarl Adler of the U.S. Bankruptcy Court in San Diego on Thursday signed off on the biotechnology company's disclosure statement, which outlines its plan to exit Chapter 11 through a rights offering to existing shareholders. … Under bankruptcy law, a judge must approve such a statement before a company can send its plan to creditors for a vote." The AP adds, "A group of SeraCare shareholders, led by hedge fund Harbinger Capital Partners, has agreed to backstop a $20.2 million rights offering that would finance the company's bankruptcy exit. The group holds over 30 percent of SeraCare's common stock. … Shareholders, last in line for repayment in a Chapter 11 case, will get one share in the reorganized company for each share they own, along with the right to participate in the rights offering, which will offer shares at $4.75 each. Options and warrants will be reinstated after SeraCare emerges from bankruptcy. … Harbinger will also buy SeraCare's bank debt and allow it to use the cash collateral securing the debt without paying default interest through June 2007. … The Securities and Exchange Commission and the Justice Department have been investigating SeraCare, which on March 15 announced it would restate its financial results for the first three quarters of 2005. SeraCare's chairman, chief executive and financial chief were fired in March, just before the company filed for bankruptcy protection."

Small Businesses Fight Federal Contracting Rules. The New York Times (12/27, Nixon) reports, "In 1995, Joseph N. Cooper won a multiyear contract worth up to $8 million to do public relations for the Immigration and Naturalization Service. He received the contract through a Small Business Administration program established to increase opportunities for small companies. … But not long after the work was under way, the deal was awarded instead to three multimillion-dollar companies, which were listed as disadvantaged in contract documents. After years of trying to win the contract back, Mr. Cooper filed a false-claims lawsuit against the companies, asserting that they had committed fraud by saying they were small businesses." The Times continues, "This year, to Mr. Cooper and his lawyer's surprise, the court ruled that although evidence showed the companies were indeed not small businesses, fraud had not been committed because the I.N.S. knew their true status when the work was awarded to the companies — J. Walter Thompson, the Bernard Hodes Group and Cass Communications. … The case was dismissed. … 'We were floored,' Mr. Cooper said in an interview. 'The ruling essentially said that I was right, the companies were not small, but so what.'" The Times adds, "That experience points to the kind of Catch-22 world that some small-business owners face when they challenge the awarding of government contracts. … Many studies have shown that hundreds of government contracts set aside for small business are being awarded to large corporations. Federal laws provide several mechanisms that allow small-business owners who suspect that contracts have been awarded to large companies to protest. .. .But small-business owners say that the rules in many cases impose nearly impossible standards on them. Even if they do succeed in protesting an award, they say, and prove that federal agencies are intentionally awarding small-business contracts to big companies, there are almost no penalties. Often, the large companies get to keep the contacts. … Congress may be more receptive to their calls for change next year, when two longtime critics of the practice assume leadership positions for the committees overseeing small business."

CIVIL RIGHTS:

Courts Seek Ways To Handle Mentally Ill Defendants. The AP (12/27) reports, "A program in Cuyahoga County (OH) courts, started in response to concerns mirrored in the justice system nationwide, aims to better understand and deal more efficiently with people who are mentally ill." The AP continues, "The county and several other communities across Ohio have established mental

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health courts to specifically handle such defendants. In the Cleveland-area program, some municipal and common pleas judges oversee mental health cases and try to place defendants with psychological problems into court-supervised treatment programs. … 'We're not dealing with a high population of people with really good, secure home lives,' Municipal Judge Kathleen Keough said. 'We get people whose life has been in upheaval for years and who don't know any of their rights. No stability. Nobody really to count on.'" The AP adds, "In the past, those awaiting trial who showed signs of mental illnesses, such as depression or schizophrenia, tended to stay in jail two to three times longer than others while officials determined if they were competent to stand trial. Because those people might need close supervision and daily medications, the cost of keeping them behind bars can be as much as double that for others." The AP notes, "The program in Cuyahoga County sprang from an initiative started three years ago to try to better handle mentally ill defendants. … Recent studies indicate that mental disorders affect one of every four adults in the United States. Yet a recent U.S. Department of Justice study found that more than half the inmates in the nation's prisons and jails have mental health problems. … Part of that can be traced to fewer psychiatric hospitals, said Dr. Philip J. Resnick, director of forensic psychiatry at Case Western Reserve University. In 1960, more than 550,000 people were in psychiatric hospitals throughout the country, Resnick said. With the closing of many of the hospitals, that number has dropped to about 70,000. … The Bureau of Justice Assistance, part of the U.S. Justice Department, helps to administer the federal government's Mental Health Courts Program. The program funds projects that seek to improve the way courts help adults with mental disabilities or illnesses. Mental health courts generally deal with nonviolent offenders."

ANTITRUST:

Experts Say Delta's Antitrust Objections May Be Overstated. The Deal (12/27, Lindell) reports, "Delta Airlines Inc. is using the looming specter of antitrust regulation as a key reason to fight an $8.5 billion takeover bid from US Airways Group Inc., but antitrust experts say Delta's argument is exaggerated." The Deal continues, "The airline's Dec. 19 warning about the antitrust risks titled, 'Proposed US Airways/Delta Merger Would Be Highly Anticompetitive' begins with a statement that the two airlines have 'overlapping networks.' … While it is true that the two nationwide carriers compete in many routes, the notion that antitrust problems make the deal a nonstarter "is just silly," according to a former government antitrust official. … The Department of Justice 'is clearly going to look at this, and it's probably going to take four to five months,' but Delta's warning that the review will take a year is not correct, according to the lawyer who asked that his name not be used." The Deal adds, "In a Dec. 21 response to Delta's antitrust analysis, US Air acknowledges that some shuttle services between New York and Washington would have to be sold off, and that there are competitive problems with flights between Cincinnati and Charlotte, N.C., as well as Cincinnati and Philadelphia. Two city pair overlaps, according to US Air, is a far cry from the alarmist Delta report that identified more than 30 overlapping city pairs. … The key issue now is how US Air can proceed because Delta is in bankruptcy. Under bankruptcy rules, US Air can't launch a hostile bid for its competitor, but it can lobby creditors to put pressure on Delta. … One path could be joining with US Air to file premerger notification forms with the government, which would initiate an in-depth official review. That review would give the parties, and the bankruptcy judge, a clear view of what divestitures would be required to get the deal done."

McClatchy Sells Flagship Star Tribune To Private Equity Group. The AP (12/27, Freed) reports, "Newspaper publisher The McClatchy Co. said on Tuesday that it will sell its flagship newspaper Star Tribune to a private equity firm for $530 million, a sharp drop from the $1.2 billion it paid to acquire the newspaper just eight years ago." The AP continues, "McClatchy said it decided to sell the newspaper to Avista Capital Partners through a private bidding process 'after a strategic reevaluation of its portfolio of holdings' following McClatchy's purchase of Knight Ridder for $4.5 billion earlier this year." The AP adds, 'McClatchy faces a large tax bill from selling off 12 other newspapers earlier this year as part of its purchase of Knight Ridder. It said the tax benefit of selling the Star Tribune at a loss is worth $160 million, raising the total value of the deal to $690 million. McClatchy said it would use the money to pay down its Knight Ridder debt." The AP notes, "McClatchy chairman and CEO Gary Pruitt said in a written statement that the Star Tribune 'is a profitable business that has generated significant returns for the company over the years. However, as we continue to analyze our business following the Knight Ridder acquisition, it became clear that selling the Star Tribune strengthens

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McClatchy's competitive position.' … 'This deal came about because of very specific conditions involving the Star Tribune and today's changing media landscape. We have no plans to sell any other newspapers,' Pruitt said in an e-mail to McClatchy employees."

Private Equity Council To Enter Lobbying Arena. The Wall Street Journal (12/27, C4, Mullins, 2.04M) reports, "A group of major private-equity firms has tapped a former videogame lobbyist to lead a trade group to promote the industry's interests here." The Private Equity Council, "set to begin operations early next year, said in a statement that Douglas Lowenstein will serve as its first president and chief executive officer. To take the post, he is stepping down as president of the Entertainment Software Association, which represents the US videogame industry." The Washington Post (12/27, D1, Birnbaum, 690K) says "the Private Equity Council, is backed by such leaders in the burgeoning business of company buyouts as Blackstone Group, Carlyle Group and Kohlberg Kravis Roberts."

Bloomberg (12/27, Cole) reports, "Private-equity firms and management have announced a record $718 billion of takeovers in 2006, Bloomberg data show. Carlyle, Kohlberg Kravis Roberts & Co. and other firms were sued in November by investors who claim they conspired to hold down prices they pay when buying companies. The U.K. market regulator also is researching market abuse in private-equity transactions. … The council 'will become a leading advocate for the domestic and international private equity industry as well as a resource for those seeking to better understand the industry's role in the rapidly evolving global economy,' according to the statement. … Other members of the council include Apollo Management LP, Bain Capital LLC, Hellman & Friedman, Madison Dearborn Partners LLC, Providence Equity Partners, Silver Lake Partners, Texas Pacific Group, Thomas H. Lee Partners LP and KKR."

Texas Pacific Is World's Top Buyout Group. The Financial Times (12/27, Smith) reports, "Texas Pacific Group has beaten Blackstone and Kohlberg Kravis Roberts to become the world's most prolific buy-out group in 2006, notching up 17 deals with an aggregate value of just over $101bn." The Times continues, "The figures reflect an extraordinary year for private equity in which the value of announced deals has risen to a record $700bn, more than double the record set in 2005 and 20 times bigger than in 1996, according to Thomson Financial, the data provider." The Times adds, "The wave of private equity deal activity, accounting for nearly one-fifth of all global mergers and acquisitions, has helped underpin a huge rise in the value of stock markets globally. … TPG notched up high-profile deals across the world, including Australia's Qantas airline, Las Vegas casino giant Harrah's, and Univision, the US's largest Spanish-language broadcaster. No other buy-out group has ever done more than $100bn worth of deals in a single year, a coup for TPG in an environment where being known as the biggest buy-out group helps open doors to the financing community and company boardrooms." The Times notes, "Blackstone, which topped the US league table, took part in global deals worth $93bn, while KKR, number one in Europe, managed a world total of $78bn. Bain Capital took part in $85bn worth of deals. … The US also regained its crown from Europe as the world's most active private equity market, recording $403bn of announced deals, treble that of 2005."

Reliance Prepares For Bid From Hutchison Essar. The Financial Times (12/27, Yee, Mitchell, Parker) reports, "Reliance Communications, India's second-largest mobile operator, is in talks with at least four private equity firms about combining forces to make an offer for Hutchison Essar, a smaller rival." The Times continues, "Vodafone Friday confirmed it was considering the acquisition of a controlling stake in Hutchison Essar, India's fourth-biggest mobile operator. .. Reliance's talks with private equity firms underlines the likelihood of a bidding war for Hutchison Essar, which has an enterprise value of about $14bn." The Times adds, "Shares in Hong Kong-listed Hutchison Telecommunications International, which holds 67 per cent of Hutchison Essar, rose 8 per cent on Vodafone's statement, to a record high of HK$19.08. Reliance declined to comment. However, people familiar with the company said it was in talks with Apax, Blackstone, Carlyle and KKR. … On Thursday, Vodafone's board gave the go-ahead for management to prepare an offer for Hutchison Essar. Leading Vodafone investors have reacted cautiously but positively to the prospect of a $13.5bn-plus offer for Hutchison Essar. Vodafone's shares closed down 1.2 per cent at 142p Friday. … Vodafone is seeking to counter slowing revenue growth in its core European businesses by increasing its presence in emerging markets. Hutchison Telecommunications International said in a statement it had "been approached by various potentially interested parties", which it did not identify, and cautioned that a transaction was not guaranteed."

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ENVIRONMENT:

House Democrats Seek To Redistribute Oil Money To Conservation Efforts. The AP (12/26, Hebert) reports, "Democrats in the U.S. House of Representatives in the first weeks of the new Congress plan to establish a dedicated fund to promote renewable energy and conservation, using money from oil companies. … That is only one legislative hit the oil industry is expected to take next year as a Congress run by Democrats is likely to show little sympathy to the cash-rich, high-profile business." The AP continues, "Whether the issue is rolling back tax breaks -- some approved by Congress only 18 months ago -- pushing for more use of ethanol and other biofuels instead of gasoline, or investigations into shortfalls in royalty payments to the government, oil industry lobbyists will spend most of their time playing defense." The AP adds, "Details of a renewable fuels fund have yet to be worked out. Nonetheless, it is one of the initiatives the House will take up during its first 100 hours in session in January, according to aides to Nancy Pelosi, the Democratic leader. At least some of the money -- revenue gained by rolling back some tax breaks -- will go to a program to support research into making ethanol from sources other than corn. … But the oil issue likely to be first out of the legislative block in January concerns the ability of the federal government to recover royalties many lawmakers believe have been unfairly avoided by oil and gas companies drilling in deep waters of the Gulf of Mexico." The AP adds, "The Interior Department has been trying to get more than 50 companies to rework 1998-99 drilling leases that allow the companies to avoid paying billions of dollars in royalties because of a government mistake in writing the leases. Recently five companies agreed to a compromise to pay royalties on future production under the leases, but not from oil and gas already taken from the federal waters. … Most of the other companies argue that the leases represent a binding contract and have not even talked to Interior officials about them."

Higher Energy Prices Forecast For 2007. The Christian Science Monitor (12/27, Scherer, 59K) reports that some analysts are forecasting higher energy prices in 2007, adding, "If the forecast comes true, energy could be a dominant factor in the economic outlook for 2007 because, unlike this year, the potential increases would come when the economy is expected to be struggling." Some "energy analysts are beginning to think 2007 will be a case of déjà vu for consumers and business. In this scenario, prices start to ratchet up in the spring, peak sometime in the summer at a new record, and then fall back to lower levels later in the year." The Monitor adds that the relatively warm winter and slowing US economic growth are "keeping a lid on prices."

Administration Will Propose Listing Polar Bears As Threatened. The Washington Post (12/27, A1, Eilperin, 690K) reports, "The Bush administration has decided to propose listing the polar bear as threatened under the Endangered Species Act, putting the U.S. government on record as saying that global warming could drive one of the world's most recognizable animals out of existence." The Administration's proposal, "which was described by an Interior Department official who spoke on the condition of anonymity -- stems from the fact that rising temperatures in the Arctic are shrinking the sea ice that polar bears need for hunting. The official insisted on anonymity because the department will submit the proposal today for publication in the Federal Register, after which it will be subject to public comment for 90 days."

Anadarko Sells Two Natural-Gas Fields For $1.6 Billion. The Wall Street Journal (12/27, C4, Biers) reports, "Anadarko Petroleum Corp. agreed to sell two Louisiana natural-gas fields for $1.6 billion to EXCO Resources Inc., in its latest push to reduce debt after a pair of large acquisitions. The sale covers Anadarko's Vernon and Ansley fields, which produce 192 million cubic feet of natural gas a day, or about 11% of the company's gas production." Anadarko "has been busy this year, purchasing Oklahoma City oil and natural-gas developer Kerr-McGee Corp. and Denver natural-gas producer Western Gas Resources for $21 billion over the summer before implementing an aggressive asset-sale program in the fall to reduce debt. The EXCO sale brings the total revenue from the asset sales to $8.1 billion."

Nature Conservancy Renting Land From Some Farmers To Protect Species. The New York Times (12/27, Kowal, 1.16M) reports from Mount Vernon, Washington, "The standoff here between farmers and environmentalists was familiar in the modern West. … This year, though, the standoff ended -- at least for three longtime farmers in this fertile valley, who began collaborating with their former enemies to preserve wildlife and their

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livelihoods." The Nature Conservancy "is renting land from the three farmers on behalf of migrating Western sandpipers, black-bellied plovers, dunlins, marbled godwits and other shorebirds. From private and public funds, including a grant from the federal Environmental Protection Agency, the farmers…will together receive up to $350,000 for three years of labor, expenses and the use of 210 acres, said Kevin Morse, the Skagit Delta project manager for the conservancy." The farmers "see the Nature Conservancy's willingness to pay them as an acknowledgment that they should not be expected to sacrifice their land or their living for wildlife. This approach effectively turns shorebirds into another crop to manage, instead of grounds for a lawsuit."

NYTimes Argues For Cutting Livestock Production To Avoid Global Warming. The New York Times (12/27, 1.16M) editorializes that "livestock are responsible for about 18 percent of the global warming effect, more than transportation's contribution. The culprits are methane — the natural result of bovine digestion -- and the nitrogen emitted by manure. Deforestation of grazing land adds to the effect." The Times adds, "The human passion for meat is certainly not about to end anytime soon." But "our health and the health of the planet depend on pushing livestock production in more sustainable directions."

FDA Praised For Stance On Animal Cloning. The Washington Post (12/27, A18, 690K) editorializes, "A recent poll by the Pew Initiative on Food and Biotechnology indicates that a majority of Americans get queasy at the thought of clonal animal products lining supermarket shelves. But to its credit, the FDA stuck to the science -- the great bulk of which supports its reported conclusion. … According to the Pew poll, a large number of Americans object to animal cloning out of religious concerns, views that anti-cloning groups will no doubt exploit to distract the public from the scientific evidence. But the FDA's job, in this as in other matters, is to fairly assess the science."

FBI/DEA/ATF/USMS:

Virginia Drug Ring Suspected Of Selling $8 Million In Cocaine, 11 Charged. The AP (12/26) reported federal authorities "say they've charged 11 people believed to be involved in a Hampton Roads drug-dealing ring that has sold a ton of cocaine worth more than $8 million over the last 13 years. … Most of the suspects have been arrested over the last 10 days. … Drug Enforcement Administration officials worked with state and local authorities on the case, which officials said is one of the largest drug cases in the last 13 years." Virginia's Richmond Times Dispatch, WDBJ-TV in Roanoke, and WTKR-TV in Norfolk used the AP story.

The Hampton Roads Virginian-Pilot (12/27, McGlone) reports an informant "told the DEA that in 1993 he began buying crack from Naeron B. Mudie, a Jamaican native who had moved to Hampton in the early 1990s to establish a drug trade, according to a 34-page affidavit filed in court by the DEA and the U.S. Attorney's Office. Mudie and six others are charged in a separate indictment with related crimes."

Mexico-Based Drug Ring Suspects To Appear In Court. The Washington Times (12/26, Seper, 88K) reported two men "believed to be high-ranking members of a Mexico-based smuggling ring are scheduled to appear…in federal court in San Diego to discuss future court dates and arrange for legal representation. Francisco Javier Arellano-Felix, 37, and Manuel Arturo Villarreal Heredia, 31, were named last week in a seven-count federal grand jury indictment on racketeering, drug trafficking and money laundering charges in an operation that dominated the Mexican drug trade for more than a decade. The ring flooded the United States with hundreds of tons of cocaine, marijuana, methamphetamine and heroin. … A decision by federal prosecutors on whether to seek the death penalty will be made by Attorney General Alberto R. Gonzales at a later date."

Gift Cards Used As "Virtual Currency" For Drug Deals. The CanWest News Service (12/26) reported, "Those gift cards that countless Boxing Day shoppers will be cashing in today are also landing under the Christmas trees of organized-crime groups, who use them as 'virtual currency' for drug deals and money laundering, according to the RCMP. A recent organized-crime threat assessment for Canada and the United States identified gift cards and prepaid debit cards as one of the tools in the financial-crime kit of organized crime. The assessment was compiled by the RCMP, the FBI and the U.S. Drug Enforcement Administration." RCMP officers "said such cards are now accepted as valid currency between crime syndicates. Instead of a suitcase of cash, operatives might show up for a drug deal with a fistful of gift cards."

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The Canadian Press (12/26) reported a recent organized-crime threat assessment for Canada and the United States "identified gift cards and prepaid debit cards as one of the tools in the financial-crime kit of organized crime. The assessment was compiled by the RCMP, the FBI and the U.S. Drug Enforcement Administration. … When poorly managed, prepaid-card programs can be a 'vehicle for money laundering and terrorist financing,' conceded Gord Jamieson, director of risk management and security at Visa Canada. But he said his company has taken a number of steps to prevent its cards from being used for criminal purposes. Prepaid Visa cards available to individual applicants have a deposit limit of $500 in Canada and cannot be reloaded or used at an ATM."

Report: Supplies Of Potent Heroin From Afghanistan Increasing In US. The Los Angeles Times (12/26, 850K) reported, "Supplies of highly potent Afghan heroin in the United States are growing so fast that the pure white powder is rapidly overtaking lower-quality Mexican heroin, prompting fears of increased addiction and overdoses. Heroin-related deaths in Los Angeles County soared from 137 in 2002 to 239 in 2005, a jump of nearly 75% in three years, a period when other factors contributing to overdose deaths remained unchanged, experts said. … According to a Drug Enforcement Administration report obtained by the Times, Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States. Its share of the U.S. market doubled from 7% in 2001, the year U.S. forces overthrew the Taliban, to 14% in 2004, the latest year studied. … Despite the agency's own reports, a DEA spokesman denied that more heroin was reaching the United States from Afghanistan. 'We are NOT seeing a nationwide spike in Afghanistan-based heroin,' Garrison K. Courtney wrote in an e-mail to The Times." The Boston Globe used the Times story.

UPI (12/26) cited the Times story and wrote that a report from the DEA "said Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States since 2001. Another DEA report said that heroin from Afghanistan may take up more than 14 percent of the Unites States market." The Washington Times used the UPI story.

On its Web site, FOX News (12/26) reported the Times "cited a Drug Enforcement Administration report it obtained as saying that the poppy fields in Afghanistan have become the fastest-growing source of heroin in the U.S. The heroin from Afghanistan is the purest in the world, according to the DEA's National Drug Intelligence Center. According to the DEA report, Afghan heroin dominated the U.S. market from 1980 through 1985, with a 47% to 54% share, but that dropped to 6% for much of the 1990s, as the Taliban cracked down on poppy production."

In Los Angeles, the AP (12/26) reported heroin-related deaths "have soared nearly 75 percent countywide in three years and experts believe potent Afghan heroin, which is overtaking lower-quality Mexican heroin, may be to blame. … A Drug Enforcement Administration report obtained by the Los Angeles Times shows Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States, doubling from 7 percent in 2001 to 14 percent in 2004, the latest year studied." The San Francisco Chronicle used the AP story.

Security Measures At Virginia Federal Courthouse Come Under Fire. The Washington Post (12/27, B1, Markon) reports, "Jim Savage has been living in a world of guard shacks, green security poles and Jersey barricades lining the street outside his home next to the federal courthouse in Alexandria. … They were put there for the trial of a terrorist, Sept. 11 conspirator Zacarias Moussaoui, and they were supposed to come down when the trial was over. Seven months after it ended, they are still there." The Post continues, "So Savage, who calls the security measures an eyesore, mounted a one-man crusade to have them removed. He retrieved a judge's order saying the additional security was supposed to be temporary and tried to meet with the judge. He contacted the City of Alexandria, but was told the federal government has jurisdiction over his street. … Yesterday, Savage learned that his campaign will probably meet with only mixed success. The U.S. Marshals Service said plans are in the works to remove most of the barricades and to replace them with a permanent security wall near the courthouse. Officials said the wall will be more attractive than the faded concrete barricades and will fit with the neighborhood's architecture. … 'This idea of some sort of a Berlin Wall really fits. It will be like Checkpoint Charlie,' Savage, a former criminal investigator for the U.S. Army, said when told about the plans by a reporter. 'The fact is that a court order allows these security measures to be present, and the basis for that order is over. To put up something permanent with the expectation that maybe you might have a terrorist trial in the future is really stretching things.'" The Post

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notes, "John Hackman, the acting U.S. marshal for Alexandria, said he understood the concerns of Savage and other residents at the Carlyle Towers condominium complex. 'We are doing our best to reach a balance that will provide security as well as the aesthetic that the neighborhood requires,' Hackman said. 'But terrorism is not something where we say okay, we had a trial, and it goes away. We need to be constantly vigilant, and obviously the Alexandria court has high-profile cases.' … Michael Kulstad, a marshal's spokesman, said the agency investigated 1,111 threats or 'inappropriate communications' to members of the judiciary nationwide in fiscal 2006, including to judges, prosecutors and witnesses. Just last week, a federal prisoner was indicted in Richmond on charges of sending a letter bomb to the federal courthouse there."

IMMIGRATION:

Dallas Suburb Sued Over Ban On Renting To Illegal Aliens. The Los Angeles Times (12/27, Bustillo, 850K) reports Farmers Branch, Texas, "a Dallas suburb that has barred landlords from renting to illegal immigrants," was "sued Tuesday by two civil rights groups that allege the controversial ordinance turns property owners into immigration agents and violates federal law." The challenge "by the American Civil Liberties Union and the Mexican American Legal Defense and Education Fund seeks to derail a new law that would require property managers to check the immigration status of apartment renters." The ordinance, "approved last month, is set to take effect Jan. 12." Farmers Branch – "a city of 28,000 north of Dallas that is about 37 percent Hispanic -- is one of dozens of U.S. municipalities that, frustrated with federal government inaction, have adopted tough local measures to stem illegal immigration." But "the Farmers Branch ordinance is seen as a turning point for Texas, a state that largely has avoided the kind of confrontational immigration policies commonplace elsewhere."

The AP (12/27, Garay) reports, "The lawsuit claims the measure, scheduled to take effect Jan. 12, is so poorly drafted that it excludes even legal immigrants from renting. … 'Immigration enforcement must be left to the federal government, not each local municipality,' said Lisa Graybill, legal director of the ACLU of Texas. [Otherwise Texas will end up with a patchwork system that is impractical and unenforceable.'" The AP notes, "On Friday, the owners of three apartment complexes filed a lawsuit asking a federal court to declare the rent law unconstitutional. In another lawsuit filed earlier this month, a Farmers Branch resident alleged that the mayor repeatedly violated the state's open meetings laws to deliberate the ordinances."

Illegal Immigrants' Living Conditions Anger Some. NBC Nightly News (12/26, story 10, 2:50, Brokaw, 9.87M) reported that in Colorado, an extended family of 18 illegal immigrants "live in this four-bedroom house which is zoned for a single family," but the families "defend this living arrangement as just extended family." It's "the double standard when it comes to illegal immigrants and the law that angers many Americans." Ian Hawkins, construction worker: "My biggest problem with it is when people show up here and they don't follow the rules."

US Said To Have "Long Heritage" Of Illegal Immigration. In a New York Times op-ed (12/27), author William Hogeland says, "The immigrant experience in the United States is justly celebrated, and perhaps no aspect of that experience is more quintessentially American than our long heritage of illegal immigration." Descendants of the "great immigration experiences of the 19th and 20th centuries visit the Ellis Island Immigration Museum to learn of the tribulations of ancestors who risked much to become Americans. Those of us whose ancestors risked everything as illegal immigrants, and in the process helped found a nation, owe our forebears a debt of gratitude, too. Without their daring disregard of immigration laws, we might not be here today."

Housing Market Slowdown Puts Crimp In Hispanic Immigration. The Washington Post (12/27, A1, Miroff, 690K) reports in a front page story that Hispanic immigration "to the Washington region has always followed a seasonal pattern, as the winter puts a chill on outdoor labor and drives workers south. But with home sales and housing starts dropping after years of steady growth, many Hispanic workers -- legal and illegal -- say the good times are gone." Demographers who "track migration patterns and embassy staff members say it's too soon to tell exactly how the housing construction decline has affected the region's Hispanic population. But stories of departing workers abound. Some workers say they're headed home; others, spurred by rumors of construction jobs, try their fortunes in the Carolinas, Georgia, New Orleans."

Immigration System's Goals Said To Be In Conflict. The Wall Street Journal (12/27, A1, Jordan, 2.04M) reports in an approximately 2600 word story on the case of Brazilian

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immigrant Zandro Souza, who worked his way to become a successful chef on Martha's Vineyard. During "a final interview with a U.S. immigration official in Providence, R.I., the Souzas' five-year effort to win legal status hit a wall." The Souzas' 11-year-old son, Igor, "is blind and developmentally delayed." Souza says "he has paid almost all of Igor's medical bills -- about $20,000 annually -- out of pocket, without insurance or help from government programs. He feared accepting aid would jeopardize his family's attempt to gain permanent U.S. residency." According to Souza, 'the immigration official told him that if Mr. Souza and his wife died, their son could become a 'public charge.' Although the family tried to prove that Igor would be cared for if his parents passed away, the U.S. government earlier this year denied green cards to the couple and their son and placed them in deportation proceedings. This time the government cited another reason for rejection -- that they applied for and entered on tourist visas but intended to stay permanently." The Souzas' story "shows how compassion can collide with hard-nosed financial considerations as the U.S. decides which immigrants should be admitted and which should be turned back."

TAX:

US Virgin Islands Decries IRS Tax Crackdown. The Wall Street Journal (12/27, A4, Matthews) reports, "For decades, the U.S. Virgin Islands was a friendly place for business owners looking to skirt U.S. taxes. Too friendly, Congress declared back in 2004, changing the relevant statute. Since then, the Treasury Department and Internal Revenue Service have been cracking down. … Now, elected officials and business leaders in the U.S. territory are complaining that the federal government has gone too far and the tax crackdown is threatening the local economy and government revenue. They are lobbying Congress to ease up. … 'While these changes were aimed at preventing tax abuse by persons who neither lived nor worked in the Virgin Islands, the changes went too far, forcing many legitimate businesses to close their doors,' Charles Turnbull, governor of the Virgin Islands (population about 109,000), told a Senate committee this year." The Journal adds, "The controversy is a reminder that what looks like an odious tax dodge to the Treasury and IRS can look like a well-justified tax break to individuals and communities that benefit from it. The tension comes as the Treasury is under pressure to collect more of the taxes that are legally owed. The IRS estimates about 17% of all taxes owed -- about $290 billion every year -- go unpaid. … In June 2004, the IRS warned companies in what is known as the Economic Development Commission program to avoid manipulating residency and income rules to qualify for the tax break. The Treasury and IRS also began implementing new regulations that significantly lengthened the time a person seeking the tax break had to live in the Virgin Islands. The old rule required a resident to be on the Islands for 122 days a year on average, over three years, to qualify. The new ones required a resident to spend at least 183 days, or roughly six months, every year. … The Treasury and IRS began enforcing the new regulation in earnest in early 2005, and -- to the consternation of some on the Islands -- the IRS asserted that it had authority to go back as far as it wanted without regard to the statute of limitations. IRS spokesman Terry Lemons wouldn't estimate how many audits are in the works, saying only that the Virgin Islands is facing increased scrutiny."

Luxury Skyboxes At College Stadiums Draw Tax Scrutiny. . The Wall Street Journal (12/27, B1, Golden) reports, "This week, college football bowl games dominate television sports programming. But, off screen, little-known tax breaks are spurring the latest scrimmage over commercialism in college athletics. Some academics and legislators, contending that college football's multibillion-dollar building boom detracts from schools' educational mission, are targeting tax laws that treat payments for luxury seating and naming rights as charitable gifts." The Journal continues, "Two congressional committees have looked into the tax breaks in recent months, seeking information from the National Collegiate Athletic Association and hearing testimony from critics. The tax benefits have also figured in a controversy at the University of Michigan over a proposed $226 million stadium renovation. … The tax perquisites 'could be the Achilles' heel of stadium expansions, a way to put the brakes on,' says former University of Michigan President James Duderstadt." The Journal adds, "Over the past decade, many football powerhouses have upgraded their stadiums, and the spending spree shows little sign of abating. Michigan plans to build 83 luxury suites at its stadium, known as 'The Big House.' The University of Texas recently embarked on a $175 million stadium reconstruction, adding 47 luxury suites. Partly as a result of debt payments on capital

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outlays, colleges' athletic spending is increasing more than three times as fast as their overall spending, according to the NCAA. … Universities typically finance these renovations by issuing tax-exempt bonds. They then make payments on the debt by leasing the new luxury suites and other preferred seating to individuals or corporations. Suites -- usually featuring 16 seats, catered food, televisions and high-speed Internet access -- are priced at $50,000 to $90,000 a year."

WSJournal Warns GOP Not To Agree To Payroll Tax Hike. The Wall Street Journal (12/27, 2.04M) editorializes, "When these columns warned last month against a tax increase next year to 'save' Social Security, White House officials said we were hooting at phantoms. Well, the more we listen to senior Republicans, the more worried we get." White House spokesman Tony Snow "was…noncommittal on taxes, saying that 'I'm not ruling it up and I'm not ruling it down.' More than one GOP Senator has told us privately he's open to the idea. And no less a political student than Bill Thomas, the soon-to-retire Chairman of House Ways and Means, recently told a public forum that 'I wish I were a bit more comfortable in listening to some of the noises that are currently being made' by his GOP colleagues. Uh, oh." The Journal adds that "what liberals dearly want is to raise the payroll tax cap," which would "eviscerate" President Bush's "most impressive domestic achievement: the pro-growth tax cuts. If the tax cap were eliminated entirely, the President would be signing into law one of the largest tax hikes in US history, or more than $1.3 trillion in new taxes over the first 10 years alone." Also, "a tax increase of any kind with GOP fingerprints would remove the one big political brand advantage that Republicans still have over Democrats."

CONGRESS-ADMINISTRATION:

Fifth Circuit Nominee Asks Bush To Withdraw His Nomination. The New York Times and Washington Post run an AP story this morning (12/27) reporting, "Michael Wallace, a Jackson lawyer, sent a letter to President Bush asking that his name be withdrawn from nomination to the United States Court of Appeals for the Fifth Circuit. Though Mr. Wallace wrote that he believed most senators would consent to his nomination," he said the incoming Judiciary Committee chairman, Senator Patrick J. Leahy, "made it clear two weeks ago that he intends to permit vacancies to be filled only with consensus nominees.'"

Bush's AIDS Initiative Beset By Poor Record Keeping. The Washington Times/AP (12/27, A1, Beamish) reports, "President Bush's ambitious AIDS-fighting program in poor countries has pushed so hard for fast results that basic record keeping and accountability often went by the wayside, making it hard to judge the true success, according to government audits and officials." The AP adds, "Investigators found the three-year-old, $15-billion program has overcounted and undercounted thousands patients it helped or was unable to verify claims of success by local groups that took US money to prevent the spread of disease or care for AIDS victims and their children." The Bush Administration "says it has worked to fix the problems that were found in multiple countries and outlined in several audits reviewed by The Associated Press. 'It's not good enough for the auditors to hear from the mission that we did A, B and C but we can't prove it to you, or there's no documentation to prove that we did it,' said Joe Farinella, a top watchdog inside the U.S. Agency for International Development."

Earmark Moratorium Not Foolproof. USA Today (12/27, Wolf, 2.27M) reports, "Billions of taxpayer dollars will continue to flow next year to thousands of projects sought by lawmakers, despite Democratic leaders' vow to place a moratorium on so-called congressional earmarks when they take control of Congress next week. … Projects authorized in prior years and not yet completed will be largely unaffected by the moratorium unless federal agencies choose to stop funding them, officials say. In addition, more than 2,600 projects won passage in a 2007 defense appropriations bill before the moratorium was announced." USA Today adds, "Even new projects could win funding if lawmakers persuade agencies to continue paying for them."

The AP (12/27, Taylor) also says the Democrats' move "will hardly stop horse trading in Washington or moves by lawmakers to try to steer taxpayer money back home. Nor will it touch billions of dollars in already budgeted Pentagon earmarks, which go to everything from research into better body armor for overseas troops to finding bone marrow matches to treat leukemia patients." The "temporary ban on earmarks…has been greeted with applause by budget hawks and is seen as a savvy political move. But many in the rank

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and file are not happy. 'I've had my share of calls and they weren't to wish me a Merry Christmas,' said incoming Appropriations Committee Chairman David Obey, D-Wis."

Democratic Pledge To Engage GOP Could Prove Troublesome For Vulnerable Lawmakers. The New York Times (12/27, Hulse, 1.16M) reports, "After chafing for years under what they saw as flagrant Republican abuse of Congressional power and procedures, the incoming [Democratic[majority has promised to restore House and Senate practices to those more closely resembling the textbook version of how a bill becomes law: daylight debate, serious amendments and minority party participation." But "pledges to engage Republicans legislatively carry risks. If Democrats do not follow through or revert to practices they have spent recent years condemning, they are certain to come under attack from watchdog groups and Republicans." Moreover, Republicans "are hoping Democrats stick to their guns and allow the minority a stronger voice on legislation. The opposition leadership said it would take the opportunity to put forward initiatives that could be potentially troublesome for newly elected Democrats in Republican-leaning districts who within months will have to defend their hard-won seats." Republicans "see the ability to force tough votes…as having two potential benefits: It can put vulnerable Democrats on record with positions that might not be popular at home, or it can fracture the untested Democratic majority."

Some Companies Fail To Warn Medicare Part D Recipients Of Drug Plan Changes. The New York Times (12/27, Pear, 1.16M) reports, "Some prescription drug plans did not inform Medicare beneficiaries of impending changes in their costs and benefits, as they were required to do, Bush administration officials and Congressional aides said Tuesday." This "could be a serious omission in a program where beneficiaries need accurate information to choose among dozens of competing private plans." Administration "officials have told Congress that they may give these beneficiaries a six-week extension of the open-enrollment period, which ends Sunday. Beneficiaries could use the extra time to compare the options that will be available to them in 2007. … The administration informed Congress of the problem last week. Administration officials said they would consider imposing penalties on companies that did not provide the necessary information to beneficiaries. 'There could be penalties for plans that did not send out the annual notice of change on time,' said Jeff Nelligan, a spokesman for the Centers for Medicare and Medicaid Services."

Medicare Part D Said To Hurt Small Pharmacies. The CBS Evening News (12/26, story 10, 2:50, Mitchell, 7.66M) reported, "Millions of Americans face a deadline this Sunday, that's when the open enrollment period ends for Medicare part 'D'. First time users need to sign up and current recipients to want to change their coverage need to do so by New Year's Eve. For many seniors, Medicare part 'D' is perplexing, but for many mom-and-pop pharmacies, it may be deadly." CBS (Andrews) added that seniors "get Medicare coverage through private insurance companies which in turn have lowered the fees and reimbursements they pay" the pharmacies, which cuts into their margins. A "lot of small town pharmacists are selling to big chains like Walgreens or Rite Aide which hire pharmacists to work for them."

Bushes' Gift Exchange Noted. The CBS Evening News (12/26, story 3, 0:15, Mitchell, 7.66M) reported, "The first family did get time to exchange Christmas gifts at Camp David. The President gave the First Lady earrings, the First Lady gave the President a new suit, biking shoes and a Sam Moore CD. The couple also made an online donation to a group that fights malaria in the name of his parents."

Wording Of White House Pool Report Raises Eyebrows. Under the headline "Bush Levitates," the Washington Times (12/27, McCaslin, 88K) reports in its "Inside The Beltway" column, "Official White House pool report, dated yesterday: 'After a dense morning fog cleared, President George W. Bush lifted off from Camp David with first lady Laura Bush for a weeklong trip to his Texas ranch after spending Christmas at the Camp David presidential retreat in Maryland.'"

Email About Bush's Medical Center Visit Makes Unusual Apology. The Washington Post (12/27, A17, Kamen, 690K) reports in its "In the Loop" column, "President Bush's pre-Christmas visit to Walter Reed Army Medical Center caused some unexpected problems, judging from an e-mail alert we received. There were the usual traffic rerouting and parking restrictions, from 8 p.m. on Dec. 21 until 2 p.m. the next day. The e-mail lists 12 such changes likely to frustrate drivers and includes an apology: Traffic will

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be blocked temporarily around the campus and re-routed if necessary. Sorry for the incontinence during this mission." Adds the Post, "We're sorry, too."

NYTimes Urges Congress To Freeze Tax Break To Provide Healthcare To Children. The New York Times (12/27, 1.16M) writes in an editorial, "Thanks to the 2001 tax cut law, over the next four years the federal government will forgo some $30 billion so America's wealthiest taxpayers can claim bigger write-offs for expenses like dependents and mortgage interest. One-third of those tax cuts kicked in this year, with the rest scheduled to take effect in 2008 and 2010. … Over roughly the same period, the government is looking at a $14 billion shortfall in its share of financing for a crucial federal-state program that provides health insurance to poor children, the so-called Schip, or State Children's Health Insurance Program. Without full financing, 1.5 million children will be cut from the program or underserved. … The new Democratically controlled Congress must move quickly to prevent that. When it convenes in the new year, Congress should pass a law to freeze the tax write-offs at 2007 levels. … The children urgently need to win this one, and only the new Congress can help them."

OTHER NEWS:

Stocks Up Despite "Disappointing" Retail Sales. The Wall Street Journal (12/27, C1, Browning, 2.04M) reports, "Stocks entered what investors sometimes call the year-end silly season, putting in widespread gains on thin trading activity as investors ignored disappointing retail-sales reports. Some analysts credited a sharp decline in oil prices, the biggest in more than a month. Others said the few influential investors at work in the year's waning days were simply betting that the rally that began in July would last through year's end." The Dow Jones Industrial Average "ended its three-session slump and rebounded 64.41 points, or 0.52%, to 12407.63. It is up 15.8% this year, less than 70 points from the record 12471.32 hit one week ago. … The Standard & Poor's 500-stock index rose 0.44%, or 6.14 points, to 1416.90, up 13.5% this year. The Nasdaq Composite Index advanced 0.51%, or 12.33 points, to 2413.51, ahead 9.4% for the year." NBC Nightly News (12/26, story 6, 0:15, Holt, 9.87M) also noted the stock numbers.

ABC World News (12/26, story 3, 2:35, Gibson, 8.78M) reported, "In this country, Christmas is over. Frenzy in the stores is not. The first read on the shopping season, spending from Thanksgiving to Christmas was 6.6% higher than last year. Good. But not as good as forecast. So, as stores reopen today, retailers were hoping post-Christmas sales would rescue Christmas sales." ABC (Stone) added, "Shoppers swarmed the stores this crucial holiday weekend. But the final burst of buying didn't make the cut." The CBS Evening News (12/26, story 4, 2:30, Mitchell, 7.66M) and NBC Nightly News (12/26, story 5, 2:15, Holt, 9.87M) ran similar reports.

President Ford Dead At 93. The AP (12/27, Smith, Cannon) reports this morning, "Gerald Rudolph Ford Jr., who became the 38th president of the United States as a result of some of the most extraordinary events in American history and sought to restore the nation's confidence in the basic institutions of government, died Tuesday. His wife, Betty, reported the death in a statement." President Bush issued a statement about the death shortly after midnight: "President Ford was a great American who gave many years of dedicated service to our country. ... [H]e assumed the Presidency in an hour of national turmoil and division. With his quiet integrity, common sense, and kind instincts, President Ford helped heal our land and restore public confidence in the Presidency. … The American people will always admire Gerald Ford's devotion to duty, his personal character, and the honorable conduct of his administration. We mourn the loss of such a leader."

Stories in the Los Angeles Times (12/27, Jackson, 850K), Washington Post (12/27, Smith, Cannon, 690K), New York Times (12/27, Naughton, Clymer, 1.16M) and USA Today (Nichols, Vanden Brook, 2.27M), among others, also note the former President's passing.

In an editorial, the Los Angeles Times (12/27, 850K) says "Ford will be remembered most for one act: his pardon of Nixon, just one month after the resignation. … The pardon was a mistake, inconsistent with the fundamental principle that everyone, including the president, is equal before the law." The Times adds, "Ford's intention, some believe, was to prove that he could act as his own man and follow his own conscience. Others suggest he was influenced by the ghost of his own father, an abusive man who was devastated when Ford's mother divorced him and who died before the son had

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a chance to forgive him. … He may have been too nice a guy."

DC Settles Dispute With Retailer. The Washington Post (12/27, D03, Shin) reports, "USA Discounters, a Virginia Beach retailer, has agreed to limit what it charges District customers paying with credit and to pay $50,000 into a consumer-protection fund to settle allegations that it imposed finance charges that weren't properly disclosed." The Post continues, "The company sells furniture, electronics, computers and other items, largely to customers with poor credit and with a special focus on members of the military. In addition to locations in the District and Lanham, it has eight other stores near Fort Belvoir, the Norfolk naval installation, Fort Bragg and Camp Lejeune in North Carolina, Fort Benning in Georgia, and Fort Hood in Texas. … The company denies any wrongdoing, said Timothy W. Dorsey, USA Discounters' vice president and general counsel." The Post adds, "The voluntary agreement, reached Thursday with the D.C. attorney general's office, stemmed from agency concerns that the majority of the company's customers, who buy merchandise using the chain's in-house financing program, routinely paid substantially higher markups than did customers using cash. … Customers buying on credit typically pay in installments over a limited period. For example, at the USA Discounters in Northeast Washington yesterday, a recliner upholstered with the Redskins logo was on sale for twice-monthly installments of $36 for 24 months -- for a total of $1,728. A coffee table was being offered for twice-monthly payments of $19 for 24 months, or a total of $912. … Customers can try to negotiate for a reduced price, Dorsey said. Those armed with cash can often get better deals. … But because credit customers regularly paid substantially more, the D.C. attorney general's office alleged that USA Discounters was making customers pay finance charges without telling them. Under the federal Truth in Lending Act, costs imposed on credit customers and not on cash customers are considered finance charges and must be disclosed, the agency said."

2008 Presidential Announcements Seen As "Hardly Meaningless." The New York Times (12/27, Nagourney, 1.16M) reports, "On Thursday, John Edwards is planning to announce what has been clear to much of the world since the end of the last presidential election: He is running for president in 2008. A similar declaration is expected shortly from Gov. Mitt Romney of Massachusetts, followed, in all probability, by Senators Hillary Rodham Clinton, Barack Obama and John McCain." The Times adds that "for all the very orchestrated hoopla about to be heaped on American voters over the next few weeks, presidential announcements have become, more often than not, vestigial remnants of the way presidential politics were once conducted (or at least the way they are remembered). Rather than being big moments in which candidates lay down ideological markers and discuss what they would do as president, announcements are more of a pro forma exercise of the obvious. … But if formal announcements hold little drama, they are hardly meaningless. Their timing and staging reflect how presidential politics are changing in the United States in 2008, and offer a glimpse at problems each candidate faces one year before the Iowa caucus. The announcements are an insight into how campaigns are adapting to the pressures of the Internet, the demands of fund-raising, the broad range of avenues for reaching voters and mobilizing supporters, and the particular dynamics of the '08 campaign, crowded with candidates, many of them celebrities."

Schwarzenegger Undergoes Surgery For Broken Leg. The New York Times/AP (12/27, Schou) reports Gov. Arnold Schwarzenegger's "broken leg was put back together with wires and screws Tuesday, and the 'Terminator' star should make a full recovery, though he will probably be on crutches during his inauguration next week, officials aid." The Los Angeles Times (12/27, Nicholas, 850K) notes that "while the governor was under anesthesia, he relinquished the powers of office to Lt. Gov. Cruz Bustamante. Schwarzenegger resumed his duties about 10:45 a.m. when his doctors pronounced him fit." The Chicago Tribune (12/27, Nicholas, 617K), among other papers across the nation, also reports the story this morning. ABC World News (12/26, story 7, 0:15, Gibson, 8.78M) reported the governor "will likely be on crutches for his second inauguration that comes next month." The CBS Evening News (12/26, story 7, 0:15, Mitchell, 7.66M) also ran a brief story on the skiing accident.

DC Marriage Strengthening Program Examined. The Washington Times (12/27, Ward, 88K) reports on Nisa Muhammad's "Wedded Bliss" program, "which will receive $1.3 million in federal money over the next

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four years, is aimed at helping black couples." Muhammad's program "is one of many that churches and religious groups are using to strengthen marriages and foster new ones. Wedded Bliss is an eight-week class that encourages couples to marry by helping them build intimacy and teaching communication skills."

Best-Off In US Said To Benefit From Trade Deficit. In his Washington Post column (12/27, D1), Steven Pearlstein says, "With Democrats about to take charge on Capitol Hill, we're going to be hearing a lot about the widening income gap between rich and poor." It would be "an exaggeration, of course, to argue that our large and persistent trade deficit is the major factor in rising inequality. After all, inequality also is rising in countries with trade surpluses. But I think the deficit does help explain why so much of the country's income gains have gone into the pockets of investment bankers, money managers, real estate developers, wealthy families and corporate executives loaded up with stock options. I'm sure these folks believe they are pulling away from the pack because they work harder and create more economic value than the rest of us. But in the coming debate, we need to remember that they are also the lucky beneficiaries of a runaway trade deficit and the bubble-prone economy it has created."

Middle Class "Squeeze" Seen As Byproduct Of Economic Success, Stress. In his Washington Post column (12/27, A19), Robert Samuelson says, "Americans cannot escape these realities. The economy will remain precarious if it remains productive. The new technologies and products we celebrate inflict anxiety by redefining middle-class society. The causes of our success are also the sources of our stress. Of course, many of today's complaints (growing inequality, eroding health insurance) are legitimate and, to some extent, might be corrected. But the remedies -- assuming they didn't make matters worse -- would succeed only temporarily, because they would not erase the basic dilemma. The middle-class 'squeeze' never vanishes."

NYTimes Says Union Rules Protecting Senior Teachers Need To End. The New York Times (12/27, 1.16M) writes in an editorial, "The United States has a long and shameful history of dumping its least effective, least qualified teachers into the schools that serve the neediest children. The No Child Left Behind Act requires the states to end this practice." To do that "districts will need to abandon union rules that basically guarantee senior teachers the right to change schools whenever they want," because "school managers, who are increasingly being held accountable for student performance, need to be able to hire the candidate best suited for the position."

US Signals Support For Ethiopian Move Against Somali Islamists. The AP (12/27, Hassan) reports soldiers of the transitional government of Somalia, "joined by troops from neighboring Ethiopia, advanced toward" the capital of Mogadishu "as Islamic fighters dug in and promised a 'new phase' in the war — a chilling pronouncement from a movement that has threatened suicide attacks." State Department spokesman Gonzalo Gallegos "appeared to endorse Ethiopia's military action, saying it had 'genuine security concerns' about the growth of powerful Islamic militias next door."

The New York Times (12/27, Mazzetti, 1.16M) reports the US "signaled its support for the Ethiopian offensive in Somalia, calling it a response to 'aggression' by Islamists who have since the summer been consolidating power in the country." But the Ethiopian military presence "has nonetheless been awkward for American officials."

The Financial Times (12/27, England) reports the "bombardment by Ethiopian fighter jets and artillery…marked a dramatic escalation of the conflict in the Horn of Africa nation." The Washington Post (12/27, A1, McCrummen, 690K) reports in a front page story, "UN officials warned of a humanitarian crisis in Somalia, while fears remained high that Ethiopia's aggressive military campaign could have disastrous consequences not only for Somalia but across the Horn of Africa." Former US Ambassador David Shinn said, "One wonders how long they can hang on in this situation, because eventually it's going to turn into a nasty guerrilla war, and I don't think the Ethiopians have the stomach to carry on with that kind of campaign."

The New York Times (12/27, Gettleman, 1.16M) reports American officials "have given Ethiopia, one [of] its closest allies in Africa, their tacit approval to do what is necessary to neutralize the Islamists, whom American intelligence agents have accused of sheltering terrorists with Al Qaeda. But American officials have asked Ethiopia to avoid strikes that could kill large numbers of civilians, and so far Ethiopia seems to be cooperating."

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The Washington Post (12/27, A1, McCrummen, 690K) reports the Ethiopian troops "fought their way closer to the Somali capital of Mogadishu on Tuesday, pushing back militias loyal to the Islamic Courts movement that has until now controlled much of the country and vowed to wage a guerrilla war against Ethiopia lasting 'years and years and years.'" UN officials "warned of a humanitarian crisis in Somalia, while fears remained high that Ethiopia's aggressive military campaign could have disastrous consequences not only for Somalia but across the Horn of Africa." It was "unclear Tuesday whether Ethiopian troops were preparing to invade Mogadishu or merely surround it."

Somalia Conflict Said To Require Diplomatic Solution. In a Wall Street Journal op-ed (12/27, A8), Jonathan Stevenson, professor of strategic studies in the Strategic Research Department at the U.S. Naval War College, says, "The primary combatants are Somalia's secular Transitional Federal Government (TFG), which is internationally recognized and politically supported by the U.S., and the Islamist 'Islamic Courts Union' that holds sway on the ground. They are backed militarily by two fierce rivals, Ethiopia and Eritrea, respectively. The military balance appears indeterminate. Ethiopia has deployed 15-20,000 troops in Somalia. Eritrea has provided arms to the Islamic Courts militias and sent only about 2,000 troops to support them; but the Islamic Courts hold more territory than the TFG and have greater indigenous assets and popular support. Even if Somalia does not become a terrorist redoubt, it could become a potent fount of regional geopolitical instability and perhaps the next 'field of jihad' unless diplomatic attention is rallied to rescue the situation."

Administration Position On Somalia Said To Be "Somewhat Confused." The Washington Post (12/27, A18, 690K) says in an editorial, "Having floundered through a series of failed Somalia strategies, the administration appears to have a somewhat confused view of the latest fighting. Earlier this month it pushed for a U.N. Security Council resolution that called for an end to foreign intervention, the deployment of a peacekeeping force and negotiations between the rival Somali governments. President Bush spoke yesterday with the president of Uganda, which had offered peacekeepers. Yet even while reiterating its call for negotiations, the administration also appears to be supporting the Ethiopian offensive: The State Department said that Ethiopia had a right to defend itself against the Islamists and that its troops were there at the invitation of a legitimate authority, the transitional government. Maybe the Ethiopian forces will crush the Islamists and their al-Qaeda allies and thereby rescue the United States from its predicament. More likely, the administration will have to prepare for much more active U.S. engagement in what is emerging as a hot new front in the war on terrorism."

Iranian Parliament Votes To "Revise" IAEA Relations. The AP (12/27) reports Iran's parliament "voted Wednesday to urge the government to 'revise' ties with the U.N. nuclear agency in a move seen as likely to reduce the country's cooperation with the international atomic authority." The vote came "four days after the U.N. Security Council decided to impose limited sanctions on Iran for its refusal to cease enrichment of uranium — a process that produces the material for either nuclear reactors or bombs." Members of Iran's ruling hierarchy "had repeatedly urged the government to cut ties with the International Atomic Energy Agency, the U.N.'s nuclear watchdog, if the Security Council imposes sanctions." Wednesday's vote "in parliament stopped short of recommending a severance of relations with the IAEA, but it put the Vienna-based agency on notice that business would not be as usual."

Before the vote, the New York Times (12/27, Fathi, 1.16M) reported "two high-level officials said they doubted that Iran would bar nuclear inspectors and drop out of the Nuclear Nonproliferation Treaty." Hard-line politicians "and conservative newspapers in Iran had called for taking those strong actions."

The Financial Times (12/27, Bozorgmehr) reports the UN Security Council vote "was dismissed by President Ahmadi-Nejad on Sunday as 'illegal' and 'superficial.'" Iran's policy "seems to be neither to accept the UN demand, nor make any immediate threats to withdraw from the Non-Proliferation Treaty or to deliberately upset the oil market." However, "the country's supreme leader, Ayatollah Ali Khamenei, who is thought to be the key decision maker, has not yet reacted to the UN resolution."

The Wall Street Journal (12/27, A6, 2.04M) reports President Ahmadinejad "said the U.N. resolution -- drawn up by Britain, France and Germany and supported unanimously by the Security Council -- could change Iran's relationship with the International Atomic Energy Agency, the U.N.'s nuclear watchdog." Iran's top nuclear negotiator, Ali Larijani, "said the resolution made his country more 'decisive in

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realizing our nuclear aims.' He said it would step up enrichment activities."

Iran Objects To Blair Claims It Poses "Threat" To Region. AFP (12/27) reports Iran "summoned Britain's ambassador in Tehran to its foreign ministry to hear its 'strong objections' to British Prime Minister Tony Blair's claim that the Islamic republic poses a threat to the region." The "official IRNA agency said Geoffrey Adams was told by Ibrahim Rahimpour, the foreign ministry's director general for western European affairs, that Iran expects Britain 'to stop the tirade of allegations' against it." Rahimpour "also criticised Britain for misrepresenting Iran's civilian nuclear program, after it co-sponsored a UN Security Council resolution last Saturday that imposed sanctions on Iran's nuclear and ballistic missile programmes."

WSJournal Says State Department Backing For UN Resolution Was "Unenthusiastic." The Wall Street Journal (12/27, 2.04M) says in an editorial, "Among the least surprising news coming out of the holiday weekend is that Iran denounced even the U.N. Security Council's tepid sanctions resolution against its nuclear weapons program. More surprising -- and encouraging -- is that the U.S. State Department also seems unenthusiastic." The "charade was even more than the State Department could bear to endorse wholeheartedly. Nicholas Burns, Secretary of State Condoleezza Rice's right-hand man, praised the resolution for isolating Iran but added that 'We don't think this resolution is enough in itself.' And he suggested that the U.S. would now work to form coalitions outside of the U.N. to add pressure on Tehran. It's about time."

Assad May Be Seeking Closer Ties With West. The Washington Times (12/27, Athanasiadis, 88K) reports, "Recent visits by Syrian President Bashar Assad to US-allied Yemen and the United Arab Emirates are prompting speculation that Syria is seeking to leave the Iranian orbit and pursue closer ties with the West." Such a move "would fulfill a major recommendation of the Iraq Study Group, headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, which suggested it might be possible through diplomacy to pry Syria away from Iran." In "another apparent overture yesterday, Mr. Assad told visiting Sen. Arlen Specter, Pennsylvania Republican, that he was willing to host a conference where all the factions of Iraq could seek a consensus on the country's future."

In a USA Today letter to the editor (12/27), Syrian Ambassador Imad Moustapha says, "It is always refreshing to hear moderate, wise voices from the United States calling for what diplomacy is really about: dialogue and engagement ('A two-way street with Syria,' The Forum, Dec. 20). Syria has repeatedly called upon this Administration to abandon its policies toward Syria and work together toward a more constructive policy in the Middle East. Former secretaries of State Colin Powell, Madeleine Albright and James Baker — who, unlike Secretary of State Condoleezza Rice, had a direct working relationship with Syria — consider their engagement with Syria as one that served U.S. national interests. Syria is ready and willing to engage, but this needs courage and vision from the other side."

Israel Approves New West Bank Settlement Despite Vow To US. The AP (12/27, Nessman) reports officials said Israel "has approved a new settlement in the West Bank to house former Jewish settlers from the Gaza Strip…breaking a promise to the US to halt home construction in the Palestinian territories." Construction in the northern West Bank town of Maskiot "began months ago, but the project only received final approval from the Defense Ministry last week, said Dubi Tal, head of the Jordan Valley regional council." Geoff Anisman, a spokesman for the US Embassy in Tel Aviv, said, "The US view on settlements remains unchanged." The Washington Post (12/27, A10, 690K) runs a short version of the AP story.

The New York Times (12/27, Erlanger, 1.16M) reports the move prompted "Palestinian anger and American concern. The announcement, by the Defense Ministry and settler groups, seemed to run counter to the prevailing effort by Prime Minister Ehud Olmert, who had offered a series of gestures to the Palestinians several days ago, after meeting with the Palestinian Authority president, Mahmoud Abbas." In an editorial, the New York Times (12/27, 1.16M) says that "the idea of a comprehensive peace between Israelis and Palestinians seems a distant dream. Yet it represents the best long-term assurance of Israel's survival as a secure Jewish democracy at peace with its Arab neighbors. Every new settlement planted on the West Bank creates a needless obstacle to the realization of that dream."

Mubarak Says New Laws Will Increase Democracy In Egypt. The Washington Post/AP (12/27, A15) reports, "President Hosni Mubarak said Tuesday

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that laws to be passed in 2007 would improve democracy and abolish Egypt's 25-year state of emergency, but rights activists said they doubted the long-serving leader would liberalize the country." Mubarak "asked lawmakers to amend 34 articles in the Egyptian constitution to 'consecrate the people's sovereignty as a source of power and give parliament more authority to monitor the government.'"

South Korean Officials Says US Offered To Remove North From Terror List. The AP (12/27) reports South Korea's main nuclear envoy, Chun Yung-woo, said the US "offered to remove North Korea from Washington's list of states sponsoring terrorism if the communist regime dismantles its atomic weapons program." Chun said the "proposal was just one of the incentives the US spelled out last week at six-nation nuclear disarmament talks with the North, along with offers of security guarantees, a peace treaty and normalization of relations." US diplomats "have declined to discuss specifics of their talks with the North Koreans, and State Department spokeswoman Amanda Rogers-Harper would not confirm Chun's report."

Mystery Novel Set In North Korea Compared To "Gorky Park." The Washington Post (12/27, A17, Kessler, 690K) reports "A Corpse in the Koryo," by James Church, "is a crackling good mystery novel, filled with unusual characters involved in a complex plot that keeps you guessing to the end. It has received rave reviews -- as a mystery novel." But the book "has also caused a stir among Asia specialists because it offers an unusually nuanced and detailed portrait of one of the most closed societies on Earth -- North Korea. Much like Martin Cruz Smith's novel 'Gorky Park,' which depicted life in the Soviet Union in the early 1980s through the eyes of police inspector, 'A Corpse on the Koryo' provides a vivid window into a mysterious country through the perspective of its primary character -- Inspector O."

Sudan May Be Willing To Accept UN Force In Darfur. The Washington Post (12/27, A8, Linzer, 690K) reports Sudanese President Omar al-Bashir "has suggested that he would be willing to accept a peacekeeping force with United Nations troops in Darfur, where his counterinsurgency campaign has left hundreds of thousands of civilians dead and millions homeless." Under "mounting pressure from the Bush administration to respond to UN plans for a cease-fire, Bashir appeared to accept some of Secretary General Kofi Annan's proposals in a letter sent over the weekend."

US Reaching Out To Leftist Critics In Latin America. McClatchy (12/27, Bachelet) reports the Bush Administration has "refused to talk to foes such as Iran, North Korea and Cuba, but it has no such qualms about some of its sternest critics in Latin America, including Venezuelan President Hugo Chavez." Less than "two weeks after Chavez won re-election earlier this month, the U.S. ambassador in Caracas met with the Venezuelan foreign minister to ease tensions between the two countries." Chavez "responded by attacking U.S. counter-drug efforts, so it's unclear if the charm offensive will work. But the move is part of a broader effort by U.S. officials to court leftist leaders who just weeks ago were warily viewed as pro-Chavez populists. This includes President-elects Daniel Ortega of Nicaragua and Ecuador's Rafael Correa, who recently heralded the rise of a socialist Latin America."

Surgeon Says Castro Doesn't Have Cancer. The Chicago Tribune (12/27, Marx, 617K) reports, "In the first independent diagnosis of Fidel Castro, a prominent Spanish surgeon said Tuesday the ailing 80-year-old leader does not have cancer and is recuperating slowly from intestinal surgery." Dr. Jose Luis Garcia Sabrido "traveled to Havana last Thursday to examine Castro at the request of Cuban authorities. Garcia Sabrido has returned to Madrid, where he told reporters that Castro's condition is stable and he does not require additional surgery." But Garcia Sabrido "declined to clarify what ailment Castro is suffering from. Cuban officials have said Castro's health condition is a state secret, and his Cuban doctors reportedly are sequestered." Similar stories appear in today's New York Times (12/27, McKinley, 1.16M), while the Washington Times and Washington Post run the same AP report on Castro's health (12/27, Giles).

ABC World News (12/26, story 6, 0:20, Gibson, 8.78M) reported, "The doctor says Castro is recovering from intestinal surgery and is eager to get back to work. Castro has not been seen in public since July, which has sparked speculation about his health and his future." The CBS Evening News (12/26, story 6, 0:25, Mitchell, 7.66M) noted the doctor "said Castro is in stable condition."

The Christian Science Monitor (12/27, Fawthrop, 59K) analyzes the prospects for a post-Castro Cuba, where "experts have ruled out any dramatic lurch toward a liberal market economy that might undermine the island nation's heritage as the persistent holdout of traditional Communist

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policies. More relaxed social attitudes may also evolve gradually. Still, no one doubts that change is afoot."

Russia Relies On UN "Tantrum" As Diplomatic Weapon. The Washington Post (12/27, A10, Lynch, 690K) reports Russia has "brandished a new weapon in its diplomatic arsenal: the Security Council tantrum." Russian Ambassador Vitaly Churkin "barged out of the U.N. chamber Dec. 11, canceling a crucial meeting on Iran's nuclear program. Asked to explain why the 15-nation council's major powers would not be able to address the Iranian nuclear crisis, Churkin said: 'Because. Because I said so.'" The Post adds Churkin's "outburst reflected anger over a U.S. decision to raise concern about political developments in Belarus, a Russian ally that has gained international condemnation for its repressive policies. But it also echoed a classic Soviet practice at the United Nations dating back to 1945, when Soviet strongman Joseph Stalin's envoy, Andrei Gromyko, also used bluster to exact political concessions, threatening to pull out of the new organization unless the Security Council veto was expanded."

China Seeks To Curb Vehicle Production Rate. The Wall Street Journal (12/27, A2, Fairclough, 2.04M) reports China's "economic planners are waving a yellow flag at the nation's auto industry, warning that growth in car makers' production capacity is outstripping demand and calling for limits on further expansion." Passenger car sales "have been increasing at a torrid rate, making China the world's second-largest vehicle market by unit sales after the U.S. But car companies, rushing to cash in on the growth, have been adding assembly lines at an even faster rate, the planners said." The National Development and Reform Commission, "which sets China's industrial policy, said overcapacity is threatening the auto industry's health and laid out guidelines to rein in growth."

China's Illegal Power Plants, Coal Mines Challenge Beijing's Authority. The Wall Street Journal (12/27, Oster, 2.04M) reports that illegally-built power plants in China "have had unintended -- and detrimental -- consequences. By eschewing even basic environmental safeguards, they stand out as polluters even in an industry that is one of China's leading sources of emissions, officials say. They also have driven up the demand for and price of coal, the country's most abundant source of fuel. That, in turn, has spawned thousands of illegal coal mines that have contributed to more than 4,000 coal-mining deaths in China this year." The Journal adds, "One fifth of the power plants in China are illegal, according to government estimates -- enough to light up all of the U.K. While the electricity they supply is essential to power China's growth, the uncontrolled manner in which they are multiplying, often under the protection of local authorities, poses a challenge to Beijing's authority and its grip on energy policy."

Blair Flight Missed Runway Exit. The Washington Post/AP (12/27, A13) reports a commercial jet "carrying British Prime Minister Tony Blair and his family missed a runway exit and struck some lights after landing at Miami International Airport on Tuesday. The plane was not damaged and no injures were reported, officials said." British Airways Flight 209 "from London ran over a couple of airfield lights after landing around 6:15 p.m., but it did not leave the pavement and it taxied to the gate under its own power, airport spokesman Marc Henderson said."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Gerald Ford Dies At 93."
"Vendor's Reefer Sadness."
"Hezbollah Rises From Ruins Of Its Beirut home."
"Iraqi Court Upholds Death For Hussein."
"Democrats Will Soon Get A Say On Iraq."
"Accident Is A Bad Break For Gov.'s Privacy."

USA Today:

"More Officials In Midwest, South Adding Spanish Lessons To Training."
"Soul (And Rap And Funk) Loses 'Godfather'."
"Nuclear Traffic Doubles Since '90s."
"Nuclear Cases."

New York Times:

"Gerald R. Ford, 38th U.S. President, Dies."
"Iraqi Court Says Hussein Must Die Within 30 Days."
"Iran Is Seeking More Influence In Afghanistan."
"S.E.C. Changes Reporting Rule On Bosses' Pay."
"Strategy, Not Drama, in 'I Intend To Run In '08'."
"As Minds Age, What's Next? Brain Calisthenics."

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Washington Post:
"Gerald R. Ford, 93, Dies; Led In Watergate's Wake."
"Iraqi Court Upholds Hussein's Sentence."
"Williams Leaves A Legacy Of Contrasts."
"7 U.S. Troops Added To Rising Toll In Iraq."
"Ethiopians Closing In On Capital of Somalia."
"U.S. Wants Polar Bears Listed As Threatened."
"Immigrants' Jobs Vanish With Housing Slowdown."

Washington Times:
"Selling Couples On Marriage."
"Biden To Fight Troop Surge."
"Gerald Ford Dies At 93."
"Saddam To be Hanged Within 39 Days."
"Baltimore Homicides Rises DC Likely To Record Drop."
"AIDS Program Loses Track OF Funds, Results."
"Assad Inspires 'Flip' Theories."

Detroit Free Press:
"Ford Dies."
"Lutz: Fuel Rules Could Doom US SUV, Truck Sales."
"Ford's Mulally Toyota Exec Talk In Japan."
"Michigan Micro-Districts Put Up A Fight To Survive."

Atlanta Journal-Constitution:
"Ex-President Ford Dies."
"Saddam Hanging Could Be 'Any Day'."
"Mars Rovers Mission Rolls On."
"James Brown's Funeral Expected To Draw Thousands."

Story Lineup From Last Night's Network News:
ABC: Saddam's Execution; Pipeline Explosion; Retail Sales; Denver Airport Reopens; Tsunami Money; Castro's Health; Schwarzenegger Recovering; New Gadgets; People OF The Year.
CBS: Saddam's Execution; Biden-Iraq; First Family's Christmas; Retail Sales; Florida Tornados; Castro's Health; Schwarzenegger Recovering; Heartburn Medication Risks; Improving Schools-Cincinnati; Medicare Part 'D'; Mainstream Opera.
NBC: Saddam's Execution; Way Forward-Iraq; Pipeline Explosion-Nigeria; Tsunami Remembered; Retail Sales; Stock Market; FDA Report-Cloning; Caring For The Injured; Heartburn Medication Risks; Illegal Immigration Debate; James Brown Obit.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:
PRESIDENT BUSH — No public schedule. In Crawford, Texas.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: IRAQ _ 11 a.m. The Center for American Progress holds a telephone briefing on Iraq, with former Assistant Defense Secretary Lawrence Korb and Brian Katulis, both of the center. Notes: Callin number: 800-862-9098.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 27, 2006 7:45 AM EST

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TERRORISM NEWS:

US Reassures Allies "Extraordinary Renditions" Have Ended. The Financial Times (12/27, Dinmore) reports the US is "telling its overseas allies that it has stopped 'extraordinary renditions' and needs their help to empty Guantánamo's prison cells. But human rights groups dispute this assertion and a question mark hangs over 200 'war on terror' detainees who could be held indefinitely without trial." But the Administration's "response is seen as confused and inadequate. Analysts attribute this to internal divisions over how far to roll back controversial counter-terrorism practices - including torture, secret prisons, detention without trial, and renditions - as the price for rekindling transatlantic relations." European delegations "have been assured that 'extraordinary renditions' ended, or mostly ended, in 2003. US officials note that the lawsuits brought against the US by former detainees relate to events in 2003 or earlier, when even Condoleezza Rice, secretary of state, has admitted that 'mistakes' happened." Visiting Europeans "have been told that the US reserves the right to carry out renditions, but - as Ms Rice declared in a major statement a year ago - it would respect the sovereignty of other countries and would not send detainees to countries where the US believed they might be tortured." Diplomats say Secretary Rice "has been influential in advocating change to detention policies she sees as damaging relations with allies, while Dick Cheney, vice-president, and David Addington, his chief of staff, are seen as obstacles."

Rights Groups Concerned About Fingerprint Database. The Christian Science Monitor (12/27, Richey) reports, "The US government is building a massive database designed to identify individual terror suspects from fingerprints on objects such as a tea glass in an Iraqi apartment or a shell casing in an abandoned Al Qaeda training camp." The Monitor continues, "The database is being created in part by forensic specialists searching for and preserving evidence overseas. They are collecting unidentified latent fingerprints in places once occupied by Al Qaeda and other suspected terrorists. … The information is feeding into a computerized system designed to match a name with an unidentified fingerprint." The Monitor adds, "Homeland Security Secretary Michael Chertoff calls the program 'a quantum step forward in security.' … '(It) gives us the ability to identify the unknown, unidentified terrorist,' he said in a recent speech. 'It also creates a powerful deterrent for anybody who has ever spent time sitting in a training camp, or building a bomb in a safe house, or carrying out a terrorist mission on a battlefield.'" The Monitor notes, "Not everyone sees the creation of such a database as progress. Privacy advocates and civil libertarians say it could lead to a dangerous erosion of American rights. Privacy advocates voice concern .. 'Our assessment of these systems is that many that are undertaken with a goal of identifying terrorists eventually become systems of mass surveillance directed toward the American public,' says Marc Rotenberg, president of the Electronic Privacy Information Center in Washington."

DHS Investigating Contractor's Missing Handguns. The Washington Post (12/27, A2, Lengel, 690K) reports DHS said Tuesday "that it is investigating how four handguns recently went missing from its headquarters in Northwest Washington." Spokesman Jarrod Agen said the guns "belonged to Paragon Systems of Chantilly, which provides security for the department's facility on Nebraska Avenue NW," and noted that they "do not belong to DHS nor are they under the control of DHS."

Saudis Release 18 Former Guantánamo Detainees. The AP (12/27) reports, "The Saudi government said Tuesday it had released 18 men who were detained after returning to their homeland from the U.S. military prison in Guantanamo Bay. The Saudis, who returned to the kingdom in May and June, were released after they finished their sentences, Interior Ministry spokesman Lt. Gen. Mansour al-Turki said." The AP notes, "Saudi officials have said former Guantanamo inmates are taken into custody on their return to investigate whether they have any connections to Islamic militant groups."

DOD Official Defends Guantánamo Courthouse. The Los Angeles Times (12/26, Williams, 850K) reports on the planned construction of "a $125-million legal complex" at the detention facility at Guantánamo Bay, Cuba, noting that "although the Pentagon estimates that no more than 80 of the 400 or so terrorism detainees here will ever be tried, …Cully Stimson, deputy assistant secretary of Defense for detainee affairs, insists the legal facility is vital to bringing terrorism suspects to justice. Even with back-to-back trials, he said, it would take over a decade to prosecute an expected 60 to 80 detainees using one courtroom. 'We're fiscal conservatives by definition. We're not building the Taj Mahal here, Stimson said." The Times notes that the ACLU is pushing Congress to "deny funding" to the complex.

HOMELAND RESPONSE:

Senate Report Dismisses Able Danger Concerns. The AP (12/27, Flaherty) reports, "A lengthy Senate investigation has debunked charges by a Republican

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congressman that military analysts identified Mohamad Atta and other Sept. 11 hijackers before the attacks, according to a committee aide familiar with the report." The AP continues, "In a letter to members of the Senate Intelligence Committee, Sens. Pat Roberts and John D. Rockefeller dismissed suggestions by Rep. Curt Weldon that defense analysts ignored analysis that could have prevented the attacks. Roberts, a Republican, is outgoing chairman and Rockefeller is the senior Democrat who will assume the chairmanship Jan. 4 month when the new Congress convenes. … They concluded 'there was no evidence Mohamad Atta or any hijackers were identified prior to 9/11,' said the committee aide, who spoke on condition of anonymity because the aide was not authorized to speak publicly on the subject." The AP adds, "An internal Defense Department assessment already had dismissed Weldon's charges as unfounded. But the letter from Roberts and Rockefeller is the first rejection from Capitol Hill. The letter was obtained and first reported Tuesday by the Los Angeles Times. … Weldon, a 10-term Republican who lost his seat in the Nov. 7 election, repeatedly contended a secret military unit called 'Able Danger' searched large amounts of data to link four Sept. 11 hijackers to al-Qaida more than a year before the attacks. … In September, the Pentagon's inspector general found some employees recalled seeing an intelligence chart identifying Atta as a terrorist before the attacks. But the report said those accounts 'varied significantly' and witnesses were inconsistent at times in their statements."

Experts Say Modified Backscatter Machines Will Be Less Effective. USA Today (12/27, Frank, 2.27M) reports the "controversial" backscatter X-ray machines to be tested at a US airport for the first time starting next month have been modified in order to "quiet critics such as the American Civil Liberties Union who have helped block its use in airports by saying the vivid images seen by screeners invade passenger privacy. The altered images will show only cartoon-like black-and-white outlines of each passenger. But the Transportation Security Administration (TSA) is facing questions from experts who say the agency has weakened the effectiveness of the low-intensity X-rays." Spokeswoman Ellen Howe said that the agency is not "endorsing this particular technology, we're testing it."

Hope Still Seen For New Orleans. In a Washington Post op-ed (12/27, A19), Duke University Professor William Chafe says, "Nearly 16 months after Hurricane Katrina, New Orleans remains devastated. In the Lower Ninth Ward (primarily black and poor), mid-city (mixed-race and middle class) and Lakeside (richer and whiter), houses are boarded up and ruined; shattered windows reveal rooms full of debris; perhaps one in 10 places has a FEMA trailer parked outside, as a few returning residents desperately try to reclaim what they have lost. Thousands of small businesses have disappeared. Even in the French Quarter, which was left largely intact after Katrina, shopkeepers despair of being able to survive given the decline in tourism." But in this "season that celebrates the birth of a child in what today would be called a homeless shelter, a remarkable resiliency of spirit remains in New Orleans. Yes, only half the population there in August 2005 has returned. The suicide rate has increased 300 percent, and less than half of the schools and hospitals that existed 16 months ago are functioning. But energy, engagement and love persist, creating tiny ripples of hope, from thousands of individual acts of courage."

WAR NEWS:

Bush To Meet With National Security Team To Consider Iraq Options. The CBS Evening News (12/26, story 2, 2:00, Mitchell, 7.66M) reported, "President Bush plans a working vacation while in Crawford this week. He has called his national security team to Texas to discuss the much-anticipated speech on the way forward in Iraq." NBC Nightly News (12/26, story 2, 2:05, O'Donnell, 9.87M) said the President "will be spending some time working on retooling his war strategy, and advisors say he's being deliberate, he's asking about options and the consequences, including adding more US troops. And today, a senior military official says that the deployment orders are ready to go, just needing another signature for another brigade. That would be 3,500 more soldiers from the 82nd Airborne who would go to Kuwait with the possibility of going into Iraq." The AP (12/27, Baldor) notes Defense Secretary Robert Gates has signed the orders that "will send the 82nd Airborne Division's 2nd Brigade to Kuwait shortly after the new year, senior defense officials said Tuesday. … The 82nd Airborne unit…will replace the 15th Marine Expeditionary Unit, which had served as the reserve force based in Kuwait but has been deployed into Iraq."

The AP (12/27, Riechmann) reports that at the Pentagon, officials said Gates "isn't likely to offer a single solution but, rather, a broad set of recommendations for changing the course in Iraq." Bush will "host a National Security Council meeting on Thursday at the ranch, but is not expected to make any final decision on what he says will be a new way forward in Iraq." Secretary Rice is expected to attend Thursday's meeting, along with Vice President Dick Cheney, Defense Secretary Robert Gates and NSA Stephen Hadley.

Another AP story (12/27, Ben Feller) reports, "Determined not to be rushed…Bush has spent weeks figuring out a new war plan in Iraq. All the while, the American public's expectations have been headed in one direction -- up. Anticipation is high not just because people are weary of

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war, but also because of the way Bush has gone about deciding his next move." The AP adds, "Saddled with a reputation for stubbornness, Bush has gone the other direction. He has made a visible effort to seek advice -- from the military, diplomats, academics, retired generals, a special study commission, Iraqi officials, Republican leaders, even Democrats he once ridiculed. By the time he announces his Iraq plan in January, roughly two months will have passed since a humbling election for Republicans brought a promise of a 'new way forward.'" The AP adds, "There might as well be a drum roll."

State Department To Report On Bush's Abandoned "Eight Pillars" Policy. The Washington Post (12/26, Kessler, 690K) reports that last year Bush "announced a new plan for Iraq, framed around 'eight pillars' of US policy for victory. In the past month, the president and his national security team have been busily working on a new recipe for success in Iraq, having declared the previous plan a failure." But "never mind what the politicians are doing. The bureaucracy churns on." Every Wednesday, the State Department issues "a 30-page public report that details exactly how the US government is meeting the goals set forth in the president's now-abandoned plan." The Post adds, "In many ways, the report is a microcosm of the administration's lost year in Iraq. The reams of details aimed at touting success belie the fact that few of the goals are being met."

Biden's Opposition To "Surge" Option Seen As Harbinger Of Coming Debate. The Los Angeles Times (12/27, Levey, 850K) reports, "After years of playing a marginal role in the Iraq war, congressional Democrats plan to move quickly in January to assert more control and undercut any White House effort to increase troop levels." As Bush "prepares to outline his own plan for Iraq in a major speech in the next few weeks, Democratic leaders will counter with weeks of oversight hearings, summoning military officers, administration officials and foreign policy experts to Capitol Hill." The Democratic plans "put Congress on a collision course with Bush over the direction of the nearly 4-year-old war. And they signal a new phase in a war that has been directed almost exclusively by the White House with little dissent from the Republican-controlled Capitol." Sen. Joseph R. Biden, the incoming chairman of the Senate Foreign Relations Committee, "said Tuesday that he intends to call key administration officials, including Secretary of State Condoleezza Rice, to testify at a series of hearings."

The Washington Post (12/27, A5, Pincus, 690K) reports, "Biden said that his committee will begin hearings on Iraq on Jan. 9 and that if Bush has not released his plan by then, he might start with experts and 'those proposing alternatives' to what the president may do." Rice "has agreed to appear, but not until after Bush has presented his new strategy to the nation. Gates will be asked to appear." Biden "said he does not plan to call former defense secretary Donald H. Rumsfeld, but he added: 'That's not something that's totally off the table.'"

Under the headline "Biden Previews Democrats' Tack Against Troop Plan," the Wall Street Journal (12/27, Dreazen, 2.04M) says "the tensions between the two parties over the war seem certain to escalate if the Bush administration goes through with its tentative plan to send as many as 20,000 new US forces to Iraq." White House officials "say such a troop 'surge' almost certainly will be the centerpiece of Mr. Bush's planned speech to the country early next year to lay out a new strategy for fighting the war."

The New York Times (12/27, Cooper, 1.16M) reports that as Bush "flew to his Texas ranch on Tuesday, a spokesman for the National Security Council urged the senator to wait for Mr. Bush to present his new Iraq policy next month before passing judgment. 'President Bush will talk soon to our troops, the American people and Iraqis about a new way forward for Iraq that will lead to a democratic, unified country that can govern, defend and sustain itself,' said Gordon Johndroe, the council spokesman." The Times adds, "The date has not been scheduled, but administration officials said it would be before the State of the Union address on Jan. 23. … One plan under consideration is to send an additional 30,000 troops to Iraq in a bid to restore order."

The Washington Times (12/27, Bellantoni, 88K) reports Republicans "so far seem divided on a surge, with Sen. John McCain of Arizona pushing the idea and Foreign Relations Committee member Sen. Norm Coleman of Minnesota saying he can't support sending more troops."

The CBS Evening News (12/26, story 2, 2:00, Mitchell, 7.66M) also reported that Biden "laid down some markers for the President." CBS (Assuras) added, "During a conference call…Biden told us that sending more troops to Iraq would be the absolute wrong strategy, expanding actually on comment he is made earlier on CBS." Biden: "We should be drawing down troops, putting pressure on the Iraqi government to settle their sectarian differences rather than putting more troops in and acting as apartheid cops. … I'm saying what the Baker commission said, start a drawdown. Make it clear to them by the end of next year we're not going to be there to save them. They have got to begin to make hard political decisions. We can't solve it for them with 30,000 more troops." CBS also reported that "on that conference call, Russ, Senator Biden told us that he intends to run for president in 2008."

The Financial Times (12/27, Washington) reports Biden, "one of the leading Democratic critics of US policy in Iraq, joins Tom Vilsack, governor of Iowa, and Dennis Kucinich, the Ohio congressman who ran unsuccessfully in 2004, as the party's only declared candidates for the 2008 race. 'It is my intention to seek the [Democratic] nomination, and it's my intention sometime in the month of January to set

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up the appropriate mechanism to be able to raise money for that purpose,' Mr Biden said at the end of a conference call about Iraq policy."

The AP (12/27, Flaherty) says Biden "took advantage of a quiet holiday week to draw attention to his own proposal for Iraq, which includes beginning a drawdown of U.S. forces and finding a political settlement among the various ethnic factions there."

More Commentary On Bush's Options. Jack Keane, a retired Army general, and Frederick W. Kagan, a resident scholar at the American Enterprise Institute, write in the Washington Post (12/26, A19, 690K), "Reports on the Bush administration's efforts to craft a new strategy in Iraq often use the term 'surge' but rarely define it. … We need to cut through the confusion. Bringing security to Baghdad -- the essential precondition for political compromise, national reconciliation and economic development -- is possible only with a surge of at least 30,000 combat troops lasting 18 months or so. Any other option is likely to fail. … The only 'surge' option that makes sense is both long and large."

David Ignatius writes in the Washington Post (12/26, A19, 690K), "Watching…Bush in recent weeks has become a grim kind of reality TV show. In almost every news conference, speech and photo opportunity, the topic is the same: what to do about the grinding war in Iraq. Bush has let the facade crack open -- admitting that his strategy for victory isn't working -- but then he struggles to rebuild it with new words of confidence. The stress of the job -- so well hidden for much of the past six years -- has begun to show on Bush's face." He "often looks burdened, distracted, haunted by a question that has no good answer."

Iraqi High Court Affirms Saddam's Death Sentence. The AP (12/27, Torchia) reports Iraq's "highest court rejected Saddam Hussein's appeal Tuesday and said the former dictator must be hanged within 30 days for ordering the killing of scores of Shiite Muslims in 1982." The decision "came on a particularly bloody day in Baghdad, where at least 54 Iraqis died in bombings and police discovered 49 apparent victims of sectarian reprisal killings. Separately, the US military announced the deaths of seven American soldiers."

The story on Saddam's execution was the lead on each of the networks last night. ABC World News (12/26, lead story, 3:00, Gibson, 8.78M) reported, "The ruling means Hussein could be sent to the gallows any day now, as soon as tomorrow." The CBS Evening News (12/26, lead story, 2:50, Mitchell, 7.66M) reported, "Some experts warn of stepped up attacks now that an appeals court has ruled Saddam must hang within a matter of weeks." A White House spokesman "said this was a great day for the Iraqi people saying Saddam Hussein has received the due process that he denied the Iraqi people for so long." NBC Nightly News (12/26, lead story, 3:15, Holt, 9.87M) reported, "Hussein, the so-called butcher of Baghdad, is out of options. He's lost his final appeal and is to be executed by hanging less than a month from now."

The New York Times (12/27, A1, Glanz, 1.16M) reports on its front page the court "ruled that the man whose brutal reign began in 1979 and ended with the American-led invasion in 2003 must go to the gallows within 30 days." No "further appeals are possible, and" Saddam's "final legal recourse appears to be a clause in the Iraqi Constitution stating that the Iraqi president must approve all death sentences." In a front page article, the Washington Post (12/27, A1, Raghavan, Trejos, 690K) also reports officials "in the Iraqi government have already begun to address the logistics and security measures for the execution, possibly a closed and secret one, according to sources familiar with the preparations." USA Today (12/27, Jervis, 2.27M) and the Los Angeles Times (12/27, Zavis, Hennessy-Fiske, 850K) run similar reports.

In an editorial, the Wall Street Journal (12/27, A8, 2.04M) writes, "A case can be made that the cause of justice would be most fully served if Saddam were spared the punishment he meted so promiscuously to others. But that determination belongs to the Iraqi people and their elected leaders, so many of whom participated in the trial as victims or the kin of victims. The day Saddam dies will be their judgment day."

US Iraq War Dead Exceeds Those Killed On 9/11. The AP (12/27, McShane), in an article published in over 100 papers and websites, reports that "according to a count by The Associated Press," the number of US military personnel killed in the war in Iraq climbed to "at least 2,977—four more than the number killed" on September 11, 2001, with a military announcement of "the deaths of six more American soldiers" on Christmas. .

December Toll Rises To 87. The Washington Post (12/27, A1, Trejos, 690K) reports on the announcement by military officials that "seven more American service members have been killed in Iraq," making December, during which 87 troops have died so far, "the second deadliest month of the year for troops." 105 service members were killed in October. "Military officials and analysts have attributed the rise in US casualties in recent months to the larger number and greater visibility of American troops in Baghdad, plus the intensity of the Sunni insurgency in Anbar."

The AP (12/27, Frayer), in an article published in over 60 papers and websites, adds that the seven troops killed came amid "a string of car bombs and other blasts" in Baghdad. The AP details the explosions' toll on the civilian population, and notes that "a car bomb exploded near the

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Abu Hanifa mosque, …Sunni Islam's holiest shrine in Baghdad, and a regular target of Shiite mortar teams." The piece notes the eclipse of the 9/11 death toll, along with Bush's assertions that "the Iraq war is part of the United States' post-Sept. 11 approach to threats abroad. Going on the offense against enemies before they could harm Americans meant removing the Taliban from power in Afghanistan, pursuing members of al-Qaida and seeking Saddam's ouster in Iraq, Bush has said."

The Los Angeles Times (12/27, Zavis, 850K) adds, "Three car bombs exploded within minutes at a west Baghdad intersection jammed with holiday shoppers, one of a series of attacks reported Tuesday that killed at least 97 Iraqis and injured scores. Three U.S. soldiers also died when a roadside bomb exploded as they were removing explosive devices from a route northwest of the capital, the command said. … Witnesses said the area was full of shoppers preparing for the Eid Athar holiday, which takes place over the New Year's period."

British Demolition Of Basra Police Station Draws Fallout. The Financial Times (12/27, Negus) reports on the "political backlash" generated by UK forces' demolition of "a Basra police station that they claim was used as a base for death squads." Local officials "have condemned Monday's raid," but a British military spokesman suggested that other Iraqi officials approved the move. "Over 1,000 British troops participated in the raid that culminated in the demolition of the Jamiat police station. A British spokesman said 127 prisoners were discovered in the basement, some of them with their kneecaps shot off, their hands or feet crushed, or with cigarette or electrical burns." The Times adds that the station was associated with Basra's Serious Crimes Unit, which was recently disbanded over perceived corruption.

LA Times Praises British Move. The Los Angeles Times (12/27, 850K) editorializes in favor of the "important message" British troops sent to Iraqi Prime Minister Nouri Maliki by destroying the police station in Basra associated with the city's Serious Crimes Unit: "Torturers and murderers must be rooted out even when they act under color of the law, and even when reining them in offends political sensitivities." The Times writes that the move "freed 127 prisoners, many of whom showed signs of torture. The headquarters long had been suspected of being infiltrated by death squads linked to tribal rivalries and organized crime." The piece concludes that success in Iraq "will depend on a willingness by Maliki and his successors to establish one rule of law in Iraq. The British and, yes, the Americans, won't be there forever."

Troops In Ramadi Face Increasingly Hostile Population. The Washington Post (12/27, A13, Bruce, 690K) reports on the difficulties faced by US troops patrolling Ramadi, focusing on the Army's 1st Battalion, 36th Infantry Regiment, noting that "Most of the guys here can remember the moment when their frustration killed their empathy. When they no longer felt guilty about knocking down doors. No longer cared to hand out candy." The Post relates the resentment among local people at US tactics intended to "get the people who lay roadside bombs and find the material used to produce them." The piece generally focuses on the troops' low morale and lake of motivation.

Escaped Iraqi Minister Emerges In Jordan. The Chicago Tribune (12/27, Madhani, 617K) reports that Aiham Alsammarae, an engineer formerly from Chicago and Iraq's erstwhile electricity minister, "who has been on the lam since escaping last week from an Iraqi jail where he was being held on corruption charges has surfaced in" Amman, Jordan. US diplomats in Baghdad denied any U.S. involvement in spiriting Alsammarae out of Iraq. "Alsammarae said he fled with the help of a 'multinational' group." The Tribune notes that Alsammarae holds dual US-Iraqi citizenship.

Military Links Iranians Captured In Baghdad To Insurgency. The New York Times (12/27, Tavernise, 1.16M) reports that citing "credible evidence," chief military spokesman Maj. Gen. William Caldwell IV said that two Iranian nationals detained in Baghdad 'and their Iraqi associates' are linked "to criminal activities, including attacks against American forces. Evidence also emerged that some of the detainees were involved in shipments of weapons to illegal armed groups in Iraq. In its first official confirmation of last week's raids, the military said it had confiscated maps, videos, photographs and documents in one of the raids on a site in Baghdad. The military confirmed the arrests of five Iranians, and said that three of them had since been released.' The arrests serve as the 'first evidence of the link' between Tehran and the Iraqi insurgency. The Times reports some Iraqis said that "the compound of Aziz al-Hakim, one of Iraq's most powerful Shiite political leaders, who met with President Bush in Washington three weeks ago" was the subject of a US Raid, but that "a spokesman for Mr. Hakim said he had not heard of a raid on the compound."

Iran Seeking To Project Influence In Afghanistan. In a nearly 2,400-word front page story, the New York Times (12/27, A1, Rohde, 1.16M) reports on Iran's "drive to become a bigger player in Afghanistan, as it exploits new opportunities to spread its influence and ideas farther across the Middle East." Iran has "distributed its largess, more than $200 million in all, mostly here in the west but also in the capital, Kabul." Iran's ambassador, Muhammad Reza Bahrami, "portrayed his government's activities as neighborly good works, with a certain self-interest. Iran, he said, is

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eager to avoid repeating the calamities of the last 20 years, when two million Afghan refugees streamed over the border." But there are "indications of other motives. Iranian radio stations are broadcasting anti-American propaganda into Afghanistan."

Growing Afghan Heroin Poppy Yield Fuel's US Consumption. The Chicago Tribune (12/27, Therolf, 617K) reports, "The amount of high-quality heroin in America is surging because of an increasing supply from Afghanistan, and with it the fear that record-breaking poppy harvests after the U.S. invasion are fueling more addictions and overdose deaths back home. According to a Drug Enforcement Administration report obtained by the Los Angeles Times, Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States. Its share of the U.S. market doubled from 7 percent in 2001, the year U.S. forces overthrew the Taliban, to 14 percent in 2004, the latest year studied. Another DEA report, released in October, said the 14 percent actually could be significantly higher."

NATO Urged To Court Afghani Hearts And Minds. In a USA Today op-ed, Sarah Holewinski, executive director of CIVIC, the Campaign for Innocent Victims in Conflict, writes, about the plight of the families of unintended victims of US military operations in Afghanistan, profiling one father of two girls who "were killed when a U.S. bomb missed its target and exploded in their playground. He says he never saw an American face, never received an apology. At the time, the United States had no program in place to provide compensation for his loss or aid for his family. Meanwhile, the Taliban brought cotton to wrap the dead and food, money and medical care for his wife's severe head injury. That's straight out of the insurgency playbook. And it's one reason the insurgents are winning small battles everyday." Holewinski calls on NATO forces in the country to "recognize what America has learned the hard way in Iraq: You can't win the war if you don't win the people," noting that US forces now compensate such victims, having adapted to the conflicts in Iraq and Afghanistan. She concludes, "The point is not to put a dollar value on human lives, but to offer a gesture of respect reflecting a sense of common humanity—and to recognize the simple truth that Afghanistan will be won one civilian at a time."

Pentagon Seeks To Make Military More Muslim-Friendly. The Christian Science Monitor (12/27, Whittle, 59K) reports on efforts by the DOD and the military to recruit American Muslims into the military, "which needs officers and troops who can speak Arabic and other relevant languages." Moreover, "Pentagon officials say they are striving for mutual understanding with Muslims at home and abroad and to win their support for US war aims." Muslim prayer rooms in military installations, imams recruited to serve as chaplains, and observances of Muslim religious events are among the military's retention tactics. "'There is a message here, and that is that Muslims and the Islamic religion are totally compatible with Western values,' says Deputy Defense Secretary Gordon England in an interview. For the past two years, Mr. England has hosted an iftar, the feast that ends the daytime fast during the Muslim holy month of Ramadan, at the Army Navy Country Club in Arlington, Va. His guests have included ambassadors, leaders of the Muslim-American community, and Muslims who serve in the US armed forces." The Monitor concludes by detailing a "new Middle East Cultural Outreach Program created by the Marine Corps" whose "goal is to educate recruiters to avoid cultural no-nos and foster good relations with Arab-American communities."

DOJ:

DOJ Attorneys May Receive Comp Time. The Federal Times (12/27, Friedman) reports, "More than 9,000 Justice Department attorneys can now receive comp time for after-hours business travel, two years after most federal employees won that right." The Times continues, "On Dec. 20, the president signed HR 4057, which allows the department's lawyers to claim compensation time when their work requires travel during irregular hours, such as evening or weekend flights to attend morning meetings. The House passed the bill in March. The Senate followed on Dec. 6." The Times adds, "Federal workers have been able to claim comp time for official travel since Congress passed the 2004 Workforce Flexibility Act. But the Justice Department had excluded its lawyers, citing a 1999 law that limits their overtime pay. That left about 4,000 department attorneys and 5,400 assistant United States attorneys ineligible for comp time. The new bill, sponsored by Rep. Jon Porter, R-Nev., makes all of the lawyers eligible regardless of the 1999 rule. … The National Association of Assistant United States Attorneys, which represents 5,400 assistant U.S. attorneys, hailed the bill-signing as an 'important legislative victory.'"

Interim Arkansas US Attorney Wants To Focus On Job, Not Appointment Process. The Arkansas Democrat-Gazette (12/27, Satter) reports, "Newly appointed as interim U. S. attorney for the Eastern District of Arkansas through a maneuver that has drawn criticism from the state's two reigning Democrats, Tim Griffin says he hopes to turn the spotlight off the way he got the job and onto his plan to aggressively fight crime through cooperative efforts. … 'I am honored by the attorney general's decision to name me U. S. attorney,' Griffin said Wednesday, his first day on the job. 'I look forward to working with Sen. [Mark] Pryor and Sen.

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[Blanche] Lincoln to make Arkansas safer,' he said after a long day that began with being sworn in by Chief U. S. District Judge Leon Holmes and ended with many of his books and papers yet to be moved into a corner office from a smaller space down the hall that he has occupied since September." The Democrat-Gazette continues, "Just five days earlier, the U. S. Department of Justice announced that Attorney General Alberto Gonzales planned to appoint the 38-year-old lawyer from Magnolia to the post that Bud Cummins earlier announced he was vacating after five years. … Sens. Pryor and Lincoln immediately expressed dismay that the interim appointment came during a congressional recess, under a provision of the Patriot Act that allows the fill- ing of a vacancy without going through the usual process of being nominated by the White House, screened by the Senate Judiciary Committee and voted on by the Senate. … The surprise announcement 'denied the Senate the opportunity to carefully consider and evaluate Mr. Griffin's qualifications and denied the American people the transparency the standard nomination process provides,' Lincoln said through a spokesman."

The AP (12/27) reports, "Justice Department spokesman Brian Roehrkasse said Griffin's appointment is meant to be temporary, at least until it can go through the formal nomination process. Roehrkasse said they have asked the Arkansas senators to meet with Griffin so that they may help support a Congressional nomination in the future. … Roehrkasse sad Griffin was chosen because of his experience working as a federal prosecutor in Arkansas and in the Justice Department. … However, Ryan James, spokesman for Arkansas only Republican U.S. congressman John Boozman, said a full Senate confirmation process could be unfair to Griffin because of the newly-elected Democratic-majority Congress being and Griffin's prior association with Rove."

CORPORATE SCANDALS:

Faked Documents May Be Focus Of Apple Case. The California Recorder (12/27, Scheck) reports, "It must be some consolation for Apple Computer that the company's annual report is going to be published during the slowest news week of the year. … Given the uncomfortable admissions about its past stock options practices -- and the cost to the company -- that Apple will have to make in the delayed SEC filing due by Friday, less public attention is probably a good thing. … But the lull is unlikely to last long. According to people with knowledge of Apple's situation, federal prosecutors are looking closely at stock option administration documents that were apparently falsified by company officials to maximize the profitability of option grants to executives." The Recorder continues, "The faked documents were revealed in a three-month internal probe -- conducted by Quinn Emanuel Urquhart Oliver & Hedges -- that concluded in October, said individuals familiar with the case who requested anonymity because it remains the subject of criminal and civil government investigations." The Recorder adds, "The falsification of documents is perhaps the key issue for government officials trying to determine which of their 100-plus backdating investigations will be pursued as criminal matters and which will be limited to civil SEC inquiries. … 'When there are falsified documents, the government views them as an intent to defraud, because people generally don't falsify documents unless they're trying to make things different from reality,' said Keith Krakaur, a partner at Skadden, Arps, Slate, Meagher & Flom in New York working on backdating cases. … Krakaur was speaking generally and not about Apple, with which he's not involved. But he has been in the middle of one of the most contentious options cases yet: He represented Kobi Alexander, the former CEO of Comverse Technology who was indicted by Brooklyn federal prosecutors on charges of backdating option grants. Krakaur is no longer working on that case, and Alexander has been living as a fugitive in Namibia for the past several months. … Krakaur and other defense lawyers -- including several in San Francisco who asked to remain anonymous for fear of affecting local probes -- said government lawyers are focusing on falsified records as a means of proving that executives knew their actions were wrong. … Since the fruits of Apple's internal investigation were disclosed to San Francisco federal prosecutors in October, the U.S. Attorney's Office has shown great interest in the case, said individuals with knowledge of the probe. … And while it's not yet clear who the prosecutors' focus is, Apple released a statement in October that 'the investigation raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants.'"

CNET To Pay Former COO $750,000, Reprice Options. Bloomberg (12/27, Heiskanen) reports, "Cnet Networks Inc., a provider of online news and information, will pay $750,000 to Barry Briggs, who resigned as president and chief operating officer, and reprice stock options held by nine individuals including Briggs." Bloomberg continues, "Briggs will receive the payment when he leaves the company Jan. 12, San Francisco-based Cnet said today in a regulatory filing. Cnet said Briggs, who resigned on Dec. 11, also remains eligible to receive a bonus for 2006. … Briggs, two other executives and five independent directors agreed to reprice some stock options they hold, Cnet said in the filing. The options were vested by 2005 and had exercise prices set below fair market value on the day they were granted. The directors also agreed to repay any after-tax gains from

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exercised options that vested with discounted prices." Bloomberg adds, "Cnet's co-founder and former chief executive officer, Shelby Bonnie, stepped down in October after the company found that some stock options had been backdated. Neil Ashe, the company's head of strategy, was named to replace Bonnie. Briggs's resignation left Ashe to sort out the company's finances, deal with federal options probes and fend off encroaching competition from companies including Yahoo! Inc. … Ashe's base salary was set at $500,000 and he may get a bonus of as much as $400,000 a year, Cnet said in the filing today. He also received options for 1.5 million Cnet shares that vest in installments beginning in October 2007. … Bonnie also agreed to have his options repriced, Cnet said today. The company said he didn't exercise any options, so there was no need for repayment."

More Stock Options Prosecutions Expected Next Year. The AP (12/27, Gordon) reports, "Eighteen chief executives swept out. More than 100 public companies under federal investigation and more than $5 billion in profits erased by restatements. Indictments so far: five former top executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc." The AP continues, "The toll of the stock options timing affair -- corporate America's scandal of the year -- has been heavy. Federal officials say more prosecutions will be brought in 2007 over manipulation of the timing of stock option grants to enrich top company executives." The AP adds, "Nearly every business day, more companies report federal or internal investigations. New lawsuits by shareholders are filed. More businesses disclose that because past option grants may have distorted their financial results, they may have to restate earnings. .. .Next year could well bring more restatements, and companies' stock could be stripped from public trading because reviews of options grants made them late in filing their quarterly financial reports. … The Justice Department will 'continue to be engaged for perhaps years to come, as we work these cases out,' U.S. Attorney Kevin Ryan, who heads a task force in Northern California pursuing options timing cases, said recently at a gathering of attorneys. 'The final chapter hasn't been written yet.'" The AP notes, "Many of the companies ensnared in the scandal are in Silicon Valley's high-tech industry, where stock options for employees created legions of millionaires in the dot-com era. … The prized perks allow executives and employees to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price -- and pocket the difference."

The Wall Street Journal (12/27, A1, Maremont, Forelle) reports, "Eugene Isenberg is the little-known chief executive of a modest-sized oil-services company in Houston. But he stands out in one way: He is among the highest-paid corporate executives in history. In the past 19 years, he has pocketed more than $450 million. … The key to this wealth: stock options, in abundance. His employer, Nabors Industries Ltd., has lavished more than 25 million options on him over the years. … They became lucrative partly because of Nabors's generally rising stock price, but also because of some controversial moves that gave the options more punch. When Nabors's stock fell below the price at which the options could be exercised, temporarily making them worthless, Nabors let him trade in some of his options for new ones with lower exercise prices. And when Mr. Isenberg cashed some options in, Nabors 'reloaded' him, replacing those he'd exercised with the same number of new ones." The Journal adds, "Stock options were hailed two decades ago as a remedy for runaway executive pay. Academics, politicians and investors, tired of seeing CEOs pocket big money for a so-so job, pushed to have stock options become a primary method of compensating executives. Options -- granting the right to buy stock tomorrow at today's price -- would pay off only if the company's stock went up. To advocates they were the ideal carrot, an incentive for good work that aligned executives' interests with those of shareholders. … That happened -- sometimes. But at many companies, options morphed into the biggest executive bonanza yet, pouring out cash like a stuck ATM, and sorely disappointing those who thought options would moderate executive pay. … Instead of replacing big bonuses, options became an additional form of pay slathered on top of already-generous packages. Employers doled out options in ever-growing numbers, in part because, until recently, accounting rules meant companies didn't have to treat this largess to executives as an expense. And like Nabors, some used repricing, reloading and other tactics that made it even easier for executives to score huge hauls." The Journal notes, "This year, options practices exploded in one of the biggest corporate-fraud scandals in decades. Some companies and executives stole from shareholders, by pretending that options had been issued earlier than they really were, at more favorable prices. At least 130 U.S. corporations are under investigation for possible backdating of option grants. Some have admitted to it. More than 60 executives and directors of public companies have lost their jobs so far, 17 of them chief executive officers. After probable backdating was exposed at giant insurer UnitedHealth Group Inc., the CEO had to resign and give up about $200 million of stock-options value. The company said it will have to restate past earnings by as much as $1.7 billion."

SEC Launches Probe Of UnitedHealth Options Practices. The Wall Street Journal (12/27, B8) reports, "UnitedHealth Group Inc. said the Securities and Exchange

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Commission has launched a formal investigation into its stock-options practices." The Journal continues, "The Minnetonka, Minn., health insurer had been the subject of an informal SEC inquiry since April. … 'The company has cooperated and will continue to cooperate with the SEC,' UnitedHealth said in an SEC filing." The Journal adds, "The company has delayed financial reports while it reviews its stock-options practices, which have led to an internal probe, a management shake-up and a restatement of financial results. UnitedHealth has said that using current accounting practices, the pretax charges for stock-based compensation expense are likely to range from $400 million to $600 million for the period 1994-2005, as well as from $25 million to $60 million for 2006." The Journal notes, "The company has said it has substantially completed its analysis of the adjustments made to its financial statements and has asked for consultation on certain interpretive issues with the SEC's top accounting official. UnitedHealth said it will review these issues with SEC staff before completing its restatement of historical financial statements and filing quarterly reports for the quarters ended June 30 and Sept. 30, 2006. … UnitedHealth is one of the largest companies to be ensnared in the options-backdating scandal, in which companies manipulated the dates that options were awarded to provide additional compensation to executives. More than 130 companies have come under scrutiny by the SEC, and many of those are being investigated by the Justice Department."

Former FBI Chief Freeh To Monitor DaimlerChrysler Bribe Probe. The Detroit News (12/26, Shepardson) reports, "DaimlerChrysler AG has hired former FBI director Louis Freeh to serve as an outside monitor as it nears the end of a two-year internal investigation that has uncovered multiple instances of bribery by company employees, according to people familiar with the situation." The News continues, "The massive internal investigation found employees at the automaker's Mercedes division bribed officials in Asia, Africa and Eastern Europe, the people said." The News adds, "The bribery allegations, brought to light in 2004 by company whistle-blowers, also are the focus of a civil investigation by the Securities and Exchange Commission and a criminal probe by the Justice Department. … Company officials would not comment on the findings of the internal probe. … At its height, the internal investigation led by prominent Washington, D.C., attorney Robert Bennett involved 85 lawyers and nearly as many accountants reviewing millions of documents and conducting hundreds of interviews. The company's legal, accounting and consulting bills connected to the probe have topped tens of millions of dollars, a person familiar with the matter said."

The AP (12/27) reports, "Freeh is a member of the Gavel Consulting Group, which consists of former federal judges 'who can provide strategic advice to corporations and law firms on anticipated actions in business, litigation and investigations,' according to the group's Web site." The AP adds, "In 2004, the Securities and Exchange Commission opened an inquiry after a DaimlerChrysler employee said he was fired for complaining that the company was using secret bank accounts to bribe government officials. … In 2005, DaimlerChrysler acknowledged that the Justice Department was investigating whether the company had paid bribes to foreign officials with the knowledge of its senior executives. The company said it is continuing to cooperate with the investigations."

SEC To Amend Rules On Executive Compensation Disclosure. The Deal (12/27, Block) reports, "The Securities and Exchange Commission is changing newly adopted rules governing the disclosure of executive and director compensation." The Deal continues, "In a statement released Friday, the agency said it is altering the requirements for disclosing the value of stock option awards and giving firms more flexibility in how they report those expenses." The Deal adds, "The SEC said the new rules should more closely conform with the reporting of stock option awards under standards in the Financial Accounting Standards Board's rule FAS 123. That rule requires recognition of the costs of stock option awards over the period in which an employee is required to provide service in exchange for the award. … Using this same approach when disclosing executive compensation will give investors a better idea of the compensation earned by an executive or director during a particular reporting period, the SEC explained in its announcement." The Deal notes, "The SEC compensation rules were the most extensive overhaul of executive-pay regulations in 14 years. The SEC received more than 20,000 comment letters, a record, before adopting the new rules in July."

The New York Times (12/27, Norris) reports, "The change in the way grants of stock options are to be explained to investors is a victory for corporations that had opposed the rule when it was issued in July, and a defeat for institutional investors that had backed the S.E.C.'s original rule." The Times adds, "Christopher Cox, the commission chairman, said yesterday that he viewed the decision as 'a relative technicality' that improved the rule. When the rule was adopted in July, Mr. Cox said it was aimed at providing information that would allow shareholders to 'make better decisions about the appropriate amount to pay the men and women entrusted with running their companies.' … In announcing the new rule on Friday, he said 'the new disclosure requirements will be easier for companies to prepare and for investors to understand.'"

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CRIMINAL LAW:

Police Groups Urge Congress To Increase Spending On Law Enforcement. The Washington Times (12/27, Seper, 88K) reports, "The International Association of the Chiefs of Police is urging Congress to step up its support for law-enforcement agencies after what it calls 'years of deep budget cuts and a disturbing rise in crime rates.'" Joseph Carter, chief of the Massachusetts Bay Transportation Authority Transit Police Department and president of the IACP, said "law-enforcement agencies are stretched too thin: crime rates rise. … We are hopeful that the 110th Congress will take our suggestions to heart and not only completely fund important programs, but also establish new programs and enhance others that will help state, local and tribal law enforcement keep our homeland and hometowns safe."

Canadian Gold Medal Winner Detained In US On Child Abduction Charge. The AP (12/27, Witte) reports, "A federal judge on Tuesday ordered Canadian Olympic gold-medalist Myriam Bedard to temporarily remain in the custody of U.S. marshals after being charged with violating a child custody order by bringing her 12-year-old daughter to the United States." The AP continues, "U.S. Magistrate Judge James K. Bredar scheduled a hearing for Friday in Baltimore to address whether the U.S. government has the authority to detain the former biathlon champion pending extradition to Canada." The AP adds, "Kevin McCants, an attorney representing Bedard, said he was working on an arrangement that would enable his client to return voluntarily to Quebec on Friday to face the charge. McCants said the holidays have made it difficult to negotiate, but he has been in touch with Canadian prosecutors. … Bedard, 37, was arrested Friday night in Maryland after U.S. marshals found her and her 12-year-old daughter, Maude, at a Columbia hotel. Bedard, of Quebec, Canada, has been in the custody of U.S. marshals since the arrest. Her daughter is back in the custody of Bedard's ex-husband, Jean Paquet. … Bedard faces up to 10 years in prison on the child abduction charge, but her attorneys contend she didn't break the law. .. .Assistant U.S. Attorney Philip Jackson argued that Bedard should be detained because she was a flight risk."

Pittsburgh ID Thief Charged With Forging Leniency Letter. The Pittsburgh Post-Gazette (12/27, Ove) reports, "A man whose prosecution three years ago was announced as part of an identity theft crackdown dubbed 'Operation Identity Crisis' is in trouble again after trying to fool a notoriously no-nonsense federal judge with a forged letter asking for leniency." The Post-Gazette continues, "U.S. marshals are looking for James M. Lyle, 22, of the West End, who was released from federal prison in May, after he failed to appear Thursday for a probation violation hearing before Senior U.S. District Judge Alan Bloch. … Mr. Lyle, who had more than 3 million credit card numbers on his computer when Pittsburgh police arrested him in 2003, was arrested again last month on new theft charges stemming from an August online purchase of a laptop computer with a stolen credit card. … That new arrest meant he had violated the terms of his probation from his previous federal case, according to a filing by the U.S. Probation Office." The Post-Gazette adds, "At a hearing before Judge Bloch on Dec. 13, Mr. Lyle admitted the new offense and the judge placed him on home detention until a space opens up for a six-month term at a Downtown halfway house. … At that hearing, Mr. Lyle also presented the judge with a letter purportedly from Timothy Savina, his boss at British Petroleum in Scott where he had been working, indicating that Mr. Lyle was turning his life around and shouldn't go back to jail. .. .But Assistant U.S. Attorney Brendan Conway thought the letter looked suspicious and asked police to check it out." The Post-Gazette notes, "After the forgery came to light, Judge Bloch scheduled a new hearing for Dec. 21, at which time there was a good chance Mr. Lyle would go to jail. But Mr. Lyle didn't show and the judge, who has a reputation as the toughest on the federal bench in Pittsburgh, issued a warrant for his arrest. … Mr. Lyle had been arrested by Pittsburgh police for credit card theft before 2003, but after another arrest that year authorities decided to lump him together with 11 other defendants as part of 'Operation Identity Crisis,' a joint effort of the U.S. Justice Department, U.S. Postal Inspectors, Federal Trade Commission, U.S. Secret Service and various banks."

Kansas Attorney General To Seek Renewal Of Abortion Provider Charges. The AP (12/27) reports District Judge Paul W. Clark "agreed Tuesday to let Kansas' attorney general, a vocal abortion opponent, try to persuade him to reinstate charges against a well-known abortion provider." Judge Clark "scheduled a hearing for Wednesday after Attorney General Phill Kline asked him to reconsider his decision to dismiss the case against Dr. George Tiller over a jurisdictional issue." Kline, who "lost his re-election bid in November and leaves office in three weeks, filed 30 misdemeanor counts last week accusing Tiller of illegally performing 15 late-term abortions." On Friday, Clark had "dismissed the charges after Sedgwick County District Attorney Nola Foulston argued that Kline didn't have the authority to file the charges."

Houston Police Investigating International Flight Luggage Dumped In Trash Bin. In a widely-

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distributed story, the AP (12/27) reports, "Authorities were trying to figure out how dozens of pieces of luggage belonging to international air travelers ended up in a trash bin behind a Houston pet store. FBI special agent Rolando Munoz said 68 pieces of luggage from various international flights were discovered. He said the luggage was turned over to Continental Airlines to sort out." Harris County Sheriff's Sgt. Dana Wolfe "said tags on the bags showed some of the travelers were going to or from London and Dubai. The Houston Police Department is handling the case, Munoz and Wolfe said."

Security Experts Predict Worsening Cyber Crime In 2007. The Washington Post (12/27, D1, Krebs, 690K) reports, "It was the year of computing dangerously, and next year could be worse. That is the assessment of computer security experts, who said 2006 was marked by an unprecedented spike in junk e-mail and more sophisticated Internet attacks by cybercrooks. Few believe 2007 will be any brighter for consumers, who already are struggling to avoid the clever scams they encounter while banking, shopping or just surfing online. Experts say online criminals are growing smarter about hiding personal data they have stolen on the Internet and are using new methods for attacking computers that are harder to detect." The Post notes, "At any given time, between 3 million and 4 million compromised computers are active on the Internet, according to Gadi Evron, who managed Internet security for the Israeli government before joining Beyond Security, an Israeli security firm. And that estimate only counts spam bots."

Hotel Conglomerate CEO Calls For International Cooperation To Fight Cyber Crime. In a Wall Street Journal (12/27, 2.04M) op-ed, Leading Hotels of the World President and CEO Paul McManus writes, "With the Web now the shopping mall of choice for time-crunched consumers, cyber-thieves are 'dressing up' Web sites and tweaking competitors' domain names to capture unsuspecting shoppers." McManus adds, "What's needed is a set of international laws protecting business and consumers against Internet fraud plus a global squad of cyber crime-busters to enforce them. The U.S. has specific computer fraud laws and the FBI takes 'thousands of complaints' annually through its Internet Crime Complaint Center (www.ic3.gov). But perpetrators who zero in on businesses like mine often work in countries with no laws protecting Web users and lax or little cooperation with U.S. or other foreign law-enforcement agencies. Collaboration is the only realistic solution for the private sector to protect brands from online pirates."

Suburban Houston Rapist Preys On Men. The AP (12/27, Porretto) reports, "A rapist who has struck at least five times since April in and around Baytown has not only spread fear in this working-class community but also piqued the interest of those who study the criminal mind. The reason: He preys on other men. … That makes him something of a rarity in the world of crime." The AP reports that "experts say male-on-male rape sometimes stems from sexual encounters gone bad. But that does not appear to be the case with the rapist in this oil-refining town of 70,000 people about 30 miles east of Houston. … Instead, he methodically identifies and stalks young men and attacks them at gunpoint or knifepoint in or near their homes, according to police Capt. Roger Clifford. Sometimes he robs his victims, too, but rape appears to be the primary motivation, police said." The AP adds, "The U.S. Justice Department says one in 33 men in the United States has been a victim of a rape or attempted rape, compared with one in six women. Experts say men are far less likely to report a rape to authorities, because they fear being perceived as weak or see the attack as an assault on their masculinity. … In fact, investigators in Baytown fear there may be other victims of the rapist who are too ashamed to come forward. … Three of the attacks have occurred in the city, the other two on the outskirts of town. The most recent attack was Nov. 30. Clifford would not give details of the rapes but said at least one victim managed to thwart the attack."

Slow Pace Of Virginia's DNA Review Criticized. The Washington Post (12/27, B1, Rondeaux) reports, "A year after Virginia's crime lab launched an unprecedented review of old cases that experts said could free dozens of wrongly convicted people, the project appears to be years from completion, and some are questioning the credentials of the private company selected to do the DNA testing." The Post continues, "Former Virginia governor Mark R. Warner (D) ordered a full review of the cases last December after an analysis of old evidence revealed that two men were not guilty of sexual assault. Warner pardoned the men, who became part of a wave of exonerations that reignited a national debate over post-conviction DNA testing. … At the time, Virginia crime lab director Paul Ferrara predicted that the retesting project would be completed within two years and could free dozens of innocent inmates. But now, just days from retirement, Ferrara has revised his prediction, saying changes at the lab have stalled progress. … 'We got nowhere for a while. It has suffered some delays because of staff turnover,' Ferrara said. 'But we're as interested and as anxious to see this thing through as everyone else. We could see as many as 30 possible exonerations when this is all over with.'" The Post adds, "The physical evidence came to light in 2001, when an inmate asserted his innocence under a new state law that for the first time granted the right to request testing of newly discovered evidence more than 21 days after sentencing. Lab analyst Mary Jane Burton, who retired in 1988 and died in 1999, and two other lab workers

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meticulously preserved pieces of clothing smeared with blood, semen or saliva before DNA testing got underway in the early 1990s. A cursory review of a small sample of Burton's files has exonerated five former convicts. … Earlier this year, legal experts speculated that the retesting effort could be slowed when Ferrara, 64, announced in August plans to retire by the end of this year. Gov. Timothy M. Kaine (D) has not selected Ferrara's successor, but the state's Forensic Science Board has interviewed several internal and external candidates, and a decision is expected next month, Virginia officials familiar with the process said. … The evidence review entails a painstaking, multi-step process of separating out cases contained in 660 boxes packed with thousands of files from 1973 through 1988, identifying suspects convicted in each case and determining if physical evidence samples can be tested for DNA."

Law Requires Disinterment Of Murderer Buried At Arlington Cemetery. The Washington Post (12/27, B5, Bahrampour) reports, "The remains of a man convicted of murdering an elderly Hagerstown, Md., couple will be removed from Arlington National Cemetery as part of a bill signed into law by President Bush." The Post continues, "Bush signed the $3.2 billion bill, the Veterans Benefits, Health Care and Information Technology Act of 2006, on Friday. … The bill seeks to improve benefits and health care for veterans and their families. It also requires the Secretary of the Army to remove the cremated ashes of Russell Wayne Wagner, who was convicted of murdering Daniel Davis, 84, and Wilda Davis, 80, in 1994. … 'Arlington Cemetery is reserved as a place of honor for men and women who have served their nation in the armed services. It is appropriate to remove the remains of individuals, who, by their own criminal actions, have brought dishonor to themselves and the memory of their service,' said Tony Frato, a White House spokesman." The Post adds, "Wagner died in early 2005 of a heroin overdose while serving two life sentences. An Army private who served during the Vietnam War and was honorably discharged in 1972, Wagner was eligible for parole at the time of his death, which made him eligible for an Arlington service. He was buried with honors in August 2005. .. But after publicity about the case and pressure from the couple's family and Sens. Larry E. Craig (R-Idaho), Barbara A. Mikulski (D-Md.) and Ken Salazar (D-Colo.), the case was revisited."

Figure In Alaskan Land-Use Dispute Pleads To Incest Charges. The Washington Post (12/27, A2, Harden) reports, "Robert Hale, a Bible-toting father of 15 who calls himself Papa Pilgrim, became an anti-government celebrity in Alaska by driving a bulldozer across a national park that encircles his land. … The Lord told him that using the bulldozer to clear 14 miles of derelict road through the park was a loving thing to do, Hale said in an interview three years ago. … 'In order for me to love my children, I have to be a provider,' Hale said then, explaining that he needed the bulldozer to fetch supplies for his children, whom he and his wife were home-schooling in an ultra-strict Christian way. … He said his children read only the Bible, always bathed with their clothes on and were not allowed to see one another naked." The Post adds, "Yesterday in a Palmer, Alaska, courtroom, Hale, 65, answered very different questions about his behavior and his family: He pleaded no contest to multiple charges that he raped one of his daughters. … The plea, which came three weeks before Hale was to face trial on 27 felony charges of rape, incest and coercion, punctuates an implausible saga that stretches from Texas to the outback of eastern Alaska. It is a story by turns picaresque, outrageous and sad. … Hale and his now-estranged wife, Kurina, who calls herself Country Rose, and their children, who all have names from the Bible, bought a 410-acre ranch inside Wrangell-St. Elias National Park, the largest national park in the United States. … Much of the money for the $450,000 purchase in 2002 came from the Alaska permanent fund dividend. It is an oil-funded annual payment that this year was worth $1,107 to each state resident. After Hale and his family moved to Alaska in 1998, the dividend provided the onetime subsistence farmers -- who also earned money performing gospel music -- with more cash than they had ever had. … The ranch, which they named Hillbilly Heaven, is an in-holding, which means it is surrounded by federal land controlled by the National Park Service. Under the 1980 law that established much of the vast national park system in Alaska, in-holders are guaranteed 'reasonable and feasible' access to their property. … Hale's bulldozer romp stretched that guarantee beyond the breaking point. The Park Service cited Hale for violating federal law. … But land-rights activists, who in Alaska and across the West have complained for decades about persnickety law enforcement in and around federal parks, adopted Hale and his family as camera-ready symbols of America's frontier spirit."

WPost Urges Broad Death Penalty Debate In Maryland. The Washington Post (12/27, A18, 690K) editorializes, "The Maryland Court of Appeals has thrown a big wrench into the state's already anemic death penalty enforcement. It ruled last week that Maryland's procedures for lethal injection were adopted without adequate legislative oversight." The court action is "an opportunity for a much broader discussion of the utility, justice, necessity and morality of capital punishment. It comes at a propitious moment. Incoming governor Martin O'Malley (D) personally opposes the death penalty. He did not appear inclined to dismiss the court ruling as a mere technicality -- which,

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formally speaking, is all it really is. That's good. Maryland doesn't need a big debate about how it kills people, but the time is ripe to debate whether it should stop."

CIVIL LAW:

FBI Leak Case Files Missing. The New York Sun (12/27, Gerstein) reports, "The FBI is missing nearly a quarter of its files relating to investigations of recent leaks of classified information, according to a court filing the bureau made last week." The Sun continues, "In response to a Freedom of Information Act lawsuit, the FBI said it identified 94 leak investigations since 2001, but that the investigative files in 22 of those cases 'are missing' and cannot be located. 'There is no physical slip of paper on the shelf which indicates that the file has been charged out to a particular FBI employee, so therefore there is no way of knowing where the file may actually be,' an official in the bureau's records division, Peggy Bellando, wrote in a December 22 declaration. … 'That's an amazing number,' an academic who has studied the FBI's record-keeping procedures, Athan Theoharis of Marquette University, said in an interview yesterday. 'These are very sensitive investigations. ... They could be called to account for whether they are monitoring reporters. These are records that should be handled very well.'" The Sun adds, "Over the past decade, the FBI has waged an epic struggle to computerize and automate its records systems. The agency abandoned a $170 million 'Virtual Case File' project last year after years of Congressional hearings and critical evaluations led to the conclusion that the system would never be implemented successfully. … One frequent critic of government database programs, Barry Steinhardt of the American Civil Liberties Union, said that record makes it understandable that a substantial proportion of the leak files would be mislaid. … 'It's par for the course,' Mr. Steinhardt said. He noted that the Justice Department has already put about 1 million case records into a database, called OneDOJ, that is being made widely available even though the files may contain unverified or erroneous data. 'They want to distribute it to law enforcement in every city in the United States, but here the FBI can't manage its own files,' the critic said."

Court Approves Creditor Vote On Seracare Bankruptcy Plan. The AP (12/27) reports, "SeraCare Life Sciences Inc., which makes medical supplies from blood plasma, has won court approval to send its shareholder-backed bankruptcy plan to creditors for a vote." The AP continues, "Judge Louise DeCarl Adler of the U.S. Bankruptcy Court in San Diego on Thursday signed off on the biotechnology company's disclosure statement, which outlines its plan to exit Chapter 11 through a rights offering to existing shareholders. … Under bankruptcy law, a judge must approve such a statement before a company can send its plan to creditors for a vote." The AP adds, "A group of SeraCare shareholders, led by hedge fund Harbinger Capital Partners, has agreed to backstop a $20.2 million rights offering that would finance the company's bankruptcy exit. The group holds over 30 percent of SeraCare's common stock. … Shareholders, last in line for repayment in a Chapter 11 case, will get one share in the reorganized company for each share they own, along with the right to participate in the rights offering, which will offer shares at $4.75 each. Options and warrants will be reinstated after SeraCare emerges from bankruptcy. … Harbinger will also buy SeraCare's bank debt and allow it to use the cash collateral securing the debt without paying default interest through June 2007. … The Securities and Exchange Commission and the Justice Department have been investigating SeraCare, which on March 15 announced it would restate its financial results for the first three quarters of 2005. SeraCare's chairman, chief executive and financial chief were fired in March, just before the company filed for bankruptcy protection."

Small Businesses Fight Federal Contracting Rules. The New York Times (12/27, Nixon) reports, "In 1995, Joseph N. Cooper won a multiyear contract worth up to $8 million to do public relations for the Immigration and Naturalization Service. He received the contract through a Small Business Administration program established to increase opportunities for small companies. … But not long after the work was under way, the deal was awarded instead to three multimillion-dollar companies, which were listed as disadvantaged in contract documents. After years of trying to win the contract back, Mr. Cooper filed a false-claims lawsuit against the companies, asserting that they had committed fraud by saying they were small businesses." The Times continues, "This year, to Mr. Cooper and his lawyer's surprise, the court ruled that although evidence showed the companies were indeed not small businesses, fraud had not been committed because the I.N.S. knew their true status when the work was awarded to the companies — J. Walter Thompson, the Bernard Hodes Group and Cass Communications. … The case was dismissed. … 'We were floored,' Mr. Cooper said in an interview. 'The ruling essentially said that I was right, the companies were not small, but so what.'" The Times adds, "That experience points to the kind of Catch-22 world that some small-business owners face when they challenge the awarding of government contracts. … Many studies have shown that hundreds of government contracts set aside for small business are being awarded to large corporations. Federal laws provide several mechanisms that allow small-business owners who suspect that contracts have been awarded to

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large companies to protest. .. .But small-business owners say that the rules in many cases impose nearly impossible standards on them. Even if they do succeed in protesting an award, they say, and prove that federal agencies are intentionally awarding small-business contracts to big companies, there are almost no penalties. Often, the large companies get to keep the contacts. … Congress may be more receptive to their calls for change next year, when two longtime critics of the practice assume leadership positions for the committees overseeing small business."

CIVIL RIGHTS:

Courts Seek Ways To Handle Mentally Ill Defendants. The AP (12/27) reports, "A program in Cuyahoga County (OH) courts, started in response to concerns mirrored in the justice system nationwide, aims to better understand and deal more efficiently with people who are mentally ill." The AP continues, "The county and several other communities across Ohio have established mental health courts to specifically handle such defendants. In the Cleveland-area program, some municipal and common pleas judges oversee mental health cases and try to place defendants with psychological problems into court-supervised treatment programs. … 'We're not dealing with a high population of people with really good, secure home lives,' Municipal Judge Kathleen Keough said. 'We get people whose life has been in upheaval for years and who don't know any of their rights. No stability. Nobody really to count on.'" The AP adds, "In the past, those awaiting trial who showed signs of mental illnesses, such as depression or schizophrenia, tended to stay in jail two to three times longer than others while officials determined if they were competent to stand trial. Because those people might need close supervision and daily medications, the cost of keeping them behind bars can be as much as double that for others." The AP notes, "The program in Cuyahoga County sprang from an initiative started three years ago to try to better handle mentally ill defendants. … Recent studies indicate that mental disorders affect one of every four adults in the United States. Yet a recent U.S. Department of Justice study found that more than half the inmates in the nation's prisons and jails have mental health problems. … Part of that can be traced to fewer psychiatric hospitals, said Dr. Philip J. Resnick, director of forensic psychiatry at Case Western Reserve University. In 1960, more than 550,000 people were in psychiatric hospitals throughout the country, Resnick said. With the closing of many of the hospitals, that number has dropped to about 70,000. … The Bureau of Justice Assistance, part of the U.S. Justice Department, helps to administer the federal government's Mental Health Courts Program. The program funds projects that seek to improve the way courts help adults with mental disabilities or illnesses. Mental health courts generally deal with nonviolent offenders."

ANTITRUST:

Experts Say Delta's Antitrust Objections May Be Overstated. The Deal (12/27, Lindell) reports, "Delta Airlines Inc. is using the looming specter of antitrust regulation as a key reason to fight an $8.5 billion takeover bid from US Airways Group Inc., but antitrust experts say Delta's argument is exaggerated." The Deal continues, "The airline's Dec. 19 warning about the antitrust risks titled, 'Proposed US Airways/Delta Merger Would Be Highly Anticompetitive' begins with a statement that the two airlines have 'overlapping networks.' … While it is true that the two nationwide carriers compete in many routes, the notion that antitrust problems make the deal a nonstarter "is just silly," according to a former government antitrust official. … The Department of Justice 'is clearly going to look at this, and it's probably going to take four to five months,' but Delta's warning that the review will take a year is not correct, according to the lawyer who asked that his name not be used." The Deal adds, "In a Dec. 21 response to Delta's antitrust analysis, US Air acknowledges that some shuttle services between New York and Washington would have to be sold off, and that there are competitive problems with flights between Cincinnati and Charlotte, N.C., as well as Cincinnati and Philadelphia. Two city pair overlaps, according to US Air, is a far cry from the alarmist Delta report that identified more than 30 overlapping city pairs. … The key issue now is how US Air can proceed because Delta is in bankruptcy. Under bankruptcy rules, US Air can't launch a hostile bid for its competitor, but it can lobby creditors to put pressure on Delta. … One path could be joining with US Air to file premerger notification forms with the government, which would initiate an in-depth official review. That review would give the parties, and the bankruptcy judge, a clear view of what divestitures would be required to get the deal done."

McClatchy Sells Flagship Star Tribune To Private Equity Group. The AP (12/27, Freed) reports, "Newspaper publisher The McClatchy Co. said on Tuesday that it will sell its flagship newspaper Star Tribune to a private equity firm for $530 million, a sharp drop from the $1.2 billion it paid to acquire the newspaper just eight years ago." The AP continues, "McClatchy said it decided to sell the newspaper to Avista Capital Partners through a private bidding process 'after a strategic reevaluation of its portfolio of holdings' following McClatchy's purchase of Knight Ridder for $4.5 billion earlier this year." The AP adds, 'McClatchy faces a large tax bill from selling off 12 other newspapers earlier this

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year as part of its purchase of Knight Ridder. It said the tax benefit of selling the Star Tribune at a loss is worth $160 million, raising the total value of the deal to $690 million. McClatchy said it would use the money to pay down its Knight Ridder debt." The AP notes, "McClatchy chairman and CEO Gary Pruitt said in a written statement that the Star Tribune 'is a profitable business that has generated significant returns for the company over the years. However, as we continue to analyze our business following the Knight Ridder acquisition, it became clear that selling the Star Tribune strengthens McClatchy's competitive position.' … 'This deal came about because of very specific conditions involving the Star Tribune and today's changing media landscape. We have no plans to sell any other newspapers,' Pruitt said in an e-mail to McClatchy employees."

Private Equity Council To Enter Lobbying Arena. The Wall Street Journal (12/27, C4, Mullins, 2.04M) reports, "A group of major private-equity firms has tapped a former videogame lobbyist to lead a trade group to promote the industry's interests here." The Private Equity Council, "set to begin operations early next year, said in a statement that Douglas Lowenstein will serve as its first president and chief executive officer. To take the post, he is stepping down as president of the Entertainment Software Association, which represents the US videogame industry." The Washington Post (12/27, D1, Birnbaum, 690K) says "the Private Equity Council, is backed by such leaders in the burgeoning business of company buyouts as Blackstone Group, Carlyle Group and Kohlberg Kravis Roberts."

Bloomberg (12/27, Cole) reports, "Private-equity firms and management have announced a record $718 billion of takeovers in 2006, Bloomberg data show. Carlyle, Kohlberg Kravis Roberts & Co. and other firms were sued in November by investors who claim they conspired to hold down prices they pay when buying companies. The U.K. market regulator also is researching market abuse in private-equity transactions. … The council 'will become a leading advocate for the domestic and international private equity industry as well as a resource for those seeking to better understand the industry's role in the rapidly evolving global economy,' according to the statement. … Other members of the council include Apollo Management LP, Bain Capital LLC, Hellman & Friedman, Madison Dearborn Partners LLC, Providence Equity Partners, Silver Lake Partners, Texas Pacific Group, Thomas H. Lee Partners LP and KKR."

Texas Pacific Is World's Top Buyout Group. The Financial Times (12/27, Smith) reports, "Texas Pacific Group has beaten Blackstone and Kohlberg Kravis Roberts to become the world's most prolific buy-out group in 2006, notching up 17 deals with an aggregate value of just over $101bn." The Times continues, "The figures reflect an extraordinary year for private equity in which the value of announced deals has risen to a record $700bn, more than double the record set in 2005 and 20 times bigger than in 1996, according to Thomson Financial, the data provider." The Times adds, "The wave of private equity deal activity, accounting for nearly one-fifth of all global mergers and acquisitions, has helped underpin a huge rise in the value of stock markets globally. … TPG notched up high-profile deals across the world, including Australia's Qantas airline, Las Vegas casino giant Harrah's, and Univision, the US's largest Spanish-language broadcaster. No other buy-out group has ever done more than $100bn worth of deals in a single year, a coup for TPG in an environment where being known as the biggest buy-out group helps open doors to the financing community and company boardrooms." The Times notes, "Blackstone, which topped the US league table, took part in global deals worth $93bn, while KKR, number one in Europe, managed a world total of $78bn. Bain Capital took part in $85bn worth of deals. … The US also regained its crown from Europe as the world's most active private equity market, recording $403bn of announced deals, treble that of 2005."

Reliance Prepares For Bid From Hutchison Essar. The Financial Times (12/27, Yee, Mitchell, Parker) reports, "Reliance Communications, India's second-largest mobile operator, is in talks with at least four private equity firms about combining forces to make an offer for Hutchison Essar, a smaller rival." The Times continues, "Vodafone Friday confirmed it was considering the acquisition of a controlling stake in Hutchison Essar, India's fourth-biggest mobile operator. .. Reliance's talks with private equity firms underlines the likelihood of a bidding war for Hutchison Essar, which has an enterprise value of about $14bn." The Times adds, "Shares in Hong Kong-listed Hutchison Telecommunications International, which holds 67 per cent of Hutchison Essar, rose 8 per cent on Vodafone's statement, to a record high of HK$19.08. Reliance declined to comment. However, people familiar with the company said it was in talks with Apax, Blackstone, Carlyle and KKR. … On Thursday, Vodafone's board gave the go-ahead for management to prepare an offer for Hutchison Essar. Leading Vodafone investors have reacted cautiously but positively to the prospect of a $13.5bn-plus offer for Hutchison Essar. Vodafone's shares closed down 1.2 per cent at 142p Friday. … Vodafone is seeking to counter slowing revenue growth in its core European businesses by increasing its presence in emerging markets. Hutchison Telecommunications International said in a statement it had "been approached by various potentially interested parties", which it did not identify, and cautioned that a transaction was not guaranteed."

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ENVIRONMENT:

House Democrats Seek To Redistribute Oil Money To Conservation Efforts. The AP (12/26, Hebert) reports, "Democrats in the U.S. House of Representatives in the first weeks of the new Congress plan to establish a dedicated fund to promote renewable energy and conservation, using money from oil companies. … That is only one legislative hit the oil industry is expected to take next year as a Congress run by Democrats is likely to show little sympathy to the cash-rich, high-profile business." The AP continues, "Whether the issue is rolling back tax breaks -- some approved by Congress only 18 months ago -- pushing for more use of ethanol and other biofuels instead of gasoline, or investigations into shortfalls in royalty payments to the government, oil industry lobbyists will spend most of their time playing defense." The AP adds, "Details of a renewable fuels fund have yet to be worked out. Nonetheless, it is one of the initiatives the House will take up during its first 100 hours in session in January, according to aides to Nancy Pelosi, the Democratic leader. At least some of the money -- revenue gained by rolling back some tax breaks -- will go to a program to support research into making ethanol from sources other than corn. … But the oil issue likely to be first out of the legislative block in January concerns the ability of the federal government to recover royalties many lawmakers believe have been unfairly avoided by oil and gas companies drilling in deep waters of the Gulf of Mexico." The AP adds, "The Interior Department has been trying to get more than 50 companies to rework 1998-99 drilling leases that allow the companies to avoid paying billions of dollars in royalties because of a government mistake in writing the leases. Recently five companies agreed to a compromise to pay royalties on future production under the leases, but not from oil and gas already taken from the federal waters. … Most of the other companies argue that the leases represent a binding contract and have not even talked to Interior officials about them."

Higher Energy Prices Forecast For 2007. The Christian Science Monitor (12/27, Scherer, 59K) reports that some analysts are forecasting higher energy prices in 2007, adding, "If the forecast comes true, energy could be a dominant factor in the economic outlook for 2007 because, unlike this year, the potential increases would come when the economy is expected to be struggling." Some "energy analysts are beginning to think 2007 will be a case of déjà vu for consumers and business. In this scenario, prices start to ratchet up in the spring, peak sometime in the summer at a new record, and then fall back to lower levels later in the year." The Monitor adds that the relatively warm winter and slowing US economic growth are "keeping a lid on prices."

Administration Will Propose Listing Polar Bears As Threatened. The Washington Post (12/27, A1, Eilperin, 690K) reports, "The Bush administration has decided to propose listing the polar bear as threatened under the Endangered Species Act, putting the U.S. government on record as saying that global warming could drive one of the world's most recognizable animals out of existence." The Administration's proposal, "which was described by an Interior Department official who spoke on the condition of anonymity -- stems from the fact that rising temperatures in the Arctic are shrinking the sea ice that polar bears need for hunting. The official insisted on anonymity because the department will submit the proposal today for publication in the Federal Register, after which it will be subject to public comment for 90 days."

Anadarko Sells Two Natural-Gas Fields For $1.6 Billion. The Wall Street Journal (12/27, C4, Biers) reports, "Anadarko Petroleum Corp. agreed to sell two Louisiana natural-gas fields for $1.6 billion to EXCO Resources Inc., in its latest push to reduce debt after a pair of large acquisitions. The sale covers Anadarko's Vernon and Ansley fields, which produce 192 million cubic feet of natural gas a day, or about 11% of the company's gas production." Anadarko "has been busy this year, purchasing Oklahoma City oil and natural-gas developer Kerr-McGee Corp. and Denver natural-gas producer Western Gas Resources for $21 billion over the summer before implementing an aggressive asset-sale program in the fall to reduce debt. The EXCO sale brings the total revenue from the asset sales to $8.1 billion."

Nature Conservancy Renting Land From Some Farmers To Protect Species. The New York Times (12/27, Kowal, 1.16M) reports from Mount Vernon, Washington, "The standoff here between farmers and environmentalists was familiar in the modern West. … This year, though, the standoff ended -- at least for three longtime farmers in this fertile valley, who began collaborating with their former enemies to preserve wildlife and their livelihoods." The Nature Conservancy "is renting land from the three farmers on behalf of migrating Western sandpipers, black-bellied plovers, dunlins, marbled godwits and other shorebirds. From private and public funds, including a grant from the federal Environmental Protection Agency, the farmers…will together receive up to $350,000 for three years of labor, expenses and the use of 210 acres, said Kevin Morse, the Skagit Delta project manager for the conservancy." The farmers "see the Nature Conservancy's willingness to pay them as an acknowledgment that they should not be expected to sacrifice their land or their living for wildlife. This approach effectively turns shorebirds into another crop to manage, instead of grounds for a lawsuit."

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NYTimes Argues For Cutting Livestock Production To Avoid Global Warming. The New York Times (12/27, 1.16M) editorializes that "livestock are responsible for about 18 percent of the global warming effect, more than transportation's contribution. The culprits are methane — the natural result of bovine digestion -- and the nitrogen emitted by manure. Deforestation of grazing land adds to the effect." The Times adds, "The human passion for meat is certainly not about to end anytime soon." But "our health and the health of the planet depend on pushing livestock production in more sustainable directions."

FDA Praised For Stance On Animal Cloning. The Washington Post (12/27, A18, 690K) editorializes, "A recent poll by the Pew Initiative on Food and Biotechnology indicates that a majority of Americans get queasy at the thought of clonal animal products lining supermarket shelves. But to its credit, the FDA stuck to the science -- the great bulk of which supports its reported conclusion. … According to the Pew poll, a large number of Americans object to animal cloning out of religious concerns, views that anti-cloning groups will no doubt exploit to distract the public from the scientific evidence. But the FDA's job, in this as in other matters, is to fairly assess the science."

FBI/DEA/ATF/USMS:

Virginia Drug Ring Suspected Of Selling $8 Million In Cocaine, 11 Charged. The AP (12/26) reported federal authorities "say they've charged 11 people believed to be involved in a Hampton Roads drug-dealing ring that has sold a ton of cocaine worth more than $8 million over the last 13 years. … Most of the suspects have been arrested over the last 10 days. … Drug Enforcement Administration officials worked with state and local authorities on the case, which officials said is one of the largest drug cases in the last 13 years." Virginia's Richmond Times Dispatch, WDBJ-TV in Roanoke, and WTKR-TV in Norfolk used the AP story.

The Hampton Roads Virginian-Pilot (12/27, McGlone) reports an informant "told the DEA that in 1993 he began buying crack from Naeron B. Mudie, a Jamaican native who had moved to Hampton in the early 1990s to establish a drug trade, according to a 34-page affidavit filed in court by the DEA and the U.S. Attorney's Office. Mudie and six others are charged in a separate indictment with related crimes."

Mexico-Based Drug Ring Suspects To Appear In Court. The Washington Times (12/26, Seper, 88K) reported two men "believed to be high-ranking members of a Mexico-based smuggling ring are scheduled to appear…in federal court in San Diego to discuss future court dates and arrange for legal representation. Francisco Javier Arellano-Felix, 37, and Manuel Arturo Villarreal Heredia, 31, were named last week in a seven-count federal grand jury indictment on racketeering, drug trafficking and money laundering charges in an operation that dominated the Mexican drug trade for more than a decade. The ring flooded the United States with hundreds of tons of cocaine, marijuana, methamphetamine and heroin. … A decision by federal prosecutors on whether to seek the death penalty will be made by Attorney General Alberto R. Gonzales at a later date."

Gift Cards Used As "Virtual Currency" For Drug Deals. The CanWest News Service (12/26) reported, "Those gift cards that countless Boxing Day shoppers will be cashing in today are also landing under the Christmas trees of organized-crime groups, who use them as 'virtual currency' for drug deals and money laundering, according to the RCMP. A recent organized-crime threat assessment for Canada and the United States identified gift cards and prepaid debit cards as one of the tools in the financial-crime kit of organized crime. The assessment was compiled by the RCMP, the FBI and the U.S. Drug Enforcement Administration." RCMP officers "said such cards are now accepted as valid currency between crime syndicates. Instead of a suitcase of cash, operatives might show up for a drug deal with a fistful of gift cards."

The Canadian Press (12/26) reported a recent organized-crime threat assessment for Canada and the United States "identified gift cards and prepaid debit cards as one of the tools in the financial-crime kit of organized crime. The assessment was compiled by the RCMP, the FBI and the U.S. Drug Enforcement Administration. … When poorly managed, prepaid-card programs can be a 'vehicle for money laundering and terrorist financing,' conceded Gord Jamieson, director of risk management and security at Visa Canada. But he said his company has taken a number of steps to prevent its cards from being used for criminal purposes. Prepaid Visa cards available to individual applicants have a deposit limit of $500 in Canada and cannot be reloaded or used at an ATM."

Report: Supplies Of Potent Heroin From Afghanistan Increasing In US. The Los Angeles Times (12/26, 850K) reported, "Supplies of highly potent Afghan heroin in the United States are growing so fast that the pure white powder is rapidly overtaking lower-quality Mexican heroin, prompting fears of increased addiction and overdoses. Heroin-related deaths in Los Angeles County soared from 137 in 2002 to 239 in 2005, a jump of nearly 75% in three years, a period when other factors contributing

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to overdose deaths remained unchanged, experts said. … According to a Drug Enforcement Administration report obtained by the Times, Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States. Its share of the U.S. market doubled from 7% in 2001, the year U.S. forces overthrew the Taliban, to 14% in 2004, the latest year studied. … Despite the agency's own reports, a DEA spokesman denied that more heroin was reaching the United States from Afghanistan. 'We are NOT seeing a nationwide spike in Afghanistan-based heroin,' Garrison K. Courtney wrote in an e-mail to The Times." The Boston Globe used the Times story.

UPI (12/26) cited the Times story and wrote that a report from the DEA "said Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States since 2001. Another DEA report said that heroin from Afghanistan may take up more than 14 percent of the Unites States market." The Washington Times used the UPI story.

On its Web site, FOX News (12/26) reported the Times "cited a Drug Enforcement Administration report it obtained as saying that the poppy fields in Afghanistan have become the fastest-growing source of heroin in the U.S. The heroin from Afghanistan is the purest in the world, according to the DEA's National Drug Intelligence Center. According to the DEA report, Afghan heroin dominated the U.S. market from 1980 through 1985, with a 47% to 54% share, but that dropped to 6% for much of the 1990s, as the Taliban cracked down on poppy production."

In Los Angeles, the AP (12/26) reported heroin-related deaths "have soared nearly 75 percent countywide in three years and experts believe potent Afghan heroin, which is overtaking lower-quality Mexican heroin, may be to blame. … A Drug Enforcement Administration report obtained by the Los Angeles Times shows Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States, doubling from 7 percent in 2001 to 14 percent in 2004, the latest year studied." The San Francisco Chronicle used the AP story.

Security Measures At Virginia Federal Courthouse Come Under Fire. The Washington Post (12/27, B1, Markon) reports, "Jim Savage has been living in a world of guard shacks, green security poles and Jersey barricades lining the street outside his home next to the federal courthouse in Alexandria. … They were put there for the trial of a terrorist, Sept. 11 conspirator Zacarias Moussaoui, and they were supposed to come down when the trial was over. Seven months after it ended, they are still there." The Post continues, "So Savage, who calls the security measures an eyesore, mounted a one-man crusade to have them removed. He retrieved a judge's order saying the additional security was supposed to be temporary and tried to meet with the judge. He contacted the City of Alexandria, but was told the federal government has jurisdiction over his street. … Yesterday, Savage learned that his campaign will probably meet with only mixed success. The U.S. Marshals Service said plans are in the works to remove most of the barricades and to replace them with a permanent security wall near the courthouse. Officials said the wall will be more attractive than the faded concrete barricades and will fit with the neighborhood's architecture. … 'This idea of some sort of a Berlin Wall really fits. It will be like Checkpoint Charlie,' Savage, a former criminal investigator for the U.S. Army, said when told about the plans by a reporter. 'The fact is that a court order allows these security measures to be present, and the basis for that order is over. To put up something permanent with the expectation that maybe you might have a terrorist trial in the future is really stretching things.'" The Post notes, "John Hackman, the acting U.S. marshal for Alexandria, said he understood the concerns of Savage and other residents at the Carlyle Towers condominium complex. 'We are doing our best to reach a balance that will provide security as well as the aesthetic that the neighborhood requires,' Hackman said. 'But terrorism is not something where we say okay, we had a trial, and it goes away. We need to be constantly vigilant, and obviously the Alexandria court has high-profile cases.' … Michael Kulstad, a marshal's spokesman, said the agency investigated 1,111 threats or 'inappropriate communications' to members of the judiciary nationwide in fiscal 2006, including to judges, prosecutors and witnesses. Just last week, a federal prisoner was indicted in Richmond on charges of sending a letter bomb to the federal courthouse there."

IMMIGRATION:

Dallas Suburb Sued Over Ban On Renting To Illegal Aliens. The Los Angeles Times (12/27, Bustillo, 850K) reports Farmers Branch, Texas, "a Dallas suburb that has barred landlords from renting to illegal immigrants," was "sued Tuesday by two civil rights groups that allege the controversial ordinance turns property owners into immigration agents and violates federal law." The challenge "by the American Civil Liberties Union and the Mexican American Legal Defense and Education Fund seeks to derail a new law that would require property managers to check the immigration status of apartment renters." The ordinance, "approved last month, is set to take effect Jan. 12." Farmers Branch – "a city of 28,000 north of Dallas that is about 37 percent Hispanic -- is one of dozens of U.S. municipalities that, frustrated with federal government inaction, have adopted tough local measures to stem illegal immigration." But "the Farmers Branch ordinance is seen as a turning point

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for Texas, a state that largely has avoided the kind of confrontational immigration policies commonplace elsewhere."

The AP (12/27, Garay) reports, "The lawsuit claims the measure, scheduled to take effect Jan. 12, is so poorly drafted that it excludes even legal immigrants from renting. … 'Immigration enforcement must be left to the federal government, not each local municipality,' said Lisa Graybill, legal director of the ACLU of Texas. [Otherwise Texas will end up with a patchwork system that is impractical and unenforceable.'" The AP notes, "On Friday, the owners of three apartment complexes filed a lawsuit asking a federal court to declare the rent law unconstitutional. In another lawsuit filed earlier this month, a Farmers Branch resident alleged that the mayor repeatedly violated the state's open meetings laws to deliberate the ordinances."

Illegal Immigrants' Living Conditions Anger Some. NBC Nightly News (12/26, story 10, 2:50, Brokaw, 9.87M) reported that in Colorado, an extended family of 18 illegal immigrants "live in this four-bedroom house which is zoned for a single family," but the families "defend this living arrangement as just extended family." It's "the double standard when it comes to illegal immigrants and the law that angers many Americans." Ian Hawkins, construction worker: "My biggest problem with it is when people show up here and they don't follow the rules."

US Said To Have "Long Heritage" Of Illegal Immigration. In a New York Times op-ed (12/27), author William Hogeland says, "The immigrant experience in the United States is justly celebrated, and perhaps no aspect of that experience is more quintessentially American than our long heritage of illegal immigration." Descendants of the "great immigration experiences of the 19th and 20th centuries visit the Ellis Island Immigration Museum to learn of the tribulations of ancestors who risked much to become Americans. Those of us whose ancestors risked everything as illegal immigrants, and in the process helped found a nation, owe our forebears a debt of gratitude, too. Without their daring disregard of immigration laws, we might not be here today."

Housing Market Slowdown Puts Crimp In Hispanic Immigration. The Washington Post (12/27, A1, Miroff, 690K) reports in a front page story that Hispanic immigration "to the Washington region has always followed a seasonal pattern, as the winter puts a chill on outdoor labor and drives workers south. But with home sales and housing starts dropping after years of steady growth, many Hispanic workers -- legal and illegal -- say the good times are gone." Demographers who "track migration patterns and embassy staff members say it's too soon to tell exactly how the housing construction decline has affected the region's Hispanic population. But stories of departing workers abound. Some workers say they're headed home; others, spurred by rumors of construction jobs, try their fortunes in the Carolinas, Georgia, New Orleans."

Immigration System's Goals Said To Be In Conflict. The Wall Street Journal (12/27, A1, Jordan, 2.04M) reports in an approximately 2600 word story on the case of Brazilian immigrant Zandro Souza, who worked his way to become a successful chef on Martha's Vineyard. During "a final interview with a U.S. immigration official in Providence, R.I., the Souzas' five-year effort to win legal status hit a wall." The Souzas' 11-year-old son, Igor, "is blind and developmentally delayed." Souza says "he has paid almost all of Igor's medical bills -- about $20,000 annually -- out of pocket, without insurance or help from government programs. He feared accepting aid would jeopardize his family's attempt to gain permanent U.S. residency." According to Souza, 'the immigration official told him that if Mr. Souza and his wife died, their son could become a 'public charge.' Although the family tried to prove that Igor would be cared for if his parents passed away, the U.S. government earlier this year denied green cards to the couple and their son and placed them in deportation proceedings. This time the government cited another reason for rejection -- that they applied for and entered on tourist visas but intended to stay permanently." The Souzas' story "shows how compassion can collide with hard-nosed financial considerations as the U.S. decides which immigrants should be admitted and which should be turned back."

TAX:

US Virgin Islands Decries IRS Tax Crackdown.

The Wall Street Journal (12/27, A4, Matthews) reports, "For decades, the U.S. Virgin Islands was a friendly place for business owners looking to skirt U.S. taxes. Too friendly, Congress declared back in 2004, changing the relevant statute. Since then, the Treasury Department and Internal Revenue Service have been cracking down. … Now, elected officials and business leaders in the U.S. territory are complaining that the federal government has gone too far and the tax crackdown is threatening the local economy and government revenue. They are lobbying Congress to ease up. … 'While these changes were aimed at preventing tax abuse by persons who neither lived nor worked in the Virgin Islands, the changes went too far, forcing many legitimate businesses to close their doors,' Charles Turnbull, governor of the Virgin Islands (population about 109,000), told a Senate committee this year." The Journal adds, "The controversy is a reminder that what looks like an odious tax dodge to the Treasury and IRS can look like a well-justified tax break to individuals and communities that benefit from it. The tension comes as the Treasury is under pressure to collect more of the taxes that are legally owed. The IRS

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estimates about 17% of all taxes owed -- about $290 billion every year -- go unpaid. … In June 2004, the IRS warned companies in what is known as the Economic Development Commission program to avoid manipulating residency and income rules to qualify for the tax break. The Treasury and IRS also began implementing new regulations that significantly lengthened the time a person seeking the tax break had to live in the Virgin Islands. The old rule required a resident to be on the Islands for 122 days a year on average, over three years, to qualify. The new ones required a resident to spend at least 183 days, or roughly six months, every year. … The Treasury and IRS began enforcing the new regulation in earnest in early 2005, and -- to the consternation of some on the Islands -- the IRS asserted that it had authority to go back as far as it wanted without regard to the statute of limitations. IRS spokesman Terry Lemons wouldn't estimate how many audits are in the works, saying only that the Virgin Islands is facing increased scrutiny."

Luxury Skyboxes At College Stadiums Draw Tax Scrutiny. . The Wall Street Journal (12/27, B1, Golden) reports, "This week, college football bowl games dominate television sports programming. But, off screen, little-known tax breaks are spurring the latest scrimmage over commercialism in college athletics. Some academics and legislators, contending that college football's multibillion-dollar building boom detracts from schools' educational mission, are targeting tax laws that treat payments for luxury seating and naming rights as charitable gifts." The Journal continues, "Two congressional committees have looked into the tax breaks in recent months, seeking information from the National Collegiate Athletic Association and hearing testimony from critics. The tax benefits have also figured in a controversy at the University of Michigan over a proposed $226 million stadium renovation. … The tax perquisites 'could be the Achilles' heel of stadium expansions, a way to put the brakes on,' says former University of Michigan President James Duderstadt." The Journal adds, "Over the past decade, many football powerhouses have upgraded their stadiums, and the spending spree shows little sign of abating. Michigan plans to build 83 luxury suites at its stadium, known as 'The Big House.' The University of Texas recently embarked on a $175 million stadium reconstruction, adding 47 luxury suites. Partly as a result of debt payments on capital outlays, colleges' athletic spending is increasing more than three times as fast as their overall spending, according to the NCAA. … Universities typically finance these renovations by issuing tax-exempt bonds. They then make payments on the debt by leasing the new luxury suites and other preferred seating to individuals or corporations. Suites -- usually featuring 16 seats, catered food, televisions and high-speed Internet access -- are priced at $50,000 to $90,000 a year."

WSJournal Warns GOP Not To Agree To Payroll Tax Hike. The Wall Street Journal (12/27, 2.04M) editorializes, "When these columns warned last month against a tax increase next year to 'save' Social Security, White House officials said we were hooting at phantoms. Well, the more we listen to senior Republicans, the more worried we get." White House spokesman Tony Snow "was…noncommittal on taxes, saying that 'I'm not ruling it up and I'm not ruling it down.' More than one GOP Senator has told us privately he's open to the idea. And no less a political student than Bill Thomas, the soon-to-retire Chairman of House Ways and Means, recently told a public forum that 'I wish I were a bit more comfortable in listening to some of the noises that are currently being made' by his GOP colleagues. Uh, oh." The Journal adds that "what liberals dearly want is to raise the payroll tax cap," which would "eviscerate" President Bush's "most impressive domestic achievement: the pro-growth tax cuts. If the tax cap were eliminated entirely, the President would be signing into law one of the largest tax hikes in US history, or more than $1.3 trillion in new taxes over the first 10 years alone." Also, "a tax increase of any kind with GOP fingerprints would remove the one big political brand advantage that Republicans still have over Democrats."

CONGRESS-ADMINISTRATION:

Fifth Circuit Nominee Asks Bush To Withdraw His Nomination. The New York Times and Washington Post run an AP story this morning (12/27) reporting, "Michael Wallace, a Jackson lawyer, sent a letter to President Bush asking that his name be withdrawn from nomination to the United States Court of Appeals for the Fifth Circuit. Though Mr. Wallace wrote that he believed most senators would consent to his nomination," he said the incoming Judiciary Committee chairman, Senator Patrick J. Leahy, "made it clear two weeks ago that he intends to permit vacancies to be filled only with consensus nominees.'"

Bush's AIDS Initiative Beset By Poor Record Keeping. The Washington Times/AP (12/27, A1, Beamish) reports, "President Bush's ambitious AIDS-fighting program in poor countries has pushed so hard for fast results that basic record keeping and accountability often went by the wayside, making it hard to judge the true success, according to government audits and officials." The AP adds, "Investigators found the three-year-old, $15-billion program has overcounted and undercounted thousands patients it helped

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or was unable to verify claims of success by local groups that took US money to prevent the spread of disease or care for AIDS victims and their children." The Bush Administration "says it has worked to fix the problems that were found in multiple countries and outlined in several audits reviewed by The Associated Press. 'It's not good enough for the auditors to hear from the mission that we did A, B and C but we can't prove it to you, or there's no documentation to prove that we did it,' said Joe Farinella, a top watchdog inside the U.S. Agency for International Development."

Earmark Moratorium Not Foolproof. USA Today (12/27, Wolf, 2.27M) reports, "Billions of taxpayer dollars will continue to flow next year to thousands of projects sought by lawmakers, despite Democratic leaders' vow to place a moratorium on so-called congressional earmarks when they take control of Congress next week. … Projects authorized in prior years and not yet completed will be largely unaffected by the moratorium unless federal agencies choose to stop funding them, officials say. In addition, more than 2,600 projects won passage in a 2007 defense appropriations bill before the moratorium was announced." USA Today adds, "Even new projects could win funding if lawmakers persuade agencies to continue paying for them."

The AP (12/27, Taylor) also says the Democrats' move "will hardly stop horse trading in Washington or moves by lawmakers to try to steer taxpayer money back home. Nor will it touch billions of dollars in already budgeted Pentagon earmarks, which go to everything from research into better body armor for overseas troops to finding bone marrow matches to treat leukemia patients." The "temporary ban on earmarks…has been greeted with applause by budget hawks and is seen as a savvy political move. But many in the rank and file are not happy. 'I've had my share of calls and they weren't to wish me a Merry Christmas,' said incoming Appropriations Committee Chairman David Obey, D-Wis."

Democratic Pledge To Engage GOP Could Prove Troublesome For Vulnerable Lawmakers. The New York Times (12/27, Hulse, 1.16M) reports, "After chafing for years under what they saw as flagrant Republican abuse of Congressional power and procedures, the incoming [Democratic[majority has promised to restore House and Senate practices to those more closely resembling the textbook version of how a bill becomes law: daylight debate, serious amendments and minority party participation." But "pledges to engage Republicans legislatively carry risks. If Democrats do not follow through or revert to practices they have spent recent years condemning, they are certain to come under attack from watchdog groups and Republicans." Moreover, Republicans "are hoping Democrats stick to their guns and allow the minority a stronger voice on legislation. The opposition leadership said it would take the opportunity to put forward initiatives that could be potentially troublesome for newly elected Democrats in Republican-leaning districts who within months will have to defend their hard-won seats." Republicans "see the ability to force tough votes…as having two potential benefits: It can put vulnerable Democrats on record with positions that might not be popular at home, or it can fracture the untested Democratic majority."

Some Companies Fail To Warn Medicare Part D Recipients Of Drug Plan Changes. The New York Times (12/27, Pear, 1.16M) reports, "Some prescription drug plans did not inform Medicare beneficiaries of impending changes in their costs and benefits, as they were required to do, Bush administration officials and Congressional aides said Tuesday." This "could be a serious omission in a program where beneficiaries need accurate information to choose among dozens of competing private plans." Administration "officials have told Congress that they may give these beneficiaries a six-week extension of the open-enrollment period, which ends Sunday. Beneficiaries could use the extra time to compare the options that will be available to them in 2007. … The administration informed Congress of the problem last week. Administration officials said they would consider imposing penalties on companies that did not provide the necessary information to beneficiaries. 'There could be penalties for plans that did not send out the annual notice of change on time,' said Jeff Nelligan, a spokesman for the Centers for Medicare and Medicaid Services."

Medicare Part D Said To Hurt Small Pharmacies. The CBS Evening News (12/26, story 10, 2:50, Mitchell, 7.66M) reported, "Millions of Americans face a deadline this Sunday, that's when the open enrollment period ends for Medicare part 'D'. First time users need to sign up and current recipients to want to change their coverage need to do so by New Year's Eve. For many seniors, Medicare part 'D' is perplexing, but for many mom-and-pop pharmacies, it may be deadly." CBS (Andrews) added that seniors "get Medicare coverage through private insurance companies which in turn have lowered the fees and reimbursements they pay" the pharmacies, which cuts into their margins. A "lot of small town pharmacists are selling to big chains like Walgreens or Rite Aide which hire pharmacists to work for them."

Bushes' Gift Exchange Noted. The CBS Evening News (12/26, story 3, 0:15, Mitchell, 7.66M) reported, "The first family did get time to exchange Christmas gifts at Camp David. The President gave the First Lady earrings, the First Lady gave the President a new suit, biking shoes and a Sam Moore CD. The couple also made an online donation to a group that fights malaria in the name of his parents."

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Wording Of White House Pool Report Raises Eyebrows. Under the headline "Bush Levitates," the Washington Times (12/27, McCaslin, 88K) reports in its "Inside The Beltway" column, "Official White House pool report, dated yesterday: 'After a dense morning fog cleared, President George W. Bush lifted off from Camp David with first lady Laura Bush for a weeklong trip to his Texas ranch after spending Christmas at the Camp David presidential retreat in Maryland.'"

Email About Bush's Medical Center Visit Makes Unusual Apology. The Washington Post (12/27, A17, Kamen, 690K) reports in its "In the Loop" column, "President Bush's pre-Christmas visit to Walter Reed Army Medical Center caused some unexpected problems, judging from an e-mail alert we received. There were the usual traffic rerouting and parking restrictions, from 8 p.m. on Dec. 21 until 2 p.m. the next day. The e-mail lists 12 such changes likely to frustrate drivers and includes an apology: Traffic will be blocked temporarily around the campus and re-routed if necessary. Sorry for the incontinence during this mission." Adds the Post, "We're sorry, too."

NYTimes Urges Congress To Freeze Tax Break To Provide Healthcare To Children. The New York Times (12/27, 1.16M) writes in an editorial, "Thanks to the 2001 tax cut law, over the next four years the federal government will forgo some $30 billion so America's wealthiest taxpayers can claim bigger write-offs for expenses like dependents and mortgage interest. One-third of those tax cuts kicked in this year, with the rest scheduled to take effect in 2008 and 2010. … Over roughly the same period, the government is looking at a $14 billion shortfall in its share of financing for a crucial federal-state program that provides health insurance to poor children, the so-called Schip, or State Children's Health Insurance Program. Without full financing, 1.5 million children will be cut from the program or underserved. … The new Democratically controlled Congress must move quickly to prevent that. When it convenes in the new year, Congress should pass a law to freeze the tax write-offs at 2007 levels. … The children urgently need to win this one, and only the new Congress can help them."

OTHER NEWS:

Stocks Up Despite "Disappointing" Retail Sales. The Wall Street Journal (12/27, C1, Browning, 2.04M) reports, "Stocks entered what investors sometimes call the year-end silly season, putting in widespread gains on thin trading activity as investors ignored disappointing retail-sales reports. Some analysts credited a sharp decline in oil prices, the biggest in more than a month. Others said the few influential investors at work in the year's waning days were simply betting that the rally that began in July would last through year's end." The Dow Jones Industrial Average "ended its three-session slump and rebounded 64.41 points, or 0.52%, to 12407.63. It is up 15.8% this year, less than 70 points from the record 12471.32 hit one week ago. … The Standard & Poor's 500-stock index rose 0.44%, or 6.14 points, to 1416.90, up 13.5% this year. The Nasdaq Composite Index advanced 0.51%, or 12.33 points, to 2413.51, ahead 9.4% for the year." NBC Nightly News (12/26, story 6, 0:15, Holt, 9.87M) also noted the stock numbers.

ABC World News (12/26, story 3, 2:35, Gibson, 8.78M) reported, "In this country, Christmas is over. Frenzy in the stores is not. The first read on the shopping season, spending from Thanksgiving to Christmas was 6.6% higher than last year. Good. But not as good as forecast. So, as stores reopen today, retailers were hoping post-Christmas sales would rescue Christmas sales." ABC (Stone) added, "Shoppers swarmed the stores this crucial holiday weekend. But the final burst of buying didn't make the cut." The CBS Evening News (12/26, story 4, 2:30, Mitchell, 7.66M) and NBC Nightly News (12/26, story 5, 2:15, Holt, 9.87M) ran similar reports.

President Ford Dead At 93. The AP (12/27, Smith, Cannon) reports this morning, "Gerald Rudolph Ford Jr., who became the 38th president of the United States as a result of some of the most extraordinary events in American history and sought to restore the nation's confidence in the basic institutions of government, died Tuesday. His wife, Betty, reported the death in a statement." President Bush issued a statement about the death shortly after midnight: "President Ford was a great American who gave many years of dedicated service to our country. ... [H]e assumed the Presidency in an hour of national turmoil and division. With his quiet integrity, common sense, and kind instincts, President Ford helped heal our land and restore public confidence in the Presidency. … The American people will always admire Gerald Ford's devotion to duty, his personal character, and the honorable conduct of his administration. We mourn the loss of such a leader."

Stories in the Los Angeles Times (12/27, Jackson, 850K), Washington Post (12/27, Smith, Cannon, 690K), New York Times (12/27, Naughton, Clymer, 1.16M) and USA Today (Nichols, Vanden Brook, 2.27M), among others, also note the former President's passing.

In an editorial, the Los Angeles Times (12/27, 850K) says "Ford will be remembered most for one act: his pardon of Nixon, just one month after the resignation. … The pardon was a mistake, inconsistent with the fundamental principle

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that everyone, including the president, is equal before the law." The Times adds, "Ford's intention, some believe, was to prove that he could act as his own man and follow his own conscience. Others suggest he was influenced by the ghost of his own father, an abusive man who was devastated when Ford's mother divorced him and who died before the son had a chance to forgive him. … He may have been too nice a guy."

DC Settles Dispute With Retailer. The Washington Post (12/27, D03, Shin) reports, "USA Discounters, a Virginia Beach retailer, has agreed to limit what it charges District customers paying with credit and to pay $50,000 into a consumer-protection fund to settle allegations that it imposed finance charges that weren't properly disclosed." The Post continues, "The company sells furniture, electronics, computers and other items, largely to customers with poor credit and with a special focus on members of the military. In addition to locations in the District and Lanham, it has eight other stores near Fort Belvoir, the Norfolk naval installation, Fort Bragg and Camp Lejeune in North Carolina, Fort Benning in Georgia, and Fort Hood in Texas. … The company denies any wrongdoing, said Timothy W. Dorsey, USA Discounters' vice president and general counsel." The Post adds, "The voluntary agreement, reached Thursday with the D.C. attorney general's office, stemmed from agency concerns that the majority of the company's customers, who buy merchandise using the chain's in-house financing program, routinely paid substantially higher markups than did customers using cash. … Customers buying on credit typically pay in installments over a limited period. For example, at the USA Discounters in Northeast Washington yesterday, a recliner upholstered with the Redskins logo was on sale for twice-monthly installments of $36 for 24 months -- for a total of $1,728. A coffee table was being offered for twice-monthly payments of $19 for 24 months, or a total of $912. … Customers can try to negotiate for a reduced price, Dorsey said. Those armed with cash can often get better deals. … But because credit customers regularly paid substantially more, the D.C. attorney general's office alleged that USA Discounters was making customers pay finance charges without telling them. Under the federal Truth in Lending Act, costs imposed on credit customers and not on cash customers are considered finance charges and must be disclosed, the agency said."

2008 Presidential Announcements Seen As "Hardly Meaningless." The New York Times (12/27, Nagourney, 1.16M) reports, "On Thursday, John Edwards is planning to announce what has been clear to much of the world since the end of the last presidential election: He is running for president in 2008. A similar declaration is expected shortly from Gov. Mitt Romney of Massachusetts, followed, in all probability, by Senators Hillary Rodham Clinton, Barack Obama and John McCain." The Times adds that "for all the very orchestrated hoopla about to be heaped on American voters over the next few weeks, presidential announcements have become, more often than not, vestigial remnants of the way presidential politics were once conducted (or at least the way they are remembered). Rather than being big moments in which candidates lay down ideological markers and discuss what they would do as president, announcements are more of a pro forma exercise of the obvious. … But if formal announcements hold little drama, they are hardly meaningless. Their timing and staging reflect how presidential politics are changing in the United States in 2008, and offer a glimpse at problems each candidate faces one year before the Iowa caucus. The announcements are an insight into how campaigns are adapting to the pressures of the Internet, the demands of fund-raising, the broad range of avenues for reaching voters and mobilizing supporters, and the particular dynamics of the '08 campaign, crowded with candidates, many of them celebrities."

Schwarzenegger Undergoes Surgery For Broken Leg. The New York Times/AP (12/27, Schou) reports Gov. Arnold Schwarzenegger's "broken leg was put back together with wires and screws Tuesday, and the 'Terminator' star should make a full recovery, though he will probably be on crutches during his inauguration next week, officials aid." The Los Angeles Times (12/27, Nicholas, 850K) notes that "while the governor was under anesthesia, he relinquished the powers of office to Lt. Gov. Cruz Bustamante. Schwarzenegger resumed his duties about 10:45 a.m. when his doctors pronounced him fit." The Chicago Tribune (12/27, Nicholas, 617K), among other papers across the nation, also reports the story this morning. ABC World News (12/26, story 7, 0:15, Gibson, 8.78M) reported the governor "will likely be on crutches for his second inauguration that comes next month." The CBS Evening News (12/26, story 7, 0:15, Mitchell, 7.66M) also ran a brief story on the skiing accident.

DC Marriage Strengthening Program Examined. The Washington Times (12/27, Ward, 88K) reports on Nisa Muhammad's "Wedded Bliss" program, "which will receive $1.3 million in federal money over the next four years, is aimed at helping black couples." Muhammad's program "is one of many that churches and religious groups are using to strengthen marriages and foster new ones. Wedded Bliss is an eight-week class that encourages couples to marry by helping them build intimacy and teaching communication skills."

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Best-Off In US Said To Benefit From Trade Deficit. In his Washington Post column (12/27, D1), Steven Pearlstein says, "With Democrats about to take charge on Capitol Hill, we're going to be hearing a lot about the widening income gap between rich and poor." It would be "an exaggeration, of course, to argue that our large and persistent trade deficit is the major factor in rising inequality. After all, inequality also is rising in countries with trade surpluses. But I think the deficit does help explain why so much of the country's income gains have gone into the pockets of investment bankers, money managers, real estate developers, wealthy families and corporate executives loaded up with stock options. I'm sure these folks believe they are pulling away from the pack because they work harder and create more economic value than the rest of us. But in the coming debate, we need to remember that they are also the lucky beneficiaries of a runaway trade deficit and the bubble-prone economy it has created."

Middle Class "Squeeze" Seen As Byproduct Of Economic Success, Stress. In his Washington Post column (12/27, A19), Robert Samuelson says, "Americans cannot escape these realities. The economy will remain precarious if it remains productive. The new technologies and products we celebrate inflict anxiety by redefining middle-class society. The causes of our success are also the sources of our stress. Of course, many of today's complaints (growing inequality, eroding health insurance) are legitimate and, to some extent, might be corrected. But the remedies -- assuming they didn't make matters worse -- would succeed only temporarily, because they would not erase the basic dilemma. The middle-class 'squeeze' never vanishes."

NYTimes Says Union Rules Protecting Senior Teachers Need To End. The New York Times (12/27, 1.16M) writes in an editorial, "The United States has a long and shameful history of dumping its least effective, least qualified teachers into the schools that serve the neediest children. The No Child Left Behind Act requires the states to end this practice." To do that "districts will need to abandon union rules that basically guarantee senior teachers the right to change schools whenever they want," because "school managers, who are increasingly being held accountable for student performance, need to be able to hire the candidate best suited for the position."

US Signals Support For Ethiopian Move Against Somali Islamists. The AP (12/27, Hassan) reports soldiers of the transitional government of Somalia, "joined by troops from neighboring Ethiopia, advanced toward" the capital of Mogadishu "as Islamic fighters dug in and promised a 'new phase' in the war — a chilling pronouncement from a movement that has threatened suicide attacks." State Department spokesman Gonzalo Gallegos "appeared to endorse Ethiopia's military action, saying it had 'genuine security concerns' about the growth of powerful Islamic militias next door."

The New York Times (12/27, Mazzetti, 1.16M) reports the US "signaled its support for the Ethiopian offensive in Somalia, calling it a response to 'aggression' by Islamists who have since the summer been consolidating power in the country." But the Ethiopian military presence "has nonetheless been awkward for American officials."

The Financial Times (12/27, England) reports the "bombardment by Ethiopian fighter jets and artillery…marked a dramatic escalation of the conflict in the Horn of Africa nation." The Washington Post (12/27, A1, McCrummen, 690K) reports in a front page story, "UN officials warned of a humanitarian crisis in Somalia, while fears remained high that Ethiopia's aggressive military campaign could have disastrous consequences not only for Somalia but across the Horn of Africa." Former US Ambassador David Shinn said, "One wonders how long they can hang on in this situation, because eventually it's going to turn into a nasty guerrilla war, and I don't think the Ethiopians have the stomach to carry on with that kind of campaign."

The New York Times (12/27, Gettleman, 1.16M) reports American officials "have given Ethiopia, one [of] its closest allies in Africa, their tacit approval to do what is necessary to neutralize the Islamists, whom American intelligence agents have accused of sheltering terrorists with Al Qaeda. But American officials have asked Ethiopia to avoid strikes that could kill large numbers of civilians, and so far Ethiopia seems to be cooperating."

The Washington Post (12/27, A1, McCrummen, 690K) reports the Ethiopian troops "fought their way closer to the Somali capital of Mogadishu on Tuesday, pushing back militias loyal to the Islamic Courts movement that has until now controlled much of the country and vowed to wage a guerrilla war against Ethiopia lasting 'years and years and years.'" UN officials "warned of a humanitarian crisis in Somalia, while fears remained high that Ethiopia's aggressive military campaign could have disastrous consequences not only for Somalia but across the Horn of Africa." It was "unclear Tuesday whether Ethiopian troops were preparing to invade Mogadishu or merely surround it."

Somalia Conflict Said To Require Diplomatic Solution. In a Wall Street Journal op-ed (12/27, A8), Jonathan Stevenson, professor of strategic studies in the Strategic Research Department at the U.S. Naval War College, says, "The primary combatants are Somalia's secular Transitional Federal Government (TFG), which is internationally recognized and politically supported by the U.S., and the Islamist 'Islamic Courts Union' that holds sway on the ground. They are backed militarily by two fierce rivals,

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Ethiopia and Eritrea, respectively. The military balance appears indeterminate. Ethiopia has deployed 15-20,000 troops in Somalia. Eritrea has provided arms to the Islamic Courts militias and sent only about 2,000 troops to support them; but the Islamic Courts hold more territory than the TFG and have greater indigenous assets and popular support. Even if Somalia does not become a terrorist redoubt, it could become a potent fount of regional geopolitical instability and perhaps the next 'field of jihad' unless diplomatic attention is rallied to rescue the situation."

Administration Position On Somalia Said To Be "Somewhat Confused." The Washington Post (12/27, A18, 690K) says in an editorial, "Having floundered through a series of failed Somalia strategies, the administration appears to have a somewhat confused view of the latest fighting. Earlier this month it pushed for a U.N. Security Council resolution that called for an end to foreign intervention, the deployment of a peacekeeping force and negotiations between the rival Somali governments. President Bush spoke yesterday with the president of Uganda, which had offered peacekeepers. Yet even while reiterating its call for negotiations, the administration also appears to be supporting the Ethiopian offensive: The State Department said that Ethiopia had a right to defend itself against the Islamists and that its troops were there at the invitation of a legitimate authority, the transitional government. Maybe the Ethiopian forces will crush the Islamists and their al-Qaeda allies and thereby rescue the United States from its predicament. More likely, the administration will have to prepare for much more active U.S. engagement in what is emerging as a hot new front in the war on terrorism."

Iranian Parliament Votes To "Revise" IAEA Relations. The AP (12/27) reports Iran's parliament "voted Wednesday to urge the government to 'revise' ties with the U.N. nuclear agency in a move seen as likely to reduce the country's cooperation with the international atomic authority." The vote came "four days after the U.N. Security Council decided to impose limited sanctions on Iran for its refusal to cease enrichment of uranium — a process that produces the material for either nuclear reactors or bombs." Members of Iran's ruling hierarchy "had repeatedly urged the government to cut ties with the International Atomic Energy Agency, the U.N.'s nuclear watchdog, if the Security Council imposes sanctions." Wednesday's vote "in parliament stopped short of recommending a severance of relations with the IAEA, but it put the Vienna-based agency on notice that business would not be as usual."

Before the vote, the New York Times (12/27, Fathi, 1.16M) reported "two high-level officials said they doubted that Iran would bar nuclear inspectors and drop out of the Nuclear Nonproliferation Treaty." Hard-line politicians "and conservative newspapers in Iran had called for taking those strong actions."

The Financial Times (12/27, Bozorgmehr) reports the UN Security Council vote "was dismissed by President Ahmadi-Nejad on Sunday as 'illegal' and 'superficial.'" Iran's policy "seems to be neither to accept the UN demand, nor make any immediate threats to withdraw from the Non-Proliferation Treaty or to deliberately upset the oil market." However, "the country's supreme leader, Ayatollah Ali Khamenei, who is thought to be the key decision maker, has not yet reacted to the UN resolution."

The Wall Street Journal (12/27, A6, 2.04M) reports President Ahmadinejad "said the U.N. resolution -- drawn up by Britain, France and Germany and supported unanimously by the Security Council -- could change Iran's relationship with the International Atomic Energy Agency, the U.N.'s nuclear watchdog." Iran's top nuclear negotiator, Ali Larijani, "said the resolution made his country more 'decisive in realizing our nuclear aims.' He said it would step up enrichment activities."

Iran Objects To Blair Claims It Poses "Threat" To Region. AFP (12/27) reports Iran "summoned Britain's ambassador in Tehran to its foreign ministry to hear its 'strong objections' to British Prime Minister Tony Blair's claim that the Islamic republic poses a threat to the region." The "official IRNA agency said Geoffrey Adams was told by Ibrahim Rahimpour, the foreign ministry's director general for western European affairs, that Iran expects Britain 'to stop the tirade of allegations' against it." Rahimpour "also criticised Britain for misrepresenting Iran's civilian nuclear program, after it co-sponsored a UN Security Council resolution last Saturday that imposed sanctions on Iran's nuclear and ballistic missile programmes."

WSJournal Says State Department Backing For UN Resolution Was "Unenthusiastic." The Wall Street Journal (12/27, 2.04M) says in an editorial, "Among the least surprising news coming out of the holiday weekend is that Iran denounced even the U.N. Security Council's tepid sanctions resolution against its nuclear weapons program. More surprising -- and encouraging -- is that the U.S. State Department also seems unenthusiastic." The "charade was even more than the State Department could bear to endorse wholeheartedly. Nicholas Burns, Secretary of State Condoleezza Rice's right-hand man, praised the resolution for isolating Iran but added that 'We don't think this resolution is enough in itself.' And he suggested that the U.S. would now work to form coalitions outside of the U.N. to add pressure on Tehran. It's about time."

Assad May Be Seeking Closer Ties With West. The Washington Times (12/27, Athanasiadis, 88K) reports, "Recent visits by Syrian President Bashar Assad to US-allied Yemen and the United Arab Emirates are prompting

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speculation that Syria is seeking to leave the Iranian orbit and pursue closer ties with the West." Such a move "would fulfill a major recommendation of the Iraq Study Group, headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, which suggested it might be possible through diplomacy to pry Syria away from Iran." In "another apparent overture yesterday, Mr. Assad told visiting Sen. Arlen Specter, Pennsylvania Republican, that he was willing to host a conference where all the factions of Iraq could seek a consensus on the country's future."

In a USA Today letter to the editor (12/27), Syrian Ambassador Imad Moustapha says, "It is always refreshing to hear moderate, wise voices from the United States calling for what diplomacy is really about: dialogue and engagement ('A two-way street with Syria,' The Forum, Dec. 20). Syria has repeatedly called upon this Administration to abandon its policies toward Syria and work together toward a more constructive policy in the Middle East. Former secretaries of State Colin Powell, Madeleine Albright and James Baker — who, unlike Secretary of State Condoleezza Rice, had a direct working relationship with Syria — consider their engagement with Syria as one that served U.S. national interests. Syria is ready and willing to engage, but this needs courage and vision from the other side."

Israel Approves New West Bank Settlement Despite Vow To US. The AP (12/27, Nessman) reports officials said Israel "has approved a new settlement in the West Bank to house former Jewish settlers from the Gaza Strip…breaking a promise to the US to halt home construction in the Palestinian territories." Construction in the northern West Bank town of Maskiot "began months ago, but the project only received final approval from the Defense Ministry last week, said Dubi Tal, head of the Jordan Valley regional council." Geoff Anisman, a spokesman for the US Embassy in Tel Aviv, said, "The US view on settlements remains unchanged." The Washington Post (12/27, A10, 690K) runs a short version of the AP story.

The New York Times (12/27, Erlanger, 1.16M) reports the move prompted "Palestinian anger and American concern. The announcement, by the Defense Ministry and settler groups, seemed to run counter to the prevailing effort by Prime Minister Ehud Olmert, who had offered a series of gestures to the Palestinians several days ago, after meeting with the Palestinian Authority president, Mahmoud Abbas." In an editorial, the New York Times (12/27, 1.16M) says that "the idea of a comprehensive peace between Israelis and Palestinians seems a distant dream. Yet it represents the best long-term assurance of Israel's survival as a secure Jewish democracy at peace with its Arab neighbors. Every new settlement planted on the West Bank creates a needless obstacle to the realization of that dream."

Mubarak Says New Laws Will Increase Democracy In Egypt. The Washington Post/AP (12/27, A15) reports, "President Hosni Mubarak said Tuesday that laws to be passed in 2007 would improve democracy and abolish Egypt's 25-year state of emergency, but rights activists said they doubted the long-serving leader would liberalize the country." Mubarak "asked lawmakers to amend 34 articles in the Egyptian constitution to 'consecrate the people's sovereignty as a source of power and give parliament more authority to monitor the government.'"

South Korean Officials Says US Offered To Remove North From Terror List. The AP (12/27) reports South Korea's main nuclear envoy, Chun Yung-woo, said the US "offered to remove North Korea from Washington's list of states sponsoring terrorism if the communist regime dismantles its atomic weapons program." Chun said the "proposal was just one of the incentives the US spelled out last week at six-nation nuclear disarmament talks with the North, along with offers of security guarantees, a peace treaty and normalization of relations." US diplomats "have declined to discuss specifics of their talks with the North Koreans, and State Department spokeswoman Amanda Rogers-Harper would not confirm Chun's report."

Mystery Novel Set In North Korea Compared To "Gorky Park." The Washington Post (12/27, A17, Kessler, 690K) reports "A Corpse in the Koryo," by James Church, "is a crackling good mystery novel, filled with unusual characters involved in a complex plot that keeps you guessing to the end. It has received rave reviews -- as a mystery novel." But the book "has also caused a stir among Asia specialists because it offers an unusually nuanced and detailed portrait of one of the most closed societies on Earth -- North Korea. Much like Martin Cruz Smith's novel 'Gorky Park,' which depicted life in the Soviet Union in the early 1980s through the eyes of police inspector, 'A Corpse on the Koryo' provides a vivid window into a mysterious country through the perspective of its primary character -- Inspector O."

Sudan May Be Willing To Accept UN Force In Darfur. The Washington Post (12/27, A8, Linzer, 690K) reports Sudanese President Omar al-Bashir "has suggested that he would be willing to accept a peacekeeping force with United Nations troops in Darfur, where his counterinsurgency campaign has left hundreds of thousands of civilians dead and millions homeless." Under "mounting pressure from the Bush administration to respond to UN plans for a cease-fire, Bashir appeared to accept some of Secretary General Kofi Annan's proposals in a letter sent over the weekend."

US Reaching Out To Leftist Critics In Latin America. McClatchy (12/27, Bachelet) reports the Bush

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Administration has "refused to talk to foes such as Iran, North Korea and Cuba, but it has no such qualms about some of its sternest critics in Latin America, including Venezuelan President Hugo Chavez." Less than "two weeks after Chavez won re-election earlier this month, the U.S. ambassador in Caracas met with the Venezuelan foreign minister to ease tensions between the two countries." Chavez "responded by attacking U.S. counter-drug efforts, so it's unclear if the charm offensive will work. But the move is part of a broader effort by U.S. officials to court leftist leaders who just weeks ago were warily viewed as pro-Chavez populists. This includes President-elects Daniel Ortega of Nicaragua and Ecuador's Rafael Correa, who recently heralded the rise of a socialist Latin America."

Surgeon Says Castro Doesn't Have Cancer. The Chicago Tribune (12/27, Marx, 617K) reports, "In the first independent diagnosis of Fidel Castro, a prominent Spanish surgeon said Tuesday the ailing 80-year-old leader does not have cancer and is recuperating slowly from intestinal surgery." Dr. Jose Luis Garcia Sabrido "traveled to Havana last Thursday to examine Castro at the request of Cuban authorities. Garcia Sabrido has returned to Madrid, where he told reporters that Castro's condition is stable and he does not require additional surgery." But Garcia Sabrido "declined to clarify what ailment Castro is suffering from. Cuban officials have said Castro's health condition is a state secret, and his Cuban doctors reportedly are sequestered." Similar stories appear in today's New York Times (12/27, McKinley, 1.16M), while the Washington Times and Washington Post run the same AP report on Castro's health (12/27, Giles).

ABC World News (12/26, story 6, 0:20, Gibson, 8.78M) reported, "The doctor says Castro is recovering from intestinal surgery and is eager to get back to work. Castro has not been seen in public since July, which has sparked speculation about his health and his future." The CBS Evening News (12/26, story 6, 0:25, Mitchell, 7.66M) noted the doctor "said Castro is in stable condition."

The Christian Science Monitor (12/27, Fawthrop, 59K) analyzes the prospects for a post-Castro Cuba, where "experts have ruled out any dramatic lurch toward a liberal market economy that might undermine the island nation's heritage as the persistent holdout of traditional Communist policies. More relaxed social attitudes may also evolve gradually. Still, no one doubts that change is afoot."

Russia Relies On UN "Tantrum" As Diplomatic Weapon. The Washington Post (12/27, A10, Lynch, 690K) reports Russia has "brandished a new weapon in its diplomatic arsenal: the Security Council tantrum." Russian Ambassador Vitaly Churkin "barged out of the U.N. chamber Dec. 11, canceling a crucial meeting on Iran's nuclear program. Asked to explain why the 15-nation council's major powers would not be able to address the Iranian nuclear crisis, Churkin said: 'Because. Because I said so.'" The Post adds Churkin's "outburst reflected anger over a U.S. decision to raise concern about political developments in Belarus, a Russian ally that has gained international condemnation for its repressive policies. But it also echoed a classic Soviet practice at the United Nations dating back to 1945, when Soviet strongman Joseph Stalin's envoy, Andrei Gromyko, also used bluster to exact political concessions, threatening to pull out of the new organization unless the Security Council veto was expanded."

China Seeks To Curb Vehicle Production Rate. The Wall Street Journal (12/27, A2, Fairclough, 2.04M) reports China's "economic planners are waving a yellow flag at the nation's auto industry, warning that growth in car makers' production capacity is outstripping demand and calling for limits on further expansion." Passenger car sales "have been increasing at a torrid rate, making China the world's second-largest vehicle market by unit sales after the U.S. But car companies, rushing to cash in on the growth, have been adding assembly lines at an even faster rate, the planners said." The National Development and Reform Commission, "which sets China's industrial policy, said overcapacity is threatening the auto industry's health and laid out guidelines to rein in growth."

China's Illegal Power Plants, Coal Mines Challenge Beijing's Authority. The Wall Street Journal (12/27, Oster, 2.04M) reports that illegally-built power plants in China "have had unintended -- and detrimental -- consequences. By eschewing even basic environmental safeguards, they stand out as polluters even in an industry that is one of China's leading sources of emissions, officials say. They also have driven up the demand for and price of coal, the country's most abundant source of fuel. That, in turn, has spawned thousands of illegal coal mines that have contributed to more than 4,000 coal-mining deaths in China this year." The Journal adds, "One fifth of the power plants in China are illegal, according to government estimates -- enough to light up all of the U.K. While the electricity they supply is essential to power China's growth, the uncontrolled manner in which they are multiplying, often under the protection of local authorities, poses a challenge to Beijing's authority and its grip on energy policy."

Blair Flight Missed Runway Exit. The Washington Post/AP (12/27, A13) reports a commercial jet "carrying British Prime Minister Tony Blair and his family missed a runway exit and struck some lights after landing at Miami International Airport on Tuesday. The plane was not damaged and no injures were reported, officials said." British Airways Flight 209 "from London ran over a couple of airfield lights after landing around 6:15 p.m., but it did not leave the

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pavement and it taxied to the gate under its own power, airport spokesman Marc Henderson said."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Gerald Ford Dies At 93."
"Vendor's Reefer Sadness."
"Hezbollah Rises From Ruins Of Its Beirut home."
"Iraqi Court Upholds Death For Hussein."
"Democrats Will Soon Get A Say On Iraq."
"Accident Is A Bad Break For Gov.'s Privacy."

USA Today:
"More Officials In Midwest, South Adding Spanish Lessons To Training."
"Soul (And Rap And Funk) Loses 'Godfather'."
"Nuclear Traffic Doubles Since '90s."
"Nuclear Cases."

New York Times:
"Gerald R. Ford, 38th U.S. President, Dies."
"Iraqi Court Says Hussein Must Die Within 30 Days."
"Iran Is Seeking More Influence In Afghanistan."
"S.E.C. Changes Reporting Rule On Bosses' Pay."
"Strategy, Not Drama, in 'I Intend To Run In '08'."
"As Minds Age, What's Next? Brain Calisthenics."

Washington Post:
"Gerald R. Ford, 93, Dies; Led In Watergate's Wake."
"Iraqi Court Upholds Hussein's Sentence."
"Williams Leaves A Legacy Of Contrasts."
"7 U.S. Troops Added To Rising Toll In Iraq."
"Ethiopians Closing In On Capital of Somalia."
"U.S. Wants Polar Bears Listed As Threatened."
"Immigrants' Jobs Vanish With Housing Slowdown."

Washington Times:
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"Biden To Fight Troop Surge."
"Gerald Ford Dies At 93."
"Saddam To be Hanged Within 39 Days."
"Baltimore Homicides Rises DC Likely To Record Drop."
"AIDS Program Loses Track OF Funds, Results."
"Assad Inspires 'Flip' Theories."

Detroit Free Press:
"Ford Dies."
"Lutz: Fuel Rules Could Doom US SUV, Truck Sales."
"Ford's Mulally Toyota Exec Talk In Japan."
"Michigan Micro-Districts Put Up A Fight To Survive."

Atlanta Journal-Constitution:
"Ex-President Ford Dies."
"Saddam Hanging Could Be 'Any Day'."
"Mars Rovers Mission Rolls On."
"James Brown's Funeral Expected To Draw Thousands."

Story Lineup From Last Night's Network News:
ABC: Saddam's Execution; Pipeline Explosion; Retail Sales; Denver Airport Reopens; Tsunami Money; Castro's Health; Schwarzenegger Recovering; New Gadgets; People OF The Year.
CBS: Saddam's Execution; Biden-Iraq; First Family's Christmas; Retail Sales; Florida Tornados; Castro's Health; Schwarzenegger Recovering; Heartburn Medication Risks; Improving Schools-Cincinnati; Medicare Part 'D'; Mainstream Opera.
NBC: Saddam's Execution; Way Forward-Iraq; Pipeline Explosion-Nigeria; Tsunami Remembered; Retail Sales; Stock Market; FDA Report-Cloning; Caring For The Injured; Heartburn Medication Risks; Illegal Immigration Debate; James Brown Obit.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. In Crawford, Texas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: IRAQ _ 11 a.m. The Center for American Progress holds a telephone briefing on Iraq, with former Assistant Defense Secretary Lawrence Korb and Brian Katulis, both of the center. Notes: Callin number: 800-862-9098.

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TERRORISM NEWS:

US Tries To Assure Allies That Extraordinary Renditions Are Over (FT)

By Guy Dinmore

Financial Times, December 27, 2006

The US is telling its overseas allies that it has stopped "extraordinary renditions" and needs their help to empty Guantánamo's prison cells. But human rights groups dispute this assertion and a question mark hangs over 200 "war on terror" detainees who could be held indefinitely without trial.

European diplomats say Washington is reacting to pressure from parliamentary investigations, lawsuits from former prisoners, and calls by friendly governments, including the UK, to close Guantánamo, the prison camp at a US naval base in Cuba.

However, the administration's response is seen as confused and inadequate. Analysts attribute this to internal divisions over how far to roll back controversial counter-terrorism practices - including torture, secret prisons, detention without trial, and renditions - as the price for rekindling transatlantic relations.

Washington was particularly stung by a report last month by a committee of the European parliament that condemned the alleged complicity of governments in the CIA's illegal detention and transportation of prisoners.

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It concluded that there were at least 1,245 overflights or stopovers by CIA aircraft in Europe, and that some probably involved prisoner transfers. Several highly publicised cases were documented.

Delegations from Europe visiting Washington since then have been assured that "extraordinary renditions" ended, or mostly ended, in 2003. US officials note that the lawsuits brought against the US by former detainees relate to events in 2003 or earlier, when even Condoleezza Rice, secretary of state, has admitted that "mistakes" happened.

The European committee defined "extraordinary rendition" as an "extra-judicial practice whereby an individual suspected of involvement in terrorism is illegally abducted, arrested and/or transferred into the custody of US officials and/or transported to another country for interrogation which, in the majority of cases, involves incommunicado detention and torture".

Visiting Europeans have been told that the US reserves the right to carry out renditions, but - as Ms Rice declared in a major statement a year ago - it would respect the sovereignty of other countries and would not send detainees to countries where the US believed they might be tortured.

John Sifton, a researcher for Human Rights Watch, strongly disputes the assertion that extraordinary renditions stopped in 2003. He said there had been people arrested in 2006 who were still unaccounted for, and others transported by the US from Pakistan, outside all judicial process, to the Middle East.

Human rights groups believe there are large numbers of prisoners in US custody who are unaccounted for and were not included in the 14 transferred to Guantánamo when President George W. Bush acknowledged for the first time in September the existence of secret CIA detention facilities, which he then ordered to be closed.

The US had also crafted a concept of "constructive custody" or "proxy detention", Mr Sifton said. This involved allies, such as Pakistan, Jordan and Morocco, holding detainees at the request of the US and allowing the US free access to them.

Andrew Tyrie, a British opposition MP who recently visited Washington, said the Bush administration was engaged in a fierce debate over the impact of more controversial US practices in the wake of the September 2001 attacks by al-Qaeda. "It is vital we send a message to moderate Muslims that these practices are no longer in our armoury against terrorism," he said, adding the US was also keen to revive the strong transatlantic bonds that existed before the invasion of Iraq.

Mr Bush says he wants to close Guantánamo, which will be five years old next month. But it is far from clear how or when this will happen.

Low-risk prisoners are being sent to other countries, following complex negotiations over conditions of their release or continued detention. According to the Pentagon, about 380 prisoners have left the prison since 2002. About 395 remain, of whom some 85 are now eligible for transfer or release.

The Military Commissions Act, signed by Mr Bush in October, was intended to speed the process of putting on trial Khalid Sheikh Mohammed, the alleged mastermind of the 9/11 attacks, and other prominent militants before special tribunals. Experts believe, however, that constitutional challenges will set this back a very long time.

Believing that only some 50 detainees would be tried, allies are concerned that 200 other prisoners, designated as high-risk, would be detained indefinitely without trial and barred from challenging their detention in the federal courts. Complicating the process is Washington's fear that releasing more detainees will lead to a flood of legal cases against the US.

Diplomats say Ms Rice has been influential in advocating change to detention policies she sees as damaging relations with allies, while Dick Cheney, vice-president, and David Addington, his chief of staff, are seen as obstacles. The removal of Donald Rumsfeld as defence secretary this month may have undermined the hardliners, however.

"We have no desire to be the world's jailer and do not hold detainees for any longer than necessary," said Jeffrey Gordon, a Pentagon spokesman.

But he also said there was a "significant amount of evidence" to justify holding "unlawful enemy combatants" and prevent their return to the battlefield.

US Creates Terrorist Fingerprint Database (CSM)

By Warren Richey

The Christian Science Monitor, December 27, 2006

DOJ_NMG_0109067

The US government is building a massive database designed to identify individual terror suspects from fingerprints on objects such as a tea glass in an Iraqi apartment or a shell casing in an abandoned Al Qaeda training camp.

The database is being created in part by forensic specialists searching for and preserving evidence overseas. They are collecting unidentified latent fingerprints in places once occupied by Al Qaeda and other suspected terrorists.

The information is feeding into a computerized system designed to match a name with an unidentified fingerprint.

Homeland Security Secretary Michael Chertoff calls the program "a quantum step forward in security."

"(It) gives us the ability to identify the unknown, unidentified terrorist," he said in a recent speech. "It also creates a powerful deterrent for anybody who has ever spent time sitting in a training camp, or building a bomb in a safe house, or carrying out a terrorist mission on a battlefield."

Not everyone sees the creation of such a database as progress. Privacy advocates and civil libertarians say it could lead to a dangerous erosion of American rights. Privacy advocates voice concern

"Our assessment of these systems is that many that are undertaken with a goal of identifying terrorists eventually become systems of mass surveillance directed toward the American public," says Marc Rotenberg, president of the Electronic Privacy Information Center in Washington.

"When Secretary Chertoff says we are trying to identify people who were in safe houses in Iraq with terrorists, that is a very small part of the story," Mr. Rotenberg says. "The technology used to identify a terrorist in a safe house in Iraq is the exact same technology that can be used to identify a war protester in a Quaker meeting house in southern Florida."

Last year, the Department of Homeland Security (DHS) announced the completion of a database system that collects electronic fingerprints of both the index and middle fingers of every noncitizen entering the US. The system now documents 64 million travelers. The Homeland Security database is being linked with the FBI's database of more than 40 million subjects.

The effort prevented 1,300 convicted criminals and immigration law violators from entering the US, and blocked 1,000 others from gaining visas, according to Mr. Chertoff.

Now, Homeland Security is upgrading from a two-finger to a 10-finger system. In effect, it requires foreign visitors to submit to the kind of extensive fingerprinting usually reserved for criminals. But officials say that collecting all 10 prints ensures compatibility with the FBI database, and increases the investigative utility of the computerized system.

"Ten prints allows us to run not only against the database of known felons or known terrorists where we have fingerprints linked to a particular name, it lets us run against the databases we are collecting for latent fingerprints that are picked up in battlefields or safe houses or training camps all over the world," Chertoff said.

An unidentified latent print from a known terror safe house could provide an early warning by triggering an investigation if it matches someone trying to gain entry into the US, officials say.

Privacy advocates say the system is being presented to the American public and Congress as an antiterrorism tool. But they warn it could vastly increase the government's ability to track and investigate US citizens.

"It makes it sound as though this will have a limited purpose - terrorism, and a limited scope - non-Americans, but the reality is that the system is not going to be so limited," says Lee Tien of the Electronic Frontier Foundation based in San Francisco. "They will be using it for every kind of law enforcement there is. They will be collecting fingerprints on Americans, and it will be used for every general purpose." Fingerprinting part of ID science

Fingerprinting is a subset of a rapidly developing area of identification science called biometrics. Researchers are studying how to identify individuals in a crowd by using computers to match unique facial characteristics to those same characteristics on a driver's license photo. The federal and state governments are assembling databases preserving the DNA of convicted criminals. And studies are underway to use eye scans to identify individuals. But by far the government's largest identifying database relates to fingerprints, and it may soon grow larger.

In 2005, Congress passed the Real ID Act, which instructs DHS to develop a single standard for all state-issued driver's licenses and identification cards. The ID is expected to include a biometric identifier. Many experts say the most likely candidate will be a fingerprint.

If adopted, that action would create for the first time a government database of fingerprints of virtually every adult American citizen. "This could come home to Americans very, very quickly," Rotenberg says.

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Privacy advocates say they are hopeful that the new Democratic Congress will exert an aggressive oversight posture and study the implications of the fingerprint program before it is in place. An Oregon lawyer and his fingerprints

They point to the case of Oregon lawyer Brandon Mayfield.

The case began in mid-March 2004, shortly after terrorist bombs ripped through commuter trains in Madrid, Spain, killing 191 people and injuring 1,400. After the attacks, Spanish authorities found fingerprints on a plastic bag with detonators.

The FBI ran the prints through its computer system and found no matches, but identified several close nonmatches. Mr. Mayfield was the fourth of 20 close nonmatches.

Three FBI fingerprint examiners studied the Madrid fingerprint, and concluded that it had been made by Mayfield.

Mayfield's print was in the FBI's database because he had served in the armed forces and had earlier been charged with a crime.

FBI investigators learned that Mayfield had converted to Islam and had married an Egyptian immigrant. He also had served as the attorney in a custody case for a man who was convicted of conspiring to aid the Taliban and Al Qaeda.

Justice Department officials say this information was unknown to the three examiners when they matched Mayfield's print to the Madrid bombing.

Spanish officials had their doubts about the match. They rejected the FBI's conclusion and continued to investigate.

The FBI dismissed the skepticism of Spanish authorities. One official in the investigation wrote: "I spoke with the lab this morning and they are absolutely confident that they have a match on the print. No doubt about it!!!! They will testify in any court you swear them into."

The FBI began surveilling Mayfield and his family, including covertly entering his home and office. Mayfield was arrested and held in prison for two weeks.

Concerned about the possibility of a mistake, a federal judge ordered an independent analysis of the fingerprint. That analyst also concluded that the print belonged to Mayfield. Two million dollar settlement

That same day, Spanish authorities identified an Algerian man as the real source of the fingerprint.

Eventually, the FBI retracted its earlier conclusion. Last month the Justice Department agreed to pay Mayfield a $2 million settlement and issued a formal apology.

The Justice Department Inspector General's review of the case earlier this year warned about using a large database like the FBI's. "The enormous size of the (FBI) database and the power of the ... program can find a confusingly similar candidate print," the report says.

Mayfield says he was singled out because of his Muslim faith.

The Justice Department concluded that the fingerprint examiners were not aware that Mayfield was a Muslim with a connection to a convicted Al Qaeda supporter when they made the initial match. But later the examiners became aware of those facts, contributing to the FBI's reluctance to investigate whether they had fingered an innocent man, according to the Justice Department review.

Asked about the Mayfield case after his Nov. 30 speech, Chertoff acknowledged that mistakes had been made. But he added that mistakes are made in the criminal justice system, and no one suggests repealing the criminal code.

"We should make our techniques better but we shouldn't throw the whole process out because there are inevitable mistakes," he said.

Contractor's Handguns Missing From Homeland Security Vault (WP)

By Allan Lengel

The Washington Post, December 27, 2006

The Department of Homeland Security said yesterday that it is investigating how four handguns recently went missing from its headquarters in Northwest Washington.

Jarrod Agen, a department spokesman, said the guns belonged to Paragon Systems of Chantilly, which provides security for the department's facility on Nebraska Avenue NW.

"DHS is investigating the report," Agen said. "Paragon guns do not belong to DHS nor are they under the control of DHS."

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A person familiar with the investigation and who requested anonymity while the probe is underway said four .40-caliber handguns vanished about two weeks ago from a vault where Paragon security officers store their weapons.

Attempts to reach Paragon officials for comment yesterday afternoon and evening were unsuccessful.

Saudi Arabia Frees 18 Ex-Gitmo Detainees (AP)

AP, December 26, 2006

The Saudi government said Tuesday it had released 18 men who were detained after returning to their homeland from the U.S. military prison in Guantanamo Bay.

The Saudis, who returned to the kingdom in May and June, were released after they finished their sentences, Interior Ministry spokesman Lt. Gen. Mansour al-Turki said. His comments, which did not specify the men's alleged crimes, came in a statement carried by the official Saudi Press Agency.

Last week the kingdom freed 11 ex-detainees from Guantanamo who had completed short sentences after their return.

The United States says its military prison at Guantanamo Bay, Cuba, holds terror suspects — usually people captured in Afghanistan, Pakistan or other hotspots of the war on terror.

Saudi officials have said former Guantanamo inmates are taken into custody on their return to investigate whether they have any connections to Islamic militant groups.

So far, 53 Saudis have been released from Guantanamo — all this year. Another 75 Saudis remain at the prison in Cuba, according to Kateb al-Shimri, a lawyer who represents relatives of Saudis held at the U.S. base.

Guantanamo Needs Courthouse, Pentagon Says (LAT)

By Carol J. Williams,

The Los Angeles Times, December 27, 2006

GUANTANAMO BAY, CUBA — Although the Pentagon estimates that no more than 80 of the 400 or so terrorism detainees here will ever be tried, it is moving forward with plans for a $125-million legal complex.

Air Force Col. Morris Davis, chief prosecutor of the suspected Al Qaeda and Taliban supporters, says he expects to file charges against 10 to 20 prisoners soon after new trial rules are presented to Defense Secretary Robert M. Gates next month.

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The Supreme Court in June found the Bush administration's military tribunal system unconstitutional, and Congress passed the Military Commission Act in September to replace it. But less than 20% of the prisoners held here are expected to face charges under the new commissions. "At the end of the day, I think the total will be about 75, give or take a few," Davis says.

Much of the legal work is done in Washington or in other U.S.-based offices of the military's judicial network — not at Guantanamo Bay.

Still, Davis says, there is just one courtroom here, in a converted air terminal that also houses legal staff and a high-security lockup. The new compound would have three courtrooms, restaurants, parking and accommodations for at least 800 people.

"It's going to take longer to do these trials one at a time in one courtroom," Davis said. A more rigorous pace could be undertaken if the complex is ready by July, as the Pentagon envisions.

Cully Stimson, deputy assistant secretary of Defense for detainee affairs, insists the legal facility is vital to bringing terrorism suspects to justice. Even with back-to-back trials, he said, it would take over a decade to prosecute an expected 60 to 80 detainees using one courtroom.

"We're fiscal conservatives by definition. We're not building the Taj Mahal here, Stimson said.

Doubts about the future of Guantanamo and the logic of investing in an operation many U.S. allies want to see shut down may doom the building project.

Calling the complex "a massive boondoggle," the American Civil Liberties Union has urged the incoming Democratic-controlled Congress to deny funding.

"No one thinks more than a few dozen detainees will ever be tried there," said Chris Anders, the ACLU legislative counsel. "I just don't see the next Congress authorizing any significant construction for additional courtrooms."

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There is nothing in either the Military Commissions Act or in the rules governing courts-martial that requires war-crimes trials to be conducted in a courtroom — or even at this remote naval base, Anders said.

The Pentagon earlier this month backed down from a plan to fast-track the legal compound without approval from Congress; it is expected to be part of a supplemental funding request in February or March.

"We want these procedures to be full and fair, and do not want the lack of facilities to be a reason to delay the process," Pentagon spokesman Navy Cmdr. Jeffrey D. Gordon said.

Davis says he expects to have cases ready to try by March. But Navy Cmdr. Pat McCarthy, the staff judge advocate, said no one is certain how long the rule-writing and legal challenges to the Military Commissions Act could take.

The dispute over whether and how much to invest in facilities for holding and trying terrorism suspects has been fueled by demands from European allies and human-rights activists for release or trial of the men here — most of whom will mark five years in detention in 2007.

"I think it is excessive," University of Richmond law professor Carl Tobias said of the legal-complex proposal. "They only scheduled 10 [trials] to date and with so much legal uncertainty, I think this is going to get a thorough review" by a skeptical Congress.

Joshua Colangelo-Bryan, a lawyer for a Bahraini prisoner being held without charges, said the Pentagon "will be lucky if they can even bring cases against the 10" charged earlier due to lack of evidence, lost contact with witnesses and shifting definitions of what amounts to terrorism.

Among those now at Guantanamo are 14 prisoners deemed by the U.S. government to be "high-value" detainees who were transferred from secret CIA prisons — including alleged Sept. 11 mastermind Khalid Shaikh Mohammed.

At least 100 others at the facility have been cleared by annual Administrative Review Board hearings that deemed them to be negligible threats to U.S. or allied security.

And the governments of Saudi Arabia, Afghanistan and Yemen remain in negotiations with the State Department for transfer of their citizens.

Guantanamo jailers expect the prison population to drop to 200 and stay there, even if the rest of the inmates are never tried. Rear Adm. Harry B. Harris Jr., commander of operations here, said the number should be closer to 300 because "they are all dangerous men."

About 160 of the detainees have just been moved into concrete cells with steel doors at a new $38-million maximum-security prison, Camp 6. Another 90-plus are confined in a similarly restrictive facility, Camp 5, which was completed two years ago.

The new construction — Camp 6 has a medical clinic and two meeting rooms for legal visits — and existing cells were modified "to improve quality of life for both detainees and the guard force," said Cmdr. Robert Durand, spokesman for the Joint Task Force operating the prisons.

HOMELAND RESPONSE:

U.S. Senators Put To Rest Conspiracy Theory Behind Military Analysis Of Sept. 11 Attacks (FINDLAW/AP)

By Anne Flaherty, Associated Press Writer

AP, December 27, 2006

(AP) - WASHINGTON-A lengthy Senate investigation has debunked charges by a Republican congressman that military analysts identified Mohamad Atta and other Sept. 11 hijackers before the attacks, according to a committee aide familiar with the report.

In a letter to members of the Senate Intelligence Committee, Sens. Pat Roberts and John D. Rockefeller dismissed suggestions by Rep. Curt Weldon that defense analysts ignored analysis that could have prevented the attacks. Roberts, a Republican, is outgoing chairman and Rockefeller is the senior Democrat who will assume the chairmanship Jan. 4 month when the new Congress convenes. NB.

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They concluded "there was no evidence Mohamad Atta or any hijackers were identified prior to 9/11," said the committee aide, who spoke on condition of anonymity because the aide was not authorized to speak publicly on the subject.

An internal Defense Department assessment already had dismissed Weldon's charges as unfounded. But the letter from Roberts and Rockefeller is the first rejection from Capitol Hill. The letter was obtained and first reported Tuesday by the Los Angeles Times.

Weldon, a 10-term Republican who lost his seat in the Nov. 7 election, repeatedly contended a secret military unit called "Able Danger" searched large amounts of data to link four Sept. 11 hijackers to al-Qaida more than a year before the attacks.

In September, the Pentagon's inspector general found some employees recalled seeing an intelligence chart identifying Atta as a terrorist before the attacks. But the report said those accounts "varied significantly" and witnesses were inconsistent at times in their statements.

At the time, Weldon questioned the "motives and the content" of the report and rejected its conclusions, which he said relied on cherry-picked testimony. Weldon could not be reached Tuesday for comment.

According to the committee aide, Roberts and Rockefeller found similar problems in their investigation.

Weldon lost his seat to Democrat Joe Sestak, a retired Navy admiral who called for troops to be withdrawn from Iraq by the end of 2007.

Just weeks before the election, the FBI raided the homes of Weldon's daughter and a close friend in an investigation of whether the congressman improperly helped the pair win lobbying and consulting contracts.

TSA Modifies Screening Machines (USAT)

By Thomas Frank

USA Today, December 27, 2006

A new airport screening machine that peers through travelers' clothing has been modified so it won't show intimate body parts when it's tested at a U.S. airport for the first time starting next month.

RELATED: X-ray tests both security, privacy

The modification to the controversial "backscatter" X-ray machine seeks to quiet critics such as the American Civil Liberties Union who have helped block its use in airports by saying the vivid images seen by screeners invade passenger privacy. The altered images will show only cartoon-like black-and-white outlines of each passenger.

But the Transportation Security Administration (TSA) is facing questions from experts who say the agency has weakened the effectiveness of the low-intensity X-rays.

"You don't see fine detail," said Robert Gould, a radiology professor at the University of California, San Francisco. "It's conceivable to me that (the modified machines) would miss plastic explosives."

Plastic explosives are a major threat because they evade checkpoint metal detectors and a small amount could blow apart a jet.

"I would bet that I could take some plastic explosives, put them on my upper thigh, and the blurring would let me get the stuff on board," said Andrew Karam, a physicist and fellow at the Center for Advanced Defense Studies, a national security think tank.

Backscatter X-rays will debut at Phoenix Sky Harbor International Airport, and a few other airports will follow. The TSA has lab-tested the machines and will use covert agents to test them in airports before any broader rollout. "We aren't endorsing this particular technology, we're testing it," TSA spokeswoman Ellen Howe said.

Manufacturer American Science and Engineering of suburban Boston got $722,000 from the TSA to program its backscatter machine so body parts wouldn't be visible to security screeners. The machines will be used only on passengers who require extra screening beyond a metal detector and who opt for the X-ray over a pat-down.

American Science Vice President Joe Rice said the $100,000 machine finds ceramic weapons and small metal objects that metal detectors can miss. "I'm sure there are ways to defeat this technology," Rice said. "But this type of technology is a dramatic leap forward from what is available today."

Hope For New Orleans (column) (WP)

DOJ_NMG_0109072

By William H. Chafe

The Washington Post, December 26, 2006

Nearly 16 months after Hurricane Katrina, New Orleans remains devastated. In the Lower Ninth Ward (primarily black and poor), mid-city (mixed-race and middle class) and Lakeside (richer and whiter), houses are boarded up and ruined; shattered windows reveal rooms full of debris; perhaps one in 10 places has a FEMA trailer parked outside, as a few returning residents desperately try to reclaim what they have lost. Thousands of small businesses have disappeared. Even in the French Quarter, which was left largely intact after Katrina, shopkeepers despair of being able to survive given the decline in tourism. Repeatedly, people declare: "I have not received a single dollar of federal aid."

Yet in this season that celebrates the birth of a child in what today would be called a homeless shelter, a remarkable resiliency of spirit remains in New Orleans. Yes, only half the population there in August 2005 has returned. The suicide rate has increased 300 percent, and less than half of the schools and hospitals that existed 16 months ago are functioning.

But energy, engagement and love persist, creating tiny ripples of hope, from thousands of individual acts of courage -- ripples that can, in words Robert Kennedy uttered 40 years ago in South Africa, "build a current" able to topple the mightiest walls of oppression.

In the Lower Ninth Ward, more than a hundred volunteers gather in a Catholic school (St. Mary of the Angels) to help secure -- with the community -- a foothold toward starting anew. Some are college students, others grandparents and hippies. All have come to live and work with local residents. Most spend their days gutting houses so that returning residents can be eligible for federal rebuilding funds. Tearing down sheetrock infested with toxic mold is dangerous work. Others toil in the kitchen, helping members of the "Rainbow Tribe" -- a commune -- prepare Brunswick stew, macaroni and cheese, and fried chicken for 150.

No one sees this as a lark. The unpaid staff briefs workers on the hazards they will face, insisting that respirators fit snugly so that no toxins are inhaled. The kitchen crew tests every dish to be sure it has reached a temperature high enough to eliminate any chance of food poisoning. Everyone is deadly serious -- and also clearly moved by the importance of the mission. They are white and black, male and female. They respect the integrity and autonomy of the neighbors they are there to help, committed not to fall into old hierarchies of white and black, male and female.

In the civil rights movement, such people called themselves a "beloved community" -- people transformed by an ethos of love and justice into becoming soldiers for justice. If redemption can follow tragedy in New Orleans, these volunteers -- in partnership with community residents -- will be the ones to make it happen.

But the signs of hope are not just in the courage of people in the Ninth Ward. They are there as well in the celebration of community among those less afflicted by poverty, people who have come back to New Orleans out of love for their city in order to make it the kind of place they want their children to grow up in. They have their own rituals.

On a Sunday, in a small bar, 30 neighborhood residents gather for a weekly get-together. White and black, gay and straight, old and young, they listen to their favorite jazz quartet and vocalist. They hug, laugh, cheer. They welcome strangers in their midst, anxious to talk about what they've been through. A father dances with his young daughter. The cook mingles with those eating from the buffet she's prepared, embracing her friends. In its own way this, too, is a "beloved community" -- people sustained by a history of caring about each other and about something in New Orleans that has made their spirits fresh and engaged.

From one perspective, the future of New Orleans is bleak. Surely no governmental body, least of all FEMA, has given anyone reason for confidence. But this is no ordinary place, and these are no ordinary people. Rooted in their history is a vision -- admittedly utopian -- that affirms the possibilities of living in biracial peace; prizes grace, hospitality and humor; and fights like hell against bureaucrats who refuse to acknowledge the human potential for rising above self-interest and cynicism. Maybe -- just maybe -- there is reason to hope.

William H. Chafe, a history professor at Duke University, writes about race and gender. He recently returned from a weekend as a volunteer in New Orleans.

DOJ_NMG_0109073

WAR NEWS:

Gates Sending Brigade Of 82nd To Kuwait (AP)

By Lolita C. Baldor

AP, December 27, 2006

Defense Secretary Robert Gates has signed orders that will send the 82nd Airborne Division's 2nd Brigade to Kuwait shortly after the new year, senior defense officials said Tuesday.

The decision to send the unit was first reported earlier this month. The soldiers, who are based at Fort Bragg, N.C., are expected to be deployed into Iraq early next year, and the move could be part of a short-term surge of troops to the battlefront to quell the ongoing violence.

The 82nd Airborne unit — which would include as many as 3,300 soldiers — will replace the 15th Marine Expeditionary Unit, which had served as the reserve force based in Kuwait but has been deployed into Iraq.

Army officials said Tuesday that they were not aware a final decision had been made on sending the unit to Kuwait. But two senior defense officials, who requested anonymity because the announcement had not yet been made public, said Gates had signed the order Tuesday — the first of his week-old tenure as Pentagon chief.

Gates was in Iraq last week meeting with U.S. military commanders and Iraqi officials.

He met with President Bush on Saturday to relay what he saw and learned during his three days in Iraq. He is scheduled to travel to Crawford, Texas, to meet with Bush on Thursday to discuss options for changes in the Iraq strategy. He and other military leaders have said that all options are on the table. Gen. Peter Pace, chairman of the Joint Chiefs of Staff, will also meet with Bush on Thursday.

Some of the options for a new strategy in Iraq that have been under discussion by U.S. officials include an increase in troops, to help tamp down the violence, particularly in Baghdad, and to beef up the training of Iraq soldiers.

There are 134,000 troops in Iraq. The U.S. military has consistently kept a reserve force in Kuwait that can easily and quickly be deployed into Iraq, or other places in the region, as needed.

Gates took over the top job at the Pentagon last week after the resignation of Donald H. Rumsfeld.

Bush In Texas To Rethink Iraq Course (AP)

By Deb Riechmann

AP, December 27, 2006

President Bush went to his ranch Tuesday to rethink U.S. involvement in Iraq as his spokesman hailed a Baghdad court's decision upholding the death sentence for former Iraqi leader Saddam Hussein.

Saddam, who was deposed by the U.S.-led invasion of Iraq in 2003, is to be hanged within 30 days.

"Today marks an important milestone in the Iraqi people's efforts to replace the rule of a tyrant with the rule of law," deputy White House press secretary Scott Stanzel told reporters aboard Air Force One to Texas, where Bush was to meet this week with his national security team.

Iraq's highest appeals court on Tuesday upheld the Nov. 5 sentence against Saddam for ordering the killing of 148 Shiites in Dujail in 1982, following an attempt on his life. Chief Judge Aref Shahin said the sentence must be implemented within 30 days, and could be carried out as early as Wednesday.

"Saddam Hussein has received due process and legal rights that he denied the Iraqi people for so long, so this is an important day for the Iraqi people," Stanzel said.

The 82nd Airborne Division's 2nd Brigade, which would include as many as 3,300 soldiers, has been ordered to go to Kuwait shortly after the new year, senior defense officials said Tuesday. Defense Secretary Robert Gates has approved the deployment, which had been reported earlier this month, said officials who requested anonymity because the announcement had not yet been made public

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At the Pentagon, officials said Gates isn't likely to offer a single solution but, rather, a broad set of recommendations for changing the course in Iraq. A senior Defense Department official, who spoke only on condition of anonymity because Gates' advice to Bush is secret, said the recommendations "would involve many aspects of how we can do things differently."

Bush, saddled with low approval ratings for his handling of Iraq, will host a National Security Council meeting on Thursday at the ranch, but is not expected to make any final decision on what he says will be a new way forward in Iraq.

Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert Gates and National Security Adviser Stephen Hadley will attend the meeting.

Stanzel said there could be other National Security Council meetings before the president makes up his mind and delivers a speech to announce his decisions. The speech is expected before the State of the Union address on Jan. 23.

Bush is under mounting pressure to change U.S. involvement in Iraq where violence continued to escalate this month.

On Tuesday, the U.S. military reported that seven more American soldiers had died, pushing the U.S. military death toll for the month to 90. With five days remaining in the month, December is already the second deadliest month for the U.S. military this year, behind the 105 soldiers killed in October.

The latest deaths also brought the number of U.S. military members killed since the beginning of the Iraq war in March 2003 to at least 2,978 — five more than the number killed in the Sept. 11 attacks in New York, Washington and Pennsylvania.

Stanzel said Bush continues to question advisers and think through the consequences of various U.S. actions. "Our forces, coalition forces in Iraq are continuing to take the fight to the enemy, and the president will announce a new way forward when he's comfortable" with his decision, he said.

When the president arrived in Texas, about 50 well-wishers, squinting in the sunshine, welcomed him as he walked down the steps of the plane with Mrs. Bush and her mother, Jenna Welch. The president spent the Christmas holiday with his family at the Camp David presidential retreat in Maryland.

Mrs. Bush gave the president a new blue suit, biking shoes and country singer Sam Moore's CD titled "Overnight Sensational." He gave her amber-colored citrine earrings to match the triple-strand citrine necklace he gave her for her birthday.

As part of a family gift name drawing, the Bushes donated mosquito nets in the name of former President George H.W. Bush through Malarianomore.org, a mission set up to urge individuals, organizations and institutions to protect families from malaria.

Bush's Iraq Plan Gets Big Build-up (AP)

By Ben Feller

AP, December 27, 2006

Determined not to be rushed, President Bush has spent weeks figuring out a new war plan in Iraq. All the while, the American public's expectations have been headed in one direction — up.

Anticipation is high not just because people are weary of war, but also because of the way Bush has gone about deciding his next move.

Saddled with a reputation for stubbornness, Bush has gone the other direction. He has made a visible effort to seek advice — from the military, diplomats, academics, retired generals, a special study commission, Iraqi officials, Republican leaders, even Democrats he once ridiculed.

By the time he announces his Iraq plan in January, roughly two months will have passed since a humbling election for Republicans brought a promise of a "new way forward."

There might as well be a drum roll.

"He has built up expectations," said David Gergen, a former White House adviser in the administrations of presidents Nixon, Ford, Reagan and Clinton. "People are saying, 'OK, if you've spent all this time and effort on it, you better have a pretty darn good plan.'"

The ostensible goal of that plan will be to get Iraq on a path to govern itself and help the United States fight terrorism. Bush is also out to win back some of the American people, who want to know the war has an end in sight.

Recent history shows the trouble with high expectations.

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The Iraq Study Group, a bipartisan commission of Washington elders, this month offered Bush a stark, comprehensive plan to change course. It was so highly anticipated that when it was not embraced by the White House in toto, it seemed to fall flat and fade from view.

Bush now faces his own test of great expectations, largely of his own doing. He's promised a new approach, yet even his new defense secretary, Robert Gates, has acknowledged that "there are no new ideas in Iraq."

Indeed, some of the main ideas under consideration — sending in more troops, embedding more U.S. advisers in Iraqi units, engaging in more aggressive diplomacy — aren't novel. And if Bush does come up with a remarkably fresh approach after nearly four years of war, that will raise the question of why he hadn't thought of it before.

Even with that seemingly no-win set of expectations, the president does have room to succeed, said Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania.

"It doesn't have to be new. It has to be new for him," said Jamieson, who specializes in presidential rhetoric.

Bush and his defense team set the expectations in the first place, assuring that Iraq had stockpiles of weapons of mass destruction, and promising that U.S. troops would be viewed as liberators. Now the president can reset the expectations.

What people want is to hear Bush explain a clear route to an honorable outcome — one in which it is clear that the war left Iraq and the U.S. better off, Jamieson said.

"There are times when a country roots for a leader. I think that's what happening with this," Jamieson said. "A lot of people who voted for Democrats want the president to succeed. I think he has some advantage coming in, because the public so desperately wants success."

Desperate, and skeptical.

Bush's approval for handling the situation in Iraq was at 27 percent in an AP-Ipsos poll this month — his lowest-ever approval level on Iraq in that poll. Only a third of Americans said Iraq would end up as a stable, democratic nation.

"I think the American people understand this war perhaps better than anybody gives them credit for," said Leon Panetta, who was President Clinton's chief of staff and a member of the Iraq Study Group. "If they believe that the president has approached this with what he calls 'fresh eyes' — if he takes a comprehensive approach — then they're going to give him some room."

Bush used a year-end news conference last week to help frame the expectations.

He promised to work with Democrats and be flexible about war tactics. But his only prediction for 2007 in Iraq was sober: "It's going to require difficult choices and additional sacrifices, because the enemy is merciless and violent."

The president also braced America to think long-term. His goals aren't changing. He talks of the war on terror as the calling of a generation, one that "is going to require a sustained commitment from the American people. "

That's a world away for those looking for a firm date when U.S. troops will come home.

Gergen, the former White House adviser, said it's unrealistic to expect Bush to come up with a plan so dazzling it will rally the country. But it may extend the nation's patience.

"That has to be his goal, from a political perspective," Gergen said. "For a president, buying time to try something new is often the most important thing you can do in a crisis."

The White House puts some of the blame on the media for rising expectations. Spokesman Tony Snow, who spends every briefing fending off requests for details about Bush's plan, told reporters this week to "take a deep, cleansing breath."

Even the timing of Bush's Iraq speech has been sucked into the expectations game.

First, word emerged that his Iraq address would occur by Christmas. When the date then was set for sometime after the new year, the White House said it never had locked in the timing, but still had to answer questions about a "delay."

Asked whether the president felt a sense of urgency to announce his strategy sooner, rather than later, given the rising death toll in Iraq, White House deputy press secretary Scott Stanzel told reporters on Tuesday: "He's wanting to make sure that we give all consideration to all the options. ... Coalition forces in Iraq are continuing to take the fight to the enemy, and the president will announce a new way forward when he's comfortable announcing that."

Old Iraq Strategy Lives On In Weekly Progress Reports (WP)

DOJ_NMG_0109076

By Glenn Kessler

The Washington Post, December 26, 2006

A year ago, President Bush announced a new plan for Iraq, framed around "eight pillars" of U.S. policy for victory. In the past month, the president and his national security team have been busily working on a new recipe for success in Iraq, having declared the previous plan a failure.

But never mind what the politicians are doing. The bureaucracy churns on.

The State Department continues every Wednesday to issue a 30-page public report that details exactly how the U.S. government is meeting the goals set forth in the president's now-abandoned plan. The report frames the data around Bush's storied eight pillars, which include such goals as "Defeat the Terrorists and Neutralize the Insurgents" (Pillar 1) and "Increase International Support for Iraq" (Pillar 7).

In many ways, the report is a microcosm of the administration's lost year in Iraq. The reams of details aimed at touting success belie the fact that few of the goals are being met.

The report is often upbeat as it presents some of the most minuscule factoids of the situation in Iraq. The Dec. 13 report noted that on Dec. 7, 40 sheikhs from across Diyala province met "to discuss ways to maintain peace and stability" and that on Dec. 9, U.S. soldiers discovered a factory for making improvised explosive devices in a house in Baqubah.

But the bottom-line graphs tell a story of failure. Under Pillar 5 ("Help Iraq Strengthen Its Economy") the reports show that week after week, the Iraqis cannot meet their goals for crude oil production. Another chart shows that efforts to build a 15-day supply of all refined products, such as diesel and gasoline, are woefully behind schedule, reaching a peak of a four-day supply.

Under Pillar 7, increasing international support, the trends are on the decline. The first report of the year showed that 28 countries, in addition to the United States, contributed 23,000 troops to coalition forces. By last week's report, the number of countries had fallen to 25 -- and the number of troops was down to 16,860, a decrease of more than 25 percent. Italy recently dropped off the list when the last of its troops departed.

One figure has not really budged: the $20 billion apportioned for rebuilding Iraq (under Pillar 4, "Help Iraq Build Government Capacity and Provide Essential Services"). That is because the administration ran out of money for rebuilding Iraq, in part because about 25 percent was diverted to security. The latest report says that all but $4 billion has been disbursed.

A State Department official, speaking on the condition of anonymity because he is not authorized to talk to reporters about the report, said it still plays an important role because it provides the administration with a single set of numbers about the situation in Iraq. Previously, State and Defense department officials might have arrived at meetings armed with different data, but "now everyone is talking off the same sheet on music," he said.

There is also a classified version of the report, which includes details on counterterrorism operations, given to top policymakers on Fridays.

The report is prepared not by State Department officials but by a team of about 10 people hired by a management consulting firm. The firm, BearingPoint, has a $2 million contract to produce the report and to manage the process of running Iraq policy in the administration, the State Department official said.

Below the level of the top policymakers, working groups from across the government implement Iraq policy day by day. The BearingPoint employees, who work out of offices in the State Department, arrange the meetings, set the agendas, take notes and provide summaries of the discussions, the official said. They also maintain the Web site of the U.S. Embassy in Baghdad.

The twists and turns of American policy are imperfectly reflected in the report. "Operation Together Forward," the effort this summer to bolster security in Baghdad, which was later deemed a disappointment, was the subject of several upbeat reports but then seemed to fade in importance. During the spike in violence in October, the report noted that the Iraqi Ministry of Interior had recalled a police brigade for more training after "possible complicity with sectarian violence," though it brightly added that the training "will improve the professionalism and confidence within the national police."

The report seemed uncertain how to treat the release of a report by the Iraq Study Group, the independent bipartisan panel that criticized the administration's policy and spurred the White House to come up with a new plan. The earliest mention of the study group's report, in the Dec. 13 edition, came under Pillar 3, "Help Iraqis to Forge a National Compact for Democratic Government."

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The headline said it all: "Iraqi Leaders Blast Iraq Study Group's Report." The State Department, perhaps in an effort to demonstrate the unity of Iraqi leaders, then devoted a whole page to negative quotes about the panel's recommendations.

The Dec. 20 report featured one curious item. Under the rubric of increasing international support, the report highlighted a visit to Damascus, Syria, by Sens. John F. Kerry (D-Mass.) and Christopher J. Dodd (D-Conn.). The senators "arrived in Syria December 19 to discuss how Damascus could help bring stability and security in Iraq," the report said, noting that another senator, Bill Nelson (D-Fla.), met with Syrian President Bashar al-Assad in early December.

The State Department had strongly discouraged the trips, saying Syria is a key source of problems in Iraq.

Democrats Prepare For A Battle On The War (LAT)

By Noam N. Levey

The Los Angeles Times, December 27, 2006

WASHINGTON — After years of playing a marginal role in the Iraq war, congressional Democrats plan to move quickly in January to assert more control and undercut any White House effort to increase troop levels.

As President Bush prepares to outline his own plan for Iraq in a major speech in the next few weeks, Democratic leaders will counter with weeks of oversight hearings, summoning military officers, administration officials and foreign policy experts to Capitol Hill.

The Democratic plans put Congress on a collision course with Bush over the direction of the nearly 4-year-old war. And they signal a new phase in a war that has been directed almost exclusively by the White House with little dissent from the Republican-controlled Capitol.

Sen. Joseph R. Biden, D-Del., the incoming chairman of the Senate Foreign Relations Committee, said Tuesday that he intends to call key administration officials, including Secretary of State Condoleezza Rice, to testify at a series of hearings.

At the same time, the chairmen of both armed services committees and the House International Relations Committee also plan to hold hearings.

"I hope the president and his people will listen," Biden said.

Biden, who was elected to the Senate during the Vietnam War and who is planning a 2008 presidential run, has been among the most outspoken critics of Bush's Iraq policies and Tuesday called any increase in troops "the absolute wrong strategy."

His plan for hearings as well as those of the other committee chairmen highlight just how much the political landscape in Washington has changed as a more critical and assertive Democratic Congress moves to directly challenge the president's management of the unpopular war.

Democrats took control of Congress after an election that turned on the electorate's unhappiness with the war. But Democrats have struggled for years to articulate an alternative to the Bush administration's policies.

As recently as last year, when Rep. John Murtha, D-Pa., called for the withdrawal of American troops from Iraq, many in the party agonized over whether that position would permanently tar Democrats as weak. But as discontent with the war has grown, sapping Bush's popularity, Democratic lawmakers have become increasingly outspoken in their criticisms.

Senior party leaders now appear to be uniting behind the call for a phased withdrawal of U.S. forces, a position that was bolstered by the release in November of the bipartisan Iraq Study Group's report.

The report did not set a specific timetable for withdrawing troops, but did suggest numerous changes in the administration's policies, including more diplomatic engagement with Iraq's neighbors, another prescription being embraced by congressional Democrats.

"Democrats and the bipartisan Iraq Study Group have both laid down a road map for the president to begin the withdrawal of American troops from the civil war in Iraq," incoming Senate Majority Leader Harry Reid, D-Nev., said last week. "It is now up to the president to follow that course."

Until now, Democratic lawmakers had few forums for their complaints and suggestions beside the Sunday-morning political talk shows. With control of both chambers of Congress, the party now has the power to schedule hearings, subpoena documents and even put conditions on how the administration spends money on the war in Iraq.

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On Tuesday, a Bush spokesman would only say that the president recognized the "oversight role" of Congress.

"We hope they will use this oversight role in an appropriate fashion," deputy press secretary Scott Stanzel said from Crawford, Texas, where the president is spending the Christmas holiday. "That's what the American people expect -- for both sides to work together for the common good."

Bush has met with the new Democratic leaders, but has shown little inclination to accept their counsel on the war. Rather than talk of reducing the number of U.S. soldiers in Iraq, the White House has focused in the weeks since the release of the Iraq Study Group report on a temporary increase in troops that proponents say will help control the growing sectarian violence.

Senior congressional Democrats, including Biden, have fiercely attacked that plan, arguing that the best way to force Iraqis to take responsibility for halting the violence between Sunnis and Shiites is to begin a phased withdrawal.

A number of GOP senators -- including Susan Collins of Maine and Norm Coleman of Minnesota, who are up for re-election in 2008 -- have already expressed skepticism about the surge in troop strength. Other Republicans, including Arizona Sen. John McCain, a presidential hopeful, were early backers of sending more troops to Iraq.

Only 12 percent of Americans support a troop increase, compared to 52 percent who prefer a timetable for withdrawal, a recent Los Angeles Times/Bloomberg poll found.

The flood of congressional hearings in January promises to shed unfavorable light on the way the Bush administration has prosecuted the war in Iraq. But even Biden acknowledged that, short of cutting off funding, Congress has limited ability to compel the White House to dramatically change course.

Though Congress has in the past used its power over the budget to challenge the foreign policies of presidents -- including cutting funding to the government of South Vietnam in the mid-1970s -- no leading Democrat thus far has called for withholding money for military operations in Iraq.

"We should not exaggerate the ability of the United States Foreign Relations Committee or the Congress to get a president to act in a manner in which the Congress thinks is more rational or more appropriate," Biden said Tuesday. "There's nothing the United States Congress can do by a piece of legislation to alter the conduct of a war that a president decides to pursue."

"This is President Bush's war," he said.

Biden To Fight Troop Buildup In Iraq (WP)

By Walter Pincus

The Washington Post, December 27, 2006

Sen. Joseph R. Biden Jr. (D-Del.), the incoming chairman of the Senate Foreign Relations Committee, said yesterday that he would oppose any plan by President Bush to increase the number of U.S. troops in Iraq.

"I totally oppose the surging of additional troops into Baghdad, and I think it is contrary to the overwhelming body of informed opinion, both people inside the administration and outside the administration," Biden told reporters yesterday. He said he plans to hold hearings for his panel next month in a bid to influence the president's decision.

Bush is said to be studying a plan to send as many as 30,000 additional troops to Iraq, possibly to help stabilize Baghdad, as part of a new strategy to improve security and stem the escalating sectarian violence. Biden contended that such a move "will not have any positive effect, except extremely temporarily."

The remarks from Biden, who said yesterday that he will announce next month his candidacy for the Democratic presidential nomination in 2008, came as Bush headed to his Crawford, Tex., ranch for a review of the U.S. strategy in Iraq. The president is scheduled to host a meeting of the National Security Council at the ranch tomorrow, to be attended by Vice President Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and national security adviser Stephen J. Hadley. But he is not expected to immediately release a final decision on a new strategy.

Biden said that one problem with the present discussion of a buildup of U.S. troops in Iraq is that no one can specify exactly what the president may be studying. He and others have asked for specifics on the troops' mission, the number involved and how long they would be in Iraq.

Bush said at a Dec. 20 news conference that "there's got to be a specific mission that can be accomplished with the addition of more troops before, you know, I agree on that strategy."

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Some key Republicans, including Sens. John McCain (Ariz.) and Lindsey O. Graham (S.C.), have come out in favor of increasing troop levels. McCain said earlier this month, during a trip to Iraq, that he believes "there is still a compelling reason to have an increase in troops here in Baghdad and in Anbar province in order to bring the sectarian violence under control" and to "allow the political process to proceed."

On Sunday, Graham, who had just returned from Iraq, said security in Baghdad has deteriorated to the point that a troop increase is necessary, though it should be "co-joined with political reform." During an appearance on ABC News's "This Week with George Stephanopoulos," Graham said that "more troops in Anbar would help stop the insurgency flow from Syria into Baghdad" and that "more troops in Baghdad would give the politicians some breathing room."

Incoming Senate Majority Leader Harry M. Reid (D-Nev.) said recently that if U.S. military commanders support a buildup, "just for a short period of time, we'll go along with that." But a period of 18 months to 24 months would be too long, he said.

Biden noted yesterday that retired Gen. Jack Keane, a former Army vice chief of staff, helped produce an American Enterprise Institute study that called for 20,000 additional U.S. troops in Baghdad to clear and hold neighborhoods for about 18 months.

Biden said he does not think that even that would work. He stressed that "if the president does make this surge, I hope he levels with the American people and makes it clear the minimum that they're going to be there for 18 months."

Biden said that his committee will begin hearings on Iraq on Jan. 9 and that if Bush has not released his plan by then, he might start with experts and "those proposing alternatives" to what the president may do. He is planning three days of hearings each week for three weeks and will include past and present administration officials.

Rice has agreed to appear, but not until after Bush has presented his new strategy to the nation. Gates will be asked to appear. Biden said he does not plan to call former defense secretary Donald H. Rumsfeld, but he added: "That's not something that's totally off the table."

Biden said that he hopes to generate "some bipartisan consensus in the Senate" but that he does not expect to do more than try to influence Republican senators who could then affect Bush's decisions. He said that, at his last meeting with Bush, after the November elections, he told the president, "all we can do is try to . . . cooperate with you, and when we disagree with you, try to influence your decision by making the case to the public at large that we should change course."

Biden Previews Democrats' Tack Against Troop Plan (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, December 27, 2006

WASHINGTON -- The incoming Democratic chairman of the Senate Foreign Relations Committee said no new U.S. troops should be sent to Iraq, setting up a potential political battle over President Bush's tentative plan to deploy tens of thousands of additional forces to try to stabilize the country.

Delaware Sen. Joseph Biden also said Secretary of State Condoleezza Rice would testify before his panel early next year. The hearing would give the new Democratic majority in Congress its first opportunity to question senior Bush administration officials about their handling of Iraq. The remarks were the clearest indication to date that Democrats are planning a full-blown push to prevent the administration from sending more troops to Iraq and to ensure that the White House pays a political price if it were to do so.

Mr. Biden, who announced yesterday he will seek his party's 2008 presidential nomination, made the comments as hopes for a bipartisan solution to the Iraq crisis fade. Lawmakers from both parties had hoped the Iraq Study Group headed by former Secretary of State James Baker III, a Republican, and former Democratic Rep. Lee Hamilton might offer a blueprint for a way forward in Iraq that members of both parties could embrace.

But the two sides remain far apart. The White House has rejected the commission's calls to withdraw most U.S. troops within 18 months and to hold direct negotiations with Syria and Iran, while Democrats have lined up behind a proposal to begin pulling U.S. forces out of Iraq early next year.

The tensions between the two parties over the war seem certain to escalate if the Bush administration goes through with its tentative plan to send as many as 20,000 new U.S. forces to Iraq.

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White House officials say such a troop "surge" almost certainly will be the centerpiece of Mr. Bush's planned speech to the country early next year to lay out a new strategy for fighting the war. Mr. Bush is set to meet with Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert Gates and National Security Adviser Stephen Hadley in Crawford, Texas, tomorrow to discuss the speech, though a Bush aide said he doesn't expect the president to reach any final conclusions at the session.

Administration officials, meanwhile, hailed an Iraqi appellate court's decision yesterday to uphold the death sentence against ousted leader Saddam Hussein, who is set to be hanged within 30 days. Deputy White House press secretary Scott Stanzel said the ruling is an "important milestone in the Iraqi people's efforts to replace the rule of a tyrant with the rule of law."

Mr. Biden yesterday used a conference call with reporters to make clear that he would work hard to prevent the White House from ordering more troops to Iraq. He said such a move would strain the already overstretched U.S. military to the breaking point, while doing little to resolve the underlying political disputes fueling Iraq's civil war.

"I totally oppose the surging of additional American troops," he said. "I think it is the absolute wrong strategy."

Mr. Biden is the latest high-profile Democrat to come out against increasing U.S. troop levels. The incoming House speaker, Rep. Nancy Pelosi of California, opposes the idea, as does the incoming Senate Majority Leader, Harry Reid of Nevada. Other prominent Democratic opponents include Sen. Barack Obama of Illinois, a likely presidential candidate; Sen. John Kerry of Massachusetts, the party's 2004 nominee for the White House; and Michigan Sen. Carl Levin, the incoming chairman of the Senate Armed Services Committee.

The strongest supporters of the "surge" idea, outside the White House, are Arizona Republican Sen. John McCain and Connecticut Sen. Joseph Lieberman, an independent.

Most Senate Democrats have for now coalesced around a proposal by Mr. Levin to begin withdrawing most American forces next April. Mr. Biden is closely associated with a second plan that calls for dividing Iraq into three quasi-independent sectarian regions, an idea rejected by the Iraq Study Group and the White House.

During yesterday's call, Mr. Biden said he would hold three weeks of hearings beginning Jan. 9 to examine the various proposals on Iraq, including the partition plan. He said Ms. Rice has agreed to testify after Mr. Bush gives his national address on Iraq, and that Mr. Gates might also testify.

Mr. Biden acknowledged Democrats could do little to force the administration's hand on the matter, since the final decision rests with Mr. Bush. "This is President Bush's war," he said.

Biden Opposes A Troop Increase In Iraq, Foreshadowing A Fight With The Bush Administration (NYT)

By Helene Cooper

The New York Times, December 27, 2006

WASHINGTON, Dec. 26 — Senator Joseph R. Biden Jr. of Delaware, the incoming chairman of the Senate Foreign Relations Committee, on Tuesday rejected a troop increase for Iraq, foreshadowing what could be a contentious fight between the Bush administration and Congress.

Mr. Biden, a Democrat, announced that he would begin hearings on Iraq on Jan. 9 and expected high-ranking officials, including Secretary of State Condoleezza Rice, to appear.

As President Bush flew to his Texas ranch on Tuesday, a spokesman for the National Security Council urged the senator to wait for Mr. Bush to present his new Iraq policy next month before passing judgment.

“President Bush will talk soon to our troops, the American people and Iraqis about a new way forward for Iraq that will lead to a democratic, unified country that can govern, defend and sustain itself,” said Gordon Johndroe, the council spokesman.

The date has not been scheduled, but administration officials said it would be before the State of the Union address on Jan. 23. Mr. Bush, who intends to write the speech this week, is to hold a National Security Council meeting on Thursday at his ranch to discuss Iraq policy. Vice President Dick Cheney, Ms. Rice, Defense Secretary Robert M. Gates and Stephen J. Hadley, the national security adviser, are expected to attend.

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One plan under consideration is to send an additional 30,000 troops to Iraq in a bid to restore order. “I totally oppose this surging of additional American troops into Baghdad,” Mr. Biden said. “It’s contrary to the overwhelming body of informed opinion, both inside and outside the administration.”

Mr. Biden, who said he planned to run for president in 2008, made his critique during a teleconference call with reporters. He continued to press his proposal for a partitioning of Iraq into three autonomous states — controlled by Shiites, Sunnis and Kurds — to be sustained with what he called an equitable distribution of the country’s oil wealth.

He did not say what he would do if the administration went ahead with a temporary increase in American combat forces, and it is unclear whether the Democrats have the power to stop such a move.

While Congress could hold up funding for the war in Iraq, the administration retains the upper hand in determining the American course there, especially since it is unlikely that a Congress that is so evenly split between Republicans and Democrats will speak with a unified voice.

One thing remains certain, though: President Bush will remain under pressure to talk to Iran and Syria about the deteriorating situation in Iraq in particular and the Middle East in general, as is called for by the bipartisan Iraq Study Group, led by James A. Baker III, the former Republican secretary of state, and Lee H. Hamilton, the former Democratic congressman.

While the Bush administration has indicated that American officials will not heed the suggestion that they enlist help from Iran and Syria, there continues to be a drumbeat of calls for the United States to talk to those countries.

Earlier this month, three Democratic senators — Christopher J. Dodd of Connecticut, Bill Nelson of Florida and John Kerry of Massachusetts — ignored protests from the Bush administration and flew to Damascus to meet with the Syrian president, Bashar al-Assad. On Tuesday, Senator Arlen Specter of Pennsylvania became the first Republican to follow suit.

Mr. Specter said before leaving the United States that other Republican lawmakers might follow him to Damascus. He said there was growing concern that the administration’s policies in the Middle East were not working.

Although the United States still has an embassy in Damascus, it has been represented there by a chargé d’affaires since Mr. Bush recalled the ambassador, Margaret Scobey, after the assassination of Rafik Hariri, the former Lebanese prime minister, in February 2005.

Since then contact between the two governments have been kept to low-level officials, and last week Ms. Rice reiterated that the United States planned to keep its associations with Damascus in the deep freeze.

Biden To Fight Troop Surge (WT)

By Christina Bellantoni

The Washington Times, December 27, 2006

The incoming Democratic chairman of the Senate Foreign Relations Committee yesterday said he will try to block President Bush from sending an additional 30,000 troops to Iraq, calling it "the absolute wrong strategy."

Sen. Joseph R. Biden Jr. of Delaware plans three straight weeks of congressional hearings on Iraq policy next month in hopes of persuading the president to abandon a plan he is thought to be seriously considering.

"We've already broken Iraq. We're about to break the United States military" by sending more troops, said Mr. Biden, who is seeking the 2008 presidential nomination.

Mr. Bush early next month will announce a new strategy for the war, and is thought to favor a temporary increase in troop levels in what has been dubbed a "surge."

Mr. Biden said Secretary of State Condoleezza Rice has agreed to testify before his panel after the president announces his plans. Other likely panel witnesses are Iraq Study Group leaders James A. Baker III and Lee H. Hamilton, and new Defense Secretary Robert M. Gates.

The committee also will hear from a variety of academics, former and current administration officials, military leaders and Peter W. Galbraith, a former U.S. ambassador to Croatia, who has called for formally partitioning Iraq into three sovereign nations.

The idea is to hear from all those who "have rational although different views as to how to proceed in Iraq," in an attempt to build consensus, Mr. Biden said.

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"Hopefully there is still some opportunity to influence President Bush's decision," he said.

Voters dealt Mr. Bush a blow last month in midterm elections that propelled Democrats to House and Senate majorities. Soon after the elections, the Iraq Study Group recommended the U.S. begin a withdrawal of combat troops.

Incoming Democratic leaders promise a change of course on the war, which yesterday reached a death toll surpassing that of the September 11 terrorist attacks.

Many Democrats oppose increasing the number of troops in Iraq, where nearly 150,000 are already stationed.

Republicans so far seem divided on a surge, with Sen. John McCain of Arizona pushing the idea and Foreign Relations Committee member Sen. Norm Coleman of Minnesota saying he can't support sending more troops.

Mr. Biden favors beginning to withdraw U.S. troops, and thinks one way to get to that point is to divide Iraq into three mostly autonomous regions with a weak central government in Baghdad. He notes the Iraqi constitution calls for such a federal system, and says it should be partnered with a plan for sharing in oil revenues.

Mr. Biden worked with Leslie H. Gelb, president emeritus of the Council on Foreign Relations, in proposing the plan in May. He said yesterday he will call Mr. Gelb as a witness.

The three weeks of hearings will begin Jan. 9, will run three to four days per week, and will include discussion of the need to bring Iraq's neighbors to the negotiating table, Mr. Biden said.

He said Republicans should realize the Iraq situation holds huge political implications for their party in 2008 -- both in congressional elections and in the race for the White House.

"The last thing that John McCain or any other Republican ... running for president wants to inherit is a war in Iraq that is even further deteriorating than it is now," Mr. Biden said.

He said Democrats cannot remain silent on war policy, but noted he thinks it is the Republicans on the panel who can help pressure Mr. Bush into changing his mind.

"There is nothing the United States Congress can do by a piece of legislation to alter the course of a war the president decides," he said.

Mr. Biden recently told Mr. Bush as much during a visit to the White House, saying: "Mr. President, this is your war."

Balancing the personalities -- and competing potential presidential contenders from both parties who sit on his committee -- might be easier said than done. Among the possible hopefuls on the panel are Democratic Sens. Barack Obama of Illinois, John Kerry of Massachusetts and Christopher J. Dodd of Connecticut, and Republican Sen. Chuck Hagel of Nebraska.

When asked how having so many possible 2008 candidates at the dais would affect these hearings, Mr. Biden laughed.

"I hope it's not going to have a lot of impact, although I am sure there are going to be folks who will prepare more thoroughly," he said.

Also expected to be an outspoken voice on the panel is Sen.-elect James H. Webb Jr., an anti-war Virginia Democrat who unseated Republican George Allen last month.

Mr. Bush announced this month he would seek an expanded armed forces, adding thousands of troops to the size of the Army and Marine Corps.

The Washington Times reported last week that senior military officials and the Joint Chiefs of Staff are pressuring Mr. Bush to seek a larger military and that the Joint Chiefs are "cool at best" to the Iraq Study Group proposal.

Biden To Run For White House In 2008 (FT)

By Demetri Sevastopulo in Washington

Financial Times, December 27, 2006

The field of Democratic presidential hopefuls grew yesterday after Joseph Biden, the Delaware senator, announced his intention to run for the White House in 2008.

Mr Biden, one of the leading Democratic critics of US policy in Iraq, joins Tom Vilsack, governor of Iowa, and Dennis Kucinich, the Ohio congressman who ran unsuccessfully in 2004, as the party's only declared candidates for the 2008 race.

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"It is my intention to seek the [Democratic] nomination, and it's my intention sometime in the month of January to set up the appropriate mechanism to be able to raise money for that purpose," Mr Biden said at the end of a conference call about Iraq policy.

While Mr Biden is considered a presidential long shot, his voter name recognition will rise in the coming weeks as he holds a series of high-profile congressional hearings on Iraq. Yesterday he repeated his opposition to increasing US troop numbers in Iraq amid speculation that President George W. Bush will next month announce a US military surge in Iraq to help curb the violence.

"We've already broken Iraq, we're about to break the United States' military," Mr Biden said, announcing his candidacy as the US military death toll in Iraq reached 2,977, overtaking the number of people killed in the 2001 al-Qaeda attacks on the US.

One of the few Republican voices calling for more troops in Iraq is John McCain, the Arizona senator, who is considered one of the frontrunners for his party's presidential nomination. But in recent weeks Rudy Giuliani, the former New York mayor, has edged ahead of Mr McCain in polls of Republican voters.

As a six-term senator who next week becomes chairman of the Senate foreign relations committee, Mr Biden is a respected congressional voice on foreign policy. But opinion polls place him far behind senators Hillary Clinton and Barack Obama, both of whom are contemplating presidential bids.

A recent NBC News/Wall Street Journal poll found that only 4 per cent of respondents who said they would vote in the Democratic primaries expressed a preference for Mr Biden. Some 37 per cent favoured Ms Clinton and 18 per cent preferred Mr Obama.

The roster of Democrats hoping to move to the White House in 2008 is expected to expand in the coming weeks. John Edwards, the former South Carolina senator who became John Kerry's running mate in 2004, is expected to announce soon whether he will seek the presidency again.

But some potential candidates have decided not to pursue the presidency. Evan Bayh, the Indiana senator, and Mark Warner, the former popular Democratic governor of Virginia, both recently announced they would not seek the party's nomination.

Biden Vows To Fight Any Iraq Troop Boost (AP)

By Anne Flaherty

AP, December 27, 2006

Incoming Senate Foreign Relations Chairman Joseph Biden, a potential Democratic presidential candidate, said Tuesday he would oppose any effort by President Bush to increase U.S troops in Iraq as part of a new war strategy.

Biden also announced he has summoned Secretary of State Condoleezza Rice to testify before his committee next month to discuss the administration's new plan for Iraq as soon as it is made public.

The Delaware Democrat took advantage of a quiet holiday week to draw attention to his own proposal for Iraq, which includes beginning a drawdown of U.S. forces and finding a political settlement among the various ethnic factions there.

Biden has spoken candidly of his desire to run for president and has made repeated visits in the past year to early voting states like Iowa and New Hampshire. But he is trying to find room on a crowded stage of Democratic contenders that includes Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Biden warned that congressional Republicans — not Democrats — would suffer in the 2008 elections if they do not join him in speaking out against Bush and opposing troop increases in Iraq.

"Absent some profound political announcement . . . I can't imagine there being an overwhelming, even significant support for the president's position," he told reporters during a telephone conference call Tuesday.

If the violence continues two years from now, "every one of those Republican senators — and there's 21 of them up for re-election — knows that that is likely to spell his or her doom," Biden said.

Bush has not announced whether he plans to increase the number of troops in Iraq, but administration officials say that option is among several being considered. Also, Bush last week said he wants to expand the size of the Army and Marine Corps to lessen the strain on ground forces.

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The move was seen by many military experts as laying the groundwork to announce early next month a planned surge in forces in Iraq.

Military experts and some ground commanders are skeptical that a surge in ground forces could work to settle the violence in Iraq. Those concerns were expressed in a new bipartisan report on Iraq.

"Sustained increases in U.S. troop levels would not solve the fundamental cause of violence in Iraq, which is the absence of national reconciliation," the Iraq Study Group concluded.

But others, including Sen. John McCain, R-Ariz., — another possible presidential contender — and experts at the conservative American Enterprise Institute, say a surge in forces could hold off the insurgency long enough to build up the Iraqi security forces and form a political settlement.

Biden, who will head the Foreign Relations Committee when Democrats take control of Congress next month, said he wants to hear from Rice on Jan. 9. The senator said she has agreed to testify, but only after Bush announces his plan on Iraq.

The president is expected to deliver a speech on Iraq sometime before his State of the Union address on Jan. 23.

Biden said he hopes the hearings will generate bipartisan consensus in Congress that will pressure the president to abandon talk of increasing troop levels in Iraq. There are currently an estimated 140,000 troops in the country.

"Even with the surge of troops, in a city of 6 million people you're talking about a ratio that would still be roughly above one to 100," Biden said of Baghdad. "It's bound to draw down support that we need in other parts of Iraq, including Anbar province."

Biden also said he believes Democrats' political vulnerability on Iraq is limited.

"I think we'll only have to accept responsibility for the war if we remain silent," he said.

Biden said he delivered this message in a recent meeting at the White House, where he told Bush: "Mr. President, this is your war."

The Right Type Of 'Surge' (WP)

By Jack Keane And Frederick W. Kagan

The Washington Post, December 26, 2006

Reports on the Bush administration's efforts to craft a new strategy in Iraq often use the term "surge" but rarely define it. Estimates of the number of troops to be added in Baghdad range from fewer than 10,000 to more than 30,000. Some "surges" would last a few months, others a few years.

We need to cut through the confusion. Bringing security to Baghdad -- the essential precondition for political compromise, national reconciliation and economic development -- is possible only with a surge of at least 30,000 combat troops lasting 18 months or so. Any other option is likely to fail.

The key to the success is to change the military mission -- instead of preparing for transition to Iraqi control, that mission should be to bring security to the Iraqi population. Surges aimed at accelerating the training of Iraqi forces will fail, because rising sectarian violence will destroy Iraq before the new forces can bring it under control.

Any military strategy must of course be accompanied by a range of diplomatic, political, economic and reconciliation initiatives, but those alone will not contain the violence either. Success in Iraq today requires a well-thought-out military operation aimed at bringing security to the people of Baghdad as quickly as possible -- a traditional counterinsurgency mission.

Of all the "surge" options out there, short ones are the most dangerous. Increasing troop levels in Baghdad for three or six months would virtually ensure defeat. It takes that long for newly arrived soldiers to begin to understand the areas where they operate. Short surges would redeploy them just as they began to be effective.

In addition, a short surge would play into the enemy's hands. Both Sunni insurgents and Shiite militias expect the U.S. presence to fade away over the course of 2007, and they expect any surge to be brief. They will naturally go to ground in the face of a short surge and wait until we have left. They will then attack the civilian population and whatever Iraqi security forces remain, knowing them to be easier targets than U.S. soldiers and Marines. They will work hard to raise the level of sectarian violence in order to prove that our efforts have failed.

We have seen this pattern so many times before that we can be virtually certain the enemy will follow it in the face of a short surge. The only cure is to maintain our presence long enough either to root out the hiding enemy or to defeat him when he

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becomes impatient. A surge that lasted at least 18 months would achieve that aim. It would also provide time to bring Iraqi forces up to the level needed to fight whatever enemy remains.

The size of the surge matters as much as the length. Baghdad is a large city. Any sound military plan will break the problem of bringing security to the Iraqi capital into manageable parts. But there remains a minimum level of force necessary to make adequate progress in a reasonable time.

U.S. forces working with Iraqi troops can clear neighborhoods fairly quickly. Unfortunately, past endeavors such as Operation Together Forward relied too much on that ability. We sent forces into the city that were large enough to clear a few neighborhoods at a time but not large enough to maintain the security they had established. Any plan for bringing security to Baghdad must include forces for the "hold" phase as well as the "clear" phase.

Clearing and holding the Sunni and mixed Sunni-Shiite neighborhoods in the center of Baghdad, which are the keys to getting the overall levels of violence down, will require around nine American combat brigades (27 battalions, in partnership with Iraqi forces, divided among some 23 districts). Since there are about five brigades in Baghdad now, achieving this level would require a surge of at least four additional combat brigades -- some 20,000 combat troops. Moreover, it would be foolhardy to send precisely as many troops as we think we need. Sound planning requires a reserve of at least one brigade (5,000 soldiers) to respond to unexpected developments. The insurgents have bases beyond Baghdad, especially in Anbar province. Securing Baghdad requires addressing these bases -- a task that would necessitate at least two more Marine regiments (around 7,000 Marines). It is difficult to imagine a responsible plan for getting the violence in and around Baghdad under control that could succeed with fewer than 30,000 combat troops beyond the forces already in Iraq.

It is tempting to imagine that greater use of Iraqi forces could reduce the number of U.S. troops needed for this operation. The temptation must be resisted. We should of course work with the Iraqi government to get as many trained and reliable Iraqi troops as possible into Baghdad, and we should pair our soldiers and Marines with Iraqis as much as we can. But reducing the violence in the Sunni and mixed neighborhoods in Baghdad is the most critical military task the U.S. armed forces face anywhere in the world. We cannot allow that mission to fail simply because some Iraqi units don't show up, aren't at full strength or are less reliable than we had hoped.

The United States faces a dire situation in Iraq because of a history of half-measures. We have always sent "just enough" force to succeed if everything went according to plan. So far nothing has, and there's no reason to believe that it will. Sound military planning doesn't work this way. The only "surge" option that makes sense is both long and large.

Jack Keane is a retired Army general. Frederick W. Kagan is a resident scholar at the American Enterprise Institute.

Bush's New Look On Iraq: Weary (WP)

By David Ignatius

The Washington Post, December 26, 2006

Watching President Bush in recent weeks has become a grim kind of reality TV show. In almost every news conference, speech and photo opportunity, the topic is the same: what to do about the grinding war in Iraq. Bush has let the facade crack open -- admitting that his strategy for victory isn't working -- but then he struggles to rebuild it with new words of confidence.

The stress of the job -- so well hidden for much of the past six years -- has begun to show on Bush's face. He often looks burdened, distracted, haunted by a question that has no good answer. When a photographer captures him at ease, as in a sweet Texas-romance picture of Bush and his wife, Laura, that appeared in People magazine last week, it's as if he has escaped the Iraq sweatbox.

I grew up in a Washington that was struggling with the nightmare of a failing war in Vietnam. The government officials of that time were people who behaved as if they'd never known failure in their lives. They had the rosy confidence of the chosen -- "the best and the brightest," as David Halberstam put it. But then the war began to grind them down. I see that same meat grinder at work now. Bush and his officials are strong characters; they work hard not to let you see them sweat. But the anguish and exhaustion are there.

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Bush is not a man for introspection. That's part of his flinty personality -- the tight, clipped answers and the forced jocularity of the nicknames he gives to reporters and White House aides. That's why this version of reality TV is so poignant: This very private man has begun to talk out loud about the emotional turmoil inside. He is letting it bleed.

Bush opened the emotional curtain at a news conference last week. A reporter noted that Lyndon Johnson hadn't been able to sleep well during the Vietnam War and asked Bush if this was a "painful time" for him. He gave an unexpectedly personal answer: "Most painful aspect of my presidency has been knowing that good men and women have died in combat. I read about it every night. And my heart breaks for a mother or father or husband or wife or son and daughter. It just does. And so when you ask about pain, that's pain."

Bush's "state of denial," as Bob Woodward rightly called it, has officially ended. He actually spoke the words "We're not winning" last week in an interview with The Post, coupling it with the reverse: "We're not losing." But in truth, he cannot abide the possibility that Iraq will not end in victory. So a day after his "not winning" comment, he half took it back, saying: "I believe that we're going to win," and then adding oddly, as if to reassure himself: "I believe that -- and by the way, if I didn't think that, I wouldn't have our troops there. That's what you've got to know. We're going to succeed."

Policy debates in this White House are often described as battles between competing advisers -- Dick Cheney wants this; the Joint Chiefs favor that; Condi Rice favors a third outcome. This kind of analysis implies that Bush isn't really master of his own house, but I think it's a big mistake. The truth is that with this president, the only opinion that finally matters is his own. And he's a stubborn man. Military leaders can tell him it's a mistake to surge troops into Baghdad, but that doesn't mean he will listen.

Bush says he doesn't care what happens now to his poll numbers, and I believe him. He broke through the political barriers a while ago. I sense that, as he anguishes about Iraq, he has in mind the judgment of future historians. He said it plainly in an interview in October with conservative talk show host Bill O'Reilly: "Look, history is interesting. I read three books on George Washington last year. And my opinion is that if they're still analyzing the first president, the 43rd president ought to be doing what he thinks is right. And eventually, historians will come and realize whether . . . the decisions I made made sense."

What makes reality TV gripping is that it's all happening live -- the contestants make their choices under pressure, win or lose. So too with Bush. He is making a vast wager -- of American lives, treasure and the nation's security -- that his judgments about Iraq were right. The Baker-Hamilton report gave him a chance to take some chips off the table, but Bush doesn't seem interested. He is still playing to win. The audience is shouting out advice, but the man under the spotlight knows he will have to make this decision alone.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Iraq Court Upholds Saddam Death Sentence (AP)

By Christopher Torchia

AP, December 27, 2006

Iraq's highest court rejected Saddam Hussein's appeal Tuesday and said the former dictator must be hanged within 30 days for ordering the killing of scores of Shiite Muslims in 1982.

The sentence has already stoked Iraq's sectarian rage, with the Shiite majority demanding Saddam's death and his fellow Sunni Arabs calling the trial tainted.

"From tomorrow, any day could be the day" Saddam is sent to the gallows, the chief judge said. Saddam was condemned to death for his role in the execution of 148 Shiite Muslims from the small northern town of Dujail, after a 1982 assassination attempt.

The decision came on a particularly bloody day in Baghdad, where at least 54 Iraqis died in bombings and police discovered 49 apparent victims of sectarian reprisal killings. Separately, the U.S. military announced the deaths of seven American soldiers.

In upholding the sentence, imposed Nov. 5, the Supreme Court of Appeals also affirmed death sentences for two of his co-defendants, including his half brother. And it said life imprisonment for a third was too lenient and demanded he be given the death penalty, too.

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Saddam's hanging "must be implemented within 30 days," said Aref Shahin, chief judge of the appeals court. "From tomorrow, any day could be the day of implementation."

The White House called the ruling a milestone in Iraq's efforts "to replace the rule of a tyrant with the rule of law."

"Saddam Hussein has received due process and legal rights that he denied the Iraqi people for so long. So this is an important day for the Iraqi people," said deputy White House press secretary Scott Stanzel, who was aboard Air Force One flying from Washington to Waco, Texas.

Some international legal observers, however, called Saddam's trial unfair because of alleged interference by the Shiite-dominated government.

The ruling raised doubts about whether other victims of Saddam's ruthless regime — including families of Kurds gassed in the late 1980s — will ever testify in court about their suffering.

But the announcement delighted Shiites, who endured persecution under Saddam and are eager to remove a symbol of the old regime.

Some Shiites are concerned that insurgents, many of them Sunni Arabs, will try to disrupt or prevent the execution.

"We were looking forward to this day so as to achieve justice, though it comes late," said Ali al-Adeeb, a Shiite lawmaker. "The government should speed up implementing the verdict in order not to give any chance to the terrorists."

Under Iraqi law, the appeals court decision must be ratified by President Jalal Talabani and Iraq's two vice presidents. One of the two deputies is, like Saddam, a Sunni Arab.

Talabani, a Kurd, has said he is opposed to the death penalty. But he previously deputized Vice President Adil Abdul-Mahdi, a Shiite Muslim, to sign execution orders on his behalf.

Abdul-Mahdi has said he would sign a death warrant for Saddam.

The Sunni vice president, Tariq Al-Hashimi, has also pledged to support Saddam's execution as part of a deal that gave him the job last April 22, witnesses at the meeting told The Associated Press in October.

Raed Juhi, a spokesman for the High Tribunal court that convicted Saddam, said the judicial system would ensure Saddam is executed even if the presidency does not ratify the decision.

"We'll implement the verdict by the power of the law," Juhi said.

He did not elaborate on the statement, which implied that Saddam's case might divide the government.

Saddam is being held at Camp Cropper, an American military prison close to Baghdad's airport. The U.S. military has had Saddam Hussein in its custody, on behalf of the Iraqis, since his capture. Military officials, however, were not able to say Tuesday whether the former dictator is being turned over to the Iraqis now, in anticipation of his execution.

It's not clear where the hanging will take place. It might occur at Camp Cropper or, perhaps, at a Baghdad prison where the new Iraqi government has carried out other executions. It's also uncertain if the public or press will be allowed to witness the hanging, or if the execution will be announced only afterward.

Human Rights Watch, an international rights group, said figures in the U.S.-backed Iraqi government had undermined the credibility of Saddam's trial. Those officials publicly criticized a judge early in the case, leading to his resignation.

The rights group also cited other "political interference."

"Imposing the death penalty, which is indefensible in any case, is especially wrong after the unfair proceedings of the Dujail trial," said Richard Dicker, director of the group's International Justice Program.

As an example of Iraqi government interference, Dicker noted Mouwafak al-Rubaie, Iraq's national security adviser, announced the decision of the appeals court before the court itself did.

Al-Rubaie told AP of the decision about an hour before the chief judge announced it.

Shiite residents of Baghdad had no doubts about the fairness of the verdict. "We are very happy," said Riyah Abdul Sattar in Sadr City, a neighborhood where Shiite militias are strong. "We will get rid of him for sure."

There was disappointment, though, in Tikrit, a mostly Sunni Arab city north of Baghdad that lies near Saddam's hometown of Ouja.

"It is a political verdict that has no relation to law or justice," said Saad Ibrahim Khelil. "I do believe it's a kind of pressure against the (Sunni-led) resistance."

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The appeals court also upheld death sentences for Barzan Ibrahim, Saddam's half brother and intelligence chief during the Dujail killings, and Awad Hamed al-Bandar, head of Iraq's Revolutionary Court, which issued the death sentences against the Dujail residents.

The court concluded that the life sentence given former vice president Taha Yassin Ramadan was too lenient, and returned his case to the High Tribunal for reconsideration. Ramadan was convicted of premeditated murder.

"We demand that he be sentenced to death," said Shahin, the chief appeals judge.

At his trial, Saddam argued that the Dujail residents who were killed had been convicted in a legitimate Iraqi court for trying to assassinate him.

Saddam's televised trial was watched throughout Iraq and the Middle East as much for theater as for substance. The fallen dictator was ejected from the courtroom repeatedly for political harangues, and his half brother once showed up in long underwear and sat with his back to the judges.

Three defense lawyers and a witness were murdered during the course of its 39 sessions.

Saddam is currently in the midst of another trial, charged with genocide and other crimes during a 1987-88 military crackdown on Kurds in northern Iraq.

An estimated 180,000 Kurds died during the operation. That trial was adjourned until Jan. 8.

Saddam was captured while hiding in a hole in the ground near his home village north of Baghdad in December 2003, eight months after he fled the capital ahead of advancing American troops. He had a pistol in the hole, but never fired.

Iraqi Court Says Hussein Must Die Within 30 Days (NYT)

By James Glanz

The New York Times, December 27, 2006

BAGHDAD, Dec. 26 — An Iraqi appeals court on Tuesday upheld the death sentence against Saddam Hussein and ruled that the man whose brutal reign began in 1979 and ended with the American-led invasion in 2003 must go to the gallows within 30 days.

It was the court of last resort for Mr. Hussein, who received his death sentence on Nov. 5 from the Iraqi High Tribunal, a court set up specifically to pass judgment on his years in power. No further appeals are possible, and his final legal recourse appears to be a clause in the Iraqi Constitution stating that the Iraqi president must approve all death sentences.

That clause offers Mr. Hussein only the slenderest of hopes. Jalal Talabani, the Iraqi president, has said that he is formally against the death penalty, but he has permitted the hangings of many Iraqis convicted of capital crimes. And the Constitution may be trumped by an article in the charter of the tribunal stating that its sentences may be commuted by no one, not even the president.

The appeals verdict, covering one case involving the execution of 148 men and boys in the northern town of Dujail in 1982, came even as Mr. Hussein was facing trial on charges that he ordered the killing of tens of thousands of Kurds, whose bodies have in some instances been exhumed from grisly mass graves and minutely described in the courtroom.

The decision of the nine-judge appeals court was announced on short notice by the chief judge, Aref Shahen, after another day of the numbing violence that has gradually engulfed this country after the bursts of optimism that followed Mr. Hussein's fall from power in March 2003 and his capture by American forces in December of that year.

Judge Shahen delivered the verdict to a few reporters assembled at the Council of Ministers building within the heavily guarded Green Zone as the rest of the country settled into its nighttime curfew. There were none of the theatrical outbursts contrived by Mr. Hussein to disrupt the trial and the appeal, because he was not present to hear the verdict.

The judge said simply that the appeals court had approved the verdict against Mr. Hussein, who was formally charged with crimes against humanity, and two co-defendants, who had also received death sentences in the Dujail killings, and that they now faced "execution by hanging until death" within 30 days.

The court also approved lesser sentences against three other defendants and the tribunal's acquittal of a fourth, Judge Shahen said. In addition, the court sent the case of one man, Taha Yassin Ramadan, back to the tribunal, saying his life sentence was too lenient "compared to the crimes that were committed."

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The entire session, which was televised, took no more than 15 minutes, and after taking a few questions Judge Shahen abruptly rose from his seat and left the room.

Before leaving, the judge left no doubt about where he stood on the issue of constitutional approval of the court's decision. "Nobody is entitled, including the president, to exempt or commute the verdict issued by this court," he said.

"The punishment is mandatory and should be executed within 30 days from the date it was issued," he said.

Hiwa Osman, a media adviser for Mr. Talabani, said shortly after the verdict that the president's office was still studying the decision and had not yet come to a conclusion on whether approval was needed.

"It's a bit too early for us to judge because we are digesting all this new information," Mr. Osman said. "We will wait for the case to come to us through the proper channels as decided by the court."

The decision capped a day of searing violence in Iraq. The police found 41 bodies dumped around Baghdad, apparently the victims of death squad killings, and at least 45 people died in bombings, including a triple car-bombing in the Baghdad neighborhood of Baya.

The American military announced that five more American service members had died as a result of roadside bombs. A single bomb near a patrol northwest of Baghdad killed three soldiers on Tuesday, the military said, and another bomb killed two soldiers southwest of the capital the day before, on Christmas.

After the Baya bombings, a bus driver, Husam Abdul Wahid, 18, was shivering in a blanket at Yarmouk Hospital after receiving wounds to his abdomen, foot and hand. He said he had been waiting to pick up passengers when he heard a blast to one side of an intersection and rushed, unhurt, with others into nearby shops.

"After a while we came out to see what happened," Mr. Wahid said.

"Another car detonated about 30 meters away," plunging shrapnel into his body, he said.

Reaction to the appeals court verdict appeared to be muted in neighborhoods across Iraq that were occupied with far more immediate concerns. In Kirkuk, where Kurdish and Shiite neighborhoods celebrated the Nov. 5 verdict against Mr. Hussein while Sunni areas protested, the streets were quiet, residents said.

In the heavily Shiite southern city of Basra, the police fanned out across city streets but largely withdrew when little reaction materialized.

And the scene was tense but quiet in Sadr City, the Shiite slum in northwestern Baghdad, as American military vehicles patrolled the outskirts and local militiamen moved along the streets.

Dr. Salem Najim, an ophthalmologist in Basra, noted that Prime Minister Nuri Kamal al-Maliki had made it clear recently that he believed that Mr. Hussein should be executed at the earliest possible date — a pronouncement that many pointed to as evidence of political interference in the trial.

Considering that kind of interference, the result came as little surprise, Mr. Najim said, comparing it to a flavorless meal. "It is like frozen food," he said.

The verdict was criticized by some groups, including Human Rights Watch, which said that it "was imposed after a deeply flawed trial" and recommended that the decision to execute Mr. Hussein be reversed.

A similar view was expressed by Miranda Sissons, leader of the Iraq program at the International Center for Transitional Justice in New York, who said the haste of the appeals court's decision indicated that it could not have been thoroughly considered.

"This judgment is not surprising, but the speed is very troubling," Ms. Sissons said. The verdict in the Dujail case "deserved a careful review process, but the signs today are that that hasn't happened," she said.

Ms. Sissons said it was also unfortunate that a death sentence meant that trials on other suspected crimes would never go forward, denying justice to other victims of Mr. Hussein's brutality.

But at the American Embassy in Baghdad, a spokeswoman, Ginger Cruz, praised the "courageous effort" of the Iraqi judges and others at the tribunal, which she said ensured "that justice prevails for the atrocities Saddam Hussein and his regime committed against the Iraqi people."

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Some Iraqis said they feared that when Wednesday dawned and the overnight curfew lifted, the sealing of Mr. Saddam's fate would spark violence. But there was little evidence to support those worries late Tuesday, even in places most prone to those problems.

In Adhamiya, a mostly Sunni neighborhood that might have been expected to protest the decision, the streets were quiet after a particularly horrific afternoon in which a family of five was trapped in a burning car after a bomb exploded.

The father, screaming for help, escaped the car as residents tried to extinguish the flames with blankets and water. But two young children and an infant died with their mother in the fire.

As night fell and the court's verdict was read, there appeared to be little energy left on the streets for much reaction to a legal decision.

Iraqi Court Upholds Hussein's Sentence (WP)

By Sudarsan Raghavan And Nancy Trejos

The Washington Post, December 27, 2006

BAGHDAD, Dec. 26 -- Iraq's highest court upheld Saddam Hussein's death sentence Tuesday, opening the way for the former Iraqi president to be hanged within 30 days, Iraqi judicial officials said.

Officials in the Iraqi government have already begun to address the logistics and security measures for the execution, possibly a closed and secret one, according to sources familiar with the preparations.

Under Iraq's constitution, the execution can proceed only if ratified by President Jalal Talabani and the country's two vice presidents. There was no immediate comment from the three Tuesday.

If they uphold the decision, as many Iraqis expect, Prime Minister Nouri al-Maliki would have 30 days to order Hussein's execution. People close to him said Tuesday he would do so quickly.

Capping a trial that was controversial from the start, the decision split the Iraqi public along the fault lines of sect and history. Shiite Muslims and Kurds, whose groups suffered most under Hussein's rule, generally celebrated. Many of Hussein's fellow Sunni Arabs, however, warned that hanging the former president would intensify the current insurgency and sectarian killings.

It remains unclear whether a hanging would be carried out at a pre-announced time, with public observers present. Among several proposals before Maliki is one that calls for Hussein to be executed in secret as early as next week.

His body would then be formally identified by independent observers and the death revealed to the Iraqi public and the rest of the world, according to an official familiar with the proposal. The goal of such an approach would be to reduce retaliatory attacks by Sunnis and other loyalists.

On Tuesday, Iraqi politicians, including some Sunnis, issued calls for a speedy execution, expressing concern that a delay could cause more sectarian bloodshed and division.

"The people who wanted Saddam to be hanged and the people who were defending Saddam both were expecting this verdict," said Mahmoud Othman, a Kurdish lawmaker widely seen as neutral by Sunnis and Shiites. Many people would like the execution to happen quickly, Othman said, "because they're afraid that he might escape from prison. The more it's delayed, the more people will talk about it. It will be a divisive thing in society."

Tuesday's decision came 51 days after Hussein was sentenced to death for crimes against humanity for the killings of 148 Shiite men and boys from the town of Dujail after an assassination attempt there in 1982.

The U.S-backed trial was marred by allegations of bias and by courtroom speeches and outbursts from the defendants. Intended to deliver justice to Iraqis oppressed under Hussein, the proceedings unfolded against a backdrop of escalating sectarian strife that took thousands of lives and widened the gap between Sunnis and Shiites.

Talabani, a Kurd, is firmly against the death penalty. But in past cases he has deputized one of the vice presidents -- Adel Abdel-Mehdi, a Shiite, and Tariq al-Hashemi, a Sunni -- to sign execution orders on his behalf. All three signatures are required for an execution order to be valid.

Some analysts in Baghdad questioned whether Hashemi would endorse the execution. But they also noted that he had recently called on President Bush at the White House.

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If the government does not send Hussein to the gallows, the Iraqi High Tribunal's code would ensure his execution by other means, legal experts said.

Several officials close to Maliki, a Shiite, said Tuesday that he plans to proceed with the execution as soon as legally possible. "Definitely," said Sadiq Rikabi, a political adviser to the president. "This is in order to open a new page in the history of the Iraqi people."

The nine-judge appeals court also upheld execution sentences for Barzan Ibrahim, Hussein's half brother, and former judge Awad Haman Bander for their roles in the Dujail killings. The judges also changed the sentence of former vice president Taha Yassin Ramadan from life to death.

"In the name of the good Sunnis, the liberal Sunnis, the patriotic Sunnis, we are happy to hear this decision," said Mithal al-Alousi, an influential Sunni politician. "The people are asking us to make political pressure to execute Saddam immediately. We need to close this file. There's no other way for Iraq to move forward."

Saleh al-Armouti, one of Hussein's lawyers, warned against a hanging. "The region now will be more in flames, and the resistance will increase across the Arab world," he said, speaking by telephone from neighboring Jordan. "His absence will lead to more strife and civil war inside Iraq."

Armouti said that Hussein, who is being held at Camp Cropper, a U.S. military prison near Baghdad airport, had expected the appeals court's decision. "His morale is very high," Armouti said. "He doesn't fear death. His will and his faith are very strong."

International human rights groups criticized the Dujail trial as unfair and improperly run, describing it as a victor's court. Human rights activists said they had hoped the appeals court would carry out a careful and comprehensive legal review and correct what they viewed as major flaws in the conduct of the trial.

"We think, given the unfairness in the proceedings, it would be indefensible to execute Saddam Hussein regardless of the crimes alleged in Dujail in 1982," said Richard Dicker, director of the International Justice Program of New York-based Human Rights Watch.

Dicker criticized the appeals court for reaching a decision so soon after Hussein's attorneys filed an appeal, which they did Dec. 3. He said the former president's defense team did not even receive the written judgment from the trial until weeks after the verdict was pronounced, which delayed their preparation for the appeal. "The whole manner in which this has unfolded suggests a highly politicized, nonjudicial approach to what is such an important case," Dicker said.

Bassam Ridha, who serves as a government liaison to the Iraqi High Tribunal, disputed charges that the government had interfered in the judicial process. "It was a very fair process," Ridha said, adding that the trial met international legal standards. "What we are doing is not a human rights violation. Where were these activists when my people were slaughtered?"

In Dujail, residents described the decision as bringing them a step nearer the closure they have awaited for nearly 25 years. "Now I feel that there is actually a God up there in Heaven," said Haiyder Hamed, 43, a farmer.

Other residents wondered what the future would bring in a world without Hussein. "Executing Saddam is achieving justice on earth and in heaven," said Hussein Mahmoud, 28, a police officer. "But will executing him bring Iraq as it used to be or will it make Iraq a burnt land?"

In Mosul, college student Sardar Mohamad Hassan, 25, said Hussein should not be executed because he still faces charges of crimes against humanity in at least a dozen other cases.

In the current phase of the trial, Hussein and six co-defendants are accused of orchestrating the killing or wounding of hundreds of thousands of Kurds with poison gas and other weapons during the so-called Anfal campaign of the late 1980s. Hussein is scheduled to return to court on Jan. 8.

Ridha said the Anfal trial would continue even if Hussein is executed and that Kurdish victims would get the justice they seek. "If Saddam Hussein is gone, it doesn't mean all these guys go free," he said.

In the northern city of Tikrit, Hussein's home town, residents reacted angrily to the decision. "We should not pour oil on the fire," said Khairallah Muhammad 45, a merchant. "This verdict is going to be the end to America, and it will be another Vietnam."

At Hannah restaurant in Baghdad's Karrada neighborhood, employees and regular customers crowded around the butcher's table to talk about the possible execution. Each said he had a relative or friend who had been imprisoned or killed by Hussein's government.

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Sadiq Esa, 31, said he wants more than to see him executed. "I swear to God, I will kill him with my own hands," he said, sipping a cup of sweet tea at a table covered with raw meat and blood.

Jafar Hani, the 22-year-old butcher, called Hussein a "monster." As he diced and skewered pieces of meat, he said, "The whole world wants him to be put in the center of Baghdad so everyone can see him hang."

Special correspondents Saad al-Izzi, Naseer Nouri, Waleed Saffar, Muhanned Saif Aldin and other Washington Post staff in Iraq contributed to this report.

Saddam To Hang Within 30 Days (USAT)

By Rick Jervis

USA Today, December 27, 2006

BAGHDAD — Iraq's highest court said Tuesday that Saddam Hussein must be hanged within 30 days. The decision generated uncertainty about the timing of an execution and concern over whether his death could spark more violence.

INTERACTIVE GRAPHIC: Saddam's rise and fall

The court rejected an appeal by the former Iraqi dictator, who was convicted and sentenced to death Nov. 5 for ordering the killings of 148 Shiite Muslims in the town of Dujail in 1982.

"From tomorrow, any day could be the day" for the execution, said Aref al-Shahin, the court's chief judge.

The Iraqi government has not announced any details of plans to send Saddam to the gallows. There were no announcements Tuesday of plans for curfews in Baghdad. Curfews would probably be imposed for an event as politically sensitive as Saddam's execution.

The White House called the decision a milestone in Iraq's efforts "to replace the rule of a tyrant with the rule of law."

"Saddam Hussein has received due process and legal rights that he denied the Iraqi people for so long. So this is an important day for the Iraqi people," said deputy White House press secretary Scott Stanzel.

Some, however, such as Human Rights Watch, condemned the sentence as unfair because of alleged interference by the Shiite-dominated government in Saddam's trial.

Under Iraqi law, any death sentence must be certified by the council made up of Iraq's president and two vice presidents. Iraqi President Jalal Talabani, a Kurd, has opposed the death penalty in the past but has also said he would deputize a vice president to sign an execution order on his behalf. Vice President Tariq al-Hashemi, a Sunni like Saddam, might also be reluctant to certify the execution. The other vice president, Adil Abdul-Mahdi, is a Shiite.

Basam Ridha, an adviser to Prime Minister Nouri al-Maliki, said the presidency council cannot delay or alter Saddam's sentence under Iraqi law.

Ridha said Iraqi officials will meet in the next few days to discuss when to send Saddam to hang. "We're anxious to do it as soon as we can," he said. "We want to put an end to it."

A prompt execution would short-circuit an ongoing trial in which Saddam and former top aides are accused of killing tens of thousands in a genocidal campaign against the Kurds in the late 1980s. That trial is in recess until Jan. 8.

Some Iraqi politicians said Saddam's execution would aggravate efforts at a political reconciliation between Iraq's Sunni, Shiite and Kurdish factions - and could intensify the Sunni-led insurgency.

"Saddam has done so many bad things in this country. There are tens of thousands of victims who would like this man to be killed," said Mahmoud Othman, a leading Kurdish lawmaker. "But at the same time, it may create more rifts for the people." Many Shiite residents of Baghdad were delighted. "We are very happy," said Riyah Abdul Sattar in Sadr City. "We will get rid of him for sure."

But Ala'a al-Sayid, 28, a Shiite government worker, said hanging Saddam "will offer the people nothing. The armed groups in Iraq will use this event for their personal purposes. They will call Saddam a martyr, not because they love him, but for their own gain."

Although Sunnis were the main backers of Saddam's rule, loyalty to Saddam is no longer a main motivation of Sunni insurgents, said Anthony Cordesman, a scholar at the Center for Strategic and International Studies in Washington. Ordinary Iraqis, he said, "are far more concerned about the future, about ethnic and sectarian divisions, about their personal security."

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Contributing: Zaid Sabah, Matt Kelley, wire reports

Saddam's Death Sentence Is Upheld (LAT)

By Alexandra Zavis And Molly Hennessy-fiske

The Los Angeles Times, December 27, 2006

BAGHDAD, Iraq — Saddam Hussein's date with the executioner could come any day, after an appeals court upheld the deposed Iraqi leader's death sentence Tuesday, saying he must hang for ordering mass slayings in a Shiite Muslim town in 1982.

The decision, announced at a hastily convened news conference in Baghdad's fortified Green Zone, could fan surging bloodshed between Iraq's ascendant Shiite Muslim majority and a disaffected Sunni Arab minority that had long been favored under Saddam. Government and security officials said they were bracing for more violence when the sentence is carried out but insisted that any surge would be short-lived.

Aref Shahin, chief judge of the appeals panel, said there was no further legal recourse for Saddam, and the Iraqi executive is free to send him to the gallows "any day ... starting from tomorrow." The execution must be carried out within 30 days.

President Jalal Talabani and his two deputies have to sign off on the execution order before it is implemented. Talabani, a Kurd, opposes the death penalty but has in previous cases deputized a vice president to sign on his behalf.

The Iraqi High Tribunal had handed down death sentences against Saddam and two co-defendants Nov. 5 for orchestrating an attack on the Shiite town of Dujail in the wake of a failed assassination plot against him. Hundreds were detained, tortured and forced out of there homes, and more than 100 men and boys were executed after a summary trial.

Under Iraqi law, the verdicts and sentences automatically went for review before a nine-judge appeals chamber.

The White House called the appeals court ruling a milestone in efforts to replace the rule of a tyrant with the rule of law. "Saddam Hussein has received due process and legal rights that he denied the Iraqi people for so long," White House spokesman Scott Stanzel said.

But legal experts said the verdict came too soon, just three weeks after defense attorneys filed lengthy appeals on Saddam's behalf, reinforcing claims the trial was politically tainted.

Some Kurds had also hoped for a delay so Saddam can finish standing trial for a separate 1980s military campaign against the ethnic minority that prosecutors have described as genocide.

"It is not acceptable to finish everything with the Dujail case and leave 180,000 victims with no trial," complained Vian Dizayee, a member of the Kurdish parliament in the northern city of Irbil. Baghdad lawyer Hibba Mansouri predicted government leaders would not postpone Saddam's execution for the sake of the Kurdish trial.

Four other defendants received prison terms ranging from 15 years to life, and one was acquitted at the prosecution's request.

Tribunal spokesman Raed Juhi said the panel deliberated for three days before deciding to uphold the death sentences against Saddam, his half-brother Barzan Ibrahim and intelligence chief, Awad Hamed Bandar.

The judges also concluded that the life sentence against former Vice President Taha Yassin Ramadan was too lenient and referred his case back to the tribunal for the death penalty. They did not alter the lesser sentences.

When the decision was announced on national television, victims' families in Dujail burst into tears and ululations, saying justice would finally be served and calling for a swift execution.

But residents in Saddam's hometown of Tikrit seethed, dismissing the trial as political theater staged by the United States and its Shiite allies in government.

"Implementing the verdict is like driving ... Iraq into hell," said Ismail Mohammed, a 48-year-old teacher. "It is an American verdict and has nothing to do with the will of the Iraqis."

The announcement, which came as dusk fell, did not provoke any immediate outbursts, but tension was high in some predominantly Sunni areas.

"A lot of blood will follow as consequence of this political verdict," warned Osama Mohammed, a 19-year-old college student in Ramadi, a center of the Sunni-driven insurgency west of Baghdad.

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Saleh Mutlaq, leader of the second-largest Sunni political party, said more Iraqis were dying now than under Saddam.

"I feel the government is not qualified to push (a death sentence) under this situation," he said. "I think this verdict is going to increase the violence and decrease the chance of reconciling."

But the decision delighted Shiites, who were brutally repressed under Saddam.

"We wish to see Saddam hanged on our TV screens," said Sattar Jabar, a 32-year-old contract worker in the southern city of Basra.

Ali Haidari, a 38-year-old journalist who was the first witness at Hussein's trial, watched the announcement on television in the living room where pictures of his seven brothers slain in Saddam's reprisals are lined up on a wall.

Haidari said his 67-year-old mother burst into "happy tears" and started ululating. His 5-year-old daughter, who refers to Saddam as "the dog" when she sees him on television, was jumping on the sofa and singing.

"This was the wish of all the martyrs, the prisoners who suffered during Saddam's regime," he said by telephone.

International reaction was mixed Tuesday. British Prime Minister Tony Blair, a strong ally of the U.S. effort in Iraq, reiterated his opposition to the death penalty, but he said the Iraqi decision "does give us a very clear reminder of the total and barbaric brutality of that regime."

Human rights groups urged the Iraqi government not to implement the sentence after a trial they said was deeply flawed.

The New York-based Human Rights Watch said there were regular failures to disclose key evidence, violations of defendants' rights to confront witnesses and "lapses of judicial demeanor."

Three defense lawyers and a witness were killed during the nine-month trial, which also featured angry showdowns between the judges and Saddam. The former dictator rejected the legitimacy of the court and said he had the right to act against the Dujail victims.

Times staff writers Raheem Salman, Salar Jaff, Mohammed Rasheed and Saif Hameed in Baghdad and Kim Murphy in London and special correspondents in Baghdad, Basra and Tikrit contributed to this report.

Saddam Heads To The Gallows (WSJ)

The Wall Street Journal, December 27, 2006

The decision by Iraq's Court of Appeals to uphold Saddam Hussein's death sentence means that the former Iraqi dictator must, by law, hang within 30 days. If that seems rushed, consider that the victims of the Dujail massacre for which Saddam was convicted have waited nearly a quarter of a century for justice to be done.

The Dujail massacre ranks among the lesser of Saddam's atrocities in the magnitude of death: About 150 Shiites were summarily executed (some of them apparently in human meat grinders) in retaliation for an attempt on Saddam's life. By contrast, the "Anfal" campaign of the late 1980s took the lives of as many as 180,000 Iraqi Kurds. Still, it seems appropriate that the Iraqi government chose to try him first for Dujail, for the sake of example as well as expediency. The very specificity of his crime, and its political motivations so reminiscent of Hitler's revenge against the Czech town of Lidice in World War II, are somehow easier to comprehend than his larger mass murders.

Critics of Saddam's sentence have argued that it is the result of a politicized judicial process, marred by procedural flaws and a conclusion that was foregone. But if anyone is to blame for making a mockery of the proceedings it was Saddam himself, whose repeated outbursts before the court could not disguise that Iraq's new government had given the country something it had never known before: a real trial, methodical and almost fully transparent.

A case can be made that the cause of justice would be most fully served if Saddam were spared the punishment he meted so promiscuously to others. But that determination belongs to the Iraqi people and their elected leaders, so many of whom participated in the trial as victims or the kin of victims. The day Saddam dies will be their judgment day.

Military Deaths In Iraq Exceed 9/11 Toll (AP)

By Larry Mcshane

AP, December 27, 2006

In a span of a few hours, 2,973 people were killed in the Sept. 11, 2001, terrorist attacks. In a span of 45 months, the number of American troops killed in Iraq exceeded that grim toll as the war continues.

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The milestone in Iraq came on Christmas, nearly four years after the war began, according to a count by The Associated Press.

The U.S. military on Tuesday announced the deaths of six more American soldiers, pushing the U.S. military death toll since the beginning of the Iraq war in March 2003 to at least 2,977 — four more than the number killed in the Sept. 11 attacks in New York, Washington and Pennsylvania.

President Bush has said that the Iraq war is part of the United States' post-Sept. 11 approach to threats abroad, and that going on the offense against enemies before they could harm Americans meant removing the Taliban from power in Afghanistan, pursuing members of al-Qaida and seeking regime change in Iraq.

Democratic leaders point out that there has not been any credible evidence linking Iraq to the Sept. 11 attacks and have said the war in Iraq detracted from efforts against al-Qaida and other terrorist groups.

"The president believes that every life is precious and he grieves for each one that is lost," deputy White House press secretary Scott Stanzel said Tuesday. "The hardest decision the president has ever made has been to send our young men and women in uniform into harm's way.

"The president will ensure that their sacrifice was not made in vain."

The 9/11 death toll includes the 2,749 killed at the World Trade Center, 184 at the Pentagon and 40 passengers aboard United Flight 93.

Those killed in Iraq came from across the United States, including more than 50 residents of Alabama, more than 30 from Nebraska and more than 40 from Kentucky.

A number of them enlisted to fight in Iraq, feeling it was a way to battle international terrorism in the wake of the 9/11 attacks.

Jonathan Lootens, from upstate New York, joined the Army, telling family members: "This is something I have to do."

"It did impact him and make him feel like he should serve," his father, Robert Lootens, said Tuesday. "He felt that this was his time."

The 25-year-old sergeant was killed during his second tour of duty when a roadside bomb went off near his vehicle in the city of Kirkuk. His father says more than enough Americans have died in the conflict.

"I want the boys to come home, you know," he said. "Personally, I can't see where we're really accomplishing anything over there anymore."

Marine Lance Cpl. John Edward Hale was only 15 and living in Louisiana when the planes hit the World Trade Center. He joined the Marines last year after high school, and had been in Iraq only three months when he was killed by a roadside bomb.

Michael Glover joined the Marines after his boyhood neighborhood — the Belle Harbor section of Queens — lost several residents in the Sept. 11 attacks. One of his best friends, an equities trader at Cantor Fitzgerald LP, was among those who died at the trade center.

Glover was killed by a sniper while on patrol in Fallujah.

The rising death toll was an emotional reminder of loss for family members of Sept. 11 victims, some who said the war had gone on long enough. Sally Regenhard's son Christian, a firefighter and a Marine, was killed at the trade center on Sept. 11.

"I just would like this war to stop in whatever way we need to," Regenhard said. "I can hardly tolerate it when I see these beautiful people. It reminds me of my son. ... These people are being massacred."

7 U.S. Troops Added To Rising Toll In Iraq (WP)

By Nancy Trejos

The Washington Post, December 27, 2006

BAGHDAD, Dec. 26 -- Seven more American service members have been killed in Iraq, the U.S. military reported Tuesday. It is the second deadliest month of the year for troops.

With five days left in December, 87 service members have died, according to figures provided by the military and news releases of combat deaths. The deadliest month this year was October, when attacks in Baghdad and the western Iraqi province of Anbar killed 105 U.S. troops.

The total number of U.S. military deaths in the Iraq war announced by the Pentagon is 2,961.

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Military officials and analysts have attributed the rise in U.S. casualties in recent months to the larger number and greater visibility of American troops in Baghdad, plus the intensity of the Sunni insurgency in Anbar.

"We are continuing to conduct operations. We're doing that aggressively," said Lt. Col. Christopher C. Garver, a U.S. military spokesman. "We are fighting a tough war against a tough enemy, and unfortunately we take casualties."

As 2006 began, there was talk on Capitol Hill of withdrawing some U.S. troops by the end of the year. But rising sectarian violence in Baghdad forced President Bush to instead shift troops from other parts of Iraq to the capital, preventing a withdrawal. With no end to the violence, Bush ends the year with more than 140,000 U.S. troops on the ground in Iraq and faced with the decision of whether to send even more.

Although much of the focus of the war has shifted to Baghdad, analysts say the battle in Anbar remains just as intense.

"You have had to limit the number of troops deployed in Anbar and deploy more to Baghdad. This makes U.S. forces more vulnerable in Anbar because you're thinner on the ground," Anthony H. Cordesman, an analyst for the Center for Strategic and International Studies, said by phone in Washington. Insurgents have increased the number of attacks "faster than we've been able to make countermeasures effective."

Iraqi civilians have suffered the most casualties in the war. In the latest count available, the U.N. Assistance Mission for Iraq found that the number of civilians killed in Iraq reached a record monthly high of 3,709 in October.

On Tuesday, at least 54 civilians died in car bombings and mortar attacks in the capital and elsewhere, hospital officials told the Associated Press.

Three car bombs exploded simultaneously in Baghdad's mostly Shiite neighborhood of Bayaa, killing 10 people and wounding about 40, the U.S. military said. Abdul Kareem al-Kinani, a spokesman for the Iraqi Interior Ministry, said there were 14 fatalities and 69 injuries.

A car bomb in the mostly Shiite neighborhood of New Baghdad killed six civilians and wounded nine others, according to an Interior Ministry official who spoke on the condition of anonymity because he was not authorized to talk to the media.

Sunnis were also targeted. In the Sunni enclave of Adhamiyah, a car bomb exploded near the Abu Hanifa mosque, killing at least 15 people and wounding 37, according to Iraqi TV reports. The bomb tore through markets and kebab stands during the late afternoon rush, according to Iraqi TV.

In the mixed southern Baghdad neighborhood of Dora, national policemen fought armed groups Tuesday evening, Kinani said. Several mortar rounds also fell on the outskirts of the neighborhood, he said.

Most of the U.S. casualties were also the result of bombs. On Monday, one soldier was killed and two wounded when a roadside bomb exploded near their patrol southwest of Baghdad, the U.S. military said. A roadside bomb killed two soldiers and wounded one southwest of Baghdad while they were conducting operations aimed at preventing insurgents from planting such explosives, the military said.

On Tuesday, a roadside bomb detonated near a patrol as it was clearing a route, killing three soldiers northwest of the capital. Another soldier was injured.

Also on Tuesday, a soldier was killed and two were injured when their vehicle rolled over along a dirt canal trail during a combat reconnaissance mission south of Baghdad.

U.S. Soldiers' Death Toll Climbs In Iraq (AP)

By Lauren Frayer

AP, December 27, 2006

A string of car bombs and other blasts killed at least 54 Iraqis on Tuesday, including 17 outside Baghdad's most venerated Sunni mosque, while U.S. troops battled Shiite militiamen in Baghdad.

Seven more American soldiers died, the U.S. military said, pushing the December death toll to 90 in one of the bloodiest months for the American troops in Iraq this year. Some 105 troops were killed in October.

President Bush is weighing whether to send thousands more troops to Iraq, but a senior Democratic senator, Joseph Biden, said Tuesday he would fight such a move.

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In the most lethal incident Tuesday, three parked cars exploded one after another in western Baghdad, police and Iraqi media reported. The blasts killed 25 people and wounded 55, one physician said by telephone, as he watched the victims being carried into Yarmouk hospital.

The doctor, who has provided information in the past, spoke on condition of anonymity because of security concerns.

Perhaps the most politically significant attack came in Azamiyah, a Sunni enclave of Iraq's capital, where a car bomb exploded near the Abu Hanifa mosque, according to Iraqi media.

That blast killed 17 and wounded 35, said a physician at the nearby Nuaman Hospital, who has provided information to the Associated Press in the past. He also asked to remain anonymous out of concern for his safety.

The explosion tore through a busy square at the start of the evening rush hour, when merchants were selling clothing and kebabs. The mosque itself was not damaged, witnesses said.

The mosque is Sunni Islam's holiest shrine in Baghdad, and a regular target of Shiite mortar teams. One person was killed in shelling there last month.

Abu Hanifa, who lived in the 8th century, was one of Islam's most important scholars and founded the Hanafi school of Islamic law, embraced by many Muslim cultures.

The mosque has long been associated with Sunni activism. U.S. Marines fought a fierce battle there on April 10, 2003, the day after the iconic Saddam Hussein statue fell in central Baghdad. Saddam and one of his sons were believed to be hiding nearby.

U.S. troops, meanwhile, exchanged fire with Shiite militiamen in east Baghdad, near Sadr City, the stronghold of anti-American cleric Muqtada al-Sadr.

An AP reporter embedded with the soldiers watched the Americans set up roadblocks, occupy homes and engage in gun battles with militia fighters across the border of Sadr City.

U.S. troops crouched on rooftops, hiding behind laundry hanging on a clothesline. Bursts of gunfire ricocheted off rudimentary cement houses.

The gunbattles waned as darkness fell. At least six mortars fell on a U.S. military base nearby, but caused no injuries.

Sadr City is believed to be the chief base of operations for al-Sadr's militia, the Mahdi Army.

Pressured by Iraqi politicians in late October, American soldiers dismantled barbed-wire barricades that controlled traffic in and out of the area. Since then they have rarely ventured into the district.

The latest U.S. deaths brought the number of members of the U.S. military killed since the start of the Iraq war in March 2003 to at least 2,978 — five more than the number killed in the Sept. 11 attacks in New York, Washington and Pennsylvania.

Bush has said the Iraq war is part of the United States' post-Sept. 11 approach to threats abroad. Going on the offense against enemies before they could harm Americans meant removing the Taliban from power in Afghanistan, pursuing members of al-Qaida and seeking Saddam's ouster in Iraq, Bush has said.

There has been no direct evidence of links between Saddam's regime and the Sept. 11 attacks. Democratic leaders have said the Bush administration has gotten the U.S. bogged down in Iraq, detracting from efforts against al-Qaida and other terrorist groups.

The AP count of members of the U.S. military killed in Iraq includes at least seven military civilians. Prior to the deaths announced Tuesday, the AP count was 15 higher than the Defense Department's tally, last updated Friday.

At least 2,377 died as a result of hostile action, according to the military's numbers.

Stanzel, the White House spokesman, said Bush grieves for each member of the armed forces who has died. "We will be fighting violent jihadists for the peace and security of the civilized world for many years to come," he said.

While officials say Bush is considering all options in his hunt for a new strategy, the U.S. president is thought to favor a surge of up to 30,000 more American troops .

Biden, the incoming chairman of the Senate Foreign Relations Committee, on Tuesday called that option "the absolute wrong strategy," especially when it came to stabilizing Baghdad.

"Even with the surge of troops, in a city of 6 million people you're talking about a ratio that would still be roughly above one to 100," Biden said.

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In another Baghdad attack Tuesday, a bomb hidden in a CD player exploded in a busy market district after a man dropped it off at an electronics repair shop. The bomb killed five people and wounded 14 others, police said.

In Kirkuk, 180 miles north of the Iraqi capital, a roadside bomb killed three civilians — including an 8-year-old girl — and wounded six others, police said.

Police found 49 bodies bearing signs of torture dumped across the country, mostly in Baghdad.

Elsewhere, Jordanian Prime Minister Marouf al-Bakhit said Tuesday that a former Iraqi Cabinet minister who escaped from a Baghdad prison this month had arrived in Jordan on a U.S. plane.

Ayham al-Samaraie, a former minister of electricity with dual U.S. and Iraqi citizenship, was serving time for corruption when he escaped in mid-December.

Lou Fintor, spokesman for the U.S. Embassy in Baghdad, said the U.S. government was not involved in al-Samaraie's escape "in any way."

Car Bombs Strike Iraq's Shopping District (LAT)

By Alexandra Zavis

The Los Angeles Times, December 27, 2006

BAGHDAD, Iraq — Three car bombs exploded within minutes at a west Baghdad intersection jammed with holiday shoppers, one of a series of attacks reported Tuesday that killed at least 97 Iraqis and injured scores.

Three U.S. soldiers also died when a roadside bomb exploded as they were removing explosive devices from a route northwest of the capital, the command said. At least 2,979 U.S. service personnel have been killed since the start of the Iraq war in 2003, according to the Web site icasualties.org.

Tuesday's bombings took place in a commercial district full of shops and car mechanics, overturning fruit stalls, torching cars and sending thick black smoke into the morning sky. At least 26 people were killed and 54 injured, police said.

Witnesses said the area was full of shoppers preparing for the Eid Athar holiday, which takes place over the New Year's period.

Aqeel Abdul Hadi, a 45-year-old real estate broker, had just stepped out of his car to view a house for sale when the first car bomb exploded behind him.

"We turned and we saw traffic policemen wounded and running from the explosion scene. I froze on the spot," he said, still shaken. "People rushed to evacuate the wounded ... Minutes later the second car bomb went off at the gathering people, killing, burning and wounding them."

Hadi said he saw one man die in front of him. The man's three children were injured.

"They were carrying shopping bags. They were shopping for the New Year," Hadi said. "When I saw this, I took my car and drove away as the third explosion happened."

The attack happened in a religiously mixed area where Shiite Muslim militiamen have been chasing out Sunni residents, part of an ongoing cycle of sectarian violence. Militiamen from the Mahdi Army, loyal to radical Shiite cleric Moqtada al-Sadr, in the past have set up checkpoints at the intersection, residents said.

The first blast caught Jamal Fawaz, a 62-year-old guidance counselor, on his way to a nearby school.

"I took cover behind my car, and then the second and the third explosions took place," he said. "The pressure and the sound of the third explosion was huge."

Fawaz fell to the ground and broke his glasses before scrambling into his car and driving off.

Retaliation appeared to be quick. In the afternoon, a car bomb exploded in a predominantly Sunni neighborhood in west Baghdad, killing 20 people and injuring 35, police said. The vehicle was parked in a lot behind a row of takeaway food outlets near Abu Hanifa, Baghdad's largest Sunni mosque.

Police on Monday recovered the bullet-riddled bodies of 41 unidentified men, some of whom showed signs of abuse, scattered around Baghdad. Another body was found with a single bullet to the head in Kut, 100 miles southeast of the capital, police said.

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Four roadside bombs exploded in another coordinated attack on a police patrol in east Baghdad, killing the officer in charge and injuring nine other people, said the Ministry of Interior, which oversees police.

Another bomb tore through the used clothing section of Baghdad's central Bab Al Sharji market, killing five people and injuring 15. The device was hidden in a pile of garbage, police said.

Police said at least two other people were killed in Baghdad, a senior border security official killed by gunmen on his way to work and a civilian killed in an exchange of fire between U.S. forces and the Mahdi Army militia. There was no immediate comment from the U.S. military on that incident.

Mahdi militiamen have taken to the streets in recent days following a series of U.S. raids in areas bordering their eastern Sadr City stronghold in the capital, residents said.

In Kirkuk, 180 miles north of Baghdad, a child was killed and five other people injured when a bomb exploded near a primary school.

Times staff writers Mohammed Rashied in Baghdad and special correspondents in Baghdad, Kirkuk and Hilla contributed to this report.

Backlash After UK Forces Hit Basra Police Station (FT)

By Steve Negus

Financial Times, December 27, 2006

The British military's demolition of a Basra police station that they claim was used as a base for death squads has caused a political backlash, creating possible complications for the British campaign to purge the southern port city's notoriously corrupt police force.

However, in an environment where militias, criminal gangs, political parties and factions within the police force all overlap in a patchwork of often competing alliances, it is difficult to tell exactly how widespread is the opposition to the British move against what they called a rogue police unit.

Several local leaders, including the head of the city council and a Basra police commander, have condemned Monday's raid. Mohammed al-Ibadi, provincial council chairman, said the council had decided to cut off ties with British forces pending an explanation of why they destroyed an "Iraq government building flying the Iraqi flag" and removed detainees he described as suspected terrorists.

But a British military spokesman said it was unaware of any boycott by the full council, and some local officials including the governor offered their support for the operation, which involved Iraqi as well as British forces.

Over 1,000 British troops participated in the raid that culminated in the demolition of the Jamiat police station.

A British spokesman said 127 prisoners were discovered in the basement, some of them with their kneecaps shot off, their hands or feet crushed, or with cigarette or electrical burns.

He said the police station was a base of a criminal gang associated with the local Serious Crimes Unit, which had access to weaponry, vehicles and police intelligence used in death squad activity. He said the gang might have targeted competitors, as well as "anyone they did not like the look of or [who] had crossed them in some way".

British officials also say that the unit was associated with the capture of two British soldiers in September 2005, which precipitated a raid on Jamiat station to free them. It was also said to be involved in the abduction and murder of 17 police employees in October.

Basra citizens frequently complain about their police force, which many say is the product of a local authority that is fractured between several large Shia Islamist factions, including the Fadila party, the radical Sadrist movement, and the Supreme Council for Islamic Revolution in Iraq, plus a handful of smaller ones.

In the absence of clear dominance by one faction or the other, each has cultivated its allies within the police force.

Last summer, in response to a surge in violence, Nouri al-Maliki, prime minister, deployed the army on the streets and formed a special security committee to tackle the port city's anarchy – a move opposed by some local politicians.

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Some citizens have praised Mr Maliki for taking a firm hand against local corruption. Militias such as the Mahdi Army, however, are believed to have strong roots in the city's extensive slums, where many people reportedly blame the British for the lack of any im- provements in their conditions over the past three years.

At least twice in the past the Basra provincial council has promised to cut off relations with British forces, but such boycotts have been relatively short-lived.

Basra Raid Sends Message (LAT)

The Los Angeles Times, December 27, 2006

IN RAIDING AND DESTROYING an Iraqi police station where crimes were said to be committed, not solved, British forces sent an important message to Iraqi Prime Minister Nouri Maliki: Torturers and murderers must be rooted out even when they act under color of the law, and even when reining them in offends political sensitivities.

The Christmas Day assault on the so-called Serious Crimes Unit in Basra by more than 1,000 British and Iraqi troops freed 127 prisoners, many of whom showed signs of torture. The headquarters long had been suspected of being infiltrated by death squads linked to tribal rivalries and organized crime. A British officer described the British-led operation as "part of a long-term rehabilitation of the Iraqi police service."

The assault followed a raid earlier this month in Basra during which British and Danish forces detained five tribal leaders with ties to Shiite militias. With Britain expected to reduce its 7,000-member force in Iraq next year, British forces have been trying to weaken rogue forces in Basra, for which they have security responsibilities.

Although Iraqi military officials obviously signed off on the British plan, some local officials complained that they weren't consulted and that the operation amounted to overkill. The complaint is misplaced. If, as the British say, the station was the scene of atrocities and impending executions, the officials themselves were remiss. They can't reasonably complain about a show of force designed to save lives and stop torture.

The question is whether the Iraqi government, which has troubling ties to Shiite militias, will do more than acquiesce in operations such as this. On Oct. 31, the Maliki government ordered the U.S. to remove checkpoints outside Sadr City, the stronghold of radical Shiite cleric Muqtada Sadr — checkpoints that were set up to help find a captured U.S. solider. No wonder U.S. national security advisor Stephen J. Hadley, in a now-famous memo, questioned whether Maliki "is both willing and able to rise above the sectarian agendas being promoted by others."

Whether or not President Bush approves a temporary "surge" of U.S. troops to help stabilize Baghdad, the president's benchmark of success — an Iraq that can "govern itself, sustain itself and defend itself" — ultimately will depend on a willingness by Maliki and his successors to establish one rule of law in Iraq. The British and, yes, the Americans, won't be there forever.

On A Mission In A Hard Place (WP)

The Washington Post, December 27, 2006

RAMADI, Iraq --

The soldiers of Combat Outpost Iron set out to help one Ramadi neighborhood get back to normal. The troops tried to learn local tribal politics. Passed out Beanie Babies. Drank tea. Attempted Arabic.

Lt. Brian Braithwaite said he truly felt they were making a difference.

Then in early November, Braithwaite's Bradley Fighting Vehicle hit a roadside bomb filled with gasoline, setting his gunner on fire. In the muffled intensity of pulling his friend to safety, Braithwaite said he heard sounds coming from the homes of the people they were trying to help. Laughing. Cheering. Celebrating his friend's near-death.

Braithwaite's unit, the 1st Battalion, 36th Infantry Regiment, has been in the capital of western Iraq's Anbar province since June. Most of the guys here can remember the moment when their frustration killed their empathy. When they no longer felt guilty about knocking down doors. No longer cared to hand out candy.

"Hearts and minds," the soldiers shrug. They joke like this often. The few Iraqis still living in Ramadi have had their homes raided and streets patrolled for three years now. Every time a window is broken, a bedroom is trashed or husbands are questioned, the glares become harsher. Compliance with U.S. troops turns to hatred.

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They are only trying to get the people who lay roadside bombs and find the material used to produce them. No other goal is ever mentioned.

Roadside bombs have become too powerful for the troops to feel safe in Bradleys or tanks. Patrols are almost all on foot. This day, they walk through the garbage dump, once a farmer's field. A plank takes them across sewage, and they head toward the first house.

Bracing the weight of their gear, they run with bent knees. They hop the walls that separate the houses to avoid the streets. Roadside bombs -- a soldier lost both legs to one while crossing the intersection here a few days earlier. The ladder they carry is worthless. So they tear many of the walls down. Home to home. It takes time. They are slow.

In their first few months in Iraq, mind-numbing boredom created an itch for action. They went out to dare fire. But now they feel done, as one medic puts it. They heft on full combat gear just to step outside to relieve themselves.

Many seem to have lost their taste for TV. It shows them the news of Iraq -- which is all about the fighting in Baghdad these days. Not much is mentioned of Ramadi.

Iraqi Fugitive With Chicago Connections Surfaces In Jordan (CHIT)

By Aamer Madhani

Chicago Tribune, December 27, 2006

A Chicago-area engineer who has been on the lam since escaping last week from an Iraqi jail where he was being held on corruption charges has surfaced in Jordan.

Speaking to reporters Tuesday in the Jordanian capital, Prime Minister Marouf al-Bakhit said Aiham Alsammarae "arrived in Amman as an American and on an American plane," according to The Associated Press. Al-Bakhit did not say exactly when the Oak Brook engineer arrived in Jordan or elaborate on the escape. It also was unclear whether the plane the prime minister spoke of belonged to the U.S. military or was a private aircraft.

Lou Fintor, a spokesman for the U.S. Embassy in Baghdad, vigorously denied any U.S. government involvement in transporting the former Iraqi electricity minister out of Iraq. Alsammarae escaped Dec. 17 from the Baghdad jail inside the sprawling compound that houses the U.S. Embassy and the Iraqi government. Alsammarae said he fled with the help of a "multinational" group.

"We unequivocally deny the U.S. government assisted in any transportation of Mr. Alsammarae out of Iraq," Fintor said in a telephone interview from Baghdad.

Al-Bakhit added that the Iraqi government had not requested the extradition of Alsammarae, who said in a telephone interview with the Tribune last week that he planned to return to Chicago after the new year. Alsammarae, 55, a secular Sunni, also maintained his innocence and said he fled because he feared he would be killed if he remained in the custody of the Shiite-dominated Interior Ministry forces.

In the interview with the Tribune, he would not reveal where he was other than to say that he was in "a very safe place."

U.S. officials in Baghdad and Washington, who could face the difficulty of balancing respect for Iraq's judicial system and sovereignty against concerns over a U.S. citizen's safety, have declined to say how they would respond if Alsammarae were to turn up in the United States.

But on Tuesday, a State Department spokeswoman went as far as to say that the U.S. government "supports the Iraqi government's effort to resolve the matter." She did not go into details about whether the U.S. would cooperate if Iraq calls for Alsammarae's extradition.

Dania Alsammarae, the daughter of the former electricity minister, said she has spoken with her father daily since his escape but he never has told her or other family members where he is or what he has been doing since fleeing Iraq.

"My dad wouldn't tell us any details but has been calling regularly to let us know that he continues to be safe," said the daughter, who lives in Dublin. "If the prime minister of Jordan is saying he is there, then I believe it to be true."

Alsammarae, who served as the electricity minister under the first Iraqi government following the fall of Saddam Hussein's regime, was found guilty in October on one count of corruption, but that charge was overturned earlier this month. He still faced at least five more corruption-related charges at the time of his escape, according to Iraqi authorities.

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Alsammarae and his wife, Amira, moved to Chicago in 1976 to study for advanced degrees at the Illinois Institute of Technology. They had planned to return to Iraq but ended up staying permanently after Hussein consolidated power over the Iraqi government in 1979.

Alsammarae, who holds dual U.S.-Iraqi citizenship, opened an engineering firm in west suburban Downers Grove. He returned to Iraq after the fall of Hussein's regime and was selected by the top U.S. occupation administrator, Paul Bremer, to serve as the country's electricity minister.

US Says Captured Iranians Can Be Linked To Attacks (NYT)

By Sabrina Tavernise

The New York Times, December 27, 2006

BAGHDAD, Dec. 26 — The American military said Tuesday that it had credible evidence linking Iranians and their Iraqi associates, detained here in raids last week, to criminal activities, including attacks against American forces. Evidence also emerged that some of the detainees were involved in shipments of weapons to illegal armed groups in Iraq.

In its first official confirmation of last week's raids, the military said it had confiscated maps, videos, photographs and documents in one of the raids on a site in Baghdad. The military confirmed the arrests of five Iranians, and said that three of them had since been released.

The Bush administration has described the two Iranians still being held late Tuesday night as senior military officials. Maj. Gen. William Caldwell IV, the chief spokesman for the American command, said that the military, in the raid, had "gathered specific intelligence from highly credible sources that linked individuals and locations with criminal activities against Iraqi civilians, security forces and coalition force personnel."

General Caldwell made his remarks by e-mail in response to a query about the raids, first reported Monday in The New York Times. "Some of that specific intelligence," he said via e-mail, "dealt explicitly with force-protection issues, including attacks on MNF-I forces."

MNF-I stands for Multinational Force-Iraq, the official name of the American-led foreign forces there.

American officials have long said that the Iranian government interferes in Iraq, but the arrests, in the compound of one of Iraq's most powerful Shiite political leaders, were the first since the American invasion in which officials were offering evidence of the link.

The raids threaten to upset the delicate balance of the three-way relationship between the United States, Iran and Iraq. The Iraqi government has made extensive efforts to engage Iran in security matters in recent months, and the arrests of the Iranians could scuttle those efforts.

Some Iraqis questioned the timing of the arrests, suggesting that the Bush administration had political motives. The arrests came just days before the United Nations Security Council passed a resolution imposing sanctions against Iran for its refusal to suspend uranium enrichment.

The Bush administration has rejected pressure to open talks with Iran on Iraq.

The Iraqi government has kept silent on the arrests, but Tuesday night officials spoke of intense behind-the-scenes negotiations by Iraq's government and its fractured political elite over how to handle the situation.

Iraq's president, Jalal Talabani, had invited the two Iranians during his visit to Tehran, his spokesman said on Sunday, but by Tuesday, some Iraqi officials began to question if Mr. Talabani had in fact made the invitation. His office was unavailable for comment Tuesday night.

"We know when they caught them they were doing something," said one Iraqi official, who added that the Iranians did not appear to have formally registered with the government.

Some political leaders speculated that the arrests were intended to derail efforts by Iraqis to deal with Iran on their own by making Iraqis look weak.

But the military seemed sure of what and whom it had found.

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At about 7 p.m. on Wednesday, the military stopped a car in Baghdad and detained four people — three Iranians and an Iraqi. The military released two of them on Friday and the other two on Sunday night, General Caldwell said. The Iranian Embassy confirmed the releases.

But the more significant raid came in predawn hours of the next morning, when American forces raided a second location, the general said. The military described it as "a site in Baghdad," but declined to release further details about the location.

Iraqi leaders said last week that the site was the compound of Abdul Aziz al-Hakim, one of Iraq's most powerful Shiite political leaders, who met with President Bush in Washington three weeks ago. A spokesman for Mr. Hakim said he had not heard of a raid on the compound.

A careful reading of General Caldwell's statement makes it clear, however, that the location itself was of central importance. The military gathered "specific intelligence from highly credible sources that linked individuals and locations with criminal activities," it said. The crimes were against Iraqi civilians, security forces and Americans.

In that raid, American forces detained 10 men, 2 of them Iranians. They seized documents, maps, photographs and videos, at the location, the military said. The military declined to say precisely what the items showed, nor did it specify if the Iranians themselves were suspected of attacking Americans, or if the Iraqis arrested with them were suspected, or both.

Some Iraqis questioned the American motives, saying that the operation seemed aimed at embarrassing Mr. Hakim, the driving force behind a new political grouping backed by the United States to distance militants from the political process.

One Iraqi politician suggested that the tip for the raid had come from a source within Mr. Hakim's own party, known by the acronym Sciri, in an effort to weaken or unseat him.

However it was led there, the military said it had found evidence of wrongdoing. By questioning the detainees and investigating the materials, the military found evidence that connected some of those detained "to weapons shipments to armed groups in Iraq," General Caldwell said.

The military did not specify the types of weapons.

The allegation, if true, would mark the first time since the American invasion that Iranian military officials were discovered in the act of planning military action inside Iraq. American officials have long accused them of supplying arms and money from Iran, but never of traveling to Iraq and actively taking part in plotting violent acts here.

American officials accused Iran of designing and shipping new powerful, armor-piercing bombs to Iraq as early as summer 2005.

American officials have on occasion offered evidence of Iranian involvement: A weapons shipment bearing serial numbers believed to belong to an official Iranian manufacturer was intercepted last year. The most recent allegations, if true, would appear to draw a line back to Tehran more directly than ever.

General Caldwell said that the detainees were still in American custody and that the military was "engaged in ongoing discussions with the government," about their status. An official in the Iranian embassy in Baghdad said its diplomats had tried to see the detainees but were not allowed to, a refusal that violated international rules, the official said.

Iran Is Seeking More Influence In Afghanistan (NYT)

By David Rohde

The New York Times, December 27, 2006

ISLAM QALA, Afghanistan — Two years ago, foreign engineers built a new highway through the desert of western Afghanistan, past this ancient trading post and on to the outside world. Nearby, they strung a high-voltage power line and laid a fiber-optic cable, marked with red posts, that provides telephone and Internet access to the region.

The modernization comes with a message. Every 5 to 10 miles, road signs offer quotations from the Koran. "Forgive us, God," declares one. "God is clear to everyone," says another. A graceful mosque rises roadside, with a green glass dome and Koranic inscriptions in blue tile. The style is unmistakably Iranian.

All of this is fruit of Iran's drive to become a bigger player in Afghanistan, as it exploits new opportunities to spread its influence and ideas farther across the Middle East.

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The rise of Hezbollah, with Iran's support, has demonstrated the extent of Tehran's sway in Lebanon, and the American toppling of Saddam Hussein has allowed it to expand its influence in Iraq. Iran has been making inroads into Afghanistan, as well. During the tumultuous 1980s and '90s, Iran shipped money and arms to groups fighting first the Soviet occupation and later the Taliban government. But since the United States and its allies ousted the Taliban in 2001, Iran has taken advantage of the central government's weakness to pursue a more nuanced strategy: part reconstruction, part education and part propaganda.

Iran has distributed its largess, more than $200 million in all, mostly here in the west but also in the capital, Kabul. It has set up border posts against the heroin trade, and next year will begin work on new road and construction projects and a rail line linking the countries. In Kabul, its projects include a new medical center and a water testing laboratory.

Iran's ambassador, Muhammad Reza Bahrami, portrayed his government's activities as neighborly good works, with a certain self-interest. Iran, he said, is eager to avoid repeating the calamities of the last 20 years, when two million Afghan refugees streamed over the border.

"Our strategy in Afghanistan is based on security, stability and developing a strong central government," he said. "It not only benefits the Afghan people, it's in our national interest."

Still, there are indications of other motives. Iranian radio stations are broadcasting anti-American propaganda into Afghanistan. Moderate Shiite leaders in Afghanistan say Tehran is funneling money to conservative Shiite religious schools and former warlords with longstanding ties to Iranian intelligence agencies.

And as the dispute over Iran's nuclear program has escalated [leading the United Nations Security Council to impose sanctions on Iran on Dec. 23], Iranian intelligence activity has increased across Afghanistan, American and Afghan officials say. This has included not just surveillance and information collection but the recruitment of a network of pro-Iranian operatives who could attack American targets in Afghanistan. [On Dec. 20 in London, British officials charged the interpreter for NATO's commanding general in Afghanistan with passing secrets to Iran.]

Discerning Iranian motives is notoriously difficult. Government factions often have competing agendas. Even so, the question of Iran's intentions in Afghanistan has come under a microscope in recent weeks amid debate in Washington over whether the United States should begin dealing with Tehran as part of a possible solution in Iraq. Some American officials have suggested that Iran's seeming cooperation in Afghanistan may be something of a model for Iraq.

So far, even as it declines to talk with the Iranians about Iraq, the Bush administration has adopted a posture of uneasy detente over Afghanistan. American officials say that they are watching closely, and no evidence has emerged of recent arms shipments to Iranian proxies, as there have been in Iraq, or of other efforts to destabilize the country. Iran's Shiite leaders appear to be maintaining their historic opposition to the Sunni Taliban, who consider Shiites heretics. Iran, they also say, is failing to gain popular support among Afghans, 80 percent of whom are Sunni Muslims.

Of far greater concern, according to American, European and Afghan officials, is Pakistan, America's ostensible ally against terrorism. They say the Pakistanis have allowed the Taliban to create a virtual ministate and staging base for suicide attacks just across Afghanistan's eastern border. Suicide attacks have quintupled, from 23 in 2005 to 115 this year, killing more than 200 Afghan civilians.

[It is too early to know if the Bush administration's position will be at all affected by the latest source of tension between Washington and Tehran — the American arrests of several Iranians in Baghdad on Dec. 20 and 21 on suspicion of conducting attacks on Iraqi security forces.]

Western diplomats say that Iran's goals in Afghanistan are to hasten the withdrawal of American troops, prevent the Taliban from regaining power and keep the Afghan west firmly under Tehran's sway.

"Keep this area stable, but make it friendly for them," said a senior European diplomat in western Afghanistan. "Make it difficult for outsiders to operate here."

Afghanistan, analysts say, is one example of the way Iran is increasingly spending its oil money in a variety of countries to realize its self-image as an ascendant regional power. One Western official said that by focusing on high-profile construction projects, diplomacy and public relations, Iran was, in effect, employing American cold-war tactics to increase its soft power in the region.

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In Iraq, that means not just financing an array of Shiite political parties and militias; the Iranian ambassador in Baghdad, Hassan Kazemi-Qomi, said Tehran was already providing power and planned to build three hospitals and set up a $1 billion loan fund for Iraqi businesses. Similarly, Iran gave Hezbollah not just weapons and training but also the money for roads, schools and social services that made it the de facto government in southern Lebanon. Iran has a strong and growing presence in Syria, too.

Iranian officials cast themselves as a counterweight to the United States, which they say has mishandled opportunities to stabilize both Afghanistan and Iraq.

"U.S. policies, particularly under the current administration, have created a huge amount of resentment around the world," said a senior Iranian official, who requested anonymity because he was not authorized to comment publicly. "I'm not saying Iran is gaining power all over the world. I'm saying the U.S. is losing it fast."

A History of Intervention

Afghanistan, a fragile mosaic of ethnic and religious groups, has long been susceptible to intervention from more powerful neighbors. As the world's largest predominantly Shiite country, Iran is the traditional foreign backer of Afghanistan's Shiites, roughly 20 percent of the country's population.

During the anti-Soviet jihad of the 1980s, Iranian Revolutionary Guards financed and trained fundamentalist Shiite militias, as well as Sunni fighters. In the civil war after the Russian withdrawal in 1989, Iran became a patron of the Northern Alliance, while Pakistan supported the ultimately victorious Taliban.

When the Taliban were ousted in 2001, Iran promised to help stabilize Afghanistan. In Germany that December, it was Iranian diplomats who stepped in to save foundering talks to form a new Afghan government, persuading the Northern Alliance to accept the agreement. Soon after, Iran pledged $560 million in aid and loans to Afghanistan over five years, a "startling" amount for a nonindustrialized nation, according to James Dobbins, the senior American envoy to Afghanistan at the time.

A week later, President Bush situated Iran on the "axis of evil." But even as they assailed that characterization, Mr. Dobbins said, Iranian officials privately offered to train Afghan soldiers. The Bush administration rejected the offer.

Today, the American reconstruction effort dwarfs Iran's. The United States has spent a total of $4.5 billion since 2001, according to Afghan officials. But while the United States has built more than 1,000 schools, government buildings and clinics, and paved more than 730 miles of roads, a 2005 government audit found that reconstruction had been slowed by inconsistent financing, staff shortages and poor oversight. Amid rising Taliban attacks and public perception of corruption in the government of President Hamid Karzai, recent polls show optimism declining across the country.

Iranian officials said they had focused on roads and power as a quick way to strengthen Afghanistan's economy. A major project has involved upgrading roads linking Afghanistan with the Iranian port of Chabahar, on the Gulf of Oman.

In many ways, Muhammad Reza Dabbaghi embodies Iran's new approach in Afghanistan. Mr. Dabbaghi, a 46-year-old engineer, is the top executive here for the Iranian company that built the new 70-mile highway linking western Afghanistan to Iran two years ago, is paving much of the northwestern city of Herat and hopes to build the new railway, all with Iranian government financing.

As his staff served sweet cookies from southeastern Iran, he handed over a glossy color brochure and CD-ROM touting his company's work. Mr. Dabbaghi, a fastidious man in a stylish blazer and slacks, said his company was trying to work in neighboring countries, but he complained that the United States was spreading "mass propaganda," lobbying governments not to hire Iranian companies, especially in Afghanistan.

In Kabul, American contractors, advisers and aid projects clearly dominate the city, but Iran is there, too. In addition to a handful of Iranian advisers at government ministries, Iranian experts have trained more than 1,200 Afghan teachers, librarians and diplomats.

Last year, the Iranian Embassy opened the Iranian Corner, a room in Kabul University's main library filled with computers, books and magazines promoting Iran's ancient culture and modern achievements. Librarians say it is more popular than the adjoining American Corner, sponsored by the United States Embassy, primarily because it has a better Internet connection. Unlike in Iran, where the government blocks thousands of Web sites, the Iranian Corner offers open Internet access.

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Afghanistan's economic reliance on Iran has increased in another way, as Taliban attacks have slowed the economy. Each morning, hundreds of Afghan men line up outside the Iranian missions in Herat and Kabul for visas to work in Iran. Iranian officials said they expected to issue up to 450,000 visas to Afghans this year, nearly twice the 250,000 issued in 2005.

Signs of Influence

In the murky world of western Afghanistan, centuries of Iranian influence have left many local people with a perception of Iran as all-powerful nemesis. Many said their lives would be in danger if they publicly criticized Iran or its Afghan proxies. Behind every suspicious event in the Afghan west, they contend, lies an Iranian hand.

Such accounts are clearly exaggerated. Still, Western and Afghan officials say that, beyond its much-trumpeted reconstruction program, Iran is also engaging in a range of activities it is less eager to publicize.

Qari Ahmad Ali, a Shiite commander once backed by Iran, said that since 2001, his former patrons had funneled millions of dollars to Shiite religious schools and charities in western Afghanistan. He said the Sadaqia Madrasa, one of the largest Shiite religious schools in Herat, was at the center of an effort to spread Shiite fundamentalism.

"Iran does not have military activities," Mr. Ali said. "They have political and social activities."

Muhammad Siddique Tawakulay, the Sadaqia school's cultural director, said it received no assistance from Iran. "We are saying the truth and the facts," he said, before giving a tour of the school. But a second, unsupervised tour produced evidence of Iranian influence.

In a small ground-floor room, photos of Ayatollah Ruhollah Khomeini, the leader of the Iranian revolution, were for sale. The main library had two dozen books published in Iran that criticized Israel and the United States. One, "Dark Star," had a photo of a Hasidic Jew with a star of David burning ominously on its cover. A religious magazine printed in Iran assailed the United States for supporting Israel's attacks on Lebanon last summer.

Shopkeepers said that during the Lebanon fighting, madrasa officials distributed posters praising Hezbollah. One of them, still hanging in a local shop, featured photographs of dead Lebanese children and a heroic image of the Hezbollah leader, Sheik Hassan Nasrallah.

A senior Afghan intelligence official said that Radio Mashhad, a state-run station in northeastern Iran's largest city, broadcast anti-American messages over the border.

"Iran is providing a lot of assistance for religious and cultural activities in Afghanistan," said the official, who spoke on condition of anonymity because of the secret nature of his work. "That is the easy way to build influence."

Moderate Shiites agreed. "We worry about the situation," said Abbas Noyan, a Shiite member of Parliament. "Right now, the Iranians have a strong hand."

In interviews, three Shiite officials said new religious schools were being built with Iranian money. They also said that more Afghans were celebrating formerly obscure Shiite religious holidays.

Iran's influence appeared to wane two years ago, after the United States doubled aid to Afghanistan and removed Ismail Khan, the governor of Herat and a powerful Iranian-backed warlord who dominated the west.

Since then, though, American troops have turned responsibility for Herat over to the Italians, and this year, the United States cut aid to Afghanistan by 30 percent. Iran, meanwhile, has kept its aid money flowing steadily and continued to back its proxies in the region, according to a Western diplomat.

The last known example of Iranian weapons shipments came in late 2004, when Tehran provided weapons and training to a junior commander loyal to Mr. Khan. Since then, the commander is suspected of having orchestrated a bombing and other incidents to pressure the Afghan government into reinstating Mr. Khan.

In February, Herat experienced its first religious violence in decades. Six people were killed as Sunnis and Shiites staged gun battles on city streets, according to religious leaders. Some local officials blamed Mr. Khan's protégé for fomenting the violence. Others attributed it to rising grass-roots Sunni-Shiite tensions.

As in Iraq, the American-backed effort to build a democracy has fostered a Shiite revival here. Shiites now serve as governors in 4 of 34 provinces, including Herat. Hard-line Sunnis in Herat said they chafed at being ruled by Shiites, blamed Iran for the Shiite rise and expected more violence.

In Kabul, though, Afghan government officials, desperate for aid, say they have decided to trust Iran's intentions.

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“History may prove that overly optimistic,” said Jawed Ludin, President Karzai’s chief of staff. “But it is in our interests today to trust our Iranian neighbors and expect the same in return.”

Afghan Heroin Supply Surges In U.S. (CHIT)

By Garrett Therolf

Chicago Tribune, December 26, 2006

LOS ANGELES -- The amount of high-quality heroin in America is surging because of an increasing supply from Afghanistan, and with it the fear that record-breaking poppy harvests after the U.S. invasion are fueling more addictions and overdose deaths back home.

According to a Drug Enforcement Administration report obtained by the Los Angeles Times, Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States. Its share of the U.S. market doubled from 7 percent in 2001, the year U.S. forces overthrew the Taliban, to 14 percent in 2004, the latest year studied.

Another DEA report, released in October, said the 14 percent actually could be significantly higher.

Not only is more heroin being produced from Afghan poppies coming into the United States, it is also the purest in the world, according to the DEA's National Drug Intelligence Center.

Despite the agency's own reports, a DEA spokesman denied that increased quantities of heroin were reaching the United States from Afghanistan.

"We are not seeing a nationwide spike in Afghanistan-based heroin," Garrison Courtney wrote in an e-mail to the Times.

He said in an interview that the report that showed the growth of Afghanistan's U.S. market share was one of many sources the agency used to evaluate drug trends. He refused to provide a copy of DEA reports that could provide an explanation.

The agency declined to give the Times the report on the doubling of Afghan heroin into the U.S. A copy was provided by the office of Sen. Dianne Feinstein (D-Calif.), a member of the Senate Caucus on International Narcotics Control.

The impact is being felt in Feinstein's home state. Heroin-related deaths in Los Angeles County soared from 137 in 2002 to 282 in 2004 before dropping to 239 in 2005, still a jump of nearly 75 percent in three years, a period when other factors contributing to overdose deaths remained unchanged, experts said.

The jump in deaths was especially prevalent among users older than 40, who lack the resilience to recover from an overdose of unexpectedly strong heroin, according to a study by the county's Office of Health Assessment and Epidemiology.

"The rise of heroin from Afghanistan is our biggest rising threat in the fight against narcotics," said Orange County sheriff's spokesman Jim Amormino. "We are seeing more seizures and more overdoses."

While Afghan heroin is having an increasing impact in the United States, police say they have seen almost none of it sold in Chicago.

Most of the heroin in Chicago comes in a light brown powder form produced in Colombia and Mexico and trafficked to Chicago from Mexico cartels, especially through the state of Durango.

Although most Afghan heroin in the U.S. is moved through Mexican channels as well, it is dealt mostly west of the Mississippi River, said a member of the Chicago Police Department's heroin task force, who asked not to be identified.

The potent Afghan heroin, which the DEA says sells for about $90 a gram in southern California, has prompted warnings from some officials who deal with addicts that they reduce the amount of the drug they use. Many addicts seeking the most euphoric high employ a dangerous calculation to gauge how much of the drug they can consume without overdosing. An unexpectedly powerful bundle of heroin, therefore, can be deadly.

"I tell people, 'If you're using it, only use half or three-quarters of what you used to,' because of the higher potency," said Orlando Ward, director of public affairs at the Midnight Mission on Los Angeles' Skid Row.

Health workers in boutique rehab centers and health clinics for the homeless say increasing numbers of clients are addicted to more powerful heroin.

"My patients say it's more available and cheaper," said Michael Lowenstein, a doctor at the Waismann Method detoxification center in Beverly Hills.

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Antonio Maria Costa, executive director of the United Nations Office on Drugs and Crime warned world health authorities in October of the increase in Afghan heroin.

From 1980 through 1985, Afghan heroin dominated the U.S. market, with a 47 percent to 54 percent share, according to the DEA.

Afghanistan's share dwindled to 6 percent for much of the 1990s, as competition from Southeast Asia and Colombia grew. Meanwhile, the Taliban was cracking down as it gained territory, virtually eliminating poppy production after taking over the country.

Once the fundamentalist Islamic government was overthrown in 2001 with the help of U.S. forces, Afghans turned again to the poppy trade to survive in one of the poorest countries in the world.

A report released Nov. 28 by the World Bank said U.S. and European efforts to end Afghanistan's $2.3 billion opium business were failing.

The production of opium used to produce heroin reached its highest level ever in Afghanistan this year. It accounted for more than one-third of Afghanistan's gross domestic product and 90 percent of the world's supply of illicit opium, mainly supplying Asia and Europe, according to the report.

Los Angeles Times; Tribune staff reporter David Heinzmann contributed to this report from Chicago.

NATO Must Follow U.S. Lead In Helping Afghan Civilians (USAT)

By Sarah Holewinski

USA Today, December 27, 2006

In Kabul a few weeks ago, I met Sahib Dad, an Afghan father. During the 2001 U.S. invasion, two of his girls were killed when a U.S. bomb missed its target and exploded in their playground. He says he never saw an American face, never received an apology. At the time, the United States had no program in place to provide compensation for his loss or aid for his family. Meanwhile, the Taliban brought cotton to wrap the dead and food, money and medical care for his wife's severe head injury. That's straight out of the insurgency playbook. And it's one reason the insurgents are winning small battles everyday.

(Photo -- Afghan-Pakistan border: Damage from a U.S. airstrike in January that targeted, but missed, al-Qaeda's Ayman al-Zawahiri; 17 people died. / By Mohammad Zubair, AP)

There is still time to avoid defeat (or a bloody debacle) in Afghanistan. But NATO forces, which in October took command of military operations there from the United States, must recognize what America has learned the hard way in Iraq: You can't win the war if you don't win the people.

Because of its experiences in Iraq and Afghanistan, the United States is gradually, and belatedly, accepting what is still a radical principle in modern warfare — that militaries have a responsibility to compensate and comfort the civilians they harm, even if the harm is accidental. The U.S. military now hands out condolence payments for loss of life, injury and property. The payments are characterized in the military lawyer's handbook as a "symbolic gesture" only, but it's a gesture that is so important. The payments — usually a few thousand dollars — don't assign blame. They show compassion for families struggling with loss.

The rationale of helping those we harm is expressed in the new U.S. Army Field Manual on Counterinsurgency — the definitive guide for boots on the ground. The manual states that in modern guerrilla warfare, a clear offense is winning the "hearts and minds" of the populace. Troops are told that any actions that undermine the trust of the population — "even those that provide a short-term military advantage" — help the enemy. But the new NATO force in Afghanistan, its troops drawn largely from European countries, has no policy and dedicates no common funds to help Afghan civilians harmed by its operations. Alliance officials should publicly correct that oversight and do so quickly.

Bolstering U.S. programs in place to help war victims is easy with an influx of cash from NATO countries, and nobody — least of all Afghan widows, orphans, the injured — has time to wait for a reinvented wheel.

Every civilian death gives the insurgency ammunition to claim that NATO forces are the enemy of the Afghan people — particularly if nothing is done to rectify the harm.

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NATO officials have blamed much of their collateral damage on the Taliban, pointing out that civilians are being used as human shields. Despite the difficulties that troops face in distinguishing friend from foe, when bombs from the air kill non-combatants, Afghans naturally blame those who dropped the bombs.

During a televised speech two weeks ago, Afghan President Hamid Karzai wept at the loss of innocent Afghan lives in the midst of coalition bombing of terrorist strongholds. He has strongly urged foreign troops to exercise more caution. NATO officials can and should respond with a pledge of more than words.

The point is not to put a dollar value on human lives, but to offer a gesture of respect reflecting a sense of common humanity — and to recognize the simple truth that Afghanistan will be won one civilian at a time.

Uncle Sam Wants US Muslims To Serve (CSM)

By Richard Whittle

The Christian Science Monitor, December 27, 2006

As US troops battle Islamic extremists abroad, the Pentagon and the armed forces are reaching out to Muslims at home.

An underlying goal is to interest more Muslims in the military, which needs officers and troops who can speak Arabic and other relevant languages and understand the culture of places like Iraq and Afghanistan. The effort is also part of a larger outreach. Pentagon officials say they are striving for mutual understanding with Muslims at home and abroad and to win their support for US war aims. Among the efforts to attract and retain Muslim cadets:

• West Point and the other service academies have opened Muslim prayer rooms, as have military installations.

• Imams serve full- and part-time as chaplains at the academies and some bases.

• Top non-Muslim officers and Pentagon officials have taken to celebrating religious events with Muslims overseas and here in the US.

"There is a message here, and that is that Muslims and the Islamic religion are totally compatible with Western values," says Deputy Defense Secretary Gordon England in an interview.

For the past two years, Mr. England has hosted an iftar, the feast that ends the daytime fast during the Muslim holy month of Ramadan, at the Army Navy Country Club in Arlington, Va. His guests have included ambassadors, leaders of the Muslim-American community, and Muslims who serve in the US armed forces.

President Bush also hosted an iftar at the White House in October, as he has done for several years. Gen. Robert Magnus, the assistant commandant of the Marine Corps, held one the same month at the Marine Corps Barracks in Washington for defense attachés from predominantly Muslim nations.

The US armed services don't recruit by religion, but the Pentagon estimates at least 3,386 Muslims were serving in the US military as of September. No precise figures are available because, while US service members are surveyed on their religion, they aren't required to disclose it. Advocacy groups put the number at 15,000, saying many are reluctant to reveal their religion. African-Americans represent the largest share of Muslims in uniform, they add.

However uncertain the progress, the military is intensifying its outreach.

On June 6 - the anniversary of D-Day, he notes - Mr. England helped dedicate a new Islamic prayer center at the Quantico Marine Corps Base near Washington, whose 6,100 marines include about 24 Muslims, according to Lt. Cmdr. Abuhena Saifulislam, a Navy chaplain who serves as their imam.

The Marines also have allowed Muslims in their ranks at Quantico some dispensations to make it easier to practice their religion, says Lieutenant Commander Saifulislam, a US citizen born and raised in Bangladesh. During Ramadan, "they're allowed to have some time off to prepare for their fasting break and not to go to physical training" while fasting, he says.

Muslim troops say misunderstandings and friction with non-Muslims in uniform arise sometimes, but practicing Islam in a military at war with extremists who profess the same faith isn't a burden, they add.

Petty Officer Third Class Nicholas Burgos, a Sunni Muslim training to be a Navy SEAL, or commando, says instructors sometimes goad him by calling him "Osama bin Burgos" or asking if he's training to help the Taliban. But "it's all in good fun," he insists.

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"It's all about how much mental stress you can deal with while you're in training," Petty Officer Burgos says. "I just laugh or have a smirk on my face."

His father, Asadullah Burgos, is the part-time imam at the US Military Academy at West Point, N.Y., whose roughly 4,000 cadets include 32 Muslims, 12 of whom are foreign students.

"There's been some insults and some taunting, but it's been handled at the cadet level," Imam Burgos says. "Usually that's due to ignorance."

Col. John Cook, the senior chaplain at West Point, says that after media reports about the academy's new Muslim prayer room, he got a call from a self-described "concerned citizen" who fretted that "the Muslims are taking over the world."

"I told him, 'I'm a Christian chaplain, but I have the responsibility to provide for other faith groups,' " Colonel Cook says. Protestant, Catholic, and Jewish cadets all have their own chapels at West Point, he notes.

Marine Sgt. Jamil Alkattan, a Sunni Muslim of Syrian heritage from South Bend, Ind., says his religion, his knowledge of Arabic, and his familiarity with Arab culture were major assets during two tours in Iraq.

Not only was he able to teach fellow marines key Arabic phrases and explain that all Muslims aren't extremists, he says, but he also was able to befriend locals, who brought him vital intelligence. "They would come to me and say, 'I know where bombs are,' and this and that," Sergeant Alkattan says. "I never got to sleep. They would come at night time and tell me, 'Hey, I think these guys [insurgents] are trying to set you guys up,' or, 'I've seen these guys with an IED [improvised bomb].' I think it stopped a lot of things that could have happened."

Under a new Middle East Cultural Outreach Program created by the Marine Corps, Sergeant Alkattan is one of six Arab-American marines selected to be stationed in major American cities as liaisons to the Arab-American community and advisers to recruiters.

The program was conceived by Gunnery Sgt. Jamal Baadani, a Muslim born in Cairo who emigrated to Michigan when he was 10.

"It is not a direct recruiting program," says Sergeant Baadani, but its goal is to educate recruiters to avoid cultural no-nos and foster good relations with Arab-American communities. The "overall objective ... is to develop solid relationships with the Arab and Muslim communities for the 21st and 22nd centuries. This isn't something that's just a Band-Aid treatment."

DOJ:

Justice Attorneys Win Comp Time (FEDTIMES)

By Daniel Friedman

Federal Times, December 27, 2006

More than 9,000 Justice Department attorneys can now receive comp time for after-hours business travel, two years after most federal employees won that right.

On Dec. 20, the president signed HR 4057, which allows the department's lawyers to claim compensation time when their work requires travel during irregular hours, such as evening or weekend flights to attend morning meetings. The House passed the bill in March. The Senate followed on Dec. 6.

Federal workers have been able to claim comp time for official travel since Congress passed the 2004 Workforce Flexibility Act. But the Justice Department had excluded its lawyers, citing a 1999 law that limits their overtime pay. That left about 4,000 department attorneys and 5,400 assistant United States attorneys ineligible for comp time. The new bill, sponsored by Rep. Jon Porter, R-Nev., makes all of the lawyers eligible regardless of the 1999 rule.

The National Association of Assistant United States Attorneys, which represents 5,400 assistant U.S. attorneys, hailed the bill-signing as an "important legislative victory."

"This legislation . . . will provide DOJ attorneys with the benefits Congress intended to confer in 2004 and the same benefits as are provided to attorneys employed in other agencies," the group said in a statement.

Executive Director Dennis Boyd said the association has lobbied for the bill for almost two years in the face of unrelated political delays.

"It's hard for me to believe how much time and effort it took to get a two-sentence bill passed," Boyd said.

Justice had no immediate comment.

New U.S. Attorney Says Job Matters, Not How He Got It (ARKDG)

By Linda Satter

Arkansas Democrat-Gazette, December 27, 2006

Newly appointed as interim U. S. attorney for the Eastern District of Arkansas through a maneuver that has drawn criticism from the state's two reigning Democrats, Tim Griffin says he hopes to turn the spotlight off the way he got the job and onto his plan to aggressively fight crime through cooperative efforts.

"I am honored by the attorney general's decision to name me U. S. attorney," Griffin said Wednesday, his first day on the job. "I look forward to working with Sen. [Mark] Pryor and Sen. [Blanche] Lincoln to make Arkansas safer," he said after a long day that began with being sworn in by Chief U. S. District Judge Leon Holmes and ended with many of his books and papers yet to be moved into a corner office from a smaller space down the hall that he has occupied since September.

Just five days earlier, the U. S. Department of Justice announced that Attorney General Alberto Gonzales planned to appoint the 38-year-old lawyer from Magnolia to the post that Bud Cummins earlier announced he was vacating after five years.

Sens. Pryor and Lincoln immediately expressed dismay that the interim appointment came during a congressional recess, under a provision of the Patriot Act that allows the fill- ing of a vacancy without going through the usual process of being nominated by the White House, screened by the Senate Judiciary Committee and voted on by the Senate.

The surprise announcement "denied the Senate the opportunity to carefully consider and evaluate Mr. Griffin's qualifications and denied the American people the transparency the standard nomination process provides," Lincoln said through a spokesman.

Pryor's press secretary, Michael Teague, complained that unless the appointment is followed up by a formal nomination, it could end up being a sneaky way for the Bush administration to reward an insider with a plum job without having to prove his qualifications and ability to be nonpartisan. Teague cited Griffin's strong ties to the Republican Party and his reputation as an aggressive former GOP campaign researcher, at one point under Karl Rove, Bush's main political adviser and deputy chief of staff.

"We hope we're wrong that they're trying to circumvent the process by never nominating him," Teague reiterated on Friday, but he added that the administration might think that Griffin will "just evolve into the U. S. attorney" from the interim post he now holds. Later Friday, Justice Department spokesman Brian Roehrkasse addressed those concerns directly, indicating that Griffin's appointment is indeed meant to be temporary, at least until it can go through the formal nomination process. "We have asked that Sen. Pryor meet with the acting U. S. attorney," Roehrkasse said. "We are hopeful that by working with the two U. S. senators from Arkansas, we will make a nomination that the senators support and the Congress approves."

Roehrkasse explained, "When a U. S. attorney resigns, there is a need for someone to fill that position." He noted that often, the first assistant U. S. attorney in the affected district will serve as the acting U. S. attorney until the formal nomination process begins for a replacement. But in this case, "the first assistant is on maternity leave," he said, referring to Jane Duke, who gave birth to twins earlier than expected the same week of the announcement. "Tim was chosen because of his significant experience working as a federal prosecutor in both Arkansas and in the Justice Department in Washington, D. C.," Roehrkasse said.

Asked how soon the formal nomination process might begin, he said, "We've put the meeting request out there. That's what we're working on right now." Under the Patriot Act, the intent of appointments by the attorney general is to aid national security by ensuring that key law enforcement posts aren't left unoccupied. Ryan James, spokesman for Arkansas' only Republican U. S. congressman, John Boozman, also defended Griffin's appointment on Friday, noting that it is not the same as a "true recess appointment," in which the president nominates someone to the position, often for the duration of the current Congress. "It's not unprecedented to make acting appointments, for whatever reason," James said, noting that President Clinton did the same thing.

He said Boozman believes that a full Senate confirmation process could be unfair to Griffin because of the combination of a new Democratic-majority Congress being seated in January and Griffin's prior association with Rove, a Republican stalwart.

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The process could quickly become very political, and, "He may not get a fair shake as far as his qualifications," James said of Griffin. James added that Boozman believes that Griffin is qualified.

Griffin acknowledged Wednesday, after being sworn in as the district's 43 rd chief federal prosecutor, "The way one is appointed to be U. S. attorney is a political process. It is a political appointment. But the moment you become U. S. attorney, politics stop.... There is no room for politics in the U. S. attorney's office. Politics stop at the door."

He added, "My job is to make sure all Arkansans are treated equally under the law."

Indeed, U. S. attorneys across the country are generally of the same political party as the president who nominates them. While they are required to be lawyers, many have little actual courtroom experience and heavily rely on the "career" prosecutors in the office to handle the day-today legal machinations.

Many also have used the office as a steppingstone to an elected office. Griffin declined to discuss his future beyond his new job.

Griffin's legal experience includes 10 years as a JAG (Judge Advocate General) officer in the U. S. Army Reserve, and the prosecution of 40 criminal cases as an Army prosecutor at Fort Campbell, Ky., including a case in which a solider pleaded guilty to the attempted murder of his platoon sergeant. Griffin also served as senior counsel to the House Government Reform Committee and was an associate with a New Orleans law firm.

He graduated with honors, both from Hendrix College in Conway and Tulane Law School in New Orleans.

Cummins, a Bush appointee who said he is leaving to pursue other interests, said he told the Justice Department more than a year ago that he would be leaving, to give the department time to find a replacement.

He also defended Griffin on Friday, calling him a friend who is "very competent" and "very capable."

"I'm not being critical of Sen. Pryor," Cummins said Friday. "I can certainly understand their position. But I think it will eventually all work out."

He explained, "It would not surprise me at all if they ultimately put Tim through the normal nomination process."

Cummins, whom Pryor press secretary Teague praised as "a fantastic U. S. attorney" who "is respected on both sides of the aisle," said he is "100 percent confident that Tim understands that we don't do politics at the U. S. attorney's office." He said the department makes that clear to its incoming prosecutors. Griffin, who now supervises about 25 attorneys and 35 support staff members, has worked as an assistant under Cummins since September, and also worked in the Arkansas office in 2001 and 2002 as a special assistant, to gain experience.

During that time, he organized and coordinated the department's Project Safe Neighborhoods initiative, a Bush administration effort to reduce firearm-related violence through close cooperation between state and federal law officers that he says is still a pet project of his.

Griffin said that since 2001, the office has seen a 390 percent increase in the number of firearm-related cases it has taken on — often taking over local cases, with local prosecutors' consent, to ensure that violators face the stricter penalties available in federal court. That includes an absence of parole. Griffin noted that he has talked with his counterpart in the state's Western District, U. S. Attorney Bob Balfe, about "working as closely as possible, forging a seamless relationship, particularly where our districts meet, so we can be aggressive in fighting crime in the Eastern District, the Western District or both." He said he also plans to work closely with U. S. attorneys in neighboring states "because criminals aren't concerned with artificial borders." He recently completed a year of active duty in the U. S. Army, including a stint in Iraq. He and his wife of two years, Elizabeth, have no children.

"I've had a lot of jobs in my life, and what I've tried to do in each and every one of them is perform with excellence," Griffin said. "Bud has set a great example as U. S. attorney. He set the standard, and I am going to work hard to meet that standard to the best of my ability."

To those who doubt him, he said, "I am going to ask them to judge me on my performance."

New United States Attorney Wants Focus Away From Appointment Process (AP)

AP, December 27, 2006

LITTLE ROCK (AP) - Efforts to fight crime, and not how he was put into his job, should be the public's focus in looking at the U.S. attorney's office, the new occupant of that post said after he was sworn in last week.

Tim Griffin was named interim U.S. attorney for the Eastern District of Arkansas by the White House after Congress adjourned for the year, in what is called a "recess" appointment. At the time his selection was announced, Sen. Mark Pryor, D-Ark., said he was concerned that the appointment circumvented the usual approval process, which includes confirmation by the U.S. Senate.

Griffin, 38, a former assistant to President Bush adviser Karl Rove, was sworn in Wednesday as the interim U.S. attorney for the Eastern District of Arkansas. He replaced Bud Cummins, who held the position for five years.

Both Pryor and U.S. Sen. Blanche Lincoln, also D-Ark., expressed dismay that the appointment came without going through the usual process of being nominated by the White House, screened by the Senate Judiciary Committee and voted on by the Senate.

"We hope we're wrong that they're trying to circumvent the process by never nominating him," Pryor spokesman Michael Teague said.

Justice Department spokesman Brian Roehrkasse said Griffin's appointment is meant to be temporary, at least until it can go through the formal nomination process. Roehrkasse said they have asked the Arkansas senators to meet with Griffin so that they may help support a Congressional nomination in the future.

Roehrkasse sad Griffin was chosen because of his experience working as a federal prosecutor in Arkansas and in the Justice Department.

However, Ryan James, spokesman for Arkansas only Republican U.S. congressman John Boozman, said a full Senate confirmation process could be unfair to Griffin because of the newly-elected Democratic-majority Congress being and Griffin's prior association with Rove.

The process could quickly become very political, James said.

"He may not get a fair shake as far as his qualifications," James said.

But Griffin said there is no room for politics in the U.S. attorney's office.

"It is a political appointment. But the moment you become U.S. attorney, politics stop ... There is no room for politics in the U.S. attorneys office. Politics stop at the door."

CORPORATE SCANDALS:

Faked Documents May Be At Core Of Apple Case (LAW)

By Justin Scheck, The Recorder

California Recorder, December 27, 2006

It must be some consolation for Apple Computer that the company's annual report is going to be published during the slowest news week of the year.

Given the uncomfortable admissions about its past stock options practices -- and the cost to the company -- that Apple will have to make in the delayed SEC filing due by Friday, less public attention is probably a good thing.

But the lull is unlikely to last long. According to people with knowledge of Apple's situation, federal prosecutors are looking closely at stock option administration documents that were apparently falsified by company officials to maximize the profitability of option grants to executives.

The faked documents were revealed in a three-month internal probe -- conducted by Quinn Emanuel Urquhart Oliver & Hedges -- that concluded in October, said individuals familiar with the case who requested anonymity because it remains the subject of criminal and civil government investigations.

The falsification of documents is perhaps the key issue for government officials trying to determine which of their 100-plus backdating investigations will be pursued as criminal matters and which will be limited to civil SEC inquiries.

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"When there are falsified documents, the government views them as an intent to defraud, because people generally don't falsify documents unless they're trying to make things different from reality," said Keith Krakaur, a partner at Skadden, Arps, Slate, Meagher & Flom in New York working on backdating cases.

Krakaur was speaking generally and not about Apple, with which he's not involved. But he has been in the middle of one of the most contentious options cases yet: He represented Kobi Alexander, the former CEO of Comverse Technology who was indicted by Brooklyn federal prosecutors on charges of backdating option grants. Krakaur is no longer working on that case, and Alexander has been living as a fugitive in Namibia for the past several months.

Krakaur and other defense lawyers -- including several in San Francisco who asked to remain anonymous for fear of affecting local probes -- said government lawyers are focusing on falsified records as a means of proving that executives knew their actions were wrong.

"They view that as intent," he said.

Since the fruits of Apple's internal investigation were disclosed to San Francisco federal prosecutors in October, the U.S. Attorney's Office has shown great interest in the case, said individuals with knowledge of the probe.

And while it's not yet clear who the prosecutors' focus is, Apple released a statement in October that "the investigation raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants."

Apple spokesman Steve Dowling wouldn't comment beyond what is in the public filings. But individuals with knowledge of the case said those ex-officers are Nancy Heinen and Fred Anderson, the company's former general counsel and chief financial officer, respectively.

Heinen departed the company last spring -- before the options scandal blew up -- and sources familiar with her situation said the departure was the result of a tiff with CEO Steve Jobs unrelated to options. Reached last week, Heinen lawyers Cristina Arguedas and Miles Ehrlich wouldn't discuss their client.

Anderson, who retired as CFO in 2004, was an Apple board member until he resigned in October. His lawyer, Jerome Roth of Munger, Tolles & Olson, declined to comment on his client's situation.

One outstanding question with possibly huge implications for the company is what kind of liability Jobs -- the superstar CEO credited with much of Apple's success -- will face.

In its October SEC filing, Apple said that, "in a few instances," Jobs "was aware that favorable grant dates had been selected, but he did not receive or otherwise benefit from these grants and was unaware of the accounting implications." The statement said no current Apple executive was suspected of wrongdoing.

But in recent weeks, Jobs has apparently decided that he needs his own legal representation, separate from Apple's lawyers at O'Melveny & Myers, and has hired his own attorney to deal with the SEC and Justice Department.

While it will likely take some time -- perhaps a matter of months -- for the government to decide whether to file criminal charges against Jobs, the 10(k) filing on Friday should provide plaintiffs lawyers with some ammunition for their suits against the company.

"We anticipate it's going to be a very substantial restatement, based on the option grants on record," said Mark Molumphy, a partner at Cotchett, Pitre, Simon & McCarthy representing shareholders in a securities class action against Apple.

In its October SEC filing, Apple said "stock option grants made on 15 dates between 1997 and 2002 appear to have grant dates that precede the approval of those grants."

Dowling, the Apple spokesman, said the company is going to adhere to its plan to file the 10(k) by Friday, a date reached in an accord with NASDAQ after Apple announced the options issues would prevent them from filing by the normal Dec. 15 deadline.

But even if Apple misses the filing date, the company may get a reprieve from the normal sanction of delisting, if only because the exchange would be hesitant to prevent normal trading of a company of such great significance to investors.

"Who's served by the delisting of Apple?" asked Jahan Raissi, a partner at Shartsis Friese who represents companies in SEC matters. "If it was Joe's Shlock and Poultry Farm, then sure, get them out of there. But not Apple."

DOJ_NMG_0109115

Cnet Will Pay Former Operations Chief Briggs $750,000 (Update5) (BLOOM)

By Ville Heiskanen

Bloomberg, December 27, 2006

Dec. 26 (Bloomberg) -- Cnet Networks Inc., a provider of online news and information, will pay $750,000 to Barry Briggs, who resigned as president and chief operating officer, and reprice stock options held by nine individuals including Briggs.

Briggs will receive the payment when he leaves the company Jan. 12, San Francisco-based Cnet said today in a regulatory filing. Cnet said Briggs, who resigned on Dec. 11, also remains eligible to receive a bonus for 2006.

Briggs, two other executives and five independent directors agreed to reprice some stock options they hold, Cnet said in the filing. The options were vested by 2005 and had exercise prices set below fair market value on the day they were granted. The directors also agreed to repay any after-tax gains from exercised options that vested with discounted prices.

``The idea is to cancel all the gains from backdating," said Charles Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. ``It's also important to ensure this doesn't happen again. It needs to be a dual approach."

Cnet's co-founder and former chief executive officer, Shelby Bonnie, stepped down in October after the company found that some stock options had been backdated. Neil Ashe, the company's head of strategy, was named to replace Bonnie. Briggs's resignation left Ashe to sort out the company's finances, deal with federal options probes and fend off encroaching competition from companies including Yahoo! Inc.

CEO Compensation Set

Ashe's base salary was set at $500,000 and he may get a bonus of as much as $400,000 a year, Cnet said in the filing today. He also received options for 1.5 million Cnet shares that vest in installments beginning in October 2007.

Bonnie also agreed to have his options repriced, Cnet said today. The company said he didn't exercise any options, so there was no need for repayment.

Cnet identified the directors involved as John ``Bud" Colligan, Peter Currie, Jarl Mohn, Elizabeth Betsey Nelson and Eric Robison. It said the other executives in the repricing agreements were Ashe and Joe Gillespie, chief marketing officer.

Shares of Cnet rose 17 cents, or 1.9 percent, to $9.35 at 4 p.m. in Nasdaq Stock Market composite trading. They have declined 36 percent this year.

When Briggs resigned, Cnet spokeswoman Martha Papalia said it was unrelated to the options probes. Cnet said in June that the U.S. Justice Department and Securities and Exchange Commission were investigating grants made by the company.

Cnet found some instances of backdating when it examined option grants from 1996 through 2003. The company plans to restate some results to correct accounting for options and hasn't detailed the expected changes.

By backdating options, companies retroactively set grant dates to days when their shares traded at a relatively low price. The practice can increase the value of the grants to executives and other recipients if the underlying shares rise.

Backdating also lets the issuer record a lower, albeit erroneous, cost for the options, which can inflate earnings.

Toll Of The Stock Options Scandal Heavy In 2006 (AP)

By Marcy Gordon, THE ASSOCIATED PRESS

AP, December 27, 2006

More prosecutions are expected to be brought next year

WASHINGTON -- Eighteen chief executives swept out. More than 100 public companies under federal investigation and more than $5 billion in profits erased by restatements. Indictments so far: five former top executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

The toll of the stock options timing affair -- corporate America's scandal of the year -- has been heavy. Federal officials say more prosecutions will be brought in 2007 over manipulation of the timing of stock option grants to enrich top company executives.

DOJ_NMG_0109116

Nearly every business day, more companies report federal or internal investigations. New lawsuits by shareholders are filed. More businesses disclose that because past option grants may have distorted their financial results, they may have to restate earnings.

Next year could well bring more restatements, and companies' stock could be stripped from public trading because reviews of options grants made them late in filing their quarterly financial reports.

The Justice Department will "continue to be engaged for perhaps years to come, as we work these cases out," U.S. Attorney Kevin Ryan, who heads a task force in Northern California pursuing options timing cases, said recently at a gathering of attorneys. "The final chapter hasn't been written yet."

Many of the companies ensnared in the scandal are in Silicon Valley's high-tech industry, where stock options for employees created legions of millionaires in the dot-com era.

The prized perks allow executives and employees to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price -- and pocket the difference.

Among the wide swath of companies caught up in internal or government investigations: Apple Computer Inc., Barnes & Noble Inc., Caremark Rx Inc., Issaquah-based Costco Wholesale Corp., Seattle-based F5 Networks, Gap Inc., The Home Depot Inc., McAfee Inc., Monster Worldwide Inc., Restoration Hardware Inc., Staples Inc. and UnitedHealth Group Inc.

Some prominent executives at blue-chip companies have lost their jobs in the affair, including former UnitedHealth CEO William McGuire, who engineered the company's ascent from a regional health insurer into the nation's second-largest.

A sort of guillotine for corporate executives has been set out in the public square, with the scandal claiming at least 59 senior executives or board directors at 32 companies as of mid-December.

Will there be more? Slightly more than 2,000 public companies, or 29 percent of those in the United States that give stock options to executives, have timing issues, said Erik Lie, an associate professor of finance at the University of Iowa, and Randall Heron, an Indiana University associate finance professor. Their research last year helped focus attention on a widespread pattern of conduct.

"I suspect the number of companies will continue to grow, but I don't expect at the end of the day we're going to see that many enforcement actions" by federal authorities, said Lynn Turner, a former chief accountant of the Securities and Exchange Commission.

"You just can't do something this big with the same amount of resources."

SEC Chairman Christopher Cox has pledged vigorous pursuit of cases and said recently that new charges will be brought in the near future. The agency is focusing on cases of serious fraud, with elements such as deliberately lying or forging documents.

At the same time, officials at the Justice Department are discussing whether to ease some of its harsher guidelines for prosecuting companies, crafted in the aftermath of corporate scandals that included Enron Corp. and WorldCom Inc.

Some officials believe that the guidelines may have led prosecutors to overreach when targeting some companies and pressuring them to cooperate in investigations of wrongdoing by executives.

The Internal Revenue Service is conducting its own investigation of companies for possible tax-law violations.

Open Spigot Bosses' Pay: How Stock Options Became Part Of The Problem (WSJ)

By Mark Maremont And Charles Forelle

The Wall Street Journal, December 27, 2006

Eugene Isenberg is the little-known chief executive of a modest-sized oil-services company in Houston. But he stands out in one way: He is among the highest-paid corporate executives in history. In the past 19 years, he has pocketed more than $450 million.

The key to this wealth: stock options, in abundance. His employer, Nabors Industries Ltd., has lavished more than 25 million options on him over the years.

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They became lucrative partly because of Nabors's generally rising stock price, but also because of some controversial moves that gave the options more punch. When Nabors's stock fell below the price at which the options could be exercised, temporarily making them worthless, Nabors let him trade in some of his options for new ones with lower exercise prices. And when Mr. Isenberg cashed some options in, Nabors "reloaded" him, replacing those he'd exercised with the same number of new ones.

Stock options were hailed two decades ago as a remedy for runaway executive pay. Academics, politicians and investors, tired of seeing CEOs pocket big money for a so-so job, pushed to have stock options become a primary method of compensating executives. Options -- granting the right to buy stock tomorrow at today's price -- would pay off only if the company's stock went up. To advocates they were the ideal carrot, an incentive for good work that aligned executives' interests with those of shareholders.

That happened -- sometimes. But at many companies, options morphed into the biggest executive bonanza yet, pouring out cash like a stuck ATM, and sorely disappointing those who thought options would moderate executive pay.

Instead of replacing big bonuses, options became an additional form of pay slathered on top of already-generous packages. Employers doled out options in ever-growing numbers, in part because, until recently, accounting rules meant companies didn't have to treat this largess to executives as an expense. And like Nabors, some used repricing, reloading and other tactics that made it even easier for executives to score huge hauls.

WSJ's Mark Maremont, Charles Forelle and James Bandler discuss2 their yearlong investigation of stock-options abuses such as backdating, including what has happened since the first article appeared in March.

• The Biggest Paydays: See a chart of executives who have profited most from stock options, from 1992 to 2005.

• Plus, complete coverage3

This year, options practices exploded in one of the biggest corporate-fraud scandals in decades. Some companies and executives stole from shareholders, by pretending that options had been issued earlier than they really were, at more favorable prices. At least 130 U.S. corporations are under investigation for possible backdating of option grants. Some have admitted to it. More than 60 executives and directors of public companies have lost their jobs so far, 17 of them chief executive officers. After probable backdating was exposed at giant insurer UnitedHealth Group Inc., the CEO had to resign and give up about $200 million of stock-options value. The company said it will have to restate past earnings by as much as $1.7 billion.

Nabors's Mr. Isenberg offers an example of the huge wealth CEOs have gained through stock options. Now, some of his option grants appear to raise questions about how they were dated. A number came on days when the stock hit its lowest close for the month or the quarter. At other companies, a series of low-price grants has been a pattern that has suggested possible dating problems. At the least, the favorable grant dates added to Mr. Isenberg's mammoth options gains.

A spokesman for Nabors said its legal department did an internal review and found "no irregularities in its grant practices." Nabors showed internal documents to The Wall Street Journal that the company said provide evidence the grants were properly dated. Some of the documents bolster that assertion. The spokesman, citing Mr. Isenberg's record in lifting Nabors from a company in bankruptcy court to one with a market value of more than $9 billion today, also said that "Nabors strongly believes that Mr. Isenberg is appropriately compensated."

The backdating scandal at scores of companies shows one way stock options, once seen as an executive-pay reform, have often been distorted by corporate officials and their consultants. Nell Minow, a longtime corporate-governance advocate, calls backdating "just another in an endless and unstoppable series of mechanisms to subvert the purpose of stock options." A vocal proponent of options in the early 1990s, Ms. Minow now regrets that stance. "Options became completely disconnected from shareholder interests," she says. "I grossly underestimated the capacity of corporate boards and corporate managers to circumvent the principles we established."

From 1992 to 2001, the average value of option grants to CEOs of S&P 500 companies soared nearly tenfold, according to data compiled by Kevin J. Murphy of the University of Southern California. The result was that options, which in 1992 made up less than a quarter of the average CEO's pay, by 2001 provided more than half of pay packages -- packages that were much larger. Companies have started doling out fewer options in the past few years, but grants remain far more generous than a decade ago.

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In 1985, Miami financier Victor Posner pulled down $12.7 million, putting him atop lists of best-paid CEOs that year. Last year, 393 executives earned more than that, thanks largely to gains from exercising options, according to Standard & Poor's ExecuComp, which tracks executive pay at about 1,800 public companies. The top 2005 earner was Barry Diller of IAC/InterActiveCorp., with $295 million, nearly all from options.

Defenders of options, who remain numerous, say options shouldn't be judged by a few giant packages. Many companies have given out options judiciously, say defenders, some of whom attribute rising executive pay to tight competition for top managers. Others say stock options have helped to foster innovation, by giving young but cash-poor companies a currency with which to attract talent.

Some supporters of options even give them partial credit for the long bull market that began in 1982, figuring that options help focus top executives on the key issue for shareholders: the stock price. Frederic W. Cook, a New York compensation consultant, calls the stock option "the most perfect equity derivative that's ever been invented: It's simple, elegant, easily understood, and it gives you a little piece of the action."

Popular Demand

Stock options usually give recipients a 10-year window to buy the company's stock at the price when the options are granted. If someone gets options when the stock trades at $50 and it goes to $75, the holder can cash out at the $50 "exercise price" -- also called a "strike price" -- and nail a $25 profit on each option. Options usually don't "vest," or become exercisable, for at least a year after they're granted.

Stock options appeared at least as early as the 1920s, says Carola Frydman, an assistant professor of finance at Massachusetts Institute of Technology who has studied the history of executive pay. The modern era began in 1950, when Congress, reversing a court ruling, gave options substantial tax advantages over ordinary income. By the middle of that decade, they accounted for nearly a third of CEO compensation at large industrial companies.

"In the 1950s, they called it the period of stock-option opulence," says Ms. Frydman. "They didn't know what was coming."

After losing popularity during the weak stock market of the 1970s, options surged back into favor in the late 1980s. One reason was public fury over mammoth executive paydays for bosses with just average performance. In an influential 1990 Harvard Business Review article, Mr. Murphy and Michael C. Jensen said the problem was executives were paid like "bureaucrats" instead of entrepreneurs. They called for giving "big rewards for superior performance and big penalties for poor performance."

"We were suggesting people shift from salaries to stock options to put more pay at risk," Mr. Murphy says today. But "that's not what companies ended up doing. They layered on massive amounts of options on top of the rest."

The bandwagon got two big boosts from an unlikely source: Congress.

First, it passed a law, pushed by President Clinton, seeking to rein in executive pay by limiting the tax break for it. The 1993 law said companies couldn't deduct yearly compensation of more than $1 million for any one of their top five officers.

But it exempted certain kinds of pay linked to performance, which included stock options. Companies rushed to restructure pay plans to grant more options. In 1994, the first year the law was in effect, the value of option grants to CEOs at S&P 500 firms leapt by 45% on average, according to Mr. Murphy, and nearly doubled again over the next two years.

The 1993 law "deserves pride of place in the Museum of Unintended Consequences," said Christopher Cox, chairman of the Securities and Exchange Commission, this fall.

Then in 1994, Congress helped beat back a proposed rule requiring companies to treat a stock-option grant as an expense and deduct it from profits. The plan, backed by the SEC and accounting rule makers, sparked intense corporate opposition. Congress stepped in to fight it, and after a long battle, the accounting rule makers caved. They issued a watered-down rule saying all that companies had to do was disclose in a footnote what options would have done to their profits, had the proposal passed.

Meanwhile, Congress left alone an older law that gave companies a tax deduction whenever stock options were exercised. Under that rule, which applied to the most common type of option given to executives, the employer can deduct a dollar from its income for tax purposes for every dollar of option gains pocketed by employees.

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With rules like these, "what wasn't there to like about a stock option?" says Paula Todd, a compensation expert at consulting firm Towers Perrin. "You could grant them in unlimited amounts, with no expense, and claim a tax deduction. [Companies] would pay their dry cleaners if they could with stock options."

Better Than Average

Soon, other forces spurred companies to give executives ever more stock options. One was the "Lake Wobegon effect," named for the mythical Minnesota town in radio host Garrison Keillor's world where all the children are above average. Many boards believed their chiefs should be paid at least as much as the average in their industry, and often more. That attitude had the effect of pushing this average up, year after year.

Another force largely escaped notice because it seemed benign. This was a tendency by companies to grant top executives the same number of options each year, or more, even if the stock price had risen. During a bull market, doing so kept raising the value of pay packages.

Consider an executive who is granted a million options when the stock is at $20. If it's 50% higher a year later, the executive can reap a $10 profit per option, or $10 million.

But now the stock is at $30. If the executive again gets a million options, and the stock again rises 50%, the executive's profit is $15 million, not $10 million. In order to give this executive an option grant of merely the same value in year two as in year one, the year-two grant would have to contain far fewer options.

Directors had a hard time telling a CEO they were cutting the number of options because the stock had risen. Ms. Todd says the CEO's reaction would be, "I worked to get the stock price up, and my next grant is smaller and has a higher strike price?'"

Exxon awarded CEO Lee Raymond a similar number of options yearly from 1993 through 1999 -- 800,000 to 900,000, adjusted for later stock splits. Over that period, the stock rose sharply. The rise meant the value of the 1999 grant was $8.5 million, or six times that of the 1993 grant, by ExecuComp's tally. The calculation used a standard formula for valuing options known as "Black-Scholes," which sets a value for a grant at the time it's given by estimating how much gain it will someday bring the recipient.

An Exxon Mobil Corp. spokesman said the grants were made by a panel of outside directors and based partly on the size of grants to top executives elsewhere. After 2001, Exxon replaced options grants with restricted stock, a different form of compensation that the board said was "more effective in aligning executives' interests with those of shareholders." Mr. Raymond retired a year ago.

At times, the value of options companies doled out has been equal to a large share of their profits. Retailer Abercrombie & Fitch Co. gave CEO Michael Jeffries 4.66 million options in 1999, a grant ExecuComp valued at $120 million. The firm's 1999 net income was $150 million.

Abercrombie didn't actually have to shell out $120 million when it gave the options to Mr. Jeffries, of course. But it incurred an obligation to issue 4.66 million shares someday at the 1999 price. And this obligation didn't have to be reflected as an expense on the company's income statement.

A spokesman for Abercrombie said the grant had a "delayed vesting" feature "intended to incentivize Mike Jeffries to remain with the company...and to continue to generate exceptional financial results." Under him, the stock has risen more than 750% since it began trading in 1996. Mr. Jeffries is eligible to exercise the big 1999 grant now, and if he did so would reap about a $120 million profit.

The options-issuing frenzy reached a peak in 1999 and 2000. Dot-com companies, some with little other way to pay employees, handed out options like confetti. Thousands of people made fortunes on stratospheric rises in the stocks of tech firms, some of which didn't exist a couple of years later. Meanwhile, some "old economy" companies, trying not to lose top people to Silicon Valley, cranked up their own options generators.

In mid-2002, Alan Greenspan testified to Congress about what was then a tech and telecom bust, and about a wave of corporate scandals at firms like Enron, WorldCom and Tyco International. The Federal Reserve's then-chairman spoke of an "infectious greed" that seemed to grip some in business, for which he partly blamed "poorly structured" stock options. Giant

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grants "perversely created incentives to artificially inflate reported earnings in order to keep stock prices high and rising," he said. "The incentives they created overcame the good judgment of too many corporate managers."

Moving the Goal Post

When stock prices failed to rise, some companies changed the rules. If the share price fell well below stock options' exercise price, they simply lowered that price. Companies defended the move by saying options far "under water" or "out of the money" no longer served as incentives to executives to perform well.

Critics of repricing say it subverts the fundamental options purpose of aligning managers' and shareholders' interests. Since shareholders can't get a refund on a stock they bought that has fallen, the critics say, why should executives be able to do something similar?

Repricings "basically ensure that the manager gets paid no matter what. It takes a lot of risk out of the whole thing," says David Yermack, a New York University professor who studies executive pay.

About 11% of companies repriced options at least once between 1992 and 1997, according to research by Chandra Subramaniam, an associate professor of accounting at the University of Texas at Arlington. Borland Software Corp. did it eight times in the decade ended in 1998. System Software Associates Inc. repriced the same options five times in 1996 and 1997 as its stock kept plunging, Mr. Subramaniam says. In a paper published in 2004, he and his co-authors calculated that repricings padded executives' pay by an average of nearly $500,000 each.

In 1998, a change in accounting rules crimped repricing somewhat. Companies now had to take a hefty charge against earnings if they put new exercise prices on existing options. But there was a loophole. If they canceled the old options, waited six months and issued new ones at a lower price, there was no penalty.

As tech stocks collapsed in the early 2000s, directors rushed to shore up options stranded out of the money. At computer-chip maker PMC-Sierra Inc., the company stock peaked at $245 a share in March 2000, then plunged below $10. Many shareholders fell hard.

The boss had a softer landing. Between September 2002 and March 2003, the company repriced 1.6 million of CEO Robert Bailey's options, slashing the exercise price on some all the way to $5.95 from $52.375. Mr. Bailey has cashed out about a third of the repriced options, for profits of $4.86 million, more than eight times what he'd have made if they hadn't been repriced. PMC-Sierra confirmed the figures but had no other comment.

Lock and Reload

In the late '80s and early '90s, companies found another way to goose stock-option grants: "Reload" them.

Normally, options disappear when exercised. But with a reload plan, a person who exercises options automatically gets replacements. Typically the replacements number fewer than the options exercised. They carry the same expiration date but a different exercise price -- the current market price.

Reload plans are supposed to encourage executives to hold stock in their company, says Mr. Cook, the pay consultant, who invented them. To get a reload, executives exercising options generally must do so not with cash, but with stock. That is, they must hand in existing shares whose value equals the cost of exercising the options. Since executives can't do that unless they own shares, they have an incentive to be shareholders of the company and to hold onto new shares obtained when they exercise options.

Critics decried reloads as abusive, a kind of option replication machine that enriched top managers -- while diluting other stockholders' ownership as the number of shares outstanding rose.

The first reload plan appeared in the late 1980s. By 1999, according to Mr. Cook's firm, nearly a fifth of large companies were offering them.

The king of reloads was Sanford Weill, who retired in April as chairman of Citigroup Inc. with an options fortune largely based on a single grant reloaded many times. In 1992, shareholders of his company, then called Primerica Corp., were asked to approve a reload plan. Deep into the legalese, on page 17, was a clause that would prove extremely lucrative for Mr. Weill: The reload plan applied to previously issued options, including a giant grant Mr. Weill got in 1986.

The plan initially also had an unusual element. Any options issued as a result of reloads wouldn't expire on the options' old expiration date, but could carry a new 10-year term.

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Not long after the plan was adopted, Mr. Weill exercised nearly all of his original 1986 options, for a gain of more than $60 million. He then received replacements for most of them, restarting the clock with 10 more years to run. Year after year Mr. Weill exercised some of the replacements, each time getting more new options -- some of which he then exercised, once again getting more replacement options, and so forth.

From 1992 through the end of last year, Mr. Weill racked up total option profits of $964 million, roughly $870 million of which came from the original 1986 options and their generations of reloaded progeny. Shareholders did extremely well, too. As of yesterday, the stock of Citigroup and its predecessors was more than 30 times the price in the 1986 public offering of Mr. Weill's original company.

A Citigroup spokesman, Michael Hanretta, said Mr. Weill's options were so valuable because the company "created superior shareholder value." Mr. Hanretta also noted that employees couldn't activate the reload feature unless the stock had risen 20% from the time an option was granted, and at various times Mr. Weill was required by company policy to hold onto all or most of his shares.

Reloads have died out in recent years, after new accounting rules made them too costly to issue. A separate 2000 rule also made it financially prohibitive to add a reload feature retroactively -- eight years after Mr. Weill got that benefit.

Other rule changes have also helped slow the options express. Besides a 2002 requirement for prompt disclosure of grants, a new accounting rule means companies must record an expense when they make an options grant, and reduce profits accordingly. Many companies have cut back on options, and some have stopped awarding them at all, often replacing them with grants of shares.

Deep Well

Over the years, few corporate executives have availed themselves more thoroughly of what options have to offer than Nabors's Mr. Isenberg.

Still chief executive at the age of 77, Mr. Isenberg lives in the Breakers resort complex in Palm Beach, Fla., and commutes to Nabors's U.S. headquarters in Houston. A generous donor, he has helped found a school in New York for children with learning disabilities and given millions to the University of Massachusetts at Amherst, which has named its business school after him.

Mr. Isenberg worked at Exxon for 13 years and then headed a small steel company, settling into early retirement after that firm was sold in 1982. He was persuaded to rejoin the business world by his friend Martin Whitman, a prominent New York investor, whose fund had taken control of a troubled oil-services company called Anglo Energy. Mr. Isenberg invested some of his own money and in 1987 took the helm of what was soon renamed Nabors Industries.

Early on, Mr. Isenberg personally lent the company $5 million when it wanted to make an acquisition but lacked funds, Nabors says. It was the first in a series of deals that "made the company," said the Nabors spokesman, Denny Smith.

From a regional player, Nabors grew into one of the world's largest contract oil and gas drillers, with yearly revenue of $3.6 billion. Its stock has risen at a lush 21.7% compound annual rate since early 1987, although it has underperformed the Dow Jones Oil Equipment and Services Index in the past five years.

An employment contract Mr. Isenberg got when Nabors emerged from bankruptcy entitled him to an annual bonus equaling a percentage of the company's cash flow above a threshold. Nearly two decades later, Nabors is long out of bankruptcy but has continued to renew this unusual percentage-of-cash-flow deal, albeit with less-generous formulas.

Rather than accept all his bonuses, Mr. Isenberg in many years declined part of them in favor of stock options. By Nabors's reckoning, his option grants were worth tens of millions of dollars in some years. Mr. Smith, the spokesman, said this acceptance of options instead of cash meant Mr. Isenberg was placing a big chunk of already-earned pay "at risk, in alignment with shareholder interests." Mr. Isenberg still received substantial cash bonuses, of as much as $3 million in a year, and sometimes was given additional options.

For a time, Nabors operated under an options "reload" plan. It was a generous one: Instead of replacing only a portion of options that were exercised, it replaced them one-for-one. Mr. Isenberg could cash in options and take profits yet still have just as many options as before, though with higher exercise prices.

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In another atypical feature, the replacement options sometimes had new terms of 10 years, making them even more valuable. Nabors says it stopped reloads before 2000. But in that year it gave Mr. Isenberg a "special award" of 2.4 million options, in lieu of a reload on 4.7 million options that he exercised for a $122 million gain. (Share figures in this article aren't adjusted for a recent two-for-one stock split.)

In 1998, amid an industry slump, Nabors's stock sank sharply. Some of Mr. Isenberg's options were "under water." The board repriced them. In exchange for giving up a fourth of his old options, he got new ones carrying a more favorable exercise price.

"The repricing was designed to restore incentive value to the option packages," said Nabors's Mr. Smith. He said repricing was widely available to employees. As it happened, Mr. Isenberg made less money by accepting the repricing deal and giving up some of his options than if he had held on, Mr. Smith said.

Following a single grant from its genesis shows how the various maneuvers can pile up profit.

Mr. Isenberg received a grant of 1.8 million options dated in Sept. 23, 1991. He exercised them in 1996 and 1997, pocketing about $24 million in profits.

Normally, that would have been the end of these options. But Nabors reloaded Mr. Isenberg, replacing his exercised options with a similar number -- which had 10 more years to run.

Then in 1998, amid the stock downturn, Nabors repriced the reload options.

Mr. Isenberg cashed in most of them in 2000 and gave the rest to a family member in 2002. His total profit from a single grant -- reloaded, extended and repriced: about $54 million, not including the gift.

The CEO's overall stock-option gains, both realized and not yet cashed in, came to $685 million at the end of last year, says S&P ExecuComp -- putting him 8th on its list of big winners from 1992 to 2005.

Mr. Isenberg also has benefited from some good timing of his option grants. The Sept. 23, 1991, award was dated on the day Nabors's stock touched its lowest closing price of that month, $5.

But it isn't clear when the price was actually set. Company documents suggest the grant price may actually have been determined many months earlier, on another day when the stock closed at $5. Moreover, the grant was contingent on a new Isenberg employment contract -- which other documents indicate wasn't signed until well after Sept. 23, when the stock was higher.

For a grant of a million options dated Dec. 4, 1995, another monthly low, Nabors produced no minutes of a compensation-committee meeting. Instead, a memo seven weeks later said there had been a discussion on Dec. 4 of Mr. Isenberg trading in part of his bonus for options. The memo said the idea first would be run by a consultant, suggesting the grant wasn't made final until weeks after the stated Dec. 4 award date.

In all, of 11 new option grants to Mr. Isenberg between 1991 and 2002, two were dated at quarterly lows in the Nabors stock price and five more at monthly lows. The odds against such a fortunate pattern occurring by chance are long.

Nabors's Mr. Smith, in a written reply to questions, rejected any notion that any backdating might have been involved. Nabors let the Journal review dozens of pages of documents at its Houston offices that Nabors says support the conclusion that the low-price grants were actually made on the fortunate dates. For four of the seven grants dated at monthly or quarterly lows, Nabors showed compensation-committee minutes saying that meetings were held on those dates and options granted. For another monthly-low grant, it showed committee minutes saying a meeting was held the day after a grant, with the grant made "effective" the previous day.

In mid-2002, a federal law required executives to report option grants within two days after they're made, instead of having weeks or months to do so, a change that sharply cut the potential for backdating. Since mid-2002, none of Mr. Isenberg's four option grants came at monthly stock lows.

Mr. Smith noted that before June 2002, Nabors was registered in Delaware, and directors could meet on short notice. Nabors then became a Bermuda-registered company. Mr. Smith said that since then it has had most board meetings outside the U.S., with options awarded at meetings "scheduled long in advance."

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Mr. Isenberg has received compensation "beyond expectations," Mr. Smith said, because of Nabors's prosperity. The spokesman said Nabors is discussing a restructuring of Mr. Isenberg's future pay arrangement. Meanwhile, he has voluntarily cut the bonus he's entitled to in half.

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UnitedHealth Faces Formal Probe (WSJ)

Wall Street Journal, December 27, 2006

UnitedHealth Group Inc. said the Securities and Exchange Commission has launched a formal investigation into its stock-options practices.

The Minnetonka, Minn., health insurer had been the subject of an informal SEC inquiry since April.

"The company has cooperated and will continue to cooperate with the SEC," UnitedHealth said in an SEC filing.

The company has delayed financial reports while it reviews its stock-options practices, which have led to an internal probe, a management shake-up and a restatement of financial results. UnitedHealth has said that using current accounting practices, the pretax charges for stock-based compensation expense are likely to range from $400 million to $600 million for the period 1994-2005, as well as from $25 million to $60 million for 2006.

The company has said it has substantially completed its analysis of the adjustments made to its financial statements and has asked for consultation on certain interpretive issues with the SEC's top accounting official. UnitedHealth said it will review these issues with SEC staff before completing its restatement of historical financial statements and filing quarterly reports for the quarters ended June 30 and Sept. 30, 2006.

UnitedHealth is one of the largest companies to be ensnared in the options-backdating scandal, in which companies manipulated the dates that options were awarded to provide additional compensation to executives. More than 130 companies have come under scrutiny by the SEC, and many of those are being investigated by the Justice Department.

DCX Probe Spans Globe (DETNEWS)

By David Shepardson, Detroit News Washington Bureau

Detroit News, December 26, 2006

Internal probe reveals bribes; ex-FBI chief hired as monitor

WASHINGTON -- DaimlerChrysler AG has hired former FBI director Louis Freeh to serve as an outside monitor as it nears the end of a two-year internal investigation that has uncovered multiple instances of bribery by company employees, according to people familiar with the situation.

The massive internal investigation found employees at the automaker's Mercedes division bribed officials in Asia, Africa and Eastern Europe, the people said.

The bribery allegations, brought to light in 2004 by company whistle-blowers, also are the focus of a civil investigation by the Securities and Exchange Commission and a criminal probe by the Justice Department.

Company officials would not comment on the findings of the internal probe.

"The company is very determined to operate our business with the highest ethical standards. We take these matters very seriously," DaimlerChrysler spokesman Han Tjan said. "We're still conducting our investigation."

At its height, the internal investigation led by prominent Washington, D.C., attorney Robert Bennett involved 85 lawyers and nearly as many accountants reviewing millions of documents and conducting hundreds of interviews. The company's legal, accounting and consulting bills connected to the probe have topped tens of millions of dollars, a person familiar with the matter said.

Investigators traveled to 25 countries and interviewed dozens of people, including former DaimlerChrysler Chairman Juergen Schrempp and other executives, the people said. Investigators also uncovered evidence of secret bank accounts.

This fall, DaimlerChrysler hired Freeh as a consultant to monitor the company's compliance with anti-bribery regulations and to review its internal investigation. Freeh's hiring hasn't been announced publicly.

Efforts by The News to reach Freeh, who works as a consultant to companies facing legal issues, were unsuccessful.

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DaimlerChrysler has been regularly debriefing the SEC and Justice Department on the findings of its investigation and has turned over interview summaries and documents.

The bribes were seen by some company officials as an accepted way of doing business in many countries, according to people familiar with the investigation. In some cases, the amount of bribes was based on how many Mercedes vehicles were sold in a given market, the people said. In certain instances, investigators struggled to follow the money trail because intermediaries were used.

While DaimlerChrysler's internal probe is nearing completion, federal officials aren't expected to complete their investigations until 2007. Serious settlement discussions aren't expected until early next year.

Aiming to minimize penalties

DaimlerChrysler is clearly aiming to minimize any fines or sanctions by hiring Freeh as an internal monitor and providing federal investigators with the findings of the exhaustive internal investigation.

DaimlerChrysler, which is based in Stuttgart, Germany, and controls the Auburn Hills-based Chrysler Group, could face charges under the Foreign Corrupt Practices Act, a 1977 law designed to prevent U.S. companies from acting unethically abroad, because its stock is listed on the New York Stock Exchange.

German companies could deduct certain types of bribes on their taxes until the late 1990s.

German prosecutors in Stuttgart also are investigating whether the company violated anti-bribery and disclosure laws.

In March, DaimlerChrysler revealed in its annual report that an undisclosed number of executives have been disciplined or fired as a result of the investigation and admitted that "improper payments" were made in Asia, Africa and Eastern Europe.

The company reduced 2005 net income by $84.5 million and 2005 operating profit by $21 million to account for the improper payments. It also faces the prospect of having to pay back taxes. Still unclear is how much senior executives knew of the arrangements.

No U.S.-based employees are believed to be involved.

Whistle-blower cases settled

On Dec. 6, the company settled the last of two 2004 whistle-blower suits filed in U.S. District Court in Detroit that prompted the probe. Christine Holtzmann had alleged the company ignored reports of accounting fraud and mishandled audits. She said she was fired in December 2003 after an 18-year career with the automaker after speaking up about the fraud.

In July 2005, DaimlerChrysler settled a 2004 wrongful-firing suit filed in U.S. District Court in Detroit by former Chrysler accountant David Bazzetta.

Bazzetta claimed he was fired in January 2004 in part because he talked to superiors about as many as 40 secret bank accounts maintained by the Mercedes unit to bribe foreign government officials.

He said in his lawsuit he learned of the bank accounts during a corporate audit committee meeting in July 2001 in Stuttgart. According to court filings, Bazzetta claimed a vice president of corporate audit, Hubertus Buderath, told a group "a common practice of Daimler Benz was the use of secret bank accounts to bribe government officials." Buderath allegedly told then-chairman Schrempp that 40 of those accounts still existed and "were buried deep in (the company's) balance sheet." Schrempp denied knowledge of any accounts.

SEC lawyers interviewed Bazzetta and Holtzmann.

Point man is powerful lawyer

The point man for DaimlerChrysler in the internal investigation is Bennett, a high-powered attorney who has represented Enron and KPMG in corporate scandals. He was President Clinton's personal attorney in the Paula Jones civil case and is a partner in Skadden, Arps, Slate, Meagher & Flom LLP.

Bennett declined to comment.

Skadden partner Colleen Mahoney, a former deputy director of enforcement at the SEC, who is also involved in the DaimlerChrysler internal investigation, could not be reached. Two other Skadden Arps partners, former assistant U.S. attorney Gary DiBianco and Mitchell Ettinger, a former chief prosecutor for the Air Force, also have been involved in the probe.

Mark F. Mendelsohn, deputy chief of the Justice Department's fraud section, and Frederic D. Firestone, an SEC associate director of enforcement, who are overseeing the government's investigations into DaimlerChrysler, also declined to comment.

DOJ_NMG_0109125

Numerous German companies have faced bribery investigations -- Volkswagen AG for allegedly bribing union officials and most recently engineering giant Siemens AG for allegedly bribing customers using secret bank accounts.

Experts said the government's focus on DaimlerChrysler may be to send a message to the world's third-largest economy to take bribery more seriously.

"The U.S. government really wants to encourage the Germans to crack down," said Peter Henning, a Wayne State University law professor and former SEC attorney. "It's the principle here. The amounts are usually never that large. It's surprisingly cheap to bribe public officials in the Third World."

The SEC has ramped up enforcement of its anti-bribery laws recently, filing more than 100 cases in 2006.

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Ex-FBI Chief Freeh Aids DaimlerChrysler Bribe Probe (AP)

AP, December 27, 2006

AUBURN HILLS, Mich. - Former FBI Director Louis Freeh is aiding DaimlerChrysler AG in its internal investigation of bribery allegations involving company employees, a company spokesman confirmed Tuesday.

DaimlerChrysler spokesman Han Tjan said the German-American automaker has already made an internal announcement that it hired Freeh as an "outside consultant" in the investigation. Freeh's hiring was reported Tuesday by The Detroit News.

Freeh is a member of the Gavel Consulting Group, which consists of former federal judges "who can provide strategic advice to corporations and law firms on anticipated actions in business, litigation and investigations," according to the group's Web site.

A message seeking comment from Freeh was left with the Gavel Consulting Group on Tuesday.

Tjan declined to comment further on either Freeh's role or the company's investigation.

"We stress very much that we take this very seriously and we are determined to operate all our businesses with the highest ethical standards," Tjan said.

In 2004, the Securities and Exchange Commission opened an inquiry after a DaimlerChrysler employee said he was fired for complaining that the company was using secret bank accounts to bribe government officials.

In 2005, DaimlerChrysler acknowledged that the Justice Department was investigating whether the company had paid bribes to foreign officials with the knowledge of its senior executives. The company said it is continuing to cooperate with the investigations.

In March, the automaker said an internal investigation of bribery claims found evidence of "improper payments" in Africa, Asia and Eastern Europe. It said several employees had been dismissed or suspended.

SEC Amends Rules On Disclosing Executive Compensation (LAW)

By Donna Block, The Deal

The Deal, December 27, 2006

The Securities and Exchange Commission is changing newly adopted rules governing the disclosure of executive and director compensation.

In a statement released Friday, the agency said it is altering the requirements for disclosing the value of stock option awards and giving firms more flexibility in how they report those expenses.

The SEC said the new rules should more closely conform with the reporting of stock option awards under standards in the Financial Accounting Standards Board's rule FAS 123. That rule requires recognition of the costs of stock option awards over the period in which an employee is required to provide service in exchange for the award.

Using this same approach when disclosing executive compensation will give investors a better idea of the compensation earned by an executive or director during a particular reporting period, the SEC explained in its announcement.

The SEC compensation rules were the most extensive overhaul of executive-pay regulations in 14 years. The SEC received more than 20,000 comment letters, a record, before adopting the new rules in July.

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Rising compensation has been fueled by the growing use of incentive pay, such as cash bonuses, stock options and other awards. Those incentives have made it hard for investors to get a total pay number on top executives.

Now companies must add a section to the annual proxy statement sent to shareholders that analyzes compensation. In this section, company directors and managers must describe in detail how they determined compensation for the chief executive and other top officials.

SEC Chairman Christopher Cox has said the new requirements will shed new light on the quality of corporate governance and, with the more complete disclosure about payments or benefits to executives, excessive compensation packages may be reined in.

The rule change will be effective once it's published in the Federal Register. The SEC will take public comment for 30 days and make changes to its amended rules if necessary.

S.E.C. Changes Reporting Rule On Bosses' Pay (NYT)

By Floyd Norris

The New York Times, December 27, 2006

The Securities and Exchange Commission, in a move announced late on the last business day before Christmas, reversed a decision it had made in July and adopted a rule that would allow many companies to report significantly lower total compensation for top executives.

The change in the way grants of stock options are to be explained to investors is a victory for corporations that had opposed the rule when it was issued in July, and a defeat for institutional investors that had backed the S.E.C.'s original rule.

"It was a holiday present to corporate America," Ann Yerger, the executive director of the Council of Institutional Investors, said yesterday. "It will certainly make the numbers look smaller in 2007 than they would otherwise have looked."

Christopher Cox, the commission chairman, said yesterday that he viewed the decision as "a relative technicality" that improved the rule. When the rule was adopted in July, Mr. Cox said it was aimed at providing information that would allow shareholders to "make better decisions about the appropriate amount to pay the men and women entrusted with running their companies."

In announcing the new rule on Friday, he said "the new disclosure requirements will be easier for companies to prepare and for investors to understand."

As controversy has grown over rising executive pay, it has been hard to even get agreement on the total value of compensation for top executives. The rules passed last summer required companies to disclose more information and to compile it in a summary compensation table that is expected to become the standard by which corporate pay is compared.

The new rule changes the way grants of stock options will be measured in that summary table.

Under the old rule, if a company awarded an options grant valued at $15 million to an executive this year, the full amount of $15 million would show up in the summary compensation table.

Under the new rule, which takes effect immediately, the amount reflected in the table would be much smaller, with the remaining part of the $15 million included in later years, as the executive qualifies to exercise the options.

Under some circumstances, the options grant might not be reported at all in the first year, even if the executive would otherwise have been the company's highest paid executive had the full value of the option grant been included.

The new rule is intended to make the disclosures identical to the way companies report options expenses in their financial statements, under accounting standard 123R, as approved by the Financial Accounting Standards Board.

In an interview yesterday, Mr. Cox said the change reflected what the commission had intended to do when it adopted the original rule in July. "My understanding all along was that we were going to follow the 123R model," he said. "It came out differently from that when we adopted it."

The fact it came out differently was disclosed by the S.E.C. at the time. The commission pointed out that some companies had wanted to time the disclosures in accordance with the accounting rule, but said the other approach "is more consistent with the purpose of executive compensation disclosure."

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But on Friday, the S.E.C. said it now believed that the change would provide "a fuller and more useful picture of executive compensation than our recently adopted rules."

While practices vary, stock options often vest — meaning they may be exercised — over a period of three to five years after they are granted. The options can be canceled if the employee leaves the company before they vest.

For most executives, the accounting rule says the expense should be spread over the period from the grant to full vesting. So if options vest over five years, the expense would be reported over that period.

In the $15 million example, if the options vested over a five-year period, the summary compensation table would reflect a cost of $3 million per year. In the first year, the cost might be lower if the options were issued relatively late in the year, and could be almost nothing if they were issued just before the end of the company's fiscal year.

But the new rule could create confusion because it would treat options issued to some executives — those eligible for retirement — differently.

If an executive were eligible to retire when the option was granted, and could keep the option if he or she did retire, then the entire option grant would be expensed immediately and listed in the summary table in the year it was granted.

But if the executive is not eligible for retirement, then the expense is spread out over the several years it takes for the options to vest.

That makes it possible that two executives with identical pay packages would have very different disclosures, making the one eligible for retirement seem to be much better compensated. "This will muddy the waters," Ms. Yerger said.

Asked about that, Mr. Cox conceded it was an anomaly. But he said there were anomalies under the other rule as well. John White, the director of the commission's division of corporation finance, pointed to the fact that the rule adopted in July could lead to reporting of compensation that would never be received.

"The anomaly that the commission was most concerned with was that if an executive leaves the company before the options vest, the full amount of the option still was reported in compensation disclosure when, in fact, nothing was received," said Mr. White, who became director of the division in March, after the previous rules were proposed but before they were adopted.

He said that some companies issued options that had so-called cliff-vesting, in which all options vested after five years, and were forfeited if the executive left before that time. Under the new rule, expenses would still be reported for the first years, but then a negative amount would be reported in the year the executive left, reversing the earlier reported figures. There was no such reversal in the July rules.

The commission adopted the new rule in an unusual way, making it take effect immediately even though the commission had not announced that it was considering a change and had not sought public comment.

An S.E.C. spokesman pointed to two other rules adopted that way in recent years. Both were intended to comply with new federal laws that were about to take effect.

One, in 2000, stated that e-mail messages from mutual funds could satisfy rules requiring that information be given to customers in writing. The other, in 2001, established rules for complying with the Gramm-Leach-Bliley Act allowing mergers of financial companies.

Mr. Cox said there was no time to seek comment if the change announced Friday was to take effect in time to affect proxies issued in coming months. He said it would be confusing if companies reported one way in 2007 and then changed in 2008.

The rules adopted in July were intended to deal with widespread complaints that it was difficult to discover all elements of pay packages for top executives. Besides providing the summary table, the disclosures will provide new information in a number of areas, including retirement benefits.

The disclosures will be made for a company's chief executive, chief financial officer and the three other highest paid executives, as indicated by the summary table. For those on the list, all option grants will be disclosed, so even if the summary table leaves out much of the value of options granted to a chief executive, investors could see the terms of the grant and consider it in assessing how well the executive was paid.

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Under the July rule, a large options grant to an executive could propel him or her onto the disclosure list. But under the rule adopted Friday, such a grant might not put the executive in that group, meaning there would be no disclosure of that executive's pay that year.

Over time, of course, most executives whose pay is being disclosed would have the same total reported under either rule. Under the new rule, options that were granted in prior years, but vested in 2006, will show up in next spring's disclosures.

The reduction in reported pay is likely to be the largest at companies that accelerated the vesting of options in 2005 to avoid reporting them as an expense at all when the new accounting rule went into effect. Executives at those companies will not have as many old options vesting as they normally would have, and thus will be able to report lower pay.

The commission said it would take public comments on the latest change for 30 days, but it added that the new rules were now final.

When the commission considered the issue earlier this year, David C. Chavern, a vice president of the United States Chamber of Commerce, urged it to take the step it rejected in July and adopted on Friday, saying that to do otherwise would overstate compensation, since options would not have been earned when they were reported, and might later be canceled.

Whenever the value of the options shows up in the summary table, the value shown will be the estimated value of the option at the time it was granted. Years later, when the options vest, the stock price could be much higher or lower than it was when the option was issued, making the options much more valuable — or all but worthless — by the time they show up in the summary compensation table at the old value.

CRIMINAL LAW:

Police Chiefs Eye More Federal Aid (WT)

By Jerry Seper

The Washington Times, December 27, 2006

The International Association of the Chiefs of Police is urging Congress to step up its support for law-enforcement agencies after what it calls "years of deep budget cuts and a disturbing rise in crime rates."

"The FBI's crime report ... serves as a stark reminder of what happens when law-enforcement agencies are stretched too thin: crime rates rise," said Joseph Carter, chief of the Massachusetts Bay Transportation Authority Transit Police Department and president of the IACP.

"We are hopeful that the 110th Congress will take our suggestions to heart and not only completely fund important programs, but also establish new programs and enhance others that will help state, local and tribal law enforcement keep our homeland and hometowns safe," Chief Carter said.

If law-enforcement authorities are to be successful in their efforts to protect the public from "both crime and the menace of terrorism," he said, they "must receive the tools and resources they need." He said the IACP thinks Congress must:

•Fully fund the Byrne Justice Assistance Grant Program at $1.1 billion, the Community Oriented Policing Service program at $1.05 billion, and the Law Enforcement Terrorism Prevention Program at $500 million.

•Promote information and intelligence-sharing, establish a National Commission on Law Enforcement and the Administration of Justice, and enhance police recruitment and retention.

•Reform the Communications Assistance for Law Enforcement Act, reinstate the assault-weapons ban and establish a certified officers clearinghouse.

"The IACP is hopeful the 110th Congress will help law-enforcement agencies reverse this dangerous trend by implementing these innovative solutions," Chief Carter said.

He said the IACP is "very concerned" that the debate over funding for the various law-enforcement and homeland security assistance programs has become increasingly partisan during the past several years and that the issue is too important "to the safety of our communities and our nation to allow political differences to delay or reduce funding."

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On Tuesday, the FBI reported that violent crime nationwide increased by 3.7 percent in the first six months of this year, continuing a trend that began in 2005. Last year, the number of violent crimes increased by 2.5 percent, the largest gain in 15 years, and the Justice Department pledged to find out why the crime numbers were continuing to increase.

The FBI's Preliminary Semiannual Uniform Crime Report, based on statistics submitted by 11,535 law-enforcement agencies nationwide, showed increases in murders (up 1.4 percent), robberies (up 9.7 percent) and aggravated assaults (up 1.2 percent) over the same period in 2005.

According to the FBI report, the largest increases in the reported number of violent crimes, 12.8 percent, occurred in small cities with populations of 10,000 to 24,999, while cities with populations of 500,000 to 999,999 had the most marked increase in reported murder offenses, up 8.4 percent.

Founded in 1893, the IACP is the world's oldest and largest association of law-enforcement executives with more than 20,000 members in nearly 100 countries.

Canadian Gold Medalist Detained On Child Abduction Charge (AP)

By Brian Witte

AP, December 27, 2006

BALTIMORE - A federal judge on Tuesday ordered Canadian Olympic gold-medalist Myriam Bedard to temporarily remain in the custody of U.S. marshals after being charged with violating a child custody order by bringing her 12-year-old daughter to the United States.

U.S. Magistrate Judge James K. Bredar scheduled a hearing for Friday in Baltimore to address whether the U.S. government has the authority to detain the former biathlon champion pending extradition to Canada.

Kevin McCants, an attorney representing Bedard, said he was working on an arrangement that would enable his client to return voluntarily to Quebec on Friday to face the charge. McCants said the holidays have made it difficult to negotiate, but he has been in touch with Canadian prosecutors.

"We're hoping to have a deal in place in the next day or so," McCants said.

Bedard, 37, was arrested Friday night in Maryland after U.S. marshals found her and her 12-year-old daughter, Maude, at a Columbia hotel. Bedard, of Quebec, Canada, has been in the custody of U.S. marshals since the arrest. Her daughter is back in the custody of Bedard's ex-husband, Jean Paquet.

Bedard faces up to 10 years in prison on the child abduction charge, but her attorneys contend she didn't break the law.

"She's confident that when these proceedings are over that ... she will be vindicated. She's done nothing wrong," McCants said.

Bedard appeared at her initial appearance in U.S. District Court in Baltimore wearing an orange jail jumpsuit. McCants said Bedard was disappointed she had to remain in custody, but he said she told him she was OK.

"She was fine with it," McCants said. "I think I was more disappointed than anyone."

Assistant U.S. Attorney Philip Jackson argued that Bedard should be detained because she was a flight risk.

Quebec City police obtained an arrest warrant against Bedard on Dec. 8 after Paquet alleged she had taken their daughter away from Quebec City without his permission in violation of a child custody order.

An arrest warrant for Bedard was first issued from Quebec City, Canada. The Royal Canadian Mounted Police contacted the U.S. Marshals Service and the Capital Area Regional Fugitive Task Force on Dec. 15 to help find Bedard.

When marshals determined she was in the United States, a provisional arrest warrant was obtained on Wednesday. After she was arrested, Bedard was taken to the Howard County Detention Center in Jessup.

John Pepper Jr., an attorney who also is representing Bedard, said Paquet has been unclear about when he wanted to see his daughter.

"We're still waiting for him to come forth and make us aware of which periods he would like," Pepper said.

He also said Paquet was kept informed of where the girl was and that Bedard "feels absolutely devastated by the fact that Mr. Paquet would act in such a manner."

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Bedard won two gold medals in the biathlon competition at the Olympic Games in Lillehammer, Norway in 1994. She won a bronze medal in that same event in the 1992 Winter Olympics in Albertville, France.

Bedard has been traveling in the United States with her current common-law spouse, Nima Mazhari, who was at the courthouse Tuesday.

Mazhari has had his own share of legal problems, being charged in 2005 with theft and possession of about 20 stolen paintings worth $100,000.

ID Thief Forges Leniency Letter (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 27, 2006

Authorities seek man who broke probation terms

A man whose prosecution three years ago was announced as part of an identity theft crackdown dubbed "Operation Identity Crisis" is in trouble again after trying to fool a notoriously no-nonsense federal judge with a forged letter asking for leniency.

U.S. marshals are looking for James M. Lyle, 22, of the West End, who was released from federal prison in May, after he failed to appear Thursday for a probation violation hearing before Senior U.S. District Judge Alan Bloch.

Mr. Lyle, who had more than 3 million credit card numbers on his computer when Pittsburgh police arrested him in 2003, was arrested again last month on new theft charges stemming from an August online purchase of a laptop computer with a stolen credit card.

That new arrest meant he had violated the terms of his probation from his previous federal case, according to a filing by the U.S. Probation Office.

At a hearing before Judge Bloch on Dec. 13, Mr. Lyle admitted the new offense and the judge placed him on home detention until a space opens up for a six-month term at a Downtown halfway house.

At that hearing, Mr. Lyle also presented the judge with a letter purportedly from Timothy Savina, his boss at British Petroleum in Scott where he had been working, indicating that Mr. Lyle was turning his life around and shouldn't go back to jail.

But Assistant U.S. Attorney Brendan Conway thought the letter looked suspicious and asked police to check it out.

"Mr. Savina has indicated that the letter is a forgery," Mr. Conway said in court papers, "that he did not prepare or sign the letter, and that he did not authorize the preparation of the letter."

What's more, Mr. Savina said Mr. Lyle, who was a manager-in-training at BP, got through the company's criminal background check by claiming his felony record was really his father's.

When confronted, Mr. Savina said, Mr. Lyle admitted that he had a friend prepare the letter for him.

"Mr. Lyle has now been terminated from his employment at BP," said Mr. Conway.

After the forgery came to light, Judge Bloch scheduled a new hearing for Dec. 21, at which time there was a good chance Mr. Lyle would go to jail. But Mr. Lyle didn't show and the judge, who has a reputation as the toughest on the federal bench in Pittsburgh, issued a warrant for his arrest.

Michael Novara, Mr. Lyle's public defender, was not available yesterday.

Mr. Lyle had been arrested by Pittsburgh police for credit card theft before 2003, but after another arrest that year authorities decided to lump him together with 11 other defendants as part of "Operation Identity Crisis," a joint effort of the U.S. Justice Department, U.S. Postal Inspectors, Federal Trade Commission, U.S. Secret Service and various banks.

Pittsburgh police had found Mr. Lyle, 19 at the time, in possession of more than 15 counterfeit credit cards, more than 3.1 million American Express card numbers, 158,765 Discover card numbers and 43,000 Visa card numbers.

A federal grand jury indicted him in 2003, he pleaded guilty the following year and Judge Bloch sentenced him to 27 months.

The judge also ordered him to pay $3,549 in restitution to various retailers that he defrauded and not to commit any more crimes.

Kansas Judge Lets Attorney General Press Abortion Case (USAT/AP)

USA Today, December 27, 2006

TOPEKA, Kan. (AP) — A judge agreed Tuesday to let Kansas' attorney general, a vocal abortion opponent, try to persuade him to reinstate charges against a well-known abortion provider.

District Judge Paul W. Clark scheduled a hearing for Wednesday after Attorney General Phill Kline asked him to reconsider his decision to dismiss the case against Dr. George Tiller over a jurisdictional issue.

Kline, who lost his re-election bid in November and leaves office in three weeks, filed 30 misdemeanor counts last week accusing Tiller of illegally performing 15 late-term abortions.

On Friday, Clark dismissed the charges after Sedgwick County District Attorney Nola Foulston argued that Kline didn't have the authority to file the charges.

The judge said he would consider on Wednesday only whether a district court can limit a district attorney's power to dismiss a criminal case and, if there are circumstances allowing a court to intervene, whether they are present in Tiller's case.

Clark said Attorney General-elect Paul Morrison could participate.

Kline, a Republican and staunch abortion opponent, lost the Nov. 7 general election to Morrison, a Democrat.

Kline has been investigating whether Tiller and other abortion providers performed illegal late-term abortions in Kansas or failed to report suspected child abuse as required by law. Earlier this year, he obtained the records of 90 patients from Tiller's clinic and a clinic operated by Planned Parenthood of Kansas and Mid-Missouri.

Tiller's attorneys have contended the charges are groundless.

Kline spokesman Jan Lunsford and Foulston spokeswoman Georgia Cole did not immediately return calls Tuesday seeking comment.

Tiller's clinic, one of the few in the country to perform late-term abortions, has been a high-profile target of abortion opponents for decades. The clinic was bombed in 1985, and Tiller was shot in both arms by a protester in 1993.

Pet Store Owners Find Airline Luggage Lost From International Flights In Houston Trash Bin (AP)

AP, December 27, 2006

HOUSTON: Authorities were trying to figure out how dozens of pieces of luggage belonging to international air travelers ended up in a trash bin behind a Houston pet store.

FBI special agent Rolando Munoz said 68 pieces of luggage from various international flights were discovered. He said the luggage was turned over to Continental Airlines to sort out.

Sgt. Dana Wolfe, a spokeswoman for the Harris County Sheriff's Office, which first responded to the luggage report, said the bags belonged to travelers at George Bush Intercontinental Airport. She said tags on the bags showed some of the travelers were going to or from London and Dubai.

The Houston Police Department is handling the case, Munoz and Wolfe said. A Houston police spokesman had no additional details Tuesday night.

Mary Clark, a spokeswoman for Continental, said she did not know if the contents of the bags were stolen.

"We're going to be investigating and the authorities are going to be investigating," she said, adding that the airline was working with other carriers to match the bags with lost luggage claims. She did not have the names of the other airlines but broadcast reports identified them as Continental Airlines, Lufthansa, British Airways and U.S. Airways.

The owners of a Pet City store found the luggage.

Cybercrooks Deliver Trouble (WP)

By Brian Krebs

The Washington Post, December 27, 2006

It was the year of computing dangerously, and next year could be worse.

That is the assessment of computer security experts, who said 2006 was marked by an unprecedented spike in junk e-mail and more sophisticated Internet attacks by cybercrooks.

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Few believe 2007 will be any brighter for consumers, who already are struggling to avoid the clever scams they encounter while banking, shopping or just surfing online. Experts say online criminals are growing smarter about hiding personal data they have stolen on the Internet and are using new methods for attacking computers that are harder to detect.

"Criminals have gone from trying to hit as many machines as possible to focusing on techniques that allow them to remain undetected on infected machines longer," said Vincent Weafer, director of security response at Symantec, an Internet security firm in Cuptertino, Calif.

One of the best measures of the rise in cybercrime is junk e-mail, or spam, because much of it is relayed by computers controlled by Internet criminals, experts said. More than 90 percent of all e-mail sent online in October was unsolicited junk mail, according to Postini, an e-mail security firm in San Carlos, Calif. Spam volumes monitored by Postini rose 73 percent in the past two months as spammers began embedding their messages in images to evade junk e-mail filters that search for particular words and phrases. In November, Postini's spam filters, used by many large companies, blocked 22 billion junk-mail messages, up from about 12 billion in September.

The result is putting pressure on network administrators and corporate technology departments, because junk mail laden with images typically requires three times as much storage space and Internet bandwidth as a text message, said Daniel Druker, Postini's vice president for marketing.

"We're getting an unprecedented amount of calls from people whose e-mail systems are melting down under this onslaught," Druker said.

Spam volumes are often viewed as a barometer for the relative security of the Internet community, in part because most spam is relayed via "bots," a term used to describe personal computers that online criminals have taken control of surreptitiously with computer viruses or worms. The more computers the bad guys control and link together in networks, or botnets, the greater volume of spam they can blast onto the Internet.

At any given time, between 3 million and 4 million compromised computers are active on the Internet, according to Gadi Evron, who managed Internet security for the Israeli government before joining Beyond Security, an Israeli security firm. And that estimate only counts spam bots. Evron said millions of other hijacked computers are used to launch "distributed denial-of-service" attacks -- online shakedowns in which attackers overwhelm Web sites with useless data and demand payment to stop.

"Botnets have become the moving force behind organized crime online, with a low-risk, high-profit calculation," Evron said.

He estimated that organized criminals would earn about $2 billion this year through "phishing" scams, which involve the use of spam and fake Web sites to trick computer users into disclosing their financial and other personal data.

Another trend experts cite is the steady shift of Internet criminal activity from nights and weekends to weekdays, suggesting that online crime is evolving into a full-time profession for many.

Symantec found that the incidence of phishing scams has dropped significantly on Sundays and Mondays in the United States. The firm found a similar trend when it examined the pattern of new virus variants compiled and released by attackers.

"The bulk of the fraud attacks we're seeing now are coming in Monday through Friday, in the 9-to-5 U.S.-workday timeframe," Symantec's Weafer said. "We now have groups of attackers who are motivated by profit and willing to spend the time and effort to learn how to conduct these attacks on a regular basis. For a great many online criminals these days, this is their day job: They're working full time now."

Criminals are also becoming more sophisticated in evading anti-fraud efforts. This year saw the advent and wide deployment of Web-browser based "toolbars" with embedded technology designed to detect when users have visited a known or suspected phishing Web site. But many scam artists responded by developing new methods of hosting their fraudulent Web sites and routing traffic to them that made them harder for law enforcement and security experts to thwart.

"We've seen a pretty big evolutionary jump in tactics used by phishers over the past year, and I believe it's because some of the toolbar makers and the good guys who work to get these scam sites shut down have really done a good job at preventing them from being successful," said Dan Hubbard, vice president of research for Websense, an online security firm in San Diego.

The past 12 months also brought a steep increase in the number of software vulnerabilities discovered by researchers and actively exploited by criminals. The world's largest software maker, Microsoft, this year issued software fixes to 97 security holes

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that it classified as "critical," meaning hackers could use them to break into vulnerable machines without any action on the part of the user.

In contrast, Microsoft shipped just 37 critical updates in 2005. Fourteen of this year's critical flaws were known as "zero day" threats, meaning Microsoft first learned about the security holes only after criminals had already begun using them.

The year began with a zero-day hole in Microsoft's Internet Explorer, the Web browser of choice for about 80 percent of the world's online users. Criminals were able to exploit the flaw to install keystroke-recording and password-stealing software on millions of computers running Windows software.

At least 11 of those zero-day vulnerabilities were in the Microsoft Office productivity software suites, flaws that bad guys mainly used in targeted attacks against corporations, according to the SANS Internet Storm Center, a security research and training group in Bethesda. Microsoft issued patches to correct a total of 37 critical Office security flaws this year.

The year also was notable for a wave of attacks exploiting flaws in software applications that run on top of operating systems, such as media players and Web browsers. In February, attackers used a security hole in AOL's popular Winamp media player to install a hidden program when users downloaded a seemingly harmless playlist file. This month, a computer worm took advantage of a design flaw in Apple Computer's QuickTime media player to steal passwords from about 100,000 MySpace.com bloggers, accounts that were then hijacked and used for sending spam. Also this month, security experts spotted a computer worm spreading online that was powered by a six-month old hole in a corporate anti-virus product from Symantec.

Many security professionals speak highly of Microsoft's Vista, the newest version of Windows scheduled for release next month. The program includes improvements that should help users stay more secure online, such as a Web browser with new anti-fraud tools, as well as operating system changes that should make it more difficult for rogue software or viruses to make unwanted changes to key system settings and files.

But some security vulnerabilities have been identified in Vista already, including at least one in its new browser, Internet Explorer 7. Moreover, experts worry that businesses will be slow to switch to the new operating system and note that even if consumers adopt it more quickly, Microsoft will continue to battle security holes in legacy versions of its Office product.

Some software security vendors suspect that a new Trojan horse program that surfaced last month, called "Rustock.B," may serve as the template for future malicious software. The program morphs itself slightly each time it installs itself on a new machine in an effort to evade anti-virus software. In addition, it hides in the deepest recesses of the Windows operating system, creates invisible copies of itself, and refuses to work under common security analysis tools in an attempt to defy identification and analysis.

"This is about the nastiest piece of malware we've ever seen, and we're going to be seeing more of it," said Alex Eckelberry, president of the security vendor Sunbelt Software in Clearwater, Fla. "The new threats that we saw in 2006 have shown us that the malware authors are ingenious and creative in their methods."

Leading Cyber-Pirates Of The World (WSJ)

By Paul Mcmanus

The Wall Street Journal, December 27, 2006

There is a new and grave threat to companies selling proprietary wares and services online: Their brand can be tarnished and customers stolen by a keystroke. With the Web now the shopping mall of choice for time-crunched consumers, cyber-thieves are "dressing up" Web sites and tweaking competitors' domain names to capture unsuspecting shoppers.

The more sophisticated scammers are criminals who electronically embed specially coded software programs on the browsers of PCs. Simply clicking on to a Web site link can plant code in a computer that takes command of its browser. These bugs hijack a search and redirect it to a fraudulent site masquerading as the legitimate one. The consumer unwittingly gives away personal and financial information that can be sliced, diced and resold worldwide.

The brand, too, is the victim of this theft. In the luxury hospitality sector, for example, where a hotel's reputation for privacy, personal service and an exceptional experience is a major asset, anything that misleads or defrauds the guest can cause permanent damage. And the consumer can end up paying top dollar for an inferior property. A traveler who believes he's using The Leading Hotels of the World's Web site to make a reservation at a five-star hotel in Paris might be electronically kidnapped

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and booked at a two-star with a lyrical French name. Everyone loses: The traveler is duped. Our member hotel loses revenue. And in the eyes of that traveler, our brand is robbed of credibility and cachet.

The modus operandi of this breed of pirate is to challenge a long-established company's trademark and Web site domain name -- or simply to ignore it. The brand that's attacked is forced to spend large amounts of time and money registering trademarks and URLs in 50 or 60 countries, or litigating protracted lawsuits. I speak from costly experience: In one case, travelers complained that when they searched for "palace" hotels at our Web site, they were rerouted to a site owned by a South African company that claimed to offer luxury hotels rooms at steep discount. We took legal action and after an eight-year battle won judgment for trademark infringement, shutting down the site.

What's needed is a set of international laws protecting business and consumers against Internet fraud plus a global squad of cyber crime-busters to enforce them. The U.S. has specific computer fraud laws and the FBI takes "thousands of complaints" annually through its Internet Crime Complaint Center (www.ic3.gov). But perpetrators who zero in on businesses like mine often work in countries with no laws protecting Web users and lax or little cooperation with U.S. or other foreign law-enforcement agencies.

Collaboration is the only realistic solution for the private sector to protect brands from online pirates. The global Internet community is already working together through ICANN, the Internet Corporation for Assigned Names and Numbers, a nonprofit that creates and allocates Internet protocol addresses, and resolves disputes over rights to domain names. ICANN is a natural for stepping into the computer crime arena. It has respect, international treaties, a global presence and a solid organizational structure. But don't expect ICANN to wage war all by itself. Those of us in the business world who can't rely on the government for brand protection have to be partners in long battle.

Mr. McManus is president & CEO of The Leading Hotels of the World, Ltd.

Rapist Preys On Men In Suburban Houston (AP)

By John Porretto, Associated Press Writer

AP, December 27, 2006

A rapist who has struck at least five times since April in and around Baytown has not only spread fear in this working-class community but also piqued the interest of those who study the criminal mind. The reason: He preys on other men.

That makes him something of a rarity in the world of crime.

"It's the least prevalent kind of serial rape, and largely underreported," said Jack Levin, a leading criminologist and director of the Brudnick Center on Violence at Northeastern University in Boston.

Levin and other experts say male-on-male rape sometimes stems from sexual encounters gone bad. But that does not appear to be the case with the rapist in this oil-refining town of 70,000 people about 30 miles east of Houston.

Instead, he methodically identifies and stalks young men and attacks them at gunpoint or knifepoint in or near their homes, according to police Capt. Roger Clifford. Sometimes he robs his victims, too, but rape appears to be the primary motivation, police said.

"This is certainly of interest, an interesting case," Levin said.

The U.S. Justice Department says one in 33 men in the United States has been a victim of a rape or attempted rape, compared with one in six women. Experts say men are far less likely to report a rape to authorities, because they fear being perceived as weak or see the attack as an assault on their masculinity.

In fact, investigators in Baytown fear there may be other victims of the rapist who are too ashamed to come forward.

"There's a lot of emotional damage that goes with being raped, especially when the victims are men," said Lynn Parrish, a spokeswoman for the National Rape, Abuse & Incest National Network. But she added: "The best way to get this rapist off the street is for more people to come forward."

Three of the attacks have occurred in the city, the other two on the outskirts of town. The most recent attack was Nov. 30. Clifford would not give details of the rapes but said at least one victim managed to thwart the attack.

No one has been seriously hurt.

"But it's only going to take one victim who resists enough or in the wrong way until the gun is going to go off, the knife is going to be used, and we're going to have a victim with serious injuries or who's dead," Clifford said.

Criminologists have seen cases of serial killers who raped or otherwise had sex with their male victims - among them, John Wayne Gacy and Jeffrey Dahmer. But psychologically, this is a different phenomenon.

Levin said it is rare for a serial rapist to become a serial killer.

"I think the reason has to do with the absence or presence of a conscience," he said. "A serial rapist is more likely to have a conscience. Otherwise they'd take the life and silence the victim."

Victims have described the Baytown attacker as a clean-shaven black man, 18 to 21 years old, 5-foot-10 to 6 feet tall and about 200 pounds, with a shaved head. Police have released a sketch and are working with the FBI's behavioral sciences unit to develop a psychological profile. DNA testing also is under way.

Fliers with the sketch have been circulated around schools and Baytown's Lee College, with an enrollment of about 6,000.

Jay Ali, an 18-year-old who works at the local mall, said he has been spreading the word among friends. "There's a loose psycho running around raping men," he said.

The local paper, The Baytown Sun, has run the sketch and details of the crimes at the top of its front page nearly every day since the most recent attack, and an electronic bulletin board on its Web site is filled with discussion about the rapes.

"I have selfish reasons for wanting this guy caught," Marie W. wrote in a posting Dec. 12. "I have a son who fits this guy's target group. ... I want him off the streets and locked up like yesterday."

Virginia DNA Review Hobbled (WP)

By Candace Rondeaux

The Washington Post, December 27, 2006

A year after Virginia's crime lab launched an unprecedented review of old cases that experts said could free dozens of wrongly convicted people, the project appears to be years from completion, and some are questioning the credentials of the private company selected to do the DNA testing.

Former Virginia governor Mark R. Warner (D) ordered a full review of the cases last December after an analysis of old evidence revealed that two men were not guilty of sexual assault. Warner pardoned the men, who became part of a wave of exonerations that reignited a national debate over post-conviction DNA testing.

At the time, Virginia crime lab director Paul Ferrara predicted that the retesting project would be completed within two years and could free dozens of innocent inmates. But now, just days from retirement, Ferrara has revised his prediction, saying changes at the lab have stalled progress.

"We got nowhere for a while. It has suffered some delays because of staff turnover," Ferrara said. "But we're as interested and as anxious to see this thing through as everyone else. We could see as many as 30 possible exonerations when this is all over with."

The physical evidence came to light in 2001, when an inmate asserted his innocence under a new state law that for the first time granted the right to request testing of newly discovered evidence more than 21 days after sentencing. Lab analyst Mary Jane Burton, who retired in 1988 and died in 1999, and two other lab workers meticulously preserved pieces of clothing smeared with blood, semen or saliva before DNA testing got underway in the early 1990s. A cursory review of a small sample of Burton's files has exonerated five former convicts.

Earlier this year, legal experts speculated that the retesting effort could be slowed when Ferrara, 64, announced in August plans to retire by the end of this year. Gov. Timothy M. Kaine (D) has not selected Ferrara's successor, but the state's Forensic Science Board has interviewed several internal and external candidates, and a decision is expected next month, Virginia officials familiar with the process said.

The evidence review entails a painstaking, multi-step process of separating out cases contained in 660 boxes packed with thousands of files from 1973 through 1988, identifying suspects convicted in each case and determining if physical evidence samples can be tested for DNA.

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So far, graduate students hired to help with the project have sifted through more than 329,000 cases, Ferrara said. They will sort and index about 234,000 more files held at regional labs across the state before the bulk of the work is done. They have logged 3,135 cases that have some form of biological evidence retained in the file. No DNA tests have been performed on any of the evidence yet, but Ferrara said he hopes to send the first batch out for testing soon.

"It's going to be slow," Ferrara said. "But I think anyone would rather see us proceed cautiously rather than haphazardly."

The slow pace, however, concerns some. Peter Neufeld, co-director of the New York-based Innocence Project, which has helped exonerate more than 170 inmates, lauded the state for launching the review, saying other states should follow Virginia's example. But Neufeld, who said his organization has several cases pending in Virginia, worries that the review isn't moving quickly enough.

"To allow that to drag as long as it has is unfortunate. It undermines the efficacy of what Governor Warner had intended. It slows down the exoneration of innocent Virginians who are languishing in prison," Neufeld said.

The state selected Bode Technology, a private Fairfax County-based lab, to conduct DNA tests on the samples, a contract valued at an estimated $1.4 million. Bode has won several contracts with the state and has been awarded about $9.3 million overall for outsourced work, according to the Virginia Department of Forensic Science.

But Bode's recent dealings with another state crime lab have been rocky. In August 2005, the company made national headlines after the Illinois State Police canceled a $7.7 million contract with Bode because it failed to identify semen on 22 percent of the rape kit samples it was charged with testing.

Edward Blake of Forensic Science Associates in California, a pioneer of DNA testing, said he is skeptical of Bode's ability to handle the retesting effort in Virginia. A longtime critic of Virginia's crime lab, Blake said the dust-up in Illinois raises serious questions about quality control at Bode.

"I wouldn't trust anything that they did -- not after seeing their work on several cases and the problems in Illinois. With Bode especially since they have a long-term contract with the state of Virginia, they are totally motivated not to see a problem," Blake said.

Calls to Bode General Manager and Vice President Maureen Loftus were not returned.

Ferrara said he's confident Bode is up to the task. "Over the course of the last 20 years, people have found occasions to criticize every private and public lab there is," he said. "That's to be expected. We've worked with Bode for a long time and have long experience with them."

Law Mandates Disinterment Of Murderer (WP)

By Tara Bahrampour

The Washington Post, December 27, 2006

The remains of a man convicted of murdering an elderly Hagerstown, Md., couple will be removed from Arlington National Cemetery as part of a bill signed into law by President Bush.

Bush signed the $3.2 billion bill, the Veterans Benefits, Health Care and Information Technology Act of 2006, on Friday.

The bill seeks to improve benefits and health care for veterans and their families. It also requires the Secretary of the Army to remove the cremated ashes of Russell Wayne Wagner, who was convicted of murdering Daniel Davis, 84, and Wilda Davis, 80, in 1994.

Vernon G. Davis, son of the murdered couple, said yesterday that he was relieved to hear of the change, which he had worried would never come to pass.

"We just got an extra Christmas present, and I think the whole family's satisfied," he said. "For him to do something like that to Mom and Dad, and then you turn around and honor him like that, it was completely wrong."

"Arlington Cemetery is reserved as a place of honor for men and women who have served their nation in the armed services. It is appropriate to remove the remains of individuals, who, by their own criminal actions, have brought dishonor to themselves and the memory of their service," said Tony Frato, a White House spokesman.

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Wagner died in early 2005 of a heroin overdose while serving two life sentences. An Army private who served during the Vietnam War and was honorably discharged in 1972, Wagner was eligible for parole at the time of his death, which made him eligible for an Arlington service. He was buried with honors in August 2005.

But after publicity about the case and pressure from the couple's family and Sens. Larry E. Craig (R-Idaho), Barbara A. Mikulski (D-Md.) and Ken Salazar (D-Colo.), the case was revisited.

Congress passed a law in 1997 barring people convicted of capital crimes from being buried in a national cemetery, a law designed to block the possibility of Oklahoma City bomber Timothy McVeigh, a veteran, being buried at Arlington.

But some veterans have been reluctant to support too many restrictions, worrying that too broad a law might bar too many people.

Backwoods Celebrity Faces Long Prison Term For Incest (WP)

By Blaine Harden

The Washington Post, December 27, 2006

Robert Hale, a Bible-toting father of 15 who calls himself Papa Pilgrim, became an anti-government celebrity in Alaska by driving a bulldozer across a national park that encircles his land.

The Lord told him that using the bulldozer to clear 14 miles of derelict road through the park was a loving thing to do, Hale said in an interview three years ago.

"In order for me to love my children, I have to be a provider," Hale said then, explaining that he needed the bulldozer to fetch supplies for his children, whom he and his wife were home-schooling in an ultra-strict Christian way.

He said his children read only the Bible, always bathed with their clothes on and were not allowed to see one another naked.

Yesterday in a Palmer, Alaska, courtroom, Hale, 65, answered very different questions about his behavior and his family: He pleaded no contest to multiple charges that he raped one of his daughters.

The plea, which came three weeks before Hale was to face trial on 27 felony charges of rape, incest and coercion, punctuates an implausible saga that stretches from Texas to the outback of eastern Alaska. It is a story by turns picaresque, outrageous and sad.

Hale and his now-estranged wife, Kurina, who calls herself Country Rose, and their children, who all have names from the Bible, bought a 410-acre ranch inside Wrangell-St. Elias National Park, the largest national park in the United States.

Much of the money for the $450,000 purchase in 2002 came from the Alaska permanent fund dividend. It is an oil-funded annual payment that this year was worth $1,107 to each state resident. After Hale and his family moved to Alaska in 1998, the dividend provided the onetime subsistence farmers -- who also earned money performing gospel music -- with more cash than they had ever had.

The ranch, which they named Hillbilly Heaven, is an in-holding, which means it is surrounded by federal land controlled by the National Park Service. Under the 1980 law that established much of the vast national park system in Alaska, in-holders are guaranteed "reasonable and feasible" access to their property.

Hale's bulldozer romp stretched that guarantee beyond the breaking point. The Park Service cited Hale for violating federal law.

But land-rights activists, who in Alaska and across the West have complained for decades about persnickety law enforcement in and around federal parks, adopted Hale and his family as camera-ready symbols of America's frontier spirit.

They could sing, they made their own clothes, and Papa was handy with a sound bite. He accused the federal government of trying to starve his family. "It is like the Alamo," he said.

"We are going to make the Pilgrims poster children for abuse of federal power," Chuck Cushman, executive director of the American Land Rights Association, said in 2003.

With land-rights activists footing the legal bills, Hale's challenge to federal authority went all the way to the U.S. Court of Appeals for the 9th Circuit in San Francisco. This February, a three-judge panel ruled against the family, although the court said in the fall that it might take another look at the case.

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To drum up publicity for the court challenge, Hale and his handlers from the land-rights movement invited me and other reporters to spend the night at Hillbilly Heaven in the late summer of 2003.

In the course of a long evening spent with his children and his wife, who listened to Hale in worshipful silence, it seemed that he held a cultlike control over his family. None of the older children, several of whom were in their 20s, wanted or needed any life outside the family, Hale said then. He said they were all virgins.

Hale, it turned out, had had an extraordinarily odd life before bringing his family to Alaska.

He grew up affluent in Fort Worth, the son of I.B. Hale, an All-America tackle at Texas Christian University who in 1939 was the first-round draft pick of the Washington Redskins.

While in high school, Robert Hale eloped to Florida in 1958 with Kathleen Connally, the 16-year-old daughter of John B. Connally; Connally was to become governor of Texas and was wounded when President John F. Kennedy was assassinated. Shortly thereafter, she died of a shotgun blast to the face, an apparent suicide that Hale said occurred while he was with her in a hotel room.

In the 1970s, when Hale called himself "Sunstar" and lived as a hippie, he met Kurina Rose Bresler, then 16. They moved with their first two children to a subsistence farm in New Mexico on land owned by actor Jack Nicholson. They lived there for more than 20 years, tanning leather, breeding dogs and antagonizing many neighbors. It was there they became born-again Christians, Hale said.

But it was in Alaska, after the celebrated bulldozer ride and while Hale's lawsuit was still rattling through the federal court system, that family life exploded.

Hale was indicted in the fall of 2005, accused of raping and abusing an unnamed daughter, and he fled the area where he had lived with his family. After a two-week manhunt he was arrested without incident, and he has been in jail since.

Until last week, Hale had been expected to contest the charges against him. In a trial, his wife and many of his children would have testified against him.

In the end, he made a deal. Hale, a diabetic in poor health, pleaded no contest and will receive a sentence of at least 14 years in prison.

Maryland's Death Penalty (WP)

The Washington Post, December 27, 2006

THE MARYLAND COURT of Appeals has thrown a big wrench into the state's already anemic death penalty enforcement. It ruled last week that Maryland's procedures for lethal injection were adopted without adequate legislative oversight. With that ruling, which will effectively halt executions until new procedures are adopted, the Maryland court joined what is fast becoming a national trend. Earlier this month, Florida Gov. Jeb Bush (R) halted executions there after a botched lethal injection took over half an hour. A court in California blocked use of that state's execution cocktail. Nationally, there have been fewer executions this year than in any in the past decade -- and delays associated with challenges to lethal-injection protocols, which are now said to cause significant pain, constitute one of the reasons for the low figure.

For those of us who oppose capital punishment, any public debate that slows the wheels of death is a good thing. That said, this issue seems more than a little absurd. Leaving aside the technicalities of Maryland administrative law, it is a little tough to understand why states that have no scruples about killing people as punishment for their crimes might blanch at a brief period of discomfort for the condemned along the way. This is, after all, the intentional infliction of death; why should anyone expect it to be pretty? The sudden scruples around the country about the fact that taking human life may actually involve pain can only be understood as a surrogate for the real issue: whether Americans want to be taking life at all.

In some states this question is still taboo. Getting rid of the death penalty is all but unthinkable in Virginia, for example. But Maryland is different. Its death penalty has been used only five times since the Supreme Court reinstated capital punishment in 1976. It plays only the most incidental role in the state's criminal justice system -- so incidental, ironically, that its use creates wild regional and racial disparities in the administration of justice. Executions have been suspended in the past. Were the death penalty abolished in Maryland, almost nobody would miss it.

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The Maryland court action is therefore an opportunity for a much broader discussion of the utility, justice, necessity and morality of capital punishment. It comes at a propitious moment. Incoming governor Martin O'Malley (D) personally opposes the death penalty. He did not appear inclined to dismiss the court ruling as a mere technicality -- which, formally speaking, is all it really is. That's good. Maryland doesn't need a big debate about how it kills people, but the time is ripe to debate whether it should stop.

CIVIL LAW:

FBI Says Files In Leak Cases Are 'Missing' (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, December 27, 2006

SAN FRANCISCO — The FBI is missing nearly a quarter of its files relating to investigations of recent leaks of classified information, according to a court filing the bureau made last week.

In response to a Freedom of Information Act lawsuit, the FBI said it identified 94 leak investigations since 2001, but that the investigative files in 22 of those cases "are missing" and cannot be located. "There is no physical slip of paper on the shelf which indicates that the file has been charged out to a particular FBI employee, so therefore there is no way of knowing where the file may actually be," an official in the bureau's records division, Peggy Bellando, wrote in a December 22 declaration.

"That's an amazing number," an academic who has studied the FBI's record-keeping procedures, Athan Theoharis of Marquette University, said in an interview yesterday. "These are very sensitive investigations. ... They could be called to account for whether they are monitoring reporters. These are records that should be handled very well."

Over the past decade, the FBI has waged an epic struggle to computerize and automate its records systems. The agency abandoned a $170 million "Virtual Case File" project last year after years of Congressional hearings and critical evaluations led to the conclusion that the system would never be implemented successfully.

One frequent critic of government database programs, Barry Steinhardt of the American Civil Liberties Union, said that record makes it understandable that a substantial proportion of the leak files would be mislaid.

"It's par for the course," Mr. Steinhardt said. He noted that the Justice Department has already put about 1 million case records into a database, called OneDOJ, that is being made widely available even though the files may contain unverified or erroneous data. "They want to distribute it to law enforcement in every city in the United States, but here the FBI can't manage its own files," the critic said.

Ms. Bellando's declaration said the 22 missing files pertain to 51 cases listed as closed and not to 43 other leak cases listed as pending.

Last month, a federal judge in San Francisco, Maxine Chesney, ordered the FBI and other agencies to respond by Friday to this reporter's requests for information on the frequency and outcome of leak probes. The requests followed a spate of high-profile federal investigations into press leaks, including a special prosecutor's inquiry into the leak of a CIA operative's identity, as well as a separate case in which two pro-Israel lobbyists and a Defense Department analyst were indicted for trafficking in classified information.

The Justice Department, the FBI, the CIA, and the Department of Defense told Judge Chesney last week that they will be unable to meet the court-imposed deadline and need as many as 120 additional days to complete work on the requests, which were filed in March.

A spokeswoman for the FBI, Catherine Milhoan, said she could not comment on the ongoing litigation, but noted that the records search is continuing and has been complicated by procedures for handling classified materials. She also said all hope for recovering the missing files is not lost. "It doesn't mean there aren't other avenues in place to locate those documents," she said.

Mr. Theoharis, a professor emeritus of history, said that in the 1960s the FBI used procedures known as "do not file" and "summary memoranda" to avoid placing files in the central records system. As a result, he said, the bureau would tell judges or members of Congress that searches turned up no records, when files actually existed in a secondary system.

"There's no reason to think they're not doing the same thing today," Mr. Theoharis said. "I don't want to sound conspiratorial but I don't think one can discount this."

Seracare Wins OK For Plan Vote (AP)

AP, December 27, 2006

Seracare Wins Court Approval to Send Bankruptcy Reorganization Plan to Creditors for Vote

WASHINGTON (AP) -- SeraCare Life Sciences Inc., which makes medical supplies from blood plasma, has won court approval to send its shareholder-backed bankruptcy plan to creditors for a vote.

Judge Louise DeCarl Adler of the U.S. Bankruptcy Court in San Diego on Thursday signed off on the biotechnology company's disclosure statement, which outlines its plan to exit Chapter 11 through a rights offering to existing shareholders.

Under bankruptcy law, a judge must approve such a statement before a company can send its plan to creditors for a vote.

A group of SeraCare shareholders, led by hedge fund Harbinger Capital Partners, has agreed to backstop a $20.2 million rights offering that would finance the company's bankruptcy exit. The group holds over 30 percent of SeraCare's common stock.

Shareholders, last in line for repayment in a Chapter 11 case, will get one share in the reorganized company for each share they own, along with the right to participate in the rights offering, which will offer shares at $4.75 each. Options and warrants will be reinstated after SeraCare emerges from bankruptcy.

Harbinger will also buy SeraCare's bank debt and allow it to use the cash collateral securing the debt without paying default interest through June 2007.

Votes on SeraCare's reorganization plan are due Jan. 31. Judge Adler scheduled a confirmation hearing on the plan for Feb. 15.

The company reached a deal with the shareholders after scrapping a management-backed plan to issue $25 million in unsecured notes ultimately convertible into common stock at a rate of $5.50 a share.

Under the terms of the proposed Chapter 11 plan, SeraCare will pay all of its debt, including settlements with the government and with shareholders stemming from securities-fraud claims, in full.

The Securities and Exchange Commission and the Justice Department have been investigating SeraCare, which on March 15 announced it would restate its financial results for the first three quarters of 2005. SeraCare's chairman, chief executive and financial chief were fired in March, just before the company filed for bankruptcy protection.

Its stock was subsequently delisted from trading on Nasdaq. In over-the-counter trading Tuesday afternoon, the shares rose 5 cents to $6.10.

The company was formerly headquartered in Oceanside, Calif., but has since moved its operations to West Bridgewater, Mass.

Small Businesses Fight Fickle Rules (NYT)

By Ron Nixon

The New York Times, December 27, 2006

In 1995, Joseph N. Cooper won a multiyear contract worth up to $8 million to do public relations for the Immigration and Naturalization Service. He received the contract through a Small Business Administration program established to increase opportunities for small companies.

But not long after the work was under way, the deal was awarded instead to three multimillion-dollar companies, which were listed as disadvantaged in contract documents. After years of trying to win the contract back, Mr. Cooper filed a false-claims lawsuit against the companies, asserting that they had committed fraud by saying they were small businesses.

This year, to Mr. Cooper and his lawyer's surprise, the court ruled that although evidence showed the companies were indeed not small businesses, fraud had not been committed because the I.N.S. knew their true status when the work was awarded to the companies — J. Walter Thompson, the Bernard Hodes Group and Cass Communications.

The case was dismissed.

"We were floored," Mr. Cooper said in an interview. "The ruling essentially said that I was right, the companies were not small, but so what."

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That experience points to the kind of Catch-22 world that some small-business owners face when they challenge the awarding of government contracts.

Many studies have shown that hundreds of government contracts set aside for small business are being awarded to large corporations. Federal laws provide several mechanisms that allow small-business owners who suspect that contracts have been awarded to large companies to protest.

But small-business owners say that the rules in many cases impose nearly impossible standards on them. Even if they do succeed in protesting an award, they say, and prove that federal agencies are intentionally awarding small-business contracts to big companies, there are almost no penalties. Often, the large companies get to keep the contacts.

"It's a hollow victory," said Raul Espinosa, a small-business owner in Florida who has won several protests. "You might win the size protest, but you can't claim the contract because the agency allowed delivery to take place and what's worse, the penalties for the violations aren't enforced."

Mr. Espinosa is leading a coalition of six small-business associations seeking to change the process.

Congress may be more receptive to their calls for change next year, when two longtime critics of the practice assume leadership positions for the committees overseeing small business.

Senator John F. Kerry, Democrat of Massachusetts and the incoming chairman of the Committee on Small Business and Entrepreneurship, has proposed giving the S.B.A. more time to complete size determinations and to help prevent big businesses from slipping under the radar of a bureaucratic contracting process.

The S.B.A. recently required businesses to report their size every five years. Mr. Kerry's proposal would make the reports annual.

"The protest process is supposed to keep the system honest, but what's the point of protesting a contract if nothing happens?" Senator Kerry said

Nydia M. Velázquez, Democrat of New York and the incoming chairwoman of the House Small Business Committee, said she would work to rectify the problems faced by Mr. Cooper and other small businesses by ensuring that there is an effective protest system in place. She also wants to make sure that penalties are enforced.

"The fact that large businesses are being awarded with small-business contracts, and that there is no system in place with penalties or consequences for this, is extremely concerning," Ms. Velázquez said.

If a small-business owner believes that a company has been illegally awarded a small-business contract the owner has several options in protesting the award.

The first is to file a so-called size protest with the S.B.A., asserting that the competitor is too big.

Under this process, a company has five days after being notified of a winning bidder to initiate the protest. If the agency decides that the winning company is not small, it can recommend that the contract be rescinded.

But that almost never happens, Mr. Espinosa says.

Last year, Mr. Espinosa protested an Air Force contract, offering documentation showing that the winning company was actually a subsidiary of a larger concern, and thus ineligible.

At first, the S.B.A. ruled that the company was a small business, but Mr. Espinosa appealed the decision to the agency's Office of Hearings and Appeals and an administrative law judge ruled in his favor. Despite the ruling, the winner kept the contract.

"There needs to be some reform in the size protest system," Mr. Espinosa said. "Otherwise, why should small-business owners bother and why would large companies worry about getting caught?"

The S.B.A. said it could only recommend that contracts be rescinded and could not compel other agencies to follow the recommendation.

Albert B. Krachman, a lawyer at the firm of Blank Rome in Washington, who has represented small businesses, said, "The system is basically set up in such a way that the policing is left up to the businesses themselves."

What's more, he said, "There is no incentive from the contracting officers or other government officials to see if the companies they are giving small business set-asides to are indeed small-business concerns."

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Gary M. Jackson, assistant administrator for size standards at the S.B.A., agrees that the policing of the small-business contracting system is left up to competitors, but asserts that they are in a better position than contracting officers to know which is a small business and which is not.

Another remedy for small businesses is through the courts.

As Mr. Cooper did, small-business owners can file lawsuits asserting that fraud was committed in the awarding of set-aside contracts to large businesses. But legal specialists say the filing false-claims lawsuits can be a costly undertaking. The law also contains several legal hurdles that make it almost impossible to win, they say.

Mr. Cooper said that he was convinced that a lawsuit was his only hope.

At first, Mr. Cooper and his lawyer argued in the Court of Federal Claims that the I.N.S. had not operated in good faith when it stopped giving him work on the contract.

The I.N.S. said it was not satisfied with Mr. Cooper's work and the cost associated with it. But in a deposition, a contacting officer at the agency said no evidence was ever offered to him questioning the quality of Mr. Cooper's work. A government audit found that the cost was actually reasonable.

Still, the court sided with the I.N.S. and said that because the agency had given Mr. Cooper the minimum amount on the contract there was no evidence the agency had not operated in good faith. Mr. Cooper appealed the ruling, but an appeals court upheld the lower court ruling.

Mr. Cooper and his lawyer then filed a lawsuit in the Federal District Court for the District of Columbia. They argued that the two companies that had been awarded contracts to complete the work that Mr. Cooper's firm had originally been awarded had committed fraud when they said that they were disadvantaged businesses.

A lawyer for the companies, Bruce M. Ginsberg of the law firm of Davis and Gilbert in New York, denies that they ever misstated their size to the I.N.S. "These are multimillion-dollar companies," Mr. Ginsberg said. "They would not represent themselves as small businesses. We have no idea how they came to be marked that way in the I.N.S. documents."

Among the evidence offered by Mr. Cooper were contract documents in which the companies were described as disadvantaged and a Justice Department investigative report showing that the companies had verbally confirmed their disadvantaged status with an officer at the I.N.S., though both companies were two of the largest advertising firms in the country.

"We thought we had a slam-dunk," said Cyrus Phillips, a lawyer doing pro bono work for Mr. Cooper.

But when the judge ruled otherwise, he not only dismissed the case but also ordered Mr. Cooper to pay legal fees and other expenses to the companies he had sued.

Mr. Cooper said the ruling was a fatal blow to his personal and professional life. The legal bills he incurred have left him bankrupt and out of work.

"I did nothing wrong and tried to point out that the government was intentionally giving set-asides to large companies, and I'm the one who pays for it," Mr. Cooper said. "I wish I'd never done business with the federal government."

CIVIL RIGHTS:

Courts Seek New Ways To Handle Mentally Ill Criminal Defendants (AP)

AP, December 27, 2006

CLEVELAND - A program in Cuyahoga County courts, started in response to concerns mirrored in the justice system nationwide, aims to better understand and deal more efficiently with people who are mentally ill.

The county and several other communities across Ohio have established mental health courts to specifically handle such defendants. In the Cleveland-area program, some municipal and common pleas judges oversee mental health cases and try to place defendants with psychological problems into court-supervised treatment programs.

"We're not dealing with a high population of people with really good, secure home lives," Municipal Judge Kathleen Keough said. "We get people whose life has been in upheaval for years and who don't know any of their rights. No stability. Nobody really to count on."

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In the past, those awaiting trial who showed signs of mental illnesses, such as depression or schizophrenia, tended to stay in jail two to three times longer than others while officials determined if they were competent to stand trial. Because those people might need close supervision and daily medications, the cost of keeping them behind bars can be as much as double that for others.

The program in Cuyahoga County sprang from an initiative started three years ago to try to better handle mentally ill defendants.

"The goal is to have a place where police can bring someone who needs evaluation or stabilization so they don't languish in jail," said Shaker Heights Municipal Judge K.J. Montgomery, who heads the initiative.

Recent studies indicate that mental disorders affect one of every four adults in the United States. Yet a recent U.S. Department of Justice study found that more than half the inmates in the nation's prisons and jails have mental health problems.

Part of that can be traced to fewer psychiatric hospitals, said Dr. Philip J. Resnick, director of forensic psychiatry at Case Western Reserve University. In 1960, more than 550,000 people were in psychiatric hospitals throughout the country, Resnick said. With the closing of many of the hospitals, that number has dropped to about 70,000.

The Bureau of Justice Assistance, part of the U.S. Justice Department, helps to administer the federal government's Mental Health Courts Program. The program funds projects that seek to improve the way courts help adults with mental disabilities or illnesses. Mental health courts generally deal with nonviolent offenders.

More than 150 of these courts exist and more are being planned, according to the bureau's Web site.

Cuyahoga County Common Pleas Judge Mary Jane Boyle, one of five Cuyahoga County judges overseeing cases with mentally ill defendants, said most crimes committed by the mentally ill happen when the person is not taking medications.

Corey Miller, a coordinator for Recovery Resources, a nonprofit group that provides mental health programs and services throughout northeast Ohio, said many of the inmates tell him they got into trouble either because they cannot afford to pay for their medications or they find it easier to cope with their illnesses by turning to drugs or alcohol.

Keough said the mental health dockets give defendants a chance to get help.

"Sometimes the best thing to happen to them," she said, "is when they get into court."

ON THE NET

Bureau of Justice Assistance: http://www.ojp.usdoj.gov/BJA/

ANTITRUST:

Delta's Antitrust Objections To Merger May Be Overstated (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, December 27, 2006

Delta Airlines Inc. is using the looming specter of antitrust regulation as a key reason to fight an $8.5 billion takeover bid from US Airways Group Inc., but antitrust experts say Delta's argument is exaggerated.

The airline's Dec. 19 warning about the antitrust risks titled, "Proposed US Airways/Delta Merger Would Be Highly Anticompetitive" begins with a statement that the two airlines have "overlapping networks."

While it is true that the two nationwide carriers compete in many routes, the notion that antitrust problems make the deal a nonstarter "is just silly," according to a former government antitrust official.

The Department of Justice "is clearly going to look at this, and it's probably going to take four to five months," but Delta's warning that the review will take a year is not correct, according to the lawyer who asked that his name not be used.

In a Dec. 21 response to Delta's antitrust analysis, US Air acknowledges that some shuttle services between New York and Washington would have to be sold off, and that there are competitive problems with flights between Cincinnati and Charlotte, N.C., as well as Cincinnati and Philadelphia. Two city pair overlaps, according to US Air, is a far cry from the alarmist Delta report that identified more than 30 overlapping city pairs.

The key issue now is how US Air can proceed because Delta is in bankruptcy. Under bankruptcy rules, US Air can't launch a hostile bid for its competitor, but it can lobby creditors to put pressure on Delta.

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"Delta can pursue multiple, parallel paths to emerge from bankruptcy," he said.

One path could be joining with US Air to file premerger notification forms with the government, which would initiate an in-depth official review. That review would give the parties, and the bankruptcy judge, a clear view of what divestitures would be required to get the deal done.

A group of creditors already formed the Unofficial Committee of Unsecured Claimholders of Delta Air Lines Inc., which represents some $2.25 billion of unsecured debt. That group said "it expects Delta to consider methodically, proactively and fairly strategic alternatives to its proposed standalone Chapter 11 plan to ensure that creditor recoveries are maximized in the Chapter 11 process."

If that group -- or other creditors -- "somehow, through some means, can force Delta to make the HSR filings" the murky antitrust issues would likely clear up in a few weeks, the lawyer said.

McClatchy Co. Flagship Newspaper Star Tribune Sold To Private Equity Group For $530 Million (FINDLAW/AP)

By Joshua Freed, Ap Business Writer

AP, December 27, 2006

(AP) - MINNEAPOLIS-Newspaper publisher The McClatchy Co. said on Tuesday that it will sell its flagship newspaper Star Tribune to a private equity firm for $530 million (â,¬401.8 million), a sharp drop from the $1.2 billion (â,¬910 million) it paid to acquire the newspaper just eight years ago.

McClatchy said it decided to sell the newspaper to Avista Capital Partners through a private bidding process "after a strategic reevaluation of its portfolio of holdings" following McClatchy's purchase of Knight Ridder for $4.5 billion (â,¬3.4 billion) earlier this year.

McClatchy faces a large tax bill from selling off 12 other newspapers earlier this year as part of its purchase of Knight Ridder. It said the tax benefit of selling the Star Tribune at a loss is worth $160 million (â,¬121.3 million), raising the total value of the deal to $690 million (â,¬523 million). McClatchy said it would use the money to pay down its Knight Ridder debt.

McClatchy chairman and CEO Gary Pruitt said in a written statement that the Star Tribune "is a profitable business that has generated significant returns for the company over the years. However, as we continue to analyze our business following the Knight Ridder acquisition, it became clear that selling the Star Tribune strengthens McClatchy's competitive position."

"This deal came about because of very specific conditions involving the Star Tribune and today's changing media landscape. We have no plans to sell any other newspapers," Pruitt said in an e-mail to McClatchy employees.

Avista does not own any other daily newspapers. It was founded in 2005 by seven former partners and nine former professionals from DLJ Merchant Banking Partners, the private equity affiliate of Credit Suisse Group, according to the statement announcing the sale.

"Avista is a company that believes in the future of newspapers and is strongly committed to the success of the Star Tribune," Publisher and President Keith Moyer told Star Tribune employees in an e-mail.

"I have had the opportunity to get to know Avista leadership quite well recently, and I can say this without hesitation: They are progressive, very smart, good-hearted people who believe that no other media platform can reach a local audience as effectively as newspapers and their product extensions," Moyer wrote.

Moyer said he would report to Chris Harte, a member of Avista's executive advisory board, who will also be named the newspaper's chairman.

Newspaper industry analyst John Morton found the sale "inexplicable and disappointing."

"The Minneapolis Star Tribune has a good reputation, has always had a good reputation. It is the kind of newspaper that you would have hoped a company like McClatchy would continue to own," he said.

"Clearly what is happening to McClatchy is that they are much more concerned about their overall financial performance than they are about publishing newspapers, the way I read it," Morton said.

Associated Press Writer Brian Bakst contributed to this report.

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Private-Equity Group Taps Veteran Lobbyist (WSJ)

By Brody Mullins

The Wall Street Journal, December 27, 2006

WASHINGTON -- A group of major private-equity firms has tapped a former videogame lobbyist to lead a trade group to promote the industry's interests here.

The Private Equity Council, set to begin operations early next year, said in a statement that Douglas Lowenstein will serve as its first president and chief executive officer. To take the post, he is stepping down as president of the Entertainment Software Association, which represents the U.S. videogame industry.

Private-equity firms typically buy controlling stakes in companies in the hopes of quickly cashing out, either through a stock offering or by selling them to competitors or other private-equity firms at a profit.

The private-equity trade group has been in the works for a year, as a vehicle to highlight the positive side of takeover deals for lawmakers, government officials and others.

In its statement, the PEC said it plans to be a "leading advocate for the domestic and international private-equity industry as well as a resource for those seeking to better understand the industry's role in the rapidly evolving global economy."

Members of the council include Apollo Management, Bain Capital Partners LLC, Blackstone Group, Carlyle Group LP, Hellman & Friedman LLC, Kohlberg Kravis Roberts & Co., Madison Dearborn Partners LLC, Providence Equity Partners Inc., Silver Lake Partners, Texas Pacific Group and Thomas H. Lee Partners LP.

As the size of the industry has grown -- by some estimates, available capital managed by private-equity firms exceeds $700 billion -- the industry has faced resistance in Washington and in foreign capitals. Chinese and some European governments, in particular, have made it more difficult for private-equity firms to take over local companies.

Mr. Lowenstein, 55 years old, has headed the entertainment software group and its predecessor organization, the Interactive Digital Software Association, since 1994. According to National Journal, a magazine here covering lobbying and public policy and which compiles a comprehensive list on lobbyist activities every two years, Mr. Lowenstein received about $800,000 a year in salary and compensation in his current post.

Private Funds Prepare To Lobby (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 27, 2006

Some top private-equity funds have joined to form a lobbying organization to head off potential regulation.

The funds have become some of the most active purchasers of U.S. corporations, pooling money from private investors and companies and augmenting those sums with loads of debt. More than 28 percent of the dollar value of acquisitions announced in the United States this year involved private-equity firms, up from 3 percent five years ago, according to Dealogic.

The new organization, the Private Equity Council, is backed by such leaders in the burgeoning business of company buyouts as Blackstone Group, Carlyle Group and Kohlberg Kravis Roberts. Douglas Lowenstein, president of the Entertainment Software Association, which represents the U.S. video game industry, will head the trade association.

The move is the latest effort by the financial services industry to bolster its presence in Washington. The association that represents hedge funds, the Managed Funds Association, recently added to its staff, and the Securities Industry Association and the Bond Market Association merged this year to form what they hope will be a more influential lobby. The combined organization is the Securities Industry and Financial Markets Association, or SIFMA.

In late spring, several of the nation's largest private-equity firms started to discuss creating a lobby group. The decision was precipitated by recognition that they were becoming the target of tough criticism in the United States and in Europe; in Germany, for instance, a state governor referred to private-equity firms as "locusts."

Carlyle, Kohlberg Kravis Roberts and other firms were sued last month by investors who claimed they conspired to hold down the amounts they pay for companies. A regulator in Britain is also investigating market abuse in private-equity transactions.

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Private-equity firms collect large pools of funds from wealthy individuals, pension funds, college endowments and other sources and use the proceeds, along with loans, to buy all or large parts of companies. Hedge funds also amass money from similar sources but engage in usually shorter-term investments in such things as stocks and bonds.

Both are lightly regulated by the government, and that has caught the attention of lawmakers and senior officials in the executive branch, including those in the Securities and Exchange Commission. Christopher Cox, chairman of the SEC, has been pressing for more oversight of hedge funds, for example, which is now a $1 trillion industry.

The core group of firms behind the Private Equity Council are Blackstone, Carlyle, KKR and Texas Pacific Group. Initially, the association will consist of 15 to 20 firms and will be staffed by Lowenstein and a small group of senior people who will focus on commissioning research about the private-equity industry and its benefits to the economy.

Lowenstein could not be reached for comment yesterday, but in statement the council said it "will become a leading advocate for the domestic and international private equity industry as well as a resource for those seeking to better understand the industry's role in the rapidly evolving global economy."

Carlyle, Blackstone, Buyout Firms Form Lobby Group (Update1) (BLOOM)

By Brett Cole

Bloomberg, December 27, 2006

Dec. 26 (Bloomberg) -- Buyout firms including Carlyle Group and Blackstone Group LP formed the industry trade association Private Equity Council in Washington today as regulators increase their scrutiny.

Douglas Lowenstein was appointed chief executive officer, a group of buyout firms said in a statement. Lowenstein is now president of the Entertainment Software Association, which represents the U.S. video-game industry.

Private-equity firms and management have announced a record $718 billion of takeovers in 2006, Bloomberg data show. Carlyle, Kohlberg Kravis Roberts & Co. and other firms were sued in November by investors who claim they conspired to hold down prices they pay when buying companies. The U.K. market regulator also is researching market abuse in private-equity transactions.

The council ``will become a leading advocate for the domestic and international private equity industry as well as a resource for those seeking to better understand the industry's role in the rapidly evolving global economy," according to the statement.

Other members of the council include Apollo Management LP, Bain Capital LLC, Hellman & Friedman, Madison Dearborn Partners LLC, Providence Equity Partners, Silver Lake Partners, Texas Pacific Group, Thomas H. Lee Partners LP and KKR.

Lowenstein is traveling today and unavailable for comment, said Daniel Shapiro, a spokesman for the Private Equity Council.

Club Deals

Shareholders filed a suit in New York on Nov. 15 claiming they were shortchanged because private-equity firms tempered bidding for leveraged buyouts such as the $33 billion takeover of hospital chain HCA Inc., the largest LBO ever.

So-called club deals, where firms team up to make offers, broke antitrust laws, said investors, who are seeking unspecified damages. Before the suit, the Justice Department said it was investigating possible antitrust behavior.

Private-equity firms have come under fire in Europe for loading up target companies with debt while recouping costs with fees and dividends.

The U.K.'s Financial Services Authority said last month it's monitoring loans that banks are extending to fund leveraged buyouts on concern excessive debt may risk the stability of the nation's financial markets. Leverage reached a 10-year high in Europe in April, when buyout firms borrowed the equivalent of six times the annual cash generated by the companies they acquired, according to Standard & Poor's.

Buyout firms use their own funds and debt secured on the companies they acquire to pay for takeovers. They typically seek to expand companies or improve their performance before selling them within five years to other investors.

Texas Pacific Tops Buy-outs With $101bn (FT)

By Peter Smith In London

Financial Times, December 27, 2006

Texas Pacific Group has beaten Blackstone and Kohlberg Kravis Roberts to become the world's most prolific buy-out group in 2006, notching up 17 deals with an aggregate value of just over $101bn.

The figures reflect an extraordinary year for private equity in which the value of announced deals has risen to a record $700bn, more than double the record set in 2005 and 20 times bigger than in 1996, according to Thomson Financial, the data provider.

The wave of private equity deal activity, accounting for nearly one-fifth of all global mergers and acquisitions, has helped underpin a huge rise in the value of stock markets globally.

TPG notched up high-profile deals across the world, including Australia's Qantas airline, Las Vegas casino giant Harrah's, and Univision, the US's largest Spanish-language broadcaster. No other buy-out group has ever done more than $100bn worth of deals in a single year, a coup for TPG in an environment where being known as the biggest buy-out group helps open doors to the financing community and company boardrooms.

Blackstone, which topped the US league table, took part in global deals worth $93bn, while KKR, number one in Europe, managed a world total of $78bn. Bain Capital took part in $85bn worth of deals.

The US also regained its crown from Europe as the world's most active private equity market, recording $403bn of announced deals, treble that of 2005.

Charlie Bott, co-head of Goldman Sachs' financial sponsors group, said the US figure had been driven up primarily by a number of very large US deals, including HCA, the hospital group, Equity Office Partners, the real estate company, and Freescale Semiconductors.

Most of the large US deals were bought off the public markets by buy-out groups working in teams.

William Maltby, head of leveraged finance and financial sponsors at Deutsche Bank, said the climate in Europe for so-called take-privates had been harsher. "It has been very tough to buy listed businesses in Europe, especially the UK," he said. "Once you start targeting companies that are perceived as national champions, the outcome for private equity bidders becomes political and random.

"We still don't quite know what the upper end of the deal range is. Getting the capital together for a €10bn [$13.1bn] deal is relatively easy, even €30bn. But making the deal happen is the tough part."

The private equity boom is expected to continue, fuelled by unprecedented liquidity in the debt markets, huge capital raisings by the buy-out funds, deal opportunities in industries in need of restructuring or consolidation, and companies ripe for takeover in less mature markets.

However, Mr Bott had mixed views on the outlook. "I don't think the market will carry on being as robust for the whole of next year as it is today.

"We could be sitting here in one year's time saying the outlook for 2008 is less strong than it was for 2007."

¦ A dozen of the largest US private equity groups, including TPG, yesterday announced that Douglas Lowenstein, a lobbyist for the video-game industry and president of the Entertainment Software Association, would lead their newly-formed trade association in Washington. The Private Equity Council aims to improve the industry's image of buy-out firms amid the dealmaking boom.

"The active investment approach taken by private equity firms . . . has had a profound and positive impact on job growth, industry competitiveness, and profitability. Millions of pension plans participants have profited from the superior returns," the group said.

Mr Lowenstein has led the charge in lobbying for a tougher stance on video-game piracy, and helped manage charges that the video-game industry had overstepped the limits of acceptable violence and sexual content in recent years.

Reliance Prepares For Hutchison Essar Bid (FT)

By Amy Yee In Delhi, Tom Mitchell In Hong Kong And Andrew Parker In London

Financial Times, December 27, 2006

DOJ_NMG_0109148

Reliance Communications, India's second-largest mobile operator, is in talks with at least four private equity firms about combining forces to make an offer for Hutchison Essar, a smaller rival.

Vodafone Friday confirmed it was considering the acquisition of a controlling stake in Hutchison Essar, India's fourth-biggest mobile operator.

Reliance's talks with private equity firms underlines the likelihood of a bidding war for Hutchison Essar, which has an enterprise value of about $14bn.

Shares in Hong Kong-listed Hutchison Telecommunications International, which holds 67 per cent of Hutchison Essar, rose 8 per cent on Vodafone's statement, to a record high of HK$19.08. Reliance declined to comment. However, people familiar with the company said it was in talks with Apax, Blackstone, Carlyle and KKR.

On Thursday, Vodafone's board gave the go-ahead for management to prepare an offer for Hutchison Essar. Leading Vodafone investors have reacted cautiously but positively to the prospect of a $13.5bn-plus offer for Hutchison Essar. Vodafone's shares closed down 1.2 per cent at 142p Friday. Vodafone said in a statement earlier: "The board of Vodafone continues to believe the mobile market in India has great potential and is therefore considering the acquisition of a controlling interest in Hutchison Essar. Such a transaction would be consistent with its stated strategy of seeking selective acquisition opportunities in developing markets. The process is at an early stage and may or may not lead to a transaction."

Vodafone is seeking to counter slowing revenue growth in its core European businesses by increasing its presence in emerging markets. Hutchison Telecommunications International said in a statement it had "been approached by various potentially interested parties", which it did not identify, and cautioned that a transaction was not guaranteed.

Hutchison Telecommunications International is a subsidiary of Hutchison Whampoa, the Hong Kong-based conglomerate.

Hutchison Whampoa has declined to comment. But people familiar with the group have said that an offer of $13.5bn would be regarded as low and unlikely to result in a deal.

Investors in Hutchison Whampoa have become accustomed to the conglomerate disposing of assets so as to bolster its interim and full-year results.

Hutchison Whampoa executives have denied such sales of assets are designed to offset losses from its third-generation mobile businesses, where it has invested more than $25bn. Operating losses at the company's 3G businesses reached $4.65bn in the first half of this year.

ENVIRONMENT:

House Democrats Want To Redistribute Big Oil Money To Conservation, Renewables (AP)

By H. JOSEF HEBERT

AP, December 26, 2006

WASHINGTON (AP) - Democrats in the U.S. House of Representatives in the first weeks of the new Congress plan to establish a dedicated fund to promote renewable energy and conservation, using money from oil companies.

That is only one legislative hit the oil industry is expected to take next year as a Congress run by Democrats is likely to show little sympathy to the cash-rich, high-profile business.

Whether the issue is rolling back tax breaks _ some approved by Congress only 18 months ago _ pushing for more use of ethanol and other biofuels instead of gasoline, or investigations into shortfalls in royalty payments to the government, oil industry lobbyists will spend most of their time playing defense.

Details of a renewable fuels fund have yet to be worked out. Nonetheless, it is one of the initiatives the House will take up during its first 100 hours in session in January, according to aides to Nancy Pelosi, the Democratic leader. At least some of the money _ revenue gained by rolling back some tax breaks _ will go to a program to support research into making ethanol from sources other than corn.

"What we'll do is roll back the subsidies to Big Oil and use the resources to invest in a reserve for research in alternative energy," Pelosi, a California Democrat, recently told reporters.

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But the oil issue likely to be first out of the legislative block in January concerns the ability of the federal government to recover royalties many lawmakers believe have been unfairly avoided by oil and gas companies drilling in deep waters of the Gulf of Mexico.

The Interior Department has been trying to get more than 50 companies to rework 1998-99 drilling leases that allow the companies to avoid paying billions of dollars in royalties because of a government mistake in writing the leases. Recently five companies agreed to a compromise to pay royalties on future production under the leases, but not from oil and gas already taken from the federal waters.

Most of the other companies argue that the leases represent a binding contract and have not even talked to Interior officials about them.

The industry intransigence has upset many in Congress, both Republicans and Democrats, who say they want to find a way to force the companies back to negotiations on the flawed leases. One approach is legislation barring companies from bidding on future leases unless they agree to renegotiate the flawed ones.

"There will be a new cop on the beat to force every big oil company that is currently lining its pockets with taxpayer dollars to come back to the negotiating table," Rep. Edward Markey, a Democrat, declared.

Pelosi calls the royalty avoidance from the 1998-99 leases the biggest oil industry subsidy issue she intends to tackle early. Congressional estimates have put the potential royalty loss at as much as $10 billion (?7.5 billion) over the life of the leases.

Rep. Henry Waxman, the incoming chairman of the House Government Reform Committee, has promised to continue pressing the Interior Department on the matter, which also has been the subject of extensive hearings under Republican leadership.

Recently Waxman and Rep. Tom Davis, a Republican and the committee's departing chairman, asked the Justice Department to review Interior's claim that royalties legally cannot be collected from past production under the leases.

House Democrats also are targeting a handful of oil industry tax breaks for repeal. Both Republican and Democratic lawmakers say there is unlikely to be an attempt to push more sweeping measures such a new tax on the oil industry's windfall profits.

Members of both parties have said they also want to make another stab at passing a federal law against oil company price gouging, an issue that will gain momentum should oil and gasoline prices again soar amid huge industry profits.

At the top of the hit list is a tax break that was aimed at promoting U.S. manufacturing but has provided a windfall for the oil industry as well. The provision reduces the corporate tax rate on profits from products made in the United States.

As for oil companies rolling in profits with $60 (?45.5)-a-barrel crude, it is "a break they didn't earn, deserve or need," says Rep. Jim McDermott, a Democrat. McDermott tried to eliminate the tax break in May but was unsuccessful. He estimates that oil companies are saving as much as $700 million (?530.6 million) in taxes a year because of it.

Democrats also are targeting other benefits for refinery investments and for expenditures for certain types of oil and gas exploration. Those measures, passed by Congress last year as part of a broad energy bill, are estimated to cost the government about $1.3 billion over 10 years.

Executives of the largest oil companies have said they do not need those tax breaks and do not oppose their repeal. Congress earlier this year already eliminated the tax incentive on exploration for the five largest companies.

The White House is not opposed to rolling back some of the tax breaks that Congress approved last year. President George W. Bush has said the industry does not need the subsidies given today's oil prices and industry profits.

2007 Energy Outlook: Costs Up (CSM)

By Ron Scherer

The Christian Science Monitor, December 27, 2006

NEW YORK

Remember this? Motorists complaining at the pump as the price of gasoline rises. Airlines bumping up airfares to cover expensive jet fuel. And delivery services tacking on surcharges, reflecting a record price for a barrel of oil.

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But it's not just a description of this past spring. It's also the forecast for next year, probably just when school lets out for the summer and motorists are starting to put more miles on the odometer.

"We could see close to $85 a barrel on crude next year," says Phil Flynn of Alaron Trading in Chicago.

If the forecast comes true, energy could be a dominant factor in the economic outlook for 2007 because, unlike this year, the potential increases would come when the economy is expected to be struggling. It would thus be the wrong time for the equivalent of a tax increase, which is how economists describe a spike in consumer energy costs. And it could catch the Federal Reserve in the middle of an energy-fueled jump in the inflation rate: Usually, the Fed tries to counter inflation by raising interest rates, but in a soft economy, it would rather cut interest rates.

"If we get a surge in energy prices next year, then the probability of a recession increases dramatically," says Dennis Jacobe, chief economist for the Gallup Organization in Washington. "It depends on how fast the rise takes place."

Yes, some energy analysts are beginning to think 2007 will be a case of déjà vu for consumers and business. In this scenario, prices start to ratchet up in the spring, peak sometime in the summer at a new record, and then fall back to lower levels later in the year.

Right now, the weather is an important factor, especially for the price of oil. Tuesday, oil prices hovered around $62 a barrel, some $18 a barrel below the high for the year, as relatively warm weather affected the Northeast. "We have had a relatively mild winter so far, some 20 percent to 30 percent above average [temperatures]," says John Felmy, chief economist at the American Petroleum Institute in Washington.

Last week, the National Weather Service said the warm weather in the Northeast will continue into the first week of January. But Mr. Felmy worries that a return to "normal" temperatures in January could prevent refiners from switching to gasoline production, because they would have to produce more home heating oil. "To get back a normal winter, it has to be colder than normal the rest of the winter," he frets.

It's not just the weather that's keeping a lid on prices. US economic growth is slowing - down to about 2 percent growth in the gross domestic product. The slower growth means crude-oil demand is slack - up only 0.2 percent on a year-to-date basis.

Sluggish demand has already forced OPEC to reduce production by as much as 600,000 barrels per day. OPEC's reduction also means the cartel has the ability to ramp up production to keep prices in check.

In addition, non-OPEC sources are expected to increase next year, as new discoveries in Russia, Brazil, and the US Gulf of Mexico come onstream. The Department of Energy estimates this could add a few hundred thousand barrels of oil a day to the world supply.

Any new supplies, however, could quickly be absorbed by China. With its economy expected to expand by another 9 to 10 percent, its oil demand is expected to increase by about 7 percent, estimates Paul Ting of Paul Ting Energy Vision in Short Hills, N.J.

China currently imports between 3 million to 3.5 million barrels of oil per day, Mr. Ting estimates. This indicates it would need an additional 200,000 barrels each day to satisfy its larger appetite.

But as Ting points out, "it's never simple when it comes to the Chinese energy landscape." For example, with a significant amount of its oil coming from the Middle East, China is placing more importance on energy security. "The lack of a strategic petroleum reserve [in China] is a big issue," says Ting. "So in the next year or so, they will start to accumulate 100 million barrels of oil, which translates into an additional 100,000 barrels of oil per day."

While China grapples with surging demand, some analysts believe geopolitical concerns about energy may once again roil the energy markets.

In April, Nigeria, a key oil provider, will hold a presidential election. In the oil-rich delta area of Nigeria, dissidents are attacking oil platforms and kidnapping workers.

"Separatists are already attacking the infrastructure, and the unrest could climax in April," says John Kilduff, an energy trader at FIMAT USA, a commodities broker.

Tuesday, in an indication of the difficulties facing business operations in Nigeria, a gasoline pipeline there exploded, killing at least 200 people.

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Energy markets will also be tuned in to the situation in Iraq, says Amy Myers Jaffe, professor of energy policy at Rice University in Houston. In one possible scenario, there might be some manipulation of the price of oil because of the ongoing sectarian strife in Iraq between the Shiites and the Sunnis, she says. She cites as an example the Iran-Iraq war in the 1980s, when Saudi Arabia, a mainly Sunni Muslim state, tried to keep oil prices down to hurt Iran, which is mainly Shiite.

"The fact the Saudis have not done it yet does not mean they would not do it," she says. "They have enough spare capacity to do this again if they see political facts they don't like."

If the strife in Iraq were to spread, that could pose a major risk. Most of the oil production in the region is in areas controlled by Shiites, even in Saudi Arabia, says Professor Jaffe. "There is the possibility this could become not just a crisis in Iraq but could spread to other populations. The reality is that if you commute to work, you have to care that there is no extended civil war in the Gulf."

U.S. Wants Polar Bears Listed As Threatened (WP)

By Juliet Eilperin

The Washington Post, December 27, 2006

The Bush administration has decided to propose listing the polar bear as threatened under the Endangered Species Act, putting the U.S. government on record as saying that global warming could drive one of the world's most recognizable animals out of existence.

The administration's proposal -- which was described by an Interior Department official who spoke on the condition of anonymity -- stems from the fact that rising temperatures in the Arctic are shrinking the sea ice that polar bears need for hunting. The official insisted on anonymity because the department will submit the proposal today for publication in the Federal Register, after which it will be subject to public comment for 90 days.

Identifying polar bears as threatened with extinction could have an enormous political and practical impact. As the world's largest bear and as an object of children's affection as well as Christmastime Coca-Cola commercials, the polar bear occupies an important place in the American psyche. Because scientists have concluded that carbon dioxide from power-plant and vehicle emissions is helping drive climate change worldwide, putting polar bears on the endangered species list raises the legal question of whether the government would be required to compel U.S. industries to curb their carbon dioxide output.

"We've reviewed all the available data that leads us to believe the sea ice the polar bear depends on has been receding," said the Interior official, who added that U.S. Fish and Wildlife Service officials have concluded that polar bears could be endangered within 45 years. "Obviously, the sea ice is melting because the temperatures are warmer."

Northern latitudes are warming twice as rapidly as the rest of globe, according to a 2004 scientific assessment, and by the end of the century, annual ocean temperatures in the Arctic may rise an additional 13 degrees Fahrenheit. As a result, researchers predict that summer sea ice, which polar bears use as a platform to hunt for ringed seals, will decline 50 to 100 percent. Just this month, researchers at the National Center for Atmospheric Research outlined a worst-case scenario in which summer sea ice could disappear by 2040.

By submitting the proposal today, the Interior Department is meeting a deadline under a legal settlement with three environmental advocacy groups -- the Center for Biological Diversity, the Natural Resources Defense Council and Greenpeace -- that argue the government has failed to respond quickly enough to the polar bear's plight. The department has been examining the status of polar bears for more than two years.

NRDC senior attorney Andrew Wetzler, one of the lawyers who filed suit against the administration, welcomed the proposal for listing.

"It's such a loud recognition that global warming is real," Wetzler said. "It is rapidly threatening the polar bear and, in fact, an entire ecosystem with utter destruction."

There are 20,000 to 25,000 polar bears worldwide, 4,700 of which live in Alaska and spend part of the year in Canada and Russia. The other countries with polar bears in their Arctic regions are Denmark and Norway.

Although scientists have yet to fully assess many of the 19 separate polar bear populations, initial studies suggest that climate change has already exacted a toll on the animals.

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The ice in Canada's western Hudson Bay is now breaking up 2 1/2 weeks earlier than it did 30 years ago, giving polar bears there less time to hunt and build up fat reserves that sustain them for eight months before hunting resumes. As local polar bears have become thinner, female polar bears' reproductive rates and cubs' survival rates have fallen, spurring a 21 percent population drop from 1997 to 2004.

Scientists have not charted the same rapid decline within the U.S. polar bear populations, but federal scientists have observed a number of troubling signs as the bears have resorted to open-water swimming and even cannibalism in an effort to stay alive.

Polar bears normally swim from one patch of sea ice to another to hunt for food, but they are not accustomed to going long distances. In September 2004, government scientists observed 55 polar bears swimming offshore in the Alaskan Beaufort Sea, an unprecedented spike, and four of those bears died. In a separate study that year, federal scientists identified three instances near the Beaufort Sea in which polar bears ate one another.

The Interior official said government officials studying Alaskan polar bears in the southern Beaufort Sea area have observed thinner adult bears and a lower rate of survival among cubs. Although the population has yet to dip, "unless the polar cub survival rate goes up, it would have to happen," the official said.

Still, the official added that the decision to propose polar bears as threatened with extinction "wasn't easy for us" because "there is still some significant uncertainty" about what could happen to bear populations in the future.

"This proposal is sort of like a scientific hypothesis. You put this out there and say to the world, 'Tell us, is this right or is this wrong?' " the official said, adding that Interior will hold several public hearings about its proposal. "We're projecting what we think will happen in the future, not just what's happening at this moment."

The department could take up to a year to complete its proposal, and it could abandon the listing if it unearths new scientific projections about the bears' fate. But that appears unlikely, as recent models have consistently pointed to a faster deterioration of Arctic sea ice.

Although federal officials cited rising sea temperatures once before in a threatened species proposal -- in May, when they called them a "major stressor" on Caribbean elkhorn and staghorn corals -- today's proposal will mark the first time the administration has identified climate change as the driving force behind the potential demise of a species.

Robert Correll, the scientist who chaired the international Arctic Climate Impact Assessment in 2004 and now directs the global change program at the H. John Heinz III Center for Science, Economics and the Environment, said in an interview that the proposal to place polar bears on the endangered species list is "highly justified."

Correll added that he is participating in an administration-funded study at the Center for Strategic and International Studies on how climate change could affect national security and foreign policy.

That, along with the proposal on polar bears, he said, "plays into a reality that, in my opinion, they're going to be rethinking their position" on global warming.

EXCO To Buy Two Gas Fields From Anadarko (WSJ)

By John M. Biers

The Wall Street Journal, December 27, 2006

Anadarko Petroleum Corp. agreed to sell two Louisiana natural-gas fields for $1.6 billion to EXCO Resources Inc., in its latest push to reduce debt after a pair of large acquisitions.

The sale covers Anadarko's Vernon and Ansley fields, which produce 192 million cubic feet of natural gas a day, or about 11% of the company's gas production.

The fields "have been great assets for the company," Anadarko Chief Executive Jim Hackett said. "However, the fields have reached the stage in their development cycle where it makes sense for us to monetize them, reduce leverage and focus on other attractive opportunities in our portfolio."

Anadarko, an oil and natural-gas producer based in The Woodlands, Texas, has been busy this year, purchasing Oklahoma City oil and natural-gas developer Kerr-McGee Corp. and Denver natural-gas producer Western Gas Resources for $21 billion over the summer before implementing an aggressive asset-sale program in the fall to reduce debt. The EXCO sale

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brings the total revenue from the asset sales to $8.1 billion. Anadarko has also agreed to sell assets in Canada and the Gulf of Mexico.

Anadarko had net debt of $26 billion at the end of the third quarter. The company's goal is to notch it down to $12 billion by the end of 2007, Anadarko Chief Financial Officer Al Walker said earlier this month.

A company spokeswoman said Anadarko is also actively marketing a variety of other onshore properties in the U.S., including the "Golden Trend" in Kansas and Oklahoma, an enhanced oil-recovery venture in western Texas, some assets in the Northern Rockies and a partial interest in its K-2 complex in the Gulf of Mexico. The company also hopes to sell some producing properties in Qatar and its Venezuela interest, the spokeswoman said.

Shares of EXCO, a Dallas specialist in onshore developments, were up $1.06, or 6.3%, at $17.90 in 4 p.m. composite trading, while Anadarko shares were up 56 cents at $42.70, both on the New York Stock Exchange.

Farmers And Conservationists Form A Rare Alliance (NYT)

By Jessica Kowal

The New York Times, December 27, 2006

MOUNT VERNON, Wash. — The standoff here between farmers and environmentalists was familiar in the modern West.

With salmon and wildlife dwindling in the Skagit River Delta, some environmentalists had argued since the 1980s that local farms should be turned back into wetlands. Farmers here feared that preachy outsiders would strip them of their land and heritage.

This year, though, the standoff ended — at least for three longtime farmers in this fertile valley, who began collaborating with their former enemies to preserve wildlife and their livelihoods.

The Nature Conservancy, which usually buys land to shield it from development, is renting land from the three farmers on behalf of migrating Western sandpipers, black-bellied plovers, dunlins, marbled godwits and other shorebirds.

From private and public funds, including a grant from the federal Environmental Protection Agency, the farmers, David Hedlin, Gail Thulen and Alan Mesman, will together receive up to $350,000 for three years of labor, expenses and the use of 210 acres, said Kevin Morse, the Skagit Delta project manager for the conservancy.

Each man has committed about 70 acres to this project, which is called Farming for Wildlife. A third of that land will be flooded with a few inches of fresh water in the spring, fall and winter. This will create shallow ponds to entice thousands of birds, some of them on their way to and from the Arctic, to stop and snack on tiny invertebrates and worms as they travel along the Pacific flyway.

More than a dozen shorebird species have declined primarily because of the loss of local wetlands, said Gary Slater, research director at the Ecostudies Institute here and a consultant for the Nature Conservancy.

The farmers see the Nature Conservancy's willingness to pay them as an acknowledgment that they should not be expected to sacrifice their land or their living for wildlife. This approach effectively turns shorebirds into another crop to manage, instead of grounds for a lawsuit.

"The stewardship ethic in this valley is incredibly strong, but it doesn't trump the bank," said Mr. Hedlin, 56, who, with his wife, Serena Campbell, grows farmer's market produce, vegetable seeds, pumpkins, winter wheat and pickling cucumbers on their 400-acre farm.

Mr. Hedlin's 70-acre Farming for Wildlife parcel has been under water since a heavy November rain breached a dike and flooded the field, in a preview of what environmentalists hope will happen. Edged with wild roses and blackberry bushes, this accidental lake quickly attracted wintering waterfowl like trumpeter swans, coots, and mallard, teal and wigeon ducks.

An hour north of Seattle and an hour south of Vancouver, British Columbia, this region's glorious tulip farms attract hundreds of thousands of tourists each April. Skagit farmers also produce about 80 crops of commercial significance, including seeds used to grow beets, spinach and cabbage around the world, many of the red potatoes eaten in the United States, and vegetables and dairy products sent to farmer's markets and restaurants in the Pacific Northwest.

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Thousands of years of flooding on the Skagit River deposited a rich layer of topsoil in the "magic Skagit," as Mr. Hedlin calls the valley. European immigrants flocked here starting in the 1860s and built Victorian houses for their families on the board-flat green fields.

They also constructed an elaborate network of earthen dikes to capture land from the saltwater delta and prevent the rivers from flooding their farms. On this managed agricultural landscape, tens of thousand of acres of farmland were once tidal wetlands, Mr. Hedlin said.

Since the mid-1990s, residents have tried to slow development as strip malls and housing subdivisions marched northward from Seattle. Skagit County residents pay extra taxes to buy development rights from farmers, and a charitable group, Skagitonians to Preserve Farmland, warns that "Pavement is forever."

Many conservationists have also decided that farms are better than pavement, and say they are willing to balance preservation with profitable land use.

Mr. Morse lives here and even volunteered to spend two days last spring selling Mr. Hedlin's produce at a farmer's market.

"We don't know anything about farming," Mr. Morse told the farmers recently over coffee and sandwiches at the Rexville Grocery. "You guys are the stewards of the land. You tell me what to do."

For this experiment, each farmer's 70-acre parcel has been planted with a mixture of clover and grass to enrich the soil. While a third of the land will be periodically flooded for birds, a third will be fenced as pasture for dairy cows, and the rest will be mowed and otherwise left alone.

Farms here are gradually shifting toward organic production because consumers willingly pay much more for organic food. As another incentive to join Farming for Wildlife, the 210 acres will be available for organic use after three years.

Mr. Mesman will start producing organic milk with his 225 Holstein cows next spring. Mr. Thulen sees a big market for organic potatoes.

"In my time, I can see our little valley was farmed very hard," said Mr. Thulen, whose 2,000-acre farm was begun by his grandfather in 1867. "That pendulum has swung to get the ground healthy again."

In an ideal world, the Nature Conservancy would love to persuade farmers to add wetlands to their regular crop rotation. To that end, the group's scientists will analyze soil samples to assess whether shallow flooding might improve soil fertility as much as cow manure and mowed grass do.

In a similar project on the Tule Lake National Wildlife Refuge in Northern California, farmers reported better potato yields and fewer nematodes, a harmful worm, on land that had been purposefully flooded. But scientists say this may not apply in the Skagit Valley, where the soil has a higher clay content.

Whether or not they end up with more productive land, the three farmers seem pleased to try something new without financial risk.

"If 100 years from now," Mr. Hedlin said, "there are healthy viable family farms in this valley and waterfowl and wildlife and salmon in the river, then everyone wins."

Meat And The Planet (NYT)

The New York Times, December 27, 2006

When you think about the growth of human population over the last century or so, it is all too easy to imagine it merely as an increase in the number of humans. But as we multiply, so do all the things associated with us, including our livestock. At present, there are about 1.5 billion cattle and domestic buffalo and about 1.7 billion sheep and goats. With pigs and poultry, they form a critical part of our enormous biological footprint upon this planet.

Just how enormous was not really apparent until the publication of a new report, called "Livestock's Long Shadow," by the Food and Agriculture Organization of the United Nations.

Consider these numbers. Global livestock grazing and feed production use "30 percent of the land surface of the planet." Livestock — which consume more food than they yield — also compete directly with humans for water. And the drive to expand grazing land destroys more biologically sensitive terrain, rain forests especially, than anything else.

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But what is even more striking, and alarming, is that livestock are responsible for about 18 percent of the global warming effect, more than transportation's contribution. The culprits are methane — the natural result of bovine digestion — and the nitrogen emitted by manure. Deforestation of grazing land adds to the effect.

There are no easy trade-offs when it comes to global warming — for example, cutting back on cattle to make room for cars. The human passion for meat is certainly not about to end anytime soon. As "Livestock's Long Shadow" makes clear, our health and the health of the planet depend on pushing livestock production in more sustainable directions.

Clone On The Range (WP)

The Washington Post, December 27, 2006

WHEN YOU TRY your first clonedog, you might not even notice. The Post's Rick Weiss reported Monday that the Food and Drug Administration is expected to vouch this week for the quality of meat and dairy products from cloned animals and their offspring. So far, ranchers and breeders have voluntarily kept food from such animals off of Americans' dining room tables. That will probably change soon.

A recent poll by the Pew Initiative on Food and Biotechnology indicates that a majority of Americans get queasy at the thought of clonal animal products lining supermarket shelves. But to its credit, the FDA stuck to the science -- the great bulk of which supports its reported conclusion.

In a study set to be published in January, scientists at the Agriculture Department's Meat Animal Research Center raised over 400 animals -- more than half of them offspring of clones -- in identical conditions. An independent lab scrutinized more than 14,000 characteristics of the animals' meat composition and health, and only one animal returned results considered abnormal. This mirrors the findings of other studies.

Cloning animals with superior genetics will make animal products better and less expensive. Breeders aim to grow genetic twins of animals with desirable traits -- such as leaner, tastier meat -- in order to breed them and improve herds over generations. The only difference between this technique and traditional animal husbandry is the production of a genetic copy at the outset. As more high-quality breeding stock becomes available, the value of such animals will decrease, lowering production costs. Americans who don't want to eat animal products made this way will undoubtedly have the opportunity to do so through niche producers.

Opposition to the cloning of livestock has proved powerful. The International Dairy Foods Association helped delay FDA action for years out of fear that American dairy goods would become less attractive abroad. According to the Pew poll, a large number of Americans object to animal cloning out of religious concerns, views that anti-cloning groups will no doubt exploit to distract the public from the scientific evidence. But the FDA's job, in this as in other matters, is to fairly assess the science.

FBI/DEA/ATF/USMS:

Authorities Bust Multi-million Dollar Hampton Roads Cocaine Ring (AP)

By The Associated Press

AP, December 27, 2006

NORFOLK, Va. -- Federal authorities say they've charged 11 people believed to be involved in a Hampton Roads drug-dealing ring that has sold a ton of cocaine worth more than $8 million over the last 13 years.

One suspect, Linwood Parker, is thought to have earned as much as $2.9 million from cocaine sales, authorities said.

Most of the suspects have been arrested over the last 10 days. An informant helped with the case by wearing a microphone as police taped Hampton Roads drug deals over the last year, authorities said.

Drug Enforcement Administration officials worked with state and local authorities on the case, which officials said is one of the largest drug cases in the last 13 years.

The informant, who has never been formally charged, was arrested in Norfolk last year during a cocaine deal. Authorities searched his house, seizing $50,000 and "significant financial records," according to an affidavit filed by the DEA and the U.S. Attorney's office.

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He's told DEA officials that in 1993 he began buying cocaine from Naeron Mudie, a Jamaican native who moved to Hampton in the early 1990s to establish a drug trade, the affidavit said.

Mudie and six others have been charged in a separate indictment with related crimes.

In 2001, the informant began buying cocaine directly from a source in the Bahamas, the affidavit said.

Most recently, the informant told business associates that a large cocaine shipment was due on Dec. 17. But the shipment was actually arranged by the DEA, court records said.

Information from: The Virginian-Pilot, http://www.pilotonline.com

Arrests Break Up Hampton Roads Cocaine Ring, DEA Says (VAPILOT)

By Tim McGlone, The Virginian-pilot

Hampton Roads Virginian-Pilot, December 27, 2006

NORFOLK - Federal authorities say they have broken up a drug conspiracy ring suspected of distributing about a ton of cocaine, worth more than $8 million.

Eleven people have been charged in the alleged conspiracy, which authorities said dates back 13 years. It is one of the largest drug cases over that time, federal officials said.

"This was a significant organization working in the Tidewater area," said Randy Benavente, resident agent in charge of the local Drug Enforcement Administration. The case was investigated by the DEA's drug task force of federal, state and local authorities.

Most of the suspects were arrested over the last 10 days. One defendant, Linwood C. "Lenny" Parker, is suspected of grossing $2.1 million to $2.9 million on the sale of cocaine. He is scheduled to appear in U.S. District Court today.

Authorities say the case grew out of the cooperation of an unidentified individual who wore a microphone as authorities tape-recorded and videotaped drug deals throughout Hampton Roads over the past year.

The informant told the DEA that in 1993 he began buying crack from Naeron B. Mudie, a Jamaican native who had moved to Hampton in the early 1990s to establish a drug trade, according to a 34-page affidavit filed in court by the DEA and the U.S. Attorney's Office. Mudie and six others are charged in a separate indictment with related crimes.

The informant declined to take over Mudie's business when Mudie went to prison for a short time in 1996 but continued selling drugs throughout Hampton Roads. In 2001, he began buying cocaine directly from an unidentified source in the Bahamas, the affidavit says.

Between 2001 and 2004, the informant purchased about 770 pounds of cocaine from his Bahamas source as well as another person in Florida and distributed it in Hampton Roads, according to the court document. He paid between $20,000 and $22,000 a kilogram, or 2.2 pounds.

In fall 2005, the informant was arrested in Norfolk during a transaction involving

9 kilo s of cocaine. Authorities searched his house, seizing $50,000 and "significant financial records," the affidavit says.

The informant has not been formally charged and instead has been working with the task force.

According to the records, the informant promised the others that a large shipment of cocaine was due to arrive Dec. 17. The shipment was actually arranged by the DEA.

Benavente of the DEA declined to comment further on the case. Prosecutors in the U.S. Attorney's Office also declined to speak about the case.

The defendant Parker and two other suspects, Michael L. "Caddi" Sparrow and Isaac Ivan "Dog" Banks, are accused of selling the most cocaine - hundreds of pounds, worth millions of dollars.

Authorities are seeking to seize $8.6 million, the estimated gross proceeds of the entire ring. It is believed that most of the money has been sent to off shore banks.

Other suspects identified in court records as smaller dealers or couriers are: Julius C. Bernard, Tameka E. Branch, Thomas J. Cambell III, Dwayne Anthony Griffith, Crystal A. Hickson, Kenneth L. Williamson, Linda Watkins, and a defendant whose name was not immediately known.

Attorneys representing several defendants did not return calls seeking comment.

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• Reach Tim McGlone at (757)446-2343 or tim.mcglone@pilotonline.com.

Mexican Drug-kingpin Suspects In Court Today (WT)

By Jerry Seper, The Washington Times

The Washington Times, December 26, 2006

Two men believed to be high-ranking members of a Mexico-based smuggling ring are scheduled to appear today in federal court in San Diego to discuss future court dates and arrange for legal representation.

Francisco Javier Arellano-Felix, 37, and Manuel Arturo Villarreal Heredia, 31, were named last week in a seven-count federal grand jury indictment on racketeering, drug trafficking and money laundering charges in an operation that dominated the Mexican drug trade for more than a decade. The ring flooded the United States with hundreds of tons of cocaine, marijuana, methamphetamine and heroin.

The indictment accuses the men of maintaining control of a drug trafficking empire through kidnappings and up to 20 slayings, including beheadings, of rivals in the drug trade, law-enforcement officers and members of the press.

Both men were arrested in August by U.S. authorities while deep-sea fishing 15 miles off the coast of La Paz, Mexico, and have been in custody in San Diego ever since. The U.S. Coast Guard apprehended them aboard a boat known as the "Dock Holiday."

The new indictment replaces one handed up in 2003 that did not include the continuing criminal enterprise charges that could lead to their executions. Mexico has balked at extraditing those facing a possible death sentence.

A decision by federal prosecutors on whether to seek the death penalty will be made by Attorney General Alberto R. Gonzales at a later date.

The indictment describes Mr. Arellano-Felix as the gang's principal organizer and top leader since March 2000, and Mr. Villarreal as a hired assassin in command of crews that carried out enforcement operations and drug trafficking activities.

Both men pleaded not guilty during brief court appearances last week before U.S. District Judge Larry Alan Burns.

The gang, often referred to as the Tijuana Cartel, has been considered one of the most powerful and violent drug trafficking organizations in Mexico. At the height of its power, it was responsible for the transportation, importation and distribution of multi-ton quantities of cocaine, marijuana, heroin and methamphetamine into this country from Mexico -- primarily from Tijuana into San Diego and Los Angeles.

Jesus Labra Aviles, long considered the financial mastermind of the organization, was arrested in Mexico City in March 2000 by the Mexican military with the support of the U.S. Drug Enforcement Administration's (DEA) Tijuana office, which ensured he was not released.

That was followed by the arrest of Ismael Higuera-Guerrero, a top lieutenant, two months later by the Mexican military in coordination with DEA. He had been the most overt member of the gang arrested, directing operations in Tijuana for years.

Gift Cards Just The Ticket For Organized Crime (CNS)

CanWest News Service, December 26, 2006

OTTAWA - Those gift cards that countless Boxing Day shoppers will be cashing in today are also landing under the Christmas trees of organized-crime groups, who use them as ``virtual currency'' for drug deals and money laundering, according to the RCMP.

A recent organized-crime threat assessment for Canada and the United States identified gift cards and prepaid debit cards as one of the tools in the financial-crime kit of organized crime. The assessment was compiled by the RCMP, the FBI and the U.S. Drug Enforcement Administration.

``All these cards were built for legitimate purposes, obviously,'' said John Sullivan, acting director of the RCMP's proceeds-of-crime branch. ``But as with any new technology, as soon as criminal organizations see a gap, they exploit it.''

Sales of gift cards have exploded in recent years, making them a ubiquitous feature at retailers such as Chapters, HMV and Home Depot.

During last year's holiday season, 82 per cent of Canada's largest retailers offered such cards, up from 53 per cent in 2003, according to a recent Statistics Canada study.

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Sales figures for Canada are tough to come by, but U.S. numbers suggest gift cards are a booming business. The U.S. National Retail Federation estimated Americans will spend $24.8 billion US on gift cards this holiday season.

Many retailers offer gift cards in set denominations. The deposit limit on such ``closed'' cards make them less attractive for organized-crime groups, Sullivan said.

They prefer ``open'' cards with higher deposit limits, such as those offered by credit-card companies, he said.

RCMP officers said such cards are now accepted as valid currency between crime syndicates. Instead of a suitcase of cash, operatives might show up for a drug deal with a fistful of gift cards.

``Let's just say a kilo of cocaine is sold for $30,000 on the market. Well, you come in with 15 cards loaded with $2,000, and you pay for that commodity,'' said Stephane Sirard, an intelligence analyst with the RCMP's criminal-intelligence directorate.

The cards are also useful for transferring money across the border, because they don't qualify as ``monetary instruments'' and aren't subject to reporting limits, he said. Individuals crossing the border with $10,000 or more must file a report with Canadian border authorities.

Internet-savvy crooks could also launder money by converting it into gift cards, then sell the cards online for less than the value stored on the card, Sirard said.

An informal search of Ebay.ca found more than 2,000 gift cards on sale in Canada, many at asking prices below face value.

Gift cards are an attractive option for crime groups because they can be obtained without going through the ``mainstream'' banking system, Sullivan said.

MasterCard Canada, for example, offers a gift card that can be loaded up to $2,500. A website that promotes the card said applicants require no credit check, security deposit, employment or income verification.

Applicants can apply for a card at various retail locations across Canada, such as convenience stores and payday-loan outlets. Once they complete the registration online, the card is mailed to them and they can load and reload it with cash at any of the retail locations.

MasterCard Canada didn't return a call for comment.

When poorly managed, prepaid-card programs can be a ``vehicle for money laundering and terrorist financing,'' conceded Gord Jamieson, director of risk management and security at Visa Canada.

But he said his company has taken a number of steps to prevent its cards from being used for criminal purposes. Prepaid Visa cards available to individual applicants have a deposit limit of $500 in Canada and cannot be reloaded or used at an ATM.

The company does offer a prepaid card with no deposit or reloading limit, but cardholders typically apply through their employers. Visa also tracks purchasing to ensure the card isn't used in countries known as money-laundering havens, he said.

``We've put some pretty tight controls around this so it's not an attractive option for money laundering.''

Sullivan said prepaid cards only recently appeared on the RCMP radar. He declined to comment on specific cases where gift cards have been seized, but said the Mounties' assessment is based on ``more than just anecdotal evidence.''

Gift Cards Popular With Underworld Set (CP)

Canadian Press, December 26, 2006

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Internet-savvy crooks could also launder money by converting it into gift cards, then sell the cards online for less than the value stored on the card, Sirard said.

An informal search of ebay.ca found more than 2,000 gift cards on sale in Canada, many at asking prices below face value.

Gift cards are an attractive option for crime groups because they can be obtained without going through the "mainstream" banking system, Sullivan said. MasterCard Canada, for example, offers a gift card that can be loaded up to $2,500. A website that promotes the card said applicants require no credit check, security deposit, employment or income verification.

Applicants can apply for a card at various retail locations across Canada, such as convenience stores and payday-loan outlets. Once they complete the registration online, the card is mailed to them and they can load and reload it with cash at any of the retail locations.

MasterCard Canada didn't return a call for comment.

When poorly managed, prepaid-card programs can be a "vehicle for money laundering and terrorist financing," conceded Gord Jamieson, director of risk management and security at Visa Canada.

But he said his company has taken a number of steps to prevent its cards from being used for criminal purposes. Prepaid Visa cards available to individual applicants have a deposit limit of $500 in Canada and cannot be reloaded or used at an ATM .

The company does offer a prepaid card with no deposit or reloading limit, but cardholders typically apply through their employers. Visa also tracks purchasing to ensure the card isn't used in countries known as money-laundering havens, he said.

"We've put some pretty tight controls around this so it's not an attractive option for money laundering."

Sullivan said prepaid cards only recently appeared on the RCMP radar.

Afghan Heroin's Surge Poses Danger In U.S. (LAT)

By Garrett Therolf, Times Staff Writer

The Los Angeles Times, December 26, 2006

The world's purest form can kill more addicts, as seen in L.A. County.

Supplies of highly potent Afghan heroin in the United States are growing so fast that the pure white powder is rapidly overtaking lower-quality Mexican heroin, prompting fears of increased addiction and overdoses.

Heroin-related deaths in Los Angeles County soared from 137 in 2002 to 239 in 2005, a jump of nearly 75% in three years, a period when other factors contributing to overdose deaths remained unchanged, experts said. The jump in deaths was especially prevalent among users older than 40, who lack the resilience to recover from an overdose of unexpectedly strong heroin, according to a study by the county's Office of Health Assessment and Epidemiology.

"The rise of heroin from Afghanistan is our biggest rising threat in the fight against narcotics," said Orange County sheriff's spokesman Jim Amormino. "We are seeing more seizures and more overdoses."

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According to a Drug Enforcement Administration report obtained by The Times, Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States. Its share of the U.S. market doubled from 7% in 2001, the year U.S. forces overthrew the Taliban, to 14% in 2004, the latest year studied. Another DEA report, released in October, said the 14% actually could be significantly higher.

Poppy production in Afghanistan jumped significantly after the 2001 U.S. invasion destabilized an already shaky economy, leading farmers to turn to the opium market to survive.

Not only is more heroin being produced from Afghan poppies coming into the United States, it is also the purest in the world, according to the DEA's National Drug Intelligence Center.

Despite the agency's own reports, a DEA spokesman denied that more heroin was reaching the United States from Afghanistan. "We are NOT seeing a nationwide spike in Afghanistan-based heroin," Garrison K. Courtney wrote in an e-mail to The Times.

He said in an interview that the report that showed the growth of Afghanistan's U.S. market share was one of many sources the agency used to evaluate drug trends. He refused to provide a copy of DEA reports that could provide an explanation.

The agency declined to give The Times the report on the doubling of Afghan heroin into the U.S. A copy was provided by the office of U.S. Sen. Dianne Feinstein (D-Calif.), a member of the Senate Caucus on International Narcotics Control.

This potent heroin, which the DEA says sells for about $90 a gram in Southern California, has prompted warnings from some officials who deal with addicts that they reduce the amount of the drug they use. Many addicts seeking the most euphoric high employ a dangerous calculation to gauge how much of the drug they can consume without overdosing. An unexpectedly powerful bundle of heroin, therefore, can be deadly.

"I tell people, 'If you're using it, only use half or three-quarters of what you used to,' because of the higher potency," said Orlando Ward, director of public affairs at the Midnight Mission on Los Angeles' skid row.

Health workers in boutique rehab centers as well as health clinics for the homeless say increasing numbers of clients are addicted to more powerful heroin.

"My patients say it's more available and cheaper," said Michael H. Lowenstein, a doctor at the Waismann Method detoxification center in Beverly Hills.

Antonio Maria Costa, executive director of the U.N. Office on Drugs and Crime, warned world health authorities in October of the increase in Afghan heroin.

"This, in turn, is likely to prompt a substantial increase in the number of deaths by overdose, as addicts are not used to injecting doses containing such high concentrations of the drug," he said.

From 1980 through 1985, Afghan heroin dominated the U.S. market, with a 47% to 54% share, according to the DEA.

AFGHANISTAN'S share dwindled to 6% for much of the 1990s, as competition from Southeast Asia and Colombia grew. Meanwhile, the Taliban was cracking down as it gained territory, virtually eliminating poppy production after taking over the country.

Once the fundamentalist Islamic government was overthrown in 2001, Afghans turned once again to the poppy trade to survive in one of the poorest countries in the world.

A report released Nov. 28 by the World Bank said U.S. and European efforts to end Afghanistan's $2.3-billion opium business were failing.

The production of opium used to produce heroin reached its highest level ever in Afghanistan this year. It accounted for more than one-third of Afghanistan's gross domestic product and 90% of the world's supply of illicit opium, mainly going to Asia and Europe, according to the report.

The poppy crop now drives the economy in some regions of the embattled nation, helping to fund a Taliban resurgence.

In the United States, Afghan and Mexican poppies tied for second place among sources of heroin in 2004, according to the DEA's Heroin Signature Program. South America, led by top supplier Colombia, held 69% of the market.

That figure had dropped 19 percentage points from the 2003 level as U.S. and Colombian efforts to eradicate the trade enjoyed success and as Afghanistan's share increased, according to the DEA.

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The Department of Homeland Security also has found evidence of increasing Afghan heroin in this country. The agency reported skyrocketing numbers of seizures of heroin arriving at U.S. airports and seaports from India, not a significant hero in-producing country but a major transshipment point for Afghan drugs.

The seizure of heroin packages from India increased from zero in 2003 to 433 in 2005 — more than 80% of total mail seizures of heroin arriving in the U.S. that year.

In the meantime, although they may not recognize the product as coming from Afghanistan, addicts across the country are increasingly coming into contact with more powerful heroin.

"There is a different kind of heroin now," said Eric Wade, a 32-year-old recovering addict in Portland, Ore. "It is very, very strong, and it is cheaper than the other stuff. Not everybody has access to it, but I've seen more people overdose … on that stuff."

In Ballwin, Mo., an affluent suburb of St. Louis, two sisters were arrested in the spring, accused of selling "China white" heroin between classes at their high school.

Capt. Tom Jackson, who leads the St. Louis County Police Department's bureau of drug enforcement, said investigators thought the heroin traveled to the campus from Afghanistan with the help of Nigerian traffickers, a Chicago gang and a downtown St. Louis drug dealer.

"This China white is so pure that they can snort it or smoke it," Jackson said. "So, no needles or track marks."

Afghan Heroin Taking Over U.S. Market (UPI)

UPI, December 26, 2006

LOS ANGELES, (UPI) -- Supplies of heroin from Afghanistan are rapidly replacing lower quality Mexican heroin, and could lead to a rise in U.S. addiction and overdoses, a report says.

Los Angeles has seen a large impact, with heroin-related deaths jumping from 137 in 2002 to 239 in 2005, nearly 75 percent, the Los Angeles Times reported.

Experts said that within the three years other factors contributing to overdose deaths remained unchanged.

"The rise of heroin from Afghanistan is our biggest rising threat in the fight against narcotics," said Orange County sheriff's spokesman Jim Amormino. "We are seeing more seizures and more overdoses."

A report from the Drug Enforcement Administration said Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States since 2001.

Another DEA report said that heroin from Afghanistan may take up more than 14 percent of the Unites States market.

Afghan Heroin Blamed For Surge Of Overdoses In Los Angeles (FOX)

FOX News, December 26, 2006

LOS ANGELES — High-potency heroin from Afghanistan is causing a surge in deadly drug overdoses in Los Angeles County, officials said, according to a report in the Los Angeles Times.

"The rise of heroin from Afghanistan is our biggest rising threat in the fight against narcotics," Orange County sheriff's spokesman Jim Amormino told the newspaper. "We are seeing more seizures and more overdoses."

According to the report, heroin-related deaths in the county have soared 75 percent in three years, from 137 in 2002 to 239 in 2005.

The Times cited a Drug Enforcement Administration report it obtained as saying that the poppy fields in Afghanistan have become the fastest-growing source of heroin in the U.S.

The heroin from Afghanistan is the purest in the world, according to the DEA's National Drug Intelligence Center.

According to the DEA report, Afghan heroin dominated the U.S. market from 1980 through 1985, with a 47% to 54% share, but that dropped to 6% for much of the 1990s, as the Taliban cracked down on poppy production.

Since the overthrow of the Taliban government in 2001, Afghans have returned to growing poppies.

According to the DEA report, opium production accounted for more than one-third of Afghanistan's gross domestic product and 90% of the world's supply of illicit opium, the Times reported.

News Briefs From Southern California (AP)

DOJ_NMG_0109162

AP, December 26, 2006

LOS ANGELES (AP) — Heroin-related deaths have soared nearly 75 percent countywide in three years and experts believe potent Afghan heroin, which is overtaking lower-quality Mexican heroin, may be to blame.

Heroin-related deaths in the county rose from 137 in 2002 to 239 in 2005, a period when other factors contributing to overdose deaths remained unchanged, experts said.

A Drug Enforcement Administration report obtained by the Los Angeles Times shows Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States, doubling from 7 percent in 2001 to 14 percent in 2004, the latest year studied.

Still, a DEA spokesman denied more Afghan heroin was reaching the U.S,

"We are not seeing a nationwide spike in Afghanistan-based heroin," Garrison K. Courtney wrote in an e-mail to the Times.

Remnants Of A Trial Prompt A Crusade (WP)

By Jerry Markon

The Washington Post, December 27, 2006

Jim Savage has been living in a world of guard shacks, green security poles and Jersey barricades lining the street outside his home next to the federal courthouse in Alexandria.

They were put there for the trial of a terrorist, Sept. 11 conspirator Zacarias Moussaoui, and they were supposed to come down when the trial was over. Seven months after it ended, they are still there.

So Savage, who calls the security measures an eyesore, mounted a one-man crusade to have them removed. He retrieved a judge's order saying the additional security was supposed to be temporary and tried to meet with the judge. He contacted the City of Alexandria, but was told the federal government has jurisdiction over his street.

Yesterday, Savage learned that his campaign will probably meet with only mixed success. The U.S. Marshals Service said plans are in the works to remove most of the barricades and to replace them with a permanent security wall near the courthouse. Officials said the wall will be more attractive than the faded concrete barricades and will fit with the neighborhood's architecture.

"This idea of some sort of a Berlin Wall really fits. It will be like Checkpoint Charlie," Savage, a former criminal investigator for the U.S. Army, said when told about the plans by a reporter. "The fact is that a court order allows these security measures to be present, and the basis for that order is over. To put up something permanent with the expectation that maybe you might have a terrorist trial in the future is really stretching things."

John Hackman, the acting U.S. marshal for Alexandria, said he understood the concerns of Savage and other residents at the Carlyle Towers condominium complex. "We are doing our best to reach a balance that will provide security as well as the aesthetic that the neighborhood requires," Hackman said. "But terrorism is not something where we say okay, we had a trial, and it goes away. We need to be constantly vigilant, and obviously the Alexandria court has high-profile cases."

Michael Kulstad, a marshal's spokesman, said the agency investigated 1,111 threats or "inappropriate communications" to members of the judiciary nationwide in fiscal 2006, including to judges, prosecutors and witnesses. Just last week, a federal prisoner was indicted in Richmond on charges of sending a letter bomb to the federal courthouse there.

The Alexandria federal courthouse has been a focus of additional security since the Justice Department made it the venue of choice for terrorism trials after Sept. 11. Officials have said they chose Alexandria for the Moussaoui case in part because Northern Virginia's jury pool is viewed as more conservative than New York's and because the Richmond-based U.S. Court of Appeals for the 4th Circuit has been considered the nation's most conservative appellate court.

The Alexandria courthouse is not the first in Northern Virginia to wrestle with enhanced security. In 1998, the Fairfax County courthouse added metal detectors and barricades for the sentencing hearing of Mir Aimal Kasi, a Pakistani man who opened fire outside CIA headquarters, killing two people. When the trial ended, the security stayed.

"Nobody wants this stuff, but when security experts say it's necessary, I think it's irresponsible not to do it," said F. Bruce Bach, who as chief circuit judge at the time approved the security measures. "We're living in a different day and age today."

In 2002, Alexandria faced the prospect of two high-profile trials starting within days: Moussaoui's and that of John Walker Lindh, a Californian accused of fighting for the Taliban in Afghanistan.

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On June 18, 2002, U.S. District Judge Claude M. Hilton, then the chief judge, ordered marshals to take all necessary security measures but specified they would be "during the pending of these cases." Lindh pleaded guilty soon after. Moussaoui's case dragged on, but he pleaded guilty last year.

Moussaoui's death penalty trial this year featured rooftop snipers and bomb-sniffing dogs. That level of security ended with the trial, during which Moussaoui was sentenced to life in prison.

But guard shacks and barricades still dot two streets surrounding the courthouse, with green security poles dug into the sidewalks. Traffic outside Savage's apartment building, which is across the street from the courthouse, must squeeze into small lanes around the shacks and a series of in-ground, collapsible metal security barricades. Federal officials did remove some of the barricades further up the street after the Moussaoui trial.

Savage was outraged when he pulled Hilton's 2002 order from the federal court clerk's office. Learning that U.S. District Judge James R. Spencer in Richmond is now the chief judge, Savage tried to meet with him to seek an order overturning the original one but said he was told to express his concerns in writing. Spencer did not return a telephone call seeking comment.

Although several other Carlyle Towers residents said they want the barricades taken down -- and the condo association board is seeking their removal -- Savage has been working mostly alone.

His next step? Writing the letter to Spencer, but delivering it to "his boss" -- U.S. Chief Justice John G. Roberts Jr. Then, Savage said, "it may be time to move."

IMMIGRATION:

Lawsuits Challenge Texas Town's Immigration Law (LAT)

By Miguel Bustillo

The Los Angeles Times, December 27, 2006

HOUSTON, Texas — A Dallas suburb that has barred landlords from renting to illegal immigrants was sued Tuesday by two civil rights groups that allege the controversial ordinance turns property owners into immigration agents and violates federal law.

The challenge by the American Civil Liberties Union and the Mexican American Legal Defense and Education Fund seeks to derail a new law that would require property managers to check the immigration status of apartment renters in Farmers Branch, Texas. The ordinance, approved last month, is set to take effect Jan. 12.

Farmers Branch -- a city of 28,000 north of Dallas that is about 37 percent Hispanic -- is one of dozens of U.S. municipalities that, frustrated with federal government inaction, have adopted tough local measures to stem illegal immigration.

But the Farmers Branch ordinance is seen as a turning point for Texas, a state that largely has avoided the kind of confrontational immigration policies commonplace elsewhere.

"This is the first ordinance of its kind in Texas, the beginning of what we hope will not be a lasting trend here," said Lisa Graybill, legal director of the ACLU of Texas. "Stop and think what it would be like if every little town tried to adopt its own illegal immigration policy. It would be a nightmare."

The ACLU and MALDEF are challenging the law on several constitutional grounds. They argue that it violates the due process clause because it does not make clear which immigration documents are acceptable and which are not, the contract clause because it interferes with a business transaction between landlord and tenant without proper cause, and the equal protection clause because it only applies to some landlords. But the primary argument is that it exceeds the city's powers because only the federal government can enforce immigration laws.

While opponents of unchecked immigration have hailed Farmers Branch leaders for taking a courageous stand, many landlords have complained that they are being thrust into the volatile immigration debate -- and some local business owners have complained that Hispanics may no longer feel welcome in the city.

Some Texas leaders, meanwhile, have expressed concern that the city's stance is divisive and could harm the entire state's reputation. Last month, Farmers Branch Mayor Bob Phelps awoke one morning to find the words "Viva Mexico" spray-painted in red on the side of his house.

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Tuesday's immigration lawsuit is the third filed against Farmers Branch, which also passed a resolution last month establishing English as the city's official language. Last week, a group of apartment owners asked a federal judge to declare the rental law unconstitutional. Earlier this month, a local real estate agent alleged that city leaders repeatedly discussed the ordinance behind closed doors, violating Texas' open meetings law.

The city recently created a legal defense fund to collect donations from supporters and sympathizers, and has received more than $6,000.

Phelps and Councilman Tim O'Hare, who spearheaded the immigration law, did not return phone calls Tuesday. Matthew Boyle, the assistant city attorney, said Farmers Branch would not discuss any pending litigation, but noted that city leaders had anticipated challenges to the law.

"The city was overtly threatened with litigation as far back as August, when this was being discussed. So we knew it would be no surprise that some litigation would be filed, and have been preparing for it," Boyle said.

Civil Rights Groups Sue Over Rent Law (FINDLAW/AP)

By Anabelle Garay, Associated Press Writer

AP, December 27, 2006

(AP) - DALLAS-Two civil rights groups filed a lawsuit Tuesday challenging a new law in a Dallas suburb that outlaws renting apartments to illegal immigrants, alleging the ordinance violates federal law and forces landlords to act as immigration officers.

The American Civil Liberties Union and the Mexican American Legal Defense and Education Fund filed the suit on behalf of residents and landlords in Farmers Branch, just north of Dallas. It is the third lawsuit brought against the city since the ordinance passed in November.

The lawsuit claims the measure, scheduled to take effect Jan. 12, is so poorly drafted that it excludes even legal immigrants from renting.

"Immigration enforcement must be left to the federal government, not each local municipality," said Lisa Graybill, legal director of the ACLU of Texas. "Otherwise Texas will end up with a patchwork system that is impractical and unenforceable."

Farmers Branch spokesman Tom Bryson said the city will not comment on pending litigation.

On Friday, the owners of three apartment complexes filed a lawsuit asking a federal court to declare the rent law unconstitutional. In another lawsuit filed earlier this month, a Farmers Branch resident alleged that the mayor repeatedly violated the state's open meetings laws to deliberate the ordinances.

The new law calls for property managers or owners to verify the immigration or citizenship status of apartment renters. The City Council also approved resolutions making English the city's official language and allowing authorities to become part of a federal program so they can enforce immigration laws.

Since 1970, Farmers Branch has changed from a small, predominantly white bedroom community with a declining population to a city of almost 28,000 people, about 37 percent of them Hispanic, according to the census.

More than 50 municipalities nationwide have considered, passed or rejected similar laws, but until now that trend hadn't been duplicated in Texas.

Our Founding Illegals (NYT)

By William Hogeland

The New York Times, December 27, 2006

EVERY nation is a nation of immigrants. Go back far enough and you'll find us all, millions of potential lives, tucked in the DNA of our African mother, Lucy. But the immigrant experience in the United States is justly celebrated, and perhaps no aspect of that experience is more quintessentially American than our long heritage of illegal immigration.

You wouldn't know it from the immigration debate going on all year (the bipartisan immigration bill-in-progress, announced this week, is unlikely to mention it), but America's pioneer values developed in a distinctly illegal context. In 1763, George III drew a line on a map stretching from modern-day Maine to modern-day Georgia, along the crest of the Appalachians. He declared it illegal to claim or settle land west of the line, all of which he reserved for Native Americans.

George Washington, a young colonel in the Virginia militia, instructed his land-buying agents in the many ways of getting around the law. Although Washington was not alone in acquiring forbidden tracts, few were as energetic in the illegal acquisition of western land. And Washington was a model of decorum compared to Ethan Allen, a rowdy from Connecticut who settled with his brothers in a part of the Green Mountains known as the Hampshire Grants (later known as "Vermont"). The province of New York held title to the land, but Allen asserted his own kind of claim: He threw New Yorkers out, Tony Soprano style, then offered to sell their lots to what he hoped would be a flood of fellow illegals from Connecticut.

Meanwhile, illegal pioneers began moving across the Alleghenies and into the upper Ohio Valley, violating the king's 1763 proclamation and a few more besides. (George would today be accused of softness on immigration; he kept shifting the line westward.) Immigrants from such déclassé spots as Germany and Ireland violated the laws and settled where they pleased. The upper Ohio was rife with illegal immigrants, ancestors of people who, in country clubs today, are implying a Mayflower ancestry.

Parallels to today's illegal immigration are striking. Then as now, it was potentially deadly to bring a family across the line. But once across, illegals had a good chance of avoiding arrest and settling in. Border patrols, in the forms of the British Army and provincial militias, were stretched thin. The 18th-century forest primeval, like a modern city, offered ample opportunities for getting lost. Complex economies thrived in the virgin backwoods, unfettered by legitimate property titles.

When conflicts developed between the first and second waves of illegals, some salient social ironies arose, too. By the early 1770's, George Washington had amassed vast tracts to which his titles were flatly invalid. The Revolution rectified that. With British law void, Washington emerged from the war with his titles legal by default. But he acquired another problem: low-class illegals were squatting on his newly authenticated, highly valuable property.

Washington harbored no fond feeling for breakers of laws that he too had recently flouted. "It is hard upon me," he lamented without irony, "to have property which has been fairly obtained disputed and withheld." He went to court to have the squatters evicted, complaining that they had "not taken those necessary steps pointed out by the law." He was appealing to righteousness from atop a high but wobbly horse.

Descendants of the great immigration experiences of the 19th and 20th centuries visit the Ellis Island Immigration Museum to learn of the tribulations of ancestors who risked much to become Americans. Those of us whose ancestors risked everything as illegal immigrants, and in the process helped found a nation, owe our forebears a debt of gratitude, too. Without their daring disregard of immigration laws, we might not be here today.

Immigrants' Jobs Vanish With Housing Slowdown (WP)

By Nick Miroff

The Washington Post, December 27, 2006

The gold rush came in drywall, laminate flooring and granite countertops, and Amilcar Guzm?n came with it.

Guzm?n left El Salvador at age 18 in 1999 and landed in Manassas. Soon he had $15-an-hour jobs cutting lumber, driving nails and running a Bobcat loader. He got a car, got married. The Washington region was hungry for houses, houses, houses, and word of the boom reached Mexico and Central America, drawing thousands more eager, jobless men like him.

Then sometime last year, Guzm?n said, the rush began to go bust, little by little, month by month. The contractors stopped hiring. The phone stopped ringing. Washington, it seemed, had all the houses it could hold .

So Guzm?n got a plane ticket. On Jan. 20, he is taking his family back to El Salvador, with plans to open an auto repair shop with the money he has saved. "There's no work here anymore," he said, having spent the past month unemployed. "And when there's no work, it's time for Latinos to go back to the countries where they came from."

Hispanic immigration to the Washington region has always followed a seasonal pattern, as the winter puts a chill on outdoor labor and drives workers south. But with home sales and housing starts dropping after years of steady growth, many Hispanic workers -- legal and illegal -- say the good times are gone.

"The Hispanic population in Virginia has grown too much," said Guzm?n, echoing the sentiments of those who support tough immigration policies, "and that's closed off a lot of job opportunities."

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Demographers who track migration patterns and embassy staff members say it's too soon to tell exactly how the housing construction decline has affected the region's Hispanic population. But stories of departing workers abound. Some workers say they're headed home; others, spurred by rumors of construction jobs, try their fortunes in the Carolinas, Georgia, New Orleans.

"It's a little better here, but not much," said Raul Amayas, 21, a Salvadoran immigrant reached by phone in Charlotte. Amayas left Manassas last month after losing his $400-a-week landscaping job. Now he's making $300 a week as a busboy at a Mexican restaurant. "It's hard here. Ugly," Amayas said.

Other immigrant workers said they're optimistic things will pick up again.

Juli?n Cabrera, 42, arrived in Woodbridge in 2004, a sharecropper from El Salvador who could no longer feed his nine children on the $5 a day he earned growing corn and beans. He has been snagging work at Route 1 and Longview Drive ever since. A year ago, he would get hired at least three times a week. But he hasn't found work once this month and is thinking of going to Texas, where his brother-in-law might be able to get him a job with a contractor. Until then, he's not sending money home to his family in El Salvador.

"I call my wife every eight days," he said, eyeing passing cars for potential employers. "I just tell her to be patient."

According to the National Association of Realtors, housing starts have fallen 23.5 percent between October 2004 and October 2006, and data released this month by the Northern Virginia Association of Realtors show home sales in that area plunged 45 percent between November 2004 and November 2006. Home sales in suburban Maryland are down 34 percent between November 2004 and November 2006, according to the Maryland Association of Realtors.

The effects of the slowdown are also rippling through Hispanic-owned businesses. "A lot of my customers have gone to Florida, to the Carolinas," said Carlos Castro, owner of the Todos Supermarket chain and chairman of the Hispanic Business Council in Prince William County.

Sales are down slightly at Castro's stores, but he said some of his suppliers are experiencing 30 to 40 percent decreases in local orders, with smaller, less-established businesses taking the biggest hit.

Tracking the departure of immigrants from the Washington area is difficult. "In terms of actual data, it's too soon to say," said Steven A. Camarota, research director of the Center for Immigration Studies, which supports limiting immigration. "If the economy turns down and we were to ratchet up enforcement, there would be a multiplier effect. But that isn't likely to happen. The most likely scenario is movement into other sectors of the economy and greater geographic dispersion."

Among illegal immigrant Hispanic men in the region, as many as one in three work in construction, Camarota said. No other U.S. industry employs more illegal immigrants, he said.

"A slowdown in the construction industry hits illegals much harder than the rest of the general population," Camarota said.

Gustavo Torres, executive director of CASA of Maryland, said he's concerned that tensions over immigration will spread and intensify if large numbers of idle construction workers are not quickly absorbed by other services and industries. "We've seen workers leaving for other states for jobs in construction or agriculture," he said.

Torres argued for the need for job training programs to help workers make the transition into other sectors, saying he feared that "confrontation will accelerate further" if the slowdown worsens.

"That's one of the dangers of importing lots of workers," said Ira Mehlmen, spokesman for the Federation for American Immigration Reform, which seeks to curb illegal immigration. "After their services are no longer required, you end up with them and with their families. "There isn't much reason for them to return home when services and other benefits are available."

But for many, and single men in particular, home has a powerful pull nonetheless. Aurelio Cruz has a wife and four children back in Puebla, Mexico, and every day that he's apart from them and doesn't find work "is a day of my life that I've wasted," he said.

The month of December has been lost to Cruz; he hasn't been hired once. "It's a bad situation," he said. He was thinking of going home this month, but weeks of standing along Route 1 in Woodbridge waiting futilely for work have postponed his plans.

"I came here to take care of my family," he said. "I can't go home with nothing. I can't go home the way I came."

Cost Of Care A Disabled Son Imperils Family's Immigration Hope (WSJ)

By Miriam Jordan

DOJ_NMG_0109167

The Wall Street Journal, December 27, 2006

MARTHA'S VINEYARD, Mass. -- Zandro Souza, an immigrant from Brazil, rose in six years from being a restaurant dishwasher who barely spoke English to a successful chef in upscale restaurants here on Martha's Vineyard. Last year, after a long bureaucratic journey, Mr. Souza and his wife, Fernanda, were tantalizingly close to winning green cards that would let them remain in the U.S.

See video of Zandro Souza and other immigrants speaking2 at a Thanksgiving luncheon hosted by the Massachusetts Immigrant and Refugee Advocacy coalition. Mr. Souza begins speaking about two minutes into the clip.

But during a final interview with a U.S. immigration official in Providence, R.I., the Souzas' five-year effort to win legal status hit a wall. "I have no problem approving you and your wife," Mr. Souza says the official told him. "But I need more information about your son."

The Souzas' 11-year-old son, Igor, is blind and developmentally delayed. His condition requires countless doctor visits, frequent runs to the emergency room and more than $1,000 a month in medication. Mr. Souza says he has paid almost all of Igor's medical bills -- about $20,000 annually -- out of pocket, without insurance or help from government programs. He feared accepting aid would jeopardize his family's attempt to gain permanent U.S. residency.

According to Mr. Souza, the immigration official told him that if Mr. Souza and his wife died, their son could become a "public charge." Although the family tried to prove that Igor would be cared for if his parents passed away, the U.S. government earlier this year denied green cards to the couple and their son and placed them in deportation proceedings. This time the government cited another reason for rejection -- that they applied for and entered on tourist visas but intended to stay permanently.

"If this were only about me, I would throw in the towel" and return to Brazil, says Mr. Souza, 30 years old. "But I want the best for my son."

The Souzas' story shows how compassion can collide with hard-nosed financial considerations as the U.S. decides which immigrants should be admitted and which should be turned back. The Souzas rose through hard work and paying their own way. Yet they also hurt their case by entering the country on a false pretext, although many immigrants who later gain U.S. citizenship do the same.

Admitting productive, self-reliant people has long been a goal of U.S. immigration policy. The Immigration Act of 1891, one of the country's first efforts to regulate immigration, allowed the exclusion or deportation of any individual deemed to be a burden on the public purse, referring to "idiots, insane persons, paupers, or persons likely to become a public charge."

At Ellis Island, newcomers inspected by public-health officials and deemed unfit were returned to their country of origin. Steamship lines were often fined for having ferried them to the U.S. Later, legal immigrants from Mexico and Asia faced similar scrutiny on entering from the West.

A 1996 federal law says immigrants must be legal U.S. residents for five years before they qualify for Medicaid, which pays medical expenses for the poor. However illegal immigrants cannot be refused emergency medical care.

Between 1921 and 1930, 10,703 foreigners were deported on public-charge grounds. In more recent years, the government has cited other more basic reasons for forcing someone to leave, such as having entered the country illegally.

In 2005, 75,532 foreigners were deported for entering the U.S. without proper documents or through fraud or misrepresentation. Public charge was the official reason for only 824 out of the total 208,521 deportations that year.

Illegal-immigrant children are entitled to attend public schools, and special-needs children receive the same services as other students. In recent years, however, the escalating cost of providing education to children with special needs has fueled clashes between advocates for disabled students and those concerned that they are draining already-limited school budgets.

In Massachusetts about 16.5% of the state's student population receives special education. The cost of educating these children is increasing faster than for mainstream students and placing a financial burden on many school districts, according to school administrators.

Shawn Saucier, a spokesman for U.S. Citizenship and Immigration Services, says privacy laws prevent the agency from commenting on the Souzas' case. "However, if we were talking to a couple who had a son with disabilities, we would have to be satisfied that the child would not become a public charge," he says.

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James R. Edwards Jr., an adjunct fellow with the Hudson Institute, a conservative Washington think tank, says the public-charge concept is rooted in this country's emphasis on self-sufficiency. "We aren't interested in taking foreign countries' criminals ... and certainly not those unable to support themselves," says Mr. Edwards, who favors restricting immigration.

As for the Souzas, he says, "My heart goes out to the family and the kid." However, he says, the U.S. already contends with "native-born Americans who face the same kind of crisis, with their children being ill and suffering disease."

Mr. Souza and his wife met as teenagers in 1990 in Cuparaque, a small Brazilian town. In 1994, Fernanda, then 17, became pregnant and the couple decided to marry.

Igor was born on March 1, 1995. At seven months, he was diagnosed with congenital toxoplasmosis, caused by a parasite that is present in uncooked meat and the fecal matter of cats. Transmission to the fetus can cause severe problems, including mental retardation, seizures, blindness, and even death. Doctors believe that Ms. Souza was infected by the cats in her grandmother's home, and Igor contracted the condition from his mother during pregnancy.

The couple soon realized that Igor's condition would require careful management and virtually around-the-clock monitoring, not to mention a panoply of special drugs. The Souzas had access to free care through Brazil's vast public health-care network, but the large hospitals and long waiting lists were difficult to navigate. To get Igor to the doctor, Fernanda rose at 4 a.m., taking two buses to line up just to make an appointment for a month later. The family couldn't afford private care on Mr. Souza's $300 a month salary working in a restaurant.

The Souzas saw an answer thousands of miles to the north, on Martha's Vineyard where Brazilian immigrants are the backbone of the local tourism industry. In 1989, Mr. Souza's father, José, found summer work in a restaurant called the Navigator, eventually settling here in 1997.

In 2000, Mr. Souza arrived in the U.S. on a six-month tourist visa. He joined his father at the restaurant, rising to become daytime chef. His hourly wage doubled to $17. At night, he worked a second job up the street at the Harbor View Hotel's Coach House, one of Martha's Vineyard's finest restaurants. Mr. Souza moved swiftly from dishwasher to sauté cook to lead line cook, overseeing all the workstations in the kitchen. "He has a passion," says Jim Moore, the restaurant's food and beverage director, who took Mr. Souza to demonstrate his cooking -- including his mini lobster rolls -- at the upscale Tribeca Grill in New York City.

In early 2001, Mr. Souza brought his wife and son to the U.S. The two took an overnight van to Rio de Janeiro, where an official at the U.S. consulate issued them tourist visas.

Igor started kindergarten at the Oak Bluffs School, where he was assigned a special assistant, as well as occupational and physical therapy. About 400 students attend Oak Bluffs School, where Igor today is in the fifth grade. About 20% of them require special-education services. However, "only three or four have the level of need requiring a one-on-one assistant" such as Igor, says James Weiss, Martha's Vineyard school superintendent. Mr. Weiss estimates it costs more than $40,000 to educate Igor annually compared with $15,000 for "regular" students.

"He certainly is a youngster who impacts our budget in a significant way," says Dr. Weiss. However, "it's both our legal and moral obligation to help students who have identified needs."

As Igor mastered English, story time and music became his favorite classes. He began singing Beatles songs. A poem he wrote in Braille with the help of his teacher reads, "My favorite song is 'Yesterday.'" A lanky, curly-haired boy, Igor recently entertained teachers and classmates in the hallway with a rendition of "Hey Jude."

Initially, the family relied on friends to drive them to Boston for appointments with Blaise Bourgeois, a neurologist at Children's Hospital Boston. The consultations, every four or five months, cost the couple about $350 each, which they paid out of pocket according to bills and receipts reviewed by The Wall Street Journal.

Igor also required a special dentist, nutritionist, endocrinologist and frequent visits to his pediatrician. Every three months or so, Igor suffered a seizure that landed the Souzas in the emergency room of the Martha's Vineyard Hospital. One of his worst episodes, Christmas Eve in 2003, lasted 45 minutes. The emergency-room visits have cost between $1,500 and $2,500 each. Mr. Souza says Igor's medical bills this year are about $16,000; in previous years they have risen as high as $20,000.

Mr. Souza says he pays for his son's doctor visits and prescription medication on the spot. Mr. Souza says he still owes $4,000 to the hospital for emergency-care visits. "If I can't pay in one lump sum, I make sure and send a check in every month -- even if it's just for $100 or $300," says Mr. Souza.

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Mr. Souza, his wife and son live with Mr. Souza's parents and other relatives in a three-bedroom house owned by Mr. Souza's father. Mr. Souza earns $5,000 to $6,000 a month; about 27% of that is deducted in taxes from his weekly paycheck. He contributes $600 a month to his parents' mortgage.

In 2001, Mr. Souza sought to take advantage of a temporary immigration law, known as Section 245i, to apply for an employer-sponsored green card for himself and his family. The bill allowed immigrants to adjust their status from within the U.S., even if they had overstayed their visas or entered the country illegally. Employers regarded the program as an opportunity to legalize their work force, while critics said it was tantamount to amnesty.

Alan Counsell, then manager of the Navigator restaurant, had previously agreed to sponsor Mr. Souza's father and mother. He agreed to sponsor the Souza family as well. "It was a small repayment" for their dedication, he says. "Anything I asked of them they gave me."

Mr. Counsell followed the requirement to place advertisements in the newspaper, to show that qualified chefs -- like Mr. Souza -- weren't readily available on the Vineyard. Mr. Souza paid for the ads -- and over the next few years paid almost $10,000 in fees to lawyers and the U.S. government.

In July 2003, the Souzas received notification that their employment authorization was being processed. Mr. Souza was thriving professionally, earning a reputation as a fine seafood cook and collecting employee awards. He acquired hundreds of cookbooks, which he says helped him improve his English. His favorite chef is the well-known New York restaurateur Mario Batali, whose picture on the cover of a 2002 edition of Gourmet Magazine Mr. Souza pinned to a wall.

Mr. Souza's son, who shares a bedroom with his parents, refuses to go to sleep before his father arrives home from work each night. On Mondays, Mr. Souza's only day off, the father picks up his son from school and treats him to pizza. On Sundays, the family dresses up for evening services at the local Brazilian evangelical church, where Igor sways and chants spiritual songs.

In 2004, the Souza family was fingerprinted and issued Social Security numbers and work permits, "I felt like the gates to freedom were opening," recalls Mr. Souza. "The only thing missing was the interview." The family was summoned to Providence for an 8 a.m. interview on May 13, 2005, the final step in the process.

Mr. Souza was nervous but hopeful. He and his wife took an oath to tell the truth, he recalls. They began answering questions from the adjudicator. Among them was the question of why the family had come to the U.S. Mr. and Mrs. Souza told the official that they had come here to make a better life.

As Igor squirmed in his chair and babbled in Portuguese, the immigration adjudicator turned to Mr. Souza and asked whether he relied on the U.S. government for the child's care. Mr. Souza answered without hesitation: "No."

Mr. Souza recalls the adjudicator then asking: "So you pay for his schooling?"

Mr. Souza answered hastily -- failing to explain that while his son attended public school, he paid for Igor's health care himself.

Then the immigration official voiced concern that the son would become a public charge if his parents passed away, Mr. Souza recalls. The Souzas left the room clutching a form letter with Igor's name filled in at the top. In the space next to 5, "PLEASE SUBMIT THE FOLLOWING," the official had written: "I-864 from your father Zandro Souza showing evidence you will not become a public charge." They had 12 weeks to supply the documentation.

"I can't even remember driving home," says Mr. Souza.

According to U.S. immigration policy, an applicant can overcome a public-charge inadmissibility issue by providing sufficient evidence that he or she is unlikely to become a public charge. This evidence can be a posted as a bond, an "affidavit of support" from friends or family, personal funds, or an offer of employment.

The Souzas set out to prove that, in the event of a tragedy, Igor would be cared for by their family, not the government. Mr. Souza sent evidence that his father's house on Martha's Vineyard -- bought for $265,000 several years earlier and now worth about $500,000 -- could be put in a trust in Igor's name if his parents died. It could then be sold, if necessary, to cover his health expenses. Some immigration attorneys question why the government requested an affidavit of support in the Souzas' case, because the family was being sponsored by an employer who already serves as a financial guarantor.

But this soon became a moot point. In January 2006, immigration authorities denied green cards to each member of the Souza family and ordered them to appear in court for deportation proceedings. The government was no longer raising the "public

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charge" issue. Rather, the government notice stated that Mr. Souza, his wife and Igor had come to the U.S. on six-month tourist visas in violation of U.S. law because their actual intention was to stay in the U.S. for good.

"I felt an empty feeling, like everything had been in vain," recalls Mr. Souza.

Mr. Saucier, the spokesman for immigration, says: "We don't look for one reason and deny the case. We issue it for all reasons applicable to the application."

While they wait for their deportation hearing in February, Mr. Souza continues to pay for Igor's health care. Early this month, the family paid $643.98 for two antiseizure drugs, according to receipts reviewed by the Journal.

Mr. Souza says that if his family receives their green cards, he will continue to pay for his son's medical costs. As new legal residents, the Souzas won't qualify for Medicaid for five years under current immigration law. And Mr. Souza's current income level already puts the family well above the poverty limit for Medicaid.

That's why Mr. Souza says he wants to cook for a larger restaurant or one owned by a chain. Those restaurants, he notes, offer health insurance.

TAX:

Tax Haven Wants Its Welcome Mat Back (WSJ)

By Robert Guy Matthews

The Wall Street Journal, December 27, 2006

For decades, the U.S. Virgin Islands was a friendly place for business owners looking to skirt U.S. taxes. Too friendly, Congress declared back in 2004, changing the relevant statute. Since then, the Treasury Department and Internal Revenue Service have been cracking down.

Now, elected officials and business leaders in the U.S. territory are complaining that the federal government has gone too far and the tax crackdown is threatening the local economy and government revenue. They are lobbying Congress to ease up.

"While these changes were aimed at preventing tax abuse by persons who neither lived nor worked in the Virgin Islands, the changes went too far, forcing many legitimate businesses to close their doors," Charles Turnbull, governor of the Virgin Islands (population about 109,000), told a Senate committee this year.

The controversy is a reminder that what looks like an odious tax dodge to the Treasury and IRS can look like a well-justified tax break to individuals and communities that benefit from it. The tension comes as the Treasury is under pressure to collect more of the taxes that are legally owed. The IRS estimates about 17% of all taxes owed -- about $290 billion every year -- go unpaid.

Forty miles east of Puerto Rico in the Caribbean, the U.S. Virgin Islands -- not to be confused with the British Virgin Islands -- include the islands of St. Croix, St. John and St. Thomas, and about 50 small islets and cays. They were named in 1493 by Christopher Columbus in reference to the legendary beauty of St. Ursula of Cologne and her 11,000 virgins. The U.S. bought them from the Danes for $25 million of gold in 1917 to improve military positioning during World War I.

Per capita income is just $14,500, less than that in Mississippi, the poorest state. The hilly islands have little room to grow food; many goods have to be flown or shipped in. About 80% of the territory's 43,000 jobs are tied to tourism.

In 1986, as part of a sweeping overhaul of U.S. tax laws, Congress opened the door to tax breaks to spur economic development in the territory. One of the biggest allowed the Virgin Islands to offer a deal to Americans who moved there to set up a business. Companies and individuals would pay the same taxes they paid in the U.S. -- minus 90%. By law, Virgin Islanders pay U.S. tax rates, but the money goes to the local government, not Washington.

To qualify, companies had to invest at least $100,000; hire at least 10 people, 80% from the Virgin Islands; and contribute $50,000 or more to local charities. The rules have since been eased in some cases.

In later years, as Washington began to crack down on tax abuse of all sorts, the Virgin Islands came under scrutiny. "Something had to be done," said Benedetta Kissel, deputy international tax counsel at the Treasury Department. "We were getting reports that people were living and working in the U.S. but claiming 90% discounts on their tax returns."

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In June 2004, the IRS warned companies in what is known as the Economic Development Commission program to avoid manipulating residency and income rules to qualify for the tax break. The Treasury and IRS also began implementing new regulations that significantly lengthened the time a person seeking the tax break had to live in the Virgin Islands. The old rule required a resident to be on the Islands for 122 days a year on average, over three years, to qualify. The new ones required a resident to spend at least 183 days, or roughly six months, every year.

The Treasury and IRS began enforcing the new regulation in earnest in early 2005, and -- to the consternation of some on the Islands -- the IRS asserted that it had authority to go back as far as it wanted without regard to the statute of limitations. IRS spokesman Terry Lemons wouldn't estimate how many audits are in the works, saying only that the Virgin Islands is facing increased scrutiny. "Basically, we have tried to figure out who was a bona fide resident who could claim these tax incentives," says Treasury's Ms. Kissel.

In the Virgin Islands, this is seen by some as overkill. "I don't think that there is any question that there were bad guys, but we here on the island are feeling the effects from the IRS," said Theodore Skolkus, a partner at Clearwater Consulting LLC. Four years ago, Mr. Skolkus, a tax attorney, set up a Virgin Islands consulting firm after moving from Arkansas to take advantage of the tax breaks. Because of new rules, he says, he has laid off two employees because one of his partners decided to leave the firm, taking away the extra business income to support existing staff.

Business owners say residency rules are a hardship because they have to leave the islands, often for long stretches to drum up clients.

In 2005, the Virgin Islands government spent at least $1.38 million lobbying the federal government on tax-related issues, according to Opensecrets.org. Included is a $140,000 fee to hire former Texas Republican Rep. Richard K. Armey. Mr. Armey, now with the law firm of DLA Piper, didn't return messages.

The number of financial firms that make the Virgin Islands their corporate home has fallen to less than 60 from 100 two years ago. One of the biggest to pull up stakes is a subsidiary of Chicago-based Driehaus Capital Management -- a retirement-planning outfit -- which expects to be gone by the end of the year. A Driehaus spokesman declined to give the reason for the company's departure.

Applications to sign up for the 90% tax breaks have fallen to zero, said Frank Schulterbrandt, chief executive officer of the Virgin Islands Economic Development Authority, which runs the program. He said the program created 3,000 high-paying jobs and generated about $114 million of tax revenue to the islands. The crackdown has chilled economic growth and scared away future investment, even though the agency has jettisoned those who were improperly claiming the tax break. "We have been blindsided and we didn't have time to negotiate," he said.

Firms that remain in the program are asking for permission to employ fewer locals than previously required.

Gov. Turnbull and Donna M. Christensen, a Democrat who is the territory's nonvoting delegate in Congress, insist they aren't looking to make the Virgin Islands a tax haven. But they argue that the U.S. government should balance cracking down on tax cheats with helping the islands to become more self-sufficient and its economy more diversified.

To buttress their argument, the territorial government hired PricewaterhouseCoopers to assess the effect of the tax breaks. That report said the islands could lose $80 million, or more than a tenth of the $633 million of corporate and individual tax receipts, if the economic-development program's tax incentives end.

Tax Breaks For Skyboxes (WSJ)

By Daniel Golden

The Wall Street Journal, December 27, 2006

This week, college football bowl games dominate television sports programming. But, off screen, little-known tax breaks are spurring the latest scrimmage over commercialism in college athletics. Some academics and legislators, contending that college football's multibillion-dollar building boom detracts from schools' educational mission, are targeting tax laws that treat payments for luxury seating and naming rights as charitable gifts.

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Two congressional committees have looked into the tax breaks in recent months, seeking information from the National Collegiate Athletic Association and hearing testimony from critics. The tax benefits have also figured in a controversy at the University of Michigan over a proposed $226 million stadium renovation.

The tax perquisites, "could be the Achilles' heel of stadium expansions, a way to put the brakes on," says former University of Michigan President James Duderstadt.

Over the past decade, many football powerhouses have upgraded their stadiums, and the spending spree shows little sign of abating. Michigan plans to build 83 luxury suites at its stadium, known as "The Big House." The University of Texas recently embarked on a $175 million stadium reconstruction, adding 47 luxury suites. Partly as a result of debt payments on capital outlays, colleges' athletic spending is increasing more than three times as fast as their overall spending, according to the NCAA.

Universities typically finance these renovations by issuing tax-exempt bonds. They then make payments on the debt by leasing the new luxury suites and other preferred seating to individuals or corporations. Suites -- usually featuring 16 seats, catered food, televisions and high-speed Internet access -- are priced at $50,000 to $90,000 a year.

A selling point to alumni and other supporters is that they can deduct most of the lease fee from their taxable income. Under a 1988 federal law, taxpayers may deduct 80% of payment for the right to purchase seating at a collegiate sports event -- though not a professional one -- as a charitable contribution. Direct payments for game tickets, food, parking and other goods aren't deductible as charitable contributions but may be written off as a business expense if used to entertain clients.

Some colleges also pay debt by selling stadium naming rights to corporations, which can deduct the payment as a donation or business expense. The University of Maryland this year sold naming rights to its football field for $20 million over 25 years to Chevy Chase Bank to help fund a $50 million renovation that also adds 60 luxury suites. Under a 1997 federal law, colleges don't pay taxes on revenue from naming rights, which are considered part of their nonprofit mission rather than unrelated business income.

College athletic directors and boosters say they need the tax breaks to raise revenue to modernize stadiums and pay for less popular sports and academic tutoring for athletes. "I don't see a thing in the world wrong with" the 80% deduction, says oil executive W.A. "Tex" Moncrief Jr., who leases a luxury suite at the University of Texas stadium. "That money is used to further many educational activities."

Warren Hood, associate athletic director at the University of Illinois, said the 80% deduction is cited in its marketing brochures and has been helpful in pitching luxury suites. Illinois, which lost 10 of 12 football games this season, began construction last month on a $116 million stadium renovation financed largely by borrowing. Mr. Hood said the university has commitments from supporters to lease 45 of 48 new luxury suites priced from $45,000 to $59,000 a year.

Critics say these payments should not be deductible as charity because they purchase a valuable asset -- either premium seating or, in the case of naming rights, advertising. The 80% deduction is "ridiculous," says Smith College economist Andrew Zimbalist, author of a book on college sports. "I don't think intercollegiate sports support the educational mission. It's a separate activity."

A tax deduction for luxury boxes "isn't my style," says Rebecca McGowan, one of the University of Michigan's eight regents. She initially opposed the Michigan renovation out of concern that skyboxes "were going to be enormously expensive, for the benefit of relatively few people." But she switched sides after receiving assurances that more athletic revenue would be devoted to academic programs.

Mr. Duderstadt, the former Michigan president, told the Senate Finance Committee at a hearing this month that the "perverse treatment" of "mandatory fees" for luxury-skybox leases and season-ticket licenses as charitable contributions is "fueling an arms race in college sports, driving universities to debt-finance massive stadium expansion projects, exploit young student athletes, and tolerate multimillion-dollar coaches' salaries."

Iowa Sen. Charles Grassley, the outgoing Senate Finance chairman who will become ranking minority member in the next Congress, said through a spokeswoman that he'd "like to know how tax deductions for boosters who lease luxury boxes at college football stadiums help poor kids afford college." The incoming chairman, Montana's Sen. Max Baucus, expects to focus on whether federal tax incentives "are helping to provide educational access to students," and may look at tax breaks for athletic facilities in that context, a senior aide said.

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According to a staffer, Sen. Grassley is considering taking up the investigation initiated by retiring House Ways and Means Chairman Bill Thomas into whether sponsorships and huge television deals for sports are consistent with colleges' tax-exempt status. In October, Rep. Thomas wrote to NCAA president Myles Brand, observing that major-college football and men's basketball "more closely resemble professional sports."

The California representative, who copied Sen. Grassley on the letter, asked Mr. Brand how much money athletic departments receive from corporate sponsorships and donations, including gifts made for the right to buy tickets. Mr. Brand responded in November that sponsorships generate $275 million in annual athletic revenues, and that donations to major-college athletic departments in 2004-05 were $845 million.

"Educational institutions ... have received favored status in every income tax act passed by Congress," Mr. Brand wrote.

Such consideration surfaces in the history of the 80% luxury-suite deduction. In 1986, the Internal Revenue Service ruled that gifts required to obtain a "substantial benefit," such as season tickets, are not deductible. Nevertheless, a tax-reform act passed that same year allowed full deductions for contributions for the right to buy seating at the University of Texas and Louisiana State University. The provision was pushed by the late Texas representative J.J. Pickle, a University of Texas alumnus and influential member of the House Ways and Means Committee, and the late Louisiana Sen. Russell Long, an LSU graduate and longtime member of the Senate Finance Committee.

In 1988, Congress extended the deduction to all universities but reduced it to 80%. "That was one of those blatant compromises," says Bruce Hopkins, a Kansas City, Mo., attorney specializing in nonprofit law. "They just plucked the 80% figure out of the proverbial air."

Even with the 80% deduction, some universities haven't raised as much money from premium seating as anticipated. The University of Colorado has leased nearly all of its 40 luxury suites but only 38% of 1,850 club seats, which cost between $1,500 and $2,200 a year, athletic director Mike Bohn says. Revenue from suites and club seats falls just short of the $3.2 million needed to pay down debt, he said, instead of the $5.7 million that leasing all of the seats would generate.

Opponents of Michigan's renovation doubt the university will find enough customers for its luxury suites, where alcohol will be banned. "Why pay a whole bunch of money, drive up to Ann Arbor, sit behind a glass wall and not be able to get a beer," says Laurence Deitch, one of two regents on the university's eight-member board who voted against the plan last month. "I think I'd stay home."

But Michigan administrators say at least 50 people have expressed unsolicited interest in leasing suites. "Would we do worse without the tax deduction?" asks Tim Slottow, the university's executive vice president. "I don't know. I wouldn't want to find out."

The Payroll Tax Trap (WSJ)

The Wall Street Journal, December 27, 2006

When these columns warned last month against a tax increase next year to "save" Social Security, White House officials said we were hooting at phantoms. Well, the more we listen to senior Republicans, the more worried we get.

Asked about a tax increase last week, President Bush refused to rule it out the way he had after the 2004 election. Instead, he said that, while he'd prefer not to raise taxes, in negotiating with Democrats he wants everyone's "ideas on the table." His spokesman, Tony Snow, was just as noncommittal on taxes, saying that "I'm not ruling it up and I'm not ruling it down." More than one GOP Senator has told us privately he's open to the idea. And no less a political student than Bill Thomas, the soon-to-retire Chairman of House Ways and Means, recently told a public forum that "I wish I were a bit more comfortable in listening to some of the noises that are currently being made" by his GOP colleagues. Uh, oh.

The issue is the price Mr. Bush is willing to pay to attract Democrats into a Social Security deal he could claim as a legacy. The President deserves credit for trying to reform Social Security while it is still in temporary surplus. But Democrats refuse to talk about personal retirement accounts for younger workers, and the White House is already signaling surrender on that proposal. The big question left is whether having everything "on the table" means conceding to Democratic demands for higher taxes today in return for future benefit cuts.

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What liberals dearly want is to raise the payroll tax cap. Under current law, Americans pay a 12.4% Social Security tax on all wages up to $94,200 in 2006, and the cap rises each year with inflation. (There is also an uncapped 2.9% Medicare payroll tax on top of that.) So why not lift the cap a little more, say the taxers, perhaps to $150,000 if the trade-off is benefit cuts that will prevent even larger tax increases in the future?

One answer is that Social Security was always meant to be run like a pension program where the taxes paid by workers are linked to the benefits they get back during retirement. Eliminating or substantially raising the cap would convert Social Security into an overt income redistribution program. If that is the direction Congress wants to go, we should all then end the pretense that Social Security is some kind of "universal" insurance program and call it welfare for poor seniors.

Such a payroll tax hike would also eviscerate Mr. Bush's most impressive domestic achievement: the pro-growth tax cuts. If the tax cap were eliminated entirely, the President would be signing into law one of the largest tax hikes in U.S. history, or more than $1.3 trillion in new taxes over the first 10 years alone. About seven million families with an income of less than $150,000 a year would be hit with a tax increase of up to $6,000 a year.

This would also be a major tax hike on small-business employers, who pay half of the payroll levy (workers pay the other half themselves). As Mr. Bush's first chief economic adviser, Lawrence Lindsey, puts it: "The President would thus be not just raising taxes on entrepreneurs to well above the levels that prevailed in the Clinton administration, but to a rate higher than Carter." Some "legacy."

But wouldn't this all be worth it if we could take those future, unfunded liabilities off the books? Only if you think a tax increase now is worth a promise to cut benefits later. No one serious thinks those benefits will be paid anyway, so why make young current workers pay twice for the sins of their fathers?

Such a tax hike-benefit cut compromise would only exacerbate the generational inequity of Social Security. The paramount scandal of Social Security is not its insolvency but rather its abysmally low rate of return for new workers. Even if the payroll tax were left alone and all promised benefits were eventually paid out to young workers, these workers would get a tiny real annual rate of return of 1% to 1.5% on average, according to a Cato Institute analysis. Even a risk-free government bond pays 3% to 4%.

Taking personal accounts off the table eliminates the only option that will provide a better rate of return for future generations. As the nearby chart shows, personal accounts earning market returns would provide roughly twice as high an annual benefit to low income workers upon retirement, three times as high a benefit for middle income workers, and four times more to those with an income in today's dollars of $94,200 a year. Mr. Bush was right to link future cuts in benefits for wealthier earners to personal accounts.

As for the politics, Republicans might take note that AARP, the liberal senior lobby, is already calling a tax increase essential to a "balanced plan" for Social Security. And in a perverse way they're right: Such a plan would raise taxes on moderate-income Republican voters in return for cutting the benefits on those same Republicans. No wonder Democrats like the idea.

A tax increase of any kind with GOP fingerprints would remove the one big political brand advantage that Republicans still have over Democrats. It would make it far easier for Hillary Rodham Clinton to propose another tax increase in 2008 because GOP credibility in fighting the idea would be nil -- just as it was in 1992 after Mr. Bush's father raised taxes as part of his "deficit reduction" deal with George Mitchell. If Republicans now let themselves get sucked into a payroll tax increase, they'll deserve the same fate.

CONGRESS-ADMINISTRATION:

Mississippi: Judicial Nominee Withdraws (NYT/AP)

By The Associated Press

The New York Times, December 27, 2006

Michael Wallace, a Jackson lawyer, sent a letter to President Bush asking that his name be withdrawn from nomination to the United States Court of Appeals for the Fifth Circuit. Though Mr. Wallace wrote that he believed most senators would consent to his nomination, he said the incoming Judiciary Committee chairman, Senator Patrick J. Leahy, Democrat of Vermont, “made it

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clear two weeks ago that he intends to permit vacancies to be filled only with 'consensus nominees.' " Mr. Wallace said remarks Mr. Leahy inserted into the record at his confirmation hearing "establish that he does not regard me as such a nominee."

Lawyer Asks Bush To Revoke His Nomination To The Bench (WP/AP)

The Washington Post, December 27, 2006

JACKSON, Miss., Dec. 26 -- A Mississippi lawyer asked President Bush to withdraw his nomination to an appellate court, saying that he does not believe that the senior Democrat on the Senate Judiciary Committee considers him a consensus nominee.

The lawyer, Michael B. Wallace, 54, of Jackson, said Tuesday that he made the request in a letter sent to the White House last week.

Wallace wrote that he thinks a majority of the Senate would consent to his nomination. But he said incoming Judiciary Chairman Patrick J. Leahy (D-Vt.) "made it clear two weeks ago that he intends to permit vacancies to be filled only with 'consensus nominees' " and that Leahy has indicated that he doesn't consider Wallace to be such a nominee.

In February, Bush nominated Wallace, a former aide to Sen. Trent Lott (R-Miss.), to fill the seat on the U.S. Court of Appeals for the 5th Circuit vacated more than a year ago by Judge Charles Pickering Sr., also a Mississippian. The New Orleans-based 5th Circuit hears cases from Mississippi, Louisiana and Texas.

In November, Wallace's name was among six judicial nominations that Bush resubmitted to the Senate.

Wallace drew opposition from Democrats, civil rights groups and the American Bar Association, which for the first time in almost a quarter-century unanimously rated a judicial nominee "unqualified."

Wallace said various special interests and their supporters on the committee had made up their minds before he was allowed to testify or respond to criticism.

Lott said in a statement that he was disappointed that "petty partisanship" would keep Wallace off the court.

AIDS Program Loses Track Of Funds, Results (WT/AP)

By Rita Beamish

The Washington Times, December 27, 2006

Even Bush administration officials acknowledge it was a lot to expect all at once: rush billions of dollars of help into AIDS-stricken nations, demand quick results from U.S. contractors, and then expect those contractors to produce tidy progress reports.

In the end, it was too much.

Government auditors found that accurate record keeping and monitoring often took a back seat in President Bush's three-year-old, $15 billion plan to fight HIV/AIDS in African and other poor countries.

The Bush administration says the situation has improved greatly because it has imposed tighter, standardized reporting systems on groups that receive U.S. money to ensure the accuracy of their reported results.

Lapses in verification, confusion over how to measure results and errors in counting people served by anti-AIDS programs were significant enough that at least one member of Congress wants lawmakers to investigate.

"While the global AIDS pandemic is an urgent humanitarian crisis that demands a rapid response, we cannot sacrifice results and accountability for speed," said Rep. Barbara Lee, California Democrat.

Rep. Henry A. Waxman, California Democrat and incoming chairman of the Government Reform Committee, agreed that Congress should probe accountability questions raised by government auditors.

Ambassador Mark Dybul, the administration's global AIDS coordinator, said there is a growing "culture of accountability" in the nations receiving U.S. help, and he is confident the overall numbers reported for the program are now accurate.

Early problems were expected as the administration demanded quick results from its contractors, Mr. Dybul said.

"You could've waited for three years to get all these systems in place, and an awful lot of people would have died," he said. "Our approach was get the services out, start moving the programs.

Auditors nonetheless plan to recommend improved reporting methods to ensure "reasonable assurance that what they say was done was actually carried out," said Joe Farinella, the assistant inspector general for the U.S. Agency for International Development, which conducted the audits.

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Investigators focused on groups caring for infected people and AIDS orphans, and working to prevent spread of the disease.

They found that in Guyana, the AIDS program reported inflated numbers to Congress in its annual report. The government claimed 5,200 AIDS orphans received care in that country, but auditors documented fewer than 300, many of them not even affected by AIDS.

The opposite occurred in South Africa, where some provincial governments refused to disclose information on AIDS tests and counseling, causing "severe underreporting" of how many benefited from U.S.-backed services, auditors said. Officials said that problem was now resolved.

After reporting that millions of people were reached by mass media promoting sexual abstinence and use of condoms, the administration now has dropped that measurement completely, on grounds that it is impossible to know how many people hear radio messages.

Development analysts say that some of the new religious and community organizations doing the AIDS work were ill-equipped for the reporting demands accompanying U.S. grants.

"This whole push for new partners is a double-edged sword. You have to build their capacity to manage U.S. government money and particularly meet the reporting guidelines," said Patty Mechael, former program director for the charity CARE.

One of the largest contractors, Family Health International (FHI), experienced 83 percent inaccurate or unverified tallies from its subcontractors in impoverished Guyana.

FHI has since strengthened training for its local partners, "making sure the people clearly understand what they're measuring," Senior Vice President Sheila Mitchell said.

Some groups that didn't measure up have been dropped, and others who complained about reporting demands have warmed to the new systems, Mr. Dybul said.

He said the updates the administration released on World AIDS Day on Dec. 1 are accurate: 822,000 people receiving lifesaving drugs, and 4.5 million receiving care.

Crackdown On 'Earmarks' Still Leaves Room For Some (USAT)

By Richard Wolf

USA Today, December 27, 2006

WASHINGTON — Billions of taxpayer dollars will continue to flow next year to thousands of projects sought by lawmakers, despite Democratic leaders' vow to place a moratorium on so-called congressional earmarks when they take control of Congress next week.

An earmark is a provision added to a spending bill for an item or program that wasn't requested by the agency getting the money or authorized by previous legislation.

Projects authorized in prior years and not yet completed will be largely unaffected by the moratorium unless federal agencies choose to stop funding them, officials say. In addition, more than 2,600 projects won passage in a 2007 defense appropriations bill before the moratorium was announced.

Even new projects could win funding if lawmakers persuade agencies to continue paying for them. "You have literally thousands of earmark lobbyists here in Washington," says Rep. Jeff Flake, R-Ariz., a leading critic of earmarks. "The pressure's going to be intense."

Democratic leaders announced this month that they would not include congressional earmarks in the final spending bill for the 2007 fiscal year, which runs through Sept. 30. "We will place a moratorium on all earmarks until a reformed process is put in place," said Sen. Robert Byrd of West Virginia and Rep. David Obey of Wisconsin, who will head the appropriations committees next year.

There were 13,012 earmarks in the 2006 budget totaling $67.1 billion, according to the Congressional Research Service.

No one is sure how existing projects should be treated. Until that's clear, some agencies say they will continue to fund thousands of projects carried over from 2006. "These agencies know who butters their bread," says Steve Ellis of Taxpayers for Common Sense.

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Most of the government has operated under temporary budget authority since the fiscal year began Oct. 1, because the outgoing, Republican-controlled Congress passed only two spending bills, for defense and homeland security.

Among the earmarked projects that are still being funded:

•About 300 Department of Agriculture projects that cost about $150 million. These include the study of certain fungi in Wyndmoor, Penn., and Arctic germplasm in Palmer, Alaska. "Under the guidelines given to us, we are not to cut out anything," says Joseph Garbarino, the Agricultural Research Service budget director.

•Army Corps of Engineers projects, such as those for water and wastewater treatment. There were about 2,000 projects in the 2006 budget, including about 50 inserted by members of Congress without administration support. "We can't willy-nilly go stopping and starting things," says Gary Loew of the corps' civil works branch.

In addition, more than 6,000 projects authorized by the five-year, $286 billion transportation bill are financed mostly by the Highway Trust Fund's gas tax revenue. They are not likely to be held up by the Democrats' action.

The White House is considering giving agencies guidelines to follow on earmarks for 2007. "The administration wants to see reforms that provide greater transparency and accountability to the process, and which result in a reduction in number and amount of earmarks," deputy White House budget director Stephen McMillin says.

Ban On Pet Projects Won't Stop Trading (AP)

By Andrew Taylor

AP, December 27, 2006

Democrats may have declared a one-year moratorium on pet projects treasured by members of Congress, but the move will hardly stop horse trading in Washington or moves by lawmakers to try to steer taxpayer money back home.

Nor will it touch billions of dollars in already budgeted Pentagon earmarks, which go to everything from research into better body armor for overseas troops to finding bone marrow matches to treat leukemia patients.

The temporary ban on earmarks — footnotes in spending bills that lawmakers use to deliver federal bacon to their states — has been greeted with applause by budget hawks and is seen as a savvy political move. But many in the rank and file are not happy.

"I've had my share of calls and they weren't to wish me a Merry Christmas," said incoming Appropriations Committee Chairman David Obey, D-Wis.

Earmarks have exploded in number and cost under GOP control of Congress and Congress got a black eye when former Rep. Randy Cunningham, R-Calif., admitted taking $2.4 million in bribes in exchange for earmarking projects to defense contractors. The Bush administration and budget hawks have protested in vain.

Obey and his Senate counterpart Robert Byrd, D-W.Va., have promised to eliminate lawmakers' pet projects as they fashion a catchall spending bill to close out about $463 billion in unfinished budget business — dumped on them by outgoing Republicans.

Byrd and Obey have announced a plan to fund most domestic agency accounts at 2006 levels, with some increases to avoid layoffs of federal employees and for politically sensitive programs such as veterans' medical treatment.

Some of the money to pay for such add-ons will come from accounts used by lawmakers to send earmarks back to their districts and states. But Congress is unlikely to drain all the money from such accounts — which run the gamut from agricultural research, flood control and grants to local police and fire departments, among many others.

That means projects will go ahead in many instances, but it will be up to Bush administration officials, spread throughout dozens of federal agencies, to determine who gets the money. Instead of looking to bills passed by Congress — or rosters of projects listed in accompanying reports — agency chiefs will have enormous discretion to award projects.

In response, lawmakers are likely to pick up the phone and write letters as they lobby agency officials to go ahead with their earmarks.

"We're going to continue to make the strongest case we can to whomever we need to fund projects we believe have a broad, positive impact on the district and are supported by the communities in which they exist," said Betsy Hawkings, chief of staff to Rep. Christopher Shays, R-Conn.

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"Even if things aren't always earmarked in report language or in a bill, sometimes there's conversations that occur between members ... and agencies," said Christin Baker, spokeswoman for the White House budget office.

Some Democrats are worried that Bush officials will use their power to help their GOP friends.

"Republican members are going to get their projects and Democratic members will not," said a Democratic staff aide responsible for writing one of nine unfinished appropriations bills. The aide is not authorized to speak with reporters and declined to be quoted by name.

But GOP officials awarding earmarks also need to be careful or run the risk of retribution from powerful Democrats writing agency budgets later next year.

"As Senator Byrd likes to say, everybody has to come back to the watering hole," said Byrd's spokesman, Tom Gavin. "And the Appropriations Committee is the watering hole."

In going forward, Bush officials are likely to fund projects included in its February budget or approved in other bills such as the defense authorization measure.

That would mean construction of federal courthouses and other federal buildings is likely to go forward, as is new housing and other construction on military bases. But earmarks for projects such as grants for after-school programs and local hospitals are more likely to get shelved.

Democratic leaders vow to reform the earmark process by requiring the names of lawmakers be listed along with their projects. And they promise to scale back the number and cost of lawmakers' pet projects.

Some lawmakers are worried that in reducing the number of earmarks, a disproportionate share would go to powerful members of the Appropriations committees and to senior lawmakers, with far fewer given to the rank and file. A chief reason for the massive growth in earmarks is that GOP leaders spread them around to everyone who asked for them.

"People bemoan the 'explosion' of earmarks but what we did was we democratized it," said Rep. James Walsh, R-N.Y., a subcommittee chairman — or "cardinal"_ on the Appropriations Committee. "We took what was the purview of a few so-called cardinals ... and we gave members all across the country the opportunity to give us their priorities."

With Promises Of A Better-Run Congress, Democrats Take On Political Risks (NYT)

By Carl Hulse

The New York Times, December 27, 2006

WASHINGTON, Dec. 23 — Republican rule on Capitol Hill drew to an exhausted end just before dawn on Dec. 9 after lawmakers dispatched a pile of bills that few had read and even fewer had helped write. Democrats say the era of such chaotic and secretive legislating came to a close as well.

After chafing for years under what they saw as flagrant Republican abuse of Congressional power and procedures, the incoming majority has promised to restore House and Senate practices to those more closely resembling the textbook version of how a bill becomes law: daylight debate, serious amendments and minority party participation.

Beyond the parliamentary issues, Democrats assuming control on Jan. 4 said they also wanted to revive collegiality and civility in an institution that has been poisoned by partisanship in recent years. In a gesture duly noted by Republicans, the incoming speaker of the House, Representative Nancy Pelosi of California, offered Speaker J. Dennis Hastert of Illinois, who is remaining in Congress, the use of prime office space in the Capitol out of respect for his position.

Mrs. Pelosi has consulted with the new Republican leader, Representative John A. Boehner of Ohio, in developing initiatives for the year, including a task force to explore independent enforcement of ethics rules. That was in sharp contrast to two years ago, when Republicans — who only grudgingly consulted Democrats — pushed through a set of diluted ethics rules that they were later forced to rescind. Democrats also supported a severance package for senior Republican aides, but the spending was blocked in the last hours of Congress by conservative Republicans.

A statement of principles by House Democrats calls for regular consultation between the Democratic and Republican leaders on the schedule and operations of the House and declares that the heads of House committees should do the same.

“We are going to give people an honest and contemplative body they can be proud of once more,” said Representative Louise Slaughter, Democrat of New York and the incoming chairwoman of the Rules Committee.

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Veteran Democrats said they did not sense that their colleagues wanted to retaliate against Republicans for perceived slights over the last decade. "We know we won in part because they got so nasty and unlikable," said Representative Barney Frank, Democrat of Massachusetts.

Mr. Frank and Representative Edward J. Markey, a fellow Massachusetts Democrat, pointed to another difference between incoming Democrats and the Republicans who took control in 1995 and saw their mission as one of purging Democrats and hobbling government.

"Democrats want government to work," said Mr. Markey, who under the Republican majority was often frozen out despite his senior position on the Energy and Commerce Committee. "I have not had a conversation where Democrats sit around talking about who they want to get back at."

Yet pledges to engage Republicans legislatively carry risks. If Democrats do not follow through or revert to practices they have spent recent years condemning, they are certain to come under attack from watchdog groups and Republicans. Republicans are already accusing Democrats of backsliding by not guaranteeing them hearings and amendments on legislation to be considered in an initial 100-hour legislative program that Democrats view as a showcase for their new majority.

But Republicans are hoping Democrats stick to their guns and allow the minority a stronger voice on legislation. The opposition leadership said it would take the opportunity to put forward initiatives that could be potentially troublesome for newly elected Democrats in Republican-leaning districts who within months will have to defend their hard-won seats.

"There are going to be days when we will offer alternatives in ways that are going to be very appealing to Democrats in districts the president carried just two years ago," said Representative Roy Blunt of Missouri, who will be the second-ranking House Republican in the 110th Congress.

Republicans see the ability to force tough votes — which they avoided in the majority by stifling Democratic alternatives — as having two potential benefits: It can put vulnerable Democrats on record with positions that might not be popular at home, or it can fracture the untested Democratic majority. Mr. Blunt noted that even senior Democrats who served in Congress when Democrats held control had no experience dealing with a relatively thin, 16-seat majority that will not allow many lawmakers to avoid tough votes.

Democratic leaders said that in the spirit of a new beginning, they have every intention of allowing Republicans the kind of legislative opportunities that Republicans regularly denied Democrats. "Democracy is a risk," said Representative Steny H. Hoyer of Maryland, the incoming majority leader. "And democracy is about alternatives."

But Mr. Hoyer and other Democrats also said that they were not naïve. If Republicans take the Democratic offer and try to advance politically charged amendments, Democrats will tighten the reins.

"We may well reject amendments which are designed solely for the purposes of creating a 30-second ad," Mr. Hoyer said. "We are not going to be foolish or stupid."

Democrats have not guaranteed Republicans an equal say, and the party's pledge to the minority states only that legislation should "generally" come to a vote under rules that allow "open, full and fair debate."

But to Congress watchers who grew increasingly outraged over Republican conduct of the House during the rule of Mr. Hastert and the majority leader Tom DeLay, the Democrats are definitely heading in the right direction.

"The House has been so egregiously run for a number of years that it was seen as contributing both directly and indirectly to the election results," said Thomas Mann, a Congressional scholar at the Brookings Institution. "There really is a strong political incentive to try to do business differently."

Democrats said explicitly that they would abandon some of the most disputed Republican practices. They point in particular to the vote on Medicare prescription drug legislation in 2003, when Republicans refused to shut off a House vote for three hours so they could twist arms and push the measure through just before sunrise. Democrats stipulate that votes should be completed within 15 minutes and not held open simply to manipulate the outcome.

Democrats are developing a proposal to guarantee that lawmakers have at least 24 hours to examine legislation. They have also called for "an end to the two-day work week" and the beginning of a "predictable, professional, family-friendly schedule that allows the legislative process to proceed in a manner that ensures timely and deliberative dispensation of the work of Congress."

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In the House and Senate, the leadership is vowing to conduct full and open conference committees that reconcile differing legislation passed by the two chambers and produce a final bill. In recent years, those sessions have all but disappeared, with senior Republicans hashing out final versions behind closed doors, occasionally adding provisions passed by neither the House nor the Senate. Some of the major legislation approved in the final hours of the past Congress was written in private by just a few lawmakers and aides and rushed to the floor.

Democrats said the Republican majority typically refused to tell them even where the supposedly bicameral, bipartisan conference sessions were being held.

"We are going to have conferences with the House," said Senator Harry Reid of Nevada, the incoming majority leader, "real conferences, public conferences, where public issues will be debated and voted upon."

Republicans said that Democrats exaggerated the degree to which they were excluded from legislative operations and that the Republican majority was less oppressive than House Democrats had been in the latter part of their 40-year majority before losing power in 1994. And they said that Democrats did not want to work with them but were more interested in scoring political points.

Democrats disputed those accusations. But even if there is some truth in them, they said, their years in the minority have made them newly sensitive to the need for a more democratic democracy.

"They really had disenfranchised about half of the American citizens," Ms. Slaughter said, referring to her Republican colleagues. "I felt my country was going down the drain. We are going to have a much more open process."

Drug Plan Companies Failed To Tell Of Changes (NYT)

By Robert Pear

The New York Times, December 27, 2006

WASHINGTON, Dec. 26 — Some prescription drug plans did not inform Medicare beneficiaries of impending changes in their costs and benefits, as they were required to do, Bush administration officials and Congressional aides said Tuesday.

This could be a serious omission in a program where beneficiaries need accurate information to choose among dozens of competing private plans.

Administration officials have told Congress that they may give these beneficiaries a six-week extension of the open-enrollment period, which ends Sunday. Beneficiaries could use the extra time to compare the options that will be available to them in 2007.

Drug benefits are administered by private insurers under contract to Medicare. Premiums, co-payments and the list of covered drugs vary by plan. In general, people who are enrolled in a drug plan and take no action by Sunday will remain in that plan throughout next year.

Even when a Medicare drug plan keeps the same name, its costs and benefits may change substantially on Jan. 1. Medicare officials repeatedly told insurers that they must notify beneficiaries of such changes by Oct. 31 of this year. But some insurers did not send out the "annual notice of change" documents, which can be 30 or 40 pages long.

The administration informed Congress of the problem last week. Administration officials said they would consider imposing penalties on companies that did not provide the necessary information to beneficiaries.

"There could be penalties for plans that did not send out the annual notice of change on time," said Jeff Nelligan, a spokesman for the Centers for Medicare and Medicaid Services.

Mr. Nelligan said he understood that UnitedHealth Group, one of the largest Medicare drug plans, did not send the required notices to some of its beneficiaries in October. He said he did not know how many other plans failed to meet their obligations or how many people were affected.

Tom Koutsoumpas, senior vice president of Ovations, the UnitedHealth unit that serves the Medicare market, confirmed that the company had failed to send timely notices to some people enrolled in its prescription drug plans. He said he believed that Medicare would give those beneficiaries more time to choose a plan.

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Peter L. Ashkenaz, a spokesman for UnitedHealth, said that perhaps 200,000 of its beneficiaries had not received the required notices by the Oct. 31 deadline. Even though people have until Dec. 31 to sign up for a plan, the Bush administration urged them to do so by Dec. 8, to avoid problems at the pharmacy.

Mr. Ashkenaz cited two reasons for the delay. UnitedHealth held back some notices because they included erroneous information that had to be corrected, he said. In addition, he said, a company printing the notices "had a fire that delayed production."

In every state but Alaska and Hawaii, more than 50 drug plans are available. Many have increased or reduced their premiums for 2007. Many have added coverage of generic drugs and reduced coverage of brand-name drugs. Some insurers have adopted new techniques to control the use of certain drugs. They can, for example, require doctors to get prior approval for prescriptions and can limit the number of pills given to a patient each month.

Insurers report other problems in the final days of the open-enrollment period. They say they have not received guidance from the government on exactly how to compute the late fees for people who did not join a Medicare drug plan when they were first eligible. The surcharge — an extra 1 percent for each month without drug coverage — adds up quickly.

The surcharge, known as a late enrollment penalty, depends on the number of months that a person went without drug coverage. Many insurers have asked the government whether they should calculate the penalty, based on the number of "uncovered months" reported by a beneficiary, or whether the government will compute the penalty.

In addition, Medicare and Social Security are still trying to straighten out problems in the withholding of prescription drug premiums from Social Security checks. Medicare mistakenly sent premium refunds to tens of thousands of people, and it failed to make the proper deductions for others.

Many insurers said they had experienced long delays in getting Medicare to correct the records on which their payments were based. These records show, for example, the date of a person's enrollment and changes in state of residence.

Most of the changes are supposed to be handled by a government contractor, IntegriGuard Enterprises, a national Medicare fraud-detection company. Teresa Houser, a spokeswoman for the company, said she could not immediately explain the delays. Federal officials noted a large backlog of requests.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, December 27, 2006

Bush levitates

Official White House pool report, dated yesterday: "After a dense morning fog cleared, President George W. Bush lifted off from Camp David with first lady Laura Bush for a weeklong trip to his Texas ranch after spending Christmas at the Camp David presidential retreat in Maryland."

Arkansas motivator

If we were to ask readers to name a musically inclined Southern Baptist politician who grew up in the town of Hope, Ark., who became governor of his state and later chairman of the National Governors Association (NGA), you'd probably answer Bill Clinton.

And you'd be correct.

But did you know that Arkansas Gov. Mike Huckabee also hails from Hope, is a talented musician (bass guitar), a Baptist churchgoer, and even chaired the NGA? And for more than a year, as was the case with Mr. Clinton, he's been mentioned as a likely contender for the White House.

Next month, just in time for a 2008 candidacy, Mr. Huckabee's newest book, "From Home to Higher Ground," will arrive in bookstores. Our early copy explains how Americans can build a better country through simple lifestyle and attitude changes.

Earlier this year, Mr. Huckabee authored a different sort of motivational book, "Stop Digging Your Grave with a Knife and Fork." The book was an instant best-seller, showing readers how self-discipline, diet and exercise can lead to a happier, healthier lifestyle.

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In 2003, the governor was warned by his doctors that he'd be dead within a decade if he didn't lose weight. He immediately began exercising and controlling his diet, and soon lost more than 110 pounds.

Rosie rules

Partly because Washington is world headquarters for the legal profession -- and partly because he delivers the best Christmas gifts to reporters -- Inside the Beltway is pleased once again to present Washington malpractice lawyer Jack H. Olender's (his firm is located at 888 17th Street NW, should you ever find a wrong toe amputated) "Top Ten Legal Predictions for 2007."

We should point out that Mr. Olender's annual predictions have a 90 percent success rate to date. So, without further ado:

1. Old Lawyers Never Die, They Just Lose Their Jobs: Large law firms are terminating lawyers at a defined age -- 65, 68, 70, pick a number. Mandatory retirement is fairly new at law firms, as lawyers with "experience" were once considered a firm's backbone.

2. $200,000 Signing Bonuses Aren't Just for Athletes: The current signing bonus for former Supreme Court clerks joining major law firms is $200,000.

3. More Long-distance Medical Malpractice: Given Americans save as much as 80 percent on surgery in foreign countries, look for more long-distance medical-malpractice claims.

4. More Malpractice by Gynecologists Performing Cosmetic Surgery: Doctors in many specialties are being invited to take crash courses to learn (or so they think) procedures from another specialty.

5. Animal Law Grows: With a nation of animal lovers, it's no surprise that the number of animal-law practitioners continues to climb.

6. Lawyers Behaving Themselves: State bars and courts have toughened discipline, making lawyers toe the line.

7. Outsource All The Lawyers? Not quite, but lawyers and law firms are outsourcing a lot of their clerical, accounting and, yes, legal work to lawyers and firms in far-away places, such as India.

8. "Deal or No Deal" Contingent Fees: The days when "silk-stocking lawyers" at "white shoe" law firms looked down their collective noses at personal injury and malpractice lawyers who handle cases on a contingent-fee basis are long gone.

9. Bloggers Beware: An $11 million Florida jury award for a woman who claimed she was defamed on an Internet message board sends this message to all bloggers: Watch what you say on the Internet, or risk a damage lawsuit for libel and slander.

10. Employers and Pornography: Civil liability for money damages will become a factor in getting employers to monitor computer use to prevent the transmission of porn, for which employers can be held responsible.

Bonus Prediction -- "The Donald" Won't Sue Rosie: Donald Trump's threatened lawsuit against Rosie O'Donnell won't happen. Mr. Trump is too smart a businessman to file a frivolous lawsuit.

I hereby resolve ...

A reminder that Inside the Beltway is once again collecting New Year's resolutions, inviting readers to tell politicians -- indeed, members of the Democrat-controlled 110th Congress -- what they'd like them to accomplish in the coming year.

Please include your name and address when sending resolutions to the e-mail address below or to John McCaslin, c/o The Washington Times, 3600 New York Ave. NE, Washington, D.C., 20002

Frist Isn't Resting, On His Laurels Or Otherwise (WP)

By Al Kamen

The Washington Post, December 27, 2006

Those who think formerly important people in Washington just vegetate once they leave town might note how outgoing Senate Majority Leader Bill "Dr. Video" Frist (R-Tenn.) keeps engaged as he heads out of town.

We got an e-mail just before Christmas, one he apparently sent to all his political action committee contributors, that was just chock-full of fascinating activities.

"We just today got back to Nashville," he writes in the Dec. 22 note, "and are tonight decorating the tree that we bought on the way home from the airport. Karyn and I enjoyed sharing our very last holiday season in our home in Washington over the last

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week, buying our 'Washington tree' and decorating it and the house extra early this year so we'd have plenty of time to enjoy it with friends as we said our goodbyes. 12 years of memories in that house!!"

But retirees shouldn't reminisce, and Frist won't. "Over the next couple of weeks, Karyn and I and the boys will be on the go; traveling and visiting with family and friends," he writes. For example, he said, he was heading to South Texas with two of his sons and some friends for a father-son hunt.

"Karyn, the boys and I will then spend the 23rd with Karyn's Mother and sister Trisha and their extended family (45 McLaughlins at their biannual McLaughlin family Christmas) in Austin. And then back to Nashville for Christmas Day to join the Frist clan," he writes. "We're rehabbing the home I grew up in, but it's not ready so we are living in the backyard in a garage apartment (now beautifully decorated by Karyn!)."

The key is to keep moving. "Another hunt with the family on the 26th to replicate the traditional southern hunt (at night) that we did exactly four years ago on the night that I became majority leader."

A hint of nostalgia there, but Frist quickly recovers. "I'll spend early January talking with and listening to folk around the country on the new focus for my leadership committee Volunteer PAC (VOLPAC) and promise to send along information before the end of the month."

Okay. Maybe all that doesn't excite you. But at the end of his message, Frist promises real news. "February I'm off on my annual medical mission trip delivering care, doing surgery, and treating AIDS patients in Kenya and Sudan and am so excited that Karyn will join me this year."

So stay active and keep moving. There's always a future presidential run to think about.President Kerrey Makes the Rounds

Speaking of presidential runs, let's remember there are other presidencies out there that offer some of the same trappings as the job in the White House. The New School announced last week that university President Bob Kerrey, another former senator whose presidential campaign quickly evaporated, is headed to India next week, stopping in three major cities "to meet top leaders in government, finance, culture, and education."

Kerrey "will participate in a town hall meeting" in Mumbai, and hold "three press conferences." Not Air Force One, but . . .HR to the Staff: Eat Something

Lots of government and private workforces were allowed to split early last Friday. But the National Science Foundation demanded that workers have lunch before heading out.

An e-mail from Paul Bealafeld in human resources explained how this works.

Bealafeld's e-mail said he was "following up on the director's . . . early dismissal message with the administrative timekeeping rules and procedures."

"Employees and teleworkers may discontinue work 3 hours prior to the end of their normal tour of duty and select administrative leave for the final 3 hours," he said. But "attaching the dismissal to the lunch break and leaving earlier than 3 hours prior to the end of the tour of duty is not authorized [so] the earliest time that employees could leave would be 12:30 p.m. if they signed in at 7 a.m."

Remember, "employees and teleworkers who discontinue work before the 3-hour dismissal are not entitled to any administrative leave and will be charged personal leave from the point of their departure until the end of their scheduled tour of duty for today."

So don't go off on an empty stomach.A White House Leak?

President Bush's pre-Christmas visit to Walter Reed Army Medical Center caused some unexpected problems, judging from an e-mail alert we received. There were the usual traffic rerouting and parking restrictions, from 8 p.m. on Dec. 21 until 2 p.m. the next day.

The e-mail lists 12 such changes likely to frustrate drivers and includes an apology:

Traffic will be blocked temporarily around the campus and re-routed if necessary. Sorry for the incontinence during this mission.

We're sorry, too.

An Early Test For Lawmakers (NYT)

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The New York Times, December 27, 2006

Thanks to the 2001 tax cut law, over the next four years the federal government will forgo some $30 billion so America's wealthiest taxpayers can claim bigger write-offs for expenses like dependents and mortgage interest. One-third of those tax cuts kicked in this year, with the rest scheduled to take effect in 2008 and 2010. By then, most of the advantage will go to the top 0.3 percent of Americans — those making more than $1 million a year — who have until now been required to limit the amounts they are allowed to claim for things like the spousal exemption or the mortgage costs on a vacation home.

Over roughly the same period, the government is looking at a $14 billion shortfall in its share of financing for a crucial federal-state program that provides health insurance to poor children, the so-called Schip, or State Children's Health Insurance Program. Without full financing, 1.5 million children will be cut from the program or underserved.

Depriving children of adequate health care while giving the rich tax benefits that were intended for average Americans is flat-out wrong. The new Democratically controlled Congress must move quickly to prevent that. When it convenes in the new year, Congress should pass a law to freeze the tax write-offs at 2007 levels. That will not cause anyone's taxes to rise. But it would free up the money that is needed for children's health insurance.

It would also be an early sign that the new Congress is more in touch with current economic reality than its Republican-led predecessor. When the bolstered write-offs were enacted in 2001 the nation was still flush with the Clinton-era budget surpluses. And while we never supported the notion that tax cuts for the rich were an appropriate way to use the surplus, those championing the cuts could at least make the argument (quickly proved wrong) that the nation could afford it.

Since then, the budget surpluses have disappeared, the nation has gone to war, government services have been cut deeply and the percentage of uninsured children has started to rise again, after declining in every year since 1998. The children urgently need to win this one, and only the new Congress can help them.

OTHER NEWS:

Festive Mood Sustains Stock Indexes Despite Retail Worries In Light Trading (WSJ)

By E.s. Browning

The Wall Street Journal, December 27, 2006

Stocks entered what investors sometimes call the year-end silly season, putting in widespread gains on thin trading activity as investors ignored disappointing retail-sales reports.

Some analysts credited a sharp decline in oil prices, the biggest in more than a month. Others said the few influential investors at work in the year's waning days were simply betting that the rally that began in July would last through year's end.

The Dow Jones Industrial Average ended its three-session slump and rebounded 64.41 points, or 0.52%, to 12407.63.

It is up 15.8% this year, less than 70 points from the record 12471.32 hit one week ago.

The day's big news was a series of disappointing holiday-shopping reports from sources including MasterCard and the National Retail Federation, indicating retail-sales gains were lighter than last year. Some analysts said the gains were strong nonetheless, while others said they would appear stronger once gift cards were cashed in next month.

Others said investors were ignoring short-term news, and betting that the year's last week would show stock gains, as it usually does.

"This is just a continuation of the rally we have seen since mid-summer. People are expecting the market to hold up until year end," said Stephen Sachs, director of trading at mutual-fund group Rydex Investments in Rockville, Md. "The retail-sales news is going to be ignored this week, and it will catch up with us next week."

Crude-oil futures fell $1.31, or 2.1%, to $61.10 a barrel on the New York Mercantile Exchange. Traders said oil investors were looking past tensions with Iran and focusing on mild winter weather, which holds down demand for fuels.

Oil futures are still up 9.5% from the recent 18-month closing low hit on Nov. 17, but are practically unchanged -- up just up 0.1% -- for the year to date.

The Standard & Poor's 500-stock index rose 0.44%, or 6.14 points, to 1416.90, up 13.5% this year.

The Nasdaq Composite Index advanced 0.51%, or 12.33 points, to 2413.51, ahead 9.4% for the year.

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Bond prices rose, pushing yields lower, because investors concluded that the weak retail-sales numbers suggest a soft economy, which will make the Federal Reserve less likely to raise interest rates.

Outside the U.S., stocks declined in dollar terms. Stocks in Japan hit a seven-month high, while China shares set a record. Most major European markets remained closed for Christmas holidays and reopen today. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.04%, or 0.08 point, to 240.40.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 1.02 billion shares, as 2,295 stocks rose and 1,027 fell.

Bond prices gained2. The 10-year Treasury note rose 5/32, or $1.56 for each $1,000 invested, pushing the yield down to 4.607%. The 30-year bond was up 13/32 to yield 4.734%.

The dollar strengthened3. Late in New York, it traded at 119.15 yen, up from 118.81, while the euro fell against the dollar to $1.3096 from $1.3141.

Former President Ford Dies At 93 (WP)

By J.y. Smith And Lou Cannon

The Washington Post, December 27, 2006

Gerald Rudolph Ford Jr., who became the 38th president of the United States as a result of some of the most extraordinary events in American history and sought to restore the nation's confidence in the basic institutions of government, died Tuesday.

His wife, Betty, reported the death in a statement.

"My family joins me in sharing the difficult news that Gerald Ford, our beloved husband, father, grandfather and great grandfather has passed away at 93 years of age," Mrs. Ford said in a brief statement issued from her husband's office in Rancho Mirage, Calif., the Associated Press reported. "His life was filled with love of God, his family and his country."

The statement did not say where Ford died or list a cause of death, according to AP. Ford had battled pneumonia in January 2006 and underwent two heart treatments -- including an angioplasty -- in August at the Mayo Clinic in Rochester, Minn.

President Bush issued a statement about the death shortly after midnight. "President Ford was a great American who gave many years of dedicated service to our country. . . . [H]e assumed the Presidency in an hour of national turmoil and division. With his quiet integrity, common sense, and kind instincts, President Ford helped heal our land and restore public confidence in the Presidency," Bush said. "The American people will always admire Gerald Ford's devotion to duty, his personal character, and the honorable conduct of his administration. We mourn the loss of such a leader . . ."

Ford was the only occupant of the White House never elected either to the presidency or the vice presidency. A former Republican congressman from Grand Rapids, Mich., he always claimed that his highest ambition was to be speaker of the House of Representatives. He had declined opportunities to run for the Senate and for governor of Michigan.

He was sworn in as president on Aug. 9, 1974, when Richard M. Nixon resigned as a result of the Watergate scandal.

"The long national nightmare is over," Ford said in his inaugural address. "I believe that truth is the glue that holds government together, not only our government, but civilization itself. That bond, though strained, is unbroken at home and abroad."

Ford had become vice president on Dec. 6, 1973, two months after Spiro T. Agnew pleaded no contest to a tax evasion charge and resigned from the nation's second highest office. The former Maryland governor was under investigation for accepting bribes and kickbacks.

In the 2 1/2 years of his presidency, Ford ended the U.S. involvement in the war in Vietnam, helped mediate a cease-fire agreement between Israel and Egypt, signed the Helsinki human rights convention with the Soviet Union and traveled to Vladivostok in the Soviet Far East to sign an arms limitation agreement with Leonid Brezhnev, the Soviet general secretary. Ford also sent the Marines to free the crew of the Mayaguez, a U.S. merchant vessel that was captured by Cambodian communists.

On the domestic front, he faced some of the most difficult economic conditions since the Great Depression, with the inflation rate approaching 12 percent. Chronic energy shortages and price hikes produced long lines and angry citizens at gas pumps. In the field of civil rights, the sense of optimism that had characterized the 1960s had been replaced by an increasing

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sense of alienation, particularly in the inner cities. The new president also faced a political landscape in which Democrats held large majorities in both the House and the Senate.

But Ford's overriding priority was ending the constitutional and political crisis known as Watergate. It had begun June 17, 1972, when five operatives of Nixon's reelection campaign were caught breaking into Democratic National Committee headquarters in the Watergate office building.

The White House denied any involvement. But as the situation unfolded, the central question was whether Nixon had tried to obstruct the subsequent investigation. A special prosecutor sought answers on tapes Nixon had made of his Oval Office conversations.

The president resisted turning them over on the ground that this would violate executive privilege, but in July 1974, a unanimous Supreme Court ruled against him. Within days, prosecutors found a tape on which Nixon apparently ordered a cover-up. The House Judiciary Committee approved three articles of impeachment. Faced with the virtual certainty of a trial by the Senate, Nixon resigned.

Ford believed that his signal achievement was healing the national divisiveness caused by the "poisonous wounds" of Watergate, as he put it in his inaugural speech. "There is no question that this is the thing I contributed," Ford said 30 years later in an Aug. 25, 2004, interview with The Washington Post at his summer home in Beaver Creek, Colo.

When he assumed office, Ford immediately made clear his intention to change what historian Arthur M. Schlesinger Jr. called "the imperial presidency."

He was "acutely aware," Ford said in his inaugural address, that he had not been elected to the position he held, and he asked Americans "to confirm me as your president with your prayers." He said he had neither sought the presidency nor made any "secret promises" to attain it.

"In all my public and private acts as your president, I expect to follow my instincts of openness and candor with full confidence that honesty is always the best policy at hand," he said.

". . . Our Constitution works; our great republic is a government of laws and not of men. Here the people rule. But there is a higher power, by whatever name we honor Him, who ordains not only righteousness but love, not only justice but mercy.

"As we bind up the internal wounds of Watergate, more painful and more poisonous than those of foreign wars, let us restore the Golden Rule to our political process, and let brotherly love purge our hearts of suspicion and hate."

A new spirit was soon evident in the nation's leadership. The Oval Office, long a fortress for an embittered president who frequently fled its confines to his homes in San Clemente, Calif., or Key Biscayne, Fla., was thrown open to members of Congress, old friends, public officials, reporters.

The new president's approval rating reached 71 percent. He was photographed making his own breakfast. He was freely contradicted by his eldest son, and his aides spoke what was on their minds without waiting for official clearance. He appointed Jerald F. terHorst, a respected Washington correspondent, as his chief spokesman.

This euphoric honeymoon lasted precisely one month.

On Sept. 8, Ford granted Nixon a full pardon for all federal crimes he had "committed or may have committed" when he was in the White House. The only acknowledgement he received in return was a six-paragraph statement from Nixon in San Clemente saying that "I can see clearly now . . . that I was wrong in not acting more decisively only in dealing with Watergate, particularly when it reached the stage of judicial proceedings and grew from a political scandal into a national tragedy."

Ford said the pardon was necessary to bring Watergate to a close, that he would have had to pardon Nixon sometime in any case, and that it was easier to do it sooner than later.

The response was a tidal wave of criticism. Every opinion poll showed a large majority of Americans opposed the pardon. It was denounced in Congress, including by members of Ford's own party. Republican officials gloomily and accurately forecast that it had reintroduced the Watergate issue into the 1974 elections, which proved to be a Democratic landslide. White House spokesman terHorst resigned in protest.

It was widely assumed that Ford had doomed his political career. By January 1975, his approval rating had plummeted to 36 percent. Not even two assassination attempts, both in California in 1975, generated significant popular support.

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The consequences included a three-month delay in confirmation of Ford's choice of former governor Nelson A. Rockefeller of New York as vice president. In congressional hearings, it was disclosed that Rockefeller had made large private gifts to employees on the New York State payroll and that he had played a hidden role in financing a campaign book against Democratic gubernatorial nominee Arthur J. Goldberg. The disclosures undermined his ability to play an influential role in the Ford administration.

Many conservative Republicans in Congress joined Democrats in opposing Ford's programs. In mid-1975, Gov. Ronald Reagan of California, the darling of the right wing of the GOP, announced his intention to seek the Republican presidential nomination in 1976.

Ford beat back the Reagan challenge, but he narrowly lost the general election in November 1976, to the Democratic candidate, former governor Jimmy Carter of Georgia.

Asked in his 2004 interview with The Washington Post if the pardon had hurt him in the 1976 election, Ford replied: "It probably did. It was a close election, as you know . . . there is a group of bitter people who never forgave me and probably voted against me, and the net result is that they probably helped that I didn't win."

Ford closed strongly against Carter after trailing by as much as 30 points in the polls but was damaged by asserting during a debate that Poland was not under Soviet domination. Against the advice of aides who told him this was a blunder, Ford stubbornly waited several days before correcting himself. The impression of bumbling was exacerbated by reports of his purported clumsiness. During a trip to Austria, he tripped and fell while leaving Air Force One and there were several photographs of him falling while skiing.

But Carter began his own term with a graceful tribute that stands as the general assessment of the Ford presidency: "For myself and for our nation," Carter said in his inaugural address, "I want to thank my predecessor for all he has done to heal our land."

Throughout his years in Washington, Ford had a reputation for hard work, patience and self-confidence. These qualities gained him a place in the inner circles of the Congress. He was helped also by the fact that politically he was a man of the center. He was an internationalist in foreign affairs, a moderate on civil rights and social questions and a conservative on fiscal matters.

His standing in the government was evident in 1963 when President Lyndon B. Johnson named him to the commission that investigated the assassination of President John F. Kennedy. In 1965, he was elected minority leader of the House, the top Republican position in a House controlled by Democrats. He held that post until he became vice president.

When he retired from the White House, Ford wrote his memoirs, established his presidential library at the University of Michigan, served on the boards of various corporations, gave hundreds of speeches, played golf and divided his time between homes in Rancho Mirage, Calif., and Beaver Creek, Colo.

He apparently had no second thoughts about his career. "Once I determine to move, I seldom, if ever, fret," he wrote in his memoirs. It was one of the most notable aspects of his character and he never wavered from it.

In 1983, he told The Post that losing to Carter "truly hurt," but that he had been "doing as good a job as possible under very difficult circumstances" and that he was not going to "sit around and cry about it."

Instead of complaining, Ford pitched in to help his party. In 1980, he campaigned hard for his old foe, Reagan, who decisively defeated Carter. "I'm a political realist," Ford told The Post in 2004 in looking back on this election. "You win some and you lose some, and you have to accept the responsibility to do what you think in the bigger perspective. I sure didn't want Jimmy Carter to be president again in 1980 because I was very sour on his performance as president."

In the late 1970s, the Ford family received expressions of respect and sympathy from all over the country when former first lady Betty Ford described her successful struggle against addiction to alcohol and prescription drugs and how her husband and children had persuaded her that she needed help. The Betty Ford Clinic in Rancho Mirage, Calif., was named in her honor and became one of the nation's leading centers for the treatment of substance abuse.

In 1981, at the request of President Reagan, Ford joined Nixon and Carter in representing the United States at the funeral of Egyptian President Anwar Sadat. The three former chief executives flew to Cairo aboard Air Force One, and Ford and Carter began a warm friendship during the flight.

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In 1999, President Bill Clinton conferred on Ford the Medal of Freedom, the nation's highest civilian honor. He also received the Congressional Medal of Honor. In 2000, when he was hospitalized after suffering minor strokes during the Republican National Convention in Philadelphia, there was an enormous outpouring of public affection and concern.

In "Years of Renewal," the third volume of his memoirs, which was published in 1999, Henry Kissinger, Ford's secretary of state, offered this assessment of the former president:

"With Ford, what one saw was what one got. Providence smiled on Americans when -- seemingly by happenstance -- it brought forward a president who embodied our nation's deepest and simplest values."

In a passage on present-day politics, Kissinger drew an implicit distinction between Ford and subsequent White House occupants.

"The modern politician is less interested in being a hero than a superstar," he wrote. "Heroes walk alone; stars derive their status from approbation. Heroes are defined by inner values, stars by consensus. When a candidate's views are forged in focus groups and ratified by television anchor-persons, insecurity and superficiality become congenital. Radicalism replaces liberalism, and populism masquerades as conservatism."

In Kissinger's view, Ford was a leader in the heroic mold.

* * *

Born Leslie Lynch King Jr. on July 14, 1913, in Omaha, Neb., the future president was the offspring of a brief, failed marriage between Leslie King, a wealthy Wyoming wool merchant, and Dorothy Gardner King. The Kings divorced the following January, and she returned to her parents' home in Grand Rapids.

Soon thereafter, she married Gerald R. Ford, a young paint salesman whom she had met at an Episcopal Church social. He formally adopted her child, who was renamed Gerald R. Ford Jr. The Fords subsequently had three other boys.

Both Grand Rapids and Gerald Ford's paint-selling business prospered in the first years of the marriage. TerHorst, the former press secretary-turned-biographer, recounts that Gerald Ford Sr. "owned a touring car and there was enough money to take Mrs. Ford and young Jerry to Florida for vacations."

The future president was athletic, outgoing and happy in his youth. He became an adequate student, an outstanding football player, and an Eagle Scout. Later, when his father's business declined during the Depression, he tried to help by taking a $2-a-week lunch-counter job.

In the custom of those years, he had not been told that he was an adopted child. He found out abruptly when his well-to-do biological father, on the way to Detroit to pick up a new Lincoln, dropped by the lunch counter where his son worked and told him.

Leslie King invited his son to spend the summer with him in Wyoming after he graduated from high school. Ford turned him down, but he was shocked by the discovery of his adoption.

As terHorst recounted in "Gerald Ford and the Future of the Presidency": "Inside Jerry Ford, the hurt was deep." He quoted Ford as saying: "I thought, 'Here I was, earning $2 a week and trying to get through school, my stepfather was having difficult times. Yet here was my real father, obviously doing quite well if he could pick up a new Lincoln.' "

This incident occurred in 1930, the year Ford turned 17 and was a senior at South High School in Grand Rapids. He was an all-city center on the South High football team, which won the state championship that year.

Ford's football prowess opened a window to college, and his coach and some alumni from the University of Michigan provided him with a scholarship and a job waiting on tables. He was a benchwarmer behind an all-American center for two years, while Michigan won back-to-back Big Ten football championships.

Not until 1934, in his senior year, did Gerald Ford win a starting place on Michigan's football team. Then he was voted the most valuable player on a team that lost seven of eight games and offered professional football contracts with the Green Bay Packers and Chicago Bears. But Ford said in his autobiography that he thought the law would be a better career.

Ford graduated from the university in 1935 with a B average. He accepted a $2,400-a-year offer to serve as boxing coach and assistant football coach at Yale, meanwhile applying to Yale Law School. The law school turned him down in the belief that he would not be able to do well in his studies while coaching.

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Ford was accepted on a trial basis in 1938 and did well enough in a couple of courses to be allowed to enroll full time. He graduated in 1941 in the upper third of his class with his best work in a course on legal ethics.

Returning to Grand Rapids, he founded a law practice with Philip W. Buchen, a fellow Michigan graduate who had been partly crippled by polio in childhood.

Already Ford was drawn to politics. He had become active in Grand Rapids the previous summer in the campaign of Republican presidential candidate Wendell Willkie, who went down under Franklin D. Roosevelt's third-term candidacy, but who carried Michigan. Ford's interest in Willkie revealed a consistent "internationalist" bent that was evident in all of his succeeding political conflicts.

The Willkie campaign also drew Ford into local Republican affairs, where he sided with a reform group known as The Home Front, which was seeking to break the power of an entrenched Republican boss.

Ford's budding political interests were interrupted by World War II. He joined the Navy and spent 47 months on active duty, two years of this time on the aircraft carrier U.S.S. Monterey, where he was once nearly swept over the side during a typhoon. He left the Navy in 1946 with the rank of lieutenant commander.

He resumed his legal career in Grand Rapids and became active in a variety of community projects, culminating in 1949 when the national Junior Chamber of Commerce selected him as one of the nation's "10 most outstanding young men."

The year of 1948, when President Harry S.Truman was confounding pollsters by winning an upset victory over Thomas Dewey, was a time of decision for Gerald Ford. He ran for the U.S. House of Representatives in what seemed to be a hopeless battle against the entrenched Republican conservative, Bartel J. Jonkman, of western Michigan's 5th congressional district.

Jonkman was of Dutch descent, and the Dutch were the largest single ethnic group in the district. He was considered an isolationist who opposed American involvement overseas in general and aid to Europe as proposed by President Truman under the European Recovery Plan in particular.

In retrospect, Ford seemed to have been in tune with the changing times. American involvement in World War II had dissipated isolationist sentiment in the nation's heartland. The internationalist Willkie had done well in Michigan as early as 1940, and Sen. Arthur Vandenberg of Michigan, the senior Republican on the Senate Foreign Relations Committee, had dramatically shifted from an isolationist to an internationalist position during the war.

Vandenberg was a political opponent of Jonkman, the senior Republican on the House Foreign Affairs Committee, and he encouraged Ford's seemingly hopeless candidacy. Jonkman also was considered by some local Republicans to be spending too little time in his home district. Ford waged a vigorous handshaking campaign, aided by members of the reform group he sided with before the war. He had the support of the largest daily newspaper in the district, the pro-Vandenberg and anti-isolationist Grand Rapids Press.

In the September primary, Ford defeated Jonkman, 23,632 votes to 14,341. He won the general election with more than 60 percent of the votes, a feat he repeated in each of the following 12 elections.

Ford had proposed marriage on February 1948, to Elizabeth Bloomer Warren, a dancer and former model, and she had accepted. But the couple kept their plans secret out of concern that her background as a dancer and a divorced woman would have an adverse effect in the Republican primary among Dutch Calvinist voters in the district.

They were married Oct. 15, 1948, in Grace Episcopal Church, which Ford attended. They had four children, Michael Gerald Ford, John Gardner Ford, Steven Meigs Ford and Susan Ford Vance.

In Washington, Ford occupied an office in what is now the Cannon House Office Building. Next door was a Democrat from Massachusetts named John F. Kennedy. Ford also formed a friendship with Richard Nixon, then a second-term House member from California.

Ford quickly established himself as a district-service congressman who answered every letter and made himself available to visitors from his state. He staffed a trailer with aides who traveled from town to town in his district. He won political points by taking stands that struck responsive chords among his constituents, such as a 1953 appeal that the United States admit 50,000 Dutch immigrants after disastrous floods in the Netherlands.

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Constituent service also was the watchword of Sen. Vandenberg, whom Ford admired almost reverentially and who, in turn, considered the new House member something of a protege. When Vandenberg died in 1952, Ford briefly considered running for his seat but decided to stay in the House.

Ford became as popular among his House colleagues as he had been in Grand Rapids. He found time to golf, swim and ski, and he was accepted into the Chowder and Marching Society, a group of House members that has always welcomed former athletes.

The new congressman was named to the assignment of his choice, the politically helpful House Public Works Committee, in his first term. In only his second term, in 1951, he was appointed to the influential House Appropriations Committee.

On foreign policy, Ford remained true to the issues he had espoused in his first campaign. He supported Truman's "Point Four" program for aiding underdeveloped countries, and he consistently favored foreign military aid. His internationalism displayed itself again in candidate preferences, and he supported the nomination of Dwight D. Eisenhower at a time when Sen. Robert Taft of Ohio was favored by most Midwestern Republicans in Congress.

On domestic issues, Ford was an orthodox Republican. He voted against public housing, against the minimum wage and against repeal of the "right-to-work law" provision of the Taft-Hartley Act.

On civil rights issues, he was considered a Republican moderate during most of his career. He voted against the poll tax, a device to keep the poor -- especially blacks -- from voting, when it was an inflammatory issue, and he voted for the 1964 Civil Rights Act and the 1965 Voting Rights Act. But he also opposed school busing to achieve racial integration, a position that disappointed members of the Congressional Black Caucus, all of them Democrats estranged from the policies of the Nixon administration. Only one member of the caucus, Rep. Andrew J. Young of Georgia, voted to confirm Ford as vice president, and Young admitted to having "grave doubts."

Republican colleagues in the House considered him progressive on making the House a more responsive institution.

His first vote in Congress was in favor of changing House rules to make it easier to bring a bill up on the floor without clearance from the House Rules Committee. When he became House Republican leader, he promoted a series of task forces aimed at giving younger members an opportunity at leadership.

During the two Eisenhower administrations, when Democrats held a congressional majority for all except the 1952-1954 term, Ford gradually advanced toward House leadership. He held a senior position on the Appropriations Committee and played a growing role in GOP strategy councils. In 1960, a poll of Washington correspondents undertaken by Newsweek rated him second among the ablest members of Congress.

Ford's breakthrough into a major position of leadership occurred in 1963, when he was the candidate of a group of younger Republicans, slightly to their party's left of center, to challenge 67-year-old Charles B. Hoeven of Iowa for chairmanship of the House Republican Conference.

Ford defeated Hoeven by an 86-to-78 vote, which he jokingly used to refer to as "a landslide." He went from there, in January 1965, to oust Charles A. Halleck of Indiana from the House minority leader post he had held for six years in a 73-to-67 secret ballot.

One of the public highlights of the Ford minority leadership was a weekly news conference with Sen. Everett M. Dirksen (R-Ill.), which quickly became know as the "Ev and Jerry Show." Ford lacked Dirksen's oratorical talents, and he sometimes found himself on the losing end of exchanges with the Illinois senator.

It was at this period of his career that Ford was on the receiving end of two well-publicized gibes of President Johnson. The president once suggested that Ford couldn't "chew gum and walk at the same time" and also commented that "there's nothing wrong with Gerald Ford except he played football too long without a helmet."

Ford incorporated this last remark into some of his own speeches, correctly giving the original authorship to former Detroit Mayor Gerald Cavanaugh.

However, House colleagues on both sides of the aisle disputed the idea that Ford was less than bright. They pointed to his shrewd, effective leadership in the House and his mastery of such complexities as the defense budget.

What Ford lacked, according to one of the influential Republicans who knew him best, was a capacity for inspirational expression.

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"I'd like to see him give more of a look of leadership than his pedestrian quality, but that's Jerry," this colleague said five months after the beginning of the Ford presidency. "He didn't make inspirational speeches as minority leader and he doesn't make them as president of the United States."

Ford's accomplishments as a House leader were based not upon his public pronouncements but upon a talent for friendly persuasion attested to by many Republicans and Democrats.

"It's the damnedest thing," said Rep. Joe Waggonner (D-La.). "Jerry just puts his arm around a colleague or looks him in the eye, says, 'I need your vote,' and gets it."

Most of Ford's public declarations in the mid-1960s were orthodox, oppositionist rhetoric, peppered with football expressions of "end runs" and "team play." He said the Johnson administration was taking the country into "frustration and failure, bafflement and boredom." Once he said, "If Lincoln were alive today, he'd be spinning in his grave."

Occasionally, however, Ford was capable of defining his own political moderation in words that set him apart from the Nixon administration, which he was soon to defend.

In a speech at Southern Methodist University on Nov. 8, 1968, he said: "The higher ground of moderation with unselfish unity is not only common horse sense for a political party, it is also representative of the people and in keeping with the underlying genius of the American political system."

In 1970, Ford was accused of abandoning the high ground of American politics when he launched an effort to impeach William O. Douglas, the liberal associate justice of the U.S. Supreme Court. In the course of the incident, he offered a definition -- much quoted during the Clinton years -- of what constitutes an impeachable offense.

Ostensibly, it was Ford's idea to impeach Douglas because of the appearance of excerpts of a book by the jurist in the Evergreen Review alongside material that Ford said was pornographic. However, after he became president, Ford admitted he had been helped by John N. Mitchell, the attorney general in the first Nixon administration, who was angry about Senate rejection of two of Nixon's Supreme Court nominees.

The charges presented by Ford were primarily political and made numerous references to Douglas's alleged "liberal" or "leftist" beliefs. Ford described Douglas's book, "Points of Rebellion," as "a fuzzy harangue." Responding to congressional critics who said that these charges had nothing whatever to do with judicial misconduct, Ford said on April 15, 1970:

"What, then, is an impeachable offense? The only honest answer is that an impeachable offense is whatever a majority of the House of Representatives considers it to be at a given moment in history."

The impeachment resolution was shunted to a House Judiciary subcommittee, which found no grounds for taking action.

Ford's severest intra-party critic on this issue was Rep. Paul N. McCloskey Jr., a maverick Republican from California, who considered the impeachment effort an attack on judicial independence. It was reflective of Ford's personal stature in the House and of his desire to preserve a wide range of views within the Republican Party that he and McCloskey remained good friends.

Ford's consistent advocacy of military preparedness and his internationalism made him an early supporter of the Vietnam war. When Johnson sent a half million troops to Vietnam in 1965, Ford emerged as a partisan critic who said that the United States should take sterner measures, such as the bombing of North Vietnam and a naval blockade, in an effort to end the conflict.

"It is President Johnson's war, because the president plays everything close to the vest,' Ford said on June 18, 1966. "He has an unhealthy passion for secrecy."

The use of the phrase "Johnson's war" brought Ford a rebuke from some Republicans, among them, Sen. Dirksen.

Ford served as permanent chairman of the 1968 Republican Convention, which nominated Nixon for president. In his speech to that convention, Ford emphasized failures of U.S. policy in Vietnam and military preparedness.

"Our military strength has dangerously declined compared to that of the communist world," Ford said. "We should rebuild our military power to the point where no aggressor would dare attack us."

When Nixon became president, Ford loyally supported his Vietnam policy, including the incursions into Laos and Cambodia and the bombing of North Vietnam. He later gave Nixon full credit for withdrawing U.S. troops from the war.

The new Nixon administration changed Ford's role from leader of the usually loyal opposition to outspoken advocate of the Republican president. Ford supported the president nearly nine of 10 times on legislation and on almost all important issues. Until the last few weeks of the Watergate crisis he steadfastly refused to believe that Nixon himself might be seriously implicated.

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Ford's loyalty was rewarded after Agnew's resignation when Nixon nominated him for the vice presidency. Ford was the second choice after former secretary of the treasury John B. Connally, but Nixon was persuaded by various Republicans that Congress would not confirm Connally, a former Democrat.

Ford's nomination was the first made under the 25th Amendment and it touched off a detailed inquiry into his background and financial affairs by the two congressional judiciary committees.

One of the charges investigated was leveled in a 1972 book by former Washington lobbyist Robert N. Winter-Berger, a self-styled influence peddler who said that he had lent Ford $15,000 that was never repaid.

Winter-Berger was unable to produce any documentation and he contradicted himself frequently in testimony, once saying that he had written with "literary license."

His colleagues absolved Ford and he was subsequently confirmed 92 to 3 in the Senate and 387 to 35 vote in the House, despite opposition from the National Association for the Advancement of Colored People (now known simply as the NAACP) and Americans for Democratic Action.

The action of both groups was based largely on Ford's civil rights record as they perceived it. Joseph L. Rauh Jr., the national vice chairman of the ADA, said Ford had been "a divisive influence on civil rights legislation at every turn."

Ford spent the better part of the next 10 months trying to defend Nixon on the Watergate issue, while at the same time condemning the practices of political espionage, lying and obstruction of justice uncovered in the Watergate scandal.

While he never criticized Nixon personally, he tried on several occasions to distance himself from the Nixon White House, most noticeably on March 31, 1974, when he told a Midwestern Republican conference in Chicago that the party must "learn the lessons of Watergate."

But it was not until the weekend before Nixon's resignation that Ford stopped proclaiming belief in Nixon's personal innocence. And it was not until the day before Nixon bid farewell to his high office in a nationally televised speech that Ford actually assembled a transition team.

* * *

In the aftermath of the Nixon pardon, Ford's political vulnerability was evident in his efforts to deal with Vietnam and its legacy.

He surprised many Americans by unveiling, in a speech to a Veterans of Foreign Wars convention, a conditional-amnesty plan for Vietnam-era draft evaders and deserters. The proposal drew a swarm of critics. Veterans groups opposed any amnesty program while organizations such as the American Civil Liberties Union called for unconditional amnesty. Of the estimated 100,000 draft evaders, only about 20,000 took advantage of the program. Ford said in his memoirs that he was inspired by President Abraham Lincoln's offer of amnesty to Civil War deserters who swore allegiance to the union.

Although U.S. combat troops had been withdrawn by the time Ford took office, Washington was still committed to supporting the non-communist government in Saigon. With conservative backing, the president proposed an increase in aid for the South Vietnamese government to help it resist what was expected to be a major effort by the North Vietnamese communists to drive it out of the country.

There was little support for this in the new Congress. Early in 1975, it rejected Ford's proposals, turning a deaf ear to arguments that Washington had to stand by its beleaguered ally to maintain its credibility in world affairs.

The communist offensive began in April, 1975, and Ford ordered the small remaining contingent of U.S. embassy and security personnel to leave. The final evacuation produced painful pictures of Americans in retreat -- officials scrambling to get aboard helicopters while Marines held back crowds of Vietnamese who had loyally supported the United States.

On April 23, 1975, in a speech at Tulane University, Ford announced that the war in Vietnam was "finished as far as America is concerned."

A week later, Saigon fell to the communists and the long war was over.

On May 12, communist Khmer Rouge forces seized the Mayaguez, a U.S. merchant ship, in the Gulf of Thailand off the coast of Cambodia and took the 30-member crew hostage.

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In the wake of the withdrawal from Vietnam, the Ford administration felt compelled to demonstrate decisively that it would protect U.S. citizens. A second reason was the president's determination to avoid a reprise of the USS Pueblo incident in 1968, in which a Navy spy ship had been captured by North Korea and its crew held under harsh conditions for a year.

The president ordered U.S. planes to bomb Cambodia. Marines invaded Koh Tang island, where the 30-member crew had initially been taken. But U.S. intelligence had lost track of the prisoners. By the time the Marines landed, the captives had been taken to the mainland and released. The Marines fought a daylong battle against a powerful Khmer Rouge force and were withdrawn from the beach by helicopter. More Americans were killed in the operation than were freed.

In retrospect, Ford came to the view that U.S. policy in Vietnam was mistaken. He blamed this on an unthinking inheritance of French colonial policy. "The French had the wrong policy, and we inherited it, and our State Department was not smart enough to realize that we should have been more objective about our policy in Vietnam," Ford said in the 2004 interview with The Post. Asked if the United States should have withdrawn sooner than it did, he said: "Absolutely, in retrospect. Now I wasn't strong enough to make that decision while I was in the White House but in reflection, there is no question."

Elsewhere in foreign affairs, Ford tried to play a mediator's role in fighting between Greeks and Turks on Cyprus. He was unsuccessful in preventing Congress from cutting off military aid to Turkey.

In the Middle East, he continued the Nixon policy of using Kissinger as a mediator between Israel and the Arab states in the Middle East. An agreement signed in September 1975 halted fighting between Israel and Egypt.

In the previous month, Ford had traveled to Helsinki to sign an accord that recognized the existing frontiers between states, including the border between East and West Germany. This implicitly recognized Soviet domination of Eastern Europe. In return, Moscow agreed to respect basic human rights and to ease restrictions on the free exchange of information and on emigration and travel within the Soviet Union.

Ford was criticized for signing the Helsinki Accords at a time when the news media were reporting numerous human rights violations in the Soviet Union, including the refusal to allow Soviet Jews to emigrate to Israel. But the president said in his autobiography, "A Time to Heal" (1979), he regarded the agreement as "a real victory for our foreign policy" because the Soviets had conceded that national borders could be changed by peaceful means.

The president also traveled to Vladivostok to negotiate a tentative new missile limitation agreement with the Soviet Union, a mission that was successful although critics of the agreement said the limits were too high.

But it was the domestic economy that proved the touchstone of Ford's presidency. The problems included inflation, rising unemployment -- it passed 9 percent, the highest level since the Great Depression -- and skyrocketing energy costs.

Soon after taking office, Ford said inflation was "public enemy No. 1." To fight it, he vetoed more than 50 spending bills. He also announced a 32-point program for fighting it, which he called "WIN," an acronym for "Whip Inflation Now."

Congress declined to enact most of Ford's anti-inflation proposals, however, and the WIN program was overtaken by the events of deepening recession. In January 1975, the president all but declared a cease-fire in his war on inflation and turned his attention to growing unemployment and sinking productivity.

In one of the most candid State of the Union messages ever presented to Congress, Ford in 1975 said:

"I must say to you that the State of the Union is not good. Millions of Americans are out of work. Recession and inflation are eroding the money of millions more. Prices are too high and sales are too slow."

Ford followed this message with a budget proposal that predicted long-term unemployment and massive deficits. His essential answer to what he conceived as the twin problems of the economy and the energy crisis was a quick tax rebate to stimulate the economy and oil tariff increases to lessen American dependence on foreign oil.

In 1976, Congress passed a tax reform act. It included tax cuts larger than those Ford had proposed, but he signed the bill into law. He resisted plans for public works projects to create jobs.

Despite the seriousness and the variety of the problems that confronted him, Ford maintained his even-tempered composure and his optimism. He met frequently with a wide range of legislators, businessmen, labor officials, heads of state, reporters and other visitors.

He knew that his chances of winning a full term in 1976 were not good, but he approached it in the spirit of Truman, whose bust he placed next to his desk in the Oval Office.

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Truman, Ford used to say, "had guts, he was plain-talking, he had no illusions about being a great intellectual, but he seemed to make the right decisions."

Many would say the same of Gerald Rudolph Ford.

J.Y. Smith wrote obituaries for The Washington Post until his death in January, 2006.

Gerald Ford Dies At 93 (LAT)

By Robert L. Jackson

The Los Angeles Times, December 27, 2006

Gerald R. Ford, who as the 38th president of the United States helped restore the nation's political stability after the trauma of the Watergate scandal, has died, his widow, Betty, announced Tuesday night.

"My family joins me in sharing the difficult news that Gerald Ford, our beloved husband, father, grandfather and great-grandfather, has passed away at 93 years of age," the former first lady said in a brief statement issued from her husband's office in Rancho Mirage. "His life was filled with love of God, his family and his country."

He died at 6:45 p.m. Tuesday at his home in Rancho Mirage. No cause of death was released.

Ford had been in declining health for several years. In August he had a cardiac pacemaker implanted during a stay at the Mayo Clinic in Rochester, Minn. A few days later, he underwent a second heart procedure when stents were placed into two of his coronary arteries to increase blood flow.

With Ford's death, George H.W. Bush, 82, becomes the oldest living former president. He and President Carter were both born in 1924, but Bush was born in June and Carter in October.

President George W. Bush's chief of staff, Joshua B. Bolten, told Bush of Ford's death just before 8 p.m. PST, Deputy White House Press Secretary Scott Stanzel said. Bush, at his ranch near Crawford, Texas, called Betty Ford about an hour later "to express his personal condolences," Stanzel said.

In a prepared statement released by the White House, said Bush and First Lady Laura Bush were "greatly saddened" by Ford's death. "The American people will always admire Gerald Ford's devotion to duty, his personal character, and the honorable conduct of his administration," the statement said. "We mourn the loss of such a leader, and our 38th president will always have a special place in our nation's memory. On behalf of all Americans, Laura and I offer our deepest sympathies to Betty Ford and all of President Ford's family. Our thoughts and prayers will be with them in the hours and days ahead."

Ford, a Republican, served first as vice president and then as president without benefit of election. He was House minority leader in 1973 when he was chosen by President Nixon to serve as vice president after Spiro T. Agnew was forced to resign because of financial irregularities. Less than a year later, Ford was thrust into the Oval Office when Nixon resigned because of Watergate.

Ford took the presidential oath at 12:03 p.m. on Friday, Aug. 9, 1974, in a nationally televised ceremony in the East Room of the White House. Once sworn in, he stepped to a microphone to address the cameras and hundreds of tearful staffers who had just waved goodbye to Nixon's helicopter as it rose from the White House lawn.

"Our long national nightmare is over," Ford said. "Our Constitution works; our great republic is a government of laws and not of men."

Untainted himself by Watergate, Ford was left the task of restoring public confidence in an institution badly damaged by the corrosive constitutional crisis that, until Nixon's resignation, was spiraling toward the president's impeachment and conviction in the Senate.

But, after serving barely a month as president, Ford made the controversial decision to grant Nixon a blanket pardon for any crimes he may have committed while in office. Many thought Ford's move fueled national cynicism about government and the officials who ran it. Others thought it was the correct decision to move the country past Watergate.

Ford defended his actions by saying he had hoped to end the bitter debate over whether to prosecute Nixon, which had become a serious distraction for the White House. He conceded after his narrow defeat by Carter in 1976, however, that the pardon had had "an adverse impact" on his popular support, although he maintained that he had made the "right decision."

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Ford took over a disoriented and virtually immobilized administration at a time of mounting problems. Abroad, the long, costly U.S. military presence in Southeast Asia was nearing an end. At home, an economy warped by inflation and energy shortages was sliding into a recession.

The new president sought to distinguish his habits from the perception that his predecessor ran an imperial presidency. Ford replaced Nixon's aides, and White House officials became more accessible than they had been in years. Trust and civility began to reappear in White House relations with Congress and the public.

One morning, he invited the White House press corps to chat with him while he ate a typical breakfast. As photographers snapped away, Ford sliced and buttered his own English muffins in the manner of the Upper Midwesterner he was.

Although Ford defended the American commitment in Southeast Asia after most U.S. officeholders had written it off as political poison, he showed early sensitivity as president to the domestic divisions left by the unpopular conflict.

To promote "the rebuilding of peace among ourselves," he initiated a conditional clemency plan that he said would give draft dodgers and deserters a chance to "work their way back" to full citizenship.

Supporters praised Ford for integrity, openness and stubborn determination. His detractors called him unimaginative and outdated, an accidental president unqualified for the White House. A public perception of Ford as a fumbler took shape after a series of minor accidents was exploited in derisive commentary and cartoons.

He survived two attempts on his life. Both occurred in California in the same month — September 1975.

On the morning of Sept. 5, a young woman named Lynette "Squeaky" Fromme, a member of the Charles Manson family who had not been involved in Manson-related murders, aimed a borrowed .45-caliber pistol at Ford as he crossed a park near the state Capitol in Sacramento. The gun misfired as a Secret Service agent grabbed her arm.

Less than three weeks later, on Sept. 22, Sara Jane Moore, later diagnosed as psychologically disturbed, fired a shot at Ford from across the street as he emerged from the St. Francis Hotel in San Francisco. A retired Marine who saw Moore raise the gun struck her arm and deflected the shot. Again, Ford was not injured.

Both women were convicted for the attempted assassinations and were sentenced to life imprisonment.

But more fundamental problems confronted Ford's administration and, indirectly, his candidacy for an elected presidential term of his own.

Although the end of the Vietnam War in May 1975 meant that the nation was technically at peace for the first time in 11 years, international tensions continued. The administration was in a drawn-out confrontation with Congress on military posture, foreign policy and controls over covert intelligence operations.

On the foreign policy front, Ford — with help from holdover Secretary of State Henry A. Kissinger — played a leading role in the Helsinki Accords, in which the Soviet Union in 1975 agreed to basic freedoms of religion and conscience for all peoples. Although some dismissed the accords as worthless, some historians now believe they paved the way for later democratic reforms among the Soviet people.

Domestically, Ford sought to slay the twin beasts of a deepening recession and ballooning inflation with an economic program that was largely ineffective. He dubbed it "Whip Inflation Now," using the acronym WIN. Unemployment in 1975 had reached 9.2%, a 34-year high, and inflation was at 11%.

Ford offered everyone in the nation a WIN button to encourage support for his campaign for such voluntary measures as cost-cutting by businesses and compliance with a 55-mph speed limit to reduce reliance on foreign oil. Soon there were WIN parades, WIN work projects and WIN flags.

But high unemployment continued into the 1976 election year. And, although the pall of Watergate was largely lifted, basic policy directions were little changed from the Nixon era.

Ford was born July 14, 1913, in Omaha, the only child of Leslie and Dorothy Gardner King. They christened him Leslie Lynch King. After a divorce in 1915, Dorothy King took the boy to live with her parents in Grand Rapids, Mich., and later married a young paint salesman, Gerald R. Ford, who adopted the child and changed his name to Gerald R. Ford Jr. In time, there were three half-brothers. The elder Ford formed his own paint company and nursed the family through the Great Depression.

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Young Gerald starred at center on the 1930 championship football team at South High School, then won a football scholarship to the University of Michigan at Ann Arbor, where he earned his keep as a fraternity house dishwasher and had a B average when he graduated in 1935.

Ford turned down two offers to play professional football to take a job as assistant football and boxing coach at Yale, which financed his attendance at Yale Law School. He was in the top third of his class when he received his degree in 1941.

He launched a law practice in Grand Rapids, but a few months after the Japanese attacked Pearl Harbor on Dec. 7, 1941, he joined the Navy. Assigned in 1943 to the new light aircraft carrier Monterey, he had earned 10 battle stars in the South Pacific and was a lieutenant commander when he returned to Grand Rapids in 1945.

Ford signed on with a local law firm, then soon found himself vice president of a group of former servicemen campaigning for action on veterans' housing. It was this entree to local politics that led Ford in 1948 to successfully challenge U.S. Rep. Bartel J. Jonkman, an isolationist Republican representing the 5th District, for the GOP nomination.

Ford's election that fall with 61% of the vote was routine in the 5th District, which had last sent a Democrat to Congress in 1910.

A well-kept secret during the primary campaign was Ford's engagement to Elizabeth Anne Bloomer, a trained dancer and former model. They were married a month before the 1948 general election.

It was a close, enduring match. Gerald and Betty Ford lived for a time in apartments around Washington, then moved into a comfortably unassuming house in Alexandria, Va., where they raised their four children: Michael Gerald, John "Jack" Gardner, Steven Meigs and Susan.

Freshman congressman Ford soon achieved a place on the Appropriations Committee, the starting point for all money bills. Assigned to the subcommittee on defense, he became a specialist in Pentagon budgeting and acquired a belief in military strength that he carried with him to the White House.

Ford began to emerge from the GOP rank and file in February 1952 when he joined 17 other House Republicans in a letter urging Gen. Dwight D. Eisenhower to run for president. The 1952 election put Eisenhower in the White House and gave the vice presidency to Nixon, then a U.S. senator from California and a friend of Ford from when they served together in the House.

The new vice president was Ford's well-placed link with the Eisenhower administration. And it worked two ways: When a GOP moderate faction tried to force Nixon off the 1956 GOP ticket, Ford helped douse the revolt. Nixon remembered the service and brought Ford into his circle of advisors when he waged his losing presidential campaign against Sen. John F. Kennedy in 1960.

A week after the assassination of President Kennedy on Nov. 22, 1963, President Lyndon B. Johnson named Ford to the seven-member commission headed by Chief Justice Earl Warren that investigated the killing. After a 10-month inquiry, the commission found unanimously that the murder was the work of a lone gunman, Lee Harvey Oswald.

Ford, who was the last surviving member of the Warren Commission, co-wrote a book with John R. Stiles on the findings of the panel, "Portrait of the Assassin."

In January 1965, Ford became House minority leader, but the Republicans were so few at the time that he was in no position to block or amend Johnson's Great Society programs.

Ford did serve notice on the Johnson White House not to expect GOP support in the House for the escalating war in Vietnam unless Republicans were consulted on policy. A hawk on Vietnam, Ford branded the administration's limited-war policies a failure and called for vigorous action against communist supply lines.

Johnson, however, ignored Ford's criticisms and dealt with the GOP congressional leadership primarily through the late Sen. Everett M. Dirksen (R-Ill.), an old colleague who supported him on Vietnam. Privately, Johnson dropped widely repeated gibes that Ford "played football too long without a helmet."

The close election that put Nixon in the White House left House Republicans 26 votes short of controlling the House. But as minority leader, Ford provided crucial support for President Nixon. He backed Nixon's policies on waging the war in Southeast Asia and in withdrawing from it. And despite his two decades as a cold warrior, he supported Nixon's moves toward detente with Moscow and endorsed Nixon's visit to mainland China.

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Despite Nixon's reelection in 1972, Republicans failed to capture the House, and Ford knew he probably would never achieve his ambition of becoming speaker of the House. He talked of serving out his last term and retiring on his generous congressional pension and maybe practice a little law.

No one, least of all Ford, foresaw the combination of scandal and political accident that within two years would dispel this dream of honorable retirement. When Agnew resigned office in disgrace after pleading no contest to financial corruption charges, Nixon was empowered by the 25th Amendment to appoint a new vice president. He selected Ford. And when Watergate engulfed Nixon soon after, Ford found himself in the Oval Office.

The Watergate scandal involved the June 1972 burglary of Democratic Party headquarters at the Watergate office complex in Washington. The break-in and efforts to cover up the crime reached all the way to the Oval Office. A number of administration officials resigned; some were later convicted of offenses connected with efforts to cover up the affair. The House Judiciary Committee ultimately recommended three articles of impeachment against Nixon. Rather than face a trial in the Senate, Nixon announced on Aug. 8, 1974, that he would resign the next day.

The healing process Ford envisioned for his presidency was severely jolted at an early stage by his abrupt televised announcement on Sept. 8, 1974, of an unconditional pardon of Nixon for any crimes he might have committed as president. No charges were pending against Nixon, but multiple breaches of trust and law were indicated by the record of a House impeachment inquiry.

Ford said he believed that a Nixon trial would fuel "ugly passions" and that "Richard Nixon and his family have suffered enough."

Public reaction was negative, and some suspected that the pardon was part of a deal that had been arranged to get Nixon to resign.

Ford denied this and took full responsibility for the decision.

He added: "I do believe the buck stops here, and I cannot rely on public opinion polls to tell me what is right."

Until he became vice president and then president, Ford was barely known outside Washington. Many Americans drew their first impression of the 38th president from the televised image of a friendly, big-boned man who looked a bit ill at ease amid the improvised inaugural solemnities.

Ford was 61 at the time but looked younger. Smiles came easily to his square-jawed face. He wore his thinning hair short, with sideburns to mid-ear. It had been 40 years since he had starred at football for the University of Michigan, but he still had an athlete's bearing.

In formal speeches, Ford was more earnest than eloquent, and he said himself that he was "no orator." His delivery of prepared texts was wooden and his impromptu comments from the platform and in his numerous news conferences were in workaday political prose. On informal occasions, he was approachable and unpretentious. At ease in the Oval Office puffing on one of his many pipes, he was a good listener and a persuasive negotiator.

Ford nominated former New York Gov. Nelson A. Rockefeller to fill the vice presidency, and Congress confirmed the choice. It was an overture to the Republican center that galled conservatives, who had never accepted the moderate New Yorker. Rockefeller, considered a liability to Ford's bid for the 1976 nomination, withdrew himself from consideration as a vice presidential candidate in November 1975.

Ford began his tenure with a Cabinet inherited from Nixon, but eight of the 11 faces changed in his administration's first 18 months. Though he retained Kissinger, despite the secretary of State's many critics, he fired Secretary of Defense James R. Schlesinger, a brainy, blunt advocate of military power and an open critic of Kissinger's handling of detente with the Soviet Union. Also dismissed, then invited to stay on until his successor was in place, was William E. Colby, who had headed the CIA during 16 bleak months of Watergate-related investigations.

To succeed Schlesinger — who soon reappeared in government, as Carter's Energy secretary — Ford picked Donald H. Rumsfeld, until then the chief of the White House staff. And to succeed Rumsfeld, Ford elevated a lower-level presidential aide then known as Richard B. Cheney, now Vice President Dick Cheney. For the CIA post, Ford nominated George H.W. Bush, a former Texas congressman and onetime GOP national chairman who then headed the U.S. mission in Beijing. Ford enjoyed the presidency and worked hard at it, but his style was unexciting. Little innovation came out of the Ford White House. Such surprises

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as there were — notably the Nixon pardon and the Cabinet shake-up — generated more criticism than praise. Ford's business-oriented economic views alienated labor leaders, while his striving for improved relations with the communist powers brought him under right-wing fire.

In dealing with the Democratic-run Congress, Ford alternated between stubbornness and conciliation. He used his veto power liberally and set a modern record by rejecting 46 bills in his first 18 months as president, but he was overridden eight times. The effect of many of the vetoes was to put pressure on Congress to scale down costly programs.

Yet throughout Ford's presidency, policy differences with Congress seemed never to erase his old ties with Capitol Hill, where he had served 25 years in the House, nine of them as minority leader. He had friends in both parties and was esteemed as a hard-working square shooter.

Ford kept himself open to advice from many quarters. Indeed, some critics complained that he listened too much and initiated too little, that he vacillated and failed to show affirmative leadership. For example, he denounced the idea of a federal "bailout" to save New York City from bankruptcy — prompting the New York Daily News' famed "Ford to City: Drop Dead" headline — but then supported a $2.3-billion short-term loan program to tide the city over.

On other occasions he took firm stands and stayed with them despite the consequences, as when he advocated higher fuel prices to force conservation, handing Democrats a powerful campaign issue.

By April 1975, Ford's Gallup Poll rating had slid to 39%. The downward trend was halted by Ford's vigorous response to the seizure of an unarmed American container ship, the Mayaguez, by a Cambodian gunboat.

The Mayaguez and its 39-man crew were released May 14, 1975, hours after Ford had ordered a military operation that threw 210 Marines, three warships and 300 aircraft into action. Fifteen servicemen died and 50 were wounded in the assault. Although his resort to arms drew some criticism, his firm decision to draw the line at what he called "an act of piracy" acted as a tonic to a public demoralized by the communist victory in Southeast Asia.

On the domestic front, Ford took steps to eliminate abuses by the CIA and related agencies. There was abundant evidence when he took office that the intelligence agencies had been misused for illicit snooping on strictly domestic groups — and not only by the Nixon administration.

Ford promised in his first speech to Congress that there would be "no illegal tappings, eavesdroppings, buggings or break-ins by my administration." He appointed Rockefeller to head a commission to investigate the matter, which several months later found that though most CIA activities were within the agency's charter, some had been "plainly unlawful and constituted improper invasions of the rights of Americans."

Ford later directed all agencies in the foreign intelligence field not to spy on Americans electronically, not to intercept their mail and not to infiltrate domestic organizations.

He was naturally positioned to run for the GOP nomination in 1976, but he withheld his decision on whether to run until it was clear that his wife, Betty, had fully recovered from a mastectomy she underwent in September 1974. The public disclosure of her illness — a taboo subject at the time — sparked an outpouring of support, and many women credited her with encouraging early checkups that may have saved their own lives.

"Her honesty has always been one of the qualities about her that I love," President Ford said.

(The first lady became even more celebrated after leaving the White House when in 1978 she disclosed her dependence on alcohol and prescription drugs. In 1982, she founded the Betty Ford Center in Rancho Mirage, where tens of thousands of patients have sought rehabilitation from drug and alcohol addictions.)

Ford was the first president in the 185-year history of the office to lack the mandate of victory in a national election, and many saw him as a GOP workhorse, more dogged than talented, a caretaker predestined to be replaced in the 1976 election. A swarm of Democrats judged that he was beatable. He also faced serious competition from within his own party.

Undeterred, Ford announced in July 1975 that he would run for a full term in 1976. The early declaration failed to head off a strong challenge in the GOP primaries from former California Gov. Ronald Reagan.

After a long, hard and sometimes bitter struggle, Ford won his party's nomination at the Kansas City convention. He chose Kansas Sen. Robert J. Dole as his running mate.

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Ford's acceptance speech, considered the best of his career, challenged Carter to meet him "face to face" in a televised series of campaign debates, the first of their kind since 1960. Carter accepted, and in the first debate, Ford did well.

Forward motion faltered, however, after Ford declared in the second debate that "there's no Soviet domination of Eastern Europe." Ford first tried to explain that he had meant the United States did not acquiesce in Soviet domination, then admitted after six days that he had simply made a mistake.

That blooper in early October coincided with other troubles. Most seriously, he was forced by public protests to accept the resignation of Earl L. Butz, the Agriculture secretary he had inherited from Nixon, after published reports of an obscene gibe Butz had made about blacks. Ford's low-key reaction to the Butz gaffe did nothing to mend fences with African American voters, who backed Carter 9 to 1 on Election Day. When all election returns were in on Nov. 2, Carter had won, 51% to 48%.

As his brief term ended, Ford won praise from many quarters for his ability to bolster the public's shaken confidence in government. At the January 1977 inaugural, he seemed near tears when his Democratic successor, Carter, turned to him and extended public thanks to the retiring president "for all he has done to heal our land."

Ford seemed at peace with himself as he left Washington late on Inauguration Day for Palm Springs, where he and his wife lived temporarily. They moved in March 1978 into a new home in Rancho Mirage, close to the desert golf courses he loved.

For a time, he held open the possibility he might run against Carter in 1980, but he abandoned the idea. He did, however, make frequent appearances at GOP fundraising events. He also collected substantial fees for speeches before business groups, served on several corporate boards and raised money for favorite charities. His activities slowed only after two total knee replacements.

The Fords usually spent winters at his California home and office, and summers at their home in Beaver Creek, Colo. The Gerald R. Ford Library was established on the University of Michigan campus in Ann Arbor. A separate Gerald R. Ford Museum was opened in Grand Rapids.

In recent years, however, Ford had struggled with health problems. The former president suffered two small strokes in 2000 and was hospitalized briefly in 2003 when he became dizzy on the golf course near his home in Rancho Mirage. He and his family did not go to the Ford home in Vail, Colo., for the Christmas 2004 holiday because his doctors did not want him to travel. Ford was also unable to accompany President Bush and former Presidents Bush and Clinton to the funeral of Pope John Paul II last year.

In January, he was admitted to the Eisenhower Medical Center in Rancho Mirage and stayed 12 days after experiencing what was described as pneumonia. Seven months later came the stay at the Mayo Clinic to have a cardiac pacemaker implanted.

Throughout retirement, Ford maintained a healthy sense of humor about one characteristic of his presidency — his portrayal as a stumbling chief executive who often fell on ski slopes and bumped his head on helicopter doors. "I've always been secure," he explained.

He even helped host two national seminars on "Humor and the Presidency." At one, comedian Chevy Chase paid him a tongue-in-cheek tribute by remarking that "while he was healing the country, he was usually hurting himself."

Ford's presidency may have been lackluster by many standards, yet his legacy was generally considered positive.

"Having inherited a nation preoccupied with Vietnam and Watergate — and in many respects both frustrated and disillusioned — Ford succeeded in refocusing the nation's energies on the future," said presidential scholar Roger B. Porter.

It is how the president himself had hoped to be judged — as a healer.

"I hope I am remembered as a president who took over in very tough, difficult times — the time of Watergate and Vietnam, when there was an awful lot of distrust for government in our country," Ford once said. "In two years I was able to heal most of the wounds — of the scandals and war — and restore public confidence in the presidency."

In addition to his wife and four children, Ford is survived by seven grandchildren, four great-grandchildren and a brother, Richard, of Grand Rapids.

Funeral services are planned for Washington, D.C., and Grand Rapids, along with public viewings in those cities and in Palm Desert. Details are to be announced today in Palm Desert.

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Times staff writers Jon Thurber and Stuart Silverstein in Los Angeles and James Gerstenzang in Waco, Texas, contributed to this report.

Gerald R. Ford, 38th U.S. President, Dies (NYT)

By James M. Naughton And Adam Clymer

The New York Times, December 27, 2006

Former President Gerald R. Ford, who was thrust into the presidency in 1974 in the wake of the Watergate scandal but who lost his own bid for election after pardoning President Richard M. Nixon, has died, according to a statement issued late last night by his wife, Betty Ford.

He was 93, making him the longest living former president, surpassing Ronald Reagan, who died in 2004, by just over a month.

The statement did not give a cause, place or time of death, but Mr. Ford, the 38th president, had been in and out of the hospital since January 2006 when he suffered pneumonia, most recently in October at the Eisenhower Medical Center in Rancho Mirage, Calif., for medical tests. He returned to his home in Rancho Mirage after five days of hospitalization.

"My family joins me in sharing the difficult news that Gerald Ford, our beloved husband, father, grandfather and great grandfather has passed away at 93 years of age," Mrs. Ford said in a statement issued from her husband's office in Rancho Mirage, also the location of the Betty Ford Center. "His life was filled with love of God, his family and his country."

President Bush praised Mr. Ford for his contributions to the nation "in an hour of national turmoil and division," in a statement released early today from his ranch in Texas.

"With his quiet integrity, common sense, and kind instincts, President Ford helped heal our land and restore public confidence in the presidency," Mr. Bush said. "The American people will always admire Gerald Ford's devotion to duty, his personal character, and the honorable conduct of his administration."

Mr. Ford, who was the only person to lead the country without having been elected as president or vice president, occupied the White House for just 896 days — starting from a hastily arranged ceremony on Aug. 9, 1974, and ending after his defeat by Jimmy Carter in the 1976 election. But they were pivotal days of national introspection, involving America's first definitive failure in a war and the first resignation of a president.

After a decade of division over Vietnam and two years of trauma over the Watergate scandals, Jerry Ford, as he called himself, radiated a soothing familiarity. He might have been the nice guy down the street suddenly put in charge of the nation, and if he seemed a bit predictable, he was also safe, reliable and reassuring. He placed no intolerable intellectual or psychological burdens on a weary land, and he lived out a modest philosophy. "The harder you work, the luckier you are," he said once in summarizing his career. "I worked like hell."

Gerald Rudolph Ford was born on July 14, 1913, in Omaha to Leslie Lynch King and Dorothy Ayer King. He rose to House minority leader in 1963 and served in the House until 1973, when Vice President Spiro T. Agnew resigned, and President Nixon appointed Mr. Ford to succeed Mr. Agnew.

When Mr. Ford took the oath of president in 1974, the economy was in disarray, an energy shortage was worsening, allies were wondering how steadfast the United States might be as a partner and Mr. Nixon, having resigned rather than face impeachment for taking part in the Watergate cover-up, was flying to seclusion in San Clemente, Calif.

There was a collective sense of relief as Mr. Ford, in the most memorable line of his most noteworthy speech, declared that day, "Our long national nightmare is over."

Two years later, as he accepted the Republican presidential nomination and began a campaign that would end in his first failure in an election, Mr. Ford scarcely seemed to be indulging in hyperbole as he recalled what it had been like to take office as Mr. Nixon's heir.

"It was an hour in our history that troubled our minds and tore at our hearts," he said. "Anger and hatred had risen to dangerous levels, dividing friends and families. The polarization of our political order had aroused unworthy passions of reprisal and revenge. Our governmental system was closer to stalemate than at any time since Abraham Lincoln took that same oath of office."

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The pardon, intensely unpopular at the time, came to be generally viewed as correct. In May 2001, Mr. Ford was honored with a "Profile in Courage" Award at the John F. Kennedy Library in Boston. Senator Edward M. Kennedy spoke and said he had originally opposed the pardon. "But time has a way of clarifying past events," he said, "and now we see that President Ford was right."

Mr. Ford's decision to back the 1975 Helsinki Accords was furiously criticized in 1976 by both Jimmy Carter and Ronald Reagan. They complained that it had legitimized the post-World War II borders in Europe. But in his book "The Cold War: A New History" (Penguin, 2005), John Lewis Gaddis of Yale wrote that the pact's commitment to "human rights and fundamental freedoms" became a trap for the Soviet Union, which was facing ever-bolder condemnations by dissidents.

"Thousands of people who lacked the prominence of Solzhenitsyn and Sakharov began to stand with them in holding the U.S.S.R. and its satellites accountable for human rights," Mr. Gaddis wrote. The Helsinki process, he added, became "the basis for legitimizing opposition to Soviet rule."

Mr. Ford also advanced negotiations for a new treaty to turn over control of the Panama Canal to Panama, though he slowed the process during the 1976 campaign and left it to Mr. Carter, his victorious Democratic opponent, to complete.

Both inflation and unemployment fell while he was in office. And he vigorously tried to control federal spending with vetoes of spending bills, starting his first week in office. In a matter of months, however, after the Democratic landslide in the 1974 elections, Congress began overriding his vetoes.

But that did not stop him from threatening to veto a measure, sought by Mayor Abraham D. Beame and Gov. Hugh Carey, offering a 90-day $1 billion line of credit to nearly bankrupt New York City in October 1975. "Ford to City: Drop Dead" was the front-page headline in The Daily News. The next month, the New York leaders went to Washington with a new plan with new controls on the city budget, and they got the short-term loans they needed.

Mr. Ford brought to his duties an indomitable self-assurance.

"I can recall no incident, either in the Congress, vice presidency or presidency, where I didn't feel that I was prepared," he said in retirement. "I felt more secure, more certain of myself in the presidency than at any other time."

His steadiness showed through as a timely presidential attribute, but it was always that way with Gerald Rudolph Ford Jr. He was a man more fundamental than flashy, more immutable than immodest. He served undefeated through 13 elections to the House of Representatives and rose to be its Republican leader, yet in 25 years in Congress he did not write a major piece of legislation. He was overwhelmingly confirmed as vice president, the first to be appointed under the 25th Amendment, yet he owed his selection by Mr. Nixon to the likelihood that he would prove inoffensive in the job.

As president, he was quick to assert to Congress, in a play on words that nobody misunderstood, "I am a Ford, not a Lincoln." If it was true, as was often said, that the Oval Office shaped the occupant, Mr. Ford resisted the temptation of the imperial. On an early trip as president to South Korea, he called American enlisted men "sir." His prose was so pedestrian and his tongue so unreliable — he referred on one public occasion to the noble American "work ethnic" and on another to the disease of "sickle-cell Armenia" — that he became a favorite target of comedians.

Acts of Forgiveness

"I think it's progress that the presidency has been humanized," Mr. Ford remarked a few days before he left the White House. It might easily have been an epitaph.

He had sought to bind up the nation's wounds as much by instinct as by design. One of his earliest acts, combining courage with forgiveness, was to announce before a convention of the Veterans of Foreign Wars that he favored leniency for Vietnam-era draft resisters.

When Congressional Democrats suggested that he had obtained Mr. Nixon's resignation by promising to pardon him, Mr. Ford did something presidents do not do: he went to Capitol Hill and testified, telling a House subcommittee, "There was no deal, period, under no circumstances."

He invited to the White House individuals who had been excluded as political "enemies" in the lists kept by the Nixon administration. When Mr. Ford heard, as a Republican in Congress, that Mr. Nixon kept such a list, he said to an aide, "Anybody who can't keep his enemies in his head has too many enemies."

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His decision to grant a full and absolute pardon to his predecessor stunned the nation. After going to church the morning of Sept. 8, 1974, Mr. Ford went on national television to announce that there would be no formal judicial retribution against Mr. Nixon. Then, apparently untroubled by his decision, he played golf.

"I felt then, and I feel now, if I was going to do it, it had to be clean, sudden," Mr. Ford said months after he had left office. "It was a part of the healing process." He paused a moment, smiled, and added, "It didn't turn out to be quite as much of a healing at the time."

Revulsion and disillusion exploded in editorial comments and angry telegrams to the White House. Mr. Ford's biographer and friend, J. F. terHorst, resigned as White House press secretary rather than defend the pardon. For the rest of his term, Mr. Ford had to do the defending.

Those who were critical of the pardon, he said, "haven't thought through what would have happened over the next 18 months, 24 months, 36 months; that whole episode would have been on the front page."

He had expected some public criticism, he said, but it proved "far worse than I anticipated." He insisted, however, in his 1979 autobiography, "A Time to Heal" (Harper and Row), and in conversations in retirement, that had Mr. Nixon been required to face indictment and trial over the many months of the Ford presidency, "all of the healing process that I thought was so essential would have been much more difficult to achieve."

Hard Work, Honesty, Punctuality

Mr. Ford's early circumstances made him an unlikely future president. He was born July 14, 1913, in Omaha to Leslie Lynch King and Dorothy Ayer King. Not for 17 years was he to learn that he had been christened Leslie Lynch King Jr.

When he was 2 years old, his mother divorced Mr. King and moved to Grand Rapids, Mich. She remarried, and her husband, Gerald Rudolph Ford, a paint salesman with an eighth-grade education, gave the boy his name in formally adopting him.

Gerald considered his mother "a human dynamo in a womanly way" and said she "probably had more friends than any woman I ever knew." He revered his stepfather. Later in life, even in the White House, he would confront difficulty by wondering, "Now, how would he have done this?" It was perhaps the ultimate symptom of Mr. Ford's uncommon commonness that he would try to approach the presidency after the fashion of a Grand Rapids merchant. What he respected in his stepfather's manner was common sense.

His closeness to his stepfather was deepened, if anything, by the discovery that he was adopted and in particular by a brief encounter with his father.

It occurred at the age of 17, when he was a star on the state champion South High School Trojans football team, a 6-foot, blue-eyed blond with a husky voice and an infectious laugh. His mother and stepfather had told Mr. Ford that he was the product of a broken home, and the information did not appear to disturb him unduly. Mr. Ford went on with his schooling and, because the Ford Paint and Varnish Company was struggling to survive the Depression, with a job waiting on tables at Bill Skougis's Restaurant. One day a patron in the restaurant stared at him and then told him, "Leslie, I'm your father."

He was stunned.

Nearly half a century later, recalling the episode in an interview, Mr. Ford's words remained drenched in bitterness: "It was shocking, in that he would intrude on a happy family life after he had neglected my mother and me by his refusal to pay what the court ordered him to pay as child support."

In his 1994 biography of Mr. Ford, "Time and Chance" (HarperCollins), James Cannon wrote that Mr. King never paid the monthly child support ordered by an Omaha court after it found that he had beaten his wife, but that Mr. King's father did pay the money his son owed. Those payments stopped when the elder Mr. King died, Mr. Ford wrote in his autobiography.

His father, Mr. Ford said in the interview, had "abandoned me for 6, 8, 10 years — I have forgotten how long; then he would seek to intrude on my family life, which was a happy one with my stepfather."

"I really never forgave my father in a sense of totally forgiving," Mr. Ford said.

Traditional Values

The home in which the future president was brought up, along with his three stepbrothers, was imbued with the values of family loyalty, thrift and patriotism.

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On May Day one year, Mr. Ford and other students at South High saw another group of youths painting anti-American slogans on the steps leading to the school building. The group Mr. Ford was in, mostly football players, dashed over, grabbed the paint cans and, by one account, splashed the paint on the others.

Mr. Ford ran for president of the senior class in 1931 on, as he later used to recall with a laugh, the Progressive ticket. He lost, but he was never to lose another election until he sought a different presidency 45 years later as more of a conservative.

His basic philosophy involved fiscal prudence, strong national defense, suspicion of alien lands and a belief that citizens should earn a living rather than be given one. This, he said, was a legacy "from both my stepfather and my mother — hard-working, typical Middle Western individuals who had themselves been brought up in families that had comparable philosophical views."

"It was that environment plus, I think, my own instincts, which go back, I believe, to the fact that I always felt you had to work like hell," he continued. "I did. Whether I worked in the restaurant, whether I worked in scouting or whether I worked in school, I was always very conscientious."

He did well enough to win a scholarship to the University of Michigan at Ann Arbor. He applied himself with equal diligence to his studies and to football, and he worked as a dishwasher at the Delta Kappa Epsilon fraternity to help pay his room and board.

To Law School, Then to War

In those days, both his professional and athletic ambitions were mixed. He said decades later that "one of my great ambitions was to be captain of the Michigan football team," the Wolverines, in his senior year. But someone else was chosen as captain. Mr. Ford, a center, was instead selected by his teammates as the most valuable player; he was gratified, though he often joked of having been named most valuable member of a losing team.

After he graduated in 1935 from the University of Michigan, he had offers to play professional football for either the Detroit Lions or the Green Bay Packers (at $110 per game). Mr. Ford remained fascinated with sports, but he chose the law, a subject that had appealed to him since high school. He enrolled at Yale Law School.

Political opponents would ultimately fasten on Mr. Ford's sports background as a source of ridicule. President Lyndon B. Johnson, angered at a legislative development inspired by Representative Ford, cracked once that he had played football too long without a helmet. And despite his real skill at skiing and golf, a tumble on the slopes or a tee shot drive into a golf gallery would be seized on by the comedy show "Saturday Night Live" as a metaphor for a clumsy presidency.

If Mr. Ford's mental cast was more often instinctive than imaginative and his approach to issues more tactical than conceptual, he was no intellectual slouch. At Yale, Prof. Myres MacDougal wrote in interview notes on the young student: "Very mature, wise person of good judgment. Informational background not the best but interesting, mature and serious of purpose."

Initially, because he needed the income he earned as an assistant football coach and as a head boxing coach, Mr. Ford was so busy that he was not allowed to take law classes full time. He kept insisting he was capable of the dual schedule and was so persistent that he was allowed to become student and coach simultaneously in 1938. He finished in the top third of the class of 1941, with a B average.

He returned to Grand Rapids, and with a friend, Philip W. Buchen, who would later become his White House legal counsel, he set about establishing a practice specializing in labor-management matters. Shortly after the Japanese attack on Pearl Harbor, he joined the Navy as an ensign.

The war, more than anything else, was responsible for altering his outlook and inspiring him to pursue a career in public life.

At first, the Navy assigned him as a physical training officer to work with recruits on the grounds of the University of North Carolina. Mr. Ford kept applying for a transfer to a combat zone and kept being refused. Ever persistent, he applied anew and after a year of rejection was sent to the Pacific as a physical education officer on the U.S.S. Monterey, a light aircraft carrier.

By war's end he had risen to lieutenant commander and won 10 battle stars for participating in engagements at places including Okinawa, Wake, Taiwan, the Philippines and the Gilbert Islands. Just before Christmas in 1944, he nearly lost his life when a typhoon struck the Third Fleet and, topside on the carrier, he came within inches of being swept off the deck.

An Internationalist Takes Office

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Mr. Ford never adopted the domestic liberalism of a Roosevelt or, later, a Johnson. But the war experience broadened his view, changing him "from a passive isolationist to an ardent internationalist," as he put it.

Having re-established himself in a comfortable law practice in Grand Rapids, Mr. Ford had a limited ambition at first. "I was 33, single, working and having a great time, playing lots of golf," he said later. "All I was interested in was enjoying life and getting on with my law practice."

But he kept reading a new magazine, World Report, to which he was a charter subscriber, and became an ever firmer advocate of the Marshall Plan of postwar assistance to Europe and an internationalist in a community of Dutch-origin conservative isolationists. He came to the attention of two forces: Republican reformers bent on taking control of the local party, and internationalists allied with Senator Arthur H. Vandenberg, the Republican leader, who was also from Grand Rapids.

The incumbent representative from the Fifth District of Michigan was Bartel J. Jonkman, who seemed tailored to the district — of Dutch descent, Republican, conservative, isolationist.

"I knew I was meeting a formidable incumbent," Mr. Ford later recalled, "who for many reasons should have won. And I shouldn't have expected to win." Typically, Mr. Ford did expect to win, though, and with but a smidgen of apprehension that the challenge might be taken up, he dared Mr. Jonkman to debate. "Fortunately, he did not," Mr. Ford said.

Aided by President Harry S. Truman's disputes with Congress, which kept Mr. Jonkman in Washington, Mr. Ford worked tirelessly and won the Republican primary in 1948 by nearly 10,000 votes. Then he easily won his first term in the House. He never received less than 60 percent of the vote during a quarter-century as the Representative from Michigan's Fifth District.

A Candid Helpmate

Shortly before the 1948 election, Mr. Ford paused from his campaigning to march down the aisle of Grace Episcopal Church in Grand Rapids — by local legend, wearing one black shoe and one brown shoe — with Elizabeth Bloomer Warren, who had been divorced and was generally regarded as the most attractive single woman in the city.

Betty Ford had been a model and a fashion coordinator. For two years, in New York City, she had danced in Martha Graham's troupe. She was, and remained throughout Mr. Ford's public career, a remarkably open and candid woman, given to strong opinions on abortion, feminism and other issues and willing to talk about the radical mastectomy she underwent while in the White House. She encouraged the same outspokenness in the four Ford children: Michael Gerald, John Gardner, Steven Meigs and Susan Elizabeth.

Mrs. Ford also battled drug dependency, which began in the 1960s with prescriptions for pills to relieve pain from a neck injury, and alcoholism, which grew with her loneliness during Mr. Ford's increasingly heavy travel schedule. In 1978, her family confronted her about her addictions, and, after initial denials, she finally admitted herself for treatment. Four years later, she helped dedicate the Betty Ford Center for Drug and Alcohol Rehabilitation in Rancho Mirage, Calif., on the campus of Eisenhower Medical Center.

While Mrs. Ford reared their children, Mr. Ford rose doggedly from the obscurity of the House to the leadership of its minority. In his second term he won assignment to the Appropriations Committee, where he and other fiscal conservatives worked to curb government spending. By 1953 he was on such influential subcommittees as those dealing with funds for foreign aid and national defense; throughout the Korean and Vietnam Wars he was a stalwart supporter of American military intervention in Asia.

In the House

Bud Vestal, a reporter for The Grand Rapids Press, distressed Mr. Ford by noting in a biography that Mr. Ford "never authored a major program of legislation on his own."

Mr. Ford's explanation was that as a member of the Appropriations Committee, he "was pretty preoccupied with very important matters" and "didn't have time, just as a pragmatic thing, to get involved in all the other pieces of legislation that others were writing or sponsoring or working for."

His legislative activity more often than not involved fealty to Republican Presidents Eisenhower and Nixon or obstruction of the liberal New Frontier and Great Society proposals of Democratic Presidents Kennedy and Johnson. For instance, Mr. Ford voted against a major housing assistance act in 1961 and fostered opposition to the Medicare program in 1965.

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In a Congress that often seemed akin to a fraternity, he was nearly everyone's friend. He was thus an ideal prospect for minority leadership. When younger Republicans were casting about in 1963 for a point man in their rebellion against their aging leaders, they settled on Jerry Ford.

The group installed Mr. Ford as chairman of the House Republican Conference, the third-ranking post in the minority hierarchy. His name came to more prominent attention later that year when President Johnson appointed Mr. Ford to the Warren Commission to investigate the assassination of President John F. Kennedy. In 1965, after the huge loss that came with Senator Barry Goldwater's landslide defeat for the presidency the year before, the younger Republicans deposed Charles A. Halleck of Indiana as their House leader, supplanting him with Mr. Ford.

'I Need Your Vote'

With the exception of an ill-conceived effort in 1970 to impeach Associate Justice William O. Douglas, a liberal member of the Supreme Court, after Senate Democrats had twice rejected President Nixon's nominations of Southern conservatives to the court, Mr. Ford generally enlarged his circle of friends by establishing an amicable style of leadership.

When one or another Republican voted against the leadership's wishes, some party stalwarts sought to persuade Mr. Ford to discipline the offender. There were methods that might have been used: transfer to a minor committee, elimination of funds for overseas travel, loss of campaign money. Mr. Ford said no.

"That's counterproductive," he insisted. "That person knows that he disappointed you. To rub it in makes it, the next time, literally impossible to get his cooperation. You can lose one battle, but the most important thing is to win the war."

A leading House Democrat of the era, Representative Joe D. Waggoner Jr. of Louisiana, confirmed the technique's success. "It's the damnedest thing," Mr. Waggoner said. "Jerry just puts his arm around a colleague or looks him in the eyes and says, 'I need your vote,' and gets it."

An Elusive Dream

Visionary or not, Mr. Ford, as Republican House leader, worked to enlarge the minority, always pursuing the elusive dream of a Republican majority and, with it, the realization of his greatest political ambition, to be speaker of the House.

Asked in his retirement why he had coveted the speaker's post, he replied:

"I thought, as a member of Congress, that would be the ultimate achievement. To sit up there and be the head honcho of 434 other people and have the responsibility, aside from the achievement, of trying to run the greatest legislative body in the history of mankind, I think, in an efficient and effective way, to tend to the people's business, both domestic and foreign, to make sure, whatever legislation was required, to see that it was done. I think I got that ambition within a year or two after I was in the House of Representatives."

For a decade he crisscrossed the country, downing chicken dinners in 200 or so cities each year, extolling this or that prospect for a House seat and trying diligently to build a majority. But the closest the Republicans came in his years as leader was the 192 seats they held after the 1968 elections. That was still 16 short of the majority that would have made him speaker.

Apparently destined to be the perennial leader of a minority, Mr. Ford promised his wife in 1973 that he would make one more effort, however forlorn, in 1974 at winning a majority and would then retire from politics in 1976.

"I don't want to be a minority leader in perpetuity," he told friends.

'A Nice Conclusion'

On the night of Oct. 10, 1973, a few hours after Vice President Spiro T. Agnew rose in a federal courtroom in Baltimore to plead no contest to a charge of federal income tax evasion and simultaneously resigned the vice presidency, Mr. Ford was at his home in Alexandria, Va., trying to relax. The telephone rang; it was his old House ally Melvin Laird, now a White House counselor. Would Mr. Ford be interested in the vice presidency if it could be arranged, Mr. Laird asked.

"I suspect if I was asked, I would accept it," Mr. Ford replied.

He turned from the phone, he later recalled, and told Mrs. Ford that "well, that would be a nice conclusion" for his career.

The next night President Nixon was the one who telephoned Mr. Ford's home. He offered the vice presidency.

It was the first time that anyone had been nominated for the office under the terms of the 25th Amendment, which made the appointment subject to confirmation by both the Senate and the House. Much as Republicans had fixed on Mr. Ford as leader in 1965 because of his general acceptability, so Mr. Nixon chose him in 1973 to be vice president.

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At the time, in late 1973, Mr. Nixon was locked in a legal duel with the Watergate special prosecutor and the Senate Watergate committee, refusing to yield documents and tape recordings that had been subpoenaed. Indeed, a few days after Mr. Ford was nominated for the vice presidency, Mr. Nixon dismissed Archibald Cox, the first special prosecutor, for insisting on pursuing legal remedies to gain access to the White House evidence, and accepted the resignation of Attorney General Elliot L. Richardson, who declined to carry out the order to dismiss the prosecutor.

'I Believed What I Was Told'

There were Nixon allies who thought Mr. Ford might, as vice president, serve as a buffer against the efforts to impeach Mr. Nixon that were precipitated by the events of that "Saturday night massacre" in October 1973. Mr. Nixon remarked once to former Gov. Nelson A. Rockefeller of New York, "Can you see Gerald Ford sitting in this chair?"

Mr. Ford accepted the nomination. "I thought," he later reminisced, "well, if I could be helpful, I knew I could be confirmed. And it was a nice way to end a career. I wasn't going to be speaker."

He took it on faith, because he had been told privately by Mr. Nixon and others that the president was innocent of any involvement in the burglary at the Democratic Party offices in the Watergate complex on June 17, 1972, or of complicity in the attempt to cover up the extent of the conspiracy.

Three days after the break-in, Mr. Ford had asked John N. Mitchell, the former attorney general and the 1972 Nixon campaign chairman, if the break-in had been authorized. As Mr. Ford recalled it, Mr. Mitchell "looked me right in the eye and said neither he nor the White House was involved."

"I believed what I was told," Mr. Ford once said, referring to the belief that Mr. Nixon was not involved in Watergate wrongdoing, "so my whole conduct as vice president was predicated on that personal trust."

Because it was the first such occasion, Mr. Ford's vice-presidential nomination prompted an extensive investigation of his background by as many as 400 agents of the Federal Bureau of Investigation. His nomination was confirmed, 92 to 3 in the Senate and 387 to 35 in the House. At dusk on Dec. 6, 1973, to the thunderous applause of those with whom he had served in Congress, he strode down the center aisle in the House of Representatives to stand at the lectern, not as speaker but as vice president.

Mr. Ford took it upon himself as the heir apparent to try, initially, to make certain that Mr. Nixon would remain in office. In the eight months of his vice presidency he traveled more than 130,000 miles to speak up for Mr. Nixon.

As the House Judiciary Committee painstakingly assembled evidence on which its members would ultimately recommend three articles of impeachment, Mr. Ford proclaimed confidence in Mr. Nixon's blamelessness, but privately he grew increasingly uncertain.

Growing Skepticism

The doubt was slow to take hold. In January 1974 Mr. Ford told an audience in Atlantic City that the impeachment movement was the work of "extreme partisans" who were trying to "crush the president" and in the process increase the Democratic majority in the Congress.

Alarmed, Mr. Buchen, Mr. Ford's old friend from Michigan, and Senator Robert P. Griffin, another longtime Michigan ally, privately counseled Mr. Ford to be careful lest his faith be unrewarded and his loyalty further divide the country.

Thereafter, Mr. Ford loyally defended the president, but in his own words. The Nixon staff kept sending proposed texts to Mr. Ford's office, but Mr. Ford's aides toned them down.

Instinctively, too, Mr. Ford continuously and openly urged the president to demonstrate his innocence by yielding to Congress and the courts the Watergate tape recordings and documents that were being sought. When Mr. Nixon continued to "stonewall," as the resistance came to be known, "it certainly began to raise some reservations" in Mr. Ford's mind, he said, although he kept them to himself.

Gradually, even Mr. Ford's defense of Mr. Nixon began to take a skeptical tone. At a Republican Party conference in Chicago, Mr. Ford explicitly attacked for the first time the attitude of the 1972 Nixon campaign organization, saying it had been led by "an arrogant, elite guard of political adolescents."

'A Good Night's Sleep'

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At the end of July 1974, Gen. Alexander M. Haig Jr., then the White House chief of staff, made an urgent call to the vice president. General Haig advised him that a tape recording under subpoena by the special prosecutor — one of several that the Supreme Court had ruled could not be withheld by Mr. Nixon — would show conclusively that Mr. Nixon had tried to curb the Watergate investigation as early as June 23, 1972, six days after the break-in.

"That was the first concrete evidence that I had contrary to the assurances I'd had before," Mr. Ford remembered.

For three days, as Mr. Nixon's aides sought to persuade the president to make public the transcript of the June 23 tape, Mr. Ford continued to travel, saying nothing of the evidence.

The president did publish it. Although Mr. Ford was unaware that Mr. Buchen and others had begun making secret preparations for a Ford presidential transition, he began to wonder in the first days of August 1974 how soon he might be president.

On Aug. 6, Mr. Nixon assembled his Cabinet at the White House and declared that he would not resign. Mr. Ford, seated opposite the president across the massive Cabinet table, told Mr. Nixon, "I no longer can publicly defend you." It was, for Mr. Ford, the loyal friend of the president, one of the most difficult things he had ever done, but, he told an interviewer, "with the development of the evidence, I had no other choice."

Two nights later Mr. Nixon announced on national television that he would resign the presidency at noon on Aug. 9.

Mr. Ford and his wife watched the Nixon statement on the television set in the family room of their home in Alexandria. Then, despite the looming accumulation of pressures, Mr. Ford went to sleep.

That he could do so, with no particular difficulty, on the eve of the nation's most unusual presidential transition, was illustrative. "My feeling is you might as well get to sleep" whatever the circumstances, Mr. Ford had said. "You'll feel better the next day. If you've got a problem, you are better prepared to deal with it tomorrow. You sure can't do much about it that night. It's a blessing, really."

The nation's torment was on his mind as he spoke that next day, Aug. 9, 1974, of the import of his sudden inauguration as the 38th president of the United States, the first person never elected president or vice president to become president.

"I am acutely aware that you have not elected me as your president by your ballots," he said to the dignitaries in the East Room of the White House and to the millions of Americans watching on television. "I have not sought this enormous responsibility, but I will not shirk it."

With an empathy that came as a relief after months of White House aloofness, the new president said: "This is an hour of history that troubles our minds and hurts our hearts. Therefore, I feel it my first duty to make an unprecedented compact with my countrymen. Not an inaugural address. Not a fireside chat. Not a campaign speech. Just a little straight talk among friends."

He urged his countrymen to help him "bind up the internal wounds of Watergate" and then added:

"My fellow Americans, our long national nightmare is over. Our Constitution works. Our great republic is a government of laws and not of men. Here, the people rule."

The Man in the White House

Mr. Ford's presidency was an extension of his own political personality: reactive rather than activist, instinctive instead of intellectual, humanistic but within the fiscal limits of conservative dogma.

Mr. terHorst, the biographer, puzzled over the seeming contradiction between the president's personal and professional philosophies: "The problem with him — he doesn't like to be kidded about it — but the fact is, this guy would, if he saw a schoolkid in front of the White House who needed clothing, if he was the right size, he'd give him the shirt off his back, literally. Then he'd go right in the White House and veto the school lunch bill."

John Hersey, after spending a week in close observation of the president, wrote in The New York Times Magazine of April 20, 1975: "What is it in him?"

"Is it an inability to extend compassion far beyond the faces directly in view?" Mr. Hersey wrote. "Is it a failure of imagination? Is it something obdurate he was born with, alongside the energy and serenity?"

The answer seemed to be a belief — one Mr. Ford was schooled in if not born with — in the essential dignity of human struggle. "Everything didn't turn to gold just because I did it," he remarked. "I had this foundation, and I had been brought up with

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the training that — and this is an oversimplification, but I think it's indicative — the harder you work, the luckier you are. And whether it was in such things as the Boy Scouts or athletics or academics, I worked like hell."

There were those who contended, as did Richard Reeves, the author of a critical biography, that Mr. Ford had a "tragic gap" in his understanding of such crucial matters as the Vietnam War and the Watergate scandal. More common was the assessment of Mr. Ford as "innately decent."

Executive Decisions

Mr. Ford disputed the notion that it required forceful, even harsh, character to meet the tests of the White House. He was asked once if a nice guy should be president, and answered: "Those who allege that you've got to be a mean, sinister, devious person to be president are just dead wrong. I don't see how a president in his conscience could be that."

He, too, could be forceful. He resented the accident of fate that had made him president as the nation watched South Vietnam and Cambodia — where so much of America's human and economic treasure had been spent by three predecessors — fall to the Communists in 1975. Rebuffed by Congress when he sought a last-minute $972 million in aid to Saigon, Mr. Ford made it possible for 130,000 or more refugees to come to the United States.

When the Cambodian Communists seized the American merchant ship Mayaqüez in May 1975, Mr. Ford reacted with uncharacteristic emotion, sending United States military forces to recapture the ship.

The order was motivated in part by concern for national image. "We had just pulled out of Vietnam, out of Cambodia," Mr. Ford said later, "and here the United States was being challenged by a group of leaders who were bandits and outlaws, in my opinion, and I think their subsequent record has pretty well proved it. And it was an emotional decision to tell the Defense Department we had to go in there and do something."

Mr. Ford's economic policies were traditional for Republican conservatives. He proclaimed, amid considerable White House ballyhoo, a campaign to "Whip Inflation Now," complete with "WIN" buttons. Scarcely had it begun than mounting joblessness and the worst recession since the 1930s caused Mr. Ford to abandon the anti-inflation program and propose tax cuts to stimulate the economy instead of tax increases to dampen it.

Congress, meanwhile, reflected its dominance by the Democratic Party in a steadily increasing number of spending programs and expansion of the federal deficit.

Difficult Dismissals

In what may have been his most difficult personal decision — because it went against the grain of his personality — the genial man from Michigan also acted forcefully in his dismissal of Secretary of Defense James R. Schlesinger.

There were no known policy differences of consequence between Mr. Ford and Mr. Schlesinger. But their styles and characters never quite proved compatible, and the defense secretary, a bookish and occasionally dogmatic intellectual who later became secretary of energy to President Jimmy Carter, got on the president's nerves.

"There was a tension," Mr. Ford acknowledged later. "There was a personality problem." Mr. Schlesinger, he emphasized, "is an honorable, decent person, but our chemistry doesn't fit." He did not need to add but did, "I'm not one that likes to fire people."

Nonetheless, Mr. Ford did make another central personnel decision that troubled him: jettisoning Vice President Rockefeller from his 1976 campaign ticket. Mr. Ford did so even though he had declared, in nominating the former New York governor to be his vice president, that there was no one else in the country so well equipped to stand next in the line of presidential succession.

Mr. Ford eventually decided to seek a full term as president, something he had intimated in his testimony to Congress as nominee for vice president that he would be loath to do. He decided that a lame-duck president could not be effective in a political role. Besides, although he did not like to admit it, Mr. Ford and his wife, Betty, had grown to like the perquisites of the White House.

As a candidate to succeed himself — and, he hoped, thus legitimize his accidental presidency — Mr. Ford grew politically timid. It was apparent that he would be challenged for the Republican nomination by Mr. Reagan, the former governor of California and a politician far more conservative than Mr. Ford.

On the Campaign Trail Again

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Mr. Ford responded by becoming ever more conservative in his political statements and by undertaking the same sort of aggressive, energetic campaigning as an incumbent that had marked his campaigns as a member of the House of Representatives. From early 1975 until the summer of 1976, Mr. Ford traveled from one corner of the country to another. Even two attempts on his life by unbalanced women in California in 1975 did not deter him.

On one of those trips, to Sacramento on Sept. 5, he narrowly escaped an assassination attempt by Lynette (Squeaky) Fromme, who had been a follower of the convicted killer Charles Manson. Mr. Ford was moving through a crowd in Capitol Park, shaking hands and waving, when a Secret Service agent saw Ms. Fromme's arm and the pistol. She was subdued, and it turned out that while the gun was loaded there was no bullet in the chamber. She was convicted of attempted murder and sentenced to life in prison.

The other attempt, by Sara Jane Moore, took place in San Francisco. A former Marine, Oliver W. Sipple, knocked a pistol out of Ms. Moore's hand as she fired.

By the time Mr. Ford narrowly won the Republican nomination in Kansas City, Mo., in August 1976, he seemed to many of his political advisers to have diminished the value of his incumbency by traveling so extensively as to seem only another candidate. He was more than 25 percentage points behind the Democratic nominee, Mr. Carter, in the opinion polls. The economy was improving but not good. The Republicans' identification with Mr. Nixon remained.

Mr. Ford reassessed the situation with his advisers. Together they altered his political strategy and style. He spent most of the campaign period hunched over his desk or greeting guests in the Rose Garden of the White House, trying to reinforce the image of incumbency and to stress his claims to having achieved "peace, prosperity and trust."

Strides, Then a Stumble

In one of the most remarkable political comebacks in presidential campaign history, Mr. Ford nearly overcame adversity and odds. One late stumble, insisting in a debate that "there is no Soviet domination of Eastern Europe" and that Poland was not "dominated by the Soviet Union," halted the Ford surge.

In the end, his loss to Mr. Carter, the former Georgia governor, was narrow, by only 1,682,970 votes. Mr. Ford had 48 percent and Mr. Carter 50.1 percent.

But neither Poland nor a last-minute bit of bad economic news was central to his defeat. The Nixon pardon was.

Stuart Spencer, his campaign manager, said that polling data about the pardon had made it clear that "it cost him the election." He said 7 percent of Republicans had either voted for Mr. Carter or stayed home because of the pardon, and it hurt with Democrats and independents, too.

Robert S. Strauss, who was Democratic National Chairman in 1976, agreed. He said Mr. Ford "was never forgiven for it."

"People always assumed there was a deal, even though there was no evidence of one," Mr. Strauss said.

Even so, Mr. Ford's political recovery, although incomplete, reflected a positive aspect of his brief presidency. It indicated the extent to which he seemed to have re-established a sense of trustworthiness in the nation's most visible and symbolic office.

One political aide said of those who voted for Mr. Ford, "They're voting for something solid — a simple, honest, decent man."

After the White House

In the years after he left the White House, Mr. Ford took on two new roles, senior statesman and newly arrived millionaire, with his characteristic easygoing manner and energy. He had become something of a one-man academic, political and business enterprise, and by 1983 his income was estimated to be more than $1 million a year.

Mr. Ford frequently criticized President Carter on economic and defense matters, but the attacks on his successor never grew bitter or personal. On some foreign policy issues, like the Panama Canal treaties, which his own administration had quietly sought, he supported his successor.

For three years Mr. Ford contemplated another race for the presidency. In 1975, he had told aides in the White House that "Reagan would be a disaster" as president. After Mr. Reagan won the 1980 New Hampshire primary, Mr. Ford told The New York Times that it would be "impossible" for Mr. Reagan to win a general election, and he cautiously invited Republicans to ask him to run again.

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But the draft he invited never came, and Mr. Reagan cruised to the nomination. When the Republicans gathered in Detroit in 1980 to nominate Mr. Reagan, he asked Mr. Ford to be his running mate.

For hours, representatives of the two men, with former Secretary of State Henry A. Kissinger acting for Mr. Ford, negotiated the outlines of a possible Reagan-Ford Administration, in which Mr. Ford would have been given extensive authority in making appointments and managing the executive branch. But the negotiators were unable to reach a formula that satisfied Mr. Ford's desire to be more than a traditional vice president while also giving Mr. Reagan a free hand to govern as chief executive.

Mr. Ford nevertheless worked on the 1980 campaign trail for Mr. Reagan and his running mate, George Bush. Two months after the inauguration, Mr. Reagan sent Mr. Ford as his representative to China to reassure leaders there that Washington wished to continue improving relations.

The next October, after President Anwar el-Sadat of Egypt was assassinated, Mr. Ford represented the United States at the funeral along with the two other living former presidents, Mr. Carter and Mr. Nixon.

For many years after he left office, Mr. Ford campaigned for Republican candidates. In the first few years, those appearances had to be accompanied by hefty charitable donations to his library and museum. He also continued to warn, "If we get way over on the hard right of the political spectrum, we will not elect a Republican President," as he put it in a Times interview in 1998. He singled out the abortion issue, saying he was disappointed that his own "strongly pro-choice" views no longer seemed welcome in his party.

In August 2000, Mr. Ford appeared at the Republican convention in Philadelphia but was hospitalized for a week after a stroke.

As a result of Mr. Ford's new income, the Fords enjoyed a way of life that contrasted with their modest existence when he was a congressman, establishing homes in Rancho Mirage, in the California desert, and at Vail, in the Colorado mountains.

In addition to attending fund-raising functions, teaching at the University of Michigan and giving 30 paid speeches a year, Mr. Ford bought interests in two Colorado radio stations and served on the boards of at least eight corporations.

He also supervised and participated in sporting events, mostly golf, including an invitational golf tournament bearing his name in Vail; promoted a Southern California real estate development; and helped advertise a commercially minted coin set commemorating the presidency. He even made his acting debut at the age of 70, portraying himself on an episode of the nighttime television soap opera "Dynasty."

Asked in a 1978 interview about his life in retirement, Mr. Ford said that he was having trouble with chipping and putting in his golf game, but otherwise, "everything is wonderful."

Ford Dies At 93 (USAT)

By Bill Nichols And Tom Vanden Brook

USA Today, December 27, 2006

Former president Gerald R. Ford, who inherited the daunting task of calming a divided nation when he assumed the presidency at the height of the Watergate scandal, died Tuesday at the age of 93.

"My family joins me in sharing the difficult news that Gerald Ford, our beloved husband, father, grandfather and great grandfather has passed away at 93 years of age," said his wife, Betty, in a brief statement issued from her husband's office in Rancho Mirage, Calif.

"His life was filled with love of God, his family and his country."

He was the longest-living president, followed by Ronald Reagan, who also died at 93. Ford had been living at his desert home in Rancho Mirage, east of Los Angeles.

The statement did not say where Ford died or the cause of death. Ford had battled pneumonia in January 2006 and underwent two heart treatments — including an angioplasty — in August at the Mayo Clinic in Rochester, Minn.

A 13-term congressman from Michigan who rose to the post of House minority leader, Ford was vice president when Richard Nixon resigned the presidency in 1974 because of the Watergate controversy.

President Bush issued a statement early today saying he and Laura "are greatly saddened" by Ford's death.

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"He assumed the presidency in an hour of national turmoil and division," Bush said. "With his quiet integrity, common sense and kind instincts, President Ford helped heal our land and restore public confidence in the presidency."

As the 38th president, Ford, who enjoyed a reputation for integrity on both sides of the political aisle, immediately tried to soothe the wounded nation. "The long national nightmare is over," he said as he was sworn in on Aug. 9, 1974. "Our Constitution works."

Although Ford's approval ratings initially soared, he would lose the 1976 presidential contest to former Georgia governor Jimmy Carter — largely, in the view of historians and his biographers, because he pardoned Nixon just months after being sworn in to office.

The pardon ignited a political firestorm and prompted Democrats to question whether Nixon had made a deal with Ford to protect him from prosecution. Ford resolutely denied that there was any quid pro quo.

Ford's pardon "weakened his political capital and made Democrats more willing to resist him," says Yanek Mieczkowski, a Ford biographer who teaches history at Dowling College. He says the pardon was like a "ghost that hung over Ford and his party for the rest of the decade."

Ford remains the only unelected U.S. president. He said he did not regret his decision to pardon Nixon.

"There was such venom toward Nixon for Watergate that the public just didn't understand there was something (to be considered) over and above Nixon's personal problems," Ford said in 2003. "My problem was trying to restore public confidence across the board."

In 1999, Ford was awarded the Presidential Medal of Freedom by President Clinton, who said of him: "The respect he commands has grown in the years since he left office. … President Ford represents what is best in public service and what is best about America."

An endearing bumbler

Ford's public persona during his presidency was as a mangler of the English language who had a tendency toward verbal and physical stumbles. Comedian Chevy Chase, in Saturday Night Live's early years, made a name for himself mocking Ford's ineloquence, such as when he declared in a 1976 debate with Carter that: "There is no Soviet dominance of Eastern Europe."

His friends, family and staffers, however, contended that this former star football player and son of Michigan possessed the right blend of heartland decency and reverence for his country to be able to steady the nation after the morass of Watergate and the reverberations of the Vietnam War.

To his family, colleagues and historians, his presidency — even his pardon of Nixon — illustrated his central traits: decisiveness, decency and concern for country first.

"People are coming around to the idea that his pardon of Nixon was the right thing to do for the country," daughter Susan Ford said. "He knew it then. Leadership and decency are the things that stand out in my mind when I think of my dad."

Ron Nessen, Ford's press secretary, says that Ford, the only Eagle Scout ever to become president, was the right man at the right time for America.

"The nation was so torn apart by Watergate," Nessen says. "People had lost faith in the presidency. Ford just started knitting things back together. Plus, he seemed like the guy next door because that's what he was. He wasn't Richard Nixon."

An American life

Ford was born Leslie Lynch King Jr. on July 14, 1913, in Omaha. His father, an alcoholic, threatened his mother with a knife just after his birth, and she moved her 2-week-old son to Grand Rapids, Mich., to live with her parents.

Three years later, she married Gerald Ford, a paint salesman. The Fords called their son Gerald, and in 1935, Leslie King changed his name to Gerald Ford.

"He was not raised with a silver spoon in his mouth by any means," Susan Ford said. "There's something to be said for growing up that way. I wouldn't call him frugal, but he'll pay in cash or he won't buy it."

During summers, he filled paint cans at his father's store. And in his college years at the University of Michigan, Ford held a variety of jobs, including summer stints as a park ranger at Yellowstone National Park and as a model. Ford and his then-girlfriend, Phyllis Brown, appeared on the cover of Cosmopolitan magazine in 1942.

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Chase and other comedians in the 1970s parodied Ford as clumsy. His legendarily wayward drives on the golf course prompted Bob Hope to wisecrack: "It's not hard to find Jerry Ford on a golf course — you just follow the wounded."

But the jokes belied elite athletic ability. Ford played football and basketball and ran track in high school, earning all-city and all-state honors as a star center in football. He went on to star on national championship football teams at the University of Michigan in 1932 and '33. He received offers to play professionally from the Green Bay Packers and Detroit Lions.

He turned down those offers to coach boxing and football and study law at Yale University. Among those under his football tutelage: future senators Robert Taft Jr. of Ohio and William Proxmire of Wisconsin.

"He probably had the most athletic background of any president," says presidential historian Fred Greenstein of Princeton University.

The Washington years

A year after earning his law degree from Yale in 1941, Ford joined the Navy and served aboard the USS Monterey in the South Pacific, including the allied assaults on Wake Island and Okinawa. He was discharged as a lieutenant commander in 1946 and later said that his experience in the war prompted him to become an internationalist rather than adopting the pre-war tendency of Republicans to support keeping the United States in isolation from the rest of the world.

Ford returned to Grand Rapids and joined a law firm. In 1948, he challenged the isolationist congressman in his home district, won the Republican nomination and got 61% in the general election.

During the campaign, he married Elizabeth Bloomer Warren. She was divorced, a dancer and a fashion consultant for a department store.

Ford represented the Grand Rapids area in Congress from 1949 to 1973. He described himself as a "moderate in domestic affairs, an internationalist in foreign affairs and a conservative in fiscal policy," according to his official biography.

He rose through the ranks to become House minority leader in 1965, leading GOP opposition to President Lyndon Johnson's social programs and urging Johnson to escalate the bombing in Vietnam. Johnson said Ford was a "nice guy, but he played too much football with his helmet off."

In 1963, Johnson appointed Ford to the Warren Commission, which had been charged with investigating President Kennedy's assassination. It found that Lee Harvey Oswald had acted alone and not as part of a conspiracy.

Throughout his career, Ford was widely seen as a decent, honorable man. "He was someone who was regarded as wholesome, unpretentious," Greenstein says. "He had a long, responsible public career."

The accidental president

A friend of Nixon, Ford backed his successful presidential campaigns in 1968 and 1972. In 1973, Nixon chose him to replace Vice President Spiro Agnew, who had resigned after pleading no contest to charges of tax evasion.

By then the Watergate scandal had erupted. It began with men working for Nixon's re-election campaign attempting to plant wiretaps at Democratic National Committee campaign headquarters in the Watergate hotel and office complex in Washington. The attempted coverup culminated in impeachment proceedings against Nixon and his resignation on Aug. 9, 1974. That same day, Ford became the 38th president.

Thirty days later, on Sept. 8, Ford announced his decision to pardon Nixon after attending historic St. John's Episcopal Church by himself that morning. Of the Nixons, Ford told the country: "Theirs is an American tragedy in which we have all played a part. It could go on and on and on, or someone must write the end to it. I have concluded that only I can do that, and if I can, I must."

Ford acknowledged that he badly misjudged the public outcry over his decision, and fallout continued through his two years in office. His first press secretary, Jerald terHorst, resigned. Speculation grew so rampant of a deal between Nixon and Ford that Ford took the unprecedented step of testifying under oath on the matter to the House Judiciary Committee in October 1974.

He never really outran the shadow of Watergate, but Ford moved on to concentrate on the faltering economy, which was in recession and plagued by the 1973 Arab oil embargo. Ford negotiated bills with the Democratic Congress to cut taxes and deregulate some industries, but he was also remembered for vetoing more bills — 66 — than all but three other presidents.

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"Ford was very proud of the veto strategy," says Mieczkowski, the biographer. "Democrats thought it was government by impasse, but Ford viewed it as one of the great accomplishments of his entire presidency."

In foreign policy, Ford continued the diplomatic policy of detente with the Soviet Union. In 1975, the war in Vietnam ended with the fall of the South Vietnamese government.

Ford also displayed an eye for talent. He chose Dick Cheney as his chief of staff, Donald Rumsfeld as his Defense secretary and Alan Greenspan as chairman of his council of economic advisers. All would go on to serve in subsequent administrations.

"It was a White House that was an incubator for later presidencies," Princeton's Greenstein says.

Inside the White House, Ford's family made news. In 1974, Betty Ford was diagnosed with breast cancer. She acknowledged it publicly, which was rare at the time.

Later, she would admit to alcoholism and prescription-pill addiction. The Betty Ford Center in Rancho Mirage, Calif., was established to treat those with drug and alcohol addictions.

Ford faced other crises. On two trips to California in September 1975, he was the target of assassination attempts. Lynette "Squeaky" Fromme and Sara Jane Moore went to prison for the assaults. Ford was not struck either time.

The pressure and trappings of the office didn't change Ford as a man, says Nessen, Ford's press secretary.

"If you spend 20 years of your life running for president, it changes your personality," Nessen says. "His personality did not have those distortions built into it. He never expected to be president, he didn't want to be. He's a very down-to-earth guy."

By 1976, Ford had a tough primary race for his party's nomination. He beat Ronald Reagan and chose Kansas Sen. Bob Dole as his running mate.

But a tougher test awaited in Carter. Watergate and the Nixon pardon shadowed Ford's campaign, as did his debate stumble about Eastern Europe in a key debate with Carter. "His staff let him down," Nessen says. "We should have acknowledged the mistake. It did, I think, contribute to an unfair image of him not being very bright."

Even so, Nessen says an increase in unemployment before the election probably was a greater factor in Ford's loss to Carter.

Ford left office in January 1977.

In retirement, Ford lectured and hosted public policy conferences. Until recently, he attended annual reunions of Ford administration alumni in Washington.

From Carter to President Bush, occupants of the Oval Office have hailed his counsel and good judgment. After Carter's loss to Ronald Reagan in 1980, he and Ford took to the speaking circuit together and became what Ford described in a 2001 speech to Congress as "very warm and dear friends."

The Ford Presidency (LAT)

The Los Angeles Times, December 27, 2006

GERALD R. FORD WAS the regular-guy president. Friendly and unassuming, Ford, whose death at 93 was announced Tuesday, came into office after the Watergate affair forced out Richard Nixon. Ford's openness and humanity was a refreshing contrast to the icy awkwardness and extensive covering up of his predecessor.

"Our long national nightmare is over," Ford proclaimed memorably on the day he assumed office. He and his wife Betty immediately telegraphed a more affable mood in Washington. Ford engendered a more candid relationship with reporters and a less combative stance toward Congress, where he had served for 25 years in the House representing Grand Rapids, Mich., including eight years as minority leader.

Two accidents of history propelled Ford to the presidency. After Vice President Spiro Agnew resigned in 1973, Nixon wanted a loyal No. 2, someone who could win easy approval in Congress and, some historians suggest, a man whose lack of presidential bearing might blunt the efforts that were brewing to remove Nixon. Ten months later, Nixon was out, and for the first time in U.S. history, a man who had never run for president or vice president became commander in chief.

In his two-plus years as president, Ford faced a tortuous gamut of foreign and domestic challenges, including the communist takeover of Vietnam, disarmament talks with the Soviet Union and raging inflation domestically. In day-to-day

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governing, his heavy reliance on the presidential veto opened him to criticism that he was less of a leader and more of a reactor. After all the controversies that have dogged presidents since, however, the Ford presidency looks relatively calm.

Ford will be remembered most for one act: his pardon of Nixon, just one month after the resignation. Ford wanted to govern as the president who led his nation out of the long shadow of Watergate. Yet his ill-timed and ill-considered pardon actually drew the shadow of Watergate over Ford's own presidency, destroying the Republican Party's chances in midterm elections that year and perhaps contributing to Ford's reelection loss to Jimmy Carter in 1976.

The pardon was a mistake, inconsistent with the fundamental principle that everyone, including the president, is equal before the law. Nixon tried hard to defy that principle and, coming so soon after his resignation, the pardon did the same. Some of those who once criticized Ford's pardon have softened their views over time, arguing that we needed healing and forgiveness. In 1974, however, after so much Nixonian stonewalling and evasiveness, our system of government would have been better served by letting the legal process take its course, no matter how uncertain.

History shows that Ford's top advisors were baffled by his determination to forgive Nixon right away. Ford's intention, some believe, was to prove that he could act as his own man and follow his own conscience. Others suggest he was influenced by the ghost of his own father, an abusive man who was devastated when Ford's mother divorced him and who died before the son had a chance to forgive him. Ford himself wrote in his memoirs that he knew the pardon was the right move and that he did not anticipate the virulence of the reaction against it. He may have been too nice a guy.

Retailer Settles Dispute With D.C. (WP)

By Annys Shin, Washington Post Staff Writer

The Washington Post, December 27, 2006

USA Discounters Agrees to Cap Charges for Credit Customers

USA Discounters, a Virginia Beach retailer, has agreed to limit what it charges District customers paying with credit and to pay $50,000 into a consumer-protection fund to settle allegations that it imposed finance charges that weren't properly disclosed.

The company sells furniture, electronics, computers and other items, largely to customers with poor credit and with a special focus on members of the military. In addition to locations in the District and Lanham, it has eight other stores near Fort Belvoir, the Norfolk naval installation, Fort Bragg and Camp Lejeune in North Carolina, Fort Benning in Georgia, and Fort Hood in Texas.

The company denies any wrongdoing, said Timothy W. Dorsey, USA Discounters' vice president and general counsel.

The voluntary agreement, reached Thursday with the D.C. attorney general's office, stemmed from agency concerns that the majority of the company's customers, who buy merchandise using the chain's in-house financing program, routinely paid substantially higher markups than did customers using cash.

Customers buying on credit typically pay in installments over a limited period. For example, at the USA Discounters in Northeast Washington yesterday, a recliner upholstered with the Redskins logo was on sale for twice-monthly installments of $36 for 24 months -- for a total of $1,728. A coffee table was being offered for twice-monthly payments of $19 for 24 months, or a total of $912.

Customers can try to negotiate for a reduced price, Dorsey said. Those armed with cash can often get better deals.

But because credit customers regularly paid substantially more, the D.C. attorney general's office alleged that USA Discounters was making customers pay finance charges without telling them. Under the federal Truth in Lending Act, costs imposed on credit customers and not on cash customers are considered finance charges and must be disclosed, the agency said.

Those charges also must be used to calculate the annual interest rate credit customers pay. By the agency's calculations, USA Discounters charged interest rates greater than 24 percent, a violation of D.C. consumer-protection laws.

"Prices for customers who buy on credit cannot be artificially inflated to hide the true cost of credit," said Eugene Adams, interim attorney general

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Dorsey denied that the company hid finance charges from credit customers and that its annual interest rates exceeded 24 percent. He said that as with car buying, customers end up paying different prices because of a variety of factors, including the negotiating skill of the buyers.

"There is absolutely nothing wrong with permitting persons to negotiate prices. The Attorney General's unfortunately presumed that the difference in price was because some customers paid by credit," Dorsey said in an e-mail.

By signing the agreement, the company did not admit to breaking any laws. USA Discounters said it would ensure that on some items, the negotiated sales price wouldn't exceed a certain level. In rare cases, that could mean as much as a 21 percent savings to a customer, Dorsey said.

The company also plans to track how much cash customers pay compared with credit customers, to make sure they don't diverge substantially.

The five-year agreement applies only to the retailer's D.C. store.

Strategy, Not Drama, In 'I Intend To Run In '08' (NYT)

By Adam Nagourney

The New York Times, December 27, 2006

WASHINGTON, Dec. 25 — On Thursday, John Edwards is planning to announce what has been clear to much of the world since the end of the last presidential election: He is running for president in 2008. A similar declaration is expected shortly from Gov. Mitt Romney of Massachusetts, followed, in all probability, by Senators Hillary Rodham Clinton, Barack Obama and John McCain.

For all the very orchestrated hoopla about to be heaped on American voters over the next few weeks, presidential announcements have become, more often than not, vestigial remnants of the way presidential politics were once conducted (or at least the way they are remembered).

Rather than being big moments in which candidates lay down ideological markers and discuss what they would do as president, announcements are more of a pro forma exercise of the obvious. Campaigns grab at a political opportunity for attention with events that, ultimately, are of relatively small consequence.

For Mrs. Clinton, Mr. Romney, Mr. Edwards and Mr. McCain, it would be noteworthy, after all they have done, if they were to announce that they were not running. Mr. Edwards's 2008 campaign arguably began on Election Day 2004, when he lost as his party's vice-presidential candidate.

But if formal announcements hold little drama, they are hardly meaningless. Their timing and staging reflect how presidential politics are changing in the United States in 2008, and offer a glimpse at problems each candidate faces one year before the Iowa caucus. The announcements are an insight into how campaigns are adapting to the pressures of the Internet, the demands of fund-raising, the broad range of avenues for reaching voters and mobilizing supporters, and the particular dynamics of the '08 campaign, crowded with candidates, many of them celebrities.

Most strikingly, the announcements are being made extraordinarily early. In the 1992 cycle, Bill Clinton did not formally announce his candidacy until October 1991, three months before the Iowa caucus. When Mr. Edwards announces, with a round of morning talk show interviews and a press conference in the Lower Ninth Ward in New Orleans, he will become the third Democrat to enter the race formally.

As of now, about a half-dozen candidates have formed presidential exploratory committees, a preliminary step that allows them to raise money as they take soundings about a race. And Senator Joseph R. Biden Jr., Democrat of Delaware, told reporters Tuesday that he planned to set up his exploratory committee next month.

In this crowded field, few candidates in either the Democratic or Republican Party can afford to wait and risk watching a rival pick off big-name elected officials, campaign consultants and contributors. And since aides to many of the candidates say they are likely to bow out of the public campaign finance system and raise money on their own, there is pressure to start raising money now.

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"Timing is becoming much more of an issue," said Joe Trippi, who managed the 2004 presidential campaign of Howard Dean. "You're seeing it now in the urgency of these people to get out and announce. I'm worried that we're going to see people announce four years ahead of time next time the way this thing is moving."

Understandably, candidates are going to do what it takes to get publicity. Mr. Edwards's aides said they chose this slow-news time of year, and the backdrop of New Orleans neighborhoods ravaged by Hurricane Katrina, in part to command the maximum amount of attention. Camera crews will be permitted to film Mr. Edwards as he helps with the cleanup efforts.

But there are less obvious advantages as well. Mr. Trippi said that when Mr. Dean declared for president in June 2004, they timed his announcement for a week before the deadline for the release of campaign finance reports. The idea was that the excitement built by the announcement in Vermont would result in a surge of contributions that would allow Mr. Dean to surprise the political world with a display of his grass-roots financial support. Mr. Dean's big fund-raising report that month proved to be one of the biggest boosts of his campaign.

Mr. Edwards, who is arguably the most Web-savvy candidate in the '08 race to date, is using Thursday's event to try to gin up his supporters via the Internet. He sent out an e-mail message earlier this week, saying he was on the verge of making a decision that his aides say has, in fact, already been made.

"If you want to take this effort to the next level, send me an e-mail and let me know: JohnEdwards@readytochangeamerica.com," he wrote.

The decision of how to time the announcements also reflects the particular needs of the candidates.

For Mr. Edwards, there is clearly interest in trying to win attention after two months in which Mrs. Clinton and Mr. Obama dominated the coverage of the Democratic contest. The decision by Senator Evan Bayh of Indiana not to run has left a clear opportunity for Mr. Edwards to position himself as the alternative to the other two senators.

For Mr. Romney, it is a chance to try to reset his bearings after a month in which he has struggled to reconcile his effort to be the most socially conservative candidate in the race with a more liberal record, as Massachusetts governor, on such issues as abortion and gay rights.

The motivation for the announcement of Gov. Tom Vilsack, the Democratic governor of Iowa, was in many ways more typical: a fairly unknown politician trying to get his name on the board with a thematic speech delivered in early primary states.

There may still be a few stop-the-presses surprises lurking out there. There is still a smidgen of doubt about the candidacy of Mr. Obama, who is spending this week in Hawaii with his family discussing his future, and even a smaller smidgen of doubt about Mrs. Clinton.

Although Senator John Kerry of Massachusetts has said he is likely to make a second effort at running, some Democrats say they would not be shocked to see him bow out. And it will be interesting to see if Al Gore succumbs to pleading by Democrats to run.

Mr. Edwards has been preparing for this moment since the second in 2004 when he knew he and Mr. Kerry had been defeated. His relatively high standing in some early polls in Iowa is testimony, in part, to how much time he has spent there in the last two years. Mr. Edwards has also offered a spray of speeches, op-ed essays and interviews on the subject of poverty in the United States, so even the themes he unveils to begin his campaign are likely to be familiar.

Mr. Romney's intentions are also no mystery: he spent 212 days out of state last year, The Boston Globe reported last week, and has methodically moved over the past year to the right side of the Republican ocean.

And if Mrs. Clinton or Mr. McCain end up not running, that will come as sobering news to the stable of high-powered political talent they have recruited in recent months. Both even have putative campaign managers in place: Terry Nelson for Mr. McCain and Patti Solis Doyle for Mrs. Clinton.

Schwarzenegger's Leg Is Repaired In Surgery (NYT/AP)

By The Associated Press

The New York Times, December 27, 2006

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SANTA MONICA, Calif., Dec. 26 (AP) — Gov. Arnold Schwarzenegger's broken leg was put back together with wires and screws on Tuesday, and he should make a full recovery, though he will probably be on crutches during his inauguration next week, officials said.

Mr. Schwarzenegger broke his right thigh bone over the weekend while skiing with his family in Sun Valley, Idaho. He underwent a 90-minute operation.

"Following the surgery, the governor was awake, alert and talking," said Dr. Kevin Ehrhart, who performed the operation at St. John's Health Center. "He is now fully coherent, and I have cleared him to resume his duties as governor."

Mr. Schwarzenegger will remain hospitalized for three days, and his full recovery will take about eight weeks, Dr. Ehrhart said.

The fracture is the governor's third medical problem in just over a year. In January, he needed 15 stitches to repair a cut lip after colliding with a car while riding his motorcycle in Los Angeles. He also spent several hours at a hospital last December with a rapid heartbeat.

Accident Is A Bad Break For Gov.'s Privacy (LAT)

By Peter Nicholas

The Los Angeles Times, December 27, 2006

Three days after he tripped and fell on an Idaho ski slope, Gov. Arnold Schwarzenegger underwent surgery Tuesday morning for a broken leg — a 90-minute procedure that his doctors termed successful.

While the governor was under anesthesia, he relinquished the powers of office to Lt. Gov. Cruz Bustamante. Schwarzenegger resumed his duties about 10:45 a.m. when his doctors pronounced him fit.

Schwarzenegger was expected to make a full recovery. He will remain hospitalized for three days; afterward, he will walk on crutches without a cast.

Dr. Kevin Ehrhart, Schwarzenegger's orthopedic surgeon, said recovery will take about eight weeks. The surgery proceeded "without complication," Ehrhart said in a statement, and "the post-operation X-rays looked great."

Schwarzenegger fractured his femur Saturday while skiing on Bald Mountain in Sun Valley, Idaho — one of many out-of-state trips the governor has made without public notice. The episode focused renewed attention on Schwarzenegger's continuing quest to keep his private life out of the public eye — standard procedure for a movie star but unusual for a sitting governor.

A friend who spoke to Schwarzenegger after the accident said the governor was "aggravated" about what happened, describing the accident as a "slow fall" on an icy surface.

Schwarzenegger's press office would not release any details about the accident. But Adi Erber, a ski instructor who was with him at the time, said Schwarzenegger was standing still before the accident, preparing for the final 200 yards of the Lower Warm Springs run.

The governor's ski pole became caught in one of his skis, causing him to trip and fall, Erber said, describing it as a "freak accident."

He said the governor was in pain and that a rescue team took him down the hill on a toboggan.

The governor is being treated at St. John's Health Center in Santa Monica, according to people familiar with his medical care. Schwarzenegger's office would not disclose the hospital, citing security reasons.

In a prepared statement, First Lady Maria Shriver said: "When we checked Arnold into the hospital on Christmas night, he was looking forward to his surgery. He had been in good spirits. He asked when he could get back to work and he's looking forward to his inauguration next week. Our children and I are grateful for everyone's support and prayers."

Schwarzenegger loves to have fun on his own terms, even if there is an element of danger — a dimension of his personality that is seldom on public display.

He relishes long rides on his motorcycle. He goes on rafting trips. And he skis.

Pat O'Brien, a television personality and longtime friend of Schwarzenegger and Shriver, said Tuesday that the governor "lives his life to the fullest, and with that comes risks — whether it be on the slopes or on a motorcycle."

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In January, Schwarzenegger was riding his Harley-Davidson with his son Patrick in a sidecar when he got into a crash. The accident occurred when the driver of a Volvo SUV pulled out of a driveway on Mandeville Canyon Road in Brentwood. Schwarzenegger received 15 stitches on his lip. His son was not injured.

Schwarzenegger conceded that he had been driving for years without a proper motorcycle license; he has since gotten one.

In December 2001, Schwarzenegger broke six ribs when he fell off his motorcycle. He was hospitalized for four days at St. John's.

Few Californians would have known their governor spent hours skiing near his Idaho vacation home this weekend if Schwarzenegger had not broken his leg.

Following its standard practice, the governor's press office on Friday revealed only that Schwarzenegger had left the state. The press release said that Schwarzenegger would have no public activities from Dec. 23 to 25. But in a private letter to Bustamante's office, the governor's staff said that he would be out of state from Dec. 22 to Jan 1.

Cloaking the governor's itinerary ensures at least some measure of privacy when Schwarzenegger is taking a break, aides contend.

"The governor is an international celebrity who values his privacy when he's with his family," said Adam Mendelsohn, the governor's communications director.

But secrecy carries an added advantage: minimizing the chance of an unflattering photograph or a spontaneous quote from a vacationing Schwarzenegger that veers off message.

Early in his term, Schwarzenegger revealed his out-of-state whereabouts. That ended after a trip to Hawaii in April 2004.

The Times found the governor at the Four Seasons Resort in Maui and in an interview, Schwarzenegger said he wanted to see the Legislature reduced to part-time status. He never pursued that option.

Schwarzenegger frequently travels outside California — either on business or for pleasure.

He has been out of state for 204 of the 1,136 days he has been in office — or 1 of every 5.6 days, according to records kept by Bustamante's office.

In contrast, former Gov. Gray Davis was out of state for 113 of 1,779 days in office — or 1 of every 15.7 days.

Though Schwarzenegger has often been away as part of his job, he has also gone to Nevada and Ohio for bodybuilding competitions that had no connection to state business.

Locating the governor can be a game of cat and mouse. In 2004, Schwarzenegger addressed the Republican National Convention in New York. Aides said he was returning afterward to California. Instead, he veered off to Sun Valley. No one from his staff announced that his itinerary had changed.

In August 2005, he made a trip to the Bahamas that was never announced.

A survey of some western governors Tuesday showed practices vary when it comes to fully disclosing private out-of-state travel.

New Mexico Gov. Bill Richardson reveals his whereabouts on private trips on a case-by-case basis, according to his office. Nevada Gov. Kenny C. Guinn's office said he might not necessarily issue a news release if he is on a family vacation. Washington Gov. Chris Gregoire's office said she does not reveal her destination when she takes personal trips out of state.

When Schwarzenegger leaves California, Bustamante becomes acting governor.

Bustamante has taken little dramatic action in the time Schwarzenegger has been away. One exception came in December 2003. Schwarzenegger had gone with his family to Sun Valley for the holidays.

While he was away, Bustamante declared a state of emergency in Santa Barbara County in response to an earthquake.

A spokesman for Bustamante said that California, a state prone to natural disasters, is at greater risk when the governor is gone as much as Schwarzenegger.

"You need someone on the ground who can take action immediately when it's needed — activating the National Guard or getting fire crews where they need to go," said Bustamante aide Stephen Green. "When you're gone one day out of five, a lot of things just don't get done."

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Bustamante gave his office the day off Tuesday and exercised no powers in the hours Schwarzenegger was under anesthesia.

"I wanted him to appoint me to the Supreme Court, but he wouldn't," Green said.

Schwarzenegger Cleared To Resume Duties After Surgery (CHIT)

By Peter Nicholas

Chicago Tribune, December 27, 2006

SACRAMENTO -- Gov. Arnold Schwarzenegger's broken right femur was repaired today and he was cleared to resume his official duties, the governor's office announced.

The surgery to fix his thigh bone, which the governor broke Saturday while skiing in Sun Valley Idaho, lasted an hour and a half. Schwarzenegger was cleared to resume his duties at approximately 10:45 a.m., according to the news release.

In the prepared statement, orthopedic surgeon Dr. Kevin Ehrhart said the surgery "involved using cables and screws to wire the two main fragments of the governor's broken femur bone back together. It lasted approximately an hour an a half, was without complication, and the post-operation x-rays look great.

"Following the surgery, the governor was awake, alert and talking in the recovery room. He is now fully coherent and I have cleared him to resume his duties as governor," Ehrhart said.

Schwarzenegger will remain in the hospital for three days and will take approximately eight weeks to heal, said Ehrhart, who predicted a full recovery. The governor is not in a cast and will use crutches to walk while his leg heals, he said.

Aides said that preparations are being made for the governor to work from the hospital on his inauguration next month, the state of the State address and the 2006-07 budget proposal.

Adi Erber, a ski instructor who was with the governor at the time of the accident, said that Schwarzenegger was standing still, preparing for the final 200 yards of the run on Bald Mountain in Sun Valley, Idaho. The governor's ski pole got caught in one of his skis, causing him to trip and fall.

Erber described it as a "freak accident."

He said the governor was in pain, and that a rescue team took him down the hill on a toboggan. Schwarzenegger was then taken to the hospital for X-rays.

The two men, accompanied by security guards, had been skiing for about two hours prior to the accident, Erber said.

"It was the last run down," Erber said. "He was trying to take off again and he tripped."

Erber, a fellow Austrian, said that skiing is one of Schwarzenegger's favorite sports, and predicted that once the governor's leg heals he would be back at it.

"I've skied with him for 18 years," he said. "He's an expert skier."

He added that the governor "will be back in shape in no time. And I'm sure he will ski again."

While Schwarzenegger was on the surgery table, Lt. Governor Cruz Bustamante was in charge. He was notified this morning that Schwarzenegger had been cleared, according to a prepared statement by Andrea Hoch, his legal affairs secretary.

Selling Couples On Marriage (WT)

By Jon Ward [part Two Of Four]

The Washington Times, December 27, 2006

Second of four parts.

The lesson would be how to keep "the fire burning," Nisa Muhammad told nine couples at her Tuesday night marriage class in the District.

"I need this session," said Rossalyn Parks, whose boyfriend had yet to arrive or call with an explanation. She was on fire, all right.

All nine couples were black, and most live in low-income neighborhoods in the District or Prince George's County.

Mrs. Muhammad's "Wedded Bliss" program, which will receive $1.3 million in federal money over the next four years, is aimed at helping black couples.

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"We've kind of bought into the hype that marriage doesn't matter ... in the culture, the music, the movie, on TV," said Mrs. Muhammad, a 49-year-old mother of five who was divorced after 12 years and remarried last year.

Mrs. Muhammad said that TV provides an unrealistic portrayal of single parents and that life is "very different if you're ... Tamika in Southeast D.C."

In this series, The Washington Times examines the changing views of marriage and what institutions -- such as religious groups, government and businesses -- are doing to preserve it.

Mrs. Muhammad's program is one of many that churches and religious groups are using to strengthen marriages and foster new ones. Wedded Bliss is an eight-week class that encourages couples to marry by helping them build intimacy and teaching communication skills.

Airing grievances

At the Tuesday night meeting, Mrs. Muhammad -- who converted to Islam in 1980 and writes for the Nation of Islam's national newspaper, the "Final Call" -- gave a short talk to the couples.

She then asked each woman to share her "vision" of their husband or boyfriend.

Ms. Parks' cousin, Deidra Arnold, a 40-year-old divorced U.S. postal worker, said her boyfriend, Donald Aikens, a 45-year-old construction worker and lifelong bachelor, loves to serve others.

"We can go to the store, Home Depot or whatever, and he helps everybody," said Ms. Arnold, who got married when she was 21 and has a 21-year-old daughter.

The atmosphere in the room softened. The other couples, seated at tables arranged in a horseshoe, thought about what they would say.

"Great," said Mrs. Muhammad, wearing a dark green suit and a matching head scarf. "Rossalyn?"

Ms. Parks, 40, hesitated. She and William Thompson, 40, also a postal worker, began dating in August.

"I'm going to be honest with y'all. I am kind of angry with William, so I don't even have a vision," she said.

Jamil Muhammad, a national spokesman for the Nation of Islam who helps Mrs. Muhammad facilitate the class, jumped in.

"You're angry on the basis of sight," he told Ms. Parks. "You've got to look into the future on the basis of vision."

Ms. Parks sighed.

"It's kind of hard to say," she said before opening up about Mr. Thompson's work ethic.

"He wants to be at work every day. He'll probably have 1,500 hours of sick leave, ready to sell some vacation time," Ms. Parks said, pausing for several moments. "But I don't see him committing to a marriage by then."

"Ooh," whispered Mr. Muhammad, as if he'd been stung by a bee.

Mrs. Muhammad didn't blink.

"OK, well, we've got some work to do," she said. "Thank you, Rossalyn."

Then she was on to the next couple.

Later, Mrs. Muhammad said she has seen growth in Ms. Parks and Mr. Thompson, who arrived at her class "with no sense of vision."

"We're trying to change the hearts and minds of people who look at marriage in a negative way and say, 'You know, we have something to celebrate,' " she said.

Remembering religion

Churches and religious groups have always played a crucial role in sanctioning marriages, encouraging them and providing couples counseling. Marriage is an essential part of the three Abrahamic faiths -- Judaism, Christianity and Islam.

But modern culture continues to question the definition and validity of marriage.

"Increasingly, it is not obvious to our young people, the singles, the twentysomethings, why they should go ahead and get married," said Michael Lawrence, associate pastor at Capitol Hill Baptist Church in the District. "That case has to be made."

Peter Murphy, family life director for the Archdiocese of Washington, agreed.

"The images of marriage are very negative," he said. "Couples think it's going to restrict their freedom. ... There is fear of commitment to something long term in a culture that is so short term and noncommittal."

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In response, some churches are teaching more often and more robustly about marriage and challenging teens and singles on their attitudes about marriage.

"We try to show that marriage is actually freeing and will bring life," Mr. Murphy said.

Churches also are creating small groups for newly married couples, led by older couples, and adapting counseling to meet challenges unique to second marriages.

Marriage, Christians believe, is primarily a way to imitate the Triune God. Husbands are to love and lead their wives sacrificially, in the same way that Jesus Christ died to save His church. Wives, equal in value but with different roles, are to support their husbands.

"Marriage is a picture of the Gospel," Mr. Lawrence said. "Marriage was created by God to help us understand that he loves us in Jesus Christ."

Marriage is also a "crucible" in which each person's weakness and sinfulness is exposed, leading to repentance and change by God's power.

"God puts us with another person that is sometimes very different because it forces us to put aside selfishness and pride," said Pastor Paul Petry, who oversees family ministries at Mars Hill Church in Seattle. "If we fix our eyes on Christ and make it a goal to love that other person in a sacrificial way, there is something mysterious that happens, and that marriage becomes a wonderful thing."

Judaism views marriage as "a relationship that is set apart from all others," said Rabbi Jack Moline of the Agudas Achim Congregation in Alexandria.

"It is uniquely intimate and exclusive, and as such, it is a reflection of the nature of the relationship between the Jewish people and God," he said.

For Mr. Moline and other rabbis, a Jewish wedding can be performed only if the bride and groom are Jewish.

"All of the things that define marriage are matters of Jewish law, and Jewish law posits that it applies only to Jews, and not to non-Jews," he said.

Many Christian pastors counsel against marrying non-Christians as well.

Muslims also see marriage as a fundamental part of practicing their faith.

"Marriage is the most important aspect of a Muslim life," said Imam Mohamed Magid of the All Dulles Area Muslim Society, one of the largest mosques in the area.

"The whole Koran talks a lot about marriage and the relationship between husband and wife and the family," he said. "There is so much emphasis in the Koran on teaching about this issue."

Mr. Magid said he began offering six-session, premarital-counseling courses to couples a few years ago, when he saw a study showing that 33 percent of Muslim marriages ended in divorce. But, he said, there are few mosques in the United States that offer such counseling.

"The extended family in the countries of the immigrant [Muslims] creates a very strong support network for young couples," Mr. Magid said. "Here in America, there is no extended family. The wisdom has to come through a structured counseling that tells them about communication, conflict resolution, decision-making ... and also to talk about the issue of intimacy."

Saving marriage

Michael J. McManus thinks churches are not only doing too little for marriages, but in many cases, they are part of the divorce problem.

"Most churches are wedding factories today," said Mr. McManus, who created a Marriage Savers program in 1986. "They have good intentions, but their marriage preparation is not that helpful."

About 10,000 pastors and rabbis in 215 cities across the country have signed an agreement to uphold higher standards for premarital counseling. Marriage Savers focuses on marriage preparation, enrichment, restoration, reconciliation of separated couples and counseling for stepfamilies.

Mr. McManus said his program has proven results. In cities where religious leaders have signed "community marriage policies," divorce rates and cohabitation rates are decreasing and marriage rates are increasing, he said.

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"The churches need to do this work, but we need to do a better job," said Mr. McManus, a nationally syndicated ethics and religion columnist who attends Fourth Presbyterian Church in Bethesda. "The disintegration of marriage is the most important domestic problem of our time. It lies behind so many other problems."

Ted and Peg Kupelian of Rockville have mentored 20 couples through the Marriage Savers program.

"I saw a lot of divorces at work," said Mr. Kupelian, 60, a public-affairs specialist in the federal government. "This was one thing we could do together to really make a difference."

Tim and Kristen Bibo of Baltimore had never met the Kupelians but traveled to their home for eight weeks before getting married Oct. 28.

"When you have people you're friends with ... there are certain barriers," said Mr. Bibo, 28, an analyst with the state government. "Meeting new people that you develop a new relationship with, and you start it off with this openness, is something you really can't do with people that you know."

Mr. Bibo said the Kupelians, who have been married 26 years, "really challenged [us] about things that are going to be challenges."

The Kupelians took the Bibos through a 156-question inventory, going over the answers to questions about all aspects of their life.

"We're trying to open their eyes so they know exactly what to expect, to minimize surprises once they get married," said Mrs. Kupelian, who stayed at home with the couple's two daughters and now volunteers at Bible studies and in Montgomery County public schools.

The couples talked about how the Bibos would handle the demands of extended family during the holidays and helped them work on a budget.

"We want the trouble in our kitchen rather than in their bedroom or their kitchen," Mrs. Kupelian said. "We don't want people to be afraid to have conflict."

Mr. McManus said most marriages fall apart because people "don't know how to argue." Mrs. Kupelian said they teach young couples to "attack the problem, not each other."

Mrs. Bibo, 31, who works in philanthropy, said she appreciated the structure.

"It's a lot about being really intentional and having the space to do it," she said. "I loved the space of talking about marriage in its seriousness and its difficulty. That gives you a sense of security, that it's OK if you are fighting."

Out of the 20 couples mentored by the Kupelians, one has divorced, and one is struggling. Three of the couples they mentored decided not to get married.

"I don't see that as failure," Mr. Kupelian said. "I see that as one less divorce."

Meeting in the middle

Ms. Parks married at 24. She and her high-school sweetheart divorced after 12 years, and she now has a 12-year old daughter.

Mr. Thompson has never married.

Despite her pessimistic comments at Mrs. Muhammad's meeting, days later Ms. Parks said the program had "enhanced" her relationship with Mr. Thompson and she is hopeful about the relationship.

Specifically, she said, the class helped Ms. Parks and her daughter, Angel, to adapt to Mr. Thompson's three nieces and nephews, ages 20, 18 and 2, who live with him and are often visiting.

"My daughter was used to going in the refrigerator, getting what she wants, doing her laundry when she wants to," Ms. Park said. "They were teaching us that we now are sharing our lives with others, and we can't be selfish."

Ms. Parks took notes during the eight-week class in a journal given to her by Mrs. Muhammad. Mr. Thompson could not read it until the end of the class.

The journal -- and the conversations between her and Mr. Thompson during the classes -- helped them grow much closer, she said.

"Now we're better equipped to communicate," Ms. Parks said. "I don't just stay angry. We talk about it and we get through it. It's also good to know that people are going through the same problems."

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Ms. Parks estimates her chances of marrying Mr. Thompson are about 70 percent.

"I'm not saying we have to get married tomorrow, but you have to be open to that idea," she said. "I don't feel like I'm running out of time, but I don't feel like I have time to be wasting on a relationship that's not going anywhere."

"I don't see him wasting my time, and I don't see him hurting me," Ms. Parks said. "I do think he'll commit. My problem is, when?"

Part I

U.S. out of love with marriage?

Of Public Debt And Private Wealth (WP)

By Steven Pearlstein

The Washington Post, December 27, 2006

With Democrats about to take charge on Capitol Hill, we're going to be hearing a lot about the widening income gap between rich and poor.

There are a variety of different measures for inequality and lots of factors that drive the data, ranging from winner-take-all labor market competition and the weakness of unions to the pace of immigration and the tendency of high-income people to marry each other.

Furthermore, during different periods, this widening of the gap has been most apparent at various rungs of the income ladder -- between the poor and the middle class in the '80s, between the middle class and the upper class in the early '90s, and, most recently, between the very rich and just about everyone else.

All of this is about to become grist for a great national debate on inequality, with everyone picking the income measures, gaps and causes that best support their economic views or their preferred solutions. As it plays out, it's important to remember that there isn't one correct analysis or any silver-bullet solution.

In that spirit, I'd like to toss out an idea borrowed from a reader in Canada with no particular training in economics but an intuitive sense about the connection between trade flows and income inequality. The idea goes something like this:

In terms of the global economy, the elephant in the room for much of the last 25 years has been the large and persistent U.S. current account deficit (loosely, the trade deficit), which this year is likely to exceed $800 billion. Roughly speaking, the richest country in the world spends 106 percent of its income.

If the United States were almost any other country, we wouldn't be able to sustain this huge imbalance for very long because the rest of the world would be unwilling to finance it. But, as it happens, developing nations suddenly have more savings than they know what to do with, much of it denominated in dollars as a result of selling us inexpensive clothing and electronics and very expensive oil.

These countries know that if they were to try to exchange all those dollars for their own currencies, it would drive down the value of the dollar -- and with it, demand by American consumers for all the things they sell. Rather than accept slower growth and higher unemployment, they have decided to keep their currencies loosely pegged to the dollar by investing those trade-surplus dollars in U.S. assets.

One obvious effect of this decision is to drive up demand for U.S. stocks, bonds and real estate, which foreigners have purchased either directly or through such intermediaries as hedge and private-equity funds. Their money was a significant factor in the tech and telecom bubbles of the 1990s, the current bubble in corporate takeovers and commercial real estate, and the just-ended bubble in residential real estate. Indirectly, it also helps explain why stock prices are at or near all-time records.

Moreover, because so much of the trade deficit is reinvested in debt instruments such as Treasury bonds, it has had the effect of lowering interest rates below where they would otherwise be. Low interest rates, in turn, encourage both foreign and American investors to use more borrowed money in their investment strategies, allowing them to buy more assets with the same amount of their own money.

So what does this have to do with income inequality? Quite a bit, actually.

We've known for a long time that increased trade with low-wage countries depresses wages of workers who produce goods and services now imported. A trade deficit equal to 7 percent of economic output obviously magnifies that effect.

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But as the trade deficit is depressing wages at the bottom, it is now boosting incomes at the top by significantly inflating the value of stocks, bonds and real estate -- assets whose ownership is concentrated heavily in the hands of high-income people. By buying and selling these assets, and borrowing against them, these people have been transforming their paper wealth into spendable (and measurable) income at a record pace.

Finally, let's remember that all this buying, selling and monetizing of assets has created lots of fat fees for handling these transactions or serving as financial intermediaries. Those fees, in turn, translate into eye-popping bonuses for Wall Street investment bankers, hedge fund managers and partners in private-equity firms.

It would be an exaggeration, of course, to argue that our large and persistent trade deficit is the major factor in rising inequality. After all, inequality also is rising in countries with trade surpluses.

But I think the deficit does help explain why so much of the country's income gains have gone into the pockets of investment bankers, money managers, real estate developers, wealthy families and corporate executives loaded up with stock options. I'm sure these folks believe they are pulling away from the pack because they work harder and create more economic value than the rest of us. But in the coming debate, we need to remember that they are also the lucky beneficiaries of a runaway trade deficit and the bubble-prone economy it has created.

Myths And The Middle Class (WP)

By Robert J. Samuelson

The Washington Post, December 27, 2006

Almost all Americans see themselves as "middle class." To declare yourself middle class is to say you've succeeded without openly bragging that you're superior -- a no-no in a democratic culture. You're like everyone else, only a little more or less so.

Not surprisingly, a recent poll done for the Economic Policy Institute, a liberal think tank, finds that only 2 percent of Americans put themselves in the "upper class" and a mere 8 percent consider themselves "lower class." The large majority classify themselves as "upper-middle class" (17 percent) or "middle class" (45 percent). The rest (27 percent) see themselves as "working class," a stepping stone to the middle class.

Because the "middle class" isn't really the middle -- it's a huge blob -- describing how "it" feels and thinks is usually an act of simplification, exaggeration or invention. Yet that's routine because politicians and commentators want to show that they grasp the hopes and fears of everyday Americans.

The middle class today is said to be angry and anxious. It's worried about jobs, health insurance and retirement income. The EPI poll explores these discontents. Up to a point, it confirms conventional wisdom. One question asked respondents to agree with one of the following statements:

Most people today face increasing uncertainty about employment, with stagnant incomes, paying more for health care, taxes, and retirement, while those at the top have booming incomes and lower taxes.

Or:

Our economy faces ups and downs, but most people can expect to better themselves, see rising incomes, find good jobs and provide economic security for their families.

By an overwhelming 61 to 34 percent, respondents preferred the first statement. They didn't like oil companies (66 to 13 percent), drug companies (49 to 25 percent) and corporate CEOs (35 to 18 percent). One interesting exception to the anti-big-business sentiment was Wal-Mart, whose favorable rating (45 to 29 percent) almost equaled Social Security's (48 to 24 percent). Globalization wasn't especially popular either; by 59 to 32 percent, respondents favored more limits on imports.

So the middle class is furious, as portrayed. Well, not exactly. What's striking is the huge gap between people's views about "the economy" -- an abstraction -- and their own personal situations:

? Although only 32 percent rate the overall economy as "excellent" or "good," 52 percent judge their personal situation as excellent or good (35 percent said "fair" and 13 percent "poor").

? Most Americans (60 to 37 percent) think their own living standards are rising; parents of children under 18 overwhelmingly (54 to 24 percent) think the same will be true for their children.

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? Almost 70 percent of Americans say they've attained or will attain the "American Dream," as they define it. More than half say success comes from a good education and hard work, not from connections (18 percent) or being born wealthy (13 percent).

Just as Americans often criticize public education but like their local school (or hate Congress while supporting the local congressman), they rationalize personal economic success with national economic shortcomings.

Both "conservative and liberal elites" are out of touch with typical Americans, say the pollsters who conducted the survey. Conservatives' focus on overall economic performance (say, gross domestic product) minimizes individuals' "hard work" to improve "their living standards against the odds." But liberals underestimate Americans' "emphasis on personal responsibility and overestimate the degree to which [people] see themselves as victims."

Maybe. But there's a simpler explanation for the confusion: Americans' optimism and perfectionism are constantly mugged by reality. Consider why this will continue.

People value stability and security. They also want higher incomes. Unfortunately, the two sometimes collide. In a recent book, "Economic Turbulence," three economists show that the constant turnover of companies and business locations ("establishments") improves economic growth -- but creates disruption and stress. In the five industries studied (trucking, computer chips, financial services, software and food stores), the productivity of the best establishments is often double that of the worst. Replacing the less efficient with the more efficient ultimately lowers costs and raises living standards.

Compounding the stress, the price of entry into the middle class is always rising. The more we can have, the more we must have. Keeping up with the Joneses is the curse of our advances and ambitions. Thirty years ago a middle-class existence didn't include central air-conditioning, computers, cellphones or cable television. It will soon include flat-panel TVs. Similarly, new drugs and surgeries raise the cost of health insurance, reducing coverage and take-home pay. From 1991 to 2005 the cost of fringe benefits (mainly health insurance) rose nearly twice as fast as wages.

Americans cannot escape these realities. The economy will remain precarious if it remains productive. The new technologies and products we celebrate inflict anxiety by redefining middle-class society. The causes of our success are also the sources of our stress. Of course, many of today's complaints (growing inequality, eroding health insurance) are legitimate and, to some extent, might be corrected. But the remedies -- assuming they didn't make matters worse -- would succeed only temporarily, because they would not erase the basic dilemma.

The middle-class "squeeze" never vanishes. Sometimes the economy so outperforms expectations (say, after World War II or during the late 1990s) that it creates a lull. But that merely elevates expectations to more unrealistic levels and ensures later disappointment. The economy pleases most people most of the time -- but can never please everyone all of the time.

Bumping In Schools (NYT)

The New York Times, December 27, 2006

The United States has a long and shameful history of dumping its least effective, least qualified teachers into the schools that serve the neediest children. The No Child Left Behind Act requires the states to end this practice. But the states are unlikely to truly improve teacher quality — or spread qualified teachers more equitably throughout the schools — until they pay more attention to how teachers are trained, hired, evaluated and assigned.

To get control of the assignment process, districts will need to abandon union rules that basically guarantee senior teachers the right to change schools whenever they want — even if the principal of the receiving school does not want them — by bumping a less senior teacher out of his or her job.

Obviously, not every teacher who moves to a new school is a bad egg. But principals who wish to shed ineffective teachers often induce them to transfer by threatening negative evaluations, turning the transferring teacher into the receiving school's problem. A study by a nonpartisan New York research group, the New Teacher Project, found that the transfer dance goes on well into the summer, creating a logistical train wreck in staffing. Unable to determine their hiring needs in a timely fashion, school administrators delay making decisions — thus losing better-qualified applicants who grow frustrated and take jobs elsewhere.

Talented novices, with no seniority rights to protect them, often quit the field after being shunted from one place to another. Others give up on the urban school systems where the bumping process is most prevalent and high-tail it to the suburbs.

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Meanwhile, back in the city, schools are still cobbling together their staffs after the school year has begun. The revolving door turns, instructional time is lost and children suffer.

States and localities are beginning to recognize the problems with this system. New York City, for example, eliminated the forced transfer right in contract negotiations. In California, the State Legislature has passed a law giving principals at low-performing schools the power to veto forced transfers. The law also requires that seniority-based transfers be completed for all schools by April 15 for the following school year.

Urban systems all over the country need to move toward reform. A senior teacher who has been forced out elsewhere or who simply wishes to move elsewhere should be guaranteed an interview at the preferred school, but not a job. School managers, who are increasingly being held accountable for student performance, need to be able to hire the candidate best suited for the position.

Somalian Troops Advance Toward Capital (AP)

By Mohamed Olad Hassan

AP, December 27, 2006

Somalia government soldiers, joined by troops from neighboring Ethiopia, advanced toward Somalia's capital Tuesday as Islamic fighters dug in and promised a "new phase" in the war — a chilling pronouncement from a movement that has threatened suicide attacks.

Somalia called on the Council of Islamic Courts militias, bloodied by a week of artillery and mortar attacks, to surrender and promised amnesty if they lay down their weapons, government spokesman Abdirahman Dinari said.

A U.N. official, meanwhile, said Tuesday that Ethiopian-backed government troops were advancing on Mogadishu, the capital, from two directions and facing stiff resistance.

Francois Lonseny Fall, the top U.N. envoy to Somalia, also said 35,000 Somalis had crossed into neighboring Kenya to escape the fighting, which forced the U.N. to suspend aid delivery to two million Somalis.

As many as 1,000 people may have been killed and 3,000 wounded in the fighting, many of them foreign radicals, Ethiopian Prime Minister Meles Zenawi said.

Meles said about 3,000 to 4,000 Ethiopian forces, which entered Somalia on Saturday, may soon wrap up their offensive against the Islamic militias that until recent days controlled most of southern part of the country.

"As soon as we have accomplished our mission — and about half of our mission is done, and the rest shouldn't take long — we'll be out," Meles told reporters in the Ethiopian capital, Addis Ababa.

The U.N. envoy, Fall, called the fighting "disastrous" for the Somalian people and asked the Security Council to call for an immediate cease-fire.

The council took no immediate action on a draft presidential statement circulated by Qatar calling for a cease-fire and withdrawal of foreign forces, specifying Ethiopian troops. The United States and several other nations objected to singling out Ethiopia and the call for a truce, saying talks and a political agreement are needed for stability before foreign forces can leave. The council agreed to continue discussions Wednesday.

A U.S. State Department spokesman in Washington appeared to endorse Ethiopia's military action, saying it had "genuine security concerns" about the growth of powerful Islamic militias next door.

The spokesman, Gonzalo Gallegos, said he had no information on whether the U.S., which is concerned about the militia's ties to foreign Islamic militants, was aiding the Ethiopian military with supplies.

Ethiopia sent fighter jets streaking deep into militia-held areas Sunday to help Somalia's U.N.-recognized government push back the Islamic militias. Ethiopia bombed the country's two main airports and helped government forces capture several villages.

Sheik Sharif Sheik Ahmed, a top leader of the Islamic group, accused Ethiopian troops of massacring 50 civilians in the central town of Cadado. Ethiopian officials were not immediately available to respond.

Ahmed said his fighters are in tactical retreat in the face of superior Ethiopian firepower. But the military struggle has just begun, he added.

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"The war is entering a new phase," Ahmed said from Mogadishu, the capital. "We will fight Ethiopia for a long, long time and we expect the war to go everyplace."

Ahmed declined to elaborate, but some Islamic leaders have threatened a guerrilla war to include suicide bombings in Addis Ababa.

Ismael Mohamoud Hurreh, Somalia's foreign minister, said Tuesday that the government's small military force has been training for this offensive for five months.

"We will hold our line very, very well, don't worry about that," Hurreh told reporters in Nairobi, Kenya.

Experts fear the conflict in Somalia could engulf the region. Islamic courts leaders have repeatedly said they want to incorporate ethnic Somalis living in eastern Ethiopia, northeastern Kenya and Djibouti into a Greater Somalia.

For months, foreign Islamic radicals — including Pakistanis, Arabs and Chechens — have been trickling into Somalia to fight on behalf of the Islamic movement. According to a U.N. report in October, Eritrea — Ethiopia's neighbor and longtime adversary — has dispatched 2,000 soldiers to Somalia to fight against the Ethiopian-backed central government.

Ethiopia's Meles said his goal is not to defeat the militias but severely damage their military power — and allow both sides to return to peace talks on an even footing.

"The rank and file of the Islamic Courts militia is not a threat to Ethiopia," he said Tuesday. "Once they return to their bases, we will leave them alone."

Ethiopian troops will not enter Mogadishu, he said. Instead, he said, Somali forces would encircle the city to contain the militias that control it.

Any effort by the Somali government or Ethiopia to take the capital risks a disaster similar to the U.S. intervention in Somalia in 1992.

That U.N.-sponsored mission ended in 1993, after Somali militiamen shot down a U.S. Army Black Hawk helicopter. Eighteen American servicemen were killed in the crash and vicious street fighting that preceded and followed, made famous in the book and movie "Black Hawk Down."

Somalia has not had an effective government since warlords overthrew longtime dictator Mohamed Siad Barre in 1991, pushing the country into anarchy.

Two years ago, the United Nations helped set up a central government for the arid, impoverished nation on the Horn of Africa. But until the past week, it had little influence outside of its seat in the city of Baidoa, about 140 northwest of Mogadishu.

The country was largely under the control of warlords until this past summer, when the Islamic militia movement pushed them aside.

One critical issue is whether the central government can win the support of Somalis. Many resent Ethiopia's intervention because the countries have fought two wars over their disputed border in the past 45 years.

Hurreh, the Somali foreign minister, said Somalis will embrace the fall of the Islamic militias. Their severe interpretation of Islam is reminiscent, to some, of Afghanistan's Taliban regime — ousted by a U.S.-led campaign in 2001 for harboring Osama bin Laden.

"A lot of people in Mogadishu will be very happy to chew some qat and have the Islamic courts out of their way," Hurreh said, referring to the narcotic leaf banned by many of the Islamic courts.

U.S. Signals Backing For Ethiopian Incursion Into Somalia (NYT)

By Mark Mazzetti

The New York Times, December 27, 2006

WASHINGTON, Dec. 26 — The United States on Tuesday signaled its support for the Ethiopian offensive in Somalia, calling it a response to “aggression” by Islamists who have since the summer been consolidating power in the country.

A spokeswoman for the State Department, Janelle Hironimus, said Ethiopia was trying to stem the flow of outside arms shipments to the Islamists. Ms. Hironimus added that Washington was concerned about reports that the Islamists were using child soldiers and abusing Ethiopian prisoners of war.

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The statement was the most detailed by the United States since last week, when the long-simmering tension between Ethiopia and Somalia boiled over.

Ethiopia has long been a strong ally of Washington in the Horn of Africa. The American military has for years trained Ethiopian troops at bases in the eastern region. The training is part of a Pentagon effort to build the Ethiopian military into a bulwark against regional terrorist networks.

Maj. Marie Boughen of the Army, a spokeswoman for the United States Central Command, which has military responsibility for the horn, said no American troops were participating in the Ethiopian offensive or working as advisers for it.

The Ethiopian military presence in Somalia, while tacitly blessed by Washington, has nonetheless been awkward for American officials. They have publicly urged a return to peace talks by warring Somali factions, but some officials have also said an Ethiopian invasion could be the only factor to prevent the Islamists' complete takeover of Somalia.

On Tuesday, a day after an Ethiopian jet strafed the airport in Mogadishu, the capital, the State Department issued internal guidance to staff members, instructing officials to play down the invasion in public statements.

"Should the press focus on the role of Ethiopia inside Somalia," read a copy of the guidelines that was given to The New York Times by an American official here, "emphasize that this is a distraction from the issue of dialogue between the T.F.I.'s and Islamic courts and shift the focus back to the need for dialogue."

T.F.I. is an abbreviation for the weak transitional government in Somalia.

"The press must not be allowed to make this about Ethiopia, or Ethiopia violating the territorial integrity of Somalia," the guidance said.

The Bush administration is using American ambassadors throughout the region in an effort to have African nations press the Islamists to return to the negotiating table.

Senior leaders of the Islamist coalition, the Islamic Courts Union, have issued a global call to jihad for Muslims to travel to Somalia to fight troops from Ethiopia.

American intelligence officials said they did not believe that foreign fighters had traveled to Somalia in great numbers and that mostly Somalis made up the force fighting the Ethiopians.

American intelligence officials theorize that the Islamists, who wrested control of Mogadishu in June from a coalition of warlords supported by the Central Intelligence Agency, have ties to a Qaeda cell based in East Africa that is responsible for the bombings of the American Embassies in Kenya and Tanzania in 1998.

This year, the C.I.A. began a covert operation to arm and finance the warlords, who had united under the banner of the Alliance for the Restoration of Peace and Counterterrorism. Operated from the intelligence agency's station in Nairobi, Kenya, the effort involved frequent trips to Mogadishu by case officers from the agency and paying hundreds of thousands of dollars to the warlords.

The operation backfired. When the payments to the warlords shifted the military balance of the country in their favor, the Islamists started a strike against the American-backed coalition and ran it out of Mogadishu.

Since June, the State Department has reasserted its control of Somalia policy, trying to build support for a plan to bolster the transitional government with peacekeeping troops from other African nations.

Ethiopia Forces Somali Islamist Retreat (FT)

By Andrew England

Financial Times, December 27, 2006

Islamist forces withdrew from frontline positions in central Somalia on Tuesday after days of bombardment by Ethiopian fighter jets and artillery that marked a dramatic escalation of the conflict in the Horn of Africa nation.

Ethiopia, which backs the weak Somali government, launched air strikes in Somalia on Sunday, following several days of fighting between the Islamists and the transitional administration's troops around the town of Baidoa, the government's seat.

Meles Zenawi, Ethiopia's prime minister, on Tuesday said between 3,000 and 4,000 Ethiopian troops had "broken the back" of the Islamist forces and that up to 1,000 Islamic fighters had been killed. "We have already completed half our mission, and as soon as we finish the second half, our troops will leave," he said.

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The Somali parties have been at loggerheads since June after the Islamists seized the capital Mogadishu from a group of US-backed warlords. The Islamic Courts Union, an alliance of militias, then extended its area of control throughout much of southern Somalia, while the government, which is divided, unpopular in many areas and includes some of the country's notorious warlords, exerted little influence outside Baidoa.

However, the administration, formed two years ago at a UN-backed conference, is recognised by the international community. Addis Ababa repeatedly warned it would protect the government and its borders against any threat from the Islamists, but only acknowledged its direct military involvement in the conflict on Sunday with Mr Meles saying it had been "forced to enter a war".

Ethiopia is a key regional ally of the US and has a long history of Christian rule, but it also has a large Muslim population.

The air strikes were seen as an attempt to weaken and divide the Islamic alliance - which includes both conservatives and militant hardliners - and it was unclear how far Ethiopian troops would go inside Somalia, analysts said. The danger Addis Ababa faces is being dragged into a protracted guerrilla war it is unlikely to win if its forces move deeper into Somalia or attempt to enter Mogadishu. It could also increase support for the Islamists through its actions.

There have also been mounting concerns that an escalation could attract foreign Muslim militants and suck in neighbouring countries – both Ethiopia and Eritrea are accused of using Somalia as a proxy for their own border dispute.

"They [Ethiopia] could get bogged down and there would be no way out, like the Americans in Iraq," said Yemane Kidane, a former senior Ethiopian government official and analyst. "I don't think there will be a military solution but the Islamic courts have to calm down and realise they cannot do everything by force."

Mr Yemane and others said Eritrea's response to the escalation would be crucial as it backs the Islamists, a move thought to be motivated solely to counter Addis Ababa.

Sheikh Sharif Ahmed, a senior leader with the Islamists, said the war was "entering a new phase," and indicated the Islamists were preparing for guerrilla fighting. "We will fight Ethiopia for a long, long time and we expect the war to go every place," he said.

Analysts say that while the Islamists, which have no air power, had suffered losses, their withdrawal from positions around Baidoa appeared coordinated, suggesting it was not a spontaneous retreat.

The African Union, which is based in Addis Ababa, said it would meet today with the Arab League, which has mediated talks in Khartoum, and the Intergovernmental Authority on Development, a regional eastern African body, to see how a faltering peace process could be revived.

However, there appeared to be divisions within the AU, with Patrick Mazimhaka, the deputy AU commission chairman, saying Ethiopia had the right to defend itself.

"We think the situation was definitely getting out of hand because the Islamic courts took it upon themselves to threaten all the neighbours with war, including Ethiopia, and we say if Ethiopia found itself vulnerable they have the right to defend themselves," he told the FT. "What we are saying is the international community as a whole, the UN, the AU, we do support the transitional government of Somalia which took so much to put in place."

But Alpha Omar Konare, the commission's chairman, was later quoted in a statement saying he deeply regretted the escalation, calling for an end to the fighting and the resumption of dialogue.

Analysts, however, said Ethiopia's actions could embolden the Somali government and make it less willing to negotiate. Mr Meles has justified Ethiopia's action by saying it was forced to take "defensive measures," which would be "limited and proportional to the attacks launched against us and the dangers facing our country."

Both Addis Ababa and Washington accuse the Islamists of including and sheltering al-Qaida suspects, charges repeatedly denied by the courts' alliance. Somalia, a Muslim nation, has been without an effective government since 1991, and has been ruled by clan-based factions.

Many Somalis, while concerned about the extreme nature of some of the courts' leaders, had welcomed the Islamists for bringing a semblance of order to many areas for the first time in 15 years and filling the vacuum created in the absence of a state.

Ethiopians Closing In On Capital Of Somalia (WP)

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By Stephanie McCrummen

The Washington Post, December 27, 2006

LONDON, Dec. 26 -- Ethiopian troops fought their way closer to the Somali capital of Mogadishu on Tuesday, pushing back militias loyal to the Islamic Courts movement that has until now controlled much of the country and vowed to wage a guerrilla war against Ethiopia lasting "years and years and years."

Aid workers said the number of injured had surpassed 800, as thousands of civilians battered by drought, floods and now rockets and mortars continued to flee villages in droves.

U.N. officials warned of a humanitarian crisis in Somalia, while fears remained high that Ethiopia's aggressive military campaign could have disastrous consequences not only for Somalia but across the Horn of Africa.

"I find it perplexing what the Ethiopians are up to," said David Shinn, a former U.S. ambassador to that country. "Over the long term, I don't see where this gets them. And one wonders how long they can hang on in this situation, because eventually it's going to turn into a nasty guerrilla war, and I don't think the Ethiopians have the stomach to carry on with that kind of campaign."

It was unclear Tuesday whether Ethiopian troops were preparing to invade Mogadishu or merely surround it.

But Shinn and others noted that a force of 15,000 troops had failed to subdue the capital in 1993, when 18 U.S. troops were killed in an incident depicted in the book and film "Black Hawk Down."

At a news conference in Addis Ababa, Ethiopian Prime Minister Meles Zenawi said that he had no plans to push into Mogadishu but that the campaign was only half-completed. The only option now, he added, was to win.

He said that he was pleased at how swiftly the campaign had gone and that 3,000 to 4,000 Ethiopian troops had "broken the back" of the Islamic Courts movement, which he has repeatedly accused of supporting secessionist groups in Ethiopia.

As Ethiopian troops pushed ahead, however, the Islamic Courts militias appeared to withdraw almost simultaneously from their front line positions, suggesting a coordinated strategy rather than a chaotic retreat, analysts said.

It was unclear where the Islamic fighters went. Some were spotted with their battle gear around Mogadishu; analysts said it was likely that most headed into the bush to prepare for a war on their own terms.

"The Islamic Courts know they can't confront Ethiopian tanks and airplanes" with trucks mounted with machine guns and ground troops, Shinn said. "I think they'd love to suck Ethiopia deep into Somalia and then slowly try to pick them off as they get bogged down."

On Tuesday, Islamic Courts leader Sharif Ahmed again condemned the international community for failing to stop the Ethiopian attack, which is widely perceived to have U.S. support, and he said the war had "entered a new phase."

As the fighting continued, members of the U.N. Security Council called an emergency meeting in New York to discuss the conflict and consider a joint statement put forward by Qatar.

Ambassadors from the 15 countries on the council were briefed first by Secretary General Kofi Annan's special representative for Somalia, Francois Lonseny Fall, and then began debating the text of a statement calling for the withdrawal of Ethiopian forces from Somalia.

But U.S. diplomats said they would seek changes to the draft.

"We don't want to single out Ethiopia in that way and believe they have legitimate security concerns," a U.S diplomat said. "Our position is that we need all parties to return to dialogue."

The diplomat, who agreed to discuss aspects of the U.S. position in exchange for anonymity, said the United States would also push for a condemnation of the Islamic Courts' use of child soldiers in the conflict.

It was unclear whether the Security Council would be able to reach consensus on the statement before Wednesday. Meanwhile, a Somali envoy to Ethiopia said Ethiopian troops could take over Mogadishu in 24 to 48 hours.

State Department spokesman Gonzo Gallegos reiterated the U.S. position that Ethiopia "has genuine security concerns with regard to developments within Somalia and has provided support at the request of the legitimate governing authority."

President Bush spoke to Ugandan President Yoweri Museveni by telephone about the tension in the region, a White House spokesman said.

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This month, faint hopes for a peaceful resolution to the conflict were pinned on a U.S.-sponsored U.N. resolution authorizing deployment of an African Union force, excluding Ethiopia and other neighboring states, to protect Somalia's interim government, which is in quasi-exile in the town of Baidoa, about 70 miles from Mogadishu.

The theory was that the force would remove Ethiopia from the volatile equation. But only Uganda has tentatively agreed to send troops to the African Union force, a commitment more recently in serious doubt. African Union officials have said any deployment could take months. And the Courts movement has said deployment of any such force would be considered an invasion.

Given those circumstances, some diplomats in the region have advanced a logic opposite that of the African Union deployment: to push for the complete withdrawal of all foreign forces.

A U.N. report this year found that at least 10 countries were in some way involved in the conflict in Somalia, a sign of the country's strategic importance in the region. And Monday, witnesses said fighters from Eritrea, a bitter foe of Ethiopia, as well as from Pakistan were among those fighting alongside the Islamic militias.

For his part, Meles has described his own military intervention as self-defense.

Ethiopia and the United States have accused the Courts movement of harboring terrorists, a charge the organization has denied. Opposition groups in Ethiopia have said Meles, who supplies intelligence to the United States on Somalia, has exaggerated the terrorism claim to win U.S. support as his increasingly authoritarian government stands accused of human rights violations.

The United States and Ethiopia have been of one mind that a complete takeover of Somalia by the Islamic Courts is unacceptable, because of fears that the country could become a base for Muslim extremists.

Yet U.S. policy in Somalia has been widely criticized for having the opposite of its intended effect, often encouraging the expansion of the Courts movement.

This year, the United States supported warlords who called themselves an "anti-terrorism" coalition. The warlords generally bribed and terrorized ordinary Somalis, who came to despise them. The Islamic Courts came to power as an alternative to the hated warlords, establishing order based on Islamic law village by village and earning widespread support from beleaguered Somalis tired of 15 years of near-anarchy.

More recently, perceived U.S. support for Ethiopia, and the U.S. sponsorship of the U.N. resolution calling for the African Union deployment, appears to have been used by the Courts movement to rally support.

Staff writer Dafna Linzer in New York contributed to this report.

Islamists Retreat In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, December 27, 2006

NAIROBI, Kenya, Dec. 26 — The Islamist forces once in control of much of Somalia are crumbling faster than anyone expected and beat a hasty retreat back to their stronghold in Mogadishu, Somalia's battle-scarred capital, on Tuesday.

By dawn, Buurhakaba, a large inland town, had fallen to the Islamists' rivals, along with nearby Dinsoor and Bulo Burti, where just a few weeks ago the clerics in charge were threatening to behead people who did not pray five times a day.

The Islamist fighters, who had seemed invincible after taking Mogadishu from the city's warlords in June, now seem powerless to stop the steady advance of the internationally recognized transitional government and the Ethiopian forces that are backing it.

By nightfall, the transitional government's troops were 50 miles from Mogadishu, calling for the Islamists to surrender. The Islamist leaders refused, saying they would take their fight "everywhere," possibly a threat to unleash guerrilla tactics and suicide bombers, which they have already used.

The fast-moving developments seemed to confirm what United Nations officials and witnesses in Somalia have been saying since the fighting erupted a week ago: that the teenage troops of the Islamists, however religiously inspired, were no match for the better-trained Ethiopian-backed force, with its tanks and fighter jets.

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Ethiopia's prime minister, Meles Zenawi, said Tuesday that his soldiers and their Somali allies had "broken the back" of the Islamists and killed more than 1,000 fighters, though United Nations officials have put the toll substantially below that.

But the conflict is hardly over. Thousands of people continue to march through the streets of Mogadishu, rallying for the Islamists, and analysts are unanimous that an Ethiopian occupation of Mogadishu, a city thick with weapons and xenophobia, could become a bloodbath.

In Baidoa, the seat of the transitional government, leaders said they were planning to take the capital, where they had been afraid to work until now.

"It's just a matter of time," said Hussein Saylan, chief of the transitional cabinet, from a command center where radios crackled in the background. "We're moving swiftly toward Mogadishu, and the Islamists are panicking. We're finishing them off as we go."

Witnesses said Ethiopian fighter jets and helicopter gunships fired missiles at the retreating Islamists in pickup trucks — easy targets in the open desert.

In Mogadishu, the Islamists began fortifying the airport, radio station and other important buildings, preparing for a siege. Shopkeepers emptied their stores. Some families fled their homes and drove off with tents and water jugs in the back of their cars.

Western intelligence officials said soldiers from Eritrea were furiously distributing antiaircraft missiles to the Islamists, and residents in Mogadishu said they had already heard them being test fired. According to United Nations officials, thousands of fighters from Eritrea, Yemen, Syria and Libya have streamed into Somalia to wage a holy war against Ethiopia, a country with a long Christian history that today is about half Muslim.

Ethiopia and Eritrea are bitter enemies, having recently fought a costly border war that is still unresolved.

On Tuesday, Mr. Meles said, "The only forces we are pursuing are Eritreans who are hiding behind the skirts of Somali women."

Though diplomats in Africa have expressed concerns about the conflict in Somalia exploding into a wider regional war, most have been noticeably silent about Ethiopia's aggressive tactics. Ethiopian officials have said they sided with the transitional government because Somalia's Islamist movement was a regional menace.

Patrick Mazimhaka, a high-ranking African Union official, told the BBC that Ethiopia was within its rights to strike.

"It is up to every country to judge the measure of the threat to its own sovereignty," he said.

American officials have given Ethiopia, one its closest allies in Africa, their tacit approval to do what is necessary to neutralize the Islamists, whom American intelligence agents have accused of sheltering terrorists with Al Qaeda. But American officials have asked Ethiopia to avoid strikes that could kill large numbers of civilians, and so far Ethiopia seems to be cooperating.

On Tuesday, analysts in Nairobi said American surveillance planes were funneling battlefield intelligence to Ethiopian forces.

Maj. Kelley Thibodeau, spokeswoman for the task force of American military personnel based in nearby Djibouti, said she was "not at liberty to discuss" the matter.

Though there are more than 100 American soldiers training Ethiopian troops, Major Thibodeau said: "Officially, we haven't put anybody in Somalia. The Americans don't go forward with the Ethiopians. They are training Ethiopians in Ethiopia."

As the Ethiopian-backed forces continued their rout, it seemed that the Islamists might have overplayed their hand. Just a few months ago, the Islamists were the most powerful force in Somalia and popular in many areas for restoring order after 15 years of anarchy. The transitional government, an assortment of clan elders and former warlords, had been marooned in Baidoa, too weak to extend its authority beyond the city limits. Instead, it had been urging the Islamists to return to peace talks to discuss sharing power.

But all that changed last Wednesday at dawn, when the Islamists attacked Baidoa from two directions. Witnesses said waves of young fighters were summarily mowed down by the more experienced Ethiopian-backed troops. Then on Saturday, the Islamists announced that Somalia was open to Muslim fighters across the world who wanted to wage a jihad against Ethiopia.

The next day, Ethiopia struck, its military pushing deep into Somalia to begin wiping out the Islamist forces.

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"Our entire defense system was instantly overrun," said Ibrahim Diris, a medic for the Islamist forces who narrowly escaped capture in Buurhakaba. "They attacked us with tanks, planes, helicopters and infantry. Thank God they spared the ambulances."

The question now is whether Ethiopian forces will try to seize Mogadishu.

At the United Nations on Tuesday, the special envoy for Somalia, François Lonseny Fall, urged the Security Council to call for a cease-fire, saying that although the interim government's forces were advancing toward Mogadishu, they were "still facing stiff resistance" in several areas. Speaking at an emergency session, he said he feared that continuing violence could have "serious consequences" for the entire region.

Ethiopia's deputy foreign minister, Tekeda Alemu, said taking Mogadishu was not part of the plan.

"We are a poor country and we know that what we can accomplish is limited," he said. "We don't want to go into Mogadishu. We want the two sides to talk."

But neither side seemed ready to negotiate. "The war is entering a new phase," said Sheik Sharif Ahmed, a top Islamist leader. "We will fight Ethiopia for a long, long time and we expect the war to go everywhere."

The toll is piling up. At Benadir hospital in Mogadishu, a crowd of women pushed at the gates to see wounded sons and husbands. Some women threw stones at the Islamist commanders and shouted, "Fight your own holy war!"

What's Going On In Somalia? (WSJ)

By Jonathan Stevenson

The Wall Street Journal, December 27, 2006

Though 98% Muslim and long without a functioning government, southern Somalia has not, so far, ripened into the fully fledged terrorist threat that many have feared it would. This week, however, as Ethiopia engaged Islamist Somali militiamen, Somalia became the site of a nascent regional war. The primary combatants are Somalia's secular Transitional Federal Government (TFG), which is internationally recognized and politically supported by the U.S., and the Islamist "Islamic Courts Union" that holds sway on the ground. They are backed militarily by two fierce rivals, Ethiopia and Eritrea, respectively. The military balance appears indeterminate. Ethiopia has deployed 15-20,000 troops in Somalia. Eritrea has provided arms to the Islamic Courts militias and sent only about 2,000 troops to support them; but the Islamic Courts hold more territory than the TFG and have greater indigenous assets and popular support. Even if Somalia does not become a terrorist redoubt, it could become a potent fount of regional geopolitical instability and perhaps the next "field of jihad" unless diplomatic attention is rallied to rescue the situation. * * *

Ethiopia has a politically dominant Christian tradition and is vigorously opposed to Islamism. Al-Ittihad al-Islamiah, a Somali Islamist group aligned with the Islamic Courts, has sought to force the secession of Ethiopia's heavily ethnic Somali Ogaden region, and Ethiopian troops were responsible for eliminating several terrorist training camps run by al-Ittihad in the late 1990s. Although about half Muslim and half Christian, Eritrea's support for the Islamic Courts rests on its strategic enmity toward Ethiopia. The Islamic Courts are also politically and financially backed by several Muslim states, including Egypt, Djibouti, Iran, Saudi Arabia, Yemen, Libya and Sudan. Ethiopia's preventive intervention against the Islamic Courts -- tacitly approved by the U.S. -- prompted them to declare jihad against Ethiopia in November. Meanwhile, on Dec. 7 the U.N. Security Council unanimously adopted U.S.-sponsored Resolution 1725, authorizing the deployment of an African force in Somalia to protect the TFG and partially lifting a weapons embargo to Somali factions, which stands to strengthen the TFG and secular militias. The resolution spurred the Islamic Courts to declare jihad against any U.N.-sanctioned force, and the Eritrean government branded it "an attack on the Somali people." Foreign jihadists are reported to be infiltrating Somali territory already.

The volatile situation in Somalia presents the West with a thorny and immediate problem. To quell geopolitical tensions created by Ethiopia and Eritrea's intervention, a U.N.-sanctioned force would have to be led by a major power. Yet even if such a power could afford the troops and materiel, the insertion of a significant number of Western-led foreign troops would run the risk of attracting (as in Iraq) still more foreign jihadists to Somalia and inspiring terrorist attacks worldwide.

The U.N. and the African Union (AU) support the TFG, and the former has authorized peacekeeping troops. In hopes of minimizing regional tensions, the Security Council resolution bars the participation of neighboring nations Kenya and Djibouti as well as Ethiopia in any peacekeeping contingent, and limits the notional outside force to physically protecting the TFG in and

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near Baidoa, and to training TFG security forces. But there is little manpower available for any serious effort. The resolution also does not deal with foreign forces already in Somalia. While the resolution is nobly intended to promote political negotiations between the TFG and the Islamic Courts Union, coupled with Ethiopia's substantial military commitment to the TFG it may have had the effect of providing the TFG with enough political cover to defer dialogue. Furthermore, only Uganda has offered troops, and has done so ambivalently and against domestic public opinion. In any case, though trained by the French and the British, Ugandan troops would probably be both numerically and professionally inadequate.

Although Washington would probably provide logistical support and some funding for a Uganda-led force, it has essentially charged Uganda and the Intergovernmental Authority on Development (IGAD) -- most of whose members (Djibouti, Eritrea, Sudan and, less rigidly, Kenya) oppose intervention -- with executing Resolution 1725. Accordingly, the military mission, in any case of dubious political value, is unlikely to gather momentum. Meanwhile, rough military parity allows the two Somali factions to procrastinate diplomatically.

While at times disingenuously denying that it has deployed troops in Somalia, Ethiopia has indicated that any troops are intended as a deterrent and that it is not eager to engage in a long war. The Islamic Courts, for their part, have demonstrated a degree of caution. Fatalities still probably number only dozens rather than hundreds. Thus far, the major powers have tacitly allowed Ethiopia and Eritrea to keep assets deployed in Somalia while pressuring both to refrain from escalating to all-out war. But these weak constraints cannot produce operational equilibrium between the TFG and the Islamic Courts Union for long enough to allow effective major-power attention to gravitate to Somalia before war arises.

Absent an unattainably strong peace-enforcement contingent, the only solution would appear to be robust diplomacy aimed at stabilizing the Somali situation by a power-sharing arrangement between the TFG and the Islamic Courts. Both the U.N. and the AU, as well as the U.S. and key European capitals, however, have their hands full with even more pressing regional matters, such as Darfur. Indeed, all save the AU are overstretched by Iraq, Afghanistan and the campaign against Islamist terrorism. They cannot be expected to devote serious diplomatic attention to Somalia in the short term. While Yemen and the Arab League have made attempts to facilitate dialogue, they are not likely to have the influence to close a sustainable deal.

The EU, however, has shown appreciation for the gravity of the crisis. On Dec. 8, EU development minister Louis Michel held separate talks with the TFG and the Islamic Courts in hopes of lowering tensions, albeit to no clear avail. Kenya, the most effective broker in the region on Somali issues, has sponsored the TFG. But Nairobi -- constrained by a rising cross-border threat from the Islamic Courts and political pressures from its own substantial ethnic Somali population -- has defaulted to a position of "neutrality." Since open conflict could send hundreds of thousands of refugees over its border, however, Nairobi may abandon timidity and push for negotiations. Religious leaders in Kenya have urged as much. With the EU's diplomatic sponsorship and residual U.S. support, such an effort might enforce a pause and bring the four principals -- the TFG, the Islamic Courts, Ethiopia and Eritrea -- to the table. Otherwise, only further escalation is likely to bring decisive major-power attention to the Horn of Africa.

Mr. Stevenson is a professor of strategic studies in the Strategic Research Department at the U.S. Naval War College.

War In Somalia (WP)

The Washington Post, December 27, 2006

IN THE PAST week a dangerous round of warfare has erupted in Somalia, a failed state in the Horn of Africa that the United States tried in vain to rebuild in the early 1990s. Troops from neighboring Ethiopia who were defending a U.N.-backed transitional government were attacked by forces of the Islamic Courts movement, which for the past six months has controlled much of the southern part of the country. Ethiopia responded by launching a full-scale offensive against the Islamists; by yesterday its forces had captured several towns and were said to be advancing toward Mogadishu, the capital.

For the Bush administration there was both good and bad news in these developments. The Islamic Courts movement poses a potentially serious security threat to the United States: Its leadership includes a U.S.-designated terrorist, and it is known to be harboring al-Qaeda militants, including several who helped carry out the 1998 bombings of U.S. embassies in Kenya and Tanzania. In recent months it has been inviting radical Muslims to Somalia, and thousands have reportedly arrived from such countries as Syria, Yemen and Libya. In short, the Courts-controlled portion of Somalia has begun to look a lot like Afghanistan under the Taliban before Sept. 11, 2001.

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Ethiopia's actions, however, are problematic. The country's autocratic government and a slight majority of its population are Christian; this has fueled resistance to its intervention from Somalis and Muslim governments that might not otherwise support the fundamentalist Courts. According to U.S. and U.N. reports, millions of dollars in funding and arms have flowed to the Islamists from Saudi Arabia, Egypt and other Arab states, while neighboring Eritrea, a bitter adversary of Ethiopia, has deployed its own troops. Some experts warn that the fighting could morph into a regional war; others say Ethiopia could get bogged down in a prolonged guerrilla war with local and foreign Muslim insurgents.

Having floundered through a series of failed Somalia strategies, the administration appears to have a somewhat confused view of the latest fighting. Earlier this month it pushed for a U.N. Security Council resolution that called for an end to foreign intervention, the deployment of a peacekeeping force and negotiations between the rival Somali governments. President Bush spoke yesterday with the president of Uganda, which had offered peacekeepers. Yet even while reiterating its call for negotiations, the administration also appears to be supporting the Ethiopian offensive: The State Department said that Ethiopia had a right to defend itself against the Islamists and that its troops were there at the invitation of a legitimate authority, the transitional government.

Maybe the Ethiopian forces will crush the Islamists and their al-Qaeda allies and thereby rescue the United States from its predicament. More likely, the administration will have to prepare for much more active U.S. engagement in what is emerging as a hot new front in the war on terrorism.

Iran's Parliament Votes To Revise Ties With The U.N. Nuclear Agency (USAT/AP)

USA Today, December 27, 2006

TEHRAN, Iran (AP) — Iran's parliament voted Wednesday to urge the government to "revise" ties with the U.N. nuclear agency in a move seen as likely to reduce the country's cooperation with the international atomic authority.

The vote came four days after the U.N. Security Council decided to impose limited sanctions on Iran for its refusal to cease enrichment of uranium — a process that produces the material for either nuclear reactors or bombs.

Members of Iran's ruling hierarchy had repeatedly urged the government to cut ties with the International Atomic Energy Agency, the U.N.'s nuclear watchdog, if the Security Council imposes sanctions.

Wednesday's vote in parliament stopped short of recommending a severance of relations with the IAEA, but it put the Vienna-based agency on notice that business would not be as usual.

The bill said that the government was "obliged to accelerate the country's peaceful nuclear program and revise in its cooperation with the International Atomic Energy Agency based on national interests."

In a session broadcast live on state radio, parliamentary speaker Gholam Ali Haddad Adel said: "Some 161 out of 203 present legislators voted in favor of the bill."

Fifteen legislators voted against the bill, and another 15 abstained.

The government supported the bill. "This is a very helpful proposal," Deputy Foreign Minister Hamid Reza Asefi told the assembly. "I ask legislators to vote for it."

The Guardian Council, a constitutional watchdog controlled by hard-line clerics, approved the bill very quickly — showing how seriously the ruling hierarchy regarded the move.

"I was informed that the Guardian Council also approved the bill, minutes after the parliament," said deputy speaker Mohammad Reza Bahnoar.

Before the vote, speaker Haddad Adel said the bill would not bind the government to a particular course of action.

"The bill gives a free hand to the government to decide on a range of reactions — from leaving the Nuclear Non-proliferation Treaty to remaining in the International Atomic Energy Agency and negotiating. We trust the government," Haddad Adel said.

Some legislators pushed for a bill that took a more aggressive line against the Vienna-based International Atomic Energy Agency, which they accused of being dominated by the United States.

"The draft is not appropriate to the United States' animosity to Iran," said legislator Hassan Kamran. "This is a weak draft. It should be stronger."

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But other legislators said the bill should be thrown out.

"There is no need for the bill. We should lessen tensions," said legislator Noureddin Pirmoazzen.

The bill will take effect 15 days after it is signed by President Mahmoud Ahmadinejad, who has ardently championed the nuclear program.

The United States and some allies accuse Iran of using a civilian nuclear program as a cover for developing a nuclear bomb. Iran denies this, saying its program is strictly for generating electricity from nuclear fuel.

Iran Parliament Debates Reply To U.N. Penalties (NYT)

By Nazila Fathi

The New York Times, December 27, 2006

TEHRAN, Dec. 26 — Parliament began debate on Tuesday on how to respond to sanctions imposed by a United Nations Security Council resolution on Saturday, but two high-level officials said they doubted that Iran would bar nuclear inspectors and drop out of the Nuclear Nonproliferation Treaty.

Before the Security Council vote, hard-line politicians and conservative newspapers in Iran had called for taking those strong actions.

Kazem Jalali, an influential member of Parliament and its foreign policy committee, said it did not appear to be the right time to bar United Nations' inspectors or withdraw from the treaty, although he reserved Iran's right to do so later.

Muhammad Saeedi, the deputy leader of the country's Atomic Energy Organization, doubted a majority in Parliament wanted to pull out.

"They are upset about the resolution, but Parliament will make a reasonable decision," he said.

The Security Council resolution is meant to curb Iran's nuclear program and bans the import and export of materials and technology used in uranium enrichment, reprocessing and ballistic missiles. The resolution, weaker than what the United States proposed, has been debated in the United Nations since Iran ignored Council calls to suspend nuclear activities by Aug. 31.

Iran says its nuclear program is allowed under the treaty and is intended for domestic energy production. The United States and others contend that the program is a cover for a plan to produce nuclear bombs.

The discussions in Parliament were at an early stage on Tuesday, and no consensus was reached about what action should be taken, if any.

Newspapers here have been prohibited from criticizing Iran's nuclear policy, and none have done so.

But this week, several moderate newspapers indicated in editorials that the sanctions might have a greater economic effect than the government had acknowledged. Iran's president, Mahmoud Ahmadinejad, has vowed that the sanctions will not prevent the country from proceeding with its nuclear program.

An editorial on Tuesday in the daily, Aftab-e-Yazd, said an "unreasonable and emotional" reaction to the sanctions could be very dangerous.

Iran 'revises' Co-operation With IAEA (FT)

By Najmeh Bozorgmehr

Financial Times, December 27, 2006

Iran's parliament on Tuesday considered a plan to "revise" the country's co-operation with the International Atomic Energy Agency in response a vote by the UN Security Council to impose sanctions on Iran's trade in sensitive nuclear materials and technology.

Saturday's UN vote, aimed at dissuading Iran from carrying out uranium enrichment activities that could produce material to be used in a nuclear weapon, was dismissed by President Ahmadi-Nejad on Sunday as "illegal" and "superficial".

Manouchehr Mottaki, Iran's foreign minister, who attended a closed parliamentary session on Tuesday to discuss Iran's response, told reporters that the government fully endorsed parliament's plan, although it was not clear whether the move would be anything other than symbolic.

Iran's policy seems to be neither to accept the UN demand, nor make any immediate threats to withdraw from the Non-Proliferation Treaty or to deliberately upset the oil market.

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"MPs reiterated that we should not take any provocative step," Ali Asgari, an MP told reporters after the meeting. "But we should have some surprising moves."

He may have been referring to a statement by Ali Larijani, Iran's top nuclear official immediately after the UN vote, who said Iran would go ahead with installing 3,000 centrifuges in its pilot plant of Natanz. Mr Mottaki said the centrifuges would start enrichment "soon".

Experts believe that 2,000 centrifuges can produce sufficient highly-enriched uranium for a reactor or a bomb. Iran denies any military purposes for its nuclear programme, which it says it is merely for civilian purposes.

Analysts say Iran's president believes sanctions will not hurt Iran and that the country should not show any sign of retreat. However, the country's supreme leader, Ayatollah Ali Khamenei, who is thought to be the key decision maker, has not yet reacted to the UN resolution.

Iran To Hasten Nuclear Work Despite U.N. Vote (WSJ)

The Wall Street Journal, December 26, 2006

Iran condemned a U.N. sanctions resolution as "a piece of torn paper" that wouldn't scare Tehran and vowed over the weekend to speed up uranium-enrichment work.

The U.N. Security Council voted unanimously Saturday to impose sanctions on Iran's trade in sensitive nuclear materials and technology, in an attempt to stop uranium-enrichment work that could produce material to be used in bombs. Iranian analysts said it could chase away foreign investment needed to create jobs.

President Mahmoud Ahmadinejad said the U.N. resolution -- drawn up by Britain, France and Germany and supported unanimously by the Security Council -- could change Iran's relationship with the International Atomic Energy Agency, the U.N.'s nuclear watchdog. Iran has already banned IAEA snap inspections of its nuclear plants in February as a response to the referral of its nuclear case to the Security Council.

Iran's top nuclear negotiator, Ali Larijani, said the resolution made his country more "decisive in realizing our nuclear aims." He said it would step up enrichment activities. "From Sunday morning, we will begin activities at Natanz" the site of 3,000 centrifuge machines, Iran's Kayhan newspaper quoted Mr. Larijani as saying. It was unclear whether the work began Sunday.

China urged a resumption of talks to defuse the confrontation, and French Foreign Minister Philippe Douste-Blazy said on France Inter radio, "I would not want to see Iran fall into a spiral that would be an isolationist spiral."

Iran, which has said it is making uranium for civilian-power purposes, has refused to end its nascent uranium-enrichment work in exchange for economic incentives. The resolution demands Iran end all research on uranium enrichment, which can produce fuel for nuclear power plants as well as for bombs, and halt all research and development on methods of producing or delivering atomic weapons.

The sanctions ban imports and exports of dangerous materials and technology relating to uranium enrichment, reprocessing and heavy-water reactors, as well as ballistic-missile-delivery systems. A ban on Iran's oil exports wasn't considered.

Russia was successful in scrapping a mandatory travel ban. Instead, the resolution calls on states to notify a Security Council sanctions committee if any of the individuals on the list are in their countries. Russia, which is building an $800-million light-water reactor for Tehran that is exempt from the resolution, has tried to maintain close ties with Iran but is also concerned about any bomb-making intentions Iran may have.

The resolution brought is under a section of the U.N. Charter that makes enforcement mandatory but restricts action to nonmilitary measures. It includes a freeze on financial assets abroad of 12 individuals and 10 organizations from Iran associated with nuclear programs to prevent them from buying dangerous materials. There are numerous qualifications, including exempting contracts made prior to the adoption of the resolution.

Iran Summons UK Ambassador Over Blair Remarks (AFP)

AFP, December 27, 2006

Iran summoned Britain's ambassador in Tehran to its foreign ministry to hear its "strong objections" to British Prime Minister Tony Blair's claim that the Islamic republic poses a threat to the region.

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The official IRNA agency said Geoffrey Adams was told by Ibrahim Rahimpour, the foreign ministry's director general for western European affairs, that Iran expects Britain "to stop the tirade of allegations" against it.

"Tony Blair has brought up baseless charges against Iran to cover up his failure in Iraq, Afghanistan and the Middle East, but to no avail," Rahimpour was quoted as telling the ambassador.

Rahimpour also criticised Britain for misrepresenting Iran's civilian nuclear program, after it co-sponsored a UN Security Council resolution last Saturday that imposed sanctions on Iran's nuclear and ballistic missile programmes.

"The resolution will not have any impact on the national resolve to produce nuclear energy in line with Non-Proliferation Treaty," he said.

In a speech in Dubai on December 20 during a Middle East tour, Blair accused Iran of being an obstacle to peace and urged moderate countries in the region to form an alliance to oppose Tehran's support for extremism.

"We must recognise the strategic challenge the government of Iran poses, not its people, not possibly all of its ruling elements but those presently in charge of its policy," Blair said.

IRNA reported that Rahimpour recalled to Adams "the well-known strategy of the British colonial 'divide and rule' (policy), and said that Blair resorted to anti-Iran propaganda during his Middle East tour".

On Israel, Rahimpour was quoted as saying that "the occupying regime is passing through critical condition and Blair could do nothing to change the situation in Israel".

"Palestinian and Lebanese people are defending their own rights to the dismay of the occupying regime," Rahimpour said.

IRNA quoted Adams, who has been London's ambassador to Tehran since April 1 this year, saying that he could not interpret Blair's statement, but that he would pass along Iran's protest to his government.

Regarding the "anti-Iran resolution" adopted unanimously by the Security Council, Adams said that Britain was not the only state to vote for it.

Iran Irresolution (WSJ)

The Wall Street Journal, December 27, 2006

Among the least surprising news coming out of the holiday weekend is that Iran denounced even the U.N. Security Council's tepid sanctions resolution against its nuclear weapons program. More surprising -- and encouraging -- is that the U.S. State Department also seems unenthusiastic.

"From Sunday morning we will begin activities at Natanz," said Ali Larjani, Iraq's top nuclear negotiator about the site of its 3,000 centrifuge machines for enriching uranium. "And we will drive it with full speed. It will be our immediate response to the resolution."

And why should Iran react with any greater concern, since the language of the U.N. resolution was at most a wrist slap at Tehran for years of violating its promises under the Nuclear Nonproliferation Treaty? Four months after Iran rejected the U.N.'s August 31 deadline for ending its nuclear enrichment plans, the most the Security Council could unite behind was a narrow freeze on the assets of 10 companies and 12 individuals related to the program.

The resolution's order that countries stop supplying material for Iran's nuclear effort carves out a huge loophole for Bushehr, the Russian-supplied light-water reactor. Even a proposed international travel ban on Iranian officials was dropped in the end at Russian insistence. As John McEnroe might describe this resolution: "You cannot be serious!"

The charade was even more than the State Department could bear to endorse wholeheartedly. Nicholas Burns, Secretary of State Condoleezza Rice's right-hand man, praised the resolution for isolating Iran but added that "We don't think this resolution is enough in itself." And he suggested that the U.S. would now work to form coalitions outside of the U.N. to add pressure on Tehran. It's about time.

The aftermath of the resolution coincided with reports that coalition troops had captured Iranians helping insurgents in Iraq. This ought to underscore to Americans just how much Iran's leaders are trying to damage U.S. interests in the Middle East. These are the same Iranians with whom Jim Baker and Lee Hamilton and most of the U.S. foreign policy establishment want to negotiate; perhaps if the U.S. allows them to become a nuclear power, Iranian leaders will then agree to help kill fewer GIs.

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As his Presidency grows shorter, Mr. Bush is going to have to decide how much longer he can afford to let diplomacy dominate his Iran strategy. The mullahs in Tehran have made clear their determination to build a nuclear weapon; the West has yet to show any comparable determination to stop them.

Assad Inspires 'Flip' Theories (WT)

By Iason Athanasiadis

The Washington Times, December 27, 2006

TEHRAN -- Recent visits by Syrian President Bashar Assad to U.S.-allied Yemen and the United Arab Emirates are prompting speculation that Syria is seeking to leave the Iranian orbit and pursue closer ties with the West.

Such a move would fulfill a major recommendation of the Iraq Study Group, headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, which suggested it might be possible through diplomacy to pry Syria away from Iran.

"Bashar was recently invited to Tehran by [President Mahmoud] Ahmadinejad as part of the Iranian effort to demonstrate regional leadership -- but he failed to show up, without even offering a public excuse," said Gary Sick, a U.S. foreign policy analyst who served on the National Security Council under Presidents Ford, Carter and Reagan.

"If you put this together with the 'Obaid initiative' to mobilize Arab action to stop Iran's encroachment in Iraq, it almost has the appearance of a regionally coordinated campaign."

Nawaf Obaid was fired this month as a Saudi foreign policy adviser after publishing an article saying, among other things, that Saudi Arabia could reduce Iran's regional prominence by raising oil production high enough to slash the price by half. Oil revenues are a crucial source of foreign currency for Iran.

Mr. Assad's talks in Yemen 11 days ago reportedly dealt with regional issues, including the infighting in the Palestinian territories, instability in Lebanon, Iran's nuclear program, Iraq and Somalia.

But eyebrows were raised by the timing of the trip, which came just two days after a visit to Yemen by U.S. Assistant Secretary for Near Eastern Affairs David Welch.

"I'll leave it to President [Ali Abdullah] Saleh to convey their views to President Assad," Mr. Welch said of the timing. "They know the views of the United States."

In another apparent overture yesterday, Mr. Assad told visiting Sen. Arlen Specter, Pennsylvania Republican, that he was willing to host a conference where all the factions of Iraq could seek a consensus on the country's future.

Graham Fuller, former vice chairman of the U.S. National Intelligence Council, expressed skepticism that Mr. Assad's travels represented some kind of back-channel negotiation with Washington.

He said he considered it "much more likely that Gulf leaders are wooing Assad as an intermediary to Iran to transmit their concerns and hopefully to achieve greater Iranian moderation."

Iranian analysts also doubt that Mr. Assad will give up his role as the western anchor of an anti-U.S. axis running from Tehran through Iraq and Syria to Hezbollah-controlled southern Lebanon.

"It would be rather unrealistic to consider that Syria, a poor and isolated country, would distance itself from Iran, a rich and effective actor, which can offer Syria security and financial help in an unfortunate situation," said Kayhan Barzegar, a professor of foreign affairs at Tehran's Islamic Azad University.

"The two have strategic interests to stay together right now."

Hasan Akhtari, Iran's ambassador to Damascus, acknowledged to the London-based pan-Arab newspaper Al-Hayat that "some people" think Syrian-Iranian relations are deteriorating. But, he said, "We aren't worried ... because we know that this isn't happening and will not happen."

Nevertheless, Syria has faced immense pressure since the assassination two years ago of former Lebanese Prime Minister Rafik Hariri, for which it has been widely blamed. Lacking a strong army and without substantial oil reserves, it is the weak link -- and the only Sunni member -- in the Iranian Shi'ite-led alliance.

The report of the Iraq Study Group urged the United States to try to "flip" Syria, disrupting the uninterrupted land bridge from Tehran to the Mediterranean and cutting off the arms supply chain to Hezbollah.

"If that's what's going on, the UAE visit after the snub of Iran may be early signs of success," Mr. Sick said.

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Any successful effort to woo Mr. Assad away from Iran would likely involve a deal with Israel for the return to Syria of the Golan Heights, which Israel captured in 1967.

Syria's political class is almost unanimous in the belief that now is the time to negotiate such a deal, while Israel is on the defensive over failing to crush Syrian ally Hezbollah during its August offensive in southern Lebanon. Mr. Assad has made repeated overtures to Israel seeking peace talks.

Former Iranian Deputy Foreign Minister Mahmoud Vaezi indicated last year that Tehran was less than fully confident of Syria's loyalty, saying Mr. Assad "will receive our diplomatic support. More than that depends on what kind of positions Syria will adopt."

Several analysts, however, cautioned against expecting a quick change of direction from the Syrian president.

"The Assads of Syria are currently being wooed by one and all," said Ammar Abdulhamid, a Syrian dissident and fellow of the Saban Center for Middle East Policy at the Brookings Institution. "But soon everybody will be wowed by how little they actually have to offer and by how bent they are on overplaying their hand."

'Syria Is Ready And Willing To Engage' (USAT)

USA Today, December 27, 2006

Imad Moustapha, Ph.D., Ambassador of the Syrian, Arab Republic to the USA - Washington

It is always refreshing to hear moderate, wise voices from the United States calling for what diplomacy is really about: dialogue and engagement ("A two-way street with Syria," The Forum, Dec. 20).

Syria has repeatedly called upon this administration to abandon its policies toward Syria and work together toward a more constructive policy in the Middle East. Former secretaries of State Colin Powell, Madeleine Albright and James Baker — who, unlike Secretary of State Condoleezza Rice, had a direct working relationship with Syria — consider their engagement with Syria as one that served U.S. national interests.

Syria is ready and willing to engage, but this needs courage and vision from the other side.

Posted at 12:08 AM/ET, December 27, 2006 in Foreign Affairs - Middle East - Letters, Iraq - Letters, Letter to the editor, Politics, Government - Letters | Permalink

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Israel Settlement Breaks Promise To U.S. (AP)

By Ravi Nessman

AP, December 27, 2006

Israel has approved a new settlement in the West Bank to house former Jewish settlers from the Gaza Strip, officials said Tuesday, breaking a promise to the U.S. to halt home construction in the Palestinian territories.

Construction in the northern West Bank town of Maskiot began months ago, but the project only received final approval from the Defense Ministry last week, said Dubi Tal, head of the Jordan Valley regional council.

Saeb Erekat, an aide to Palestinian President Mahmoud Abbas, condemned the construction and urged the government to revoke its authorization, saying it violated the spirit of cooperation inaugurated by a meeting Saturday between Abbas and Israeli Prime Minister Ehud Olmert.

"What message are they trying to send?" Erekat asked.

The settlement will house 23 families who were evacuated when Israel withdrew from the Gaza Strip last year, and will eventually house 100 families, Tal said. "I estimate that within two or three weeks the foundations for temporary housing will begin," he said.

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Olmert has signaled in recent weeks that he is ready to make broad territorial concessions to the Palestinians under a final peace settlement, but he has also said he wants Israel to retain large settlement blocs. The Palestinians claim all of the West Bank, captured by Israel in the 1967 Middle East war, as part of a future independent state.

Under the stalled, U.S.-backed "road map" peace plan, Israel pledged to freeze all settlement expansion, while the Palestinians promised to crack down on militants. Neither side has followed through.

"The U.S. view on settlements remains unchanged," said Geoff Anisman, a spokesman for the U.S. Embassy in Tel Aviv. "The U.S. continues to urge both sides to meet their road map obligations and to avoid taking steps that could be viewed as predetermining the outcome of final status negotiations."

Saturday's Olmert-Abbas summit sought to build on momentum from an Israeli cease-fire with the Palestinians in the Gaza Strip, which took effect last month. Olmert made a series of gestures to the moderate Palestinian leader, offering to lift some West Bank checkpoints and unfreeze hundreds of millions of dollars in withheld tax funds.

On Sunday, Olmert indicated he might release some Palestinian prisoners in the coming days, softening his long-standing opposition to such a move.

Despite the truce, Gaza militants launched seven rockets into Israel on Tuesday, hitting a street in the town of Sderot and seriously wounding two 13-year-old boys, Israeli officials said. The Islamic Jihad militant group claimed responsibility for all the attacks.

Militants have launched about 60 rockets since the truce was declared, and Israeli officials have warned their patience is waning.

"Israel has been displaying restraint, but this restraint will not continue indefinitely while Israelis continue to be attacked," said David Baker, an official in Olmert's office.

Security officials said Defense Minister Amir Peretz urged Olmert late Tuesday to reconsider his policy of restraint in the face of the rocket barrages.

Meanwhile, Israeli troops shot and seriously injured a Palestinian near the fence separating Israel and the Gaza Strip. Palestinian officials said the man was a farmer working near the fence. The army said two Palestinians were attempting to sabotage part of the fence and ignored warning shots before troops opened fire, hitting one in the legs.

In an effort to push forward with peace efforts, Olmert and Egyptian President Hosni Mubarak, a key mediator between Israel and the Palestinians, will meet next week in the Red Sea resort of Sharm el-Sheik, an Israeli government official said.

The official, who spoke on condition of anonymity because the meeting had not been officially announced, did not say what day it would take place.

Egypt has played a major role in mediating between Israel and the Palestinians, and has been trying to negotiate the release of an Israeli soldier captured by militants linked to Hamas, the militant group that controls the Palestinian parliament and Cabinet and is a rival to Abbas' Fatah.

The rivalry between the two Palestinian groups has broken out into open street battles in Gaza in recent weeks.

Jordanian leaders have invited both Abbas and Palestinian Prime Minister Ismail Haniyeh of Hamas for talks in Amman in an effort to bridge the divide. Negotiations over forming a national unity government broke down last month, and Abbas has threatened to call early elections.

Jordan's Prime Minister Marouf al-Bakhit told reporters Tuesday that his country "has specific ideas to help the two sides to reach a unity government solution." He did not elaborate or say when the meeting would take place.

Haniyeh said Tuesday that he planned to accept the invitation. "We hope this will be a blessed opening for national unity."

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Associated Press Writer Shafika Mattar contributed to this report in Amman, Jordan.

Despite Pledge, Israel Approves New Settlement (WP/AP)

Associated Press

The Washington Post, December 27, 2006

DOJ_NMG_0109242

JERUSALEM, Dec. 26 -- Israel has approved a new settlement in the West Bank to house former Jewish settlers from the Gaza Strip, officials said Tuesday, breaking a promise to the United States to halt home construction in the Palestinian territories.

Saeb Erekat, an aide to Palestinian Authority President Mahmoud Abbas, condemned the construction and urged the government to revoke its authorization, saying it violated the spirit of cooperation inaugurated by a meeting Saturday between Abbas and Israeli Prime Minister Ehud Olmert.

Meanwhile, despite a truce, militants in Gaza launched seven rockets into Israel, hitting a street in the town of Sderot and seriously wounding two 13-year-old boys, Israeli officials said. The radical Islamic Jihad group asserted responsibility for the attacks.

Israel Plans First Settlement In 10 Years (NYT)

By Steven Erlanger

The New York Times, December 27, 2006

JERUSALEM, Dec. 26 — Israel announced plans on Tuesday to construct a Jewish settlement in the occupied West Bank for the first time in 10 years, prompting Palestinian anger and American concern.

The announcement, by the Defense Ministry and settler groups, seemed to run counter to the prevailing effort by Prime Minister Ehud Olmert, who had offered a series of gestures to the Palestinians several days ago, after meeting with the Palestinian Authority president, Mahmoud Abbas.

Even before that meeting, Mr. Abbas was being criticized by his political rivals, Hamas, who preach Israel's destruction, for carrying out what they called an Israeli and American agenda with little to show for it.

One Israeli official hinted that the new settlement might be part of a deal with Jewish settlers to get their tacit acceptance of the removal of illegal settlement outposts from the West Bank.

Another Israeli official, however, insisted that the settlement was not "new," exactly, but a revival of a settlement approved in 1981, which had become a military training site by the mid-1990s.

The defense minister, Amir Peretz, the dovish leader of the Labor Party, gave his approval to a promise made by his predecessor — Shaul Mofaz, the current transport minister — that houses would be built on the site of an army base in the northern Jordan Valley to resettle some Israelis forced to leave settlements in the Gaza Strip in 2005, according to a Defense Ministry official.

Pressed by Washington to help build up Mr. Abbas, Mr. Olmert promised last week to give him $100 million in Palestinian funds withheld by Israel, about 20 percent of the amount being held, but only for humanitarian purposes.

Abbas aides, however, said the money would be used to strengthen his Fatah movement and pay salaries to Fatah loyalists. Mr. Olmert also promised to dismantle 27 of the 400 or so checkpoints in the West Bank, despite criticism by Israel's West Bank commander.

Additionally complicating matters, Islamic Jihad on Tuesday fired seven more Qassam rockets into Israel from Gaza, including one that seriously wounded two teenagers in the border town of Sderot.

The planned new settlement will be called Maskiot, and approval was given for the construction of some 30 houses. The Israeli official insisted that all construction would be privately financed.

The housing will be used by the 20 families of the hawkish Gaza settlement Shirat Hayam, which resisted evacuation. To get them to leave Gaza peacefully, the army promised to keep them together.

The decision, the official said, "sort of went through and now it's done and would be very hard to undo."

Israel essentially decided to stop the building of settlements in 1992 when Yitzhak Rabin became prime minister, although it has allowed existing settlements to grow, even as it has publicly promised to freeze settlement activity under the so-called road map for peace.

Emily Amrusy, a spokeswoman for the settlers' council known as Yesha, said that the families would move into trailers on the site while construction began on more permanent housing.

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A spokeswoman for the American consulate in Jerusalem, which deals with the West Bank, said a new settlement would be troubling. "We're looking into it, and if turns out to be a new settlement, we would be very concerned, given Israel's obligations under the road map," said Micaela Schweitzer-Bluhm, the spokeswoman.

The road map calls for a freeze in settlement building in the first phase and a Palestinian push to dismantle terrorist groups. Israel says that the dismantling should come first and that no such action has taken place. But it has separately promised the Bush administration that it would build only within existing settlement structures to account for natural growth, "thickening" the settlements but not expanding them physically.

Israel also promised that it would dismantle more than 20 illegal outposts set up since March 2001, but it has dismantled only one, under an Israeli court order. Peace Now, a leftwing Israeli lobby that opposes the settlements and follows them closely, says that there have been more than 50 outposts established illegally since March 2001, and that there are more than 100 illegal outposts in the West Bank altogether, many of them, like the semi-settlement of Migron, built on private Palestinian land.

Much of the world considers all Israeli settlements in the West Bank to be illegal under international law; the United States, which used to call them illegal, now calls them "obstacles to peace" that prejudge final-status negotiations. The outposts are illegal under Israeli law because the government has not authorized them.

An aide to Mr. Abbas said the announcement ran counter to understandings Mr. Olmert and Mr. Abbas reached at their meeting Saturday night. "We condemn this act and this decision, especially as it comes after the Israeli side committed itself to stop all unilateral actions," the aide, Saeb Erekat, told Agence France-Presse. "This is certain to destroy the atmosphere created after the meeting with Olmert, where they committed to many issues, especially to stop unilateral actions."

The Palestinians want to establish an independent state in the West Bank, Gaza Strip and East Jerusalem and consider any Israeli building there to be an act of thievery. Israel says that it accepts the idea of a Palestinian state but that the exact contours have to be negotiated.

Yariv Oppenheimer, director of Peace Now, criticized the decision on new construction as contrary to the government's stated aims and programs and noted that it had not been approved by Parliament. "This is a veritable scandal, all the more so that this decision was taken by Amir Peretz," himself a former advocate with Peace Now, Mr. Oppenheimer said. What may begin with 30 houses could easily become more because of "thickening," Peace Now said.

There have also been reports that some settlers have moved temporarily into the ruins of the Homesh settlement in the West Bank, one of four West Bank settlements destroyed along with the Gaza settlements in 2005.

Of the seven Qassam rockets fired into Israel on Tuesday by Islamic Jihad from Gaza, one hit Ashkelon and two reached Sderot, seriously wounding the two teenagers, one critically; both were being treated at a hospital.

The injuries will put more pressure on Mr. Olmert to respond militarily. Since a supposed cease-fire was agreed to on Nov. 26 between the Palestinians and Israel, more than 55 Qassams have been fired from Gaza, about half of which have landed in Israel. The truce did not include the West Bank, but Islamic Jihad says its rocket firing is a response to Israeli military actions there.

On Tuesday, Israel arrested an Islamic Jihad commander, Mahmoud Saadi, 26, in the northern West Bank town of Jenin. Israel also announced the arrest in Ramallah on Nov. 2 of a senior commander of Al Aksa Martyrs Brigades, Muhammad Sayidi, 36, who had been wanted for several years on charges of killing an Israeli in 2000.

Separately, Israeli officials said that Mr. Olmert would travel to Egypt, probably on Jan. 4, to meet the Egyptian president, Hosni Mubarak, and Palestinian officials said that Mr. Abbas and Prime Minister Ismail Haniya of Hamas were expected to meet soon in Jordan for further discussions on how to end their political impasse and the violence between their factions.

Israel's Mixed Messages (NYT)

The New York Times, December 27, 2006

The Israeli prime minister, Ehud Olmert, took some encouraging steps over the weekend to ease the frustrations Palestinians face at West Bank and Gaza checkpoints. He hoped in that way to strengthen Mahmoud Abbas, the embattled moderate who presides over the Palestinian Authority. Unfortunately, Israel's defense minister, Amir Peretz, has undercut these moves by approving the first new West Bank settlement in more than a decade.

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Israel's space for peace diplomacy is tightly constrained. It must reckon with a Hamas-led Palestinian cabinet that denies its right to exist and rejects the very notion of a negotiated peace. Yet those facts of Mideast life do not justify authorizing a new settlement. That self-defeating move adds nothing to Israel's security and needlessly complicates the quest for an eventual negotiated peace.

We hope Mr. Olmert or Israel's Parliament can reverse Mr. Peretz's damaging decision, taken in defiance of the international road map for Middle East peace, which Israel's governing coalition has pledged to support.

Meanwhile, Mr. Olmert's positive gestures still deserve recognition, although the hoped-for benefits to Mr. Abbas may now be lost. More than two dozen military checkpoints in the West Bank will be removed and Israel will take steps to ease the passage of goods in and out of the Palestinian-ruled Gaza Strip. These steps should reduce the day-to-day humiliation and economic suffering of hundreds of thousands of ordinary Palestinians.

In addition, Israel will turn over $100 million of the $500 million in Palestinian tax revenue it has withheld since Hamas came to power. This page supports freezing aid to the Hamas government. But tax revenue to which the Palestinians are legally entitled should never have been withheld.

Compared to the sweeping visions of the Oslo peace agreements, or Ariel Sharon's bold Gaza withdrawal, Mr. Olmert's gestures look modest. Yet in today's unpromising circumstances, with Mr. Olmert damaged by the Lebanon war and Mr. Abbas so far unable to nudge Hamas toward moderation, they approach the limits of the possible. Unfortunately, it has become traditional in Israel to balance constructive gestures with sops to the politically potent settlers movement. The settlers' agenda is not supported by a majority of Israelis. But no recent government has felt strong enough to resist their demands. Even when Mr. Sharon faced them down over Gaza, he compensated them with promises to expand existing West Bank settlements. Mr. Peretz has gone one regrettable step further by approving a wholly new settlement whose aim is to relocate settlers uprooted from Gaza last year.

Today, the idea of a comprehensive peace between Israelis and Palestinians seems a distant dream. Yet it represents the best long-term assurance of Israel's survival as a secure Jewish democracy at peace with its Arab neighbors. Every new settlement planted on the West Bank creates a needless obstacle to the realization of that dream.

Mubarak Vows Greater Democracy (WP/AP)

The Washington Post, December 27, 2006

CAIRO, Dec. 26 -- President Hosni Mubarak said Tuesday that laws to be passed in 2007 would improve democracy and abolish Egypt's 25-year state of emergency, but rights activists said they doubted the long-serving leader would liberalize the country.

Laying out his agenda, Mubarak asked lawmakers to amend 34 articles in the Egyptian constitution to "consecrate the people's sovereignty as a source of power and give parliament more authority to monitor the government."

Hesham Kasem, president of the Egyptian Organization for Human Rights, said that during his 25 years in power, Mubarak has often promised greater democracy.

Opposition parties have long accused Mubarak, 78, of rigging elections and using the emergency laws -- introduced after the 1981 assassination of his predecessor, Anwar Sadat -- to stifle dissent. The emergency gives the government sweeping powers to detain suspects and restrict public gatherings.

Mubarak had made similar pledges during his 2005 election campaign, but none reached parliament this year.

South Korea: U.S. Made North An Offer (AP)

AP, December 27, 2006

The United States offered to remove North Korea from Washington's list of states sponsoring terrorism if the communist regime dismantles its atomic weapons program, South Korea's main nuclear envoy said Tuesday.

The proposal was just one of the incentives the U.S. spelled out last week at six-nation nuclear disarmament talks with the North, along with offers of security guarantees, a peace treaty and normalization of relations, Chun Yung-woo said.

"The point of the proposal is that everything is possible if North Korea denuclearizes and nothing is possible if it refuses," Chun told news cable channel YTN.

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North Korea was not prepared to review the U.S. offer at the talks, but promised to study it and bring a response to the next round of negotiations, he said.

U.S. diplomats have declined to discuss specifics of their talks with the North Koreans, and State Department spokeswoman Amanda Rogers-Harper would not confirm Chun's report.

Referring to North Korea's promise more than a year ago to give up nuclear arms in return for security guarantees and aid, she said: "The Sept. 19, 2005, joint statement offers North Korea a clear path to a positive future and concrete benefits in return for carrying out its commitments to denuclearize."

Removal from Washington's list of terrorism-sponsoring states has long been a key North Korean demand. The listing effectively blocks a country from getting low-interest loans from international lending agencies.

North Korea was first put on the list for its alleged involvement in the 1987 mid-air bombing of a South Korean airliner that killed all 115 people aboard.

The six-nation talks in Beijing — the first since North Korea's Oct. 9 nuclear test explosion — produced no breakthrough as the North's delegation refused to discuss disarmament, demanding Washington first lift financial sanctions imposed for the North's alleged involvement in dollar counterfeiting and money laundering.

A date for a resumption of the talks — involving China, Japan, the two Koreas, Russia and the U.S. — has not been set.

North Korea says the financial sanctions are evidence of Washington's "hostile policy" and indicate its intention to overthrow the regime, and the North therefore needs nuclear weapons for protection.

Washington says the restrictions against a Macau-based bank holding North Korean accounts is a law enforcement matter unconnected to the nuclear issue.

The U.S. and North Korea held separate bilateral talks on the financial issue on the sidelines of the nuclear negotiations, but failed to narrow differences.

Chun said the U.S. and the North exchanged views on when and where to hold the next financial talks, but he declined to elaborate.

South Korea's new foreign minister, Song Min-soon, went to Tokyo on Tuesday to discuss the North Korean talks, officials said.

Making his first overseas trip since becoming South Korea's top diplomat in early December, Song was to meet with Japan's chief Cabinet secretary, Yasuhisa Shiozaki, on Tuesday and Prime Minister Shinzo Abe and Foreign Minister Taro Aso on Wednesday, the Foreign Ministry said.

Song also planned to seek ways to mend South Korea's strained relations with Japan.

Ties have been frayed by territorial disputes and by former Japanese Prime Minister Junichiro Koizumi's repeated visits to a war shrine that honors Japan's war dead, including convicted war criminals. The visits angered many on the Korean peninsula, which Japan ruled as a colony in 1910-45.

The Book On North Korea (WP)

By Glenn Kessler

The Washington Post, December 27, 2006

On the surface, "A Corpse in the Koryo," by James Church, is a crackling good mystery novel, filled with unusual characters involved in a complex plot that keeps you guessing to the end. It has received rave reviews -- as a mystery novel.

But the book has also caused a stir among Asia specialists because it offers an unusually nuanced and detailed portrait of one of the most closed societies on Earth -- North Korea. Much like Martin Cruz Smith's novel "Gorky Park," which depicted life in the Soviet Union in the early 1980s through the eyes of police inspector, "A Corpse on the Koryo" provides a vivid window into a mysterious country through the perspective of its primary character -- Inspector O.

Peter Hayes, a North Korea expert who is executive director of the Nautilus Institute for Security and Sustainable Development, a research group, described the novel as "the best unclassified account of how North Korea works and why it has survived all these years when the rest of the communist world capitulated to the global market a decade ago," and said, "This novel should be required bedtime reading for President Bush and his national security team."

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That was precisely the point of writing the book, according to the author. James Church is a pseudonym for what the book jacket describes as "a former Western intelligence officer with decades of experience in Asia" who "has wandered through Korea for years." In an interview, Church said he was frustrated by the limitations of his intelligence reports. He was often required to frame any information through the moral lens of Western society, which regards North Korea as one of the most repressive regimes in the world. So he decided to see if he could take his intimate knowledge of North Korea and make it accessible to a wider audience by placing it in a thriller.

In the academic or intelligence world, an analyst who wrote about North Korea without the standard "moral bubble" immediately would be accused of being blind to the "awfulness of the place," Church said. "You don't have to do that in a mystery story."

The result is fascinating. Much of Church's writing is quite beautiful -- one wonders what his intelligence reports read like -- with keen observations of even the smallest details.

The traditional stereotype of North Korea is that it is a bare, broken place, but the book races across the northern half of the Korean Peninsula providing elaborate descriptions of its virtually unspoiled beaches and mountains. (The book, however, is sadly lacking maps.) Church said it is very difficult to look at any horizon in North Korea without seeing mountains or hills. So he sought to show how important the landscape is to the North Korean people -- and demonstrate their deep psychological attachment to it.

The characters are caught up in a blindingly complex system of cross and double-cross, a world in which every step is watched and reported on by someone else. Inspector O, who is very smart and has a sense of humor, must carefully navigate between friend and foe as he tries to unravel the connection between the death of a mysterious foreigner in a Pyongyang hotel and two rival smuggling schemes run by different government ministries. But Church shows how the North Korean government is unlike the Soviet regimes imposed on Eastern Europe, how it has adapted and in many ways become uniquely Korean.

The characters have their complaints about the strange society -- Inspector O is always in search of sandpaper for his woodworking and a cup of tea -- but also defend it. When Inspector O encounters a Finnish woman and mentions how the river in Pyongyang "sparkles on sunny days," she asks him, "Have you ever been anywhere real?" He lashes out that he has been overseas, but "some things are good, some things aren't, same as here. Nothing is perfect. This godforsaken country, as you call it, is where I live. This is my home."

The plot of the investigation is interwoven with scenes of an interrogation of Inspector O by an Irish intelligence officer who has a stereotypical view of the country, allowing Church to explore how the Western and North Korean realities rub against each other. The conversation at times seems an echo of fruitless conversations between Americans and North Koreans over North Korea's nuclear weapons programs.

But the book does not mention politics, nuclear weapons or even North Korean leader Kim Jong Il, keeping it grounded in the everyday existence of the North Korean people. It has been such a success that a second novel on the travails of Inspector O is in the works.

Sudan May Allow U.N. Force In Darfur (WP)

By Dafna Linzer

The Washington Post, December 27, 2006

NEW YORK, Dec. 26 -- Sudan's president has suggested that he would be willing to accept a peacekeeping force with United Nations troops in Darfur, where his counterinsurgency campaign has left hundreds of thousands of civilians dead and millions homeless.

President Omar al-Bashir has rejected calls for foreign troops and U.N. intervention to end the bloodshed. But under mounting pressure from the Bush administration to respond to U.N. plans for a cease-fire, Bashir appeared to accept some of Secretary General Kofi Annan's proposals in a letter sent over the weekend.

U.S. and U.N. diplomats were guarded in their reactions to the letter, which was made public Tuesday.

Although Bashir wrote to Annan that he would accept a proposal for U.N. forces to bolster African Union peacekeepers in Darfur, the Sudanese president wants the plan to be implemented through a three-member panel on which Khartoum has a seat. Diplomats said that arrangement could effectively give Sudan veto power over how the plan is implemented.

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"While we would like to be cautiously optimistic, we have heard positive sounds before like this before," said Benjamin Chang, a spokesman for the U.S. mission to the United Nations. "We need to see actions on the ground, and we need a U.N. presence in Darfur now."

Chang said Annan or one of his advisers will brief the Security Council on Wednesday with an assessment of Bashir's letter.

In the meantime, U.S. military experts and U.N. force commanders were studying the letter, diplomats said.

Bashir's letter came after a meeting in Khartoum earlier this month with Andrew S. Natsios, President Bush's special adviser on Sudan.

Natsios said he urged Bashir to accept all aspects of Annan's plan and warned that if he did not do so by the end of the year, the United States would take a more aggressive stand.

"We have told the Sudanese that we have to move along to our own strategic processes in the United States government, and we will do that beginning in the new year if we do not see some kind of progress on Kofi's plan between now and the end of the year," Natsios said last week.

U.S. and U.N. officials have long suspected that Bashir may try to buy time until Annan leaves office at the end of the year, then begin new negotiations for more favorable terms with Annan's successor, Ban Ki Moon of South Korea.

Darfur has experienced some of the worst violence in Africa in more than a decade. The Sudanese government, backed by local Arab militia, has mounted a violent campaign against civilians suspected of supporting Darfur rebel groups. The conflict has left as many as 450,000 people dead and has driven more than 2 million people from their homes.

Last week, Annan asked the Sudanese leader for his formal consent for a joint African Union-U.N. force of at least 22,000 troops and police. Bashir has opposed a force made up of only U.N. troops, saying it would be tantamount to an invasion of his country.

The idea of a combined force was endorsed by African nations in October, but Bashir has been unclear about whether he would accept it.

In the letter, made public by Annan's office in New York, Bashir wrote that he is ready to begin talks on a cease-fire and explicitly accepted a joint force.

New U.S. Strategy In Latin America: Turn On The Charm (MCT)

By Pablo Bachelet

McClatchy, December 27, 2006

WASHINGTON - The Bush administration has refused to talk to foes such as Iran, North Korea and Cuba, but it has no such qualms about some of its sternest critics in Latin America, including Venezuelan President Hugo Chavez.

Chavez relishes calling President Bush names like Mr. Danger and a donkey, and over the years the State Department has accused Chavez of various misdeeds, from undermining democracy to cutting ties with U.S. agencies fighting terrorism and drug traffickers.

Yet, less than two weeks after Chavez won re-election earlier this month, the U.S. ambassador in Caracas met with the Venezuelan foreign minister to ease tensions between the two countries.

Chavez responded by attacking U.S. counter-drug efforts, so it's unclear if the charm offensive will work. But the move is part of a broader effort by U.S. officials to court leftist leaders who just weeks ago were warily viewed as pro-Chavez populists. This includes President-elects Daniel Ortega of Nicaragua and Ecuador's Rafael Correa, who recently heralded the rise of a socialist Latin America.

The Bush administration has long sought out moderate socialists, such as Brazilian President Luiz Inacio Lula da Silva, and relations with once-prickly opponents like Argentine President Nestor Kirchner have improved lately.

The thinking is that while these leaders don't see eye to eye with Bush, they were democratically elected and, unlike Iran or North Korea, their countries pose no obvious national security threats to U.S. interests, officials say.

Many observers welcome the diplomatic move.

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"We have to really pursue a path of quiet pragmatism," said Eric Farnsworth, a vice president with the Council of the Americas, an organization that promotes more contacts with Latin American nations. "Stay out of the headlines, get out of the ideological debates."

The contacts are the Bush administration's adjustment to the results of a dozen elections this year. Nine of them were won by leftist leaders, ranging from moderates to far left, including several who declare themselves allies of Chavez and Cuba's Fidel Castro.

"One thing we've made clear as we deal with leaders across the region is that we don't care much if they're left, center or right, as long as they're committed to democracy and committed to working with us," Thomas Shannon, the State Department's top diplomat to Latin America, said recently.

The Bush administration changed its tone after Ortega won his election last month. Just a year ago, the State Department accused his Sandinista party of conspiring to topple a sitting pro-Washington government, and several top Sandinista officials had their U.S. visas stripped.

Last month, Shannon traveled to Nicaragua and met with Ortega, who in recent years had moderated his criticisms of U.S. policies.

Shannon described the encounter as "a really good meeting" in which Ortega expressed his support for the Central American Free Trade Agreement and several U.S. aid programs for Managua.

Ortega's friendly relations with Chavez and Castro weren't a problem, Shannon said.

"Our focus wasn't on how he relates to others," Shannon said. "Our focus was on how he's going to relate to us."

The Bush administration is also reaching out to Ecuador's President-elect Correa. On the campaign trail, the charismatic U.S.-educated economist called Bush "dimwitted," though he later toned down his rhetoric and held a meeting with the U.S. ambassador in Quito that was widely broadcast in the local media.

Correa opposes an agreement that lets the U.S. military use Ecuador's Manta air base for counter-drug operations, but the United States seems to harbor no ill feelings. Bush called Correa to congratulate him on his victory.

U.S. officials also have been courting Bolivia's feisty President Evo Morales, an Aymara indigenous leader who, like Chavez, often rails against Washington's "imperialism" and is a frequent visitor to Havana.

U.S. officials have been critical of Morales' reluctance to limit a crackdown on coca farming, which produces the raw materials to make cocaine. Coca is traditionally used by indigenous peoples for legitimate purposes.

In a goodwill gesture, the United States certified in September that Bolivia was doing enough to combat drug traffickers, even though Washington will take another look at Bolivia's efforts in March. The Bush administration this month pushed Congress to include Bolivia and Ecuador among a group of Andean nations that obtained unilateral trade preferences from Washington.

William Brownfield, the American ambassador to Venezuela, characterized the Dec. 14 encounter with Foreign Minister Nicolas Maduro as "very positive." But five days after the Brownfield-Maduro meeting and one day after Brownfield made a public call for cordiality, Chavez called Brownfield a liar for suggesting that drug trafficking in Venezuela was on the rise, and he reiterated his claims that Drug Enforcement Agency officials were spies.

"The battle against drug smuggling has been an excuse that imperialists have used for several years to penetrate our country, trample our people and justify a military presence in Latin America," Chavez said.

No Cancer For Castro, Surgeon Says (CHIT)

By Gary Marx

Chicago Tribune, December 27, 2006

HAVANA -- In the first independent diagnosis of Fidel Castro, a prominent Spanish surgeon said Tuesday the ailing 80-year-old leader does not have cancer and is recuperating slowly from intestinal surgery.

Dr. Jose Luis Garcia Sabrido traveled to Havana last Thursday to examine Castro at the request of Cuban authorities. Garcia Sabrido has returned to Madrid, where he told reporters that Castro's condition is stable and he does not require additional surgery.

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But Garcia Sabrido declined to clarify what ailment Castro is suffering from. Cuban officials have said Castro's health condition is a state secret, and his Cuban doctors reportedly are sequestered.

"Fidel Castro does not suffer from any malignancy," Garcia Sabrido said at Madrid's Gregorio Maranon hospital, where he is chief surgeon. "It is a benign process in which he has suffered a series of complications."

Garcia Sabrido said Castro's mind is active and clear and he could return to power if he recovers completely.

A U.S. diplomat in Havana who asked not to be identified said she heard Garcia Sabrido's diagnosis but declined to comment about "a statement from a private physician."

Cuba's state-run television did not cover the story in its Tuesday afternoon newscast.

Castro's health condition has been a mystery since Cuban authorities announced in late July that the nation's long-serving leader suffered intestinal bleeding, underwent surgery and ceded power to his younger brother, Defense Minister Raul Castro.

In a statement signed July 31, the Cuban leader attributed his illness to a heavy work and travel schedule. He has said little else since then.

In recent months, Cuban Vice President Carlos Lage and other officials have asserted that Castro is not suffering from cancer, but they have offered no evidence to back up their statements.

Castro has not been seen in public since late July, and the few photographs and short videos of him carried in the Cuban media showed him to be thin and fragile.

Absent information, many Cubans have come believe that Castro had undergone two or perhaps three surgeries and was suffering from cancer or another terminal illness.

U.S. intelligence chief John Negroponte said earlier this month that Castro had "months, not years" to live.

But Garcia Sabrido's diagnosis appears to confirm what Cuban officials have been saying all along about Castro's illness, though they have recently softened earlier statements that he soon would return to full duties.

"He is getting better," Ramon Castro, Fidel's older brother, said in a brief interview last week.

Rodrigo Alvarez Cambras, a leading Cuban physician who is not among the doctors treating Castro, said in an interview last week that he believes Castro is suffering from diverticulitis, a complication of a common illness in people older than 50 in which pockets develop in the colon.

In moderate cases, the pockets become inflamed and infected, causing abdominal pain, diarrhea and bleeding. In severe cases, the colon is perforated, a condition known as peritonitis, in which stool leaks into the abdominal cavity and requires immediate surgery.

"They usually cut out the piece of the colon that has a hole in it, suck out all of the stool in the cavity and give the patient a temporary colostomy bag," explained Dr. Sunanda Kane, a gastroenterologist at the University of Chicago Hospitals.

Kane said the condition could be fatal if the patient develops sepsis, a general body infection, which can cause organs such as the kidneys to shut down and require dialysis treatment.

"Eighty-year-olds who are on dialysis tend to have a poorer prognosis," she said.

But Garcia Sabrido said Tuesday that Castro's rehabilitation now involves mostly muscular and nutritional support, indicating to Kane that the worst may be over for Castro.

Responding to critics who argued that he should not have treated the communist strongman, Garcia Sabrido said his trip to Havana was motivated by humanitarian concerns and not politics.

"When a physician is called upon as a physician, his duty is to be a physician," Garcia Sabrido said. "If I am asked my opinion about a patient, I don't ask about his religion or his political ideas.

"I am a professional doctor and I devote myself to that," he said. "For me, President Castro is an exceptional patient, but he's still a patient."

Spanish Doctor Denies Castro Has Cancer (NYT)

By James C. McKinley Jr.

The New York Times, December 27, 2006

DOJ_NMG_0109250

MEXICO CITY, Dec. 26 — A Spanish surgeon who examined Fidel Castro last week said Tuesday that the 80-year-old Cuban president did not have cancer and could return to work after recovering from the intestinal surgery he had last summer.

"His physical activity is excellent, his intellectual activity intact," the doctor, José Luis García Sabrido, head of surgery at Gregorio Marañón Hospital in Madrid, said at a news conference in Madrid. "I'd say fantastic. He's recovering from his previous operation."

This is the first time since Mr. Castro dropped out of public view in the summer that a medical expert outside the Cuban government has commented on his health.

Cuban officials have said Mr. Castro's condition is a state secret.

United States intelligence officials have said Mr. Castro is not long for this world, especially after he failed to appear at a weeklong celebration of his birthday, held this month.

Speculation has been rampant in Washington and among Cuban exiles in Miami that Mr. Castro, a leftist icon who has thumbed his nose at the White House for nearly five decades, has colon cancer.

The director of national intelligence, John D. Negroponte, told The Washington Post this month that American intelligence agencies believed that Mr. Castro was "terminally ill" and that he would be dead in "months, not years." Other American intelligence officials have said they believe that Mr. Castro is dying of cancer.

On Tuesday, a spokesman for Mr. Negroponte, Ross Feinstein, said the director had nothing to add to his earlier assessment.

Dr. García Sabrido, who examined Mr. Castro in Cuba last week, said the intestinal bleeding that prompted the handing of power to his brother Raúl and small group of cabinet ministers in the summer did not stem from a malignancy. He added that Mr. Castro could make a full recovery, but "required muscular rehabilitation and a strict diet."

"He does not have cancer, he has a problem with his digestive system," Dr. García Sabrido told reporters in Madrid. "President Castro has no malign inflammation. It's a benign process in which he has had a series of complications."

The surgeon flew to Havana last week with medical equipment not available in Cuba to determine whether Mr. Castro needed further surgery. In keeping with Havana's wishes, he did not say specifically what ailed Mr. Castro.

"It is not planned that he will undergo another operation for the moment," Dr. García Sabrido said. "His condition is stable. He is recovering slowly but progressively."

Cuban officials have steadfastly denied that Mr. Castro has cancer, although they have stopped insisting that he will return to power. On Oct. 28, video images released to the public showed that the once towering leader had become a shuffling and frail man.

A number of noncancerous ailments can cause serious intestinal bleeding. A common problem in the United States is diverticulitis. It is an inflammation of small pouchlike balloonings in the large bowel, or large intestine, and can require a number of surgical procedures. Examples of other noncancerous intestinal conditions are inflammatory bowel diseases like regional enteritis (Crohn's) or ulcerative colitis.

Serious bleeding could also develop as a complication of surgery to correct an insufficient blood supply to the intestine. Such a condition may be caused by arteriosclerosis and is analogous to the insufficient blood supply that can lead to angina, heart attack or stroke.

To correct the problem, surgeons may have to remove a large part of the small intestine, sometimes creating a difficulty known as short bowel syndrome. That syndrome can lead to difficulty in digestion.

Besides his absence from a military parade in his honor on Dec. 2, other signs have indicated Mr. Castro's weakened condition. On Friday, he missed the last session of the year of the National Assembly for only the second time in 30 years.

News reports last week said Mr. was too ill to receive a longtime friend, the Colombian author and Nobel Prize winner Gabriel García Márquez.

Cuban officials told visiting American congressmen this month that Mr. Castro did not have a terminal illness and would make a public appearance shortly.

Castro Called Cancer-free (WT/AP)

DOJ_NMG_0109251

By Ciaran Giles

The Washington Times, December 27, 2006

MADRID - A Spanish surgeon who treated Fidel Castro said the ailing Cuban leader does not have cancer, insisting yesterday that he was recovering slowly but progressively from a serious operation.

The comments by Jose Luis Garcia Sabrido, the chief surgeon at Madrid´s Gregorio Maranon Hospital, were the first independent medical assessment of Mr. Castro´s condition since the Cuban leader underwent emergency intestinal surgery in July. The Cuban government has kept Mr. Castro´s condition a state secret, occasionally releasing photographs and videos of him to show that he is convalescing.

Dr. Garcia Sabrido visited Havana last week to examine Mr. Castro and consult with his medical team.

"He hasn´t got cancer," Dr. Garcia Sabrido said, adding that he thinks Mr. Castro will become physically capable of running the country again. "While respecting confidentiality, I can tell you that President Castro is not suffering from any malignant sickness."

Mr. Castro, 80, has not appeared in public since temporarily ceding power to his younger brother, Raul, after his surgery this summer. Dr. Garcia Sabrido declined to give details about Mr. Castro´s condition but said it was "a benign process in which there have been a series of complications."

Cuban authorities have denied that Mr. Castro is suffering from terminal cancer, but his prolonged absence has fueled increasing speculation that he will not return to power.

Asked whether he thought Mr. Castro would be physically capable of once again governing Cuba, Dr. Garcia Sabrido said: "If his recovery is absolute, then naturally, yes.

"I think that in these moments his decision to delegate power implies that he must now be dedicated to his recovery. What happens in the future will be an absolutely personal matter."

He said he was impressed by Mr. Castro´s good spirits.

"His intellectual activity is intact, I´d say fantastic," the surgeon said. "I was amazed at his capacity to relate personal and historical anecdotes.

"He wants to return to work every day, but medical recommendations demand caution," he said.

Some U.S. doctors say Mr. Castro may suffer from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In severe cases, emergency surgery may be required.

Dr. Garcia Sabrido´s specialty is in the digestive system and in transplants. In 1988, he wrote in the medical journal Archives of Surgery about a temporary stomach "zipper" that Spanish doctors had used on patients to provide repeated easy access for draining and treating abdominal infections.

On Monday, Spanish authorities confirmed that Dr. Garcia Sabrido had traveled to Cuba´s capital with advanced medical equipment to determine whether Mr. Castro needed additional surgery. Dr. Garcia Sabrido said yesterday that another operation was not immediately necessary.

"It is not planned that he will undergo another operation for the moment," he said. "His condition is stable. He is recovering from a very serious operation."

There was no mention of Dr. Garcia Sabrido´s visit in Cuba´s state press.

Castro's Ailment Not Malignant, Spanish Surgeon Says (WP/AP)

By Ciaran Giles

The Washington Post, December 27, 2006

MADRID, Dec. 26 -- A Spanish surgeon who treated Fidel Castro said the ailing Cuban leader does not have cancer, insisting Tuesday he was recovering slowly but progressively from a serious operation.

The comments by Jose Luis Garcia Sabrido, the chief surgeon at Madrid's Gregorio Maranon Hospital, represented the first independent medical assessment of Castro's condition since the Cuban leader underwent emergency intestinal surgery in July. The Cuban government has kept Castro's condition a state secret, occasionally releasing photographs and videos of him to show he is convalescing.

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Garcia Sabrido visited Havana last week to examine Castro and consult with his medical team.

"He hasn't got cancer," Garcia Sabrido said, adding that he believed Castro could be physically able to run the country again. "While respecting confidentiality, I can tell you that President Castro is not suffering from any malignant sickness."

Garcia Sabrido declined to give details about Castro's condition, but said it was "a benign process in which there have been a series of complications."

Cuban authorities have denied Castro, 80, is suffering from terminal cancer as U.S. intelligence officials have said. Some U.S. doctors say Castro may suffer from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In some severe cases, emergency surgery is required.

Garcia Sabrido said he was impressed by Castro's good spirits.

"His intellectual activity is intact, I'd say fantastic," the surgeon said. "I was amazed at his capacity to relate personal and historical anecdotes."

There was no mention of Garcia Sabrido's visit in Cuba's state media.

As Castro Fades, A Crop Of New Leaders (CSM)

By Tom Fawthrop

The Christian Science Monitor, December 27, 2006

HAVANA, CUBA

In a country that is in the process of bidding a long farewell to its ageing revolutionaries, Mariela Castro brings an expectation of change along with an air of youthful passion. As the director of Cenesex (the National Sex Education Center) Ms. Castro is eager to consider where Cuba should go in a postrevolutionary era.

"We have many contradictions in Cuba," says Castro, the daughter of Raúl Castro, Cuba's de facto leader and brother of ailing President Fidel Castro. A Spanish doctor arrived in Cuba last week, reenergizing speculation about the health of the Cuban leader, who has not been seen in public since undergoing surgery in July. "We need to experiment and to test what really works, to make public ownership more effective, rather than simply adopting wholesale free-market reforms," Ms. Castro says.

Leaders like Ms. Castro may indicate the extent to which a post-Castro Cuba may be willing to liberalize, both economically and socially. As Cuba's old-guard leadership fades, this new generation - made up primarily of the sons and daughters of those who fought in the 1959 Communist revolution - is perhaps more sympathetic to economic reforms and more-liberal social policies.

Nevertheless, Cuba-watchers and experts have ruled out any dramatic lurch toward a liberal market economy that might undermine the island nation's heritage as the persistent holdout of traditional Communist policies. More relaxed social attitudes may also evolve gradually.

Still, no one doubts that change is afoot.

"The transition in Cuba has already taken place" and this new generation has a key role to play, says Richard Gott, a Latin American analyst and former foreign correspondent for the London-based The Guardian newspaper. "Carlos Lage will be the brains behind the new government. He, together with Julio Soberon at the central bank, will seek to chart a new economic course."

Now Raul Castro has started to echo some of his daughter's sentiments. Addressing university students, he urged that they should "fearlessly engage in public debate and analysis," according to Granma, the Communist Party newspaper.

Cuba is one of several Latin American countries that once harassed homosexuals as a matter of policy. But Mariela Castro, who is also an executive member of the World Association for Sexual Health, insists that job discrimination and mass arrests are a thing of the past.

"[Homosexuals] still sometimes face arrest by bigoted police" says Castro, adding that she has sometimes clashed with the authorities in her efforts to release gay men and women from prison.

"Now, society is more relaxed. There is no official repression of gays and lesbians," she argues confidently. A writer turned politico

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Cuban writer and culture minister Abel Prieto has also emerged as an influential power broker in a changing Cuba. Since joining the state bureaucracy and the politburo, the long-haired, middle-aged minister still exudes a passion for culture and a common touch.

In response to a question about the conflict of interest between writers and the state, Mr. Prieto laughs, saying that, "sometimes I feel like Dr. Jekyll and Mr. Hyde, but I hope that artists and writers feel that I am still one of them."

Unlike many members of the government, Prieto is very candid as he speaks about allegations that the Cuban government censors political websites.

"It would be a delusion to think we could hide that torrent of information," he insists, referring to anti-Castro websites. "The only possibility is to beat them with a better concept of life."

Prieto also defended the arrest of the dissident writer Raul Rivero in 2003.

"He was not arrested for his views, but for receiving US funding for his collaboration with a country that has besieged our island," argues the minister, referring to the 45-year-long US trade embargo.

An avid fan of the Beatles since the 1970s when their music was essentially banned by the Cuban state, Prieto has led an appreciation campaign of John Lennon. In 2000, he unveiled a statue and dedicated "John Lennon Park" to the musician's memory. Many Cubans joke that he is not as much a Marxist-Leninist as a "Marxist-Lennonist."

Prieto, because of a moment on Cuban television five years ago, is known as one of the few Cabinet ministers who has ever dared to challenge the president. Cubans recall a news segment in which Castro and Prieto appeared together.

After Castro blamed his minister for the fact that so many artists were leaving the country to work abroad, Prieto defended himself.

Millions watched as their supreme leader accepted his error and apologized to Abel Prieto.

"Prieto is extremely important. He has carved out a sizable space for cultural expression [for] many Cuban artists and writers since he became minister of culture," says Julia Sweig, director of the Latin American Studies at the Council on Foreign Relations in Washington.

In a Foreign Affairs article, written after a lengthy visit to Cuba in November, Ms. Sweig indicated that expectations were high among Cuban officials that the government could move forward after Castro.

"People at all levels of the Cuban government and the Communist Party were enormously confident of the regime's ability to survive Fidel's passing," Ms. Sweig wrote.

That confidence was apparent in Raúl Castro's speech to the opening session of the new parliament last week. "Tell it like it is - tell the truth without justifications, because we are tired of justifications in this revolution," the acting president urged his ministers, according to the youth newspaper Juventud Rebelde. US economic sanctions irrelevant

Attempts by the Bush administration to set the agenda for change in Cuba, says Sweig, appear to be increasingly irrelevant to the reality inside the country, as a new generation gains increasing clout.

Gott, the Latin American analyst, says that both Ms. Castro and Prieto are figures to watch.

"Mariela Castro is a more than competent member of the Castro clan - she will have an important role in social affairs," he says. "The genial Abel Prieto might well be promoted from the culture ministry to something more taxing."

Russian Continues The Tantrum Tradition At U.N. (WP)

By Colum Lynch

The Washington Post, December 27, 2006

UNITED NATIONS -- Russia has brandished a new weapon in its diplomatic arsenal: the Security Council tantrum.

Russian Ambassador Vitaly Churkin barged out of the U.N. chamber Dec. 11, canceling a crucial meeting on Iran's nuclear program. Asked to explain why the 15-nation council's major powers would not be able to address the Iranian nuclear crisis, Churkin said: "Because. Because I said so."

The Russian's outburst reflected anger over a U.S. decision to raise concern about political developments in Belarus, a Russian ally that has gained international condemnation for its repressive policies.

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But it also echoed a classic Soviet practice at the United Nations dating back to 1945, when Soviet strongman Joseph Stalin's envoy, Andrei Gromyko, also used bluster to exact political concessions, threatening to pull out of the new organization unless the Security Council veto was expanded. Stalin won that fight. The practice reached its peak more than a decade later when another Soviet leader, Nikita Khrushchev, famously banged his shoe on his table in the U.N. General Assembly.

"It's something we used to associate with the Soviets, but the Russians have sort of taken this over," said Edward Luck, a Columbia University historian who studies the United Nations. "This is a negotiating tactic. The other side has to make it up to you as though you have been deeply offended. We've done it at times, and others do it."

Churkin's angry reactions to diplomatic affronts have become so common that some U.N. diplomats have invented a word to describe it: Vitalyation (rhymes with "retaliation"). But the former Soviet official has parlayed Russian outrage into tactical diplomatic victories.

The United States dropped sanctions last month against Sukhoi, a Russian jetmaker that supplies Iran, after Churkin and other top Russian officials hinted that it could jeopardize negotiations over Iran. "If they want to go it on their own, you know, legislating unilateral sanctions, they are welcome to tackle the problem alone," Churkin said.

Churkin expressed confidence this month that the United States would drop its concerns about Belarus's rights record in the council.

"I don't think they will raise" the issue again, he said. "We have had some exchanges about it, and I think we now understand better a certain choice needs to be made: Either we use the Security Council as an important instrument to discuss and resolve serious international problems, or attempts can be allowed to use it as a platform for propaganda. Our preference is to focus on important things."

Senior Europeans said that the U.S. decision to raise the issue of Belarus needlessly provoked Russia at a critical stage in the Iran negotiations and that Churkin was right in asserting that the issue does not constitute a threat to international peace and security, the threshold for Security Council involvement in a crisis.

Britain, France and the U.S. mission to the United Nations had urged the State Department not to mention Belarus in the 15-nation body until after they had concluded talks over Iran. But the State Department dismissed those concerns, instructing the U.S. political counselor, William Brencick, to urge the council to remain vigilant about developments in Belarus, citing concern over the recent 54-day hunger strike by a jailed former presidential candidate, Alexander Kozulin.

A senior U.S. official said they were responding to a plea by Kozulin's wife, who said her husband would resume eating if the United States discussed her husband's plight in the Security Council. Kozulin ended the hunger strike on the same day.

"We did it to save his life; it was the right thing to do," said the senior official, who spoke on the condition of anonymity.

Some observers said the Russians have used negotiations on a variety of important issues, including Iran's and North Korea's nuclear programs, to secure concessions on others.

For instance, Russian Foreign Minister Sergei Lavrov eased his opposition to a resolution sanctioning North Korea only after U.S. Secretary of State Condoleezza Rice agreed to support a Russian-sponsored resolution criticizing neighboring Georgia, which had detained seven Russian soldiers who were accused of spying. The United States had previously argued that the dispute was a domestic matter that should not be handled by the Security Council.

The bluster technique has not always turned out so well.

In 1950, the United States ushered through a Security Council resolution authorizing the deployment of a U.S.-led force to repel North Korea's invasion of South Korea. The Soviet delegation had boycotted the council because it failed to grant a seat to China's communist government, so it could not cast a veto to deny the United States international backing for entering the Korean War.

Churkin took offense when John R. Bolton, the outgoing U.S. ambassador to the United Nations, compared Khrushchev's shoe-banging to North Korea's defiance of the U.N. Security Council. He appealed to the council president, Kenzo Oshima of Japan, "to use your influence" to discourage the use of such an "inappropriate analogy."

China Urges Auto Makers To Limit Their Expansion (WSJ)

By Gordon Fairclough

DOJ_NMG_0109255

The Wall Street Journal, December 27, 2006

SHANGHAI, China -- China's economic planners are waving a yellow flag at the nation's auto industry, warning that growth in car makers' production capacity is outstripping demand and calling for limits on further expansion.

Passenger-car sales have been increasing at a torrid rate, making China the world's second-largest vehicle market by unit sales after the U.S. But car companies, rushing to cash in on the growth, have been adding assembly lines at an even faster rate, the planners said.

In a statement Tuesday, the National Development and Reform Commission, which sets China's industrial policy, said overcapacity is threatening the auto industry's health and laid out guidelines to rein in growth.

For years, China has promoted the auto business, viewing it as a critical driver of economic growth and industrialization, and all kinds of companies -- from motorcycle manufacturers to cellphone-battery makers -- have started assembling cars. Now, planners fret that the industry frenzy -- which has sparked a sharp price war -- will inhibit the emergence of manufacturers large and strong enough to compete with established car makers from the U.S., Japan and Europe.

Government officials are also increasingly worried about the environmental and social costs of China's rapid shift to car driving, which has helped shroud cities in air pollution, snarled traffic and contributed to a surge in roadway-accident deaths.

The commission has tried to slow investment in industries before, including auto making and steel, in efforts to keep China's economy from overheating. But local governments and companies often ignore its pronouncements, and it is unclear how effective the new limits will be.

"Local governments want to attract car-related investments and offer cheap land to investors, even though there isn't real market demand for the products," says Jia Xinguang, chief analyst with the monthly Chinese trade publication Auto Magazine. Still, Mr. Jia said, the new policies likely will mean that "capacity control will be stricter" -- putting the government at odds with the wishes of many smaller companies struggling to break into the car business and grow quickly enough to survive.

Under the new guidelines, a company must sell cars and trucks equal to 80% of its government-approved production capacity before it can seek permission to construct a new plant away from its home base. Auto makers that don't have an approved capacity must be making at least 100,000 cars or 50,000 sport-utility vehicles a year if they want to expand.

Planners also urged Chinese car companies to invest more in developing their own models and called on local and national government agencies to buy Chinese national brands, rather than foreign brands, that are environmentally friendly, in order to "set an example for ordinary consumers."

They also said the government should foster the creation of fewer, bigger Chinese car companies able to compete in global markets through mergers, acquisitions and other means.

Most passenger cars in China are built by joint ventures between state-owned Chinese auto makers and large international car companies. General Motors Corp. and Volkswagen AG are the biggest foreign brands in the market.

Chinese car makers' push to develop their own brands has boosted their combined share of the domestic market to more than 26%, and it is a potential source of friction with multinationals. GM's partner, Shanghai Automotive Industry Corp., for example, recently unveiled its own luxury car.

The National Development and Reform Commission said that, even as it seeks to promote Chinese national brands, the government must work to build trust and "mutually beneficial relationships" with foreign partners.

Illegal Power Plants, Coal Mines In China Pose Challenge For Beijing (WSJ)

By Shai Oster

The Wall Street Journal, December 27, 2006

JUBAO VILLAGE, China -- On the edge of this dusty farming hamlet, the massive smokestack of the half-finished Xinfeng Power Plant looms as a monument to China's out-of-control demand for energy.

Unlike two other power plants nearby, Xinfeng isn't supposed to exist. China's electricity regulators never authorized the $362 million coal-burning plant. But in 2004, the provincial government here in northern China's Inner Mongolia ignored Beijing's call to slow down investment and started building the plant anyway, hoping to ensure enough juice for the region's supercharged industrialization by tapping its rich reservoirs of coal.

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Inner Mongolia's disobedience might have escaped notice. But in July 2005, in the rush to finish the plant before regulators found out about it, the housing for a turbine collapsed, killing six workers. During the yearlong investigation that followed, the central government discovered that Inner Mongolia had illegally built about 10 power plants, or 8.6 gigawatts of electricity-generating capacity -- equal to about a 10th of the United Kingdom's total capacity.

The illegal plants have had unintended -- and detrimental -- consequences. By eschewing even basic environmental safeguards, they stand out as polluters even in an industry that is one of China's leading sources of emissions, officials say. They also have driven up the demand for and price of coal, the country's most abundant source of fuel. That, in turn, has spawned thousands of illegal coal mines that have contributed to more than 4,000 coal-mining deaths in China this year.

The illegal power plants show how China's economic transformation is outpacing Beijing's ability to manage it. Never before has a country with such a big population grown as rapidly as China. The country's economy has expanded an average 10% a year since the late 1970s. The process of economic modernization is happening twice as fast in China as it did in the U.S. or Japan, where it took half a century or more.

One fifth of the power plants in China are illegal, according to government estimates -- enough to light up all of the U.K. While the electricity they supply is essential to power China's growth, the uncontrolled manner in which they are multiplying, often under the protection of local authorities, poses a challenge to Beijing's authority and its grip on energy policy.

"It is impossible for our central government to go everywhere to see, when the small power plants start building," said Zhang Guobao, vice chairman of the National Development and Reform Commission, China's top energy policy planner, in an interview.

The central government is likewise finding it hard to crack down on illegal coal mines. In past years it has shut down thousands of mines -- only to see thousands more spring up in their place. The primary reason: the soaring profits to be made from selling coal to China's power plants are a powerful temptation. Many regions have embraced coal mining to boost their growth rates, including Inner Mongolia, one of China's most coal-rich provinces.

Infuriated by the illegal Xinfeng power plant, central-government officials earlier this year demanded that the province's top leadership present self-criticisms before China's powerful State Council, or cabinet. Under China's Communist system, that's an unusually public form of rebuke, designed to send a message to others against defying Beijing's will.

Even so, construction continues today at the Xinfeng plant nearly a year after Beijing ordered it stopped. Officials at the company building the plant say they expect to get approval to complete it "sooner or later."

In China, more power plants almost invariably mean more coal consumption. The country has been unable to diversify away from coal, which is cheaper than alternative fuels, some of which are imported.

But China's coal consumption is costly in human and environmental terms. Amid the push to feed the country's power plants last year, 5,938 coal miners were killed in accidents, mostly in smaller, illegal mines. Such accidents are so commonplace here that only the larger ones rank as news.

Coal is one of the biggest pollution sources in China, which some experts think is on the verge of an environmental crisis. This year, the central government set a target of reducing the amount of energy the country consumes relative to its economic output. But the soaring demand for coal-fueled electricity has upended Beijing's efforts to rein in pollution.

"It will be very difficult to realize our targets of saving energy and reducing pollution," Ma Kai, China's top economic policy planner, said this fall.

The implications of China's mushrooming hunger for energy go far beyond its own borders. As incomes rise in China, energy use per person is starting to catch up with the richer West. The typical American consumes about eight metric tons of oil a year, or its equivalent in coal and other fuels. Japanese consume about half that sum. In China, per capita energy consumption now stands at just 1.2 metric tons.

It would require a doubling of world oil production -- an impossible feat -- for every Chinese to live the energy-intensive lifestyle of an American, as well as more coal than some believe China could ever dig up.

"We can't copy the big home and the big car" that so many Americans enjoy, said Zhou Dadi, a top researcher with the Energy Research Institute, a government-backed think tank. "It's just not doable."

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China's current energy predicament is rooted in the decision it made three decades ago when it began to embrace a market economy. For the first 20 years of its transition, as China shifted from a mostly agrarian country to light industry, it was able to quadruple the size of its economy while only doubling its energy needs.

Throughout the 1990s, however, a new and faster phase of expansion quietly took hold as the government loosened restrictions on investment and the mobility of its citizens, accelerating China's industrialization and urbanization. Manufacturing accounted for a steadily greater share of the economy. Energy-intensive heavy industries boomed, from petrochemicals to auto production, aided by China's entry into the World Trade Organization in 2001.

Low energy prices, made possible in part by government controls, encouraged consumers to use more. Coal consumption initially crept up slowly, to around 1.5 billion metric tons a year in the mid-1990s, from just under one billion metric tons a year a decade earlier. Last year, however, China consumed about 2.2 billion metric tons of coal, one-third of the world's total and more than any other country.

Beijing's efforts to reduce reliance on coal have largely failed. China has plenty of coal -- an estimated 114.5 billion metric tons of recoverable reserves. Only the U.S. and Russia have more. Natural gas, which burns more efficiently and causes far less pollution, has proved too expensive to compete effectively. Planned increases in nuclear-power production would fill only a fraction of China's energy demand. Even China's more-ambitious plans for hydropower power and wind farms won't seriously challenge coal's dominance.

Coal miners are on the front lines of the battle to meet China's energy needs. It is dangerous work. As with power plants, China's government has had great difficulty regulating coal mines. In the U.S., which produces about half as much coal as China, 47 miners have been killed so far this year, up from 22 last year. In China, the number of deaths has declined slightly this year, but it is still enormous: 4,236 dead so far.

The number of casualties goes up in the winter. More than 400 miners died in November alone. "In winter, demand goes up, the market prices go up, and the profit motive goes up," said Huang Yi, spokesman for the State Administration of Worker Safety, the agency that investigates mine accidents.

Smaller, often inefficient, and dangerous mines account for about a third of China's coal production. They are so important to meeting its energy needs that the central government recently delayed plans to improve safety by shuttering many of them.

Whole regions of China are pockmarked with tiny, illegal mines like the one in Wangyu in central China's gritty Shanxi province, where an accident in early November killed 34 miners. Four tons of demolition explosives illegally stored in a shaft caught fire and destroyed the small mine, according to government safety officials. The dead, who had just started the night shift, were mostly from the same village some 250 miles away.

Wang Chenliang, from Sichuan province, had just ended his shift when the explosion occurred. He rushed back to help with rescue efforts. He and others pulled survivors from the wreckage and pumped air into the mine to aid anyone who was trapped but still alive.

"This work is tiring and dangerous," Mr. Wang said a few days after the accident, only moments before police detained a journalist attempting to interview survivors. Like others, he got his job through introductions from fellow villagers. "We came here to earn money. The money here is much higher than back home in Sichuan."

The mine's safety certificate and production permit had both expired, according to central-government officials. But the local government was protecting it, they said, because it held a financial interest in the mine.

That sort of corruption is common. Last year, the central government found that more than 4,500 government officials illegally held stakes in coal mines and frequently covered up safety violations. Many of these mines lack basic safety equipment. Workers scrabble down narrow pits, where the most modern tools may be the sticks of dynamite used to dislodge the coal. At the accident site in Wangyu, there was no rescue equipment on hand, another common problem.

Over the past few years, provincial officials in Inner Mongolia have decided to build power plants and encourage heavy industry to relocate to the region to take advantage of its coal resources. The strategy has paid off in economic terms.

Last year, the province's economy grew 21.6%, roughly double the national rate. In 2004, it grew 19.4%. Industrial output has grown an average 30% a year over the past four years. Such unbridled growth caught China's central government off guard.

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In 2003 and 2004, massive power shortages in the south led to rolling blackouts. Local authorities across China decided to build power plants, often illegally, to keep their local economies humming. Around that time, officials in Inner Mongolia approved a plan to build the Xinfeng Power Plant in the small town of Fengzhen, in a bid to attract more factories.

"Inner Mongolia has a lot of coal. Other parts of China need the electricity. Of course Inner Mongolia should take advantage of its natural resources," said Yan Keji, a construction worker at one of the three power plants near Jubao.

It isn't just heavy industry that needs power. China's consumers are using more, too. Mr. Yan's hometown in the mountains of Hunan didn't have electricity until 1990. At first, his house had one light bulb. Now, the money he earns from construction has paid for a television, washing machine, refrigerator and air conditioning, a pattern repeated in millions of homes across China as people get richer.

China's sprawling cities are also driving up power demand. Inner Mongolia now provides Beijing with 20% of its electricity, according to Jim Brock, an independent energy consultant in the Chinese capital.

Nearly two years ago, China's central government started cracking down on the unauthorized power plants because they feared a surplus of power. In Inner Mongolia, local officials ignored orders to stop building the Xingfeng plant, figuring they could always get retroactive approval, according to the official Xinhua news agency. But the death of the six workers in July 2005 set in motion the investigation that culminated in the public castigation of the provincial chief and the order to stop work on Xinfeng.

Some construction work on the plant continues. Workers interviewed at the site said the plant would be able to produce electricity next year. They declined to give their names.

Na Guiting, an official at Inner Mongolia Energy Generation Investment Co. Ltd., the plant's owner, said the company is eager to finish building and has reapplied for approval. "Mongolia still has a very serious power shortage. If Xinfeng would be approved, it could be generating in three or four months," the official said.

Tony Blair On Jet That Struck Lights On Miami Runway (WP/AP)

The Washington Post, December 27, 2006

MIAMI, Dec. 26 -- A commercial jet carrying British Prime Minister Tony Blair and his family missed a runway exit and struck some lights after landing at Miami International Airport on Tuesday. The plane was not damaged and no injures were reported, officials said.

British Airways Flight 209 from London ran over a couple of airfield lights after landing around 6:15 p.m., but it did not leave the pavement and it taxied to the gate under its own power, airport spokesman Marc Henderson said.

The plane stopped just past the official end of the runway, said Laura Brown, a Federal Aviation Administration spokeswoman.

"It landed safely on the runway. It slowed down. It was going at taxiway speed, and they just missed a turn," Brown said.

Blair was among the 343 passengers on the plane, but no additional information about his trip was available, U.S. Secret Service spokeswoman Kim Bruce said. Blair receives Secret Service protection when he lands in the United States.

A Downing Street official, speaking on the condition of anonymity, said the prime minister and his family were not hurt.

He did not say where the Blairs were going, but Blair and his family have taken vacations in Bermuda.

The pilot stopped the plane at the end of the runway because he could not see the lights to the taxiway, British Airways spokesman John Lampl said.

"Apparently they're doing some resurfacing work and relighting, so the lighting was poor. Just to err on the side of caution, the captain decided to stop at the end of the runway and called the tower," Lampl said.

The taxiway lighting met FAA standards, Brown said. She added that the FAA would look into the incident, but she did not know whether there would be a formal investigation.

DOJ_NMG_0109259

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, DECEMBER 27, 2006 7:45 AM EST

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TERRORISM NEWS:

US Tries To Assure Allies That Extraordinary Renditions Are Over (FT)

By Guy Dinmore

Financial Times, December 27, 2006

The US is telling its overseas allies that it has stopped "extraordinary renditions" and needs their help to empty Guantánamo's prison cells. But human rights groups dispute this assertion and a question mark hangs over 200 "war on terror" detainees who could be held indefinitely without trial.

European diplomats say Washington is reacting to pressure from parliamentary investigations, lawsuits from former prisoners, and calls by friendly governments, including the UK, to close Guantánamo, the prison camp at a US naval base in Cuba.

However, the administration's response is seen as confused and inadequate. Analysts attribute this to internal divisions over how far to roll back controversial counter-terrorism practices - including torture, secret prisons, detention without trial, and renditions - as the price for rekindling transatlantic relations.

Washington was particularly stung by a report last month by a committee of the European parliament that condemned the alleged complicity of governments in the CIA's illegal detention and transportation of prisoners.

It concluded that there were at least 1,245 overflights or stopovers by CIA aircraft in Europe, and that some probably involved prisoner transfers. Several highly publicised cases were documented.

Delegations from Europe visiting Washington since then have been assured that "extraordinary renditions" ended, or mostly ended, in 2003. US officials note that the lawsuits brought against the US by former detainees relate to events in 2003 or earlier, when even Condoleezza Rice, secretary of state, has admitted that "mistakes" happened.

The European committee defined "extraordinary rendition" as an "extra-judicial practice whereby an individual suspected of involvement in terrorism is illegally abducted, arrested and/or transferred into the custody of US officials and/or transported to another country for interrogation which, in the majority of cases, involves incommunicado detention and torture".

Visiting Europeans have been told that the US reserves the right to carry out renditions, but - as Ms Rice declared in a major statement a year ago - it would respect the sovereignty of other countries and would not send detainees to countries where the US believed they might be tortured.

John Sifton, a researcher for Human Rights Watch, strongly disputes the assertion that extraordinary renditions stopped in 2003. He said there had been people arrested in 2006 who were still unaccounted for, and others transported by the US from Pakistan, outside all judicial process, to the Middle East.

Human rights groups believe there are large numbers of prisoners in US custody who are unaccounted for and were not included in the 14 transferred to Guantánamo when President George W. Bush acknowledged for the first time in September the existence of secret CIA detention facilities, which he then ordered to be closed.

The US had also crafted a concept of "constructive custody" or "proxy detention", Mr Sifton said. This involved allies, such as Pakistan, Jordan and Morocco, holding detainees at the request of the US and allowing the US free access to them.

Andrew Tyrie, a British opposition MP who recently visited Washington, said the Bush administration was engaged in a fierce debate over the impact of more controversial US practices in the wake of the September 2001 attacks by al-Qaeda. "It is vital we send a message to moderate Muslims that these practices are no longer in our armoury against terrorism," he said, adding the US was also keen to revive the strong transatlantic bonds that existed before the invasion of Iraq.

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Mr Bush says he wants to close Guantánamo, which will be five years old next month. But it is far from clear how or when this will happen.

Low-risk prisoners are being sent to other countries, following complex negotiations over conditions of their release or continued detention. According to the Pentagon, about 380 prisoners have left the prison since 2002. About 395 remain, of whom some 85 are now eligible for transfer or release.

The Military Commissions Act, signed by Mr Bush in October, was intended to speed the process of putting on trial Khalid Sheikh Mohammed, the alleged mastermind of the 9/11 attacks, and other prominent militants before special tribunals. Experts believe, however, that constitutional challenges will set this back a very long time.

Believing that only some 50 detainees would be tried, allies are concerned that 200 other prisoners, designated as high-risk, would be detained indefinitely without trial and barred from challenging their detention in the federal courts. Complicating the process is Washington's fear that releasing more detainees will lead to a flood of legal cases against the US.

Diplomats say Ms Rice has been influential in advocating change to detention policies she sees as damaging relations with allies, while Dick Cheney, vice-president, and David Addington, his chief of staff, are seen as obstacles. The removal of Donald Rumsfeld as defence secretary this month may have undermined the hardliners, however.

"We have no desire to be the world's jailer and do not hold detainees for any longer than necessary," said Jeffrey Gordon, a Pentagon spokesman.

But he also said there was a "significant amount of evidence" to justify holding "unlawful enemy combatants" and prevent their return to the battlefield.

US Creates Terrorist Fingerprint Database (CSM)

By Warren Richey

The Christian Science Monitor, December 27, 2006

The US government is building a massive database designed to identify individual terror suspects from fingerprints on objects such as a tea glass in an Iraqi apartment or a shell casing in an abandoned Al Qaeda training camp.

The database is being created in part by forensic specialists searching for and preserving evidence overseas. They are collecting unidentified latent fingerprints in places once occupied by Al Qaeda and other suspected terrorists.

The information is feeding into a computerized system designed to match a name with an unidentified fingerprint.

Homeland Security Secretary Michael Chertoff calls the program "a quantum step forward in security."

"(It) gives us the ability to identify the unknown, unidentified terrorist," he said in a recent speech. "It also creates a powerful deterrent for anybody who has ever spent time sitting in a training camp, or building a bomb in a safe house, or carrying out a terrorist mission on a battlefield."

Not everyone sees the creation of such a database as progress. Privacy advocates and civil libertarians say it could lead to a dangerous erosion of American rights. Privacy advocates voice concern

"Our assessment of these systems is that many that are undertaken with a goal of identifying terrorists eventually become systems of mass surveillance directed toward the American public," says Marc Rotenberg, president of the Electronic Privacy Information Center in Washington.

"When Secretary Chertoff says we are trying to identify people who were in safe houses in Iraq with terrorists, that is a very small part of the story," Mr. Rotenberg says. "The technology used to identify a terrorist in a safe house in Iraq is the exact same technology that can be used to identify a war protester in a Quaker meeting house in southern Florida."

Last year, the Department of Homeland Security (DHS) announced the completion of a database system that collects electronic fingerprints of both the index and middle fingers of every noncitizen entering the US. The system now documents 64 million travelers. The Homeland Security database is being linked with the FBI's database of more than 40 million subjects.

The effort prevented 1,300 convicted criminals and immigration law violators from entering the US, and blocked 1,000 others from gaining visas, according to Mr. Chertoff.

Now, Homeland Security is upgrading from a two-finger to a 10-finger system. In effect, it requires foreign visitors to submit to the kind of extensive fingerprinting usually reserved for criminals. But officials say that collecting all 10 prints ensures compatibility with the FBI database, and increases the investigative utility of the computerized system.

"Ten prints allows us to run not only against the database of known felons or known terrorists where we have fingerprints linked to a particular name, it lets us run against the databases we are collecting for latent fingerprints that are picked up in battlefields or safe houses or training camps all over the world," Chertoff said.

An unidentified latent print from a known terror safe house could provide an early warning by triggering an investigation if it matches someone trying to gain entry into the US, officials say.

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Privacy advocates say the system is being presented to the American public and Congress as an antiterrorism tool. But they warn it could vastly increase the government's ability to track and investigate US citizens.

"It makes it sound as though this will have a limited purpose - terrorism, and a limited scope - non-Americans, but the reality is that the system is not going to be so limited," says Lee Tien of the Electronic Frontier Foundation based in San Francisco. "They will be using it for every kind of law enforcement there is. They will be collecting fingerprints on Americans, and it will be used for every general purpose." Fingerprinting part of ID science

Fingerprinting is a subset of a rapidly developing area of identification science called biometrics. Researchers are studying how to identify individuals in a crowd by using computers to match unique facial characteristics to those same characteristics on a driver's license photo. The federal and state governments are assembling databases preserving the DNA of convicted criminals. And studies are underway to use eye scans to identify individuals. But by far the government's largest identifying database relates to fingerprints, and it may soon grow larger.

In 2005, Congress passed the Real ID Act, which instructs DHS to develop a single standard for all state-issued driver's licenses and identification cards. The ID is expected to include a biometric identifier. Many experts say the most likely candidate will be a fingerprint.

If adopted, that action would create for the first time a government database of fingerprints of virtually every adult American citizen. "This could come home to Americans very, very quickly," Rotenberg says.

Privacy advocates say they are hopeful that the new Democratic Congress will exert an aggressive oversight posture and study the implications of the fingerprint program before it is in place. An Oregon lawyer and his fingerprints

They point to the case of Oregon lawyer Brandon Mayfield.

The case began in mid-March 2004, shortly after terrorist bombs ripped through commuter trains in Madrid, Spain, killing 191 people and injuring 1,400. After the attacks, Spanish authorities found fingerprints on a plastic bag with detonators.

The FBI ran the prints through its computer system and found no matches, but identified several close nonmatches. Mr. Mayfield was the fourth of 20 close nonmatches.

Three FBI fingerprint examiners studied the Madrid fingerprint, and concluded that it had been made by Mayfield.

Mayfield's print was in the FBI's database because he had served in the armed forces and had earlier been charged with a crime.

FBI investigators learned that Mayfield had converted to Islam and had married an Egyptian immigrant. He also had served as the attorney in a custody case for a man who was convicted of conspiring to aid the Taliban and Al Qaeda.

Justice Department officials say this information was unknown to the three examiners when they matched Mayfield's print to the Madrid bombing.

Spanish officials had their doubts about the match. They rejected the FBI's conclusion and continued to investigate.

The FBI dismissed the skepticism of Spanish authorities. One official in the investigation wrote: "I spoke with the lab this morning and they are absolutely confident that they have a match on the print. No doubt about it!!!! They will testify in any court you swear them into."

The FBI began surveilling Mayfield and his family, including covertly entering his home and office. Mayfield was arrested and held in prison for two weeks.

Concerned about the possibility of a mistake, a federal judge ordered an independent analysis of the fingerprint. That analyst also concluded that the print belonged to Mayfield. Two million dollar settlement

That same day, Spanish authorities identified an Algerian man as the real source of the fingerprint.

Eventually, the FBI retracted its earlier conclusion. Last month the Justice Department agreed to pay Mayfield a $2 million settlement and issued a formal apology.

The Justice Department Inspector General's review of the case earlier this year warned about using a large database like the FBI's. "The enormous size of the (FBI) database and the power of the ... program can find a confusingly similar candidate print," the report says.

Mayfield says he was singled out because of his Muslim faith.

The Justice Department concluded that the fingerprint examiners were not aware that Mayfield was a Muslim with a connection to a convicted Al Qaeda supporter when they made the initial match. But later the examiners became aware of those facts, contributing to the FBI's reluctance to investigate whether they had fingered an innocent man, according to the Justice Department review.

Asked about the Mayfield case after his Nov. 30 speech, Chertoff acknowledged that mistakes had been made. But he added that mistakes are made in the criminal justice system, and no one suggests repealing the criminal code.

"We should make our techniques better but we shouldn't throw the whole process out because there are inevitable mistakes," he said.

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Contractor's Handguns Missing From Homeland Security Vault (WP)

By Allan Lengel

The Washington Post, December 27, 2006

The Department of Homeland Security said yesterday that it is investigating how four handguns recently went missing from its headquarters in Northwest Washington.

Jarrod Agen, a department spokesman, said the guns belonged to Paragon Systems of Chantilly, which provides security for the department's facility on Nebraska Avenue NW.

"DHS is investigating the report," Agen said. "Paragon guns do not belong to DHS nor are they under the control of DHS."

A person familiar with the investigation and who requested anonymity while the probe is underway said four .40-caliber handguns vanished about two weeks ago from a vault where Paragon security officers store their weapons.

Attempts to reach Paragon officials for comment yesterday afternoon and evening were unsuccessful.

Saudi Arabia Frees 18 Ex-Gitmo Detainees (AP)

AP, December 26, 2006

The Saudi government said Tuesday it had released 18 men who were detained after returning to their homeland from the U.S. military prison in Guantanamo Bay.

The Saudis, who returned to the kingdom in May and June, were released after they finished their sentences, Interior Ministry spokesman Lt. Gen. Mansour al-Turki said. His comments, which did not specify the men's alleged crimes, came in a statement carried by the official Saudi Press Agency.

Last week the kingdom freed 11 ex-detainees from Guantanamo who had completed short sentences after their return.

The United States says its military prison at Guantanamo Bay, Cuba, holds terror suspects — usually people captured in Afghanistan, Pakistan or other hotspots of the war on terror.

Saudi officials have said former Guantanamo inmates are taken into custody on their return to investigate whether they have any connections to Islamic militant groups.

So far, 53 Saudis have been released from Guantanamo — all this year. Another 75 Saudis remain at the prison in Cuba, according to Kateb al-Shimri, a lawyer who represents relatives of Saudis held at the U.S. base.

Guantanamo Needs Courthouse, Pentagon Says (LAT)

By Carol J. Williams,

The Los Angeles Times, December 27, 2006

GUANTANAMO BAY, CUBA — Although the Pentagon estimates that no more than 80 of the 400 or so terrorism detainees here will ever be tried, it is moving forward with plans for a $125-million legal complex.

Air Force Col. Morris Davis, chief prosecutor of the suspected Al Qaeda and Taliban supporters, says he expects to file charges against 10 to 20 prisoners soon after new trial rules are presented to Defense Secretary Robert M. Gates next month.

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The Supreme Court in June found the Bush administration's military tribunal system unconstitutional, and Congress passed the Military Commission Act in September to replace it. But less than 20% of the prisoners held here are expected to face charges under the new commissions. "At the end of the day, I think the total will be about 75, give or take a few," Davis says.

Much of the legal work is done in Washington or in other U.S.-based offices of the military's judicial network — not at Guantanamo Bay.

Still, Davis says, there is just one courtroom here, in a converted air terminal that also houses legal staff and a high-security lockup. The new compound would have three courtrooms, restaurants, parking and accommodations for at least 800 people.

"It's going to take longer to do these trials one at a time in one courtroom," Davis said. A more rigorous pace could be undertaken if the complex is ready by July, as the Pentagon envisions.

Cully Stimson, deputy assistant secretary of Defense for detainee affairs, insists the legal facility is vital to bringing terrorism suspects to justice. Even with back-to-back trials, he said, it would take over a decade to prosecute an expected 60 to 80 detainees using one courtroom.

"We're fiscal conservatives by definition. We're not building the Taj Mahal here, Stimson said.

Doubts about the future of Guantanamo and the logic of investing in an operation many U.S. allies want to see shut down may doom the building project.

Calling the complex "a massive boondoggle," the American Civil Liberties Union has urged the incoming Democratic-controlled Congress to deny funding.

"No one thinks more than a few dozen detainees will ever be tried there," said Chris Anders, the ACLU legislative counsel. "I just don't see the next Congress authorizing any significant construction for additional courtrooms."

There is nothing in either the Military Commissions Act or in the rules governing courts-martial that requires war-crimes trials to be conducted in a courtroom — or even at this remote naval base, Anders said.

The Pentagon earlier this month backed down from a plan to fast-track the legal compound without approval from Congress; it is expected to be part of a supplemental funding request in February or March.

"We want these procedures to be full and fair, and do not want the lack of facilities to be a reason to delay the process," Pentagon spokesman Navy Cmdr. Jeffrey D. Gordon said.

Davis says he expects to have cases ready to try by March. But Navy Cmdr. Pat McCarthy, the staff judge advocate, said no one is certain how long the rule-writing and legal challenges to the Military Commissions Act could take.

The dispute over whether and how much to invest in facilities for holding and trying terrorism suspects has been fueled by demands from European allies and human-rights activists for release or trial of the men here — most of whom will mark five years in detention in 2007.

"I think it is excessive," University of Richmond law professor Carl Tobias said of the legal-complex proposal. "They only scheduled 10 [trials] to date and with so much legal uncertainty, I think this is going to get a thorough review" by a skeptical Congress.

Joshua Colangelo-Bryan, a lawyer for a Bahraini prisoner being held without charges, said the Pentagon "will be lucky if they can even bring cases against the 10" charged earlier due to lack of evidence, lost contact with witnesses and shifting definitions of what amounts to terrorism.

Among those now at Guantanamo are 14 prisoners deemed by the U.S. government to be "high-value" detainees who were transferred from secret CIA prisons — including alleged Sept. 11 mastermind Khalid Shaikh Mohammed.

At least 100 others at the facility have been cleared by annual Administrative Review Board hearings that deemed them to be negligible threats to U.S. or allied security.

And the governments of Saudi Arabia, Afghanistan and Yemen remain in negotiations with the State Department for transfer of their citizens.

Guantanamo jailers expect the prison population to drop to 200 and stay there, even if the rest of the inmates are never tried. Rear Adm. Harry B. Harris Jr., commander of operations here, said the number should be closer to 300 because "they are all dangerous men."

About 160 of the detainees have just been moved into concrete cells with steel doors at a new $38-million maximum-security prison, Camp 6. Another 90-plus are confined in a similarly restrictive facility, Camp 5, which was completed two years ago.

The new construction — Camp 6 has a medical clinic and two meeting rooms for legal visits — and existing cells were modified "to improve quality of life for both detainees and the guard force," said Cmdr. Robert Durand, spokesman for the Joint Task Force operating the prisons.

HOMELAND RESPONSE:

U.S. Senators Put To Rest Conspiracy Theory Behind Military Analysis Of Sept. 11 Attacks (FINDLAW/AP)

By Anne Flaherty, Associated Press Writer

AP, December 27, 2006

(AP) - WASHINGTON-A lengthy Senate investigation has debunked charges by a Republican congressman that military analysts identified Mohamad Atta and other Sept. 11 hijackers before the attacks, according to a committee aide familiar with the report.

In a letter to members of the Senate Intelligence Committee, Sens. Pat Roberts and John D. Rockefeller dismissed suggestions by Rep. Curt Weldon that defense analysts ignored analysis that could have prevented the attacks. Roberts, a Republican, is outgoing chairman and Rockefeller is the senior Democrat who will assume the chairmanship Jan. 4 month when the new Congress convenes. NB.

They concluded "there was no evidence Mohamad Atta or any hijackers were identified prior to 9/11," said the committee aide, who spoke on condition of anonymity because the aide was not authorized to speak publicly on the subject.

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An internal Defense Department assessment already had dismissed Weldon's charges as unfounded. But the letter from Roberts and Rockefeller is the first rejection from Capitol Hill. The letter was obtained and first reported Tuesday by the Los Angeles Times.

Weldon, a 10-term Republican who lost his seat in the Nov. 7 election, repeatedly contended a secret military unit called "Able Danger" searched large amounts of data to link four Sept. 11 hijackers to al-Qaida more than a year before the attacks.

In September, the Pentagon's inspector general found some employees recalled seeing an intelligence chart identifying Atta as a terrorist before the attacks. But the report said those accounts "varied significantly" and witnesses were inconsistent at times in their statements.

At the time, Weldon questioned the "motives and the content" of the report and rejected its conclusions, which he said relied on cherry-picked testimony. Weldon could not be reached Tuesday for comment.

According to the committee aide, Roberts and Rockefeller found similar problems in their investigation.

Weldon lost his seat to Democrat Joe Sestak, a retired Navy admiral who called for troops to be withdrawn from Iraq by the end of 2007.

Just weeks before the election, the FBI raided the homes of Weldon's daughter and a close friend in an investigation of whether the congressman improperly helped the pair win lobbying and consulting contracts.

TSA Modifies Screening Machines (USAT)

By Thomas Frank

USA Today, December 27, 2006

A new airport screening machine that peers through travelers' clothing has been modified so it won't show intimate body parts when it's tested at a U.S. airport for the first time starting next month.

RELATED: X-ray tests both security, privacy

The modification to the controversial "backscatter" X-ray machine seeks to quiet critics such as the American Civil Liberties Union who have helped block its use in airports by saying the vivid images seen by screeners invade passenger privacy. The altered images will show only cartoon-like black-and-white outlines of each passenger.

But the Transportation Security Administration (TSA) is facing questions from experts who say the agency has weakened the effectiveness of the low-intensity X-rays.

"You don't see fine detail," said Robert Gould, a radiology professor at the University of California, San Francisco. "It's conceivable to me that (the modified machines) would miss plastic explosives."

Plastic explosives are a major threat because they evade checkpoint metal detectors and a small amount could blow apart a jet.

"I would bet that I could take some plastic explosives, put them on my upper thigh, and the blurring would let me get the stuff on board," said Andrew Karam, a physicist and fellow at the Center for Advanced Defense Studies, a national security think tank.

Backscatter X-rays will debut at Phoenix Sky Harbor International Airport, and a few other airports will follow. The TSA has lab-tested the machines and will use covert agents to test them in airports before any broader rollout. "We aren't endorsing this particular technology, we're testing it," TSA spokeswoman Ellen Howe said.

Manufacturer American Science and Engineering of suburban Boston got $722,000 from the TSA to program its backscatter machine so body parts wouldn't be visible to security screeners. The machines will be used only on passengers who require extra screening beyond a metal detector and who opt for the X-ray over a pat-down.

American Science Vice President Joe Rice said the $100,000 machine finds ceramic weapons and small metal objects that metal detectors can miss. "I'm sure there are ways to defeat this technology," Rice said. "But this type of technology is a dramatic leap forward from what is available today."

Hope For New Orleans (column) (WP)

By William H. Chafe

The Washington Post, December 26, 2006

Nearly 16 months after Hurricane Katrina, New Orleans remains devastated. In the Lower Ninth Ward (primarily black and poor), mid-city (mixed-race and middle class) and Lakeside (richer and whiter), houses are boarded up and ruined; shattered windows reveal rooms full of debris; perhaps one in 10 places has a FEMA trailer parked outside, as a few returning residents desperately try to reclaim what they have lost. Thousands of small businesses have disappeared. Even in the French Quarter, which was left largely intact after Katrina, shopkeepers despair of being able to survive given the decline in tourism. Repeatedly, people declare: "I have not received a single dollar of federal aid."

DOJ_NMG_0109267

Yet in this season that celebrates the birth of a child in what today would be called a homeless shelter, a remarkable resiliency of spirit remains in New Orleans. Yes, only half the population there in August 2005 has returned. The suicide rate has increased 300 percent, and less than half of the schools and hospitals that existed 16 months ago are functioning.

But energy, engagement and love persist, creating tiny ripples of hope, from thousands of individual acts of courage -- ripples that can, in words Robert Kennedy uttered 40 years ago in South Africa, "build a current" able to topple the mightiest walls of oppression.

In the Lower Ninth Ward, more than a hundred volunteers gather in a Catholic school (St. Mary of the Angels) to help secure -- with the community -- a foothold toward starting anew. Some are college students, others grandparents and hippies. All have come to live and work with local residents. Most spend their days gutting houses so that returning residents can be eligible for federal rebuilding funds. Tearing down sheetrock infested with toxic mold is dangerous work. Others toil in the kitchen, helping members of the "Rainbow Tribe" -- a commune -- prepare Brunswick stew, macaroni and cheese, and fried chicken for 150.

No one sees this as a lark. The unpaid staff briefs workers on the hazards they will face, insisting that respirators fit snugly so that no toxins are inhaled. The kitchen crew tests every dish to be sure it has reached a temperature high enough to eliminate any chance of food poisoning. Everyone is deadly serious -- and also clearly moved by the importance of the mission. They are white and black, male and female. They respect the integrity and autonomy of the neighbors they are there to help, committed not to fall into old hierarchies of white and black, male and female.

In the civil rights movement, such people called themselves a "beloved community" -- people transformed by an ethos of love and justice into becoming soldiers for justice. If redemption can follow tragedy in New Orleans, these volunteers -- in partnership with community residents -- will be the ones to make it happen.

But the signs of hope are not just in the courage of people in the Ninth Ward. They are there as well in the celebration of community among those less afflicted by poverty, people who have come back to New Orleans out of love for their city in order to make it the kind of place they want their children to grow up in. They have their own rituals.

On a Sunday, in a small bar, 30 neighborhood residents gather for a weekly get-together. White and black, gay and straight, old and young, they listen to their favorite jazz quartet and vocalist. They hug, laugh, cheer. They welcome strangers in their midst, anxious to talk about what they've been through. A father dances with his young daughter. The cook mingles with those eating from the buffet she's prepared, embracing her friends. In its own way this, too, is a "beloved community" -- people sustained by a history of caring about each other and about something in New Orleans that has made their spirits fresh and engaged.

From one perspective, the future of New Orleans is bleak. Surely no governmental body, least of all FEMA, has given anyone reason for confidence. But this is no ordinary place, and these are no ordinary people. Rooted in their history is a vision -- admittedly utopian -- that affirms the possibilities of living in biracial peace; prizes grace, hospitality and humor; and fights like hell against bureaucrats who refuse to acknowledge the human potential for rising above self-interest and cynicism. Maybe -- just maybe -- there is reason to hope.

William H. Chafe, a history professor at Duke University, writes about race and gender. He recently returned from a weekend as a volunteer in New Orleans.

WAR NEWS:

Gates Sending Brigade Of 82nd To Kuwait (AP)

By Lolita C. Baldor

AP, December 27, 2006

Defense Secretary Robert Gates has signed orders that will send the 82nd Airborne Division's 2nd Brigade to Kuwait shortly after the new year, senior defense officials said Tuesday.

The decision to send the unit was first reported earlier this month. The soldiers, who are based at Fort Bragg, N.C., are expected to be deployed into Iraq early next year, and the move could be part of a short-term surge of troops to the battlefront to quell the ongoing violence.

The 82nd Airborne unit — which would include as many as 3,300 soldiers — will replace the 15th Marine Expeditionary Unit, which had served as the reserve force based in Kuwait but has been deployed into Iraq.

Army officials said Tuesday that they were not aware a final decision had been made on sending the unit to Kuwait. But two senior defense officials, who requested anonymity because the announcement had not yet been made public, said Gates had signed the order Tuesday — the first of his week-old tenure as Pentagon chief.

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Gates was in Iraq last week meeting with U.S. military commanders and Iraqi officials.

He met with President Bush on Saturday to relay what he saw and learned during his three days in Iraq. He is scheduled to travel to Crawford, Texas, to meet with Bush on Thursday to discuss options for changes in the Iraq strategy. He and other military leaders have said that all options are on the table. Gen. Peter Pace, chairman of the Joint Chiefs of Staff, will also meet with Bush on Thursday.

Some of the options for a new strategy in Iraq that have been under discussion by U.S. officials include an increase in troops, to help tamp down the violence, particularly in Baghdad, and to beef up the training of Iraq soldiers.

There are 134,000 troops in Iraq. The U.S. military has consistently kept a reserve force in Kuwait that can easily and quickly be deployed into Iraq, or other places in the region, as needed.

Gates took over the top job at the Pentagon last week after the resignation of Donald H. Rumsfeld.

Bush In Texas To Rethink Iraq Course (AP)

By Deb Riechmann

AP, December 27, 2006

President Bush went to his ranch Tuesday to rethink U.S. involvement in Iraq as his spokesman hailed a Baghdad court's decision upholding the death sentence for former Iraqi leader Saddam Hussein.

Saddam, who was deposed by the U.S.-led invasion of Iraq in 2003, is to be hanged within 30 days.

"Today marks an important milestone in the Iraqi people's efforts to replace the rule of a tyrant with the rule of law," deputy White House press secretary Scott Stanzel told reporters aboard Air Force One to Texas, where Bush was to meet this week with his national security team.

Iraq's highest appeals court on Tuesday upheld the Nov. 5 sentence against Saddam for ordering the killing of 148 Shiites in Dujail in 1982, following an attempt on his life. Chief Judge Aref Shahin said the sentence must be implemented within 30 days, and could be carried out as early as Wednesday.

"Saddam Hussein has received due process and legal rights that he denied the Iraqi people for so long, so this is an important day for the Iraqi people," Stanzel said.

The 82nd Airborne Division's 2nd Brigade, which would include as many as 3,300 soldiers, has been ordered to go to Kuwait shortly after the new year, senior defense officials said Tuesday. Defense Secretary Robert Gates has approved the deployment, which had been reported earlier this month, said officials who requested anonymity because the announcement had not yet been made public

At the Pentagon, officials said Gates isn't likely to offer a single solution but, rather, a broad set of recommendations for changing the course in Iraq. A senior Defense Department official, who spoke only on condition of anonymity because Gates' advice to Bush is secret, said the recommendations "would involve many aspects of how we can do things differently."

Bush, saddled with low approval ratings for his handling of Iraq, will host a National Security Council meeting on Thursday at the ranch, but is not expected to make any final decision on what he says will be a new way forward in Iraq.

Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert Gates and National Security Adviser Stephen Hadley will attend the meeting.

Stanzel said there could be other National Security Council meetings before the president makes up his mind and delivers a speech to announce his decisions. The speech is expected before the State of the Union address on Jan. 23.

Bush is under mounting pressure to change U.S. involvement in Iraq where violence continued to escalate this month.

On Tuesday, the U.S. military reported that seven more American soldiers had died, pushing the U.S. military death toll for the month to 90. With five days remaining in the month, December is already the second deadliest month for the U.S. military this year, behind the 105 soldiers killed in October.

The latest deaths also brought the number of U.S. military members killed since the beginning of the Iraq war in March 2003 to at least 2,978 — five more than the number killed in the Sept. 11 attacks in New York, Washington and Pennsylvania.

Stanzel said Bush continues to question advisers and think through the consequences of various U.S. actions. "Our forces, coalition forces in Iraq are continuing to take the fight to the enemy, and the president will announce a new way forward when he's comfortable" with his decision, he said.

When the president arrived in Texas, about 50 well-wishers, squinting in the sunshine, welcomed him as he walked down the steps of the plane with Mrs. Bush and her mother, Jenna Welch. The president spent the Christmas holiday with his family at the Camp David presidential retreat in Maryland.

Mrs. Bush gave the president a new blue suit, biking shoes and country singer Sam Moore's CD titled "Overnight Sensational." He gave her amber-colored citrine earrings to match the triple-strand citrine necklace he gave her for her birthday.

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As part of a family gift name drawing, the Bushes donated mosquito nets in the name of former President George H.W. Bush through Malarianomore.org, a mission set up to urge individuals, organizations and institutions to protect families from malaria.

Bush's Iraq Plan Gets Big Build-up (AP)

By Ben Feller

AP, December 27, 2006

Determined not to be rushed, President Bush has spent weeks figuring out a new war plan in Iraq. All the while, the American public's expectations have been headed in one direction — up.

Anticipation is high not just because people are weary of war, but also because of the way Bush has gone about deciding his next move.

Saddled with a reputation for stubbornness, Bush has gone the other direction. He has made a visible effort to seek advice — from the military, diplomats, academics, retired generals, a special study commission, Iraqi officials, Republican leaders, even Democrats he once ridiculed.

By the time he announces his Iraq plan in January, roughly two months will have passed since a humbling election for Republicans brought a promise of a "new way forward."

There might as well be a drum roll.

"He has built up expectations," said David Gergen, a former White House adviser in the administrations of presidents Nixon, Ford, Reagan and Clinton. "People are saying, 'OK, if you've spent all this time and effort on it, you better have a pretty darn good plan.'"

The ostensible goal of that plan will be to get Iraq on a path to govern itself and help the United States fight terrorism. Bush is also out to win back some of the American people, who want to know the war has an end in sight.

Recent history shows the trouble with high expectations.

The Iraq Study Group, a bipartisan commission of Washington elders, this month offered Bush a stark, comprehensive plan to change course. It was so highly anticipated that when it was not embraced by the White House in toto, it seemed to fall flat and fade from view.

Bush now faces his own test of great expectations, largely of his own doing. He's promised a new approach, yet even his new defense secretary, Robert Gates, has acknowledged that "there are no new ideas in Iraq."

Indeed, some of the main ideas under consideration — sending in more troops, embedding more U.S. advisers in Iraqi units, engaging in more aggressive diplomacy — aren't novel. And if Bush does come up with a remarkably fresh approach after nearly four years of war, that will raise the question of why he hadn't thought of it before.

Even with that seemingly no-win set of expectations, the president does have room to succeed, said Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania.

"It doesn't have to be new. It has to be new for him," said Jamieson, who specializes in presidential rhetoric.

Bush and his defense team set the expectations in the first place, assuring that Iraq had stockpiles of weapons of mass destruction, and promising that U.S. troops would be viewed as liberators. Now the president can reset the expectations.

What people want is to hear Bush explain a clear route to an honorable outcome — one in which it is clear that the war left Iraq and the U.S. better off, Jamieson said.

"There are times when a country roots for a leader. I think that's what happening with this," Jamieson said. "A lot of people who voted for Democrats want the president to succeed. I think he has some advantage coming in, because the public so desperately wants success."

Desperate, and skeptical.

Bush's approval for handling the situation in Iraq was at 27 percent in an AP-Ipsos poll this month — his lowest-ever approval level on Iraq in that poll. Only a third of Americans said Iraq would end up as a stable, democratic nation.

"I think the American people understand this war perhaps better than anybody gives them credit for," said Leon Panetta, who was President Clinton's chief of staff and a member of the Iraq Study Group. "If they believe that the president has approached this with what he calls 'fresh eyes' — if he takes a comprehensive approach — then they're going to give him some room."

Bush used a year-end news conference last week to help frame the expectations.

He promised to work with Democrats and be flexible about war tactics. But his only prediction for 2007 in Iraq was sober: "It's going to require difficult choices and additional sacrifices, because the enemy is merciless and violent."

The president also braced America to think long-term. His goals aren't changing. He talks of the war on terror as the calling of a generation, one that "is going to require a sustained commitment from the American people. "

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That's a world away for those looking for a firm date when U.S. troops will come home.

Gergen, the former White House adviser, said it's unrealistic to expect Bush to come up with a plan so dazzling it will rally the country. But it may extend the nation's patience.

"That has to be his goal, from a political perspective," Gergen said. "For a president, buying time to try something new is often the most important thing you can do in a crisis."

The White House puts some of the blame on the media for rising expectations. Spokesman Tony Snow, who spends every briefing fending off requests for details about Bush's plan, told reporters this week to "take a deep, cleansing breath."

Even the timing of Bush's Iraq speech has been sucked into the expectations game.

First, word emerged that his Iraq address would occur by Christmas. When the date then was set for sometime after the new year, the White House said it never had locked in the timing, but still had to answer questions about a "delay."

Asked whether the president felt a sense of urgency to announce his strategy sooner, rather than later, given the rising death toll in Iraq, White House deputy press secretary Scott Stanzel told reporters on Tuesday: "He's wanting to make sure that we give all consideration to all the options. ... Coalition forces in Iraq are continuing to take the fight to the enemy, and the president will announce a new way forward when he's comfortable announcing that."

Old Iraq Strategy Lives On In Weekly Progress Reports (WP)

By Glenn Kessler

The Washington Post, December 26, 2006

A year ago, President Bush announced a new plan for Iraq, framed around "eight pillars" of U.S. policy for victory. In the past month, the president and his national security team have been busily working on a new recipe for success in Iraq, having declared the previous plan a failure.

But never mind what the politicians are doing. The bureaucracy churns on.

The State Department continues every Wednesday to issue a 30-page public report that details exactly how the U.S. government is meeting the goals set forth in the president's now-abandoned plan. The report frames the data around Bush's storied eight pillars, which include such goals as "Defeat the Terrorists and Neutralize the Insurgents" (Pillar 1) and "Increase International Support for Iraq" (Pillar 7).

In many ways, the report is a microcosm of the administration's lost year in Iraq. The reams of details aimed at touting success belie the fact that few of the goals are being met.

The report is often upbeat as it presents some of the most minuscule factoids of the situation in Iraq. The Dec. 13 report noted that on Dec. 7, 40 sheikhs from across Diyala province met "to discuss ways to maintain peace and stability" and that on Dec. 9, U.S. soldiers discovered a factory for making improvised explosive devices in a house in Baqubah.

But the bottom-line graphs tell a story of failure. Under Pillar 5 ("Help Iraq Strengthen Its Economy") the reports show that week after week, the Iraqis cannot meet their goals for crude oil production. Another chart shows that efforts to build a 15-day supply of all refined products, such as diesel and gasoline, are woefully behind schedule, reaching a peak of a four-day supply.

Under Pillar 7, increasing international support, the trends are on the decline. The first report of the year showed that 28 countries, in addition to the United States, contributed 23,000 troops to coalition forces. By last week's report, the number of countries had fallen to 25 -- and the number of troops was down to 16,860, a decrease of more than 25 percent. Italy recently dropped off the list when the last of its troops departed.

One figure has not really budged: the $20 billion apportioned for rebuilding Iraq (under Pillar 4, "Help Iraq Build Government Capacity and Provide Essential Services"). That is because the administration ran out of money for rebuilding Iraq, in part because about 25 percent was diverted to security. The latest report says that all but $4 billion has been disbursed.

A State Department official, speaking on the condition of anonymity because he is not authorized to talk to reporters about the report, said it still plays an important role because it provides the administration with a single set of numbers about the situation in Iraq. Previously, State and Defense department officials might have arrived at meetings armed with different data, but "now everyone is talking off the same sheet on music," he said.

There is also a classified version of the report, which includes details on counterterrorism operations, given to top policymakers on Fridays.

The report is prepared not by State Department officials but by a team of about 10 people hired by a management consulting firm. The firm, BearingPoint, has a $2 million contract to produce the report and to manage the process of running Iraq policy in the administration, the State Department official said.

Below the level of the top policymakers, working groups from across the government implement Iraq policy day by day. The BearingPoint employees, who work out of offices in the State Department, arrange the meetings, set the agendas, take

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notes and provide summaries of the discussions, the official said. They also maintain the Web site of the U.S. Embassy in Baghdad.

The twists and turns of American policy are imperfectly reflected in the report. "Operation Together Forward," the effort this summer to bolster security in Baghdad, which was later deemed a disappointment, was the subject of several upbeat reports but then seemed to fade in importance. During the spike in violence in October, the report noted that the Iraqi Ministry of Interior had recalled a police brigade for more training after "possible complicity with sectarian violence," though it brightly added that the training "will improve the professionalism and confidence within the national police."

The report seemed uncertain how to treat the release of a report by the Iraq Study Group, the independent bipartisan panel that criticized the administration's policy and spurred the White House to come up with a new plan. The earliest mention of the study group's report, in the Dec. 13 edition, came under Pillar 3, "Help Iraqis to Forge a National Compact for Democratic Government."

The headline said it all: "Iraqi Leaders Blast Iraq Study Group's Report." The State Department, perhaps in an effort to demonstrate the unity of Iraqi leaders, then devoted a whole page to negative quotes about the panel's recommendations.

The Dec. 20 report featured one curious item. Under the rubric of increasing international support, the report highlighted a visit to Damascus, Syria, by Sens. John F. Kerry (D-Mass.) and Christopher J. Dodd (D-Conn.). The senators "arrived in Syria December 19 to discuss how Damascus could help bring stability and security in Iraq," the report said, noting that another senator, Bill Nelson (D-Fla.), met with Syrian President Bashar al-Assad in early December.

The State Department had strongly discouraged the trips, saying Syria is a key source of problems in Iraq.

Democrats Prepare For A Battle On The War (LAT)

By Noam N. Levey

The Los Angeles Times, December 27, 2006

WASHINGTON — After years of playing a marginal role in the Iraq war, congressional Democrats plan to move quickly in January to assert more control and undercut any White House effort to increase troop levels.

As President Bush prepares to outline his own plan for Iraq in a major speech in the next few weeks, Democratic leaders will counter with weeks of oversight hearings, summoning military officers, administration officials and foreign policy experts to Capitol Hill.

The Democratic plans put Congress on a collision course with Bush over the direction of the nearly 4-year-old war. And they signal a new phase in a war that has been directed almost exclusively by the White House with little dissent from the Republican-controlled Capitol.

Sen. Joseph R. Biden, D-Del., the incoming chairman of the Senate Foreign Relations Committee, said Tuesday that he intends to call key administration officials, including Secretary of State Condoleezza Rice, to testify at a series of hearings.

At the same time, the chairmen of both armed services committees and the House International Relations Committee also plan to hold hearings.

"I hope the president and his people will listen," Biden said.

Biden, who was elected to the Senate during the Vietnam War and who is planning a 2008 presidential run, has been among the most outspoken critics of Bush's Iraq policies and Tuesday called any increase in troops "the absolute wrong strategy."

His plan for hearings as well as those of the other committee chairmen highlight just how much the political landscape in Washington has changed as a more critical and assertive Democratic Congress moves to directly challenge the president's management of the unpopular war.

Democrats took control of Congress after an election that turned on the electorate's unhappiness with the war. But Democrats have struggled for years to articulate an alternative to the Bush administration's policies.

As recently as last year, when Rep. John Murtha, D-Pa., called for the withdrawal of American troops from Iraq, many in the party agonized over whether that position would permanently tar Democrats as weak. But as discontent with the war has grown, sapping Bush's popularity, Democratic lawmakers have become increasingly outspoken in their criticisms.

Senior party leaders now appear to be uniting behind the call for a phased withdrawal of U.S. forces, a position that was bolstered by the release in November of the bipartisan Iraq Study Group's report.

The report did not set a specific timetable for withdrawing troops, but did suggest numerous changes in the administration's policies, including more diplomatic engagement with Iraq's neighbors, another prescription being embraced by congressional Democrats.

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"Democrats and the bipartisan Iraq Study Group have both laid down a road map for the president to begin the withdrawal of American troops from the civil war in Iraq," incoming Senate Majority Leader Harry Reid, D-Nev., said last week. "It is now up to the president to follow that course."

Until now, Democratic lawmakers had few forums for their complaints and suggestions beside the Sunday-morning political talk shows. With control of both chambers of Congress, the party now has the power to schedule hearings, subpoena documents and even put conditions on how the administration spends money on the war in Iraq.

On Tuesday, a Bush spokesman would only say that the president recognized the "oversight role" of Congress.

"We hope they will use this oversight role in an appropriate fashion," deputy press secretary Scott Stanzel said from Crawford, Texas, where the president is spending the Christmas holiday. "That's what the American people expect -- for both sides to work together for the common good."

Bush has met with the new Democratic leaders, but has shown little inclination to accept their counsel on the war. Rather than talk of reducing the number of U.S. soldiers in Iraq, the White House has focused in the weeks since the release of the Iraq Study Group report on a temporary increase in troops that proponents say will help control the growing sectarian violence.

Senior congressional Democrats, including Biden, have fiercely attacked that plan, arguing that the best way to force Iraqis to take responsibility for halting the violence between Sunnis and Shiites is to begin a phased withdrawal.

A number of GOP senators -- including Susan Collins of Maine and Norm Coleman of Minnesota, who are up for re-election in 2008 -- have already expressed skepticism about the surge in troop strength. Other Republicans, including Arizona Sen. John McCain, a presidential hopeful, were early backers of sending more troops to Iraq.

Only 12 percent of Americans support a troop increase, compared to 52 percent who prefer a timetable for withdrawal, a recent Los Angeles Times/Bloomberg poll found.

The flood of congressional hearings in January promises to shed unfavorable light on the way the Bush administration has prosecuted the war in Iraq. But even Biden acknowledged that, short of cutting off funding, Congress has limited ability to compel the White House to dramatically change course.

Though Congress has in the past used its power over the budget to challenge the foreign policies of presidents -- including cutting funding to the government of South Vietnam in the mid-1970s -- no leading Democrat thus far has called for withholding money for military operations in Iraq.

"We should not exaggerate the ability of the United States Foreign Relations Committee or the Congress to get a president to act in a manner in which the Congress thinks is more rational or more appropriate," Biden said Tuesday. "There's nothing the United States Congress can do by a piece of legislation to alter the conduct of a war that a president decides to pursue."

"This is President Bush's war," he said.

Biden To Fight Troop Buildup In Iraq (WP)

By Walter Pincus

The Washington Post, December 27, 2006

Sen. Joseph R. Biden Jr. (D-Del.), the incoming chairman of the Senate Foreign Relations Committee, said yesterday that he would oppose any plan by President Bush to increase the number of U.S. troops in Iraq.

"I totally oppose the surging of additional troops into Baghdad, and I think it is contrary to the overwhelming body of informed opinion, both people inside the administration and outside the administration," Biden told reporters yesterday. He said he plans to hold hearings for his panel next month in a bid to influence the president's decision.

Bush is said to be studying a plan to send as many as 30,000 additional troops to Iraq, possibly to help stabilize Baghdad, as part of a new strategy to improve security and stem the escalating sectarian violence. Biden contended that such a move "will not have any positive effect, except extremely temporarily."

The remarks from Biden, who said yesterday that he will announce next month his candidacy for the Democratic presidential nomination in 2008, came as Bush headed to his Crawford, Tex., ranch for a review of the U.S. strategy in Iraq. The president is scheduled to host a meeting of the National Security Council at the ranch tomorrow, to be attended by Vice President Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and national security adviser Stephen J. Hadley. But he is not expected to immediately release a final decision on a new strategy.

Biden said that one problem with the present discussion of a buildup of U.S. troops in Iraq is that no one can specify exactly what the president may be studying. He and others have asked for specifics on the troops' mission, the number involved and how long they would be in Iraq.

Bush said at a Dec. 20 news conference that "there's got to be a specific mission that can be accomplished with the addition of more troops before, you know, I agree on that strategy."

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Some key Republicans, including Sens. John McCain (Ariz.) and Lindsey O. Graham (S.C.), have come out in favor of increasing troop levels. McCain said earlier this month, during a trip to Iraq, that he believes "there is still a compelling reason to have an increase in troops here in Baghdad and in Anbar province in order to bring the sectarian violence under control" and to "allow the political process to proceed."

On Sunday, Graham, who had just returned from Iraq, said security in Baghdad has deteriorated to the point that a troop increase is necessary, though it should be "co-joined with political reform." During an appearance on ABC News's "This Week with George Stephanopoulos," Graham said that "more troops in Anbar would help stop the insurgency flow from Syria into Baghdad" and that "more troops in Baghdad would give the politicians some breathing room."

Incoming Senate Majority Leader Harry M. Reid (D-Nev.) said recently that if U.S. military commanders support a buildup, "just for a short period of time, we'll go along with that." But a period of 18 months to 24 months would be too long, he said.

Biden noted yesterday that retired Gen. Jack Keane, a former Army vice chief of staff, helped produce an American Enterprise Institute study that called for 20,000 additional U.S. troops in Baghdad to clear and hold neighborhoods for about 18 months.

Biden said he does not think that even that would work. He stressed that "if the president does make this surge, I hope he levels with the American people and makes it clear the minimum that they're going to be there for 18 months."

Biden said that his committee will begin hearings on Iraq on Jan. 9 and that if Bush has not released his plan by then, he might start with experts and "those proposing alternatives" to what the president may do. He is planning three days of hearings each week for three weeks and will include past and present administration officials.

Rice has agreed to appear, but not until after Bush has presented his new strategy to the nation. Gates will be asked to appear. Biden said he does not plan to call former defense secretary Donald H. Rumsfeld, but he added: "That's not something that's totally off the table."

Biden said that he hopes to generate "some bipartisan consensus in the Senate" but that he does not expect to do more than try to influence Republican senators who could then affect Bush's decisions. He said that, at his last meeting with Bush, after the November elections, he told the president, "all we can do is try to . . . cooperate with you, and when we disagree with you, try to influence your decision by making the case to the public at large that we should change course."

Biden Previews Democrats' Tack Against Troop Plan (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, December 27, 2006

WASHINGTON -- The incoming Democratic chairman of the Senate Foreign Relations Committee said no new U.S. troops should be sent to Iraq, setting up a potential political battle over President Bush's tentative plan to deploy tens of thousands of additional forces to try to stabilize the country.

Delaware Sen. Joseph Biden also said Secretary of State Condoleezza Rice would testify before his panel early next year. The hearing would give the new Democratic majority in Congress its first opportunity to question senior Bush administration officials about their handling of Iraq. The remarks were the clearest indication to date that Democrats are planning a full-blown push to prevent the administration from sending more troops to Iraq and to ensure that the White House pays a political price if it were to do so.

Mr. Biden, who announced yesterday he will seek his party's 2008 presidential nomination, made the comments as hopes for a bipartisan solution to the Iraq crisis fade. Lawmakers from both parties had hoped the Iraq Study Group headed by former Secretary of State James Baker III, a Republican, and former Democratic Rep. Lee Hamilton might offer a blueprint for a way forward in Iraq that members of both parties could embrace.

But the two sides remain far apart. The White House has rejected the commission's calls to withdraw most U.S. troops within 18 months and to hold direct negotiations with Syria and Iran, while Democrats have lined up behind a proposal to begin pulling U.S. forces out of Iraq early next year.

The tensions between the two parties over the war seem certain to escalate if the Bush administration goes through with its tentative plan to send as many as 20,000 new U.S. forces to Iraq.

White House officials say such a troop "surge" almost certainly will be the centerpiece of Mr. Bush's planned speech to the country early next year to lay out a new strategy for fighting the war. Mr. Bush is set to meet with Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert Gates and National Security Adviser Stephen Hadley in Crawford, Texas, tomorrow to discuss the speech, though a Bush aide said he doesn't expect the president to reach any final conclusions at the session.

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Administration officials, meanwhile, hailed an Iraqi appellate court's decision yesterday to uphold the death sentence against ousted leader Saddam Hussein, who is set to be hanged within 30 days. Deputy White House press secretary Scott Stanzel said the ruling is an "important milestone in the Iraqi people's efforts to replace the rule of a tyrant with the rule of law."

Mr. Biden yesterday used a conference call with reporters to make clear that he would work hard to prevent the White House from ordering more troops to Iraq. He said such a move would strain the already overstretched U.S. military to the breaking point, while doing little to resolve the underlying political disputes fueling Iraq's civil war.

"I totally oppose the surging of additional American troops," he said. "I think it is the absolute wrong strategy."

Mr. Biden is the latest high-profile Democrat to come out against increasing U.S. troop levels. The incoming House speaker, Rep. Nancy Pelosi of California, opposes the idea, as does the incoming Senate Majority Leader, Harry Reid of Nevada. Other prominent Democratic opponents include Sen. Barack Obama of Illinois, a likely presidential candidate; Sen. John Kerry of Massachusetts, the party's 2004 nominee for the White House; and Michigan Sen. Carl Levin, the incoming chairman of the Senate Armed Services Committee.

The strongest supporters of the "surge" idea, outside the White House, are Arizona Republican Sen. John McCain and Connecticut Sen. Joseph Lieberman, an independent.

Most Senate Democrats have for now coalesced around a proposal by Mr. Levin to begin withdrawing most American forces next April. Mr. Biden is closely associated with a second plan that calls for dividing Iraq into three quasi-independent sectarian regions, an idea rejected by the Iraq Study Group and the White House.

During yesterday's call, Mr. Biden said he would hold three weeks of hearings beginning Jan. 9 to examine the various proposals on Iraq, including the partition plan. He said Ms. Rice has agreed to testify after Mr. Bush gives his national address on Iraq, and that Mr. Gates might also testify.

Mr. Biden acknowledged Democrats could do little to force the administration's hand on the matter, since the final decision rests with Mr. Bush. "This is President Bush's war," he said.

Biden Opposes A Troop Increase In Iraq, Foreshadowing A Fight With The Bush Administration (NYT)

By Helene Cooper

The New York Times, December 27, 2006

WASHINGTON, Dec. 26 — Senator Joseph R. Biden Jr. of Delaware, the incoming chairman of the Senate Foreign Relations Committee, on Tuesday rejected a troop increase for Iraq, foreshadowing what could be a contentious fight between the Bush administration and Congress.

Mr. Biden, a Democrat, announced that he would begin hearings on Iraq on Jan. 9 and expected high-ranking officials, including Secretary of State Condoleezza Rice, to appear.

As President Bush flew to his Texas ranch on Tuesday, a spokesman for the National Security Council urged the senator to wait for Mr. Bush to present his new Iraq policy next month before passing judgment.

“President Bush will talk soon to our troops, the American people and Iraqis about a new way forward for Iraq that will lead to a democratic, unified country that can govern, defend and sustain itself,” said Gordon Johndroe, the council spokesman.

The date has not been scheduled, but administration officials said it would be before the State of the Union address on Jan. 23. Mr. Bush, who intends to write the speech this week, is to hold a National Security Council meeting on Thursday at his ranch to discuss Iraq policy. Vice President Dick Cheney, Ms. Rice, Defense Secretary Robert M. Gates and Stephen J. Hadley, the national security adviser, are expected to attend.

One plan under consideration is to send an additional 30,000 troops to Iraq in a bid to restore order. “I totally oppose this surging of additional American troops into Baghdad,” Mr. Biden said. “It’s contrary to the overwhelming body of informed opinion, both inside and outside the administration.”

Mr. Biden, who said he planned to run for president in 2008, made his critique during a teleconference call with reporters. He continued to press his proposal for a partitioning of Iraq into three autonomous states — controlled by Shiites, Sunnis and Kurds — to be sustained with what he called an equitable distribution of the country’s oil wealth.

He did not say what he would do if the administration went ahead with a temporary increase in American combat forces, and it is unclear whether the Democrats have the power to stop such a move.

While Congress could hold up funding for the war in Iraq, the administration retains the upper hand in determining the American course there, especially since it is unlikely that a Congress that is so evenly split between Republicans and Democrats will speak with a unified voice.

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One thing remains certain, though: President Bush will remain under pressure to talk to Iran and Syria about the deteriorating situation in Iraq in particular and the Middle East in general, as is called for by the bipartisan Iraq Study Group, led by James A. Baker III, the former Republican secretary of state, and Lee H. Hamilton, the former Democratic congressman.

While the Bush administration has indicated that American officials will not heed the suggestion that they enlist help from Iran and Syria, there continues to be a drumbeat of calls for the United States to talk to those countries.

Earlier this month, three Democratic senators — Christopher J. Dodd of Connecticut, Bill Nelson of Florida and John Kerry of Massachusetts — ignored protests from the Bush administration and flew to Damascus to meet with the Syrian president, Bashar al-Assad. On Tuesday, Senator Arlen Specter of Pennsylvania became the first Republican to follow suit.

Mr. Specter said before leaving the United States that other Republican lawmakers might follow him to Damascus. He said there was growing concern that the administration's policies in the Middle East were not working.

Although the United States still has an embassy in Damascus, it has been represented there by a chargé d'affaires since Mr. Bush recalled the ambassador, Margaret Scobey, after the assassination of Rafik Hariri, the former Lebanese prime minister, in February 2005.

Since then contact between the two governments have been kept to low-level officials, and last week Ms. Rice reiterated that the United States planned to keep its associations with Damascus in the deep freeze.

Biden To Fight Troop Surge (WT)

By Christina Bellantoni

The Washington Times, December 27, 2006

The incoming Democratic chairman of the Senate Foreign Relations Committee yesterday said he will try to block President Bush from sending an additional 30,000 troops to Iraq, calling it "the absolute wrong strategy."

Sen. Joseph R. Biden Jr. of Delaware plans three straight weeks of congressional hearings on Iraq policy next month in hopes of persuading the president to abandon a plan he is thought to be seriously considering.

"We've already broken Iraq. We're about to break the United States military" by sending more troops, said Mr. Biden, who is seeking the 2008 presidential nomination.

Mr. Bush early next month will announce a new strategy for the war, and is thought to favor a temporary increase in troop levels in what has been dubbed a "surge."

Mr. Biden said Secretary of State Condoleezza Rice has agreed to testify before his panel after the president announces his plans. Other likely panel witnesses are Iraq Study Group leaders James A. Baker III and Lee H. Hamilton, and new Defense Secretary Robert M. Gates.

The committee also will hear from a variety of academics, former and current administration officials, military leaders and Peter W. Galbraith, a former U.S. ambassador to Croatia, who has called for formally partitioning Iraq into three sovereign nations.

The idea is to hear from all those who "have rational although different views as to how to proceed in Iraq," in an attempt to build consensus, Mr. Biden said.

"Hopefully there is still some opportunity to influence President Bush's decision," he said.

Voters dealt Mr. Bush a blow last month in midterm elections that propelled Democrats to House and Senate majorities. Soon after the elections, the Iraq Study Group recommended the U.S. begin a withdrawal of combat troops.

Incoming Democratic leaders promise a change of course on the war, which yesterday reached a death toll surpassing that of the September 11 terrorist attacks.

Many Democrats oppose increasing the number of troops in Iraq, where nearly 150,000 are already stationed.

Republicans so far seem divided on a surge, with Sen. John McCain of Arizona pushing the idea and Foreign Relations Committee member Sen. Norm Coleman of Minnesota saying he can't support sending more troops.

Mr. Biden favors beginning to withdraw U.S. troops, and thinks one way to get to that point is to divide Iraq into three mostly autonomous regions with a weak central government in Baghdad. He notes the Iraqi constitution calls for such a federal system, and says it should be partnered with a plan for sharing in oil revenues.

Mr. Biden worked with Leslie H. Gelb, president emeritus of the Council on Foreign Relations, in proposing the plan in May. He said yesterday he will call Mr. Gelb as a witness.

The three weeks of hearings will begin Jan. 9, will run three to four days per week, and will include discussion of the need to bring Iraq's neighbors to the negotiating table, Mr. Biden said.

He said Republicans should realize the Iraq situation holds huge political implications for their party in 2008 -- both in congressional elections and in the race for the White House.

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"The last thing that John McCain or any other Republican ... running for president wants to inherit is a war in Iraq that is even further deteriorating than it is now," Mr. Biden said.

He said Democrats cannot remain silent on war policy, but noted he thinks it is the Republicans on the panel who can help pressure Mr. Bush into changing his mind.

"There is nothing the United States Congress can do by a piece of legislation to alter the course of a war the president decides," he said.

Mr. Biden recently told Mr. Bush as much during a visit to the White House, saying: "Mr. President, this is your war."

Balancing the personalities -- and competing potential presidential contenders from both parties who sit on his committee -- might be easier said than done. Among the possible hopefuls on the panel are Democratic Sens. Barack Obama of Illinois, John Kerry of Massachusetts and Christopher J. Dodd of Connecticut, and Republican Sen. Chuck Hagel of Nebraska.

When asked how having so many possible 2008 candidates at the dais would affect these hearings, Mr. Biden laughed.

"I hope it's not going to have a lot of impact, although I am sure there are going to be folks who will prepare more thoroughly," he said.

Also expected to be an outspoken voice on the panel is Sen.-elect James H. Webb Jr., an anti-war Virginia Democrat who unseated Republican George Allen last month.

Mr. Bush announced this month he would seek an expanded armed forces, adding thousands of troops to the size of the Army and Marine Corps.

The Washington Times reported last week that senior military officials and the Joint Chiefs of Staff are pressuring Mr. Bush to seek a larger military and that the Joint Chiefs are "cool at best" to the Iraq Study Group proposal.

Biden To Run For White House In 2008 (FT)

By Demetri Sevastopuloin Washington

Financial Times, December 27, 2006

The field of Democratic presidential hopefuls grew yesterday after Joseph Biden, the Delaware senator, announced his intention to run for the White House in 2008.

Mr Biden, one of the leading Democratic critics of US policy in Iraq, joins Tom Vilsack, governor of Iowa, and Dennis Kucinich, the Ohio congressman who ran unsuccessfully in 2004, as the party's only declared candidates for the 2008 race.

"It is my intention to seek the [Democratic] nomination, and it's my intention sometime in the month of January to set up the appropriate mechanism to be able to raise money for that purpose," Mr Biden said at the end of a conference call about Iraq policy.

While Mr Biden is considered a presidential long shot, his voter name recognition will rise in the coming weeks as he holds a series of high-profile congressional hearings on Iraq. Yesterday he repeated his opposition to increasing US troop numbers in Iraq amid speculation that President George W. Bush will next month announce a US military surge in Iraq to help curb the violence.

"We've already broken Iraq, we're about to break the United States' military," Mr Biden said, announcing his candidacy as the US military death toll in Iraq reached 2,977, overtaking the number of people killed in the 2001 al-Qaeda attacks on the US.

One of the few Republican voices calling for more troops in Iraq is John McCain, the Arizona senator, who is considered one of the frontrunners for his party's presidential nomination. But in recent weeks Rudy Giuliani, the former New York mayor, has edged ahead of Mr McCain in polls of Republican voters.

As a six-term senator who next week becomes chairman of the Senate foreign relations committee, Mr Biden is a respected congressional voice on foreign policy. But opinion polls place him far behind senators Hillary Clinton and Barack Obama, both of whom are contemplating presidential bids.

A recent NBC News/Wall Street Journal poll found that only 4 per cent of respondents who said they would vote in the Democratic primaries expressed a preference for Mr Biden. Some 37 per cent favoured Ms Clinton and 18 per cent preferred Mr Obama.

The roster of Democrats hoping to move to the White House in 2008 is expected to expand in the coming weeks. John Edwards, the former South Carolina senator who became John Kerry's running mate in 2004, is expected to announce soon whether he will seek the presidency again.

But some potential candidates have decided not to pursue the presidency. Evan Bayh, the Indiana senator, and Mark Warner, the former popular Democratic governor of Virginia, both recently announced they would not seek the party's nomination.

Biden Vows To Fight Any Iraq Troop Boost (AP)

DOJ_NMG_0109277

By Anne Flaherty
AP, December 27, 2006

Incoming Senate Foreign Relations Chairman Joseph Biden, a potential Democratic presidential candidate, said Tuesday he would oppose any effort by President Bush to increase U.S troops in Iraq as part of a new war strategy.

Biden also announced he has summoned Secretary of State Condoleezza Rice to testify before his committee next month to discuss the administration's new plan for Iraq as soon as it is made public.

The Delaware Democrat took advantage of a quiet holiday week to draw attention to his own proposal for Iraq, which includes beginning a drawdown of U.S. forces and finding a political settlement among the various ethnic factions there.

Biden has spoken candidly of his desire to run for president and has made repeated visits in the past year to early voting states like Iowa and New Hampshire. But he is trying to find room on a crowded stage of Democratic contenders that includes Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Biden warned that congressional Republicans — not Democrats — would suffer in the 2008 elections if they do not join him in speaking out against Bush and opposing troop increases in Iraq.

"Absent some profound political announcement . . . I can't imagine there being an overwhelming, even significant support for the president's position," he told reporters during a telephone conference call Tuesday.

If the violence continues two years from now, "every one of those Republican senators — and there's 21 of them up for re-election — knows that that is likely to spell his or her doom," Biden said.

Bush has not announced whether he plans to increase the number of troops in Iraq, but administration officials say that option is among several being considered. Also, Bush last week said he wants to expand the size of the Army and Marine Corps to lessen the strain on ground forces.

The move was seen by many military experts as laying the groundwork to announce early next month a planned surge in forces in Iraq.

Military experts and some ground commanders are skeptical that a surge in ground forces could work to settle the violence in Iraq. Those concerns were expressed in a new bipartisan report on Iraq.

"Sustained increases in U.S. troop levels would not solve the fundamental cause of violence in Iraq, which is the absence of national reconciliation," the Iraq Study Group concluded.

But others, including Sen. John McCain, R-Ariz., — another possible presidential contender — and experts at the conservative American Enterprise Institute, say a surge in forces could hold off the insurgency long enough to build up the Iraqi security forces and form a political settlement.

Biden, who will head the Foreign Relations Committee when Democrats take control of Congress next month, said he wants to hear from Rice on Jan. 9. The senator said she has agreed to testify, but only after Bush announces his plan on Iraq.

The president is expected to deliver a speech on Iraq sometime before his State of the Union address on Jan. 23.

Biden said he hopes the hearings will generate bipartisan consensus in Congress that will pressure the president to abandon talk of increasing troop levels in Iraq. There are currently an estimated 140,000 troops in the country.

"Even with the surge of troops, in a city of 6 million people you're talking about a ratio that would still be roughly above one to 100," Biden said of Baghdad. "It's bound to draw down support that we need in other parts of Iraq, including Anbar province."

Biden also said he believes Democrats' political vulnerability on Iraq is limited.

"I think we'll only have to accept responsibility for the war if we remain silent," he said.

Biden said he delivered this message in a recent meeting at the White House, where he told Bush: "Mr. President, this is your war."

The Right Type Of 'Surge' (WP)

By Jack Keane And Frederick W. Kagan
The Washington Post, December 26, 2006

Reports on the Bush administration's efforts to craft a new strategy in Iraq often use the term "surge" but rarely define it. Estimates of the number of troops to be added in Baghdad range from fewer than 10,000 to more than 30,000. Some "surges" would last a few months, others a few years.

We need to cut through the confusion. Bringing security to Baghdad -- the essential precondition for political compromise, national reconciliation and economic development -- is possible only with a surge of at least 30,000 combat troops lasting 18 months or so. Any other option is likely to fail.

The key to the success is to change the military mission -- instead of preparing for transition to Iraqi control, that mission should be to bring security to the Iraqi population. Surges aimed at accelerating the training of Iraqi forces will fail, because rising sectarian violence will destroy Iraq before the new forces can bring it under control.

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Any military strategy must of course be accompanied by a range of diplomatic, political, economic and reconciliation initiatives, but those alone will not contain the violence either. Success in Iraq today requires a well-thought-out military operation aimed at bringing security to the people of Baghdad as quickly as possible -- a traditional counterinsurgency mission.

Of all the "surge" options out there, short ones are the most dangerous. Increasing troop levels in Baghdad for three or six months would virtually ensure defeat. It takes that long for newly arrived soldiers to begin to understand the areas where they operate. Short surges would redeploy them just as they began to be effective.

In addition, a short surge would play into the enemy's hands. Both Sunni insurgents and Shiite militias expect the U.S. presence to fade away over the course of 2007, and they expect any surge to be brief. They will naturally go to ground in the face of a short surge and wait until we have left. They will then attack the civilian population and whatever Iraqi security forces remain, knowing them to be easier targets than U.S. soldiers and Marines. They will work hard to raise the level of sectarian violence in order to prove that our efforts have failed.

We have seen this pattern so many times before that we can be virtually certain the enemy will follow it in the face of a short surge. The only cure is to maintain our presence long enough either to root out the hiding enemy or to defeat him when he becomes impatient. A surge that lasted at least 18 months would achieve that aim. It would also provide time to bring Iraqi forces up to the level needed to fight whatever enemy remains.

The size of the surge matters as much as the length. Baghdad is a large city. Any sound military plan will break the problem of bringing security to the Iraqi capital into manageable parts. But there remains a minimum level of force necessary to make adequate progress in a reasonable time.

U.S. forces working with Iraqi troops can clear neighborhoods fairly quickly. Unfortunately, past endeavors such as Operation Together Forward relied too much on that ability. We sent forces into the city that were large enough to clear a few neighborhoods at a time but not large enough to maintain the security they had established. Any plan for bringing security to Baghdad must include forces for the "hold" phase as well as the "clear" phase.

Clearing and holding the Sunni and mixed Sunni-Shiite neighborhoods in the center of Baghdad, which are the keys to getting the overall levels of violence down, will require around nine American combat brigades (27 battalions, in partnership with Iraqi forces, divided among some 23 districts). Since there are about five brigades in Baghdad now, achieving this level would require a surge of at least four additional combat brigades -- some 20,000 combat troops. Moreover, it would be foolhardy to send precisely as many troops as we think we need. Sound planning requires a reserve of at least one brigade (5,000 soldiers) to respond to unexpected developments. The insurgents have bases beyond Baghdad, especially in Anbar province. Securing Baghdad requires addressing these bases -- a task that would necessitate at least two more Marine regiments (around 7,000 Marines). It is difficult to imagine a responsible plan for getting the violence in and around Baghdad under control that could succeed with fewer than 30,000 combat troops beyond the forces already in Iraq.

It is tempting to imagine that greater use of Iraqi forces could reduce the number of U.S. troops needed for this operation. The temptation must be resisted. We should of course work with the Iraqi government to get as many trained and reliable Iraqi troops as possible into Baghdad, and we should pair our soldiers and Marines with Iraqis as much as we can. But reducing the violence in the Sunni and mixed neighborhoods in Baghdad is the most critical military task the U.S. armed forces face anywhere in the world. We cannot allow that mission to fail simply because some Iraqi units don't show up, aren't at full strength or are less reliable than we had hoped.

The United States faces a dire situation in Iraq because of a history of half-measures. We have always sent "just enough" force to succeed if everything went according to plan. So far nothing has, and there's no reason to believe that it will. Sound military planning doesn't work this way. The only "surge" option that makes sense is both long and large.

Jack Keane is a retired Army general. Frederick W. Kagan is a resident scholar at the American Enterprise Institute.

Bush's New Look On Iraq: Weary (WP)

By David Ignatius

The Washington Post, December 26, 2006

Watching President Bush in recent weeks has become a grim kind of reality TV show. In almost every news conference, speech and photo opportunity, the topic is the same: what to do about the grinding war in Iraq. Bush has let the facade crack open -- admitting that his strategy for victory isn't working -- but then he struggles to rebuild it with new words of confidence.

The stress of the job -- so well hidden for much of the past six years -- has begun to show on Bush's face. He often looks burdened, distracted, haunted by a question that has no good answer. When a photographer captures him at ease, as in a sweet Texas-romance picture of Bush and his wife, Laura, that appeared in People magazine last week, it's as if he has escaped the Iraq sweatbox.

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I grew up in a Washington that was struggling with the nightmare of a failing war in Vietnam. The government officials of that time were people who behaved as if they'd never known failure in their lives. They had the rosy confidence of the chosen -- "the best and the brightest," as David Halberstam put it. But then the war began to grind them down. I see that same meat grinder at work now. Bush and his officials are strong characters; they work hard not to let you see them sweat. But the anguish and exhaustion are there.

Bush is not a man for introspection. That's part of his flinty personality -- the tight, clipped answers and the forced jocularity of the nicknames he gives to reporters and White House aides. That's why this version of reality TV is so poignant: This very private man has begun to talk out loud about the emotional turmoil inside. He is letting it bleed.

Bush opened the emotional curtain at a news conference last week. A reporter noted that Lyndon Johnson hadn't been able to sleep well during the Vietnam War and asked Bush if this was a "painful time" for him. He gave an unexpectedly personal answer: "Most painful aspect of my presidency has been knowing that good men and women have died in combat. I read about it every night. And my heart breaks for a mother or father or husband or wife or son and daughter. It just does. And so when you ask about pain, that's pain."

Bush's "state of denial," as Bob Woodward rightly called it, has officially ended. He actually spoke the words "We're not winning" last week in an interview with The Post, coupling it with the reverse: "We're not losing." But in truth, he cannot abide the possibility that Iraq will not end in victory. So a day after his "not winning" comment, he half took it back, saying: "I believe that we're going to win," and then adding oddly, as if to reassure himself: "I believe that -- and by the way, if I didn't think that, I wouldn't have our troops there. That's what you've got to know. We're going to succeed."

Policy debates in this White House are often described as battles between competing advisers -- Dick Cheney wants this; the Joint Chiefs favor that; Condi Rice favors a third outcome. This kind of analysis implies that Bush isn't really master of his own house, but I think it's a big mistake. The truth is that with this president, the only opinion that finally matters is his own. And he's a stubborn man. Military leaders can tell him it's a mistake to surge troops into Baghdad, but that doesn't mean he will listen.

Bush says he doesn't care what happens now to his poll numbers, and I believe him. He broke through the political barriers a while ago. I sense that, as he anguishes about Iraq, he has in mind the judgment of future historians. He said it plainly in an interview in October with conservative talk show host Bill O'Reilly: "Look, history is interesting. I read three books on George Washington last year. And my opinion is that if they're still analyzing the first president, the 43rd president ought to be doing what he thinks is right. And eventually, historians will come and realize whether . . . the decisions I made made sense."

What makes reality TV gripping is that it's all happening live -- the contestants make their choices under pressure, win or lose. So too with Bush. He is making a vast wager -- of American lives, treasure and the nation's security -- that his judgments about Iraq were right. The Baker-Hamilton report gave him a chance to take some chips off the table, but Bush doesn't seem interested. He is still playing to win. The audience is shouting out advice, but the man under the spotlight knows he will have to make this decision alone.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Iraq Court Upholds Saddam Death Sentence (AP)

By Christopher Torchia

AP, December 27, 2006

Iraq's highest court rejected Saddam Hussein's appeal Tuesday and said the former dictator must be hanged within 30 days for ordering the killing of scores of Shiite Muslims in 1982.

The sentence has already stoked Iraq's sectarian rage, with the Shiite majority demanding Saddam's death and his fellow Sunni Arabs calling the trial tainted.

"From tomorrow, any day could be the day" Saddam is sent to the gallows, the chief judge said. Saddam was condemned to death for his role in the execution of 148 Shiite Muslims from the small northern town of Dujail, after a 1982 assassination attempt.

The decision came on a particularly bloody day in Baghdad, where at least 54 Iraqis died in bombings and police discovered 49 apparent victims of sectarian reprisal killings. Separately, the U.S. military announced the deaths of seven American soldiers.

In upholding the sentence, imposed Nov. 5, the Supreme Court of Appeals also affirmed death sentences for two of his co-defendants, including his half brother. And it said life imprisonment for a third was too lenient and demanded he be given the death penalty, too.

Saddam's hanging "must be implemented within 30 days," said Aref Shahin, chief judge of the appeals court. "From tomorrow, any day could be the day of implementation."

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The White House called the ruling a milestone in Iraq's efforts "to replace the rule of a tyrant with the rule of law."

"Saddam Hussein has received due process and legal rights that he denied the Iraqi people for so long. So this is an important day for the Iraqi people," said deputy White House press secretary Scott Stanzel, who was aboard Air Force One flying from Washington to Waco, Texas.

Some international legal observers, however, called Saddam's trial unfair because of alleged interference by the Shiite-dominated government.

The ruling raised doubts about whether other victims of Saddam's ruthless regime — including families of Kurds gassed in the late 1980s — will ever testify in court about their suffering.

But the announcement delighted Shiites, who endured persecution under Saddam and are eager to remove a symbol of the old regime.

Some Shiites are concerned that insurgents, many of them Sunni Arabs, will try to disrupt or prevent the execution.

"We were looking forward to this day so as to achieve justice, though it comes late," said Ali al-Adeeb, a Shiite lawmaker. "The government should speed up implementing the verdict in order not to give any chance to the terrorists."

Under Iraqi law, the appeals court decision must be ratified by President Jalal Talabani and Iraq's two vice presidents. One of the two deputies is, like Saddam, a Sunni Arab.

Talabani, a Kurd, has said he is opposed to the death penalty. But he previously deputized Vice President Adil Abdul-Mahdi, a Shiite Muslim, to sign execution orders on his behalf.

Abdul-Mahdi has said he would sign a death warrant for Saddam.

The Sunni vice president, Tariq Al-Hashimi, has also pledged to support Saddam's execution as part of a deal that gave him the job last April 22, witnesses at the meeting told The Associated Press in October.

Raed Juhi, a spokesman for the High Tribunal court that convicted Saddam, said the judicial system would ensure Saddam is executed even if the presidency does not ratify the decision.

"We'll implement the verdict by the power of the law," Juhi said.

He did not elaborate on the statement, which implied that Saddam's case might divide the government.

Saddam is being held at Camp Cropper, an American military prison close to Baghdad's airport. The U.S. military has had Saddam Hussein in its custody, on behalf of the Iraqis, since his capture. Military officials, however, were not able to say Tuesday whether the former dictator is being turned over to the Iraqis now, in anticipation of his execution.

It's not clear where the hanging will take place. It might occur at Camp Cropper or, perhaps, at a Baghdad prison where the new Iraqi government has carried out other executions. It's also uncertain if the public or press will be allowed to witness the hanging, or if the execution will be announced only afterward.

Human Rights Watch, an international rights group, said figures in the U.S.-backed Iraqi government had undermined the credibility of Saddam's trial. Those officials publicly criticized a judge early in the case, leading to his resignation.

The rights group also cited other "political interference."

"Imposing the death penalty, which is indefensible in any case, is especially wrong after the unfair proceedings of the Dujail trial," said Richard Dicker, director of the group's International Justice Program.

As an example of Iraqi government interference, Dicker noted Mouwafak al-Rubaie, Iraq's national security adviser, announced the decision of the appeals court before the court itself did.

Al-Rubaie told AP of the decision about an hour before the chief judge announced it.

Shiite residents of Baghdad had no doubts about the fairness of the verdict. "We are very happy," said Riyah Abdul Sattar in Sadr City, a neighborhood where Shiite militias are strong. "We will get rid of him for sure."

There was disappointment, though, in Tikrit, a mostly Sunni Arab city north of Baghdad that lies near Saddam's hometown of Ouja.

"It is a political verdict that has no relation to law or justice," said Saad Ibrahim Khelil. "I do believe it's a kind of pressure against the (Sunni-led) resistance."

The appeals court also upheld death sentences for Barzan Ibrahim, Saddam's half brother and intelligence chief during the Dujail killings, and Awad Hamed al-Bandar, head of Iraq's Revolutionary Court, which issued the death sentences against the Dujail residents.

The court concluded that the life sentence given former vice president Taha Yassin Ramadan was too lenient, and returned his case to the High Tribunal for reconsideration. Ramadan was convicted of premeditated murder.

"We demand that he be sentenced to death," said Shahin, the chief appeals judge.

At his trial, Saddam argued that the Dujail residents who were killed had been convicted in a legitimate Iraqi court for trying to assassinate him.

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Saddam's televised trial was watched throughout Iraq and the Middle East as much for theater as for substance. The fallen dictator was ejected from the courtroom repeatedly for political harangues, and his half brother once showed up in long underwear and sat with his back to the judges.

Three defense lawyers and a witness were murdered during the course of its 39 sessions.

Saddam is currently in the midst of another trial, charged with genocide and other crimes during a 1987-88 military crackdown on Kurds in northern Iraq.

An estimated 180,000 Kurds died during the operation. That trial was adjourned until Jan. 8.

Saddam was captured while hiding in a hole in the ground near his home village north of Baghdad in December 2003, eight months after he fled the capital ahead of advancing American troops. He had a pistol in the hole, but never fired.

Iraqi Court Says Hussein Must Die Within 30 Days (NYT)

By James Glanz

The New York Times, December 27, 2006

BAGHDAD, Dec. 26 — An Iraqi appeals court on Tuesday upheld the death sentence against Saddam Hussein and ruled that the man whose brutal reign began in 1979 and ended with the American-led invasion in 2003 must go to the gallows within 30 days.

It was the court of last resort for Mr. Hussein, who received his death sentence on Nov. 5 from the Iraqi High Tribunal, a court set up specifically to pass judgment on his years in power. No further appeals are possible, and his final legal recourse appears to be a clause in the Iraqi Constitution stating that the Iraqi president must approve all death sentences.

That clause offers Mr. Hussein only the slenderest of hopes. Jalal Talabani, the Iraqi president, has said that he is formally against the death penalty, but he has permitted the hangings of many Iraqis convicted of capital crimes. And the Constitution may be trumped by an article in the charter of the tribunal stating that its sentences may be commuted by no one, not even the president.

The appeals verdict, covering one case involving the execution of 148 men and boys in the northern town of Dujail in 1982, came even as Mr. Hussein was facing trial on charges that he ordered the killing of tens of thousands of Kurds, whose bodies have in some instances been exhumed from grisly mass graves and minutely described in the courtroom.

The decision of the nine-judge appeals court was announced on short notice by the chief judge, Aref Shahen, after another day of the numbing violence that has gradually engulfed this country after the bursts of optimism that followed Mr. Hussein's fall from power in March 2003 and his capture by American forces in December of that year.

Judge Shahen delivered the verdict to a few reporters assembled at the Council of Ministers building within the heavily guarded Green Zone as the rest of the country settled into its nighttime curfew. There were none of the theatrical outbursts contrived by Mr. Hussein to disrupt the trial and the appeal, because he was not present to hear the verdict.

The judge said simply that the appeals court had approved the verdict against Mr. Hussein, who was formally charged with crimes against humanity, and two co-defendants, who had also received death sentences in the Dujail killings, and that they now faced "execution by hanging until death" within 30 days.

The court also approved lesser sentences against three other defendants and the tribunal's acquittal of a fourth, Judge Shahen said. In addition, the court sent the case of one man, Taha Yassin Ramadan, back to the tribunal, saying his life sentence was too lenient "compared to the crimes that were committed."

The entire session, which was televised, took no more than 15 minutes, and after taking a few questions Judge Shahen abruptly rose from his seat and left the room.

Before leaving, the judge left no doubt about where he stood on the issue of constitutional approval of the court's decision. "Nobody is entitled, including the president, to exempt or commute the verdict issued by this court," he said.

"The punishment is mandatory and should be executed within 30 days from the date it was issued," he said.

Hiwa Osman, a media adviser for Mr. Talabani, said shortly after the verdict that the president's office was still studying the decision and had not yet come to a conclusion on whether approval was needed.

"It's a bit too early for us to judge because we are digesting all this new information," Mr. Osman said. "We will wait for the case to come to us through the proper channels as decided by the court."

The decision capped a day of searing violence in Iraq. The police found 41 bodies dumped around Baghdad, apparently the victims of death squad killings, and at least 45 people died in bombings, including a triple car-bombing in the Baghdad neighborhood of Baya.

The American military announced that five more American service members had died as a result of roadside bombs. A single bomb near a patrol northwest of Baghdad killed three soldiers on Tuesday, the military said, and another bomb killed two soldiers southwest of the capital the day before, on Christmas.

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After the Baya bombings, a bus driver, Husam Abdul Wahid, 18, was shivering in a blanket at Yarmouk Hospital after receiving wounds to his abdomen, foot and hand. He said he had been waiting to pick up passengers when he heard a blast to one side of an intersection and rushed, unhurt, with others into nearby shops.

"After a while we came out to see what happened," Mr. Wahid said.

"Another car detonated about 30 meters away," plunging shrapnel into his body, he said.

Reaction to the appeals court verdict appeared to be muted in neighborhoods across Iraq that were occupied with far more immediate concerns. In Kirkuk, where Kurdish and Shiite neighborhoods celebrated the Nov. 5 verdict against Mr. Hussein while Sunni areas protested, the streets were quiet, residents said.

In the heavily Shiite southern city of Basra, the police fanned out across city streets but largely withdrew when little reaction materialized.

And the scene was tense but quiet in Sadr City, the Shiite slum in northwestern Baghdad, as American military vehicles patrolled the outskirts and local militiamen moved along the streets.

Dr. Salem Najim, an ophthalmologist in Basra, noted that Prime Minister Nuri Kamal al-Maliki had made it clear recently that he believed that Mr. Hussein should be executed at the earliest possible date — a pronouncement that many pointed to as evidence of political interference in the trial.

Considering that kind of interference, the result came as little surprise, Mr. Najim said, comparing it to a flavorless meal. "It is like frozen food," he said.

The verdict was criticized by some groups, including Human Rights Watch, which said that it "was imposed after a deeply flawed trial" and recommended that the decision to execute Mr. Hussein be reversed.

A similar view was expressed by Miranda Sissons, leader of the Iraq program at the International Center for Transitional Justice in New York, who said the haste of the appeals court's decision indicated that it could not have been thoroughly considered.

"This judgment is not surprising, but the speed is very troubling," Ms. Sissons said. The verdict in the Dujail case "deserved a careful review process, but the signs today are that that hasn't happened," she said.

Ms. Sissons said it was also unfortunate that a death sentence meant that trials on other suspected crimes would never go forward, denying justice to other victims of Mr. Hussein's brutality.

But at the American Embassy in Baghdad, a spokeswoman, Ginger Cruz, praised the "courageous effort" of the Iraqi judges and others at the tribunal, which she said ensured "that justice prevails for the atrocities Saddam Hussein and his regime committed against the Iraqi people."

Some Iraqis said they feared that when Wednesday dawned and the overnight curfew lifted, the sealing of Mr. Saddam's fate would spark violence. But there was little evidence to support those worries late Tuesday, even in places most prone to those problems.

In Adhamiya, a mostly Sunni neighborhood that might have been expected to protest the decision, the streets were quiet after a particularly horrific afternoon in which a family of five was trapped in a burning car after a bomb exploded.

The father, screaming for help, escaped the car as residents tried to extinguish the flames with blankets and water. But two young children and an infant died with their mother in the fire.

As night fell and the court's verdict was read, there appeared to be little energy left on the streets for much reaction to a legal decision.

Iraqi Court Upholds Hussein's Sentence (WP)

By Sudarsan Raghavan And Nancy Trejos

The Washington Post, December 27, 2006

BAGHDAD, Dec. 26 -- Iraq's highest court upheld Saddam Hussein's death sentence Tuesday, opening the way for the former Iraqi president to be hanged within 30 days, Iraqi judicial officials said.

Officials in the Iraqi government have already begun to address the logistics and security measures for the execution, possibly a closed and secret one, according to sources familiar with the preparations.

Under Iraq's constitution, the execution can proceed only if ratified by President Jalal Talabani and the country's two vice presidents. There was no immediate comment from the three Tuesday.

If they uphold the decision, as many Iraqis expect, Prime Minister Nouri al-Maliki would have 30 days to order Hussein's execution. People close to him said Tuesday he would do so quickly.

Capping a trial that was controversial from the start, the decision split the Iraqi public along the fault lines of sect and history. Shiite Muslims and Kurds, whose groups suffered most under Hussein's rule, generally celebrated. Many of Hussein's

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fellow Sunni Arabs, however, warned that hanging the former president would intensify the current insurgency and sectarian killings.

It remains unclear whether a hanging would be carried out at a pre-announced time, with public observers present. Among several proposals before Maliki is one that calls for Hussein to be executed in secret as early as next week.

His body would then be formally identified by independent observers and the death revealed to the Iraqi public and the rest of the world, according to an official familiar with the proposal. The goal of such an approach would be to reduce retaliatory attacks by Sunnis and other loyalists.

On Tuesday, Iraqi politicians, including some Sunnis, issued calls for a speedy execution, expressing concern that a delay could cause more sectarian bloodshed and division.

"The people who wanted Saddam to be hanged and the people who were defending Saddam both were expecting this verdict," said Mahmoud Othman, a Kurdish lawmaker widely seen as neutral by Sunnis and Shiites. Many people would like the execution to happen quickly, Othman said, "because they're afraid that he might escape from prison. The more it's delayed, the more people will talk about it. It will be a divisive thing in society."

Tuesday's decision came 51 days after Hussein was sentenced to death for crimes against humanity for the killings of 148 Shiite men and boys from the town of Dujail after an assassination attempt there in 1982.

The U.S-backed trial was marred by allegations of bias and by courtroom speeches and outbursts from the defendants. Intended to deliver justice to Iraqis oppressed under Hussein, the proceedings unfolded against a backdrop of escalating sectarian strife that took thousands of lives and widened the gap between Sunnis and Shiites.

Talabani, a Kurd, is firmly against the death penalty. But in past cases he has deputized one of the vice presidents -- Adel Abdel-Mehdi, a Shiite, and Tariq al-Hashemi, a Sunni -- to sign execution orders on his behalf. All three signatures are required for an execution order to be valid.

Some analysts in Baghdad questioned whether Hashemi would endorse the execution. But they also noted that he had recently called on President Bush at the White House.

If the government does not send Hussein to the gallows, the Iraqi High Tribunal's code would ensure his execution by other means, legal experts said.

Several officials close to Maliki, a Shiite, said Tuesday that he plans to proceed with the execution as soon as legally possible. "Definitely," said Sadiq Rikabi, a political adviser to the president. "This is in order to open a new page in the history of the Iraqi people."

The nine-judge appeals court also upheld execution sentences for Barzan Ibrahim, Hussein's half brother, and former judge Awad Haman Bander for their roles in the Dujail killings. The judges also changed the sentence of former vice president Taha Yassin Ramadan from life to death.

"In the name of the good Sunnis, the liberal Sunnis, the patriotic Sunnis, we are happy to hear this decision," said Mithal al-Alousi, an influential Sunni politician. "The people are asking us to make political pressure to execute Saddam immediately. We need to close this file. There's no other way for Iraq to move forward."

Saleh al-Armouti, one of Hussein's lawyers, warned against a hanging. "The region now will be more in flames, and the resistance will increase across the Arab world," he said, speaking by telephone from neighboring Jordan. "His absence will lead to more strife and civil war inside Iraq."

Armouti said that Hussein, who is being held at Camp Cropper, a U.S. military prison near Baghdad airport, had expected the appeals court's decision. "His morale is very high," Armouti said. "He doesn't fear death. His will and his faith are very strong."

International human rights groups criticized the Dujail trial as unfair and improperly run, describing it as a victor's court. Human rights activists said they had hoped the appeals court would carry out a careful and comprehensive legal review and correct what they viewed as major flaws in the conduct of the trial.

"We think, given the unfairness in the proceedings, it would be indefensible to execute Saddam Hussein regardless of the crimes alleged in Dujail in 1982," said Richard Dicker, director of the International Justice Program of New York-based Human Rights Watch.

Dicker criticized the appeals court for reaching a decision so soon after Hussein's attorneys filed an appeal, which they did Dec. 3. He said the former president's defense team did not even receive the written judgment from the trial until weeks after the verdict was pronounced, which delayed their preparation for the appeal. "The whole manner in which this has unfolded suggests a highly politicized, nonjudicial approach to what is such an important case," Dicker said.

Bassam Ridha, who serves as a government liaison to the Iraqi High Tribunal, disputed charges that the government had interfered in the judicial process. "It was a very fair process," Ridha said, adding that the trial met international legal standards. "What we are doing is not a human rights violation. Where were these activists when my people were slaughtered?"

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In Dujail, residents described the decision as bringing them a step nearer the closure they have awaited for nearly 25 years. "Now I feel that there is actually a God up there in Heaven," said Haiyder Hamed, 43, a farmer.

Other residents wondered what the future would bring in a world without Hussein. "Executing Saddam is achieving justice on earth and in heaven," said Hussein Mahmoud, 28, a police officer. "But will executing him bring Iraq as it used to be or will it make Iraq a burnt land?"

In Mosul, college student Sardar Mohamad Hassan, 25, said Hussein should not be executed because he still faces charges of crimes against humanity in at least a dozen other cases.

In the current phase of the trial, Hussein and six co-defendants are accused of orchestrating the killing or wounding of hundreds of thousands of Kurds with poison gas and other weapons during the so-called Anfal campaign of the late 1980s. Hussein is scheduled to return to court on Jan. 8.

Ridha said the Anfal trial would continue even if Hussein is executed and that Kurdish victims would get the justice they seek. "If Saddam Hussein is gone, it doesn't mean all these guys go free," he said.

In the northern city of Tikrit, Hussein's home town, residents reacted angrily to the decision. "We should not pour oil on the fire," said Khairallah Muhammad 45, a merchant. "This verdict is going to be the end to America, and it will be another Vietnam."

At Hannah restaurant in Baghdad's Karrada neighborhood, employees and regular customers crowded around the butcher's table to talk about the possible execution. Each said he had a relative or friend who had been imprisoned or killed by Hussein's government.

Sadiq Esa, 31, said he wants more than to see him executed. "I swear to God, I will kill him with my own hands," he said, sipping a cup of sweet tea at a table covered with raw meat and blood.

Jafar Hani, the 22-year-old butcher, called Hussein a "monster." As he diced and skewered pieces of meat, he said, "The whole world wants him to be put in the center of Baghdad so everyone can see him hang."

Special correspondents Saad al-Izzi, Naseer Nouri, Waleed Saffar, Muhanned Saif Aldin and other Washington Post staff in Iraq contributed to this report.

Saddam To Hang Within 30 Days (USAT)

By Rick Jervis

USA Today, December 27, 2006

BAGHDAD — Iraq's highest court said Tuesday that Saddam Hussein must be hanged within 30 days. The decision generated uncertainty about the timing of an execution and concern over whether his death could spark more violence.

INTERACTIVE GRAPHIC: Saddam's rise and fall

The court rejected an appeal by the former Iraqi dictator, who was convicted and sentenced to death Nov. 5 for ordering the killings of 148 Shiite Muslims in the town of Dujail in 1982.

"From tomorrow, any day could be the day" for the execution, said Aref al-Shahin, the court's chief judge.

The Iraqi government has not announced any details of plans to send Saddam to the gallows. There were no announcements Tuesday of plans for curfews in Baghdad. Curfews would probably be imposed for an event as politically sensitive as Saddam's execution.

The White House called the decision a milestone in Iraq's efforts "to replace the rule of a tyrant with the rule of law."

"Saddam Hussein has received due process and legal rights that he denied the Iraqi people for so long. So this is an important day for the Iraqi people," said deputy White House press secretary Scott Stanzel.

Some, however, such as Human Rights Watch, condemned the sentence as unfair because of alleged interference by the Shiite-dominated government in Saddam's trial.

Under Iraqi law, any death sentence must be certified by the council made up of Iraq's president and two vice presidents. Iraqi President Jalal Talabani, a Kurd, has opposed the death penalty in the past but has also said he would deputize a vice president to sign an execution order on his behalf. Vice President Tariq al-Hashemi, a Sunni like Saddam, might also be reluctant to certify the execution. The other vice president, Adil Abdul-Mahdi, is a Shiite.

Basam Ridha, an adviser to Prime Minister Nouri al-Maliki, said the presidency council cannot delay or alter Saddam's sentence under Iraqi law.

Ridha said Iraqi officials will meet in the next few days to discuss when to send Saddam to hang. "We're anxious to do it as soon as we can," he said. "We want to put an end to it."

A prompt execution would short-circuit an ongoing trial in which Saddam and former top aides are accused of killing tens of thousands in a genocidal campaign against the Kurds in the late 1980s. That trial is in recess until Jan. 8.

Some Iraqi politicians said Saddam's execution would aggravate efforts at a political reconciliation between Iraq's Sunni, Shiite and Kurdish factions - and could intensify the Sunni-led insurgency.

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"Saddam has done so many bad things in this country. There are tens of thousands of victims who would like this man to be killed," said Mahmoud Othman, a leading Kurdish lawmaker. "But at the same time, it may create more rifts for the people." Many Shiite residents of Baghdad were delighted. "We are very happy," said Riyah Abdul Sattar in Sadr City. "We will get rid of him for sure."

But Ala'a al-Sayid, 28, a Shiite government worker, said hanging Saddam "will offer the people nothing. The armed groups in Iraq will use this event for their personal purposes. They will call Saddam a martyr, not because they love him, but for their own gain."

Although Sunnis were the main backers of Saddam's rule, loyalty to Saddam is no longer a main motivation of Sunni insurgents, said Anthony Cordesman, a scholar at the Center for Strategic and International Studies in Washington. Ordinary Iraqis, he said, "are far more concerned about the future, about ethnic and sectarian divisions, about their personal security."

Contributing: Zaid Sabah, Matt Kelley, wire reports

Saddam's Death Sentence Is Upheld (LAT)

By Alexandra Zavis And Molly Hennessy-fiske

The Los Angeles Times, December 27, 2006

BAGHDAD, Iraq — Saddam Hussein's date with the executioner could come any day, after an appeals court upheld the deposed Iraqi leader's death sentence Tuesday, saying he must hang for ordering mass slayings in a Shiite Muslim town in 1982.

The decision, announced at a hastily convened news conference in Baghdad's fortified Green Zone, could fan surging bloodshed between Iraq's ascendant Shiite Muslim majority and a disaffected Sunni Arab minority that had long been favored under Saddam. Government and security officials said they were bracing for more violence when the sentence is carried out but insisted that any surge would be short-lived.

Aref Shahin, chief judge of the appeals panel, said there was no further legal recourse for Saddam, and the Iraqi executive is free to send him to the gallows "any day ... starting from tomorrow." The execution must be carried out within 30 days.

President Jalal Talabani and his two deputies have to sign off on the execution order before it is implemented. Talabani, a Kurd, opposes the death penalty but has in previous cases deputized a vice president to sign on his behalf.

The Iraqi High Tribunal had handed down death sentences against Saddam and two co-defendants Nov. 5 for orchestrating an attack on the Shiite town of Dujail in the wake of a failed assassination plot against him. Hundreds were detained, tortured and forced out of there homes, and more than 100 men and boys were executed after a summary trial.

Under Iraqi law, the verdicts and sentences automatically went for review before a nine-judge appeals chamber.

The White House called the appeals court ruling a milestone in efforts to replace the rule of a tyrant with the rule of law. "Saddam Hussein has received due process and legal rights that he denied the Iraqi people for so long," White House spokesman Scott Stanzel said.

But legal experts said the verdict came too soon, just three weeks after defense attorneys filed lengthy appeals on Saddam's behalf, reinforcing claims the trial was politically tainted.

Some Kurds had also hoped for a delay so Saddam can finish standing trial for a separate 1980s military campaign against the ethnic minority that prosecutors have described as genocide.

"It is not acceptable to finish everything with the Dujail case and leave 180,000 victims with no trial," complained Vian Dizayee, a member of the Kurdish parliament in the northern city of Irbil. Baghdad lawyer Hibba Mansouri predicted government leaders would not postpone Saddam's execution for the sake of the Kurdish trial.

Four other defendants received prison terms ranging from 15 years to life, and one was acquitted at the prosecution's request.

Tribunal spokesman Raed Juhi said the panel deliberated for three days before deciding to uphold the death sentences against Saddam, his half-brother Barzan Ibrahim and intelligence chief, Awad Hamed Bandar.

The judges also concluded that the life sentence against former Vice President Taha Yassin Ramadan was too lenient and referred his case back to the tribunal for the death penalty. They did not alter the lesser sentences.

When the decision was announced on national television, victims' families in Dujail burst into tears and ululations, saying justice would finally be served and calling for a swift execution.

But residents in Saddam's hometown of Tikrit seethed, dismissing the trial as political theater staged by the United States and its Shiite allies in government.

"Implementing the verdict is like driving ... Iraq into hell," said Ismail Mohammed, a 48-year-old teacher. "It is an American verdict and has nothing to do with the will of the Iraqis."

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The announcement, which came as dusk fell, did not provoke any immediate outbursts, but tension was high in some predominantly Sunni areas.

"A lot of blood will follow as consequence of this political verdict," warned Osama Mohammed, a 19-year-old college student in Ramadi, a center of the Sunni-driven insurgency west of Baghdad.

Saleh Mutlaq, leader of the second-largest Sunni political party, said more Iraqis were dying now than under Saddam.

"I feel the government is not qualified to push (a death sentence) under this situation," he said. "I think this verdict is gong to increase the violence and decrease the chance of reconciling."

But the decision delighted Shiites, who were brutally repressed under Saddam.

"We wish to see Saddam hanged on our TV screens," said Sattar Jabar, a 32-year-old contract worker in the southern city of Basra.

Ali Haidari, a 38-year-old journalist who was the first witness at Hussein's trial, watched the announcement on television in the living room where pictures of his seven brothers slain in Saddam's reprisals are lined up on a wall.

Haidari said his 67-year-old mother burst into "happy tears" and started ululating. His 5-year-old daughter, who refers to Saddam as "the dog" when she sees him on television, was jumping on the sofa and singing.

"This was the wish of all the martyrs, the prisoners who suffered during Saddam's regime," he said by telephone.

International reaction was mixed Tuesday. British Prime Minister Tony Blair, a strong ally of the U.S. effort in Iraq, reiterated his opposition to the death penalty, but he said the Iraqi decision "does give us a very clear reminder of the total and barbaric brutality of that regime."

Human rights groups urged the Iraqi government not to implement the sentence after a trial they said was deeply flawed.

The New York-based Human Rights Watch said there were regular failures to disclose key evidence, violations of defendants' rights to confront witnesses and "lapses of judicial demeanor."

Three defense lawyers and a witness were killed during the nine-month trial, which also featured angry showdowns between the judges and Saddam. The former dictator rejected the legitimacy of the court and said he had the right to act against the Dujail victims.

Times staff writers Raheem Salman, Salar Jaff, Mohammed Rasheed and Saif Hameed in Baghdad and Kim Murphy in London and special correspondents in Baghdad, Basra and Tikrit contributed to this report.

Saddam Heads To The Gallows (WSJ)

The Wall Street Journal, December 27, 2006

The decision by Iraq's Court of Appeals to uphold Saddam Hussein's death sentence means that the former Iraqi dictator must, by law, hang within 30 days. If that seems rushed, consider that the victims of the Dujail massacre for which Saddam was convicted have waited nearly a quarter of a century for justice to be done.

The Dujail massacre ranks among the lesser of Saddam's atrocities in the magnitude of death: About 150 Shiites were summarily executed (some of them apparently in human meat grinders) in retaliation for an attempt on Saddam's life. By contrast, the "Anfal" campaign of the late 1980s took the lives of as many as 180,000 Iraqi Kurds. Still, it seems appropriate that the Iraqi government chose to try him first for Dujail, for the sake of example as well as expediency. The very specificity of his crime, and its political motivations so reminiscent of Hitler's revenge against the Czech town of Lidice in World War II, are somehow easier to comprehend than his larger mass murders.

Critics of Saddam's sentence have argued that it is the result of a politicized judicial process, marred by procedural flaws and a conclusion that was foregone. But if anyone is to blame for making a mockery of the proceedings it was Saddam himself, whose repeated outbursts before the court could not disguise that Iraq's new government had given the country something it had never known before: a real trial, methodical and almost fully transparent.

A case can be made that the cause of justice would be most fully served if Saddam were spared the punishment he meted so promiscuously to others. But that determination belongs to the Iraqi people and their elected leaders, so many of whom participated in the trial as victims or the kin of victims. The day Saddam dies will be their judgment day.

Military Deaths In Iraq Exceed 9/11 Toll (AP)

By Larry Mcshane

AP, December 27, 2006

In a span of a few hours, 2,973 people were killed in the Sept. 11, 2001, terrorist attacks. In a span of 45 months, the number of American troops killed in Iraq exceeded that grim toll as the war continues.

The milestone in Iraq came on Christmas, nearly four years after the war began, according to a count by The Associated Press.

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The U.S. military on Tuesday announced the deaths of six more American soldiers, pushing the U.S. military death toll since the beginning of the Iraq war in March 2003 to at least 2,977 — four more than the number killed in the Sept. 11 attacks in New York, Washington and Pennsylvania.

President Bush has said that the Iraq war is part of the United States' post-Sept. 11 approach to threats abroad, and that going on the offense against enemies before they could harm Americans meant removing the Taliban from power in Afghanistan, pursuing members of al-Qaida and seeking regime change in Iraq.

Democratic leaders point out that there has not been any credible evidence linking Iraq to the Sept. 11 attacks and have said the war in Iraq detracted from efforts against al-Qaida and other terrorist groups.

"The president believes that every life is precious and he grieves for each one that is lost," deputy White House press secretary Scott Stanzel said Tuesday. "The hardest decision the president has ever made has been to send our young men and women in uniform into harm's way.

"The president will ensure that their sacrifice was not made in vain."

The 9/11 death toll includes the 2,749 killed at the World Trade Center, 184 at the Pentagon and 40 passengers aboard United Flight 93.

Those killed in Iraq came from across the United States, including more than 50 residents of Alabama, more than 30 from Nebraska and more than 40 from Kentucky.

A number of them enlisted to fight in Iraq, feeling it was a way to battle international terrorism in the wake of the 9/11 attacks.

Jonathan Lootens, from upstate New York, joined the Army, telling family members: "This is something I have to do."

"It did impact him and make him feel like he should serve," his father, Robert Lootens, said Tuesday. "He felt that this was his time."

The 25-year-old sergeant was killed during his second tour of duty when a roadside bomb went off near his vehicle in the city of Kirkuk. His father says more than enough Americans have died in the conflict.

"I want the boys to come home, you know," he said. "Personally, I can't see where we're really accomplishing anything over there anymore."

Marine Lance Cpl. John Edward Hale was only 15 and living in Louisiana when the planes hit the World Trade Center. He joined the Marines last year after high school, and had been in Iraq only three months when he was killed by a roadside bomb.

Michael Glover joined the Marines after his boyhood neighborhood — the Belle Harbor section of Queens — lost several residents in the Sept. 11 attacks. One of his best friends, an equities trader at Cantor Fitzgerald LP, was among those who died at the trade center.

Glover was killed by a sniper while on patrol in Fallujah.

The rising death toll was an emotional reminder of loss for family members of Sept. 11 victims, some who said the war had gone on long enough. Sally Regenhard's son Christian, a firefighter and a Marine, was killed at the trade center on Sept. 11.

"I just would like this war to stop in whatever way we need to," Regenhard said. "I can hardly tolerate it when I see these beautiful people. It reminds me of my son. ... These people are being massacred."

7 U.S. Troops Added To Rising Toll In Iraq (WP)

By Nancy Trejos

The Washington Post, December 27, 2006

BAGHDAD, Dec. 26 -- Seven more American service members have been killed in Iraq, the U.S. military reported Tuesday. It is the second deadliest month of the year for troops.

With five days left in December, 87 service members have died, according to figures provided by the military and news releases of combat deaths. The deadliest month this year was October, when attacks in Baghdad and the western Iraqi province of Anbar killed 105 U.S. troops.

The total number of U.S. military deaths in the Iraq war announced by the Pentagon is 2,961.

Military officials and analysts have attributed the rise in U.S. casualties in recent months to the larger number and greater visibility of American troops in Baghdad, plus the intensity of the Sunni insurgency in Anbar.

"We are continuing to conduct operations. We're doing that aggressively," said Lt. Col. Christopher C. Garver, a U.S. military spokesman. "We are fighting a tough war against a tough enemy, and unfortunately we take casualties."

As 2006 began, there was talk on Capitol Hill of withdrawing some U.S. troops by the end of the year. But rising sectarian violence in Baghdad forced President Bush to instead shift troops from other parts of Iraq to the capital, preventing a withdrawal. With no end to the violence, Bush ends the year with more than 140,000 U.S. troops on the ground in Iraq and faced with the decision of whether to send even more.

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Although much of the focus of the war has shifted to Baghdad, analysts say the battle in Anbar remains just as intense.

"You have had to limit the number of troops deployed in Anbar and deploy more to Baghdad. This makes U.S. forces more vulnerable in Anbar because you're thinner on the ground," Anthony H. Cordesman, an analyst for the Center for Strategic and International Studies, said by phone in Washington. Insurgents have increased the number of attacks "faster than we've been able to make countermeasures effective."

Iraqi civilians have suffered the most casualties in the war. In the latest count available, the U.N. Assistance Mission for Iraq found that the number of civilians killed in Iraq reached a record monthly high of 3,709 in October.

On Tuesday, at least 54 civilians died in car bombings and mortar attacks in the capital and elsewhere, hospital officials told the Associated Press.

Three car bombs exploded simultaneously in Baghdad's mostly Shiite neighborhood of Bayaa, killing 10 people and wounding about 40, the U.S. military said. Abdul Kareem al-Kinani, a spokesman for the Iraqi Interior Ministry, said there were 14 fatalities and 69 injuries.

A car bomb in the mostly Shiite neighborhood of New Baghdad killed six civilians and wounded nine others, according to an Interior Ministry official who spoke on the condition of anonymity because he was not authorized to talk to the media.

Sunnis were also targeted. In the Sunni enclave of Adhamiyah, a car bomb exploded near the Abu Hanifa mosque, killing at least 15 people and wounding 37, according to Iraqi TV reports. The bomb tore through markets and kebab stands during the late afternoon rush, according to Iraqi TV.

In the mixed southern Baghdad neighborhood of Dora, national policemen fought armed groups Tuesday evening, Kinani said. Several mortar rounds also fell on the outskirts of the neighborhood, he said.

Most of the U.S. casualties were also the result of bombs. On Monday, one soldier was killed and two wounded when a roadside bomb exploded near their patrol southwest of Baghdad, the U.S. military said. A roadside bomb killed two soldiers and wounded one southwest of Baghdad while they were conducting operations aimed at preventing insurgents from planting such explosives, the military said.

On Tuesday, a roadside bomb detonated near a patrol as it was clearing a route, killing three soldiers northwest of the capital. Another soldier was injured.

Also on Tuesday, a soldier was killed and two were injured when their vehicle rolled over along a dirt canal trail during a combat reconnaissance mission south of Baghdad.

U.S. Soldiers' Death Toll Climbs In Iraq (AP)

By Lauren Frayer

AP, December 27, 2006

A string of car bombs and other blasts killed at least 54 Iraqis on Tuesday, including 17 outside Baghdad's most venerated Sunni mosque, while U.S. troops battled Shiite militiamen in Baghdad.

Seven more American soldiers died, the U.S. military said, pushing the December death toll to 90 in one of the bloodiest months for the American troops in Iraq this year. Some 105 troops were killed in October.

President Bush is weighing whether to send thousands more troops to Iraq, but a senior Democratic senator, Joseph Biden, said Tuesday he would fight such a move.

In the most lethal incident Tuesday, three parked cars exploded one after another in western Baghdad, police and Iraqi media reported. The blasts killed 25 people and wounded 55, one physician said by telephone, as he watched the victims being carried into Yarmouk hospital.

The doctor, who has provided information in the past, spoke on condition of anonymity because of security concerns.

Perhaps the most politically significant attack came in Azamiyah, a Sunni enclave of Iraq's capital, where a car bomb exploded near the Abu Hanifa mosque, according to Iraqi media.

That blast killed 17 and wounded 35, said a physician at the nearby Nuaman Hospital, who has provided information to the Associated Press in the past. He also asked to remain anonymous out of concern for his safety.

The explosion tore through a busy square at the start of the evening rush hour, when merchants were selling clothing and kebabs. The mosque itself was not damaged, witnesses said.

The mosque is Sunni Islam's holiest shrine in Baghdad, and a regular target of Shiite mortar teams. One person was killed in shelling there last month.

Abu Hanifa, who lived in the 8th century, was one of Islam's most important scholars and founded the Hanafi school of Islamic law, embraced by many Muslim cultures.

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The mosque has long been associated with Sunni activism. U.S. Marines fought a fierce battle there on April 10, 2003, the day after the iconic Saddam Hussein statue fell in central Baghdad. Saddam and one of his sons were believed to be hiding nearby.

U.S. troops, meanwhile, exchanged fire with Shiite militiamen in east Baghdad, near Sadr City, the stronghold of anti-American cleric Muqtada al-Sadr.

An AP reporter embedded with the soldiers watched the Americans set up roadblocks, occupy homes and engage in gun battles with militia fighters across the border of Sadr City.

U.S. troops crouched on rooftops, hiding behind laundry hanging on a clothesline. Bursts of gunfire ricocheted off rudimentary cement houses.

The gunbattles waned as darkness fell. At least six mortars fell on a U.S. military base nearby, but caused no injuries.

Sadr City is believed to be the chief base of operations for al-Sadr's militia, the Mahdi Army.

Pressured by Iraqi politicians in late October, American soldiers dismantled barbed-wire barricades that controlled traffic in and out of the area. Since then they have rarely ventured into the district.

The latest U.S. deaths brought the number of members of the U.S. military killed since the start of the Iraq war in March 2003 to at least 2,978 — five more than the number killed in the Sept. 11 attacks in New York, Washington and Pennsylvania.

Bush has said the Iraq war is part of the United States' post-Sept. 11 approach to threats abroad. Going on the offense against enemies before they could harm Americans meant removing the Taliban from power in Afghanistan, pursuing members of al-Qaida and seeking Saddam's ouster in Iraq, Bush has said.

There has been no direct evidence of links between Saddam's regime and the Sept. 11 attacks. Democratic leaders have said the Bush administration has gotten the U.S. bogged down in Iraq, detracting from efforts against al-Qaida and other terrorist groups.

The AP count of members of the U.S. military killed in Iraq includes at least seven military civilians. Prior to the deaths announced Tuesday, the AP count was 15 higher than the Defense Department's tally, last updated Friday.

At least 2,377 died as a result of hostile action, according to the military's numbers.

Stanzel, the White House spokesman, said Bush grieves for each member of the armed forces who has died. "We will be fighting violent jihadists for the peace and security of the civilized world for many years to come," he said.

While officials say Bush is considering all options in his hunt for a new strategy, the U.S. president is thought to favor a surge of up to 30,000 more American troops .

Biden, the incoming chairman of the Senate Foreign Relations Committee, on Tuesday called that option "the absolute wrong strategy," especially when it came to stabilizing Baghdad.

"Even with the surge of troops, in a city of 6 million people you're talking about a ratio that would still be roughly above one to 100," Biden said.

In another Baghdad attack Tuesday, a bomb hidden in a CD player exploded in a busy market district after a man dropped it off at an electronics repair shop. The bomb killed five people and wounded 14 others, police said.

In Kirkuk, 180 miles north of the Iraqi capital, a roadside bomb killed three civilians — including an 8-year-old girl — and wounded six others, police said.

Police found 49 bodies bearing signs of torture dumped across the country, mostly in Baghdad.

Elsewhere, Jordanian Prime Minister Marouf al-Bakhit said Tuesday that a former Iraqi Cabinet minister who escaped from a Baghdad prison this month had arrived in Jordan on a U.S. plane.

Ayham al-Samaraie, a former minister of electricity with dual U.S. and Iraqi citizenship, was serving time for corruption when he escaped in mid-December.

Lou Fintor, spokesman for the U.S. Embassy in Baghdad, said the U.S. government was not involved in al-Samaraie's escape "in any way."

Car Bombs Strike Iraq's Shopping District (LAT)

By Alexandra Zavis

The Los Angeles Times, December 27, 2006

BAGHDAD, Iraq — Three car bombs exploded within minutes at a west Baghdad intersection jammed with holiday shoppers, one of a series of attacks reported Tuesday that killed at least 97 Iraqis and injured scores.

Three U.S. soldiers also died when a roadside bomb exploded as they were removing explosive devices from a route northwest of the capital, the command said. At least 2,979 U.S. service personnel have been killed since the start of the Iraq war in 2003, according to the Web site icasualties.org.

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Tuesday's bombings took place in a commercial district full of shops and car mechanics, overturning fruit stalls, torching cars and sending thick black smoke into the morning sky. At least 26 people were killed and 54 injured, police said.

Witnesses said the area was full of shoppers preparing for the Eid Athar holiday, which takes place over the New Year's period.

Aqeel Abdul Hadi, a 45-year-old real estate broker, had just stepped out of his car to view a house for sale when the first car bomb exploded behind him.

"We turned and we saw traffic policemen wounded and running from the explosion scene. I froze on the spot," he said, still shaken. "People rushed to evacuate the wounded ... Minutes later the second car bomb went off at the gathering people, killing, burning and wounding them."

Hadi said he saw one man die in front of him. The man's three children were injured.

"They were carrying shopping bags. They were shopping for the New Year," Hadi said. "When I saw this, I took my car and drove away as the third explosion happened."

The attack happened in a religiously mixed area where Shiite Muslim militiamen have been chasing out Sunni residents, part of an ongoing cycle of sectarian violence. Militiamen from the Mahdi Army, loyal to radical Shiite cleric Moqtada al-Sadr, in the past have set up checkpoints at the intersection, residents said.

The first blast caught Jamal Fawaz, a 62-year-old guidance counselor, on his way to a nearby school.

"I took cover behind my car, and then the second and the third explosions took place," he said. "The pressure and the sound of the third explosion was huge."

Fawaz fell to the ground and broke his glasses before scrambling into his car and driving off.

Retaliation appeared to be quick. In the afternoon, a car bomb exploded in a predominantly Sunni neighborhood in west Baghdad, killing 20 people and injuring 35, police said. The vehicle was parked in a lot behind a row of takeaway food outlets near Abu Hanifa, Baghdad's largest Sunni mosque.

Police on Monday recovered the bullet-riddled bodies of 41 unidentified men, some of whom showed signs of abuse, scattered around Baghdad. Another body was found with a single bullet to the head in Kut, 100 miles southeast of the capital, police said.

Four roadside bombs exploded in another coordinated attack on a police patrol in east Baghdad, killing the officer in charge and injuring nine other people, said the Ministry of Interior, which oversees police.

Another bomb tore through the used clothing section of Baghdad's central Bab Al Sharji market, killing five people and injuring 15. The device was hidden in a pile of garbage, police said.

Police said at least two other people were killed in Baghdad, a senior border security official killed by gunmen on his way to work and a civilian killed in an exchange of fire between U.S. forces and the Mahdi Army militia. There was no immediate comment from the U.S. military on that incident.

Mahdi militiamen have taken to the streets in recent days following a series of U.S. raids in areas bordering their eastern Sadr City stronghold in the capital, residents said.

In Kirkuk, 180 miles north of Baghdad, a child was killed and five other people injured when a bomb exploded near a primary school.

Times staff writers Mohammed Rashied in Baghdad and special correspondents in Baghdad, Kirkuk and Hilla contributed to this report.

Backlash After UK Forces Hit Basra Police Station (FT)

By Steve Negus

Financial Times, December 27, 2006

The British military's demolition of a Basra police station that they claim was used as a base for death squads has caused a political backlash, creating possible complications for the British campaign to purge the southern port city's notoriously corrupt police force.

However, in an environment where militias, criminal gangs, political parties and factions within the police force all overlap in a patchwork of often competing alliances, it is difficult to tell exactly how widespread is the opposition to the British move against what they called a rogue police unit.

Several local leaders, including the head of the city council and a Basra police commander, have condemned Monday's raid. Mohammed al-Ibadi, provincial council chairman, said the council had decided to cut off ties with British forces pending an explanation of why they destroyed an "Iraq government building flying the Iraqi flag" and removed detainees he described as suspected terrorists.

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But a British military spokesman said it was unaware of any boycott by the full council, and some local officials including the governor offered their support for the operation, which involved Iraqi as well as British forces.

Over 1,000 British troops participated in the raid that culminated in the demolition of the Jamiat police station.

A British spokesman said 127 prisoners were discovered in the basement, some of them with their kneecaps shot off, their hands or feet crushed, or with cigarette or electrical burns.

He said the police station was a base of a criminal gang associated with the local Serious Crimes Unit, which had access to weaponry, vehicles and police intelligence used in death squad activity. He said the gang might have targeted competitors, as well as "anyone they did not like the look of or [who] had crossed them in some way".

British officials also say that the unit was associated with the capture of two British soldiers in September 2005, which precipitated a raid on Jamiat station to free them. It was also said to be involved in the abduction and murder of 17 police employees in October.

Basra citizens frequently complain about their police force, which many say is the product of a local authority that is fractured between several large Shia Islamist factions, including the Fadila party, the radical Sadrist movement, and the Supreme Council for Islamic Revolution in Iraq, plus a handful of smaller ones.

In the absence of clear dominance by one faction or the other, each has cultivated its allies within the police force.

Last summer, in response to a surge in violence, Nouri al-Maliki, prime minister, deployed the army on the streets and formed a special security committee to tackle the port city's anarchy – a move opposed by some local politicians.

Some citizens have praised Mr Maliki for taking a firm hand against local corruption. Militias such as the Mahdi Army, however, are believed to have strong roots in the city's extensive slums, where many people reportedly blame the British for the lack of any im- provements in their conditions over the past three years.

At least twice in the past the Basra provincial council has promised to cut off relations with British forces, but such boycotts have been relatively short-lived.

Basra Raid Sends Message (LAT)

The Los Angeles Times, December 27, 2006

IN RAIDING AND DESTROYING an Iraqi police station where crimes were said to be committed, not solved, British forces sent an important message to Iraqi Prime Minister Nouri Maliki: Torturers and murderers must be rooted out even when they act under color of the law, and even when reining them in offends political sensitivities.

The Christmas Day assault on the so-called Serious Crimes Unit in Basra by more than 1,000 British and Iraqi troops freed 127 prisoners, many of whom showed signs of torture. The headquarters long had been suspected of being infiltrated by death squads linked to tribal rivalries and organized crime. A British officer described the British-led operation as "part of a long-term rehabilitation of the Iraqi police service."

The assault followed a raid earlier this month in Basra during which British and Danish forces detained five tribal leaders with ties to Shiite militias. With Britain expected to reduce its 7,000-member force in Iraq next year, British forces have been trying to weaken rogue forces in Basra, for which they have security responsibilities.

Although Iraqi military officials obviously signed off on the British plan, some local officials complained that they weren't consulted and that the operation amounted to overkill. The complaint is misplaced. If, as the British say, the station was the scene of atrocities and impending executions, the officials themselves were remiss. They can't reasonably complain about a show of force designed to save lives and stop torture.

The question is whether the Iraqi government, which has troubling ties to Shiite militias, will do more than acquiesce in operations such as this. On Oct. 31, the Maliki government ordered the U.S. to remove checkpoints outside Sadr City, the stronghold of radical Shiite cleric Muqtada Sadr — checkpoints that were set up to help find a captured U.S. solider. No wonder U.S. national security advisor Stephen J. Hadley, in a now-famous memo, questioned whether Maliki "is both willing and able to rise above the sectarian agendas being promoted by others."

Whether or not President Bush approves a temporary "surge" of U.S. troops to help stabilize Baghdad, the president's benchmark of success — an Iraq that can "govern itself, sustain itself and defend itself" — ultimately will depend on a willingness by Maliki and his successors to establish one rule of law in Iraq. The British and, yes, the Americans, won't be there forever.

On A Mission In A Hard Place (WP)

The Washington Post, December 27, 2006

RAMADI, Iraq --

The soldiers of Combat Outpost Iron set out to help one Ramadi neighborhood get back to normal. The troops tried to learn local tribal politics. Passed out Beanie Babies. Drank tea. Attempted Arabic.

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Lt. Brian Braithwaite said he truly felt they were making a difference.

Then in early November, Braithwaite's Bradley Fighting Vehicle hit a roadside bomb filled with gasoline, setting his gunner on fire. In the muffled intensity of pulling his friend to safety, Braithwaite said he heard sounds coming from the homes of the people they were trying to help. Laughing. Cheering. Celebrating his friend's near-death.

Braithwaite's unit, the 1st Battalion, 36th Infantry Regiment, has been in the capital of western Iraq's Anbar province since June. Most of the guys here can remember the moment when their frustration killed their empathy. When they no longer felt guilty about knocking down doors. No longer cared to hand out candy.

"Hearts and minds," the soldiers shrug. They joke like this often. The few Iraqis still living in Ramadi have had their homes raided and streets patrolled for three years now. Every time a window is broken, a bedroom is trashed or husbands are questioned, the glares become harsher. Compliance with U.S. troops turns to hatred.

They are only trying to get the people who lay roadside bombs and find the material used to produce them. No other goal is ever mentioned.

Roadside bombs have become too powerful for the troops to feel safe in Bradleys or tanks. Patrols are almost all on foot. This day, they walk through the garbage dump, once a farmer's field. A plank takes them across sewage, and they head toward the first house.

Bracing the weight of their gear, they run with bent knees. They hop the walls that separate the houses to avoid the streets. Roadside bombs -- a soldier lost both legs to one while crossing the intersection here a few days earlier. The ladder they carry is worthless. So they tear many of the walls down. Home to home. It takes time. They are slow.

In their first few months in Iraq, mind-numbing boredom created an itch for action. They went out to dare fire. But now they feel done, as one medic puts it. They heft on full combat gear just to step outside to relieve themselves.

Many seem to have lost their taste for TV. It shows them the news of Iraq -- which is all about the fighting in Baghdad these days. Not much is mentioned of Ramadi.

Iraqi Fugitive With Chicago Connections Surfaces In Jordan (CHIT)

By Aamer Madhani

Chicago Tribune, December 27, 2006

A Chicago-area engineer who has been on the lam since escaping last week from an Iraqi jail where he was being held on corruption charges has surfaced in Jordan.

Speaking to reporters Tuesday in the Jordanian capital, Prime Minister Marouf al-Bakhit said Aiham Alsammarae "arrived in Amman as an American and on an American plane," according to The Associated Press. Al-Bakhit did not say exactly when the Oak Brook engineer arrived in Jordan or elaborate on the escape. It also was unclear whether the plane the prime minister spoke of belonged to the U.S. military or was a private aircraft.

Lou Fintor, a spokesman for the U.S. Embassy in Baghdad, vigorously denied any U.S. government involvement in transporting the former Iraqi electricity minister out of Iraq. Alsammarae escaped Dec. 17 from the Baghdad jail inside the sprawling compound that houses the U.S. Embassy and the Iraqi government. Alsammarae said he fled with the help of a "multinational" group.

"We unequivocally deny the U.S. government assisted in any transportation of Mr. Alsammarae out of Iraq," Fintor said in a telephone interview from Baghdad.

Al-Bakhit added that the Iraqi government had not requested the extradition of Alsammarae, who said in a telephone interview with the Tribune last week that he planned to return to Chicago after the new year. Alsammarae, 55, a secular Sunni, also maintained his innocence and said he fled because he feared he would be killed if he remained in the custody of the Shiite-dominated Interior Ministry forces.

In the interview with the Tribune, he would not reveal where he was other than to say that he was in "a very safe place."

U.S. officials in Baghdad and Washington, who could face the difficulty of balancing respect for Iraq's judicial system and sovereignty against concerns over a U.S. citizen's safety, have declined to say how they would respond if Alsammarae were to turn up in the United States.

But on Tuesday, a State Department spokeswoman went as far as to say that the U.S. government "supports the Iraqi government's effort to resolve the matter." She did not go into details about whether the U.S. would cooperate if Iraq calls for Alsammarae's extradition.

Dania Alsammarae, the daughter of the former electricity minister, said she has spoken with her father daily since his escape but he never has told her or other family members where he is or what he has been doing since fleeing Iraq.

"My dad wouldn't tell us any details but has been calling regularly to let us know that he continues to be safe," said the daughter, who lives in Dublin. "If the prime minister of Jordan is saying he is there, then I believe it to be true."

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Alsammarae, who served as the electricity minister under the first Iraqi government following the fall of Saddam Hussein's regime, was found guilty in October on one count of corruption, but that charge was overturned earlier this month. He still faced at least five more corruption-related charges at the time of his escape, according to Iraqi authorities.

Alsammarae and his wife, Amira, moved to Chicago in 1976 to study for advanced degrees at the Illinois Institute of Technology. They had planned to return to Iraq but ended up staying permanently after Hussein consolidated power over the Iraqi government in 1979.

Alsammarae, who holds dual U.S.-Iraqi citizenship, opened an engineering firm in west suburban Downers Grove. He returned to Iraq after the fall of Hussein's regime and was selected by the top U.S. occupation administrator, Paul Bremer, to serve as the country's electricity minister.

US Says Captured Iranians Can Be Linked To Attacks (NYT)

By Sabrina Tavernise

The New York Times, December 27, 2006

BAGHDAD, Dec. 26 — The American military said Tuesday that it had credible evidence linking Iranians and their Iraqi associates, detained here in raids last week, to criminal activities, including attacks against American forces. Evidence also emerged that some of the detainees were involved in shipments of weapons to illegal armed groups in Iraq.

In its first official confirmation of last week's raids, the military said it had confiscated maps, videos, photographs and documents in one of the raids on a site in Baghdad. The military confirmed the arrests of five Iranians, and said that three of them had since been released.

The Bush administration has described the two Iranians still being held late Tuesday night as senior military officials. Maj. Gen. William Caldwell IV, the chief spokesman for the American command, said that the military, in the raid, had "gathered specific intelligence from highly credible sources that linked individuals and locations with criminal activities against Iraqi civilians, security forces and coalition force personnel."

General Caldwell made his remarks by e-mail in response to a query about the raids, first reported Monday in The New York Times. "Some of that specific intelligence," he said via e-mail, "dealt explicitly with force-protection issues, including attacks on MNF-I forces."

MNF-I stands for Multinational Force-Iraq, the official name of the American-led foreign forces there.

American officials have long said that the Iranian government interferes in Iraq, but the arrests, in the compound of one of Iraq's most powerful Shiite political leaders, were the first since the American invasion in which officials were offering evidence of the link.

The raids threaten to upset the delicate balance of the three-way relationship between the United States, Iran and Iraq. The Iraqi government has made extensive efforts to engage Iran in security matters in recent months, and the arrests of the Iranians could scuttle those efforts.

Some Iraqis questioned the timing of the arrests, suggesting that the Bush administration had political motives. The arrests came just days before the United Nations Security Council passed a resolution imposing sanctions against Iran for its refusal to suspend uranium enrichment.

The Bush administration has rejected pressure to open talks with Iran on Iraq.

The Iraqi government has kept silent on the arrests, but Tuesday night officials spoke of intense behind-the-scenes negotiations by Iraq's government and its fractured political elite over how to handle the situation.

Iraq's president, Jalal Talabani, had invited the two Iranians during his visit to Tehran, his spokesman said on Sunday, but by Tuesday, some Iraqi officials began to question if Mr. Talabani had in fact made the invitation. His office was unavailable for comment Tuesday night.

"We know when they caught them they were doing something," said one Iraqi official, who added that the Iranians did not appear to have formally registered with the government.

Some political leaders speculated that the arrests were intended to derail efforts by Iraqis to deal with Iran on their own by making Iraqis look weak.

But the military seemed sure of what and whom it had found.

At about 7 p.m. on Wednesday, the military stopped a car in Baghdad and detained four people — three Iranians and an Iraqi. The military released two of them on Friday and the other two on Sunday night, General Caldwell said. The Iranian Embassy confirmed the releases.

But the more significant raid came in predawn hours of the next morning, when American forces raided a second location, the general said. The military described it as "a site in Baghdad," but declined to release further details about the location.

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Iraqi leaders said last week that the site was the compound of Abdul Aziz al-Hakim, one of Iraq's most powerful Shiite political leaders, who met with President Bush in Washington three weeks ago. A spokesman for Mr. Hakim said he had not heard of a raid on the compound.

A careful reading of General Caldwell's statement makes it clear, however, that the location itself was of central importance. The military gathered "specific intelligence from highly credible sources that linked individuals and locations with criminal activities," it said. The crimes were against Iraqi civilians, security forces and Americans.

In that raid, American forces detained 10 men, 2 of them Iranians. They seized documents, maps, photographs and videos, at the location, the military said. The military declined to say precisely what the items showed, nor did it specify if the Iranians themselves were suspected of attacking Americans, or if the Iraqis arrested with them were suspected, or both.

Some Iraqis questioned the American motives, saying that the operation seemed aimed at embarrassing Mr. Hakim, the driving force behind a new political grouping backed by the United States to distance militants from the political process.

One Iraqi politician suggested that the tip for the raid had come from a source within Mr. Hakim's own party, known by the acronym Sciri, in an effort to weaken or unseat him.

However it was led there, the military said it had found evidence of wrongdoing. By questioning the detainees and investigating the materials, the military found evidence that connected some of those detained "to weapons shipments to armed groups in Iraq," General Caldwell said.

The military did not specify the types of weapons.

The allegation, if true, would mark the first time since the American invasion that Iranian military officials were discovered in the act of planning military action inside Iraq. American officials have long accused them of supplying arms and money from Iran, but never of traveling to Iraq and actively taking part in plotting violent acts here.

American officials accused Iran of designing and shipping new powerful, armor-piercing bombs to Iraq as early as summer 2005.

American officials have on occasion offered evidence of Iranian involvement: A weapons shipment bearing serial numbers believed to belong to an official Iranian manufacturer was intercepted last year. The most recent allegations, if true, would appear to draw a line back to Tehran more directly than ever.

General Caldwell said that the detainees were still in American custody and that the military was "engaged in ongoing discussions with the government," about their status. An official in the Iranian embassy in Baghdad said its diplomats had tried to see the detainees but were not allowed to, a refusal that violated international rules, the official said.

Iran Is Seeking More Influence In Afghanistan (NYT)

By David Rohde

The New York Times, December 27, 2006

ISLAM QALA, Afghanistan — Two years ago, foreign engineers built a new highway through the desert of western Afghanistan, past this ancient trading post and on to the outside world. Nearby, they strung a high-voltage power line and laid a fiber-optic cable, marked with red posts, that provides telephone and Internet access to the region.

The modernization comes with a message. Every 5 to 10 miles, road signs offer quotations from the Koran. "Forgive us, God," declares one. "God is clear to everyone," says another. A graceful mosque rises roadside, with a green glass dome and Koranic inscriptions in blue tile. The style is unmistakably Iranian.

All of this is fruit of Iran's drive to become a bigger player in Afghanistan, as it exploits new opportunities to spread its influence and ideas farther across the Middle East.

The rise of Hezbollah, with Iran's support, has demonstrated the extent of Tehran's sway in Lebanon, and the American toppling of Saddam Hussein has allowed it to expand its influence in Iraq. Iran has been making inroads into Afghanistan, as well. During the tumultuous 1980s and '90s, Iran shipped money and arms to groups fighting first the Soviet occupation and later the Taliban government. But since the United States and its allies ousted the Taliban in 2001, Iran has taken advantage of the central government's weakness to pursue a more nuanced strategy: part reconstruction, part education and part propaganda.

Iran has distributed its largess, more than $200 million in all, mostly here in the west but also in the capital, Kabul. It has set up border posts against the heroin trade, and next year will begin work on new road and construction projects and a rail line linking the countries. In Kabul, its projects include a new medical center and a water testing laboratory.

Iran's ambassador, Muhammad Reza Bahrami, portrayed his government's activities as neighborly good works, with a certain self-interest. Iran, he said, is eager to avoid repeating the calamities of the last 20 years, when two million Afghan refugees streamed over the border.

"Our strategy in Afghanistan is based on security, stability and developing a strong central government," he said. "It not only benefits the Afghan people, it's in our national interest."

Still, there are indications of other motives. Iranian radio stations are broadcasting anti-American propaganda into Afghanistan. Moderate Shiite leaders in Afghanistan say Tehran is funneling money to conservative Shiite religious schools and former warlords with longstanding ties to Iranian intelligence agencies.

And as the dispute over Iran's nuclear program has escalated [leading the United Nations Security Council to impose sanctions on Iran on Dec. 23], Iranian intelligence activity has increased across Afghanistan, American and Afghan officials say. This has included not just surveillance and information collection but the recruitment of a network of pro-Iranian operatives who could attack American targets in Afghanistan. [On Dec. 20 in London, British officials charged the interpreter for NATO's commanding general in Afghanistan with passing secrets to Iran.]

Discerning Iranian motives is notoriously difficult. Government factions often have competing agendas. Even so, the question of Iran's intentions in Afghanistan has come under a microscope in recent weeks amid debate in Washington over whether the United States should begin dealing with Tehran as part of a possible solution in Iraq. Some American officials have suggested that Iran's seeming cooperation in Afghanistan may be something of a model for Iraq.

So far, even as it declines to talk with the Iranians about Iraq, the Bush administration has adopted a posture of uneasy detente over Afghanistan. American officials say that they are watching closely, and no evidence has emerged of recent arms shipments to Iranian proxies, as there have been in Iraq, or of other efforts to destabilize the country. Iran's Shiite leaders appear to be maintaining their historic opposition to the Sunni Taliban, who consider Shiites heretics. Iran, they also say, is failing to gain popular support among Afghans, 80 percent of whom are Sunni Muslims.

Of far greater concern, according to American, European and Afghan officials, is Pakistan, America's ostensible ally against terrorism. They say the Pakistanis have allowed the Taliban to create a virtual ministate and staging base for suicide attacks just across Afghanistan's eastern border. Suicide attacks have quintupled, from 23 in 2005 to 115 this year, killing more than 200 Afghan civilians.

[It is too early to know if the Bush administration's position will be at all affected by the latest source of tension between Washington and Tehran — the American arrests of several Iranians in Baghdad on Dec. 20 and 21 on suspicion of conducting attacks on Iraqi security forces.]

Western diplomats say that Iran's goals in Afghanistan are to hasten the withdrawal of American troops, prevent the Taliban from regaining power and keep the Afghan west firmly under Tehran's sway.

"Keep this area stable, but make it friendly for them," said a senior European diplomat in western Afghanistan. "Make it difficult for outsiders to operate here."

Afghanistan, analysts say, is one example of the way Iran is increasingly spending its oil money in a variety of countries to realize its self-image as an ascendant regional power. One Western official said that by focusing on high-profile construction projects, diplomacy and public relations, Iran was, in effect, employing American cold-war tactics to increase its soft power in the region.

In Iraq, that means not just financing an array of Shiite political parties and militias; the Iranian ambassador in Baghdad, Hassan Kazemi-Qomi, said Tehran was already providing power and planned to build three hospitals and set up a $1 billion loan fund for Iraqi businesses. Similarly, Iran gave Hezbollah not just weapons and training but also the money for roads, schools and social services that made it the de facto government in southern Lebanon. Iran has a strong and growing presence in Syria, too.

Iranian officials cast themselves as a counterweight to the United States, which they say has mishandled opportunities to stabilize both Afghanistan and Iraq.

"U.S. policies, particularly under the current administration, have created a huge amount of resentment around the world," said a senior Iranian official, who requested anonymity because he was not authorized to comment publicly. "I'm not saying Iran is gaining power all over the world. I'm saying the U.S. is losing it fast."

A History of Intervention

Afghanistan, a fragile mosaic of ethnic and religious groups, has long been susceptible to intervention from more powerful neighbors. As the world's largest predominantly Shiite country, Iran is the traditional foreign backer of Afghanistan's Shiites, roughly 20 percent of the country's population.

During the anti-Soviet jihad of the 1980s, Iranian Revolutionary Guards financed and trained fundamentalist Shiite militias, as well as Sunni fighters. In the civil war after the Russian withdrawal in 1989, Iran became a patron of the Northern Alliance, while Pakistan supported the ultimately victorious Taliban.

When the Taliban were ousted in 2001, Iran promised to help stabilize Afghanistan. In Germany that December, it was Iranian diplomats who stepped in to save foundering talks to form a new Afghan government, persuading the Northern Alliance to accept the agreement. Soon after, Iran pledged $560 million in aid and loans to Afghanistan over five years, a "startling" amount for a nonindustrialized nation, according to James Dobbins, the senior American envoy to Afghanistan at the time.

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A week later, President Bush situated Iran on the "axis of evil." But even as they assailed that characterization, Mr. Dobbins said, Iranian officials privately offered to train Afghan soldiers. The Bush administration rejected the offer.

Today, the American reconstruction effort dwarfs Iran's. The United States has spent a total of $4.5 billion since 2001, according to Afghan officials. But while the United States has built more than 1,000 schools, government buildings and clinics, and paved more than 730 miles of roads, a 2005 government audit found that reconstruction had been slowed by inconsistent financing, staff shortages and poor oversight. Amid rising Taliban attacks and public perception of corruption in the government of President Hamid Karzai, recent polls show optimism declining across the country.

Iranian officials said they had focused on roads and power as a quick way to strengthen Afghanistan's economy. A major project has involved upgrading roads linking Afghanistan with the Iranian port of Chabahar, on the Gulf of Oman.

In many ways, Muhammad Reza Dabbaghi embodies Iran's new approach in Afghanistan. Mr. Dabbaghi, a 46-year-old engineer, is the top executive here for the Iranian company that built the new 70-mile highway linking western Afghanistan to Iran two years ago, is paving much of the northwestern city of Herat and hopes to build the new railway, all with Iranian government financing.

As his staff served sweet cookies from southeastern Iran, he handed over a glossy color brochure and CD-ROM touting his company's work. Mr. Dabbaghi, a fastidious man in a stylish blazer and slacks, said his company was trying to work in neighboring countries, but he complained that the United States was spreading "mass propaganda," lobbying governments not to hire Iranian companies, especially in Afghanistan.

In Kabul, American contractors, advisers and aid projects clearly dominate the city, but Iran is there, too. In addition to a handful of Iranian advisers at government ministries, Iranian experts have trained more than 1,200 Afghan teachers, librarians and diplomats.

Last year, the Iranian Embassy opened the Iranian Corner, a room in Kabul University's main library filled with computers, books and magazines promoting Iran's ancient culture and modern achievements. Librarians say it is more popular than the adjoining American Corner, sponsored by the United States Embassy, primarily because it has a better Internet connection. Unlike in Iran, where the government blocks thousands of Web sites, the Iranian Corner offers open Internet access.

Afghanistan's economic reliance on Iran has increased in another way, as Taliban attacks have slowed the economy. Each morning, hundreds of Afghan men line up outside the Iranian missions in Herat and Kabul for visas to work in Iran. Iranian officials said they expected to issue up to 450,000 visas to Afghans this year, nearly twice the 250,000 issued in 2005.

Signs of Influence

In the murky world of western Afghanistan, centuries of Iranian influence have left many local people with a perception of Iran as all-powerful nemesis. Many said their lives would be in danger if they publicly criticized Iran or its Afghan proxies. Behind every suspicious event in the Afghan west, they contend, lies an Iranian hand.

Such accounts are clearly exaggerated. Still, Western and Afghan officials say that, beyond its much-trumpeted reconstruction program, Iran is also engaging in a range of activities it is less eager to publicize.

Qari Ahmad Ali, a Shiite commander once backed by Iran, said that since 2001, his former patrons had funneled millions of dollars to Shiite religious schools and charities in western Afghanistan. He said the Sadaqia Madrasa, one of the largest Shiite religious schools in Herat, was at the center of an effort to spread Shiite fundamentalism.

"Iran does not have military activities," Mr. Ali said. "They have political and social activities."

Muhammad Siddique Tawakulay, the Sadaqia school's cultural director, said it received no assistance from Iran. "We are saying the truth and the facts," he said, before giving a tour of the school. But a second, unsupervised tour produced evidence of Iranian influence.

In a small ground-floor room, photos of Ayatollah Ruhollah Khomeini, the leader of the Iranian revolution, were for sale. The main library had two dozen books published in Iran that criticized Israel and the United States. One, "Dark Star," had a photo of a Hasidic Jew with a star of David burning ominously on its cover. A religious magazine printed in Iran assailed the United States for supporting Israel's attacks on Lebanon last summer.

Shopkeepers said that during the Lebanon fighting, madrasa officials distributed posters praising Hezbollah. One of them, still hanging in a local shop, featured photographs of dead Lebanese children and a heroic image of the Hezbollah leader, Sheik Hassan Nasrallah.

A senior Afghan intelligence official said that Radio Mashhad, a state-run station in northeastern Iran's largest city, broadcast anti-American messages over the border.

"Iran is providing a lot of assistance for religious and cultural activities in Afghanistan," said the official, who spoke on condition of anonymity because of the secret nature of his work. "That is the easy way to build influence."

Moderate Shiites agreed. "We worry about the situation," said Abbas Noyan, a Shiite member of Parliament. "Right now, the Iranians have a strong hand."

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In interviews, three Shiite officials said new religious schools were being built with Iranian money. They also said that more Afghans were celebrating formerly obscure Shiite religious holidays.

Iran's influence appeared to wane two years ago, after the United States doubled aid to Afghanistan and removed Ismail Khan, the governor of Herat and a powerful Iranian-backed warlord who dominated the west.

Since then, though, American troops have turned responsibility for Herat over to the Italians, and this year, the United States cut aid to Afghanistan by 30 percent. Iran, meanwhile, has kept its aid money flowing steadily and continued to back its proxies in the region, according to a Western diplomat.

The last known example of Iranian weapons shipments came in late 2004, when Tehran provided weapons and training to a junior commander loyal to Mr. Khan. Since then, the commander is suspected of having orchestrated a bombing and other incidents to pressure the Afghan government into reinstating Mr. Khan.

In February, Herat experienced its first religious violence in decades. Six people were killed as Sunnis and Shiites staged gun battles on city streets, according to religious leaders. Some local officials blamed Mr. Khan's protégé for fomenting the violence. Others attributed it to rising grass-roots Sunni-Shiite tensions.

As in Iraq, the American-backed effort to build a democracy has fostered a Shiite revival here. Shiites now serve as governors in 4 of 34 provinces, including Herat. Hard-line Sunnis in Herat said they chafed at being ruled by Shiites, blamed Iran for the Shiite rise and expected more violence.

In Kabul, though, Afghan government officials, desperate for aid, say they have decided to trust Iran's intentions.

"History may prove that overly optimistic," said Jawed Ludin, President Karzai's chief of staff. "But it is in our interests today to trust our Iranian neighbors and expect the same in return."

Afghan Heroin Supply Surges In U.S. (CHIT)

By Garrett Therolf

Chicago Tribune, December 26, 2006

LOS ANGELES -- The amount of high-quality heroin in America is surging because of an increasing supply from Afghanistan, and with it the fear that record-breaking poppy harvests after the U.S. invasion are fueling more addictions and overdose deaths back home.

According to a Drug Enforcement Administration report obtained by the Los Angeles Times, Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States. Its share of the U.S. market doubled from 7 percent in 2001, the year U.S. forces overthrew the Taliban, to 14 percent in 2004, the latest year studied.

Another DEA report, released in October, said the 14 percent actually could be significantly higher.

Not only is more heroin being produced from Afghan poppies coming into the United States, it is also the purest in the world, according to the DEA's National Drug Intelligence Center.

Despite the agency's own reports, a DEA spokesman denied that increased quantities of heroin were reaching the United States from Afghanistan.

"We are not seeing a nationwide spike in Afghanistan-based heroin," Garrison Courtney wrote in an e-mail to the Times.

He said in an interview that the report that showed the growth of Afghanistan's U.S. market share was one of many sources the agency used to evaluate drug trends. He refused to provide a copy of DEA reports that could provide an explanation.

The agency declined to give the Times the report on the doubling of Afghan heroin into the U.S. A copy was provided by the office of Sen. Dianne Feinstein (D-Calif.), a member of the Senate Caucus on International Narcotics Control.

The impact is being felt in Feinstein's home state. Heroin-related deaths in Los Angeles County soared from 137 in 2002 to 282 in 2004 before dropping to 239 in 2005, still a jump of nearly 75 percent in three years, a period when other factors contributing to overdose deaths remained unchanged, experts said.

The jump in deaths was especially prevalent among users older than 40, who lack the resilience to recover from an overdose of unexpectedly strong heroin, according to a study by the county's Office of Health Assessment and Epidemiology.

"The rise of heroin from Afghanistan is our biggest rising threat in the fight against narcotics," said Orange County sheriff's spokesman Jim Amormino. "We are seeing more seizures and more overdoses."

While Afghan heroin is having an increasing impact in the United States, police say they have seen almost none of it sold in Chicago.

Most of the heroin in Chicago comes in a light brown powder form produced in Colombia and Mexico and trafficked to Chicago from Mexico cartels, especially through the state of Durango.

Although most Afghan heroin in the U.S. is moved through Mexican channels as well, it is dealt mostly west of the Mississippi River, said a member of the Chicago Police Department's heroin task force, who asked not to be identified.

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The potent Afghan heroin, which the DEA says sells for about $90 a gram in southern California, has prompted warnings from some officials who deal with addicts that they reduce the amount of the drug they use. Many addicts seeking the most euphoric high employ a dangerous calculation to gauge how much of the drug they can consume without overdosing. An unexpectedly powerful bundle of heroin, therefore, can be deadly.

"I tell people, 'If you're using it, only use half or three-quarters of what you used to,' because of the higher potency," said Orlando Ward, director of public affairs at the Midnight Mission on Los Angeles' Skid Row.

Health workers in boutique rehab centers and health clinics for the homeless say increasing numbers of clients are addicted to more powerful heroin.

"My patients say it's more available and cheaper," said Michael Lowenstein, a doctor at the Waismann Method detoxification center in Beverly Hills.

Antonio Maria Costa, executive director of the United Nations Office on Drugs and Crime warned world health authorities in October of the increase in Afghan heroin.

From 1980 through 1985, Afghan heroin dominated the U.S. market, with a 47 percent to 54 percent share, according to the DEA.

Afghanistan's share dwindled to 6 percent for much of the 1990s, as competition from Southeast Asia and Colombia grew. Meanwhile, the Taliban was cracking down as it gained territory, virtually eliminating poppy production after taking over the country.

Once the fundamentalist Islamic government was overthrown in 2001 with the help of U.S. forces, Afghans turned again to the poppy trade to survive in one of the poorest countries in the world.

A report released Nov. 28 by the World Bank said U.S. and European efforts to end Afghanistan's $2.3 billion opium business were failing.

The production of opium used to produce heroin reached its highest level ever in Afghanistan this year. It accounted for more than one-third of Afghanistan's gross domestic product and 90 percent of the world's supply of illicit opium, mainly supplying Asia and Europe, according to the report.

Los Angeles Times; Tribune staff reporter David Heinzmann contributed to this report from Chicago.

NATO Must Follow U.S. Lead In Helping Afghan Civilians (USAT)

By Sarah Holewinski

USA Today, December 27, 2006

In Kabul a few weeks ago, I met Sahib Dad, an Afghan father. During the 2001 U.S. invasion, two of his girls were killed when a U.S. bomb missed its target and exploded in their playground. He says he never saw an American face, never received an apology. At the time, the United States had no program in place to provide compensation for his loss or aid for his family. Meanwhile, the Taliban brought cotton to wrap the dead and food, money and medical care for his wife's severe head injury. That's straight out of the insurgency playbook. And it's one reason the insurgents are winning small battles everyday.

(Photo -- Afghan-Pakistan border: Damage from a U.S. airstrike in January that targeted, but missed, al-Qaeda's Ayman al-Zawahiri; 17 people died. / By Mohammad Zubair, AP)

There is still time to avoid defeat (or a bloody debacle) in Afghanistan. But NATO forces, which in October took command of military operations there from the United States, must recognize what America has learned the hard way in Iraq: You can't win the war if you don't win the people.

Because of its experiences in Iraq and Afghanistan, the United States is gradually, and belatedly, accepting what is still a radical principle in modern warfare — that militaries have a responsibility to compensate and comfort the civilians they harm, even if the harm is accidental. The U.S. military now hands out condolence payments for loss of life, injury and property. The payments are characterized in the military lawyer's handbook as a "symbolic gesture" only, but it's a gesture that is so important. The payments — usually a few thousand dollars — don't assign blame. They show compassion for families struggling with loss.

The rationale of helping those we harm is expressed in the new U.S. Army Field Manual on Counterinsurgency — the definitive guide for boots on the ground. The manual states that in modern guerrilla warfare, a clear offense is winning the "hearts and minds" of the populace. Troops are told that any actions that undermine the trust of the population — "even those that provide a short-term military advantage" — help the enemy. But the new NATO force in Afghanistan, its troops drawn largely from European countries, has no policy and dedicates no common funds to help Afghan civilians harmed by its operations. Alliance officials should publicly correct that oversight and do so quickly.

Bolstering U.S. programs in place to help war victims is easy with an influx of cash from NATO countries, and nobody — least of all Afghan widows, orphans, the injured — has time to wait for a reinvented wheel.

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Every civilian death gives the insurgency ammunition to claim that NATO forces are the enemy of the Afghan people — particularly if nothing is done to rectify the harm.

NATO officials have blamed much of their collateral damage on the Taliban, pointing out that civilians are being used as human shields. Despite the difficulties that troops face in distinguishing friend from foe, when bombs from the air kill non-combatants, Afghans naturally blame those who dropped the bombs.

During a televised speech two weeks ago, Afghan President Hamid Karzai wept at the loss of innocent Afghan lives in the midst of coalition bombing of terrorist strongholds. He has strongly urged foreign troops to exercise more caution. NATO officials can and should respond with a pledge of more than words.

The point is not to put a dollar value on human lives, but to offer a gesture of respect reflecting a sense of common humanity — and to recognize the simple truth that Afghanistan will be won one civilian at a time.

Uncle Sam Wants US Muslims To Serve (CSM)

By Richard Whittle

The Christian Science Monitor, December 27, 2006

As US troops battle Islamic extremists abroad, the Pentagon and the armed forces are reaching out to Muslims at home.

An underlying goal is to interest more Muslims in the military, which needs officers and troops who can speak Arabic and other relevant languages and understand the culture of places like Iraq and Afghanistan. The effort is also part of a larger outreach. Pentagon officials say they are striving for mutual understanding with Muslims at home and abroad and to win their support for US war aims. Among the efforts to attract and retain Muslim cadets:

· West Point and the other service academies have opened Muslim prayer rooms, as have military installations.

· Imams serve full- and part-time as chaplains at the academies and some bases.

· Top non-Muslim officers and Pentagon officials have taken to celebrating religious events with Muslims overseas and here in the US.

"There is a message here, and that is that Muslims and the Islamic religion are totally compatible with Western values," says Deputy Defense Secretary Gordon England in an interview.

For the past two years, Mr. England has hosted an iftar, the feast that ends the daytime fast during the Muslim holy month of Ramadan, at the Army Navy Country Club in Arlington, Va. His guests have included ambassadors, leaders of the Muslim-American community, and Muslims who serve in the US armed forces.

President Bush also hosted an iftar at the White House in October, as he has done for several years. Gen. Robert Magnus, the assistant commandant of the Marine Corps, held one the same month at the Marine Corps Barracks in Washington for defense attachés from predominantly Muslim nations.

The US armed services don't recruit by religion, but the Pentagon estimates at least 3,386 Muslims were serving in the US military as of September. No precise figures are available because, while US service members are surveyed on their religion, they aren't required to disclose it. Advocacy groups put the number at 15,000, saying many are reluctant to reveal their religion. African-Americans represent the largest share of Muslims in uniform, they add.

However uncertain the progress, the military is intensifying its outreach.

On June 6 - the anniversary of D-Day, he notes - Mr. England helped dedicate a new Islamic prayer center at the Quantico Marine Corps Base near Washington, whose 6,100 marines include about 24 Muslims, according to Lt. Cmdr. Abuhena Saifulislam, a Navy chaplain who serves as their imam.

The Marines also have allowed Muslims in their ranks at Quantico some dispensations to make it easier to practice their religion, says Lieutenant Commander Saifulislam, a US citizen born and raised in Bangladesh. During Ramadan, "they're allowed to have some time off to prepare for their fasting break and not to go to physical training" while fasting, he says.

Muslim troops say misunderstandings and friction with non-Muslims in uniform arise sometimes, but practicing Islam in a military at war with extremists who profess the same faith isn't a burden, they add.

Petty Officer Third Class Nicholas Burgos, a Sunni Muslim training to be a Navy SEAL, or commando, says instructors sometimes goad him by calling him "Osama bin Burgos" or asking if he's training to help the Taliban. But "it's all in good fun," he insists.

"It's all about how much mental stress you can deal with while you're in training," Petty Officer Burgos says. "I just laugh or have a smirk on my face."

His father, Asadullah Burgos, is the part-time imam at the US Military Academy at West Point, N.Y., whose roughly 4,000 cadets include 32 Muslims, 12 of whom are foreign students.

"There's been some insults and some taunting, but it's been handled at the cadet level," Imam Burgos says. "Usually that's due to ignorance."

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Col. John Cook, the senior chaplain at West Point, says that after media reports about the academy's new Muslim prayer room, he got a call from a self-described "concerned citizen" who fretted that "the Muslims are taking over the world."

"I told him, 'I'm a Christian chaplain, but I have the responsibility to provide for other faith groups,' " Colonel Cook says. Protestant, Catholic, and Jewish cadets all have their own chapels at West Point, he notes.

Marine Sgt. Jamil Alkattan, a Sunni Muslim of Syrian heritage from South Bend, Ind., says his religion, his knowledge of Arabic, and his familiarity with Arab culture were major assets during two tours in Iraq.

Not only was he able to teach fellow marines key Arabic phrases and explain that all Muslims aren't extremists, he says, but he also was able to befriend locals, who brought him vital intelligence. "They would come to me and say, 'I know where bombs are,' and this and that," Sergeant Alkattan says. "I never got to sleep. They would come at night time and tell me, 'Hey, I think these guys [insurgents] are trying to set you guys up,' or, 'I've seen these guys with an IED [improvised bomb].' I think it stopped a lot of things that could have happened."

Under a new Middle East Cultural Outreach Program created by the Marine Corps, Sergeant Alkattan is one of six Arab-American marines selected to be stationed in major American cities as liaisons to the Arab-American community and advisers to recruiters.

The program was conceived by Gunnery Sgt. Jamal Baadani, a Muslim born in Cairo who emigrated to Michigan when he was 10.

"It is not a direct recruiting program," says Sergeant Baadani, but its goal is to educate recruiters to avoid cultural no-nos and foster good relations with Arab-American communities. The "overall objective ... is to develop solid relationships with the Arab and Muslim communities for the 21st and 22nd centuries. This isn't something that's just a Band-Aid treatment."

DOJ:

Justice Attorneys Win Comp Time (FEDTIMES)

By Daniel Friedman

Federal Times, December 27, 2006

More than 9,000 Justice Department attorneys can now receive comp time for after-hours business travel, two years after most federal employees won that right.

On Dec. 20, the president signed HR 4057, which allows the department's lawyers to claim compensation time when their work requires travel during irregular hours, such as evening or weekend flights to attend morning meetings. The House passed the bill in March. The Senate followed on Dec. 6.

Federal workers have been able to claim comp time for official travel since Congress passed the 2004 Workforce Flexibility Act. But the Justice Department had excluded its lawyers, citing a 1999 law that limits their overtime pay. That left about 4,000 department attorneys and 5,400 assistant United States attorneys ineligible for comp time. The new bill, sponsored by Rep. Jon Porter, R-Nev., makes all of the lawyers eligible regardless of the 1999 rule.

The National Association of Assistant United States Attorneys, which represents 5,400 assistant U.S. attorneys, hailed the bill-signing as an "important legislative victory."

"This legislation . . . will provide DOJ attorneys with the benefits Congress intended to confer in 2004 and the same benefits as are provided to attorneys employed in other agencies," the group said in a statement.

Executive Director Dennis Boyd said the association has lobbied for the bill for almost two years in the face of unrelated political delays.

"It's hard for me to believe how much time and effort it took to get a two-sentence bill passed," Boyd said.

Justice had no immediate comment.

New U.S. Attorney Says Job Matters, Not How He Got It (ARKDG)

By Linda Satter

Arkansas Democrat-Gazette, December 27, 2006

Newly appointed as interim U. S. attorney for the Eastern District of Arkansas through a maneuver that has drawn criticism from the state's two reigning Democrats, Tim Griffin says he hopes to turn the spotlight off the way he got the job and onto his plan to aggressively fight crime through cooperative efforts.

"I am honored by the attorney general's decision to name me U. S. attorney," Griffin said Wednesday, his first day on the job. "I look forward to working with Sen. [Mark] Pryor and Sen. [Blanche] Lincoln to make Arkansas safer," he said after a long

day that began with being sworn in by Chief U. S. District Judge Leon Holmes and ended with many of his books and papers yet to be moved into a corner office from a smaller space down the hall that he has occupied since September.

Just five days earlier, the U. S. Department of Justice announced that Attorney General Alberto Gonzales planned to appoint the 38-year-old lawyer from Magnolia to the post that Bud Cummins earlier announced he was vacating after five years.

Sens. Pryor and Lincoln immediately expressed dismay that the interim appointment came during a congressional recess, under a provision of the Patriot Act that allows the fill- ing of a vacancy without going through the usual process of being nominated by the White House, screened by the Senate Judiciary Committee and voted on by the Senate.

The surprise announcement "denied the Senate the opportunity to carefully consider and evaluate Mr. Griffin's qualifications and denied the American people the transparency the standard nomination process provides," Lincoln said through a spokesman.

Pryor's press secretary, Michael Teague, complained that unless the appointment is followed up by a formal nomination, it could end up being a sneaky way for the Bush administration to reward an insider with a plum job without having to prove his qualifications and ability to be nonpartisan. Teague cited Griffin's strong ties to the Republican Party and his reputation as an aggressive former GOP campaign researcher, at one point under Karl Rove, Bush's main political adviser and deputy chief of staff.

"We hope we're wrong that they're trying to circumvent the process by never nominating him," Teague reiterated on Friday, but he added that the administration might think that Griffin will "just evolve into the U. S. attorney" from the interim post he now holds. Later Friday, Justice Department spokesman Brian Roehrkasse addressed those concerns directly, indicating that Griffin's appointment is indeed meant to be temporary, at least until it can go through the formal nomination process. "We have asked that Sen. Pryor meet with the acting U. S. attorney," Roehrkasse said. "We are hopeful that by working with the two U. S. senators from Arkansas, we will make a nomination that the senators support and the Congress approves."

Roehrkasse explained, "When a U. S. attorney resigns, there is a need for someone to fill that position." He noted that often, the first assistant U. S. attorney in the affected district will serve as the acting U. S. attorney until the formal nomination process begins for a replacement. But in this case, "the first assistant is on maternity leave," he said, referring to Jane Duke, who gave birth to twins earlier than expected the same week of the announcement. "Tim was chosen because of his significant experience working as a federal prosecutor in both Arkansas and in the Justice Department in Washington, D. C.," Roehrkasse said.

Asked how soon the formal nomination process might begin, he said, "We've put the meeting request out there. That's what we're working on right now." Under the Patriot Act, the intent of appointments by the attorney general is to aid national security by ensuring that key law enforcement posts aren't left unoccupied. Ryan James, spokesman for Arkansas' only Republican U. S. congressman, John Boozman, also defended Griffin's appointment on Friday, noting that it is not the same as a "true recess appointment," in which the president nominates someone to the position, often for the duration of the current Congress. "It's not unprecedented to make acting appointments, for whatever reason," James said, noting that President Clinton did the same thing.

He said Boozman believes that a full Senate confirmation process could be unfair to Griffin because of the combination of a new Democratic-majority Congress being seated in January and Griffin's prior association with Rove, a Republican stalwart.

The process could quickly become very political, and, "He may not get a fair shake as far as his qualifications," James said of Griffin. James added that Boozman believes that Griffin is qualified.

Griffin acknowledged Wednesday, after being sworn in as the district's 43 rd chief federal prosecutor, "The way one is appointed to be U. S. attorney is a political process. It is a political appointment. But the moment you become U. S. attorney, politics stop.... There is no room for politics in the U. S. attorney's office. Politics stop at the door."

He added, "My job is to make sure all Arkansans are treated equally under the law."

Indeed, U. S. attorneys across the country are generally of the same political party as the president who nominates them. While they are required to be lawyers, many have little actual courtroom experience and heavily rely on the "career" prosecutors in the office to handle the day-today legal machinations.

Many also have used the office as a steppingstone to an elected office. Griffin declined to discuss his future beyond his new job.

Griffin's legal experience includes 10 years as a JAG (Judge Advocate General) officer in the U. S. Army Reserve, and the prosecution of 40 criminal cases as an Army prosecutor at Fort Campbell, Ky., including a case in which a solider pleaded guilty to the attempted murder of his platoon sergeant. Griffin also served as senior counsel to the House Government Reform Committee and was an associate with a New Orleans law firm.

He graduated with honors, both from Hendrix College in Conway and Tulane Law School in New Orleans.

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Cummins, a Bush appointee who said he is leaving to pursue other interests, said he told the Justice Department more than a year ago that he would be leaving, to give the department time to find a replacement.

He also defended Griffin on Friday, calling him a friend who is “very competent” and “very capable.”

“I’m not being critical of Sen. Pryor,” Cummins said Friday. “I can certainly understand their position. But I think it will eventually all work out.”

He explained, “It would not surprise me at all if they ultimately put Tim through the normal nomination process.”

Cummins, whom Pryor press secretary Teague praised as “a fantastic U. S. attorney” who “is respected on both sides of the aisle,” said he is “100 percent confident that Tim understands that we don’t do politics at the U. S. attorney’s office.” He said the department makes that clear to its incoming prosecutors. Griffin, who now supervises about 25 attorneys and 35 support staff members, has worked as an assistant under Cummins since September, and also worked in the Arkansas office in 2001 and 2002 as a special assistant, to gain experience.

During that time, he organized and coordinated the department’s Project Safe Neighborhoods initiative, a Bush administration effort to reduce firearm-related violence through close cooperation between state and federal law officers that he says is still a pet project of his.

Griffin said that since 2001, the office has seen a 390 percent increase in the number of firearm-related cases it has taken on — often taking over local cases, with local prosecutors’ consent, to ensure that violators face the stricter penalties available in federal court. That includes an absence of parole. Griffin noted that he has talked with his counterpart in the state’s Western District, U. S. Attorney Bob Balfe, about “working as closely as possible, forging a seamless relationship, particularly where our districts meet, so we can be aggressive in fighting crime in the Eastern District, the Western District or both.” He said he also plans to work closely with U. S. attorneys in neighboring states “because criminals aren’t concerned with artificial borders.” He recently completed a year of active duty in the U. S. Army, including a stint in Iraq. He and his wife of two years, Elizabeth, have no children.

“I’ve had a lot of jobs in my life, and what I’ve tried to do in each and every one of them is perform with excellence,” Griffin said. “Bud has set a great example as U. S. attorney. He set the standard, and I am going to work hard to meet that standard to the best of my ability.”

To those who doubt him, he said, “I am going to ask them to judge me on my performance.”

New United States Attorney Wants Focus Away From Appointment Process (AP)

AP, December 27, 2006

LITTLE ROCK (AP) - Efforts to fight crime, and not how he was put into his job, should be the public's focus in looking at the U.S. attorney's office, the new occupant of that post said after he was sworn in last week.

Tim Griffin was named interim U.S. attorney for the Eastern District of Arkansas by the White House after Congress adjourned for the year, in what is called a "recess" appointment. At the time his selection was announced, Sen. Mark Pryor, D-Ark., said he was concerned that the appointment circumvented the usual approval process, which includes confirmation by the U.S. Senate.

Griffin, 38, a former assistant to President Bush adviser Karl Rove, was sworn in Wednesday as the interim U.S. attorney for the Eastern District of Arkansas. He replaced Bud Cummins, who held the position for five years.

Both Pryor and U.S. Sen. Blanche Lincoln, also D-Ark., expressed dismay that the appointment came without going through the usual process of being nominated by the White House, screened by the Senate Judiciary Committee and voted on by the Senate.

"We hope we're wrong that they're trying to circumvent the process by never nominating him," Pryor spokesman Michael Teague said.

Justice Department spokesman Brian Roehrkasse said Griffin's appointment is meant to be temporary, at least until it can go through the formal nomination process. Roehrkasse said they have asked the Arkansas senators to meet with Griffin so that they may help support a Congressional nomination in the future.

Roehrkasse sad Griffin was chosen because of his experience working as a federal prosecutor in Arkansas and in the Justice Department.

However, Ryan James, spokesman for Arkansas only Republican U.S. congressman John Boozman, said a full Senate confirmation process could be unfair to Griffin because of the newly-elected Democratic-majority Congress being and Griffin's prior association with Rove.

The process could quickly become very political, James said.

"He may not get a fair shake as far as his qualifications," James said.

But Griffin said there is no room for politics in the U.S. attorney's office.

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"It is a political appointment. But the moment you become U.S. attorney, politics stop ... There is no room for politics in the U.S. attorneys office. Politics stop at the door."

CORPORATE SCANDALS:

Faked Documents May Be At Core Of Apple Case (LAW)

By Justin Scheck, The Recorder

California Recorder, December 27, 2006

It must be some consolation for Apple Computer that the company's annual report is going to be published during the slowest news week of the year.

Given the uncomfortable admissions about its past stock options practices -- and the cost to the company -- that Apple will have to make in the delayed SEC filing due by Friday, less public attention is probably a good thing.

But the lull is unlikely to last long. According to people with knowledge of Apple's situation, federal prosecutors are looking closely at stock option administration documents that were apparently falsified by company officials to maximize the profitability of option grants to executives.

The faked documents were revealed in a three-month internal probe -- conducted by Quinn Emanuel Urquhart Oliver & Hedges -- that concluded in October, said individuals familiar with the case who requested anonymity because it remains the subject of criminal and civil government investigations.

The falsification of documents is perhaps the key issue for government officials trying to determine which of their 100-plus backdating investigations will be pursued as criminal matters and which will be limited to civil SEC inquiries.

"When there are falsified documents, the government views them as an intent to defraud, because people generally don't falsify documents unless they're trying to make things different from reality," said Keith Krakaur, a partner at Skadden, Arps, Slate, Meagher & Flom in New York working on backdating cases.

Krakaur was speaking generally and not about Apple, with which he's not involved. But he has been in the middle of one of the most contentious options cases yet: He represented Kobi Alexander, the former CEO of Comverse Technology who was indicted by Brooklyn federal prosecutors on charges of backdating option grants. Krakaur is no longer working on that case, and Alexander has been living as a fugitive in Namibia for the past several months.

Krakaur and other defense lawyers -- including several in San Francisco who asked to remain anonymous for fear of affecting local probes -- said government lawyers are focusing on falsified records as a means of proving that executives knew their actions were wrong.

"They view that as intent," he said.

Since the fruits of Apple's internal investigation were disclosed to San Francisco federal prosecutors in October, the U.S. Attorney's Office has shown great interest in the case, said individuals with knowledge of the probe.

And while it's not yet clear who the prosecutors' focus is, Apple released a statement in October that "the investigation raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants."

Apple spokesman Steve Dowling wouldn't comment beyond what is in the public filings. But individuals with knowledge of the case said those ex-officers are Nancy Heinen and Fred Anderson, the company's former general counsel and chief financial officer, respectively.

Heinen departed the company last spring -- before the options scandal blew up -- and sources familiar with her situation said the departure was the result of a tiff with CEO Steve Jobs unrelated to options. Reached last week, Heinen lawyers Cristina Arguedas and Miles Ehrlich wouldn't discuss their client.

Anderson, who retired as CFO in 2004, was an Apple board member until he resigned in October. His lawyer, Jerome Roth of Munger, Tolles & Olson, declined to comment on his client's situation.

One outstanding question with possibly huge implications for the company is what kind of liability Jobs -- the superstar CEO credited with much of Apple's success -- will face.

In its October SEC filing, Apple said that, "in a few instances," Jobs "was aware that favorable grant dates had been selected, but he did not receive or otherwise benefit from these grants and was unaware of the accounting implications." The statement said no current Apple executive was suspected of wrongdoing.

But in recent weeks, Jobs has apparently decided that he needs his own legal representation, separate from Apple's lawyers at O'Melveny & Myers, and has hired his own attorney to deal with the SEC and Justice Department.

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While it will likely take some time -- perhaps a matter of months -- for the government to decide whether to file criminal charges against Jobs, the 10(k) filing on Friday should provide plaintiffs lawyers with some ammunition for their suits against the company.

"We anticipate it's going to be a very substantial restatement, based on the option grants on record," said Mark Molumphy, a partner at Cotchett, Pitre, Simon & McCarthy representing shareholders in a securities class action against Apple.

In its October SEC filing, Apple said "stock option grants made on 15 dates between 1997 and 2002 appear to have grant dates that precede the approval of those grants."

Dowling, the Apple spokesman, said the company is going to adhere to its plan to file the 10(k) by Friday, a date reached in an accord with NASDAQ after Apple announced the options issues would prevent them from filing by the normal Dec. 15 deadline.

But even if Apple misses the filing date, the company may get a reprieve from the normal sanction of delisting, if only because the exchange would be hesitant to prevent normal trading of a company of such great significance to investors.

"Who's served by the delisting of Apple?" asked Jahan Raissi, a partner at Shartsis Friese who represents companies in SEC matters. "If it was Joe's Shlock and Poultry Farm, then sure, get them out of there. But not Apple."

Cnet Will Pay Former Operations Chief Briggs $750,000 (Update5) (BLOOM)

By Ville Heiskanen

Bloomberg, December 27, 2006

Dec. 26 (Bloomberg) -- Cnet Networks Inc., a provider of online news and information, will pay $750,000 to Barry Briggs, who resigned as president and chief operating officer, and reprice stock options held by nine individuals including Briggs.

Briggs will receive the payment when he leaves the company Jan. 12, San Francisco-based Cnet said today in a regulatory filing. Cnet said Briggs, who resigned on Dec. 11, also remains eligible to receive a bonus for 2006.

Briggs, two other executives and five independent directors agreed to reprice some stock options they hold, Cnet said in the filing. The options were vested by 2005 and had exercise prices set below fair market value on the day they were granted. The directors also agreed to repay any after-tax gains from exercised options that vested with discounted prices.

``The idea is to cancel all the gains from backdating," said Charles Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. ``It's also important to ensure this doesn't happen again. It needs to be a dual approach."

Cnet's co-founder and former chief executive officer, Shelby Bonnie, stepped down in October after the company found that some stock options had been backdated. Neil Ashe, the company's head of strategy, was named to replace Bonnie. Briggs's resignation left Ashe to sort out the company's finances, deal with federal options probes and fend off encroaching competition from companies including Yahoo! Inc.

CEO Compensation Set

Ashe's base salary was set at $500,000 and he may get a bonus of as much as $400,000 a year, Cnet said in the filing today. He also received options for 1.5 million Cnet shares that vest in installments beginning in October 2007.

Bonnie also agreed to have his options repriced, Cnet said today. The company said he didn't exercise any options, so there was no need for repayment.

Cnet identified the directors involved as John ``Bud" Colligan, Peter Currie, Jarl Mohn, Elizabeth Betsey Nelson and Eric Robison. It said the other executives in the repricing agreements were Ashe and Joe Gillespie, chief marketing officer.

Shares of Cnet rose 17 cents, or 1.9 percent, to $9.35 at 4 p.m. in Nasdaq Stock Market composite trading. They have declined 36 percent this year.

When Briggs resigned, Cnet spokeswoman Martha Papalia said it was unrelated to the options probes. Cnet said in June that the U.S. Justice Department and Securities and Exchange Commission were investigating grants made by the company.

Cnet found some instances of backdating when it examined option grants from 1996 through 2003. The company plans to restate some results to correct accounting for options and hasn't detailed the expected changes.

By backdating options, companies retroactively set grant dates to days when their shares traded at a relatively low price. The practice can increase the value of the grants to executives and other recipients if the underlying shares rise.

Backdating also lets the issuer record a lower, albeit erroneous, cost for the options, which can inflate earnings.

Toll Of The Stock Options Scandal Heavy In 2006 (AP)

By Marcy Gordon, THE ASSOCIATED PRESS

AP, December 27, 2006

More prosecutions are expected to be brought next year

WASHINGTON -- Eighteen chief executives swept out. More than 100 public companies under federal investigation and more than $5 billion in profits erased by restatements. Indictments so far: five former top executives at two companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

The toll of the stock options timing affair -- corporate America's scandal of the year -- has been heavy. Federal officials say more prosecutions will be brought in 2007 over manipulation of the timing of stock option grants to enrich top company executives.

Nearly every business day, more companies report federal or internal investigations. New lawsuits by shareholders are filed. More businesses disclose that because past option grants may have distorted their financial results, they may have to restate earnings.

Next year could well bring more restatements, and companies' stock could be stripped from public trading because reviews of options grants made them late in filing their quarterly financial reports.

The Justice Department will "continue to be engaged for perhaps years to come, as we work these cases out," U.S. Attorney Kevin Ryan, who heads a task force in Northern California pursuing options timing cases, said recently at a gathering of attorneys. "The final chapter hasn't been written yet."

Many of the companies ensnared in the scandal are in Silicon Valley's high-tech industry, where stock options for employees created legions of millionaires in the dot-com era.

The prized perks allow executives and employees to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price -- and pocket the difference.

Among the wide swath of companies caught up in internal or government investigations: Apple Computer Inc., Barnes & Noble Inc., Caremark Rx Inc., Issaquah-based Costco Wholesale Corp., Seattle-based F5 Networks, Gap Inc., The Home Depot Inc., McAfee Inc., Monster Worldwide Inc., Restoration Hardware Inc., Staples Inc. and UnitedHealth Group Inc.

Some prominent executives at blue-chip companies have lost their jobs in the affair, including former UnitedHealth CEO William McGuire, who engineered the company's ascent from a regional health insurer into the nation's second-largest.

A sort of guillotine for corporate executives has been set out in the public square, with the scandal claiming at least 59 senior executives or board directors at 32 companies as of mid-December.

Will there be more? Slightly more than 2,000 public companies, or 29 percent of those in the United States that give stock options to executives, have timing issues, said Erik Lie, an associate professor of finance at the University of Iowa, and Randall Heron, an Indiana University associate finance professor. Their research last year helped focus attention on a widespread pattern of conduct.

"I suspect the number of companies will continue to grow, but I don't expect at the end of the day we're going to see that many enforcement actions" by federal authorities, said Lynn Turner, a former chief accountant of the Securities and Exchange Commission.

"You just can't do something this big with the same amount of resources."

SEC Chairman Christopher Cox has pledged vigorous pursuit of cases and said recently that new charges will be brought in the near future. The agency is focusing on cases of serious fraud, with elements such as deliberately lying or forging documents.

At the same time, officials at the Justice Department are discussing whether to ease some of its harsher guidelines for prosecuting companies, crafted in the aftermath of corporate scandals that included Enron Corp. and WorldCom Inc.

Some officials believe that the guidelines may have led prosecutors to overreach when targeting some companies and pressuring them to cooperate in investigations of wrongdoing by executives.

The Internal Revenue Service is conducting its own investigation of companies for possible tax-law violations.

Open Spigot Bosses' Pay: How Stock Options Became Part Of The Problem (WSJ)

By Mark Maremont And Charles Forelle

The Wall Street Journal, December 27, 2006

Eugene Isenberg is the little-known chief executive of a modest-sized oil-services company in Houston. But he stands out in one way: He is among the highest-paid corporate executives in history. In the past 19 years, he has pocketed more than $450 million.

The key to this wealth: stock options, in abundance. His employer, Nabors Industries Ltd., has lavished more than 25 million options on him over the years.

They became lucrative partly because of Nabors's generally rising stock price, but also because of some controversial moves that gave the options more punch. When Nabors's stock fell below the price at which the options could be exercised,

temporarily making them worthless, Nabors let him trade in some of his options for new ones with lower exercise prices. And when Mr. Isenberg cashed some options in, Nabors "reloaded" him, replacing those he'd exercised with the same number of new ones.

Stock options were hailed two decades ago as a remedy for runaway executive pay. Academics, politicians and investors, tired of seeing CEOs pocket big money for a so-so job, pushed to have stock options become a primary method of compensating executives. Options -- granting the right to buy stock tomorrow at today's price -- would pay off only if the company's stock went up. To advocates they were the ideal carrot, an incentive for good work that aligned executives' interests with those of shareholders.

That happened -- sometimes. But at many companies, options morphed into the biggest executive bonanza yet, pouring out cash like a stuck ATM, and sorely disappointing those who thought options would moderate executive pay.

Instead of replacing big bonuses, options became an additional form of pay slathered on top of already-generous packages. Employers doled out options in ever-growing numbers, in part because, until recently, accounting rules meant companies didn't have to treat this largess to executives as an expense. And like Nabors, some used repricing, reloading and other tactics that made it even easier for executives to score huge hauls.

WSJ's Mark Maremont, Charles Forelle and James Bandler discuss2 their yearlong investigation of stock-options abuses such as backdating, including what has happened since the first article appeared in March.

· The Biggest Paydays: See a chart of executives who have profited most from stock options, from 1992 to 2005.

· Plus, complete coverage3

This year, options practices exploded in one of the biggest corporate-fraud scandals in decades. Some companies and executives stole from shareholders, by pretending that options had been issued earlier than they really were, at more favorable prices. At least 130 U.S. corporations are under investigation for possible backdating of option grants. Some have admitted to it. More than 60 executives and directors of public companies have lost their jobs so far, 17 of them chief executive officers. After probable backdating was exposed at giant insurer UnitedHealth Group Inc., the CEO had to resign and give up about $200 million of stock-options value. The company said it will have to restate past earnings by as much as $1.7 billion.

Nabors's Mr. Isenberg offers an example of the huge wealth CEOs have gained through stock options. Now, some of his option grants appear to raise questions about how they were dated. A number came on days when the stock hit its lowest close for the month or the quarter. At other companies, a series of low-price grants has been a pattern that has suggested possible dating problems. At the least, the favorable grant dates added to Mr. Isenberg's mammoth options gains.

A spokesman for Nabors said its legal department did an internal review and found "no irregularities in its grant practices." Nabors showed internal documents to The Wall Street Journal that the company said provide evidence the grants were properly dated. Some of the documents bolster that assertion. The spokesman, citing Mr. Isenberg's record in lifting Nabors from a company in bankruptcy court to one with a market value of more than $9 billion today, also said that "Nabors strongly believes that Mr. Isenberg is appropriately compensated."

The backdating scandal at scores of companies shows one way stock options, once seen as an executive-pay reform, have often been distorted by corporate officials and their consultants. Nell Minow, a longtime corporate-governance advocate, calls backdating "just another in an endless and unstoppable series of mechanisms to subvert the purpose of stock options." A vocal proponent of options in the early 1990s, Ms. Minow now regrets that stance. "Options became completely disconnected from shareholder interests," she says. "I grossly underestimated the capacity of corporate boards and corporate managers to circumvent the principles we established."

From 1992 to 2001, the average value of option grants to CEOs of S&P 500 companies soared nearly tenfold, according to data compiled by Kevin J. Murphy of the University of Southern California. The result was that options, which in 1992 made up less than a quarter of the average CEO's pay, by 2001 provided more than half of pay packages -- packages that were much larger. Companies have started doling out fewer options in the past few years, but grants remain far more generous than a decade ago.

In 1985, Miami financier Victor Posner pulled down $12.7 million, putting him atop lists of best-paid CEOs that year. Last year, 393 executives earned more than that, thanks largely to gains from exercising options, according to Standard & Poor's ExecuComp, which tracks executive pay at about 1,800 public companies. The top 2005 earner was Barry Diller of IAC/InterActiveCorp., with $295 million, nearly all from options.

Defenders of options, who remain numerous, say options shouldn't be judged by a few giant packages. Many companies have given out options judiciously, say defenders, some of whom attribute rising executive pay to tight competition for top managers. Others say stock options have helped to foster innovation, by giving young but cash-poor companies a currency with which to attract talent.

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Some supporters of options even give them partial credit for the long bull market that began in 1982, figuring that options help focus top executives on the key issue for shareholders: the stock price. Frederic W. Cook, a New York compensation consultant, calls the stock option "the most perfect equity derivative that's ever been invented: It's simple, elegant, easily understood, and it gives you a little piece of the action."

Popular Demand

Stock options usually give recipients a 10-year window to buy the company's stock at the price when the options are granted. If someone gets options when the stock trades at $50 and it goes to $75, the holder can cash out at the $50 "exercise price" -- also called a "strike price" -- and nail a $25 profit on each option. Options usually don't "vest," or become exercisable, for at least a year after they're granted.

Stock options appeared at least as early as the 1920s, says Carola Frydman, an assistant professor of finance at Massachusetts Institute of Technology who has studied the history of executive pay. The modern era began in 1950, when Congress, reversing a court ruling, gave options substantial tax advantages over ordinary income. By the middle of that decade, they accounted for nearly a third of CEO compensation at large industrial companies.

"In the 1950s, they called it the period of stock-option opulence," says Ms. Frydman. "They didn't know what was coming."

After losing popularity during the weak stock market of the 1970s, options surged back into favor in the late 1980s. One reason was public fury over mammoth executive paydays for bosses with just average performance. In an influential 1990 Harvard Business Review article, Mr. Murphy and Michael C. Jensen said the problem was executives were paid like "bureaucrats" instead of entrepreneurs. They called for giving "big rewards for superior performance and big penalties for poor performance."

"We were suggesting people shift from salaries to stock options to put more pay at risk," Mr. Murphy says today. But "that's not what companies ended up doing. They layered on massive amounts of options on top of the rest."

The bandwagon got two big boosts from an unlikely source: Congress.

First, it passed a law, pushed by President Clinton, seeking to rein in executive pay by limiting the tax break for it. The 1993 law said companies couldn't deduct yearly compensation of more than $1 million for any one of their top five officers.

But it exempted certain kinds of pay linked to performance, which included stock options. Companies rushed to restructure pay plans to grant more options. In 1994, the first year the law was in effect, the value of option grants to CEOs at S&P 500 firms leapt by 45% on average, according to Mr. Murphy, and nearly doubled again over the next two years.

The 1993 law "deserves pride of place in the Museum of Unintended Consequences," said Christopher Cox, chairman of the Securities and Exchange Commission, this fall.

Then in 1994, Congress helped beat back a proposed rule requiring companies to treat a stock-option grant as an expense and deduct it from profits. The plan, backed by the SEC and accounting rule makers, sparked intense corporate opposition. Congress stepped in to fight it, and after a long battle, the accounting rule makers caved. They issued a watered-down rule saying all that companies had to do was disclose in a footnote what options would have done to their profits, had the proposal passed.

Meanwhile, Congress left alone an older law that gave companies a tax deduction whenever stock options were exercised. Under that rule, which applied to the most common type of option given to executives, the employer can deduct a dollar from its income for tax purposes for every dollar of option gains pocketed by employees.

With rules like these, "what wasn't there to like about a stock option?" says Paula Todd, a compensation expert at consulting firm Towers Perrin. "You could grant them in unlimited amounts, with no expense, and claim a tax deduction. [Companies] would pay their dry cleaners if they could with stock options."

Better Than Average

Soon, other forces spurred companies to give executives ever more stock options. One was the "Lake Wobegon effect," named for the mythical Minnesota town in radio host Garrison Keillor's world where all the children are above average. Many boards believed their chiefs should be paid at least as much as the average in their industry, and often more. That attitude had the effect of pushing this average up, year after year.

Another force largely escaped notice because it seemed benign. This was a tendency by companies to grant top executives the same number of options each year, or more, even if the stock price had risen. During a bull market, doing so kept raising the value of pay packages.

Consider an executive who is granted a million options when the stock is at $20. If it's 50% higher a year later, the executive can reap a $10 profit per option, or $10 million.

But now the stock is at $30. If the executive again gets a million options, and the stock again rises 50%, the executive's profit is $15 million, not $10 million. In order to give this executive an option grant of merely the same value in year two as in year one, the year-two grant would have to contain far fewer options.

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Directors had a hard time telling a CEO they were cutting the number of options because the stock had risen. Ms. Todd says the CEO's reaction would be, "I worked to get the stock price up, and my next grant is smaller and has a higher strike price?'"

Exxon awarded CEO Lee Raymond a similar number of options yearly from 1993 through 1999 -- 800,000 to 900,000, adjusted for later stock splits. Over that period, the stock rose sharply. The rise meant the value of the 1999 grant was $8.5 million, or six times that of the 1993 grant, by ExecuComp's tally. The calculation used a standard formula for valuing options known as "Black-Scholes," which sets a value for a grant at the time it's given by estimating how much gain it will someday bring the recipient.

An Exxon Mobil Corp. spokesman said the grants were made by a panel of outside directors and based partly on the size of grants to top executives elsewhere. After 2001, Exxon replaced options grants with restricted stock, a different form of compensation that the board said was "more effective in aligning executives' interests with those of shareholders." Mr. Raymond retired a year ago.

At times, the value of options companies doled out has been equal to a large share of their profits. Retailer Abercrombie & Fitch Co. gave CEO Michael Jeffries 4.66 million options in 1999, a grant ExecuComp valued at $120 million. The firm's 1999 net income was $150 million.

Abercrombie didn't actually have to shell out $120 million when it gave the options to Mr. Jeffries, of course. But it incurred an obligation to issue 4.66 million shares someday at the 1999 price. And this obligation didn't have to be reflected as an expense on the company's income statement.

A spokesman for Abercrombie said the grant had a "delayed vesting" feature "intended to incentivize Mike Jeffries to remain with the company...and to continue to generate exceptional financial results." Under him, the stock has risen more than 750% since it began trading in 1996. Mr. Jeffries is eligible to exercise the big 1999 grant now, and if he did so would reap about a $120 million profit.

The options-issuing frenzy reached a peak in 1999 and 2000. Dot-com companies, some with little other way to pay employees, handed out options like confetti. Thousands of people made fortunes on stratospheric rises in the stocks of tech firms, some of which didn't exist a couple of years later. Meanwhile, some "old economy" companies, trying not to lose top people to Silicon Valley, cranked up their own options generators.

In mid-2002, Alan Greenspan testified to Congress about what was then a tech and telecom bust, and about a wave of corporate scandals at firms like Enron, WorldCom and Tyco International. The Federal Reserve's then-chairman spoke of an "infectious greed" that seemed to grip some in business, for which he partly blamed "poorly structured" stock options. Giant grants "perversely created incentives to artificially inflate reported earnings in order to keep stock prices high and rising," he said. "The incentives they created overcame the good judgment of too many corporate managers."

Moving the Goal Post

When stock prices failed to rise, some companies changed the rules. If the share price fell well below stock options' exercise price, they simply lowered that price. Companies defended the move by saying options far "under water" or "out of the money" no longer served as incentives to executives to perform well.

Critics of repricing say it subverts the fundamental options purpose of aligning managers' and shareholders' interests. Since shareholders can't get a refund on a stock they bought that has fallen, the critics say, why should executives be able to do something similar?

Repricings "basically ensure that the manager gets paid no matter what. It takes a lot of risk out of the whole thing," says David Yermack, a New York University professor who studies executive pay.

About 11% of companies repriced options at least once between 1992 and 1997, according to research by Chandra Subramaniam, an associate professor of accounting at the University of Texas at Arlington. Borland Software Corp. did it eight times in the decade ended in 1998. System Software Associates Inc. repriced the same options five times in 1996 and 1997 as its stock kept plunging, Mr. Subramaniam says. In a paper published in 2004, he and his co-authors calculated that repricings padded executives' pay by an average of nearly $500,000 each.

In 1998, a change in accounting rules crimped repricing somewhat. Companies now had to take a hefty charge against earnings if they put new exercise prices on existing options. But there was a loophole. If they canceled the old options, waited six months and issued new ones at a lower price, there was no penalty.

As tech stocks collapsed in the early 2000s, directors rushed to shore up options stranded out of the money. At computer-chip maker PMC-Sierra Inc., the company stock peaked at $245 a share in March 2000, then plunged below $10. Many shareholders fell hard.

The boss had a softer landing. Between September 2002 and March 2003, the company repriced 1.6 million of CEO Robert Bailey's options, slashing the exercise price on some all the way to $5.95 from $52.375. Mr. Bailey has cashed out about

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a third of the repriced options, for profits of $4.86 million, more than eight times what he'd have made if they hadn't been repriced. PMC-Sierra confirmed the figures but had no other comment.

Lock and Reload

In the late '80s and early '90s, companies found another way to goose stock-option grants: "Reload" them.

Normally, options disappear when exercised. But with a reload plan, a person who exercises options automatically gets replacements. Typically the replacements number fewer than the options exercised. They carry the same expiration date but a different exercise price -- the current market price.

Reload plans are supposed to encourage executives to hold stock in their company, says Mr. Cook, the pay consultant, who invented them. To get a reload, executives exercising options generally must do so not with cash, but with stock. That is, they must hand in existing shares whose value equals the cost of exercising the options. Since executives can't do that unless they own shares, they have an incentive to be shareholders of the company and to hold onto new shares obtained when they exercise options.

Critics decried reloads as abusive, a kind of option replication machine that enriched top managers -- while diluting other stockholders' ownership as the number of shares outstanding rose.

The first reload plan appeared in the late 1980s. By 1999, according to Mr. Cook's firm, nearly a fifth of large companies were offering them.

The king of reloads was Sanford Weill, who retired in April as chairman of Citigroup Inc. with an options fortune largely based on a single grant reloaded many times. In 1992, shareholders of his company, then called Primerica Corp., were asked to approve a reload plan. Deep into the legalese, on page 17, was a clause that would prove extremely lucrative for Mr. Weill: The reload plan applied to previously issued options, including a giant grant Mr. Weill got in 1986.

The plan initially also had an unusual element. Any options issued as a result of reloads wouldn't expire on the options' old expiration date, but could carry a new 10-year term.

Not long after the plan was adopted, Mr. Weill exercised nearly all of his original 1986 options, for a gain of more than $60 million. He then received replacements for most of them, restarting the clock with 10 more years to run. Year after year Mr. Weill exercised some of the replacements, each time getting more new options -- some of which he then exercised, once again getting more replacement options, and so forth.

From 1992 through the end of last year, Mr. Weill racked up total option profits of $964 million, roughly $870 million of which came from the original 1986 options and their generations of reloaded progeny. Shareholders did extremely well, too. As of yesterday, the stock of Citigroup and its predecessors was more than 30 times the price in the 1986 public offering of Mr. Weill's original company.

A Citigroup spokesman, Michael Hanretta, said Mr. Weill's options were so valuable because the company "created superior shareholder value." Mr. Hanretta also noted that employees couldn't activate the reload feature unless the stock had risen 20% from the time an option was granted, and at various times Mr. Weill was required by company policy to hold onto all or most of his shares.

Reloads have died out in recent years, after new accounting rules made them too costly to issue. A separate 2000 rule also made it financially prohibitive to add a reload feature retroactively -- eight years after Mr. Weill got that benefit.

Other rule changes have also helped slow the options express. Besides a 2002 requirement for prompt disclosure of grants, a new accounting rule means companies must record an expense when they make an options grant, and reduce profits accordingly. Many companies have cut back on options, and some have stopped awarding them at all, often replacing them with grants of shares.

Deep Well

Over the years, few corporate executives have availed themselves more thoroughly of what options have to offer than Nabors's Mr. Isenberg.

Still chief executive at the age of 77, Mr. Isenberg lives in the Breakers resort complex in Palm Beach, Fla., and commutes to Nabors's U.S. headquarters in Houston. A generous donor, he has helped found a school in New York for children with learning disabilities and given millions to the University of Massachusetts at Amherst, which has named its business school after him.

Mr. Isenberg worked at Exxon for 13 years and then headed a small steel company, settling into early retirement after that firm was sold in 1982. He was persuaded to rejoin the business world by his friend Martin Whitman, a prominent New York investor, whose fund had taken control of a troubled oil-services company called Anglo Energy. Mr. Isenberg invested some of his own money and in 1987 took the helm of what was soon renamed Nabors Industries.

Early on, Mr. Isenberg personally lent the company $5 million when it wanted to make an acquisition but lacked funds, Nabors says. It was the first in a series of deals that "made the company," said the Nabors spokesman, Denny Smith.

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From a regional player, Nabors grew into one of the world's largest contract oil and gas drillers, with yearly revenue of $3.6 billion. Its stock has risen at a lush 21.7% compound annual rate since early 1987, although it has underperformed the Dow Jones Oil Equipment and Services Index in the past five years.

An employment contract Mr. Isenberg got when Nabors emerged from bankruptcy entitled him to an annual bonus equaling a percentage of the company's cash flow above a threshold. Nearly two decades later, Nabors is long out of bankruptcy but has continued to renew this unusual percentage-of-cash-flow deal, albeit with less-generous formulas.

Rather than accept all his bonuses, Mr. Isenberg in many years declined part of them in favor of stock options. By Nabors's reckoning, his option grants were worth tens of millions of dollars in some years. Mr. Smith, the spokesman, said this acceptance of options instead of cash meant Mr. Isenberg was placing a big chunk of already-earned pay "at risk, in alignment with shareholder interests." Mr. Isenberg still received substantial cash bonuses, of as much as $3 million in a year, and sometimes was given additional options.

For a time, Nabors operated under an options "reload" plan. It was a generous one: Instead of replacing only a portion of options that were exercised, it replaced them one-for-one. Mr. Isenberg could cash in options and take profits yet still have just as many options as before, though with higher exercise prices.

In another atypical feature, the replacement options sometimes had new terms of 10 years, making them even more valuable. Nabors says it stopped reloads before 2000. But in that year it gave Mr. Isenberg a "special award" of 2.4 million options, in lieu of a reload on 4.7 million options that he exercised for a $122 million gain. (Share figures in this article aren't adjusted for a recent two-for-one stock split.)

In 1998, amid an industry slump, Nabors's stock sank sharply. Some of Mr. Isenberg's options were "under water." The board repriced them. In exchange for giving up a fourth of his old options, he got new ones carrying a more favorable exercise price.

"The repricing was designed to restore incentive value to the option packages," said Nabors's Mr. Smith. He said repricing was widely available to employees. As it happened, Mr. Isenberg made less money by accepting the repricing deal and giving up some of his options than if he had held on, Mr. Smith said.

Following a single grant from its genesis shows how the various maneuvers can pile up profit.

Mr. Isenberg received a grant of 1.8 million options dated in Sept. 23, 1991. He exercised them in 1996 and 1997, pocketing about $24 million in profits.

Normally, that would have been the end of these options. But Nabors reloaded Mr. Isenberg, replacing his exercised options with a similar number -- which had 10 more years to run.

Then in 1998, amid the stock downturn, Nabors repriced the reload options.

Mr. Isenberg cashed in most of them in 2000 and gave the rest to a family member in 2002. His total profit from a single grant -- reloaded, extended and repriced: about $54 million, not including the gift.

The CEO's overall stock-option gains, both realized and not yet cashed in, came to $685 million at the end of last year, says S&P ExecuComp -- putting him 8th on its list of big winners from 1992 to 2005.

Mr. Isenberg also has benefited from some good timing of his option grants. The Sept. 23, 1991, award was dated on the day Nabors's stock touched its lowest closing price of that month, $5.

But it isn't clear when the price was actually set. Company documents suggest the grant price may actually have been determined many months earlier, on another day when the stock closed at $5. Moreover, the grant was contingent on a new Isenberg employment contract -- which other documents indicate wasn't signed until well after Sept. 23, when the stock was higher.

For a grant of a million options dated Dec. 4, 1995, another monthly low, Nabors produced no minutes of a compensation-committee meeting. Instead, a memo seven weeks later said there had been a discussion on Dec. 4 of Mr. Isenberg trading in part of his bonus for options. The memo said the idea first would be run by a consultant, suggesting the grant wasn't made final until weeks after the stated Dec. 4 award date.

In all, of 11 new option grants to Mr. Isenberg between 1991 and 2002, two were dated at quarterly lows in the Nabors stock price and five more at monthly lows. The odds against such a fortunate pattern occurring by chance are long.

Nabors's Mr. Smith, in a written reply to questions, rejected any notion that any backdating might have been involved. Nabors let the Journal review dozens of pages of documents at its Houston offices that Nabors says support the conclusion that the low-price grants were actually made on the fortunate dates. For four of the seven grants dated at monthly or quarterly lows, Nabors showed compensation-committee minutes saying that meetings were held on those dates and options granted. For another monthly-low grant, it showed committee minutes saying a meeting was held the day after a grant, with the grant made "effective" the previous day.

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In mid-2002, a federal law required executives to report option grants within two days after they're made, instead of having weeks or months to do so, a change that sharply cut the potential for backdating. Since mid-2002, none of Mr. Isenberg's four option grants came at monthly stock lows.

Mr. Smith noted that before June 2002, Nabors was registered in Delaware, and directors could meet on short notice. Nabors then became a Bermuda-registered company. Mr. Smith said that since then it has had most board meetings outside the U.S., with options awarded at meetings "scheduled long in advance."

Mr. Isenberg has received compensation "beyond expectations," Mr. Smith said, because of Nabors's prosperity. The spokesman said Nabors is discussing a restructuring of Mr. Isenberg's future pay arrangement. Meanwhile, he has voluntarily cut the bonus he's entitled to in half.

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UnitedHealth Faces Formal Probe (WSJ)

Wall Street Journal, December 27, 2006

UnitedHealth Group Inc. said the Securities and Exchange Commission has launched a formal investigation into its stock-options practices.

The Minnetonka, Minn., health insurer had been the subject of an informal SEC inquiry since April.

"The company has cooperated and will continue to cooperate with the SEC," UnitedHealth said in an SEC filing.

The company has delayed financial reports while it reviews its stock-options practices, which have led to an internal probe, a management shake-up and a restatement of financial results. UnitedHealth has said that using current accounting practices, the pretax charges for stock-based compensation expense are likely to range from $400 million to $600 million for the period 1994-2005, as well as from $25 million to $60 million for 2006.

The company has said it has substantially completed its analysis of the adjustments made to its financial statements and has asked for consultation on certain interpretive issues with the SEC's top accounting official. UnitedHealth said it will review these issues with SEC staff before completing its restatement of historical financial statements and filing quarterly reports for the quarters ended June 30 and Sept. 30, 2006.

UnitedHealth is one of the largest companies to be ensnared in the options-backdating scandal, in which companies manipulated the dates that options were awarded to provide additional compensation to executives. More than 130 companies have come under scrutiny by the SEC, and many of those are being investigated by the Justice Department.

DCX Probe Spans Globe (DETNEWS)

By David Shepardson, Detroit News Washington Bureau

Detroit News, December 26, 2006

Internal probe reveals bribes; ex-FBI chief hired as monitor

WASHINGTON -- DaimlerChrysler AG has hired former FBI director Louis Freeh to serve as an outside monitor as it nears the end of a two-year internal investigation that has uncovered multiple instances of bribery by company employees, according to people familiar with the situation.

The massive internal investigation found employees at the automaker's Mercedes division bribed officials in Asia, Africa and Eastern Europe, the people said.

The bribery allegations, brought to light in 2004 by company whistle-blowers, also are the focus of a civil investigation by the Securities and Exchange Commission and a criminal probe by the Justice Department.

Company officials would not comment on the findings of the internal probe.

"The company is very determined to operate our business with the highest ethical standards. We take these matters very seriously," DaimlerChrysler spokesman Han Tjan said. "We're still conducting our investigation."

At its height, the internal investigation led by prominent Washington, D.C., attorney Robert Bennett involved 85 lawyers and nearly as many accountants reviewing millions of documents and conducting hundreds of interviews. The company's legal, accounting and consulting bills connected to the probe have topped tens of millions of dollars, a person familiar with the matter said.

Investigators traveled to 25 countries and interviewed dozens of people, including former DaimlerChrysler Chairman Juergen Schrempp and other executives, the people said. Investigators also uncovered evidence of secret bank accounts.

This fall, DaimlerChrysler hired Freeh as a consultant to monitor the company's compliance with anti-bribery regulations and to review its internal investigation. Freeh's hiring hasn't been announced publicly.

Efforts by The News to reach Freeh, who works as a consultant to companies facing legal issues, were unsuccessful.

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DaimlerChrysler has been regularly debriefing the SEC and Justice Department on the findings of its investigation and has turned over interview summaries and documents.

The bribes were seen by some company officials as an accepted way of doing business in many countries, according to people familiar with the investigation. In some cases, the amount of bribes was based on how many Mercedes vehicles were sold in a given market, the people said. In certain instances, investigators struggled to follow the money trail because intermediaries were used.

While DaimlerChrysler's internal probe is nearing completion, federal officials aren't expected to complete their investigations until 2007. Serious settlement discussions aren't expected until early next year.

Aiming to minimize penalties

DaimlerChrysler is clearly aiming to minimize any fines or sanctions by hiring Freeh as an internal monitor and providing federal investigators with the findings of the exhaustive internal investigation.

DaimlerChrysler, which is based in Stuttgart, Germany, and controls the Auburn Hills-based Chrysler Group, could face charges under the Foreign Corrupt Practices Act, a 1977 law designed to prevent U.S. companies from acting unethically abroad, because its stock is listed on the New York Stock Exchange.

German companies could deduct certain types of bribes on their taxes until the late 1990s.

German prosecutors in Stuttgart also are investigating whether the company violated anti-bribery and disclosure laws.

In March, DaimlerChrysler revealed in its annual report that an undisclosed number of executives have been disciplined or fired as a result of the investigation and admitted that "improper payments" were made in Asia, Africa and Eastern Europe.

The company reduced 2005 net income by $84.5 million and 2005 operating profit by $21 million to account for the improper payments. It also faces the prospect of having to pay back taxes. Still unclear is how much senior executives knew of the arrangements.

No U.S.-based employees are believed to be involved.

Whistle-blower cases settled

On Dec. 6, the company settled the last of two 2004 whistle-blower suits filed in U.S. District Court in Detroit that prompted the probe. Christine Holtzmann had alleged the company ignored reports of accounting fraud and mishandled audits. She said she was fired in December 2003 after an 18-year career with the automaker after speaking up about the fraud.

In July 2005, DaimlerChrysler settled a 2004 wrongful-firing suit filed in U.S. District Court in Detroit by former Chrysler accountant David Bazzetta.

Bazzetta claimed he was fired in January 2004 in part because he talked to superiors about as many as 40 secret bank accounts maintained by the Mercedes unit to bribe foreign government officials.

He said in his lawsuit he learned of the bank accounts during a corporate audit committee meeting in July 2001 in Stuttgart. According to court filings, Bazzetta claimed a vice president of corporate audit, Hubertus Buderath, told a group "a common practice of Daimler Benz was the use of secret bank accounts to bribe government officials." Buderath allegedly told then-chairman Schrempp that 40 of those accounts still existed and "were buried deep in (the company's) balance sheet." Schrempp denied knowledge of any accounts.

SEC lawyers interviewed Bazzetta and Holtzmann.

Point man is powerful lawyer

The point man for DaimlerChrysler in the internal investigation is Bennett, a high-powered attorney who has represented Enron and KPMG in corporate scandals. He was President Clinton's personal attorney in the Paula Jones civil case and is a partner in Skadden, Arps, Slate, Meagher & Flom LLP.

Bennett declined to comment.

Skadden partner Colleen Mahoney, a former deputy director of enforcement at the SEC, who is also involved in the DaimlerChrysler internal investigation, could not be reached. Two other Skadden Arps partners, former assistant U.S. attorney Gary DiBianco and Mitchell Ettinger, a former chief prosecutor for the Air Force, also have been involved in the probe.

Mark F. Mendelsohn, deputy chief of the Justice Department's fraud section, and Frederic D. Firestone, an SEC associate director of enforcement, who are overseeing the government's investigations into DaimlerChrysler, also declined to comment.

Numerous German companies have faced bribery investigations -- Volkswagen AG for allegedly bribing union officials and most recently engineering giant Siemens AG for allegedly bribing customers using secret bank accounts.

Experts said the government's focus on DaimlerChrysler may be to send a message to the world's third-largest economy to take bribery more seriously.

"The U.S. government really wants to encourage the Germans to crack down," said Peter Henning, a Wayne State University law professor and former SEC attorney. "It's the principle here. The amounts are usually never that large. It's surprisingly cheap to bribe public officials in the Third World."

The SEC has ramped up enforcement of its anti-bribery laws recently, filing more than 100 cases in 2006.

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Ex-FBI Chief Freeh Aids DaimlerChrysler Bribe Probe (AP)

AP, December 27, 2006

AUBURN HILLS, Mich. - Former FBI Director Louis Freeh is aiding DaimlerChrysler AG in its internal investigation of bribery allegations involving company employees, a company spokesman confirmed Tuesday.

DaimlerChrysler spokesman Han Tjan said the German-American automaker has already made an internal announcement that it hired Freeh as an "outside consultant" in the investigation. Freeh's hiring was reported Tuesday by The Detroit News.

Freeh is a member of the Gavel Consulting Group, which consists of former federal judges "who can provide strategic advice to corporations and law firms on anticipated actions in business, litigation and investigations," according to the group's Web site.

A message seeking comment from Freeh was left with the Gavel Consulting Group on Tuesday.

Tjan declined to comment further on either Freeh's role or the company's investigation.

"We stress very much that we take this very seriously and we are determined to operate all our businesses with the highest ethical standards," Tjan said.

In 2004, the Securities and Exchange Commission opened an inquiry after a DaimlerChrysler employee said he was fired for complaining that the company was using secret bank accounts to bribe government officials.

In 2005, DaimlerChrysler acknowledged that the Justice Department was investigating whether the company had paid bribes to foreign officials with the knowledge of its senior executives. The company said it is continuing to cooperate with the investigations.

In March, the automaker said an internal investigation of bribery claims found evidence of "improper payments" in Africa, Asia and Eastern Europe. It said several employees had been dismissed or suspended.

SEC Amends Rules On Disclosing Executive Compensation (LAW)

By Donna Block, The Deal

The Deal, December 27, 2006

The Securities and Exchange Commission is changing newly adopted rules governing the disclosure of executive and director compensation.

In a statement released Friday, the agency said it is altering the requirements for disclosing the value of stock option awards and giving firms more flexibility in how they report those expenses.

The SEC said the new rules should more closely conform with the reporting of stock option awards under standards in the Financial Accounting Standards Board's rule FAS 123. That rule requires recognition of the costs of stock option awards over the period in which an employee is required to provide service in exchange for the award.

Using this same approach when disclosing executive compensation will give investors a better idea of the compensation earned by an executive or director during a particular reporting period, the SEC explained in its announcement.

The SEC compensation rules were the most extensive overhaul of executive-pay regulations in 14 years. The SEC received more than 20,000 comment letters, a record, before adopting the new rules in July.

Rising compensation has been fueled by the growing use of incentive pay, such as cash bonuses, stock options and other awards. Those incentives have made it hard for investors to get a total pay number on top executives.

Now companies must add a section to the annual proxy statement sent to shareholders that analyzes compensation. In this section, company directors and managers must describe in detail how they determined compensation for the chief executive and other top officials.

SEC Chairman Christopher Cox has said the new requirements will shed new light on the quality of corporate governance and, with the more complete disclosure about payments or benefits to executives, excessive compensation packages may be reined in.

The rule change will be effective once it's published in the Federal Register. The SEC will take public comment for 30 days and make changes to its amended rules if necessary.

S.E.C. Changes Reporting Rule On Bosses' Pay (NYT)

By Floyd Norris

The New York Times, December 27, 2006

DOJ_NMG_0109314

The Securities and Exchange Commission, in a move announced late on the last business day before Christmas, reversed a decision it had made in July and adopted a rule that would allow many companies to report significantly lower total compensation for top executives.

The change in the way grants of stock options are to be explained to investors is a victory for corporations that had opposed the rule when it was issued in July, and a defeat for institutional investors that had backed the S.E.C.'s original rule.

"It was a holiday present to corporate America," Ann Yerger, the executive director of the Council of Institutional Investors, said yesterday. "It will certainly make the numbers look smaller in 2007 than they would otherwise have looked."

Christopher Cox, the commission chairman, said yesterday that he viewed the decision as "a relative technicality" that improved the rule. When the rule was adopted in July, Mr. Cox said it was aimed at providing information that would allow shareholders to "make better decisions about the appropriate amount to pay the men and women entrusted with running their companies."

In announcing the new rule on Friday, he said "the new disclosure requirements will be easier for companies to prepare and for investors to understand."

As controversy has grown over rising executive pay, it has been hard to even get agreement on the total value of compensation for top executives. The rules passed last summer required companies to disclose more information and to compile it in a summary compensation table that is expected to become the standard by which corporate pay is compared.

The new rule changes the way grants of stock options will be measured in that summary table.

Under the old rule, if a company awarded an options grant valued at $15 million to an executive this year, the full amount of $15 million would show up in the summary compensation table.

Under the new rule, which takes effect immediately, the amount reflected in the table would be much smaller, with the remaining part of the $15 million included in later years, as the executive qualifies to exercise the options.

Under some circumstances, the options grant might not be reported at all in the first year, even if the executive would otherwise have been the company's highest paid executive had the full value of the option grant been included.

The new rule is intended to make the disclosures identical to the way companies report options expenses in their financial statements, under accounting standard 123R, as approved by the Financial Accounting Standards Board.

In an interview yesterday, Mr. Cox said the change reflected what the commission had intended to do when it adopted the original rule in July. "My understanding all along was that we were going to follow the 123R model," he said. "It came out differently from that when we adopted it."

The fact it came out differently was disclosed by the S.E.C. at the time. The commission pointed out that some companies had wanted to time the disclosures in accordance with the accounting rule, but said the other approach "is more consistent with the purpose of executive compensation disclosure."

But on Friday, the S.E.C. said it now believed that the change would provide "a fuller and more useful picture of executive compensation than our recently adopted rules."

While practices vary, stock options often vest — meaning they may be exercised — over a period of three to five years after they are granted. The options can be canceled if the employee leaves the company before they vest.

For most executives, the accounting rule says the expense should be spread over the period from the grant to full vesting. So if options vest over five years, the expense would be reported over that period.

In the $15 million example, if the options vested over a five-year period, the summary compensation table would reflect a cost of $3 million per year. In the first year, the cost might be lower if the options were issued relatively late in the year, and could be almost nothing if they were issued just before the end of the company's fiscal year.

But the new rule could create confusion because it would treat options issued to some executives — those eligible for retirement — differently.

If an executive were eligible to retire when the option was granted, and could keep the option if he or she did retire, then the entire option grant would be expensed immediately and listed in the summary table in the year it was granted.

But if the executive is not eligible for retirement, then the expense is spread out over the several years it takes for the options to vest.

That makes it possible that two executives with identical pay packages would have very different disclosures, making the one eligible for retirement seem to be much better compensated. "This will muddy the waters," Ms. Yerger said.

Asked about that, Mr. Cox conceded it was an anomaly. But he said there were anomalies under the other rule as well. John White, the director of the commission's division of corporation finance, pointed to the fact that the rule adopted in July could lead to reporting of compensation that would never be received.

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"The anomaly that the commission was most concerned with was that if an executive leaves the company before the options vest, the full amount of the option still was reported in compensation disclosure when, in fact, nothing was received," said Mr. White, who became director of the division in March, after the previous rules were proposed but before they were adopted.

He said that some companies issued options that had so-called cliff-vesting, in which all options vested after five years, and were forfeited if the executive left before that time. Under the new rule, expenses would still be reported for the first years, but then a negative amount would be reported in the year the executive left, reversing the earlier reported figures. There was no such reversal in the July rules.

The commission adopted the new rule in an unusual way, making it take effect immediately even though the commission had not announced that it was considering a change and had not sought public comment.

An S.E.C. spokesman pointed to two other rules adopted that way in recent years. Both were intended to comply with new federal laws that were about to take effect.

One, in 2000, stated that e-mail messages from mutual funds could satisfy rules requiring that information be given to customers in writing. The other, in 2001, established rules for complying with the Gramm-Leach-Bliley Act allowing mergers of financial companies.

Mr. Cox said there was no time to seek comment if the change announced Friday was to take effect in time to affect proxies issued in coming months. He said it would be confusing if companies reported one way in 2007 and then changed in 2008.

The rules adopted in July were intended to deal with widespread complaints that it was difficult to discover all elements of pay packages for top executives. Besides providing the summary table, the disclosures will provide new information in a number of areas, including retirement benefits.

The disclosures will be made for a company's chief executive, chief financial officer and the three other highest paid executives, as indicated by the summary table. For those on the list, all option grants will be disclosed, so even if the summary table leaves out much of the value of options granted to a chief executive, investors could see the terms of the grant and consider it in assessing how well the executive was paid.

Under the July rule, a large options grant to an executive could propel him or her onto the disclosure list. But under the rule adopted Friday, such a grant might not put the executive in that group, meaning there would be no disclosure of that executive's pay that year.

Over time, of course, most executives whose pay is being disclosed would have the same total reported under either rule. Under the new rule, options that were granted in prior years, but vested in 2006, will show up in next spring's disclosures.

The reduction in reported pay is likely to be the largest at companies that accelerated the vesting of options in 2005 to avoid reporting them as an expense at all when the new accounting rule went into effect. Executives at those companies will not have as many old options vesting as they normally would have, and thus will be able to report lower pay.

The commission said it would take public comments on the latest change for 30 days, but it added that the new rules were now final.

When the commission considered the issue earlier this year, David C. Chavern, a vice president of the United States Chamber of Commerce, urged it to take the step it rejected in July and adopted on Friday, saying that to do otherwise would overstate compensation, since options would not have been earned when they were reported, and might later be canceled.

Whenever the value of the options shows up in the summary table, the value shown will be the estimated value of the option at the time it was granted. Years later, when the options vest, the stock price could be much higher or lower than it was when the option was issued, making the options much more valuable — or all but worthless — by the time they show up in the summary compensation table at the old value.

CRIMINAL LAW:

Police Chiefs Eye More Federal Aid (WT)

By Jerry Seper

The Washington Times, December 27, 2006

The International Association of the Chiefs of Police is urging Congress to step up its support for law-enforcement agencies after what it calls "years of deep budget cuts and a disturbing rise in crime rates."

"The FBI's crime report ... serves as a stark reminder of what happens when law-enforcement agencies are stretched too thin: crime rates rise," said Joseph Carter, chief of the Massachusetts Bay Transportation Authority Transit Police Department and president of the IACP.

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"We are hopeful that the 110th Congress will take our suggestions to heart and not only completely fund important programs, but also establish new programs and enhance others that will help state, local and tribal law enforcement keep our homeland and hometowns safe," Chief Carter said.

If law-enforcement authorities are to be successful in their efforts to protect the public from "both crime and the menace of terrorism," he said, they "must receive the tools and resources they need." He said the IACP thinks Congress must:

·Fully fund the Byrne Justice Assistance Grant Program at $1.1 billion, the Community Oriented Policing Service program at $1.05 billion, and the Law Enforcement Terrorism Prevention Program at $500 million.

·Promote information and intelligence-sharing, establish a National Commission on Law Enforcement and the Administration of Justice, and enhance police recruitment and retention.

·Reform the Communications Assistance for Law Enforcement Act, reinstate the assault-weapons ban and establish a certified officers clearinghouse.

"The IACP is hopeful the 110th Congress will help law-enforcement agencies reverse this dangerous trend by implementing these innovative solutions," Chief Carter said.

He said the IACP is "very concerned" that the debate over funding for the various law-enforcement and homeland security assistance programs has become increasingly partisan during the past several years and that the issue is too important "to the safety of our communities and our nation to allow political differences to delay or reduce funding."

On Tuesday, the FBI reported that violent crime nationwide increased by 3.7 percent in the first six months of this year, continuing a trend that began in 2005. Last year, the number of violent crimes increased by 2.5 percent, the largest gain in 15 years, and the Justice Department pledged to find out why the crime numbers were continuing to increase.

The FBI's Preliminary Semiannual Uniform Crime Report, based on statistics submitted by 11,535 law-enforcement agencies nationwide, showed increases in murders (up 1.4 percent), robberies (up 9.7 percent) and aggravated assaults (up 1.2 percent) over the same period in 2005.

According to the FBI report, the largest increases in the reported number of violent crimes, 12.8 percent, occurred in small cities with populations of 10,000 to 24,999, while cities with populations of 500,000 to 999,999 had the most marked increase in reported murder offenses, up 8.4 percent.

Founded in 1893, the IACP is the world's oldest and largest association of law-enforcement executives with more than 20,000 members in nearly 100 countries.

Canadian Gold Medalist Detained On Child Abduction Charge (AP)

By Brian Witte

AP, December 27, 2006

BALTIMORE - A federal judge on Tuesday ordered Canadian Olympic gold-medalist Myriam Bedard to temporarily remain in the custody of U.S. marshals after being charged with violating a child custody order by bringing her 12-year-old daughter to the United States.

U.S. Magistrate Judge James K. Bredar scheduled a hearing for Friday in Baltimore to address whether the U.S. government has the authority to detain the former biathlon champion pending extradition to Canada.

Kevin McCants, an attorney representing Bedard, said he was working on an arrangement that would enable his client to return voluntarily to Quebec on Friday to face the charge. McCants said the holidays have made it difficult to negotiate, but he has been in touch with Canadian prosecutors.

"We're hoping to have a deal in place in the next day or so," McCants said.

Bedard, 37, was arrested Friday night in Maryland after U.S. marshals found her and her 12-year-old daughter, Maude, at a Columbia hotel. Bedard, of Quebec, Canada, has been in the custody of U.S. marshals since the arrest. Her daughter is back in the custody of Bedard's ex-husband, Jean Paquet.

Bedard faces up to 10 years in prison on the child abduction charge, but her attorneys contend she didn't break the law.

"She's confident that when these proceedings are over that ... she will be vindicated. She's done nothing wrong," McCants said.

Bedard appeared at her initial appearance in U.S. District Court in Baltimore wearing an orange jail jumpsuit. McCants said Bedard was disappointed she had to remain in custody, but he said she told him she was OK.

"She was fine with it," McCants said. "I think I was more disappointed than anyone."

Assistant U.S. Attorney Philip Jackson argued that Bedard should be detained because she was a flight risk.

Quebec City police obtained an arrest warrant against Bedard on Dec. 8 after Paquet alleged she had taken their daughter away from Quebec City without his permission in violation of a child custody order.

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An arrest warrant for Bedard was first issued from Quebec City, Canada. The Royal Canadian Mounted Police contacted the U.S. Marshals Service and the Capital Area Regional Fugitive Task Force on Dec. 15 to help find Bedard.

When marshals determined she was in the United States, a provisional arrest warrant was obtained on Wednesday. After she was arrested, Bedard was taken to the Howard County Detention Center in Jessup.

John Pepper Jr., an attorney who also is representing Bedard, said Paquet has been unclear about when he wanted to see his daughter.

"We're still waiting for him to come forth and make us aware of which periods he would like," Pepper said.

He also said Paquet was kept informed of where the girl was and that Bedard "feels absolutely devastated by the fact that Mr. Paquet would act in such a manner."

Bedard won two gold medals in the biathlon competition at the Olympic Games in Lillehammer, Norway in 1994. She won a bronze medal in that same event in the 1992 Winter Olympics in Albertville, France.

Bedard has been traveling in the United States with her current common-law spouse, Nima Mazhari, who was at the courthouse Tuesday.

Mazhari has had his own share of legal problems, being charged in 2005 with theft and possession of about 20 stolen paintings worth $100,000.

ID Thief Forges Leniency Letter (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, December 27, 2006

Authorities seek man who broke probation terms

A man whose prosecution three years ago was announced as part of an identity theft crackdown dubbed "Operation Identity Crisis" is in trouble again after trying to fool a notoriously no-nonsense federal judge with a forged letter asking for leniency.

U.S. marshals are looking for James M. Lyle, 22, of the West End, who was released from federal prison in May, after he failed to appear Thursday for a probation violation hearing before Senior U.S. District Judge Alan Bloch.

Mr. Lyle, who had more than 3 million credit card numbers on his computer when Pittsburgh police arrested him in 2003, was arrested again last month on new theft charges stemming from an August online purchase of a laptop computer with a stolen credit card.

That new arrest meant he had violated the terms of his probation from his previous federal case, according to a filing by the U.S. Probation Office.

At a hearing before Judge Bloch on Dec. 13, Mr. Lyle admitted the new offense and the judge placed him on home detention until a space opens up for a six-month term at a Downtown halfway house.

At that hearing, Mr. Lyle also presented the judge with a letter purportedly from Timothy Savina, his boss at British Petroleum in Scott where he had been working, indicating that Mr. Lyle was turning his life around and shouldn't go back to jail.

But Assistant U.S. Attorney Brendan Conway thought the letter looked suspicious and asked police to check it out.

"Mr. Savina has indicated that the letter is a forgery," Mr. Conway said in court papers, "that he did not prepare or sign the letter, and that he did not authorize the preparation of the letter."

What's more, Mr. Savina said Mr. Lyle, who was a manager-in-training at BP, got through the company's criminal background check by claiming his felony record was really his father's.

When confronted, Mr. Savina said, Mr. Lyle admitted that he had a friend prepare the letter for him.

"Mr. Lyle has now been terminated from his employment at BP," said Mr. Conway.

After the forgery came to light, Judge Bloch scheduled a new hearing for Dec. 21, at which time there was a good chance Mr. Lyle would go to jail. But Mr. Lyle didn't show and the judge, who has a reputation as the toughest on the federal bench in Pittsburgh, issued a warrant for his arrest.

Michael Novara, Mr. Lyle's public defender, was not available yesterday.

Mr. Lyle had been arrested by Pittsburgh police for credit card theft before 2003, but after another arrest that year authorities decided to lump him together with 11 other defendants as part of "Operation Identity Crisis," a joint effort of the U.S. Justice Department, U.S. Postal Inspectors, Federal Trade Commission, U.S. Secret Service and various banks.

Pittsburgh police had found Mr. Lyle, 19 at the time, in possession of more than 15 counterfeit credit cards, more than 3.1 million American Express card numbers, 158,765 Discover card numbers and 43,000 Visa card numbers.

A federal grand jury indicted him in 2003, he pleaded guilty the following year and Judge Bloch sentenced him to 27 months.

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The judge also ordered him to pay $3,549 in restitution to various retailers that he defrauded and not to commit any more crimes.

Kansas Judge Lets Attorney General Press Abortion Case (USAT/AP)

USA Today, December 27, 2006

TOPEKA, Kan. (AP) — A judge agreed Tuesday to let Kansas' attorney general, a vocal abortion opponent, try to persuade him to reinstate charges against a well-known abortion provider.

District Judge Paul W. Clark scheduled a hearing for Wednesday after Attorney General Phill Kline asked him to reconsider his decision to dismiss the case against Dr. George Tiller over a jurisdictional issue.

Kline, who lost his re-election bid in November and leaves office in three weeks, filed 30 misdemeanor counts last week accusing Tiller of illegally performing 15 late-term abortions.

On Friday, Clark dismissed the charges after Sedgwick County District Attorney Nola Foulston argued that Kline didn't have the authority to file the charges.

The judge said he would consider on Wednesday only whether a district court can limit a district attorney's power to dismiss a criminal case and, if there are circumstances allowing a court to intervene, whether they are present in Tiller's case.

Clark said Attorney General-elect Paul Morrison could participate.

Kline, a Republican and staunch abortion opponent, lost the Nov. 7 general election to Morrison, a Democrat.

Kline has been investigating whether Tiller and other abortion providers performed illegal late-term abortions in Kansas or failed to report suspected child abuse as required by law. Earlier this year, he obtained the records of 90 patients from Tiller's clinic and a clinic operated by Planned Parenthood of Kansas and Mid-Missouri.

Tiller's attorneys have contended the charges are groundless.

Kline spokesman Jan Lunsford and Foulston spokeswoman Georgia Cole did not immediately return calls Tuesday seeking comment.

Tiller's clinic, one of the few in the country to perform late-term abortions, has been a high-profile target of abortion opponents for decades. The clinic was bombed in 1985, and Tiller was shot in both arms by a protester in 1993.

Pet Store Owners Find Airline Luggage Lost From International Flights In Houston Trash Bin (AP)

AP, December 27, 2006

HOUSTON: Authorities were trying to figure out how dozens of pieces of luggage belonging to international air travelers ended up in a trash bin behind a Houston pet store.

FBI special agent Rolando Munoz said 68 pieces of luggage from various international flights were discovered. He said the luggage was turned over to Continental Airlines to sort out.

Sgt. Dana Wolfe, a spokeswoman for the Harris County Sheriff's Office, which first responded to the luggage report, said the bags belonged to travelers at George Bush Intercontinental Airport. She said tags on the bags showed some of the travelers were going to or from London and Dubai.

The Houston Police Department is handling the case, Munoz and Wolfe said. A Houston police spokesman had no additional details Tuesday night.

Mary Clark, a spokeswoman for Continental, said she did not know if the contents of the bags were stolen.

"We're going to be investigating and the authorities are going to be investigating," she said, adding that the airline was working with other carriers to match the bags with lost luggage claims. She did not have the names of the other airlines but broadcast reports identified them as Continental Airlines, Lufthansa, British Airways and U.S. Airways.

The owners of a Pet City store found the luggage.

Cybercrooks Deliver Trouble (WP)

By Brian Krebs

The Washington Post, December 27, 2006

It was the year of computing dangerously, and next year could be worse.

That is the assessment of computer security experts, who said 2006 was marked by an unprecedented spike in junk e-mail and more sophisticated Internet attacks by cybercrooks.

Few believe 2007 will be any brighter for consumers, who already are struggling to avoid the clever scams they encounter while banking, shopping or just surfing online. Experts say online criminals are growing smarter about hiding personal data they have stolen on the Internet and are using new methods for attacking computers that are harder to detect.

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"Criminals have gone from trying to hit as many machines as possible to focusing on techniques that allow them to remain undetected on infected machines longer," said Vincent Weafer, director of security response at Symantec, an Internet security firm in Cuptertino, Calif.

One of the best measures of the rise in cybercrime is junk e-mail, or spam, because much of it is relayed by computers controlled by Internet criminals, experts said. More than 90 percent of all e-mail sent online in October was unsolicited junk mail, according to Postini, an e-mail security firm in San Carlos, Calif. Spam volumes monitored by Postini rose 73 percent in the past two months as spammers began embedding their messages in images to evade junk e-mail filters that search for particular words and phrases. In November, Postini's spam filters, used by many large companies, blocked 22 billion junk-mail messages, up from about 12 billion in September.

The result is putting pressure on network administrators and corporate technology departments, because junk mail laden with images typically requires three times as much storage space and Internet bandwidth as a text message, said Daniel Druker, Postini's vice president for marketing.

"We're getting an unprecedented amount of calls from people whose e-mail systems are melting down under this onslaught," Druker said.

Spam volumes are often viewed as a barometer for the relative security of the Internet community, in part because most spam is relayed via "bots," a term used to describe personal computers that online criminals have taken control of surreptitiously with computer viruses or worms. The more computers the bad guys control and link together in networks, or botnets, the greater volume of spam they can blast onto the Internet.

At any given time, between 3 million and 4 million compromised computers are active on the Internet, according to Gadi Evron, who managed Internet security for the Israeli government before joining Beyond Security, an Israeli security firm. And that estimate only counts spam bots. Evron said millions of other hijacked computers are used to launch "distributed denial-of-service" attacks -- online shakedowns in which attackers overwhelm Web sites with useless data and demand payment to stop.

"Botnets have become the moving force behind organized crime online, with a low-risk, high-profit calculation," Evron said.

He estimated that organized criminals would earn about $2 billion this year through "phishing" scams, which involve the use of spam and fake Web sites to trick computer users into disclosing their financial and other personal data.

Another trend experts cite is the steady shift of Internet criminal activity from nights and weekends to weekdays, suggesting that online crime is evolving into a full-time profession for many.

Symantec found that the incidence of phishing scams has dropped significantly on Sundays and Mondays in the United States. The firm found a similar trend when it examined the pattern of new virus variants compiled and released by attackers.

"The bulk of the fraud attacks we're seeing now are coming in Monday through Friday, in the 9-to-5 U.S.-workday timeframe," Symantec's Weafer said. "We now have groups of attackers who are motivated by profit and willing to spend the time and effort to learn how to conduct these attacks on a regular basis. For a great many online criminals these days, this is their day job: They're working full time now."

Criminals are also becoming more sophisticated in evading anti-fraud efforts. This year saw the advent and wide deployment of Web-browser based "toolbars" with embedded technology designed to detect when users have visited a known or suspected phishing Web site. But many scam artists responded by developing new methods of hosting their fraudulent Web sites and routing traffic to them that made them harder for law enforcement and security experts to thwart.

"We've seen a pretty big evolutionary jump in tactics used by phishers over the past year, and I believe it's because some of the toolbar makers and the good guys who work to get these scam sites shut down have really done a good job at preventing them from being successful," said Dan Hubbard, vice president of research for Websense, an online security firm in San Diego.

The past 12 months also brought a steep increase in the number of software vulnerabilities discovered by researchers and actively exploited by criminals. The world's largest software maker, Microsoft, this year issued software fixes to 97 security holes that it classified as "critical," meaning hackers could use them to break into vulnerable machines without any action on the part of the user.

In contrast, Microsoft shipped just 37 critical updates in 2005. Fourteen of this year's critical flaws were known as "zero day" threats, meaning Microsoft first learned about the security holes only after criminals had already begun using them.

The year began with a zero-day hole in Microsoft's Internet Explorer, the Web browser of choice for about 80 percent of the world's online users. Criminals were able to exploit the flaw to install keystroke-recording and password-stealing software on millions of computers running Windows software.

At least 11 of those zero-day vulnerabilities were in the Microsoft Office productivity software suites, flaws that bad guys mainly used in targeted attacks against corporations, according to the SANS Internet Storm Center, a security research and training group in Bethesda. Microsoft issued patches to correct a total of 37 critical Office security flaws this year.

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The year also was notable for a wave of attacks exploiting flaws in software applications that run on top of operating systems, such as media players and Web browsers. In February, attackers used a security hole in AOL's popular Winamp media player to install a hidden program when users downloaded a seemingly harmless playlist file. This month, a computer worm took advantage of a design flaw in Apple Computer's QuickTime media player to steal passwords from about 100,000 MySpace.com bloggers, accounts that were then hijacked and used for sending spam. Also this month, security experts spotted a computer worm spreading online that was powered by a six-month old hole in a corporate anti-virus product from Symantec.

Many security professionals speak highly of Microsoft's Vista, the newest version of Windows scheduled for release next month. The program includes improvements that should help users stay more secure online, such as a Web browser with new anti-fraud tools, as well as operating system changes that should make it more difficult for rogue software or viruses to make unwanted changes to key system settings and files.

But some security vulnerabilities have been identified in Vista already, including at least one in its new browser, Internet Explorer 7. Moreover, experts worry that businesses will be slow to switch to the new operating system and note that even if consumers adopt it more quickly, Microsoft will continue to battle security holes in legacy versions of its Office product.

Some software security vendors suspect that a new Trojan horse program that surfaced last month, called "Rustock.B," may serve as the template for future malicious software. The program morphs itself slightly each time it installs itself on a new machine in an effort to evade anti-virus software. In addition, it hides in the deepest recesses of the Windows operating system, creates invisible copies of itself, and refuses to work under common security analysis tools in an attempt to defy identification and analysis.

"This is about the nastiest piece of malware we've ever seen, and we're going to be seeing more of it," said Alex Eckelberry, president of the security vendor Sunbelt Software in Clearwater, Fla. "The new threats that we saw in 2006 have shown us that the malware authors are ingenious and creative in their methods."

Leading Cyber-Pirates Of The World (WSJ)

By Paul Mcmanus

The Wall Street Journal, December 27, 2006

There is a new and grave threat to companies selling proprietary wares and services online: Their brand can be tarnished and customers stolen by a keystroke. With the Web now the shopping mall of choice for time-crunched consumers, cyber-thieves are "dressing up" Web sites and tweaking competitors' domain names to capture unsuspecting shoppers.

The more sophisticated scammers are criminals who electronically embed specially coded software programs on the browsers of PCs. Simply clicking on to a Web site link can plant code in a computer that takes command of its browser. These bugs hijack a search and redirect it to a fraudulent site masquerading as the legitimate one. The consumer unwittingly gives away personal and financial information that can be sliced, diced and resold worldwide.

The brand, too, is the victim of this theft. In the luxury hospitality sector, for example, where a hotel's reputation for privacy, personal service and an exceptional experience is a major asset, anything that misleads or defrauds the guest can cause permanent damage. And the consumer can end up paying top dollar for an inferior property. A traveler who believes he's using The Leading Hotels of the World's Web site to make a reservation at a five-star hotel in Paris might be electronically kidnapped and booked at a two-star with a lyrical French name. Everyone loses: The traveler is duped. Our member hotel loses revenue. And in the eyes of that traveler, our brand is robbed of credibility and cachet.

The modus operandi of this breed of pirate is to challenge a long-established company's trademark and Web site domain name -- or simply to ignore it. The brand that's attacked is forced to spend large amounts of time and money registering trademarks and URLs in 50 or 60 countries, or litigating protracted lawsuits. I speak from costly experience: In one case, travelers complained that when they searched for "palace" hotels at our Web site, they were rerouted to a site owned by a South African company that claimed to offer luxury hotels rooms at steep discount. We took legal action and after an eight-year battle won judgment for trademark infringement, shutting down the site.

What's needed is a set of international laws protecting business and consumers against Internet fraud plus a global squad of cyber crime-busters to enforce them. The U.S. has specific computer fraud laws and the FBI takes "thousands of complaints" annually through its Internet Crime Complaint Center (www.ic3.gov). But perpetrators who zero in on businesses like mine often work in countries with no laws protecting Web users and lax or little cooperation with U.S. or other foreign law-enforcement agencies.

Collaboration is the only realistic solution for the private sector to protect brands from online pirates. The global Internet community is already working together through ICANN, the Internet Corporation for Assigned Names and Numbers, a nonprofit that creates and allocates Internet protocol addresses, and resolves disputes over rights to domain names. ICANN is a natural for stepping into the computer crime arena. It has respect, international treaties, a global presence and a solid organizational

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structure. But don't expect ICANN to wage war all by itself. Those of us in the business world who can't rely on the government for brand protection have to be partners in long battle.

Mr. McManus is president & CEO of The Leading Hotels of the World, Ltd.

Rapist Preys On Men In Suburban Houston (AP)

By John Porretto, Associated Press Writer

AP, December 27, 2006

A rapist who has struck at least five times since April in and around Baytown has not only spread fear in this working-class community but also piqued the interest of those who study the criminal mind. The reason: He preys on other men.

That makes him something of a rarity in the world of crime.

"It's the least prevalent kind of serial rape, and largely underreported," said Jack Levin, a leading criminologist and director of the Brudnick Center on Violence at Northeastern University in Boston.

Levin and other experts say male-on-male rape sometimes stems from sexual encounters gone bad. But that does not appear to be the case with the rapist in this oil-refining town of 70,000 people about 30 miles east of Houston.

Instead, he methodically identifies and stalks young men and attacks them at gunpoint or knifepoint in or near their homes, according to police Capt. Roger Clifford. Sometimes he robs his victims, too, but rape appears to be the primary motivation, police said.

"This is certainly of interest, an interesting case," Levin said.

The U.S. Justice Department says one in 33 men in the United States has been a victim of a rape or attempted rape, compared with one in six women. Experts say men are far less likely to report a rape to authorities, because they fear being perceived as weak or see the attack as an assault on their masculinity.

In fact, investigators in Baytown fear there may be other victims of the rapist who are too ashamed to come forward.

"There's a lot of emotional damage that goes with being raped, especially when the victims are men," said Lynn Parrish, a spokeswoman for the National Rape, Abuse & Incest National Network. But she added: "The best way to get this rapist off the street is for more people to come forward."

Three of the attacks have occurred in the city, the other two on the outskirts of town. The most recent attack was Nov. 30. Clifford would not give details of the rapes but said at least one victim managed to thwart the attack.

No one has been seriously hurt.

"But it's only going to take one victim who resists enough or in the wrong way until the gun is going to go off, the knife is going to be used, and we're going to have a victim with serious injuries or who's dead," Clifford said.

Criminologists have seen cases of serial killers who raped or otherwise had sex with their male victims - among them, John Wayne Gacy and Jeffrey Dahmer. But psychologically, this is a different phenomenon.

Levin said it is rare for a serial rapist to become a serial killer.

"I think the reason has to do with the absence or presence of a conscience," he said. "A serial rapist is more likely to have a conscience. Otherwise they'd take the life and silence the victim."

Victims have described the Baytown attacker as a clean-shaven black man, 18 to 21 years old, 5-foot-10 to 6 feet tall and about 200 pounds, with a shaved head. Police have released a sketch and are working with the FBI's behavioral sciences unit to develop a psychological profile. DNA testing also is under way.

Fliers with the sketch have been circulated around schools and Baytown's Lee College, with an enrollment of about 6,000.

Jay Ali, an 18-year-old who works at the local mall, said he has been spreading the word among friends. "There's a loose psycho running around raping men," he said.

The local paper, The Baytown Sun, has run the sketch and details of the crimes at the top of its front page nearly every day since the most recent attack, and an electronic bulletin board on its Web site is filled with discussion about the rapes.

"I have selfish reasons for wanting this guy caught," Marie W. wrote in a posting Dec. 12. "I have a son who fits this guy's target group. ... I want him off the streets and locked up like yesterday."

Virginia DNA Review Hobbled (WP)

By Candace Rondeaux

The Washington Post, December 27, 2006

A year after Virginia's crime lab launched an unprecedented review of old cases that experts said could free dozens of wrongly convicted people, the project appears to be years from completion, and some are questioning the credentials of the private company selected to do the DNA testing.

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Former Virginia governor Mark R. Warner (D) ordered a full review of the cases last December after an analysis of old evidence revealed that two men were not guilty of sexual assault. Warner pardoned the men, who became part of a wave of exonerations that reignited a national debate over post-conviction DNA testing.

At the time, Virginia crime lab director Paul Ferrara predicted that the retesting project would be completed within two years and could free dozens of innocent inmates. But now, just days from retirement, Ferrara has revised his prediction, saying changes at the lab have stalled progress.

"We got nowhere for a while. It has suffered some delays because of staff turnover," Ferrara said. "But we're as interested and as anxious to see this thing through as everyone else. We could see as many as 30 possible exonerations when this is all over with."

The physical evidence came to light in 2001, when an inmate asserted his innocence under a new state law that for the first time granted the right to request testing of newly discovered evidence more than 21 days after sentencing. Lab analyst Mary Jane Burton, who retired in 1988 and died in 1999, and two other lab workers meticulously preserved pieces of clothing smeared with blood, semen or saliva before DNA testing got underway in the early 1990s. A cursory review of a small sample of Burton's files has exonerated five former convicts.

Earlier this year, legal experts speculated that the retesting effort could be slowed when Ferrara, 64, announced in August plans to retire by the end of this year. Gov. Timothy M. Kaine (D) has not selected Ferrara's successor, but the state's Forensic Science Board has interviewed several internal and external candidates, and a decision is expected next month, Virginia officials familiar with the process said.

The evidence review entails a painstaking, multi-step process of separating out cases contained in 660 boxes packed with thousands of files from 1973 through 1988, identifying suspects convicted in each case and determining if physical evidence samples can be tested for DNA.

So far, graduate students hired to help with the project have sifted through more than 329,000 cases, Ferrara said. They will sort and index about 234,000 more files held at regional labs across the state before the bulk of the work is done. They have logged 3,135 cases that have some form of biological evidence retained in the file. No DNA tests have been performed on any of the evidence yet, but Ferrara said he hopes to send the first batch out for testing soon.

"It's going to be slow," Ferrara said. "But I think anyone would rather see us proceed cautiously rather than haphazardly."

The slow pace, however, concerns some. Peter Neufeld, co-director of the New York-based Innocence Project, which has helped exonerate more than 170 inmates, lauded the state for launching the review, saying other states should follow Virginia's example. But Neufeld, who said his organization has several cases pending in Virginia, worries that the review isn't moving quickly enough.

"To allow that to drag as long as it has is unfortunate. It undermines the efficacy of what Governor Warner had intended. It slows down the exoneration of innocent Virginians who are languishing in prison," Neufeld said.

The state selected Bode Technology, a private Fairfax County-based lab, to conduct DNA tests on the samples, a contract valued at an estimated $1.4 million. Bode has won several contracts with the state and has been awarded about $9.3 million overall for outsourced work, according to the Virginia Department of Forensic Science.

But Bode's recent dealings with another state crime lab have been rocky. In August 2005, the company made national headlines after the Illinois State Police canceled a $7.7 million contract with Bode because it failed to identify semen on 22 percent of the rape kit samples it was charged with testing.

Edward Blake of Forensic Science Associates in California, a pioneer of DNA testing, said he is skeptical of Bode's ability to handle the retesting effort in Virginia. A longtime critic of Virginia's crime lab, Blake said the dust-up in Illinois raises serious questions about quality control at Bode.

"I wouldn't trust anything that they did -- not after seeing their work on several cases and the problems in Illinois. With Bode especially since they have a long-term contract with the state of Virginia, they are totally motivated not to see a problem," Blake said.

Calls to Bode General Manager and Vice President Maureen Loftus were not returned.

Ferrara said he's confident Bode is up to the task. "Over the course of the last 20 years, people have found occasions to criticize every private and public lab there is," he said. "That's to be expected. We've worked with Bode for a long time and have long experience with them."

Law Mandates Disinterment Of Murderer (WP)

By Tara Bahrampour

The Washington Post, December 27, 2006

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The remains of a man convicted of murdering an elderly Hagerstown, Md., couple will be removed from Arlington National Cemetery as part of a bill signed into law by President Bush.

Bush signed the $3.2 billion bill, the Veterans Benefits, Health Care and Information Technology Act of 2006, on Friday.

The bill seeks to improve benefits and health care for veterans and their families. It also requires the Secretary of the Army to remove the cremated ashes of Russell Wayne Wagner, who was convicted of murdering Daniel Davis, 84, and Wilda Davis, 80, in 1994.

Vernon G. Davis, son of the murdered couple, said yesterday that he was relieved to hear of the change, which he had worried would never come to pass.

"We just got an extra Christmas present, and I think the whole family's satisfied," he said. "For him to do something like that to Mom and Dad, and then you turn around and honor him like that, it was completely wrong."

"Arlington Cemetery is reserved as a place of honor for men and women who have served their nation in the armed services. It is appropriate to remove the remains of individuals, who, by their own criminal actions, have brought dishonor to themselves and the memory of their service," said Tony Frato, a White House spokesman.

Wagner died in early 2005 of a heroin overdose while serving two life sentences. An Army private who served during the Vietnam War and was honorably discharged in 1972, Wagner was eligible for parole at the time of his death, which made him eligible for an Arlington service. He was buried with honors in August 2005.

But after publicity about the case and pressure from the couple's family and Sens. Larry E. Craig (R-Idaho), Barbara A. Mikulski (D-Md.) and Ken Salazar (D-Colo.), the case was revisited.

Congress passed a law in 1997 barring people convicted of capital crimes from being buried in a national cemetery, a law designed to block the possibility of Oklahoma City bomber Timothy McVeigh, a veteran, being buried at Arlington.

But some veterans have been reluctant to support too many restrictions, worrying that too broad a law might bar too many people.

Backwoods Celebrity Faces Long Prison Term For Incest (WP)

By Blaine Harden

The Washington Post, December 27, 2006

Robert Hale, a Bible-toting father of 15 who calls himself Papa Pilgrim, became an anti-government celebrity in Alaska by driving a bulldozer across a national park that encircles his land.

The Lord told him that using the bulldozer to clear 14 miles of derelict road through the park was a loving thing to do, Hale said in an interview three years ago.

"In order for me to love my children, I have to be a provider," Hale said then, explaining that he needed the bulldozer to fetch supplies for his children, whom he and his wife were home-schooling in an ultra-strict Christian way.

He said his children read only the Bible, always bathed with their clothes on and were not allowed to see one another naked.

Yesterday in a Palmer, Alaska, courtroom, Hale, 65, answered very different questions about his behavior and his family: He pleaded no contest to multiple charges that he raped one of his daughters.

The plea, which came three weeks before Hale was to face trial on 27 felony charges of rape, incest and coercion, punctuates an implausible saga that stretches from Texas to the outback of eastern Alaska. It is a story by turns picaresque, outrageous and sad.

Hale and his now-estranged wife, Kurina, who calls herself Country Rose, and their children, who all have names from the Bible, bought a 410-acre ranch inside Wrangell-St. Elias National Park, the largest national park in the United States.

Much of the money for the $450,000 purchase in 2002 came from the Alaska permanent fund dividend. It is an oil-funded annual payment that this year was worth $1,107 to each state resident. After Hale and his family moved to Alaska in 1998, the dividend provided the onetime subsistence farmers -- who also earned money performing gospel music -- with more cash than they had ever had.

The ranch, which they named Hillbilly Heaven, is an in-holding, which means it is surrounded by federal land controlled by the National Park Service. Under the 1980 law that established much of the vast national park system in Alaska, in-holders are guaranteed "reasonable and feasible" access to their property.

Hale's bulldozer romp stretched that guarantee beyond the breaking point. The Park Service cited Hale for violating federal law.

But land-rights activists, who in Alaska and across the West have complained for decades about persnickety law enforcement in and around federal parks, adopted Hale and his family as camera-ready symbols of America's frontier spirit.

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They could sing, they made their own clothes, and Papa was handy with a sound bite. He accused the federal government of trying to starve his family. "It is like the Alamo," he said.

"We are going to make the Pilgrims poster children for abuse of federal power," Chuck Cushman, executive director of the American Land Rights Association, said in 2003.

With land-rights activists footing the legal bills, Hale's challenge to federal authority went all the way to the U.S. Court of Appeals for the 9th Circuit in San Francisco. This February, a three-judge panel ruled against the family, although the court said in the fall that it might take another look at the case.

To drum up publicity for the court challenge, Hale and his handlers from the land-rights movement invited me and other reporters to spend the night at Hillbilly Heaven in the late summer of 2003.

In the course of a long evening spent with his children and his wife, who listened to Hale in worshipful silence, it seemed that he held a cultlike control over his family. None of the older children, several of whom were in their 20s, wanted or needed any life outside the family, Hale said then. He said they were all virgins.

Hale, it turned out, had had an extraordinarily odd life before bringing his family to Alaska.

He grew up affluent in Fort Worth, the son of I.B. Hale, an All-America tackle at Texas Christian University who in 1939 was the first-round draft pick of the Washington Redskins.

While in high school, Robert Hale eloped to Florida in 1958 with Kathleen Connally, the 16-year-old daughter of John B. Connally; Connally was to become governor of Texas and was wounded when President John F. Kennedy was assassinated. Shortly thereafter, she died of a shotgun blast to the face, an apparent suicide that Hale said occurred while he was with her in a hotel room.

In the 1970s, when Hale called himself "Sunstar" and lived as a hippie, he met Kurina Rose Bresler, then 16. They moved with their first two children to a subsistence farm in New Mexico on land owned by actor Jack Nicholson. They lived there for more than 20 years, tanning leather, breeding dogs and antagonizing many neighbors. It was there they became born-again Christians, Hale said.

But it was in Alaska, after the celebrated bulldozer ride and while Hale's lawsuit was still rattling through the federal court system, that family life exploded.

Hale was indicted in the fall of 2005, accused of raping and abusing an unnamed daughter, and he fled the area where he had lived with his family. After a two-week manhunt he was arrested without incident, and he has been in jail since.

Until last week, Hale had been expected to contest the charges against him. In a trial, his wife and many of his children would have testified against him.

In the end, he made a deal. Hale, a diabetic in poor health, pleaded no contest and will receive a sentence of at least 14 years in prison.

Maryland's Death Penalty (WP)

The Washington Post, December 27, 2006

THE MARYLAND COURT of Appeals has thrown a big wrench into the state's already anemic death penalty enforcement. It ruled last week that Maryland's procedures for lethal injection were adopted without adequate legislative oversight. With that ruling, which will effectively halt executions until new procedures are adopted, the Maryland court joined what is fast becoming a national trend. Earlier this month, Florida Gov. Jeb Bush (R) halted executions there after a botched lethal injection took over half an hour. A court in California blocked use of that state's execution cocktail. Nationally, there have been fewer executions this year than in any in the past decade -- and delays associated with challenges to lethal-injection protocols, which are now said to cause significant pain, constitute one of the reasons for the low figure.

For those of us who oppose capital punishment, any public debate that slows the wheels of death is a good thing. That said, this issue seems more than a little absurd. Leaving aside the technicalities of Maryland administrative law, it is a little tough to understand why states that have no scruples about killing people as punishment for their crimes might blanch at a brief period of discomfort for the condemned along the way. This is, after all, the intentional infliction of death; why should anyone expect it to be pretty? The sudden scruples around the country about the fact that taking human life may actually involve pain can only be understood as a surrogate for the real issue: whether Americans want to be taking life at all.

In some states this question is still taboo. Getting rid of the death penalty is all but unthinkable in Virginia, for example. But Maryland is different. Its death penalty has been used only five times since the Supreme Court reinstated capital punishment in 1976. It plays only the most incidental role in the state's criminal justice system -- so incidental, ironically, that its use creates wild regional and racial disparities in the administration of justice. Executions have been suspended in the past. Were the death penalty abolished in Maryland, almost nobody would miss it.

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The Maryland court action is therefore an opportunity for a much broader discussion of the utility, justice, necessity and morality of capital punishment. It comes at a propitious moment. Incoming governor Martin O'Malley (D) personally opposes the death penalty. He did not appear inclined to dismiss the court ruling as a mere technicality -- which, formally speaking, is all it really is. That's good. Maryland doesn't need a big debate about how it kills people, but the time is ripe to debate whether it should stop.

CIVIL LAW:

FBI Says Files In Leak Cases Are 'Missing' (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, December 27, 2006

SAN FRANCISCO — The FBI is missing nearly a quarter of its files relating to investigations of recent leaks of classified information, according to a court filing the bureau made last week.

In response to a Freedom of Information Act lawsuit, the FBI said it identified 94 leak investigations since 2001, but that the investigative files in 22 of those cases "are missing" and cannot be located. "There is no physical slip of paper on the shelf which indicates that the file has been charged out to a particular FBI employee, so therefore there is no way of knowing where the file may actually be," an official in the bureau's records division, Peggy Bellando, wrote in a December 22 declaration.

"That's an amazing number," an academic who has studied the FBI's record-keeping procedures, Athan Theoharis of Marquette University, said in an interview yesterday. "These are very sensitive investigations. ... They could be called to account for whether they are monitoring reporters. These are records that should be handled very well."

Over the past decade, the FBI has waged an epic struggle to computerize and automate its records systems. The agency abandoned a $170 million "Virtual Case File" project last year after years of Congressional hearings and critical evaluations led to the conclusion that the system would never be implemented successfully.

One frequent critic of government database programs, Barry Steinhardt of the American Civil Liberties Union, said that record makes it understandable that a substantial proportion of the leak files would be mislaid.

"It's par for the course," Mr. Steinhardt said. He noted that the Justice Department has already put about 1 million case records into a database, called OneDOJ, that is being made widely available even though the files may contain unverified or erroneous data. "They want to distribute it to law enforcement in every city in the United States, but here the FBI can't manage its own files," the critic said.

Ms. Bellando's declaration said the 22 missing files pertain to 51 cases listed as closed and not to 43 other leak cases listed as pending.

Last month, a federal judge in San Francisco, Maxine Chesney, ordered the FBI and other agencies to respond by Friday to this reporter's requests for information on the frequency and outcome of leak probes. The requests followed a spate of high-profile federal investigations into press leaks, including a special prosecutor's inquiry into the leak of a CIA operative's identity, as well as a separate case in which two pro-Israel lobbyists and a Defense Department analyst were indicted for trafficking in classified information.

The Justice Department, the FBI, the CIA, and the Department of Defense told Judge Chesney last week that they will be unable to meet the court-imposed deadline and need as many as 120 additional days to complete work on the requests, which were filed in March.

A spokeswoman for the FBI, Catherine Milhoan, said she could not comment on the ongoing litigation, but noted that the records search is continuing and has been complicated by procedures for handling classified materials. She also said all hope for recovering the missing files is not lost. "It doesn't mean there aren't other avenues in place to locate those documents," she said.

Mr. Theoharis, a professor emeritus of history, said that in the 1960s the FBI used procedures known as "do not file" and "summary memoranda" to avoid placing files in the central records system. As a result, he said, the bureau would tell judges or members of Congress that searches turned up no records, when files actually existed in a secondary system.

"There's no reason to think they're not doing the same thing today," Mr. Theoharis said. "I don't want to sound conspiratorial but I don't think one can discount this."

Seracare Wins OK For Plan Vote (AP)

AP, December 27, 2006

Seracare Wins Court Approval to Send Bankruptcy Reorganization Plan to Creditors for Vote

DOJ_NMG_0109326

WASHINGTON (AP) -- SeraCare Life Sciences Inc., which makes medical supplies from blood plasma, has won court approval to send its shareholder-backed bankruptcy plan to creditors for a vote.

Judge Louise DeCarl Adler of the U.S. Bankruptcy Court in San Diego on Thursday signed off on the biotechnology company's disclosure statement, which outlines its plan to exit Chapter 11 through a rights offering to existing shareholders.

Under bankruptcy law, a judge must approve such a statement before a company can send its plan to creditors for a vote.

A group of SeraCare shareholders, led by hedge fund Harbinger Capital Partners, has agreed to backstop a $20.2 million rights offering that would finance the company's bankruptcy exit. The group holds over 30 percent of SeraCare's common stock.

Shareholders, last in line for repayment in a Chapter 11 case, will get one share in the reorganized company for each share they own, along with the right to participate in the rights offering, which will offer shares at $4.75 each. Options and warrants will be reinstated after SeraCare emerges from bankruptcy.

Harbinger will also buy SeraCare's bank debt and allow it to use the cash collateral securing the debt without paying default interest through June 2007.

Votes on SeraCare's reorganization plan are due Jan. 31. Judge Adler scheduled a confirmation hearing on the plan for Feb. 15.

The company reached a deal with the shareholders after scrapping a management-backed plan to issue $25 million in unsecured notes ultimately convertible into common stock at a rate of $5.50 a share.

Under the terms of the proposed Chapter 11 plan, SeraCare will pay all of its debt, including settlements with the government and with shareholders stemming from securities-fraud claims, in full.

The Securities and Exchange Commission and the Justice Department have been investigating SeraCare, which on March 15 announced it would restate its financial results for the first three quarters of 2005. SeraCare's chairman, chief executive and financial chief were fired in March, just before the company filed for bankruptcy protection.

Its stock was subsequently delisted from trading on Nasdaq. In over-the-counter trading Tuesday afternoon, the shares rose 5 cents to $6.10.

The company was formerly headquartered in Oceanside, Calif., but has since moved its operations to West Bridgewater, Mass.

Small Businesses Fight Fickle Rules (NYT)

By Ron Nixon

The New York Times, December 27, 2006

In 1995, Joseph N. Cooper won a multiyear contract worth up to $8 million to do public relations for the Immigration and Naturalization Service. He received the contract through a Small Business Administration program established to increase opportunities for small companies.

But not long after the work was under way, the deal was awarded instead to three multimillion-dollar companies, which were listed as disadvantaged in contract documents. After years of trying to win the contract back, Mr. Cooper filed a false-claims lawsuit against the companies, asserting that they had committed fraud by saying they were small businesses.

This year, to Mr. Cooper and his lawyer's surprise, the court ruled that although evidence showed the companies were indeed not small businesses, fraud had not been committed because the I.N.S. knew their true status when the work was awarded to the companies — J. Walter Thompson, the Bernard Hodes Group and Cass Communications.

The case was dismissed.

"We were floored," Mr. Cooper said in an interview. "The ruling essentially said that I was right, the companies were not small, but so what."

That experience points to the kind of Catch-22 world that some small-business owners face when they challenge the awarding of government contracts.

Many studies have shown that hundreds of government contracts set aside for small business are being awarded to large corporations. Federal laws provide several mechanisms that allow small-business owners who suspect that contracts have been awarded to large companies to protest.

But small-business owners say that the rules in many cases impose nearly impossible standards on them. Even if they do succeed in protesting an award, they say, and prove that federal agencies are intentionally awarding small-business contracts to big companies, there are almost no penalties. Often, the large companies get to keep the contacts.

"It's a hollow victory," said Raul Espinosa, a small-business owner in Florida who has won several protests. "You might win the size protest, but you can't claim the contract because the agency allowed delivery to take place and what's worse, the penalties for the violations aren't enforced."

Mr. Espinosa is leading a coalition of six small-business associations seeking to change the process.

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Congress may be more receptive to their calls for change next year, when two longtime critics of the practice assume leadership positions for the committees overseeing small business.

Senator John F. Kerry, Democrat of Massachusetts and the incoming chairman of the Committee on Small Business and Entrepreneurship, has proposed giving the S.B.A. more time to complete size determinations and to help prevent big businesses from slipping under the radar of a bureaucratic contracting process.

The S.B.A. recently required businesses to report their size every five years. Mr. Kerry's proposal would make the reports annual.

"The protest process is supposed to keep the system honest, but what's the point of protesting a contract if nothing happens?" Senator Kerry said

Nydia M. Velázquez, Democrat of New York and the incoming chairwoman of the House Small Business Committee, said she would work to rectify the problems faced by Mr. Cooper and other small businesses by ensuring that there is an effective protest system in place. She also wants to make sure that penalties are enforced.

"The fact that large businesses are being awarded with small-business contracts, and that there is no system in place with penalties or consequences for this, is extremely concerning," Ms. Velázquez said.

If a small-business owner believes that a company has been illegally awarded a small-business contract the owner has several options in protesting the award.

The first is to file a so-called size protest with the S.B.A., asserting that the competitor is too big.

Under this process, a company has five days after being notified of a winning bidder to initiate the protest. If the agency decides that the winning company is not small, it can recommend that the contract be rescinded.

But that almost never happens, Mr. Espinosa says.

Last year, Mr. Espinosa protested an Air Force contract, offering documentation showing that the winning company was actually a subsidiary of a larger concern, and thus ineligible.

At first, the S.B.A. ruled that the company was a small business, but Mr. Espinosa appealed the decision to the agency's Office of Hearings and Appeals and an administrative law judge ruled in his favor. Despite the ruling, the winner kept the contract.

"There needs to be some reform in the size protest system," Mr. Espinosa said. "Otherwise, why should small-business owners bother and why would large companies worry about getting caught?"

The S.B.A. said it could only recommend that contracts be rescinded and could not compel other agencies to follow the recommendation.

Albert B. Krachman, a lawyer at the firm of Blank Rome in Washington, who has represented small businesses, said, "The system is basically set up in such a way that the policing is left up to the businesses themselves."

What's more, he said, "There is no incentive from the contracting officers or other government officials to see if the companies they are giving small business set-asides to are indeed small-business concerns."

Gary M. Jackson, assistant administrator for size standards at the S.B.A., agrees that the policing of the small-business contracting system is left up to competitors, but asserts that they are in a better position than contracting officers to know which is a small business and which is not.

Another remedy for small businesses is through the courts.

As Mr. Cooper did, small-business owners can file lawsuits asserting that fraud was committed in the awarding of set-aside contracts to large businesses. But legal specialists say the filing false-claims lawsuits can be a costly undertaking. The law also contains several legal hurdles that make it almost impossible to win, they say.

Mr. Cooper said that he was convinced that a lawsuit was his only hope.

At first, Mr. Cooper and his lawyer argued in the Court of Federal Claims that the I.N.S. had not operated in good faith when it stopped giving him work on the contract.

The I.N.S. said it was not satisfied with Mr. Cooper's work and the cost associated with it. But in a deposition, a contacting officer at the agency said no evidence was ever offered to him questioning the quality of Mr. Cooper's work. A government audit found that the cost was actually reasonable.

Still, the court sided with the I.N.S. and said that because the agency had given Mr. Cooper the minimum amount on the contract there was no evidence the agency had not operated in good faith. Mr. Cooper appealed the ruling, but an appeals court upheld the lower court ruling.

Mr. Cooper and his lawyer then filed a lawsuit in the Federal District Court for the District of Columbia. They argued that the two companies that had been awarded contracts to complete the work that Mr. Cooper's firm had originally been awarded had committed fraud when they said that they were disadvantaged businesses.

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A lawyer for the companies, Bruce M. Ginsberg of the law firm of Davis and Gilbert in New York, denies that they ever misstated their size to the I.N.S. “These are multimillion-dollar companies,” Mr. Ginsberg said. “They would not represent themselves as small businesses. We have no idea how they came to be marked that way in the I.N.S. documents.”

Among the evidence offered by Mr. Cooper were contract documents in which the companies were described as disadvantaged and a Justice Department investigative report showing that the companies had verbally confirmed their disadvantaged status with an officer at the I.N.S., though both companies were two of the largest advertising firms in the country.

“We thought we had a slam-dunk,” said Cyrus Phillips, a lawyer doing pro bono work for Mr. Cooper.

But when the judge ruled otherwise, he not only dismissed the case but also ordered Mr. Cooper to pay legal fees and other expenses to the companies he had sued.

Mr. Cooper said the ruling was a fatal blow to his personal and professional life. The legal bills he incurred have left him bankrupt and out of work.

“I did nothing wrong and tried to point out that the government was intentionally giving set-asides to large companies, and I’m the one who pays for it,” Mr. Cooper said. “I wish I’d never done business with the federal government.”

CIVIL RIGHTS:

Courts Seek New Ways To Handle Mentally Ill Criminal Defendants (AP)

AP, December 27, 2006

CLEVELAND - A program in Cuyahoga County courts, started in response to concerns mirrored in the justice system nationwide, aims to better understand and deal more efficiently with people who are mentally ill.

The county and several other communities across Ohio have established mental health courts to specifically handle such defendants. In the Cleveland-area program, some municipal and common pleas judges oversee mental health cases and try to place defendants with psychological problems into court-supervised treatment programs.

"We're not dealing with a high population of people with really good, secure home lives," Municipal Judge Kathleen Keough said. "We get people whose life has been in upheaval for years and who don't know any of their rights. No stability. Nobody really to count on."

In the past, those awaiting trial who showed signs of mental illnesses, such as depression or schizophrenia, tended to stay in jail two to three times longer than others while officials determined if they were competent to stand trial. Because those people might need close supervision and daily medications, the cost of keeping them behind bars can be as much as double that for others.

The program in Cuyahoga County sprang from an initiative started three years ago to try to better handle mentally ill defendants.

"The goal is to have a place where police can bring someone who needs evaluation or stabilization so they don't languish in jail," said Shaker Heights Municipal Judge K.J. Montgomery, who heads the initiative.

Recent studies indicate that mental disorders affect one of every four adults in the United States. Yet a recent U.S. Department of Justice study found that more than half the inmates in the nation's prisons and jails have mental health problems.

Part of that can be traced to fewer psychiatric hospitals, said Dr. Philip J. Resnick, director of forensic psychiatry at Case Western Reserve University. In 1960, more than 550,000 people were in psychiatric hospitals throughout the country, Resnick said. With the closing of many of the hospitals, that number has dropped to about 70,000.

The Bureau of Justice Assistance, part of the U.S. Justice Department, helps to administer the federal government's Mental Health Courts Program. The program funds projects that seek to improve the way courts help adults with mental disabilities or illnesses. Mental health courts generally deal with nonviolent offenders.

More than 150 of these courts exist and more are being planned, according to the bureau's Web site.

Cuyahoga County Common Pleas Judge Mary Jane Boyle, one of five Cuyahoga County judges overseeing cases with mentally ill defendants, said most crimes committed by the mentally ill happen when the person is not taking medications.

Corey Miller, a coordinator for Recovery Resources, a nonprofit group that provides mental health programs and services throughout northeast Ohio, said many of the inmates tell him they got into trouble either because they cannot afford to pay for their medications or they find it easier to cope with their illnesses by turning to drugs or alcohol.

Keough said the mental health dockets give defendants a chance to get help.

"Sometimes the best thing to happen to them," she said, "is when they get into court."

ON THE NET

Bureau of Justice Assistance: http://www.ojp.usdoj.gov/BJA/

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ANTITRUST:

Delta's Antitrust Objections To Merger May Be Overstated (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, December 27, 2006

Delta Airlines Inc. is using the looming specter of antitrust regulation as a key reason to fight an $8.5 billion takeover bid from US Airways Group Inc., but antitrust experts say Delta's argument is exaggerated.

The airline's Dec. 19 warning about the antitrust risks titled, "Proposed US Airways/Delta Merger Would Be Highly Anticompetitive" begins with a statement that the two airlines have "overlapping networks."

While it is true that the two nationwide carriers compete in many routes, the notion that antitrust problems make the deal a nonstarter "is just silly," according to a former government antitrust official.

The Department of Justice "is clearly going to look at this, and it's probably going to take four to five months," but Delta's warning that the review will take a year is not correct, according to the lawyer who asked that his name not be used.

In a Dec. 21 response to Delta's antitrust analysis, US Air acknowledges that some shuttle services between New York and Washington would have to be sold off, and that there are competitive problems with flights between Cincinnati and Charlotte, N.C., as well as Cincinnati and Philadelphia. Two city pair overlaps, according to US Air, is a far cry from the alarmist Delta report that identified more than 30 overlapping city pairs.

The key issue now is how US Air can proceed because Delta is in bankruptcy. Under bankruptcy rules, US Air can't launch a hostile bid for its competitor, but it can lobby creditors to put pressure on Delta.

"Delta can pursue multiple, parallel paths to emerge from bankruptcy," he said.

One path could be joining with US Air to file premerger notification forms with the government, which would initiate an in-depth official review. That review would give the parties, and the bankruptcy judge, a clear view of what divestitures would be required to get the deal done.

A group of creditors already formed the Unofficial Committee of Unsecured Claimholders of Delta Air Lines Inc., which represents some $2.25 billion of unsecured debt. That group said "it expects Delta to consider methodically, proactively and fairly strategic alternatives to its proposed standalone Chapter 11 plan to ensure that creditor recoveries are maximized in the Chapter 11 process."

If that group -- or other creditors -- "somehow, through some means, can force Delta to make the HSR filings" the murky antitrust issues would likely clear up in a few weeks, the lawyer said.

McClatchy Co. Flagship Newspaper Star Tribune Sold To Private Equity Group For $530 Million (FINDLAW/AP)

By Joshua Freed, Ap Business Writer

AP, December 27, 2006

(AP) - MINNEAPOLIS-Newspaper publisher The McClatchy Co. said on Tuesday that it will sell its flagship newspaper Star Tribune to a private equity firm for $530 million (â,¬401.8 million), a sharp drop from the $1.2 billion (â,¬910 million) it paid to acquire the newspaper just eight years ago.

McClatchy said it decided to sell the newspaper to Avista Capital Partners through a private bidding process "after a strategic reevaluation of its portfolio of holdings" following McClatchy's purchase of Knight Ridder for $4.5 billion (â,¬3.4 billion) earlier this year.

McClatchy faces a large tax bill from selling off 12 other newspapers earlier this year as part of its purchase of Knight Ridder. It said the tax benefit of selling the Star Tribune at a loss is worth $160 million (â,¬121.3 million), raising the total value of the deal to $690 million (â,¬523 million). McClatchy said it would use the money to pay down its Knight Ridder debt.

McClatchy chairman and CEO Gary Pruitt said in a written statement that the Star Tribune "is a profitable business that has generated significant returns for the company over the years. However, as we continue to analyze our business following the Knight Ridder acquisition, it became clear that selling the Star Tribune strengthens McClatchy's competitive position."

"This deal came about because of very specific conditions involving the Star Tribune and today's changing media landscape. We have no plans to sell any other newspapers," Pruitt said in an e-mail to McClatchy employees.

Avista does not own any other daily newspapers. It was founded in 2005 by seven former partners and nine former professionals from DLJ Merchant Banking Partners, the private equity affiliate of Credit Suisse Group, according to the statement announcing the sale.

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"Avista is a company that believes in the future of newspapers and is strongly committed to the success of the Star Tribune," Publisher and President Keith Moyer told Star Tribune employees in an e-mail.

"I have had the opportunity to get to know Avista leadership quite well recently, and I can say this without hesitation: They are progressive, very smart, good-hearted people who believe that no other media platform can reach a local audience as effectively as newspapers and their product extensions," Moyer wrote.

Moyer said he would report to Chris Harte, a member of Avista's executive advisory board, who will also be named the newspaper's chairman.

Newspaper industry analyst John Morton found the sale "inexplicable and disappointing."

"The Minneapolis Star Tribune has a good reputation, has always had a good reputation. It is the kind of newspaper that you would have hoped a company like McClatchy would continue to own," he said.

"Clearly what is happening to McClatchy is that they are much more concerned about their overall financial performance than they are about publishing newspapers, the way I read it," Morton said.

Associated Press Writer Brian Bakst contributed to this report.

Private-Equity Group Taps Veteran Lobbyist (WSJ)

By Brody Mullins

The Wall Street Journal, December 27, 2006

WASHINGTON -- A group of major private-equity firms has tapped a former videogame lobbyist to lead a trade group to promote the industry's interests here.

The Private Equity Council, set to begin operations early next year, said in a statement that Douglas Lowenstein will serve as its first president and chief executive officer. To take the post, he is stepping down as president of the Entertainment Software Association, which represents the U.S. videogame industry.

Private-equity firms typically buy controlling stakes in companies in the hopes of quickly cashing out, either through a stock offering or by selling them to competitors or other private-equity firms at a profit.

The private-equity trade group has been in the works for a year, as a vehicle to highlight the positive side of takeover deals for lawmakers, government officials and others.

In its statement, the PEC said it plans to be a "leading advocate for the domestic and international private-equity industry as well as a resource for those seeking to better understand the industry's role in the rapidly evolving global economy."

Members of the council include Apollo Management, Bain Capital Partners LLC, Blackstone Group, Carlyle Group LP, Hellman & Friedman LLC, Kohlberg Kravis Roberts & Co., Madison Dearborn Partners LLC, Providence Equity Partners Inc., Silver Lake Partners, Texas Pacific Group and Thomas H. Lee Partners LP.

As the size of the industry has grown -- by some estimates, available capital managed by private-equity firms exceeds $700 billion -- the industry has faced resistance in Washington and in foreign capitals. Chinese and some European governments, in particular, have made it more difficult for private-equity firms to take over local companies.

Mr. Lowenstein, 55 years old, has headed the entertainment software group and its predecessor organization, the Interactive Digital Software Association, since 1994. According to National Journal, a magazine here covering lobbying and public policy and which compiles a comprehensive list on lobbyist activities every two years, Mr. Lowenstein received about $800,000 a year in salary and compensation in his current post.

Private Funds Prepare To Lobby (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 27, 2006

Some top private-equity funds have joined to form a lobbying organization to head off potential regulation.

The funds have become some of the most active purchasers of U.S. corporations, pooling money from private investors and companies and augmenting those sums with loads of debt. More than 28 percent of the dollar value of acquisitions announced in the United States this year involved private-equity firms, up from 3 percent five years ago, according to Dealogic.

The new organization, the Private Equity Council, is backed by such leaders in the burgeoning business of company buyouts as Blackstone Group, Carlyle Group and Kohlberg Kravis Roberts. Douglas Lowenstein, president of the Entertainment Software Association, which represents the U.S. video game industry, will head the trade association.

The move is the latest effort by the financial services industry to bolster its presence in Washington. The association that represents hedge funds, the Managed Funds Association, recently added to its staff, and the Securities Industry Association and

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the Bond Market Association merged this year to form what they hope will be a more influential lobby. The combined organization is the Securities Industry and Financial Markets Association, or SIFMA.

In late spring, several of the nation's largest private-equity firms started to discuss creating a lobby group. The decision was precipitated by recognition that they were becoming the target of tough criticism in the United States and in Europe; in Germany, for instance, a state governor referred to private-equity firms as "locusts."

Carlyle, Kohlberg Kravis Roberts and other firms were sued last month by investors who claimed they conspired to hold down the amounts they pay for companies. A regulator in Britain is also investigating market abuse in private-equity transactions.

Private-equity firms collect large pools of funds from wealthy individuals, pension funds, college endowments and other sources and use the proceeds, along with loans, to buy all or large parts of companies. Hedge funds also amass money from similar sources but engage in usually shorter-term investments in such things as stocks and bonds.

Both are lightly regulated by the government, and that has caught the attention of lawmakers and senior officials in the executive branch, including those in the Securities and Exchange Commission. Christopher Cox, chairman of the SEC, has been pressing for more oversight of hedge funds, for example, which is now a $1 trillion industry.

The core group of firms behind the Private Equity Council are Blackstone, Carlyle, KKR and Texas Pacific Group. Initially, the association will consist of 15 to 20 firms and will be staffed by Lowenstein and a small group of senior people who will focus on commissioning research about the private-equity industry and its benefits to the economy.

Lowenstein could not be reached for comment yesterday, but in statement the council said it "will become a leading advocate for the domestic and international private equity industry as well as a resource for those seeking to better understand the industry's role in the rapidly evolving global economy."

Carlyle, Blackstone, Buyout Firms Form Lobby Group (Update1) (BLOOM)

By Brett Cole

Bloomberg, December 27, 2006

Dec. 26 (Bloomberg) -- Buyout firms including Carlyle Group and Blackstone Group LP formed the industry trade association Private Equity Council in Washington today as regulators increase their scrutiny.

Douglas Lowenstein was appointed chief executive officer, a group of buyout firms said in a statement. Lowenstein is now president of the Entertainment Software Association, which represents the U.S. video-game industry.

Private-equity firms and management have announced a record $718 billion of takeovers in 2006, Bloomberg data show. Carlyle, Kohlberg Kravis Roberts & Co. and other firms were sued in November by investors who claim they conspired to hold down prices they pay when buying companies. The U.K. market regulator also is researching market abuse in private-equity transactions.

The council ``will become a leading advocate for the domestic and international private equity industry as well as a resource for those seeking to better understand the industry's role in the rapidly evolving global economy," according to the statement.

Other members of the council include Apollo Management LP, Bain Capital LLC, Hellman & Friedman, Madison Dearborn Partners LLC, Providence Equity Partners, Silver Lake Partners, Texas Pacific Group, Thomas H. Lee Partners LP and KKR.

Lowenstein is traveling today and unavailable for comment, said Daniel Shapiro, a spokesman for the Private Equity Council.

Club Deals

Shareholders filed a suit in New York on Nov. 15 claiming they were shortchanged because private-equity firms tempered bidding for leveraged buyouts such as the $33 billion takeover of hospital chain HCA Inc., the largest LBO ever.

So-called club deals, where firms team up to make offers, broke antitrust laws, said investors, who are seeking unspecified damages. Before the suit, the Justice Department said it was investigating possible antitrust behavior.

Private-equity firms have come under fire in Europe for loading up target companies with debt while recouping costs with fees and dividends.

The U.K.'s Financial Services Authority said last month it's monitoring loans that banks are extending to fund leveraged buyouts on concern excessive debt may risk the stability of the nation's financial markets. Leverage reached a 10-year high in Europe in April, when buyout firms borrowed the equivalent of six times the annual cash generated by the companies they acquired, according to Standard & Poor's.

Buyout firms use their own funds and debt secured on the companies they acquire to pay for takeovers. They typically seek to expand companies or improve their performance before selling them within five years to other investors.

Texas Pacific Tops Buy-outs With $101bn (FT)

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By Peter Smith In London

Financial Times, December 27, 2006

Texas Pacific Group has beaten Blackstone and Kohlberg Kravis Roberts to become the world's most prolific buy-out group in 2006, notching up 17 deals with an aggregate value of just over $101bn.

The figures reflect an extraordinary year for private equity in which the value of announced deals has risen to a record $700bn, more than double the record set in 2005 and 20 times bigger than in 1996, according to Thomson Financial, the data provider.

The wave of private equity deal activity, accounting for nearly one-fifth of all global mergers and acquisitions, has helped underpin a huge rise in the value of stock markets globally.

TPG notched up high-profile deals across the world, including Australia's Qantas airline, Las Vegas casino giant Harrah's, and Univision, the US's largest Spanish-language broadcaster. No other buy-out group has ever done more than $100bn worth of deals in a single year, a coup for TPG in an environment where being known as the biggest buy-out group helps open doors to the financing community and company boardrooms.

Blackstone, which topped the US league table, took part in global deals worth $93bn, while KKR, number one in Europe, managed a world total of $78bn. Bain Capital took part in $85bn worth of deals.

The US also regained its crown from Europe as the world's most active private equity market, recording $403bn of announced deals, treble that of 2005.

Charlie Bott, co-head of Goldman Sachs' financial sponsors group, said the US figure had been driven up primarily by a number of very large US deals, including HCA, the hospital group, Equity Office Partners, the real estate company, and Freescale Semiconductors.

Most of the large US deals were bought off the public markets by buy-out groups working in teams.

William Maltby, head of leveraged finance and financial sponsors at Deutsche Bank, said the climate in Europe for so-called take-privates had been harsher. "It has been very tough to buy listed businesses in Europe, especially the UK," he said. "Once you start targeting companies that are perceived as national champions, the outcome for private equity bidders becomes political and random.

"We still don't quite know what the upper end of the deal range is. Getting the capital together for a €10bn [$13.1bn] deal is relatively easy, even €30bn. But making the deal happen is the tough part."

The private equity boom is expected to continue, fuelled by unprecedented liquidity in the debt markets, huge capital raisings by the buy-out funds, deal opportunities in industries in need of restructuring or consolidation, and companies ripe for takeover in less mature markets.

However, Mr Bott had mixed views on the outlook. "I don't think the market will carry on being as robust for the whole of next year as it is today.

"We could be sitting here in one year's time saying the outlook for 2008 is less strong than it was for 2007."

¦ A dozen of the largest US private equity groups, including TPG, yesterday announced that Douglas Lowenstein, a lobbyist for the video-game industry and president of the Entertainment Software Association, would lead their newly-formed trade association in Washington. The Private Equity Council aims to improve the industry's image of buy-out firms amid the dealmaking boom.

"The active investment approach taken by private equity firms . . . has had a profound and positive impact on job growth, industry competitiveness, and profitability. Millions of pension plans participants have profited from the superior returns," the group said.

Mr Lowenstein has led the charge in lobbying for a tougher stance on video-game piracy, and helped manage charges that the video-game industry had overstepped the limits of acceptable violence and sexual content in recent years.

Reliance Prepares For Hutchison Essar Bid (FT)

By Amy Yee In Delhi, Tom Mitchell In Hong Kong And Andrew Parker In London

Financial Times, December 27, 2006

Reliance Communications, India's second-largest mobile operator, is in talks with at least four private equity firms about combining forces to make an offer for Hutchison Essar, a smaller rival.

Vodafone Friday confirmed it was considering the acquisition of a controlling stake in Hutchison Essar, India's fourth-biggest mobile operator.

Reliance's talks with private equity firms underlines the likelihood of a bidding war for Hutchison Essar, which has an enterprise value of about $14bn.

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Shares in Hong Kong-listed Hutchison Telecommunications International, which holds 67 per cent of Hutchison Essar, rose 8 per cent on Vodafone's statement, to a record high of HK$19.08. Reliance declined to comment. However, people familiar with the company said it was in talks with Apax, Blackstone, Carlyle and KKR.

On Thursday, Vodafone's board gave the go-ahead for management to prepare an offer for Hutchison Essar. Leading Vodafone investors have reacted cautiously but positively to the prospect of a $13.5bn-plus offer for Hutchison Essar. Vodafone's shares closed down 1.2 per cent at 142p Friday. Vodafone said in a statement earlier: "The board of Vodafone continues to believe the mobile market in India has great potential and is therefore considering the acquisition of a controlling interest in Hutchison Essar. Such a transaction would be consistent with its stated strategy of seeking selective acquisition opportunities in developing markets. The process is at an early stage and may or may not lead to a transaction."

Vodafone is seeking to counter slowing revenue growth in its core European businesses by increasing its presence in emerging markets. Hutchison Telecommunications International said in a statement it had "been approached by various potentially interested parties", which it did not identify, and cautioned that a transaction was not guaranteed.

Hutchison Telecommunications International is a subsidiary of Hutchison Whampoa, the Hong Kong-based conglomerate.

Hutchison Whampoa has declined to comment. But people familiar with the group have said that an offer of $13.5bn would be regarded as low and unlikely to result in a deal.

Investors in Hutchison Whampoa have become accustomed to the conglomerate disposing of assets so as to bolster its interim and full-year results.

Hutchison Whampoa executives have denied such sales of assets are designed to offset losses from its third-generation mobile businesses, where it has invested more than $25bn. Operating losses at the company's 3G businesses reached $4.65bn in the first half of this year.

ENVIRONMENT:

House Democrats Want To Redistribute Big Oil Money To Conservation, Renewables (AP)

By H. JOSEF HEBERT

AP, December 26, 2006

WASHINGTON (AP) - Democrats in the U.S. House of Representatives in the first weeks of the new Congress plan to establish a dedicated fund to promote renewable energy and conservation, using money from oil companies.

That is only one legislative hit the oil industry is expected to take next year as a Congress run by Democrats is likely to show little sympathy to the cash-rich, high-profile business.

Whether the issue is rolling back tax breaks _ some approved by Congress only 18 months ago _ pushing for more use of ethanol and other biofuels instead of gasoline, or investigations into shortfalls in royalty payments to the government, oil industry lobbyists will spend most of their time playing defense.

Details of a renewable fuels fund have yet to be worked out. Nonetheless, it is one of the initiatives the House will take up during its first 100 hours in session in January, according to aides to Nancy Pelosi, the Democratic leader. At least some of the money _ revenue gained by rolling back some tax breaks _ will go to a program to support research into making ethanol from sources other than corn.

"What we'll do is roll back the subsidies to Big Oil and use the resources to invest in a reserve for research in alternative energy," Pelosi, a California Democrat, recently told reporters.

But the oil issue likely to be first out of the legislative block in January concerns the ability of the federal government to recover royalties many lawmakers believe have been unfairly avoided by oil and gas companies drilling in deep waters of the Gulf of Mexico.

The Interior Department has been trying to get more than 50 companies to rework 1998-99 drilling leases that allow the companies to avoid paying billions of dollars in royalties because of a government mistake in writing the leases. Recently five companies agreed to a compromise to pay royalties on future production under the leases, but not from oil and gas already taken from the federal waters.

Most of the other companies argue that the leases represent a binding contract and have not even talked to Interior officials about them.

The industry intransigence has upset many in Congress, both Republicans and Democrats, who say they want to find a way to force the companies back to negotiations on the flawed leases. One approach is legislation barring companies from bidding on future leases unless they agree to renegotiate the flawed ones.

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"There will be a new cop on the beat to force every big oil company that is currently lining its pockets with taxpayer dollars to come back to the negotiating table," Rep. Edward Markey, a Democrat, declared.

Pelosi calls the royalty avoidance from the 1998-99 leases the biggest oil industry subsidy issue she intends to tackle early. Congressional estimates have put the potential royalty loss at as much as $10 billion (?7.5 billion) over the life of the leases.

Rep. Henry Waxman, the incoming chairman of the House Government Reform Committee, has promised to continue pressing the Interior Department on the matter, which also has been the subject of extensive hearings under Republican leadership.

Recently Waxman and Rep. Tom Davis, a Republican and the committee's departing chairman, asked the Justice Department to review Interior's claim that royalties legally cannot be collected from past production under the leases.

House Democrats also are targeting a handful of oil industry tax breaks for repeal. Both Republican and Democratic lawmakers say there is unlikely to be an attempt to push more sweeping measures such a new tax on the oil industry's windfall profits.

Members of both parties have said they also want to make another stab at passing a federal law against oil company price gouging, an issue that will gain momentum should oil and gasoline prices again soar amid huge industry profits.

At the top of the hit list is a tax break that was aimed at promoting U.S. manufacturing but has provided a windfall for the oil industry as well. The provision reduces the corporate tax rate on profits from products made in the United States.

As for oil companies rolling in profits with $60 (?45.5)-a-barrel crude, it is "a break they didn't earn, deserve or need," says Rep. Jim McDermott, a Democrat. McDermott tried to eliminate the tax break in May but was unsuccessful. He estimates that oil companies are saving as much as $700 million (?530.6 million) in taxes a year because of it.

Democrats also are targeting other benefits for refinery investments and for expenditures for certain types of oil and gas exploration. Those measures, passed by Congress last year as part of a broad energy bill, are estimated to cost the government about $1.3 billion over 10 years.

Executives of the largest oil companies have said they do not need those tax breaks and do not oppose their repeal. Congress earlier this year already eliminated the tax incentive on exploration for the five largest companies.

The White House is not opposed to rolling back some of the tax breaks that Congress approved last year. President George W. Bush has said the industry does not need the subsidies given today's oil prices and industry profits.

2007 Energy Outlook: Costs Up (CSM)

By Ron Scherer

The Christian Science Monitor, December 27, 2006

NEW YORK

Remember this? Motorists complaining at the pump as the price of gasoline rises. Airlines bumping up airfares to cover expensive jet fuel. And delivery services tacking on surcharges, reflecting a record price for a barrel of oil.

But it's not just a description of this past spring. It's also the forecast for next year, probably just when school lets out for the summer and motorists are starting to put more miles on the odometer.

"We could see close to $85 a barrel on crude next year," says Phil Flynn of Alaron Trading in Chicago.

If the forecast comes true, energy could be a dominant factor in the economic outlook for 2007 because, unlike this year, the potential increases would come when the economy is expected to be struggling. It would thus be the wrong time for the equivalent of a tax increase, which is how economists describe a spike in consumer energy costs. And it could catch the Federal Reserve in the middle of an energy-fueled jump in the inflation rate: Usually, the Fed tries to counter inflation by raising interest rates, but in a soft economy, it would rather cut interest rates.

"If we get a surge in energy prices next year, then the probability of a recession increases dramatically," says Dennis Jacobe, chief economist for the Gallup Organization in Washington. "It depends on how fast the rise takes place."

Yes, some energy analysts are beginning to think 2007 will be a case of déjà vu for consumers and business. In this scenario, prices start to ratchet up in the spring, peak sometime in the summer at a new record, and then fall back to lower levels later in the year.

Right now, the weather is an important factor, especially for the price of oil. Tuesday, oil prices hovered around $62 a barrel, some $18 a barrel below the high for the year, as relatively warm weather affected the Northeast. "We have had a relatively mild winter so far, some 20 percent to 30 percent above average [temperatures]," says John Felmy, chief economist at the American Petroleum Institute in Washington.

Last week, the National Weather Service said the warm weather in the Northeast will continue into the first week of January. But Mr. Felmy worries that a return to "normal" temperatures in January could prevent refiners from switching to

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gasoline production, because they would have to produce more home heating oil. "To get back a normal winter, it has to be colder than normal the rest of the winter," he frets.

It's not just the weather that's keeping a lid on prices. US economic growth is slowing - down to about 2 percent growth in the gross domestic product. The slower growth means crude-oil demand is slack - up only 0.2 percent on a year-to-date basis.

Sluggish demand has already forced OPEC to reduce production by as much as 600,000 barrels per day. OPEC's reduction also means the cartel has the ability to ramp up production to keep prices in check.

In addition, non-OPEC sources are expected to increase next year, as new discoveries in Russia, Brazil, and the US Gulf of Mexico come onstream. The Department of Energy estimates this could add a few hundred thousand barrels of oil a day to the world supply.

Any new supplies, however, could quickly be absorbed by China. With its economy expected to expand by another 9 to 10 percent, its oil demand is expected to increase by about 7 percent, estimates Paul Ting of Paul Ting Energy Vision in Short Hills, N.J.

China currently imports between 3 million to 3.5 million barrels of oil per day, Mr. Ting estimates. This indicates it would need an additional 200,000 barrels each day to satisfy its larger appetite.

But as Ting points out, "it's never simple when it comes to the Chinese energy landscape." For example, with a significant amount of its oil coming from the Middle East, China is placing more importance on energy security. "The lack of a strategic petroleum reserve [in China] is a big issue," says Ting. "So in the next year or so, they will start to accumulate 100 million barrels of oil, which translates into an additional 100,000 barrels of oil per day."

While China grapples with surging demand, some analysts believe geopolitical concerns about energy may once again roil the energy markets.

In April, Nigeria, a key oil provider, will hold a presidential election. In the oil-rich delta area of Nigeria, dissidents are attacking oil platforms and kidnapping workers.

"Separatists are already attacking the infrastructure, and the unrest could climax in April," says John Kilduff, an energy trader at FIMAT USA, a commodities broker.

Tuesday, in an indication of the difficulties facing business operations in Nigeria, a gasoline pipeline there exploded, killing at least 200 people.

Energy markets will also be tuned in to the situation in Iraq, says Amy Myers Jaffe, professor of energy policy at Rice University in Houston. In one possible scenario, there might be some manipulation of the price of oil because of the ongoing sectarian strife in Iraq between the Shiites and the Sunnis, she says. She cites as an example the Iran-Iraq war in the 1980s, when Saudi Arabia, a mainly Sunni Muslim state, tried to keep oil prices down to hurt Iran, which is mainly Shiite.

"The fact the Saudis have not done it yet does not mean they would not do it," she says. "They have enough spare capacity to do this again if they see political facts they don't like."

If the strife in Iraq were to spread, that could pose a major risk. Most of the oil production in the region is in areas controlled by Shiites, even in Saudi Arabia, says Professor Jaffe. "There is the possibility this could become not just a crisis in Iraq but could spread to other populations. The reality is that if you commute to work, you have to care that there is no extended civil war in the Gulf."

U.S. Wants Polar Bears Listed As Threatened (WP)

By Juliet Eilperin

The Washington Post, December 27, 2006

The Bush administration has decided to propose listing the polar bear as threatened under the Endangered Species Act, putting the U.S. government on record as saying that global warming could drive one of the world's most recognizable animals out of existence.

The administration's proposal -- which was described by an Interior Department official who spoke on the condition of anonymity -- stems from the fact that rising temperatures in the Arctic are shrinking the sea ice that polar bears need for hunting. The official insisted on anonymity because the department will submit the proposal today for publication in the Federal Register, after which it will be subject to public comment for 90 days.

Identifying polar bears as threatened with extinction could have an enormous political and practical impact. As the world's largest bear and as an object of children's affection as well as Christmastime Coca-Cola commercials, the polar bear occupies an important place in the American psyche. Because scientists have concluded that carbon dioxide from power-plant and vehicle emissions is helping drive climate change worldwide, putting polar bears on the endangered species list raises the legal question of whether the government would be required to compel U.S. industries to curb their carbon dioxide output.

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"We've reviewed all the available data that leads us to believe the sea ice the polar bear depends on has been receding," said the Interior official, who added that U.S. Fish and Wildlife Service officials have concluded that polar bears could be endangered within 45 years. "Obviously, the sea ice is melting because the temperatures are warmer."

Northern latitudes are warming twice as rapidly as the rest of globe, according to a 2004 scientific assessment, and by the end of the century, annual ocean temperatures in the Arctic may rise an additional 13 degrees Fahrenheit. As a result, researchers predict that summer sea ice, which polar bears use as a platform to hunt for ringed seals, will decline 50 to 100 percent. Just this month, researchers at the National Center for Atmospheric Research outlined a worst-case scenario in which summer sea ice could disappear by 2040.

By submitting the proposal today, the Interior Department is meeting a deadline under a legal settlement with three environmental advocacy groups -- the Center for Biological Diversity, the Natural Resources Defense Council and Greenpeace -- that argue the government has failed to respond quickly enough to the polar bear's plight. The department has been examining the status of polar bears for more than two years.

NRDC senior attorney Andrew Wetzler, one of the lawyers who filed suit against the administration, welcomed the proposal for listing.

"It's such a loud recognition that global warming is real," Wetzler said. "It is rapidly threatening the polar bear and, in fact, an entire ecosystem with utter destruction."

There are 20,000 to 25,000 polar bears worldwide, 4,700 of which live in Alaska and spend part of the year in Canada and Russia. The other countries with polar bears in their Arctic regions are Denmark and Norway.

Although scientists have yet to fully assess many of the 19 separate polar bear populations, initial studies suggest that climate change has already exacted a toll on the animals.

The ice in Canada's western Hudson Bay is now breaking up 2 1/2 weeks earlier than it did 30 years ago, giving polar bears there less time to hunt and build up fat reserves that sustain them for eight months before hunting resumes. As local polar bears have become thinner, female polar bears' reproductive rates and cubs' survival rates have fallen, spurring a 21 percent population drop from 1997 to 2004.

Scientists have not charted the same rapid decline within the U.S. polar bear populations, but federal scientists have observed a number of troubling signs as the bears have resorted to open-water swimming and even cannibalism in an effort to stay alive.

Polar bears normally swim from one patch of sea ice to another to hunt for food, but they are not accustomed to going long distances. In September 2004, government scientists observed 55 polar bears swimming offshore in the Alaskan Beaufort Sea, an unprecedented spike, and four of those bears died. In a separate study that year, federal scientists identified three instances near the Beaufort Sea in which polar bears ate one another.

The Interior official said government officials studying Alaskan polar bears in the southern Beaufort Sea area have observed thinner adult bears and a lower rate of survival among cubs. Although the population has yet to dip, "unless the polar cub survival rate goes up, it would have to happen," the official said.

Still, the official added that the decision to propose polar bears as threatened with extinction "wasn't easy for us" because "there is still some significant uncertainty" about what could happen to bear populations in the future.

"This proposal is sort of like a scientific hypothesis. You put this out there and say to the world, 'Tell us, is this right or is this wrong?' " the official said, adding that Interior will hold several public hearings about its proposal. "We're projecting what we think will happen in the future, not just what's happening at this moment."

The department could take up to a year to complete its proposal, and it could abandon the listing if it unearths new scientific projections about the bears' fate. But that appears unlikely, as recent models have consistently pointed to a faster deterioration of Arctic sea ice.

Although federal officials cited rising sea temperatures once before in a threatened species proposal -- in May, when they called them a "major stressor" on Caribbean elkhorn and staghorn corals -- today's proposal will mark the first time the administration has identified climate change as the driving force behind the potential demise of a species.

Robert Correll, the scientist who chaired the international Arctic Climate Impact Assessment in 2004 and now directs the global change program at the H. John Heinz III Center for Science, Economics and the Environment, said in an interview that the proposal to place polar bears on the endangered species list is "highly justified."

Correll added that he is participating in an administration-funded study at the Center for Strategic and International Studies on how climate change could affect national security and foreign policy.

That, along with the proposal on polar bears, he said, "plays into a reality that, in my opinion, they're going to be rethinking their position" on global warming.

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EXCO To Buy Two Gas Fields From Anadarko (WSJ)

By John M. Biers

The Wall Street Journal, December 27, 2006

Anadarko Petroleum Corp. agreed to sell two Louisiana natural-gas fields for $1.6 billion to EXCO Resources Inc., in its latest push to reduce debt after a pair of large acquisitions.

The sale covers Anadarko's Vernon and Ansley fields, which produce 192 million cubic feet of natural gas a day, or about 11% of the company's gas production.

The fields "have been great assets for the company," Anadarko Chief Executive Jim Hackett said. "However, the fields have reached the stage in their development cycle where it makes sense for us to monetize them, reduce leverage and focus on other attractive opportunities in our portfolio."

Anadarko, an oil and natural-gas producer based in The Woodlands, Texas, has been busy this year, purchasing Oklahoma City oil and natural-gas developer Kerr-McGee Corp. and Denver natural-gas producer Western Gas Resources for $21 billion over the summer before implementing an aggressive asset-sale program in the fall to reduce debt. The EXCO sale brings the total revenue from the asset sales to $8.1 billion. Anadarko has also agreed to sell assets in Canada and the Gulf of Mexico.

Anadarko had net debt of $26 billion at the end of the third quarter. The company's goal is to notch it down to $12 billion by the end of 2007, Anadarko Chief Financial Officer Al Walker said earlier this month.

A company spokeswoman said Anadarko is also actively marketing a variety of other onshore properties in the U.S., including the "Golden Trend" in Kansas and Oklahoma, an enhanced oil-recovery venture in western Texas, some assets in the Northern Rockies and a partial interest in its K-2 complex in the Gulf of Mexico. The company also hopes to sell some producing properties in Qatar and its Venezuela interest, the spokeswoman said.

Shares of EXCO, a Dallas specialist in onshore developments, were up $1.06, or 6.3%, at $17.90 in 4 p.m. composite trading, while Anadarko shares were up 56 cents at $42.70, both on the New York Stock Exchange.

Farmers And Conservationists Form A Rare Alliance (NYT)

By Jessica Kowal

The New York Times, December 27, 2006

MOUNT VERNON, Wash. — The standoff here between farmers and environmentalists was familiar in the modern West.

With salmon and wildlife dwindling in the Skagit River Delta, some environmentalists had argued since the 1980s that local farms should be turned back into wetlands. Farmers here feared that preachy outsiders would strip them of their land and heritage.

This year, though, the standoff ended — at least for three longtime farmers in this fertile valley, who began collaborating with their former enemies to preserve wildlife and their livelihoods.

The Nature Conservancy, which usually buys land to shield it from development, is renting land from the three farmers on behalf of migrating Western sandpipers, black-bellied plovers, dunlins, marbled godwits and other shorebirds.

From private and public funds, including a grant from the federal Environmental Protection Agency, the farmers, David Hedlin, Gail Thulen and Alan Mesman, will together receive up to $350,000 for three years of labor, expenses and the use of 210 acres, said Kevin Morse, the Skagit Delta project manager for the conservancy.

Each man has committed about 70 acres to this project, which is called Farming for Wildlife. A third of that land will be flooded with a few inches of fresh water in the spring, fall and winter. This will create shallow ponds to entice thousands of birds, some of them on their way to and from the Arctic, to stop and snack on tiny invertebrates and worms as they travel along the Pacific flyway.

More than a dozen shorebird species have declined primarily because of the loss of local wetlands, said Gary Slater, research director at the Ecostudies Institute here and a consultant for the Nature Conservancy.

The farmers see the Nature Conservancy's willingness to pay them as an acknowledgment that they should not be expected to sacrifice their land or their living for wildlife. This approach effectively turns shorebirds into another crop to manage, instead of grounds for a lawsuit.

"The stewardship ethic in this valley is incredibly strong, but it doesn't trump the bank," said Mr. Hedlin, 56, who, with his wife, Serena Campbell, grows farmer's market produce, vegetable seeds, pumpkins, winter wheat and pickling cucumbers on their 400-acre farm.

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Mr. Hedlin's 70-acre Farming for Wildlife parcel has been under water since a heavy November rain breached a dike and flooded the field, in a preview of what environmentalists hope will happen. Edged with wild roses and blackberry bushes, this accidental lake quickly attracted wintering waterfowl like trumpeter swans, coots, and mallard, teal and wigeon ducks.

An hour north of Seattle and an hour south of Vancouver, British Columbia, this region's glorious tulip farms attract hundreds of thousands of tourists each April. Skagit farmers also produce about 80 crops of commercial significance, including seeds used to grow beets, spinach and cabbage around the world, many of the red potatoes eaten in the United States, and vegetables and dairy products sent to farmer's markets and restaurants in the Pacific Northwest.

Thousands of years of flooding on the Skagit River deposited a rich layer of topsoil in the "magic Skagit," as Mr. Hedlin calls the valley. European immigrants flocked here starting in the 1860s and built Victorian houses for their families on the board-flat green fields.

They also constructed an elaborate network of earthen dikes to capture land from the saltwater delta and prevent the rivers from flooding their farms. On this managed agricultural landscape, tens of thousand of acres of farmland were once tidal wetlands, Mr. Hedlin said.

Since the mid-1990s, residents have tried to slow development as strip malls and housing subdivisions marched northward from Seattle. Skagit County residents pay extra taxes to buy development rights from farmers, and a charitable group, Skagitonians to Preserve Farmland, warns that "Pavement is forever."

Many conservationists have also decided that farms are better than pavement, and say they are willing to balance preservation with profitable land use.

Mr. Morse lives here and even volunteered to spend two days last spring selling Mr. Hedlin's produce at a farmer's market.

"We don't know anything about farming," Mr. Morse told the farmers recently over coffee and sandwiches at the Rexville Grocery. "You guys are the stewards of the land. You tell me what to do."

For this experiment, each farmer's 70-acre parcel has been planted with a mixture of clover and grass to enrich the soil. While a third of the land will be periodically flooded for birds, a third will be fenced as pasture for dairy cows, and the rest will be mowed and otherwise left alone.

Farms here are gradually shifting toward organic production because consumers willingly pay much more for organic food. As another incentive to join Farming for Wildlife, the 210 acres will be available for organic use after three years.

Mr. Mesman will start producing organic milk with his 225 Holstein cows next spring. Mr. Thulen sees a big market for organic potatoes.

"In my time, I can see our little valley was farmed very hard," said Mr. Thulen, whose 2,000-acre farm was begun by his grandfather in 1867. "That pendulum has swung to get the ground healthy again."

In an ideal world, the Nature Conservancy would love to persuade farmers to add wetlands to their regular crop rotation. To that end, the group's scientists will analyze soil samples to assess whether shallow flooding might improve soil fertility as much as cow manure and mowed grass do.

In a similar project on the Tule Lake National Wildlife Refuge in Northern California, farmers reported better potato yields and fewer nematodes, a harmful worm, on land that had been purposefully flooded. But scientists say this may not apply in the Skagit Valley, where the soil has a higher clay content.

Whether or not they end up with more productive land, the three farmers seem pleased to try something new without financial risk.

"If 100 years from now," Mr. Hedlin said, "there are healthy viable family farms in this valley and waterfowl and wildlife and salmon in the river, then everyone wins."

Meat And The Planet (NYT)

The New York Times, December 27, 2006

When you think about the growth of human population over the last century or so, it is all too easy to imagine it merely as an increase in the number of humans. But as we multiply, so do all the things associated with us, including our livestock. At present, there are about 1.5 billion cattle and domestic buffalo and about 1.7 billion sheep and goats. With pigs and poultry, they form a critical part of our enormous biological footprint upon this planet.

Just how enormous was not really apparent until the publication of a new report, called "Livestock's Long Shadow," by the Food and Agriculture Organization of the United Nations.

Consider these numbers. Global livestock grazing and feed production use "30 percent of the land surface of the planet." Livestock — which consume more food than they yield — also compete directly with humans for water. And the drive to expand grazing land destroys more biologically sensitive terrain, rain forests especially, than anything else.

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But what is even more striking, and alarming, is that livestock are responsible for about 18 percent of the global warming effect, more than transportation's contribution. The culprits are methane — the natural result of bovine digestion — and the nitrogen emitted by manure. Deforestation of grazing land adds to the effect.

There are no easy trade-offs when it comes to global warming — for example, cutting back on cattle to make room for cars. The human passion for meat is certainly not about to end anytime soon. As "Livestock's Long Shadow" makes clear, our health and the health of the planet depend on pushing livestock production in more sustainable directions.

Clone On The Range (WP)

The Washington Post, December 27, 2006

WHEN YOU TRY your first clonedog, you might not even notice. The Post's Rick Weiss reported Monday that the Food and Drug Administration is expected to vouch this week for the quality of meat and dairy products from cloned animals and their offspring. So far, ranchers and breeders have voluntarily kept food from such animals off of Americans' dining room tables. That will probably change soon.

A recent poll by the Pew Initiative on Food and Biotechnology indicates that a majority of Americans get queasy at the thought of clonal animal products lining supermarket shelves. But to its credit, the FDA stuck to the science -- the great bulk of which supports its reported conclusion.

In a study set to be published in January, scientists at the Agriculture Department's Meat Animal Research Center raised over 400 animals -- more than half of them offspring of clones -- in identical conditions. An independent lab scrutinized more than 14,000 characteristics of the animals' meat composition and health, and only one animal returned results considered abnormal. This mirrors the findings of other studies.

Cloning animals with superior genetics will make animal products better and less expensive. Breeders aim to grow genetic twins of animals with desirable traits -- such as leaner, tastier meat -- in order to breed them and improve herds over generations. The only difference between this technique and traditional animal husbandry is the production of a genetic copy at the outset. As more high-quality breeding stock becomes available, the value of such animals will decrease, lowering production costs. Americans who don't want to eat animal products made this way will undoubtedly have the opportunity to do so through niche producers.

Opposition to the cloning of livestock has proved powerful. The International Dairy Foods Association helped delay FDA action for years out of fear that American dairy goods would become less attractive abroad. According to the Pew poll, a large number of Americans object to animal cloning out of religious concerns, views that anti-cloning groups will no doubt exploit to distract the public from the scientific evidence. But the FDA's job, in this as in other matters, is to fairly assess the science.

FBI/DEA/ATF/USMS:

Authorities Bust Multi-million Dollar Hampton Roads Cocaine Ring (AP)

By The Associated Press

AP, December 27, 2006

NORFOLK, Va. -- Federal authorities say they've charged 11 people believed to be involved in a Hampton Roads drug-dealing ring that has sold a ton of cocaine worth more than $8 million over the last 13 years.

One suspect, Linwood Parker, is thought to have earned as much as $2.9 million from cocaine sales, authorities said.

Most of the suspects have been arrested over the last 10 days. An informant helped with the case by wearing a microphone as police taped Hampton Roads drug deals over the last year, authorities said.

Drug Enforcement Administration officials worked with state and local authorities on the case, which officials said is one of the largest drug cases in the last 13 years.

The informant, who has never been formally charged, was arrested in Norfolk last year during a cocaine deal. Authorities searched his house, seizing $50,000 and "significant financial records," according to an affidavit filed by the DEA and the U.S. Attorney's office.

He's told DEA officials that in 1993 he began buying cocaine from Naeron Mudie, a Jamaican native who moved to Hampton in the early 1990s to establish a drug trade, the affidavit said.

Mudie and six others have been charged in a separate indictment with related crimes.

In 2001, the informant began buying cocaine directly from a source in the Bahamas, the affidavit said.

Most recently, the informant told business associates that a large cocaine shipment was due on Dec. 17. But the shipment was actually arranged by the DEA, court records said.

Information from: The Virginian-Pilot, http://www.pilotonline.com

Arrests Break Up Hampton Roads Cocaine Ring, DEA Says (VAPILOT)

By Tim McGlone, The Virginian-pilot

Hampton Roads Virginian-Pilot, December 27, 2006

NORFOLK - Federal authorities say they have broken up a drug conspiracy ring suspected of distributing about a ton of cocaine, worth more than $8 million.

Eleven people have been charged in the alleged conspiracy, which authorities said dates back 13 years. It is one of the largest drug cases over that time, federal officials said.

"This was a significant organization working in the Tidewater area," said Randy Benavente, resident agent in charge of the local Drug Enforcement Administration. The case was investigated by the DEA's drug task force of federal, state and local authorities.

Most of the suspects were arrested over the last 10 days. One defendant, Linwood C. "Lenny" Parker, is suspected of grossing $2.1 million to $2.9 million on the sale of cocaine. He is scheduled to appear in U.S. District Court today.

Authorities say the case grew out of the cooperation of an unidentified individual who wore a microphone as authorities tape-recorded and videotaped drug deals throughout Hampton Roads over the past year.

The informant told the DEA that in 1993 he began buying crack from Naeron B. Mudie, a Jamaican native who had moved to Hampton in the early 1990s to establish a drug trade, according to a 34-page affidavit filed in court by the DEA and the U.S. Attorney's Office. Mudie and six others are charged in a separate indictment with related crimes.

The informant declined to take over Mudie's business when Mudie went to prison for a short time in 1996 but continued selling drugs throughout Hampton Roads. In 2001, he began buying cocaine directly from an unidentified source in the Bahamas, the affidavit says.

Between 2001 and 2004, the informant purchased about 770 pounds of cocaine from his Bahamas source as well as another person in Florida and distributed it in Hampton Roads, according to the court document. He paid between $20,000 and $22,000 a kilogram, or 2.2 pounds.

In fall 2005, the informant was arrested in Norfolk during a transaction involving

9 kilo s of cocaine. Authorities searched his house, seizing $50,000 and "significant financial records," the affidavit says.

The informant has not been formally charged and instead has been working with the task force.

According to the records, the informant promised the others that a large shipment of cocaine was due to arrive Dec. 17. The shipment was actually arranged by the DEA.

Benavente of the DEA declined to comment further on the case. Prosecutors in the U.S. Attorney's Office also declined to speak about the case.

The defendant Parker and two other suspects, Michael L. "Caddi" Sparrow and Isaac Ivan "Dog" Banks, are accused of selling the most cocaine - hundreds of pounds, worth millions of dollars.

Authorities are seeking to seize $8.6 million, the estimated gross proceeds of the entire ring. It is believed that most of the money has been sent to off shore banks.

Other suspects identified in court records as smaller dealers or couriers are: Julius C. Bernard, Tameka E. Branch, Thomas J. Cambell III, Dwayne Anthony Griffith, Crystal A. Hickson, Kenneth L. Williamson, Linda Watkins, and a defendant whose name was not immediately known.

Attorneys representing several defendants did not return calls seeking comment.

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Mexican Drug-kingpin Suspects In Court Today (WT)

By Jerry Seper, The Washington Times

The Washington Times, December 26, 2006

Two men believed to be high-ranking members of a Mexico-based smuggling ring are scheduled to appear today in federal court in San Diego to discuss future court dates and arrange for legal representation.

Francisco Javier Arellano-Felix, 37, and Manuel Arturo Villarreal Heredia, 31, were named last week in a seven-count federal grand jury indictment on racketeering, drug trafficking and money laundering charges in an operation that dominated the Mexican drug trade for more than a decade. The ring flooded the United States with hundreds of tons of cocaine, marijuana, methamphetamine and heroin.

The indictment accuses the men of maintaining control of a drug trafficking empire through kidnappings and up to 20 slayings, including beheadings, of rivals in the drug trade, law-enforcement officers and members of the press.

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Both men were arrested in August by U.S. authorities while deep-sea fishing 15 miles off the coast of La Paz, Mexico, and have been in custody in San Diego ever since. The U.S. Coast Guard apprehended them aboard a boat known as the "Dock Holiday."

The new indictment replaces one handed up in 2003 that did not include the continuing criminal enterprise charges that could lead to their executions. Mexico has balked at extraditing those facing a possible death sentence.

A decision by federal prosecutors on whether to seek the death penalty will be made by Attorney General Alberto R. Gonzales at a later date.

The indictment describes Mr. Arellano-Felix as the gang's principal organizer and top leader since March 2000, and Mr. Villarreal as a hired assassin in command of crews that carried out enforcement operations and drug trafficking activities.

Both men pleaded not guilty during brief court appearances last week before U.S. District Judge Larry Alan Burns.

The gang, often referred to as the Tijuana Cartel, has been considered one of the most powerful and violent drug trafficking organizations in Mexico. At the height of its power, it was responsible for the transportation, importation and distribution of multi-ton quantities of cocaine, marijuana, heroin and methamphetamine into this country from Mexico -- primarily from Tijuana into San Diego and Los Angeles.

Jesus Labra Aviles, long considered the financial mastermind of the organization, was arrested in Mexico City in March 2000 by the Mexican military with the support of the U.S. Drug Enforcement Administration's (DEA) Tijuana office, which ensured he was not released.

That was followed by the arrest of Ismael Higuera-Guerrero, a top lieutenant, two months later by the Mexican military in coordination with DEA. He had been the most overt member of the gang arrested, directing operations in Tijuana for years.

Gift Cards Just The Ticket For Organized Crime (CNS)

CanWest News Service, December 26, 2006

OTTAWA - Those gift cards that countless Boxing Day shoppers will be cashing in today are also landing under the Christmas trees of organized-crime groups, who use them as ``virtual currency'' for drug deals and money laundering, according to the RCMP.

A recent organized-crime threat assessment for Canada and the United States identified gift cards and prepaid debit cards as one of the tools in the financial-crime kit of organized crime. The assessment was compiled by the RCMP, the FBI and the U.S. Drug Enforcement Administration.

``All these cards were built for legitimate purposes, obviously,'' said John Sullivan, acting director of the RCMP's proceeds-of-crime branch. ``But as with any new technology, as soon as criminal organizations see a gap, they exploit it.''

Sales of gift cards have exploded in recent years, making them a ubiquitous feature at retailers such as Chapters, HMV and Home Depot.

During last year's holiday season, 82 per cent of Canada's largest retailers offered such cards, up from 53 per cent in 2003, according to a recent Statistics Canada study.

Sales figures for Canada are tough to come by, but U.S. numbers suggest gift cards are a booming business. The U.S. National Retail Federation estimated Americans will spend $24.8 billion US on gift cards this holiday season.

Many retailers offer gift cards in set denominations. The deposit limit on such ``closed'' cards make them less attractive for organized-crime groups, Sullivan said.

They prefer ``open'' cards with higher deposit limits, such as those offered by credit-card companies, he said.

RCMP officers said such cards are now accepted as valid currency between crime syndicates. Instead of a suitcase of cash, operatives might show up for a drug deal with a fistful of gift cards.

``Let's just say a kilo of cocaine is sold for $30,000 on the market. Well, you come in with 15 cards loaded with $2,000, and you pay for that commodity,'' said Stephane Sirard, an intelligence analyst with the RCMP's criminal-intelligence directorate.

The cards are also useful for transferring money across the border, because they don't qualify as ``monetary instruments'' and aren't subject to reporting limits, he said. Individuals crossing the border with $10,000 or more must file a report with Canadian border authorities.

Internet-savvy crooks could also launder money by converting it into gift cards, then sell the cards online for less than the value stored on the card, Sirard said.

An informal search of Ebay.ca found more than 2,000 gift cards on sale in Canada, many at asking prices below face value.

Gift cards are an attractive option for crime groups because they can be obtained without going through the ``mainstream'' banking system, Sullivan said.

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MasterCard Canada, for example, offers a gift card that can be loaded up to $2,500. A website that promotes the card said applicants require no credit check, security deposit, employment or income verification.

Applicants can apply for a card at various retail locations across Canada, such as convenience stores and payday-loan outlets. Once they complete the registration online, the card is mailed to them and they can load and reload it with cash at any of the retail locations.

MasterCard Canada didn't return a call for comment.

When poorly managed, prepaid-card programs can be a ``vehicle for money laundering and terrorist financing," conceded Gord Jamieson, director of risk management and security at Visa Canada.

But he said his company has taken a number of steps to prevent its cards from being used for criminal purposes. Prepaid Visa cards available to individual applicants have a deposit limit of $500 in Canada and cannot be reloaded or used at an ATM.

The company does offer a prepaid card with no deposit or reloading limit, but cardholders typically apply through their employers. Visa also tracks purchasing to ensure the card isn't used in countries known as money-laundering havens, he said.

``We've put some pretty tight controls around this so it's not an attractive option for money laundering."

Sullivan said prepaid cards only recently appeared on the RCMP radar. He declined to comment on specific cases where gift cards have been seized, but said the Mounties' assessment is based on ``more than just anecdotal evidence."

Gift Cards Popular With Underworld Set (CP)

Canadian Press, December 26, 2006

OTTAWA -- Those gift cards that countless Boxing Day shoppers will be cashing in today are also landing under the Christmas trees of organized-crime groups, who use them as "virtual currency" for drug deals and money laundering, according to the RCMP.

A recent organized-crime threat assessment for Canada and the United States identified gift cards and prepaid debit cards as one of the tools in the financial-crime kit of organized crime. The assessment was compiled by the RCMP, the FBI and the U.S. Drug Enforcement Administration.

"All these cards were built for legitimate purposes, obviously," said John Sullivan, acting director of the RCMP's proceeds-of-crime branch. "But as with any new technology, as soon as criminal organizations see a gap, they exploit it."

Sales of gift cards have exploded in recent years, making them a ubiquitous feature at retailers such as Chapters, HMV and Home Depot.

During last year's holiday season, 82 per cent of Canada's largest retailers offered such cards, up from 53 per cent in 2003, according to a recent Statistics Canada study.

Sales figures for Canada are tough to come by, but U.S. numbers suggest gift cards are a booming business. The U.S. National Retail Federation estimated Americans will spend US$24.8 billion on gift cards this holiday season.

Many retailers offer gift cards in set denominations. The deposit limit on such "closed" cards make them less attractive for organized-crime groups, Sullivan said.

They prefer "open" cards with higher deposit limits, such as those offered by credit-card companies, he said.

RCMP officers said such cards are now accepted as valid currency between crime syndicates. Instead of a suitcase of cash, operatives might show up for a drug deal with a fistful of gift cards.

"Let's just say a kilo of cocaine is sold for $30,000 on the market. Well, you come in with 15 cards loaded with $2,000, and you pay for that commodity," said Stephane Sirard, an intelligence analyst with the RCMP's criminal-intelligence directorate.

The cards are also useful for transferring money across the border, because they don't qualify as "monetary instruments" and aren't subject to reporting limits, he said. Individuals crossing the border with $10,000 or more must file a report with Canadian border authorities.

Internet-savvy crooks could also launder money by converting it into gift cards, then sell the cards online for less than the value stored on the card, Sirard said.

An informal search of ebay.ca found more than 2,000 gift cards on sale in Canada, many at asking prices below face value.

Gift cards are an attractive option for crime groups because they can be obtained without going through the "mainstream" banking system, Sullivan said. MasterCard Canada, for example, offers a gift card that can be loaded up to $2,500. A website that promotes the card said applicants require no credit check, security deposit, employment or income verification.

Applicants can apply for a card at various retail locations across Canada, such as convenience stores and payday-loan outlets. Once they complete the registration online, the card is mailed to them and they can load and reload it with cash at any of the retail locations.

MasterCard Canada didn't return a call for comment.

When poorly managed, prepaid-card programs can be a "vehicle for money laundering and terrorist financing," conceded Gord Jamieson, director of risk management and security at Visa Canada.

But he said his company has taken a number of steps to prevent its cards from being used for criminal purposes. Prepaid Visa cards available to individual applicants have a deposit limit of $500 in Canada and cannot be reloaded or used at an ATM.

The company does offer a prepaid card with no deposit or reloading limit, but cardholders typically apply through their employers. Visa also tracks purchasing to ensure the card isn't used in countries known as money-laundering havens, he said.

"We've put some pretty tight controls around this so it's not an attractive option for money laundering."

Sullivan said prepaid cards only recently appeared on the RCMP radar.

Afghan Heroin's Surge Poses Danger In U.S. (LAT)

By Garrett Therolf, Times Staff Writer

The Los Angeles Times, December 26, 2006

The world's purest form can kill more addicts, as seen in L.A. County.

Supplies of highly potent Afghan heroin in the United States are growing so fast that the pure white powder is rapidly overtaking lower-quality Mexican heroin, prompting fears of increased addiction and overdoses.

Heroin-related deaths in Los Angeles County soared from 137 in 2002 to 239 in 2005, a jump of nearly 75% in three years, a period when other factors contributing to overdose deaths remained unchanged, experts said. The jump in deaths was especially prevalent among users older than 40, who lack the resilience to recover from an overdose of unexpectedly strong heroin, according to a study by the county's Office of Health Assessment and Epidemiology.

"The rise of heroin from Afghanistan is our biggest rising threat in the fight against narcotics," said Orange County sheriff's spokesman Jim Amormino. "We are seeing more seizures and more overdoses."

According to a Drug Enforcement Administration report obtained by The Times, Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States. Its share of the U.S. market doubled from 7% in 2001, the year U.S. forces overthrew the Taliban, to 14% in 2004, the latest year studied. Another DEA report, released in October, said the 14% actually could be significantly higher.

Poppy production in Afghanistan jumped significantly after the 2001 U.S. invasion destabilized an already shaky economy, leading farmers to turn to the opium market to survive.

Not only is more heroin being produced from Afghan poppies coming into the United States, it is also the purest in the world, according to the DEA's National Drug Intelligence Center.

Despite the agency's own reports, a DEA spokesman denied that more heroin was reaching the United States from Afghanistan. "We are NOT seeing a nationwide spike in Afghanistan-based heroin," Garrison K. Courtney wrote in an e-mail to The Times.

He said in an interview that the report that showed the growth of Afghanistan's U.S. market share was one of many sources the agency used to evaluate drug trends. He refused to provide a copy of DEA reports that could provide an explanation.

The agency declined to give The Times the report on the doubling of Afghan heroin into the U.S. A copy was provided by the office of U.S. Sen. Dianne Feinstein (D-Calif.), a member of the Senate Caucus on International Narcotics Control.

This potent heroin, which the DEA says sells for about $90 a gram in Southern California, has prompted warnings from some officials who deal with addicts that they reduce the amount of the drug they use. Many addicts seeking the most euphoric high employ a dangerous calculation to gauge how much of the drug they can consume without overdosing. An unexpectedly powerful bundle of heroin, therefore, can be deadly.

"I tell people, 'If you're using it, only use half or three-quarters of what you used to,' because of the higher potency," said Orlando Ward, director of public affairs at the Midnight Mission on Los Angeles' skid row.

Health workers in boutique rehab centers as well as health clinics for the homeless say increasing numbers of clients are addicted to more powerful heroin.

"My patients say it's more available and cheaper," said Michael H. Lowenstein, a doctor at the Waismann Method detoxification center in Beverly Hills.

Antonio Maria Costa, executive director of the U.N. Office on Drugs and Crime, warned world health authorities in October of the increase in Afghan heroin.

"This, in turn, is likely to prompt a substantial increase in the number of deaths by overdose, as addicts are not used to injecting doses containing such high concentrations of the drug," he said.

From 1980 through 1985, Afghan heroin dominated the U.S. market, with a 47% to 54% share, according to the DEA.

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AFGHANISTAN'S share dwindled to 6% for much of the 1990s, as competition from Southeast Asia and Colombia grew. Meanwhile, the Taliban was cracking down as it gained territory, virtually eliminating poppy production after taking over the country.

Once the fundamentalist Islamic government was overthrown in 2001, Afghans turned once again to the poppy trade to survive in one of the poorest countries in the world.

A report released Nov. 28 by the World Bank said U.S. and European efforts to end Afghanistan's $2.3-billion opium business were failing.

The production of opium used to produce heroin reached its highest level ever in Afghanistan this year. It accounted for more than one-third of Afghanistan's gross domestic product and 90% of the world's supply of illicit opium, mainly going to Asia and Europe, according to the report.

The poppy crop now drives the economy in some regions of the embattled nation, helping to fund a Taliban resurgence.

In the United States, Afghan and Mexican poppies tied for second place among sources of heroin in 2004, according to the DEA's Heroin Signature Program. South America, led by top supplier Colombia, held 69% of the market.

That figure had dropped 19 percentage points from the 2003 level as U.S. and Colombian efforts to eradicate the trade enjoyed success and as Afghanistan's share increased, according to the DEA.

The Department of Homeland Security also has found evidence of increasing Afghan heroin in this country. The agency reported skyrocketing numbers of seizures of heroin arriving at U.S. airports and seaports from India, not a significant heroin-producing country but a major transshipment point for Afghan drugs.

The seizure of heroin packages from India increased from zero in 2003 to 433 in 2005 — more than 80% of total mail seizures of heroin arriving in the U.S. that year.

In the meantime, although they may not recognize the product as coming from Afghanistan, addicts across the country are increasingly coming into contact with more powerful heroin.

"There is a different kind of heroin now," said Eric Wade, a 32-year-old recovering addict in Portland, Ore. "It is very, very strong, and it is cheaper than the other stuff. Not everybody has access to it, but I've seen more people overdose … on that stuff."

In Ballwin, Mo., an affluent suburb of St. Louis, two sisters were arrested in the spring, accused of selling "China white" heroin between classes at their high school.

Capt. Tom Jackson, who leads the St. Louis County Police Department's bureau of drug enforcement, said investigators thought the heroin traveled to the campus from Afghanistan with the help of Nigerian traffickers, a Chicago gang and a downtown St. Louis drug dealer.

"This China white is so pure that they can snort it or smoke it," Jackson said. "So, no needles or track marks."

Afghan Heroin Taking Over U.S. Market (UPI)

UPI, December 26, 2006

LOS ANGELES, (UPI) -- Supplies of heroin from Afghanistan are rapidly replacing lower quality Mexican heroin, and could lead to a rise in U.S. addiction and overdoses, a report says.

Los Angeles has seen a large impact, with heroin-related deaths jumping from 137 in 2002 to 239 in 2005, nearly 75 percent, the Los Angeles Times reported.

Experts said that within the three years other factors contributing to overdose deaths remained unchanged.

"The rise of heroin from Afghanistan is our biggest rising threat in the fight against narcotics," said Orange County sheriff's spokesman Jim Amormino. "We are seeing more seizures and more overdoses."

A report from the Drug Enforcement Administration said Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States since 2001.

Another DEA report said that heroin from Afghanistan may take up more than 14 percent of the Unites States market.

Afghan Heroin Blamed For Surge Of Overdoses In Los Angeles (FOX)

FOX News, December 26, 2006

LOS ANGELES — High-potency heroin from Afghanistan is causing a surge in deadly drug overdoses in Los Angeles County, officials said, according to a report in the Los Angeles Times.

"The rise of heroin from Afghanistan is our biggest rising threat in the fight against narcotics," Orange County sheriff's spokesman Jim Amormino told the newspaper. "We are seeing more seizures and more overdoses."

According to the report, heroin-related deaths in the county have soared 75 percent in three years, from 137 in 2002 to 239 in 2005.

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The Times cited a Drug Enforcement Administration report it obtained as saying that the poppy fields in Afghanistan have become the fastest-growing source of heroin in the U.S.

The heroin from Afghanistan is the purest in the world, according to the DEA's National Drug Intelligence Center.

According to the DEA report, Afghan heroin dominated the U.S. market from 1980 through 1985, with a 47% to 54% share, but that dropped to 6% for much of the 1990s, as the Taliban cracked down on poppy production.

Since the overthrow of the Taliban government in 2001, Afghans have returned to growing poppies.

According to the DEA report, opium production accounted for more than one-third of Afghanistan's gross domestic product and 90% of the world's supply of illicit opium, the Times reported.

News Briefs From Southern California (AP)

AP, December 26, 2006

LOS ANGELES (AP) — Heroin-related deaths have soared nearly 75 percent countywide in three years and experts believe potent Afghan heroin, which is overtaking lower-quality Mexican heroin, may be to blame.

Heroin-related deaths in the county rose from 137 in 2002 to 239 in 2005, a period when other factors contributing to overdose deaths remained unchanged, experts said.

A Drug Enforcement Administration report obtained by the Los Angeles Times shows Afghanistan's poppy fields have become the fastest-growing source of heroin in the United States, doubling from 7 percent in 2001 to 14 percent in 2004, the latest year studied.

Still, a DEA spokesman denied more Afghan heroin was reaching the U.S,

"We are not seeing a nationwide spike in Afghanistan-based heroin," Garrison K. Courtney wrote in an e-mail to the Times.

Remnants Of A Trial Prompt A Crusade (WP)

By Jerry Markon

The Washington Post, December 27, 2006

Jim Savage has been living in a world of guard shacks, green security poles and Jersey barricades lining the street outside his home next to the federal courthouse in Alexandria.

They were put there for the trial of a terrorist, Sept. 11 conspirator Zacarias Moussaoui, and they were supposed to come down when the trial was over. Seven months after it ended, they are still there.

So Savage, who calls the security measures an eyesore, mounted a one-man crusade to have them removed. He retrieved a judge's order saying the additional security was supposed to be temporary and tried to meet with the judge. He contacted the City of Alexandria, but was told the federal government has jurisdiction over his street.

Yesterday, Savage learned that his campaign will probably meet with only mixed success. The U.S. Marshals Service said plans are in the works to remove most of the barricades and to replace them with a permanent security wall near the courthouse. Officials said the wall will be more attractive than the faded concrete barricades and will fit with the neighborhood's architecture.

"This idea of some sort of a Berlin Wall really fits. It will be like Checkpoint Charlie," Savage, a former criminal investigator for the U.S. Army, said when told about the plans by a reporter. "The fact is that a court order allows these security measures to be present, and the basis for that order is over. To put up something permanent with the expectation that maybe you might have a terrorist trial in the future is really stretching things."

John Hackman, the acting U.S. marshal for Alexandria, said he understood the concerns of Savage and other residents at the Carlyle Towers condominium complex. "We are doing our best to reach a balance that will provide security as well as the aesthetic that the neighborhood requires," Hackman said. "But terrorism is not something where we say okay, we had a trial, and it goes away. We need to be constantly vigilant, and obviously the Alexandria court has high-profile cases."

Michael Kulstad, a marshal's spokesman, said the agency investigated 1,111 threats or "inappropriate communications" to members of the judiciary nationwide in fiscal 2006, including to judges, prosecutors and witnesses. Just last week, a federal prisoner was indicted in Richmond on charges of sending a letter bomb to the federal courthouse there.

The Alexandria federal courthouse has been a focus of additional security since the Justice Department made it the venue of choice for terrorism trials after Sept. 11. Officials have said they chose Alexandria for the Moussaoui case in part because Northern Virginia's jury pool is viewed as more conservative than New York's and because the Richmond-based U.S. Court of Appeals for the 4th Circuit has been considered the nation's most conservative appellate court.

The Alexandria courthouse is not the first in Northern Virginia to wrestle with enhanced security. In 1998, the Fairfax County courthouse added metal detectors and barricades for the sentencing hearing of Mir Aimal Kasi, a Pakistani man who opened fire outside CIA headquarters, killing two people. When the trial ended, the security stayed.

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"Nobody wants this stuff, but when security experts say it's necessary, I think it's irresponsible not to do it," said F. Bruce Bach, who as chief circuit judge at the time approved the security measures. "We're living in a different day and age today."

In 2002, Alexandria faced the prospect of two high-profile trials starting within days: Moussaoui's and that of John Walker Lindh, a Californian accused of fighting for the Taliban in Afghanistan.

On June 18, 2002, U.S. District Judge Claude M. Hilton, then the chief judge, ordered marshals to take all necessary security measures but specified they would be "during the pending of these cases." Lindh pleaded guilty soon after. Moussaoui's case dragged on, but he pleaded guilty last year.

Moussaoui's death penalty trial this year featured rooftop snipers and bomb-sniffing dogs. That level of security ended with the trial, during which Moussaoui was sentenced to life in prison.

But guard shacks and barricades still dot two streets surrounding the courthouse, with green security poles dug into the sidewalks. Traffic outside Savage's apartment building, which is across the street from the courthouse, must squeeze into small lanes around the shacks and a series of in-ground, collapsible metal security barricades. Federal officials did remove some of the barricades further up the street after the Moussaoui trial.

Savage was outraged when he pulled Hilton's 2002 order from the federal court clerk's office. Learning that U.S. District Judge James R. Spencer in Richmond is now the chief judge, Savage tried to meet with him to seek an order overturning the original one but said he was told to express his concerns in writing. Spencer did not return a telephone call seeking comment.

Although several other Carlyle Towers residents said they want the barricades taken down -- and the condo association board is seeking their removal -- Savage has been working mostly alone.

His next step? Writing the letter to Spencer, but delivering it to "his boss" -- U.S. Chief Justice John G. Roberts Jr. Then, Savage said, "it may be time to move."

IMMIGRATION:

Lawsuits Challenge Texas Town's Immigration Law (LAT)

By Miguel Bustillo

The Los Angeles Times, December 27, 2006

HOUSTON, Texas — A Dallas suburb that has barred landlords from renting to illegal immigrants was sued Tuesday by two civil rights groups that allege the controversial ordinance turns property owners into immigration agents and violates federal law.

The challenge by the American Civil Liberties Union and the Mexican American Legal Defense and Education Fund seeks to derail a new law that would require property managers to check the immigration status of apartment renters in Farmers Branch, Texas. The ordinance, approved last month, is set to take effect Jan. 12.

Farmers Branch -- a city of 28,000 north of Dallas that is about 37 percent Hispanic -- is one of dozens of U.S. municipalities that, frustrated with federal government inaction, have adopted tough local measures to stem illegal immigration.

But the Farmers Branch ordinance is seen as a turning point for Texas, a state that largely has avoided the kind of confrontational immigration policies commonplace elsewhere.

"This is the first ordinance of its kind in Texas, the beginning of what we hope will not be a lasting trend here," said Lisa Graybill, legal director of the ACLU of Texas. "Stop and think what it would be like if every little town tried to adopt its own illegal immigration policy. It would be a nightmare."

The ACLU and MALDEF are challenging the law on several constitutional grounds. They argue that it violates the due process clause because it does not make clear which immigration documents are acceptable and which are not, the contract clause because it interferes with a business transaction between landlord and tenant without proper cause, and the equal protection clause because it only applies to some landlords. But the primary argument is that it exceeds the city's powers because only the federal government can enforce immigration laws.

While opponents of unchecked immigration have hailed Farmers Branch leaders for taking a courageous stand, many landlords have complained that they are being thrust into the volatile immigration debate -- and some local business owners have complained that Hispanics may no longer feel welcome in the city.

Some Texas leaders, meanwhile, have expressed concern that the city's stance is divisive and could harm the entire state's reputation. Last month, Farmers Branch Mayor Bob Phelps awoke one morning to find the words "Viva Mexico" spray-painted in red on the side of his house.

Tuesday's immigration lawsuit is the third filed against Farmers Branch, which also passed a resolution last month establishing English as the city's official language. Last week, a group of apartment owners asked a federal judge to declare the

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rental law unconstitutional. Earlier this month, a local real estate agent alleged that city leaders repeatedly discussed the ordinance behind closed doors, violating Texas' open meetings law.

The city recently created a legal defense fund to collect donations from supporters and sympathizers, and has received more than $6,000.

Phelps and Councilman Tim O'Hare, who spearheaded the immigration law, did not return phone calls Tuesday. Matthew Boyle, the assistant city attorney, said Farmers Branch would not discuss any pending litigation, but noted that city leaders had anticipated challenges to the law.

"The city was overtly threatened with litigation as far back as August, when this was being discussed. So we knew it would be no surprise that some litigation would be filed, and have been preparing for it," Boyle said.

Civil Rights Groups Sue Over Rent Law (FINDLAW/AP)

By Anabelle Garay, Associated Press Writer

AP, December 27, 2006

(AP) - DALLAS-Two civil rights groups filed a lawsuit Tuesday challenging a new law in a Dallas suburb that outlaws renting apartments to illegal immigrants, alleging the ordinance violates federal law and forces landlords to act as immigration officers.

The American Civil Liberties Union and the Mexican American Legal Defense and Education Fund filed the suit on behalf of residents and landlords in Farmers Branch, just north of Dallas. It is the third lawsuit brought against the city since the ordinance passed in November.

The lawsuit claims the measure, scheduled to take effect Jan. 12, is so poorly drafted that it excludes even legal immigrants from renting.

"Immigration enforcement must be left to the federal government, not each local municipality," said Lisa Graybill, legal director of the ACLU of Texas. "Otherwise Texas will end up with a patchwork system that is impractical and unenforceable."

Farmers Branch spokesman Tom Bryson said the city will not comment on pending litigation.

On Friday, the owners of three apartment complexes filed a lawsuit asking a federal court to declare the rent law unconstitutional. In another lawsuit filed earlier this month, a Farmers Branch resident alleged that the mayor repeatedly violated the state's open meetings laws to deliberate the ordinances.

The new law calls for property managers or owners to verify the immigration or citizenship status of apartment renters. The City Council also approved resolutions making English the city's official language and allowing authorities to become part of a federal program so they can enforce immigration laws.

Since 1970, Farmers Branch has changed from a small, predominantly white bedroom community with a declining population to a city of almost 28,000 people, about 37 percent of them Hispanic, according to the census.

More than 50 municipalities nationwide have considered, passed or rejected similar laws, but until now that trend hadn't been duplicated in Texas.

Our Founding Illegals (NYT)

By William Hogeland

The New York Times, December 27, 2006

EVERY nation is a nation of immigrants. Go back far enough and you'll find us all, millions of potential lives, tucked in the DNA of our African mother, Lucy. But the immigrant experience in the United States is justly celebrated, and perhaps no aspect of that experience is more quintessentially American than our long heritage of illegal immigration.

You wouldn't know it from the immigration debate going on all year (the bipartisan immigration bill-in-progress, announced this week, is unlikely to mention it), but America's pioneer values developed in a distinctly illegal context. In 1763, George III drew a line on a map stretching from modern-day Maine to modern-day Georgia, along the crest of the Appalachians. He declared it illegal to claim or settle land west of the line, all of which he reserved for Native Americans.

George Washington, a young colonel in the Virginia militia, instructed his land-buying agents in the many ways of getting around the law. Although Washington was not alone in acquiring forbidden tracts, few were as energetic in the illegal acquisition of western land. And Washington was a model of decorum compared to Ethan Allen, a rowdy from Connecticut who settled with his brothers in a part of the Green Mountains known as the Hampshire Grants (later known as "Vermont"). The province of New York held title to the land, but Allen asserted his own kind of claim: He threw New Yorkers out, Tony Soprano style, then offered to sell their lots to what he hoped would be a flood of fellow illegals from Connecticut.

Meanwhile, illegal pioneers began moving across the Alleghenies and into the upper Ohio Valley, violating the king's 1763 proclamation and a few more besides. (George would today be accused of softness on immigration; he kept shifting the line

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westward.) Immigrants from such déclassé spots as Germany and Ireland violated the laws and settled where they pleased. The upper Ohio was rife with illegal immigrants, ancestors of people who, in country clubs today, are implying a Mayflower ancestry.

Parallels to today's illegal immigration are striking. Then as now, it was potentially deadly to bring a family across the line. But once across, illegals had a good chance of avoiding arrest and settling in. Border patrols, in the forms of the British Army and provincial militias, were stretched thin. The 18th-century forest primeval, like a modern city, offered ample opportunities for getting lost. Complex economies thrived in the virgin backwoods, unfettered by legitimate property titles.

When conflicts developed between the first and second waves of illegals, some salient social ironies arose, too. By the early 1770's, George Washington had amassed vast tracts to which his titles were flatly invalid. The Revolution rectified that. With British law void, Washington emerged from the war with his titles legal by default. But he acquired another problem: low-class illegals were squatting on his newly authenticated, highly valuable property.

Washington harbored no fond feeling for breakers of laws that he too had recently flouted. "It is hard upon me," he lamented without irony, "to have property which has been fairly obtained disputed and withheld." He went to court to have the squatters evicted, complaining that they had "not taken those necessary steps pointed out by the law." He was appealing to righteousness from atop a high but wobbly horse.

Descendants of the great immigration experiences of the 19th and 20th centuries visit the Ellis Island Immigration Museum to learn of the tribulations of ancestors who risked much to become Americans. Those of us whose ancestors risked everything as illegal immigrants, and in the process helped found a nation, owe our forebears a debt of gratitude, too. Without their daring disregard of immigration laws, we might not be here today.

Immigrants' Jobs Vanish With Housing Slowdown (WP)

By Nick Miroff

The Washington Post, December 27, 2006

The gold rush came in drywall, laminate flooring and granite countertops, and Amilcar Guzm?n came with it.

Guzm?n left El Salvador at age 18 in 1999 and landed in Manassas. Soon he had $15-an-hour jobs cutting lumber, driving nails and running a Bobcat loader. He got a car, got married. The Washington region was hungry for houses, houses, houses, and word of the boom reached Mexico and Central America, drawing thousands more eager, jobless men like him.

Then sometime last year, Guzm?n said, the rush began to go bust, little by little, month by month. The contractors stopped hiring. The phone stopped ringing. Washington, it seemed, had all the houses it could hold .

So Guzm?n got a plane ticket. On Jan. 20, he is taking his family back to El Salvador, with plans to open an auto repair shop with the money he has saved. "There's no work here anymore," he said, having spent the past month unemployed. "And when there's no work, it's time for Latinos to go back to the countries where they came from."

Hispanic immigration to the Washington region has always followed a seasonal pattern, as the winter puts a chill on outdoor labor and drives workers south. But with home sales and housing starts dropping after years of steady growth, many Hispanic workers -- legal and illegal -- say the good times are gone.

"The Hispanic population in Virginia has grown too much," said Guzm?n, echoing the sentiments of those who support tough immigration policies, "and that's closed off a lot of job opportunities."

Demographers who track migration patterns and embassy staff members say it's too soon to tell exactly how the housing construction decline has affected the region's Hispanic population. But stories of departing workers abound. Some workers say they're headed home; others, spurred by rumors of construction jobs, try their fortunes in the Carolinas, Georgia, New Orleans.

"It's a little better here, but not much," said Raul Amayas, 21, a Salvadoran immigrant reached by phone in Charlotte. Amayas left Manassas last month after losing his $400-a-week landscaping job. Now he's making $300 a week as a busboy at a Mexican restaurant. "It's hard here. Ugly," Amayas said.

Other immigrant workers said they're optimistic things will pick up again.

Juli?n Cabrera, 42, arrived in Woodbridge in 2004, a sharecropper from El Salvador who could no longer feed his nine children on the $5 a day he earned growing corn and beans. He has been snagging work at Route 1 and Longview Drive ever since. A year ago, he would get hired at least three times a week. But he hasn't found work once this month and is thinking of going to Texas, where his brother-in-law might be able to get him a job with a contractor. Until then, he's not sending money home to his family in El Salvador.

"I call my wife every eight days," he said, eyeing passing cars for potential employers. "I just tell her to be patient."

According to the National Association of Realtors, housing starts have fallen 23.5 percent between October 2004 and October 2006, and data released this month by the Northern Virginia Association of Realtors show home sales in that area plunged 45 percent between November 2004 and November 2006. Home sales in suburban Maryland are down 34 percent between November 2004 and November 2006, according to the Maryland Association of Realtors.

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The effects of the slowdown are also rippling through Hispanic-owned businesses. "A lot of my customers have gone to Florida, to the Carolinas," said Carlos Castro, owner of the Todos Supermarket chain and chairman of the Hispanic Business Council in Prince William County.

Sales are down slightly at Castro's stores, but he said some of his suppliers are experiencing 30 to 40 percent decreases in local orders, with smaller, less-established businesses taking the biggest hit.

Tracking the departure of immigrants from the Washington area is difficult. "In terms of actual data, it's too soon to say," said Steven A. Camarota, research director of the Center for Immigration Studies, which supports limiting immigration. "If the economy turns down and we were to ratchet up enforcement, there would be a multiplier effect. But that isn't likely to happen. The most likely scenario is movement into other sectors of the economy and greater geographic dispersion."

Among illegal immigrant Hispanic men in the region, as many as one in three work in construction, Camarota said. No other U.S. industry employs more illegal immigrants, he said.

"A slowdown in the construction industry hits illegals much harder than the rest of the general population," Camarota said.

Gustavo Torres, executive director of CASA of Maryland, said he's concerned that tensions over immigration will spread and intensify if large numbers of idle construction workers are not quickly absorbed by other services and industries. "We've seen workers leaving for other states for jobs in construction or agriculture," he said.

Torres argued for the need for job training programs to help workers make the transition into other sectors, saying he feared that "confrontation will accelerate further" if the slowdown worsens.

"That's one of the dangers of importing lots of workers," said Ira Mehlmen, spokesman for the Federation for American Immigration Reform, which seeks to curb illegal immigration. "After their services are no longer required, you end up with them and with their families. "There isn't much reason for them to return home when services and other benefits are available."

But for many, and single men in particular, home has a powerful pull nonetheless. Aurelio Cruz has a wife and four children back in Puebla, Mexico, and every day that he's apart from them and doesn't find work "is a day of my life that I've wasted," he said.

The month of December has been lost to Cruz; he hasn't been hired once. "It's a bad situation," he said. He was thinking of going home this month, but weeks of standing along Route 1 in Woodbridge waiting futilely for work have postponed his plans.

"I came here to take care of my family," he said. "I can't go home with nothing. I can't go home the way I came."

Cost Of Care A Disabled Son Imperils Family's Immigration Hope (WSJ)

By Miriam Jordan

The Wall Street Journal, December 27, 2006

MARTHA'S VINEYARD, Mass. -- Zandro Souza, an immigrant from Brazil, rose in six years from being a restaurant dishwasher who barely spoke English to a successful chef in upscale restaurants here on Martha's Vineyard. Last year, after a long bureaucratic journey, Mr. Souza and his wife, Fernanda, were tantalizingly close to winning green cards that would let them remain in the U.S.

See video of Zandro Souza and other immigrants speaking2 at a Thanksgiving luncheon hosted by the Massachusetts Immigrant and Refugee Advocacy coalition. Mr. Souza begins speaking about two minutes into the clip.

But during a final interview with a U.S. immigration official in Providence, R.I., the Souzas' five-year effort to win legal status hit a wall. "I have no problem approving you and your wife," Mr. Souza says the official told him. "But I need more information about your son."

The Souzas' 11-year-old son, Igor, is blind and developmentally delayed. His condition requires countless doctor visits, frequent runs to the emergency room and more than $1,000 a month in medication. Mr. Souza says he has paid almost all of Igor's medical bills -- about $20,000 annually -- out of pocket, without insurance or help from government programs. He feared accepting aid would jeopardize his family's attempt to gain permanent U.S. residency.

According to Mr. Souza, the immigration official told him that if Mr. Souza and his wife died, their son could become a "public charge." Although the family tried to prove that Igor would be cared for if his parents passed away, the U.S. government earlier this year denied green cards to the couple and their son and placed them in deportation proceedings. This time the government cited another reason for rejection -- that they applied for and entered on tourist visas but intended to stay permanently.

"If this were only about me, I would throw in the towel" and return to Brazil, says Mr. Souza, 30 years old. "But I want the best for my son."

The Souzas' story shows how compassion can collide with hard-nosed financial considerations as the U.S. decides which immigrants should be admitted and which should be turned back. The Souzas rose through hard work and paying their own way.

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Yet they also hurt their case by entering the country on a false pretext, although many immigrants who later gain U.S. citizenship do the same.

Admitting productive, self-reliant people has long been a goal of U.S. immigration policy. The Immigration Act of 1891, one of the country's first efforts to regulate immigration, allowed the exclusion or deportation of any individual deemed to be a burden on the public purse, referring to "idiots, insane persons, paupers, or persons likely to become a public charge."

At Ellis Island, newcomers inspected by public-health officials and deemed unfit were returned to their country of origin. Steamship lines were often fined for having ferried them to the U.S. Later, legal immigrants from Mexico and Asia faced similar scrutiny on entering from the West.

A 1996 federal law says immigrants must be legal U.S. residents for five years before they qualify for Medicaid, which pays medical expenses for the poor. However illegal immigrants cannot be refused emergency medical care.

Between 1921 and 1930, 10,703 foreigners were deported on public-charge grounds. In more recent years, the government has cited other more basic reasons for forcing someone to leave, such as having entered the country illegally.

In 2005, 75,532 foreigners were deported for entering the U.S. without proper documents or through fraud or misrepresentation. Public charge was the official reason for only 824 out of the total 208,521 deportations that year.

Illegal-immigrant children are entitled to attend public schools, and special-needs children receive the same services as other students. In recent years, however, the escalating cost of providing education to children with special needs has fueled clashes between advocates for disabled students and those concerned that they are draining already-limited school budgets.

In Massachusetts about 16.5% of the state's student population receives special education. The cost of educating these children is increasing faster than for mainstream students and placing a financial burden on many school districts, according to school administrators.

Shawn Saucier, a spokesman for U.S. Citizenship and Immigration Services, says privacy laws prevent the agency from commenting on the Souzas' case. "However, if we were talking to a couple who had a son with disabilities, we would have to be satisfied that the child would not become a public charge," he says.

James R. Edwards Jr., an adjunct fellow with the Hudson Institute, a conservative Washington think tank, says the public-charge concept is rooted in this country's emphasis on self-sufficiency. "We aren't interested in taking foreign countries' criminals ... and certainly not those unable to support themselves," says Mr. Edwards, who favors restricting immigration.

As for the Souzas, he says, "My heart goes out to the family and the kid." However, he says, the U.S. already contends with "native-born Americans who face the same kind of crisis, with their children being ill and suffering disease."

Mr. Souza and his wife met as teenagers in 1990 in Cuparaque, a small Brazilian town. In 1994, Fernanda, then 17, became pregnant and the couple decided to marry.

Igor was born on March 1, 1995. At seven months, he was diagnosed with congenital toxoplasmosis, caused by a parasite that is present in uncooked meat and the fecal matter of cats. Transmission to the fetus can cause severe problems, including mental retardation, seizures, blindness, and even death. Doctors believe that Ms. Souza was infected by the cats in her grandmother's home, and Igor contracted the condition from his mother during pregnancy.

The couple soon realized that Igor's condition would require careful management and virtually around-the-clock monitoring, not to mention a panoply of special drugs. The Souzas had access to free care through Brazil's vast public health-care network, but the large hospitals and long waiting lists were difficult to navigate. To get Igor to the doctor, Fernanda rose at 4 a.m., taking two buses to line up just to make an appointment for a month later. The family couldn't afford private care on Mr. Souza's $300 a month salary working in a restaurant.

The Souzas saw an answer thousands of miles to the north, on Martha's Vineyard where Brazilian immigrants are the backbone of the local tourism industry. In 1989, Mr. Souza's father, José, found summer work in a restaurant called the Navigator, eventually settling here in 1997.

In 2000, Mr. Souza arrived in the U.S. on a six-month tourist visa. He joined his father at the restaurant, rising to become daytime chef. His hourly wage doubled to $17. At night, he worked a second job up the street at the Harbor View Hotel's Coach House, one of Martha's Vineyard's finest restaurants. Mr. Souza moved swiftly from dishwasher to sauté cook to lead line cook, overseeing all the workstations in the kitchen. "He has a passion," says Jim Moore, the restaurant's food and beverage director, who took Mr. Souza to demonstrate his cooking -- including his mini lobster rolls -- at the upscale Tribeca Grill in New York City.

In early 2001, Mr. Souza brought his wife and son to the U.S. The two took an overnight van to Rio de Janeiro, where an official at the U.S. consulate issued them tourist visas.

Igor started kindergarten at the Oak Bluffs School, where he was assigned a special assistant, as well as occupational and physical therapy. About 400 students attend Oak Bluffs School, where Igor today is in the fifth grade. About 20% of them require special-education services. However, "only three or four have the level of need requiring a one-on-one assistant" such as Igor,

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says James Weiss, Martha's Vineyard school superintendent. Mr. Weiss estimates it costs more than $40,000 to educate Igor annually compared with $15,000 for "regular" students.

"He certainly is a youngster who impacts our budget in a significant way," says Dr. Weiss. However, "it's both our legal and moral obligation to help students who have identified needs."

As Igor mastered English, story time and music became his favorite classes. He began singing Beatles songs. A poem he wrote in Braille with the help of his teacher reads, "My favorite song is 'Yesterday.'" A lanky, curly-haired boy, Igor recently entertained teachers and classmates in the hallway with a rendition of "Hey Jude."

Initially, the family relied on friends to drive them to Boston for appointments with Blaise Bourgeois, a neurologist at Children's Hospital Boston. The consultations, every four or five months, cost the couple about $350 each, which they paid out of pocket according to bills and receipts reviewed by The Wall Street Journal.

Igor also required a special dentist, nutritionist, endocrinologist and frequent visits to his pediatrician. Every three months or so, Igor suffered a seizure that landed the Souzas in the emergency room of the Martha's Vineyard Hospital. One of his worst episodes, Christmas Eve in 2003, lasted 45 minutes. The emergency-room visits have cost between $1,500 and $2,500 each. Mr. Souza says Igor's medical bills this year are about $16,000; in previous years they have risen as high as $20,000.

Mr. Souza says he pays for his son's doctor visits and prescription medication on the spot. Mr. Souza says he still owes $4,000 to the hospital for emergency-care visits. "If I can't pay in one lump sum, I make sure and send a check in every month -- even if it's just for $100 or $300," says Mr. Souza.

Mr. Souza, his wife and son live with Mr. Souza's parents and other relatives in a three-bedroom house owned by Mr. Souza's father. Mr. Souza earns $5,000 to $6,000 a month; about 27% of that is deducted in taxes from his weekly paycheck. He contributes $600 a month to his parents' mortgage.

In 2001, Mr. Souza sought to take advantage of a temporary immigration law, known as Section 245i, to apply for an employer-sponsored green card for himself and his family. The bill allowed immigrants to adjust their status from within the U.S., even if they had overstayed their visas or entered the country illegally. Employers regarded the program as an opportunity to legalize their work force, while critics said it was tantamount to amnesty.

Alan Counsell, then manager of the Navigator restaurant, had previously agreed to sponsor Mr. Souza's father and mother. He agreed to sponsor the Souza family as well. "It was a small repayment" for their dedication, he says. "Anything I asked of them they gave me."

Mr. Counsell followed the requirement to place advertisements in the newspaper, to show that qualified chefs -- like Mr. Souza -- weren't readily available on the Vineyard. Mr. Souza paid for the ads -- and over the next few years paid almost $10,000 in fees to lawyers and the U.S. government.

In July 2003, the Souzas received notification that their employment authorization was being processed. Mr. Souza was thriving professionally, earning a reputation as a fine seafood cook and collecting employee awards. He acquired hundreds of cookbooks, which he says helped him improve his English. His favorite chef is the well-known New York restaurateur Mario Batali, whose picture on the cover of a 2002 edition of Gourmet Magazine Mr. Souza pinned to a wall.

Mr. Souza's son, who shares a bedroom with his parents, refuses to go to sleep before his father arrives home from work each night. On Mondays, Mr. Souza's only day off, the father picks up his son from school and treats him to pizza. On Sundays, the family dresses up for evening services at the local Brazilian evangelical church, where Igor sways and chants spiritual songs.

In 2004, the Souza family was fingerprinted and issued Social Security numbers and work permits, "I felt like the gates to freedom were opening," recalls Mr. Souza. "The only thing missing was the interview." The family was summoned to Providence for an 8 a.m. interview on May 13, 2005, the final step in the process.

Mr. Souza was nervous but hopeful. He and his wife took an oath to tell the truth, he recalls. They began answering questions from the adjudicator. Among them was the question of why the family had come to the U.S. Mr. and Mrs. Souza told the official that they had come here to make a better life.

As Igor squirmed in his chair and babbled in Portuguese, the immigration adjudicator turned to Mr. Souza and asked whether he relied on the U.S. government for the child's care. Mr. Souza answered without hesitation: "No."

Mr. Souza recalls the adjudicator then asking: "So you pay for his schooling?"

Mr. Souza answered hastily -- failing to explain that while his son attended public school, he paid for Igor's health care himself.

Then the immigration official voiced concern that the son would become a public charge if his parents passed away, Mr. Souza recalls. The Souzas left the room clutching a form letter with Igor's name filled in at the top. In the space next to 5, "PLEASE SUBMIT THE FOLLOWING," the official had written: "I-864 from your father Zandro Souza showing evidence you will not become a public charge." They had 12 weeks to supply the documentation.

"I can't even remember driving home," says Mr. Souza.

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According to U.S. immigration policy, an applicant can overcome a public-charge inadmissibility issue by providing sufficient evidence that he or she is unlikely to become a public charge. This evidence can be a posted as a bond, an "affidavit of support" from friends or family, personal funds, or an offer of employment.

The Souzas set out to prove that, in the event of a tragedy, Igor would be cared for by their family, not the government. Mr. Souza sent evidence that his father's house on Martha's Vineyard -- bought for $265,000 several years earlier and now worth about $500,000 -- could be put in a trust in Igor's name if his parents died. It could then be sold, if necessary, to cover his health expenses. Some immigration attorneys question why the government requested an affidavit of support in the Souzas' case, because the family was being sponsored by an employer who already serves as a financial guarantor.

But this soon became a moot point. In January 2006, immigration authorities denied green cards to each member of the Souza family and ordered them to appear in court for deportation proceedings. The government was no longer raising the "public charge" issue. Rather, the government notice stated that Mr. Souza, his wife and Igor had come to the U.S. on six-month tourist visas in violation of U.S. law because their actual intention was to stay in the U.S. for good.

"I felt an empty feeling, like everything had been in vain," recalls Mr. Souza.

Mr. Saucier, the spokesman for immigration, says: "We don't look for one reason and deny the case. We issue it for all reasons applicable to the application."

While they wait for their deportation hearing in February, Mr. Souza continues to pay for Igor's health care. Early this month, the family paid $643.98 for two antiseizure drugs, according to receipts reviewed by the Journal.

Mr. Souza says that if his family receives their green cards, he will continue to pay for his son's medical costs. As new legal residents, the Souzas won't qualify for Medicaid for five years under current immigration law. And Mr. Souza's current income level already puts the family well above the poverty limit for Medicaid.

That's why Mr. Souza says he wants to cook for a larger restaurant or one owned by a chain. Those restaurants, he notes, offer health insurance.

TAX:

Tax Haven Wants Its Welcome Mat Back (WSJ)

By Robert Guy Matthews

The Wall Street Journal, December 27, 2006

For decades, the U.S. Virgin Islands was a friendly place for business owners looking to skirt U.S. taxes. Too friendly, Congress declared back in 2004, changing the relevant statute. Since then, the Treasury Department and Internal Revenue Service have been cracking down.

Now, elected officials and business leaders in the U.S. territory are complaining that the federal government has gone too far and the tax crackdown is threatening the local economy and government revenue. They are lobbying Congress to ease up.

"While these changes were aimed at preventing tax abuse by persons who neither lived nor worked in the Virgin Islands, the changes went too far, forcing many legitimate businesses to close their doors," Charles Turnbull, governor of the Virgin Islands (population about 109,000), told a Senate committee this year.

The controversy is a reminder that what looks like an odious tax dodge to the Treasury and IRS can look like a well-justified tax break to individuals and communities that benefit from it. The tension comes as the Treasury is under pressure to collect more of the taxes that are legally owed. The IRS estimates about 17% of all taxes owed -- about $290 billion every year -- go unpaid.

Forty miles east of Puerto Rico in the Caribbean, the U.S. Virgin Islands -- not to be confused with the British Virgin Islands -- include the islands of St. Croix, St. John and St. Thomas, and about 50 small islets and cays. They were named in 1493 by Christopher Columbus in reference to the legendary beauty of St. Ursula of Cologne and her 11,000 virgins. The U.S. bought them from the Danes for $25 million of gold in 1917 to improve military positioning during World War I.

Per capita income is just $14,500, less than that in Mississippi, the poorest state. The hilly islands have little room to grow food; many goods have to be flown or shipped in. About 80% of the territory's 43,000 jobs are tied to tourism.

In 1986, as part of a sweeping overhaul of U.S. tax laws, Congress opened the door to tax breaks to spur economic development in the territory. One of the biggest allowed the Virgin Islands to offer a deal to Americans who moved there to set up a business. Companies and individuals would pay the same taxes they paid in the U.S. -- minus 90%. By law, Virgin Islanders pay U.S. tax rates, but the money goes to the local government, not Washington.

To qualify, companies had to invest at least $100,000; hire at least 10 people, 80% from the Virgin Islands; and contribute $50,000 or more to local charities. The rules have since been eased in some cases.

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In later years, as Washington began to crack down on tax abuse of all sorts, the Virgin Islands came under scrutiny. "Something had to be done," said Benedetta Kissel, deputy international tax counsel at the Treasury Department. "We were getting reports that people were living and working in the U.S. but claiming 90% discounts on their tax returns."

In June 2004, the IRS warned companies in what is known as the Economic Development Commission program to avoid manipulating residency and income rules to qualify for the tax break. The Treasury and IRS also began implementing new regulations that significantly lengthened the time a person seeking the tax break had to live in the Virgin Islands. The old rule required a resident to be on the Islands for 122 days a year on average, over three years, to qualify. The new ones required a resident to spend at least 183 days, or roughly six months, every year.

The Treasury and IRS began enforcing the new regulation in earnest in early 2005, and -- to the consternation of some on the Islands -- the IRS asserted that it had authority to go back as far as it wanted without regard to the statute of limitations. IRS spokesman Terry Lemons wouldn't estimate how many audits are in the works, saying only that the Virgin Islands is facing increased scrutiny. "Basically, we have tried to figure out who was a bona fide resident who could claim these tax incentives," says Treasury's Ms. Kissel.

In the Virgin Islands, this is seen by some as overkill. "I don't think that there is any question that there were bad guys, but we here on the island are feeling the effects from the IRS," said Theodore Skolkus, a partner at Clearwater Consulting LLC. Four years ago, Mr. Skolkus, a tax attorney, set up a Virgin Islands consulting firm after moving from Arkansas to take advantage of the tax breaks. Because of new rules, he says, he has laid off two employees because one of his partners decided to leave the firm, taking away the extra business income to support existing staff.

Business owners say residency rules are a hardship because they have to leave the islands, often for long stretches to drum up clients.

In 2005, the Virgin Islands government spent at least $1.38 million lobbying the federal government on tax-related issues, according to Opensecrets.org. Included is a $140,000 fee to hire former Texas Republican Rep. Richard K. Armey. Mr. Armey, now with the law firm of DLA Piper, didn't return messages.

The number of financial firms that make the Virgin Islands their corporate home has fallen to less than 60 from 100 two years ago. One of the biggest to pull up stakes is a subsidiary of Chicago-based Driehaus Capital Management -- a retirement-planning outfit -- which expects to be gone by the end of the year. A Driehaus spokesman declined to give the reason for the company's departure.

Applications to sign up for the 90% tax breaks have fallen to zero, said Frank Schulterbrandt, chief executive officer of the Virgin Islands Economic Development Authority, which runs the program. He said the program created 3,000 high-paying jobs and generated about $114 million of tax revenue to the islands. The crackdown has chilled economic growth and scared away future investment, even though the agency has jettisoned those who were improperly claiming the tax break. "We have been blindsided and we didn't have time to negotiate," he said.

Firms that remain in the program are asking for permission to employ fewer locals than previously required.

Gov. Turnbull and Donna M. Christensen, a Democrat who is the territory's nonvoting delegate in Congress, insist they aren't looking to make the Virgin Islands a tax haven. But they argue that the U.S. government should balance cracking down on tax cheats with helping the islands to become more self-sufficient and its economy more diversified.

To buttress their argument, the territorial government hired PricewaterhouseCoopers to assess the effect of the tax breaks. That report said the islands could lose $80 million, or more than a tenth of the $633 million of corporate and individual tax receipts, if the economic-development program's tax incentives end.

Tax Breaks For Skyboxes (WSJ)

By Daniel Golden

The Wall Street Journal, December 27, 2006

This week, college football bowl games dominate television sports programming. But, off screen, little-known tax breaks are spurring the latest scrimmage over commercialism in college athletics. Some academics and legislators, contending that college football's multibillion-dollar building boom detracts from schools' educational mission, are targeting tax laws that treat payments for luxury seating and naming rights as charitable gifts.

Two congressional committees have looked into the tax breaks in recent months, seeking information from the National Collegiate Athletic Association and hearing testimony from critics. The tax benefits have also figured in a controversy at the University of Michigan over a proposed $226 million stadium renovation.

The tax perquisites, "could be the Achilles' heel of stadium expansions, a way to put the brakes on," says former University of Michigan President James Duderstadt.

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Over the past decade, many football powerhouses have upgraded their stadiums, and the spending spree shows little sign of abating. Michigan plans to build 83 luxury suites at its stadium, known as "The Big House." The University of Texas recently embarked on a $175 million stadium reconstruction, adding 47 luxury suites. Partly as a result of debt payments on capital outlays, colleges' athletic spending is increasing more than three times as fast as their overall spending, according to the NCAA.

Universities typically finance these renovations by issuing tax-exempt bonds. They then make payments on the debt by leasing the new luxury suites and other preferred seating to individuals or corporations. Suites -- usually featuring 16 seats, catered food, televisions and high-speed Internet access -- are priced at $50,000 to $90,000 a year.

A selling point to alumni and other supporters is that they can deduct most of the lease fee from their taxable income. Under a 1988 federal law, taxpayers may deduct 80% of payment for the right to purchase seating at a collegiate sports event -- though not a professional one -- as a charitable contribution. Direct payments for game tickets, food, parking and other goods aren't deductible as charitable contributions but may be written off as a business expense if used to entertain clients.

Some colleges also pay debt by selling stadium naming rights to corporations, which can deduct the payment as a donation or business expense. The University of Maryland this year sold naming rights to its football field for $20 million over 25 years to Chevy Chase Bank to help fund a $50 million renovation that also adds 60 luxury suites. Under a 1997 federal law, colleges don't pay taxes on revenue from naming rights, which are considered part of their nonprofit mission rather than unrelated business income.

College athletic directors and boosters say they need the tax breaks to raise revenue to modernize stadiums and pay for less popular sports and academic tutoring for athletes. "I don't see a thing in the world wrong with" the 80% deduction, says oil executive W.A. "Tex" Moncrief Jr., who leases a luxury suite at the University of Texas stadium. "That money is used to further many educational activities."

Warren Hood, associate athletic director at the University of Illinois, said the 80% deduction is cited in its marketing brochures and has been helpful in pitching luxury suites. Illinois, which lost 10 of 12 football games this season, began construction last month on a $116 million stadium renovation financed largely by borrowing. Mr. Hood said the university has commitments from supporters to lease 45 of 48 new luxury suites priced from $45,000 to $59,000 a year.

Critics say these payments should not be deductible as charity because they purchase a valuable asset -- either premium seating or, in the case of naming rights, advertising. The 80% deduction is "ridiculous," says Smith College economist Andrew Zimbalist, author of a book on college sports. "I don't think intercollegiate sports support the educational mission. It's a separate activity."

A tax deduction for luxury boxes "isn't my style," says Rebecca McGowan, one of the University of Michigan's eight regents. She initially opposed the Michigan renovation out of concern that skyboxes "were going to be enormously expensive, for the benefit of relatively few people." But she switched sides after receiving assurances that more athletic revenue would be devoted to academic programs.

Mr. Duderstadt, the former Michigan president, told the Senate Finance Committee at a hearing this month that the "perverse treatment" of "mandatory fees" for luxury-skybox leases and season-ticket licenses as charitable contributions is "fueling an arms race in college sports, driving universities to debt-finance massive stadium expansion projects, exploit young student athletes, and tolerate multimillion-dollar coaches' salaries."

Iowa Sen. Charles Grassley, the outgoing Senate Finance chairman who will become ranking minority member in the next Congress, said through a spokeswoman that he'd "like to know how tax deductions for boosters who lease luxury boxes at college football stadiums help poor kids afford college." The incoming chairman, Montana's Sen. Max Baucus, expects to focus on whether federal tax incentives "are helping to provide educational access to students," and may look at tax breaks for athletic facilities in that context, a senior aide said.

According to a staffer, Sen. Grassley is considering taking up the investigation initiated by retiring House Ways and Means Chairman Bill Thomas into whether sponsorships and huge television deals for sports are consistent with colleges' tax-exempt status. In October, Rep. Thomas wrote to NCAA president Myles Brand, observing that major-college football and men's basketball "more closely resemble professional sports."

The California representative, who copied Sen. Grassley on the letter, asked Mr. Brand how much money athletic departments receive from corporate sponsorships and donations, including gifts made for the right to buy tickets. Mr. Brand responded in November that sponsorships generate $275 million in annual athletic revenues, and that donations to major-college athletic departments in 2004-05 were $845 million.

"Educational institutions ... have received favored status in every income tax act passed by Congress," Mr. Brand wrote.

Such consideration surfaces in the history of the 80% luxury-suite deduction. In 1986, the Internal Revenue Service ruled that gifts required to obtain a "substantial benefit," such as season tickets, are not deductible. Nevertheless, a tax-reform act passed that same year allowed full deductions for contributions for the right to buy seating at the University of Texas and

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Louisiana State University. The provision was pushed by the late Texas representative J.J. Pickle, a University of Texas alumnus and influential member of the House Ways and Means Committee, and the late Louisiana Sen. Russell Long, an LSU graduate and longtime member of the Senate Finance Committee.

In 1988, Congress extended the deduction to all universities but reduced it to 80%. "That was one of those blatant compromises," says Bruce Hopkins, a Kansas City, Mo., attorney specializing in nonprofit law. "They just plucked the 80% figure out of the proverbial air."

Even with the 80% deduction, some universities haven't raised as much money from premium seating as anticipated. The University of Colorado has leased nearly all of its 40 luxury suites but only 38% of 1,850 club seats, which cost between $1,500 and $2,200 a year, athletic director Mike Bohn says. Revenue from suites and club seats falls just short of the $3.2 million needed to pay down debt, he said, instead of the $5.7 million that leasing all of the seats would generate.

Opponents of Michigan's renovation doubt the university will find enough customers for its luxury suites, where alcohol will be banned. "Why pay a whole bunch of money, drive up to Ann Arbor, sit behind a glass wall and not be able to get a beer," says Laurence Deitch, one of two regents on the university's eight-member board who voted against the plan last month. "I think I'd stay home."

But Michigan administrators say at least 50 people have expressed unsolicited interest in leasing suites. "Would we do worse without the tax deduction?" asks Tim Slottow, the university's executive vice president. "I don't know. I wouldn't want to find out."

The Payroll Tax Trap (WSJ)

The Wall Street Journal, December 27, 2006

When these columns warned last month against a tax increase next year to "save" Social Security, White House officials said we were hooting at phantoms. Well, the more we listen to senior Republicans, the more worried we get.

Asked about a tax increase last week, President Bush refused to rule it out the way he had after the 2004 election. Instead, he said that, while he'd prefer not to raise taxes, in negotiating with Democrats he wants everyone's "ideas on the table." His spokesman, Tony Snow, was just as noncommittal on taxes, saying that "I'm not ruling it up and I'm not ruling it down." More than one GOP Senator has told us privately he's open to the idea. And no less a political student than Bill Thomas, the soon-to-retire Chairman of House Ways and Means, recently told a public forum that "I wish I were a bit more comfortable in listening to some of the noises that are currently being made" by his GOP colleagues. Uh, oh.

The issue is the price Mr. Bush is willing to pay to attract Democrats into a Social Security deal he could claim as a legacy. The President deserves credit for trying to reform Social Security while it is still in temporary surplus. But Democrats refuse to talk about personal retirement accounts for younger workers, and the White House is already signaling surrender on that proposal. The big question left is whether having everything "on the table" means conceding to Democratic demands for higher taxes today in return for future benefit cuts.

What liberals dearly want is to raise the payroll tax cap. Under current law, Americans pay a 12.4% Social Security tax on all wages up to $94,200 in 2006, and the cap rises each year with inflation. (There is also an uncapped 2.9% Medicare payroll tax on top of that.) So why not lift the cap a little more, say the taxers, perhaps to $150,000 if the trade-off is benefit cuts that will prevent even larger tax increases in the future?

One answer is that Social Security was always meant to be run like a pension program where the taxes paid by workers are linked to the benefits they get back during retirement. Eliminating or substantially raising the cap would convert Social Security into an overt income redistribution program. If that is the direction Congress wants to go, we should all then end the pretense that Social Security is some kind of "universal" insurance program and call it welfare for poor seniors.

Such a payroll tax hike would also eviscerate Mr. Bush's most impressive domestic achievement: the pro-growth tax cuts. If the tax cap were eliminated entirely, the President would be signing into law one of the largest tax hikes in U.S. history, or more than $1.3 trillion in new taxes over the first 10 years alone. About seven million families with an income of less than $150,000 a year would be hit with a tax increase of up to $6,000 a year.

This would also be a major tax hike on small-business employers, who pay half of the payroll levy (workers pay the other half themselves). As Mr. Bush's first chief economic adviser, Lawrence Lindsey, puts it: "The President would thus be not just raising taxes on entrepreneurs to well above the levels that prevailed in the Clinton administration, but to a rate higher than Carter." Some "legacy."

But wouldn't this all be worth it if we could take those future, unfunded liabilities off the books? Only if you think a tax increase now is worth a promise to cut benefits later. No one serious thinks those benefits will be paid anyway, so why make young current workers pay twice for the sins of their fathers?

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Such a tax hike-benefit cut compromise would only exacerbate the generational inequity of Social Security. The paramount scandal of Social Security is not its insolvency but rather its abysmally low rate of return for new workers. Even if the payroll tax were left alone and all promised benefits were eventually paid out to young workers, these workers would get a tiny real annual rate of return of 1% to 1.5% on average, according to a Cato Institute analysis. Even a risk-free government bond pays 3% to 4%.

Taking personal accounts off the table eliminates the only option that will provide a better rate of return for future generations. As the nearby chart shows, personal accounts earning market returns would provide roughly twice as high an annual benefit to low income workers upon retirement, three times as high a benefit for middle income workers, and four times more to those with an income in today's dollars of $94,200 a year. Mr. Bush was right to link future cuts in benefits for wealthier earners to personal accounts.

As for the politics, Republicans might take note that AARP, the liberal senior lobby, is already calling a tax increase essential to a "balanced plan" for Social Security. And in a perverse way they're right: Such a plan would raise taxes on moderate-income Republican voters in return for cutting the benefits on those same Republicans. No wonder Democrats like the idea.

A tax increase of any kind with GOP fingerprints would remove the one big political brand advantage that Republicans still have over Democrats. It would make it far easier for Hillary Rodham Clinton to propose another tax increase in 2008 because GOP credibility in fighting the idea would be nil -- just as it was in 1992 after Mr. Bush's father raised taxes as part of his "deficit reduction" deal with George Mitchell. If Republicans now let themselves get sucked into a payroll tax increase, they'll deserve the same fate.

CONGRESS-ADMINISTRATION:

Mississippi: Judicial Nominee Withdraws (NYT/AP)

By The Associated Press

The New York Times, December 27, 2006

Michael Wallace, a Jackson lawyer, sent a letter to President Bush asking that his name be withdrawn from nomination to the United States Court of Appeals for the Fifth Circuit. Though Mr. Wallace wrote that he believed most senators would consent to his nomination, he said the incoming Judiciary Committee chairman, Senator Patrick J. Leahy, Democrat of Vermont, “made it clear two weeks ago that he intends to permit vacancies to be filled only with ‘consensus nominees.’ ” Mr. Wallace said remarks Mr. Leahy inserted into the record at his confirmation hearing “establish that he does not regard me as such a nominee.”

Lawyer Asks Bush To Revoke His Nomination To The Bench (WP/AP)

The Washington Post, December 27, 2006

JACKSON, Miss., Dec. 26 -- A Mississippi lawyer asked President Bush to withdraw his nomination to an appellate court, saying that he does not believe that the senior Democrat on the Senate Judiciary Committee considers him a consensus nominee.

The lawyer, Michael B. Wallace, 54, of Jackson, said Tuesday that he made the request in a letter sent to the White House last week.

Wallace wrote that he thinks a majority of the Senate would consent to his nomination. But he said incoming Judiciary Chairman Patrick J. Leahy (D-Vt.) "made it clear two weeks ago that he intends to permit vacancies to be filled only with 'consensus nominees' " and that Leahy has indicated that he doesn't consider Wallace to be such a nominee.

In February, Bush nominated Wallace, a former aide to Sen. Trent Lott (R-Miss.), to fill the seat on the U.S. Court of Appeals for the 5th Circuit vacated more than a year ago by Judge Charles Pickering Sr., also a Mississippian. The New Orleans-based 5th Circuit hears cases from Mississippi, Louisiana and Texas.

In November, Wallace's name was among six judicial nominations that Bush resubmitted to the Senate.

Wallace drew opposition from Democrats, civil rights groups and the American Bar Association, which for the first time in almost a quarter-century unanimously rated a judicial nominee "unqualified."

Wallace said various special interests and their supporters on the committee had made up their minds before he was allowed to testify or respond to criticism.

Lott said in a statement that he was disappointed that "petty partisanship" would keep Wallace off the court.

AIDS Program Loses Track Of Funds, Results (WT/AP)

DOJ_NMG_0109357

By Rita Beamish

The Washington Times, December 27, 2006

Even Bush administration officials acknowledge it was a lot to expect all at once: rush billions of dollars of help into AIDS-stricken nations, demand quick results from U.S. contractors, and then expect those contractors to produce tidy progress reports.

In the end, it was too much.

Government auditors found that accurate record keeping and monitoring often took a back seat in President Bush's three-year-old, $15 billion plan to fight HIV/AIDS in African and other poor countries.

The Bush administration says the situation has improved greatly because it has imposed tighter, standardized reporting systems on groups that receive U.S. money to ensure the accuracy of their reported results.

Lapses in verification, confusion over how to measure results and errors in counting people served by anti-AIDS programs were significant enough that at least one member of Congress wants lawmakers to investigate.

"While the global AIDS pandemic is an urgent humanitarian crisis that demands a rapid response, we cannot sacrifice results and accountability for speed," said Rep. Barbara Lee, California Democrat.

Rep. Henry A. Waxman, California Democrat and incoming chairman of the Government Reform Committee, agreed that Congress should probe accountability questions raised by government auditors.

Ambassador Mark Dybul, the administration's global AIDS coordinator, said there is a growing "culture of accountability" in the nations receiving U.S. help, and he is confident the overall numbers reported for the program are now accurate.

Early problems were expected as the administration demanded quick results from its contractors, Mr. Dybul said.

"You could've waited for three years to get all these systems in place, and an awful lot of people would have died," he said. "Our approach was get the services out, start moving the programs.

Auditors nonetheless plan to recommend improved reporting methods to ensure "reasonable assurance that what they say was done was actually carried out," said Joe Farinella, the assistant inspector general for the U.S. Agency for International Development, which conducted the audits.

Investigators focused on groups caring for infected people and AIDS orphans, and working to prevent spread of the disease.

They found that in Guyana, the AIDS program reported inflated numbers to Congress in its annual report. The government claimed 5,200 AIDS orphans received care in that country, but auditors documented fewer than 300, many of them not even affected by AIDS.

The opposite occurred in South Africa, where some provincial governments refused to disclose information on AIDS tests and counseling, causing "severe underreporting" of how many benefited from U.S.-backed services, auditors said. Officials said that problem was now resolved.

After reporting that millions of people were reached by mass media promoting sexual abstinence and use of condoms, the administration now has dropped that measurement completely, on grounds that it is impossible to know how many people hear radio messages.

Development analysts say that some of the new religious and community organizations doing the AIDS work were ill-equipped for the reporting demands accompanying U.S. grants.

"This whole push for new partners is a double-edged sword. You have to build their capacity to manage U.S. government money and particularly meet the reporting guidelines," said Patty Mechael, former program director for the charity CARE.

One of the largest contractors, Family Health International (FHI), experienced 83 percent inaccurate or unverified tallies from its subcontractors in impoverished Guyana.

FHI has since strengthened training for its local partners, "making sure the people clearly understand what they're measuring," Senior Vice President Sheila Mitchell said.

Some groups that didn't measure up have been dropped, and others who complained about reporting demands have warmed to the new systems, Mr. Dybul said.

He said the updates the administration released on World AIDS Day on Dec. 1 are accurate: 822,000 people receiving lifesaving drugs, and 4.5 million receiving care.

Crackdown On 'Earmarks' Still Leaves Room For Some (USAT)

By Richard Wolf

USA Today, December 27, 2006

WASHINGTON — Billions of taxpayer dollars will continue to flow next year to thousands of projects sought by lawmakers, despite Democratic leaders' vow to place a moratorium on so-called congressional earmarks when they take control of Congress next week.

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An earmark is a provision added to a spending bill for an item or program that wasn't requested by the agency getting the money or authorized by previous legislation.

Projects authorized in prior years and not yet completed will be largely unaffected by the moratorium unless federal agencies choose to stop funding them, officials say. In addition, more than 2,600 projects won passage in a 2007 defense appropriations bill before the moratorium was announced.

Even new projects could win funding if lawmakers persuade agencies to continue paying for them. "You have literally thousands of earmark lobbyists here in Washington," says Rep. Jeff Flake, R-Ariz., a leading critic of earmarks. "The pressure's going to be intense."

Democratic leaders announced this month that they would not include congressional earmarks in the final spending bill for the 2007 fiscal year, which runs through Sept. 30. "We will place a moratorium on all earmarks until a reformed process is put in place," said Sen. Robert Byrd of West Virginia and Rep. David Obey of Wisconsin, who will head the appropriations committees next year.

There were 13,012 earmarks in the 2006 budget totaling $67.1 billion, according to the Congressional Research Service.

No one is sure how existing projects should be treated. Until that's clear, some agencies say they will continue to fund thousands of projects carried over from 2006. "These agencies know who butters their bread," says Steve Ellis of Taxpayers for Common Sense.

Most of the government has operated under temporary budget authority since the fiscal year began Oct. 1, because the outgoing, Republican-controlled Congress passed only two spending bills, for defense and homeland security.

Among the earmarked projects that are still being funded:

·About 300 Department of Agriculture projects that cost about $150 million. These include the study of certain fungi in Wyndmoor, Penn., and Arctic germplasm in Palmer, Alaska. "Under the guidelines given to us, we are not to cut out anything," says Joseph Garbarino, the Agricultural Research Service budget director.

·Army Corps of Engineers projects, such as those for water and wastewater treatment. There were about 2,000 projects in the 2006 budget, including about 50 inserted by members of Congress without administration support. "We can't willy-nilly go stopping and starting things," says Gary Loew of the corps' civil works branch.

In addition, more than 6,000 projects authorized by the five-year, $286 billion transportation bill are financed mostly by the Highway Trust Fund's gas tax revenue. They are not likely to be held up by the Democrats' action.

The White House is considering giving agencies guidelines to follow on earmarks for 2007. "The administration wants to see reforms that provide greater transparency and accountability to the process, and which result in a reduction in number and amount of earmarks," deputy White House budget director Stephen McMillin says.

Ban On Pet Projects Won't Stop Trading (AP)

By Andrew Taylor

AP, December 27, 2006

Democrats may have declared a one-year moratorium on pet projects treasured by members of Congress, but the move will hardly stop horse trading in Washington or moves by lawmakers to try to steer taxpayer money back home.

Nor will it touch billions of dollars in already budgeted Pentagon earmarks, which go to everything from research into better body armor for overseas troops to finding bone marrow matches to treat leukemia patients.

The temporary ban on earmarks — footnotes in spending bills that lawmakers use to deliver federal bacon to their states — has been greeted with applause by budget hawks and is seen as a savvy political move. But many in the rank and file are not happy.

"I've had my share of calls and they weren't to wish me a Merry Christmas," said incoming Appropriations Committee Chairman David Obey, D-Wis.

Earmarks have exploded in number and cost under GOP control of Congress and Congress got a black eye when former Rep. Randy Cunningham, R-Calif., admitted taking $2.4 million in bribes in exchange for earmarking projects to defense contractors. The Bush administration and budget hawks have protested in vain.

Obey and his Senate counterpart Robert Byrd, D-W.Va., have promised to eliminate lawmakers' pet projects as they fashion a catchall spending bill to close out about $463 billion in unfinished budget business — dumped on them by outgoing Republicans.

Byrd and Obey have announced a plan to fund most domestic agency accounts at 2006 levels, with some increases to avoid layoffs of federal employees and for politically sensitive programs such as veterans' medical treatment.

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Some of the money to pay for such add-ons will come from accounts used by lawmakers to send earmarks back to their districts and states. But Congress is unlikely to drain all the money from such accounts — which run the gamut from agricultural research, flood control and grants to local police and fire departments, among many others.

That means projects will go ahead in many instances, but it will be up to Bush administration officials, spread throughout dozens of federal agencies, to determine who gets the money. Instead of looking to bills passed by Congress — or rosters of projects listed in accompanying reports — agency chiefs will have enormous discretion to award projects.

In response, lawmakers are likely to pick up the phone and write letters as they lobby agency officials to go ahead with their earmarks.

"We're going to continue to make the strongest case we can to whomever we need to fund projects we believe have a broad, positive impact on the district and are supported by the communities in which they exist," said Betsy Hawkings, chief of staff to Rep. Christopher Shays, R-Conn.

"Even if things aren't always earmarked in report language or in a bill, sometimes there's conversations that occur between members ... and agencies," said Christin Baker, spokeswoman for the White House budget office.

Some Democrats are worried that Bush officials will use their power to help their GOP friends.

"Republican members are going to get their projects and Democratic members will not," said a Democratic staff aide responsible for writing one of nine unfinished appropriations bills. The aide is not authorized to speak with reporters and declined to be quoted by name.

But GOP officials awarding earmarks also need to be careful or run the risk of retribution from powerful Democrats writing agency budgets later next year.

"As Senator Byrd likes to say, everybody has to come back to the watering hole," said Byrd's spokesman, Tom Gavin. "And the Appropriations Committee is the watering hole."

In going forward, Bush officials are likely to fund projects included in its February budget or approved in other bills such as the defense authorization measure.

That would mean construction of federal courthouses and other federal buildings is likely to go forward, as is new housing and other construction on military bases. But earmarks for projects such as grants for after-school programs and local hospitals are more likely to get shelved.

Democratic leaders vow to reform the earmark process by requiring the names of lawmakers be listed along with their projects. And they promise to scale back the number and cost of lawmakers' pet projects.

Some lawmakers are worried that in reducing the number of earmarks, a disproportionate share would go to powerful members of the Appropriations committees and to senior lawmakers, with far fewer given to the rank and file. A chief reason for the massive growth in earmarks is that GOP leaders spread them around to everyone who asked for them.

"People bemoan the 'explosion' of earmarks but what we did was we democratized it," said Rep. James Walsh, R-N.Y., a subcommittee chairman — or "cardinal"_ on the Appropriations Committee. "We took what was the purview of a few so-called cardinals ... and we gave members all across the country the opportunity to give us their priorities."

With Promises Of A Better-Run Congress, Democrats Take On Political Risks (NYT)

By Carl Hulse

The New York Times, December 27, 2006

WASHINGTON, Dec. 23 — Republican rule on Capitol Hill drew to an exhausted end just before dawn on Dec. 9 after lawmakers dispatched a pile of bills that few had read and even fewer had helped write. Democrats say the era of such chaotic and secretive legislating came to a close as well.

After chafing for years under what they saw as flagrant Republican abuse of Congressional power and procedures, the incoming majority has promised to restore House and Senate practices to those more closely resembling the textbook version of how a bill becomes law: daylight debate, serious amendments and minority party participation.

Beyond the parliamentary issues, Democrats assuming control on Jan. 4 said they also wanted to revive collegiality and civility in an institution that has been poisoned by partisanship in recent years. In a gesture duly noted by Republicans, the incoming speaker of the House, Representative Nancy Pelosi of California, offered Speaker J. Dennis Hastert of Illinois, who is remaining in Congress, the use of prime office space in the Capitol out of respect for his position.

Mrs. Pelosi has consulted with the new Republican leader, Representative John A. Boehner of Ohio, in developing initiatives for the year, including a task force to explore independent enforcement of ethics rules. That was in sharp contrast to two years ago, when Republicans — who only grudgingly consulted Democrats — pushed through a set of diluted ethics rules that they were later forced to rescind. Democrats also supported a severance package for senior Republican aides, but the spending was blocked in the last hours of Congress by conservative Republicans.

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A statement of principles by House Democrats calls for regular consultation between the Democratic and Republican leaders on the schedule and operations of the House and declares that the heads of House committees should do the same.

"We are going to give people an honest and contemplative body they can be proud of once more," said Representative Louise Slaughter, Democrat of New York and the incoming chairwoman of the Rules Committee.

Veteran Democrats said they did not sense that their colleagues wanted to retaliate against Republicans for perceived slights over the last decade. "We know we won in part because they got so nasty and unlikable," said Representative Barney Frank, Democrat of Massachusetts.

Mr. Frank and Representative Edward J. Markey, a fellow Massachusetts Democrat, pointed to another difference between incoming Democrats and the Republicans who took control in 1995 and saw their mission as one of purging Democrats and hobbling government.

"Democrats want government to work," said Mr. Markey, who under the Republican majority was often frozen out despite his senior position on the Energy and Commerce Committee. "I have not had a conversation where Democrats sit around talking about who they want to get back at."

Yet pledges to engage Republicans legislatively carry risks. If Democrats do not follow through or revert to practices they have spent recent years condemning, they are certain to come under attack from watchdog groups and Republicans. Republicans are already accusing Democrats of backsliding by not guaranteeing them hearings and amendments on legislation to be considered in an initial 100-hour legislative program that Democrats view as a showcase for their new majority.

But Republicans are hoping Democrats stick to their guns and allow the minority a stronger voice on legislation. The opposition leadership said it would take the opportunity to put forward initiatives that could be potentially troublesome for newly elected Democrats in Republican-leaning districts who within months will have to defend their hard-won seats.

"There are going to be days when we will offer alternatives in ways that are going to be very appealing to Democrats in districts the president carried just two years ago," said Representative Roy Blunt of Missouri, who will be the second-ranking House Republican in the 110th Congress.

Republicans see the ability to force tough votes — which they avoided in the majority by stifling Democratic alternatives — as having two potential benefits: It can put vulnerable Democrats on record with positions that might not be popular at home, or it can fracture the untested Democratic majority. Mr. Blunt noted that even senior Democrats who served in Congress when Democrats held control had no experience dealing with a relatively thin, 16-seat majority that will not allow many lawmakers to avoid tough votes.

Democratic leaders said that in the spirit of a new beginning, they have every intention of allowing Republicans the kind of legislative opportunities that Republicans regularly denied Democrats. "Democracy is a risk," said Representative Steny H. Hoyer of Maryland, the incoming majority leader. "And democracy is about alternatives."

But Mr. Hoyer and other Democrats also said that they were not naïve. If Republicans take the Democratic offer and try to advance politically charged amendments, Democrats will tighten the reins.

"We may well reject amendments which are designed solely for the purposes of creating a 30-second ad," Mr. Hoyer said. "We are not going to be foolish or stupid."

Democrats have not guaranteed Republicans an equal say, and the party's pledge to the minority states only that legislation should "generally" come to a vote under rules that allow "open, full and fair debate."

But to Congress watchers who grew increasingly outraged over Republican conduct of the House during the rule of Mr. Hastert and the majority leader Tom DeLay, the Democrats are definitely heading in the right direction.

"The House has been so egregiously run for a number of years that it was seen as contributing both directly and indirectly to the election results," said Thomas Mann, a Congressional scholar at the Brookings Institution. "There really is a strong political incentive to try to do business differently."

Democrats said explicitly that they would abandon some of the most disputed Republican practices. They point in particular to the vote on Medicare prescription drug legislation in 2003, when Republicans refused to shut off a House vote for three hours so they could twist arms and push the measure through just before sunrise. Democrats stipulate that votes should be completed within 15 minutes and not held open simply to manipulate the outcome.

Democrats are developing a proposal to guarantee that lawmakers have at least 24 hours to examine legislation. They have also called for "an end to the two-day work week" and the beginning of a "predictable, professional, family-friendly schedule that allows the legislative process to proceed in a manner that ensures timely and deliberative dispensation of the work of Congress."

In the House and Senate, the leadership is vowing to conduct full and open conference committees that reconcile differing legislation passed by the two chambers and produce a final bill. In recent years, those sessions have all but disappeared, with senior Republicans hashing out final versions behind closed doors, occasionally adding provisions passed by neither the House

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nor the Senate. Some of the major legislation approved in the final hours of the past Congress was written in private by just a few lawmakers and aides and rushed to the floor.

Democrats said the Republican majority typically refused to tell them even where the supposedly bicameral, bipartisan conference sessions were being held.

"We are going to have conferences with the House," said Senator Harry Reid of Nevada, the incoming majority leader, "real conferences, public conferences, where public issues will be debated and voted upon."

Republicans said that Democrats exaggerated the degree to which they were excluded from legislative operations and that the Republican majority was less oppressive than House Democrats had been in the latter part of their 40-year majority before losing power in 1994. And they said that Democrats did not want to work with them but were more interested in scoring political points.

Democrats disputed those accusations. But even if there is some truth in them, they said, their years in the minority have made them newly sensitive to the need for a more democratic democracy.

"They really had disenfranchised about half of the American citizens," Ms. Slaughter said, referring to her Republican colleagues. "I felt my country was going down the drain. We are going to have a much more open process."

Drug Plan Companies Failed To Tell Of Changes (NYT)

By Robert Pear

The New York Times, December 27, 2006

WASHINGTON, Dec. 26 — Some prescription drug plans did not inform Medicare beneficiaries of impending changes in their costs and benefits, as they were required to do, Bush administration officials and Congressional aides said Tuesday.

This could be a serious omission in a program where beneficiaries need accurate information to choose among dozens of competing private plans.

Administration officials have told Congress that they may give these beneficiaries a six-week extension of the open-enrollment period, which ends Sunday. Beneficiaries could use the extra time to compare the options that will be available to them in 2007.

Drug benefits are administered by private insurers under contract to Medicare. Premiums, co-payments and the list of covered drugs vary by plan. In general, people who are enrolled in a drug plan and take no action by Sunday will remain in that plan throughout next year.

Even when a Medicare drug plan keeps the same name, its costs and benefits may change substantially on Jan. 1. Medicare officials repeatedly told insurers that they must notify beneficiaries of such changes by Oct. 31 of this year. But some insurers did not send out the "annual notice of change" documents, which can be 30 or 40 pages long.

The administration informed Congress of the problem last week. Administration officials said they would consider imposing penalties on companies that did not provide the necessary information to beneficiaries.

"There could be penalties for plans that did not send out the annual notice of change on time," said Jeff Nelligan, a spokesman for the Centers for Medicare and Medicaid Services.

Mr. Nelligan said he understood that UnitedHealth Group, one of the largest Medicare drug plans, did not send the required notices to some of its beneficiaries in October. He said he did not know how many other plans failed to meet their obligations or how many people were affected.

Tom Koutsoumpas, senior vice president of Ovations, the UnitedHealth unit that serves the Medicare market, confirmed that the company had failed to send timely notices to some people enrolled in its prescription drug plans. He said he believed that Medicare would give those beneficiaries more time to choose a plan.

Peter L. Ashkenaz, a spokesman for UnitedHealth, said that perhaps 200,000 of its beneficiaries had not received the required notices by the Oct. 31 deadline. Even though people have until Dec. 31 to sign up for a plan, the Bush administration urged them to do so by Dec. 8, to avoid problems at the pharmacy.

Mr. Ashkenaz cited two reasons for the delay. UnitedHealth held back some notices because they included erroneous information that had to be corrected, he said. In addition, he said, a company printing the notices "had a fire that delayed production."

In every state but Alaska and Hawaii, more than 50 drug plans are available. Many have increased or reduced their premiums for 2007. Many have added coverage of generic drugs and reduced coverage of brand-name drugs. Some insurers have adopted new techniques to control the use of certain drugs. They can, for example, require doctors to get prior approval for prescriptions and can limit the number of pills given to a patient each month.

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Insurers report other problems in the final days of the open-enrollment period. They say they have not received guidance from the government on exactly how to compute the late fees for people who did not join a Medicare drug plan when they were first eligible. The surcharge — an extra 1 percent for each month without drug coverage — adds up quickly.

The surcharge, known as a late enrollment penalty, depends on the number of months that a person went without drug coverage. Many insurers have asked the government whether they should calculate the penalty, based on the number of "uncovered months" reported by a beneficiary, or whether the government will compute the penalty.

In addition, Medicare and Social Security are still trying to straighten out problems in the withholding of prescription drug premiums from Social Security checks. Medicare mistakenly sent premium refunds to tens of thousands of people, and it failed to make the proper deductions for others.

Many insurers said they had experienced long delays in getting Medicare to correct the records on which their payments were based. These records show, for example, the date of a person's enrollment and changes in state of residence.

Most of the changes are supposed to be handled by a government contractor, IntegriGuard Enterprises, a national Medicare fraud-detection company. Teresa Houser, a spokeswoman for the company, said she could not immediately explain the delays. Federal officials noted a large backlog of requests.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, December 27, 2006

Bush levitates

Official White House pool report, dated yesterday: "After a dense morning fog cleared, President George W. Bush lifted off from Camp David with first lady Laura Bush for a weeklong trip to his Texas ranch after spending Christmas at the Camp David presidential retreat in Maryland."

Arkansas motivator

If we were to ask readers to name a musically inclined Southern Baptist politician who grew up in the town of Hope, Ark., who became governor of his state and later chairman of the National Governors Association (NGA), you'd probably answer Bill Clinton.

And you'd be correct.

But did you know that Arkansas Gov. Mike Huckabee also hails from Hope, is a talented musician (bass guitar), a Baptist churchgoer, and even chaired the NGA? And for more than a year, as was the case with Mr. Clinton, he's been mentioned as a likely contender for the White House.

Next month, just in time for a 2008 candidacy, Mr. Huckabee's newest book, "From Home to Higher Ground," will arrive in bookstores. Our early copy explains how Americans can build a better country through simple lifestyle and attitude changes.

Earlier this year, Mr. Huckabee authored a different sort of motivational book, "Stop Digging Your Grave with a Knife and Fork." The book was an instant best-seller, showing readers how self-discipline, diet and exercise can lead to a happier, healthier lifestyle.

In 2003, the governor was warned by his doctors that he'd be dead within a decade if he didn't lose weight. He immediately began exercising and controlling his diet, and soon lost more than 110 pounds.

Rosie rules

Partly because Washington is world headquarters for the legal profession -- and partly because he delivers the best Christmas gifts to reporters -- Inside the Beltway is pleased once again to present Washington malpractice lawyer Jack H. Olender's (his firm is located at 888 17th Street NW, should you ever find a wrong toe amputated) "Top Ten Legal Predictions for 2007."

We should point out that Mr. Olender's annual predictions have a 90 percent success rate to date. So, without further ado:

1. Old Lawyers Never Die, They Just Lose Their Jobs: Large law firms are terminating lawyers at a defined age -- 65, 68, 70, pick a number. Mandatory retirement is fairly new at law firms, as lawyers with "experience" were once considered a firm's backbone.

2. $200,000 Signing Bonuses Aren't Just for Athletes: The current signing bonus for former Supreme Court clerks joining major law firms is $200,000.

3. More Long-distance Medical Malpractice: Given Americans save as much as 80 percent on surgery in foreign countries, look for more long-distance medical-malpractice claims.

4. More Malpractice by Gynecologists Performing Cosmetic Surgery: Doctors in many specialties are being invited to take crash courses to learn (or so they think) procedures from another specialty.

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5. Animal Law Grows: With a nation of animal lovers, it's no surprise that the number of animal-law practitioners continues to climb.

6. Lawyers Behaving Themselves: State bars and courts have toughened discipline, making lawyers toe the line.

7. Outsource All The Lawyers? Not quite, but lawyers and law firms are outsourcing a lot of their clerical, accounting and, yes, legal work to lawyers and firms in far-away places, such as India.

8. "Deal or No Deal" Contingent Fees: The days when "silk-stocking lawyers" at "white shoe" law firms looked down their collective noses at personal injury and malpractice lawyers who handle cases on a contingent-fee basis are long gone.

9. Bloggers Beware: An $11 million Florida jury award for a woman who claimed she was defamed on an Internet message board sends this message to all bloggers: Watch what you say on the Internet, or risk a damage lawsuit for libel and slander.

10. Employers and Pornography: Civil liability for money damages will become a factor in getting employers to monitor computer use to prevent the transmission of porn, for which employers can be held responsible.

Bonus Prediction -- "The Donald" Won't Sue Rosie: Donald Trump's threatened lawsuit against Rosie O'Donnell won't happen. Mr. Trump is too smart a businessman to file a frivolous lawsuit.

I hereby resolve ...

A reminder that Inside the Beltway is once again collecting New Year's resolutions, inviting readers to tell politicians -- indeed, members of the Democrat-controlled 110th Congress -- what they'd like them to accomplish in the coming year.

Please include your name and address when sending resolutions to the e-mail address below or to John McCaslin, c/o The Washington Times, 3600 New York Ave. NE, Washington, D.C., 20002

Frist Isn't Resting, On His Laurels Or Otherwise (WP)

By Al Kamen

The Washington Post, December 27, 2006

Those who think formerly important people in Washington just vegetate once they leave town might note how outgoing Senate Majority Leader Bill "Dr. Video" Frist (R-Tenn.) keeps engaged as he heads out of town.

We got an e-mail just before Christmas, one he apparently sent to all his political action committee contributors, that was just chock-full of fascinating activities.

"We just today got back to Nashville," he writes in the Dec. 22 note, "and are tonight decorating the tree that we bought on the way home from the airport. Karyn and I enjoyed sharing our very last holiday season in our home in Washington over the last week, buying our 'Washington tree' and decorating it and the house extra early this year so we'd have plenty of time to enjoy it with friends as we said our goodbyes. 12 years of memories in that house!!"

But retirees shouldn't reminisce, and Frist won't. "Over the next couple of weeks, Karyn and I and the boys will be on the go; traveling and visiting with family and friends," he writes. For example, he said, he was heading to South Texas with two of his sons and some friends for a father-son hunt.

"Karyn, the boys and I will then spend the 23rd with Karyn's Mother and sister Trisha and their extended family (45 McLaughlins at their biannual McLaughlin family Christmas) in Austin. And then back to Nashville for Christmas Day to join the Frist clan," he writes. "We're rehabbing the home I grew up in, but it's not ready so we are living in the backyard in a garage apartment (now beautifully decorated by Karyn!)."

The key is to keep moving. "Another hunt with the family on the 26th to replicate the traditional southern hunt (at night) that we did exactly four years ago on the night that I became majority leader."

A hint of nostalgia there, but Frist quickly recovers. "I'll spend early January talking with and listening to folk around the country on the new focus for my leadership committee Volunteer PAC (VOLPAC) and promise to send along information before the end of the month."

Okay. Maybe all that doesn't excite you. But at the end of his message, Frist promises real news. "February I'm off on my annual medical mission trip delivering care, doing surgery, and treating AIDS patients in Kenya and Sudan and am so excited that Karyn will join me this year."

So stay active and keep moving. There's always a future presidential run to think about.President Kerrey Makes the Rounds

Speaking of presidential runs, let's remember there are other presidencies out there that offer some of the same trappings as the job in the White House. The New School announced last week that university President Bob Kerrey, another former senator whose presidential campaign quickly evaporated, is headed to India next week, stopping in three major cities "to meet top leaders in government, finance, culture, and education."

Kerrey "will participate in a town hall meeting" in Mumbai, and hold "three press conferences." Not Air Force One, but . . .HR to the Staff: Eat Something

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Lots of government and private workforces were allowed to split early last Friday. But the National Science Foundation demanded that workers have lunch before heading out.

An e-mail from Paul Bealafeld in human resources explained how this works.

Bealafeld's e-mail said he was "following up on the director's . . . early dismissal message with the administrative timekeeping rules and procedures."

"Employees and teleworkers may discontinue work 3 hours prior to the end of their normal tour of duty and select administrative leave for the final 3 hours," he said. But "attaching the dismissal to the lunch break and leaving earlier than 3 hours prior to the end of the tour of duty is not authorized [so] the earliest time that employees could leave would be 12:30 p.m. if they signed in at 7 a.m."

Remember, "employees and teleworkers who discontinue work before the 3-hour dismissal are not entitled to any administrative leave and will be charged personal leave from the point of their departure until the end of their scheduled tour of duty for today."

So don't go off on an empty stomach.A White House Leak?

President Bush's pre-Christmas visit to Walter Reed Army Medical Center caused some unexpected problems, judging from an e-mail alert we received. There were the usual traffic rerouting and parking restrictions, from 8 p.m. on Dec. 21 until 2 p.m. the next day.

The e-mail lists 12 such changes likely to frustrate drivers and includes an apology:

Traffic will be blocked temporarily around the campus and re-routed if necessary. Sorry for the incontinence during this mission.

We're sorry, too.

An Early Test For Lawmakers (NYT)

The New York Times, December 27, 2006

Thanks to the 2001 tax cut law, over the next four years the federal government will forgo some $30 billion so America's wealthiest taxpayers can claim bigger write-offs for expenses like dependents and mortgage interest. One-third of those tax cuts kicked in this year, with the rest scheduled to take effect in 2008 and 2010. By then, most of the advantage will go to the top 0.3 percent of Americans — those making more than $1 million a year — who have until now been required to limit the amounts they are allowed to claim for things like the spousal exemption or the mortgage costs on a vacation home.

Over roughly the same period, the government is looking at a $14 billion shortfall in its share of financing for a crucial federal-state program that provides health insurance to poor children, the so-called Schip, or State Children's Health Insurance Program. Without full financing, 1.5 million children will be cut from the program or underserved.

Depriving children of adequate health care while giving the rich tax benefits that were intended for average Americans is flat-out wrong. The new Democratically controlled Congress must move quickly to prevent that. When it convenes in the new year, Congress should pass a law to freeze the tax write-offs at 2007 levels. That will not cause anyone's taxes to rise. But it would free up the money that is needed for children's health insurance.

It would also be an early sign that the new Congress is more in touch with current economic reality than its Republican-led predecessor. When the bolstered write-offs were enacted in 2001 the nation was still flush with the Clinton-era budget surpluses. And while we never supported the notion that tax cuts for the rich were an appropriate way to use the surplus, those championing the cuts could at least make the argument (quickly proved wrong) that the nation could afford it.

Since then, the budget surpluses have disappeared, the nation has gone to war, government services have been cut deeply and the percentage of uninsured children has started to rise again, after declining in every year since 1998. The children urgently need to win this one, and only the new Congress can help them.

OTHER NEWS:

Festive Mood Sustains Stock Indexes Despite Retail Worries In Light Trading (WSJ)

By E.s. Browning

The Wall Street Journal, December 27, 2006

Stocks entered what investors sometimes call the year-end silly season, putting in widespread gains on thin trading activity as investors ignored disappointing retail-sales reports.

Some analysts credited a sharp decline in oil prices, the biggest in more than a month. Others said the few influential investors at work in the year's waning days were simply betting that the rally that began in July would last through year's end.

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The Dow Jones Industrial Average ended its three-session slump and rebounded 64.41 points, or 0.52%, to 12407.63.

It is up 15.8% this year, less than 70 points from the record 12471.32 hit one week ago.

The day's big news was a series of disappointing holiday-shopping reports from sources including MasterCard and the National Retail Federation, indicating retail-sales gains were lighter than last year. Some analysts said the gains were strong nonetheless, while others said they would appear stronger once gift cards were cashed in next month.

Others said investors were ignoring short-term news, and betting that the year's last week would show stock gains, as it usually does.

"This is just a continuation of the rally we have seen since mid-summer. People are expecting the market to hold up until year end," said Stephen Sachs, director of trading at mutual-fund group Rydex Investments in Rockville, Md. "The retail-sales news is going to be ignored this week, and it will catch up with us next week."

Crude-oil futures fell $1.31, or 2.1%, to $61.10 a barrel on the New York Mercantile Exchange. Traders said oil investors were looking past tensions with Iran and focusing on mild winter weather, which holds down demand for fuels.

Oil futures are still up 9.5% from the recent 18-month closing low hit on Nov. 17, but are practically unchanged -- up just up 0.1% -- for the year to date.

The Standard & Poor's 500-stock index rose 0.44%, or 6.14 points, to 1416.90, up 13.5% this year.

The Nasdaq Composite Index advanced 0.51%, or 12.33 points, to 2413.51, ahead 9.4% for the year.

Bond prices rose, pushing yields lower, because investors concluded that the weak retail-sales numbers suggest a soft economy, which will make the Federal Reserve less likely to raise interest rates.

Outside the U.S., stocks declined in dollar terms. Stocks in Japan hit a seven-month high, while China shares set a record. Most major European markets remained closed for Christmas holidays and reopen today. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.04%, or 0.08 point, to 240.40.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 1.02 billion shares, as 2,295 stocks rose and 1,027 fell.

Bond prices gained2. The 10-year Treasury note rose 5/32, or $1.56 for each $1,000 invested, pushing the yield down to 4.607%. The 30-year bond was up 13/32 to yield 4.734%.

The dollar strengthened3. Late in New York, it traded at 119.15 yen, up from 118.81, while the euro fell against the dollar to $1.3096 from $1.3141.

Former President Ford Dies At 93 (WP)

By J.y. Smith And Lou Cannon

The Washington Post, December 27, 2006

Gerald Rudolph Ford Jr., who became the 38th president of the United States as a result of some of the most extraordinary events in American history and sought to restore the nation's confidence in the basic institutions of government, died Tuesday.

His wife, Betty, reported the death in a statement.

"My family joins me in sharing the difficult news that Gerald Ford, our beloved husband, father, grandfather and great grandfather has passed away at 93 years of age," Mrs. Ford said in a brief statement issued from her husband's office in Rancho Mirage, Calif., the Associated Press reported. "His life was filled with love of God, his family and his country."

The statement did not say where Ford died or list a cause of death, according to AP. Ford had battled pneumonia in January 2006 and underwent two heart treatments -- including an angioplasty -- in August at the Mayo Clinic in Rochester, Minn.

President Bush issued a statement about the death shortly after midnight. "President Ford was a great American who gave many years of dedicated service to our country. . . . [H]e assumed the Presidency in an hour of national turmoil and division. With his quiet integrity, common sense, and kind instincts, President Ford helped heal our land and restore public confidence in the Presidency," Bush said. "The American people will always admire Gerald Ford's devotion to duty, his personal character, and the honorable conduct of his administration. We mourn the loss of such a leader . . ."

Ford was the only occupant of the White House never elected either to the presidency or the vice presidency. A former Republican congressman from Grand Rapids, Mich., he always claimed that his highest ambition was to be speaker of the House of Representatives. He had declined opportunities to run for the Senate and for governor of Michigan.

He was sworn in as president on Aug. 9, 1974, when Richard M. Nixon resigned as a result of the Watergate scandal.

"The long national nightmare is over," Ford said in his inaugural address. "I believe that truth is the glue that holds government together, not only our government, but civilization itself. That bond, though strained, is unbroken at home and abroad."

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Ford had become vice president on Dec. 6, 1973, two months after Spiro T. Agnew pleaded no contest to a tax evasion charge and resigned from the nation's second highest office. The former Maryland governor was under investigation for accepting bribes and kickbacks.

In the 2 1/2 years of his presidency, Ford ended the U.S. involvement in the war in Vietnam, helped mediate a cease-fire agreement between Israel and Egypt, signed the Helsinki human rights convention with the Soviet Union and traveled to Vladivostok in the Soviet Far East to sign an arms limitation agreement with Leonid Brezhnev, the Soviet general secretary. Ford also sent the Marines to free the crew of the Mayaguez, a U.S. merchant vessel that was captured by Cambodian communists.

On the domestic front, he faced some of the most difficult economic conditions since the Great Depression, with the inflation rate approaching 12 percent. Chronic energy shortages and price hikes produced long lines and angry citizens at gas pumps. In the field of civil rights, the sense of optimism that had characterized the 1960s had been replaced by an increasing sense of alienation, particularly in the inner cities. The new president also faced a political landscape in which Democrats held large majorities in both the House and the Senate.

But Ford's overriding priority was ending the constitutional and political crisis known as Watergate. It had begun June 17, 1972, when five operatives of Nixon's reelection campaign were caught breaking into Democratic National Committee headquarters in the Watergate office building.

The White House denied any involvement. But as the situation unfolded, the central question was whether Nixon had tried to obstruct the subsequent investigation. A special prosecutor sought answers on tapes Nixon had made of his Oval Office conversations.

The president resisted turning them over on the ground that this would violate executive privilege, but in July 1974, a unanimous Supreme Court ruled against him. Within days, prosecutors found a tape on which Nixon apparently ordered a cover-up. The House Judiciary Committee approved three articles of impeachment. Faced with the virtual certainty of a trial by the Senate, Nixon resigned.

Ford believed that his signal achievement was healing the national divisiveness caused by the "poisonous wounds" of Watergate, as he put it in his inaugural speech. "There is no question that this is the thing I contributed," Ford said 30 years later in an Aug. 25, 2004, interview with The Washington Post at his summer home in Beaver Creek, Colo.

When he assumed office, Ford immediately made clear his intention to change what historian Arthur M. Schlesinger Jr. called "the imperial presidency."

He was "acutely aware," Ford said in his inaugural address, that he had not been elected to the position he held, and he asked Americans "to confirm me as your president with your prayers." He said he had neither sought the presidency nor made any "secret promises" to attain it.

"In all my public and private acts as your president, I expect to follow my instincts of openness and candor with full confidence that honesty is always the best policy at hand," he said.

". . . Our Constitution works; our great republic is a government of laws and not of men. Here the people rule. But there is a higher power, by whatever name we honor Him, who ordains not only righteousness but love, not only justice but mercy.

"As we bind up the internal wounds of Watergate, more painful and more poisonous than those of foreign wars, let us restore the Golden Rule to our political process, and let brotherly love purge our hearts of suspicion and hate."

A new spirit was soon evident in the nation's leadership. The Oval Office, long a fortress for an embittered president who frequently fled its confines to his homes in San Clemente, Calif., or Key Biscayne, Fla., was thrown open to members of Congress, old friends, public officials, reporters.

The new president's approval rating reached 71 percent. He was photographed making his own breakfast. He was freely contradicted by his eldest son, and his aides spoke what was on their minds without waiting for official clearance. He appointed Jerald F. terHorst, a respected Washington correspondent, as his chief spokesman.

This euphoric honeymoon lasted precisely one month.

On Sept. 8, Ford granted Nixon a full pardon for all federal crimes he had "committed or may have committed" when he was in the White House. The only acknowledgement he received in return was a six-paragraph statement from Nixon in San Clemente saying that "I can see clearly now . . . that I was wrong in not acting more decisively only in dealing with Watergate, particularly when it reached the stage of judicial proceedings and grew from a political scandal into a national tragedy."

Ford said the pardon was necessary to bring Watergate to a close, that he would have had to pardon Nixon sometime in any case, and that it was easier to do it sooner than later.

The response was a tidal wave of criticism. Every opinion poll showed a large majority of Americans opposed the pardon. It was denounced in Congress, including by members of Ford's own party. Republican officials gloomily and accurately forecast that it had reintroduced the Watergate issue into the 1974 elections, which proved to be a Democratic landslide. White House spokesman terHorst resigned in protest.

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It was widely assumed that Ford had doomed his political career. By January 1975, his approval rating had plummeted to 36 percent. Not even two assassination attempts, both in California in 1975, generated significant popular support.

The consequences included a three-month delay in confirmation of Ford's choice of former governor Nelson A. Rockefeller of New York as vice president. In congressional hearings, it was disclosed that Rockefeller had made large private gifts to employees on the New York State payroll and that he had played a hidden role in financing a campaign book against Democratic gubernatorial nominee Arthur J. Goldberg. The disclosures undermined his ability to play an influential role in the Ford administration.

Many conservative Republicans in Congress joined Democrats in opposing Ford's programs. In mid-1975, Gov. Ronald Reagan of California, the darling of the right wing of the GOP, announced his intention to seek the Republican presidential nomination in 1976.

Ford beat back the Reagan challenge, but he narrowly lost the general election in November 1976, to the Democratic candidate, former governor Jimmy Carter of Georgia.

Asked in his 2004 interview with The Washington Post if the pardon had hurt him in the 1976 election, Ford replied: "It probably did. It was a close election, as you know . . . there is a group of bitter people who never forgave me and probably voted against me, and the net result is that they probably helped that I didn't win."

Ford closed strongly against Carter after trailing by as much as 30 points in the polls but was damaged by asserting during a debate that Poland was not under Soviet domination. Against the advice of aides who told him this was a blunder, Ford stubbornly waited several days before correcting himself. The impression of bumbling was exacerbated by reports of his purported clumsiness. During a trip to Austria, he tripped and fell while leaving Air Force One and there were several photographs of him falling while skiing.

But Carter began his own term with a graceful tribute that stands as the general assessment of the Ford presidency: "For myself and for our nation," Carter said in his inaugural address, "I want to thank my predecessor for all he has done to heal our land."

Throughout his years in Washington, Ford had a reputation for hard work, patience and self-confidence. These qualities gained him a place in the inner circles of the Congress. He was helped also by the fact that politically he was a man of the center. He was an internationalist in foreign affairs, a moderate on civil rights and social questions and a conservative on fiscal matters.

His standing in the government was evident in 1963 when President Lyndon B. Johnson named him to the commission that investigated the assassination of President John F. Kennedy. In 1965, he was elected minority leader of the House, the top Republican position in a House controlled by Democrats. He held that post until he became vice president.

When he retired from the White House, Ford wrote his memoirs, established his presidential library at the University of Michigan, served on the boards of various corporations, gave hundreds of speeches, played golf and divided his time between homes in Rancho Mirage, Calif., and Beaver Creek, Colo.

He apparently had no second thoughts about his career. "Once I determine to move, I seldom, if ever, fret," he wrote in his memoirs. It was one of the most notable aspects of his character and he never wavered from it.

In 1983, he told The Post that losing to Carter "truly hurt," but that he had been "doing as good a job as possible under very difficult circumstances" and that he was not going to "sit around and cry about it."

Instead of complaining, Ford pitched in to help his party. In 1980, he campaigned hard for his old foe, Reagan, who decisively defeated Carter. "I'm a political realist," Ford told The Post in 2004 in looking back on this election. "You win some and you lose some, and you have to accept the responsibility to do what you think in the bigger perspective. I sure didn't want Jimmy Carter to be president again in 1980 because I was very sour on his performance as president."

In the late 1970s, the Ford family received expressions of respect and sympathy from all over the country when former first lady Betty Ford described her successful struggle against addiction to alcohol and prescription drugs and how her husband and children had persuaded her that she needed help. The Betty Ford Clinic in Rancho Mirage, Calif., was named in her honor and became one of the nation's leading centers for the treatment of substance abuse.

In 1981, at the request of President Reagan, Ford joined Nixon and Carter in representing the United States at the funeral of Egyptian President Anwar Sadat. The three former chief executives flew to Cairo aboard Air Force One, and Ford and Carter began a warm friendship during the flight.

In 1999, President Bill Clinton conferred on Ford the Medal of Freedom, the nation's highest civilian honor. He also received the Congressional Medal of Honor. In 2000, when he was hospitalized after suffering minor strokes during the Republican National Convention in Philadelphia, there was an enormous outpouring of public affection and concern.

In "Years of Renewal," the third volume of his memoirs, which was published in 1999, Henry Kissinger, Ford's secretary of state, offered this assessment of the former president:

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"With Ford, what one saw was what one got. Providence smiled on Americans when -- seemingly by happenstance -- it brought forward a president who embodied our nation's deepest and simplest values."

In a passage on present-day politics, Kissinger drew an implicit distinction between Ford and subsequent White House occupants.

"The modern politician is less interested in being a hero than a superstar," he wrote. "Heroes walk alone; stars derive their status from approbation. Heroes are defined by inner values, stars by consensus. When a candidate's views are forged in focus groups and ratified by television anchor-persons, insecurity and superficiality become congenital. Radicalism replaces liberalism, and populism masquerades as conservatism."

In Kissinger's view, Ford was a leader in the heroic mold.

* * *

Born Leslie Lynch King Jr. on July 14, 1913, in Omaha, Neb., the future president was the offspring of a brief, failed marriage between Leslie King, a wealthy Wyoming wool merchant, and Dorothy Gardner King. The Kings divorced the following January, and she returned to her parents' home in Grand Rapids.

Soon thereafter, she married Gerald R. Ford, a young paint salesman whom she had met at an Episcopal Church social. He formally adopted her child, who was renamed Gerald R. Ford Jr. The Fords subsequently had three other boys.

Both Grand Rapids and Gerald Ford's paint-selling business prospered in the first years of the marriage. TerHorst, the former press secretary-turned-biographer, recounts that Gerald Ford Sr. "owned a touring car and there was enough money to take Mrs. Ford and young Jerry to Florida for vacations."

The future president was athletic, outgoing and happy in his youth. He became an adequate student, an outstanding football player, and an Eagle Scout. Later, when his father's business declined during the Depression, he tried to help by taking a $2-a-week lunch-counter job.

In the custom of those years, he had not been told that he was an adopted child. He found out abruptly when his well-to-do biological father, on the way to Detroit to pick up a new Lincoln, dropped by the lunch counter where his son worked and told him.

Leslie King invited his son to spend the summer with him in Wyoming after he graduated from high school. Ford turned him down, but he was shocked by the discovery of his adoption.

As terHorst recounted in "Gerald Ford and the Future of the Presidency": "Inside Jerry Ford, the hurt was deep." He quoted Ford as saying: "I thought, 'Here I was, earning $2 a week and trying to get through school, my stepfather was having difficult times. Yet here was my real father, obviously doing quite well if he could pick up a new Lincoln.' "

This incident occurred in 1930, the year Ford turned 17 and was a senior at South High School in Grand Rapids. He was an all-city center on the South High football team, which won the state championship that year.

Ford's football prowess opened a window to college, and his coach and some alumni from the University of Michigan provided him with a scholarship and a job waiting on tables. He was a benchwarmer behind an all-American center for two years, while Michigan won back-to-back Big Ten football championships.

Not until 1934, in his senior year, did Gerald Ford win a starting place on Michigan's football team. Then he was voted the most valuable player on a team that lost seven of eight games and offered professional football contracts with the Green Bay Packers and Chicago Bears. But Ford said in his autobiography that he thought the law would be a better career.

Ford graduated from the university in 1935 with a B average. He accepted a $2,400-a-year offer to serve as boxing coach and assistant football coach at Yale, meanwhile applying to Yale Law School. The law school turned him down in the belief that he would not be able to do well in his studies while coaching.

Ford was accepted on a trial basis in 1938 and did well enough in a couple of courses to be allowed to enroll full time. He graduated in 1941 in the upper third of his class with his best work in a course on legal ethics.

Returning to Grand Rapids, he founded a law practice with Philip W. Buchen, a fellow Michigan graduate who had been partly crippled by polio in childhood.

Already Ford was drawn to politics. He had become active in Grand Rapids the previous summer in the campaign of Republican presidential candidate Wendell Willkie, who went down under Franklin D. Roosevelt's third-term candidacy, but who carried Michigan. Ford's interest in Willkie revealed a consistent "internationalist" bent that was evident in all of his succeeding political conflicts.

The Willkie campaign also drew Ford into local Republican affairs, where he sided with a reform group known as The Home Front, which was seeking to break the power of an entrenched Republican boss.

Ford's budding political interests were interrupted by World War II. He joined the Navy and spent 47 months on active duty, two years of this time on the aircraft carrier U.S.S. Monterey, where he was once nearly swept over the side during a typhoon. He left the Navy in 1946 with the rank of lieutenant commander.

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He resumed his legal career in Grand Rapids and became active in a variety of community projects, culminating in 1949 when the national Junior Chamber of Commerce selected him as one of the nation's "10 most outstanding young men."

The year of 1948, when President Harry S.Truman was confounding pollsters by winning an upset victory over Thomas Dewey, was a time of decision for Gerald Ford. He ran for the U.S. House of Representatives in what seemed to be a hopeless battle against the entrenched Republican conservative, Bartel J. Jonkman, of western Michigan's 5th congressional district.

Jonkman was of Dutch descent, and the Dutch were the largest single ethnic group in the district. He was considered an isolationist who opposed American involvement overseas in general and aid to Europe as proposed by President Truman under the European Recovery Plan in particular.

In retrospect, Ford seemed to have been in tune with the changing times. American involvement in World War II had dissipated isolationist sentiment in the nation's heartland. The internationalist Willkie had done well in Michigan as early as 1940, and Sen. Arthur Vandenberg of Michigan, the senior Republican on the Senate Foreign Relations Committee, had dramatically shifted from an isolationist to an internationalist position during the war.

Vandenberg was a political opponent of Jonkman, the senior Republican on the House Foreign Affairs Committee, and he encouraged Ford's seemingly hopeless candidacy. Jonkman also was considered by some local Republicans to be spending too little time in his home district. Ford waged a vigorous handshaking campaign, aided by members of the reform group he sided with before the war. He had the support of the largest daily newspaper in the district, the pro-Vandenberg and anti-isolationist Grand Rapids Press.

In the September primary, Ford defeated Jonkman, 23,632 votes to 14,341. He won the general election with more than 60 percent of the votes, a feat he repeated in each of the following 12 elections.

Ford had proposed marriage on February 1948, to Elizabeth Bloomer Warren, a dancer and former model, and she had accepted. But the couple kept their plans secret out of concern that her background as a dancer and a divorced woman would have an adverse effect in the Republican primary among Dutch Calvinist voters in the district.

They were married Oct. 15, 1948, in Grace Episcopal Church, which Ford attended. They had four children, Michael Gerald Ford, John Gardner Ford, Steven Meigs Ford and Susan Ford Vance.

In Washington, Ford occupied an office in what is now the Cannon House Office Building. Next door was a Democrat from Massachusetts named John F. Kennedy. Ford also formed a friendship with Richard Nixon, then a second-term House member from California.

Ford quickly established himself as a district-service congressman who answered every letter and made himself available to visitors from his state. He staffed a trailer with aides who traveled from town to town in his district. He won political points by taking stands that struck responsive chords among his constituents, such as a 1953 appeal that the United States admit 50,000 Dutch immigrants after disastrous floods in the Netherlands.

Constituent service also was the watchword of Sen. Vandenberg, whom Ford admired almost reverentially and who, in turn, considered the new House member something of a protege. When Vandenberg died in 1952, Ford briefly considered running for his seat but decided to stay in the House.

Ford became as popular among his House colleagues as he had been in Grand Rapids. He found time to golf, swim and ski, and he was accepted into the Chowder and Marching Society, a group of House members that has always welcomed former athletes.

The new congressman was named to the assignment of his choice, the politically helpful House Public Works Committee, in his first term. In only his second term, in 1951, he was appointed to the influential House Appropriations Committee.

On foreign policy, Ford remained true to the issues he had espoused in his first campaign. He supported Truman's "Point Four" program for aiding underdeveloped countries, and he consistently favored foreign military aid. His internationalism displayed itself again in candidate preferences, and he supported the nomination of Dwight D. Eisenhower at a time when Sen. Robert Taft of Ohio was favored by most Midwestern Republicans in Congress.

On domestic issues, Ford was an orthodox Republican. He voted against public housing, against the minimum wage and against repeal of the "right-to-work law" provision of the Taft-Hartley Act.

On civil rights issues, he was considered a Republican moderate during most of his career. He voted against the poll tax, a device to keep the poor -- especially blacks -- from voting, when it was an inflammatory issue, and he voted for the 1964 Civil Rights Act and the 1965 Voting Rights Act. But he also opposed school busing to achieve racial integration, a position that disappointed members of the Congressional Black Caucus, all of them Democrats estranged from the policies of the Nixon administration. Only one member of the caucus, Rep. Andrew J. Young of Georgia, voted to confirm Ford as vice president, and Young admitted to having "grave doubts."

Republican colleagues in the House considered him progressive on making the House a more responsive institution.

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His first vote in Congress was in favor of changing House rules to make it easier to bring a bill up on the floor without clearance from the House Rules Committee. When he became House Republican leader, he promoted a series of task forces aimed at giving younger members an opportunity at leadership.

During the two Eisenhower administrations, when Democrats held a congressional majority for all except the 1952-1954 term, Ford gradually advanced toward House leadership. He held a senior position on the Appropriations Committee and played a growing role in GOP strategy councils. In 1960, a poll of Washington correspondents undertaken by Newsweek rated him second among the ablest members of Congress.

Ford's breakthrough into a major position of leadership occurred in 1963, when he was the candidate of a group of younger Republicans, slightly to their party's left of center, to challenge 67-year-old Charles B. Hoeven of Iowa for chairmanship of the House Republican Conference.

Ford defeated Hoeven by an 86-to-78 vote, which he jokingly used to refer to as "a landslide." He went from there, in January 1965, to oust Charles A. Halleck of Indiana from the House minority leader post he had held for six years in a 73-to-67 secret ballot.

One of the public highlights of the Ford minority leadership was a weekly news conference with Sen. Everett M. Dirksen (R-Ill.), which quickly became know as the "Ev and Jerry Show." Ford lacked Dirksen's oratorical talents, and he sometimes found himself on the losing end of exchanges with the Illinois senator.

It was at this period of his career that Ford was on the receiving end of two well-publicized gibes of President Johnson. The president once suggested that Ford couldn't "chew gum and walk at the same time" and also commented that "there's nothing wrong with Gerald Ford except he played football too long without a helmet."

Ford incorporated this last remark into some of his own speeches, correctly giving the original authorship to former Detroit Mayor Gerald Cavanaugh.

However, House colleagues on both sides of the aisle disputed the idea that Ford was less than bright. They pointed to his shrewd, effective leadership in the House and his mastery of such complexities as the defense budget.

What Ford lacked, according to one of the influential Republicans who knew him best, was a capacity for inspirational expression.

"I'd like to see him give more of a look of leadership than his pedestrian quality, but that's Jerry," this colleague said five months after the beginning of the Ford presidency. "He didn't make inspirational speeches as minority leader and he doesn't make them as president of the United States."

Ford's accomplishments as a House leader were based not upon his public pronouncements but upon a talent for friendly persuasion attested to by many Republicans and Democrats.

"It's the damnedest thing," said Rep. Joe Waggonner (D-La.). "Jerry just puts his arm around a colleague or looks him in the eye, says, 'I need your vote,' and gets it."

Most of Ford's public declarations in the mid-1960s were orthodox, oppositionist rhetoric, peppered with football expressions of "end runs" and "team play." He said the Johnson administration was taking the country into "frustration and failure, bafflement and boredom." Once he said, "If Lincoln were alive today, he'd be spinning in his grave."

Occasionally, however, Ford was capable of defining his own political moderation in words that set him apart from the Nixon administration, which he was soon to defend.

In a speech at Southern Methodist University on Nov. 8, 1968, he said: "The higher ground of moderation with unselfish unity is not only common horse sense for a political party, it is also representative of the people and in keeping with the underlying genius of the American political system."

In 1970, Ford was accused of abandoning the high ground of American politics when he launched an effort to impeach William O. Douglas, the liberal associate justice of the U.S. Supreme Court. In the course of the incident, he offered a definition -- much quoted during the Clinton years -- of what constitutes an impeachable offense.

Ostensibly, it was Ford's idea to impeach Douglas because of the appearance of excerpts of a book by the jurist in the Evergreen Review alongside material that Ford said was pornographic. However, after he became president, Ford admitted he had been helped by John N. Mitchell, the attorney general in the first Nixon administration, who was angry about Senate rejection of two of Nixon's Supreme Court nominees.

The charges presented by Ford were primarily political and made numerous references to Douglas's alleged "liberal" or "leftist" beliefs. Ford described Douglas's book, "Points of Rebellion," as "a fuzzy harangue." Responding to congressional critics who said that these charges had nothing whatever to do with judicial misconduct, Ford said on April 15, 1970:

"What, then, is an impeachable offense? The only honest answer is that an impeachable offense is whatever a majority of the House of Representatives considers it to be at a given moment in history."

The impeachment resolution was shunted to a House Judiciary subcommittee, which found no grounds for taking action.

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Ford's severest intra-party critic on this issue was Rep. Paul N. McCloskey Jr., a maverick Republican from California, who considered the impeachment effort an attack on judicial independence. It was reflective of Ford's personal stature in the House and of his desire to preserve a wide range of views within the Republican Party that he and McCloskey remained good friends.

Ford's consistent advocacy of military preparedness and his internationalism made him an early supporter of the Vietnam war. When Johnson sent a half million troops to Vietnam in 1965, Ford emerged as a partisan critic who said that the United States should take sterner measures, such as the bombing of North Vietnam and a naval blockade, in an effort to end the conflict.

"It is President Johnson's war, because the president plays everything close to the vest,' Ford said on June 18, 1966. "He has an unhealthy passion for secrecy."

The use of the phrase "Johnson's war" brought Ford a rebuke from some Republicans, among them, Sen. Dirksen.

Ford served as permanent chairman of the 1968 Republican Convention, which nominated Nixon for president. In his speech to that convention, Ford emphasized failures of U.S. policy in Vietnam and military preparedness.

"Our military strength has dangerously declined compared to that of the communist world," Ford said. "We should rebuild our military power to the point where no aggressor would dare attack us."

When Nixon became president, Ford loyally supported his Vietnam policy, including the incursions into Laos and Cambodia and the bombing of North Vietnam. He later gave Nixon full credit for withdrawing U.S. troops from the war.

The new Nixon administration changed Ford's role from leader of the usually loyal opposition to outspoken advocate of the Republican president. Ford supported the president nearly nine of 10 times on legislation and on almost all important issues. Until the last few weeks of the Watergate crisis he steadfastly refused to believe that Nixon himself might be seriously implicated.

Ford's loyalty was rewarded after Agnew's resignation when Nixon nominated him for the vice presidency. Ford was the second choice after former secretary of the treasury John B. Connally, but Nixon was persuaded by various Republicans that Congress would not confirm Connally, a former Democrat.

Ford's nomination was the first made under the 25th Amendment and it touched off a detailed inquiry into his background and financial affairs by the two congressional judiciary committees.

One of the charges investigated was leveled in a 1972 book by former Washington lobbyist Robert N. Winter-Berger, a self-styled influence peddler who said that he had lent Ford $15,000 that was never repaid.

Winter-Berger was unable to produce any documentation and he contradicted himself frequently in testimony, once saying that he had written with "literary license."

His colleagues absolved Ford and he was subsequently confirmed 92 to 3 in the Senate and 387 to 35 vote in the House, despite opposition from the National Association for the Advancement of Colored People (now known simply as the NAACP) and Americans for Democratic Action.

The action of both groups was based largely on Ford's civil rights record as they perceived it. Joseph L. Rauh Jr., the national vice chairman of the ADA, said Ford had been "a divisive influence on civil rights legislation at every turn."

Ford spent the better part of the next 10 months trying to defend Nixon on the Watergate issue, while at the same time condemning the practices of political espionage, lying and obstruction of justice uncovered in the Watergate scandal.

While he never criticized Nixon personally, he tried on several occasions to distance himself from the Nixon White House, most noticeably on March 31, 1974, when he told a Midwestern Republican conference in Chicago that the party must "learn the lessons of Watergate."

But it was not until the weekend before Nixon's resignation that Ford stopped proclaiming belief in Nixon's personal innocence. And it was not until the day before Nixon bid farewell to his high office in a nationally televised speech that Ford actually assembled a transition team.

* * *

In the aftermath of the Nixon pardon, Ford's political vulnerability was evident in his efforts to deal with Vietnam and its legacy.

He surprised many Americans by unveiling, in a speech to a Veterans of Foreign Wars convention, a conditional-amnesty plan for Vietnam-era draft evaders and deserters. The proposal drew a swarm of critics. Veterans groups opposed any amnesty program while organizations such as the American Civil Liberties Union called for unconditional amnesty. Of the estimated 100,000 draft evaders, only about 20,000 took advantage of the program. Ford said in his memoirs that he was inspired by President Abraham Lincoln's offer of amnesty to Civil War deserters who swore allegiance to the union.

Although U.S. combat troops had been withdrawn by the time Ford took office, Washington was still committed to supporting the non-communist government in Saigon. With conservative backing, the president proposed an increase in aid for the South Vietnamese government to help it resist what was expected to be a major effort by the North Vietnamese communists to drive it out of the country.

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There was little support for this in the new Congress. Early in 1975, it rejected Ford's proposals, turning a deaf ear to arguments that Washington had to stand by its beleaguered ally to maintain its credibility in world affairs.

The communist offensive began in April, 1975, and Ford ordered the small remaining contingent of U.S. embassy and security personnel to leave. The final evacuation produced painful pictures of Americans in retreat -- officials scrambling to get aboard helicopters while Marines held back crowds of Vietnamese who had loyally supported the United States.

On April 23, 1975, in a speech at Tulane University, Ford announced that the war in Vietnam was "finished as far as America is concerned."

A week later, Saigon fell to the communists and the long war was over.

On May 12, communist Khmer Rouge forces seized the Mayaguez, a U.S. merchant ship, in the Gulf of Thailand off the coast of Cambodia and took the 30-member crew hostage.

In the wake of the withdrawal from Vietnam, the Ford administration felt compelled to demonstrate decisively that it would protect U.S. citizens. A second reason was the president's determination to avoid a reprise of the USS Pueblo incident in 1968, in which a Navy spy ship had been captured by North Korea and its crew held under harsh conditions for a year.

The president ordered U.S. planes to bomb Cambodia. Marines invaded Koh Tang island, where the 30-member crew had initially been taken. But U.S. intelligence had lost track of the prisoners. By the time the Marines landed, the captives had been taken to the mainland and released. The Marines fought a daylong battle against a powerful Khmer Rouge force and were withdrawn from the beach by helicopter. More Americans were killed in the operation than were freed.

In retrospect, Ford came to the view that U.S. policy in Vietnam was mistaken. He blamed this on an unthinking inheritance of French colonial policy. "The French had the wrong policy, and we inherited it, and our State Department was not smart enough to realize that we should have been more objective about our policy in Vietnam," Ford said in the 2004 interview with The Post. Asked if the United States should have withdrawn sooner than it did, he said: "Absolutely, in retrospect. Now I wasn't strong enough to make that decision while I was in the White House but in reflection, there is no question."

Elsewhere in foreign affairs, Ford tried to play a mediator's role in fighting between Greeks and Turks on Cyprus. He was unsuccessful in preventing Congress from cutting off military aid to Turkey.

In the Middle East, he continued the Nixon policy of using Kissinger as a mediator between Israel and the Arab states in the Middle East. An agreement signed in September 1975 halted fighting between Israel and Egypt.

In the previous month, Ford had traveled to Helsinki to sign an accord that recognized the existing frontiers between states, including the border between East and West Germany. This implicitly recognized Soviet domination of Eastern Europe. In return, Moscow agreed to respect basic human rights and to ease restrictions on the free exchange of information and on emigration and travel within the Soviet Union.

Ford was criticized for signing the Helsinki Accords at a time when the news media were reporting numerous human rights violations in the Soviet Union, including the refusal to allow Soviet Jews to emigrate to Israel. But the president said in his autobiography, "A Time to Heal" (1979), he regarded the agreement as "a real victory for our foreign policy" because the Soviets had conceded that national borders could be changed by peaceful means.

The president also traveled to Vladivostok to negotiate a tentative new missile limitation agreement with the Soviet Union, a mission that was successful although critics of the agreement said the limits were too high.

But it was the domestic economy that proved the touchstone of Ford's presidency. The problems included inflation, rising unemployment -- it passed 9 percent, the highest level since the Great Depression -- and skyrocketing energy costs.

Soon after taking office, Ford said inflation was "public enemy No. 1." To fight it, he vetoed more than 50 spending bills. He also announced a 32-point program for fighting it, which he called "WIN," an acronym for "Whip Inflation Now."

Congress declined to enact most of Ford's anti-inflation proposals, however, and the WIN program was overtaken by the events of deepening recession. In January 1975, the president all but declared a cease-fire in his war on inflation and turned his attention to growing unemployment and sinking productivity.

In one of the most candid State of the Union messages ever presented to Congress, Ford in 1975 said:

"I must say to you that the State of the Union is not good. Millions of Americans are out of work. Recession and inflation are eroding the money of millions more. Prices are too high and sales are too slow."

Ford followed this message with a budget proposal that predicted long-term unemployment and massive deficits. His essential answer to what he conceived as the twin problems of the economy and the energy crisis was a quick tax rebate to stimulate the economy and oil tariff increases to lessen American dependence on foreign oil.

In 1976, Congress passed a tax reform act. It included tax cuts larger than those Ford had proposed, but he signed the bill into law. He resisted plans for public works projects to create jobs.

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Despite the seriousness and the variety of the problems that confronted him, Ford maintained his even-tempered composure and his optimism. He met frequently with a wide range of legislators, businessmen, labor officials, heads of state, reporters and other visitors.

He knew that his chances of winning a full term in 1976 were not good, but he approached it in the spirit of Truman, whose bust he placed next to his desk in the Oval Office.

Truman, Ford used to say, "had guts, he was plain-talking, he had no illusions about being a great intellectual, but he seemed to make the right decisions."

Many would say the same of Gerald Rudolph Ford.

J.Y. Smith wrote obituaries for The Washington Post until his death in January, 2006.

Gerald Ford Dies At 93 (LAT)

By Robert L. Jackson

The Los Angeles Times, December 27, 2006

Gerald R. Ford, who as the 38th president of the United States helped restore the nation's political stability after the trauma of the Watergate scandal, has died, his widow, Betty, announced Tuesday night.

"My family joins me in sharing the difficult news that Gerald Ford, our beloved husband, father, grandfather and great-grandfather, has passed away at 93 years of age," the former first lady said in a brief statement issued from her husband's office in Rancho Mirage. "His life was filled with love of God, his family and his country."

He died at 6:45 p.m. Tuesday at his home in Rancho Mirage. No cause of death was released.

Ford had been in declining health for several years. In August he had a cardiac pacemaker implanted during a stay at the Mayo Clinic in Rochester, Minn. A few days later, he underwent a second heart procedure when stents were placed into two of his coronary arteries to increase blood flow.

With Ford's death, George H.W. Bush, 82, becomes the oldest living former president. He and President Carter were both born in 1924, but Bush was born in June and Carter in October.

President George W. Bush's chief of staff, Joshua B. Bolten, told Bush of Ford's death just before 8 p.m. PST, Deputy White House Press Secretary Scott Stanzel said. Bush, at his ranch near Crawford, Texas, called Betty Ford about an hour later "to express his personal condolences," Stanzel said.

In a prepared statement released by the White House, said Bush and First Lady Laura Bush were "greatly saddened" by Ford's death. "The American people will always admire Gerald Ford's devotion to duty, his personal character, and the honorable conduct of his administration," the statement said. "We mourn the loss of such a leader, and our 38th president will always have a special place in our nation's memory. On behalf of all Americans, Laura and I offer our deepest sympathies to Betty Ford and all of President Ford's family. Our thoughts and prayers will be with them in the hours and days ahead."

Ford, a Republican, served first as vice president and then as president without benefit of election. He was House minority leader in 1973 when he was chosen by President Nixon to serve as vice president after Spiro T. Agnew was forced to resign because of financial irregularities. Less than a year later, Ford was thrust into the Oval Office when Nixon resigned because of Watergate.

Ford took the presidential oath at 12:03 p.m. on Friday, Aug. 9, 1974, in a nationally televised ceremony in the East Room of the White House. Once sworn in, he stepped to a microphone to address the cameras and hundreds of tearful staffers who had just waved goodbye to Nixon's helicopter as it rose from the White House lawn.

"Our long national nightmare is over," Ford said. "Our Constitution works; our great republic is a government of laws and not of men."

Untainted himself by Watergate, Ford was left the task of restoring public confidence in an institution badly damaged by the corrosive constitutional crisis that, until Nixon's resignation, was spiraling toward the president's impeachment and conviction in the Senate.

But, after serving barely a month as president, Ford made the controversial decision to grant Nixon a blanket pardon for any crimes he may have committed while in office. Many thought Ford's move fueled national cynicism about government and the officials who ran it. Others thought it was the correct decision to move the country past Watergate.

Ford defended his actions by saying he had hoped to end the bitter debate over whether to prosecute Nixon, which had become a serious distraction for the White House. He conceded after his narrow defeat by Carter in 1976, however, that the pardon had had "an adverse impact" on his popular support, although he maintained that he had made the "right decision."

Ford took over a disoriented and virtually immobilized administration at a time of mounting problems. Abroad, the long, costly U.S. military presence in Southeast Asia was nearing an end. At home, an economy warped by inflation and energy shortages was sliding into a recession.

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The new president sought to distinguish his habits from the perception that his predecessor ran an imperial presidency. Ford replaced Nixon's aides, and White House officials became more accessible than they had been in years. Trust and civility began to reappear in White House relations with Congress and the public.

One morning, he invited the White House press corps to chat with him while he ate a typical breakfast. As photographers snapped away, Ford sliced and buttered his own English muffins in the manner of the Upper Midwesterner he was.

Although Ford defended the American commitment in Southeast Asia after most U.S. officeholders had written it off as political poison, he showed early sensitivity as president to the domestic divisions left by the unpopular conflict.

To promote "the rebuilding of peace among ourselves," he initiated a conditional clemency plan that he said would give draft dodgers and deserters a chance to "work their way back" to full citizenship.

Supporters praised Ford for integrity, openness and stubborn determination. His detractors called him unimaginative and outdated, an accidental president unqualified for the White House. A public perception of Ford as a fumbler took shape after a series of minor accidents was exploited in derisive commentary and cartoons.

He survived two attempts on his life. Both occurred in California in the same month — September 1975.

On the morning of Sept. 5, a young woman named Lynette "Squeaky" Fromme, a member of the Charles Manson family who had not been involved in Manson-related murders, aimed a borrowed .45-caliber pistol at Ford as he crossed a park near the state Capitol in Sacramento. The gun misfired as a Secret Service agent grabbed her arm.

Less than three weeks later, on Sept. 22, Sara Jane Moore, later diagnosed as psychologically disturbed, fired a shot at Ford from across the street as he emerged from the St. Francis Hotel in San Francisco. A retired Marine who saw Moore raise the gun struck her arm and deflected the shot. Again, Ford was not injured.

Both women were convicted for the attempted assassinations and were sentenced to life imprisonment.

But more fundamental problems confronted Ford's administration and, indirectly, his candidacy for an elected presidential term of his own.

Although the end of the Vietnam War in May 1975 meant that the nation was technically at peace for the first time in 11 years, international tensions continued. The administration was in a drawn-out confrontation with Congress on military posture, foreign policy and controls over covert intelligence operations.

On the foreign policy front, Ford — with help from holdover Secretary of State Henry A. Kissinger — played a leading role in the Helsinki Accords, in which the Soviet Union in 1975 agreed to basic freedoms of religion and conscience for all peoples. Although some dismissed the accords as worthless, some historians now believe they paved the way for later democratic reforms among the Soviet people.

Domestically, Ford sought to slay the twin beasts of a deepening recession and ballooning inflation with an economic program that was largely ineffective. He dubbed it "Whip Inflation Now," using the acronym WIN. Unemployment in 1975 had reached 9.2%, a 34-year high, and inflation was at 11%.

Ford offered everyone in the nation a WIN button to encourage support for his campaign for such voluntary measures as cost-cutting by businesses and compliance with a 55-mph speed limit to reduce reliance on foreign oil. Soon there were WIN parades, WIN work projects and WIN flags.

But high unemployment continued into the 1976 election year. And, although the pall of Watergate was largely lifted, basic policy directions were little changed from the Nixon era.

Ford was born July 14, 1913, in Omaha, the only child of Leslie and Dorothy Gardner King. They christened him Leslie Lynch King. After a divorce in 1915, Dorothy King took the boy to live with her parents in Grand Rapids, Mich., and later married a young paint salesman, Gerald R. Ford, who adopted the child and changed his name to Gerald R. Ford Jr. In time, there were three half-brothers. The elder Ford formed his own paint company and nursed the family through the Great Depression.

Young Gerald starred at center on the 1930 championship football team at South High School, then won a football scholarship to the University of Michigan at Ann Arbor, where he earned his keep as a fraternity house dishwasher and had a B average when he graduated in 1935.

Ford turned down two offers to play professional football to take a job as assistant football and boxing coach at Yale, which financed his attendance at Yale Law School. He was in the top third of his class when he received his degree in 1941.

He launched a law practice in Grand Rapids, but a few months after the Japanese attacked Pearl Harbor on Dec. 7, 1941, he joined the Navy. Assigned in 1943 to the new light aircraft carrier Monterey, he had earned 10 battle stars in the South Pacific and was a lieutenant commander when he returned to Grand Rapids in 1945.

Ford signed on with a local law firm, then soon found himself vice president of a group of former servicemen campaigning for action on veterans' housing. It was this entree to local politics that led Ford in 1948 to successfully challenge U.S. Rep. Bartel J. Jonkman, an isolationist Republican representing the 5th District, for the GOP nomination.

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Ford's election that fall with 61% of the vote was routine in the 5th District, which had last sent a Democrat to Congress in 1910.

A well-kept secret during the primary campaign was Ford's engagement to Elizabeth Anne Bloomer, a trained dancer and former model. They were married a month before the 1948 general election.

It was a close, enduring match. Gerald and Betty Ford lived for a time in apartments around Washington, then moved into a comfortably unassuming house in Alexandria, Va., where they raised their four children: Michael Gerald, John "Jack" Gardner, Steven Meigs and Susan.

Freshman congressman Ford soon achieved a place on the Appropriations Committee, the starting point for all money bills. Assigned to the subcommittee on defense, he became a specialist in Pentagon budgeting and acquired a belief in military strength that he carried with him to the White House.

Ford began to emerge from the GOP rank and file in February 1952 when he joined 17 other House Republicans in a letter urging Gen. Dwight D. Eisenhower to run for president. The 1952 election put Eisenhower in the White House and gave the vice presidency to Nixon, then a U.S. senator from California and a friend of Ford from when they served together in the House.

The new vice president was Ford's well-placed link with the Eisenhower administration. And it worked two ways: When a GOP moderate faction tried to force Nixon off the 1956 GOP ticket, Ford helped douse the revolt. Nixon remembered the service and brought Ford into his circle of advisors when he waged his losing presidential campaign against Sen. John F. Kennedy in 1960.

A week after the assassination of President Kennedy on Nov. 22, 1963, President Lyndon B. Johnson named Ford to the seven-member commission headed by Chief Justice Earl Warren that investigated the killing. After a 10-month inquiry, the commission found unanimously that the murder was the work of a lone gunman, Lee Harvey Oswald.

Ford, who was the last surviving member of the Warren Commission, co-wrote a book with John R. Stiles on the findings of the panel, "Portrait of the Assassin."

In January 1965, Ford became House minority leader, but the Republicans were so few at the time that he was in no position to block or amend Johnson's Great Society programs.

Ford did serve notice on the Johnson White House not to expect GOP support in the House for the escalating war in Vietnam unless Republicans were consulted on policy. A hawk on Vietnam, Ford branded the administration's limited-war policies a failure and called for vigorous action against communist supply lines.

Johnson, however, ignored Ford's criticisms and dealt with the GOP congressional leadership primarily through the late Sen. Everett M. Dirksen (R-Ill.), an old colleague who supported him on Vietnam. Privately, Johnson dropped widely repeated gibes that Ford "played football too long without a helmet."

The close election that put Nixon in the White House left House Republicans 26 votes short of controlling the House. But as minority leader, Ford provided crucial support for President Nixon. He backed Nixon's policies on waging the war in Southeast Asia and in withdrawing from it. And despite his two decades as a cold warrior, he supported Nixon's moves toward detente with Moscow and endorsed Nixon's visit to mainland China.

Despite Nixon's reelection in 1972, Republicans failed to capture the House, and Ford knew he probably would never achieve his ambition of becoming speaker of the House. He talked of serving out his last term and retiring on his generous congressional pension and maybe practice a little law.

No one, least of all Ford, foresaw the combination of scandal and political accident that within two years would dispel this dream of honorable retirement. When Agnew resigned office in disgrace after pleading no contest to financial corruption charges, Nixon was empowered by the 25th Amendment to appoint a new vice president. He selected Ford. And when Watergate engulfed Nixon soon after, Ford found himself in the Oval Office.

The Watergate scandal involved the June 1972 burglary of Democratic Party headquarters at the Watergate office complex in Washington. The break-in and efforts to cover up the crime reached all the way to the Oval Office. A number of administration officials resigned; some were later convicted of offenses connected with efforts to cover up the affair. The House Judiciary Committee ultimately recommended three articles of impeachment against Nixon. Rather than face a trial in the Senate, Nixon announced on Aug. 8, 1974, that he would resign the next day.

The healing process Ford envisioned for his presidency was severely jolted at an early stage by his abrupt televised announcement on Sept. 8, 1974, of an unconditional pardon of Nixon for any crimes he might have committed as president. No charges were pending against Nixon, but multiple breaches of trust and law were indicated by the record of a House impeachment inquiry.

Ford said he believed that a Nixon trial would fuel "ugly passions" and that "Richard Nixon and his family have suffered enough."

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Public reaction was negative, and some suspected that the pardon was part of a deal that had been arranged to get Nixon to resign.

Ford denied this and took full responsibility for the decision.

He added: "I do believe the buck stops here, and I cannot rely on public opinion polls to tell me what is right."

Until he became vice president and then president, Ford was barely known outside Washington. Many Americans drew their first impression of the 38th president from the televised image of a friendly, big-boned man who looked a bit ill at ease amid the improvised inaugural solemnities.

Ford was 61 at the time but looked younger. Smiles came easily to his square-jawed face. He wore his thinning hair short, with sideburns to mid-ear. It had been 40 years since he had starred at football for the University of Michigan, but he still had an athlete's bearing.

In formal speeches, Ford was more earnest than eloquent, and he said himself that he was "no orator." His delivery of prepared texts was wooden and his impromptu comments from the platform and in his numerous news conferences were in workaday political prose. On informal occasions, he was approachable and unpretentious. At ease in the Oval Office puffing on one of his many pipes, he was a good listener and a persuasive negotiator.

Ford nominated former New York Gov. Nelson A. Rockefeller to fill the vice presidency, and Congress confirmed the choice. It was an overture to the Republican center that galled conservatives, who had never accepted the moderate New Yorker. Rockefeller, considered a liability to Ford's bid for the 1976 nomination, withdrew himself from consideration as a vice presidential candidate in November 1975.

Ford began his tenure with a Cabinet inherited from Nixon, but eight of the 11 faces changed in his administration's first 18 months. Though he retained Kissinger, despite the secretary of State's many critics, he fired Secretary of Defense James R. Schlesinger, a brainy, blunt advocate of military power and an open critic of Kissinger's handling of detente with the Soviet Union. Also dismissed, then invited to stay on until his successor was in place, was William E. Colby, who had headed the CIA during 16 bleak months of Watergate-related investigations.

To succeed Schlesinger — who soon reappeared in government, as Carter's Energy secretary — Ford picked Donald H. Rumsfeld, until then the chief of the White House staff. And to succeed Rumsfeld, Ford elevated a lower-level presidential aide then known as Richard B. Cheney, now Vice President Dick Cheney. For the CIA post, Ford nominated George H.W. Bush, a former Texas congressman and onetime GOP national chairman who then headed the U.S. mission in Beijing. Ford enjoyed the presidency and worked hard at it, but his style was unexciting. Little innovation came out of the Ford White House. Such surprises as there were — notably the Nixon pardon and the Cabinet shake-up — generated more criticism than praise. Ford's business-oriented economic views alienated labor leaders, while his striving for improved relations with the communist powers brought him under right-wing fire.

In dealing with the Democratic-run Congress, Ford alternated between stubbornness and conciliation. He used his veto power liberally and set a modern record by rejecting 46 bills in his first 18 months as president, but he was overridden eight times. The effect of many of the vetoes was to put pressure on Congress to scale down costly programs.

Yet throughout Ford's presidency, policy differences with Congress seemed never to erase his old ties with Capitol Hill, where he had served 25 years in the House, nine of them as minority leader. He had friends in both parties and was esteemed as a hard-working square shooter.

Ford kept himself open to advice from many quarters. Indeed, some critics complained that he listened too much and initiated too little, that he vacillated and failed to show affirmative leadership. For example, he denounced the idea of a federal "bailout" to save New York City from bankruptcy — prompting the New York Daily News' famed "Ford to City: Drop Dead" headline — but then supported a $2.3-billion short-term loan program to tide the city over.

On other occasions he took firm stands and stayed with them despite the consequences, as when he advocated higher fuel prices to force conservation, handing Democrats a powerful campaign issue.

By April 1975, Ford's Gallup Poll rating had slid to 39%. The downward trend was halted by Ford's vigorous response to the seizure of an unarmed American container ship, the Mayaguez, by a Cambodian gunboat.

The Mayaguez and its 39-man crew were released May 14, 1975, hours after Ford had ordered a military operation that threw 210 Marines, three warships and 300 aircraft into action. Fifteen servicemen died and 50 were wounded in the assault. Although his resort to arms drew some criticism, his firm decision to draw the line at what he called "an act of piracy" acted as a tonic to a public demoralized by the communist victory in Southeast Asia.

On the domestic front, Ford took steps to eliminate abuses by the CIA and related agencies. There was abundant evidence when he took office that the intelligence agencies had been misused for illicit snooping on strictly domestic groups — and not only by the Nixon administration.

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Ford promised in his first speech to Congress that there would be "no illegal tappings, eavesdroppings, buggings or break-ins by my administration." He appointed Rockefeller to head a commission to investigate the matter, which several months later found that though most CIA activities were within the agency's charter, some had been "plainly unlawful and constituted improper invasions of the rights of Americans."

Ford later directed all agencies in the foreign intelligence field not to spy on Americans electronically, not to intercept their mail and not to infiltrate domestic organizations.

He was naturally positioned to run for the GOP nomination in 1976, but he withheld his decision on whether to run until it was clear that his wife, Betty, had fully recovered from a mastectomy she underwent in September 1974. The public disclosure of her illness — a taboo subject at the time — sparked an outpouring of support, and many women credited her with encouraging early checkups that may have saved their own lives.

"Her honesty has always been one of the qualities about her that I love," President Ford said.

(The first lady became even more celebrated after leaving the White House when in 1978 she disclosed her dependence on alcohol and prescription drugs. In 1982, she founded the Betty Ford Center in Rancho Mirage, where tens of thousands of patients have sought rehabilitation from drug and alcohol addictions.)

Ford was the first president in the 185-year history of the office to lack the mandate of victory in a national election, and many saw him as a GOP workhorse, more dogged than talented, a caretaker predestined to be replaced in the 1976 election. A swarm of Democrats judged that he was beatable. He also faced serious competition from within his own party.

Undeterred, Ford announced in July 1975 that he would run for a full term in 1976. The early declaration failed to head off a strong challenge in the GOP primaries from former California Gov. Ronald Reagan.

After a long, hard and sometimes bitter struggle, Ford won his party's nomination at the Kansas City convention. He chose Kansas Sen. Robert J. Dole as his running mate.

Ford's acceptance speech, considered the best of his career, challenged Carter to meet him "face to face" in a televised series of campaign debates, the first of their kind since 1960. Carter accepted, and in the first debate, Ford did well.

Forward motion faltered, however, after Ford declared in the second debate that "there's no Soviet domination of Eastern Europe." Ford first tried to explain that he had meant the United States did not acquiesce in Soviet domination, then admitted after six days that he had simply made a mistake.

That blooper in early October coincided with other troubles. Most seriously, he was forced by public protests to accept the resignation of Earl L. Butz, the Agriculture secretary he had inherited from Nixon, after published reports of an obscene gibe Butz had made about blacks. Ford's low-key reaction to the Butz gaffe did nothing to mend fences with African American voters, who backed Carter 9 to 1 on Election Day. When all election returns were in on Nov. 2, Carter had won, 51% to 48%.

As his brief term ended, Ford won praise from many quarters for his ability to bolster the public's shaken confidence in government. At the January 1977 inaugural, he seemed near tears when his Democratic successor, Carter, turned to him and extended public thanks to the retiring president "for all he has done to heal our land."

Ford seemed at peace with himself as he left Washington late on Inauguration Day for Palm Springs, where he and his wife lived temporarily. They moved in March 1978 into a new home in Rancho Mirage, close to the desert golf courses he loved.

For a time, he held open the possibility he might run against Carter in 1980, but he abandoned the idea. He did, however, make frequent appearances at GOP fundraising events. He also collected substantial fees for speeches before business groups, served on several corporate boards and raised money for favorite charities. His activities slowed only after two total knee replacements.

The Fords usually spent winters at his California home and office, and summers at their home in Beaver Creek, Colo. The Gerald R. Ford Library was established on the University of Michigan campus in Ann Arbor. A separate Gerald R. Ford Museum was opened in Grand Rapids.

In recent years, however, Ford had struggled with health problems. The former president suffered two small strokes in 2000 and was hospitalized briefly in 2003 when he became dizzy on the golf course near his home in Rancho Mirage. He and his family did not go to the Ford home in Vail, Colo., for the Christmas 2004 holiday because his doctors did not want him to travel. Ford was also unable to accompany President Bush and former Presidents Bush and Clinton to the funeral of Pope John Paul II last year.

In January, he was admitted to the Eisenhower Medical Center in Rancho Mirage and stayed 12 days after experiencing what was described as pneumonia. Seven months later came the stay at the Mayo Clinic to have a cardiac pacemaker implanted.

Throughout retirement, Ford maintained a healthy sense of humor about one characteristic of his presidency — his portrayal as a stumbling chief executive who often fell on ski slopes and bumped his head on helicopter doors. "I've always been secure," he explained.

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He even helped host two national seminars on "Humor and the Presidency." At one, comedian Chevy Chase paid him a tongue-in-cheek tribute by remarking that "while he was healing the country, he was usually hurting himself."

Ford's presidency may have been lackluster by many standards, yet his legacy was generally considered positive.

"Having inherited a nation preoccupied with Vietnam and Watergate — and in many respects both frustrated and disillusioned — Ford succeeded in refocusing the nation's energies on the future," said presidential scholar Roger B. Porter.

It is how the president himself had hoped to be judged — as a healer.

"I hope I am remembered as a president who took over in very tough, difficult times — the time of Watergate and Vietnam, when there was an awful lot of distrust for government in our country," Ford once said. "In two years I was able to heal most of the wounds — of the scandals and war — and restore public confidence in the presidency."

In addition to his wife and four children, Ford is survived by seven grandchildren, four great-grandchildren and a brother, Richard, of Grand Rapids.

Funeral services are planned for Washington, D.C., and Grand Rapids, along with public viewings in those cities and in Palm Desert. Details are to be announced today in Palm Desert.

Times staff writers Jon Thurber and Stuart Silverstein in Los Angeles and James Gerstenzang in Waco, Texas, contributed to this report.

Gerald R. Ford, 38th U.S. President, Dies (NYT)

By James M. Naughton And Adam Clymer

The New York Times, December 27, 2006

Former President Gerald R. Ford, who was thrust into the presidency in 1974 in the wake of the Watergate scandal but who lost his own bid for election after pardoning President Richard M. Nixon, has died, according to a statement issued late last night by his wife, Betty Ford.

He was 93, making him the longest living former president, surpassing Ronald Reagan, who died in 2004, by just over a month.

The statement did not give a cause, place or time of death, but Mr. Ford, the 38th president, had been in and out of the hospital since January 2006 when he suffered pneumonia, most recently in October at the Eisenhower Medical Center in Rancho Mirage, Calif., for medical tests. He returned to his home in Rancho Mirage after five days of hospitalization.

“My family joins me in sharing the difficult news that Gerald Ford, our beloved husband, father, grandfather and great grandfather has passed away at 93 years of age,” Mrs. Ford said in a statement issued from her husband’s office in Rancho Mirage, also the location of the Betty Ford Center. “His life was filled with love of God, his family and his country.”

President Bush praised Mr. Ford for his contributions to the nation “in an hour of national turmoil and division,” in a statement released early today from his ranch in Texas.

“With his quiet integrity, common sense, and kind instincts, President Ford helped heal our land and restore public confidence in the presidency,” Mr. Bush said. “The American people will always admire Gerald Ford’s devotion to duty, his personal character, and the honorable conduct of his administration.”

Mr. Ford, who was the only person to lead the country without having been elected as president or vice president, occupied the White House for just 896 days — starting from a hastily arranged ceremony on Aug. 9, 1974, and ending after his defeat by Jimmy Carter in the 1976 election. But they were pivotal days of national introspection, involving America’s first definitive failure in a war and the first resignation of a president.

After a decade of division over Vietnam and two years of trauma over the Watergate scandals, Jerry Ford, as he called himself, radiated a soothing familiarity. He might have been the nice guy down the street suddenly put in charge of the nation, and if he seemed a bit predictable, he was also safe, reliable and reassuring. He placed no intolerable intellectual or psychological burdens on a weary land, and he lived out a modest philosophy. “The harder you work, the luckier you are,” he said once in summarizing his career. “I worked like hell.”

Gerald Rudolph Ford was born on July 14, 1913, in Omaha to Leslie Lynch King and Dorothy Ayer King. He rose to House minority leader in 1963 and served in the House until 1973, when Vice President Spiro T. Agnew resigned, and President Nixon appointed Mr. Ford to succeed Mr. Agnew.

When Mr. Ford took the oath of president in 1974, the economy was in disarray, an energy shortage was worsening, allies were wondering how steadfast the United States might be as a partner and Mr. Nixon, having resigned rather than face impeachment for taking part in the Watergate cover-up, was flying to seclusion in San Clemente, Calif.

There was a collective sense of relief as Mr. Ford, in the most memorable line of his most noteworthy speech, declared that day, “Our long national nightmare is over.”

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Two years later, as he accepted the Republican presidential nomination and began a campaign that would end in his first failure in an election, Mr. Ford scarcely seemed to be indulging in hyperbole as he recalled what it had been like to take office as Mr. Nixon's heir.

"It was an hour in our history that troubled our minds and tore at our hearts," he said. "Anger and hatred had risen to dangerous levels, dividing friends and families. The polarization of our political order had aroused unworthy passions of reprisal and revenge. Our governmental system was closer to stalemate than at any time since Abraham Lincoln took that same oath of office."

The pardon, intensely unpopular at the time, came to be generally viewed as correct. In May 2001, Mr. Ford was honored with a "Profile in Courage" Award at the John F. Kennedy Library in Boston. Senator Edward M. Kennedy spoke and said he had originally opposed the pardon. "But time has a way of clarifying past events," he said, "and now we see that President Ford was right."

Mr. Ford's decision to back the 1975 Helsinki Accords was furiously criticized in 1976 by both Jimmy Carter and Ronald Reagan. They complained that it had legitimized the post-World War II borders in Europe. But in his book "The Cold War: A New History" (Penguin, 2005), John Lewis Gaddis of Yale wrote that the pact's commitment to "human rights and fundamental freedoms" became a trap for the Soviet Union, which was facing ever-bolder condemnations by dissidents.

"Thousands of people who lacked the prominence of Solzhenitsyn and Sakharov began to stand with them in holding the U.S.S.R. and its satellites accountable for human rights," Mr. Gaddis wrote. The Helsinki process, he added, became "the basis for legitimizing opposition to Soviet rule."

Mr. Ford also advanced negotiations for a new treaty to turn over control of the Panama Canal to Panama, though he slowed the process during the 1976 campaign and left it to Mr. Carter, his victorious Democratic opponent, to complete.

Both inflation and unemployment fell while he was in office. And he vigorously tried to control federal spending with vetoes of spending bills, starting his first week in office. In a matter of months, however, after the Democratic landslide in the 1974 elections, Congress began overriding his vetoes.

But that did not stop him from threatening to veto a measure, sought by Mayor Abraham D. Beame and Gov. Hugh Carey, offering a 90-day $1 billion line of credit to nearly bankrupt New York City in October 1975. "Ford to City: Drop Dead" was the front-page headline in The Daily News. The next month, the New York leaders went to Washington with a new plan with new controls on the city budget, and they got the short-term loans they needed.

Mr. Ford brought to his duties an indomitable self-assurance.

"I can recall no incident, either in the Congress, vice presidency or presidency, where I didn't feel that I was prepared," he said in retirement. "I felt more secure, more certain of myself in the presidency than at any other time."

His steadiness showed through as a timely presidential attribute, but it was always that way with Gerald Rudolph Ford Jr. He was a man more fundamental than flashy, more immutable than immodest. He served undefeated through 13 elections to the House of Representatives and rose to be its Republican leader, yet in 25 years in Congress he did not write a major piece of legislation. He was overwhelmingly confirmed as vice president, the first to be appointed under the 25th Amendment, yet he owed his selection by Mr. Nixon to the likelihood that he would prove inoffensive in the job.

As president, he was quick to assert to Congress, in a play on words that nobody misunderstood, "I am a Ford, not a Lincoln." If it was true, as was often said, that the Oval Office shaped the occupant, Mr. Ford resisted the temptation of the imperial. On an early trip as president to South Korea, he called American enlisted men "sir." His prose was so pedestrian and his tongue so unreliable — he referred on one public occasion to the noble American "work ethnic" and on another to the disease of "sickle-cell Armenia" — that he became a favorite target of comedians.

Acts of Forgiveness

"I think it's progress that the presidency has been humanized," Mr. Ford remarked a few days before he left the White House. It might easily have been an epitaph.

He had sought to bind up the nation's wounds as much by instinct as by design. One of his earliest acts, combining courage with forgiveness, was to announce before a convention of the Veterans of Foreign Wars that he favored leniency for Vietnam-era draft resisters.

When Congressional Democrats suggested that he had obtained Mr. Nixon's resignation by promising to pardon him, Mr. Ford did something presidents do not do: he went to Capitol Hill and testified, telling a House subcommittee, "There was no deal, period, under no circumstances."

He invited to the White House individuals who had been excluded as political "enemies" in the lists kept by the Nixon administration. When Mr. Ford heard, as a Republican in Congress, that Mr. Nixon kept such a list, he said to an aide, "Anybody who can't keep his enemies in his head has too many enemies."

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His decision to grant a full and absolute pardon to his predecessor stunned the nation. After going to church the morning of Sept. 8, 1974, Mr. Ford went on national television to announce that there would be no formal judicial retribution against Mr. Nixon. Then, apparently untroubled by his decision, he played golf.

"I felt then, and I feel now, if I was going to do it, it had to be clean, sudden," Mr. Ford said months after he had left office. "It was a part of the healing process." He paused a moment, smiled, and added, "It didn't turn out to be quite as much of a healing at the time."

Revulsion and disillusion exploded in editorial comments and angry telegrams to the White House. Mr. Ford's biographer and friend, J. F. terHorst, resigned as White House press secretary rather than defend the pardon. For the rest of his term, Mr. Ford had to do the defending.

Those who were critical of the pardon, he said, "haven't thought through what would have happened over the next 18 months, 24 months, 36 months; that whole episode would have been on the front page."

He had expected some public criticism, he said, but it proved "far worse than I anticipated." He insisted, however, in his 1979 autobiography, "A Time to Heal" (Harper and Row), and in conversations in retirement, that had Mr. Nixon been required to face indictment and trial over the many months of the Ford presidency, "all of the healing process that I thought was so essential would have been much more difficult to achieve."

Hard Work, Honesty, Punctuality

Mr. Ford's early circumstances made him an unlikely future president. He was born July 14, 1913, in Omaha to Leslie Lynch King and Dorothy Ayer King. Not for 17 years was he to learn that he had been christened Leslie Lynch King Jr.

When he was 2 years old, his mother divorced Mr. King and moved to Grand Rapids, Mich. She remarried, and her husband, Gerald Rudolph Ford, a paint salesman with an eighth-grade education, gave the boy his name in formally adopting him.

Gerald considered his mother "a human dynamo in a womanly way" and said she "probably had more friends than any woman I ever knew." He revered his stepfather. Later in life, even in the White House, he would confront difficulty by wondering, "Now, how would he have done this?" It was perhaps the ultimate symptom of Mr. Ford's uncommon commonness that he would try to approach the presidency after the fashion of a Grand Rapids merchant. What he respected in his stepfather's manner was common sense.

His closeness to his stepfather was deepened, if anything, by the discovery that he was adopted and in particular by a brief encounter with his father.

It occurred at the age of 17, when he was a star on the state champion South High School Trojans football team, a 6-foot, blue-eyed blond with a husky voice and an infectious laugh. His mother and stepfather had told Mr. Ford that he was the product of a broken home, and the information did not appear to disturb him unduly. Mr. Ford went on with his schooling and, because the Ford Paint and Varnish Company was struggling to survive the Depression, with a job waiting on tables at Bill Skougis's Restaurant. One day a patron in the restaurant stared at him and then told him, "Leslie, I'm your father."

He was stunned.

Nearly half a century later, recalling the episode in an interview, Mr. Ford's words remained drenched in bitterness: "It was shocking, in that he would intrude on a happy family life after he had neglected my mother and me by his refusal to pay what the court ordered him to pay as child support."

In his 1994 biography of Mr. Ford, "Time and Chance" (HarperCollins), James Cannon wrote that Mr. King never paid the monthly child support ordered by an Omaha court after it found that he had beaten his wife, but that Mr. King's father did pay the money his son owed. Those payments stopped when the elder Mr. King died, Mr. Ford wrote in his autobiography.

His father, Mr. Ford said in the interview, had "abandoned me for 6, 8, 10 years — I have forgotten how long; then he would seek to intrude on my family life, which was a happy one with my stepfather."

"I really never forgave my father in a sense of totally forgiving," Mr. Ford said.

Traditional Values

The home in which the future president was brought up, along with his three stepbrothers, was imbued with the values of family loyalty, thrift and patriotism.

On May Day one year, Mr. Ford and other students at South High saw another group of youths painting anti-American slogans on the steps leading to the school building. The group Mr. Ford was in, mostly football players, dashed over, grabbed the paint cans and, by one account, splashed the paint on the others.

Mr. Ford ran for president of the senior class in 1931 on, as he later used to recall with a laugh, the Progressive ticket. He lost, but he was never to lose another election until he sought a different presidency 45 years later as more of a conservative.

His basic philosophy involved fiscal prudence, strong national defense, suspicion of alien lands and a belief that citizens should earn a living rather than be given one. This, he said, was a legacy "from both my stepfather and my mother — hard-

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working, typical Middle Western individuals who had themselves been brought up in families that had comparable philosophical views."

"It was that environment plus, I think, my own instincts, which go back, I believe, to the fact that I always felt you had to work like hell," he continued. "I did. Whether I worked in the restaurant, whether I worked in scouting or whether I worked in school, I was always very conscientious."

He did well enough to win a scholarship to the University of Michigan at Ann Arbor. He applied himself with equal diligence to his studies and to football, and he worked as a dishwasher at the Delta Kappa Epsilon fraternity to help pay his room and board.

To Law School, Then to War

In those days, both his professional and athletic ambitions were mixed. He said decades later that "one of my great ambitions was to be captain of the Michigan football team," the Wolverines, in his senior year. But someone else was chosen as captain. Mr. Ford, a center, was instead selected by his teammates as the most valuable player; he was gratified, though he often joked of having been named most valuable member of a losing team.

After he graduated in 1935 from the University of Michigan, he had offers to play professional football for either the Detroit Lions or the Green Bay Packers (at $110 per game). Mr. Ford remained fascinated with sports, but he chose the law, a subject that had appealed to him since high school. He enrolled at Yale Law School.

Political opponents would ultimately fasten on Mr. Ford's sports background as a source of ridicule. President Lyndon B. Johnson, angered at a legislative development inspired by Representative Ford, cracked once that he had played football too long without a helmet. And despite his real skill at skiing and golf, a tumble on the slopes or a tee shot drive into a golf gallery would be seized on by the comedy show "Saturday Night Live" as a metaphor for a clumsy presidency.

If Mr. Ford's mental cast was more often instinctive than imaginative and his approach to issues more tactical than conceptual, he was no intellectual slouch. At Yale, Prof. Myres MacDougal wrote in interview notes on the young student: "Very mature, wise person of good judgment. Informational background not the best but interesting, mature and serious of purpose."

Initially, because he needed the income he earned as an assistant football coach and as a head boxing coach, Mr. Ford was so busy that he was not allowed to take law classes full time. He kept insisting he was capable of the dual schedule and was so persistent that he was allowed to become student and coach simultaneously in 1938. He finished in the top third of the class of 1941, with a B average.

He returned to Grand Rapids, and with a friend, Philip W. Buchen, who would later become his White House legal counsel, he set about establishing a practice specializing in labor-management matters. Shortly after the Japanese attack on Pearl Harbor, he joined the Navy as an ensign.

The war, more than anything else, was responsible for altering his outlook and inspiring him to pursue a career in public life.

At first, the Navy assigned him as a physical training officer to work with recruits on the grounds of the University of North Carolina. Mr. Ford kept applying for a transfer to a combat zone and kept being refused. Ever persistent, he applied anew and after a year of rejection was sent to the Pacific as a physical education officer on the U.S.S. Monterey, a light aircraft carrier.

By war's end he had risen to lieutenant commander and won 10 battle stars for participating in engagements at places including Okinawa, Wake, Taiwan, the Philippines and the Gilbert Islands. Just before Christmas in 1944, he nearly lost his life when a typhoon struck the Third Fleet and, topside on the carrier, he came within inches of being swept off the deck.

An Internationalist Takes Office

Mr. Ford never adopted the domestic liberalism of a Roosevelt or, later, a Johnson. But the war experience broadened his view, changing him "from a passive isolationist to an ardent internationalist," as he put it.

Having re-established himself in a comfortable law practice in Grand Rapids, Mr. Ford had a limited ambition at first. "I was 33, single, working and having a great time, playing lots of golf," he said later. "All I was interested in was enjoying life and getting on with my law practice."

But he kept reading a new magazine, World Report, to which he was a charter subscriber, and became an ever firmer advocate of the Marshall Plan of postwar assistance to Europe and an internationalist in a community of Dutch-origin conservative isolationists. He came to the attention of two forces: Republican reformers bent on taking control of the local party, and internationalists allied with Senator Arthur H. Vandenberg, the Republican leader, who was also from Grand Rapids.

The incumbent representative from the Fifth District of Michigan was Bartel J. Jonkman, who seemed tailored to the district — of Dutch descent, Republican, conservative, isolationist.

"I knew I was meeting a formidable incumbent," Mr. Ford later recalled, "who for many reasons should have won. And I shouldn't have expected to win." Typically, Mr. Ford did expect to win, though, and with but a smidgen of apprehension that the challenge might be taken up, he dared Mr. Jonkman to debate. "Fortunately, he did not," Mr. Ford said.

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Aided by President Harry S. Truman's disputes with Congress, which kept Mr. Jonkman in Washington, Mr. Ford worked tirelessly and won the Republican primary in 1948 by nearly 10,000 votes. Then he easily won his first term in the House. He never received less than 60 percent of the vote during a quarter-century as the Representative from Michigan's Fifth District.

A Candid Helpmate

Shortly before the 1948 election, Mr. Ford paused from his campaigning to march down the aisle of Grace Episcopal Church in Grand Rapids — by local legend, wearing one black shoe and one brown shoe — with Elizabeth Bloomer Warren, who had been divorced and was generally regarded as the most attractive single woman in the city.

Betty Ford had been a model and a fashion coordinator. For two years, in New York City, she had danced in Martha Graham's troupe. She was, and remained throughout Mr. Ford's public career, a remarkably open and candid woman, given to strong opinions on abortion, feminism and other issues and willing to talk about the radical mastectomy she underwent while in the White House. She encouraged the same outspokenness in the four Ford children: Michael Gerald, John Gardner, Steven Meigs and Susan Elizabeth.

Mrs. Ford also battled drug dependency, which began in the 1960s with prescriptions for pills to relieve pain from a neck injury, and alcoholism, which grew with her loneliness during Mr. Ford's increasingly heavy travel schedule. In 1978, her family confronted her about her addictions, and, after initial denials, she finally admitted herself for treatment. Four years later, she helped dedicate the Betty Ford Center for Drug and Alcohol Rehabilitation in Rancho Mirage, Calif., on the campus of Eisenhower Medical Center.

While Mrs. Ford reared their children, Mr. Ford rose doggedly from the obscurity of the House to the leadership of its minority. In his second term he won assignment to the Appropriations Committee, where he and other fiscal conservatives worked to curb government spending. By 1953 he was on such influential subcommittees as those dealing with funds for foreign aid and national defense; throughout the Korean and Vietnam Wars he was a stalwart supporter of American military intervention in Asia.

In the House

Bud Vestal, a reporter for The Grand Rapids Press, distressed Mr. Ford by noting in a biography that Mr. Ford "never authored a major program of legislation on his own."

Mr. Ford's explanation was that as a member of the Appropriations Committee, he "was pretty preoccupied with very important matters" and "didn't have time, just as a pragmatic thing, to get involved in all the other pieces of legislation that others were writing or sponsoring or working for."

His legislative activity more often than not involved fealty to Republican Presidents Eisenhower and Nixon or obstruction of the liberal New Frontier and Great Society proposals of Democratic Presidents Kennedy and Johnson. For instance, Mr. Ford voted against a major housing assistance act in 1961 and fostered opposition to the Medicare program in 1965.

In a Congress that often seemed akin to a fraternity, he was nearly everyone's friend. He was thus an ideal prospect for minority leadership. When younger Republicans were casting about in 1963 for a point man in their rebellion against their aging leaders, they settled on Jerry Ford.

The group installed Mr. Ford as chairman of the House Republican Conference, the third-ranking post in the minority hierarchy. His name came to more prominent attention later that year when President Johnson appointed Mr. Ford to the Warren Commission to investigate the assassination of President John F. Kennedy. In 1965, after the huge loss that came with Senator Barry Goldwater's landslide defeat for the presidency the year before, the younger Republicans deposed Charles A. Halleck of Indiana as their House leader, supplanting him with Mr. Ford.

'I Need Your Vote'

With the exception of an ill-conceived effort in 1970 to impeach Associate Justice William O. Douglas, a liberal member of the Supreme Court, after Senate Democrats had twice rejected President Nixon's nominations of Southern conservatives to the court, Mr. Ford generally enlarged his circle of friends by establishing an amicable style of leadership.

When one or another Republican voted against the leadership's wishes, some party stalwarts sought to persuade Mr. Ford to discipline the offender. There were methods that might have been used: transfer to a minor committee, elimination of funds for overseas travel, loss of campaign money. Mr. Ford said no.

"That's counterproductive," he insisted. "That person knows that he disappointed you. To rub it in makes it, the next time, literally impossible to get his cooperation. You can lose one battle, but the most important thing is to win the war."

A leading House Democrat of the era, Representative Joe D. Waggoner Jr. of Louisiana, confirmed the technique's success. "It's the damnedest thing," Mr. Waggoner said. "Jerry just puts his arm around a colleague or looks him in the eyes and says, 'I need your vote,' and gets it."

An Elusive Dream

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Visionary or not, Mr. Ford, as Republican House leader, worked to enlarge the minority, always pursuing the elusive dream of a Republican majority and, with it, the realization of his greatest political ambition, to be speaker of the House.

Asked in his retirement why he had coveted the speaker's post, he replied:

"I thought, as a member of Congress, that would be the ultimate achievement. To sit up there and be the head honcho of 434 other people and have the responsibility, aside from the achievement, of trying to run the greatest legislative body in the history of mankind, I think, in an efficient and effective way, to tend to the people's business, both domestic and foreign, to make sure, whatever legislation was required, to see that it was done. I think I got that ambition within a year or two after I was in the House of Representatives."

For a decade he crisscrossed the country, downing chicken dinners in 200 or so cities each year, extolling this or that prospect for a House seat and trying diligently to build a majority. But the closest the Republicans came in his years as leader was the 192 seats they held after the 1968 elections. That was still 16 short of the majority that would have made him speaker.

Apparently destined to be the perennial leader of a minority, Mr. Ford promised his wife in 1973 that he would make one more effort, however forlorn, in 1974 at winning a majority and would then retire from politics in 1976.

"I don't want to be a minority leader in perpetuity," he told friends.

'A Nice Conclusion'

On the night of Oct. 10, 1973, a few hours after Vice President Spiro T. Agnew rose in a federal courtroom in Baltimore to plead no contest to a charge of federal income tax evasion and simultaneously resigned the vice presidency, Mr. Ford was at his home in Alexandria, Va., trying to relax. The telephone rang; it was his old House ally Melvin Laird, now a White House counselor. Would Mr. Ford be interested in the vice presidency if it could be arranged, Mr. Laird asked.

"I suspect if I was asked, I would accept it," Mr. Ford replied.

He turned from the phone, he later recalled, and told Mrs. Ford that "well, that would be a nice conclusion" for his career.

The next night President Nixon was the one who telephoned Mr. Ford's home. He offered the vice presidency.

It was the first time that anyone had been nominated for the office under the terms of the 25th Amendment, which made the appointment subject to confirmation by both the Senate and the House. Much as Republicans had fixed on Mr. Ford as leader in 1965 because of his general acceptability, so Mr. Nixon chose him in 1973 to be vice president.

At the time, in late 1973, Mr. Nixon was locked in a legal duel with the Watergate special prosecutor and the Senate Watergate committee, refusing to yield documents and tape recordings that had been subpoenaed. Indeed, a few days after Mr. Ford was nominated for the vice presidency, Mr. Nixon dismissed Archibald Cox, the first special prosecutor, for insisting on pursuing legal remedies to gain access to the White House evidence, and accepted the resignation of Attorney General Elliot L. Richardson, who declined to carry out the order to dismiss the prosecutor.

'I Believed What I Was Told'

There were Nixon allies who thought Mr. Ford might, as vice president, serve as a buffer against the efforts to impeach Mr. Nixon that were precipitated by the events of that "Saturday night massacre" in October 1973. Mr. Nixon remarked once to former Gov. Nelson A. Rockefeller of New York, "Can you see Gerald Ford sitting in this chair?"

Mr. Ford accepted the nomination. "I thought," he later reminisced, "well, if I could be helpful, I knew I could be confirmed. And it was a nice way to end a career. I wasn't going to be speaker."

He took it on faith, because he had been told privately by Mr. Nixon and others that the president was innocent of any involvement in the burglary at the Democratic Party offices in the Watergate complex on June 17, 1972, or of complicity in the attempt to cover up the extent of the conspiracy.

Three days after the break-in, Mr. Ford had asked John N. Mitchell, the former attorney general and the 1972 Nixon campaign chairman, if the break-in had been authorized. As Mr. Ford recalled it, Mr. Mitchell "looked me right in the eye and said neither he nor the White House was involved."

"I believed what I was told," Mr. Ford once said, referring to the belief that Mr. Nixon was not involved in Watergate wrongdoing, "so my whole conduct as vice president was predicated on that personal trust."

Because it was the first such occasion, Mr. Ford's vice-presidential nomination prompted an extensive investigation of his background by as many as 400 agents of the Federal Bureau of Investigation. His nomination was confirmed, 92 to 3 in the Senate and 387 to 35 in the House. At dusk on Dec. 6, 1973, to the thunderous applause of those with whom he had served in Congress, he strode down the center aisle in the House of Representatives to stand at the lectern, not as speaker but as vice president.

Mr. Ford took it upon himself as the heir apparent to try, initially, to make certain that Mr. Nixon would remain in office. In the eight months of his vice presidency he traveled more than 130,000 miles to speak up for Mr. Nixon.

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As the House Judiciary Committee painstakingly assembled evidence on which its members would ultimately recommend three articles of impeachment, Mr. Ford proclaimed confidence in Mr. Nixon's blamelessness, but privately he grew increasingly uncertain.

Growing Skepticism

The doubt was slow to take hold. In January 1974 Mr. Ford told an audience in Atlantic City that the impeachment movement was the work of "extreme partisans" who were trying to "crush the president" and in the process increase the Democratic majority in the Congress.

Alarmed, Mr. Buchen, Mr. Ford's old friend from Michigan, and Senator Robert P. Griffin, another longtime Michigan ally, privately counseled Mr. Ford to be careful lest his faith be unrewarded and his loyalty further divide the country.

Thereafter, Mr. Ford loyally defended the president, but in his own words. The Nixon staff kept sending proposed texts to Mr. Ford's office, but Mr. Ford's aides toned them down.

Instinctively, too, Mr. Ford continuously and openly urged the president to demonstrate his innocence by yielding to Congress and the courts the Watergate tape recordings and documents that were being sought. When Mr. Nixon continued to "stonewall," as the resistance came to be known, "it certainly began to raise some reservations" in Mr. Ford's mind, he said, although he kept them to himself.

Gradually, even Mr. Ford's defense of Mr. Nixon began to take a skeptical tone. At a Republican Party conference in Chicago, Mr. Ford explicitly attacked for the first time the attitude of the 1972 Nixon campaign organization, saying it had been led by "an arrogant, elite guard of political adolescents."

'A Good Night's Sleep'

At the end of July 1974, Gen. Alexander M. Haig Jr., then the White House chief of staff, made an urgent call to the vice president. General Haig advised him that a tape recording under subpoena by the special prosecutor — one of several that the Supreme Court had ruled could not be withheld by Mr. Nixon — would show conclusively that Mr. Nixon had tried to curb the Watergate investigation as early as June 23, 1972, six days after the break-in.

"That was the first concrete evidence that I had contrary to the assurances I'd had before," Mr. Ford remembered.

For three days, as Mr. Nixon's aides sought to persuade the president to make public the transcript of the June 23 tape, Mr. Ford continued to travel, saying nothing of the evidence.

The president did publish it. Although Mr. Ford was unaware that Mr. Buchen and others had begun making secret preparations for a Ford presidential transition, he began to wonder in the first days of August 1974 how soon he might be president.

On Aug. 6, Mr. Nixon assembled his Cabinet at the White House and declared that he would not resign. Mr. Ford, seated opposite the president across the massive Cabinet table, told Mr. Nixon, "I no longer can publicly defend you." It was, for Mr. Ford, the loyal friend of the president, one of the most difficult things he had ever done, but, he told an interviewer, "with the development of the evidence, I had no other choice."

Two nights later Mr. Nixon announced on national television that he would resign the presidency at noon on Aug. 9.

Mr. Ford and his wife watched the Nixon statement on the television set in the family room of their home in Alexandria. Then, despite the looming accumulation of pressures, Mr. Ford went to sleep.

That he could do so, with no particular difficulty, on the eve of the nation's most unusual presidential transition, was illustrative. "My feeling is you might as well get to sleep" whatever the circumstances, Mr. Ford had said. "You'll feel better the next day. If you've got a problem, you are better prepared to deal with it tomorrow. You sure can't do much about it that night. It's a blessing, really."

The nation's torment was on his mind as he spoke that next day, Aug. 9, 1974, of the import of his sudden inauguration as the 38th president of the United States, the first person never elected president or vice president to become president.

"I am acutely aware that you have not elected me as your president by your ballots," he said to the dignitaries in the East Room of the White House and to the millions of Americans watching on television. "I have not sought this enormous responsibility, but I will not shirk it."

With an empathy that came as a relief after months of White House aloofness, the new president said: "This is an hour of history that troubles our minds and hurts our hearts. Therefore, I feel it my first duty to make an unprecedented compact with my countrymen. Not an inaugural address. Not a fireside chat. Not a campaign speech. Just a little straight talk among friends."

He urged his countrymen to help him "bind up the internal wounds of Watergate" and then added:

"My fellow Americans, our long national nightmare is over. Our Constitution works. Our great republic is a government of laws and not of men. Here, the people rule."

The Man in the White House

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Mr. Ford's presidency was an extension of his own political personality: reactive rather than activist, instinctive instead of intellectual, humanistic but within the fiscal limits of conservative dogma.

Mr. terHorst, the biographer, puzzled over the seeming contradiction between the president's personal and professional philosophies: "The problem with him — he doesn't like to be kidded about it — but the fact is, this guy would, if he saw a schoolkid in front of the White House who needed clothing, if he was the right size, he'd give him the shirt off his back, literally. Then he'd go right in the White House and veto the school lunch bill."

John Hersey, after spending a week in close observation of the president, wrote in The New York Times Magazine of April 20, 1975: "What is it in him?"

"Is it an inability to extend compassion far beyond the faces directly in view?" Mr. Hersey wrote. "Is it a failure of imagination? Is it something obdurate he was born with, alongside the energy and serenity?"

The answer seemed to be a belief — one Mr. Ford was schooled in if not born with — in the essential dignity of human struggle. "Everything didn't turn to gold just because I did it," he remarked. "I had this foundation, and I had been brought up with the training that — and this is an oversimplification, but I think it's indicative — the harder you work, the luckier you are. And whether it was in such things as the Boy Scouts or athletics or academics, I worked like hell."

There were those who contended, as did Richard Reeves, the author of a critical biography, that Mr. Ford had a "tragic gap" in his understanding of such crucial matters as the Vietnam War and the Watergate scandal. More common was the assessment of Mr. Ford as "innately decent."

Executive Decisions

Mr. Ford disputed the notion that it required forceful, even harsh, character to meet the tests of the White House. He was asked once if a nice guy should be president, and answered: "Those who allege that you've got to be a mean, sinister, devious person to be president are just dead wrong. I don't see how a president in his conscience could be that."

He, too, could be forceful. He resented the accident of fate that had made him president as the nation watched South Vietnam and Cambodia — where so much of America's human and economic treasure had been spent by three predecessors — fall to the Communists in 1975. Rebuffed by Congress when he sought a last-minute $972 million in aid to Saigon, Mr. Ford made it possible for 130,000 or more refugees to come to the United States.

When the Cambodian Communists seized the American merchant ship Mayaqüez in May 1975, Mr. Ford reacted with uncharacteristic emotion, sending United States military forces to recapture the ship.

The order was motivated in part by concern for national image. "We had just pulled out of Vietnam, out of Cambodia," Mr. Ford said later, "and here the United States was being challenged by a group of leaders who were bandits and outlaws, in my opinion, and I think their subsequent record has pretty well proved it. And it was an emotional decision to tell the Defense Department we had to go in there and do something."

Mr. Ford's economic policies were traditional for Republican conservatives. He proclaimed, amid considerable White House ballyhoo, a campaign to "Whip Inflation Now," complete with "WIN" buttons. Scarcely had it begun than mounting joblessness and the worst recession since the 1930s caused Mr. Ford to abandon the anti-inflation program and propose tax cuts to stimulate the economy instead of tax increases to dampen it.

Congress, meanwhile, reflected its dominance by the Democratic Party in a steadily increasing number of spending programs and expansion of the federal deficit.

Difficult Dismissals

In what may have been his most difficult personal decision — because it went against the grain of his personality — the genial man from Michigan also acted forcefully in his dismissal of Secretary of Defense James R. Schlesinger.

There were no known policy differences of consequence between Mr. Ford and Mr. Schlesinger. But their styles and characters never quite proved compatible, and the defense secretary, a bookish and occasionally dogmatic intellectual who later became secretary of energy to President Jimmy Carter, got on the president's nerves.

"There was a tension," Mr. Ford acknowledged later. "There was a personality problem." Mr. Schlesinger, he emphasized, "is an honorable, decent person, but our chemistry doesn't fit." He did not need to add but did, "I'm not one that likes to fire people."

Nonetheless, Mr. Ford did make another central personnel decision that troubled him: jettisoning Vice President Rockefeller from his 1976 campaign ticket. Mr. Ford did so even though he had declared, in nominating the former New York governor to be his vice president, that there was no one else in the country so well equipped to stand next in the line of presidential succession.

Mr. Ford eventually decided to seek a full term as president, something he had intimated in his testimony to Congress as nominee for vice president that he would be loath to do. He decided that a lame-duck president could not be effective in a

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political role. Besides, although he did not like to admit it, Mr. Ford and his wife, Betty, had grown to like the perquisites of the White House.

As a candidate to succeed himself — and, he hoped, thus legitimize his accidental presidency — Mr. Ford grew politically timid. It was apparent that he would be challenged for the Republican nomination by Mr. Reagan, the former governor of California and a politician far more conservative than Mr. Ford.

On the Campaign Trail Again

Mr. Ford responded by becoming ever more conservative in his political statements and by undertaking the same sort of aggressive, energetic campaigning as an incumbent that had marked his campaigns as a member of the House of Representatives. From early 1975 until the summer of 1976, Mr. Ford traveled from one corner of the country to another. Even two attempts on his life by unbalanced women in California in 1975 did not deter him.

On one of those trips, to Sacramento on Sept. 5, he narrowly escaped an assassination attempt by Lynette (Squeaky) Fromme, who had been a follower of the convicted killer Charles Manson. Mr. Ford was moving through a crowd in Capitol Park, shaking hands and waving, when a Secret Service agent saw Ms. Fromme's arm and the pistol. She was subdued, and it turned out that while the gun was loaded there was no bullet in the chamber. She was convicted of attempted murder and sentenced to life in prison.

The other attempt, by Sara Jane Moore, took place in San Francisco. A former Marine, Oliver W. Sipple, knocked a pistol out of Ms. Moore's hand as she fired.

By the time Mr. Ford narrowly won the Republican nomination in Kansas City, Mo., in August 1976, he seemed to many of his political advisers to have diminished the value of his incumbency by traveling so extensively as to seem only another candidate. He was more than 25 percentage points behind the Democratic nominee, Mr. Carter, in the opinion polls. The economy was improving but not good. The Republicans' identification with Mr. Nixon remained.

Mr. Ford reassessed the situation with his advisers. Together they altered his political strategy and style. He spent most of the campaign period hunched over his desk or greeting guests in the Rose Garden of the White House, trying to reinforce the image of incumbency and to stress his claims to having achieved "peace, prosperity and trust."

Strides, Then a Stumble

In one of the most remarkable political comebacks in presidential campaign history, Mr. Ford nearly overcame adversity and odds. One late stumble, insisting in a debate that "there is no Soviet domination of Eastern Europe" and that Poland was not "dominated by the Soviet Union," halted the Ford surge.

In the end, his loss to Mr. Carter, the former Georgia governor, was narrow, by only 1,682,970 votes. Mr. Ford had 48 percent and Mr. Carter 50.1 percent.

But neither Poland nor a last-minute bit of bad economic news was central to his defeat. The Nixon pardon was.

Stuart Spencer, his campaign manager, said that polling data about the pardon had made it clear that "it cost him the election." He said 7 percent of Republicans had either voted for Mr. Carter or stayed home because of the pardon, and it hurt with Democrats and independents, too.

Robert S. Strauss, who was Democratic National Chairman in 1976, agreed. He said Mr. Ford "was never forgiven for it."

"People always assumed there was a deal, even though there was no evidence of one," Mr. Strauss said.

Even so, Mr. Ford's political recovery, although incomplete, reflected a positive aspect of his brief presidency. It indicated the extent to which he seemed to have re-established a sense of trustworthiness in the nation's most visible and symbolic office.

One political aide said of those who voted for Mr. Ford, "They're voting for something solid — a simple, honest, decent man."

After the White House

In the years after he left the White House, Mr. Ford took on two new roles, senior statesman and newly arrived millionaire, with his characteristic easygoing manner and energy. He had become something of a one-man academic, political and business enterprise, and by 1983 his income was estimated to be more than $1 million a year.

Mr. Ford frequently criticized President Carter on economic and defense matters, but the attacks on his successor never grew bitter or personal. On some foreign policy issues, like the Panama Canal treaties, which his own administration had quietly sought, he supported his successor.

For three years Mr. Ford contemplated another race for the presidency. In 1975, he had told aides in the White House that "Reagan would be a disaster" as president. After Mr. Reagan won the 1980 New Hampshire primary, Mr. Ford told The New York Times that it would be "impossible" for Mr. Reagan to win a general election, and he cautiously invited Republicans to ask him to run again.

But the draft he invited never came, and Mr. Reagan cruised to the nomination. When the Republicans gathered in Detroit in 1980 to nominate Mr. Reagan, he asked Mr. Ford to be his running mate.

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For hours, representatives of the two men, with former Secretary of State Henry A. Kissinger acting for Mr. Ford, negotiated the outlines of a possible Reagan-Ford Administration, in which Mr. Ford would have been given extensive authority in making appointments and managing the executive branch. But the negotiators were unable to reach a formula that satisfied Mr. Ford's desire to be more than a traditional vice president while also giving Mr. Reagan a free hand to govern as chief executive.

Mr. Ford nevertheless worked on the 1980 campaign trail for Mr. Reagan and his running mate, George Bush. Two months after the inauguration, Mr. Reagan sent Mr. Ford as his representative to China to reassure leaders there that Washington wished to continue improving relations.

The next October, after President Anwar el-Sadat of Egypt was assassinated, Mr. Ford represented the United States at the funeral along with the two other living former presidents, Mr. Carter and Mr. Nixon.

For many years after he left office, Mr. Ford campaigned for Republican candidates. In the first few years, those appearances had to be accompanied by hefty charitable donations to his library and museum. He also continued to warn, "If we get way over on the hard right of the political spectrum, we will not elect a Republican President," as he put it in a Times interview in 1998. He singled out the abortion issue, saying he was disappointed that his own "strongly pro-choice" views no longer seemed welcome in his party.

In August 2000, Mr. Ford appeared at the Republican convention in Philadelphia but was hospitalized for a week after a stroke.

As a result of Mr. Ford's new income, the Fords enjoyed a way of life that contrasted with their modest existence when he was a congressman, establishing homes in Rancho Mirage, in the California desert, and at Vail, in the Colorado mountains.

In addition to attending fund-raising functions, teaching at the University of Michigan and giving 30 paid speeches a year, Mr. Ford bought interests in two Colorado radio stations and served on the boards of at least eight corporations.

He also supervised and participated in sporting events, mostly golf, including an invitational golf tournament bearing his name in Vail; promoted a Southern California real estate development; and helped advertise a commercially minted coin set commemorating the presidency. He even made his acting debut at the age of 70, portraying himself on an episode of the nighttime television soap opera "Dynasty."

Asked in a 1978 interview about his life in retirement, Mr. Ford said that he was having trouble with chipping and putting in his golf game, but otherwise, "everything is wonderful."

Ford Dies At 93 (USAT)

By Bill Nichols And Tom Vanden Brook

USA Today, December 27, 2006

Former president Gerald R. Ford, who inherited the daunting task of calming a divided nation when he assumed the presidency at the height of the Watergate scandal, died Tuesday at the age of 93.

"My family joins me in sharing the difficult news that Gerald Ford, our beloved husband, father, grandfather and great grandfather has passed away at 93 years of age," said his wife, Betty, in a brief statement issued from her husband's office in Rancho Mirage, Calif.

"His life was filled with love of God, his family and his country."

He was the longest-living president, followed by Ronald Reagan, who also died at 93. Ford had been living at his desert home in Rancho Mirage, east of Los Angeles.

The statement did not say where Ford died or the cause of death. Ford had battled pneumonia in January 2006 and underwent two heart treatments — including an angioplasty — in August at the Mayo Clinic in Rochester, Minn.

A 13-term congressman from Michigan who rose to the post of House minority leader, Ford was vice president when Richard Nixon resigned the presidency in 1974 because of the Watergate controversy.

President Bush issued a statement early today saying he and Laura "are greatly saddened" by Ford's death.

"He assumed the presidency in an hour of national turmoil and division," Bush said. "With his quiet integrity, common sense and kind instincts, President Ford helped heal our land and restore public confidence in the presidency."

As the 38th president, Ford, who enjoyed a reputation for integrity on both sides of the political aisle, immediately tried to soothe the wounded nation. "The long national nightmare is over," he said as he was sworn in on Aug. 9, 1974. "Our Constitution works."

Although Ford's approval ratings initially soared, he would lose the 1976 presidential contest to former Georgia governor Jimmy Carter — largely, in the view of historians and his biographers, because he pardoned Nixon just months after being sworn in to office.

The pardon ignited a political firestorm and prompted Democrats to question whether Nixon had made a deal with Ford to protect him from prosecution. Ford resolutely denied that there was any quid pro quo.

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Ford's pardon "weakened his political capital and made Democrats more willing to resist him," says Yanek Mieczkowski, a Ford biographer who teaches history at Dowling College. He says the pardon was like a "ghost that hung over Ford and his party for the rest of the decade."

Ford remains the only unelected U.S. president. He said he did not regret his decision to pardon Nixon.

"There was such venom toward Nixon for Watergate that the public just didn't understand there was something (to be considered) over and above Nixon's personal problems," Ford said in 2003. "My problem was trying to restore public confidence across the board."

In 1999, Ford was awarded the Presidential Medal of Freedom by President Clinton, who said of him: "The respect he commands has grown in the years since he left office. … President Ford represents what is best in public service and what is best about America."

An endearing bumbler

Ford's public persona during his presidency was as a mangler of the English language who had a tendency toward verbal and physical stumbles. Comedian Chevy Chase, in Saturday Night Live's early years, made a name for himself mocking Ford's ineloquence, such as when he declared in a 1976 debate with Carter that: "There is no Soviet dominance of Eastern Europe."

His friends, family and staffers, however, contended that this former star football player and son of Michigan possessed the right blend of heartland decency and reverence for his country to be able to steady the nation after the morass of Watergate and the reverberations of the Vietnam War.

To his family, colleagues and historians, his presidency — even his pardon of Nixon — illustrated his central traits: decisiveness, decency and concern for country first.

"People are coming around to the idea that his pardon of Nixon was the right thing to do for the country," daughter Susan Ford said. "He knew it then. Leadership and decency are the things that stand out in my mind when I think of my dad."

Ron Nessen, Ford's press secretary, says that Ford, the only Eagle Scout ever to become president, was the right man at the right time for America.

"The nation was so torn apart by Watergate," Nessen says. "People had lost faith in the presidency. Ford just started knitting things back together. Plus, he seemed like the guy next door because that's what he was. He wasn't Richard Nixon."

An American life

Ford was born Leslie Lynch King Jr. on July 14, 1913, in Omaha. His father, an alcoholic, threatened his mother with a knife just after his birth, and she moved her 2-week-old son to Grand Rapids, Mich., to live with her parents.

Three years later, she married Gerald Ford, a paint salesman. The Fords called their son Gerald, and in 1935, Leslie King changed his name to Gerald Ford.

"He was not raised with a silver spoon in his mouth by any means," Susan Ford said. "There's something to be said for growing up that way. I wouldn't call him frugal, but he'll pay in cash or he won't buy it."

During summers, he filled paint cans at his father's store. And in his college years at the University of Michigan, Ford held a variety of jobs, including summer stints as a park ranger at Yellowstone National Park and as a model. Ford and his then-girlfriend, Phyllis Brown, appeared on the cover of Cosmopolitan magazine in 1942.

Chase and other comedians in the 1970s parodied Ford as clumsy. His legendarily wayward drives on the golf course prompted Bob Hope to wisecrack: "It's not hard to find Jerry Ford on a golf course — you just follow the wounded."

But the jokes belied elite athletic ability. Ford played football and basketball and ran track in high school, earning all-city and all-state honors as a star center in football. He went on to star on national championship football teams at the University of Michigan in 1932 and '33. He received offers to play professionally from the Green Bay Packers and Detroit Lions.

He turned down those offers to coach boxing and football and study law at Yale University. Among those under his football tutelage: future senators Robert Taft Jr. of Ohio and William Proxmire of Wisconsin.

"He probably had the most athletic background of any president," says presidential historian Fred Greenstein of Princeton University.

The Washington years

A year after earning his law degree from Yale in 1941, Ford joined the Navy and served aboard the USS Monterey in the South Pacific, including the allied assaults on Wake Island and Okinawa. He was discharged as a lieutenant commander in 1946 and later said that his experience in the war prompted him to become an internationalist rather than adopting the pre-war tendency of Republicans to support keeping the United States in isolation from the rest of the world.

Ford returned to Grand Rapids and joined a law firm. In 1948, he challenged the isolationist congressman in his home district, won the Republican nomination and got 61% in the general election.

During the campaign, he married Elizabeth Bloomer Warren. She was divorced, a dancer and a fashion consultant for a department store.

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Ford represented the Grand Rapids area in Congress from 1949 to 1973. He described himself as a "moderate in domestic affairs, an internationalist in foreign affairs and a conservative in fiscal policy," according to his official biography.

He rose through the ranks to become House minority leader in 1965, leading GOP opposition to President Lyndon Johnson's social programs and urging Johnson to escalate the bombing in Vietnam. Johnson said Ford was a "nice guy, but he played too much football with his helmet off."

In 1963, Johnson appointed Ford to the Warren Commission, which had been charged with investigating President Kennedy's assassination. It found that Lee Harvey Oswald had acted alone and not as part of a conspiracy.

Throughout his career, Ford was widely seen as a decent, honorable man. "He was someone who was regarded as wholesome, unpretentious," Greenstein says. "He had a long, responsible public career."

The accidental president

A friend of Nixon, Ford backed his successful presidential campaigns in 1968 and 1972. In 1973, Nixon chose him to replace Vice President Spiro Agnew, who had resigned after pleading no contest to charges of tax evasion.

By then the Watergate scandal had erupted. It began with men working for Nixon's re-election campaign attempting to plant wiretaps at Democratic National Committee campaign headquarters in the Watergate hotel and office complex in Washington. The attempted coverup culminated in impeachment proceedings against Nixon and his resignation on Aug. 9, 1974. That same day, Ford became the 38th president.

Thirty days later, on Sept. 8, Ford announced his decision to pardon Nixon after attending historic St. John's Episcopal Church by himself that morning. Of the Nixons, Ford told the country: "Theirs is an American tragedy in which we have all played a part. It could go on and on and on, or someone must write the end to it. I have concluded that only I can do that, and if I can, I must."

Ford acknowledged that he badly misjudged the public outcry over his decision, and fallout continued through his two years in office. His first press secretary, Jerald terHorst, resigned. Speculation grew so rampant of a deal between Nixon and Ford that Ford took the unprecedented step of testifying under oath on the matter to the House Judiciary Committee in October 1974.

He never really outran the shadow of Watergate, but Ford moved on to concentrate on the faltering economy, which was in recession and plagued by the 1973 Arab oil embargo. Ford negotiated bills with the Democratic Congress to cut taxes and deregulate some industries, but he was also remembered for vetoing more bills — 66 — than all but three other presidents.

"Ford was very proud of the veto strategy," says Mieczkowski, the biographer. "Democrats thought it was government by impasse, but Ford viewed it as one of the great accomplishments of his entire presidency."

In foreign policy, Ford continued the diplomatic policy of detente with the Soviet Union. In 1975, the war in Vietnam ended with the fall of the South Vietnamese government.

Ford also displayed an eye for talent. He chose Dick Cheney as his chief of staff, Donald Rumsfeld as his Defense secretary and Alan Greenspan as chairman of his council of economic advisers. All would go on to serve in subsequent administrations.

"It was a White House that was an incubator for later presidencies," Princeton's Greenstein says.

Inside the White House, Ford's family made news. In 1974, Betty Ford was diagnosed with breast cancer. She acknowledged it publicly, which was rare at the time.

Later, she would admit to alcoholism and prescription-pill addiction. The Betty Ford Center in Rancho Mirage, Calif., was established to treat those with drug and alcohol addictions.

Ford faced other crises. On two trips to California in September 1975, he was the target of assassination attempts. Lynette "Squeaky" Fromme and Sara Jane Moore went to prison for the assaults. Ford was not struck either time.

The pressure and trappings of the office didn't change Ford as a man, says Nessen, Ford's press secretary.

"If you spend 20 years of your life running for president, it changes your personality," Nessen says. "His personality did not have those distortions built into it. He never expected to be president, he didn't want to be. He's a very down-to-earth guy."

By 1976, Ford had a tough primary race for his party's nomination. He beat Ronald Reagan and chose Kansas Sen. Bob Dole as his running mate.

But a tougher test awaited in Carter. Watergate and the Nixon pardon shadowed Ford's campaign, as did his debate stumble about Eastern Europe in a key debate with Carter. "His staff let him down," Nessen says. "We should have acknowledged the mistake. It did, I think, contribute to an unfair image of him not being very bright."

Even so, Nessen says an increase in unemployment before the election probably was a greater factor in Ford's loss to Carter.

Ford left office in January 1977.

In retirement, Ford lectured and hosted public policy conferences. Until recently, he attended annual reunions of Ford administration alumni in Washington.

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From Carter to President Bush, occupants of the Oval Office have hailed his counsel and good judgment. After Carter's loss to Ronald Reagan in 1980, he and Ford took to the speaking circuit together and became what Ford described in a 2001 speech to Congress as "very warm and dear friends."

The Ford Presidency (LAT)

The Los Angeles Times, December 27, 2006

GERALD R. FORD WAS the regular-guy president. Friendly and unassuming, Ford, whose death at 93 was announced Tuesday, came into office after the Watergate affair forced out Richard Nixon. Ford's openness and humanity was a refreshing contrast to the icy awkwardness and extensive covering up of his predecessor.

"Our long national nightmare is over," Ford proclaimed memorably on the day he assumed office. He and his wife Betty immediately telegraphed a more affable mood in Washington. Ford engendered a more candid relationship with reporters and a less combative stance toward Congress, where he had served for 25 years in the House representing Grand Rapids, Mich., including eight years as minority leader.

Two accidents of history propelled Ford to the presidency. After Vice President Spiro Agnew resigned in 1973, Nixon wanted a loyal No. 2, someone who could win easy approval in Congress and, some historians suggest, a man whose lack of presidential bearing might blunt the efforts that were brewing to remove Nixon. Ten months later, Nixon was out, and for the first time in U.S. history, a man who had never run for president or vice president became commander in chief.

In his two-plus years as president, Ford faced a tortuous gamut of foreign and domestic challenges, including the communist takeover of Vietnam, disarmament talks with the Soviet Union and raging inflation domestically. In day-to-day governing, his heavy reliance on the presidential veto opened him to criticism that he was less of a leader and more of a reactor. After all the controversies that have dogged presidents since, however, the Ford presidency looks relatively calm.

Ford will be remembered most for one act: his pardon of Nixon, just one month after the resignation. Ford wanted to govern as the president who led his nation out of the long shadow of Watergate. Yet his ill-timed and ill-considered pardon actually drew the shadow of Watergate over Ford's own presidency, destroying the Republican Party's chances in midterm elections that year and perhaps contributing to Ford's reelection loss to Jimmy Carter in 1976.

The pardon was a mistake, inconsistent with the fundamental principle that everyone, including the president, is equal before the law. Nixon tried hard to defy that principle and, coming so soon after his resignation, the pardon did the same. Some of those who once criticized Ford's pardon have softened their views over time, arguing that we needed healing and forgiveness. In 1974, however, after so much Nixonian stonewalling and evasiveness, our system of government would have been better served by letting the legal process take its course, no matter how uncertain.

History shows that Ford's top advisors were baffled by his determination to forgive Nixon right away. Ford's intention, some believe, was to prove that he could act as his own man and follow his own conscience. Others suggest he was influenced by the ghost of his own father, an abusive man who was devastated when Ford's mother divorced him and who died before the son had a chance to forgive him. Ford himself wrote in his memoirs that he knew the pardon was the right move and that he did not anticipate the virulence of the reaction against it. He may have been too nice a guy.

Retailer Settles Dispute With D.C. (WP)

By Annys Shin, Washington Post Staff Writer

The Washington Post, December 27, 2006

USA Discounters Agrees to Cap Charges for Credit Customers

USA Discounters, a Virginia Beach retailer, has agreed to limit what it charges District customers paying with credit and to pay $50,000 into a consumer-protection fund to settle allegations that it imposed finance charges that weren't properly disclosed.

The company sells furniture, electronics, computers and other items, largely to customers with poor credit and with a special focus on members of the military. In addition to locations in the District and Lanham, it has eight other stores near Fort Belvoir, the Norfolk naval installation, Fort Bragg and Camp Lejeune in North Carolina, Fort Benning in Georgia, and Fort Hood in Texas.

The company denies any wrongdoing, said Timothy W. Dorsey, USA Discounters' vice president and general counsel.

The voluntary agreement, reached Thursday with the D.C. attorney general's office, stemmed from agency concerns that the majority of the company's customers, who buy merchandise using the chain's in-house financing program, routinely paid substantially higher markups than did customers using cash.

Customers buying on credit typically pay in installments over a limited period. For example, at the USA Discounters in Northeast Washington yesterday, a recliner upholstered with the Redskins logo was on sale for twice-monthly installments of $36

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for 24 months -- for a total of $1,728. A coffee table was being offered for twice-monthly payments of $19 for 24 months, or a total of $912.

Customers can try to negotiate for a reduced price, Dorsey said. Those armed with cash can often get better deals.

But because credit customers regularly paid substantially more, the D.C. attorney general's office alleged that USA Discounters was making customers pay finance charges without telling them. Under the federal Truth in Lending Act, costs imposed on credit customers and not on cash customers are considered finance charges and must be disclosed, the agency said.

Those charges also must be used to calculate the annual interest rate credit customers pay. By the agency's calculations, USA Discounters charged interest rates greater than 24 percent, a violation of D.C. consumer-protection laws.

"Prices for customers who buy on credit cannot be artificially inflated to hide the true cost of credit," said Eugene Adams, interim attorney general

Dorsey denied that the company hid finance charges from credit customers and that its annual interest rates exceeded 24 percent. He said that as with car buying, customers end up paying different prices because of a variety of factors, including the negotiating skill of the buyers.

"There is absolutely nothing wrong with permitting persons to negotiate prices. The Attorney General's unfortunately presumed that the difference in price was because some customers paid by credit," Dorsey said in an e-mail.

By signing the agreement, the company did not admit to breaking any laws. USA Discounters said it would ensure that on some items, the negotiated sales price wouldn't exceed a certain level. In rare cases, that could mean as much as a 21 percent savings to a customer, Dorsey said.

The company also plans to track how much cash customers pay compared with credit customers, to make sure they don't diverge substantially.

The five-year agreement applies only to the retailer's D.C. store.

Strategy, Not Drama, In 'I Intend To Run In '08' (NYT)

By Adam Nagourney

The New York Times, December 27, 2006

WASHINGTON, Dec. 25 — On Thursday, John Edwards is planning to announce what has been clear to much of the world since the end of the last presidential election: He is running for president in 2008. A similar declaration is expected shortly from Gov. Mitt Romney of Massachusetts, followed, in all probability, by Senators Hillary Rodham Clinton, Barack Obama and John McCain.

For all the very orchestrated hoopla about to be heaped on American voters over the next few weeks, presidential announcements have become, more often than not, vestigial remnants of the way presidential politics were once conducted (or at least the way they are remembered).

Rather than being big moments in which candidates lay down ideological markers and discuss what they would do as president, announcements are more of a pro forma exercise of the obvious. Campaigns grab at a political opportunity for attention with events that, ultimately, are of relatively small consequence.

For Mrs. Clinton, Mr. Romney, Mr. Edwards and Mr. McCain, it would be noteworthy, after all they have done, if they were to announce that they were not running. Mr. Edwards's 2008 campaign arguably began on Election Day 2004, when he lost as his party's vice-presidential candidate.

But if formal announcements hold little drama, they are hardly meaningless. Their timing and staging reflect how presidential politics are changing in the United States in 2008, and offer a glimpse at problems each candidate faces one year before the Iowa caucus. The announcements are an insight into how campaigns are adapting to the pressures of the Internet, the demands of fund-raising, the broad range of avenues for reaching voters and mobilizing supporters, and the particular dynamics of the '08 campaign, crowded with candidates, many of them celebrities.

Most strikingly, the announcements are being made extraordinarily early. In the 1992 cycle, Bill Clinton did not formally announce his candidacy until October 1991, three months before the Iowa caucus. When Mr. Edwards announces, with a round of morning talk show interviews and a press conference in the Lower Ninth Ward in New Orleans, he will become the third Democrat to enter the race formally.

As of now, about a half-dozen candidates have formed presidential exploratory committees, a preliminary step that allows them to raise money as they take soundings about a race. And Senator Joseph R. Biden Jr., Democrat of Delaware, told reporters Tuesday that he planned to set up his exploratory committee next month.

In this crowded field, few candidates in either the Democratic or Republican Party can afford to wait and risk watching a rival pick off big-name elected officials, campaign consultants and contributors. And since aides to many of the candidates say

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they are likely to bow out of the public campaign finance system and raise money on their own, there is pressure to start raising money now.

"Timing is becoming much more of an issue," said Joe Trippi, who managed the 2004 presidential campaign of Howard Dean. "You're seeing it now in the urgency of these people to get out and announce. I'm worried that we're going to see people announce four years ahead of time next time the way this thing is moving."

Understandably, candidates are going to do what it takes to get publicity. Mr. Edwards's aides said they chose this slow-news time of year, and the backdrop of New Orleans neighborhoods ravaged by Hurricane Katrina, in part to command the maximum amount of attention. Camera crews will be permitted to film Mr. Edwards as he helps with the cleanup efforts.

But there are less obvious advantages as well. Mr. Trippi said that when Mr. Dean declared for president in June 2004, they timed his announcement for a week before the deadline for the release of campaign finance reports. The idea was that the excitement built by the announcement in Vermont would result in a surge of contributions that would allow Mr. Dean to surprise the political world with a display of his grass-roots financial support. Mr. Dean's big fund-raising report that month proved to be one of the biggest boosts of his campaign.

Mr. Edwards, who is arguably the most Web-savvy candidate in the '08 race to date, is using Thursday's event to try to gin up his supporters via the Internet. He sent out an e-mail message earlier this week, saying he was on the verge of making a decision that his aides say has, in fact, already been made.

"If you want to take this effort to the next level, send me an e-mail and let me know: JohnEdwards@readytochangeamerica.com," he wrote.

The decision of how to time the announcements also reflects the particular needs of the candidates.

For Mr. Edwards, there is clearly interest in trying to win attention after two months in which Mrs. Clinton and Mr. Obama dominated the coverage of the Democratic contest. The decision by Senator Evan Bayh of Indiana not to run has left a clear opportunity for Mr. Edwards to position himself as the alternative to the other two senators.

For Mr. Romney, it is a chance to try to reset his bearings after a month in which he has struggled to reconcile his effort to be the most socially conservative candidate in the race with a more liberal record, as Massachusetts governor, on such issues as abortion and gay rights.

The motivation for the announcement of Gov. Tom Vilsack, the Democratic governor of Iowa, was in many ways more typical: a fairly unknown politician trying to get his name on the board with a thematic speech delivered in early primary states.

There may still be a few stop-the-presses surprises lurking out there. There is still a smidgen of doubt about the candidacy of Mr. Obama, who is spending this week in Hawaii with his family discussing his future, and even a smaller smidgen of doubt about Mrs. Clinton.

Although Senator John Kerry of Massachusetts has said he is likely to make a second effort at running, some Democrats say they would not be shocked to see him bow out. And it will be interesting to see if Al Gore succumbs to pleading by Democrats to run.

Mr. Edwards has been preparing for this moment since the second in 2004 when he knew he and Mr. Kerry had been defeated. His relatively high standing in some early polls in Iowa is testimony, in part, to how much time he has spent there in the last two years. Mr. Edwards has also offered a spray of speeches, op-ed essays and interviews on the subject of poverty in the United States, so even the themes he unveils to begin his campaign are likely to be familiar.

Mr. Romney's intentions are also no mystery: he spent 212 days out of state last year, The Boston Globe reported last week, and has methodically moved over the past year to the right side of the Republican ocean.

And if Mrs. Clinton or Mr. McCain end up not running, that will come as sobering news to the stable of high-powered political talent they have recruited in recent months. Both even have putative campaign managers in place: Terry Nelson for Mr. McCain and Patti Solis Doyle for Mrs. Clinton.

Schwarzenegger's Leg Is Repaired In Surgery (NYT/AP)

By The Associated Press

The New York Times, December 27, 2006

SANTA MONICA, Calif., Dec. 26 (AP) — Gov. Arnold Schwarzenegger's broken leg was put back together with wires and screws on Tuesday, and he should make a full recovery, though he will probably be on crutches during his inauguration next week, officials said.

Mr. Schwarzenegger broke his right thigh bone over the weekend while skiing with his family in Sun Valley, Idaho. He underwent a 90-minute operation.

"Following the surgery, the governor was awake, alert and talking," said Dr. Kevin Ehrhart, who performed the operation at St. John's Health Center. "He is now fully coherent, and I have cleared him to resume his duties as governor."

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Mr. Schwarzenegger will remain hospitalized for three days, and his full recovery will take about eight weeks, Dr. Ehrhart said.

The fracture is the governor's third medical problem in just over a year. In January, he needed 15 stitches to repair a cut lip after colliding with a car while riding his motorcycle in Los Angeles. He also spent several hours at a hospital last December with a rapid heartbeat.

Accident Is A Bad Break For Gov.'s Privacy (LAT)

By Peter Nicholas

The Los Angeles Times, December 27, 2006

Three days after he tripped and fell on an Idaho ski slope, Gov. Arnold Schwarzenegger underwent surgery Tuesday morning for a broken leg — a 90-minute procedure that his doctors termed successful.

While the governor was under anesthesia, he relinquished the powers of office to Lt. Gov. Cruz Bustamante. Schwarzenegger resumed his duties about 10:45 a.m. when his doctors pronounced him fit.

Schwarzenegger was expected to make a full recovery. He will remain hospitalized for three days; afterward, he will walk on crutches without a cast.

Dr. Kevin Ehrhart, Schwarzenegger's orthopedic surgeon, said recovery will take about eight weeks. The surgery proceeded "without complication," Ehrhart said in a statement, and "the post-operation X-rays looked great."

Schwarzenegger fractured his femur Saturday while skiing on Bald Mountain in Sun Valley, Idaho — one of many out-of-state trips the governor has made without public notice. The episode focused renewed attention on Schwarzenegger's continuing quest to keep his private life out of the public eye — standard procedure for a movie star but unusual for a sitting governor.

A friend who spoke to Schwarzenegger after the accident said the governor was "aggravated" about what happened, describing the accident as a "slow fall" on an icy surface.

Schwarzenegger's press office would not release any details about the accident. But Adi Erber, a ski instructor who was with him at the time, said Schwarzenegger was standing still before the accident, preparing for the final 200 yards of the Lower Warm Springs run.

The governor's ski pole became caught in one of his skis, causing him to trip and fall, Erber said, describing it as a "freak accident."

He said the governor was in pain and that a rescue team took him down the hill on a toboggan.

The governor is being treated at St. John's Health Center in Santa Monica, according to people familiar with his medical care. Schwarzenegger's office would not disclose the hospital, citing security reasons.

In a prepared statement, First Lady Maria Shriver said: "When we checked Arnold into the hospital on Christmas night, he was looking forward to his surgery. He had been in good spirits. He asked when he could get back to work and he's looking forward to his inauguration next week. Our children and I are grateful for everyone's support and prayers."

Schwarzenegger loves to have fun on his own terms, even if there is an element of danger — a dimension of his personality that is seldom on public display.

He relishes long rides on his motorcycle. He goes on rafting trips. And he skis.

Pat O'Brien, a television personality and longtime friend of Schwarzenegger and Shriver, said Tuesday that the governor "lives his life to the fullest, and with that comes risks — whether it be on the slopes or on a motorcycle."

In January, Schwarzenegger was riding his Harley-Davidson with his son Patrick in a sidecar when he got into a crash. The accident occurred when the driver of a Volvo SUV pulled out of a driveway on Mandeville Canyon Road in Brentwood. Schwarzenegger received 15 stitches on his lip. His son was not injured.

Schwarzenegger conceded that he had been driving for years without a proper motorcycle license; he has since gotten one.

In December 2001, Schwarzenegger broke six ribs when he fell off his motorcycle. He was hospitalized for four days at St. John's.

Few Californians would have known their governor spent hours skiing near his Idaho vacation home this weekend if Schwarzenegger had not broken his leg.

Following its standard practice, the governor's press office on Friday revealed only that Schwarzenegger had left the state. The press release said that Schwarzenegger would have no public activities from Dec. 23 to 25. But in a private letter to Bustamante's office, the governor's staff said that he would be out of state from Dec. 22 to Jan 1.

Cloaking the governor's itinerary ensures at least some measure of privacy when Schwarzenegger is taking a break, aides contend.

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"The governor is an international celebrity who values his privacy when he's with his family," said Adam Mendelsohn, the governor's communications director.

But secrecy carries an added advantage: minimizing the chance of an unflattering photograph or a spontaneous quote from a vacationing Schwarzenegger that veers off message.

Early in his term, Schwarzenegger revealed his out-of-state whereabouts. That ended after a trip to Hawaii in April 2004.

The Times found the governor at the Four Seasons Resort in Maui and in an interview, Schwarzenegger said he wanted to see the Legislature reduced to part-time status. He never pursued that option.

Schwarzenegger frequently travels outside California — either on business or for pleasure.

He has been out of state for 204 of the 1,136 days he has been in office — or 1 of every 5.6 days, according to records kept by Bustamante's office.

In contrast, former Gov. Gray Davis was out of state for 113 of 1,779 days in office — or 1 of every 15.7 days.

Though Schwarzenegger has often been away as part of his job, he has also gone to Nevada and Ohio for bodybuilding competitions that had no connection to state business.

Locating the governor can be a game of cat and mouse. In 2004, Schwarzenegger addressed the Republican National Convention in New York. Aides said he was returning afterward to California. Instead, he veered off to Sun Valley. No one from his staff announced that his itinerary had changed.

In August 2005, he made a trip to the Bahamas that was never announced.

A survey of some western governors Tuesday showed practices vary when it comes to fully disclosing private out-of-state travel.

New Mexico Gov. Bill Richardson reveals his whereabouts on private trips on a case-by-case basis, according to his office. Nevada Gov. Kenny C. Guinn's office said he might not necessarily issue a news release if he is on a family vacation. Washington Gov. Chris Gregoire's office said she does not reveal her destination when she takes personal trips out of state.

When Schwarzenegger leaves California, Bustamante becomes acting governor.

Bustamante has taken little dramatic action in the time Schwarzenegger has been away. One exception came in December 2003. Schwarzenegger had gone with his family to Sun Valley for the holidays.

While he was away, Bustamante declared a state of emergency in Santa Barbara County in response to an earthquake.

A spokesman for Bustamante said that California, a state prone to natural disasters, is at greater risk when the governor is gone as much as Schwarzenegger.

"You need someone on the ground who can take action immediately when it's needed — activating the National Guard or getting fire crews where they need to go," said Bustamante aide Stephen Green. "When you're gone one day out of five, a lot of things just don't get done."

Bustamante gave his office the day off Tuesday and exercised no powers in the hours Schwarzenegger was under anesthesia.

"I wanted him to appoint me to the Supreme Court, but he wouldn't," Green said.

Schwarzenegger Cleared To Resume Duties After Surgery (CHIT)

By Peter Nicholas

Chicago Tribune, December 27, 2006

SACRAMENTO -- Gov. Arnold Schwarzenegger's broken right femur was repaired today and he was cleared to resume his official duties, the governor's office announced.

The surgery to fix his thigh bone, which the governor broke Saturday while skiing in Sun Valley Idaho, lasted an hour and a half. Schwarzenegger was cleared to resume his duties at approximately 10:45 a.m., according to the news release.

In the prepared statement, orthopedic surgeon Dr. Kevin Ehrhart said the surgery "involved using cables and screws to wire the two main fragments of the governor's broken femur bone back together. It lasted approximately an hour an a half, was without complication, and the post-operation x-rays look great.

"Following the surgery, the governor was awake, alert and talking in the recovery room. He is now fully coherent and I have cleared him to resume his duties as governor," Ehrhart said.

Schwarzenegger will remain in the hospital for three days and will take approximately eight weeks to heal, said Ehrhart, who predicted a full recovery. The governor is not in a cast and will use crutches to walk while his leg heals, he said.

Aides said that preparations are being made for the governor to work from the hospital on his inauguration next month, the state of the State address and the 2006-07 budget proposal.

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Adi Erber, a ski instructor who was with the governor at the time of the accident, said that Schwarzenegger was standing still, preparing for the final 200 yards of the run on Bald Mountain in Sun Valley, Idaho. The governor's ski pole got caught in one of his skis, causing him to trip and fall.

Erber described it as a "freak accident."

He said the governor was in pain, and that a rescue team took him down the hill on a toboggan. Schwarzenegger was then taken to the hospital for X-rays.

The two men, accompanied by security guards, had been skiing for about two hours prior to the accident, Erber said.

"It was the last run down," Erber said. "He was trying to take off again and he tripped."

Erber, a fellow Austrian, said that skiing is one of Schwarzenegger's favorite sports, and predicted that once the governor's leg heals he would be back at it.

"I've skied with him for 18 years," he said. "He's an expert skier."

He added that the governor "will be back in shape in no time. And I'm sure he will ski again."

While Schwarzenegger was on the surgery table, Lt. Governor Cruz Bustamante was in charge. He was notified this morning that Schwarzenegger had been cleared, according to a prepared statement by Andrea Hoch, his legal affairs secretary.

Selling Couples On Marriage (WT)

By Jon Ward [part Two Of Four]

The Washington Times, December 27, 2006

Second of four parts.

The lesson would be how to keep "the fire burning," Nisa Muhammad told nine couples at her Tuesday night marriage class in the District.

"I need this session," said Rossalyn Parks, whose boyfriend had yet to arrive or call with an explanation. She was on fire, all right.

All nine couples were black, and most live in low-income neighborhoods in the District or Prince George's County.

Mrs. Muhammad's "Wedded Bliss" program, which will receive $1.3 million in federal money over the next four years, is aimed at helping black couples.

"We've kind of bought into the hype that marriage doesn't matter ... in the culture, the music, the movie, on TV," said Mrs. Muhammad, a 49-year-old mother of five who was divorced after 12 years and remarried last year.

Mrs. Muhammad said that TV provides an unrealistic portrayal of single parents and that life is "very different if you're ... Tamika in Southeast D.C."

In this series, The Washington Times examines the changing views of marriage and what institutions -- such as religious groups, government and businesses -- are doing to preserve it.

Mrs. Muhammad's program is one of many that churches and religious groups are using to strengthen marriages and foster new ones. Wedded Bliss is an eight-week class that encourages couples to marry by helping them build intimacy and teaching communication skills.

Airing grievances

At the Tuesday night meeting, Mrs. Muhammad -- who converted to Islam in 1980 and writes for the Nation of Islam's national newspaper, the "Final Call" -- gave a short talk to the couples.

She then asked each woman to share her "vision" of their husband or boyfriend.

Ms. Parks' cousin, Deidra Arnold, a 40-year-old divorced U.S. postal worker, said her boyfriend, Donald Aikens, a 45-year-old construction worker and lifelong bachelor, loves to serve others.

"We can go to the store, Home Depot or whatever, and he helps everybody," said Ms. Arnold, who got married when she was 21 and has a 21-year-old daughter.

The atmosphere in the room softened. The other couples, seated at tables arranged in a horseshoe, thought about what they would say.

"Great," said Mrs. Muhammad, wearing a dark green suit and a matching head scarf. "Rossalyn?"

Ms. Parks, 40, hesitated. She and William Thompson, 40, also a postal worker, began dating in August.

"I'm going to be honest with y'all. I am kind of angry with William, so I don't even have a vision," she said.

Jamil Muhammad, a national spokesman for the Nation of Islam who helps Mrs. Muhammad facilitate the class, jumped in.

"You're angry on the basis of sight," he told Ms. Parks. "You've got to look into the future on the basis of vision."

Ms. Parks sighed.

"It's kind of hard to say," she said before opening up about Mr. Thompson's work ethic.

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"He wants to be at work every day. He'll probably have 1,500 hours of sick leave, ready to sell some vacation time," Ms. Parks said, pausing for several moments. "But I don't see him committing to a marriage by then."

"Ooh," whispered Mr. Muhammad, as if he'd been stung by a bee.

Mrs. Muhammad didn't blink.

"OK, well, we've got some work to do," she said. "Thank you, Rossalyn."

Then she was on to the next couple.

Later, Mrs. Muhammad said she has seen growth in Ms. Parks and Mr. Thompson, who arrived at her class "with no sense of vision."

"We're trying to change the hearts and minds of people who look at marriage in a negative way and say, 'You know, we have something to celebrate,' " she said.

Remembering religion

Churches and religious groups have always played a crucial role in sanctioning marriages, encouraging them and providing couples counseling. Marriage is an essential part of the three Abrahamic faiths -- Judaism, Christianity and Islam.

But modern culture continues to question the definition and validity of marriage.

"Increasingly, it is not obvious to our young people, the singles, the twentysomethings, why they should go ahead and get married," said Michael Lawrence, associate pastor at Capitol Hill Baptist Church in the District. "That case has to be made."

Peter Murphy, family life director for the Archdiocese of Washington, agreed.

"The images of marriage are very negative," he said. "Couples think it's going to restrict their freedom. ... There is fear of commitment to something long term in a culture that is so short term and noncommittal."

In response, some churches are teaching more often and more robustly about marriage and challenging teens and singles on their attitudes about marriage.

"We try to show that marriage is actually freeing and will bring life," Mr. Murphy said.

Churches also are creating small groups for newly married couples, led by older couples, and adapting counseling to meet challenges unique to second marriages.

Marriage, Christians believe, is primarily a way to imitate the Triune God. Husbands are to love and lead their wives sacrificially, in the same way that Jesus Christ died to save His church. Wives, equal in value but with different roles, are to support their husbands.

"Marriage is a picture of the Gospel," Mr. Lawrence said. "Marriage was created by God to help us understand that he loves us in Jesus Christ."

Marriage is also a "crucible" in which each person's weakness and sinfulness is exposed, leading to repentance and change by God's power.

"God puts us with another person that is sometimes very different because it forces us to put aside selfishness and pride," said Pastor Paul Petry, who oversees family ministries at Mars Hill Church in Seattle. "If we fix our eyes on Christ and make it a goal to love that other person in a sacrificial way, there is something mysterious that happens, and that marriage becomes a wonderful thing."

Judaism views marriage as "a relationship that is set apart from all others," said Rabbi Jack Moline of the Agudas Achim Congregation in Alexandria.

"It is uniquely intimate and exclusive, and as such, it is a reflection of the nature of the relationship between the Jewish people and God," he said.

For Mr. Moline and other rabbis, a Jewish wedding can be performed only if the bride and groom are Jewish.

"All of the things that define marriage are matters of Jewish law, and Jewish law posits that it applies only to Jews, and not to non-Jews," he said.

Many Christian pastors counsel against marrying non-Christians as well.

Muslims also see marriage as a fundamental part of practicing their faith.

"Marriage is the most important aspect of a Muslim life," said Imam Mohamed Magid of the All Dulles Area Muslim Society, one of the largest mosques in the area.

"The whole Koran talks a lot about marriage and the relationship between husband and wife and the family," he said. "There is so much emphasis in the Koran on teaching about this issue."

Mr. Magid said he began offering six-session, premarital-counseling courses to couples a few years ago, when he saw a study showing that 33 percent of Muslim marriages ended in divorce. But, he said, there are few mosques in the United States that offer such counseling.

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"The extended family in the countries of the immigrant [Muslims] creates a very strong support network for young couples," Mr. Magid said. "Here in America, there is no extended family. The wisdom has to come through a structured counseling that tells them about communication, conflict resolution, decision-making ... and also to talk about the issue of intimacy."

Saving marriage

Michael J. McManus thinks churches are not only doing too little for marriages, but in many cases, they are part of the divorce problem.

"Most churches are wedding factories today," said Mr. McManus, who created a Marriage Savers program in 1986. "They have good intentions, but their marriage preparation is not that helpful."

About 10,000 pastors and rabbis in 215 cities across the country have signed an agreement to uphold higher standards for premarital counseling. Marriage Savers focuses on marriage preparation, enrichment, restoration, reconciliation of separated couples and counseling for stepfamilies.

Mr. McManus said his program has proven results. In cities where religious leaders have signed "community marriage policies," divorce rates and cohabitation rates are decreasing and marriage rates are increasing, he said.

"The churches need to do this work, but we need to do a better job," said Mr. McManus, a nationally syndicated ethics and religion columnist who attends Fourth Presbyterian Church in Bethesda. "The disintegration of marriage is the most important domestic problem of our time. It lies behind so many other problems."

Ted and Peg Kupelian of Rockville have mentored 20 couples through the Marriage Savers program.

"I saw a lot of divorces at work," said Mr. Kupelian, 60, a public-affairs specialist in the federal government. "This was one thing we could do together to really make a difference."

Tim and Kristen Bibo of Baltimore had never met the Kupelians but traveled to their home for eight weeks before getting married Oct. 28.

"When you have people you're friends with ... there are certain barriers," said Mr. Bibo, 28, an analyst with the state government. "Meeting new people that you develop a new relationship with, and you start it off with this openness, is something you really can't do with people that you know."

Mr. Bibo said the Kupelians, who have been married 26 years, "really challenged [us] about things that are going to be challenges."

The Kupelians took the Bibos through a 156-question inventory, going over the answers to questions about all aspects of their life.

"We're trying to open their eyes so they know exactly what to expect, to minimize surprises once they get married," said Mrs. Kupelian, who stayed at home with the couple's two daughters and now volunteers at Bible studies and in Montgomery County public schools.

The couples talked about how the Bibos would handle the demands of extended family during the holidays and helped them work on a budget.

"We want the trouble in our kitchen rather than in their bedroom or their kitchen," Mrs. Kupelian said. "We don't want people to be afraid to have conflict."

Mr. McManus said most marriages fall apart because people "don't know how to argue." Mrs. Kupelian said they teach young couples to "attack the problem, not each other."

Mrs. Bibo, 31, who works in philanthropy, said she appreciated the structure.

"It's a lot about being really intentional and having the space to do it," she said. "I loved the space of talking about marriage in its seriousness and its difficulty. That gives you a sense of security, that it's OK if you are fighting."

Out of the 20 couples mentored by the Kupelians, one has divorced, and one is struggling. Three of the couples they mentored decided not to get married.

"I don't see that as failure," Mr. Kupelian said. "I see that as one less divorce."

Meeting in the middle

Ms. Parks married at 24. She and her high-school sweetheart divorced after 12 years, and she now has a 12-year old daughter.

Mr. Thompson has never married.

Despite her pessimistic comments at Mrs. Muhammad's meeting, days later Ms. Parks said the program had "enhanced" her relationship with Mr. Thompson and she is hopeful about the relationship.

Specifically, she said, the class helped Ms. Parks and her daughter, Angel, to adapt to Mr. Thompson's three nieces and nephews, ages 20, 18 and 2, who live with him and are often visiting.

"My daughter was used to going in the refrigerator, getting what she wants, doing her laundry when she wants to," Ms. Park said. "They were teaching us that we now are sharing our lives with others, and we can't be selfish."

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Ms. Parks took notes during the eight-week class in a journal given to her by Mrs. Muhammad. Mr. Thompson could not read it until the end of the class.

The journal -- and the conversations between her and Mr. Thompson during the classes -- helped them grow much closer, she said.

"Now we're better equipped to communicate," Ms. Parks said. "I don't just stay angry. We talk about it and we get through it. It's also good to know that people are going through the same problems."

Ms. Parks estimates her chances of marrying Mr. Thompson are about 70 percent.

"I'm not saying we have to get married tomorrow, but you have to be open to that idea," she said. "I don't feel like I'm running out of time, but I don't feel like I have time to be wasting on a relationship that's not going anywhere."

"I don't see him wasting my time, and I don't see him hurting me," Ms. Parks said. "I do think he'll commit. My problem is, when?"

Part I

U.S. out of love with marriage?

Of Public Debt And Private Wealth (WP)

By Steven Pearlstein

The Washington Post, December 27, 2006

With Democrats about to take charge on Capitol Hill, we're going to be hearing a lot about the widening income gap between rich and poor.

There are a variety of different measures for inequality and lots of factors that drive the data, ranging from winner-take-all labor market competition and the weakness of unions to the pace of immigration and the tendency of high-income people to marry each other.

Furthermore, during different periods, this widening of the gap has been most apparent at various rungs of the income ladder -- between the poor and the middle class in the '80s, between the middle class and the upper class in the early '90s, and, most recently, between the very rich and just about everyone else.

All of this is about to become grist for a great national debate on inequality, with everyone picking the income measures, gaps and causes that best support their economic views or their preferred solutions. As it plays out, it's important to remember that there isn't one correct analysis or any silver-bullet solution.

In that spirit, I'd like to toss out an idea borrowed from a reader in Canada with no particular training in economics but an intuitive sense about the connection between trade flows and income inequality. The idea goes something like this:

In terms of the global economy, the elephant in the room for much of the last 25 years has been the large and persistent U.S. current account deficit (loosely, the trade deficit), which this year is likely to exceed $800 billion. Roughly speaking, the richest country in the world spends 106 percent of its income.

If the United States were almost any other country, we wouldn't be able to sustain this huge imbalance for very long because the rest of the world would be unwilling to finance it. But, as it happens, developing nations suddenly have more savings than they know what to do with, much of it denominated in dollars as a result of selling us inexpensive clothing and electronics and very expensive oil.

These countries know that if they were to try to exchange all those dollars for their own currencies, it would drive down the value of the dollar -- and with it, demand by American consumers for all the things they sell. Rather than accept slower growth and higher unemployment, they have decided to keep their currencies loosely pegged to the dollar by investing those trade-surplus dollars in U.S. assets.

One obvious effect of this decision is to drive up demand for U.S. stocks, bonds and real estate, which foreigners have purchased either directly or through such intermediaries as hedge and private-equity funds. Their money was a significant factor in the tech and telecom bubbles of the 1990s, the current bubble in corporate takeovers and commercial real estate, and the just-ended bubble in residential real estate. Indirectly, it also helps explain why stock prices are at or near all-time records.

Moreover, because so much of the trade deficit is reinvested in debt instruments such as Treasury bonds, it has had the effect of lowering interest rates below where they would otherwise be. Low interest rates, in turn, encourage both foreign and American investors to use more borrowed money in their investment strategies, allowing them to buy more assets with the same amount of their own money.

So what does this have to do with income inequality? Quite a bit, actually.

We've known for a long time that increased trade with low-wage countries depresses wages of workers who produce goods and services now imported. A trade deficit equal to 7 percent of economic output obviously magnifies that effect.

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But as the trade deficit is depressing wages at the bottom, it is now boosting incomes at the top by significantly inflating the value of stocks, bonds and real estate -- assets whose ownership is concentrated heavily in the hands of high-income people. By buying and selling these assets, and borrowing against them, these people have been transforming their paper wealth into spendable (and measurable) income at a record pace.

Finally, let's remember that all this buying, selling and monetizing of assets has created lots of fat fees for handling these transactions or serving as financial intermediaries. Those fees, in turn, translate into eye-popping bonuses for Wall Street investment bankers, hedge fund managers and partners in private-equity firms.

It would be an exaggeration, of course, to argue that our large and persistent trade deficit is the major factor in rising inequality. After all, inequality also is rising in countries with trade surpluses.

But I think the deficit does help explain why so much of the country's income gains have gone into the pockets of investment bankers, money managers, real estate developers, wealthy families and corporate executives loaded up with stock options. I'm sure these folks believe they are pulling away from the pack because they work harder and create more economic value than the rest of us. But in the coming debate, we need to remember that they are also the lucky beneficiaries of a runaway trade deficit and the bubble-prone economy it has created.

Myths And The Middle Class (WP)

By Robert J. Samuelson

The Washington Post, December 27, 2006

Almost all Americans see themselves as "middle class." To declare yourself middle class is to say you've succeeded without openly bragging that you're superior -- a no-no in a democratic culture. You're like everyone else, only a little more or less so.

Not surprisingly, a recent poll done for the Economic Policy Institute, a liberal think tank, finds that only 2 percent of Americans put themselves in the "upper class" and a mere 8 percent consider themselves "lower class." The large majority classify themselves as "upper-middle class" (17 percent) or "middle class" (45 percent). The rest (27 percent) see themselves as "working class," a stepping stone to the middle class.

Because the "middle class" isn't really the middle -- it's a huge blob -- describing how "it" feels and thinks is usually an act of simplification, exaggeration or invention. Yet that's routine because politicians and commentators want to show that they grasp the hopes and fears of everyday Americans.

The middle class today is said to be angry and anxious. It's worried about jobs, health insurance and retirement income. The EPI poll explores these discontents. Up to a point, it confirms conventional wisdom. One question asked respondents to agree with one of the following statements:

Most people today face increasing uncertainty about employment, with stagnant incomes, paying more for health care, taxes, and retirement, while those at the top have booming incomes and lower taxes.

Or:

Our economy faces ups and downs, but most people can expect to better themselves, see rising incomes, find good jobs and provide economic security for their families.

By an overwhelming 61 to 34 percent, respondents preferred the first statement. They didn't like oil companies (66 to 13 percent), drug companies (49 to 25 percent) and corporate CEOs (35 to 18 percent). One interesting exception to the anti-big-business sentiment was Wal-Mart, whose favorable rating (45 to 29 percent) almost equaled Social Security's (48 to 24 percent). Globalization wasn't especially popular either; by 59 to 32 percent, respondents favored more limits on imports.

So the middle class is furious, as portrayed. Well, not exactly. What's striking is the huge gap between people's views about "the economy" -- an abstraction -- and their own personal situations:

? Although only 32 percent rate the overall economy as "excellent" or "good," 52 percent judge their personal situation as excellent or good (35 percent said "fair" and 13 percent "poor").

? Most Americans (60 to 37 percent) think their own living standards are rising; parents of children under 18 overwhelmingly (54 to 24 percent) think the same will be true for their children.

? Almost 70 percent of Americans say they've attained or will attain the "American Dream," as they define it. More than half say success comes from a good education and hard work, not from connections (18 percent) or being born wealthy (13 percent).

Just as Americans often criticize public education but like their local school (or hate Congress while supporting the local congressman), they rationalize personal economic success with national economic shortcomings.

Both "conservative and liberal elites" are out of touch with typical Americans, say the pollsters who conducted the survey. Conservatives' focus on overall economic performance (say, gross domestic product) minimizes individuals' "hard work" to

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improve "their living standards against the odds." But liberals underestimate Americans' "emphasis on personal responsibility and overestimate the degree to which [people] see themselves as victims."

Maybe. But there's a simpler explanation for the confusion: Americans' optimism and perfectionism are constantly mugged by reality. Consider why this will continue.

People value stability and security. They also want higher incomes. Unfortunately, the two sometimes collide. In a recent book, "Economic Turbulence," three economists show that the constant turnover of companies and business locations ("establishments") improves economic growth -- but creates disruption and stress. In the five industries studied (trucking, computer chips, financial services, software and food stores), the productivity of the best establishments is often double that of the worst. Replacing the less efficient with the more efficient ultimately lowers costs and raises living standards.

Compounding the stress, the price of entry into the middle class is always rising. The more we can have, the more we must have. Keeping up with the Joneses is the curse of our advances and ambitions. Thirty years ago a middle-class existence didn't include central air-conditioning, computers, cellphones or cable television. It will soon include flat-panel TVs. Similarly, new drugs and surgeries raise the cost of health insurance, reducing coverage and take-home pay. From 1991 to 2005 the cost of fringe benefits (mainly health insurance) rose nearly twice as fast as wages.

Americans cannot escape these realities. The economy will remain precarious if it remains productive. The new technologies and products we celebrate inflict anxiety by redefining middle-class society. The causes of our success are also the sources of our stress. Of course, many of today's complaints (growing inequality, eroding health insurance) are legitimate and, to some extent, might be corrected. But the remedies -- assuming they didn't make matters worse -- would succeed only temporarily, because they would not erase the basic dilemma.

The middle-class "squeeze" never vanishes. Sometimes the economy so outperforms expectations (say, after World War II or during the late 1990s) that it creates a lull. But that merely elevates expectations to more unrealistic levels and ensures later disappointment. The economy pleases most people most of the time -- but can never please everyone all of the time.

Bumping In Schools (NYT)

The New York Times, December 27, 2006

The United States has a long and shameful history of dumping its least effective, least qualified teachers into the schools that serve the neediest children. The No Child Left Behind Act requires the states to end this practice. But the states are unlikely to truly improve teacher quality — or spread qualified teachers more equitably throughout the schools — until they pay more attention to how teachers are trained, hired, evaluated and assigned.

To get control of the assignment process, districts will need to abandon union rules that basically guarantee senior teachers the right to change schools whenever they want — even if the principal of the receiving school does not want them — by bumping a less senior teacher out of his or her job.

Obviously, not every teacher who moves to a new school is a bad egg. But principals who wish to shed ineffective teachers often induce them to transfer by threatening negative evaluations, turning the transferring teacher into the receiving school's problem. A study by a nonpartisan New York research group, the New Teacher Project, found that the transfer dance goes on well into the summer, creating a logistical train wreck in staffing. Unable to determine their hiring needs in a timely fashion, school administrators delay making decisions — thus losing better-qualified applicants who grow frustrated and take jobs elsewhere.

Talented novices, with no seniority rights to protect them, often quit the field after being shunted from one place to another. Others give up on the urban school systems where the bumping process is most prevalent and high-tail it to the suburbs. Meanwhile, back in the city, schools are still cobbling together their staffs after the school year has begun. The revolving door turns, instructional time is lost and children suffer.

States and localities are beginning to recognize the problems with this system. New York City, for example, eliminated the forced transfer right in contract negotiations. In California, the State Legislature has passed a law giving principals at low-performing schools the power to veto forced transfers. The law also requires that seniority-based transfers be completed for all schools by April 15 for the following school year.

Urban systems all over the country need to move toward reform. A senior teacher who has been forced out elsewhere or who simply wishes to move elsewhere should be guaranteed an interview at the preferred school, but not a job. School managers, who are increasingly being held accountable for student performance, need to be able to hire the candidate best suited for the position.

Somalian Troops Advance Toward Capital (AP)

By Mohamed Olad Hassan

AP, December 27, 2006

DOJ_NMG_0109401

Somalia government soldiers, joined by troops from neighboring Ethiopia, advanced toward Somalia's capital Tuesday as Islamic fighters dug in and promised a "new phase" in the war — a chilling pronouncement from a movement that has threatened suicide attacks.

Somalia called on the Council of Islamic Courts militias, bloodied by a week of artillery and mortar attacks, to surrender and promised amnesty if they lay down their weapons, government spokesman Abdirahman Dinari said.

A U.N. official, meanwhile, said Tuesday that Ethiopian-backed government troops were advancing on Mogadishu, the capital, from two directions and facing stiff resistance.

Francois Lonseny Fall, the top U.N. envoy to Somalia, also said 35,000 Somalis had crossed into neighboring Kenya to escape the fighting, which forced the U.N. to suspend aid delivery to two million Somalis.

As many as 1,000 people may have been killed and 3,000 wounded in the fighting, many of them foreign radicals, Ethiopian Prime Minister Meles Zenawi said.

Meles said about 3,000 to 4,000 Ethiopian forces, which entered Somalia on Saturday, may soon wrap up their offensive against the Islamic militias that until recent days controlled most of southern part of the country.

"As soon as we have accomplished our mission — and about half of our mission is done, and the rest shouldn't take long — we'll be out," Meles told reporters in the Ethiopian capital, Addis Ababa.

The U.N. envoy, Fall, called the fighting "disastrous" for the Somalian people and asked the Security Council to call for an immediate cease-fire.

The council took no immediate action on a draft presidential statement circulated by Qatar calling for a cease-fire and withdrawal of foreign forces, specifying Ethiopian troops. The United States and several other nations objected to singling out Ethiopia and the call for a truce, saying talks and a political agreement are needed for stability before foreign forces can leave. The council agreed to continue discussions Wednesday.

A U.S. State Department spokesman in Washington appeared to endorse Ethiopia's military action, saying it had "genuine security concerns" about the growth of powerful Islamic militias next door.

The spokesman, Gonzalo Gallegos, said he had no information on whether the U.S., which is concerned about the militia's ties to foreign Islamic militants, was aiding the Ethiopian military with supplies.

Ethiopia sent fighter jets streaking deep into militia-held areas Sunday to help Somalia's U.N.-recognized government push back the Islamic militias. Ethiopia bombed the country's two main airports and helped government forces capture several villages.

Sheik Sharif Sheik Ahmed, a top leader of the Islamic group, accused Ethiopian troops of massacring 50 civilians in the central town of Cadado. Ethiopian officials were not immediately available to respond.

Ahmed said his fighters are in tactical retreat in the face of superior Ethiopian firepower. But the military struggle has just begun, he added.

"The war is entering a new phase," Ahmed said from Mogadishu, the capital. "We will fight Ethiopia for a long, long time and we expect the war to go everyplace."

Ahmed declined to elaborate, but some Islamic leaders have threatened a guerrilla war to include suicide bombings in Addis Ababa.

Ismael Mohamoud Hurreh, Somalia's foreign minister, said Tuesday that the government's small military force has been training for this offensive for five months.

"We will hold our line very, very well, don't worry about that," Hurreh told reporters in Nairobi, Kenya.

Experts fear the conflict in Somalia could engulf the region. Islamic courts leaders have repeatedly said they want to incorporate ethnic Somalis living in eastern Ethiopia, northeastern Kenya and Djibouti into a Greater Somalia.

For months, foreign Islamic radicals — including Pakistanis, Arabs and Chechens — have been trickling into Somalia to fight on behalf of the Islamic movement. According to a U.N. report in October, Eritrea — Ethiopia's neighbor and longtime adversary — has dispatched 2,000 soldiers to Somalia to fight against the Ethiopian-backed central government.

Ethiopia's Meles said his goal is not to defeat the militias but severely damage their military power — and allow both sides to return to peace talks on an even footing.

"The rank and file of the Islamic Courts militia is not a threat to Ethiopia," he said Tuesday. "Once they return to their bases, we will leave them alone."

Ethiopian troops will not enter Mogadishu, he said. Instead, he said, Somali forces would encircle the city to contain the militias that control it.

Any effort by the Somali government or Ethiopia to take the capital risks a disaster similar to the U.S. intervention in Somalia in 1992.

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That U.N.-sponsored mission ended in 1993, after Somali militiamen shot down a U.S. Army Black Hawk helicopter. Eighteen American servicemen were killed in the crash and vicious street fighting that preceded and followed, made famous in the book and movie "Black Hawk Down."

Somalia has not had an effective government since warlords overthrew longtime dictator Mohamed Siad Barre in 1991, pushing the country into anarchy.

Two years ago, the United Nations helped set up a central government for the arid, impoverished nation on the Horn of Africa. But until the past week, it had little influence outside of its seat in the city of Baidoa, about 140 northwest of Mogadishu.

The country was largely under the control of warlords until this past summer, when the Islamic militia movement pushed them aside.

One critical issue is whether the central government can win the support of Somalis. Many resent Ethiopia's intervention because the countries have fought two wars over their disputed border in the past 45 years.

Hurreh, the Somali foreign minister, said Somalis will embrace the fall of the Islamic militias. Their severe interpretation of Islam is reminiscent, to some, of Afghanistan's Taliban regime — ousted by a U.S.-led campaign in 2001 for harboring Osama bin Laden.

"A lot of people in Mogadishu will be very happy to chew some qat and have the Islamic courts out of their way," Hurreh said, referring to the narcotic leaf banned by many of the Islamic courts.

U.S. Signals Backing For Ethiopian Incursion Into Somalia (NYT)

By Mark Mazzetti

The New York Times, December 27, 2006

WASHINGTON, Dec. 26 — The United States on Tuesday signaled its support for the Ethiopian offensive in Somalia, calling it a response to “aggression” by Islamists who have since the summer been consolidating power in the country.

A spokeswoman for the State Department, Janelle Hironimus, said Ethiopia was trying to stem the flow of outside arms shipments to the Islamists. Ms. Hironimus added that Washington was concerned about reports that the Islamists were using child soldiers and abusing Ethiopian prisoners of war.

The statement was the most detailed by the United States since last week, when the long-simmering tension between Ethiopia and Somalia boiled over.

Ethiopia has long been a strong ally of Washington in the Horn of Africa. The American military has for years trained Ethiopian troops at bases in the eastern region. The training is part of a Pentagon effort to build the Ethiopian military into a bulwark against regional terrorist networks.

Maj. Marie Boughen of the Army, a spokeswoman for the United States Central Command, which has military responsibility for the horn, said no American troops were participating in the Ethiopian offensive or working as advisers for it.

The Ethiopian military presence in Somalia, while tacitly blessed by Washington, has nonetheless been awkward for American officials. They have publicly urged a return to peace talks by warring Somali factions, but some officials have also said an Ethiopian invasion could be the only factor to prevent the Islamists’ complete takeover of Somalia.

On Tuesday, a day after an Ethiopian jet strafed the airport in Mogadishu, the capital, the State Department issued internal guidance to staff members, instructing officials to play down the invasion in public statements.

“Should the press focus on the role of Ethiopia inside Somalia,” read a copy of the guidelines that was given to The New York Times by an American official here, “emphasize that this is a distraction from the issue of dialogue between the T.F.I.’s and Islamic courts and shift the focus back to the need for dialogue.”

T.F.I. is an abbreviation for the weak transitional government in Somalia.

“The press must not be allowed to make this about Ethiopia, or Ethiopia violating the territorial integrity of Somalia,” the guidance said.

The Bush administration is using American ambassadors throughout the region in an effort to have African nations press the Islamists to return to the negotiating table.

Senior leaders of the Islamist coalition, the Islamic Courts Union, have issued a global call to jihad for Muslims to travel to Somalia to fight troops from Ethiopia.

American intelligence officials said they did not believe that foreign fighters had traveled to Somalia in great numbers and that mostly Somalis made up the force fighting the Ethiopians.

American intelligence officials theorize that the Islamists, who wrested control of Mogadishu in June from a coalition of warlords supported by the Central Intelligence Agency, have ties to a Qaeda cell based in East Africa that is responsible for the bombings of the American Embassies in Kenya and Tanzania in 1998.

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This year, the C.I.A. began a covert operation to arm and finance the warlords, who had united under the banner of the Alliance for the Restoration of Peace and Counterterrorism. Operated from the intelligence agency's station in Nairobi, Kenya, the effort involved frequent trips to Mogadishu by case officers from the agency and paying hundreds of thousands of dollars to the warlords.

The operation backfired. When the payments to the warlords shifted the military balance of the country in their favor, the Islamists started a strike against the American-backed coalition and ran it out of Mogadishu.

Since June, the State Department has reasserted its control of Somalia policy, trying to build support for a plan to bolster the transitional government with peacekeeping troops from other African nations.

Ethiopia Forces Somali Islamist Retreat (FT)

By Andrew England

Financial Times, December 27, 2006

Islamist forces withdrew from frontline positions in central Somalia on Tuesday after days of bombardment by Ethiopian fighter jets and artillery that marked a dramatic escalation of the conflict in the Horn of Africa nation.

Ethiopia, which backs the weak Somali government, launched air strikes in Somalia on Sunday, following several days of fighting between the Islamists and the transitional administration's troops around the town of Baidoa, the government's seat.

Meles Zenawi, Ethiopia's prime minister, on Tuesday said between 3,000 and 4,000 Ethiopian troops had "broken the back" of the Islamist forces and that up to 1,000 Islamic fighters had been killed. "We have already completed half our mission, and as soon as we finish the second half, our troops will leave," he said.

The Somali parties have been at loggerheads since June after the Islamists seized the capital Mogadishu from a group of US-backed warlords. The Islamic Courts Union, an alliance of militias, then extended its area of control throughout much of southern Somalia, while the government, which is divided, unpopular in many areas and includes some of the country's notorious warlords, exerted little influence outside Baidoa.

However, the administration, formed two years ago at a UN-backed conference, is recognised by the international community. Addis Ababa repeatedly warned it would protect the government and its borders against any threat from the Islamists, but only acknowledged its direct military involvement in the conflict on Sunday with Mr Meles saying it had been "forced to enter a war".

Ethiopia is a key regional ally of the US and has a long history of Christian rule, but it also has a large Muslim population.

The air strikes were seen as an attempt to weaken and divide the Islamic alliance - which includes both conservatives and militant hardliners - and it was unclear how far Ethiopian troops would go inside Somalia, analysts said. The danger Addis Ababa faces is being dragged into a protracted guerrilla war it is unlikely to win if its forces move deeper into Somalia or attempt to enter Mogadishu. It could also increase support for the Islamists through its actions.

There have also been mounting concerns that an escalation could attract foreign Muslim militants and suck in neighbouring countries – both Ethiopia and Eritrea are accused of using Somalia as a proxy for their own border dispute.

"They [Ethiopia] could get bogged down and there would be no way out, like the Americans in Iraq," said Yemane Kidane, a former senior Ethiopian government official and analyst. "I don't think there will be a military solution but the Islamic courts have to calm down and realise they cannot do everything by force."

Mr Yemane and others said Eritrea's response to the escalation would be crucial as it backs the Islamists, a move thought to be motivated solely to counter Addis Ababa.

Sheikh Sharif Ahmed, a senior leader with the Islamists, said the war was "entering a new phase," and indicated the Islamists were preparing for guerrilla fighting. "We will fight Ethiopia for a long, long time and we expect the war to go every place," he said.

Analysts say that while the Islamists, which have no air power, had suffered losses, their withdrawal from positions around Baidoa appeared coordinated, suggesting it was not a spontaneous retreat.

The African Union, which is based in Addis Ababa, said it would meet today with the Arab League, which has mediated talks in Khartoum, and the Intergovernmental Authority on Development, a regional eastern African body, to see how a faltering peace process could be revived.

However, there appeared to be divisions within the AU, with Patrick Mazimhaka, the deputy AU commission chairman, saying Ethiopia had the right to defend itself.

"We think the situation was definitely getting out of hand because the Islamic courts took it upon themselves to threaten all the neighbours with war, including Ethiopia, and we say if Ethiopia found itself vulnerable they have the right to defend themselves," he told the FT. "What we are saying is the international community as a whole, the UN, the AU, we do support the transitional government of Somalia which took so much to put in place."

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But Alpha Omar Konare, the commission's chairman, was later quoted in a statement saying he deeply regretted the escalation, calling for an end to the fighting and the resumption of dialogue.

Analysts, however, said Ethiopia's actions could embolden the Somali government and make it less willing to negotiate. Mr Meles has justified Ethiopia's action by saying it was forced to take "defensive measures," which would be "limited and proportional to the attacks launched against us and the dangers facing our country."

Both Addis Ababa and Washington accuse the Islamists of including and sheltering al-Qaida suspects, charges repeatedly denied by the courts' alliance. Somalia, a Muslim nation, has been without an effective government since 1991, and has been ruled by clan-based factions.

Many Somalis, while concerned about the extreme nature of some of the courts' leaders, had welcomed the Islamists for bringing a semblance of order to many areas for the first time in 15 years and filling the vacuum created in the absence of a state.

Ethiopians Closing In On Capital Of Somalia (WP)

By Stephanie McCrummen

The Washington Post, December 27, 2006

LONDON, Dec. 26 -- Ethiopian troops fought their way closer to the Somali capital of Mogadishu on Tuesday, pushing back militias loyal to the Islamic Courts movement that has until now controlled much of the country and vowed to wage a guerrilla war against Ethiopia lasting "years and years and years."

Aid workers said the number of injured had surpassed 800, as thousands of civilians battered by drought, floods and now rockets and mortars continued to flee villages in droves.

U.N. officials warned of a humanitarian crisis in Somalia, while fears remained high that Ethiopia's aggressive military campaign could have disastrous consequences not only for Somalia but across the Horn of Africa.

"I find it perplexing what the Ethiopians are up to," said David Shinn, a former U.S. ambassador to that country. "Over the long term, I don't see where this gets them. And one wonders how long they can hang on in this situation, because eventually it's going to turn into a nasty guerrilla war, and I don't think the Ethiopians have the stomach to carry on with that kind of campaign."

It was unclear Tuesday whether Ethiopian troops were preparing to invade Mogadishu or merely surround it.

But Shinn and others noted that a force of 15,000 troops had failed to subdue the capital in 1993, when 18 U.S. troops were killed in an incident depicted in the book and film "Black Hawk Down."

At a news conference in Addis Ababa, Ethiopian Prime Minister Meles Zenawi said that he had no plans to push into Mogadishu but that the campaign was only half-completed. The only option now, he added, was to win.

He said that he was pleased at how swiftly the campaign had gone and that 3,000 to 4,000 Ethiopian troops had "broken the back" of the Islamic Courts movement, which he has repeatedly accused of supporting secessionist groups in Ethiopia.

As Ethiopian troops pushed ahead, however, the Islamic Courts militias appeared to withdraw almost simultaneously from their front line positions, suggesting a coordinated strategy rather than a chaotic retreat, analysts said.

It was unclear where the Islamic fighters went. Some were spotted with their battle gear around Mogadishu; analysts said it was likely that most headed into the bush to prepare for a war on their own terms.

"The Islamic Courts know they can't confront Ethiopian tanks and airplanes" with trucks mounted with machine guns and ground troops, Shinn said. "I think they'd love to suck Ethiopia deep into Somalia and then slowly try to pick them off as they get bogged down."

On Tuesday, Islamic Courts leader Sharif Ahmed again condemned the international community for failing to stop the Ethiopian attack, which is widely perceived to have U.S. support, and he said the war had "entered a new phase."

As the fighting continued, members of the U.N. Security Council called an emergency meeting in New York to discuss the conflict and consider a joint statement put forward by Qatar.

Ambassadors from the 15 countries on the council were briefed first by Secretary General Kofi Annan's special representative for Somalia, Francois Lonseny Fall, and then began debating the text of a statement calling for the withdrawal of Ethiopian forces from Somalia.

But U.S. diplomats said they would seek changes to the draft.

"We don't want to single out Ethiopia in that way and believe they have legitimate security concerns," a U.S diplomat said. "Our position is that we need all parties to return to dialogue."

The diplomat, who agreed to discuss aspects of the U.S. position in exchange for anonymity, said the United States would also push for a condemnation of the Islamic Courts' use of child soldiers in the conflict.

It was unclear whether the Security Council would be able to reach consensus on the statement before Wednesday. Meanwhile, a Somali envoy to Ethiopia said Ethiopian troops could take over Mogadishu in 24 to 48 hours.

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State Department spokesman Gonzo Gallegos reiterated the U.S. position that Ethiopia "has genuine security concerns with regard to developments within Somalia and has provided support at the request of the legitimate governing authority."

President Bush spoke to Ugandan President Yoweri Museveni by telephone about the tension in the region, a White House spokesman said.

This month, faint hopes for a peaceful resolution to the conflict were pinned on a U.S.-sponsored U.N. resolution authorizing deployment of an African Union force, excluding Ethiopia and other neighboring states, to protect Somalia's interim government, which is in quasi-exile in the town of Baidoa, about 70 miles from Mogadishu.

The theory was that the force would remove Ethiopia from the volatile equation. But only Uganda has tentatively agreed to send troops to the African Union force, a commitment more recently in serious doubt. African Union officials have said any deployment could take months. And the Courts movement has said deployment of any such force would be considered an invasion.

Given those circumstances, some diplomats in the region have advanced a logic opposite that of the African Union deployment: to push for the complete withdrawal of all foreign forces.

A U.N. report this year found that at least 10 countries were in some way involved in the conflict in Somalia, a sign of the country's strategic importance in the region. And Monday, witnesses said fighters from Eritrea, a bitter foe of Ethiopia, as well as from Pakistan were among those fighting alongside the Islamic militias.

For his part, Meles has described his own military intervention as self-defense.

Ethiopia and the United States have accused the Courts movement of harboring terrorists, a charge the organization has denied. Opposition groups in Ethiopia have said Meles, who supplies intelligence to the United States on Somalia, has exaggerated the terrorism claim to win U.S. support as his increasingly authoritarian government stands accused of human rights violations.

The United States and Ethiopia have been of one mind that a complete takeover of Somalia by the Islamic Courts is unacceptable, because of fears that the country could become a base for Muslim extremists.

Yet U.S. policy in Somalia has been widely criticized for having the opposite of its intended effect, often encouraging the expansion of the Courts movement.

This year, the United States supported warlords who called themselves an "anti-terrorism" coalition. The warlords generally bribed and terrorized ordinary Somalis, who came to despise them. The Islamic Courts came to power as an alternative to the hated warlords, establishing order based on Islamic law village by village and earning widespread support from beleaguered Somalis tired of 15 years of near-anarchy.

More recently, perceived U.S. support for Ethiopia, and the U.S. sponsorship of the U.N. resolution calling for the African Union deployment, appears to have been used by the Courts movement to rally support.

Staff writer Dafna Linzer in New York contributed to this report.

Islamists Retreat In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, December 27, 2006

NAIROBI, Kenya, Dec. 26 — The Islamist forces once in control of much of Somalia are crumbling faster than anyone expected and beat a hasty retreat back to their stronghold in Mogadishu, Somalia's battle-scarred capital, on Tuesday.

By dawn, Buurhakaba, a large inland town, had fallen to the Islamists' rivals, along with nearby Dinsoor and Bulo Burti, where just a few weeks ago the clerics in charge were threatening to behead people who did not pray five times a day.

The Islamist fighters, who had seemed invincible after taking Mogadishu from the city's warlords in June, now seem powerless to stop the steady advance of the internationally recognized transitional government and the Ethiopian forces that are backing it.

By nightfall, the transitional government's troops were 50 miles from Mogadishu, calling for the Islamists to surrender. The Islamist leaders refused, saying they would take their fight "everywhere," possibly a threat to unleash guerrilla tactics and suicide bombers, which they have already used.

The fast-moving developments seemed to confirm what United Nations officials and witnesses in Somalia have been saying since the fighting erupted a week ago: that the teenage troops of the Islamists, however religiously inspired, were no match for the better-trained Ethiopian-backed force, with its tanks and fighter jets.

Ethiopia's prime minister, Meles Zenawi, said Tuesday that his soldiers and their Somali allies had "broken the back" of the Islamists and killed more than 1,000 fighters, though United Nations officials have put the toll substantially below that.

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But the conflict is hardly over. Thousands of people continue to march through the streets of Mogadishu, rallying for the Islamists, and analysts are unanimous that an Ethiopian occupation of Mogadishu, a city thick with weapons and xenophobia, could become a bloodbath.

In Baidoa, the seat of the transitional government, leaders said they were planning to take the capital, where they had been afraid to work until now.

"It's just a matter of time," said Hussein Saylan, chief of the transitional cabinet, from a command center where radios crackled in the background. "We're moving swiftly toward Mogadishu, and the Islamists are panicking. We're finishing them off as we go."

Witnesses said Ethiopian fighter jets and helicopter gunships fired missiles at the retreating Islamists in pickup trucks — easy targets in the open desert.

In Mogadishu, the Islamists began fortifying the airport, radio station and other important buildings, preparing for a siege. Shopkeepers emptied their stores. Some families fled their homes and drove off with tents and water jugs in the back of their cars.

Western intelligence officials said soldiers from Eritrea were furiously distributing antiaircraft missiles to the Islamists, and residents in Mogadishu said they had already heard them being test fired. According to United Nations officials, thousands of fighters from Eritrea, Yemen, Syria and Libya have streamed into Somalia to wage a holy war against Ethiopia, a country with a long Christian history that today is about half Muslim.

Ethiopia and Eritrea are bitter enemies, having recently fought a costly border war that is still unresolved.

On Tuesday, Mr. Meles said, "The only forces we are pursuing are Eritreans who are hiding behind the skirts of Somali women."

Though diplomats in Africa have expressed concerns about the conflict in Somalia exploding into a wider regional war, most have been noticeably silent about Ethiopia's aggressive tactics. Ethiopian officials have said they sided with the transitional government because Somalia's Islamist movement was a regional menace.

Patrick Mazimhaka, a high-ranking African Union official, told the BBC that Ethiopia was within its rights to strike.

"It is up to every country to judge the measure of the threat to its own sovereignty," he said.

American officials have given Ethiopia, one its closest allies in Africa, their tacit approval to do what is necessary to neutralize the Islamists, whom American intelligence agents have accused of sheltering terrorists with Al Qaeda. But American officials have asked Ethiopia to avoid strikes that could kill large numbers of civilians, and so far Ethiopia seems to be cooperating.

On Tuesday, analysts in Nairobi said American surveillance planes were funneling battlefield intelligence to Ethiopian forces.

Maj. Kelley Thibodeau, spokeswoman for the task force of American military personnel based in nearby Djibouti, said she was "not at liberty to discuss" the matter.

Though there are more than 100 American soldiers training Ethiopian troops, Major Thibodeau said: "Officially, we haven't put anybody in Somalia. The Americans don't go forward with the Ethiopians. They are training Ethiopians in Ethiopia."

As the Ethiopian-backed forces continued their rout, it seemed that the Islamists might have overplayed their hand. Just a few months ago, the Islamists were the most powerful force in Somalia and popular in many areas for restoring order after 15 years of anarchy. The transitional government, an assortment of clan elders and former warlords, had been marooned in Baidoa, too weak to extend its authority beyond the city limits. Instead, it had been urging the Islamists to return to peace talks to discuss sharing power.

But all that changed last Wednesday at dawn, when the Islamists attacked Baidoa from two directions. Witnesses said waves of young fighters were summarily mowed down by the more experienced Ethiopian-backed troops. Then on Saturday, the Islamists announced that Somalia was open to Muslim fighters across the world who wanted to wage a jihad against Ethiopia.

The next day, Ethiopia struck, its military pushing deep into Somalia to begin wiping out the Islamist forces.

"Our entire defense system was instantly overrun," said Ibrahim Diris, a medic for the Islamist forces who narrowly escaped capture in Buurhakaba. "They attacked us with tanks, planes, helicopters and infantry. Thank God they spared the ambulances."

The question now is whether Ethiopian forces will try to seize Mogadishu.

At the United Nations on Tuesday, the special envoy for Somalia, François Lonseny Fall, urged the Security Council to call for a cease-fire, saying that although the interim government's forces were advancing toward Mogadishu, they were "still facing stiff resistance" in several areas. Speaking at an emergency session, he said he feared that continuing violence could have "serious consequences" for the entire region.

Ethiopia's deputy foreign minister, Tekeda Alemu, said taking Mogadishu was not part of the plan.

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"We are a poor country and we know that what we can accomplish is limited," he said. "We don't want to go into Mogadishu. We want the two sides to talk."

But neither side seemed ready to negotiate. "The war is entering a new phase," said Sheik Sharif Ahmed, a top Islamist leader. "We will fight Ethiopia for a long, long time and we expect the war to go everywhere."

The toll is piling up. At Benadir hospital in Mogadishu, a crowd of women pushed at the gates to see wounded sons and husbands. Some women threw stones at the Islamist commanders and shouted, "Fight your own holy war!"

What's Going On In Somalia? (WSJ)

By Jonathan Stevenson

The Wall Street Journal, December 27, 2006

Though 98% Muslim and long without a functioning government, southern Somalia has not, so far, ripened into the fully fledged terrorist threat that many have feared it would. This week, however, as Ethiopia engaged Islamist Somali militiamen, Somalia became the site of a nascent regional war. The primary combatants are Somalia's secular Transitional Federal Government (TFG), which is internationally recognized and politically supported by the U.S., and the Islamist "Islamic Courts Union" that holds sway on the ground. They are backed militarily by two fierce rivals, Ethiopia and Eritrea, respectively. The military balance appears indeterminate. Ethiopia has deployed 15-20,000 troops in Somalia. Eritrea has provided arms to the Islamic Courts militias and sent only about 2,000 troops to support them; but the Islamic Courts hold more territory than the TFG and have greater indigenous assets and popular support. Even if Somalia does not become a terrorist redoubt, it could become a potent fount of regional geopolitical instability and perhaps the next "field of jihad" unless diplomatic attention is rallied to rescue the situation. * * *

Ethiopia has a politically dominant Christian tradition and is vigorously opposed to Islamism. Al-Ittihad al-Islamiah, a Somali Islamist group aligned with the Islamic Courts, has sought to force the secession of Ethiopia's heavily ethnic Somali Ogaden region, and Ethiopian troops were responsible for eliminating several terrorist training camps run by al-Ittihad in the late 1990s. Although about half Muslim and half Christian, Eritrea's support for the Islamic Courts rests on its strategic enmity toward Ethiopia. The Islamic Courts are also politically and financially backed by several Muslim states, including Egypt, Djibouti, Iran, Saudi Arabia, Yemen, Libya and Sudan. Ethiopia's preventive intervention against the Islamic Courts -- tacitly approved by the U.S. -- prompted them to declare jihad against Ethiopia in November. Meanwhile, on Dec. 7 the U.N. Security Council unanimously adopted U.S.-sponsored Resolution 1725, authorizing the deployment of an African force in Somalia to protect the TFG and partially lifting a weapons embargo to Somali factions, which stands to strengthen the TFG and secular militias. The resolution spurred the Islamic Courts to declare jihad against any U.N.-sanctioned force, and the Eritrean government branded it "an attack on the Somali people." Foreign jihadists are reported to be infiltrating Somali territory already.

The volatile situation in Somalia presents the West with a thorny and immediate problem. To quell geopolitical tensions created by Ethiopia and Eritrea's intervention, a U.N.-sanctioned force would have to be led by a major power. Yet even if such a power could afford the troops and materiel, the insertion of a significant number of Western-led foreign troops would run the risk of attracting (as in Iraq) still more foreign jihadists to Somalia and inspiring terrorist attacks worldwide.

The U.N. and the African Union (AU) support the TFG, and the former has authorized peacekeeping troops. In hopes of minimizing regional tensions, the Security Council resolution bars the participation of neighboring nations Kenya and Djibouti as well as Ethiopia in any peacekeeping contingent, and limits the notional outside force to physically protecting the TFG in and near Baidoa, and to training TFG security forces. But there is little manpower available for any serious effort. The resolution also does not deal with foreign forces already in Somalia. While the resolution is nobly intended to promote political negotiations between the TFG and the Islamic Courts Union, coupled with Ethiopia's substantial military commitment to the TFG it may have had the effect of providing the TFG with enough political cover to defer dialogue. Furthermore, only Uganda has offered troops, and has done so ambivalently and against domestic public opinion. In any case, though trained by the French and the British, Ugandan troops would probably be both numerically and professionally inadequate.

Although Washington would probably provide logistical support and some funding for a Uganda-led force, it has essentially charged Uganda and the Intergovernmental Authority on Development (IGAD) -- most of whose members (Djibouti, Eritrea, Sudan and, less rigidly, Kenya) oppose intervention -- with executing Resolution 1725. Accordingly, the military mission, in any case of dubious political value, is unlikely to gather momentum. Meanwhile, rough military parity allows the two Somali factions to procrastinate diplomatically.

While at times disingenuously denying that it has deployed troops in Somalia, Ethiopia has indicated that any troops are intended as a deterrent and that it is not eager to engage in a long war. The Islamic Courts, for their part, have demonstrated a degree of caution. Fatalities still probably number only dozens rather than hundreds. Thus far, the major powers have tacitly allowed Ethiopia and Eritrea to keep assets deployed in Somalia while pressuring both to refrain from escalating to all-out war.

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But these weak constraints cannot produce operational equilibrium between the TFG and the Islamic Courts Union for long enough to allow effective major-power attention to gravitate to Somalia before war arises.

Absent an unattainably strong peace-enforcement contingent, the only solution would appear to be robust diplomacy aimed at stabilizing the Somali situation by a power-sharing arrangement between the TFG and the Islamic Courts. Both the U.N. and the AU, as well as the U.S. and key European capitals, however, have their hands full with even more pressing regional matters, such as Darfur. Indeed, all save the AU are overstretched by Iraq, Afghanistan and the campaign against Islamist terrorism. They cannot be expected to devote serious diplomatic attention to Somalia in the short term. While Yemen and the Arab League have made attempts to facilitate dialogue, they are not likely to have the influence to close a sustainable deal.

The EU, however, has shown appreciation for the gravity of the crisis. On Dec. 8, EU development minister Louis Michel held separate talks with the TFG and the Islamic Courts in hopes of lowering tensions, albeit to no clear avail. Kenya, the most effective broker in the region on Somali issues, has sponsored the TFG. But Nairobi -- constrained by a rising cross-border threat from the Islamic Courts and political pressures from its own substantial ethnic Somali population -- has defaulted to a position of "neutrality." Since open conflict could send hundreds of thousands of refugees over its border, however, Nairobi may abandon timidity and push for negotiations. Religious leaders in Kenya have urged as much. With the EU's diplomatic sponsorship and residual U.S. support, such an effort might enforce a pause and bring the four principals -- the TFG, the Islamic Courts, Ethiopia and Eritrea -- to the table. Otherwise, only further escalation is likely to bring decisive major-power attention to the Horn of Africa.

Mr. Stevenson is a professor of strategic studies in the Strategic Research Department at the U.S. Naval War College.

War In Somalia (WP)

The Washington Post, December 27, 2006

IN THE PAST week a dangerous round of warfare has erupted in Somalia, a failed state in the Horn of Africa that the United States tried in vain to rebuild in the early 1990s. Troops from neighboring Ethiopia who were defending a U.N.-backed transitional government were attacked by forces of the Islamic Courts movement, which for the past six months has controlled much of the southern part of the country. Ethiopia responded by launching a full-scale offensive against the Islamists; by yesterday its forces had captured several towns and were said to be advancing toward Mogadishu, the capital.

For the Bush administration there was both good and bad news in these developments. The Islamic Courts movement poses a potentially serious security threat to the United States: Its leadership includes a U.S.-designated terrorist, and it is known to be harboring al-Qaeda militants, including several who helped carry out the 1998 bombings of U.S. embassies in Kenya and Tanzania. In recent months it has been inviting radical Muslims to Somalia, and thousands have reportedly arrived from such countries as Syria, Yemen and Libya. In short, the Courts-controlled portion of Somalia has begun to look a lot like Afghanistan under the Taliban before Sept. 11, 2001.

Ethiopia's actions, however, are problematic. The country's autocratic government and a slight majority of its population are Christian; this has fueled resistance to its intervention from Somalis and Muslim governments that might not otherwise support the fundamentalist Courts. According to U.S. and U.N. reports, millions of dollars in funding and arms have flowed to the Islamists from Saudi Arabia, Egypt and other Arab states, while neighboring Eritrea, a bitter adversary of Ethiopia, has deployed its own troops. Some experts warn that the fighting could morph into a regional war; others say Ethiopia could get bogged down in a prolonged guerrilla war with local and foreign Muslim insurgents.

Having floundered through a series of failed Somalia strategies, the administration appears to have a somewhat confused view of the latest fighting. Earlier this month it pushed for a U.N. Security Council resolution that called for an end to foreign intervention, the deployment of a peacekeeping force and negotiations between the rival Somali governments. President Bush spoke yesterday with the president of Uganda, which had offered peacekeepers. Yet even while reiterating its call for negotiations, the administration also appears to be supporting the Ethiopian offensive: The State Department said that Ethiopia had a right to defend itself against the Islamists and that its troops were there at the invitation of a legitimate authority, the transitional government.

Maybe the Ethiopian forces will crush the Islamists and their al-Qaeda allies and thereby rescue the United States from its predicament. More likely, the administration will have to prepare for much more active U.S. engagement in what is emerging as a hot new front in the war on terrorism.

Iran's Parliament Votes To Revise Ties With The U.N. Nuclear Agency (USAT/AP)

USA Today, December 27, 2006

TEHRAN, Iran (AP) — Iran's parliament voted Wednesday to urge the government to "revise" ties with the U.N. nuclear agency in a move seen as likely to reduce the country's cooperation with the international atomic authority.

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The vote came four days after the U.N. Security Council decided to impose limited sanctions on Iran for its refusal to cease enrichment of uranium — a process that produces the material for either nuclear reactors or bombs.

Members of Iran's ruling hierarchy had repeatedly urged the government to cut ties with the International Atomic Energy Agency, the U.N.'s nuclear watchdog, if the Security Council imposes sanctions.

Wednesday's vote in parliament stopped short of recommending a severance of relations with the IAEA, but it put the Vienna-based agency on notice that business would not be as usual.

The bill said that the government was "obliged to accelerate the country's peaceful nuclear program and revise in its cooperation with the International Atomic Energy Agency based on national interests."

In a session broadcast live on state radio, parliamentary speaker Gholam Ali Haddad Adel said: "Some 161 out of 203 present legislators voted in favor of the bill."

Fifteen legislators voted against the bill, and another 15 abstained.

The government supported the bill. "This is a very helpful proposal," Deputy Foreign Minister Hamid Reza Asefi told the assembly. "I ask legislators to vote for it."

The Guardian Council, a constitutional watchdog controlled by hard-line clerics, approved the bill very quickly — showing how seriously the ruling hierarchy regarded the move.

"I was informed that the Guardian Council also approved the bill, minutes after the parliament," said deputy speaker Mohammad Reza Bahnoar.

Before the vote, speaker Haddad Adel said the bill would not bind the government to a particular course of action.

"The bill gives a free hand to the government to decide on a range of reactions — from leaving the Nuclear Non-proliferation Treaty to remaining in the International Atomic Energy Agency and negotiating. We trust the government," Haddad Adel said.

Some legislators pushed for a bill that took a more aggressive line against the Vienna-based International Atomic Energy Agency, which they accused of being dominated by the United States.

"The draft is not appropriate to the United States' animosity to Iran," said legislator Hassan Kamran. "This is a weak draft. It should be stronger."

But other legislators said the bill should be thrown out.

"There is no need for the bill. We should lessen tensions," said legislator Noureddin Pirmoazzen.

The bill will take effect 15 days after it is signed by President Mahmoud Ahmadinejad, who has ardently championed the nuclear program.

The United States and some allies accuse Iran of using a civilian nuclear program as a cover for developing a nuclear bomb. Iran denies this, saying its program is strictly for generating electricity from nuclear fuel.

Iran Parliament Debates Reply To U.N. Penalties (NYT)

By Nazila Fathi

The New York Times, December 27, 2006

TEHRAN, Dec. 26 — Parliament began debate on Tuesday on how to respond to sanctions imposed by a United Nations Security Council resolution on Saturday, but two high-level officials said they doubted that Iran would bar nuclear inspectors and drop out of the Nuclear Nonproliferation Treaty.

Before the Security Council vote, hard-line politicians and conservative newspapers in Iran had called for taking those strong actions.

Kazem Jalali, an influential member of Parliament and its foreign policy committee, said it did not appear to be the right time to bar United Nations' inspectors or withdraw from the treaty, although he reserved Iran's right to do so later.

Muhammad Saeedi, the deputy leader of the country's Atomic Energy Organization, doubted a majority in Parliament wanted to pull out.

"They are upset about the resolution, but Parliament will make a reasonable decision," he said.

The Security Council resolution is meant to curb Iran's nuclear program and bans the import and export of materials and technology used in uranium enrichment, reprocessing and ballistic missiles. The resolution, weaker than what the United States proposed, has been debated in the United Nations since Iran ignored Council calls to suspend nuclear activities by Aug. 31.

Iran says its nuclear program is allowed under the treaty and is intended for domestic energy production. The United States and others contend that the program is a cover for a plan to produce nuclear bombs.

The discussions in Parliament were at an early stage on Tuesday, and no consensus was reached about what action should be taken, if any.

Newspapers here have been prohibited from criticizing Iran's nuclear policy, and none have done so.

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But this week, several moderate newspapers indicated in editorials that the sanctions might have a greater economic effect than the government had acknowledged. Iran's president, Mahmoud Ahmadinejad, has vowed that the sanctions will not prevent the country from proceeding with its nuclear program.

An editorial on Tuesday in the daily, Aftab-e-Yazd, said an "unreasonable and emotional" reaction to the sanctions could be very dangerous.

Iran 'revises' Co-operation With IAEA (FT)

By Najmeh Bozorgmehr

Financial Times, December 27, 2006

Iran's parliament on Tuesday considered a plan to "revise" the country's co-operation with the International Atomic Energy Agency in response a vote by the UN Security Council to impose sanctions on Iran's trade in sensitive nuclear materials and technology.

Saturday's UN vote, aimed at dissuading Iran from carrying out uranium enrichment activities that could produce material to be used in a nuclear weapon, was dismissed by President Ahmadi-Nejad on Sunday as "illegal" and "superficial".

Manouchehr Mottaki, Iran's foreign minister, who attended a closed parliamentary session on Tuesday to discuss Iran's response, told reporters that the government fully endorsed parliament's plan, although it was not clear whether the move would be anything other than symbolic.

Iran's policy seems to be neither to accept the UN demand, nor make any immediate threats to withdraw from the Non-Proliferation Treaty or to deliberately upset the oil market.

"MPs reiterated that we should not take any provocative step," Ali Asgari, an MP told reporters after the meeting. "But we should have some surprising moves."

He may have been referring to a statement by Ali Larijani, Iran's top nuclear official immediately after the UN vote, who said Iran would go ahead with installing 3,000 centrifuges in its pilot plant of Natanz. Mr Mottaki said the centrifuges would start enrichment "soon".

Experts believe that 2,000 centrifuges can produce sufficient highly-enriched uranium for a reactor or a bomb. Iran denies any military purposes for its nuclear programme, which it says it is merely for civilian purposes.

Analysts say Iran's president believes sanctions will not hurt Iran and that the country should not show any sign of retreat. However, the country's supreme leader, Ayatollah Ali Khamenei, who is thought to be the key decision maker, has not yet reacted to the UN resolution.

Iran To Hasten Nuclear Work Despite U.N. Vote (WSJ)

The Wall Street Journal, December 26, 2006

Iran condemned a U.N. sanctions resolution as "a piece of torn paper" that wouldn't scare Tehran and vowed over the weekend to speed up uranium-enrichment work.

The U.N. Security Council voted unanimously Saturday to impose sanctions on Iran's trade in sensitive nuclear materials and technology, in an attempt to stop uranium-enrichment work that could produce material to be used in bombs. Iranian analysts said it could chase away foreign investment needed to create jobs.

President Mahmoud Ahmadinejad said the U.N. resolution -- drawn up by Britain, France and Germany and supported unanimously by the Security Council -- could change Iran's relationship with the International Atomic Energy Agency, the U.N.'s nuclear watchdog. Iran has already banned IAEA snap inspections of its nuclear plants in February as a response to the referral of its nuclear case to the Security Council.

Iran's top nuclear negotiator, Ali Larijani, said the resolution made his country more "decisive in realizing our nuclear aims." He said it would step up enrichment activities. "From Sunday morning, we will begin activities at Natanz" the site of 3,000 centrifuge machines, Iran's Kayhan newspaper quoted Mr. Larijani as saying. It was unclear whether the work began Sunday.

China urged a resumption of talks to defuse the confrontation, and French Foreign Minister Philippe Douste-Blazy said on France Inter radio, "I would not want to see Iran fall into a spiral that would be an isolationist spiral."

Iran, which has said it is making uranium for civilian-power purposes, has refused to end its nascent uranium-enrichment work in exchange for economic incentives. The resolution demands Iran end all research on uranium enrichment, which can produce fuel for nuclear power plants as well as for bombs, and halt all research and development on methods of producing or delivering atomic weapons.

The sanctions ban imports and exports of dangerous materials and technology relating to uranium enrichment, reprocessing and heavy-water reactors, as well as ballistic-missile-delivery systems. A ban on Iran's oil exports wasn't considered.

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Russia was successful in scrapping a mandatory travel ban. Instead, the resolution calls on states to notify a Security Council sanctions committee if any of the individuals on the list are in their countries. Russia, which is building an $800-million light-water reactor for Tehran that is exempt from the resolution, has tried to maintain close ties with Iran but is also concerned about any bomb-making intentions Iran may have.

The resolution brought is under a section of the U.N. Charter that makes enforcement mandatory but restricts action to nonmilitary measures. It includes a freeze on financial assets abroad of 12 individuals and 10 organizations from Iran associated with nuclear programs to prevent them from buying dangerous materials. There are numerous qualifications, including exempting contracts made prior to the adoption of the resolution.

Iran Summons UK Ambassador Over Blair Remarks (AFP)

AFP, December 27, 2006

Iran summoned Britain's ambassador in Tehran to its foreign ministry to hear its "strong objections" to British Prime Minister Tony Blair's claim that the Islamic republic poses a threat to the region.

The official IRNA agency said Geoffrey Adams was told by Ibrahim Rahimpour, the foreign ministry's director general for western European affairs, that Iran expects Britain "to stop the tirade of allegations" against it.

"Tony Blair has brought up baseless charges against Iran to cover up his failure in Iraq, Afghanistan and the Middle East, but to no avail," Rahimpour was quoted as telling the ambassador.

Rahimpour also criticised Britain for misrepresenting Iran's civilian nuclear program, after it co-sponsored a UN Security Council resolution last Saturday that imposed sanctions on Iran's nuclear and ballistic missile programmes.

"The resolution will not have any impact on the national resolve to produce nuclear energy in line with Non-Proliferation Treaty," he said.

In a speech in Dubai on December 20 during a Middle East tour, Blair accused Iran of being an obstacle to peace and urged moderate countries in the region to form an alliance to oppose Tehran's support for extremism.

"We must recognise the strategic challenge the government of Iran poses, not its people, not possibly all of its ruling elements but those presently in charge of its policy," Blair said.

IRNA reported that Rahimpour recalled to Adams "the well-known strategy of the British colonial 'divide and rule' (policy), and said that Blair resorted to anti-Iran propaganda during his Middle East tour".

On Israel, Rahimpour was quoted as saying that "the occupying regime is passing through critical condition and Blair could do nothing to change the situation in Israel".

"Palestinian and Lebanese people are defending their own rights to the dismay of the occupying regime," Rahimpour said.

IRNA quoted Adams, who has been London's ambassador to Tehran since April 1 this year, saying that he could not interpret Blair's statement, but that he would pass along Iran's protest to his government.

Regarding the "anti-Iran resolution" adopted unanimously by the Security Council, Adams said that Britain was not the only state to vote for it.

Iran Irresolution (WSJ)

The Wall Street Journal, December 27, 2006

Among the least surprising news coming out of the holiday weekend is that Iran denounced even the U.N. Security Council's tepid sanctions resolution against its nuclear weapons program. More surprising -- and encouraging -- is that the U.S. State Department also seems unenthusiastic.

"From Sunday morning we will begin activities at Natanz," said Ali Larjani, Iraq's top nuclear negotiator about the site of its 3,000 centrifuge machines for enriching uranium. "And we will drive it with full speed. It will be our immediate response to the resolution."

And why should Iran react with any greater concern, since the language of the U.N. resolution was at most a wrist slap at Tehran for years of violating its promises under the Nuclear Nonproliferation Treaty? Four months after Iran rejected the U.N.'s August 31 deadline for ending its nuclear enrichment plans, the most the Security Council could unite behind was a narrow freeze on the assets of 10 companies and 12 individuals related to the program.

The resolution's order that countries stop supplying material for Iran's nuclear effort carves out a huge loophole for Bushehr, the Russian-supplied light-water reactor. Even a proposed international travel ban on Iranian officials was dropped in the end at Russian insistence. As John McEnroe might describe this resolution: "You cannot be serious!"

The charade was even more than the State Department could bear to endorse wholeheartedly. Nicholas Burns, Secretary of State Condoleezza Rice's right-hand man, praised the resolution for isolating Iran but added that "We don't think this

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resolution is enough in itself." And he suggested that the U.S. would now work to form coalitions outside of the U.N. to add pressure on Tehran. It's about time.

The aftermath of the resolution coincided with reports that coalition troops had captured Iranians helping insurgents in Iraq. This ought to underscore to Americans just how much Iran's leaders are trying to damage U.S. interests in the Middle East. These are the same Iranians with whom Jim Baker and Lee Hamilton and most of the U.S. foreign policy establishment want to negotiate; perhaps if the U.S. allows them to become a nuclear power, Iranian leaders will then agree to help kill fewer GIs.

As his Presidency grows shorter, Mr. Bush is going to have to decide how much longer he can afford to let diplomacy dominate his Iran strategy. The mullahs in Tehran have made clear their determination to build a nuclear weapon; the West has yet to show any comparable determination to stop them.

Assad Inspires 'Flip' Theories (WT)

By Iason Athanasiadis

The Washington Times, December 27, 2006

TEHRAN -- Recent visits by Syrian President Bashar Assad to U.S.-allied Yemen and the United Arab Emirates are prompting speculation that Syria is seeking to leave the Iranian orbit and pursue closer ties with the West.

Such a move would fulfill a major recommendation of the Iraq Study Group, headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, which suggested it might be possible through diplomacy to pry Syria away from Iran.

"Bashar was recently invited to Tehran by [President Mahmoud] Ahmadinejad as part of the Iranian effort to demonstrate regional leadership -- but he failed to show up, without even offering a public excuse," said Gary Sick, a U.S. foreign policy analyst who served on the National Security Council under Presidents Ford, Carter and Reagan.

"If you put this together with the 'Obaid initiative' to mobilize Arab action to stop Iran's encroachment in Iraq, it almost has the appearance of a regionally coordinated campaign."

Nawaf Obaid was fired this month as a Saudi foreign policy adviser after publishing an article saying, among other things, that Saudi Arabia could reduce Iran's regional prominence by raising oil production high enough to slash the price by half. Oil revenues are a crucial source of foreign currency for Iran.

Mr. Assad's talks in Yemen 11 days ago reportedly dealt with regional issues, including the infighting in the Palestinian territories, instability in Lebanon, Iran's nuclear program, Iraq and Somalia.

But eyebrows were raised by the timing of the trip, which came just two days after a visit to Yemen by U.S. Assistant Secretary for Near Eastern Affairs David Welch.

"I'll leave it to President [Ali Abdullah] Saleh to convey their views to President Assad," Mr. Welch said of the timing. "They know the views of the United States."

In another apparent overture yesterday, Mr. Assad told visiting Sen. Arlen Specter, Pennsylvania Republican, that he was willing to host a conference where all the factions of Iraq could seek a consensus on the country's future.

Graham Fuller, former vice chairman of the U.S. National Intelligence Council, expressed skepticism that Mr. Assad's travels represented some kind of back-channel negotiation with Washington.

He said he considered it "much more likely that Gulf leaders are wooing Assad as an intermediary to Iran to transmit their concerns and hopefully to achieve greater Iranian moderation."

Iranian analysts also doubt that Mr. Assad will give up his role as the western anchor of an anti-U.S. axis running from Tehran through Iraq and Syria to Hezbollah-controlled southern Lebanon.

"It would be rather unrealistic to consider that Syria, a poor and isolated country, would distance itself from Iran, a rich and effective actor, which can offer Syria security and financial help in an unfortunate situation," said Kayhan Barzegar, a professor of foreign affairs at Tehran's Islamic Azad University.

"The two have strategic interests to stay together right now."

Hasan Akhtari, Iran's ambassador to Damascus, acknowledged to the London-based pan-Arab newspaper Al-Hayat that "some people" think Syrian-Iranian relations are deteriorating. But, he said, "We aren't worried ... because we know that this isn't happening and will not happen."

Nevertheless, Syria has faced immense pressure since the assassination two years ago of former Lebanese Prime Minister Rafik Hariri, for which it has been widely blamed. Lacking a strong army and without substantial oil reserves, it is the weak link -- and the only Sunni member -- in the Iranian Shi'ite-led alliance.

The report of the Iraq Study Group urged the United States to try to "flip" Syria, disrupting the uninterrupted land bridge from Tehran to the Mediterranean and cutting off the arms supply chain to Hezbollah.

"If that's what's going on, the UAE visit after the snub of Iran may be early signs of success," Mr. Sick said.

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Any successful effort to woo Mr. Assad away from Iran would likely involve a deal with Israel for the return to Syria of the Golan Heights, which Israel captured in 1967.

Syria's political class is almost unanimous in the belief that now is the time to negotiate such a deal, while Israel is on the defensive over failing to crush Syrian ally Hezbollah during its August offensive in southern Lebanon. Mr. Assad has made repeated overtures to Israel seeking peace talks.

Former Iranian Deputy Foreign Minister Mahmoud Vaezi indicated last year that Tehran was less than fully confident of Syria's loyalty, saying Mr. Assad "will receive our diplomatic support. More than that depends on what kind of positions Syria will adopt."

Several analysts, however, cautioned against expecting a quick change of direction from the Syrian president.

"The Assads of Syria are currently being wooed by one and all," said Ammar Abdulhamid, a Syrian dissident and fellow of the Saban Center for Middle East Policy at the Brookings Institution. "But soon everybody will be wowed by how little they actually have to offer and by how bent they are on overplaying their hand."

'Syria Is Ready And Willing To Engage' (USAT)

USA Today, December 27, 2006

Imad Moustapha, Ph.D., Ambassador of the Syrian, Arab Republic to the USA - Washington

It is always refreshing to hear moderate, wise voices from the United States calling for what diplomacy is really about: dialogue and engagement ("A two-way street with Syria," The Forum, Dec. 20).

Syria has repeatedly called upon this administration to abandon its policies toward Syria and work together toward a more constructive policy in the Middle East. Former secretaries of State Colin Powell, Madeleine Albright and James Baker — who, unlike Secretary of State Condoleezza Rice, had a direct working relationship with Syria — consider their engagement with Syria as one that served U.S. national interests.

Syria is ready and willing to engage, but this needs courage and vision from the other side.

Posted at 12:08 AM/ET, December 27, 2006 in Foreign Affairs - Middle East - Letters, Iraq - Letters, Letter to the editor, Politics, Government - Letters | Permalink

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Israel Settlement Breaks Promise To U.S. (AP)

By Ravi Nessman

AP, December 27, 2006

Israel has approved a new settlement in the West Bank to house former Jewish settlers from the Gaza Strip, officials said Tuesday, breaking a promise to the U.S. to halt home construction in the Palestinian territories.

Construction in the northern West Bank town of Maskiot began months ago, but the project only received final approval from the Defense Ministry last week, said Dubi Tal, head of the Jordan Valley regional council.

Saeb Erekat, an aide to Palestinian President Mahmoud Abbas, condemned the construction and urged the government to revoke its authorization, saying it violated the spirit of cooperation inaugurated by a meeting Saturday between Abbas and Israeli Prime Minister Ehud Olmert.

"What message are they trying to send?" Erekat asked.

The settlement will house 23 families who were evacuated when Israel withdrew from the Gaza Strip last year, and will eventually house 100 families, Tal said. "I estimate that within two or three weeks the foundations for temporary housing will begin," he said.

Olmert has signaled in recent weeks that he is ready to make broad territorial concessions to the Palestinians under a final peace settlement, but he has also said he wants Israel to retain large settlement blocs. The Palestinians claim all of the West Bank, captured by Israel in the 1967 Middle East war, as part of a future independent state.

Under the stalled, U.S.-backed "road map" peace plan, Israel pledged to freeze all settlement expansion, while the Palestinians promised to crack down on militants. Neither side has followed through.

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"The U.S. view on settlements remains unchanged," said Geoff Anisman, a spokesman for the U.S. Embassy in Tel Aviv. "The U.S. continues to urge both sides to meet their road map obligations and to avoid taking steps that could be viewed as predetermining the outcome of final status negotiations."

Saturday's Olmert-Abbas summit sought to build on momentum from an Israeli cease-fire with the Palestinians in the Gaza Strip, which took effect last month. Olmert made a series of gestures to the moderate Palestinian leader, offering to lift some West Bank checkpoints and unfreeze hundreds of millions of dollars in withheld tax funds.

On Sunday, Olmert indicated he might release some Palestinian prisoners in the coming days, softening his long-standing opposition to such a move.

Despite the truce, Gaza militants launched seven rockets into Israel on Tuesday, hitting a street in the town of Sderot and seriously wounding two 13-year-old boys, Israeli officials said. The Islamic Jihad militant group claimed responsibility for all the attacks.

Militants have launched about 60 rockets since the truce was declared, and Israeli officials have warned their patience is waning.

"Israel has been displaying restraint, but this restraint will not continue indefinitely while Israelis continue to be attacked," said David Baker, an official in Olmert's office.

Security officials said Defense Minister Amir Peretz urged Olmert late Tuesday to reconsider his policy of restraint in the face of the rocket barrages.

Meanwhile, Israeli troops shot and seriously injured a Palestinian near the fence separating Israel and the Gaza Strip. Palestinian officials said the man was a farmer working near the fence. The army said two Palestinians were attempting to sabotage part of the fence and ignored warning shots before troops opened fire, hitting one in the legs.

In an effort to push forward with peace efforts, Olmert and Egyptian President Hosni Mubarak, a key mediator between Israel and the Palestinians, will meet next week in the Red Sea resort of Sharm el-Sheik, an Israeli government official said.

The official, who spoke on condition of anonymity because the meeting had not been officially announced, did not say what day it would take place.

Egypt has played a major role in mediating between Israel and the Palestinians, and has been trying to negotiate the release of an Israeli soldier captured by militants linked to Hamas, the militant group that controls the Palestinian parliament and Cabinet and is a rival to Abbas' Fatah.

The rivalry between the two Palestinian groups has broken out into open street battles in Gaza in recent weeks.

Jordanian leaders have invited both Abbas and Palestinian Prime Minister Ismail Haniyeh of Hamas for talks in Amman in an effort to bridge the divide. Negotiations over forming a national unity government broke down last month, and Abbas has threatened to call early elections.

Jordan's Prime Minister Marouf al-Bakhit told reporters Tuesday that his country "has specific ideas to help the two sides to reach a unity government solution." He did not elaborate or say when the meeting would take place.

Haniyeh said Tuesday that he planned to accept the invitation. "We hope this will be a blessed opening for national unity."

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Associated Press Writer Shafika Mattar contributed to this report in Amman, Jordan.

Despite Pledge, Israel Approves New Settlement (WP/AP)

Associated Press

The Washington Post, December 27, 2006

JERUSALEM, Dec. 26 -- Israel has approved a new settlement in the West Bank to house former Jewish settlers from the Gaza Strip, officials said Tuesday, breaking a promise to the United States to halt home construction in the Palestinian territories.

Saeb Erekat, an aide to Palestinian Authority President Mahmoud Abbas, condemned the construction and urged the government to revoke its authorization, saying it violated the spirit of cooperation inaugurated by a meeting Saturday between Abbas and Israeli Prime Minister Ehud Olmert.

Meanwhile, despite a truce, militants in Gaza launched seven rockets into Israel, hitting a street in the town of Sderot and seriously wounding two 13-year-old boys, Israeli officials said. The radical Islamic Jihad group asserted responsibility for the attacks.

Israel Plans First Settlement In 10 Years (NYT)

By Steven Erlanger

The New York Times, December 27, 2006

DOJ_NMG_0109415

JERUSALEM, Dec. 26 — Israel announced plans on Tuesday to construct a Jewish settlement in the occupied West Bank for the first time in 10 years, prompting Palestinian anger and American concern.

The announcement, by the Defense Ministry and settler groups, seemed to run counter to the prevailing effort by Prime Minister Ehud Olmert, who had offered a series of gestures to the Palestinians several days ago, after meeting with the Palestinian Authority president, Mahmoud Abbas.

Even before that meeting, Mr. Abbas was being criticized by his political rivals, Hamas, who preach Israel's destruction, for carrying out what they called an Israeli and American agenda with little to show for it.

One Israeli official hinted that the new settlement might be part of a deal with Jewish settlers to get their tacit acceptance of the removal of illegal settlement outposts from the West Bank.

Another Israeli official, however, insisted that the settlement was not "new," exactly, but a revival of a settlement approved in 1981, which had become a military training site by the mid-1990s.

The defense minister, Amir Peretz, the dovish leader of the Labor Party, gave his approval to a promise made by his predecessor — Shaul Mofaz, the current transport minister — that houses would be built on the site of an army base in the northern Jordan Valley to resettle some Israelis forced to leave settlements in the Gaza Strip in 2005, according to a Defense Ministry official.

Pressed by Washington to help build up Mr. Abbas, Mr. Olmert promised last week to give him $100 million in Palestinian funds withheld by Israel, about 20 percent of the amount being held, but only for humanitarian purposes.

Abbas aides, however, said the money would be used to strengthen his Fatah movement and pay salaries to Fatah loyalists. Mr. Olmert also promised to dismantle 27 of the 400 or so checkpoints in the West Bank, despite criticism by Israel's West Bank commander.

Additionally complicating matters, Islamic Jihad on Tuesday fired seven more Qassam rockets into Israel from Gaza, including one that seriously wounded two teenagers in the border town of Sderot.

The planned new settlement will be called Maskiot, and approval was given for the construction of some 30 houses. The Israeli official insisted that all construction would be privately financed.

The housing will be used by the 20 families of the hawkish Gaza settlement Shirat Hayam, which resisted evacuation. To get them to leave Gaza peacefully, the army promised to keep them together.

The decision, the official said, "sort of went through and now it's done and would be very hard to undo."

Israel essentially decided to stop the building of settlements in 1992 when Yitzhak Rabin became prime minister, although it has allowed existing settlements to grow, even as it has publicly promised to freeze settlement activity under the so-called road map for peace.

Emily Amrusy, a spokeswoman for the settlers' council known as Yesha, said that the families would move into trailers on the site while construction began on more permanent housing.

A spokeswoman for the American consulate in Jerusalem, which deals with the West Bank, said a new settlement would be troubling. "We're looking into it, and if turns out to be a new settlement, we would be very concerned, given Israel's obligations under the road map," said Micaela Schweitzer-Bluhm, the spokeswoman.

The road map calls for a freeze in settlement building in the first phase and a Palestinian push to dismantle terrorist groups. Israel says that the dismantling should come first and that no such action has taken place. But it has separately promised the Bush administration that it would build only within existing settlement structures to account for natural growth, "thickening" the settlements but not expanding them physically.

Israel also promised that it would dismantle more than 20 illegal outposts set up since March 2001, but it has dismantled only one, under an Israeli court order. Peace Now, a leftwing Israeli lobby that opposes the settlements and follows them closely, says that there have been more than 50 outposts established illegally since March 2001, and that there are more than 100 illegal outposts in the West Bank altogether, many of them, like the semi-settlement of Migron, built on private Palestinian land.

Much of the world considers all Israeli settlements in the West Bank to be illegal under international law; the United States, which used to call them illegal, now calls them "obstacles to peace" that prejudge final-status negotiations. The outposts are illegal under Israeli law because the government has not authorized them.

An aide to Mr. Abbas said the announcement ran counter to understandings Mr. Olmert and Mr. Abbas reached at their meeting Saturday night. "We condemn this act and this decision, especially as it comes after the Israeli side committed itself to stop all unilateral actions," the aide, Saeb Erekat, told Agence France-Presse. "This is certain to destroy the atmosphere created after the meeting with Olmert, where they committed to many issues, especially to stop unilateral actions."

The Palestinians want to establish an independent state in the West Bank, Gaza Strip and East Jerusalem and consider any Israeli building there to be an act of thievery. Israel says that it accepts the idea of a Palestinian state but that the exact contours have to be negotiated.

DOJ_NMG_0109416

Yariv Oppenheimer, director of Peace Now, criticized the decision on new construction as contrary to the government's stated aims and programs and noted that it had not been approved by Parliament. "This is a veritable scandal, all the more so that this decision was taken by Amir Peretz," himself a former advocate with Peace Now, Mr. Oppenheimer said. What may begin with 30 houses could easily become more because of "thickening," Peace Now said.

There have also been reports that some settlers have moved temporarily into the ruins of the Homesh settlement in the West Bank, one of four West Bank settlements destroyed along with the Gaza settlements in 2005.

Of the seven Qassam rockets fired into Israel on Tuesday by Islamic Jihad from Gaza, one hit Ashkelon and two reached Sderot, seriously wounding the two teenagers, one critically; both were being treated at a hospital.

The injuries will put more pressure on Mr. Olmert to respond militarily. Since a supposed cease-fire was agreed to on Nov. 26 between the Palestinians and Israel, more than 55 Qassams have been fired from Gaza, about half of which have landed in Israel. The truce did not include the West Bank, but Islamic Jihad says its rocket firing is a response to Israeli military actions there.

On Tuesday, Israel arrested an Islamic Jihad commander, Mahmoud Saadi, 26, in the northern West Bank town of Jenin. Israel also announced the arrest in Ramallah on Nov. 2 of a senior commander of Al Aksa Martyrs Brigades, Muhammad Sayidi, 36, who had been wanted for several years on charges of killing an Israeli in 2000.

Separately, Israeli officials said that Mr. Olmert would travel to Egypt, probably on Jan. 4, to meet the Egyptian president, Hosni Mubarak, and Palestinian officials said that Mr. Abbas and Prime Minister Ismail Haniya of Hamas were expected to meet soon in Jordan for further discussions on how to end their political impasse and the violence between their factions.

Israel's Mixed Messages (NYT)

The New York Times, December 27, 2006

The Israeli prime minister, Ehud Olmert, took some encouraging steps over the weekend to ease the frustrations Palestinians face at West Bank and Gaza checkpoints. He hoped in that way to strengthen Mahmoud Abbas, the embattled moderate who presides over the Palestinian Authority. Unfortunately, Israel's defense minister, Amir Peretz, has undercut these moves by approving the first new West Bank settlement in more than a decade.

Israel's space for peace diplomacy is tightly constrained. It must reckon with a Hamas-led Palestinian cabinet that denies its right to exist and rejects the very notion of a negotiated peace. Yet those facts of Mideast life do not justify authorizing a new settlement. That self-defeating move adds nothing to Israel's security and needlessly complicates the quest for an eventual negotiated peace.

We hope Mr. Olmert or Israel's Parliament can reverse Mr. Peretz's damaging decision, taken in defiance of the international road map for Middle East peace, which Israel's governing coalition has pledged to support.

Meanwhile, Mr. Olmert's positive gestures still deserve recognition, although the hoped-for benefits to Mr. Abbas may now be lost. More than two dozen military checkpoints in the West Bank will be removed and Israel will take steps to ease the passage of goods in and out of the Palestinian-ruled Gaza Strip. These steps should reduce the day-to-day humiliation and economic suffering of hundreds of thousands of ordinary Palestinians.

In addition, Israel will turn over $100 million of the $500 million in Palestinian tax revenue it has withheld since Hamas came to power. This page supports freezing aid to the Hamas government. But tax revenue to which the Palestinians are legally entitled should never have been withheld.

Compared to the sweeping visions of the Oslo peace agreements, or Ariel Sharon's bold Gaza withdrawal, Mr. Olmert's gestures look modest. Yet in today's unpromising circumstances, with Mr. Olmert damaged by the Lebanon war and Mr. Abbas so far unable to nudge Hamas toward moderation, they approach the limits of the possible. Unfortunately, it has become traditional in Israel to balance constructive gestures with sops to the politically potent settlers movement. The settlers' agenda is not supported by a majority of Israelis. But no recent government has felt strong enough to resist their demands. Even when Mr. Sharon faced them down over Gaza, he compensated them with promises to expand existing West Bank settlements. Mr. Peretz has gone one regrettable step further by approving a wholly new settlement whose aim is to relocate settlers uprooted from Gaza last year.

Today, the idea of a comprehensive peace between Israelis and Palestinians seems a distant dream. Yet it represents the best long-term assurance of Israel's survival as a secure Jewish democracy at peace with its Arab neighbors. Every new settlement planted on the West Bank creates a needless obstacle to the realization of that dream.

Mubarak Vows Greater Democracy (WP/AP)

The Washington Post, December 27, 2006

DOJ_NMG_0109417

CAIRO, Dec. 26 -- President Hosni Mubarak said Tuesday that laws to be passed in 2007 would improve democracy and abolish Egypt's 25-year state of emergency, but rights activists said they doubted the long-serving leader would liberalize the country.

Laying out his agenda, Mubarak asked lawmakers to amend 34 articles in the Egyptian constitution to "consecrate the people's sovereignty as a source of power and give parliament more authority to monitor the government."

Hesham Kasem, president of the Egyptian Organization for Human Rights, said that during his 25 years in power, Mubarak has often promised greater democracy.

Opposition parties have long accused Mubarak, 78, of rigging elections and using the emergency laws -- introduced after the 1981 assassination of his predecessor, Anwar Sadat -- to stifle dissent. The emergency gives the government sweeping powers to detain suspects and restrict public gatherings.

Mubarak had made similar pledges during his 2005 election campaign, but none reached parliament this year.

South Korea: U.S. Made North An Offer (AP)

AP, December 27, 2006

The United States offered to remove North Korea from Washington's list of states sponsoring terrorism if the communist regime dismantles its atomic weapons program, South Korea's main nuclear envoy said Tuesday.

The proposal was just one of the incentives the U.S. spelled out last week at six-nation nuclear disarmament talks with the North, along with offers of security guarantees, a peace treaty and normalization of relations, Chun Yung-woo said.

"The point of the proposal is that everything is possible if North Korea denuclearizes and nothing is possible if it refuses," Chun told news cable channel YTN.

North Korea was not prepared to review the U.S. offer at the talks, but promised to study it and bring a response to the next round of negotiations, he said.

U.S. diplomats have declined to discuss specifics of their talks with the North Koreans, and State Department spokeswoman Amanda Rogers-Harper would not confirm Chun's report.

Referring to North Korea's promise more than a year ago to give up nuclear arms in return for security guarantees and aid, she said: "The Sept. 19, 2005, joint statement offers North Korea a clear path to a positive future and concrete benefits in return for carrying out its commitments to denuclearize."

Removal from Washington's list of terrorism-sponsoring states has long been a key North Korean demand. The listing effectively blocks a country from getting low-interest loans from international lending agencies.

North Korea was first put on the list for its alleged involvement in the 1987 mid-air bombing of a South Korean airliner that killed all 115 people aboard.

The six-nation talks in Beijing — the first since North Korea's Oct. 9 nuclear test explosion — produced no breakthrough as the North's delegation refused to discuss disarmament, demanding Washington first lift financial sanctions imposed for the North's alleged involvement in dollar counterfeiting and money laundering.

A date for a resumption of the talks — involving China, Japan, the two Koreas, Russia and the U.S. — has not been set.

North Korea says the financial sanctions are evidence of Washington's "hostile policy" and indicate its intention to overthrow the regime, and the North therefore needs nuclear weapons for protection.

Washington says the restrictions against a Macau-based bank holding North Korean accounts is a law enforcement matter unconnected to the nuclear issue.

The U.S. and North Korea held separate bilateral talks on the financial issue on the sidelines of the nuclear negotiations, but failed to narrow differences.

Chun said the U.S. and the North exchanged views on when and where to hold the next financial talks, but he declined to elaborate.

South Korea's new foreign minister, Song Min-soon, went to Tokyo on Tuesday to discuss the North Korean talks, officials said.

Making his first overseas trip since becoming South Korea's top diplomat in early December, Song was to meet with Japan's chief Cabinet secretary, Yasuhisa Shiozaki, on Tuesday and Prime Minister Shinzo Abe and Foreign Minister Taro Aso on Wednesday, the Foreign Ministry said.

Song also planned to seek ways to mend South Korea's strained relations with Japan.

Ties have been frayed by territorial disputes and by former Japanese Prime Minister Junichiro Koizumi's repeated visits to a war shrine that honors Japan's war dead, including convicted war criminals. The visits angered many on the Korean peninsula, which Japan ruled as a colony in 1910-45.

DOJ_NMG_0109418

The Book On North Korea (WP)

By Glenn Kessler

The Washington Post, December 27, 2006

On the surface, "A Corpse in the Koryo," by James Church, is a crackling good mystery novel, filled with unusual characters involved in a complex plot that keeps you guessing to the end. It has received rave reviews -- as a mystery novel.

But the book has also caused a stir among Asia specialists because it offers an unusually nuanced and detailed portrait of one of the most closed societies on Earth -- North Korea. Much like Martin Cruz Smith's novel "Gorky Park," which depicted life in the Soviet Union in the early 1980s through the eyes of police inspector, "A Corpse on the Koryo" provides a vivid window into a mysterious country through the perspective of its primary character -- Inspector O.

Peter Hayes, a North Korea expert who is executive director of the Nautilus Institute for Security and Sustainable Development, a research group, described the novel as "the best unclassified account of how North Korea works and why it has survived all these years when the rest of the communist world capitulated to the global market a decade ago," and said, "This novel should be required bedtime reading for President Bush and his national security team."

That was precisely the point of writing the book, according to the author. James Church is a pseudonym for what the book jacket describes as "a former Western intelligence officer with decades of experience in Asia" who "has wandered through Korea for years." In an interview, Church said he was frustrated by the limitations of his intelligence reports. He was often required to frame any information through the moral lens of Western society, which regards North Korea as one of the most repressive regimes in the world. So he decided to see if he could take his intimate knowledge of North Korea and make it accessible to a wider audience by placing it in a thriller.

In the academic or intelligence world, an analyst who wrote about North Korea without the standard "moral bubble" immediately would be accused of being blind to the "awfulness of the place," Church said. "You don't have to do that in a mystery story."

The result is fascinating. Much of Church's writing is quite beautiful -- one wonders what his intelligence reports read like -- with keen observations of even the smallest details.

The traditional stereotype of North Korea is that it is a bare, broken place, but the book races across the northern half of the Korean Peninsula providing elaborate descriptions of its virtually unspoiled beaches and mountains. (The book, however, is sadly lacking maps.) Church said it is very difficult to look at any horizon in North Korea without seeing mountains or hills. So he sought to show how important the landscape is to the North Korean people -- and demonstrate their deep psychological attachment to it.

The characters are caught up in a blindingly complex system of cross and double-cross, a world in which every step is watched and reported on by someone else. Inspector O, who is very smart and has a sense of humor, must carefully navigate between friend and foe as he tries to unravel the connection between the death of a mysterious foreigner in a Pyongyang hotel and two rival smuggling schemes run by different government ministries. But Church shows how the North Korean government is unlike the Soviet regimes imposed on Eastern Europe, how it has adapted and in many ways become uniquely Korean.

The characters have their complaints about the strange society -- Inspector O is always in search of sandpaper for his woodworking and a cup of tea -- but also defend it. When Inspector O encounters a Finnish woman and mentions how the river in Pyongyang "sparkles on sunny days," she asks him, "Have you ever been anywhere real?" He lashes out that he has been overseas, but "some things are good, some things aren't, same as here. Nothing is perfect. This godforsaken country, as you call it, is where I live. This is my home."

The plot of the investigation is interwoven with scenes of an interrogation of Inspector O by an Irish intelligence officer who has a stereotypical view of the country, allowing Church to explore how the Western and North Korean realities rub against each other. The conversation at times seems an echo of fruitless conversations between Americans and North Koreans over North Korea's nuclear weapons programs.

But the book does not mention politics, nuclear weapons or even North Korean leader Kim Jong Il, keeping it grounded in the everyday existence of the North Korean people. It has been such a success that a second novel on the travails of Inspector O is in the works.

Sudan May Allow U.N. Force In Darfur (WP)

By Dafna Linzer

The Washington Post, December 27, 2006

DOJ_NMG_0109419

NEW YORK, Dec. 26 -- Sudan's president has suggested that he would be willing to accept a peacekeeping force with United Nations troops in Darfur, where his counterinsurgency campaign has left hundreds of thousands of civilians dead and millions homeless.

President Omar al-Bashir has rejected calls for foreign troops and U.N. intervention to end the bloodshed. But under mounting pressure from the Bush administration to respond to U.N. plans for a cease-fire, Bashir appeared to accept some of Secretary General Kofi Annan's proposals in a letter sent over the weekend.

U.S. and U.N. diplomats were guarded in their reactions to the letter, which was made public Tuesday.

Although Bashir wrote to Annan that he would accept a proposal for U.N. forces to bolster African Union peacekeepers in Darfur, the Sudanese president wants the plan to be implemented through a three-member panel on which Khartoum has a seat. Diplomats said that arrangement could effectively give Sudan veto power over how the plan is implemented.

"While we would like to be cautiously optimistic, we have heard positive sounds before like this before," said Benjamin Chang, a spokesman for the U.S. mission to the United Nations. "We need to see actions on the ground, and we need a U.N. presence in Darfur now."

Chang said Annan or one of his advisers will brief the Security Council on Wednesday with an assessment of Bashir's letter.

In the meantime, U.S. military experts and U.N. force commanders were studying the letter, diplomats said.

Bashir's letter came after a meeting in Khartoum earlier this month with Andrew S. Natsios, President Bush's special adviser on Sudan.

Natsios said he urged Bashir to accept all aspects of Annan's plan and warned that if he did not do so by the end of the year, the United States would take a more aggressive stand.

"We have told the Sudanese that we have to move along to our own strategic processes in the United States government, and we will do that beginning in the new year if we do not see some kind of progress on Kofi's plan between now and the end of the year," Natsios said last week.

U.S. and U.N. officials have long suspected that Bashir may try to buy time until Annan leaves office at the end of the year, then begin new negotiations for more favorable terms with Annan's successor, Ban Ki Moon of South Korea.

Darfur has experienced some of the worst violence in Africa in more than a decade. The Sudanese government, backed by local Arab militia, has mounted a violent campaign against civilians suspected of supporting Darfur rebel groups. The conflict has left as many as 450,000 people dead and has driven more than 2 million people from their homes.

Last week, Annan asked the Sudanese leader for his formal consent for a joint African Union-U.N. force of at least 22,000 troops and police. Bashir has opposed a force made up of only U.N. troops, saying it would be tantamount to an invasion of his country.

The idea of a combined force was endorsed by African nations in October, but Bashir has been unclear about whether he would accept it.

In the letter, made public by Annan's office in New York, Bashir wrote that he is ready to begin talks on a cease-fire and explicitly accepted a joint force.

New U.S. Strategy In Latin America: Turn On The Charm (MCT)

By Pablo Bachelet

McClatchy, December 27, 2006

WASHINGTON - The Bush administration has refused to talk to foes such as Iran, North Korea and Cuba, but it has no such qualms about some of its sternest critics in Latin America, including Venezuelan President Hugo Chavez.

Chavez relishes calling President Bush names like Mr. Danger and a donkey, and over the years the State Department has accused Chavez of various misdeeds, from undermining democracy to cutting ties with U.S. agencies fighting terrorism and drug traffickers.

Yet, less than two weeks after Chavez won re-election earlier this month, the U.S. ambassador in Caracas met with the Venezuelan foreign minister to ease tensions between the two countries.

Chavez responded by attacking U.S. counter-drug efforts, so it's unclear if the charm offensive will work. But the move is part of a broader effort by U.S. officials to court leftist leaders who just weeks ago were warily viewed as pro-Chavez populists. This includes President-elects Daniel Ortega of Nicaragua and Ecuador's Rafael Correa, who recently heralded the rise of a socialist Latin America.

The Bush administration has long sought out moderate socialists, such as Brazilian President Luiz Inacio Lula da Silva, and relations with once-prickly opponents like Argentine President Nestor Kirchner have improved lately.

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The thinking is that while these leaders don't see eye to eye with Bush, they were democratically elected and, unlike Iran or North Korea, their countries pose no obvious national security threats to U.S. interests, officials say.

Many observers welcome the diplomatic move.

"We have to really pursue a path of quiet pragmatism," said Eric Farnsworth, a vice president with the Council of the Americas, an organization that promotes more contacts with Latin American nations. "Stay out of the headlines, get out of the ideological debates."

The contacts are the Bush administration's adjustment to the results of a dozen elections this year. Nine of them were won by leftist leaders, ranging from moderates to far left, including several who declare themselves allies of Chavez and Cuba's Fidel Castro.

"One thing we've made clear as we deal with leaders across the region is that we don't care much if they're left, center or right, as long as they're committed to democracy and committed to working with us," Thomas Shannon, the State Department's top diplomat to Latin America, said recently.

The Bush administration changed its tone after Ortega won his election last month. Just a year ago, the State Department accused his Sandinista party of conspiring to topple a sitting pro-Washington government, and several top Sandinista officials had their U.S. visas stripped.

Last month, Shannon traveled to Nicaragua and met with Ortega, who in recent years had moderated his criticisms of U.S. policies.

Shannon described the encounter as "a really good meeting" in which Ortega expressed his support for the Central American Free Trade Agreement and several U.S. aid programs for Managua.

Ortega's friendly relations with Chavez and Castro weren't a problem, Shannon said.

"Our focus wasn't on how he relates to others," Shannon said. "Our focus was on how he's going to relate to us."

The Bush administration is also reaching out to Ecuador's President-elect Correa. On the campaign trail, the charismatic U.S.-educated economist called Bush "dimwitted," though he later toned down his rhetoric and held a meeting with the U.S. ambassador in Quito that was widely broadcast in the local media.

Correa opposes an agreement that lets the U.S. military use Ecuador's Manta air base for counter-drug operations, but the United States seems to harbor no ill feelings. Bush called Correa to congratulate him on his victory.

U.S. officials also have been courting Bolivia's feisty President Evo Morales, an Aymara indigenous leader who, like Chavez, often rails against Washington's "imperialism" and is a frequent visitor to Havana.

U.S. officials have been critical of Morales' reluctance to limit a crackdown on coca farming, which produces the raw materials to make cocaine. Coca is traditionally used by indigenous peoples for legitimate purposes.

In a goodwill gesture, the United States certified in September that Bolivia was doing enough to combat drug traffickers, even though Washington will take another look at Bolivia's efforts in March. The Bush administration this month pushed Congress to include Bolivia and Ecuador among a group of Andean nations that obtained unilateral trade preferences from Washington.

William Brownfield, the American ambassador to Venezuela, characterized the Dec. 14 encounter with Foreign Minister Nicolas Maduro as "very positive." But five days after the Brownfield-Maduro meeting and one day after Brownfield made a public call for cordiality, Chavez called Brownfield a liar for suggesting that drug trafficking in Venezuela was on the rise, and he reiterated his claims that Drug Enforcement Agency officials were spies.

"The battle against drug smuggling has been an excuse that imperialists have used for several years to penetrate our country, trample our people and justify a military presence in Latin America," Chavez said.

No Cancer For Castro, Surgeon Says (CHIT)

By Gary Marx

Chicago Tribune, December 27, 2006

HAVANA -- In the first independent diagnosis of Fidel Castro, a prominent Spanish surgeon said Tuesday the ailing 80-year-old leader does not have cancer and is recuperating slowly from intestinal surgery.

Dr. Jose Luis Garcia Sabrido traveled to Havana last Thursday to examine Castro at the request of Cuban authorities. Garcia Sabrido has returned to Madrid, where he told reporters that Castro's condition is stable and he does not require additional surgery.

But Garcia Sabrido declined to clarify what ailment Castro is suffering from. Cuban officials have said Castro's health condition is a state secret, and his Cuban doctors reportedly are sequestered.

"Fidel Castro does not suffer from any malignancy," Garcia Sabrido said at Madrid's Gregorio Maranon hospital, where he is chief surgeon. "It is a benign process in which he has suffered a series of complications."

DOJ_NMG_0109421

Garcia Sabrido said Castro's mind is active and clear and he could return to power if he recovers completely.

A U.S. diplomat in Havana who asked not to be identified said she heard Garcia Sabrido's diagnosis but declined to comment about "a statement from a private physician."

Cuba's state-run television did not cover the story in its Tuesday afternoon newscast.

Castro's health condition has been a mystery since Cuban authorities announced in late July that the nation's long-serving leader suffered intestinal bleeding, underwent surgery and ceded power to his younger brother, Defense Minister Raul Castro.

In a statement signed July 31, the Cuban leader attributed his illness to a heavy work and travel schedule. He has said little else since then.

In recent months, Cuban Vice President Carlos Lage and other officials have asserted that Castro is not suffering from cancer, but they have offered no evidence to back up their statements.

Castro has not been seen in public since late July, and the few photographs and short videos of him carried in the Cuban media showed him to be thin and fragile.

Absent information, many Cubans have come believe that Castro had undergone two or perhaps three surgeries and was suffering from cancer or another terminal illness.

U.S. intelligence chief John Negroponte said earlier this month that Castro had "months, not years" to live.

But Garcia Sabrido's diagnosis appears to confirm what Cuban officials have been saying all along about Castro's illness, though they have recently softened earlier statements that he soon would return to full duties.

"He is getting better," Ramon Castro, Fidel's older brother, said in a brief interview last week.

Rodrigo Alvarez Cambras, a leading Cuban physician who is not among the doctors treating Castro, said in an interview last week that he believes Castro is suffering from diverticulitis, a complication of a common illness in people older than 50 in which pockets develop in the colon.

In moderate cases, the pockets become inflamed and infected, causing abdominal pain, diarrhea and bleeding. In severe cases, the colon is perforated, a condition known as peritonitis, in which stool leaks into the abdominal cavity and requires immediate surgery.

"They usually cut out the piece of the colon that has a hole in it, suck out all of the stool in the cavity and give the patient a temporary colostomy bag," explained Dr. Sunanda Kane, a gastroenterologist at the University of Chicago Hospitals.

Kane said the condition could be fatal if the patient develops sepsis, a general body infection, which can cause organs such as the kidneys to shut down and require dialysis treatment.

"Eighty-year-olds who are on dialysis tend to have a poorer prognosis," she said.

But Garcia Sabrido said Tuesday that Castro's rehabilitation now involves mostly muscular and nutritional support, indicating to Kane that the worst may be over for Castro.

Responding to critics who argued that he should not have treated the communist strongman, Garcia Sabrido said his trip to Havana was motivated by humanitarian concerns and not politics.

"When a physician is called upon as a physician, his duty is to be a physician," Garcia Sabrido said. "If I am asked my opinion about a patient, I don't ask about his religion or his political ideas.

"I am a professional doctor and I devote myself to that," he said. "For me, President Castro is an exceptional patient, but he's still a patient."

Spanish Doctor Denies Castro Has Cancer (NYT)

By James C. McKinley Jr.

The New York Times, December 27, 2006

MEXICO CITY, Dec. 26 — A Spanish surgeon who examined Fidel Castro last week said Tuesday that the 80-year-old Cuban president did not have cancer and could return to work after recovering from the intestinal surgery he had last summer.

“His physical activity is excellent, his intellectual activity intact,” the doctor, José Luis García Sabrido, head of surgery at Gregorio Marañón Hospital in Madrid, said at a news conference in Madrid. “I’d say fantastic. He’s recovering from his previous operation.”

This is the first time since Mr. Castro dropped out of public view in the summer that a medical expert outside the Cuban government has commented on his health.

Cuban officials have said Mr. Castro’s condition is a state secret.

United States intelligence officials have said Mr. Castro is not long for this world, especially after he failed to appear at a weeklong celebration of his birthday, held this month.

Speculation has been rampant in Washington and among Cuban exiles in Miami that Mr. Castro, a leftist icon who has thumbed his nose at the White House for nearly five decades, has colon cancer.

The director of national intelligence, John D. Negroponte, told The Washington Post this month that American intelligence agencies believed that Mr. Castro was "terminally ill" and that he would be dead in "months, not years." Other American intelligence officials have said they believe that Mr. Castro is dying of cancer.

On Tuesday, a spokesman for Mr. Negroponte, Ross Feinstein, said the director had nothing to add to his earlier assessment.

Dr. García Sabrido, who examined Mr. Castro in Cuba last week, said the intestinal bleeding that prompted the handing of power to his brother Raúl and small group of cabinet ministers in the summer did not stem from a malignancy. He added that Mr. Castro could make a full recovery, but "required muscular rehabilitation and a strict diet."

"He does not have cancer, he has a problem with his digestive system," Dr. García Sabrido told reporters in Madrid. "President Castro has no malign inflammation. It's a benign process in which he has had a series of complications."

The surgeon flew to Havana last week with medical equipment not available in Cuba to determine whether Mr. Castro needed further surgery. In keeping with Havana's wishes, he did not say specifically what ailed Mr. Castro.

"It is not planned that he will undergo another operation for the moment," Dr. García Sabrido said. "His condition is stable. He is recovering slowly but progressively."

Cuban officials have steadfastly denied that Mr. Castro has cancer, although they have stopped insisting that he will return to power. On Oct. 28, video images released to the public showed that the once towering leader had become a shuffling and frail man.

A number of noncancerous ailments can cause serious intestinal bleeding. A common problem in the United States is diverticulitis. It is an inflammation of small pouchlike balloonings in the large bowel, or large intestine, and can require a number of surgical procedures. Examples of other noncancerous intestinal conditions are inflammatory bowel diseases like regional enteritis (Crohn's) or ulcerative colitis.

Serious bleeding could also develop as a complication of surgery to correct an insufficient blood supply to the intestine. Such a condition may be caused by arteriosclerosis and is analogous to the insufficient blood supply that can lead to angina, heart attack or stroke.

To correct the problem, surgeons may have to remove a large part of the small intestine, sometimes creating a difficulty known as short bowel syndrome. That syndrome can lead to difficulty in digestion.

Besides his absence from a military parade in his honor on Dec. 2, other signs have indicated Mr. Castro's weakened condition. On Friday, he missed the last session of the year of the National Assembly for only the second time in 30 years.

News reports last week said Mr. was too ill to receive a longtime friend, the Colombian author and Nobel Prize winner Gabriel García Márquez.

Cuban officials told visiting American congressmen this month that Mr. Castro did not have a terminal illness and would make a public appearance shortly.

Castro Called Cancer-free (WT/AP)

By Ciaran Giles

The Washington Times, December 27, 2006

MADRID - A Spanish surgeon who treated Fidel Castro said the ailing Cuban leader does not have cancer, insisting yesterday that he was recovering slowly but progressively from a serious operation.

The comments by Jose Luis Garcia Sabrido, the chief surgeon at Madrid´s Gregorio Maranon Hospital, were the first independent medical assessment of Mr. Castro´s condition since the Cuban leader underwent emergency intestinal surgery in July. The Cuban government has kept Mr. Castro´s condition a state secret, occasionally releasing photographs and videos of him to show that he is convalescing.

Dr. Garcia Sabrido visited Havana last week to examine Mr. Castro and consult with his medical team.

"He hasn´t got cancer," Dr. Garcia Sabrido said, adding that he thinks Mr. Castro will become physically capable of running the country again. "While respecting confidentiality, I can tell you that President Castro is not suffering from any malignant sickness."

Mr. Castro, 80, has not appeared in public since temporarily ceding power to his younger brother, Raul, after his surgery this summer. Dr. Garcia Sabrido declined to give details about Mr. Castro´s condition but said it was "a benign process in which there have been a series of complications."

Cuban authorities have denied that Mr. Castro is suffering from terminal cancer, but his prolonged absence has fueled increasing speculation that he will not return to power.

Asked whether he thought Mr. Castro would be physically capable of once again governing Cuba, Dr. Garcia Sabrido said: "If his recovery is absolute, then naturally, yes.

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"I think that in these moments his decision to delegate power implies that he must now be dedicated to his recovery. What happens in the future will be an absolutely personal matter."

He said he was impressed by Mr. Castro´s good spirits.

"His intellectual activity is intact, I´d say fantastic," the surgeon said. "I was amazed at his capacity to relate personal and historical anecdotes.

"He wants to return to work every day, but medical recommendations demand caution," he said.

Some U.S. doctors say Mr. Castro may suffer from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In severe cases, emergency surgery may be required.

Dr. Garcia Sabrido´s specialty is in the digestive system and in transplants. In 1988, he wrote in the medical journal Archives of Surgery about a temporary stomach "zipper" that Spanish doctors had used on patients to provide repeated easy access for draining and treating abdominal infections.

On Monday, Spanish authorities confirmed that Dr. Garcia Sabrido had traveled to Cuba´s capital with advanced medical equipment to determine whether Mr. Castro needed additional surgery. Dr. Garcia Sabrido said yesterday that another operation was not immediately necessary.

"It is not planned that he will undergo another operation for the moment," he said. "His condition is stable. He is recovering from a very serious operation."

There was no mention of Dr. Garcia Sabrido´s visit in Cuba´s state press.

Castro's Ailment Not Malignant, Spanish Surgeon Says (WP/AP)

By Ciaran Giles

The Washington Post, December 27, 2006

MADRID, Dec. 26 -- A Spanish surgeon who treated Fidel Castro said the ailing Cuban leader does not have cancer, insisting Tuesday he was recovering slowly but progressively from a serious operation.

The comments by Jose Luis Garcia Sabrido, the chief surgeon at Madrid's Gregorio Maranon Hospital, represented the first independent medical assessment of Castro's condition since the Cuban leader underwent emergency intestinal surgery in July. The Cuban government has kept Castro's condition a state secret, occasionally releasing photographs and videos of him to show he is convalescing.

Garcia Sabrido visited Havana last week to examine Castro and consult with his medical team.

"He hasn't got cancer," Garcia Sabrido said, adding that he believed Castro could be physically able to run the country again. "While respecting confidentiality, I can tell you that President Castro is not suffering from any malignant sickness."

Garcia Sabrido declined to give details about Castro's condition, but said it was "a benign process in which there have been a series of complications."

Cuban authorities have denied Castro, 80, is suffering from terminal cancer as U.S. intelligence officials have said. Some U.S. doctors say Castro may suffer from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In some severe cases, emergency surgery is required.

Garcia Sabrido said he was impressed by Castro's good spirits.

"His intellectual activity is intact, I'd say fantastic," the surgeon said. "I was amazed at his capacity to relate personal and historical anecdotes."

There was no mention of Garcia Sabrido's visit in Cuba's state media.

As Castro Fades, A Crop Of New Leaders (CSM)

By Tom Fawthrop

The Christian Science Monitor, December 27, 2006

HAVANA, CUBA

In a country that is in the process of bidding a long farewell to its ageing revolutionaries, Mariela Castro brings an expectation of change along with an air of youthful passion. As the director of Cenesex (the National Sex Education Center) Ms. Castro is eager to consider where Cuba should go in a postrevolutionary era.

"We have many contradictions in Cuba," says Castro, the daughter of Raúl Castro, Cuba's de facto leader and brother of ailing President Fidel Castro. A Spanish doctor arrived in Cuba last week, reenergizing speculation about the health of the Cuban leader, who has not been seen in public since undergoing surgery in July. "We need to experiment and to test what really works, to make public ownership more effective, rather than simply adopting wholesale free-market reforms," Ms. Castro says.

Leaders like Ms. Castro may indicate the extent to which a post-Castro Cuba may be willing to liberalize, both economically and socially. As Cuba's old-guard leadership fades, this new generation - made up primarily of the sons and daughters of those

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who fought in the 1959 Communist revolution - is perhaps more sympathetic to economic reforms and more-liberal social policies.

Nevertheless, Cuba-watchers and experts have ruled out any dramatic lurch toward a liberal market economy that might undermine the island nation's heritage as the persistent holdout of traditional Communist policies. More relaxed social attitudes may also evolve gradually.

Still, no one doubts that change is afoot.

"The transition in Cuba has already taken place" and this new generation has a key role to play, says Richard Gott, a Latin American analyst and former foreign correspondent for the London-based The Guardian newspaper. "Carlos Lage will be the brains behind the new government. He, together with Julio Soberon at the central bank, will seek to chart a new economic course."

Now Raul Castro has started to echo some of his daughter's sentiments. Addressing university students, he urged that they should "fearlessly engage in public debate and analysis," according to Granma, the Communist Party newspaper.

Cuba is one of several Latin American countries that once harassed homosexuals as a matter of policy. But Mariela Castro, who is also an executive member of the World Association for Sexual Health, insists that job discrimination and mass arrests are a thing of the past.

"[Homosexuals] still sometimes face arrest by bigoted police" says Castro, adding that she has sometimes clashed with the authorities in her efforts to release gay men and women from prison.

"Now, society is more relaxed. There is no official repression of gays and lesbians," she argues confidently. A writer turned politico

Cuban writer and culture minister Abel Prieto has also emerged as an influential power broker in a changing Cuba. Since joining the state bureaucracy and the politburo, the long-haired, middle-aged minister still exudes a passion for culture and a common touch.

In response to a question about the conflict of interest between writers and the state, Mr. Prieto laughs, saying that, "sometimes I feel like Dr. Jekyll and Mr. Hyde, but I hope that artists and writers feel that I am still one of them."

Unlike many members of the government, Prieto is very candid as he speaks about allegations that the Cuban government censors political websites.

"It would be a delusion to think we could hide that torrent of information," he insists, referring to anti-Castro websites. "The only possibility is to beat them with a better concept of life."

Prieto also defended the arrest of the dissident writer Raul Rivero in 2003.

"He was not arrested for his views, but for receiving US funding for his collaboration with a country that has besieged our island," argues the minister, referring to the 45-year-long US trade embargo.

An avid fan of the Beatles since the 1970s when their music was essentially banned by the Cuban state, Prieto has led an appreciation campaign of John Lennon. In 2000, he unveiled a statue and dedicated "John Lennon Park" to the musician's memory. Many Cubans joke that he is not as much a Marxist-Leninist as a "Marxist-Lennonist."

Prieto, because of a moment on Cuban television five years ago, is known as one of the few Cabinet ministers who has ever dared to challenge the president. Cubans recall a news segment in which Castro and Prieto appeared together.

After Castro blamed his minister for the fact that so many artists were leaving the country to work abroad, Prieto defended himself.

Millions watched as their supreme leader accepted his error and apologized to Abel Prieto.

"Prieto is extremely important. He has carved out a sizable space for cultural expression [for] many Cuban artists and writers since he became minister of culture," says Julia Sweig, director of the Latin American Studies at the Council on Foreign Relations in Washington.

In a Foreign Affairs article, written after a lengthy visit to Cuba in November, Ms. Sweig indicated that expectations were high among Cuban officials that the government could move forward after Castro.

"People at all levels of the Cuban government and the Communist Party were enormously confident of the regime's ability to survive Fidel's passing," Ms. Sweig wrote.

That confidence was apparent in Raúl Castro's speech to the opening session of the new parliament last week. "Tell it like it is - tell the truth without justifications, because we are tired of justifications in this revolution," the acting president urged his ministers, according to the youth newspaper Juventud Rebelde. US economic sanctions irrelevant

Attempts by the Bush administration to set the agenda for change in Cuba, says Sweig, appear to be increasingly irrelevant to the reality inside the country, as a new generation gains increasing clout.

Gott, the Latin American analyst, says that both Ms. Castro and Prieto are figures to watch.

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"Mariela Castro is a more than competent member of the Castro clan - she will have an important role in social affairs," he says. "The genial Abel Prieto might well be promoted from the culture ministry to something more taxing."

Russian Continues The Tantrum Tradition At U.N. (WP)

By Colum Lynch

The Washington Post, December 27, 2006

UNITED NATIONS -- Russia has brandished a new weapon in its diplomatic arsenal: the Security Council tantrum.

Russian Ambassador Vitaly Churkin barged out of the U.N. chamber Dec. 11, canceling a crucial meeting on Iran's nuclear program. Asked to explain why the 15-nation council's major powers would not be able to address the Iranian nuclear crisis, Churkin said: "Because. Because I said so."

The Russian's outburst reflected anger over a U.S. decision to raise concern about political developments in Belarus, a Russian ally that has gained international condemnation for its repressive policies.

But it also echoed a classic Soviet practice at the United Nations dating back to 1945, when Soviet strongman Joseph Stalin's envoy, Andrei Gromyko, also used bluster to exact political concessions, threatening to pull out of the new organization unless the Security Council veto was expanded. Stalin won that fight. The practice reached its peak more than a decade later when another Soviet leader, Nikita Khrushchev, famously banged his shoe on his table in the U.N. General Assembly.

"It's something we used to associate with the Soviets, but the Russians have sort of taken this over," said Edward Luck, a Columbia University historian who studies the United Nations. "This is a negotiating tactic. The other side has to make it up to you as though you have been deeply offended. We've done it at times, and others do it."

Churkin's angry reactions to diplomatic affronts have become so common that some U.N. diplomats have invented a word to describe it: Vitalyation (rhymes with "retaliation"). But the former Soviet official has parlayed Russian outrage into tactical diplomatic victories.

The United States dropped sanctions last month against Sukhoi, a Russian jetmaker that supplies Iran, after Churkin and other top Russian officials hinted that it could jeopardize negotiations over Iran. "If they want to go it on their own, you know, legislating unilateral sanctions, they are welcome to tackle the problem alone," Churkin said.

Churkin expressed confidence this month that the United States would drop its concerns about Belarus's rights record in the council.

"I don't think they will raise" the issue again, he said. "We have had some exchanges about it, and I think we now understand better a certain choice needs to be made: Either we use the Security Council as an important instrument to discuss and resolve serious international problems, or attempts can be allowed to use it as a platform for propaganda. Our preference is to focus on important things."

Senior Europeans said that the U.S. decision to raise the issue of Belarus needlessly provoked Russia at a critical stage in the Iran negotiations and that Churkin was right in asserting that the issue does not constitute a threat to international peace and security, the threshold for Security Council involvement in a crisis.

Britain, France and the U.S. mission to the United Nations had urged the State Department not to mention Belarus in the 15-nation body until after they had concluded talks over Iran. But the State Department dismissed those concerns, instructing the U.S. political counselor, William Brencick, to urge the council to remain vigilant about developments in Belarus, citing concern over the recent 54-day hunger strike by a jailed former presidential candidate, Alexander Kozulin.

A senior U.S. official said they were responding to a plea by Kozulin's wife, who said her husband would resume eating if the United States discussed her husband's plight in the Security Council. Kozulin ended the hunger strike on the same day.

"We did it to save his life; it was the right thing to do," said the senior official, who spoke on the condition of anonymity.

Some observers said the Russians have used negotiations on a variety of important issues, including Iran's and North Korea's nuclear programs, to secure concessions on others.

For instance, Russian Foreign Minister Sergei Lavrov eased his opposition to a resolution sanctioning North Korea only after U.S. Secretary of State Condoleezza Rice agreed to support a Russian-sponsored resolution criticizing neighboring Georgia, which had detained seven Russian soldiers who were accused of spying. The United States had previously argued that the dispute was a domestic matter that should not be handled by the Security Council.

The bluster technique has not always turned out so well.

In 1950, the United States ushered through a Security Council resolution authorizing the deployment of a U.S.-led force to repel North Korea's invasion of South Korea. The Soviet delegation had boycotted the council because it failed to grant a seat to China's communist government, so it could not cast a veto to deny the United States international backing for entering the Korean War.

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Churkin took offense when John R. Bolton, the outgoing U.S. ambassador to the United Nations, compared Khrushchev's shoe-banging to North Korea's defiance of the U.N. Security Council. He appealed to the council president, Kenzo Oshima of Japan, "to use your influence" to discourage the use of such an "inappropriate analogy."

China Urges Auto Makers To Limit Their Expansion (WSJ)

By Gordon Fairclough

The Wall Street Journal, December 27, 2006

SHANGHAI, China -- China's economic planners are waving a yellow flag at the nation's auto industry, warning that growth in car makers' production capacity is outstripping demand and calling for limits on further expansion.

Passenger-car sales have been increasing at a torrid rate, making China the world's second-largest vehicle market by unit sales after the U.S. But car companies, rushing to cash in on the growth, have been adding assembly lines at an even faster rate, the planners said.

In a statement Tuesday, the National Development and Reform Commission, which sets China's industrial policy, said overcapacity is threatening the auto industry's health and laid out guidelines to rein in growth.

For years, China has promoted the auto business, viewing it as a critical driver of economic growth and industrialization, and all kinds of companies -- from motorcycle manufacturers to cellphone-battery makers -- have started assembling cars. Now, planners fret that the industry frenzy -- which has sparked a sharp price war -- will inhibit the emergence of manufacturers large and strong enough to compete with established car makers from the U.S., Japan and Europe.

Government officials are also increasingly worried about the environmental and social costs of China's rapid shift to car driving, which has helped shroud cities in air pollution, snarled traffic and contributed to a surge in roadway-accident deaths.

The commission has tried to slow investment in industries before, including auto making and steel, in efforts to keep China's economy from overheating. But local governments and companies often ignore its pronouncements, and it is unclear how effective the new limits will be.

"Local governments want to attract car-related investments and offer cheap land to investors, even though there isn't real market demand for the products," says Jia Xinguang, chief analyst with the monthly Chinese trade publication Auto Magazine. Still, Mr. Jia said, the new policies likely will mean that "capacity control will be stricter" -- putting the government at odds with the wishes of many smaller companies struggling to break into the car business and grow quickly enough to survive.

Under the new guidelines, a company must sell cars and trucks equal to 80% of its government-approved production capacity before it can seek permission to construct a new plant away from its home base. Auto makers that don't have an approved capacity must be making at least 100,000 cars or 50,000 sport-utility vehicles a year if they want to expand.

Planners also urged Chinese car companies to invest more in developing their own models and called on local and national government agencies to buy Chinese national brands, rather than foreign brands, that are environmentally friendly, in order to "set an example for ordinary consumers."

They also said the government should foster the creation of fewer, bigger Chinese car companies able to compete in global markets through mergers, acquisitions and other means.

Most passenger cars in China are built by joint ventures between state-owned Chinese auto makers and large international car companies. General Motors Corp. and Volkswagen AG are the biggest foreign brands in the market.

Chinese car makers' push to develop their own brands has boosted their combined share of the domestic market to more than 26%, and it is a potential source of friction with multinationals. GM's partner, Shanghai Automotive Industry Corp., for example, recently unveiled its own luxury car.

The National Development and Reform Commission said that, even as it seeks to promote Chinese national brands, the government must work to build trust and "mutually beneficial relationships" with foreign partners.

Illegal Power Plants, Coal Mines In China Pose Challenge For Beijing (WSJ)

By Shai Oster

The Wall Street Journal, December 27, 2006

JUBAO VILLAGE, China -- On the edge of this dusty farming hamlet, the massive smokestack of the half-finished Xinfeng Power Plant looms as a monument to China's out-of-control demand for energy.

Unlike two other power plants nearby, Xinfeng isn't supposed to exist. China's electricity regulators never authorized the $362 million coal-burning plant. But in 2004, the provincial government here in northern China's Inner Mongolia ignored Beijing's call to slow down investment and started building the plant anyway, hoping to ensure enough juice for the region's supercharged industrialization by tapping its rich reservoirs of coal.

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Inner Mongolia's disobedience might have escaped notice. But in July 2005, in the rush to finish the plant before regulators found out about it, the housing for a turbine collapsed, killing six workers. During the yearlong investigation that followed, the central government discovered that Inner Mongolia had illegally built about 10 power plants, or 8.6 gigawatts of electricity-generating capacity -- equal to about a 10th of the United Kingdom's total capacity.

The illegal plants have had unintended -- and detrimental -- consequences. By eschewing even basic environmental safeguards, they stand out as polluters even in an industry that is one of China's leading sources of emissions, officials say. They also have driven up the demand for and price of coal, the country's most abundant source of fuel. That, in turn, has spawned thousands of illegal coal mines that have contributed to more than 4,000 coal-mining deaths in China this year.

The illegal power plants show how China's economic transformation is outpacing Beijing's ability to manage it. Never before has a country with such a big population grown as rapidly as China. The country's economy has expanded an average 10% a year since the late 1970s. The process of economic modernization is happening twice as fast in China as it did in the U.S. or Japan, where it took half a century or more.

One fifth of the power plants in China are illegal, according to government estimates -- enough to light up all of the U.K. While the electricity they supply is essential to power China's growth, the uncontrolled manner in which they are multiplying, often under the protection of local authorities, poses a challenge to Beijing's authority and its grip on energy policy.

"It is impossible for our central government to go everywhere to see, when the small power plants start building," said Zhang Guobao, vice chairman of the National Development and Reform Commission, China's top energy policy planner, in an interview.

The central government is likewise finding it hard to crack down on illegal coal mines. In past years it has shut down thousands of mines -- only to see thousands more spring up in their place. The primary reason: the soaring profits to be made from selling coal to China's power plants are a powerful temptation. Many regions have embraced coal mining to boost their growth rates, including Inner Mongolia, one of China's most coal-rich provinces.

Infuriated by the illegal Xinfeng power plant, central-government officials earlier this year demanded that the province's top leadership present self-criticisms before China's powerful State Council, or cabinet. Under China's Communist system, that's an unusually public form of rebuke, designed to send a message to others against defying Beijing's will.

Even so, construction continues today at the Xinfeng plant nearly a year after Beijing ordered it stopped. Officials at the company building the plant say they expect to get approval to complete it "sooner or later."

In China, more power plants almost invariably mean more coal consumption. The country has been unable to diversify away from coal, which is cheaper than alternative fuels, some of which are imported.

But China's coal consumption is costly in human and environmental terms. Amid the push to feed the country's power plants last year, 5,938 coal miners were killed in accidents, mostly in smaller, illegal mines. Such accidents are so commonplace here that only the larger ones rank as news.

Coal is one of the biggest pollution sources in China, which some experts think is on the verge of an environmental crisis. This year, the central government set a target of reducing the amount of energy the country consumes relative to its economic output. But the soaring demand for coal-fueled electricity has upended Beijing's efforts to rein in pollution.

"It will be very difficult to realize our targets of saving energy and reducing pollution," Ma Kai, China's top economic policy planner, said this fall.

The implications of China's mushrooming hunger for energy go far beyond its own borders. As incomes rise in China, energy use per person is starting to catch up with the richer West. The typical American consumes about eight metric tons of oil a year, or its equivalent in coal and other fuels. Japanese consume about half that sum. In China, per capita energy consumption now stands at just 1.2 metric tons.

It would require a doubling of world oil production -- an impossible feat -- for every Chinese to live the energy-intensive lifestyle of an American, as well as more coal than some believe China could ever dig up.

"We can't copy the big home and the big car" that so many Americans enjoy, said Zhou Dadi, a top researcher with the Energy Research Institute, a government-backed think tank. "It's just not doable."

China's current energy predicament is rooted in the decision it made three decades ago when it began to embrace a market economy. For the first 20 years of its transition, as China shifted from a mostly agrarian country to light industry, it was able to quadruple the size of its economy while only doubling its energy needs.

Throughout the 1990s, however, a new and faster phase of expansion quietly took hold as the government loosened restrictions on investment and the mobility of its citizens, accelerating China's industrialization and urbanization. Manufacturing accounted for a steadily greater share of the economy. Energy-intensive heavy industries boomed, from petrochemicals to auto production, aided by China's entry into the World Trade Organization in 2001.

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Low energy prices, made possible in part by government controls, encouraged consumers to use more. Coal consumption initially crept up slowly, to around 1.5 billion metric tons a year in the mid-1990s, from just under one billion metric tons a year a decade earlier. Last year, however, China consumed about 2.2 billion metric tons of coal, one-third of the world's total and more than any other country.

Beijing's efforts to reduce reliance on coal have largely failed. China has plenty of coal -- an estimated 114.5 billion metric tons of recoverable reserves. Only the U.S. and Russia have more. Natural gas, which burns more efficiently and causes far less pollution, has proved too expensive to compete effectively. Planned increases in nuclear-power production would fill only a fraction of China's energy demand. Even China's more-ambitious plans for hydropower power and wind farms won't seriously challenge coal's dominance.

Coal miners are on the front lines of the battle to meet China's energy needs. It is dangerous work. As with power plants, China's government has had great difficulty regulating coal mines. In the U.S., which produces about half as much coal as China, 47 miners have been killed so far this year, up from 22 last year. In China, the number of deaths has declined slightly this year, but it is still enormous: 4,236 dead so far.

The number of casualties goes up in the winter. More than 400 miners died in November alone. "In winter, demand goes up, the market prices go up, and the profit motive goes up," said Huang Yi, spokesman for the State Administration of Worker Safety, the agency that investigates mine accidents.

Smaller, often inefficient, and dangerous mines account for about a third of China's coal production. They are so important to meeting its energy needs that the central government recently delayed plans to improve safety by shuttering many of them.

Whole regions of China are pockmarked with tiny, illegal mines like the one in Wangyu in central China's gritty Shanxi province, where an accident in early November killed 34 miners. Four tons of demolition explosives illegally stored in a shaft caught fire and destroyed the small mine, according to government safety officials. The dead, who had just started the night shift, were mostly from the same village some 250 miles away.

Wang Chenliang, from Sichuan province, had just ended his shift when the explosion occurred. He rushed back to help with rescue efforts. He and others pulled survivors from the wreckage and pumped air into the mine to aid anyone who was trapped but still alive.

"This work is tiring and dangerous," Mr. Wang said a few days after the accident, only moments before police detained a journalist attempting to interview survivors. Like others, he got his job through introductions from fellow villagers. "We came here to earn money. The money here is much higher than back home in Sichuan."

The mine's safety certificate and production permit had both expired, according to central-government officials. But the local government was protecting it, they said, because it held a financial interest in the mine.

That sort of corruption is common. Last year, the central government found that more than 4,500 government officials illegally held stakes in coal mines and frequently covered up safety violations. Many of these mines lack basic safety equipment. Workers scrabble down narrow pits, where the most modern tools may be the sticks of dynamite used to dislodge the coal. At the accident site in Wangyu, there was no rescue equipment on hand, another common problem.

Over the past few years, provincial officials in Inner Mongolia have decided to build power plants and encourage heavy industry to relocate to the region to take advantage of its coal resources. The strategy has paid off in economic terms.

Last year, the province's economy grew 21.6%, roughly double the national rate. In 2004, it grew 19.4%. Industrial output has grown an average 30% a year over the past four years. Such unbridled growth caught China's central government off guard.

In 2003 and 2004, massive power shortages in the south led to rolling blackouts. Local authorities across China decided to build power plants, often illegally, to keep their local economies humming. Around that time, officials in Inner Mongolia approved a plan to build the Xinfeng Power Plant in the small town of Fengzhen, in a bid to attract more factories.

"Inner Mongolia has a lot of coal. Other parts of China need the electricity. Of course Inner Mongolia should take advantage of its natural resources," said Yan Keji, a construction worker at one of the three power plants near Jubao.

It isn't just heavy industry that needs power. China's consumers are using more, too. Mr. Yan's hometown in the mountains of Hunan didn't have electricity until 1990. At first, his house had one light bulb. Now, the money he earns from construction has paid for a television, washing machine, refrigerator and air conditioning, a pattern repeated in millions of homes across China as people get richer.

China's sprawling cities are also driving up power demand. Inner Mongolia now provides Beijing with 20% of its electricity, according to Jim Brock, an independent energy consultant in the Chinese capital.

Nearly two years ago, China's central government started cracking down on the unauthorized power plants because they feared a surplus of power. In Inner Mongolia, local officials ignored orders to stop building the Xingfeng plant, figuring they could always get retroactive approval, according to the official Xinhua news agency. But the death of the six workers in July 2005 set in motion the investigation that culminated in the public castigation of the provincial chief and the order to stop work on Xinfeng.

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Some construction work on the plant continues. Workers interviewed at the site said the plant would be able to produce electricity next year. They declined to give their names.

Na Guiting, an official at Inner Mongolia Energy Generation Investment Co. Ltd., the plant's owner, said the company is eager to finish building and has reapplied for approval. "Mongolia still has a very serious power shortage. If Xinfeng would be approved, it could be generating in three or four months," the official said.

Tony Blair On Jet That Struck Lights On Miami Runway (WP/AP)

The Washington Post, December 27, 2006

MIAMI, Dec. 26 -- A commercial jet carrying British Prime Minister Tony Blair and his family missed a runway exit and struck some lights after landing at Miami International Airport on Tuesday. The plane was not damaged and no injures were reported, officials said.

British Airways Flight 209 from London ran over a couple of airfield lights after landing around 6:15 p.m., but it did not leave the pavement and it taxied to the gate under its own power, airport spokesman Marc Henderson said.

The plane stopped just past the official end of the runway, said Laura Brown, a Federal Aviation Administration spokeswoman.

"It landed safely on the runway. It slowed down. It was going at taxiway speed, and they just missed a turn," Brown said.

Blair was among the 343 passengers on the plane, but no additional information about his trip was available, U.S. Secret Service spokeswoman Kim Bruce said. Blair receives Secret Service protection when he lands in the United States.

A Downing Street official, speaking on the condition of anonymity, said the prime minister and his family were not hurt.

He did not say where the Blairs were going, but Blair and his family have taken vacations in Bermuda.

The pilot stopped the plane at the end of the runway because he could not see the lights to the taxiway, British Airways spokesman John Lampl said.

"Apparently they're doing some resurfacing work and relighting, so the lighting was poor. Just to err on the side of caution, the captain decided to stop at the end of the runway and called the tower," Lampl said.

The taxiway lighting met FAA standards, Brown said. She added that the FAA would look into the incident, but she did not know whether there would be a formal investigation.

DOJ_NMG_0109430

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Attachments:	agnb061228.pdf; agnb061228.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 28, 2006 7:45 AM EST

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TERRORISM NEWS:

Outspoken Former Guantanamo Detainee Believe Arrested By ISI. The AP (12/28, Jan) reports, "In his chronicle of life as an inmate at Guantanamo Bay, Afghan writer Abdul Rahim Muslim Dost describes his three years of humiliating detention for alleged ties to al-Qaida. Now, he has lost his liberty again — this time believed jailed by the Pakistani intelligence service for the book's fierce criticism of the agency's role in the U.S.-led war on terrorist groups." The AP notes, "There is no official word on Dost's whereabouts, although the rights group Amnesty International also thinks he is held by the government."

US, Philippines Analyzing DNA To Confirm Death Of Abu Sayyaf Leader. The AP (12/28, Alexander) reports, "Remains believed to be from the chief of the al-Qaida-linked Abu Sayyaf group, who was the target of a monthslong U.S.-backed manhunt, have been found in the southern Philippines, the military said Wednesday. Khaddafy Janjalani is on a U.S. list of wanted terrorists with a $5 million bounty on his head for a series of beheadings, bombings and mass abductions." Philippine Marines Lt. Col. Ariel Caculitan said that "Janjalani was believed to have been killed in a Sept. 4 clash with marines…but DNA tests would be needed for confirmation. … He added the U.S. was providing help in forensic tests." The AP notes, "Caculitan said former Abu Sayyaf members who had surrendered helped troops find the site and claimed Janjalani had been shot in the neck." AFP (12/28) reports Philippine General Hermogenes Esperon "told reporters in Manila the DNA would be checked against that of Khadaffy's older brother Hector Janjalani, now in jail in Manila. … Janjalani's death would be a severe blow to the Abu Sayyaf, a small gang of self-styled Islamic militants that once received funding from Osama bin Laden, he said."

Texas Attorney Glad Client Is Released From Guantanamo. The Austin American-Statesman (12/28, Lindell) reports, "The news arrived in cloak-and-dagger fashion, but for Austin lawyer Dicky Grigg, it was welcome nonetheless." The American-Statesman continues, "Mohammad Akhtiar, his Afghani client who was held as an enemy combatant for 3 1/2 years at the U.S. Naval Station at Guantánamo Bay, Cuba, was back in his homeland and traveling toward a reunion with his wife and nine children. … 'One, I'm very pleased and excited that he's released and back to his family,' Grigg said. 'But then, you have to consider that 3 1/2 years were taken out of his life. I'm glad he's home, but it makes you frustrated.'" The American-Statesman adds, "Grigg was among a loose-knit group of lawyers who represented, at no charge, many of the imprisoned enemy combatants in the belief that detention without review by a civilian court violated a basic principle of the U.S. system of justice. … The 'Guantánamo Bar Association' clashed with the Bush administration over where to draw the line between combating terrorism and safeguarding constitutional rights — producing a U.S. Supreme Court ruling in June that allowed detainees to petition for writs of habeas corpus, which challenge the legality of detentions, in federal court. … The Republican-led Congress, saying classified information could be placed at risk in federal court proceedings, followed with legislation stripping federal courts of authority to hear cases from Guantánamo. Detainee cases instead will be heard by military commissions, where an officer acts as judge and at least three officers serve as jurors."

HOMELAND RESPONSE:

Houston Luggage Theft Probe Continues As FBI Rules Out Terrorism. The Houston Chronicle (12/28, Sallee, 530K) reports, "The 68 pieces of baggage that turned up in a trash bin Tuesday near George Bush Intercontinental Airport were probably stolen by a team of thieves in a single day's work while airline staffers were stretched thin by the demands of holiday travel, a Texas travel adviser theorized Wednesday. … Another possibility — an inside job, with somebody taking the luggage on its way from the airplanes to the baggage-claim area — was not something investigators would talk about. Meanwhile, it looked like business as usual at Bush on Wednesday." The Chronicle notes, "FBI spokesman Orlando Muñoz said there is no evidence that the incident exposed any national security or terrorism vulnerabilities." The AP (12/28) also briefly reports on the stolen luggage, in a widely-distributed story.

Corzine Said To Have Softened Stance On Chemical Security. The New York Times (12/28, Kocieniewski, 1.16M) reports though Jon S. Corzine the senator "was relentless in warning that the nation's chemical

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plants, and the railways that carry their potentially dangerous cargo, are vulnerable to a devastating terror attack," in his 11 months as New Jersey's governor, he "has taken a far more measured approach to the issue, disappointing some of the chemical security experts who helped him form his proposals in the Senate. … They accuse the governor of being too intent on appeasing the chemical industry, which provides more than 80,000 jobs in the state." However, "Governor Corzine and his staff say that they have quietly pressured companies and railroads to beef up plant security and switch to safer technology."

Judge Rules Against Privileges In 9/11-Related Insurance Case. The New York Law Journal (12/28, Bar) reports, "The insurance broker representing Century 21 Department Stores in its efforts to regain compensation for millions in damages it sustained to its lower Manhattan store following the Sept. 11, 2001, terror attacks has won a partial attempt to force the insurer overseeing the claim to produce documents it said were privileged." The Journal continues, "Southern District of New York Judge Robert W. Sweet, in OneBeacon Insurance Co. v. Forman International, 04 Civ. 2271, held that OneBeacon Insurance Co. and its attorneys at Cozen O'Connor failed to prove that the attorney-client or work product privileges should be applied in connection with the documents in dispute." The Journal adds, "Sweet also held that, because neither OneBeacon nor its counsel selectively withheld documents based on content, the fairness doctrine could not be applied to this case. … OneBeacon reached a settlement with Century 21 in March 2003 to pay the store $143 million to fully release claims. The insurer later asserted it overpaid the retailer by $52.4 million because Century 21's broker, Forman International, improperly agreed on the retailer's behalf to delete a standard business interruption provision in favor of the business interruption provision proposed by Century 21."

Judge Says He Will Not Allow FEMA To "Run The Clock Out" On Katrina Victims In Texas. In an article appearing on no fewer than 70 news websites, the AP (12/27, Apuzzo) reported FEMA sent letters to about 4,000 Hurricane Katrina victims in Texas last week, "explaining why they were deemed no longer eligible" for federal housing aid and giving them a chance to appeal the decision. "But the program is set to expire at the end of February and the appeal process can take up to three months. US District Judge Richard Leon, who has called the agency's housing program a 'legal disaster' said Wednesday that he wanted to speed up the appeals. 'This is not going to be a run-out-the-clock operation,' Leon said. 'I have no reason to believe FEMA wants that, but if this court gets the impression for one second that FEMA is trying to run the clock out, this court is not going to tolerate that.'"

WAR NEWS:

Bush To Meet With Top National Security Aides On Iraq. The Washington Post (12/28, A4, Abramowitz, White, 690K) reports President Bush's "top national security advisers arrived" at his ranch in Texas "to hone a new Iraq strategy that administration officials said seems increasingly likely to include a surge of additional troops to try to help stabilize the country." Although officials "have said no decisions will be made in the Crawford meeting, Bush seems to be laying the groundwork for one more sustained effort to defeat the Iraq insurgency and stabilize the country politically. Two defense officials said Wednesday that some sort of troop increase appears likely in an effort to contain the violence but that the specific size and nature of such a surge still has to be worked out." White House spokesman Scott Stanzel "took a swipe at Sen. Joseph R. Biden Jr. (D-Del.), the incoming chairman of the Foreign Relations Committee, for his comment Tuesday that ordering more troops to Iraq would do little to address the underlying political problems fostering violence." Stanzel said, "I would hope that Senator Biden would wait to hear what the president has to say before announcing what he's opposed to."

The Los Angeles Times (12/28, Gerstenzang, 850K) reports the White House "responded sharply today to a senior Democratic senator's criticism of possible increases in the U.S. military deployment in Iraq, ahead of President Bush's meeting on Thursday with senior national security advisors at his ranch." Deputy White House press secretary Scott Stanzel "took issue with Sen. Joseph R. Biden, Jr. (D-Del.), the incoming chairman of the Senate Foreign Relations Committee, who said on Tuesday that any troop increase would be 'the absolute wrong strategy.'" Stanzel said, "I hope that Sen. Biden would wait to hear what the president has to say before announcing what he's opposed to." The Times adds Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates, Vice President Dick Cheney, Marine Corps

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Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, National Security Adviser Stephen Hadley, and Deputy National Security Adviser J.D. Crouch will be meeting with Bush.

Iraq Study Group's Impact Assessed. The New York Times (12/28, Shane, 1.16M) reports that Washington's blue-ribbon panels have "a predictable life cycle, which the Iraq Study Group has so far followed to a fault." After "unrealistic expectations, fueled by feverish news coverage," comes "the report's grand unveiling, complete with White House photo op, this time featuring President Bush with the co-chairmen, James A. Baker III and Lee H. Hamilton. And then, inevitably, the letdown." But "whether this group, too, ends up as a footnote to history, or becomes the framework for a new war policy, is unlikely to be settled until well into the new year." Former Sen. Warren Rudman said, "I don't think it's dead at all. Whether its recommendations will ultimately be followed is another question. But with the Democrats in charge of Congress, its findings will certainly get a hearing."

Special Forces Seen As Key To Win In Iraq. In a Washington Times (12/28, 88K) op-ed, Fred Gedrich and Paul E. Vallely say, "Most Americans desire an effective change in current Iraq war strategy and the wider global war against Islamic extremists and nations supporting them. President Bush and the new U.S. defense secretary, Robert Gates, could deliver it by placing experienced unconventional warfare leaders in charge of the war effort." To "prevail, the United States has to transition from a conventional to an unconventional war footing and make the enemy pay a heavy price for its despicable tactics. In Iraq and elsewhere, traditional troops, weapons and tactics are less useful than tools of influence, covert operations and intelligence brought to the battlefield by special operators working harmoniously with indigenous forces and local populations. The prime objective is to create a climate of fear within enemy ranks that breaks its will to continue the armed insurrection against the freely elected Iraqi government." Special Operations Forces "(Rangers, Seals, Delta Force and other special units) leaders and troops are uniquely qualified for this mission."

Gates Authorizes Dispatch Of Additional Army Brigade To Kuwait. The Washington Post (12/28, A24, White, Trejos, 690K) reports, "A brigade of U.S. Army troops is scheduled to deploy to Kuwait early next month to take over as the U.S. Central Command's theater reserve force, which means more than 3,000 additional U.S. troops will move into the region and could be used to support combat in Iraq, Pentagon officials announced yesterday." Defense Secretary Robert M. Gates "approved sending the 2nd Brigade, 82nd Airborne Division overseas after Gen. John P. Abizaid, who leads Central Command, requested the forces to replace the 15th Marine Expeditionary Unit, which was sent into the western province of Anbar this fall. Abizaid requested a brigade -- which is significantly larger than the Marine unit -- to allow for greater flexibility in the region."

Sadr Aide Killed In Raid By US, Iraqi Troops. The Washington Post (12/28, A1, Trejos, Raghavan, 690K) reports Sahib al-Amiri, "a top deputy of Shiite cleric Moqtada al-Sadr was killed Wednesday during a raid by U.S. and Iraqi troops in the southern holy city of Najaf, sparking protests from Sadr's followers and complicating an already tense relationship with the powerful anti-American leader." US military officials "declined to confirm that Amiri was a Sadr aide, saying only that he had provided explosives for use against Iraqi and American forces. Sadr officials said Amiri was an aide and a lawyer who ran an educational organization that helped orphans and impoverished children." The incident "comes at a delicate time for the Iraqi political process."

Iraqi Militias, Police Riven By Increasing Political Pressure. The New York Times (12/28, Santora, 1.16M) reports Maj. William Voorhies, the American commander of a military training unit in Baghdad, describes an "increasingly frustrating task — trying to build up Iraqi security forces who themselves are being used as proxies in a spreading sectarian war." Maj. Voorhies said, "I have come to the conclusion that this is no longer America's war in Iraq, but the Iraqi civil war where America is fighting." The Times adds Iraqi forces, "already struggling with corruption and infiltration, have shown little willingness to stand up to political pressure, especially when the Americans are not there to support them. That suggests, the commanders say, that if the Americans leave soon, violence will redouble."

In Letter, Saddam Calls On Iraqis To Unite. The New York Times (12/28, Santora, 1.16M) reports Saddam Hussein, whose execution is expected within 30 days, "said he was prepared to die and sure of his place in heaven as a martyr, and he called on Iraqis to unite, according to a letter that his lawyers said Wednesday had been composed by the former dictator." While "fears that the

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announcement upholding his death penalty on Tuesday would set off violence appeared not to be immediately borne out," officials were "still concerned about possible public reaction to the execution itself, and some speculated that the hanging would take place in secret and be announced only after the fact." In his "latest letter, Mr. Hussein displayed none of the bombast that had defined his court appearances."

The story was briefly covered by each of the networks last night, with ABC World News (12/27, story 5, 0:35, Gibson, 8.78M) reported the letter contained "unexpected words of restraint from Saddam Hussein who has been sentence in days to come to hanging. In a letter released by his defense team, Hussein writes – 'I call on you the people of Iraq not to hate because it makes you blind and closes all doors of thinking. I also call on you,' he wrote, 'not to hate the people of the other countries that attacked us.'"

The CBS Evening News (12/27, story 4, 1:15, Pinkston, 7.66M) reported, "A pro-Saddam Website threatened retaliation against the US, and carried a letter Saddam reportedly wrote that says, 'Here I offer myself in sacrifice,' and urged Iraqis to 'direct your enmity towards the invaders.' Defiant words from a former ruler who will soon hang like any other Iraqi criminal sentenced to death. The only question is when." NBC Nightly News (12/27, story 6, 0:35, Williams, 9.87M) reported, "Saddam Hussein is urging Iraqis to see his execution as a sacrifice, and as a symbol of a continuing holy war." Saddam is "calling on the Iraqi people to unite and fight US led forces, which he says are trying to destroy that nation."

The Washington Post (12/28, A24, Raghavan, 690K) reports the letter "declared the former president to be victimized by foreign armies but ready to die and 'be with the merciful God.' The letter urged Iraqis not to hate the foreign peoples whose armies invaded the country, just their leaders." Published on "several Iraqi Web sites, the letter was written in ancient Arabic verse." In interviews, "two of Hussein's defense lawyers based in Amman, Jordan, said the letter was authentic and written by Hussein on Nov. 5. That was the day he was sentenced to death by hanging for the killings of 148 Shiite residents of the town of Dujail following an attempt on his life there in 1982."

The Washington Times/AP (12/28, Torchia) reports Hussein "urged Iraqis to embrace 'brotherly coexistence' and not to hate U.S.-led foreign troops in a goodbye letter posted on a Web site Wednesday, a day after Iraq's highest court upheld his death sentence and ordered him hanged within 30 days." Meanwhile, a top government official "said Saddam's execution could proceed without the approval of Iraq's president, meaning there were no more legal obstacles to sending the deposed dictator to the gallows." Against the "backdrop of sectarian killings that have dragged Sunni Arabs and Shiite Muslims into civil warfare over the past year, Saddam urged his countrymen to 'remember that God has enabled you to become an example of love, forgiveness and brotherly coexistence.'" But he "also voiced support for the Sunni Arab-dominated insurgency, saying: 'Long live jihad and the mujahedeen.'"

The Los Angeles Times (12/28, Zavis, Hennessy-Fiske, 850K) reports Hussein "declared in a handwritten farewell letter published Wednesday that his execution for crimes against humanity would be a sacrifice for his people, and he urged Iraqis not to give in to hatred." The letter was "released as shootings and explosions rattled Baghdad for another day, and protesters took to the streets of the Shiite holy city of Najaf after an associate of a radical anti-American cleric was killed in a confrontation with Iraqi and foreign troops." Saddam said "he wrote the letter because he was not given a chance to make a final statement when his sentence was handed down."

Iraqis Have Varying Reaction To News Of Saddam Death Sentence. The Financial Times (12/28, Negus,) reports the "news of Saddam Hussein's imminent execution provoked widely differing reactions among Iraqis on Wednesday, with some welcoming the demise of their former persecutor and many afraid that it would cause further disruption to their lives, and others convinced that the president would strike a last-minute deal to avoid death." In Sadr City, "one resident said few of his neighbours actually believed that Mr Hussein would be executed."

Saddam Likely To Be Executed In Private. The Los Angeles Times (12/28, Hennessy-Fiske, 850K) reports Saddam "will likely be executed soon at a private gathering of select witnesses, officials close to Iraq's Prime Minister Nouri Maliki said today." Hussein's victims, "particularly those from Dujail, are demanding a public hanging so they can see justice done. But government officials concerned about exacerbating sectarian tensions rejected the idea, said a cabinet member of Prime Minister Nouri Maliki, adding the government will likely only release photographs of the hanging to the public."

Saddam's Baath Party Warns Of Retaliation. The International Herald Tribune/AP (12/28) reports Saddam Hussein's Baath Party "threatened Wednesday to retaliate if

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the ousted Iraqi leader is executed, warning in an Internet posting it would target U.S. interests anywhere." The statement "appeared on a Web site known to represent the Baath, which was disbanded after U.S.-led forces overthrew Saddam in 2003. The site is believed to be run from Yemen, where a number of exiled members of the party are based." The statement "said that if the execution takes place, it would be impossible for the Baath to take part in any prospective negotiations with U.S. and Iraqi officials to reduce the violence in Iraq."

LATimes Criticizes Saddam's Death Sentence. The Los Angeles Times (12/28, 850K) says in an editorial that Saddam's death sentence "and the trial that produced it can be described as very rough justice. By British and U.S. standards, there were lapses in the trial that convicted Hussein of ordering the murders of 148 residents of a Shiite village in 1982. It's also troubling that the Iraqi appeals court that ruled Tuesday that Hussein should be hanged within 30 days took only three weeks to rule on detailed arguments submitted by his lawyers." Assuming that Iraq's "president or vice president could commute Hussein's sentence — and the appeals court insists that its ruling can't be altered — the best argument for mercy is that it might appease Sunnis who regard Prime Minister Nouri Maliki as partial to his fellow Shiites."

Smith's "Stunning Break" With Bush On Iraq Analyzed. The New York Times (12/28, Risen, 1.16M) reports that Sen. Gordon Smith's December 7th speech on the Senate floor on the Iraq war "marked a stunning break with the president." Smith said, "I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day. That is absurd. It may even be criminal." The Times adds the "real impact of the address came not just from Mr. Smith's words, but from the way he delivered them. His somber cadence resonated in a way that made political Washington take notice, transforming him into one of the most talked-about Republicans heading into the new Congress." A White House official "quickly called Mr. Smith to discuss his speech, Mr. Smith said in an interview." Within "days of the Iraq speech, Mr. Smith emerged as a new spokesman for an endangered political species: the moderate Republican." Smith said he "decided not to speak out before the midterm elections, both out of political loyalty and a fear that his words would be drowned out by partisan attacks." Smith "faces re-election in 2008, and some Democrats in Oregon have suggested that his break with the White House was timed to aid his coming campaign, an accusation he adamantly denies."

British Commander Complains UK Troops Underfunded, Neglected. The New York Times (12/28, Cowell, 1.16M) reports the commander of Britain's "7,000 troops in southern Iraq has complained that they are operating in conditions that display 'a generation of underfunding and relative neglect' by successive governments back home." The remarks "by the commander, Maj. Gen. Richard Shirreff, echoed criticism by two other high-ranking officers in recent months, breaking with a tradition of public restraint by military commanders in expressing political views." General Shirreff said, "The nation needs to understand that the quality work done by these courageous men and women out here only happens and can only continue if our soldiers are properly supported back home in terms of the support for training, infrastructure, barracks, accommodation." General Shirreff "did not blame a specific government and directed some of his criticism at the broader relationship between civilians and the military."

US Interrogating Iranian Guards Captured In Baghdad. The CBS Evening News (12/27, story 5, 1:05, Martin, 7.66M) reported, "US intelligence is interrogating senior members of Iran's Revolutionary Guards captured last week inside Iraq. US officials say the two carried documents directly linking the Iranian government to attacks on American troops. According to these officials, the captured documents show Iran was providing weapons, including advanced explosive devices to one of Iraq's Shiite militias and helping them plan future operations in Baghdad. The two Iranians were captured in a compound belonging to the powerful Shiite leader Abdul Aziz al Hakim who earlier this month met with President Bush in Washington."

Marines Combat Snipers, IEDs Along Al Anbar Supply Route. The Los Angeles Times (12/28, Perry, 850K) reports on the heavy attacks Marines undergo on MSR Mobile, the road that "serves as a main link between several U.S. bases" in Iraq's Al Anbar province. "In the last two weeks, two Marines with Company B of the 2nd Assault Amphibian Battalion from Camp Lejeune, N.C., have fallen to snipers' bullets." The Times sees this road "as a

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microcosm of the Marine mission in Al Anbar: nothing likely to be made into a Hollywood war movie, just a 'persistent presence' to wear down the insurgency." The article notes a new strategy insurgents are using in which a fake roadside bomb is planted in hopes of attracting US bomb removal personnel, who then fall under sniper fire.

Pakistan Announces Plans For Border Fence To Hem In Taliban. The Christian Science Monitor (12/28, Montero, 59K) reports Pakistan has "announced a new solution to the problem" caused by Taliban militia "on its western frontier: mines and fences along the Afghan border, designed to keep militants from crossing in and out of the tribal zone." Western "capitals, newspapers, and military intelligence reports are increasingly voicing concern that the source of the Taliban's growing power rests in Pakistan and that Pakistan is not doing enough to quell it. This latest approach, beyond being quixotic, is also risky, analysts say: If the fence doesn't work, Pakistan may have exhausted all apparent options - and possibly its credibility, too."

Special Ops Soldiers Say Senior Taliban Leader Had Been Released In 2002. The Washington Times (12/28, Scarborough, 88K) reports Special Operations soldiers "say that if the command in Afghanistan had listened to them four years ago, there would have been no need this month for a U.S. air strike that killed senior Taliban leader Mullah Akhtar Mohammed Osmani. He already would have been locked up." As "reported in 2002 by The Washington Times, an Army Green Beret 'A Team' said it captured Osmani in a village near Kandahar, the Taliban's birthplace." Special Forces soldier said the US "prison at the Bagram military base north of Kabul later released Osmani, the Special Forces soldiers said. They suspect Osmani convinced his captors that he was not a Taliban leader but a poor villager. The soldiers said they heard later that he crossed into Pakistan and reorganized his forces." The Times adds the "Combined Forces Command in Kabul said that on Dec. 19 Osmani was identified, based on intelligence reports, as riding in a vehicle near the Pakistan border in a deserted area. An air strike killed him and two unidentified companions."

Air Force Considering Outside Management For Next Generation GPS System. The Wall Street Journal (12/28, Pasztor, 2.04M) reports the Air Force is "considering a potential new approach to managing multibillion-dollar space projects that could help it avoid the costly troubles that plagued previous efforts and lead to a lucrative new role for private-sector contractors." But the "new approach could present its own share of problems, including the potential for conflicts of interest." The Air Force is "considering hiring outside engineers or consultants to oversee systems integration of its next-generation navigational satellites, according to industry and government officials." Hiring a "separate project integrator could set a precedent for future projects and would be a tacit acknowledgment that both Air Force Space Command and the Pentagon's massive weapons-buying bureaucracy lack the necessary expertise to perform the required oversight role." The project "involves setting up a next-generation U.S. global positioning system, which is widely used by the military and supports consumer applications such as in-car driving directions." The preliminary specifications "for the system call for as many as two dozen satellites costing $100 million or more."

DOJ:

Connecticut US Attorney Named Gang-Violence Point-man At DOJ. The AP (12/28, Christoffersen) reports, "Connecticut's top federal prosecutor has been appointed to a national position focused on combatting violence amid signs that a three-year lull in crime is ending, officials said Wednesday." The AP continues, "U.S. Attorney Kevin O'Connor has been named associate deputy attorney general at the U.S. Justice Department, where he will lead a team focused on violent crime and initiatives to crack down on gangs and illegal guns. He also plans to remain U.S. attorney for Connecticut for at least six months. … 'I'm honored that they asked me to do it,' O'Connor said. 'To me this is a great opportunity to be involved on the national level on the same issues I've been involved in on a local level.'" The AP adds, "Preliminary FBI data released last week showed that murders and robberies continued to rise across the country during the first six months of 2006. Violent crime figures are on pace for a second straight annual increase. Violent crime rose 2.2 percent nationally last year - the first increase since 2001. .. .Authorities around the country also are worried about a resurgence in gangs. O'Connor held the state's first gang summit in September, and his office has

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been stepping up prosecutions." The AP notes, "O'Connor, who was appointed U.S. attorney in 2002 and starts his new position next week, also has been active in Project Safe Neighborhoods, which targets gun-carrying felons and has recovered about 4,000 guns over the past five years, he said. … His appointment comes nearly a year after Attorney General Alberto Gonzales announced an expanded program to combat gang violence, including an infusion of federal funds for cities with gang problems. His plan also called for expanding Project Safe Neighborhoods to include more anti-gang efforts and a new national gang task force."

CORPORATE SCANDALS:

Apple Reportedly Falsified Files On Jobs' Stock Options. The Financial Times (12/28, Waters) reports, "Steve Jobs, chief executive of Apple Computer, was handed 7.5m stock options in 2001 without the required authorisation from the company's board of directors, according to people familiar with the matter." The Times continues, "Records that purported to show a full board meeting had taken place to approve Mr Jobs' remuneration, as required by Apple's procedures, were later falsified. These are now among the pieces of evidence being weighed by the Securities and Exchange Commission as it decides whether to pursue a case against the company or any individuals over the affair, according to these people." The Times adds, "News of the irregularities, which is expected to be revealed in a regulatory filing by Apple before the end of this week, will add to pressure that has been growing on one of Silicon Valley's most highly-regarded companies since the middle of 2005. … Apple is among more than 160 companies that have owned up to stock option backdating – handing options to executives and other employees at exercise prices that were set in hindsight at favourable levels – a scandal which has led to the departure of a number of chief executives." The times notes, "The latest revelation is likely to add to questions about Apple's disclosures about its internal investigation into the backdating issue. In October, the company largely exonerated Mr Jobs over the matter, saying that while he had been 'aware' of the backdating 'in a few instances', he 'did not receive or otherwise benefit from these grants and was unaware of the accounting implications'."

The AP (12/28, Wong) reports, "Wall Street ultimately shrugged off a report Wednesday that federal prosecutors are investigating whether former Apple Computer Inc. officials forged documents to maximize executives' profit from stock options. … The legal publication that detailed the federal probe also reported that CEO Steve Jobs has hired outside attorneys to represent him in the investigation." The AP continues, "Shares of the iPod and Macintosh computer maker went on a roller-coaster ride in trading Wednesday, falling almost 5 percent before rebounding to close up a penny at $81.52 on the Nasdaq. … In a morning note, UBS Investment Research analyst Ben Reitzes called investors' fears 'overblown.' … 'Investors seem to be reacting to the mention of Steve Jobs,' Reitzes said in his note. 'We believe it could make sense to obtain counsel, given his immense personal fortune and influence.'" The AP adds, "The Recorder, a San Francisco-based publication owned by American Lawyer Media, reported late Tuesday that federal prosecutors are looking into forged documents at Apple related to administering stock options. The report cited people with knowledge of the case who requested anonymity because the case is the subject of criminal and civil government investigations. … Apple spokesman Steve Dowling said the company is providing the Securities and Exchange Commission with the results of an internal investigation into its practices for granting stock options, but had no further comment Wednesday."

Market Watch (12/28) reports, "Apple had previously said that its own internal investigation found no misconduct by Jobs or other senior executives. The company did say that its probe had raised concerns about the actions of two unidentified former executives." Market Watch adds, "Further details about Apple's situation are expected to be unveiled Friday, when the company plans to file several quarterly reports and its annual report for the fiscal year ended Sept. 30. … Apple has delayed the filings amid an internal probe into the backdating of employee stock-option grants."

Bloomberg (12/28, King, Guglielmo) reports, "Apple is among the biggest names caught in a stock-option scandal that has widened to more than 190 companies. In June the maker of the iPod music player began an internal review of its grants, including one to Jobs. Apple said in October said it found 15 misdated grants from 1997 to 2002. … When Apple released the results of its three-month investigation in October, it didn't disclose any falsified documents. The company said it found backdated option awards on 15 occasions from 1997 to January 2002. While Jobs, 51, was aware of some instances, he didn't benefit, Apple said."

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Nabors Industries To Relaunch Options Review. The Wall Street Journal (12/28, A3) reports, "Nabors Industries Ltd. said it is initiating a further review of its option-granting practices in light of 'issues raised' in an article published by The Wall Street Journal." The Journal continues, "The oil-and-gas driller said this review follows an internal review earlier this year of its stock-option practices going back to 1998. It said this initial review 'did not suggest that there was reason to question the propriety' of its option-granting practices. … The Journal article, published yesterday, said that Eugene Isenberg, the chief executive officer of Nabors, is among the highest-paid corporate executives in history, receiving more than $450 million in compensation over the past 19 years, largely due to stock-option grants whose value, the article contends, was enhanced by certain 'controversial moves' made by the company, which has U.S. headquarters in Houston but is registered in Bermuda." The Journal notes, "The moves cited by the Journal included allowing Mr. Isenberg to trade in certain worthless options for new ones with lower exercise prices and 'reloading' Mr. Isenberg with new options when he cashed in others. … In separate options-related news, HCC Insurance Holdings Inc. said it has completed an independent review of its stock-option-granting practice and recorded a gross noncash compensation expense of $26.6 million related to corrections of errors from 1997 to 2005."

France To Fine GLG, Deutsche Bank In Hedge Fund Case. The Wall Street Journal (12/28, C3, MacDonald) reports, "France's markets regulator will fine hedge fund GLG Partners LP and Deutsche Bank AG for abuses arising out of a convertible-bond offer for French telecommunications-equipment maker Alcatel SA, according to people familiar with the matter." The Journal continues, "The Autorité des Marchés Financiers, or AMF, is following the recommendations of a preliminary report it received in October that was compiled by one of its officials. … The AMF has decided to increase the fine levied on London-based GLG to €1.2 million ($1.6 million) from €1 million recommended in the report and reduce Deutsche Bank's fine to about €300,000 from €1.5 million, these people said." The Journal adds, "Alcatel SA, now Alcatel-Lucent, announced Dec. 12, 2002, that it would offer between $640 million and $835 million in bonds that would convert into shares. .. .The AMF was investigating whether hedge funds acted on information offered by Deutsche Bank before the bonds' issuance was publicly announced. .. While it is common practice by banks to preview deals to select clients ahead of their announcement, it is against market regulations in Europe to act on that information."

Former KLA-Tencor Chairman Resigns From Board. Bloomberg (12/28, King) reports, "Former KLA-Tencor Corp. Chairman Jon Tompkins resigned from the board, making him the fourth senior official to sever ties with the company since it discovered problems related to the backdating of stock option grants." Bloomberg continues, "Tompkins resigned on Dec. 21, San Jose, California-based KLA-Tencor said in a U.S. Securities and Exchange Commission filing today. Tompkins, who is also chairman of Electro Scientific Industries Inc., quit for personal reasons, KLA-Tencor spokeswoman Kyra Whitten said. She declined to comment further." Bloomberg adds, "Tompkins served as chief executive officer from May 1997 until July 1998, then as chairman until June 1999. The company said in September it would restate results from 1997 to 2002 after a special committee found incorrect dates were used in granting stock options to executives. … KLA-Tencor, the second-largest U.S. chip-equipment maker, said on Oct. 16 it found $400 million in costs related to backdated stock options and canceled grants to another former CEO, Kenneth Schroeder. … General Counsel Stuart J. Nichols resigned that day and KLA-Tencor said it terminated 'all aspects of its employment relationship' with Schroeder, who ran the company from 1999 to 2005, succeeding Tompkins. A day later, Chairman Kenneth Levy retired. The company said it would reprice options held by Levy and other executives. … KLA-Tencor is among more than 190 companies to disclose internal or federal investigations of stock-option practices to determine if grant dates were manipulated to enrich employees. The SEC, the Justice Department and Internal Revenue Service are looking for evidence that companies broke securities or tax laws by backdating grants to coincide with days when share prices were low."

Frank Criticizes New SEC Executive Pay Rules. The Wall Street Journal (12/28, A2, Hughes, 2.04M) reports, "The Securities and Exchange Commission's decision to reverse course and relax disclosure rules on executive pay isn't sitting well with the Democrat who will head the House Financial Services Committee in the new Congress." Rep. Barney Frank "said he is 'very disappointed

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with both the substance and the procedure' involved in the rule changes, which the SEC announced late Friday, just before the long Christmas weekend." The rules, "which apply to publicly held companies, would reduce the amount of top executives' compensation that many companies would be required to disclose next year." Frank's committee "has oversight of the SEC, and he could hold hearings on the executive-pay rules. He has already said he would push for legislation to allow shareholders to vote on executive compensation."

USA Today (12/28, 6B, 2.27M) quotes Frank saying, "Backtracking by the SEC on this important matter of stock options reinforces my determination that Congress must act to deal with the problem of executive compensation that is now unconstrained by anything except the self-restraint of top executives." The Washington Post (12/28, D1, Hilzenrath, 690K) runs a similar story headlined "New SEC Pay Rule To Benefit Executives," in which it mentions Frank's criticism and says "the SEC action reflects the confusion and criticism that surround stock options, which have created great wealth for many executives and have been criticized as contributing to some of the worst corporate scandals. In recent months, many companies have been examining whether option grants were improperly backdated to maximize their value to executives, and some corporate chiefs have lost their jobs."

Editorial Criticizes DOJ's "Thompson Memo" Tactics. The Harrisburg Patriot-News (PA) (12/28) editorializes, "Reacting to pressure by Arlen Specter and others on the 'Thompson Memorandum,' the Justice Department has proposed guidelines on what critics contend have been coercive and unconstitutional tactics used in investigations of corporations. … But the new guidelines still fall short of adequately protecting constitutional rights of employees. Specter and his allies, who include former Pennsylvania governor and U.S. Attorney General Dick Thornburgh and incoming Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., should continue pushing." The Patriot-News continues, "A memorandum issued in 2003 by then Deputy Attorney General Larry Thompson issued a number of factors prosecutors should consider in deciding whether to bring criminal charges against a company. One of them took heavily into account the degree of a company's cooperation with investigators. … As a result, critics contend companies have gone too far and pressured employees to do such things as waive attorney-client privileges and other protections. While this may aid the company, it can expose individuals." The Patriot-News adds, "Specter has said he will re-introduce legislation in the next Congress that would prohibit the Justice Department from pressuring corporations to waive their rights to preserve conversations and other information shared with lawyers as confidential; allow corporations to continue paying employees' lawyers fees without threat of retribution from prosecutors; and bar the department from considering how cooperative a corporation has been in determining whether to file charges. … The Thompson Memorandum remains in effect, but investigators must show a 'legitimate need' to obtain privileged information and must obtain written approve from a deputy attorney general before pursuing them. … This is unsatisfactory in that we are talking about constitutional rights still being left to the discretion of too few in the Justice Department."

CRIMINAL LAW:

DOJ Probing Alleged Fraud In Detroit City Lease. The Detroit News (12/28, Egan) reports, "The U.S. Justice Department is investigating possible fraud in a building lease held by Detroit's Employment and Training Department after an audit identified $1.5 million in apparent overcharges, sources familiar with the investigation said." The News continues, "The Detroit City Council allocated $5.3 million at the end of 1999 to cover five years of lease payments on the building at 1300 Rosa Parks, but city payments totaled $10.7 million after 39 months, the audit said. … The building is owned by Hampton Ridge Properties LLC, which is controlled by Grosse Pointe Farms businessman Cullan Meathe, a major donor to several Detroit politicians and co-owner of Metro Cars Inc." The News adds, "Detroit lawyer Steve Fishman, who represents Meathe, said the case is essentially a landlord-tenant dispute. 'My understanding is that most, if not all, of the money in dispute has been paid back to the city,' Fishman said. … The city-commissioned audit, by the Whall Group of Auburn Hills, found in 2003 that Hampton Ridge charged the city for insurance and other expenses the company was supposed to pay; charged the property taxes for other buildings or for taxes it never paid; and submitted duplicate invoices for security, taxes, insurance and other expenses." The News notes, "Federal investigators also are reviewing allegations that a subcontractor supplied Hampton Ridge Properties two sets of invoices -- a lower one to be paid by Hampton Ridge and a

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higher one to be submitted to the city for reimbursement, sources familiar with the investigation said. … The inquiry is one of several investigations at Detroit City Hall that have led to the indictment of two former City Council members and scrutiny of city contracts at Cobo Center and elsewhere. Justice Department officials refused to confirm or deny the lease investigation."

Murders Up In Many US Cities. The AP (12/28, Matthews) reports, "After many years of decline, the number of murders climbed this year in New York and many other major U.S. cities, reaching their highest levels in a decade in some places." The AP continues, "Among the reasons given: gangs, drugs, the easy availability of illegal guns, a disturbing tendency among young people to pull guns when they do not get the respect they demand, and, in Houston at least, an influx of Hurricane Katrina evacuees." The AP adds, "In New York, where the city reported 579 homicides through Dec. 24 - a nearly 10 percent increase from the year before - the spike is mostly the result of an unusually large number of 'reclassified homicides,' or those involving victims who were shot or stabbed years ago but did not die until this year. Thirty-five such deaths have been added to this year's toll, compared with an annual average of about a dozen. … At the same time, Police Department spokesman Paul Browne noted that this year's total is only slightly higher than last year's 539 homicides - the city's lowest death toll in more than 40 years." The AP notes, 'Browne blamed the rise in part on the availability of guns, particularly weapons from out of state. The city this year sued dozens of out-of-state gun shops that it says are responsible for many of the illegal weapons on the streets of New York. … In Chicago, homicides through the first 11 months of the year were up 3.3 percent compared with the same period in 2005, reversing a four-year decline. A police spokeswoman said gang violence has been a contributing factor."

Ryan Sues To Force Payment Of State Pension. The Chicago Tribune (12/28, Higgins, 617K) reports, "Former Gov. George Ryan filed a lawsuit Wednesday against state retirement officials, battling to keep a pension of more than $60,000 a year that Ryan says he earned before the scandals that led to his wide-ranging fraud convictions in April." The General Assembly Retirement System board "voted unanimously last month to cancel Ryan's entire $197,000-a-year pension in light of the convictions. But that decision was 'erroneous,' Ryan's lawyers argued in the lawsuit filed in Cook County Circuit Court. They contend that Ryan's racketeering and fraud convictions dealt only with his actions as secretary of state and governor — not his 24 previous years in public office." The Tribune notes, "According to the retirement board, public officials who commit felonies relating to their "official duties" forfeit the right to receive any pension from the state."

Texas Couple Victims Of $2 Million Mortgage Fraud. WFAA-TV Dallas (12/27, Harris) reported on its Web site from a broadcast story, "Misfortune is not the only reason 3500 homes are posted for foreclosure next month in North Texas. The FBI says mortgage fraud has reached epidemic proportions. One couple, who found they were major property owners in North Texas without ever signing any papers, has felt the epidemic first-hand." Paul and Jackie Dyl "were victims of identity theft and mortgage fraud to the tune of more than $2 million. The checks and balances that might be expected to be in place when getting a mortgage failed, six times. … The Dyls contacted the FBI but nothing has happened. They ultimately took their case to the Cheyenne Wyoming Police Department, which took their complaint."

Credit Agencies Said To Take Only "Ineffectual" Action Against Fraud. The Boston Globe (12/28, Healy, 413K) reported on "the glacial and ineffectual response of the three giant keepers of consumer credit records -- Experian, Equifax, and TransUnion -- to any errors in their files, even those that appear to result from fraud. Until the errors are corrected, debt collectors will try again and again to squeeze out a payment. … The local, state, and federal law enforcement response to complaints of identity fraud is similarly passive, despite the huge volume of complaints -- 255,000 last year to the Federal Trade Commission alone. Consumers are left to fend for themselves -- a recipe for frustration and worse." The Globe notes that Boston resident Susan Litchfield was a victim of credit card fraud and "wrote to the three companies, telling them of the apparent fraud, to no avail. She said she filed a complaint with the FTC, and she called the FBI and US Secret Service," but she is yet to undo the damage to her credit.

Mississippi Women Ordered To Pay Restitution For Katrina Relief Fraud. The Scott County (MS) Times (12/27, Phillips) reported, "A federal court has ordered two Morton women to pay restitution fines and

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conduct community service for their part in a scam to secure FEMA funds following Hurricane Katrina. One of the women will also serve time in prison, the office of United States Attorney Dunn Lampton announced earlier this month. Stephanie Fontan was sentenced to serve eight months in prison and to pay restitution to FEMA in the amount of $6,000. Glenda Spangler was ordered to pay $4,358 in restitution to FEMA. In addition, both women were ordered to conduct 40 hours of community service."

Former Us Weekly Columnist Convicted Of Child Enticement. The AP (12/28) reports, "Former Us Weekly gossip columnist Timothy McDarrah has been found guilty of charges related to soliciting sex with a minor. McDarrah, a former reporter at the Las Vegas Sun, was arrested last year in New York after soliciting sex from an undercover federal agent posing as a 13-year-old girl." The AP notes, "McDarrah, 44, responded in June 2005 to a posting on the craigslist.com Web site offering introductions to the "freshest, youngest" girls in New York, an FBI affidavit said. The gossip writer told an undercover FBI agent, who had posted the advertisement to lure pedophiles, that he would pay $200 for sex with a 13-year-old girl, the affidavit said."

Kansas Judge Won't Reinstate Charges Against Abortion Doctor. The Washington Post/AP (12/28, A18, Hanna) reports, "A judge refused Wednesday to reinstate criminal charges against a Wichita abortion doctor, only hours after the outgoing attorney general named a special prosecutor to handle the case. Last week, state Attorney General Phill Kline, a vocal abortion opponent, filed 30 charges against George Tiller, accusing him of performing 15 illegal late-term abortions in 2003 on patients ages 10 to 22 and not properly reporting details to the state." Sedgwick County Judge Paul W. Clark "dismissed the charges on jurisdictional grounds later the same day. Kline this week asked Clark to reinstate the charges, but the judge rejected that request during a hearing Wednesday." The Los Angeles Times (12/28, Simon, 850K) also reports the story.

Gibbons Won't Face Prosecution. The AP (12/28, Hennessey) reports, "Nevada Gov.-elect Jim Gibbons will not be prosecuted on allegations that he assaulted a cocktail waitress in a parking garage three weeks before the election, authorities said Wednesday. There was insufficient evidence to prove criminal charges against Gibbons beyond a reasonable doubt, Clark County District Attorney David Roger said." Said Roger, "You may consider the case against Gov.-elect Jim Gibbons closed."

Fairfax Police Eye Links Between Assault, Slayings. The Washington Times (12/28, Wagner) reports, "Fairfax County police are trying to determine whether the assault on a Springfield woman alone in her home on Christmas Eve is related to the unsolved killings of two women nearby." The Times continues, ""There's certainly a possibility of a linkage in the other cases," said Fairfax County police spokeswoman Officer Camille Neville, 'but there's nothing at this time to confirm it.' … Police said a man forced his way into a house near Frontier Drive on Sunday between 8 and 9:40 p.m. and assaulted a 62-year-old woman. Police have not disclosed the location of the house. … The woman, who was found by a relative, was hospitalized with a puncture wound to her arm and other injuries that were not life-threatening. Investigators interviewed the woman at Inova Fairfax Hospital. She described her attacker only as a man wearing white or gray clothing." The Times adds, "The assault occurred about a mile from houses where two women were killed in recent months. … Marion Newman, 74, was found dead inside her home in the 7100 block of Reservoir Road about 11:15 a.m. Nov. 21. A friend said she had missed a dinner appointment a day earlier. … Police found signs of a struggle but no forced entry. … At about 6:10 p.m. on Aug. 14, a friend found Marion Barbara Marshall, 72, slain inside her home two miles away in the 6600 block of Bostwick Drive. .. .Both women had been beaten to death."

Inmate Suicides Linked To Solitary Confinement. USA Today (12/28, 1A, Johnson) reports, "The number of suicides in the nation's two largest state prison systems is ticking upward, and authorities in California and Texas are linking the increase to the rising number of inmates kept in solitary confinement." USA continues, "In California, which has the largest state prison system with about 170,000 inmates, there have been 41 suicides this year, the most in at least six years and a 17% increase from 2005. Although an estimated 5% of California's inmates are housed in solitary confinement — also known as "administrative segregation" — 69% of last year's suicides occurred in units where inmates are isolated for 23 hours a day, according to state Department of Corrections records. About half the suicides this year were in such units." USA

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adds, "In Texas' prison system, which has 169,000 inmates, there have been 24 suicides this year, up from 22 in 2005. Most of the inmates who killed themselves were in some form of solitary confinement, says John Moriarty, inspector general for the prison system. .. .Texas prisons also are reporting a 17% increase in attempted suicides: 652 so far this year, compared with 559 in 2005. The number of attempted suicides this year is the most in nearly a decade, according to state prison records. Statistics on attempted suicides in California prisons were not immediately available." USA notes, "The figures from California and Texas are fueling a debate over whether solitary confinement is the best way to control or punish violent or dangerous inmates, particularly those who are mentally ill. .. .More than 70,000 of the 1.5 million inmates in state and federal prisons are kept in isolation, a reflection of get-tough policies designed to separate rival gang members and those who have gotten into fights while behind bars."

DC Police Chief Stepping Down Amid Praise, Criticism. The Washington Post (12/28, A1, Klein, Thompson) reports, "Charles H. Ramsey arrived in spring 1998 as the District's newly minted police chief with a mandate to cut spiraling crime, build stronger relations with the community and reform a department tainted by scandal." The Post continues, "Under his watch, crime has dropped, standards have become tighter and the public has received access to more public safety information than ever, due in part to a Web site that charts robberies, burglaries and other offenses by the block." The Post adds, "Ramsey, a career cop who got as much attention for his personality as his policies, leaves office today as the city's longest-serving chief in more than three decades. As a master of the sound bite, he often spouted off about crimes and railed about topics that were beyond his control, including irresponsible parents and failing schools. .. .His critics -- in the police union, on the D.C. Council and in some crime-ravaged neighborhoods -- view him as a showboat. In many parts of the city, residents say that they don't see enough officers on patrol and that crimes are not investigated quickly or thoroughly. Inside the agency, morale is low, with officers saying that Ramsey overworked them by declaring crime emergencies that took away days off and lasted for months. … But Michael A. Mason, executive assistant director of the FBI, said public relations is a 'huge part' of the job. 'What police do is the embodiment of public relations,' said Mason, who once headed the FBI's Washington Field Office."

The Washington Times (12/28, Cella) reports, "Chief Charles H. Ramsey says that he will leave the Metropolitan Police Department next week after eight years and eight months on the job confident that he has done what he was hired to do. … 'When other agencies look at the Metropolitan Police Department, it's a respected organization,' he said. 'That's what I'm most proud of.'" The Times continues, 'Chief Ramsey, 56, will step down Tuesday, the day Adrian M. Fenty is sworn in as mayor. … The District's only police chief to be hired from outside the city, Chief Ramsey reflected on his accomplishments during an interview last week in his office, which by then had been stripped of the mementos accumulated during a 38-year career in law enforcement." The Times adds, "Upon his arrival in 1998, the Metropolitan Police Department was mired in mismanagement and scandal. Top officials were under criminal investigation, poor recruiting and standards gave rise to second-rate officers, technology and information systems were substandard, facilities were crumbling, and officers were driving around in 10-year-old squad cars with used tires bought from the U.S. Park Police. … Chief Ramsey helped secure $100 million in federal funding to rebuild the department's infrastructure. He upgraded radios, started a mounted unit, equipped a bicycle unit, instituted uniform training standards, and restarted an aviation unit that had been shut down in 1996 and had its helicopters sold because of a budget shortfall."

CIVIL LAW:

Judge Vacates $6.5 Million Wrongful Prosecution Jury Award. In a widely-distributed story, the AP (12/28) reports, "A federal judge has thrown out a jury award of more than $6.5 million to a former policeman" in Chicago "who claimed two FBI agents framed him for murder and kidnapping. Steven Manning spent 14 years in prison - eight on death row - before the charges were dropped," and Manning claimed in his lawsuit that FBI Special Agents Robert Buchan and Gary Miller "framed him for the crimes after he tried to stop working as an FBI informant." However, "Manning has lost a separate civil lawsuit he had filed against the federal government on the same allegations," and yesterday, "U.S. District Judge Matthew Kennelly cited Manning's failure to win that second lawsuit as the reason for vacating the jury's award for damages." The AP notes, "Miller

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has retired from the FBI. Buchan was still working for the bureau."

CIVIL RIGHTS:

Gonzales Considers Probe Of Duke Lacrosse Prosecution. WSOC-TV, Charlotte, NC (12/27, 5:00 p.m.) broadcasted, "Meanwhile US Attorney General Alberto Gonzales already said he's thinking about opening an investigation into Nifong's handling of the Duke Lacrosse rape case."

WGHP-TV, Greensboro, Winston, Salem, High Point, NC (12/27, 8:00 a.m.) broadcasted, "Defense attorneys are pushing for Federal involvement in the case asking Attorney General Alberto Gonzales to start a civil rights investigation."

FBI, Mississippi Authorities Investigating Alleged Prisoner Abuse. The AP (12/28) reports, "The FBI and the Mississippi Bureau of Investigation are looking into allegations of prisoner abuse in the Pearl River County jail. At least six inmates filed statements with Hancock County judges and as many as 10 or 11 told of beatings while making court appearances. They said they were beaten by jailers, attacked by other prisoners as corrections officers stood by, and they received slow medical treatment, among other complaints, a pair of Hancock County judges said." The AP notes, "Pearl River County Sheriff Joe Stuart confirmed the reports of abuse and the investigation. … In addition to the claims by prisoners, Stuart said residents of both counties have come to him with complaints, which he forwarded to the FBI to avoid the appearance of a conflict of interest. 'I have no problems with being investigated,' Stuart said."

Civilian Review Of Atlanta-Area Police Deaths Sought. The AP (12/28, Weber) reports, "Community activists on Wednesday called for the creation of civilian review boards to investigate police misconduct complaints, citing the fatal shooting of an elderly woman by Atlanta police and the killings of 12 other people by suburban DeKalb County officers this year. … 'The police, no matter how difficult their job, are not exempt from community scrutiny,' said the Rev. Joseph Lowery, co-founder of the Southern Christian Leadership Conference and chairman of the Coalition for The People's Agenda." The AP continues, "Lowery was joined by close to a dozen other activists. He said that the civilian review boards should have subpoena power and that Atlanta Mayor Shirley Franklin had told him she was not opposed to the idea." The AP adds, "DeKalb County Chief Executive Vernon Jones said he would take Lowery's suggestion under advisement. … The district attorney's office is already investigating the 12 lethal shootings by the DeKalb County Police Department. In addition, the Justice Department is 'gathering information' about the shootings, according to a letter from the agency to a community activist. … The call for the review boards comes in the wake of the Nov. 21 fatal shooting of Kathryn Johnston by Atlanta police during a raid in search of a drug suspect. Police say Johnston fired at them first, wounding three officers, and they shot back. Family members said Johnston was 92; a medical examiner said she was 88. … Johnston's death is being investigated by local agencies and the FBI."

The Los Angeles Times (12/28, Jarvie) reports, "A civilian review board, Lowery said, was vital in restoring trust in local law enforcement. … Atlanta already has a Civilian Review Board that examines allegations of excessive force, serious bodily injury or death resulting from the action of police officers. But the board, formed in 1996, has not reviewed a case since 2002. It has no subpoena power and requires citizens to file a complaint and waive their right to sue." The Times adds, "A number local and federal organizations are examining the recent shootings. In Atlanta, the FBI is already investigating the shooting of Johnston. In DeKalb, the district attorney's office is investigating the 12 lethal shootings by police officers. .. The Justice Department, along with the FBI, is also gathering information about the case, but has yet to open a federal investigation. According to the National Assn. for Civilian Oversight of Law Enforcement, 71 of the nation's 100 largest cities have citizen review mechanisms."

Massachusetts Court Will Not Force Gay Marriage Vote. The AP (12/28, Lindsay) reports, "Massachusetts' highest court said Wednesday it has no authority to force lawmakers to vote on a proposed constitutional amendment to ban gay marriage. But it rebuked the Legislature for its 'indifference to, or defiance of, its constitutional duties.'" The AP continues, "The unanimous 7-0 ruling - and the stinging reproach - leave the fate of the amendment up in the air in the only state that allows gay marriage." The AP adds, "Opponents of gay marriage have collected 170,000 signatures in favor of an amendment to

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end the practice. But the measure needs the Legislature's approval to appear on the 2008 ballot, and lawmakers refused to vote on the proposal last month. Gov. Mitt Romney, a Republican expected to run for president in 2008, and other opponents of gay marriage responded by suing to try to force the lawmakers to act. … In its ruling, the Supreme Judicial Court - the same court that ruled in 2003 that the Massachusetts Constitution gives gays the right to marry - said it cannot force a vote. It said that the Legislature's obligation to vote was 'beyond serious debate,' but that the most the court could do was remind lawmakers of that duty. … The proposed amendment needs the approval of lawmakers in two consecutive two-year sessions to appear on the 2008 ballot. The last day of the current session is Tuesday. If lawmakers adjourn without taking up the amendment, the measure will die."

The Los Angeles Times (12/28, Barry, 850K) reports, "If the lawmakers adjourn Jan. 2 without a vote, as many predict they will, the measure to repeal gay marriage in Massachusetts will die. To appear on the ballot, a citizen initiative must be approved by at least a quarter of the legislature in two consecutive sessions." Romney "has been critical of the lawmakers' inaction. Romney was a lead plaintiff in the suit brought by opponents of gay marriage, which argued that lawmakers were stripping voters of their right to amend the state constitution."

Deputy In Mel Gibson Arrest Claims Harassment. The Los Angeles Times (12/28, Blankstein) reports, "Six months after he arrested Mel Gibson for drunk driving in Malibu, a Los Angeles County Sheriff's deputy claims he's being harassed for his action by officials who question whether he leaked a report detailing the actor's anti-Semitic rant to the news media." The Times continues, "Deputy James Mee's attorney said Wednesday his client was abruptly transferred from patrolling Malibu to another assignment in Agoura Hills and unfairly singled out for scrutiny by his supervisors. … Attorney Richard Shinee also said sheriff's officials subjected him to a three-hour-long interrogation and served a search warrant on his home last September, taking a home computer and phone records. … 'His life and career would be a lot different had he not made that arrest,' Shinee told The Times." The Times adds, "The Sheriff's Department has already come under fire for initially telling reporters that Gibson was arrested 'without incident' even though Mee's arrest report said the actor/director was belligerent, profane and unleashed a 'barrage of anti-Semitic remarks.' … Mee's report was leaked to TMZ.com, a celebrity news website." The Times notes, "Neal Tyler, the division chief who oversees the Sheriff's Department's Lost Hills station, where Gibson was booked, said he knew of no problems with Mee's treatment and said the deputy is in no way being singled out. … 'I disagree with the assessment that personnel in the department or at the station have been relating to him or supervising him in an unfair manner,' Tyler said."

ANTITRUST:

New Jersey Orders Muni Firms To Disclose Subpoenas. Bloomberg (12/28, Cataldo) reports, "New Jersey is demanding that financial firms seeking state business disclose whether they have been subpoenaed or audited by the government." Bloomberg continues, "Treasury officials told firms applying to work for the state by investing proceeds from a planned bond sale to describe pending litigation and 'federal or state investigations or audits, subpoenas or other information requests' since 2002, according to a Dec. 18 request for proposals. Similar documents in September and November didn't mention subpoenas or audits." Bloomberg adds, "The requirement comes one month after federal investigators raided three brokers in the widest-ever criminal probe of the municipal bond market. The Justice Department, the Securities and Exchange Commission and the Internal Revenue Service are probing whether bankers and brokers conspired to fix prices on financial products sold to local governments when they invested proceeds from bond sales. … Investigators last month demanded information from more than a dozen banks and insurers and raided the brokers as part of the probe, including CDR Financial Products Inc., New Jersey's adviser on interest-rate swaps. Earlier this month, the SEC asked officials in Jefferson County, Alabama, for records related to bond issues and derivatives since January 2002."

FTC Gives Antitrust Nod To Freeport Takeover Of Phelps Dodge. The AP (12/27) reports, "The Federal Trade Commission approved the $25.9 billion takeover of copper miner Phelps Dodge Corp. by Freeport-McMoran Copper & Gold, according to a notice posted Tuesday on the agency's Web site." The AP continues, "FTC clearance removes at least one obstacle to

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the proposed combination, which would create the world's largest copper miner. The deal still needs shareholder approval, and there is no certainty the companies will get it." The AP adds, "Earlier this month, a hedge fund with a 5.1 percent stake in Phelps Dodge said it would throw the weight of its 10.3 million shares against the takeover. SAC Capital Partners opposes the combination, saying that the cash-and-stock offer doesn't fairly value Phelps Dodge. … The FTC granted early termination of a mandatory antitrust waiting period on Dec. 22."

401(k) Industry Under Scrutiny For Alleged Collusion. In a column for the Wall Street Journal (12/28, C1), Tom Lauricella writes, "Americans' 401(k) retirement plans are starting to face scrutiny -- of a kind that previously helped to reshape the mutual-fund business and many practices on Wall Street." Lauricella continues, "In recent months, a series of lawsuits has raised questions that longstanding business practices in the industry may represent illegal forms of collusion. In the past few weeks, Congressional Democrats -- after winning the majority in November for the first time in years -- are calling for hearings into whether current laws do enough to protect 401(k) investors. A November report by the Congressional Government Accountability Office said some practices 'may not be in the best interest' of investors." Lauricella adds, "At the same time, the summer's landmark pension-reform law is encouraging employers to take a more active and even paternal role in their employees' 401(k) plans by offering in-depth investment advice and other tools designed to encourage people to save. Previously, companies were discouraged from taking these steps for fear of being sued should the investments go wrong. … As a result of these forces, 401(k) plans could receive their most significant overhaul since coming into existence a quarter-century ago. Fees to investors could be reduced, and companies could be forced to do a better job ensuring investors receive the most bang for their retirement dollar." Lauricella notes, "Since being created in 1981 as a way to sock away dollars tax-free for retirement, 401(k)s have supplanted traditional pension funds as the primary way most Americans save for retirement. Some 47 million participants have $2 trillion in money invested in the plans. … Critics increasingly are complaining about poorly disclosed financial arrangements -- known as 'pay-to-play' deals -- that not only have the potential to influence which investment options are offered in a given plan, but also have the potential to drive up fees charged to investors. … The pressure for change is occurring at every level of a complex industry: Employers have a legal obligation to run a plan in the best interest of its participants. The money manager has responsibility for the investments, but other companies might have a separate role in keeping investor records and holding the actual securities being bought and sold in the plan. On top of that, sometimes there are outside brokers or consultants paid to help decide which investments go into a plan."

Italy's Antitrust Regulators Orders Energy Competition Measures. The AP (12/28) reports, "Italy's antitrust watchdog said Wednesday that Enel SpA must sell 1,000 megawatts of capacity next year, and if necessary 700 more megawatts in 2008 to promote competition in the country's power market." The AP continues, "The regulator said in a statement that the sale will be at 'competitive conditions,' at which point the antitrust body will close its inquiry, started in April 2005, into possible anticompetitive behavior by Enel, Italy's former electricity monopoly. … The regulator said Enel will sell the capacity under a mechanism that allows a company to keep ownership of generation facilities while selling its output to competitors."

ENVIRONMENT:

Administration Says Global Warming May Be A Threat To Polar Bears. ABC World News (12/27, story 6, 2:10, Gibson, 8.78M) reported, "In Washington, a victory for environmentalists and a stunning about-face by the Bush Administration. It is proposing that polar bears should be listed as a threatened species because the animals' habitat is disappearing fast. That acknowledgement that their habitat is disappearing is seen as a tacit recognition of global warming." ABC (Blakemore) added, "Today, the Bush Administration admitted that all this, disappearing in the heat of global warming, could take one of earth's most powerful creatures with it. The problem is, polar bears must have the vast, frozen Arctic Sea as a platform to hunt for sales. And that sea ice is disappearing so fast scientists calculate it could all be gone in less than 40 years. In a teleconference today, government officials explained why they are seeking to protect polar bears under the Endangered Species Act."

NBC Nightly News (12/27, story 7, 1:20, Williams, 9.87M) also reported, "The Bush Administration

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acknowledged that global warming is melting the polar ice cap and may be threatening the very existence of the polar bear." And the CBS Evening News (12/27, story 6, 1:05, Assura, 7.66M) said "the designation" of polar bears and endangered "would ensure Arctic operations like oil exploration or commercial shipping would not jeopardize the bears or their habitat. Environmentalists hope the designation will push the government to cut back on greenhouse gases that they claim contribute to global warming."

USA Today (12/28, Davis, 2.27M) reports Interior Secretary Dirk Kempthorne "says polar bears appear to be dying because their habitat -- ice in the Arctic Ocean -- is melting. 'Polar bears are one of nature's ultimate survivors,' Kempthorne says. But their 'habitat may literally be melting.'" The Endangered Species Act "puts the responsibility on the federal government to avoid authorizing any activities that might jeopardize an endangered species or the habitat where it lives." The Wall Street Journal (12/28, Randall, 2.04M), New York Times (12/28, Barringer, Revkin, 1.16M), Washington Times/AP (12/28) and Financial Times (12/28, Kirchgaessner), among other newspapers, also reports the story.

Energy Conservation Programs Make Comeback Amid Global Warming Fears. USA Today (12/28, 1B, Davidson, 2.27M) reports that "power companies these days are increasingly being told by regulators to pump hundreds of millions of dollars into selling less electricity. Energy-efficiency programs, which first caught fire in the 1970s before fading in recent years, are making a big comeback spurred by global-warming fears and the public's aversion to more pollution-belching power plants." Conservation "has shifted into high gear with global-warming fears and the federal Energy Policy Act of 2005. The legislation provides tax credits of up to $2,000 per home to builders of new homes that exceed international energy-saving standards by at least 50% and up to $500 to improve efficiency on existing homes." USA Today adds, "The Natural Resources Defense Council sued the Energy Department for failing to update energy-efficiency standards for 22 appliances ... . Under a recent settlement, standards will be set over the next four years. Energy Department spokesman Craig Stevens says clearing the backlog has been a priority for Energy Secretary Samuel Bodman."

Democrats Pledge To Reinvigorate Superfund Program. The Christian Science Monitor (12/28, Clayton, 59K) reports that although "1 in 4 Americans lives within four miles of a designated toxic-waste site, the federal program to clean up the sites has slowed." Key congressional Democrats "are looking to push the program, known as Superfund, back into the spotlight. They're looking not only at its funding levels but also its funding sources. A central issue: whether to restore 'polluter pay' taxes on industry to help fund cleanups." Sen. Barbara Boxer "says she's making Superfund, along with global warming, focal points of her environmental agenda. She has tapped presumed presidential aspirant Sen. Hillary Rodham Clinton (D) of New York to chair the Superfund subcommittee."

Water Battle Rages In Colorado's Black Canyon. The Grand Junction (CO) Sentinel (12/27, Magill) reports, "Before the dams were built, the Gunnison River raged through Black Canyon each spring with such ferocity that it carved through the volcanic rock Colorado's deepest and most sheer abyss. … More than 2,000 feet above the river on the south rim of Black Canyon of the Gunnison National Park, there's no running water, no grand lodge inviting tourists to luxuriate, no concession stand feeding the masses." The Sentinel continues, "Black Canyon may be Colorado's most controversial national park —not necessarily because of how it was created or how its government caretakers manage its formidable land, but because of the water in the Gunnison River, which not only imbues the canyon with life, but supplies water and electricity to thousands of people in central Colorado. … But the amount of water released below the dams would forever change the ecology of the river through Black Canyon National Park. … The dams eliminated the Gunnison River's natural hydrograph through the canyon, evening out flows during spring runoff, when the river should be raging with floodwater, said Ken Stahlnecker, chief of resource stewardship and science at Black Canyon." The Sentinel notes that "a 2003 agreement between the National Park Service, the U.S. Department of Interior and the State of Colorado threatened to starve the canyon of its flows, reducing it to a year-round minimum of 300 cubic feet per second. .. .To maintain the vitality of the Gunnison River through Black Canyon, water would ideally need to flow at a volume well above 300 cubic feet per second, especially during spring runoff when the river naturally runs highest, Stahlnecker said. … The agreement

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relinquished Black Canyon National Park's water right to peak and shoulder flows during the spring, a right dating to 1933 when President Hoover declared Black Canyon a national monument. … The agreement was 'nonsensical,' said U.S. District Court Judge Clarence A. Brimmer in his September decision to set aside the pact. The National Park Service ignored the needs of the public in a decision that would profoundly effect the canyon's ecology and human environment, he wrote. … He declared that because Black Canyon is a wilderness area and a national park, the National Park Service must maintain enough water in the river to leave the canyon's ecology and scenic beauty unimpaired. The agreement, he said, protected the canyon's competitors and not the canyon itself. … After being given until Dec. 18 — the court granted a one month extension to the government's original deadline — to appeal Brimmer's decision, the U.S. Department of Justice filed a notice of appeal that day, which preserves the government's right to file its appeal beyond the deadline. … Cynthia Magnuson, spokeswoman for the Justice Department in Washington, said the appeal would likely be filed by the beginning of January."

FBI/DEA/ATF/USMS:

Senior FBI Officials Honing Management Skills In Business School Program. Under the headline "The New FBI Means Business," the Los Angeles Times (12/28, Schmitt, 850K) reports in a generally positive light on the senior FBI officials who are attending management classes at Northwestern University's business school. "In an effort to change the famously insular and hidebound organization, the FBI has sent more than 2,000 of its top agents and supervisors — including this group of spy-catchers, cyber-sleuths and terrorist-hunters — to management school at Northwestern," where "they explore how large corporations have shifted their missions." The Times notes, "The program was started three years ago by FBI Director Robert S. Mueller III," who "is an ardent student of management science. He has sought the views of successful chief executives…and has looked to outsiders to fill high positions. The training has been one of Mueller's main efforts to bring fresh thinking into the bureau, though some FBI officials at first found the idea puzzling." The Times goes on to report in detail on its reporter's shadowing of agents through a day of courses in the program.

Court Rules Federal Investigators Can Use MLB Test Results In Drug Probe. There are more than 500 media references to a court decision that would give the government access to baseball players' drug-test results as an investigation of illegal drug distribution among athletes continues. The AP (12/27) reported, "The names and urine samples of about 100 Major League Baseball players who tested positive three years ago can be used by federal investigators, a court ruled Wednesday." The ruling from the 9th U.S. Circuit Court of Appeals "could bolster the government's perjury case against [Barry] Bonds if investigators are able to link his name to a positive test from baseball's anonymous testing in 2003. The San Francisco Giants slugger has been the target of a perjury investigation since he testified before a 2004 grand jury that he didn't knowingly use illegal drugs." Baseball players and owners "agreed in their 2002 labor contract that the [test] results would be confidential, and each player was assigned a code number to be matched with his name." The New York Times, Wall Street Journal, Los Angeles Times, San Diego Union-Tribune, Houston Chronicle, and Forbes are among the many news outlets that used the AP story.

The San Francisco Chronicle (12/27) reported the appeals court "revealed…that more than 100 major league baseball players tested positive for steroids in 2003, and ruled that the government could use their tests in its investigation of illegal drug distribution to athletes. … The government has expressed no intention of prosecuting any athlete for illegal drug use. The court quoted government lawyers as saying athletes who tested positive could be called before a grand jury and asked about their suppliers."

In the New York Times (12/28), Murray Chass writes, "By a vote of 2 to 1, the three-judge panel overturned lower court decisions in Los Angeles, San Francisco and Nevada. The [Players Association] had no immediate public reaction to the decision, preferring to take time to digest the 120-page opinion before commenting. However, the union is certain to go further with the case."

The Washington Post (12/28, E5, Shipley) reports the decision "means additional major league players could get swept up in the probe into sports doping that began in 2003 when a raid of the Bay Area Laboratory Co-Operative (BALCO) in Burlingame, Calif., yielded information that tied dozens of elite and professional athletes to steroids and other drugs."

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USA Today (12/28, Ortiz) writes that the tests "were conducted in 2003 as part of baseball's survey to determine whether to implement a stricter policy, which began in 2004 after more than 100 of the approximately 1,200 players had positive results. Federal investigators raided testing labs in California and Nevada, seeking the results of 10 players — among them Bonds, Jason Giambi and Gary Sheffield— who were subpoenaed to testify in front of the grand jury probing BALCO."

The San Jose Mercury News (12/27) reported a "divided panel of the San Francisco-based 9th U.S. Circuit Court of Appeals rejected the privacy arguments of the players' union, raising the possibility the names of baseball players who tested positive for steroids in the league's 2003 anonymous testing program could become public as the government continues to probe the fallout from the BALCO steroids case."

The New York Sun (12/28) reports one judge on the appeals court panel, Sidney Thomas, "filed a scathing dissent warning that computer-based files were being opened to wholesale rummaging by the government."

Bloomberg (12/27) also reported on the ruling.

On its Web site, ESPN (12/28) reports the attorney for Barry Bonds "downplayed the significance of a court ruling Wednesday allowing federal investigators access to confidential Major League Baseball drug-testing data from the 2003 season, suggesting that the San Francisco Giants slugger was not among the 100 or so players who tested positive for performance-enhancing drugs. … In its ruling, the court provided that the names of the players who tested positive remain sealed. … The players' association, which sued to keep the government from accessing the records, has not decided whether to appeal the ruling."

Network TV Coverage. NBC Nightly News (12/27, story 8, 0:30, Williams) aired, "A bombshell in baseball's ongoing steroid investigation. A federal court of appeals ruled the names and urine samples of 100 baseball players who tested positive three years ago could be used by federal authorities. This could help the government's case against Barry Bonds, who has testified that he never knowingly used steroids."

Cable TV Coverage. CNN's The Situation Room (12/27, 7:00 p.m.) aired, "A U.S. appeals court ruling today could affect more than 100 Major League Baseball players tested for potential steroid use. The court says lower courts wrongly blocked government access to confidential blood tests conducted by two labs. Investigators are still investigating whether some lied to a federal grand jury. Barry Bonds…has declined comment so far, saying the lawyers must first review the court's decision."

FOX's O'Reilly Factor (12/27, 8:00 p.m.) aired, "A federal appeals court says the names and urine samples of Major League Baseball players tested for steroids three years ago can be used. Among them, Barry Bonds. He has maintained he never tested positive."

Judge Rules Against Arizona Church Founders Who Use Marijuana, Trial Date Set. The AP (12/27) reported a federal judge "has ruled against the founders of an Arizona church that deifies marijuana and uses it as a sacrament. U.S. District Judge Judith C. Herrera in Albuquerque, N.M., refused to dismiss charges against Dan and Mary Quaintance, saying they don't have a 'sincere' religious belief. … Herrera's order means the government's criminal case against the Quaintances will proceed in the new year. The couple is scheduled to go to trial on Jan. 16 on criminal charges of possessing more than 100 pounds of marijuana, as well as conspiracy charges."

Convicted Cocaine-Ring Supplier Sentenced In Connecticut. The Connecticut Post (12/28) reports a Bridgeport man, who police "said was supplying drugs to dealers in the greater New Haven area, was sentenced Wednesday to eight years in prison. Johnny Rolon…pleaded guilty to possession of narcotics with intent to sell and criminal possession of a weapon. … According to police, in March agents of the federal Drug Enforcement Administration infiltrated a cocaine distribution ring operating in the greater New Haven area. … Police said they subsequently learned that Rolon was supplying the ring with cocaine."

New York Authorities Say Gambling Ring Also Smuggled Marijuana. The New York Times (12/28, Cotroneo) reports a Long Island gambling ring that "took in $8.6 million a year was broken up with the arrest of 14 people," according to the Suffolk County district attorney. District Attorney Thomas J. Spota "said that the 14-month investigation also uncovered lucrative marijuana and fireworks smuggling rackets that were run by the chief bookmaker, Salvatore Gerrato, 45, of Seaford. In addition, three people were charged in the drug case."

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Long Island Newsday (12/28, Castillo) reports police "arrested 17 suspects on assorted gambling and conspiracy charges, and continue to search for one more -- a Freeport attorney charged with helping run 'hundreds of pounds' of pot from California to Long Island."

The AP (12/28) reports police "investigating a lucrative bookmaking operation came across a related drug-smuggling ring and busted both, arresting 17 and seizing $1 million, authorities said Wednesday. Thirteen men and a woman were arrested on gambling charges, while three men were arrested on charges of conspiracy to possess marijuana."

Internet Operation Accused Of Selling Millions In Illegally Prescribed Drugs, Four Arrested. USA Today (12/28, 3A, Leinwand) reports federal agents "say they have shut down an Internet pharmacy operation and arrested four people who allegedly sold millions of dollars of illegally prescribed drugs to customers across the nation. Drug Enforcement Administration agents are still seeking four doctors from Puerto Rico who allegedly wrote the prescriptions based on Internet health questionnaires, DEA spokeswoman Erin Mulvey said Wednesday. … The sites, in operation for at least three years, did about $50,000 a day in business, she said. … Agents earlier closed two pharmacies in Georgia and one in Maryland that allegedly supplied the ring, Mulvey said."

US Indicts New Mexico Man On Drug Charges. The Carlsbad (NM) Current-Argus (12/28, Bowen) reports, "A grand jury has indicted Ricky Green of Carlsbad on federal drug and firearm charges stemming from the seizure of illegal drugs and a gun at his home on Townsend Road in August." The Current-Argus continues, "Green, 45, also known as Ricky Barksdale, was arrested during the early morning hours of Aug. 31, when agents of the Pecos Valley Drug Task Force served a search warrant at his home in the 4300 block of Townsend Road." The Current-Argus adds, "On Dec. 21, a federal grand jury indicted him on three charges possession of crack cocaine with intent to distribute, possession of methamphetamine with intent to distribute and possession of a firearm in the furtherance of a drug trafficking crime. … Green was originally charged in state court, but those charges were dismissed after authorities sought federal charges against him, hoping for a more severe, longer sentence. … 'We pushed for the indictment because he has a long history of selling narcotics and we wanted a stiffer penalty on the drug crimes,' Commander David Edmondson of the Pecos Valley Drug Task Force said on Wednesday. … Edmondson said pursuing federal charges was the only way to ensure a stiffer penalty. He said because Green has at least three prior drug crime convictions he is eligible"

Nearly 500 Assassinations Reported This Year In Nuevo Laredo. The San Bernardino Sun (12/28) reports street violence in Nuevo Laredo "has become a way of life for the nearly 380,000 residents of Mexico's most violent border city. According to law-enforcement officials in Mexico and U.S. Drug Enforcement Administration officials, more than 500 people were assassinated in Nuevo Laredo in 2005. Official estimates, in news reports, put the 2005 death toll at 186. This year, there have been nearly 500 assassinations, and the death toll continues to rise. … The violence has also changed the lives of American citizens living in Laredo, on the Texas side of the border, where kidnappings, narcotics trafficking and corruption have become common."

In a separate story, the San Bernardino Sun (12/28) reports the government "announced a new operation - Northern Border - in mid-March 2006. Under the program, 600 to 800 Federal Protective Police officers were deployed to Nuevo Laredo, according to the U.S. Office of National Drug Control Policy. In a July interview, a Mexican police official, speaking on condition of anonymity, said many of the agents under the Northern Border initiative have either left the city or are working for the cartels."

IMMIGRATION:

Illegal Migrant Arrests Drop After Guard Troops Sent To Border. The AP (12/28, Rodriguez) reports, "Arrests of illegal migrants along the U.S.-Mexico border have dropped by more than a third since U.S. National Guard troops started helping with border security, hinting at a drop in attempted crossings, the U.S. Border Patrol said Tuesday." The AP continues, "U.S. Border Patrol agents arrested 149,238 fewer people from the start of July through November, down 34 percent from the same period last year, according to monthly figures provided by U.S. Border Patrol spokesman Mario Martinez." The AP adds, '"Arrests also had dropped by 9 percent for the same period from 2004 to 2005.

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If the downward trend continues, it would be the first sustained decrease in illegal immigrant arrests since shortly after the Sept. 11, 2001, terrorist attacks. … Border Patrol officials usually attribute a drop in arrests to fewer people crossing. … National Guard troops started arriving along the border June 15, and 6,000 were in place by August."

CONGRESS-ADMINISTRATION:

Democrats' Agenda Targets GOP Corporate Allies. The Christian Science Monitor (12/28, Chaddock, 59K) reports that with their new majority in Congress, Democrats "are targeting some of the GOP's strongest corporate allies - Big Oil, big pharmaceutical companies, and, in all likelihood, defense contractors." In their "first 100 legislative hours, Democrats aim to negotiate lower drug prices for seniors, roll back subsidies for oil and gas companies, and reduce the cost of student loans. They're also quickly gearing up to investigate allegations of corruption in war contracting." University of Virginia political analyst Larry Sabato said, "Parties reward their constituency groups, and they go after the other party's constituency groups. Parties are never stronger than in the first few days, so they do it early."

Part B Premiums To Go Up For Some Beneficiaries. The Washington Post (12/28, A15, Kaufman, 690K) reports, "When new income-based premiums for Medicare's Part B program go into effect next month, some seniors will get an unwelcome surprise: Their monthly costs will be going up considerably more than expected because of the government's method of counting their income." The Times adds, "In addition to income from investments, pensions and wages, seniors will find that big but unusual windfalls -- from house sales, for instance, or from taking cash from an individual retirement account -- will also be included in government calculations. As a result, an advocacy group for seniors says, tens of thousands of people will be counted as wealthy even though their continuing yearly income is modest." Mark Hinkle, a spokesman for the Social Security Administration, "said that a small number of people will indeed have to pay more for their 2007 premiums because of large 2005 capital gains reported on their income tax returns. But he said that the premiums would go down in future years once the capital gains are no longer part of a recipient's tax return."

Pelosi To Visit Childhood Home In Baltimore. The Washington Times/AP (12/28, Wyatt) reports incoming House speaker Nancy Pelosi plans a visit to Baltimore's Little Italy, her childhood home, before arriving in Washington for the start of the 110th Congress. The "youngest of six, Mrs. Pelosi was born into a political family in a house always full of strangers asking for help. Thirty years before going to Congress, Nancy D'Alesandro was brokering political deals for constituents of her father, Thomas D'Alesandro Jr., who served as Baltimore mayor from 1947 to 1959 and as a congressman from 1939 to 1947." But childhood friends "said they never imagined Mrs. Pelosi's political career eclipsing those of her father and her brother, Thomas D'Alesandro III, who served one term as mayor from 1967 to 1971." So proud "is Little Italy of Mrs. Pelosi's political ascension that the city will name part of Mrs. Pelosi's childhood street for her."

Housing Vouchers Under "Moving To Opportunity" Said To Have Limited Value. The Wall Street Journal (12/28, Hilsenrath, Gerena-Morales, 2.04M) profiles Lydia Grayson, a mother who moved her family to North Carolina to escape "her drug-addled, East Harlem housing project," a decade ago, citing her as emblematic of "a question society has wrestled with for years: Can a family escape poverty by getting out of the neighborhood where it takes root? It also sheds light on the government's shifting efforts to use housing policy as a solution to poverty." The Journal notes the increased use of Section 8 vouchers supplanting the formerly prevalent urban housing project, and the impact of Hurricanes Katrina and Rita on poverty-level housing. "Ms. Grayson's move was part of a government test designed to study the effects of a new neighborhood on poverty in the way a researcher studies the effects of a new drug." The Journal continues to detail Moving to Opportunity, a federal program begun in 1994 in which one group of housing project residents were "offered a lottery for housing vouchers," and a second group was not given such an offer. "Researchers have since tracked and compared the fortunes of the two groups." The study's results were mixed, with certain demographics impacted differently, and the Journal portrays simply moving families out of poverty-stricken areas as being ill-suited to cure the complexities of poverty.

Author Says Charities Won't Benefit From Greater Government Subsidies. In a Wall Street

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Journal (12/28, A14, 2.04M) op-ed, Arthur C. Brooks, author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism," writes about the uncertainty of whether the incoming Democratic majority in Congress will move to boos government funding of nonprofit charities, adding that "even less clear is whether greater government subsidies are in the interest of the charities themselves." Brooks cites the example of a "large nonprofit organization that helps the poor in New York state," which received a temporary influx of state money, which hindered the group's operations by first requiring staff to manage the money, and then by reducing the group's fundraising acumen. Moreover, Brooks argues, "the problem with government money goes beyond just its volatility: Studies by economists over the past decade have demonstrated that government spending on nonprofit activities actually lowers private charitable giving. … The bottom line is that there is nothing free about cash from the government."

Congress Urged Not To Acquiesce To Union "Card Check" Demands. In a piece in the Wall Street Journal (12/28, A15, 2.04M), Detroit freelance journalist Thomas J. Bray writes about the steady decline in union membership in the US, noting that organized labor groups are "scrambling for new ways to beef up [their] membership rolls. The latest hot idea is 'card check,' in which unions demand to be recognized as the bargaining unit for a workplace if a majority of the workers merely sign a card indicating their support. Under current law, companies are required to recognize a union only after a secret ballot of the workers -- and unions have been losing an increasing number of those elections. Now that Congress is back under Democratic control, unions sniff a win." The Journal notes that union lobbyists have tied Democratic legislators' support of card-check bills to future political support, but that "Republicans still have the strength to filibuster such a measure to death, and President Bush might veto it." However, "The fact that unions now call card-check their No. 1 legislative priority should be seen as a sign of weakness rather than strength," and "Republicans could be making a serious miscalculation if they bow to union demands for card check."

OTHER NEWS:

Home Sales Data Suggests Housing Slump May Be Ending. USA Today (12/28, Knox, 2.27M) reports, "Sales of newly built homes rose a surprising 3.4% from October to November, the Commerce Department said Wednesday, as more builders offered special deals to attract buyers, and buyers took advantage of declining interest rates and mild weather to visit model homes." This is "the third increase in four months and a sign that the housing correction may be ending. Builder confidence levels, which hit bottom in September, are also slowly beginning to rise, according to December's Housing Market Index."

The Wall Street Journal (12/28, Conkey, 2.04M) also says "recent firmness in mortgage applications and an increase in new-home sales suggest the housing slump may be nearly over, limiting the risk of wider damage to the overall economy. One indication that home-buying demand has leveled off after a yearlong decline comes from the Mortgage Bankers Association, which conducts a weekly mortgage-application survey." Yesterday, "the group said mortgage applications fell sharply last week from the week before. Even so, its indexes of applications for home purchases and refinancings have been rising steadily since summer. The four-week moving average for the MBA's purchase index, which offers a less-volatile picture of the trend, has risen 12% since August, while the four-week average for the group's refinancing index has soared more than 41% since July."

The New York Times (12/28, Peters, 1.16M) says "many economists said the report, rather than foreshadowing a quick rebound, highlighted how fragile residential construction remained and suggested that the downturn now rattling the housing market had not yet run its course."

Dow Hits New Record. Another New York Times (12/28, Peters, 1.16M) story reports the news about the housing market "helped propel stocks on Wall Street to another all-time high, with the Dow Jones industrial average rising more than 100 points to finish the day above 12,500 for the first time." NBC Nightly News (12/27, story 9, 0:15, Williams, 9.87M) also reported on the "record session" in Wall Street, and notes "NASDAQ gained almost 18 points [to close at 2,431.22]." The Wall Street Journal (12/28, C1, Browning, 2.04M), Washington Post/AP (12/28, D4) and USA Today (12/28, 5B, 2.27M) also report the stock numbers.

Retail Sales Appear On Track For "Low End Of Expectations." The Wall Street Journal (12/28, Covert, 2.04M) reports, "Retailers posted a disappointing 1.7% increase in comparable sales for the week ended Dec. 23, putting holiday sales on track to hit the low end of expectations, according to the International Council of

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Shopping Centers." The Journal adds, "A surge of last-minute purchases by consumers fueled a 2% rise in same-store sales, or sales at stores open at least a year, from the previous week's levels, with sales on Friday and Saturday particularly strong." But "the 1.7% same-store increase from year-ago spending was the weakest such gain recorded by the New York-based trade group since the week ended Feb. 12, 2005."

Cyber Sex Scandal Heads To Trial. USA Today/AP (12/28) reports, "When Robert Steinbuch discovered his girlfriend had discussed intimate details about their sex life in her online diary, the Capitol Hill staffer didn't just get mad. He got a lawyer. … Soon, though, the racy tidbits about the sex lives of the two Senate aides faded from the front pages and the gossip pages. Steinbuch accepted a teaching job in Arkansas, leaving Washington and Jessica Cutler's Washingtonienne Web log behind." The AP continues, "While sex scandals turn over quickly in this city, lawsuits do not. Steinbuch's case over the embarrassing, sexually charged blog appears headed for an embarrassing, sexually charged trial. … Lurid testimony about spanking, handcuffs and prostitution aside, the Washingtonienne case could help establish whether people who keep online diaries are obligated to protect the privacy of the people they interact with offline." The AP adds, "Cutler, a former aide to Sen. Mike DeWine, R-Ohio, says she created the blog in 2004 to keep a few friends up to date on her social life. Like a digital version of the sex-themed banter from a Sex and the City episode, Cutler described the thrill and tribulations of juggling sexual relationships with six men. … One of those men was Steinbuch, a counsel to DeWine on the Judiciary Committee. … When Ana Marie Cox, then the editor of the popular gossip website Wonkette.com, discovered and linked to Cutler's blog, the story spun out of control. Cutler was fired and Steinbuch says he was publicly humiliated. He went to court seeking more than $20 million in damages. … The case is embroiled in thorny pretrial issues, with each side demanding personal information from the other. Steinbuch wants to know how much money Cutler received from the man she called her 'sugar daddy.' Cutler demanded Steinbuch's student evaluations from the University of Arkansas at Little Rock Law School, where he teaches. … Steinbuch also recently added Cox as a defendant in the case, though he has not served her with court papers. A trial date has not been set, but Matthew Billips, Cutler's attorney, said there are no settlement talks that might head off a trial."

Ford "Very Strongly" Disagreed With Iraq War Decision. The death of former President Gerald Ford dominated TV and print coverage last night and this morning. The coverage overwhelmingly focuses on Ford's likeability and honesty, as well as on his decision to pardon President Nixon after the Watergate scandal. But some of the tributes also include veiled (and not so veiled) criticisms of the current occupant of the White House. Most significantly, the Washington Post (12/28, A1, Woodward, 690K) runs a front-page story titled "Ford Disagreed With Bush About Invading Iraq," reports that Ford "said in an embargoed interview in July 2004 that the Iraq war was not justified. 'I don't think I would have gone to war,' he said a little more than a year after President Bush launched the invasion advocated and carried out by prominent veterans of Ford's own administration." In "a four-hour conversation at his house in Beaver Creek, Colo., Ford 'very strongly' disagreed with the current president's justifications for invading Iraq and said he would have pushed alternatives, such as sanctions, much more vigorously. In the tape-recorded interview, Ford was critical not only of Bush but also of Vice President Cheney -- Ford's White House chief of staff -- and then-Defense Secretary Donald H. Rumsfeld, who served as Ford's chief of staff and then his Pentagon chief." Ford also "took issue with the notion of the United States entering a conflict in service of the idea of spreading democracy."

Another aspect of the Ford presidency that is being widely noted is its impact on the current White House team. CNN's Anderson Cooper 360 (12/27, Greenfield) reported Ford's "legacy is measured not so much in policy, as policy-makers. … Some of the political fallout from the Ford years continues to this day in very significant ways," as Vice President Dick Cheney was Ford's chief of staff, and that former Defense Secretary Donald Rumsfeld held the same post in Ford's administration. The Wall Street Journal (12/28, A8, Dreazen, 2.04M) also says Ford's "tenure is felt through the ranks of aides -- most notably…Cheney -- who became pivotal figures in the Bush administration. They have used their years in office to restore powers of the presidency they felt were lost after Mr. Nixon's resignation and the Vietnam War. The Bush White House's assertion of presidential power in areas such as the war on terror may be Mr. Ford's most surprising legacy." In the New York Times (12/28, 1.16M),

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Barry Werth writes, "President Ford believed that by pardoning Mr. Nixon, he was putting Watergate and the imperial presidency in the past. But by sacrificing his popularity, he also lost much of his mandate" and was "forced to the right." As a result, "his administration spawned many of the core attitudes and key players of the…Bush White House." David Broder, in the Washington Post (12/28, A27, 690K), says that "for all that he has borrowed from Ronald Reagan, President Bush owes the greatest debt to three stalwarts of economic and national security policy inherited from Ford," Cheney, Rumsfed and former Federal Reserve chairman Alan Greenspan, Ford's chairman of the Council of Economic Advisers.

Some stories praising Ford's management style are also critical of Bush. Under the headline "Similar Personnel, Different Approaches," the Washington Post (12/28, A8, Baker, 690K) reports that "if the Ford administration proved an incubator for future Republican talent after the demise of Richard M. Nixon's presidency, it turned out not to be much of a model for the current Bush administration in terms of style and ideology. Where Ford governed close to the political center, working with congressional Democrats and presenting a pragmatic, cautious domestic and foreign policy agenda, Bush has styled himself as more of a crusader for change at home and abroad -- bold in the eyes of his admirers but reckless in the view of his critics." Bush "has led the nation in a more polarized time and more polarized fashion."

The Washington Post (12/28, A1, Baker, 690K) also says "Ford's legacy…dominated the discussion in Washington and across the country yesterday, standing in contrast to a time when leaders in both parties often seem unable to join hands on the big issues of the day. During his final years, mostly privately but sometimes publicly, Ford often expressed regret at what he saw as a coarsening political environment that personalizes policy differences and undermines national unity."

The Los Angeles Times (12/28, Spiegel, 850K), for example says Ford "was comfortable with being less knowledgeable than his advisors and was unthreatened by strongly voiced disagreements. Unlike almost any subsequent president, Ford was able to create a White House that was open to dissent. … The comparisons with Bush's style first broke into the public debate two years ago. Paul O'Neill, a senior official in the Ford White House's budget office who three decades later became Bush's Treasury secretary, cooperated with author Ron Suskind on a book that made critical contrasts between the two presidents. … Other Ford White House veterans, many of whom asked not to be named because they did not want to appear critical of Bush, say they share O'Neill's view of the contrasts."

USA Today (12/28, 1A, Kiely, 2.27M) notes Ford "got one appointment to the Supreme Court, in 1975, and he is still there. John Paul Stevens, 86, is now the oldest justice. … The fact that Ford alumni include Cheney and Rumsfeld, now viewed as arch-conservatives, as well as Stevens, one of the court's most liberal members, speaks volumes about the former president, according to those who knew him." Ford "served as 'a balance point between the increasingly conservative wing of the Republican Party and the more liberal wing,' said presidential historian Carl Sferrazza Anthony. 'He was always seeking middle ground.'"

The Los Angeles Times (12/28, Neuman, Alonso-Zaldivar, 850K) reports that yesterday, "many praised Ford for his moderate views and consensus approach to governance." Log Cabin Republicans, "the nation's largest gay GOP organization, said that Ford always believe in inclusiveness in welcoming gays into the party and advocating equal rights for them. … And former first lady Nancy Reagan, in a statement, said that Ford's support for stem cell research his early support of stem cell research was important 'in getting the US Congress to debate the potential lifesaving cures and treatments that may result.'"

Drawing contrasts between Ford presidency and those that ensued, the Christian Science Monitor (12/28, 59K) editorializes that "Ford's candor and amicability are sorely needed in Washington politics today, given the steadily rising shrill, partisan tone." USA Today (12/28, 11A, 2.27M), also in an editorial, says Ford's "down-to-earth ways…stack up well against some of the more ego-driven and polished presidencies that preceded and followed his."

Funeral Services Will Begin Friday. The New York Times (12/28, Stout, Zeleny, 1.16M) reports, "Services for Mr. Ford, the 38th president, who died late Tuesday, will begin Friday in Palm Desert, Calif., with private prayers for the family at St. Margaret's Episcopal Church, Gregory D. Willard, a Ford family spokesman, said at a news conference. The next day, his body will be flown to Washington. The hearse is to pause at the World War II Memorial on the National Mall in recognition of Mr. Ford's naval service in the Pacific. His state funeral is to be conducted on Saturday evening in the Capitol Rotunda, after which the public will be allowed to file by the

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coffin." A service "will be held next Tuesday in the Washington National Cathedral." Plans for Ford's funeral are also described by the AP (12/28, Woodward), The Los Angeles Times (12/28, 850K), USA Today (12/28, 5A, Parker, 2.27M) and Washington Post (12/28, A8, Vogel, 690K).

Ford Survived Two Assassinations Attempts. The CBS Evening News (12/27, story 3, 2:35, Mitchell, 7.66M) recounted the two assassination attempts against Ford, " In September, 1975 Lynnette 'Squeaky' Fromm, a follower of Charles Manson aimed a pistol at the President. 17 days later in San Francisco, another woman, Sarah Jane Moore fired a shot at him. Both women are serving life in prison." The AP (12/28) runs a similar story.

"Drop Dead" Quote Was Apocryphal. The New York Times (12/28, Roberts, 1.16M) reports, "Ford and Marie Antoinette did not have much in common, but being misquoted cost both of them their jobs. In Hollywood's latest biography of the French queen, she denies having callously suggested that breadless peasants eat cake instead." Ford, on Oct. 29, 1975, "gave a speech denying federal assistance to spare New York from bankruptcy. The front page of The Daily News the next day read: 'FORD TO CITY: DROP DEAD.'" Ford "never explicitly said 'drop dead.' Yet those two words, arguably the essence of his remarks as encapsulated in the immortal headline, would, as he later acknowledged, cost him the presidency the following year, after Jimmy Carter, nominated by the Democrats in New York, narrowly carried the state."

Ford's Economic Policies Were Object Of Ridicule. The Washington Post (12/28, D1, Birnbaum, 690K) analyzes Ford's economic record, saying his policies in that area "are usually remembered as a joke. Soon after he took over as president, in August 1974, he tried to tame runaway price increases by urging Americans to wear round red lapel pins emblazoned with the initials WIN, for 'whip inflation now.' That didn't work, of course, and the pins soon disappeared amid public ridicule." But "Ford didn't give up the fight against what was then called stagflation: a debilitating mix of rapid inflation, high unemployment and slow economic growth. In fact, before his 30-month administration ended, he discarded his original plans and cobbled together an unconventional set of programs that succeeded, at least for a while, in slowing the country's financial slide." The US economy "was in sad shape when Ford replaced the disgraced Richard M. Nixon to become the nation's 38th president. Then it got worse. The economy fell into the steepest recession since World War II, coupled with an upward price spiral that was faster than at any time in modern memory." The Post reports economy didn't recover until the Reagan years.

Ford's Contribution To Conservatism Noted. In the Washington Times (12/28, 88K), Alvin S. Felzenberg writes, "[C]onservatives of the era misjudged Mr. Ford as much as had the liberals. As they rallied behind the rising star of Mr. Reagan, who personified bold color conservatism as opposed to one shaped in pastels, they overlooked the 50 vetoes Mr. Ford unfurled against spending bills the Democrats sent him. … That Mr. Reagan had a case to make, which proved essential to his own ascendancy, and conservatism's future triumphs have long clear. That Mr. Ford provided service to his country in ways that went beyond his cleaning up for his predecessor is becoming increasingly apparent with the passage of time."

Writers Recount Ford Experience In World War II. In the New York Times (12/28, 1.16M) op-ed contributors Robert Drury and Tom Clavin call Ford a "war hero." They recount his World War II experience aboard the aircraft carrier Monterey. On Dec. 18, the carrier was trapped in a "vicious Pacific cyclone later designated Typhoon Cobra. They write, "Admiral Halsey had ordered Captain Ingersoll to abandon ship, and the Monterey was ablaze from stem to stern as Lieutenant Ford stood near the helm, awaiting his orders. 'We can fix this,' Captain Ingersoll said, and with a nod from his skipper, Lieutenant Ford donned a gas mask and led a fire brigade below. Aircraft-gas tanks exploded as hose handlers slid across the burning decks. Into this furnace Lieutenant Ford led his men, his first order of business to carry out the dead and injured. Hours later he and his team emerged burned and exhausted, but they had put out the fire." Drury and Clavin conclude, "[I]n contrast to the public's image of him as a clumsy nonentity, Mr. Ford was a man whose grace under pressure saved his ship and hundreds of men on it."

NYTimes, WPost, WSJournal, WTimes Positively Assess Ford's Pardon Of Nixon. In their unsigned editorials, major newspapers echo the praises of Ford, but also turn attention to the criticism that erupted after Ford pardoned Nixon. However, they offer a generally positive assessment of his legacy., depicting Ford as an honest president who sacrificed his own popularity so the nation could better heal after the Watergate scandal. The New York Times (12/28, 1.16M) calls Ford "the right man summoned at the right time to begin the necessary process of healing a

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country exhausted by war abroad and scandal at home," but adds, "History has been more sympathetic to Mr. Ford's argument that to allow Mr. Nixon's prosecution to go forward, perhaps all the way to a trial, would have been profoundly destabilizing to a nation that was already in shaky health. … Our own bottom line continues to be the same: that the nation is strong enough to endure almost anything but burying the truth. Still, Mr. Ford deserves to be remembered for more than the pardon. Marking the end of a national nightmare is no small thing."

The Washington Post (12/28, A26, 690K) writes, "[I]n the period between Richard M. Nixon's resignation and Jimmy Carter's inauguration -- just under 2 1/2 years -- Gerald R. Ford did the main thing that needed doing, even though there were some in the Nixon White House who had thought him unqualified for the presidency: He reassured the people about the nature and quality of their government." The Post adds, "Today, with the passions of the period greatly diminished, it's hard to recall how much discord that decision created, even among those who believed Mr. Ford to be a trustworthy successor to Mr. Nixon. It's also hard, from today's vantage point, to see how an indictment and trial would have done the country much good. The pardon may have come too soon and been too broad, but it was basically the right thing to do."

The Wall Street Journal (12/28, 2.04M) writes, "The abiding cliché about Gerald Ford -- who died Tuesday at age 93 -- is that he was a decent man who steadied the country but held the White House too briefly to leave a major imprint. We've always thought that view of his Presidency is too diminishing, not least because he led the nation at a dangerous time and resisted political furies that could have done the U.S. far more harm." The Journal continues, "He made a particular contribution in pardoning Nixon, though he knew Nixon's enemies would accuse him of a quid pro quo. The decision cost him dearly in the polls and may have cost him the election in 1976, but it also spared the country from years of division over a criminal trial that special prosecutor Leon Jaworski seemed determined to pursue."

The Washington Times (12/28, 88K) writes, "Some argue still that the pardon deprived the nation of a 'full telling' or the nation of an opportunity to 'fully heal.' This is nonsense."

Ford's Decency, Integrity Widely Praised. ABC World News (12/27, lead story, 3:50, Gibson, 8.78M) said Ford "assumed the Presidency in its darkest days and brought it into the light." On the CBS Evening News (12/27, lead story, 3:45, 7.66M), Bob Schieffer said, "In all my years as a reporter…Ford it was nicest and most decent public figure I ever covered." And NBC Nightly News (12/27, lead story, 2:45, Mitchell, 9.87M) noted "Ford's decency and his ability to lead the nation through one of its worst crises."

Bob Woodward, in the Washington Post (12/28, A5, Woodward, 690K) recounts that "on Sunday, Sept. 8, 1974…Ford attended church alone. He sat by himself in a pew at St. John's Episcopal Church on Lafayette Square. He took Holy Communion. Back at the White House at 11:05 a.m., he went on television to announce that he had decided to pardon Richard Nixon for any crimes he committed during Watergate. … The reverberations from that decision may well have cost Ford his presidency in the next election." Woodward goes on to quote from interviews he conducted with the former president in which he commented on his pardon decision.

The AP (12/28, Riechmann) reports President Bush "remembered former President Gerald Ford as a 'man of complete integrity who led our country with common sense and kind instincts' and helped restore faith in the presidency after the Watergate scandal." The President "personally expressed his condolences in a phone call late Tuesday night with former first lady Betty Ford." The Financial Times (12/28, Sevastopulo) also reports on Bush's remarks, while the Washington Times (12/28, Pfeiffer, 88K) notes Cheney "praised his former boss in a statement, calling him a 'dear friend and mentor.'"

The CBS Evening News (12/27, story 2, 2:40, Mitchell, 7.66M) showed President Bush saying, "The American people came to know President Ford as a man of complete integrity who led our country with common sense and kind instincts," and ABC World News (12/27, story 2, 2:50, Gibson, 8.78M) reported, "Donald Rumsfeld, who was Ford's chief of staff, today said, 'Our nation has a way of finding leaders that are needed in tough time. Gerald Ford was just the President our country needed back in 1974.' Even Jimmy Carter, the man who defeated Ford by a razor-thin margin in 1976, today hailed Jerry Ford as 'one most admirable public servants and human beings I have ever known.' Carter will eulogize Ford at one of the services to be held next week."

ABC World News (12/27, story 4, 2:55, Gibson, 8.78M) ran a segment on Ford's legacy, which Cokie Roberts described as "that of a healer." ABC World News (12/27, story 3, 3:15, Gibson, 8.78M) later noted Ford "entitled his memoirs 'A Time to Heal.'" And NBC Nightly News (12/27, story 2,

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5:10, Williams, 9.87M) showed Ford saying, "When historians 50 years from now objectively write about the Ford Administration, I hope they will say that President Ford healed the wounds of Watergate, ended the tragedy of the war in Vietnam and restored public confidence in the White House itself."

On MSNBC's Scarborough Country (12/27), host Joe Scarborough said, "30 years after leaving Washington, Gerald Ford is being remembered tonight as the man who ended America's long national nightmare and brought honor back to the presidency." Fox News' Special Report (12/27, Wallace), which devoted most of its broadcast to Ford's life and legacy, said Ford was a "man who helped heal a nation torn apart by Watergate and Vietnam." During his report on Special Report, correspondent Wendell Goler described Ford as an "everyman" who "made his own breakfast his first morning in the White House." CNN's 360 Degrees (12/27, Cooper) said, "He never wanted to be president, but he helped redeem the office, just when the presidency and the country needed it most. … This accidental president had anything but an incidental presidency."

Politicians and journalists who worked with Ford also remarked on Ford's personality. On MSNBC's Scarborough Country (12/27, Scarborough), Pat Buchanan said, "While I do disagree with President Ford, I do believe he was the pivot on which the country turned out of a horrible time into a better time." On Fox News' Your World (12/27, Asman), former Senate Majority Leader Bob Dole (R), who was Ford's 1996 running mate, said Ford had a "sort of an amiable way about him" and averred that history will treat Ford "very well." On Fox News' Hannity and Colmes (12/27, Gallagher), Robert McFarlane, who was a special assistant for national security during the Ford administration, said, "I think the outstanding quality of Gerald Ford has been character and integrity.… I mean, almost every politician you and I watch in Washington views what they say and do in terms of how it affects their personal political self-interest. Not Gerry Ford." On MSNBC's Countdown (12/27, Olbermann), Andrea Mitchell said, "He really believe din the goodness of people." On MSNBC's Hardball (12/27, Matthews), former NBC Nightly News anchor Tom Brokaw said, "People keeping asking me today what it was like covering Gerald Ford as president after covering Nixon. Metaphorically and truly, it was the difference between night, the darkness of Richard Nixon, and day, the Gerald Ford administration. He was open, candid. When he told us something, we generally could believe it." Brokaw also noted that Ford came from a "different Republican Party" than today's.

The Chicago Tribune (12/28, Neikirk, 617K) praises Ford for bringing "a calming presence to the highest office in the land, shunning the imperial atmosphere fostered by Nixon." The Christian Science Monitor (12/28, Grier, 59K) says he was "decent, fair, modest, and -- truth be told -- shrewd, he made Washington seem normal again." The Washington Post (12/28, C1, Haygood, 690K) and USA Today (12/28, 5A, Ritter, 2.27M) run equally laudatory pieces about the Fords.

In a brief op-ed appearing in the Washington Post (12/28, A27, 690K), former Senate Majority Leader Bob Dole praises Ford as a "principled partisan…who worked diligently for Republican causes but who knew the limits of partisanship." In the New York Times (12/28, 1.16M), David Hume Kennerly, Ford's personal photographer, writes, "The man I came to know and admire had a quiet and very powerful sense of self. He had the least guile of anyone I've ever met and a total lack of vanity." In an op-ed in the Washington Post (12/28, A27, 690K), Ron Nessen writes, "Unlike politicians who carefully calculate for decades how their every word and deed will sound and look when they eventually run for the White House, Ford moved into the Oval Office without having his persona distorted by lust for the presidency. And the public sensed this genuineness. What a relief to have a regular person as president, particularly after the imperial presidencies of Nixon and Lyndon B. Johnson." Melvin R. Laird, secretary of defense under Nixon and an eight-term congressman from Wisconsin, also praises Ford in the Wall Street Journal (12/28, 2.04M).

Contrasting Ford's seemingly accidental accession to the presidency with his actions, particularly after the Watergate scandal, commentators also refer to Ford's as the "right person" to hold the presidency. In an op-ed appearing in Financial Times (12/28), Ar Cyr, Clausen Distinguished professor at Carthage College in Wisconsin, describes Ford as "right president at one particular moment in history." In an op-ed appearing in the Wall Street Journal (12/28, A14, 2.04M), Melvin Laird writes, "He was our Accidental President. … It was a happy accident for America, and in many ways it was no accident. It was years in the making and required hard work, planning and good fortune." After recounting Ford's accomplishments reforming the CIA and fighting inflation, Laird writes, "Of greatest importance…was his righting of the ship of state," including his pardon of Nixon.

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In his Washington Post (12/28, A27, 690K) column, George Will writes, "Ford was an 'accidental president,' but there are reasons accidents happen as they do. Call it the cunning of history or an irony of American life, but this underestimated graduate of Yale Law School served a purpose Richard Nixon did not have in mind when he nominated him to replace the disgraced Vice President Spiro Agnew."

There are other stories in this morning's papers on Ford's life and career. The Washington Post (12/28, E1, Gildea, 690K) describes Ford's love of sports, while the Los Angeles Times (12/28, Martin, Abrams, Powers, 850K) reports on Ford's activities in Palm Desert, CA where he "helped open and fund such charitable endeavors as a domestic violence shelter, a children's museum, a teenage outreach program and a bighorn sheep preserve. Betty Ford is best known for establishing the alcohol and drug treatment clinic in Rancho Mirage that bears her name. It has treated more than 60,000 people since opening in 1982." The Times adds, "Although Ford represented Grand Rapids, Mich. for 25 years in Congress, he and Betty were hometown heroes in the Coachella Valley." The Washington Post (12/28, B1, Shapira, 690K) also notes that the former president's home in Alexandria, VA, has long been on the market, and the New York Times (12/28, Stanley, 1.16M) muses about how the media should approach covering Ford's passing.

Wealth Of New York Presidential Aspirants May Foretell National Political Shift. The Washington Post (12/28, A3, Powell, 690K) reports on the abundance of New York politicians with presidential aspirations, ranging from the "instantly identifiable," like New York Sen. Hillary Clinton (D) or former New York mayor Rudy Giuliani (R), to the less universally known, like current New York mayor Michael Bloomberg (R) and New York Gov. George Pataki (R). "New York may not challenge Virginia for its title as 'Mother of Presidents,' but the state could produce four presidential candidates in 2008 -- not to mention new Gov. Eliot L. Spitzer (D), who has harbored presidential dreams since he was in fourth grade and is already rumored to have an eye on 2012." The Post suggests this could indicate a national trend in which the South is "played out," and is "a curious turnabout for a state and a city" with which "Americans have long had a love-loathe relationship." The piece continues to detail New York's political history and to profile its current batch of 2008 hopefuls.

Edwards Enters Race For White House. Former North Carolina Sen. John Edwards (D), the 2004 Democratic vice presidential nominee, on Wednesday joined the 2008 race for president. The CBS Evening News (12/27, story 8, 0:30, Mitchell, 7.66M) reported that Edwards "says he will make a second run for president. Officially the announcement comes tomorrow in New Orleans. Edwards arrived there today. The campaign actually got ahead of itself, breaking the story today on its Website. An advisor says better a day earlier than a day late."

Fox News' Big Story (12/27, Gibson) reported that Edwards will announce his decision to run for president in 2008 from New Orleans' Ninth Ward. Fox News added, "Today, he helped clean up a New Orleans home that was badly damaged by Katrina." On MSNBC's Hardball (12/27), host Chris Matthews commented, "I think he's a guy to watch."

The AP (12/28, Pickler) reports that Edwards "jumped into the presidential race Wednesday a day earlier than he'd planned, prodded by an Internet glitch to launch a candidacy focused on health care, taxes and other domestic issues." Edwards' "campaign accidentally went live with his election Web site a day before an announcement Thursday that was supposed to use Hurricane-ravaged New Orleans as a backdrop. The slip-up gave an unintended double-meaning to his campaign slogan on the John Edwards '08 Web site: 'Tomorrow begins today.' Aides quickly shut down the errant Web site but could not contain news of the obvious, even in the shadows of former President Ford's death." The AP notes, "Earlier Wednesday, Edwards visited the site of his planned announcement for a photo opportunity," doing "yard work at the home of Orelia Tyler, 54, whose house was gutted by Hurricane Katrina and is close to being rebuilt."

The New Orleans Times-Picayune (12/28, Nolan) reports that in New Orleans Wednesday, Edwards "limited his remarks," saying that "his candidacy would emphasize Americans helping Americans, New Orleans being the most spectacular current example of the opportunities that offers. Edwards did speak briefly to the recovery, faulting the White House for providing too little help. 'The president should've said, 'I want someone in my office every morning, telling me what was happening in New Orleans yesterday,'' he said."

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Bloomberg (12/28, Johnston) notes that during his first run for president, Edwards "spoke often about two Americas, one rich and one poor. He will use New Orleans tomorrow as a backdrop to highlight that disparity."

The Wall Street Journal (12/28, A4, Calmes, 2.04M) reports, "For the roughly two dozen candidates considering a run for the White House, it is perhaps the jackpot question: What might be the winning message in a contest whose first nominating vote is still more than a year away?" On Thursday, Edwards "begins testing his hunch that Americans, though focused now on the war in Iraq, can be won over to a campaign built on what he calls 'the great moral issue of our time' -- fighting poverty at home." The Journal notes that though Edwards' "theme of ending the 'Two Americas' of haves and have-nots dates to his 2004 presidential bid," Edwards "argues that the disparity between the richest Americans and the working class has widened since then. 'When I talked about poverty in the 2004 campaign, political types said it was futile,' he said in a speech this year. 'They said nobody cares about poverty except for the poor. Not true, and we saw it with Katrina.'" The Journal notes, however, "Many Democratic political operatives remain skeptical that the Edwards message will resonate among either Democratic or independent voters when antiwar talk is the rage, and could continue to be into 2008."

Edwards' Second Bid For President Will Face New Challenges. The Raleigh News & Observer (12/28, Christensen) reports that that as Edwards kicks off his second run for president, he "faces a different political landscape than he did three years ago when he was a little-known freshman senator from North Carolina." Now, Edwards is "an established national political figure," meaning that "the pressure is on for him to perform well in the early caucus and primary states in 2008, as well as in the money-raising chase in 2007." He "must contend with widespread assumptions that New York Sen. Hillary Rodham Clinton is the odds-on favorite to capture the nomination and that Edwards' fresh-faced appeal has been eclipsed by Illinois Sen. Barack Obama. 'Before Barack Obama, it was clear Edwards was going to be the biggest hurdle for Hillary to overcome and had the best shot at stopping her,' said Chuck Todd, editor-in-chief of the Political Hotline, an Internet newsletter. 'Obama complicates his run. … If it wasn't for Obama, I think we'd say this is a two-person race.'" McClatchy lists as Edwards' key assets: name recognition, the likely "solid financial support" of "many of the nation's trial lawyers," the likely "support of a significant portion of organized labor," the new Democratic nominating calendar, and the fact that Edwards is "the only Southerner in the race, with the possible exception of retired Gen. Wesley Clark."

CQ Politics (12/27, Horrigan, Benenson) reported that although the possible presidential bids of Sens. Clinton and Obama have received more attention from the media, "the handsome and personable Edwards has an opportunity to pursue a sizable niche as an alternative for Democratic voters worried about the electability of Clinton -- who carries the baggage of controversies that surrounded her and her husband during their White House years -- or Obama, who bears the burden of proof that the nation is prepared to elect a black president, and whose mere two years in the Senate would raise questions about whether he had sufficient experience."

The New York Sun (12/28, Gerstein) reports, "By focusing on social justice and the poor, Mr. Edwards, 53, hopes to court Democratic Party activists and pose a challenge from the left to other likely presidential contenders, such as Senator Clinton. 'I don't think there's any question that by talking about labor, the minimum wage, and poverty, his strategy has been to run as the progressive alternative,' a Democratic operative and lobbyist, Steven Elmendorf, said in an interview." The Sun notes, "Democratic strategists said Mr. Edwards has made good use of his time since leaving the Senate in 2004. … In addition to staking out the poverty issue and boosting his foreign affairs resume with international travel," Edwards "has moved aggressively to win the support of labor unions, particularly those for service workers. 'He's made an effort. He's worked it hard,' Mr. Elmendorf said. However, he said, he doubts many unions will be willing to endorse Mr. Edwards in the primary, in part because Mrs. Clinton will be seeking those same endorsements, or a pledge from labor groups to stay neutral."

News Coverage Of Ford's Death Expected To Overshadow Edwards' Announcement. The Washington Post (12/28, A3, Balz, 690K) reports that Edwards chose "the week between Christmas and New Year's Day to announce his candidacy in large part because he and his advisers thought it would attract more attention during what is traditionally a slow news period. But the death of former president Gerald R. Ford was by far the dominant news on Wednesday and probably will continue to be for several more days. Edwards issued a statement mourning the death of the 38th president. 'President Ford was a true leader -- he made

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decisions based on what he believed was right, not what was politically expedient,' the statement said. 'He called on us to never lose faith that we can change America.' He said Americans could honor Ford's memory by 'lifting ourselves above partisan politics and acting with the courage and conviction of our ideals.'"

Edwards Set To Launch Announcement Tour Of Key Early Presidential States. The Winston-Salem Journal (12/28, Romoser) reports that following a news conference Thursday in New Orleans, Edwards "is expected to begin a whirlwind, three-day tour in which he will visit Iowa, Nevada, New Hampshire and South Carolina -- the first four states in the 2008 Democratic primary season. On Saturday night, Edwards will conclude the tour with a rally in Chapel Hill."

Carlson Says "Nice Guy" Edwards "Candidate Most Reminiscent" Of Ford. In a piece for Bloomberg (12/28), columnist Margaret Carlson writes that "Edwards's pitch that there are two Americas is, if anything, truer today than when he first took it out for a spin. … He favors an expansion of the earned income tax credit, better lending practices, housing vouchers, sprinkling low-income housing amid McMansions and a program to rehabilitate Louisiana after Katrina. And it isn't only the Ninth Ward that bears Edwards out. Wages are stagnant. There has been no increase in the minimum wage. More people are without health insurance than before." Carlson adds, "It could be that in 2004, Edwards suffered from first-time jitters, too much message discipline about a divided America and the handicap of playing second banana to a waffling, windsurfing stiff. There could be a hunger now for a quieter man after eight years of taking our enemies dead or alive. Edwards is the candidate most reminiscent of the late Gerald Ford," who "was a fine president in a difficult moment, so decent he couldn't win the presidency on his own. We are a schizophrenic electorate. We prefer the likeable candidate over the sourpuss, but we also want a tough guy. Edwards has a chance only if nice guys don't finish last."

Ohio Supreme Court Reprimands Taft. The AP (12/28, Welsh-Huggins) reports, "The state Supreme Court on Wednesday publicly reprimanded Ohio Gov. Bob Taft for his ethics violations in office, a black mark that will stay on his permanent record as an attorney." Taft, "a Republican and great-grandson of President William Howard Taft, pleaded no contest in 2005 to failing to report golf outings and other gifts worth nearly $6,000 during his four-year term. He was fined $4,000. Taft could not seek re-election because of term limits and leaves office in less than two weeks." The New York Times (12/28, Driehaus, 1.16M) also reports the story.

Schwarzenegger Plans Boost In Government Spending On "Cutting Edge Research." The Los Angeles Times (12/28, Halper, 850K) reports, "A plan announced by Gov. Arnold Schwarzenegger on Wednesday to boost public funding for cutting-edge research could prove to be a boon to some of the state's top universities -- and to private companies that leverage their breakthroughs into big profits." The proposal, which is "to be included in the budget unveiled by the governor early next month, calls for investing $95 million in four research projects based at the state's public universities. The projects designated for funding, at least one of which would be developed in partnership with a major oil company, are mostly geared toward the creation of cleaner burning fuels." The Times adds "some advocacy groups questioned whether the state would get a proper return on its investment. They urged the administration to put safeguards in place that would assure that taxpayers -- and not just private companies -- reap some of the profits created by publicly funded innovations."

High Energy Prices Lift Houston's Economy. The Los Angeles Times (12/28, Bustillo, 850K) reports from Houston, "High oil, natural gas and electricity prices may bring pain to families and business owners elsewhere, but in America's energy capital, they bring prosperity. Two out of every five Houstonians owe their jobs to energy — many big oil and gas companies have their world or American headquarters in Houston — and the industry's spectacular profits in recent years have helped the nation's fourth-largest city outdistance the country as a whole in economic growth." But "veterans of Houston's boom-and-bust energy economy are mindful that fortunes could turn quickly, like they did in the 1980s, when a sudden swoon in crude oil prices sent the city's economy crashing." The current "boom is tied not only to short-term spikes in energy prices, but to forecasts for global energy demand that are leading many companies to make ambitious long-term bets."

Shell Hires Norton As Counsel. The Wall Street Journal (12/28, B5, 2.04M) reports, "Royal Dutch Shell PLC said it hired former U.S. Interior Secretary Gale Norton to serve as a counsel for the Anglo-Dutch oil company. The

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move comes amid rising scrutiny in Washington of the department's dealings with the oil industry." Norton "will serve as general counsel for the firm's unconventional-resources division, Shell said. The oil company is developing and testing proprietary technology designed to enhance oil recovery from certain unconventional sources, such as oil shale and extra-heavy oil, Shell said."

Fleishman-Hillard Launches PH Boom Initiative. The Washington Post's Judy Sarasohn reports in her "Special Interests" column, "In Washington, where every special interest has a lobbyist or at least a spokesman, baby boomers now have their own practice group. Public relations biggie Fleishman-Hillard Inc. has launched what it calls FH Boom, a practice that targets baby boomers, those folks roughly between 42 and 60 years old. The demographic is about 78 million people." The Post adds, "The practice is heavy on commercial marketing and public relations, but FH Boom also figures to advise public affairs clients on coalitions and advocacy issues involving baby boomers. Think legislative and administration issues dealing with taxes, health care, Medicare costs, Social Security and college costs." Paul Johnson, president of public affairs for Fleishman, "said that the firm's work for AARP has given it a 'ringside seat' to see how boomers affect politics and government."

Harlem Church Seeks Housing Improvements Without Displacing Elderly. The Wall Street Journal (12/28, Lagnado, 2.04M) reports on the strategy used by Abyssinian Development Corp., "the 17-year-old not-for-porfit real-estate arm of the famed nearly 200-year-old Abyssinian Baptist Church," to "keep the elderly—and particularly the elderly poor—at home, where they want to be, and out of institutions. Abyssinian's unusual answer is real estate." The group, which "controls $299 million in property assets in booming central Harlem,…is using its resources to create a social, psychological and economic sanctuary for the community's elderly and poor residents, pumping proceeds into social-service projects while enabling tenants in Abyssinian-owned housing to pay low rents."

Police Charity Abandons Fundraising Scheme. The Wall Street Journal (12/28, B1, Anders, 2.04M) reports on the efforts of Robert Teal, who "recently became chairman of the CHP 11-99 Foundation," to end a fundraising practice which critics say could result in drivers improperly avoiding speeding tickets. The organization provides college scholarships and other benefits to members of the California Highway Patrol. "For years, the foundation had been selling 'Life Memberships' to motorists for $1,800 apiece. Lots of people with Ferraris, BMWs and other fast cars snapped them up, mounting the foundation's hard-to-miss license-plate holders on their vehicles' rear bumpers. … Buying a membership was seen by many as protection against speeding tickets." Mindful of the perception of impropriety, "Teal led a push to revamp the way the 8,000-member foundation raises money." Teal's strategy involved boosting the price of memberships to make them inaccessible to most, and "tapping into big new sources of money. He urged colleagues to approach some of California's leading corporations and wealthiest people, asking them to donate $100,000 or more to create endowed scholarships in their name, which could run in perpetuity."

WPost Accuses Virginia Republicans For Blocking Transportation Funding. An editorial in the Washington Post (12/28, A26, 690K) titled, "The Snooker Strategy," scolds Virginia Republicans for failing to adequately fund the state's "aging transportation network," noting that Gov. Tim Kaine (D) "did the sensible thing by proposing a tax package that would yield $1 billion annually for transportation statewide. The Republican-dominated state Senate backed him. But Republicans who control the House of Delegates would have none of it. Instead, after a generation of neglect, they have decided to attack the problem of Virginia's roads with press releases" which "are masterpieces of omission, obfuscation and budgetary shenanigans designed to snooker voters. Rather than proposing a long-term fix for a long-term problem, they proudly announce that they favor spending what amounts to a pittance -- half of the state's current $500 million surplus -- on one-time transportation projects."

Islamists Retreat As Ethiopian-Backed Troops Near Mogadishu. The New York Times (12/28, A1, Gettleman, 1.16M) reports on its front page that Islamist forces who have controlled much of Somalia in recent months have "suddenly vanished from the streets of the capital, Mogadishu, residents said Wednesday night," as thousands of Ethiopian-back troops massed outside the city. In recent days, Ethiopian-backed forces, "with tacit approval

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from the United States, have unleashed tanks, helicopter gunships and jet fighters on the Islamists, decimating their military and paving the way for the internationally recognized transitional government of Somalia to assert control." The Washington Post (12/28, A22, McCrummen, 690K) reports the situation in Mogadishu "appeared confused, with witnesses reporting thousands of Somalis…fleeing the capital, and those who remained unsure who might next control the city." Meanwhile, a draft UN Security Council statement calling for a cease-fire "remained stalled, while African Union officials asked for a meeting of regional leaders in the Ethiopian capital, Addis Ababa, and called on Ethiopian forces to withdraw."

The Washington Times/AP (12/28, Hassan) reports the transitional Somali government "predicted that the capital and stronghold of the radical Islamists would fall without a fight." However, the Financial Times (12/28, England, Sevastopulo) reports officials from the Islamist movement "have said they are planning for a 'new phase' in the conflict, suggesting they are preparing to mount a guerrilla campaign against the better-equipped Ethiopian forces."

The Los Angeles Times (12/28, Sanders, Albadri, 850K) reports US military officials "acknowledged they have been conducting operations to interdict terrorists in the seas surrounding the Horn of Africa but noted those missions have been in place for several years." One military official said there is "a Navy presence off the coast of Somalia, but it is aimed primarily at anti-piracy efforts and has been in place for some time."

More Commentary. In an editorial, the New York Times (12/28, 1.16M) writes, "It is tempting to wink at Ethiopia's stunningly successful offensive in Somalia. … But if there's anything we should have learned over the past few sad years, it is that this kind of unilateral pre-emptive attack seldom solves anything, particularly when the country doing the invading is regarded as a longstanding enemy." Although "there was little international outcry…moderate forces in Somalia have been appalled by the brutal intolerance of Islamist leaders who have threatened to behead people for not praying five times a day, they are unlikely to embrace Ethiopian soldiers as a good alternative." Therefore, the Times argues that "rather than trying to marginalize the Islamic militias and the huge clan they represent, the international community should try to harness this moment to push for unity talks while the Islamists are weak and the transitional government has attained a more equal standing."

The Wall Street Journal (12/28, A14, 2.04M) editorializes, "The armed conflicts that so often roil Africa rarely engage US interests except in a humanitarian sense. But that cannot be said of the war that has now broken out between Ethiopia and the Islamists who seized control of much of Somalia in June. Here America's strategic interests are very much engaged, even if the actors in the fight range, morally speaking, from the unpalatable to the unacceptable." However, the Journal concedes, "There is a material limit to what the US can do for East Africa, and expectations for what the region can and will do it for itself cannot be high. Still, the Ethiopian offensive against Islamic Courts is an act of regional hygiene that we can hope is able to contain radical Islam from spreading to a far larger swath of Africa."

Iran's Ties With Syria Complicate US Plans.

The New York Times (12/28, A14, Slackman, 1.16M) reports, "As the White House begins to rethink its strategy for dealing with the Middle East, particularly how to calm the chaos in Iraq, pressure to try to re-engage Syria has grown." Some Western analysts contend that Syria "can be pried away from Iran's influence and convinced that its long-term interests lie instead with the West. But Washington has spent years trying to isolate Syria, while Iran has for decades moved to entwine itself with Syria on many levels -- political, military, economic and religious." Iran, it notes, has "pools of money" to "help promote Iranian influence in Syria," which some Western diplomats in Iran "say that, even if the United States tried, it might be impossible to extricate Syria from Iran's orbit."

Iranian Parliament Backs "Revision" Of IAEA Cooperation.

The New York Times (12/28, A3, Fathi, 1.16M) reports the Iranian Parliament, "by an overwhelming vote," approved legislation "that could limit Iran's cooperation with the" IAEA. The Times says the bill "was a response to" Saturday's UNSCR, and notes it "asserts that the government should 'revise its cooperation with the [IAEA] based on the interests of Iran and its people.'" The Guardian Council's quick endorsement of the measure was "a gesture that suggested that religious authorities are united behind the bill."

Author Says Ahmadinejad Trying To Appeal To All Muslims. Author Roya Hakakian writes in a Wall Street Journal (12/28, A14, 2.04M) op-ed that Iranian President Mahmoud Ahmadinejad's "existential mission is to recast the ethos of being Iranian," by "peddling a pan-Islamism." Hakakian says that Ahmadinejad's "numerous spectacles,

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most recently the Holocaust conference, are meant to bring a sense of transcultural and transethnic unity through a common political purpose. On the domestic scene, this is an old act -- a familiar blunder to annihilate Iranian nationalism, or to force it to become subordinate to the Muslim, with Arab undertones."

State Department Rebukes Israel For Settlement Building Plan. The AP (12/28, Schweid) reports, "In a rare criticism, the Bush administration said Wednesday if Israel proceeds with construction of a settlement on the West Bank it would violate its peacemaking obligations." State Department spokesman Gonzalo Gallegos said, "The US calls on Israel to meet its roadmap obligations and avoid taking steps that could be viewed as predetermining the outcome of future negotiations. The establishment of a new settlement or the expansion of any existing settlement would violate Israel's obligations under the roadmap." The AP says the Administration "rarely criticizes Israel's actions and has gained Israel's support for establishment of a Palestinian state." Secretary of State Condoleezza Rice "is expected to go to the Middle East next month to try to spur peacemaking between Israel and the Palestinians," however, "it was not clear whether she had approved [Gallegos'] statement."

The New York Times (12/28, A6, Cooper, 1.16M) calls the statement "a rare public rebuke to Israel," adding, "For the Bush administration, which has shied away from criticizing Israel, the rebuke was so unusual that State Department officials took pains to assure reporters that it represented official policy and had been cleared by senior members of the administration." Tel Aviv's announced planned to proceed with construction "has particularly confounded American diplomats because it appears to run counter to the prevailing effort by Prime Minister Ehud Olmert, who offered a series of gestures to the Palestinians several days ago, after meeting with [Palestinian President Mahmoud] Abbas."

Israel To Resume Efforts To Stem Rocket Attacks. The Financial Times (12/28, Morris) reports Tel Aviv "on Wednesday ordered the military to resume targeting militants spotted firing rockets from the Gaza Strip but said its month-long ceasefire with the Palestinians would otherwise remain in force." The IDF "ended its policy of restraint in the face of ceasefire violations after one of eight rockets fired at Israel on Tuesday wounded two youths in the southern town of Sderot, one of them seriously." The Times says Olmert "had been under pressure from inside and outside his cabinet to end the policy of restraint in the face of continuing rocket attacks, many of them claimed by the Islamic Jihad movement, which has no political role in the Palestinian Authority." Tel Aviv said it does plan to "continue its policy of liaising with Palestinian security officials as part of efforts to stem the rocket fire." The New York Times (12/28, A6, Erlanger, 1.16M) adds Olmert "had ordered the military not to respond, but political pressure to do so was growing." Olmert was also "being criticized from the left by his own defense minister, Amir Peretz of the Labor Party, and from the right by Benjamin Netanyahu." The AP (12/28, Federman) says that "a new round of fighting in Gaza could undermine Israel's efforts to bolster the moderate Palestinian president, Mahmoud Abbas, in his standoff with the Islamic militants of Hamas who control the Palestinian government and legislature."

Abbas Asks For "Closed-Door Talks" On "Most Difficult Disputes." The AP (12/28, Nasrawi) reports Abbas "proposed Wednesday that he start closed-door talks with Israel on some of their most difficult disputes including the status of Jerusalem and the fate of Palestinian refugees." Abbas "did not spell out why he was proposing that the negotiations with Israel be 'backdoor.' But as one of the architects of the 1993 Oslo peace accord between Israel and the Palestinians, he is known to champion quiet, informal diplomacy." He "said he proposed backdoor negotiations to Olmert at their weekend meeting, and that the Israeli leader promised to consider the suggestion. He also said he planned to discuss the idea with [Secretary Rice] when she comes to the Middle East next month." The AP says "recent weeks have seen a growing momentum toward reviving Israeli-Palestinian peace talks."

US Intensifies Crackdown On Hezbollah Funding. The Wall Street Journal (12/28, A1, Higgins, 2.04M) reports in a front page article that "until war erupted in July, Washington hailed Lebanon as a beacon for its vision of the 'new Middle East' -- a region committed to democracy, aligned with the West and eager to root out militant groups." But today, the country is "a showcase for the growing clout of forces that America wants eclipsed: Hezbollah, Iran and Syria." While cracking down on terrorist financing "has been a key front in America's 'war on terror' since al Qaeda's 2001 attacks," efforts "initially focused on Osama bin Laden's network but has struck hard in recent months at Hezbollah." For example, the Treasury Department has "targeted an

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Iranian state bank it says channeled funds to Hezbollah and a host of organizations and companies." The Bush administration "argues that all Hezbollah-related money must be stopped, whether it is used to buy weapons, fund microcredits or run the group's network of clinics, schools and other services." Pat O'Brien, assistant Treasury secretary for terrorist financing, said, "We don't buy into the frame of mind that you can distinguish between the military and social arms." However, this approach "carries a risk: It has strengthened the view of Hezbollah's supporters, many of whom come from Lebanon's most-impoverished areas, that America wants to keep them poor, not fight terrorism. Even Hezbollah's rivals say the US strategy plays into the hands of Islamist propagandists, who blame America and Israel for economic and other woes."

Turkey Acquits 13 In Attack On US Troops. The AP (12/28) reports thirteen Turkish villagers were acquitted Wednesday "of attacking US troops with stones and eggs after an errant US Tomahawk missile fell near their village three years ago." A Turkish court ruled the villagers' actions "did not constitute a crime" after defense lawyer Seyhmus Ulek said the incident was "a democratic reaction against American soldiers."

Israeli Tourists Heed Terror Warning In India. The Washington Times (12/28, Mitnick, 88K) reports, "Israeli backpackers in India are heeding a government warning of an al Qaeda terrorist attack over the New Year's holiday on beach resorts and rave parties in the state of Goa." The two-week-old warning from Israel's Headquarters for the War on Terror "has raised concern that al Qaeda wants to repeat the 2002 bombing in the Indonesian resort island of Bali that killed 202 persons." It also marked the first time Israel warned of a "concrete threat" of an al Qaeda attack in India, however, "Indian defense and police officials rejected the warning."

Sudan's Position On UN Darfur Force Remains Unclear. The AP (12/28, Lederer) notes Khartoum "raised new questions Wednesday about its commitment to a U.N. peace effort in the violence-wracked Darfur region as its ambassador ruled out any U.N. peacekeeping troops — an element of the world body's proposal." PermRep Abdalmahmood Abdalhaleem's "surprise statement came just minutes after the [UNSC] announced that it welcomed the Sudanese president's acceptance of the U.N. plan to help end the escalating conflict — a plan that includes deployment of a hybrid African Union-United Nations force." He told the media "that the hybrid force must be smaller and have no U.N. peacekeepers, only U.N. technical and logistical experts supporting African troops."

In more positive tones, the New York Times (12/28, A13, Gootman, 1.16M) reports UN Secretary-General Kofi Annan "said Wednesday that the Security Council was 'encouraged' that a recent message from the Sudanese government could pave the way for a large-scale peacekeeping operation in the country's war-ravaged Darfur region." Annan did add "that some diplomats remained skeptical of Sudan's overtures, and he urged the [UNSC] to press ahead quickly with its plans to test the government's intentions." The Times adds that a letter from Sudanese President Omar al-Bashir to Anna "seems to welcome a joint United Nations-African Union peacekeeping force for Darfur, it also suggests that Sudan should have veto power over how the effort is carried out."

UK's Atomic Weapons Hunters Remain Hot On Trail Of Spy's Killers. Under the headline, "Atomic Alliance: UK Village Is Home To Secretive Agency; Aldermaston Adopts Policy Of Peaceful Coexistence With Weapons Facility," the Wall Street Journal (12/28, Bryan-Low, Mollenkamp, 2.04M) reports from the village, that the "Atomic Weapons Establishment – [is] Britain's nuclear-weapons agency that, for the most part, peacefully coexists with residents here." The Journal adds that recently "though, the super-secretive agency has given the public a glimpse of what its labs do. AWE's specialists identified polonium 210 as the radioactive poison that killed former Russian intelligence agent Alexander Litvinenko on Nov. 23. Now, AWE's scientists are playing a vital role in Scotland Yard's investigation into the suspected murder by testing for radiation in places that Mr. Litvinenko or his associates went in the weeks before."

Efforts To Combat Malnutrition In Africa Improving. In a front page article, the New York Times (12/28, A1, Wines, 1.16M) reports on "sub-Saharan Africa's curse" of malnutrition, which contributed to nearly half of the deaths of five million African children under age 5 died last year. However, "the outlook for malnourished children in sub-Saharan Africa is better than in decades, thanks to an awakening to the issue -- by selected governments, anyway." Ethiopia, it notes, has "the most comprehensive program in

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all Africa -- a joint venture with United Nations agencies that regularly screens nearly half of its 14 million children under 5 for health and nutrition problems." Unicef's Ethiopia representative, Bjorn Ljungqvist, said the program "may be a model for Africa."

Russian Investigators Link Poisoning Probe To Yukos Case. The New York Times (12/28, A3, Myers, 1.16M) reports Russia's Prosecutor General's Office Wednesday "produced a startling new twist in the investigation of the killing of Alexander V. Litvinenko" by announcing that it was investigating "the possible involvement of former executives of Yukos Oil." In a statement, the prosecutor's office said its investigation "indicated a link between the poisoning of Mr. Litvinenko and criminal cases under way against Yukos executives," singling out "Leonid B. Nevzlin, a major shareholder and partner of the company's jailed chief executive, Mikhail B. Khodorkovsky." The statement, however, "did not elaborate on any evidence that might link Mr. Nevzlin and others to Mr. Litvinenko's death." AFP (12/28) reports Litvinenko's former spokesman, Alex Godfarb, called the allegations "an attempt to deflect responsibility from the true perpetrators." Meanwhile, the AP (12/28, Meyer) notes that Russia has "unsuccessfully pressed for the extradition of a number of Kremlin critics in recent years, including Nevzlin and tycoon Boris Berezovsky, who lives in Britain." The Washington Post (12/28, A22, Finn, 690K) runs a similar report.

Gazprom Dispute With Belarus Could Disrupt European Gas Supply. The New York Times (12/28, Kramer, 1.16M) reports Gazprom "reacted fiercely on Wednesday to a suggestion from Belarus that it would pull natural gas out of export pipelines rather than pay a higher price for the fuel. Reversing course from its assurances of Tuesday, Gazprom warned Poland, Lithuania and Germany of possible supply disruptions. About 8 percent of the European Union's gas imports pass through Belarus." The Times adds, "As in the dispute with Ukraine, the bargaining has become a test of Belarus's leverage as a transit country for Russian energy and its willingness to risk the energy supplies of its neighbors farther down the pipelines."

The Wall Street Journal (12/28, 2.04M) reports, "Gazprom, which is demanding Belarus pay more than twice the current price for gas next year and hand over a 50% stake in its gas distribution system, refused to back down after Minsk threatened to siphon off Russian natural gas bound for Europe in the event of a suspension of supplies to Belarus. 'If a gas supply contract for next year is not reached, Gazprom will have no grounds for deliveries of gas to Belarus as of 10 a.m. Moscow time on Jan. 1, 2007,' Gazprom Chief Executive Alexei Miller said."

The Financial Times (12/28, Ostrovsky) reports analysts "said Gazprom's reputation could suffer further from the dispute." Gazprom "admitted it would not be able to fully compensate its European customers if Belarus started siphoning off gas from the pipeline, which transports 20 per cent of its gas to Europe." Gazprom "is in a difficult position, partly induced by its own policies towards Ukraine and other former Soviet republics over the past year. If Gazprom turns off gas supplies to Belarus, disrupting supplies to Europe, its reputation for unreliability would suffer further. If it caves in to Belarus's demands, however, it would lose face at home, while also displaying a selective approach to different political regimes in the former Soviet Union."

US, China Increase Maritime-Security Exchanges. The Washington Times (12/28, Halloran, 88K) reports, "The US Coast Guard is quietly expanding exchanges with Chinese maritime-security agencies in a move that reflects the boom in seaborne trade between the two countries." Coast Guard officials say the cooperation, which includes Chinese law-enforcement officers on Coast Guard cutters in the North Pacific and officers from China and America examining port security on each other's coasts, "is justified by growing trade links in spite of often uneasy political relations between the United States and China." The Times adds that the exchanges are also "part of a broader US effort to rebuild military exchanges with China," and "Secretary of Defense Robert M. Gates indicated to the Senate Armed Services Committee ahead of his confirmation that he would continue" the effort.

Chinese Hydrogen-Power Entrepreneurs Struggle As System Hampers Innovation. The Washington Post (12/28, A22, Cody, 690K) reports, "As the economy matures, China's government has warned, it must rely increasingly on new technology invented by the Chinese themselves, who are being urged to turn assembly plants into laboratories blooming with a hundred flowers of new ideas. But the experiences of...companies with

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ambitions to market hydrogen power suggest that China's one-party system and pervasive controls hamper innovation in many fields, from arts to sciences." The Post adds, "Although the need for pollution-free vehicles and renewable energy is clear in China's increasingly choked cities, the future of hydrogen power has remained in the grasp of a powerful officialdom that decides on budget allocations. The government's senior levels repeatedly have endorsed alternative forms of energy but have yet to take decisive steps toward getting hydrogen-powered vehicles onto the streets."

Author Praises Annan's Service At UN. Author William Shawcross writes in the Washington Post (12/28, A27, 690K) that out-going UN Secretary General Kofi Annan "deserves a good sendoff. For 10 years he has persevered with unfailing grace in what really is 'a job from hell.'" Shawcross notes that "tragically for Annan and the United Nations, more than 20 of his best people were brutally murdered in Baghdad by al-Qaeda in August 2003. This assault, together with the political divisions, have crippled the United Nations in Iraq ever since." The U.N. role in Iraq has been "further complicated, if not diminished, by the oil-for-food scandal," he notes. However, Shawcross says it is "wrong to blame all this on Annan -- members of the Security Council, particularly France, Russia and China, were all busily corrupting the program for their own ends. Even the United States and Britain turned a blind eye to sanctions-busting when it helped their ally Jordan." Annan, he concludes, has dealt with problems "with more skill, patience and decency than any recent secretary general. If he was unable to create the decent, reformed, efficient and humane organization he sought, that is because far too few of its members want any such thing."

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Headlines From Today's Front Pages.

Los Angeles Times:
"Houston Is Feeling Energized."
"Praise For 'A Legacy Of Honor'."
"Old Story: Women May Have It Worse."
"Islamists In Full Retreat In Somalia."
"He Led By Listening."
"After Oval Office, A Lower Orbit And Rounds Of Golf."

USA Today:
"FDA: Cloned Animals' Meat Is Safe."
"Ford's Touch As A Mentor Is Part Of Legacy As Leader."
"Inmate Suicides Linked To Solitary."

New York Times:
"After Ford's Death, Tributes Are Set For Capital."
"Malnutrition Is Cheating Its Survivors, And Africa's Future."
"Islamists Seem To Give Up Grip On Somali City."
"Sectarian Ties Weaken Duty's Call For Iraq Forces."
"Dialysis in N.Y. Lags as Diabetes Ruins Kidneys."
"A Family Scene Rockwell Wouldn't Have Painted."

Washington Post:
"38th President Leaves A Legacy Of Healing."
"Close Adviser To Sadr Dies In U.S.-Iraqi Raid."
"On Way Out, D.C. Chief Gets Credit, Criticism."
"Ford Disagreed With Bush About Invading Iraq."
"Va. House Puts Onus On Counties For Road Crisis."

Washington Times:
"Work Making Way For Family Life."
"Ford's Integrity Praised."
"Ramsey 'Proud' Of Work On Force."
"Kasparov Makes Putin Play Defense."
"Islamic Militias 'On Run' Near Mogadishu."
"Babies Created With genetic Defects."
"Here's How A Pope Should Smell."

Detroit Free Press:
"5 Michigan Soldiers Die In Iraq."
"A Fresh Start."
"Victim Of Stingray Gets Out Of Hospital."

Atlanta Journal-Constitution:
"'History Will Treat Him Well.'"
"Only Death Able To Stop Tireless James Brown."
"Saddam: 'I Offer My Soul To God.'"

Houston Chronicle:
"A Nation Mourns Ford."
"Legal Loopholes Let Cockfighting Flourish In Texas."
"Saddam Says Farewell Online."
"Getting A Handle On Theft Of Bags."
"City Could be The Game's Big Winner, Planners Say."

Story Lineup From Last Night's Network News:
ABC: President Ford Obit; Ford Honored; Ford Interview; Ford's Legacy; President Ford-Analysis; Hussein's Letter; Polar Bears-Global Warming; Movies Preserved; Ford's Own Words.

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CBS: President Ford Obit; Ford Honored; Ford's Legacy; Hussein Execution; Iranians Interrogated; Polar Bears-Global Warming; Milk From Clones; Edwards Presidential Bid; Car Title Loans; Betty Ford Interview; President Ford Interview.
NBC: President Ford Obit; Ford's Legacy; Betty Ford's Legacy; Ford's Presidency-Analysis; President Ford Interview; Hussein's Letter; Polar Bears-Global Warming; Steroid Investigation; Stock Market; Ford Remembered.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — In Crawford, Texas. 11:30 a.m. CST. Makes statement to travel pool.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: HEIGHT-NOBEL PEACE PROJECT _ 11:30 a.m. - 2 p.m. Friends of 94-year-old civil rights activist Dorothy Height hold petition drive aimed at getting Height on the nomination list for the Nobel Peace Prize. Location: in front of the National Council of Negro Women headquarters, 6th and Pennsylvania NW.

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DOJ_NMG_0109470

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 28, 2006 7:45 AM EST

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TERRORISM NEWS:

Outspoken Former Guantanamo Detainee Believe Arrested By ISI. The AP (12/28, Jan) reports, "In his chronicle of life as an inmate at Guantanamo Bay, Afghan writer Abdul Rahim Muslim Dost describes his three years of humiliating detention for alleged ties to al-Qaida. Now, he has lost his liberty again — this time believed jailed by the Pakistani intelligence service for the book's fierce criticism of the agency's role in the U.S.-led war on terrorist groups." The AP notes, "There is no official word on Dost's whereabouts, although the rights group Amnesty International also thinks he is held by the government."

US, Philippines Analyzing DNA To Confirm Death Of Abu Sayyaf Leader. The AP (12/28, Alexander) reports, "Remains believed to be from the chief of the al-Qaida-linked Abu Sayyaf group, who was the target of a monthslong U.S.-backed manhunt, have been found in the southern Philippines, the military said Wednesday. Khaddafy Janjalani is on a U.S. list of wanted terrorists with a $5 million bounty on his head for a series of beheadings, bombings and mass abductions." Philippine Marines Lt. Col. Ariel Caculitan said that "Janjalani was believed to have been killed in a Sept. 4 clash with marines…but DNA tests would be needed for confirmation. … He added the U.S. was providing help in forensic tests." The AP notes, "Caculitan said former Abu Sayyaf members who had surrendered helped troops find the site and claimed Janjalani had been shot in the neck." AFP (12/28) reports Philippine General Hermogenes Esperon "told reporters in Manila the DNA would be checked against that of Khadaffy's older brother Hector Janjalani, now in jail in Manila. … Janjalani's death would be a severe blow to the Abu Sayyaf, a small gang of self-styled Islamic militants that once received funding from Osama bin Laden, he said."

Texas Attorney Glad Client Is Released From Guantanamo. The Austin American-Statesman (12/28, Lindell) reports, "The news arrived in cloak-and-dagger fashion, but for Austin lawyer Dicky Grigg, it was welcome nonetheless." The American-Statesman continues, "Mohammad Akhtiar, his Afghani client who was held as an enemy combatant for 3 1/2 years at the U.S. Naval Station at Guantánamo Bay, Cuba, was back in his homeland and traveling toward a reunion with his wife and nine children. … 'One, I'm very pleased and excited that he's released and back to his family,' Grigg said. 'But then, you have to consider that 3 1/2 years were taken out of his life. I'm glad he's home, but it makes you frustrated.'" The American-Statesman adds, "Grigg was among a loose-knit group of lawyers who represented, at no charge, many of the imprisoned enemy combatants in the belief that detention without review by a civilian court violated a basic principle of the U.S. system of justice. … The 'Guantánamo Bar Association' clashed with the Bush administration over where to draw the line between combating terrorism and safeguarding constitutional rights — producing a U.S. Supreme Court ruling in June that allowed detainees to petition for writs of habeas corpus, which challenge the legality of detentions, in federal court. … The Republican-led Congress, saying classified information could be placed at risk in federal court proceedings, followed with legislation stripping federal courts of authority to hear cases from Guantánamo. Detainee cases instead will be heard by military commissions, where an officer acts as judge and at least three officers serve as jurors."

HOMELAND RESPONSE:

Houston Luggage Theft Probe Continues As FBI Rules Out Terrorism. The Houston Chronicle (12/28, Sallee, 530K) reports, "The 68 pieces of baggage that turned up in a trash bin Tuesday near George Bush Intercontinental Airport were probably stolen by a team of thieves in a single day's work while airline staffers were stretched thin by the demands of holiday travel, a Texas travel adviser theorized Wednesday. … Another possibility — an inside job, with somebody taking the luggage on its way from the airplanes to the baggage-claim area — was not something investigators would talk about. Meanwhile, it looked like business as usual at Bush on Wednesday." The Chronicle notes, "FBI spokesman Orlando Muñoz said there is no evidence that the incident exposed any national security or terrorism vulnerabilities." The AP (12/28) also briefly reports on the stolen luggage, in a widely-distributed story.

Corzine Said To Have Softened Stance On Chemical Security. The New York Times (12/28, Kocieniewski, 1.16M) reports though Jon S. Corzine the senator "was relentless in warning that the nation's chemical plants, and the railways that carry their potentially dangerous cargo, are vulnerable to a devastating terror attack," in his 11 months as New Jersey's governor, he "has taken a far more measured approach to the issue, disappointing some of the chemical security experts who helped him form his proposals in the Senate. … They accuse the governor of being too intent on appeasing the chemical industry, which provides more than 80,000 jobs in the state." However, "Governor Corzine and his staff say that they have quietly pressured

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companies and railroads to beef up plant security and switch to safer technology."

Judge Rules Against Privileges In 9/11-Related Insurance Case. The New York Law Journal (12/28, Bar) reports, "The insurance broker representing Century 21 Department Stores in its efforts to regain compensation for millions in damages it sustained to its lower Manhattan store following the Sept. 11, 2001, terror attacks has won a partial attempt to force the insurer overseeing the claim to produce documents it said were privileged." The Journal continues, "Southern District of New York Judge Robert W. Sweet, in OneBeacon Insurance Co. v. Forman International, 04 Civ. 2271, held that OneBeacon Insurance Co. and its attorneys at Cozen O'Connor failed to prove that the attorney-client or work product privileges should be applied in connection with the documents in dispute." The Journal adds, "Sweet also held that, because neither OneBeacon nor its counsel selectively withheld documents based on content, the fairness doctrine could not be applied to this case. … OneBeacon reached a settlement with Century 21 in March 2003 to pay the store $143 million to fully release claims. The insurer later asserted it overpaid the retailer by $52.4 million because Century 21's broker, Forman International, improperly agreed on the retailer's behalf to delete a standard business interruption provision in favor of the business interruption provision proposed by Century 21."

Judge Says He Will Not Allow FEMA To "Run The Clock Out" On Katrina Victims In Texas. In an article appearing on no fewer than 70 news websites, the AP (12/27, Apuzzo) reported FEMA sent letters to about 4,000 Hurricane Katrina victims in Texas last week, "explaining why they were deemed no longer eligible" for federal housing aid and giving them a chance to appeal the decision. "But the program is set to expire at the end of February and the appeal process can take up to three months. US District Judge Richard Leon, who has called the agency's housing program a 'legal disaster' said Wednesday that he wanted to speed up the appeals. 'This is not going to be a run-out-the-clock operation,' Leon said. 'I have no reason to believe FEMA wants that, but if this court gets the impression for one second that FEMA is trying to run the clock out, this court is not going to tolerate that.'"

WAR NEWS:

Bush To Meet With Top National Security Aides On Iraq. The Washington Post (12/28, A4, Abramowitz, White, 690K) reports President Bush's "top national security advisers arrived" at his ranch in Texas "to hone a new Iraq strategy that administration officials said seems increasingly likely to include a surge of additional troops to try to help stabilize the country." Although officials "have said no decisions will be made in the Crawford meeting, Bush seems to be laying the groundwork for one more sustained effort to defeat the Iraq insurgency and stabilize the country politically. Two defense officials said Wednesday that some sort of troop increase appears likely in an effort to contain the violence but that the specific size and nature of such a surge still has to be worked out." White House spokesman Scott Stanzel "took a swipe at Sen. Joseph R. Biden Jr. (D-Del.), the incoming chairman of the Foreign Relations Committee, for his comment Tuesday that ordering more troops to Iraq would do little to address the underlying political problems fostering violence." Stanzel said, "I would hope that Senator Biden would wait to hear what the president has to say before announcing what he's opposed to."

The Los Angeles Times (12/28, Gerstenzang, 850K) reports the White House "responded sharply today to a senior Democratic senator's criticism of possible increases in the U.S. military deployment in Iraq, ahead of President Bush's meeting on Thursday with senior national security advisors at his ranch." Deputy White House press secretary Scott Stanzel "took issue with Sen. Joseph R. Biden, Jr. (D-Del.), the incoming chairman of the Senate Foreign Relations Committee, who said on Tuesday that any troop increase would be 'the absolute wrong strategy.'" Stanzel said, "I hope that Sen. Biden would wait to hear what the president has to say before announcing what he's opposed to." The Times adds Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates, Vice President Dick Cheney, Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, National Security Adviser Stephen Hadley, and Deputy National Security Adviser J.D. Crouch will be meeting with Bush.

Iraq Study Group's Impact Assessed. The New York Times (12/28, Shane, 1.16M) reports that Washington's blue-ribbon panels have "a predictable life cycle, which the Iraq Study Group has so far followed to a fault." After "unrealistic expectations, fueled by feverish news coverage," comes "the report's grand unveiling, complete with White House photo op, this time featuring President Bush with the co-chairmen, James A. Baker III and Lee H. Hamilton. And then, inevitably, the letdown." But "whether this group, too, ends up as a footnote to history, or becomes the framework for a new war policy, is unlikely to be settled until well into the new year." Former Sen. Warren Rudman said, "I don't think it's dead at all. Whether its recommendations will ultimately be followed is another question. But with the Democrats in charge of Congress, its findings will certainly get a hearing."

Special Forces Seen As Key To Win In Iraq. In a Washington Times (12/28, 88K) op-ed, Fred Gedrich and Paul E. Vallely say, "Most Americans desire an effective

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change in current Iraq war strategy and the wider global war against Islamic extremists and nations supporting them. President Bush and the new U.S. defense secretary, Robert Gates, could deliver it by placing experienced unconventional warfare leaders in charge of the war effort." To "prevail, the United States has to transition from a conventional to an unconventional war footing and make the enemy pay a heavy price for its despicable tactics. In Iraq and elsewhere, traditional troops, weapons and tactics are less useful than tools of influence, covert operations and intelligence brought to the battlefield by special operators working harmoniously with indigenous forces and local populations. The prime objective is to create a climate of fear within enemy ranks that breaks its will to continue the armed insurrection against the freely elected Iraqi government." Special Operations Forces "(Rangers, Seals, Delta Force and other special units) leaders and troops are uniquely qualified for this mission."

Gates Authorizes Dispatch Of Additional Army Brigade To Kuwait. The Washington Post (12/28, A24, White, Trejos, 690K) reports, "A brigade of U.S. Army troops is scheduled to deploy to Kuwait early next month to take over as the U.S. Central Command's theater reserve force, which means more than 3,000 additional U.S. troops will move into the region and could be used to support combat in Iraq, Pentagon officials announced yesterday." Defense Secretary Robert M. Gates "approved sending the 2nd Brigade, 82nd Airborne Division overseas after Gen. John P. Abizaid, who leads Central Command, requested the forces to replace the 15th Marine Expeditionary Unit, which was sent into the western province of Anbar this fall. Abizaid requested a brigade -- which is significantly larger than the Marine unit -- to allow for greater flexibility in the region."

Sadr Aide Killed In Raid By US, Iraqi Troops. The Washington Post (12/28, A1, Trejos, Raghavan, 690K) reports Sahib al-Amiri, "a top deputy of Shiite cleric Moqtada al-Sadr was killed Wednesday during a raid by U.S. and Iraqi troops in the southern holy city of Najaf, sparking protests from Sadr's followers and complicating an already tense relationship with the powerful anti-American leader." US military officials "declined to confirm that Amiri was a Sadr aide, saying only that he had provided explosives for use against Iraqi and American forces. Sadr officials said Amiri was an aide and a lawyer who ran an educational organization that helped orphans and impoverished children." The incident "comes at a delicate time for the Iraqi political process."

Iraqi Militias, Police Riven By Increasing Political Pressure. The New York Times (12/28, Santora, 1.16M) reports Maj. William Voorhies, the American commander of a military training unit in Baghdad, describes an "increasingly frustrating task — trying to build up Iraqi security forces who themselves are being used as proxies in a spreading sectarian war." Maj. Voorhies said, "I have come to the conclusion that this is no longer America's war in Iraq, but the Iraqi civil war where America is fighting." The Times adds Iraqi forces, "already struggling with corruption and infiltration, have shown little willingness to stand up to political pressure, especially when the Americans are not there to support them. That suggests, the commanders say, that if the Americans leave soon, violence will redouble."

In Letter, Saddam Calls On Iraqis To Unite. The New York Times (12/28, Santora, 1.16M) reports Saddam Hussein, whose execution is expected within 30 days, "said he was prepared to die and sure of his place in heaven as a martyr, and he called on Iraqis to unite, according to a letter that his lawyers said Wednesday had been composed by the former dictator." While "fears that the announcement upholding his death penalty on Tuesday would set off violence appeared not to be immediately borne out," officials were "still concerned about possible public reaction to the execution itself, and some speculated that the hanging would take place in secret and be announced only after the fact." In his "latest letter, Mr. Hussein displayed none of the bombast that had defined his court appearances."

The story was briefly covered by each of the networks last night, with ABC World News (12/27, story 5, 0:35, Gibson, 8.78M) reported the letter contained "unexpected words of restraint from Saddam Hussein who has been sentence in days to come to hanging. In a letter released by his defense team, Hussein writes – 'I call on you the people of Iraq not to hate because it makes you blind and closes all doors of thinking. I also call on you,' he wrote, 'not to hate the people of the other countries that attacked us.'"

The CBS Evening News (12/27, story 4, 1:15, Pinkston, 7.66M) reported, "A pro-Saddam Website threatened retaliation against the US, and carried a letter Saddam reportedly wrote that says, 'Here I offer myself in sacrifice,' and urged Iraqis to 'direct your enmity towards the invaders.' Defiant words from a former ruler who will soon hang like any other Iraqi criminal sentenced to death. The only question is when." NBC Nightly News (12/27, story 6, 0:35, Williams, 9.87M) reported, "Saddam Hussein is urging Iraqis to see his execution as a sacrifice, and as a symbol of a continuing holy war." Saddam is "calling on the Iraqi people to unite and fight US led forces, which he says are trying to destroy that nation."

The Washington Post (12/28, A24, Raghavan, 690K) reports the letter "declared the former president to be victimized by foreign armies but ready to die and 'be with the merciful God.' The letter urged Iraqis not to hate the foreign peoples whose armies invaded the country, just their leaders." Published on "several Iraqi Web sites, the letter

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was written in ancient Arabic verse." In interviews, "two of Hussein's defense lawyers based in Amman, Jordan, said the letter was authentic and written by Hussein on Nov. 5. That was the day he was sentenced to death by hanging for the killings of 148 Shiite residents of the town of Dujail following an attempt on his life there in 1982."

The Washington Times/AP (12/28, Torchia) reports Hussein "urged Iraqis to embrace 'brotherly coexistence' and not to hate U.S.-led foreign troops in a goodbye letter posted on a Web site Wednesday, a day after Iraq's highest court upheld his death sentence and ordered him hanged within 30 days." Meanwhile, a top government official "said Saddam's execution could proceed without the approval of Iraq's president, meaning there were no more legal obstacles to sending the deposed dictator to the gallows." Against the "backdrop of sectarian killings that have dragged Sunni Arabs and Shiite Muslims into civil warfare over the past year, Saddam urged his countrymen to 'remember that God has enabled you to become an example of love, forgiveness and brotherly coexistence.'" But he "also voiced support for the Sunni Arab-dominated insurgency, saying: 'Long live jihad and the mujahedeen.'"

The Los Angeles Times (12/28, Zavis, Hennessy-Fiske, 850K) reports Hussein "declared in a handwritten farewell letter published Wednesday that his execution for crimes against humanity would be a sacrifice for his people, and he urged Iraqis not to give in to hatred." The letter was "released as shootings and explosions rattled Baghdad for another day, and protesters took to the streets of the Shiite holy city of Najaf after an associate of a radical anti-American cleric was killed in a confrontation with Iraqi and foreign troops." Saddam said "he wrote the letter because he was not given a chance to make a final statement when his sentence was handed down."

Iraqis Have Varying Reaction To News Of Saddam Death Sentence. The Financial Times (12/28, Negus,) reports the "news of Saddam Hussein's imminent execution provoked widely differing reactions among Iraqis on Wednesday, with some welcoming the demise of their former persecutor and many afraid that it would cause further disruption to their lives, and others convinced that the president would strike a last-minute deal to avoid death." In Sadr City, "one resident said few of his neighbours actually believed that Mr Hussein would be executed."

Saddam Likely To Be Executed In Private. The Los Angeles Times (12/28, Hennessy-Fiske, 850K) reports Saddam "will likely be executed soon at a private gathering of select witnesses, officials close to Iraq's Prime Minister Nouri Maliki said today." Hussein's victims, "particularly those from Dujail, are demanding a public hanging so they can see justice done. But government officials concerned about exacerbating sectarian tensions rejected the idea, said a cabinet member of Prime Minister Nouri Maliki, adding the government will likely only release photographs of the hanging to the public."

Saddam's Baath Party Warns Of Retaliation. The International Herald Tribune/AP (12/28) reports Saddam Hussein's Baath Party "threatened Wednesday to retaliate if the ousted Iraqi leader is executed, warning in an Internet posting it would target U.S. interests anywhere." The statement "appeared on a Web site known to represent the Baath, which was disbanded after U.S.-led forces overthrew Saddam in 2003. The site is believed to be run from Yemen, where a number of exiled members of the party are based." The statement "said that if the execution takes place, it would be impossible for the Baath to take part in any prospective negotiations with U.S. and Iraqi officials to reduce the violence in Iraq."

LATimes Criticizes Saddam's Death Sentence. The Los Angeles Times (12/28, 850K) says in an editorial that Saddam's death sentence "and the trial that produced it can be described as very rough justice. By British and U.S. standards, there were lapses in the trial that convicted Hussein of ordering the murders of 148 residents of a Shiite village in 1982. It's also troubling that the Iraqi appeals court that ruled Tuesday that Hussein should be hanged within 30 days took only three weeks to rule on detailed arguments submitted by his lawyers." Assuming that Iraq's "president or vice president could commute Hussein's sentence — and the appeals court insists that its ruling can't be altered — the best argument for mercy is that it might appease Sunnis who regard Prime Minister Nouri Maliki as partial to his fellow Shiites."

Smith's "Stunning Break" With Bush On Iraq Analyzed. The New York Times (12/28, Risen, 1.16M) reports that Sen. Gordon Smith's December 7th speech on the Senate floor on the Iraq war "marked a stunning break with the president." Smith said, "I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day. That is absurd. It may even be criminal." The Times adds the "real impact of the address came not just from Mr. Smith's words, but from the way he delivered them. His somber cadence resonated in a way that made political Washington take notice, transforming him into one of the most talked-about Republicans heading into the new Congress." A White House official "quickly called Mr. Smith to discuss his speech, Mr. Smith said in an interview." Within "days of the Iraq speech, Mr. Smith emerged as a new spokesman for an endangered political species: the moderate Republican." Smith said he "decided not to speak out before the midterm elections, both out of political loyalty and a fear that his words would be drowned out by partisan attacks." Smith "faces re-

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election in 2008, and some Democrats in Oregon have suggested that his break with the White House was timed to aid his coming campaign, an accusation he adamantly denies."

British Commander Complains UK Troops Underfunded, Neglected. The New York Times (12/28, Cowell, 1.16M) reports the commander of Britain's "7,000 troops in southern Iraq has complained that they are operating in conditions that display 'a generation of underfunding and relative neglect' by successive governments back home." The remarks "by the commander, Maj. Gen. Richard Shirreff, echoed criticism by two other high-ranking officers in recent months, breaking with a tradition of public restraint by military commanders in expressing political views." General Shirreff said, "The nation needs to understand that the quality work done by these courageous men and women out here only happens and can only continue if our soldiers are properly supported back home in terms of the support for training, infrastructure, barracks, accommodation." General Shirreff "did not blame a specific government and directed some of his criticism at the broader relationship between civilians and the military."

US Interrogating Iranian Guards Captured In Baghdad. The CBS Evening News (12/27, story 5, 1:05, Martin, 7.66M) reported, "US intelligence is interrogating senior members of Iran's Revolutionary Guards captured last week inside Iraq. US officials say the two carried documents directly linking the Iranian government to attacks on American troops. According to these officials, the captured documents show Iran was providing weapons, including advanced explosive devices to one of Iraq's Shiite militias and helping them plan future operations in Baghdad. The two Iranians were captured in a compound belonging to the powerful Shiite leader Abdul Aziz al Hakim who earlier this month met with President Bush in Washington."

Marines Combat Snipers, IEDs Along Al Anbar Supply Route. The Los Angeles Times (12/28, Perry, 850K) reports on the heavy attacks Marines undergo on MSR Mobile, the road that "serves as a main link between several U.S. bases" in Iraq's Al Anbar province. "In the last two weeks, two Marines with Company B of the 2nd Assault Amphibian Battalion from Camp Lejeune, N.C., have fallen to snipers' bullets." The Times sees this road "as a microcosm of the Marine mission in Al Anbar: nothing likely to be made into a Hollywood war movie, just a 'persistent presence' to wear down the insurgency." The article notes a new strategy insurgents are using in which a fake roadside bomb is planted in hopes of attracting US bomb removal personnel, who then fall under sniper fire.

Pakistan Announces Plans For Border Fence To Hem In Taliban. The Christian Science Monitor (12/28, Montero, 59K) reports Pakistan has "announced a new solution to the problem" caused by Taliban militia "on its western frontier: mines and fences along the Afghan border, designed to keep militants from crossing in and out of the tribal zone." Western "capitals, newspapers, and military intelligence reports are increasingly voicing concern that the source of the Taliban's growing power rests in Pakistan and that Pakistan is not doing enough to quell it. This latest approach, beyond being quixotic, is also risky, analysts say: If the fence doesn't work, Pakistan may have exhausted all apparent options - and possibly its credibility, too."

Special Ops Soldiers Say Senior Taliban Leader Had Been Released In 2002. The Washington Times (12/28, Scarborough, 88K) reports Special Operations soldiers "say that if the command in Afghanistan had listened to them four years ago, there would have been no need this month for a U.S. air strike that killed senior Taliban leader Mullah Akhtar Mohammed Osmani. He already would have been locked up." As "reported in 2002 by The Washington Times, an Army Green Beret 'A Team' said it captured Osmani in a village near Kandahar, the Taliban's birthplace." Special Forces soldier said the US "prison at the Bagram military base north of Kabul later released Osmani, the Special Forces soldiers said. They suspect Osmani convinced his captors that he was not a Taliban leader but a poor villager. The soldiers said they heard later that he crossed into Pakistan and reorganized his forces." The Times adds the "Combined Forces Command in Kabul said that on Dec. 19 Osmani was identified, based on intelligence reports, as riding in a vehicle near the Pakistan border in a deserted area. An air strike killed him and two unidentified companions."

Air Force Considering Outside Management For Next Generation GPS System. The Wall Street Journal (12/28, Pasztor, 2.04M) reports the Air Force is "considering a potential new approach to managing multibillion-dollar space projects that could help it avoid the costly troubles that plagued previous efforts and lead to a lucrative new role for private-sector contractors." But the "new approach could present its own share of problems, including the potential for conflicts of interest." The Air Force is "considering hiring outside engineers or consultants to oversee systems integration of its next-generation navigational satellites, according to industry and government officials." Hiring a "separate project integrator could set a precedent for future projects and would be a tacit acknowledgment that both Air Force Space Command and the Pentagon's massive weapons-buying bureaucracy lack

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the necessary expertise to perform the required oversight role." The project "involves setting up a next-generation U.S. global positioning system, which is widely used by the military and supports consumer applications such as in-car driving directions." The preliminary specifications "for the system call for as many as two dozen satellites costing $100 million or more."

DOJ:

Connecticut US Attorney Named Gang-Violence Point-man At DOJ. The AP (12/28, Christoffersen) reports, "Connecticut's top federal prosecutor has been appointed to a national position focused on combatting violence amid signs that a three-year lull in crime is ending, officials said Wednesday." The AP continues, "U.S. Attorney Kevin O'Connor has been named associate deputy attorney general at the U.S. Justice Department, where he will lead a team focused on violent crime and initiatives to crack down on gangs and illegal guns. He also plans to remain U.S. attorney for Connecticut for at least six months. … 'I'm honored that they asked me to do it,' O'Connor said. 'To me this is a great opportunity to be involved on the national level on the same issues I've been involved in on a local level.'" The AP adds, "Preliminary FBI data released last week showed that murders and robberies continued to rise across the country during the first six months of 2006. Violent crime figures are on pace for a second straight annual increase. Violent crime rose 2.2 percent nationally last year - the first increase since 2001. .. .Authorities around the country also are worried about a resurgence in gangs. O'Connor held the state's first gang summit in September, and his office has been stepping up prosecutions." The AP notes, "O'Connor, who was appointed U.S. attorney in 2002 and starts his new position next week, also has been active in Project Safe Neighborhoods, which targets gun-carrying felons and has recovered about 4,000 guns over the past five years, he said. … His appointment comes nearly a year after Attorney General Alberto Gonzales announced an expanded program to combat gang violence, including an infusion of federal funds for cities with gang problems. His plan also called for expanding Project Safe Neighborhoods to include more anti-gang efforts and a new national gang task force."

CORPORATE SCANDALS:

Apple Reportedly Falsified Files On Jobs' Stock Options. The Financial Times (12/28, Waters) reports, "Steve Jobs, chief executive of Apple Computer, was handed 7.5m stock options in 2001 without the required authorisation from the company's board of directors, according to people familiar with the matter." The Times continues, "Records that purported to show a full board meeting had taken place to approve Mr Jobs' remuneration, as required by Apple's procedures, were later falsified. These are now among the pieces of evidence being weighed by the Securities and Exchange Commission as it decides whether to pursue a case against the company or any individuals over the affair, according to these people." The Times adds, "News of the irregularities, which is expected to be revealed in a regulatory filing by Apple before the end of this week, will add to pressure that has been growing on one of Silicon Valley's most highly-regarded companies since the middle of 2005. … Apple is among more than 160 companies that have owned up to stock option backdating – handing options to executives and other employees at exercise prices that were set in hindsight at favourable levels – a scandal which has led to the departure of a number of chief executives." The times notes, "The latest revelation is likely to add to questions about Apple's disclosures about its internal investigation into the backdating issue. In October, the company largely exonerated Mr Jobs over the matter, saying that while he had been 'aware' of the backdating 'in a few instances', he 'did not receive or otherwise benefit from these grants and was unaware of the accounting implications'."

The AP (12/28, Wong) reports, "Wall Street ultimately shrugged off a report Wednesday that federal prosecutors are investigating whether former Apple Computer Inc. officials forged documents to maximize executives' profit from stock options. … The legal publication that detailed the federal probe also reported that CEO Steve Jobs has hired outside attorneys to represent him in the investigation." The AP continues, "Shares of the iPod and Macintosh computer maker went on a roller-coaster ride in trading Wednesday, falling almost 5 percent before rebounding to close up a penny at $81.52 on the Nasdaq. … In a morning note, UBS Investment Research analyst Ben Reitzes called investors' fears 'overblown.' … 'Investors seem to be reacting to the mention of Steve Jobs,' Reitzes said in his note. 'We believe it could make sense to obtain counsel, given his immense personal fortune and influence.'" The AP adds, "The Recorder, a San Francisco-based publication owned by American Lawyer Media, reported late Tuesday that federal prosecutors are looking into forged documents at Apple related to administering stock options. The report cited people with knowledge of the case who requested anonymity because the case is the subject of criminal and civil government investigations. … Apple spokesman Steve Dowling said the company is providing the Securities and Exchange Commission with the results of an internal investigation into its practices for granting stock options, but had no further comment Wednesday."

Market Watch (12/28) reports, "Apple had previously said that its own internal investigation found no misconduct

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by Jobs or other senior executives. The company did say that its probe had raised concerns about the actions of two unidentified former executives." Market Watch adds, "Further details about Apple's situation are expected to be unveiled Friday, when the company plans to file several quarterly reports and its annual report for the fiscal year ended Sept. 30. … Apple has delayed the filings amid an internal probe into the backdating of employee stock-option grants."

Bloomberg (12/28, King, Guglielmo) reports, "Apple is among the biggest names caught in a stock-option scandal that has widened to more than 190 companies. In June the maker of the iPod music player began an internal review of its grants, including one to Jobs. Apple said in October said it found 15 misdated grants from 1997 to 2002. … When Apple released the results of its three-month investigation in October, it didn't disclose any falsified documents. The company said it found backdated option awards on 15 occasions from 1997 to January 2002. While Jobs, 51, was aware of some instances, he didn't benefit, Apple said."

Nabors Industries To Relaunch Options Review. The Wall Street Journal (12/28, A3) reports, "Nabors Industries Ltd. said it is initiating a further review of its option-granting practices in light of 'issues raised' in an article published by The Wall Street Journal." The Journal continues, "The oil-and-gas driller said this review follows an internal review earlier this year of its stock-option practices going back to 1998. It said this initial review 'did not suggest that there was reason to question the propriety' of its option-granting practices. … The Journal article, published yesterday, said that Eugene Isenberg, the chief executive officer of Nabors, is among the highest-paid corporate executives in history, receiving more than $450 million in compensation over the past 19 years, largely due to stock-option grants whose value, the article contends, was enhanced by certain 'controversial moves' made by the company, which has U.S. headquarters in Houston but is registered in Bermuda." The Journal notes, "The moves cited by the Journal included allowing Mr. Isenberg to trade in certain worthless options for new ones with lower exercise prices and 'reloading' Mr. Isenberg with new options when he cashed in others. … In separate options-related news, HCC Insurance Holdings Inc. said it has completed an independent review of its stock-option-granting practice and recorded a gross noncash compensation expense of $26.6 million related to corrections of errors from 1997 to 2005."

France To Fine GLG, Deutsche Bank In Hedge Fund Case. The Wall Street Journal (12/28, C3, MacDonald) reports, "France's markets regulator will fine hedge fund GLG Partners LP and Deutsche Bank AG for abuses arising out of a convertible-bond offer for French telecommunications-equipment maker Alcatel SA, according to people familiar with the matter." The Journal continues, "The Autorité des Marchés Financiers, or AMF, is following the recommendations of a preliminary report it received in October that was compiled by one of its officials. … The AMF has decided to increase the fine levied on London-based GLG to €1.2 million ($1.6 million) from €1 million recommended in the report and reduce Deutsche Bank's fine to about €300,000 from €1.5 million, these people said." The Journal adds, "Alcatel SA, now Alcatel-Lucent, announced Dec. 12, 2002, that it would offer between $640 million and $835 million in bonds that would convert into shares. .. .The AMF was investigating whether hedge funds acted on information offered by Deutsche Bank before the bonds' issuance was publicly announced. .. While it is common practice by banks to preview deals to select clients ahead of their announcement, it is against market regulations in Europe to act on that information."

Former KLA-Tencor Chairman Resigns From Board. Bloomberg (12/28, King) reports, "Former KLA-Tencor Corp. Chairman Jon Tompkins resigned from the board, making him the fourth senior official to sever ties with the company since it discovered problems related to the backdating of stock option grants." Bloomberg continues, "Tompkins resigned on Dec. 21, San Jose, California-based KLA-Tencor said in a U.S. Securities and Exchange Commission filing today. Tompkins, who is also chairman of Electro Scientific Industries Inc., quit for personal reasons, KLA-Tencor spokeswoman Kyra Whitten said. She declined to comment further." Bloomberg adds, "Tompkins served as chief executive officer from May 1997 until July 1998, then as chairman until June 1999. The company said in September it would restate results from 1997 to 2002 after a special committee found incorrect dates were used in granting stock options to executives. … KLA-Tencor, the second-largest U.S. chip-equipment maker, said on Oct. 16 it found $400 million in costs related to backdated stock options and canceled grants to another former CEO, Kenneth Schroeder. … General Counsel Stuart J. Nichols resigned that day and KLA-Tencor said it terminated 'all aspects of its employment relationship' with Schroeder, who ran the company from 1999 to 2005, succeeding Tompkins. A day later, Chairman Kenneth Levy retired. The company said it would reprice options held by Levy and other executives. … KLA-Tencor is among more than 190 companies to disclose internal or federal investigations of stock-option practices to determine if grant dates were manipulated to enrich employees. The SEC, the Justice Department and Internal Revenue Service are looking for evidence that companies broke securities or tax laws by backdating grants to coincide with days when share prices were low."

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Frank Criticizes New SEC Executive Pay Rules. The Wall Street Journal (12/28, A2, Hughes, 2.04M) reports, "The Securities and Exchange Commission's decision to reverse course and relax disclosure rules on executive pay isn't sitting well with the Democrat who will head the House Financial Services Committee in the new Congress." Rep. Barney Frank "said he is 'very disappointed with both the substance and the procedure' involved in the rule changes, which the SEC announced late Friday, just before the long Christmas weekend." The rules, "which apply to publicly held companies, would reduce the amount of top executives' compensation that many companies would be required to disclose next year." Frank's committee "has oversight of the SEC, and he could hold hearings on the executive-pay rules. He has already said he would push for legislation to allow shareholders to vote on executive compensation."

USA Today (12/28, 6B, 2.27M) quotes Frank saying, "Backtracking by the SEC on this important matter of stock options reinforces my determination that Congress must act to deal with the problem of executive compensation that is now unconstrained by anything except the self-restraint of top executives." The Washington Post (12/28, D1, Hilzenrath, 690K) runs a similar story headlined "New SEC Pay Rule To Benefit Executives," in which it mentions Frank's criticism and says "the SEC action reflects the confusion and criticism that surround stock options, which have created great wealth for many executives and have been criticized as contributing to some of the worst corporate scandals. In recent months, many companies have been examining whether option grants were improperly backdated to maximize their value to executives, and some corporate chiefs have lost their jobs."

Editorial Criticizes DOJ's "Thompson Memo" Tactics. The Harrisburg Patriot-News (PA) (12/28) editorializes, "Reacting to pressure by Arlen Specter and others on the 'Thompson Memorandum,' the Justice Department has proposed guidelines on what critics contend have been coercive and unconstitutional tactics used in investigations of corporations. … But the new guidelines still fall short of adequately protecting constitutional rights of employees. Specter and his allies, who include former Pennsylvania governor and U.S. Attorney General Dick Thornburgh and incoming Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., should continue pushing." The Patriot-News continues, "A memorandum issued in 2003 by then Deputy Attorney General Larry Thompson issued a number of factors prosecutors should consider in deciding whether to bring criminal charges against a company. One of them took heavily into account the degree of a company's cooperation with investigators. … As a result, critics contend companies have gone too far and pressured employees to do such things as waive attorney-client privileges and other protections. While this may aid the company, it can expose individuals." The Patriot-News adds, "Specter has said he will re-introduce legislation in the next Congress that would prohibit the Justice Department from pressuring corporations to waive their rights to preserve conversations and other information shared with lawyers as confidential; allow corporations to continue paying employees' lawyers fees without threat of retribution from prosecutors; and bar the department from considering how cooperative a corporation has been in determining whether to file charges. … The Thompson Memorandum remains in effect, but investigators must show a 'legitimate need' to obtain privileged information and must obtain written approve from a deputy attorney general before pursuing them. … This is unsatisfactory in that we are talking about constitutional rights still being left to the discretion of too few in the Justice Department."

CRIMINAL LAW:

DOJ Probing Alleged Fraud In Detroit City Lease. The Detroit News (12/28, Egan) reports, "The U.S. Justice Department is investigating possible fraud in a building lease held by Detroit's Employment and Training Department after an audit identified $1.5 million in apparent overcharges, sources familiar with the investigation said." The News continues, "The Detroit City Council allocated $5.3 million at the end of 1999 to cover five years of lease payments on the building at 1300 Rosa Parks, but city payments totaled $10.7 million after 39 months, the audit said. … The building is owned by Hampton Ridge Properties LLC, which is controlled by Grosse Pointe Farms businessman Cullan Meathe, a major donor to several Detroit politicians and co-owner of Metro Cars Inc." The News adds, "Detroit lawyer Steve Fishman, who represents Meathe, said the case is essentially a landlord-tenant dispute. 'My understanding is that most, if not all, of the money in dispute has been paid back to the city,' Fishman said. … The city-commissioned audit, by the Whall Group of Auburn Hills, found in 2003 that Hampton Ridge charged the city for insurance and other expenses the company was supposed to pay; charged the property taxes for other buildings or for taxes it never paid; and submitted duplicate invoices for security, taxes, insurance and other expenses." The News notes, "Federal investigators also are reviewing allegations that a subcontractor supplied Hampton Ridge Properties two sets of invoices -- a lower one to be paid by Hampton Ridge and a higher one to be submitted to the city for reimbursement, sources familiar with the investigation said. … The inquiry is one of several investigations at Detroit City Hall that have led to the indictment of two former City Council members and scrutiny of city contracts at Cobo Center and

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elsewhere. Justice Department officials refused to confirm or deny the lease investigation."

Murders Up In Many US Cities. The AP (12/28, Matthews) reports, "After many years of decline, the number of murders climbed this year in New York and many other major U.S. cities, reaching their highest levels in a decade in some places." The AP continues, "Among the reasons given: gangs, drugs, the easy availability of illegal guns, a disturbing tendency among young people to pull guns when they do not get the respect they demand, and, in Houston at least, an influx of Hurricane Katrina evacuees." The AP adds, "In New York, where the city reported 579 homicides through Dec. 24 - a nearly 10 percent increase from the year before - the spike is mostly the result of an unusually large number of 'reclassified homicides,' or those involving victims who were shot or stabbed years ago but did not die until this year. Thirty-five such deaths have been added to this year's toll, compared with an annual average of about a dozen. … At the same time, Police Department spokesman Paul Browne noted that this year's total is only slightly higher than last year's 539 homicides - the city's lowest death toll in more than 40 years." The AP notes, 'Browne blamed the rise in part on the availability of guns, particularly weapons from out of state. The city this year sued dozens of out-of-state gun shops that it says are responsible for many of the illegal weapons on the streets of New York. … In Chicago, homicides through the first 11 months of the year were up 3.3 percent compared with the same period in 2005, reversing a four-year decline. A police spokeswoman said gang violence has been a contributing factor."

Ryan Sues To Force Payment Of State Pension. The Chicago Tribune (12/28, Higgins, 617K) reports, "Former Gov. George Ryan filed a lawsuit Wednesday against state retirement officials, battling to keep a pension of more than $60,000 a year that Ryan says he earned before the scandals that led to his wide-ranging fraud convictions in April." The General Assembly Retirement System board "voted unanimously last month to cancel Ryan's entire $197,000-a-year pension in light of the convictions. But that decision was 'erroneous,' Ryan's lawyers argued in the lawsuit filed in Cook County Circuit Court. They contend that Ryan's racketeering and fraud convictions dealt only with his actions as secretary of state and governor — not his 24 previous years in public office." The Tribune notes, "According to the retirement board, public officials who commit felonies relating to their "official duties" forfeit the right to receive any pension from the state."

Texas Couple Victims Of $2 Million Mortgage Fraud. WFAA-TV Dallas (12/27, Harris) reported on its Web site from a broadcast story, "Misfortune is not the only reason 3500 homes are posted for foreclosure next month in North Texas. The FBI says mortgage fraud has reached epidemic proportions. One couple, who found they were major property owners in North Texas without ever signing any papers, has felt the epidemic first-hand." Paul and Jackie Dyl "were victims of identity theft and mortgage fraud to the tune of more than $2 million. The checks and balances that might be expected to be in place when getting a mortgage failed, six times. … The Dyls contacted the FBI but nothing has happened. They ultimately took their case to the Cheyenne Wyoming Police Department, which took their complaint."

Credit Agencies Said To Take Only "Ineffectual" Action Against Fraud. The Boston Globe (12/28, Healy, 413K) reported on "the glacial and ineffectual response of the three giant keepers of consumer credit records -- Experian, Equifax, and TransUnion -- to any errors in their files, even those that appear to result from fraud. Until the errors are corrected, debt collectors will try again and again to squeeze out a payment. … The local, state, and federal law enforcement response to complaints of identity fraud is similarly passive, despite the huge volume of complaints -- 255,000 last year to the Federal Trade Commission alone. Consumers are left to fend for themselves -- a recipe for frustration and worse." The Globe notes that Boston resident Susan Litchfield was a victim of credit card fraud and "wrote to the three companies, telling them of the apparent fraud, to no avail. She said she filed a complaint with the FTC, and she called the FBI and US Secret Service," but she is yet to undo the damage to her credit.

Mississippi Women Ordered To Pay Restitution For Katrina Relief Fraud. The Scott County (MS) Times (12/27, Phillips) reported, "A federal court has ordered two Morton women to pay restitution fines and conduct community service for their part in a scam to secure FEMA funds following Hurricane Katrina. One of the women will also serve time in prison, the office of United States Attorney Dunn Lampton announced earlier this month. Stephanie Fontan was sentenced to serve eight months in prison and to pay restitution to FEMA in the amount of $6,000. Glenda Spangler was ordered to pay $4,358 in restitution to FEMA. In addition, both women were ordered to conduct 40 hours of community service."

Former Us Weekly Columnist Convicted Of Child Enticement. The AP (12/28) reports, "Former Us Weekly gossip columnist Timothy McDarrah has been found guilty of charges related to soliciting sex with a minor. McDarrah, a former reporter at the Las Vegas Sun, was arrested last year in New York after soliciting sex from an undercover federal agent posing as a 13-year-old girl." The

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AP notes, "McDarrah, 44, responded in June 2005 to a posting on the craigslist.com Web site offering introductions to the "freshest, youngest" girls in New York, an FBI affidavit said. The gossip writer told an undercover FBI agent, who had posted the advertisement to lure pedophiles, that he would pay $200 for sex with a 13-year-old girl, the affidavit said."

Kansas Judge Won't Reinstate Charges Against Abortion Doctor. The Washington Post/AP (12/28, A18, Hanna) reports, "A judge refused Wednesday to reinstate criminal charges against a Wichita abortion doctor, only hours after the outgoing attorney general named a special prosecutor to handle the case. Last week, state Attorney General Phill Kline, a vocal abortion opponent, filed 30 charges against George Tiller, accusing him of performing 15 illegal late-term abortions in 2003 on patients ages 10 to 22 and not properly reporting details to the state." Sedgwick County Judge Paul W. Clark "dismissed the charges on jurisdictional grounds later the same day. Kline this week asked Clark to reinstate the charges, but the judge rejected that request during a hearing Wednesday." The Los Angeles Times (12/28, Simon, 850K) also reports the story.

Gibbons Won't Face Prosecution. The AP (12/28, Hennessey) reports, "Nevada Gov.-elect Jim Gibbons will not be prosecuted on allegations that he assaulted a cocktail waitress in a parking garage three weeks before the election, authorities said Wednesday. There was insufficient evidence to prove criminal charges against Gibbons beyond a reasonable doubt, Clark County District Attorney David Roger said." Said Roger, "You may consider the case against Gov.-elect Jim Gibbons closed."

Fairfax Police Eye Links Between Assault, Slayings. The Washington Times (12/28, Wagner) reports, "Fairfax County police are trying to determine whether the assault on a Springfield woman alone in her home on Christmas Eve is related to the unsolved killings of two women nearby." The Times continues, ""There's certainly a possibility of a linkage in the other cases," said Fairfax County police spokeswoman Officer Camille Neville, 'but there's nothing at this time to confirm it.' … Police said a man forced his way into a house near Frontier Drive on Sunday between 8 and 9:40 p.m. and assaulted a 62-year-old woman. Police have not disclosed the location of the house. … The woman, who was found by a relative, was hospitalized with a puncture wound to her arm and other injuries that were not life-threatening. Investigators interviewed the woman at Inova Fairfax Hospital. She described her attacker only as a man wearing white or gray clothing." The Times adds, "The assault occurred about a mile from houses where two women were killed in recent months. … Marion Newman, 74, was found dead inside her home in the 7100 block of Reservoir Road about 11:15 a.m. Nov. 21. A friend said she had missed a dinner appointment a day earlier. … Police found signs of a struggle but no forced entry. … At about 6:10 p.m. on Aug. 14, a friend found Marion Barbara Marshall, 72, slain inside her home two miles away in the 6600 block of Bostwick Drive. .. .Both women had been beaten to death."

Inmate Suicides Linked To Solitary Confinement. USA Today (12/28, 1A, Johnson) reports, "The number of suicides in the nation's two largest state prison systems is ticking upward, and authorities in California and Texas are linking the increase to the rising number of inmates kept in solitary confinement." USA continues, "In California, which has the largest state prison system with about 170,000 inmates, there have been 41 suicides this year, the most in at least six years and a 17% increase from 2005. Although an estimated 5% of California's inmates are housed in solitary confinement — also known as "administrative segregation" — 69% of last year's suicides occurred in units where inmates are isolated for 23 hours a day, according to state Department of Corrections records. About half the suicides this year were in such units." USA adds, "In Texas' prison system, which has 169,000 inmates, there have been 24 suicides this year, up from 22 in 2005. Most of the inmates who killed themselves were in some form of solitary confinement, says John Moriarty, inspector general for the prison system. .. .Texas prisons also are reporting a 17% increase in attempted suicides: 652 so far this year, compared with 559 in 2005. The number of attempted suicides this year is the most in nearly a decade, according to state prison records. Statistics on attempted suicides in California prisons were not immediately available." USA notes, "The figures from California and Texas are fueling a debate over whether solitary confinement is the best way to control or punish violent or dangerous inmates, particularly those who are mentally ill. .. .More than 70,000 of the 1.5 million inmates in state and federal prisons are kept in isolation, a reflection of get-tough policies designed to separate rival gang members and those who have gotten into fights while behind bars."

DC Police Chief Stepping Down Amid Praise, Criticism. The Washington Post (12/28, A1, Klein, Thompson) reports, "Charles H. Ramsey arrived in spring 1998 as the District's newly minted police chief with a mandate to cut spiraling crime, build stronger relations with the community and reform a department tainted by scandal." The Post continues, "Under his watch, crime has dropped, standards have become tighter and the public has received access to more public safety information than ever, due in part to a Web site that charts robberies, burglaries and other

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offenses by the block." The Post adds, "Ramsey, a career cop who got as much attention for his personality as his policies, leaves office today as the city's longest-serving chief in more than three decades. As a master of the sound bite, he often spouted off about crimes and railed about topics that were beyond his control, including irresponsible parents and failing schools. .. .His critics -- in the police union, on the D.C. Council and in some crime-ravaged neighborhoods -- view him as a showboat. In many parts of the city, residents say that they don't see enough officers on patrol and that crimes are not investigated quickly or thoroughly. Inside the agency, morale is low, with officers saying that Ramsey overworked them by declaring crime emergencies that took away days off and lasted for months. … But Michael A. Mason, executive assistant director of the FBI, said public relations is a 'huge part' of the job. 'What police do is the embodiment of public relations,' said Mason, who once headed the FBI's Washington Field Office."

The Washington Times (12/28, Cella) reports, "Chief Charles H. Ramsey says that he will leave the Metropolitan Police Department next week after eight years and eight months on the job confident that he has done what he was hired to do. … 'When other agencies look at the Metropolitan Police Department, it's a respected organization,' he said. 'That's what I'm most proud of.'" The Times continues, 'Chief Ramsey, 56, will step down Tuesday, the day Adrian M. Fenty is sworn in as mayor. … The District's only police chief to be hired from outside the city, Chief Ramsey reflected on his accomplishments during an interview last week in his office, which by then had been stripped of the mementos accumulated during a 38-year career in law enforcement." The Times adds, "Upon his arrival in 1998, the Metropolitan Police Department was mired in mismanagement and scandal. Top officials were under criminal investigation, poor recruiting and standards gave rise to second-rate officers, technology and information systems were substandard, facilities were crumbling, and officers were driving around in 10-year-old squad cars with used tires bought from the U.S. Park Police. … Chief Ramsey helped secure $100 million in federal funding to rebuild the department's infrastructure. He upgraded radios, started a mounted unit, equipped a bicycle unit, instituted uniform training standards, and restarted an aviation unit that had been shut down in 1996 and had its helicopters sold because of a budget shortfall."

CIVIL LAW:

Judge Vacates $6.5 Million Wrongful Prosecution Jury Award. In a widely-distributed story, the AP (12/28) reports, "A federal judge has thrown out a jury award of more than $6.5 million to a former policeman" in Chicago "who claimed two FBI agents framed him for murder and kidnapping. Steven Manning spent 14 years in prison - eight on death row - before the charges were dropped," and Manning claimed in his lawsuit that FBI Special Agents Robert Buchan and Gary Miller "framed him for the crimes after he tried to stop working as an FBI informant." However, "Manning has lost a separate civil lawsuit he had filed against the federal government on the same allegations," and yesterday, "U.S. District Judge Matthew Kennelly cited Manning's failure to win that second lawsuit as the reason for vacating the jury's award for damages." The AP notes, "Miller has retired from the FBI. Buchan was still working for the bureau."

CIVIL RIGHTS:

Gonzales Considers Probe Of Duke Lacrosse Prosecution. WSOC-TV, Charlotte, NC (12/27, 5:00 p.m.) broadcasted, "Meanwhile US Attorney General Alberto Gonzales already said he's thinking about opening an investigation into Nifong's handling of the Duke Lacrosse rape case."

WGHP-TV, Greensboro, Winston, Salem, High Point, NC (12/27, 8:00 a.m.) broadcasted, "Defense attorneys are pushing for Federal involvement in the case asking Attorney General Alberto Gonzales to start a civil rights investigation."

FBI, Mississippi Authorities Investigating Alleged Prisoner Abuse. The AP (12/28) reports, "The FBI and the Mississippi Bureau of Investigation are looking into allegations of prisoner abuse in the Pearl River County jail. At least six inmates filed statements with Hancock County judges and as many as 10 or 11 told of beatings while making court appearances. They said they were beaten by jailers, attacked by other prisoners as corrections officers stood by, and they received slow medical treatment, among other complaints, a pair of Hancock County judges said." The AP notes, "Pearl River County Sheriff Joe Stuart confirmed the reports of abuse and the investigation. … In addition to the claims by prisoners, Stuart said residents of both counties have come to him with complaints, which he forwarded to the FBI to avoid the appearance of a conflict of interest. 'I have no problems with being investigated,' Stuart said."

Civilian Review Of Atlanta-Area Police Deaths Sought. The AP (12/28, Weber) reports, "Community activists on Wednesday called for the creation of civilian review boards to investigate police misconduct complaints, citing the fatal shooting of an elderly woman by Atlanta police and the killings of 12 other people by suburban DeKalb County officers this year. … 'The police, no matter how

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difficult their job, are not exempt from community scrutiny,' said the Rev. Joseph Lowery, co-founder of the Southern Christian Leadership Conference and chairman of the Coalition for The People's Agenda." The AP continues, "Lowery was joined by close to a dozen other activists. He said that the civilian review boards should have subpoena power and that Atlanta Mayor Shirley Franklin had told him she was not opposed to the idea." The AP adds, "DeKalb County Chief Executive Vernon Jones said he would take Lowery's suggestion under advisement. … The district attorney's office is already investigating the 12 lethal shootings by the DeKalb County Police Department. In addition, the Justice Department is 'gathering information' about the shootings, according to a letter from the agency to a community activist. … The call for the review boards comes in the wake of the Nov. 21 fatal shooting of Kathryn Johnston by Atlanta police during a raid in search of a drug suspect. Police say Johnston fired at them first, wounding three officers, and they shot back. Family members said Johnston was 92; a medical examiner said she was 88. … Johnston's death is being investigated by local agencies and the FBI."

The Los Angeles Times (12/28, Jarvie) reports, "A civilian review board, Lowery said, was vital in restoring trust in local law enforcement. … Atlanta already has a Civilian Review Board that examines allegations of excessive force, serious bodily injury or death resulting from the action of police officers. But the board, formed in 1996, has not reviewed a case since 2002. It has no subpoena power and requires citizens to file a complaint and waive their right to sue." The Times adds, "A number local and federal organizations are examining the recent shootings. In Atlanta, the FBI is already investigating the shooting of Johnston. In DeKalb, the district attorney's office is investigating the 12 lethal shootings by police officers. .. The Justice Department, along with the FBI, is also gathering information about the case, but has yet to open a federal investigation. According to the National Assn. for Civilian Oversight of Law Enforcement, 71 of the nation's 100 largest cities have citizen review mechanisms."

Massachusetts Court Will Not Force Gay Marriage Vote. The AP (12/28, Lindsay) reports, "Massachusetts' highest court said Wednesday it has no authority to force lawmakers to vote on a proposed constitutional amendment to ban gay marriage. But it rebuked the Legislature for its 'indifference to, or defiance of, its constitutional duties.'" The AP continues, "The unanimous 7-0 ruling - and the stinging reproach - leave the fate of the amendment up in the air in the only state that allows gay marriage." The AP adds, "Opponents of gay marriage have collected 170,000 signatures in favor of an amendment to end the practice. But the measure needs the Legislature's approval to appear on the 2008 ballot, and lawmakers refused to vote on the proposal last month. Gov. Mitt Romney, a Republican expected to run for president in 2008, and other opponents of gay marriage responded by suing to try to force the lawmakers to act. … In its ruling, the Supreme Judicial Court - the same court that ruled in 2003 that the Massachusetts Constitution gives gays the right to marry - said it cannot force a vote. It said that the Legislature's obligation to vote was 'beyond serious debate,' but that the most the court could do was remind lawmakers of that duty. … The proposed amendment needs the approval of lawmakers in two consecutive two-year sessions to appear on the 2008 ballot. The last day of the current session is Tuesday. If lawmakers adjourn without taking up the amendment, the measure will die."

The Los Angeles Times (12/28, Barry, 850K) reports, "If the lawmakers adjourn Jan. 2 without a vote, as many predict they will, the measure to repeal gay marriage in Massachusetts will die. To appear on the ballot, a citizen initiative must be approved by at least a quarter of the legislature in two consecutive sessions." Romney "has been critical of the lawmakers' inaction. Romney was a lead plaintiff in the suit brought by opponents of gay marriage, which argued that lawmakers were stripping voters of their right to amend the state constitution."

Deputy In Mel Gibson Arrest Claims Harassment. The Los Angeles Times (12/28, Blankstein) reports, "Six months after he arrested Mel Gibson for drunk driving in Malibu, a Los Angeles County Sheriff's deputy claims he's being harassed for his action by officials who question whether he leaked a report detailing the actor's anti-Semitic rant to the news media." The Times continues, "Deputy James Mee's attorney said Wednesday his client was abruptly transferred from patrolling Malibu to another assignment in Agoura Hills and unfairly singled out for scrutiny by his supervisors. … Attorney Richard Shinee also said sheriff's officials subjected him to a three-hour-long interrogation and served a search warrant on his home last September, taking a home computer and phone records. … 'His life and career would be a lot different had he not made that arrest,' Shinee told The Times." The Times adds, "The Sheriff's Department has already come under fire for initially telling reporters that Gibson was arrested 'without incident' even though Mee's arrest report said the actor/director was belligerent, profane and unleashed a 'barrage of anti-Semitic remarks.' … Mee's report was leaked to TMZ.com, a celebrity news website." The Times notes, "Neal Tyler, the division chief who oversees the Sheriff's Department's Lost Hills station, where Gibson was booked, said he knew of no problems with Mee's treatment and said the deputy is in no way being singled out. … 'I disagree with the assessment

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that personnel in the department or at the station have been relating to him or supervising him in an unfair manner,' Tyler said."

ANTITRUST:

New Jersey Orders Muni Firms To Disclose Subpoenas. Bloomberg (12/28, Cataldo) reports, "New Jersey is demanding that financial firms seeking state business disclose whether they have been subpoenaed or audited by the government." Bloomberg continues, "Treasury officials told firms applying to work for the state by investing proceeds from a planned bond sale to describe pending litigation and 'federal or state investigations or audits, subpoenas or other information requests' since 2002, according to a Dec. 18 request for proposals. Similar documents in September and November didn't mention subpoenas or audits." Bloomberg adds, "The requirement comes one month after federal investigators raided three brokers in the widest-ever criminal probe of the municipal bond market. The Justice Department, the Securities and Exchange Commission and the Internal Revenue Service are probing whether bankers and brokers conspired to fix prices on financial products sold to local governments when they invested proceeds from bond sales. … Investigators last month demanded information from more than a dozen banks and insurers and raided the brokers as part of the probe, including CDR Financial Products Inc., New Jersey's adviser on interest-rate swaps. Earlier this month, the SEC asked officials in Jefferson County, Alabama, for records related to bond issues and derivatives since January 2002."

FTC Gives Antitrust Nod To Freeport Takeover Of Phelps Dodge. The AP (12/27) reports, "The Federal Trade Commission approved the $25.9 billion takeover of copper miner Phelps Dodge Corp. by Freeport-McMoran Copper & Gold, according to a notice posted Tuesday on the agency's Web site." The AP continues, "FTC clearance removes at least one obstacle to the proposed combination, which would create the world's largest copper miner. The deal still needs shareholder approval, and there is no certainty the companies will get it." The AP adds, "Earlier this month, a hedge fund with a 5.1 percent stake in Phelps Dodge said it would throw the weight of its 10.3 million shares against the takeover. SAC Capital Partners opposes the combination, saying that the cash-and-stock offer doesn't fairly value Phelps Dodge. … The FTC granted early termination of a mandatory antitrust waiting period on Dec. 22."

401(k) Industry Under Scrutiny For Alleged Collusion. In a column for the Wall Street Journal (12/28, C1), Tom Lauricella writes, "Americans' 401(k) retirement plans are starting to face scrutiny -- of a kind that previously helped to reshape the mutual-fund business and many practices on Wall Street." Lauricella continues, "In recent months, a series of lawsuits has raised questions that longstanding business practices in the industry may represent illegal forms of collusion. In the past few weeks, Congressional Democrats -- after winning the majority in November for the first time in years -- are calling for hearings into whether current laws do enough to protect 401(k) investors. A November report by the Congressional Government Accountability Office said some practices 'may not be in the best interest' of investors." Lauricella adds, "At the same time, the summer's landmark pension-reform law is encouraging employers to take a more active and even paternal role in their employees' 401(k) plans by offering in-depth investment advice and other tools designed to encourage people to save. Previously, companies were discouraged from taking these steps for fear of being sued should the investments go wrong. … As a result of these forces, 401(k) plans could receive their most significant overhaul since coming into existence a quarter-century ago. Fees to investors could be reduced, and companies could be forced to do a better job ensuring investors receive the most bang for their retirement dollar." Lauricella notes, "Since being created in 1981 as a way to sock away dollars tax-free for retirement, 401(k)s have supplanted traditional pension funds as the primary way most Americans save for retirement. Some 47 million participants have $2 trillion in money invested in the plans. … Critics increasingly are complaining about poorly disclosed financial arrangements -- known as 'pay-to-play' deals -- that not only have the potential to influence which investment options are offered in a given plan, but also have the potential to drive up fees charged to investors. … The pressure for change is occurring at every level of a complex industry: Employers have a legal obligation to run a plan in the best interest of its participants. The money manager has responsibility for the investments, but other companies might have a separate role in keeping investor records and holding the actual securities being bought and sold in the plan. On top of that, sometimes there are outside brokers or consultants paid to help decide which investments go into a plan."

Italy's Antitrust Regulators Orders Energy Competition Measures. The AP (12/28) reports, "Italy's antitrust watchdog said Wednesday that Enel SpA must sell 1,000 megawatts of capacity next year, and if necessary 700 more megawatts in 2008 to promote competition in the country's power market." The AP

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continues, "The regulator said in a statement that the sale will be at 'competitive conditions,' at which point the antitrust body will close its inquiry, started in April 2005, into possible anticompetitive behavior by Enel, Italy's former electricity monopoly. … The regulator said Enel will sell the capacity under a mechanism that allows a company to keep ownership of generation facilities while selling its output to competitors."

ENVIRONMENT:

Administration Says Global Warming May Be A Threat To Polar Bears. ABC World News (12/27, story 6, 2:10, Gibson, 8.78M) reported, "In Washington, a victory for environmentalists and a stunning about-face by the Bush Administration. It is proposing that polar bears should be listed as a threatened species because the animals' habitat is disappearing fast. That acknowledgement that their habitat is disappearing is seen as a tacit recognition of global warming." ABC (Blakemore) added, "Today, the Bush Administration admitted that all this, disappearing in the heat of global warming, could take one of earth's most powerful creatures with it. The problem is, polar bears must have the vast, frozen Arctic Sea as a platform to hunt for sales. And that sea ice is disappearing so fast scientists calculate it could all be gone in less than 40 years. In a teleconference today, government officials explained why they are seeking to protect polar bears under the Endangered Species Act."

NBC Nightly News (12/27, story 7, 1:20, Williams, 9.87M) also reported, "The Bush Administration acknowledged that global warming is melting the polar ice cap and may be threatening the very existence of the polar bear." And the CBS Evening News (12/27, story 6, 1:05, Assura, 7.66M) said "the designation" of polar bears and endangered "would ensure Arctic operations like oil exploration or commercial shipping would not jeopardize the bears or their habitat. Environmentalists hope the designation will push the government to cut back on greenhouse gases that they claim contribute to global warming."

USA Today (12/28, Davis, 2.27M) reports Interior Secretary Dirk Kempthorne "says polar bears appear to be dying because their habitat -- ice in the Arctic Ocean -- is melting. 'Polar bears are one of nature's ultimate survivors,' Kempthorne says. But their 'habitat may literally be melting.'" The Endangered Species Act "puts the responsibility on the federal government to avoid authorizing any activities that might jeopardize an endangered species or the habitat where it lives." The Wall Street Journal (12/28, Randall, 2.04M), New York Times (12/28, Barringer, Revkin, 1.16M), Washington Times/AP (12/28) and Financial Times (12/28, Kirchgaessner), among other newspapers, also reports the story.

Energy Conservation Programs Make Comeback Amid Global Warming Fears. USA Today (12/28, 1B, Davidson, 2.27M) reports that "power companies these days are increasingly being told by regulators to pump hundreds of millions of dollars into selling less electricity. Energy-efficiency programs, which first caught fire in the 1970s before fading in recent years, are making a big comeback spurred by global-warming fears and the public's aversion to more pollution-belching power plants." Conservation "has shifted into high gear with global-warming fears and the federal Energy Policy Act of 2005. The legislation provides tax credits of up to $2,000 per home to builders of new homes that exceed international energy-saving standards by at least 50% and up to $500 to improve efficiency on existing homes." USA Today adds, "The Natural Resources Defense Council sued the Energy Department for failing to update energy-efficiency standards for 22 appliances ... . Under a recent settlement, standards will be set over the next four years. Energy Department spokesman Craig Stevens says clearing the backlog has been a priority for Energy Secretary Samuel Bodman."

Democrats Pledge To Reinvigorate Superfund Program. The Christian Science Monitor (12/28, Clayton, 59K) reports that although "1 in 4 Americans lives within four miles of a designated toxic-waste site, the federal program to clean up the sites has slowed." Key congressional Democrats "are looking to push the program, known as Superfund, back into the spotlight. They're looking not only at its funding levels but also its funding sources. A central issue: whether to restore 'polluter pay' taxes on industry to help fund cleanups." Sen. Barbara Boxer "says she's making Superfund, along with global warming, focal points of her environmental agenda. She has tapped presumed presidential aspirant Sen. Hillary Rodham Clinton (D) of New York to chair the Superfund subcommittee."

Water Battle Rages In Colorado's Black Canyon. The Grand Junction (CO) Sentinel (12/27, Magill) reports, "Before the dams were built, the Gunnison River raged through Black Canyon each spring with such ferocity that it carved through the volcanic rock Colorado's deepest and most sheer abyss. … More than 2,000 feet above the river on the south rim of Black Canyon of the Gunnison National Park, there's no running water, no grand lodge inviting tourists to luxuriate, no concession stand feeding the masses." The Sentinel continues, "Black Canyon may be Colorado's most controversial national park —not necessarily because of how it was created or how its government

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caretakers manage its formidable land, but because of the water in the Gunnison River, which not only imbues the canyon with life, but supplies water and electricity to thousands of people in central Colorado. … But the amount of water released below the dams would forever change the ecology of the river through Black Canyon National Park. … The dams eliminated the Gunnison River's natural hydrograph through the canyon, evening out flows during spring runoff, when the river should be raging with floodwater, said Ken Stahlnecker, chief of resource stewardship and science at Black Canyon." The Sentinel notes that "a 2003 agreement between the National Park Service, the U.S. Department of Interior and the State of Colorado threatened to starve the canyon of its flows, reducing it to a year-round minimum of 300 cubic feet per second. .. .To maintain the vitality of the Gunnison River through Black Canyon, water would ideally need to flow at a volume well above 300 cubic feet per second, especially during spring runoff when the river naturally runs highest, Stahlnecker said. … The agreement relinquished Black Canyon National Park's water right to peak and shoulder flows during the spring, a right dating to 1933 when President Hoover declared Black Canyon a national monument. … The agreement was 'nonsensical,' said U.S. District Court Judge Clarence A. Brimmer in his September decision to set aside the pact. The National Park Service ignored the needs of the public in a decision that would profoundly effect the canyon's ecology and human environment, he wrote. … He declared that because Black Canyon is a wilderness area and a national park, the National Park Service must maintain enough water in the river to leave the canyon's ecology and scenic beauty unimpaired. The agreement, he said, protected the canyon's competitors and not the canyon itself. … After being given until Dec. 18 — the court granted a one month extension to the government's original deadline — to appeal Brimmer's decision, the U.S. Department of Justice filed a notice of appeal that day, which preserves the government's right to file its appeal beyond the deadline. … Cynthia Magnuson, spokeswoman for the Justice Department in Washington, said the appeal would likely be filed by the beginning of January."

FBI/DEA/ATF/USMS:

Senior FBI Officials Honing Management Skills In Business School Program. Under the headline "The New FBI Means Business," the Los Angeles Times (12/28, Schmitt, 850K) reports in a generally positive light on the senior FBI officials who are attending management classes at Northwestern University's business school. "In an effort to change the famously insular and hidebound organization, the FBI has sent more than 2,000 of its top agents and supervisors — including this group of spy-catchers, cyber-sleuths and terrorist-hunters — to management school at Northwestern," where "they explore how large corporations have shifted their missions." The Times notes, "The program was started three years ago by FBI Director Robert S. Mueller III," who "is an ardent student of management science. He has sought the views of successful chief executives…and has looked to outsiders to fill high positions. The training has been one of Mueller's main efforts to bring fresh thinking into the bureau, though some FBI officials at first found the idea puzzling." The Times goes on to report in detail on its reporter's shadowing of agents through a day of courses in the program.

Court Rules Federal Investigators Can Use MLB Test Results In Drug Probe. There are more than 500 media references to a court decision that would give the government access to baseball players' drug-test results as an investigation of illegal drug distribution among athletes continues. The AP (12/27) reported, "The names and urine samples of about 100 Major League Baseball players who tested positive three years ago can be used by federal investigators, a court ruled Wednesday." The ruling from the 9th U.S. Circuit Court of Appeals "could bolster the government's perjury case against [Barry] Bonds if investigators are able to link his name to a positive test from baseball's anonymous testing in 2003. The San Francisco Giants slugger has been the target of a perjury investigation since he testified before a 2004 grand jury that he didn't knowingly use illegal drugs." Baseball players and owners "agreed in their 2002 labor contract that the [test] results would be confidential, and each player was assigned a code number to be matched with his name." The New York Times, Wall Street Journal, Los Angeles Times, San Diego Union-Tribune, Houston Chronicle, and Forbes are among the many news outlets that used the AP story.

The San Francisco Chronicle (12/27) reported the appeals court "revealed…that more than 100 major league baseball players tested positive for steroids in 2003, and ruled that the government could use their tests in its investigation of illegal drug distribution to athletes. … The government has expressed no intention of prosecuting any athlete for illegal drug use. The court quoted government lawyers as saying athletes who tested positive could be called before a grand jury and asked about their suppliers."

In the New York Times (12/28), Murray Chass writes, "By a vote of 2 to 1, the three-judge panel overturned lower court decisions in Los Angeles, San Francisco and Nevada. The [Players Association] had no immediate public reaction to the decision, preferring to take time to digest the 120-page opinion before commenting. However, the union is certain to go further with the case."

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The Washington Post (12/28, E5, Shipley) reports the decision "means additional major league players could get swept up in the probe into sports doping that began in 2003 when a raid of the Bay Area Laboratory Co-Operative (BALCO) in Burlingame, Calif., yielded information that tied dozens of elite and professional athletes to steroids and other drugs."

USA Today (12/28, Ortiz) writes that the tests "were conducted in 2003 as part of baseball's survey to determine whether to implement a stricter policy, which began in 2004 after more than 100 of the approximately 1,200 players had positive results. Federal investigators raided testing labs in California and Nevada, seeking the results of 10 players — among them Bonds, Jason Giambi and Gary Sheffield— who were subpoenaed to testify in front of the grand jury probing BALCO."

The San Jose Mercury News (12/27) reported a "divided panel of the San Francisco-based 9th U.S. Circuit Court of Appeals rejected the privacy arguments of the players' union, raising the possibility the names of baseball players who tested positive for steroids in the league's 2003 anonymous testing program could become public as the government continues to probe the fallout from the BALCO steroids case."

The New York Sun (12/28) reports one judge on the appeals court panel, Sidney Thomas, "filed a scathing dissent warning that computer-based files were being opened to wholesale rummaging by the government."

Bloomberg (12/27) also reported on the ruling.

On its Web site, ESPN (12/28) reports the attorney for Barry Bonds "downplayed the significance of a court ruling Wednesday allowing federal investigators access to confidential Major League Baseball drug-testing data from the 2003 season, suggesting that the San Francisco Giants slugger was not among the 100 or so players who tested positive for performance-enhancing drugs. … In its ruling, the court provided that the names of the players who tested positive remain sealed. … The players' association, which sued to keep the government from accessing the records, has not decided whether to appeal the ruling."

Network TV Coverage. NBC Nightly News (12/27, story 8, 0:30, Williams) aired, "A bombshell in baseball's ongoing steroid investigation. A federal court of appeals ruled the names and urine samples of 100 baseball players who tested positive three years ago could be used by federal authorities. This could help the government's case against Barry Bonds, who has testified that he never knowingly used steroids."

Cable TV Coverage. CNN's The Situation Room (12/27, 7:00 p.m.) aired, "A U.S. appeals court ruling today could affect more than 100 Major League Baseball players tested for potential steroid use. The court says lower courts wrongly blocked government access to confidential blood tests conducted by two labs. Investigators are still investigating whether some lied to a federal grand jury. Barry Bonds…has declined comment so far, saying the lawyers must first review the court's decision."

FOX's O'Reilly Factor (12/27, 8:00 p.m.) aired, "A federal appeals court says the names and urine samples of Major League Baseball players tested for steroids three years ago can be used. Among them, Barry Bonds. He has maintained he never tested positive."

Judge Rules Against Arizona Church Founders Who Use Marijuana, Trial Date Set. The AP (12/27) reported a federal judge "has ruled against the founders of an Arizona church that deifies marijuana and uses it as a sacrament. U.S. District Judge Judith C. Herrera in Albuquerque, N.M., refused to dismiss charges against Dan and Mary Quaintance, saying they don't have a 'sincere' religious belief. … Herrera's order means the government's criminal case against the Quaintances will proceed in the new year. The couple is scheduled to go to trial on Jan. 16 on criminal charges of possessing more than 100 pounds of marijuana, as well as conspiracy charges."

Convicted Cocaine-Ring Supplier Sentenced In Connecticut. The Connecticut Post (12/28) reports a Bridgeport man, who police "said was supplying drugs to dealers in the greater New Haven area, was sentenced Wednesday to eight years in prison. Johnny Rolon…pleaded guilty to possession of narcotics with intent to sell and criminal possession of a weapon. … According to police, in March agents of the federal Drug Enforcement Administration infiltrated a cocaine distribution ring operating in the greater New Haven area. … Police said they subsequently learned that Rolon was supplying the ring with cocaine."

New York Authorities Say Gambling Ring Also Smuggled Marijuana. The New York Times (12/28, Cotroneo) reports a Long Island gambling ring that "took in $8.6 million a year was broken up with the arrest of 14 people," according to the Suffolk County district attorney. District Attorney Thomas J. Spota "said that the 14-month investigation also uncovered lucrative marijuana and fireworks smuggling rackets that were run by the chief bookmaker, Salvatore Gerrato, 45, of Seaford. In addition, three people were charged in the drug case."

Long Island Newsday (12/28, Castillo) reports police "arrested 17 suspects on assorted gambling and conspiracy charges, and continue to search for one more -- a Freeport attorney charged with helping run 'hundreds of pounds' of pot from California to Long Island."

The AP (12/28) reports police "investigating a lucrative bookmaking operation came across a related drug-smuggling

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ring and busted both, arresting 17 and seizing $1 million, authorities said Wednesday. Thirteen men and a woman were arrested on gambling charges, while three men were arrested on charges of conspiracy to possess marijuana."

Internet Operation Accused Of Selling Millions In Illegally Prescribed Drugs, Four Arrested. USA Today (12/28, 3A, Leinwand) reports federal agents "say they have shut down an Internet pharmacy operation and arrested four people who allegedly sold millions of dollars of illegally prescribed drugs to customers across the nation. Drug Enforcement Administration agents are still seeking four doctors from Puerto Rico who allegedly wrote the prescriptions based on Internet health questionnaires, DEA spokeswoman Erin Mulvey said Wednesday. … The sites, in operation for at least three years, did about $50,000 a day in business, she said. … Agents earlier closed two pharmacies in Georgia and one in Maryland that allegedly supplied the ring, Mulvey said."

US Indicts New Mexico Man On Drug Charges. The Carlsbad (NM) Current-Argus (12/28, Bowen) reports, "A grand jury has indicted Ricky Green of Carlsbad on federal drug and firearm charges stemming from the seizure of illegal drugs and a gun at his home on Townsend Road in August." The Current-Argus continues, "Green, 45, also known as Ricky Barksdale, was arrested during the early morning hours of Aug. 31, when agents of the Pecos Valley Drug Task Force served a search warrant at his home in the 4300 block of Townsend Road." The Current-Argus adds, "On Dec. 21, a federal grand jury indicted him on three charges possession of crack cocaine with intent to distribute, possession of methamphetamine with intent to distribute and possession of a firearm in the furtherance of a drug trafficking crime. … Green was originally charged in state court, but those charges were dismissed after authorities sought federal charges against him, hoping for a more severe, longer sentence. … 'We pushed for the indictment because he has a long history of selling narcotics and we wanted a stiffer penalty on the drug crimes,' Commander David Edmondson of the Pecos Valley Drug Task Force said on Wednesday. … Edmondson said pursuing federal charges was the only way to ensure a stiffer penalty. He said because Green has at least three prior drug crime convictions he is eligible"

Nearly 500 Assassinations Reported This Year In Nuevo Laredo. The San Bernardino Sun (12/28) reports street violence in Nuevo Laredo "has become a way of life for the nearly 380,000 residents of Mexico's most violent border city. According to law-enforcement officials in Mexico and U.S. Drug Enforcement Administration officials, more than 500 people were assassinated in Nuevo Laredo in 2005. Official estimates, in news reports, put the 2005 death toll at 186. This year, there have been nearly 500 assassinations, and the death toll continues to rise. … The violence has also changed the lives of American citizens living in Laredo, on the Texas side of the border, where kidnappings, narcotics trafficking and corruption have become common."

In a separate story, the San Bernardino Sun (12/28) reports the government "announced a new operation - Northern Border - in mid-March 2006. Under the program, 600 to 800 Federal Protective Police officers were deployed to Nuevo Laredo, according to the U.S. Office of National Drug Control Policy. In a July interview, a Mexican police official, speaking on condition of anonymity, said many of the agents under the Northern Border initiative have either left the city or are working for the cartels."

IMMIGRATION:

Illegal Migrant Arrests Drop After Guard Troops Sent To Border. The AP (12/28, Rodriguez) reports, "Arrests of illegal migrants along the U.S.-Mexico border have dropped by more than a third since U.S. National Guard troops started helping with border security, hinting at a drop in attempted crossings, the U.S. Border Patrol said Tuesday." The AP continues, "U.S. Border Patrol agents arrested 149,238 fewer people from the start of July through November, down 34 percent from the same period last year, according to monthly figures provided by U.S. Border Patrol spokesman Mario Martinez." The AP adds, '"Arrests also had dropped by 9 percent for the same period from 2004 to 2005. If the downward trend continues, it would be the first sustained decrease in illegal immigrant arrests since shortly after the Sept. 11, 2001, terrorist attacks. … Border Patrol officials usually attribute a drop in arrests to fewer people crossing. … National Guard troops started arriving along the border June 15, and 6,000 were in place by August."

CONGRESS-ADMINISTRATION:

Democrats' Agenda Targets GOP Corporate Allies. The Christian Science Monitor (12/28, Chaddock, 59K) reports that with their new majority in Congress, Democrats "are targeting some of the GOP's strongest corporate allies - Big Oil, big pharmaceutical companies, and, in all likelihood, defense contractors." In their "first 100 legislative hours, Democrats aim to negotiate lower drug prices for seniors, roll back subsidies for oil and gas companies, and reduce the cost of student loans. They're also quickly gearing up to investigate allegations of corruption in war contracting." University of Virginia political analyst Larry Sabato said, "Parties reward their constituency groups,

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and they go after the other party's constituency groups. Parties are never stronger than in the first few days, so they do it early."

Part B Premiums To Go Up For Some Beneficiaries. The Washington Post (12/28, A15, Kaufman, 690K) reports, "When new income-based premiums for Medicare's Part B program go into effect next month, some seniors will get an unwelcome surprise: Their monthly costs will be going up considerably more than expected because of the government's method of counting their income." The Times adds, "In addition to income from investments, pensions and wages, seniors will find that big but unusual windfalls -- from house sales, for instance, or from taking cash from an individual retirement account -- will also be included in government calculations. As a result, an advocacy group for seniors says, tens of thousands of people will be counted as wealthy even though their continuing yearly income is modest." Mark Hinkle, a spokesman for the Social Security Administration, "said that a small number of people will indeed have to pay more for their 2007 premiums because of large 2005 capital gains reported on their income tax returns. But he said that the premiums would go down in future years once the capital gains are no longer part of a recipient's tax return."

Pelosi To Visit Childhood Home In Baltimore. The Washington Times/AP (12/28, Wyatt) reports incoming House speaker Nancy Pelosi plans a visit to Baltimore's Little Italy, her childhood home, before arriving in Washington for the start of the 110th Congress. The "youngest of six, Mrs. Pelosi was born into a political family in a house always full of strangers asking for help. Thirty years before going to Congress, Nancy D'Alesandro was brokering political deals for constituents of her father, Thomas D'Alesandro Jr., who served as Baltimore mayor from 1947 to 1959 and as a congressman from 1939 to 1947." But childhood friends "said they never imagined Mrs. Pelosi's political career eclipsing those of her father and her brother, Thomas D'Alesandro III, who served one term as mayor from 1967 to 1971." So proud "is Little Italy of Mrs. Pelosi's political ascension that the city will name part of Mrs. Pelosi's childhood street for her."

Housing Vouchers Under "Moving To Opportunity" Said To Have Limited Value. The Wall Street Journal (12/28, Hilsenrath, Gerena-Morales, 2.04M) profiles Lydia Grayson, a mother who moved her family to North Carolina to escape "her drug-addled, East Harlem housing project," a decade ago, citing her as emblematic of "a question society has wrestled with for years: Can a family escape poverty by getting out of the neighborhood where it takes root? It also sheds light on the government's shifting efforts to use housing policy as a solution to poverty." The Journal notes the increased use of Section 8 vouchers supplanting the formerly prevalent urban housing project, and the impact of Hurricanes Katrina and Rita on poverty-level housing. "Ms. Grayson's move was part of a government test designed to study the effects of a new neighborhood on poverty in the way a researcher studies the effects of a new drug." The Journal continues to detail Moving to Opportunity, a federal program begun in 1994 in which one group of housing project residents were "offered a lottery for housing vouchers," and a second group was not given such an offer. "Researchers have since tracked and compared the fortunes of the two groups." The study's results were mixed, with certain demographics impacted differently, and the Journal portrays simply moving families out of poverty-stricken areas as being ill-suited to cure the complexities of poverty.

Author Says Charities Won't Benefit From Greater Government Subsidies. In a Wall Street Journal (12/28, A14, 2.04M) op-ed, Arthur C. Brooks, author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism," writes about the uncertainty of whether the incoming Democratic majority in Congress will move to boos government funding of nonprofit charities, adding that "even less clear is whether greater government subsidies are in the interest of the charities themselves." Brooks cites the example of a "large nonprofit organization that helps the poor in New York state," which received a temporary influx of state money, which hindered the group's operations by first requiring staff to manage the money, and then by reducing the group's fundraising acumen. Moreover, Brooks argues, "the problem with government money goes beyond just its volatility: Studies by economists over the past decade have demonstrated that government spending on nonprofit activities actually lowers private charitable giving. … The bottom line is that there is nothing free about cash from the government."

Congress Urged Not To Acquiesce To Union "Card Check" Demands. In a piece in the Wall Street Journal (12/28, A15, 2.04M), Detroit freelance journalist Thomas J. Bray writes about the steady decline in union membership in the US, noting that organized labor groups are "scrambling for new ways to beef up [their] membership rolls. The latest hot idea is 'card check,' in which unions demand to be recognized as the bargaining unit for a workplace if a majority of the workers merely sign a card indicating their support. Under current law, companies are required to recognize a union only after a secret ballot of the workers -- and unions have been losing an increasing number of those elections. Now that Congress is back under

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Democratic control, unions sniff a win." The Journal notes that union lobbyists have tied Democratic legislators' support of card-check bills to future political support, but that "Republicans still have the strength to filibuster such a measure to death, and President Bush might veto it." However, "The fact that unions now call card-check their No. 1 legislative priority should be seen as a sign of weakness rather than strength," and "Republicans could be making a serious miscalculation if they bow to union demands for card check."

OTHER NEWS:

Home Sales Data Suggests Housing Slump May Be Ending. USA Today (12/28, Knox, 2.27M) reports, "Sales of newly built homes rose a surprising 3.4% from October to November, the Commerce Department said Wednesday, as more builders offered special deals to attract buyers, and buyers took advantage of declining interest rates and mild weather to visit model homes." This is "the third increase in four months and a sign that the housing correction may be ending. Builder confidence levels, which hit bottom in September, are also slowly beginning to rise, according to December's Housing Market Index."

The Wall Street Journal (12/28, Conkey, 2.04M) also says "recent firmness in mortgage applications and an increase in new-home sales suggest the housing slump may be nearly over, limiting the risk of wider damage to the overall economy. One indication that home-buying demand has leveled off after a yearlong decline comes from the Mortgage Bankers Association, which conducts a weekly mortgage-application survey." Yesterday, "the group said mortgage applications fell sharply last week from the week before. Even so, its indexes of applications for home purchases and refinancings have been rising steadily since summer. The four-week moving average for the MBA's purchase index, which offers a less-volatile picture of the trend, has risen 12% since August, while the four-week average for the group's refinancing index has soared more than 41% since July."

The New York Times (12/28, Peters, 1.16M) says "many economists said the report, rather than foreshadowing a quick rebound, highlighted how fragile residential construction remained and suggested that the downturn now rattling the housing market had not yet run its course."

Dow Hits New Record. Another New York Times (12/28, Peters, 1.16M) story reports the news about the housing market "helped propel stocks on Wall Street to another all-time high, with the Dow Jones industrial average rising more than 100 points to finish the day above 12,500 for the first time." NBC Nightly News (12/27, story 9, 0:15, Williams, 9.87M) also reported on the "record session" in Wall Street, and notes "NASDAQ gained almost 18 points [to close at 2,431.22]." The Wall Street Journal (12/28, C1, Browning, 2.04M), Washington Post/AP (12/28, D4) and USA Today (12/28, 5B, 2.27M) also report the stock numbers.

Retail Sales Appear On Track For "Low End Of Expectations." The Wall Street Journal (12/28, Covert, 2.04M) reports, "Retailers posted a disappointing 1.7% increase in comparable sales for the week ended Dec. 23, putting holiday sales on track to hit the low end of expectations, according to the International Council of Shopping Centers." The Journal adds, "A surge of last-minute purchases by consumers fueled a 2% rise in same-store sales, or sales at stores open at least a year, from the previous week's levels, with sales on Friday and Saturday particularly strong." But "the 1.7% same-store increase from year-ago spending was the weakest such gain recorded by the New York-based trade group since the week ended Feb. 12, 2005."

Cyber Sex Scandal Heads To Trial. USA Today/AP (12/28) reports, "When Robert Steinbuch discovered his girlfriend had discussed intimate details about their sex life in her online diary, the Capitol Hill staffer didn't just get mad. He got a lawyer. … Soon, though, the racy tidbits about the sex lives of the two Senate aides faded from the front pages and the gossip pages. Steinbuch accepted a teaching job in Arkansas, leaving Washington and Jessica Cutler's Washingtonienne Web log behind." The AP continues, "While sex scandals turn over quickly in this city, lawsuits do not. Steinbuch's case over the embarrassing, sexually charged blog appears headed for an embarrassing, sexually charged trial. … Lurid testimony about spanking, handcuffs and prostitution aside, the Washingtonienne case could help establish whether people who keep online diaries are obligated to protect the privacy of the people they interact with offline." The AP adds, "Cutler, a former aide to Sen. Mike DeWine, R-Ohio, says she created the blog in 2004 to keep a few friends up to date on her social life. Like a digital version of the sex-themed banter from a Sex and the City episode, Cutler described the thrill and tribulations of juggling sexual relationships with six men. … One of those men was Steinbuch, a counsel to DeWine on the Judiciary Committee. … When Ana Marie Cox, then the editor of the popular gossip website Wonkette.com, discovered and linked to Cutler's blog, the story spun out of control. Cutler was fired and Steinbuch says he was publicly humiliated. He went to court seeking more than $20 million in damages. … The case is embroiled in thorny pretrial issues, with each side demanding personal information from the other. Steinbuch wants to know how much money Cutler received from the man she called her 'sugar daddy.' Cutler demanded Steinbuch's student evaluations from the University of Arkansas at Little Rock Law School, where he teaches. … Steinbuch also recently added Cox as a defendant in the

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case, though he has not served her with court papers. A trial date has not been set, but Matthew Billips, Cutler's attorney, said there are no settlement talks that might head off a trial."

Ford "Very Strongly" Disagreed With Iraq War Decision. The death of former President Gerald Ford dominated TV and print coverage last night and this morning. The coverage overwhelmingly focuses on Ford's likeability and honesty, as well as on his decision to pardon President Nixon after the Watergate scandal. But some of the tributes also include veiled (and not so veiled) criticisms of the current occupant of the White House. Most significantly, the Washington Post (12/28, A1, Woodward, 690K) runs a front-page story titled "Ford Disagreed With Bush About Invading Iraq," reports that Ford "said in an embargoed interview in July 2004 that the Iraq war was not justified. 'I don't think I would have gone to war,' he said a little more than a year after President Bush launched the invasion advocated and carried out by prominent veterans of Ford's own administration." In "a four-hour conversation at his house in Beaver Creek, Colo., Ford 'very strongly' disagreed with the current president's justifications for invading Iraq and said he would have pushed alternatives, such as sanctions, much more vigorously. In the tape-recorded interview, Ford was critical not only of Bush but also of Vice President Cheney -- Ford's White House chief of staff -- and then-Defense Secretary Donald H. Rumsfeld, who served as Ford's chief of staff and then his Pentagon chief." Ford also "took issue with the notion of the United States entering a conflict in service of the idea of spreading democracy."

Another aspect of the Ford presidency that is being widely noted is its impact on the current White House team. CNN's Anderson Cooper 360 (12/27, Greenfield) reported Ford's "legacy is measured not so much in policy, as policy-makers. … Some of the political fallout from the Ford years continues to this day in very significant ways," as Vice President Dick Cheney was Ford's chief of staff, and that former Defense Secretary Donald Rumsfeld held the same post in Ford's administration. The Wall Street Journal (12/28, A8, Dreazen, 2.04M) also says Ford's "tenure is felt through the ranks of aides -- most notably…Cheney -- who became pivotal figures in the Bush administration. They have used their years in office to restore powers of the presidency they felt were lost after Mr. Nixon's resignation and the Vietnam War. The Bush White House's assertion of presidential power in areas such as the war on terror may be Mr. Ford's most surprising legacy." In the New York Times (12/28, 1.16M), Barry Werth writes, "President Ford believed that by pardoning Mr. Nixon, he was putting Watergate and the imperial presidency in the past. But by sacrificing his popularity, he also lost much of his mandate" and was "forced to the right." As a result, "his administration spawned many of the core attitudes and key players of the…Bush White House." David Broder, in the Washington Post (12/28, A27, 690K), says that "for all that he has borrowed from Ronald Reagan, President Bush owes the greatest debt to three stalwarts of economic and national security policy inherited from Ford," Cheney, Rumsfed and former Federal Reserve chairman Alan Greenspan, Ford's chairman of the Council of Economic Advisers.

Some stories praising Ford's management style are also critical of Bush. Under the headline "Similar Personnel, Different Approaches," the Washington Post (12/28, A8, Baker, 690K) reports that "if the Ford administration proved an incubator for future Republican talent after the demise of Richard M. Nixon's presidency, it turned out not to be much of a model for the current Bush administration in terms of style and ideology. Where Ford governed close to the political center, working with congressional Democrats and presenting a pragmatic, cautious domestic and foreign policy agenda, Bush has styled himself as more of a crusader for change at home and abroad -- bold in the eyes of his admirers but reckless in the view of his critics." Bush "has led the nation in a more polarized time and more polarized fashion."

The Washington Post (12/28, A1, Baker, 690K) also says "Ford's legacy…dominated the discussion in Washington and across the country yesterday, standing in contrast to a time when leaders in both parties often seem unable to join hands on the big issues of the day. During his final years, mostly privately but sometimes publicly, Ford often expressed regret at what he saw as a coarsening political environment that personalizes policy differences and undermines national unity."

The Los Angeles Times (12/28, Spiegel, 850K), for example says Ford "was comfortable with being less knowledgeable than his advisors and was unthreatened by strongly voiced disagreements. Unlike almost any subsequent president, Ford was able to create a White House that was open to dissent. … The comparisons with Bush's style first broke into the public debate two years ago. Paul O'Neill, a senior official in the Ford White House's budget office who three decades later became Bush's Treasury secretary, cooperated with author Ron Suskind on a book that made critical contrasts between the two presidents. … Other Ford White House veterans, many of whom asked not to be named because they did not want to appear critical of Bush, say they share O'Neill's view of the contrasts."

USA Today (12/28, 1A, Kiely, 2.27M) notes Ford "got one appointment to the Supreme Court, in 1975, and he is still there. John Paul Stevens, 86, is now the oldest justice. … The fact that Ford alumni include Cheney and Rumsfeld, now viewed as arch-conservatives, as well as Stevens, one of the court's most liberal members, speaks volumes about the former president, according to those who knew him." Ford "served as 'a balance point between the increasingly

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conservative wing of the Republican Party and the more liberal wing,' said presidential historian Carl Sferrazza Anthony. 'He was always seeking middle ground.'"

The Los Angeles Times (12/28, Neuman, Alonso-Zaldivar, 850K) reports that yesterday, "many praised Ford for his moderate views and consensus approach to governance." Log Cabin Republicans, "the nation's largest gay GOP organization, said that Ford always believe in inclusiveness in welcoming gays into the party and advocating equal rights for them. … And former first lady Nancy Reagan, in a statement, said that Ford's support for stem cell research his early support of stem cell research was important 'in getting the US Congress to debate the potential lifesaving cures and treatments that may result.'"

Drawing contrasts between Ford presidency and those that ensued, the Christian Science Monitor (12/28, 59K) editorializes that "Ford's candor and amicability are sorely needed in Washington politics today, given the steadily rising shrill, partisan tone." USA Today (12/28, 11A, 2.27M), also in an editorial, says Ford's "down-to-earth ways…stack up well against some of the more ego-driven and polished presidencies that preceded and followed his."

Funeral Services Will Begin Friday. The New York Times (12/28, Stout, Zeleny, 1.16M) reports, "Services for Mr. Ford, the 38th president, who died late Tuesday, will begin Friday in Palm Desert, Calif., with private prayers for the family at St. Margaret's Episcopal Church, Gregory D. Willard, a Ford family spokesman, said at a news conference. The next day, his body will be flown to Washington. The hearse is to pause at the World War II Memorial on the National Mall in recognition of Mr. Ford's naval service in the Pacific. His state funeral is to be conducted on Saturday evening in the Capitol Rotunda, after which the public will be allowed to file by the coffin." A service "will be held next Tuesday in the Washington National Cathedral." Plans for Ford's funeral are also described by the AP (12/28, Woodward), The Los Angeles Times (12/28, 850K), USA Today (12/28, 5A, Parker, 2.27M) and Washington Post (12/28, A8, Vogel, 690K).

Ford Survived Two Assassinations Attempts. The CBS Evening News (12/27, story 3, 2:35, Mitchell, 7.66M) recounted the two assassination attempts against Ford, " In September, 1975 Lynnette 'Squeaky' Fromm, a follower of Charles Manson aimed a pistol at the President. 17 days later in San Francisco, another woman, Sarah Jane Moore fired a shot at him. Both women are serving life in prison." The AP (12/28) runs a similar story.

"Drop Dead" Quote Was Apocryphal. The New York Times (12/28, Roberts, 1.16M) reports, "Ford and Marie Antoinette did not have much in common, but being misquoted cost both of them their jobs. In Hollywood's latest biography of the French queen, she denies having callously suggested that breadless peasants eat cake instead." Ford, on Oct. 29, 1975, "gave a speech denying federal assistance to spare New York from bankruptcy. The front page of The Daily News the next day read: 'FORD TO CITY: DROP DEAD.'" Ford "never explicitly said 'drop dead.' Yet those two words, arguably the essence of his remarks as encapsulated in the immortal headline, would, as he later acknowledged, cost him the presidency the following year, after Jimmy Carter, nominated by the Democrats in New York, narrowly carried the state."

Ford's Economic Policies Were Object Of Ridicule. The Washington Post (12/28, D1, Birnbaum, 690K) analyzes Ford's economic record, saying his policies in that area "are usually remembered as a joke. Soon after he took over as president, in August 1974, he tried to tame runaway price increases by urging Americans to wear round red lapel pins emblazoned with the initials WIN, for 'whip inflation now.' That didn't work, of course, and the pins soon disappeared amid public ridicule." But "Ford didn't give up the fight against what was then called stagflation: a debilitating mix of rapid inflation, high unemployment and slow economic growth. In fact, before his 30-month administration ended, he discarded his original plans and cobbled together an unconventional set of programs that succeeded, at least for a while, in slowing the country's financial slide." The US economy "was in sad shape when Ford replaced the disgraced Richard M. Nixon to become the nation's 38th president. Then it got worse. The economy fell into the steepest recession since World War II, coupled with an upward price spiral that was faster than at any time in modern memory." The Post reports economy didn't recover until the Reagan years.

Ford's Contribution To Conservatism Noted. In the Washington Times (12/28, 88K), Alvin S. Felzenberg writes, "[C]onservatives of the era misjudged Mr. Ford as much as had the liberals. As they rallied behind the rising star of Mr. Reagan, who personified bold color conservatism as opposed to one shaped in pastels, they overlooked the 50 vetoes Mr. Ford unfurled against spending bills the Democrats sent him. … That Mr. Reagan had a case to make, which proved essential to his own ascendancy, and conservatism's future triumphs have long clear. That Mr. Ford provided service to his country in ways that went beyond his cleaning up for his predecessor is becoming increasingly apparent with the passage of time."

Writers Recount Ford Experience In World War II. In the New York Times (12/28, 1.16M) op-ed contributors Robert Drury and Tom Clavin call Ford a "war hero." They recount his World War II experience aboard the aircraft carrier Monterey. On Dec. 18, the carrier was trapped in a "vicious Pacific cyclone later designated Typhoon Cobra. They write, "Admiral Halsey had ordered Captain Ingersoll to abandon ship, and the Monterey was ablaze from stem to stern as Lieutenant Ford stood near the helm, awaiting his orders. 'We can fix this,' Captain Ingersoll said, and with a

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nod from his skipper, Lieutenant Ford donned a gas mask and led a fire brigade below. Aircraft-gas tanks exploded as hose handlers slid across the burning decks. Into this furnace Lieutenant Ford led his men, his first order of business to carry out the dead and injured. Hours later he and his team emerged burned and exhausted, but they had put out the fire." Drury and Clavin conclude, "[I]n contrast to the public's image of him as a clumsy nonentity, Mr. Ford was a man whose grace under pressure saved his ship and hundreds of men on it."

NYTimes, WPost, WSJournal, WTimes Positively Assess Ford's Pardon Of Nixon. In their unsigned editorials, major newspapers echo the praises of Ford, but also turn attention to the criticism that erupted after Ford pardoned Nixon. However, they offer a generally positive assessment of his legacy., depicting Ford as an honest president who sacrificed his own popularity so the nation could better heal after the Watergate scandal. The New York Times (12/28, 1.16M) calls Ford "the right man summoned at the right time to begin the necessary process of healing a country exhausted by war abroad and scandal at home," but adds, "History has been more sympathetic to Mr. Ford's argument that to allow Mr. Nixon's prosecution to go forward, perhaps all the way to a trial, would have been profoundly destabilizing to a nation that was already in shaky health. … Our own bottom line continues to be the same: that the nation is strong enough to endure almost anything but burying the truth. Still, Mr. Ford deserves to be remembered for more than the pardon. Marking the end of a national nightmare is no small thing."

The Washington Post (12/28, A26, 690K) writes, "[I]n the period between Richard M. Nixon's resignation and Jimmy Carter's inauguration -- just under 2 1/2 years -- Gerald R. Ford did the main thing that needed doing, even though there were some in the Nixon White House who had thought him unqualified for the presidency: He reassured the people about the nature and quality of their government." The Post adds, "Today, with the passions of the period greatly diminished, it's hard to recall how much discord that decision created, even among those who believed Mr. Ford to be a trustworthy successor to Mr. Nixon. It's also hard, from today's vantage point, to see how an indictment and trial would have done the country much good. The pardon may have come too soon and been too broad, but it was basically the right thing to do."

The Wall Street Journal (12/28, 2.04M) writes, "The abiding cliché about Gerald Ford -- who died Tuesday at age 93 -- is that he was a decent man who steadied the country but held the White House too briefly to leave a major imprint. We've always thought that view of his Presidency is too diminishing, not least because he led the nation at a dangerous time and resisted political furies that could have done the U.S. far more harm." The Journal continues, "He made a particular contribution in pardoning Nixon, though he knew Nixon's enemies would accuse him of a quid pro quo. The decision cost him dearly in the polls and may have cost him the election in 1976, but it also spared the country from years of division over a criminal trial that special prosecutor Leon Jaworski seemed determined to pursue."

The Washington Times (12/28, 88K) writes, "Some argue still that the pardon deprived the nation of a 'full telling' or the nation of an opportunity to 'fully heal.' This is nonsense."

Ford's Decency, Integrity Widely Praised. ABC World News (12/27, lead story, 3:50, Gibson, 8.78M) said Ford "assumed the Presidency in its darkest days and brought it into the light." On the CBS Evening News (12/27, lead story, 3:45, 7.66M), Bob Schieffer said, "In all my years as a reporter…Ford it was nicest and most decent public figure I ever covered." And NBC Nightly News (12/27, lead story, 2:45, Mitchell, 9.87M) noted "Ford's decency and his ability to lead the nation through one of its worst crises."

Bob Woodward, in the Washington Post (12/28, A5, Woodward, 690K) recounts that "on Sunday, Sept. 8, 1974…Ford attended church alone. He sat by himself in a pew at St. John's Episcopal Church on Lafayette Square. He took Holy Communion. Back at the White House at 11:05 a.m., he went on television to announce that he had decided to pardon Richard Nixon for any crimes he committed during Watergate. … The reverberations from that decision may well have cost Ford his presidency in the next election." Woodward goes on to quote from interviews he conducted with the former president in which he commented on his pardon decision.

The AP (12/28, Riechmann) reports President Bush "remembered former President Gerald Ford as a 'man of complete integrity who led our country with common sense and kind instincts' and helped restore faith in the presidency after the Watergate scandal." The President "personally expressed his condolences in a phone call late Tuesday night with former first lady Betty Ford." The Financial Times (12/28, Sevastopulo) also reports on Bush's remarks, while the Washington Times (12/28, Pfeiffer, 88K) notes Cheney "praised his former boss in a statement, calling him a 'dear friend and mentor.'"

The CBS Evening News (12/27, story 2, 2:40, Mitchell, 7.66M) showed President Bush saying, "The American people came to know President Ford as a man of complete integrity who led our country with common sense and kind instincts," and ABC World News (12/27, story 2, 2:50, Gibson, 8.78M) reported, "Donald Rumsfeld, who was Ford's chief of staff, today said, 'Our nation has a way of finding leaders that are needed in tough time. Gerald Ford was just the President our country needed back in 1974.' Even Jimmy Carter, the man who defeated Ford by a razor-thin margin in 1976, today hailed Jerry Ford as 'one most admirable public servants and

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human beings I have ever known.' Carter will eulogize Ford at one of the services to be held next week."

ABC World News (12/27, story 4, 2:55, Gibson, 8.78M) ran a segment on Ford's legacy, which Cokie Roberts described as "that of a healer." ABC World News (12/27, story 3, 3:15, Gibson, 8.78M) later noted Ford "entitled his memoirs 'A Time to Heal.'" And NBC Nightly News (12/27, story 2, 5:10, Williams, 9.87M) showed Ford saying, "When historians 50 years from now objectively write about the Ford Administration, I hope they will say that President Ford healed the wounds of Watergate, ended the tragedy of the war in Vietnam and restored public confidence in the White House itself."

On MSNBC's Scarborough Country (12/27), host Joe Scarborough said, "30 years after leaving Washington, Gerald Ford is being remembered tonight as the man who ended America's long national nightmare and brought honor back to the presidency." Fox News' Special Report (12/27, Wallace), which devoted most of its broadcast to Ford's life and legacy, said Ford was a "man who helped heal a nation torn apart by Watergate and Vietnam." During his report on Special Report, correspondent Wendell Goler described Ford as an "everyman" who "made his own breakfast his first morning in the White House." CNN's 360 Degrees (12/27, Cooper) said, "He never wanted to be president, but he helped redeem the office, just when the presidency and the country needed it most. … This accidental president had anything but an incidental presidency."

Politicians and journalists who worked with Ford also remarked on Ford's personality. On MSNBC's Scarborough Country (12/27, Scarborough), Pat Buchanan said, "While I do disagree with President Ford, I do believe he was the pivot on which the country turned out of a horrible time into a better time." On Fox News' Your World (12/27, Asman), former Senate Majority Leader Bob Dole (R), who was Ford's 1996 running mate, said Ford had a "sort of an amiable way about him" and averred that history will treat Ford "very well." On Fox News' Hannity and Colmes (12/27, Gallagher), Robert McFarlane, who was a special assistant for national security during the Ford administration, said, "I think the outstanding quality of Gerald Ford has been character and integrity…. I mean, almost every politician you and I watch in Washington views what they say and do in terms of how it affects their personal political self-interest. Not Gerry Ford." On MSNBC's Countdown (12/27, Olbermann), Andrea Mitchell said, "He really believe din the goodness of people." On MSNBC's Hardball (12/27, Matthews), former NBC Nightly News anchor Tom Brokaw said, "People keeping asking me today what it was like covering Gerald Ford as president after covering Nixon. Metaphorically and truly, it was the difference between night, the darkness of Richard Nixon, and day, the Gerald Ford administration. He was open, candid. When he told us something, we generally could believe it." Brokaw also noted that Ford came from a "different Republican Party" than today's.

The Chicago Tribune (12/28, Neikirk, 617K) praises Ford for bringing "a calming presence to the highest office in the land, shunning the imperial atmosphere fostered by Nixon." The Christian Science Monitor (12/28, Grier, 59K) says he was "decent, fair, modest, and -- truth be told -- shrewd, he made Washington seem normal again." The Washington Post (12/28, C1, Haygood, 690K) and USA Today (12/28, 5A, Ritter, 2.27M) run equally laudatory pieces about the Fords.

In a brief op-ed appearing in the Washington Post (12/28, A27, 690K), former Senate Majority Leader Bob Dole praises Ford as a "principled partisan…who worked diligently for Republican causes but who knew the limits of partisanship." In the New York Times (12/28, 1.16M), David Hume Kennerly, Ford's personal photographer, writes, "The man I came to know and admire had a quiet and very powerful sense of self. He had the least guile of anyone I've ever met and a total lack of vanity." In an op-ed in the Washington Post (12/28, A27, 690K), Ron Nessen writes, "Unlike politicians who carefully calculate for decades how their every word and deed will sound and look when they eventually run for the White House, Ford moved into the Oval Office without having his persona distorted by lust for the presidency. And the public sensed this genuineness. What a relief to have a regular person as president, particularly after the imperial presidencies of Nixon and Lyndon B. Johnson." Melvin R. Laird, secretary of defense under Nixon and an eight-term congressman from Wisconsin, also praises Ford in the Wall Street Journal (12/28, 2.04M).

Contrasting Ford's seemingly accidental accession to the presidency with his actions, particularly after the Watergate scandal, commentators also refer to Ford's as the "right person" to hold the presidency. In an op-ed appearing in Financial Times (12/28), Ar Cyr, Clausen Distinguished professor at Carthage College in Wisconsin, describes Ford as "right president at one particular moment in history." In an op-ed appearing in the Wall Street Journal (12/28, A14, 2.04M), Melvin Laird writes, "He was our Accidental President. … It was a happy accident for America, and in many ways it was no accident. It was years in the making and required hard work, planning and good fortune." After recounting Ford's accomplishments reforming the CIA and fighting inflation, Laird writes, "Of greatest importance…was his righting of the ship of state," including his pardon of Nixon.

In his Washington Post (12/28, A27, 690K) column, George Will writes, "Ford was an 'accidental president,' but there are reasons accidents happen as they do. Call it the cunning of history or an irony of American life, but this underestimated graduate of Yale Law School served a purpose Richard Nixon did not have in mind when he

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nominated him to replace the disgraced Vice President Spiro Agnew."

There are other stories in this morning's papers on Ford's life and career. The Washington Post (12/28, E1, Gildea, 690K) describes Ford's love of sports, while the Los Angeles Times (12/28, Martin, Abrams, Powers, 850K) reports on Ford's activities in Palm Desert, CA where he "helped open and fund such charitable endeavors as a domestic violence shelter, a children's museum, a teenage outreach program and a bighorn sheep preserve. Betty Ford is best known for establishing the alcohol and drug treatment clinic in Rancho Mirage that bears her name. It has treated more than 60,000 people since opening in 1982." The Times adds, "Although Ford represented Grand Rapids, Mich. for 25 years in Congress, he and Betty were hometown heroes in the Coachella Valley." The Washington Post (12/28, B1, Shapira, 690K) also notes that the former president's home in Alexandria, VA, has long been on the market, and the New York Times (12/28, Stanley, 1.16M) muses about how the media should approach covering Ford's passing.

Wealth Of New York Presidential Aspirants May Foretell National Political Shift. The Washington Post (12/28, A3, Powell, 690K) reports on the abundance of New York politicians with presidential aspirations, ranging from the "instantly identifiable," like New York Sen. Hillary Clinton (D) or former New York mayor Rudy Giuliani (R), to the less universally known, like current New York mayor Michael Bloomberg (R) and New York Gov. George Pataki (R). "New York may not challenge Virginia for its title as 'Mother of Presidents,' but the state could produce four presidential candidates in 2008 -- not to mention new Gov. Eliot L. Spitzer (D), who has harbored presidential dreams since he was in fourth grade and is already rumored to have an eye on 2012." The Post suggests this could indicate a national trend in which the South is "played out," and is "a curious turnabout for a state and a city" with which "Americans have long had a love-loathe relationship." The piece continues to detail New York's political history and to profile its current batch of 2008 hopefuls.

Edwards Enters Race For White House. Former North Carolina Sen. John Edwards (D), the 2004 Democratic vice presidential nominee, on Wednesday joined the 2008 race for president. The CBS Evening News (12/27, story 8, 0:30, Mitchell, 7.66M) reported that Edwards "says he will make a second run for president. Officially the announcement comes tomorrow in New Orleans. Edwards arrived there today. The campaign actually got ahead of itself, breaking the story today on its Website. An advisor says better a day earlier than a day late."

Fox News' Big Story (12/27, Gibson) reported that Edwards will announce his decision to run for president in 2008 from New Orleans' Ninth Ward. Fox News added, "Today, he helped clean up a New Orleans home that was badly damaged by Katrina." On MSNBC's Hardball (12/27), host Chris Matthews commented, "I think he's a guy to watch."

The AP (12/28, Pickler) reports that Edwards "jumped into the presidential race Wednesday a day earlier than he'd planned, prodded by an Internet glitch to launch a candidacy focused on health care, taxes and other domestic issues." Edwards' "campaign accidentally went live with his election Web site a day before an announcement Thursday that was supposed to use Hurricane-ravaged New Orleans as a backdrop. The slip-up gave an unintended double-meaning to his campaign slogan on the John Edwards '08 Web site: 'Tomorrow begins today.' Aides quickly shut down the errant Web site but could not contain news of the obvious, even in the shadows of former President Ford's death." The AP notes, "Earlier Wednesday, Edwards visited the site of his planned announcement for a photo opportunity," doing "yard work at the home of Orelia Tyler, 54, whose house was gutted by Hurricane Katrina and is close to being rebuilt."

The New Orleans Times-Picayune (12/28, Nolan) reports that in New Orleans Wednesday, Edwards "limited his remarks," saying that "his candidacy would emphasize Americans helping Americans, New Orleans being the most spectacular current example of the opportunities that offers. Edwards did speak briefly to the recovery, faulting the White House for providing too little help. 'The president should've said, 'I want someone in my office every morning, telling me what was happening in New Orleans yesterday,'' he said."

Bloomberg (12/28, Johnston) notes that during his first run for president, Edwards "spoke often about two Americas, one rich and one poor. He will use New Orleans tomorrow as a backdrop to highlight that disparity."

The Wall Street Journal (12/28, A4, Calmes, 2.04M) reports, "For the roughly two dozen candidates considering a run for the White House, it is perhaps the jackpot question: What might be the winning message in a contest whose first nominating vote is still more than a year away?" On Thursday, Edwards "begins testing his hunch that Americans, though focused now on the war in Iraq, can be won over to a campaign built on what he calls 'the great moral issue of our time' -- fighting poverty at home." The Journal notes that though Edwards' "theme of ending the 'Two Americas' of haves and have-nots dates to his 2004 presidential bid," Edwards "argues that the disparity between the richest Americans and the working class has widened since then. 'When I talked about poverty in the 2004 campaign, political types said it was futile,' he said in a speech this year. 'They said nobody cares about poverty except for the poor. Not true, and we saw it with Katrina.'" The Journal notes, however, "Many Democratic political operatives remain skeptical that the Edwards message will resonate among

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either Democratic or independent voters when antiwar talk is the rage, and could continue to be into 2008."

Edwards' Second Bid For President Will Face New Challenges. The Raleigh News & Observer (12/28, Christensen) reports that that as Edwards kicks off his second run for president, he "faces a different political landscape than he did three years ago when he was a little-known freshman senator from North Carolina." Now, Edwards is "an established national political figure," meaning that "the pressure is on for him to perform well in the early caucus and primary states in 2008, as well as in the money-raising chase in 2007." He "must contend with widespread assumptions that New York Sen. Hillary Rodham Clinton is the odds-on favorite to capture the nomination and that Edwards' fresh-faced appeal has been eclipsed by Illinois Sen. Barack Obama. 'Before Barack Obama, it was clear Edwards was going to be the biggest hurdle for Hillary to overcome and had the best shot at stopping her,' said Chuck Todd, editor-in-chief of the Political Hotline, an Internet newsletter. 'Obama complicates his run. … If it wasn't for Obama, I think we'd say this is a two-person race.'" McClatchy lists as Edwards' key assets: name recognition, the likely "solid financial support" of "many of the nation's trial lawyers," the likely "support of a significant portion of organized labor," the new Democratic nominating calendar, and the fact that Edwards is "the only Southerner in the race, with the possible exception of retired Gen. Wesley Clark."

CQ Politics (12/27, Horrigan, Benenson) reported that although the possible presidential bids of Sens. Clinton and Obama have received more attention from the media, "the handsome and personable Edwards has an opportunity to pursue a sizable niche as an alternative for Democratic voters worried about the electability of Clinton -- who carries the baggage of controversies that surrounded her and her husband during their White House years -- or Obama, who bears the burden of proof that the nation is prepared to elect a black president, and whose mere two years in the Senate would raise questions about whether he had sufficient experience."

The New York Sun (12/28, Gerstein) reports, "By focusing on social justice and the poor, Mr. Edwards, 53, hopes to court Democratic Party activists and pose a challenge from the left to other likely presidential contenders, such as Senator Clinton. 'I don't think there's any question that by talking about labor, the minimum wage, and poverty, his strategy has been to run as the progressive alternative,' a Democratic operative and lobbyist, Steven Elmendorf, said in an interview." The Sun notes, "Democratic strategists said Mr. Edwards has made good use of his time since leaving the Senate in 2004. … In addition to staking out the poverty issue and boosting his foreign affairs resume with international travel," Edwards "has moved aggressively to win the support of labor unions, particularly those for service workers. 'He's made an effort. He's worked it hard,' Mr. Elmendorf said. However, he said, he doubts many unions will be willing to endorse Mr. Edwards in the primary, in part because Mrs. Clinton will be seeking those same endorsements, or a pledge from labor groups to stay neutral."

News Coverage Of Ford's Death Expected To Overshadow Edwards' Announcement. The Washington Post (12/28, A3, Balz, 690K) reports that Edwards chose "the week between Christmas and New Year's Day to announce his candidacy in large part because he and his advisers thought it would attract more attention during what is traditionally a slow news period. But the death of former president Gerald R. Ford was by far the dominant news on Wednesday and probably will continue to be for several more days. Edwards issued a statement mourning the death of the 38th president. 'President Ford was a true leader -- he made decisions based on what he believed was right, not what was politically expedient,' the statement said. 'He called on us to never lose faith that we can change America.' He said Americans could honor Ford's memory by 'lifting ourselves above partisan politics and acting with the courage and conviction of our ideals.'"

Edwards Set To Launch Announcement Tour Of Key Early Presidential States. The Winston-Salem Journal (12/28, Romoser) reports that following a news conference Thursday in New Orleans, Edwards "is expected to begin a whirlwind, three-day tour in which he will visit Iowa, Nevada, New Hampshire and South Carolina -- the first four states in the 2008 Democratic primary season. On Saturday night, Edwards will conclude the tour with a rally in Chapel Hill."

Carlson Says "Nice Guy" Edwards "Candidate Most Reminiscent" Of Ford. In a piece for Bloomberg (12/28), columnist Margaret Carlson writes that "Edwards's pitch that there are two Americas is, if anything, truer today than when he first took it out for a spin. … He favors an expansion of the earned income tax credit, better lending practices, housing vouchers, sprinkling low-income housing amid McMansions and a program to rehabilitate Louisiana after Katrina. And it isn't only the Ninth Ward that bears Edwards out. Wages are stagnant. There has been no increase in the minimum wage. More people are without health insurance than before." Carlson adds, "It could be that in 2004, Edwards suffered from first-time jitters, too much message discipline about a divided America and the handicap of playing second banana to a waffling, windsurfing stiff. There could be a hunger now for a quieter man after eight years of taking our enemies dead or alive. Edwards is the candidate most reminiscent of the late Gerald Ford," who "was a fine president in a difficult moment, so decent he couldn't win the presidency on his own. We are a schizophrenic electorate. We prefer the likeable candidate over the sourpuss, but we also want a tough guy. Edwards has a chance only if nice guys don't finish last."

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Ohio Supreme Court Reprimands Taft. The AP (12/28, Welsh-Huggins) reports, "The state Supreme Court on Wednesday publicly reprimanded Ohio Gov. Bob Taft for his ethics violations in office, a black mark that will stay on his permanent record as an attorney." Taft, "a Republican and great-grandson of President William Howard Taft, pleaded no contest in 2005 to failing to report golf outings and other gifts worth nearly $6,000 during his four-year term. He was fined $4,000. Taft could not seek re-election because of term limits and leaves office in less than two weeks." The New York Times (12/28, Driehaus, 1.16M) also reports the story.

Schwarzenegger Plans Boost In Government Spending On "Cutting Edge Research." The Los Angeles Times (12/28, Halper, 850K) reports, "A plan announced by Gov. Arnold Schwarzenegger on Wednesday to boost public funding for cutting-edge research could prove to be a boon to some of the state's top universities -- and to private companies that leverage their breakthroughs into big profits." The proposal, which is "to be included in the budget unveiled by the governor early next month, calls for investing $95 million in four research projects based at the state's public universities. The projects designated for funding, at least one of which would be developed in partnership with a major oil company, are mostly geared toward the creation of cleaner burning fuels." The Times adds "some advocacy groups questioned whether the state would get a proper return on its investment. They urged the administration to put safeguards in place that would assure that taxpayers -- and not just private companies -- reap some of the profits created by publicly funded innovations."

High Energy Prices Lift Houston's Economy. The Los Angeles Times (12/28, Bustillo, 850K) reports from Houston, "High oil, natural gas and electricity prices may bring pain to families and business owners elsewhere, but in America's energy capital, they bring prosperity. Two out of every five Houstonians owe their jobs to energy — many big oil and gas companies have their world or American headquarters in Houston — and the industry's spectacular profits in recent years have helped the nation's fourth-largest city outdistance the country as a whole in economic growth." But "veterans of Houston's boom-and-bust energy economy are mindful that fortunes could turn quickly, like they did in the 1980s, when a sudden swoon in crude oil prices sent the city's economy crashing." The current "boom is tied not only to short-term spikes in energy prices, but to forecasts for global energy demand that are leading many companies to make ambitious long-term bets."

Shell Hires Norton As Counsel. The Wall Street Journal (12/28, B5, 2.04M) reports, "Royal Dutch Shell PLC said it hired former U.S. Interior Secretary Gale Norton to serve as a counsel for the Anglo-Dutch oil company. The move comes amid rising scrutiny in Washington of the department's dealings with the oil industry." Norton "will serve as general counsel for the firm's unconventional-resources division, Shell said. The oil company is developing and testing proprietary technology designed to enhance oil recovery from certain unconventional sources, such as oil shale and extra-heavy oil, Shell said."

Fleishman-Hillard Launches PH Boom Initiative. The Washington Post's Judy Sarasohn reports in her "Special Interests" column, "In Washington, where every special interest has a lobbyist or at least a spokesman, baby boomers now have their own practice group. Public relations biggie Fleishman-Hillard Inc. has launched what it calls FH Boom, a practice that targets baby boomers, those folks roughly between 42 and 60 years old. The demographic is about 78 million people." The Post adds, "The practice is heavy on commercial marketing and public relations, but FH Boom also figures to advise public affairs clients on coalitions and advocacy issues involving baby boomers. Think legislative and administration issues dealing with taxes, health care, Medicare costs, Social Security and college costs." Paul Johnson, president of public affairs for Fleishman, "said that the firm's work for AARP has given it a 'ringside seat' to see how boomers affect politics and government."

Harlem Church Seeks Housing Improvements Without Displacing Elderly. The Wall Street Journal (12/28, Lagnado, 2.04M) reports on the strategy used by Abyssinian Development Corp., "the 17-year-old not-for-porfit real-estate arm of the famed nearly 200-year-old Abyssinian Baptist Church," to "keep the elderly—and particularly the elderly poor—at home, where they want to be, and out of institutions. Abyssinian's unusual answer is real estate." The group, which "controls $299 million in property assets in booming central Harlem,…is using its resources to create a social, psychological and economic sanctuary for the community's elderly and poor residents, pumping proceeds into social-service projects while enabling tenants in Abyssinian-owned housing to pay low rents."

Police Charity Abandons Fundraising Scheme. The Wall Street Journal (12/28, B1, Anders, 2.04M) reports on the efforts of Robert Teal, who "recently became chairman of the CHP 11-99 Foundation," to end a fundraising practice which critics say could result in drivers improperly avoiding speeding tickets. The organization provides college scholarships and other benefits to members of the California Highway Patrol. "For years, the foundation had been selling 'Life Memberships' to motorists for $1,800 apiece. Lots of people with Ferraris, BMWs and other fast cars snapped

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them up, mounting the foundation's hard-to-miss license-plate holders on their vehicles' rear bumpers. … Buying a membership was seen by many as protection against speeding tickets." Mindful of the perception of impropriety, "Teal led a push to revamp the way the 8,000-member foundation raises money." Teal's strategy involved boosting the price of memberships to make them inaccessible to most, and "tapping into big new sources of money. He urged colleagues to approach some of California's leading corporations and wealthiest people, asking them to donate $100,000 or more to create endowed scholarships in their name, which could run in perpetuity."

WPost Accuses Virginia Republicans For Blocking Transportation Funding. An editorial in the Washington Post (12/28, A26, 690K) titled, "The Snooker Strategy," scolds Virginia Republicans for failing to adequately fund the state's "aging transportation network," noting that Gov. Tim Kaine (D) "did the sensible thing by proposing a tax package that would yield $1 billion annually for transportation statewide. The Republican-dominated state Senate backed him. But Republicans who control the House of Delegates would have none of it. Instead, after a generation of neglect, they have decided to attack the problem of Virginia's roads with press releases" which "are masterpieces of omission, obfuscation and budgetary shenanigans designed to snooker voters. Rather than proposing a long-term fix for a long-term problem, they proudly announce that they favor spending what amounts to a pittance -- half of the state's current $500 million surplus -- on one-time transportation projects."

Islamists Retreat As Ethiopian-Backed Troops Near Mogadishu. The New York Times (12/28, A1, Gettleman, 1.16M) reports on its front page that Islamist forces who have controlled much of Somalia in recent months have "suddenly vanished from the streets of the capital, Mogadishu, residents said Wednesday night," as thousands of Ethiopian-back troops massed outside the city. In recent days, Ethiopian-backed forces, "with tacit approval from the United States, have unleashed tanks, helicopter gunships and jet fighters on the Islamists, decimating their military and paving the way for the internationally recognized transitional government of Somalia to assert control." The Washington Post (12/28, A22, McCrummen, 690K) reports the situation in Mogadishu "appeared confused, with witnesses reporting thousands of Somalis…fleeing the capital, and those who remained unsure who might next control the city." Meanwhile, a draft UN Security Council statement calling for a cease-fire "remained stalled, while African Union officials asked for a meeting of regional leaders in the Ethiopian capital, Addis Ababa, and called on Ethiopian forces to withdraw."

The Washington Times/AP (12/28, Hassan) reports the transitional Somali government "predicted that the capital and stronghold of the radical Islamists would fall without a fight." However, the Financial Times (12/28, England, Sevastopulo) reports officials from the Islamist movement "have said they are planning for a 'new phase' in the conflict, suggesting they are preparing to mount a guerrilla campaign against the better-equipped Ethiopian forces."

The Los Angeles Times (12/28, Sanders, Albadri, 850K) reports US military officials "acknowledged they have been conducting operations to interdict terrorists in the seas surrounding the Horn of Africa but noted those missions have been in place for several years." One military official said there is "a Navy presence off the coast of Somalia, but it is aimed primarily at anti-piracy efforts and has been in place for some time."

More Commentary. In an editorial, the New York Times (12/28, 1.16M) writes, "It is tempting to wink at Ethiopia's stunningly successful offensive in Somalia. … But if there's anything we should have learned over the past few sad years, it is that this kind of unilateral pre-emptive attack seldom solves anything, particularly when the country doing the invading is regarded as a longstanding enemy." Although "there was little international outcry…moderate forces in Somalia have been appalled by the brutal intolerance of Islamist leaders who have threatened to behead people for not praying five times a day, they are unlikely to embrace Ethiopian soldiers as a good alternative." Therefore, the Times argues that "rather than trying to marginalize the Islamic militias and the huge clan they represent, the international community should try to harness this moment to push for unity talks while the Islamists are weak and the transitional government has attained a more equal standing."

The Wall Street Journal (12/28, A14, 2.04M) editorializes, "The armed conflicts that so often roil Africa rarely engage US interests except in a humanitarian sense. But that cannot be said of the war that has now broken out between Ethiopia and the Islamists who seized control of much of Somalia in June. Here America's strategic interests are very much engaged, even if the actors in the fight range, morally speaking, from the unpalatable to the unacceptable." However, the Journal concedes, "There is a material limit to what the US can do for East Africa, and expectations for what the region can and will do it for itself cannot be high. Still, the Ethiopian offensive against Islamic Courts is an act of regional hygiene that we can hope is able to contain radical Islam from spreading to a far larger swath of Africa."

Iran's Ties With Syria Complicate US Plans. The New York Times (12/28, A14, Slackman, 1.16M) reports, "As the White House begins to rethink its strategy for dealing with

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the Middle East, particularly how to calm the chaos in Iraq, pressure to try to re-engage Syria has grown." Some Western analysts contend that Syria "can be pried away from Iran's influence and convinced that its long-term interests lie instead with the West. But Washington has spent years trying to isolate Syria, while Iran has for decades moved to entwine itself with Syria on many levels -- political, military, economic and religious." Iran, it notes, has "pools of money" to "help promote Iranian influence in Syria," which some Western diplomats in Iran "say that, even if the United States tried, it might be impossible to extricate Syria from Iran's orbit."

Iranian Parliament Backs "Revision" Of IAEA Cooperation. The New York Times (12/28, A3, Fathi, 1.16M) reports the Iranian Parliament, "by an overwhelming vote," approved legislation "that could limit Iran's cooperation with the" IAEA. The Times says the bill "was a response to" Saturday's UNSCR, and notes it "asserts that the government should 'revise its cooperation with the [IAEA] based on the interests of Iran and its people.'" The Guardian Council's quick endorsement of the measure was "a gesture that suggested that religious authorities are united behind the bill."

Author Says Ahmadinejad Trying To Appeal To All Muslims. Author Roya Hakakian writes in a Wall Street Journal (12/28, A14, 2.04M) op-ed that Iranian President Mahmoud Ahmadinejad's "existential mission is to recast the ethos of being Iranian," by "peddling a pan-Islamism." Hakakian says that Ahmadinejad's "numerous spectacles, most recently the Holocaust conference, are meant to bring a sense of transcultural and transethnic unity through a common political purpose. On the domestic scene, this is an old act -- a familiar blunder to annihilate Iranian nationalism, or to force it to become subordinate to the Muslim, with Arab undertones."

State Department Rebukes Israel For Settlement Building Plan. The AP (12/28, Schweid) reports, "In a rare criticism, the Bush administration said Wednesday if Israel proceeds with construction of a settlement on the West Bank it would violate its peacemaking obligations." State Department spokesman Gonzalo Gallegos said, "The US calls on Israel to meet its roadmap obligations and avoid taking steps that could be viewed as predetermining the outcome of future negotiations. The establishment of a new settlement or the expansion of any existing settlement would violate Israel's obligations under the roadmap." The AP says the Administration "rarely criticizes Israel's actions and has gained Israel's support for establishment of a Palestinian state." Secretary of State Condoleezza Rice "is expected to go to the Middle East next month to try to spur peacemaking between Israel and the Palestinians," however, "it was not clear whether she had approved [Gallegos'] statement."

The New York Times (12/28, A6, Cooper, 1.16M) calls the statement "a rare public rebuke to Israel," adding, "For the Bush administration, which has shied away from criticizing Israel, the rebuke was so unusual that State Department officials took pains to assure reporters that it represented official policy and had been cleared by senior members of the administration." Tel Aviv's announced planned to proceed with construction "has particularly confounded American diplomats because it appears to run counter to the prevailing effort by Prime Minister Ehud Olmert, who offered a series of gestures to the Palestinians several days ago, after meeting with [Palestinian President Mahmoud] Abbas."

Israel To Resume Efforts To Stem Rocket Attacks. The Financial Times (12/28, Morris) reports Tel Aviv "on Wednesday ordered the military to resume targeting militants spotted firing rockets from the Gaza Strip but said its month-long ceasefire with the Palestinians would otherwise remain in force." The IDF "ended its policy of restraint in the face of ceasefire violations after one of eight rockets fired at Israel on Tuesday wounded two youths in the southern town of Sderot, one of them seriously." The Times says Olmert "had been under pressure from inside and outside his cabinet to end the policy of restraint in the face of continuing rocket attacks, many of them claimed by the Islamic Jihad movement, which has no political role in the Palestinian Authority." Tel Aviv said it does plan to "continue its policy of liaising with Palestinian security officials as part of efforts to stem the rocket fire." The New York Times (12/28, A6, Erlanger, 1.16M) adds Olmert "had ordered the military not to respond, but political pressure to do so was growing." Olmert was also "being criticized from the left by his own defense minister, Amir Peretz of the Labor Party, and from the right by Benjamin Netanyahu." The AP (12/28, Federman) says that "a new round of fighting in Gaza could undermine Israel's efforts to bolster the moderate Palestinian president, Mahmoud Abbas, in his standoff with the Islamic militants of Hamas who control the Palestinian government and legislature."

Abbas Asks For "Closed-Door Talks" On "Most Difficult Disputes." The AP (12/28, Nasrawi) reports Abbas "proposed Wednesday that he start closed-door talks with Israel on some of their most difficult disputes including the status of Jerusalem and the fate of Palestinian refugees." Abbas "did not spell out why he was proposing that the negotiations with Israel be 'backdoor.' But as one of the architects of the 1993 Oslo peace accord between Israel and the Palestinians, he is known to champion quiet, informal diplomacy." He "said he proposed backdoor negotiations to Olmert at their weekend meeting, and that the Israeli leader promised to consider the suggestion. He also said he planned to discuss the idea with [Secretary Rice] when she

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comes to the Middle East next month." The AP says "recent weeks have seen a growing momentum toward reviving Israeli-Palestinian peace talks."

US Intensifies Crackdown On Hezbollah Funding. The Wall Street Journal (12/28, A1, Higgins, 2.04M) reports in a front page article that "until war erupted in July, Washington hailed Lebanon as a beacon for its vision of the 'new Middle East' -- a region committed to democracy, aligned with the West and eager to root out militant groups." But today, the country is "a showcase for the growing clout of forces that America wants eclipsed: Hezbollah, Iran and Syria." While cracking down on terrorist financing "has been a key front in America's 'war on terror' since al Qaeda's 2001 attacks," efforts "initially focused on Osama bin Laden's network but has struck hard in recent months at Hezbollah." For example, the Treasury Department has "targeted an Iranian state bank it says channeled funds to Hezbollah and a host of organizations and companies." The Bush administration "argues that all Hezbollah-related money must be stopped, whether it is used to buy weapons, fund microcredits or run the group's network of clinics, schools and other services." Pat O'Brien, assistant Treasury secretary for terrorist financing, said, "We don't buy into the frame of mind that you can distinguish between the military and social arms." However, this approach "carries a risk: It has strengthened the view of Hezbollah's supporters, many of whom come from Lebanon's most-impoverished areas, that America wants to keep them poor, not fight terrorism. Even Hezbollah's rivals say the US strategy plays into the hands of Islamist propagandists, who blame America and Israel for economic and other woes."

Turkey Acquits 13 In Attack On US Troops. The AP (12/28) reports thirteen Turkish villagers were acquitted Wednesday "of attacking US troops with stones and eggs after an errant US Tomahawk missile fell near their village three years ago." A Turkish court ruled the villagers' actions "did not constitute a crime" after defense lawyer Seyhmus Ulek said the incident was "a democratic reaction against American soldiers."

Israeli Tourists Heed Terror Warning In India. The Washington Times (12/28, Mitnick, 88K) reports, "Israeli backpackers in India are heeding a government warning of an al Qaeda terrorist attack over the New Year's holiday on beach resorts and rave parties in the state of Goa." The two-week-old warning from Israel's Headquarters for the War on Terror "has raised concern that al Qaeda wants to repeat the 2002 bombing in the Indonesian resort island of Bali that killed 202 persons." It also marked the first time Israel warned of a "concrete threat" of an al Qaeda attack in India, however, "Indian defense and police officials rejected the warning."

Sudan's Position On UN Darfur Force Remains Unclear. The AP (12/28, Lederer) notes Khartoum "raised new questions Wednesday about its commitment to a U.N. peace effort in the violence-wracked Darfur region as its ambassador ruled out any U.N. peacekeeping troops — an element of the world body's proposal." PermRep Abdalmahmood Abdalhaleem's "surprise statement came just minutes after the [UNSC] announced that it welcomed the Sudanese president's acceptance of the U.N. plan to help end the escalating conflict — a plan that includes deployment of a hybrid African Union-United Nations force." He told the media "that the hybrid force must be smaller and have no U.N. peacekeepers, only U.N. technical and logistical experts supporting African troops."

In more positive tones, the New York Times (12/28, A13, Gootman, 1.16M) reports UN Secretary-General Kofi Annan "said Wednesday that the Security Council was 'encouraged' that a recent message from the Sudanese government could pave the way for a large-scale peacekeeping operation in the country's war-ravaged Darfur region." Annan did add "that some diplomats remained skeptical of Sudan's overtures, and he urged the [UNSC] to press ahead quickly with its plans to test the government's intentions." The Times adds that a letter from Sudanese President Omar al-Bashir to Anna "seems to welcome a joint United Nations-African Union peacekeeping force for Darfur, it also suggests that Sudan should have veto power over how the effort is carried out."

UK's Atomic Weapons Hunters Remain Hot On Trail Of Spy's Killers. Under the headline, "Atomic Alliance: UK Village Is Home To Secretive Agency; Aldermaston Adopts Policy Of Peaceful Coexistence With Weapons Facility," the Wall Street Journal (12/28, Bryan-Low, Mollenkamp, 2.04M) reports from the village, that the "Atomic Weapons Establishment – [is] Britain's nuclear-weapons agency that, for the most part, peacefully coexists with residents here." The Journal adds that recently "though, the super-secretive agency has given the public a glimpse of what its labs do. AWE's specialists identified polonium 210 as the radioactive poison that killed former Russian intelligence agent Alexander Litvinenko on Nov. 23. Now, AWE's scientists are playing a vital role in Scotland Yard's investigation into the suspected murder by testing for radiation in places that Mr. Litvinenko or his associates went in the weeks before."

Efforts To Combat Malnutrition In Africa Improving. In a front page article, the New York Times

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(12/28, A1, Wines, 1.16M) reports on "sub-Saharan Africa's curse" of malnutrition, which contributed to nearly half of the deaths of five million African children under age 5 died last year. However, "the outlook for malnourished children in sub-Saharan Africa is better than in decades, thanks to an awakening to the issue -- by selected governments, anyway." Ethiopia, it notes, has "the most comprehensive program in all Africa -- a joint venture with United Nations agencies that regularly screens nearly half of its 14 million children under 5 for health and nutrition problems." Unicef's Ethiopia representative, Bjorn Ljungqvist, said the program "may be a model for Africa."

Russian Investigators Link Poisoning Probe To Yukos Case. The New York Times (12/28, A3, Myers, 1.16M) reports Russia's Prosecutor General's Office Wednesday "produced a startling new twist in the investigation of the killing of Alexander V. Litvinenko" by announcing that it was investigating "the possible involvement of former executives of Yukos Oil." In a statement, the prosecutor's office said its investigation "indicated a link between the poisoning of Mr. Litvinenko and criminal cases under way against Yukos executives," singling out "Leonid B. Nevzlin, a major shareholder and partner of the company's jailed chief executive, Mikhail B. Khodorkovsky." The statement, however, "did not elaborate on any evidence that might link Mr. Nevzlin and others to Mr. Litvinenko's death." AFP (12/28) reports Litvinenko's former spokesman, Alex Godfarb, called the allegations "an attempt to deflect responsibility from the true perpetrators." Meanwhile, the AP (12/28, Meyer) notes that Russia has "unsuccessfully pressed for the extradition of a number of Kremlin critics in recent years, including Nevzlin and tycoon Boris Berezovsky, who lives in Britain." The Washington Post (12/28, A22, Finn, 690K) runs a similar report.

Gazprom Dispute With Belarus Could Disrupt European Gas Supply. The New York Times (12/28, Kramer, 1.16M) reports Gazprom "reacted fiercely on Wednesday to a suggestion from Belarus that it would pull natural gas out of export pipelines rather than pay a higher price for the fuel. Reversing course from its assurances of Tuesday, Gazprom warned Poland, Lithuania and Germany of possible supply disruptions. About 8 percent of the European Union's gas imports pass through Belarus." The Times adds, "As in the dispute with Ukraine, the bargaining has become a test of Belarus's leverage as a transit country for Russian energy and its willingness to risk the energy supplies of its neighbors farther down the pipelines."

The Wall Street Journal (12/28, 2.04M) reports, "Gazprom, which is demanding Belarus pay more than twice the current price for gas next year and hand over a 50% stake in its gas distribution system, refused to back down after Minsk threatened to siphon off Russian natural gas bound for Europe in the event of a suspension of supplies to Belarus. 'If a gas supply contract for next year is not reached, Gazprom will have no grounds for deliveries of gas to Belarus as of 10 a.m. Moscow time on Jan. 1, 2007,' Gazprom Chief Executive Alexei Miller said."

The Financial Times (12/28, Ostrovsky) reports analysts "said Gazprom's reputation could suffer further from the dispute." Gazprom "admitted it would not be able to fully compensate its European customers if Belarus started siphoning off gas from the pipeline, which transports 20 per cent of its gas to Europe." Gazprom "is in a difficult position, partly induced by its own policies towards Ukraine and other former Soviet republics over the past year. If Gazprom turns off gas supplies to Belarus, disrupting supplies to Europe, its reputation for unreliability would suffer further. If it caves in to Belarus's demands, however, it would lose face at home, while also displaying a selective approach to different political regimes in the former Soviet Union."

US, China Increase Maritime-Security Exchanges. The Washington Times (12/28, Halloran, 88K) reports, "The US Coast Guard is quietly expanding exchanges with Chinese maritime-security agencies in a move that reflects the boom in seaborne trade between the two countries." Coast Guard officials say the cooperation, which includes Chinese law-enforcement officers on Coast Guard cutters in the North Pacific and officers from China and America examining port security on each other's coasts, "is justified by growing trade links in spite of often uneasy political relations between the United States and China." The Times adds that the exchanges are also "part of a broader US effort to rebuild military exchanges with China," and "Secretary of Defense Robert M. Gates indicated to the Senate Armed Services Committee ahead of his confirmation that he would continue" the effort.

Chinese Hydrogen-Power Entrepreneurs Struggle As System Hampers Innovation. The Washington Post (12/28, A22, Cody, 690K) reports, "As the economy matures, China's government has warned, it must rely increasingly on new technology invented by the Chinese themselves, who are being urged to turn assembly plants into laboratories blooming with a hundred flowers of new ideas. But the experiences of...companies with ambitions to market hydrogen power suggest that China's one-party system and pervasive controls hamper innovation in many fields, from arts to sciences." The Post adds, "Although the need for pollution-free vehicles and renewable energy is clear in China's increasingly choked cities, the future of hydrogen power has remained in the grasp of a powerful officialdom

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that decides on budget allocations. The government's senior levels repeatedly have endorsed alternative forms of energy but have yet to take decisive steps toward getting hydrogen-powered vehicles onto the streets."

Author Praises Annan's Service At UN. Author William Shawcross writes in the Washington Post (12/28, A27, 690K) that out-going UN Secretary General Kofi Annan "deserves a good sendoff. For 10 years he has persevered with unfailing grace in what really is 'a job from hell.'" Shawcross notes that "tragically for Annan and the United Nations, more than 20 of his best people were brutally murdered in Baghdad by al-Qaeda in August 2003. This assault, together with the political divisions, have crippled the United Nations in Iraq ever since." The U.N. role in Iraq has been "further complicated, if not diminished, by the oil-for-food scandal," he notes. However, Shawcross says it is "wrong to blame all this on Annan -- members of the Security Council, particularly France, Russia and China, were all busily corrupting the program for their own ends. Even the United States and Britain turned a blind eye to sanctions-busting when it helped their ally Jordan." Annan, he concludes, has dealt with problems "with more skill, patience and decency than any recent secretary general. If he was unable to create the decent, reformed, efficient and humane organization he sought, that is because far too few of its members want any such thing."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Houston Is Feeling Energized."
"Praise For 'A Legacy Of Honor'."
"Old Story: Women May Have It Worse."
"Islamists In Full Retreat In Somalia."
"He Led By Listening."
"After Oval Office, A Lower Orbit And Rounds Of Golf."

USA Today:
"FDA: Cloned Animals' Meat Is Safe."
"Ford's Touch As A Mentor Is Part Of Legacy As Leader."
"Inmate Suicides Linked To Solitary."

New York Times:
"After Ford's Death, Tributes Are Set For Capital."
"Malnutrition Is Cheating Its Survivors, And Africa's Future."
"Islamists Seem To Give Up Grip On Somali City."
"Sectarian Ties Weaken Duty's Call For Iraq Forces."
"Dialysis in N.Y. Lags as Diabetes Ruins Kidneys."
"A Family Scene Rockwell Wouldn't Have Painted."

Washington Post:
"38th President Leaves A Legacy Of Healing."
"Close Adviser To Sadr Dies In U.S.-Iraqi Raid."
"On Way Out, D.C. Chief Gets Credit, Criticism."
"Ford Disagreed With Bush About Invading Iraq."
"Va. House Puts Onus On Counties For Road Crisis."

Washington Times:
"Work Making Way For Family Life."
"Ford's Integrity Praised."
"Ramsey 'Proud' Of Work On Force."
"Kasparov Makes Putin Play Defense."
"Islamic Militias 'On Run' Near Mogadishu."
"Babies Created With genetic Defects."
"Here's How A Pope Should Smell."

Detroit Free Press:
"5 Michigan Soldiers Die In Iraq."
"A Fresh Start."
"Victim Of Stingray Gets Out Of Hospital."

Atlanta Journal-Constitution:
"'History Will Treat Him Well.'"
"Only Death Able To Stop Tireless James Brown."
"Saddam: 'I Offer My Soul To God.'"

Houston Chronicle:
"A Nation Mourns Ford."
"Legal Loopholes Let Cockfighting Flourish In Texas."
"Saddam Says Farewell Online."
"Getting A Handle On Theft Of Bags."
"City Could be The Game's Big Winner, Planners Say."

Story Lineup From Last Night's Network News:
ABC: President Ford Obit; Ford Honored; Ford Interview; Ford's Legacy; President Ford-Analysis; Hussein's Letter; Polar Bears-Global Warming; Movies Preserved; Ford's Own Words.
CBS: President Ford Obit; Ford Honored; Ford's Legacy; Hussein Execution; Iranians Interrogated; Polar Bears-Global Warming; Milk From Clones; Edwards Presidential Bid; Car Title Loans; Betty Ford Interview; President Ford Interview.
NBC: President Ford Obit; Ford's Legacy; Betty Ford's Legacy; Ford's Presidency-Analysis; President Ford Interview; Hussein's Letter; Polar Bears-Global Warming; Steroid Investigation; Stock Market; Ford Remembered.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — In Crawford, Texas. 11:30 a.m. CST. Makes statement to travel pool.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

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US House: No Scheduled Events.

Other: HEIGHT-NOBEL PEACE PROJECT _ 11:30 a.m. - 2 p.m. Friends of 94-year-old civil rights activist Dorothy Height hold petition drive aimed at getting Height on the nomination list for the Nobel Peace Prize. Location: in front of the National Council of Negro Women headquarters, 6th and Pennsylvania NW.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, December 28, 2006 9:34 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Thursday, December 28, 2006
Attachments:	dojclips061228.pdf; dojclips061228.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 28, 2006 7:45 AM EST

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TERRORISM NEWS:

AP: Ex-Guantanamo Detainee Held Again (AP)

By Sadaqat Jan

AP, December 28, 2006

In his chronicle of life as an inmate at Guantanamo Bay, Afghan writer Abdul Rahim Muslim Dost describes his three years of humiliating detention for alleged ties to al-Qaida.

Now, he has lost his liberty again — this time believed jailed by the Pakistani intelligence service for the book's fierce criticism of the agency's role in the U.S.-led war on terrorist groups.

Just weeks after the Sept. 3 release of "The Broken Shackles of Guantanamo," co-written with his brother and fellow Guantanamo detainee Badruz Zaman Badar, Dost was taken away as he left a mosque after prayers in the northwest Pakistan city of Peshawar, where the family has lived for nearly 30 years.

Badar, 36, hasn't seen Dost since and thinks he was detained by Pakistan's Inter-Services Intelligence. In the book, the brothers condemn the agency as a "black institution" and accuse it of selling them into American custody.

There is no official word on Dost's whereabouts, although the rights group Amnesty International also thinks he is held by the government. Pakistan's military and ISI officials did not respond to requests for comment on Dost's case or the brothers' comments on the agency's conduct.

The brothers are both journalists and run a gemstone business. Dost has written more than 30 books, including poetry, and has edited magazines sympathetic to militant Islam, dating back to support for the Muslim guerrillas who fought Soviet troops occupying Afghanistan in the 1980s.

The brothers were both arrested in Peshawar in November 2001 and transferred to the U.S. military in Afghanistan before being taken to Guantanamo.

According to the book and details from "enemy combatant" review hearings at Guantanamo, the brothers were suspected of having links with Islamic extremists. Dost was accused of running a liaison office for al-Qaida in Herat, Afghanistan. He denied that, and the brothers were eventually freed a few months apart in 2005.

During detention, they were repeatedly questioned about Osama bin Laden and Taliban chief Mullah Omar but insist they never met the two leaders.

"We are not fighters. We are men of letters," Badar told The Associated Press in an interview. "We have criticized the American government for their overseas policies but we do not hate the American public, for they are innocent like us."

The 450-page book alleges guards at Guantanamo committed sexual improprieties, physical abuse and mistreatment of the Quran — reiterating charges made by other freed detainees and denied by the U.S. military.

But with a poetic flourish, the book also offers a look at daily life inside the prison at the U.S. Navy base, where hundreds of suspected Taliban and al-Qaida members have been held since the Sept. 11 terror attacks on America.

Dost grumbles about the prison food and says inmates were not fed chicken joints with big bones in case they could be used as weapons against guards.

He recounts giving lessons on Islam to other inmates using a secret communication system, passing words from cell to cell. He writes that captivity deepened prisoners' Muslim faith and some learned the Quran by heart, which he says helped them endure the indignity of detention.

"Life in Guantanamo jail is close to life in a grave," the book says. "That is because the prisoners in Cuba are neither dead nor alive. They are not dead because they have souls ... (but) they have been deprived of all the rights of living people."

Yet the brothers' bitterest criticism is reserved for the Inter-Services Intelligence agency.

Dost and Badar call its agents "criminals," accusing the ISI of selling the brothers into American custody and of confiscating tens of thousands of dollars worth of jewelry, cash and other goods from their business.

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"We have such a strong views against ISI because they are our neighbors, they speak our languages and they claim to share the same religion as we do," Badar told AP.

Pakistani intelligence has been instrumental in arresting hundreds of al-Qaida suspects since 2001, including Khalid Sheikh Mohammed, the alleged mastermind of the Sept. 11 attack, but human rights campaigners often accuse it of acting above the law.

Dost says ISI agents twice visited the brothers' home in Peshawar trying to prevent them from publishing "The Broken Shackles of Guantanamo." The brothers refused, and it was published on Sept. 3 in Pakistan in their native Pashto language.

On Sept. 29, unidentified men took Dost away from the mosque, bundling him into a jeep and driving off as one of Dost's sons looked on. Dost, who has nine children, hasn't been heard from, and his family fear for his safety.

In a recent report, Amnesty International said Pakistani authorities have violated "custodial safeguards" by not producing Dost in court or allowing him access to a lawyer or his family.

Badar, who has three children, now keeps a low profile running the family business. But he is keen the book is more widely read. He wants to issue translations in English, Arabic, Persian, French and Urdu.

"We want the world to know the facts and so that others don't suffer like us," he said.

Military: Abu Sayyaf Chief Remains Found (AP)

By Paul Alexander, Associated Press Writer

AP, December 28, 2006

Remains believed to be from the chief of the al-Qaida-linked Abu Sayyaf group, who was the target of a monthslong U.S.-backed manhunt, have been found in the southern Philippines, the military said Wednesday.

Khaddafy Janjalani is on a U.S. list of wanted terrorists with a $5 million bounty on his head for a series of beheadings, bombings and mass abductions. He has proven elusive in the dense jungles of the southern Philippines, and earlier reports of his demise have proven to be premature.

Lt. Col. Ariel Caculitan, the Philippine marines spokesman, said the decomposing remains were found buried in a remote part of Jolo island. Janjalani was believed to have been killed in a Sept. 4 clash with marines, Caculitan said, but DNA tests would be needed for confirmation.

"We are not yet officially confirming that it's him. We are still waiting for the results of the DNA examination," Caculitan said. He added the U.S. was providing help in forensic tests.

Caculitan said former Abu Sayyaf members who had surrendered helped troops find the site and claimed Janjalani had been shot in the neck. They said he had been carried dying from the area where he was shot to the burial location more than a mile away.

"If you look at the terrain ... it would not be easy to locate the site without reliable information," Caculitan said.

U.S.-backed Philippine troops launched an offensive on southern Jolo island in August, searching for Janjalani and two cohorts, top Indonesian terror suspects Dulmatin and Umar Patek.

Dulmatin, who goes by one name, and Patek are suspects in the 2002 Bali nightclub bombings that killed 202 people. They are also suspected of providing bomb-making training to Indonesian and Filipino guerrillas.

Janjalani and his key commanders have been charged with several deadly attacks in the Philippines, including a 2004 bombing that gutted a ferry and killed 116 people.

They also abducted three Americans and 17 Filipinos from a resort in May 2001, sparking a yearlong kidnapping spree that eventually involved 102 hostages. Eighteen, including one American, were beheaded or hacked to death.

U.S. military counterterrorism experts were dispatched to the Philippines in response to the abductions, and they are credited with helping decimate the terror group. The military currently estimates the Abu Sayyaf to have only 400 armed men left in Jolo and outlying provinces.

Still, Abu Sayyaf has shown itself to be resilient. Guerrillas were suspected of carrying out three recent bombings in the southern Philippines, including one that killed six people on Oct. 10.

DOJ_NMG_0109511

Abu Sayyaf says it is fighting to create a Muslim state in the southern Philippines, which has a large Muslim population. The government calls them bandits who survive on the ransom money they are able to extract from abductions.

Abu Sayyaf's founder is Janjalani's brother, Abdurajak Abubakar Janjalani, who fought in Afghanistan before he was killed in a clash with Filipino police in late 1998. A third brother, Hector, was sentenced to life in prison two years ago for abducting American Jeffrey Schilling in August 2000. Schilling managed to escape eight months later.

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Associated Press Writer Oliver Teves contributed to this report.

US, Philippine Military Check On Death Of Abu Sayyaf Leader (AFP)

AFP, December 28, 2006

The United States is helping the Philippine government identify the remains of a man said to be the elusive leader of the Al Qaeda-linked Abu Sayyaf terror group, the Philippine military chief has said.

General Hermogenes Esperon said US and Filipino forensics experts were now working on DNA samples to establish whether the body was that of Khadaffy Janjalani.

He told reporters in Manila the DNA would be checked against that of Khadaffy's older brother Hector Janjalani, now in jail in Manila.

The decomposing body was recovered from a shallow grave outside Patikul town on the southern island of Jolo Wednesday, Marine spokesman Lieutenant Colonel Ariel Caculitan said.

"Our counterparts, the American forces that are there have also taken a sample (tissue) so that they could make their own DNA tests," Esperon told reporters in Manila.

Janjalani's death would be a severe blow to the Abu Sayyaf, a small gang of self-styled Islamic militants that once received funding from Osama bin Laden, he said.

Janjalani has been reported killed several times in the past, only to embarrass the government by launching deadly terror attacks.

Caculitan said reports that Janjalani had been killed surfaced in September as troops launched a massive manhunt on Jolo involving more than 5,000 soldiers.

He would not say why the body was only recovered Wednesday.

Troops meanwhile are continuing to hunt down Jemaah Islamiyah (JI) militants Umar Patek and Dulmatin, whom Abu Sayyaf militants are believed to be protecting on the island.

Both men are wanted for the October 2002 night club bombings in Bali, Indonesia, in which 202 mostly foreign tourists were killed.

JI and Abu Sayyaf are both on the US government's list of foreign terrorist organizations. Under Janjalani, the Abu Sayyaf launched kidnapping raids targetting American, European and Asian tourists earlier in the decade.

Two of three American hostages kidnapped in 2001 were killed in captivity.

The US government has offered a five million dollar reward for any information leading to the killing or arrest of Janjalani.

Khadaffy Janjalani took over command of the Abu Sayyaf when his brother, Afghan-trained Islamic firebrand Abubakar Abdurajak Janjalani, who founded the group, was killed in a gunfight with police in 1998.

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Austin Lawyer's Afghani Client Released (AAS)

By Chuck Lindell, AMERICAN-STATESMAN STAFF

Austin American-Statesman, December 28, 2006

Once called an enemy combatant, man freed from Guantánamo after 3 1/2 years

The news arrived in cloak-and-dagger fashion, but for Austin lawyer Dicky Grigg, it was welcome nonetheless.

Mohammad Akhtiar, his Afghani client who was held as an enemy combatant for 3 1/2 years at the U.S. Naval Station at Guantánamo Bay, Cuba, was back in his homeland and traveling toward a reunion with his wife and nine children.

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"One, I'm very pleased and excited that he's released and back to his family," Grigg said. "But then, you have to consider that 3 1/2 years were taken out of his life. I'm glad he's home, but it makes you frustrated."

Grigg was among a loose-knit group of lawyers who represented, at no charge, many of the imprisoned enemy combatants in the belief that detention without review by a civilian court violated a basic principle of the U.S. system of justice.

The "Guantánamo Bar Association" clashed with the Bush administration over where to draw the line between combating terrorism and safeguarding constitutional rights — producing a U.S. Supreme Court ruling in June that allowed detainees to petition for writs of habeas corpus, which challenge the legality of detentions, in federal court.

The Republican-led Congress, saying classified information could be placed at risk in federal court proceedings, followed with legislation stripping federal courts of authority to hear cases from Guantánamo. Detainee cases instead will be heard by military commissions, where an officer acts as judge and at least three officers serve as jurors.

Grigg's first inkling that he and his client were no longer part of the ongoing legal battle came in a cryptic Nov. 15 e-mail from a U.S. Justice Department lawyer.

Protected information on Akhtiar's case had been filed with a federal court in Washington, D.C., Grigg was told. After returning a signed verification that he wouldn't disclose its contents, Grigg was provided with a notice saying Akhtiar would be returned to Afghanistan in about 30 days for whatever action that country deemed appropriate. No further explanation was given for his release.

Grigg also received permission to discuss the notice with Akhtiar — accused of launching a rocket attack against a U.S. base in Afghanistan in 2003 — to see if he would fight the transfer.

The Dec. 13 telephone call was monitored by a government lawyer to make sure no classified information was discussed in the three-way conversation among Grigg, Akhtiar and a Virginia translator who spoke the Pashto language.

Grigg, who did some checking and learned that every transferred detainee had been released by the Afghan government, got the answer he was expecting.

"He definitely wanted to go home," Grigg said. "But since it was protected information, I could not tell anyone, even his family, until the government made it public."

Grigg heard no more until Dec. 16 media reports from Kabul indicated that seven men had been transferred from Guantánamo and released by the Afghan government. He asked the Justice Department if Akhtiar was among the seven. In response, he received permission to discuss Akhtiar's release.

A quick e-mail to Akhtiar's relatives revealed that the Afghan government had already informed them of Akhtiar's arrival and freedom.

"They were en route to get him. Then they were taking him to Pakistan," where his wife and children are living in a refugee camp, Grigg said.

Akhtiar was among 17 Guantánamo detainees transferred Dec. 16 to five nations based on recommendations from U.S. military review boards, the Defense Department said. This year, 114 detainees have been returned to their home nations, leaving 395 still in custody at Guantánamo.

Another 85 detainees are eligible for transfer, Pentagon records show.

Grigg, a personal injury lawyer who typically sues insurance companies, has yet to hear from Akhtiar, whom he met only once during an intense visit to Guantánamo in March.

Akhtiar, 56 at the time, was seated in a folding chair and chained to the floor. Grigg had to remove all staples and paper clips from his papers before the meeting, and his notes were sealed and sent to a secure court facility in Virginia, where Grigg had to travel to review the classified information compiled about his client. Details of his conversation with Akhtiar remain classified.

Grigg, who said working for Akhtiar was the most moving experience of his 33-year career, is ready for more.

He already has a security clearance obtained after an FBI investigation. And he has been schooled in habeas law by the Center for Constitutional Rights, a New York nonprofit group that is coordinating representation for the detainees.

"I notified the Center for Constitutional Rights that if they got another one, I will take it. I think the more pressure you get, the more you get done," he said.

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HOMELAND RESPONSE:

Airport Tries To Get Handle On Bag Theft (HC)

By Rad Sallee, Houston Chronicle

Houston Chronicle, December 28, 2006

A team of thieves or inside job at Bush could be to blame for dumped luggage

The 68 pieces of baggage that turned up in a trash bin Tuesday near George Bush Intercontinental Airport were probably stolen by a team of thieves in a single day's work while airline staffers were stretched thin by the demands of holiday travel, a Texas travel adviser theorized Wednesday.

"It sounds like a hit-or-miss holiday grab bag," said Tom Parsons, of Arlington, who operates Bestfares.com. "They probably grabbed enough to fill up a little van, then went off somewhere and rifled through it."

Another possibility — an inside job, with somebody taking the luggage on its way from the airplanes to the baggage-claim area — was not something investigators would talk about.

Meanwhile, it looked like business as usual at Bush on Wednesday. In Terminal C, the airport's busiest, hurried travelers whisked their bags off the carousel and headed for exits without anyone in authority checking whether the numbers on the ticket matched those on the bags.

Parsons said it is costly for the airlines to pay tag-checkers. It is a job that neither the Houston Airport System, which oversees operations at Bush and Hobby, nor the federal Transportation Security Administration performs.

Continental Airlines spokeswoman Mary Clark said many travelers would object to the delay that checking would cause. The airline does not check tags against bags, she said.

Not checking is standard practice at most U.S. airports, Parsons said, but checks are more frequent elsewhere. He said his bags were checked recently when he picked them up in San Juan, Puerto Rico.

Although 68 bags may seem "an amazing number" to steal from carousels, it's not that hard to do for a gang, he said.

"We had something like that in Dallas. A group of guys would go from one terminal to another and pick up a couple of bags each place and throw them into their car," he said. The group would later hold garage sales to sell their loot, including the luggage, he said.

At Bush, Parsons speculated, "Those guys were working at different terminals, they took their time and then moved on.

"When you look at the number of terminals and the number of places where you can pick up your bags, it doesn't take that many stops before you've got 70."

"Some bags will sit there on the carousel and go around for three or four laps, and that's a good sign of a missed connection. It doesn't take a rocket scientist to figure out that maybe nobody is going to claim this bag," he said.

Airlines have personnel to remove those bags to prevent theft, but sometimes they're busy elsewhere, Parsons said.

Houston Police Department spokesman Gabe Ortiz said investigators have returned all the bags to Continental after gathering what evidence they could. "We were trying to fingerprint, but not all surfaces will hold prints," he said.

Clark said Continental will distribute the bags to the airlines involved and will deliver them free of charge to Continental passengers as soon as they can be identified and located. Those who are missing luggage should file a complaint with their airline, she said.

9 airlines involvedInvestigators and Continental released few details about the investigation and did not disclose the airlines, flight origins and destinations involved.

An HPD news release said the luggage, found at 230 Bammel Westfield in north Harris County, came from "as many as nine different airlines."

The statement said police are working with customs officials and the Federal Bureau of Investigation, but an FBI spokesman said the agency is no longer on the case.

Although the Houston Airport System has security cameras throughout the airport, investigators declined to say whether they are checking the videotapes.

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Some of the bags reportedly came through Terminal D, which handles most international flights. There, arriving passengers pick up their baggage in a customs area closed to the public. It was not clear how thieves obtained access there, if they did.

FBI spokesman Orlando Muñoz said there is no evidence that the incident exposed any national security or terrorism vulnerabilities.

Federal officials and Parsons agreed that so few bags are stolen across the country that it is difficult to compare baggage security among airports and airlines.

In October, the last month for which U.S. Department of Transportation statistics are available, Continental reported 6.09 "mishandled" bags per 1,000 passengers, or one bag per 164 passengers.

But almost all of those complaints involve late-arriving baggage, often caused by missed connecting flights, Clark said.

"Of all the baggage that we carry, less than 1 percent doesn't arrive with the customer, and of that, 98 percent is returned to the customer within 24 hours," she said.

Baggage theft is rare, said Clark, who has worked with Continental for 15 years.

To make sure that your recovered baggage gets back to you, Clark advised, "have your name, address and phone on the inside as well as the outside, in case the (identification) tag is removed."

Parsons added that it's also a good idea to put your destination hotel address in the bag.

Clark said she doesn't know how long the Bush passengers will have to wait to retrieve their bags.

Corzine's Chemical Security Stance Draws Scrutiny A Year Into His New Job (NYT)

By David Kocieniewski

The New York Times, December 28, 2006

As a United States senator, Jon S. Corzine was relentless in warning that the nation's chemical plants, and the railways that carry their potentially dangerous cargo, are vulnerable to a devastating terror attack.

He traveled the country promoting legislation to force many manufacturers to use fewer toxic chemicals. In 2004, he even stood outside a chlorine plant in northern New Jersey, pointing out its flimsy security to a camera crew from "60 Minutes."

But in the 11 months since he was sworn in as New Jersey's governor, Mr. Corzine has taken a far more measured approach to the issue, disappointing some of the chemical security experts who helped him form his proposals in the Senate. These advocates say that the Corzine administration has made little tangible progress on increasing security at the 15 New Jersey chemical plants, and that each plant poses a threat to 100,000 people or more. They accuse the governor of being too intent on appeasing the chemical industry, which provides more than 80,000 jobs in the state.

"We have no indication that he's changed his mind on this issue, so it's a matter of him not being very effective," said Rick Hind, legislative director of the Greenpeace Toxics Campaign. "At this rate it will take, literally, 40 years to get the problem solved, and you just hope that that's not too late."

Governor Corzine and his staff say that they have quietly pressured companies and railroads to beef up plant security and switch to safer technology.

The administration says two dozen utility plants and three chemical plants have switched to technology that reduces or eliminates the use of the most dangerous chemicals.

These are results that Mr. Corzine calls encouraging, especially given the state's limited ability to regulate railways. He has also proposed more training programs and background checks for chemical employees, as well as terror preparation drills. And he said that he might double the number of companies subject to the strictest regulations, which now includes 45 plants.

"We've taken a whole series of steps," Mr. Corzine said in a recent interview, "from simplistic things like walls and perimeter security in the places of highest concentration of chemicals, to a greater understanding of what's in parked rail cars and greater cooperation in storing and moving of the rail cars. What we're doing is very close to what we wanted to do right from the beginning."

Mr. Corzine's approach to domestic security illustrates a basic reality of government: sweeping changes are sometimes easier to propose as a legislator in the minority party than to carry out as an executive in power.

DOJ_NMG_0109515

As the nation scrambled to fend off possible terrorist attacks in the wake of the 9/11 attacks, Mr. Corzine quickly emerged as a leading advocate on chemical security. Coming from a state with so many chemical plants — the F.B.I. called one stretch in New Jersey "the most dangerous two miles in America" — Mr. Corzine argued that voluntary efforts by industry and stronger perimeter security at plants were not enough. He wanted government to push manufacturers to switch to "inherently safer technology" and to eliminate the use of toxic chemicals wherever feasible.

That aggressive stance won him praise in Washington, even though legislation championed by Mr. Corzine, a Democrat, stood little chance of becoming law at a time when Republicans controlled Congress and the White House. In his state, the chemical lobby posted billboards along the New Jersey Turnpike reminding residents of the jobs in the industry, conservative editorials called Mr. Corzine a radical environmentalist, and some business groups questioned his patriotism.

Hal Bozarth, executive director of the Chemical Industry Council of New Jersey, said that when Mr. Corzine was sworn in as governor last January, industry officials greeted him with a reminder that companies across the state had already spent more than $100 million on security — and with a promise of cooperation.

During much of Mr. Corzine's first year in office, that cooperation has centered on following up on an initiative started by his predecessor, Acting Gov. Richard J. Codey, who mandated that all chemical companies identify what safer processes might be available in their industry.

Elaine Makatura, a spokeswoman for the State Department of Environmental Protection, said inspectors have found that virtually every company has completed its safety plan. She said the state expected to issue its report on the issue early next year, several months after initially promised.

But those rules do not require the companies to adopt the safer processes if they deem them too expensive. And chemical safety advocates, like Rick Engler of the Work Environment Council, say it is often hard to know how much progress has been made because the state has been unwilling to release much information.

State environmental officials have acknowledged that many of the state's most dangerous plants continue to use and store stockpiles of toxic chemicals near major population centers. That would include the chlorine plant in Kearny, in Hudson County, only about 10 miles from Midtown Manhattan, which Mr. Corzine toured with the "60 Minutes" crew.

Richard Cañas, director of the New Jersey Office of Homeland Security and Preparedness, said the Corzine administration has had difficulty convincing businesses that switching to safer technology is worth the price, which can run into tens of millions of dollars at a single plant. "To the extent that replacing technology is going to break the bank, they're not willing to go that far," Mr. Cañas said. "It's always money that impedes what you'd like to do."

Dealing with the railroads has been an even trickier challenge for the administration because the railways are regulated by the federal government. Mr. Corzine said state regulators have had discussions with railroad executives, who have agreed to use more decoy cars, store fewer toxic chemicals on unguarded railway sidings and keep closer track of chemicals throughout the shipping process.

The state is also considering building a 10-foot fence along a 2.6-mile stretch of the turnpike to shield the railway siding from autos and potential terrorists on the roadway. But Mr. Cañas said that the $6 million fence might not be necessary if the railroads follow through on their pledge not to store the tanker cars full of potentially dangerous gases near the highway.

Though Governor Corzine is now entrenched in Trenton, he once again finds himself lobbying Congress for stricter regulations on the rail shipment of toxic chemicals. He has also urged the federal government not to override New Jersey's tougher chemical security measures if Congress enacts a new law on the issue.

But the governor said that he did not believe it was necessary to further strengthen state laws by mandating a switch to safer technology.

"I think people in the industry are worried that if we don't get results we may use the super hammer," he said, referring to such a mandate. "So we've gotten much better response because we've done this in a sensible, realistic manner."

Privileges Found Not To Apply In Sept. 11-Related Insurance Case (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, December 28, 2006

DOJ_NMG_0109516

The insurance broker representing Century 21 Department Stores in its efforts to regain compensation for millions in damages it sustained to its lower Manhattan store following the Sept. 11, 2001, terror attacks has won a partial attempt to force the insurer overseeing the claim to produce documents it said were privileged.

Southern District of New York Judge Robert W. Sweet, in OneBeacon Insurance Co. v. Forman International, 04 Civ. 2271, held that OneBeacon Insurance Co. and its attorneys at Cozen O'Connor failed to prove that the attorney-client or work product privileges should be applied in connection with the documents in dispute.

Sweet also held that, because neither OneBeacon nor its counsel selectively withheld documents based on content, the fairness doctrine could not be applied to this case.

OneBeacon reached a settlement with Century 21 in March 2003 to pay the store $143 million to fully release claims. The insurer later asserted it overpaid the retailer by $52.4 million because Century 21's broker, Forman International, improperly agreed on the retailer's behalf to delete a standard business interruption provision in favor of the business interruption provision proposed by Century 21.

Katrina Evacuees On The Clock To Appeal (AP)

By Matt Apuzzo

AP, December 27, 2006

WASHINGTON -- Thousands of Hurricane Katrina evacuees whose federal housing funding was cut off this summer may be eligible for renewed payments, but face a tight deadline to seek them.

Under a court order, the Federal Emergency Management Agency sent letters to about 4,000 storm victims in Texas last week, explaining why they were deemed no longer eligible for aid. A federal judge ruled the original letters unconstitutional because they contained only hard-to-decipher computer codes and agency jargon.

With the new letters, storm victims can appeal the decision to FEMA and may be eligible for renewed housing payments of about $750 a month.

But the program is set to expire at the end of February and the appeal process can take up to three months. U.S. District Judge Richard Leon, who has called the agency's housing program a "legal disaster" said Wednesday that he wanted to speed up the appeals.

"This is not going to be a run-out-the-clock operation," Leon said. "I have no reason to believe FEMA wants that, but if this court gets the impression for one second that FEMA is trying to run the clock out, this court is not going to tolerate that."

First, the agency must locate the victims. After the housing aid was cut off, many families moved or were evicted. So far, only 32 letters were confirmed received and 174 were returned as undeliverable.

Leon gave FEMA until Thursday morning to come up with a way for local governments and social services groups to use the federal aid database to notify victims that they might be eligible for housing assistance.

"It's not enough to have FEMA doing this. We need others helping," Leon said.

Leon originally ordered FEMA to immediately restore the housing program and provide back pay to people who were denied it but a federal appeals court put that ruling on hold last week.

Michael Kirkpatrick, an attorney for the Association of Community Organizations for Reform Now said families should appeal as quickly as possible because, if FEMA extends the housing assistance past the end of February, only those families already in the program will receive money.

FEMA has said it appropriately denied aid to ineligible families, such as those whose houses are livable or those who have other homes to live in.

WAR NEWS:

Bush And Security Advisers To Meet Today On Iraq Strategy (WP)

By Michael Abramowitz And Josh White

The Washington Post, December 28, 2006

DOJ_NMG_0109517

CRAWFORD, Tex., Dec. 27 -- President Bush's top national security advisers arrived here to hone a new Iraq strategy that administration officials said seems increasingly likely to include a surge of additional troops to try to help stabilize the country.

Although officials have said no decisions will be made in the Crawford meeting, Bush seems to be laying the groundwork for one more sustained effort to defeat the Iraq insurgency and stabilize the country politically. Two defense officials said Wednesday that some sort of troop increase appears likely in an effort to contain the violence but that the specific size and nature of such a surge still has to be worked out.

White House spokesman Scott Stanzel took a swipe at Sen. Joseph R. Biden Jr. (D-Del.), the incoming chairman of the Foreign Relations Committee, for his comment Tuesday that ordering more troops to Iraq would do little to address the underlying political problems fostering violence.

"I would hope that Senator Biden would wait to hear what the president has to say before announcing what he's opposed to," Stanzel told reporters here.

The president arrived in Crawford this week for a working holiday that includes a meeting Thursday morning with his top national security advisers, including Vice President Cheney, Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates. Rice and Gates conferred informally with Bush at his Texas ranch Wednesday afternoon, a White House official said.

Top military officials have said that they are open to sending more U.S. troops to Iraq if there is a specific strategic mission for them, though there are doubts whether a small increase, or one that is short in duration, can accomplish much. Another reason for a surge would be to accelerate the buildup of U.S. trainers helping Iraqi forces.

The Pentagon announced Wednesday that Gates has approved the deployment of an Army brigade to Kuwait to stand by as the U.S. Central Command's theater reserve force, which means that more than 3,000 U.S. troops will probably move to the region early next month. Although those forces could be used to effect a surge, they are replacing a smaller Marine unit that moved into Iraq this fall and is usually ready for use anywhere in the region.

Officials said Gates is bringing to Crawford suggestions for a comprehensive approach to the problem, emphasizing the need for economic and diplomatic components alongside any military action. One idea that has been picking up steam in recent weeks is a new jobs plan as officials push to open as many as 10 state-owned factories around Iraq by the end of January. Commanders believe putting young Iraqi men to work could make a serious dent in sectarian violence, and an official familiar with the program said Gates plans to brief the president on it.

The idea that Bush would increase troop levels in Iraq after elections in which Republicans lost control of both chambers of Congress, partly because of his Iraq policy, appears to be creating some restiveness among Democrats.

Rep. Chris Van Hollen (Md.), the new chairman of the Democratic Congressional Campaign Committee, said that other than the removal of Donald H. Rumsfeld as defense secretary, there's "very little sign that the president got the message the voters were sending when it comes to Iraq," adding: "Any decision to escalate in Iraq would suggest that the president is either politically tone deaf or deliberately ignoring the will of the vast majority of the American people."

But Gary Schmitt of the conservative American Enterprise Institute, which has close ties to the administration, said he believes Bush is unhappy with the advice he has been getting, especially from the Iraq Study Group, which has proposed trying to remove combat troops by early 2008. "All he was getting was various options for getting out," Schmitt said.

"No president wants to be remembered as the guy who lost a war," he said. "Who knows whether this is a day late and a dollar short, but it is a striking example of presidential will trying to bend the system to what he wants."

The White House has said that Bush will formally unveil his plans for Iraq sometime after the first of the year.

Bush Staff Bristles At Troop Level Criticism (LAT)

By James Gerstenzang, Times Staff Writer

The Los Angeles Times, December 28, 2006

CRAWFORD, Texas — The White House responded sharply today to a senior Democratic senator's criticism of possible increases in the U.S. military deployment in Iraq, ahead of President Bush's meeting on Thursday with senior national security advisors at his ranch.

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The session was called to review one more time the options available to Bush as he nears the launching of a new strategy in Iraq, a course that is widely believed to include the possibility of sending additional troops there.

Deputy White House press secretary Scott Stanzel took issue with Sen. Joseph R. Biden, Jr. (D-Del.), the incoming chairman of the Senate Foreign Relations Committee, who said on Tuesday that any troop increase would be "the absolute wrong strategy."

Bush has not said whether he will announce an increase in the approximately 140,000 U.S. troops in Iraq, when he presents his plans in a speech to the nation as early as next week.

But officials have said he is considering such a course, and leading U.S. military officials in Iraq have backed away from their earlier skepticism that sending more troops would stem the sectarian and insurgent violence that continues to take a heavy toll on Iraqi citizens and the U.S. military.

"I hope that Sen. Biden would wait to hear what the president has to say before announcing what he's opposed to," Stanzel said.

Bush plans to meet with most of the members of the National Security Council this morning. Stanzel said that Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates were headed here today. They would be joined on Thursday at Bush's ranch by Vice President Dick Cheney, Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, Stephen Hadley, the president's national security advisor, and J.D. Crouch, the deputy national security advisor.

The spokesman said they would be considering "all the potential options, making sure that due consideration is given to the next steps, making sure that we're thinking through the new way forward in Iraq, to take into account all of the differing views."

He reiterated earlier White House declarations that the meeting would not produce specific decisions on Iraq war policy.

The White House has said Bush was likely to deliver a speech on his new plans in early January, a timetable that remains in effect, Stanzel said.

But the timing of the president's announcement, the spokesman said, "largely depends on how comfortable he is with the information he's receiving, making sure that we've thought through all the parameters of any options."

On a related matter, Stanzel played down the potential impact that the execution of Saddam Hussein could have on security in Iraq. An appeals court there said Tuesday his death sentence must be carried out within 30 days.

"That is a matter for the Iraqi people and we are observers to that process," the spokesman said on the execution's timing. Asked whether the execution would have an impact on the preparation of a new policy, if it leads to increased violence, he said:

"The enemy has always used just about any excuse they could find to foment violence, and that is not new."

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Latest Blue-Ribbon Panel Awaits Its Own Fate (NYT)

By Scott Shane

The New York Times, December 27, 2006

For every impossible problem that official Washington faces, there is a blue-ribbon panel, and for every panel there is a predictable life cycle, which the Iraq Study Group has so far followed to a fault.

First, the unrealistic expectations, fueled by feverish news coverage, including speculation and leaks about just what might be proposed. Next, the report's grand unveiling, complete with White House photo op, this time featuring President Bush with the co-chairmen, James A. Baker III and Lee H. Hamilton.

And then, inevitably, the letdown.

Remember, for example, the Social Security commission of 2001? Neither do most Americans. The question now is whether a similar demise awaits the report of the Iraq Study Group — impeccably researched, comprehensive, bipartisan and having no legal authority beyond that of friendly advice.

One of its main proposals, the idea of talking to Iran and Syria, was swiftly brushed off by Mr. Bush. Now the administration seems to be leaning toward a temporary increase in American troops, an option the group said it "could support" if requested by commanders but did not endorse.

DOJ_NMG_0109519

But whether this group, too, ends up as a footnote to history, or becomes the framework for a new war policy, is unlikely to be settled until well into the new year.

"I don't think it's dead at all," said Warren B. Rudman, the former Republican senator from New Hampshire and a veteran of such panels himself. "Whether its recommendations will ultimately be followed is another question. But with the Democrats in charge of Congress, its findings will certainly get a hearing."

National commissions have been a staple of Washington tradecraft since at least 1908, when the National Monetary Commission began setting out proposals that led to the Federal Reserve System. Others, too, have had substantive results. The National Screw Thread Commission of 1925 helped solve a problem that now seems obscure but once was quite critical — the mismatch of nonstandard hardware, including hoses with fire hydrants and nuts with bolts.

In more recent years, commissions have investigated presidential assassinations, space shuttle disasters and intelligence failures. Robert A. Dallek, the presidential historian, has studied how President Lyndon B. Johnson ignored the recommendations of his own commission on the urban riots of the 1960s. In the current debate over Iraq, Mr. Dallek sees that history repeating itself.

"The impression I have is the Iraq Study Group's report is slowly being eclipsed, fading to the margins, because there's no indication that President Bush will accept its recommendations," he said.

Unlike many such panels, the Iraq Study Group was appointed not by the president but by Congress; the White House only later lent its support, offering additional government financing for the group's visit to Iraq in August.

Mr. Baker's status as a top adviser to Mr. Bush's father has led to speculation that the current president may not want to appear too eager to accept the group's recommendations, particularly on Iran and Syria, which have been roundly criticized on the Republican right.

On Tuesday, Senator Joseph R. Biden Jr. , the Delaware Democrat who will become chairman of the Foreign Relations Committee next month, repeatedly cited the Iraq Study Group as a touchstone for Iraq hearings he plans beginning Jan. 9. But the study group rejected Mr. Biden's central idea for the Iraqi future, a division of the country into separately administered Shiite, Sunni and Kurdish regions. Still, it is too early to write an obituary for the panel.

Mr. Bush, who will preside over a National Security Council meeting on Iraq at his Texas ranch on Thursday, has promised to announce a new war strategy next month. Even if he rejects the most prominent of the group's 79 proposals, they may remain relevant options for the future.

Mr. Rudman keenly understands that possibility. He served as co-chairman with former Senator Gary Hart of Colorado of a commission on national security whose 1999 report predicted terrorist attacks, saying "Americans will die on American soil, possibly in large numbers." Its recommendations were duly ignored — until the 2001 attacks, when many were put into effect.

Daniel P. Serwer, the former diplomat who served as the Iraq Study Group's executive director, argues that whatever Mr. Bush decides, the panel has already had a profound effect on the policy debate, particularly by declaring its candid judgment that the situation in Iraq is "grave and deteriorating."

"The government went from saying, 'We've got this under control,' to ordering new assessments left, right and center," said Mr. Serwer, vice president for peace and stability operations at the United States Institute of Peace.

He said the administration was likely to accept dozens of the 79 recommendations, including "milestones" it sets for the Iraqi government over the next year.

"I'm quite convinced that when you get the administration's new assessments, along with Congress's hearings and evaluations, what you come up with may be very much like the Iraq Study Group's recommendations," Mr. Serwer said.

The national 9/11 commission had perhaps the greatest impact of any such inquiry in recent years, producing a best-selling book and recommendations that have reshaped the government. Emulating the 9/11 report, the Iraq Study Group issued a commercial paperback of its report that has topped nonfiction best-seller lists this month.

Between the book, with 250,000 copies in print, and more than 1.5 million downloads of the report from the group's main Web site and many thousands elsewhere, staff members estimate that at least three million Americans have seen the report. But there are no plans to campaign for the proposals as the 9/11 commission did, said Ian Larsen, a spokesman for the study group.

"No sales job, no road show," Mr. Larsen said.

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Still, the group's work has been far more public than that of the so-called Wise Men who advised President Johnson at a similar crisis in the conduct of the Vietnam War. A dozen distinguished elder statesmen and military commanders who were gathered by Clark M. Clifford in March 1968, just after he was named secretary of defense, they gave their advice largely in private.

In a parallel move, Mr. Bush has also switched defense secretaries at a critical moment in a war that many Americans believe has gone wrong. His choice was a member of the Iraq Study Group, Robert M. Gates, who, Mr. Serwer recalled, "did a whole lot of reading" on Iraq in the months he served on the panel.

To Win In Iraq (WT)

By Fred Gedrich And Paul E. Vallely

The Washington Times, December 28, 2006

Most Americans desire an effective change in current Iraq war strategy and the wider global war against Islamic extremists and nations supporting them. President Bush and the new U.S. defense secretary, Robert Gates, could deliver it by placing experienced unconventional warfare leaders in charge of the war effort.

Since forcibly removing Saddam Hussein from power in 2003, the U.S.-led coalition has been unable to quell insurgent-, terrorist- and sectarian-generated violence concentrated mostly in four of 18 provinces and Greater Baghdad which are dominated by majority-Sunni populations. About 150,000 Iraqis and nearly 3,000 Americans have died during continuing hostilities.

While many Americans recognize that the conflict in Iraq is not going well and changes need to be made, there is substantial disagreement at the national level on a military strategy. The United States is seriously considering adding several combat brigades from outside Iraq to "purge" Baghdad and several provinces infested with local and foreign troublemakers. Sending an additional 20,000 U.S. troops to Iraq under current military strategies and rules of engagement will be unlikely to make much difference.

Unlike U.S.-led coalition troops, the adversaries in this war do not carry arms openly, wear uniforms or insignias and abide by other laws and customs of wars specified in Geneva Conventions and protocols. They instill fear in military opponents and local populations through use of suicide bombings, improvised explosive devices, kidnappings and beheadings. And they disguise themselves as civilians and hide among civilian populations with weapons stored and discharged from mosques, schools, hospitals, marketplaces, private residences and public roads.

To prevail, the United States has to transition from a conventional to an unconventional war footing and make the enemy pay a heavy price for its despicable tactics. In Iraq and elsewhere, traditional troops, weapons and tactics are less useful than tools of influence, covert operations and intelligence brought to the battlefield by special operators working harmoniously with indigenous forces and local populations. The prime objective is to create a climate of fear within enemy ranks that breaks its will to continue the armed insurrection against the freely elected Iraqi government.

Special Operations Forces (Rangers, Seals, Delta Force and other special units) leaders and troops are uniquely qualified for this mission. Special operators played prominent and successful roles in removing Afghanistan's Taliban regime from power and disrupting al Qaeda's terror base. In Iraq, they have spent most of their time searching for the infamous "deck of cards," the elusive WMD arsenal, and high-value insurgents and terrorists.

Joint special operators (from all military branches) are also trained in local cultures and languages, making it easier for them to embed in local populations and Iraqi security forces and collect information which in turn may be used to "hunt and kill" hostile forces. In addition, they can win "hearts and minds" of local populations through civil affairs work and performance of psychological operations against enemies of the freely elected Iraqi Government.

In January 2003, former Defense Secretary Donald Rumsfeld designated the U.S. Special Operations Command (USSOCOM) as the lead military organization to prosecute the global war on terror but unfortunately that has not materialized. Although stellar Army commanding Gens. John Abizaid (retiring early next year) and George Casey continue to lead Middle East war operations and troops in Iraq respectively, they are products of the traditional warfare school. Moreover, nearly all of the 140,000 U.S. troops in Iraq are, too.

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It's time to alter U.S. strategy by putting USSOCOM generals and admirals truly in command of the global war. And in Iraq, conventional forces could best serve by providing ground, air and sea support to USSOCOM and Iraqi security forces and sealing Iraq's porous borders with hostile and/or dubious neighbors in Iran, Syria, Jordan and Saudi Arabia to prevent foreign jihadists, arms and sophisticated munitions from entering the country.

The action will surely meet resistance throughout DoD's conventional warfare ranks, their industry partners and congressional allies. The U.S. active-duty military force consists of 1.4 million troops, of which only about 50,000 are elite special operators, with only several thousand deployed to Iraq. Many military professionals prefer to have special operators continue in a supporting, not leading, role.

Immediately after recently assuming his new post, Mr. Gates correctly stated that the United States must win in Iraq or face a "calamity" that would "endanger Americans for decades to come." Since the fall of Baghdad, the United States has had the will to win but not the right strategy. It's imperative that the United States transition quickly to an unconventional war strategy with USSOCOM generals and/or admirals in charge, or the war will be lost.

Fred Gedrich, who served in the Departments of State and Defense, is a foreign policy and national security analyst. Maj. Gen. Paul E. Vallely, retired, is a military analyst for Fox News and radio host for "Stand Up America."

Army Brigade Headed To Kuwait (WP)

By Josh White And Nancy Trejos

The Washington Post, December 28, 2006

A brigade of U.S. Army troops is scheduled to deploy to Kuwait early next month to take over as the U.S. Central Command's theater reserve force, which means more than 3,000 additional U.S. troops will move into the region and could be used to support combat in Iraq, Pentagon officials announced yesterday.

Defense Secretary Robert M. Gates approved sending the 2nd Brigade, 82nd Airborne Division overseas after Gen. John P. Abizaid, who leads Central Command, requested the forces to replace the 15th Marine Expeditionary Unit, which was sent into the western province of Anbar this fall. Abizaid requested a brigade -- which is significantly larger than the Marine unit -- to allow for greater flexibility in the region.

While defense officials have said the move is not part of an orchestrated "surge" of forces into Iraq, should such a surge become part of U.S. strategy for the war, the Army brigade could be used as the leading edge of a troop increase.

Also yesterday, the U.S. military announced the deaths of three more U.S. service members.

A Marine assigned to Regimental Combat Team 5 died yesterday during fighting in Anbar. A soldier died in a vehicle rollover during a combat reconnaissance mission south of the capital Tuesday. And a soldier with the 13th Sustainment Command died as a result of noncombat injuries on a U.S. military base about 50 miles north of Baghdad on Saturday.

Meanwhile, two Iranians remained in custody after being detained during a raid by U.S.-led forces on Dec. 21. Ten people were captured in that raid, which occurred in Baghdad, according to Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq.

Caldwell said troops found documents, maps, photographs and videos indicating that some of the detainees were involved in illegal activities. He did not specify what those activities were. Three other Iranians were detained on Dec. 20 but were released to the Iraqi government. The incident had sparked a flurry of diplomatic activity by Iraqi officials to secure the Iranians' release.

Trejos reported from Baghdad.

Close Adviser To Sadr Dies In U.S.-Iraqi Raid (WP)

By Nancy Trejos And Sudarsan Raghavan, Washington Post Staff Writers

The Washington Post, December 28, 2006

BAGHDAD, Dec. 27 -- A top deputy of Shiite cleric Moqtada al-Sadr was killed Wednesday during a raid by U.S. and Iraqi troops in the southern holy city of Najaf, sparking protests from Sadr's followers and complicating an already tense relationship with the powerful anti-American leader.

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Hurling rocks and shouting expletives, thousands of angry Sadr loyalists marched through the streets of Najaf after Sahib al-Amiri was shot and killed by a U.S. soldier during an early morning raid. "Agents and stooges!" protesters shouted at Iraqi soldiers and local authorities.

U.S. military officials declined to confirm that Amiri was a Sadr aide, saying only that he had provided explosives for use against Iraqi and American forces. Sadr officials said Amiri was an aide and a lawyer who ran an educational organization that helped orphans and impoverished children. They said he had no connections to illegal activity.

In a statement, the U.S. military said Iraqi and American forces were trying to detain Amiri and shot him only when he pointed an assault rifle at an Iraqi soldier.

The incident comes at a delicate time for the Iraqi political process. Sadr, who runs one of the country's most feared militias, is also a potent political force; his allies control 30 seats in parliament and four key ministries. Last month, influential politicians linked with Sadr suspended their participation in the government to protest a meeting between Prime Minister Nouri al-Maliki and President Bush in Jordan. Unable to pass legislation without Sadr's support, and fearing Iraq's government could collapse, other Shiite leaders have been appealing for an end to the boycott.

Bahaa al-Araji, a senior legislator with Sadr's Shiite Muslim party, said discussions about a return to government had been scheduled for Wednesday but were delayed by Amiri's death. "Because of this problem, we'll leave everything for a few days," he said.

The raid also complicates matters for Maliki, a Shiite who is politically beholden to Sadr and has been criticized by U.S. officials for not doing enough to rein in Sadr's Mahdi Army militia. Two Maliki advisers said that in recent weeks the prime minister has been trying to persuade Sadr to rejoin the political process and disarm his militia, which launched two major uprisings against U.S. forces in Najaf in 2004. The killing of Amiri, they worried, could hinder those efforts.

"We need calm. We don't need more troubles," said Sami al-Askari, a member of parliament and a close Maliki adviser.

On Wednesday, Maliki asked senior U.S. commanders to explain the motive for Wednesday's raid, advisers to the prime minister said. One adviser, speaking on condition of anonymity, said Maliki has set up a committee to investigate the incident, underscoring his concern that the raid could trigger further violence and dissuade Sadr from political engagement.

Within Maliki's circle, some advisers questioned whether Amiri was deliberately killed, said a senior Maliki adviser who spoke on condition of anonymity.

A raid involving American forces in Najaf is particularly embarrassing for Maliki. Last week, in an elaborate ceremony, the U.S.-led coalition handed over control of Najaf to Iraqi forces.

"The agreement between the two sides when the security profile was transferred to the Iraqi side is that the Iraqi side should know about any operations or actions done by the multinational forces," said Sadiq al-Rikabi, a political adviser to Maliki.

Maj. Gen. William B. Caldwell, the top U.S military spokesman in Iraq, told reporters in Baghdad that the raid was led by 35 soldiers from the 8th Iraqi Army Division Forces, with eight U.S. troops serving as advisers.

"It was an Iraqi-led, planned operation consistent with the fact that Najaf now has been passed to provincial Iraqi control and that the U.S. forces don't operate there independently," he said.

Caldwell, who declined to confirm Amiri's link to Sadr, said U.S.-led coalition forces had been gathering intelligence on him for a long time. He said Amiri was implicated in a roadside bomb attack on a police chief in Najaf this year.

"The purpose for going after him is because of the illegal activities that he was conducting, not because he was associated with any particular organization," Caldwell said.

Amiri's friends and associates called him an honorable man. "He never participated in any kind of violence in all his life for as long as I've known him," said Nasar al-Rubaie, head of Sadr's parliamentary bloc.

More than 6,000 mourners followed Amiri's coffin as it was carried to a cemetery in Najaf, about 90 miles south of Baghdad.

Sadr asked his followers to "calm down, observe self-restraint and not do anything that could inflict harm or damage on the country and the people, especially since maintaining calm and security is the responsibility of all sides."

U.S. officials and Sadr loyalists gave conflicting versions of the events that led to Amiri's death.

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Amiri's 19-year-old son, Karrar Sahib al-Amiri, said Iraqi and U.S. troops knocked on the family's door at 6 a.m. When he answered it, he asked the soldiers what they wanted, he recalled. They pushed him aside and stormed into the house, he said. His mother shouted at them while his father ran to the roof. Amiri said his father tried jumping to the roof of the next house but could not.

The soldiers followed him upstairs, the son said. He said his mother asked an Iraqi soldier why they were there. "We want to question him," Amiri recalled the soldier saying.

A few minutes later, the son heard four gunshots. He found his father on the roof with a bullet in his head and three bullets in his chest, he said.

The U.S. military said the elder Amiri ran upstairs when the troops arrived to detain him, ignoring repeated warnings to stop. An Iraqi soldier and an American adviser followed him to the roof, where Amiri confronted one of them with a rifle, the military said in a statement.

Special correspondent Saad Sarhan in Najaf contributed to this report.

Sectarian Ties Weaken Duty's Call For Iraq Forces (NYT)

By Marc Santora

The New York Times, December 28, 2006

BAGHDAD, Dec. 27 — The car parked outside was almost certainly a tool of the Sunni insurgency. It was pocked with bullet holes and bore fake license plates. The trunk had cases of unused sniper bullets and a notice to a Shiite family telling them to abandon their home.

"Otherwise, your rotten heads will be cut off," the note read.

The soldiers who came upon the car in a Sunni neighborhood in Baghdad were part of a joint American and Iraqi patrol, and the Americans were ready to take action. The Iraqi commander, however, taking orders by cellphone from the office of a top Sunni politician, said to back off: the car's owner was known and protected at a high level.

For Maj. William Voorhies, the American commander of the military training unit at the scene, the moment encapsulated his increasingly frustrating task — trying to build up Iraqi security forces who themselves are being used as proxies in a spreading sectarian war. This time, it was a Sunni politician — Vice Prime Minister Salam al-Zubaie — but the more powerful Shiites interfered even more often.

"I have come to the conclusion that this is no longer America's war in Iraq, but the Iraqi civil war where America is fighting," Major Voorhies said.

A two-day reporting trip accompanying Major Voorhies's unit and combat troops seemed to back his statement, as did other commanding officers expressing similar frustration.

"I have personally witnessed about a half-dozen of these incidents of what I would call political pressure, where a minister or someone from a minister's office contacts one of these Iraqi commanders," said Lt. Col. Steven Miska, the deputy commander for the Dagger Brigade Combat Team, First Infantry Division, who oversees combat operations in a wide swath of western Baghdad.

"These politicians are connected with either the militias or Sunni insurgents."

Whatever plan the Bush administration unveils — a large force increase, a withdrawal or something in between — this country's security is going to be left in the hands of Iraqi forces. Those forces, already struggling with corruption and infiltration, have shown little willingness to stand up to political pressure, especially when the Americans are not there to support them. That suggests, the commanders say, that if the Americans leave soon, violence will redouble. And that makes their mission, Major Voorhies and Colonel Miska say, more important than ever.

They added that while political pressure on the Iraqi Army is great, the influence exerted on the police force, which is much more heavily infiltrated by Shiite militia groups, is even greater.

Shiites, led by militia forces and often aided by the local police, are clearly ascendant, Colonel Miska said.

"It seems very controlled and deliberate and concentrated on expanding the area they control," he said.

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The Sunni forces are being bolstered by support from insurgent strongholds in the West. The Shiite militias are using neighborhoods in the north, specifically Shuala and Sadr City, as bases of operation. There is also increasing evidence that militia members from southern cities like Basra are coming to Baghdad to join the fight.

"I believe everyone, to some extent, is influenced by the militias," Colonel Miska said. "While some Iraqi security forces may be complicit with the militias, others fear for their families when confronting the militia, and that is the more pervasive threat."

Looking at a map he had his intelligence officers create, which highlights current battle zones and details the changing religious makeup of neighborhoods, Colonel Miska noted just how many different forces, each answering to different bosses, currently occupied the battlefield.

"Who would design this mess?" he said. "It is like an orchestra where everyone is playing a different song."

His main focus, he said, is trying to establish some kind of unity of command.

As it stands, the police and military answer to different ministries, and within the police force the bureaucracy is divided even further between the regular police and the national police. On top of that are about 145,000 armed men who work as protection detail for the Facilities Protection Services, with minimal oversight, according to United States military officials.

There are also thousands of Shiite militia members and Sunni insurgents posing as security forces.

Colonel Miska tried to define where American forces fit in the tangle of competing interests, which is only further complicated by the complicity and direct participation of top government officials.

"When they are conducting armed aggression against the population, that is where we try and step in and stop it," he said, adding that when the groups fight one another, "We sit back and watch because that can only benefit us."

Some days, the line between militia and insurgent clashes and attacks on the population is a blurry one.

Nowhere can the current battle be seen more starkly than on the border between the Shiite district of Shuala and the Sunni controlled Ghazaliya.

Major Voorhies briefed his men before dawn last Thursday morning about the day's mission, code-named Operation Thunderball. They were to join with Lt. Col. Sabah Kadam Fadily and his command unit and direct a joint search of houses in Ghazaliya. There were 300 American troops and 200 Iraqis involved in the operation.

The sun was just rising as the team set out, and daylight revealed an apocalyptic landscape, trash everywhere, open sewers emitting a revolting smell and scores of buildings damaged in recent clashes. A mosque on the side of the road had a massive hole blown in its once ornate blue dome.

Major Voorhies got a call on his radio. The Iraqi soldiers had spotted a body.

It was a man, dead, tossed on the side of the road, piled with the garbage. His hands were bound behind his back and his shoes were off. His head was turned to the right, revealing a single bullet hole covered in blood that still appeared wet.

As the Iraqi soldiers called the police, who pick up dozens of similarly abused bodies around the city daily, an American soldier spotted a pair of legs. Major Voorhies walked over and, with a stick, flipped a piece of plastic foam off the body.

It was another man, his neck slit, his head almost completely severed. He was lying on his back, eyes open looking vacantly to nowhere, arms bound behind him and torn from their sockets.

Major Voorhies asked Colonel Sabah if he could tell if the man was Shiite or Sunni, but the answer was obvious to the colonel.

"He is Shiite," Colonel Sabah said absently.

"How do you know?" asked the American major.

"Because this is the Sunni sector," Colonel Sabah said.

There would be little investigation and no chance that anyone would ever be arrested for the murders, Major Voorhies said. In fact, he said, Colonel Sabah's assessment might not even be right since the Sunnis and the Mahdi militia, called JAM for Jaish al-Mahdi by American troops, had been fighting for control of this forlorn ground.

"This is either a warning from the Sunni here" to the Shiites to get out, he said. "Or a message sent by JAM that we are winning."

For the American soldiers, it was just another morning in Baghdad, where Americans are trying to protect people on both sides while being attacked by people on both sides, trying not to take a side themselves.

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Major Voorhies thought about what he had just seen and the cycle of killing it would inspire.

"I don't know what the answer is," he said, almost to himself.

But he said he would push forward with his mission regardless.

Last week, a search of a house led to the discovery of 23 men being held captive, likely to be killed. He could take pride in helping save their lives, even if some of them might be shooting at him tomorrow.

Colonel Sabah, in glaring contrast to his efficient and focused American partners, did not seem to display a sense of urgency. He paid a visit to a house that belonged to a former Army colleague, a general, who had to flee the area. There he drank tea.

Then he went to see another past colleague, an admiral, and drank more tea. The two discussed what fun they had getting drunk and going to brothels.

Major Voorhies struggled to keep his patience.

"Sometimes I feel like I work for the Iraqi government," he said.

Outside, neighbors gathered, telling strikingly similar accounts of having their lives threatened by Shiite militiamen, who forced them from their homes. They were angry about the searches.

"Anyone leaving Ghazaliya will get killed because they know you are Sunni," said Fadhel A. Zaidan, who had lived in nearby Huriya for 50 years. "Now the Americans are taking our weapons, and when they leave, the Mahdi militia will attack."

American commanders say they are aware of this danger. In part, that is why residents are allowed one AK-47 and two cartridges.

Among Sunnis, there is absolutely no faith in the ability, or desire, of the Iraqi Army or police to provide protection. Colonel Sabah, who is Shiite but who had to leave his own home because of threats by the militia, is viewed as a collaborator.

Major Voorhies acknowledged that it was easier to persuade Colonel Sabah to search Sunni neighborhoods. Still, he said the colonel was one of Iraq's better army officers.

"When we have his back, he will fight anyone," said Major Voorhies. "When we don't, he will cut deals."

American soldiers seemed to appreciate the difficult position of officers like Colonel Sabah. His brother was murdered on Sept. 12, and just working in the Iraqi Army puts his life in danger.

Facing such stark challenges already, it makes the actions of Iraqi political leaders who try to manipulate the security forces that much more galling, Major Voorhies said.

"Colonel Sabah gets in a very political predicament sometimes," Major Voorhies said. "He will detain someone and then gets a call and is told not to take them away, so he has no choice."

Letter By Hussein, Written After Conviction, Urges Iraqis To Renounce Hatred (NYT)

By Marc Santora

The New York Times, December 28, 2006

BAGHDAD, Dec. 27 — Saddam Hussein, who is expected to make the short walk up the gallows stairs to his death here sometime in the next 30 days, said he was prepared to die and sure of his place in heaven as a martyr, and he called on Iraqis to unite, according to a letter that his lawyers said Wednesday had been composed by the former dictator.

Fears that the announcement upholding his death penalty on Tuesday would set off violence appeared not to be immediately borne out. But officials were still concerned about possible public reaction to the execution itself, and some speculated that the hanging would take place in secret and be announced only after the fact. American and Iraqi officials said nothing definitive about the execution's details on Wednesday.

Mr. Hussein is being held at Camp Cropper, an American base near the Baghdad Airport. Although the site of the hanging has yet to be announced, the main execution center in Baghdad is near his cell. In a drab concrete building, a set of steel stairs leads to a platform, about 15 feet above the ground. There, nooses fashioned from hemp ropes are slipped around the necks of the condemned before a steel trapdoor swings down.

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In his latest letter, Mr. Hussein displayed none of the bombast that had defined his court appearances. He was convicted Nov. 5 of crimes against humanity for his part in the execution of 148 men and boys in the northern town of Dujail, and he wrote his farewell letter at the time of his conviction, his lawyers said.

"I say goodbye to you, but I will be with the merciful God who helps those who take refuge in him and who will never disappoint any honest believer," the letter said. "I call on you not to hate, because hate does not leave space for a person to be fair and it makes you blind and closes all doors of thinking." The letter, which was posted on a Baath Party Web site and received extensive coverage on Arabic TV news stations, seemed to cause little public stir here.

American forces continued Wednesday to focus on the Mahdi Army militia, loyal to the Shiite cleric Moktada al-Sadr. In Najaf, which is the second holiest city for Shiite Muslims, American and Iraqi forces raided the home of a Sadr loyalist, Sahib al-Amiri, and shot him dead.

Mr. Amiri led a well-known social organization in Najaf called the Shahid Allah Foundation and was personally close to Mr. Sadr, Iraqi officials in Najaf said. While thousands of angry supporters marched in Mr. Amiri's funeral procession, Mr. Sadr urged his followers in the city to remain calm. At the same time, he released a statement that praised attacks on American forces.

"We heard that Bush, the enemy of God, is crying over the killing of American soldiers in Iraq," the statement said. "We ask God to extend his crying. We tell him that the killing of any Iraqi by the hands of his Army is a source of pride for us."

Americans handed control of security in Najaf Province to the Iraqis in an elaborate ceremony last week, but local leaders questioned the significance of the transfer if Americans could still direct raids there.

"When Iraqis were feeling happy about the approval of the execution of the dictator Saddam Hussein, they were surprised today with the raid on the house of Sahab al-Amiri and killing him in front of the eyes of his family and his children," said Abdul Hussein al-Musawi, the head of Najaf's governorate council. "This horrible act shows how reckless the raiding forces are."

American military officials said Mr. Amiri was responsible for planning and directing attacks using improvised explosive devices. They said that the raid was conducted with the Iraqi Eighth Army Division and that Mr. Amiri tried to flee when soldiers entered the house. He ran to the roof, was pursued and then aimed an assault rifle at an Iraqi officer. At that point, a soldier shot him dead, the military said in a statement.

There was also increased pressure on Sadr loyalists in Baghdad on Wednesday. Throughout the day, American and Iraqi troops engaged in actions against militia members around the Sadr City district in the capital, according to witnesses and Iraqi officials. Clashes between Iraqi security forces and militiamen were reported in a half dozen other Baghdad neighborhoods. Government forces killed at least 32 people and arrested 39 more, Iraqi officials said.

Separately, around 2:30 p.m., a car bomb exploded near a restaurant downtown and killed at least 10 civilians, an Iraqi official said. One hour later, another car bomb exploded near a bridge, killing four more people, the official said. The bodies of 50 people, many apparently tortured, were found around the city.

In Anbar Province, where American forces are battling Sunni Arab insurgents, a marine was killed in fighting, according to the military.

In Washington on Wednesday, a District Court judge refused to intervene in the death-penalty case for Mr. Hussein, turning down a request by American defense lawyers to temporarily block the execution. Lawyers for Awad al-Bandar, a former Iraqi judge sentenced to death along with Mr. Hussein, had filed a writ of habeas corpus on his behalf in United States District Court seeking to halt the execution on the grounds that he did not receive a fair trial.

The lawyers, including Ramsey Clark, the former United States attorney general who served on the defense team in the Baghdad trial, maintained that the federal court had jurisdiction because Mr. Bandar was effectively being held in American military custody in Iraq.

The judge, Reggie B. Walton, rejected the claim, saying he did not have jurisdiction. But he did allow the defense lawyers to appeal the issue in hopes of persuading the American courts to intervene.

Noting that the Iraqis had set up the tribunals by which Mr. Hussein and Mr. Bandar were tried, Judge Walton asked, "Why should I step in and interfere with the operations of a sovereign nation?"

Mr. Clark said in an interview that he had filed the petition at the request of Mr. Bandar's son after Mr. Hussein refused to allow him to do so. In a conversation in Iraq at the time of Mr. Hussein's sentencing last month, Mr. Clark said he tried to

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persuade the deposed leader to appeal to the American courts to block the execution. “He said it would be interpreted as his seeking mercy from the United States,” Mr. Clark said, “and he would never permit it.”

Hussein Bids Farewell To Iraqis In Note On Web (WP)

By Sudarsan Raghavan

The Washington Post, December 28, 2006

BAGHDAD, Dec. 27 -- A farewell letter posted on the Internet Wednesday in the name of Saddam Hussein declared the former president to be victimized by foreign armies but ready to die and "be with the merciful God." The letter urged Iraqis not to hate the foreign peoples whose armies invaded the country, just their leaders.

Released a day after Iraq's highest court upheld his death sentence and opened the way for his execution within 30 days, the letter said: "I call you now and invite you not to hate, because hatred does not leave space for a person to be fair and it will blind your vision and close all doors of thinking."

Published on several Iraqi Web sites, the letter was written in ancient Arabic verse. Though Hussein took power a generation ago as a secular leader, in later years he mirrored the rise of religious fundamentalism in the Middle East, depicting himself as devoted to Islam. Much of the letter reflects that tone.

In interviews on Wednesday, two of Hussein's defense lawyers based in Amman, Jordan, said the letter was authentic and written by Hussein on Nov. 5. That was the day he was sentenced to death by hanging for the killings of 148 Shiite residents of the town of Dujail following an attempt on his life there in 1982.

"Yes, it is true," said Khalil al-Dulaimi, one of his lawyers.

The second lawyer, Saleh al-Armouti, said the letter was Hussein's way of expressing contempt for his sentence and for the Bush administration. "He's not an enemy of the American forces. He's an enemy of Bush," said Armouti. "There are a lot free people in the United States who are against the American occupation, and who should be respected for their opinions."

There was no independent way to verify that the letter was written by Hussein.

In the letter, Hussein said he was expressing his sentiments because the Iraqi High Tribunal and its chief judge "did not give us a chance to say what we want to say." The court, the letter continued, "issued its verdict without any explanation and read us the sentence -- according to orders of the invaders -- without presenting the evidence."

Turning to the future, the letter says: "Here, I offer my soul to God as a sacrifice, and if God wants he will lift it up to where the first believers and martyrs are and if his decision is postponed, then He is the most merciful. . . . So be patient and depend on Him against the unjust nations."

Addressing the "generous, loyal people," the letter bids them farewell. "I say goodbye to you, but I will be with the merciful God who helps those who take refuge in him and God won't disappoint any honest believer."

Portions of the letter praised Americans who assisted Hussein in his trial, an apparent reference to former U.S. attorney general Ramsey Clark, who joined Hussein's defense team.

"You should know that among the aggressors, there are people who support your struggle against the invaders, and some of them volunteered for the legal defense of detainees, and one of them is Saddam Hussein," the letter said. "Others exposed the scandals of the invaders or condemned them.

"Some of these people cried profusely and honestly when they said goodbye to me," the letter added.

Armouti, acknowledging that Hussein was referring to Clark, said that his team had met many American judges and lawyers who supported its view that the trial was unfair and improperly conducted. "We met Americans who are condemning this American intrusion in Iraq," he said.

Iraqi government officials have said that the nine-month trial was conducted properly. They disputed allegations that the court was politicized and dispensed victor's justice.

The letter was posted on the same day that loyalists warned, through a posting on a Web site of Hussein's former Baath Party, that they "are determined to retaliate, with all means and everywhere, to harm America and its interests if it commits this crime," referring to his execution.

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According to Iraq's constitution, President Jalal Talabani and two vice presidents must ratify the court's decision if Hussein is to go to the gallows. On Tuesday, a spokesman for Talabani said his approval may not be legally necessary. An Iraqi High Tribunal provision that requires the implementation of the death sentence could outweigh the constitution, said the spokesman, Hiwa Osman.

"Some people believe there is no need for his approval," Osman told the Associated Press. "We still have to hear from the court as to how the procedure can be carried out."

On Wednesday, a New York-based human rights group accused the Iraqi High Tribunal of bowing to political pressures and issuing "its final judgment at worrying speed."

"The Appeals Chamber's ruling was issued far too rapidly for a case involving complex international crimes," said Miranda Sissons, head of the Iraq program of the International Center for Transitional Justice, which works on issues of accountability for atrocities.

"The Chamber should have conducted a serious revision of the evidentiary and fairness issues in the Dujail trial to ensure that justice was done," Sissons said. "That clearly hasn't happened."

Saddam Counsels Against Hating U.S. (WT/AP)

By Christopher Torchia

The Washington Times, December 28, 2006

BAGHDAD -- Saddam Hussein called on Iraqis not to hate the U.S.-led forces that invaded Iraq in 2003 in a farewell letter posted on a Web site yesterday, a day after an appeals court upheld the former dictator's death sentence and ordered him to be hanged within one month.

One of Saddam's attorneys, Issam Ghazzawi, confirmed in Jordan that the letter was authentic, saying it was written by Saddam on Nov. 5 -- the day he was convicted by an Iraqi tribunal for ordering the killings of 148 Shi'ite Muslims in the city of Dujail in 1982.

"I call on you not to hate because hate does not leave space for a person to be fair and it makes you blind and closes all doors of thinking," the letter said.

Mr. Ghazzawi said the letter was released Tuesday and published yesterday on the Web site of Saddam's former Ba'ath Party.

The deposed leader said he was writing the letter because his attorneys had told him the Iraqi High Tribunal that tried his case would give him an opportunity to say a final word.

"But that court and its chief judge did not give us the chance to say a word, and issued its verdict without explanation and read out the sentence -- dictated by the invaders -- without presenting the evidence," Saddam wrote.

"Dear faithful people," he added, "I say goodbye to you, but I will be with the merciful God who helps those who take refuge in him and who will never disappoint any honest believer."

The letter was released as Saddam's last legal means of avoiding execution came under question. A spokesman for President Jalal Talabani said the appeals court order upholding the death sentence might not require Mr. Talabani's approval to carry out the execution.

Meanwhile, some Saddam loyalists threatened to retaliate if he is executed, warning in a posting on the Ba'ath Party Web site that they would target U.S. interests anywhere.

The Ba'ath Party was disbanded after U.S.-led forces overthrew Saddam in 2003. The Web site is thought to be run from Yemen, where several exiled members of the party are based.

In its ruling Tuesday, the appeals court said Saddam must be hanged within 30 days for his role in the Dujail killings. The court also affirmed death sentences for two co-defendants, including Saddam's half brother. It ruled that life imprisonment for a third was too lenient and demanded that he also be sentenced to death.

Many Baghdad neighborhoods were jittery yesterday amid fears that Sunni Arab insurgents would target Shi'ite areas in revenge attacks.

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Violence appeared to be relatively minimal, though, with one car bombing killing eight civilians and wounding 10 near an army checkpoint in the capital, police said.

The U.S. military reported three troop deaths, bringing the U.S. death toll in December to 93 in one of the bloodiest months for American troops in Iraq this year.

Two Latvian soldiers were killed and three were wounded when a roadside bomb exploded under their Humvee, the Latvian Defense Ministry said. It was not clear where the incident occurred, but Latvia has about 130 troops serving in Diwaniyah, 80 miles south of Baghdad.

Saddam Advises Against Hatred In Farewell Letter (LAT)

By Alexandra Zavis And Molly Hennessy-fiske

The Los Angeles Times, December 28, 2006

BAGHDAD, Iraq — Saddam Hussein declared in a handwritten farewell letter published Wednesday that his execution for crimes against humanity would be a sacrifice for his people, and he urged Iraqis not to give in to hatred.

"Here I am presenting myself as a sacrifice, if God wants this," the former Iraqi president wrote. "I invite you now to reject hatred, since hatred will not allow justice and fairness.... I also invite you, brothers and sisters, my sons and Iraq's sons, strugglers, comrades not to hate the nations that assaulted us."

The letter was released as shootings and explosions rattled Baghdad for another day, and protesters took to the streets of the Shiite holy city of Najaf after an associate of a radical anti-American cleric was killed in a confrontation with Iraqi and foreign troops.

The U.S. military announced the deaths of three service personnel: a Marine killed in combat Wednesday in Al Anbar province, a soldier killed in a road accident Tuesday while on a combat mission and another soldier who died of noncombat injuries in Balad on Dec. 23. Their deaths raised the number of U.S. troops who have died in Iraq since 2003 to 2,983, according to the Web site icasualties.org.

Saddam's letter was posted on a Web site used by his Baath Party. Bushra Khalil, a member of Saddam's defense team, confirmed its authenticity.

The letter was dated Nov. 5, the day Saddam was sentenced to death for crimes against humanity in connection with the execution of 148 men and boys from the Shiite town of Dujail after a 1982 assassination attempt. It was released after a nine-judge appeals panel upheld the sentence Tuesday.

Saddam said he wrote the letter because he was not given a chance to make a final statement when his sentence was handed down. "Oh loyal, generous people," his letter concluded, "I say farewell and my soul will be with the merciful God who helps those who take refuge in him and doesn't disappoint an honest believer."

Aref Shahin, the chief judge of the appeals panel, said the government was obliged to carry out the execution within 30 days. But Khalil said there might be grounds to block it. Saddam's defense team plans to meet Thursday in Jordan to discuss the next move.

Relatives of those killed in Dujail and other victims of Saddam's regime have demanded a public hanging. But government officials said Saddam's execution probably would be carried out in private in front of select witnesses. They said it might occur within days.

Under Iraq's constitution, President Jalal Talabani, a firm opponent of the death penalty, and his two deputies must ratify the executions of Saddam and three co-defendants before Prime Minister Nouri al-Maliki can order them carried out.

However, the code governing the court created specifically to try Saddam and members of his regime does not permit any change once the sentence is ratified by the appeals panel.

"We have a contradiction here," Khalil said by telephone from Lebanon. "In such cases everywhere in the world, it is the constitution that is regarded as the highest law of the land."

Talabani's spokesman, Hiwa Osman, said Tuesday that the president regarded the issue of sentencing as a matter for the judiciary. In previous cases, Talabani has deputized one of his vice presidents to sign on his behalf.

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"The fact of the matter is that this (signature) is more ceremonial than it is official," said Mariam Rayis, al-Maliki's legal adviser. "The sentence will be carried out regardless of whether they actually sign or not."

Talk of executions comes amid surging sectarian bloodshed in Iraq. Sunni political leaders have warned that hanging Saddam could inflame violence and intensify attacks against U.S. troops.

Politicians close to al-Maliki said the prime minister wanted the sentence carried out quickly, to deny insurgents an opportunity to plan revenge attacks or to attempt to free Saddam. Education Minister Khodayer Khozar said the prime minister and other Cabinet members also wanted to avoid a distasteful public display.

"It would be the joy of millions of Iraqis to see him hang on television, but ethically we cannot do this," he said.

In Najaf on Thursday, at least 2,000 mourners in black chanted "No, no to America" during the funeral procession for Saheb Amiri, an associate of radical cleric Moqtada al-Sadr's.

U.S. military spokesman Maj. Gen. William Caldwell said Amiri, who was suspected of planning and supplying materials for roadside bombings including an October attack on the Najaf police chief, was killed when he fired at an Iraqi soldier.

Abdul Razzaq Naddawi, an al-Sadr official in Najaf, claimed that Amiri was killed in front of his wife and children, and that he did not belong to al-Sadr's Mahi Army militia.

Caldwell said coalition forces were still holding two of five Iranian men detained in raids Dec. 20 and 21 in Baghdad's central Jadriya neighborhood. Evidence seized by the military links the two men to illegal weapons shipments to armed groups in Iraq, Caldwell said.

Four of the men arrested, including the two still held, were diplomats visiting Iraq at the invitation of Talibani, according to an official at the Iranian embassy in Baghdad who spoke on condition of anonymity.

Times staff writers Mohammed Rasheed, Raheem Salma and Said Rifai in Baghdad, and correspondents in Baghdad, Babil, Hilla, Najaf and Tehran, Iran, contributed to this report.

Iraqis Split Over Death Penalty For Saddam (FT)

By Steve Negus

Financial Times, December 28, 2006

News of Saddam Hussein's imminent execution provoked widely differing reactions among Iraqis on Wednesday, with some welcoming the demise of their former persecutor and many afraid that it would cause further disruption to their lives, and others convinced that the president would strike a last-minute deal to avoid death.

Iraqi officials announced on Tuesday that the execution could be carried out at any time, but suggested that it would probably not take place until after the four-day Eid al-Adha holiday, which is due to start at the end of the week.

An appeals court announced on Tuesday that it had turned down the former president's final appeal and that his execution would follow within 30 days. The deposed dictator was convicted in November of complicity in a campaign of reprisals against a Shia village after an assassination attempt against him in 1982.

Some residents in northern Kurdistanexpressed jubilation at the deposed leader's imminent hanging, even though it will supersede his trial on charges of carrying out a genocide against the Kurds in the late 1980s.

In Baghdad, the centre of Iraq's sectarian conflict, reaction was mixed. Some residents worried that Mr Hussein's execution would disrupt what little normalcy was left in their lives, fearing either retaliation from his supporters or an extended security clampdown on movement in the capital to prevent such attacks.

In Sadr City, a largely Shia district that is the support base of the radical Sadrist movement, one resident said few of his neighbours actually believed that Mr Hussein would be executed. He cited recent events – the escape of a Sunni minister from an Iraqi jail, and the demolition by UK forces of a police station in the southern city of Basra on the grounds that it had been affiliated with death squads – as indicators that Mr Hussein would somehow be able to cut a deal with the Americans and be allowed to escape.

Many Shia believe the US military is tying their hands in the country's sectarian conflict, and some believe that the Americans want to return his former ruling Ba'ath party to power.

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Both sets of reactions indicate the degree to which Iraqis are likely to view Mr Hussein's execution through the lens of their own predicament and the country's shifting web of political alliances.

Meanwhile, Mr Hussein's lawyer released a letter written by the former president before his appeal was denied, in which he stated that he would go to the gallows as a "sacrifice" and called on his former Iraqi subjects to unite against their enemies.

A website affiliated with members of the Ba'ath party and believed to be run from Yemen posted a statement threatening retaliation against the US if the execution was carried out.

"The Ba'ath and the resistance are determined to retaliate, with all means and everywhere, to harm America and its interests if it commits this crime," the statement said.

The New York-based Human Rights Watch said that the Iraqi government should not implement the death penalty. It called Mr Hussein's trial "deeply flawed", citing Iraqi government actions that threatened the court's independence as well as procedural errors.

Execution Likely To Come Soon For Saddam Hussein (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 28, 2006

BAGHDAD — Saddam Hussein, sentenced to hang within 30 days, will likely be executed soon at a private gathering of select witnesses, officials close to Iraq's Prime Minister Nouri Maliki said today.

Hussein, 69, was sentenced to death Nov. 5 after being convicted of crimes against humanity in connection with the extermination of 100 men and boys from the Shiite town of Dujail after locals attempted to assassinate him in 1982.

A letter Hussein wrote on the day of his sentencing was released today on his former Baath party's web site.

"Dear faithful people," the deposed president wrote, "I say goodbye to you, but I will be with the merciful God who helps those who take refuge in him and who will never disappoint any honest believer."

Hussein's victims, particularly those from Dujail, are demanding a public hanging so they can see justice done. But government officials concerned about exacerbating sectarian tensions rejected the idea, said a cabinet member of Prime Minister Nouri Maliki, adding the government will likely only release photographs of the hanging to the public.

A U.S. Marine was also killed today in combat in western Anbar province, the military said, and a U.S. soldier died Tuesday after his vehicle rolled over on a dirt canal trail while on a combat mission south of the capital. Their deaths raised the number of U.S. troops killed in Iraq since 2003 to 2,983, according to icasualties.org.

Explosions and shootings rocked the capital today, as protesters took to the streets in the southern city of Najaf after Iraqi and coalition forces killed a local aide to anti-U.S. cleric Muqtada Sadr.

Protesters chanted anti-American slogans during the funeral procession for Saheb Amiri, an associate of Sadr, who ran a civic organization called Shaheedollah, or God's Martyrs, and a newspaper.

U.S. military spokesman Army Maj. Gen. William B. Caldwell IV described the raid at an afternoon briefing in Baghdad.

Caldwell said that after soldiers arrived, Amir fled to the roof of his house. An Iraqi soldier pursued him, followed by a coalition soldier, Caldwell said, and when Amiri shot at the Iraqi soldier with an assault rifle, the coalition soldier returned fire, killing Amiri.

Amiri's 16-year-old son, Ali, confirmed the story of the raid, but said the soldiers followed his father to the roof and killed him.

Caldwell said Amiri was suspected of planning and supplying roadside bomb attacks against Iraqi and coalition forces, including an October attack on the Najaf police chief.

Asked about Amiri's ties to Sadr and his Mahdi Army militia, Caldwell said Amiri was targeted for suspected illegal activity, "not because he was associated with any particular organization." But provincial and Sadr party leaders condemned the killing.

"This act is not accepted at all and it's a significant violation for sovereignty in Najaf," said a provincial leader who asked not to be named.

Sadr party leaders said Amiri was gunned down while trying to call them for help.

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"He was killed in front of his wife and his children," said Abudl Razzaq Naddawi, a Sadr official in Najaf, adding that at the time he was killed, Amiri was trying to call Sadr officials, "To tell them that he was surrounded by Americans." Naddawi said "Martyr Amiri" ran the civic group and a newspaper, Anwar Al Ghoori, and did not belong to the Mahdi Army.

Naddawi and other Sadr party leaders called a press conference in Najaf this afternoon where they urged followers not to lash out at U.S. forces.

"The Americans want to drag us into an open battle and we will not be lured into provocations," Naddawi said.

U.S. forces could be seen patrolling in greater numbers today in Baghdad's Shiite stronghold of Sadr City, and more were arriving in vehicles and helicopters late today, according to an Interior Ministry source.

Caldwell said operations are underway in Sadr City to root out the death squad responsible for extra-judicial killings. Such killings have been linked to both the Mahdi Army and the Shiite Badr Organization, a militia association with the Supreme Council for the Islamic Revolution in Iraq party.

"Anybody who is operating outside of the law, extra-judicial killings, we are going to take down, regardless of their affiliations," Caldwell said.

He said coalition forces were still holding two of five Iranian men detained in separate raids Dec. 20 and 21 in Baghdad's central Jadriya neighborhood, Caldwell said. During the later raid, the military seized evidence that links the two men to illegal weapons shipments to armed groups in Iraq, including documents, maps, photographs and videos, Caldwell said.

Four of the men arrested, including the two still held, were diplomats visiting Iraq at Talibani's invitation, according to an official at the Iranian embassy in Baghdad who spoke on condition of anonymity. He said embassy officials have been trying unsuccessfully to visit the prisoners.

At least 23 people died in today's violence across Iraq.

In the southern city of Babil, two roadside bombs exploded at an Iraqi Army patrol post, killing three soldiers, according to police in nearby Kut.

Gunmen killed the mayor of the southern county of Husseiniya, Hameed Sharifi and his bodyguard as they were driving to his office in nearby Karbala today, according to Karbala's mayor.

In the capital, explosions and shootings erupted at several points during the day. At least 50 bodies were recovered in the 24-hour period ending today, according to the Interior Ministry.

A car bomb exploded at about 2:10 p.m. in the north Baghdad neighborhood of Talibiya, killing at least ten people.

A roadside bomb near Baghdad's Wathiq Square killed seven, including three police, according to police. Gunmen attacked a bus ferrying workers to Kindi Medical College near Shurta Tunnel in west Baghdad, injuring several.

Saddam Hussein's Baath Party Threatens To Retaliate If Their Leader Is Executed (IHT/AP)

By The Associated Press

International Herald Tribune/AP, December 28, 2006

Saddam Hussein's Baath party threatens to retaliate if their leader is executed

AMMAN, Jordan: Saddam Hussein's Baath Party threatened Wednesday to retaliate if the ousted Iraqi leader is executed, warning in an Internet posting it would target U.S. interests anywhere.

The statement appeared on a Web site known to represent the Baath, which was disbanded after U.S.-led forces overthrew Saddam in 2003. The site is believed to be run from Yemen, where a number of exiled members of the party are based.

On Tuesday, Iraq's highest court rejected Saddam's appeal against a conviction and death sentence for the killing of 148 people who were detained after an attempt to assassinate in Dujail, northern Iraq, in 1982. The court said the former president should be hanged within 30 days.

"Our party warns again of the consequences of executing Mr. President and his comrades," the statement said.

"The Baath and the resistance are determined to retaliate, with all means and everywhere, to harm America and its interests if it commits this crime," the statement added, referring to Baath fighters as "the resistance."

"The American Administration will be held responsible for any harm inflicted on the president because the United States is the decision-maker (in Iraq) and not the puppet Iraqi government."

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The statement said that if the execution takes place, it would be impossible for the Baath to take part in any prospective negotiations with U.S. and Iraqi officials to reduce the violence in Iraq.

Saddam's defense lawyers, who are based in Amman, called on Arab governments and the United Nations to intervene to stop the execution.

"Otherwise, all may be participating in what is going on, either actually or due to their silence in face of the crimes, which are being committed in Iraq in the name of democracy," the lawyers said in a statement in English that was e-mailed to The Associated Press bureau.

The statement, signed by "the Defense Committee for President Saddam Hussein," said the court's rejection of Saddam's appeal was part of the "continued shedding of pure Iraqi blood by the current regime in Iraq, which (is) directly connected with the American occupation."

One of Saddam's counsel, Najib al-Nueimi, a former justice minister in the Gulf state of Qatar, said it was now time for Saddam's family to appeal to Iraqi President Jalal Talabani.

"The defense team has exhausted all the legal channels to appeal this decision, so it is up to the president's family to present an appeal for clemency to the current president, asking him not to sign the execution papers," al-Nueimi said, speaking in a phone interview from Qatar.

Saddam's wife, Sajda, lives in Qatar, and his daughter Raghad, who has supervised his defense team, lives in Amman.

Asked whether the family would appeal to Talabani, al-Nueimi would only say: "It's up to them."

Later in the day, the lawyer of the former Iraqi Deputy Prime Minister Tareq Aziz condemned the verdict saying it was a flagrant violation of the regulations of the court. He believes that court regulations require that an execution occur after 30 days — not within this period, as the court announced.

Badee Izzat Aref told the AP in a telephone call from Dubai that he met Saddam and Aziz last week in Baghdad and understood from them that Aziz will testify in court for the benefit of Saddam in his ongoing trial. Saddam is currently on trial for the military campaign, codenamed Operation Anfal, that took place during the 1980-88 Iraq-Iran war. An estimated 180,000 Kurds died during the campaign.

"He has very important issues to reveal during the trial," Aref said. "He will uncover the involvement of many important foreign and local personalities."

"The Iraqi government wants to accelerate the execution process to avoid the testimony of Tariq Aziz," Aref said.

Noting that Iraqi President Jalal Talabani he was against the death penalty, whether against Saddam or anybody else, Aref said, "If he gives authority to his vice president to sign the execution order, he will face great embarrassment before his party and the Kurdish people."

Rough Justice (LAT)

The Los Angeles Times, December 28, 2006

AT FIRST, British Prime Minister Tony Blair's reaction to Saddam Hussein's imminent hanging sounds a little wishy-washy. Blair reiterated his own opposition to capital punishment but also said the sentence "does give us a very clear reminder of the total and barbaric brutality of that regime."

Wishy-washy or not — and when it comes to Iraq, thoughtful equivocation is preferable to false certainty — Blair got it right. If one opposes capital punishment as a matter of principle, as we do, putting Hussein to death is of course objectionable. So was executing Adolf Eichmann and Timothy McVeigh. Rather than dwell on generic objections to capital punishment, a futile exercise given Iraqi law, Blair emphasized the sentence's significance as a judgment on the former Iraqi leader's misrule.

That said, both the sentence and the trial that produced it can be described as very rough justice. By British and U.S. standards, there were lapses in the trial that convicted Hussein of ordering the murders of 148 residents of a Shiite village in 1982. It's also troubling that the Iraqi appeals court that ruled Tuesday that Hussein should be hanged within 30 days took only three weeks to rule on detailed arguments submitted by his lawyers.

The most practical argument for sparing Hussein's life is rooted not in procedural scruples or a rejection of the death penalty but in political strategy. Ideally, Hussein would have been convicted against the backdrop of an Iraqi government

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regarded as legitimate by all segments of society, including Sunnis who prospered under the despot's rule. The current Shiite-led government in Baghdad falls sadly short of that description.

Assuming that Iraq's president or vice president could commute Hussein's sentence — and the appeals court insists that its ruling can't be altered — the best argument for mercy is that it might appease Sunnis who regard Prime Minister Nouri Maliki as partial to his fellow Shiites. At the same time, sparing Hussein could further destabilize Iraq by outraging both Shiites and Kurds. Tens of thousands of the latter group died in a military campaign that forms the basis of a separate genocide charge against Hussein.

As with so much about Iraq, there is no simple answer to the question of whether the nation would be better off if the condemned keeps his date with the hangman. Hussein claims that he is prepared to join the ranks of "the true men and martyrs." Iraq's leaders need to ask themselves if that "martyrdom" will come, and if so whether it will be at too high a price.

G.O.P. Senator In Spotlight After A Critical Iraq Speech (NYT)

By James Risen

The New York Times, December 28, 2006

WASHINGTON, Dec. 27 — At the close of the Senate's lame-duck session, in between formulaic tributes to senators departing voluntarily or otherwise, a Republican backbencher suddenly rose to give one of the most passionate and surprising speeches about the war in Iraq yet delivered in Congress.

For a solid Republican who had originally voted for the war, the words spoken by the senator, Gordon H. Smith of Oregon, on the evening of Dec. 7 were incendiary and marked a stunning break with the president.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," Mr. Smith said. "That is absurd. It may even be criminal."

But the real impact of the address came not just from Mr. Smith's words, but from the way he delivered them. His somber cadence resonated in a way that made political Washington take notice, transforming him into one of the most talked-about Republicans heading into the new Congress.

After acknowledging that he had been "rather silent" on Iraq since voting to authorize the war in 2002, Mr. Smith said he was rising "to speak from my heart" because he had witnessed "the slow undoing of our efforts there."

"I remember the pride I felt when the statue of Saddam Hussein came down," he said. "I remember the thrill when three times, Iraqis risked their own lives to vote democratically in a way that was internationally verifiable as well as legitimate and important. Now all those memories seem much like ashes to me."

"Many things have been attributed to George Bush," Mr. Smith said, "but I do not believe him to be a liar."

He continued, "He is not guilty of perfidy, but I do believe he is guilty of believing bad intelligence and giving us the same. I can't tell you how devastated I was to learn that in fact we were not going to find weapons of mass destruction."

Senator Edward M. Kennedy, Democrat of Massachusetts, stopped short as he was walking out of the chamber to listen to Mr. Smith. He was so struck by the speech that he called him to congratulate him, an aide to Mr. Kennedy said.

A White House official also quickly called Mr. Smith to discuss his speech, Mr. Smith said in an interview.

Before his speech, Mr. Smith had last garnered national publicity with efforts to pass legislation to prevent suicides among youths after his son, Garrett, killed himself in 2003, on the day before his 22nd birthday.

But within days of the Iraq speech, Mr. Smith emerged as a new spokesman for an endangered political species: the moderate Republican.

In the process, Mr. Smith may have signaled that some moderate Republicans in the Senate are poised to break openly with the White House on the war, just as President Bush is seeking a new strategy to deal with the bloody stalemate in Iraq.

Only three or four senators were in the chamber when Mr. Smith spoke, but his speech has been replayed repeatedly on cable news and on the Internet and has had reverberations throughout the Republican Party.

For some, the speech helped crystallize the post-election anger many Republican lawmakers have for the Bush administration and its conduct of the war, which they believe cost them control of Congress. In the aftermath of his speech, Mr. Smith said he heard from several other Republican senators who he said agreed with his views.

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"I sensed a cold shoulder or two," he said. "But many of my colleagues said, 'Boy, you spoke for me.' "

Senator Olympia J. Snowe, Republican of Maine, said, "I think Gordon sort of struck a chord, and his speech represented a manifestation of frustrations that exists among many of us, not just moderate Republicans but all Americans."

"I think for some, that speech was a tipping point," Ms. Snowe added. "It was a reality check. We have to admit that something has gone terribly wrong."

But other Republican lawmakers argued that Mr. Smith's speech was not representative of most Senate Republicans' views.

"I don't believe it's true that a lot of Republican senators are ready to break with the White House on Iraq," said Senator Judd Gregg, Republican of New Hampshire. "I don't think the views he expressed represent a significant number of senators in the Republican caucus."

First elected to the Senate in 1996, Mr. Smith, 54, has forged an image as a centrist Republican in a swing state that is now tilting a bit Democratic.

He said he had previously refrained from publicly criticizing the war because he had been struck by the comment of a soldier from Oregon, who told him during a 2005 visit to Iraq that if he supported the troops, he also had to support their mission.

But Mr. Smith's attitude began to change over the past year, particularly after he visited Iraq in May. In an interview, the senator recalled two occurrences in Baghdad during his visit, one in which a massive bomb killed about 70 people and a second in which some American troops were killed on patrol.

And a book on World War I he had been reading, by John Keegan, the British military historian, was beginning to haunt him.

Mr. Smith said that his use of the word "criminal" in his speech to describe the war in Iraq came from his reading of that book, which he said explained to him the "practice of British generals, sending a whole generation of British men running into machine guns, despite memos back to London saying, in effect, machine guns work."

Much like the British in World War I, he added, "I have concluded that we are employing strategies that are needlessly getting kids killed."

After returning to Washington from Baghdad, Mr. Smith said he listened with growing dismay to optimistic briefings given to senators by Donald H. Rumsfeld, then secretary of defense, and other administration officials. Even in closed-door briefings, he said, "the answers always seemed to be, It's tough but we have to stay the course.

"And so I started thinking about the British generals," he said.

Last summer, on a flight from Portland, Ore., to Washington, Mr. Smith said he read "Fiasco," a history of the Iraq war by Thomas E. Ricks, "and by the time I landed I was heartsick."

As the situation in Iraq worsened in the fall, Mr. Smith said it became increasingly obvious to him that "we were playing street cop in a civil war."

"I started thinking about those British generals again," he said.

He said he had decided not to speak out before the midterm elections, both out of political loyalty and a fear that his words would be drowned out by partisan attacks.

"Then we were back in Washington for the lame-duck session," he said, "and I woke up one morning and turned on the news and another 10 soldiers had been killed. And I went from steaming to boiled. And then I went to the floor."

Mr. Smith faces re-election in 2008, and some Democrats in Oregon have suggested that his break with the White House was timed to aid his coming campaign, an accusation he adamantly denies.

Oregon's Democratic governor dismisses talk that the speech was politically motivated. Instead, the governor, Theodore R. Kulongoski, said he believed that the suicide of Mr. Smith's son had had a large effect on Mr. Smith's thinking on a wide variety of issues.

"I think the loss of his son has dramatically changed his view," Mr. Kulongoski said in an interview. "He understands the loss of a child. I think he's gotten tired of reading about these kids dying."

"I think he has been struggling through this for a long time," he added. "I think the trauma in him has been his loyalty to his party and to his president, at the same time this gut-wrenching thing in him."

Mr. Smith said he recognized that his words upset the White House and some fellow Republicans.

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"It is not easy to stand up to the president of your own party to say you are unhappy with the way this has been managed," he said. "But if you can't speak up, then you should go home."

Support Is Lacking For British Troops, Commander Says (NYT)

By Alan Cowell

The New York Times, December 28, 2006

LONDON, Dec. 27 — The commander of Britain's 7,000 troops in southern Iraq has complained that they are operating in conditions that display "a generation of underfunding and relative neglect" by successive governments back home.

The remarks by the commander, Maj. Gen. Richard Shirreff, echoed criticism by two other high-ranking officers in recent months, breaking with a tradition of public restraint by military commanders in expressing political views.

In an interview with the BBC, General Shirreff said, "The nation needs to understand that the quality work done by these courageous men and women out here only happens and can only continue if our soldiers are properly supported back home in terms of the support for training, infrastructure, barracks, accommodation."

"Some of these issues need solving," he said, describing many of them as "the result of a generation of underfunding and relative neglect."

General Shirreff did not blame a specific government and directed some of his criticism at the broader relationship between civilians and the military.

"I don't blame any particular party or government; I think this is a general issue," he said. "There's a whole range of areas — it's not just the sharp end here." He said the "military covenant between the nation and its soldiers" was "seriously out of kilter."

General Shirreff's comments followed remarks in October by Gen. Sir Richard Dannatt, the top army commander, who said British troops, based primarily in Basra, should be withdrawn from Iraq "sometime soon" because their presence was adding to security problems.

Snipers Stalk Marine Supply Route In Western Iraq (LAT)

By Tony Perry

The Los Angeles Times, December 28, 2006

along msr mobile, outside fallouja, iraq — The battle for this desolate stretch of road east of Fallouja is relentless: Twenty-four hours a day, Marines lumber up and down the six-lane freeway in 23-ton amphibious assault vehicles, looking for bombs and dodging snipers.

The shadowy gunmen are a constant menace on MSR Mobile — short for Main Supply Route Mobile, so dubbed because it serves as a main link between several U.S. bases here in Al Anbar province. In the last two weeks, two Marines with Company B of the 2nd Assault Amphibian Battalion from Camp Lejeune, N.C., have fallen to snipers' bullets: Lance Cpl. Luke Yepsen, 20, of Brazos, Texas, and Cpl. Joshua Pickard, 20, of Merced, Calif.

Marines suspect the same sniper killed Yepsen and Pickard.

"I hope he shows up today — I'd like to blast his ass," Sgt. Clayton Chism, 26, of Prentiss, Miss., said at the beginning of a patrol involving 14 Marines and three vehicles from the battalion's Team Gator.

The mission on the road linking Fallouja to Baghdad could be seen as a microcosm of the Marine mission in Al Anbar: nothing likely to be made into a Hollywood war movie, just a "persistent presence" to wear down the insurgency.

But there are moments of adrenalin-pumping drama. On this day, the Marines shot an Iraqi spotted planting a roadside bomb. When Lance Cpl. William Shaw was lifting the wounded Iraqi into a vehicle to be taken to a field hospital, the Marine was shot in the back by a sniper.

The round struck the back plate in the flak vest worn by the 22-year-old from Fort Bend, Texas. A few inches lower, and Shaw might have been killed or his spine severed.

The explosive ordnance detail was called to examine the bomb. It was fake.

Fake bombs are a recent wrinkle in the insurgents' game plan. The strategy, apparently, is to fire at Marines who arrive to neutralize the devices.

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Navy trauma doctors who have treated wounded Marines say the snipers have also learned how to find vulnerable spots not covered by protective plates.

"We're not bionic men," said Gunnery Sgt. Justin Smith, 32, of Boston.

Several sniper shootings have taken place nearby. Marines suspect that insurgents use low-slung buildings parallel to the freeway as a staging ground and a place to make bombs.

The Marines raided the buildings recently and detained dozens of Iraqis. Some Marines had hoped to get permission to demolish the buildings, but that was denied by upper authority.

"It's like being in the U.S. and having a public park being used by drug dealers," said Capt. Eric Dominijanni, 34, of New York, commander of B Company. "Not everybody there is a drug dealer, and you can't destroy the park."

Chism's three-vehicle convoy arrived to provide additional security for the Marines. Inside one vehicle, nicknamed "Event Horizon," after a sci-fi movie, three Marines waited to respond if the searchers were attacked.

Protecting MSR Mobile is sometimes boring.

For four hours, they waited. "It was a good day: not much action," said Cpl. Dennis Bryant, 21, of Kodiak, Alaska. "Everybody came back OK."

Navy corpsman Raymond Casas, 35, of Victoria, Texas, was hit by a sniper round in the upper chest while on a mission just off the freeway. The bullet hit his M-16 and then the fabric of his protective vest, leaving Casas with a deep gouge in his Grim Reaper tattoo.

Casas said he felt a sharp sting in his chest and immediately went on the radio to report he'd been hit. "I was more mad than hurt," he said. He knows that if the bullet hadn't been deflected by his M-16, he'd be dead. "I was lucky, I guess."

Although the sniper thought to have killed Yepsen and Pickard is still at large, the Marines here have killed and captured numerous snipers and bombers.

"We take one off, there seems to be another to take his place," Smith said.

Pakistan Proposes Fence To Rein In Taliban (CSM)

By David Montero

The Christian Science Monitor, December 28, 2006

ISLAMABAD, PAKISTAN

First, Pakistan tried to fight the Taliban militia along its remote, craggy border with Afghanistan. Then it tried to make peace with them. This week, Pakistan announced a new solution to the problem on its western frontier: mines and fences along the Afghan border, designed to keep militants from crossing in and out of the tribal zone.

Western capitals, newspapers, and military intelligence reports are increasingly voicing concern that the source of the Taliban's growing power rests in Pakistan and that Pakistan is not doing enough to quell it. This latest approach, beyond being quixotic, is also risky, analysts say: If the fence doesn't work, Pakistan may have exhausted all apparent options - and possibly its credibility, too.

"If this doesn't solve the problem, then what next?" asks Ramiyullah Yusufzai, a prominent journalist and tribal analyst in Peshawar.

For its part, Afghanistan immediately responded with anger to the fence idea. "The border is not where the problem lies," Khaliq Ahmad, a presidential spokesman in Kabul, was quoted as saying.

Many critics in Pakistan agree. "Are we going to detain ourselves? Or should we look into the root causes - the policy of tolerating militants inside our borders," asks Afrasiab Khattak, a political analyst and member of the opposition Awami National Party in Peshawar, near the Afghan border.

Pakistan has repeatedly dismissed the numerous claims that it has shied away from engaging Taliban militants, reiterating its commitment to fighting terrorism. The fence proposal, Pakistani officials insist, has not been timed to address rising concerns in the international community.

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"It's not that our military action failed and our political action failed. No. This proposal pre-dates those," says Tasneem Aslam, Pakistan's Foreign Office spokesperson. Ms. Aslam refused to characterize the fence as a barrier to prevent Pakistani-based terrorists from entering Afghanistan, insisting that Taliban violence was an internal Afghan problem.

"There are 200,000 [people] crossing the border a day, and they're not all crossing at designated points. We want to control that," she explains.

In September, however, President Pervez Musharraf admitted that Pakistani militants are responsible for some portion of violence inside Afghanistan.

"There are al-Qaeda and Taliban in both Afghanistan and Pakistan," Musharraf said during talks in Kabul. "Clearly they are crossing from the Pakistan side and causing bomb blasts in Afghanistan."

The job of preventing those attacks is, by all accounts, not an easy one. Afghanistan and Pakistan share a 1,500-mile-long border, studded with some of the most rugged terrain in the world. The Taliban are well-trained, well-armed and well-versed in that terrain, analysts agree. There are no easy, short-term solutions. Half-hearted ones, like the fencing proposal, will only chip away at Pakistan's credibility, which some see as already fading.

A more realistic solution begins with an honest review of Pakistan's policy of supporting militants, some analysts contend.

"It is for the policymakers in Islamabad," says Mr. Khattak.

Other analysts caution against such claims, citing a lack of hard proof. But they agree that substantive political reform is vital. Political parties are banned from the tribal areas, meaning there is no force to contest religious leaders who support the Taliban. Draconian, colonial-era laws are the rule of the land, compelling many to view Taliban-inspired laws as more just.

"Pakistan has the will [to stop militants]. It is a problem of its political capacity," says Rasul Bahksh Rais, a professor of political science at the Lahore School of Management Sciences. Introducing political parties is a critical step, he adds, but one the government has resisted for fears such parties will resist them.

"We are not going to impede the movement between countries," Aslam assured. The fencing proposal, which Pakistan has broached in the past, will include designated crossing points where officials can easily monitor traffic. So far, the proposal has no timeframe.

It is unclear if Pakistani authorities plan to mine and wire the entire 1,500-mile stretch. Pakistan has proposed the project unilaterally - a move that has sparked ire from Afghan officials and raised eyebrows at home.

"You make an agreement when you do these kinds of things. But they haven't discussed it with the Afghan authorities," says Yusufzai.

Pakistan's Foreign Secretary, Riaz Muhammed Khan, insisted at a press conference, however, that Pakistan "needs no permission or agreement with any country, including Afghanistan, while carrying out any such project within its territorial boundaries."

The proposed fence would run along the Durand Line, a border set by British colonialists in 1893. Pakistan recognizes the line as an international border, but Afghanistan does not. Pashtun tribes, who live on both sides of the border and have migrated in between for centuries, are unlikely to accept the fence.

"There would be attempts to stop the fence or blow up areas of the fence," says Mr. Yusufzai. Others add that for every militant felled by a mine, many more will emerge from the swirl of death and violence."One part of a family on one side [of the border] will be stepping over dynamite to see family on the other side. Don't we have enough gun powder in our area?" asks Khattak.

Afghan Air Strike Irks U.S. Soldiers (WT)

By Rowan Scarborough

The Washington Times, December 28, 2006

Special-operations soldiers say that if the command in Afghanistan had listened to them four years ago, there would have been no need this month for a U.S. air strike that killed senior Taliban leader Mullah Akhtar Mohammed Osmani.

He already would have been locked up.

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As reported in 2002 by The Washington Times, an Army Green Beret "A Team" said it captured Osmani in a village near Kandahar, the Taliban's birthplace.

The U.S. prison at the Bagram military base north of Kabul later released Osmani, the Special Forces soldiers said. They suspect Osmani convinced his captors that he was not a Taliban leader but a poor villager. The soldiers said they heard later that he crossed into Pakistan and reorganized his forces.

A military spokesman told The Times, "If we had captured Osmani, we would still have him."

Osmani was killed earlier this month. The Combined Forces Command in Kabul said that on Dec. 19 Osmani was identified, based on intelligence reports, as riding in a vehicle near the Pakistan border in a deserted area. An air strike killed him and two unidentified companions.

"Osmani was in the top ring of the Taliban leadership, and he was also a close associate of Osama bin Laden and [anti-U.S. warlord] Gulbuddin Hekmatyr," said Col. Tom Collins, a command spokesman. "His death is a major achievement in the fight against extremists and their terrorist networks."

Osmani had helped lead a Taliban resurgence this year that saw the radical Islamic movement recapture towns in southern Afghanistan, commit a string of atrocities and ramp up ambushes of NATO troops.

The command said Osmani ran the Taliban's military operations in Kandahar and other southern towns. His leader, Mullah Mohammed Omar, remains at large.

Soldiers on the A Team in 2002 said Osmani should never have had the second chance to reorganize the Taliban.

"We may never find out what really happened to him and if he was really let go by mistake, or something else, but it would have saved many, many lives, Afghan and American, if Osmani had been locked up or killed in '02," said a Special Forces soldier who was in Afghanistan at the time.

The soldiers told The Times that in July 2002 they received intelligence from locals that Osmani was staying in a compound in the village of Sangin. The soldiers said that U.S. military operations had slowed by then and that some ex-Taliban felt reasonably secure living in small villages.

While his compound was under surveillance, a man matching Osmani's description emerged to attend morning prayers, the soldiers said. The man was stopped at gunpoint and searched. He had an old Taliban ID card with the name "Osmani," they said, and scars on his chest that matched an intelligence profile.

The soldiers said they took the man by truck to Kandahar, from where he was flown to the prison in Bagram. Weeks later, they said, they heard he had been released.

A Defense Intelligence Agency spokesman said, "The DIA has no knowledge that Mullah Akhtar Mohammed Osmani was ever in U.S. custody in Afghanistan. Given Osmani's high profile and our interest in detaining him, misidentification by experienced personnel is unlikely."

Air Force May Hire Outsiders To Oversee Projects (WSJ)

By Andy Pasztor

The Wall Street Journal, December 28, 2006

The Air Force is considering a potential new approach to managing multibillion-dollar space projects that could help it avoid the costly troubles that plagued previous efforts and lead to a lucrative new role for private-sector contractors.

But the new approach could present its own share of problems, including the potential for conflicts of interest.

The Air Force is considering hiring outside engineers or consultants to oversee systems integration of its next-generation navigational satellites, according to industry and government officials. Typically, the military service that orders a particular system retains primary responsibility and control over systems engineering and integration.

But hiring a separate project integrator could set a precedent for future projects and would be a tacit acknowledgment that both Air Force Space Command and the Pentagon's massive weapons-buying bureaucracy lack the necessary expertise to perform the required oversight role.

The project involves setting up a next-generation U.S. global positioning system, which is widely used by the military and supports consumer applications such as in-car driving directions. The new system would feature stronger signals and be more

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jam-resistant. While a final price tag has yet to be determined, preliminary specifications for the system call for as many as two dozen satellites costing $100 million or more.

Boeing Co. and Lockheed Martin Corp. are vying to build satellites for the new system, known as GPS III, and may end up competing for the integration work as well. Production go-ahead is expected in 2008, though the newly designed spacecraft may not go into orbit until 2013. So far, the Air Force hasn't made a final decision on whether units of the two prime contractors will be eligible to receive any integration contracts, or if the Pentagon will seek a separate consulting firm to do that work, said the people familiar with the matter.

An Air Force spokesman declined to comment. A Boeing spokeswoman said the company is waiting for official requests for bids. A Lockheed Martin spokesman said the company is still reviewing details to determine if bidding on a potential systems-integration contract for GPS III "makes good business sense."

In the past few weeks, Air Force officials in conjunction with Aerospace Corp., a federally sponsored think tank that advises the Pentagon on acquisition matters, have been reviewing draft versions of the bid requests for GPS III. Air Force acquisition officials are specifically debating whether prime contractors for GPS III or other big-ticket programs should be barred from competing for certain integration contracts in order to avoid potential conflicts of interest, said a person familiar with the matter. The Air Force is seeking a mitigation plan to deal with any conflicts.

While an integrator wouldn't have final say over which company gets business, it would serve as the Air Force's eyes and ears and would play an important role in resolving technical issues and evaluating the performance of other contractors. Even if different parts of the same contractor are prevented from sharing sensitive information by setting up strict organizational divisions, the military recognizes such protections "by themselves will not mitigate" potential conflicts of interest, according to the Air Force's preliminary bid-solicitation document, issued earlier this month.

Having an integrator also doesn't eliminate complications. Boeing is the integrator for the Army's modernization program, called Future Combat System, and has faced scrutiny over costs and the viability of some of the technologies involved. Boeing has defended its work and the system.

Air Force officials already have said they intend to award separate manufacturing contracts for the satellites and related ground facilities.

The Air Force previously chose the international consulting giant Booz Allen Hamilton Inc. to serve as the lead systems integrator for its $16 billion Transformational Communications System. But that program is still in the concept-development phase and, compared to GPS III, a production ramp-up is likely to occur years later.

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Top Federal Prosecutor In Conn. Named To National Position (AP)

By John Christoffersen, Associated Press Writer

AP, December 28, 2006

NEW HAVEN, Conn. (AP) -- Connecticut's top federal prosecutor has been appointed to a national position focused on combatting violence amid signs that a three-year lull in crime is ending, officials said Wednesday.

U.S. Attorney Kevin O'Connor has been named associate deputy attorney general at the U.S. Justice Department, where he will lead a team focused on violent crime and initiatives to crack down on gangs and illegal guns. He also plans to remain U.S. attorney for Connecticut for at least six months.

"I'm honored that they asked me to do it," O'Connor said. "To me this is a great opportunity to be involved on the national level on the same issues I've been involved in on a local level."

Preliminary FBI data released last week showed that murders and robberies continued to rise across the country during the first six months of 2006. Violent crime figures are on pace for a second straight annual increase. Violent crime rose 2.2 percent nationally last year - the first increase since 2001.

Authorities around the country also are worried about a resurgence in gangs. O'Connor held the state's first gang summit in September, and his office has been stepping up prosecutions.

O'Connor, who was appointed U.S. attorney in 2002 and starts his new position next week, also has been active in Project Safe Neighborhoods, which targets gun-carrying felons and has recovered about 4,000 guns over the past five years, he said.

His appointment comes nearly a year after Attorney General Alberto Gonzales announced an expanded program to combat gang violence, including an infusion of federal funds for cities with gang problems. His plan also called for expanding Project Safe Neighborhoods to include more anti-gang efforts and a new national gang task force.

O'Connor, whose new job will not increase his salary of about $145,000, said he will be in Connecticut as least once a week and plans to keep his Connecticut position for at least six months.

"I have no plans of stepping down as U.S. attorney unless circumstances lead me to conclude doing two jobs is having a negative effect on either one," O'Connor said. "I would not have accepted this offer from the deputy attorney general if I was not fully confident my leadership team could manage this district very effectively in my absence."

O'Connor's new position could help Connecticut with its law enforcement needs as well as position O'Connor for a top Justice Department position, said Stan Twardy, a former U.S. attorney for Connecticut. Others have held dual roles before, he said.

"If there are needs in Connecticut, they'll be heard directly, not through filters," Twardy said.

CORPORATE SCANDALS:

Apple 'falsified' Files On Jobs' Options (FT)

By Richard Waters In San Francisco

Financial Times, December 28, 2006

Steve Jobs, chief executive of Apple Computer, was handed 7.5m stock options in 2001 without the required authorisation from the company's board of directors, according to people familiar with the matter.

Records that purported to show a full board meeting had taken place to approve Mr Jobs' remuneration, as required by Apple's procedures, were later falsified. These are now among the pieces of evidence being weighed by the Securities and Exchange Commission as it decides whether to pursue a case against the company or any individuals over the affair, according to these people.

News of the irregularities, which is expected to be revealed in a regulatory filing by Apple before the end of this week, will add to pressure that has been growing on one of Silicon Valley's most highly-regarded companies since the middle of 2005.

Apple is among more than 160 companies that have owned up to stock option backdating – handing options to executives and other employees at exercise prices that were set in hindsight at favourable levels – a scandal which has led to the departure of a number of chief executives.

The latest revelation is likely to add to questions about Apple's disclosures about its internal investigation into the backdating issue. In October, the company largely exonerated Mr Jobs over the matter, saying that while he had been "aware" of the backdating "in a few instances", he "did not receive or otherwise benefit from these grants and was unaware of the accounting implications".

According to an Apple filing in 2002, the options under review were handed to Mr Jobs in October 2001, at an exercise price of $18.30 a share. However, the purported board authorisation was dated near the end of the year, suggesting that the benefits were both not properly authorised and were backdated. Mr Jobs later surrendered his options before they were exercised, implying that he did not gain any direct benefit from them. He was later given a grant of restricted stock by the company instead.

Apple's lawyers have briefed people involved in the case on the findings of the company's internal review of the matter, though it remains unclear how much detail will be included in the filing.

Under Apple's rules, the chief executive's remuneration must be set by a compensation committee of independent directors and later authorised by the full board.

An Apple spokesman refused to comment on the matter on Wednesday, but said the company had handed the findings of its internal enquiry to the SEC. The company said in October that it had found "no misconduct by any member of Apple's current

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management team" but that its investigation "raised serious concerns regarding the actions of two former officers". At the same time, it also announced the resignation from its board of Fred Andersen, a former chief financial officer. Mr Andersen had not been a director at the time of the 2001 options grant.

Legal News Slams Apple, But Stock Recovers (AP)

By May Wong, Associated Press

AP, December 28, 2006

SAN JOSE, Calif. — Wall Street ultimately shrugged off a report Wednesday that federal prosecutors are investigating whether former Apple Computer Inc. officials forged documents to maximize executives' profit from stock options.

The legal publication that detailed the federal probe also reported that CEO Steve Jobs has hired outside attorneys to represent him in the investigation.

Shares of the iPod and Macintosh computer maker went on a roller-coaster ride in trading Wednesday, falling almost 5 percent before rebounding to close up a penny at $81.52 on the Nasdaq.

In a morning note, UBS Investment Research analyst Ben Reitzes called investors' fears "overblown."

"Investors seem to be reacting to the mention of Steve Jobs," Reitzes said in his note. "We believe it could make sense to obtain counsel, given his immense personal fortune and influence."

The Recorder, a San Francisco-based publication owned by American Lawyer Media, reported late Tuesday that federal prosecutors are looking into forged documents at Apple related to administering stock options. The report cited people with knowledge of the case who requested anonymity because the case is the subject of criminal and civil government investigations.

Apple spokesman Steve Dowling said the company is providing the Securities and Exchange Commission with the results of an internal investigation into its practices for granting stock options, but had no further comment Wednesday.

Apple is one of nearly 200 companies that have disclosed SEC, Justice Department or internal investigations for potential backdating of stock options. Backdating refers to retroactively pegging the strike price of an option to a day when the stock traded cheaply. Options with low strike prices are more valuable to their owner because they are less expensive to exercise.

In October, Apple said the internal investigation found no misconduct by any current officers but raised concerns about how two former officers recorded and accounted for stock options. Citing people with knowledge of the investigation, the Recorder also reported those two former officers were general counsel Nancy Heinen and Chief Financial Officer Fred Anderson.

Anderson retired as Apple's CFO in 2004 but remained a board member until he resigned in October after the internal inquiry. Heinen left Apple for unknown reasons in the spring, before Apple initiated its stock options probe in June.

Apple said the probe found accounting "irregularities" that occurred between 1997 and 2002. The troublesome awards included millions of options given to Jobs, though he subsequently surrendered the awards in 2003.

Echoing other analysts who have said they do not believe Jobs' position will be affected by the scandal, Piper Jaffray analyst Gene Munster said Wednesday that he remains convinced Jobs was not involved in any wrongdoing.

"Apple has issues with stock options, but I don't think it matters unless Steve Jobs is impacted," Munster said. "I think Wall Street could care less about this. They've already got two fall people — Nancy and Fred — and what it comes down to for investors is how many iPods they sold in the December quarter."

On Dec. 15, Apple said it was delaying filing its annual report with the SEC because of its ongoing investigation into stock option grants.

Apple Recovers After New Options Info (MRKTWTCH)

Market Watch, December 28, 2006

NEW YORK (MarketWatch) -- Apple Computer Inc. shares regained ground after being rocked Wednesday by a published report that some company officials may have falsified stock-option documents, and that Chief Executive Steve Jobs has hired a lawyer to represent him in federal inquiries.

The report from the California legal newspaper the Recorder, which appeared on the Web site Law.com, said federal prosecutors are examining the documents to determine whether criminal charges should be filed. The report cited "individuals familiar with the case who requested anonymity."

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A separate report, which appeared in the Financial Times online edition, indicated that Jobs gained 7.5 million stock options in 2001 without the board's authorization, which is required.

The FT report, which cites unnamed people familiar with the matter, added that records were falsified to show that the board had approved the options for Jobs. The Securities and Exchange Commission is looking at those records to decide whether to pursue a case against Apple, according to the FT story.

The FT story didn't say who allegedly gave the options to Jobs or who allegedly falsified company records.

The Recorder story also said Jobs had decided to hire his own attorney to deal with inquiries by the Justice Department and the SEC. The high-profile chief executive had been represented by the company's outside law firm.

Apple had previously said that its own internal investigation found no misconduct by Jobs or other senior executives. The company did say that its probe had raised concerns about the actions of two unidentified former executives.

Company spokesman Steve Dowling had no specific comment on the news report, except to say Apple is "providing all the details of its investigation" to the SEC.

He said Apple plans to file its 10-K on or before Dec. 29, but he declined to say if it will contain any update on the stock-option investigation.

Gene Munster, an analyst at Piper Jaffray, pegged the odds that Jobs was involved in any shenanigans at less than 5%.

"We believe there is a very low likelihood that Steve Jobs was involved in the falsification of options documents, although we expect the investigation may continue to point to former Apple officers," Munster wrote Wednesday in a research note.

He reiterated his outperform rating on the stock.

Further details about Apple's situation are expected to be unveiled Friday, when the company plans to file several quarterly reports and its annual report for the fiscal year ended Sept. 30.

Apple has delayed the filings amid an internal probe into the backdating of employee stock-option grants.

The company previously has said that it would restate financial results for prior reporting periods to record noncash compensation charges after it found accounting irregularities for some grants issued between 1997 and 2002. Apple has not given an estimate of those charges.

The maker of Macintosh personal computers and iPod music and video players is among more than 100 firms under scrutiny for the practice of pricing option grants on dates that were different from their actual grant dates.

Grants priced on days when the underlying stock price was at monthly or quarterly lows led, in many cases, to sizable financial windfalls for corporate executives.

Revelations of options backdating have led to the ouster of more than 30 executives at companies. Among them is a former Apple chief financial officer, Fred Anderson, who resigned on Oct. 4, the same day that the company said its internal probe had found evidence of backdating.

That same investigation revealed that "in a few instances, Chief Executive Steve Jobs was aware that favorable grant dates had been selected, but he did not receive or otherwise benefit from these grants and was unaware of the accounting implications" of backdating.

Apple Shares May Fall On FT Report Of Jobs's Options Grant (BLOOM)

By Ian King And Connie Guglielmo

Bloomberg, December 28, 2006

Dec. 28 (Bloomberg) -- Shares of Apple Computer Inc. may fall after the Financial Times reported Chief Executive Officer Steve Jobs was given stock options in 2001 without the authorization of the company's board.

Company records that appear to show the full board considered a grant of 7.5 million stock options were falsified, the newspaper reported, citing people familiar with the matter. The U.S. Securities and Exchange Commission is examining the evidence, the report said.

``It does create a certain amount of doubt as to whether Steve Jobs can stay with the company," Rob Enderle of the research firm Enderle Group said yesterday in an interview. ``It looks more and more serious."

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Apple is among the biggest names caught in a stock-option scandal that has widened to more than 190 companies. In June the maker of the iPod music player began an internal review of its grants, including one to Jobs. Apple said in October said it found 15 misdated grants from 1997 to 2002. The Recorder, a San Francisco-based legal newspaper, first reported yesterday on the discovery of possibly falsified documents related to options.

``We are providing all details regarding the internal independent investigation to the SEC and not commenting beyond that," Steve Dowling, an Apple spokesman, said by telephone.

John Nester, a spokesman for the SEC, refused to comment on the Financial Times article. Claude Stern, the partner in charge of the Redwood City, California, office of Quinn Emanuel Urquhart Oliver & Hedges, the law firm hired by Apple's board to examine the grants, declined to comment.

Shares Fall

Shares of Cupertino, California-based Apple declined $2.47, or 3 percent, to $79.05 in extended trading after the report. They gained 1 cent to $81.52 in regular Nasdaq Stock Market composite trading and had risen 13 percent this year.

``The SEC has been looking very hard at these cases and they're working with the Department of Justice to put together criminal cases," said Bill Portanova, a former federal prosecutor in solo practice in Sacramento, California. ``When prosecutors are looking at something that they think is wrong in the first place, and they find paperwork in support of that thing that has been falsified, their appetite is whetted."

When Apple released the results of its three-month investigation in October, it didn't disclose any falsified documents. The company said it found backdated option awards on 15 occasions from 1997 to January 2002. While Jobs, 51, was aware of some instances, he didn't benefit, Apple said.

Restatements Due

Apple promised to submit restatements for the third quarter ended July 1 and the year ended Sept. 30 by the end of December.

Backdating allows executives to inflate the value of the stock options by retroactively choosing grant dates when the underlying shares are lower. Restatements, revisions and charges have topped $5.7 billion among the companies that have corrected their results thus far.

Jobs apologized to shareholders in October after finding instances of favorable grants. Apple said at the time the actions of two unnamed former executives raised ``serious concerns." Former Chief Financial Officer Fred Anderson, whose tenure included the five years when options were manipulated, resigned from the company's board.

While Jobs knew some options were backdated, he didn't benefit or understand the accounting, the company said. Apple added there has been no misconduct by current management.

U.S. Attorney

The Recorder said yesterday federal prosecutors are examining whether Apple officials falsified documents to inflate the value of grants. The fake documents were uncovered during the company's internal probe, and the information was passed on to the U.S. Attorney's office, the Recorder said, citing people familiar with the case.

Helen Yee, a Justice Department spokeswoman in San Francisco, didn't return a phone call seeking comment after normal business hours.

``How does it affect the timing, predictability or size of cash flow of Apple going forward? The only way it can is if they implicate Jobs in some way," said James Grossman, a fund manager at Thrivent Financial for Lutherans in Appleton, Wisconsin. The firm oversees $65 billion including Apple shares.

``The charges are serious," said Grossman. ``I'm going to stick with the original statement by the company that Jobs isn't a part of it."

Nabors Industries Will Relaunch Review Of Option-Grant Practices (WSJ)

The Wall Street Journal, December 28, 2006

Nabors Industries Ltd. said it is initiating a further review of its option-granting practices in light of "issues raised" in an article published by The Wall Street Journal.

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The oil-and-gas driller said this review follows an internal review earlier this year of its stock-option practices going back to 1998. It said this initial review "did not suggest that there was reason to question the propriety" of its option-granting practices.

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The Journal article, published yesterday, said that Eugene Isenberg, the chief executive officer of Nabors, is among the highest-paid corporate executives in history, receiving more than $450 million in compensation over the past 19 years, largely due to stock-option grants whose value, the article contends, was enhanced by certain "controversial moves" made by the company, which has U.S. headquarters in Houston but is registered in Bermuda.

The moves cited by the Journal included allowing Mr. Isenberg to trade in certain worthless options for new ones with lower exercise prices and "reloading" Mr. Isenberg with new options when he cashed in others.

In 4 p.m. New York Stock Exchange composite trading yesterday, Nabors's shares rose 30 cents, or 1%, to $30.53.

In separate options-related news, HCC Insurance Holdings Inc. said it has completed an independent review of its stock-option-granting practice and recorded a gross noncash compensation expense of $26.6 million related to corrections of errors from 1997 to 2005.

The company said the charge had no impact on its reported net revenue, cash or cash flow for the period, but it did result in a net after-tax decrease in shareholders' equity of $3.3 million.

HCC, of Houston, said its conclusion of the review and subsequent completion of certain quarterly and annual financial filings with the Securities and Exchange Commission will have "cured any possible Event of Default" stemming from its failure to deliver the reports in a timely manner under the provisions of certain debt offerings.

In addition, HCC posted third-quarter net income of $93.3 million, or 80 cents a share, up from $7.4 million, or seven cents a share, in the year-earlier period.

HCC's shares rose 38 cents, or 1.2%, to $32.04 on the Big Board.

Street Sleuth France Ready To Bring Hedge Case (WSJ)

By Alistair MacDonald

The Wall Street Journal, December 28, 2006

France's markets regulator will fine hedge fund GLG Partners LP and Deutsche Bank AG for abuses arising out of a convertible-bond offer for French telecommunications-equipment maker Alcatel SA, according to people familiar with the matter.

The Autorité des Marchés Financiers, or AMF, is following the recommendations of a preliminary report it received in October that was compiled by one of its officials.

The AMF has decided to increase the fine levied on London-based GLG to €1.2 million ($1.6 million) from €1 million recommended in the report and reduce Deutsche Bank's fine to about €300,000 from €1.5 million, these people said.

Alcatel SA, now Alcatel-Lucent, announced Dec. 12, 2002, that it would offer between $640 million and $835 million in bonds that would convert into shares.

The AMF was investigating whether hedge funds acted on information offered by Deutsche Bank before the bonds' issuance was publicly announced.

While it is common practice by banks to preview deals to select clients ahead of their announcement, it is against market regulations in Europe to act on that information.

The AMF's final report will mainly blame former GLG trader Philippe Jabre for abuses related to the convertible-bond issue, according to one person familiar with the matter. Mr. Jabre is planning to launch a hedge fund in Geneva.

A spokesman for Mr. Jabre declined to comment. A spokesman for GLG said the firm will appeal the AMF's decision.

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A Deutsche Bank spokeswoman said, "Deutsche Bank has been sanctioned for technical and procedural reasons. There is no case to answer on insider trading. Deutsche Bank will not be appealing."

The AMF typically allows the appeals process to get under way before announcing the final results of its investigations.

The preliminary report said three other hedge funds, Marshall Wace LLP, Meditor Capital Management Ltd. and Ferox Capital Management Ltd., which had been targets of the investigation, didn't have a case to answer to. It is unclear whether they have been given a final clearance by the AMF.

The AMF's decision comes as politicians and some regulators in Europe call for increased scrutiny of hedge funds, which are private investment pools catering mainly to wealthy investors and institutions.

--David Gauthier-Villars contributed to this article.

KLA-Tencor's Former Chief Tompkins Resigns From Board (Update2) (BLOOM)

By Ian King

Bloomberg, December 28, 2006

Dec. 27 (Bloomberg) -- Former KLA-Tencor Corp. Chairman Jon Tompkins resigned from the board, making him the fourth senior official to sever ties with the company since it discovered problems related to the backdating of stock option grants.

Tompkins resigned on Dec. 21, San Jose, California-based KLA-Tencor said in a U.S. Securities and Exchange Commission filing today. Tompkins, who is also chairman of Electro Scientific Industries Inc., quit for personal reasons, KLA-Tencor spokeswoman Kyra Whitten said. She declined to comment further.

Tompkins served as chief executive officer from May 1997 until July 1998, then as chairman until June 1999. The company said in September it would restate results from 1997 to 2002 after a special committee found incorrect dates were used in granting stock options to executives.

KLA-Tencor, the second-largest U.S. chip-equipment maker, said on Oct. 16 it found $400 million in costs related to backdated stock options and canceled grants to another former CEO, Kenneth Schroeder.

General Counsel Stuart J. Nichols resigned that day and KLA-Tencor said it terminated ``all aspects of its employment relationship'' with Schroeder, who ran the company from 1999 to 2005, succeeding Tompkins. A day later, Chairman Kenneth Levy retired. The company said it would reprice options held by Levy and other executives.

Tompkins didn't respond to a phone message seeking comment left at Electro Scientific Industries.

Shares

Shares of KLA-Tencor rose 20 cents to $50.21 at 4 p.m. New York time in Nasdaq Stock Market composite trading and have gained 1.8 percent this year.

KLA-Tencor is among more than 190 companies to disclose internal or federal investigations of stock-option practices to determine if grant dates were manipulated to enrich employees. The SEC, the Justice Department and Internal Revenue Service are looking for evidence that companies broke securities or tax laws by backdating grants to coincide with days when share prices were low.

They're also examining grants that were made in advance of news that drove up company stock prices, a practice known as spring-loading.

SEC Reversal Irks A Committee Chief (WSJ)

By Siobhan Hughes

The Wall Street Journal, December 28, 2006

WASHINGTON -- The Securities and Exchange Commission's decision to reverse course and relax disclosure rules on executive pay isn't sitting well with the Democrat who will head the House Financial Services Committee in the new Congress.

Rep. Barney Frank (D., Mass.) said he is "very disappointed with both the substance and the procedure" involved in the rule changes, which the SEC announced late Friday, just before the long Christmas weekend.

The rules, which apply to publicly held companies, would reduce the amount of top executives' compensation that many companies would be required to disclose next year. Companies would be allowed to spread the value of options and restricted-stock awards over a number of years, disclosing them as they vested, rather than in the year they were granted. Businesses had

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lobbied for the change, arguing that the SEC's plan to tighten disclosure requirements for options would have overstated executive pay.

Mr. Frank's committee has oversight of the SEC, and he could hold hearings on the executive-pay rules. He has already said he would push for legislation to allow shareholders to vote on executive compensation.

"Backtracking by the SEC on this important matter of stock options reinforces my determination that Congress must act to deal with the problem of executive compensation that is now unconstrained by anything except the self-restraint of top executives, a commodity that is apparently in insufficient supply," Mr. Frank said.

The SEC said it acted to reconcile the value of stock-options awards as disclosed in corporate financial statements with the value of executive-stock option grants disclosed to investors.

Companies treat stock options as costs in their financial statements as the options become exercisable. The SEC rules had previously required companies to disclose the value of stock-options awards on the date of the award, sometimes years before the recipient was entitled to exercise them.

SEC Chairman Christopher Cox said in a statement yesterday that "the object is to report accurate numbers. Artificially inflating executive pay, or reporting 'phantom' pay, is just as misleading as routinely underreporting it, which was the case before we adopted the new executive-compensation rules in July."

The U.S. Chamber of Commerce had complained that by including the value of options, stock or other awards that wouldn't vest -- or pay out -- for years, the earlier rules would have made executive pay packages look misleadingly large.

Executive pay increasingly is becoming a hot-button political issue as the pay gap widens between corporate chieftains and rank-and-file employees. Prompted by investor concern, the SEC earlier this year approved rules that will provide more information about the pay and perquisites granted to top executives. The new details of executive-pay packages will be released mostly in early 2007, when companies file annual proxy statements.

In its latest changes, the SEC took the unusual approach of making the new rules for stock options effective almost immediately. That decision essentially renders moot the agency's plans to provide a 30-day public comment period on the matter.

"The problem of executive pay that is both greatly excessive and deliberately obscured is a grave one," Mr. Frank said. "I had been encouraged when the SEC recognized this problem in its initial proposal, and while that continues to provide improvements in the relevant rules, this slippage is regrettable both substantively and for not having been open to more public discussion."

Frank Wants Pullback On Executive Salaries (USAT)

USA Today, December 28, 2006

Rep. Barney Frank, who will head the House committee that oversees the Securities and Exchange Commission, said Congress should rein in executive pay after the SEC changed rules for how companies value stock-option awards.

"Backtracking by the SEC on this important matter of stock options reinforces my determination that Congress must act to deal with the problem of executive compensation that is now unconstrained by anything except the self-restraint of top executives," Frank, D-Mass., said in a statement Wednesday.

The SEC said on Dec. 22 that it will let companies report stock-option expenses "as that cost is recognized" instead of when awards are made. The change conforms with an accounting rule that requires recognition of the costs of equity awards over the period in which an employee works for them, the SEC said. Stock options often vest three to five years after being granted.

The change will allow firms to report lower compensation costs by spreading expenses over many years rather than disclosing them all at once, said accounting experts including Charles Mulford, a professor at the Georgia Institute of Technology.

Frank, the next chairman of the House Financial Services Committee, said it's "ironic" that the agency wants to change its rules when regulators are uncovering "widespread abuses" in stock-option awards. Almost 200 companies are under

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investigation on issues involving backdating option awards to periods of low share prices, a practice that boosts the value of the grants.

SEC spokesman John Nester didn't immediately return a phone call seeking comment.

Last week's action by the SEC amends regulations approved by the agency in July, which were the most extensive overhaul of executive-pay rules in 14 years.

New SEC Pay Rule To Benefit Executives (WP)

By David S. Hilzenrath

The Washington Post, December 28, 2006

The incoming chairman of the House Financial Services Committee suggested it was a Christmas present for corporate executives from the Securities and Exchange Commission.

But SEC Chairman Christopher Cox yesterday defended the agency's recent action to modify stock option disclosures, saying it "will provide the maximum clarity and consistency for investors."

On the Friday before Christmas, without advance notice or a public vote, the SEC announced an amendment that generally would make top executives' annual pay appear smaller than it otherwise would have.

The amendment, which represented an about-face from a requirement that the agency adopted in July, would change the way stock option grants are reflected in the main compensation table of companies' annual pay reports. This revision lets businesses spread the estimated value of those options over multiple years instead of reporting their full value in the year the options are awarded.

The U.S. Chamber of Commerce and accounting firms that work for public companies had advocated such an approach. But reaction from other quarters was critical.

"I didn't even know they had a chimney at the SEC, and then all of a sudden this came slipping down it," Rep. Barney Frank (D-Mass.), who is set to lead the Financial Services Committee, said in an interview.

"Backtracking by the SEC on this important matter of stock options reinforces my determination that Congress must act to deal with the problem of executive compensation," Frank said in a statement yesterday.

The change "will make it harder for investors to get a transparent picture of the magnitude and value of options being granted to corporate executives," said Lynn E. Turner, former chief accountant at the SEC and now head of research at Glass, Lewis & Co., an adviser to institutional investors.

The commissioners adopted the amendment Dec. 15, but the agency waited to announce it because the Office of Management and Budget did not approve the rule until Friday afternoon, SEC spokesman John Nester said yesterday.

The SEC action reflects the confusion and criticism that surround stock options, which have created great wealth for many executives and have been criticized as contributing to some of the worst corporate scandals. In recent months, many companies have been examining whether option grants were improperly backdated to maximize their value to executives, and some corporate chiefs have lost their jobs.

The SEC and the Justice Department have been conducting probes of options practices, and criminal charges have been filed against officials from two companies.

An option gives the holder the right to buy a share of stock at a set price. If the market price of the stock rises above that level, the holder can exercise the option at a profit. Option grants typically vest incrementally over a period of years.

Policymakers have long struggled to include some measure of option value in executive pay, because the ultimate value of options only becomes clear when they are exercised. They may end up being worthless, or worth much more than initially estimated.

In July, the SEC overhauled the rules for pay disclosures, requiring that companies show annual compensation totals for top executives that include full estimated values of option grants. The approach the SEC announced Friday would spread the value of the options over the vesting period, following the method companies must use to account for the cost of options on their financial statements.

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"Artificially inflating executive pay, or reporting 'phantom' pay that will never be received, is just as misleading as routinely underreporting it," the SEC chairman said in a statement yesterday.

Estimates of the total value of option grants will not disappear from the pay disclosures. Rather, they are to appear in a separate chart from the summary compensation table.

"I don't see it as an effort [by] the commission to enable companies to hide the ball on the value of option grants," said John Olson of the law firm Gibson, Dunn & Crutcher, which represents business groups.

Federal law generally requires that the SEC to publish a rule 30 days before it takes effect, but there are exceptions. In this case, the SEC found that inviting 30 days of advance public comment would have been "impracticable, unnecessary and contrary to the public interest," partly because the disclosure rules it adopted in July kicked in Dec. 15.

Editorial: Thompson Memorandum (PAPN)

Harrisburg Patriot-News (PA), December 28, 2006

Reacting to pressure by Arlen Specter and others on the "Thompson Memorandum," the Justice Department has proposed guidelines on what critics contend have been coercive and unconstitutional tactics used in investigations of corporations.

But the new guidelines still fall short of adequately protecting constitutional rights of employees. Specter and his allies, who include former Pennsylvania governor and U.S. Attorney General Dick Thornburgh and incoming Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., should continue pushing.

A memorandum issued in 2003 by then Deputy Attorney General Larry Thompson issued a number of factors prosecutors should consider in deciding whether to bring criminal charges against a company. One of them took heavily into account the degree of a company's cooperation with investigators.

As a result, critics contend companies have gone too far and pressured employees to do such things as waive attorney-client privileges and other protections. While this may aid the company, it can expose individuals.

The starkest example came when a federal judge in New York ruled the Justice Department was responsible for undue pressure executives of accounting firm KPMG put on employees to cooperate in the government's probe of tax shelters.

The judge, siding with two ex-employees who alleged they were threatened with termination if they didn't waive certain rights in dealing with investigators, issued a blistering attack on the Thompson Memorandum as depriving individuals of their Fifth Amendment protection against self-incrimination.

Specter has said he will re-introduce legislation in the next Congress that would prohibit the Justice Department from pressuring corporations to waive their rights to preserve conversations and other information shared with lawyers as confidential; allow corporations to continue paying employees' lawyers fees without threat of retribution from prosecutors; and bar the department from considering how cooperative a corporation has been in determining whether to file charges.

The Thompson Memorandum remains in effect, but investigators must show a "legitimate need" to obtain privileged information and must obtain written approve from a deputy attorney general before pursuing them.

This is unsatisfactory in that we are talking about constitutional rights still being left to the discretion of too few in the Justice Department.

Specter and his allies should insist on further negotiations, and if they prove futile, spell things out clearly in legislation.

CRIMINAL LAW:

Feds Look For Fraud In Detroit City Lease (DEN)

By Paul Egan, The Detroit News

Detroit News, December 28, 2006

Audit shows $1.5M overbilling for building owned by political donor; his lawyer says city was repaid.

DETROIT -- The U.S. Justice Department is investigating possible fraud in a building lease held by Detroit's Employment and Training Department after an audit identified $1.5 million in apparent overcharges, sources familiar with the investigation said.

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The Detroit City Council allocated $5.3 million at the end of 1999 to cover five years of lease payments on the building at 1300 Rosa Parks, but city payments totaled $10.7 million after 39 months, the audit said.

The building is owned by Hampton Ridge Properties LLC, which is controlled by Grosse Pointe Farms businessman Cullan Meathe, a major donor to several Detroit politicians and co-owner of Metro Cars Inc.

Detroit lawyer Steve Fishman, who represents Meathe, said the case is essentially a landlord-tenant dispute. "My understanding is that most, if not all, of the money in dispute has been paid back to the city," Fishman said.

The city-commissioned audit, by the Whall Group of Auburn Hills, found in 2003 that Hampton Ridge charged the city for insurance and other expenses the company was supposed to pay; charged the property taxes for other buildings or for taxes it never paid; and submitted duplicate invoices for security, taxes, insurance and other expenses.

Federal investigators also are reviewing allegations that a subcontractor supplied Hampton Ridge Properties two sets of invoices -- a lower one to be paid by Hampton Ridge and a higher one to be submitted to the city for reimbursement, sources familiar with the investigation said.

The inquiry is one of several investigations at Detroit City Hall that have led to the indictment of two former City Council members and scrutiny of city contracts at Cobo Center and elsewhere. Justice Department officials refused to confirm or deny the lease investigation.

Aside from any possible fraud, city officials have acknowledged their own mistakes in allowing unusual lease provisions and paying invoices that should not have been approved.

"It was horribly sloppy on the city's part," said Matt Allen, a spokesman for Detroit Mayor Kwame Kilpatrick.

Rent is $1.06M a year

Even without any overcharges, $5.3 million would not have been enough to cover the five-year lease, which allowed Hampton Ridge to charge a 5 percent management fee in addition to the $1.06 million-a-year rent, plus be reimbursed for certain expenses.

Allen said city officials are cooperating with the federal investigation and are also conducting an internal probe into the lease -- signed before Kilpatrick took office in 2002.

The 117,800-square-foot building houses a state-run Michigan Works employment satellite center and the state and federal governments provided money the city used to make the lease payments.

This year, city General Counsel Sharon McPhail negotiated the return of $1.2 million in overcharges to the city from Hampton Ridge, Allen said. A final financial settlement has not been reached, pending a meeting in January with state officials, he said.

City and state officials refused to release a copy of the Whall audit under Michigan's Freedom of Information Act., but a copy of the 61-page report was reviewed by The Detroit News.

The audit said it appeared Hampton Ridge overcharged the city about $686,000 for building improvements, $375,000 for property taxes, $215,000 for maintenance, $214,000 for heating and cooling, elevator and roof work, $163,000 for insurance and $75,000 for security.

Poor bookkeeping blamed

The lease required Hampton Ridge to maintain insurance "at its sole cost and expense," the audit said.

"Nevertheless, Hampton Ridge Properties billed and the department paid approximately $162,771.50 for insurance," the audit said.

Even if the city had been responsible for insurance payments, Hampton Ridge Properties still would have overcharged the city by about $50,000, through duplicate invoices and by improperly billing a $2,013 automobile insurance invoice to the lease, the audit said.

In the area of security, "it appears that … several invoices were submitted twice and the department paid them twice," the audit said.

According to the report, Meathe acknowledged a problem with overcharges in a 2003 meeting with city officials and blamed poor bookkeeping.

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Meathe, who did not return phone calls from The News, asked city officials in January 2003 to pay his February 2003 invoice early because he was experiencing a cash flow problem, the audit said.

At an April 9, 2003, meeting with city officials, Meathe complained about slow payments by the city and said he was "carrying the city … because he had to pay the vendors before the department paid him the rental monies due," the audit said.

But one of the vendors claims it was not being paid for work it did for Hampton Ridge that was charged to the lease. Security company Pinkerton's Inc. sued Hampton Ridge in Wayne Circuit Court in August 2004, alleging it had not been paid nearly $169,000 for security it had provided at 1300 Rosa Parks since November 2000, court records show.

City officials said that at the time Meathe complained about late payments, the city had paid all invoices on or before the due date, except for two, the audit said. Those two invoices were paid eight days late, the audit said.

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Murders Are Up In New York And Several Other U.S. Cities For 2006 (FINDLAW/AP)

By Karen Matthews, Associated Press Writer

AP, December 28, 2006

(AP) - NEW YORK-After many years of decline, the number of murders climbed this year in New York and many other major U.S. cities, reaching their highest levels in a decade in some places.

Among the reasons given: gangs, drugs, the easy availability of illegal guns, a disturbing tendency among young people to pull guns when they do not get the respect they demand, and, in Houston at least, an influx of Hurricane Katrina evacuees.

In New York, where the city reported 579 homicides through Dec. 24 - a nearly 10 percent increase from the year before - the spike is mostly the result of an unusually large number of "reclassified homicides," or those involving victims who were shot or stabbed years ago but did not die until this year. Thirty-five such deaths have been added to this year's toll, compared with an annual average of about a dozen.

At the same time, Police Department spokesman Paul Browne noted that this year's total is only slightly higher than last year's 539 homicides - the city's lowest death toll in more than 40 years.

Browne blamed the rise in part on the availability of guns, particularly weapons from out of state. The city this year sued dozens of out-of-state gun shops that it says are responsible for many of the illegal weapons on the streets of New York.

In Chicago, homicides through the first 11 months of the year were up 3.3 percent compared with the same period in 2005, reversing a four-year decline. A police spokeswoman said gang violence has been a contributing factor.

In New Haven, Connecticut, there were 23 homicides as of Tuesday, compared with 15 in 2004 and in 2005. Police Chief Francisco Ortiz said that about half of this year's killings involve young people settling disputes with guns instead of fists.

"They're all struggling with this thing about respect and pride," Ortiz said. "It's about respect. It's about revenge. It's about having a reputation. It's about turf and it's about girls."

Houston police attribute the 15 percent increase in the homicide count to the influx of Katrina evacuees from the Gulf Coast

"So we expect that to settle," Lt. Murray Smith said. "We're hoping it will go down."

New Orleans, with its post-Katrina exodus, is the only major U.S. city that saw a sharp decline in the number of homicides. There were 154 in New Orleans this year as of Monday, said police spokesman Sgt. Jeffrey Johnson, down from 210 in 2005. But the city was largely empty during the fall and winter of 2005-06, and even now has only about half of its pre-Katrina population of 455,000.

Some cities, like Cincinnati - which has had 83 homicides so far, up from 79 in 2005 - posted their highest numbers ever. Others saw their highest death tolls in years.

Oakland, California, had 148 homicides as of Wednesday, up 57 percent from last year and the highest in more than a decade. Philadelphia's 2006 homicide total was 403 as of Wednesday, the first time the number has topped 400 in nearly a decade. There were 380 killings in all of 2005.

Philadelphia officials have struggled all year to reduce the violence. In July, Mayor John F. Street gave a televised address in which pleaded with young people: "Lay down your weapons. Do it now. Choose education over violence."

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A few cities reported slight decreases in murders. Los Angeles' total was down about 4 percent to 464 homicides through Dec. 23. San Francisco's fell about 15 percent. San Francisco Police Sgt. Steve Mannina said the drop is partly due to increased patrols in violence-prone areas and more overtime approved by the police chief.

The FBI does not release its national crime statistics until several months after the end of the year. The bureau's statistics for the first six months of 2006 showed an increase of 1.4 percent in the number of murders in the first half of 2006 compared with the first six months of 2005.

Andrew Karmen, a criminologist at John Jay College in New York, said that while there are various theories for the drop in murders in New York and other cities in the 1990s, no one knows for sure why it happened. And if they are going up again, no one knows the reason for that, either, he said.

He noted that police departments tend to take credit when the murder rate goes down. "When crime goes up it will be interesting to see whether they will accept responsibility," Karmen said.

Ryan Sues To Keep Pension (CHIT)

By Michael Higgins, Tribune Staff Reporter

Chicago Tribune, December 28, 2006

Former Gov. George Ryan filed a lawsuit Wednesday against state retirement officials, battling to keep a pension of more than $60,000 a year that Ryan says he earned before the scandals that led to his wide-ranging fraud convictions in April.

The seven-member board of the General Assembly Retirement System voted unanimously last month to cancel Ryan's entire $197,000-a-year pension in light of the convictions.

But that decision was "erroneous," Ryan's lawyers argued in the lawsuit filed in Cook County Circuit Court. They contend that Ryan's racketeering and fraud convictions dealt only with his actions as secretary of state and governor—not his 24 previous years in public office.

"The Board of Trustees failed to produce any evidence that Ryan's felony conviction related to or arose out of ... his service as a member of the Kankakee County Board of Supervisors, a member of the Illinois General Assembly, or lieutenant governor," wrote Ryan's attorneys, who include former Gov. James Thompson.

Thompson's argument, if successful, would allow Ryan to collect $61,885 a year, nearly his entire ending salary as lieutenant governor, pension officials said earlier.

Ryan was convicted in April on charges that, as secretary of state and governor, he doled out sweetheart deals to friends and used state resources and employees for political gain.

He was sentenced in September to 6? years in prison. A federal appeals court ruled last month that Ryan may remain free while his appeal is pending.

Officials at the Retirement System could not be reached Wednesday for comment.

Scott Mulford, a spokesman for Atty. Gen. Lisa Madigan, said Wednesday that he could not comment specifically on Ryan's suit. "The opinion that Atty. Gen. Madigan issued [earlier] speaks for itself," Mulford said. "It was researched exhaustively."

But retirement officials, relying on a legal opinion from Madigan, had said in an earlier ruling that Ryan's attorneys had misinterpreted state law on pensions.

According to the retirement board, public officials who commit felonies relating to their "official duties" forfeit the right to receive any pension from the state.

While Ryan held many positions over the years, "there is but one employer, the state of Illinois," the retirement board ruled.

If Ryan's position prevailed, the law would be too weak to deter corruption, the retirement board said.

Under Ryan's approach, "a lifelong legislator ... having decided not to run again after what may be 20 years of service, can therefore feel free to take his chances during his last term, knowing that all he is risking is the last two years of his service," the board said. "Surely, that is not the intent" of the law.

Ryan served on the Kankakee board from 1966 to 1973; in the General Assembly from 1973 to 1983; and as lieutenant governor from 1983 to 1991.

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Since leaving the governor's office in 2003, Ryan has collected $630,000 from the state pension fund, according to retirement officials. Officials said the board's ruling did not require Ryan to return that money and he is eligible to be refunded the $235,508 he paid into the system.

In Ryan's criminal case, U.S. District Judge Rebecca Pallmeyer had previously denied his request to remain free pending appeal. But the 7th U.S. Circuit Court of Appeals overturned that ruling. Ryan's lawyers had argued that tumultuous jury deliberations raised significant legal questions that could result in a new trial.

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Mortgage Fraud Hits Couple To The Tune Of $2M (WFAA)

WFAA-TV, December 28, 2006

Misfortune is not the only reason 3500 homes are posted for foreclosure next month in North Texas. The FBI says mortgage fraud has reached epidemic proportions.

One couple, who found they were major property owners in North Texas without ever signing any papers, has felt the epidemic first-hand.

Paul Dyl and his wife Jackie live in a mobile home in Cheyenne, Wyoming. Mr. Dyl drives a well used pickup truck and their annual income is less than $30,000 a year.

While Mr. Dyl has never been to Texas and Mrs. Dyl has only been in the state once, beginning in 2004, six North Texas properties ended up in their name.

They said they knew nothing about it until they began receiving phone calls from bill collectors all over the country claiming they owed more than $2 million dollars.

"And now I'm 57 years old and I'm never going to recover," Mr. Dyl said. "It just turned everything upside down."

The first bank to call was what is now Fidelity Bank in Plano. The Dyls said bank president Tom Freas was among the nastiest of the callers.

"He just screamed at me one day," Mr. Dyl said. "He said, 'You signed these documents saying you were going to live in Texas."

Mr. Dyl said Freas said he had actually met up with him face to face.

"And I said, 'No, I've never seen you face to face,'" he said.

Anybody who has ever really met Mr. Dyl would most likely remember him since he has no right hand after losing it in an accident years ago.

"You can't miss a hook," he said.

The Dyls, it turns out, were victims of identity theft and mortgage fraud to the tune of more than $2 million. The checks and balances that might be expected to be in place when getting a mortgage failed, six times.

Despite the anguish the Dyls have been through, virtually everybody News 8 could find in the case claimed it was a private matter and somebody else's fault.

Freas wouldn't talk about the case saying, "It's covered under the privacy act....the issue is resolved between me and my customers."

The problem is the Dyls never were his customers.

"He got real nasty about it," Mr. Dyl said. "And he said, 'We give you a loan and then you can't make the payments. What's the deal? And I said, 'I don't know you people.'"

The Fidelity loan only accounts for one vacant lot in Flower Mound that had been bought in the Dyls' name for more than $294,000. Nearly every day over the past year, they said they have discovered more as debt collectors continued to call.

A meager paper trail on a Plano house, which was bought in their name for $360,000, led partly to Benchmark Mortgage.

On its website, Benchmark touts how much money brokers can earn making loans through them. Benchmark Chief Operating Officer Stewart Hunter wouldn't talk about the case either. However, he said the Dyls were his customer and cited the Privacy Act.

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A loan application for the property bears the address of a Benchmark Mortgage "office," which turned out to be an apartment house in Irving.

Experts say an apartment can be a mortgage office and be part of a drive to make buying a home easier to make money.

"There are people who will do deals over the phone from Florida or California having never visited the property and having never physically met the loan officer or the realtor or whatever," said David Hamilton, a mortgage lender.

Experts say the way to prevent fraud by the various entities handling the process is by requiring the people to come in person.

The Dyls said they always sign their names using their middle initial, which was one of the indicators that their signatures were forged. One forgery apparently led to another.

David Fair, CEO of one of Dallas' leading title companies, said mortgage fraud can snowball.

There have been so many fraudulent mortgage fraud transactions in the last two years that now someone who is a perpetrator is able to go get a previous mortgage fraud to use it to support the current mortgage fraud," he said.

Washington Mutual, one of the nation's largest home lenders, made four loans to someone purporting to be the Dyls for more than $800,000.

The Dyls said they receive dozens of threatening letters and even more calls.

"They were so threatening sometimes it was just fearful," said Mrs. Dyl.

They filed a complaint to Washington Mutual, known as WaMu, in the fall of 2005. However, nothing happened until News 8 contacted the company. WaMu declined an on camera interview.

But in a statement, Brad Russell said, "It is the [mortgage] broker's responsibility to verify the identity of the borrower" and; "WaMu is committed to working with the credit agencies, proper authorities and victims to minimize any future impact this may have on the Dyl family."

"You guys screwed up our credit," Dyl said. "We can't go out and buy a car. We can't buy nothing without all this stuff going on."

Fair said the growth of mortgage fraud is disastrous to the real estate economy and sees one solution.

"We need to have more enforcement," he said. "We don't seem to have enough enforcement."

The Dyls contacted the FBI but nothing has happened. They ultimately took their case to the Cheyenne Wyoming Police Department, which took their complaint.

They tried to hire a lawyer but most wanted $5,000 to even start a case. Now, Mike Haines of Dallas is representing them.

Credit Agencies Lag On Errors, Fraud (BOS)

By Beth Healy, Globe Staff

The Boston Globe, December 28, 2006

Consumers struggle to untangle reports

BRIDGEWATER -- Eric W. Carroll's credit report says he has a home in Florida, a wife named Katrina, and a pile of unpaid bills.

He first learned this when a debt collector called him in 2002, dialing his apartment in Bridgewater, yet asking for an Eric W. Carroll from Avon Park, Fla. Carroll insisted there was some mistake: He was not married, and he had never lived in Florida.

Nearly five years later, collectors are still hounding the wrong Eric Carroll.

The details of his financial life have been hopelessly interwoven with those of another man by the same name, a man who appears, in credit reports, to have stiffed more than two dozen creditors, from banks to utilities, and has a history of bouncing checks. As a result, the Massachusetts Eric Carroll, living in Newton with his fiancee Nancy and their new baby, can't get a mortgage, can't rent an apartment in his own name, and last July could not buy an engagement ring without his father's help.

"I felt this big," said Carroll, 29, pinching together his thumb and forefinger. "It literally ruins your life."

Carroll was one of scores who contacted the Globe after a Spotlight Team report this summer on debt collection abuses. Many felt victimized by the power and ruthless tactics of debt collectors. But Carroll and others complained of another

maddening aspect of the system: The glacial and ineffectual response of the three giant keepers of consumer credit records -- Experian, Equifax, and TransUnion -- to any errors in their files, even those that appear to result from fraud.

Until the errors are corrected, debt collectors will try again and again to squeeze out a payment. Some back off when they find they're after the wrong consumer, but often, another firm buys the account and goes after the likes of Carroll again.

The local, state, and federal law enforcement response to complaints of identity fraud is similarly passive, despite the huge volume of complaints -- 255,000 last year to the Federal Trade Commission alone. Consumers are left to fend for themselves -- a recipe for frustration and worse, as Carroll has found.

"This kid's trying to start a life for himself," said Leo "Buddy" Carroll, Eric's father, who has devoted hundreds of hours to fielding calls from collectors on his son's behalf, and helping him dispute items on his credit report. "It's not fair."

Was this identity theft, or a data debacle? Either way, Eric Carroll's credit was ruined. And the Carrolls couldn't get to the bottom of the case, nor could they get help in solving it.

They quickly suspected that the real deadbeat was the Carroll from Florida, whose address appeared on the Massachusetts Carroll's credit reports. The Florida man shares the middle initial W, though it stands for Wayne, not Winslow. He is almost the same age, at 31, and shows up on numerous accounts with the Newton man's Social Security number.

But all that was not enough to untangle the mess -- or even spark an investigation by the credit bureaus. The information was a conversation stopper with debt collectors, who hung up upon hearing they had the "wrong" Eric Carroll. Two creditors, Dell Computer and Sprint, looked into the matter after Carroll complained, and wrote him letters saying they'd found evidence of fraud and that he was not responsible for the bills. But neither company, as a practice, passes such findings on to law enforcement.

The credit bureaus, in turn, generally expect consumers to dispute incorrect items on their credit reports one by one, over the Internet, and to patiently wait 30 days for each item to be checked out. When they find evidence of fraud, the credit bureaus will flag or temporarily "freeze" a consumer's record, to prevent banks and others from mistakenly extending credit to a person they suspect of fraud. But they are under no legal obligation to pass the information on to authorities.

David Rubinger , a spokesman for Equifax Inc. , said the company does what it can to help people deal with identity theft, but ultimately, "The consumer needs to help themself ."

The credit bureaus do urge consumers to file police reports. But that step usually accomplishes little. In Carroll's case, the Bridgewater Police Department took his report of alleged identity theft and "went the extra mile," according to Sergeant Christopher Delmonte , faxing the report to the Highlands County Sheriff's Office in Florida. But that's as far as they could take it, he said.

Even when the police do pass along a tip, it can die quickly. Leo Carroll recalls speaking with a deputy sheriff in Highlands County, Robert Campbell, to follow up. He said Campbell told him Eric's was a case of mistaken identity. Campbell, in an interview with the Globe, said he recalled going to see an Eric W. Carroll, who was then living in Lake Placid, Fla. He said he determined that the matter was a data error, not identity fraud, although he could not remember how he came to that conclusion. The county could not locate any record of the investigation.

A little further digging turned up an arrest record for the Florida-based Eric W. Carroll that included charges of defrauding several people on eBay in 2004.

In a telephone interview from Florida, Carroll said he'd had longtime financial problems. He got into trouble on eBay, he said, when he started a business selling music amplifiers but ran short of cash -- taking orders from people that he couldn't fulfill. Records show the charges against him were dropped. "I was able to get everybody their money back," Eric Wayne Carroll said.

He denied having used the Social Security number of Eric Carroll in Massachusetts, and said he had no knowledge of their intertwined identities. He did not respond to subsequent calls and e-mails from the Globe.

In Norwell, Susan and David Litchfield figured they, too, were hot on the trail of an identity thief. While battling the credit bureaus for six years to erase numerous debts on their record that were incurred by a David J. Leighton of Tampa, the Litchfields obtained a copy of one credit card agreement they had allegedly signed. On the form, which the Globe reviewed, is what appears to be Leighton's signature, along with David M. Litchfield's Social Security number neatly penned in.

But that did not interest the credit bureaus. Susan Litchfield wrote to the three companies, telling them of the apparent fraud, to no avail. She said she filed a complaint with the FTC, and she called the FBI and US Secret Service. She has disputed

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more than a dozen items on the report, including a Tampa child support enforcement order that last December totaled $19,060, according to an Experian credit report.

In 2004, the Litchfields went to the Norwell police. The department forwarded the matter to the Tampa police, who responded that the case "was investigated by our Department and determined to be unfounded." A Tampa detective wrote that the accounts had been mixed up because the two men have nearly the same Social Security number, except for the last digit.

But that didn't explain Litchfield's Social Security number appearing on the credit application with Leighton's name, address, and apparent signature.

Leighton, reached by telephone, said he had heard from the Litchfields years ago and thought the issue was resolved. He said he had no memory of signing for the Mastercard application on which his name appears and said, "The only Social Security number I've used is my own." He did not respond to numerous requests to see a copy of his signature.

The ordeal has been costly to the Litchfields, who first learned of the problem when they were rejected for a student loan for the younger of their two daughters. Sears and Citibank have raised the Litchfields' credit card interest rates, as a penalty for the Leighton items on their credit report. And when they recently went to refinance their home equity loan, the bank where Susan Litchfield has done business her entire life, Scituate Federal Savings Bank, at first declined them over the credit report. "I just sat here and cried," she said. After she explained they were victims of fraud, the bank did extend the loan -- but not on the best terms the Litchfields were used to.

After an inquiry by the Globe, TransUnion, one of the credit bureaus, reviewed Litchfield's case. On Dec. 15, the Chicago firm's director of consumer solutions and fraud victim assistance, Steve Reger , told Susan Litchfield that the company had found evidence of fraud and promised to wipe the record clean. In an interview, Reger said: "Mr. Leighton was using Mr. Litchfield's Social Security number."

Meanwhile, the Carrolls are still fighting for justice for Eric.

In response to Globe questions, Experian recently asked several creditors, including Wachovia Bank, to review their files on Eric W. Carroll. Wachovia then wrote to the Carrolls, asserting that its records on Eric were correct, attaching a copy of the credit card contract it said belonged to him. It was signed by Katrina S. Carroll -- Lake Placid, Fla.

It would take another round of calls by the Carrolls, and a bank investigation, to get Wachovia to back down. The new information from creditors has led Experian, too, to a new conclusion; the firm now says Carroll's file shows evidence of identity theft.

Fines Levied In FEMA Fraud (SCT)

By Tami K. Phillips

Scott County Times (MS), December 27, 2006

JACKSON--A federal court has ordered two Morton women to pay restitution fines and conduct community service for their part in a scam to secure FEMA funds following Hurricane Katrina.

One of the women will also serve time in prison, the office of United States Attorney Dunn Lampton announced earlier this month.

Stephanie Fontan was sentenced to serve eight months in prison and to pay restitution to FEMA in the amount of $6,000. Glenda Spangler was ordered to pay $4,358 in restitution to FEMA.

In addition, both women were ordered to conduct 40 hours of community service.

Fontan and Spangler had previously pled guilty to charges that they filed an application with FEMA for disaster assistance in which they represented that Spangler's primary residence was in Pascagoula and that her personal property located therein had sustained damage as a result of Hurricane Katrina.

After an investigation by the United States Department of Homeland Security, it was determined that both representations in the claim to FEMA were false.

Ex-gossip Columnist Convicted On Sex Charge (AP)

AP, December 28, 2006

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LAS VEGAS (AP) - Former Us Weekly gossip columnist Timothy McDarrah has been found guilty of charges related to soliciting sex with a minor.

McDarrah, a former reporter at the Las Vegas Sun, was arrested last year in New York after soliciting sex from an undercover federal agent posing as a 13-year-old girl.

He was charged with one count of using a computer and the Internet "to attempt to entice, induce, coerce and persuade a minor to engage in sexual activity," according to an indictment handed up in November 2005. He was convicted Dec. 20 after an eight-day jury trial.

McDarrah, 44, responded in June 2005 to a posting on the craigslist.com Web site offering introductions to the "freshest, youngest" girls in New York, an FBI affidavit said. The gossip writer told an undercover FBI agent, who had posted the advertisement to lure pedophiles, that he would pay $200 for sex with a 13-year-old girl, the affidavit said.

After his arrest, McDarrah was suspended without pay from his post as the editor of Us Weekly's "Hot Stuff" column. From 2002 to 2004, he worked as a gossip columnist at the Las Vegas Sun.

McDarrah faces a mandatory minimum of five years in prison, according to court documents.

Judge Won't Reinstate Abortion Charges (WP/AP)

By John Hanna

The Washington Post, December 28, 2006

WICHITA, Dec. 27 -- A judge refused Wednesday to reinstate criminal charges against a Wichita abortion doctor, only hours after the outgoing attorney general named a special prosecutor to handle the case.

Last week, state Attorney General Phill Kline, a vocal abortion opponent, filed 30 charges against George Tiller, accusing him of performing 15 illegal late-term abortions in 2003 on patients ages 10 to 22 and not properly reporting details to the state.

Sedgwick County Judge Paul W. Clark dismissed the charges on jurisdictional grounds later the same day. Kline this week asked Clark to reinstate the charges, but the judge rejected that request during a hearing Wednesday.

Clark agreed with the Sedgwick County district attorney, who argued that Kline did not have authority to file the charges.

Kline criticized Clark's decision, saying neither the judge nor the district attorney had reviewed the evidence.

Kline, a Republican who was defeated for reelection in November, said he is turning over decisions about the case -- including whether to appeal Clark's latest ruling -- to the newly appointed special prosecutor: Don McKinney, a Democrat and brother of state House Minority Leader Dennis McKinney (D).

"This appointment of an independent special prosecutor will remove this investigation from a highly charged political process," Kline said.

Tiller's clinic, one of the few in the country to perform late-term abortions, has been a target of abortion opponents for decades. The clinic was bombed in 1985, and Tiller was shot in both arms by a protester in 1993.

Judge Won't Revive Charges Against Abortion Doctor (LAT)

By Stephanie Simon

The Los Angeles Times, December 28, 2006

A district court judge Wednesday refused to reinstate criminal charges against a nationally known abortion doctor, ruling that the Kansas attorney general had overstepped his authority in the case.

Outgoing Atty. Gen. Phill Kline last week charged Dr. George Tiller with performing illegal late-term abortions at his Wichita clinic and failing to report them accurately to state authorities. Hours later, Sedgwick County Judge Paul W. Clark dismissed the case on jurisdictional grounds: Only the locally elected district attorney, he said, had the power to bring such charges.

Kline asked Clark to reconsider. At a brief hearing Wednesday, the judge took another look at the legal arguments — and upheld his previous decision.

"The case is dismissed. We're very pleased," said Lee Thompson, an attorney for Tiller.

Kline, a Republican, has appointed a special prosecutor to handle the charges against Tiller, including a possible appeal of the dismissal. But it's unlikely that any appeal could be resolved before Kline leaves office Jan. 8.

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His successor, Democrat Paul Morrison, won election by painting Kline as an antiabortion extremist. In a statement after the hearing, Morrison pledged to review the evidence carefully — but he strongly suggested he would drop Kline's long-running investigation into Tiller's clinic.

"Kansans expect more from their attorney general than grandstanding and political stunts," Morrison said. He promised to "refocus the vast resources of the attorney general's office."

But the antiabortion activists who pray daily outside Tiller's clinic are not willing to concede defeat.

Last spring, they gathered more than 7,700 signatures demanding that a grand jury be convened to investigate the death of a 19-year-old mentally disabled patient at Tiller's clinic. The patient, Christin Gilbert, died in January 2005 of complications from an early-third-trimester abortion. State health authorities cleared Tiller and his staff of wrongdoing. The grand jury found no grounds for criminal indictment.

Antiabortion activist Troy Newman said he may begin another petition drive to seat a new grand jury — this time to consider Kline's allegations about illegal late-term abortions.

Kansas law permits abortions of viable fetuses only if the woman's life is in danger or if two doctors certify that continuing the pregnancy would cause "a substantial and irreversible impairment of a major bodily function." Tiller's clinic reported aborting 240 viable fetuses last year; Kline alleges that in some cases, the women were not facing irreversible health risks but rather were suffering from depression or anxiety.

"We'll be pressing as hard as we can to have these particular allegations brought before a court," said Newman, president of the activist group Operation Rescue. Dist. Atty. Nola Foulston, a Democrat, has asked Kline to turn over his evidence against Tiller so she can decide whether to file charges. But Kline has said repeatedly that he intends to keep investigating from the attorney general's office. He engaged in a two-year legal battle to get access to some of Tiller's patient medical records, and he continues to review them, even as his term winds down.

"The investigation," he said Wednesday, "is ongoing."

DA Won't Prosecute Nevada Governor-elect (AP)

By Kathleen Hennessey

AP, December 28, 2006

Nevada Gov.-elect Jim Gibbons will not be prosecuted on allegations that he assaulted a cocktail waitress in a parking garage three weeks before the election, authorities said Wednesday.

There was insufficient evidence to prove criminal charges against Gibbons beyond a reasonable doubt, Clark County District Attorney David Roger said.

"You may consider the case against Gov.-elect Jim Gibbons closed," he said.

Chrissy Mazzeo, 32, had accused Gibbons of pushing her against a wall and propositioning her near a restaurant where the two had been drinking with friends Oct. 13, less than a month before Gibbons was elected.

An apparently distraught and disoriented Mazzeo made three 911 calls that night, saying she had been assaulted by the congressman.

Gibbons, 61, has said he merely caught Mazzeo when she tripped in the parking garage.

Gibbons, a married five-term Republican congressman, beat Democrat Dina Titus in the Nov. 7 election. He is to be sworn in Monday.

Roger said prosecutors will investigate separate allegations made by Mazzeo and her lawyers that people associated with Gibbons tried to interfere with the investigation by influencing Mazzeo's testimony.

Roger would not identify the associates.

Investigators conducted interviews and reviewed video surveillance tapes from the garage before determining there was "no evidence to support the charge of battery," according to a police statement released this month.

Gibbons' spokesman, Brent Boynton, said the district attorney's decision was no surprise because Gibbons had done nothing inappropriate.

"He is pleased this matter is finally resolved and justice has been served," Boynton said.

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Mazzeo told The Associated Press Wednesday she did not believe justice was served.

"I actually even said that if he apologized to me, I would drop everything. And he wasn't man enough to actually apologize. But he knows the truth and I know the truth," she said.

Link Eyed In Fairfax Assault, Slayings (WT)

By Arlo Wagner

The Washington Times, December 28, 2006

Fairfax County police are trying to determine whether the assault on a Springfield woman alone in her home on Christmas Eve is related to the unsolved killings of two women nearby.

"There's certainly a possibility of a linkage in the other cases," said Fairfax County police spokeswoman Officer Camille Neville, "but there's nothing at this time to confirm it."

Police said a man forced his way into a house near Frontier Drive on Sunday between 8 and 9:40 p.m. and assaulted a 62-year-old woman. Police have not disclosed the location of the house.

The woman, who was found by a relative, was hospitalized with a puncture wound to her arm and other injuries that were not life-threatening. Investigators interviewed the woman at Inova Fairfax Hospital. She described her attacker only as a man wearing white or gray clothing.

The assault occurred about a mile from houses where two women were killed in recent months.

Marion Newman, 74, was found dead inside her home in the 7100 block of Reservoir Road about 11:15 a.m. Nov. 21. A friend said she had missed a dinner appointment a day earlier.

Police found signs of a struggle but no forced entry.

At about 6:10 p.m. on Aug. 14, a friend found Marion Barbara Marshall, 72, slain inside her home two miles away in the 6600 block of Bostwick Drive.

Both women had been beaten to death.

"All it does is make people alert in the Springfield area," said Mrs. Marshall's neighbor, Logan Cotterall, 80.

Police would not say whether they have any evidence linking the killings, but investigators say the similarities of the crimes and the locations of the homes suggest the perpetrator was the same.

Investigators said the killer likely had close ties to the Crestwood and Edsall Park communities, where the women lived.

Police have not speculated on a motive.

Investigators are looking for a custom-made diamond ring they say Mrs. Newman was wearing when she was killed. The white gold band features a leaf design, and three diamonds are set side by side.

Investigators do not think robbery was the motive because valuable items were left untouched at the scenes of each of the killings.

Police have asked anyone with information about the ring or about anyone they think might be involved in the crime to call them at 703/691-2131 or Crime Solvers at 1-866/411-TIPS.

The families of Mrs. Marshall and Mrs. Newman have posted a $26,000 reward for information about the cases.

Inmate Suicides Linked To Solitary (USAT)

By Kevin Johnson

USA Today, December 28, 2006

The number of suicides in the nation's two largest state prison systems is ticking upward, and authorities in California and Texas are linking the increase to the rising number of inmates kept in solitary confinement.

In California, which has the largest state prison system with about 170,000 inmates, there have been 41 suicides this year, the most in at least six years and a 17% increase from 2005. Although an estimated 5% of California's inmates are housed in solitary confinement — also known as "administrative segregation" — 69% of last year's suicides occurred in units where inmates are isolated for 23 hours a day, according to state Department of Corrections records. About half the suicides this year were in such units.

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In Texas' prison system, which has 169,000 inmates, there have been 24 suicides this year, up from 22 in 2005. Most of the inmates who killed themselves were in some form of solitary confinement, says John Moriarty, inspector general for the prison system.

Texas prisons also are reporting a 17% increase in attempted suicides: 652 so far this year, compared with 559 in 2005. The number of attempted suicides this year is the most in nearly a decade, according to state prison records. Statistics on attempted suicides in California prisons were not immediately available.

The figures from California and Texas are fueling a debate over whether solitary confinement is the best way to control or punish violent or dangerous inmates, particularly those who are mentally ill.

More than 70,000 of the 1.5 million inmates in state and federal prisons are kept in isolation, a reflection of get-tough policies designed to separate rival gang members and those who have gotten into fights while behind bars.

Isolated inmates typically have significant restrictions on visitors and get little help in dealing with the psychological problems that can be caused by isolation. They usually are allowed out of their cells for no more than an hour a day to exercise alone; their exposure to TV and reading material also is limited.

"Are we housing the mentally ill in prison facilities?" Moriarty asks. "I think the answer is yes. But I don't know if that's the best place for them to be."

Moriarty, whose office investigates every inmate death in Texas, says stress from isolation and increasing numbers of inmates with long sentences have contributed to the rise in suicides. "Length of sentence is a big factor. There is despair about not getting out."

The increase in inmate suicides in California has triggered recent changes in segregation units. In October, guards began checking inmates housed in solitary confinement every 30 minutes, rather than every hour, says Shama Chaiken, the state prison system's chief psychologist for mental health policy.

Some segregation cells also will be modified to remove shelving, vent openings and other features that offenders could use in hangings, the most common form of suicide in California prisons, Chaiken says. This month, California Gov. Arnold Schwarzenegger announced a $1 billion plan that includes 10,000 new beds in prison medical and mental health units.

A few jurisdictions have credited expanded mental health programs with reducing prisoner suicides. After Kentucky set up a mental health program for those in the state's 83 county jails in 2004, suicides in the jails fell 47%, according to The (Louisville) Courier-Journal.

There have been 13 suicides this year in the 188,000-inmate federal prison system, the same total as in 2005. Florida, the third-largest state system with 90,000 inmates, has had nine prison suicides this year; it had eight last year.

On Way Out, D.C. Chief Gets Credit, Criticism (WP)

By Allison Klein And Cheryl W. Thompson

The Washington Post, December 28, 2006

Charles H. Ramsey arrived in spring 1998 as the District's newly minted police chief with a mandate to cut spiraling crime, build stronger relations with the community and reform a department tainted by scandal.

Under his watch, crime has dropped, standards have become tighter and the public has received access to more public safety information than ever, due in part to a Web site that charts robberies, burglaries and other offenses by the block.

Ramsey, a career cop who got as much attention for his personality as his policies, leaves office today as the city's longest-serving chief in more than three decades. As a master of the sound bite, he often spouted off about crimes and railed about topics that were beyond his control, including irresponsible parents and failing schools.

His critics -- in the police union, on the D.C. Council and in some crime-ravaged neighborhoods -- view him as a showboat. In many parts of the city, residents say that they don't see enough officers on patrol and that crimes are not investigated quickly or thoroughly. Inside the agency, morale is low, with officers saying that Ramsey overworked them by declaring crime emergencies that took away days off and lasted for months.

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"I think he gets an A for public relations, but for actual substance, I think he gets a D," said Ronald E. Hampton, executive director of the National Black Police Association and a former D.C. police officer who was a member of the citizens panel that interviewed Ramsey and two other finalists for the job.

But Michael A. Mason, executive assistant director of the FBI, said public relations is a "huge part" of the job. "What police do is the embodiment of public relations," said Mason, who once headed the FBI's Washington Field Office.

Ramsey, 56, was hired at a time when the city's government was emerging from financial chaos and being run by a federally appointed control board. He was chosen from among 51 candidates, and as chief, had the backing of the control board, then-Mayor Marion Barry (D) and the 13-member D.C. Council. They wanted Ramsey to restore the force's credibility.

"I think he's been a good chief overall," said Barry, now a Ward 8 council member. "And he's viewed very favorably by people in the community."

Mayor Anthony A. Williams (D), who succeeded Barry in 1999, was one of Ramsey's biggest supporters. But over time, the makeup of the council changed, and critics emerged. They included council member Adrian M. Fenty (D-Ward 4), who becomes mayor next week. Soon after Fenty was elected in November, he announced plans to replace Ramsey with Cathy L. Lanier, a veteran D.C. commander and Ramsey protege.

Fenty said he wants to make the 3,800-member force nimble enough to respond to specific neighborhood concerns -- the everyday problems that he heard about in two years on the campaign trail. Fenty said he thinks that Lanier, 39, will bring new vigor and ideas to the force.

Ramsey had a similar charge when he was brought to Washington from the Chicago police department, where he was a deputy superintendent. He inherited a force that had been in near-constant turmoil under former chief Larry D. Soulsby, who resigned after his roommate, a D.C. police lieutenant, was arrested in a corruption probe.

Fewer than half of the city's officers were assigned to street patrols at a time when crime was escalating. The department was still paying the price for rushing officers through screening and training in a hiring push in 1989 and 1990; numerous officers from those classes were indicted or accused of departmental misconduct. The force's technology and equipment were so antiquated that many offices had rotary phones.

Being the first outside chief in a department that had always chosen its leader from among its ranks, Ramsey had to win over the command staff and officers and find out whom he could trust.

He needed to cut wasteful spending, improve recordkeeping and remove deadwood personnel. There were crime troubles in many neighborhoods, including east of the Anacostia River. Almost half of the force had not been recertified in several years with the firearms that the department had issued them.

And the U.S. attorney's office, a special D.C. Council committee and the city's inspector general were pursuing various investigations into corruption, misconduct and mismanagement. Ramsey described the department as "dysfunctional" and said it could take 15 years to fix.

"The department was in disarray," said D.C. Council member Jack Evans (D-Ward 2), who was chairman of the Judiciary Committee when Ramsey was hired. "He was brought in to reorganize."

Within months, Ramsey began that overhaul. He promoted, demoted and ousted officers and moved 400 detectives and officers in specialized units to the seven police districts. He increased spending for training and brought in more than a dozen top-level civilians, many from Chicago. He tightened policies on deadly force and other issues.

Officials have praised Ramsey for reducing crime in many neighborhoods and for keeping up the progress even after resources were tested after the 2001 terrorist attacks. Between 1998 and 2005, the number of major crimes, including homicides, rapes and robberies, dropped by about 29 percent in the city. As of yesterday, the city has had 165 homicides this year, compared with 195 for the same period in 2005. The highest number of homicides in one year -- 482 -- occurred in 1991.

"Look at the crime numbers," Ramsey said recently. "How do you think it gets there?"

Officer Kristopher Baumann, chairman of the D.C. police union, said economic development -- not Ramsey -- caused drops in crime in some neighborhoods. Although killings have dipped in gentrifying areas such as Capitol Hill and Shaw in Northwest Washington, they remain high in some communities east of the Anacostia.

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Many residents say that the department too often lurches from crisis to crisis and that patrols pick up after a well-publicized crime, only to fall off within a matter of weeks.

"Sadly, we haven't seen an increased visibility in the neighborhood," said Shaw activist Alex Padro, who hoped police presence would pick up after another community activist, Chris Crowder, was slain in the area in July. "Ramsey, throughout his tenure, was very reactionary and not proactive."

The lack of officers on the street can be blamed partly on sickness or injury, officials said. About 4 percent of officers were unavailable for full duty this month because of illness or injury, police officials said.

Dorothy Brizill, executive director of D.C. Watch, a government watchdog group and a frequent critic of the police department, credited Ramsey with changing perceptions and "taking away the taint of corruption."

"I think you'd have to say he made a difference in this city," Brizill said.

Ramsey acknowledged that he had his share of critics, including some in the city government. "I've been in the water with a few sharks," he said. "The key is not to taste too good so they don't want to come back. One thing you don't need to be is weak."

In an interview, the chief fired back at the union's complaints, especially those about his declarations of "crime emergencies," moves that enabled him to more easily change officers' schedules and shifts.

"Nobody can tell you I've asked them to do anything that's not consistent with being a police officer," he said. "Some of what the job entails is sacrifice. You have to be psychologically tough to do this job."

Chuck Wexler, head of the Police Executive Research Forum, said Ramsey transformed the performance and perception of the department. "It is a world-class department," Wexler said. "It has to do with the advances Ramsey has brought to the department."

But council member Kathy Patterson (D-Ward 3) assessed the chief's overall performance as "very mixed." The two clashed over many issues, including the police department's handling of a demonstration in 2002 against the World Bank and International Monetary Fund. The city settled lawsuits stemming from the arrests, which had been ordered without warning, of 400 protesters and bystanders at Pershing Park.

"I think he did a good job of building resources for the department in terms of capital improvement and federal funding for equipment following 9/11," said Patterson, who headed the council's Judiciary Committee from 2001 until 2005.

Ramsey, who served about twice as long as the average big-city chief, has not decided what he'll do next. But he said that he and his wife, Sylvia, want to stay in Washington and that he is not likely to lead another local department. He has worked seven days a week, has no hobbies other than fighting crime and took just two vacations while chief.

He wants to be remembered as a leader who took the job seriously and made a difference.

"It has been an honor, and it will be truly difficult to walk away," Ramsey said, a sad smile growing on his face. "Truly difficult."

Ramsey 'Proud' Of Work On Force (WT)

By Matthew Cella

The Washington Times, December 28, 2006

Chief Charles H. Ramsey says that he will leave the Metropolitan Police Department next week after eight years and eight months on the job confident that he has done what he was hired to do.

"When other agencies look at the Metropolitan Police Department, it's a respected organization," he said. "That's what I'm most proud of."

Chief Ramsey, 56, will step down Tuesday, the day Adrian M. Fenty is sworn in as mayor.

The District's only police chief to be hired from outside the city, Chief Ramsey reflected on his accomplishments during an interview last week in his office, which by then had been stripped of the mementos accumulated during a 38-year career in law enforcement.

"Quite frankly, I think patriotism drew me to this job more than anything," said Chief Ramsey, who came from the Chicago Police Department. "A police department in the nation's capital shouldn't have been going through what this department was going through."

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Upon his arrival in 1998, the Metropolitan Police Department was mired in mismanagement and scandal. Top officials were under criminal investigation, poor recruiting and standards gave rise to second-rate officers, technology and information systems were substandard, facilities were crumbling, and officers were driving around in 10-year-old squad cars with used tires bought from the U.S. Park Police.

"I didn't realize we had as many issues as we had," he said.

Chief Ramsey helped secure $100 million in federal funding to rebuild the department's infrastructure. He upgraded radios, started a mounted unit, equipped a bicycle unit, instituted uniform training standards, and restarted an aviation unit that had been shut down in 1996 and had its helicopters sold because of a budget shortfall.

On September 11, 2001, the department opened its $7 million Joint Operations Command Center a week early to coordinate operations among local and federal agencies. The command center is where Chief Ramsey meets daily with his senior staff to review crime trends and plot enforcement strategies.

The department's budget has also swelled from $272 million in fiscal 1998 to $377 million this year.

He said it took two years on the job before he began to think that the department was turning the corner.

"The first time I really felt positive about the department and where we were going was April 2000 when we handled the [International Monetary Fund/World Bank] protests," he said. "When all was said and done, all the meetings went off as scheduled, we got the delegates to and from the meetings safely, and protesters were able to come and have their voices heard."

The meetings drew 10,000 protesters to the District. Similar protests in Seattle had turned violent in 1999, resulting in more than 580 arrests and about $10 million worth of property damage.

The national reputation the police department earned during that event was tarnished in March 2002 after Chief Ramsey ordered the arrest of several hundred protesters in Pershing Park in Northwest. The anti-IMF protesters, who said they were given no verbal warning to disperse, were demonstrating without a permit, and several journalists and passers-by were swept up in the arrests.

"We should have done a better job following our procedures," Chief Ramsey said.

Critics, including Mr. Fenty, complained that police were not visible and said that the chief had not put enough officers on the streets. But every category of crime dropped during Chief Ramsey's tenure. Most notably, the number of homicides tumbled from 301 in 1997, the last full year before Chief Ramsey took over, to 165 so far this year.

Many officers within the department complain that Chief Ramsey limited their effectiveness when he invited the Department of Justice to investigate the department's use-of-force policies in 1999 and entered into a memorandum of understanding governing the use and display of force in 2001.

Chief Ramsey said he knows those decisions were "not popular" but he said the department had lost the public trust and only an outside investigation could restore it.

He said that he understands the adrenaline that drives an officer whose life is on the line, but he questioned the usefulness of tactics such as shooting at oncoming vehicles.

"They want to get the bad guys so badly they don't always react in a way that keeps them safe," he said.

During his tenure, Chief Ramsey implemented training exercises that emphasize good judgment. In addition to passing twice-yearly firearms-proficiency tests, officers also must train in simulated situations in which firing a weapon is frequently not the correct option.

Asked about his regrets, he goes back to the unsolved March 2005 daylight shooting of a 9-year old boy playing in front of his home in Columbia Heights.

"My biggest regret is the Donte Manning case. For some reason, that case haunts me."

The chief said that he hopes to stay in the District and that he could work as a consultant or in homeland security, but he doesn't think he will be a police chief again any time soon.

"I'm not interested in running another department right now," he said. "I had my shot at running a department. Now it's time to start a new chapter."

He said a political run is unlikely, but he wouldn't rule out the possibility five or 10 years down the road.

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As for his successor, Cmdr. Cathy L. Lanier, a 16-year veteran of the department, Chief Ramsey advises her to "stay focused on crime fighting."

"Don't let a lot of other things distract you, because when all is said and done, you're going to be judged on how well you control crime," he said. "For every dot on a crime map, that's a person whose life has been forever changed. Stay focused on that."

CIVIL LAW:

Judge Tosses $6.5M Jury Award To Ex-cop (AP)

AP, December 28, 2006

CHICAGO - A federal judge has thrown out a jury award of more than $6.5 million to a former policeman who claimed two FBI agents framed him for murder and kidnapping.

Steven Manning spent 14 years in prison - eight on death row - before the charges were dropped.

In a civil lawsuit against FBI agents Robert Buchan and Gary Miller, he claimed the agents framed him for the crimes after he tried to stop working as an FBI informant.

A jury last year awarded him $6,581,000 in damages in that case. Manning was 54 at the time.

Since then, Manning has lost a separate civil lawsuit he had filed against the federal government on the same allegations.

In a ruling released Wednesday, U.S. District Judge Matthew Kennelly cited Manning's failure to win that second lawsuit as the reason for vacating the jury's award for damages. Kennelly concluded the decision against Manning nullified the earlier jury decision in his favor.

"Manning made his choice" in pursuing two suits, the judge wrote, and "he cannot now avoid the consequences of that choice."

Assistant U.S. Attorney Jonathan Haile, who represented Buchan and Miller, said the FBI was pleased with the decision.

Government attorneys long have claimed the agents acted in good faith in investigating Manning.

Manning's attorney said he plans to appeal.

"A jury spent a month listening to the evidence and concluded the FBI had framed Manning," Jon Loevy said. "A court shouldn't be so free to just override a jury verdict."

Manning had left the Chicago police force and was working as a limousine driver and security guard when he was arrested.

He was convicted in 1992 of taking part in the 1984 kidnapping of two reputed Kansas City drug traffickers and was sentenced to two life terms plus 100 years. The next year, he was convicted of the 1990 murder of suburban Chicago trucking company owner Jimmy Pellegrino and was sentenced to death.

Miller and Buchan investigated the Illinois case, and Buchan investigated the Missouri case.

The murder conviction was reversed and the case dropped in 2000 after the Illinois Supreme Court ruled that prosecutors used improper evidence.

The Missouri charges were also dropped after a federal appeals court ruled that Manning's lawyer had been ineffective and the FBI improperly used Manning's girlfriend as a government agent.

Miller has retired from the FBI. Buchan was still working for the bureau.

CIVIL RIGHTS:

Agencies Investigating Abuse Claims At Pearl River County Jail (BSH)

Biloxi Sun Herald, December 28, 2006

PICAYUNE, Miss. - The FBI and the Mississippi Bureau of Investigation are looking into allegations of prisoner abuse in the Pearl River County jail.

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At least six inmates filed statements with Hancock County judges and as many as 10 or 11 told of beatings while making court appearances.

They said they were beaten by jailers, attacked by other prisoners as corrections officers stood by, and they received slow medical treatment, among other complaints, a pair of Hancock County judges said.

The prisoners are being held at the Pearl River jail because the Hancock County facility was damaged by Hurricane Katrina.

Pearl River County Sheriff Joe Stuart confirmed the reports of abuse and the investigation.

Hancock County Justice Court Judge Tommy Carver said he heard four reports of abuse in a single day shortly after the inmates began stays in Pearl River County. The complaints prompted Stuart and fellow Hancock County Judge Ricky Adams to ask the prisoners to make formal statements to forward to the Hancock County Sheriff's Department.

Some refused out of fear of reprisals when they returned to Pearl River County.

One inmate showed Carver a broken tooth he said he received during a beating.

"It's obvious something is going on," Carver said. "I just hope they check and see what's going on and correct the situation."

Carver said the statements tell of the use of Tasers in attacks and other physical abuse. They included the names of offending corrections officers.

Kenny Hurt, Hancock County Sheriff's investigator, forwarded the complaints to the MBI after receiving them from the judges. He said he has seen two or three inmates with bruises or wounds on their faces who claimed they were abused at the Pearl River jail.

Hancock County pays Pearl River $30 a day to hold each prisoner. The county's Board of Supervisors has not decided what to do with its damaged jail.

"If they are getting mistreated, I think something needs to be done," Hurt said. "We're paying $30 a day for these prisoners. They don't need to be mistreated."

In addition to the claims by prisoners, Stuart said residents of both counties have come to him with complaints, which he forwarded to the FBI to avoid the appearance of a conflict of interest.

"I have no problems with being investigated," Stuart said.

He said some corrections officers resigned after learning of the investigation and noted high turnover at the jail in the last 18 months. Some were let go because of disciplinary problems, though none were accused of abuse.

Stuart said his department has provided investigators with all material requested, including video footage, audio recordings and documents.

Activists Want Civilian Review Of Atlanta-area Police After Killings Of 13 People This Year (AP)

By Harry R. Weber, Associated Press

AP, December 28, 2006

ATLANTA – Community activists on Wednesday called for the creation of civilian review boards to investigate police misconduct complaints, citing the fatal shooting of an elderly woman by Atlanta police and the killings of 12 other people by suburban DeKalb County officers this year.

“The police, no matter how difficult their job, are not exempt from community scrutiny,” said the Rev. Joseph Lowery, co-founder of the Southern Christian Leadership Conference and chairman of the Coalition for The People's Agenda.

Lowery was joined by close to a dozen other activists. He said that the civilian review boards should have subpoena power and that Atlanta Mayor Shirley Franklin had told him she was not opposed to the idea.

A spokeswoman for Franklin did not immediately return a call seeking comment.

DeKalb County Chief Executive Vernon Jones said he would take Lowery's suggestion under advisement.

“I respect Dr. Lowery for his experience and commitment to empower the quality of our lives,” Jones said.

The district attorney's office is already investigating the 12 lethal shootings by the DeKalb County Police Department. In addition, the Justice Department is “gathering information” about the shootings, according to a letter from the agency to a community activist.

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The call for the review boards comes in the wake of the Nov. 21 fatal shooting of Kathryn Johnston by Atlanta police during a raid in search of a drug suspect. Police say Johnston fired at them first, wounding three officers, and they shot back. Family members said Johnston was 92; a medical examiner said she was 88.

Johnston's death is being investigated by local agencies and the FBI.

Atlanta Police Review Sought (LAT)

By Jenny Jarvie, Times Staff Writer

The Los Angeles Times, December 28, 2006

In the city and suburban DeKalb County, a string of killings leads to calls for civilian boards with subpoena power.

ATLANTA — A string of fatal police shootings in the Atlanta area prompted civil rights activists Wednesday to urge the city of Atlanta and the neighboring suburb of DeKalb County to establish powerful civilian review boards to investigate complaints of police misconduct.

The Rev. Joseph Lowery, convener of the Coalition for the Peoples' Agenda and co-founder of the Southern Christian Leadership Conference, said the review boards should have a professional staff and the power to subpoena.

"The police should be absolutely accountable to the citizens for whom they work," Lowery said.

Public confidence in police departments in both jurisdictions has been shaken in recent months.

In November, Atlanta police shot and killed an 88-year-old woman, Kathryn Johnston, during a drug raid on her northwest Atlanta home.

In the last year, DeKalb officers have shot and killed 12 suspects — nearly all were black men.

A civilian review board, Lowery said, was vital in restoring trust in local law enforcement.

Atlanta already has a Civilian Review Board that examines allegations of excessive force, serious bodily injury or death resulting from the action of police officers. But the board, formed in 1996, has not reviewed a case since 2002. It has no subpoena power and requires citizens to file a complaint and waive their right to sue.

Beverly Isom, spokeswoman for Atlanta Mayor Shirley Franklin, said the mayor would consider Lowery's proposal.

In DeKalb County, police internal affairs units investigate all shootings involving law enforcement and then decide whether to hand them over to the county's district attorney's office.

The county's chief executive, Vernon Jones, issued a brief statement Wednesday saying he would also consider creating a citizen review board: "I respect Dr. Lowery for his experience and commitment to empower the quality of our lives," he said.

A number local and federal organizations are examining the recent shootings. In Atlanta, the FBI is already investigating the shooting of Johnston. In DeKalb, the district attorney's office is investigating the 12 lethal shootings by police officers.

The Justice Department, along with the FBI, is also gathering information about the case, but has yet to open a federal investigation. According to the National Assn. for Civilian Oversight of Law Enforcement, 71 of the nation's 100 largest cities have citizen review mechanisms.

Richard Rosenthal, who serves as an independent monitor of police and sheriff's departments in Denver, said even more important than subpoena power is that the review board have unfettered access to police department records.

"You can issue a subpoena to interview an officer, but you can't make them talk," he said.

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Court Can't Force Gay Marriage Vote (FINDLAW/AP)

By Jay Lindsay, Associated Press Writer

AP, December 28, 2006

(AP) - BOSTON-Massachusetts' highest court said Wednesday it has no authority to force lawmakers to vote on a proposed constitutional amendment to ban gay marriage. But it rebuked the Legislature for its "indifference to, or defiance of, its constitutional duties."

The unanimous 7-0 ruling - and the stinging reproach - leave the fate of the amendment up in the air in the only state that allows gay marriage.

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Opponents of gay marriage have collected 170,000 signatures in favor of an amendment to end the practice. But the measure needs the Legislature's approval to appear on the 2008 ballot, and lawmakers refused to vote on the proposal last month. Gov. Mitt Romney, a Republican expected to run for president in 2008, and other opponents of gay marriage responded by suing to try to force the lawmakers to act.

In its ruling, the Supreme Judicial Court - the same court that ruled in 2003 that the Massachusetts Constitution gives gays the right to marry - said it cannot force a vote. It said that the Legislature's obligation to vote was "beyond serious debate," but that the most the court could do was remind lawmakers of that duty.

"There is no presently articulated judicial remedy for the Legislature's indifference to, or defiance of, its constitutional duties," the court said.

The proposed amendment needs the approval of lawmakers in two consecutive two-year sessions to appear on the 2008 ballot. The last day of the current session is Tuesday. If lawmakers adjourn without taking up the amendment, the measure will die.

In a statement, the governor said: "The issue is now whether the Legislature will follow the law."

The proposed amendment defines marriage as the union of a man and a woman. It would leave all existing same-sex marriages intact but would ban any more such weddings. More than 8,000 gay couples have been married in Massachusetts.

Opponents of gay marriage argue that it should be up to the people, not the courts, to define something as important as marriage. Supporters of gay marriage say the civil rights of a minority should not be put to a popular vote.

Marc Solomon of MassEquality, a gay rights group, said after Wednesday's ruling: "We urge the Legislature to end this debate once and for all and let committed couples and their families get on with their lives."

One of the gay-marriage opponents who sued to try to force the Legislature to vote, C.J. Doyle of the Catholic Action League, said he doubts lawmakers will act, despite the court's rebuke.

"Our legislators have demonstrated time and time again a contempt for the constitution and for their oath of office," Doyle said.

Associated Press writer Steve LeBlanc in Boston contributed to this report.

Massachusetts Court Admonishes Lawmakers Over Gay Marriage (LAT)

By Ellen Barry

The Los Angeles Times, December 28, 2006

Massachusetts' highest court on Wednesday chastised the state's legislators for failing to vote on a proposed constitutional amendment to ban gay marriage, but said the court does not have the power to force lawmakers to act.

Opponents of gay marriage are seeking to override the 2003 court decision that made same-sex unions legal in Massachusetts. They collected 170,000 signatures -- enough to place the question before voters in 2008 -- but the legislature already has met twice without voting on the measure.

If the lawmakers adjourn Jan. 2 without a vote, as many predict they will, the measure to repeal gay marriage in Massachusetts will die. To appear on the ballot, a citizen initiative must be approved by at least a quarter of the legislature in two consecutive sessions.

Gov. Mitt Romney, a Republican who is contemplating a run for the presidency, has been critical of the lawmakers' inaction. Romney was a lead plaintiff in the suit brought by opponents of gay marriage, which argued that lawmakers were stripping voters of their right to amend the state constitution.

The Supreme Judicial Court's unanimous ruling Wednesday agreed with the core of that argument, but it noted that "there is no presently articulated judicial remedy for the Legislature's indifference to, or defiance of, its constitutional duties.

"Those members who seek to avoid their lawful obligations . . . ultimately will have to answer to the people who elected them," read the decision, which was written by Justice John M. Greaney.

The court's 2003 ruling that legalized gay marriage sparked a national debate. But three years later, Massachusetts is still the only state to allow it. Three states -- Connecticut, Vermont and New Jersey -- allow same-sex couples to enter into civil

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unions, and California's domestic partnership law guarantees many rights of marriage. Maine, Hawaii and the District of Columbia also offer domestic partnerships.

Meanwhile, 26 states have passed constitutional amendments banning gay marriage.

This would not be the first citizen initiative to wither on the vine in Massachusetts; legislators have adjourned without voting on six out of the last seven proposed ballot questions -- on such issues as abortion, term limits and education.

Lawmakers voted 109-87 Nov. 9 to end debate and delay the vote on the gay marriage amendment, virtually guaranteeing its demise. Many spoke passionately before the vote to delay, such as state Sen. Edward Augustus, who said: "This amendment is about the past. It is about fear and intolerance." Advocates of gay marriage celebrated.

"They have refused to be bullied or intimidated, and we fully expect them to keep standing up for what's right," Lee Swislow, executive director of Gay and Lesbian Advocates and Defenders, said in a statement during arguments in the case. "It is simply wrong to put the rights of a minority up for a popular vote. That's what this is about."

The ruling came with just one business day remaining before the end of the legislative session. Eric Fehrnstrom, a spokesman for Romney, said the governor hopes the sharply worded decision "changes the math at the Statehouse." But, Fehrnstrom said, Romney "doesn't have a formal role to play" in this matter.

"He is a bystander. Just like any other citizen of the Commonwealth, he has an interest in making sure that the legislature does its job," he said.

Deputy In Gibson Arrest Claims Harassment (LAT)

By Andrew Blankstein

The Los Angeles Times, December 28, 2006

Six months after he arrested Mel Gibson for drunk driving in Malibu, a Los Angeles County Sheriff's deputy claims he's being harassed for his action by officials who question whether he leaked a report detailing the actor's anti-Semitic rant to the news media.

Deputy James Mee's attorney said Wednesday his client was abruptly transferred from patrolling Malibu to another assignment in Agoura Hills and unfairly singled out for scrutiny by his supervisors.

Attorney Richard Shinee also said sheriff's officials subjected him to a three-hour-long interrogation and served a search warrant on his home last September, taking a home computer and phone records.

"His life and career would be a lot different had he not made that arrest," Shinee told The Times.

The Sheriff's Department has already come under fire for initially telling reporters that Gibson was arrested "without incident" even though Mee's arrest report said the actor/director was belligerent, profane and unleashed a "barrage of anti-Semitic remarks."

Mee's report was leaked to TMZ.com, a celebrity news website.

Neal Tyler, the division chief who oversees the Sheriff's Department's Lost Hills station, where Gibson was booked, said he knew of no problems with Mee's treatment and said the deputy is in no way being singled out.

"I disagree with the assessment that personnel in the department or at the station have been relating to him or supervising him in an unfair manner," Tyler said.

He declined to discuss Mee's specific complaints, citing confidentiality rules.

In the wake of Gibson's arrest, the Sheriff's Department launched two investigations. One looked at whether the actor received preferential treatment, the other trying to determine who leaked the Mee's report to TMZ.com.

Tyler said a preliminary investigation into the issue of favoritism found "no evidence that anyone improperly influenced the investigation or prosecution of Mel Gibson's drunk driving arrest."

Sheriff's department sources said the probe into who leaked the report - an act that would likely violent department rules - is ongoing.

Shinee said that a few days after Gibson's July 29 arrest, sheriff investigators pressed Mee on why he chose to detail Gibson's inflammatory comments in his report.

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He was also told to recount the precise sequence of events surrounding the writing and handling of the report and any discussions or contacts he had with others.

"Clearly the focus of the investigation was the leak and not whether there were any communications between department brass concerning suppression of the report," Shinee said. "My client has denied he gave the report to anyone."

Later, according to the attorney, Sheriff's officials told Mee that they were temporarily transferring him from his drunk driving patrol detail in Malibu to a similar job based at the Lost Hills station out of concern that paparazzi would try to bait him into creating an incident.

Not long after, five sheriff's deputies showed up at Mee's home where they removed his computer and took phone records, Shinee said.

Mee declined to discuss his concerns. But Shinee said the deputy also feels he's being unfair treated by supervisors. In August, Shinee said his client was written up by a sergeant for failing to report to work despite the fact that another supervisor had changed his schedule. Earlier this month, Shinee said the same sergeant called him in from a field assignment to answer why he didn't check a box on a vehicle inspection report.

Tyler declined to comment on these specific incidents.

ANTITRUST:

New Jersey Orders Municipal Bond Firms To Disclose Subpoenas (BLOOM)

By Adam L. Cataldo

Bloomberg, December 28, 2006

Dec. 27 (Bloomberg) -- New Jersey is demanding that financial firms seeking state business disclose whether they have been subpoenaed or audited by the government.

Treasury officials told firms applying to work for the state by investing proceeds from a planned bond sale to describe pending litigation and ``federal or state investigations or audits, subpoenas or other information requests" since 2002, according to a Dec. 18 request for proposals. Similar documents in September and November didn't mention subpoenas or audits.

The requirement comes one month after federal investigators raided three brokers in the widest-ever criminal probe of the municipal bond market. The Justice Department, the Securities and Exchange Commission and the Internal Revenue Service are probing whether bankers and brokers conspired to fix prices on financial products sold to local governments when they invested proceeds from bond sales.

``It sounds like good due diligence to me," said Clifford Goldman who was state treasurer from 1976 to 1982. He now runs Goldman, Beale Associates, a Titusville, New Jersey-based firm that advises municipalities on bond financings.

Investigators last month demanded information from more than a dozen banks and insurers and raided the brokers as part of the probe, including CDR Financial Products Inc., New Jersey's adviser on interest-rate swaps. Earlier this month, the SEC asked officials in Jefferson County, Alabama, for records related to bond issues and derivatives since January 2002.

No Subpoenas

Tom Vincz, a spokesman for New Jersey treasurer Bradley Abelow, said the state hasn't received any subpoenas in connection with the probe.

``Issuers should be even more circumspect about who we do business with," said Patrick Born, the chief financial officer of Minneapolis and the head of the debt committee FOR the Chicago-based Government Finance Officers Association. ``The municipal market is such a valuable and important resource for state and local governments in the U.S. that we simply cannot tolerate abuses."

New Jersey needs a firm to help invest funds from a planned sale of bonds backed by revenue from a settlement with cigarette makers because it won't spend all the money immediately.

A group of treasury and public finance employees will review responses from firms, Vincz said. Six firms responded to the state's request for proposals, according to treasury spokesman Mark Perkiss. The responses won't be available to the public until after a selection has been made.

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`Evolving, Improving'

The size of the bond sale, to be arranged by New York-based Bear Stearns Cos., wasn't specified in the request for proposals. The state is rated Aa3 by Moody's Investors Service and AA by Standard & Poor's.

Vincz said the language change in the request for proposals is an ``evolving, improving practice" and not a response to the federal probe.

New Jersey last sought proposals from financial firms in November, when it was looking to hire an adviser on the bond sale being underwritten by Bear Stearns.

The request asked ``if your firm, or any principal, director or officer thereof, is now or has in the last three years been a defendant in any litigation involving a sum of $100,000 or more, the subject of any professional disciplinary action, and/or is or has been the subject of any investigation." It doesn't ask whether a firm has been subpoenaed or otherwise asked for information by the government, or if it has been the subject of an audit.

``The experience of public finance in reviewing responses to questions of this kind has been that sometimes there is a lack of clarity and completeness in the responses," Vincz said.

Abelow and Nancy Feldman, New Jersey's director of public finance, declined to comment.

Named by Corzine

Governor Jon Corzine, the former chairman of New York-based Goldman, Sachs & Co., named Abelow and Feldman to their posts earlier this year after he took office. Both also worked at Goldman. Corzine, a Democrat, has vowed to use his Wall Street experience to shore up the state's finances and reduce its record $30 billion debt load.

The Government Finance Officers Association recommends governments seek competitive bids when hiring advisers and that they find out whether firms have any history of having been the subject of enforcement actions.

Swaps Contract

New Jersey is seeking a new swap adviser to take over next month after Beverly Hills, California-based CDR's contract ends.

A swap is a type of derivative, or financial contract whose value is derived from stocks, bonds, loans, currencies and commodities, or linked to specific events such as changes in interest rates or the weather. In a swap, parties agree to exchange interest payments, usually a fixed payment for one that varies based on the movements of benchmark indexes or rates used by banks to track borrowing rates. Swaps are private contracts and are unregulated.

Vincz wouldn't say whether CDR applied to renew its contract and said a date to pick a new swap adviser hasn't been set. CDR spokesman Allan Ripp declined to comment on whether the firm has responded to any requests for proposals from New Jersey.

Peter Shapiro, managing director of South Orange, New Jersey-based Swap Financial Group, said governments like New Jersey make it too easy for firms not to disclose potential liabilities. Shapiro, a former New Jersey assemblyman who advises municipal governments on finances, didn't bid for the reinvestment contract and applied to become the state's next swap adviser.

``If you, as the governing agency, want to find out everything, you have to make sure you ask for everything," Shapiro said.

FTC Clears Freeport Takeover Of Phelps (AP)

AP, December 27, 2006

The Federal Trade Commission approved the $25.9 billion takeover of copper miner Phelps Dodge Corp. by Freeport-McMoran Copper & Gold, according to a notice posted Tuesday on the agency's Web site.

FTC clearance removes at least one obstacle to the proposed combination, which would create the world's largest copper miner. The deal still needs shareholder approval, and there is no certainty the companies will get it.

Earlier this month, a hedge fund with a 5.1 percent stake in Phelps Dodge said it would throw the weight of its 10.3 million shares against the takeover. SAC Capital Partners opposes the combination, saying that the cash-and-stock offer doesn't fairly value Phelps Dodge.

Since the deal was first announced in late November, Prudential analyst John C. Tumazos has said he expected to see additional bids emerge for Phelps Dodge. But that was when copper was trading at about $3.05 a pound on the spot market.

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The price has since fallen to about $2.85 per pound -- down 18 cents from the date the companies decided to combine and down 67 cents from the third-quarter average.

"We estimate the odds of a higher bid drop about 1 percent with each penny that copper falls," Tumazos wrote in a recent note to clients.

The FTC granted early termination of a mandatory antitrust waiting period on Dec. 22.

Up For Review: 401(k) Industry (WSJ)

By Tom Lauricella

The Wall Street Journal, December 28, 2006

Americans' 401(k) retirement plans are starting to face scrutiny -- of a kind that previously helped to reshape the mutual-fund business and many practices on Wall Street.

In recent months, a series of lawsuits has raised questions that longstanding business practices in the industry may represent illegal forms of collusion. In the past few weeks, Congressional Democrats -- after winning the majority in November for the first time in years -- are calling for hearings into whether current laws do enough to protect 401(k) investors. A November report by the Congressional Government Accountability Office said some practices "may not be in the best interest" of investors.

At the same time, the summer's landmark pension-reform law is encouraging employers to take a more active and even paternal role in their employees' 401(k) plans by offering in-depth investment advice and other tools designed to encourage people to save. Previously, companies were discouraged from taking these steps for fear of being sued should the investments go wrong.

As a result of these forces, 401(k) plans could receive their most significant overhaul since coming into existence a quarter-century ago. Fees to investors could be reduced, and companies could be forced to do a better job ensuring investors receive the most bang for their retirement dollar.

Since being created in 1981 as a way to sock away dollars tax-free for retirement, 401(k)s have supplanted traditional pension funds as the primary way most Americans save for retirement. Some 47 million participants have $2 trillion in money invested in the plans.

Critics increasingly are complaining about poorly disclosed financial arrangements -- known as "pay-to-play" deals -- that not only have the potential to influence which investment options are offered in a given plan, but also have the potential to drive up fees charged to investors.

The pressure for change is occurring at every level of a complex industry: Employers have a legal obligation to run a plan in the best interest of its participants. The money manager has responsibility for the investments, but other companies might have a separate role in keeping investor records and holding the actual securities being bought and sold in the plan. On top of that, sometimes there are outside brokers or consultants paid to help decide which investments go into a plan.

That complexity can breed problems, experts say. "Unfortunately there are [employer] fiduciaries who fell asleep at the switch; there are brokers who will charge excessively high fees; ... and there are plan providers who support all this," says Fred Reish, a Los Angeles attorney specializing in retirement-plan law. "This is all one big ball of wax."

The most direct attack on 401(k) plans -- and similar retirement plans for government employees and teachers called 457 plans and 403(b) plans -- has come in the courts. Several lawsuits allege that commonplace business arrangements between some of the parties are actually illegal.

For example, some mutual-fund companies that run retirement plans will take a portion of the money they collect from investors and use it to pay consultants, who, in turn, recommend which funds are included in a retirement plan. Because some consultants recommend only those fund companies that make such payments, these deals have been dubbed pay-to-play arrangements.

Critics say it can result in participants being offered subpar investments or worse. In November, a lawsuit was filed against Nationwide Financial Services Inc. on behalf of participants in the retirement plan it runs for the Orange County, Fla., sheriff's office. The suit, filed in U.S. District Court for the Southern District of Ohio, alleges that unbeknownst to the plan's investors, money from some of these arrangements paid for meals, trips and entertainment.

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Nationwide denies the allegations and says it will fight the suit.

A second common practice alleged to be improper is that big 401(k) plans often will use the same class of mutual-fund shares that small, individual investors use -- even though lower-fee classes of those shares are often available to big investors like these. In addition, certain fees (such as those for record-keeping) are assessed as a flat percentage of assets, which means as an investor's savings grow, more money is being collected from them even though no additional services are provided.

The most recent such suit was filed this month against Fidelity Investments, the nation's largest retirement-plan manager. The case, filed in U.S. District Court in the Western District of Wisconsin, argued that Fidelity charged "unreasonable and excessive" fees and had hidden arrangements that misused participants' money.

Fidelity says that it will fight the lawsuit and that fees its charges are reasonable.

In mid-September, a St. Louis law firm, Schlichter Bogard & Denton LLP, which specializes mainly in personal-injury cases, kicked off the recent spate of suits when it filed in federal court a series of cases (including the Fidelity suit) alleging that the 401(k) retirement plans of some of the country's biggest employers misled and overcharged investors.

Jerome Schlichter, the lawyer overseeing these cases, argues that employers and the companies that run 401(k) plans are failing to live up to a basic legal responsibility: ensuring that their fees are reasonable. "The fees are not being disclosed, and if you don't know what fees are being charged, you can't know if the fees are reasonable."

Meanwhile, Democrats in Congress, armed with the Government Accountability Office study, are looking at revisiting laws governing oversight of the plans. While the scope of the hearings hasn't been decided -- much less what any outcome might potentially be -- the stepped-up interest by politicians is further stirring the pot.

The GAO, in a recent report commissioned by George Miller (D., Calif.) said current rules result in "piecemeal" disclosure and that investors aren't given information that would help them determine whether they were getting a good deal. The GAO also warned against some of the same practices targeted by the lawsuits, saying they may hide conflicts of interest.

The GAO also said the Labor Department, which is responsible for regulating 401(k) plans, hasn't been collecting the kind of information on the plans that it needs to do the job.

Not all changes may come at the barrel of a gun. Laws passed by Congress this summer make it easier for employers to automatically enroll workers in 401(k) plans, increase their savings rates and automatically place them in appropriate stock- and bond-fund investments. These new laws lessen the risk to employers for taking these steps on a worker's behalf.

That is a big change from a few years ago. "It used to be that employers would say, 'We have this 401(k) plan with a great matching program -- now you guys go manage this on your own,'" says Terri Fox, who oversees the 401(k) plan at Texas Instruments. "The pendulum has swung."

Regulator Nudges Enel On Megawatt Sales (AP)

AP, December 28, 2006

Italy Antitrust Watchdog Says Enel Must Sell Up to 1,700 Megawatts by End of 2008

ROME (AP) -- Italy's antitrust watchdog said Wednesday that Enel SpA must sell 1,000 megawatts of capacity next year, and if necessary 700 more megawatts in 2008 to promote competition in the country's power market.

The regulator said in a statement that the sale will be at "competitive conditions," at which point the antitrust body will close its inquiry, started in April 2005, into possible anticompetitive behavior by Enel, Italy's former electricity monopoly.

The regulator said Enel will sell the capacity under a mechanism that allows a company to keep ownership of generation facilities while selling its output to competitors.

One-thousand megawatts correspond to about 3 percent of Italy's domestic power demand, the regulator said.

ENVIRONMENT:

Polar Bears Face Meltdown (USAT)

By Robert Davis

USA Today, December 28, 2006

DOJ_NMG_0109573

The fight against global warming got an iconic mascot Wednesday when the Bush administration proposed listing polar bears as a "threatened" species.

Interior Secretary Dirk Kempthorne says polar bears appear to be dying because their habitat — ice in the Arctic Ocean — is melting.

"Polar bears are one of nature's ultimate survivors," Kempthorne says. But their "habitat may literally be melting."

Some environmentalists hope that the "threatened" designation, which could come within a year after public comments and more scientific review, could give a boost to the fight against global warming.

The Endangered Species Act puts the responsibility on the federal government to avoid authorizing any activities that might jeopardize an endangered species or the habitat where it lives.

Industries that pollute a river, for example, that is home to an endangered fish can be forced to stop.

But how effectively the designation might be used to regulate industries that produce high levels of so-called greenhouse gases — pollutants that contribute to global warming — is unclear.

GLOBAL WARMING: Climate change leaves animals scrambling | On Deadline

Kempthorne says climate change is "outside the bounds" of his department.

An estimated 20,000 to 25,000 polar bears live in the Arctic region. One study showed a 22% decline in numbers in Canada's Hudson Bay. Another showed a drop in weight and reduced cub survival in Alaska's Southern Beaufort Sea.

The proposal calls for polar bears to be listed as "threatened" because the species is not considered at immediate risk of becoming extinct, which would be categorized as "endangered."

Kempthorne says Alaskan natives and others who hunt the bears can continue to harvest the animals. And coastal and offshore oil and gas exploration can continue. "Oil and gas development is not a factor," he says, "period."

The proposal to add the bears to the list came after a two-year fight.

"It's frustrating to wait, but at the same time, it is still a significant step forward," says Brendan Cummings, an attorney for the Center for Biological Diversity, who filed suit to seek polar bear protection.

Sen. Barbara Boxer, D-Calif., the incoming head of the Senate Environment and Public Works Committee, says the polar bear's plight reflects the planet's health. "This news serves as a wake-up call to the U.S. Congress and the administration that we must quickly begin to address global warming through legislative action," she says.

Bush Administration Seeks Protection For Polar Bears (WSJ)

By Maya Jackson Randall

The Wall Street Journal, December 28, 2006

WASHINGTON -- The U.S. Department of Interior on Wednesday proposed to list polar bears as a threatened species under the Endangered Species Act, saying global warming is causing sea ice -- a primary habitat for the bears -- to melt at dangerous rates.

While the burning of fossil fuels such as oil and coal are thought to lead to global warming, Interior Department Secretary Dirk Kempthorne Wednesday said oil and natural gas drilling in the Arctic region is not to blame for the receding ice.

"It is very clear that the oil and gas activity does not pose a threat," Mr. Kempthorne said. "In fact .. they have been partners."

Still, the Interior Department is silent on what's actually causing the warmer temperatures.

The "whole aspect of climate change is beyond the scope of the Endangered Species Act," Mr. Kempthorne said during a conference call with reporters. Other agencies within the Bush administration, not DOI, are charged with focusing on a national greenhouse gas reduction program and the factors leading to rising global temperatures and climate changes, he said.

The DOI plans to take comments on the proposal in effort to make a decision within 12 months on whether to list the bears as endangered species.

"There's concern that their habitat may be literally melting," Mr. Kempthorne said.

Agency Proposes To List Polar Bears As Threatened (NYT)

By Felicity Barringer and Andrew C. Revkin

The New York Times, December 28, 2006

DOJ_NMG_0109574

WASHINGTON, Dec. 27 — The Interior Department proposed Wednesday to designate polar bears as a threatened species, saying that the accelerating loss of the Arctic ice that is the bears' hunting platform has led biologists to believe that bear populations will decline, perhaps sharply, in the coming decades.

Many experts on the Arctic say that global warming is causing the ice to melt and that the warming is at least partly the result of the atmospheric buildup of heat-trapping gases from tailpipes and smokestacks. The plight of the polar bear has been held up by environmentalists as a symbol of global warming caused by humans.

But in a conference call with reporters, Interior Secretary Dirk Kempthorne said that although his decision to seek protection for polar bears acknowledged the melting of the Arctic ice, his department was not taking a position on why the ice was melting or what to do about it.

While the Bush administration "takes climate change very seriously and recognizes the role of greenhouse gases in climate change," Mr. Kempthorne said, it was not his department's job to assess causes or prescribe solutions. "That whole aspect of climate change is beyond the scope of the Endangered Species Act," he added.

The scientific analysis in the proposal itself, however, did assess the cause of melting ice. Most of the studies on the Arctic climate and ice trends cited to support the proposed listing assumed that the buildup of heat-trapping gases was probably contributing to the loss of sea ice, or that the continued buildup of these gases, left unchecked, could create ice-free Arctic summers later this century, and possibly in as little as three decades.

The Interior Department has a year to gather and study comments on the proposed listing and make a final determination. It must also work out a recovery plan to control and reduce harmful impacts to the species, usually by controlling the activities that cause harm.

It is unclear whether such a recovery plan could avoid addressing the link between manmade emissions of heat-trapping gases and the increase in Arctic temperatures.

Kert Davies, the research director for Greenpeace U.S.A., one of three environmental groups that sued the Interior Department in 2005 to force it to add polar bears to the list of threatened species, said the administration was "clearly scrambling for credibility of any kind in this issue."

Kassie Siegel, the lawyer for the Center for Biological Diversity, a group based in Arizona that took the lead in the lawsuit calling on the department to list the polar bear, added, "I don't see how even this administration can write this proposal without acknowledging that the primary threat to polar bears is global warming and without acknowledging the science of global warming."

As a result of the lawsuit, the Interior Department had a court-ordered deadline of Wednesday to make a decision.

The worldwide population of polar bears currently stands at 20,000 to 25,000, broken into 19 groups in Russia, Denmark, Norway, Canada and the United States. One-quarter to one-fifth of that population occupies waters off the shores of Alaska or the nearby coastlines, with separate groups in the Chukchi Sea off northwestern Alaska, the Northern Beaufort Sea and the Southern Beaufort Sea off the North Slope of Alaska

The most-studied bear population, in the Western Hudson Bay in Canada, dropped 22 percent, to 935 from 1,194 from 1987 to 2004, the proposal by the Fish and Wildlife Service said.

It added, "However, based on environmental factors and observed patterns of population trends for some populations, it is likely that most populations will exhibit declines in the future."

The International Conservation Union, in its latest red list of endangered wildlife, gave polar bears threatened status in May, projecting a decline of 30 percent by midcentury from current populations, mainly due to projected losses of sea ice in a warming world.

Polar bears are dependent on sea ice as a platform for hunting seals, and as a pathway to coastal areas. The ice shrinkage has meant that polar bears, which are strong swimmers, have had to cover longer distances between ice and land.

They have survived previous Arctic warming periods, including the last warm stretch between ice ages some 130,000 years ago, but some climate experts project that nothing in the species' history is likely to match the pace and extent of warming and ice retreats projected in this century and beyond, should emissions of heat-trapping gases continue unabated.

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While Mr. Kempthorne and Dale Hall, director of the Fish and Wildlife Service, said Wednesday that they saw no separate risk to polar bears from oil and gas activity, the latest assessment of the species for the International Conservation Union, by a group of experts including Fish and Wildlife Service biologists, did include such activity in a list of threats, including toxic contaminants, shipping and recreational viewing.

Recently, the Minerals Management Service, another division of the Interior Department, proposed opening sections of the Beaufort and Chukchi Seas to oil and gas drilling.

"This listing will hopefully provide additional leverage to look more closely at those decisions," said Margaret Williams, director of the Bering Sea ecoregion program at the World Wildlife Federation.

Scott Schliebe, a federal biologist and the polar bear project leader for the Fish and Wildlife Service, said the basic connection between shrinking ice and greater distress for the bears was well established. This is shown clearly in areas where ice has retreated progressively in summers — including the Beaufort Sea off the North Slope and Hudson Bay in Canada. In such places, Mr. Schliebe said, "we know today that they're facing a situation of distress and nutritional stress."

The department's proposal said that "at this time" the lands and waters most critical to the bears' protection, called critical habitat in the law, were "not determinable."

Critical-habitat designations ensure that federal agencies must study the impact that any activities they conduct or approve in that area might have on the species at risk.

Global Warming Puts Polar Bears On Thin Ice (WT/AP)

The Washington Times, December 28, 2006

Polar bears are in jeopardy and need stronger government protection because of melting Arctic sea ice related to global warming, the Bush administration said yesterday.

Pollution and overhunting also threaten their existence. Greenland and Norway have the most polar bears, and a quarter of them live mainly in Alaska and travel to Canada and Russia.

Interior Secretary Dirk Kempthorne yesterday proposed listing polar bears as a "threatened" species on the government list of imperiled species. The "endangered" category is reserved for species more likely to become extinct.

"Polar bears are one of nature's ultimate survivors, able to live and thrive in one of the world's harshest environments," Mr. Kempthorne said. "But we are concerned the polar bear's habitat may literally be melting."

A final decision on whether to add the polar bears to the list is a year away, after the government finishes more studies.

Such a decision would require all federal agencies to ensure that anything they authorize that might affect polar bears will not jeopardize their survival or the sea ice where they live. That could include oil and gas exploration, commercial shipping or even releases of toxic contaminants or climate-affecting pollution.

Mr. Kempthorne, however, said his department's studies indicate that coastal and offshore oil and gas exploration -- heavily promoted by the Bush administration, particularly in Alaska -- shouldn't be curtailed.

"It's very clear that the oil and gas activity in that area does not pose a threat to the polar bears," he said.

Similarly, Alaskan natives and other people who depend on hunting the bears as part of their subsistence diet probably will not be affected, Mr. Kempthorne said.

Environmentalists hope that invoking the Endangered Species Act protections eventually might provide impetus for the government to cut back on its emissions of carbon dioxide and other heat-trapping "greenhouse" gases blamed for warming the atmosphere.

The proposed listing also marks a potentially significant departure for the administration from its cautious rhetoric about the effects of global warming. Mr. Kempthorne cited the thinning sea ice brought about by global warming as the main culprit.

President Bush's steadfast refusal to go along with United Nations-brokered mandatory controls on carbon dioxide, the chief global warming gas, has contributed to tensions between the United States and other nations.

Polar bears, an iconic and cold weather-dependent animal, are dropping in numbers and weight in the Arctic. In July, the House approved a U.S.-Russia treaty to help protect polar bears from overhunting and other threats to their survival.

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That vote put into effect a 2000 treaty that sets quotas on polar bear hunting by native populations in the two countries and establishes a bilateral commission to analyze how best to sustain sea ice. It also approved spending $2 million a year through 2010 for the polar bear program.

The Polar Bear Specialist Group of the World Conservation Union, based in Gland, Switzerland, has estimated the polar bear population in the Arctic is about 20,000 to 25,000.

US Says Global Warming Threatens Polar Bears (FT)

By Stephanie Kirchgaessner

Financial Times, December 28, 2006

Polar bears should be classified as a threatened species because global warming could cause their habitat to melt away, the Bush administration said on Wednesday.

The iconic arctic animals were being threatened by receding ice, said Dirk Kempthorne, secretary of the Interior Department, who stopped short of calling for an investigation into the causes of climate change, saying the issue was beyond his department's remit.

"We need to just concentrate and focus on the species and its habitat," he said, adding the George W. Bush administration had already spent $29bn researching climate change issues and related technology.

While the proposal did not represent a clear departure from the Bush administration's stance on global warming, it marked the first time the White House had pointed to climate change as a phenomenon that could threaten the survival of a species.

Administration officials said they proposed adding polar bears to the threatened species list because Fish and Wildlife Service biologists feared that Alaska's population of polar bears could experience a significant decline in the future.

There are thought to be between 20,000 and 25,000 polar bears worldwide, most living in Greenland and Norway. But almost 5,000 live mainly in Alaska and travel to Canada and Russia.

Recent scientific studies of adult polar bears in Canada and in Alaska's Southern Beaufort Sea found have found weight loss among the species and reduced cub survival. In Canada's western Hudson Bay, the population of polar bears has already declined 22 per cent.

The Fish and Wildlife Service will initiate a 12-month review of polar bears' current and future status before determining whether the species should be placed on the threatened list.

Dale Hall, director of the US Fish and Wildlife Service, said that if the polar bear was placed on the threatened list, the service would engage groups ranging from Alaskans to native Americans to scientists to "sit down and help us craft a recovery plan".

Although Mr Kempthorne said the nation's fish and wildlife service would not be asked to make a determination on why arctic sea ice was thinning, he emphasised that one potential environmental factor – oil and gas exploration – had "no negative impact on polar bears".

The conclusion contradicted a separate statement by the US Fish and Wildlife Service, which said that demands of oil and natural gas, and other resources in Alaska have led to "some conflicts" between polar bears and humans.

Ed Markey, a senior Democratic lawmaker on the House energy committee, said that the development "may signal the beginning of the end" of the Bush administration's policy of "global warming denial".

"After giving the cold shoulder to conservation, Kyoto, and better fuel economy standards, they seem to be warming up to protecting an icon of American wildlife," Mr Markey said.

Separately, Shell said on Wednesday it had hired Gale Norton, the former secretary of the Interior Department, to serve as a counsel for the Dutch oil giant.

The announcement from the energy company comes as the Bush administration is expected to face increased scrutiny by Congress on its ties to the oil and gas industry. This could include questions about whether the Interior Department has adequately collected royalty payments from oil and gas groups extracting resources from federally owned land.

Bright Idea Makes A Big Comeback: Conservation (USAT)

By Paul Davidson

DOJ_NMG_0109577

USA Today, December 28, 2006

Nearly all businesses share an all-consuming mission: sell, sell, sell. McDonald's wants to peddle more hamburgers. Airlines strive to fill every seat. Phone companies want you to make more calls.

But power companies these days are increasingly being told by regulators to pump hundreds of millions of dollars into selling less electricity.

Energy-efficiency programs, which first caught fire in the 1970s before fading in recent years, are making a big comeback spurred by global-warming fears and the public's aversion to more pollution-belching power plants. At least 15 states are starting or considering new or expanded rebate and tax-incentive programs. The campaigns entice consumers to buy compact fluorescent light bulbs and energy-saving dishwashers and coax businesses to replace power-guzzling freezers and lighting systems.

To prod utilities into better promoting or funding the initiatives, many states are carving out new financial inducements that turn the industry's 125-year-old business model on its head: In some cases, companies could make just as much money by selling less power.

"What (they're) asking us to do is cannibalize sales," says Trevor Lauer, vice president of retail sales for DTE Energy in Detroit, noting that DTE supports energy efficiency, especially if the company earns a sufficient financial return. "Our job is to sell as many kilowatt hours as we can."

States and cities are also beefing up building codes to require added insulation and more efficient heating systems in new homes and businesses. Wal-Mart last month announced a campaign to sell 100 million compact fluorescent bulbs by the end of 2007. The goal, if reached, would save $3 billion in electrical costs and keep 20 million tons of greenhouse gases from spewing out of power plants.

"It's pretty much understood that electricity as a growth industry is a dangerous thing," says California Energy Commissioner Art Rosenfeld, who is considered a pioneering advocate of energy efficiency.

Utilities are spending nearly $1.9 billion on energy-saving programs this year, up from $1.6 billion in 2005 and nearly double the 1999 total, says the American Council for an Energy-Efficient Economy, a non-profit group that is independent of the utility industry.

Driving the surge are soaring energy rates and a dilemma that even has a growing number of power companies embracing efficiency: Demand for electricity is projected to increase 19% over the next decade, yet building a power plant is no longer a surefire investment. That's because coal-fired plants might soon face expensive taxes on their carbon-dioxide emissions amid growing global-warming concerns. Meanwhile, natural gas prices are mercurial, nuclear plants face public opposition and renewable energy such as solar or wind doesn't operate 24 hours a day.

"We really view energy efficiency as the fifth fuel," says Jim Rogers, CEO of Duke Energy, which serves parts of the Southeast and Midwest and until recently resisted efficiency programs. "It gives us the capability to avoid building a new plant."

A report last month by McKinsey & Co. says worldwide growth in energy demand can be cut to 0.6% a year from 2.2% by tapping energy-saving technologies.

This isn't the first time conservation has captured the nation's fancy. The first efficiency wave was triggered by the 1973 Arab oil embargo. Utilities largely ditched those efforts in the mid-1990s, believing deregulation would breed new competition and lower prices. The competition never came, and efficiency has been on a gradual upswing since 2000.

It has shifted into high gear with global-warming fears and the federal Energy Policy Act of 2005. The legislation provides tax credits of up to $2,000 per home to builders of new homes that exceed international energy-saving standards by at least 50% and up to $500 to improve efficiency on existing homes.

But Steve Nadel, who heads the energy-efficiency council, criticizes the Bush administration as weak on conservation. The Natural Resources Defense Council sued the Energy Department for failing to update energy-efficiency standards for 22 appliances, from dishwashers to air-conditioning systems. Under a recent settlement, standards will be set over the next four years.

Energy Department spokesman Craig Stevens says clearing the backlog has been a priority for Energy Secretary Samuel Bodman.

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Meanwhile, about 20 states have conservation programs, but many are not well-funded. The most aggressive are in California, the Pacific Northwest and the Northeast, where electricity prices are high.

Typically, states set budgets, and utilities design and run the programs. Power companies recoup their costs from customers, who each pay up to about $2 on their monthly energy bills to fund efficiency initiatives. Yet those who take advantage of the programs can save 30% or more in energy costs. That's because programs' incentives and associated expenses typically cost about 3 cents per kilowatt hour saved, while power costs an average 9.2 cents per kilowatt hour.

In California, Pacific Gas and Electric has used rebates to persuade consumers to buy 6 million compact fluorescent bulbs this year. More than half of California's homes have a compact fluorescent in at least one socket.

Many consumers shy away from the spiral-shaped bulbs because of retail costs of about $3 to $6 vs. as little as 25 cents for a standard light bulb. But the rebates drive the price to about 75 cents. Since compact fluorescents last about 10 years, or five times as long as standard bulbs, and use about 70% less energy, the extra cost can be recovered in weeks.

California also boasts some of the strictest appliance codes in the nation. For example, regulators this year limited to 1 watt the amount of power devices such as cellphone chargers and shavers can use when they're plugged in but turned off. The change will add a few cents to the cost of plugs but save users $80 a year in electricity costs.

All told, California utilities are spending $700 million this year to fund and promote energy efficiency, up from $410 million in 2005. California's 30-year-old efficiency program has held per-household electricity consumption at 1975 levels — and avoided construction of at least one power plant a year — while per-household usage in the rest of the USA has risen 50%.

"The public loves it, the risk to shareholders is less and the company's image is better," says PG&E Chief Executive Peter Darbee.

Government support for energy efficiency in other states is spotty but improving. Seventeen states have no standards, or obsolete ones, for how much insulation or what kinds of heating systems, for instance, must be used in houses, says the Building Codes Assistance Project. Louisiana recently adopted statewide standards as it rebuilds homes after Hurricane Katrina. Mississippi and Alabama may follow.

Some towns are going far beyond state minimums. In New York, the Long Island townships of Babylon and Brookhaven this year required all new homes to be built to Energy Star standards. Homes earn the federal Energy Star label if they're at least 15% more energy efficient than international building codes.

The requirements will add about $3,000 to the cost of an average $500,000 home but will save $720 a year in energy costs, says Neil Lewis of the Neighborhood Network, which pushed for the change.

The Long Island Builders Institute had opposed it, fearing thousands of dollars in costs to builders as they waited weeks for homes to be inspected. But group Executive Vice President Robert Wieboldt says, "The national goal of energy independence is something we might have to share the burden on."

Experts say the country isn't close to realizing its energy-saving potential. Nationwide, programs are helping utilities save 0.2% of power consumption each year. By contrast, Vermont and California — two states in the vanguard of energy efficiency — save an extra 1% in energy usage each year. By tripling funding in the next few years, Nadel says, the USA could cut up to 30% of new power demand by 2020, staving off the need for hundreds of new power plants.

Many states are moving toward that goal, even in the South and Midwest, where a plethora of power plants has tempered electricity rates and conservation programs. Michigan and Georgia are considering launching efficiency initiatives. Arizona, where torrid population growth is driving power demand, quadrupled funding to $34 million this year. Vermont plans to double its annual energy savings to 2% by 2008, wiping out the state's growth in power consumption.

Yet some utilities vigorously oppose efficiency mandates. "Our position is that you not set an arbitrary (funding) goal," says Oscar Harper, vice president of resource planning for Georgia Power, a Southern Co. unit that voluntarily runs some efficiency campaigns. Harper says many programs are not cost-effective and "can really hit low-income customers hard" by raising their monthly bills.

Steve Smith, executive director of the Southern Alliance for Clean Energy, contends the company simply fears eating into its growing revenue.

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Regulators in several states are trying to prod utilities into spending more on efficiency. Rhode Island recently passed legislation requiring power companies to price efficiency programs before seeking bids for new electricity supply.

A utility must implement any program that costs less than the state's average electricity price, currently 14 cents per kilowatt hour. "It removes the artificial cap," says Ken Payne, director of the state Senate's policy office.

Six states — New York, New Jersey, Maryland, Delaware, Wisconsin and Idaho — are considering severing the tie between electricity usage and utilities' profit. Under the proposals, a utility would earn a set rate of return even if power consumption rose above or fell below projected levels. If efficiency measures produced better-than-expected savings, rates on all customers would rise slightly to offset the utility's shortfall in revenue. California now uses such a system.

"It certainly removes the disincentive to moving ahead with energy-efficiency programs," says Joe Rigby, senior vice president and chief financial officer of Pepco, which serves southern Maryland.

But Con Edison, which serves New York City, opposes the idea. Company spokesman Mike Clendenin says a similar system cost customers $70 million in the mid-1990s when consumption fell short of revenue forecasts. Richard Cowart of the Regulatory Assistance Project, a consulting firm, says many utilities dislike the setup because it kills their chance to earn extra revenue when electricity usage exceeds projections.

Still another proposal, backed by Duke and DTE Energy, would allow utilities to earn a rate of return on the energy savings they achieve, just as they now earn profits on electricity sales. California regulators are weighing a similar plan.

"We would be (given the incentive) to drive (sales) down and take a piece of the savings as our earnings," says Duke's Rogers.

Further feeding the industry's interest in efficiency are new technologies that make that Energy Star refrigerator seem quaint. Just a few years away are smart meters linked to smart appliances via computers, or even the Internet.

After reading tomorrow's forecast for hot weather, your air conditioner could cool the house in the morning, when prices are low, and scale back midday when costs spike. That would save consumers money and help utilities reduce strain on the power grid during peak demand.

Technology "is what's really moving (energy efficiency) forward," Rogers says. "It makes things possible that weren't possible before."

Democrats Eye Revamp Of Toxic-cleanup Superfund (CSM)

By Mark Clayton

The Christian Science Monitor, December 28, 2006

Although 1 in 4 Americans lives within four miles of a designated toxic-waste site, the federal program to clean up the sites has slowed.

Now, key Democrats in Congress are looking to push the program, known as Superfund, back into the spotlight. They're looking not only at its funding levels but also its funding sources. A central issue: whether to restore "polluter pay" taxes on industry to help fund cleanups.

"In some of these sites, the pollution is out of control, meaning it's still dangerous," Sen. Barbara Boxer, incoming chairwoman of the environment and public works committee, said this month. "We have to clean it up."

The California Democrat says she's making Superfund, along with global warming, focal points of her environmental agenda. She has tapped presumed presidential aspirant Sen. Hillary Rodham Clinton (D) of New York to chair the Superfund subcommittee.

Superfund, started in the 1970s, has seen a decline in funding and completed projects in recent years. Between 1993 and 2005, funding fell 32 percent - from $1.8 billion to $1.2 billion in inflation-adjusted dollars, the Government Accountability Office (GAO) reports. During the same period, the number of cleanup sites earning "construction complete" status fell by more than half - from 88 to 40 - the lowest level in more than a decade.

Officials at the Environmental Protection Agency (EPA), which administers the program, deny funding is an issue. Fewer completed projects merely indicate transitions in construction cycles that can last a decade or more, they say.

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"What's been cleared away already are the easier sites," says Susan Bodine, assistant administrator of the EPA's office of solid waste and emergency response. "The sites we're working on now, many of them are complex situations that were also being addressed in the 1990s, and they're still not done. But we're making progress."

Outside observers disagree. "Superfund is in trouble," says Velma Smith, a policy analyst at the National Environmental Trust in Washington. "People in the agency are telling me they're giving up on assessing new sites. They may know a problem exists, but they can't get the money to even go out and assess it."

Many of Superfund's biggest challenges can be traced back to its budget woes, critics and former EPA employees say. For example: While the EPA once had a "trust fund" from taxes on the production of toxic chemicals by chemical and oil companies, authorization for the tax lapsed in 1995. The fund shrank steadily from nearly $4 billion to zero by 2002, despite President Clinton's attempts to get Congress to restore it. President Bush has not asked to renew it.

That means that the share of Superfund programs paid for by taxpayers has risen steadily. From 1993 to 2000, it was less than 20 percent of the overall appropriation. By 2004, the public was footing the whole bill, the GAO reports.

That's why some Democrats, including Senator Boxer, want to reinstate "polluter pays" taxes. Polluters still pay to clean up their contaminated sites when the EPA can track them down. But when companies are bankrupt, the EPA pays. In the past, the "trust fund" helped offset the public cost through a tax on companies producing the chemicals that were being cleaned up.

Those taxes once generated about $1.5 billion a year, according to a June report by the Center for Progressive Reform. Now "with reduced funding, investigation and enforcement has lagged, causing fewer sites to be added to the list because nobody's out there looking for them," says Rena Steinzor, coauthor of the report.

But other analysts say the tax is too broad.

"The tax isn't fair," H. Sterling Burnett of the National Center for Policy Analysis, a think tank, told Environment and Energy Daily in an interview. "It's going to target some companies who had nothing to do with the pollution and it's not going to get the companies that did the pollution because many of them are no longer around."

Ms. Bodine of the EPA also sees little merit in taxing chemical producers. "We do have the federal funds we need," she says.

Even where toxic waste cleanup problems are identified, there are problems getting them into the Superfund pipeline. At least 61 sites are currently proposed but not yet added to the 1,241 nonfederal sites on the National Priority List or NPL. Among them are many "orphan" sites where there are no polluters to sue - and federal dollars must be used to clean them up.

Orphan sites are not a new problem.

"We had a number of these orphan sites that we had completed design for cleanup and just needed the money from headquarters for construction - and those dollars weren't forthcoming," says William Muno, former head of Superfund for the EPA's Midwest region. "I've spoken with people since I retired and, from what I understand, the situation is even more acute."

Even completed cleanups have caused controversy. In Ringwood, N.J., this summer, furious residents met with politicians over sludge and other contaminants left on a Ford site the EPA declared clean more than a decade ago.

Black Eye For Black Canyon (GJS)

By Bobby Magill, The Daily Sentinel

Grand Junction (CO) Sentinel, December 27, 2006

BLACK CANYON OF THE GUNNISON NATIONAL PARK — Before the dams were built, the Gunnison River raged through Black Canyon each spring with such ferocity that it carved through the volcanic rock Colorado's deepest and most sheer abyss.

More than 2,000 feet above the river on the south rim of Black Canyon of the Gunnison National Park, there's no running water, no grand lodge inviting tourists to luxuriate, no concession stand feeding the masses.

There is, however, a sense of remoteness and grandeur on the threshold of Colorado's deepest gorge. Overlooked by a rustic log cabin visitor center from which tourists peer into the chasm to the park's only permanent running water, the Gunnison River is barely visible from the canyon rim.

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Only a gravel road penetrates the park on its north rim, where Black Canyon's most adventurous visitors attempt to either scale its sheer walls or negotiate one of several narrow poison ivy-riddled talus slopes plummeting surefooted hikers to the river below.

"When you go to the north rim, it's sort of like going to a park back in the '50s," said former Black Canyon Superintendent Bill Wellman, who was promoted in mid-November to the superintendent's post at sprawling Big Bend National Park in Texas.

Sixty-six years after President Herbert Hoover declared Black Canyon a national monument, Congress created Black Canyon of the Gunnison National Park in 1999, now the nation's fourth-newest national park senior only to a pair of eastern parks and Colorado's own Great Sand Dunes.

Black Canyon National Park is a picture of vitality in defiance of trends afflicting the region's other parks suffering from the National Park Service's budget woes and shrinking masses coming to see their natural wonders.

Visitation at Black Canyon has been on the rise the last three years, hitting 180,814 people in 2005, about half what it was three decades ago.

The park's south rim is endowed with facilities built within the last 15 years, most of which are in good condition.

Black Canyon's price tag for maintenance projects in need of completion is a mere $4.7 million — a fraction of the cost of its neighbor parks' maintenance backlogs, which are as high as $63 million.

The park could be rid of its maintenance backlog by 2010 because more than $1 million of maintenance projects are completed annually, Wellman said.

The park isn't immune to the budget crunch, however, and has had to consolidate management staff with Curecanti National Recreation Area and Florissant Fossil Beds National Monument west of Colorado Springs for efficiency, he said.

Down the river

One of the park's greatest strengths, Wellman said, is the quality of the canyon it protects. Development near the park and the fate of water flows in the Gunnison River could change that, however.

Black Canyon may be Colorado's most controversial national park —not necessarily because of how it was created or how its government caretakers manage its formidable land, but because of the water in the Gunnison River, which not only imbues the canyon with life, but supplies water and electricity to thousands of people in central Colorado.

During the spring floods, the Gunnison River sliced through the canyon at up to 20,000 cubic feet per second. So powerful was the Gunnison that it carved Black Canyon one inch deeper each year, creating a chasm 2,772 feet deep at its deepest and 40 feet wide at its narrowest.

The river's annual wax and wane was the natural order of things until the U.S. Bureau of Reclamation disrupted the Gunnison's water flows. In 1976, the bureau completed the last of the three dams and reservoirs of the Aspinall Unit immediately upstream of the park. The unit is part of the Colorado River Storage Project under which Arizona's Glen Canyon, Utah's Flaming Gorge and New Mexico's Navajo dams were also built.

With the completion of the Crystal Dam and its accompanying power plant, the bureau created on the Gunnison River a 40-mile swath of reservoirs and power plants that can produce more than 200 kilowatts of electricity and store over 1 million acre feet of water.

But the amount of water released below the dams would forever change the ecology of the river through Black Canyon National Park.

The dams eliminated the Gunnison River's natural hydrograph through the canyon, evening out flows during spring runoff, when the river should be raging with floodwater, said Ken Stahlnecker, chief of resource stewardship and science at Black Canyon. The gorge used to be the Gunnison's transition zone between warm water and cold water, but the dams cooled the river at the expense of native fish species.

"Now we see more of the trout species, rainbow and brown primarily, and it's quite a fishery down there now," he said.

The natural hydrograph needs to be maintained because it's the signal for fish to spawn, and it flushes the river channel of debris, said Wendy McDermott, executive director of the High Country Citizens Alliance.

But Wellman said the canyon can survive without a natural hydrograph, as long as it gets peak and lower "shoulder" flows each spring and a once-per-decade flood with flows of about 15,000 cubic feet per second.

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"Our water right is not a consumptive right," Wellman said. "It doesn't take any water out of the river system."

But a 2003 agreement between the National Park Service, the U.S. Department of Interior and the State of Colorado threatened to starve the canyon of its flows, reducing it to a year-round minimum of 300 cubic feet per second.

To maintain the vitality of the Gunnison River through Black Canyon, water would ideally need to flow at a volume well above 300 cubic feet per second, especially during spring runoff when the river naturally runs highest, Stahlnecker said.

The agreement relinquished Black Canyon National Park's water right to peak and shoulder flows during the spring, a right dating to 1933 when President Hoover declared Black Canyon a national monument.

The agreement was "nonsensical," said U.S. District Court Judge Clarence A. Brimmer in his September decision to set aside the pact. The National Park Service ignored the needs of the public in a decision that would profoundly effect the canyon's ecology and human environment, he wrote.

He declared that because Black Canyon is a wilderness area and a national park, the National Park Service must maintain enough water in the river to leave the canyon's ecology and scenic beauty unimpaired. The agreement, he said, protected the canyon's competitors and not the canyon itself.

After being given until Dec. 18 — the court granted a one month extension to the government's original deadline — to appeal Brimmer's decision, the U.S. Department of Justice filed a notice of appeal that day, which preserves the government's right to file its appeal beyond the deadline.

Cynthia Magnuson, spokeswoman for the Justice Department in Washington, said the appeal would likely be filed by the beginning of January.

If its appeal fails, the federal government and the state will have to return to the table to forge a new agreement more friendly to the ecology of Black Canyon.

"We'd like to see an agreement that protects the resources of the park and protects current and future use of the water within the Gunnison Basin," said McDermott, whose group is a plaintiff in the case.

Development looms

As the canyon awaits the fate of its river, worries stir above its rim about how commercial and housing development on private property within and just outside park boundaries may one day become part of the landscape seen from Black Canyon's most popular viewpoints.

There's no lodge at Black Canyon National Park — not even flush toilets — and that's just fine with Lynn and Ted Farr. In early November, they were in the middle of a trans-continental road trip from their home in Emmaus, Penn., when they decided to visit the park, which they discovered in a tourism brochure.

The pair grew up in California, where car-clogged Yosemite served as their idea of a typical national park. But sparsely-visited Black Canyon, they said, should be different.

"They don't need a lodge in the park," Lynn Farr said. "Yosemite kind of set a standard. I don't think (this) park needs all of (those) facilities."

Where the Farrs see an ideal national park, real estate speculator Tom Chapman sees a business opportunity.

Owner of a 112-acre private inholding subdivided into three 37 acre parcels just south of Black Canyon's campground and within the park boundaries, Chapman is advertising his land as a rare opportunity for a savvy developer who wants to take advantage of doing business within a relatively undeveloped national park. One house has already been built on the land.

"These private parcels stand alone as being the only place where one can own a business or a luxury home within the U.S. National Park system," Chapman says in his online ad for the land. "Anchored on a high hill, the building site on Parcel No. 2 reigns supreme over the entire park and is an excellent candidate for a national park lodge or a luxury estate."

The ad trumpets the other parcel, on the East Portal Road which leads to a dam at the bottom of the canyon, as a great spot for a fast food joint.

Development on those inholdings would "potentially create homesites near the peak of Signal Hill, which would be visible from a lot of the overlooks from the roads within the park," and would sully the darkness of the park's night skies, Black Canyon National Park Management Assistant Dave Roberts said.

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"The Park Service would rather see the area remain essentially rural and undeveloped," he said. "We've made attempts to acquire that land in the past, but we're not anywhere close on price."

Chapman is notorious among conservationists who criticize him for buying cheap private property within wilderness areas and national parks and selling it for millions.

On his Web site, Chapman is advertising a package of 19 inholdings — all sold — within Colorado's Weminuche, Holy Cross, Fossil Ridge, Spanish Peaks and Uncompahgre wilderness areas, where buyers could develop within a federally protected wildland.

Chapman's Black Canyon ad says the property is priceless and is currently off the market. As a representative of TDX, LP, he purchased the 112 acres in 1998 for $80,000, and pays only $45 in property taxes annually for the land's $3,100 agricultural production value, according to Montrose County records.

He's selling a nearby 1,700 acre ranch "targeted for inclusion in the Black Canyon National Park" for $10 million.

Chapman couldn't be reached for comment, but Roberts said the park's hopes of trying to buy the property is fading because the National Park Service has no money to spend on acquiring land.

"Our other concern is Grizzly Ridge," Wellman said.

The finger of private property on the ridge directly across Black Canyon from the visitor center was subdivided in 2004, and is "cherry stemmed" into the park, he said.

"That would be more intrusive than (TDX's) current house," he said.

The park is trying to either acquire that property or ask the owner to put it under a conservation easement to preserve the views in the park.

In coping with outside development that could be within view of the park, Wellman said park officials know that it's the grandeur and quality of the canyon that draws people to the park.

And that's worth protecting, he said: "One of our objectives should be not to screw up what's really nice."

FBI/DEA/ATF/USMS:

The New FBI Means Business (LAT)

By Richard B. Schmitt

The Los Angeles Times, December 28, 2006

EVANSTON, ILL. — At a class on leadership, a professor at Northwestern University's business school here asks his students to ponder a landmark on the Chicago skyline 10 miles south.

"Walk along the lake, and look downtown. You see the Sears Tower," Ranjay Gulati says. "Sears Roebuck & Co. owned retailing. They defined retailing."

That they no longer do, he says, shows "what happens when the world changes around you … and you don't."

Thirty senior FBI managers and executives stir at their desks.

They're here because their employer is looking for ways to manage what is still a wrenching transition: In the wake of the Sept. 11 attacks, a newly urgent mission — disrupting terrorism before it hits the United States — was thrust upon the bureau.

In an effort to change the famously insular and hidebound organization, the FBI has sent more than 2,000 of its top agents and supervisors — including this group of spy-catchers, cyber-sleuths and terrorist-hunters — to management school at Northwestern.

This is new training for a new FBI, or at least that is the hope.

Traditionally, FBI agents and supervisors are schooled in the nuts and bolts of law enforcement. Agents learn how to become expert marksmen or cultivate informants. Supervisors learn how to mentor new agents or follow proper procedures.

Here, they explore how large corporations have shifted their missions. If Toyota can adapt its car lines to the baby-boom generation, then why can't the FBI adapt its role to the changing security needs of the country?

They practice role-playing exercises aimed at instilling teamwork, although about half fail to get the point of one exercise because they missed a subtlety in the instructions. "The competitive mentality is hard to break," Professor Leigh Thompson said.

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Puzzled reactions

And they study business experiences that might help them present the FBI in the best light. They learn how Starbucks developed a strong identity and how Exxon botched its handling of the 1989 oil spill in Alaska.

The program was started three years ago by FBI Director Robert S. Mueller III. Most of the senior headquarters staffers and top agents from the 56 field offices have taken the weeklong courses, which cost the bureau about $3 million a year.

Mueller is an ardent student of management science. He has sought the views of successful chief executives, including former IBM Corp. chief executive Louis V. Gerstner Jr., and has looked to outsiders to fill high positions.

The training has been one of Mueller's main efforts to bring fresh thinking into the bureau, though some FBI officials at first found the idea puzzling.

"The initial response was, 'We are going to go where?' " recalls Kevin Brock, a counter-terrorism official who attended the program. "A lot of us did not know what we were getting into. So we were wondering, 'How does this connect with putting bad guys in jail, hunting terrorists and all that stuff?' "

Management experts say there are limits to what a government agency can learn from studying the ups and downs of companies. And there are questions about how much the FBI has really embraced the lessons.

But in being asked to fight terrorism while solving more traditional crimes, the bureau faces a quandary that is fairly common in the business world.

"How can one organization arrange itself to do two things well? This is hardly a challenge that is unique to the FBI," said Michael Roberto, a professor of management at Bryant University in Smithfield, R.I., who is co-writing a case study of the FBI that Harvard Business School plans to use.

"We have no monopoly on good ideas," Mueller said in an interview, adding that he and others found the training "tremendously educating."

Mueller took a version a week or so before he testified before the Sept. 11 commission in 2004. The training focused in part on how to respond to a crisis. It highlighted traits of executives who successfully handle such situations: transparency, expertise, commitment and empathy.

At the time, the bureau was under siege and there was speculation the commission would order it dismantled because of intelligence failures that preceded the attacks.

Mueller followed the advice to a T, and gave a performance that drew praise from the commission, which recommended the bureau be preserved.

The classes take place in a modern conference center that caters to business. Lunch is served in the Johnson Wax Dining Room, breaks are in the Oscar Mayer Lounge.

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Experienced group

The FBI allowed a Times reporter to sit in on several days of classes. The Times agreed to withhold certain details of some exercises and discussions, which in a few instances are based on actual cases.

The latest class is a seasoned one; its participants average about 20 years' experience. They include administrative officers and heads of some of the most sensitive investigations in recent bureau history, including the Sept. 11 attacks and the 2001 anthrax episode.

The students are self-effacing, and seem to have no illusions about the difficult task they face. The mission is akin to "building an airplane while trying to fly it," said Thomas Mahlik, a senior counter-espionage official.

A major theme is creating an atmosphere in which people are open to change, no small feat for an organization that has done things the same way for generations.

Gulati used as an example urinals introduced at Amsterdam's airport that used the image of a black fly inside the basin to try to get men to hit their mark. What seemed a good idea never caught on. "Just because you have a great idea … does not mean everybody will line up behind it," he said.

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The class watches a video as part of an exercise in "Inattentional Blindness," which is when people do not see what is clearly in their visual field because they are focused on a different task.

In keeping track of how often people throw a basketball, most of the agents fail to see a mysterious figure who walks through the scene. Richard Lambert, head of the FBI's Knoxville, Tenn., office, was so certain that figure was not in the video, he said, "I would have bet you a paycheck."

Such conceptual learning — the classes have such names as "Strategic Leadership" and "Beyond Win-Win: Managing Interdependencies" — is an adjustment for an agency that has long been run by G-men.

"The bureau is full of people who are very good at crisis situations. We know how to do that. We got it," said Brock, the counter-terrorism specialist. "So far as large cultural changes, we are like everyone else."

Innovation is rare in organizations such as the FBI that are highly regimented. But the professors tell the class that quality is essential for large organizations to become successful.

"Every organization that operates efficiently and effectively has people who are exploring better ways to do things," said Joseph Hannigan, a Mueller confidant who heads the FBI program at Northwestern's Kellogg School of Management. "In the bureau, that has been kind of random."

So the agents are taught the value of dissent. Included in the assigned reading is an article called "How Management Teams Can Have a Good Fight."

The instructors teach that people are naturally drawn to obeying the rules, even where the consequences can be bizarre or lethal. They cite the case of a jet that landed in the wrong country even though 250 passengers and flight attendants could tell from an electronic map that the pilots were off course.

"People are afraid to break ranks," said another professor, Michelle Buck. "The role of a leader is to create an environment in which people feel free to speak up."

Steve Gomez, a former terrorism squad leader for the FBI in Los Angeles who is now a bureau supervisor in St. Louis, said the classes reinforced for him the importance of seeking out dissenting views among his team.

"When I have these meetings, and we are brainstorming, I have to find somebody to be my naysayer and challenge us," Gomez said. "I know who those people are. They are going to speak their mind. They really don't care what I think, and that helps."

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PR crisis lesson

The class also gets a lesson in brand management by studying how Mercedes-Benz handled a public relations crisis.

As it prepared to roll out a new subcompact in the mid-1990s, the model flipped while making a sharp turn during a routine test of whether it could avoid a sudden obstacle, such as a moose.

At first, the automaker reacted defensively. But as ridicule of the car's failure of the "moose test," Mercedes executives took action to protect their reputation and made a costly safety improvement in the car.

Mercedes then launched a public-relations blitz and tried to defuse the furor by putting plush moose toys in the new vehicles. The lesson, said Daniel Diermeier, one of the Kellogg professors, is that agents should not let "tactical excellence" get in the way of "strategic thinking" that may help the agency in the long run.

"Think of yourself as a steward of the FBI brand," he said.

Court Rules Feds Are Entitled To Baseball Steroid Testing Data (AP)

AP, December 28, 2006

SAN FRANCISCO (AP) - The names and urine samples of about 100 Major League Baseball players who tested positive three years ago can be used by federal investigators, a court ruled Wednesday -a decision that could have implications for Barry Bonds.

The ruling from the 9th U.S. Circuit Court of Appeals could bolster the government's perjury case against Bonds if investigators are able to link his name to a positive test from baseball's anonymous testing in 2003. The San Francisco Giants

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slugger has been the target of a perjury investigation since he testified before a 2004 grand jury that he didn't knowingly use illegal drugs.

The decision also could help authorities find the drug sources. Those who tested positive could be called before the federal grand jury and asked where they obtained their performance-enhancing drugs.

Greg Anderson, Bonds' personal trainer, is currently in prison for refusing to testify in the perjury probe. Anderson previously was convicted of steroids distribution.

During 2004 raids on three labs involved in the MLB testing program, investigators seized computer files containing the 2003 test results. The unidentified samples had been collected as part of a MLB survey to gauge the prevalence of steroid use.

Baseball players and owners agreed in their 2002 labor contract that the results would be confidential, and each player was assigned a code number to be matched with his name.

Quest Diagnostics of Teterboro, N.J., one of the largest drug-testing firms in the nation, analyzed more than 1,400 urine samples from players in the 2003 season. Comprehensive Drug Testing, of Long Beach, coordinated the collection of specimens and compiled the data.

Subpoenas were issued to both companies in late 2003, a day before the test results were to be destroyed, and in April 2004 Internal Revenue Service agents seized the test results and samples. It's unclear whether the data seized includes test results or specimens from Bonds.

Bonds always has maintained he never tested positive, but federal investigators demanded to see the 2003 test results for Bonds, then Yankees players Gary Sheffield and Jason Giambi and seven other players. When they raided the testing labs for those 10 results, investigators also seized computer files containing the test results of nearly 100 other players not named in the government's subpoena and warrants.

The Major League Baseball Players Association protested the seizure as a violation of the players' constitutional rights.

Bonds' attorney didn't immediately return calls for comment.

Michael Weiner, general counsel for the players' association, which sued to keep the government from accessing the records, declined to immediately comment, wanting first to review the decision.

The government's investigation of the Bay Area Laboratory Co-Operative, the Burlingame supplements lab at the center of the steroid scandal, already has resulted in guilty pleas from BALCO president Victor Conte, BALCO vice president James Valente, chemist Patrick Arnold, track coach Remi Korchemny and Anderson.

100 Players Tested Positive For Steroids In 2003 (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, December 27, 2006

SAN FRANCISCO -- A federal appeals court revealed today that more than 100 major league baseball players tested positive for steroids in 2003, and ruled that the government could use their tests in its investigation of illegal drug distribution to athletes.

The Ninth U.S. Circuit Court of Appeals in San Francisco also said federal investigators had obtained Major league Baseball's 2003 testing samples and results for 10 players linked to the investigation of the Bay Area Laboratory Co-Operative, or BALCO, and that eight of them had tested positive for steroids.

The ruling mentioned no athletes' names, but San Francisco Giants star Barry Bonds was part of the BALCO investigation and testified that he had never knowingly used steroids. A grand jury is investigating whether he committed perjury.

The government has expressed no intention of prosecuting any athlete for illegal drug use. The court quoted government lawyers as saying athletes who tested positive could be called before a grand jury and asked about their suppliers.

Five men, including BALCO founder Victor Conte, have pleaded guilty to illegal drug distribution in the case.

The Major League Baseball Players Association did not challenge federal prosecutors' authority to keep and use baseball's drug testing records of players, like Bonds, who were linked to BALCO. Those records were obtained in 2004 from two companies that conducted the testing for Major League Baseball, under search warrants that originated in the BALCO case.

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But the association challenged prosecutors' seizure of records of any other players. Among the records seized by prosecutors, for example, was a spreadsheet that included the test results of the BALCO athletes plus other baseball players who had tested positive for steroids.

Three federal judges had ordered those records returned in separate rulings, saying federal agents had no advance evidence of steroid use by any player outside the BALCO investigation and no legitimate reason to hold the documents.

The judges, in San Francisco, Las Vegas and Los Angeles, accused prosecutors of misusing search warrants -- which had been approved by magistrates in uncontested proceedings -- to prevent the players and their association from challenging the searches.

The appeals court overruled all three judges in a 2-1 decision, saying the government is entitled to keep and use all computer records that were part of the same files as the BALCO material obtained from private drug-testing laboratories.

"We see no evidence of bad faith or pretext," said Judge Diarmuid O'Scannlain in the majority opinion. He said prosecutors have legal grounds for retaining not only the BALCO-related records but also the "intermingled information" of positive tests of other athletes.

Dissenting Judge Sidney Thomas said the ruling "puts Americans' most basic privacy rights in jeopardy." By the same rationale, he said, the government could seize the medical records of any patient that a hospital kept in the same computer file as a patient who was the target of a search warrant.

Ruling Erases Players' Victories In A Steroids Case (NYT)

By Murray Chass

The New York Times, December 28, 2006

The federal court system and Major League Baseball have different ways of operating. In baseball, if Tom Glavine shuts out Atlanta for the Mets on Monday and the Braves come back the next day and knock John Maine out of the game in the first inning and go on to rout the Mets, Glavine's shutout isn't wiped out. It still counts.

In the court system, however, victories, even shutouts, can be wiped out with the signature of a judge or two.

Lawyers for the Players Association understand that difference, but the decision they were handed yesterday in a steroids-related case in federal court rocked them nonetheless.

Lawyers representing the union pitched a two-state, three-case shutout in 2004, but yesterday the Court of Appeals for the Ninth Circuit in San Francisco wiped out their sweeping victory, ruling in favor of the government in the matter of steroid-test samples that authorities seized in 2004.

By a vote of 2 to 1, the three-judge panel overturned lower court decisions in Los Angeles, San Francisco and Nevada. The union had no immediate public reaction to the decision, preferring to take time to digest the 120-page opinion before commenting. However, the union is certain to go further with the case.

It could ask the Ninth Circuit to re-hear the case with the entire 12-judge court, or it could appeal to the Supreme Court of the United States. Whichever route the union takes, the case will not have a final outcome until very likely sometime in 2008.

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One thought some people had upon hearing the outcome of the government's appeal was that it could have an adverse effect on Barry Bonds's status, but that will probably not be so.

The Bonds speculation stems from the possibility that he tested positive for steroids use in 2003, the year baseball conducted survey testing of all players to determine if testing for disciplinary purposes would ensue in 2004.

However, even if Bonds tested positive, he would not have known it because the testing was supposed to have been done anonymously. Furthermore, he reportedly told the grand jury investigating the Bay Area Laboratory Co-Operative for steroids distribution that he didn't knowingly use steroids. Bonds thought one of the substances was flaxseed oil, he reportedly testified.

If Bonds tested positive in 2003, the result might make him look worse than he already does, but it wouldn't help the government prove that he perjured himself with his answers under oath to the grand jury.

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It was the samples and records from the 2003 testing that the government seized from Comprehensive Drug Testing of Long Beach, Calif., and Quest Diagnostics, Inc. of Las Vegas. The testing had been done under terms of the 2002 labor agreement between the owners and the players, and the results were supposed to remain anonymous.

But the authorities threw a clever, if questionable, one-two punch. They issued subpoenas to the two companies seeking test results of 11 players, presumably those who had testified before the Balco grand jury.

When the companies balked at supplying the requested information and indicated their intent to challenge the subpoenas in court, the government secured search warrants and raided Comprehensive and Quest.

They seized the urine samples in Long Beach and the list of codes assigned to players' names in Las Vegas. Put them together and the government would have the names of all of the players who tested positive. Federal agents did not take only the 11 results they sought. They had the results of all of the tests — more than 1,000 players. Included were 104 positive results, presumably all of the positives from the entire testing procedure.

The Players Association contended that, among other transgressions, the government violated the players' Fourth Amendment rights, their right to privacy.

Indeed, the dissenting judge in yesterday's decision, Sidney Thomas: began his dissent by writing, "One of the three extremely able district court judges who rejected the government's argument summarized it best, stating, 'What happened to the Fourth Amendment? Was it repealed somehow?' "

His two colleagues on the panel, Diarmuid O'Scannlain and Richard Tallman, did not suggest the Fourth Amendment had been repealed, but in the majority opinion Judge O'Scannlain wrote that the "district courts erred in finding callous disregard of Fourth Amendment rights."

Furthermore, he wrote, "The district court erred in finding the issuance of subpoenas and the contemporaneous execution of search warrants to be unreasonable."

And the district court "abused its discretion in granting the motion to quash" a subpoena.

But Judge Thomas adamantly disagreed. "In discussions of the alleged use of steroids by baseball players," he wrote in his lengthy dissent, "much is made about 'the integrity of the game.' Even more important is the integrity of our legal system.

"The district judges were entirely right. To order the government to return the thousands of private medical records it wrongfully seized by use of pretext and artifice."

The United States attorney for Northern California, Kevin Ryan, was naturally pleased with the outcome. He said in a statement that his office will review the opinion "to determine what the next investigative step may be."

The 2-1 decision wasn't like a baseball game that ends 2-1. In a 2-1 game, the losing team usually has a chance to score the tying run. The players had no chance of as tie in this legal game.

Nearly three years ago the union had the right under the steroids testing agreement to destroy all of the 2003 test results. Inexplicably the union lawyers didn't take that step. They have never explained why. Had they exercised their right then, they would not have to be fighting three or four years later over their players' Fourth Amendment rights.

Court: Investigators Can Keep Positive Test Results (WP)

By Amy Shipley

The Washington Post, December 27, 2006

Federal investigators can keep the positive drug test results for more than 100 Major League Baseball players -- who have not been publicly identified -- that they seized during raids of baseball's testing laboratories two years ago, a federal appeals court in San Francisco ruled yesterday, overturning in part a lower court ruling.

The decision means additional major league players could get swept up in the probe into sports doping that began in 2003 when a raid of the Bay Area Laboratory Co-Operative (BALCO) in Burlingame, Calif., yielded information that tied dozens of elite and professional athletes to steroids and other drugs.

San Francisco Giants slugger Barry Bonds is already the subject of a perjury investigation in connection with the investigation, and the home of former Arizona Diamondbacks pitcher Jason Grimsley was searched for drugs by BALCO investigators last summer after Grimsley admitted using human growth hormone and other drugs.

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Lower courts had sided with the Major League Baseball Players Association, which cited privacy concerns in arguing that investigators were entitled only to the drug test results for 10 players with ties to the BALCO lab and should return the others.

The positive test results came during the 2003 season, when a program of confidential testing was undertaken jointly by Major League Baseball and the MLBPA to determine whether the sport had a problem with steroid abuse. No players who tested positive were identified, and none received penalties.

In a 100-plus page opinion, the Court of Appeals for the Ninth Circuit in San Francisco ruled investigators did not necessarily have to return information about other major league players that was found intermingled with computer data on the 10 players who were the subject of the search, and it also ruled that a subpoena for all of the positive drug test results from 2003 should not have been quashed by a lower court judge.

The opinion from Diarmuid F. O'Scannlain, Sidney R. Thomas, and Richard C. Tallman included a partial dissent from Thomas.

Elliot R. Peters, a San Francisco-based attorney for the players' association, could not immediately be reached for comment. A spokesman in the players' association's New York office said the agency would have no comment until today.

Feds Can Use Baseball Drug Test Names (USAT)

By Jorge L. Ortiz

USA Today, December 28, 2006

More than 100 Major League Baseball players can have their names and positive drug tests used by federal authorities in their ongoing steroid investigation as a result of a decision by a federal appeals court.

Wednesday's ruling, which overturned decisions by three lower courts, by the 9th U.S. Circuit Court of Appeals in San Francisco could enhance the government's investigation into whether Barry Bonds committed perjury when he told a grand jury he never knowingly used steroids.

However, Bonds' lawyer said he's not concerned.

"If he had tested positive, boy, that would have leaked out already," Michael Rains said. "But they didn't bother to leak anything out because they knew it was negative."

The tests were conducted in 2003 as part of baseball's survey to determine whether to implement a stricter policy, which began in 2004 after more than 100 of the approximately 1,200 players had positive results.

Federal investigators raided testing labs in California and Nevada, seeking the results of 10 players — among them Bonds, Jason Giambi and Gary Sheffield— who were subpoenaed to testify in front of the grand jury probing BALCO.

Wednesday's ruling revealed eight of those players tested positive in 2003, though they were not identified.

The raid also produced information on all the tests, which were supposed to be kept confidential. The players association sued to have the records returned, arguing their seizure violated the players' Fourth Amendment rights.

The 9th Circuit Court disagreed in a 2-1 vote, leaving the union with no recourse other than requesting the full court review the case or taking it to the U.S. Supreme Court.

"We are pleased" with the ruling, U.S. Attorney Kevin Ryan said in a statement. "We will continue to review the 125-page opinion to determine what the next investigative step may be."

The case is United States v. Comprehensive Drug Testing Inc., 05-10067.

Court Says Investigators May Use Baseball Players' Steroid Test Data (MERCN)

The San Jose Mercury News, December 27, 2006

SAN JOSE, Calif. - In a legal development that could further fuel the ongoing perjury probe of San Francisco Giants slugger Barry Bonds, a federal appeals court Wednesday ruled that federal investigators can use the names and urine samples of about 100 Major League Baseball players who tested positive for steroids three years ago.

A divided panel of the San Francisco-based 9th U.S. Circuit Court of Appeals rejected the privacy arguments of the players' union, raising the possibility the names of baseball players who tested positive for steroids in the league's 2003 anonymous testing program could become public as the government continues to probe the fallout from the Balco steroids case.

If the ruling holds up, it also could significantly impact a federal grand jury probe into whether Bonds committed perjury. Bonds has been the target of the perjury investigation since testifying more than two years ago in the Balco case that he never knowingly took steroids.

Bonds' lawyer, Michael Rains insisted Wednesday that his client is not one of the players who tested positive and therefore the ruling and the union's fight to keep the government from using the test results will have little bearing on the slugger's case. It isn't known if any of the test data seized involved Bonds' specimen.

"I don't think things change for Barry," Rains said. "They've had the test results since `04. If they had a positive test, they could have used it to obtain an indictment of Barry. I think the deal is they don't have a positive test of Barry from `03."

Federal investigators connected to the Balco case seized computer files in 2004 that contained the results of baseball's 2003 testing program, which was designed to evaluate the scope of steroid use in the sport. Because between 5 and 7 percent came back positive, a clause kicked in that made identified testing mandatory. The players' union and baseball owners had agreed to keep the results of the testing confidential.

The government originally sought the test results for 10 players linked to the Balco scandal, including Bonds, New York Yankees slugger Jason Giambi and former Yankees star Gary Sheffield, now with the Detroit Tigers. However, investigators seized the records on dozens of other players, triggering a major legal battle pitting government powers to search computer databases with sensitive medical information against the privacy rights of the players.

The players' association sued to block the government from using the information, and three federal judges sided with the players in separate cases in San Francisco, Los Angeles and Nevada. But the 9th Circuit overturned all three of those decisions in Wednesday's ruling, finding that the government's seizure of the test data was "lawful and reasonable."

In nearly 70 pages of dissent, 9th Circuit Judge Sidney Thomas warned that the ruling is a threat to the "privacy of medical records" that has "profound consequences" for the constitutional right against illegal search and seizure. The judge said the government seized the testing "through pretext and artifice."

"Much is made about the "integrity of the game," Thomas wrote of steroids in baseball. "Even more important is the integrity of our legal system."

The judge's dissent could be a signal the fight over the testing results is not over in the appeals court. The players' association can ask the 9th Circuit to reconsider the case with a 15-judge panel, and such sharp dissents are often an indication the court will entertain such a request.

Elliot Peters, the lawyer for the players' association, said they were still reviewing the decision, but are considering asking the court to reconsider the ruling with the larger panel of judges.

Meanwhile, San Francisco U.S. Attorney Kevin Ryan, whose office is heading the Balco investigation, issued a statement saying he was "pleased" the 9th Circuit upheld the government's seizures.

"We will continue to review the 125-page opinion to determine what the next investigative step may be," Ryan said.

If the government is permitted to use the test results, it could allow investigators to question players about their source for steroids. The investigation of the Bay Area Laboratory Co-Operative, a Burlingame sports nutrition center, already has produced guilty pleas from its president, Victor Conte, and others associated with the outfit.

Greg Anderson, Bonds' personal trainer who pleaded guilty in the Balco case, is back in prison for refusing to testify in the perjury probe targeting Bonds. Anderson was previously convicted of steroid distribution.

Bonds recently signed a $16 million deal to return to the Giants next season.

Baseball Players' Failed Steroid Tests May Be Examined (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, December 28, 2006

SAN FRANCISCO — A divided appeals court panel has upheld the right of federal investigators to examine positive drug testing results for more than 100 professional baseball players as part of a probe of illegal steroid use by athletes.

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The 9th Circuit Court of Appeals decision issued yesterday rejected the rulings of three district court judges who found that the government acted improperly when seeking and carrying out grand jury subpoenas and search warrants in 2004 against California and Nevada laboratories that handled players' drug tests.

"We are aware of no authority that the simultaneous pursuit of search warrants and subpoenas in aid of an ongoing grand jury investigation constitutes a violation of the Fourth Amendment," Judge Diarmuid O'Scannlain wrote in the appeals court opinion, which was joined by Judge Richard Tallman. "We see no evidence of bad faith or pretext here."

After the Major League Baseball Players' Association and one of the labs objected, the government limited its subpoenas to records pertaining to 11 players the government suspected of drug use. However, after seizing some of the labs' computer records, the government claimed the authority to pursue positive results it discovered for more than 100 athletes.

U.S. Can Keep Computer Records Seized In Baseball Steroid Probe (BLOOM)

By Joel Rosenblatt

Bloomberg, December 28, 2006

Dec. 27 (Bloomberg) -- U.S. prosecutors can keep computer records seized from Major League Baseball's drug testing administrator as part of an investigation into player use of illegal steroids, a federal appeals court ruled.

The U.S. Court of Appeals in San Francisco today held that lower courts were wrong to require government investigators to return files taken from the Bay Area Laboratory Co-Operative, a Burlingame, California, lab known as Balco.

The files sought by prosecutors were seized in 2004 while investigating 10 unidentified athletes during the Balco probe. The Major League Baseball Players Association fought the government's request for the documents, arguing the seizure violated the players' constitutional right against unreasonable searches and seizures.

``We conclude that the government's seizures were reasonable," a three-judge panel wrote in an opinion. Evidence gathered by investigators that isn't related to players named in search warrants must be returned, the panel ruled.

Elliot Peters, a lawyer for the players association, didn't immediately return a call seeking comment.

The case is In Re: Search Warrants, 05-10067, 9th U.S. Circuit Court of Appeals, San Francisco.

Bonds' Attorney Downplays Significance Of Court Ruling (ESPN)

By Mike Fish, ESPN.com

ESPN, December 28, 2006

The attorney for Barry Bonds downplayed the significance of a court ruling Wednesday allowing federal investigators access to confidential Major League Baseball drug-testing data from the 2003 season, suggesting that the San Francisco Giants slugger was not among the 100 or so players who tested positive for performance-enhancing drugs.

"My belief is there is nothing about these drug tests that hurts Barry."

-- Michael Rains, Barry Bonds' attorney

"According to this opinion, you got 100-plus [players] who have tested positive," Michael Rains told ESPN.com on Wednesday night. "And I'm here to tell you I don't think Barry is one of them."

Asked to expound on his belief, the Concord, Calif.-based attorney said, "I have had certain sources that were close to the government who have told me the government is probably going to be frustrated with what they see as it relates to Barry.

"My belief is there is nothing about these drug tests that hurts Barry."

It had been widely speculated that the ruling from the 9th U.S. Circuit Court of Appeals in San Francisco might dramatically strengthen the government's perjury case against Bonds if investigators linked his name to a positive 2003 test. Bonds has been the target of a perjury probe since testifying before a grand jury in 2004 that he didn't knowingly use illegal drugs.

Rains sidestepped whether Bonds himself ever confirmed he didn't test positive in 2003, saying only that he has not discussed the latest court ruling with the star player, who was traveling with his family.

However, Rains further stated that he thought Bonds already would have been indicted by a federal grand jury had evidence of a positive drug test surfaced. Rains said the government has been aware of Bonds' test data since an April 2004 raid by Internal Revenue Service agents of three labs involved in the MLB testing program.

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"I'm sure if Barry would have failed the drug test that would have already been a matter of public record," said Rains, referencing the numerous leaks in the case.

At the time of the raids, federal investigators were seeking the 2003 test results of Bonds, then New York Yankees players Gary Sheffield and Jason Giambi and seven other players tied to the Bay Area Laboratory Co-operative investigation. Investigators seized computer files containing the test results of nearly 100 other players not named in the government's subpoena and warrants.

"They've had Barry's [test results] since April or May of '04," Rains said. "From what I can tell, the players' association has never kicked up a fuss over the right of the government to use the test results of Barry or any one of the others in the BALCO case. So, of course, one thought that immediately comes to mind is if the government has not been precluded from using Barry's test results for two years, and if the grand jury was asked last July to issue an indictment against Barry, why didn't they do it? I think the answer is that the government didn't have a test result that helped them.

"So the only issue now becomes what do they do with the other 100 or so players who tested positive? What I see them doing is contacting them and leaning on them, just like they did with the guy in the desert there, [former Arizona Diamondbacks pitcher] Jason Grimsley."

The ruling Wednesday by the three-judge panel overturned lower court decisions that had sided with the confidentiality issues argued by the players' association and the drug testing labs. In his dissenting opinion, Judge Sidney R. Thomas wrote, "In discussions of the alleged use of steroids by baseball players, much is made about the 'integrity of the game.' Even more important is the integrity of our legal system. Perhaps baseball has become consumed by a game of shadows, but that is no reason for the government to engage in a 'prosecution of shadows.'"

In its ruling, the court provided that the names of the players who tested positive remain sealed. It is unlikely the seal will be lifted, though the vast majority of athletes linked to the BALCO scandal ultimately were leaked.

The players' association, which sued to keep the government from accessing the records, has not decided whether to appeal the ruling. At the time, the players and owners had agreed to the 2003 as part of an MLB survey to gauge the prevalence of steroid use in the sport.

"I hope they will," Rains said when asked about a possible appeal. "For Barry, at this point, it is probably of no great issue. But for Barry and every other major league player, I think this is an outrage. It means that any contract they ever negotiate with the MLB is useless. It has no teeth. It has no meaning. And the government can willy-nilly do what it wants to undermine agreements made between a great institution and its union. It is crazy if the players union does not appeal it."

Mike Fish is an investigative reporter for ESPN.com. He can be reached at michaeljfish@gmail.com.

Federal Judge Rules Against Church Founders Over Marijuana Use (AP)

AP, December 28, 2006

TUCSON - A federal judge has ruled against the founders of an Arizona church that deifies marijuana and uses it as a sacrament.

U.S. District Judge Judith C. Herrera in Albuquerque, N.M., refused to dismiss charges against Dan and Mary Quaintance, saying they don't have a "sincere" religious belief.

Herrera said that evidence indicates the pair "adopted their religious' belief in cannabis as a sacrament and deity in order to justify their lifestyle choice to use marijuana."

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Herrera's order means the government's criminal case against the Quaintances will proceed in the new year.

The couple is scheduled to go to trial on Jan. 16 on criminal charges of possessing more than 100 pounds of marijuana, as well as conspiracy charges.

"She doesn't fully understand our doctrine," Dan Quaintance said Tuesday of Herrera's Dec. 22 decision. "This is very upsetting to the members of our church. It was quite a holiday present."

The Quaintances face up to 40 years each in prison if they are convicted as charged. They expect to appeal the decision.

The couple was arrested with 172 pounds of marijuana on Feb. 22 in Lordsburg, N.M., just seven days before the U.S. Supreme Court ruled unanimously that a small religious group based in Santa Fe that combines Christianity and American Indian practices could use hallucinogenic tea in its ceremonies.

The tea, called hoasca, contains dimethyltryptamine, or DMT, known for its hallucinogenic properties.

The pair say they founded their Church of Cognizance in Pima, Ariz. - about 90 miles northeast of Tucson - in 1991.

Dan Quaintance, 54, said the church has 40 to 50 members in Arizona. He and Mary Quaintance, 51, stepped down as leaders of the church following their arrests.

Cocaine Ring 'supplier' Sentenced (CTPOST)

By Daniel Tepfer

Connecticut Post, December 28, 2006

BRIDGEPORT — A city man, who police said was supplying drugs to dealers in the greater New Haven area, was sentenced Wednesday to eight years in prison.

Johnny Rolon, 31, of Sherman Street, pleaded guilty to possession of narcotics with intent to sell and criminal possession of a weapon.

He was sentenced by Superior Court Judge Patrick Carroll III to 15 years, suspended after he serves eight years and followed by five years probation.

"This disposition was the culmination of a wide-ranging investigation involving federal and local law enforcement," said Assistant State's Attorney Charles Stango. "And it would not have been possible without the successes of Project Safe Neighborhoods."

According to police, in March agents of the federal Drug Enforcement Administration infiltrated a cocaine distribution ring operating in the greater New Haven area. That led to several arrests of drug dealers.

Police said they subsequently learned that Rolon was supplying the ring with cocaine.

In May, a task force of federal and local law enforcement officers raided Rolon's Sherman Street home. Police said they seized under an ounce of cocaine, drug processing equipment, $12,000 in cash and a .22-caliber rifle.

L.I. Gambling And Drug Rings Are Broken Up, Authorities Say (NYT)

By Nicole Cotroneo

The New York Times, December 28, 2006

HAUPPAUGE, N.Y., Dec. 27 — A sophisticated Long Island gambling ring that took in $8.6 million a year was broken up with the arrest of 14 people, the Suffolk County district attorney said on Wednesday.

The district attorney, Thomas J. Spota, said that the 14-month investigation also uncovered lucrative marijuana and fireworks smuggling rackets that were run by the chief bookmaker, Salvatore Gerrato, 45, of Seaford. In addition, three people were charged in the drug case.

“Surveillance of phone and computer communications established that the gambling ring took in an average of $165,000 a week in bets,” Mr. Spota said. He added that the operation, which involved betting on professional and college sports, had a wire room in Costa Rica. Mr. Spota said that a 59-year-old accountant, Stephen Tarnofsky of Merrick, was the leader of the wire room.

The gambling case eventually led investigators to the marijuana and fireworks operations. According to the authorities, Mr. Gerrato oversaw the smuggling of fireworks from Maryland and marijuana from California, and these were distributed throughout the New York metropolitan region.

In May, the Suffolk Highway Patrol seized nine tons of illegal fireworks from a vehicle returning from Maryland, according to Mr. Spota.

The authorities also confiscated more than $300,000 in cash from a recreational vehicle that the smugglers planned to use to buy 100 pounds of marijuana in California, Mr. Spota said. He added that on a typical cross-country run, the smugglers could stash the vehicle with enough marijuana to yield $1 million to $1.5 million in street sales.

In raids on Dec. 14, investigators seized $1 million in cash, including $600,000 from Mr. Tarnofsky’s home, Mr. Spota said. Of the 17 people arrested, 14 have been charged with promoting gambling in the first degree, including Mr. Tarnofsky, Mr.

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Gerrato and Frank Lonigro, 33, of Hauppauge. Three others were charged with fourth-degree conspiracy to possess marijuana. Both charges are felonies and carry a maximum prison sentence of four years, the district attorney's office said.

Mr. Gerrato was previously convicted of promoting gambling and, in 2001, was sentenced to five years' probation, Mr. Spota said.

Detectives were still looking for Andrew Petrone, 34, of Freeport, a lawyer who, according to the authorities, participated in the marijuana operation. He was arrested in June for possession of a controlled substance in an unrelated case, Mr. Spota said. He pleaded guilty and was scheduled for sentencing next month.

All the defendants were released on desk appearance tickets, and were scheduled to appear before a judge in March, the authorities said.

Mr. Spota added that the investigation was not over. "I am sure it's a much larger operation," he said.

Gambling Ring Probe Uncovering Other Illegal Activity (NSDY)

By Alfonso A. Castillo, Newsday Staff Writer

Long Island Newsday, December 28, 2006

Suffolk District Attorney Thomas Spota stood Thursday before a table covered with more than $1 million in neat stacks of hundreds and several large bags of marijuana, and said that the seized loot may be just a hint of "three major criminal enterprises" uncovered by Suffolk investigators.

Spota announced the results of a yearlong investigation that began as a sports gambling sting, but grew to uncover multimillion-dollar marijuana and illegal fireworks trafficking rings operating in Nassau, Suffolk and Queens.

Police arrested 17 suspects on assorted gambling and conspiracy charges, and continue to search for one more -- a Freeport attorney charged with helping run "hundreds of pounds" of pot from California to Long Island.

All 17 suspects were given desk appearance tickets and ordered to return to court in March. Among those arrested were Salvatore Gerrato, 45, of 2337 Hampton Ave., Seaford, who authorities said ran all three rings; Frank Lonigro, 33, of 745 Terry Rd. in Hauppauge, who helped run the marijuana and gambling operations, and accountant Stephen Tarnofsky, 59, who Spota said earned $6,000 a week running a Costa Rican wire room for the gambling ring.

All suspects face a maximum of 1 1/3 to 4 years in prison if convicted. Calls to all three men were not returned Thursday.

Spota said prosecutors will convene a special grand jury "to conduct a much more extensive investigation" and likely bring more serious charges. Spota said 30 search warrants uncovered computer and paper records indicating that the criminal operations go far deeper than investigators knew.

Spota said nine tons of illegal fireworks, transported from Maryland to Long Island, were seized in May, and that the gambling ring alone took in an average of $165,000 a week in bets. During one trip, the marijuana traffickers were found on their way to California with $300,000 cash in a Winnebago recreational vehicle -- much of it in a hidden "trap" compartment.

The owner of the vehicle, Jeffrey Ackerman, 43, of 9 Trapper Lane, Levittown, was charged with conspiracy. His attorney, Edward Burke Jr. of Sag Harbor, declined to comment.

Spota said during each trip, the suspects returned with marijuana worth $1 million to $1.5 million on the street.

Gesturing to the seized money before him, Spota said, "If it's a million dollars, than you can rest assured it's many, many, many million dollars."

Investigators used phone and electronic surveillance, including a first-of-a-kind in Suffolk computer wire tap to collect data from suspects' computers that uncovered "details that we've never seen before" on a sports betting operation.

One suspect in the marijuana ring remains at large -- attorney Andrew Petrone, 34, of 725 Miller Ave., Freeport. Authorities said Petrone has already pleaded guilty, but skipped his sentencing on drug possession charges after being stopped in June 2005 with 300 Vicodin prescription pills and $54,000 in cash.

Petrone could not be reached for comment. "We will get him," Spota said.

17 Accused In NY Gambling, Drug Rings (WP/AP)

The Associated Press

The Washington Post, December 28, 2006

NEW YORK -- Police investigating a lucrative bookmaking operation came across a related drug smuggling ring and busted both, arresting 17 and seizing $1 million, authorities said Wednesday.

Thirteen men and a woman were arrested on gambling charges, while three men were arrested on charges of conspiracy to possess marijuana, Suffolk County District Attorney Thomas Spota said.

"Surveillance ... established that the gambling ring took in an average of $165,000 a week in bets," Spota said.

The bookmaking operation focused on professional and collegiate sports and involved electronic transfers to Costa Rica, generating $8.6 million a year, he said.

While investigators were conducting surveillance on the gambling probe they discovered two of the bookmakers were also involved in transporting marijuana from California to Long Island, authorities said. Four men were trying to buy 100 pounds of pot for $300,000 in California when the plot was thwarted, investigators said.

Police started making arrests last month. All have been released and are scheduled to be arraigned in March.

One more man, an attorney, has eluded arrest on a conspiracy charge and was being sought, prosecutors said. More arrests are expected.

Feds Say Internet Drug Ring Shut Down (USAT)

By Donna Leinwand

USA Today, December 28, 2006

Federal agents say they have shut down an Internet pharmacy operation and arrested four people who allegedly sold millions of dollars of illegally prescribed drugs to customers across the nation.

Drug Enforcement Administration agents are still seeking four doctors from Puerto Rico who allegedly wrote the prescriptions based on Internet health questionnaires, DEA spokeswoman Erin Mulvey said Wednesday. The agency also continues to investigate other websites that might be associated with drug operation, she said.

Antonio Quinones, 46, and three associates were arrested Dec. 21 in the Miami area and charged with drug dealing, money laundering and tax fraud, according to an indictment filed in U.S. District Court in New York.

Quinones, arrested at his Miami Beach penthouse, and his associates ran 10 websites, Mulvey said. Customers could answer a few questions about their health and then order such drugs as Vicodin and amphetamines, she said.

The doctors being sought by authorities reviewed the forms and ordered the prescriptions, Mulvey said. The sites, in operation for at least three years, did about $50,000 a day in business, she said. Such prescriptions violate laws that require a physician to meet with a patient to determine whether there is a legitimate medical need before prescribing a controlled drug.

A message left at Quinones' Miami Beach home was not returned. Agents seized $817,000 from him, along with a 54-foot boat, a Ferrari and two guns. Prosecutors are seeking $42.6 million they say was laundered through various bank accounts, the indictment says.

"They had customers all over the United States, millions of orders," Mulvey said.

The indictment alleges Quinones and his associates operated businesses under several names, including The Doctor's Online, Inc., Health Rx Marketing and Brothers Pharmacy, Inc. Agents earlier closed two pharmacies in Georgia and one in Maryland that allegedly supplied the ring, Mulvey said.

Carlsbad Man Indicted On Federal Drug Charges (CARLCA)

By Dawn Bowen

Carlsbad (NM) Current-Argus, December 28, 2006

CARLSBAD — A grand jury has indicted Ricky Green of Carlsbad on federal drug and firearm charges stemming from the seizure of illegal drugs and a gun at his home on Townsend Road in August.

Green, 45, also known as Ricky Barksdale, was arrested during the early morning hours of Aug. 31, when agents of the Pecos Valley Drug Task Force served a search warrant at his home in the 4300 block of Townsend Road.

On Dec. 21, a federal grand jury indicted him on three charges possession of crack cocaine with intent to distribute, possession of methamphetamine with intent to distribute and possession of a firearm in the furtherance of a drug trafficking crime.

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Green was originally charged in state court, but those charges were dismissed after authorities sought federal charges against him, hoping for a more severe, longer sentence.

"We pushed for the indictment because he has a long history of selling narcotics and we wanted a stiffer penalty on the drug crimes," Commander David Edmondson of the Pecos Valley Drug Task Force said on Wednesday.

Edmondson said pursuing federal charges was the only way to ensure a stiffer penalty. He said because Green has at least three prior drug crime convictions he is eligible

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for a life sentence through the federal court system.

Green was released into the custody of U.S. Marshals on Oct. 10 at the Eddy County Detention Center, where he had been held in lieu of a $1 million cash bond since his arrest in August.

Green's arrest came after a three-month investigation into the trafficking of a variety of illegal drugs in the area, according to task force agents.

"He was distributing crack cocaine, methamphetamine and marijuana in the Carlsbad area," Edmondson said.

According to documents filed in state court, agents seized a loaded Beretta 9mm semi-automatic pistol, 60.58 grams of crack cocaine, 18.8 grams of methamphetamine, .43 grams of heroin, 109.19 grams of marijuana, and $4,569 in cash from his home while executing the search warrant. They also found digital scales, spoons with cocaine residue on them, and a plastic bag containing numerous unused bindle bags consistent with those commonly used by drug traffickers.

Authorities have said that Green was involved in violent acts against people for drug debts in the months leading up to the arrest.

'Here We Are Prisoners' (SANBS)

By Sara A. Carter, Staff Writer

San Bernardino Sun, December 28, 2006

NUEVO LAREDO, Mexico - The gunfire was deafening. Street corners all over the city were darkened by smoke from grenades and light artillery.

The dead lay in pools of blood flowing into the gutters that drain into the Rio Grande.

Men with automatic assault rifles stood stoic after the carnage. Then, one by one, they picked up the bodies of their victims, threw them into the back of pickup trucks and headed out of downtown.

Bystanders hid inside shops, behind trash bins - wherever they could find refuge from the explosive showdown between members of rival drug cartels.

"(I watched as) the men threw the bodies into the back of the trucks and SUVs," whispered Manuel, who was working at a parking garage that

day. "This city is controlled from the inside out by the cartels. ... They are killing anyone who gets in their way."

The April street violence, witnessed by several residents interviewed by The Sun's sister newspaper, the Inland Valley Daily Bulletin of Ontario, was but one recent example of how Mexico's cartels are fighting each other over the four major U.S. highway systems that provide transit routes into the United States.

Street violence has become a way of life for the nearly 380,000 residents of Mexico's most violent border city. According to law-enforcement officials in Mexico and U.S. Drug Enforcement Administration officials, more than 500 people were assassinated in Nuevo Laredo in 2005. Official estimates, in news reports, put the 2005 death toll at 186.

This year, there have been nearly 500 assassinations, and the death toll continues to rise. Many of the dead either belonged to the cartels or were innocent victims of the carnage.

The violence has also changed the lives of American citizens living in Laredo, on the Texas side of the border, where kidnappings, narcotics trafficking and corruption have become common.

Laredo Police Officer James Boyd, who used to travel to Nuevo Laredo on archaeological projects, is now terrified to enter the city.

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This year on a trip into Nuevo Laredo, he said he was chased by four SUVs and his car shot at several times by cartel members.

"People should know that the border has been taken hostage by the cartels," Boyd said. "So many officials try to cover up what's going on. Why? I guess they don't want the public to know the truth."

The truth is tied up in trucks, trade and transcontinental smuggling.

The World Trade Bridge between Nuevo Laredo and its sister city, Laredo, as well as Interstate 35 and highways 59, 359 and 83, are like veins feeding the Mexican syndicates, running from south Texas to as far north as Canada.

For Mexico's most powerful drug lords, controlling the routes and protecting the cargo sent along them - drugs, weapons and people - is worth the cost in lives.

It's also reason to focus U.S. border patrol efforts sharply on Nuevo Laredo, say law-enforcement officials, since the city is the largest inland port from Mexico into the United States and is a major point of origin for truck traffic into the U.S.

"Those who control Nuevo Laredo control the U.S. highways and the flow of narcotics into the United States," said Sheriff Rick Flores, whose Webb County territory runs along the Texas-Mexico border.

"This city is an open gateway for narcotics and terrorists," Flores said. "If the price is right, anyone - and I mean anyone - can move weapons of mass destruction, people and drugs into the United States."

Not one local Mexican or U.S. newspaper reported the April street violence. Reporters don't go into Nuevo Laredo's streets often, and when they do, they don't report on the cartels.

Not one Nuevo Laredo municipal police officer ever appeared at the scene, either.

It was as if the bloodbath never happened.

Cartel culture

Comandante Enrique Sanchez of the Nuevo Laredo Police Department said he couldn't recall the April shootings, although he compared the violence in Nuevo Laredo to that in Iraq.

His department has been plagued by trouble. President Vicente Fox's administration has described the city's police as corrupt, and residents said many police officers work for the Gulf Cartel, one of Mexico's most powerful narcotics-trafficking organizations.

"You never know when the bullets are going to come flying," Sanchez said during a recent tour of the city by pickup. His men, officers Roberto Zepeda, 23, and Jose Santos, 28, stood in the bed of the police vehicle, AR-15 rifles pointed toward the streets. "You never know when you're going to die."

The dead are often forgotten. The cartels dispose of bodies on the outskirts of the city in vats of acid, mutilate them in factory machines, feed them to animals or set them ablaze in gas containers until all evidence of their existence is gone.

Not one of the city's nearly 400 official murders since January 2005 has been solved.

"The attention that the assassinations have brought to the cartels has caused them to change their tactics," said Nacho, a resident who sometimes assists U.S. law enforcement with information. "The bodies are destroyed before people even realize someone's missing."

Although Colombian cartels control most of the world's production of cocaine and heroin, the most profitable part of the trade - transport to the U.S. - happens in Mexico, said Jorge Chabat, a drug expert at the Center for Economic Research and Teaching in Mexico City.

Distribution of narcotics has come under the control of various Mexican cartels, Chabat said, including Osiel Cardenas' Gulf Cartel; Joaquin "El Chapo" Guzman's Sinaloa Cartel; Francisco Javier Arellano Felix's organization in Tijuana; and the Juarez Cartel, said to be led by Vicente Carrillo.

A woman who asked to be called only Lupita for her protection, and who grew up with family members of several of the city's original narcotics organizations, remembers them all.

Lupita, who works with law enforcement, also remembers a time when Nuevo Laredo was at peace, and recalled the moment everything changed.

More than 10 years ago, the city was mainly controlled by two narcotics organizations, Flores Soto and Los Chachos, Lupita said. Mario Flores Soto, the leader of Flores Soto, joined forces with the Gulf Cartel to expand his revenue and power. The

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Gulf Cartel wanted control of Laredo's highway systems. Flores Soto shared the city's transit routes with the cartel, pulling narcotics revenue away from Dionicio "El Chacho" Ramon Garcia, the leader of Los Chachos.

Los Chachos members were enraged, Lupita said, and kidnapped and killed Mario Flores Soto's youngest brother, Roy, and 10 of his associates.

In retaliation for the kidnappings and murders, the Gulf Cartel's paramilitary arm, Los Zetas - a group of more than 30 special-operations soldiers, deserters from the Mexican military - assassinated many of the key members of Los Chachos. It wasn't long before the surviving members of the Chachos wanted revenge, Lupita said.

"They took Dionicio, the leader, murdered him and left him in women's underwear for everyone to see," she said.

El Chacho, who was assassinated in May 2002, was on his way back from Monterrey, a city reportedly under the control of the Sinaloa Cartel, another of Mexico's most powerful narcotics organizations.

"The violence kept growing, and the methods for killing just keep getting worse," Lupita said.

Osiel Cardenas, the leader of the Gulf Cartel, was arrested on March 14, 2003, in Matamoros, Mexico. Since then, Los Zetas has been running the organization, according to sources interviewed by the Daily Bulletin.

The Sinaloa Cartel is attempting to take control of the Gulf Cartel away from Los Zetas, and is said to have the backing of many politicians and federal law-enforcement officials within Mexico.

"The reason the government never intervened (to stop the violence) is because many of the government officials from Mexico City to Nuevo Laredo are in the pocket of the cartels," Lupita said.

"Once the killing began, it never stopped. The hatred between the narcos grew stronger and stronger."

`This used to be a good place'

Nacho, whose last name is being withheld for his safety, has lived in Nuevo Laredo most of his adult life. He is a father, husband and one of the few people willing to share the dark secrets of his city.

Although he has family in the United States, he refuses to cross the border illegally to escape the danger.

"I have applied for a visa," he said. "My family already lives in fear. We don't want to escape to live illegally as fugitives.

"People need to know the truth (about Nuevo Laredo)," he continued. "This used to be a good place. Now it is a danger to anyone who enters."

Nacho parked his car near a town square. It was once a lovers' walkway where he courted his wife. Now, only a handful of people frequent its winding sidewalks or sit on its iron benches.

"I remember it being so crowded with people, and the fresh fruit, taquitos and ice-cream vendors," Nacho recalled.

When the violence in Nuevo Laredo reached a peak in June, the Fox administration began Operation Secure Mexico, sending in Mexican military and other federal law-enforcement agencies.

"There are very clear signs of a relationship between elements of the Nuevo Laredo police and drug smuggling, hence the decisive action," government spokesman Ruben Aguilar told journalists in June.

But by the end of July, the streets were empty of military.

Comandante Sanchez chuckled when asked what happened to the Mexican military who were supposed to be protecting the city.

"That's a good question," he said, a sardonic smile creasing his face. "Where are they?"

Sanchez explained that most of the troops were as afraid for their lives as Nuevo Laredo's police and citizens. Some simply left and didn't return. Others, already in the pockets of the cartels, made an early show of enforcement, then disappeared.

Nacho said the Mexican government sent the military to appease the U.S. government, "then pulled them out of the city just as fast."

While he was speaking, a man in shabby clothes stood in the middle of the street, watching Nacho's car. A Nextel phone hung from the man's waistband.

"All over the city, there are halcones or ventanas (falcons or windows)," Nacho said. "They are the eyes and the ears of the cartels."

The man directed Nacho's car into an empty parking space.

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"Never forget to tip," Nacho said as he handed a peseta to the man. "Never forget that everybody, no matter how nice they are or what they look like, could be working for the cartels.

`Nothing has changed'

"Silver or lead," said the middle- aged, white-haired man as he sipped a martini at a hotel bar in Laredo. "That's the code in Mexico. Either you pay up or you're killed."

James Kuykendall Sr., a former special agent with the U.S. Drug Enforcement Administration who now runs his own business in the city, knows Mexico well.

His friend and DEA partner, Enrique "Kiki" Camarena, was kidnapped, tortured and murdered by the drug cartels in 1985 while working undercover in Guadalajara. His death brought national attention to the Mexican drug war and the corruption that plagued the Mexican government.

Kuykendall's book, "O Plata O Plomo," ("Silver or Lead") published last year, focused on the events surrounding Camarena's death and how the Mexican government failed to cooperate with the DEA in the investigation.

"Nothing has changed in Mexico. If anything, it's worse," Kuykendall said.

"Kiki died a hero. He gave his life for his country. The tragedy is that the U.S. government gave up on the war on drugs decades ago. They choose to ignore the corruption that is deeply embedded in the Mexican government."

The arrests of some of Mexico's most notorious drug traffickers - the recent capture of reputed drug kingpin Francisco Javier Arellano Felix being one example - are just the tip of the iceberg when it comes to cooperation, Kuykendall added.

"Every once in a while, Mexico throws us a bone," he said. "It gives the appearance of cooperation. It's a way of making everything look like it's OK. Well, it's not."

Bazookas, bullets

Nacho ran his palm over a wall in a home that had been blasted by a bazooka. Bullet holes riddled the interior of the house.

The cartels don't just use guns, he said. They have grenades, bombs and a variety of other weapons.

"This house was rented by a group of assassins with the Sinaloa Cartel," Nacho said. The assassins were sent to the city to kill members of Los Zetas, he added.

Old mattresses, cigarette boxes and empty beer bottles were the only traces of the gunmen's presence. A brick fence running alongside the house had been blown apart with such force that the bricks were nothing but crumbled dust.

"Sometimes I just can't believe what's happened to this city," Nacho said.

Around the corner from the home, an image of Our Lady of Guadalupe, Mexico's patron saint, loomed over the neighborhood. Fresh flowers and candles stood at the base of a portrait painted on the brick wall.

"She will bring us peace," said a young girl, smiling as she walked past Nacho.

Just a few yards away, a group of young men with Nextel phones made it clear Nacho was in the wrong part of town. They only had to look at him.

"We better go," he said. "It's not good to stand around here for too long. There are many good people in this city, but you never know."

`We are prisoners'

Hector cut some cilantro and dropped it into a small bowl. He is the only vendor left at a small placita near the center of town, and his 10-year-old business is barely surviving the violence.

"I remember when I couldn't keep up with the tourists," he said as he put freshly cooked carnitas into a tortilla. The smell of cilantro, onions and pork filled the air.

"I used to have a lot of competition. Now I'm the only one left at the square, and I make less than half of what I used to make."

Nuevo Laredo once was noted for its tourism, colorful street vendors and booming border economy. But the drug violence has made this city of 400,000 a wasteland of lost businesses and lost lives.

More than 100 businesses have moved from Nuevo Laredo to Laredo over the past three years. And while its Texas sister is reaping the rewards of the World Trade Bridge and a growing economy, Nuevo Laredo residents are struggling to make ends meet.

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Roll-down security shutters cover the large display windows of shops in the artisan district near the border. Dental offices and pharmacies that once thrived off American consumers have closed because the violence is keeping those customers away. For Sale and For Rent signs posted on the closed doors are pointed reminders of what the city has become.

"In Laredo, life is different," Hector said. "Here we are prisoners. In our city, we learn to live with the devil."CARTEL KINGS

Francisco Javier Arellano Felix: Was considered one of Mexico's most dangerous cartel leaders until he was captured off the coast of Baja California on Aug. 16, while on a fishing excursion. The Arellano-Felix family, which is extensive, is said to still control billions of dollars in cocaine, heroin and marijuana shipments to the United States.

Dionicio Ramon Garcia: Known as "El Chacho," Ramon Garcia was the leader of Los Chachos of Nuevo Laredo. He aligned himself with the Sinaloa Cartel, then was tortured and murdered by Sinaloa's rival, the Gulf Cartel, in May 2002. The Gulf Cartel dressed his dead body in women's undergarments to humiliate his family and the group.

Joaquin Guzman: Known as "El Chapo," he is considered one of Mexico's most powerful cartel leaders. Guzman heads the Sinaloa Cartel, which has been in a fierce battle with the Gulf Cartel for control of the Nuevo Laredo border. His organization has expanded and developed alliances with other drug lords across Mexico. Those alliances are known as the "Federation" or "Golden Triangle." Guzman is believed to have the support of corrupt Mexican government officials.

Vicente Carrillo Fuentes: Head of the Juarez Cartel, and the right-hand man to Joaquin "El Chapo" Guzman of the Sinaloa Cartel. He is wanted for murder, money laundering, narcotics trafficking and a slew of other crimes. The U.S. State Department is offering a

$5 million reward for information leading to his arrest and conviction.

Osiel Cardenas Guillen: Leader of the Gulf Cartel, otherwise known as the Cardenas-Guillen family, which controls most of the Mexico-Texas border. The cartel is based in Nuevo Laredo. Cardenas Guillen was arrested on March 14, 2003. According to DEA intelligence officials, he continues to run his operation from his cell at the maximum-security Las Palmas prison outside Mexico City.

Arturo Martinez: "El Tejas" operates out of Nuevo Laredo. His cartel, Los Tejas, banded with the Gulf Cartel and forced his former partner, Dionicio "El Chacho" Garcia to align with Sinaloa. Martinez still controls large areas of Nuevo Laredo.

Gregorio Sauceda Gamboa: Part of the Gulf Cartel. Sauceda, known as "El Goyo," controls most of the Mexican border areas of Reynosa and Matamoros. Gamboa married into the Cardenas family. According to intelligence officials, a rift developed between him and Cardenas over his drug use and alcoholism. This month, he was demoted from deputy in the cartel.

Armando Valencia: Valencia, whose cartel is known as Los Valencias, was captured in 2003 in Mexico. Los Valencias still has strong ties to Colombian cocaine traffickers, and the organization has remained strong after aligning with the Sinaloa Cartel. The cartel uses the port of Lazaro Cardenas to move cocaine and other narcotics into Mexico. Members of the organization also are suspected of selling narcotics in the United States.

Ismael "El Mayo" Zambada: El Mayo's organization is based out of the resort city of Mazatlan, but has substantial control of the Mexican border state of Sonora. El Mayo is considered a powerful cartel leader, and his alliance with "El Chapo" Guzman has extended their power all along the U.S.-Mexico border. In 2003, his organization was a target of a U.S.-Mexico drug sting, Operation Trifecta, which lasted 19 months and led to 240 arrests. "El Mayo" was never found and is a fugitive wanted by both countries.BY THE NUMBERS

Mexican Journalists Caught In The Crossfire Of City's Drug-cartel Wars (SANBS)

By Sara A. Carter, Staff Writer

San Bernardino Sun, December 28, 2006

NUEVO LAREDO, Mexico - A bulletproof barrier covers the front entrance of El Manana, one of the largest newspapers in the state of Tamaulipas, Mexico.

El Manana employees put up the barrier after three masked gunmen with grenades and assault rifles burst into the newspaper's reception area Feb. 6 and started shooting. As they fired, they shouted angrily against the paper's investigations into the growing violence and drug wars in Nuevo Laredo.

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The day before, the newspaper had published the photo of a Federal Preventive Police agent injured in a gunbattle a few days earlier. The paper linked the federal agent to the Sinaloa Cartel, the main rival of the Gulf Cartel. The Gulf Cartel controls narcotics traffic along the

U.S.-Mexico border in Nuevo Laredo.

Because the attack happened late in the evening, only a handful of employees were in the office. One of them was the paper's veteran crime reporter, Jaime Orozco Tey, 41.

According to sources close to the incident, Orozco Tey was dedicated to his job and fought hard to expose the growing violence in the city.

He had written numerous articles on the cartels and walked a thin line even inside his own paper, where some editors and journalists are believed to work as spies for the Gulf Cartel's military arm, Los Zetas.

The gunmen shot Orozco Tey several times in the back and abdomen. He was paralyzed. Another employee was killed.

The assassins disappeared as quickly as they came. After tossing a grenade into the building, the men jumped into waiting SUVs and sped away.

The message was clear, said employees of the paper: Don't investigate or report on the narco-wars anymore.

"If anyone knew I was talking to a reporter, they'd kill me," said an El Manana employee several months after the attack.

The employee, who spoke on condition of anonymity, pointed to two men standing by the barrier outside the front door, smoking and chatting. "They spy on everyone inside the newspaper, and almost everyone knows they get money from Los Zetas to do it," the worker said.

More than 400 journalists have been killed in Latin America over the past four decades. Since 1992, 13 journalists have been murdered in Mexico in connection with narcotics reporting, according to the U.S.-based nonprofit Committee to Protect Journalists, which offers detailed accounts of journalists killed around the globe.

"Journalists are front-line victims of the social crisis in Latin America, where official corruption, drug trafficking, unrestrained criminality, social violence and a background of political instability has made an impact in many countries," stated Gregorio Salazar, Latin American regional coordinator for the International Federation of Journalists.

Because of the growing violence in Nuevo Laredo, the Mexican federal government sent soldiers and federal and state police into the city in March 2005. In June 2005, President Vicente Fox's administration began Operation Safe Mexico, which targeted the cartels. But it couldn't stop the growing violence and ultimately was a failure, said residents interviewed by The Sun's sister newspaper, the Inland Valley Daily Bulletin of Ontario. A little more than a month after arriving, the federal soldiers were gone.

The government announced a new operation - Northern Border - in mid-March 2006. Under the program, 600 to 800 Federal Protective Police officers were deployed to Nuevo Laredo, according to the U.S. Office of National Drug Control Policy.

In a July interview, a Mexican police official, speaking on condition of anonymity, said many of the agents under the Northern Border initiative have either left the city or are working for the cartels.

Shortly after the new initiative, assassins gunned down four federal agents working for the intelligence unit of the Federal Protective Police. The agents had been conducting surveillance of an office building where Federal Investigative agents, similar to FBI agents, were stationed. Residents said municipal police passed through the area just minutes before a group of gunmen in SUVs opened fire on the agents.

"I don't like to remember that day," said a witness who works on Guerrero Street, where the killings occurred. "Children were still in school down the street, and the gunfire seemed to go on forever. In the end, the men were dead and the killers were gone."

Orozco Tey couldn't write that story.

He is paralyzed after suffering spinal-cord damage in the February attack. His location and that of his family are well guarded from those who still may want revenge, said a source close to the family.

"He should've died that evening," the source said. "He is a great journalist, father and husband. He was courageous and searched for the truth. But no one has ever been brought to justice - and I don't think anyone ever will."

Other Nuevo Laredo journalists who became casualties of the drug war include:

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On March 10, Ramiro Tellez Contreras, a local radio reporter and police station switchboard operator, was murdered as he was leaving his home on the north side of the city. He was shot by gunmen in the early morning. Tellez worked for radio station Exa 95.7 FM. According to those who knew him, he had recently received threats.

In April 2005, radio journalist Guadalupe Garcia Escamilla was shot at least nine times outside her office and died a week later.

According to several sources inside the city, the cartels have blackmailed, threatened, killed and forced reporters to slant stories to the benefit of the drug kingpins.

"What people don't realize was that Guadalupe was under the control of the cartels as well," said a source with ties to El Manana. "She was spouting propaganda for the rival cartel. It was a planned attack to shut her up. They had already warned her with death threats in the past."

On March 14, 2004, Roberto Javier Mora Garcia, El Manana's editorial director, was stabbed more than 25 times in front of his home. Residents found him lying dead next to his car early that morning.

"I feel sick when I think about what has happened to my colleagues," said one source. "You never know if you're going to come home alive."

IMMIGRATION:

Arrests Of Illegal Migrants Drops Sharply Since U.S. National Guard Troops Sent To Border (FINDLAW/AP)

By Olga R. Rodriguez, Associated Press Writer

AP, December 28, 2006

(AP) - NOGALES, Mexico-Arrests of illegal migrants along the U.S.-Mexico border have dropped by more than a third since U.S. National Guard troops started helping with border security, hinting at a drop in attempted crossings, the U.S. Border Patrol said Tuesday.

U.S. Border Patrol agents arrested 149,238 fewer people from the start of July through November, down 34 percent from the same period last year, according to monthly figures provided by U.S. Border Patrol spokesman Mario Martinez.

Arrests also had dropped by 9 percent for the same period from 2004 to 2005. If the downward trend continues, it would be the first sustained decrease in illegal immigrant arrests since shortly after the Sept. 11, 2001, terrorist attacks.

Border Patrol officials usually attribute a drop in arrests to fewer people crossing.

"We have seen some tangible results," Martinez said. "But we'll have to see over the next few months if it holds up. We are optimistic but we can't make a full analysis (yet)."

National Guard troops started arriving along the border June 15, and 6,000 were in place by August.

The troops are not allowed to detain migrants and have been limited to keeping a watch on surveillance cameras and body heat detectors, but they have freed Border Patrol agents and "have helped us tremendously to detect illegal migration traffic," Martinez said.

Victor Clark, a Mexican migration expert in Tijuana, says many migrants fear they will confront U.S. soldiers on the border.

"The presence of the National Guard has had a big impact on migrants," he told The Associated Press on Tuesday.

And border security is only going to get tougher. The United States plans to expand the Border Patrol from just over 11,000 agents to about 18,000 by 2008. The U.S. also plans to build 700 miles (1,126 kilometers) of additional border fence.

Other measures may also be deterring crossers.

In July, U.S. and Mexican officials started working together to prosecute human smugglers on both sides of the border.

U.S. immigration officials also have been raiding U.S. companies for illegal workers. Earlier this month, 1,300 people were detained in a sweep of meatpacking plants in six states.

Added to that, smugglers have increased their fees, charging as much as US$3,000 (â,¬2,270) to hide migrants in their cars and drive them across the border. Before the National Guard troops arrived, the price was about US$2,000 (â,¬1,500), migrant activists say.

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Still, border experts say the downturn may be temporary while smugglers search for new routes and migrants come up with the money to pay the higher fees.

Edgar Velasquez admits it's become tougher to cross. He spent three days walking in freezing temperatures through the remote mountain country west of Tucson, Arizona, and still was caught.

Agents found a body in those mountains Dec. 19. But that did not deter Velasquez, who said he planned to slip across the Arizona border during the holiday week when he hoped the U.S. patrols will be short-handed as agents take vacations.

"I imagine they also want to be with their families," said Velasquez, resting in the border city of Nogales before embarking on his illegal odyssey to reach a construction job in Florida.

Gustavo Soto, a spokesman with the U.S. Border Patrol Tucson sector, said smugglers often tell migrants there are less border agents out in the desert on holidays or when the weather is bad, "even though we have surveillance on the border 24/7 and 365 days of year."

Some migrants are simply giving up after a single try, something that was almost unheard of only a few years ago.

Esther Ardia walked for nearly three days as temperatures dropped to 14 degrees Fahrenheit (minus 10 Celsius) in the Arizona desert, trying to get back to her job at a North Carolina pine-tree farm.

Ardia, 21, couldn't keep up with the group of about 30 illegal migrants and was abandoned by her smuggler after her legs cramped up. She was picked up by the Border Patrol and returned to Mexico.

"I knew it would be hard, but I thought I could make it," said Ardia. "It's very hard. I'm not going to try (to cross) again."

Associated Press writer Ioan Grillo contributed to this report from Mexico City.

On the Net:

U.S. Border Patrol: http://www.cbp.gov/

CONGRESS-ADMINISTRATION:

GOP Corporate Allies In Congress's Cross Hairs (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 28, 2006

WASHINGTON

When Republicans expanded their majority in 2004, their first target was the trial lawyers, virtual ATM dispensers for Democratic candidates. A new law curbing class-action lawsuits was on the president's desk by mid-February.

Now, Democrats are targeting some of the GOP's strongest corporate allies - Big Oil, big pharmaceutical companies, and, in all likelihood, defense contractors.

In their first 100 legislative hours, Democrats aim to negotiate lower drug prices for seniors, roll back subsidies for oil and gas companies, and reduce the cost of student loans. They're also quickly gearing up to investigate allegations of corruption in war contracting.

"Parties reward their constituency groups, and they go after the other party's constituency groups. Parties are never stronger than in the first few days, so they do it early," says Larry Sabato, a political scientist at the University of Virginia in Charlottesville.

Moreover, it's popular. "You can't find people supporting big drug and oil companies, except the people who work in them," Professor Sabato says. For example, some 85 percent of Americans say the government should negotiate prescription-drug prices for the Medicare program, according to a recent poll by the Kaiser Family Foundation.

When the GOP-controlled Congress passed the Medicare prescription-drug bill in 2003, it included a one-line provision that banned the government from negotiating directly with drug companies to lower prices for seniors, as it now does for veterans. Rep. Billy Tauzin (R) of Louisiana, who drafted that provision, left Congress to become the top lobbyist for the drug industry as president and CEO of the Pharmaceutical Research and Manufacturers of America (PhRMA) - a controversial move that Democrats say they will make less likely with new lobby-reform legislation.

If that ban on price negotiating is lifted, House Democrats say that seniors overall could cut their drug costs by as much as $180 billion over the next 10 years. A study last year by the consumer group Families USA found that 19 of 20 drugs were priced lower through the Veterans Administration than they were for Medicare recipients.

But critics, including the White House and the Department of Health and Human Services, say that drug prices are already falling faster than expected under the 2003 law, and that mandating government to negotiate drug prices could limit the access to drugs for seniors.

Under the current prescription-drug bill, seniors are already saving an average of $1,200 a year on prescription drugs, according to the Centers for Medicare and Medicaid Services. And the cost to the Treasury is about $30 billion, instead of $43 billion as anticipated.

The conflict sets up one of the first big battles of the 110th Congress. Since 1990, drug companies have contributed more than $134 million to national candidates, more than two-thirds of that to Republicans, according to the Center for Responsive Politics. The industry doubled its political contributions in the run-up to the 2003 legislation.

"Critics would have you believe that there are no negotiations in how prices for medicine are set. That's simply not true," said Ken Johnson, PhRMA's senior vice president, in a statement after the November elections in anticipation of the Democrats' proposal. "The negotiations are occurring - as they should be - between prescription drug plans, several of which already purchase medicines on behalf of tens of millions of Americans, and pharmaceutical companies. That's the marketplace in action and that's how America's seniors will see true savings without compromising the search for future cures."

But despite broad public support for lifting a ban, Democrats are divided on how to proceed and have yet to release specifics of their proposal. Max Baucus (D) of Montana, incoming Senate Finance Chairman, opposed a bipartisan plan in the 109th Congress that would have required the Department of Health and Human Services to get involved in negotiations between private drug plans and drug companies in some cases. If House Democrats lift the ban, as expected, Senator Baucus says he will conduct hearings on its likely impact. Meanwhile, HHS Secretary Mike Leavitt has already signaled that if given the opportunity to negotiate lower drug prices, he would not exercise it.

Similarly, Democratic calls to roll back subsidies for Big Oil are also popular, but problematic. In the first days of the new Congress, Democrats are calling for establishing a fund to promote renewable energy and conservation, which they say will be funded by money recovered from oil companies.

"Every oil subsidy will be given the highest level of scrutiny. We've been paying record energy prices at a time when Big Oil is making record profits - and record CEO compensation packages. It's unconscionable," says Drew Hammill, spokesman for incoming Speaker Nancy Pelosi.

But even before Congress reworks subsidies provided in the Energy Policy Act of 2005, Democrats will take up proposals to recover royalties from oil and gas companies in the Gulf of Mexico. Because of a gaffe in 1998-99 oil leases, negotiated during the Clinton administration, companies have avoided some $10 billion in royalty payments. Republicans in the 109th Congress tried to go after these lost revenues; Democrats say they will push harder.

"The companies have not done anything wrong. We're a nation of law, and contract law is one of the cornerstones of our economy," says Red Cavaney, president and CEO of the American Petroleum Institute, the industry trade group. Under an agreement announced Dec. 14, five companies - BP, ConocoPhillips, Shell Oil, Marathon Oil, and Walter Oil and Gas Corp. - have already reached an agreement with the federal government to pay royalties on production that began on or after Oct. 1, 2006. "Why not let the process continue," he says.

Both the outgoing chairman of the House Government Reform Committee, Rep Thomas Davis (R) of Virginia, and incoming chairman Henry Waxman (D) of California have pledged to go after all lost royalties. Forty-one other companies are currently not paying royalties under the terms of these leases.

Still, the biggest wild card for energy companies such as Halliburton in the 110th Congress isn't energy subsidies, it's the scope of congressional investigations into wartime contracts. House Democrats are reviving an investigative subcommittee that was eliminated when Republicans took back the House in 1995. That panel will target both Defense contractors and White House officials who contracted with them, aides say.

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Medicare Premiums Will Surge For Some (WP)

By Marc Kaufman

The Washington Post, December 28, 2006

When new income-based premiums for Medicare's Part B program go into effect next month, some seniors will get an unwelcome surprise: Their monthly costs will be going up considerably more than expected because of the government's method of counting their income.

In addition to income from investments, pensions and wages, seniors will find that big but unusual windfalls -- from house sales, for instance, or from taking cash from an individual retirement account -- will also be included in government calculations.

As a result, an advocacy group for seniors says, tens of thousands of people will be counted as wealthy even though their continuing yearly income is modest. Some will be paying as much as $800 more a year for Part B coverage because they are deemed to be "higher income beneficiaries." This will be on top of the $93.50 a month standard premium that all recipients will pay.

"We are concerned that our members are just now finding out that the government is suddenly increasing seniors' Part B premiums without adequate warning," Shannon Benton, executive director of the Senior Citizens League, said in a statement.

"Making matters worse, some seniors will have a difficult time with the appeal process, perhaps having to drive hours to appear in person -- an option many seniors simply don't have available to them," she said.

Mark Hinkle, a spokesman for the Social Security Administration, said that a small number of people will indeed have to pay more for their 2007 premiums because of large 2005 capital gains reported on their income tax returns. But he said that the premiums would go down in future years once the capital gains are no longer part of a recipient's tax return.

Congress, he said, listed a number of "life-changing events," such as divorce, death of a spouse or loss of a job, that could reduce a beneficiary's premium. But capital gains from the sale of a house or an IRA payout are not on the list, he said, and so are treated no differently than wages when calculating the premium.

On its Web site, Social Security details how Part B participants can question or challenge their new premium assessments.

Provisions for "means testing" the Medicare Part B program, starting in 2007, were included in the Medicare Prescription Drug Improvement and Modernization Act of 2003. It was a contentious issue then and remains one now -- with some arguing the extra money it will bring in is needed to keep Medicare solvent, while others say it will weaken the program and result in wealthier people opting out. Means testing was included in the bill by a Republican-dominated Senate-House conference committee, although neither body had included the provision in its bill.

The actual determination of a beneficiary's income, and how much people will have to pay in Part B premiums for 2007, is made by the Social Security Administration and based on 2005 income tax returns. Letters from Social Security have been going out to Medicare beneficiaries nationwide this month telling them whether they have to pay additional Part B premiums because of their income.

Medicare's Part B covers doctor and outpatient hospital bills. The program pays about 75 percent of an average beneficiary's costs through taxes, with the remaining quarter paid through monthly premiums.

Under the new, means-tested rules, most recipients will continue to pay 25 percent of the Part B costs through their premiums, while "higher income" beneficiaries will pay progressively, and sometimes dramatically, more over the next three years. The higher-income group is defined as individuals with an income of more than $80,000 and couples with an income of more than $160,000.

The Senior Citizens League, an advocacy group with 1.2 million members, has been getting calls from seniors complaining about their new premiums. One Tennessee member, for instance, told league officials that he sold a second home in Indiana in 2005 and paid taxes on the proceeds. Now he has learned that, based on that capital gain, his Part B premium would increase next year from $93.50 per month to $124.70.

Pelosi To Visit Baltimore Childhood Home (WT/AP)

By Kristen Wyatt

The Washington Times, December 28, 2006

DOJ_NMG_0109606

BALTIMORE -- Before Nancy Pelosi takes the reins of the U.S. House next week, the California Democrat will visit a row house in Baltimore's Little Italy neighborhood.

It was where the nation's first female House speaker grew up and learned politics long before she was old enough to vote.

The youngest of six, Mrs. Pelosi was born into a political family in a house always full of strangers asking for help.

Thirty years before going to Congress, Nancy D'Alesandro was brokering political deals for constituents of her father, Thomas D'Alesandro Jr., who served as Baltimore mayor from 1947 to 1959 and as a congressman from 1939 to 1947.

"She got her basic training in politics right in this room," recalled one of her older brothers, Nicholas D'Alesandro, 72, who still in lives in the Little Italy row house, now home to a health clinic on the ground floor. "We gave help to hundreds, thousands of people. It was the kind of thing she was raised to do."

The political breeding didn't convince Mrs. Pelosi's playmates that she was destined tobe second in line for the presidency.

Childhood friends said they never imagined Mrs. Pelosi's political career eclipsing those of her father and her brother, Thomas D'Alesandro III, who served one term as mayor from 1967 to 1971.

"Nancy was a very quiet, shy young lady," said Mary Ann Campanella, 65, who played with Mrs. Pelosi as a child and still lives in Baltimore's Little Italy.

"She had no interest whatsoever in politics at the time. That's what made us so shocked -- she was a very quiet shy young lady," Miss Campanella said. "But I remember we were all in awe of her being the little princess and riding in the open-top cars in the parades. Still, we're can't believe how far she's come."

So proud is Little Italy of Mrs. Pelosi's political ascension that the city will name part of Mrs. Pelosi's childhood street for her.

Neighbors also want to see her name added to the neighborhood bocce court, now named for Mrs. Pelosi's father.

Mrs. Pelosi will attend a ceremony to name the street Tuesday to kick off four days of festivities to celebrate her becoming speaker.

Mrs. Pelosi also plans to visit her Washington alma mater, Trinity Washington University, in a tour designed to show the nation she is not a California-bred liberal, but a good Roman Catholic girl from a working-class neighborhood.

The message is not lost on the Rev. Michael Salerno, a priest at St. Leo the Great, the Catholic church Mrs. Pelosi attended as a child.

Father Salerno didn't minister to Mrs. Pelosi as a child, but he will say a few words at the street naming next week.

"Fifty, 60 years ago a woman never even got to venture out of the neighborhood. Now one of our daughters is going to be speaker. It's amazing," Father Salerno said.

Pelosi spokesman Brendan Daly said that visiting Little Italy and Baltimore "always has the feeling of a homecoming" for Mrs. Pelosi.

"It has always had a special place in her heart," Mr. Daly wrote of Baltimore.

Scene Change How Much Does A Neighborhood Affect The Poor? (WSJ)

By Jon E. Hilsenrath And Rafael Gerena-morales

The Wall Street Journal, December 28, 2006

JACKSONVILLE, N.C. -- A decade ago, Lydia Grayson got as far away from her drug-addled, East Harlem housing project as she could. At the time, she was a 28-year-old mother of three, and, she says, a drug user. She took a federal housing voucher and packed her family on a Greyhound bus with one-way tickets to North Carolina.

Climbing out of poverty hasn't been as easy as getting on the bus. She says her life is now drug-free and more stable, and her children are growing up in a better environment. Yet in many ways, her struggles traveled with her.

"You really need to have a focus to get out of the ghetto," says Ms. Grayson, a New York native.

Her experience offers clues to a question society has wrestled with for years: Can a family escape poverty by getting out of the neighborhood where it takes root? It also sheds light on the government's shifting efforts to use housing policy as a solution to poverty.

A $16 billion federal infrastructure has built up around housing vouchers designed to give poor families more choices about where to live. About two million families currently use "Section 8" vouchers that allow them to move with subsidized rent.

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Since 1993, the government has been demolishing urban housing projects and forcing families to resettle in other places, sometimes with vouchers.

After Hurricanes Katrina and Rita, nearly 30,000 families, many extremely poor, turned to the federal government for vouchers after they were displaced, according to the Department of Housing and Urban Development.

Ms. Grayson's move was part of a government test designed to study the effects of a new neighborhood on poverty in the way a researcher studies the effects of a new drug.

Beginning in 1994, the federal government offered a lottery for housing vouchers to families in five major cities. Families were randomly assigned to different groups. One group received vouchers to be used specifically to subsidize rents in neighborhoods where poverty was low. About 860 families eventually moved.

Another group, of 1,440 families, wasn't offered vouchers and, initially at least, stayed in high-poverty neighborhoods. Researchers have since tracked and compared the fortunes of the two groups.

The program, called Moving to Opportunity, was administered by HUD. A private firm called Abt Associates was contracted to track participants. Researchers at Harvard, Princeton, Northwestern and other institutions played a role in designing studies related to the program and analyzing the data.

When the program was launched, housing vouchers were seen as a promising antidote to urban poverty. Researchers had pinpointed ghettos as a culprit in the worsening fortunes of many poor, minority families. Free them from the poisonous cocktail of drugs and crime brewing in city ghettos, scholars reasoned, and the families would have a chance to leave poverty behind.

But results show that may only partially be true. "It would have been wonderful to have discovered the magic bullet," says Jeffrey Liebman, a Harvard economist who has studied the program.

Findings, he says, were more complicated. Among them: boys whose families moved actually fared worse than boys who stayed in bad neighborhoods. Girls, however, fared significantly better. Adults felt better, physically and mentally, than those who stayed behind, but didn't do better financially.

The Moving to Opportunity program, started in 1994, was a mix of liberal and conservative policy: hatched by Republican Jack Kemp and implemented by the Clinton administration. But later that year, in Baltimore -- one of the five cities participating -- suburbanites rebelled against the idea that poor families from troubled environments would be flocking to their neighborhoods. Plans to move additional families were canceled.

Over time, researchers followed the families who moved, comparing them with those who stayed. The fortunes of the families involved were surprising: Earnings of families who relocated to low-poverty areas averaged just $9,376 in 2001, a half-decade after they moved. That's just 3% higher than the $9,108 earned by those in the control group, a statistically insignificant difference.

Other measures improved. In a 2002 survey of 3,521 adults in the program -- most of them women -- 18.5% of people who moved to low-poverty neighborhoods suffered bouts of major depression, significantly lower than the 26.3% who felt depressed in the control group. Mr. Liebman, the Harvard economist, says that's roughly the same effect that's seen when depressed people are put on a regimen of antidepressant drugs.

Among nearly 800 teenage girls, 83% of those who relocated to low-poverty neighborhoods had either graduated from high school or were still in school five years after the move, compared with 71% in the control group. Alcohol use was lower. Arrest rates were lower. And mental-health measures improved. Away from the violence of the ghetto, girls seemed to flourish.

Teenage boys didn't. School participation deteriorated and property-crime rates, mental distress, and smoking all increased among those who moved with the vouchers, compared with teenage boys in families who didn't move. For property crime, there were 58 arrests for every 100 boys who moved to low-poverty neighborhoods, compared with 22 arrests for every 100 boys in the control group.

Because boys hang out more in their neighborhoods, researchers expected they would respond well to safer, more-affluent environments. Instead, many seemed to feel isolated in the new places, or harassed by police, and they acted out.

"It seems like the boys were less able to make social connections to their new areas," says Jeffrey Kling, a Brookings Institution economist who designed many of the Moving to Opportunity studies and interviewed participants. (See more on Dr. Kling's work.11)

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The results ring true to Zack Sanders, 20. Last year, as part of a similar housing-mobility program, he moved with his grandmother to a quiet suburban home in Mesquite, Texas, away from the rough neighborhoods in and around Dallas where he was raised. His grandmother, Diana Sanders, 61, says she relishes the tranquility of her new home. Her voucher covers $875 of the $1,325 rent. But Mr. Sanders says he misses his old friends and neighborhood, where he walked to hamburger joints, played basketball and dominoes, and could make quick trips to the mall to talk to girls.

"I feel like I'm on Mars," he says. Most evenings he borrows his sister's car and drives to his old neighborhood, where he hangs out until midnight.

Yet Mr. Sanders's 9-year-old niece, Desiree Griggs, whom his grandmother is also raising, is thriving. She spends hours a day in her quiet room, reading and playing with dolls.

"When she goes into her room, nobody bothers her. She can relax," Ms. Sanders says. Desiree made the school honor roll, she adds. Ms. Sanders, who has a history of high-blood pressure and heart disease, says the move has helped her health. In a safer environment, she feels less tense and walks 30 minutes a day.

Harvard sociologist William Julius Wilson, who diagnosed the social isolation of the inner-city poor in the 1980s, says some families didn't thrive in mobility experiments because they didn't move far enough from their old neighborhoods. Some stayed so close that they didn't even switch school districts. "If they had been able to move children to better school districts," he says, "you might have had better outcomes."

Researchers agree that relocating people to combat poverty is a complex strategy at best. "What do you do with a program that helps some people a lot, and doesn't help others or hurts them?" says Todd Richardson, deputy director of HUD's Program Evaluation Division.

Overall, he says, it's better to move people than leave them in giant housing projects with high concentrations of poverty, one reason HUD has been demolishing public housing. But to make moves successful, scholars say, more counseling and support of those uprooted might help. Some of the families in the test are still being tracked and HUD is about to undertake a study to look at the impacts 10 years after a move.

The experience of Ms. Grayson, the Harlem transplant, shows the kind of mixed results they seem likely to find.

She was living on the 15th floor of a housing project when she heard about the Moving to Opportunity program in 1996. At the time, she says she was on welfare, trying to overcome a crack addiction. Her three children were underfed, poorly clothed and surrounded by cocaine users.

When she was selected for the housing voucher, she and her children moved to Jacksonville, N.C., where she had a cousin.

Ms. Grayson wanted a different environment for her children. She recalls scenes of drug use in her childhood home and drinking malt liquor at the age of 11. "She was a pretty tough kid," says John Goehring, a retired teacher at the Lakeside School, a Spring Valley, N.Y., school for troubled teens she attended. But she was bright, he recalls. After she earned a high-school equivalency diploma, he received a card from her that read: "I'm so happy. Tears are coming to my eyes. I won't let you down."

"I didn't really have a lot of positive people in my life," says Ms. Grayson. She started college in New York, but became pregnant with her first child, Stanley, and dropped out.

Her move to North Carolina was an almost immediate struggle. The Moving to Opportunity program provided some counseling, but it tended to focus on those who didn't move far away. Because Ms. Grayson moved so far, she was effectively on her own.

On advice from her cousin, she moved to a remote spot about 15 miles outside of Jacksonville. She couldn't afford gas to heat her home. In the winter, she sat up late shivering and crying. She says she walked about two miles to work at a school cafeteria, where she earned $5.15 an hour. She also got back into drugs, she says. Before her first year in North Carolina was up, she left her place and moved with her children into a homeless shelter, closer to town.

"That's where the trouble started," says her son, Stanley Grayson, now 19. Other children at school started teasing him. He responded by skipping school and getting into fights. "That was the worst part of my life," he says.

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For the next few years, Ms. Grayson moved around Jacksonville, trying to find a place to settle with her voucher. She says one neighborhood, near a mall, was populated by the kind of drug users who made her want to leave New York. A quiet area with one-story homes and small yards was too far from work since she didn't have a car.

As they moved, Stanley struggled. When he was 14, his mother sent him to Florida where his father lived. He eventually was sent to a youth-detention facility on gun-possession charges, he and his mother say.

Stanley says if he had stayed in New York, other family members might have kept him out of trouble. In North Carolina, "I felt really lonely," he says. "There was nobody I could talk to."

At the same time, Ms. Grayson has changed her life for the better. She says she is drug-free, and her two younger children seem to have settled into life in North Carolina. Kevin, 16, became involved in sports and has a job at a KFC restaurant. His mother says he's involved in his school's Junior Reserve Officer Training Corps program. Khadijah, 12, is being home-schooled by her mother.

Ms. Grayson says her faith has been a stabilizing force. "If it weren't for God, I wouldn't make it," she says. She cites the influence of Venice Cross, a preacher who she says helped her overcome her drug addiction.

"You can move a person out of the ghetto and into the suburb," says Ms. Cross. "But if their brain is still thinking ghetto-thinking, they're going to bring the ghetto out to the suburb. You've got to change a person's thinking." Ms. Cross, a follower of the World Harvest Church, an Ohio-based evangelical group, doesn't have a church, so she preaches to a small group in homes and at local parks.

While following Ms. Cross, Ms. Grayson got to know the preacher's brother, Joseph, a retired New York City maintenance worker. She married him last year.

Earlier this year, they found a small apartment in a two-story building. A sign in the parking lot warns visitors against carrying handguns. By then, Ms. Grayson had landed a $9.74-an-hour job as a record keeper at a nearby hospital. "I never really held down a real job" before then, she says.

Ten years after leaving New York, however, challenges remain. In July, Ms. Grayson lost her job. She says she missed too much work taking care of her son Kevin after he was in a car accident. Her son Stanley was released from the correctional facility earlier this year and stayed with her for a few months. Stanley, who now lives in Florida, has hopes of becoming a rap-music artist.

The family has been helped by her husband's income doing construction work, Ms. Grayson says, but it hasn't been enough. In August, she started collecting federal unemployment benefits. They will expire early in 2007.

Ms. Grayson says she's applied for a few jobs, but hasn't landed anything. "Sometimes I get discouraged," she says. "I'd be lying if I said I didn't. But you gotta live."

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Charity For Charities (WSJ)

By Arthur C. Brooks

Wall Street Journal, December 28, 2006

Many nonprofit leaders in America could not be more pleased at the Democratic takeover of Congress in a few days. For years, they have complained (justifiably or not) that Congress has underfunded critical nonprofit services. They look forward expectantly to an environment in which Congress -- they imagine -- will tap the keg of cash for nonprofits, from symphony orchestras to soup kitchens.

It remains to be seen whether the Democratic Congress will actually be more profligate than the Republicans were; after all, part of the reason the Republicans lost substantial conservative support in the 2006 midterm election was the fiscal bender Congress has been on for the past few years. But even less clear is whether greater government subsidies are in the interest of the charities themselves.

One large nonprofit organization that helps the poor in New York state illustrates this point. The agency was relatively small a few years ago, but provided a critical service in several cities. The state, taking notice of the organization's good work, began pouring money into operations, doubling and tripling its budget. The staff was focused on managing and spending the public

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dollars, and allocated less and less of its time to private fundraising -- which, predictably, vanished. When the state, facing budget cutbacks, began to reduce the organization's subsidy, it led to service cuts and layoffs because there were no private funds to fill the gap. Ironically, the organization and its clients were worse off than they would have been had the nonprofit received no government "help" in the first place.

This experience is hardly unique -- indeed, nonprofits and their communities all across America are exposed in the same way when government funding grows as a source of support. According to the National Center for Charitable Statistics, a quarter of human service charities in 2002 received at least 50% of their income from the government. This represents a lot of risk, because public funding is pro-cyclical: It increases or decreases more than changes in the economy, and thus can destabilize nonprofits. In contrast, charitable donations stabilize charities because they fluctuate less than the economy as a whole. For a charitable organization, relying on government funding as the main income source is like investing your 401(k) entirely in biotech stocks: You might do great -- for awhile.

But the problem with government money goes beyond just its volatility: Studies by economists over the past decade have demonstrated that government spending on nonprofit activities actually lowers private charitable giving. In the case of social welfare services, a dollar in government funding to nonprofits generally suppresses private giving by 25 cents or more. Part of this is due to a lower perception of need among charities when they get public money. There is also evidence, however, that charities spend less effort fundraising after governments give them money.

The bottom line is that there is nothing free about cash from the government. Perhaps this should come as no surprise, given what we know about the effects of public subsidies to individuals, such as welfare recipients. I would not argue that the destabilizing effects of government subsidies and the downward pressure on giving are reasons to eliminate public funding to nonprofits. But these effects do represent serious unintended consequences of nonprofit reliance on the government. Charities and policy makers should remember this in the new congressional regime.

Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism" (Basic Books, 2006).

Trump Cards (WSJ)

By Thomas J. Bray

The Wall Street Journal, December 28, 2006

DETROIT -- It hasn't been the merriest of holiday seasons in Michigan. Recently Ford Motor Co. offered modest buyouts to 38,000 hourly employees, more than half its unionized work force in the U.S. General Motors Corp. and its former parts division, the now-bankrupt Delphi Co., did the same for 40,000 hourly workers, about a quarter of their union work forces. There is talk that Daimler will dump its Chrysler division.

All of which is another massive blow to what used to be called the "union movement." The United Auto Workers is down to slightly more than 500,000 members, compared to 1.5 million only two decades ago. Nor is it just a Michigan problem. Including public sector workers, unions now represent only about 12.5% of the U.S. work force, down from 20% in 1983 and about 35% 50 years ago.

The decline in union membership leveled off last year. "The good news is that the annual hemorrhaging of union membership slowed last year," confessed James P. Hoffa, president of the Teamsters. "And that's not really good news."

Thus not-so-Big Labor, which has dumped millions into organizing campaigns without much success, is scrambling for new ways to beef up its membership rolls. The latest hot idea is "card check," in which unions demand to be recognized as the bargaining unit for a workplace if a majority of the workers merely sign a card indicating their support. Under current law, companies are required to recognize a union only after a secret ballot of the workers -- and unions have been losing an increasing number of those elections.

Now that Congress is back under Democratic control, unions sniff a win. Card-check bills sponsored by Democratic Rep. George Miller and Sen. Ted Kennedy last year had 215 co-sponsors in the House, just shy of a majority, and 42 co-sponsors in the Senate. Union political operatives made it clear during the recent election campaign that any Democrat who opposed card check could forget about campaign backing in the future.

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Republicans still have the strength to filibuster such a measure to death, and President Bush might veto it. But a weakened GOP and president might be tempted to let it through, particularly if it's attached to something they want. If so, it is likely to be seen as a fundamental reversal of the anti-union trend unleashed by Ronald Reagan's crushing of the Air Traffic Controllers strike in 1981.

The card-check tactic already is being used with some success. More than half the workers who joined unions last year did so in card-check sign-ups to which companies had "voluntarily" agreed, according to the AFL-CIO. Congressional action would make the card-check procedure routine.

Sen. Kennedy, whose bill is titled the Employee Free Choice Act, claims federal card check legislation "would level the playing field" by removing "large loopholes" in existing labor laws that supposedly allow employers to fire union organizers and intimidate workers prior to organizing elections. Union officials like Stewart Acuff, the AFL-CIO's organizing director, complain that elections "just don't work."

But it's more than a bit odd for union leaders, long proponents of what they are pleased to call "industrial democracy," to object to the secret ballot. As for Sen. Kennedy's claim that he merely seeks a choice for workers between card-check and a traditional ballot, imagine you are Joe Lunch Bucket on your way to work. A beefy organizer greets you at the plant gate and asks you to sign a card in favor of representation by a union. Are you really going to say no?

The fact that unions now call card-check their No. 1 legislative priority should be seen as a sign of weakness rather than strength. Labor's far more ambitious schemes to insulate themselves from international competition, such as trade barriers, haven't gotten very far. And labor's ability to use mandatory worker dues for political purposes -- which amounted to more than a quarter of the AFL-CIO budget in 2005 and probably far more in 2006 -- is under legal pressure at the U.S. Supreme Court.

Even card check might not produce the desired results. Dana Corp., a major auto supplier, several years ago agreed to a card check campaign at two Virginia plants, which were duly organized by the UAW. But both plants are now scheduled to be closed because of mounting competitive pressures both from abroad and non-union plants in the U.S.

True, public sector unions have been growing. But even there voter sympathy may be limited. In November, voters in Michigan by a wide margin voted down a ballot proposal backed by teachers unions that would have guaranteed annual wage hikes at least equal to inflation (as well as a state bailout of pension and health care benefits). And that was even before the true bill for piling unionism on top of civil service status for government employees is made clear by new accounting standards that begin taking effect this year.

Unfunded pension and health-care liabilities for state and local employees, the new figures are likely to show, could top $1 trillion nationwide, a huge potential tax liability. Will voters -- even in union households -- really be in a mood to make it easier for an entrenched interest to deliver dubious services at high prices?

In short, Republicans could be making a serious miscalculation if they bow to union demands for card check. Many workers themselves would view it as a sellout of their basic rights -- trading away the secret ballot, which gives them some leverage over union bosses with whom they might disagree, for short-term political gain. It will be interesting to see whether today's GOP will stick to a principle that ought to be an easy sell with most Americans.

Mr. Bray is a freelance journalist who lives in the Detroit area.

OTHER NEWS:

New-home Sales Rise For Third Time In 4 Months (USAT)

By Noelle Knox

USA Today, December 28, 2006

Sales of newly built homes rose a surprising 3.4% from October to November, the Commerce Department said Wednesday, as more builders offered special deals to attract buyers, and buyers took advantage of declining interest rates and mild weather to visit model homes.

This is the third increase in four months and a sign that the housing correction may be ending. Builder confidence levels, which hit bottom in September, are also slowly beginning to rise, according to December's Housing Market Index.

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The sales gains haven't been easy. About half of home builders say they are cutting prices or paying the buyers' closing costs, and almost 60% are offering free upgrades such as granite kitchen counters, according to a survey by the National Association of Home Builders.

Compared with November last year, sales were off 15%. And while December results are not yet in, sales of new homes for the year are expected to be down about 18% from 2005. Sales of existing homes should be off by almost 9% this year. The National Association of Realtors will release November's existing home sales today.

"This is very much like what we saw at the time of the 1990-91 recession, even though this is not a recession in economic terms," says David Seiders, chief economist for the NAHB. "It shows to what extent this market got overheated in 2004 and particularly 2005. We knew we had soared to unsustainable levels … and knew we had one heck of a correction coming."

There are still signals that home sales could continue to slide. Applications for mortgage loans last week fell 14% from the week before to their lowest level in nearly five months, the Mortgage Bankers Association said Wednesday.

Nevertheless, sales of new homes were stronger last month in every region of the country except the South.

The supply of new homes for sale dipped to 6.3 months, down from 6.7 months in October. "Inventories fell again for a fourth-consecutive month," Wachovia analyst Phillip Neuhart says. "As long as they continue to fall, I'm going to feel better and better about the new home market."

The median price for a new home was $251,700, up 3% from October and 6% from last November. But Seiders dismissed the increase, saying it was probably because sales were strongest in the Northeast and the West, where median prices for homes are the highest.

End Of Housing Slump Seems To Be Drawing Near (WSJ)

By Christopher Conkey

The Wall Street Journal, December 28, 2006

WASHINGTON -- Recent firmness in mortgage applications and an increase in new-home sales suggest the housing slump may be nearly over, limiting the risk of wider damage to the overall economy.

One indication that home-buying demand has leveled off after a yearlong decline comes from the Mortgage Bankers Association, which conducts a weekly mortgage-application survey.

Yesterday, the group said mortgage applications fell sharply last week from the week before. Even so, its indexes of applications for home purchases and refinancings have been rising steadily since summer. The four-week moving average for the MBA's purchase index, which offers a less-volatile picture of the trend, has risen 12% since August, while the four-week average for the group's refinancing index has soared more than 41% since July.

A recent pickup in new-home sales also points to stabilizing demand. The Commerce Department said yesterday that new-home sales rose 3.4% in November to an annual rate of 1.05 million units. While that pace is down more than 15% from a year earlier, it has risen since July and has held fairly steady in recent months.

Despite some continued uncertainty, economists view the recent data as an early indication that the worst of the housing market's downturn may be over. "The net of all the numbers we've gotten is that it looks like the housing market and home sales appear to have stabilized, at least temporarily, in the latter part of the year," said Thomas Lawler, a former economist for Fannie Mae who now runs a consulting firm in Vienna, Va.

If this turns out to be the case, and the housing market begins to rebound next year, the economy would be likely to benefit. The slump has been one of the biggest dampers on the nation's economic growth. In the third quarter, for example, the decline in home building and residential investment shaved more than one percentage point off the annual rate of economic growth. Many economists expect a similar reduction in the fourth quarter but expect some improvement next year.

The chances of a pickup in 2007 partly depend on whether home builders can trim their inventories of unsold homes. Last month, there were 545,000 new homes on the market, or the equivalent of a 6.3-month supply at current sales rates, according to the Commerce data, down from a recent high mark of a 7.2-month supply in July.

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Home-buying activity could wane, however, if interest rates rise or other factors, such as employment or the stock market, deteriorate. Economists expect the normally quiet winter months to produce volatile readings and say the best gauge of the housing market will be whether buyers come out in force as usual in the spring.

The median price of a new home -- or the price at which half sold for more and half sold for less -- was $251,700 last month, up from $237,900 a year earlier, the Commerce Department said. The figures aren't adjusted to account for the changing mix of sales. Thus, the November reading may have been distorted by the fact that sales in the higher-priced Northeast rose last month, while sales in lower-priced South fell.

Write to Christopher Conkey at christopher.conkey@wsj.com4

Home Sales Rose 3.4% Last Month (NYT)

By Jeremy W. Peters

The New York Times, December 28, 2006

Builders sold new homes at a faster rate last month than they did in October, shrinking the backlog of unsold homes on the market, the Commerce Department reported yesterday.

But many economists said the report, rather than foreshadowing a quick rebound, highlighted how fragile residential construction remained and suggested that the downturn now rattling the housing market had not yet run its course.

The report showed that sales of new single-family homes rose 3.4 percent in November, seasonally adjusted, to an annual rate of 1.05 million. That followed a 3.8 percent decline in October.

The news helped propel stocks on Wall Street to another record high — its 22nd so far this year — with the Dow Jones industrial average rising more than 100 points to finish the day above 12,500 for the first time.

It was a session typical of the often-buoyant final trading days of the year in which stocks gain on light volume as investors seek to polish their portfolios. [Page C13.]

Shares of homebuilders like Pulte Homes, Toll Brothers and Lennar all gained more than 1.5 percent as investors interpreted the home sales numbers as a sign that the slowdown in the housing market may have bottomed out.

Economists typically do not use November figures to make generalizations about trends in the housing market because the month is shortened by the Thanksgiving holiday. In fact, when the numbers are not seasonally adjusted, the number of new homes sold in November — 72,000 — was the lowest in almost four years. Inventories, a 7.7-month supply unadjusted, were the highest since December 1995.

“There’s a relatively large adjustment factor here,” said Michael Carliner, an economist with the National Association of Home Builders. “I wouldn’t read too much into those numbers.”

At first glance, many numbers in the report seemed to hint at a recovery in new-home sales. The median price of a new home in November rose, for example, and sales in the Northeast, Midwest and West all grew by double digits for the month. Beyond the numbers for November, however, few signs in the report pointed toward a reversal of the overall downward trajectory in residential housing.

Despite the November advance, sales of new homes are off 15.3 percent compared with a year earlier.

“Although the rebound in sales is consistent with the housing slowdown bottoming out, it seems too early to rejoice,” said Dimitry Fleming, an economist with ING Financial Markets. “Supply is still high.”

Many economists do not expect the market to stabilize until mid-2007.

When the statistics are adjusted for seasonal variations, the backlog of unsold new homes on the market declined to a 6.3-month supply in November, down from a 6.7-month supply in October. But that is still far higher than November 2005, when there was a 4.9-month supply.

The median price of a home rose 5.8 percent from November 2005, to $251,700. But economists said the increase was most likely the result of a rise in sales for the month in the Northeast and the West, where homes are more expensive. In November, sales in the Northeast climbed 22.5 percent compared with October, while the West saw a 19 percent jump.

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The sales data from the last year, however, is more sobering. The Northeast was hit particularly hard; sales fell 42.4 percent from a year ago. Sales in the South declined 19.2 percent, and they fell 9 percent in the West. In the Midwest, however, sales rose 1.2 percent.

Despite the rise in the national median price, economists said the jump in sales during November suggested that buyers were still enjoying a market tilted to their advantage. Builders continue to offer incentives like upgraded kitchen appliances, landscaping and mortgage points at no additional charge. Incentives are not reflected in home price data.

Julia Coronado, chief United States economist with Barclays Capital, said buyers were still shopping in a market that was highly favorable to them. "We do know that it's more of a buyer's market, and builders are not eager to sit around with excess inventory on their books. It's extremely expensive to do that, so they move it quickly."

Peter E. Kretzmer, senior economist with the Bank of America, said, "Despite a monthly rise in the median new home price in November, prices remain on a flattening trend."

While the housing market has been in the midst of a sharp slowdown in recent months — some economists are calling it a full-blown housing recession — the damage to the broader economy has been limited so far. The decline in residential construction during the summer months knocked more than a full percentage point off the nation's gross domestic product growth, pulling it down to 2 percent in the third quarter.

But strength in other areas of the economy — consumer spending and commercial construction, for example — has helped to keep growth from stalling.

In another sign of distress in housing, the Mortgage Bankers Association said yesterday that its index of applications to buy a home or refinance a loan dropped to the lowest level in four months.

Dow Hits New High As Sales Of New Homes Pick Up (NYT)

By Jeremy W. Peters

The New York Times, December 28, 2006

Sales of new homes picked up last month after a big drop in October, while the backlog of unsold homes on the market became somewhat smaller, the Commerce Department reported today.

The news helped propel stocks on Wall Street to another all-time high, with the Dow Jones industrial average rising more than 100 points to finish the day above 12,500 for the first time. Shares of homebuilders like Pulte Homes, Toll Brothers and Lennar all rose considerably.

Still, sales are 15 percent lower than they were a year earlier, suggesting that the correction taking place in the housing market has not yet run its course.

The Commerce Department reported this morning that sales of new homes rose 3.4 percent in November to an annual rate of 1.05 million. That followed a 3.8 percent decline in October.

While the housing market has been in the midst of a sharp slowdown in recent months — some economists are calling it a full-blown housing recession — the damage to the economy has been limited so far. The decline in residential construction during the summer months knocked more than a full percentage point off of the nation's gross domestic product growth, pulling it down to 2 percent in the third quarter.

But strength in other areas of the economy — consumer spending and commercial construction, for example — has helped to keep growth from stalling.

"Although the rebound in sales is consistent with the housing slowdown bottoming out, it seems too early to rejoice," said Dimitry Fleming, an economist with ING Financial Markets. "Supply is still high."

The backlog of unsold new homes on the market declined to a 6.3-month supply in November, down from a 6.7-month supply in October. But that is still far higher than November 2005, when it would have taken 4.9 months to sell all the unsold homes on the market.

The median price of a home rose 5.8 percent from November 2005 to $251,700. But rather than reversing the recent downward momentum of new home prices, economists said the uptick was likely the result of a rise in sales for the month in the

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Northeast and the West, where homes are more expensive. In November, sales in the Northeast climbed 22.5 percent compared with October, while the West saw a 19 percent jump.

Despite the rise in the national median price, economists said the jump in sales during November suggests that buyers are still enjoying a market tilted to their advantage. Builders continue to offer incentives like upgraded kitchen appliances and landscaping at no additional charge, which are not reflected in home price data.

"We do know that it's more of a buyer's market, and builders are not eager to sit around with excess inventory on their books," said Julia Coronado, chief United States economist with Barclay's Capital. "It's extremely expensive to do that, so they move it quickly."

Peter Kretzmer, senior economist with the Bank of America, said, "Despite a monthly rise in the median new home price in November, prices remain on a flattening trend."

The sales data from the last year is more sobering. The Northeast was particularly hard-hit, with sales falling 42.4 percent from a year ago. Sales in the South declined 19.2 percent, and they fell 9 percent in the West. In the Midwest, however, sales rose 1.2 percent.

Dow Industrials Soar Past 12500 To Latest Record (WSJ)

By E.s. Browning

The Wall Street Journal, December 28, 2006

The holiday cheer continued to flow, as upbeat housing data helped push the Dow Jones Industrial Average above 12500 for the first time.

It was the 22nd record finish for the Dow since October began, and left the blue-chip average up 16.7% this year -- poised for its strongest gain since 2003, when it rose 25.3%. The Dow finished the day ahead 102.94 points, or 0.83%, at 12510.57.

Support came from a Commerce Department report that new-home sales rose more than expected in November. The data backed hopes that the worst of the housing slump may be over.

But the majority of the rally actually occurred before the housing news was announced at 10 a.m. EST. Many short-term investors appear to be betting that the market will finish the year with a bang. Stocks often do well in the trading days from Christmas into early January.

"The economic data pushed the market into full buy mode," said stock trader Brian Williamson of Boston Company Asset Management. "It just started feeding on itself and feeding on itself."

Small stocks, which often do well late in December and in January and also are more economically sensitive than larger ones, outpaced their larger siblings. The Russell 2000 small-stock index rose 1.21% to a record close of 797.73.

As is often the case in the year's waning days, trading volume was below average, which meant that it took less buying than usual to push the indexes higher.

The euphoria also was fed by news that crude-oil futures were falling back toward the $60 mark. The futures finished the day down 76 cents, or 1.24%, at $60.34 a barrel, amid forecasts of a warm January, which would further limit demand.

The broad Standard & Poor's 500-stock index rose 0.70%, or 9.94 points, to 1426.84, up 14.3% in 2006 and just short of a six-year high.

The Nasdaq Composite Index advanced 0.73%, or 17.71 points, to 2431.22, up 10.2% this year.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.91%, or 2.19 points, to 242.49, a record.

In major U.S. market action:

Stocks rose1; bond prices declined2. The 10-year Treasury note fell 13/32, or $4.0625 for each $1,000 invested, pushing the yield up to 4.656%. The 30-year bond was down 25/32 to yield 4.785%.

The dollar eased3. Late in New York, it traded at 118.78 yen, down from 119.15, while the euro rose against the dollar to $1.3125 from $1.3096.

Write to E.S. Browning at jim.browning@wsj.com4

Strong Housing Report Helps Send Dow Industrial Average Over 12,500 (WP/AP)

The Washington Post, December 28, 2006

NEW YORK, Dec. 27 -- Stocks rose Wednesday, sending the Dow Jones industrial average past 12,500 for the first time as year-end bargain hunters bought shares across many sectors.

Home builders did well on the strength of a Commerce Department report that showed new home sales rose more than expected in November.

Bonds were lower. Many investors hope that signs of economic weakness will motivate the Federal Reserve to lower interest rates, so the sign of strength in the housing industry was troublesome for bondholders. The yield on the benchmark 10-year Treasury note rose to 4.65 percent, from 4.60 percent late Tuesday.

Ford Motor and Toyota Motor shares rose after a meeting between executives of the companies sparked hope for an alliance between the two rivals. General Motors, meanwhile rose sharply.

Increased Home Sales Give Stocks A Leg Up (USAT/BLOOM)

USA Today, December 28, 2006

NEW YORK — The stock market rallied a second-consecutive day and propelled the Dow Jones industrial average to a new high Wednesday as a bigger-than-expected increase in November home sales stoked optimism that the worst of the housing slump may be over.

"If people start to see real estate prices stabilize, that's going to create a better consumer outlook," says Charles Stamey, who helps manage $14 billion at Manning & Napier Advisors. "That is very good news for people who look at overall market sentiment."

The Dow gained 102.94 points, or 0.8%, to 12,510.57, topping its Dec. 19 close of 12,471.32. The Dow is up 16.7% for 2006. The Standard & Poor's 500 index added 9.94 points, or 0.7%, to 1426.84 for a 2006 gain of 14.3%. The Nasdaq composite rose 17.71 points, or 0.7%, to 2431.22. It is up 10.2% in 2006.

Ryland gained $1.82 to $54.35 and led a rally for home builders as the November sales report eased concern that a glut of unsold homes would depress prices and make owners less inclined to spend money. Home Depot, the largest home-improvement retailer, climbed 50 cents to $39.56, while Freeport-McMoRan Copper & Gold rose $1.59 to $56.13, pacing gains for companies whose products are used in houses.

Sales of new homes in the USA benefited last month as lower mortgage rates and more incentives helped builders reduce inventory (story, 1B). Consumer spending, which is influenced by home values, makes up two-thirds of the U.S. economy and may play a bigger role in driving growth amid signs manufacturing is slowing.

Stocks are poised to complete their fourth annual rise in a row, partly due to hopes the Federal Reserve will cut its target for short-term interest rates.

A one-month low in oil prices Wednesday may help the inflation outlook, allowing the Fed to ease borrowing costs. Oil fell 76 cents to $60.34 a barrel, the lowest since Nov. 27. It is down 22% from July's record close of $77.03. "Any move down in oil can be viewed positively for stocks," says Michael Malone, trading analyst at Cowen & Co. "It removes inflationary pressure."

The New York Stock Exchange and Nasdaq Stock Market each held a period of silence to honor former president Gerald Ford, who died late Tuesday. However, 16,200 shares of Semiconductor HOLDRs Trust traded on the NYSE during its two-minute observance starting at 9:30 a.m. ET, while about 5.2 million shares traded on the Nasdaq during its pause, which started at 11 a.m.

Mall Retailers' Numbers Seen At Low End Of Forecasts (WSJ)

By James Covert

The Wall Street Journal, December 28, 2006

NEW YORK -- Retailers posted a disappointing 1.7% increase in comparable sales for the week ended Dec. 23, putting holiday sales on track to hit the low end of expectations, according to the International Council of Shopping Centers.

A surge of last-minute purchases by consumers fueled a 2% rise in same-store sales, or sales at stores open at least a year, from the previous week's levels, with sales on Friday and Saturday particularly strong. But the 1.7% same-store increase

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from year-ago spending was the weakest such gain recorded by the New York-based trade group since the week ended Feb. 12, 2005.

THE YEAR'S IMAGES

• Year in Photos:1 Revisit images of Defense Secretary Rumsfeld's departure, the 2006 elections, Saddam Hussein's trial and more, with links to related Wall Street Journal coverage, in the Year in Photos 2006.

While there's still a week left in the December period on the retail calendar, same-store sales for the month now appear on track to hit the low end of the trade group's estimate for a 2.5% to 3.5% increase, said chief economist Michael Niemira. That also puts same-store sales for the combined November-December holiday period on track to hit the low end of its estimate for a 2.5% to 3% gain.

"The last week of the fiscal month might exceed modest expectations as consumers redeem those holiday gift cards and shop for the bargains on clearance," Mr. Niemira said. About 18% of consumers surveyed said they planned to shop on the day after Christmas, in line with 19% who reported doing so last year.

Nevertheless, Mr. Niemira called the results of the final, crucial week of the pre-Christmas shopping season "a very mixed performance," noting pockets of strength and weakness among retailers that made it difficult to gauge overall results. Some consumers shifted more purchases online, while others bought more gift cards. Discounts were steep, although "largely planned," Mr. Niemira said. Unusual bouts of warm weather and shifts in the industry calendar also made it tricky to assess the numbers, he said.

Prior to the week ended Dec. 23, the slimmest year-over-year holiday gain had been posted on the week ended Nov. 11, when same-store sales rose 2.1%. The strongest such gain was recorded the week ended Dec. 11, when same-store sales rose 3.2% from year-earlier levels. Same-store sales are a closely watched measure of retail performance.

The International Council of Shopping Centers currently tracks same-store sales at 59 major retail chains in the U.S. The trade group's next weekly update is slated for Jan. 3.

Separately, ShopperTrak RCT Corp., which tracks total sales at more than 45,000 retail outlets, reported that sales for the week ended Saturday increased 5.2% over the year-ago period. Foot traffic fell a slight 1.3 percent during that same period, indicating that shoppers were making bigger purchases with fewer trips, according to Bill Martin, co-founder of ShopperTrak.

Much of last week's strength was from Friday and Saturday, though the finale wasn't as strong as hoped for. As a result, Mr. Martin believes that total holiday sales will probably not meet the 5% growth forecast, though holiday sales growth will be at least 4.5%.

The National Retail Federation, the industry trade association, is sticking to its holiday growth forecast of 5%. The figure excludes business from auto dealers, gas stations and restaurants.

Cyberspace Sex Scandal Heads Toward Trial (USAT/AP)

USA Today, December 28, 2006

WASHINGTON (AP) — When Robert Steinbuch discovered his girlfriend had discussed intimate details about their sex life in her online diary, the Capitol Hill staffer didn't just get mad. He got a lawyer.

Soon, though, the racy tidbits about the sex lives of the two Senate aides faded from the front pages and the gossip pages. Steinbuch accepted a teaching job in Arkansas, leaving Washington and Jessica Cutler's Washingtonienne Web log behind.

While sex scandals turn over quickly in this city, lawsuits do not. Steinbuch's case over the embarrassing, sexually charged blog appears headed for an embarrassing, sexually charged trial.

Lurid testimony about spanking, handcuffs and prostitution aside, the Washingtonienne case could help establish whether people who keep online diaries are obligated to protect the privacy of the people they interact with offline.

Cutler, a former aide to Sen. Mike DeWine, R-Ohio, says she created the blog in 2004 to keep a few friends up to date on her social life. Like a digital version of the sex-themed banter from a Sex and the City episode, Cutler described the thrill and tribulations of juggling sexual relationships with six men.

One of those men was Steinbuch, a counsel to DeWine on the Judiciary Committee. Cutler called him the "current favorite" and said he resembled George Clooney, liked spanking and disliked condoms.

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"He's very upfront about sex," she wrote. "He likes talking dirty and stuff, and he told me that he likes submissive women."

When Ana Marie Cox, then the editor of the popular gossip website Wonkette.com, discovered and linked to Cutler's blog, the story spun out of control. Cutler was fired and Steinbuch says he was publicly humiliated. He went to court seeking more than $20 million in damages.

The case is embroiled in thorny pretrial issues, with each side demanding personal information from the other. Steinbuch wants to know how much money Cutler received from the man she called her "sugar daddy." Cutler demanded Steinbuch's student evaluations from the University of Arkansas at Little Rock Law School, where he teaches.

Steinbuch also recently added Cox as a defendant in the case, though he has not served her with court papers. A trial date has not been set, but Matthew Billips, Cutler's attorney, said there are no settlement talks that might head off a trial.

"I have no idea what he wants," Billips said. "He's never said, 'This is what I think should be done.'"

Neither Steinbuch nor his attorney returned phone calls seeking comment. In court, attorney Jonathan Rosen said Steinbuch wants to restore his good name. Students in his legal ethics class all search the Internet and learn about the blog, Rosen said.

"It's not funny and it's damaging," Rosen told a judge. "It's horrible, absolutely horrible."

To win, Steinbuch will have to prove that the details of their sexual relationship were private and publishing them was highly offensive. Billips argues that Cutler never intended to make the blog public but, in the information age, data is easily copied and distributed beyond its intended audience.

If the case goes to trial, its outcome will be important both to bloggers and to people who chronicle their lives on social-networking sites such as MySpace and Facebook. Marc Rotenberg, director of the Electronic Privacy Information Center, said he may teach the Washingtonienne case this spring during his class at Georgetown Law School.

"Anybody who wants to reveal their own private life has a right to do that. It's a different question when you reveal someone else's private life," he said, adding that simply calling something a diary doesn't make it one. "It's not sitting in a nice, leather-bound book under a pillow. It's online where a million people can find it."

Rotenberg asked, what if Cutler had secretly videotaped the encounters and sold the videos without Steinbuch's consent? There has to be a line somewhere, he said.

Since being fired, Cutler moved back to New York, wrote a novel based on the scandal, posed nude for Playboy and started a new website, where she solicits donations "for slutty clothes and drugs."

She wouldn't discuss the case but said she's amazed by what has happened.

"The fact that anyone was interested in the first place was a surprise," she said. "The fact that there was a lawsuit in the first place was a surprise. That it's still going on is a surprise."

U.S. District Judge Paul Friedman was surprised, too.

"I don't know why we're here in federal court to begin with," Friedman told attorneys for both sides in April. "I don't know why this guy thought it was smart to file a lawsuit and lay out all of his private, intimate details."

In that sense, the Washingtonienne lawsuit has become a study into when to make a federal case out of something and when to just let it go away. It's a question lawyers wrestle with all the time.

Lanny Davis, the former special counsel to President Clinton who now advises companies during times of crisis, tells clients to decide whether they want justice or simply to set the record straight and get a message across.

"If you're looking for justice, the court system is the only thing you have," Davis said. "If you're looking to get the full story, good and bad, into one coherent narrative, the court system is perhaps the worst possible forum."

Ford Disagreed With Bush About Invading Iraq (WP)

By Bob Woodward

The Washington Post, December 28, 2006

Former president Gerald R. Ford said in an embargoed interview in July 2004 that the Iraq war was not justified. "I don't think I would have gone to war," he said a little more than a year after President Bush launched the invasion advocated and carried out by prominent veterans of Ford's own administration.

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In a four-hour conversation at his house in Beaver Creek, Colo., Ford "very strongly" disagreed with the current president's justifications for invading Iraq and said he would have pushed alternatives, such as sanctions, much more vigorously. In the tape-recorded interview, Ford was critical not only of Bush but also of Vice President Cheney -- Ford's White House chief of staff -- and then-Defense Secretary Donald H. Rumsfeld, who served as Ford's chief of staff and then his Pentagon chief.

"Rumsfeld and Cheney and the president made a big mistake in justifying going into the war in Iraq. They put the emphasis on weapons of mass destruction," Ford said. "And now, I've never publicly said I thought they made a mistake, but I felt very strongly it was an error in how they should justify what they were going to do."

In a conversation that veered between the current realities of a war in the Middle East and the old complexities of the war in Vietnam whose bitter end he presided over as president, Ford took issue with the notion of the United States entering a conflict in service of the idea of spreading democracy.

"Well, I can understand the theory of wanting to free people," Ford said, referring to Bush's assertion that the United States has a "duty to free people." But the former president said he was skeptical "whether you can detach that from the obligation number one, of what's in our national interest." He added: "And I just don't think we should go hellfire damnation around the globe freeing people, unless it is directly related to our own national security."

The Ford interview -- and a subsequent lengthy conversation in 2005 -- took place for a future book project, though he said his comments could be published at any time after his death. In the sessions, Ford fondly recalled his close working relationship with key Bush advisers Cheney and Rumsfeld while expressing concern about the policies they pursued in more recent years.

"He was an excellent chief of staff. First class," Ford said. "But I think Cheney has become much more pugnacious" as vice president. He said he agreed with former secretary of state Colin L. Powell's assertion that Cheney developed a "fever" about the threat of terrorism and Iraq. "I think that's probably true."

Describing his own preferred policy toward Saddam Hussein's Iraq, Ford said he would not have gone to war, based on the publicly available information at the time, and would have worked harder to find an alternative. "I don't think, if I had been president, on the basis of the facts as I saw them publicly," he said, "I don't think I would have ordered the Iraq war. I would have maximized our effort through sanctions, through restrictions, whatever, to find another answer."

Ford had faced his own military crisis -- not a war he started like Bush, but one he had to figure out how to end. In many ways those decisions framed his short presidency -- in the difficult calculations about how to pull out of Vietnam and the challenging players who shaped policy on the war. Most challenging of all, as Ford recalled, was Henry A. Kissinger, who was both secretary of state and national security adviser and had what Ford said was "the thinnest skin of any public figure I ever knew."

"I think he was a super secretary of state," Ford said, "but Henry in his mind never made a mistake, so whatever policies there were that he implemented, in retrospect he would defend."

In 1975, Ford decided to relieve Kissinger of his national security title. "Why Nixon gave Henry both secretary of state and head of the NSC, I never understood," Ford said. "Except he was a great supporter of Kissinger. Period." But Ford viewed Kissinger's dual roles as a conflict of interest that weakened the administration's ability to fully air policy debates. "They were supposed to check on one another."

That same year, Ford also decided to fire Defense Secretary James R. Schlesinger and replace him with Rumsfeld, who was then Ford's White House chief of staff. Ford recalled that he then used that decision to go to Kissinger and say, "I'm making a change at the secretary of defense, and I expect you to be a team player and work with me on this" by giving up the post of security adviser.

Kissinger was not happy. "Mr. President, the press will misunderstand this," Ford recalled Kissinger telling him. "They'll write that I'm being demoted by taking away half of my job." But Ford made the changes, elevating the deputy national security adviser, Brent Scowcroft, to take Kissinger's White House post.

Throughout this maneuvering, Ford said, he kept his White House chief of staff in the dark. "I didn't consult with Rumsfeld. And knowing Don, he probably resented the fact that I didn't get his advice, which I didn't," Ford said. "I made the decision on my own."

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Kissinger remained a challenge for Ford. He regularly threatened to resign, the former president recalled. "Over the weekend, any one of 50 weekends, the press would be all over him, giving him unshirted hell. Monday morning he would come in and say, 'I'm offering my resignation.' Just between Henry and me. And I would literally hold his hand. 'Now, Henry, you've got the nation's future in your hands and you can't leave us now.' Henry publicly was a gruff, hard-nosed, German-born diplomat, but he had the thinnest skin of any public figure I ever knew."

Ford added, "Any criticism in the press drove him crazy." Kissinger would come in and say: "I've got to resign. I can't stand this kind of unfair criticism." Such threats were routine, Ford said. "I often thought, maybe I should say: 'Okay, Henry. Goodbye,' " Ford said, laughing. "But I never got around to that."

At one point, Ford recalled Kissinger, his chief Vietnam policymaker, as "coy." Then he added, Kissinger is a "wonderful person. Dear friend. First-class secretary of state. But Henry always protected his own flanks."

Ford was also critical of his own actions during the interviews. He recalled, for example, his unsuccessful 1976 campaign to remain in office, when he was under enormous pressure to dump Vice President Nelson A. Rockefeller from the Republican ticket. Some polls at the time showed that up to 25 percent of Republicans, especially those from the South, would not vote for Ford if Rockefeller, a New Yorker from the liberal wing of the Republican Party, was on the ticket.

When Rockefeller offered to be dropped from the ticket, Ford took him up on it. But he later regretted it. The decision to dump the loyal Rockefeller, he said, was "an act of cowardice on my part."

In the end, though, it was Vietnam and the legacy of the retreat he presided over that troubled Ford. After Saigon fell in 1975 and the United States evacuated from Vietnam, Ford was often labeled the only American president to lose a war. The label always rankled.

"Well," he said, "I was mad as hell, to be honest with you, but I never publicly admitted it."

Christine Parthemore contributed to this report.

Ford Aides Shape Bush Tenure (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, December 28, 2006

WASHINGTON -- Gerald Ford took office in a presidency weakened by Vietnam and Watergate -- a situation that some top aides set out to reverse upon returning to power in the Bush administration. Their effort to undo the damage done to the presidency during the Nixon-Ford years has the Bush White House on a collision course with the coming Democratic Congress.

Mr. Ford, who died Tuesday, held office for 2½ years and was the only person to hold the position without being elected president or vice president. But his tenure is felt through the ranks of aides -- most notably Vice President Dick Cheney -- who became pivotal figures in the Bush administration. They have used their years in office to restore powers of the presidency they felt were lost after Mr. Nixon's resignation and the Vietnam War. The Bush White House's assertion of presidential power in areas such as the war on terror may be Mr. Ford's most surprising legacy.

Mr. Ford became president when the balance of power between the legislative and executive branches had swung strongly toward Congress. Sparked by policy battles with President Nixon, a Democratic-controlled Congress tried to set new limits on the workings of the American intelligence community and defense establishment. Many Ford aides left office believing that Congress had usurped powers that belonged to the executive branch.

"With the arrival of Watergate and Vietnam, the president's authority was considerably weakened, and that of Congress got much stronger," says Brent Scowcroft, who was Mr. Ford's national security adviser. "We were too weakened, and had too many problems, to really push back."

When Ford aides such as Mr. Cheney and former Secretary of Defense Donald Rumsfeld joined the Bush administration, they worked to swing the pendulum back toward the executive branch, in effort to restore powers that aides felt Mr. Ford had forfeited during his tenure. For some Ford veterans, the Bush years represented an opportunity to re-empower the White House at the expense of Congress.

"Cheney and others from the Ford group were in the White House during an unprecedented assault on the power and prerogatives of the presidency, and they came away from that thinking that restoring strength to the presidency was an important

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institutional obligation," says Vin Weber, a lobbyist and former Republican congressman from Minnesota. "They've spent years trying to do just that."

Reversal Of Fortune (NYT)

By Barry Werth

The New York Times, December 28, 2006

Northampton, Mass.

AMERICA got its first real impression of Gerald Ford on the steamy August morning 33 years ago when he took office as president, and most people instantly liked what they saw. Mr. Ford stood in the driveway of his suburban split-level house, hours before assuming a post he never sought and hoped to avoid having to fill. One of the questions he took was about Harry Truman's comment when he had the office abruptly thrust upon him. Mr. Truman said he felt that the moon, the stars and the planets had fallen on him.

"I think that's an apt description," Mr. Ford said. "I can tell you better this afternoon after it actually happens."

"Mrs. Ford hoped you would get out of politics. What is her response?"

"Well," Mr. Ford shook his head. "She's just doing her best and we'll wait and see about the other."

Like Mr. Truman, President Ford was a seemingly ordinary Midwesterner, a career politician and party man dogged by low expectations and doubts — suitable "standby equipment," as Nelson Rockefeller called the vice presidency, but no one's idea of a commanding leader.

Still worse, he came into office not as Harry Truman and Lyndon Johnson had, inheriting the mantle of a popular fallen leader and with a supportive Congress, but replacing a disgraced and reviled figure and facing Democratic majorities in both houses, as well as right-wing rumblings about Richard Nixon's foreign and economic policies. By the time Mr. Nixon departed, Mr. Ford wrote, "he had no mantle left."

Of necessity, President Ford devised a new one — "the mantle of the presidential center," The Washington Post's Lou Cannon called it. For a month, Mr. Ford set out not just to heal America's divisions but to expunge them. He moved hard to the center, determined, he wrote, "to leave the right sputtering."

He chose Nelson Rockefeller as his vice president (over George H. W. Bush and Donald Rumsfeld, who both campaigned vigorously for the job), met with blacks and women, proposed partial amnesty for Vietnam-era draft resisters, and hewed to Mr. Nixon's realism in foreign affairs. The press corps extended him the benefit of the doubt, finding him refreshingly open and honest after Mr. Nixon, and his approval ratings soared — literally, from nowhere — to 70 percent.

Then, one Sunday morning a month after moving into the Oval Office, he pardoned Mr. Nixon before the former president was indicted. With a pen stroke, a very different Ford presidency emerged. Though he said he was forgiving Mr. Nixon because the televised spectacle of a former president in the criminal dock would stir up "ugly passions," the pardon instantly and inevitably looked like the last cynical act of the Watergate cover-up — Mr. Nixon's hand-chosen successor giving him a free pass.

The pardon was a political disaster for President Ford. His approval ratings plummeted, inviting attacks from not only the Democrats, but also the Republican right, which rallied around Ronald Reagan.

President Ford spent the remainder of his presidency trying to stave off the intraparty challenge that had suddenly emerged. Two weeks after the pardon, he appointed Mr. Rumsfeld as White House chief of staff, and Mr. Rumsfeld chose Dick Cheney, then 33, as his deputy. A year later, President Ford fired Defense Secretary James Schlesinger and replaced him with Mr. Rumsfeld, put Mr. Bush in charge of the C.I.A., forced Nelson Rockefeller off the 1976 ticket, and promoted Mr. Cheney to chief of staff. In that role, Mr. Cheney instituted a more centralized, secretive, Nixonian approach to presidential power, as he and Mr. Rumsfeld moved to replace President Ford's restraint and realism with a swaggering, messianic view of American might. If it all sounds familiar, it is.

Unlike those he elevated to power, President Ford accepted accountability and showed uncommon political and personal courage. He announced his amnesty plan before the annual convention of the Veterans of Foreign Wars — the toughest audience he could find — telling reporters it would be "a little cowardice" to roll it out before a hand-picked crowd.

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When it came out that Gen. Alexander Haig, President Nixon's chief of staff, went to Mr. Ford a week before the president's resignation proposing that he pardon him, Mr. Ford volunteered to testify before Congress, where he swore under oath, "There was no deal, period, under no circumstances." Suspicion still lingers that President Ford telegraphed Mr. Nixon that he wouldn't face jail — after the pardon discussion, according to a close Ford aide, he told General Haig to "do whatever they decided to do" to convince Mr. Nixon to step down. But he never complained publicly about his reversal of fortune in office.

President Ford believed that by pardoning Mr. Nixon, he was putting Watergate and the imperial presidency in the past. But by sacrificing his popularity, he also lost much of his mandate to address the aftermath of Watergate and Vietnam with moderation, bipartisanship and national humility — the very goals he set out to achieve. Forced to the right, his administration spawned many of the core attitudes and key players of the George W. Bush White House.

Mr. Ford didn't struggle for the presidency, didn't win it, but he was determined not to fail at it. His candor and decency helped restore America's faith in its institutions. It's regrettable that the pardon — shadowed by ambiguity, politically catastrophic, and with a long tail extending to the heart of today's White House — weighs so heavily on his legacy.

How Ford's Legacy Still Serves (WP)

By David S. Broder

The Washington Post, December 28, 2006

The standard tribute to Gerald R. Ford is that he served the nation best simply by stepping into the presidency for the disgraced and banished Richard M. Nixon.

But to those who served with the man from Michigan, his achievements did not begin or end with his being available to help "heal our land" from the wounds of the Nixon presidency, as his successor, Jimmy Carter, said on the day he took over from Ford.

The alumni of the Ford administration -- a notable group -- insist that though he had never particularly aimed for the presidency, the "accidental president" developed a considerable mastery of the job and was on his way to building a legacy when the voters sent him into early retirement.

Instead of great deeds, they say, he left behind a great model of decency and integrity in office -- and a generous gift of friendship that has endured for many of them for the three decades since they served under him. The annual gatherings of Ford administration alumni are unique in the modern presidency and offer evidence of the loyalty he commanded.

Many of those alumni who first exercised real power under Ford remained active in government. For all that he has borrowed from Ronald Reagan, President Bush owes the greatest debt to three stalwarts of economic and national security policy inherited from Ford -- Vice President Cheney and former defense secretary Don Rumsfeld, both former chiefs of staff to Ford, and former Federal Reserve chairman Alan Greenspan, Ford's chairman of the Council of Economic Advisers.

In all his years, Greenspan observed, he has never been part of a more talented administration. Henry Kissinger was secretary of state, and Brent Scowcroft headed the National Security Council staff. Kissinger's personal staff included Lawrence Eagleburger, later secretary of state himself, and L. Paul Bremer. William Colby headed the CIA, and Daniel Patrick Moynihan was U.N. ambassador.

When Rumsfeld served as Ford's defense secretary, his deputy was William P. Clements Jr., later governor of Texas. The economic policy team included James Lynn and Paul O'Neill at the Office of Management and Budget, William Simon at Treasury, L. William Seidman and Greenspan at the White House, John Dunlop at the Labor Department, Carla Hills at Housing and Urban Development, Rogers C.B. Morton at Commerce, Clayton Yeutter at the Office of the Special Trade Representative, and Russell Train at the Environmental Protection Agency.

The Justice Department was headed by Edward H. Levi, a former University of Chicago president and perhaps the most nonpolitical attorney general in modern times. Serving under him, in various high staff positions, were such people as Rudolph Giuliani, Robert Bork and Antonin Scalia. And Nelson Rockefeller was vice president.

It took a while for Ford to replace some of the key players he had inherited from Nixon, but when he was finished, he had a remarkably cohesive, competent group. The overall tone of the Ford Cabinet and White House reflected the moderate conservatism of Ford's own Grand Rapids, Mich., background -- with more than a tinge of the progressivism embodied in the term "Rockefeller Republicanism."

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In terms of the subsequent development of the Republican Party -- and the character of later Republican administrations -- it is difficult to say that Ford left a lasting imprint. He was challenged for the 1976 nomination by Reagan, whose ambitions nearly thwarted the incumbent at the Kansas City convention. When Ford lost to Carter, Reagan was perfectly positioned to inherit the party leadership and, ultimately, the presidency.

So Ford's legacy lies more in his personal character than in his political inheritance. That character was epitomized by the strength of his friendships, which were far deeper than any partisan or ideological lines. Only days before Nixon resigned under threat of impeachment, Ford traveled to the home state of his political rival but friend, Democratic Rep. Thomas P. "Tip" O'Neill of Massachusetts, to play with him in a golf tournament.

In the final days of the Nixon presidency, Ford made a memorable visit to The Post. As vice president, he had defended Nixon against the Watergate charges, but he recognized in our meeting that he had a responsibility larger than any further claims of personal loyalty from Nixon. "I want you to know I am someone who enjoys having adversaries who are not enemies," he told reporters and editors.

It was a signal, understood by everyone in the room, that a new -- and welcome -- era was about to begin. It turned out to be a shorter period in office than Ford expected, but the standard of civility and good will he set for himself is an example that endures.

Similar Personnel, Different Approaches (WP)

By Peter Baker, Washington Post Staff Writer

Washington Post, December 28, 2006

Gerald R. Ford's administration passed from the scene relatively quickly in the 1970s, but, like much of the decade's popular culture, it left an imprint that would be felt for years to come. In fact, when George W. Bush arrived at the Oval Office 24 years later, it felt at first as if he were shooting a remake of the Ford White House.

Ford's White House chief of staff, Dick Cheney, was now vice president. Ford's defense secretary, Donald H. Rumsfeld, was again the master of the Pentagon. Young aides who had learned the Washington game under the 38th president -- such as Paul H. O'Neill, John W. Snow and Stephen J. Hadley -- were to head the Treasury Department or National Security Council for the 43rd chief executive.

There were other familiar faces as well. James A. Baker III, who as Ford's campaign manager saved his nomination from an insurgent Ronald Reagan in 1976, had come to the rescue when Bush's election headed into recount overtime. And Alan Greenspan, a Ford economic adviser, was the incumbent Federal Reserve chairman who would help Bush sell his signature $1.35 trillion tax-cut program, a far cry from the $10 billion in tax cuts promised by Greenspan's onetime mentor, Ford.

"It's quite amazing how many people from his administration have gone on to big things," said retired Air Force Lt. Gen. Brent Scowcroft, who was national security adviser for both Ford and President George H.W. Bush, then served as chairman of the President's Foreign Intelligence Advisory Board under George W. Bush.

But if the Ford administration proved an incubator for future Republican talent after the demise of Richard M. Nixon's presidency, it turned out not to be much of a model for the current Bush administration in terms of style and ideology. Where Ford governed close to the political center, working with congressional Democrats and presenting a pragmatic, cautious domestic and foreign policy agenda, Bush has styled himself as more of a crusader for change at home and abroad -- bold in the eyes of his admirers but reckless in the view of his critics.

Bush has led the nation in a more polarized time and more polarized fashion, largely eschewing Democrats and focusing on keeping his GOP base behind him. Initially at least, his administration excited conservatives, while moderates who found his approach too radical were cast out, including O'Neill, who was pressured to resign as treasury secretary, and Scowcroft, who was dumped from the intelligence board.

Ford, who spent years in the Republican minority in Congress, put a premium on collaboration to make the system work. "He was just great at that," said Scowcroft. "And as you can see, this administration doesn't believe in that and doesn't practice it. And not just this administration -- the whole town of Washington has changed."

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Not that Ford had it easy. He assumed office amid the trauma of Watergate and Vietnam without being elected and, unlike Bush till now, had an opposition party running Capitol Hill. "He had a hostile Congress to deal with and, to a certain extent, a large segment of his own party that was at odds with him in the Reagan wing," said David Horrocks, a historian at the Gerald R. Ford Presidential Library and Museum.

And just as Bush's team has at times been riven by deep disagreements over issues such as the Iraq war, Ford's circle had its share of internal competition. Rumsfeld was Ford's first White House chief of staff but later turned over the office to his young aide, Cheney, so that he could join the Cabinet, a possible launching pad to becoming the vice presidential nominee in 1976. George H.W. Bush, meanwhile, was made CIA director in what some colleagues saw as a move by Rumsfeld to get rid of a potential rival for the nomination.

But none of that compared to the political divisions of the current era, and Ford in his last years found the changes in the capital culture disheartening. When Time magazine journalist Hugh Sidey, who covered the Ford White House, died in 2005, the former president wrote a piece in The Washington Post lamenting the passing of a Washington where politicians and journalists could respect and even be friends with one another despite disagreements.

"It's hard to imagine how different Washington was in those days," said Ron Nessen, who was Ford's press secretary. "It's so nasty and polarized these days, and everything's political. Ford had a lot of friends in the other party."

In an interview before Ford's death, Nessen said the former president was "not happy" about the polarization of politics. "He has been definitely put off by the tone and mood in Washington, because he does come from that different era when Republicans and Democrats . . . would have a drink together."

Bush also has rued the partisanship of his tenure, though he and his aides generally place the blame on Democrats. Some of his advisers see no virtue in the sort of accommodation they associate with the Ford administration, dismissing it as an approach that would not work in an era that demands more daring leadership.

Whether Cheney sees it that way is uncertain, but of all the Ford veterans inside the Bush White House, no one appears to have changed more. Scowcroft, among others, has said he no longer recognizes the man he knew as a laid-back, good-humored pragmatist who was the nation's youngest White House chief of staff. As Bush's grim-faced vice president more than a quarter-century later, Cheney has articulated a dark view of the world and the threats to the United States while advocating preemptive war in Iraq and a free hand for interrogators grilling prisoners.

Cheney does not explain the seeming evolution, but he continued to pay homage to his former boss throughout his career. "We were at a reunion dinner . . . and Cheney told my husband and me informally, 'I owe everything to Ford,' " said Elaine K. Didier, director of the Ford library.

In a speech to the Wyoming legislature in February, Cheney seemed wistful for his days in the Ford White House. "In Gerald Ford, I had yet another fine role model," he said, "and I still look up to the man for his steadiness, for his kindness and complete lack of pretense, for the way he conducted himself during one of the most serious constitutional crises in the nation's history."

38th President Leaves A Legacy Of Healing (WP)

By Peter Baker

The Washington Post, December 28, 2006

A nation deeply polarized by war and partisanship came together yesterday to mourn Gerald Rudolph Ford as a healer during a previous era of division, while Washington began preparing an elaborate, pageantry-filled farewell for the most modest of presidents.

Ford, who died at his California home Tuesday night at age 93, will lie in state at the U.S. Capitol for two days starting Saturday and will be memorialized at a service at Washington National Cathedral on Tuesday, following the pattern set by Ronald Reagan's death two years ago.

With presidents and lawmakers of both parties assembling in the nation's capital for the occasion, the ceremonies marking Ford's passage promise to set a bipartisan tone to begin a week in which power will change hands in Washington. Two days after the service at the cathedral, Democrats will assume control of Congress for the first time in a dozen years, opening a period of divided government for the remainder of President Bush's time in office.

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Ford's legacy as a bridge builder before, during and after his short presidency dominated the discussion in Washington and across the country yesterday, standing in contrast to a time when leaders in both parties often seem unable to join hands on the big issues of the day. During his final years, mostly privately but sometimes publicly, Ford often expressed regret at what he saw as a coarsening political environment that personalizes policy differences and undermines national unity.

Bush has stocked his administration with veterans of the Ford White House, and he paid tribute yesterday to the 38th president's ability to work across the aisle. "He assumed power in a period of great division and turmoil," Bush told reporters at his ranch in Crawford, Tex., where he is spending the week. "For a nation that needed healing and for an office that needed a calm and steady hand, Gerald Ford came along when we needed him most."

Jimmy Carter, who ousted Ford in 1976 but became friends with him after leaving office, called him "one of the most admirable public servants and human beings I have ever known." In a statement, he said Ford "wisely chose the path of healing during a deeply divisive time in our nation's history" and "frequently rose above politics by emphasizing the need for bipartisanship and seeking common ground on issues critical to our nation."

Ford had been in declining health for months and underwent heart procedures in August. Still, in November, he surpassed Reagan to become the longest-living president. He died at 9:45 p.m. Eastern time Tuesday at his Rancho Mirage home, according to a statement issued on behalf of the family. It did not give a cause of death. White House Chief of Staff Joshua B. Bolten notified Bush, who then called Betty Ford about 11 p.m. to offer condolences.

Under plans announced last night, Ford's funeral will mirror Reagan's June 2004 services. A service will be held in California tomorrow, and his body will be flown to Washington on Saturday, where it will be brought to the Capitol for a formal state funeral that evening. His casket will lie in state in the Rotunda and will be open to the public through Monday. After the service at the Washington National Cathedral, Ford's remains will be taken to Grand Rapids, Mich., where he will be interred Wednesday in a hillside tomb on the grounds of his presidential museum.

Ford was the accidental president, the only one never elected on a national ticket, yet he served as an important transitional figure in a time of profound cynicism. An Eagle Scout, football player, lawyer, Navy officer and congressman, he never aspired to the White House but had it thrust upon him when he was chosen to succeed first Spiro T. Agnew, driven from the vice presidency by corruption charges, and then Richard M. Nixon, who resigned amid the Watergate scandal on Aug. 9, 1974.

Ford's first major act in office probably guaranteed that he would not keep it, as his decision to pardon Nixon triggered a political backlash and widespread suspicion that he had cut a deal to take over the presidency. He denied the allegation and insisted that the pardon was the only way to move the country beyond Watergate.

It took many years, even decades, but even some of his fiercest critics came to agree. Roger Wilkins, then a New York Times editorial writer who repeatedly condemned Ford over the pardon, wrote a letter to the former president just last month to say he had changed his mind. Then Wilkins delivered a speech at the Ford museum earlier this month saying the same thing.

"Ford was right," Wilkins said in an interview. "The country really needed to move on. The picture of a president in the dock with these motley Democrats hounding him, it would have made the country -- we'd gone through some ugly times, but it would have been uglier. . . . If Ford hadn't done a thing else in his presidency, that would have been a great service to the country."

Other Democrats have come around to the same conclusion. At the time, Rep. David Obey (Wis.) said yesterday, he thought the pardon was "the absolutely wrong thing to do." But now, Obey said, he realizes Ford "served as a healing agent for the country."

Gracious if not always graceful, Ford by the time he died had achieved stature and respect that eluded him in office. The amiable klutz lampooned on "Saturday Night Live" had become transformed into a symbol of decency and moderation, a throwback to a time when Republicans and Democrats would fight by day and share cocktails and war stories by night.

"He was a man who was willing to work with Democrats when and where and how he could," said Rep. John D. Dingell, a Democrat who served in the Michigan delegation with Ford. "He played golf with Tip O'Neill. After he was elevated to the presidency, we worked very closely together on energy matters -- we had huge fights, but worked together. He was a man who was very careful in his personal conduct and so his fights lent respect to him."

Ford never forgot his humble roots, famously presenting himself as "a Ford, not a Lincoln." He was not even born a Ford. His original name was Leslie Lynch King Jr., but his parents divorced and he was renamed Gerald R. Ford Jr. for his mother's

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second husband. After attending the University of Michigan and starring on its football team, he turned down offers from the Green Bay Packers and Chicago Bears and eventually graduated from Yale Law School. Ford served nearly four years in the Navy during World War II before returning to Michigan to run for the House.

Ford worked his way up to House minority leader, making him an easily confirmable choice as the first vice president appointed under the 25th Amendment, which set rules for filling vacancies.

Upon taking over the Oval Office, he declared, "Our long national nightmare is over." But Watergate was not the only crisis awaiting him.

"When Nixon resigned, Congress was in session, the fighting was going on in Vietnam. He had to form a government with no transition time," said Robert A. Goldwin, who worked for Ford as a special consultant and is now an American Enterprise Institute scholar. "So it wasn't a situation where you could be thinking of long-term plans with so many urgent matters not under your control."

Ford ended U.S. involvement in Vietnam, brokered a cease-fire between Israel and Egypt, signed the Helsinki human rights convention and an arms-control treaty with the Soviet Union, and dispatched Marines to free the crew of a merchant vessel captured by Cambodian communists. He survived two assassination attempts. But he could never pull the country out of the economic troubles he inherited.

"He left a fine example of a president who did what he felt was right whatever the political consequences," said James Cannon, his biographer and former aide. "What he inherited was a series of problems. He inherited a recession, the worst since the Great Depression. He inherited Vietnam, which four presidents had been unable to end, and he ended it -- raggedly, but he ended it. Most of all, he restored the integrity of the presidency."

At a time of high inflation and rising unemployment, Ford saw the economy as "job one," said John Robert Greene, a historian at Cazenovia College in Upstate New York who has written five books on Ford. "It defined his domestic agenda." By his first winter in office, Ford had proposed an end to Nixon-era price controls, combined with tax cuts, a policy of no new spending and caps on federal salaries.

In dealing with an overwhelmingly Democratic Congress, Ford relied on his veto pen as a legislative strategy, rejecting an astonishing number of bills -- 66 in all -- many of which were economic and tax measures he viewed as fiscally irresponsible. "He was the most prolific vetoer in our history," said Rebecca Deen, a political scientist at the University of Texas at Arlington.

The energy crisis of the 1970s also consumed his attention. Ford's energy policy was part of his broad faith in the deregulation that was coming into fashion in conservative circles. And he was a believer in states' rights, Greene said, ordering federal officials not to intervene in Boston's crisis over school desegregation or New York City's fiscal emergency.

Ford, who always said his greatest ambition was to be speaker of the House, waged a vigorous campaign in 1976 to hold on to the White House, barely beating back a nomination challenge from the right in the form of Reagan. But he could not overcome the travails of his tenure to beat Carter in the fall.

Reagan briefly explored the idea of making Ford his vice presidential running mate in 1980. Ford settled into a long post-presidency serving on corporate boards, playing in charity golf tournaments and occasionally teaming up with onetime rival Carter for bipartisan statements.

The tributes poured in yesterday. Vice President Cheney, who served as his chief of staff, saluted Ford's "strength, wisdom, and good judgment" and said, "He was a dear friend and mentor to me until this very day."

Former defense secretary Donald H. Rumsfeld, who served Ford in the same capacity, hailed his "great decency and towering integrity." Former president George H.W. Bush, who served as Ford's CIA director and envoy to China, called him "one of the most decent and capable men I ever met."

But the words Ford might have appreciated most came from former senator Robert J. Dole, his 1976 running mate. "He was a friend to everyone who met him," Dole said. "He had no enemies."

Staff writers Amy Goldstein and Lyndsey Layton in Washington, John Pomfret in California, and Michael Abramowitz in Crawford, Tex., contributed to this report.

He Led By Listening (LAT)

DOJ_NMG_0109627

By Peter Spiegel

The Los Angeles Times, December 28, 2006

WASHINGTON — After Gerald R. Ford became president in 1974, he assembled a staff of strong, brilliant and highly opinionated personalities. Ford's most enduring legacy, some have argued, is the people he brought into power, including Donald H. Rumsfeld, Dick Cheney, Brent Scowcroft and James A. Baker III.

Under three Republican presidents, it is a group that has shaped U.S. foreign policy through the end of the Cold War and its aftermath, nowhere more than during the presidency of George W. Bush, where Rumsfeld and Cheney helped set the course for a war on terrorism and the invasion of Iraq.

"I've talked to people over and over again, and if there is such a thing as a Republican national security apparatus in personnel, they're all Gerald Ford's people," said Scowcroft, who replaced Henry Kissinger as national security advisor in the Ford years. "That's pretty remarkable."

Despite the continuity of the personnel, the way they made policy under Ford and the current president could not be more different, say officials familiar with both administrations. And that contrast has drawn attention as critics have probed the judgments that led to an Iraq war that is increasingly troubled.

In seeking answers to problems, Ford — a veteran of more than two decades of debate in the House of Representatives — relished the give-and-take of open and sometimes heated debate. He would force the strong egos that surrounded him to make their case in person during lengthy White House sessions, where he would constantly question the most minute details.

James T. Lynn, Ford's budget director, recalled one particularly heated discussion among Cabinet members in front of Ford, which ended with the president thanking both sides and retreating to the Oval Office: "I had to go back into the president's office with him, and he turned to me and said, 'Wasn't that fun?' "

Said L. William Seidman, a top Ford economic advisor, "I worked for three or four presidents, and I think more than any other president, [Ford] was determined that all views be presented to him before he made a decision. I think it's very clear in the early days of the Bush administration, they did not have a process like that, and you had people like [Secretary of State Colin L.] Powell saying the State Department never had a chance to present to the president what would happen after the war started."

Critics have cited the Bush team's strong ideological position on Iraq from its earliest days, and questioned why faulty assumptions about that nation's unconventional weapons program and its reaction to a U.S. military occupation were not more vigorously challenged before an invasion was launched.

Presidential historians and former Ford aides warn that too much can be made of the comparison in White House management styles. Bush, they contend, appears to be listening to more outside voices, particularly in his recent rethinking of Iraq policy. And Ford's White House in his early months as president was a place of contention between holdovers from the Nixon administration and former House aides who moved down Pennsylvania Avenue.

In building his administration, Ford aides said, the former president brought in skilled advisors of varied ideological backgrounds. In addition to up-and-comers like Cheney and Rumsfeld — who worked closely with Ford when they were fellow congressmen — Ford tapped for his Cabinet leading intellects such as University of Chicago president Edward H. Levi, who became Ford's attorney general, and William T. Coleman Jr., a distinguished civil rights lawyer who became Transportation secretary.

Ford, they said, was comfortable with being less knowledgeable than his advisors and was unthreatened by strongly voiced disagreements. Unlike almost any subsequent president, Ford was able to create a White House that was open to dissent. To this day, Ford alumni meet annually.

"I know that my friends in the Carter administration said they could never do anything like this, and the Reagan people didn't because there were such rivalries and contests," said James Cannon, a domestic policy advisor to Ford who went on to write one of the few biographies of the former president.

The comparisons with Bush's style first broke into the public debate two years ago. Paul O'Neill, a senior official in the Ford White House's budget office who three decades later became Bush's Treasury secretary, cooperated with author Ron Suskind on a book that made critical contrasts between the two presidents.

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In Suskind's book "The Price of Loyalty," O'Neill described Ford as a man comfortable around strong personalities, like Secretary of State Henry A. Kissinger and James R. Schlesinger, his first Defense secretary — a trait O'Neill attributed to a quiet self-confidence mixed with a non-ideological approach to finding solutions.

In one passage, O'Neill recalled a meeting with Bush in the Oval Office in which he recounted to the president an economic conference he helped set up shortly after Ford took office, a forum featuring economists, business executives and labor leaders with widely differing views on fiscal policy.

"Ford was really good at the meeting," O'Neill recalled telling Bush. "He showed that he was attentive and really knowledgeable about all competing positions." Bush agreed to hold an economic conference of his own, but instead of opposing experts, attendees would almost universally be Bush supporters, and many were political donors. "It'll just be a lot of people reading from a script that says, 'I love the president,' " O'Neill told his staff when he saw the invitation list, according to Suskind's account. "Where, exactly, does that fit in the grand American ideal of free and honest inquiry?"

Stephen Hess, a presidential scholar at the Brookings Institution, argued that O'Neill's view of Ford's presidency is somewhat idealized, and that Ford's White House did not become well functioning until the last months of his presidency.

Bush administration officials have dismissed O'Neill's criticism as the result of bitterness over his dismissal. "Paul has had his say," said Cheney in 2004. "I disagree with his analysis, obviously.... I feel badly for him, to some extent, that he has ended his career on this note."

Other Ford White House veterans, many of whom asked not to be named because they did not want to appear critical of Bush, say they share O'Neill's view of the contrasts.

"The difference is, Ford was looking for answers to questions; he was looking for a way to formulate policy and what policies would work," said one Ford alumnus who has discussed the issue with counterparts in the Bush administration. "These guys came in, and they knew what they wanted to do. They wanted people just to execute. They didn't want to debate."

To the Ford veterans, rigorous internal debates were a model that Bush was ignoring.

According to Suskind, what troubled O'Neill, along with then-Federal Reserve Chairman Alan Greenspan, who had been chairman of Ford's Council of Economic Advisors, and some other Ford alumni, "was how the order was reversed, how discussions of desired messages seemed to come first and real policy debates came later as justification, or never. That made them fearful."

Ford's Touch As A Mentor Is Part Of Legacy As Leader (USAT)

By Kathy Kiely

USA Today, December 28, 2006

WASHINGTON — The public's most vivid memories of the late president Gerald Ford may well be his pardon of his predecessor, Richard Nixon, and the gleeful imitations of Ford that comedian Chevy Chase used to do on Saturday Night Live.

But the nation's 38th president, who will lie in state this weekend in the U.S. Capitol where he served most of his political career, left a less heralded but far more enduring legacy in the form of the people he attracted to public service.

Ford's "flair for finding really good people," in the words of Sen. Kay Bailey Hutchison, R-Texas, has extended his influence far beyond the day his three-year tenure ended in 1977.

Many whose careers Ford launched or nurtured are still in government and shaping policy today. Several Ford advisers played key roles in the administration of President Bush; other protégés will be leaders in the Congress that convenes next month.

Vice President Cheney, a former colleague from the U.S. House, served as White House chief of staff to Ford. In a statement Wednesday, Cheney alluded to the time after Ford replaced President Nixon in the wake of revelations about the Watergate scandal.

Ford "assumed the nation's highest office during the greatest constitutional crisis since the Civil War," Cheney said about the man he called his mentor. "In that troubled era, America needed strength, wisdom and good judgment, and those qualities came to us in the person of Gerald R. Ford."

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Recently retired Defense secretary Donald Rumsfeld was another congressional colleague who served as Defense secretary for Ford. In Congress, Rumsfeld had managed the campaign that resulted in Ford ousting the more conservative Charles Halleck of Indiana as House Republican leader in 1965.

Ford launched James Baker on a career that would see him serve as an adviser to three presidents. Baker, an undersecretary of Commerce in Ford's administration, later became later secretary of Treasury for Ronald Reagan and secretary of State for George H.W. Bush. Now, he's advising the current president on Iraq.

Another Ford find: Alan Greenspan, who retired this year after 18 years as chairman of the Federal Reserve. "Ford really brought Alan into government," said Hutchison, a friend of both men. Greenspan, who served as chairman of Ford's council of economic advisers, called the former president "the most decent man I have ever encountered."

Ford got one appointment to the Supreme Court, in 1975, and he is still there. John Paul Stevens, 86, is now the oldest justice. In a statement, Stevens said Ford "was a wise president who had the courage to make unpopular decisions that would serve the country's best interests in the long run. Time has proven that his decision to pardon Richard Nixon was such a decision."

The fact that Ford alumni include Cheney and Rumsfeld, now viewed as arch-conservatives, as well as Stevens, one of the court's most liberal members, speaks volumes about the former president, according to those who knew him.

"That's Jerry Ford," said former senator Alan Simpson, a friend of nearly 50 years. "He has a big wingspan. There are a lot of people who fly under the spread of that eagle."

It was Ford who, as Republican House leader, urged George H.W. Bush to run for Congress. Later, as president, he appointed him head the CIA. "I owe much of my life in politics to Jerry Ford," Bush, the father of the current president, said Wednesday. "He campaigned for me in '66, and I won. Then he gave me the great assignment of being equivalent of ambassador in China."

Two relatively junior Ford appointees, Paul O'Neill and John Snow, both served as Treasury secretary for the current president.

"He's got the most magnificent set of alumni, in my opinion, of any president since George Washington," said James Cannon, who served as Ford's domestic policy adviser and later wrote a book about his administration, Time and Chance.

Ford's influence spanned generations. Hutchison, who now holds a Senate GOP leadership position, says Ford was a trailblazer when it came to promoting the careers of women. "He gave me my first real major federal appointment," said the senator, who served as vice chair of the National Transportation Safety Board under Ford.

Ford battled other forms of discrimination. Rod Hills, who served as Ford's chairman of the Securities and Exchange Commission, said the former president excoriated U.S. bankers and Saudi officials when he learned they were excluding financial services firms with historic ties to Jewish families from participating in Saudi loan issues.

Ford appointed William Coleman, an African-American, to head the Transportation Department and backed him when Coleman insisted that half of the stations on Atlanta's MARTA commuter rail systems be designed by black architects. "The president was very effective in that," Coleman said.

Sen. Trent Lott, R-Miss., said Ford, the Republican House leader, took an interest in him when Lott was working for Rep. William Colmer, D-Miss.

When Colmer died in office in 1980, Ford called Lott and urged him to run to succeed his boss — as a Republican. He also sent him a campaign contribution.

It was a classic example not only of Ford's ability to spot political talent — Lott will serve as the deputy Republican leader of the Senate next year — but of his ability to reach across the divides of party and social status. "I was 28 years old," Lott said. "He took the time to be friendly to me; he didn't just ignore me as a piece of furniture which often happens up here with staffers."

Ford's remains will lie this weekend on the Lincoln catafalque, the velvet-covered bier that was built to hold Abraham Lincoln's coffin. It has been used ever since as a resting place for those honored in the Rotunda of the Capitol. It's a lofty end for a man who endeared himself to members of Congress when he told them, moments after being sworn in as president, "I'm a Ford, not a Lincoln."

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That lack of pretentiousness was one of the qualities that drew people to him, those who worked for Ford said. Frank Zarb, who served as Ford's energy czar and later went on to chair NASDAQ, the nation's largest electronic stock market, remembered when Ford realized he had forgotten his cufflinks moments before a TV appearance. He coolly paper-clipped his cuffs together, and told his aides: "Let's go," Zarb said.

Former Defense secretary Melvin Laird, another former House colleague and longtime Ford friend, was with him the night Ford learned that he would become president. Laird says Ford spent the evening sitting on the floor of his suburban Virginia home explaining the situation to his children.

When Nixon was about to fire Agnew as his vice president, Laird enlisted members of Congress to convince the president to replace him with Ford, Laird said in an interview. The main reason: Laird knew that the vice president soon might replace Nixon himself.

"I loved Jerry. I respected him. I admired him. I knew he was a straight shooter," Laird said.

Those feelings reflected Ford's own management style. Robert Hartmann, a counselor in Ford's White House, said his old boss had two rules: "Never look down on anybody and always be good to your friends."

Some of those friends included Democrats. "He loved Tip O'Neill," said Simpson, referring to the late Democratic speaker of the House.

Both Lott and Bob Michel, who served in the House Republican leadership after Ford, said they modeled their own efforts to reach bipartisan compromise after Ford. "I learned a lot from his stewardship," Michel said.

The most senior member of the House, Democrat John Dingell, served 17 years with Ford in the Michigan delegation and considered him a friend and a tough competitor. As president, Ford vetoed bills passed by the Democratic-controlled Congress 66 times, Dingell said, but added: "We could work with him."

Ford served as "a balance point between the increasingly conservative wing of the Republican Party and the more liberal wing," said presidential historian Carl Sferrazza Anthony. "He was always seeking middle ground."

Ford's White House was free of the "leaks and internal bickering" that have characterized many administrations, Zarb said. "He's a man who had the extraordinary confidence to surround himself with excellent people," Zarb said. "Those persons became a team with an extraordinary chemistry."

That loyalty was evident at the annual reunions that Ford staffers held to fete the former president.

At the last one, the former president and his wife, Betty, unable to stand for the entire receiving line, gamely propped themselves on barstools so they could pose with their guests for photos, Michel said.

Ford even won over another up-and-comer whose career he inadvertently advanced. "He was a really sweet man," said Chevy Chase, a self-described liberal who became friends with the former president because of his SNL imitations.

To the end, Laird said, Ford never failed in his concern for others. Laird, who had his last conversation with the ailing former president a week ago, said that Ford told him: "Mel, I've got to hang on to Christmas. The whole family is going to be here."

Praise Pours In For Ford; State Funeral Plans Underway (LAT)

By Johanna Neuman And Ricardo Alonso-zaldivar

The Los Angeles Times, December 28, 2006

WASHINGTON — The funeral of Gerald R. Ford will begin Friday in California, then move here for a state funeral before the 38th president of the United States is buried in his home state of Michigan, a family spokesman said today.

Ford, who died in his home at Rancho Mirage on Tuesday, will begin his final trip from St. Margaret's Episcopal Church in nearby Palm Desert, family spokesman Gregory D. Willard told an afternoon news conference.

President Bush led the tributes and praise from government leaders and California neighbors that poured in to the family throughout the day.

"My family and I are touched beyond words by the outpouring of affection and the many wonderful tributes we have received following the death of my husband," said Ford's widow, Betty, in a prepared statement read at an afternoon news conference by family representative Gregory D. Willard.

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"The nation's appreciation for the contributions that President Ford made throughout his long and well lived life are more than we could have ever anticipated. These kindnesses have made this difficult time more bearable. On behalf of all of the Ford family, we are deeply grateful," she stated.

According to Willard, the casket carrying Ford's body will arrive at St. Margaret's after noon at Friday. At 12:30 p.m., there will be a private prayer service.

Public repose will begin at about 4:20 p.m.

On Saturday, the casket will be moved to Washington. The motorcade from the airport will pause at the World War II memorial in tribute to former Navy officer.

The state funeral will be conducted in the Capitol Rotunda that evening and after that, the public will be able to pay its respects.

Ford will be the 11th president to lie in state in the Capitol Rotunda. The Rotunda has been used for public viewing since Henry Clay died in 1852. Last year civil rights pioneer Rosa Parks was honored there – the first woman and only second African American to lie in state at the Capitol.

Ford's body will lie in repose outside the House of Representatives where he served for 25 years and outside the main entrance to the Senate chamber, a nod to his legislative career that led to his appointment as vice president and his promotion to president when Richard Nixon left office in disgrace.

Ford was expected to lie in state until Tuesday morning when the body will be taken for a service at the National Cathedral. From there it will be flown to the Gerald R. Ford Presidential Museum in Grand Rapids, Mich.

Burial will be the following day at hillside near the museum, Willard said.

President Bush earlier ordered that American flags fly at half-staff at the White House and on all U.S. buildings in honor of Ford as politicians on both sides of the aisle praised the 38th president as the leader who tried to ease the country past a troubled period.

"As a congressman from Michigan, and then as Vice President, he commanded the respect and earned the good will of all who had the privilege of knowing him," President Bush said this morning of Ford in Crawford, Texas.

"On August 9, 1974, he stepped into the presidency without ever having sought the office. He assumed power in a period of great division and turmoil. For a nation that needed healing and for an office that needed a calm and steady hand, Gerald Ford came along when we needed him most."

In Grand Rapids, the Gerald R. Ford Museum opened its lobby for 24 hours, so that well wishers could offer condolences. And in New York, the Stock Exchange held two minutes of silence before the start of trading and Nasdaq asked traders to refrain from making trades during that time.

Both Republicans and Democrats praised Ford.

"An outstanding statesman," said former President Jimmy Carter, who defeated Ford in 1976. "One of the kindest, most sincere elected officials whom I have known," said Sen. Robert Byrd of West Virginia.

"Made Michigan proud as he led our nation through one of the most challenging times in our history," said Sen. Debbie Stabenow of Michigan.

"No man could have been better suited to the task of healing our nation and restoring faith in our government," said California Gov. Arnold Schwarzenegger.

"When he left office, he had restored public trust in the presidency," said Vice President Cheney, who served as Ford's White House chief of staff.

"A good man who became the respected leader of the free world in unique times," said Patricia Nixon Cox, daughter of the man Ford succeeded. "An American hero whose integrity and honesty helped lead our nation through times of uncertainty and skepticism."

Many praised Ford for his moderate views and consensus approach to governance.

Log Cabin Republicans, the nation's largest gay GOP organization, said that Ford always believe in inclusiveness in welcoming gays into the party and advocating equal rights for them. "President Ford recognized that all Americans deserve to be

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treated with dignity and fairness," said Log Cabin Republican President Patrick Sammon. "Throughout his presidency, President Ford served with integrity as a leader for all Americans."

And former first lady Nancy Reagan, in a statement, said that Ford's support for stem cell research his early support of stem cell research was important "in getting the U.S. Congress to debate the potential lifesaving cures and treatments that may result."

A creature of Capitol Hill – Ford served in Congress for 25 years – he was also the last of the moderate Republicans who, like his Vice President Nelson Rockefeller, aimed for the center. As a result, fond memories and warm tributes came from both Republicans and Democrats today.

Sen. Dianne Feinstein (D-Calif.) said "Gerald Ford did not seek the presidency, but it was thrust upon him. And as he said, he did not 'shirk' those responsibilities. He helped heal the nation and close the wounds of the past. President Ford will be remembered for putting the good of the nation above his own personal, political fortunes. It is this type of public service that should be a model for all who follow."

Sen. Chuck Grassley (R-Iowa) said: "President Ford restored transparency to the White House. He did what he thought was right and explained his actions without spin. By showing himself as a regular guy who happened to achieve great things, he brought renewed respect to the presidency when the country really needed it. I was a freshman in Congress when he was president. During his presidency and many times afterward, whenever I talked to him, he was an all-American, regular guy."

The Michigan delegation also praised their former colleague. Rep. John D. Dingell (D-Mich.), put out a statement saying, "Gerald Ford and I came from different sides of the aisle, but we forged a wonderful friendship as we served Michigan together in the House of Representatives. When his nation called on him to serve this country in the most difficult of times, he rose up and held the country together. It will certainly be his legacy. I will remember him fondly and I will miss him dearly."

Another Michigan colleague, Democratic Sen. Carl Levin said, "Gerald Ford was deeply respected on both sides of the political aisle for his fairness, his bipartisanship, and his integrity. He helped smooth out the rough edges of politics. Over time, we will honor his memory in many ways, but one immediate way is to return the Gerald Ford quality of civility to the nation's capital."

Veterans Affairs Secretary Jim Nicholson also issued a statement, noting that "before the world knew him as president, vice president or congressman, Gerald Ford served our nation proudly in the Navy during World War II. Even after ascending to the highest office in the land, President Ford kept a military man's perspective and never forgot what it meant to serve his nation. Aptly, he once said, 'The presidency and the vice-presidency were not prizes to be won, but a duty to be done.' President Ford spent a lifetime answering the call to duty.'"

Gerald Ford, Reconciler-in-chief (CSM)

The Christian Science Monitor, December 28, 2006

It was a time of deep division and political uncertainty in America. Gerald Ford tried to bridge the chasm of enmity with a plain-spoken reminder: The Constitution works; the US is a nation of law, not men. As he delivered his remarks, several of the listeners teared up.

This could have been from his inaugural address in 1974, when President Ford declared the "long national nightmare" of the Watergate scandal over, and spoke of "truth" as "the glue that holds government together." But the occasion was more recent: the 200th-anniversary celebration of the first White House. The event just happened to fall as Al Gore was calling for a hand recount in Florida in an unresolved presidential election that was turning into its own nightmare.

The formal dinner party in the White House East Room on Nov. 9, 2000, was "providential," Mr. Ford stated calmly. The anniversary brought together four presidents who had been bitter rivals, but who joined amicably that evening in honoring something bigger than individuals and their campaigns.

Gerald Ford, who died on Tuesday, led a political life of conscience and comity. These qualities helped heal a nation after President Nixon resigned for covering up a 1972 break-in at Democratic headquarters. Ford pardoned his disgraced predecessor early on, explaining that his "conscience" told him that he could not "prolong the bad dreams that continue to reopen a chapter that is closed."

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The pardon brought howls of criticism from all sides, but as the years passed, it has come to be viewed as the right thing to do. Ford himself believed that his greatest achievement was the healing of national division caused by Watergate.

Ford's candor and amicability are sorely needed in Washington politics today, given the steadily rising shrill, partisan tone. One might be tempted to think that the Ford way was unique to his situation - a president never elected to the Oval Office, and as a result, freer to be his own man. But his life shows a consistency of approach from his earliest days in politics.

In 1948, he successfully ran for the US House as an "internationalist," seeking the best role for America in the world. That played out later in his controversial presidential decision to back the Helsinki Accords with the Soviet Union - a move that again proved wise in the long run, because it encouraged dissidents to demand that Moscow live up to its Helsinki human rights commitments.

As the House Republican minority leader, he refused to discipline party members who crossed the leadership. Punishment is "counterproductive," he said. "That person knows that he disappointed you. To rub it in makes it, the next time,... impossible to get his cooperation."

Ford had a rough time as president. He was unable to tame nearly 12 percent inflation, and he presided over the fall of Saigon. He lost narrowly to Democrat Jimmy Carter in the bitterly contested election of 1976, in part because of the Nixon pardon.

And yet Ford and Carter later became friends. With his typical offbeat humor, he brought a little levity to the White House party in 2000: "Take it from someone who knows all about losing a close election," Ford quipped. "There is life after [leaving office]."

Certainly his was a full and exemplary life.

Unassuming Ford Was Perfect Salve For A Wounded Nation (USAT)

USA Today, December 28, 2006

It's hard to imagine an English muffin being an important part of governing. But it was for Gerald Ford.

In 1974, after the trauma of Watergate, the nation yearned for a less imperial presence in the White House, and Ford was determined to fill that role. Taking office after the resignation of Richard M. Nixon, he re-established a sense of normalcy in part by being an everyman president. On his first day he made his own breakfast and announced he would do so in future.

Over the years, it has been easy to dismiss this as a trivial photo opportunity. It has also been easy to dismiss the Ford presidency as merely adequate, if that. Both assessments have been proven wrong.

Ford, who died Tuesday at 93, was a fine president who returned integrity to the White House and restored faith in government at a time when both were desperately needed. He was the right man at the right time to lead the nation. He was the perfect antidote to the corruption and paranoia of the Nixon White House. And for that, the nation owes him much.

His abrupt yet courageous pardon of Nixon, while clearly damaging to his political career, is increasingly seen as having been in the country's best interest. It spared the nation years more of wallowing in Watergate and the likely spectacle of an ex-president going to prison. Only one-third of the public supported the decision at the time but, by 2002, that number had risen to three-fifths in an ABC News poll.

Ford's largest accomplishment, however, was in being the embodiment of a phrase he used in his speech after he took the oath of office: "A government of laws, not of men."

Ford's style was understated, unglamorous. Though an accomplished athlete, by 1975 he had even developed an underserved reputation for clumsiness, and was lampooned weekly on Saturday Night Live by actor Chevy Chase. Combined with the Nixon pardon, an inflationary economy not of his making and weariness with Republican rule, it is perhaps inevitable he would lose when he ran for the office in his own right in 1976 against Jimmy Carter.

But in hindsight, his down-to-earth ways look good. In the weeks after taking office, they were a salve on the open wound left by the Nixon presidency. And they stack up well against some of the more ego-driven and polished presidencies that preceded and followed his.

Sadly, it's unlikely we will have another president like Ford any time soon. Today's presidential candidates are ruthless in their pursuit of the office and possess a willingness to spend years campaigning and raising millions of dollars.

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Ford, who never even aspired to be anything higher than Speaker of the House, lacked these traits. Nor did he have a particular talent at being rigidly partisan or vindictive.

He was only an outstanding public servant. Wise yet humble, he possessed a keen sense of what America needed after Watergate. That included a president who didn't require a bevy of servants to make his breakfast.

After Ford's Death, Tributes Are Set For Capital (NYT)

By David Stout And Jeff Zeleny

The New York Times, December 28, 2006

WASHINGTON, Dec. 27 — The body of former President Gerald R. Ford will lie in the Capitol this weekend amid tributes marked by considerably less pageantry than the funeral of former President Ronald Reagan in 2004, Congressional officials said Wednesday.

Services for Mr. Ford, the 38th president, who died late Tuesday, will begin Friday in Palm Desert, Calif., with private prayers for the family at St. Margaret's Episcopal Church, Gregory D. Willard, a Ford family spokesman, said at a news conference.

The next day, his body will be flown to Washington. The hearse is to pause at the World War II Memorial on the National Mall in recognition of Mr. Ford's naval service in the Pacific. His state funeral is to be conducted on Saturday evening in the Capitol Rotunda, after which the public will be allowed to file by the coffin.

A service will be held next Tuesday in the Washington National Cathedral.

After the cathedral service, Mr. Ford's body will be flown to Grand Rapids, Mich., where he got his start in national politics. The next day, after services at Grace Episcopal Church there, he will be interred on a hillside near his presidential museum. (Mr. Ford's presidential library is at Ann Arbor, Mich.)

Two senior Congressional officials familiar with the plans for the services said these would include the full military honors that accompany a state funeral. But the officials, speaking on the condition of anonymity, said the plans called for a less elaborate ceremony inside the Capitol and leading up to the service than the proceedings for Reagan.

In an unusual feature meant to highlight Mr. Ford's long service in Congress, his body is to lie in repose outside the main door of the House of Representatives and, later, outside the main door of the Senate, said Mr. Willard, the family spokesman.

"I know personally how much those two tributes themselves meant to President Ford," Mr. Willard said. Mr. Willard and Terry O'Donnell, who both worked in the Ford White House and remained close to the former president, are organizing the services.

More than most presidents, Gerald Ford was a man of the Congress. He was Republican leader in the House, denied his dream of being speaker by his party's long minority status decades ago. As vice president, he was the president of the Senate.

Like Reagan, who never served in Congress, Mr. Ford was a son of the Midwest. But by personal inclination and design, Mr. Ford was less a performer than Reagan, and he seemed far more comfortable with plain language and a minimum of trappings.

Public officials and politicians of all persuasions were united Wednesday in praising Mr. Ford as a man who could be partisan without being polarizing and as a throwback, in a way, to a time when Republicans and Democrats battled during the day and afterward enjoyed one another's friendship.

"The American people will always admire Gerald Ford's devotion to duty, his personal character and the honorable conduct of his administration," President Bush said at his ranch in Crawford, Tex., as he ordered American flags at the White House and "all buildings, grounds, and naval vessels of the United States" flown at half-staff for 30 days.

It was not clear Wednesday evening whether Mr. Bush intended to fly to Washington from his Texas ranch to attend the Saturday evening service at the Capitol. The president's schedule was to be announced Thursday.

Democrats, too, remembered Mr. Ford with affection.

"To his great credit, he was the same hard-working, down-to-earth person the day he left the White House as he was when he first entered Congress almost 30 years earlier," former President Bill Clinton and his wife, Senator Hillary Rodham Clinton of New York, said in a joint statement.

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Senator Carl Levin, Democrat of Michigan, called Mr. Ford "a healer" who unified the nation after the ordeal of Watergate. "But we in Michigan hold Jerry Ford in affection and esteem for his lifetime of service, including 13 terms in the House of Representatives," Mr. Levin said. "We take particular pride in this son of Michigan and the manner in which he always treasured his West Michigan roots."

"Over time," Mr. Levin added, "we will honor his memory in many ways, but one immediate way is to return the Gerald Ford quality of civility to the nation's capital."

The state funeral for Mr. Ford, details of which were still being worked out, will be only the third in 34 years. Reagan's state funeral in Washington was the first since former President Lyndon B. Johnson's in January 1973.

And Harry S. Truman was laid to rest in his native Missouri in 1972 after a minimum of pomp. For those who like presidential trivia, Truman also died on Dec. 26. Like Mr. Ford, Truman was a man of Middle America who inherited the presidency, was unpopular for a time and was willing to let history be the final judge.

Presidents, former presidents and presidents-elect are entitled to a state funeral, which include military pallbearers, military music, gun salutes, a flag-covered coffin and other embellishments. They are typically attended by kings, queens, prime ministers and other high foreign officials. Perhaps the most famous state funeral in United States history — and an indelible memory for those of a certain age — was that for President John F. Kennedy in 1963.

Some presidents and their families have chosen less elaborate farewells. Richard M. Nixon, driven from office by the scandals that vaulted Mr. Ford to the White House, was buried in a simple ceremony at his presidential library in Yorba Linda, Calif., in 1994. The rites for Franklin D. Roosevelt were held at the family home in Hyde Park, N.Y.

Justice John Paul Stevens, whom Mr. Ford nominated for the Supreme Court in 1975, called him "a wise president who had the courage to make unpopular decisions that would serve the country's best interests in the long run."

"Time has proved that his decision to pardon Richard Nixon was such a decision," Justice Stevens said in a statement issued by the court. "We mourn his passing but remember his all-American career with admiration, affection and total respect."

Justice Stevens's "all-American" allusion was to Gerald Ford's football prowess at the University of Michigan. Mr. Ford was the frequent butt of jokes about his supposed clumsiness, even though he was among the most athletically gifted of presidents.

Justice Stevens is the only member of the Supreme Court to be chosen by Mr. Ford, and he is now the longest serving. Vice President Dick Cheney and former Defense Secretary Donald H. Rumsfeld both served as chief of staff to President Ford.

"President Ford was a man of great decency and towering integrity," Mr. Rumsfeld said Wednesday. "He was a patriot who left a budding law career to join the United States Navy in World War II. I was privileged to serve with him in the Congress and saw firsthand his pride in our country and his deep respect for our system of government."

Ford's State Funeral Begins Friday (AP)

By Calvin Woodward

AP, December 28, 2006

Gerald R. Ford's state funeral will begin Friday in his beloved California, with the late president then to lie in state in the U.S. Capitol over the weekend, a family representative said Wednesday.

Giving the first details of funeral arrangements for the 38th president, family representative Gregory D. Willard said events will last until Wednesday, when Ford will be interred in a hillside tomb near his presidential museum in his home state of Michigan.

Ceremonies begin Friday, with a private prayer service for the family at St. Margaret's Church in Palm Desert, Calif., visitation by friends and a period of public repose.

On Saturday, Ford's body will be flown to Washington in late afternoon, his hearse pausing at the World War II memorial in joint tribute to the wartime Navy reserve veteran and his comrades in uniform, Willard said.

The state funeral will be conducted in the Capitol Rotunda that evening and after that, the public will be able to file in to pay last respects. Ford was expected to lie in state until Tuesday morning.

In a departure from tradition meant to highlight Ford's long service in Congress, his body will lie in repose outside the main door of the House and, later, outside the main doors of the Senate chamber.

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"I know personally how much those two tributes themselves meant to President Ford," Willard said.

Funeral Plans For President Ford (LAT)

The Los Angeles Times, December 28, 2006

Here is the state funeral plan for President Gerald R. Ford, as described today by family representative Gregory D. Willard at a news conference in Palm Desert, Calif.

Friday, Dec. 29

12:20 p.m.: The casket arrives at St. Margaret's Episcopal Church in Palm Desert, Calif.

12:30 p.m.: A private prayer service in the church for the Ford family.

Approximately 1:15 p.m.: Invited friends and guests of the Ford family come to St. Margaret's for a private visitation.

Approximately 4:20 p.m.: Public repose at St. Margaret's begins. Saturday, Dec. 30

9 a.m.: Departure ceremony at St. Margaret's.

9:40 a.m.: Departure ceremony at the Palm Springs International Airport.

10 a.m.: Departure to Andrews Air Force Base in Maryland.

Approximately 5:20 p.m.: Arrival at Andrews, followed by arrival ceremony and motorcade to Washington, D.C. The motorcade stops at the World War II Memorial as a tribute to Ford and his fellow veterans of WW II.

6:30 p.m.: The casket arrives at the Capitol at the east steps of the House of Representatives. Casket carried up the east steps.

7 p.m.: State funeral in the Rotunda.

Approximately 8:20 p.m.: State funeral ends and a period of lying in state begins. Arrangements are being made for casket for public visitation periods on Dec. 31 and Jan 1. Tuesday, Jan. 2

8:30 a.m.: Casket moved to outside the Senate chamber for a period of repose.

9:15 a.m.: Departure ceremony at the Capitol.

10 a.m.: Casket arrives at the National Cathedral.

10:30 a.m.: Funeral service.

12:15 p.m.: Casket transported to Andrews Air Force Base, loaded on an aircraft for transport to Grand Rapids, Mich.

Approx. 2:15 p.m.: Casket arrives in Grand Rapids and taken to the Gerald R. Ford Presidential Museum in downtown.

Approximately 3:30 p.m.: A short arrival ceremony and service. Public repose begins. Wednesday, Jan. 3

Approximately 1 p.m.: Departure ceremony and casket taken to Grace Church in Grand Rapids.

2 p.m.: Funeral service at Grace Church.

Following the service, the casket is returned to the presidential museum, and carried to an area just north of the museum where the internment service will be conducted. Thursday, Jan. 4

1 p.m.: Betty Ford and family return to Rancho Mirage.

A Cross-country Goodbye For The 38th President (USAT)

By Laura Parker

USA Today, December 28, 2006

President Gerald Ford will lie in state this weekend in the U.S. Capitol Rotunda and have a state funeral Tuesday at Washington National Cathedral, a family spokesman said.

His final place of rest will be a hillside tomb in Grand Rapids, Mich., the city he lived in as a boy within the district he represented in Congress for a quarter-century, said family spokesman Gregory Willard.

President Bush will be among many dignitaries to attend the Washington service for Ford, who died Tuesday at age 93.

A cause of death was not disclosed, but Ford had been in declining health in recent years. In January, he was hospitalized for 12 days for pneumonia. In August, he underwent angioplasty at the Mayo Clinic in Rochester, Minn.

Speaking to reporters Wednesday before sunrise from his ranch in Crawford, Texas, Bush described Ford as "a man of complete integrity who led our country with common sense and kind instincts.

"Our 38th president will always have a special place in our nation's history," Bush said.

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On Friday, a small, private ceremony will be held at St. Margaret's Episcopal Church in Palm Desert, Calif., near the Fords' home. The Rev. Robert Certain, the family's pastor, said the public would be invited to pay respects to Ford at the church later in the day.

On Saturday, Ford will be flown to Washington and lie in state through Tuesday morning. In a departure from tradition meant to highlight his long congressional service, Ford's remains will lie in repose outside the doors of both the House and Senate for short periods.

Following services at the cathedral, Ford's casket will be returned to Grand Rapids. There, Ford will be buried on Wednesday in a tomb on the grounds of the Gerald R. Ford Museum. Ford represented Grand Rapids in Congress from 1949 until he was tapped as President Nixon's vice president in 1973.

Ford's grace and bipartisanship became the theme of the many tributes offered to him by Bush, former presidents Clinton, Carter and George H.W. Bush, and congressional leaders.

Ford will be the 11th president to lie in state. His funeral will not feature as much pageantry as that of President Reagan in 2004. Reagan's funeral was the first state funeral since Lyndon Johnson's in 1973, and his casket was carried in a funeral procession down Pennsylvania Avenue — an honor granted to only eight presidents. Funeral processions were held for all four presidents who were assassinated: Abraham Lincoln, James Garfield, William McKinley and John F. Kennedy.

Presidential funerals are painstakingly planned years in advance, with presidents typically participating in the decision-making. After a president dies, the U.S. Army Military District of Washington and the family handle the details.

Former Republican Senate majority leader Robert Dole of Kansas told CNN that he would be one of the honorary pallbearers.

In Michigan, mourners paid their respects at the Ford museum Wednesday. The museum said its lobby would remain open 24 hours a day until the burial.

Low-Key Services Planned In D.C. And Michigan For Modest President (WP)

By Steve Vogel

The Washington Post, December 28, 2006

The body of Gerald R. Ford will arrive Saturday in Washington and lie in repose in the Capitol Rotunda, but in keeping with the unassuming former president's style, his state funeral will be as modest as such an affair can be.

Unlike the 2004 state funeral for Ronald Reagan, the funeral for Ford will include no horse-drawn caisson, no caparisoned horse and no grand military parade down Constitution Avenue. Instead, at the request of the family, the body of the nation's 38th president will be whisked by motorcade around town in a hearse.

"That's the decision of the family," said Army Col. James Yonts, a military spokesman for the command overseeing funeral arrangements.

Ford's death at 93 nonetheless triggered preparations both intricate and massive in and around Washington yesterday, with plans culminating in a funeral Tuesday morning at Washington National Cathedral.

After a private prayer service tomorrow in Palm Desert, Calif., Ford's body will be flown Saturday to Andrews Air Force Base in Prince George's County, with arrival expected about 5:20 p.m. A motorcade will take the former president's body to the Capitol via the Mall, pausing in tribute at the National World War II Memorial.

After arriving at the Capitol, the former president's casket will be carried up the east steps to the door of the House of Representatives, where Ford represented Michigan from 1949 to 1973.

At 7 p.m. Saturday, a service will be held in the Capitol Rotunda. Ford's body will continue to lie in state until Tuesday morning, allowing the public to pay last respects. The hours of visitation have not been announced.

On Tuesday morning, the casket will be moved from the Rotunda to the U.S. Senate, and following a departure ceremony on the east steps, taken by motorcade to Washington National Cathedral for a 10:30 a.m. funeral.

Ford's casket will be taken afterward to Andrews and flown to Grand Rapids, Mich., site of the Gerald R. Ford presidential museum. Services will be held Wednesday, followed by burial in a tomb on a hillside near the museum.

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A special military task force created for the funeral began assembling key personnel at Fort McNair in Washington early in the morning yesterday, soon after Ford's death was reported.

The commander of the Joint Force Headquarters for the National Capital Region, Army Maj. Gen. Guy C. Swan III, departed from Andrews about 6 a.m. aboard a military aircraft with dozens of personnel on a flight to Palm Springs, Calif., near the Ford family home in Rancho Mirage. A second planeload left later in the morning.

"This is really the Super Bowl for the command, so these soldiers are ready," said Yonts, spokesman for the command.

About 3,000 to 4,000 service members in the Washington area are expected to be involved in the funeral.

Swan met with members of the Ford family beginning late in the morning yesterday to review existing plans that had been prepared with the involvement of the family, including the former president.

Ford was known for his consideration for others, and the funeral preparations reflect that, officials said. "The family is very sensitive to the approaching holiday weekend and a lot of key members of the leadership being out," Yonts said.

The military party sent to California includes an honor guard, chaplain and band members. They are preparing formal ceremonies to mark the casket's departure from Palm Springs and to greet it at Andrews.

The task force, known as Joint Force Headquarters-National Capital Region, has established an operations center at Fort McNair that will be operating 24 hours a day for more than a week. The command has recalled some military personnel from holiday leave to begin the preparations. "We've asked them to cut leave short," Yonts said.

Military officials began coordinating road closings and security with National Park Service, U.S. Capitol and District police. The Capitol and Washington National Cathedral were showing signs of bustle and dash. "All those sites are starting to take on the look of activity," Yonts said.

The funeral plans prompted D.C. officials to push back the time of Tuesday's inauguration of Mayor-elect Adrian M. Fenty. Fenty decided to delay all inaugural ceremonies until after Ford's body leaves Washington.

The inauguration, and the swearing-in of D.C. Council members, had been set for 10 a.m. It now is tentatively set for 2 p.m. Fenty plans to go ahead with plans for an inaugural ball Tuesday night.

Ford Assassination Attempts Recalled (AP)

AP, December 28, 2006

In the fall of 1975, Gerald Ford's presidency was rocked by two assassination attempts within less than three weeks. The first took place on Sept. 5, 1975, in Sacramento, Calif., where Ford had spent the night at the Senator Hotel. The president arose early that day to address a group of about 1,000 California businessmen gathered at the hotel.

Ford then set out to walk across a broad expanse of lawn to the California statehouse to address the Legislature in a speech on crime.

"It was a nice, sunny morning and a crowd of about 500, many of them state employees, had gathered along the way to greet him," recalled The Associated Press' Howard Benedict, who was in the White House press pool that day.

"About five minutes after Ford left the hotel, all hell broke loose as several news people burst into the press room (on the first floor of the hotel) shouting things like, 'Someone pulled a gun on the president!' "

Walter Rodgers of AP Radio was among the first through the door, and he started dictating a story to his desk, Benedict said.

"I immediately relayed what he said to the San Francisco bureau, something like: 'A woman in a red dress pulled a gun on President Ford today, but she was wrestled to the ground by a Secret Service agent,'" Bennedict said.

Bennedict then ran out to the scene. The Secret Service had already hustled Ford into the statehouse, but agents "had the young woman pinned up against a tree, her hands behind her in handcuffs. I was struck by the fact that she was completely in red: long red dress, red bandanna and red shoes," Benedict said.

"The Secret Service said she had pulled a .45 caliber pistol while standing in the crowd about 4 feet from Ford and that her name was Lynette Fromme. She muttered something like: 'The gun didn't go off, it didn't go off. Can you believe it?' "

It was later determined that though the automatic pistol was loaded with five bullets, the slide had not been pulled to place a bullet in the firing chamber, making it impossible for the gun to fire.

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Several women who witnessed the incident described it to Benedict:

"Ford was shaking hands with everyone and smiling when suddenly he turned ashen and froze as he saw the gun being raised only a few feet away. Then a Secret Service agent grabbed the woman with the gun and another hit Ford from behind, buckling his knees and knocking him to the ground. They got him on his feet and ran him to the Statehouse."

While relaying this information to AP's San Francisco bureau, Benedict mentioned the name Lynette Fromme.

"It brought an immediate response: 'Yeah, Squeaky. We've had run-ins with her before. She's a follower of Charles Manson, the one serving a life term for murder in San Quentin.' "

Meanwhile, reporters waited outside Gov. Jerry Brown's office with Secret Service agents while Ford and the governor conversed.

"Strangely, we learned later, Brown had not heard about the assassination attempt, and Ford did not mention it until one of his aides in the room brought it up about a half hour into the conversation," Benedict said.

But the legislators had heard, Benedict recalled, and they gave Ford a rousing reception when he walked into the chamber. Ford delivered his address on crime, but did not mention the Fromme incident.

In Washington, when Ford stepped off the helicopter from Andrews Air Force Base, the entire White House staff was on the lawn to give him a cheering return, Benedict said.

Fromme was convicted of attempted assassination of the president and is serving a life sentence.

The second assassination attempt occurred just 17 days later on Sept. 22, 1975 in San Francisco.

Ford had made a luncheon speech to a foreign affairs group at the St. Francis Hotel. The president then left the hotel to take the motorcade to the airport for the flight back to Washington.

Benedict was in the press room inside the hotel, while AP's Frank Cormier was in the pool that was to accompany the president. Cormier was standing outside his motorcade car when Ford emerged from the hotel with the hotel manager.

"Suddenly, Bob Pierpoint of CBS rushed into the press room, shouting something like, 'You won't believe this, but somebody just took a shot at the president and they have rushed him off to Air Force One,' " Benedict said.

"I quickly dictated what Pierpoint had said, and the initial bulletin on the shooting quoted him.

"Meanwhile, Frank heard the shot and saw Secret Service agents push the president down. He quickly jumped into the motorcade car, grabbed his phone and dialed Washington, reaching the bureau just after the Pierpoint bulletin cleared. A swift ride to the airport and a quick boarding of Air Force One got the president safely away from San Francisco."

Later, Benedict learned from press briefings and interviews that the shooter was Sara Jane Moore, a middle-aged radical turned FBI informant who had been standing in a crowd about 40 feet from Ford as he emerged from the hotel.

As she raised her .38 caliber revolver to fire, Oliver Sipple, a disabled former U.S. Marine who was standing next to her. He quickly pushed up her arm as the gun discharged. The bullet flew over Ford's head by several feet, ricocheted off the side of the hotel and slightly wounded a cab driver in the crowd.

Moore pleaded guilty to attempted assassination of the president and was sentenced to life in prison. She escaped prison in 1989, but turned herself in two days later.

Infamous 'Drop Dead' Was Never Said By Ford (NYT)

By Sam Roberts

The New York Times, December 28, 2006

Gerald R. Ford and Marie Antoinette did not have much in common, but being misquoted cost both of them their jobs.

In Hollywood's latest biography of the French queen, she denies having callously suggested that breadless peasants eat cake instead. "I never said that," the actress Kirsten Dunst pouts. "I wonder why people keep saying I did."

Mr. Ford, on Oct. 29, 1975, gave a speech denying federal assistance to spare New York from bankruptcy. The front page of The Daily News the next day read: "FORD TO CITY: DROP DEAD."

Mr. Ford never explicitly said "drop dead." Yet those two words, arguably the essence of his remarks as encapsulated in the immortal headline, would, as he later acknowledged, cost him the presidency the following year, after Jimmy Carter, nominated by the Democrats in New York, narrowly carried the state.

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"It more than annoyed me because it wasn't accurate," he recalled years later. "It was very unfair."

That view is echoed in an evolving version of historical revisionism. Only two months after saying or meaning or merely implying "drop dead" — or, perhaps, resorting to tough love by holding the city's feet to the fire — Mr. Ford signed legislation to provide federal loans to the city, which were repaid with interest.

Gov. Hugh L. Carey, among others, argues that Mr. Ford's public recalcitrance bought time for the city to make its case to an even more reluctant Congress. ("He told me he didn't have the votes," Mr. Carey recalled Mr. Ford saying.)

Moreover, the speech spurred New York's civic, business and labor leaders to rally bankers in the United States and abroad, who feared their own investments would be harmed if New York defaulted on its debt.

Mr. Ford was also an unlikely whipping boy. His resolve against profligacy was stiffened by more inviting villains, especially his treasury secretary, William E. Simon, whom even the president referred to as "hard-nosed."

Mr. Simon warned that bailing out the city would amount to nationalizing municipal debt and rewarding local officials who lacked the will to stanch the inevitable hemorrhaging inflicted by bankrupt liberalism. (The investment banker Felix G. Rohatyn, recruited by Mr. Carey to rescue the city, would liken default to "someone stepping into a tepid bath and slashing his wrists — you might not feel yourself dying, but that's what would happen").

The Ford administration's politically suicidal demands to city officials — raise transit fares, abolish rent control, scrap free tuition at the City University — prompted Victor Gotbaum, the municipal labor leader, to complain that Mr. Simon barely believed in government at all, except for police and fire protection, "and he's not sure about fire."

David R. Gergen, an assistant to Mr. Simon at the time and later a presidential adviser, recalled that Mr. Ford himself "was one of those moderate Republicans who actually liked New York" — he chose Nelson A. Rockefeller as his vice president — but that "he was offended by the city's profligate spending."

"The president's speechwriters whipped up one draft, and I was asked by the White House chief of staff to write an alternative version," Mr. Gergen said. "I wrote a hard-hitting piece, assuming that if it ever saw the light of day, the White House would, in the normal course, invite me to smooth the rough edges. Instead, someone plopped a few of my rough, unedited paragraphs into the final text."

In the speech, the president said: "The people of this country will not be stampeded. They will not panic when a few desperate New York officials and bankers try to scare New York's mortgage payments out of them."

The speech had a powerful impact, Mr. Gergen said. "It was a doozy of a speech, but events caught both sides by surprise," Mr. Gergen remembered. "New Yorkers had not foreseen how tough the president would be, and Republicans in Washington had not anticipated how angry the response would be."

Howard J. Rubenstein, the public relations executive who was an adviser to Mayor Abraham D. Beame, recalled that the speech "galvanized New York like I've never seen before." Mr. Rubenstein still has a framed copy of the headline on his office wall.

With 30 years' hindsight, some of the players say that if Mr. Ford had acquiesced to the city's appeals months or even weeks earlier, New York might never have recovered.

"Ford was good for New York, because he made us clean up our act," said Henry J. Stern, a former parks commissioner and city councilman.

On balance, Mr. Rohatyn said, "I think he was a plus," he said. "Ford did change his mind, and you can't say that about every president."

Edward I. Koch, who succeeded Mr. Beame, said of Mr. Ford: "Obviously he was persuaded his original position was wrong, and that shows a great man open to change. I hold nothing against him. And there are very few people, even when they're dead, that I hold nothing against."

Not long ago, Mr. Ford was interviewed for a tribute to Lewis Rudin, the New York real estate magnate and civic booster who fought mightily for federal help from the Ford administration in 1975. Praising Mr. Rudin's relentless lobbying, Mr. Ford once again returned to the famous headline that had haunted him for decades.

"It was totally untrue," he said, adding with a weak smile, "We burned all those papers."

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Ford's Economic Record Belies His Reputation (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 28, 2006

The economic policies of Gerald R. Ford are usually remembered as a joke. Soon after he took over as president, in August 1974, he tried to tame runaway price increases by urging Americans to wear round red lapel pins emblazoned with the initials WIN, for "whip inflation now."

That didn't work, of course, and the pins soon disappeared amid public ridicule.

But Ford didn't give up the fight against what was then called stagflation: a debilitating mix of rapid inflation, high unemployment and slow economic growth. In fact, before his 30-month administration ended, he discarded his original plans and cobbled together an unconventional set of programs that succeeded, at least for a while, in slowing the country's financial slide.

Among his economic policies, "what President Ford is most remembered for is the inflation campaign, which was kind of silly," said Alice M. Rivlin, a former vice chairman of the Federal Reserve Board and a director of The Washington Post Co. "But in the end, I think, he did quite well."

The U.S. economy was in sad shape when Ford replaced the disgraced Richard M. Nixon to become the nation's 38th president. Then it got worse. The economy fell into the steepest recession since World War II, coupled with an upward price spiral that was faster than at any time in modern memory.

Unemployment approached 9 percent, inflation ran at a 12 percent annual rate, and the gross domestic product was flat or declining. Energy prices, in particular, soared due to an oil shortage.

"The '70s were probably the most difficult decade in which to formulate economic policy," Rivlin recalled. "Economists don't know how to cope with inflation, slow growth and unemployment at the same time."

Initially, Ford believed that fiscal austerity, a tenet of his Republican Party, would solve the country's woes. He convened a summit called the Conference on Inflation, with economists and leaders of business and labor focusing on recommendations to slow price increases. He then proposed to cut federal spending and raise taxes and, for a short period, he embraced the idea of a voluntary wage-price freeze.

Ford also hoped to jawbone his way out of the crisis by going on national television in October 1974 and urging citizens to "make up a list of 10 ways you can save energy and fight inflation." In a separate speech to Congress, Ford declared that inflation was "public enemy number one" and asked Americans to wear the anti-inflation pins.

WIN was laughed into oblivion as a hollow gimmick, and Ford was forced to regroup. Under the tutelage of Alan Greenspan, then chairman of the Council of Economic Advisers and later Federal Reserve chairman, Ford was persuaded that the most pressing problems were unemployment and sluggish economic growth, not inflation.

As a result, Ford decided to accept exactly the opposite remedy that he prescribed at first. Under pressure from the Democratic-controlled Congress, he endorsed measures that increased spending and cut taxes rather than the other way around. The goal: to stimulate economic growth despite the danger, which he continued to battle with dozens of vetoes, that those actions might widen the federal budget deficit.

"When the chips were down, in the interest of providing stimulus, he agreed to a tax cut and other measures that helped the economy recover from the 1975 recession," said Charles L. Schultze, chairman of the Council of Economic Advisers under President Jimmy Carter. "He came around to realize that the economy would be better off with a stimulus than without one."

In March 1975, Ford signed into law a bill that provided individuals with a 10 percent rebate on their 1974 tax liability, a fattened standard deduction, and a temporary $30 tax credit for each taxpayer and dependent. For companies, the investment tax credit was temporarily increased to 10 percent.

Ford also accepted spending increases that he originally opposed. When, early on, Congress passed an anti-recessionary spending package, Ford was urged by his economic advisers to veto it. But he solicited other advice, including from his political staffers and Democratic economists such as Walter Heller and Arthur Okun. They told him the economy needed a boost. So Ford executed what his press secretary Ron Nessen termed a "179-degree" turn and signed the measure.

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By 1976, these controversial efforts to rev up the economy had begun to pay off. When Ford ran for president, the economy was showing signs of recovery. Unemployment had dipped to about 7 percent, inflation had abated to 4.8 percent, and the gross national product was humming along at a robust rate of growth.

"We were headed in the right direction," Ford later boasted.

Ford offered other ideas that might have benefited the economy even further. He proposed a long list of deregulatory measures, for industries ranging from trucking to airlines, as a way to make the economy more efficient. They didn't come to fruition until after he left the White House, however. His efforts to increase energy supplies also foundered on Capitol Hill.

The economy faced tough times after Ford left office. An oil embargo further fueled inflation until Paul A. Volcker, the new chairman of the Federal Reserve appointed by Ford's successor, Carter, began a painful increase in interest rates that finally squeezed rapid inflation out of the system but also threw the economy into recession and caused unemployment to skyrocket.

Finally, under President Ronald Reagan in the 1980s, a full-fledged recovery got underway -- and it is that recovery that has stuck in the public mind as the real end of the disastrous economy of the 1970s. Ford's own temporary economic uptick had been so uneven and came so late in his short stay at 1600 Pennsylvania Ave. that it went largely unheralded.

Voters focused instead on a non-economic issue: Ford's unconditional pardon of Nixon. After issuing that pardon, "he could not convince the American people that he deserved another shot at the presidency," said Bernard Firestone, a political science professor at Hofstra University and an organizer of a Ford retrospective.

Nevertheless, Firestone predicted that historians will eventually see Ford "as a much more capable president than the public gave him credit for," in large measure because of his economic policies.

The 38th President (WT)

By Alvin S. Felzenber

The Washington Times, December 28, 2006

On the morning Gerald R. Ford was sworn in as the nation's 38th president of the United States, I received a call from a close friend, Katherine Neuberger, the then-Republican National Committeewoman for New Jersey. Of the new president, Mrs. Neuberger, said, "Well this proves once again the truth of that old adage that 'the Good Lord watches over drunks, orphans and the United States of America.' " Mrs. Neuberger knew her presidents. She certainly knew Gerald Ford.

Her one-liner said all about Mr. Ford that anyone needed to know. It conveyed a sense of those wholesome, middle-American Western values that also characterized and guided two presidents who Mr. Ford greatly admired, whose pictures he would place in the Cabinet Room, Harry S. Truman and Dwight D. Eisenhower.

As the nation pauses to mark the passing of a former president who is revered more for who he was than for what he was able to achieve in office (he was president for too short a time to have enacted much of a program, assuming he could have gotten it through the heavily lop-sided Congress the voters sent him in 1974), public affairs shows are certain to show footage of Mr. Ford's hasty swearing-in. They are bound to replay again and again the most famous line he delivered as president, "My fellow Americans, our great national nightmare is over."

Hopefully, they will also show Mr. Ford, in a State of the Union address, repeating a favorite quote of his own; one he lifted from Ike. Of the nation he now headed, Mr. Ford proclaimed that "America is not good because she is great. She is great because she is good." This Ford believed with every fiber in him. The "hipsters" of the era dismissed both this sentiment and the new president as "corny." They saw both as remnants of the bygone era of "Leave it to Beaver" and "Father Knows Best." Mr. Ford seemed not to mind. He also seemed not to mind when they mocked his tailoring (especially the shortness of his trousers), his clumsiness in descending airplanes, his supposed awkwardness on the slopes, his penchant for toasting his own English muffins or television's insistence on showing movers placing a large double bed into the bedroom Mr. and Mrs. Ford were to occupy in the White House.

What his tormentors saw as "uncool," Mr. Ford regarded as a "golden age" when neighbors helped neighbors, crime was low, jobs were plentiful, and, of yes, when the president said something, he was believed. Coming from the "heart" of his country (as his hero Ike once said of his own Kansan roots) Mr. Ford embodied a kind of conservatism that, if it has not fallen entirely out of fashion, at least has been eclipsed by a different kind. Mr. Ford believed in balanced budgets, a strong national defense, and,

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cognizant of his party and its Lincolnian roots, civil rights. One area in which he challenged the once-prevailing political culture of his native region was on foreign policy. A World War II naval veteran and political acolyte of Michigan Sen. Arthur Vandenberg, the man who guided Truman's containment policies through the supposedly "do nothing" Republican Congress, Mr. Ford drew the line at isolationism. (He catapulted himself into Congress by besting, with Mr. Vandenberg's help, an old-line isolationist dinosaur.)

On most other measures, save for civil rights and voting rights, Mr. Ford's votes in Congress placed him in opposition to virtually all of Lyndon Johnson's "Great Society" programs. For his troubles, Johnson dubbed upon Mr. Ford two insults liberals would furl upon him for the rest of his career: 1) that Mr. Ford could not chew gum and walk at the same time; and 2) that Mr. Ford had played football too long with out the benefit of a helmet. (History records both that Mr. Ford, unlike Johnson, left the nation in better shape than he found it and that, as Ike, Ronald Reagan and George W. Bush can attest, dismissing Republican and conservative presidents as dumb had become the liberal elite's most favored mechanism. Perhaps it all started with Calvin Coolidge.)

Through a combination of the circumstances of Mr. Ford's elevation to the presidency, his status as the first vice president becoming the first non-elected president, his stated preference for competence over ideology in his selection, of Nelson Rockefeller as vice president, double-digit inflation, soaring unemployment, energy shortages and his steadfast pursuit of his predecessor's detente polities toward the Soviet Union, conservatives of the era misjudged Mr. Ford as much as had the liberals. As they rallied behind the rising star of Mr. Reagan, who personified bold color conservatism as opposed to one shaped in pastels, they overlooked the 50 vetoes Mr. Ford unfurled against spending bills the Democrats sent him, his resistance to the Humphrey-Hawking full employment act, his refusal to provide a federal bail out to New York City without guarantees of accountability (second to the Nixon pardon, nothing cost Mr. Ford more votes than the famous "Ford to City: Drop Dead" headline the Daily News put on its front page) and the portions of the Helsinki accords that would help the West prevail in the Cold War.

That Mr. Reagan had a case to make, which proved essential to his own ascendancy, and conservatism's future triumphs have long clear. That Mr. Ford provided service to his country in ways that went beyond his cleaning up for his predecessor is becoming increasingly apparent with the passage of time.

Alvin S. Felzenberg, former spokesman to the September 11 Commission, is Visiting Lecturer in Politics at Princeton University and author of "Governor Tom Kean: From the NJ Statehouse to the 9-11 Commission."

How Lieutenant Ford Saved His Ship (NYT)

By Robert Drury And Tom Clavin

The New York Times, December 28, 2006

East Hampton, N.Y.

FOR Americans under a certain age, Gerald Ford is best remembered for his contribution to Bartlett's — "Our long national nightmare is over" — or, more likely, for the comedian Chevy Chase's stumbling, bumbling impersonations of him on "Saturday Night Live." But there's a different label we can attach to this former president, one that has been overlooked for 62 years: war hero.

In 1944, Lt. j.g. Jerry Ford — a lawyer from Grand Rapids, Mich., blond and broad-shouldered, with the lantern jaw of a young Johnny Weissmuller — was a 31-year-old gunnery officer on the aircraft carrier Monterey. The Monterey was a member of Adm. William Halsey's Third Fleet, and in mid-December, Lieutenant Ford was sailing off the Philippines as Admiral Halsey's ships provided air cover for the second phase of Gen. Douglas MacArthur's "I shall return" Philippine invasions.

The Monterey had earned more than half a dozen battle stars for actions in World War II; during the battle of Leyte Gulf, Lieutenant Ford, in charge of a 40-millimeter antiaircraft gun crew on the fantail deck, had watched as a torpedo narrowly missed the Monterey and tore out the hull of the nearby Australian cruiser Canberra. Two months later, in the early morning hours of Dec. 18, the Japanese were the least of the Monterey's worries, as it found itself trapped in a vicious Pacific cyclone later designated Typhoon Cobra.

Lieutenant Ford had served as the Monterey's officer of the deck on the ship's midnight-to-4-a.m. watch, and had witnessed the lashing rains and 60-knot winds whip the ocean into waves that resembled liquid mountain ranges. The waves

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reeled in from starboard, gigantic sets of dark water that appeared to defy gravity, cresting at 40 to 70 feet. In his 18 months at sea, Lieutenant Ford had never seen waves so big. As breakers crashed over the carrier's wheelhouse, he could just barely make out the distress whistles sounding about him — the deep beeps of the battleships, the shrill whoops of the destroyers.

After his watch Lieutenant Ford had strapped himself into his bunk below decks, and it seemed that his head had barely hit the pillow when the Monterey's skipper, Capt. Stuart H. Ingersoll, sounded general quarters, calling all hands to their stations. Lieutenant Ford bolted upright in his dark sea cabin. He thought he smelled smoke amidships. Racing through a rolling companionway dimly lighted by red battle lights, he reached the outside skipper's ladder leading to the pilothouse and began to climb. At that precise moment a 70-foot wave broke over the Monterey. The carrier pitched 25 degrees to port, and Lieutenant Ford was knocked flat on his back. He began skimming the flight deck as if he were on a toboggan.

Just as he was about to be hurled overboard, Lieutenant Ford managed to slow his slide, twist like an acrobat, and fling himself onto the catwalk. He got to his knees, made his way below deck, and started back up again.

By the time he reached the Monterey's pilothouse, the fighter planes in its hangar deck had begun slamming into one another as well as the bulkheads — "like pinballs," Mr. Ford recalled 60 years later — and the collisions had ignited their gas tanks. The hangar deck of the Monterey had become a cauldron of aircraft fuel, and because of a quirk in its construction, the flames from the burning aircraft were sucked into the air intakes of the lower decks. As fires broke out below, Lieutenant Ford remembered the smoke he smelled when he'd bolted from his bunk.

Admiral Halsey had ordered Captain Ingersoll to abandon ship, and the Monterey was ablaze from stem to stern as Lieutenant Ford stood near the helm, awaiting his orders. "We can fix this," Captain Ingersoll said, and with a nod from his skipper, Lieutenant Ford donned a gas mask and led a fire brigade below.

Aircraft-gas tanks exploded as hose handlers slid across the burning decks. Into this furnace Lieutenant Ford led his men, his first order of business to carry out the dead and injured. Hours later he and his team emerged burned and exhausted, but they had put out the fire.

Three destroyers were eventually capsized by Typhoon Cobra, a dozen more ships were seriously damaged, more than 150 planes were destroyed, and 793 men lost their lives. It was the Navy's worst "defeat" of World War II. But the Monterey and nearly all of its men survived to take part in the battle of Okinawa, and the future president ended his Navy stint in 1946 with the rank of lieutenant commander.

Like his fellow World War II veterans, Mr. Ford returned home and resumed his life, rarely speaking publicly of his heroism. But in contrast to the public's image of him as a clumsy nonentity, Mr. Ford was a man whose grace under pressure saved his ship and hundreds of men on it.

Gerald R. Ford (NYT)

The New York Times, December 28, 2006

Gerald R. Ford was an accidental president, his tenure brief, his legacy limited. Yet he was the right man summoned at the right time to begin the necessary process of healing a country exhausted by war abroad and scandal at home. Elevated to the nation's top job when Richard Nixon was forced by threat of impeachment to resign, he was everything his predecessor was not — transparent and largely content with life as he found it. His many friends saw him as plain old "Jerry," a get-along, go-along product of the House of Representatives whose self-assurance and modest ambitions perfectly suited a country that wanted little more than a few months' rest.

Mr. Ford's unplanned and largely unsought rise up the American political ladder was assisted not once but twice by scandal. In 1973, when Spiro Agnew resigned the vice presidency after a scandal unrelated to Watergate, Mr. Nixon sought advice from senior Congressional leaders about a replacement. The advice was unanimous. "We gave Nixon no choice but Ford," House Speaker Carl Albert recalled later.

Which was fitting, because Mr. Ford was in essence a creature of Congress — more precisely, of the House of Representatives, a place of perpetual compromise that encourages neither the vision that sometimes attaches to the Senate nor the managerial skills that come with being a governor. Michigan voters elected Mr. Ford 13 times, and of his 25 years in the

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House, he served eight as minority leader. He saw himself as a negotiator and a reconciler, and the record shows it: he did not write a single piece of major legislation in his entire career.

As president, Mr. Ford would have had little room in which to pursue lofty ambitions even if he had them. Domestically, he was bedeviled by inflation and then recession, and his effort to cure both embroiled him in constant combat with his old friends in Congress. Abroad, he had his hands full maintaining American power and sustaining détente with the Soviet Union, in the aftermath of the collapse of Vietnam and Cambodia.

But he judged, correctly, that his primary mission was to quiet national passions inflamed by war and Watergate — to end, as he put it, "our long national nightmare" — and in so doing to restore a measure of respect to the presidency itself. To that end he made several small gestures largely forgotten now but symbolically important at the time. He announced that he would be lenient to draft resisters, he opened the White House to people on Mr. Nixon's "enemies list," and he crisscrossed the country endlessly, speaking to groups large and small in an effort to open up an office that Mr. Nixon had all but closed to public inspection.

Yet his wish to heal led him to do something that reopened the very wounds he was trying hard to close. On Sept. 8, 1974, barely 30 days into his presidency, Mr. Ford announced his decision to give Mr. Nixon a "full, free and absolute pardon." The reaction was immediate, intense and largely negative. Mr. Ford had expected criticism, but not the outrage that erupted in Congress, in many newspapers and among the public at large.

This page, for example, condemned the pardon as "a profoundly unwise, divisive and unjust act" that in a stroke had destroyed the new president's "credibility as a man of judgment, candor and competence." The critics' fundamental point was that a nation in which the law applies equally to rich and poor, the meek and the powerful, cannot exempt anyone, least of all a president, from the requirements of justice.

History has been more sympathetic to Mr. Ford's argument that to allow Mr. Nixon's prosecution to go forward, perhaps all the way to a trial, would have been profoundly destabilizing to a nation that was already in shaky health. In 2001, the trustees of the John F. Kennedy Library honored Mr. Ford with its Profile in Courage Award for the decision, which Senator Edward Kennedy, a onetime critic, described as essential to the restoration of national unity. When Senate and House leaders bestowed on Mr. Ford and his wife, Betty, a Congressional Gold Medal in 1999, President Clinton — who had his own experiences with prosecutors — said the critics had been "caught up in the moment," and that Mr. Ford's decision had helped "keep the country together."

Our own bottom line continues to be the same: that the nation is strong enough to endure almost anything but burying the truth. Still, Mr. Ford deserves to be remembered for more than the pardon. Marking the end of a national nightmare is no small thing.

Gerald R. Ford (WP)

The Washington Post, December 28, 2006

"OUR LONG national nightmare is over," Gerald Ford declared when he took office as president a little over 32 years ago. Those words were to prove the most memorable of his brief administration and also the most apposite. The feverish dream of Watergate, with its byzantine intrigues, Borgia-like treachery, and months of hearings and trials, was suddenly gone: The country awoke to a new president who lived in Northern Virginia and toasted his own English muffins before commuting to work in Washington.

The image of suburban simplicity was quickly seized on by the media and conveyed to a national audience eager for the return of that condition for which President Warren G. Harding had invented a new word many years before: "normalcy." As always, there was quite a bit of bunk to the image. Mr. Ford had been deeply involved in practical politics for more than a quarter-century. He soon acclimated himself to the White House, and before long decided he liked it enough to set his sights on a full term. He didn't achieve that goal, but in the period between Richard M. Nixon's resignation and Jimmy Carter's inauguration -- just under 2 1/2 years -- Gerald R. Ford did the main thing that needed doing, even though there were some in the Nixon White House who had thought him unqualified for the presidency: He reassured the people about the nature and quality of their government.

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It was said of Franklin D. Roosevelt that he had a second-class intellect but a first-rate temperament. Something of the same might be said of Jerry Ford, although he was no Roosevelt and, as far as intellect goes, he took some unfair hits for a fellow who was in the top quarter of his class at Yale Law. On assuming office, he presented himself as what he was: open, friendly, honest (at least in comparison to what had gone before) and above all "decent," as people never tired of saying. That last adjective can, of course, be both high praise when speaking of someone's personal integrity and a somewhat fainter commendation when applied to the sort of job he's done. Mr. Ford felt both sides of it.

Thirty years ago, as Mr. Ford was departing office, we wrote on this page of him: "In his first days and months, it was as if he had liberated Washington -- from its personal fears and hostilities and suspicions, from the dark and squalid assumptions that people had come reflexively to make about one another and about the way things 'really' worked. God knows who was (and is) still listening on whose line or who is plotting what gruesome revenge against what political foe. Our point is merely that Gerald Ford brought to the White House an open, unsinister and -- yes -- decent style of doing things that altered the life of the city and ultimately of the country."

He was the last of the traditional Midwestern Republicans to occupy the White House: internationalist, fiscally conservative, supportive of civil rights legislation -- a throwback to the pre-Goldwater era. His odd route to the presidency -- he was chosen to replace the disgraced and departed Spiro T. Agnew as vice president, then elevated by Mr. Nixon's resignation -- was undoubtedly the only one that would have gotten him there, given the direction his party was going. Indeed, when he ran for election in 1976, he had to jettison the vice president he'd chosen, Nelson A. Rockefeller (too liberal), and fight off a formidable challenge from the avatar of the Republican future, Ronald Reagan.

That battle didn't help him in the general election. But Mr. Ford was also the victim of a series of misfortunes that he'd done nothing to precipitate: economic troubles that included both inflation and stagnation; the fall of South Vietnam and Cambodia; the new and explosive problem of volatile energy prices; even the rising popularity of a Saturday night comedy show that portrayed Mr. Ford, onetime college football hero and probably the most athletic president in the country's history, as a stumbling klutz.

But what hurt him most was an act of his own, taken one month into his presidency: the pardoning of Richard Nixon for whatever the former president had done or might have done. Today, with the passions of the period greatly diminished, it's hard to recall how much discord that decision created, even among those who believed Mr. Ford to be a trustworthy successor to Mr. Nixon. It's also hard, from today's vantage point, to see how an indictment and trial would have done the country much good. The pardon may have come too soon and been too broad, but it was basically the right thing to do. It hurt Mr. Ford politically, however, probably costing him the 1976 election.

In the spring of 2001, Mr. Ford received a John F. Kennedy Profile in Courage award for that decision. The late Mary McGrory recalled in her column in The Post the uproar that had followed the pardon, and noted: "I myself contributed to the din with a series of screeds about unequal justice. But almost 27 years later, it looks a little different. What seemed then to be cynicism now looks more like courage. A most dubious decision has acquired the patina of the only one possible."

In January 1977, Jimmy Carter began his inaugural address: "I want to thank my predecessor for all he has done to heal our land." That still stands, both as a tribute to Gerald Ford and as a reminder to his successors of the importance of what used to be praised as the gentlemanly virtues.

President Ford (WSJ)

The Wall Street Journal, December 28, 2006

The abiding cliché about Gerald Ford -- who died Tuesday at age 93 -- is that he was a decent man who steadied the country but held the White House too briefly to leave a major imprint. We've always thought that view of his Presidency is too diminishing, not least because he led the nation at a dangerous time and resisted political furies that could have done the U.S. far more harm.

"America's Suicide Attempt" is how the historian Paul Johnson describes the 1970s. And it is important to recall the bad temper of the times that Ford inherited in becoming the 38th President. He succeeded Richard Nixon, who had resigned over the Watergate coverup and amid an unpopular war in Vietnam. He faced large liberal majorities in Congress that were emboldened

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by their ouster of Nixon and set to revive the Great Society. And he had to clean up the financial problems caused by a burst of inflation and wage and price controls. Ford navigated all of these traumas better than he gets credit for. * * *

It is true that Ford was something of an accidental President, the only one in U.S. history never elected as either President or Vice President. Before Nixon picked him to replace the disgraced Spiro Agnew as his Vice President, Ford had been contemplating retirement from his Grand Rapids, Michigan, House seat. But like another unlikely President from the Midwest, Harry Truman, he had reserves of honesty and fortitude that served him well.

He made a particular contribution in pardoning Nixon, though he knew Nixon's enemies would accuse him of a quid pro quo. The decision cost him dearly in the polls and may have cost him the election in 1976, but it also spared the country from years of division over a criminal trial that special prosecutor Leon Jaworski seemed determined to pursue.

Congress had trampled over a weakened Nixon, and another Ford contribution was restoring some measure of executive authority. Far more than Nixon, he used his veto pen (66 times in 895 days), blunting liberal excesses after Democrats picked up 46 House seats in 1974. He also deserves credit for resisting the isolationism that was rampant as the Vietnam War wound down. It was a rare period in postwar U.S. history when the public favored spending less on defense.

Democrats exploited the mood in early 1975 to block Ford's funding request for our allies in South Vietnam, as the North began its offensive. Ford pleaded with Congress that "American unwillingness to provide adequate assistance to allies fighting for their lives could seriously affect our credibility throughout the world as an ally," but to no avail. Saigon fell by April, and the boat people and massacres in Southeast Asia soon followed. Thus one irony of this week's praise for Ford as a unifying President: At the time, he was mocked as clumsy and dull, and he was vilified for blocking Congressional priorities. Any of this sound familiar?

Vietnam was a scarring American defeat, but it could have been worse had Ford capitulated to the Congressional stampede. Instead, he fortified U.S. relations with the rest of free Asia, and he sent in the Marines despite liberal howls when the U.S. ship the Mayaguez was taken hostage by Cambodia's Khmer Rouge.

Given the weak hand he inherited, it is perhaps understandable that Ford continued the Nixon policy of pursuing détente and arms control with the Soviet Union. But that strategy was already beginning to fail due to growing Soviet adventurism abroad and conservative skepticism at home. Ford also joined Leonid Brezhnev in signing the Helsinki Accords guaranteeing civil liberties in the Soviet bloc; while criticized by conservatives, the Helsinki pact probably helped to undermine Soviet moral authority over the years.

The Ford Administration's economic record is also better than its reputation, sandwiched as it was between two of the three worst economic Presidencies of the 20th century. Hoover's was the worst, then Nixon's followed by Jimmy Carter's.

Ford is famous for having initially rebuffed New York City's bid for a financial bailout, but New York's trouble was merely one symptom of the financial woes caused by Federal Reserve Chairman Arthur Burns's monetary blunder. Burns opened the easy-money spigots in Nixon's first term, leading to 12% inflation, a spike in interest rates and wage and price controls, and setting the stage for financial crises from Mexico to Britain, among other places. Despite such early follies as the WIN program -- "whip inflation now" -- and a failed proposal to raise taxes, Ford ran a strong Treasury under Secretary William Simon, adopted sounder policies and left the economy better than he found it. * * *

In historical political terms, Ford was something of a transition figure -- from the traditional Republicanism of Eisenhower, with which Ford identified, to the more energetic reform conservatism that would triumph with Reagan. Arguably Ford's biggest political mistake was choosing Nelson Rockefeller as his vice president over Reagan. The New York Governor was deeply unpopular with the GOP base, and the selection left Ford vulnerable to Reagan's primary challenge in 1976.

The Gipper came within a handful of delegates of taking the nomination, a challenge that weakened Ford for the autumn race against Democrat Jimmy Carter. In the event, Ford ran one of the better Presidential campaigns of the modern era and came close to beating the former Georgia governor who had run as a conservative himself.

Perhaps President Ford's greatest achievement was in demonstrating to a nation angry and dispirited over Watergate and Vietnam that its political system was resilient and the Office of the Presidency still worthy of respect. In that sense his Presidency was a triumph of Ford's personal character -- not the first, or last, time America has been fortunate in the leaders our democracy has produced.

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President Ford (WT)

The Washington Times, December 28, 2006

"Our long national nightmare is over," Gerald Ford told the nation on assuming the presidency. And soon it was. For that the nation owes a large debt to the sacrifice of Gerald Ford.

The honest and forthright Mr. Ford, who died at his California home Tuesday evening at the age of 93, did what had to be done, even at the sacrifice of his presidency. In retrospect, his controversial and reviled pardon for Richard Nixon was clearly the right thing to do. He spared the country years of uncertainty, put Watergate to rest, returned the nation's eye to the future and restored tradition, honor and dignity to the nation's highest office.

To hear Mr. Ford explain it, there was never a question in his mind about what he had to do, which he explained in the logic and language of everyman. This was the mark of the man. He reasoned that Richard Nixon was only one American among many millions, and he owed the larger responsibility to the many millions who deserved to have the national nightmare put to rest. The nation had to move on.

"I paid a price, sure, but it is a price a president has to pay when he thinks he is doing the right thing, whatever the polls show," he told columnist David Broder in 1994. "The first month I was in office, I spent 25 percent of my time talking to lawyers about what to do about the Nixon tapes, the Nixon papers. Ninety percent of the questions at my first press conference were about Nixon. I thought I had to get the Nixon questions off my desk.

"I had a helluva lot more important business. The Russians and our allies didn't know what we were going to do. We had a serious recession starting. So I came to the conclusion, wholly on my own, that I ought to spend all my time on the business of 230 million Americans, and not 25 percent on one man."

This was a simple explanation, mathematical in its reasoning, and for that reason it was all the more compelling. Many Americans have changed their minds since about the pardon. In an ABC News poll taken in 2002 on the 30th anniversary of the Watergate break-in, 6 in 10 Americans said the pardon was the right thing to do.

Some argue still that the pardon deprived the nation of a "full telling" or the nation of an opportunity to "fully heal." This is nonsense. Most every significant detail of the Watergate break-in and cover-up has come to light without a drawn-out ordeal for a disgraced president, which would have amounted to a show trial.

"The American people will always admire Gerald Ford's devotion to duty, his personal character and the honorable conduct of his administration," Mr. Bush said when he learned Tuesday night that Mr. Ford had left us. How true.

Closing The Chapter On Watergate Wasn't Done Lightly (WP)

By Bob Woodward

The Washington Post, December 28, 2006

On Sunday, Sept. 8, 1974, President Ford attended church alone. He sat by himself in a pew at St. John's Episcopal Church on Lafayette Square. He took Holy Communion.

Back at the White House at 11:05 a.m., he went on television to announce that he had decided to pardon Richard Nixon for any crimes he committed during Watergate. The country's obsession with the scandal "could go on and on and on, or someone must write the end to it," he read from a statement. "I have concluded that only I can do that, and if I can I must." The core reason for the decision, Ford said, was to put Watergate and the Nixon presidency in the past.

The reverberations from that decision may well have cost Ford his presidency in the next election. In the first week after the pardon, his public approval rating plummeted from 71 percent to 49 percent. Jerry terHorst, Ford's press secretary and friend of 25 years, resigned as a matter of conscience.

Ford had been in office only a month. The pardon came as a surprise -- to Congress and the public -- and it unleashed a wave of outrage and suspicion. Had there been a deal between Nixon and Ford promising a pardon in exchange for Nixon's resignation?

The following account, which attempts to answer that question, comes from official documents, interviews with key players, contemporaneous handwritten notes, memoirs written by participants and conversations with Ford himself.A Talk With Haig

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The chain of events that would lead to the pardon began only five weeks earlier when Ford, who had been vice president only eight months, learned he was about to become president.

At 3:30 p.m. on Aug. 1, 1974, Nixon's chief of staff, Alexander M. Haig, entered the vice president's suite. He looked troubled and on edge.

"Are you ready, Mr. Vice President, to assume the presidency in a short period of time?" Haig asked. New Watergate tapes, he said, would show Nixon had ordered the coverup of the burglary.

Ford was stunned.

Haig presented Ford with six scenarios: Nixon could step aside temporarily under the 25th Amendment, he could just wait and delay the ongoing impeachment process, or he could try to settle for a formal censure. In addition, there were three pardon options. Nixon could pardon himself and resign. Or he could pardon the aides involved and then resign. Or Nixon could agree to leave in return for an agreement that the new President Ford would pardon him.

Haig handed Ford two pieces of paper. The first sheet contained a handwritten summary of a president's legal authority to pardon. The second sheet was a draft pardon form that needed only Ford's signature and Nixon's name to make it legal.

"It's my understanding from a White House lawyer," Haig said, "that the president does have authority to pardon even before criminal action has been taken against an individual."

After extracting a pledge of secrecy, Ford told his top aide and speechwriter, Robert Hartmann, what had just occurred with Haig.

"Jesus!" Hartmann said. "What did you tell him?"

"I told him I needed time to think about it."

"You what?" Hartmann fairly shouted. Even entertaining any agreement of resignation for a pardon, Hartmann believed, was a monstrous impropriety that could taint a Ford presidency forever.

Ford didn't think so. He hadn't promised anything to Haig. He wanted to talk to his wife, Betty.

Betty Ford was firm that he shouldn't get involved in making any recommendations to Nixon or to Haig.

About 1:30 a.m., Ford called Haig.

"Al," he said, "our discussion this afternoon, I hope you understand there was no agreement, no decision and no deal."There Wasn't a Deal

The next day, Ford told his adviser and former House colleague John Marsh about the visit from Haig and the options, including one in which Nixon would resign.

"I then, what I would do, I would give Nixon a pardon," Ford said.

Marsh couldn't believe it. "Look, you can't do this," he said gently.

"You could make a strong case for a pardon, that it would be in the national interest," Ford told Marsh.

"You can't do that," Marsh repeated. It would look like a quid pro quo for Nixon's resignation.

Alarmed, Marsh went to see Hartmann. Together, the two went to talk with Ford, who then told them about his late-night phone call to Haig saying no deal.

Hartmann and Marsh both told Ford there had to be no connection between a Nixon resignation and a possible pardon. They urged Ford to talk to former Nixon White House counselor Bryce Harlow.

Harlow persuaded Ford to place a second call to Haig to explain that he had no intention of recommending what President Nixon should do about resigning or not resigning.

Afterward, Hartmann, Marsh and Harlow had a drink together. They celebrated and declared that they had forced Ford to dodge a bullet.Making Up His Mind

On Friday, Aug. 9, 1974, Nixon resigned.

Ford held his first news conference on Aug. 28, and a third of the questions were about Nixon. To Ford, though, it felt more like 90 percent. He feared that without a pardon, Nixon and Watergate would haunt his presidency for years.

"My mind is 99 percent made up," Ford told Haig, Hartmann, Marsh and former law partner Phil Buchen in the Oval Office two days later.

Marsh was deeply worried. He went to see Ford during his lunch in a study off the Oval Office.

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"Questions are going to be raised about a deal," Marsh said.

Ford stopped eating. "Jack," he said, "I know exactly where you're coming from, and I have thought of that, and there was no deal."Custody of the Tapes

Ford called in longtime friend and former Justice Department lawyer Benton Becker to determine exactly what a president's pardon powers were prior to someone's indictment and conviction, and to determine what should be done with Nixon's papers and tapes.

After resigning, Nixon asked to have the materials shipped to his home in California. Traditionally, a former president owned all his papers. But Becker immediately saw that returning them to Nixon would make Ford complicit in hiding the truth.

"You will be writing the history of your presidency in the first weeks," Becker told Ford, "and history is going to say Jerry Ford participated in the final act of the Watergate coverup."

Ford authorized Becker to ensure the government would retain the tapes. "That history must be preserved," Ford said. "Do whatever you have to do. . . . I'm not shipping that stuff out."

Becker worked out an arrangement in which Nixon and the government had joint custody of the tapes for 10 years. Congress and the courts eventually saw that the tapes were preserved.

But Becker also returned to Washington with concerns about the health of Nixon, whom Ford still considered a friend. Nixon was "more depressed than any person I've ever seen," Becker reported. "I really have serious questions in my mind whether that man is going to be alive at the time of the election."

"Well," Ford noted, "1976 is a long time away."

"I don't mean 1976," Becker said. "I mean 1974." Congressional elections were two months away.

As Ford reviewed the pardon statement the morning of Sept. 8, with a felt-tip pen, he inserted a phrase saying the threat of prosecution hung "like a sword over our former President's head, threatening his health."

Hartmann, who was in the Oval Office that morning, had been pushing Ford to delay the pardon, to allow more time to pass.

"You know, if I decided to do it and then something happened to him and I hadn't done it because I was just waiting for a better time," Ford said to Hartmann, "I would never be able to forgive myself."A Nation's Outrage

The new president had misjudged the mood of the country. Rather than sympathy, the public and the media voiced outrage at the pardon. It seemed to be totally on Nixon's terms -- early, complete and without acknowledgment that he had committed crimes or even impeachable offenses. Suspicions about a deal surfaced almost immediately.

Ford agreed to testify about his decision before a House subcommittee. His staff went to work preparing his statement.

Haig learned of the testimony being drafted in a phone call from J. Fred Buzhardt, who had remained at the Ford White House during the transition. It stated that Haig had offered the presidency in return for the pardon on Aug. 1 but Ford had rejected the deal.

"Al, I think you'd better come to the White House," Buzhardt told Haig. "These boys have prepared sworn testimony for the president that could very well result in your indictment."

Haig drove to the White House and insisted on seeing President Ford. Within minutes, Haig was in the Oval Office.

"What do you want?" Ford asked.

"The truth," Haig replied. "That's all."

"You'll have it, Al," Ford said. He handed Haig a yellow legal tablet and said, "You write that portion as you remember."

So the conclusions of Ford's top aides that a deal had been offered were initially in Ford's testimony but were excised at the insistence of Haig.'I Was Naive'

Twenty-three years later, on Sept. 22, 1997, in a suite at the Waldorf Towers in New York, I asked Ford whether he thought Haig had offered him a deal.

"Well, I guess I was naive," Ford said. "I was naive that anybody would offer a deal, because all my political life people never came to me, 'I'm going to give you a political donation, I expect something in return.' People never came to me that way, because they knew damn well I wouldn't be a part of it. So when Al Haig comes with those six terms, I just didn't visualize him as one making a proposition to make a deal. It never went through my mind."

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I continued to press Ford. Did he agree, when all the facts and conclusions were examined now, decades later, that Haig had offered a deal?

"I would agree," Ford said, "because after talking to Hartmann, Marsh and Harlow, I wanted the record clear that I did not agree to consummate. . . . So that it has to be very clear that, yes, on paper, without action it was a deal, but it never became a deal because I never accepted."Nixon's 'Confession'

I interviewed Ford on the subject again on May 20, 1998, at his home office in Rancho Mirage, Calif., situated on a golf course in the midst of the desert. He was alone.

He brought up his pardon decision, noting that no president had "caught as much hell as I did." His recollections were clear. I suspected he had replayed them many times in his mind.

"I was overwhelmed with the public reaction," he said. "I guess I anticipated a lot, but not to the extent that happened. But . . . it didn't faze me one bit. If anything, it made me more stubborn that I was right."

I asked why he hadn't pressed Nixon harder for an admission of guilt.

"We were under a time pressure," he responded. Once he'd made the decision to grant the pardon, he had to move quickly. "The longer it took to resolve some of these things, the more likely that the issue would have come to the surface and it could have been a different ballgame."

I said I agreed, it would have leaked. Still, a forthright acknowledgment by Nixon could have ended the historical debate on that question. Why didn't Ford make more of the 1915 Supreme Court decision in Burdick v. United States that held that accepting a pardon is tantamount to confession of guilt?

"I still carry it around in my pocket, that statement," Ford said. "I've got it in my wallet here because anytime anybody challenges me, I pull it out. I've got it here someplace." He searched around in his wallet, and handed me a folded, dog-eared piece of paper. It was a portion of the Burdick decision.

I began to read aloud. "Most important, the justices found that a pardon 'carries an imputation of guilt, acceptance, a confession of it.' " Ford seized on the last phrase and repeated it: " 'Acceptance, a confession of it.' " See, Nixon had confessed, he said. "That was always very reassuring to me."

Adapted from "Shadow," copyright Bob Woodward, Simon & Schuster, 1999.

Bush Recalls Ford's Integrity, Instincts (AP)

By Deb Riechmann

AP, December 28, 2006

President Bush on Wednesday remembered former President Gerald Ford as a "man of complete integrity who led our country with common sense and kind instincts" and helped restore faith in the presidency after the Watergate scandal.

"On Aug. 9, 1974, he stepped into the presidency without ever having sought the office," Bush said. "He assumed power in a period of great division and turmoil. For a nation that needed healing and for an office that needed a calm and steady hand, Gerald Ford came along when we needed him most."

The president, who personally expressed his condolences in a phone call late Tuesday night with former first lady Betty Ford, called the former president a "man of integrity" who devoted the best years of his life to the nation. Bush said Ford commanded the Oval Office for 2 1/2 years with commonsense and kindness.

Ford "reflected the best in America's character," Bush said.

Ford helped restore Americans' confidence in the White House after President Richard Nixon's downfall in 1974 through the "honorable conduct" of his administration, Bush said.

Bush, who is spending the week at his Texas ranch, made his statement before sunrise inside a hangar at a helipad outlined in blue-green landing lights. Dawn was breaking over the ranch after he finished expressing his sadness over Ford's death.

"Our 38th president will always have a special place in our nation's history," he said.

Bush's father, former President George H.W. Bush, served in the Ford administration as a diplomat and CIA director. The president borrowed from the troupe of Ford advisers in making up his own presidential team more than a quarter century later.

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Vice President Dick Cheney served as Ford's chief of staff, while just departed Defense Secretary Donald H. Rumsfeld served Ford in the same job.

Cheney called Ford a "dear friend and mentor" and hailed his former boss' role in bringing the nation out of what the vice president called the "greatest constitutional crisis since the Civil War."

"In that troubled era, America needed strength, wisdom, and good judgment, and those qualities came to us in the person of Gerald R. Ford," Cheney said in a statement. "When he left office, he had restored public trust in the presidency, and the nation once again looked to the future with confidence and faith."

Rumsfeld called Ford "a man of great decency and towering integrity."

"As President, his personal character helped to restore the reservoir of trust in government and its leaders that is needed for our system to function effectively," Rumsfeld said.

Democrats and Republicans alike recalled Ford's willingness to work across party lines.

"President Ford was one of the kindest, most sincere elected officials whom I have known and with whom I have worked," said longtime Sen. Robert Byrd, D-W.Va. "Although he and I were from different political parties, we often were able to find common ground and work together for our country."

Rep. John Dingell, D-Mich., who served with Ford in the House, praised the former president for his commitment to his wife Betty and family.

"Jerry was warm gentle, friendly, pleasant courteous individual. He never used bad language, he loved his family, his kids and above all else he loved Betty," Dingell said.

Former Republican Sen. Bob Dole from Kansas, Ford's running mate in 1976, said Ford could be described in three words: "A good man."

"He was a friend to everyone who met him," Dole said. "He had no enemies."

White House chief of staff Joshua Bolten notified Bush about Ford's death shortly before 11 p.m. EST after getting the news from Ford's chief of staff. Deputy White House press secretary Scott Stanzel said Bush, who is scheduled to return to Washington on Jan. 1, will attend the funeral.

Bush Pays Tribute To Gerald Ford (FT)

By Demetri Sevastopulo In Washington

Financial Times, December 28, 2006

President George W. Bush expressed sadness over the death on Wednesday of former president Gerald Ford, saying he had helped “heal” America in the aftermath of the Watergate scandal.

“With his quiet integrity, common sense, and kind instincts, President Ford helped heal our land and restore public confidence in the presidency,” Mr Bush said. “The American people will always admire Gerald Ford’s devotion to duty, his personal character, and the honorable conduct of his administration.”

Mr Ford was aptly named the “accidental president” after the dramatic resignation of President Richard Nixon in 1973 over Watergate unexpectedly catapulted him into the Oval Office. He assumed the presidency as the US was winding down its controversial involvement in Vietnam.

Just one month after becoming the 38th president of the US, Mr Ford himself drew condemnation for pardoning Mr Nixon, a move that was widely credited as helping Jimmy Carter defeat Mr Ford in the 1976 presidential election. But Mr Ford, who said the pardon was needed to close the Watergate era, appeared well aware of the possible repercussions of his decision.

When his aides suggested that a pardon could doom his chances of being re-elected, Mr Ford shot back: “It could easily cost me the next election if I run again. But damn it, I don’t need the polls to tell me whether I’m right or wrong.’’

Historians later credited Mr Ford with restoring dignity to the office of the president, which had been badly tarnished by Mr Nixon and Spiro Agnew, who resigned as Mr Nixon’s vice-president after being charged with tax evasion.

Vice-president Dick Cheney, who became chief of staff to Mr Ford after Donald Rumsfeld moved from that job to become defence secretary, said on Wednesday: “He assumed the nation’s highest office during the greatest constitutional crisis since the

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Civil War. In that troubled era, America needed strength, wisdom, and good judgment, and those qualities came to us in the person of Gerald R. Ford."

Democrats and Republicans mourned Mr Ford. Harry Reid, the incoming Democratic Senate majority leader, said Mr Ford helped lead the US from "one of its darkest hours with grace and bipartisanship". John McCain, the Arizona Republican senator said he "sacrificed his own ambitions to help move our country beyond the divisions and disillusionment caused by Watergate and a lost war".

John Bruton, the European Union ambassador in Washington, said he was "deeply saddened" by the death of Mr Ford, whom he described as a "healing force" in US history.

German President Horst Köhler offered his "deeply felt condolences'' and described Ford as "a great American" who played an important role in advancing trans-Atlantic ties and as "one of the founding fathers of the world economic summits of the leading industrial nations".

Czech President Vaclav Klaus called Ford "an outstanding politician'' whose work ''was instrumental for freedom in my country and for the fall of the Iron Curtain in Europe".

Ford's Integrity Praised (WT)

By Eric Pfeiffer

Washington Times, December 28, 2006

President Bush and other lawmakers paid their respects to Gerald R. Ford yesterday, as plans were completed for several days of funeral services and memorials, which will include the late president's body lying in state at the U.S. Capitol on Sunday and Monday.

Gregory Willard, a Ford family representative, told reporters yesterday that services will begin tomorrow in California and last until Wednesday, when Mr. Ford will be interred in a hillside tomb near his presidential museum in Grand Rapids, Mich.

Speaking from his ranch in Crawford, Texas, Mr. Bush praised the former president for restoring integrity to the White House after the scandal-forced resignations of President Nixon and Vice President Spiro Agnew.

"With his quiet integrity, common sense and kind instincts, President Ford helped heal our land and restore public confidence in the presidency," Mr. Bush said. "The American people will always admire Gerald Ford's devotion to duty, his personal character and the honorable conduct of his administration. We mourn the loss of such a leader, and our 38th president will always have a special place in our nation's memory."

The curators of Mr. Ford's presidential museum opened their lobby for 24 hours a day starting yesterday and said the lobby will remain open until further notice.

Mr. Willard said the funeral ceremonies begin tomorrow, with a private prayer service for the family at St. Margaret's Episcopal Church in Palm Desert, Calif., which Mr. Ford and his wife, Betty, had attended. On Saturday, the 38th president's body will be flown to Washington for a state funeral in the Capitol Rotunda that evening. On its way to the Capitol, the hearse will pause at the World War II Memorial, in tribute to the Navy veteran's service.

The public will be able to file into the Capitol to pay last respects to Mr. Ford from the conclusion of the funeral until the coffin leaves for a funeral service at the Washington National Cathedral on Tuesday morning. His remains will leave Washington for the final service and interment in Michigan, the former president's home state.

The tributes poured in yesterday. Vice President Dick Cheney, who served as Mr. Ford's chief of staff, praised his former boss in a statement, calling him a "dear friend and mentor."

"Throughout his career -- as a naval officer, congressman, vice president and president -- Gerald Ford embodied the best values of a great generation: decency, integrity and devotion to duty," Mr. Cheney said.

Mr. Ford had close ties to the Bush administration. Mr. Bush's father, former President George Bush, served in the Ford administration as a diplomat and CIA director. And just-departed Defense Secretary Donald H. Rumsfeld also served Mr. Ford as chief of staff.

Mr. Rumsfeld yesterday called his former boss "a man of great decency and towering integrity." The elder Mr. Bush called Mr. Ford "one of the most decent and capable men I ever met."

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Former Senate Majority Leader Bob Dole, who was Mr. Ford's vice-presidential running mate in 1976, said Mr. Ford "was a friend to everyone who met him" and "had no enemies."

Praise for Mr. Ford was not limited to his former political allies. Former President Jimmy Carter, who defeated Mr. Ford in the 1976 presidential election, also had kind words for his one-time opponent.

"An outstanding statesman, he wisely chose the path of healing during a deeply divisive time in our nation's history," Mr. Carter said. "He frequently rose above politics by emphasizing the need for bipartisanship and seeking common ground on issues critical to our nation."

Former President Bill Clinton and New York Sen. Hillary Rodham Clinton issued a joint statement, saying that Mr. Ford "to his great credit ... was the same hard-working, down-to-earth person the day he left the White House as he was when he first entered Congress."

Mr. Bush ordered all flags at federal buildings, including Congress, the White House, and U.S. diplomatic missions and military bases abroad, to be flown at half-staff for the next 30 days, according to the U.S. Flag Code guidelines for a former president's death. Gov. Jennifer M. Granholm, Michigan Democrat, followed suit for her state, ordering all flags on state office buildings to be flown at half-staff through Jan. 25.

"I remember in his inaugural speech he said, 'You have not elected me as your president by your ballots, and so I ask you to confirm me as your president with your prayers,' " said the Rev. Billy Graham. "God certainly answered those prayers. President Ford was the great healer, and brought us together. We owe a great debt to him for how he put principle over politics at a crucial time in the life of our nation."

Historians have viewed Mr. Ford's legacy as focusing on the stability he provided after Mr. Nixon's resignation. However, polls show that his standing has continued to improve with the American public over the years.

In March 1975, his popularity sank to 37 percent, the lowest point of his presidency. The drop in his poll numbers is attributed to his decision to pardon Mr. Nixon the September before and the continued fallout from the Vietnam War.

In September 1974, just 33 percent of respondents told Time magazine that they agreed with the pardon. Yet by 1980, 55 percent of respondents said they had a favorable opinion of Mr. Ford in a CBS News/New York Times poll.

Those positive sentiments appear to have solidified over time. According to a June 2006 Gallup poll, 60 percent of Americans said they approve of the job Mr. Ford did as president, with only 26 percent registering disapproval.

"For most, the legacy of Gerald Ford will be the unity he brought to the nation after the divisive and bitter experiences of Watergate," presidential historian Doug Wead said yesterday on the Web site NewsMax.com. "In those days, Republican and Democrat, journalist and pundit could agree that the new president was honest and decent and he would make every effort to be fair. It was a time for healing."

Even Chevy Chase, the comedian whose "Saturday Night Live" parodies cemented the image of Mr. Ford as a klutz, said yesterday that he had come to have a high opinion of the former president, who was actually a star athlete in college and later a football and boxing coach.

After the show's run, "we became friends and he was a very, very sweet man," Mr. Chase told [a wire service] news agency.

"He took my wife and I on a whole lovely trip through Grand Rapids to show us where he had been as a child. We kept in touch, and he was just a terrific guy."

Gerald Ford Dead At 93 (CHIT)

By William Neikirk

Chicago Tribune, December 28, 2006

WASHINGTON -- Gerald R. Ford, who struggled to heal the nation's Watergate wounds in a short and turbulent tenure as president, died Tuesday. He was 93.

The death was announced by his wife, Betty. No cause of death was immediately disclosed, but the longest-living U.S. president had suffered from pneumonia and heart ailments in the past year.

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``The American people will always admire Gerald Ford's devotion to duty, his personal character and the honorable conduct of his administration," President Bush said in a statement from his Texas ranch. Bush said Ford "will always have a special place in our nation's memory."

Ford took over as the nation's 38th president on Aug. 9, 1974, after the resignation of Richard Nixon, but economic woes and his pardon of Nixon undercut his campaign of reconciliation and eventually his presidency. He was the only person to ever serve as chief executive without being elected president or vice president.

He died near his California home. After his body is flown to Washington Saturday, Ford's motorcade will pause at the World War II Memorial en route to the Capitol.

Ford's body will lie in state in the Capitol where he represented Grand Rapids, Mich., as a House member for 25 years and as House Republican leader. His body is expected to arrive Saturday evening in the Rotunda, to be met by House Speaker Dennis Hastert and Senate President Pro Tem Ted Stevens (R-Alaska) for a short ceremony.

The casket will be available for public viewing Saturday night, Sunday and Monday. On Tuesday morning, a large-scale funeral service will be held at the National Cathedral. Then, next Wednesday, Ford will be interred outside his presidential library and museum on the banks of the Grand River in Grand Rapids.

Those arrangements may change slightly as Congressional and White House officials work with the Ford family.

"Our long national nightmare is over," Ford told an anxious country after taking the oath of office to replace Nixon, who stepped down rather than face almost-certain impeachment over his role in covering up the Watergate scandal.

Referring to Nixon's departure, Ford added: "Our Constitution works. Our great republic is a government of laws and not of men."

But as he took charge with those reassuring words, events would later show that moment was perhaps the high point of a presidency that suffered for lack of a true electoral mandate.

It came to an end in 1976. Ford managed to eke out a narrow yet party-dividing victory for the Republican nomination after a strong primary challenge from former California Gov. (and later president) Ronald Reagan. But in November he lost to Democrat Jimmy Carter in one of the closest elections in U.S. history after starting out far behind in the polls. Carter, a former Georgia governor, made the pardon a central campaign issue.

Ford achieved a rare distinction in 2003, when he became only the fourth former president to reach age 90, after John Adams, Herbert Hoover and Reagan. He told an interviewer upon turning 90: "I'm still playing golf. I'm still a nine-holer--my legs can't handle 18 very well."

Though Ford left the Oval Office with a reputation for being one of the nicest, most decent presidents in U.S. history, in the end the nice guy failed to extend the Republican electoral victories that began with Nixon's capture of the White House in 1968. Many observers saw Ford as a victim of his predecessor's scandal and the distrust it brought his party.

But in the first few weeks after Nixon's departure, the genial Ford brought a calming presence to the highest office in the land, shunning the imperial atmosphere fostered by Nixon. His straightforward manner eased the nation's concerns after a major constitutional crisis had nearly torn it apart. He also communicated a spirit of openness and sincerity as he crisscrossed the country, visiting all 50 states during his first 16 months in office.

Ford's wife, Elizabeth Ann "Betty" Ford, had stayed out of the spotlight during his congressional career. She spent much of her time raising their four children, Mike, Jack, Steve and Susan. But as first lady, she assumed a larger public role, stressing help for handicapped children and favoring the Equal Rights Amendment.

After she had breast cancer surgery in 1974, she campaigned for greater public awareness of the disease. And then, after successfully battling her own dependency on drugs and alcohol, she helped establish the Betty Ford Center at the Eisenhower Medical Center in Rancho Mirage, Calif.

`Accidental president'

The "accidental president," as some have called Ford, was also prone to accidents. His occasional stumbles and gaffes made him a favorite target of comedians, including Chevy Chase on NBC's "Saturday Night Live." He bumped his head on the presidential helicopter, and on an overseas trip in 1975, he fell down the ramp of Air Force One. Yet with an outstanding football career at the University of Michigan, he was perhaps the best athlete ever to occupy the Oval Office.

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Ford wrote in his autobiography, "A Time to Heal," that he laughed at the jokes made at his expense about such missteps, but he added that if the people internalized an image of him as a bumbling, stumbling leader, that wouldn't be funny at all for his presidency.

The acid-tongued Lyndon Johnson once remarked that Ford played too much football without his helmet on.

"I'm a Ford, not a Lincoln," Ford said in one notable remark uttered while he was still vice president but that nonetheless reflected a modest vision about his place in history.

Even his political advisers privately criticized his speaking style and lack of charisma, but never his sincerity or decency. To many on the political scene in Washington, he was just "Good Old Jerry Ford."

In his nearly 2½ years as chief executive, Ford also had to deal with many thorny problems besides Watergate and the Nixon pardon. He presided over the painful final act of the American withdrawal from Vietnam--the April 28, 1975, evacuation of U.S. personnel as the North Vietnamese stormed Saigon. Throughout his presidency, he strove to stabilize an economy plagued by inflation, recession and fears of energy shortages.

Early in his tenure, he ordered a clemency program for Vietnam-era draft evaders and deserters that required them to do public service. About 15,000 Americans, civilian and military, participated.

He continued Nixon's program of detente with the Soviet Union and reached out to China, although the perceived defeat in Vietnam posed a major challenge in projecting U.S. power abroad in a world divided by the Cold War.

Ford sought to counter an image abroad that America had turned into a helpless giant--and he believed one incident gave him that opportunity.

Shortly after the fall of Saigon, he authorized a military operation to rescue 39 crew members of the merchant ship SS Mayaguez, which had been seized near the coast of Cambodia by Khmer Rouge forces.

In a mission filled with miscalculation and bungling, 41 Americans died and 50 were wounded in an invasion of Cambodia's Koh Tang Island, even though the crew members had been secretly released and put on a Thai fishing vessel before all the military strikes were completed. Despite the heavy losses, Ford claimed a victory for American credibility.

Attempts on his life

There were two attempts on Ford's life in September 1975 on separate trips to California. Both of the would-be assassins were women, Lynette "Squeaky" Fromme and Sara Jane Moore. For a while, Ford cut back on his travel as a result of the attempts.

Though he was a creature of Congress, as president he often found himself at odds with a Democratic-controlled Capitol Hill, particularly on legislation to deal with the economy, and vetoed 66 pieces of legislation. He battled with Congress over energy legislation and whether spending should be cut to match tax reductions.

With inflation at 12 percent when he took office, he renounced Nixon's wage and price controls and opted instead for a "Whip Inflation Now" or "WIN" program, complete with WIN buttons that yielded more laughter than cooperation. In 1975 the economy sank into a steep but brief recession, and unemployment soared to more than 9 percent.

Joblessness and inflation abated in 1976, and tax cuts proposed by the White House helped. But the recovery slowed right before the November election--bad timing for Ford.

Ford, who was 61 when he took over the White House, was born Leslie Lynch King Jr. on July 14, 1913, in Omaha. He became Gerald R. Ford Jr. after his mother divorced and remarried.

When Ford assumed the presidency, he was a veteran congressional leader with three sons and a daughter whom his wife, Betty, almost exclusively raised as he tended to his political career. He had promised her that he would not run for president in 1976, but political demands dictated otherwise.

His family made more news than he did on occasion, with Betty Ford creating a national controversy by saying she would not be surprised to learn her children had smoked marijuana and wouldn't be shocked if her teenage daughter engaged in premarital sex.

Her husband, a Republican from the party's moderate Eisenhower wing, rose to the rank of House minority leader during a nearly 25-year congressional career before being chosen in October 1973 to be Nixon's vice president under authority of the 25th

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Amendment. He replaced Spiro Agnew, who stepped down after pleading no contest to a charge of income tax evasion after receiving illegal payments.

Two Democrats, House Speaker Carl Albert and Senate Majority Leader Mike Mansfield, were instrumental in Ford's selection, telling Nixon that of all the potential candidates, Ford would have the easiest time being confirmed. Ford also was pushed by moderates inside the Nixon administration. His ascension to the presidency marked the only time that a person who was not elected either president or vice president has held the nation's top office.

Once he became president, Ford named former New York Gov. Nelson Rockefeller as vice president, completing the only non-elected team ever to lead the national government. But in an effort to appease the party's right wing, Rockefeller was dumped as Ford's 1976 running mate in favor of Sen. Bob Dole of Kansas.

"You just lost the election," Reagan representative Drew Lewis told Ford because he did not choose Reagan as his running mate.

Though Ford and Rockefeller were polar opposites in many ways, Ford was unsparing in his praise for the New Yorker as a team player. He later said one of his biggest regrets was in caving to right-wing pressure and dropping Rockefeller from the ticket.

Rockefeller, a liberal Republican who had sought the presidency in 1964, had his troubles in the new administration. He began as Ford's czar of domestic policy but was outmaneuvered by the president's top aides in that task. Later, Ford assigned him to head a commission that investigated controversial counterintelligence operations by the CIA and FBI, including alleged CIA assassination plots against foreign leaders such as Cuba's Fidel Castro.

When the Rockefeller Commission refused to publish information on the assassination plot against Castro under President John Kennedy, a congressional committee headed by Sen. Frank Church, an Idaho Democrat, rebuffed Ford and decided to publish it as part of a report recommending overhaul of government intelligence agencies.

For his part, Ford imposed restrictions on the FBI for spying on political activist organizations and high-profile figures such as Rev. Martin Luther King Jr. After the Sept. 11, 2001, attacks, he said relaxing those curbs appeared to be appropriate, even though he added he was "very, very queasy" about "going back to the bad old days when the FBI was spying on people."

Ford was plain-spoken, and not naturally given to eloquence, a Midwesterner of modest means and common-sense conservative politics who never aspired to be president. His ambition as an up-and-coming congressman pointed in only one direction--to be speaker of the House. He said he believed in limited government and admitted he did not have presidential "vision," which he defined as grand governmental schemes and the rhetorical ability to sell them to the public.

Yet when he put his principles in action, sometimes they proved costly. When he opposed a federal bailout of a financially pinched New York City, the New York Daily News splashed a "Ford to City: Drop Dead" headline on its front page. The president said a bailout would have enabled the city to escape dealing with its problems. Some critics felt that position cost him New York in the 1976 election.

But nothing compared with Nixon's pardon for political impact. On Sept. 8, 1974, roughly a month after he took over, Ford issued a "full, free and absolute pardon" to Nixon in a decision that put an indelible mark on his presidency and gave Carter a handy campaign issue.

Critics charged that the pardon had been hatched as part of a deal that would bring Ford to power, but Ford steadfastly denied that was the case.

In his autobiography, Ford said he decided on his own to pardon Nixon, explaining that Nixon's humiliation over resigning was punishment enough and that putting him on trial would revisit the sins of Watergate and cause greater turmoil. "The healing process would have been torn apart," he said.

One of his top advisers, James Cannon, wrote in a book that the president was "shocked" at the negative public reaction resulting from the pardon, thinking that the American people would be in a more forgiving mood. They weren't, and the pardon hobbled Ford throughout his presidency.

In retrospect, many political scientists give Ford credit for making a tough decision that would, over time, help heal the country--just not in time for Ford. In later years he would be honored for making one of the most courageous decisions in American politics.

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On May 21, 2001, he received a Profile in Courage Award from the family of President Kennedy for his pardoning of Nixon. In his remarks, he said, "No doubt arguments over the Nixon pardon will continue for as long as historians relive those tumultuous days."

President Bill Clinton presented him the Presidential Medal of Freedom in 1999 for guiding the nation through the difficult times of Watergate, Nixon's resignation and pardon, and America's difficult disengagement from Vietnam.

On June 19, 2006, a few weeks before Ford's 93rd birthday, Vice President Dick Cheney praised the former president at the Gerald R. Ford Foundation's annual dinner.

"We worked for a man who had inherited a damaged office and who swiftly and successfully restored authority, dignity and respect to the presidency," Cheney said.

He noted that Ford once said that he "never could have imagined that he would be president of the United States in America's bicentennial year," 1976.

Cheney recalled at the foundation's 2005 dinner in Rancho Mirage that Ford "called the room to silence, lowered his voice, drew us into his confidence--and announced that he was Deep Throat."

`Integrity in the White House'

Asked by the Tribune in May 2003 how he wanted to be remembered, Ford said: "When historians write whatever they write, I hope they will say that President Ford re-established integrity in the White House, that President Ford restored public support for the White House on the basis of integrity. If that's the achievement of the Ford administration, according to historians, that would please me the most."

Some of Ford's key aides went on to greater political careers--perhaps one of his biggest legacies. His top diplomat in China, George H.W. Bush, became vice president and president. Cheney, his chief of staff, became vice president.

Donald Rumsfeld, another chief of staff and defense secretary, took over the Pentagon under President George W. Bush in 2001 and became one of the most influential defense secretaries in U.S. history. His chief economic adviser, Alan Greenspan, later became chairman of the Federal Reserve.

Politically, Ford--like Nixon--mistrusted the GOP's right wing. Ford and Reagan were never close, for instance, and campaign memos written on Ford's behalf in 1976 identified Reagan's followers as "right-wing nuts." The president also said he was miffed because Reagan provided only lukewarm support for his run against Carter.

To win the nomination in 1976, the president found he had to get tough with Reagan, airing television commercials questioning his competency and judgment.

He wrote in his autobiography that Reagan always thought he was right in an argument, didn't work all that hard at campaigning and had a tendency for "offering simplistic solutions to hideously complex problems."

Ford had his shortcomings as a campaigner. His staff often criticized his speaking style and speeches that weren't considered punchy enough. At a campaign speech in Illinois, for example, he stumbled over the words "fly swatter" several times, much to the delight of Carter.

But his most serious misstep came in a debate with Carter, when he declared that Eastern Europe was not under the domination of the Soviet Union. Ford did not think he had stumbled until Cheney told him the next day, and urged a clarification. Ford clarified his remarks, but the damage had been done.

Reagan swept to the GOP nomination in 1980, but at the Republican National Convention in Detroit, lieutenants for Reagan and Ford conducted intense negotiations to get Ford on the ticket as Reagan's running mate. Each time Ford turned down the offer, even as he appeared to be holding out for a kind of co-presidency or expanded vice presidency.

Ford indicated he might be willing to go on the ticket if the right deal could be worked out, but ultimately none of the offers was satisfactory to Ford. Reagan went to his second choice, George H.W. Bush.

In a May 2003 interview, Ford gave this account:

"When Betty and I got to Detroit, we had a message that Gov. Reagan and [Reagan's wife] Nancy wanted to see us. They came to my suite and that's when Gov. Reagan said he would like me to be his running mate, which was a shocker because I had no such ambitions, but in deference to his request, I said let's think about it for 36 hours. In the meantime, both of us had

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advisers who analyzed the circumstances and finally, it was just generally agreed that it wouldn't work. And that's when Reagan very hurriedly called on George Bush."

While president, he had maintained his interest in sports, playing tennis often, building his own heated swimming pool on the White House grounds and going to his winter home in Vail every Christmas for a skiing holiday.

As a child, Ford lived in Grand Rapids, Mich., where he moved with his mother, Dorothy Gardner King, two weeks after his birth. Five months later, on Dec. 19, 1913, her divorce from Leslie Lynch King Jr. was made final.

On Feb. 1, 1916, his mother married Gerald R. Ford Sr., a paint salesman, who adopted her young son and renamed him. The couple had three sons of their own, but the elder Fords never told the younger children or Gerald that he was adopted. The future president didn't know he was adopted until he was 17, when his real father came to Michigan and introduced himself.

While working part time in a Grand Rapids restaurant, he noticed a stranger lingering by the candy counter one noon.

Ford described the incident in ``Gerald Ford and the Future of the Presidency," a book by Jerald terHorst, who was Ford's first press secretary in the White House and resigned in protest over the Nixon pardon.

``He stood there for a long time--he was a stranger--and finally as I was handling food or doing dishes, he walked across to me and said, `Leslie, I'm your father.' I was a little startled to be addressed as Leslie. Then he said, `Yes, I am your father; I was divorced from your mother. Would you go out to lunch with me?' "

Ford saw his father, who is believed to have died in the early 1940s, only occasionally after that.

A football star in high school, Ford attended the University of Michigan on an athletic scholarship. Although he has often been referred to as a former All-American football player, he did not make the first team at Michigan until his senior year, when he was named the team's most valuable player and was picked for the College All-Star Game.

After turning down offers to play professional football for the Green Bay Packers and the Detroit Lions, he went to Yale Law School, where he helped pay his expenses by working as an assistant football coach. He received his law degree in 1941, finishing in the upper third of his class, and joined the Navy less than a year later.

During his 47 months of active duty, he was first assigned to help shape up the hundreds of aviation cadets training at Chapel Hill, N.C. He then served on the light aircraft carrier USS Monterey in the Pacific. After the war, he returned to Grand Rapids to practice law.

In his autobiography, Ford told of being nearly swept overboard during a typhoon in the Philippine Sea that also ruptured airplane fuel tanks and caused a fire. He wrote that, as president, a fire at the height of a typhoon was a "marvelous metaphor for the ship of state."

1st taste of politics

Ford's first taste of politics was in 1940 when he served as a Michigan volunteer in Republican Wendell Willkie's presidential campaign against Franklin Roosevelt.

When he became interested in trying to solve the housing problems of young, married former servicemen, he decided to use the experience he had gained in the Willkie campaign to help organize the Independent Veterans Association. He was named vice president of the group, which effectively lobbied local commissioners and supervisors for more low-cost housing for veterans.

Meanwhile, he had met Chicago native Betty Bloomer Warren, a former professional dancer who studied with Martha Graham and worked as fashion coordinator at a Grand Rapids department store. After they dated for several months, he proposed but told her they couldn't marry until autumn because something was coming up--actually a try for Congress--that he couldn't tell her about at the time.

He won an upset victory over the incumbent in the Republican primary and was married on Oct. 15, 1948, less than three weeks before he won the general election.

The honeymoon gave way to the campaign. Married on Friday, Ford took his new bride to a University of Michigan football game the next afternoon. That evening they attended a Republican reception in Owosso, Mich., for Thomas Dewey, the Owosso-born governor of New York who was running for president.

After defeating Democrat Fred Barr, Ford went to Washington and won assignment to the House Appropriations Committee.

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His first national recognition came in 1952, when he joined 18 other House Republicans in sending Dwight Eisenhower a letter urging that he return to the United States from his military post in Europe and run for president. About the same time he signed the Eisenhower letter, Ford was approached by a group of Michigan Republican leaders wanting him to run for the U.S. Senate to fill the seat of Arthur Vandenberg, who had died, but Ford turned them down to make way for a friend.

By 1959 he was being talked of as a candidate for the House Republican leadership. A year later he was endorsed by the Michigan GOP as the favorite-son candidate for vice president.

He was one of three Republicans picked for a ``truth squad'' to trail Kennedy around the country during the 1960 campaign against Nixon. He was also one of five Republicans to sign a statement denouncing Kennedy's first State of the Union Message as ``a shabby attempt'' to paint a bleak picture of the nation's economic and international situation.

Later, President Johnson would choose Ford as one of two congressmen on the Warren Commission, which investigated Kennedy's assassination.

Ford was always popular with his fellow Republicans, and that paid off in 1963 when he was elected chairman of the House Republican Caucus, the third-ranking GOP leadership post. Sen. Barry Goldwater (R-Ariz.) said Ford was one of four Republicans he could support for president in 1964. When Goldwater won the nomination, he considered picking Ford as his running mate.

After Goldwater's 1964 loss to Johnson by a landslide, Ford made his move for the House Republican leadership, besting veteran Rep. Charles Halleck of Indiana for the position that would nearly a decade later prove to be his springboard to the presidency.

As House Republican leader, Ford seldom rejected a plea for campaign help from GOP colleagues. He teamed up with the colorful Sen. Everett Dirksen of Illinois in the ``Ev and Jerry Show''--a television presentation of Republican views on national issues.

With Johnson's Great Society programs being passed easily by the heavily Democratic Congress, the ``Ev and Jerry Show'' had more entertainment value than political significance.

Ford's tenure as vice president was an uncomfortable part of his political career. The balance between loyalty to his president and the maintenance of personal integrity and credibility proved difficult. Even after he was told Nixon was likely to resign within a week, Ford said in several speeches he knew of no impeachable offense that had been committed and suggested Nixon somehow would overcome his problems.

An Unelected President Shone At Crucial Moment (CSM)

By Peter Grier

The Christian Science Monitor, December 28, 2006

Posted December 28, 2006 - http://www.csmonitor.com/2006/1228/p25s01-uspo.html An unelected president shone at crucial moment Gerald Ford is eulogized for his openness and honesty in the White House after the Nixon years.

By Peter Grier | Staff writer of The Christian Science Monitor

WASHINGTON

On Aug. 8, 1974, shortly before 11 a.m., President Richard Nixon entered the Oval Office to meet with Vice President Gerald Ford. President Nixon's face was ashen, but he was set on his course, so he shook hands and motioned Mr. Ford to sit in a chair beside him.

An awkward silence followed. Then Nixon broke it.

"You'll do fine," he said.

The formalities were yet to come, but at that moment, like a shock, the powers of the presidency leapt from one man to the other. Nixon, wounded by Watergate, was resigning; Ford was about to become the first, and so far only, unelected chief executive of the United States.

Ford, who died Tuesday at his home in California, had spent decades in Washington preparing himself for higher political office. The problem was, that office was speaker of the House. Now, in 1974, this product of Congress had to sit where Nixon had sat - and Lyndon Johnson and John F. Kennedy before him - and lead a dispirited and divided nation.

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Watergate was only part of it. Ford inherited the Vietnam war, and inflation, and the cold war, too.

Did he do fine, as predicted? Ford's pardon of Nixon was deeply unpopular, and probably cost him the '76 election. His Whip Inflation Now campaign seemed all lapel buttons and no bite. The comedian Chevy Chase's imitations of his pratfalls remain legendary, however unfair.

But Ford was more, somehow, than the sum of his policies. Decent, fair, modest, and - truth be told - shrewd, he made Washington seem normal again. It was a time for healing, as he himself later said. And heal he did, steadying the economy and keeping to a moderate foreign-policy course.

The Nixon years had been as dramatic and taxing as Wagnerian opera. This political theater ended under Ford. The US could relax, and refocus on the future.

"On behalf of the entire nation, thank you for restoring the nation's confidence in itself," said President Jimmy Carter to Ford, moments after taking the oath of office in 1976.

Ford was born July 14, 1913, in Omaha, Neb. He was named Leslie Lynch King Jr., after his father, Leslie King, a Montana wool trader. His parents divorced shortly after his birth, and two years later, his mother married a Michigan paint salesman named Gerald Ford, who gave his stepson his name and raised him as his own.

Stocky and blond, Gerald Rudolph Ford Jr. grew up in Grand Rapids, Michigan's second-largest - and most conservative - city. Even in those days, boys generally wore sports shirts and sweaters to school. Jerry Ford usually wore a suit and tie.

He studied hard and got decent grades but was best known as the star center of the South High School football team. "Back then I had absolutely no interest in politics or a career in government," he later said.

Recruited by its football coach, Ford entered the University of Michigan in 1931. He played on undefeated teams in 1932 and 1933, and was named the Wolverines' "most valuable player" in 1934. The Detroit Lions and the Green Bay Packers offered him pro contracts when he graduated in 1935, but Ford, a solid "B" student, had set his sights on another line of work: the law.

He took a coaching job at Yale, and eventually talked his way into Yale Law School. He worked hard - perhaps unsurprisingly, his best grades were in legal ethics - but had time to found a modeling business on the side.

Yes, modeling. Urged on by Phyllis Brown, a girlfriend who was herself a model, Ford backed a New York agency for several years. Eventually he himself starred in a Look magazine photo spread about a weekend in the life of sports-oriented young people.

Then World War II intervened. Shortly after receiving his law degree in 1941, Ford enlisted in the Navy. Serving on the aircraft carrier USS Monterey, Ford was witness to many of the biggest naval battles in the Pacific. But his only close call came during a typhoon, when he slipped on deck and flew like a toboggan over the edge - only to drop neatly onto a catwalk.

After the war, Ford returned to Grand Rapids to practice law.

And like another young Navy vet in California, Richard Milhous Nixon, Ford's interests and experience made politics a natural career choice.

He began his political life as a reform candidate dedicated to sweeping out the prewar old guard of Michigan politics. In 1948, he beat incumbent Rep. Bartel Jonkman in the Republican primary for Michigan's Fifth Congressional District.

Eventually, the people of the Fifth District elected Jerry Ford to Congress 13 times.

In Washington, Ford quickly developed a reputation as a loyal Republican and hard worker. He wangled a spot on the powerful Appropriations Committee, and, with the help of other young members dissatisfied with the GOP old bulls, won election to the party's congressional leadership.

In 1965 he was elected House minority leader. But his long-held goal, speaker of the House, seemed as far away as ever, as Democrats kept control of the chamber in election after election.

Some thought him stolid. Others knew better.

"There is an inscrutability about Jerry," one of his friends told the Grand Rapids newsman Bud Vestal in 1974. "You think you know him, but there's always one layer of reserve between you and Jerry's inner self."

By '74 he was tired of laboring in the minority. That term would be his last, he figured - he'd go back to Grand Rapids in 1976.

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But then came the scandals of the Nixon presidency. Vice President Spiro Agnew resigned in 1973, after being accused of taking bribes in political office. Nixon knew Ford from years of service together in Congress; some newsmen had even speculated in 1968 that Ford would be his running mate. When Nixon announced his new choice for vice president at a White House ceremony, members of Congress in the audience raised a deafening cheer.

"They like you," Nixon said to Ford as they stood on the podium.

"I have a couple of friends out there," said Ford, as the applause continued.

Then the Watergate crisis deepened and, less than a year later, Nixon, too, resigned. Ex-jock, ex-model, a man who'd come home at night covered with paint after working in his father's paint and varnish factory as a boy, Ford was president of the United States.

On Sept. 14, 1974, President Ford opened a National Security Council (NSC) meeting on the Strategic Arms Limitation Talks (SALT) nuclear-reduction talks with a short, cogent statement of the principles at stake.

SALT was good for the country, Ford said; the US had the "obligation" of finding common ground for agreement. Better to go in with that attitude than a cynical or skeptical one, which might itself block the way forward.

"Not any agreement is acceptable ... but reaching an agreement is in our best interests," he said. "We should proceed on the basis that this is the case."

To the cabinet, accustomed to Nixon's long, rambling harangues, these words must have seemed a revelation. They were modest, yet unarguable, and after the president delivered them, he shut up. Not entirely - he asked a question here and there. But in the main, he let his advisers convince him, rather than the other way around.

To pore through the minutes of Ford's presidential meetings is to see a leader who is far from a bumbler. In at least one NSC meeting he corrected a member of the Joint Chiefs of Staff about the military's own budget. But as president he did not force decisions. He had a sense of humor, even about his infamous falls, including one he took on a state visit to Austria.

"In Austria, the president indicated he tumbled into Austria," read the minutes of a June 4, 1975, cabinet meeting, "but he really felt that Betty had tripped him, then ran away and left him to get to his feet all by himself."

But it wasn't enough to win his election to the office he'd inherited. Barely a month into his presidency, Ford pardoned Nixon for any crimes he might have committed. Eighty percent of Americans disapproved; even Ford's press secretary, Jerry terHorst, resigned.

Ford's popularity recovered, and the nation was spared a divisive trial, but the pardon remained a drag on Ford's poll ratings. In 1976, he was beaten by Democrat Jimmy Carter, who won fewer states but more electoral votes.

Ford was the only Michigander, and the first Eagle Scout, to become president. He was the first appointed vice president (the second was his own vice president, Nelson Rockefeller), and the only unelected chief executive of the US. He was the only president whose motorcade was involved in an auto accident, and he held the record for number of presidential assassination attempts (two).

Yet he may forever be best known for this: He was his own man, and not Richard Nixon. For the United States, at a crucial point in its history, that was enough.

As Donald Rumsfeld, who served as Ford's Defense secretary, said in 1986: "It was a time to heal, and Gerald Ford did it as few others could have."

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The Homegrown Decency Of Gerald Ford (WP)

By Wil Haygood

The Washington Post, December 28, 2006

There is something about landscape and upbringing, about how it often seems to come to bear upon the temperament of an individual. Gerald R. Ford Jr., a Michigan boy, grew up to be president. If one were to flip through a sepia-tinted scrapbook, into Ford's 1920s and 1930s Grand Rapids, one might see glistening lakes, football fields, leafy trees. One might hear teakettles whistling atop stoves. And one might imagine a place where boys weren't supposed to cry.

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There was indeed that tableau, but there were also other things -- less poetic -- humming in the life of the young Gerald Ford. His mother was a divorcee; his birth father was a smoothie and a ladies' man. There would be financial woes even after his mother remarried. Young Jerry also had a stuttering problem. (By the time he reached high school, however, the stutter was gone, as if he had miraculously laid it in his hand and flung it across a nearby lake.)

There was something of a Hemingwayesque code at play in Ford's upbringing. Grace looked so sweet under pressure. One bore up coatless in wintertime if needed. One suffered quietly, and family demons never rolled beyond the window curtains.

By the time he had emerged onto the national stage, something simple and munificent had bled its way into his being: decency.

Ford was a decent man, and he seemed to admire in others, more than anything else, that trait.

Throughout his life, there were moments when he might have faltered. He might have become self-centered, paranoid about the motives of others, egotistical once entrenched behind a fancy desk on Capitol Hill. He came of age during the Depression, when people starved and homes vanished like feathers blown away by the cold financial winds.

There was indeed a Nixon enemies list, but Ford would have considered such a thing anathema. He seems to have eschewed unattractive tics. He chuckled; he rested; he backslapped. Parodied on those "Saturday Night Live" skits, he took it in stride and even made a cameo appearance on the show. Life needed humor.

Here is Ford in his unadorned autobiography, "A Time to Heal," talking about his freshman year in 1931 at the University of Michigan: "I'd saved one hundred dollars that summer working at the paint factory. For three hours every day, during the lunch period, I waited tables in the interns' dining room at the university hospital, then helped clean up the nurses' cafeteria. A wonderful aunt and uncle, Roy and Ruah La Forge, sent me a two-dollar check every week. And once every two or three months, I received twenty-five dollars for donating blood at the university hospital."

There's decency in remembrance of that aunt and uncle; they're not just aunt and uncle, they're "wonderful."

He wore plaid and made it look, well, plaid. He smoked a pipe and he talked like a man who had no time to waste on words. He thought candor decent, slipperiness indecent.

The human dramas found him sure enough, and the sword he bore against them was decency.

In his mind it was decent to pardon Richard Nixon. Here are some of the words Ford uttered upon accepting the presidency: "In the beginning I asked you to pray for me. Before closing, I ask again your prayers for Richard Nixon and for his family. May our former president who brought peace to millions find it for himself."

You could make too much of Ford's Midwestern upbringing -- as if someone were predestined by virtue of a Michigan or Ohio or Illinois birth with openness, candor and friendliness. That is a cliche burned into the nation's mind-set, along with notions that most Californians are supposed to be uber-hip and most New Yorkers fancy. What that upbringing might have given Ford was room to grow and little room to cry out. It gave him the cheeriness to do unexpected things, and he did them as simply as walking through someone's front door: He appointed William Coleman, a black man, as transportation secretary. It was not lost on blacks that Ford was the first Republican president to appoint a black as a Cabinet secretary, and it was not lost on blacks that the distinguished Coleman was not given the kind of job blacks usually got -- such as housing or health and human services. Coleman was the best individual Ford could find for the job. Ford presided over the swearing-in ceremony himself; it seemed a grandly decent and quietly historic thing to do.

He stood resolutely beside his wife, Betty, when she endured bouts with alcoholism. He encouraged her to talk about her disease. His family's demons, in time, rolled beyond the window. He blinked not an ounce of shame or embarrassment.

Politics, football, love, family. He warmed the bench at Michigan until he eventually won the job as starting center. There is a beautiful poem by James Wright, a Midwestern poet by way of Ohio. It speaks of things on the gridiron of Ford's life:

In the Shreve High football stadium,
I think of Polacks nursing long beers in Tiltonsville,
And gray faces of Negroes in the blast furnace at Benwood,
And the ruptured night watchman of Wheeling Steel,
Dreaming of heroes.
All the proud fathers are ashamed to go home.

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Their women cluck like starved pullets,
Dying for love.
Therefore, their sons grow suicidally beautiful
At the beginning of October.
And gallop terribly against each other's bodies.

The 38th president of the United States had galloped toward decency during his lifetime. Myths seemed to have meant little to him. In his memoirs, he recalled the afternoon he met his birth father during his teen years. It deeply affected him. The man had come through Grand Rapids with a pretty chippy; he idled into the small restaurant where his son was slapping burgers. They went for a ride. The words got in the way. "When I went to bed that night," Gerald Ford would come to write, "I broke down and cried."

A decent thing for a kid to do.

Wife Created New Image For First Lady (USAT)

By John Ritter

USA Today, December 28, 2006

As Betty Ford mourns her husband of 58 years, Americans recall an outspoken and candid first lady never shy about discussing her problems or pet causes.

Entering a White House East Wing vacated by the reticent Pat Nixon, Ford in less than three years put a new face on the presidential wives sorority and created a model for her successors.

"Betty was so much more outgoing and gregarious and kind of in your face about certain issues," says Craig Schermer, historian at the National First Ladies' Library in Canton, Ohio. "She paved the way for Nancy Reagan and Rosalynn Carter and Barbara Bush."

Ford, 88, is best known for openness about her breast cancer while in the White House and, after President Ford had left office, about her substance abuse. But she was even more outspoken — though it's less remembered today — about her support for the doomed Equal Rights Amendment for women.

"She publicly made phone calls and even appeared on The Mary Tyler Moore Show to urge congressional support," Schermer says. "At one point, somebody on the president's staff asked him if there was a way to muzzle her." He refused.

Here was a first lady who, when asked by a TV interviewer what she'd do if she learned that her daughter was having premarital sex, said she hoped her daughter would be on the pill.

That seemed outrageous to many in the mid-1970s. Equally courageous was Ford's decision to publicly disclose her breast cancer in 1974 and her subsequent treatment — a mastectomy. Women didn't talk openly about breast cancer in those days, much less examine their breasts for lumps. After she left Bethesda Naval Hospital, Ford appeared on the South Portico of the White House and waved.

"She was one of the first people of prominence to acknowledge it. It was not an easy thing to do," says Barbara Brenner of the advocacy group Breast Cancer Action. "She encouraged a lot of women to take better care of themselves."

Ford is also a living symbol that breast cancer need not be a death sentence, Brenner says.

The former first lady is even better known today for a painful chapter in her life, addiction to alcohol and painkillers stemming from attempts to relieve severe neck pain. Her daughter, Susan Ford Bales, then 19, arranged a medical intervention that got her mother into treatment in 1978.

In 1982, Ford co-founded, with her friend Leonard Firestone, the Betty Ford Center in Rancho Mirage, Calif. The facility has become a world-famous destination; more than 70,000 people have sought treatment there for alcoholism and drug abuse, including such celebrities as Elizabeth Taylor.

Even though Ford's addiction treatment occurred after her husband left office, "what it did was make us realize that presidential families have their own crises," Schermer says. "We make jokes today about the Betty Ford Center, but it provided a real viable place for people to go."

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The Fords, married in 1948 two weeks before Gerald was elected to his first term in Congress, were a devoted and intimate couple. "They were very, very close physically and emotionally, and they genuinely truly adored each other," Schermer says.

The Fords were also the first couple to elevate the presidential kiss from a traditional peck on the cheek. "They were very open about kissing one another," he says.

Profile In Decency (WP)

By Bob Dole

The Washington Post, December 28, 2006

We were fortunate in 1974, a time of crisis, to have the right person in the right place at the right time. When the country needed healing, reconciliation and restoration of confidence, Gerald Ford provided it.

He was a principled partisan, a GOP leader who worked diligently for Republican causes but who knew the limits of partisanship. He could also count -- and he knew that with Republicans in the minority, if he was to accomplish anything as House Republican leader or as president, he would often need a bipartisan approach.

He was never a person to nurse a grudge. He was willing to admit mistakes. Generally, he had a smile on his face, but he was determined and competitive, though realistic about what he could achieve.

In defeat he was gracious. Notwithstanding a heated 1976 campaign, in a race that went from a 30-point deficit to a cliffhanger, he and President Jimmy Carter became close friends and accomplished many worthwhile things together.

Gerald Ford had never sought the presidency and thus was obligated to no group or individual. His legacy will be that he stopped the national hemorrhaging over Watergate. A man of courage and integrity, he made the tough choice of pardoning Richard Nixon, which helped heal the nation but very likely cost him the 1976 election. He showed his willingness to put the country's interest first.

Becoming The President (NYT)

By David Hume Kennerly

The New York Times, December 28, 2006

I TOOK this photograph of President Gerald Ford in the White House Cabinet Room on May 14, 1975, as he met with his National Security Council about the Mayagüez crisis. The cargo ship Mayagüez had been captured by Khmer Rouge rebels, and it was up to the president to try to get the American crew released safely.

After diplomacy failed, Mr. Ford, who had been president for nine months, waved off one of the Joint Chiefs of Staff's recommendations, which involved a B-52 strike on Phnom Penh, and instead ordered a strong but limited military action that ultimately secured the crew's freedom. Tension was thick in that meeting, but the president's hand was firmly on the controls. In my mind this incident was the fulcrum of his presidency, the point at which he came of age as commander in chief, and the photo shows that.

In some of the Mayagüez meetings, the president's advisers offered up hypotheticals on how certain decisions might "play." They wanted to make sure the world knew that America might still use overwhelming force in achieving its ends. Mr. Ford didn't want to hear that. He had no bloodlust. He knew Vietnam was a debacle; it had been his painful duty to oversee the end of that horrible chapter of American history. But he refused to make innocent Cambodians pay for America's mistakes in Vietnam.

For me, 30 years later, this photo is emblematic of Gerald Ford's finally making the presidency his own. If I had to describe him in one word, it would be "resolute."

The man I came to know and admire had a quiet and very powerful sense of self. He had the least guile of anyone I've ever met and a total lack of vanity. There were no "two Gerald Fords," there was no other agenda, no secret life. An avid golfer to the end, he would never move his ball to improve his lie when no one was looking. To me that was the central theme of his character. I will miss him profoundly.

Moral Leadership (WP)

By Ron Nessen

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The Washington Post, December 28, 2006

One reason Gerald R. Ford was a good president was because he never wanted to be president.

After 25 years as a congressman from Grand Rapids, Mich., he told his wife, Betty, that he was going to run for one more term in the House and then retire to spend more time with her and their children. Then, suddenly, he was appointed vice president (after Spiro Agnew's resignation) and succeeded to the presidency (after Richard Nixon's resignation).

Unlike politicians who carefully calculate for decades how their every word and deed will sound and look when they eventually run for the White House, Ford moved into the Oval Office without having his persona distorted by lust for the presidency.

And the public sensed this genuineness. What a relief to have a regular person as president, particularly after the imperial presidencies of Nixon and Lyndon B. Johnson. Ford was "the man next door."

After the resignation, it took the Nixons a few days to move their belongings out of the White House. It took a few more days to freshen up the paint in the second-floor living quarters. So for 10 days after he became president, Gerald Ford, Betty and their children Susan, Steve and Jack continued to live in their modest suburban rambler on Crown View Drive in Alexandria. I always thought: What a perfect symbol for an ordinary-guy president.

One day Ford's dog, Liberty, made a mess on the rug in the Oval Office. A Navy steward rushed to clean it up. "I'll do that," Ford said. "No man should have to clean up after another man's dog." As I say, it was nice to have a regular person as president.

Unlike some of his predecessors, Ford didn't take himself too seriously. He taped short bits making fun of himself for "Saturday Night Live," then in its first season. He invited Chevy Chase, who made his reputation on the show by spoofing Ford's foibles, to play tennis on the White House courts. And after Chase had performed his "clumsy Ford" routine at the White House Correspondents' Association dinner, the president took the podium and topped the professional comic with a brilliant routine of self-deprecating humor.

One of Ford's favorite sayings about the political and legislative debates in Washington was that "you can disagree without being disagreeable." He not only said it, he lived it. How nostalgic that seems in these days of angry, divisive, polarized, downright nasty Washington rhetoric.

But as president, Gerald Ford did more than change the post-Watergate atmosphere in Washington. The Vietnam War ended during his presidency. By what he did and what he said after the last helicopter lifted off the roof of the U.S. Embassy in Saigon, Ford headed off a bitter postwar campaign of recrimination about "Who lost Vietnam?"

One day during that dark period, I walked into the Oval Office and showed Ford an Associated Press story reporting that the House had rejected a bill providing funds to help resettle hundreds of thousands of Vietnamese refugees who would probably be targets of imprisonment and execution by the victorious North Vietnamese and Viet Cong. I'd never heard Ford curse before, but he did that day when he read the story.

He undertook a public lobbying campaign, including visits to refugee camps in Arkansas and Florida, which turned around public and congressional opposition to helping the refugees. It was his greatest display of moral leadership.

Ford also had a knack for finding and recruiting talented people to serve in government.

Henry Kissinger, Ford's secretary of state, gave a talk at the National Archives a few months ago assessing Ford's presidency. Kissinger noted that judgments about events and leaders made in the heat of the moment often must be modified or reversed when those events and leaders are reassessed from the perspective of 30 years of subsequent history.

President Ford and his presidency are viewed much more favorably today than they were the day he left office. It's good to know that he lived long enough to enjoy the reassessment.

'Our Constitution Works' (WSJ)

By Melvin R. Laird

The Wall Street Journal, December 28, 2006

Years ago, in the middle of a severe national crisis, a man arose who, in biblical phraseology, had "healing in his wings." On Aug. 9, 1974, that man, Gerald Rudolph Ford, Jr., became our 38th president during the political storm of Watergate and began a vital American restoration with these words: "Our long national nightmare is over. Our Constitution works."

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Jerry Ford was my close friend for more than 50 years. Our children grew up together. We spent holidays together. It is difficult for me now to imagine moments more rewarding than an August evening in 1974, at the Fords' modest house in Alexandria, Va., where Betty and Jerry had invited their children and a few intimate friends to ponder history in the making -- Richard Nixon's resignation and Jerry's ascension to the presidency. Some of us sat on the floor of the small living room, and Betty served snacks as we talked. Having taken off his coat and tie, Jerry helped in the kitchen. He made sure everyone felt at home, paying as much attention to the opinions of his children as to those of his friends. He was no longer Jerry but the president, yet he was still the same.

He was our Accidental President -- never elected by the voters to represent anything but his congressional district, which included Grand Rapids, Mich. It was a happy accident for America, and in many ways it was no accident. It was years in the making and required hard work, planning and good fortune. Jerry often told me how fortunate he had been, beginning when he was only two weeks old and his courageous mother fled an abusive marriage to make a better life for herself and her son.

I first met Jerry in 1951, but our paths came close to crossing when we both served in the Navy in World War II and our separate ships were caught in the same typhoon that nearly took our lives in December 1944. Jerry's brush with death came when he was rushing to put out a fire on the flight deck of the U.S.S. Monterey, and lost his footing. He fell as the storm rolled the ship 25 degrees, and he slid down the tilting deck. Only his quick athletic reflexes and the two-inch rim at the edge of the deck slowed him down just enough to allow him to roll onto the catwalk below. In less than a day, Typhoon Cobra sank three of our destroyers and took the lives of 778 men. Later, some were surprised that Jerry could laugh in the midst of great political turmoil. They failed to fathom how harmless political conflicts can be to a battle-tested veteran.

Seven years later, on a visit to Washington as a Wisconsin state senator, I was introduced to Congressman Ford. He was nine years older than me. We became immediate friends. And when I was elected to Congress, we were seatmates in the Defense Appropriations Subcommittee for 16 years, before I became secretary of defense. He was as plain as bread and occasionally bland, but also unfailingly believable, honest, considerate and -- that rarest of commodities -- politically dependable.

When it was clear that the mossback Republican leadership of the House needed to be swept aside, I led a group of young Turks (which included Rep. Donald Rumsfeld) pushing Jerry forward through three successive party coups, eventually making him House minority leader. Jerry and I worked as a close team rebuilding the party with policies that offered constructive alternatives and laid the groundwork for Nixon's 1968 presidential win. * * *

Lyndon Johnson publicly ridiculed Jerry, saying that he'd "played football too long without his helmet on." Jerry was blessed with an abundance of inner security, so political barbs like that didn't bother him much. True, he was a star center for the University of Michigan football team; but he also graduated third in his class at Yale Law School and could easily hold his own with any "intellectual," including Henry Kissinger, when he challenged him on the policy of détente. Johnson insulted Jerry because as president he felt threatened, and rightly so. Jerry had become a formidable political opponent, partly as a result of his opposition to a massive escalation of U.S. troops in the Vietnam War. (In one of the secret tapes released by the National Archives, Defense Secretary Robert McNamara can be heard saying to Johnson: "Jerry Ford and Laird are dangerous." Johnson agreed.)

Jerry's most ambitious political goal was to become speaker of the House, but the lack of a Republican majority denied him. Instead, and ironically, he became president of the Senate when Nixon appointed him vice president. I was Nixon's White House domestic counselor when Vice President Spiro Agnew resigned in October 1973, and used my leverage with Nixon to persuade him to choose Jerry over the man Nixon wanted, John Connally of Texas. Jerry survived the most vigorous investigation ever conducted by the FBI up to that time and the first test of the 25th Amendment providing for the appointment of a new vice president. With a man of such integrity waiting in the wings, many in Congress were prepared to run Nixon out of office for his Watergate misdeeds.

Three days after his inauguration, President Ford spoke to a joint session of Congress, and said simply: "We have a lot of work to do. Let's get on with it." He also warned the American public: "A government big enough to give you everything you want is a government big enough to take from you everything you have." These remarks delivered in an hour of severe national trial evoked immediate acclaim.

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Jerry was not perfect, and he could be faulted for allowing Mr. Kissinger to push too rapidly for détente with the Soviet Union. He could also be faulted for the misguided dumping of his vice president, Nelson Rockefeller, from the 1976 ticket in a vain hope of placating Ronald Reagan and the conservative wing of the party. Later in life he admitted to me he was wrong on both counts.

Nevertheless, in his 895 days as president, Jerry Ford accomplished a great deal of good. He inherited double-digit inflation and the worst recession since the 1930s, which he turned into a healthy economic recovery before he left office. He reformed the CIA and had a gift for some enlightened appointments, such as Ed Levi as attorney general and, in my opinion, John Paul Stevens as Supreme Court justice. The 1975 Helsinki agreement on human-rights principles, which he negotiated with the Soviet Union, emboldened leaders such as Lech Walesa in Poland and Vaclav Havel in Czechoslovakia to challenge Communist rule in Eastern Europe, leading to the eventual collapse of the Soviet empire.

Of greatest importance, however, was his righting of the ship of state. That included the controversial pardon of Nixon. I was 100% behind it, but along with Bryce Harlow urged him to delay until congressional and other support could be publicly lined up in advance. But Jerry was never one to procrastinate once he had made a decision. So when he abruptly announced the pardon a month into his presidency, the nation was stunned, and did not forgive or forget. That probably cost him the 1976 election. Typical of Jerry, he never regretted his decision.

Perhaps the most emotionally satisfying stamp of approval regarding that decision came five years ago in a small scene out of the public eye when Sen. Edward Kennedy admitted that Jerry had been right. The Kennedy-Nixon rivalry was the political equivalent of the Hatfields and McCoys, so the admission had strong emotional resonance. The occasion was the Kennedy family presentation of the John F. Kennedy Profile in Courage Award to Ford, precisely for the pardon. Sen. Kennedy praised him that day for going against the tide of popular opinion. "I was one of those who spoke out against his action then. But time has a way of clarifying past events, and now we see that President Ford was right," Sen. Kennedy said.

Jerry's reply on that occasion in Boston is something all Americans should take to heart as we mourn his passing: "The ultimate test of leadership is not the polls you take, but the risks you take. In the short run, some risks prove overwhelming. Political courage can be self-defeating. But the greatest defeat of all would be to live without courage, for that would hardly be living at all."

Mr. Laird was secretary of defense under Nixon and an eight-term congressman from Wisconsin.

Why Ford Was The Right Man For The Moment (FT)

By Art Cyr

Financial Times, December 28, 2006

"The right sort of sports fan" is how McGeorge Bundy in 1974 described America's newly-installed President Gerald Ford, immediately after the resignation of Richard Nixon.

Bundy at the time was president of the Ford Foundation, a major target of the political right, and previously had been national security adviser to presidents John F. Kennedy and Lyndon B. Johnson. He appeared on the very long "enemies list" maintained by the Nixon White House,and personified the Eastern seaboard elitists who used to run foreign policy and particularly galled the now-disgraced former president.

Gerald Ford, a star football player at the University of Michigan, turned down more than one offer from the pros. Congressman Ford's "regular guy" demeanor personified the classic American athlete. Perhaps that was one reason Nixon made him vice president after the resignation of the disgraced Spiro Agnew. Nixon, by that time drowning in political fall-out from the Watergate scandal, may have sensed what the country would need to recover from his own political demise.

Nixon seemed to personify how seeking national political office could become distorting torture. In the 1960 presidential campaign, working reporters in the field on balance clearly favored the Democrat, Kennedy, over Nixon. Unfair jibes included the point that the athletic Kennedy was sports-minded, in contrast to Nixon.

In reaction, relentlessly determined Nixon became an expert on big-time sports, knowledgeable about teams and players – especially football. After each Super Bowl, he would phone the winning team (Ronald Reagan would call both teams). When

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massive numbers of anti-Vietnam War protesters came to Washington, the White House announced that the president was unconcerned, and planned to watch a football game.

By contrast, Ford, the “positive president”, ran an open and upfront White House. He was willing to testify before Congress, as Abraham Lincoln had done. He avoided recrimination against his own political opponents – who were never viewed as “enemies”.

Ford even took the risk of formally pardoning Nixon, avoiding the spectacle of the resigned president on trial and perhaps in prison. Many observers believe the ensuing controversy was one factor in Jimmy Carter’s victory in the 1976 presidential election, which rendered Ford our only president not elected to national office.

Time, however, has confirmed Ford’s judgment. An informal AOL online poll immediately after his death indicates about two-thirds of respondents believes pardoning Nixon was the right thing to do.

Without the mandate of popular election, and assuming office in the shadow of Nixon’s resignation, Ford was never able to assert presidential strength. A large proportion of his legislative vetoes were overturned. Congress tried to run foreign policy through the War Powers Act. That law is now defunct, but the atmosphere of the time prevented the Ford administration from intervening effectively when South Vietnam was overrun by North Vietnamese troops in 1975.

Unavoidably, any discussion of the Ford presidency involves Nixon, in ways that go beyond policy. Each man seemed to represent the average American, far removed from east coast elitists who led America into Vietnam. Reagan’s election to the White House in 1980 dramatically confirmed this popular reaction.

Meanwhile, Gerald Ford remains the right president at one particular moment in history.

Gerald Ford's Perfect Pitch (WP)

By George F. Will

The Washington Post, December 28, 2006

Those who believe that a kindly Providence keeps a watchful eye on America's welfare can cite the fact of Gerald Ford. On Aug. 9, 1974, at a moment when the nation was putting aside an unhappy, tormented president, and was aching for serenity in high places, to the center of national life strode an abnormality -- a happy, normal man as president.

Watergate and a presidential resignation were only two of the nation's problems that August. The mid-'70s were years when everyday things could no longer be counted on -- inflation was undermining the currency as a store of value, and lines at gasoline pumps testified to the power of foreigners to get between Americans and their best friends, their automobiles. Ford was a political sedative for a nation with jangled nerves.

He was one of five presidents who never got elected to the office. (The others were John Tyler, Millard Fillmore, Andrew Johnson and Chester Arthur.) He was the only person to be president without receiving any popular or electoral votes for president or vice president. He was about as exotic as . . . well, as he was fond of saying, he was "a Ford, not a Lincoln."

He was born in Omaha and represented a western Michigan district, and much was made, rightly, of his Midwesternness. In the years before the Southern ascendancy in the Republican Party, the party spoke in the flat Midwestern cadences of the senator who had been Mr. Republican when Ford went to the House in 1949 -- Robert Taft of Ohio. When Ford became minority leader in 1965 -- replacing an Indianan, Charles Halleck -- the second-ranking Republican was Leslie Arends and the Senate minority leader was Everett Dirksen, both of Illinois.

Ford was an "accidental president," but there are reasons accidents happen as they do. Call it the cunning of history or an irony of American life, but this underestimated graduate of Yale Law School served a purpose Richard Nixon did not have in mind when he nominated him to replace the disgraced Vice President Spiro Agnew. Nixon probably hoped Ford's popularity in the House would enable him to rally House Republicans against impeachment. Instead, Ford's presence in the vice presidency probably made his former House colleagues less afraid of impeachment.

There is a photograph of the House chamber when President Harry Truman was delivering one of his State of the Union addresses. Scattered through the chamber in front of Truman were four future presidents -- Rep. John F. Kennedy, Sen. Lyndon Johnson, Rep. Nixon, Rep. Ford. Never before or since have four consecutive presidents gone directly from the legislative branch to national elective office.

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In 1976 Ford might have won a full term if he had been less statesmanlike: His pardon of Richard Nixon unquestionably hurt him politically, but unquestionably helped with national healing. Ford also might have won if he had stepped out of character and been more adventurous -- if in selecting a running mate he had chosen, as he considered doing, Ambassador Anne Armstrong, a Texan, to be the first woman on a national ticket. Instead he chose a Midwesterner, Kansan Bob Dole, thereby giving a boost to a distinguished career that was to produce the party's presidential nominee 20 years later. Ford also might have won if some unsettling economic numbers had not come out a few days before Election Day. Or if in one of the debates he had not become lost in the labyrinth of peculiar thinking and rhetoric that went with detente. He insisted that Poland was not dominated by the Soviet Union.

He almost won anyway. A change of 12,791 votes in Ohio and Mississippi would have sufficed. The 1976 presidential election was the only one the Republicans lost between 1964 and 1992. Ford was punished for Nixon's sins: Jimmy Carter won by running as the non-Nixon.

Henry Kissinger, who continued as secretary of state through the Ford years, in 1999 wrote a tribute to Ford, the "uncomplicated man" who came to the presidency in perhaps the most complicated context since the Civil War -- in the aftermath of a disastrous war and as a result of a resignation. Kissinger understood that Ford, with his small-town, Midwestern aversion to histrionics, had perfect pitch for the needs of "a nation surfeited with upheavals."

Kissinger noted a "curious paradox of contemporary democracy," that as political leaders become more abject in trying to conform to the public's preferences, respect for the political class plummets. Ford was different: He "was immune to the modern politician's chameleon-like search for ever-new identities, and to the emotional roller coaster this search creates."

Surely subsequent presidential history has deepened the nation's appreciation of what it had for 29 months.

Ford Always Managed To Be A Good Sport (WP)

By William Gildea

The Washington Post, December 28, 2006

Without question, Gerald R. Ford was one of the most athletic presidents in history.

Ford, who died Tuesday night at age 93, loved to take part in sports from his days as a youth in Grand Rapids, Mich., until he occupied the White House and during the many years afterward. He is best known for playing center at the University of Michigan, where he was on the Wolverines' national championship football teams of 1932 and 1933 and was the team's most valuable player in 1934.

Even after he became president in 1974, Ford still found the time to follow sports avidly -- and to participate.

"I've always loved sports," he told a Washington Post reporter in 1976. "When I was a boy, I knew every batting average in the big leagues. I still look at the standings and I feel a day is wasted if I don't read the sports pages."

As president, Ford engaged in an array of sports: swimming, golf, tennis, skiing. As a younger man especially, he loved sailing.

"He was a good athlete and a wonderful person," said pro golfer Lee Elder, originally from Washington and now living in Florida. "One time the phone rang and the operator came on and said: 'This is the White House. The president is calling.' I thought, 'Sure, sure.' But it turned out that we played quite a lot together when he was in the White House and I was living in Washington. We played at Congressional Country Club and especially at Andrews Air Force Base. It was a fun time."

Later, they continued playing golf together, usually in California, where Ford spent much of his time after his presidency. They also exchanged greeting cards because they shared the same birthday, July 14. "I also had lunch with him a couple of times in Palm Springs," Elder said. "He told me he was keeping active, playing nine holes."

During his formative years, Ford excelled in football, playing linebacker as well as center in high school and then for Michigan. During a speech when he was president, he made light of his accomplishments as a player while noting that 1934 was a down season for the Wolverines after their back-to-back national titles.

"That was the year we lost seven out of eight of our scheduled games," he said. "But, you know, what really hurt me the most was when my teammates voted me their most valuable player. I didn't know whether to smile or sue."

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Nevertheless, Ford indicated a number of times that he derived much satisfaction from playing big-time football at Michigan. The 6-foot, 198-pound center, whose jersey number 48 has been retired by the school, was named to play in two major all-star games after his senior year, for the East squad in the East-West Shrine Game in San Francisco on Jan. 1, 1935, and that August for the college all-stars against the NFL champion Chicago Bears at Soldier Field.

Two NFL teams gave Ford the chance to turn pro, but instead he went to Yale to earn his law degree. While there, he served as an assistant football coach and a boxing coach.

"When I got through Michigan, I was offered opportunities at the Green Bay Packers and the Detroit Lions," he told CNN's Larry King during a 1999 interview. "But I had a chance to go to Yale as an assistant football coach and go to law school at the same time. So that opportunity was so wonderful I couldn't turn down the chance to further my education and earn some money in the meantime. . . .

"I would, in retrospect, have liked to have played one year just to prove that I could. But the opportunity to go to Yale and be an assistant coach and go to law school at the same time might not have been available."

At Yale, he learned that "The Game" against Harvard "was as big as any game Michigan had with Ohio State," according to a 1993 USA Today article. With admiration, he recalled a pregame pep talk by Yale coach Raymond "Ducky" Pond before the 1935 game with Harvard. The coach seemed to make his points in much the same manner as Ford often would in public speaking throughout his life.

"Ducky wasn't a fiery speaker, but he spoke very movingly," Ford said. "He talked about the Yale alumni, his experiences and what 'The Game' meant to him. In a quiet way, it was very emotional."

In 1975, the NCAA named Ford the winner of the Theodore Roosevelt Award, given to a prominent American "for whom competitive athletics in college and attention to physical well-being thereafter have been important factors in a distinguished career of national significance and achievement."

Elder said that Ford gave him both "encouragement" and "praise" for breaking racial barriers as the first African American to compete in the Masters golf tournament, the first to take part in a multiracial sports event in South Africa and the first to play on the U.S. Ryder Cup team. Ford paid tribute to Elder at a reception honoring the golfer at the Washington Hilton in 1974, and played in Elder's celebrity pro-am tournaments for charity.

"He was strong and could drive the ball a long ways," Elder said. "He and I played in the Bob Hope Classic and I remember him making several nice drives. At Congressional, he chipped up on one hole for a birdie. He had a great smile."

Before the 1975 Jackie Gleason Inverray Classic golf tournament in Florida, the comedian presented Ford with a set of gold-plated golf clubs. But because Ford participated so often in sports as president, it almost was inevitable that he would be caught by reporters and photographers committing some gaffe.

One front-page photo showed him tumbling on the ski slopes, and on the golf course he plunked some spectators. But he remained active, expressing strong feelings about the importance of keeping physically fit. At age 62 in 1975, he told a Post reporter: "My health is the best. I'd be delighted to have my health record put on the table. . . . I think it's good. I'd lay mine against anybody else's."

He described himself as "kind of amused" by depictions of him as clumsy. "Most of the critics . . . have never played in a ballgame, never skied," he said. "I guess you have to live with it. The main thing is, you don't have to believe it."

But he didn't take himself so seriously that he couldn't laugh at quips by the likes of Bob Hope. "I love playing golf with Gerald Ford," Hope was quoted in the 2003 book "Bob Hope: My Life in Jokes." "He makes me feel like I'm back performing in a war zone."

And Ford himself once was quoted as saying, "I know I am getting better at golf because I'm hitting fewer spectators."

But as people who played different sports with Ford in his later years would agree, he possessed a typical athlete's sense for what he was doing -- in tennis, for example, he had a feel for how a ball might bounce when sliced or drop-volleyed. "There is no question that he thoroughly enjoys it," Rear Adm. William M. Lukash, then the presidential physician, told Tennis magazine in 1976. "He's an athlete and a competitor, and to that kind of a man, tennis is a very satisfying sport."

Those who played tennis doubles or a round of golf with him usually came away impressed by his genial personality, which he managed to retain even while trying to play his best.

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One particularly happy day for Ford brought him together with his Grand Rapids South High School football teammates for a reunion at the White House in 1974. The president took them out to the Rose Garden and later showed them the Oval Office. The team's coach, Clifford Gettings, described Ford as a hard worker who developed into an excellent player.

"He came to me a spindly, awkward kid. 'What position shall I play?' he asked. I said, 'Center,' and he's been in the center of things ever since. He had a lot of drive. He always had a football in his hand and must have practiced centering that ball day and night. I used the Pop Warner double wing and the Fielding Yost short punt formation, so Jerry had to center the ball long and short. I never saw him make a bad pass. He was all-city three years and all-state in his senior year."

Notably, the group from Grand Rapids found Ford the president as unpretentious as they had remembered him.

"He was always a guy I loved," said Silas McGee, a teammate. "He was always down to earth like the rest of this group."

Ford Recalled In His Adopted Home (LAT)

By Hugo Martin, Jonathan Abrams And Ashley Powers

The Los Angeles Times, December 28, 2006

When the McCallum Theatre in Palm Desert was sinking into debt a few years ago, the City Council debated whether to approve a donation. A tall, graying figure rose from the audience to ask for help.

The 38th president of the United States told the local leaders that the theater was a jewel to enjoy and preserve. The council responded with a $5 million grant.

It was just one example of the presence built by Gerald R. Ford, who died Tuesday at his home in Rancho Mirage at 93. He and his wife, Betty, became fixtures throughout the Coachella Valley, the desert oasis in Riverside County the Fords called home since leaving the White House in 1977.

"Obviously, the whole city of Rancho Mirage is deeply saddened by the passing of perhaps one of our more treasured residents," Rancho Mirage Mayor Richard Kite said. "We were proud to call Gerald Ford one of our own because he lived here for almost 25 years."

Kite said Ford, in years past, was the most influential person in the Coachella Valley, and both he and his wife Betty were among the most generous philanthropists. They were major supporters of the McCallum Theatre and instrumental in protecting the area's big horn sheep.

"He was very approachable, and he was kind," said Kite, who served with Ford on the theater's board of directors. "He was the type of person, even though he was a past president, that didn't talk down to you."

The Coachella Valley flourished in the 1950s and 1960s as the playground for celebrities, including Frank Sinatra, Bob Hope and Kirk Douglas. The region was known for its country clubs, lush golf courses and upscale living.

According to the official Rancho Mirage website, every president since Harry Truman has visited the desert. The Fords visited during Easter vacations and decided to retire there.

After he lost the presidency to Jimmy Carter in 1976, Ford's longtime friend Leonard Firestone persuaded him to move next door to him at the Thunderbird Country Club. Ford moved into a single-story estate along the golf course at the Thunderbird Country Club in 1978, according to the website.

The Fords have helped open and fund such charitable endeavors as a domestic violence shelter, a children's museum, a teenage outreach program and a bighorn sheep preserve.

Betty Ford is best known for establishing the alcohol and drug treatment clinic in Rancho Mirage that bears her name. It has treated more than 60,000 people since opening in 1982.

Although Ford represented Grand Rapids, Mich. for 25 years in Congress, he and Betty were hometown heroes in the Coachella Valley. An elementary school and a street bear the name of the former president. A bronze bust of Ford stares from the entrance of the Children's Discovery Museum of the Desert, a facility the Fords helped fund.

It wasn't just the desert that attracted the former president.

An avid skier, Ford began vacationing in Vail, Colo. in the 1960s. Borrowing against his children's life insurance policy, he soon bought a second home in the ski resort town. He later moved nearby to Beaver Creek and remained active in Vail Valley

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community events until a few years ago, raising money for charities, leading the Fourth of July parade, lending his name to a golf tournament and lighting the town Christmas tree.

But it was the Coachella Valley that felt the Fords influence most directly.

"It's obviously a great loss," said Becky Stidler, 56, of Rancho Mirage. "It was always a thing of great pride to know that we had a living president residing here."

Flags stood at half mast outside St. Margaret's Episcopal Church in Palm Desert, the church where the Ford's prayed.

"They were unobtrusive," said Father Dan Rondeau, associate rector at St. Margaret's. "They looked like other married couples, holding hands talking to each other. It was inspiring for the congregation to see them kneeling side by side."

Rondeau said the Fords were private people but they could be gracious with their time.

"If people stopped them, they talked or posed for pictures," he said. "Enough people talked to them, so it always took them a while to get from the back to the front of the church."

Rondeau said Ford was true to his faith when he pardoned former President Richard Nixon.

"He saw himself as minister of reconciliation, as a minister of Christ," Rondeau said. "It was a gracious, grace-filled act."

Ford's Former Home Languishes On Market (WP)

By Ian Shapira

The Washington Post, December 28, 2006

The modest two-story colonial in Alexandria has all the trappings of an ordinary home: the pink bathroom, the Magic Chef oven, a couple of fireplaces. But 514 Crown View Dr. also boasts some signs, both subtle and overt, that indicate its unusual status in U.S. history.

Neighbors talk of the steel rods placed underneath the driveway to support the limos. A previous tenant speaks about the countless telephone lines installed in the basement and attic used by the Secret Service.

But a gold-lettered National Park Service sign affixed to the right of the front door says it all:

PRESIDENT GERALD R. FORD, JR. RESIDENCE.

The death of the nation's 38th president has focused public attention on his time in the White House. But some spotlight has also fallen on a little-known, decidedly humdrum neighborhood (about 15 minutes south of 1600 Pennsylvania Ave.), where Ford lived for nearly 20 years as a Michigan congressman, vice president and -- for 10 whole days before moving into the White House -- as president.

Mostly everything about the place appears serviceable and decently appointed (with a swimming pool out back, to boot), but the property spans less than a quarter-acre, a remarkable home simply because it is so unremarkable. It stands in humble (almost painfully humble) contrast with the mansion made available to vice presidents in 1974 in the tony Massachusetts Avenue Heights neighborhood in Northwest Washington.

Ford was the first vice president eligible to live in the house on the grounds of the U.S. Naval Observatory, but he became president before renovations were completed. Ford's vice president, Nelson Rockefeller, used the house mainly to entertain. The first full-time residents were Walter and Joan Mondale, who took up residence in 1977. Every vice president since has lived there.

Javad Khakbaz, who is the president of an Iranian English-language newspaper company, has tried to find someone to take it off his hands since September and is suffering the same indignity laid upon just about every other seller in the Washington area: No one's buying.

Khakbaz is reluctant to discuss the home's plight -- he has dropped the original price of $1.05 million to $999,000 -- but his real estate agent, Joan Dixon, is blunt: "We've had a couple people interested in it, but they wanted to lowball the price," she said yesterday, showing the home not to prospective buyers but to a bunch of curious reporters. "It's a wonderful family home. It has four bedrooms, two full bathrooms and three half-bathrooms . . . even if one of them is pink."

But what might appear to be normal about the home and neighborhood is not. The Abbruzzese family at 515 Crown View Dr. proudly showcases a copper plaque above their garage, given to them by members of the Fourth Estate whom they permitted to camp out on their front lawn while Ford was across the street doing neighborly things, like helping run the country, or his family, depending.

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The Abbruzzeses, Democrats, forged a gentle bond with their powerful neighbors across the road.

"When it was Betty's birthday, or it was their anniversary, he was out of town and I invited her to dinner with some neighbors," Louise Abbruzzese recalled yesterday. "But she called me and said he was coming home early and I said, 'That's fine, he can come.' I was cooking a rib roast. He liked beef. He liked it rare."

But in the years since Ford departed Crown View Drive in 1974, the home never found a longtime resident. It changed hands twice, Khakbaz said, and neighbors speak with a calibrated air of decorum about the itinerant nature of its inhabitants.

"It's a hard house to sell because it's been a rental for a long time," said Jill McCaffrey, 63, who lives next door to the Ford home with her husband, retired four-star Army Gen. Barry McCaffrey. "Let's just leave it at that."

One of those renters, Brewster Thackeray, 37, now a senior project manager for AARP, recalled yesterday how he first found the place back in 1996. He was 27 and had just broken up with his live-in girlfriend and didn't want to pay the rent at their Cleveland Park apartment on his own. Serendipitously, he stumbled across an ad for the former president's house.

"It was super cool," said Thackeray, who was with the American Trucking Associations at the time. "I had found a picture of Gerald Ford washing dishes in his sink, but there I was using that very same sink next to the same oven next to that same knotty pine paneling on the walls."

Thackeray was so impressed that he wrote the Fords -- and Ford wrote him and his roommates back, two letters and a signed photograph. "You have our very best wishes as current occupants of the home we built and loved," one of Ford's letters said. "We were proud of it when we moved in March 1955. Thanks for enjoying it also."

And enjoy it Thackeray and friends did. The presidential refrigerator was converted into a "kegorator." And they had parties, though not necessarily of the black-tie, state dinner variety.

"The best party we had was a toga party," he said. "People came in togas and hung around the pool."

The Loss Of A President, Perfect For The Cameras (NYT)

By Alessandra Stanley

New York Times, December 28, 2006

Death is sad, at least in most cases. But the death of a former president has become an almost cheery television event.

It has been more than 40 years since John F. Kennedy was assassinated. His successors died out of office, relatively painlessly, and most were well into old age. The passing of a retired commander in chief perks up the day with a wallop of stately special reports and bittersweet nostalgia (plaid jackets, “Saturday Night Live,” détente), without undue anxiety or grieving.

And in Gerald R. Ford, who was 93 and served less than one term, television has found the avatar of comfortable presidential fade-outs. The deaths of Lyndon B. Johnson and Richard M. Nixon were too fraught with the Shakespearean tragedies they lived in office. Ronald Reagan’s life and two terms were so momentous that the days leading to his funeral, though full and colorful, were also weighed down with mournful Hollywood pageantry.

As president, the likable, reliable Mr. Ford was most memorable for pardoning Nixon; all day, television screens showed Mr. Ford’s address to the nation, as well as grainy color images of him looking on, stone-faced, as Nixon flung his arm in farewell from his helicopter on the White House lawn.

All the networks went live on Wednesday to Crawford, Tex., to cover President Bush’s tribute to his predecessor. Reporters stood vigil in front of the flags flying at half-staff at the White House, and in Rancho Mirage, Calif., and Grand Rapids, Mich. Most morning news programs were too respectful to repeat clips of Chevy Chase doing his pratfall impression of Mr. Ford as the great fumbler on “Saturday Night Live.” By midday, however, cable news shows were gingerly exploring the “lighter side” of Mr. Ford’s tenure.

In retrospect, it was remarkable how open to reporters the Ford White House was. On NBC “Today” flashed a black-and-white photograph by the former White House photographer David Hume Kennerly that showed Mr. Ford, seated at a table with three aides, in a long-sleeved shirt and pajama bottoms. (One of those aides was his chief of staff, Donald H. Rumsfeld, who recently retired as secretary of defense; Mr. Rumsfeld, along with Vice President Dick Cheney, who also worked in the Ford White House, stood out as among the most lasting, and contested, elements of Mr. Ford’s legacy.)

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Mr. Ford's presidential retirement was dignified and decent but not particularly distinguished: old news clips showed him in the 1980s and 1990s playing golf and attending fund-raisers for Republicans, not raising roofs for the homeless or public awareness about pandemics in Asia and Africa.

Richard Norton Smith, a former director of the Gerald R. Ford Presidential Museum and Library, told ABC News that the former president "swam twice a day well into his 90s."

On CBS the presidential historian Douglas Brinkley somewhat apologetically told Harry Smith, a host of "The Early Show," that while Mr. Ford's post-White-House legacy is eclipsed by the charity work of former President Jimmy Carter, "we must not forget what the Fords have done for people who have a drug addiction." But it was Mr. Ford's wife, Betty, who shattered taboos, first by publicly discussing her breast cancer, and later, her dependence on drugs and alcohol, and it was she who led the way for the Betty Ford Center in Rancho Mirage, Calif.

After he tumbled into the presidency, Mr. Ford earned respect for the way he rose to the occasion. But as Wednesday's television eulogies showed, it was his first lady who seized it.

Tom Brokaw, who covered the Ford White House for NBC, went on "Today" to lead the network's special report, but on ABC it was Charles Gibson and not Diane Sawyer, who was on vacation. And that was a pity: Ms. Sawyer worked in the press office of the Nixon White House during the final days and was on the plane that took the disgraced president to San Clemente, Calif.; her reminiscences would most likely have been more interesting.

All of Mr. Ford's acquaintances and biographers spoke of his modesty and stalwart nature. In an interview with Mr. Brokaw taped for Wednesday's History Channel special, "Gerald Ford: A Man and His Moment," his daughter, Susan, described him as the "Steady Eddie" of the family.

It seems that his persona was not so overwhelming that it drove commentators to fold into the shadows.

On "Today" the NBC correspondent Andrea Mitchell mentioned that she last spoke to Mr. Ford in California last February, "when he came over to see me, and we had lunch." (It is hard to imagine a former president in his 90s going out of his way to meet a television reporter, so it was hard not to suspect that Mr. Ford was going out of his way not to invite Ms. Mitchell over to his house.)

Except for Ann Curry, who on "Today" adopted her usual smarmily maudlin tone, most of the encomiums were by turns affectionate and respectful, but not overly mournful.

Mr. Ford lived on healthily and happily for three decades after leaving the White House; as even recent clips show, he, more than anyone, made the Oval Office seem like a ticket to longevity.

Today, It's New York: Tomorrow, Oval Office? (WP)

By Michael Powell, Washington Post Staff Writer

The Washington Post, December 28, 2006

Presidential Hopefuls Abound in State

NEW YORK -- They sally forth one after another, this parade of presidential candidates from New York.

Some go by a single instantly identifiable name: Hillary! Rudy! Others require fuller identification: Mayor Michael R. Bloomberg, a Democrat-turned-Republican who is weighing a presidential run as an independent, and former governor George E. Pataki (R).

New York may not challenge Virginia for its title as "Mother of Presidents," but the state could produce four presidential candidates in 2008 -- not to mention new Gov. Eliot L. Spitzer (D), who has harbored presidential dreams since he was in fourth grade and is already rumored to have an eye on 2012.

New York's ascendancy could reflect a change in the national temperature. The South, after dominating politics for 30 years, has maybe played out, at least for Democrats. In 2000, Al Gore did not take Tennessee, where he built his political career, and John Edwards could not carry North Carolina in 2004. The Northeast turned nearly solid blue in last month's midterm elections and, if taken together with Pennsylvania and Ohio, perhaps the Northeast is ready for a comeback as an electoral linchpin.

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"At least on an hallucinogenic level, we have four presidential candidates," said Douglas Muzzio, a political scientist at the City University of New York's Baruch College. "I don't think Pataki and Bloomberg are really serious, but it reflects the changing fortunes of the city. After 9/11, there's a lot of interest and sympathy for our candidates."

It's a curious turnabout for a state and a city often seen as located offshore from the North American continent. Americans have long had a love-loathe relationship with New York, flocking here as tourists even as most insist they could never, ever live in such a cacophonous joint. New Yorkers respond in kind, secure in their conceit that anyone with any sense lives here already.

This mutual disdain held until the 1970s. As the city teetered on the edge of bankruptcy and arson fires roared, the city gained a reputation as a dangerous citadel of sclerotic liberalism. Former mayor John V. Lindsay ran in the Democratic primary for president and lasted but a few weeks.

The New York pol became a forlorn character on the national stage.

"The last time they loved us was when Martin Van Buren was elected, and he ran as a Whig," says Hank Sheinkopf, a Democratic political consultant born, raised and based in New York. "Welcome to post-9/11 New York, where the cachet is back and we're no longer seen as a bastion of left-wing insanity."

In fact, New York once produced a line of presidents, from Van Buren to Chester A. Arthur and Grover Cleveland to Theodore Roosevelt and his distant cousin Franklin Delano Roosevelt, who was elected four times. But it has been nearly 60 years since the state produced a presidential finalist, Republican Thomas E. Dewey in 1948.

The current crop offers two larger-than-life political personalities: Rudolph W. Giuliani, the crime-fighting, Manhattan-living Republican former mayor, and Democratic Sen. Hillary Rodham Clinton, the former first lady and the inhabitant of a New York City suburb. Bloomberg is a municipal Croesus with a pile of money so vast -- estimates of his personal fortune start at $5 billion -- that he self-financed the most expensive mayoral campaigns in the nation's history, spending a combined $150 million.

Pataki, a politically centrist Republican from an Upstate city, served three terms as governor.

Money from this mercantile city feeds the profusion of presidential hopefuls. As one investment house after another announces billions of dollars in bonuses this autumn, the wealthy overflow with guilt. Many give copiously to the candidates.

"Lincoln when he was running came to New York to meet with the rich of this city," said Mike Wallace, director of the Gotham Center for New York City History and a Pulitzer Prize-winning historian. "As money has to be raised in ever vaster quantities, more and more candidates coming here with hands outstretched."

Cesar Perales, a former deputy mayor and general counsel for the Puerto Rican Legal Defense and Education Fund, said the New York pols are tutored in shaking the tin cup. "Candidates in New York," he said, "learn this from an early age."

There is a cultural shift at work, too. Perhaps the nation finds New York more palatable because it is no longer so different. The tourist precincts, which encompass most of Manhattan and a swath of Brooklyn, are wealthy, well-fed and pasteurized. The old hipster haunts of Alphabet City and Williamsburg are about as edgy as the Hard Rock Cafe.

Sure, the city's poverty rate hovers at just under 20 percent, there is a profound lack of affordable housing, and income inequality grows by the years. But, those problems, analysts say, get relatively little attention anymore.

"The four candidates represent the thinnest slice of New York," said Harvey Robins, a top official in two mayoral administrations. "They appeal to the moneyed classes, which are very representative of New York in this age. Their leadership is pretty far from the visionary leadership of Teddy and Franklin Roosevelt."

New Yorkers seem unsurprised at the profusion of candidates. Their vision is pre-Copernican: It is just more proof the universe revolves around New York. "The city is the center of the world," said actress Elena Zazanis, 32, as she walks down First Avenue to an audition. "I don't know any great mayors from Wyoming, do you?"

Not that this stops New Yorkers from dissecting their own. Pataki is suspect, as he hails from somewhere north of the New York suburbs but short of the Arctic Circle. Most give a pass to Giuliani -- he's a dark enough cup of coffee to be unmistakably New York -- but many won't vote for him (he polls well behind Clinton in the city).

As for Hillary Clinton? Lucy Cantarella, a retired arts administrator in the East Village, gives her best pained look. "She doesn't think like a New Yorker. She plays it safe. Be brilliant. Stir it up!" As for Bloomberg, he's rich enough to pass as a New Yorker these days -- but rooting for the Red Sox?

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Cantarella has the ultimate test of fire for these candidates: If they're real New Yorkers, the rest of America won't vote for them. "The middle of the U.S . . . they distrust us," she said. "You see how they look at us? They think we're aliens."

John Edwards Joins Presidential Race (AP)

By Nedra Pickler

AP, December 28, 2006

Former Democratic vice presidential nominee John Edwards jumped into the presidential race Wednesday a day earlier than he'd planned, prodded by an Internet glitch to launch a candidacy focused on health care, taxes and other domestic issues.

The North Carolina Democrat's campaign accidentally went live with his election Web site a day before an announcement Thursday that was supposed to use Hurricane-ravaged New Orleans as a backdrop.

The slip-up gave an unintended double-meaning to his campaign slogan on the John Edwards '08 Web site: "Tomorrow begins today."

Aides quickly shut down the errant Web site but could not contain news of the obvious, even in the shadows of former President Ford's death.

"Better a day earlier than a day late," said Jennifer Palmieri, an Edwards adviser.

Earlier Wednesday, Edwards visited the site of his planned announcement for a photo opportunity. He did yard work at the home of Orelia Tyler, 54, whose house was gutted by Hurricane Katrina and is close to being rebuilt.

The campaign Web site featured some of Edwards' expected campaign themes.

"This campaign is about changing America," the Web site read, listing five priorities that fit neatly with Edwards' message of economic equality. Among them: "Providing universal health care for all Americans," "Rebuilding America's middle class and eliminating poverty," and "Creating tax fairness by rewarding work, not just wealth."

Edwards, 53, also issued a statement on Ford's death, saying he was deeply saddened by the news and calling the former Michigan Republican a "true leader."

"He called on us to never lose faith that we can change America," Edwards said.

Taking turns with about 30 young people shoveling loads of dirt in Tyler's backyard, Edwards declined to discuss the campaign, focusing instead on the slow recovery in New Orleans, where whole neighborhoods remain a wasteland.

"Anyone who's not concerned with the rate of recovery is not paying attention," said Edwards. He said finger-pointing is part of the problem, adding that the student volunteers he worked with provided an example of what can be accomplished through cooperation.

Edwards arrived promptly at 1:30 p.m., clad in jeans and a khaki work shirt. His aides kept more than two-dozen reporters and photographers at bay as he and the students prepared Tyler's yard for landscaping.

Tyler is still living in a Federal Emergency Management Agency trailer in her yard.

"I feel like a child with Santa Claus," Tyler said before Edwards arrived.

The son of a textile mill worker, Edwards has been on a fast track most of his life despite his up-by-the-bootstraps roots.

A standout law student who became a stunningly successful trial lawyer, Edwards vaulted from nowhere politically into the U.S. Senate and then onto the 2004 Democratic presidential ticket — all in less than six years.

In 1998, in his first bid for public office, Edwards defeated incumbent Sen. Lauch Faircloth, R-N.C., a leading advocate for impeachment of President Clinton.

Edwards began building support for his first presidential bid shortly after arriving in the Senate. He quickly made a name for himself in Congress, using his legal background to help Democratic colleagues navigate the impeachment hearings.

Edwards launched a bid for the Democratic nomination in 2003 and quickly caught the eye of Democratic strategists. Although he won only the South Carolina primary, his skills on the trail, his cheerful demeanor, and his message of "two Americas" — one composed of the wealthy and privileged, and the other of the hardworking common man — excited voters, especially independents and moderate-leaning Democrats.

Edwards' handsome, youthful appearance also gave him a measure of star quality.

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Those were among the qualities that led Massachusetts Sen. John Kerry, the Democrats' 2004 standard bearer, to select Edwards as his runningmate. It was a stunning success for someone who had majored in textile management as an undergraduate as a kind of insurance policy in case a law career didn't pan out.

Republicans have sought to cast Edwards as a money-chasing trial lawyer. It is an image that Edwards has tried to counter by arguing that he represented ordinary people wronged by big corporations.

"I spent most of my adult life representing kids and families against very powerful opponents, usually big insurance companies," he liked to say. "And my job was to give them a fair shake, to give them a fair chance."

Edwards Makes N.O. Platform To Throw His Hat Into The Ring (NOTP)

By Bruce Nolan

New Orleans Times-Picayune, December 28, 2006

What Orelia Tyler asked for was a team of volunteers to come spread a load of dirt in the back yard of her nearly restored eastern New Orleans home.

What she got Wednesday was the crush of a national political photo op for former North Carolina Sen. John Edwards, who brought two dozen reporters and photographers to watch him shovel dirt in jeans and a work shirt, a choreographed background for his effective announcement of his 2008 presidential candidacy.

"No!" said an astonished Tyler, who said she had no idea her home on Stemway Drive near Lakefront Airport had become a political stage.

Edwards' campaign team scheduled the work party as a photo session, but made clear that the formal declaration of candidacy would come today.

The explicit announcement will come -- again in Tyler's backyard -- today at 8 a.m., said Edwards aide Jennifer Palmieri. And Edwards's Web site briefly -- apparently accidentally -- posted his formal announcement Wednesday, then took it down, the Associated Press reported.

"What happened was, apparently, they were testing the Web site," Palmieri told The Washington Post. "I guess, somehow, when they were testing it, AP happened to catch it."

Officials said they had always intended to post the announcement on the Internet on Wednesday night, in advance of Edwards' scheduled announcement early today, the Post reported. Edwards had also planned to send an e-mail to his supporters before speaking to the cameras from New Orleans.

Even though it was accidental, the announcement on the campaign Web site quickly spread across the Internet, the paper reported. By early Wednesday evening, Edwards' entry in Wikipedia, an online encyclopedia, noted: "On Dec. 27, 2006, he announced his entry into the 2008 presidential race."

Edwards, who also ran in 2004, limited his remarks Wednesday. He said his candidacy would emphasize Americans helping Americans, New Orleans being the most spectacular current example of the opportunities that offers.

Edwards did speak briefly to the recovery, faulting the White House for providing too little help.

"The president should've said, 'I want someone in my office every morning, telling me what was happening in New Orleans yesterday,' " he said.

One issue is poverty

Edwards announced his 2004 presidential candidacy on Jon Stewart's hip, irreverent Daily Show. This year he chose the sober wreckage of New Orleans to make a point about the "intolerable" gap between haves and have-nots all over the country, Palmieri said.

"It's about what people all around America saw," in the images of suffering New Orleanians stranded at the Superdome and the Ernest N. Morial Convention Center, she said. "That there are 38 million people living in poverty."

"There's not any other place in the country that speaks to an issue -- poverty -- like New Orleans does," she said.

Edwards, 53, is a multimillionaire trial lawyer who grew up poor, the first in his family to go to college. He focused his 2004 campaign on helping the working man. He lost the nomination to Massachusetts Sen. John Kerry, but ran as Kerry's vice presidential candidate.

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He joins outgoing Iowa Gov. Tom Vilsak and Ohio Rep. Dennis Kucinich as declared Democratic candidates.

Waiting in the wings are New York Sen. Hillary Rodham Clinton, Illinois Sen. Barack Obama, and perhaps Kerry, Delaware Sen. Joseph Biden and others.

No Republican has formally declared for president, although several have formed exploratory committees. Those include Arizona Sen. John McCain, former New York City Mayor Rudy Giuliani and Kansas Sen. Sam Brownback, among others.

Lots of help

Tyler spent part of the afternoon chatting with the young workers Edwards brought with him from Baton Rouge. She watched appreciatively as they attacked a mound of dirt she said a contractor left before he abandoned a landscaping job in her backyard.

Her house took on more than nine feet of water during Hurricane Katrina. Tyler said she returned to New Orleans two months after the storm when Reily Foods Co. welcomed her back to her job in quality assurance. She has lived in a FEMA trailer in her front yard since March, but hopes to reoccupy her nearly refurbished house as soon as she gets gas service restored, she said.

She still lacks countertops, but said she is ready to move in anyway.

Tyler said she recently told a friend she still needed help with the back yard.

In short order, her address showed up as a work site to be tackled by the students of the Achievement Academy, a tutorial program with 156 students in Baton Rouge, said its director, Kwame Asante.

Twenty-six students from the academy, sixth- through eighth-graders, arrived at Tyler's house Wednesday to shovel.

Asante is also president of the NAACP chapter in Baton Rouge -- and a contact Edwards has used in earlier relief trips into New Orleans.

Edwards and several hundred students gutted houses on spring break this year. And on Monday, Edwards and the Achievement Academy students worked at Second Harvesters Food Bank, several said.

Liked what she saw

Although Tyler said she had no idea her property would be the scene of a political announcement, she said she was grateful for the help with the dirt.

She said she voted for Edwards in the Louisiana primary of 2004.

"I remember looking him up and liking what I saw," Tyler said of Edwards.

And what was that?

She shook it off with a laugh: "Don't ask me now. That's too far to go back."

Tyler watched the work in her back yard for a while Wednesday, then excused herself for a trip downtown.

She said she had an appointment on Poydras Street: Her long-awaited Road Home interview.

"Can't be late for that," she said.

Democrat John Edwards To Announce 2008 U.S. Presidential Bid (BLOOM)

By Nicholas Johnston

Bloomberg, December 28, 2006

Dec. 27 (Bloomberg) -- Former Senator John Edwards of North Carolina, the losing Democratic vice presidential candidate two years ago, will announce tomorrow that he is seeking the party's nomination for president in 2008, a spokeswoman said.

Edwards will make the announcement in New Orleans in front of a house that was destroyed by Hurricane Katrina. He spent time today helping volunteers fix up the home's backyard.

``He will announce his candidacy for president tomorrow," said spokeswoman Jennifer Palmieri.

Edwards, 53, was John Kerry's vice presidential running mate in 2004 and during the campaign spoke often about two Americas, one rich and one poor. He will use New Orleans tomorrow as a backdrop to highlight that disparity.

Edwards is the highest profile candidate to officially announce for 2008. His opponents for the nomination may include Senators Hillary Clinton of New York and Barack Obama of Illinois, who haven't announced whether they will enter the race.

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Edwards sought the Democratic presidential nomination in 2004, coming in second in the Iowa caucuses and fourth in the New Hampshire primary. He eventually withdrew and was picked by Kerry for the second spot on the Democratic ticket.

Edwards's Theme: U.S. Poverty (WSJ)

By Jackie Calmes

The Wall Street Journal, December 28, 2006

Amid Iraq Talk, White House Hopeful Sticks to '04 Issue in '08 Run

For the roughly two dozen candidates considering a run for the White House, it is perhaps the jackpot question: What might be the winning message in a contest whose first nominating vote is still more than a year away?

Today, former Sen. John Edwards begins testing his hunch that Americans, though focused now on the war in Iraq, can be won over to a campaign built on what he calls "the great moral issue of our time" -- fighting poverty at home. He plans to do so with an unorthodox announcement of his candidacy, not standing on a flag-draped stage, but volunteering his labor in New Orleans's Lower Ninth Ward, which is still struggling to recover from Hurricane Katrina.

The North Carolina Democrat's theme of ending the "Two Americas" of haves and have-nots dates to his 2004 presidential bid. Mr. Edwards didn't win his party's nomination then, but his strong reception among voters helped him to secure a place as Massachusetts Sen. John Kerry's running mate. Mr. Edwards argues that the disparity between the richest Americans and the working class has widened since then.

"When I talked about poverty in the 2004 campaign, political types said it was futile," he said in a speech this year. "They said nobody cares about poverty except for the poor. Not true, and we saw it with Katrina."

For him and other presidential hopefuls, crafting a campaign message requires striking a balance between giving voters what they want to hear, and inspiring them to something else. That is proving troublesome for the Republicans' front-runner Sen. John McCain. His popularity since 2000, rooted in his past independence from his party and President Bush on issues such as campaign spending and treatment of war prisoners, is now jeopardized by his unwavering support for the Iraq war and his unpopular call to send more troops there.

Complicating the challenge for all of the candidates: The presidential fields for both parties are taking shape earlier than before, amid stiff competition for staff, big donors and the support of state-party activists. A candidate's message first must appeal to these political insiders, even before party voters weigh in at the first state primary or caucus. Political pros are interested in how well a message ultimately might play among all voters when they go to the polls in November 2008.

Many Democratic political operatives remain skeptical that the Edwards message will resonate among either Democratic or independent voters when antiwar talk is the rage, and could continue to be into 2008. On the eve of Mr. Edwards's announcement, rival Sen. Joseph Biden of Delaware drew headlines with his pledge to oppose any increase in U.S. troops to Iraq.

Other Democrats say Sens. Hillary Clinton of New York and Barack Obama of Illinois, could emerge as standard-bearers for a domestic agenda that competes with that of Mr. Edwards. Mr. Obama, especially, is seen as a rival to Mr. Edwards for the candidate who best projects optimism and hope.

Those cheering on Mr. Edwards's antipoverty crusade include party strategist Donna Brazile, who was Al Gore's campaign manager in his 2000 presidency bid. Recalling Mr. Edwards's past emphasis on the "Two Americas" theme, she says: "In 2004, that message went largely unheard. To his credit, he kept at it. And Katrina demonstrated the validity of that message."

Ms. Brazile is admittedly biased toward the message if not the messenger. (She says she will remain neutral in the Democrats' 2008 contest.) A native of New Orleans, she visited her father in the city this week for the holidays. Seven siblings and her extended family were among those displaced to other parts of Louisiana and seven other states, and like tens of thousands, they continue to struggle 16 months after Katrina to rebuild lives, careers and wrecked houses, she says.

Mr. Edwards plans to officially announce his 2008 candidacy to reporters today during a break on reconstruction work in the Lower Ninth Ward, New Orleans's most impoverished and hard-hit neighborhood. He is there with college volunteers he has mobilized. Earlier this year, Mr. Edwards labored in nearby St. Bernard Parish with nearly 700 student supporters who were on spring break from colleges in 27 states.

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Yet as Mr. Edwards has suggested in speeches, his antipoverty theme is broader than helping Katrina's victims. He speaks of "the forgotten middle class" and of workers generally, who have seen their wages stagnate and benefits erode. He will expand on that message in coming days, seeking to take advantage of the slow-news holidays with a post-announcement tour of early primary and caucus states that could quickly decide both parties' nominees. Mr. Edwards is set to jet to Iowa, then crisscross the nation to New Hampshire, Nevada and South Carolina before ending Saturday in his home state, North Carolina. He plans to host town-hall-style events at each stop.

The former senator essentially has been campaigning since 2004. He has kept most of his top staff and donors together, and operatives in key places such as Iowa; he rates high in polls in that first caucus state. His email list has grown to more than 700,000, and union leaders are enamored of his populist message, Democrats say. Mr. Edwards's recent enlistment of labor stalwart and former Michigan Rep. David Bonior as campaign manager was plainly a bid for union support.

After the 2004 election, Mr. Edwards became director of the Center on Poverty, Work and Opportunity at the University of North Carolina at Chapel Hill, where he has solicited policy ideas for fighting poverty. He previewed his emerging antipoverty program most comprehensively in an address in June at Washington's National Press Club.

In that speech, he set a national goal of ending poverty in 30 years for the 37 million Americans living below the poverty line, lifting one-third of them above it in each of the next three decades. His "Working Society" agenda would mean a higher federal minimum wage, reduced taxes for low-income workers, universal health care, and one million new housing vouchers for working families, to help them find homes in neighborhoods with better schools.

Mr. Edwards proposes "Work Bonds" to provide tax credits to match low-wage workers' own long-term savings. He calls for the government to partner with nonprofit organizations to create a million "stepping stone" jobs, to help welfare recipients and others get experience on local projects so they can go on to better-paying private-sector jobs. And he would open "second-chance schools" aimed at the increased number of high-school students who drop out before graduating.

Mindful of the current headlines, however, Mr. Edwards has paired his domestic agenda with a call to immediately reduce U.S. forces in Iraq by at least 40,000. And he has taken pains to put his domestic vision in a global context. As he put it at the National Press Club six months ago: "How we work to improve our country and lift people up is also critical to restoring American leadership in the world."

Write to Jackie Calmes at jackie.calmes@wsj.com1

Edwards Faces A New Set Of Hurdles (TNO)

By Rob Christensen

Raleigh News & Observer, December 28, 2006

NEW ORLEANS - As he launches his second White House bid here today, John Edwards faces a different political landscape than he did three years ago when he was North Carolina's little-known freshman senator.

Last time, the Democratic primary was a wide-open affair, and Edwards intrigued some voters as a new face. This time, Edwards is a former vice presidential candidate who must contend with assumptions that New York Sen. Hillary Clinton is the favorite to capture the Democratic nomination and that Illinois Sen. Barack Obama has eclipsed his fresh-faced appeal.

"Before Barack Obama, it was clear Edwards was going to be the biggest hurdle for Hillary to overcome and had the best shot at stopping her," said Chuck Todd, editor-in-chief of the Political Hotline, a Washington-based Internet newsletter. "Obama complicates his run. ... If it wasn't for Obama, I think we'd say this is a two-person race."

Edwards, 53, of Chapel Hill, enters the race with considerable assets. Polls show he is among the best known of the Democratic contenders after being on the national ticket in 2004 with Massachusetts Sen. John Kerry. Edwards, a successful trial lawyer before he entered politics, is the only announced Democratic hopeful who has been through the presidential marathon and has an organization. He seems likely to receive solid financial support from trial lawyers, and appears poised to pick up significant support from organized labor.

The Democratic nominee could be determined in January 2008, when caucus and primary voters in Iowa, Nevada, New Hampshire and South Carolina make their choices. The new early nominating schedule seems to favor Edwards, who has strong ties in some early battlegrounds.

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Edwards is also the only Southerner in the race, with the possible exception of former NATO Gen. Wesley Clark, who is considering a run. The last Democrat from outside the South to win the the presidency was John F. Kennedy in 1960.

But Edwards has plenty of skeptics.

"He has got a lot of problems," said Allan Lichtman, an American University presidential scholar and Democratic Senate candidate in Maryland this year.

"He didn't do much for the Kerry-Edwards ticket. He came in with a lot of promise, but he didn't pan out. He lost the debate to Dick Cheney. He is going to be way outspent by Hillary Clinton. He doesn't have a natural base."

The Democratic primary can be viewed like the NCAA basketball tournament, said political analyst Charles Cook, publisher of The Cook Political Report, a Washington-based newsletter. In one bracket, everybody has penciled in Clinton. She has name recognition and a high-profile platform in the U.S. Senate, is a proven fundraiser and has a powerful political organization.

The question, Cook said, is who will survive to face Clinton in the opposing bracket.

"He's dealing, as all the candidates are, with the looming presidential campaign of Hillary Clinton and the recent excitement over Barack Obama," said Lee Miringoff, director of the New York-based Marist Institute for Public Opinion, which has done extensive presidential polling. "That having been said, there is still a following for his more progressive populism . He is certainly a force to be reckoned with down the road."

Edwards is announcing his campaign in New Orleans' Lower Ninth Ward, an area devastated by Hurricane Katrina. The location underscores Edwards' emphasis on poverty, which could be a political gamble. The theme is an extension of his "Two Americas" message from his 2004 campaign, in which he talked about the nation's inequalities. Two years ago, Edwards created the Center on Poverty, Work and Opportunity at UNC-Chapel Hill.

The campaign experienced its first glitch on Wednesday, a day before it formally came into existence.

Edwards' campaign accidentally went live Wednesday with his election Web site, The Associated Press reported.

The slip-up gave an unintended double meaning to his campaign slogan on the John Edwards '08 Web site: "Tomorrow begins today." Aides quickly shut down the errant Web site.

Several questions remain as Edwards begin his White House quest:

HAS EDWARDS' MOMENT PASSED? Edwards was the new face in 2004, and some voters liked his sunny persona. But some may view Edwards as a bit shopworn. He failed to help carry the Kerry-Edwards ticket anywhere in the South, including his home state of North Carolina.

"A lot of folks are going to view his candidacy and strategy in the context of the Kerry-Edwards campaign," said Dick Hartpootlian, a former South Carolina Democratic chairman. "Many people, including myself, thought it was a strategic disaster. They wrote off huge parts of the country, including South Carolina. ... It's going to be very difficult for Southerners to forget that snub."

The good news for Edwards is that polling suggests that Democrats tend to blame Massachusetts Sen. John Kerry, not Edwards, for losing to Bush.

"The most encouraging thing for Edwards is he came out of '04 with a good bit of residual good will, particularly in Iowa, and Kerry had none" said Cook. "He came out of it as well or better than anybody had any right to hope for."

DOES EDWARDS HAVE THE PROPER SEASONING? One of the knocks on Edwards in 2004 was that he lacked the experience to be president. Edwards has served only one six-year term in the Senate and has never held an executive post. But Edwards has been globe-hopping during the past two years, meeting with foreign leaders in an effort to broaden his resume.

CAN EDWARDS WIN THE ANTI-WAR VOTE? Edwards was booed when he appeared before California Democrats during the last election because of his vote for a resolution authorizing the war in Iraq. Edwards has since said his vote was a mistake, and he has courted the anti-war bloggers who backed Howard Dean in 2004.

WILL ORGANIZED LABOR HELP EDWARDS? Edwards had little labor support when he ran in 2004. But since then, Edwards has been heavily courting labor -- walking the picket lines and participating in a campaign to pressure Wal-Mart to treat its workers better. He is expected to name former Michigan congressman David Bonior, a key labor ally, as his campaign manager. Labor could play an important role in the Iowa and Nevada caucuses.

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But labor no longer has the clout that it once had.

"The last time labor got their candidate was Walter Mondale," said Todd, the Political Hotline editor, referring to the Democratic nominee in 1984.

Staff writer Rob Christensen can be reached at 829-4532 or robc@newsobserver.com.

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Edwards Likely To Try For Democratic Presidential Nomination (CQ)

Congressional Quarterly, December 28, 2006

John Edwards is expected to announce his second try for a Democratic presidential nomination, during a scheduled appearance in New Orleans Thursday. If he does, he will stand out as a national figure in a field of official party contenders currently made up of three much lesser-known figures: retiring Iowa Gov. Tim Vilsack, Ohio Rep. Dennis J. Kucinich and former Alaska Sen. Mike Gravel.

Edwards, a 53-year-old former senator from North Carolina, would enter the race with substantial national name ID from his run as the 2004 Democratic vice presidential nominee on the ticket with Massachusetts Sen. John Kerry, which followed Edwards' emergence as the strongest challenger to Kerry for that year's presidential nomination.

His tour on the ticket that lost narrowly (51 percent to 48 percent) to President Bush and Vice President Dick Cheney has not made Edwards the heir apparent for the 2008 Democratic presidential nod; in fact, Kerry has not yet clarified whether he will make a second try himself.

And Edwards' turn as the star of the field may be short-lived. He has received much less buzz among politics watchers than the Democrats' two leading subjects of presidential speculation: New York Sen. Hillary Rodham Clinton, wife of former President Bill Clinton, fundraising juggernaut and perceived front-runner in the Democratic nominating contest; and Illinois Sen. Barack Obama, who has skyrocketed to political celebrity since his moving keynote address at the 2004 Democratic convention and his subsequent election that year as the only current African-American senator.

In choosing the unusual "slow news" period between the Christmas and New Year's holidays, Edwards is attempting to steal a march on Clinton, whose candidacy is regarded as most observers as a near-certainty, and Obama, who is expected to announce a determination early in the new year about whether he'll run or not. Edwards may also be hoping to preempt some of the obsessive media attention given to those other top-tier candidates.

Still, despite the publicity imbalance to date, the handsome and personable Edwards has an opportunity to pursue a sizable niche as an alternative for Democratic voters worried about the electability of Clinton — who carries the baggage of controversies that surrounded her and her husband during their White House years — or Obama, who bears the burden of proof that the nation is prepared to elect a black president, and whose mere two years in the Senate would raise questions about whether he had sufficient experience.

Experience, in fact, was an issue that dogged Edwards in 2004. He ran for national office at the end of his one and only six-year term in the Senate (unlike Obama, who previously was an Illinois state senator, wealthy trial lawyer Edwards never held public office before or after his short U.S. Senate stint).

With the nation at war in Iraq and Afghanistan, four-term Sen. Kerry and other opponents for the nomination questioned whether Edwards had the requisite foreign policy and national security credentials.

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Since the 2004 campaign, Edwards has taken steps to address that issue. On the signal foreign policy issue of the day, he has been an outspoken critic of the Bush administration's handling of the war in Iraq. He also has sought to draw attention to an overseas crisis that is far less visible to the American people: ongoing civil strife in Uganda: He edited the recently released book "Home: The Blueprints of Our Lives," which includes reflections from politicians, actors and others on their childhood residences, with the proceeds dedicated to relief efforts in Uganda.

Yet the core of his political activism, and a central theme of his prospective 2008 campaign, is combating poverty and inequality in American society. It's no coincidence that Edwards reportedly has chosen to hold his Thursday event in New Orleans' Lower Ninth Ward, a mostly African-American and largely lower-income community struggling to recover from the sweeping devastation that followed Hurricane Katrina in 2005.

In 2005, he signed on to head the new Center on Poverty, Work and Opportunity at the University of North Carolina at Chapel Hill (where he earned his law degree), and was visible in post-Katrina reconstruction in Louisiana.

This is not a new cause for Edwards, who often refers to his background as the son of a mill worker and as the first member of his family to go to college. His 2004 bid for president also focused on poverty and his portrayal of "two Americas," one prosperous and the other struggling economically. He projects a vision of "one America" through social equality on issues including health care coverage, increased minimum wages and other efforts to reduce poverty.

Edwards' political action committee, which has been the platform to keep him in the public eye, is called the One America Committee. Since it was formed in 2001, the PAC has raised $2.7 million and spent $2.6 million, according to the committee's filing with the Federal Election Commission.

Edwards' focus on economic issues has attracted interest from some elements of organized labor.

Reflecting on the 2004 campaign, which some analysts said was stymied by Kerry's lack of charisma, Edwards said on MSNBC's Hardball Dec. 12 that he "wasn't crazy about" running for vice president.

"Your job, basically, is to advocate for the presidential candidate," he said, giving him little leeway to speak openly about his own opinions.

But Edwards said that experience campaigning has informed his approach for this cycle. "Running before makes you focus on something different instead of focusing on how crowds respond to you and what everybody seems to love of you," he said .

"That's not the test for being president," he continued. "The test for being president is are you the best person to occupy the Oval Office and be the leader of the free world? Because literally the future of the world is at stake here. This is not about popularity and excitement."

Edwards would not head into the 2008 presidential campaign alone: His wife, Elizabeth, whom he met when they were attending law school, has been an active participant in his political campaigns.

Her own public profile has been raised by a book she authored earlier this year. Titled "Saving Graces: Finding Solace and Strength from Friends and Strangers," it focuses on how she dealt with the death of a teenage son in a 1996 car accident and with her own battle with breast cancer, with which she was diagnosed on Nov. 3, 2004 — the day after the election in which the Kerry-Edwards ticket was defeated.

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As a moderate/independent, I will watch the presidential campagin of John Edwards with a keen interest. I believe in the 'one america' theme but he also will have to show me the ability to grasp and develop sound foreign policies - understanding there is a limit our country can force it will on another. In addition, I will watch how he articulate his plans for creating an environment that will induce companies to reduce their reliance for profit by building factories in countries where they pay very low wages; what is his proposed reform for Social Security; the plan for budget deficit; how to deal with terrorism, etc. The United States needs a person that is capable of making sound decisions and providing bipartisan leadership. I will expect no less.

Posted by Steven Mayhorn at 5:03 PM; Dec. 27, 2006

He is rabid about amnesty for illegal aliens. So that hacks off about 79% of the electorate. He is an ex Trial Lawyer who became mega rich that way. That hacks off about 99% of the electorate. I mean who in the dickens do the Bubble Head pundits

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think will vote for him? Would You? Will You? Other than having a nice head of air, a nice smile and lots of very general feel good platitudes, what is there?

But you can depend on the the 1/2 of the 1% of registered Looney Left Democrats who pick our Candidates in primaries to pick another loser like him. Hello Republicans Time!

Someone who could win...say a Senator Byron Dorgan or a Senator Kent Conrad, serious men who are published discussing serious things..like Social Security, Job Loss, Outsourcing, squandering our wealth and blood in Iraq sort of like Russia did in Afghanistan. Now would the Democrats ever nominate anyone like that who would win in a landslide? Never? That is what I think too. We will get another unelectable candidate. Get ready to take another whooping, Democrats.

Posted by S. Madison at 5:45 PM; Dec. 27, 2006

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Edwards 2008 Bid To Push Plight Of Poor (NYS)

By Josh Gerstein

New York Sun, December 28, 2006

A former senator from North Carolina, John Edwards, is set to enter the race for the Democratic presidential nomination this morning, emphasizing the plight of the underclass by launching his campaign from a blighted New Orleans neighborhood hard hit in Hurricane Katrina.

By focusing on social justice and the poor, Mr. Edwards, 53, hopes to court Democratic Party activists and pose a challenge from the left to other likely presidential contenders, such as Senator Clinton.

"I don't think there's any question that by talking about labor, the minimum wage, and poverty, his strategy has been to run as the progressive alternative," a Democratic operative and lobbyist, Steven Elmendorf, said in an interview.

Mr. Edwards, who sought the Democratic nomination in 2004 and later became the party's vice presidential nominee, scores well in opinion polls, particularly in the early caucus state of Iowa. However, his hopes of becoming the alternative to Mrs. Clinton have been set back by a relatively new entrant on the political scene, Senator Obama of Illinois, who is also mulling a presidential bid.

Mr. Elmendorf said a run by Mr. Obama would "take quite a bit of air out" of Mr. Edwards's campaign. "He has a problem running as the new guy," the strategist said. " Obama takes up a lot of political space."

Democratic strategists said Mr. Edwards has made good use of his time since leaving the Senate in 2004. "He has done some very smart things over the past couple of years to position himself differently from the rest of the field," a Democratic consultant, Christopher Lehane, said.

In addition to staking out the poverty issue and boosting his foreign affairs resume with international travel, Mr. Edwards, who was a trial lawyer before being elected to the Senate, has moved aggressively to win the support of labor unions, particularly those for service workers.

"He's made an effort. He's worked it hard," Mr. Elmendorf said. However, he said, he doubts many unions will be willing to endorse Mr. Edwards in the primary, in part because Mrs. Clinton will be seeking those same endorsements, or a pledge from labor groups to stay neutral.

"When Senator Clinton gets engaged with them, she's very formidable," Mr. Elmendorf said. " President Clinton did a lot for them."

Mr. Elmendorf said union leaders will be wary of repeating the scenario from 2004, when some endorsed the upstart candidate, Dr. Howard Dean, only to see his bid fizzle out.

Mr. Lehane, who served for a time as a spokesman for the Democratic presidential nominee, Senator Kerry of Massachusetts, said one of the biggest challenges facing Mr. Edwards is a financial one, as contenders for the nomination are seen as needing to raise about $20 million by June.

"If you look at Hillary, she's like a blue-chip stock, good fundamentals, sustained growth, big dividends. Obama winds up being either the Google, which goes through the roof and fundamentally changes everything, or he ends up like Petco.com," Mr. Lehane said. " Edwards is one of those candidates you end up betting long on."

One asset Mr. Edwards has is that many of those who worked closely with him on his losing primary bid in 2004 seemed to enjoy the experience, while some who worked for other candidates grew disillusioned. "People working with him really enjoyed working with him and had great respect for him," Mr. Lehane said.

A Des Moines teacher who runs a Web site promoting Mr. Edwards, Joshua Brown, said Mr. Edwards's sincerity and authenticity serve him well in the small-group settings where Iowa caucus-goers meet the candidates. "He connects really well," Mr. Brown said. "In Iowa politics, a lot of it comes down to meeting the person and being able to ask them the question you want to ask."

Mr. Brown said Mrs. Clinton's celebrity could actually make it harder for her to compete. "There's going to be tons of people showing up," he said. "It's just going to be to see Hillary Clinton. "It's not going to be to listen to Hillary Clinton."

Edwards Scooped By His Web Site (WP)

By Dan Balz

The Washington Post, December 28, 2006

NEW ORLEANS, Dec. 27 -- Former senator John Edwards of North Carolina scooped himself Wednesday when advisers testing his campaign Web site posted the news that he is running for president in 2008. The posting came a day before Edwards's planned formal declaration of candidacy in this city's devastated Ninth Ward.

There was no secret about Edwards's presidential campaign intentions. The 2004 Democratic vice presidential nominee has been running hard for two years, and campaign officials have been at work for more than a week on final arrangements for the official launching.

But the pre-announcement of the candidacy on the Edwards Web site -- which was online only briefly but was nonetheless, officials said, noticed by the Associated Press -- caught everyone in the campaign by surprise.

"What happened was, apparently, they were testing the Web site," said Jennifer Palmieri, Edwards's spokeswoman. "I guess, somehow, when they were testing it, AP happened to catch it."

Officials said they had always intended to post the announcement on the Internet on Wednesday night, in advance of Edwards's scheduled announcement early on Thursday. Edwards had also planned to send an e-mail to his supporters before speaking to the cameras from New Orleans.

The sequence of events highlighted the many ways in which candidates now seek to draw attention to presidential campaign announcements, attempting to maximize their audience through the various media platforms for what are well-scripted events.

Even while doing some volunteer work Wednesday afternoon for Orelia Tyler, a New Orleans resident whose home was devastated by the floods of Hurricane Katrina, Edwards taped a statement that aides planned to post online in time for his formal announcement.

Even though it was accidental, the announcement on the campaign Web site quickly spread across the Internet. By early Wednesday evening, Edwards's entry in Wikipedia, an online encyclopedia, noted: "On Dec. 27, 2006, he announced his entry into the 2008 presidential race."

Edwards chose New Orleans for his announcement to highlight his interest in the issue of poverty, which has been his focus for most of the past two years. He has been to Louisiana numerous times since Katrina hit and recruited 700 college students to join him here in the spring to volunteer their time, helping clean out and rebuild destroyed homes.

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He also picked the week between Christmas and New Year's Day to announce his candidacy in large part because he and his advisers thought it would attract more attention during what is traditionally a slow news period. But the death of former president Gerald R. Ford was by far the dominant news on Wednesday and probably will continue to be for several more days.

Edwards issued a statement mourning the death of the 38th president.

"President Ford was a true leader -- he made decisions based on what he believed was right, not what was politically expedient," the statement said. "He called on us to never lose faith that we can change America."

He said Americans could honor Ford's memory by "lifting ourselves above partisan politics and acting with the courage and conviction of our ideals."

Thursday's declaration of candidacy will be relatively low-key, with Edwards planning to make a brief statement outlining his reasons for running and then taking questions from reporters. He plans to leave New Orleans in the early afternoon for an evening rally in Iowa, the site of the first presidential caucuses, and he will hold a town hall meeting in New Hampshire on Friday.

Edwards, 53, was a successful and wealthy trial lawyer. He did not turn to politics until 1998, when he was elected to the Senate. He spent one term in Washington before deciding not to seek reelection. His 2004 presidential campaign started slowly but caught fire just before the Iowa caucuses. He finished second to the eventual Democratic nominee, Sen. John F. Kerry (Mass.).

He won only one primary, in his native South Carolina, but his skills as a campaigner and his performance in the primaries prompted Kerry to select him as the Democrats' vice presidential nominee.

He joins two other declared Democratic candidates -- Iowa Gov. Tom Vilsack and Rep. Dennis J. Kucinich (Ohio) -- while several others, including Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.), are expected to announce their candidacies in January.

Although Clinton and Obama have attracted the most attention, Edwards begins his campaign well positioned to challenge for the nomination. He has maintained considerable strength in Iowa, building on his success there in 2004, retains a base of support in South Carolina, and has developed relationships with organized labor in Nevada, which is scheduled to hold the second set of presidential caucuses in 2008.

Edwards To Run For President (WSJ)

By James Romoser

Winston-Salem Journal, December 28, 2006

Former U.S. Sen. John Edwards, D-N.C., became yesterday the third candidate to enter the 2008 presidential race - but not without a false start.

Edwards' campaign accidentally launched his presidential-campaign Web site a day early, pre-empting an orchestrated announcement planned for today in New Orleans.

The Web site was quickly taken down. But the news of Edwards' candidacy, which his campaign confirmed to the Winston-Salem Journal last night, was out.

Despite the online snafu, Edwards' run is no surprise.

He ran unsuccessfully for the Democratic presidential nomination in 2004 and was chosen by the eventual nominee, Sen. John Kerry, D-Mass., as his vice presidential running mate.

Almost from the moment that the Kerry-Edwards campaign conceded the election to President Bush in November 2004, Edwards appeared to be gearing up for another run in 2008.

He has spent the last two years raising money, visiting key states that have early primaries and running his "One America Committee," which supports Democratic candidates and advocates for such causes as raising the minimum wage.

"John is the most prepared he's ever been to be president. He's spent the last two years learning, traveling, meeting people," Ed Turlington, who was the national chairman of Edwards' 2004 campaign, said yesterday. Turlington, a Raleigh attorney, continues to be involved in Edwards' campaign.

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Edwards chose the politically symbolic location of the Lower Ninth Ward of New Orleans for the formal announcement of his candidacy, and he decided not to postpone the announcement after the death of former President Gerald Ford. He released a statement saying he was saddened by Ford's death.

Yesterday, Edwards helped do yard work for a woman whose house was destroyed by Hurricane Katrina.

After a new conference today, he is expected to begin a whirlwind, three-day tour in which he will visit Iowa, Nevada, New Hampshire and South Carolina - the first four states in the 2008 Democratic primary season.

On Saturday night, Edwards will conclude the tour with a rally in Chapel Hill.

Other than Edwards, only two major candidates - Democratic Gov. Tom Vilsack of Iowa and U.S. Rep. Dennis Kucinich, D-Ohio - have announced their intentions to run for president in 2008.

But others are widely expected to join the race soon, including Sen. Hillary Clinton, D-N.Y.; Sen. Barack Obama, D-Ill.; and Sen. John McCain, R-Ariz.

The 2008 election will be an unusual presidential election because there will be no sitting president or vice president running. "It's such a wide open race that starting early is a necessity," Turlington said.

Edwards, 53, was a successful trial lawyer and was elected to the U.S. Senate from North Carolina in 1998. In 2003, he started his first presidential campaign, which focused on a theme of "two Americas." He won one primary - South Carolina - before agreeing to be Kerry's running mate.

Recent national opinion polls have shown Edwards trailing both Clinton and Obama for the Democratic nomination. His numbers are higher in Iowa, where a poll showed Edwards tied for the lead with Obama, followed by Vilsack and then Clinton.

Edwards Frames Comeback With Populist Message: Margaret Carlson (BLOOM)

By Margaret Carlson

Bloomberg, December 28, 2006

Dec. 28 (Bloomberg) -- When the reliable Des Moines Register poll two weeks ago showed former vice presidential candidate John Edwards leading in Iowa with 36 percent, people were surprised.

How did he do that in a year when it has been Hillary and Everyone Else, then Hillary, Obama and Everyone Else? Quietly, very quietly, which is the best way for a Democratic has-been to have any hope of becoming a could-be.

Democrats hate their losers. Unlike Republicans who routinely give theirs a second chance (see Richard Nixon, Ronald Reagan and Bob Dole), Democrats would remove all memory of theirs if they could, like latter-day Kremlinologists. (See George McGovern, Michael Dukakis and John Kerry, though the last doesn't know he is over.)

Al Gore may be the exception. Having taken on many lives -- college professor, itinerant preacher on global warming, Wall Street banker and potential Oscar-winning filmmaker -- there are some Democrats asking him to run. Edwards may have telescoped Gore's six years in exile into two as he emerges from his own Elba to announce his candidacy today.

Having moved out of Georgetown in Washington to his native North Carolina -- where he built a new house, took care of his wife who learned in the final week of the campaign that she had cancer, joined an investment banking firm and tended to the family foundation established in memory of son Wade Edwards killed in a 1966 traffic accident at age 16 -- he has shed his inside-the-Beltway skin for that most desirable of guises, the Washington outsider.

Non-Combative Candidate

Surely 2008 is a better time for a candidate like Edwards -- a non-combative southerner who has won a hundred courtroom trials, has an established fundraising base, is a master of the Internet and finally has a few more lines in his baby face than he did in 2004 when George W. Bush and Dick Cheney carried the day.

Edwards's pitch that there are two Americas is, if anything, truer today than when he first took it out for a spin. There is no better place to take that theme than the hurricane-ravaged Ninth Ward of New Orleans where he will begin his campaign today.

That America is still covered with garbage as far as the eye can see, with little in the way of rebuilding and many of those who stayed stuffed into trailer parks. Imagine if a hurricane had hit the other America, say Greenwich, Connecticut. Construction everywhere else would have come to a dead halt as residents there got the undivided attention of the Bush administration and the building trades.

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Donald Trump wouldn't be able to hire an architect.

A Living Wage

For the past year, Edwards has toured the country with the message that those who work deserved a living wage. He favors an expansion of the earned income tax credit, better lending practices, housing vouchers, sprinkling low-income housing amid McMansions and a program to rehabilitate Louisiana after Katrina.

And it isn't only the Ninth Ward that bears Edwards out. Wages are stagnant. There has been no increase in the minimum wage. More people are without health insurance than before.

Yet the Bush administration continues to give the rich every break at the expense of the poor. The gap between the haves and have-nots is now worthy of King Louis XIV. Just last week came the news that the chairman of Goldman Sachs Group Inc. took in $53.4 million last year or roughly $25,000 an hour for a standard work week.

Edwards got right with the Iraq war in an op-ed piece in the Washington Post in November 2005. Without making excuses, he said he regretted his vote in 2002 for a resolution authorizing the U.S. invasion.

With Senators Hillary Clinton and Barack Obama gobbling headlines, pitching in to clean up New Orleans in this slow news week could be all the attention Edwards gets. Like so many vice presidential candidates before him, Edwards's 2004 run didn't propel him to frontrunner status in this race.

Bungled Opportunity

By eschewing what he called the ``old politics of hate and division," Edwards gave up the usual vice presidential running mate's role of hatchet man. He bungled his best chance to show what he was made of in his debate against Cheney.

The trial lawyer who won multimillion-dollar verdicts against well-armed drug companies looked like a Ken doll who had come to ask Barbie's stern father for her hand in marriage. The only blow he landed was wrapped in velvet: congratulating Cheney on his love for Mary Cheney, his openly gay daughter, to point up the Republicans' otherwise ugly strategy to demonize gays.

Edwards spent weeks explaining himself.

It could be that in 2004, Edwards suffered from first-time jitters, too much message discipline about a divided America and the handicap of playing second banana to a waffling, windsurfing stiff.

There could be a hunger now for a quieter man after eight years of taking our enemies dead or alive.

Edwards is the candidate most reminiscent of the late Gerald Ford. Ford was a fine president in a difficult moment, so decent he couldn't win the presidency on his own.

We are a schizophrenic electorate. We prefer the likeable candidate over the sourpuss, but we also want a tough guy.

Edwards has a chance only if nice guys don't finish last.

(Margaret Carlson, author of ``Anyone Can Grow Up: How George Bush and I Made It to the White House" and former White House correspondent for Time magazine, is a Bloomberg News columnist. The opinions expressed are her own.)

Ohio Gov. Taft Reprimanded Over Ethics (AP)

By Andrew Welsh-huggins

AP, December 28, 2006

The state Supreme Court on Wednesday publicly reprimanded Ohio Gov. Bob Taft for his ethics violations in office, a black mark that will stay on his permanent record as an attorney.

Taft, 64, a Republican and great-grandson of President William Howard Taft, pleaded no contest in 2005 to failing to report golf outings and other gifts worth nearly $6,000 during his four-year term. He was fined $4,000. Taft could not seek re-election because of term limits and leaves office in less than two weeks.

The Office of Disciplinary Counsel, an arm of the state Supreme Court, said in April that Taft violated Ohio's code of professional conduct for lawyers, and Taft later signed an agreement admitting the violation.

The justices agreed by a vote of 6-0 with a recommendation from the Board of Commissioners on Grievances and Discipline to issue the public reprimand, which does not prevent Taft from practicing law again but will appear in public law registries. The court could have rejected the recommendation or ordered a stronger punishment.

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Taft's law license has been inactive since 2002.

"The governor is pleased that the matter is concluded and that the court recognized his reporting error was nothing more than an oversight," Taft spokesman Mark Rickel said.

Court Reprimands Ohio Governor Over Gifts (NYT)

By Bob Driehaus

The New York Times, December 28, 2006

COLUMBUS, Ohio, Dec. 27 — The Ohio Supreme Court formally reprimanded Gov. Bob Taft on Wednesday for failing to report nearly $6,000 worth of golf outings and other gifts, a coda to his scandal-plagued final term in office, which ends Jan. 8.

The unanimous ruling followed the penalty recommended by the Board of Commissioners on Grievances and Discipline, which evaluates charges of misconduct among lawyers and judges. Mr. Taft, a Republican, was admitted to practice law in Ohio in 1976 and may return to practicing after his term ends.

Public reprimand was the minimum penalty that could have been imposed by the court, which had the discretion to suspend Mr. Taft's law license in Ohio or to bar him permanently from practicing law in the state.

The court said Mr. Taft deserved the minimum punishment because he had no prior disciplinary record and cooperated fully with the investigation. "Any sanction is an indelible stain on a lawyer's professional record," the ruling said.

Jonathan Marshall, secretary to the board, said, "I guess the significance is that regardless of how high a public office a lawyer enjoys, the same standards apply to all."

Mr. Taft, a great-grandson of President William Howard Taft, pleaded no contest in August 2005 to four criminal misdemeanor counts for failing to disclose $5,682.26 worth of golf outings, meals, hockey tickets and other gifts from 19 benefactors from 1997 until 2004. He was fined $4,000 and ordered to e-mail an apology to all state workers as well as to Ohio news media outlets.

He is the only Ohio governor to have faced criminal charges while in office, and his pleas joined a wave of scandals among state Republicans that culminated in a Democratic sweep on Nov. 7 of all but one statewide office and the defeat of Senator Mike DeWine by Representative Sherrod Brown, a Democrat.

Mark Rickel, Mr. Taft's press secretary, said, "The governor is pleased the matter is concluded and that the court recognized that his recording error was nothing more than an oversight."

Mr. Rickel said Mr. Taft had not decided whether to return to practicing law or to pursue other interests.

As Energy Prices Rise, Houston's Heyday Returns (LAT)

By Miguel Bustillo

The Los Angeles Times, December 28, 2006

HOUSTON, Texas — Fine wine flows freely at Tony's, the dining room of the rich and powerful in this dynamic Sun Belt city. But it always flows a little faster when the price of crude oil is high — and these days, owner Tony Vallone said, the bottles are emptying at a brisk pace.

On a recent Friday evening, socialites in fur coats stepped past the cascading sheets of water at the glass entrance, into an airy room adorned with vibrant Robert Rauschenberg paintings. Waiters wheeled out enormous souffles and whole red snappers encrusted in salt. The richest man in town, oil pipeline magnate Dan Duncan, was dining there for the third time in four days.

At the center table, Ileana Trevino, the head of a hospital foundation, was celebrating her 51st birthday with about a dozen close friends and her husband Michael, a Marathon Oil executive. She was asked what she wanted to drink.

"Whatever's expensive," Trevino replied, and laughed. The sommelier recommended bottles of a $50 red from Spain's Montsant region, a modest option at a restaurant that offers magnums of 1945 Chateau Petrus Bordeaux for $30,000.

"It's almost palpable, isn't it?" said attorney Michael Solar, one of Trevino's friends, as he waved his glass to indicate the wealth in the packed room. "When the rest of the country is doing well, it seems like Houston is often struggling. But when the rest of the country is struggling, it seems like Houston is often doing well."

High oil, natural gas and electricity prices may bring pain to families and business owners elsewhere, but in America's energy capital, they bring prosperity.

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Two out of every five Houstonians owe their jobs to energy — many big oil and gas companies have their world or American headquarters in Houston — and the industry's spectacular profits in recent years have helped the nation's fourth-largest city outdistance the country as a whole in economic growth.

Los Angeles and most big cities are seeing slowdowns in their real estate markets this year, but Houston's is still climbing: For 34 months straight, area home sales have increased compared with the same month a year earlier. Yet Houston's housing remains surprisingly affordable: The median home sales price in November was $147,000, compared with $487,000 for the Los Angeles region.

The city is on pace to add 75,000 jobs this year, an increase of about 3.5%, or more than twice the national average. Though that growth rate falls short of Las Vegas and a few other large American cities, experts say it is remarkable that Houston's economy continued to expand even after one of its largest white-collar employers, Enron Corp., collapsed from a financial scandal and declared bankruptcy in 2001.

"A petroleum engineer coming out of Texas A&M now gets about $87,000 a year and a $30,000 signing bonus, and that's for someone with no experience," said Robert W. Gilmer, a senior economist for the Federal Reserve Bank of Dallas. "Houston has heated up to the point where it spreads all the way through the employment sector, to plant operators and truck drivers."

Halliburton Co., the construction and oil field services firm that landed numerous federal contracts to rebuild Iraq, has a checkered reputation in parts of the world. But it has added 11,000 jobs this year, and in Houston, where it is headquartered, it was recently selected as one of the best companies to work at by a leading business journal.

"There is definitely a feeling of excitement working in the energy industry in Houston at this time," said Renee LeBas, who moved here this year to work at Halliburton, where she helps companies find solutions to oil field problems.

LeBas, a petroleum engineering graduate from the University of Texas at Austin, recently bought a small house in a desirable suburban neighborhood, just inside the ring of freeways that circles the city. It's the 28-year-old's second real estate purchase since college.

For all the people doing well in Houston, however, there are still many not benefiting from the improved economy, particularly those without college educations. Houston's unemployment rate continues to be slightly higher than the national average, and the presence of tens of thousands of Hurricane Katrina evacuees threatens to become a major social problem when government housing assistance to the storm survivors runs out.

"Not everyone in Houston is going like gangbusters," said Stephen L. Klineberg, a Rice University sociologist who has been surveying the attitudes of Houstonians for a quarter-century. "A relatively small number of people are making a lot of money, but there are still plenty of people struggling to get by."

What's more, many of those prospering are greeting the good times with a grizzled skepticism.

Houston's economy is much more diverse than it was two decades ago, when roughly 80% of all jobs were tied to energy; the city now has a thriving port and a rapidly expanding medical district known for some of the best specialized care in the South. Still, veterans of Houston's boom-and-bust energy economy are mindful that fortunes could turn quickly, like they did in the 1980s, when a sudden swoon in crude oil prices sent the city's economy crashing.

"This industry is known for being a roller coaster, and right now, with oil over $60 a barrel, they can't find enough people for all the work they've got," said engineer Glenn Woltman, 55, who recently left a federal job in New Orleans to take a position paying "well into the six figures" here with Superior Energy Services Inc. "This is about as good as I have seen it. I was considering five different offers."

But the 33-year petroleum engineer, who lost his job with Marathon Oil during a downsizing two decades ago, is chastened by experience.

"I'm packing away as much as I can, because I do know that oil runs dry," said Woltman, whose job is to evaluate "missed opportunities" at a Gulf Coast oil field that was already tapped by BP. "I have been through those bad cycles."

Houston's economic boom is tied not only to short-term spikes in energy prices, but to forecasts for global energy demand that are leading many companies to make ambitious long-term bets. Amid expectations that the skyrocketing needs of China and India will only increase, firms are more willing to explore for oil and gas in places previously considered too expensive, or to slog through red tape to build refineries and power plants.

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Headhunters in Houston are going after all the engineers with 10 to 15 years' experience they can find. Companies are paying salaries $10,000 to $15,000 higher than just 18 months ago, and are sweetening the pot with retention bonuses, stock options and other perks reminiscent of last decade's dot-com boom.

Some firms are even luring engineers out of retirement by offering them more than they made during their prime earning years. Hagan Joyner, 74, got a call from a headhunter at Collarini Energy Staffing, offering a six-month gig. The veteran reservoir engineer, who worked 39 years before retiring in 1999, turned it down. But his wife, overhearing the conversation, told him he'd be crazy if he didn't call back.

He took a less stressful job minutes from his house, helping oil companies report their reserves to banks and the Securities and Exchange Commission — for $85 an hour.

"I didn't think I'd see something like this again in my lifetime," said Joyner, who is planning to use his windfall to see more of the world with his family. "The pay is certainly more than I used to make when I was working full time. We're getting our house fixed up, and are doing some things for our grandchildren."

Houston, like other Sun Belt cities, remains relatively affordable. Its cost of living is 24% less than other metro regions of 2 million or more people, according to the Council for Community and Economic Research, a national group that compares basic costs such as housing, groceries and utility bills.

So after paying their bills, many still have money to spend.

Those benefiting most from the current energy boom are behaving demurely compared with past generations of Houstonians, who giddily spent small fortunes on jewelry, 12-cylinder Jaguar sedans and lizard-skin cowboy boots when oil prices were high, only to sulk in shame when they bottomed out. A bumper sticker popular in Houston's sober aftermath read, "Please Lord, give me one more oil boom. I promise not to blow it next time."

But after years of modest consumption, the money has begun to flow, especially at the city's more luxurious establishments.

"It's human nature — when people have more discretionary income, they are more willing to spend," said Evelyn Gorman, owner of Mix: Modern Clothes, an industrial-chic boutique that sells Bruno Frisoni shoes, Balenciaga handbags and other high-priced fashions. Mix, which recently moved into a boxy new building that looks like a Gulf Coast oil platform, has enjoyed steadily increasing sales over the last two years.

"Would I want to be in Louisiana or Detroit right now? Absolutely not. In Houston, Texas, energy capital U.S.A., when the price of oil is high, you can certainly tell the difference," Gorman said.

The city's elite spas and social clubs all have waiting lists, said Colleen Kennedy, director of memberships at the Houstonian Club, where the first President Bush goes for his haircuts and former First Lady Barbara Bush takes brisk walks.

"That is the first time in all my years in this business that I have seen that," said Kennedy, who has been with the Houstonian for a quarter-century. "All of these clubs are high-dollar items. Our membership fees are $20,000 and $24,000."

In the Texas Hill Country, the picturesque region of rugged, rolling landscapes at the center of the state, Houstonians buying vacation and retirement homes have helped send real estate prices surging.

"I'm astounded at these prices. I used to think these people must be dope dealers or something, but I know better now," said Pat Boyle, owner of Pat Boyle Realty, who has been selling ranches in Bandera County since 1978. Among the properties was a 31-acre hilltop retreat with an orchard and swimming pool for $1.6 million — a large sum in a state where the median home price is $142,000.

"Oil and gas is still the engine that pulls the train, but it seems like the whole Texas economy's rocking and rolling. All these people in their glass cubicles in Houston want their little piece of the Hill Country," Boyle said.

Like Texans in general, Houstonians love to drive gas-guzzling pickups and sport utility vehicles, which remain a common sight here despite the surge in prices at the pump. In the upscale Galleria shopping district, Texas-sized compact parking spots can fit a tank — and are frequently filled with the urban equivalent, a gleaming new Hummer.

"A lot of people have figured out how to make a lot of money in this town, and God bless them," said Mike Shafer, sales manager for the McGinnis Hummer dealership. He estimated he sells 40 Hummers a month, up from 25 a year ago. The outsized status symbols range from $29,000 to $53,000. "Gas goes up, gas goes down, but that never really affects sales here," Shafer said.

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Houstonians also love going out to eat — and they do so more than big-city dwellers anywhere else in the country. The Zagat Survey this year found that Houston residents dined at restaurants 4.2 times a week, compared with 3.4 times for New Yorkers and 3.2 times for Americans overall.

During the peak of the petroleum boom that showered Houston with riches a quarter of a century ago, Tony's would sometimes sell white truffles to a cadre of society queens and oilmen, said Vallone, a gracious man whose pudgy cheeks and thick torso betray years of la dolce vita.

Now, Vallone said, it is not unusual for Tony's to sell three dozen orders of white truffles on a Saturday night. The patrons who pay $125 for the privilege of having the aromatic delicacy shaved onto their plates of pasta and risotto are not all tycoons — many are young professionals with money to burn.

"In the old days, young people would come here for a special occasion, a birthday or an anniversary," said Vallone's wife, Donna. "Now they come here to dine."

Ex-Interior Secretary Norton Is Hired As Counsel For Shell (WSJ)

The Wall Street Journal, December 28, 2006

Royal Dutch Shell PLC said it hired former U.S. Interior Secretary Gale Norton to serve as a counsel for the Anglo-Dutch oil company.

The move comes amid rising scrutiny in Washington of the department's dealings with the oil industry.

Ms. Norton, who stepped down as interior secretary March 31, will be based primarily out of Colorado and will serve as general counsel for the firm's unconventional-resources division, Shell said. The oil company is developing and testing proprietary technology designed to enhance oil recovery from certain unconventional sources, such as oil shale and extra-heavy oil, Shell said.

Ms. Norton, 52 years old, served as secretary of the Interior from 2001 to 2006 and was the first woman to hold the position. She was succeeded by former Idaho Gov. Dirk Kempthorne.

Before that, Ms. Norton was senior counsel at Brownstein, Hyatt & Farber P.C., a law firm based in Denver. She is a former attorney general for Colorado and associate solicitor of the Department of the Interior. In 1996, she unsuccessfully sought the Republican nomination for the Senate in Colorado.

The hiring of Ms. Norton comes at a tough time for her former agency. With the Democratic takeover of Congress, leading lawmakers have signaled they will closely scrutinize the Interior Department's policies for collecting oil-and-gas royalties from public lands.

The Minerals Management Service has come under particular criticism after agency omissions excused the oil industry from paying royalties on Gulf of Mexico leases from 1998 and 1999. A Government Accountability Office report said the omission by the MMS cost taxpayers $10 billion.

Shell, historically one of the biggest industry players in the Gulf of Mexico, was one of five oil companies that reached an agreement with the MMS Dec. 14 to pay royalties on the 1998 and 1999 leases.

Acosta Moving To Qorvis Communications (WP)

By Judy Sarasohn

The Washington Post, December 28, 2006

Dean Acosta, NASA press secretary and deputy assistant administrator for public affairs, is moving to Qorvis Communications next week to work with the firm's aerospace and technology clients, such as Pratt & Whitney and United Technologies.

Acosta, a former journalist, joined NASA in April 2003, several weeks after the shuttle Columbia accident. He led NASA's communications effort in the return to flight with the launch of the Discovery more than two years later.

"Although NASA has been an incredible work experience . . . it's nice to work for a company that's your core expertise," Acosta said.

Acosta is barred by ethics rules from contacting the space agency for one year, but he can still advise contractors with NASA interests.

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Also at Qorvis, Kara Ross, a Clinton White House Midwest spokeswoman, joined as a senior director. She most recently worked for ACS Government Solutions and earlier for the Transportation Department, the Defense Department and former senator John Glenn (D-Ohio).

Experiment In Caring (WSJ)

By Lucette Lagnado

The Wall Street Journal, December 28, 2006

Agnes Barrett has lived on West 138th Street in Harlem for more than 42 years, persevering as the area experienced riots, fires, gangs, crack and epidemics of AIDS and homelessness. One night in the 1970s, she recalls how a house near hers caught fire and a baby was tossed out the window. She can still see the father running down the street holding the injured baby in his arms.

These days, Mrs. Barrett, who still works as a nurse's assistant one day a week at the age of 77, faces a new challenge: luxury apartments being built next door to her modest $465-a-month subsidized walk-up. Like many Harlem seniors, she fears what will happen in the rush to develop one of New York's hottest real-estate markets. "I love the beautification," Mrs. Barrett says, "but if you can't afford it, where are you going to go?"

Sheena Wright, the 36-year-old chief executive officer of Abyssinian Development Corp., is working to answer that question and a larger one faced by other cities and towns stretching far beyond the borders of Harlem: How do you keep the elderly -- and particularly the elderly poor -- at home, where they want to be, and out of institutions?

Abyssinian's unusual answer is real estate. ADC, the 17-year-old not-for-profit real-estate arm of the famed nearly 200-year-old Abyssinian Baptist Church, is a community-development and human-services organization that controls $299 million in property assets in booming central Harlem. Last year, ADC had a net gain of $73,593, says an Abyssinian official, citing financial statements. Now, it is using its resources to create a social, psychological and economic sanctuary for the community's elderly and poor residents, pumping proceeds into social-service projects while enabling tenants in Abyssinian-owned housing to pay low rents.

"We take the proceeds from the real-estate activities and they go into supporting our programs and services," Ms. Wright says. "The seniors in our community have been the stalwarts. They have been holding down the fort. It is time for us to take care of them."

Ms. Wright calls the streets around the church the "Abyssinian Neighborhood." The church began buying up real estate there nearly 20 years ago when the city was willing to sell abandoned properties for as little as $1 to anyone willing to manage them. "No one wanted to develop anything in Harlem -- housing or commercial -- and groups like Abyssinian took that risk," says Ms. Wright.

The area has since undergone dramatic change. During the last five years, median gross rents in Harlem have risen by 27%, while the supply of rent-regulated housing declined by nearly 3% from 2002 to 2005, according to Benjamin Dulchin, deputy director of the Association for Neighborhood and Housing Development in New York.

As Harlem has become a hot market, Abyssinian found itself vying for the same properties as private developers. These days, Abyssinian says an empty lot near the church can command nearly $1 million.

Ms. Wright is now running a real-estate empire comprising more than 1,000 rental dwellings, the bulk of them in buildings inhabited by the poor and the elderly. The development corporation also controls several commercial properties, and it is developing condominium apartments in five vacant lots now inhabited by stray cats on Mrs. Barrett's block, a venture aimed at middle-income, first-time homeowners.

In recent years, Abyssinian also renovated a group of brownstones and then sold them for several hundred thousand dollars each. Yet even there, Ms. Wright points out, profit margins turned out to be small and were plowed back into the mission. Abyssinian also needs private funding to carry out its social programs, she says.

Unlike private developers, Abyssinian's goal is to create a healthy and viable community. It has no plans to sell its low-income properties, Ms. Wright says. What it does want to do is attract middle-class and affluent residents as a way to strengthen the neighborhood.

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"It's not healthy for our elderly to live in a 100% low-income community," says Ms. Wright. "The mix, raising the level and standard of services and amenities in the neighborhood, benefits everyone."

Abyssinian Baptist's immediate target is an area about four blocks wide, from Adam Clayton Powell Jr. Boulevard to Malcolm X Boulevard, and from West 136th Street to West 139th Street. Abyssinian says it has made a commitment to assist every senior who resides within those boundaries. Abyssinian says residents get visits or calls from staff case workers to find out what they need.

Some of the visitors weren't welcomed at first. Mrs. Barrett, for one, can't stand the idea of being looked after, and deplores even being called a "senior." Mrs. Barrett, whose landlord is Abyssinian, refuses to see a doctor. Yet an Abyssinian case manager has found a way to befriend her by simply checking in regularly to see how she is faring and earning her trust. Membership at Abyssinian Baptist church isn't mandatory: Mrs. Barrett loves her church, the Greater Refuge Temple, several blocks away.

Abyssinian is also trying to teach residents like Mrs. Barrett how to fight back if preyed upon by aggressive landlords. An active civic-engagement division in ADC has been organizing tenants' groups and block associations and teaching the elderly about legal resources. Seniors are trained to organize rallies and protest marches and realize their power as a voting bloc.

Abyssinian is hoping to add more blocks surrounding its commitment area and have the whole area designated as a NORC, for naturally occurring retirement community, which is defined as a residence, building, neighborhood or community not built specially for seniors but with a high concentration of older residents. Often it is a building where people moved in their younger years and aged in place; or it may be a small-town neighborhood where the young people moved away leaving behind the elderly.

Funded by city, state and federal monies, NORC programs are considered a cost-effective alternative to institutional care. In New York, the state has begun to fund NORC programs that encompass a neighborhood. Abyssinian has been seeking official NORC funding from New York state but has so far been unsuccessful. The state's NORC budget is limited, a state official said, making the selection process highly competitive.

What makes the Harlem experiment unusual? "They literally are drawing a ring around their elderly," says Fredda Vladeck, director of the Aging in Place Initiative of the United Hospital Fund, a nonprofit philanthropic research and policy group in New York. "They are creating an aging zone and looking not only at what services to provide but what to do to make that a community."

"I think it is very exciting and very important," Ms. Vladeck says. "It is renewing and redefining a sense of community in an urban setting." Abyssinian's idea of how to connect with seniors who don't live in the same building can be applied to suburban or small-town elderly.

To those who wonder if it's possible to mix social services and real-estate profit, Ms. Wright says there's no conflict between the church's core mission of helping the poor and powerless, and taking advantage of lucrative opportunities toward that end. Abyssinian's initiatives cost money, she says. "Doing God's work, fulfilling the mission -- you have to do it responsibly, you can't set out and promise services to people in need without a plan for sustainability, or have services for a year and then run out of money," she says.

Next on the horizon is an even more ambitious project: building mixed-income co-operative apartments or condominiums, and a cultural center, on the site of the old Renaissance Ballroom on Adam Clayton Powell Jr. Boulevard. There is one possible problem: The city's Landmarks Preservation Commission is weighing whether to declare it a landmark. However, the commission noted that such a designation wouldn't preclude development.

Write to Lucette Lagnado at lucette.lagnado@wsj.com1

A Police Charity Moves To Exit The Fast Lane (WSJ)

By George Anders

Wall Street Journal, December 28, 2006

When corporate executives join civic boards, they usually are brought in to raise money, map out a growth strategy or provide cost-cutting discipline.

If only Robert Teal had it so easy.

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The 63-year-old Mr. Teal, a longtime Silicon Valley entrepreneur, recently became chairman of the CHP 11-99 Foundation. It is one of the nation's leading police charities, operating independently of the California Highway Patrol but providing officers or their families with everything from college scholarships to funeral expenses. When Mr. Teal looked at the charity's main way of bringing in cash, he saw a problem lurking.

For years, the foundation had been selling "Life Memberships" to motorists for $1,800 apiece. Lots of people with Ferraris, BMWs and other fast cars snapped them up, mounting the foundation's hard-to-miss license-plate holders on their vehicles' rear bumpers. (The holders read: "MEMBER CHP 11-99 FOUNDATION.") Buying a membership was seen by many as protection against speeding tickets, though statistical evidence one way or another doesn't exist.

Foundation officials insisted they weren't trying to arrange highway leniency for anyone. The CHP has been even testier, declaring: "Everyone on the highway gets treated the same." But some motorists were clearly looking for special favors. As many as eight to 10 times a year, the foundation was forced to expel life members who treated patrol officers insolently after being pulled over for speeding.

So Mr. Teal led a push to revamp the way the 8,000-member foundation raises money. "Selling more memberships wasn't the answer to our funding needs," Mr. Teal says. "It had to come to an end." The biggest worry: If the foundation opened its doors too wide, it might end up with erratic drivers -- and high-profile accidents -- that ruined the group's reputation.

Mr. Teal's campaign shows how a take-charge leader must maneuver when redirecting a foundation or other nonprofit. It also speaks to foundations' challenges in seeking donations without creating awkward or unrealistic expectations from people giving money.

The CHP 11-99 Foundation was created in 1981 by Bob Weinberg, a Southern California cattle-feed merchant. He enjoyed chatting with patrol officers over coffee and would hand out $100 bills to help with college or medical expenses.

"We joked back then that the foundation was run out of Bob Weinberg's back pocket," says Dave Helsel, a retired CHP officer. The foundation's full name reflected Mr. Weinberg's belief that patrol officers performed dangerous, necessary work and didn't get much recognition for it. On California police radios, "11-99" is the code for an officer in distress.

Before his death in 1991, Mr. Weinberg broadened the foundation by hosting golfing fund-raisers and charging membership dues. Directors issued license-plate frames as conversation-starters, hoping that passersby in parking lots would ask about the foundation and eventually donate, as well.

In the early 1990s, foundation officials say fewer than 20% of CHP officers knew of the charity. There wasn't much reason to think that fast drivers belonging to the foundation would win sympathetic treatment when pulled over. Jack Campbell, the foundation's president in the mid-1990s, recalls getting three speeding tickets from CHP officers who didn't know -- or care -- what organization he ran.

Starting in the late 1990s, things changed. Foundation officials hit the road, briefing more than 100 CHP field offices about the opportunities for patrol officers' children to win college scholarships. The foundation became much better known among patrol officers; this year, it has provided $1.7 million in scholarships to 809 students. Today, 80% to 85% of CHP officers know about the charity, according to foundation officials.

Growing awareness of the charity on the part of officers has had no impact on the way the CHP does its work, according to CHP officials. "There's no favoritism on the highway just because someone is a member of 11-99," says Fran Clader, a CHP spokeswoman. "We're an equal-opportunity ticketer." But she acknowledges that patrol officers enjoy discretion in deciding whether to ticket a speeder or merely issue a warning. The CHP doesn't monitor treatment of subgroups of drivers, such as 11-99 members.

On Internet chat sites, car enthusiasts have claimed awesome benefits from belonging to the 11-99 Foundation. A poster on a Mercedes-Benz site, benzworld.org, referred to the foundation's license-plate frames as "the ultimate speeding ticket solution"; a car enthusiast on Acura-Legend.com called them a way for drivers to be "almost guaranteed of getting out of a ticket."

Other members are more demure. "I joined because I believed in their cause, and I thought it might help with tickets," says Bill Watkins, the chief executive officer of Seagate Technology Inc. He drives an Aston-Martin and can't always resist the temptation to let it roar. He says that while he was let off with a warning once or twice since joining, in another instance, "the officer wrote me up for everything."

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By 2003, the foundation was spending more than $100,000 a year doing background checks on applicants' driving records -- and expelling a few members a year because they were abusive to CHP officers. Some directors felt those were bearable costs. Others thought it was time to change.

Mr. Teal emerged as the boardroom radical. He had joined the foundation board a decade earlier, having established himself as a major donor who had a high regard for the CHP. Affable and sensitive to other people's concerns, he was in line to take command of the board when his predecessor's three-year term expired. He made clear that overhauling the life-member program would be a top priority.

"The only asset we've really got is our image in the eyes of the CHP," he says he told colleagues. "If we lose that, we're dead."

Mr. Teal argued for jacking up membership fees to a new range of $5,000 to $25,000, far exceeding what fast-driving applicants might hope to save on speeding tickets. "You can kill any product if you price it high enough," he says. "I felt that's what we should do." Fast-driving tycoons could still afford that amount, he conceded. But it was a halfway step toward a different business model -- and it amounted to as much change as he thought the board could stomach.

Mr. Teal also believed the foundation could tap into big new sources of money. He urged colleagues to approach some of California's leading corporations and wealthiest people, asking them to donate $100,000 or more to create endowed scholarships in their name, which could run in perpetuity.

Some longtime directors balked at first. Such high dues would make it hard for many ordinary people to join the foundation, said director Frank Clark, a contractor who had been a friend of the late founder, Mr. Weinberg.

Mr. Teal pressed on, anyway. From his Silicon Valley days, helping start companies such as disk-drive maker Maxtor Corp., he says he found that "you can't really control the culture of an organization after it gets past 300 people. Before that, you know everyone. After that, you're dealing with third-hand referrals, and you just don't know who's coming in."

Another relatively new director, former hedge-fund manager Larry Bowman, rallied to Mr. Teal's position. "The more selective you are about your members, the easier it is to make sure they uphold your values," he maintained.

The giant dues increase passed in late 2005 and became official early this year. New-member applications are down sharply, says Edward Trickey, CEO of the foundation. But revenue growth hasn't suffered. That's partly because wealthy donors are giving more and also because a retooled foundation Web site makes it easy for small donors to pitch in $50 or $100. They don't get license-plate holders, but they get to support an admired cause.

Foundation donors also are being told that they shouldn't expect any roadway favors if they join. The foundation's new application form states that membership doesn't entitle anyone to "leniency or preferential treatment in any contact involving a law enforcement authority." Abusing membership privileges or property "shall result in immediate termination."

Going forward, Mr. Teal says it might make sense to get rid of the 11-99 Foundation's license-plate holders altogether. That would end even the appearance that foundation backers amount to a privileged class of drivers on the highways.

The foundation board hasn't yet decided whether to jettison that perk of membership. But Mr. Teal says he already unbolted the 11-99 Foundation holder from his BMW and mailed it back to foundation headquarters. "I told people to put it in a museum," he quips.

Write to George Anders at george.anders@wsj.com1

The Snooker Strategy (WP)

The Washington Post, December 28, 2006

ABABY WHO was born in the year that Virginia last secured a stable new source of revenue for its aging transportation network would be most of the way through college now. If he happened to live in Northern Virginia and commute by car to classes at George Mason University, his life would probably be a nightmare of time wasted and psychic energy squandered on sclerotic roads during rush hours that last up to four hours. If by chance he decided to study public finance, he would doubtless be appalled by the Old Dominion's irresponsibility. Since 1986, the hypothetical year of his birth, Virginia's population and economy have boomed, but the state has not managed to tap one nickel's worth of fresh funding to update its roads, rails and

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bridges to 21st-century standards. In Northern Virginia alone, the cost of needed improvements to roads and rail is estimated at $17 billion.

On taking office at the start of the year, Gov. Timothy M. Kaine (D) did the sensible thing by proposing a tax package that would yield $1 billion annually for transportation statewide. The Republican-dominated state Senate backed him. But Republicans who control the House of Delegates would have none of it. Instead, after a generation of neglect, they have decided to attack the problem of Virginia's roads with press releases.

The press releases are masterpieces of omission, obfuscation and budgetary shenanigans designed to snooker voters. Rather than proposing a long-term fix for a long-term problem, they proudly announce that they favor spending what amounts to a pittance -- half of the state's current $500 million surplus -- on one-time transportation projects. Never mind that they have no viable plan for sustaining that already inadequate spending next year and the year after, since surpluses never last and cyclical downturns are inevitable. Never mind that once the money they propose spending is divvied up statewide, it would result in barely enough to build a decent interchange and a few precious miles of highway in Northern Virginia. Never mind that soaring highway maintenance costs are already gobbling up state funds meant for road construction to the tune of $450 million a year, which is approximately twice the amount the House Republicans propose spending on transportation from the current surplus. And never mind that skyrocketing costs for road materials and construction compound the cost of foot-dragging on a long-term solution. None of that bothers the House Republicans, because they're really more interested in scoring PR points than in building roads.

Mr. Kaine, stymied in his attempts to fashion a sustainable program of new funding, proposes spending an additional $161 million in surplus funds on transportation improvements during the coming fiscal year. (That, in addition to $339 million in surplus funds left over from last year.) It is, as the governor recognizes, a drop in the bucket and one that must be weighed against competing funding demands for public safety, schools and the poor. It would do nothing for Metro, which is slowly strangling from lack of revenue; for widening Interstate 66 inside the Beltway; or for the staggering improvements needed around Fort Belvoir, where 20,000 defense jobs are to be relocated -- let alone projects elsewhere in the state.

So what is the House Republicans' response to the underfunding and Mr. Kaine's proposal to deal with it? First, a press release, of course! Incredibly, House Speaker William J. Howell (R-Stafford) bashed the governor for "shortchanging" transportation, when his own House caucus is responsible for the absence of any serious program to deal with the state's most urgent priority. And yesterday, House Republicans introduced legislation to shift much of the responsibility to local officials who approve new development. These are just more tactics in Mr. Howell's ongoing snooker strategy. They're not likely to work.

Islamists Seem To Give Up Grip On Somali City (NYT)

By Jeffrey Gettleman

The New York Times, December 28, 2006

NAIROBI, Kenya, Dec. 27 — The Islamist forces who have controlled much of Somalia in recent months suddenly vanished from the streets of the capital, Mogadishu, residents said Wednesday night, just as thousands of rival troops massed 15 miles away.

In the past few days, Ethiopian-backed forces, with tacit approval from the United States, have unleashed tanks, helicopter gunships and jet fighters on the Islamists, decimating their military and paving the way for the internationally recognized transitional government of Somalia to assert control.

Even so, the Islamists, who have been regarded as a regional menace by Ethiopia and the United States, had repeatedly vowed to fight to the death for their religion and their land, making their disappearance that much more unexpected.

Fortified checkpoints across the city — in front of the radio station, at the airport, at the main roads leading into Mogadishu and outside police stations — were abruptly abandoned Wednesday night, residents said.

Many of the teenage troops who made up the backbone of the Islamist army had blended back into the civilian population, walking around without guns or their trademark green skullcaps.

The sudden reversal left it unclear whether a war that had threatened to consume the Horn of Africa had quickly ended, or the Islamists had merely gone underground, preparing to wage a guerrilla insurgency, as some leaders had threatened.

“The whole city is just waiting,” said Sheik Ahmed Shiro, a Koranic teacher in Mogadishu.

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At 10 p.m. on Wednesday, several Islamist leaders emerged to hold a news conference at their headquarters in Mogadishu. They did not explicitly concede defeat to the transitional government, but seemed to be preparing their forces for such an eventuality. "We need our soldiers to return to their positions for the sake of the people," said Sheik Sharif Sheik Ahmed, one of the leaders. "Even if your positions are transferred to the government, you must stay where you are and make sure Mogadishu is as safe as it was before."

As he spoke, Mogadishu was rapidly descending back into the clan-based anarchy that had been its hallmark for most of the past 15 years, before the Islamists came to power and pacified the city.

Witnesses said bands of armed thugs swept through the markets, smashing and stealing at will. Gunfire rattled from neighborhood to neighborhood as the disparate clan-based militias that had joined forces to form the Islamist movement began to fragment and turn on one another.

With the war going badly for them, clan elders had been rapidly losing faith in the Islamist leaders, residents said. The quick defeat the Islamists suffered earlier on Wednesday at Jowhar, the last major town on the road to Mogadishu, seemed to be the final straw.

The Islamists started out as a grass-roots movement of clan elders and religious leaders who banded together earlier this year to rid Mogadishu of its notorious warlords, earning them a lot of public support.

But much of that good will seems to have been sapped by their decision to go to war against the transitional government and the Ethiopian forces protecting it.

The Islamists attacked Baidoa, the seat of the transitional government, on Dec. 20; a few days later, they announced that Somalia was open to Muslim fighters around the world who wanted to wage a holy war against Christian-led Ethiopia.

That provoked a crushing counter-attack by the Ethiopians, who command the strongest military in East Africa. For the past week, the Islamists have lost one battle after another, their adolescent soldiers no match for a professional army.

By Wednesday, the Islamists were cornered. Thousands of troops from the transitional government were closing in on the seaside capital from two directions.

Mogadishu was coming unhinged. The ports and airports had closed, leading to a shortage of just about everything, sending prices for food, medicine and fuel skyward. A gallon of gas in Mogadishu now costs $8.

The once feared Shebab, the devout young Islamic fighters, began deserting in droves. (Shebab is the Arabic word for youth.) "We can't resist," said Musa Abdullahi, an 18-year-old Shebab who quit his unit after half his comrades were cut down by Ethiopian helicopter gunships. "We thought this fighting would be like the others. It's not."

Ahmed Nur Bilal, a retired Somali general, said the war had been a horrible miscalculation.

One of the first things the Islamists did after the fighting started was to close all schools in Mogadishu in order to send more young people to the front. "They've misled our children to their deaths," Mr. Bilal said.

Residents said that crowds in one slum threw rocks at the Islamists' pickup trucks as they drove by on Wednesday. Some people openly celebrated in the streets by hoisting up pictures of the transitional government's leaders and gleefully chewing khat, a mildly narcotic plant the Islamists had outlawed.

The demonstrations helped prompt the clan elders, who are regarded as the pillars of Somali society, to act. According to residents in Mogadishu, the leaders of several major clans — and some businesspeople who had been financing the Islamists — demanded that the Islamist leaders return the armed pickup trucks that had been lent to the movement.

Faced with the loss of support from their counterparts, other clan leaders saw the coalition begin to crumble and withdrew their trucks as well, leaving little of the organized force that once lent the Islamists their power.

One adviser to Western diplomats who has close contacts with both the Islamists and the transitional government described the unraveling as an "organic process that rose up from the people, in an unorganized way, Somali style."

Disappointment in the Islamists, however, does not necessarily translate into widespread enthusiasm for the transitional government, which until last week had been considered weak and divided by many Somalis. Thousands of people in Mogadishu, a war-weary city of two million, have begun to pack up and leave, residents said, afraid not only of the possibility of heavy urban fighting but also of a return to warlord rule, which kept Mogadishu in anarchy for years.

The transitional government has sent mixed signals about what it plans to do next.

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Until now, Mogadishu had been considered too dangerous as a headquarters for the transitional leaders, themselves a mix of clan elders and former warlords. But transitional government leaders have always said they eventually planned to base their government in the capital, and this week they vowed to keep fighting until Mogadishu was theirs.

Several Mogadishu residents said on Wednesday night that they expected the Ethiopian-backed forces to march into the city at dawn. That has been a pattern since the fighting began, with the Islamists retreating from cities across Somalia during the night and the transitional government troops arriving in the morning. But some analysts believe there will be a few days of negotiations before that happens.

Ethiopian officials have said that occupying Mogadishu is not part of their plan. But they have also said that rooting out Islamist extremists is their priority.

Ethiopian Troops Take Key Town In Somalia (WP)

By Stephanie McCrummen

The Washington Post, December 28, 2006

LONDON, Dec. 27 -- Ethiopian forces backing Somalia's interim government took control of the key Somali town of Jowhar on Wednesday and were on the verge of overrunning Balad, a village just 18 miles from the dusty, battered capital, Mogadishu.

With Ethiopian troops, tanks and helicopters closing in and military planes buzzing overhead, the situation in Mogadishu appeared confused, with witnesses reporting thousands of Somalis -- who have known little besides fighting for the past 15 years -- fleeing the capital, and those who remained unsure who might next control the city.

Militias loyal to Somalia's Islamic Courts movement, having retreated in recent days from most of the towns they had taken earlier this year, were spotted Wednesday shedding uniforms and fleeing the capital they have controlled since the summer, while other witnesses reported young men signing up with Islamic militias at several mosques around the city.

Islamic leaders have said the war is entering a new phase, and on Wednesday, Mohamoud Ibrahim Suley, a movement official in Mogadishu, told the Associated Press that "our snakes of defense were let loose, now they are ready to bite the enemy everywhere in Somalia."

Regional analysts have said the Islamic Courts militias, vastly outgunned by Ethiopian soldiers in conventional military terms, were counting on waging a guerrilla war.

"On one level you could say they've been beaten by the Ethiopians and they're trying to spin it," said Matt Bryden, a consultant in Nairobi with the International Crisis Group, a Brussels-based policy research group. "On the other hand, you could say this is what they expected and of course they now go into a guerrilla war, and we get into an intractable, unwinnable conflict."

Abdirahman Dinari, a spokesman for the interim government, which has been holed up in the town of Baidoa, said officials of the U.N.-backed body could enter Mogadishu in the next day or two. The fragile government, cobbled together by regional negotiators two years ago, was initially based in Nairobi.

"Mogadishu is our capital," Dinari said. "So the government wants to consult religious moderates and other civil society activists on how we can make a strategy together that will solve our problems."

It was unclear whether Ethiopian troops would enter Mogadishu or simply surround it in an attempt to isolate the Islamic Courts fighters.

A draft U.N. Security Council statement calling for a cease-fire remained stalled, while African Union officials asked for a meeting of regional leaders in the Ethiopian capital, Addis Ababa, and called on Ethiopian forces to withdraw.

On Tuesday, however, Ethiopian Prime Minister Meles Zenawi said that his campaign was only halfway completed and that he planned to clear out all the "extremists" from Mogadishu.

Experts have said that any large-scale invasion of Mogadishu by Ethiopian troops could end in a bloodbath.

Somalia has been without a functioning government since 1991, when President Mohamed Siad Barre was overthrown. In the next two years, tens of thousands of foreign troops were unable to subdue the chaotic city controlled by rival clans, and in October 1993, 18 American soldiers were killed in a failed raid to capture a fugitive warlord, an operation that led to the withdrawal of U.S. forces.

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Though the United States has for the most part remained in the background as the current situation has deteriorated, Somalia has historically been considered strategically important because of its position adjacent to Red Sea shipping lanes.

More recently, it has drawn attention because of fears that the country could become a base for terrorist groups.

In the past, some Islamic Courts leaders have expressed a desire to create a "greater Somalia" that would include ethnic Somali portions of Ethiopia, Kenya and Djibouti; Ethiopia and Somalia have fought several times over Ethiopia's Ogaden region, including a full-scale war in the 1970s.

The United States and Ethiopia have accused the Islamic Courts movement of harboring terrorists, and the U.S. State Department went further this month, saying the movement was now controlled by an al-Qaeda cell, a claim that regional experts believe is exaggerated and fed in part by questionable intelligence from Ethiopia.

As the fighting continued Wednesday, an already dire humanitarian situation in Somalia appeared to worsen. Somalis who had already suffered severe droughts and floods fled the fighting in huge numbers, U.N. officials said, with thousands leaving Mogadishu and surrounding areas.

Officials with the International Committee of the Red Cross said the number of wounded had surpassed 800; Dinari said Ethiopian and interim government troops had killed more than 1,000 Islamic fighters, although aid groups could not confirm that figure.

Islamic Militias 'On Run' Near Mogadishu (WT/AP)

By Mohamed Olad Hassan

The Washington Times, December 28, 2006

MOGADISHU, Somalia -- Somali and Ethiopian troops drove Islamic fighters out of the last major town before Mogadishu yesterday, and the government predicted that the capital and stronghold of the radical Islamists would fall without a fight.

Government spokesman Abdirahman Dinari said no assault was planned on Mogadishu because the forces of the Council of Islamic Courts were crumbling so fast.

"Islamic Courts militias are already on the run, and we hope that Mogadishu will fall to our hands without firing a shot," he said.

As government forces advanced to within striking distance of this beleaguered city, clan leaders considered abandoning Islamic militias who control the Somali capital and throwing their support to the United Nations-backed regime, based in Baidoa.

In New York, the U.N. Security Council failed yesterday for a second day to agree on a statement calling for a quick end to the war in Somalia after Qatar again insisted that it also urge Ethiopian troops to leave.

The 15-nation council remained split 14-1 against the Qatari position, as it had been Tuesday, so further deliberations were called off with no expectation that they would resume any time soon, diplomats said.

During the two days of closed-door negotiations, Qatar had pushed for a demand that "all foreign forces immediately withdraw from the territories of Somalia and cease their military operations inside Somalia."

Acting U.S. Ambassador Alejandro Wolff said it was too simplistic to think that an Ethiopian withdrawal would solve the problem.

The Islamic Courts movement had grown steadily in power for six months, until the dramatic entry into the war by Ethiopian troops. Since then, fortunes have changed dramatically with the Islamists in full retreat.

Yesterday, residents reported seeing thousands of Ethiopian and Somali government troops in tanks heading toward Balad, about 18 miles away from Mogadishu.

Former warlord Mohammed Dheere, who controlled the town of Jowhar before it was captured by the Islamists in June, led in the Somali government troops.

Sounds of the fighting reached a military camp south of Jowhar and in the village of Lego. An Islamist official said his troops were simply entering a new phase in their battle.

"Our snakes of defense were let loose, now they are ready to bite the enemy everywhere in Somalia," said Sheik Mohamoud Ibrahim Suley. He did not elaborate, but some Islamic leaders have threatened a guerrilla war including suicide bombings in Addis Ababa, Ethiopia's capital.

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Analysts fear the conflict in Somalia could engulf the region. Islamic Courts leaders have said repeatedly that they want to incorporate ethnic Somalis living in eastern Ethiopia, northeastern Kenya and Djibouti into a Greater Somalia.

Some analysts also fear the Islamic movement hopes to make Somalia a third front -- after Afghanistan and Iraq -- in militant Islam's war against the West.

The group's often severe interpretation of Islam is reminiscent of Afghanistan's Taliban regime -- ousted by a U.S.-led campaign in late 2001 for harboring Osama bin Laden. The U.S. government says four al Qaeda leaders, thought to be behind the 1998 bombing of the U.S. embassies in Kenya and Tanzania, are leaders in the Islamist militia.

Ethiopia sent fighter jets deep into militia-held areas Sunday to help Somalia's internationally recognized government push back the Islamist militias. Ethiopia bombed the country's two main airports and helped government forces capture several villages.

Ethiopian Prime Minister Meles Zenawi said Tuesday that Ethiopian forces may soon wrap up their offensive against the Islamic militias. He said he aims to severely damage the Islamic Courts' military capabilities and allow both sides to return to peace talks on an even footing. He has said he would not send troops into Mogadishu.

A State Department spokes- man in Washington signaled support Tuesday for Ethiopian military operations against Somalia, noting that Ethiopia has had "genuine security concerns" stemming from the rise of Islamist forces in its eastern neighbor.

Ethiopia-backed Forces Near Mogadishu (FT)

By Andrew England And Demetri Sevastopulo

Financial Times, December 28, 2006

Somali government forces and allied Ethiopian troops advanced closer to Mogadishu on Wednesday, capturing a key town 90km to the north from the Islamist movement that controls the capital.

Ethiopia's deployment of fighter jets, tanks and artillery to support the weak transitional government, has forced the Islamists, which had controlled much of southern Somalia, to retreat from front line positions. The dawn attack on Jowhar, situated on a main highway to the capital, appeared to take place without major clashes.

Officials from the Islamist movement, which is an alliance of militias, have said they are planning for a "new phase" in the conflict, suggesting they are preparing to mount a guerrilla campaign against the better-equipped Ethiopian forces.

Ethiopia launched its offensive against the Islamists on Sunday after fighting erupted between Islamist militias and Somali government forces around Baidoa, the government's seat in central Somalia.

Meles Zenawi, Ethiopia's prime minister, says Addis Ababa has "no specific agenda" to target Mogadishu, describing the offensive as a necessary "defensive" measure and analysts warn that if Ethiopian forces did attack the capital they would risk getting sucked into a protracted guerrilla conflict.

There are also concerns that Ethiopia, an important US ally in the region, is helping to put warlords who were defeated by the Islamists earlier this year back into positions of power. The faction leaders, responsible for 15 years of chaos and bloodshed, were generally loathed by a population fed up with endless exploitation and violence.

The Somali government, which was formed two years ago at an UN-supported conference, has been dogged by divisions and has so far had minimal influence outside Baidoa. It received little international attention before the Islamists seized Mogadishu in June from a group of US-backed warlords.

Mohamed Dheere, one of the defeated warlords, was reportedly with government troops when they moved into Jowhar, and observers said at least three other warlords have moved into towns vacated by the Islamist forces.

The result could be a return to the status quo of a country split into a patchwork of fiefdoms, beset by clan divisions, violence and extortion rackets.

The Bush administration has expressed support for the Ethiopian military action on the basis that Addis Ababa has "genuine security concerns" there, and has been asked to provide support by the Somali government.

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But Gordon Johndroe, spokesman for the White House National Security Council, said the US was also urging the Ethiopian government "to exercise maximum restraint". No Somali party should "use external actors as an excuse to avoid further dialogue", said Mr Johndroe.

Joseph Biden, the incoming Democratic chairman of the Senate foreign relations committee, on Tuesday said the Bush administration appeared to have given "tacit approval" to the Ethiopian government involvement in the conflict.

He also criticised the administration for what he called the "fundamental mistake" of supporting various militia and the warlords in Somalia rather than helping to broker a deal between the warring groups.

Although Addis Ababa and Washington accuse the Islamists of including and sheltering terrorists, the alliance had, in some areas, created a semblance of stability.

"Ethiopia seems to be counting on an unreformed transitional government and faction leaders to fill the vacuum, which is a strategy that is unlikely to succeed in bringing stability," said Matt Bryden, a Somalia expert.

Ethiopian Troops Overtaking Islamists' Control (LAT)

By Edmund Sanders And Abukar Albadri

The Los Angeles Times, December 28, 2006

MOGADISHU, Somalia — Troops from Ethiopia and Somalia's transitional government cornered Islamic fighters Wednesday in their stronghold of Mogadishu, setting the stage for a possible showdown over Somalia's seaside capital.

A weeklong assault led by Ethiopia's military, which sent nearly 4,000 troops into Somalia at the request of the transitional government, has resulted in a sudden reversal of fortunes for the Islamists, who have lost nearly all the territory they had seized the past six months.

On Wednesday, Islamists lost two more key areas, including the town of Jowhar and the port city of Kismayo, officials said. Ethiopian troops moved within 18 miles of Mogadishu.

As residents hoarded food, water and gas in anticipation of an attack, the Africa Union chairman called for Ethiopian troops and other foreign elements to withdraw from Somalia. The Arab League called for an immediate ceasefire.

Somalia has not had an effective central government for 15 years. The U.N.-backed transitional government has been trying to establish its authority, but the Islamists have presented a major challenge.

The Islamic Courts Union, an alliance of religious leaders, seized Mogadishu from warlords in June and gradually extended their control over much of the country. Ethiopian and U.S. officials have accused the Islamist alliance of being controlled by international terrorists, including al-Qaida. Critics said the courts union planned to install a Taliban-style government in Somalia and use it as a springboard to spread religious extremism in Africa.

Islamists deny such allegations, saying there are victims of Western and anti-Muslim propaganda.

Ethiopian and transitional government officials insisted the offensive would continue until the Islamists surrendered. "The fighting will not end as long as one of the terrorists remains in Somalia," said Barre Adan Shire, defense minister for the transitional government.

Somali government officials said they had no immediate plans to invade the capital, a campaign they said could inflict heavy civilian deaths on the city of 2 million. Instead, Ethiopians and transitional government troops encircled Mogadishu, shut down the sea port and airport, and are pressuring Islamic leaders to give up.

"We are cutting off the roads and begging them to lay down their weapons," said Abdikarim Farah, the transitional government's ambassador to Ethiopia. He said the U.S. was helping to seal off access along the Indian Ocean coastline. "We will take over Mogadishu peacefully. I assure you that. ... How can they hold?"

U.S. military officials acknowledged they have been conducting operations to interdict terrorists in the seas surrounding the Horn of Africa but noted those missions have been in place for several years. One military official said there is a Navy presence off the coast of Somalia, but it is aimed primarily at anti-piracy efforts and has been in place for some time.

Much of Ethiopia's campaign, including the capture of nearly two dozen Somali cities over the past week, occurred without a fight because Islamist troops retreated in advance of Ethiopian tanks, jets and troops.

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But fierce battles over a few key cities are believed to have left hundreds dead on both sides. Exact casualty figures could not be confirmed, but the International Red Cross estimated 800 were wounded over the past week.

Shire said more than 1,000 Islamists have been killed, including 300 foreigners.

After a three-hour battle Wednesday, Jowhar was seized by transitional government troops led by Mohammed Omar Habeb, also known as Mohammed Dhere, a warlord who was driven out of the city by Islamists this summer.

"We attack Mogadishu Thursday," Dhere told the town's residents after retaking the city. "We will catch and behead all the terrorists and militants, just as they behead innocent people."

Transitional government officials, who also have clashed with Dhere in the past, cautioned that he would not resume control of Johwar.

Later in the day, Islamists reportedly abandoned Kismayo as Ethiopians advanced. The World Food Program, a U.N. agency, was forced to suspend airlifts and food distributions to flood victims in the area, a spokesman said.

The spokesman of the Islamic courts, Sheik Mohammed Ibrahim Suley, downplayed Wednesday's setbacks.

"Our forces are coming back for tactical retreat," he said. "We are sure we will defeat the enemy and will seize the places we lost."

Islamist leaders are vowing to use guerrilla tactics, including suicide attacks, to defeat the larger, better-equipped Ethiopian military. "Our forces have mandate to ambush the enemy forces in every place," Suley said.

Analysts said such threats would not easily intimidate Ethiopia's military leaders, most of whom spent years fighting in the bush as rebels against a former dictatorship which they overthrew in 1991.

"This is a force that toppled the previous government through guerrilla warfare," said Amare Aregawi, editor of the pro-government newspaper The Reporter. "They are guerrilla-war specialists."

Ethiopian and transitional government leaders said their troops have been warmly greeted by Somalis, but some people in Mogadishu warned of a backlash if Ethiopian troops entered the capital.

"If they try to occupy the capital, there will be mass suicide attacks and terrorist acts," said Abdusamad Abdulkader, a fabric vendor.

Others said Islamists, who had been praised for restoring peace and order to southern Somalia, were quickly losing support among the people.

Ethiopian Prime Minister Meles Zenawi promised Ethiopia would not keep its forces in Somalia or attempt to occupy its neighbor.

Experts say that raises questions about how Somalia's transitional government, with only about 10,000 soldiers, will be able to maintain control after Ethiopian troops go home.

Transitional government officials are scrambling to accelerate security recruitment and training programs and said they will attempt to rehabilitate former Islamist fighters. But United Nations or Africa Union peacekeepers likely will be needed, many believe.

"They will need substantial support from the international community," said Bereket Simon, an adviser to Meles. "The whole world should help Somalia stand on its own two feet."

Staff writer Sanders reported from Addis Ababa, Ethiopia, and special correspondent Albadri from Mogadishu. Staff writer Peter Spiegel in Washington contributed to this report.

War In The Horn Of Africa (NYT)

The New York Times, December 28, 2006

It is tempting to wink at Ethiopia's stunningly successful offensive in Somalia. It pushed back a hateful Islamic militia that was defying the United Nations, threatening to impose religious tyranny and, according to Washington, harboring international terrorists. The Bush administration quickly succumbed to temptation, lauding Ethiopia's attacks as a legitimate response to "aggression."

But if there's anything we should have learned over the past few sad years, it is that this kind of unilateral pre-emptive attack seldom solves anything, particularly when the country doing the invading is regarded as a longstanding enemy.

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Somalia is a familiar kind of mess, with a weak official transitional government composed of a collection of regional clan leaders and warlords, pitted against radical Islamists who control their own militias, who have spread Taliban-like terror among the populace and who recently surrounded the seat of the transitional government at Baidoa.

To halt their advance, Ethiopia's armed forces crossed an international border and routed the Islamists, who retreated to their stronghold, Mogadishu, and have largely disappeared from public view.

It's hardly surprising that there was little international outcry. But while moderate forces in Somalia have been appalled by the brutal intolerance of Islamist leaders who have threatened to behead people for not praying five times a day, they are unlikely to embrace Ethiopian soldiers as a good alternative. Ethiopia and Somalia have long been rivals, and went to war in the late 1970s over a land dispute. If the transitional government seems propped up by foreign invaders, it would lose whatever popular support it has now.

The United States squandered its influence in Somalia by supporting some particularly horrible warlords to challenge the Islamist radicals. But it still has considerable sway over Ethiopia.

Washington should use that influence to push for a swift cessation of hostilities, lest the conflict pull in neighboring countries and explode over the entire region. The resulting chaos would create a refugee crisis and open a new terrorist recruiting hub. The Islamists have threatened suicide attacks and called for help from foreign fighters in a "holy war" that has already drawn thousands of Muslim fighters from Eritrea, Yemen, Libya and Syria.

The United Nations is unhappy about the Ethiopian incursion, but it needs to demonstrate that it has a good alternative. The Security Council must meet urgently to find ways to replace Ethiopian troops with a neutral international force and keep the violence from spreading to other countries.

Rather than trying to marginalize the Islamic militias and the huge clan they represent, the international community should try to harness this moment to push for unity talks while the Islamists are weak and the transitional government has attained a more equal standing.

The Somali Stakes (WSJ)

The Wall Street Journal, December 28, 2006

The armed conflicts that so often roil Africa rarely engage U.S. interests except in a humanitarian sense. But that cannot be said of the war that has now broken out between Ethiopia and the Islamists who seized control of much of Somalia in June. Here America's strategic interests are very much engaged, even if the actors in the fight range, morally speaking, from the unpalatable to the unacceptable.

Among the unpalatables is the increasingly autocratic Meles Zenawi, Ethiopia's prime minister of 15 years, who has deployed as many as 20,000 troops in neighboring Somalia and may soon control its capital, Mogadishu. Mr. Zenawi claims to be acting on behalf of Somalia's internationally recognized but weak Transitional Federal Government (TFG), which was barely holding on in the regional city of Baidoa until Ethiopia's intervention.

The TFG is led by Abdullahi Yusuf Ahmed, another strongman-in-waiting whose resumé includes stints as president (first elected, later self-declared) of the breakaway northern Somali province of Puntland. Also in the anti-Islamist mix is the so-called Alliance for the Restoration of Peace and Counter-Terrorism, a coalition of Somali warlords reportedly backed by the CIA with suitcases of cash on the theory they were more likely to keep the Islamists at bay than were the TFG.

On the opposite side are the Islamists, a.k.a. the Islamic Courts Union (ICU). Since wresting control over Mogadishu from the warlords, the ICU has managed to pacify parts of the country, which some might say is a net plus for Somalis. But its methods are reminiscent of the Taliban, which also brought a sort of peace to Afghanistan. The ICU threatens to behead anyone who fails to pray five times a day.

Among the ICU's leaders is one Hassan Dahir Aweys, previously of the Saudi-funded, al Qaeda-connected al-Itihaad al-Islamiya terrorist group. Mr. Aweys was named a terrorist by the U.S. as far back as 2001, and his outfit is thought to be connected to the 1998 bombings of the U.S. embassies in Kenya and Tanzania. The extent to which the Islamic Courts Union is assisting al Qaeda or its offshoots is a matter of dispute. But there's no doubt it is now recruiting jihadis from around the world to its cause.

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Such are the opposing sides in this conflict, and it's clear that U.S. interests would be well-served by the ICU's collapse. Less clear is how to bring that about, how to do so without sparking a wider war, and how to bring some semblance of order to the country.

Eritrea, long at war with Ethiopia, has sent its own contingent of troops to aid the ICU, Saudi Arabia has pledged support, and al Qaeda bigwig Ayman al-Zawahiri has called Somalia "the southern garrison of Islam." While the ICU might easily be routed by Ethiopia in a conventional test of arms, it will be much more difficult to defeat as a guerrilla or terrorist force.

No outside powers are likely to risk a repeat of the disastrous U.N. mission to Somalia of the early 1990s. So probably the best the U.S. can do is give tacit support to Ethiopia's incursion while using its leverage with Mr. Zenawi to demand that he agree to the U.N. demarcated border with Eritrea. The U.S. provides Ethiopia with economic as well as substantial military assistance.

In return, the Eritreans might be persuaded to cease their support for the ICU. The U.S. could also condition material support for a future TFG government in Mogadishu on its recognition of the autonomy of Puntland and neighboring Somaliland, which adjoins U.S.-allied Djibouti and has been relatively free of ICU interference. As with the former Yugoslavia, addressing the problem that is Somalia might ultimately mean breaking up that large country into smaller bits.

There is a material limit to what the U.S. can do for East Africa, and expectations for what the region can and will do it for itself cannot be high. Still, the Ethiopian offensive against Islamic Courts is an act of regional hygiene that we can hope is able to contain radical Islam from spreading to a far larger swath of Africa.

Iran's Strong Ties With Syria Complicate U.S. Overtures (NYT)

By Michael Slackman

The New York Times, December 28, 2006

DAMASCUS, Syria — Early next year, Syria's first domestically manufactured cars are scheduled to roll off an assembly line. They will have an Iranian name, be produced in a plant partly financed by a state-controlled Iranian car company and be made of parts from Iran.

Not long after that, Syria hopes to open two new multimillion-dollar wheat silos, add 1,200 new buses in Damascus, open another Iranian car factory in the north and start operating a cement plant — all in partnership with Iran. The two countries are also talking about building an oil refinery, opening a joint bank, constructing housing, developing electric generators and, someday, linking their rail systems through Iraq.

As the White House begins to rethink its strategy for dealing with the Middle East, particularly how to calm the chaos in Iraq, pressure to try to re-engage Syria has grown. Some Western analysts contend that Syria, with a government more pragmatic than ideological, can be pried away from Iran's influence and convinced that its long-term interests lie instead with the West.

But Washington has spent years trying to isolate Syria, while Iran has for decades moved to entwine itself with Syria on many levels — political, military, economic and religious.

Iran is a country of many power centers with different pools of money, from funds controlled by grand ayatollahs of Qum, to those in the hands of the Revolutionary Guards. They may not all be directed by the central government, but they all help promote Iranian influence in Syria.

As a result, some Western diplomats in Iran say that, even if the United States tried, it might be impossible to extricate Syria from Iran's orbit.

"Iranians have been working harder for longer than we realized," said a European diplomat based in Damascus who spoke on condition of anonymity to avoid antagonizing Syrian officials. "They have stronger links going back more years than we were aware of."

Syrian officials are extremely sensitive about the relationship with Iran. Part of the reason is fear of igniting sectarian tensions in Syria, which is about 80 percent Sunni Muslim. The president and his inner circle are from a minority Shiite sect, the Alawites, and Iran is Shiite.

While the Syrian power brokers have decided for practical reasons to align with Iran, political analysts in Syria say the government remains fearful of alienating the Sunni majority, especially amid widespread rumors that Iran is trying to convert Sunni Syrians to Shiism.

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Concern among Sunnis is heightened because Syria is a major destination for Iranian religious tourists; as many as 500,000 a year visit Shiite sites in Syria. Iranian organizations have spent millions of dollars restoring, enlarging and maintaining Shiite shrines in Syria, from the center of Damascus, the capital, to the north, near the Turkish border.

Iran's efforts to spread its influence around the Middle East have increased in the last two or three years, regional analysts say. They have been propelled by rising oil prices and American policies in the region, which have neutralized Iran's enemies, Saddam Hussein in Iraq and the Taliban in Afghanistan.

"Iran has used this affluence of oil revenues over the last five or six years to play a beautiful game, from their perspective," said Osama T. Elansari, a director of the Dubai International Financial Exchange who lives in Syria.

Iran's efforts have often been most evident in Lebanon, where it has set up an informal economy in the south. It needs only to provide money to its proxy, Hezbollah, which has a construction arm, called Jihad al Bina, and a vast network of social services that dole out money and build schools and hospitals.

According to some estimates, Iran has spent tens of millions a month over the years in Lebanon. Riad Salameh, the governor of Lebanon's central bank, said he had no idea how much money Iran had sent into Lebanon because it had gone via Syria, not through the central bank.

"Iranians bring in money donations over the border," he said.

In Lebanon, after Israel and Hezbollah fought for 34 days over the summer, Iran quickly delivered generators, and fuel, to villages without power, and was credited with providing the $12,000 that Hezbollah gave to each family whose home had been destroyed.

Iran offered an open checkbook to repair anything not covered by other sources — including roads, mosques, schools and houses. While there is no guarantee Iran will deliver on that pledge, it is already way ahead in the battle for the hearts and minds of many Lebanese.

"The Zionist enemy destroys and the Islamic Republic of Iran rebuilds," read banners in front of restored schools in Lebanon.

In Syria, relations with Iran are more formal and less public, but no less consequential. Diplomats say, for example, that Iran has developed very close ties with Syrian intelligence, providing gear and training, and sharing listening posts to monitor Israel. Iran also has one of the largest embassies in Damascus, political analysts said, and has assigned an ambassador there who served for seven years as chief of staff to Iran's supreme leader, Ayatollah Ali Khamenei.

The United States, by comparison, maintains economic sanctions on Syria and withdrew its ambassador in 2005 after the assassination of the former prime minister of Lebanon, Rafik Hariri. The highest-ranking American diplomat in Damascus, Michael H. Corbin, the deputy chief of mission, has little access to Syrian officials.

But Iran's economic relationship with Syria is far more complicated than that with Lebanon. The Syrian economy is still struggling to overcome decades of corrupt central control, and to attract foreign investment and create jobs. Iran, meanwhile, has shifted in the other direction.

Iran's investments are relatively modest in value: just $120 million a year, the Syrian government says. But current and planned projects are considered significant.

"Iran is moving in the direction of investing in Syria, and of course Syria won't say no," said Samir Seifan, a Syrian economist in Damascus. "For Iran, it's about business and about cementing political ties."

Iran's ambassador to Syria, Muhammad Hassan Akhtari, acknowledged that Iran had had trouble working in foreign markets. But he said the experience of the past 10 years — especially in Syria — had helped improve Iran's business practices. And he said that he was not worried that Syria would abandon Iran, or even try to alter relations with it.

"Syria remains very steady in their principles of foreign relations," he said. "If the West wants to do something, we think they have to change their attitude."

Iran To 'Revise' Any Relations With Monitors In Nuclear Area (NYT)

By Nazila Fathi

The New York Times, December 28, 2006

DOJ_NMG_0109708

TEHRAN, Dec. 27 — By an overwhelming vote, Parliament passed a bill on Wednesday that could limit Iran's cooperation with the International Atomic Energy Agency, the United Nations monitor.

The measure was a response to the resolution passed Saturday by the Security Council, which imposed trade sanctions on goods and technology related to Iran's uranium enrichment and ballistic missile programs.

The Council's resolution is aimed at curbing those programs, which the United States and Europe contend are intended to make Iran a nuclear weapons state. Iran has repeatedly asserted that its development activities are for nuclear energy, not weapons.

The final draft of the bill in Parliament, approved after two days of debate, asserts that the government should "revise its cooperation with the International Atomic Energy Agency based on the interests of Iran and its people." The vote was 161 to 15, with 15 abstentions.

It is unclear what "revise its cooperation" means. But the measure was considered by some moderate members of Parliament to be less severe than earlier versions proposed by conservative members, who had wanted Iran to withdraw from the Nuclear Nonproliferation Treaty and ban all inspectors. The United Nations agency polices adherence to the nonproliferation of nuclear weapons.

President Mahmoud Ahmadinejad, who denounced the Security Council sanctions as a "superficial action," is expected to sign the bill.

Although Parliament is dominated by conservatives, there has been a debate among lawmakers about the country's nuclear policy under President Ahmadinejad, who has asserted that nuclear development is Iran's inalienable right.

Some minority reformists believe his policy is doing more harm than good by isolating Iran economically.

One reformist lawmaker, Nouredin Pirmoazen, said in a debate on the bill, "The best solution is to establish a bridge with other countries to reduce the tension."

Others said the bill could give the government a free hand to decide how to continue its relationship with the atomic energy agency. Alaedin Boroujerdi, the head of the foreign policy and national security commission, told journalists that the bill's vague language meant "the government can do anything based on what it recognizes is for the country's interests."

In a gesture that suggested that religious authorities are united behind the bill, the Guardian Council of Islamic clerics immediately approved it, a step that is required for any bill to become law. The Guardian Council has rarely approved a bill so swiftly.

Iran's chief nuclear negotiator, Ali Larijani, appointed a committee on Wednesday to examine how the country should "revise" its relations with the atomic energy agency. In a news conference later, Mr. Larijani said the Security Council resolution was aimed at "humiliating Iran." But he also said Iran wanted to continue its nuclear program based on international regulations.

Persian . . . Or Iranian? (WSJ)

By Roya Hakakian

The Wall Street Journal, December 28, 2006

Holiday parties always seem to bring out the semi-inebriated men who find their way to my corner. There is, as expected, an opening line, which hardly ever leads to a conversation. But if it ever does, and if that conversation shows signs of vitality, even a dim glimmering of erudition, a rhetorical question is sure to follow. They lean into me and murmur: "Did you say you were Persian or Parisian?" They count on the tie, the long-stemmed wine glass, or the exalted titles on their name tags to make flirtation pass as ethnographical inquiry.

The "compliment" is clearly a profound insult: When an Iranian proves to be sophisticated, she no longer qualifies as Iranian. She is exchanged into a creature whose cultural currency is tangible for the Westerner. If unfamiliarity with Iran is less shallow than "My college classmate's father was the personal pilot for the Shah" (Royal Pilot number 1,654 and counting), or "Our local Eyeraynian serves great tandoori," then the real biases begin to emerge. The unveiled and urbane Iranian jars the Western mind. For the Anglophone, Iran's history begins in 1979, and the model for an authentic Iranian male is bearded, preferably turbaned and robed; and the female is submissive and veiled. Fist-throwing, frenzied behavior is a plus. The rest are simply the have-beens: exiles who are at best irrelevant, if not thoroughly out of touch. Non-Shiites need not apply.

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But the Westerner is not entirely to blame. The country's presidential machinery is dedicated to convincing the world of just that. The main task of every ideology is to create identity, which is what Tehran's taskmaster-in-chief is attempting. With the symbolic Palestinian scarf around his neck in the land where public support for the Palestinian cause has been consistently diminishing, Mahmoud Ahmadinejad's existential mission is to recast the ethos of being Iranian. In truth, he is peddling a pan-Islamism, by regional extension a pan-Arabism, for which neither Iranians nor Arabs have an appetite. As uranium is enriched, the Iranian identity is plundered. Mr. Ahmadinejad's numerous spectacles, most recently the Holocaust conference, are meant to bring a sense of transcultural and transethnic unity through a common political purpose. On the domestic scene, this is an old act -- a familiar blunder to annihilate Iranian nationalism, or to force it to become subordinate to the Muslim, with Arab undertones.

The effort began by Ayatollah Khomeini. He made no secret of his contempt for the non-Muslim dimensions of Iranian life. He injected Persian with so many Arabic words that it confounded the ordinary listener, something for which he compensated by repetitiveness. He did all but officially ban Nowrooz, the traditional Iranian new year with its roots in the pre-Islamic era, and refrained from delivering a traditional Nowrooz message in March 1979 (weeks after the victory of the revolution). But as popular as he was in those early days, the public's backlash against his stance on Nowrooz was so powerful that he, who rarely relented, eventually caved in. Since then, and especially as a result of the arduous Iran-Iraq war, patriotism has been on the rise. Pre-Islamic holidays are being celebrated with unprecedented fanfare. The Persian lexicon has turned into a bastion of nationalism. Numerous Persian synonyms have been invented to replace the most commonly used foreign words, primarily Arabic ones. To everyone's wonder, the new words have caught on.

Yet even the ayatollah was borrowing a page from history. The battle to define the Iranian identity, Muslim versus Persian, is an old one. Since the Arab conquest of the 7th century, Iranians have struggled to maintain their heritage through language and tradition. Though the nation fully embraced Islam, the religion of the conquerors, they made it uniquely their own by Persianizing it, which, to a great extent, marks the historical beginnings of Shiism. A leading Iranian philosopher argues that failure and loss have branded the Iranian psyche. The loss here refers to the loss of the Sassanian Persian army against the Arab Muslim army in the year 636 at Qadesiyyah -- a battle which Saddam Hussein often invoked as he unleashed his army into the Iranian territory.

The tension is also a tension between simplicity and complexity. The ruling elite wants to summarize Iran in a formula -- that of another outpost of Islamic fundamentalism, whereas Iranians have always been elusive. The best definition that a typical Iranian would most likely offer of herself is as a poem, which can only compound the enigma. But the poem serves, as poems often do, as an invitation to being recognized as complex, a notion that the Westerner allows and can easily grasp about his European counterparts. The Westerner knows not to reduce its own politics to a few eccentric leaders -- the U.S. to Jerry Falwell, the Netherlands to the late Pim Fortuyn, or France to Jean-Marie Le Pen. To reduce Iran to Mr. Ahmadinejad would be just as grave an aberration. In tangible terms, it means to scratch the nuclear surface to let the light of the other Iran shine through. It means to report the Holocaust conference along with the student demonstrations against Mr. Ahmadinejad within the same week, or the new grass-roots initiative by women to ban stoning, or the astonishing statistics released by Tehran's Office of Cultural Affairs showing a dramatic drop in the number of Iranians who pray daily.

Today, the Westerner can no longer afford to be a bystander to this historical tension. Be it policy makers or ordinary citizens, the decision on Iran will be, on some level, a vote in this ancient referendum. To choose one side or the other is a declaration of the Westerner's position on a pressing political issue; but it is also his proof of recovery from the colonial mindset. To have transcended colonial thinking is not to embrace the displays of fanaticism as manifestations of authenticity. It is to recognize all global citizens as equals, and as such as deserving of the indisputable rights enjoyed in the West.

Whatever happens to Iraq and the dream of creating a democracy in the Middle East, Iran is already going through pains of transition. Iranians are turning to the notion of civil society and moderation, not simply as political necessities, but also as ways to define themselves as distinct, and thus to pay contemporary tribute to a past that has, despite the centuries, remained a formative force in their present.

Mr. Hakakian, author of "Journey from the Land of No: A Girlhood Caught in Revolutionary Iran" (Crown, 2004), is writing a book about the assassination of Iranian Kurdish leaders.

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Israeli Plan Draws U.S. Criticism (AP)

By Barry Schweid, Ap Diplomatic Writer

AP, December 28, 2006

In a rare criticism, the Bush administration said Wednesday if Israel proceeds with construction of a settlement on the West Bank it would violate its peacemaking obligations.

But defending its construction plan, a spokesman for the Israeli embassy said "the settlement is not a new one." It was legally established in 1982, housed an army unit and a school and has had civilians living there for several years, said spokesman David Siegel.

The plan is to build within the confines of the existing settlement, he said.

A State Department spokesman, Gonzalo R. Gallegos, said, "The U.S. calls on Israel to meet its roadmap obligations and avoid taking steps that could be viewed as predetermining the outcome of future negotiations,"

"The establishment of a new settlement or the expansion of any existing settlement would violate Israel's obligations under the roadmap," the U.S. official said.

Israel agreed to the roadmap in 2003. It was devised by the United States, the United Nations, the European Union and Russia in an effort to guide Israel and the Palestinians into an agreement that establishes a Palestinian state.

No new settlement has been established on the West Bank in 10 years. The plan has drawn Palestinian and European expressions of concern.

The Bush administration rarely criticizes Israel's actions and has gained Israel's support for establishment of a Palestinian state.

Opponents of Mahmoud Abbas, the moderate president of the Palestinian Authority, have criticized his cooperation with Israel in trying to get peace talks started. They have accused him of yielding to a U.S.-Israeli approach.

Gallegos said, "We are seeking an explanation from the Israeli government regarding this development."

Secretary of State Condoleezza Rice is expected to go to the Middle East next month to try to spur peacemaking between Israel and the Palestinians.

It was not clear whether she had approved the statement.

"We will continue to work with Israel and the Palestinians to encourage President Bush's vision of two states" living side by side in peace, Gallegos said.

The settlement plan, approved by Israeli defense minister Amir Peretz, calls for construction on the site of an Army base in the Jordan valley.

By contrast, Israel Prime Minister Ehud Olmert has endorsed Palestinian statehood and said he was agreeable to a large-scale Israel pullback on the West Bank to make way for a state.

Gallegos said the roadmap states "progress will require and depend upon the good-faith efforts of the parties."

U.S. Scolds Israel On Plan For West Bank Settlement (NYT)

By Helene Cooper

The New York Times, December 28, 2006

WASHINGTON, Dec. 27 — In a rare public rebuke to Israel, the Bush administration said Wednesday that an Israeli plan to construct a Jewish settlement in the occupied West Bank for the first time in 10 years could violate the terms of an American-backed peace proposal.

“We are aware of reports about the Maskiot settlement,” said Gonzalo Gallegos, a State Department spokesman. “The establishment of a new settlement or the expansion of an existing settlement would violate Israel’s obligations under the road map.”

The road map is the shelved plan that is supposed to lead to peace between Israelis and Palestinians and the establishment of a Palestinian state. Under the plan, Israel is not supposed to build more settlements in the West Bank.

“The U.S. calls on Israel to meet its road map obligations and avoid taking steps that could be viewed as pre-determining the outcome of final-status negotiations,” Mr. Gallegos told reporters.

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For the Bush administration, which has shied away from criticizing Israel, the rebuke was so unusual that State Department officials took pains to assure reporters that it represented official policy and had been cleared by senior members of the administration.

The criticism was made as Secretary of State Condoleezza Rice was expected to go to the Middle East early in 2007 to try to shore up support for Mahmoud Abbas, the Palestinian Authority president.

On Tuesday, Israel's Defense Ministry and settler groups announced plans for the construction of about 30 houses at Maskiot. Israeli officials said the settlement was not new, but a revival of a 1982 settlement, which had become a military training site by the mid-1990s.

"This was set up by the Israeli government nearly 25 years ago," said David Siegel, spokesman for the Israeli Embassy in Washington. "It's not a new settlement."

Israel essentially decided to stop building settlements in 1992 when Yitzhak Rabin became prime minister, although it has allowed settlements to grow, even as it has publicly promised to freeze settlement activity under the road map.

The road map calls for a freeze in settlement building in the first phase and a Palestinian push to dismantle terrorist groups. Israel says that the dismantling should come first and that it has not occurred. But Israel has separately promised the Bush administration that it will build only within existing settlement boundaries to account for natural growth, "thickening" the settlements but not expanding them physically.

The Israeli announcement has particularly confounded American diplomats because it appears to run counter to the prevailing effort by Prime Minister Ehud Olmert, who offered a series of gestures to the Palestinians several days ago, after meeting with Mr. Abbas.

Israel To Renew Attacks On Gaza Rocket Squads (FT)

By Harvey Morris

Financial Times, December 28, 2006

The Israeli government on Wednesday ordered the military to resume targeting militants spotted firing rockets from the Gaza Strip but said its month-long ceasefire with the Palestinians would otherwise remain in force.

The government ended its policy of restraint in the face of ceasefire violations after one of eight rockets fired at Israel on Tuesday wounded two youths in the southern town of Sderot, one of them seriously.

A statement said the military was authorised to make pinpoint strikes against Palestinian rocket squads, apparently ruling out a wide-ranging response that would scupper the truce agreed in late November.

Ehud Olmert, prime minister, had been under pressure from inside and outside his cabinet to end the policy of restraint in the face of continuing rocket attacks, many of them claimed by the Islamic Jihad movement, which has no political role in the Palestinian Authority.

Islamic Jihad claimed responsibility for a solitary rocket that landed outside Sderot on Wednesday as harsh weather conditions and low visibility limited the Israeli military's options.

Militant groups have justified continued rocket attacks as retaliation for Israeli operations in the West Bank, where top members of Islamic Jihad and the Fatah-linked Aqsa Martyrs' Brigades were seized in recent days.

Wednesday's government statement said Israel would continue its policy of liaising with Palestinian security officials as part of efforts to stem the rocket fire.

The ceasefire followed a big Israeli incursion into the Gaza Strip, the latest of a series of operations this year in which hundreds of Palestinians, many of them civilians, were killed, but which nevertheless failed to end the rocket attacks.

A month of relative calm opened the way for a recent summit meeting between Mr Olmert and Mahmoud Abbas, the PA president, at which the Israeli leader agreed to unfreeze $100m of Palestinian tax revenues, around one-sixth of the dues it has withheld since the Islamist Hamas movement came to power.

The concessions offered to Mr Abbas failed to stir much excitement in the Palestinian territories, where the summit had given rise to hopes that Israel might be ready to release large numbers of detainees and substantially ease restrictions on Palestinian movement.

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Mr Abbas has established a committee to negotiate prisoner releases but its prospects are limited until Palestinian militants free Gilad Shalit, an Israeli soldier abducted in June.

Ahmed Aboul Gheit, visiting foreign minister of Egypt, which is closely involved in co-ordinating security in Gaza, yesterday said Egypt was working for Corporal Shalit's release.

Mr Olmert told Mr Abbas at the weekend that Israel would remove up to 27 of several hundred military checkpoints in the West Bank.

Israel Says It Will Retaliate Against Rockets From Gaza (NYT)

By Steven Erlanger

The New York Times, December 28, 2006

JERUSALEM, Dec. 27 — A day after two teenage boys were badly wounded by a rocket fired from Gaza, Israel ordered the military on Wednesday to resume attacks on Palestinians firing such rockets.

The order was issued a month after a cease-fire was declared between Israel and Palestinians in Gaza. The Palestinians promised to stop rocket fire on Nov. 26, and the Israelis promised not to carry out military activities inside Gaza.

But as of Wednesday night, according to the Israeli Army, 66 rockets had been launched toward Israel since then and 52 had landed there. The ruling militant group Hamas said it was respecting the cease-fire but was doing nothing to stop other militant groups, like Islamic Jihad and Al Aksa Martyrs Brigades, which is linked to Fatah, Hamas's rival.

Prime Minister Ehud Olmert of Israel, encouraged by the United States to support the Palestinian Authority president, Mahmoud Abbas, and to restart talks with the Palestinians, had ordered the military not to respond, but political pressure to do so was growing. Mr. Olmert was being criticized from the left by his own defense minister, Amir Peretz of the Labor Party, and from the right by Benjamin Netanyahu, the leader of Likud.

That pressure heightened overnight, when a Qassam rocket launched by Islamic Jihad hit two 14-year-old boys walking home in Sderot, an Israeli border town. The youths were taken to a hospital in Ashkelon. One, Adir Ghasad, was in critical but stable condition, peppered with shrapnel, the hospital said; the other, Matan Cohen, was in serious condition. Matan had been injured once before by Qassam shrapnel, his friends told Israeli news media.

So on Wednesday morning Mr. Olmert ordered the military, including the air force, to resume action against those firing the rockets. The military will be permitted to strike before, while or after rockets are launched.

The military will not, however, be allowed to fire shells into open areas near the border to deter rocket-launching teams from entering them. Errant Israeli shells, usually from tanks or artillery, have in the past hit houses and other populated areas, killing uninvolved civilians. Nor will the air force be allowed to bomb weapons caches or individuals not involved in rocket firing.

Mr. Olmert said in a statement that otherwise, "Israel will continue to maintain the cease-fire and work with the Palestinian Authority so that immediate steps are taken to halt the Qassam firings."

The cease-fire was intended to break the cycle of violence, but Palestinian rocket fire continued intermittently. Islamic Jihad and Al Aksa — which supposedly is loyal to Mr. Abbas, who has opposed the rocket fire as counterproductive — say they are responding to Israeli military actions in the occupied West Bank, an area not part of the truce.

Mr. Abbas had said that he had the agreement of all Palestinian factions for the cease-fire, but Islamic Jihad, largely directed by Iran, has never respected such an agreement, and on Wednesday threatened to increase the rocket fire.

The Hamas government spokesman, Ghazi Hamad, criticized the Israeli decision as aggression, but he added, "We still believe this agreement is alive, and both sides should respect this agreement because it is in the interest of our people."

A Labor Party minister and former defense minister, Benjamin Eliezer, told Israel Radio: "We cannot restrain ourselves anymore. It's good that we did, because the entire world saw that we did above and beyond, but we cannot turn an entire town into a graveyard."

Mr. Netanyahu called on the government to take over northern Gaza and occupy the areas from which rockets are fired and to take control over the border of Gaza with Egypt to stop arms smuggling.

The Egyptian foreign minister, Ahmed Aboul Gheit, was in a snowy Jerusalem on Wednesday preparing for a summit meeting on Jan. 4 in Sharm el-Sheik, an Egyptian Red Sea resort, between Mr. Olmert and President Hosni Mubarak.

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Egypt has been trying to advance talks with the Palestinians and to secure the release of an Israeli soldier, Cpl. Gilad Shalit, who was captured in June, in return for more than 1,000 Palestinians in Israeli jails.

"We oppose the Qassam attacks on Israel," Mr. Aboul Gheit said. "We hope that Israel will continue to show restraint. We need to continue with the peace process because that is the way to progress."

Mr. Abbas was in Cairo on Wednesday, where he met with Mr. Mubarak.

He said after the meeting that when he met with Mr. Olmert on Saturday night, he proposed what he described as backdoor meetings with Mr. Olmert, The Associated Press reported.

"It is the right time to talk," Mr. Abbas told reporters. "We have the idea of a backdoor channel between us and the Israelis, with the participation of one or all members of the quartet to discuss all the issues of the final status," he said. The quartet members are the United States, Russia, the European Union and the United Nations, which oversee the peace efforts.

Israel Threatens To Renew Attacks (AP)

By Josef Federman, Associated Press Writer

AP, December 28, 2006

After weeks of restraint, Israel said Wednesday that it will renew attacks on rocket-launching militants in the Gaza Strip, threatening to derail an already shaky, month-old truce.

A new round of fighting in Gaza could undermine Israel's efforts to bolster the moderate Palestinian president, Mahmoud Abbas, in his standoff with the Islamic militants of Hamas who control the Palestinian government and legislature.

The Israeli decision, made at a meeting of top officials, came hours after a Palestinian rocket seriously wounded two Israeli teenage boys in the southern town of Sderot, next to Gaza.

Prime Minister Ehud Olmert's office said Israeli retaliation would be limited to "pinpoint" operations meant to foil rocket launches. "At the same time, Israel will continue to abide by the cease-fire," the statement said.

The truce was reached Nov. 26, ending five months of deadly fighting in Gaza. But since the cease-fire declaration, more than 60 rockets have been fired at Israel, the army said.

Israel has so far refrained from responding, but Olmert had warned in recent days his patience was wearing thin. The wounding of the two boys late Tuesday increased pressure on Olmert from political opponents and members of his Cabinet to take action.

Hamas government spokeswoman Ghazi Hamad denounced the Israeli decision to "continue their aggression against our people," but added: "We still believe that this agreement is alive, and both sides should respect this agreement because it is (in) the interest (of) our people."

Hamad's comments were directed not only at Israel, but also at the rival militant group Islamic Jihad, which has been responsible for most of the rocket fire. After the Israeli threat of retaliation, Islamic Jihad fired another rocket. There were no reports of damage or injuries.

The fate of the truce appeared to lie in the hands of Islamic Jihad, a tiny Iranian-backed group that wants to destroy Israel and replace it with an Islamic state. Over the past two years, Islamic Jihad has repeatedly sabotaged efforts to halt violence, firing rockets and carrying out a string of suicide bombings.

Islamic Jihad officials said the rocket fire was meant to avenge Israeli arrest raids in the West Bank, which is not covered by the truce. The group also believes that igniting conflict with Israel will help unite Palestinians after a bitter round of infighting that has killed 17 people this month.

"That's one of the main reasons for resuming attacks," said Abu Ahmad, a spokesman for the group.

The infighting has pitted Hamas, which also rejects Israel's existence, against Abbas' more moderate Fatah. Hamas, which won legislative elections early this year, controls most government functions. Abbas, who was elected in a separate presidential vote, hopes to restart peace talks with Israel.

Israel's threats of retaliation could harm its recent efforts to bolster Abbas in his standoff with Hamas. After meeting the Palestinian leader last weekend, Olmert agreed to release $100 million in frozen Palestinian tax money and to ease travel restrictions on Palestinians in the West Bank as goodwill gestures.

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Israeli Foreign Minister Tzipi Livni said limited military strikes in Gaza should not lead to widespread conflict.

"As long as operations are prudent and pinpointed, there is no reason for things to deteriorate," Livni said at a news conference with visiting Egyptian Foreign Minister Ahmed Aboul Gheit.

Aboul Gheit, in Jerusalem to prepare for a Jan. 4 summit between Olmert and Egyptian President Hosni Mubarak, urged Israel to show restraint. "We need to continue with the peace process because that is the way to progress," he said.

In Egypt, Abbas said he had proposed opening secret "backdoor" peace negotiations with Israel.

"It is the right time to talk about this issue seriously," Abbas told reporters after he talked with Egyptian President Hosni Mubarak. Abbas said he raised the issue with Olmert last weekend, and the Israeli leader promised to consider it.

There was no immediate Israeli reaction.

The endangered truce in Gaza ended five months of fighting that erupted after Hamas-linked gunmen tunneled into Israel, killed two soldiers and captured a third. Egypt, which frequently mediates between Israel and the Palestinians, has been trying to negotiate the release of the soldier, Cpl. Gilad Shalit.

At Wednesday's news conference, Aboul Gheit said that "we are sure that he is still alive."

Shalit has not been seen or heard from since he was captured, though Israeli officials have said they believe the soldier is alive.

"What he said is nothing new," Noam Shalit, the soldier's father, told The Associated Press. "I hope there is more behind it ... I wish we could know more."

Abbas Proposes Closed Talks With Israel (AP)

By Salah Nasrawi, Associated Press Writer

AP, December 28, 2006

Palestinian President Mahmoud Abbas proposed Wednesday that he start closed-door talks with Israel on some of their most difficult disputes including the status of Jerusalem and the fate of Palestinian refugees.

"It is the right time to talk," Abbas told reporters after he met with Egyptian President Hosni Mubarak.

Recent weeks have seen a growing momentum toward reviving Israeli-Palestinian peace talks.

Israeli Prime Minister Ehud Olmert met Abbas on Saturday, and Olmert is expected to meet Mubarak next week at an Egyptian Red Sea resort. The bipartisan panel on Iraq headed by former U.S. Secretary of State James A. Baker III said progress on the Israeli-Palestinian dispute could help ease tensions in Iraq.

Egypt, the first Arab country to make peace with Israel, has hosted several rounds of talks among rival Palestinian factions over the years. It has been working to broker a deal between the Jewish state and Hamas for the release of an Israeli soldier captured in June by militants affiliated to the group.

Olmert said last week that he would consider releasing some of the thousands of Palestinian prisoners held by Israel before Cpl. Gilad Shalit is freed.

Abbas did not spell out why he was proposing that the negotiations with Israel be "backdoor." But as one of the architects of the 1993 Oslo peace accord between Israel and the Palestinians, he is known to champion quiet, informal diplomacy.

"We have the idea of a backdoor channel between us and the Israelis, with the participation of one or all members of the Quartet to discuss all the issues of the final status," Abbas said, referring to the Western powers — the United States, Russia, European Union and the United Nations — that oversee the peace process.

Abbas said he proposed backdoor negotiations to Olmert at their weekend meeting, and that the Israeli leader promised to consider the suggestion. He also said he planned to discuss the idea with Secretary of State Condoleezza Rice when she comes to the Middle East next month.

Abbas made clear he wanted the talks to focus on the issues that have been the hardest to resolve in previous negotiations.

Those issues are the future of Palestinian refugees, the sovereignty of Jerusalem — which both Israelis and Palestinians claim as their capital — and the borders of the future Palestinian state.

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It is not certain that Olmert would agree to tackle the thorniest issues rather than proceed cautiously with step-by-step negotiations and interim agreements. It is also unclear how the Palestinian government would view the results of backdoor talks with Israel by Abbas, who is in the opposition.

Hamas, which refuses to recognize Israel, is believed to favor a limited truce with the Jewish state in exchange for its complete withdrawal from the West Bank and east Jerusalem. Olmert is under pressure from hard-line Israelis opposed to withdrawing from the West Bank.

In a rare criticism, the Bush administration said Wednesday that if Israel proceeds with construction of a new settlement on the West Bank it would violate its peacemaking obligations.

A spokesman David Siegel, a spokesman for the Israeli embassy, said that the planned construction would take place within the confines of an existing, 25-year-old settlement.

Olmert is expected to meet Mubarak in the Red Sea resort of Sharm el-Sheik on Jan. 4, Olmert's office said Wednesday. Egyptian Foreign Minister Ahmed Aboul Gheit met Israeli officials in Jerusalem on Wednesday to prepare for the summit.

Egypt has been trying to negotiate the release of an Israeli soldier whose capture by Hezbollah militants touched off the summer war in Lebanon.

A spokesman for President Mubarak, Suleiman Awad, told reporters Wednesday that the Egyptian leader had written to President Bush urging him to take advantage of the current climate to revive Israeli-Palestinian peace talks.

Tangled Finances: Hezbollah Fund-Raiser's Mission: Money For Bullets And Loans (WSJ)

By Andrew Higgins

The Wall Street Journal, December 28, 2006

As Israeli Planes Bomb Offices Microcredit Czar Endures;| U.S. Brands Him a Terrorist Mixing Violence and Virtue

BEIRUT, Lebanon -- Hussein al-Shami, custodian of cash for the Islamist militant group Hezbollah, has had a rough few months.

During Hezbollah's 33-day war with Israel this summer, Israeli warplanes obliterated the 10-story Beirut apartment building where Mr. Shami had lived with his family. They also targeted a credit agency he runs for Hezbollah. All but one of its nine branches were destroyed, he says. Then in September, the U.S. Treasury Department named him as a "Specially Designated Global Terrorist."

Now he's back at work in the Lebanese capital, pursuing his intermingled missions. He's shepherding funds for Hezbollah, which the U.S. brands a terrorist group. He's also running an enterprise that the U.S. normally supports: making microloans to nurture a culture of self-help capitalism.

Mr. Shami and U.S. officials agree on little -- not even the year of his birth, which he says is 1952 while the U.S. terrorist-designation notice puts it variously at 1948, 1954 and 1960. His activities confound U.S. efforts to strictly divide players in the Middle East into realms of good and evil, and his success helps explain the resilience of Islamist groups that mix violence and virtue.

America and Israel see Mr. Shami as a grave menace for his role in minding Hezbollah finances. They blame the Islamist group, an armed militia that also provides health care and other services, for terrorist attacks including the 1983 Beirut bombings of the U.S. Embassy and a Marine Corps barracks. Today, Hezbollah, emboldened by what it calls a "divine victory" over Israel this summer, is flexing its political muscle with a campaign to topple Lebanon's U.S.-backed government. One major fund-raising group Mr. Shami has helped run, the Islamic Resistance Support Organization, has mounted past appeals to support Hezbollah's armed combat.

Mr. Shami, speaking near the bombed-out ruins of his credit agency's headquarters, fumes against "Zionist aggression" and ridicules U.S. efforts in the region. He talks proudly of his role in setting up a "martyr's fund" to support the families of dead Hezbollah militants. At his side in a makeshift Hezbollah office is the group's flag, emblazoned with a green Kalashnikov rifle.

But Mr. Shami, holder of a graduate degree in business administration and father of five, also boasts of service to a more peaceable cause. Last year he provided financing to more than 26,000 clients through Hezbollah's credit agency, Al-Qard Al-Hassan Association, Lebanon's largest maker of tiny loans. "We should be encouraged, not cut to pieces," he says.

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The loans averaged $865 last year, largely made to Shiite Muslims who support Hezbollah. Customers include people starting businesses, such as car body-repair shops and hairdressing salons, and homemakers buying furniture or paying school fees. The maximum loan was $1,500, but with gold or gold jewelry given as security, the ceiling went up to $3,000.

Washington has long identified economic development as the best cure for political extremism. It has financed its own microcredit agencies in Lebanon to do much the same work as Mr. Shami's. But they charge interest, and have far fewer customers. Mr. Shami's outfit follows the rules of Islamic finance, which proscribes interest and charges service fees instead.

Until war erupted in July, Washington hailed Lebanon as a beacon for its vision of the "new Middle East" -- a region committed to democracy, aligned with the West and eager to root out militant groups. Today, the country is a showcase for the growing clout of forces that America wants eclipsed: Hezbollah, Iran and Syria. Lebanon's government, headed by former banker Fuad Siniora, teeters under pressure from Hezbollah, which has organized a series of peaceful massive demonstrations. Pro-American ministers, fearful of assassination after one of their number was murdered last month, mostly work, eat and sleep in a fortresslike stone building ringed with razor wire and heavily armed troops.

Mr. Shami, meanwhile, moves easily around town in a white Ford Explorer sport-utility vehicle. He says he's "comfortable that America's project for the region will fail." He has set up small temporary offices to replace the destroyed branch network, and his 100-strong staff has contacted clients to assure them that the gold jewelry and other valuables deposited as collateral for their small loans are safe. Account details, stored on computers, all survived, he says.

Squeezing the finances of extremist groups has been a key front in America's "war on terror" since al Qaeda's 2001 attacks on New York and Washington. The U.S. crackdown initially focused on Osama bin Laden's network but has struck hard in recent months at Hezbollah. In addition to branding Mr. Shami a terrorist in September, the Treasury Department has targeted an Iranian state bank it says channeled funds to Hezbollah and a host of organizations and companies, including three Lebanese entities linked to Mr. Shami.

Washington argues that all Hezbollah-related money must be stopped, whether it is used to buy weapons, fund microcredits or run the group's network of clinics, schools and other services. "We don't buy into the frame of mind that you can distinguish between the military and social arms," says Pat O'Brien, assistant Treasury secretary for terrorist financing. "Money is fungible."

The U.S. approach carries a risk: It has strengthened the view of Hezbollah's supporters, many of whom come from Lebanon's most-impoverished areas, that America wants to keep them poor, not fight terrorism. Even Hezbollah's rivals say the U.S. strategy plays into the hands of Islamist propagandists, who blame America and Israel for economic and other woes.

"It's stupid and it doesn't work," says Ahmad Fatfat, one of Hezbollah's fiercest foes in Lebanon's beleaguered pro-American cabinet. A former interior minister, Mr. Fatfat says clamping down on Hezbollah's finances may disrupt its social services but won't limit its military capabilities. Hezbollah, say Mr. Fatfat and others, generally gets its rockets and other weapons free from Iran and Syria. Moreover, he says, Hezbollah's money "comes in suitcases, not through banks."

The crackdown has made little visible impact so far on Hezbollah's ability to find cash. Soon after the war ended in August, the group began handing out wads of dollars to people whose homes had been bombed. Estimates based on Hezbollah statements put the value of the handouts at roughly $180 million. Lebanese officials say the money was probably carried by hand from Iran via Syria. Mr. Shami says the cash came from the Imam Reza Foundation, a wealthy Iranian organization that controls a revered Shiite shrine and has vast business holdings.

The sole surviving original branch of Mr. Shami's credit agency is located in a mixed Sunni and Shiite area of west Beirut. Business is brisk, with a stream of customers, mostly women, arriving to make payments on their loans. A picture of Iran's late Ayatollah Khomeini hangs on the wall. On a marble counter are two boxes for donations for other organizations. One is for the Imam Khomeini Relief Committee, originally an Iranian charity now with huge welfare operations in Lebanon.

The second is for the Islamic Resistance Support Organization, the main Hezbollah fund-raising arm that Mr. Shami has helped run. It was blacklisted by the Treasury Department in August, after the war, for aiding terrorism. Its Web site and some of its leaflets have appealed for funds for ammunition. The Treasury Department also says they've solicited for money for weapons, including rockets.

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Amal Dbouk, a 35-year-old housewife, said she came to the credit agency to pay off part of $1,000 she had borrowed to cover school fees for two of her three children. Abir Mansara, 27, a self-employed hairdresser, said she needed money to buy hair dye and cover other costs. She's taken out two loans, depositing three gold bracelets, a necklace and a gold ring as collateral.

Lebanon's mainstream banks, the two women say, would never give them loans. Both support Hezbollah and both took part in the recent street demonstrations against Lebanon's American-backed government. Ms. Mansara says she adores Hezbollah leader Hassan Nasrallah, comparing him to a "rock star." "He fights for his country and fights for us," she says. Ms. Dbouk complains that America helps only Israel. "Hezbollah," she says, "helps us."

Hezbollah has all along mingled charity with violence. When Israel invaded Lebanon in 1982 at the start of what became an 18-year occupation, previously weak Islamist forces merged to form Hezbollah, or the Party of God, mobilizing both military resistance and welfare work. The Israeli assault uprooted the secular Palestine Liberation Organization, which had used Lebanon to launch attacks against Israel. Hezbollah, fired by Shiite zeal, filled the void.

A turning point came in 1983 in Mr. Shami's hometown of Nabatiyeh. A riot broke out when an Israeli military convoy drove into a crowd commemorating Shiite Islam's most sacred festival. The incident inflamed religious passions -- and helped set in motion a Shiite resurgence that is now shaking Lebanon, Iraq and the whole Middle East. That same year, more than 300 people were killed in the Beirut bombings of the U.S. Embassy and Marine Corps barracks, America's biggest loss of life to terrorism until 2001. Hezbollah denies carrying out the attacks but nonetheless hailed the slaughter.

Working at the time as a manager in a refrigerator company, Mr. Shami joined Hezbollah. He got to know Mr. Nasrallah, who then was a newcomer to the group, and took charge of its social services, which grew in tandem with its military wing. An early concern, he says, was to ensure that Lebanon's large Shiite population avoided becoming "hostages to aid" like Palestinian refugees, who lived off humanitarian handouts in camps around Lebanon.

Calculating that loans would "force people to be productive, to work," he set up a tiny credit agency in his Beirut apartment. "People in the West don't think people in the East have a vision, or are capable of looking ahead," he says. "But people in Lebanon make plans."

The microlender gave 150 loans its first year, says Mr. Shami, who at the time sat on Hezbollah's governing council. In 1985 the credit agency moved to a rented office in Harat Hreik, a squalid Beirut suburb flooded with Shiite refugees from the south. The agency, he says, was initially called Bayt al-Mal, an Arabic term that means "House of Money." It was registered with Lebanon's Interior Ministry in 1987 as Al-Qard Al-Hassan Association, or "The Good Loan Association" -- in other words, conforming to Islamic rules.

Microfinance has since become celebrated as a tool for poverty relief in developing countries. An early pioneer in Bangladesh, Muhammad Yunus, recently was awarded the Nobel Peace Prize.

In the 1980s, Mr. Shami also set up associations to aid the war effort against Israel and to cement loyalties to Hezbollah. Among these was the Martyr's Foundation, which provided money to the widows and children of suicide bombers and others killed fighting Israel's occupation. It mimicked an Iranian organization set up during Iran's 1980-88 war with Iraq.

U.S. and Israeli officials today describe the Martyr's Foundation as one of the conduits used by Iran to send money to Hezbollah. Some of it, they say, has been funneled through Iran's state-owned Bank Saderat. In September the Treasury Department ordered the bank cut off from all access to the U.S. financial system, saying Saderat had made $50 million in payments to Hezbollah since 2001. Iranian officials say Bank Saderat hasn't transferred money to Hezbollah.

Mr. Shami says Hezbollah gets most of its donations directly from its own fund-raising efforts. Public anger at Israel is so strong that even Mr. Fatfat, the politician opposed to Hezbollah, says he's donated to "resistance" social causes in the past. A Hezbollah activist and others familiar with the organization say Mr. Shami still runs the main fund-raising arm, the Islamic Resistance Support Organization. Mr. Shami says he is just a financial consultant to Hezbollah.

The support organization's methods can often elude U.S.-led efforts to stem the flow of cash. By cart, bicycle or car, volunteers transport a fleet of mobile donation boxes, each fitted with a yellow Hezbollah flag. The group also raises money through Hezbollah's television station, al-Manar. During the July-August war with Israel, al-Manar solicited funds by directing donors to specific bank accounts and cellphone contact numbers.

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The general manager of one bank to which the broadcast directed donations, Mounir Karam of MEAB SAL, placed advertisements in Lebanese newspapers to deny any link to Hezbollah, but an American bank that gave MEAB access to U.S. dollars severed its ties. "What can I do, sue Hezbollah?" asks Mr. Karam. Hezbollah activists answering several of the phone numbers this month said the group is no longer taking direct bank deposits, and instead asked for checks to be made out to a courier who would pick them up, rather than to the organization.

Before the Israeli airstrikes this summer, Mr. Shami worked from a huge office in the headquarters of Al-Qard Al-Hassan Association, which occupied three stories in a building opposite his apartment block in Harat Hreik, Hezbollah's principal stronghold in southern Beirut. Unlike leaders of Hezbollah's military wing, who shun outsiders, Mr. Shami has for years received visitors from outside the Islamist orbit.

The operations manager of his biggest U.S.-funded rival, Ameen, met with Mr. Shami to try to satisfy his curiosity about his business. Judith Palmer Harik, an American academic who has lived in Lebanon since the late 1970s and has written a book about Hezbollah, says she first met Mr. Shami in the early 1990s, when he was running the group's social services. "I expected another mullah-type with a big beard" and found a "businessman up to his ears in projects," she says. She recalls pushing through a throng of people seeking Mr. Shami's help with "clogged drains, rain damage, medical prescriptions.... All the stuff that a government is supposed to handle, he was doing."

In 2000, Mr. Shami got a visit from Imad Hamzé, a Lebanese-Canadian expert in microfinance who had been commissioned to write a report for the United Nations on credit and poverty reduction. Mr. Shami, he says, outlined ambitious expansion plans, which included a proposed branch in a mostly Christian area.

Mr. Hamzé's report described Mr. Shami's operation as "a very creditable organization" comprising then two groups: the Al-Qard Al-Hassan Association credit agency, and a sister outfit called Yousser for Finance and Investment, which the report says was established in 1990 to "serve entrepreneurs with microenterprises or investment ideas." These two entities, together with an accounting center and research branch, were collectively known as Bayt al-Mal, the report said.

In its September terrorist designation of Mr. Shami, the Treasury Department named both Yousser and Bayt al-Mal as terrorist fronts. They were functioning as Hezbollah's "unofficial treasury, holding and investing its assets and serving as intermediaries between the terrorist group and mainstream banks," said Stuart Levey, undersecretary for terrorism and financial intelligence, in a statement at the time. Treasury didn't designate Al-Qard Al-Hassan Association as terrorist, but a list of seven locations it gave for Bayt al-Mal matches six of the eight credit-agency branches destroyed by Israel.

Mr. Shami said Yousser closed amid problems with partners, but declined to give details. A senior Lebanese central bank official said he believed Yousser wound down after 2001 because partner banks feared retribution from the U.S. for working with a Hezbollah outfit. Several people who have worked with Yousser say it did handle investments and work with mainstream banks in the 1990s before it shut down.

The owner of a children's-clothing store in the southern port city of Tyre, for example, says he set up his business in 1999 with a loan from Yousser, which he said worked with local banks to provide credit. The Tyre businessman, who identified himself as Abu Ali Hassan, 39, said Yousser also provided him with a checkbook issued by a licensed Lebanese bank but bearing Yousser's name.

When Israeli ground troops attacked Bint Jbeil and other parts of southern Lebanon this summer, they seized documents related to Yousser and Hezbollah's financing. A document written in Arabic bearing Yousser's name in English and seen by The Wall Street Journal was described by an Israeli security expert as a recent receipt for a donation to Hezbollah. Israeli officials say Mr. Shami's branches were targeted in an effort to cripple Hezbollah's finances.

Mr. Shami jokes that he's "flattered" by all the attention but derides what he says is faulty intelligence about his activities. The Treasury declined to detail evidence against Bayt al-Mal and Yousser, saying the information is classified.

-- Glenn R. Simpson in Tel Aviv and Bill Spindle in Tehran, Iran, contributed to this article.

13 Acquitted In Attack On U.S. Troops (AP)

AP, December 28, 2006

Thirteen villagers were acquitted Wednesday of attacking U.S. troops with stones and eggs after an errant U.S. Tomahawk missile fell near their village three years ago.

The Turkish court ruled the villagers' actions did not constitute a crime. Defense lawyer Seyhmus Ulek said the incident was "a democratic reaction against American soldiers."

Some 75 villagers from the southeastern town of Sanliurfa hurled eggs and stones at a group of about a dozen U.S. soldiers going to retrieve pieces of Navy-fired missile, which was intended for Iraq but crashed into an empty Turkish field in March 2003.

The villagers broke the windows of four Humvees and injured one soldier, a spokesman for U.S. forces in Turkey said at the time.

The Tomahawk missile was the third U.S.-fired missile to crash into Turkey that week.

Tomahawk missiles are fired from warships and submarines and have a range of nearly 1,000 miles. The soldiers who went to retrieve the missile came from Incirlik Air Force Base, a major base in southern Turkey that had been used by the U.S. to launch operations in Iraq and Afghanistan.

The United States and Turkey are traditionally close allies and field the two largest armies in the NATO military alliance.

Al Qaeda Threat Chases Tourists From India Sites (WT)

By Joshua Mitnick

The Washington Times, December 28, 2006

TEL AVIV -- Israeli backpackers in India are heeding a government warning of an al Qaeda terrorist attack over the New Year's holiday on beach resorts and rave parties in the state of Goa.

The two-week-old warning from Israel's Headquarters for the War on Terror has raised concern that al Qaeda wants to repeat the 2002 bombing in the Indonesian resort island of Bali that killed 202 persons, most of them Australian tourists.

It also marked the first time Israel's counterterrorism authorities warned of a "concrete threat" of an al Qaeda attack in India.

"Travelers in Goa are under a severe terror threat of al Qaeda attacks," the agency warned, and recommended staying away from popular sites in Goa frequented by Western tourists.

Every New Year's Day, Goa is flooded with thousands of Israeli tourists attracted by the stunning beaches and electronic-music dance parties. The warning sent hundreds of 20-something Israeli travelers headed south or inland from the villages where they usually can be found.

"Many people in this area have picked up and gone southward," said Manoach Shmeltz, who operates a government-supported backpacker center in Goa. "They are already planning to come back on January 2."

As many as 30,000 Israelis a year obtain entry visas for India, making the country one of the most heavily visited locations for Israeli tourists. With a reputation dating to the 1960s for attracting bohemian travelers, Goa's New Year's Eve raves are a big draw for Israeli backpackers.

Indian defense and police officials rejected the warning.

"We have not received any specific threat or intelligence on such a threat either from New Delhi or any international agency," Goa state police Chief B.S. Brar told Agence France-Presse in the state capital, Panaji. "Goa is one of the safest places in the world."

An official at the Indian Embassy in Tel Aviv declined to comment.

It's not the first time Israel's counterterrorism authority has warned travelers abroad about the locations frequented by large numbers of Israelis. In the past, Israeli tourists have been warned not to go to Egypt's Sinai Peninsula or to tourist spots in Turkey. Both locations are known for attracting droves of Israelis.

In April, the warning proved correct and bombers thought to be linked to al Qaeda detonated explosives at the Sinai town of Dahab, which is popular with Israelis, killing 23 persons, most of them Egyptians.

In November 2002, al Qaeda tried to shoot down an Israeli plane taking off from Nairobi, Kenya.

Sudan Raises Doubts On U.N. Peace Effort (AP)

By Edith M. Lederer, Associated Press Writer

AP, December 28, 2006

DOJ_NMG_0109720

Sudan raised new questions Wednesday about its commitment to a U.N. peace effort in the violence-wracked Darfur region as its ambassador ruled out any U.N. peacekeeping troops — an element of the world body's proposal.

The surprise statement came just minutes after the U.N. Security Council announced that it welcomed the Sudanese president's acceptance of the U.N. plan to help end the escalating conflict — a plan that includes deployment of a "hybrid" African Union-United Nations force.

Secretary-General Kofi Annan had told Sudanese President Omar al-Bashir in a letter earlier this month that every effort would be made to find African troops for a hybrid force of 17,300 military personnel and 5,300 police, but if that proved impossible the U.N. would use "a broader pool of troop contributing countries."

But Sudan Ambassador Abdalmahmood Abdalhaleem told reporters on Wednesday evening that the hybrid force must be smaller and have no U.N. peacekeepers, only U.N. technical and logistical experts supporting African troops.

"The force is African, the leader is an African," he said. "There is support and logistical support staff by the U.N., wearing their own helmets, but they are not going to engage in peacekeeping activities."

The U.N. is seeking its own force for Darfur because African Union peacekeepers currently in the region have been unable to quell nearly four years of fighting which has killed more than 200,000 people and displaced 2.5 million in the region.

Fighting began in February 2003 when rebels from black African tribes took up arms, complaining of discrimination and oppression by Sudan's Arab-dominated government. The government is accused of unleashing Arab tribal militia known as the Janjaweed against civilians in a campaign of murder, rape and arson — a charge the government denies.

The envoy's comments came as a surprise because al-Bashir said in a letter to Annan released Tuesday and discussed by the council on Wednesday that Sudan is ready "to start immediately" to implement two recent agreements that endorsed the three-step U.N. plan to beef up the beleaguered 7,000-strong African Union force in Darfur.

Annan emerged from Wednesday's council meeting telling reporters that "the president has accepted the three-phased approach as a package," and that council members "are encouraged by the positive tone" of al-Bashir's letter.

In a press statement later, the council welcomed al-Bashir's letter in which he reconfirmed his commitment to peace efforts approved in recent international meetings in Ethiopia and Nigeria.

Annan told reporters the first phase of the U.N. package was already being implemented "and we're going to accelerate that — and, of course, that's a way of testing the government's willingness to cooperate."

It would add 105 military officers, 33 U.N. police, 48 international staffers, 36 armored personnel carriers to the African Union force, according to a U.N. report last month.

A second, larger support package would include the deployment of several hundred U.N. military, police and civilian personnel to the African Union mission. The third phase is the deployment of the hybrid force.

Abdalhaleem said that under the Darfur Peace Agreement the government and one rebel group signed in May, a 20,000-strong force from the government and former rebels will be created. That force plus 7,000 troops from the AU will provide "an overwhelming number" that can ensure security, he said.

In Khartoum, the Sudanese government confirmed it was permitting the first U.N. experts to head to Darfur. But the numbers it gave were lower than those mentioned by the U.N.

Sadeq Al-Magli, a Foreign Ministry spokesman, said 18 military experts and 20 policemen would soon head to Al Fasher, capital of North Darfur.

AP writer Mohamed Osman in Khartoum, Sudan, contributed to this story.

Annan Says Sudan's Overture Could Pave Way For Peacekeepers (NYT)

By Elissa Gootman

The New York Times, December 28, 2006

UNITED NATIONS, Dec. 27 — Secretary General Kofi Annan said Wednesday that the Security Council was "encouraged" that a recent message from the Sudanese government could pave the way for a large-scale peacekeeping operation in the country's war-ravaged Darfur region.

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But Mr. Annan noted that some diplomats remained skeptical of Sudan's overtures, and he urged the Security Council to press ahead quickly with its plans to test the government's intentions.

"Obviously, when there have been so many disappointments, it's only natural that there will be some doubts and hesitations, and this is a challenge for the Sudanese government to prove to the international community that it means business," Mr. Annan said. "We are going to press ahead, and I hope this time there will not be disappointments."

Mr. Annan's remarks followed a Security Council briefing at which a top United Nations envoy, Ahmedou Ould-Abdallah, discussed a letter Saturday to Mr. Annan from Sudan's president, Omar Hassan al-Bashir.

The significance of the letter remains a matter of debate. While it seems to welcome a joint United Nations-African Union peacekeeping force for Darfur, it also suggests that Sudan should have veto power over how the effort is carried out.

Even on Wednesday evening, Sudan's representative at the United Nations, Abdalmahmood Abdalhaleem Mohamad, played down the significance of Mr. Bashir's letter, saying that Sudan had agreed not to a "joint force" of peacekeepers but to a "hybrid operation," in which the United Nations would simply provide technical support.

"It is backstopping, logistical, technical support," he said. "It is not a joint force, let there be no confusion of that."

This is not the first time that United Nations officials and diplomats have expressed hope for a peacekeeping effort in Darfur. More than 200,000 people have died in Darfur, many of them from hunger and disease, since the government moved to crush a rebellion there in 2003. More than 2.5 million have been forced from their homes. The Bush administration and others have called the events there genocide.

In November, the Sudanese government agreed in principle to allow a joint United Nations-African Union peacekeeping force into Darfur. Since then, there has been disagreement on a range of issues, from the size of the force to who would command it to what kind of uniforms its troops would wear.

Mr. Annan said he believed that some of those issues had been resolved and that most Council members interpreted Mr. Bashir's letter "as a positive indication that we should build on."

"We need to be persistent, we need to be determined, we need to test it and press ahead," Mr. Annan said.

After the meeting, the Council issued a statement describing Mr. Ould-Abdallah's report as "encouraging" and saying it "remains convinced that the continued cooperation between Sudan, the Security Council and the African Union" would "ensure lasting peace and stability in Darfur."

Alejandro D. Wolff, the acting American ambassador to the United Nations, was more circumspect. While Mr. Bashir's letter may turn out to be a "welcome development," he said, "The proof of this will be action on the ground, and whether or not we will actually see a force that can take its place in Darfur to address the humanitarian crisis there and help deal with the fighting."

Atomic Alliance: U.K. Village Is Home To Secretive Agency (WSJ)

By Cassell Bryan-Low And Carrick Mollenkamp

The Wall Street Journal, December 28, 2006

Aldermaston Adopts Policy Of Peaceful Coexistence With Weapons Facility

ALDERMASTON, England -- A few years ago, Margaret Dadswell, a 78-year-old retired nurse, had to sign Britain's Official Secrets Act -- a measure that makes it illegal to disclose sensitive national-security information.

The reason: Like several people in this small village, Ms. Dadswell is indirectly linked to the Atomic Weapons Establishment -- Britain's nuclear-weapons agency that, for the most part, peacefully coexists with residents here. Due to the hypersensitivity of its work -- designing and making nuclear weapons -- all AWE employees must sign the official secrets act. And some nonemployees who visit the site, like Ms. Dadswell, who helps AWE coordinate local activities, are asked to do so as well.

In recent weeks, though, the super-secretive agency has given the public a glimpse of what its labs do. AWE's specialists identified polonium 210 as the radioactive poison that killed former Russian intelligence agent Alexander Litvinenko on Nov. 23. Now, AWE's scientists are playing a vital role in Scotland Yard's investigation into the suspected murder by testing for radiation in places that Mr. Litvinenko or his associates went in the weeks before.

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On the day of Mr. Litvinenko's death, for instance, officials from AWE and Scotland Yard set out for the Millennium Hotel in Mayfair where he had met two associates on Nov. 1 -- the date he fell ill. There, AWE discovered extensive evidence of polonium, a naturally occurring element that can be deadly when man-made.

An AWE spokesman confirmed that AWE discovered the polonium, but declined to comment further on the investigation.

Locals here, some of whom blithely refer to the AWE as "The Atomic," have become used to its secretive ways. It is the largest employer in this part of West Berkshire, a district with gently rolling hills about 40 miles southwest of London. According to AWE, the agency contributes about $313 million a year to the local economy. With roughly 4,000 employees and hundreds of contractors, it dwarfs Aldermaston village, which has a population of about 500 and is built around a main street, lined with red-brick cottages, that runs from the Hinds Head pub to the village green.

Some villagers say they are concerned about potential health risks and that it can be disturbing to see convoys of highly guarded vehicles marked with warnings about radioactive materials leave the site. But many locals shrug off concerns with jokes about glowing in the dark. Generally, they claim confidence in the AWE's efforts to monitor the local environment.

Jean Chapman, a retired caterer who lives with her husband near the heavily guarded entrance to AWE, says she frequently sees men in white suits with face masks taking samples of an underground waterway across the street from her house.

John Surridge, a local maker of cricket bats, says water in the stream outside his workshop is tested weekly. And Rob O'Brien, a member of the parish council, which runs village affairs, says that every five years AWE employees bring Geiger counters around town to monitor for radiation.

"They came around and they sort of said, 'Do you mind if we leave this in your garden?' " said Mr. O'Brien. "I said, 'Yeah, no problem.' "

In a 2005 review of defense sites, the U.K. Environmental Agency and other government safety groups found minimal environmental impact from AWE after testing of waterways and food in the area.

For decades after it opened, AWE did almost nothing to ingratiate itself with the local community, keeping to itself behind a metal 10-foot fence topped with barbed wire. "Everybody was aware it was to do with atomic weapons" but not much more than that, says Alan Caiger-Smith, a local potter, who has lived in Aldermaston since 1941.

Locals say the agency has made a greater effort to interact with them over the past five or so years. That was about the same time that a contract to manage the facility on behalf of the Ministry of Defence was awarded in 1999 to a coalition of private and public entities: BNFL Group, Lockheed Martin Corp., the U.S. defense company, and Serco Group PLC. The contract was valued at $3.7 billion.

Over the past few years, the Cedars primary school in Aldermaston has won almost $6,000 in prize money from science competitions sponsored by AWE. It spent it on books, software and a microscope that plugs into a computer, says head teacher Jane O'Halloran.

She adds that a parent who works at AWE acts as a liaison if the school wants to borrow equipment such as light boxes and models of human skeletons. "For a small school like us that's an excellent offer," says Ms. O'Halloran.

Despite the increased involvement, many villagers say they know not to ask too much about what AWE employees -- even their own friends -- do. "It's not a business that people chat about over coffee," says villager Sally-Anne Martin. But AWE's managing director, Don Cook, an American nuclear scientist transferred from Lockheed Martin, is becoming a familiar face around the village.

Ms. Martin hosted a recent meet-and-greet drinks party for Mr. Cook and his wife, Peggy, with about 20 or so villagers. Mr. Cook expressed curiosity about the history of the village and community events, says Ms. Martin. Locals, meanwhile, were keen to ask about the nonresident demonstrators who often appear outside the facility's gates to protest the building of nuclear weapons.

Mr. Cook also attended the village's two largest annual events: the summer vegetable competition and the Nativity play, which is put on by local parishioners in medieval costumes and in medieval English.

Mr. Cook's office referred requests for comment to the AWE press office. A spokeswoman said AWE strives to build a good relationship with the community.

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And yet there remain some points of friction as the village and the AWE continue to co-exist. Locals fear that an AWE plan to expand and upgrade buildings on its site will add to traffic. They are lobbying the local council for a relief road that would bypass the village. Residents acknowledge the chances of success, at least in the near term, are slim but want the village to at least win some concessions, such as traffic warning signs outside schools and a cycle path. David Shirt, a villager and chairman of the parish council, is hopeful about the latter request: the AWE also would like to see a bike path so that its employees can cycle to the nearby train station.

---- Steve Levine contributed to this article.

Malnutrition Is Cheating Its Survivors, And Africa's Future (NYT)

By Michael Wines

The New York Times, December 28, 2006

SHIMIDER, Ethiopia — In this corrugated land of mahogany mountains and tan, parched valleys, it is hard to tell which is the greater scandal: the thousands of children malnutrition kills, or the thousands more it allows to survive.

Malnutrition still kills here, though Ethiopia's infamous famines are in abeyance. In Wag Hamra alone, the northern area that includes Shimider, at least 10,000 children under age 5 died last year, thousands of them from malnutrition-related causes.

Yet almost half of Ethiopia's children are malnourished, and most do not die. Some suffer a different fate. Robbed of vital nutrients as children, they grow up stunted and sickly, weaklings in a land that still runs on manual labor. Some become intellectually stunted adults, shorn of as many as 15 I.Q. points, unable to learn or even to concentrate, inclined to drop out of school early.

There are many children like this in the villages around Shimider. Nearly 6 in 10 are stunted; 10-year-olds can fail to top an adult's belt buckle. They are frequently sick: diarrhea, chronic coughs and worse are standard for toddlers here. Most disquieting, teachers say, many of the 775 children at Shimider Primary are below-average pupils — often well below.

"They fall asleep," said Eteafraw Baro, a third-grade teacher at the school. "Their minds are slow, and they don't grasp what you teach them, and they're always behind in class."

Their hunger is neither a temporary inconvenience nor a quick death sentence. Rather, it is a chronic, lifelong, irreversible handicap that scuttles their futures and cripples Ethiopia's hopes to join the developed world.

"It is a barrier to improving our way of life," said Dr. Girma Akalu, perhaps the nation's leading nutrition expert. Ethiopia's problem is sub-Saharan Africa's curse. Five million African children under age 5 died last year — 40 percent of deaths worldwide — and malnutrition was a major contributor to half of those deaths. Sub-Saharan children under 5 died not only at 22 times the rate of children in wealthy nations, but also at twice the rate for the entire developing world.

But below the Sahara, 33 million more children under 5 are living with malnutrition. In United Nations surveys from 1995 to 2003, nearly half of sub-Saharan children under 5 were stunted or wasted, markers of malnutrition and harbingers of physical and mental problems.

The world mostly mourns the dead, not the survivors. Intellectual stunting is seldom obvious until it is too late.

Bleak as that may sound, the outlook for malnourished children in sub-Saharan Africa is better than in decades, thanks to an awakening to the issue — by selected governments, anyway.

South Africa provides nutrient-fortified flour to 30 million of its 46 million citizens. Nigeria adds vitamin A to flour, cooking oil and sugar. Ethiopia's government hopes to iodize all salt by year's end. United Nations programs now cover three in four sub-Saharan children with twice-a-year doses of vitamin A supplements.

Ethiopia may, in fact, have the most comprehensive program in all Africa — a joint venture with United Nations agencies that regularly screens nearly half of its 14 million children under 5 for health and nutrition problems. Since 2004, the program has delivered vitamin A doses and deworming medicine to 9 in 10 youngsters, vaccinated millions against childhood diseases and delivered fortified food and nutrition education.

Unicef's Ethiopia representative, Bjorn Ljungqvist, said the effort sprang from a disastrous 2003 drought in which global aid agencies fed 13.2 million Ethiopians — the most costly aid undertaking ever in Ethiopia. When the aid effort ended, he said, international donors and government officials decided that "we have to ensure that we don't get into this situation again."

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The program may be a model for Africa: similar ones try to improve youngsters' health, but none, Dr. Ljungqvist said, addresses the nutritional deficiencies that leave children with lifelong disabilities. The effort saves 100,000 lives a year, by Unicef estimates. And because it focuses not just on handouts, but on preventive care and nutrition education, the effects could be lasting.

Beyond that, as African nations develop Western-style mass markets, with brand names and national distribution networks, sales of vitamin-fortified foods are slowly becoming common in urban areas, just as in the West decades ago.

But much of the continent has far to go.

Well over half of sub-Saharan children under 5 lack iron, vital to developing nervous systems, the Micronutrient Initiative, a Canadian research organization, reported in 2004. They often have trouble concentrating and coordinating brain signals with movements, like holding a pencil, that are crucial to education.

Another 3.5 million children lack sufficient iodine, which can lower a child's I.Q. by 10 or more points. More than a half million suffer vitamin A deficiency, which cripples young immune systems; merely ensuring adequate vitamin A can lower child mortality by more than one- fifth. Children lacking vitamin B12, regularly measured nowhere in Africa, have impaired cognitive skills and do poorly on tests.

In most foods, these vital nutrients exist in traces — vitamins A and B12, iron, iodine, folic acid. Denied them in the womb and in infancy, children suffer irreversible brain and nervous-system damage, even if they appear well fed.

"Even trained people can't always see them," said Mark Fryars, the director of program services for the Micronutrient Initiative. "You may see a kid whose skin is very pale. You may go into a classroom where a child wanders off, or falls asleep, or doesn't go out to play because he's too tired. Multiply that into whole villages, and that translates into an impact on the society."

In richer parts of the world, nutritional deficiencies are a nonissue. Three percent of American children are malnourished. American flour and cereals have been fortified with vitamins and iron — by law — since the 1930s.

In sub-Saharan Africa, however, lost productivity from vitamin and mineral deficiencies costs nations $2.3 billion a year, Unicef reports, and losses of productivity in Mozambique, Zambia and Malawi exceeded 1 percent of gross domestic product.

Many African children sometimes receive nutrient supplements, courtesy of the World Food Program, Unicef and charities. Still, donors cannot meet the need. In Ethiopia, for example, a venture between the government and United Nations agencies is caring for 20,000 acutely malnourished children at 100 sites.

"But we can count 70,000," said Iqbal Kabir, the chief nutrition expert at Unicef offices in Addis Ababa, Ethiopia's capital. "We can't treat them all."

Shimider is but a hundred or so stone and reed homes, one room each, in a mountain valley in the Amhara region, 250 miles north of Addis Ababa. The slopes here have been intensively farmed for thousands of years, and their soils are exhausted.

Twenty-two years ago, a famine here killed more than one million people. Today, hunger is measured in squandered lives.

Thirty percent of Amhara's children under 5 are stunted, with another 26 percent severely stunted, evidence of lifelong, acute hunger. One in 15 pregnant women experiences night blindness, indicating vitamin A deficiency and a diet devoid of protein and red or yellow fruits and vegetables.

Among both malnourished children and their mothers, the impact of such privation is achingly evident.

One recent Sunday, Tewres Beram, a woman in her early 20s, carried her daughter Mekdes to a free immunization clinic. Mekdes, severely malnourished, sat suckling fruitlessly at her mother's breast. "We don't have enough food," her mother said, "so there's not enough milk to feed her." A year old, Mekdes does not crawl. Her sister, 2, has barely begun to crawl. "Both of them are like little dead bodies," their mother said.

Sirkalem Birhanu, 40, clasps Endalew, age 2 and unable even to hold up his head. "He's always sick," she said. Endalew has company, she said; his 13-year-old brother "is very tiny, and he loses weight."

"And he's always been sick," she added.

And there is Berhane Gebeyew, 36, whose malnourished 18-month-old daughter, Genet, is a lump in her lap, despite receiving six months' worth of fortified food last May from the governments.

Mrs. Gebeyew split the food among Genet and her four siblings, ages 6 to 15. "The other children, when they stare at my eyes, I give it to them," she said.

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She and her husband feed their children two daily meals of injera, a spongy flatbread of fermented barley, occasionally with four ounces of bean sauce. When the children attend Shimider Primary, each gets 10 ounces of vitamin-fortified meal mixed with cooking oil. But attendance is spotty, especially when they help harvest crops in November and December.

And by the time children reach school age, much of malnutrition's damage has already been wrought.

Wondewosen Fekadu is the headmaster at Shimider Primary. Mr. Fekadu worked last year in Tseta, a lowland village where families eat better and drink milk. The difference in their students, he said, is striking. "Children there are relatively smarter and more active," he said. "There are students here who are up to fourth grade and they cannot even read and write, even attentively following the classes."

Three of Mrs. Gebeyew's children attend Shimider Primary. Mogus, a 10-year-old third grader, is three and one-half feet tall — wide-eyed, sweet and flummoxed by academics.

"He's on the poor level — very slow," his teacher said. "He doesn't give attention when I'm teaching. He doesn't concentrate." In a classroom of 60 children, Mogus ranks 46th.

Mulu, 13, her ribs prominent through rips in her green school dress, races from home to get to her beloved third-grade class. But Mulu is 47th in a class of 60.

Fifteen-year-old Yirgalem, about two inches taller than Mulu, has a teenager's diffidence toward school. "It's not that tough," he said. His second-grade teachers differ. "When he comes to school, I don't even think his mind is normal," one of his teachers, Amelework Ejigu, said.

There is great promise that this region's future youngsters will not be hobbled by mental disabilities. Virtually all nutritional deficiencies can be easily and cheaply prevented, sometimes for pennies per child, through programs like universal salt iodization, fortification of flour and semiannual doses of vitamins.

Such efforts already are under way in some nations, and they are a foundation of most United Nations children's programs. But in just as many places, they remain a promise.

At Tefera Hailu Memorial Hospital in Sekota, across a mountain from Shimider, the nutrition ward's 10 beds are filled with worried mothers and shrunken babies. Among them are Adna Berhanu and her 5-month-old son, Agnecheu.

Mrs. Berhanu's huge goiter is decorated with blue tribal tattoos. Her skeletal baby is severely iodine deficient, surely impaired for life should he survive.

Although iodine deficiency is endemic in Amhara Province, "I've been here a year, and we have no iodine in this ward," the nurse on duty said. Beyond a blood test to estimate iron content, the attending physician said, no one even analyzes children's nutritional status. Such tests, he said, are luxuries.

"We focus on saving lives; that's our long-term focus," he said. "We can't focus on what happens to them afterward."

Moscow Links Poisoning Inquiry To Yukos Case (NYT)

By Steven Lee Myers

The New York Times, December 28, 2006

MOSCOW, Dec. 27 — Russia's Prosecutor General's Office on Wednesday produced a startling new twist in the investigation of the killing of Alexander V. Litvinenko, the former K.G.B. officer who died in London in November of radiation poisoning. It announced that it was investigating the possible involvement of former executives of Yukos Oil, the company dismantled by a prosecutorial assault last year.

In a statement released Wednesday evening, the prosecutor's office said its investigation indicated a link between the poisoning of Mr. Litvinenko and criminal cases under way against Yukos executives. It singled out Leonid B. Nevzlin, a major shareholder and partner of the company's jailed chief executive, Mikhail B. Khodorkovsky.

The statement did not elaborate on any evidence that might link Mr. Nevzlin and others to Mr. Litvinenko's death, which was caused by a high dose of a radioactive material, polonium 210.

The accusation nevertheless was an effort on the part of the Russian government to tie Mr. Litvinenko's death to accusations of a convoluted web of economic and other crimes that destroyed Yukos, once Russia's richest company.

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The prosecution of Yukos and Mr. Khodorkovsky was widely seen as a Kremlin-led campaign against a company seen as defiant of President Vladimir V. Putin and against a man seen as a potential political threat.

A spokesman for Mr. Nevzlin, a close associate of Mr. Khodorkovsky who is wanted on charges in Russia and lives in self-imposed exile in Israel, dismissed the new accusations as a continuation of that campaign.

"We all know the methods of the K.G.B.," the spokesman, Amir Dan, said in a telephone interview, referring to the defunct Soviet security agency. "The statement is ridiculous. It is not worth any comment."

When Mr. Litvinenko fell ill on Nov. 1, officials in Russia ridiculed the accusations of Russian involvement. But when he died on Nov. 23 from the effects of radioactive poisoning, investigators here agreed to assist British detectives, who visited for several days this month.

The statement from the Prosecutor General's Office said the investigations of Yukos had now been combined with that of Mr. Litvinenko's killing.

"A version is being verified according to which the contractors of these crimes may be one and the same group of people whose names are on the international wanted list" for committing grave crimes, the prosecutors' statement said. It specified Mr. Nevzlin as one of them but did not identify any others.

Mr. Nevzlin has long evaded Russian requests for extradition — a source of diplomatic irritation between Russia and Israel. On Sunday he arrived in the United States on vacation, Mr. Dan said, prompting new demands by the Russians that the Americans arrest him.

A United States government official who has been briefed on the case and spoke on condition of anonymity because of privacy regulations said Mr. Nevzlin arrived at Newark Liberty International Airport in New Jersey on Sunday and was questioned by Customs and Border Protection officers. He had a valid visa and was allowed into the country, the official said. A Justice Department spokesman said the department had no information about Mr. Nevzlin.

The prosecutors' statement said Russia would prepare new requests for extradition, though it did not identify the countries to which the requests would be made.

Mr. Nevzlin's name has surfaced in connection with the Litvinenko case before. He met with Mr. Litvinenko in the weeks before his poisoning, evidently in October. After Mr. Litvinenko's death, Mr. Nevzlin said that Mr. Litvinenko had provided him with a dossier that "shed light on most significant aspects of the Yukos affair."

The dossier's contents remain unclear, but Mr. Nevzlin said he had provided them to British investigators. It was also unclear how Mr. Litvinenko, who fled Russia in 2000, could have come to possess incriminating information about a case that unfolded after his departure.

In another aspect of the Litvinenko case, investigators in Germany discovered traces of polonium at places visited by Dmitry V. Kovtun, another businessman and former security officer who was one of two Russian businessmen who met Mr. Litvinenko in London on Nov. 1, the day he was evidently poisoned.

The traces found in Germany appeared to have been left in the days before Mr. Kovtun flew from Hamburg to London on that morning.

Prosecutors here say they are investigating Mr. Kovtun's poisoning as an attempted murder committed in conjunction with Mr. Litvinenko's killing. That would suggest that Mr. Kovtun was a victim, not a suspect.

Mr. Kovtun is said to be in a Moscow hospital being monitored for symptoms of radiation poisoning, though his condition and whereabouts are shrouded in mystery. He and the other businessman, Andrei K. Lugovoi, were questioned by Russian and British investigators. Nothing is known of the nature of their responses.

The man at the center of the Yukos affair, Mr. Khodorkovsky, the company's former chairman, has also come under new prosecutorial scrutiny. Convicted last year on charges of fraud and tax evasion that his supporters described as politically motivated, Mr. Khodorkovsky was transferred over the weekend from the remote Siberian prison where he was serving an eight-year sentence to a regional detention center in Chita.

On Wednesday prosecutors preparing new criminal charges against him questioned him and his jailed business partner, Platon A. Lebedev, Mr. Khodorkovsky's lawyer said in a statement. The lawyer, Yuri M. Schmidt, said investigators accused his

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client of laundering money by making contributions to Open Russia, a social and educational charity Mr. Khodorkovsky founded. The authorities have since closed the charity.

Mr. Schmidt said the timing of the new questioning amounted to “moral and physical pressure” on his client, whose current sentence does not end until 2012.

Moscow Trying To Kill Investigation By Targeting Nevzlin: Litvinenko Friend (AFP)

AFP, December 28, 2006

Russian allegations against the main shareholder in oil giant Yukos that he is connected to the poisoning of ex-spy Alexander Litvinenko are an attempt to deflect responsibility from the true perpetrators, a friend of the dead spy told AFP.

"It's total nonsense... accusing (Leonid) Nevzlin, The Kremlin is just trying to cover up," said Alex Goldfarb, who was also Litvinenko's former spokesman, speaking by telephone from New York.

The Russian public prosecutor's office said on Wednesday that it had information which might help clear up Litvinenko's murder involving Nevzlin, a former close associate of jailed Yukos chief Mikhail Khodorkovsky.

"All evidence seems to show that the two Russians (Andrei Lugovoi and Dmitri Kovtun, who met with Litvinenko on the day he fell ill) are responsible" for the former spy's poisoning, Goldfarb said.

The accusation "just raises the suspicion that the government is trying to hide its responsibility," he added.

Nevzlin and billionaire Russian businessman Boris Berezovsky, the former exiled in Israel, the latter in London, "are the two person that can stand up to Russia, they have the money," Goldfarb said.

Nevzlin was one of the closest associates of Khodorkovsky, who is serving an eight-year prison sentence for tax evasion, a conviction largely suspected to have been politically engineered by the Kremlin.

Goldfarb said he was not close to Nevzlin.

Litvinenko, a former member of the Russian secret services and a fierce critic of the Russian government from his exiled home in London, died on November 23, three weeks after he felt the first symptoms of poisoning by the radioactive substance polonium-210.

Russia Probes Ex-Yukos Owner In Spy Case (AP)

By Henry Meyer, Associated Press Writer

AP, December 28, 2006

Russian prosecutors said Wednesday they are investigating the possible role of a former owner of the Yukos oil company in the radiation poisoning death of one-time Russian intelligence agent Alexander Litvinenko.

They did not explain the basis for the allegations against Leonid Nevzlin, who now lives in exile in Israel.

Russia has unsuccessfully pressed for the extradition of a number of Kremlin critics in recent years, including Nevzlin and tycoon Boris Berezovsky, who lives in Britain.

Amir Dan, a spokesman for Nevzlin, dismissed the prosecutors' allegations.

"We all know the ways of the KGB and the Russian government, and these claims are ridiculous and are not worthy of comment," he told The Associated Press.

Alex Goldfarb, a friend of Litvinenko's active in London's community of Russian expatriates and Kremlin critics, called the charges against Nevzlin a "clumsy effort" by Moscow to shift blame from itself.

"This is sheer nonsense," he told the AP. "Everybody knows that all evidence points to Russia. The way the Russian government, the Russian prosecutors are handling it is only adding to that suspicion that it is the Russian government behind this."

Litvinenko died in London on Nov. 23 after he was exposed to a rare radioactive element, polonium-210. In a deathbed statement, he accused President Vladimir Putin of ordering his murder, allegations which the Kremlin has dismissed.

Nevzlin fled Russia after authorities launched a criminal investigation against Yukos, once Russia's top oil producer, in 2003.

Nevzlin told the AP last month that Litvinenko had given him a document related to Yukos. He said he believed the poisoning death was tied to Litvinenko's investigations of the Russian government's dismantling of the company.

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On Wednesday, the Prosecutor General's office said Nevzlin and other Yukos figures wanted by Russia could have ordered Litvinenko's killing as well as the poisoning of another former agent, Dmitry Kovtun.

"We are checking the possibility that these crimes could have been ordered and organized by the same group of people who are wanted internationally, one of whom is Leonid Nevzlin," prosecutor's spokeswoman Marina Gridneva said on state television.

The statement said prosecutors had formed a special investigative unit and were preparing to file international requests for assistance in the case and possible extradition demands.

Britain sent Scotland Yard detectives to Moscow this month to interview witnesses but they were allowed only to sit in on questioning by Russian prosecutors.

Russia also launched its own investigation, seen as a bid to keep control of the politically explosive case, which has threatened to drive relations between Britain and Russia to post-Cold War lows.

Meanwhile, Russian authorities on Wednesday questioned the imprisoned Mikhail Khodorkovsky, the former chief executive of Yukos oil, as a suspect in a new criminal inquiry, his lawyer said.

Yuri Schmidt said Khodorkovsky was questioned on suspicion of involvement in money-laundering — allegations the lawyer dismissed as politically motivated.

Khodorkovsky, once Russia's richest man, is currently serving an eight-year sentence on fraud and tax evasion charges in a prison in eastern Siberia.

"The new case is a continuation of selective justice aimed at applying moral and physical pressure on Mikhail Khodorkovsky, further destruction of Yukos and the confiscation of assets," said Yuri Schmidt, Khodorkovsky's lawyer, in a statement posted on a Web site for the tycoon's supporters.

Nevzlin, who according to Forbes magazine had a net worth of about $2 billion before Yukos' collapse, has been charged by Russia with ordering the 2002 murder of a married couple.

A former Yukos security officer has been jailed since mid-2003 in the case, which was allegedly business-related.

Litvinenko fell ill after meeting with Russian businessman Kovtun, Andrei Lugovoi, also an ex-Soviet agent, and Vyacheslav Sokolenko, head of a private Russian security firm, at a bar at the Millennium Hotel in London.

All three men have denied involvement in the former spy's death. Kovtun himself has been contaminated with radiation and is undergoing treatment at a Moscow hospital.

The unexplained murder has inspired widespread speculation about who may have been behind it.

Many Western analysts suspect the Kremlin, though there is no evidence that the Russian government was involved.

Pro-Kremlin lawmakers have suggested — also without offering evidence — that Berezovsky was responsible, as part of a plan to blacken the reputation of Putin and the Kremlin.

Mario Scaramella, an Italian who also met with Litvinenko the day he fell ill, is seeking release from prison, his lawyer said Wednesday. His arrest is not believed to be directly connected to Litvinenko's murder.

Scaramella was questioned for about six hours by Italian prosecutors in a Rome jail, where he is being detained.

His lawyer, Sergio Rastrelli, said his client is accused of slander. Scaramella's father and Italian news reports say the suspect was accused of international arms trafficking.

"We intend to seek his immediate release from prison," Rastrelli told reporters. "My client will respond to all questions and will clarify any ... misunderstanding."

Russians Open New Probe Of Oil Baron (WP)

By Peter Finn

The Washington Post, December 28, 2006

MOSCOW, Dec. 27 -- Imprisoned Russian oil tycoon Mikhail Khodorkovsky is a suspect in a new money-laundering investigation, raising the possibility that the Kremlin foe, already serving an eight-year sentence for tax evasion and fraud, could spend many more years in prison, his attorney said Wednesday.

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Khodorkovsky, his imprisoned partner Platon Lebedev, also a suspect, and their attorneys were summoned to a detention facility in the remote Siberian city of Chita to undergo questioning Wednesday. Both Khodorkovsky, founder of Yukos Oil Co., and Lebedev refused to answer questions, their attorneys said, rejecting the case as the continuation of a government vendetta that landed them in prison in the first place.

"A new case is the logical continuation of the selective justice aimed at putting moral and physical pressure on Mikhail Khodorkovsky, further destruction of Yukos and seizing its property," Khodorkovsky attorney Yuri Schmidt said in a statement.

"Because of the lack of any independent investigation and the direct link of investigators and the head of the group to the Kremlin administration, Mikhail Khodorkovsky demanded that the entire investigation group be removed." He is serving his sentence in an isolated Siberian camp 3,000 miles from Moscow.

Prosecutors provided no details about the probe. But Russian press reports said the case relates to the alleged sale of oil at below-market prices between subsidiaries of Yukos between 2000 and 2003. Prosecutors apparently allege that billions of dollars in undeclared profits were shifted to offshore accounts before being redistributed to other parties.

Among the suspected recipients of some of the money is Khodorkovsky's now-defunct foundation, Open Russia, which spent millions of dollars on programs aimed at strengthening democracy and education in Russia. Critics of Khodorkovsky's prosecution say he was targeted because his political activity, particularly his ability to fund opposition activity, was seen as a threat to the rule of President Vladimir Putin.

The Kremlin and prosecutors here say they reined in a rogue oligarch who defrauded the state.

Russian authorities have driven Yukos into bankruptcy, stripping it of its prime assets, pursuing remaining assets held abroad and launching investigations against company officers, including foreign executives.

In Moscow on Wednesday, prosecutors said they were investigating former Yukos shareholder and Khodorkovsky partner Leonid Nevzlin for possible involvement in the Nov. 23 poisoning death in London of former Russian intelligence agent Alexander Litvinenko, the Associated Press reported. A spokesman for Nevzlin, who lives in exile in Israel, called the probe "ridiculous."

Two years ago, the state oil company Rosneft, which is chaired by a senior Kremlin official, acquired 76.79 percent of Yukos's largest production unit for $9.3 billion after a murky government-run auction in which the unit was initially purchased by a front company.

The Yuganskneftegaz unit was pumping 1 million barrels of oil a day at the time of the sale and now accounts for 60 to 70 percent of Rosneft's oil production. Rosneft was valued at more than $70 billion when it sold a 14.8 percent stake in the company in an initial public offering in July in London. Yukos continues to fight the sale of Yuganskneftegaz in Russian courts.

Yukos's Russian assets are under the control of a Moscow court, and its foreign assets are held by a Dutch foundation, which is planning to sell them to pay off creditors, including Group Menatep, the largest. In the Dutch courts, the Russian authorities unsuccessfully fought the planned sale of Yukos assets, including a refinery in Lithuania.

If Menatep is paid an estimated $800 million in debts, Khodorkovsky and other shareholders would be left with a significant nest egg, something Russian officials appear determined to prevent.

Gazprom Warns Of Wider Cutoffs If Belarus Interferes With Gas (NYT)

By Andrew E. Kramer

The New York Times, December 28, 2006

MOSCOW, Dec. 27 — Gazprom, the Russian energy monopoly, reacted fiercely on Wednesday to a suggestion from Belarus that it would pull natural gas out of export pipelines rather than pay a higher price for the fuel.

Reversing course from its assurances of Tuesday, Gazprom warned Poland, Lithuania and Germany of possible supply disruptions. About 8 percent of the European Union's gas imports pass through Belarus.

The country, whose alliance with Russia has turned rocky, both imports natural gas for domestic consumption and transships fuel to markets farther to the West. Its president, Aleksandr G. Lukashenko, is often referred to as Europe's last dictator.

"We are interdependent," the deputy prime minister of Belarus, Vladimir I. Semashko, said of the two countries' energy ties in remarks Wednesday on Russian state television. "If I don't have a domestic gas supply contract, Gazprom won't have a transit deal."

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Mr. Semashko brushed aside Gazprom's threat to halt supplies for the domestic market in Belarus. "Gazprom will not reduce the amount of supplies," he predicted. "With Ukraine there was an attempt like this. After two days, everything fell back into place."

He was referring to the showdown at the beginning of the year when a price dispute between Ukraine and Russia and a two-day embargo caused jitters across Europe, which relies on Russian gas, especially in the winter.

Gazprom's chief executive, Aleksei B. Miller, responded by issuing a deadline to shut off the gas. "If a contract for supply next year is not concluded, Gazprom will have no basis to supply gas after 10 a.m. on Jan. 1, 2007," he said in televised remarks. He also suggested that Russia should impose export duties on sales to Belarus, raising the price to $260 per 1,000 cubic meters.

Earlier, Gazprom had offered Belarus gas for $105 for the same volume, a combination of cash and equity in a key export pipeline.

"You shouldn't expect New Year's presents from Gazprom," the company's spokesman, Sergei V. Kupriyanov, said after the Belarussian implied threat of disrupting Gazprom's exports to Europe, the source of most of the corporation's income. "Gazprom is not Santa Claus."

As in the dispute with Ukraine, the bargaining has become a test of Belarus's leverage as a transit country for Russian energy and its willingness to risk the energy supplies of its neighbors farther down the pipelines.

"Each of the former republics has a different set of circumstances in terms of what leverage the Russians have, and what relations these countries have with their neighbors," Jérôme Guillet, a Paris-based banker and an authority on Gazprom's business practices, said in a telephone interview.

Ukraine, for example, will pay $135 per 1,000 cubic meters next year. By contrast, Georgia, led by a pro-Western government, will pay $235. Belarus currently pays $46.68 per 1,000 cubic meters, the lowest price in the former Soviet Union outside of Russia itself.

About 20 percent of Gazprom's exports to Europe pass through Belarus, and 80 percent via Ukraine. The 25 countries in the European Union, taken together, import 40 percent of their gas from Russia. Gazprom said its average price in Western Europe in the first half of 2006 was $265.

Mr. Kupriyanov of Gazprom said Wednesday that Belarus wanted to pay just $75 per 1,000 cubic meters and asked that Gazprom front the entire $2.5 billion for a 50 percent share in the pipeline company, Beltransgaz. That proposal is "very unlikely" to satisfy Gazprom, he said.

Gazprom Readies To Halt Delivery Of Gas To Belarus (WSJ)

The Wall Street Journal, December 28, 2006

MOSCOW -- Russian state gas monopoly OAO Gazprom will halt supplies to Belarus on Jan. 1 if no new contract is signed and has warned European countries of potential problems with deliveries via Belarus, the Interfax news agency quoted the company's chief as saying Wednesday.

Gazprom, which is demanding Belarus pay more than twice the current price for gas next year and hand over a 50% stake in its gas distribution system, refused to back down after Minsk threatened to siphon off Russian natural gas bound for Europe in the event of a suspension of supplies to Belarus.

"If a gas supply contract for next year is not reached, Gazprom will have no grounds for deliveries of gas to Belarus as of 10 a.m. Moscow time on Jan. 1, 2007," Gazprom Chief Executive Alexei Miller said in televised comments.

Mr. Miller said that Gazprom would supply gas for European consumers to the Russia-Belarus border "in full volume and in full compliance with its contracts," but a Belarusian official hinted earlier that Belarus could hinder supplies to Europe across its territory if Gazprom suspends deliveries meant for Belarus.

Mr. Miller said Gazprom has sent letters to Germany, Poland and Lithuania informing them "of possible problems in the transit of gas through Belarus," according to the ITAR-Tass news agency. About 30% of Russian gas supplies to Europe go through Belarus.

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Gazprom will also ask the government to introduce export duty on its supplies of gas to Belarus, the news agency Prime-Tass reported Mr. Miller as saying Wednesday. He said the Russian government was losing $1.3 billion a year by not levying export duty on supplies to Belarus.

If adopted, the measure would mimic one taken two weeks ago by the Russian government to start applying export duties on deliveries of crude oil to Belarus.

The two sides remain at variance over the price of Gazprom's deliveries. Gazprom wants $200 per 1,000 cubic meters, or an equivalent deal that would combine a smaller cash payment and up to 50% of pipeline operator Beltransgaz. That would represent a quadrupling of the price Belarus paid this year.

The Belarusian government says it can't afford the increase, which would bring its gas price into line with other Gazprom customers in central Europe. Belarus will buy around 20 billion cubic meters of gas this year from Gazprom.

Belarusian Deputy Prime Minister Vladimir Semashko was reported by local media Wednesday as saying that, in the absence of a new deal, Belarus would assume that the old contractual terms for 2006 remain in place. A Gazprom spokesman said this was tantamount to a declaration of intent to steal transit gas, Prime-Tass reported.

Gazprom Price Row Threat To European Gas (FT)

By Arkady Ostrovsky

Financial Times, December 28, 2006

Gazprom, Russia's state-controlled gas giant, on Wednesday warned that its spiralling price dispute with Belarus could disrupt supplies to Poland, Germany and Lithuania following an implicit threat by Belarus to stop the transit of Russian gas.

Gazprom and Belarus exchanged strongly-worded threats on Wednesday which echoed Russia's stand-off with Ukraine a year ago when Moscow turned off gas supplies to Kiev, interrupting transit to Europe.

Gazprom said that unless a new deal is signed in the next four days it will turn off gas supplies to Belarus from January 1, while Belarus said it would stop the transit of Russian gas to Europe. Analysts said Gazprom's reputation could suffer further from the dispute.

"We are inter-dependent. If I don't have a domestic gas supply contract, Gazprom won't have a transit deal," said Vladimir Semashko, deputy prime-minister of Belarus.

Gazprom admitted it would not be able to fully compensate its European customers if Belarus started siphoning off gas from the pipeline, which transports 20 per cent of its gas to Europe.

Alexei Miller, Gazprom's chief executive, told Russia's state television channel: "Gazprom has today sent letters to its partners in Lithuania, Poland and Germany about the gas supply situation occurring with Belarus."

Belarus currently pays Russia just $46 per thousand cubic meters of its gas – the same as Russian domestic customers and five times lower than European levels.

Gazprom initially threatened to raise prices for Belarus to $200, wiping out a multi-billion subsidy that helps sustain Alexander Lukashenko, its authoritarian leader, in power.

However, Gazprom subsequently agreed to drop its price to $105 per thousand cubic meters, with a caveat that Belarus pays $75 in cash and the rest in shares of Beltransgaz, the country's gas pipeline and distribution network.

Belarus accepted the price of $75 per thousand cubic meters and reluctantly agreed to sell 50 per cent of Beltransgaz to Gazprom. But it wants Gazprom to pay up front $2.5bn for its stake in Beltransgaz.

Gazprom says it is "no Santa Clause" and would not make any more concessions. But the Russian company is in a difficult position, partly induced by its own policies towards Ukraine and other former Soviet republics over the past year.

If Gazprom turns off gas supplies to Belarus, disrupting supplies to Europe, its reputation for unreliability would suffer further. If it caves in to Belarus's demands, however, it would lose face at home, while also displaying a selective approach to different political regimes in the former Soviet Union.

Russia has been blamed for using gas pipelines as a weapon against west-leaning Ukraine and Georgia. In contrast to both those countries, Belarus has no ambition to join NATO or the European Union. But while Mr Lukashenko has been labelled

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“Europe’s last dictator” by the US and is widely considered a pariah in Europe, he ahs adopted a tough line in gas negotiations with Russia, giving Gazprom a taste of its own medicine.

While Mr Lukashenko has little to lose in terms of his reputation, “the damage caused to Gazprom's status as a reliable gas supplier may theoretically be greater than last time round [with Ukraine],” Deutsche UFG, a Russian arm of Deutsche Bank, said on Wednesday.

Gazprom said it would deliver all contracted gas to the Russian border with Belarus, which could allow it to shift any blame for disruption onto Belarus. But “this would unlikely be of comfort to European consumers, who may miss 1/5 of their Russian gas imports,” Deutsche UFG said.

U.S. Ups Port-security Exchanges (WT)

By Richard Halloran

The Washington Times, December 28, 2006

HONOLULU -- The U.S. Coast Guard is quietly expanding exchanges with Chinese maritime-security agencies in a move that reflects the boom in seaborne trade between the two countries.

Chinese law-enforcement officers ride Coast Guard cutters patrolling North Pacific fishing areas. Chinese and American officers scrutinize port security on each other's coasts. Chinese take part in joint training drills.

Chinese, along with Canadians, Japanese, South Koreans, Russians and Americans, attend an annual North Pacific Coast Guard Forum in Alaska.

And the Coast Guard has posted a Chinese-speaking officer, Capt. Barney Moreland, to the U.S. Embassy in Beijing to liaise with Chinese officials, including those dealing with port security.

Coast Guard officials think the cooperation is justified by growing trade links in spite of often uneasy political relations between the United States and China. Most of the $207 billion worth of Chinese exports to the United States in the first nine months of 2006 moved by ship.

"We put politics aside to focus on the mission," said Rear Adm. Sally Brice-O'Hara, who commands Coast Guard ships and sailors from Hawaii west to the shores of Asia.

The exchanges also are part of a broader U.S. effort to rebuild military exchanges with China, which lapsed after Chinese authorities crushed a pro-democracy movement at Tiananmen Square in 1989 and a Chinese fighter plane collided with a U.S. reconnaissance plane off Hainan Island in 2001.

Secretary of Defense Robert M. Gates indicated to the Senate Armed Services Committee ahead of his confirmation that he would continue those exchanges. "I believe that expanded military exchanges with China can be valuable, but should be based on China's willingness to reciprocate."

The reasons for the exchanges are several. At the workaday level, the two sides exchange information on "best practices," on how well things are done, said Adm. Brice-O'Hara.

Strategically, the Pacific Command seeks to reassure the Chinese, who are suspicious of foreign powers, that the United States is not planning to attack. Conversely, the United States seeks to deter the Chinese from miscalculating and planning a war with the United States.

Down at deck level, the Coast Guard Cutter Rush called at the Chinese port of Qingdao recently to pick up an official of the Fisheries Law Enforcement Commission, Tan Lizhou.

He came aboard to work with the crew as they checked on whether fishing boats in the North Pacific were operating in accord with international agreements intended to conserve dwindling stocks of fish there.

"We made him part of the crew," said Capt. Dana Ware, then the skipper of the ship. He assigned Mr. Tan the rank of lieutenant commander, which made him relatively senior among the ship's 20 officers.

Mr. Tan mustered to quarters, ate with the officers in the wardroom where he didn't much care for American food, and had computer connections with his home base in China.

Mr. Tan's main duty, however, was to communicate by radio with Chinese fishing vessels that Capt. Ware thought should be inspected, then to go with the boarding party to verify the vessel's registration, equipment records and catch log.

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"We let him do most of the talking," Capt. Ware said, noting that Mr. Tan's English got better as time passed so that he could explain more to his American hosts.

An e-mail to Mr. Tan asking whether his voyage on the Rush had been worthwhile and served the purposes of his government went unanswered.

Ashore, port security has taken high priority since the September 11 attacks in New York and Washington. The possibility that a terrorist could hide a bomb in a shipment of Chinese exports to the U.S. causes anxiety -- as does a shipment of imports into China from anywhere.

Thus, says Adm. Brice-O'Hara, "We want to see their port-security standards. And the Chinese come look at our ports so that we can share best practices."

For Eco-Entrepreneurs In China, No Simple Way To Grow A Business (WP)

By Edward Cody

The Washington Post, December 28, 2006

SHANGHAI -- Except for its paint job, green to symbolize environmental friendliness, the bus looked ordinary enough as it bumped along a suburban Shanghai street late one recent morning. But it was strangely quiet. Only a distant hum accompanied the rattles and passengers' conversations.

The hum came from a hydrogen fuel cell providing clean, renewable energy to the demonstration vehicle, manufactured by Shen-Li High Tech Co. Ltd., a private Shanghai company that set out to make its fortune from hydrogen power for buses, taxis and generators in the giant Chinese market.

Shen-Li, launched here by a Clemson University-trained engineer, Hu Liqing, found encouragement in a campaign by the Chinese Communist Party to promote bold departures such as hydrogen power.

Party leaders have decided that the Chinese people, steeped in tradition and educated to obey party directives, must learn to initiate and innovate, because the future of the Chinese economy depends on it.

Most of China's current economic boom has come from young men and women working for low wages in factories that use technology and product designs from abroad. As the economy matures, China's government has warned, it must rely increasingly on new technology invented by the Chinese themselves, who are being urged to turn assembly plants into laboratories blooming with a hundred flowers of new ideas.

"We must speed up the construction of an innovative nation," the Communist Party's Central Committee declared after a Dec. 5-7 meeting.

But the experiences of Shen-Li and other companies with ambitions to market hydrogen power suggest that China's one-party system and pervasive controls hamper innovation in many fields, from arts to sciences. In a nation where the party retains a monopoly on power -- economic and otherwise -- bursting from the official mold with a new idea and bringing it to market is never easy.

Although the need for pollution-free vehicles and renewable energy is clear in China's increasingly choked cities, the future of hydrogen power has remained in the grasp of a powerful officialdom that decides on budget allocations. The government's senior levels repeatedly have endorsed alternative forms of energy but have yet to take decisive steps toward getting hydrogen-powered vehicles onto the streets.

The Shanghai municipal government and party apparatus, proud of a can-do attitude that helped make their city China's most prosperous, promised big-time investment in a hydrogen-powered bus and taxi fleet. But the local leadership went down in a corruption scandal in September, raising doubts about their plans.

"In China, it all depends on the government," said Mao Zongqiang, one of the country's leading experts on hydrogen and other alternative fuels at Tsinghua University's Nuclear and New Energy Institute.

Hu Liqing, 43, made hydrogen power his mission years ago, even before the Communist Party struck up its innovation theme. After postdoctoral studies at Clemson and two years working in Vancouver, B.C., he returned and founded Shen-Li in 1998 with the idea of attacking the pollution in his native China and making money as well.

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"We are trying to do something good for human beings," he said in an interview at his factory in Shanghai's suburban Longyang Industrial Garden. "Even in Canada, we are losing paradise. Of course, Chinese people face an even more serious situation, and so that's why I came back and tried to get people to focus on the future."

Hydrogen cell power is under development at major automobile companies around the world. Shen-Li has put together its version by drawing on foreign parts and know-how and its own research. It hopes to make its mark by finding a way to economically mass-produce the propulsion systems.

The beauty of hydrogen power, Hu said, is that a simple chemical reaction in the fuel cell combines hydrogen and oxygen to make water, producing electric current to power a vehicle, with water the only emission. Moreover, he noted, there are potentially boundless supplies of hydrogen and oxygen, unlike petroleum.

The problem is that producing, storing and distributing the hydrogen costs money and requires an infrastructure of filling stations that does not exist, he acknowledged. In addition, the price of manufacturing a hydrogen-powered vehicle exceeds that of producing a traditional gasoline-powered one.

Until recently, that problem looked like it was on the way to being addressed. The activist Communist Party secretary for Shanghai, Chen Liangyu, and the Shanghai mayor, Han Zhen, visited Shen-Li in July and told Hu they were serious about his technology.

The city government had put up about $200 million for hydrogen cell research and development, some of which kept Shen-Li and its 150 employees going. Shanghai officials announced a plan to put 1,000 hydrogen-powered vehicles on the streets here by 2010 and 10,000 by 2015. After that, mass production would be on the horizon, they suggested, and Shanghai would be at the forefront of the world's search for affordable, environment-friendly transportation.

Under the plan, the state-owned Shanghai Automotive Industry Corp. would produce a good share of the cars, and a company in nearby Suzhou would produce the buses. Some officials suggested General Motors Corp. would get a part of the deal as well. But that would still leave a lot of business for Shen-Li.

"In Shanghai, I am very lucky," he said then. "The politicians want to make an investment in the future."

But party secretary Chen was implicated in a pension fund scandal and removed from power three months later. Shanghai officials and business leaders waited for Chen's replacement, wondering whether he would be as enthusiastic about hydrogen-powered vehicles.

Eminent Chinese scientists with connections to the government then warned Beijing that hydrogen fuel-cell technology may not be advanced enough to warrant large-scale investment. As a result, official enthusiasm cooled.

Lower-level Shanghai officials say they remain interested, but in the meantime they've shrunk their ambitions. A new plan recently announced called for only 100 environmentally friendly vehicles of all kinds on the streets by 2008, 1,000 by approximately 2012 and the capability to mass-produce them -- but no commitment to do so -- by 2015. No money has been allocated.

"It's not a very good sign for us," said Shi Tao, who manages administration and outside relations at Shen-Li. "We are a little frustrated."

A subsidiary of Fosun Pharmaceutical Corp., meanwhile, purchased a 36 percent share of Shen-Li late last summer. Since then, Shi said, the company has focused on electricity generators, which offer hope for more immediate sales in China and abroad. Private venture capital for an iffy project like hydrogen vehicles is hard to come by in China, he explained.

From the headquarters of his Fuyuan Century Fuel Cell Power Co. Ltd. in suburban Beijing, Zhong Jialun has watched the ups and downs of hydrogen power plans in China with a practiced eye. Zhong, 63, has seen many things come and go in his time, and now he has put his money on hydrogen power.

"I've always been an optimistic guy," he said. "Everybody says China is the world's factory. But it's just a factory. We haven't mastered the key technologies. But we aren't going to allow things to stay that way. I agree with the government. We must have our own innovative technology. We can't just sell cheap labor."

Born into a prominent family of Red Army officers, Zhong commanded a submarine in the early days of the Chinese navy. During the Cultural Revolution of 1966 to 1976, he said, he ran into trouble with the authorities by pointing out that the upheavals

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of the times were a poor mix with the exacting standards of submarine technology. He was sentenced to death. His sentence was reduced to life in prison, then to 25 years. He served five years until the military brought an end to the Cultural Revolution.

After prison, Zhong found his way into business, following the advice of China's leader of the time, Deng Xiaoping. He went into metals, then restaurants and clothing. Another death sentence, for alleged corruption, was repealed. By the end of the 1980s, he was in the innovation business.

At Fuyuan Century Fuel Cell, he hired a research staff to find a way to make membranes, which are the key and most expensive element in hydrogen fuel cells. The U.S. company DuPont dominates the market for these components.

A Canadian-based Chinese scientist joined the team in 1999 and, in 2000, the company succeeded in making its own membrane, Zhong said, using a manufacturing process that is different from DuPont's. "The next step was to turn it into a product we could sell, to make money," he added.

The Beijing city government's plans for the 2008 Summer Olympics seemed to offer promise. Municipal authorities acquired three hydrogen-powered demonstration buses, assigning them to run a 12-mile route from the Summer Palace to the Wudaokou university district. Eager to show environmental credentials, it also has encouraged the building of two hydrogen filling stations, one of which produces its own hydrogen.

But the buses were bought from DaimlerChrysler. Zhong and his 60 workers have yet to get the orders they need to move their technology into production. While the government reevaluates, officials said, there are no plans for large-scale fuel-cell production in the capital.

Annan And The U.N.'s Limits (WP)

By William Shawcross

The Washington Post, December 28, 2006

Kofi Annan deserves a good sendoff. For 10 years he has persevered with unfailing grace in what really is "a job from hell."

I am biased -- I've admired Annan since the early 1990s, some years before he became secretary general of the United Nations. Like the U.S. government, I welcomed his replacing Boutros Boutros-Ghali in 1996. Annan had been the one U.N. official brave enough to give Washington the green light to bomb the Serbs to the negotiating table in the summer of 1995. His intervention then was crucial.

It is easy to forget now that Annan's first five-year term was widely seen as a great success. He presented a wise, compassionate approach and a breath of fresh air. He also showed unprecedented honesty -- commissioning independent inquiries into the disasters of Rwanda and Srebrenica and accepting all criticism from them, including criticism of himself.

Kofi Annan was (and is) pro-American, and he mended the United Nations' relations with Congress. He persuaded international businesses to help promote development. He concentrated much attention on the ravages of HIV-AIDS.

Not surprisingly, he was reelected by acclamation in the middle of 2001. But then Sept. 11 changed everything. As Annan himself said, the world entered the 21st century through a gate of fire. That fire still rages, especially in Iraq and other countries in the Middle East.

Unlike Annan, I was and remain in favor of the decision to remove Saddam Hussein from power in Iraq. But the Security Council was and remains divided on the whole Iraq issue. The United Nations being what it is, no secretary general could have ignored that division.

Tragically for Annan and the United Nations, more than 20 of his best people were brutally murdered in Baghdad by al-Qaeda in August 2003. This assault, together with the political divisions, have crippled the United Nations in Iraq ever since. But Annan insisted that the United Nations help stage the successful January 2005 election in which so many millions of Iraqis voted freely for the first time in their lives.

The U.N. role in Iraq has been further complicated, if not diminished, by the oil-for-food scandal. This was indeed a disaster; the secretariat was incompetent, a few officials behaved corruptly and the perversion of the program by Saddam Hussein (as Charles Duelfer showed in his magisterial Iraq Survey Group report) enabled the dictator to prop up the Iraqi economy in the last years of his misrule.

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But it is wrong to blame all this on Annan -- members of the Security Council, particularly France, Russia and China, were all busily corrupting the program for their own ends. Even the United States and Britain turned a blind eye to sanctions-busting when it helped their ally Jordan.

Annan tried hard to reform the U.N. system. He has had less success than he'd hoped. In the spring he devised a complicated reform plan that, though supported by John Bolton, then the U.S. ambassador, and agreed on by the Security Council, was scuttled at the last minute by the "Group of 77" developing states. To put it crudely, too many ambassadors and their presidents were frightened of losing too many jobs for their "nieces" in the cozy U.N. system. Annan was deeply disappointed. Blame the members, not him.

Annan has worked endlessly on myriad, often unseen problems. Traveling with him to countries around the world, I was astonished at the number of international calls he had to take daily from leaders begging for help in settling disputes. He dealt with such requests in a calm and conscientious manner that inspired confidence and conciliation.

Darfur has been an agony for Annan the past two years. I was with him in Addis Ababa, Ethiopia, in November; at a meeting of the Security Council's "permanent five," he was desperate to get agreement to send a U.N. peacekeeping force into Darfur to stem the mass murders and ethnic cleansing promoted by the Sudanese government.

After a long day of negotiations, hopes rose that Sudan had finally agreed to Annan's plan, but it was a trick: Soon after the meeting, Sudan's president, Omar Hassan al-Bashir, announced that he would allow no such thing.

The bottom line is that, like Slobodan Milosevic, Saddam Hussein and all too many other leaders of member states, Bashir is a gangster and a murderer. It is not Annan's fault that the world has failed to confront Bashir effectively -- the truth is that he has far too much support, tacit if not overt, among African, Arab and other governments. It's the same with Robert Mugabe in Zimbabwe and other despots.

Millions of people around the world place hope in the United Nations. It all too often disappoints. It does do vital things, but there is much it cannot do, and it is stuffed with cronyism and hypocrisy. It reflects the horrors of the world, as well as trying to keep those horrors at bay. Annan has dealt with such problems with more skill, patience and decency than any recent secretary general. If he was unable to create the decent, reformed, efficient and humane organization he sought, that is because far too few of its members want any such thing.

William Shawcross is the author of "Allies -- Why the West Had to Remove Saddam."

DOJ_NMG_0109737

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, DECEMBER 28, 2006 7:45 AM EST

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DOJ_NMG_0109740

TERRORISM NEWS:

AP: Ex-Guantanamo Detainee Held Again (AP)

By Sadaqat Jan

AP, December 28, 2006

In his chronicle of life as an inmate at Guantanamo Bay, Afghan writer Abdul Rahim Muslim Dost describes his three years of humiliating detention for alleged ties to al-Qaida.

Now, he has lost his liberty again — this time believed jailed by the Pakistani intelligence service for the book's fierce criticism of the agency's role in the U.S.-led war on terrorist groups.

Just weeks after the Sept. 3 release of "The Broken Shackles of Guantanamo," co-written with his brother and fellow Guantanamo detainee Badruz Zaman Badar, Dost was taken away as he left a mosque after prayers in the northwest Pakistan city of Peshawar, where the family has lived for nearly 30 years.

Badar, 36, hasn't seen Dost since and thinks he was detained by Pakistan's Inter-Services Intelligence. In the book, the brothers condemn the agency as a "black institution" and accuse it of selling them into American custody.

There is no official word on Dost's whereabouts, although the rights group Amnesty International also thinks he is held by the government. Pakistan's military and ISI officials did not respond to requests for comment on Dost's case or the brothers' comments on the agency's conduct.

The brothers are both journalists and run a gemstone business. Dost has written more than 30 books, including poetry, and has edited magazines sympathetic to militant Islam, dating back to support for the Muslim guerrillas who fought Soviet troops occupying Afghanistan in the 1980s.

The brothers were both arrested in Peshawar in November 2001 and transferred to the U.S. military in Afghanistan before being taken to Guantanamo.

According to the book and details from "enemy combatant" review hearings at Guantanamo, the brothers were suspected of having links with Islamic extremists. Dost was accused of running a liaison office for al-Qaida in Herat, Afghanistan. He denied that, and the brothers were eventually freed a few months apart in 2005.

During detention, they were repeatedly questioned about Osama bin Laden and Taliban chief Mullah Omar but insist they never met the two leaders.

"We are not fighters. We are men of letters," Badar told The Associated Press in an interview. "We have criticized the American government for their overseas policies but we do not hate the American public, for they are innocent like us."

The 450-page book alleges guards at Guantanamo committed sexual improprieties, physical abuse and mistreatment of the Quran — reiterating charges made by other freed detainees and denied by the U.S. military.

But with a poetic flourish, the book also offers a look at daily life inside the prison at the U.S. Navy base, where hundreds of suspected Taliban and al-Qaida members have been held since the Sept. 11 terror attacks on America.

Dost grumbles about the prison food and says inmates were not fed chicken joints with big bones in case they could be used as weapons against guards.

He recounts giving lessons on Islam to other inmates using a secret communication system, passing words from cell to cell. He writes that captivity deepened prisoners' Muslim faith and some learned the Quran by heart, which he says helped them endure the indignity of detention.

"Life in Guantanamo jail is close to life in a grave," the book says. "That is because the prisoners in Cuba are neither dead nor alive. They are not dead because they have souls ... (but) they have been deprived of all the rights of living people."

Yet the brothers' bitterest criticism is reserved for the Inter-Services Intelligence agency.

Dost and Badar call its agents "criminals," accusing the ISI of selling the brothers into American custody and of confiscating tens of thousands of dollars worth of jewelry, cash and other goods from their business.

"We have such a strong views against ISI because they are our neighbors, they speak our languages and they claim to share the same religion as we do," Badar told AP.

Pakistani intelligence has been instrumental in arresting hundreds of al-Qaida suspects since 2001, including Khalid Sheikh Mohammed, the alleged mastermind of the Sept. 11 attack, but human rights campaigners often accuse it of acting above the law.

Dost says ISI agents twice visited the brothers' home in Peshawar trying to prevent them from publishing "The Broken Shackles of Guantanamo." The brothers refused, and it was published on Sept. 3 in Pakistan in their native Pashto language.

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On Sept. 29, unidentified men took Dost away from the mosque, bundling him into a jeep and driving off as one of Dost's sons looked on. Dost, who has nine children, hasn't been heard from, and his family fear for his safety.

In a recent report, Amnesty International said Pakistani authorities have violated "custodial safeguards" by not producing Dost in court or allowing him access to a lawyer or his family.

Badar, who has three children, now keeps a low profile running the family business. But he is keen the book is more widely read. He wants to issue translations in English, Arabic, Persian, French and Urdu.

"We want the world to know the facts and so that others don't suffer like us," he said.

Military: Abu Sayyaf Chief Remains Found (AP)

By Paul Alexander, Associated Press Writer

AP, December 28, 2006

Remains believed to be from the chief of the al-Qaida-linked Abu Sayyaf group, who was the target of a monthslong U.S.-backed manhunt, have been found in the southern Philippines, the military said Wednesday.

Khaddafy Janjalani is on a U.S. list of wanted terrorists with a $5 million bounty on his head for a series of beheadings, bombings and mass abductions. He has proven elusive in the dense jungles of the southern Philippines, and earlier reports of his demise have proven to be premature.

Lt. Col. Ariel Caculitan, the Philippine marines spokesman, said the decomposing remains were found buried in a remote part of Jolo island. Janjalani was believed to have been killed in a Sept. 4 clash with marines, Caculitan said, but DNA tests would be needed for confirmation.

"We are not yet officially confirming that it's him. We are still waiting for the results of the DNA examination," Caculitan said. He added the U.S. was providing help in forensic tests.

Caculitan said former Abu Sayyaf members who had surrendered helped troops find the site and claimed Janjalani had been shot in the neck. They said he had been carried dying from the area where he was shot to the burial location more than a mile away.

"If you look at the terrain ... it would not be easy to locate the site without reliable information," Caculitan said.

U.S.-backed Philippine troops launched an offensive on southern Jolo island in August, searching for Janjalani and two cohorts, top Indonesian terror suspects Dulmatin and Umar Patek.

Dulmatin, who goes by one name, and Patek are suspects in the 2002 Bali nightclub bombings that killed 202 people. They are also suspected of providing bomb-making training to Indonesian and Filipino guerrillas.

Janjalani and his key commanders have been charged with several deadly attacks in the Philippines, including a 2004 bombing that gutted a ferry and killed 116 people.

They also abducted three Americans and 17 Filipinos from a resort in May 2001, sparking a yearlong kidnapping spree that eventually involved 102 hostages. Eighteen, including one American, were beheaded or hacked to death.

U.S. military counterterrorism experts were dispatched to the Philippines in response to the abductions, and they are credited with helping decimate the terror group. The military currently estimates the Abu Sayyaf to have only 400 armed men left in Jolo and outlying provinces.

Still, Abu Sayyaf has shown itself to be resilient. Guerrillas were suspected of carrying out three recent bombings in the southern Philippines, including one that killed six people on Oct. 10.

Abu Sayyaf says it is fighting to create a Muslim state in the southern Philippines, which has a large Muslim population. The government calls them bandits who survive on the ransom money they are able to extract from abductions.

Abu Sayyaf's founder is Janjalani's brother, Abdurajak Abubakar Janjalani, who fought in Afghanistan before he was killed in a clash with Filipino police in late 1998. A third brother, Hector, was sentenced to life in prison two years ago for abducting American Jeffrey Schilling in August 2000. Schilling managed to escape eight months later.

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Associated Press Writer Oliver Teves contributed to this report.

US, Philippine Military Check On Death Of Abu Sayyaf Leader (AFP)

AFP, December 28, 2006

The United States is helping the Philippine government identify the remains of a man said to be the elusive leader of the Al Qaeda-linked Abu Sayyaf terror group, the Philippine military chief has said.

General Hermogenes Esperon said US and Filipino forensics experts were now working on DNA samples to establish whether the body was that of Khadaffy Janjalani.

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He told reporters in Manila the DNA would be checked against that of Khadaffy's older brother Hector Janjalani, now in jail in Manila.

The decomposing body was recovered from a shallow grave outside Patikul town on the southern island of Jolo Wednesday, Marine spokesman Lieutenant Colonel Ariel Caculitan said.

"Our counterparts, the American forces that are there have also taken a sample (tissue) so that they could make their own DNA tests," Esperon told reporters in Manila.

Janjalani's death would be a severe blow to the Abu Sayyaf, a small gang of self-styled Islamic militants that once received funding from Osama bin Laden, he said.

Janjalani has been reported killed several times in the past, only to embarrass the government by launching deadly terror attacks.

Caculitan said reports that Janjalani had been killed surfaced in September as troops launched a massive manhunt on Jolo involving more than 5,000 soldiers.

He would not say why the body was only recovered Wednesday.

Troops meanwhile are continuing to hunt down Jemaah Islamiyah (JI) militants Umar Patek and Dulmatin, whom Abu Sayyaf militants are believed to be protecting on the island.

Both men are wanted for the October 2002 night club bombings in Bali, Indonesia, in which 202 mostly foreign tourists were killed.

JI and Abu Sayyaf are both on the US government's list of foreign terrorist organizations. Under Janjalani, the Abu Sayyaf launched kidnapping raids targetting American, European and Asian tourists earlier in the decade.

Two of three American hostages kidnapped in 2001 were killed in captivity.

The US government has offered a five million dollar reward for any information leading to the killing or arrest of Janjalani.

Khadaffy Janjalani took over command of the Abu Sayyaf when his brother, Afghan-trained Islamic firebrand Abubakar Abdurajak Janjalani, who founded the group, was killed in a gunfight with police in 1998.

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Austin Lawyer's Afghani Client Released (AAS)

By Chuck Lindell, AMERICAN-STATESMAN STAFF

Austin American-Statesman, December 28, 2006

Once called an enemy combatant, man freed from Guantánamo after 3 1/2 years

The news arrived in cloak-and-dagger fashion, but for Austin lawyer Dicky Grigg, it was welcome nonetheless.

Mohammad Akhtiar, his Afghani client who was held as an enemy combatant for 3 1/2 years at the U.S. Naval Station at Guantánamo Bay, Cuba, was back in his homeland and traveling toward a reunion with his wife and nine children.

"One, I'm very pleased and excited that he's released and back to his family," Grigg said. "But then, you have to consider that 3 1/2 years were taken out of his life. I'm glad he's home, but it makes you frustrated."

Grigg was among a loose-knit group of lawyers who represented, at no charge, many of the imprisoned enemy combatants in the belief that detention without review by a civilian court violated a basic principle of the U.S. system of justice.

The "Guantánamo Bar Association" clashed with the Bush administration over where to draw the line between combating terrorism and safeguarding constitutional rights — producing a U.S. Supreme Court ruling in June that allowed detainees to petition for writs of habeas corpus, which challenge the legality of detentions, in federal court.

The Republican-led Congress, saying classified information could be placed at risk in federal court proceedings, followed with legislation stripping federal courts of authority to hear cases from Guantánamo. Detainee cases instead will be heard by military commissions, where an officer acts as judge and at least three officers serve as jurors.

Grigg's first inkling that he and his client were no longer part of the ongoing legal battle came in a cryptic Nov. 15 e-mail from a U.S. Justice Department lawyer.

Protected information on Akhtiar's case had been filed with a federal court in Washington, D.C., Grigg was told. After returning a signed verification that he wouldn't disclose its contents, Grigg was provided with a notice saying Akhtiar would be returned to Afghanistan in about 30 days for whatever action that country deemed appropriate. No further explanation was given for his release.

Grigg also received permission to discuss the notice with Akhtiar — accused of launching a rocket attack against a U.S. base in Afghanistan in 2003 — to see if he would fight the transfer.

The Dec. 13 telephone call was monitored by a government lawyer to make sure no classified information was discussed in the three-way conversation among Grigg, Akhtiar and a Virginia translator who spoke the Pashto language.

Grigg, who did some checking and learned that every transferred detainee had been released by the Afghan government, got the answer he was expecting.

"He definitely wanted to go home," Grigg said. "But since it was protected information, I could not tell anyone, even his family, until the government made it public."

Grigg heard no more until Dec. 16 media reports from Kabul indicated that seven men had been transferred from Guantánamo and released by the Afghan government. He asked the Justice Department if Akhtiar was among the seven. In response, he received permission to discuss Akhtiar's release.

A quick e-mail to Akhtiar's relatives revealed that the Afghan government had already informed them of Akhtiar's arrival and freedom.

"They were en route to get him. Then they were taking him to Pakistan," where his wife and children are living in a refugee camp, Grigg said.

Akhtiar was among 17 Guantánamo detainees transferred Dec. 16 to five nations based on recommendations from U.S. military review boards, the Defense Department said. This year, 114 detainees have been returned to their home nations, leaving 395 still in custody at Guantánamo.

Another 85 detainees are eligible for transfer, Pentagon records show.

Grigg, a personal injury lawyer who typically sues insurance companies, has yet to hear from Akhtiar, whom he met only once during an intense visit to Guantánamo in March.

Akhtiar, 56 at the time, was seated in a folding chair and chained to the floor. Grigg had to remove all staples and paper clips from his papers before the meeting, and his notes were sealed and sent to a secure court facility in Virginia, where Grigg had to travel to review the classified information compiled about his client. Details of his conversation with Akhtiar remain classified.

Grigg, who said working for Akhtiar was the most moving experience of his 33-year career, is ready for more.

He already has a security clearance obtained after an FBI investigation. And he has been schooled in habeas law by the Center for Constitutional Rights, a New York nonprofit group that is coordinating representation for the detainees.

"I notified the Center for Constitutional Rights that if they got another one, I will take it. I think the more pressure you get, the more you get done," he said.

HOMELAND RESPONSE:

Airport Tries To Get Handle On Bag Theft (HC)

By Rad Sallee, Houston Chronicle

Houston Chronicle, December 28, 2006

A team of thieves or inside job at Bush could be to blame for dumped luggage

The 68 pieces of baggage that turned up in a trash bin Tuesday near George Bush Intercontinental Airport were probably stolen by a team of thieves in a single day's work while airline staffers were stretched thin by the demands of holiday travel, a Texas travel adviser theorized Wednesday.

"It sounds like a hit-or-miss holiday grab bag," said Tom Parsons, of Arlington, who operates Bestfares.com. "They probably grabbed enough to fill up a little van, then went off somewhere and rifled through it."

Another possibility — an inside job, with somebody taking the luggage on its way from the airplanes to the baggage-claim area — was not something investigators would talk about.

Meanwhile, it looked like business as usual at Bush on Wednesday. In Terminal C, the airport's busiest, hurried travelers whisked their bags off the carousel and headed for exits without anyone in authority checking whether the numbers on the ticket matched those on the bags.

Parsons said it is costly for the airlines to pay tag-checkers. It is a job that neither the Houston Airport System, which oversees operations at Bush and Hobby, nor the federal Transportation Security Administration performs.

Continental Airlines spokeswoman Mary Clark said many travelers would object to the delay that checking would cause. The airline does not check tags against bags, she said.

Not checking is standard practice at most U.S. airports, Parsons said, but checks are more frequent elsewhere. He said his bags were checked recently when he picked them up in San Juan, Puerto Rico.

Although 68 bags may seem "an amazing number" to steal from carousels, it's not that hard to do for a gang, he said.

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"We had something like that in Dallas. A group of guys would go from one terminal to another and pick up a couple of bags each place and throw them into their car," he said. The group would later hold garage sales to sell their loot, including the luggage, he said.

At Bush, Parsons speculated, "Those guys were working at different terminals, they took their time and then moved on.

"When you look at the number of terminals and the number of places where you can pick up your bags, it doesn't take that many stops before you've got 70."

"Some bags will sit there on the carousel and go around for three or four laps, and that's a good sign of a missed connection. It doesn't take a rocket scientist to figure out that maybe nobody is going to claim this bag," he said.

Airlines have personnel to remove those bags to prevent theft, but sometimes they're busy elsewhere, Parsons said.

Houston Police Department spokesman Gabe Ortiz said investigators have returned all the bags to Continental after gathering what evidence they could. "We were trying to fingerprint, but not all surfaces will hold prints," he said.

Clark said Continental will distribute the bags to the airlines involved and will deliver them free of charge to Continental passengers as soon as they can be identified and located. Those who are missing luggage should file a complaint with their airline, she said.

9 airlines involvedInvestigators and Continental released few details about the investigation and did not disclose the airlines, flight origins and destinations involved.

An HPD news release said the luggage, found at 230 Bammel Westfield in north Harris County, came from "as many as nine different airlines."

The statement said police are working with customs officials and the Federal Bureau of Investigation, but an FBI spokesman said the agency is no longer on the case.

Although the Houston Airport System has security cameras throughout the airport, investigators declined to say whether they are checking the videotapes.

Some of the bags reportedly came through Terminal D, which handles most international flights. There, arriving passengers pick up their baggage in a customs area closed to the public. It was not clear how thieves obtained access there, if they did.

FBI spokesman Orlando Muñoz said there is no evidence that the incident exposed any national security or terrorism vulnerabilities.

Federal officials and Parsons agreed that so few bags are stolen across the country that it is difficult to compare baggage security among airports and airlines.

In October, the last month for which U.S. Department of Transportation statistics are available, Continental reported 6.09 "mishandled" bags per 1,000 passengers, or one bag per 164 passengers.

But almost all of those complaints involve late-arriving baggage, often caused by missed connecting flights, Clark said.

"Of all the baggage that we carry, less than 1 percent doesn't arrive with the customer, and of that, 98 percent is returned to the customer within 24 hours," she said.

Baggage theft is rare, said Clark, who has worked with Continental for 15 years.

To make sure that your recovered baggage gets back to you, Clark advised, "have your name, address and phone on the inside as well as the outside, in case the (identification) tag is removed."

Parsons added that it's also a good idea to put your destination hotel address in the bag.

Clark said she doesn't know how long the Bush passengers will have to wait to retrieve their bags.

Corzine's Chemical Security Stance Draws Scrutiny A Year Into His New Job (NYT)

By David Kocieniewski

The New York Times, December 28, 2006

As a United States senator, Jon S. Corzine was relentless in warning that the nation's chemical plants, and the railways that carry their potentially dangerous cargo, are vulnerable to a devastating terror attack.

He traveled the country promoting legislation to force many manufacturers to use fewer toxic chemicals. In 2004, he even stood outside a chlorine plant in northern New Jersey, pointing out its flimsy security to a camera crew from "60 Minutes."

But in the 11 months since he was sworn in as New Jersey's governor, Mr. Corzine has taken a far more measured approach to the issue, disappointing some of the chemical security experts who helped him form his proposals in the Senate. These advocates say that the Corzine administration has made little tangible progress on increasing security at the 15 New Jersey chemical plants, and that each plant poses a threat to 100,000 people or more. They accuse the governor of being too intent on appeasing the chemical industry, which provides more than 80,000 jobs in the state.

DOJ_NMG_0109745

"We have no indication that he's changed his mind on this issue, so it's a matter of him not being very effective," said Rick Hind, legislative director of the Greenpeace Toxics Campaign. "At this rate it will take, literally, 40 years to get the problem solved, and you just hope that that's not too late."

Governor Corzine and his staff say that they have quietly pressured companies and railroads to beef up plant security and switch to safer technology.

The administration says two dozen utility plants and three chemical plants have switched to technology that reduces or eliminates the use of the most dangerous chemicals.

These are results that Mr. Corzine calls encouraging, especially given the state's limited ability to regulate railways. He has also proposed more training programs and background checks for chemical employees, as well as terror preparation drills. And he said that he might double the number of companies subject to the strictest regulations, which now includes 45 plants.

"We've taken a whole series of steps," Mr. Corzine said in a recent interview, "from simplistic things like walls and perimeter security in the places of highest concentration of chemicals, to a greater understanding of what's in parked rail cars and greater cooperation in storing and moving of the rail cars. What we're doing is very close to what we wanted to do right from the beginning."

Mr. Corzine's approach to domestic security illustrates a basic reality of government: sweeping changes are sometimes easier to propose as a legislator in the minority party than to carry out as an executive in power.

As the nation scrambled to fend off possible terrorist attacks in the wake of the 9/11 attacks, Mr. Corzine quickly emerged as a leading advocate on chemical security. Coming from a state with so many chemical plants — the F.B.I. called one stretch in New Jersey "the most dangerous two miles in America" — Mr. Corzine argued that voluntary efforts by industry and stronger perimeter security at plants were not enough. He wanted government to push manufacturers to switch to "inherently safer technology" and to eliminate the use of toxic chemicals wherever feasible.

That aggressive stance won him praise in Washington, even though legislation championed by Mr. Corzine, a Democrat, stood little chance of becoming law at a time when Republicans controlled Congress and the White House. In his state, the chemical lobby posted billboards along the New Jersey Turnpike reminding residents of the jobs in the industry, conservative editorials called Mr. Corzine a radical environmentalist, and some business groups questioned his patriotism.

Hal Bozarth, executive director of the Chemical Industry Council of New Jersey, said that when Mr. Corzine was sworn in as governor last January, industry officials greeted him with a reminder that companies across the state had already spent more than $100 million on security — and with a promise of cooperation.

During much of Mr. Corzine's first year in office, that cooperation has centered on following up on an initiative started by his predecessor, Acting Gov. Richard J. Codey, who mandated that all chemical companies identify what safer processes might be available in their industry.

Elaine Makatura, a spokeswoman for the State Department of Environmental Protection, said inspectors have found that virtually every company has completed its safety plan. She said the state expected to issue its report on the issue early next year, several months after initially promised.

But those rules do not require the companies to adopt the safer processes if they deem them too expensive. And chemical safety advocates, like Rick Engler of the Work Environment Council, say it is often hard to know how much progress has been made because the state has been unwilling to release much information.

State environmental officials have acknowledged that many of the state's most dangerous plants continue to use and store stockpiles of toxic chemicals near major population centers. That would include the chlorine plant in Kearny, in Hudson County, only about 10 miles from Midtown Manhattan, which Mr. Corzine toured with the "60 Minutes" crew.

Richard Cañas, director of the New Jersey Office of Homeland Security and Preparedness, said the Corzine administration has had difficulty convincing businesses that switching to safer technology is worth the price, which can run into tens of millions of dollars at a single plant. "To the extent that replacing technology is going to break the bank, they're not willing to go that far," Mr. Cañas said. "It's always money that impedes what you'd like to do."

Dealing with the railroads has been an even trickier challenge for the administration because the railways are regulated by the federal government. Mr. Corzine said state regulators have had discussions with railroad executives, who have agreed to use more decoy cars, store fewer toxic chemicals on unguarded railway sidings and keep closer track of chemicals throughout the shipping process.

The state is also considering building a 10-foot fence along a 2.6-mile stretch of the turnpike to shield the railway siding from autos and potential terrorists on the roadway. But Mr. Cañas said that the $6 million fence might not be necessary if the railroads follow through on their pledge not to store the tanker cars full of potentially dangerous gases near the highway.

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Though Governor Corzine is now entrenched in Trenton, he once again finds himself lobbying Congress for stricter regulations on the rail shipment of toxic chemicals. He has also urged the federal government not to override New Jersey's tougher chemical security measures if Congress enacts a new law on the issue.

But the governor said that he did not believe it was necessary to further strengthen state laws by mandating a switch to safer technology.

"I think people in the industry are worried that if we don't get results we may use the super hammer," he said, referring to such a mandate. "So we've gotten much better response because we've done this in a sensible, realistic manner."

Privileges Found Not To Apply In Sept. 11-Related Insurance Case (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, December 28, 2006

The insurance broker representing Century 21 Department Stores in its efforts to regain compensation for millions in damages it sustained to its lower Manhattan store following the Sept. 11, 2001, terror attacks has won a partial attempt to force the insurer overseeing the claim to produce documents it said were privileged.

Southern District of New York Judge Robert W. Sweet, in OneBeacon Insurance Co. v. Forman International, 04 Civ. 2271, held that OneBeacon Insurance Co. and its attorneys at Cozen O'Connor failed to prove that the attorney-client or work product privileges should be applied in connection with the documents in dispute.

Sweet also held that, because neither OneBeacon nor its counsel selectively withheld documents based on content, the fairness doctrine could not be applied to this case.

OneBeacon reached a settlement with Century 21 in March 2003 to pay the store $143 million to fully release claims. The insurer later asserted it overpaid the retailer by $52.4 million because Century 21's broker, Forman International, improperly agreed on the retailer's behalf to delete a standard business interruption provision in favor of the business interruption provision proposed by Century 21.

Katrina Evacuees On The Clock To Appeal (AP)

By Matt Apuzzo

AP, December 27, 2006

WASHINGTON -- Thousands of Hurricane Katrina evacuees whose federal housing funding was cut off this summer may be eligible for renewed payments, but face a tight deadline to seek them.

Under a court order, the Federal Emergency Management Agency sent letters to about 4,000 storm victims in Texas last week, explaining why they were deemed no longer eligible for aid. A federal judge ruled the original letters unconstitutional because they contained only hard-to-decipher computer codes and agency jargon.

With the new letters, storm victims can appeal the decision to FEMA and may be eligible for renewed housing payments of about $750 a month.

But the program is set to expire at the end of February and the appeal process can take up to three months. U.S. District Judge Richard Leon, who has called the agency's housing program a "legal disaster" said Wednesday that he wanted to speed up the appeals.

"This is not going to be a run-out-the-clock operation," Leon said. "I have no reason to believe FEMA wants that, but if this court gets the impression for one second that FEMA is trying to run the clock out, this court is not going to tolerate that."

First, the agency must locate the victims. After the housing aid was cut off, many families moved or were evicted. So far, only 32 letters were confirmed received and 174 were returned as undeliverable.

Leon gave FEMA until Thursday morning to come up with a way for local governments and social services groups to use the federal aid database to notify victims that they might be eligible for housing assistance.

"It's not enough to have FEMA doing this. We need others helping," Leon said.

Leon originally ordered FEMA to immediately restore the housing program and provide back pay to people who were denied it but a federal appeals court put that ruling on hold last week.

Michael Kirkpatrick, an attorney for the Association of Community Organizations for Reform Now said families should appeal as quickly as possible because, if FEMA extends the housing assistance past the end of February, only those families already in the program will receive money.

FEMA has said it appropriately denied aid to ineligible families, such as those whose houses are livable or those who have other homes to live in.

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WAR NEWS:

Bush And Security Advisers To Meet Today On Iraq Strategy (WP)

By Michael Abramowitz And Josh White

The Washington Post, December 28, 2006

CRAWFORD, Tex., Dec. 27 -- President Bush's top national security advisers arrived here to hone a new Iraq strategy that administration officials said seems increasingly likely to include a surge of additional troops to try to help stabilize the country.

Although officials have said no decisions will be made in the Crawford meeting, Bush seems to be laying the groundwork for one more sustained effort to defeat the Iraq insurgency and stabilize the country politically. Two defense officials said Wednesday that some sort of troop increase appears likely in an effort to contain the violence but that the specific size and nature of such a surge still has to be worked out.

White House spokesman Scott Stanzel took a swipe at Sen. Joseph R. Biden Jr. (D-Del.), the incoming chairman of the Foreign Relations Committee, for his comment Tuesday that ordering more troops to Iraq would do little to address the underlying political problems fostering violence.

"I would hope that Senator Biden would wait to hear what the president has to say before announcing what he's opposed to," Stanzel told reporters here.

The president arrived in Crawford this week for a working holiday that includes a meeting Thursday morning with his top national security advisers, including Vice President Cheney, Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates. Rice and Gates conferred informally with Bush at his Texas ranch Wednesday afternoon, a White House official said.

Top military officials have said that they are open to sending more U.S. troops to Iraq if there is a specific strategic mission for them, though there are doubts whether a small increase, or one that is short in duration, can accomplish much. Another reason for a surge would be to accelerate the buildup of U.S. trainers helping Iraqi forces.

The Pentagon announced Wednesday that Gates has approved the deployment of an Army brigade to Kuwait to stand by as the U.S. Central Command's theater reserve force, which means that more than 3,000 U.S. troops will probably move to the region early next month. Although those forces could be used to effect a surge, they are replacing a smaller Marine unit that moved into Iraq this fall and is usually ready for use anywhere in the region.

Officials said Gates is bringing to Crawford suggestions for a comprehensive approach to the problem, emphasizing the need for economic and diplomatic components alongside any military action. One idea that has been picking up steam in recent weeks is a new jobs plan as officials push to open as many as 10 state-owned factories around Iraq by the end of January. Commanders believe putting young Iraqi men to work could make a serious dent in sectarian violence, and an official familiar with the program said Gates plans to brief the president on it.

The idea that Bush would increase troop levels in Iraq after elections in which Republicans lost control of both chambers of Congress, partly because of his Iraq policy, appears to be creating some restiveness among Democrats.

Rep. Chris Van Hollen (Md.), the new chairman of the Democratic Congressional Campaign Committee, said that other than the removal of Donald H. Rumsfeld as defense secretary, there's "very little sign that the president got the message the voters were sending when it comes to Iraq," adding: "Any decision to escalate in Iraq would suggest that the president is either politically tone deaf or deliberately ignoring the will of the vast majority of the American people."

But Gary Schmitt of the conservative American Enterprise Institute, which has close ties to the administration, said he believes Bush is unhappy with the advice he has been getting, especially from the Iraq Study Group, which has proposed trying to remove combat troops by early 2008. "All he was getting was various options for getting out," Schmitt said.

"No president wants to be remembered as the guy who lost a war," he said. "Who knows whether this is a day late and a dollar short, but it is a striking example of presidential will trying to bend the system to what he wants."

The White House has said that Bush will formally unveil his plans for Iraq sometime after the first of the year.

Bush Staff Bristles At Troop Level Criticism (LAT)

By James Gerstenzang, Times Staff Writer

The Los Angeles Times, December 28, 2006

CRAWFORD, Texas — The White House responded sharply today to a senior Democratic senator's criticism of possible increases in the U.S. military deployment in Iraq, ahead of President Bush's meeting on Thursday with senior national security advisors at his ranch.

The session was called to review one more time the options available to Bush as he nears the launching of a new strategy in Iraq, a course that is widely believed to include the possibility of sending additional troops there.

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Deputy White House press secretary Scott Stanzel took issue with Sen. Joseph R. Biden, Jr. (D-Del.), the incoming chairman of the Senate Foreign Relations Committee, who said on Tuesday that any troop increase would be "the absolute wrong strategy."

Bush has not said whether he will announce an increase in the approximately 140,000 U.S. troops in Iraq, when he presents his plans in a speech to the nation as early as next week.

But officials have said he is considering such a course, and leading U.S. military officials in Iraq have backed away from their earlier skepticism that sending more troops would stem the sectarian and insurgent violence that continues to take a heavy toll on Iraqi citizens and the U.S. military.

"I hope that Sen. Biden would wait to hear what the president has to say before announcing what he's opposed to," Stanzel said.

Bush plans to meet with most of the members of the National Security Council this morning. Stanzel said that Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates were headed here today. They would be joined on Thursday at Bush's ranch by Vice President Dick Cheney, Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, Stephen Hadley, the president's national security advisor, and J.D. Crouch, the deputy national security advisor.

The spokesman said they would be considering "all the potential options, making sure that due consideration is given to the next steps, making sure that we're thinking through the new way forward in Iraq, to take into account all of the differing views."

He reiterated earlier White House declarations that the meeting would not produce specific decisions on Iraq war policy.

The White House has said Bush was likely to deliver a speech on his new plans in early January, a timetable that remains in effect, Stanzel said.

But the timing of the president's announcement, the spokesman said, "largely depends on how comfortable he is with the information he's receiving, making sure that we've thought through all the parameters of any options."

On a related matter, Stanzel played down the potential impact that the execution of Saddam Hussein could have on security in Iraq. An appeals court there said Tuesday his death sentence must be carried out within 30 days.

"That is a matter for the Iraqi people and we are observers to that process," the spokesman said on the execution's timing. Asked whether the execution would have an impact on the preparation of a new policy, if it leads to increased violence, he said:

"The enemy has always used just about any excuse they could find to foment violence, and that is not new."

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Latest Blue-Ribbon Panel Awaits Its Own Fate (NYT)

By Scott Shane

The New York Times, December 27, 2006

For every impossible problem that official Washington faces, there is a blue-ribbon panel, and for every panel there is a predictable life cycle, which the Iraq Study Group has so far followed to a fault.

First, the unrealistic expectations, fueled by feverish news coverage, including speculation and leaks about just what might be proposed. Next, the report's grand unveiling, complete with White House photo op, this time featuring President Bush with the co-chairmen, James A. Baker III and Lee H. Hamilton.

And then, inevitably, the letdown.

Remember, for example, the Social Security commission of 2001? Neither do most Americans. The question now is whether a similar demise awaits the report of the Iraq Study Group — impeccably researched, comprehensive, bipartisan and having no legal authority beyond that of friendly advice.

One of its main proposals, the idea of talking to Iran and Syria, was swiftly brushed off by Mr. Bush. Now the administration seems to be leaning toward a temporary increase in American troops, an option the group said it "could support" if requested by commanders but did not endorse.

But whether this group, too, ends up as a footnote to history, or becomes the framework for a new war policy, is unlikely to be settled until well into the new year.

"I don't think it's dead at all," said Warren B. Rudman, the former Republican senator from New Hampshire and a veteran of such panels himself. "Whether its recommendations will ultimately be followed is another question. But with the Democrats in charge of Congress, its findings will certainly get a hearing."

National commissions have been a staple of Washington tradecraft since at least 1908, when the National Monetary Commission began setting out proposals that led to the Federal Reserve System. Others, too, have had substantive results. The National Screw Thread Commission of 1925 helped solve a problem that now seems obscure but once was quite critical — the mismatch of nonstandard hardware, including hoses with fire hydrants and nuts with bolts.

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In more recent years, commissions have investigated presidential assassinations, space shuttle disasters and intelligence failures. Robert A. Dallek, the presidential historian, has studied how President Lyndon B. Johnson ignored the recommendations of his own commission on the urban riots of the 1960s. In the current debate over Iraq, Mr. Dallek sees that history repeating itself.

"The impression I have is the Iraq Study Group's report is slowly being eclipsed, fading to the margins, because there's no indication that President Bush will accept its recommendations," he said.

Unlike many such panels, the Iraq Study Group was appointed not by the president but by Congress; the White House only later lent its support, offering additional government financing for the group's visit to Iraq in August.

Mr. Baker's status as a top adviser to Mr. Bush's father has led to speculation that the current president may not want to appear too eager to accept the group's recommendations, particularly on Iran and Syria, which have been roundly criticized on the Republican right.

On Tuesday, Senator Joseph R. Biden Jr. , the Delaware Democrat who will become chairman of the Foreign Relations Committee next month, repeatedly cited the Iraq Study Group as a touchstone for Iraq hearings he plans beginning Jan. 9. But the study group rejected Mr. Biden's central idea for the Iraqi future, a division of the country into separately administered Shiite, Sunni and Kurdish regions. Still, it is too early to write an obituary for the panel.

Mr. Bush, who will preside over a National Security Council meeting on Iraq at his Texas ranch on Thursday, has promised to announce a new war strategy next month. Even if he rejects the most prominent of the group's 79 proposals, they may remain relevant options for the future.

Mr. Rudman keenly understands that possibility. He served as co-chairman with former Senator Gary Hart of Colorado of a commission on national security whose 1999 report predicted terrorist attacks, saying "Americans will die on American soil, possibly in large numbers." Its recommendations were duly ignored — until the 2001 attacks, when many were put into effect.

Daniel P. Serwer, the former diplomat who served as the Iraq Study Group's executive director, argues that whatever Mr. Bush decides, the panel has already had a profound effect on the policy debate, particularly by declaring its candid judgment that the situation in Iraq is "grave and deteriorating."

"The government went from saying, 'We've got this under control,' to ordering new assessments left, right and center," said Mr. Serwer, vice president for peace and stability operations at the United States Institute of Peace.

He said the administration was likely to accept dozens of the 79 recommendations, including "milestones" it sets for the Iraqi government over the next year.

"I'm quite convinced that when you get the administration's new assessments, along with Congress's hearings and evaluations, what you come up with may be very much like the Iraq Study Group's recommendations," Mr. Serwer said.

The national 9/11 commission had perhaps the greatest impact of any such inquiry in recent years, producing a best-selling book and recommendations that have reshaped the government. Emulating the 9/11 report, the Iraq Study Group issued a commercial paperback of its report that has topped nonfiction best-seller lists this month.

Between the book, with 250,000 copies in print, and more than 1.5 million downloads of the report from the group's main Web site and many thousands elsewhere, staff members estimate that at least three million Americans have seen the report. But there are no plans to campaign for the proposals as the 9/11 commission did, said Ian Larsen, a spokesman for the study group.

"No sales job, no road show," Mr. Larsen said.

Still, the group's work has been far more public than that of the so-called Wise Men who advised President Johnson at a similar crisis in the conduct of the Vietnam War. A dozen distinguished elder statesmen and military commanders who were gathered by Clark M. Clifford in March 1968, just after he was named secretary of defense, they gave their advice largely in private.

In a parallel move, Mr. Bush has also switched defense secretaries at a critical moment in a war that many Americans believe has gone wrong. His choice was a member of the Iraq Study Group, Robert M. Gates, who, Mr. Serwer recalled, "did a whole lot of reading" on Iraq in the months he served on the panel.

To Win In Iraq (WT)

By Fred Gedrich And Paul E. Vallely

The Washington Times, December 28, 2006

Most Americans desire an effective change in current Iraq war strategy and the wider global war against Islamic extremists and nations supporting them. President Bush and the new U.S. defense secretary, Robert Gates, could deliver it by placing experienced unconventional warfare leaders in charge of the war effort.

Since forcibly removing Saddam Hussein from power in 2003, the U.S.-led coalition has been unable to quell insurgent-, terrorist- and sectarian-generated violence concentrated mostly in four of 18 provinces and Greater Baghdad which are

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dominated by majority-Sunni populations. About 150,000 Iraqis and nearly 3,000 Americans have died during continuing hostilities.

While many Americans recognize that the conflict in Iraq is not going well and changes need to be made, there is substantial disagreement at the national level on a military strategy. The United States is seriously considering adding several combat brigades from outside Iraq to "purge" Baghdad and several provinces infested with local and foreign troublemakers. Sending an additional 20,000 U.S. troops to Iraq under current military strategies and rules of engagement will be unlikely to make much difference.

Unlike U.S.-led coalition troops, the adversaries in this war do not carry arms openly, wear uniforms or insignias and abide by other laws and customs of wars specified in Geneva Conventions and protocols. They instill fear in military opponents and local populations through use of suicide bombings, improvised explosive devices, kidnappings and beheadings. And they disguise themselves as civilians and hide among civilian populations with weapons stored and discharged from mosques, schools, hospitals, marketplaces, private residences and public roads.

To prevail, the United States has to transition from a conventional to an unconventional war footing and make the enemy pay a heavy price for its despicable tactics. In Iraq and elsewhere, traditional troops, weapons and tactics are less useful than tools of influence, covert operations and intelligence brought to the battlefield by special operators working harmoniously with indigenous forces and local populations. The prime objective is to create a climate of fear within enemy ranks that breaks its will to continue the armed insurrection against the freely elected Iraqi government.

Special Operations Forces (Rangers, Seals, Delta Force and other special units) leaders and troops are uniquely qualified for this mission. Special operators played prominent and successful roles in removing Afghanistan's Taliban regime from power and disrupting al Qaeda's terror base. In Iraq, they have spent most of their time searching for the infamous "deck of cards," the elusive WMD arsenal, and high-value insurgents and terrorists.

Joint special operators (from all military branches) are also trained in local cultures and languages, making it easier for them to embed in local populations and Iraqi security forces and collect information which in turn may be used to "hunt and kill" hostile forces. In addition, they can win "hearts and minds" of local populations through civil affairs work and performance of psychological operations against enemies of the freely elected Iraqi Government.

In January 2003, former Defense Secretary Donald Rumsfeld designated the U.S. Special Operations Command (USSOCOM) as the lead military organization to prosecute the global war on terror but unfortunately that has not materialized. Although stellar Army commanding Gens. John Abizaid (retiring early next year) and George Casey continue to lead Middle East war operations and troops in Iraq respectively, they are products of the traditional warfare school. Moreover, nearly all of the 140,000 U.S. troops in Iraq are, too.

It's time to alter U.S. strategy by putting USSOCOM generals and admirals truly in command of the global war. And in Iraq, conventional forces could best serve by providing ground, air and sea support to USSOCOM and Iraqi security forces and sealing Iraq's porous borders with hostile and/or dubious neighbors in Iran, Syria, Jordan and Saudi Arabia to prevent foreign jihadists, arms and sophisticated munitions from entering the country.

The action will surely meet resistance throughout DoD's conventional warfare ranks, their industry partners and congressional allies. The U.S. active-duty military force consists of 1.4 million troops, of which only about 50,000 are elite special operators, with only several thousand deployed to Iraq. Many military professionals prefer to have special operators continue in a supporting, not leading, role.

Immediately after recently assuming his new post, Mr. Gates correctly stated that the United States must win in Iraq or face a "calamity" that would "endanger Americans for decades to come." Since the fall of Baghdad, the United States has had the will to win but not the right strategy. It's imperative that the United States transition quickly to an unconventional war strategy with USSOCOM generals and/or admirals in charge, or the war will be lost.

Fred Gedrich, who served in the Departments of State and Defense, is a foreign policy and national security analyst. Maj. Gen. Paul E. Vallely, retired, is a military analyst for Fox News and radio host for "Stand Up America."

Army Brigade Headed To Kuwait (WP)

By Josh White And Nancy Trejos

The Washington Post, December 28, 2006

A brigade of U.S. Army troops is scheduled to deploy to Kuwait early next month to take over as the U.S. Central Command's theater reserve force, which means more than 3,000 additional U.S. troops will move into the region and could be used to support combat in Iraq, Pentagon officials announced yesterday.

Defense Secretary Robert M. Gates approved sending the 2nd Brigade, 82nd Airborne Division overseas after Gen. John P. Abizaid, who leads Central Command, requested the forces to replace the 15th Marine Expeditionary Unit, which was sent

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into the western province of Anbar this fall. Abizaid requested a brigade -- which is significantly larger than the Marine unit -- to allow for greater flexibility in the region.

While defense officials have said the move is not part of an orchestrated "surge" of forces into Iraq, should such a surge become part of U.S. strategy for the war, the Army brigade could be used as the leading edge of a troop increase.

Also yesterday, the U.S. military announced the deaths of three more U.S. service members.

A Marine assigned to Regimental Combat Team 5 died yesterday during fighting in Anbar. A soldier died in a vehicle rollover during a combat reconnaissance mission south of the capital Tuesday. And a soldier with the 13th Sustainment Command died as a result of noncombat injuries on a U.S. military base about 50 miles north of Baghdad on Saturday.

Meanwhile, two Iranians remained in custody after being detained during a raid by U.S.-led forces on Dec. 21. Ten people were captured in that raid, which occurred in Baghdad, according to Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq.

Caldwell said troops found documents, maps, photographs and videos indicating that some of the detainees were involved in illegal activities. He did not specify what those activities were. Three other Iranians were detained on Dec. 20 but were released to the Iraqi government. The incident had sparked a flurry of diplomatic activity by Iraqi officials to secure the Iranians' release.

Trejos reported from Baghdad.

Close Adviser To Sadr Dies In U.S.-Iraqi Raid (WP)

By Nancy Trejos And Sudarsan Raghavan, Washington Post Staff Writers

The Washington Post, December 28, 2006

BAGHDAD, Dec. 27 -- A top deputy of Shiite cleric Moqtada al-Sadr was killed Wednesday during a raid by U.S. and Iraqi troops in the southern holy city of Najaf, sparking protests from Sadr's followers and complicating an already tense relationship with the powerful anti-American leader.

Hurling rocks and shouting expletives, thousands of angry Sadr loyalists marched through the streets of Najaf after Sahib al-Amiri was shot and killed by a U.S. soldier during an early morning raid. "Agents and stooges!" protesters shouted at Iraqi soldiers and local authorities.

U.S. military officials declined to confirm that Amiri was a Sadr aide, saying only that he had provided explosives for use against Iraqi and American forces. Sadr officials said Amiri was an aide and a lawyer who ran an educational organization that helped orphans and impoverished children. They said he had no connections to illegal activity.

In a statement, the U.S. military said Iraqi and American forces were trying to detain Amiri and shot him only when he pointed an assault rifle at an Iraqi soldier.

The incident comes at a delicate time for the Iraqi political process. Sadr, who runs one of the country's most feared militias, is also a potent political force; his allies control 30 seats in parliament and four key ministries. Last month, influential politicians linked with Sadr suspended their participation in the government to protest a meeting between Prime Minister Nouri al-Maliki and President Bush in Jordan. Unable to pass legislation without Sadr's support, and fearing Iraq's government could collapse, other Shiite leaders have been appealing for an end to the boycott.

Bahaa al-Araji, a senior legislator with Sadr's Shiite Muslim party, said discussions about a return to government had been scheduled for Wednesday but were delayed by Amiri's death. "Because of this problem, we'll leave everything for a few days," he said.

The raid also complicates matters for Maliki, a Shiite who is politically beholden to Sadr and has been criticized by U.S. officials for not doing enough to rein in Sadr's Mahdi Army militia. Two Maliki advisers said that in recent weeks the prime minister has been trying to persuade Sadr to rejoin the political process and disarm his militia, which launched two major uprisings against U.S. forces in Najaf in 2004. The killing of Amiri, they worried, could hinder those efforts.

"We need calm. We don't need more troubles," said Sami al-Askari, a member of parliament and a close Maliki adviser.

On Wednesday, Maliki asked senior U.S. commanders to explain the motive for Wednesday's raid, advisers to the prime minister said. One adviser, speaking on condition of anonymity, said Maliki has set up a committee to investigate the incident, underscoring his concern that the raid could trigger further violence and dissuade Sadr from political engagement.

Within Maliki's circle, some advisers questioned whether Amiri was deliberately killed, said a senior Maliki adviser who spoke on condition of anonymity.

A raid involving American forces in Najaf is particularly embarrassing for Maliki. Last week, in an elaborate ceremony, the U.S.-led coalition handed over control of Najaf to Iraqi forces.

"The agreement between the two sides when the security profile was transferred to the Iraqi side is that the Iraqi side should know about any operations or actions done by the multinational forces," said Sadiq al-Rikabi, a political adviser to Maliki.

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Maj. Gen. William B. Caldwell, the top U.S military spokesman in Iraq, told reporters in Baghdad that the raid was led by 35 soldiers from the 8th Iraqi Army Division Forces, with eight U.S. troops serving as advisers.

"It was an Iraqi-led, planned operation consistent with the fact that Najaf now has been passed to provincial Iraqi control and that the U.S. forces don't operate there independently," he said.

Caldwell, who declined to confirm Amiri's link to Sadr, said U.S.-led coalition forces had been gathering intelligence on him for a long time. He said Amiri was implicated in a roadside bomb attack on a police chief in Najaf this year.

"The purpose for going after him is because of the illegal activities that he was conducting, not because he was associated with any particular organization," Caldwell said.

Amiri's friends and associates called him an honorable man. "He never participated in any kind of violence in all his life for as long as I've known him," said Nasar al-Rubaie, head of Sadr's parliamentary bloc.

More than 6,000 mourners followed Amiri's coffin as it was carried to a cemetery in Najaf, about 90 miles south of Baghdad.

Sadr asked his followers to "calm down, observe self-restraint and not do anything that could inflict harm or damage on the country and the people, especially since maintaining calm and security is the responsibility of all sides."

U.S. officials and Sadr loyalists gave conflicting versions of the events that led to Amiri's death.

Amiri's 19-year-old son, Karrar Sahib al-Amiri, said Iraqi and U.S. troops knocked on the family's door at 6 a.m. When he answered it, he asked the soldiers what they wanted, he recalled. They pushed him aside and stormed into the house, he said. His mother shouted at them while his father ran to the roof. Amiri said his father tried jumping to the roof of the next house but could not.

The soldiers followed him upstairs, the son said. He said his mother asked an Iraqi soldier why they were there. "We want to question him," Amiri recalled the soldier saying.

A few minutes later, the son heard four gunshots. He found his father on the roof with a bullet in his head and three bullets in his chest, he said.

The U.S. military said the elder Amiri ran upstairs when the troops arrived to detain him, ignoring repeated warnings to stop. An Iraqi soldier and an American adviser followed him to the roof, where Amiri confronted one of them with a rifle, the military said in a statement.

Special correspondent Saad Sarhan in Najaf contributed to this report.

Sectarian Ties Weaken Duty's Call For Iraq Forces (NYT)

By Marc Santora

The New York Times, December 28, 2006

BAGHDAD, Dec. 27 — The car parked outside was almost certainly a tool of the Sunni insurgency. It was pocked with bullet holes and bore fake license plates. The trunk had cases of unused sniper bullets and a notice to a Shiite family telling them to abandon their home.

"Otherwise, your rotten heads will be cut off," the note read.

The soldiers who came upon the car in a Sunni neighborhood in Baghdad were part of a joint American and Iraqi patrol, and the Americans were ready to take action. The Iraqi commander, however, taking orders by cellphone from the office of a top Sunni politician, said to back off: the car's owner was known and protected at a high level.

For Maj. William Voorhies, the American commander of the military training unit at the scene, the moment encapsulated his increasingly frustrating task — trying to build up Iraqi security forces who themselves are being used as proxies in a spreading sectarian war. This time, it was a Sunni politician — Vice Prime Minister Salam al-Zubaie — but the more powerful Shiites interfered even more often.

"I have come to the conclusion that this is no longer America's war in Iraq, but the Iraqi civil war where America is fighting," Major Voorhies said.

A two-day reporting trip accompanying Major Voorhies's unit and combat troops seemed to back his statement, as did other commanding officers expressing similar frustration.

"I have personally witnessed about a half-dozen of these incidents of what I would call political pressure, where a minister or someone from a minister's office contacts one of these Iraqi commanders," said Lt. Col. Steven Miska, the deputy commander for the Dagger Brigade Combat Team, First Infantry Division, who oversees combat operations in a wide swath of western Baghdad.

"These politicians are connected with either the militias or Sunni insurgents."

Whatever plan the Bush administration unveils — a large force increase, a withdrawal or something in between — this country's security is going to be left in the hands of Iraqi forces. Those forces, already struggling with corruption and infiltration,

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have shown little willingness to stand up to political pressure, especially when the Americans are not there to support them. That suggests, the commanders say, that if the Americans leave soon, violence will redouble. And that makes their mission, Major Voorhies and Colonel Miska say, more important than ever.

They added that while political pressure on the Iraqi Army is great, the influence exerted on the police force, which is much more heavily infiltrated by Shiite militia groups, is even greater.

Shiites, led by militia forces and often aided by the local police, are clearly ascendant, Colonel Miska said.

"It seems very controlled and deliberate and concentrated on expanding the area they control," he said.

The Sunni forces are being bolstered by support from insurgent strongholds in the West. The Shiite militias are using neighborhoods in the north, specifically Shuala and Sadr City, as bases of operation. There is also increasing evidence that militia members from southern cities like Basra are coming to Baghdad to join the fight.

"I believe everyone, to some extent, is influenced by the militias," Colonel Miska said. "While some Iraqi security forces may be complicit with the militias, others fear for their families when confronting the militia, and that is the more pervasive threat."

Looking at a map he had his intelligence officers create, which highlights current battle zones and details the changing religious makeup of neighborhoods, Colonel Miska noted just how many different forces, each answering to different bosses, currently occupied the battlefield.

"Who would design this mess?" he said. "It is like an orchestra where everyone is playing a different song."

His main focus, he said, is trying to establish some kind of unity of command.

As it stands, the police and military answer to different ministries, and within the police force the bureaucracy is divided even further between the regular police and the national police. On top of that are about 145,000 armed men who work as protection detail for the Facilities Protection Services, with minimal oversight, according to United States military officials.

There are also thousands of Shiite militia members and Sunni insurgents posing as security forces.

Colonel Miska tried to define where American forces fit in the tangle of competing interests, which is only further complicated by the complicity and direct participation of top government officials.

"When they are conducting armed aggression against the population, that is where we try and step in and stop it," he said, adding that when the groups fight one another, "We sit back and watch because that can only benefit us."

Some days, the line between militia and insurgent clashes and attacks on the population is a blurry one.

Nowhere can the current battle be seen more starkly than on the border between the Shiite district of Shuala and the Sunni controlled Ghazaliya.

Major Voorhies briefed his men before dawn last Thursday morning about the day's mission, code-named Operation Thunderball. They were to join with Lt. Col. Sabah Kadam Fadily and his command unit and direct a joint search of houses in Ghazaliya. There were 300 American troops and 200 Iraqis involved in the operation.

The sun was just rising as the team set out, and daylight revealed an apocalyptic landscape, trash everywhere, open sewers emitting a revolting smell and scores of buildings damaged in recent clashes. A mosque on the side of the road had a massive hole blown in its once ornate blue dome.

Major Voorhies got a call on his radio. The Iraqi soldiers had spotted a body.

It was a man, dead, tossed on the side of the road, piled with the garbage. His hands were bound behind his back and his shoes were off. His head was turned to the right, revealing a single bullet hole covered in blood that still appeared wet.

As the Iraqi soldiers called the police, who pick up dozens of similarly abused bodies around the city daily, an American soldier spotted a pair of legs. Major Voorhies walked over and, with a stick, flipped a piece of plastic foam off the body.

It was another man, his neck slit, his head almost completely severed. He was lying on his back, eyes open looking vacantly to nowhere, arms bound behind him and torn from their sockets.

Major Voorhies asked Colonel Sabah if he could tell if the man was Shiite or Sunni, but the answer was obvious to the colonel.

"He is Shiite," Colonel Sabah said absently.

"How do you know?" asked the American major.

"Because this is the Sunni sector," Colonel Sabah said.

There would be little investigation and no chance that anyone would ever be arrested for the murders, Major Voorhies said. In fact, he said, Colonel Sabah's assessment might not even be right since the Sunnis and the Mahdi militia, called JAM for Jaish al-Mahdi by American troops, had been fighting for control of this forlorn ground.

"This is either a warning from the Sunni here" to the Shiites to get out, he said. "Or a message sent by JAM that we are winning."

For the American soldiers, it was just another morning in Baghdad, where Americans are trying to protect people on both sides while being attacked by people on both sides, trying not to take a side themselves.

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Major Voorhies thought about what he had just seen and the cycle of killing it would inspire.

"I don't know what the answer is," he said, almost to himself.

But he said he would push forward with his mission regardless.

Last week, a search of a house led to the discovery of 23 men being held captive, likely to be killed. He could take pride in helping save their lives, even if some of them might be shooting at him tomorrow.

Colonel Sabah, in glaring contrast to his efficient and focused American partners, did not seem to display a sense of urgency. He paid a visit to a house that belonged to a former Army colleague, a general, who had to flee the area. There he drank tea.

Then he went to see another past colleague, an admiral, and drank more tea. The two discussed what fun they had getting drunk and going to brothels.

Major Voorhies struggled to keep his patience.

"Sometimes I feel like I work for the Iraqi government," he said.

Outside, neighbors gathered, telling strikingly similar accounts of having their lives threatened by Shiite militiamen, who forced them from their homes. They were angry about the searches.

"Anyone leaving Ghazaliya will get killed because they know you are Sunni," said Fadhel A. Zaidan, who had lived in nearby Huriya for 50 years. "Now the Americans are taking our weapons, and when they leave, the Mahdi militia will attack."

American commanders say they are aware of this danger. In part, that is why residents are allowed one AK-47 and two cartridges.

Among Sunnis, there is absolutely no faith in the ability, or desire, of the Iraqi Army or police to provide protection. Colonel Sabah, who is Shiite but who had to leave his own home because of threats by the militia, is viewed as a collaborator.

Major Voorhies acknowledged that it was easier to persuade Colonel Sabah to search Sunni neighborhoods. Still, he said the colonel was one of Iraq's better army officers.

"When we have his back, he will fight anyone," said Major Voorhies. "When we don't, he will cut deals."

American soldiers seemed to appreciate the difficult position of officers like Colonel Sabah. His brother was murdered on Sept. 12, and just working in the Iraqi Army puts his life in danger.

Facing such stark challenges already, it makes the actions of Iraqi political leaders who try to manipulate the security forces that much more galling, Major Voorhies said.

"Colonel Sabah gets in a very political predicament sometimes," Major Voorhies said. "He will detain someone and then gets a call and is told not to take them away, so he has no choice."

Letter By Hussein, Written After Conviction, Urges Iraqis To Renounce Hatred (NYT)

By Marc Santora

The New York Times, December 28, 2006

BAGHDAD, Dec. 27 — Saddam Hussein, who is expected to make the short walk up the gallows stairs to his death here sometime in the next 30 days, said he was prepared to die and sure of his place in heaven as a martyr, and he called on Iraqis to unite, according to a letter that his lawyers said Wednesday had been composed by the former dictator.

Fears that the announcement upholding his death penalty on Tuesday would set off violence appeared not to be immediately borne out. But officials were still concerned about possible public reaction to the execution itself, and some speculated that the hanging would take place in secret and be announced only after the fact. American and Iraqi officials said nothing definitive about the execution's details on Wednesday.

Mr. Hussein is being held at Camp Cropper, an American base near the Baghdad Airport. Although the site of the hanging has yet to be announced, the main execution center in Baghdad is near his cell. In a drab concrete building, a set of steel stairs leads to a platform, about 15 feet above the ground. There, nooses fashioned from hemp ropes are slipped around the necks of the condemned before a steel trapdoor swings down.

In his latest letter, Mr. Hussein displayed none of the bombast that had defined his court appearances. He was convicted Nov. 5 of crimes against humanity for his part in the execution of 148 men and boys in the northern town of Dujail, and he wrote his farewell letter at the time of his conviction, his lawyers said.

"I say goodbye to you, but I will be with the merciful God who helps those who take refuge in him and who will never disappoint any honest believer," the letter said. "I call on you not to hate, because hate does not leave space for a person to be fair and it makes you blind and closes all doors of thinking." The letter, which was posted on a Baath Party Web site and received extensive coverage on Arabic TV news stations, seemed to cause little public stir here.

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American forces continued Wednesday to focus on the Mahdi Army militia, loyal to the Shiite cleric Moktada al-Sadr. In Najaf, which is the second holiest city for Shiite Muslims, American and Iraqi forces raided the home of a Sadr loyalist, Sahib al-Amiri, and shot him dead.

Mr. Amiri led a well-known social organization in Najaf called the Shahid Allah Foundation and was personally close to Mr. Sadr, Iraqi officials in Najaf said. While thousands of angry supporters marched in Mr. Amiri's funeral procession, Mr. Sadr urged his followers in the city to remain calm. At the same time, he released a statement that praised attacks on American forces.

"We heard that Bush, the enemy of God, is crying over the killing of American soldiers in Iraq," the statement said. "We ask God to extend his crying. We tell him that the killing of any Iraqi by the hands of his Army is a source of pride for us."

Americans handed control of security in Najaf Province to the Iraqis in an elaborate ceremony last week, but local leaders questioned the significance of the transfer if Americans could still direct raids there.

"When Iraqis were feeling happy about the approval of the execution of the dictator Saddam Hussein, they were surprised today with the raid on the house of Sahab al-Amiri and killing him in front of the eyes of his family and his children," said Abdul Hussein al-Musawi, the head of Najaf's governorate council. "This horrible act shows how reckless the raiding forces are."

American military officials said Mr. Amiri was responsible for planning and directing attacks using improvised explosive devices. They said that the raid was conducted with the Iraqi Eighth Army Division and that Mr. Amiri tried to flee when soldiers entered the house. He ran to the roof, was pursued and then aimed an assault rifle at an Iraqi officer. At that point, a soldier shot him dead, the military said in a statement.

There was also increased pressure on Sadr loyalists in Baghdad on Wednesday. Throughout the day, American and Iraqi troops engaged in actions against militia members around the Sadr City district in the capital, according to witnesses and Iraqi officials. Clashes between Iraqi security forces and militiamen were reported in a half dozen other Baghdad neighborhoods. Government forces killed at least 32 people and arrested 39 more, Iraqi officials said.

Separately, around 2:30 p.m., a car bomb exploded near a restaurant downtown and killed at least 10 civilians, an Iraqi official said. One hour later, another car bomb exploded near a bridge, killing four more people, the official said. The bodies of 50 people, many apparently tortured, were found around the city.

In Anbar Province, where American forces are battling Sunni Arab insurgents, a marine was killed in fighting, according to the military.

In Washington on Wednesday, a District Court judge refused to intervene in the death-penalty case for Mr. Hussein, turning down a request by American defense lawyers to temporarily block the execution. Lawyers for Awad al-Bandar, a former Iraqi judge sentenced to death along with Mr. Hussein, had filed a writ of habeas corpus on his behalf in United States District Court seeking to halt the execution on the grounds that he did not receive a fair trial.

The lawyers, including Ramsey Clark, the former United States attorney general who served on the defense team in the Baghdad trial, maintained that the federal court had jurisdiction because Mr. Bandar was effectively being held in American military custody in Iraq.

The judge, Reggie B. Walton, rejected the claim, saying he did not have jurisdiction. But he did allow the defense lawyers to appeal the issue in hopes of persuading the American courts to intervene.

Noting that the Iraqis had set up the tribunals by which Mr. Hussein and Mr. Bandar were tried, Judge Walton asked, "Why should I step in and interfere with the operations of a sovereign nation?"

Mr. Clark said in an interview that he had filed the petition at the request of Mr. Bandar's son after Mr. Hussein refused to allow him to do so. In a conversation in Iraq at the time of Mr. Hussein's sentencing last month, Mr. Clark said he tried to persuade the deposed leader to appeal to the American courts to block the execution. "He said it would be interpreted as his seeking mercy from the United States," Mr. Clark said, "and he would never permit it."

Hussein Bids Farewell To Iraqis In Note On Web (WP)

By Sudarsan Raghavan

The Washington Post, December 28, 2006

BAGHDAD, Dec. 27 -- A farewell letter posted on the Internet Wednesday in the name of Saddam Hussein declared the former president to be victimized by foreign armies but ready to die and "be with the merciful God." The letter urged Iraqis not to hate the foreign peoples whose armies invaded the country, just their leaders.

Released a day after Iraq's highest court upheld his death sentence and opened the way for his execution within 30 days, the letter said: "I call you now and invite you not to hate, because hatred does not leave space for a person to be fair and it will blind your vision and close all doors of thinking."

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Published on several Iraqi Web sites, the letter was written in ancient Arabic verse. Though Hussein took power a generation ago as a secular leader, in later years he mirrored the rise of religious fundamentalism in the Middle East, depicting himself as devoted to Islam. Much of the letter reflects that tone.

In interviews on Wednesday, two of Hussein's defense lawyers based in Amman, Jordan, said the letter was authentic and written by Hussein on Nov. 5. That was the day he was sentenced to death by hanging for the killings of 148 Shiite residents of the town of Dujail following an attempt on his life there in 1982.

"Yes, it is true," said Khalil al-Dulaimi, one of his lawyers.

The second lawyer, Saleh al-Armouti, said the letter was Hussein's way of expressing contempt for his sentence and for the Bush administration. "He's not an enemy of the American forces. He's an enemy of Bush," said Armouti. "There are a lot free people in the United States who are against the American occupation, and who should be respected for their opinions."

There was no independent way to verify that the letter was written by Hussein.

In the letter, Hussein said he was expressing his sentiments because the Iraqi High Tribunal and its chief judge "did not give us a chance to say what we want to say." The court, the letter continued, "issued its verdict without any explanation and read us the sentence -- according to orders of the invaders -- without presenting the evidence."

Turning to the future, the letter says: "Here, I offer my soul to God as a sacrifice, and if God wants he will lift it up to where the first believers and martyrs are and if his decision is postponed, then He is the most merciful. . . . So be patient and depend on Him against the unjust nations."

Addressing the "generous, loyal people," the letter bids them farewell. "I say goodbye to you, but I will be with the merciful God who helps those who take refuge in him and God won't disappoint any honest believer."

Portions of the letter praised Americans who assisted Hussein in his trial, an apparent reference to former U.S. attorney general Ramsey Clark, who joined Hussein's defense team.

"You should know that among the aggressors, there are people who support your struggle against the invaders, and some of them volunteered for the legal defense of detainees, and one of them is Saddam Hussein," the letter said. "Others exposed the scandals of the invaders or condemned them.

"Some of these people cried profusely and honestly when they said goodbye to me," the letter added.

Armouti, acknowledging that Hussein was referring to Clark, said that his team had met many American judges and lawyers who supported its view that the trial was unfair and improperly conducted. "We met Americans who are condemning this American intrusion in Iraq," he said.

Iraqi government officials have said that the nine-month trial was conducted properly. They disputed allegations that the court was politicized and dispensed victor's justice.

The letter was posted on the same day that loyalists warned, through a posting on a Web site of Hussein's former Baath Party, that they "are determined to retaliate, with all means and everywhere, to harm America and its interests if it commits this crime," referring to his execution.

According to Iraq's constitution, President Jalal Talabani and two vice presidents must ratify the court's decision if Hussein is to go to the gallows. On Tuesday, a spokesman for Talabani said his approval may not be legally necessary. An Iraqi High Tribunal provision that requires the implementation of the death sentence could outweigh the constitution, said the spokesman, Hiwa Osman.

"Some people believe there is no need for his approval," Osman told the Associated Press. "We still have to hear from the court as to how the procedure can be carried out."

On Wednesday, a New York-based human rights group accused the Iraqi High Tribunal of bowing to political pressures and issuing "its final judgment at worrying speed."

"The Appeals Chamber's ruling was issued far too rapidly for a case involving complex international crimes," said Miranda Sissons, head of the Iraq program of the International Center for Transitional Justice, which works on issues of accountability for atrocities.

"The Chamber should have conducted a serious revision of the evidentiary and fairness issues in the Dujail trial to ensure that justice was done," Sissons said. "That clearly hasn't happened."

Saddam Counsels Against Hating U.S. (WT/AP)

By Christopher Torchia

The Washington Times, December 28, 2006

BAGHDAD -- Saddam Hussein called on Iraqis not to hate the U.S.-led forces that invaded Iraq in 2003 in a farewell letter posted on a Web site yesterday, a day after an appeals court upheld the former dictator's death sentence and ordered him to be hanged within one month.

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One of Saddam's attorneys, Issam Ghazzawi, confirmed in Jordan that the letter was authentic, saying it was written by Saddam on Nov. 5 -- the day he was convicted by an Iraqi tribunal for ordering the killings of 148 Shi'ite Muslims in the city of Dujail in 1982.

"I call on you not to hate because hate does not leave space for a person to be fair and it makes you blind and closes all doors of thinking," the letter said.

Mr. Ghazzawi said the letter was released Tuesday and published yesterday on the Web site of Saddam's former Ba'ath Party.

The deposed leader said he was writing the letter because his attorneys had told him the Iraqi High Tribunal that tried his case would give him an opportunity to say a final word.

"But that court and its chief judge did not give us the chance to say a word, and issued its verdict without explanation and read out the sentence -- dictated by the invaders -- without presenting the evidence," Saddam wrote.

"Dear faithful people," he added, "I say goodbye to you, but I will be with the merciful God who helps those who take refuge in him and who will never disappoint any honest believer."

The letter was released as Saddam's last legal means of avoiding execution came under question. A spokesman for President Jalal Talabani said the appeals court order upholding the death sentence might not require Mr. Talabani's approval to carry out the execution.

Meanwhile, some Saddam loyalists threatened to retaliate if he is executed, warning in a posting on the Ba'ath Party Web site that they would target U.S. interests anywhere.

The Ba'ath Party was disbanded after U.S.-led forces overthrew Saddam in 2003. The Web site is thought to be run from Yemen, where several exiled members of the party are based.

In its ruling Tuesday, the appeals court said Saddam must be hanged within 30 days for his role in the Dujail killings. The court also affirmed death sentences for two co-defendants, including Saddam's half brother. It ruled that life imprisonment for a third was too lenient and demanded that he also be sentenced to death.

Many Baghdad neighborhoods were jittery yesterday amid fears that Sunni Arab insurgents would target Shi'ite areas in revenge attacks.

Violence appeared to be relatively minimal, though, with one car bombing killing eight civilians and wounding 10 near an army checkpoint in the capital, police said.

The U.S. military reported three troop deaths, bringing the U.S. death toll in December to 93 in one of the bloodiest months for American troops in Iraq this year.

Two Latvian soldiers were killed and three were wounded when a roadside bomb exploded under their Humvee, the Latvian Defense Ministry said. It was not clear where the incident occurred, but Latvia has about 130 troops serving in Diwaniyah, 80 miles south of Baghdad.

Saddam Advises Against Hatred In Farewell Letter (LAT)

By Alexandra Zavis And Molly Hennessy-fiske

The Los Angeles Times, December 28, 2006

BAGHDAD, Iraq — Saddam Hussein declared in a handwritten farewell letter published Wednesday that his execution for crimes against humanity would be a sacrifice for his people, and he urged Iraqis not to give in to hatred.

"Here I am presenting myself as a sacrifice, if God wants this," the former Iraqi president wrote. "I invite you now to reject hatred, since hatred will not allow justice and fairness.... I also invite you, brothers and sisters, my sons and Iraq's sons, strugglers, comrades not to hate the nations that assaulted us."

The letter was released as shootings and explosions rattled Baghdad for another day, and protesters took to the streets of the Shiite holy city of Najaf after an associate of a radical anti-American cleric was killed in a confrontation with Iraqi and foreign troops.

The U.S. military announced the deaths of three service personnel: a Marine killed in combat Wednesday in Al Anbar province, a soldier killed in a road accident Tuesday while on a combat mission and another soldier who died of noncombat injuries in Balad on Dec. 23. Their deaths raised the number of U.S. troops who have died in Iraq since 2003 to 2,983, according to the Web site icasualties.org.

Saddam's letter was posted on a Web site used by his Baath Party. Bushra Khalil, a member of Saddam's defense team, confirmed its authenticity.

The letter was dated Nov. 5, the day Saddam was sentenced to death for crimes against humanity in connection with the execution of 148 men and boys from the Shiite town of Dujail after a 1982 assassination attempt. It was released after a nine-judge appeals panel upheld the sentence Tuesday.

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Saddam said he wrote the letter because he was not given a chance to make a final statement when his sentence was handed down. "Oh loyal, generous people," his letter concluded, "I say farewell and my soul will be with the merciful God who helps those who take refuge in him and doesn't disappoint an honest believer."

Aref Shahin, the chief judge of the appeals panel, said the government was obliged to carry out the execution within 30 days. But Khalil said there might be grounds to block it. Saddam's defense team plans to meet Thursday in Jordan to discuss the next move.

Relatives of those killed in Dujail and other victims of Saddam's regime have demanded a public hanging. But government officials said Saddam's execution probably would be carried out in private in front of select witnesses. They said it might occur within days.

Under Iraq's constitution, President Jalal Talabani, a firm opponent of the death penalty, and his two deputies must ratify the executions of Saddam and three co-defendants before Prime Minister Nouri al-Maliki can order them carried out.

However, the code governing the court created specifically to try Saddam and members of his regime does not permit any change once the sentence is ratified by the appeals panel.

"We have a contradiction here," Khalil said by telephone from Lebanon. "In such cases everywhere in the world, it is the constitution that is regarded as the highest law of the land."

Talabani's spokesman, Hiwa Osman, said Tuesday that the president regarded the issue of sentencing as a matter for the judiciary. In previous cases, Talabani has deputized one of his vice presidents to sign on his behalf.

"The fact of the matter is that this (signature) is more ceremonial than it is official," said Mariam Rayis, al-Maliki's legal adviser. "The sentence will be carried out regardless of whether they actually sign or not."

Talk of executions comes amid surging sectarian bloodshed in Iraq. Sunni political leaders have warned that hanging Saddam could inflame violence and intensify attacks against U.S. troops.

Politicians close to al-Maliki said the prime minister wanted the sentence carried out quickly, to deny insurgents an opportunity to plan revenge attacks or to attempt to free Saddam. Education Minister Khodayer Khozar said the prime minister and other Cabinet members also wanted to avoid a distasteful public display.

"It would be the joy of millions of Iraqis to see him hang on television, but ethically we cannot do this," he said.

In Najaf on Thursday, at least 2,000 mourners in black chanted "No, no to America" during the funeral procession for Saheb Amiri, an associate of radical cleric Moqtada al-Sadr's.

U.S. military spokesman Maj. Gen. William Caldwell said Amiri, who was suspected of planning and supplying materials for roadside bombings including an October attack on the Najaf police chief, was killed when he fired at an Iraqi soldier.

Abdul Razzaq Naddawi, an al-Sadr official in Najaf, claimed that Amiri was killed in front of his wife and children, and that he did not belong to al-Sadr's Mahi Army militia.

Caldwell said coalition forces were still holding two of five Iranian men detained in raids Dec. 20 and 21 in Baghdad's central Jadriya neighborhood. Evidence seized by the military links the two men to illegal weapons shipments to armed groups in Iraq, Caldwell said.

Four of the men arrested, including the two still held, were diplomats visiting Iraq at the invitation of Talibani, according to an official at the Iranian embassy in Baghdad who spoke on condition of anonymity.

Times staff writers Mohammed Rasheed, Raheem Salma and Said Rifai in Baghdad, and correspondents in Baghdad, Babil, Hilla, Najaf and Tehran, Iran, contributed to this report.

Iraqis Split Over Death Penalty For Saddam (FT)

By Steve Negus

Financial Times, December 28, 2006

News of Saddam Hussein's imminent execution provoked widely differing reactions among Iraqis on Wednesday, with some welcoming the demise of their former persecutor and many afraid that it would cause further disruption to their lives, and others convinced that the president would strike a last-minute deal to avoid death.

Iraqi officials announced on Tuesday that the execution could be carried out at any time, but suggested that it would probably not take place until after the four-day Eid al-Adha holiday, which is due to start at the end of the week.

An appeals court announced on Tuesday that it had turned down the former president's final appeal and that his execution would follow within 30 days. The deposed dictator was convicted in November of complicity in a campaign of reprisals against a Shia village after an assassination attempt against him in 1982.

Some residents in northern Kurdistanexpressed jubilation at the deposed leader's imminent hanging, even though it will supersede his trial on charges of carrying out a genocide against the Kurds in the late 1980s.

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In Baghdad, the centre of Iraq's sectarian conflict, reaction was mixed. Some residents worried that Mr Hussein's execution would disrupt what little normalcy was left in their lives, fearing either retaliation from his supporters or an extended security clampdown on movement in the capital to prevent such attacks.

In Sadr City, a largely Shia district that is the support base of the radical Sadrist movement, one resident said few of his neighbours actually believed that Mr Hussein would be executed. He cited recent events – the escape of a Sunni minister from an Iraqi jail, and the demolition by UK forces of a police station in the southern city of Basra on the grounds that it had been affiliated with death squads – as indicators that Mr Hussein would somehow be able to cut a deal with the Americans and be allowed to escape.

Many Shia believe the US military is tying their hands in the country's sectarian conflict, and some believe that the Americans want to return his former ruling Ba'ath party to power.

Both sets of reactions indicate the degree to which Iraqis are likely to view Mr Hussein's execution through the lens of their own predicament and the country's shifting web of political alliances.

Meanwhile, Mr Hussein's lawyer released a letter written by the former president before his appeal was denied, in which he stated that he would go to the gallows as a "sacrifice" and called on his former Iraqi subjects to unite against their enemies.

A website affiliated with members of the Ba'ath party and believed to be run from Yemen posted a statement threatening retaliation against the US if the execution was carried out.

"The Ba'ath and the resistance are determined to retaliate, with all means and everywhere, to harm America and its interests if it commits this crime," the statement said.

The New York-based Human Rights Watch said that the Iraqi government should not implement the death penalty. It called Mr Hussein's trial "deeply flawed", citing Iraqi government actions that threatened the court's independence as well as procedural errors.

Execution Likely To Come Soon For Saddam Hussein (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 28, 2006

BAGHDAD — Saddam Hussein, sentenced to hang within 30 days, will likely be executed soon at a private gathering of select witnesses, officials close to Iraq's Prime Minister Nouri Maliki said today.

Hussein, 69, was sentenced to death Nov. 5 after being convicted of crimes against humanity in connection with the extermination of 100 men and boys from the Shiite town of Dujail after locals attempted to assassinate him in 1982.

A letter Hussein wrote on the day of his sentencing was released today on his former Baath party's web site.

"Dear faithful people," the deposed president wrote, "I say goodbye to you, but I will be with the merciful God who helps those who take refuge in him and who will never disappoint any honest believer."

Hussein's victims, particularly those from Dujail, are demanding a public hanging so they can see justice done. But government officials concerned about exacerbating sectarian tensions rejected the idea, said a cabinet member of Prime Minister Nouri Maliki, adding the government will likely only release photographs of the hanging to the public.

A U.S. Marine was also killed today in combat in western Anbar province, the military said, and a U.S. soldier died Tuesday after his vehicle rolled over on a dirt canal trail while on a combat mission south of the capital. Their deaths raised the number of U.S. troops killed in Iraq since 2003 to 2,983, according to icasualties.org.

Explosions and shootings rocked the capital today, as protesters took to the streets in the southern city of Najaf after Iraqi and coalition forces killed a local aide to anti-U.S. cleric Muqtada Sadr.

Protesters chanted anti-American slogans during the funeral procession for Saheb Amiri, an associate of Sadr, who ran a civic organization called Shaheedollah, or God's Martyrs, and a newspaper.

U.S. military spokesman Army Maj. Gen. William B. Caldwell IV described the raid at an afternoon briefing in Baghdad.

Caldwell said that after soldiers arrived, Amir fled to the roof of his house. An Iraqi soldier pursued him, followed by a coalition soldier, Caldwell said, and when Amiri shot at the Iraqi soldier with an assault rifle, the coalition soldier returned fire, killing Amiri.

Amiri's 16-year-old son, Ali, confirmed the story of the raid, but said the soldiers followed his father to the roof and killed him.

Caldwell said Amiri was suspected of planning and supplying roadside bomb attacks against Iraqi and coalition forces, including an October attack on the Najaf police chief.

Asked about Amiri's ties to Sadr and his Mahdi Army militia, Caldwell said Amiri was targeted for suspected illegal activity, "not because he was associated with any particular organization." But provincial and Sadr party leaders condemned the killing.

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"This act is not accepted at all and it's a significant violation for sovereignty in Najaf," said a provincial leader who asked not to be named.

Sadr party leaders said Amiri was gunned down while trying to call them for help.

"He was killed in front of his wife and his children," said Abudl Razzaq Naddawi, a Sadr official in Najaf, adding that at the time he was killed, Amiri was trying to call Sadr officials, "To tell them that he was surrounded by Americans." Naddawi said "Martyr Amiri" ran the civic group and a newspaper, Anwar Al Ghoori, and did not belong to the Mahdi Army.

Naddawi and other Sadr party leaders called a press conference in Najaf this afternoon where they urged followers not to lash out at U.S. forces.

"The Americans want to drag us into an open battle and we will not be lured into provocations," Naddawi said.

U.S. forces could be seen patrolling in greater numbers today in Baghdad's Shiite stronghold of Sadr City, and more were arriving in vehicles and helicopters late today, according to an Interior Ministry source.

Caldwell said operations are underway in Sadr City to root out the death squad responsible for extra-judicial killings. Such killings have been linked to both the Mahdi Army and the Shiite Badr Organization, a militia association with the Supreme Council for the Islamic Revolution in Iraq party.

"Anybody who is operating outside of the law, extra-judicial killings, we are going to take down, regardless of their affiliations," Caldwell said.

He said coalition forces were still holding two of five Iranian men detained in separate raids Dec. 20 and 21 in Baghdad's central Jadriya neighborhood, Caldwell said. During the later raid, the military seized evidence that links the two men to illegal weapons shipments to armed groups in Iraq, including documents, maps, photographs and videos, Caldwell said.

Four of the men arrested, including the two still held, were diplomats visiting Iraq at Talibani's invitation, according to an official at the Iranian embassy in Baghdad who spoke on condition of anonymity. He said embassy officials have been trying unsuccessfully to visit the prisoners.

At least 23 people died in today's violence across Iraq.

In the southern city of Babil, two roadside bombs exploded at an Iraqi Army patrol post, killing three soldiers, according to police in nearby Kut.

Gunmen killed the mayor of the southern county of Husseiniya, Hameed Sharifi and his bodyguard as they were driving to his office in nearby Karbala today, according to Karbala's mayor.

In the capital, explosions and shootings erupted at several points during the day. At least 50 bodies were recovered in the 24-hour period ending today, according to the Interior Ministry.

A car bomb exploded at about 2:10 p.m. in the north Baghdad neighborhood of Talibiya, killing at least ten people.

A roadside bomb near Baghdad's Wathiq Square killed seven, including three police, according to police. Gunmen attacked a bus ferrying workers to Kindi Medical College near Shurta Tunnel in west Baghdad, injuring several.

Saddam Hussein's Baath Party Threatens To Retaliate If Their Leader Is Executed (IHT/AP)

By The Associated Press

International Herald Tribune/AP, December 28, 2006

Saddam Hussein's Baath party threatens to retaliate if their leader is executed

AMMAN, Jordan: Saddam Hussein's Baath Party threatened Wednesday to retaliate if the ousted Iraqi leader is executed, warning in an Internet posting it would target U.S. interests anywhere.

The statement appeared on a Web site known to represent the Baath, which was disbanded after U.S.-led forces overthrew Saddam in 2003. The site is believed to be run from Yemen, where a number of exiled members of the party are based.

On Tuesday, Iraq's highest court rejected Saddam's appeal against a conviction and death sentence for the killing of 148 people who were detained after an attempt to assassinate in Dujail, northern Iraq, in 1982. The court said the former president should be hanged within 30 days.

"Our party warns again of the consequences of executing Mr. President and his comrades," the statement said.

"The Baath and the resistance are determined to retaliate, with all means and everywhere, to harm America and its interests if it commits this crime," the statement added, referring to Baath fighters as "the resistance."

"The American Administration will be held responsible for any harm inflicted on the president because the United States is the decision-maker (in Iraq) and not the puppet Iraqi government."

The statement said that if the execution takes place, it would be impossible for the Baath to take part in any prospective negotiations with U.S. and Iraqi officials to reduce the violence in Iraq.

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Saddam's defense lawyers, who are based in Amman, called on Arab governments and the United Nations to intervene to stop the execution.

"Otherwise, all may be participating in what is going on, either actually or due to their silence in face of the crimes, which are being committed in Iraq in the name of democracy," the lawyers said in a statement in English that was e-mailed to The Associated Press bureau.

The statement, signed by "the Defense Committee for President Saddam Hussein," said the court's rejection of Saddam's appeal was part of the "continued shedding of pure Iraqi blood by the current regime in Iraq, which (is) directly connected with the American occupation."

One of Saddam's counsel, Najib al-Nueimi, a former justice minister in the Gulf state of Qatar, said it was now time for Saddam's family to appeal to Iraqi President Jalal Talabani.

"The defense team has exhausted all the legal channels to appeal this decision, so it is up to the president's family to present an appeal for clemency to the current president, asking him not to sign the execution papers," al-Nueimi said, speaking in a phone interview from Qatar.

Saddam's wife, Sajda, lives in Qatar, and his daughter Raghad, who has supervised his defense team, lives in Amman.

Asked whether the family would appeal to Talabani, al-Nueimi would only say: "It's up to them."

Later in the day, the lawyer of the former Iraqi Deputy Prime Minister Tareq Aziz condemned the verdict saying it was a flagrant violation of the regulations of the court. He believes that court regulations require that an execution occur after 30 days — not within this period, as the court announced.

Badee Izzat Aref told the AP in a telephone call from Dubai that he met Saddam and Aziz last week in Baghdad and understood from them that Aziz will testify in court for the benefit of Saddam in his ongoing trial. Saddam is currently on trial for the military campaign, codenamed Operation Anfal, that took place during the 1980-88 Iraq-Iran war. An estimated 180,000 Kurds died during the campaign.

"He has very important issues to reveal during the trial," Aref said. "He will uncover the involvement of many important foreign and local personalities."

"The Iraqi government wants to accelerate the execution process to avoid the testimony of Tariq Aziz," Aref said.

Noting that Iraqi President Jalal Talabani he was against the death penalty, whether against Saddam or anybody else, Aref said, "If he gives authority to his vice president to sign the execution order, he will face great embarrassment before his party and the Kurdish people."

Rough Justice (LAT)

The Los Angeles Times, December 28, 2006

AT FIRST, British Prime Minister Tony Blair's reaction to Saddam Hussein's imminent hanging sounds a little wishy-washy. Blair reiterated his own opposition to capital punishment but also said the sentence "does give us a very clear reminder of the total and barbaric brutality of that regime."

Wishy-washy or not — and when it comes to Iraq, thoughtful equivocation is preferable to false certainty — Blair got it right. If one opposes capital punishment as a matter of principle, as we do, putting Hussein to death is of course objectionable. So was executing Adolf Eichmann and Timothy McVeigh. Rather than dwell on generic objections to capital punishment, a futile exercise given Iraqi law, Blair emphasized the sentence's significance as a judgment on the former Iraqi leader's misrule.

That said, both the sentence and the trial that produced it can be described as very rough justice. By British and U.S. standards, there were lapses in the trial that convicted Hussein of ordering the murders of 148 residents of a Shiite village in 1982. It's also troubling that the Iraqi appeals court that ruled Tuesday that Hussein should be hanged within 30 days took only three weeks to rule on detailed arguments submitted by his lawyers.

The most practical argument for sparing Hussein's life is rooted not in procedural scruples or a rejection of the death penalty but in political strategy. Ideally, Hussein would have been convicted against the backdrop of an Iraqi government regarded as legitimate by all segments of society, including Sunnis who prospered under the despot's rule. The current Shiite-led government in Baghdad falls sadly short of that description.

Assuming that Iraq's president or vice president could commute Hussein's sentence — and the appeals court insists that its ruling can't be altered — the best argument for mercy is that it might appease Sunnis who regard Prime Minister Nouri Maliki as partial to his fellow Shiites. At the same time, sparing Hussein could further destabilize Iraq by outraging both Shiites and Kurds. Tens of thousands of the latter group died in a military campaign that forms the basis of a separate genocide charge against Hussein.

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As with so much about Iraq, there is no simple answer to the question of whether the nation would be better off if the condemned keeps his date with the hangman. Hussein claims that he is prepared to join the ranks of "the true men and martyrs." Iraq's leaders need to ask themselves if that "martyrdom" will come, and if so whether it will be at too high a price.

G.O.P. Senator In Spotlight After A Critical Iraq Speech (NYT)

By James Risen

The New York Times, December 28, 2006

WASHINGTON, Dec. 27 — At the close of the Senate's lame-duck session, in between formulaic tributes to senators departing voluntarily or otherwise, a Republican backbencher suddenly rose to give one of the most passionate and surprising speeches about the war in Iraq yet delivered in Congress.

For a solid Republican who had originally voted for the war, the words spoken by the senator, Gordon H. Smith of Oregon, on the evening of Dec. 7 were incendiary and marked a stunning break with the president.

"I, for one, am at the end of my rope when it comes to supporting a policy that has our soldiers patrolling the same streets in the same way, being blown up by the same bombs day after day," Mr. Smith said. "That is absurd. It may even be criminal."

But the real impact of the address came not just from Mr. Smith's words, but from the way he delivered them. His somber cadence resonated in a way that made political Washington take notice, transforming him into one of the most talked-about Republicans heading into the new Congress.

After acknowledging that he had been "rather silent" on Iraq since voting to authorize the war in 2002, Mr. Smith said he was rising "to speak from my heart" because he had witnessed "the slow undoing of our efforts there."

"I remember the pride I felt when the statue of Saddam Hussein came down," he said. "I remember the thrill when three times, Iraqis risked their own lives to vote democratically in a way that was internationally verifiable as well as legitimate and important. Now all those memories seem much like ashes to me."

"Many things have been attributed to George Bush," Mr. Smith said, "but I do not believe him to be a liar."

He continued, "He is not guilty of perfidy, but I do believe he is guilty of believing bad intelligence and giving us the same. I can't tell you how devastated I was to learn that in fact we were not going to find weapons of mass destruction."

Senator Edward M. Kennedy, Democrat of Massachusetts, stopped short as he was walking out of the chamber to listen to Mr. Smith. He was so struck by the speech that he called him to congratulate him, an aide to Mr. Kennedy said.

A White House official also quickly called Mr. Smith to discuss his speech, Mr. Smith said in an interview.

Before his speech, Mr. Smith had last garnered national publicity with efforts to pass legislation to prevent suicides among youths after his son, Garrett, killed himself in 2003, on the day before his 22nd birthday.

But within days of the Iraq speech, Mr. Smith emerged as a new spokesman for an endangered political species: the moderate Republican.

In the process, Mr. Smith may have signaled that some moderate Republicans in the Senate are poised to break openly with the White House on the war, just as President Bush is seeking a new strategy to deal with the bloody stalemate in Iraq.

Only three or four senators were in the chamber when Mr. Smith spoke, but his speech has been replayed repeatedly on cable news and on the Internet and has had reverberations throughout the Republican Party.

For some, the speech helped crystallize the post-election anger many Republican lawmakers have for the Bush administration and its conduct of the war, which they believe cost them control of Congress. In the aftermath of his speech, Mr. Smith said he heard from several other Republican senators who he said agreed with his views.

"I sensed a cold shoulder or two," he said. "But many of my colleagues said, 'Boy, you spoke for me.' "

Senator Olympia J. Snowe, Republican of Maine, said, "I think Gordon sort of struck a chord, and his speech represented a manifestation of frustrations that exists among many of us, not just moderate Republicans but all Americans."

"I think for some, that speech was a tipping point," Ms. Snowe added. "It was a reality check. We have to admit that something has gone terribly wrong."

But other Republican lawmakers argued that Mr. Smith's speech was not representative of most Senate Republicans' views.

"I don't believe it's true that a lot of Republican senators are ready to break with the White House on Iraq," said Senator Judd Gregg, Republican of New Hampshire. "I don't think the views he expressed represent a significant number of senators in the Republican caucus."

First elected to the Senate in 1996, Mr. Smith, 54, has forged an image as a centrist Republican in a swing state that is now tilting a bit Democratic.

He said he had previously refrained from publicly criticizing the war because he had been struck by the comment of a soldier from Oregon, who told him during a 2005 visit to Iraq that if he supported the troops, he also had to support their mission.

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But Mr. Smith's attitude began to change over the past year, particularly after he visited Iraq in May. In an interview, the senator recalled two occurrences in Baghdad during his visit, one in which a massive bomb killed about 70 people and a second in which some American troops were killed on patrol.

And a book on World War I he had been reading, by John Keegan, the British military historian, was beginning to haunt him.

Mr. Smith said that his use of the word "criminal" in his speech to describe the war in Iraq came from his reading of that book, which he said explained to him the "practice of British generals, sending a whole generation of British men running into machine guns, despite memos back to London saying, in effect, machine guns work."

Much like the British in World War I, he added, "I have concluded that we are employing strategies that are needlessly getting kids killed."

After returning to Washington from Baghdad, Mr. Smith said he listened with growing dismay to optimistic briefings given to senators by Donald H. Rumsfeld, then secretary of defense, and other administration officials. Even in closed-door briefings, he said, "the answers always seemed to be, It's tough but we have to stay the course.

"And so I started thinking about the British generals," he said.

Last summer, on a flight from Portland, Ore., to Washington, Mr. Smith said he read "Fiasco," a history of the Iraq war by Thomas E. Ricks, "and by the time I landed I was heartsick."

As the situation in Iraq worsened in the fall, Mr. Smith said it became increasingly obvious to him that "we were playing street cop in a civil war."

"I started thinking about those British generals again," he said.

He said he had decided not to speak out before the midterm elections, both out of political loyalty and a fear that his words would be drowned out by partisan attacks.

"Then we were back in Washington for the lame-duck session," he said, "and I woke up one morning and turned on the news and another 10 soldiers had been killed. And I went from steaming to boiled. And then I went to the floor."

Mr. Smith faces re-election in 2008, and some Democrats in Oregon have suggested that his break with the White House was timed to aid his coming campaign, an accusation he adamantly denies.

Oregon's Democratic governor dismisses talk that the speech was politically motivated. Instead, the governor, Theodore R. Kulongoski, said he believed that the suicide of Mr. Smith's son had had a large effect on Mr. Smith's thinking on a wide variety of issues.

"I think the loss of his son has dramatically changed his view," Mr. Kulongoski said in an interview. "He understands the loss of a child. I think he's gotten tired of reading about these kids dying."

"I think he has been struggling through this for a long time," he added. "I think the trauma in him has been his loyalty to his party and to his president, at the same time this gut-wrenching thing in him."

Mr. Smith said he recognized that his words upset the White House and some fellow Republicans.

"It is not easy to stand up to the president of your own party to say you are unhappy with the way this has been managed," he said. "But if you can't speak up, then you should go home."

Support Is Lacking For British Troops, Commander Says (NYT)

By Alan Cowell

The New York Times, December 28, 2006

LONDON, Dec. 27 — The commander of Britain's 7,000 troops in southern Iraq has complained that they are operating in conditions that display "a generation of underfunding and relative neglect" by successive governments back home.

The remarks by the commander, Maj. Gen. Richard Shirreff, echoed criticism by two other high-ranking officers in recent months, breaking with a tradition of public restraint by military commanders in expressing political views.

In an interview with the BBC, General Shirreff said, "The nation needs to understand that the quality work done by these courageous men and women out here only happens and can only continue if our soldiers are properly supported back home in terms of the support for training, infrastructure, barracks, accommodation."

"Some of these issues need solving," he said, describing many of them as "the result of a generation of underfunding and relative neglect."

General Shirreff did not blame a specific government and directed some of his criticism at the broader relationship between civilians and the military.

"I don't blame any particular party or government; I think this is a general issue," he said. "There's a whole range of areas — it's not just the sharp end here." He said the "military covenant between the nation and its soldiers" was "seriously out of kilter."

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General Shirreff's comments followed remarks in October by Gen. Sir Richard Dannatt, the top army commander, who said British troops, based primarily in Basra, should be withdrawn from Iraq "sometime soon" because their presence was adding to security problems.

Snipers Stalk Marine Supply Route In Western Iraq (LAT)

By Tony Perry

The Los Angeles Times, December 28, 2006

along msr mobile, outside fallouja, iraq — The battle for this desolate stretch of road east of Fallouja is relentless: Twenty-four hours a day, Marines lumber up and down the six-lane freeway in 23-ton amphibious assault vehicles, looking for bombs and dodging snipers.

The shadowy gunmen are a constant menace on MSR Mobile — short for Main Supply Route Mobile, so dubbed because it serves as a main link between several U.S. bases here in Al Anbar province. In the last two weeks, two Marines with Company B of the 2nd Assault Amphibian Battalion from Camp Lejeune, N.C., have fallen to snipers' bullets: Lance Cpl. Luke Yepsen, 20, of Brazos, Texas, and Cpl. Joshua Pickard, 20, of Merced, Calif.

Marines suspect the same sniper killed Yepsen and Pickard.

"I hope he shows up today — I'd like to blast his ass," Sgt. Clayton Chism, 26, of Prentiss, Miss., said at the beginning of a patrol involving 14 Marines and three vehicles from the battalion's Team Gator.

The mission on the road linking Fallouja to Baghdad could be seen as a microcosm of the Marine mission in Al Anbar: nothing likely to be made into a Hollywood war movie, just a "persistent presence" to wear down the insurgency.

But there are moments of adrenalin-pumping drama. On this day, the Marines shot an Iraqi spotted planting a roadside bomb. When Lance Cpl. William Shaw was lifting the wounded Iraqi into a vehicle to be taken to a field hospital, the Marine was shot in the back by a sniper.

The round struck the back plate in the flak vest worn by the 22-year-old from Fort Bend, Texas. A few inches lower, and Shaw might have been killed or his spine severed.

The explosive ordnance detail was called to examine the bomb. It was fake.

Fake bombs are a recent wrinkle in the insurgents' game plan. The strategy, apparently, is to fire at Marines who arrive to neutralize the devices.

Navy trauma doctors who have treated wounded Marines say the snipers have also learned how to find vulnerable spots not covered by protective plates.

"We're not bionic men," said Gunnery Sgt. Justin Smith, 32, of Boston.

Several sniper shootings have taken place nearby. Marines suspect that insurgents use low-slung buildings parallel to the freeway as a staging ground and a place to make bombs.

The Marines raided the buildings recently and detained dozens of Iraqis. Some Marines had hoped to get permission to demolish the buildings, but that was denied by upper authority.

"It's like being in the U.S. and having a public park being used by drug dealers," said Capt. Eric Dominijanni, 34, of New York, commander of B Company. "Not everybody there is a drug dealer, and you can't destroy the park."

Chism's three-vehicle convoy arrived to provide additional security for the Marines. Inside one vehicle, nicknamed "Event Horizon," after a sci-fi movie, three Marines waited to respond if the searchers were attacked.

Protecting MSR Mobile is sometimes boring.

For four hours, they waited. "It was a good day: not much action," said Cpl. Dennis Bryant, 21, of Kodiak, Alaska. "Everybody came back OK."

Navy corpsman Raymond Casas, 35, of Victoria, Texas, was hit by a sniper round in the upper chest while on a mission just off the freeway. The bullet hit his M-16 and then the fabric of his protective vest, leaving Casas with a deep gouge in his Grim Reaper tattoo.

Casas said he felt a sharp sting in his chest and immediately went on the radio to report he'd been hit. "I was more mad than hurt," he said. He knows that if the bullet hadn't been deflected by his M-16, he'd be dead. "I was lucky, I guess."

Although the sniper thought to have killed Yepsen and Pickard is still at large, the Marines here have killed and captured numerous snipers and bombers.

"We take one off, there seems to be another to take his place," Smith said.

Pakistan Proposes Fence To Rein In Taliban (CSM)

By David Montero

The Christian Science Monitor, December 28, 2006

DOJ_NMG_0109765

ISLAMABAD, PAKISTAN

First, Pakistan tried to fight the Taliban militia along its remote, craggy border with Afghanistan. Then it tried to make peace with them. This week, Pakistan announced a new solution to the problem on its western frontier: mines and fences along the Afghan border, designed to keep militants from crossing in and out of the tribal zone.

Western capitals, newspapers, and military intelligence reports are increasingly voicing concern that the source of the Taliban's growing power rests in Pakistan and that Pakistan is not doing enough to quell it. This latest approach, beyond being quixotic, is also risky, analysts say: If the fence doesn't work, Pakistan may have exhausted all apparent options - and possibly its credibility, too.

"If this doesn't solve the problem, then what next?" asks Ramiyullah Yusufzai, a prominent journalist and tribal analyst in Peshawar.

For its part, Afghanistan immediately responded with anger to the fence idea. "The border is not where the problem lies," Khaliq Ahmad, a presidential spokesman in Kabul, was quoted as saying.

Many critics in Pakistan agree. "Are we going to detain ourselves? Or should we look into the root causes - the policy of tolerating militants inside our borders," asks Afrasiab Khattak, a political analyst and member of the opposition Awami National Party in Peshawar, near the Afghan border.

Pakistan has repeatedly dismissed the numerous claims that it has shied away from engaging Taliban militants, reiterating its commitment to fighting terrorism. The fence proposal, Pakistani officials insist, has not been timed to address rising concerns in the international community.

"It's not that our military action failed and our political action failed. No. This proposal pre-dates those," says Tasneem Aslam, Pakistan's Foreign Office spokesperson. Ms. Aslam refused to characterize the fence as a barrier to prevent Pakistani-based terrorists from entering Afghanistan, insisting that Taliban violence was an internal Afghan problem.

"There are 200,000 [people] crossing the border a day, and they're not all crossing at designated points. We want to control that," she explains.

In September, however, President Pervez Musharraf admitted that Pakistani militants are responsible for some portion of violence inside Afghanistan.

"There are al-Qaeda and Taliban in both Afghanistan and Pakistan," Musharraf said during talks in Kabul. "Clearly they are crossing from the Pakistan side and causing bomb blasts in Afghanistan."

The job of preventing those attacks is, by all accounts, not an easy one. Afghanistan and Pakistan share a 1,500-mile-long border, studded with some of the most rugged terrain in the world. The Taliban are well-trained, well-armed and well-versed in that terrain, analysts agree. There are no easy, short-term solutions. Half-hearted ones, like the fencing proposal, will only chip away at Pakistan's credibility, which some see as already fading.

A more realistic solution begins with an honest review of Pakistan's policy of supporting militants, some analysts contend.

"It is for the policymakers in Islamabad," says Mr. Khattak.

Other analysts caution against such claims, citing a lack of hard proof. But they agree that substantive political reform is vital. Political parties are banned from the tribal areas, meaning there is no force to contest religious leaders who support the Taliban. Draconian, colonial-era laws are the rule of the land, compelling many to view Taliban-inspired laws as more just.

"Pakistan has the will [to stop militants]. It is a problem of its political capacity," says Rasul Bahksh Rais, a professor of political science at the Lahore School of Management Sciences. Introducing political parties is a critical step, he adds, but one the government has resisted for fears such parties will resist them.

"We are not going to impede the movement between countries," Aslam assured. The fencing proposal, which Pakistan has broached in the past, will include designated crossing points where officials can easily monitor traffic. So far, the proposal has no timeframe.

It is unclear if Pakistani authorities plan to mine and wire the entire 1,500-mile stretch. Pakistan has proposed the project unilaterally - a move that has sparked ire from Afghan officials and raised eyebrows at home.

"You make an agreement when you do these kinds of things. But they haven't discussed it with the Afghan authorities," says Yusufzai.

Pakistan's Foreign Secretary, Riaz Muhammed Khan, insisted at a press conference, however, that Pakistan "needs no permission or agreement with any country, including Afghanistan, while carrying out any such project within its territorial boundaries."

The proposed fence would run along the Durand Line, a border set by British colonialists in 1893. Pakistan recognizes the line as an international border, but Afghanistan does not. Pashtun tribes, who live on both sides of the border and have migrated in between for centuries, are unlikely to accept the fence.

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"There would be attempts to stop the fence or blow up areas of the fence," says Mr. Yusufzai. Others add that for every militant felled by a mine, many more will emerge from the swirl of death and violence."One part of a family on one side [of the border] will be stepping over dynamite to see family on the other side. Don't we have enough gun powder in our area?" asks Khattak.

Afghan Air Strike Irks U.S. Soldiers (WT)

By Rowan Scarborough

The Washington Times, December 28, 2006

Special-operations soldiers say that if the command in Afghanistan had listened to them four years ago, there would have been no need this month for a U.S. air strike that killed senior Taliban leader Mullah Akhtar Mohammed Osmani.

He already would have been locked up.

As reported in 2002 by The Washington Times, an Army Green Beret "A Team" said it captured Osmani in a village near Kandahar, the Taliban's birthplace.

The U.S. prison at the Bagram military base north of Kabul later released Osmani, the Special Forces soldiers said. They suspect Osmani convinced his captors that he was not a Taliban leader but a poor villager. The soldiers said they heard later that he crossed into Pakistan and reorganized his forces.

A military spokesman told The Times, "If we had captured Osmani, we would still have him."

Osmani was killed earlier this month. The Combined Forces Command in Kabul said that on Dec. 19 Osmani was identified, based on intelligence reports, as riding in a vehicle near the Pakistan border in a deserted area. An air strike killed him and two unidentified companions.

"Osmani was in the top ring of the Taliban leadership, and he was also a close associate of Osama bin Laden and [anti-U.S. warlord] Gulbuddin Hekmatyr," said Col. Tom Collins, a command spokesman. "His death is a major achievement in the fight against extremists and their terrorist networks."

Osmani had helped lead a Taliban resurgence this year that saw the radical Islamic movement recapture towns in southern Afghanistan, commit a string of atrocities and ramp up ambushes of NATO troops.

The command said Osmani ran the Taliban's military operations in Kandahar and other southern towns. His leader, Mullah Mohammed Omar, remains at large.

Soldiers on the A Team in 2002 said Osmani should never have had the second chance to reorganize the Taliban.

"We may never find out what really happened to him and if he was really let go by mistake, or something else, but it would have saved many, many lives, Afghan and American, if Osmani had been locked up or killed in '02," said a Special Forces soldier who was in Afghanistan at the time.

The soldiers told The Times that in July 2002 they received intelligence from locals that Osmani was staying in a compound in the village of Sangin. The soldiers said that U.S. military operations had slowed by then and that some ex-Taliban felt reasonably secure living in small villages.

While his compound was under surveillance, a man matching Osmani's description emerged to attend morning prayers, the soldiers said. The man was stopped at gunpoint and searched. He had an old Taliban ID card with the name "Osmani," they said, and scars on his chest that matched an intelligence profile.

The soldiers said they took the man by truck to Kandahar, from where he was flown to the prison in Bagram. Weeks later, they said, they heard he had been released.

A Defense Intelligence Agency spokesman said, "The DIA has no knowledge that Mullah Akhtar Mohammed Osmani was ever in U.S. custody in Afghanistan. Given Osmani's high profile and our interest in detaining him, misidentification by experienced personnel is unlikely."

Air Force May Hire Outsiders To Oversee Projects (WSJ)

By Andy Pasztor

The Wall Street Journal, December 28, 2006

The Air Force is considering a potential new approach to managing multibillion-dollar space projects that could help it avoid the costly troubles that plagued previous efforts and lead to a lucrative new role for private-sector contractors.

But the new approach could present its own share of problems, including the potential for conflicts of interest.

The Air Force is considering hiring outside engineers or consultants to oversee systems integration of its next-generation navigational satellites, according to industry and government officials. Typically, the military service that orders a particular system retains primary responsibility and control over systems engineering and integration.

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But hiring a separate project integrator could set a precedent for future projects and would be a tacit acknowledgment that both Air Force Space Command and the Pentagon's massive weapons-buying bureaucracy lack the necessary expertise to perform the required oversight role.

The project involves setting up a next-generation U.S. global positioning system, which is widely used by the military and supports consumer applications such as in-car driving directions. The new system would feature stronger signals and be more jam-resistant. While a final price tag has yet to be determined, preliminary specifications for the system call for as many as two dozen satellites costing $100 million or more.

Boeing Co. and Lockheed Martin Corp. are vying to build satellites for the new system, known as GPS III, and may end up competing for the integration work as well. Production go-ahead is expected in 2008, though the newly designed spacecraft may not go into orbit until 2013. So far, the Air Force hasn't made a final decision on whether units of the two prime contractors will be eligible to receive any integration contracts, or if the Pentagon will seek a separate consulting firm to do that work, said the people familiar with the matter.

An Air Force spokesman declined to comment. A Boeing spokeswoman said the company is waiting for official requests for bids. A Lockheed Martin spokesman said the company is still reviewing details to determine if bidding on a potential systems-integration contract for GPS III "makes good business sense."

In the past few weeks, Air Force officials in conjunction with Aerospace Corp., a federally sponsored think tank that advises the Pentagon on acquisition matters, have been reviewing draft versions of the bid requests for GPS III. Air Force acquisition officials are specifically debating whether prime contractors for GPS III or other big-ticket programs should be barred from competing for certain integration contracts in order to avoid potential conflicts of interest, said a person familiar with the matter. The Air Force is seeking a mitigation plan to deal with any conflicts.

While an integrator wouldn't have final say over which company gets business, it would serve as the Air Force's eyes and ears and would play an important role in resolving technical issues and evaluating the performance of other contractors. Even if different parts of the same contractor are prevented from sharing sensitive information by setting up strict organizational divisions, the military recognizes such protections "by themselves will not mitigate" potential conflicts of interest, according to the Air Force's preliminary bid-solicitation document, issued earlier this month.

Having an integrator also doesn't eliminate complications. Boeing is the integrator for the Army's modernization program, called Future Combat System, and has faced scrutiny over costs and the viability of some of the technologies involved. Boeing has defended its work and the system.

Air Force officials already have said they intend to award separate manufacturing contracts for the satellites and related ground facilities.

The Air Force previously chose the international consulting giant Booz Allen Hamilton Inc. to serve as the lead systems integrator for its $16 billion Transformational Communications System. But that program is still in the concept-development phase and, compared to GPS III, a production ramp-up is likely to occur years later.

DOJ:

Top Federal Prosecutor In Conn. Named To National Position (AP)

By John Christoffersen, Associated Press Writer

AP, December 28, 2006

NEW HAVEN, Conn. (AP) -- Connecticut's top federal prosecutor has been appointed to a national position focused on combatting violence amid signs that a three-year lull in crime is ending, officials said Wednesday.

U.S. Attorney Kevin O'Connor has been named associate deputy attorney general at the U.S. Justice Department, where he will lead a team focused on violent crime and initiatives to crack down on gangs and illegal guns. He also plans to remain U.S. attorney for Connecticut for at least six months.

"I'm honored that they asked me to do it," O'Connor said. "To me this is a great opportunity to be involved on the national level on the same issues I've been involved in on a local level."

Preliminary FBI data released last week showed that murders and robberies continued to rise across the country during the first six months of 2006. Violent crime figures are on pace for a second straight annual increase. Violent crime rose 2.2 percent nationally last year - the first increase since 2001.

Authorities around the country also are worried about a resurgence in gangs. O'Connor held the state's first gang summit in September, and his office has been stepping up prosecutions.

O'Connor, who was appointed U.S. attorney in 2002 and starts his new position next week, also has been active in Project Safe Neighborhoods, which targets gun-carrying felons and has recovered about 4,000 guns over the past five years, he said.

His appointment comes nearly a year after Attorney General Alberto Gonzales announced an expanded program to combat gang violence, including an infusion of federal funds for cities with gang problems. His plan also called for expanding Project Safe Neighborhoods to include more anti-gang efforts and a new national gang task force.

O'Connor, whose new job will not increase his salary of about $145,000, said he will be in Connecticut as least once a week and plans to keep his Connecticut position for at least six months.

"I have no plans of stepping down as U.S. attorney unless circumstances lead me to conclude doing two jobs is having a negative effect on either one," O'Connor said. "I would not have accepted this offer from the deputy attorney general if I was not fully confident my leadership team could manage this district very effectively in my absence."

O'Connor's new position could help Connecticut with its law enforcement needs as well as position O'Connor for a top Justice Department position, said Stan Twardy, a former U.S. attorney for Connecticut. Others have held dual roles before, he said.

"If there are needs in Connecticut, they'll be heard directly, not through filters," Twardy said.

CORPORATE SCANDALS:

Apple 'falsified' Files On Jobs' Options (FT)

By Richard Waters In San Francisco

Financial Times, December 28, 2006

Steve Jobs, chief executive of Apple Computer, was handed 7.5m stock options in 2001 without the required authorisation from the company's board of directors, according to people familiar with the matter.

Records that purported to show a full board meeting had taken place to approve Mr Jobs' remuneration, as required by Apple's procedures, were later falsified. These are now among the pieces of evidence being weighed by the Securities and Exchange Commission as it decides whether to pursue a case against the company or any individuals over the affair, according to these people.

News of the irregularities, which is expected to be revealed in a regulatory filing by Apple before the end of this week, will add to pressure that has been growing on one of Silicon Valley's most highly-regarded companies since the middle of 2005.

Apple is among more than 160 companies that have owned up to stock option backdating – handing options to executives and other employees at exercise prices that were set in hindsight at favourable levels – a scandal which has led to the departure of a number of chief executives.

The latest revelation is likely to add to questions about Apple's disclosures about its internal investigation into the backdating issue. In October, the company largely exonerated Mr Jobs over the matter, saying that while he had been "aware" of the backdating "in a few instances", he "did not receive or otherwise benefit from these grants and was unaware of the accounting implications".

According to an Apple filing in 2002, the options under review were handed to Mr Jobs in October 2001, at an exercise price of $18.30 a share. However, the purported board authorisation was dated near the end of the year, suggesting that the benefits were both not properly authorised and were backdated. Mr Jobs later surrendered his options before they were exercised, implying that he did not gain any direct benefit from them. He was later given a grant of restricted stock by the company instead.

Apple's lawyers have briefed people involved in the case on the findings of the company's internal review of the matter, though it remains unclear how much detail will be included in the filing.

Under Apple's rules, the chief executive's remuneration must be set by a compensation committee of independent directors and later authorised by the full board.

An Apple spokesman refused to comment on the matter on Wednesday, but said the company had handed the findings of its internal enquiry to the SEC. The company said in October that it had found "no misconduct by any member of Apple's current management team" but that its investigation "raised serious concerns regarding the actions of two former officers". At the same time, it also announced the resignation from its board of Fred Andersen, a former chief financial officer. Mr Andersen had not been a director at the time of the 2001 options grant.

Legal News Slams Apple, But Stock Recovers (AP)

By May Wong, Associated Press

DOJ_NMG_0109769

AP, December 28, 2006

SAN JOSE, Calif. — Wall Street ultimately shrugged off a report Wednesday that federal prosecutors are investigating whether former Apple Computer Inc. officials forged documents to maximize executives' profit from stock options.

The legal publication that detailed the federal probe also reported that CEO Steve Jobs has hired outside attorneys to represent him in the investigation.

Shares of the iPod and Macintosh computer maker went on a roller-coaster ride in trading Wednesday, falling almost 5 percent before rebounding to close up a penny at $81.52 on the Nasdaq.

In a morning note, UBS Investment Research analyst Ben Reitzes called investors' fears "overblown."

"Investors seem to be reacting to the mention of Steve Jobs," Reitzes said in his note. "We believe it could make sense to obtain counsel, given his immense personal fortune and influence."

The Recorder, a San Francisco-based publication owned by American Lawyer Media, reported late Tuesday that federal prosecutors are looking into forged documents at Apple related to administering stock options. The report cited people with knowledge of the case who requested anonymity because the case is the subject of criminal and civil government investigations.

Apple spokesman Steve Dowling said the company is providing the Securities and Exchange Commission with the results of an internal investigation into its practices for granting stock options, but had no further comment Wednesday.

Apple is one of nearly 200 companies that have disclosed SEC, Justice Department or internal investigations for potential backdating of stock options. Backdating refers to retroactively pegging the strike price of an option to a day when the stock traded cheaply. Options with low strike prices are more valuable to their owner because they are less expensive to exercise.

In October, Apple said the internal investigation found no misconduct by any current officers but raised concerns about how two former officers recorded and accounted for stock options. Citing people with knowledge of the investigation, the Recorder also reported those two former officers were general counsel Nancy Heinen and Chief Financial Officer Fred Anderson.

Anderson retired as Apple's CFO in 2004 but remained a board member until he resigned in October after the internal inquiry. Heinen left Apple for unknown reasons in the spring, before Apple initiated its stock options probe in June.

Apple said the probe found accounting "irregularities" that occurred between 1997 and 2002. The troublesome awards included millions of options given to Jobs, though he subsequently surrendered the awards in 2003.

Echoing other analysts who have said they do not believe Jobs' position will be affected by the scandal, Piper Jaffray analyst Gene Munster said Wednesday that he remains convinced Jobs was not involved in any wrongdoing.

"Apple has issues with stock options, but I don't think it matters unless Steve Jobs is impacted," Munster said. "I think Wall Street could care less about this. They've already got two fall people — Nancy and Fred — and what it comes down to for investors is how many iPods they sold in the December quarter."

On Dec. 15, Apple said it was delaying filing its annual report with the SEC because of its ongoing investigation into stock option grants.

Apple Recovers After New Options Info (MRKTWTCH)

Market Watch, December 28, 2006

NEW YORK (MarketWatch) -- Apple Computer Inc. shares regained ground after being rocked Wednesday by a published report that some company officials may have falsified stock-option documents, and that Chief Executive Steve Jobs has hired a lawyer to represent him in federal inquiries.

The report from the California legal newspaper the Recorder, which appeared on the Web site Law.com, said federal prosecutors are examining the documents to determine whether criminal charges should be filed. The report cited "individuals familiar with the case who requested anonymity."

A separate report, which appeared in the Financial Times online edition, indicated that Jobs gained 7.5 million stock options in 2001 without the board's authorization, which is required.

The FT report, which cites unnamed people familiar with the matter, added that records were falsified to show that the board had approved the options for Jobs. The Securities and Exchange Commission is looking at those records to decide whether to pursue a case against Apple, according to the FT story.

The FT story didn't say who allegedly gave the options to Jobs or who allegedly falsified company records.

The Recorder story also said Jobs had decided to hire his own attorney to deal with inquiries by the Justice Department and the SEC. The high-profile chief executive had been represented by the company's outside law firm.

Apple had previously said that its own internal investigation found no misconduct by Jobs or other senior executives. The company did say that its probe had raised concerns about the actions of two unidentified former executives.

Company spokesman Steve Dowling had no specific comment on the news report, except to say Apple is "providing all the details of its investigation" to the SEC.

He said Apple plans to file its 10-K on or before Dec. 29, but he declined to say if it will contain any update on the stock-option investigation.

Gene Munster, an analyst at Piper Jaffray, pegged the odds that Jobs was involved in any shenanigans at less than 5%.

"We believe there is a very low likelihood that Steve Jobs was involved in the falsification of options documents, although we expect the investigation may continue to point to former Apple officers," Munster wrote Wednesday in a research note.

He reiterated his outperform rating on the stock.

Further details about Apple's situation are expected to be unveiled Friday, when the company plans to file several quarterly reports and its annual report for the fiscal year ended Sept. 30.

Apple has delayed the filings amid an internal probe into the backdating of employee stock-option grants.

The company previously has said that it would restate financial results for prior reporting periods to record noncash compensation charges after it found accounting irregularities for some grants issued between 1997 and 2002. Apple has not given an estimate of those charges.

The maker of Macintosh personal computers and iPod music and video players is among more than 100 firms under scrutiny for the practice of pricing option grants on dates that were different from their actual grant dates.

Grants priced on days when the underlying stock price was at monthly or quarterly lows led, in many cases, to sizable financial windfalls for corporate executives.

Revelations of options backdating have led to the ouster of more than 30 executives at companies. Among them is a former Apple chief financial officer, Fred Anderson, who resigned on Oct. 4, the same day that the company said its internal probe had found evidence of backdating.

That same investigation revealed that "in a few instances, Chief Executive Steve Jobs was aware that favorable grant dates had been selected, but he did not receive or otherwise benefit from these grants and was unaware of the accounting implications" of backdating.

Apple Shares May Fall On FT Report Of Jobs's Options Grant (BLOOM)

By Ian King And Connie Guglielmo

Bloomberg, December 28, 2006

Dec. 28 (Bloomberg) -- Shares of Apple Computer Inc. may fall after the Financial Times reported Chief Executive Officer Steve Jobs was given stock options in 2001 without the authorization of the company's board.

Company records that appear to show the full board considered a grant of 7.5 million stock options were falsified, the newspaper reported, citing people familiar with the matter. The U.S. Securities and Exchange Commission is examining the evidence, the report said.

``It does create a certain amount of doubt as to whether Steve Jobs can stay with the company," Rob Enderle of the research firm Enderle Group said yesterday in an interview. ``It looks more and more serious."

Apple is among the biggest names caught in a stock-option scandal that has widened to more than 190 companies. In June the maker of the iPod music player began an internal review of its grants, including one to Jobs. Apple said in October said it found 15 misdated grants from 1997 to 2002. The Recorder, a San Francisco-based legal newspaper, first reported yesterday on the discovery of possibly falsified documents related to options.

``We are providing all details regarding the internal independent investigation to the SEC and not commenting beyond that," Steve Dowling, an Apple spokesman, said by telephone.

John Nester, a spokesman for the SEC, refused to comment on the Financial Times article. Claude Stern, the partner in charge of the Redwood City, California, office of Quinn Emanuel Urquhart Oliver & Hedges, the law firm hired by Apple's board to examine the grants, declined to comment.

Shares Fall

Shares of Cupertino, California-based Apple declined $2.47, or 3 percent, to $79.05 in extended trading after the report. They gained 1 cent to $81.52 in regular Nasdaq Stock Market composite trading and had risen 13 percent this year.

``The SEC has been looking very hard at these cases and they're working with the Department of Justice to put together criminal cases," said Bill Portanova, a former federal prosecutor in solo practice in Sacramento, California. ``When prosecutors are looking at something that they think is wrong in the first place, and they find paperwork in support of that thing that has been falsified, their appetite is whetted."

When Apple released the results of its three-month investigation in October, it didn't disclose any falsified documents. The company said it found backdated option awards on 15 occasions from 1997 to January 2002. While Jobs, 51, was aware of some instances, he didn't benefit, Apple said.

Restatements Due

Apple promised to submit restatements for the third quarter ended July 1 and the year ended Sept. 30 by the end of December.

Backdating allows executives to inflate the value of the stock options by retroactively choosing grant dates when the underlying shares are lower. Restatements, revisions and charges have topped $5.7 billion among the companies that have corrected their results thus far.

Jobs apologized to shareholders in October after finding instances of favorable grants. Apple said at the time the actions of two unnamed former executives raised ``serious concerns.'' Former Chief Financial Officer Fred Anderson, whose tenure included the five years when options were manipulated, resigned from the company's board.

While Jobs knew some options were backdated, he didn't benefit or understand the accounting, the company said. Apple added there has been no misconduct by current management.

U.S. Attorney

The Recorder said yesterday federal prosecutors are examining whether Apple officials falsified documents to inflate the value of grants. The fake documents were uncovered during the company's internal probe, and the information was passed on to the U.S. Attorney's office, the Recorder said, citing people familiar with the case.

Helen Yee, a Justice Department spokeswoman in San Francisco, didn't return a phone call seeking comment after normal business hours.

``How does it affect the timing, predictability or size of cash flow of Apple going forward? The only way it can is if they implicate Jobs in some way,'' said James Grossman, a fund manager at Thrivent Financial for Lutherans in Appleton, Wisconsin. The firm oversees $65 billion including Apple shares.

``The charges are serious,'' said Grossman. ``I'm going to stick with the original statement by the company that Jobs isn't a part of it.''

Nabors Industries Will Relaunch Review Of Option-Grant Practices (WSJ)

The Wall Street Journal, December 28, 2006

Nabors Industries Ltd. said it is initiating a further review of its option-granting practices in light of "issues raised" in an article published by The Wall Street Journal.

The oil-and-gas driller said this review follows an internal review earlier this year of its stock-option practices going back to 1998. It said this initial review "did not suggest that there was reason to question the propriety" of its option-granting practices.

MORE ON OPTIONS

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The Journal article, published yesterday, said that Eugene Isenberg, the chief executive officer of Nabors, is among the highest-paid corporate executives in history, receiving more than $450 million in compensation over the past 19 years, largely due to stock-option grants whose value, the article contends, was enhanced by certain "controversial moves" made by the company, which has U.S. headquarters in Houston but is registered in Bermuda.

The moves cited by the Journal included allowing Mr. Isenberg to trade in certain worthless options for new ones with lower exercise prices and "reloading" Mr. Isenberg with new options when he cashed in others.

In 4 p.m. New York Stock Exchange composite trading yesterday, Nabors's shares rose 30 cents, or 1%, to $30.53.

In separate options-related news, HCC Insurance Holdings Inc. said it has completed an independent review of its stock-option-granting practice and recorded a gross noncash compensation expense of $26.6 million related to corrections of errors from 1997 to 2005.

The company said the charge had no impact on its reported net revenue, cash or cash flow for the period, but it did result in a net after-tax decrease in shareholders' equity of $3.3 million.

HCC, of Houston, said its conclusion of the review and subsequent completion of certain quarterly and annual financial filings with the Securities and Exchange Commission will have "cured any possible Event of Default" stemming from its failure to deliver the reports in a timely manner under the provisions of certain debt offerings.

In addition, HCC posted third-quarter net income of $93.3 million, or 80 cents a share, up from $7.4 million, or seven cents a share, in the year-earlier period.

HCC's shares rose 38 cents, or 1.2%, to $32.04 on the Big Board.

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Street Sleuth France Ready To Bring Hedge Case (WSJ)

By Alistair MacDonald

The Wall Street Journal, December 28, 2006

France's markets regulator will fine hedge fund GLG Partners LP and Deutsche Bank AG for abuses arising out of a convertible-bond offer for French telecommunications-equipment maker Alcatel SA, according to people familiar with the matter.

The Autorité des Marchés Financiers, or AMF, is following the recommendations of a preliminary report it received in October that was compiled by one of its officials.

The AMF has decided to increase the fine levied on London-based GLG to €1.2 million ($1.6 million) from €1 million recommended in the report and reduce Deutsche Bank's fine to about €300,000 from €1.5 million, these people said.

Alcatel SA, now Alcatel-Lucent, announced Dec. 12, 2002, that it would offer between $640 million and $835 million in bonds that would convert into shares.

The AMF was investigating whether hedge funds acted on information offered by Deutsche Bank before the bonds' issuance was publicly announced.

While it is common practice by banks to preview deals to select clients ahead of their announcement, it is against market regulations in Europe to act on that information.

The AMF's final report will mainly blame former GLG trader Philippe Jabre for abuses related to the convertible-bond issue, according to one person familiar with the matter. Mr. Jabre is planning to launch a hedge fund in Geneva.

A spokesman for Mr. Jabre declined to comment. A spokesman for GLG said the firm will appeal the AMF's decision.

A Deutsche Bank spokeswoman said, "Deutsche Bank has been sanctioned for technical and procedural reasons. There is no case to answer on insider trading. Deutsche Bank will not be appealing."

The AMF typically allows the appeals process to get under way before announcing the final results of its investigations.

The preliminary report said three other hedge funds, Marshall Wace LLP, Meditor Capital Management Ltd. and Ferox Capital Management Ltd., which had been targets of the investigation, didn't have a case to answer to. It is unclear whether they have been given a final clearance by the AMF.

The AMF's decision comes as politicians and some regulators in Europe call for increased scrutiny of hedge funds, which are private investment pools catering mainly to wealthy investors and institutions.

--David Gauthier-Villars contributed to this article.

KLA-Tencor's Former Chief Tompkins Resigns From Board (Update2) (BLOOM)

By Ian King

Bloomberg, December 28, 2006

Dec. 27 (Bloomberg) -- Former KLA-Tencor Corp. Chairman Jon Tompkins resigned from the board, making him the fourth senior official to sever ties with the company since it discovered problems related to the backdating of stock option grants.

Tompkins resigned on Dec. 21, San Jose, California-based KLA-Tencor said in a U.S. Securities and Exchange Commission filing today. Tompkins, who is also chairman of Electro Scientific Industries Inc., quit for personal reasons, KLA-Tencor spokeswoman Kyra Whitten said. She declined to comment further.

Tompkins served as chief executive officer from May 1997 until July 1998, then as chairman until June 1999. The company said in September it would restate results from 1997 to 2002 after a special committee found incorrect dates were used in granting stock options to executives.

KLA-Tencor, the second-largest U.S. chip-equipment maker, said on Oct. 16 it found $400 million in costs related to backdated stock options and canceled grants to another former CEO, Kenneth Schroeder.

General Counsel Stuart J. Nichols resigned that day and KLA-Tencor said it terminated ``all aspects of its employment relationship'' with Schroeder, who ran the company from 1999 to 2005, succeeding Tompkins. A day later, Chairman Kenneth Levy retired. The company said it would reprice options held by Levy and other executives.

Tompkins didn't respond to a phone message seeking comment left at Electro Scientific Industries.

Shares

Shares of KLA-Tencor rose 20 cents to $50.21 at 4 p.m. New York time in Nasdaq Stock Market composite trading and have gained 1.8 percent this year.

KLA-Tencor is among more than 190 companies to disclose internal or federal investigations of stock-option practices to determine if grant dates were manipulated to enrich employees. The SEC, the Justice Department and Internal Revenue Service are looking for evidence that companies broke securities or tax laws by backdating grants to coincide with days when share prices were low.

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They're also examining grants that were made in advance of news that drove up company stock prices, a practice known as spring-loading.

SEC Reversal Irks A Committee Chief (WSJ)

By Siobhan Hughes

The Wall Street Journal, December 28, 2006

WASHINGTON -- The Securities and Exchange Commission's decision to reverse course and relax disclosure rules on executive pay isn't sitting well with the Democrat who will head the House Financial Services Committee in the new Congress.

Rep. Barney Frank (D., Mass.) said he is "very disappointed with both the substance and the procedure" involved in the rule changes, which the SEC announced late Friday, just before the long Christmas weekend.

The rules, which apply to publicly held companies, would reduce the amount of top executives' compensation that many companies would be required to disclose next year. Companies would be allowed to spread the value of options and restricted-stock awards over a number of years, disclosing them as they vested, rather than in the year they were granted. Businesses had lobbied for the change, arguing that the SEC's plan to tighten disclosure requirements for options would have overstated executive pay.

Mr. Frank's committee has oversight of the SEC, and he could hold hearings on the executive-pay rules. He has already said he would push for legislation to allow shareholders to vote on executive compensation.

"Backtracking by the SEC on this important matter of stock options reinforces my determination that Congress must act to deal with the problem of executive compensation that is now unconstrained by anything except the self-restraint of top executives, a commodity that is apparently in insufficient supply," Mr. Frank said.

The SEC said it acted to reconcile the value of stock-options awards as disclosed in corporate financial statements with the value of executive-stock option grants disclosed to investors.

Companies treat stock options as costs in their financial statements as the options become exercisable. The SEC rules had previously required companies to disclose the value of stock-options awards on the date of the award, sometimes years before the recipient was entitled to exercise them.

SEC Chairman Christopher Cox said in a statement yesterday that "the object is to report accurate numbers. Artificially inflating executive pay, or reporting 'phantom' pay, is just as misleading as routinely underreporting it, which was the case before we adopted the new executive-compensation rules in July."

The U.S. Chamber of Commerce had complained that by including the value of options, stock or other awards that wouldn't vest -- or pay out -- for years, the earlier rules would have made executive pay packages look misleadingly large.

Executive pay increasingly is becoming a hot-button political issue as the pay gap widens between corporate chieftains and rank-and-file employees. Prompted by investor concern, the SEC earlier this year approved rules that will provide more information about the pay and perquisites granted to top executives. The new details of executive-pay packages will be released mostly in early 2007, when companies file annual proxy statements.

In its latest changes, the SEC took the unusual approach of making the new rules for stock options effective almost immediately. That decision essentially renders moot the agency's plans to provide a 30-day public comment period on the matter.

"The problem of executive pay that is both greatly excessive and deliberately obscured is a grave one," Mr. Frank said. "I had been encouraged when the SEC recognized this problem in its initial proposal, and while that continues to provide improvements in the relevant rules, this slippage is regrettable both substantively and for not having been open to more public discussion."

Frank Wants Pullback On Executive Salaries (USAT)

USA Today, December 28, 2006

Rep. Barney Frank, who will head the House committee that oversees the Securities and Exchange Commission, said Congress should rein in executive pay after the SEC changed rules for how companies value stock-option awards.

"Backtracking by the SEC on this important matter of stock options reinforces my determination that Congress must act to deal with the problem of executive compensation that is now unconstrained by anything except the self-restraint of top executives," Frank, D-Mass., said in a statement Wednesday.

The SEC said on Dec. 22 that it will let companies report stock-option expenses "as that cost is recognized" instead of when awards are made. The change conforms with an accounting rule that requires recognition of the costs of equity awards over the period in which an employee works for them, the SEC said. Stock options often vest three to five years after being granted.

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The change will allow firms to report lower compensation costs by spreading expenses over many years rather than disclosing them all at once, said accounting experts including Charles Mulford, a professor at the Georgia Institute of Technology.

Frank, the next chairman of the House Financial Services Committee, said it's "ironic" that the agency wants to change its rules when regulators are uncovering "widespread abuses" in stock-option awards. Almost 200 companies are under investigation on issues involving backdating option awards to periods of low share prices, a practice that boosts the value of the grants.

SEC spokesman John Nester didn't immediately return a phone call seeking comment.

Last week's action by the SEC amends regulations approved by the agency in July, which were the most extensive overhaul of executive-pay rules in 14 years.

New SEC Pay Rule To Benefit Executives (WP)

By David S. Hilzenrath

The Washington Post, December 28, 2006

The incoming chairman of the House Financial Services Committee suggested it was a Christmas present for corporate executives from the Securities and Exchange Commission.

But SEC Chairman Christopher Cox yesterday defended the agency's recent action to modify stock option disclosures, saying it "will provide the maximum clarity and consistency for investors."

On the Friday before Christmas, without advance notice or a public vote, the SEC announced an amendment that generally would make top executives' annual pay appear smaller than it otherwise would have.

The amendment, which represented an about-face from a requirement that the agency adopted in July, would change the way stock option grants are reflected in the main compensation table of companies' annual pay reports. This revision lets businesses spread the estimated value of those options over multiple years instead of reporting their full value in the year the options are awarded.

The U.S. Chamber of Commerce and accounting firms that work for public companies had advocated such an approach. But reaction from other quarters was critical.

"I didn't even know they had a chimney at the SEC, and then all of a sudden this came slipping down it," Rep. Barney Frank (D-Mass.), who is set to lead the Financial Services Committee, said in an interview.

"Backtracking by the SEC on this important matter of stock options reinforces my determination that Congress must act to deal with the problem of executive compensation," Frank said in a statement yesterday.

The change "will make it harder for investors to get a transparent picture of the magnitude and value of options being granted to corporate executives," said Lynn E. Turner, former chief accountant at the SEC and now head of research at Glass, Lewis & Co., an adviser to institutional investors.

The commissioners adopted the amendment Dec. 15, but the agency waited to announce it because the Office of Management and Budget did not approve the rule until Friday afternoon, SEC spokesman John Nester said yesterday.

The SEC action reflects the confusion and criticism that surround stock options, which have created great wealth for many executives and have been criticized as contributing to some of the worst corporate scandals. In recent months, many companies have been examining whether option grants were improperly backdated to maximize their value to executives, and some corporate chiefs have lost their jobs.

The SEC and the Justice Department have been conducting probes of options practices, and criminal charges have been filed against officials from two companies.

An option gives the holder the right to buy a share of stock at a set price. If the market price of the stock rises above that level, the holder can exercise the option at a profit. Option grants typically vest incrementally over a period of years.

Policymakers have long struggled to include some measure of option value in executive pay, because the ultimate value of options only becomes clear when they are exercised. They may end up being worthless, or worth much more than initially estimated.

In July, the SEC overhauled the rules for pay disclosures, requiring that companies show annual compensation totals for top executives that include full estimated values of option grants. The approach the SEC announced Friday would spread the value of the options over the vesting period, following the method companies must use to account for the cost of options on their financial statements.

"Artificially inflating executive pay, or reporting 'phantom' pay that will never be received, is just as misleading as routinely underreporting it," the SEC chairman said in a statement yesterday.

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Estimates of the total value of option grants will not disappear from the pay disclosures. Rather, they are to appear in a separate chart from the summary compensation table.

"I don't see it as an effort [by] the commission to enable companies to hide the ball on the value of option grants," said John Olson of the law firm Gibson, Dunn & Crutcher, which represents business groups.

Federal law generally requires that the SEC to publish a rule 30 days before it takes effect, but there are exceptions. In this case, the SEC found that inviting 30 days of advance public comment would have been "impracticable, unnecessary and contrary to the public interest," partly because the disclosure rules it adopted in July kicked in Dec. 15.

Editorial: Thompson Memorandum (PAPN)

Harrisburg Patriot-News (PA), December 28, 2006

Reacting to pressure by Arlen Specter and others on the "Thompson Memorandum," the Justice Department has proposed guidelines on what critics contend have been coercive and unconstitutional tactics used in investigations of corporations.

But the new guidelines still fall short of adequately protecting constitutional rights of employees. Specter and his allies, who include former Pennsylvania governor and U.S. Attorney General Dick Thornburgh and incoming Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., should continue pushing.

A memorandum issued in 2003 by then Deputy Attorney General Larry Thompson issued a number of factors prosecutors should consider in deciding whether to bring criminal charges against a company. One of them took heavily into account the degree of a company's cooperation with investigators.

As a result, critics contend companies have gone too far and pressured employees to do such things as waive attorney-client privileges and other protections. While this may aid the company, it can expose individuals.

The starkest example came when a federal judge in New York ruled the Justice Department was responsible for undue pressure executives of accounting firm KPMG put on employees to cooperate in the government's probe of tax shelters.

The judge, siding with two ex-employees who alleged they were threatened with termination if they didn't waive certain rights in dealing with investigators, issued a blistering attack on the Thompson Memorandum as depriving individuals of their Fifth Amendment protection against self-incrimination.

Specter has said he will re-introduce legislation in the next Congress that would prohibit the Justice Department from pressuring corporations to waive their rights to preserve conversations and other information shared with lawyers as confidential; allow corporations to continue paying employees' lawyers fees without threat of retribution from prosecutors; and bar the department from considering how cooperative a corporation has been in determining whether to file charges.

The Thompson Memorandum remains in effect, but investigators must show a "legitimate need" to obtain privileged information and must obtain written approve from a deputy attorney general before pursuing them.

This is unsatisfactory in that we are talking about constitutional rights still being left to the discretion of too few in the Justice Department.

Specter and his allies should insist on further negotiations, and if they prove futile, spell things out clearly in legislation.

CRIMINAL LAW:

Feds Look For Fraud In Detroit City Lease (DEN)

By Paul Egan, The Detroit News

Detroit News, December 28, 2006

Audit shows $1.5M overbilling for building owned by political donor; his lawyer says city was repaid.

DETROIT -- The U.S. Justice Department is investigating possible fraud in a building lease held by Detroit's Employment and Training Department after an audit identified $1.5 million in apparent overcharges, sources familiar with the investigation said.

The Detroit City Council allocated $5.3 million at the end of 1999 to cover five years of lease payments on the building at 1300 Rosa Parks, but city payments totaled $10.7 million after 39 months, the audit said.

The building is owned by Hampton Ridge Properties LLC, which is controlled by Grosse Pointe Farms businessman Cullan Meathe, a major donor to several Detroit politicians and co-owner of Metro Cars Inc.

Detroit lawyer Steve Fishman, who represents Meathe, said the case is essentially a landlord-tenant dispute. "My understanding is that most, if not all, of the money in dispute has been paid back to the city," Fishman said.

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The city-commissioned audit, by the Whall Group of Auburn Hills, found in 2003 that Hampton Ridge charged the city for insurance and other expenses the company was supposed to pay; charged the property taxes for other buildings or for taxes it never paid; and submitted duplicate invoices for security, taxes, insurance and other expenses.

Federal investigators also are reviewing allegations that a subcontractor supplied Hampton Ridge Properties two sets of invoices -- a lower one to be paid by Hampton Ridge and a higher one to be submitted to the city for reimbursement, sources familiar with the investigation said.

The inquiry is one of several investigations at Detroit City Hall that have led to the indictment of two former City Council members and scrutiny of city contracts at Cobo Center and elsewhere. Justice Department officials refused to confirm or deny the lease investigation.

Aside from any possible fraud, city officials have acknowledged their own mistakes in allowing unusual lease provisions and paying invoices that should not have been approved.

"It was horribly sloppy on the city's part," said Matt Allen, a spokesman for Detroit Mayor Kwame Kilpatrick.

Rent is $1.06M a year

Even without any overcharges, $5.3 million would not have been enough to cover the five-year lease, which allowed Hampton Ridge to charge a 5 percent management fee in addition to the $1.06 million-a-year rent, plus be reimbursed for certain expenses.

Allen said city officials are cooperating with the federal investigation and are also conducting an internal probe into the lease -- signed before Kilpatrick took office in 2002.

The 117,800-square-foot building houses a state-run Michigan Works employment satellite center and the state and federal governments provided money the city used to make the lease payments.

This year, city General Counsel Sharon McPhail negotiated the return of $1.2 million in overcharges to the city from Hampton Ridge, Allen said. A final financial settlement has not been reached, pending a meeting in January with state officials, he said.

City and state officials refused to release a copy of the Whall audit under Michigan's Freedom of Information Act., but a copy of the 61-page report was reviewed by The Detroit News.

The audit said it appeared Hampton Ridge overcharged the city about $686,000 for building improvements, $375,000 for property taxes, $215,000 for maintenance, $214,000 for heating and cooling, elevator and roof work, $163,000 for insurance and $75,000 for security.

Poor bookkeeping blamed

The lease required Hampton Ridge to maintain insurance "at its sole cost and expense," the audit said.

"Nevertheless, Hampton Ridge Properties billed and the department paid approximately $162,771.50 for insurance," the audit said.

Even if the city had been responsible for insurance payments, Hampton Ridge Properties still would have overcharged the city by about $50,000, through duplicate invoices and by improperly billing a $2,013 automobile insurance invoice to the lease, the audit said.

In the area of security, "it appears that … several invoices were submitted twice and the department paid them twice," the audit said.

According to the report, Meathe acknowledged a problem with overcharges in a 2003 meeting with city officials and blamed poor bookkeeping.

Meathe, who did not return phone calls from The News, asked city officials in January 2003 to pay his February 2003 invoice early because he was experiencing a cash flow problem, the audit said.

At an April 9, 2003, meeting with city officials, Meathe complained about slow payments by the city and said he was "carrying the city … because he had to pay the vendors before the department paid him the rental monies due," the audit said.

But one of the vendors claims it was not being paid for work it did for Hampton Ridge that was charged to the lease. Security company Pinkerton's Inc. sued Hampton Ridge in Wayne Circuit Court in August 2004, alleging it had not been paid nearly $169,000 for security it had provided at 1300 Rosa Parks since November 2000, court records show.

City officials said that at the time Meathe complained about late payments, the city had paid all invoices on or before the due date, except for two, the audit said. Those two invoices were paid eight days late, the audit said.

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Murders Are Up In New York And Several Other U.S. Cities For 2006 (FINDLAW/AP)

By Karen Matthews, Associated Press Writer

AP, December 28, 2006

(AP) - NEW YORK-After many years of decline, the number of murders climbed this year in New York and many other major U.S. cities, reaching their highest levels in a decade in some places.

Among the reasons given: gangs, drugs, the easy availability of illegal guns, a disturbing tendency among young people to pull guns when they do not get the respect they demand, and, in Houston at least, an influx of Hurricane Katrina evacuees.

In New York, where the city reported 579 homicides through Dec. 24 - a nearly 10 percent increase from the year before - the spike is mostly the result of an unusually large number of "reclassified homicides," or those involving victims who were shot or stabbed years ago but did not die until this year. Thirty-five such deaths have been added to this year's toll, compared with an annual average of about a dozen.

At the same time, Police Department spokesman Paul Browne noted that this year's total is only slightly higher than last year's 539 homicides - the city's lowest death toll in more than 40 years.

Browne blamed the rise in part on the availability of guns, particularly weapons from out of state. The city this year sued dozens of out-of-state gun shops that it says are responsible for many of the illegal weapons on the streets of New York.

In Chicago, homicides through the first 11 months of the year were up 3.3 percent compared with the same period in 2005, reversing a four-year decline. A police spokeswoman said gang violence has been a contributing factor.

In New Haven, Connecticut, there were 23 homicides as of Tuesday, compared with 15 in 2004 and in 2005. Police Chief Francisco Ortiz said that about half of this year's killings involve young people settling disputes with guns instead of fists.

"They're all struggling with this thing about respect and pride," Ortiz said. "It's about respect. It's about revenge. It's about having a reputation. It's about turf and it's about girls."

Houston police attribute the 15 percent increase in the homicide count to the influx of Katrina evacuees from the Gulf Coast

"So we expect that to settle," Lt. Murray Smith said. "We're hoping it will go down."

New Orleans, with its post-Katrina exodus, is the only major U.S. city that saw a sharp decline in the number of homicides. There were 154 in New Orleans this year as of Monday, said police spokesman Sgt. Jeffrey Johnson, down from 210 in 2005. But the city was largely empty during the fall and winter of 2005-06, and even now has only about half of its pre-Katrina population of 455,000.

Some cities, like Cincinnati - which has had 83 homicides so far, up from 79 in 2005 - posted their highest numbers ever. Others saw their highest death tolls in years.

Oakland, California, had 148 homicides as of Wednesday, up 57 percent from last year and the highest in more than a decade. Philadelphia's 2006 homicide total was 403 as of Wednesday, the first time the number has topped 400 in nearly a decade. There were 380 killings in all of 2005.

Philadelphia officials have struggled all year to reduce the violence. In July, Mayor John F. Street gave a televised address in which pleaded with young people: "Lay down your weapons. Do it now. Choose education over violence."

A few cities reported slight decreases in murders. Los Angeles' total was down about 4 percent to 464 homicides through Dec. 23. San Francisco's fell about 15 percent. San Francisco Police Sgt. Steve Mannina said the drop is partly due to increased patrols in violence-prone areas and more overtime approved by the police chief.

The FBI does not release its national crime statistics until several months after the end of the year. The bureau's statistics for the first six months of 2006 showed an increase of 1.4 percent in the number of murders in the first half of 2006 compared with the first six months of 2005.

Andrew Karmen, a criminologist at John Jay College in New York, said that while there are various theories for the drop in murders in New York and other cities in the 1990s, no one knows for sure why it happened. And if they are going up again, no one knows the reason for that, either, he said.

He noted that police departments tend to take credit when the murder rate goes down. "When crime goes up it will be interesting to see whether they will accept responsibility," Karmen said.

Ryan Sues To Keep Pension (CHIT)

By Michael Higgins, Tribune Staff Reporter

Chicago Tribune, December 28, 2006

Former Gov. George Ryan filed a lawsuit Wednesday against state retirement officials, battling to keep a pension of more than $60,000 a year that Ryan says he earned before the scandals that led to his wide-ranging fraud convictions in April.

The seven-member board of the General Assembly Retirement System voted unanimously last month to cancel Ryan's entire $197,000-a-year pension in light of the convictions.

But that decision was "erroneous," Ryan's lawyers argued in the lawsuit filed in Cook County Circuit Court. They contend that Ryan's racketeering and fraud convictions dealt only with his actions as secretary of state and governor—not his 24 previous years in public office.

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"The Board of Trustees failed to produce any evidence that Ryan's felony conviction related to or arose out of ... his service as a member of the Kankakee County Board of Supervisors, a member of the Illinois General Assembly, or lieutenant governor," wrote Ryan's attorneys, who include former Gov. James Thompson.

Thompson's argument, if successful, would allow Ryan to collect $61,885 a year, nearly his entire ending salary as lieutenant governor, pension officials said earlier.

Ryan was convicted in April on charges that, as secretary of state and governor, he doled out sweetheart deals to friends and used state resources and employees for political gain.

He was sentenced in September to 6? years in prison. A federal appeals court ruled last month that Ryan may remain free while his appeal is pending.

Officials at the Retirement System could not be reached Wednesday for comment.

Scott Mulford, a spokesman for Atty. Gen. Lisa Madigan, said Wednesday that he could not comment specifically on Ryan's suit. "The opinion that Atty. Gen. Madigan issued [earlier] speaks for itself," Mulford said. "It was researched exhaustively."

But retirement officials, relying on a legal opinion from Madigan, had said in an earlier ruling that Ryan's attorneys had misinterpreted state law on pensions.

According to the retirement board, public officials who commit felonies relating to their "official duties" forfeit the right to receive any pension from the state.

While Ryan held many positions over the years, "there is but one employer, the state of Illinois," the retirement board ruled.

If Ryan's position prevailed, the law would be too weak to deter corruption, the retirement board said.

Under Ryan's approach, "a lifelong legislator ... having decided not to run again after what may be 20 years of service, can therefore feel free to take his chances during his last term, knowing that all he is risking is the last two years of his service," the board said. "Surely, that is not the intent" of the law.

Ryan served on the Kankakee board from 1966 to 1973; in the General Assembly from 1973 to 1983; and as lieutenant governor from 1983 to 1991.

Since leaving the governor's office in 2003, Ryan has collected $630,000 from the state pension fund, according to retirement officials. Officials said the board's ruling did not require Ryan to return that money and he is eligible to be refunded the $235,508 he paid into the system.

In Ryan's criminal case, U.S. District Judge Rebecca Pallmeyer had previously denied his request to remain free pending appeal. But the 7th U.S. Circuit Court of Appeals overturned that ruling. Ryan's lawyers had argued that tumultuous jury deliberations raised significant legal questions that could result in a new trial.

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Mortgage Fraud Hits Couple To The Tune Of $2M (WFAA)

WFAA-TV, December 28, 2006

Misfortune is not the only reason 3500 homes are posted for foreclosure next month in North Texas. The FBI says mortgage fraud has reached epidemic proportions.

One couple, who found they were major property owners in North Texas without ever signing any papers, has felt the epidemic first-hand.

Paul Dyl and his wife Jackie live in a mobile home in Cheyenne, Wyoming. Mr. Dyl drives a well used pickup truck and their annual income is less than $30,000 a year.

While Mr. Dyl has never been to Texas and Mrs. Dyl has only been in the state once, beginning in 2004, six North Texas properties ended up in their name.

They said they knew nothing about it until they began receiving phone calls from bill collectors all over the country claiming they owed more than $2 million dollars.

"And now I'm 57 years old and I'm never going to recover," Mr. Dyl said. "It just turned everything upside down."

The first bank to call was what is now Fidelity Bank in Plano. The Dyls said bank president Tom Freas was among the nastiest of the callers.

"He just screamed at me one day," Mr. Dyl said. "He said, 'You signed these documents saying you were going to live in Texas."

Mr. Dyl said Freas said he had actually met up with him face to face.

"And I said, 'No, I've never seen you face to face,'" he said.

Anybody who has ever really met Mr. Dyl would most likely remember him since he has no right hand after losing it in an accident years ago.

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"You can't miss a hook," he said.

The Dyls, it turns out, were victims of identity theft and mortgage fraud to the tune of more than $2 million. The checks and balances that might be expected to be in place when getting a mortgage failed, six times.

Despite the anguish the Dyls have been through, virtually everybody News 8 could find in the case claimed it was a private matter and somebody else's fault.

Freas wouldn't talk about the case saying, "It's covered under the privacy act....the issue is resolved between me and my customers."

The problem is the Dyls never were his customers.

"He got real nasty about it," Mr. Dyl said. "And he said, 'We give you a loan and then you can't make the payments. What's the deal? And I said, 'I don't know you people.'"

The Fidelity loan only accounts for one vacant lot in Flower Mound that had been bought in the Dyls' name for more than $294,000. Nearly every day over the past year, they said they have discovered more as debt collectors continued to call.

A meager paper trail on a Plano house, which was bought in their name for $360,000, led partly to Benchmark Mortgage.

On its website, Benchmark touts how much money brokers can earn making loans through them. Benchmark Chief Operating Officer Stewart Hunter wouldn't talk about the case either. However, he said the Dyls were his customer and cited the Privacy Act.

A loan application for the property bears the address of a Benchmark Mortgage "office," which turned out to be an apartment house in Irving.

Experts say an apartment can be a mortgage office and be part of a drive to make buying a home easier to make money.

"There are people who will do deals over the phone from Florida or California having never visited the property and having never physically met the loan officer or the realtor or whatever," said David Hamilton, a mortgage lender.

Experts say the way to prevent fraud by the various entities handling the process is by requiring the people to come in person.

The Dyls said they always sign their names using their middle initial, which was one of the indicators that their signatures were forged. One forgery apparently led to another.

David Fair, CEO of one of Dallas' leading title companies, said mortgage fraud can snowball.

There have been so many fraudulent mortgage fraud transactions in the last two years that now someone who is a perpetrator is able to go get a previous mortgage fraud to use it to support the current mortgage fraud," he said.

Washington Mutual, one of the nation's largest home lenders, made four loans to someone purporting to be the Dyls for more than $800,000.

The Dyls said they receive dozens of threatening letters and even more calls.

"They were so threatening sometimes it was just fearful," said Mrs. Dyl.

They filed a complaint to Washington Mutual, known as WaMu, in the fall of 2005. However, nothing happened until News 8 contacted the company. WaMu declined an on camera interview.

But in a statement, Brad Russell said, "It is the [mortgage] broker's responsibility to verify the identity of the borrower" and; "WaMu is committed to working with the credit agencies, proper authorities and victims to minimize any future impact this may have on the Dyl family."

"You guys screwed up our credit," Dyl said. "We can't go out and buy a car. We can't buy nothing without all this stuff going on."

Fair said the growth of mortgage fraud is disastrous to the real estate economy and sees one solution.

"We need to have more enforcement," he said. "We don't seem to have enough enforcement."

The Dyls contacted the FBI but nothing has happened. They ultimately took their case to the Cheyenne Wyoming Police Department, which took their complaint.

They tried to hire a lawyer but most wanted $5,000 to even start a case. Now, Mike Haines of Dallas is representing them.

Credit Agencies Lag On Errors, Fraud (BOS)

By Beth Healy, Globe Staff

The Boston Globe, December 28, 2006

Consumers struggle to untangle reports

BRIDGEWATER -- Eric W. Carroll's credit report says he has a home in Florida, a wife named Katrina, and a pile of unpaid bills.

He first learned this when a debt collector called him in 2002, dialing his apartment in Bridgewater, yet asking for an Eric W. Carroll from Avon Park, Fla. Carroll insisted there was some mistake: He was not married, and he had never lived in Florida.

Nearly five years later, collectors are still hounding the wrong Eric Carroll.

The details of his financial life have been hopelessly interwoven with those of another man by the same name, a man who appears, in credit reports, to have stiffed more than two dozen creditors, from banks to utilities, and has a history of bouncing checks. As a result, the Massachusetts Eric Carroll, living in Newton with his fiancee Nancy and their new baby, can't get a mortgage, can't rent an apartment in his own name, and last July could not buy an engagement ring without his father's help.

"I felt this big," said Carroll, 29, pinching together his thumb and forefinger. "It literally ruins your life."

Carroll was one of scores who contacted the Globe after a Spotlight Team report this summer on debt collection abuses. Many felt victimized by the power and ruthless tactics of debt collectors. But Carroll and others complained of another maddening aspect of the system: The glacial and ineffectual response of the three giant keepers of consumer credit records -- Experian, Equifax, and TransUnion -- to any errors in their files, even those that appear to result from fraud.

Until the errors are corrected, debt collectors will try again and again to squeeze out a payment. Some back off when they find they're after the wrong consumer, but often, another firm buys the account and goes after the likes of Carroll again.

The local, state, and federal law enforcement response to complaints of identity fraud is similarly passive, despite the huge volume of complaints -- 255,000 last year to the Federal Trade Commission alone. Consumers are left to fend for themselves -- a recipe for frustration and worse, as Carroll has found.

"This kid's trying to start a life for himself," said Leo "Buddy" Carroll, Eric's father, who has devoted hundreds of hours to fielding calls from collectors on his son's behalf, and helping him dispute items on his credit report. "It's not fair."

Was this identity theft, or a data debacle? Either way, Eric Carroll's credit was ruined. And the Carrolls couldn't get to the bottom of the case, nor could they get help in solving it.

They quickly suspected that the real deadbeat was the Carroll from Florida, whose address appeared on the Massachusetts Carroll's credit reports. The Florida man shares the middle initial W, though it stands for Wayne, not Winslow. He is almost the same age, at 31, and shows up on numerous accounts with the Newton man's Social Security number.

But all that was not enough to untangle the mess -- or even spark an investigation by the credit bureaus. The information was a conversation stopper with debt collectors, who hung up upon hearing they had the "wrong" Eric Carroll. Two creditors, Dell Computer and Sprint, looked into the matter after Carroll complained, and wrote him letters saying they'd found evidence of fraud and that he was not responsible for the bills. But neither company, as a practice, passes such findings on to law enforcement.

The credit bureaus, in turn, generally expect consumers to dispute incorrect items on their credit reports one by one, over the Internet, and to patiently wait 30 days for each item to be checked out. When they find evidence of fraud, the credit bureaus will flag or temporarily "freeze" a consumer's record, to prevent banks and others from mistakenly extending credit to a person they suspect of fraud. But they are under no legal obligation to pass the information on to authorities.

David Rubinger , a spokesman for Equifax Inc. , said the company does what it can to help people deal with identity theft, but ultimately, "The consumer needs to help themself ."

The credit bureaus do urge consumers to file police reports. But that step usually accomplishes little. In Carroll's case, the Bridgewater Police Department took his report of alleged identity theft and "went the extra mile," according to Sergeant Christopher Delmonte , faxing the report to the Highlands County Sheriff's Office in Florida. But that's as far as they could take it, he said.

Even when the police do pass along a tip, it can die quickly. Leo Carroll recalls speaking with a deputy sheriff in Highlands County, Robert Campbell, to follow up. He said Campbell told him Eric's was a case of mistaken identity. Campbell, in an interview with the Globe, said he recalled going to see an Eric W. Carroll, who was then living in Lake Placid, Fla. He said he determined that the matter was a data error, not identity fraud, although he could not remember how he came to that conclusion. The county could not locate any record of the investigation.

A little further digging turned up an arrest record for the Florida-based Eric W. Carroll that included charges of defrauding several people on eBay in 2004.

In a telephone interview from Florida, Carroll said he'd had longtime financial problems. He got into trouble on eBay, he said, when he started a business selling music amplifiers but ran short of cash -- taking orders from people that he couldn't fulfill. Records show the charges against him were dropped. "I was able to get everybody their money back," Eric Wayne Carroll said.

He denied having used the Social Security number of Eric Carroll in Massachusetts, and said he had no knowledge of their intertwined identities. He did not respond to subsequent calls and e-mails from the Globe.

In Norwell, Susan and David Litchfield figured they, too, were hot on the trail of an identity thief. While battling the credit bureaus for six years to erase numerous debts on their record that were incurred by a David J. Leighton of Tampa, the Litchfields obtained a copy of one credit card agreement they had allegedly signed. On the form, which the Globe reviewed, is what appears to be Leighton's signature, along with David M. Litchfield's Social Security number neatly penned in.

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But that did not interest the credit bureaus. Susan Litchfield wrote to the three companies, telling them of the apparent fraud, to no avail. She said she filed a complaint with the FTC, and she called the FBI and US Secret Service. She has disputed more than a dozen items on the report, including a Tampa child support enforcement order that last December totaled $19,060, according to an Experian credit report.

In 2004, the Litchfields went to the Norwell police. The department forwarded the matter to the Tampa police, who responded that the case "was investigated by our Department and determined to be unfounded." A Tampa detective wrote that the accounts had been mixed up because the two men have nearly the same Social Security number, except for the last digit.

But that didn't explain Litchfield's Social Security number appearing on the credit application with Leighton's name, address, and apparent signature.

Leighton, reached by telephone, said he had heard from the Litchfields years ago and thought the issue was resolved. He said he had no memory of signing for the Mastercard application on which his name appears and said, "The only Social Security number I've used is my own." He did not respond to numerous requests to see a copy of his signature.

The ordeal has been costly to the Litchfields, who first learned of the problem when they were rejected for a student loan for the younger of their two daughters. Sears and Citibank have raised the Litchfields' credit card interest rates, as a penalty for the Leighton items on their credit report. And when they recently went to refinance their home equity loan, the bank where Susan Litchfield has done business her entire life, Scituate Federal Savings Bank, at first declined them over the credit report. "I just sat here and cried," she said. After she explained they were victims of fraud, the bank did extend the loan -- but not on the best terms the Litchfields were used to.

After an inquiry by the Globe, TransUnion, one of the credit bureaus, reviewed Litchfield's case. On Dec. 15, the Chicago firm's director of consumer solutions and fraud victim assistance, Steve Reger , told Susan Litchfield that the company had found evidence of fraud and promised to wipe the record clean. In an interview, Reger said: "Mr. Leighton was using Mr. Litchfield's Social Security number."

Meanwhile, the Carrolls are still fighting for justice for Eric.

In response to Globe questions, Experian recently asked several creditors, including Wachovia Bank, to review their files on Eric W. Carroll. Wachovia then wrote to the Carrolls, asserting that its records on Eric were correct, attaching a copy of the credit card contract it said belonged to him. It was signed by Katrina S. Carroll -- Lake Placid, Fla.

It would take another round of calls by the Carrolls, and a bank investigation, to get Wachovia to back down. The new information from creditors has led Experian, too, to a new conclusion; the firm now says Carroll's file shows evidence of identity theft.

Fines Levied In FEMA Fraud (SCT)

By Tami K. Phillips

Scott County Times (MS), December 27, 2006

JACKSON--A federal court has ordered two Morton women to pay restitution fines and conduct community service for their part in a scam to secure FEMA funds following Hurricane Katrina.

One of the women will also serve time in prison, the office of United States Attorney Dunn Lampton announced earlier this month.

Stephanie Fontan was sentenced to serve eight months in prison and to pay restitution to FEMA in the amount of $6,000. Glenda Spangler was ordered to pay $4,358 in restitution to FEMA.

In addition, both women were ordered to conduct 40 hours of community service.

Fontan and Spangler had previously pled guilty to charges that they filed an application with FEMA for disaster assistance in which they represented that Spangler's primary residence was in Pascagoula and that her personal property located therein had sustained damage as a result of Hurricane Katrina.

After an investigation by the United States Department of Homeland Security, it was determined that both representations in the claim to FEMA were false.

Ex-gossip Columnist Convicted On Sex Charge (AP)

AP, December 28, 2006

LAS VEGAS (AP) - Former Us Weekly gossip columnist Timothy McDarrah has been found guilty of charges related to soliciting sex with a minor.

McDarrah, a former reporter at the Las Vegas Sun, was arrested last year in New York after soliciting sex from an undercover federal agent posing as a 13-year-old girl.

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He was charged with one count of using a computer and the Internet "to attempt to entice, induce, coerce and persuade a minor to engage in sexual activity," according to an indictment handed up in November 2005. He was convicted Dec. 20 after an eight-day jury trial.

McDarrah, 44, responded in June 2005 to a posting on the craigslist.com Web site offering introductions to the "freshest, youngest" girls in New York, an FBI affidavit said. The gossip writer told an undercover FBI agent, who had posted the advertisement to lure pedophiles, that he would pay $200 for sex with a 13-year-old girl, the affidavit said.

After his arrest, McDarrah was suspended without pay from his post as the editor of Us Weekly's "Hot Stuff" column. From 2002 to 2004, he worked as a gossip columnist at the Las Vegas Sun.

McDarrah faces a mandatory minimum of five years in prison, according to court documents.

Judge Won't Reinstate Abortion Charges (WP/AP)

By John Hanna

The Washington Post, December 28, 2006

WICHITA, Dec. 27 -- A judge refused Wednesday to reinstate criminal charges against a Wichita abortion doctor, only hours after the outgoing attorney general named a special prosecutor to handle the case.

Last week, state Attorney General Phill Kline, a vocal abortion opponent, filed 30 charges against George Tiller, accusing him of performing 15 illegal late-term abortions in 2003 on patients ages 10 to 22 and not properly reporting details to the state.

Sedgwick County Judge Paul W. Clark dismissed the charges on jurisdictional grounds later the same day. Kline this week asked Clark to reinstate the charges, but the judge rejected that request during a hearing Wednesday.

Clark agreed with the Sedgwick County district attorney, who argued that Kline did not have authority to file the charges.

Kline criticized Clark's decision, saying neither the judge nor the district attorney had reviewed the evidence.

Kline, a Republican who was defeated for reelection in November, said he is turning over decisions about the case -- including whether to appeal Clark's latest ruling -- to the newly appointed special prosecutor: Don McKinney, a Democrat and brother of state House Minority Leader Dennis McKinney (D).

"This appointment of an independent special prosecutor will remove this investigation from a highly charged political process," Kline said.

Tiller's clinic, one of the few in the country to perform late-term abortions, has been a target of abortion opponents for decades. The clinic was bombed in 1985, and Tiller was shot in both arms by a protester in 1993.

Judge Won't Revive Charges Against Abortion Doctor (LAT)

By Stephanie Simon

The Los Angeles Times, December 28, 2006

A district court judge Wednesday refused to reinstate criminal charges against a nationally known abortion doctor, ruling that the Kansas attorney general had overstepped his authority in the case.

Outgoing Atty. Gen. Phill Kline last week charged Dr. George Tiller with performing illegal late-term abortions at his Wichita clinic and failing to report them accurately to state authorities. Hours later, Sedgwick County Judge Paul W. Clark dismissed the case on jurisdictional grounds: Only the locally elected district attorney, he said, had the power to bring such charges.

Kline asked Clark to reconsider. At a brief hearing Wednesday, the judge took another look at the legal arguments — and upheld his previous decision.

"The case is dismissed. We're very pleased," said Lee Thompson, an attorney for Tiller.

Kline, a Republican, has appointed a special prosecutor to handle the charges against Tiller, including a possible appeal of the dismissal. But it's unlikely that any appeal could be resolved before Kline leaves office Jan. 8.

His successor, Democrat Paul Morrison, won election by painting Kline as an antiabortion extremist. In a statement after the hearing, Morrison pledged to review the evidence carefully — but he strongly suggested he would drop Kline's long-running investigation into Tiller's clinic.

"Kansans expect more from their attorney general than grandstanding and political stunts," Morrison said. He promised to "refocus the vast resources of the attorney general's office."

But the antiabortion activists who pray daily outside Tiller's clinic are not willing to concede defeat.

Last spring, they gathered more than 7,700 signatures demanding that a grand jury be convened to investigate the death of a 19-year-old mentally disabled patient at Tiller's clinic. The patient, Christin Gilbert, died in January 2005 of complications from an early-third-trimester abortion. State health authorities cleared Tiller and his staff of wrongdoing. The grand jury found no grounds for criminal indictment.

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Antiabortion activist Troy Newman said he may begin another petition drive to seat a new grand jury — this time to consider Kline's allegations about illegal late-term abortions.

Kansas law permits abortions of viable fetuses only if the woman's life is in danger or if two doctors certify that continuing the pregnancy would cause "a substantial and irreversible impairment of a major bodily function." Tiller's clinic reported aborting 240 viable fetuses last year; Kline alleges that in some cases, the women were not facing irreversible health risks but rather were suffering from depression or anxiety.

"We'll be pressing as hard as we can to have these particular allegations brought before a court," said Newman, president of the activist group Operation Rescue. Dist. Atty. Nola Foulston, a Democrat, has asked Kline to turn over his evidence against Tiller so she can decide whether to file charges. But Kline has said repeatedly that he intends to keep investigating from the attorney general's office. He engaged in a two-year legal battle to get access to some of Tiller's patient medical records, and he continues to review them, even as his term winds down.

"The investigation," he said Wednesday, "is ongoing."

DA Won't Prosecute Nevada Governor-elect (AP)

By Kathleen Hennessey

AP, December 28, 2006

Nevada Gov.-elect Jim Gibbons will not be prosecuted on allegations that he assaulted a cocktail waitress in a parking garage three weeks before the election, authorities said Wednesday.

There was insufficient evidence to prove criminal charges against Gibbons beyond a reasonable doubt, Clark County District Attorney David Roger said.

"You may consider the case against Gov.-elect Jim Gibbons closed," he said.

Chrissy Mazzeo, 32, had accused Gibbons of pushing her against a wall and propositioning her near a restaurant where the two had been drinking with friends Oct. 13, less than a month before Gibbons was elected.

An apparently distraught and disoriented Mazzeo made three 911 calls that night, saying she had been assaulted by the congressman.

Gibbons, 61, has said he merely caught Mazzeo when she tripped in the parking garage.

Gibbons, a married five-term Republican congressman, beat Democrat Dina Titus in the Nov. 7 election. He is to be sworn in Monday.

Roger said prosecutors will investigate separate allegations made by Mazzeo and her lawyers that people associated with Gibbons tried to interfere with the investigation by influencing Mazzeo's testimony.

Roger would not identify the associates.

Investigators conducted interviews and reviewed video surveillance tapes from the garage before determining there was "no evidence to support the charge of battery," according to a police statement released this month.

Gibbons' spokesman, Brent Boynton, said the district attorney's decision was no surprise because Gibbons had done nothing inappropriate.

"He is pleased this matter is finally resolved and justice has been served," Boynton said.

Mazzeo told The Associated Press Wednesday she did not believe justice was served.

"I actually even said that if he apologized to me, I would drop everything. And he wasn't man enough to actually apologize. But he knows the truth and I know the truth," she said.

Link Eyed In Fairfax Assault, Slayings (WT)

By Arlo Wagner

The Washington Times, December 28, 2006

Fairfax County police are trying to determine whether the assault on a Springfield woman alone in her home on Christmas Eve is related to the unsolved killings of two women nearby.

"There's certainly a possibility of a linkage in the other cases," said Fairfax County police spokeswoman Officer Camille Neville, "but there's nothing at this time to confirm it."

Police said a man forced his way into a house near Frontier Drive on Sunday between 8 and 9:40 p.m. and assaulted a 62-year-old woman. Police have not disclosed the location of the house.

The woman, who was found by a relative, was hospitalized with a puncture wound to her arm and other injuries that were not life-threatening. Investigators interviewed the woman at Inova Fairfax Hospital. She described her attacker only as a man wearing white or gray clothing.

The assault occurred about a mile from houses where two women were killed in recent months.

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Marion Newman, 74, was found dead inside her home in the 7100 block of Reservoir Road about 11:15 a.m. Nov. 21. A friend said she had missed a dinner appointment a day earlier.

Police found signs of a struggle but no forced entry.

At about 6:10 p.m. on Aug. 14, a friend found Marion Barbara Marshall, 72, slain inside her home two miles away in the 6600 block of Bostwick Drive.

Both women had been beaten to death.

"All it does is make people alert in the Springfield area," said Mrs. Marshall's neighbor, Logan Cotterall, 80.

Police would not say whether they have any evidence linking the killings, but investigators say the similarities of the crimes and the locations of the homes suggest the perpetrator was the same.

Investigators said the killer likely had close ties to the Crestwood and Edsall Park communities, where the women lived.

Police have not speculated on a motive.

Investigators are looking for a custom-made diamond ring they say Mrs. Newman was wearing when she was killed. The white gold band features a leaf design, and three diamonds are set side by side.

Investigators do not think robbery was the motive because valuable items were left untouched at the scenes of each of the killings.

Police have asked anyone with information about the ring or about anyone they think might be involved in the crime to call them at 703/691-2131 or Crime Solvers at 1-866/411-TIPS.

The families of Mrs. Marshall and Mrs. Newman have posted a $26,000 reward for information about the cases.

Inmate Suicides Linked To Solitary (USAT)

By Kevin Johnson

USA Today, December 28, 2006

The number of suicides in the nation's two largest state prison systems is ticking upward, and authorities in California and Texas are linking the increase to the rising number of inmates kept in solitary confinement.

In California, which has the largest state prison system with about 170,000 inmates, there have been 41 suicides this year, the most in at least six years and a 17% increase from 2005. Although an estimated 5% of California's inmates are housed in solitary confinement — also known as "administrative segregation" — 69% of last year's suicides occurred in units where inmates are isolated for 23 hours a day, according to state Department of Corrections records. About half the suicides this year were in such units.

In Texas' prison system, which has 169,000 inmates, there have been 24 suicides this year, up from 22 in 2005. Most of the inmates who killed themselves were in some form of solitary confinement, says John Moriarty, inspector general for the prison system.

Texas prisons also are reporting a 17% increase in attempted suicides: 652 so far this year, compared with 559 in 2005. The number of attempted suicides this year is the most in nearly a decade, according to state prison records. Statistics on attempted suicides in California prisons were not immediately available.

The figures from California and Texas are fueling a debate over whether solitary confinement is the best way to control or punish violent or dangerous inmates, particularly those who are mentally ill.

More than 70,000 of the 1.5 million inmates in state and federal prisons are kept in isolation, a reflection of get-tough policies designed to separate rival gang members and those who have gotten into fights while behind bars.

Isolated inmates typically have significant restrictions on visitors and get little help in dealing with the psychological problems that can be caused by isolation. They usually are allowed out of their cells for no more than an hour a day to exercise alone; their exposure to TV and reading material also is limited.

"Are we housing the mentally ill in prison facilities?" Moriarty asks. "I think the answer is yes. But I don't know if that's the best place for them to be."

Moriarty, whose office investigates every inmate death in Texas, says stress from isolation and increasing numbers of inmates with long sentences have contributed to the rise in suicides. "Length of sentence is a big factor. There is despair about not getting out."

The increase in inmate suicides in California has triggered recent changes in segregation units. In October, guards began checking inmates housed in solitary confinement every 30 minutes, rather than every hour, says Shama Chaiken, the state prison system's chief psychologist for mental health policy.

Some segregation cells also will be modified to remove shelving, vent openings and other features that offenders could use in hangings, the most common form of suicide in California prisons, Chaiken says. This month, California Gov. Arnold Schwarzenegger announced a $1 billion plan that includes 10,000 new beds in prison medical and mental health units.

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A few jurisdictions have credited expanded mental health programs with reducing prisoner suicides. After Kentucky set up a mental health program for those in the state's 83 county jails in 2004, suicides in the jails fell 47%, according to The (Louisville) Courier-Journal.

There have been 13 suicides this year in the 188,000-inmate federal prison system, the same total as in 2005. Florida, the third-largest state system with 90,000 inmates, has had nine prison suicides this year; it had eight last year.

On Way Out, D.C. Chief Gets Credit, Criticism (WP)

By Allison Klein And Cheryl W. Thompson

The Washington Post, December 28, 2006

Charles H. Ramsey arrived in spring 1998 as the District's newly minted police chief with a mandate to cut spiraling crime, build stronger relations with the community and reform a department tainted by scandal.

Under his watch, crime has dropped, standards have become tighter and the public has received access to more public safety information than ever, due in part to a Web site that charts robberies, burglaries and other offenses by the block.

Ramsey, a career cop who got as much attention for his personality as his policies, leaves office today as the city's longest-serving chief in more than three decades. As a master of the sound bite, he often spouted off about crimes and railed about topics that were beyond his control, including irresponsible parents and failing schools.

His critics -- in the police union, on the D.C. Council and in some crime-ravaged neighborhoods -- view him as a showboat. In many parts of the city, residents say that they don't see enough officers on patrol and that crimes are not investigated quickly or thoroughly. Inside the agency, morale is low, with officers saying that Ramsey overworked them by declaring crime emergencies that took away days off and lasted for months.

"I think he gets an A for public relations, but for actual substance, I think he gets a D," said Ronald E. Hampton, executive director of the National Black Police Association and a former D.C. police officer who was a member of the citizens panel that interviewed Ramsey and two other finalists for the job.

But Michael A. Mason, executive assistant director of the FBI, said public relations is a "huge part" of the job. "What police do is the embodiment of public relations," said Mason, who once headed the FBI's Washington Field Office.

Ramsey, 56, was hired at a time when the city's government was emerging from financial chaos and being run by a federally appointed control board. He was chosen from among 51 candidates, and as chief, had the backing of the control board, then-Mayor Marion Barry (D) and the 13-member D.C. Council. They wanted Ramsey to restore the force's credibility.

"I think he's been a good chief overall," said Barry, now a Ward 8 council member. "And he's viewed very favorably by people in the community."

Mayor Anthony A. Williams (D), who succeeded Barry in 1999, was one of Ramsey's biggest supporters. But over time, the makeup of the council changed, and critics emerged. They included council member Adrian M. Fenty (D-Ward 4), who becomes mayor next week. Soon after Fenty was elected in November, he announced plans to replace Ramsey with Cathy L. Lanier, a veteran D.C. commander and Ramsey protege.

Fenty said he wants to make the 3,800-member force nimble enough to respond to specific neighborhood concerns -- the everyday problems that he heard about in two years on the campaign trail. Fenty said he thinks that Lanier, 39, will bring new vigor and ideas to the force.

Ramsey had a similar charge when he was brought to Washington from the Chicago police department, where he was a deputy superintendent. He inherited a force that had been in near-constant turmoil under former chief Larry D. Soulsby, who resigned after his roommate, a D.C. police lieutenant, was arrested in a corruption probe.

Fewer than half of the city's officers were assigned to street patrols at a time when crime was escalating. The department was still paying the price for rushing officers through screening and training in a hiring push in 1989 and 1990; numerous officers from those classes were indicted or accused of departmental misconduct. The force's technology and equipment were so antiquated that many offices had rotary phones.

Being the first outside chief in a department that had always chosen its leader from among its ranks, Ramsey had to win over the command staff and officers and find out whom he could trust.

He needed to cut wasteful spending, improve recordkeeping and remove deadwood personnel. There were crime troubles in many neighborhoods, including east of the Anacostia River. Almost half of the force had not been recertified in several years with the firearms that the department had issued them.

And the U.S. attorney's office, a special D.C. Council committee and the city's inspector general were pursuing various investigations into corruption, misconduct and mismanagement. Ramsey described the department as "dysfunctional" and said it could take 15 years to fix.

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"The department was in disarray," said D.C. Council member Jack Evans (D-Ward 2), who was chairman of the Judiciary Committee when Ramsey was hired. "He was brought in to reorganize."

Within months, Ramsey began that overhaul. He promoted, demoted and ousted officers and moved 400 detectives and officers in specialized units to the seven police districts. He increased spending for training and brought in more than a dozen top-level civilians, many from Chicago. He tightened policies on deadly force and other issues.

Officials have praised Ramsey for reducing crime in many neighborhoods and for keeping up the progress even after resources were tested after the 2001 terrorist attacks. Between 1998 and 2005, the number of major crimes, including homicides, rapes and robberies, dropped by about 29 percent in the city. As of yesterday, the city has had 165 homicides this year, compared with 195 for the same period in 2005. The highest number of homicides in one year -- 482 -- occurred in 1991.

"Look at the crime numbers," Ramsey said recently. "How do you think it gets there?"

Officer Kristopher Baumann, chairman of the D.C. police union, said economic development -- not Ramsey -- caused drops in crime in some neighborhoods. Although killings have dipped in gentrifying areas such as Capitol Hill and Shaw in Northwest Washington, they remain high in some communities east of the Anacostia.

Many residents say that the department too often lurches from crisis to crisis and that patrols pick up after a well-publicized crime, only to fall off within a matter of weeks.

"Sadly, we haven't seen an increased visibility in the neighborhood," said Shaw activist Alex Padro, who hoped police presence would pick up after another community activist, Chris Crowder, was slain in the area in July. "Ramsey, throughout his tenure, was very reactionary and not proactive."

The lack of officers on the street can be blamed partly on sickness or injury, officials said. About 4 percent of officers were unavailable for full duty this month because of illness or injury, police officials said.

Dorothy Brizill, executive director of D.C. Watch, a government watchdog group and a frequent critic of the police department, credited Ramsey with changing perceptions and "taking away the taint of corruption."

"I think you'd have to say he made a difference in this city," Brizill said.

Ramsey acknowledged that he had his share of critics, including some in the city government. "I've been in the water with a few sharks," he said. "The key is not to taste too good so they don't want to come back. One thing you don't need to be is weak."

In an interview, the chief fired back at the union's complaints, especially those about his declarations of "crime emergencies," moves that enabled him to more easily change officers' schedules and shifts.

"Nobody can tell you I've asked them to do anything that's not consistent with being a police officer," he said. "Some of what the job entails is sacrifice. You have to be psychologically tough to do this job."

Chuck Wexler, head of the Police Executive Research Forum, said Ramsey transformed the performance and perception of the department. "It is a world-class department," Wexler said. "It has to do with the advances Ramsey has brought to the department."

But council member Kathy Patterson (D-Ward 3) assessed the chief's overall performance as "very mixed." The two clashed over many issues, including the police department's handling of a demonstration in 2002 against the World Bank and International Monetary Fund. The city settled lawsuits stemming from the arrests, which had been ordered without warning, of 400 protesters and bystanders at Pershing Park.

"I think he did a good job of building resources for the department in terms of capital improvement and federal funding for equipment following 9/11," said Patterson, who headed the council's Judiciary Committee from 2001 until 2005.

Ramsey, who served about twice as long as the average big-city chief, has not decided what he'll do next. But he said that he and his wife, Sylvia, want to stay in Washington and that he is not likely to lead another local department. He has worked seven days a week, has no hobbies other than fighting crime and took just two vacations while chief.

He wants to be remembered as a leader who took the job seriously and made a difference.

"It has been an honor, and it will be truly difficult to walk away," Ramsey said, a sad smile growing on his face. "Truly difficult."

Ramsey 'Proud' Of Work On Force (WT)

By Matthew Cella

The Washington Times, December 28, 2006

Chief Charles H. Ramsey says that he will leave the Metropolitan Police Department next week after eight years and eight months on the job confident that he has done what he was hired to do.

"When other agencies look at the Metropolitan Police Department, it's a respected organization," he said. "That's what I'm most proud of."

Chief Ramsey, 56, will step down Tuesday, the day Adrian M. Fenty is sworn in as mayor.

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The District's only police chief to be hired from outside the city, Chief Ramsey reflected on his accomplishments during an interview last week in his office, which by then had been stripped of the mementos accumulated during a 38-year career in law enforcement.

"Quite frankly, I think patriotism drew me to this job more than anything," said Chief Ramsey, who came from the Chicago Police Department. "A police department in the nation's capital shouldn't have been going through what this department was going through."

Upon his arrival in 1998, the Metropolitan Police Department was mired in mismanagement and scandal. Top officials were under criminal investigation, poor recruiting and standards gave rise to second-rate officers, technology and information systems were substandard, facilities were crumbling, and officers were driving around in 10-year-old squad cars with used tires bought from the U.S. Park Police.

"I didn't realize we had as many issues as we had," he said.

Chief Ramsey helped secure $100 million in federal funding to rebuild the department's infrastructure. He upgraded radios, started a mounted unit, equipped a bicycle unit, instituted uniform training standards, and restarted an aviation unit that had been shut down in 1996 and had its helicopters sold because of a budget shortfall.

On September 11, 2001, the department opened its $7 million Joint Operations Command Center a week early to coordinate operations among local and federal agencies. The command center is where Chief Ramsey meets daily with his senior staff to review crime trends and plot enforcement strategies.

The department's budget has also swelled from $272 million in fiscal 1998 to $377 million this year.

He said it took two years on the job before he began to think that the department was turning the corner.

"The first time I really felt positive about the department and where we were going was April 2000 when we handled the [International Monetary Fund/World Bank] protests," he said. "When all was said and done, all the meetings went off as scheduled, we got the delegates to and from the meetings safely, and protesters were able to come and have their voices heard."

The meetings drew 10,000 protesters to the District. Similar protests in Seattle had turned violent in 1999, resulting in more than 580 arrests and about $10 million worth of property damage.

The national reputation the police department earned during that event was tarnished in March 2002 after Chief Ramsey ordered the arrest of several hundred protesters in Pershing Park in Northwest. The anti-IMF protesters, who said they were given no verbal warning to disperse, were demonstrating without a permit, and several journalists and passers-by were swept up in the arrests.

"We should have done a better job following our procedures," Chief Ramsey said.

Critics, including Mr. Fenty, complained that police were not visible and said that the chief had not put enough officers on the streets. But every category of crime dropped during Chief Ramsey's tenure. Most notably, the number of homicides tumbled from 301 in 1997, the last full year before Chief Ramsey took over, to 165 so far this year.

Many officers within the department complain that Chief Ramsey limited their effectiveness when he invited the Department of Justice to investigate the department's use-of-force policies in 1999 and entered into a memorandum of understanding governing the use and display of force in 2001.

Chief Ramsey said he knows those decisions were "not popular" but he said the department had lost the public trust and only an outside investigation could restore it.

He said that he understands the adrenaline that drives an officer whose life is on the line, but he questioned the usefulness of tactics such as shooting at oncoming vehicles.

"They want to get the bad guys so badly they don't always react in a way that keeps them safe," he said.

During his tenure, Chief Ramsey implemented training exercises that emphasize good judgment. In addition to passing twice-yearly firearms-proficiency tests, officers also must train in simulated situations in which firing a weapon is frequently not the correct option.

Asked about his regrets, he goes back to the unsolved March 2005 daylight shooting of a 9-year old boy playing in front of his home in Columbia Heights.

"My biggest regret is the Donte Manning case. For some reason, that case haunts me."

The chief said that he hopes to stay in the District and that he could work as a consultant or in homeland security, but he doesn't think he will be a police chief again any time soon.

"I'm not interested in running another department right now," he said. "I had my shot at running a department. Now it's time to start a new chapter."

He said a political run is unlikely, but he wouldn't rule out the possibility five or 10 years down the road.

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As for his successor, Cmdr. Cathy L. Lanier, a 16-year veteran of the department, Chief Ramsey advises her to "stay focused on crime fighting."

"Don't let a lot of other things distract you, because when all is said and done, you're going to be judged on how well you control crime," he said. "For every dot on a crime map, that's a person whose life has been forever changed. Stay focused on that."

CIVIL LAW:

Judge Tosses $6.5M Jury Award To Ex-cop (AP)

AP, December 28, 2006

CHICAGO - A federal judge has thrown out a jury award of more than $6.5 million to a former policeman who claimed two FBI agents framed him for murder and kidnapping.

Steven Manning spent 14 years in prison - eight on death row - before the charges were dropped.

In a civil lawsuit against FBI agents Robert Buchan and Gary Miller, he claimed the agents framed him for the crimes after he tried to stop working as an FBI informant.

A jury last year awarded him $6,581,000 in damages in that case. Manning was 54 at the time.

Since then, Manning has lost a separate civil lawsuit he had filed against the federal government on the same allegations.

In a ruling released Wednesday, U.S. District Judge Matthew Kennelly cited Manning's failure to win that second lawsuit as the reason for vacating the jury's award for damages. Kennelly concluded the decision against Manning nullified the earlier jury decision in his favor.

"Manning made his choice" in pursuing two suits, the judge wrote, and "he cannot now avoid the consequences of that choice."

Assistant U.S. Attorney Jonathan Haile, who represented Buchan and Miller, said the FBI was pleased with the decision.

Government attorneys long have claimed the agents acted in good faith in investigating Manning.

Manning's attorney said he plans to appeal.

"A jury spent a month listening to the evidence and concluded the FBI had framed Manning," Jon Loevy said. "A court shouldn't be so free to just override a jury verdict."

Manning had left the Chicago police force and was working as a limousine driver and security guard when he was arrested.

He was convicted in 1992 of taking part in the 1984 kidnapping of two reputed Kansas City drug traffickers and was sentenced to two life terms plus 100 years. The next year, he was convicted of the 1990 murder of suburban Chicago trucking company owner Jimmy Pellegrino and was sentenced to death.

Miller and Buchan investigated the Illinois case, and Buchan investigated the Missouri case.

The murder conviction was reversed and the case dropped in 2000 after the Illinois Supreme Court ruled that prosecutors used improper evidence.

The Missouri charges were also dropped after a federal appeals court ruled that Manning's lawyer had been ineffective and the FBI improperly used Manning's girlfriend as a government agent.

Miller has retired from the FBI. Buchan was still working for the bureau.

CIVIL RIGHTS:

Agencies Investigating Abuse Claims At Pearl River County Jail (BSH)

Biloxi Sun Herald, December 28, 2006

PICAYUNE, Miss. - The FBI and the Mississippi Bureau of Investigation are looking into allegations of prisoner abuse in the Pearl River County jail.

At least six inmates filed statements with Hancock County judges and as many as 10 or 11 told of beatings while making court appearances.

They said they were beaten by jailers, attacked by other prisoners as corrections officers stood by, and they received slow medical treatment, among other complaints, a pair of Hancock County judges said.

The prisoners are being held at the Pearl River jail because the Hancock County facility was damaged by Hurricane Katrina.

Pearl River County Sheriff Joe Stuart confirmed the reports of abuse and the investigation.

DOJ_NMG_0109789

Hancock County Justice Court Judge Tommy Carver said he heard four reports of abuse in a single day shortly after the inmates began stays in Pearl River County. The complaints prompted Stuart and fellow Hancock County Judge Ricky Adams to ask the prisoners to make formal statements to forward to the Hancock County Sheriff's Department.

Some refused out of fear of reprisals when they returned to Pearl River County.

One inmate showed Carver a broken tooth he said he received during a beating.

"It's obvious something is going on," Carver said. "I just hope they check and see what's going on and correct the situation."

Carver said the statements tell of the use of Tasers in attacks and other physical abuse. They included the names of offending corrections officers.

Kenny Hurt, Hancock County Sheriff's investigator, forwarded the complaints to the MBI after receiving them from the judges. He said he has seen two or three inmates with bruises or wounds on their faces who claimed they were abused at the Pearl River jail.

Hancock County pays Pearl River $30 a day to hold each prisoner. The county's Board of Supervisors has not decided what to do with its damaged jail.

"If they are getting mistreated, I think something needs to be done," Hurt said. "We're paying $30 a day for these prisoners. They don't need to be mistreated."

In addition to the claims by prisoners, Stuart said residents of both counties have come to him with complaints, which he forwarded to the FBI to avoid the appearance of a conflict of interest.

"I have no problems with being investigated," Stuart said.

He said some corrections officers resigned after learning of the investigation and noted high turnover at the jail in the last 18 months. Some were let go because of disciplinary problems, though none were accused of abuse.

Stuart said his department has provided investigators with all material requested, including video footage, audio recordings and documents.

Activists Want Civilian Review Of Atlanta-area Police After Killings Of 13 People This Year (AP)

By Harry R. Weber, Associated Press

AP, December 28, 2006

ATLANTA – Community activists on Wednesday called for the creation of civilian review boards to investigate police misconduct complaints, citing the fatal shooting of an elderly woman by Atlanta police and the killings of 12 other people by suburban DeKalb County officers this year.

“The police, no matter how difficult their job, are not exempt from community scrutiny,” said the Rev. Joseph Lowery, co-founder of the Southern Christian Leadership Conference and chairman of the Coalition for The People's Agenda.

Lowery was joined by close to a dozen other activists. He said that the civilian review boards should have subpoena power and that Atlanta Mayor Shirley Franklin had told him she was not opposed to the idea.

A spokeswoman for Franklin did not immediately return a call seeking comment.

DeKalb County Chief Executive Vernon Jones said he would take Lowery's suggestion under advisement.

“I respect Dr. Lowery for his experience and commitment to empower the quality of our lives,” Jones said.

The district attorney's office is already investigating the 12 lethal shootings by the DeKalb County Police Department. In addition, the Justice Department is “gathering information” about the shootings, according to a letter from the agency to a community activist.

The call for the review boards comes in the wake of the Nov. 21 fatal shooting of Kathryn Johnston by Atlanta police during a raid in search of a drug suspect. Police say Johnston fired at them first, wounding three officers, and they shot back. Family members said Johnston was 92; a medical examiner said she was 88.

Johnston's death is being investigated by local agencies and the FBI.

Atlanta Police Review Sought (LAT)

By Jenny Jarvie, Times Staff Writer

The Los Angeles Times, December 28, 2006

In the city and suburban DeKalb County, a string of killings leads to calls for civilian boards with subpoena power.

ATLANTA — A string of fatal police shootings in the Atlanta area prompted civil rights activists Wednesday to urge the city of Atlanta and the neighboring suburb of DeKalb County to establish powerful civilian review boards to investigate complaints of police misconduct.

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The Rev. Joseph Lowery, convener of the Coalition for the Peoples' Agenda and co-founder of the Southern Christian Leadership Conference, said the review boards should have a professional staff and the power to subpoena.

"The police should be absolutely accountable to the citizens for whom they work," Lowery said.

Public confidence in police departments in both jurisdictions has been shaken in recent months.

In November, Atlanta police shot and killed an 88-year-old woman, Kathryn Johnston, during a drug raid on her northwest Atlanta home.

In the last year, DeKalb officers have shot and killed 12 suspects — nearly all were black men.

A civilian review board, Lowery said, was vital in restoring trust in local law enforcement.

Atlanta already has a Civilian Review Board that examines allegations of excessive force, serious bodily injury or death resulting from the action of police officers. But the board, formed in 1996, has not reviewed a case since 2002. It has no subpoena power and requires citizens to file a complaint and waive their right to sue.

Beverly Isom, spokeswoman for Atlanta Mayor Shirley Franklin, said the mayor would consider Lowery's proposal.

In DeKalb County, police internal affairs units investigate all shootings involving law enforcement and then decide whether to hand them over to the county's district attorney's office.

The county's chief executive, Vernon Jones, issued a brief statement Wednesday saying he would also consider creating a citizen review board: "I respect Dr. Lowery for his experience and commitment to empower the quality of our lives," he said.

A number local and federal organizations are examining the recent shootings. In Atlanta, the FBI is already investigating the shooting of Johnston. In DeKalb, the district attorney's office is investigating the 12 lethal shootings by police officers.

The Justice Department, along with the FBI, is also gathering information about the case, but has yet to open a federal investigation. According to the National Assn. for Civilian Oversight of Law Enforcement, 71 of the nation's 100 largest cities have citizen review mechanisms.

Richard Rosenthal, who serves as an independent monitor of police and sheriff's departments in Denver, said even more important than subpoena power is that the review board have unfettered access to police department records.

"You can issue a subpoena to interview an officer, but you can't make them talk," he said.

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Court Can't Force Gay Marriage Vote (FINDLAW/AP)

By Jay Lindsay, Associated Press Writer

AP, December 28, 2006

(AP) - BOSTON-Massachusetts' highest court said Wednesday it has no authority to force lawmakers to vote on a proposed constitutional amendment to ban gay marriage. But it rebuked the Legislature for its "indifference to, or defiance of, its constitutional duties."

The unanimous 7-0 ruling - and the stinging reproach - leave the fate of the amendment up in the air in the only state that allows gay marriage.

Opponents of gay marriage have collected 170,000 signatures in favor of an amendment to end the practice. But the measure needs the Legislature's approval to appear on the 2008 ballot, and lawmakers refused to vote on the proposal last month. Gov. Mitt Romney, a Republican expected to run for president in 2008, and other opponents of gay marriage responded by suing to try to force the lawmakers to act.

In its ruling, the Supreme Judicial Court - the same court that ruled in 2003 that the Massachusetts Constitution gives gays the right to marry - said it cannot force a vote. It said that the Legislature's obligation to vote was "beyond serious debate," but that the most the court could do was remind lawmakers of that duty.

"There is no presently articulated judicial remedy for the Legislature's indifference to, or defiance of, its constitutional duties," the court said.

The proposed amendment needs the approval of lawmakers in two consecutive two-year sessions to appear on the 2008 ballot. The last day of the current session is Tuesday. If lawmakers adjourn without taking up the amendment, the measure will die.

In a statement, the governor said: "The issue is now whether the Legislature will follow the law."

The proposed amendment defines marriage as the union of a man and a woman. It would leave all existing same-sex marriages intact but would ban any more such weddings. More than 8,000 gay couples have been married in Massachusetts.

Opponents of gay marriage argue that it should be up to the people, not the courts, to define something as important as marriage. Supporters of gay marriage say the civil rights of a minority should not be put to a popular vote.

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Marc Solomon of MassEquality, a gay rights group, said after Wednesday's ruling: "We urge the Legislature to end this debate once and for all and let committed couples and their families get on with their lives."

One of the gay-marriage opponents who sued to try to force the Legislature to vote, C.J. Doyle of the Catholic Action League, said he doubts lawmakers will act, despite the court's rebuke.

"Our legislators have demonstrated time and time again a contempt for the constitution and for their oath of office," Doyle said.

Associated Press writer Steve LeBlanc in Boston contributed to this report.

Massachusetts Court Admonishes Lawmakers Over Gay Marriage (LAT)

By Ellen Barry

The Los Angeles Times, December 28, 2006

Massachusetts' highest court on Wednesday chastised the state's legislators for failing to vote on a proposed constitutional amendment to ban gay marriage, but said the court does not have the power to force lawmakers to act.

Opponents of gay marriage are seeking to override the 2003 court decision that made same-sex unions legal in Massachusetts. They collected 170,000 signatures -- enough to place the question before voters in 2008 -- but the legislature already has met twice without voting on the measure.

If the lawmakers adjourn Jan. 2 without a vote, as many predict they will, the measure to repeal gay marriage in Massachusetts will die. To appear on the ballot, a citizen initiative must be approved by at least a quarter of the legislature in two consecutive sessions.

Gov. Mitt Romney, a Republican who is contemplating a run for the presidency, has been critical of the lawmakers' inaction. Romney was a lead plaintiff in the suit brought by opponents of gay marriage, which argued that lawmakers were stripping voters of their right to amend the state constitution.

The Supreme Judicial Court's unanimous ruling Wednesday agreed with the core of that argument, but it noted that "there is no presently articulated judicial remedy for the Legislature's indifference to, or defiance of, its constitutional duties.

"Those members who seek to avoid their lawful obligations . . . ultimately will have to answer to the people who elected them," read the decision, which was written by Justice John M. Greaney.

The court's 2003 ruling that legalized gay marriage sparked a national debate. But three years later, Massachusetts is still the only state to allow it. Three states -- Connecticut, Vermont and New Jersey -- allow same-sex couples to enter into civil unions, and California's domestic partnership law guarantees many rights of marriage. Maine, Hawaii and the District of Columbia also offer domestic partnerships.

Meanwhile, 26 states have passed constitutional amendments banning gay marriage.

This would not be the first citizen initiative to wither on the vine in Massachusetts; legislators have adjourned without voting on six out of the last seven proposed ballot questions -- on such issues as abortion, term limits and education.

Lawmakers voted 109-87 Nov. 9 to end debate and delay the vote on the gay marriage amendment, virtually guaranteeing its demise. Many spoke passionately before the vote to delay, such as state Sen. Edward Augustus, who said: "This amendment is about the past. It is about fear and intolerance." Advocates of gay marriage celebrated.

"They have refused to be bullied or intimidated, and we fully expect them to keep standing up for what's right," Lee Swislow, executive director of Gay and Lesbian Advocates and Defenders, said in a statement during arguments in the case. "It is simply wrong to put the rights of a minority up for a popular vote. That's what this is about."

The ruling came with just one business day remaining before the end of the legislative session. Eric Fehrnstrom, a spokesman for Romney, said the governor hopes the sharply worded decision "changes the math at the Statehouse." But, Fehrnstrom said, Romney "doesn't have a formal role to play" in this matter.

"He is a bystander. Just like any other citizen of the Commonwealth, he has an interest in making sure that the legislature does its job," he said.

Deputy In Gibson Arrest Claims Harassment (LAT)

By Andrew Blankstein

The Los Angeles Times, December 28, 2006

Six months after he arrested Mel Gibson for drunk driving in Malibu, a Los Angeles County Sheriff's deputy claims he's being harassed for his action by officials who question whether he leaked a report detailing the actor's anti-Semitic rant to the news media.

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Deputy James Mee's attorney said Wednesday his client was abruptly transferred from patrolling Malibu to another assignment in Agoura Hills and unfairly singled out for scrutiny by his supervisors.

Attorney Richard Shinee also said sheriff's officials subjected him to a three-hour-long interrogation and served a search warrant on his home last September, taking a home computer and phone records.

"His life and career would be a lot different had he not made that arrest," Shinee told The Times.

The Sheriff's Department has already come under fire for initially telling reporters that Gibson was arrested "without incident" even though Mee's arrest report said the actor/director was belligerent, profane and unleashed a "barrage of anti-Semitic remarks."

Mee's report was leaked to TMZ.com, a celebrity news website.

Neal Tyler, the division chief who oversees the Sheriff's Department's Lost Hills station, where Gibson was booked, said he knew of no problems with Mee's treatment and said the deputy is in no way being singled out.

"I disagree with the assessment that personnel in the department or at the station have been relating to him or supervising him in an unfair manner," Tyler said.

He declined to discuss Mee's specific complaints, citing confidentiality rules.

In the wake of Gibson's arrest, the Sheriff's Department launched two investigations. One looked at whether the actor received preferential treatment, the other trying to determine who leaked the Mee's report to TMZ.com.

Tyler said a preliminary investigation into the issue of favoritism found "no evidence that anyone improperly influenced the investigation or prosecution of Mel Gibson's drunk driving arrest."

Sheriff's department sources said the probe into who leaked the report - an act that would likely violent department rules - is ongoing.

Shinee said that a few days after Gibson's July 29 arrest, sheriff investigators pressed Mee on why he chose to detail Gibson's inflammatory comments in his report.

He was also told to recount the precise sequence of events surrounding the writing and handling of the report and any discussions or contacts he had with others.

"Clearly the focus of the investigation was the leak and not whether there were any communications between department brass concerning suppression of the report," Shinee said. "My client has denied he gave the report to anyone."

Later, according to the attorney, Sheriff's officials told Mee that they were temporarily transferring him from his drunk driving patrol detail in Malibu to a similar job based at the Lost Hills station out of concern that paparazzi would try to bait him into creating an incident.

Not long after, five sheriff's deputies showed up at Mee's home where they removed his computer and took phone records, Shinee said.

Mee declined to discuss his concerns. But Shinee said the deputy also feels he's being unfair treated by supervisors. In August, Shinee said his client was written up by a sergeant for failing to report to work despite the fact that another supervisor had changed his schedule. Earlier this month, Shinee said the same sergeant called him in from a field assignment to answer why he didn't check a box on a vehicle inspection report.

Tyler declined to comment on these specific incidents.

ANTITRUST:

New Jersey Orders Municipal Bond Firms To Disclose Subpoenas (BLOOM)

By Adam L. Cataldo

Bloomberg, December 28, 2006

Dec. 27 (Bloomberg) -- New Jersey is demanding that financial firms seeking state business disclose whether they have been subpoenaed or audited by the government.

Treasury officials told firms applying to work for the state by investing proceeds from a planned bond sale to describe pending litigation and ``federal or state investigations or audits, subpoenas or other information requests'' since 2002, according to a Dec. 18 request for proposals. Similar documents in September and November didn't mention subpoenas or audits.

The requirement comes one month after federal investigators raided three brokers in the widest-ever criminal probe of the municipal bond market. The Justice Department, the Securities and Exchange Commission and the Internal Revenue Service are probing whether bankers and brokers conspired to fix prices on financial products sold to local governments when they invested proceeds from bond sales.

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``It sounds like good due diligence to me," said Clifford Goldman who was state treasurer from 1976 to 1982. He now runs Goldman, Beale Associates, a Titusville, New Jersey-based firm that advises municipalities on bond financings.

Investigators last month demanded information from more than a dozen banks and insurers and raided the brokers as part of the probe, including CDR Financial Products Inc., New Jersey's adviser on interest-rate swaps. Earlier this month, the SEC asked officials in Jefferson County, Alabama, for records related to bond issues and derivatives since January 2002.

No Subpoenas

Tom Vincz, a spokesman for New Jersey treasurer Bradley Abelow, said the state hasn't received any subpoenas in connection with the probe.

``Issuers should be even more circumspect about who we do business with," said Patrick Born, the chief financial officer of Minneapolis and the head of the debt committee FOR the Chicago-based Government Finance Officers Association. ``The municipal market is such a valuable and important resource for state and local governments in the U.S. that we simply cannot tolerate abuses."

New Jersey needs a firm to help invest funds from a planned sale of bonds backed by revenue from a settlement with cigarette makers because it won't spend all the money immediately.

A group of treasury and public finance employees will review responses from firms, Vincz said. Six firms responded to the state's request for proposals, according to treasury spokesman Mark Perkiss. The responses won't be available to the public until after a selection has been made.

`Evolving, Improving'

The size of the bond sale, to be arranged by New York-based Bear Stearns Cos., wasn't specified in the request for proposals. The state is rated Aa3 by Moody's Investors Service and AA by Standard & Poor's.

Vincz said the language change in the request for proposals is an ``evolving, improving practice" and not a response to the federal probe.

New Jersey last sought proposals from financial firms in November, when it was looking to hire an adviser on the bond sale being underwritten by Bear Stearns.

The request asked ``if your firm, or any principal, director or officer thereof, is now or has in the last three years been a defendant in any litigation involving a sum of $100,000 or more, the subject of any professional disciplinary action, and/or is or has been the subject of any investigation." It doesn't ask whether a firm has been subpoenaed or otherwise asked for information by the government, or if it has been the subject of an audit.

``The experience of public finance in reviewing responses to questions of this kind has been that sometimes there is a lack of clarity and completeness in the responses," Vincz said.

Abelow and Nancy Feldman, New Jersey's director of public finance, declined to comment.

Named by Corzine

Governor Jon Corzine, the former chairman of New York-based Goldman, Sachs & Co., named Abelow and Feldman to their posts earlier this year after he took office. Both also worked at Goldman. Corzine, a Democrat, has vowed to use his Wall Street experience to shore up the state's finances and reduce its record $30 billion debt load.

The Government Finance Officers Association recommends governments seek competitive bids when hiring advisers and that they find out whether firms have any history of having been the subject of enforcement actions.

Swaps Contract

New Jersey is seeking a new swap adviser to take over next month after Beverly Hills, California-based CDR's contract ends.

A swap is a type of derivative, or financial contract whose value is derived from stocks, bonds, loans, currencies and commodities, or linked to specific events such as changes in interest rates or the weather. In a swap, parties agree to exchange interest payments, usually a fixed payment for one that varies based on the movements of benchmark indexes or rates used by banks to track borrowing rates. Swaps are private contracts and are unregulated.

Vincz wouldn't say whether CDR applied to renew its contract and said a date to pick a new swap adviser hasn't been set. CDR spokesman Allan Ripp declined to comment on whether the firm has responded to any requests for proposals from New Jersey.

Peter Shapiro, managing director of South Orange, New Jersey-based Swap Financial Group, said governments like New Jersey make it too easy for firms not to disclose potential liabilities. Shapiro, a former New Jersey assemblyman who advises municipal governments on finances, didn't bid for the reinvestment contract and applied to become the state's next swap adviser.

``If you, as the governing agency, want to find out everything, you have to make sure you ask for everything," Shapiro said.

FTC Clears Freeport Takeover Of Phelps (AP)

DOJ_NMG_0109794

AP, December 27, 2006

The Federal Trade Commission approved the $25.9 billion takeover of copper miner Phelps Dodge Corp. by Freeport-McMoran Copper & Gold, according to a notice posted Tuesday on the agency's Web site.

FTC clearance removes at least one obstacle to the proposed combination, which would create the world's largest copper miner. The deal still needs shareholder approval, and there is no certainty the companies will get it.

Earlier this month, a hedge fund with a 5.1 percent stake in Phelps Dodge said it would throw the weight of its 10.3 million shares against the takeover. SAC Capital Partners opposes the combination, saying that the cash-and-stock offer doesn't fairly value Phelps Dodge.

Since the deal was first announced in late November, Prudential analyst John C. Tumazos has said he expected to see additional bids emerge for Phelps Dodge. But that was when copper was trading at about $3.05 a pound on the spot market.

The price has since fallen to about $2.85 per pound -- down 18 cents from the date the companies decided to combine and down 67 cents from the third-quarter average.

"We estimate the odds of a higher bid drop about 1 percent with each penny that copper falls," Tumazos wrote in a recent note to clients.

The FTC granted early termination of a mandatory antitrust waiting period on Dec. 22.

Up For Review: 401(k) Industry (WSJ)

By Tom Lauricella

The Wall Street Journal, December 28, 2006

Americans' 401(k) retirement plans are starting to face scrutiny -- of a kind that previously helped to reshape the mutual-fund business and many practices on Wall Street.

In recent months, a series of lawsuits has raised questions that longstanding business practices in the industry may represent illegal forms of collusion. In the past few weeks, Congressional Democrats -- after winning the majority in November for the first time in years -- are calling for hearings into whether current laws do enough to protect 401(k) investors. A November report by the Congressional Government Accountability Office said some practices "may not be in the best interest" of investors.

At the same time, the summer's landmark pension-reform law is encouraging employers to take a more active and even paternal role in their employees' 401(k) plans by offering in-depth investment advice and other tools designed to encourage people to save. Previously, companies were discouraged from taking these steps for fear of being sued should the investments go wrong.

As a result of these forces, 401(k) plans could receive their most significant overhaul since coming into existence a quarter-century ago. Fees to investors could be reduced, and companies could be forced to do a better job ensuring investors receive the most bang for their retirement dollar.

Since being created in 1981 as a way to sock away dollars tax-free for retirement, 401(k)s have supplanted traditional pension funds as the primary way most Americans save for retirement. Some 47 million participants have $2 trillion in money invested in the plans.

Critics increasingly are complaining about poorly disclosed financial arrangements -- known as "pay-to-play" deals -- that not only have the potential to influence which investment options are offered in a given plan, but also have the potential to drive up fees charged to investors.

The pressure for change is occurring at every level of a complex industry: Employers have a legal obligation to run a plan in the best interest of its participants. The money manager has responsibility for the investments, but other companies might have a separate role in keeping investor records and holding the actual securities being bought and sold in the plan. On top of that, sometimes there are outside brokers or consultants paid to help decide which investments go into a plan.

That complexity can breed problems, experts say. "Unfortunately there are [employer] fiduciaries who fell asleep at the switch; there are brokers who will charge excessively high fees; ... and there are plan providers who support all this," says Fred Reish, a Los Angeles attorney specializing in retirement-plan law. "This is all one big ball of wax."

The most direct attack on 401(k) plans -- and similar retirement plans for government employees and teachers called 457 plans and 403(b) plans -- has come in the courts. Several lawsuits allege that commonplace business arrangements between some of the parties are actually illegal.

For example, some mutual-fund companies that run retirement plans will take a portion of the money they collect from investors and use it to pay consultants, who, in turn, recommend which funds are included in a retirement plan. Because some consultants recommend only those fund companies that make such payments, these deals have been dubbed pay-to-play arrangements.

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Critics say it can result in participants being offered subpar investments or worse. In November, a lawsuit was filed against Nationwide Financial Services Inc. on behalf of participants in the retirement plan it runs for the Orange County, Fla., sheriff's office. The suit, filed in U.S. District Court for the Southern District of Ohio, alleges that unbeknownst to the plan's investors, money from some of these arrangements paid for meals, trips and entertainment.

Nationwide denies the allegations and says it will fight the suit.

A second common practice alleged to be improper is that big 401(k) plans often will use the same class of mutual-fund shares that small, individual investors use -- even though lower-fee classes of those shares are often available to big investors like these. In addition, certain fees (such as those for record-keeping) are assessed as a flat percentage of assets, which means as an investor's savings grow, more money is being collected from them even though no additional services are provided.

The most recent such suit was filed this month against Fidelity Investments, the nation's largest retirement-plan manager. The case, filed in U.S. District Court in the Western District of Wisconsin, argued that Fidelity charged "unreasonable and excessive" fees and had hidden arrangements that misused participants' money.

Fidelity says that it will fight the lawsuit and that fees its charges are reasonable.

In mid-September, a St. Louis law firm, Schlichter Bogard & Denton LLP, which specializes mainly in personal-injury cases, kicked off the recent spate of suits when it filed in federal court a series of cases (including the Fidelity suit) alleging that the 401(k) retirement plans of some of the country's biggest employers misled and overcharged investors.

Jerome Schlichter, the lawyer overseeing these cases, argues that employers and the companies that run 401(k) plans are failing to live up to a basic legal responsibility: ensuring that their fees are reasonable. "The fees are not being disclosed, and if you don't know what fees are being charged, you can't know if the fees are reasonable."

Meanwhile, Democrats in Congress, armed with the Government Accountability Office study, are looking at revisiting laws governing oversight of the plans. While the scope of the hearings hasn't been decided -- much less what any outcome might potentially be -- the stepped-up interest by politicians is further stirring the pot.

The GAO, in a recent report commissioned by George Miller (D., Calif.) said current rules result in "piecemeal" disclosure and that investors aren't given information that would help them determine whether they were getting a good deal. The GAO also warned against some of the same practices targeted by the lawsuits, saying they may hide conflicts of interest.

The GAO also said the Labor Department, which is responsible for regulating 401(k) plans, hasn't been collecting the kind of information on the plans that it needs to do the job.

Not all changes may come at the barrel of a gun. Laws passed by Congress this summer make it easier for employers to automatically enroll workers in 401(k) plans, increase their savings rates and automatically place them in appropriate stock- and bond-fund investments. These new laws lessen the risk to employers for taking these steps on a worker's behalf.

That is a big change from a few years ago. "It used to be that employers would say, 'We have this 401(k) plan with a great matching program -- now you guys go manage this on your own,'" says Terri Fox, who oversees the 401(k) plan at Texas Instruments. "The pendulum has swung."

Regulator Nudges Enel On Megawatt Sales (AP)

AP, December 28, 2006

Italy Antitrust Watchdog Says Enel Must Sell Up to 1,700 Megawatts by End of 2008

ROME (AP) -- Italy's antitrust watchdog said Wednesday that Enel SpA must sell 1,000 megawatts of capacity next year, and if necessary 700 more megawatts in 2008 to promote competition in the country's power market.

The regulator said in a statement that the sale will be at "competitive conditions," at which point the antitrust body will close its inquiry, started in April 2005, into possible anticompetitive behavior by Enel, Italy's former electricity monopoly.

The regulator said Enel will sell the capacity under a mechanism that allows a company to keep ownership of generation facilities while selling its output to competitors.

One-thousand megawatts correspond to about 3 percent of Italy's domestic power demand, the regulator said.

ENVIRONMENT:

Polar Bears Face Meltdown (USAT)

By Robert Davis

USA Today, December 28, 2006

The fight against global warming got an iconic mascot Wednesday when the Bush administration proposed listing polar bears as a "threatened" species.

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Interior Secretary Dirk Kempthorne says polar bears appear to be dying because their habitat — ice in the Arctic Ocean — is melting.

"Polar bears are one of nature's ultimate survivors," Kempthorne says. But their "habitat may literally be melting."

Some environmentalists hope that the "threatened" designation, which could come within a year after public comments and more scientific review, could give a boost to the fight against global warming.

The Endangered Species Act puts the responsibility on the federal government to avoid authorizing any activities that might jeopardize an endangered species or the habitat where it lives.

Industries that pollute a river, for example, that is home to an endangered fish can be forced to stop.

But how effectively the designation might be used to regulate industries that produce high levels of so-called greenhouse gases — pollutants that contribute to global warming — is unclear.

GLOBAL WARMING: Climate change leaves animals scrambling | On Deadline

Kempthorne says climate change is "outside the bounds" of his department.

An estimated 20,000 to 25,000 polar bears live in the Arctic region. One study showed a 22% decline in numbers in Canada's Hudson Bay. Another showed a drop in weight and reduced cub survival in Alaska's Southern Beaufort Sea.

The proposal calls for polar bears to be listed as "threatened" because the species is not considered at immediate risk of becoming extinct, which would be categorized as "endangered."

Kempthorne says Alaskan natives and others who hunt the bears can continue to harvest the animals. And coastal and offshore oil and gas exploration can continue. "Oil and gas development is not a factor," he says, "period."

The proposal to add the bears to the list came after a two-year fight.

"It's frustrating to wait, but at the same time, it is still a significant step forward," says Brendan Cummings, an attorney for the Center for Biological Diversity, who filed suit to seek polar bear protection.

Sen. Barbara Boxer, D-Calif., the incoming head of the Senate Environment and Public Works Committee, says the polar bear's plight reflects the planet's health. "This news serves as a wake-up call to the U.S. Congress and the administration that we must quickly begin to address global warming through legislative action," she says.

Bush Administration Seeks Protection For Polar Bears (WSJ)

By Maya Jackson Randall

The Wall Street Journal, December 28, 2006

WASHINGTON -- The U.S. Department of Interior on Wednesday proposed to list polar bears as a threatened species under the Endangered Species Act, saying global warming is causing sea ice -- a primary habitat for the bears -- to melt at dangerous rates.

While the burning of fossil fuels such as oil and coal are thought to lead to global warming, Interior Department Secretary Dirk Kempthorne Wednesday said oil and natural gas drilling in the Arctic region is not to blame for the receding ice.

"It is very clear that the oil and gas activity does not pose a threat," Mr. Kempthorne said. "In fact .. they have been partners."

Still, the Interior Department is silent on what's actually causing the warmer temperatures.

The "whole aspect of climate change is beyond the scope of the Endangered Species Act," Mr. Kempthorne said during a conference call with reporters. Other agencies within the Bush administration, not DOI, are charged with focusing on a national greenhouse gas reduction program and the factors leading to rising global temperatures and climate changes, he said.

The DOI plans to take comments on the proposal in effort to make a decision within 12 months on whether to list the bears as endangered species.

"There's concern that their habitat may be literally melting," Mr. Kempthorne said.

Agency Proposes To List Polar Bears As Threatened (NYT)

By Felicity Barringer and Andrew C. Revkin

The New York Times, December 28, 2006

WASHINGTON, Dec. 27 — The Interior Department proposed Wednesday to designate polar bears as a threatened species, saying that the accelerating loss of the Arctic ice that is the bears' hunting platform has led biologists to believe that bear populations will decline, perhaps sharply, in the coming decades.

Many experts on the Arctic say that global warming is causing the ice to melt and that the warming is at least partly the result of the atmospheric buildup of heat-trapping gases from tailpipes and smokestacks. The plight of the polar bear has been held up by environmentalists as a symbol of global warming caused by humans.

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But in a conference call with reporters, Interior Secretary Dirk Kempthorne said that although his decision to seek protection for polar bears acknowledged the melting of the Arctic ice, his department was not taking a position on why the ice was melting or what to do about it.

While the Bush administration "takes climate change very seriously and recognizes the role of greenhouse gases in climate change," Mr. Kempthorne said, it was not his department's job to assess causes or prescribe solutions. "That whole aspect of climate change is beyond the scope of the Endangered Species Act," he added.

The scientific analysis in the proposal itself, however, did assess the cause of melting ice. Most of the studies on the Arctic climate and ice trends cited to support the proposed listing assumed that the buildup of heat-trapping gases was probably contributing to the loss of sea ice, or that the continued buildup of these gases, left unchecked, could create ice-free Arctic summers later this century, and possibly in as little as three decades.

The Interior Department has a year to gather and study comments on the proposed listing and make a final determination. It must also work out a recovery plan to control and reduce harmful impacts to the species, usually by controlling the activities that cause harm.

It is unclear whether such a recovery plan could avoid addressing the link between manmade emissions of heat-trapping gases and the increase in Arctic temperatures.

Kert Davies, the research director for Greenpeace U.S.A., one of three environmental groups that sued the Interior Department in 2005 to force it to add polar bears to the list of threatened species, said the administration was "clearly scrambling for credibility of any kind in this issue."

Kassie Siegel, the lawyer for the Center for Biological Diversity, a group based in Arizona that took the lead in the lawsuit calling on the department to list the polar bear, added, "I don't see how even this administration can write this proposal without acknowledging that the primary threat to polar bears is global warming and without acknowledging the science of global warming."

As a result of the lawsuit, the Interior Department had a court-ordered deadline of Wednesday to make a decision.

The worldwide population of polar bears currently stands at 20,000 to 25,000, broken into 19 groups in Russia, Denmark, Norway, Canada and the United States. One-quarter to one-fifth of that population occupies waters off the shores of Alaska or the nearby coastlines, with separate groups in the Chukchi Sea off northwestern Alaska, the Northern Beaufort Sea and the Southern Beaufort Sea off the North Slope of Alaska

The most-studied bear population, in the Western Hudson Bay in Canada, dropped 22 percent, to 935 from 1,194 from 1987 to 2004, the proposal by the Fish and Wildlife Service said.

It added, "However, based on environmental factors and observed patterns of population trends for some populations, it is likely that most populations will exhibit declines in the future."

The International Conservation Union, in its latest red list of endangered wildlife, gave polar bears threatened status in May, projecting a decline of 30 percent by midcentury from current populations, mainly due to projected losses of sea ice in a warming world.

Polar bears are dependent on sea ice as a platform for hunting seals, and as a pathway to coastal areas. The ice shrinkage has meant that polar bears, which are strong swimmers, have had to cover longer distances between ice and land.

They have survived previous Arctic warming periods, including the last warm stretch between ice ages some 130,000 years ago, but some climate experts project that nothing in the species' history is likely to match the pace and extent of warming and ice retreats projected in this century and beyond, should emissions of heat-trapping gases continue unabated.

While Mr. Kempthorne and Dale Hall, director of the Fish and Wildlife Service, said Wednesday that they saw no separate risk to polar bears from oil and gas activity, the latest assessment of the species for the International Conservation Union, by a group of experts including Fish and Wildlife Service biologists, did include such activity in a list of threats, including toxic contaminants, shipping and recreational viewing.

Recently, the Minerals Management Service, another division of the Interior Department, proposed opening sections of the Beaufort and Chukchi Seas to oil and gas drilling.

"This listing will hopefully provide additional leverage to look more closely at those decisions," said Margaret Williams, director of the Bering Sea ecoregion program at the World Wildlife Federation.

Scott Schliebe, a federal biologist and the polar bear project leader for the Fish and Wildlife Service, said the basic connection between shrinking ice and greater distress for the bears was well established. This is shown clearly in areas where ice has retreated progressively in summers — including the Beaufort Sea off the North Slope and Hudson Bay in Canada. In such places, Mr. Schliebe said, "we know today that they're facing a situation of distress and nutritional stress."

The department's proposal said that "at this time" the lands and waters most critical to the bears' protection, called critical habitat in the law, were "not determinable."

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Critical-habitat designations ensure that federal agencies must study the impact that any activities they conduct or approve in that area might have on the species at risk.

Global Warming Puts Polar Bears On Thin Ice (WT/AP)

The Washington Times, December 28, 2006

Polar bears are in jeopardy and need stronger government protection because of melting Arctic sea ice related to global warming, the Bush administration said yesterday.

Pollution and overhunting also threaten their existence. Greenland and Norway have the most polar bears, and a quarter of them live mainly in Alaska and travel to Canada and Russia.

Interior Secretary Dirk Kempthorne yesterday proposed listing polar bears as a "threatened" species on the government list of imperiled species. The "endangered" category is reserved for species more likely to become extinct.

"Polar bears are one of nature's ultimate survivors, able to live and thrive in one of the world's harshest environments," Mr. Kempthorne said. "But we are concerned the polar bear's habitat may literally be melting."

A final decision on whether to add the polar bears to the list is a year away, after the government finishes more studies.

Such a decision would require all federal agencies to ensure that anything they authorize that might affect polar bears will not jeopardize their survival or the sea ice where they live. That could include oil and gas exploration, commercial shipping or even releases of toxic contaminants or climate-affecting pollution.

Mr. Kempthorne, however, said his department's studies indicate that coastal and offshore oil and gas exploration -- heavily promoted by the Bush administration, particularly in Alaska -- shouldn't be curtailed.

"It's very clear that the oil and gas activity in that area does not pose a threat to the polar bears," he said.

Similarly, Alaskan natives and other people who depend on hunting the bears as part of their subsistence diet probably will not be affected, Mr. Kempthorne said.

Environmentalists hope that invoking the Endangered Species Act protections eventually might provide impetus for the government to cut back on its emissions of carbon dioxide and other heat-trapping "greenhouse" gases blamed for warming the atmosphere.

The proposed listing also marks a potentially significant departure for the administration from its cautious rhetoric about the effects of global warming. Mr. Kempthorne cited the thinning sea ice brought about by global warming as the main culprit.

President Bush's steadfast refusal to go along with United Nations-brokered mandatory controls on carbon dioxide, the chief global warming gas, has contributed to tensions between the United States and other nations.

Polar bears, an iconic and cold weather-dependent animal, are dropping in numbers and weight in the Arctic. In July, the House approved a U.S.-Russia treaty to help protect polar bears from overhunting and other threats to their survival.

That vote put into effect a 2000 treaty that sets quotas on polar bear hunting by native populations in the two countries and establishes a bilateral commission to analyze how best to sustain sea ice. It also approved spending $2 million a year through 2010 for the polar bear program.

The Polar Bear Specialist Group of the World Conservation Union, based in Gland, Switzerland, has estimated the polar bear population in the Arctic is about 20,000 to 25,000.

US Says Global Warming Threatens Polar Bears (FT)

By Stephanie Kirchgaessner

Financial Times, December 28, 2006

Polar bears should be classified as a threatened species because global warming could cause their habitat to melt away, the Bush administration said on Wednesday.

The iconic arctic animals were being threatened by receding ice, said Dirk Kempthorne, secretary of the Interior Department, who stopped short of calling for an investigation into the causes of climate change, saying the issue was beyond his department's remit.

"We need to just concentrate and focus on the species and its habitat," he said, adding the George W. Bush administration had already spent $29bn researching climate change issues and related technology.

While the proposal did not represent a clear departure from the Bush administration's stance on global warming, it marked the first time the White House had pointed to climate change as a phenomenon that could threaten the survival of a species.

Administration officials said they proposed adding polar bears to the threatened species list because Fish and Wildlife Service biologists feared that Alaska's population of polar bears could experience a significant decline in the future.

There are thought to be between 20,000 and 25,000 polar bears worldwide, most living in Greenland and Norway. But almost 5,000 live mainly in Alaska and travel to Canada and Russia.

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Recent scientific studies of adult polar bears in Canada and in Alaska's Southern Beaufort Sea found have found weight loss among the species and reduced cub survival. In Canada's western Hudson Bay, the population of polar bears has already declined 22 per cent.

The Fish and Wildlife Service will initiate a 12-month review of polar bears' current and future status before determining whether the species should be placed on the threatened list.

Dale Hall, director of the US Fish and Wildlife Service, said that if the polar bear was placed on the threatened list, the service would engage groups ranging from Alaskans to native Americans to scientists to "sit down and help us craft a recovery plan".

Although Mr Kempthorne said the nation's fish and wildlife service would not be asked to make a determination on why arctic sea ice was thinning, he emphasised that one potential environmental factor – oil and gas exploration – had "no negative impact on polar bears".

The conclusion contradicted a separate statement by the US Fish and Wildlife Service, which said that demands of oil and natural gas, and other resources in Alaska have led to "some conflicts" between polar bears and humans.

Ed Markey, a senior Democratic lawmaker on the House energy committee, said that the development "may signal the beginning of the end" of the Bush administration's policy of "global warming denial".

"After giving the cold shoulder to conservation, Kyoto, and better fuel economy standards, they seem to be warming up to protecting an icon of American wildlife," Mr Markey said.

Separately, Shell said on Wednesday it had hired Gale Norton, the former secretary of the Interior Department, to serve as a counsel for the Dutch oil giant.

The announcement from the energy company comes as the Bush administration is expected to face increased scrutiny by Congress on its ties to the oil and gas industry. This could include questions about whether the Interior Department has adequately collected royalty payments from oil and gas groups extracting resources from federally owned land.

Bright Idea Makes A Big Comeback: Conservation (USAT)

By Paul Davidson

USA Today, December 28, 2006

Nearly all businesses share an all-consuming mission: sell, sell, sell. McDonald's wants to peddle more hamburgers. Airlines strive to fill every seat. Phone companies want you to make more calls.

But power companies these days are increasingly being told by regulators to pump hundreds of millions of dollars into selling less electricity.

Energy-efficiency programs, which first caught fire in the 1970s before fading in recent years, are making a big comeback spurred by global-warming fears and the public's aversion to more pollution-belching power plants. At least 15 states are starting or considering new or expanded rebate and tax-incentive programs. The campaigns entice consumers to buy compact fluorescent light bulbs and energy-saving dishwashers and coax businesses to replace power-guzzling freezers and lighting systems.

To prod utilities into better promoting or funding the initiatives, many states are carving out new financial inducements that turn the industry's 125-year-old business model on its head: In some cases, companies could make just as much money by selling less power.

"What (they're) asking us to do is cannibalize sales," says Trevor Lauer, vice president of retail sales for DTE Energy in Detroit, noting that DTE supports energy efficiency, especially if the company earns a sufficient financial return. "Our job is to sell as many kilowatt hours as we can."

States and cities are also beefing up building codes to require added insulation and more efficient heating systems in new homes and businesses. Wal-Mart last month announced a campaign to sell 100 million compact fluorescent bulbs by the end of 2007. The goal, if reached, would save $3 billion in electrical costs and keep 20 million tons of greenhouse gases from spewing out of power plants.

"It's pretty much understood that electricity as a growth industry is a dangerous thing," says California Energy Commissioner Art Rosenfeld, who is considered a pioneering advocate of energy efficiency.

Utilities are spending nearly $1.9 billion on energy-saving programs this year, up from $1.6 billion in 2005 and nearly double the 1999 total, says the American Council for an Energy-Efficient Economy, a non-profit group that is independent of the utility industry.

Driving the surge are soaring energy rates and a dilemma that even has a growing number of power companies embracing efficiency: Demand for electricity is projected to increase 19% over the next decade, yet building a power plant is no longer a surefire investment. That's because coal-fired plants might soon face expensive taxes on their carbon-dioxide emissions amid

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growing global-warming concerns. Meanwhile, natural gas prices are mercurial, nuclear plants face public opposition and renewable energy such as solar or wind doesn't operate 24 hours a day.

"We really view energy efficiency as the fifth fuel," says Jim Rogers, CEO of Duke Energy, which serves parts of the Southeast and Midwest and until recently resisted efficiency programs. "It gives us the capability to avoid building a new plant."

A report last month by McKinsey & Co. says worldwide growth in energy demand can be cut to 0.6% a year from 2.2% by tapping energy-saving technologies.

This isn't the first time conservation has captured the nation's fancy. The first efficiency wave was triggered by the 1973 Arab oil embargo. Utilities largely ditched those efforts in the mid-1990s, believing deregulation would breed new competition and lower prices. The competition never came, and efficiency has been on a gradual upswing since 2000.

It has shifted into high gear with global-warming fears and the federal Energy Policy Act of 2005. The legislation provides tax credits of up to $2,000 per home to builders of new homes that exceed international energy-saving standards by at least 50% and up to $500 to improve efficiency on existing homes.

But Steve Nadel, who heads the energy-efficiency council, criticizes the Bush administration as weak on conservation. The Natural Resources Defense Council sued the Energy Department for failing to update energy-efficiency standards for 22 appliances, from dishwashers to air-conditioning systems. Under a recent settlement, standards will be set over the next four years.

Energy Department spokesman Craig Stevens says clearing the backlog has been a priority for Energy Secretary Samuel Bodman.

Meanwhile, about 20 states have conservation programs, but many are not well-funded. The most aggressive are in California, the Pacific Northwest and the Northeast, where electricity prices are high.

Typically, states set budgets, and utilities design and run the programs. Power companies recoup their costs from customers, who each pay up to about $2 on their monthly energy bills to fund efficiency initiatives. Yet those who take advantage of the programs can save 30% or more in energy costs. That's because programs' incentives and associated expenses typically cost about 3 cents per kilowatt hour saved, while power costs an average 9.2 cents per kilowatt hour.

In California, Pacific Gas and Electric has used rebates to persuade consumers to buy 6 million compact fluorescent bulbs this year. More than half of California's homes have a compact fluorescent in at least one socket.

Many consumers shy away from the spiral-shaped bulbs because of retail costs of about $3 to $6 vs. as little as 25 cents for a standard light bulb. But the rebates drive the price to about 75 cents. Since compact fluorescents last about 10 years, or five times as long as standard bulbs, and use about 70% less energy, the extra cost can be recovered in weeks.

California also boasts some of the strictest appliance codes in the nation. For example, regulators this year limited to 1 watt the amount of power devices such as cellphone chargers and shavers can use when they're plugged in but turned off. The change will add a few cents to the cost of plugs but save users $80 a year in electricity costs.

All told, California utilities are spending $700 million this year to fund and promote energy efficiency, up from $410 million in 2005. California's 30-year-old efficiency program has held per-household electricity consumption at 1975 levels — and avoided construction of at least one power plant a year — while per-household usage in the rest of the USA has risen 50%.

"The public loves it, the risk to shareholders is less and the company's image is better," says PG&E Chief Executive Peter Darbee.

Government support for energy efficiency in other states is spotty but improving. Seventeen states have no standards, or obsolete ones, for how much insulation or what kinds of heating systems, for instance, must be used in houses, says the Building Codes Assistance Project. Louisiana recently adopted statewide standards as it rebuilds homes after Hurricane Katrina. Mississippi and Alabama may follow.

Some towns are going far beyond state minimums. In New York, the Long Island townships of Babylon and Brookhaven this year required all new homes to be built to Energy Star standards. Homes earn the federal Energy Star label if they're at least 15% more energy efficient than international building codes.

The requirements will add about $3,000 to the cost of an average $500,000 home but will save $720 a year in energy costs, says Neil Lewis of the Neighborhood Network, which pushed for the change.

The Long Island Builders Institute had opposed it, fearing thousands of dollars in costs to builders as they waited weeks for homes to be inspected. But group Executive Vice President Robert Wieboldt says, "The national goal of energy independence is something we might have to share the burden on."

Experts say the country isn't close to realizing its energy-saving potential. Nationwide, programs are helping utilities save 0.2% of power consumption each year. By contrast, Vermont and California — two states in the vanguard of energy efficiency — save an extra 1% in energy usage each year. By tripling funding in the next few years, Nadel says, the USA could cut up to 30% of new power demand by 2020, staving off the need for hundreds of new power plants.

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Many states are moving toward that goal, even in the South and Midwest, where a plethora of power plants has tempered electricity rates and conservation programs. Michigan and Georgia are considering launching efficiency initiatives. Arizona, where torrid population growth is driving power demand, quadrupled funding to $34 million this year. Vermont plans to double its annual energy savings to 2% by 2008, wiping out the state's growth in power consumption.

Yet some utilities vigorously oppose efficiency mandates. "Our position is that you not set an arbitrary (funding) goal," says Oscar Harper, vice president of resource planning for Georgia Power, a Southern Co. unit that voluntarily runs some efficiency campaigns. Harper says many programs are not cost-effective and "can really hit low-income customers hard" by raising their monthly bills.

Steve Smith, executive director of the Southern Alliance for Clean Energy, contends the company simply fears eating into its growing revenue.

Regulators in several states are trying to prod utilities into spending more on efficiency. Rhode Island recently passed legislation requiring power companies to price efficiency programs before seeking bids for new electricity supply.

A utility must implement any program that costs less than the state's average electricity price, currently 14 cents per kilowatt hour. "It removes the artificial cap," says Ken Payne, director of the state Senate's policy office.

Six states — New York, New Jersey, Maryland, Delaware, Wisconsin and Idaho — are considering severing the tie between electricity usage and utilities' profit. Under the proposals, a utility would earn a set rate of return even if power consumption rose above or fell below projected levels. If efficiency measures produced better-than-expected savings, rates on all customers would rise slightly to offset the utility's shortfall in revenue. California now uses such a system.

"It certainly removes the disincentive to moving ahead with energy-efficiency programs," says Joe Rigby, senior vice president and chief financial officer of Pepco, which serves southern Maryland.

But Con Edison, which serves New York City, opposes the idea. Company spokesman Mike Clendenin says a similar system cost customers $70 million in the mid-1990s when consumption fell short of revenue forecasts. Richard Cowart of the Regulatory Assistance Project, a consulting firm, says many utilities dislike the setup because it kills their chance to earn extra revenue when electricity usage exceeds projections.

Still another proposal, backed by Duke and DTE Energy, would allow utilities to earn a rate of return on the energy savings they achieve, just as they now earn profits on electricity sales. California regulators are weighing a similar plan.

"We would be (given the incentive) to drive (sales) down and take a piece of the savings as our earnings," says Duke's Rogers.

Further feeding the industry's interest in efficiency are new technologies that make that Energy Star refrigerator seem quaint. Just a few years away are smart meters linked to smart appliances via computers, or even the Internet.

After reading tomorrow's forecast for hot weather, your air conditioner could cool the house in the morning, when prices are low, and scale back midday when costs spike. That would save consumers money and help utilities reduce strain on the power grid during peak demand.

Technology "is what's really moving (energy efficiency) forward," Rogers says. "It makes things possible that weren't possible before."

Democrats Eye Revamp Of Toxic-cleanup Superfund (CSM)

By Mark Clayton

The Christian Science Monitor, December 28, 2006

Although 1 in 4 Americans lives within four miles of a designated toxic-waste site, the federal program to clean up the sites has slowed.

Now, key Democrats in Congress are looking to push the program, known as Superfund, back into the spotlight. They're looking not only at its funding levels but also its funding sources. A central issue: whether to restore "polluter pay" taxes on industry to help fund cleanups.

"In some of these sites, the pollution is out of control, meaning it's still dangerous," Sen. Barbara Boxer, incoming chairwoman of the environment and public works committee, said this month. "We have to clean it up."

The California Democrat says she's making Superfund, along with global warming, focal points of her environmental agenda. She has tapped presumed presidential aspirant Sen. Hillary Rodham Clinton (D) of New York to chair the Superfund subcommittee.

Superfund, started in the 1970s, has seen a decline in funding and completed projects in recent years. Between 1993 and 2005, funding fell 32 percent - from $1.8 billion to $1.2 billion in inflation-adjusted dollars, the Government Accountability Office (GAO) reports. During the same period, the number of cleanup sites earning "construction complete" status fell by more than half - from 88 to 40 - the lowest level in more than a decade.

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Officials at the Environmental Protection Agency (EPA), which administers the program, deny funding is an issue. Fewer completed projects merely indicate transitions in construction cycles that can last a decade or more, they say.

"What's been cleared away already are the easier sites," says Susan Bodine, assistant administrator of the EPA's office of solid waste and emergency response. "The sites we're working on now, many of them are complex situations that were also being addressed in the 1990s, and they're still not done. But we're making progress."

Outside observers disagree. "Superfund is in trouble," says Velma Smith, a policy analyst at the National Environmental Trust in Washington. "People in the agency are telling me they're giving up on assessing new sites. They may know a problem exists, but they can't get the money to even go out and assess it."

Many of Superfund's biggest challenges can be traced back to its budget woes, critics and former EPA employees say. For example: While the EPA once had a "trust fund" from taxes on the production of toxic chemicals by chemical and oil companies, authorization for the tax lapsed in 1995. The fund shrank steadily from nearly $4 billion to zero by 2002, despite President Clinton's attempts to get Congress to restore it. President Bush has not asked to renew it.

That means that the share of Superfund programs paid for by taxpayers has risen steadily. From 1993 to 2000, it was less than 20 percent of the overall appropriation. By 2004, the public was footing the whole bill, the GAO reports.

That's why some Democrats, including Senator Boxer, want to reinstate "polluter pays" taxes. Polluters still pay to clean up their contaminated sites when the EPA can track them down. But when companies are bankrupt, the EPA pays. In the past, the "trust fund" helped offset the public cost through a tax on companies producing the chemicals that were being cleaned up.

Those taxes once generated about $1.5 billion a year, according to a June report by the Center for Progressive Reform. Now "with reduced funding, investigation and enforcement has lagged, causing fewer sites to be added to the list because nobody's out there looking for them," says Rena Steinzor, coauthor of the report.

But other analysts say the tax is too broad.

"The tax isn't fair," H. Sterling Burnett of the National Center for Policy Analysis, a think tank, told Environment and Energy Daily in an interview. "It's going to target some companies who had nothing to do with the pollution and it's not going to get the companies that did the pollution because many of them are no longer around."

Ms. Bodine of the EPA also sees little merit in taxing chemical producers. "We do have the federal funds we need," she says.

Even where toxic waste cleanup problems are identified, there are problems getting them into the Superfund pipeline. At least 61 sites are currently proposed but not yet added to the 1,241 nonfederal sites on the National Priority List or NPL. Among them are many "orphan" sites where there are no polluters to sue - and federal dollars must be used to clean them up.

Orphan sites are not a new problem.

"We had a number of these orphan sites that we had completed design for cleanup and just needed the money from headquarters for construction - and those dollars weren't forthcoming," says William Muno, former head of Superfund for the EPA's Midwest region. "I've spoken with people since I retired and, from what I understand, the situation is even more acute."

Even completed cleanups have caused controversy. In Ringwood, N.J., this summer, furious residents met with politicians over sludge and other contaminants left on a Ford site the EPA declared clean more than a decade ago.

Black Eye For Black Canyon (GJS)

By Bobby Magill, The Daily Sentinel

Grand Junction (CO) Sentinel, December 27, 2006

BLACK CANYON OF THE GUNNISON NATIONAL PARK — Before the dams were built, the Gunnison River raged through Black Canyon each spring with such ferocity that it carved through the volcanic rock Colorado's deepest and most sheer abyss.

More than 2,000 feet above the river on the south rim of Black Canyon of the Gunnison National Park, there's no running water, no grand lodge inviting tourists to luxuriate, no concession stand feeding the masses.

There is, however, a sense of remoteness and grandeur on the threshold of Colorado's deepest gorge. Overlooked by a rustic log cabin visitor center from which tourists peer into the chasm to the park's only permanent running water, the Gunnison River is barely visible from the canyon rim.

Only a gravel road penetrates the park on its north rim, where Black Canyon's most adventurous visitors attempt to either scale its sheer walls or negotiate one of several narrow poison ivy-riddled talus slopes plummeting surefooted hikers to the river below.

"When you go to the north rim, it's sort of like going to a park back in the '50s," said former Black Canyon Superintendent Bill Wellman, who was promoted in mid-November to the superintendent's post at sprawling Big Bend National Park in Texas.

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Sixty-six years after President Herbert Hoover declared Black Canyon a national monument, Congress created Black Canyon of the Gunnison National Park in 1999, now the nation's fourth-newest national park senior only to a pair of eastern parks and Colorado's own Great Sand Dunes.

Black Canyon National Park is a picture of vitality in defiance of trends afflicting the region's other parks suffering from the National Park Service's budget woes and shrinking masses coming to see their natural wonders.

Visitation at Black Canyon has been on the rise the last three years, hitting 180,814 people in 2005, about half what it was three decades ago.

The park's south rim is endowed with facilities built within the last 15 years, most of which are in good condition.

Black Canyon's price tag for maintenance projects in need of completion is a mere $4.7 million — a fraction of the cost of its neighbor parks' maintenance backlogs, which are as high as $63 million.

The park could be rid of its maintenance backlog by 2010 because more than $1 million of maintenance projects are completed annually, Wellman said.

The park isn't immune to the budget crunch, however, and has had to consolidate management staff with Curecanti National Recreation Area and Florissant Fossil Beds National Monument west of Colorado Springs for efficiency, he said.

Down the river

One of the park's greatest strengths, Wellman said, is the quality of the canyon it protects. Development near the park and the fate of water flows in the Gunnison River could change that, however.

Black Canyon may be Colorado's most controversial national park —not necessarily because of how it was created or how its government caretakers manage its formidable land, but because of the water in the Gunnison River, which not only imbues the canyon with life, but supplies water and electricity to thousands of people in central Colorado.

During the spring floods, the Gunnison River sliced through the canyon at up to 20,000 cubic feet per second. So powerful was the Gunnison that it carved Black Canyon one inch deeper each year, creating a chasm 2,772 feet deep at its deepest and 40 feet wide at its narrowest.

The river's annual wax and wane was the natural order of things until the U.S. Bureau of Reclamation disrupted the Gunnison's water flows. In 1976, the bureau completed the last of the three dams and reservoirs of the Aspinall Unit immediately upstream of the park. The unit is part of the Colorado River Storage Project under which Arizona's Glen Canyon, Utah's Flaming Gorge and New Mexico's Navajo dams were also built.

With the completion of the Crystal Dam and its accompanying power plant, the bureau created on the Gunnison River a 40-mile swath of reservoirs and power plants that can produce more than 200 kilowatts of electricity and store over 1 million acre feet of water.

But the amount of water released below the dams would forever change the ecology of the river through Black Canyon National Park.

The dams eliminated the Gunnison River's natural hydrograph through the canyon, evening out flows during spring runoff, when the river should be raging with floodwater, said Ken Stahlnecker, chief of resource stewardship and science at Black Canyon. The gorge used to be the Gunnison's transition zone between warm water and cold water, but the dams cooled the river at the expense of native fish species.

"Now we see more of the trout species, rainbow and brown primarily, and it's quite a fishery down there now," he said.

The natural hydrograph needs to be maintained because it's the signal for fish to spawn, and it flushes the river channel of debris, said Wendy McDermott, executive director of the High Country Citizens Alliance.

But Wellman said the canyon can survive without a natural hydrograph, as long as it gets peak and lower "shoulder" flows each spring and a once-per-decade flood with flows of about 15,000 cubic feet per second.

"Our water right is not a consumptive right," Wellman said. "It doesn't take any water out of the river system."

But a 2003 agreement between the National Park Service, the U.S. Department of Interior and the State of Colorado threatened to starve the canyon of its flows, reducing it to a year-round minimum of 300 cubic feet per second.

To maintain the vitality of the Gunnison River through Black Canyon, water would ideally need to flow at a volume well above 300 cubic feet per second, especially during spring runoff when the river naturally runs highest, Stahlnecker said.

The agreement relinquished Black Canyon National Park's water right to peak and shoulder flows during the spring, a right dating to 1933 when President Hoover declared Black Canyon a national monument.

The agreement was "nonsensical," said U.S. District Court Judge Clarence A. Brimmer in his September decision to set aside the pact. The National Park Service ignored the needs of the public in a decision that would profoundly effect the canyon's ecology and human environment, he wrote.

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He declared that because Black Canyon is a wilderness area and a national park, the National Park Service must maintain enough water in the river to leave the canyon's ecology and scenic beauty unimpaired. The agreement, he said, protected the canyon's competitors and not the canyon itself.

After being given until Dec. 18 — the court granted a one month extension to the government's original deadline — to appeal Brimmer's decision, the U.S. Department of Justice filed a notice of appeal that day, which preserves the government's right to file its appeal beyond the deadline.

Cynthia Magnuson, spokeswoman for the Justice Department in Washington, said the appeal would likely be filed by the beginning of January.

If its appeal fails, the federal government and the state will have to return to the table to forge a new agreement more friendly to the ecology of Black Canyon.

"We'd like to see an agreement that protects the resources of the park and protects current and future use of the water within the Gunnison Basin," said McDermott, whose group is a plaintiff in the case.

Development looms

As the canyon awaits the fate of its river, worries stir above its rim about how commercial and housing development on private property within and just outside park boundaries may one day become part of the landscape seen from Black Canyon's most popular viewpoints.

There's no lodge at Black Canyon National Park — not even flush toilets — and that's just fine with Lynn and Ted Farr. In early November, they were in the middle of a trans-continental road trip from their home in Emmaus, Penn., when they decided to visit the park, which they discovered in a tourism brochure.

The pair grew up in California, where car-clogged Yosemite served as their idea of a typical national park. But sparsely-visited Black Canyon, they said, should be different.

"They don't need a lodge in the park," Lynn Farr said. "Yosemite kind of set a standard. I don't think (this) park needs all of (those) facilities."

Where the Farrs see an ideal national park, real estate speculator Tom Chapman sees a business opportunity.

Owner of a 112-acre private inholding subdivided into three 37 acre parcels just south of Black Canyon's campground and within the park boundaries, Chapman is advertising his land as a rare opportunity for a savvy developer who wants to take advantage of doing business within a relatively undeveloped national park. One house has already been built on the land.

"These private parcels stand alone as being the only place where one can own a business or a luxury home within the U.S. National Park system," Chapman says in his online ad for the land. "Anchored on a high hill, the building site on Parcel No. 2 reigns supreme over the entire park and is an excellent candidate for a national park lodge or a luxury estate."

The ad trumpets the other parcel, on the East Portal Road which leads to a dam at the bottom of the canyon, as a great spot for a fast food joint.

Development on those inholdings would "potentially create homesites near the peak of Signal Hill, which would be visible from a lot of the overlooks from the roads within the park," and would sully the darkness of the park's night skies, Black Canyon National Park Management Assistant Dave Roberts said.

"The Park Service would rather see the area remain essentially rural and undeveloped," he said. "We've made attempts to acquire that land in the past, but we're not anywhere close on price."

Chapman is notorious among conservationists who criticize him for buying cheap private property within wilderness areas and national parks and selling it for millions.

On his Web site, Chapman is advertising a package of 19 inholdings — all sold — within Colorado's Weminuche, Holy Cross, Fossil Ridge, Spanish Peaks and Uncompahgre wilderness areas, where buyers could develop within a federally protected wildland.

Chapman's Black Canyon ad says the property is priceless and is currently off the market. As a representative of TDX, LP, he purchased the 112 acres in 1998 for $80,000, and pays only $45 in property taxes annually for the land's $3,100 agricultural production value, according to Montrose County records.

He's selling a nearby 1,700 acre ranch "targeted for inclusion in the Black Canyon National Park" for $10 million.

Chapman couldn't be reached for comment, but Roberts said the park's hopes of trying to buy the property is fading because the National Park Service has no money to spend on acquiring land.

"Our other concern is Grizzly Ridge," Wellman said.

The finger of private property on the ridge directly across Black Canyon from the visitor center was subdivided in 2004, and is "cherry stemmed" into the park, he said.

"That would be more intrusive than (TDX's) current house," he said.

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The park is trying to either acquire that property or ask the owner to put it under a conservation easement to preserve the views in the park.

In coping with outside development that could be within view of the park, Wellman said park officials know that it's the grandeur and quality of the canyon that draws people to the park.

And that's worth protecting, he said: "One of our objectives should be not to screw up what's really nice."

FBI/DEA/ATF/USMS:

The New FBI Means Business (LAT)

By Richard B. Schmitt

The Los Angeles Times, December 28, 2006

EVANSTON, ILL. — At a class on leadership, a professor at Northwestern University's business school here asks his students to ponder a landmark on the Chicago skyline 10 miles south.

"Walk along the lake, and look downtown. You see the Sears Tower," Ranjay Gulati says. "Sears Roebuck & Co. owned retailing. They defined retailing."

That they no longer do, he says, shows "what happens when the world changes around you … and you don't."

Thirty senior FBI managers and executives stir at their desks.

They're here because their employer is looking for ways to manage what is still a wrenching transition: In the wake of the Sept. 11 attacks, a newly urgent mission — disrupting terrorism before it hits the United States — was thrust upon the bureau.

In an effort to change the famously insular and hidebound organization, the FBI has sent more than 2,000 of its top agents and supervisors — including this group of spy-catchers, cyber-sleuths and terrorist-hunters — to management school at Northwestern.

This is new training for a new FBI, or at least that is the hope.

Traditionally, FBI agents and supervisors are schooled in the nuts and bolts of law enforcement. Agents learn how to become expert marksmen or cultivate informants. Supervisors learn how to mentor new agents or follow proper procedures.

Here, they explore how large corporations have shifted their missions. If Toyota can adapt its car lines to the baby-boom generation, then why can't the FBI adapt its role to the changing security needs of the country?

They practice role-playing exercises aimed at instilling teamwork, although about half fail to get the point of one exercise because they missed a subtlety in the instructions. "The competitive mentality is hard to break," Professor Leigh Thompson said.

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Puzzled reactions

And they study business experiences that might help them present the FBI in the best light. They learn how Starbucks developed a strong identity and how Exxon botched its handling of the 1989 oil spill in Alaska.

The program was started three years ago by FBI Director Robert S. Mueller III. Most of the senior headquarters staffers and top agents from the 56 field offices have taken the weeklong courses, which cost the bureau about $3 million a year.

Mueller is an ardent student of management science. He has sought the views of successful chief executives, including former IBM Corp. chief executive Louis V. Gerstner Jr., and has looked to outsiders to fill high positions.

The training has been one of Mueller's main efforts to bring fresh thinking into the bureau, though some FBI officials at first found the idea puzzling.

"The initial response was, 'We are going to go where?' " recalls Kevin Brock, a counter-terrorism official who attended the program. "A lot of us did not know what we were getting into. So we were wondering, 'How does this connect with putting bad guys in jail, hunting terrorists and all that stuff?' "

Management experts say there are limits to what a government agency can learn from studying the ups and downs of companies. And there are questions about how much the FBI has really embraced the lessons.

But in being asked to fight terrorism while solving more traditional crimes, the bureau faces a quandary that is fairly common in the business world.

"How can one organization arrange itself to do two things well? This is hardly a challenge that is unique to the FBI," said Michael Roberto, a professor of management at Bryant University in Smithfield, R.I., who is co-writing a case study of the FBI that Harvard Business School plans to use.

"We have no monopoly on good ideas," Mueller said in an interview, adding that he and others found the training "tremendously educating."

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Mueller took a version a week or so before he testified before the Sept. 11 commission in 2004. The training focused in part on how to respond to a crisis. It highlighted traits of executives who successfully handle such situations: transparency, expertise, commitment and empathy.

At the time, the bureau was under siege and there was speculation the commission would order it dismantled because of intelligence failures that preceded the attacks.

Mueller followed the advice to a T, and gave a performance that drew praise from the commission, which recommended the bureau be preserved.

The classes take place in a modern conference center that caters to business. Lunch is served in the Johnson Wax Dining Room, breaks are in the Oscar Mayer Lounge.

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Experienced group

The FBI allowed a Times reporter to sit in on several days of classes. The Times agreed to withhold certain details of some exercises and discussions, which in a few instances are based on actual cases.

The latest class is a seasoned one; its participants average about 20 years' experience. They include administrative officers and heads of some of the most sensitive investigations in recent bureau history, including the Sept. 11 attacks and the 2001 anthrax episode.

The students are self-effacing, and seem to have no illusions about the difficult task they face. The mission is akin to "building an airplane while trying to fly it," said Thomas Mahlik, a senior counter-espionage official.

A major theme is creating an atmosphere in which people are open to change, no small feat for an organization that has done things the same way for generations.

Gulati used as an example urinals introduced at Amsterdam's airport that used the image of a black fly inside the basin to try to get men to hit their mark. What seemed a good idea never caught on. "Just because you have a great idea … does not mean everybody will line up behind it," he said.

The class watches a video as part of an exercise in "Inattentional Blindness," which is when people do not see what is clearly in their visual field because they are focused on a different task.

In keeping track of how often people throw a basketball, most of the agents fail to see a mysterious figure who walks through the scene. Richard Lambert, head of the FBI's Knoxville, Tenn., office, was so certain that figure was not in the video, he said, "I would have bet you a paycheck."

Such conceptual learning — the classes have such names as "Strategic Leadership" and "Beyond Win-Win: Managing Interdependencies" — is an adjustment for an agency that has long been run by G-men.

"The bureau is full of people who are very good at crisis situations. We know how to do that. We got it," said Brock, the counter-terrorism specialist. "So far as large cultural changes, we are like everyone else."

Innovation is rare in organizations such as the FBI that are highly regimented. But the professors tell the class that quality is essential for large organizations to become successful.

"Every organization that operates efficiently and effectively has people who are exploring better ways to do things," said Joseph Hannigan, a Mueller confidant who heads the FBI program at Northwestern's Kellogg School of Management. "In the bureau, that has been kind of random."

So the agents are taught the value of dissent. Included in the assigned reading is an article called "How Management Teams Can Have a Good Fight."

The instructors teach that people are naturally drawn to obeying the rules, even where the consequences can be bizarre or lethal. They cite the case of a jet that landed in the wrong country even though 250 passengers and flight attendants could tell from an electronic map that the pilots were off course.

"People are afraid to break ranks," said another professor, Michelle Buck. "The role of a leader is to create an environment in which people feel free to speak up."

Steve Gomez, a former terrorism squad leader for the FBI in Los Angeles who is now a bureau supervisor in St. Louis, said the classes reinforced for him the importance of seeking out dissenting views among his team.

"When I have these meetings, and we are brainstorming, I have to find somebody to be my naysayer and challenge us," Gomez said. "I know who those people are. They are going to speak their mind. They really don't care what I think, and that helps."

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PR crisis lesson

The class also gets a lesson in brand management by studying how Mercedes-Benz handled a public relations crisis.

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As it prepared to roll out a new subcompact in the mid-1990s, the model flipped while making a sharp turn during a routine test of whether it could avoid a sudden obstacle, such as a moose.

At first, the automaker reacted defensively. But as ridicule of the car's failure of the "moose test," Mercedes executives took action to protect their reputation and made a costly safety improvement in the car.

Mercedes then launched a public-relations blitz and tried to defuse the furor by putting plush moose toys in the new vehicles. The lesson, said Daniel Diermeier, one of the Kellogg professors, is that agents should not let "tactical excellence" get in the way of "strategic thinking" that may help the agency in the long run.

"Think of yourself as a steward of the FBI brand," he said.

Court Rules Feds Are Entitled To Baseball Steroid Testing Data (AP)

AP, December 28, 2006

SAN FRANCISCO (AP) - The names and urine samples of about 100 Major League Baseball players who tested positive three years ago can be used by federal investigators, a court ruled Wednesday -a decision that could have implications for Barry Bonds.

The ruling from the 9th U.S. Circuit Court of Appeals could bolster the government's perjury case against Bonds if investigators are able to link his name to a positive test from baseball's anonymous testing in 2003. The San Francisco Giants slugger has been the target of a perjury investigation since he testified before a 2004 grand jury that he didn't knowingly use illegal drugs.

The decision also could help authorities find the drug sources. Those who tested positive could be called before the federal grand jury and asked where they obtained their performance-enhancing drugs.

Greg Anderson, Bonds' personal trainer, is currently in prison for refusing to testify in the perjury probe. Anderson previously was convicted of steroids distribution.

During 2004 raids on three labs involved in the MLB testing program, investigators seized computer files containing the 2003 test results. The unidentified samples had been collected as part of a MLB survey to gauge the prevalence of steroid use.

Baseball players and owners agreed in their 2002 labor contract that the results would be confidential, and each player was assigned a code number to be matched with his name.

Quest Diagnostics of Teterboro, N.J., one of the largest drug-testing firms in the nation, analyzed more than 1,400 urine samples from players in the 2003 season. Comprehensive Drug Testing, of Long Beach, coordinated the collection of specimens and compiled the data.

Subpoenas were issued to both companies in late 2003, a day before the test results were to be destroyed, and in April 2004 Internal Revenue Service agents seized the test results and samples. It's unclear whether the data seized includes test results or specimens from Bonds.

Bonds always has maintained he never tested positive, but federal investigators demanded to see the 2003 test results for Bonds, then Yankees players Gary Sheffield and Jason Giambi and seven other players. When they raided the testing labs for those 10 results, investigators also seized computer files containing the test results of nearly 100 other players not named in the government's subpoena and warrants.

The Major League Baseball Players Association protested the seizure as a violation of the players' constitutional rights.

Bonds' attorney didn't immediately return calls for comment.

Michael Weiner, general counsel for the players' association, which sued to keep the government from accessing the records, declined to immediately comment, wanting first to review the decision.

The government's investigation of the Bay Area Laboratory Co-Operative, the Burlingame supplements lab at the center of the steroid scandal, already has resulted in guilty pleas from BALCO president Victor Conte, BALCO vice president James Valente, chemist Patrick Arnold, track coach Remi Korchemny and Anderson.

100 Players Tested Positive For Steroids In 2003 (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, December 27, 2006

SAN FRANCISCO -- A federal appeals court revealed today that more than 100 major league baseball players tested positive for steroids in 2003, and ruled that the government could use their tests in its investigation of illegal drug distribution to athletes.

The Ninth U.S. Circuit Court of Appeals in San Francisco also said federal investigators had obtained Major league Baseball's 2003 testing samples and results for 10 players linked to the investigation of the Bay Area Laboratory Co-Operative, or BALCO, and that eight of them had tested positive for steroids.

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The ruling mentioned no athletes' names, but San Francisco Giants star Barry Bonds was part of the BALCO investigation and testified that he had never knowingly used steroids. A grand jury is investigating whether he committed perjury.

The government has expressed no intention of prosecuting any athlete for illegal drug use. The court quoted government lawyers as saying athletes who tested positive could be called before a grand jury and asked about their suppliers.

Five men, including BALCO founder Victor Conte, have pleaded guilty to illegal drug distribution in the case.

The Major League Baseball Players Association did not challenge federal prosecutors' authority to keep and use baseball's drug testing records of players, like Bonds, who were linked to BALCO. Those records were obtained in 2004 from two companies that conducted the testing for Major League Baseball, under search warrants that originated in the BALCO case.

But the association challenged prosecutors' seizure of records of any other players. Among the records seized by prosecutors, for example, was a spreadsheet that included the test results of the BALCO athletes plus other baseball players who had tested positive for steroids.

Three federal judges had ordered those records returned in separate rulings, saying federal agents had no advance evidence of steroid use by any player outside the BALCO investigation and no legitimate reason to hold the documents.

The judges, in San Francisco, Las Vegas and Los Angeles, accused prosecutors of misusing search warrants -- which had been approved by magistrates in uncontested proceedings -- to prevent the players and their association from challenging the searches.

The appeals court overruled all three judges in a 2-1 decision, saying the government is entitled to keep and use all computer records that were part of the same files as the BALCO material obtained from private drug-testing laboratories.

"We see no evidence of bad faith or pretext," said Judge Diarmuid O'Scannlain in the majority opinion. He said prosecutors have legal grounds for retaining not only the BALCO-related records but also the "intermingled information" of positive tests of other athletes.

Dissenting Judge Sidney Thomas said the ruling "puts Americans' most basic privacy rights in jeopardy." By the same rationale, he said, the government could seize the medical records of any patient that a hospital kept in the same computer file as a patient who was the target of a search warrant.

Ruling Erases Players' Victories In A Steroids Case (NYT)

By Murray Chass

The New York Times, December 28, 2006

The federal court system and Major League Baseball have different ways of operating. In baseball, if Tom Glavine shuts out Atlanta for the Mets on Monday and the Braves come back the next day and knock John Maine out of the game in the first inning and go on to rout the Mets, Glavine's shutout isn't wiped out. It still counts.

In the court system, however, victories, even shutouts, can be wiped out with the signature of a judge or two.

Lawyers for the Players Association understand that difference, but the decision they were handed yesterday in a steroids-related case in federal court rocked them nonetheless.

Lawyers representing the union pitched a two-state, three-case shutout in 2004, but yesterday the Court of Appeals for the Ninth Circuit in San Francisco wiped out their sweeping victory, ruling in favor of the government in the matter of steroid-test samples that authorities seized in 2004.

By a vote of 2 to 1, the three-judge panel overturned lower court decisions in Los Angeles, San Francisco and Nevada. The union had no immediate public reaction to the decision, preferring to take time to digest the 120-page opinion before commenting. However, the union is certain to go further with the case.

It could ask the Ninth Circuit to re-hear the case with the entire 12-judge court, or it could appeal to the Supreme Court of the United States. Whichever route the union takes, the case will not have a final outcome until very likely sometime in 2008.

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One thought some people had upon hearing the outcome of the government's appeal was that it could have an adverse effect on Barry Bonds's status, but that will probably not be so.

The Bonds speculation stems from the possibility that he tested positive for steroids use in 2003, the year baseball conducted survey testing of all players to determine if testing for disciplinary purposes would ensue in 2004.

However, even if Bonds tested positive, he would not have known it because the testing was supposed to have been done anonymously. Furthermore, he reportedly told the grand jury investigating the Bay Area Laboratory Co-Operative for steroids distribution that he didn't knowingly use steroids. Bonds thought one of the substances was flaxseed oil, he reportedly testified.

If Bonds tested positive in 2003, the result might make him look worse than he already does, but it wouldn't help the government prove that he perjured himself with his answers under oath to the grand jury.

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It was the samples and records from the 2003 testing that the government seized from Comprehensive Drug Testing of Long Beach, Calif., and Quest Diagnostics, Inc. of Las Vegas. The testing had been done under terms of the 2002 labor agreement between the owners and the players, and the results were supposed to remain anonymous.

But the authorities threw a clever, if questionable, one-two punch. They issued subpoenas to the two companies seeking test results of 11 players, presumably those who had testified before the Balco grand jury.

When the companies balked at supplying the requested information and indicated their intent to challenge the subpoenas in court, the government secured search warrants and raided Comprehensive and Quest.

They seized the urine samples in Long Beach and the list of codes assigned to players' names in Las Vegas. Put them together and the government would have the names of all of the players who tested positive. Federal agents did not take only the 11 results they sought. They had the results of all of the tests — more than 1,000 players. Included were 104 positive results, presumably all of the positives from the entire testing procedure.

The Players Association contended that, among other transgressions, the government violated the players' Fourth Amendment rights, their right to privacy.

Indeed, the dissenting judge in yesterday's decision, Sidney Thomas: began his dissent by writing, "One of the three extremely able district court judges who rejected the government's argument summarized it best, stating, 'What happened to the Fourth Amendment? Was it repealed somehow?' "

His two colleagues on the panel, Diarmuid O'Scannlain and Richard Tallman, did not suggest the Fourth Amendment had been repealed, but in the majority opinion Judge O'Scannlain wrote that the "district courts erred in finding callous disregard of Fourth Amendment rights."

Furthermore, he wrote, "The district court erred in finding the issuance of subpoenas and the contemporaneous execution of search warrants to be unreasonable."

And the district court "abused its discretion in granting the motion to quash" a subpoena.

But Judge Thomas adamantly disagreed. "In discussions of the alleged use of steroids by baseball players," he wrote in his lengthy dissent, "much is made about 'the integrity of the game.' Even more important is the integrity of our legal system.

"The district judges were entirely right. To order the government to return the thousands of private medical records it wrongfully seized by use of pretext and artifice."

The United States attorney for Northern California, Kevin Ryan, was naturally pleased with the outcome. He said in a statement that his office will review the opinion "to determine what the next investigative step may be."

The 2-1 decision wasn't like a baseball game that ends 2-1. In a 2-1 game, the losing team usually has a chance to score the tying run. The players had no chance of as tie in this legal game.

Nearly three years ago the union had the right under the steroids testing agreement to destroy all of the 2003 test results. Inexplicably the union lawyers didn't take that step. They have never explained why. Had they exercised their right then, they would not have to be fighting three or four years later over their players' Fourth Amendment rights.

Court: Investigators Can Keep Positive Test Results (WP)

By Amy Shipley

The Washington Post, December 27, 2006

Federal investigators can keep the positive drug test results for more than 100 Major League Baseball players -- who have not been publicly identified -- that they seized during raids of baseball's testing laboratories two years ago, a federal appeals court in San Francisco ruled yesterday, overturning in part a lower court ruling.

The decision means additional major league players could get swept up in the probe into sports doping that began in 2003 when a raid of the Bay Area Laboratory Co-Operative (BALCO) in Burlingame, Calif., yielded information that tied dozens of elite and professional athletes to steroids and other drugs.

San Francisco Giants slugger Barry Bonds is already the subject of a perjury investigation in connection with the investigation, and the home of former Arizona Diamondbacks pitcher Jason Grimsley was searched for drugs by BALCO investigators last summer after Grimsley admitted using human growth hormone and other drugs.

Lower courts had sided with the Major League Baseball Players Association, which cited privacy concerns in arguing that investigators were entitled only to the drug test results for 10 players with ties to the BALCO lab and should return the others.

The positive test results came during the 2003 season, when a program of confidential testing was undertaken jointly by Major League Baseball and the MLBPA to determine whether the sport had a problem with steroid abuse. No players who tested positive were identified, and none received penalties.

In a 100-plus page opinion, the Court of Appeals for the Ninth Circuit in San Francisco ruled investigators did not necessarily have to return information about other major league players that was found intermingled with computer data on the

10 players who were the subject of the search, and it also ruled that a subpoena for all of the positive drug test results from 2003 should not have been quashed by a lower court judge.

The opinion from Diarmuid F. O'Scannlain, Sidney R. Thomas, and Richard C. Tallman included a partial dissent from Thomas.

Elliot R. Peters, a San Francisco-based attorney for the players' association, could not immediately be reached for comment. A spokesman in the players' association's New York office said the agency would have no comment until today.

Feds Can Use Baseball Drug Test Names (USAT)

By Jorge L. Ortiz

USA Today, December 28, 2006

More than 100 Major League Baseball players can have their names and positive drug tests used by federal authorities in their ongoing steroid investigation as a result of a decision by a federal appeals court.

Wednesday's ruling, which overturned decisions by three lower courts, by the 9th U.S. Circuit Court of Appeals in San Francisco could enhance the government's investigation into whether Barry Bonds committed perjury when he told a grand jury he never knowingly used steroids.

However, Bonds' lawyer said he's not concerned.

"If he had tested positive, boy, that would have leaked out already," Michael Rains said. "But they didn't bother to leak anything out because they knew it was negative."

The tests were conducted in 2003 as part of baseball's survey to determine whether to implement a stricter policy, which began in 2004 after more than 100 of the approximately 1,200 players had positive results.

Federal investigators raided testing labs in California and Nevada, seeking the results of 10 players — among them Bonds, Jason Giambi and Gary Sheffield— who were subpoenaed to testify in front of the grand jury probing BALCO.

Wednesday's ruling revealed eight of those players tested positive in 2003, though they were not identified.

The raid also produced information on all the tests, which were supposed to be kept confidential. The players association sued to have the records returned, arguing their seizure violated the players' Fourth Amendment rights.

The 9th Circuit Court disagreed in a 2-1 vote, leaving the union with no recourse other than requesting the full court review the case or taking it to the U.S. Supreme Court.

"We are pleased" with the ruling, U.S. Attorney Kevin Ryan said in a statement. "We will continue to review the 125-page opinion to determine what the next investigative step may be."

The case is United States v. Comprehensive Drug Testing Inc., 05-10067.

Court Says Investigators May Use Baseball Players' Steroid Test Data (MERCN)

The San Jose Mercury News, December 27, 2006

SAN JOSE, Calif. - In a legal development that could further fuel the ongoing perjury probe of San Francisco Giants slugger Barry Bonds, a federal appeals court Wednesday ruled that federal investigators can use the names and urine samples of about 100 Major League Baseball players who tested positive for steroids three years ago.

A divided panel of the San Francisco-based 9th U.S. Circuit Court of Appeals rejected the privacy arguments of the players' union, raising the possibility the names of baseball players who tested positive for steroids in the league's 2003 anonymous testing program could become public as the government continues to probe the fallout from the Balco steroids case.

If the ruling holds up, it also could significantly impact a federal grand jury probe into whether Bonds committed perjury. Bonds has been the target of the perjury investigation since testifying more than two years ago in the Balco case that he never knowingly took steroids.

Bonds' lawyer, Michael Rains insisted Wednesday that his client is not one of the players who tested positive and therefore the ruling and the union's fight to keep the government from using the test results will have little bearing on the slugger's case. It isn't known if any of the test data seized involved Bonds' specimen.

"I don't think things change for Barry," Rains said. "They've had the test results since `04. If they had a positive test, they could have used it to obtain an indictment of Barry. I think the deal is they don't have a positive test of Barry from `03."

Federal investigators connected to the Balco case seized computer files in 2004 that contained the results of baseball's 2003 testing program, which was designed to evaluate the scope of steroid use in the sport. Because between 5 and 7 percent came back positive, a clause kicked in that made identified testing mandatory. The players' union and baseball owners had agreed to keep the results of the testing confidential.

The government originally sought the test results for 10 players linked to the Balco scandal, including Bonds, New York Yankees slugger Jason Giambi and former Yankees star Gary Sheffield, now with the Detroit Tigers. However, investigators

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seized the records on dozens of other players, triggering a major legal battle pitting government powers to search computer databases with sensitive medical information against the privacy rights of the players.

The players' association sued to block the government from using the information, and three federal judges sided with the players in separate cases in San Francisco, Los Angeles and Nevada. But the 9th Circuit overturned all three of those decisions in Wednesday's ruling, finding that the government's seizure of the test data was "lawful and reasonable."

In nearly 70 pages of dissent, 9th Circuit Judge Sidney Thomas warned that the ruling is a threat to the "privacy of medical records" that has "profound consequences" for the constitutional right against illegal search and seizure. The judge said the government seized the testing "through pretext and artifice."

"Much is made about the "integrity of the game," Thomas wrote of steroids in baseball. "Even more important is the integrity of our legal system."

The judge's dissent could be a signal the fight over the testing results is not over in the appeals court. The players' association can ask the 9th Circuit to reconsider the case with a 15-judge panel, and such sharp dissents are often an indication the court will entertain such a request.

Elliot Peters, the lawyer for the players' association, said they were still reviewing the decision, but are considering asking the court to reconsider the ruling with the larger panel of judges.

Meanwhile, San Francisco U.S. Attorney Kevin Ryan, whose office is heading the Balco investigation, issued a statement saying he was "pleased" the 9th Circuit upheld the government's seizures.

"We will continue to review the 125-page opinion to determine what the next investigative step may be," Ryan said.

If the government is permitted to use the test results, it could allow investigators to question players about their source for steroids. The investigation of the Bay Area Laboratory Co-Operative, a Burlingame sports nutrition center, already has produced guilty pleas from its president, Victor Conte, and others associated with the outfit.

Greg Anderson, Bonds' personal trainer who pleaded guilty in the Balco case, is back in prison for refusing to testify in the perjury probe targeting Bonds. Anderson was previously convicted of steroid distribution.

Bonds recently signed a $16 million deal to return to the Giants next season.

Baseball Players' Failed Steroid Tests May Be Examined (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, December 28, 2006

SAN FRANCISCO — A divided appeals court panel has upheld the right of federal investigators to examine positive drug testing results for more than 100 professional baseball players as part of a probe of illegal steroid use by athletes.

The 9th Circuit Court of Appeals decision issued yesterday rejected the rulings of three district court judges who found that the government acted improperly when seeking and carrying out grand jury subpoenas and search warrants in 2004 against California and Nevada laboratories that handled players' drug tests.

"We are aware of no authority that the simultaneous pursuit of search warrants and subpoenas in aid of an ongoing grand jury investigation constitutes a violation of the Fourth Amendment," Judge Diarmuid O'Scannlain wrote in the appeals court opinion, which was joined by Judge Richard Tallman. "We see no evidence of bad faith or pretext here."

After the Major League Baseball Players' Association and one of the labs objected, the government limited its subpoenas to records pertaining to 11 players the government suspected of drug use. However, after seizing some of the labs' computer records, the government claimed the authority to pursue positive results it discovered for more than 100 athletes.

U.S. Can Keep Computer Records Seized In Baseball Steroid Probe (BLOOM)

By Joel Rosenblatt

Bloomberg, December 28, 2006

Dec. 27 (Bloomberg) -- U.S. prosecutors can keep computer records seized from Major League Baseball's drug testing administrator as part of an investigation into player use of illegal steroids, a federal appeals court ruled.

The U.S. Court of Appeals in San Francisco today held that lower courts were wrong to require government investigators to return files taken from the Bay Area Laboratory Co-Operative, a Burlingame, California, lab known as Balco.

The files sought by prosecutors were seized in 2004 while investigating 10 unidentified athletes during the Balco probe. The Major League Baseball Players Association fought the government's request for the documents, arguing the seizure violated the players' constitutional right against unreasonable searches and seizures.

``We conclude that the government's seizures were reasonable," a three-judge panel wrote in an opinion. Evidence gathered by investigators that isn't related to players named in search warrants must be returned, the panel ruled.

Elliot Peters, a lawyer for the players association, didn't immediately return a call seeking comment.

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The case is In Re: Search Warrants, 05-10067, 9th U.S. Circuit Court of Appeals, San Francisco.

Bonds' Attorney Downplays Significance Of Court Ruling (ESPN)

By Mike Fish, ESPN.com

ESPN, December 28, 2006

The attorney for Barry Bonds downplayed the significance of a court ruling Wednesday allowing federal investigators access to confidential Major League Baseball drug-testing data from the 2003 season, suggesting that the San Francisco Giants slugger was not among the 100 or so players who tested positive for performance-enhancing drugs.

"My belief is there is nothing about these drug tests that hurts Barry."

-- Michael Rains, Barry Bonds' attorney

"According to this opinion, you got 100-plus [players] who have tested positive," Michael Rains told ESPN.com on Wednesday night. "And I'm here to tell you I don't think Barry is one of them."

Asked to expound on his belief, the Concord, Calif.-based attorney said, "I have had certain sources that were close to the government who have told me the government is probably going to be frustrated with what they see as it relates to Barry.

"My belief is there is nothing about these drug tests that hurts Barry."

It had been widely speculated that the ruling from the 9th U.S. Circuit Court of Appeals in San Francisco might dramatically strengthen the government's perjury case against Bonds if investigators linked his name to a positive 2003 test. Bonds has been the target of a perjury probe since testifying before a grand jury in 2004 that he didn't knowingly use illegal drugs.

Rains sidestepped whether Bonds himself ever confirmed he didn't test positive in 2003, saying only that he has not discussed the latest court ruling with the star player, who was traveling with his family.

However, Rains further stated that he thought Bonds already would have been indicted by a federal grand jury had evidence of a positive drug test surfaced. Rains said the government has been aware of Bonds' test data since an April 2004 raid by Internal Revenue Service agents of three labs involved in the MLB testing program.

"I'm sure if Barry would have failed the drug test that would have already been a matter of public record," said Rains, referencing the numerous leaks in the case.

At the time of the raids, federal investigators were seeking the 2003 test results of Bonds, then New York Yankees players Gary Sheffield and Jason Giambi and seven other players tied to the Bay Area Laboratory Co-operative investigation. Investigators seized computer files containing the test results of nearly 100 other players not named in the government's subpoena and warrants.

"They've had Barry's [test results] since April or May of '04," Rains said. "From what I can tell, the players' association has never kicked up a fuss over the right of the government to use the test results of Barry or any one of the others in the BALCO case. So, of course, one thought that immediately comes to mind is if the government has not been precluded from using Barry's test results for two years, and if the grand jury was asked last July to issue an indictment against Barry, why didn't they do it? I think the answer is that the government didn't have a test result that helped them.

"So the only issue now becomes what do they do with the other 100 or so players who tested positive? What I see them doing is contacting them and leaning on them, just like they did with the guy in the desert there, [former Arizona Diamondbacks pitcher] Jason Grimsley."

The ruling Wednesday by the three-judge panel overturned lower court decisions that had sided with the confidentiality issues argued by the players' association and the drug testing labs. In his dissenting opinion, Judge Sidney R. Thomas wrote, "In discussions of the alleged use of steroids by baseball players, much is made about the 'integrity of the game.' Even more important is the integrity of our legal system. Perhaps baseball has become consumed by a game of shadows, but that is no reason for the government to engage in a 'prosecution of shadows.'"

In its ruling, the court provided that the names of the players who tested positive remain sealed. It is unlikely the seal will be lifted, though the vast majority of athletes linked to the BALCO scandal ultimately were leaked.

The players' association, which sued to keep the government from accessing the records, has not decided whether to appeal the ruling. At the time, the players and owners had agreed to the 2003 as part of an MLB survey to gauge the prevalence of steroid use in the sport.

"I hope they will," Rains said when asked about a possible appeal. "For Barry, at this point, it is probably of no great issue. But for Barry and every other major league player, I think this is an outrage. It means that any contract they ever negotiate with the MLB is useless. It has no teeth. It has no meaning. And the government can willy-nilly do what it wants to undermine agreements made between a great institution and its union. It is crazy if the players union does not appeal it."

Mike Fish is an investigative reporter for ESPN.com. He can be reached at michaeljfish@gmail.com.

Federal Judge Rules Against Church Founders Over Marijuana Use (AP)

AP, December 28, 2006

TUCSON - A federal judge has ruled against the founders of an Arizona church that deifies marijuana and uses it as a sacrament.

U.S. District Judge Judith C. Herrera in Albuquerque, N.M., refused to dismiss charges against Dan and Mary Quaintance, saying they don't have a "sincere" religious belief.

Herrera said that evidence indicates the pair "adopted their religious' belief in cannabis as a sacrament and deity in order to justify their lifestyle choice to use marijuana."

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Herrera's order means the government's criminal case against the Quaintances will proceed in the new year.

The couple is scheduled to go to trial on Jan. 16 on criminal charges of possessing more than 100 pounds of marijuana, as well as conspiracy charges.

"She doesn't fully understand our doctrine," Dan Quaintance said Tuesday of Herrera's Dec. 22 decision. "This is very upsetting to the members of our church. It was quite a holiday present."

The Quaintances face up to 40 years each in prison if they are convicted as charged. They expect to appeal the decision.

The couple was arrested with 172 pounds of marijuana on Feb. 22 in Lordsburg, N.M., just seven days before the U.S. Supreme Court ruled unanimously that a small religious group based in Santa Fe that combines Christianity and American Indian practices could use hallucinogenic tea in its ceremonies.

The tea, called hoasca, contains dimethyltryptamine, or DMT, known for its hallucinogenic properties.

The pair say they founded their Church of Cognizance in Pima, Ariz. - about 90 miles northeast of Tucson - in 1991.

Dan Quaintance, 54, said the church has 40 to 50 members in Arizona. He and Mary Quaintance, 51, stepped down as leaders of the church following their arrests.

Cocaine Ring 'supplier' Sentenced (CTPOST)

By Daniel Tepfer

Connecticut Post, December 28, 2006

BRIDGEPORT — A city man, who police said was supplying drugs to dealers in the greater New Haven area, was sentenced Wednesday to eight years in prison.

Johnny Rolon, 31, of Sherman Street, pleaded guilty to possession of narcotics with intent to sell and criminal possession of a weapon.

He was sentenced by Superior Court Judge Patrick Carroll III to 15 years, suspended after he serves eight years and followed by five years probation.

"This disposition was the culmination of a wide-ranging investigation involving federal and local law enforcement," said Assistant State's Attorney Charles Stango. "And it would not have been possible without the successes of Project Safe Neighborhoods."

According to police, in March agents of the federal Drug Enforcement Administration infiltrated a cocaine distribution ring operating in the greater New Haven area. That led to several arrests of drug dealers.

Police said they subsequently learned that Rolon was supplying the ring with cocaine.

In May, a task force of federal and local law enforcement officers raided Rolon's Sherman Street home. Police said they seized under an ounce of cocaine, drug processing equipment, $12,000 in cash and a .22-caliber rifle.

L.I. Gambling And Drug Rings Are Broken Up, Authorities Say (NYT)

By Nicole Cotroneo

The New York Times, December 28, 2006

HAUPPAUGE, N.Y., Dec. 27 — A sophisticated Long Island gambling ring that took in $8.6 million a year was broken up with the arrest of 14 people, the Suffolk County district attorney said on Wednesday.

The district attorney, Thomas J. Spota, said that the 14-month investigation also uncovered lucrative marijuana and fireworks smuggling rackets that were run by the chief bookmaker, Salvatore Gerrato, 45, of Seaford. In addition, three people were charged in the drug case.

“Surveillance of phone and computer communications established that the gambling ring took in an average of $165,000 a week in bets,” Mr. Spota said. He added that the operation, which involved betting on professional and college sports, had a wire room in Costa Rica. Mr. Spota said that a 59-year-old accountant, Stephen Tarnofsky of Merrick, was the leader of the wire room.

The gambling case eventually led investigators to the marijuana and fireworks operations. According to the authorities, Mr. Gerrato oversaw the smuggling of fireworks from Maryland and marijuana from California, and these were distributed throughout the New York metropolitan region.

In May, the Suffolk Highway Patrol seized nine tons of illegal fireworks from a vehicle returning from Maryland, according to Mr. Spota.

The authorities also confiscated more than $300,000 in cash from a recreational vehicle that the smugglers planned to use to buy 100 pounds of marijuana in California, Mr. Spota said. He added that on a typical cross-country run, the smugglers could stash the vehicle with enough marijuana to yield $1 million to $1.5 million in street sales.

In raids on Dec. 14, investigators seized $1 million in cash, including $600,000 from Mr. Tarnofsky's home, Mr. Spota said. Of the 17 people arrested, 14 have been charged with promoting gambling in the first degree, including Mr. Tarnofsky, Mr. Gerrato and Frank Lonigro, 33, of Hauppauge. Three others were charged with fourth-degree conspiracy to possess marijuana. Both charges are felonies and carry a maximum prison sentence of four years, the district attorney's office said.

Mr. Gerrato was previously convicted of promoting gambling and, in 2001, was sentenced to five years' probation, Mr. Spota said.

Detectives were still looking for Andrew Petrone, 34, of Freeport, a lawyer who, according to the authorities, participated in the marijuana operation. He was arrested in June for possession of a controlled substance in an unrelated case, Mr. Spota said. He pleaded guilty and was scheduled for sentencing next month.

All the defendants were released on desk appearance tickets, and were scheduled to appear before a judge in March, the authorities said.

Mr. Spota added that the investigation was not over. "I am sure it's a much larger operation," he said.

Gambling Ring Probe Uncovering Other Illegal Activity (NSDY)

By Alfonso A. Castillo, Newsday Staff Writer

Long Island Newsday, December 28, 2006

Suffolk District Attorney Thomas Spota stood Thursday before a table covered with more than $1 million in neat stacks of hundreds and several large bags of marijuana, and said that the seized loot may be just a hint of "three major criminal enterprises" uncovered by Suffolk investigators.

Spota announced the results of a yearlong investigation that began as a sports gambling sting, but grew to uncover multimillion-dollar marijuana and illegal fireworks trafficking rings operating in Nassau, Suffolk and Queens.

Police arrested 17 suspects on assorted gambling and conspiracy charges, and continue to search for one more -- a Freeport attorney charged with helping run "hundreds of pounds" of pot from California to Long Island.

All 17 suspects were given desk appearance tickets and ordered to return to court in March. Among those arrested were Salvatore Gerrato, 45, of 2337 Hampton Ave., Seaford, who authorities said ran all three rings; Frank Lonigro, 33, of 745 Terry Rd. in Hauppauge, who helped run the marijuana and gambling operations, and accountant Stephen Tarnofsky, 59, who Spota said earned $6,000 a week running a Costa Rican wire room for the gambling ring.

All suspects face a maximum of 1 1/3 to 4 years in prison if convicted. Calls to all three men were not returned Thursday.

Spota said prosecutors will convene a special grand jury "to conduct a much more extensive investigation" and likely bring more serious charges. Spota said 30 search warrants uncovered computer and paper records indicating that the criminal operations go far deeper than investigators knew.

Spota said nine tons of illegal fireworks, transported from Maryland to Long Island, were seized in May, and that the gambling ring alone took in an average of $165,000 a week in bets. During one trip, the marijuana traffickers were found on their way to California with $300,000 cash in a Winnebago recreational vehicle -- much of it in a hidden "trap" compartment.

The owner of the vehicle, Jeffrey Ackerman, 43, of 9 Trapper Lane, Levittown, was charged with conspiracy. His attorney, Edward Burke Jr. of Sag Harbor, declined to comment.

Spota said during each trip, the suspects returned with marijuana worth $1 million to $1.5 million on the street.

Gesturing to the seized money before him, Spota said, "If it's a million dollars, than you can rest assured it's many, many, many million dollars."

Investigators used phone and electronic surveillance, including a first-of-a-kind in Suffolk computer wire tap to collect data from suspects' computers that uncovered "details that we've never seen before" on a sports betting operation.

One suspect in the marijuana ring remains at large -- attorney Andrew Petrone, 34, of 725 Miller Ave., Freeport. Authorities said Petrone has already pleaded guilty, but skipped his sentencing on drug possession charges after being stopped in June 2005 with 300 Vicodin prescription pills and $54,000 in cash.

Petrone could not be reached for comment. "We will get him," Spota said.

17 Accused In NY Gambling, Drug Rings (WP/AP)

The Associated Press

The Washington Post, December 28, 2006

NEW YORK -- Police investigating a lucrative bookmaking operation came across a related drug smuggling ring and busted both, arresting 17 and seizing $1 million, authorities said Wednesday.

Thirteen men and a woman were arrested on gambling charges, while three men were arrested on charges of conspiracy to possess marijuana, Suffolk County District Attorney Thomas Spota said.

"Surveillance ... established that the gambling ring took in an average of $165,000 a week in bets," Spota said.

The bookmaking operation focused on professional and collegiate sports and involved electronic transfers to Costa Rica, generating $8.6 million a year, he said.

While investigators were conducting surveillance on the gambling probe they discovered two of the bookmakers were also involved in transporting marijuana from California to Long Island, authorities said. Four men were trying to buy 100 pounds of pot for $300,000 in California when the plot was thwarted, investigators said.

Police started making arrests last month. All have been released and are scheduled to be arraigned in March.

One more man, an attorney, has eluded arrest on a conspiracy charge and was being sought, prosecutors said. More arrests are expected.

Feds Say Internet Drug Ring Shut Down (USAT)

By Donna Leinwand

USA Today, December 28, 2006

Federal agents say they have shut down an Internet pharmacy operation and arrested four people who allegedly sold millions of dollars of illegally prescribed drugs to customers across the nation.

Drug Enforcement Administration agents are still seeking four doctors from Puerto Rico who allegedly wrote the prescriptions based on Internet health questionnaires, DEA spokeswoman Erin Mulvey said Wednesday. The agency also continues to investigate other websites that might be associated with drug operation, she said.

Antonio Quinones, 46, and three associates were arrested Dec. 21 in the Miami area and charged with drug dealing, money laundering and tax fraud, according to an indictment filed in U.S. District Court in New York.

Quinones, arrested at his Miami Beach penthouse, and his associates ran 10 websites, Mulvey said. Customers could answer a few questions about their health and then order such drugs as Vicodin and amphetamines, she said.

The doctors being sought by authorities reviewed the forms and ordered the prescriptions, Mulvey said. The sites, in operation for at least three years, did about $50,000 a day in business, she said. Such prescriptions violate laws that require a physician to meet with a patient to determine whether there is a legitimate medical need before prescribing a controlled drug.

A message left at Quinones' Miami Beach home was not returned. Agents seized $817,000 from him, along with a 54-foot boat, a Ferrari and two guns. Prosecutors are seeking $42.6 million they say was laundered through various bank accounts, the indictment says.

"They had customers all over the United States, millions of orders," Mulvey said.

The indictment alleges Quinones and his associates operated businesses under several names, including The Doctor's Online, Inc., Health Rx Marketing and Brothers Pharmacy, Inc. Agents earlier closed two pharmacies in Georgia and one in Maryland that allegedly supplied the ring, Mulvey said.

Carlsbad Man Indicted On Federal Drug Charges (CARLCA)

By Dawn Bowen

Carlsbad (NM) Current-Argus, December 28, 2006

CARLSBAD — A grand jury has indicted Ricky Green of Carlsbad on federal drug and firearm charges stemming from the seizure of illegal drugs and a gun at his home on Townsend Road in August.

Green, 45, also known as Ricky Barksdale, was arrested during the early morning hours of Aug. 31, when agents of the Pecos Valley Drug Task Force served a search warrant at his home in the 4300 block of Townsend Road.

On Dec. 21, a federal grand jury indicted him on three charges possession of crack cocaine with intent to distribute, possession of methamphetamine with intent to distribute and possession of a firearm in the furtherance of a drug trafficking crime.

Green was originally charged in state court, but those charges were dismissed after authorities sought federal charges against him, hoping for a more severe, longer sentence.

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"We pushed for the indictment because he has a long history of selling narcotics and we wanted a stiffer penalty on the drug crimes," Commander David Edmondson of the Pecos Valley Drug Task Force said on Wednesday.

Edmondson said pursuing federal charges was the only way to ensure a stiffer penalty. He said because Green has at least three prior drug crime convictions he is eligible

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for a life sentence through the federal court system.

Green was released into the custody of U.S. Marshals on Oct. 10 at the Eddy County Detention Center, where he had been held in lieu of a $1 million cash bond since his arrest in August.

Green's arrest came after a three-month investigation into the trafficking of a variety of illegal drugs in the area, according to task force agents.

"He was distributing crack cocaine, methamphetamine and marijuana in the Carlsbad area," Edmondson said.

According to documents filed in state court, agents seized a loaded Beretta 9mm semi-automatic pistol, 60.58 grams of crack cocaine, 18.8 grams of methamphetamine, .43 grams of heroin, 109.19 grams of marijuana, and $4,569 in cash from his home while executing the search warrant. They also found digital scales, spoons with cocaine residue on them, and a plastic bag containing numerous unused bindle bags consistent with those commonly used by drug traffickers.

Authorities have said that Green was involved in violent acts against people for drug debts in the months leading up to the arrest.

'Here We Are Prisoners' (SANBS)

By Sara A. Carter, Staff Writer

San Bernardino Sun, December 28, 2006

NUEVO LAREDO, Mexico - The gunfire was deafening. Street corners all over the city were darkened by smoke from grenades and light artillery.

The dead lay in pools of blood flowing into the gutters that drain into the Rio Grande.

Men with automatic assault rifles stood stoic after the carnage. Then, one by one, they picked up the bodies of their victims, threw them into the back of pickup trucks and headed out of downtown.

Bystanders hid inside shops, behind trash bins - wherever they could find refuge from the explosive showdown between members of rival drug cartels.

"(I watched as) the men threw the bodies into the back of the trucks and SUVs," whispered Manuel, who was working at a parking garage that

day. "This city is controlled from the inside out by the cartels. ... They are killing anyone who gets in their way."

The April street violence, witnessed by several residents interviewed by The Sun's sister newspaper, the Inland Valley Daily Bulletin of Ontario, was but one recent example of how Mexico's cartels are fighting each other over the four major U.S. highway systems that provide transit routes into the United States.

Street violence has become a way of life for the nearly 380,000 residents of Mexico's most violent border city. According to law-enforcement officials in Mexico and U.S. Drug Enforcement Administration officials, more than 500 people were assassinated in Nuevo Laredo in 2005. Official estimates, in news reports, put the 2005 death toll at 186.

This year, there have been nearly 500 assassinations, and the death toll continues to rise. Many of the dead either belonged to the cartels or were innocent victims of the carnage.

The violence has also changed the lives of American citizens living in Laredo, on the Texas side of the border, where kidnappings, narcotics trafficking and corruption have become common.

Laredo Police Officer James Boyd, who used to travel to Nuevo Laredo on archaeological projects, is now terrified to enter the city.

This year on a trip into Nuevo Laredo, he said he was chased by four SUVs and his car shot at several times by cartel members.

"People should know that the border has been taken hostage by the cartels," Boyd said. "So many officials try to cover up what's going on. Why? I guess they don't want the public to know the truth."

The truth is tied up in trucks, trade and transcontinental smuggling.

The World Trade Bridge between Nuevo Laredo and its sister city, Laredo, as well as Interstate 35 and highways 59, 359 and 83, are like veins feeding the Mexican syndicates, running from south Texas to as far north as Canada.

For Mexico's most powerful drug lords, controlling the routes and protecting the cargo sent along them - drugs, weapons and people - is worth the cost in lives.

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It's also reason to focus U.S. border patrol efforts sharply on Nuevo Laredo, say law-enforcement officials, since the city is the largest inland port from Mexico into the United States and is a major point of origin for truck traffic into the U.S.

"Those who control Nuevo Laredo control the U.S. highways and the flow of narcotics into the United States," said Sheriff Rick Flores, whose Webb County territory runs along the Texas-Mexico border.

"This city is an open gateway for narcotics and terrorists," Flores said. "If the price is right, anyone - and I mean anyone - can move weapons of mass destruction, people and drugs into the United States."

Not one local Mexican or U.S. newspaper reported the April street violence. Reporters don't go into Nuevo Laredo's streets often, and when they do, they don't report on the cartels.

Not one Nuevo Laredo municipal police officer ever appeared at the scene, either.

It was as if the bloodbath never happened.

Cartel culture

Comandante Enrique Sanchez of the Nuevo Laredo Police Department said he couldn't recall the April shootings, although he compared the violence in Nuevo Laredo to that in Iraq.

His department has been plagued by trouble. President Vicente Fox's administration has described the city's police as corrupt, and residents said many police officers work for the Gulf Cartel, one of Mexico's most powerful narcotics-trafficking organizations.

"You never know when the bullets are going to come flying," Sanchez said during a recent tour of the city by pickup. His men, officers Roberto Zepeda, 23, and Jose Santos, 28, stood in the bed of the police vehicle, AR-15 rifles pointed toward the streets. "You never know when you're going to die."

The dead are often forgotten. The cartels dispose of bodies on the outskirts of the city in vats of acid, mutilate them in factory machines, feed them to animals or set them ablaze in gas containers until all evidence of their existence is gone.

Not one of the city's nearly 400 official murders since January 2005 has been solved.

"The attention that the assassinations have brought to the cartels has caused them to change their tactics," said Nacho, a resident who sometimes assists U.S. law enforcement with information. "The bodies are destroyed before people even realize someone's missing."

Although Colombian cartels control most of the world's production of cocaine and heroin, the most profitable part of the trade - transport to the U.S. - happens in Mexico, said Jorge Chabat, a drug expert at the Center for Economic Research and Teaching in Mexico City.

Distribution of narcotics has come under the control of various Mexican cartels, Chabat said, including Osiel Cardenas' Gulf Cartel; Joaquin "El Chapo" Guzman's Sinaloa Cartel; Francisco Javier Arellano Felix's organization in Tijuana; and the Juarez Cartel, said to be led by Vicente Carrillo.

A woman who asked to be called only Lupita for her protection, and who grew up with family members of several of the city's original narcotics organizations, remembers them all.

Lupita, who works with law enforcement, also remembers a time when Nuevo Laredo was at peace, and recalled the moment everything changed.

More than 10 years ago, the city was mainly controlled by two narcotics organizations, Flores Soto and Los Chachos, Lupita said. Mario Flores Soto, the leader of Flores Soto, joined forces with the Gulf Cartel to expand his revenue and power. The Gulf Cartel wanted control of Laredo's highway systems. Flores Soto shared the city's transit routes with the cartel, pulling narcotics revenue away from Dionicio "El Chacho" Ramon Garcia, the leader of Los Chachos.

Los Chachos members were enraged, Lupita said, and kidnapped and killed Mario Flores Soto's youngest brother, Roy, and 10 of his associates.

In retaliation for the kidnappings and murders, the Gulf Cartel's paramilitary arm, Los Zetas - a group of more than 30 special-operations soldiers, deserters from the Mexican military - assassinated many of the key members of Los Chachos. It wasn't long before the surviving members of the Chachos wanted revenge, Lupita said.

"They took Dionicio, the leader, murdered him and left him in women's underwear for everyone to see," she said.

El Chacho, who was assassinated in May 2002, was on his way back from Monterrey, a city reportedly under the control of the Sinaloa Cartel, another of Mexico's most powerful narcotics organizations.

"The violence kept growing, and the methods for killing just keep getting worse," Lupita said.

Osiel Cardenas, the leader of the Gulf Cartel, was arrested on March 14, 2003, in Matamoros, Mexico. Since then, Los Zetas has been running the organization, according to sources interviewed by the Daily Bulletin.

The Sinaloa Cartel is attempting to take control of the Gulf Cartel away from Los Zetas, and is said to have the backing of many politicians and federal law-enforcement officials within Mexico.

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"The reason the government never intervened (to stop the violence) is because many of the government officials from Mexico City to Nuevo Laredo are in the pocket of the cartels," Lupita said.

"Once the killing began, it never stopped. The hatred between the narcos grew stronger and stronger."

`This used to be a good place'

Nacho, whose last name is being withheld for his safety, has lived in Nuevo Laredo most of his adult life. He is a father, husband and one of the few people willing to share the dark secrets of his city.

Although he has family in the United States, he refuses to cross the border illegally to escape the danger.

"I have applied for a visa," he said. "My family already lives in fear. We don't want to escape to live illegally as fugitives.

"People need to know the truth (about Nuevo Laredo)," he continued. "This used to be a good place. Now it is a danger to anyone who enters."

Nacho parked his car near a town square. It was once a lovers' walkway where he courted his wife. Now, only a handful of people frequent its winding sidewalks or sit on its iron benches.

"I remember it being so crowded with people, and the fresh fruit, taquitos and ice-cream vendors," Nacho recalled.

When the violence in Nuevo Laredo reached a peak in June, the Fox administration began Operation Secure Mexico, sending in Mexican military and other federal law-enforcement agencies.

"There are very clear signs of a relationship between elements of the Nuevo Laredo police and drug smuggling, hence the decisive action," government spokesman Ruben Aguilar told journalists in June.

But by the end of July, the streets were empty of military.

Comandante Sanchez chuckled when asked what happened to the Mexican military who were supposed to be protecting the city.

"That's a good question," he said, a sardonic smile creasing his face. "Where are they?"

Sanchez explained that most of the troops were as afraid for their lives as Nuevo Laredo's police and citizens. Some simply left and didn't return. Others, already in the pockets of the cartels, made an early show of enforcement, then disappeared.

Nacho said the Mexican government sent the military to appease the U.S. government, "then pulled them out of the city just as fast."

While he was speaking, a man in shabby clothes stood in the middle of the street, watching Nacho's car. A Nextel phone hung from the man's waistband.

"All over the city, there are halcones or ventanas (falcons or windows)," Nacho said. "They are the eyes and the ears of the cartels."

The man directed Nacho's car into an empty parking space.

"Never forget to tip," Nacho said as he handed a peseta to the man. "Never forget that everybody, no matter how nice they are or what they look like, could be working for the cartels.

`Nothing has changed'

"Silver or lead," said the middle- aged, white-haired man as he sipped a martini at a hotel bar in Laredo. "That's the code in Mexico. Either you pay up or you're killed."

James Kuykendall Sr., a former special agent with the U.S. Drug Enforcement Administration who now runs his own business in the city, knows Mexico well.

His friend and DEA partner, Enrique "Kiki" Camarena, was kidnapped, tortured and murdered by the drug cartels in 1985 while working undercover in Guadalajara. His death brought national attention to the Mexican drug war and the corruption that plagued the Mexican government.

Kuykendall's book, "O Plata O Plomo," ("Silver or Lead") published last year, focused on the events surrounding Camarena's death and how the Mexican government failed to cooperate with the DEA in the investigation.

"Nothing has changed in Mexico. If anything, it's worse," Kuykendall said.

"Kiki died a hero. He gave his life for his country. The tragedy is that the U.S. government gave up on the war on drugs decades ago. They choose to ignore the corruption that is deeply embedded in the Mexican government."

The arrests of some of Mexico's most notorious drug traffickers - the recent capture of reputed drug kingpin Francisco Javier Arellano Felix being one example - are just the tip of the iceberg when it comes to cooperation, Kuykendall added.

"Every once in a while, Mexico throws us a bone," he said. "It gives the appearance of cooperation. It's a way of making everything look like it's OK. Well, it's not."

Bazookas, bullets

Nacho ran his palm over a wall in a home that had been blasted by a bazooka. Bullet holes riddled the interior of the house.

The cartels don't just use guns, he said. They have grenades, bombs and a variety of other weapons.

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"This house was rented by a group of assassins with the Sinaloa Cartel," Nacho said. The assassins were sent to the city to kill members of Los Zetas, he added.

Old mattresses, cigarette boxes and empty beer bottles were the only traces of the gunmen's presence. A brick fence running alongside the house had been blown apart with such force that the bricks were nothing but crumbled dust.

"Sometimes I just can't believe what's happened to this city," Nacho said.

Around the corner from the home, an image of Our Lady of Guadalupe, Mexico's patron saint, loomed over the neighborhood. Fresh flowers and candles stood at the base of a portrait painted on the brick wall.

"She will bring us peace," said a young girl, smiling as she walked past Nacho.

Just a few yards away, a group of young men with Nextel phones made it clear Nacho was in the wrong part of town. They only had to look at him.

"We better go," he said. "It's not good to stand around here for too long. There are many good people in this city, but you never know."

`We are prisoners'

Hector cut some cilantro and dropped it into a small bowl. He is the only vendor left at a small placita near the center of town, and his 10-year-old business is barely surviving the violence.

"I remember when I couldn't keep up with the tourists," he said as he put freshly cooked carnitas into a tortilla. The smell of cilantro, onions and pork filled the air.

"I used to have a lot of competition. Now I'm the only one left at the square, and I make less than half of what I used to make."

Nuevo Laredo once was noted for its tourism, colorful street vendors and booming border economy. But the drug violence has made this city of 400,000 a wasteland of lost businesses and lost lives.

More than 100 businesses have moved from Nuevo Laredo to Laredo over the past three years. And while its Texas sister is reaping the rewards of the World Trade Bridge and a growing economy, Nuevo Laredo residents are struggling to make ends meet.

Roll-down security shutters cover the large display windows of shops in the artisan district near the border. Dental offices and pharmacies that once thrived off American consumers have closed because the violence is keeping those customers away. For Sale and For Rent signs posted on the closed doors are pointed reminders of what the city has become.

"In Laredo, life is different," Hector said. "Here we are prisoners. In our city, we learn to live with the devil."CARTEL KINGS

Francisco Javier Arellano Felix: Was considered one of Mexico's most dangerous cartel leaders until he was captured off the coast of Baja California on Aug. 16, while on a fishing excursion. The Arellano-Felix family, which is extensive, is said to still control billions of dollars in cocaine, heroin and marijuana shipments to the United States.

Dionicio Ramon Garcia: Known as "El Chacho," Ramon Garcia was the leader of Los Chachos of Nuevo Laredo. He aligned himself with the Sinaloa Cartel, then was tortured and murdered by Sinaloa's rival, the Gulf Cartel, in May 2002. The Gulf Cartel dressed his dead body in women's undergarments to humiliate his family and the group.

Joaquin Guzman: Known as "El Chapo," he is considered one of Mexico's most powerful cartel leaders. Guzman heads the Sinaloa Cartel, which has been in a fierce battle with the Gulf Cartel for control of the Nuevo Laredo border. His organization has expanded and developed alliances with other drug lords across Mexico. Those alliances are known as the "Federation" or "Golden Triangle." Guzman is believed to have the support of corrupt Mexican government officials.

Vicente Carrillo Fuentes: Head of the Juarez Cartel, and the right-hand man to Joaquin "El Chapo" Guzman of the Sinaloa Cartel. He is wanted for murder, money laundering, narcotics trafficking and a slew of other crimes. The U.S. State Department is offering a

$5 million reward for information leading to his arrest and conviction.

Osiel Cardenas Guillen: Leader of the Gulf Cartel, otherwise known as the Cardenas-Guillen family, which controls most of the Mexico-Texas border. The cartel is based in Nuevo Laredo. Cardenas Guillen was arrested on March 14, 2003. According to DEA intelligence officials, he continues to run his operation from his cell at the maximum-security Las Palmas prison outside Mexico City.

Arturo Martinez: "El Tejas" operates out of Nuevo Laredo. His cartel, Los Tejas, banded with the Gulf Cartel and forced his former partner, Dionicio "El Chacho" Garcia to align with Sinaloa. Martinez still controls large areas of Nuevo Laredo.

Gregorio Sauceda Gamboa: Part of the Gulf Cartel. Sauceda, known as "El Goyo," controls most of the Mexican border areas of Reynosa and Matamoros. Gamboa married into the Cardenas family. According to intelligence officials, a rift developed between him and Cardenas over his drug use and alcoholism. This month, he was demoted from deputy in the cartel.

Armando Valencia: Valencia, whose cartel is known as Los Valencias, was captured in 2003 in Mexico. Los Valencias still has strong ties to Colombian cocaine traffickers, and the organization has remained strong after aligning with the Sinaloa Cartel.

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The cartel uses the port of Lazaro Cardenas to move cocaine and other narcotics into Mexico. Members of the organization also are suspected of selling narcotics in the United States.

Ismael "El Mayo" Zambada: El Mayo's organization is based out of the resort city of Mazatlan, but has substantial control of the Mexican border state of Sonora. El Mayo is considered a powerful cartel leader, and his alliance with "El Chapo" Guzman has extended their power all along the U.S.-Mexico border. In 2003, his organization was a target of a U.S.-Mexico drug sting, Operation Trifecta, which lasted 19 months and led to 240 arrests. "El Mayo" was never found and is a fugitive wanted by both countries.BY THE NUMBERS

Mexican Journalists Caught In The Crossfire Of City's Drug-cartel Wars (SANBS)

By Sara A. Carter, Staff Writer

San Bernardino Sun, December 28, 2006

NUEVO LAREDO, Mexico - A bulletproof barrier covers the front entrance of El Manana, one of the largest newspapers in the state of Tamaulipas, Mexico.

El Manana employees put up the barrier after three masked gunmen with grenades and assault rifles burst into the newspaper's reception area Feb. 6 and started shooting. As they fired, they shouted angrily against the paper's investigations into the growing violence and drug wars in Nuevo Laredo.

The day before, the newspaper had published the photo of a Federal Preventive Police agent injured in a gunbattle a few days earlier. The paper linked the federal agent to the Sinaloa Cartel, the main rival of the Gulf Cartel. The Gulf Cartel controls narcotics traffic along the

U.S.-Mexico border in Nuevo Laredo.

Because the attack happened late in the evening, only a handful of employees were in the office. One of them was the paper's veteran crime reporter, Jaime Orozco Tey, 41.

According to sources close to the incident, Orozco Tey was dedicated to his job and fought hard to expose the growing violence in the city.

He had written numerous articles on the cartels and walked a thin line even inside his own paper, where some editors and journalists are believed to work as spies for the Gulf Cartel's military arm, Los Zetas.

The gunmen shot Orozco Tey several times in the back and abdomen. He was paralyzed. Another employee was killed.

The assassins disappeared as quickly as they came. After tossing a grenade into the building, the men jumped into waiting SUVs and sped away.

The message was clear, said employees of the paper: Don't investigate or report on the narco-wars anymore.

"If anyone knew I was talking to a reporter, they'd kill me," said an El Manana employee several months after the attack.

The employee, who spoke on condition of anonymity, pointed to two men standing by the barrier outside the front door, smoking and chatting. "They spy on everyone inside the newspaper, and almost everyone knows they get money from Los Zetas to do it," the worker said.

More than 400 journalists have been killed in Latin America over the past four decades. Since 1992, 13 journalists have been murdered in Mexico in connection with narcotics reporting, according to the U.S.-based nonprofit Committee to Protect Journalists, which offers detailed accounts of journalists killed around the globe.

"Journalists are front-line victims of the social crisis in Latin America, where official corruption, drug trafficking, unrestrained criminality, social violence and a background of political instability has made an impact in many countries," stated Gregorio Salazar, Latin American regional coordinator for the International Federation of Journalists.

Because of the growing violence in Nuevo Laredo, the Mexican federal government sent soldiers and federal and state police into the city in March 2005. In June 2005, President Vicente Fox's administration began Operation Safe Mexico, which targeted the cartels. But it couldn't stop the growing violence and ultimately was a failure, said residents interviewed by The Sun's sister newspaper, the Inland Valley Daily Bulletin of Ontario. A little more than a month after arriving, the federal soldiers were gone.

The government announced a new operation - Northern Border - in mid-March 2006. Under the program, 600 to 800 Federal Protective Police officers were deployed to Nuevo Laredo, according to the U.S. Office of National Drug Control Policy.

In a July interview, a Mexican police official, speaking on condition of anonymity, said many of the agents under the Northern Border initiative have either left the city or are working for the cartels.

Shortly after the new initiative, assassins gunned down four federal agents working for the intelligence unit of the Federal Protective Police. The agents had been conducting surveillance of an office building where Federal Investigative agents, similar to FBI agents, were stationed. Residents said municipal police passed through the area just minutes before a group of gunmen in SUVs opened fire on the agents.

"I don't like to remember that day," said a witness who works on Guerrero Street, where the killings occurred. "Children were still in school down the street, and the gunfire seemed to go on forever. In the end, the men were dead and the killers were gone."

Orozco Tey couldn't write that story.

He is paralyzed after suffering spinal-cord damage in the February attack. His location and that of his family are well guarded from those who still may want revenge, said a source close to the family.

"He should've died that evening," the source said. "He is a great journalist, father and husband. He was courageous and searched for the truth. But no one has ever been brought to justice - and I don't think anyone ever will."

Other Nuevo Laredo journalists who became casualties of the drug war include:

On March 10, Ramiro Tellez Contreras, a local radio reporter and police station switchboard operator, was murdered as he was leaving his home on the north side of the city. He was shot by gunmen in the early morning. Tellez worked for radio station Exa 95.7 FM. According to those who knew him, he had recently received threats.

In April 2005, radio journalist Guadalupe Garcia Escamilla was shot at least nine times outside her office and died a week later.

According to several sources inside the city, the cartels have blackmailed, threatened, killed and forced reporters to slant stories to the benefit of the drug kingpins.

"What people don't realize was that Guadalupe was under the control of the cartels as well," said a source with ties to El Manana. "She was spouting propaganda for the rival cartel. It was a planned attack to shut her up. They had already warned her with death threats in the past."

On March 14, 2004, Roberto Javier Mora Garcia, El Manana's editorial director, was stabbed more than 25 times in front of his home. Residents found him lying dead next to his car early that morning.

"I feel sick when I think about what has happened to my colleagues," said one source. "You never know if you're going to come home alive."

IMMIGRATION:

Arrests Of Illegal Migrants Drops Sharply Since U.S. National Guard Troops Sent To Border (FINDLAW/AP)

By Olga R. Rodriguez, Associated Press Writer

AP, December 28, 2006

(AP) - NOGALES, Mexico-Arrests of illegal migrants along the U.S.-Mexico border have dropped by more than a third since U.S. National Guard troops started helping with border security, hinting at a drop in attempted crossings, the U.S. Border Patrol said Tuesday.

U.S. Border Patrol agents arrested 149,238 fewer people from the start of July through November, down 34 percent from the same period last year, according to monthly figures provided by U.S. Border Patrol spokesman Mario Martinez.

Arrests also had dropped by 9 percent for the same period from 2004 to 2005. If the downward trend continues, it would be the first sustained decrease in illegal immigrant arrests since shortly after the Sept. 11, 2001, terrorist attacks.

Border Patrol officials usually attribute a drop in arrests to fewer people crossing.

"We have seen some tangible results," Martinez said. "But we'll have to see over the next few months if it holds up. We are optimistic but we can't make a full analysis (yet)."

National Guard troops started arriving along the border June 15, and 6,000 were in place by August.

The troops are not allowed to detain migrants and have been limited to keeping a watch on surveillance cameras and body heat detectors, but they have freed Border Patrol agents and "have helped us tremendously to detect illegal migration traffic," Martinez said.

Victor Clark, a Mexican migration expert in Tijuana, says many migrants fear they will confront U.S. soldiers on the border.

"The presence of the National Guard has had a big impact on migrants," he told The Associated Press on Tuesday.

And border security is only going to get tougher. The United States plans to expand the Border Patrol from just over 11,000 agents to about 18,000 by 2008. The U.S. also plans to build 700 miles (1,126 kilometers) of additional border fence.

Other measures may also be deterring crossers.

In July, U.S. and Mexican officials started working together to prosecute human smugglers on both sides of the border.

U.S. immigration officials also have been raiding U.S. companies for illegal workers. Earlier this month, 1,300 people were detained in a sweep of meatpacking plants in six states.

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Added to that, smugglers have increased their fees, charging as much as US$3,000 (â‚¬2,270) to hide migrants in their cars and drive them across the border. Before the National Guard troops arrived, the price was about US$2,000 (â‚¬1,500), migrant activists say.

Still, border experts say the downturn may be temporary while smugglers search for new routes and migrants come up with the money to pay the higher fees.

Edgar Velasquez admits it's become tougher to cross. He spent three days walking in freezing temperatures through the remote mountain country west of Tucson, Arizona, and still was caught.

Agents found a body in those mountains Dec. 19. But that did not deter Velasquez, who said he planned to slip across the Arizona border during the holiday week when he hoped the U.S. patrols will be short-handed as agents take vacations.

"I imagine they also want to be with their families," said Velasquez, resting in the border city of Nogales before embarking on his illegal odyssey to reach a construction job in Florida.

Gustavo Soto, a spokesman with the U.S. Border Patrol Tucson sector, said smugglers often tell migrants there are less border agents out in the desert on holidays or when the weather is bad, "even though we have surveillance on the border 24/7 and 365 days of year."

Some migrants are simply giving up after a single try, something that was almost unheard of only a few years ago.

Esther Ardia walked for nearly three days as temperatures dropped to 14 degrees Fahrenheit (minus 10 Celsius) in the Arizona desert, trying to get back to her job at a North Carolina pine-tree farm.

Ardia, 21, couldn't keep up with the group of about 30 illegal migrants and was abandoned by her smuggler after her legs cramped up. She was picked up by the Border Patrol and returned to Mexico.

"I knew it would be hard, but I thought I could make it," said Ardia. "It's very hard. I'm not going to try (to cross) again."

Associated Press writer Ioan Grillo contributed to this report from Mexico City.

On the Net:

U.S. Border Patrol: http://www.cbp.gov/

CONGRESS-ADMINISTRATION:

GOP Corporate Allies In Congress's Cross Hairs (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, December 28, 2006

WASHINGTON

When Republicans expanded their majority in 2004, their first target was the trial lawyers, virtual ATM dispensers for Democratic candidates. A new law curbing class-action lawsuits was on the president's desk by mid-February.

Now, Democrats are targeting some of the GOP's strongest corporate allies - Big Oil, big pharmaceutical companies, and, in all likelihood, defense contractors.

In their first 100 legislative hours, Democrats aim to negotiate lower drug prices for seniors, roll back subsidies for oil and gas companies, and reduce the cost of student loans. They're also quickly gearing up to investigate allegations of corruption in war contracting.

"Parties reward their constituency groups, and they go after the other party's constituency groups. Parties are never stronger than in the first few days, so they do it early," says Larry Sabato, a political scientist at the University of Virginia in Charlottesville.

Moreover, it's popular. "You can't find people supporting big drug and oil companies, except the people who work in them," Professor Sabato says. For example, some 85 percent of Americans say the government should negotiate prescription-drug prices for the Medicare program, according to a recent poll by the Kaiser Family Foundation.

When the GOP-controlled Congress passed the Medicare prescription-drug bill in 2003, it included a one-line provision that banned the government from negotiating directly with drug companies to lower prices for seniors, as it now does for veterans. Rep. Billy Tauzin (R) of Louisiana, who drafted that provision, left Congress to become the top lobbyist for the drug industry as president and CEO of the Pharmaceutical Research and Manufacturers of America (PhRMA) - a controversial move that Democrats say they will make less likely with new lobby-reform legislation.

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If that ban on price negotiating is lifted, House Democrats say that seniors overall could cut their drug costs by as much as $180 billion over the next 10 years. A study last year by the consumer group Families USA found that 19 of 20 drugs were priced lower through the Veterans Administration than they were for Medicare recipients.

But critics, including the White House and the Department of Health and Human Services, say that drug prices are already falling faster than expected under the 2003 law, and that mandating government to negotiate drug prices could limit the access to drugs for seniors.

Under the current prescription-drug bill, seniors are already saving an average of $1,200 a year on prescription drugs, according to the Centers for Medicare and Medicaid Services. And the cost to the Treasury is about $30 billion, instead of $43 billion as anticipated.

The conflict sets up one of the first big battles of the 110th Congress. Since 1990, drug companies have contributed more than $134 million to national candidates, more than two-thirds of that to Republicans, according to the Center for Responsive Politics. The industry doubled its political contributions in the run-up to the 2003 legislation.

"Critics would have you believe that there are no negotiations in how prices for medicine are set. That's simply not true," said Ken Johnson, PhRMA's senior vice president, in a statement after the November elections in anticipation of the Democrats' proposal. "The negotiations are occurring - as they should be - between prescription drug plans, several of which already purchase medicines on behalf of tens of millions of Americans, and pharmaceutical companies. That's the marketplace in action and that's how America's seniors will see true savings without compromising the search for future cures."

But despite broad public support for lifting a ban, Democrats are divided on how to proceed and have yet to release specifics of their proposal. Max Baucus (D) of Montana, incoming Senate Finance Chairman, opposed a bipartisan plan in the 109th Congress that would have required the Department of Health and Human Services to get involved in negotiations between private drug plans and drug companies in some cases. If House Democrats lift the ban, as expected, Senator Baucus says he will conduct hearings on its likely impact. Meanwhile, HHS Secretary Mike Leavitt has already signaled that if given the opportunity to negotiate lower drug prices, he would not exercise it.

Similarly, Democratic calls to roll back subsidies for Big Oil are also popular, but problematic. In the first days of the new Congress, Democrats are calling for establishing a fund to promote renewable energy and conservation, which they say will be funded by money recovered from oil companies.

"Every oil subsidy will be given the highest level of scrutiny. We've been paying record energy prices at a time when Big Oil is making record profits - and record CEO compensation packages. It's unconscionable," says Drew Hammill, spokesman for incoming Speaker Nancy Pelosi.

But even before Congress reworks subsidies provided in the Energy Policy Act of 2005, Democrats will take up proposals to recover royalties from oil and gas companies in the Gulf of Mexico. Because of a gaffe in 1998-99 oil leases, negotiated during the Clinton administration, companies have avoided some $10 billion in royalty payments. Republicans in the 109th Congress tried to go after these lost revenues; Democrats say they will push harder.

"The companies have not done anything wrong. We're a nation of law, and contract law is one of the cornerstones of our economy," says Red Cavaney, president and CEO of the American Petroleum Institute, the industry trade group. Under an agreement announced Dec. 14, five companies - BP, ConocoPhillips, Shell Oil, Marathon Oil, and Walter Oil and Gas Corp. - have already reached an agreement with the federal government to pay royalties on production that began on or after Oct. 1, 2006. "Why not let the process continue," he says.

Both the outgoing chairman of the House Government Reform Committee, Rep Thomas Davis (R) of Virginia, and incoming chairman Henry Waxman (D) of California have pledged to go after all lost royalties. Forty-one other companies are currently not paying royalties under the terms of these leases.

Still, the biggest wild card for energy companies such as Halliburton in the 110th Congress isn't energy subsidies, it's the scope of congressional investigations into wartime contracts. House Democrats are reviving an investigative subcommittee that was eliminated when Republicans took back the House in 1995. That panel will target both Defense contractors and White House officials who contracted with them, aides say.

Medicare Premiums Will Surge For Some (WP)

By Marc Kaufman

The Washington Post, December 28, 2006

When new income-based premiums for Medicare's Part B program go into effect next month, some seniors will get an unwelcome surprise: Their monthly costs will be going up considerably more than expected because of the government's method of counting their income.

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In addition to income from investments, pensions and wages, seniors will find that big but unusual windfalls -- from house sales, for instance, or from taking cash from an individual retirement account -- will also be included in government calculations.

As a result, an advocacy group for seniors says, tens of thousands of people will be counted as wealthy even though their continuing yearly income is modest. Some will be paying as much as $800 more a year for Part B coverage because they are deemed to be "higher income beneficiaries." This will be on top of the $93.50 a month standard premium that all recipients will pay.

"We are concerned that our members are just now finding out that the government is suddenly increasing seniors' Part B premiums without adequate warning," Shannon Benton, executive director of the Senior Citizens League, said in a statement.

"Making matters worse, some seniors will have a difficult time with the appeal process, perhaps having to drive hours to appear in person -- an option many seniors simply don't have available to them," she said.

Mark Hinkle, a spokesman for the Social Security Administration, said that a small number of people will indeed have to pay more for their 2007 premiums because of large 2005 capital gains reported on their income tax returns. But he said that the premiums would go down in future years once the capital gains are no longer part of a recipient's tax return.

Congress, he said, listed a number of "life-changing events," such as divorce, death of a spouse or loss of a job, that could reduce a beneficiary's premium. But capital gains from the sale of a house or an IRA payout are not on the list, he said, and so are treated no differently than wages when calculating the premium.

On its Web site, Social Security details how Part B participants can question or challenge their new premium assessments.

Provisions for "means testing" the Medicare Part B program, starting in 2007, were included in the Medicare Prescription Drug Improvement and Modernization Act of 2003. It was a contentious issue then and remains one now -- with some arguing the extra money it will bring in is needed to keep Medicare solvent, while others say it will weaken the program and result in wealthier people opting out. Means testing was included in the bill by a Republican-dominated Senate-House conference committee, although neither body had included the provision in its bill.

The actual determination of a beneficiary's income, and how much people will have to pay in Part B premiums for 2007, is made by the Social Security Administration and based on 2005 income tax returns. Letters from Social Security have been going out to Medicare beneficiaries nationwide this month telling them whether they have to pay additional Part B premiums because of their income.

Medicare's Part B covers doctor and outpatient hospital bills. The program pays about 75 percent of an average beneficiary's costs through taxes, with the remaining quarter paid through monthly premiums.

Under the new, means-tested rules, most recipients will continue to pay 25 percent of the Part B costs through their premiums, while "higher income" beneficiaries will pay progressively, and sometimes dramatically, more over the next three years. The higher-income group is defined as individuals with an income of more than $80,000 and couples with an income of more than $160,000.

The Senior Citizens League, an advocacy group with 1.2 million members, has been getting calls from seniors complaining about their new premiums. One Tennessee member, for instance, told league officials that he sold a second home in Indiana in 2005 and paid taxes on the proceeds. Now he has learned that, based on that capital gain, his Part B premium would increase next year from $93.50 per month to $124.70.

Pelosi To Visit Baltimore Childhood Home (WT/AP)

By Kristen Wyatt

The Washington Times, December 28, 2006

BALTIMORE -- Before Nancy Pelosi takes the reins of the U.S. House next week, the California Democrat will visit a row house in Baltimore's Little Italy neighborhood.

It was where the nation's first female House speaker grew up and learned politics long before she was old enough to vote.

The youngest of six, Mrs. Pelosi was born into a political family in a house always full of strangers asking for help.

Thirty years before going to Congress, Nancy D'Alesandro was brokering political deals for constituents of her father, Thomas D'Alesandro Jr., who served as Baltimore mayor from 1947 to 1959 and as a congressman from 1939 to 1947.

"She got her basic training in politics right in this room," recalled one of her older brothers, Nicholas D'Alesandro, 72, who still in lives in the Little Italy row house, now home to a health clinic on the ground floor. "We gave help to hundreds, thousands of people. It was the kind of thing she was raised to do."

The political breeding didn't convince Mrs. Pelosi's playmates that she was destined tobe second in line for the presidency.

Childhood friends said they never imagined Mrs. Pelosi's political career eclipsing those of her father and her brother, Thomas D'Alesandro III, who served one term as mayor from 1967 to 1971.

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"Nancy was a very quiet, shy young lady," said Mary Ann Campanella, 65, who played with Mrs. Pelosi as a child and still lives in Baltimore's Little Italy.

"She had no interest whatsoever in politics at the time. That's what made us so shocked -- she was a very quiet shy young lady," Miss Campanella said. "But I remember we were all in awe of her being the little princess and riding in the open-top cars in the parades. Still, we're can't believe how far she's come."

So proud is Little Italy of Mrs. Pelosi's political ascension that the city will name part of Mrs. Pelosi's childhood street for her.

Neighbors also want to see her name added to the neighborhood bocce court, now named for Mrs. Pelosi's father.

Mrs. Pelosi will attend a ceremony to name the street Tuesday to kick off four days of festivities to celebrate her becoming speaker.

Mrs. Pelosi also plans to visit her Washington alma mater, Trinity Washington University, in a tour designed to show the nation she is not a California-bred liberal, but a good Roman Catholic girl from a working-class neighborhood.

The message is not lost on the Rev. Michael Salerno, a priest at St. Leo the Great, the Catholic church Mrs. Pelosi attended as a child.

Father Salerno didn't minister to Mrs. Pelosi as a child, but he will say a few words at the street naming next week.

"Fifty, 60 years ago a woman never even got to venture out of the neighborhood. Now one of our daughters is going to be speaker. It's amazing," Father Salerno said.

Pelosi spokesman Brendan Daly said that visiting Little Italy and Baltimore "always has the feeling of a homecoming" for Mrs. Pelosi.

"It has always had a special place in her heart," Mr. Daly wrote of Baltimore.

Scene Change How Much Does A Neighborhood Affect The Poor? (WSJ)

By Jon E. Hilsenrath And Rafael Gerena-morales

The Wall Street Journal, December 28, 2006

JACKSONVILLE, N.C. -- A decade ago, Lydia Grayson got as far away from her drug-addled, East Harlem housing project as she could. At the time, she was a 28-year-old mother of three, and, she says, a drug user. She took a federal housing voucher and packed her family on a Greyhound bus with one-way tickets to North Carolina.

Climbing out of poverty hasn't been as easy as getting on the bus. She says her life is now drug-free and more stable, and her children are growing up in a better environment. Yet in many ways, her struggles traveled with her.

"You really need to have a focus to get out of the ghetto," says Ms. Grayson, a New York native.

Her experience offers clues to a question society has wrestled with for years: Can a family escape poverty by getting out of the neighborhood where it takes root? It also sheds light on the government's shifting efforts to use housing policy as a solution to poverty.

A $16 billion federal infrastructure has built up around housing vouchers designed to give poor families more choices about where to live. About two million families currently use "Section 8" vouchers that allow them to move with subsidized rent. Since 1993, the government has been demolishing urban housing projects and forcing families to resettle in other places, sometimes with vouchers.

After Hurricanes Katrina and Rita, nearly 30,000 families, many extremely poor, turned to the federal government for vouchers after they were displaced, according to the Department of Housing and Urban Development.

Ms. Grayson's move was part of a government test designed to study the effects of a new neighborhood on poverty in the way a researcher studies the effects of a new drug.

Beginning in 1994, the federal government offered a lottery for housing vouchers to families in five major cities. Families were randomly assigned to different groups. One group received vouchers to be used specifically to subsidize rents in neighborhoods where poverty was low. About 860 families eventually moved.

Another group, of 1,440 families, wasn't offered vouchers and, initially at least, stayed in high-poverty neighborhoods. Researchers have since tracked and compared the fortunes of the two groups.

The program, called Moving to Opportunity, was administered by HUD. A private firm called Abt Associates was contracted to track participants. Researchers at Harvard, Princeton, Northwestern and other institutions played a role in designing studies related to the program and analyzing the data.

When the program was launched, housing vouchers were seen as a promising antidote to urban poverty. Researchers had pinpointed ghettos as a culprit in the worsening fortunes of many poor, minority families. Free them from the poisonous cocktail of drugs and crime brewing in city ghettos, scholars reasoned, and the families would have a chance to leave poverty behind.

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But results show that may only partially be true. "It would have been wonderful to have discovered the magic bullet," says Jeffrey Liebman, a Harvard economist who has studied the program.

Findings, he says, were more complicated. Among them: boys whose families moved actually fared worse than boys who stayed in bad neighborhoods. Girls, however, fared significantly better. Adults felt better, physically and mentally, than those who stayed behind, but didn't do better financially.

The Moving to Opportunity program, started in 1994, was a mix of liberal and conservative policy: hatched by Republican Jack Kemp and implemented by the Clinton administration. But later that year, in Baltimore -- one of the five cities participating -- suburbanites rebelled against the idea that poor families from troubled environments would be flocking to their neighborhoods. Plans to move additional families were canceled.

Over time, researchers followed the families who moved, comparing them with those who stayed. The fortunes of the families involved were surprising: Earnings of families who relocated to low-poverty areas averaged just $9,376 in 2001, a half-decade after they moved. That's just 3% higher than the $9,108 earned by those in the control group, a statistically insignificant difference.

Other measures improved. In a 2002 survey of 3,521 adults in the program -- most of them women -- 18.5% of people who moved to low-poverty neighborhoods suffered bouts of major depression, significantly lower than the 26.3% who felt depressed in the control group. Mr. Liebman, the Harvard economist, says that's roughly the same effect that's seen when depressed people are put on a regimen of antidepressant drugs.

Among nearly 800 teenage girls, 83% of those who relocated to low-poverty neighborhoods had either graduated from high school or were still in school five years after the move, compared with 71% in the control group. Alcohol use was lower. Arrest rates were lower. And mental-health measures improved. Away from the violence of the ghetto, girls seemed to flourish.

Teenage boys didn't. School participation deteriorated and property-crime rates, mental distress, and smoking all increased among those who moved with the vouchers, compared with teenage boys in families who didn't move. For property crime, there were 58 arrests for every 100 boys who moved to low-poverty neighborhoods, compared with 22 arrests for every 100 boys in the control group.

Because boys hang out more in their neighborhoods, researchers expected they would respond well to safer, more-affluent environments. Instead, many seemed to feel isolated in the new places, or harassed by police, and they acted out.

"It seems like the boys were less able to make social connections to their new areas," says Jeffrey Kling, a Brookings Institution economist who designed many of the Moving to Opportunity studies and interviewed participants. (See more on Dr. Kling's work.11)

The results ring true to Zack Sanders, 20. Last year, as part of a similar housing-mobility program, he moved with his grandmother to a quiet suburban home in Mesquite, Texas, away from the rough neighborhoods in and around Dallas where he was raised. His grandmother, Diana Sanders, 61, says she relishes the tranquility of her new home. Her voucher covers $875 of the $1,325 rent. But Mr. Sanders says he misses his old friends and neighborhood, where he walked to hamburger joints, played basketball and dominoes, and could make quick trips to the mall to talk to girls.

"I feel like I'm on Mars," he says. Most evenings he borrows his sister's car and drives to his old neighborhood, where he hangs out until midnight.

Yet Mr. Sanders's 9-year-old niece, Desiree Griggs, whom his grandmother is also raising, is thriving. She spends hours a day in her quiet room, reading and playing with dolls.

"When she goes into her room, nobody bothers her. She can relax," Ms. Sanders says. Desiree made the school honor roll, she adds. Ms. Sanders, who has a history of high-blood pressure and heart disease, says the move has helped her health. In a safer environment, she feels less tense and walks 30 minutes a day.

Harvard sociologist William Julius Wilson, who diagnosed the social isolation of the inner-city poor in the 1980s, says some families didn't thrive in mobility experiments because they didn't move far enough from their old neighborhoods. Some stayed so close that they didn't even switch school districts. "If they had been able to move children to better school districts," he says, "you might have had better outcomes."

Researchers agree that relocating people to combat poverty is a complex strategy at best. "What do you do with a program that helps some people a lot, and doesn't help others or hurts them?" says Todd Richardson, deputy director of HUD's Program Evaluation Division.

Overall, he says, it's better to move people than leave them in giant housing projects with high concentrations of poverty, one reason HUD has been demolishing public housing. But to make moves successful, scholars say, more counseling and support of those uprooted might help. Some of the families in the test are still being tracked and HUD is about to undertake a study to look at the impacts 10 years after a move.

The experience of Ms. Grayson, the Harlem transplant, shows the kind of mixed results they seem likely to find.

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She was living on the 15th floor of a housing project when she heard about the Moving to Opportunity program in 1996. At the time, she says she was on welfare, trying to overcome a crack addiction. Her three children were underfed, poorly clothed and surrounded by cocaine users.

When she was selected for the housing voucher, she and her children moved to Jacksonville, N.C., where she had a cousin.

Ms. Grayson wanted a different environment for her children. She recalls scenes of drug use in her childhood home and drinking malt liquor at the age of 11. "She was a pretty tough kid," says John Goehring, a retired teacher at the Lakeside School, a Spring Valley, N.Y., school for troubled teens she attended. But she was bright, he recalls. After she earned a high-school equivalency diploma, he received a card from her that read: "I'm so happy. Tears are coming to my eyes. I won't let you down."

"I didn't really have a lot of positive people in my life," says Ms. Grayson. She started college in New York, but became pregnant with her first child, Stanley, and dropped out.

Her move to North Carolina was an almost immediate struggle. The Moving to Opportunity program provided some counseling, but it tended to focus on those who didn't move far away. Because Ms. Grayson moved so far, she was effectively on her own.

On advice from her cousin, she moved to a remote spot about 15 miles outside of Jacksonville. She couldn't afford gas to heat her home. In the winter, she sat up late shivering and crying. She says she walked about two miles to work at a school cafeteria, where she earned $5.15 an hour. She also got back into drugs, she says. Before her first year in North Carolina was up, she left her place and moved with her children into a homeless shelter, closer to town.

"That's where the trouble started," says her son, Stanley Grayson, now 19. Other children at school started teasing him. He responded by skipping school and getting into fights. "That was the worst part of my life," he says.

For the next few years, Ms. Grayson moved around Jacksonville, trying to find a place to settle with her voucher. She says one neighborhood, near a mall, was populated by the kind of drug users who made her want to leave New York. A quiet area with one-story homes and small yards was too far from work since she didn't have a car.

As they moved, Stanley struggled. When he was 14, his mother sent him to Florida where his father lived. He eventually was sent to a youth-detention facility on gun-possession charges, he and his mother say.

Stanley says if he had stayed in New York, other family members might have kept him out of trouble. In North Carolina, "I felt really lonely," he says. "There was nobody I could talk to."

At the same time, Ms. Grayson has changed her life for the better. She says she is drug-free, and her two younger children seem to have settled into life in North Carolina. Kevin, 16, became involved in sports and has a job at a KFC restaurant. His mother says he's involved in his school's Junior Reserve Officer Training Corps program. Khadijah, 12, is being home-schooled by her mother.

Ms. Grayson says her faith has been a stabilizing force. "If it weren't for God, I wouldn't make it," she says. She cites the influence of Venice Cross, a preacher who she says helped her overcome her drug addiction.

"You can move a person out of the ghetto and into the suburb," says Ms. Cross. "But if their brain is still thinking ghetto-thinking, they're going to bring the ghetto out to the suburb. You've got to change a person's thinking." Ms. Cross, a follower of the World Harvest Church, an Ohio-based evangelical group, doesn't have a church, so she preaches to a small group in homes and at local parks.

While following Ms. Cross, Ms. Grayson got to know the preacher's brother, Joseph, a retired New York City maintenance worker. She married him last year.

Earlier this year, they found a small apartment in a two-story building. A sign in the parking lot warns visitors against carrying handguns. By then, Ms. Grayson had landed a $9.74-an-hour job as a record keeper at a nearby hospital. "I never really held down a real job" before then, she says.

Ten years after leaving New York, however, challenges remain. In July, Ms. Grayson lost her job. She says she missed too much work taking care of her son Kevin after he was in a car accident. Her son Stanley was released from the correctional facility earlier this year and stayed with her for a few months. Stanley, who now lives in Florida, has hopes of becoming a rap-music artist.

The family has been helped by her husband's income doing construction work, Ms. Grayson says, but it hasn't been enough. In August, she started collecting federal unemployment benefits. They will expire early in 2007.

Ms. Grayson says she's applied for a few jobs, but hasn't landed anything. "Sometimes I get discouraged," she says. "I'd be lying if I said I didn't. But you gotta live."

Write to Jon E. Hilsenrath at jon.hilsenrath@wsj.com12 and Rafael Gerena-Morales at rafael.gerena@wsj.com13

Charity For Charities (WSJ)

By Arthur C. Brooks

Wall Street Journal, December 28, 2006

Many nonprofit leaders in America could not be more pleased at the Democratic takeover of Congress in a few days. For years, they have complained (justifiably or not) that Congress has underfunded critical nonprofit services. They look forward expectantly to an environment in which Congress -- they imagine -- will tap the keg of cash for nonprofits, from symphony orchestras to soup kitchens.

It remains to be seen whether the Democratic Congress will actually be more profligate than the Republicans were; after all, part of the reason the Republicans lost substantial conservative support in the 2006 midterm election was the fiscal bender Congress has been on for the past few years. But even less clear is whether greater government subsidies are in the interest of the charities themselves.

One large nonprofit organization that helps the poor in New York state illustrates this point. The agency was relatively small a few years ago, but provided a critical service in several cities. The state, taking notice of the organization's good work, began pouring money into operations, doubling and tripling its budget. The staff was focused on managing and spending the public dollars, and allocated less and less of its time to private fundraising -- which, predictably, vanished. When the state, facing budget cutbacks, began to reduce the organization's subsidy, it led to service cuts and layoffs because there were no private funds to fill the gap. Ironically, the organization and its clients were worse off than they would have been had the nonprofit received no government "help" in the first place.

This experience is hardly unique -- indeed, nonprofits and their communities all across America are exposed in the same way when government funding grows as a source of support. According to the National Center for Charitable Statistics, a quarter of human service charities in 2002 received at least 50% of their income from the government. This represents a lot of risk, because public funding is pro-cyclical: It increases or decreases more than changes in the economy, and thus can destabilize nonprofits. In contrast, charitable donations stabilize charities because they fluctuate less than the economy as a whole. For a charitable organization, relying on government funding as the main income source is like investing your 401(k) entirely in biotech stocks: You might do great -- for awhile.

But the problem with government money goes beyond just its volatility: Studies by economists over the past decade have demonstrated that government spending on nonprofit activities actually lowers private charitable giving. In the case of social welfare services, a dollar in government funding to nonprofits generally suppresses private giving by 25 cents or more. Part of this is due to a lower perception of need among charities when they get public money. There is also evidence, however, that charities spend less effort fundraising after governments give them money.

The bottom line is that there is nothing free about cash from the government. Perhaps this should come as no surprise, given what we know about the effects of public subsidies to individuals, such as welfare recipients. I would not argue that the destabilizing effects of government subsidies and the downward pressure on giving are reasons to eliminate public funding to nonprofits. But these effects do represent serious unintended consequences of nonprofit reliance on the government. Charities and policy makers should remember this in the new congressional regime.

Mr. Brooks, a professor at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism" (Basic Books, 2006).

Trump Cards (WSJ)

By Thomas J. Bray

The Wall Street Journal, December 28, 2006

DETROIT -- It hasn't been the merriest of holiday seasons in Michigan. Recently Ford Motor Co. offered modest buyouts to 38,000 hourly employees, more than half its unionized work force in the U.S. General Motors Corp. and its former parts division, the now-bankrupt Delphi Co., did the same for 40,000 hourly workers, about a quarter of their union work forces. There is talk that Daimler will dump its Chrysler division.

All of which is another massive blow to what used to be called the "union movement." The United Auto Workers is down to slightly more than 500,000 members, compared to 1.5 million only two decades ago. Nor is it just a Michigan problem. Including public sector workers, unions now represent only about 12.5% of the U.S. work force, down from 20% in 1983 and about 35% 50 years ago.

The decline in union membership leveled off last year. "The good news is that the annual hemorrhaging of union membership slowed last year," confessed James P. Hoffa, president of the Teamsters. "And that's not really good news."

Thus not-so-Big Labor, which has dumped millions into organizing campaigns without much success, is scrambling for new ways to beef up its membership rolls. The latest hot idea is "card check," in which unions demand to be recognized as the bargaining unit for a workplace if a majority of the workers merely sign a card indicating their support. Under current law,

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companies are required to recognize a union only after a secret ballot of the workers -- and unions have been losing an increasing number of those elections.

Now that Congress is back under Democratic control, unions sniff a win. Card-check bills sponsored by Democratic Rep. George Miller and Sen. Ted Kennedy last year had 215 co-sponsors in the House, just shy of a majority, and 42 co-sponsors in the Senate. Union political operatives made it clear during the recent election campaign that any Democrat who opposed card check could forget about campaign backing in the future.

Republicans still have the strength to filibuster such a measure to death, and President Bush might veto it. But a weakened GOP and president might be tempted to let it through, particularly if it's attached to something they want. If so, it is likely to be seen as a fundamental reversal of the anti-union trend unleashed by Ronald Reagan's crushing of the Air Traffic Controllers strike in 1981.

The card-check tactic already is being used with some success. More than half the workers who joined unions last year did so in card-check sign-ups to which companies had "voluntarily" agreed, according to the AFL-CIO. Congressional action would make the card-check procedure routine.

Sen. Kennedy, whose bill is titled the Employee Free Choice Act, claims federal card check legislation "would level the playing field" by removing "large loopholes" in existing labor laws that supposedly allow employers to fire union organizers and intimidate workers prior to organizing elections. Union officials like Stewart Acuff, the AFL-CIO's organizing director, complain that elections "just don't work."

But it's more than a bit odd for union leaders, long proponents of what they are pleased to call "industrial democracy," to object to the secret ballot. As for Sen. Kennedy's claim that he merely seeks a choice for workers between card-check and a traditional ballot, imagine you are Joe Lunch Bucket on your way to work. A beefy organizer greets you at the plant gate and asks you to sign a card in favor of representation by a union. Are you really going to say no?

The fact that unions now call card-check their No. 1 legislative priority should be seen as a sign of weakness rather than strength. Labor's far more ambitious schemes to insulate themselves from international competition, such as trade barriers, haven't gotten very far. And labor's ability to use mandatory worker dues for political purposes -- which amounted to more than a quarter of the AFL-CIO budget in 2005 and probably far more in 2006 -- is under legal pressure at the U.S. Supreme Court.

Even card check might not produce the desired results. Dana Corp., a major auto supplier, several years ago agreed to a card check campaign at two Virginia plants, which were duly organized by the UAW. But both plants are now scheduled to be closed because of mounting competitive pressures both from abroad and non-union plants in the U.S.

True, public sector unions have been growing. But even there voter sympathy may be limited. In November, voters in Michigan by a wide margin voted down a ballot proposal backed by teachers unions that would have guaranteed annual wage hikes at least equal to inflation (as well as a state bailout of pension and health care benefits). And that was even before the true bill for piling unionism on top of civil service status for government employees is made clear by new accounting standards that begin taking effect this year.

Unfunded pension and health-care liabilities for state and local employees, the new figures are likely to show, could top $1 trillion nationwide, a huge potential tax liability. Will voters -- even in union households -- really be in a mood to make it easier for an entrenched interest to deliver dubious services at high prices?

In short, Republicans could be making a serious miscalculation if they bow to union demands for card check. Many workers themselves would view it as a sellout of their basic rights -- trading away the secret ballot, which gives them some leverage over union bosses with whom they might disagree, for short-term political gain. It will be interesting to see whether today's GOP will stick to a principle that ought to be an easy sell with most Americans.

Mr. Bray is a freelance journalist who lives in the Detroit area.

OTHER NEWS:

New-home Sales Rise For Third Time In 4 Months (USAT)

By Noelle Knox

USA Today, December 28, 2006

Sales of newly built homes rose a surprising 3.4% from October to November, the Commerce Department said Wednesday, as more builders offered special deals to attract buyers, and buyers took advantage of declining interest rates and mild weather to visit model homes.

This is the third increase in four months and a sign that the housing correction may be ending. Builder confidence levels, which hit bottom in September, are also slowly beginning to rise, according to December's Housing Market Index.

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The sales gains haven't been easy. About half of home builders say they are cutting prices or paying the buyers' closing costs, and almost 60% are offering free upgrades such as granite kitchen counters, according to a survey by the National Association of Home Builders.

Compared with November last year, sales were off 15%. And while December results are not yet in, sales of new homes for the year are expected to be down about 18% from 2005. Sales of existing homes should be off by almost 9% this year. The National Association of Realtors will release November's existing home sales today.

"This is very much like what we saw at the time of the 1990-91 recession, even though this is not a recession in economic terms," says David Seiders, chief economist for the NAHB. "It shows to what extent this market got overheated in 2004 and particularly 2005. We knew we had soared to unsustainable levels … and knew we had one heck of a correction coming."

There are still signals that home sales could continue to slide. Applications for mortgage loans last week fell 14% from the week before to their lowest level in nearly five months, the Mortgage Bankers Association said Wednesday.

Nevertheless, sales of new homes were stronger last month in every region of the country except the South.

The supply of new homes for sale dipped to 6.3 months, down from 6.7 months in October. "Inventories fell again for a fourth-consecutive month," Wachovia analyst Phillip Neuhart says. "As long as they continue to fall, I'm going to feel better and better about the new home market."

The median price for a new home was $251,700, up 3% from October and 6% from last November. But Seiders dismissed the increase, saying it was probably because sales were strongest in the Northeast and the West, where median prices for homes are the highest.

End Of Housing Slump Seems To Be Drawing Near (WSJ)

By Christopher Conkey

The Wall Street Journal, December 28, 2006

WASHINGTON -- Recent firmness in mortgage applications and an increase in new-home sales suggest the housing slump may be nearly over, limiting the risk of wider damage to the overall economy.

One indication that home-buying demand has leveled off after a yearlong decline comes from the Mortgage Bankers Association, which conducts a weekly mortgage-application survey.

Yesterday, the group said mortgage applications fell sharply last week from the week before. Even so, its indexes of applications for home purchases and refinancings have been rising steadily since summer. The four-week moving average for the MBA's purchase index, which offers a less-volatile picture of the trend, has risen 12% since August, while the four-week average for the group's refinancing index has soared more than 41% since July.

A recent pickup in new-home sales also points to stabilizing demand. The Commerce Department said yesterday that new-home sales rose 3.4% in November to an annual rate of 1.05 million units. While that pace is down more than 15% from a year earlier, it has risen since July and has held fairly steady in recent months.

Despite some continued uncertainty, economists view the recent data as an early indication that the worst of the housing market's downturn may be over. "The net of all the numbers we've gotten is that it looks like the housing market and home sales appear to have stabilized, at least temporarily, in the latter part of the year," said Thomas Lawler, a former economist for Fannie Mae who now runs a consulting firm in Vienna, Va.

If this turns out to be the case, and the housing market begins to rebound next year, the economy would be likely to benefit. The slump has been one of the biggest dampers on the nation's economic growth. In the third quarter, for example, the decline in home building and residential investment shaved more than one percentage point off the annual rate of economic growth. Many economists expect a similar reduction in the fourth quarter but expect some improvement next year.

The chances of a pickup in 2007 partly depend on whether home builders can trim their inventories of unsold homes. Last month, there were 545,000 new homes on the market, or the equivalent of a 6.3-month supply at current sales rates, according to the Commerce data, down from a recent high mark of a 7.2-month supply in July.

Home-buying activity could wane, however, if interest rates rise or other factors, such as employment or the stock market, deteriorate. Economists expect the normally quiet winter months to produce volatile readings and say the best gauge of the housing market will be whether buyers come out in force as usual in the spring.

The median price of a new home -- or the price at which half sold for more and half sold for less -- was $251,700 last month, up from $237,900 a year earlier, the Commerce Department said. The figures aren't adjusted to account for the changing mix of sales. Thus, the November reading may have been distorted by the fact that sales in the higher-priced Northeast rose last month, while sales in lower-priced South fell.

Write to Christopher Conkey at christopher.conkey@wsj.com4

DOJ_NMG_0109831

Home Sales Rose 3.4% Last Month (NYT)

By Jeremy W. Peters

The New York Times, December 28, 2006

Builders sold new homes at a faster rate last month than they did in October, shrinking the backlog of unsold homes on the market, the Commerce Department reported yesterday.

But many economists said the report, rather than foreshadowing a quick rebound, highlighted how fragile residential construction remained and suggested that the downturn now rattling the housing market had not yet run its course.

The report showed that sales of new single-family homes rose 3.4 percent in November, seasonally adjusted, to an annual rate of 1.05 million. That followed a 3.8 percent decline in October.

The news helped propel stocks on Wall Street to another record high — its 22nd so far this year — with the Dow Jones industrial average rising more than 100 points to finish the day above 12,500 for the first time.

It was a session typical of the often-buoyant final trading days of the year in which stocks gain on light volume as investors seek to polish their portfolios. [Page C13.]

Shares of homebuilders like Pulte Homes, Toll Brothers and Lennar all gained more than 1.5 percent as investors interpreted the home sales numbers as a sign that the slowdown in the housing market may have bottomed out.

Economists typically do not use November figures to make generalizations about trends in the housing market because the month is shortened by the Thanksgiving holiday. In fact, when the numbers are not seasonally adjusted, the number of new homes sold in November — 72,000 — was the lowest in almost four years. Inventories, a 7.7-month supply unadjusted, were the highest since December 1995.

"There's a relatively large adjustment factor here," said Michael Carliner, an economist with the National Association of Home Builders. "I wouldn't read too much into those numbers."

At first glance, many numbers in the report seemed to hint at a recovery in new-home sales. The median price of a new home in November rose, for example, and sales in the Northeast, Midwest and West all grew by double digits for the month. Beyond the numbers for November, however, few signs in the report pointed toward a reversal of the overall downward trajectory in residential housing.

Despite the November advance, sales of new homes are off 15.3 percent compared with a year earlier.

"Although the rebound in sales is consistent with the housing slowdown bottoming out, it seems too early to rejoice," said Dimitry Fleming, an economist with ING Financial Markets. "Supply is still high."

Many economists do not expect the market to stabilize until mid-2007.

When the statistics are adjusted for seasonal variations, the backlog of unsold new homes on the market declined to a 6.3-month supply in November, down from a 6.7-month supply in October. But that is still far higher than November 2005, when there was a 4.9-month supply.

The median price of a home rose 5.8 percent from November 2005, to $251,700. But economists said the increase was most likely the result of a rise in sales for the month in the Northeast and the West, where homes are more expensive. In November, sales in the Northeast climbed 22.5 percent compared with October, while the West saw a 19 percent jump.

The sales data from the last year, however, is more sobering. The Northeast was hit particularly hard; sales fell 42.4 percent from a year ago. Sales in the South declined 19.2 percent, and they fell 9 percent in the West. In the Midwest, however, sales rose 1.2 percent.

Despite the rise in the national median price, economists said the jump in sales during November suggested that buyers were still enjoying a market tilted to their advantage. Builders continue to offer incentives like upgraded kitchen appliances, landscaping and mortgage points at no additional charge. Incentives are not reflected in home price data.

Julia Coronado, chief United States economist with Barclays Capital, said buyers were still shopping in a market that was highly favorable to them. "We do know that it's more of a buyer's market, and builders are not eager to sit around with excess inventory on their books. It's extremely expensive to do that, so they move it quickly."

Peter E. Kretzmer, senior economist with the Bank of America, said, "Despite a monthly rise in the median new home price in November, prices remain on a flattening trend."

While the housing market has been in the midst of a sharp slowdown in recent months — some economists are calling it a full-blown housing recession — the damage to the broader economy has been limited so far. The decline in residential construction during the summer months knocked more than a full percentage point off the nation's gross domestic product growth, pulling it down to 2 percent in the third quarter.

But strength in other areas of the economy — consumer spending and commercial construction, for example — has helped to keep growth from stalling.

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In another sign of distress in housing, the Mortgage Bankers Association said yesterday that its index of applications to buy a home or refinance a loan dropped to the lowest level in four months.

Dow Hits New High As Sales Of New Homes Pick Up (NYT)

By Jeremy W. Peters

The New York Times, December 28, 2006

Sales of new homes picked up last month after a big drop in October, while the backlog of unsold homes on the market became somewhat smaller, the Commerce Department reported today.

The news helped propel stocks on Wall Street to another all-time high, with the Dow Jones industrial average rising more than 100 points to finish the day above 12,500 for the first time. Shares of homebuilders like Pulte Homes, Toll Brothers and Lennar all rose considerably.

Still, sales are 15 percent lower than they were a year earlier, suggesting that the correction taking place in the housing market has not yet run its course.

The Commerce Department reported this morning that sales of new homes rose 3.4 percent in November to an annual rate of 1.05 million. That followed a 3.8 percent decline in October.

While the housing market has been in the midst of a sharp slowdown in recent months — some economists are calling it a full-blown housing recession — the damage to the economy has been limited so far. The decline in residential construction during the summer months knocked more than a full percentage point off of the nation's gross domestic product growth, pulling it down to 2 percent in the third quarter.

But strength in other areas of the economy — consumer spending and commercial construction, for example — has helped to keep growth from stalling.

"Although the rebound in sales is consistent with the housing slowdown bottoming out, it seems too early to rejoice," said Dimitry Fleming, an economist with ING Financial Markets. "Supply is still high."

The backlog of unsold new homes on the market declined to a 6.3-month supply in November, down from a 6.7-month supply in October. But that is still far higher than November 2005, when it would have taken 4.9 months to sell all the unsold homes on the market.

The median price of a home rose 5.8 percent from November 2005 to $251,700. But rather than reversing the recent downward momentum of new home prices, economists said the uptick was likely the result of a rise in sales for the month in the Northeast and the West, where homes are more expensive. In November, sales in the Northeast climbed 22.5 percent compared with October, while the West saw a 19 percent jump.

Despite the rise in the national median price, economists said the jump in sales during November suggests that buyers are still enjoying a market tilted to their advantage. Builders continue to offer incentives like upgraded kitchen appliances and landscaping at no additional charge, which are not reflected in home price data.

"We do know that it's more of a buyer's market, and builders are not eager to sit around with excess inventory on their books," said Julia Coronado, chief United States economist with Barclay's Capital. "It's extremely expensive to do that, so they move it quickly."

Peter Kretzmer, senior economist with the Bank of America, said, "Despite a monthly rise in the median new home price in November, prices remain on a flattening trend."

The sales data from the last year is more sobering. The Northeast was particularly hard-hit, with sales falling 42.4 percent from a year ago. Sales in the South declined 19.2 percent, and they fell 9 percent in the West. In the Midwest, however, sales rose 1.2 percent.

Dow Industrials Soar Past 12500 To Latest Record (WSJ)

By E.s. Browning

The Wall Street Journal, December 28, 2006

The holiday cheer continued to flow, as upbeat housing data helped push the Dow Jones Industrial Average above 12500 for the first time.

It was the 22nd record finish for the Dow since October began, and left the blue-chip average up 16.7% this year -- poised for its strongest gain since 2003, when it rose 25.3%. The Dow finished the day ahead 102.94 points, or 0.83%, at 12510.57.

Support came from a Commerce Department report that new-home sales rose more than expected in November. The data backed hopes that the worst of the housing slump may be over.

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But the majority of the rally actually occurred before the housing news was announced at 10 a.m. EST. Many short-term investors appear to be betting that the market will finish the year with a bang. Stocks often do well in the trading days from Christmas into early January.

"The economic data pushed the market into full buy mode," said stock trader Brian Williamson of Boston Company Asset Management. "It just started feeding on itself and feeding on itself."

Small stocks, which often do well late in December and in January and also are more economically sensitive than larger ones, outpaced their larger siblings. The Russell 2000 small-stock index rose 1.21% to a record close of 797.73.

As is often the case in the year's waning days, trading volume was below average, which meant that it took less buying than usual to push the indexes higher.

The euphoria also was fed by news that crude-oil futures were falling back toward the $60 mark. The futures finished the day down 76 cents, or 1.24%, at $60.34 a barrel, amid forecasts of a warm January, which would further limit demand.

The broad Standard & Poor's 500-stock index rose 0.70%, or 9.94 points, to 1426.84, up 14.3% in 2006 and just short of a six-year high.

The Nasdaq Composite Index advanced 0.73%, or 17.71 points, to 2431.22, up 10.2% this year.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.91%, or 2.19 points, to 242.49, a record.

In major U.S. market action:

Stocks rose1; bond prices declined2. The 10-year Treasury note fell 13/32, or $4.0625 for each $1,000 invested, pushing the yield up to 4.656%. The 30-year bond was down 25/32 to yield 4.785%.

The dollar eased3. Late in New York, it traded at 118.78 yen, down from 119.15, while the euro rose against the dollar to $1.3125 from $1.3096.

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Strong Housing Report Helps Send Dow Industrial Average Over 12,500 (WP/AP)

The Washington Post, December 28, 2006

NEW YORK, Dec. 27 -- Stocks rose Wednesday, sending the Dow Jones industrial average past 12,500 for the first time as year-end bargain hunters bought shares across many sectors.

Home builders did well on the strength of a Commerce Department report that showed new home sales rose more than expected in November.

Bonds were lower. Many investors hope that signs of economic weakness will motivate the Federal Reserve to lower interest rates, so the sign of strength in the housing industry was troublesome for bondholders. The yield on the benchmark 10-year Treasury note rose to 4.65 percent, from 4.60 percent late Tuesday.

Ford Motor and Toyota Motor shares rose after a meeting between executives of the companies sparked hope for an alliance between the two rivals. General Motors, meanwhile rose sharply.

Increased Home Sales Give Stocks A Leg Up (USAT/BLOOM)

USA Today, December 28, 2006

NEW YORK — The stock market rallied a second-consecutive day and propelled the Dow Jones industrial average to a new high Wednesday as a bigger-than-expected increase in November home sales stoked optimism that the worst of the housing slump may be over.

"If people start to see real estate prices stabilize, that's going to create a better consumer outlook," says Charles Stamey, who helps manage $14 billion at Manning & Napier Advisors. "That is very good news for people who look at overall market sentiment."

The Dow gained 102.94 points, or 0.8%, to 12,510.57, topping its Dec. 19 close of 12,471.32. The Dow is up 16.7% for 2006. The Standard & Poor's 500 index added 9.94 points, or 0.7%, to 1426.84 for a 2006 gain of 14.3%. The Nasdaq composite rose 17.71 points, or 0.7%, to 2431.22. It is up 10.2% in 2006.

Ryland gained $1.82 to $54.35 and led a rally for home builders as the November sales report eased concern that a glut of unsold homes would depress prices and make owners less inclined to spend money. Home Depot, the largest home-improvement retailer, climbed 50 cents to $39.56, while Freeport-McMoRan Copper & Gold rose $1.59 to $56.13, pacing gains for companies whose products are used in houses.

Sales of new homes in the USA benefited last month as lower mortgage rates and more incentives helped builders reduce inventory (story, 1B). Consumer spending, which is influenced by home values, makes up two-thirds of the U.S. economy and may play a bigger role in driving growth amid signs manufacturing is slowing.

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Stocks are poised to complete their fourth annual rise in a row, partly due to hopes the Federal Reserve will cut its target for short-term interest rates.

A one-month low in oil prices Wednesday may help the inflation outlook, allowing the Fed to ease borrowing costs. Oil fell 76 cents to $60.34 a barrel, the lowest since Nov. 27. It is down 22% from July's record close of $77.03. "Any move down in oil can be viewed positively for stocks," says Michael Malone, trading analyst at Cowen & Co. "It removes inflationary pressure."

The New York Stock Exchange and Nasdaq Stock Market each held a period of silence to honor former president Gerald Ford, who died late Tuesday. However, 16,200 shares of Semiconductor HOLDRs Trust traded on the NYSE during its two-minute observance starting at 9:30 a.m. ET, while about 5.2 million shares traded on the Nasdaq during its pause, which started at 11 a.m.

Mall Retailers' Numbers Seen At Low End Of Forecasts (WSJ)

By James Covert

The Wall Street Journal, December 28, 2006

NEW YORK -- Retailers posted a disappointing 1.7% increase in comparable sales for the week ended Dec. 23, putting holiday sales on track to hit the low end of expectations, according to the International Council of Shopping Centers.

A surge of last-minute purchases by consumers fueled a 2% rise in same-store sales, or sales at stores open at least a year, from the previous week's levels, with sales on Friday and Saturday particularly strong. But the 1.7% same-store increase from year-ago spending was the weakest such gain recorded by the New York-based trade group since the week ended Feb. 12, 2005.

THE YEAR'S IMAGES

· Year in Photos:1 Revisit images of Defense Secretary Rumsfeld's departure, the 2006 elections, Saddam Hussein's trial and more, with links to related Wall Street Journal coverage, in the Year in Photos 2006.

While there's still a week left in the December period on the retail calendar, same-store sales for the month now appear on track to hit the low end of the trade group's estimate for a 2.5% to 3.5% increase, said chief economist Michael Niemira. That also puts same-store sales for the combined November-December holiday period on track to hit the low end of its estimate for a 2.5% to 3% gain.

"The last week of the fiscal month might exceed modest expectations as consumers redeem those holiday gift cards and shop for the bargains on clearance," Mr. Niemira said. About 18% of consumers surveyed said they planned to shop on the day after Christmas, in line with 19% who reported doing so last year.

Nevertheless, Mr. Niemira called the results of the final, crucial week of the pre-Christmas shopping season "a very mixed performance," noting pockets of strength and weakness among retailers that made it difficult to gauge overall results. Some consumers shifted more purchases online, while others bought more gift cards. Discounts were steep, although "largely planned," Mr. Niemira said. Unusual bouts of warm weather and shifts in the industry calendar also made it tricky to assess the numbers, he said.

Prior to the week ended Dec. 23, the slimmest year-over-year holiday gain had been posted on the week ended Nov. 11, when same-store sales rose 2.1%. The strongest such gain was recorded the week ended Dec. 11, when same-store sales rose 3.2% from year-earlier levels. Same-store sales are a closely watched measure of retail performance.

The International Council of Shopping Centers currently tracks same-store sales at 59 major retail chains in the U.S. The trade group's next weekly update is slated for Jan. 3.

Separately, ShopperTrak RCT Corp., which tracks total sales at more than 45,000 retail outlets, reported that sales for the week ended Saturday increased 5.2% over the year-ago period. Foot traffic fell a slight 1.3 percent during that same period, indicating that shoppers were making bigger purchases with fewer trips, according to Bill Martin, co-founder of ShopperTrak.

Much of last week's strength was from Friday and Saturday, though the finale wasn't as strong as hoped for. As a result, Mr. Martin believes that total holiday sales will probably not meet the 5% growth forecast, though holiday sales growth will be at least 4.5%.

The National Retail Federation, the industry trade association, is sticking to its holiday growth forecast of 5%. The figure excludes business from auto dealers, gas stations and restaurants.

Cyberspace Sex Scandal Heads Toward Trial (USAT/AP)

USA Today, December 28, 2006

WASHINGTON (AP) — When Robert Steinbuch discovered his girlfriend had discussed intimate details about their sex life in her online diary, the Capitol Hill staffer didn't just get mad. He got a lawyer.

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Soon, though, the racy tidbits about the sex lives of the two Senate aides faded from the front pages and the gossip pages. Steinbuch accepted a teaching job in Arkansas, leaving Washington and Jessica Cutler's Washingtonienne Web log behind.

While sex scandals turn over quickly in this city, lawsuits do not. Steinbuch's case over the embarrassing, sexually charged blog appears headed for an embarrassing, sexually charged trial.

Lurid testimony about spanking, handcuffs and prostitution aside, the Washingtonienne case could help establish whether people who keep online diaries are obligated to protect the privacy of the people they interact with offline.

Cutler, a former aide to Sen. Mike DeWine, R-Ohio, says she created the blog in 2004 to keep a few friends up to date on her social life. Like a digital version of the sex-themed banter from a Sex and the City episode, Cutler described the thrill and tribulations of juggling sexual relationships with six men.

One of those men was Steinbuch, a counsel to DeWine on the Judiciary Committee. Cutler called him the "current favorite" and said he resembled George Clooney, liked spanking and disliked condoms.

"He's very upfront about sex," she wrote. "He likes talking dirty and stuff, and he told me that he likes submissive women."

When Ana Marie Cox, then the editor of the popular gossip website Wonkette.com, discovered and linked to Cutler's blog, the story spun out of control. Cutler was fired and Steinbuch says he was publicly humiliated. He went to court seeking more than $20 million in damages.

The case is embroiled in thorny pretrial issues, with each side demanding personal information from the other. Steinbuch wants to know how much money Cutler received from the man she called her "sugar daddy." Cutler demanded Steinbuch's student evaluations from the University of Arkansas at Little Rock Law School, where he teaches.

Steinbuch also recently added Cox as a defendant in the case, though he has not served her with court papers. A trial date has not been set, but Matthew Billips, Cutler's attorney, said there are no settlement talks that might head off a trial.

"I have no idea what he wants," Billips said. "He's never said, 'This is what I think should be done.'"

Neither Steinbuch nor his attorney returned phone calls seeking comment. In court, attorney Jonathan Rosen said Steinbuch wants to restore his good name. Students in his legal ethics class all search the Internet and learn about the blog, Rosen said.

"It's not funny and it's damaging," Rosen told a judge. "It's horrible, absolutely horrible."

To win, Steinbuch will have to prove that the details of their sexual relationship were private and publishing them was highly offensive. Billips argues that Cutler never intended to make the blog public but, in the information age, data is easily copied and distributed beyond its intended audience.

If the case goes to trial, its outcome will be important both to bloggers and to people who chronicle their lives on social-networking sites such as MySpace and Facebook. Marc Rotenberg, director of the Electronic Privacy Information Center, said he may teach the Washingtonienne case this spring during his class at Georgetown Law School.

"Anybody who wants to reveal their own private life has a right to do that. It's a different question when you reveal someone else's private life," he said, adding that simply calling something a diary doesn't make it one. "It's not sitting in a nice, leather-bound book under a pillow. It's online where a million people can find it."

Rotenberg asked, what if Cutler had secretly videotaped the encounters and sold the videos without Steinbuch's consent? There has to be a line somewhere, he said.

Since being fired, Cutler moved back to New York, wrote a novel based on the scandal, posed nude for Playboy and started a new website, where she solicits donations "for slutty clothes and drugs."

She wouldn't discuss the case but said she's amazed by what has happened.

"The fact that anyone was interested in the first place was a surprise," she said. "The fact that there was a lawsuit in the first place was a surprise. That it's still going on is a surprise."

U.S. District Judge Paul Friedman was surprised, too.

"I don't know why we're here in federal court to begin with," Friedman told attorneys for both sides in April. "I don't know why this guy thought it was smart to file a lawsuit and lay out all of his private, intimate details."

In that sense, the Washingtonienne lawsuit has become a study into when to make a federal case out of something and when to just let it go away. It's a question lawyers wrestle with all the time.

Lanny Davis, the former special counsel to President Clinton who now advises companies during times of crisis, tells clients to decide whether they want justice or simply to set the record straight and get a message across.

"If you're looking for justice, the court system is the only thing you have," Davis said. "If you're looking to get the full story, good and bad, into one coherent narrative, the court system is perhaps the worst possible forum."

Ford Disagreed With Bush About Invading Iraq (WP)

By Bob Woodward

DOJ_NMG_0109836

The Washington Post, December 28, 2006

Former president Gerald R. Ford said in an embargoed interview in July 2004 that the Iraq war was not justified. "I don't think I would have gone to war," he said a little more than a year after President Bush launched the invasion advocated and carried out by prominent veterans of Ford's own administration.

In a four-hour conversation at his house in Beaver Creek, Colo., Ford "very strongly" disagreed with the current president's justifications for invading Iraq and said he would have pushed alternatives, such as sanctions, much more vigorously. In the tape-recorded interview, Ford was critical not only of Bush but also of Vice President Cheney -- Ford's White House chief of staff -- and then-Defense Secretary Donald H. Rumsfeld, who served as Ford's chief of staff and then his Pentagon chief.

"Rumsfeld and Cheney and the president made a big mistake in justifying going into the war in Iraq. They put the emphasis on weapons of mass destruction," Ford said. "And now, I've never publicly said I thought they made a mistake, but I felt very strongly it was an error in how they should justify what they were going to do."

In a conversation that veered between the current realities of a war in the Middle East and the old complexities of the war in Vietnam whose bitter end he presided over as president, Ford took issue with the notion of the United States entering a conflict in service of the idea of spreading democracy.

"Well, I can understand the theory of wanting to free people," Ford said, referring to Bush's assertion that the United States has a "duty to free people." But the former president said he was skeptical "whether you can detach that from the obligation number one, of what's in our national interest." He added: "And I just don't think we should go hellfire damnation around the globe freeing people, unless it is directly related to our own national security."

The Ford interview -- and a subsequent lengthy conversation in 2005 -- took place for a future book project, though he said his comments could be published at any time after his death. In the sessions, Ford fondly recalled his close working relationship with key Bush advisers Cheney and Rumsfeld while expressing concern about the policies they pursued in more recent years.

"He was an excellent chief of staff. First class," Ford said. "But I think Cheney has become much more pugnacious" as vice president. He said he agreed with former secretary of state Colin L. Powell's assertion that Cheney developed a "fever" about the threat of terrorism and Iraq. "I think that's probably true."

Describing his own preferred policy toward Saddam Hussein's Iraq, Ford said he would not have gone to war, based on the publicly available information at the time, and would have worked harder to find an alternative. "I don't think, if I had been president, on the basis of the facts as I saw them publicly," he said, "I don't think I would have ordered the Iraq war. I would have maximized our effort through sanctions, through restrictions, whatever, to find another answer."

Ford had faced his own military crisis -- not a war he started like Bush, but one he had to figure out how to end. In many ways those decisions framed his short presidency -- in the difficult calculations about how to pull out of Vietnam and the challenging players who shaped policy on the war. Most challenging of all, as Ford recalled, was Henry A. Kissinger, who was both secretary of state and national security adviser and had what Ford said was "the thinnest skin of any public figure I ever knew."

"I think he was a super secretary of state," Ford said, "but Henry in his mind never made a mistake, so whatever policies there were that he implemented, in retrospect he would defend."

In 1975, Ford decided to relieve Kissinger of his national security title. "Why Nixon gave Henry both secretary of state and head of the NSC, I never understood," Ford said. "Except he was a great supporter of Kissinger. Period." But Ford viewed Kissinger's dual roles as a conflict of interest that weakened the administration's ability to fully air policy debates. "They were supposed to check on one another."

That same year, Ford also decided to fire Defense Secretary James R. Schlesinger and replace him with Rumsfeld, who was then Ford's White House chief of staff. Ford recalled that he then used that decision to go to Kissinger and say, "I'm making a change at the secretary of defense, and I expect you to be a team player and work with me on this" by giving up the post of security adviser.

Kissinger was not happy. "Mr. President, the press will misunderstand this," Ford recalled Kissinger telling him. "They'll write that I'm being demoted by taking away half of my job." But Ford made the changes, elevating the deputy national security adviser, Brent Scowcroft, to take Kissinger's White House post.

Throughout this maneuvering, Ford said, he kept his White House chief of staff in the dark. "I didn't consult with Rumsfeld. And knowing Don, he probably resented the fact that I didn't get his advice, which I didn't," Ford said. "I made the decision on my own."

Kissinger remained a challenge for Ford. He regularly threatened to resign, the former president recalled. "Over the weekend, any one of 50 weekends, the press would be all over him, giving him unshirted hell. Monday morning he would come in and say, 'I'm offering my resignation.' Just between Henry and me. And I would literally hold his hand. 'Now, Henry, you've got

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the nation's future in your hands and you can't leave us now.' Henry publicly was a gruff, hard-nosed, German-born diplomat, but he had the thinnest skin of any public figure I ever knew."

Ford added, "Any criticism in the press drove him crazy." Kissinger would come in and say: "I've got to resign. I can't stand this kind of unfair criticism." Such threats were routine, Ford said. "I often thought, maybe I should say: 'Okay, Henry. Goodbye,' " Ford said, laughing. "But I never got around to that."

At one point, Ford recalled Kissinger, his chief Vietnam policymaker, as "coy." Then he added, Kissinger is a "wonderful person. Dear friend. First-class secretary of state. But Henry always protected his own flanks."

Ford was also critical of his own actions during the interviews. He recalled, for example, his unsuccessful 1976 campaign to remain in office, when he was under enormous pressure to dump Vice President Nelson A. Rockefeller from the Republican ticket. Some polls at the time showed that up to 25 percent of Republicans, especially those from the South, would not vote for Ford if Rockefeller, a New Yorker from the liberal wing of the Republican Party, was on the ticket.

When Rockefeller offered to be dropped from the ticket, Ford took him up on it. But he later regretted it. The decision to dump the loyal Rockefeller, he said, was "an act of cowardice on my part."

In the end, though, it was Vietnam and the legacy of the retreat he presided over that troubled Ford. After Saigon fell in 1975 and the United States evacuated from Vietnam, Ford was often labeled the only American president to lose a war. The label always rankled.

"Well," he said, "I was mad as hell, to be honest with you, but I never publicly admitted it."

Christine Parthemore contributed to this report.

Ford Aides Shape Bush Tenure (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, December 28, 2006

WASHINGTON -- Gerald Ford took office in a presidency weakened by Vietnam and Watergate -- a situation that some top aides set out to reverse upon returning to power in the Bush administration. Their effort to undo the damage done to the presidency during the Nixon-Ford years has the Bush White House on a collision course with the coming Democratic Congress.

Mr. Ford, who died Tuesday, held office for 2½ years and was the only person to hold the position without being elected president or vice president. But his tenure is felt through the ranks of aides -- most notably Vice President Dick Cheney -- who became pivotal figures in the Bush administration. They have used their years in office to restore powers of the presidency they felt were lost after Mr. Nixon's resignation and the Vietnam War. The Bush White House's assertion of presidential power in areas such as the war on terror may be Mr. Ford's most surprising legacy.

Mr. Ford became president when the balance of power between the legislative and executive branches had swung strongly toward Congress. Sparked by policy battles with President Nixon, a Democratic-controlled Congress tried to set new limits on the workings of the American intelligence community and defense establishment. Many Ford aides left office believing that Congress had usurped powers that belonged to the executive branch.

"With the arrival of Watergate and Vietnam, the president's authority was considerably weakened, and that of Congress got much stronger," says Brent Scowcroft, who was Mr. Ford's national security adviser. "We were too weakened, and had too many problems, to really push back."

When Ford aides such as Mr. Cheney and former Secretary of Defense Donald Rumsfeld joined the Bush administration, they worked to swing the pendulum back toward the executive branch, in effort to restore powers that aides felt Mr. Ford had forfeited during his tenure. For some Ford veterans, the Bush years represented an opportunity to re-empower the White House at the expense of Congress.

"Cheney and others from the Ford group were in the White House during an unprecedented assault on the power and prerogatives of the presidency, and they came away from that thinking that restoring strength to the presidency was an important institutional obligation," says Vin Weber, a lobbyist and former Republican congressman from Minnesota. "They've spent years trying to do just that."

Reversal Of Fortune (NYT)

By Barry Werth

The New York Times, December 28, 2006

Northampton, Mass.

AMERICA got its first real impression of Gerald Ford on the steamy August morning 33 years ago when he took office as president, and most people instantly liked what they saw. Mr. Ford stood in the driveway of his suburban split-level house, hours before assuming a post he never sought and hoped to avoid having to fill. One of the questions he took was about Harry

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Truman's comment when he had the office abruptly thrust upon him. Mr. Truman said he felt that the moon, the stars and the planets had fallen on him.

"I think that's an apt description," Mr. Ford said. "I can tell you better this afternoon after it actually happens."

"Mrs. Ford hoped you would get out of politics. What is her response?"

"Well," Mr. Ford shook his head. "She's just doing her best and we'll wait and see about the other."

Like Mr. Truman, President Ford was a seemingly ordinary Midwesterner, a career politician and party man dogged by low expectations and doubts — suitable "standby equipment," as Nelson Rockefeller called the vice presidency, but no one's idea of a commanding leader.

Still worse, he came into office not as Harry Truman and Lyndon Johnson had, inheriting the mantle of a popular fallen leader and with a supportive Congress, but replacing a disgraced and reviled figure and facing Democratic majorities in both houses, as well as right-wing rumblings about Richard Nixon's foreign and economic policies. By the time Mr. Nixon departed, Mr. Ford wrote, "he had no mantle left."

Of necessity, President Ford devised a new one — "the mantle of the presidential center," The Washington Post's Lou Cannon called it. For a month, Mr. Ford set out not just to heal America's divisions but to expunge them. He moved hard to the center, determined, he wrote, "to leave the right sputtering."

He chose Nelson Rockefeller as his vice president (over George H. W. Bush and Donald Rumsfeld, who both campaigned vigorously for the job), met with blacks and women, proposed partial amnesty for Vietnam-era draft resisters, and hewed to Mr. Nixon's realism in foreign affairs. The press corps extended him the benefit of the doubt, finding him refreshingly open and honest after Mr. Nixon, and his approval ratings soared — literally, from nowhere — to 70 percent.

Then, one Sunday morning a month after moving into the Oval Office, he pardoned Mr. Nixon before the former president was indicted. With a pen stroke, a very different Ford presidency emerged. Though he said he was forgiving Mr. Nixon because the televised spectacle of a former president in the criminal dock would stir up "ugly passions," the pardon instantly and inevitably looked like the last cynical act of the Watergate cover-up — Mr. Nixon's hand-chosen successor giving him a free pass.

The pardon was a political disaster for President Ford. His approval ratings plummeted, inviting attacks from not only the Democrats, but also the Republican right, which rallied around Ronald Reagan.

President Ford spent the remainder of his presidency trying to stave off the intraparty challenge that had suddenly emerged. Two weeks after the pardon, he appointed Mr. Rumsfeld as White House chief of staff, and Mr. Rumsfeld chose Dick Cheney, then 33, as his deputy. A year later, President Ford fired Defense Secretary James Schlesinger and replaced him with Mr. Rumsfeld, put Mr. Bush in charge of the C.I.A., forced Nelson Rockefeller off the 1976 ticket, and promoted Mr. Cheney to chief of staff. In that role, Mr. Cheney instituted a more centralized, secretive, Nixonian approach to presidential power, as he and Mr. Rumsfeld moved to replace President Ford's restraint and realism with a swaggering, messianic view of American might. If it all sounds familiar, it is.

Unlike those he elevated to power, President Ford accepted accountability and showed uncommon political and personal courage. He announced his amnesty plan before the annual convention of the Veterans of Foreign Wars — the toughest audience he could find — telling reporters it would be "a little cowardice" to roll it out before a hand-picked crowd.

When it came out that Gen. Alexander Haig, President Nixon's chief of staff, went to Mr. Ford a week before the president's resignation proposing that he pardon him, Mr. Ford volunteered to testify before Congress, where he swore under oath, "There was no deal, period, under no circumstances." Suspicion still lingers that President Ford telegraphed Mr. Nixon that he wouldn't face jail — after the pardon discussion, according to a close Ford aide, he told General Haig to "do whatever they decided to do" to convince Mr. Nixon to step down. But he never complained publicly about his reversal of fortune in office.

President Ford believed that by pardoning Mr. Nixon, he was putting Watergate and the imperial presidency in the past. But by sacrificing his popularity, he also lost much of his mandate to address the aftermath of Watergate and Vietnam with moderation, bipartisanship and national humility — the very goals he set out to achieve. Forced to the right, his administration spawned many of the core attitudes and key players of the George W. Bush White House.

Mr. Ford didn't struggle for the presidency, didn't win it, but he was determined not to fail at it. His candor and decency helped restore America's faith in its institutions. It's regrettable that the pardon — shadowed by ambiguity, politically catastrophic, and with a long tail extending to the heart of today's White House — weighs so heavily on his legacy.

How Ford's Legacy Still Serves (WP)

By David S. Broder

The Washington Post, December 28, 2006

The standard tribute to Gerald R. Ford is that he served the nation best simply by stepping into the presidency for the disgraced and banished Richard M. Nixon.

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But to those who served with the man from Michigan, his achievements did not begin or end with his being available to help "heal our land" from the wounds of the Nixon presidency, as his successor, Jimmy Carter, said on the day he took over from Ford.

The alumni of the Ford administration -- a notable group -- insist that though he had never particularly aimed for the presidency, the "accidental president" developed a considerable mastery of the job and was on his way to building a legacy when the voters sent him into early retirement.

Instead of great deeds, they say, he left behind a great model of decency and integrity in office -- and a generous gift of friendship that has endured for many of them for the three decades since they served under him. The annual gatherings of Ford administration alumni are unique in the modern presidency and offer evidence of the loyalty he commanded.

Many of those alumni who first exercised real power under Ford remained active in government. For all that he has borrowed from Ronald Reagan, President Bush owes the greatest debt to three stalwarts of economic and national security policy inherited from Ford -- Vice President Cheney and former defense secretary Don Rumsfeld, both former chiefs of staff to Ford, and former Federal Reserve chairman Alan Greenspan, Ford's chairman of the Council of Economic Advisers.

In all his years, Greenspan observed, he has never been part of a more talented administration. Henry Kissinger was secretary of state, and Brent Scowcroft headed the National Security Council staff. Kissinger's personal staff included Lawrence Eagleburger, later secretary of state himself, and L. Paul Bremer. William Colby headed the CIA, and Daniel Patrick Moynihan was U.N. ambassador.

When Rumsfeld served as Ford's defense secretary, his deputy was William P. Clements Jr., later governor of Texas. The economic policy team included James Lynn and Paul O'Neill at the Office of Management and Budget, William Simon at Treasury, L. William Seidman and Greenspan at the White House, John Dunlop at the Labor Department, Carla Hills at Housing and Urban Development, Rogers C.B. Morton at Commerce, Clayton Yeutter at the Office of the Special Trade Representative, and Russell Train at the Environmental Protection Agency.

The Justice Department was headed by Edward H. Levi, a former University of Chicago president and perhaps the most nonpolitical attorney general in modern times. Serving under him, in various high staff positions, were such people as Rudolph Giuliani, Robert Bork and Antonin Scalia. And Nelson Rockefeller was vice president.

It took a while for Ford to replace some of the key players he had inherited from Nixon, but when he was finished, he had a remarkably cohesive, competent group. The overall tone of the Ford Cabinet and White House reflected the moderate conservatism of Ford's own Grand Rapids, Mich., background -- with more than a tinge of the progressivism embodied in the term "Rockefeller Republicanism."

In terms of the subsequent development of the Republican Party -- and the character of later Republican administrations -- it is difficult to say that Ford left a lasting imprint. He was challenged for the 1976 nomination by Reagan, whose ambitions nearly thwarted the incumbent at the Kansas City convention. When Ford lost to Carter, Reagan was perfectly positioned to inherit the party leadership and, ultimately, the presidency.

So Ford's legacy lies more in his personal character than in his political inheritance. That character was epitomized by the strength of his friendships, which were far deeper than any partisan or ideological lines. Only days before Nixon resigned under threat of impeachment, Ford traveled to the home state of his political rival but friend, Democratic Rep. Thomas P. "Tip" O'Neill of Massachusetts, to play with him in a golf tournament.

In the final days of the Nixon presidency, Ford made a memorable visit to The Post. As vice president, he had defended Nixon against the Watergate charges, but he recognized in our meeting that he had a responsibility larger than any further claims of personal loyalty from Nixon. "I want you to know I am someone who enjoys having adversaries who are not enemies," he told reporters and editors.

It was a signal, understood by everyone in the room, that a new -- and welcome -- era was about to begin. It turned out to be a shorter period in office than Ford expected, but the standard of civility and good will he set for himself is an example that endures.

Similar Personnel, Different Approaches (WP)

By Peter Baker, Washington Post Staff Writer

Washington Post, December 28, 2006

Gerald R. Ford's administration passed from the scene relatively quickly in the 1970s, but, like much of the decade's popular culture, it left an imprint that would be felt for years to come. In fact, when George W. Bush arrived at the Oval Office 24 years later, it felt at first as if he were shooting a remake of the Ford White House.

Ford's White House chief of staff, Dick Cheney, was now vice president. Ford's defense secretary, Donald H. Rumsfeld, was again the master of the Pentagon. Young aides who had learned the Washington game under the 38th president -- such as

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Paul H. O'Neill, John W. Snow and Stephen J. Hadley -- were to head the Treasury Department or National Security Council for the 43rd chief executive.

There were other familiar faces as well. James A. Baker III, who as Ford's campaign manager saved his nomination from an insurgent Ronald Reagan in 1976, had come to the rescue when Bush's election headed into recount overtime. And Alan Greenspan, a Ford economic adviser, was the incumbent Federal Reserve chairman who would help Bush sell his signature $1.35 trillion tax-cut program, a far cry from the $10 billion in tax cuts promised by Greenspan's onetime mentor, Ford.

"It's quite amazing how many people from his administration have gone on to big things," said retired Air Force Lt. Gen. Brent Scowcroft, who was national security adviser for both Ford and President George H.W. Bush, then served as chairman of the President's Foreign Intelligence Advisory Board under George W. Bush.

But if the Ford administration proved an incubator for future Republican talent after the demise of Richard M. Nixon's presidency, it turned out not to be much of a model for the current Bush administration in terms of style and ideology. Where Ford governed close to the political center, working with congressional Democrats and presenting a pragmatic, cautious domestic and foreign policy agenda, Bush has styled himself as more of a crusader for change at home and abroad -- bold in the eyes of his admirers but reckless in the view of his critics.

Bush has led the nation in a more polarized time and more polarized fashion, largely eschewing Democrats and focusing on keeping his GOP base behind him. Initially at least, his administration excited conservatives, while moderates who found his approach too radical were cast out, including O'Neill, who was pressured to resign as treasury secretary, and Scowcroft, who was dumped from the intelligence board.

Ford, who spent years in the Republican minority in Congress, put a premium on collaboration to make the system work. "He was just great at that," said Scowcroft. "And as you can see, this administration doesn't believe in that and doesn't practice it. And not just this administration -- the whole town of Washington has changed."

Not that Ford had it easy. He assumed office amid the trauma of Watergate and Vietnam without being elected and, unlike Bush till now, had an opposition party running Capitol Hill. "He had a hostile Congress to deal with and, to a certain extent, a large segment of his own party that was at odds with him in the Reagan wing," said David Horrocks, a historian at the Gerald R. Ford Presidential Library and Museum.

And just as Bush's team has at times been riven by deep disagreements over issues such as the Iraq war, Ford's circle had its share of internal competition. Rumsfeld was Ford's first White House chief of staff but later turned over the office to his young aide, Cheney, so that he could join the Cabinet, a possible launching pad to becoming the vice presidential nominee in 1976. George H.W. Bush, meanwhile, was made CIA director in what some colleagues saw as a move by Rumsfeld to get rid of a potential rival for the nomination.

But none of that compared to the political divisions of the current era, and Ford in his last years found the changes in the capital culture disheartening. When Time magazine journalist Hugh Sidey, who covered the Ford White House, died in 2005, the former president wrote a piece in The Washington Post lamenting the passing of a Washington where politicians and journalists could respect and even be friends with one another despite disagreements.

"It's hard to imagine how different Washington was in those days," said Ron Nessen, who was Ford's press secretary. "It's so nasty and polarized these days, and everything's political. Ford had a lot of friends in the other party."

In an interview before Ford's death, Nessen said the former president was "not happy" about the polarization of politics. "He has been definitely put off by the tone and mood in Washington, because he does come from that different era when Republicans and Democrats . . . would have a drink together."

Bush also has rued the partisanship of his tenure, though he and his aides generally place the blame on Democrats. Some of his advisers see no virtue in the sort of accommodation they associate with the Ford administration, dismissing it as an approach that would not work in an era that demands more daring leadership.

Whether Cheney sees it that way is uncertain, but of all the Ford veterans inside the Bush White House, no one appears to have changed more. Scowcroft, among others, has said he no longer recognizes the man he knew as a laid-back, good-humored pragmatist who was the nation's youngest White House chief of staff. As Bush's grim-faced vice president more than a quarter-century later, Cheney has articulated a dark view of the world and the threats to the United States while advocating preemptive war in Iraq and a free hand for interrogators grilling prisoners.

Cheney does not explain the seeming evolution, but he continued to pay homage to his former boss throughout his career. "We were at a reunion dinner . . . and Cheney told my husband and me informally, 'I owe everything to Ford,' " said Elaine K. Didier, director of the Ford library.

In a speech to the Wyoming legislature in February, Cheney seemed wistful for his days in the Ford White House. "In Gerald Ford, I had yet another fine role model," he said, "and I still look up to the man for his steadiness, for his kindness and

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complete lack of pretense, for the way he conducted himself during one of the most serious constitutional crises in the nation's history."

38th President Leaves A Legacy Of Healing (WP)

By Peter Baker

The Washington Post, December 28, 2006

A nation deeply polarized by war and partisanship came together yesterday to mourn Gerald Rudolph Ford as a healer during a previous era of division, while Washington began preparing an elaborate, pageantry-filled farewell for the most modest of presidents.

Ford, who died at his California home Tuesday night at age 93, will lie in state at the U.S. Capitol for two days starting Saturday and will be memorialized at a service at Washington National Cathedral on Tuesday, following the pattern set by Ronald Reagan's death two years ago.

With presidents and lawmakers of both parties assembling in the nation's capital for the occasion, the ceremonies marking Ford's passage promise to set a bipartisan tone to begin a week in which power will change hands in Washington. Two days after the service at the cathedral, Democrats will assume control of Congress for the first time in a dozen years, opening a period of divided government for the remainder of President Bush's time in office.

Ford's legacy as a bridge builder before, during and after his short presidency dominated the discussion in Washington and across the country yesterday, standing in contrast to a time when leaders in both parties often seem unable to join hands on the big issues of the day. During his final years, mostly privately but sometimes publicly, Ford often expressed regret at what he saw as a coarsening political environment that personalizes policy differences and undermines national unity.

Bush has stocked his administration with veterans of the Ford White House, and he paid tribute yesterday to the 38th president's ability to work across the aisle. "He assumed power in a period of great division and turmoil," Bush told reporters at his ranch in Crawford, Tex., where he is spending the week. "For a nation that needed healing and for an office that needed a calm and steady hand, Gerald Ford came along when we needed him most."

Jimmy Carter, who ousted Ford in 1976 but became friends with him after leaving office, called him "one of the most admirable public servants and human beings I have ever known." In a statement, he said Ford "wisely chose the path of healing during a deeply divisive time in our nation's history" and "frequently rose above politics by emphasizing the need for bipartisanship and seeking common ground on issues critical to our nation."

Ford had been in declining health for months and underwent heart procedures in August. Still, in November, he surpassed Reagan to become the longest-living president. He died at 9:45 p.m. Eastern time Tuesday at his Rancho Mirage home, according to a statement issued on behalf of the family. It did not give a cause of death. White House Chief of Staff Joshua B. Bolten notified Bush, who then called Betty Ford about 11 p.m. to offer condolences.

Under plans announced last night, Ford's funeral will mirror Reagan's June 2004 services. A service will be held in California tomorrow, and his body will be flown to Washington on Saturday, where it will be brought to the Capitol for a formal state funeral that evening. His casket will lie in state in the Rotunda and will be open to the public through Monday. After the service at the Washington National Cathedral, Ford's remains will be taken to Grand Rapids, Mich., where he will be interred Wednesday in a hillside tomb on the grounds of his presidential museum.

Ford was the accidental president, the only one never elected on a national ticket, yet he served as an important transitional figure in a time of profound cynicism. An Eagle Scout, football player, lawyer, Navy officer and congressman, he never aspired to the White House but had it thrust upon him when he was chosen to succeed first Spiro T. Agnew, driven from the vice presidency by corruption charges, and then Richard M. Nixon, who resigned amid the Watergate scandal on Aug. 9, 1974.

Ford's first major act in office probably guaranteed that he would not keep it, as his decision to pardon Nixon triggered a political backlash and widespread suspicion that he had cut a deal to take over the presidency. He denied the allegation and insisted that the pardon was the only way to move the country beyond Watergate.

It took many years, even decades, but even some of his fiercest critics came to agree. Roger Wilkins, then a New York Times editorial writer who repeatedly condemned Ford over the pardon, wrote a letter to the former president just last month to say he had changed his mind. Then Wilkins delivered a speech at the Ford museum earlier this month saying the same thing.

"Ford was right," Wilkins said in an interview. "The country really needed to move on. The picture of a president in the dock with these motley Democrats hounding him, it would have made the country -- we'd gone through some ugly times, but it would have been uglier. . . . If Ford hadn't done a thing else in his presidency, that would have been a great service to the country."

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Other Democrats have come around to the same conclusion. At the time, Rep. David Obey (Wis.) said yesterday, he thought the pardon was "the absolutely wrong thing to do." But now, Obey said, he realizes Ford "served as a healing agent for the country."

Gracious if not always graceful, Ford by the time he died had achieved stature and respect that eluded him in office. The amiable klutz lampooned on "Saturday Night Live" had become transformed into a symbol of decency and moderation, a throwback to a time when Republicans and Democrats would fight by day and share cocktails and war stories by night.

"He was a man who was willing to work with Democrats when and where and how he could," said Rep. John D. Dingell, a Democrat who served in the Michigan delegation with Ford. "He played golf with Tip O'Neill. After he was elevated to the presidency, we worked very closely together on energy matters -- we had huge fights, but worked together. He was a man who was very careful in his personal conduct and so his fights lent respect to him."

Ford never forgot his humble roots, famously presenting himself as "a Ford, not a Lincoln." He was not even born a Ford. His original name was Leslie Lynch King Jr., but his parents divorced and he was renamed Gerald R. Ford Jr. for his mother's second husband. After attending the University of Michigan and starring on its football team, he turned down offers from the Green Bay Packers and Chicago Bears and eventually graduated from Yale Law School. Ford served nearly four years in the Navy during World War II before returning to Michigan to run for the House.

Ford worked his way up to House minority leader, making him an easily confirmable choice as the first vice president appointed under the 25th Amendment, which set rules for filling vacancies.

Upon taking over the Oval Office, he declared, "Our long national nightmare is over." But Watergate was not the only crisis awaiting him.

"When Nixon resigned, Congress was in session, the fighting was going on in Vietnam. He had to form a government with no transition time," said Robert A. Goldwin, who worked for Ford as a special consultant and is now an American Enterprise Institute scholar. "So it wasn't a situation where you could be thinking of long-term plans with so many urgent matters not under your control."

Ford ended U.S. involvement in Vietnam, brokered a cease-fire between Israel and Egypt, signed the Helsinki human rights convention and an arms-control treaty with the Soviet Union, and dispatched Marines to free the crew of a merchant vessel captured by Cambodian communists. He survived two assassination attempts. But he could never pull the country out of the economic troubles he inherited.

"He left a fine example of a president who did what he felt was right whatever the political consequences," said James Cannon, his biographer and former aide. "What he inherited was a series of problems. He inherited a recession, the worst since the Great Depression. He inherited Vietnam, which four presidents had been unable to end, and he ended it -- raggedly, but he ended it. Most of all, he restored the integrity of the presidency."

At a time of high inflation and rising unemployment, Ford saw the economy as "job one," said John Robert Greene, a historian at Cazenovia College in Upstate New York who has written five books on Ford. "It defined his domestic agenda." By his first winter in office, Ford had proposed an end to Nixon-era price controls, combined with tax cuts, a policy of no new spending and caps on federal salaries.

In dealing with an overwhelmingly Democratic Congress, Ford relied on his veto pen as a legislative strategy, rejecting an astonishing number of bills -- 66 in all -- many of which were economic and tax measures he viewed as fiscally irresponsible. "He was the most prolific vetoer in our history," said Rebecca Deen, a political scientist at the University of Texas at Arlington.

The energy crisis of the 1970s also consumed his attention. Ford's energy policy was part of his broad faith in the deregulation that was coming into fashion in conservative circles. And he was a believer in states' rights, Greene said, ordering federal officials not to intervene in Boston's crisis over school desegregation or New York City's fiscal emergency.

Ford, who always said his greatest ambition was to be speaker of the House, waged a vigorous campaign in 1976 to hold on to the White House, barely beating back a nomination challenge from the right in the form of Reagan. But he could not overcome the travails of his tenure to beat Carter in the fall.

Reagan briefly explored the idea of making Ford his vice presidential running mate in 1980. Ford settled into a long post-presidency serving on corporate boards, playing in charity golf tournaments and occasionally teaming up with onetime rival Carter for bipartisan statements.

The tributes poured in yesterday. Vice President Cheney, who served as his chief of staff, saluted Ford's "strength, wisdom, and good judgment" and said, "He was a dear friend and mentor to me until this very day."

Former defense secretary Donald H. Rumsfeld, who served Ford in the same capacity, hailed his "great decency and towering integrity." Former president George H.W. Bush, who served as Ford's CIA director and envoy to China, called him "one of the most decent and capable men I ever met."

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But the words Ford might have appreciated most came from former senator Robert J. Dole, his 1976 running mate. "He was a friend to everyone who met him," Dole said. "He had no enemies."

Staff writers Amy Goldstein and Lyndsey Layton in Washington, John Pomfret in California, and Michael Abramowitz in Crawford, Tex., contributed to this report.

He Led By Listening (LAT)

By Peter Spiegel

The Los Angeles Times, December 28, 2006

WASHINGTON — After Gerald R. Ford became president in 1974, he assembled a staff of strong, brilliant and highly opinionated personalities. Ford's most enduring legacy, some have argued, is the people he brought into power, including Donald H. Rumsfeld, Dick Cheney, Brent Scowcroft and James A. Baker III.

Under three Republican presidents, it is a group that has shaped U.S. foreign policy through the end of the Cold War and its aftermath, nowhere more than during the presidency of George W. Bush, where Rumsfeld and Cheney helped set the course for a war on terrorism and the invasion of Iraq.

"I've talked to people over and over again, and if there is such a thing as a Republican national security apparatus in personnel, they're all Gerald Ford's people," said Scowcroft, who replaced Henry Kissinger as national security advisor in the Ford years. "That's pretty remarkable."

Despite the continuity of the personnel, the way they made policy under Ford and the current president could not be more different, say officials familiar with both administrations. And that contrast has drawn attention as critics have probed the judgments that led to an Iraq war that is increasingly troubled.

In seeking answers to problems, Ford — a veteran of more than two decades of debate in the House of Representatives — relished the give-and-take of open and sometimes heated debate. He would force the strong egos that surrounded him to make their case in person during lengthy White House sessions, where he would constantly question the most minute details.

James T. Lynn, Ford's budget director, recalled one particularly heated discussion among Cabinet members in front of Ford, which ended with the president thanking both sides and retreating to the Oval Office: "I had to go back into the president's office with him, and he turned to me and said, 'Wasn't that fun?' "

Said L. William Seidman, a top Ford economic advisor, "I worked for three or four presidents, and I think more than any other president, [Ford] was determined that all views be presented to him before he made a decision. I think it's very clear in the early days of the Bush administration, they did not have a process like that, and you had people like [Secretary of State Colin L.] Powell saying the State Department never had a chance to present to the president what would happen after the war started."

Critics have cited the Bush team's strong ideological position on Iraq from its earliest days, and questioned why faulty assumptions about that nation's unconventional weapons program and its reaction to a U.S. military occupation were not more vigorously challenged before an invasion was launched.

Presidential historians and former Ford aides warn that too much can be made of the comparison in White House management styles. Bush, they contend, appears to be listening to more outside voices, particularly in his recent rethinking of Iraq policy. And Ford's White House in his early months as president was a place of contention between holdovers from the Nixon administration and former House aides who moved down Pennsylvania Avenue.

In building his administration, Ford aides said, the former president brought in skilled advisors of varied ideological backgrounds. In addition to up-and-comers like Cheney and Rumsfeld — who worked closely with Ford when they were fellow congressmen — Ford tapped for his Cabinet leading intellects such as University of Chicago president Edward H. Levi, who became Ford's attorney general, and William T. Coleman Jr., a distinguished civil rights lawyer who became Transportation secretary.

Ford, they said, was comfortable with being less knowledgeable than his advisors and was unthreatened by strongly voiced disagreements. Unlike almost any subsequent president, Ford was able to create a White House that was open to dissent. To this day, Ford alumni meet annually.

"I know that my friends in the Carter administration said they could never do anything like this, and the Reagan people didn't because there were such rivalries and contests," said James Cannon, a domestic policy advisor to Ford who went on to write one of the few biographies of the former president.

The comparisons with Bush's style first broke into the public debate two years ago. Paul O'Neill, a senior official in the Ford White House's budget office who three decades later became Bush's Treasury secretary, cooperated with author Ron Suskind on a book that made critical contrasts between the two presidents.

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In Suskind's book "The Price of Loyalty," O'Neill described Ford as a man comfortable around strong personalities, like Secretary of State Henry A. Kissinger and James R. Schlesinger, his first Defense secretary — a trait O'Neill attributed to a quiet self-confidence mixed with a non-ideological approach to finding solutions.

In one passage, O'Neill recalled a meeting with Bush in the Oval Office in which he recounted to the president an economic conference he helped set up shortly after Ford took office, a forum featuring economists, business executives and labor leaders with widely differing views on fiscal policy.

"Ford was really good at the meeting," O'Neill recalled telling Bush. "He showed that he was attentive and really knowledgeable about all competing positions." Bush agreed to hold an economic conference of his own, but instead of opposing experts, attendees would almost universally be Bush supporters, and many were political donors. "It'll just be a lot of people reading from a script that says, 'I love the president,' " O'Neill told his staff when he saw the invitation list, according to Suskind's account. "Where, exactly, does that fit in the grand American ideal of free and honest inquiry?"

Stephen Hess, a presidential scholar at the Brookings Institution, argued that O'Neill's view of Ford's presidency is somewhat idealized, and that Ford's White House did not become well functioning until the last months of his presidency.

Bush administration officials have dismissed O'Neill's criticism as the result of bitterness over his dismissal. "Paul has had his say," said Cheney in 2004. "I disagree with his analysis, obviously…. I feel badly for him, to some extent, that he has ended his career on this note."

Other Ford White House veterans, many of whom asked not to be named because they did not want to appear critical of Bush, say they share O'Neill's view of the contrasts.

"The difference is, Ford was looking for answers to questions; he was looking for a way to formulate policy and what policies would work," said one Ford alumnus who has discussed the issue with counterparts in the Bush administration. "These guys came in, and they knew what they wanted to do. They wanted people just to execute. They didn't want to debate."

To the Ford veterans, rigorous internal debates were a model that Bush was ignoring.

According to Suskind, what troubled O'Neill, along with then-Federal Reserve Chairman Alan Greenspan, who had been chairman of Ford's Council of Economic Advisors, and some other Ford alumni, "was how the order was reversed, how discussions of desired messages seemed to come first and real policy debates came later as justification, or never. That made them fearful."

Ford's Touch As A Mentor Is Part Of Legacy As Leader (USAT)

By Kathy Kiely

USA Today, December 28, 2006

WASHINGTON — The public's most vivid memories of the late president Gerald Ford may well be his pardon of his predecessor, Richard Nixon, and the gleeful imitations of Ford that comedian Chevy Chase used to do on Saturday Night Live.

But the nation's 38th president, who will lie in state this weekend in the U.S. Capitol where he served most of his political career, left a less heralded but far more enduring legacy in the form of the people he attracted to public service.

Ford's "flair for finding really good people," in the words of Sen. Kay Bailey Hutchison, R-Texas, has extended his influence far beyond the day his three-year tenure ended in 1977.

Many whose careers Ford launched or nurtured are still in government and shaping policy today. Several Ford advisers played key roles in the administration of President Bush; other protégés will be leaders in the Congress that convenes next month.

Vice President Cheney, a former colleague from the U.S. House, served as White House chief of staff to Ford. In a statement Wednesday, Cheney alluded to the time after Ford replaced President Nixon in the wake of revelations about the Watergate scandal.

Ford "assumed the nation's highest office during the greatest constitutional crisis since the Civil War," Cheney said about the man he called his mentor. "In that troubled era, America needed strength, wisdom and good judgment, and those qualities came to us in the person of Gerald R. Ford."

Recently retired Defense secretary Donald Rumsfeld was another congressional colleague who served as Defense secretary for Ford. In Congress, Rumsfeld had managed the campaign that resulted in Ford ousting the more conservative Charles Halleck of Indiana as House Republican leader in 1965.

Ford launched James Baker on a career that would see him serve as an adviser to three presidents. Baker, an undersecretary of Commerce in Ford's administration, later became later secretary of Treasury for Ronald Reagan and secretary of State for George H.W. Bush. Now, he's advising the current president on Iraq.

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Another Ford find: Alan Greenspan, who retired this year after 18 years as chairman of the Federal Reserve. "Ford really brought Alan into government," said Hutchison, a friend of both men. Greenspan, who served as chairman of Ford's council of economic advisers, called the former president "the most decent man I have ever encountered."

Ford got one appointment to the Supreme Court, in 1975, and he is still there. John Paul Stevens, 86, is now the oldest justice. In a statement, Stevens said Ford "was a wise president who had the courage to make unpopular decisions that would serve the country's best interests in the long run. Time has proven that his decision to pardon Richard Nixon was such a decision."

The fact that Ford alumni include Cheney and Rumsfeld, now viewed as arch-conservatives, as well as Stevens, one of the court's most liberal members, speaks volumes about the former president, according to those who knew him.

"That's Jerry Ford," said former senator Alan Simpson, a friend of nearly 50 years. "He has a big wingspan. There are a lot of people who fly under the spread of that eagle."

It was Ford who, as Republican House leader, urged George H.W. Bush to run for Congress. Later, as president, he appointed him head the CIA. "I owe much of my life in politics to Jerry Ford," Bush, the father of the current president, said Wednesday. "He campaigned for me in '66, and I won. Then he gave me the great assignment of being equivalent of ambassador in China."

Two relatively junior Ford appointees, Paul O'Neill and John Snow, both served as Treasury secretary for the current president.

"He's got the most magnificent set of alumni, in my opinion, of any president since George Washington," said James Cannon, who served as Ford's domestic policy adviser and later wrote a book about his administration, Time and Chance.

Ford's influence spanned generations. Hutchison, who now holds a Senate GOP leadership position, says Ford was a trailblazer when it came to promoting the careers of women. "He gave me my first real major federal appointment," said the senator, who served as vice chair of the National Transportation Safety Board under Ford.

Ford battled other forms of discrimination. Rod Hills, who served as Ford's chairman of the Securities and Exchange Commission, said the former president excoriated U.S. bankers and Saudi officials when he learned they were excluding financial services firms with historic ties to Jewish families from participating in Saudi loan issues.

Ford appointed William Coleman, an African-American, to head the Transportation Department and backed him when Coleman insisted that half of the stations on Atlanta's MARTA commuter rail systems be designed by black architects. "The president was very effective in that," Coleman said.

Sen. Trent Lott, R-Miss., said Ford, the Republican House leader, took an interest in him when Lott was working for Rep. William Colmer, D-Miss.

When Colmer died in office in 1980, Ford called Lott and urged him to run to succeed his boss — as a Republican. He also sent him a campaign contribution.

It was a classic example not only of Ford's ability to spot political talent — Lott will serve as the deputy Republican leader of the Senate next year — but of his ability to reach across the divides of party and social status. "I was 28 years old," Lott said. "He took the time to be friendly to me; he didn't just ignore me as a piece of furniture which often happens up here with staffers."

Ford's remains will lie this weekend on the Lincoln catafalque, the velvet-covered bier that was built to hold Abraham Lincoln's coffin. It has been used ever since as a resting place for those honored in the Rotunda of the Capitol. It's a lofty end for a man who endeared himself to members of Congress when he told them, moments after being sworn in as president, "I'm a Ford, not a Lincoln."

That lack of pretentiousness was one of the qualities that drew people to him, those who worked for Ford said. Frank Zarb, who served as Ford's energy czar and later went on to chair NASDAQ, the nation's largest electronic stock market, remembered when Ford realized he had forgotten his cufflinks moments before a TV appearance. He coolly paper-clipped his cuffs together, and told his aides: "Let's go," Zarb said.

Former Defense secretary Melvin Laird, another former House colleague and longtime Ford friend, was with him the night Ford learned that he would become president. Laird says Ford spent the evening sitting on the floor of his suburban Virginia home explaining the situation to his children.

When Nixon was about to fire Agnew as his vice president, Laird enlisted members of Congress to convince the president to replace him with Ford, Laird said in an interview. The main reason: Laird knew that the vice president soon might replace Nixon himself.

"I loved Jerry. I respected him. I admired him. I knew he was a straight shooter," Laird said.

Those feelings reflected Ford's own management style. Robert Hartmann, a counselor in Ford's White House, said his old boss had two rules: "Never look down on anybody and always be good to your friends."

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Some of those friends included Democrats. "He loved Tip O'Neill," said Simpson, referring to the late Democratic speaker of the House.

Both Lott and Bob Michel, who served in the House Republican leadership after Ford, said they modeled their own efforts to reach bipartisan compromise after Ford. "I learned a lot from his stewardship," Michel said.

The most senior member of the House, Democrat John Dingell, served 17 years with Ford in the Michigan delegation and considered him a friend and a tough competitor. As president, Ford vetoed bills passed by the Democratic-controlled Congress 66 times, Dingell said, but added: "We could work with him."

Ford served as "a balance point between the increasingly conservative wing of the Republican Party and the more liberal wing," said presidential historian Carl Sferrazza Anthony. "He was always seeking middle ground."

Ford's White House was free of the "leaks and internal bickering" that have characterized many administrations, Zarb said. "He's a man who had the extraordinary confidence to surround himself with excellent people," Zarb said. "Those persons became a team with an extraordinary chemistry."

That loyalty was evident at the annual reunions that Ford staffers held to fete the former president.

At the last one, the former president and his wife, Betty, unable to stand for the entire receiving line, gamely propped themselves on barstools so they could pose with their guests for photos, Michel said.

Ford even won over another up-and-comer whose career he inadvertently advanced. "He was a really sweet man," said Chevy Chase, a self-described liberal who became friends with the former president because of his SNL imitations.

To the end, Laird said, Ford never failed in his concern for others. Laird, who had his last conversation with the ailing former president a week ago, said that Ford told him: "Mel, I've got to hang on to Christmas. The whole family is going to be here."

Praise Pours In For Ford; State Funeral Plans Underway (LAT)

By Johanna Neuman And Ricardo Alonso-zaldivar

The Los Angeles Times, December 28, 2006

WASHINGTON — The funeral of Gerald R. Ford will begin Friday in California, then move here for a state funeral before the 38th president of the United States is buried in his home state of Michigan, a family spokesman said today.

Ford, who died in his home at Rancho Mirage on Tuesday, will begin his final trip from St. Margaret's Episcopal Church in nearby Palm Desert, family spokesman Gregory D. Willard told an afternoon news conference.

President Bush led the tributes and praise from government leaders and California neighbors that poured in to the family throughout the day.

"My family and I are touched beyond words by the outpouring of affection and the many wonderful tributes we have received following the death of my husband," said Ford's widow, Betty, in a prepared statement read at an afternoon news conference by family representative Gregory D. Willard.

"The nation's appreciation for the contributions that President Ford made throughout his long and well lived life are more than we could have ever anticipated. These kindnesses have made this difficult time more bearable. On behalf of all of the Ford family, we are deeply grateful," she stated.

According to Willard, the casket carrying Ford's body will arrive at St. Margaret's after noon at Friday. At 12:30 p.m., there will be a private prayer service.

Public repose will begin at about 4:20 p.m.

On Saturday, the casket will be moved to Washington. The motorcade from the airport will pause at the World War II memorial in tribute to former Navy officer.

The state funeral will be conducted in the Capitol Rotunda that evening and after that, the public will be able to pay its respects.

Ford will be the 11th president to lie in state in the Capitol Rotunda. The Rotunda has been used for public viewing since Henry Clay died in 1852. Last year civil rights pioneer Rosa Parks was honored there – the first woman and only second African American to lie in state at the Capitol.

Ford's body will lie in repose outside the House of Representatives where he served for 25 years and outside the main entrance to the Senate chamber, a nod to his legislative career that led to his appointment as vice president and his promotion to president when Richard Nixon left office in disgrace.

Ford was expected to lie in state until Tuesday morning when the body will be taken for a service at the National Cathedral. From there it will be flown to the Gerald R. Ford Presidential Museum in Grand Rapids, Mich.

Burial will be the following day at hillside near the museum, Willard said.

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President Bush earlier ordered that American flags fly at half-staff at the White House and on all U.S. buildings in honor of Ford as politicians on both sides of the aisle praised the 38th president as the leader who tried to ease the country past a troubled period.

"As a congressman from Michigan, and then as Vice President, he commanded the respect and earned the good will of all who had the privilege of knowing him," President Bush said this morning of Ford in Crawford, Texas.

"On August 9, 1974, he stepped into the presidency without ever having sought the office. He assumed power in a period of great division and turmoil. For a nation that needed healing and for an office that needed a calm and steady hand, Gerald Ford came along when we needed him most."

In Grand Rapids, the Gerald R. Ford Museum opened its lobby for 24 hours, so that well wishers could offer condolences. And in New York, the Stock Exchange held two minutes of silence before the start of trading and Nasdaq asked traders to refrain from making trades during that time.

Both Republicans and Democrats praised Ford.

"An outstanding statesman," said former President Jimmy Carter, who defeated Ford in 1976. "One of the kindest, most sincere elected officials whom I have known," said Sen. Robert Byrd of West Virginia.

"Made Michigan proud as he led our nation through one of the most challenging times in our history," said Sen. Debbie Stabenow of Michigan.

"No man could have been better suited to the task of healing our nation and restoring faith in our government," said California Gov. Arnold Schwarzenegger.

"When he left office, he had restored public trust in the presidency," said Vice President Cheney, who served as Ford's White House chief of staff.

"A good man who became the respected leader of the free world in unique times," said Patricia Nixon Cox, daughter of the man Ford succeeded. "An American hero whose integrity and honesty helped lead our nation through times of uncertainty and skepticism."

Many praised Ford for his moderate views and consensus approach to governance.

Log Cabin Republicans, the nation's largest gay GOP organization, said that Ford always believe in inclusiveness in welcoming gays into the party and advocating equal rights for them. "President Ford recognized that all Americans deserve to be treated with dignity and fairness," said Log Cabin Republican President Patrick Sammon. "Throughout his presidency, President Ford served with integrity as a leader for all Americans."

And former first lady Nancy Reagan, in a statement, said that Ford's support for stem cell research his early support of stem cell research was important "in getting the U.S. Congress to debate the potential lifesaving cures and treatments that may result."

A creature of Capitol Hill – Ford served in Congress for 25 years – he was also the last of the moderate Republicans who, like his Vice President Nelson Rockefeller, aimed for the center. As a result, fond memories and warm tributes came from both Republicans and Democrats today.

Sen. Dianne Feinstein (D-Calif.) said "Gerald Ford did not seek the presidency, but it was thrust upon him. And as he said, he did not 'shirk' those responsibilities. He helped heal the nation and close the wounds of the past. President Ford will be remembered for putting the good of the nation above his own personal, political fortunes. It is this type of public service that should be a model for all who follow."

Sen. Chuck Grassley (R-Iowa) said: "President Ford restored transparency to the White House. He did what he thought was right and explained his actions without spin. By showing himself as a regular guy who happened to achieve great things, he brought renewed respect to the presidency when the country really needed it. I was a freshman in Congress when he was president. During his presidency and many times afterward, whenever I talked to him, he was an all-American, regular guy."

The Michigan delegation also praised their former colleague. Rep. John D. Dingell (D-Mich.), put out a statement saying, "Gerald Ford and I came from different sides of the aisle, but we forged a wonderful friendship as we served Michigan together in the House of Representatives. When his nation called on him to serve this country in the most difficult of times, he rose up and held the country together. It will certainly be his legacy. I will remember him fondly and I will miss him dearly."

Another Michigan colleague, Democratic Sen. Carl Levin said, "Gerald Ford was deeply respected on both sides of the political aisle for his fairness, his bipartisanship, and his integrity. He helped smooth out the rough edges of politics. Over time, we will honor his memory in many ways, but one immediate way is to return the Gerald Ford quality of civility to the nation's capital."

Veterans Affairs Secretary Jim Nicholson also issued a statement, noting that "before the world knew him as president, vice president or congressman, Gerald Ford served our nation proudly in the Navy during World War II. Even after ascending to the highest office in the land, President Ford kept a military man's perspective and never forgot what it meant to serve his nation.

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Aptly, he once said, 'The presidency and the vice-presidency were not prizes to be won, but a duty to be done.' President Ford spent a lifetime answering the call to duty.'"

Gerald Ford, Reconciler-in-chief (CSM)

The Christian Science Monitor, December 28, 2006

It was a time of deep division and political uncertainty in America. Gerald Ford tried to bridge the chasm of enmity with a plain-spoken reminder: The Constitution works; the US is a nation of law, not men. As he delivered his remarks, several of the listeners teared up.

This could have been from his inaugural address in 1974, when President Ford declared the "long national nightmare" of the Watergate scandal over, and spoke of "truth" as "the glue that holds government together." But the occasion was more recent: the 200th-anniversary celebration of the first White House. The event just happened to fall as Al Gore was calling for a hand recount in Florida in an unresolved presidential election that was turning into its own nightmare.

The formal dinner party in the White House East Room on Nov. 9, 2000, was "providential," Mr. Ford stated calmly. The anniversary brought together four presidents who had been bitter rivals, but who joined amicably that evening in honoring something bigger than individuals and their campaigns.

Gerald Ford, who died on Tuesday, led a political life of conscience and comity. These qualities helped heal a nation after President Nixon resigned for covering up a 1972 break-in at Democratic headquarters. Ford pardoned his disgraced predecessor early on, explaining that his "conscience" told him that he could not "prolong the bad dreams that continue to reopen a chapter that is closed."

The pardon brought howls of criticism from all sides, but as the years passed, it has come to be viewed as the right thing to do. Ford himself believed that his greatest achievement was the healing of national division caused by Watergate.

Ford's candor and amicability are sorely needed in Washington politics today, given the steadily rising shrill, partisan tone. One might be tempted to think that the Ford way was unique to his situation - a president never elected to the Oval Office, and as a result, freer to be his own man. But his life shows a consistency of approach from his earliest days in politics.

In 1948, he successfully ran for the US House as an "internationalist," seeking the best role for America in the world. That played out later in his controversial presidential decision to back the Helsinki Accords with the Soviet Union - a move that again proved wise in the long run, because it encouraged dissidents to demand that Moscow live up to its Helsinki human rights commitments.

As the House Republican minority leader, he refused to discipline party members who crossed the leadership. Punishment is "counterproductive," he said. "That person knows that he disappointed you. To rub it in makes it, the next time,... impossible to get his cooperation."

Ford had a rough time as president. He was unable to tame nearly 12 percent inflation, and he presided over the fall of Saigon. He lost narrowly to Democrat Jimmy Carter in the bitterly contested election of 1976, in part because of the Nixon pardon.

And yet Ford and Carter later became friends. With his typical offbeat humor, he brought a little levity to the White House party in 2000: "Take it from someone who knows all about losing a close election," Ford quipped. "There is life after [leaving office]."

Certainly his was a full and exemplary life.

Unassuming Ford Was Perfect Salve For A Wounded Nation (USAT)

USA Today, December 28, 2006

It's hard to imagine an English muffin being an important part of governing. But it was for Gerald Ford.

In 1974, after the trauma of Watergate, the nation yearned for a less imperial presence in the White House, and Ford was determined to fill that role. Taking office after the resignation of Richard M. Nixon, he re-established a sense of normalcy in part by being an everyman president. On his first day he made his own breakfast and announced he would do so in future.

Over the years, it has been easy to dismiss this as a trivial photo opportunity. It has also been easy to dismiss the Ford presidency as merely adequate, if that. Both assessments have been proven wrong.

Ford, who died Tuesday at 93, was a fine president who returned integrity to the White House and restored faith in government at a time when both were desperately needed. He was the right man at the right time to lead the nation. He was the perfect antidote to the corruption and paranoia of the Nixon White House. And for that, the nation owes him much.

His abrupt yet courageous pardon of Nixon, while clearly damaging to his political career, is increasingly seen as having been in the country's best interest. It spared the nation years more of wallowing in Watergate and the likely spectacle of an ex-

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president going to prison. Only one-third of the public supported the decision at the time but, by 2002, that number had risen to three-fifths in an ABC News poll.

Ford's largest accomplishment, however, was in being the embodiment of a phrase he used in his speech after he took the oath of office: "A government of laws, not of men."

Ford's style was understated, unglamorous. Though an accomplished athlete, by 1975 he had even developed an underserved reputation for clumsiness, and was lampooned weekly on Saturday Night Live by actor Chevy Chase. Combined with the Nixon pardon, an inflationary economy not of his making and weariness with Republican rule, it is perhaps inevitable he would lose when he ran for the office in his own right in 1976 against Jimmy Carter.

But in hindsight, his down-to-earth ways look good. In the weeks after taking office, they were a salve on the open wound left by the Nixon presidency. And they stack up well against some of the more ego-driven and polished presidencies that preceded and followed his.

Sadly, it's unlikely we will have another president like Ford any time soon. Today's presidential candidates are ruthless in their pursuit of the office and possess a willingness to spend years campaigning and raising millions of dollars.

Ford, who never even aspired to be anything higher than Speaker of the House, lacked these traits. Nor did he have a particular talent at being rigidly partisan or vindictive.

He was only an outstanding public servant. Wise yet humble, he possessed a keen sense of what America needed after Watergate. That included a president who didn't require a bevy of servants to make his breakfast.

After Ford's Death, Tributes Are Set For Capital (NYT)

By David Stout And Jeff Zeleny

The New York Times, December 28, 2006

WASHINGTON, Dec. 27 — The body of former President Gerald R. Ford will lie in the Capitol this weekend amid tributes marked by considerably less pageantry than the funeral of former President Ronald Reagan in 2004, Congressional officials said Wednesday.

Services for Mr. Ford, the 38th president, who died late Tuesday, will begin Friday in Palm Desert, Calif., with private prayers for the family at St. Margaret's Episcopal Church, Gregory D. Willard, a Ford family spokesman, said at a news conference.

The next day, his body will be flown to Washington. The hearse is to pause at the World War II Memorial on the National Mall in recognition of Mr. Ford's naval service in the Pacific. His state funeral is to be conducted on Saturday evening in the Capitol Rotunda, after which the public will be allowed to file by the coffin.

A service will be held next Tuesday in the Washington National Cathedral.

After the cathedral service, Mr. Ford's body will be flown to Grand Rapids, Mich., where he got his start in national politics. The next day, after services at Grace Episcopal Church there, he will be interred on a hillside near his presidential museum. (Mr. Ford's presidential library is at Ann Arbor, Mich.)

Two senior Congressional officials familiar with the plans for the services said these would include the full military honors that accompany a state funeral. But the officials, speaking on the condition of anonymity, said the plans called for a less elaborate ceremony inside the Capitol and leading up to the service than the proceedings for Reagan.

In an unusual feature meant to highlight Mr. Ford's long service in Congress, his body is to lie in repose outside the main door of the House of Representatives and, later, outside the main door of the Senate, said Mr. Willard, the family spokesman.

"I know personally how much those two tributes themselves meant to President Ford," Mr. Willard said. Mr. Willard and Terry O'Donnell, who both worked in the Ford White House and remained close to the former president, are organizing the services.

More than most presidents, Gerald Ford was a man of the Congress. He was Republican leader in the House, denied his dream of being speaker by his party's long minority status decades ago. As vice president, he was the president of the Senate.

Like Reagan, who never served in Congress, Mr. Ford was a son of the Midwest. But by personal inclination and design, Mr. Ford was less a performer than Reagan, and he seemed far more comfortable with plain language and a minimum of trappings.

Public officials and politicians of all persuasions were united Wednesday in praising Mr. Ford as a man who could be partisan without being polarizing and as a throwback, in a way, to a time when Republicans and Democrats battled during the day and afterward enjoyed one another's friendship.

"The American people will always admire Gerald Ford's devotion to duty, his personal character and the honorable conduct of his administration," President Bush said at his ranch in Crawford, Tex., as he ordered American flags at the White House and "all buildings, grounds, and naval vessels of the United States" flown at half-staff for 30 days.

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It was not clear Wednesday evening whether Mr. Bush intended to fly to Washington from his Texas ranch to attend the Saturday evening service at the Capitol. The president's schedule was to be announced Thursday.

Democrats, too, remembered Mr. Ford with affection.

"To his great credit, he was the same hard-working, down-to-earth person the day he left the White House as he was when he first entered Congress almost 30 years earlier," former President Bill Clinton and his wife, Senator Hillary Rodham Clinton of New York, said in a joint statement.

Senator Carl Levin, Democrat of Michigan, called Mr. Ford "a healer" who unified the nation after the ordeal of Watergate. "But we in Michigan hold Jerry Ford in affection and esteem for his lifetime of service, including 13 terms in the House of Representatives," Mr. Levin said. "We take particular pride in this son of Michigan and the manner in which he always treasured his West Michigan roots."

"Over time," Mr. Levin added, "we will honor his memory in many ways, but one immediate way is to return the Gerald Ford quality of civility to the nation's capital."

The state funeral for Mr. Ford, details of which were still being worked out, will be only the third in 34 years. Reagan's state funeral in Washington was the first since former President Lyndon B. Johnson's in January 1973.

And Harry S. Truman was laid to rest in his native Missouri in 1972 after a minimum of pomp. For those who like presidential trivia, Truman also died on Dec. 26. Like Mr. Ford, Truman was a man of Middle America who inherited the presidency, was unpopular for a time and was willing to let history be the final judge.

Presidents, former presidents and presidents-elect are entitled to a state funeral, which include military pallbearers, military music, gun salutes, a flag-covered coffin and other embellishments. They are typically attended by kings, queens, prime ministers and other high foreign officials. Perhaps the most famous state funeral in United States history — and an indelible memory for those of a certain age — was that for President John F. Kennedy in 1963.

Some presidents and their families have chosen less elaborate farewells. Richard M. Nixon, driven from office by the scandals that vaulted Mr. Ford to the White House, was buried in a simple ceremony at his presidential library in Yorba Linda, Calif., in 1994. The rites for Franklin D. Roosevelt were held at the family home in Hyde Park, N.Y.

Justice John Paul Stevens, whom Mr. Ford nominated for the Supreme Court in 1975, called him "a wise president who had the courage to make unpopular decisions that would serve the country's best interests in the long run."

"Time has proved that his decision to pardon Richard Nixon was such a decision," Justice Stevens said in a statement issued by the court. "We mourn his passing but remember his all-American career with admiration, affection and total respect."

Justice Stevens's "all-American" allusion was to Gerald Ford's football prowess at the University of Michigan. Mr. Ford was the frequent butt of jokes about his supposed clumsiness, even though he was among the most athletically gifted of presidents.

Justice Stevens is the only member of the Supreme Court to be chosen by Mr. Ford, and he is now the longest serving. Vice President Dick Cheney and former Defense Secretary Donald H. Rumsfeld both served as chief of staff to President Ford.

"President Ford was a man of great decency and towering integrity," Mr. Rumsfeld said Wednesday. "He was a patriot who left a budding law career to join the United States Navy in World War II. I was privileged to serve with him in the Congress and saw firsthand his pride in our country and his deep respect for our system of government."

Ford's State Funeral Begins Friday (AP)

By Calvin Woodward

AP, December 28, 2006

Gerald R. Ford's state funeral will begin Friday in his beloved California, with the late president then to lie in state in the U.S. Capitol over the weekend, a family representative said Wednesday.

Giving the first details of funeral arrangements for the 38th president, family representative Gregory D. Willard said events will last until Wednesday, when Ford will be interred in a hillside tomb near his presidential museum in his home state of Michigan.

Ceremonies begin Friday, with a private prayer service for the family at St. Margaret's Church in Palm Desert, Calif., visitation by friends and a period of public repose.

On Saturday, Ford's body will be flown to Washington in late afternoon, his hearse pausing at the World War II memorial in joint tribute to the wartime Navy reserve veteran and his comrades in uniform, Willard said.

The state funeral will be conducted in the Capitol Rotunda that evening and after that, the public will be able to file in to pay last respects. Ford was expected to lie in state until Tuesday morning.

In a departure from tradition meant to highlight Ford's long service in Congress, his body will lie in repose outside the main door of the House and, later, outside the main doors of the Senate chamber.

"I know personally how much those two tributes themselves meant to President Ford," Willard said.

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Funeral Plans For President Ford (LAT)

The Los Angeles Times, December 28, 2006

Here is the state funeral plan for President Gerald R. Ford, as described today by family representative Gregory D. Willard at a news conference in Palm Desert, Calif.

Friday, Dec. 29

12:20 p.m.: The casket arrives at St. Margaret's Episcopal Church in Palm Desert, Calif.

12:30 p.m.: A private prayer service in the church for the Ford family.

Approximately 1:15 p.m.: Invited friends and guests of the Ford family come to St. Margaret's for a private visitation.

Approximately 4:20 p.m.: Public repose at St. Margaret's begins. Saturday, Dec. 30

9 a.m.: Departure ceremony at St. Margaret's.

9:40 a.m.: Departure ceremony at the Palm Springs International Airport.

10 a.m.: Departure to Andrews Air Force Base in Maryland.

Approximately 5:20 p.m.: Arrival at Andrews, followed by arrival ceremony and motorcade to Washington, D.C. The motorcade stops at the World War II Memorial as a tribute to Ford and his fellow veterans of WW II.

6:30 p.m.: The casket arrives at the Capitol at the east steps of the House of Representatives. Casket carried up the east steps.

7 p.m.: State funeral in the Rotunda.

Approximately 8:20 p.m.: State funeral ends and a period of lying in state begins. Arrangements are being made for casket for public visitation periods on Dec. 31 and Jan 1. Tuesday, Jan. 2

8:30 a.m.: Casket moved to outside the Senate chamber for a period of repose.

9:15 a.m.: Departure ceremony at the Capitol.

10 a.m.: Casket arrives at the National Cathedral.

10:30 a.m.: Funeral service.

12:15 p.m.: Casket transported to Andrews Air Force Base, loaded on an aircraft for transport to Grand Rapids, Mich.

Approx. 2:15 p.m.: Casket arrives in Grand Rapids and taken to the Gerald R. Ford Presidential Museum in downtown.

Approximately 3:30 p.m.: A short arrival ceremony and service. Public repose begins. Wednesday, Jan. 3

Approximately 1 p.m.: Departure ceremony and casket taken to Grace Church in Grand Rapids.

2 p.m.: Funeral service at Grace Church.

Following the service, the casket is returned to the presidential museum, and carried to an area just north of the museum where the internment service will be conducted. Thursday, Jan. 4

1 p.m.: Betty Ford and family return to Rancho Mirage.

A Cross-country Goodbye For The 38th President (USAT)

By Laura Parker

USA Today, December 28, 2006

President Gerald Ford will lie in state this weekend in the U.S. Capitol Rotunda and have a state funeral Tuesday at Washington National Cathedral, a family spokesman said.

His final place of rest will be a hillside tomb in Grand Rapids, Mich., the city he lived in as a boy within the district he represented in Congress for a quarter-century, said family spokesman Gregory Willard.

President Bush will be among many dignitaries to attend the Washington service for Ford, who died Tuesday at age 93.

A cause of death was not disclosed, but Ford had been in declining health in recent years. In January, he was hospitalized for 12 days for pneumonia. In August, he underwent angioplasty at the Mayo Clinic in Rochester, Minn.

Speaking to reporters Wednesday before sunrise from his ranch in Crawford, Texas, Bush described Ford as "a man of complete integrity who led our country with common sense and kind instincts.

"Our 38th president will always have a special place in our nation's history," Bush said.

On Friday, a small, private ceremony will be held at St. Margaret's Episcopal Church in Palm Desert, Calif., near the Fords' home. The Rev. Robert Certain, the family's pastor, said the public would be invited to pay respects to Ford at the church later in the day.

On Saturday, Ford will be flown to Washington and lie in state through Tuesday morning. In a departure from tradition meant to highlight his long congressional service, Ford's remains will lie in repose outside the doors of both the House and Senate for short periods.

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Following services at the cathedral, Ford's casket will be returned to Grand Rapids. There, Ford will be buried on Wednesday in a tomb on the grounds of the Gerald R. Ford Museum. Ford represented Grand Rapids in Congress from 1949 until he was tapped as President Nixon's vice president in 1973.

Ford's grace and bipartisanship became the theme of the many tributes offered to him by Bush, former presidents Clinton, Carter and George H.W. Bush, and congressional leaders.

Ford will be the 11th president to lie in state. His funeral will not feature as much pageantry as that of President Reagan in 2004. Reagan's funeral was the first state funeral since Lyndon Johnson's in 1973, and his casket was carried in a funeral procession down Pennsylvania Avenue — an honor granted to only eight presidents. Funeral processions were held for all four presidents who were assassinated: Abraham Lincoln, James Garfield, William McKinley and John F. Kennedy.

Presidential funerals are painstakingly planned years in advance, with presidents typically participating in the decision-making. After a president dies, the U.S. Army Military District of Washington and the family handle the details.

Former Republican Senate majority leader Robert Dole of Kansas told CNN that he would be one of the honorary pallbearers.

In Michigan, mourners paid their respects at the Ford museum Wednesday. The museum said its lobby would remain open 24 hours a day until the burial.

Low-Key Services Planned In D.C. And Michigan For Modest President (WP)

By Steve Vogel

The Washington Post, December 28, 2006

The body of Gerald R. Ford will arrive Saturday in Washington and lie in repose in the Capitol Rotunda, but in keeping with the unassuming former president's style, his state funeral will be as modest as such an affair can be.

Unlike the 2004 state funeral for Ronald Reagan, the funeral for Ford will include no horse-drawn caisson, no caparisoned horse and no grand military parade down Constitution Avenue. Instead, at the request of the family, the body of the nation's 38th president will be whisked by motorcade around town in a hearse.

"That's the decision of the family," said Army Col. James Yonts, a military spokesman for the command overseeing funeral arrangements.

Ford's death at 93 nonetheless triggered preparations both intricate and massive in and around Washington yesterday, with plans culminating in a funeral Tuesday morning at Washington National Cathedral.

After a private prayer service tomorrow in Palm Desert, Calif., Ford's body will be flown Saturday to Andrews Air Force Base in Prince George's County, with arrival expected about 5:20 p.m. A motorcade will take the former president's body to the Capitol via the Mall, pausing in tribute at the National World War II Memorial.

After arriving at the Capitol, the former president's casket will be carried up the east steps to the door of the House of Representatives, where Ford represented Michigan from 1949 to 1973.

At 7 p.m. Saturday, a service will be held in the Capitol Rotunda. Ford's body will continue to lie in state until Tuesday morning, allowing the public to pay last respects. The hours of visitation have not been announced.

On Tuesday morning, the casket will be moved from the Rotunda to the U.S. Senate, and following a departure ceremony on the east steps, taken by motorcade to Washington National Cathedral for a 10:30 a.m. funeral.

Ford's casket will be taken afterward to Andrews and flown to Grand Rapids, Mich., site of the Gerald R. Ford presidential museum. Services will be held Wednesday, followed by burial in a tomb on a hillside near the museum.

A special military task force created for the funeral began assembling key personnel at Fort McNair in Washington early in the morning yesterday, soon after Ford's death was reported.

The commander of the Joint Force Headquarters for the National Capital Region, Army Maj. Gen. Guy C. Swan III, departed from Andrews about 6 a.m. aboard a military aircraft with dozens of personnel on a flight to Palm Springs, Calif., near the Ford family home in Rancho Mirage. A second planeload left later in the morning.

"This is really the Super Bowl for the command, so these soldiers are ready," said Yonts, spokesman for the command.

About 3,000 to 4,000 service members in the Washington area are expected to be involved in the funeral.

Swan met with members of the Ford family beginning late in the morning yesterday to review existing plans that had been prepared with the involvement of the family, including the former president.

Ford was known for his consideration for others, and the funeral preparations reflect that, officials said. "The family is very sensitive to the approaching holiday weekend and a lot of key members of the leadership being out," Yonts said.

The military party sent to California includes an honor guard, chaplain and band members. They are preparing formal ceremonies to mark the casket's departure from Palm Springs and to greet it at Andrews.

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The task force, known as Joint Force Headquarters-National Capital Region, has established an operations center at Fort McNair that will be operating 24 hours a day for more than a week. The command has recalled some military personnel from holiday leave to begin the preparations. "We've asked them to cut leave short," Yonts said.

Military officials began coordinating road closings and security with National Park Service, U.S. Capitol and District police. The Capitol and Washington National Cathedral were showing signs of bustle and dash. "All those sites are starting to take on the look of activity," Yonts said.

The funeral plans prompted D.C. officials to push back the time of Tuesday's inauguration of Mayor-elect Adrian M. Fenty. Fenty decided to delay all inaugural ceremonies until after Ford's body leaves Washington.

The inauguration, and the swearing-in of D.C. Council members, had been set for 10 a.m. It now is tentatively set for 2 p.m. Fenty plans to go ahead with plans for an inaugural ball Tuesday night.

Ford Assassination Attempts Recalled (AP)

AP, December 28, 2006

In the fall of 1975, Gerald Ford's presidency was rocked by two assassination attempts within less than three weeks. The first took place on Sept. 5, 1975, in Sacramento, Calif., where Ford had spent the night at the Senator Hotel. The president arose early that day to address a group of about 1,000 California businessmen gathered at the hotel.

Ford then set out to walk across a broad expanse of lawn to the California statehouse to address the Legislature in a speech on crime.

"It was a nice, sunny morning and a crowd of about 500, many of them state employees, had gathered along the way to greet him," recalled The Associated Press' Howard Benedict, who was in the White House press pool that day.

"About five minutes after Ford left the hotel, all hell broke loose as several news people burst into the press room (on the first floor of the hotel) shouting things like, 'Someone pulled a gun on the president!' "

Walter Rodgers of AP Radio was among the first through the door, and he started dictating a story to his desk, Benedict said.

"I immediately relayed what he said to the San Francisco bureau, something like: 'A woman in a red dress pulled a gun on President Ford today, but she was wrestled to the ground by a Secret Service agent,'" Bennedict said.

Bennedict then ran out to the scene. The Secret Service had already hustled Ford into the statehouse, but agents "had the young woman pinned up against a tree, her hands behind her in handcuffs. I was struck by the fact that she was completely in red: long red dress, red bandanna and red shoes," Benedict said.

"The Secret Service said she had pulled a .45 caliber pistol while standing in the crowd about 4 feet from Ford and that her name was Lynette Fromme. She muttered something like: 'The gun didn't go off, it didn't go off. Can you believe it?' "

It was later determined that though the automatic pistol was loaded with five bullets, the slide had not been pulled to place a bullet in the firing chamber, making it impossible for the gun to fire.

Several women who witnessed the incident described it to Benedict:

"Ford was shaking hands with everyone and smiling when suddenly he turned ashen and froze as he saw the gun being raised only a few feet away. Then a Secret Service agent grabbed the woman with the gun and another hit Ford from behind, buckling his knees and knocking him to the ground. They got him on his feet and ran him to the Statehouse."

While relaying this information to AP's San Francisco bureau, Benedict mentioned the name Lynette Fromme.

"It brought an immediate response: 'Yeah, Squeaky. We've had run-ins with her before. She's a follower of Charles Manson, the one serving a life term for murder in San Quentin.' "

Meanwhile, reporters waited outside Gov. Jerry Brown's office with Secret Service agents while Ford and the governor conversed.

"Strangely, we learned later, Brown had not heard about the assassination attempt, and Ford did not mention it until one of his aides in the room brought it up about a half hour into the conversation," Benedict said.

But the legislators had heard, Benedict recalled, and they gave Ford a rousing reception when he walked into the chamber. Ford delivered his address on crime, but did not mention the Fromme incident.

In Washington, when Ford stepped off the helicopter from Andrews Air Force Base, the entire White House staff was on the lawn to give him a cheering return, Benedict said.

Fromme was convicted of attempted assassination of the president and is serving a life sentence.

The second assassination attempt occurred just 17 days later on Sept. 22, 1975 in San Francisco.

Ford had made a luncheon speech to a foreign affairs group at the St. Francis Hotel. The president then left the hotel to take the motorcade to the airport for the flight back to Washington.

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Benedict was in the press room inside the hotel, while AP's Frank Cormier was in the pool that was to accompany the president. Cormier was standing outside his motorcade car when Ford emerged from the hotel with the hotel manager.

"Suddenly, Bob Pierpoint of CBS rushed into the press room, shouting something like, 'You won't believe this, but somebody just took a shot at the president and they have rushed him off to Air Force One,' " Benedict said.

"I quickly dictated what Pierpoint had said, and the initial bulletin on the shooting quoted him.

"Meanwhile, Frank heard the shot and saw Secret Service agents push the president down. He quickly jumped into the motorcade car, grabbed his phone and dialed Washington, reaching the bureau just after the Pierpoint bulletin cleared. A swift ride to the airport and a quick boarding of Air Force One got the president safely away from San Francisco."

Later, Benedict learned from press briefings and interviews that the shooter was Sara Jane Moore, a middle-aged radical turned FBI informant who had been standing in a crowd about 40 feet from Ford as he emerged from the hotel.

As she raised her .38 caliber revolver to fire, Oliver Sipple, a disabled former U.S. Marine who was standing next to her. He quickly pushed up her arm as the gun discharged. The bullet flew over Ford's head by several feet, ricocheted off the side of the hotel and slightly wounded a cab driver in the crowd.

Moore pleaded guilty to attempted assassination of the president and was sentenced to life in prison. She escaped prison in 1989, but turned herself in two days later.

Infamous 'Drop Dead' Was Never Said By Ford (NYT)

By Sam Roberts

The New York Times, December 28, 2006

Gerald R. Ford and Marie Antoinette did not have much in common, but being misquoted cost both of them their jobs.

In Hollywood's latest biography of the French queen, she denies having callously suggested that breadless peasants eat cake instead. "I never said that," the actress Kirsten Dunst pouts. "I wonder why people keep saying I did."

Mr. Ford, on Oct. 29, 1975, gave a speech denying federal assistance to spare New York from bankruptcy. The front page of The Daily News the next day read: "FORD TO CITY: DROP DEAD."

Mr. Ford never explicitly said "drop dead." Yet those two words, arguably the essence of his remarks as encapsulated in the immortal headline, would, as he later acknowledged, cost him the presidency the following year, after Jimmy Carter, nominated by the Democrats in New York, narrowly carried the state.

"It more than annoyed me because it wasn't accurate," he recalled years later. "It was very unfair."

That view is echoed in an evolving version of historical revisionism. Only two months after saying or meaning or merely implying "drop dead" — or, perhaps, resorting to tough love by holding the city's feet to the fire — Mr. Ford signed legislation to provide federal loans to the city, which were repaid with interest.

Gov. Hugh L. Carey, among others, argues that Mr. Ford's public recalcitrance bought time for the city to make its case to an even more reluctant Congress. ("He told me he didn't have the votes," Mr. Carey recalled Mr. Ford saying.)

Moreover, the speech spurred New York's civic, business and labor leaders to rally bankers in the United States and abroad, who feared their own investments would be harmed if New York defaulted on its debt.

Mr. Ford was also an unlikely whipping boy. His resolve against profligacy was stiffened by more inviting villains, especially his treasury secretary, William E. Simon, whom even the president referred to as "hard-nosed."

Mr. Simon warned that bailing out the city would amount to nationalizing municipal debt and rewarding local officials who lacked the will to stanch the inevitable hemorrhaging inflicted by bankrupt liberalism. (The investment banker Felix G. Rohatyn, recruited by Mr. Carey to rescue the city, would liken default to "someone stepping into a tepid bath and slashing his wrists — you might not feel yourself dying, but that's what would happen").

The Ford administration's politically suicidal demands to city officials — raise transit fares, abolish rent control, scrap free tuition at the City University — prompted Victor Gotbaum, the municipal labor leader, to complain that Mr. Simon barely believed in government at all, except for police and fire protection, "and he's not sure about fire."

David R. Gergen, an assistant to Mr. Simon at the time and later a presidential adviser, recalled that Mr. Ford himself "was one of those moderate Republicans who actually liked New York" — he chose Nelson A. Rockefeller as his vice president — but that "he was offended by the city's profligate spending."

"The president's speechwriters whipped up one draft, and I was asked by the White House chief of staff to write an alternative version," Mr. Gergen said. "I wrote a hard-hitting piece, assuming that if it ever saw the light of day, the White House would, in the normal course, invite me to smooth the rough edges. Instead, someone plopped a few of my rough, unedited paragraphs into the final text."

In the speech, the president said: "The people of this country will not be stampeded. They will not panic when a few desperate New York officials and bankers try to scare New York's mortgage payments out of them."

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The speech had a powerful impact, Mr. Gergen said. “It was a doozy of a speech, but events caught both sides by surprise,” Mr. Gergen remembered. “New Yorkers had not foreseen how tough the president would be, and Republicans in Washington had not anticipated how angry the response would be.”

Howard J. Rubenstein, the public relations executive who was an adviser to Mayor Abraham D. Beame, recalled that the speech “galvanized New York like I’ve never seen before.” Mr. Rubenstein still has a framed copy of the headline on his office wall.

With 30 years’ hindsight, some of the players say that if Mr. Ford had acquiesced to the city’s appeals months or even weeks earlier, New York might never have recovered.

“Ford was good for New York, because he made us clean up our act,” said Henry J. Stern, a former parks commissioner and city councilman.

On balance, Mr. Rohatyn said, “I think he was a plus,” he said. “Ford did change his mind, and you can’t say that about every president.”

Edward I. Koch, who succeeded Mr. Beame, said of Mr. Ford: “Obviously he was persuaded his original position was wrong, and that shows a great man open to change. I hold nothing against him. And there are very few people, even when they’re dead, that I hold nothing against.”

Not long ago, Mr. Ford was interviewed for a tribute to Lewis Rudin, the New York real estate magnate and civic booster who fought mightily for federal help from the Ford administration in 1975. Praising Mr. Rudin’s relentless lobbying, Mr. Ford once again returned to the famous headline that had haunted him for decades.

“It was totally untrue,” he said, adding with a weak smile, “We burned all those papers.”

Ford's Economic Record Belies His Reputation (WP)

By Jeffrey H. Birnbaum

The Washington Post, December 28, 2006

The economic policies of Gerald R. Ford are usually remembered as a joke. Soon after he took over as president, in August 1974, he tried to tame runaway price increases by urging Americans to wear round red lapel pins emblazoned with the initials WIN, for "whip inflation now."

That didn't work, of course, and the pins soon disappeared amid public ridicule.

But Ford didn't give up the fight against what was then called stagflation: a debilitating mix of rapid inflation, high unemployment and slow economic growth. In fact, before his 30-month administration ended, he discarded his original plans and cobbled together an unconventional set of programs that succeeded, at least for a while, in slowing the country's financial slide.

Among his economic policies, "what President Ford is most remembered for is the inflation campaign, which was kind of silly," said Alice M. Rivlin, a former vice chairman of the Federal Reserve Board and a director of The Washington Post Co. "But in the end, I think, he did quite well."

The U.S. economy was in sad shape when Ford replaced the disgraced Richard M. Nixon to become the nation's 38th president. Then it got worse. The economy fell into the steepest recession since World War II, coupled with an upward price spiral that was faster than at any time in modern memory.

Unemployment approached 9 percent, inflation ran at a 12 percent annual rate, and the gross domestic product was flat or declining. Energy prices, in particular, soared due to an oil shortage.

"The '70s were probably the most difficult decade in which to formulate economic policy," Rivlin recalled. "Economists don't know how to cope with inflation, slow growth and unemployment at the same time."

Initially, Ford believed that fiscal austerity, a tenet of his Republican Party, would solve the country's woes. He convened a summit called the Conference on Inflation, with economists and leaders of business and labor focusing on recommendations to slow price increases. He then proposed to cut federal spending and raise taxes and, for a short period, he embraced the idea of a voluntary wage-price freeze.

Ford also hoped to jawbone his way out of the crisis by going on national television in October 1974 and urging citizens to "make up a list of 10 ways you can save energy and fight inflation." In a separate speech to Congress, Ford declared that inflation was "public enemy number one" and asked Americans to wear the anti-inflation pins.

WIN was laughed into oblivion as a hollow gimmick, and Ford was forced to regroup. Under the tutelage of Alan Greenspan, then chairman of the Council of Economic Advisers and later Federal Reserve chairman, Ford was persuaded that the most pressing problems were unemployment and sluggish economic growth, not inflation.

As a result, Ford decided to accept exactly the opposite remedy that he prescribed at first. Under pressure from the Democratic-controlled Congress, he endorsed measures that increased spending and cut taxes rather than the other way

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around. The goal: to stimulate economic growth despite the danger, which he continued to battle with dozens of vetoes, that those actions might widen the federal budget deficit.

"When the chips were down, in the interest of providing stimulus, he agreed to a tax cut and other measures that helped the economy recover from the 1975 recession," said Charles L. Schultze, chairman of the Council of Economic Advisers under President Jimmy Carter. "He came around to realize that the economy would be better off with a stimulus than without one."

In March 1975, Ford signed into law a bill that provided individuals with a 10 percent rebate on their 1974 tax liability, a fattened standard deduction, and a temporary $30 tax credit for each taxpayer and dependent. For companies, the investment tax credit was temporarily increased to 10 percent.

Ford also accepted spending increases that he originally opposed. When, early on, Congress passed an anti-recessionary spending package, Ford was urged by his economic advisers to veto it. But he solicited other advice, including from his political staffers and Democratic economists such as Walter Heller and Arthur Okun. They told him the economy needed a boost. So Ford executed what his press secretary Ron Nessen termed a "179-degree" turn and signed the measure.

By 1976, these controversial efforts to rev up the economy had begun to pay off. When Ford ran for president, the economy was showing signs of recovery. Unemployment had dipped to about 7 percent, inflation had abated to 4.8 percent, and the gross national product was humming along at a robust rate of growth.

"We were headed in the right direction," Ford later boasted.

Ford offered other ideas that might have benefited the economy even further. He proposed a long list of deregulatory measures, for industries ranging from trucking to airlines, as a way to make the economy more efficient. They didn't come to fruition until after he left the White House, however. His efforts to increase energy supplies also foundered on Capitol Hill.

The economy faced tough times after Ford left office. An oil embargo further fueled inflation until Paul A. Volcker, the new chairman of the Federal Reserve appointed by Ford's successor, Carter, began a painful increase in interest rates that finally squeezed rapid inflation out of the system but also threw the economy into recession and caused unemployment to skyrocket.

Finally, under President Ronald Reagan in the 1980s, a full-fledged recovery got underway -- and it is that recovery that has stuck in the public mind as the real end of the disastrous economy of the 1970s. Ford's own temporary economic uptick had been so uneven and came so late in his short stay at 1600 Pennsylvania Ave. that it went largely unheralded.

Voters focused instead on a non-economic issue: Ford's unconditional pardon of Nixon. After issuing that pardon, "he could not convince the American people that he deserved another shot at the presidency," said Bernard Firestone, a political science professor at Hofstra University and an organizer of a Ford retrospective.

Nevertheless, Firestone predicted that historians will eventually see Ford "as a much more capable president than the public gave him credit for," in large measure because of his economic policies.

The 38th President (WT)

By Alvin S. Felzenber

The Washington Times, December 28, 2006

On the morning Gerald R. Ford was sworn in as the nation's 38th president of the United States, I received a call from a close friend, Katherine Neuberger, the then-Republican National Committeewoman for New Jersey. Of the new president, Mrs. Neuberger, said, "Well this proves once again the truth of that old adage that 'the Good Lord watches over drunks, orphans and the United States of America.' " Mrs. Neuberger knew her presidents. She certainly knew Gerald Ford.

Her one-liner said all about Mr. Ford that anyone needed to know. It conveyed a sense of those wholesome, middle-American Western values that also characterized and guided two presidents who Mr. Ford greatly admired, whose pictures he would place in the Cabinet Room, Harry S. Truman and Dwight D. Eisenhower.

As the nation pauses to mark the passing of a former president who is revered more for who he was than for what he was able to achieve in office (he was president for too short a time to have enacted much of a program, assuming he could have gotten it through the heavily lop-sided Congress the voters sent him in 1974), public affairs shows are certain to show footage of Mr. Ford's hasty swearing-in. They are bound to replay again and again the most famous line he delivered as president, "My fellow Americans, our great national nightmare is over."

Hopefully, they will also show Mr. Ford, in a State of the Union address, repeating a favorite quote of his own; one he lifted from Ike. Of the nation he now headed, Mr. Ford proclaimed that "America is not good because she is great. She is great because she is good." This Ford believed with every fiber in him. The "hipsters" of the era dismissed both this sentiment and the new president as "corny." They saw both as remnants of the bygone era of "Leave it to Beaver" and "Father Knows Best." Mr. Ford seemed not to mind. He also seemed not to mind when they mocked his tailoring (especially the shortness of his trousers), his clumsiness in descending airplanes, his supposed awkwardness on the slopes, his penchant for toasting his own English

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muffins or television's insistence on showing movers placing a large double bed into the bedroom Mr. and Mrs. Ford were to occupy in the White House.

What his tormentors saw as "uncool," Mr. Ford regarded as a "golden age" when neighbors helped neighbors, crime was low, jobs were plentiful, and, of yes, when the president said something, he was believed. Coming from the "heart" of his country (as his hero Ike once said of his own Kansan roots) Mr. Ford embodied a kind of conservatism that, if it has not fallen entirely out of fashion, at least has been eclipsed by a different kind. Mr. Ford believed in balanced budgets, a strong national defense, and, cognizant of his party and its Lincolnian roots, civil rights. One area in which he challenged the once-prevailing political culture of his native region was on foreign policy. A World War II naval veteran and political acolyte of Michigan Sen. Arthur Vandenberg, the man who guided Truman's containment policies through the supposedly "do nothing" Republican Congress, Mr. Ford drew the line at isolationism. (He catapulted himself into Congress by besting, with Mr. Vandenberg's help, an old-line isolationist dinosaur.)

On most other measures, save for civil rights and voting rights, Mr. Ford's votes in Congress placed him in opposition to virtually all of Lyndon Johnson's "Great Society" programs. For his troubles, Johnson dubbed upon Mr. Ford two insults liberals would furl upon him for the rest of his career: 1) that Mr. Ford could not chew gum and walk at the same time; and 2) that Mr. Ford had played football too long with out the benefit of a helmet. (History records both that Mr. Ford, unlike Johnson, left the nation in better shape than he found it and that, as Ike, Ronald Reagan and George W. Bush can attest, dismissing Republican and conservative presidents as dumb had become the liberal elite's most favored mechanism. Perhaps it all started with Calvin Coolidge.)

Through a combination of the circumstances of Mr. Ford's elevation to the presidency, his status as the first vice president becoming the first non-elected president, his stated preference for competence over ideology in his selection, of Nelson Rockefeller as vice president, double-digit inflation, soaring unemployment, energy shortages and his steadfast pursuit of his predecessor's detente polities toward the Soviet Union, conservatives of the era misjudged Mr. Ford as much as had the liberals. As they rallied behind the rising star of Mr. Reagan, who personified bold color conservatism as opposed to one shaped in pastels, they overlooked the 50 vetoes Mr. Ford unfurled against spending bills the Democrats sent him, his resistance to the Humphrey-Hawking full employment act, his refusal to provide a federal bail out to New York City without guarantees of accountability (second to the Nixon pardon, nothing cost Mr. Ford more votes than the famous "Ford to City: Drop Dead" headline the Daily News put on its front page) and the portions of the Helsinki accords that would help the West prevail in the Cold War.

That Mr. Reagan had a case to make, which proved essential to his own ascendancy, and conservatism's future triumphs have long clear. That Mr. Ford provided service to his country in ways that went beyond his cleaning up for his predecessor is becoming increasingly apparent with the passage of time.

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How Lieutenant Ford Saved His Ship (NYT)

By Robert Drury And Tom Clavin

The New York Times, December 28, 2006

East Hampton, N.Y.

FOR Americans under a certain age, Gerald Ford is best remembered for his contribution to Bartlett's — "Our long national nightmare is over" — or, more likely, for the comedian Chevy Chase's stumbling, bumbling impersonations of him on "Saturday Night Live." But there's a different label we can attach to this former president, one that has been overlooked for 62 years: war hero.

In 1944, Lt. j.g. Jerry Ford — a lawyer from Grand Rapids, Mich., blond and broad-shouldered, with the lantern jaw of a young Johnny Weissmuller — was a 31-year-old gunnery officer on the aircraft carrier Monterey. The Monterey was a member of Adm. William Halsey's Third Fleet, and in mid-December, Lieutenant Ford was sailing off the Philippines as Admiral Halsey's ships provided air cover for the second phase of Gen. Douglas MacArthur's "I shall return" Philippine invasions.

The Monterey had earned more than half a dozen battle stars for actions in World War II; during the battle of Leyte Gulf, Lieutenant Ford, in charge of a 40-millimeter antiaircraft gun crew on the fantail deck, had watched as a torpedo narrowly missed the Monterey and tore out the hull of the nearby Australian cruiser Canberra. Two months later, in the early morning hours of Dec. 18, the Japanese were the least of the Monterey's worries, as it found itself trapped in a vicious Pacific cyclone later designated Typhoon Cobra.

Lieutenant Ford had served as the Monterey's officer of the deck on the ship's midnight-to-4-a.m. watch, and had witnessed the lashing rains and 60-knot winds whip the ocean into waves that resembled liquid mountain ranges. The waves

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reeled in from starboard, gigantic sets of dark water that appeared to defy gravity, cresting at 40 to 70 feet. In his 18 months at sea, Lieutenant Ford had never seen waves so big. As breakers crashed over the carrier's wheelhouse, he could just barely make out the distress whistles sounding about him — the deep beeps of the battleships, the shrill whoops of the destroyers.

After his watch Lieutenant Ford had strapped himself into his bunk below decks, and it seemed that his head had barely hit the pillow when the Monterey's skipper, Capt. Stuart H. Ingersoll, sounded general quarters, calling all hands to their stations. Lieutenant Ford bolted upright in his dark sea cabin. He thought he smelled smoke amidships. Racing through a rolling companionway dimly lighted by red battle lights, he reached the outside skipper's ladder leading to the pilothouse and began to climb. At that precise moment a 70-foot wave broke over the Monterey. The carrier pitched 25 degrees to port, and Lieutenant Ford was knocked flat on his back. He began skimming the flight deck as if he were on a toboggan.

Just as he was about to be hurled overboard, Lieutenant Ford managed to slow his slide, twist like an acrobat, and fling himself onto the catwalk. He got to his knees, made his way below deck, and started back up again.

By the time he reached the Monterey's pilothouse, the fighter planes in its hangar deck had begun slamming into one another as well as the bulkheads — "like pinballs," Mr. Ford recalled 60 years later — and the collisions had ignited their gas tanks. The hangar deck of the Monterey had become a cauldron of aircraft fuel, and because of a quirk in its construction, the flames from the burning aircraft were sucked into the air intakes of the lower decks. As fires broke out below, Lieutenant Ford remembered the smoke he smelled when he'd bolted from his bunk.

Admiral Halsey had ordered Captain Ingersoll to abandon ship, and the Monterey was ablaze from stem to stern as Lieutenant Ford stood near the helm, awaiting his orders. "We can fix this," Captain Ingersoll said, and with a nod from his skipper, Lieutenant Ford donned a gas mask and led a fire brigade below.

Aircraft-gas tanks exploded as hose handlers slid across the burning decks. Into this furnace Lieutenant Ford led his men, his first order of business to carry out the dead and injured. Hours later he and his team emerged burned and exhausted, but they had put out the fire.

Three destroyers were eventually capsized by Typhoon Cobra, a dozen more ships were seriously damaged, more than 150 planes were destroyed, and 793 men lost their lives. It was the Navy's worst "defeat" of World War II. But the Monterey and nearly all of its men survived to take part in the battle of Okinawa, and the future president ended his Navy stint in 1946 with the rank of lieutenant commander.

Like his fellow World War II veterans, Mr. Ford returned home and resumed his life, rarely speaking publicly of his heroism. But in contrast to the public's image of him as a clumsy nonentity, Mr. Ford was a man whose grace under pressure saved his ship and hundreds of men on it.

Gerald R. Ford (NYT)

The New York Times, December 28, 2006

Gerald R. Ford was an accidental president, his tenure brief, his legacy limited. Yet he was the right man summoned at the right time to begin the necessary process of healing a country exhausted by war abroad and scandal at home. Elevated to the nation's top job when Richard Nixon was forced by threat of impeachment to resign, he was everything his predecessor was not — transparent and largely content with life as he found it. His many friends saw him as plain old "Jerry," a get-along, go-along product of the House of Representatives whose self-assurance and modest ambitions perfectly suited a country that wanted little more than a few months' rest.

Mr. Ford's unplanned and largely unsought rise up the American political ladder was assisted not once but twice by scandal. In 1973, when Spiro Agnew resigned the vice presidency after a scandal unrelated to Watergate, Mr. Nixon sought advice from senior Congressional leaders about a replacement. The advice was unanimous. "We gave Nixon no choice but Ford," House Speaker Carl Albert recalled later.

Which was fitting, because Mr. Ford was in essence a creature of Congress — more precisely, of the House of Representatives, a place of perpetual compromise that encourages neither the vision that sometimes attaches to the Senate nor the managerial skills that come with being a governor. Michigan voters elected Mr. Ford 13 times, and of his 25 years in the House, he served eight as minority leader. He saw himself as a negotiator and a reconciler, and the record shows it: he did not write a single piece of major legislation in his entire career.

As president, Mr. Ford would have had little room in which to pursue lofty ambitions even if he had them. Domestically, he was bedeviled by inflation and then recession, and his effort to cure both embroiled him in constant combat with his old friends in Congress. Abroad, he had his hands full maintaining American power and sustaining détente with the Soviet Union, in the aftermath of the collapse of Vietnam and Cambodia.

But he judged, correctly, that his primary mission was to quiet national passions inflamed by war and Watergate — to end, as he put it, "our long national nightmare" — and in so doing to restore a measure of respect to the presidency itself. To that end

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he made several small gestures largely forgotten now but symbolically important at the time. He announced that he would be lenient to draft resisters, he opened the White House to people on Mr. Nixon's "enemies list," and he crisscrossed the country endlessly, speaking to groups large and small in an effort to open up an office that Mr. Nixon had all but closed to public inspection.

Yet his wish to heal led him to do something that reopened the very wounds he was trying hard to close. On Sept. 8, 1974, barely 30 days into his presidency, Mr. Ford announced his decision to give Mr. Nixon a "full, free and absolute pardon." The reaction was immediate, intense and largely negative. Mr. Ford had expected criticism, but not the outrage that erupted in Congress, in many newspapers and among the public at large.

This page, for example, condemned the pardon as "a profoundly unwise, divisive and unjust act" that in a stroke had destroyed the new president's "credibility as a man of judgment, candor and competence." The critics' fundamental point was that a nation in which the law applies equally to rich and poor, the meek and the powerful, cannot exempt anyone, least of all a president, from the requirements of justice.

History has been more sympathetic to Mr. Ford's argument that to allow Mr. Nixon's prosecution to go forward, perhaps all the way to a trial, would have been profoundly destabilizing to a nation that was already in shaky health. In 2001, the trustees of the John F. Kennedy Library honored Mr. Ford with its Profile in Courage Award for the decision, which Senator Edward Kennedy, a onetime critic, described as essential to the restoration of national unity. When Senate and House leaders bestowed on Mr. Ford and his wife, Betty, a Congressional Gold Medal in 1999, President Clinton — who had his own experiences with prosecutors — said the critics had been "caught up in the moment," and that Mr. Ford's decision had helped "keep the country together."

Our own bottom line continues to be the same: that the nation is strong enough to endure almost anything but burying the truth. Still, Mr. Ford deserves to be remembered for more than the pardon. Marking the end of a national nightmare is no small thing.

Gerald R. Ford (WP)

The Washington Post, December 28, 2006

"OUR LONG national nightmare is over," Gerald Ford declared when he took office as president a little over 32 years ago. Those words were to prove the most memorable of his brief administration and also the most apposite. The feverish dream of Watergate, with its byzantine intrigues, Borgia-like treachery, and months of hearings and trials, was suddenly gone: The country awoke to a new president who lived in Northern Virginia and toasted his own English muffins before commuting to work in Washington.

The image of suburban simplicity was quickly seized on by the media and conveyed to a national audience eager for the return of that condition for which President Warren G. Harding had invented a new word many years before: "normalcy." As always, there was quite a bit of bunk to the image. Mr. Ford had been deeply involved in practical politics for more than a quarter-century. He soon acclimated himself to the White House, and before long decided he liked it enough to set his sights on a full term. He didn't achieve that goal, but in the period between Richard M. Nixon's resignation and Jimmy Carter's inauguration -- just under 2 1/2 years -- Gerald R. Ford did the main thing that needed doing, even though there were some in the Nixon White House who had thought him unqualified for the presidency: He reassured the people about the nature and quality of their government.

It was said of Franklin D. Roosevelt that he had a second-class intellect but a first-rate temperament. Something of the same might be said of Jerry Ford, although he was no Roosevelt and, as far as intellect goes, he took some unfair hits for a fellow who was in the top quarter of his class at Yale Law. On assuming office, he presented himself as what he was: open, friendly, honest (at least in comparison to what had gone before) and above all "decent," as people never tired of saying. That last adjective can, of course, be both high praise when speaking of someone's personal integrity and a somewhat fainter commendation when applied to the sort of job he's done. Mr. Ford felt both sides of it.

Thirty years ago, as Mr. Ford was departing office, we wrote on this page of him: "In his first days and months, it was as if he had liberated Washington -- from its personal fears and hostilities and suspicions, from the dark and squalid assumptions that people had come reflexively to make about one another and about the way things 'really' worked. God knows who was (and is) still listening on whose line or who is plotting what gruesome revenge against what political foe. Our point is merely that Gerald Ford brought to the White House an open, unsinister and -- yes -- decent style of doing things that altered the life of the city and ultimately of the country."

He was the last of the traditional Midwestern Republicans to occupy the White House: internationalist, fiscally conservative, supportive of civil rights legislation -- a throwback to the pre-Goldwater era. His odd route to the presidency -- he was chosen to replace the disgraced and departed Spiro T. Agnew as vice president, then elevated by Mr. Nixon's resignation -- was

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undoubtedly the only one that would have gotten him there, given the direction his party was going. Indeed, when he ran for election in 1976, he had to jettison the vice president he'd chosen, Nelson A. Rockefeller (too liberal), and fight off a formidable challenge from the avatar of the Republican future, Ronald Reagan.

That battle didn't help him in the general election. But Mr. Ford was also the victim of a series of misfortunes that he'd done nothing to precipitate: economic troubles that included both inflation and stagnation; the fall of South Vietnam and Cambodia; the new and explosive problem of volatile energy prices; even the rising popularity of a Saturday night comedy show that portrayed Mr. Ford, onetime college football hero and probably the most athletic president in the country's history, as a stumbling klutz.

But what hurt him most was an act of his own, taken one month into his presidency: the pardoning of Richard Nixon for whatever the former president had done or might have done. Today, with the passions of the period greatly diminished, it's hard to recall how much discord that decision created, even among those who believed Mr. Ford to be a trustworthy successor to Mr. Nixon. It's also hard, from today's vantage point, to see how an indictment and trial would have done the country much good. The pardon may have come too soon and been too broad, but it was basically the right thing to do. It hurt Mr. Ford politically, however, probably costing him the 1976 election.

In the spring of 2001, Mr. Ford received a John F. Kennedy Profile in Courage award for that decision. The late Mary McGrory recalled in her column in The Post the uproar that had followed the pardon, and noted: "I myself contributed to the din with a series of screeds about unequal justice. But almost 27 years later, it looks a little different. What seemed then to be cynicism now looks more like courage. A most dubious decision has acquired the patina of the only one possible."

In January 1977, Jimmy Carter began his inaugural address: "I want to thank my predecessor for all he has done to heal our land." That still stands, both as a tribute to Gerald Ford and as a reminder to his successors of the importance of what used to be praised as the gentlemanly virtues.

President Ford (WSJ)

The Wall Street Journal, December 28, 2006

The abiding cliché about Gerald Ford -- who died Tuesday at age 93 -- is that he was a decent man who steadied the country but held the White House too briefly to leave a major imprint. We've always thought that view of his Presidency is too diminishing, not least because he led the nation at a dangerous time and resisted political furies that could have done the U.S. far more harm.

"America's Suicide Attempt" is how the historian Paul Johnson describes the 1970s. And it is important to recall the bad temper of the times that Ford inherited in becoming the 38th President. He succeeded Richard Nixon, who had resigned over the Watergate coverup and amid an unpopular war in Vietnam. He faced large liberal majorities in Congress that were emboldened by their ouster of Nixon and set to revive the Great Society. And he had to clean up the financial problems caused by a burst of inflation and wage and price controls. Ford navigated all of these traumas better than he gets credit for. * * *

It is true that Ford was something of an accidental President, the only one in U.S. history never elected as either President or Vice President. Before Nixon picked him to replace the disgraced Spiro Agnew as his Vice President, Ford had been contemplating retirement from his Grand Rapids, Michigan, House seat. But like another unlikely President from the Midwest, Harry Truman, he had reserves of honesty and fortitude that served him well.

He made a particular contribution in pardoning Nixon, though he knew Nixon's enemies would accuse him of a quid pro quo. The decision cost him dearly in the polls and may have cost him the election in 1976, but it also spared the country from years of division over a criminal trial that special prosecutor Leon Jaworski seemed determined to pursue.

Congress had trampled over a weakened Nixon, and another Ford contribution was restoring some measure of executive authority. Far more than Nixon, he used his veto pen (66 times in 895 days), blunting liberal excesses after Democrats picked up 46 House seats in 1974. He also deserves credit for resisting the isolationism that was rampant as the Vietnam War wound down. It was a rare period in postwar U.S. history when the public favored spending less on defense.

Democrats exploited the mood in early 1975 to block Ford's funding request for our allies in South Vietnam, as the North began its offensive. Ford pleaded with Congress that "American unwillingness to provide adequate assistance to allies fighting for their lives could seriously affect our credibility throughout the world as an ally," but to no avail. Saigon fell by April, and the boat people and massacres in Southeast Asia soon followed. Thus one irony of this week's praise for Ford as a unifying President: At the time, he was mocked as clumsy and dull, and he was vilified for blocking Congressional priorities. Any of this sound familiar?

Vietnam was a scarring American defeat, but it could have been worse had Ford capitulated to the Congressional stampede. Instead, he fortified U.S. relations with the rest of free Asia, and he sent in the Marines despite liberal howls when the U.S. ship the Mayaguez was taken hostage by Cambodia's Khmer Rouge.

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Given the weak hand he inherited, it is perhaps understandable that Ford continued the Nixon policy of pursuing détente and arms control with the Soviet Union. But that strategy was already beginning to fail due to growing Soviet adventurism abroad and conservative skepticism at home. Ford also joined Leonid Brezhnev in signing the Helsinki Accords guaranteeing civil liberties in the Soviet bloc; while criticized by conservatives, the Helsinki pact probably helped to undermine Soviet moral authority over the years.

The Ford Administration's economic record is also better than its reputation, sandwiched as it was between two of the three worst economic Presidencies of the 20th century. Hoover's was the worst, then Nixon's followed by Jimmy Carter's.

Ford is famous for having initially rebuffed New York City's bid for a financial bailout, but New York's trouble was merely one symptom of the financial woes caused by Federal Reserve Chairman Arthur Burns's monetary blunder. Burns opened the easy-money spigots in Nixon's first term, leading to 12% inflation, a spike in interest rates and wage and price controls, and setting the stage for financial crises from Mexico to Britain, among other places. Despite such early follies as the WIN program -- "whip inflation now" -- and a failed proposal to raise taxes, Ford ran a strong Treasury under Secretary William Simon, adopted sounder policies and left the economy better than he found it. * * *

In historical political terms, Ford was something of a transition figure -- from the traditional Republicanism of Eisenhower, with which Ford identified, to the more energetic reform conservatism that would triumph with Reagan. Arguably Ford's biggest political mistake was choosing Nelson Rockefeller as his vice president over Reagan. The New York Governor was deeply unpopular with the GOP base, and the selection left Ford vulnerable to Reagan's primary challenge in 1976.

The Gipper came within a handful of delegates of taking the nomination, a challenge that weakened Ford for the autumn race against Democrat Jimmy Carter. In the event, Ford ran one of the better Presidential campaigns of the modern era and came close to beating the former Georgia governor who had run as a conservative himself.

Perhaps President Ford's greatest achievement was in demonstrating to a nation angry and dispirited over Watergate and Vietnam that its political system was resilient and the Office of the Presidency still worthy of respect. In that sense his Presidency was a triumph of Ford's personal character -- not the first, or last, time America has been fortunate in the leaders our democracy has produced.

President Ford (WT)

The Washington Times, December 28, 2006

"Our long national nightmare is over," Gerald Ford told the nation on assuming the presidency. And soon it was. For that the nation owes a large debt to the sacrifice of Gerald Ford.

The honest and forthright Mr. Ford, who died at his California home Tuesday evening at the age of 93, did what had to be done, even at the sacrifice of his presidency. In retrospect, his controversial and reviled pardon for Richard Nixon was clearly the right thing to do. He spared the country years of uncertainty, put Watergate to rest, returned the nation's eye to the future and restored tradition, honor and dignity to the nation's highest office.

To hear Mr. Ford explain it, there was never a question in his mind about what he had to do, which he explained in the logic and language of everyman. This was the mark of the man. He reasoned that Richard Nixon was only one American among many millions, and he owed the larger responsibility to the many millions who deserved to have the national nightmare put to rest. The nation had to move on.

"I paid a price, sure, but it is a price a president has to pay when he thinks he is doing the right thing, whatever the polls show," he told columnist David Broder in 1994. "The first month I was in office, I spent 25 percent of my time talking to lawyers about what to do about the Nixon tapes, the Nixon papers. Ninety percent of the questions at my first press conference were about Nixon. I thought I had to get the Nixon questions off my desk.

"I had a helluva lot more important business. The Russians and our allies didn't know what we were going to do. We had a serious recession starting. So I came to the conclusion, wholly on my own, that I ought to spend all my time on the business of 230 million Americans, and not 25 percent on one man."

This was a simple explanation, mathematical in its reasoning, and for that reason it was all the more compelling. Many Americans have changed their minds since about the pardon. In an ABC News poll taken in 2002 on the 30th anniversary of the Watergate break-in, 6 in 10 Americans said the pardon was the right thing to do.

Some argue still that the pardon deprived the nation of a "full telling" or the nation of an opportunity to "fully heal." This is nonsense. Most every significant detail of the Watergate break-in and cover-up has come to light without a drawn-out ordeal for a disgraced president, which would have amounted to a show trial.

"The American people will always admire Gerald Ford's devotion to duty, his personal character and the honorable conduct of his administration," Mr. Bush said when he learned Tuesday night that Mr. Ford had left us. How true.

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Closing The Chapter On Watergate Wasn't Done Lightly (WP)

By Bob Woodward

The Washington Post, December 28, 2006

On Sunday, Sept. 8, 1974, President Ford attended church alone. He sat by himself in a pew at St. John's Episcopal Church on Lafayette Square. He took Holy Communion.

Back at the White House at 11:05 a.m., he went on television to announce that he had decided to pardon Richard Nixon for any crimes he committed during Watergate. The country's obsession with the scandal "could go on and on and on, or someone must write the end to it," he read from a statement. "I have concluded that only I can do that, and if I can I must." The core reason for the decision, Ford said, was to put Watergate and the Nixon presidency in the past.

The reverberations from that decision may well have cost Ford his presidency in the next election. In the first week after the pardon, his public approval rating plummeted from 71 percent to 49 percent. Jerry terHorst, Ford's press secretary and friend of 25 years, resigned as a matter of conscience.

Ford had been in office only a month. The pardon came as a surprise -- to Congress and the public -- and it unleashed a wave of outrage and suspicion. Had there been a deal between Nixon and Ford promising a pardon in exchange for Nixon's resignation?

The following account, which attempts to answer that question, comes from official documents, interviews with key players, contemporaneous handwritten notes, memoirs written by participants and conversations with Ford himself.A Talk With Haig

The chain of events that would lead to the pardon began only five weeks earlier when Ford, who had been vice president only eight months, learned he was about to become president.

At 3:30 p.m. on Aug. 1, 1974, Nixon's chief of staff, Alexander M. Haig, entered the vice president's suite. He looked troubled and on edge.

"Are you ready, Mr. Vice President, to assume the presidency in a short period of time?" Haig asked. New Watergate tapes, he said, would show Nixon had ordered the coverup of the burglary.

Ford was stunned.

Haig presented Ford with six scenarios: Nixon could step aside temporarily under the 25th Amendment, he could just wait and delay the ongoing impeachment process, or he could try to settle for a formal censure. In addition, there were three pardon options. Nixon could pardon himself and resign. Or he could pardon the aides involved and then resign. Or Nixon could agree to leave in return for an agreement that the new President Ford would pardon him.

Haig handed Ford two pieces of paper. The first sheet contained a handwritten summary of a president's legal authority to pardon. The second sheet was a draft pardon form that needed only Ford's signature and Nixon's name to make it legal.

"It's my understanding from a White House lawyer," Haig said, "that the president does have authority to pardon even before criminal action has been taken against an individual."

After extracting a pledge of secrecy, Ford told his top aide and speechwriter, Robert Hartmann, what had just occurred with Haig.

"Jesus!" Hartmann said. "What did you tell him?"

"I told him I needed time to think about it."

"You what?" Hartmann fairly shouted. Even entertaining any agreement of resignation for a pardon, Hartmann believed, was a monstrous impropriety that could taint a Ford presidency forever.

Ford didn't think so. He hadn't promised anything to Haig. He wanted to talk to his wife, Betty.

Betty Ford was firm that he shouldn't get involved in making any recommendations to Nixon or to Haig.

About 1:30 a.m., Ford called Haig.

"Al," he said, "our discussion this afternoon, I hope you understand there was no agreement, no decision and no deal."There Wasn't a Deal

The next day, Ford told his adviser and former House colleague John Marsh about the visit from Haig and the options, including one in which Nixon would resign.

"I then, what I would do, I would give Nixon a pardon," Ford said.

Marsh couldn't believe it. "Look, you can't do this," he said gently.

"You could make a strong case for a pardon, that it would be in the national interest," Ford told Marsh.

"You can't do that," Marsh repeated. It would look like a quid pro quo for Nixon's resignation.

Alarmed, Marsh went to see Hartmann. Together, the two went to talk with Ford, who then told them about his late-night phone call to Haig saying no deal.

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Hartmann and Marsh both told Ford there had to be no connection between a Nixon resignation and a possible pardon. They urged Ford to talk to former Nixon White House counselor Bryce Harlow.

Harlow persuaded Ford to place a second call to Haig to explain that he had no intention of recommending what President Nixon should do about resigning or not resigning.

Afterward, Hartmann, Marsh and Harlow had a drink together. They celebrated and declared that they had forced Ford to dodge a bullet.Making Up His Mind

On Friday, Aug. 9, 1974, Nixon resigned.

Ford held his first news conference on Aug. 28, and a third of the questions were about Nixon. To Ford, though, it felt more like 90 percent. He feared that without a pardon, Nixon and Watergate would haunt his presidency for years.

"My mind is 99 percent made up," Ford told Haig, Hartmann, Marsh and former law partner Phil Buchen in the Oval Office two days later.

Marsh was deeply worried. He went to see Ford during his lunch in a study off the Oval Office.

"Questions are going to be raised about a deal," Marsh said.

Ford stopped eating. "Jack," he said, "I know exactly where you're coming from, and I have thought of that, and there was no deal."Custody of the Tapes

Ford called in longtime friend and former Justice Department lawyer Benton Becker to determine exactly what a president's pardon powers were prior to someone's indictment and conviction, and to determine what should be done with Nixon's papers and tapes.

After resigning, Nixon asked to have the materials shipped to his home in California. Traditionally, a former president owned all his papers. But Becker immediately saw that returning them to Nixon would make Ford complicit in hiding the truth.

"You will be writing the history of your presidency in the first weeks," Becker told Ford, "and history is going to say Jerry Ford participated in the final act of the Watergate coverup."

Ford authorized Becker to ensure the government would retain the tapes. "That history must be preserved," Ford said. "Do whatever you have to do. . . . I'm not shipping that stuff out."

Becker worked out an arrangement in which Nixon and the government had joint custody of the tapes for 10 years. Congress and the courts eventually saw that the tapes were preserved.

But Becker also returned to Washington with concerns about the health of Nixon, whom Ford still considered a friend. Nixon was "more depressed than any person I've ever seen," Becker reported. "I really have serious questions in my mind whether that man is going to be alive at the time of the election."

"Well," Ford noted, "1976 is a long time away."

"I don't mean 1976," Becker said. "I mean 1974." Congressional elections were two months away.

As Ford reviewed the pardon statement the morning of Sept. 8, with a felt-tip pen, he inserted a phrase saying the threat of prosecution hung "like a sword over our former President's head, threatening his health."

Hartmann, who was in the Oval Office that morning, had been pushing Ford to delay the pardon, to allow more time to pass.

"You know, if I decided to do it and then something happened to him and I hadn't done it because I was just waiting for a better time," Ford said to Hartmann, "I would never be able to forgive myself."A Nation's Outrage

The new president had misjudged the mood of the country. Rather than sympathy, the public and the media voiced outrage at the pardon. It seemed to be totally on Nixon's terms -- early, complete and without acknowledgment that he had committed crimes or even impeachable offenses. Suspicions about a deal surfaced almost immediately.

Ford agreed to testify about his decision before a House subcommittee. His staff went to work preparing his statement.

Haig learned of the testimony being drafted in a phone call from J. Fred Buzhardt, who had remained at the Ford White House during the transition. It stated that Haig had offered the presidency in return for the pardon on Aug. 1 but Ford had rejected the deal.

"Al, I think you'd better come to the White House," Buzhardt told Haig. "These boys have prepared sworn testimony for the president that could very well result in your indictment."

Haig drove to the White House and insisted on seeing President Ford. Within minutes, Haig was in the Oval Office.

"What do you want?" Ford asked.

"The truth," Haig replied. "That's all."

"You'll have it, Al," Ford said. He handed Haig a yellow legal tablet and said, "You write that portion as you remember."

So the conclusions of Ford's top aides that a deal had been offered were initially in Ford's testimony but were excised at the insistence of Haig.'I Was Naive'

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Twenty-three years later, on Sept. 22, 1997, in a suite at the Waldorf Towers in New York, I asked Ford whether he thought Haig had offered him a deal.

"Well, I guess I was naive," Ford said. "I was naive that anybody would offer a deal, because all my political life people never came to me, 'I'm going to give you a political donation, I expect something in return.' People never came to me that way, because they knew damn well I wouldn't be a part of it. So when Al Haig comes with those six terms, I just didn't visualize him as one making a proposition to make a deal. It never went through my mind."

I continued to press Ford. Did he agree, when all the facts and conclusions were examined now, decades later, that Haig had offered a deal?

"I would agree," Ford said, "because after talking to Hartmann, Marsh and Harlow, I wanted the record clear that I did not agree to consummate. . . . So that it has to be very clear that, yes, on paper, without action it was a deal, but it never became a deal because I never accepted."Nixon's 'Confession'

I interviewed Ford on the subject again on May 20, 1998, at his home office in Rancho Mirage, Calif., situated on a golf course in the midst of the desert. He was alone.

He brought up his pardon decision, noting that no president had "caught as much hell as I did." His recollections were clear. I suspected he had replayed them many times in his mind.

"I was overwhelmed with the public reaction," he said. "I guess I anticipated a lot, but not to the extent that happened. But . . . it didn't faze me one bit. If anything, it made me more stubborn that I was right."

I asked why he hadn't pressed Nixon harder for an admission of guilt.

"We were under a time pressure," he responded. Once he'd made the decision to grant the pardon, he had to move quickly. "The longer it took to resolve some of these things, the more likely that the issue would have come to the surface and it could have been a different ballgame."

I said I agreed, it would have leaked. Still, a forthright acknowledgment by Nixon could have ended the historical debate on that question. Why didn't Ford make more of the 1915 Supreme Court decision in Burdick v. United States that held that accepting a pardon is tantamount to confession of guilt?

"I still carry it around in my pocket, that statement," Ford said. "I've got it in my wallet here because anytime anybody challenges me, I pull it out. I've got it here someplace." He searched around in his wallet, and handed me a folded, dog-eared piece of paper. It was a portion of the Burdick decision.

I began to read aloud. "Most important, the justices found that a pardon 'carries an imputation of guilt, acceptance, a confession of it.' " Ford seized on the last phrase and repeated it: " 'Acceptance, a confession of it.' " See, Nixon had confessed, he said. "That was always very reassuring to me."

Adapted from "Shadow," copyright Bob Woodward, Simon & Schuster, 1999.

Bush Recalls Ford's Integrity, Instincts (AP)

By Deb Riechmann

AP, December 28, 2006

President Bush on Wednesday remembered former President Gerald Ford as a "man of complete integrity who led our country with common sense and kind instincts" and helped restore faith in the presidency after the Watergate scandal.

"On Aug. 9, 1974, he stepped into the presidency without ever having sought the office," Bush said. "He assumed power in a period of great division and turmoil. For a nation that needed healing and for an office that needed a calm and steady hand, Gerald Ford came along when we needed him most."

The president, who personally expressed his condolences in a phone call late Tuesday night with former first lady Betty Ford, called the former president a "man of integrity" who devoted the best years of his life to the nation. Bush said Ford commanded the Oval Office for 2 1/2 years with commonsense and kindness.

Ford "reflected the best in America's character," Bush said.

Ford helped restore Americans' confidence in the White House after President Richard Nixon's downfall in 1974 through the "honorable conduct" of his administration, Bush said.

Bush, who is spending the week at his Texas ranch, made his statement before sunrise inside a hangar at a helipad outlined in blue-green landing lights. Dawn was breaking over the ranch after he finished expressing his sadness over Ford's death.

"Our 38th president will always have a special place in our nation's history," he said.

Bush's father, former President George H.W. Bush, served in the Ford administration as a diplomat and CIA director. The president borrowed from the troupe of Ford advisers in making up his own presidential team more than a quarter century later.

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Vice President Dick Cheney served as Ford's chief of staff, while just departed Defense Secretary Donald H. Rumsfeld served Ford in the same job.

Cheney called Ford a "dear friend and mentor" and hailed his former boss' role in bringing the nation out of what the vice president called the "greatest constitutional crisis since the Civil War."

"In that troubled era, America needed strength, wisdom, and good judgment, and those qualities came to us in the person of Gerald R. Ford," Cheney said in a statement. "When he left office, he had restored public trust in the presidency, and the nation once again looked to the future with confidence and faith."

Rumsfeld called Ford "a man of great decency and towering integrity."

"As President, his personal character helped to restore the reservoir of trust in government and its leaders that is needed for our system to function effectively," Rumsfeld said.

Democrats and Republicans alike recalled Ford's willingness to work across party lines.

"President Ford was one of the kindest, most sincere elected officials whom I have known and with whom I have worked," said longtime Sen. Robert Byrd, D-W.Va. "Although he and I were from different political parties, we often were able to find common ground and work together for our country."

Rep. John Dingell, D-Mich., who served with Ford in the House, praised the former president for his commitment to his wife Betty and family.

"Jerry was warm gentle, friendly, pleasant courteous individual. He never used bad language, he loved his family, his kids and above all else he loved Betty," Dingell said.

Former Republican Sen. Bob Dole from Kansas, Ford's running mate in 1976, said Ford could be described in three words: "A good man."

"He was a friend to everyone who met him," Dole said. "He had no enemies."

White House chief of staff Joshua Bolten notified Bush about Ford's death shortly before 11 p.m. EST after getting the news from Ford's chief of staff. Deputy White House press secretary Scott Stanzel said Bush, who is scheduled to return to Washington on Jan. 1, will attend the funeral.

Bush Pays Tribute To Gerald Ford (FT)

By Demetri Sevastopulo In Washington

Financial Times, December 28, 2006

President George W. Bush expressed sadness over the death on Wednesday of former president Gerald Ford, saying he had helped “heal” America in the aftermath of the Watergate scandal.

“With his quiet integrity, common sense, and kind instincts, President Ford helped heal our land and restore public confidence in the presidency,” Mr Bush said. “The American people will always admire Gerald Ford’s devotion to duty, his personal character, and the honorable conduct of his administration.”

Mr Ford was aptly named the “accidental president” after the dramatic resignation of President Richard Nixon in 1973 over Watergate unexpectedly catapulted him into the Oval Office. He assumed the presidency as the US was winding down its controversial involvement in Vietnam.

Just one month after becoming the 38th president of the US, Mr Ford himself drew condemnation for pardoning Mr Nixon, a move that was widely credited as helping Jimmy Carter defeat Mr Ford in the 1976 presidential election. But Mr Ford, who said the pardon was needed to close the Watergate era, appeared well aware of the possible repercussions of his decision.

When his aides suggested that a pardon could doom his chances of being re-elected, Mr Ford shot back: “It could easily cost me the next election if I run again. But damn it, I don’t need the polls to tell me whether I’m right or wrong.’’

Historians later credited Mr Ford with restoring dignity to the office of the president, which had been badly tarnished by Mr Nixon and Spiro Agnew, who resigned as Mr Nixon’s vice-president after being charged with tax evasion.

Vice-president Dick Cheney, who became chief of staff to Mr Ford after Donald Rumsfeld moved from that job to become defence secretary, said on Wednesday: “He assumed the nation’s highest office during the greatest constitutional crisis since the Civil War. In that troubled era, America needed strength, wisdom, and good judgment, and those qualities came to us in the person of Gerald R. Ford.”

Democrats and Republicans mourned Mr Ford. Harry Reid, the incoming Democratic Senate majority leader, said Mr Ford helped lead the US from “one of its darkest hours with grace and bipartisanship”. John McCain, the Arizona Republican senator said he “sacrificed his own ambitions to help move our country beyond the divisions and disillusionment caused by Watergate and a lost war”.

John Bruton, the European Union ambassador in Washington, said he was “deeply saddened” by the death of Mr Ford, whom he described as a “healing force” in US history.

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German President Horst Köhler offered his “deeply felt condolences’’ and described Ford as “a great American” who played an important role in advancing trans-Atlantic ties and as “one of the founding fathers of the world economic summits of the leading industrial nations”.

Czech President Vaclav Klaus called Ford “an outstanding politician’’ whose work ‘‘was instrumental for freedom in my country and for the fall of the Iron Curtain in Europe”.

Ford's Integrity Praised (WT)

By Eric Pfeiffer

Washington Times, December 28, 2006

President Bush and other lawmakers paid their respects to Gerald R. Ford yesterday, as plans were completed for several days of funeral services and memorials, which will include the late president's body lying in state at the U.S. Capitol on Sunday and Monday.

Gregory Willard, a Ford family representative, told reporters yesterday that services will begin tomorrow in California and last until Wednesday, when Mr. Ford will be interred in a hillside tomb near his presidential museum in Grand Rapids, Mich.

Speaking from his ranch in Crawford, Texas, Mr. Bush praised the former president for restoring integrity to the White House after the scandal-forced resignations of President Nixon and Vice President Spiro Agnew.

"With his quiet integrity, common sense and kind instincts, President Ford helped heal our land and restore public confidence in the presidency," Mr. Bush said. "The American people will always admire Gerald Ford's devotion to duty, his personal character and the honorable conduct of his administration. We mourn the loss of such a leader, and our 38th president will always have a special place in our nation's memory."

The curators of Mr. Ford's presidential museum opened their lobby for 24 hours a day starting yesterday and said the lobby will remain open until further notice.

Mr. Willard said the funeral ceremonies begin tomorrow, with a private prayer service for the family at St. Margaret's Episcopal Church in Palm Desert, Calif., which Mr. Ford and his wife, Betty, had attended. On Saturday, the 38th president's body will be flown to Washington for a state funeral in the Capitol Rotunda that evening. On its way to the Capitol, the hearse will pause at the World War II Memorial, in tribute to the Navy veteran's service.

The public will be able to file into the Capitol to pay last respects to Mr. Ford from the conclusion of the funeral until the coffin leaves for a funeral service at the Washington National Cathedral on Tuesday morning. His remains will leave Washington for the final service and interment in Michigan, the former president's home state.

The tributes poured in yesterday. Vice President Dick Cheney, who served as Mr. Ford's chief of staff, praised his former boss in a statement, calling him a "dear friend and mentor."

"Throughout his career -- as a naval officer, congressman, vice president and president -- Gerald Ford embodied the best values of a great generation: decency, integrity and devotion to duty," Mr. Cheney said.

Mr. Ford had close ties to the Bush administration. Mr. Bush's father, former President George Bush, served in the Ford administration as a diplomat and CIA director. And just-departed Defense Secretary Donald H. Rumsfeld also served Mr. Ford as chief of staff.

Mr. Rumsfeld yesterday called his former boss "a man of great decency and towering integrity." The elder Mr. Bush called Mr. Ford "one of the most decent and capable men I ever met."

Former Senate Majority Leader Bob Dole, who was Mr. Ford's vice-presidential running mate in 1976, said Mr. Ford "was a friend to everyone who met him" and "had no enemies."

Praise for Mr. Ford was not limited to his former political allies. Former President Jimmy Carter, who defeated Mr. Ford in the 1976 presidential election, also had kind words for his one-time opponent.

"An outstanding statesman, he wisely chose the path of healing during a deeply divisive time in our nation's history," Mr. Carter said. "He frequently rose above politics by emphasizing the need for bipartisanship and seeking common ground on issues critical to our nation."

Former President Bill Clinton and New York Sen. Hillary Rodham Clinton issued a joint statement, saying that Mr. Ford "to his great credit ... was the same hard-working, down-to-earth person the day he left the White House as he was when he first entered Congress."

Mr. Bush ordered all flags at federal buildings, including Congress, the White House, and U.S. diplomatic missions and military bases abroad, to be flown at half-staff for the next 30 days, according to the U.S. Flag Code guidelines for a former president's death. Gov. Jennifer M. Granholm, Michigan Democrat, followed suit for her state, ordering all flags on state office buildings to be flown at half-staff through Jan. 25.

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"I remember in his inaugural speech he said, 'You have not elected me as your president by your ballots, and so I ask you to confirm me as your president with your prayers,' " said the Rev. Billy Graham. "God certainly answered those prayers. President Ford was the great healer, and brought us together. We owe a great debt to him for how he put principle over politics at a crucial time in the life of our nation."

Historians have viewed Mr. Ford's legacy as focusing on the stability he provided after Mr. Nixon's resignation. However, polls show that his standing has continued to improve with the American public over the years.

In March 1975, his popularity sank to 37 percent, the lowest point of his presidency. The drop in his poll numbers is attributed to his decision to pardon Mr. Nixon the September before and the continued fallout from the Vietnam War.

In September 1974, just 33 percent of respondents told Time magazine that they agreed with the pardon. Yet by 1980, 55 percent of respondents said they had a favorable opinion of Mr. Ford in a CBS News/New York Times poll.

Those positive sentiments appear to have solidified over time. According to a June 2006 Gallup poll, 60 percent of Americans said they approve of the job Mr. Ford did as president, with only 26 percent registering disapproval.

"For most, the legacy of Gerald Ford will be the unity he brought to the nation after the divisive and bitter experiences of Watergate," presidential historian Doug Wead said yesterday on the Web site NewsMax.com. "In those days, Republican and Democrat, journalist and pundit could agree that the new president was honest and decent and he would make every effort to be fair. It was a time for healing."

Even Chevy Chase, the comedian whose "Saturday Night Live" parodies cemented the image of Mr. Ford as a klutz, said yesterday that he had come to have a high opinion of the former president, who was actually a star athlete in college and later a football and boxing coach.

After the show's run, "we became friends and he was a very, very sweet man," Mr. Chase told [a wire service] news agency.

"He took my wife and I on a whole lovely trip through Grand Rapids to show us where he had been as a child. We kept in touch, and he was just a terrific guy."

Gerald Ford Dead At 93 (CHIT)

By William Neikirk

Chicago Tribune, December 28, 2006

WASHINGTON -- Gerald R. Ford, who struggled to heal the nation's Watergate wounds in a short and turbulent tenure as president, died Tuesday. He was 93.

The death was announced by his wife, Betty. No cause of death was immediately disclosed, but the longest-living U.S. president had suffered from pneumonia and heart ailments in the past year.

``The American people will always admire Gerald Ford's devotion to duty, his personal character and the honorable conduct of his administration," President Bush said in a statement from his Texas ranch. Bush said Ford "will always have a special place in our nation's memory."

Ford took over as the nation's 38th president on Aug. 9, 1974, after the resignation of Richard Nixon, but economic woes and his pardon of Nixon undercut his campaign of reconciliation and eventually his presidency. He was the only person to ever serve as chief executive without being elected president or vice president.

He died near his California home. After his body is flown to Washington Saturday, Ford's motorcade will pause at the World War II Memorial en route to the Capitol.

Ford's body will lie in state in the Capitol where he represented Grand Rapids, Mich., as a House member for 25 years and as House Republican leader. His body is expected to arrive Saturday evening in the Rotunda, to be met by House Speaker Dennis Hastert and Senate President Pro Tem Ted Stevens (R-Alaska) for a short ceremony.

The casket will be available for public viewing Saturday night, Sunday and Monday. On Tuesday morning, a large-scale funeral service will be held at the National Cathedral. Then, next Wednesday, Ford will be interred outside his presidential library and museum on the banks of the Grand River in Grand Rapids.

Those arrangements may change slightly as Congressional and White House officials work with the Ford family.

"Our long national nightmare is over," Ford told an anxious country after taking the oath of office to replace Nixon, who stepped down rather than face almost-certain impeachment over his role in covering up the Watergate scandal.

Referring to Nixon's departure, Ford added: "Our Constitution works. Our great republic is a government of laws and not of men."

But as he took charge with those reassuring words, events would later show that moment was perhaps the high point of a presidency that suffered for lack of a true electoral mandate.

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It came to an end in 1976. Ford managed to eke out a narrow yet party-dividing victory for the Republican nomination after a strong primary challenge from former California Gov. (and later president) Ronald Reagan. But in November he lost to Democrat Jimmy Carter in one of the closest elections in U.S. history after starting out far behind in the polls. Carter, a former Georgia governor, made the pardon a central campaign issue.

Ford achieved a rare distinction in 2003, when he became only the fourth former president to reach age 90, after John Adams, Herbert Hoover and Reagan. He told an interviewer upon turning 90: "I'm still playing golf. I'm still a nine-holer--my legs can't handle 18 very well."

Though Ford left the Oval Office with a reputation for being one of the nicest, most decent presidents in U.S. history, in the end the nice guy failed to extend the Republican electoral victories that began with Nixon's capture of the White House in 1968. Many observers saw Ford as a victim of his predecessor's scandal and the distrust it brought his party.

But in the first few weeks after Nixon's departure, the genial Ford brought a calming presence to the highest office in the land, shunning the imperial atmosphere fostered by Nixon. His straightforward manner eased the nation's concerns after a major constitutional crisis had nearly torn it apart. He also communicated a spirit of openness and sincerity as he crisscrossed the country, visiting all 50 states during his first 16 months in office.

Ford's wife, Elizabeth Ann "Betty" Ford, had stayed out of the spotlight during his congressional career. She spent much of her time raising their four children, Mike, Jack, Steve and Susan. But as first lady, she assumed a larger public role, stressing help for handicapped children and favoring the Equal Rights Amendment.

After she had breast cancer surgery in 1974, she campaigned for greater public awareness of the disease. And then, after successfully battling her own dependency on drugs and alcohol, she helped establish the Betty Ford Center at the Eisenhower Medical Center in Rancho Mirage, Calif.

`Accidental president'

The "accidental president," as some have called Ford, was also prone to accidents. His occasional stumbles and gaffes made him a favorite target of comedians, including Chevy Chase on NBC's "Saturday Night Live." He bumped his head on the presidential helicopter, and on an overseas trip in 1975, he fell down the ramp of Air Force One. Yet with an outstanding football career at the University of Michigan, he was perhaps the best athlete ever to occupy the Oval Office.

Ford wrote in his autobiography, "A Time to Heal," that he laughed at the jokes made at his expense about such missteps, but he added that if the people internalized an image of him as a bumbling, stumbling leader, that wouldn't be funny at all for his presidency.

The acid-tongued Lyndon Johnson once remarked that Ford played too much football without his helmet on.

"I'm a Ford, not a Lincoln," Ford said in one notable remark uttered while he was still vice president but that nonetheless reflected a modest vision about his place in history.

Even his political advisers privately criticized his speaking style and lack of charisma, but never his sincerity or decency. To many on the political scene in Washington, he was just "Good Old Jerry Ford."

In his nearly 2½ years as chief executive, Ford also had to deal with many thorny problems besides Watergate and the Nixon pardon. He presided over the painful final act of the American withdrawal from Vietnam--the April 28, 1975, evacuation of U.S. personnel as the North Vietnamese stormed Saigon. Throughout his presidency, he strove to stabilize an economy plagued by inflation, recession and fears of energy shortages.

Early in his tenure, he ordered a clemency program for Vietnam-era draft evaders and deserters that required them to do public service. About 15,000 Americans, civilian and military, participated.

He continued Nixon's program of detente with the Soviet Union and reached out to China, although the perceived defeat in Vietnam posed a major challenge in projecting U.S. power abroad in a world divided by the Cold War.

Ford sought to counter an image abroad that America had turned into a helpless giant--and he believed one incident gave him that opportunity.

Shortly after the fall of Saigon, he authorized a military operation to rescue 39 crew members of the merchant ship SS Mayaguez, which had been seized near the coast of Cambodia by Khmer Rouge forces.

In a mission filled with miscalculation and bungling, 41 Americans died and 50 were wounded in an invasion of Cambodia's Koh Tang Island, even though the crew members had been secretly released and put on a Thai fishing vessel before all the military strikes were completed. Despite the heavy losses, Ford claimed a victory for American credibility.

Attempts on his life

There were two attempts on Ford's life in September 1975 on separate trips to California. Both of the would-be assassins were women, Lynette "Squeaky" Fromme and Sara Jane Moore. For a while, Ford cut back on his travel as a result of the attempts.

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Though he was a creature of Congress, as president he often found himself at odds with a Democratic-controlled Capitol Hill, particularly on legislation to deal with the economy, and vetoed 66 pieces of legislation. He battled with Congress over energy legislation and whether spending should be cut to match tax reductions.

With inflation at 12 percent when he took office, he renounced Nixon's wage and price controls and opted instead for a "Whip Inflation Now" or "WIN" program, complete with WIN buttons that yielded more laughter than cooperation. In 1975 the economy sank into a steep but brief recession, and unemployment soared to more than 9 percent.

Joblessness and inflation abated in 1976, and tax cuts proposed by the White House helped. But the recovery slowed right before the November election--bad timing for Ford.

Ford, who was 61 when he took over the White House, was born Leslie Lynch King Jr. on July 14, 1913, in Omaha. He became Gerald R. Ford Jr. after his mother divorced and remarried.

When Ford assumed the presidency, he was a veteran congressional leader with three sons and a daughter whom his wife, Betty, almost exclusively raised as he tended to his political career. He had promised her that he would not run for president in 1976, but political demands dictated otherwise.

His family made more news than he did on occasion, with Betty Ford creating a national controversy by saying she would not be surprised to learn her children had smoked marijuana and wouldn't be shocked if her teenage daughter engaged in premarital sex.

Her husband, a Republican from the party's moderate Eisenhower wing, rose to the rank of House minority leader during a nearly 25-year congressional career before being chosen in October 1973 to be Nixon's vice president under authority of the 25th Amendment. He replaced Spiro Agnew, who stepped down after pleading no contest to a charge of income tax evasion after receiving illegal payments.

Two Democrats, House Speaker Carl Albert and Senate Majority Leader Mike Mansfield, were instrumental in Ford's selection, telling Nixon that of all the potential candidates, Ford would have the easiest time being confirmed. Ford also was pushed by moderates inside the Nixon administration. His ascension to the presidency marked the only time that a person who was not elected either president or vice president has held the nation's top office.

Once he became president, Ford named former New York Gov. Nelson Rockefeller as vice president, completing the only non-elected team ever to lead the national government. But in an effort to appease the party's right wing, Rockefeller was dumped as Ford's 1976 running mate in favor of Sen. Bob Dole of Kansas.

"You just lost the election," Reagan representative Drew Lewis told Ford because he did not choose Reagan as his running mate.

Though Ford and Rockefeller were polar opposites in many ways, Ford was unsparing in his praise for the New Yorker as a team player. He later said one of his biggest regrets was in caving to right-wing pressure and dropping Rockefeller from the ticket.

Rockefeller, a liberal Republican who had sought the presidency in 1964, had his troubles in the new administration. He began as Ford's czar of domestic policy but was outmaneuvered by the president's top aides in that task. Later, Ford assigned him to head a commission that investigated controversial counterintelligence operations by the CIA and FBI, including alleged CIA assassination plots against foreign leaders such as Cuba's Fidel Castro.

When the Rockefeller Commission refused to publish information on the assassination plot against Castro under President John Kennedy, a congressional committee headed by Sen. Frank Church, an Idaho Democrat, rebuffed Ford and decided to publish it as part of a report recommending overhaul of government intelligence agencies.

For his part, Ford imposed restrictions on the FBI for spying on political activist organizations and high-profile figures such as Rev. Martin Luther King Jr. After the Sept. 11, 2001, attacks, he said relaxing those curbs appeared to be appropriate, even though he added he was "very, very queasy" about "going back to the bad old days when the FBI was spying on people."

Ford was plain-spoken, and not naturally given to eloquence, a Midwesterner of modest means and common-sense conservative politics who never aspired to be president. His ambition as an up-and-coming congressman pointed in only one direction--to be speaker of the House. He said he believed in limited government and admitted he did not have presidential "vision," which he defined as grand governmental schemes and the rhetorical ability to sell them to the public.

Yet when he put his principles in action, sometimes they proved costly. When he opposed a federal bailout of a financially pinched New York City, the New York Daily News splashed a "Ford to City: Drop Dead" headline on its front page. The president said a bailout would have enabled the city to escape dealing with its problems. Some critics felt that position cost him New York in the 1976 election.

But nothing compared with Nixon's pardon for political impact. On Sept. 8, 1974, roughly a month after he took over, Ford issued a "full, free and absolute pardon" to Nixon in a decision that put an indelible mark on his presidency and gave Carter a handy campaign issue.

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Critics charged that the pardon had been hatched as part of a deal that would bring Ford to power, but Ford steadfastly denied that was the case.

In his autobiography, Ford said he decided on his own to pardon Nixon, explaining that Nixon's humiliation over resigning was punishment enough and that putting him on trial would revisit the sins of Watergate and cause greater turmoil. "The healing process would have been torn apart," he said.

One of his top advisers, James Cannon, wrote in a book that the president was "shocked" at the negative public reaction resulting from the pardon, thinking that the American people would be in a more forgiving mood. They weren't, and the pardon hobbled Ford throughout his presidency.

In retrospect, many political scientists give Ford credit for making a tough decision that would, over time, help heal the country--just not in time for Ford. In later years he would be honored for making one of the most courageous decisions in American politics.

On May 21, 2001, he received a Profile in Courage Award from the family of President Kennedy for his pardoning of Nixon. In his remarks, he said, "No doubt arguments over the Nixon pardon will continue for as long as historians relive those tumultuous days."

President Bill Clinton presented him the Presidential Medal of Freedom in 1999 for guiding the nation through the difficult times of Watergate, Nixon's resignation and pardon, and America's difficult disengagement from Vietnam.

On June 19, 2006, a few weeks before Ford's 93rd birthday, Vice President Dick Cheney praised the former president at the Gerald R. Ford Foundation's annual dinner.

"We worked for a man who had inherited a damaged office and who swiftly and successfully restored authority, dignity and respect to the presidency," Cheney said.

He noted that Ford once said that he "never could have imagined that he would be president of the United States in America's bicentennial year," 1976.

Cheney recalled at the foundation's 2005 dinner in Rancho Mirage that Ford "called the room to silence, lowered his voice, drew us into his confidence--and announced that he was Deep Throat."

`Integrity in the White House'

Asked by the Tribune in May 2003 how he wanted to be remembered, Ford said: "When historians write whatever they write, I hope they will say that President Ford re-established integrity in the White House, that President Ford restored public support for the White House on the basis of integrity. If that's the achievement of the Ford administration, according to historians, that would please me the most."

Some of Ford's key aides went on to greater political careers--perhaps one of his biggest legacies. His top diplomat in China, George H.W. Bush, became vice president and president. Cheney, his chief of staff, became vice president.

Donald Rumsfeld, another chief of staff and defense secretary, took over the Pentagon under President George W. Bush in 2001 and became one of the most influential defense secretaries in U.S. history. His chief economic adviser, Alan Greenspan, later became chairman of the Federal Reserve.

Politically, Ford--like Nixon--mistrusted the GOP's right wing. Ford and Reagan were never close, for instance, and campaign memos written on Ford's behalf in 1976 identified Reagan's followers as "right-wing nuts." The president also said he was miffed because Reagan provided only lukewarm support for his run against Carter.

To win the nomination in 1976, the president found he had to get tough with Reagan, airing television commercials questioning his competency and judgment.

He wrote in his autobiography that Reagan always thought he was right in an argument, didn't work all that hard at campaigning and had a tendency for "offering simplistic solutions to hideously complex problems."

Ford had his shortcomings as a campaigner. His staff often criticized his speaking style and speeches that weren't considered punchy enough. At a campaign speech in Illinois, for example, he stumbled over the words "fly swatter" several times, much to the delight of Carter.

But his most serious misstep came in a debate with Carter, when he declared that Eastern Europe was not under the domination of the Soviet Union. Ford did not think he had stumbled until Cheney told him the next day, and urged a clarification. Ford clarified his remarks, but the damage had been done.

Reagan swept to the GOP nomination in 1980, but at the Republican National Convention in Detroit, lieutenants for Reagan and Ford conducted intense negotiations to get Ford on the ticket as Reagan's running mate. Each time Ford turned down the offer, even as he appeared to be holding out for a kind of co-presidency or expanded vice presidency.

Ford indicated he might be willing to go on the ticket if the right deal could be worked out, but ultimately none of the offers was satisfactory to Ford. Reagan went to his second choice, George H.W. Bush.

In a May 2003 interview, Ford gave this account:

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"When Betty and I got to Detroit, we had a message that Gov. Reagan and [Reagan's wife] Nancy wanted to see us. They came to my suite and that's when Gov. Reagan said he would like me to be his running mate, which was a shocker because I had no such ambitions, but in deference to his request, I said let's think about it for 36 hours. In the meantime, both of us had advisers who analyzed the circumstances and finally, it was just generally agreed that it wouldn't work. And that's when Reagan very hurriedly called on George Bush."

While president, he had maintained his interest in sports, playing tennis often, building his own heated swimming pool on the White House grounds and going to his winter home in Vail every Christmas for a skiing holiday.

As a child, Ford lived in Grand Rapids, Mich., where he moved with his mother, Dorothy Gardner King, two weeks after his birth. Five months later, on Dec. 19, 1913, her divorce from Leslie Lynch King Jr. was made final.

On Feb. 1, 1916, his mother married Gerald R. Ford Sr., a paint salesman, who adopted her young son and renamed him. The couple had three sons of their own, but the elder Fords never told the younger children or Gerald that he was adopted. The future president didn't know he was adopted until he was 17, when his real father came to Michigan and introduced himself.

While working part time in a Grand Rapids restaurant, he noticed a stranger lingering by the candy counter one noon.

Ford described the incident in ``Gerald Ford and the Future of the Presidency," a book by Jerald terHorst, who was Ford's first press secretary in the White House and resigned in protest over the Nixon pardon.

``He stood there for a long time--he was a stranger--and finally as I was handling food or doing dishes, he walked across to me and said, `Leslie, I'm your father.' I was a little startled to be addressed as Leslie. Then he said, `Yes, I am your father; I was divorced from your mother. Would you go out to lunch with me?' "

Ford saw his father, who is believed to have died in the early 1940s, only occasionally after that.

A football star in high school, Ford attended the University of Michigan on an athletic scholarship. Although he has often been referred to as a former All-American football player, he did not make the first team at Michigan until his senior year, when he was named the team's most valuable player and was picked for the College All-Star Game.

After turning down offers to play professional football for the Green Bay Packers and the Detroit Lions, he went to Yale Law School, where he helped pay his expenses by working as an assistant football coach. He received his law degree in 1941, finishing in the upper third of his class, and joined the Navy less than a year later.

During his 47 months of active duty, he was first assigned to help shape up the hundreds of aviation cadets training at Chapel Hill, N.C. He then served on the light aircraft carrier USS Monterey in the Pacific. After the war, he returned to Grand Rapids to practice law.

In his autobiography, Ford told of being nearly swept overboard during a typhoon in the Philippine Sea that also ruptured airplane fuel tanks and caused a fire. He wrote that, as president, a fire at the height of a typhoon was a "marvelous metaphor for the ship of state."

1st taste of politics

Ford's first taste of politics was in 1940 when he served as a Michigan volunteer in Republican Wendell Willkie's presidential campaign against Franklin Roosevelt.

When he became interested in trying to solve the housing problems of young, married former servicemen, he decided to use the experience he had gained in the Willkie campaign to help organize the Independent Veterans Association. He was named vice president of the group, which effectively lobbied local commissioners and supervisors for more low-cost housing for veterans.

Meanwhile, he had met Chicago native Betty Bloomer Warren, a former professional dancer who studied with Martha Graham and worked as fashion coordinator at a Grand Rapids department store. After they dated for several months, he proposed but told her they couldn't marry until autumn because something was coming up--actually a try for Congress--that he couldn't tell her about at the time.

He won an upset victory over the incumbent in the Republican primary and was married on Oct. 15, 1948, less than three weeks before he won the general election.

The honeymoon gave way to the campaign. Married on Friday, Ford took his new bride to a University of Michigan football game the next afternoon. That evening they attended a Republican reception in Owosso, Mich., for Thomas Dewey, the Owosso-born governor of New York who was running for president.

After defeating Democrat Fred Barr, Ford went to Washington and won assignment to the House Appropriations Committee.

His first national recognition came in 1952, when he joined 18 other House Republicans in sending Dwight Eisenhower a letter urging that he return to the United States from his military post in Europe and run for president. About the same time he signed the Eisenhower letter, Ford was approached by a group of Michigan Republican leaders wanting him to run for the U.S. Senate to fill the seat of Arthur Vandenberg, who had died, but Ford turned them down to make way for a friend.

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By 1959 he was being talked of as a candidate for the House Republican leadership. A year later he was endorsed by the Michigan GOP as the favorite-son candidate for vice president.

He was one of three Republicans picked for a ``truth squad'' to trail Kennedy around the country during the 1960 campaign against Nixon. He was also one of five Republicans to sign a statement denouncing Kennedy's first State of the Union Message as ``a shabby attempt'' to paint a bleak picture of the nation's economic and international situation.

Later, President Johnson would choose Ford as one of two congressmen on the Warren Commission, which investigated Kennedy's assassination.

Ford was always popular with his fellow Republicans, and that paid off in 1963 when he was elected chairman of the House Republican Caucus, the third-ranking GOP leadership post. Sen. Barry Goldwater (R-Ariz.) said Ford was one of four Republicans he could support for president in 1964. When Goldwater won the nomination, he considered picking Ford as his running mate.

After Goldwater's 1964 loss to Johnson by a landslide, Ford made his move for the House Republican leadership, besting veteran Rep. Charles Halleck of Indiana for the position that would nearly a decade later prove to be his springboard to the presidency.

As House Republican leader, Ford seldom rejected a plea for campaign help from GOP colleagues. He teamed up with the colorful Sen. Everett Dirksen of Illinois in the ``Ev and Jerry Show''--a television presentation of Republican views on national issues.

With Johnson's Great Society programs being passed easily by the heavily Democratic Congress, the ``Ev and Jerry Show'' had more entertainment value than political significance.

Ford's tenure as vice president was an uncomfortable part of his political career. The balance between loyalty to his president and the maintenance of personal integrity and credibility proved difficult. Even after he was told Nixon was likely to resign within a week, Ford said in several speeches he knew of no impeachable offense that had been committed and suggested Nixon somehow would overcome his problems.

An Unelected President Shone At Crucial Moment (CSM)

By Peter Grier

The Christian Science Monitor, December 28, 2006

Posted December 28, 2006 - http://www.csmonitor.com/2006/1228/p25s01-uspo.html An unelected president shone at crucial moment Gerald Ford is eulogized for his openness and honesty in the White House after the Nixon years.

By Peter Grier | Staff writer of The Christian Science Monitor

WASHINGTON

On Aug. 8, 1974, shortly before 11 a.m., President Richard Nixon entered the Oval Office to meet with Vice President Gerald Ford. President Nixon's face was ashen, but he was set on his course, so he shook hands and motioned Mr. Ford to sit in a chair beside him.

An awkward silence followed. Then Nixon broke it.

"You'll do fine," he said.

The formalities were yet to come, but at that moment, like a shock, the powers of the presidency leapt from one man to the other. Nixon, wounded by Watergate, was resigning; Ford was about to become the first, and so far only, unelected chief executive of the United States.

Ford, who died Tuesday at his home in California, had spent decades in Washington preparing himself for higher political office. The problem was, that office was speaker of the House. Now, in 1974, this product of Congress had to sit where Nixon had sat - and Lyndon Johnson and John F. Kennedy before him - and lead a dispirited and divided nation.

Watergate was only part of it. Ford inherited the Vietnam war, and inflation, and the cold war, too.

Did he do fine, as predicted? Ford's pardon of Nixon was deeply unpopular, and probably cost him the '76 election. His Whip Inflation Now campaign seemed all lapel buttons and no bite. The comedian Chevy Chase's imitations of his pratfalls remain legendary, however unfair.

But Ford was more, somehow, than the sum of his policies. Decent, fair, modest, and - truth be told - shrewd, he made Washington seem normal again. It was a time for healing, as he himself later said. And heal he did, steadying the economy and keeping to a moderate foreign-policy course.

The Nixon years had been as dramatic and taxing as Wagnerian opera. This political theater ended under Ford. The US could relax, and refocus on the future.

"On behalf of the entire nation, thank you for restoring the nation's confidence in itself," said President Jimmy Carter to Ford, moments after taking the oath of office in 1976.

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Ford was born July 14, 1913, in Omaha, Neb. He was named Leslie Lynch King Jr., after his father, Leslie King, a Montana wool trader. His parents divorced shortly after his birth, and two years later, his mother married a Michigan paint salesman named Gerald Ford, who gave his stepson his name and raised him as his own.

Stocky and blond, Gerald Rudolph Ford Jr. grew up in Grand Rapids, Michigan's second-largest - and most conservative - city. Even in those days, boys generally wore sports shirts and sweaters to school. Jerry Ford usually wore a suit and tie.

He studied hard and got decent grades but was best known as the star center of the South High School football team. "Back then I had absolutely no interest in politics or a career in government," he later said.

Recruited by its football coach, Ford entered the University of Michigan in 1931. He played on undefeated teams in 1932 and 1933, and was named the Wolverines' "most valuable player" in 1934. The Detroit Lions and the Green Bay Packers offered him pro contracts when he graduated in 1935, but Ford, a solid "B" student, had set his sights on another line of work: the law.

He took a coaching job at Yale, and eventually talked his way into Yale Law School. He worked hard - perhaps unsurprisingly, his best grades were in legal ethics - but had time to found a modeling business on the side.

Yes, modeling. Urged on by Phyllis Brown, a girlfriend who was herself a model, Ford backed a New York agency for several years. Eventually he himself starred in a Look magazine photo spread about a weekend in the life of sports-oriented young people.

Then World War II intervened. Shortly after receiving his law degree in 1941, Ford enlisted in the Navy. Serving on the aircraft carrier USS Monterey, Ford was witness to many of the biggest naval battles in the Pacific. But his only close call came during a typhoon, when he slipped on deck and flew like a toboggan over the edge - only to drop neatly onto a catwalk.

After the war, Ford returned to Grand Rapids to practice law.

And like another young Navy vet in California, Richard Milhous Nixon, Ford's interests and experience made politics a natural career choice.

He began his political life as a reform candidate dedicated to sweeping out the prewar old guard of Michigan politics. In 1948, he beat incumbent Rep. Bartel Jonkman in the Republican primary for Michigan's Fifth Congressional District.

Eventually, the people of the Fifth District elected Jerry Ford to Congress 13 times.

In Washington, Ford quickly developed a reputation as a loyal Republican and hard worker. He wangled a spot on the powerful Appropriations Committee, and, with the help of other young members dissatisfied with the GOP old bulls, won election to the party's congressional leadership.

In 1965 he was elected House minority leader. But his long-held goal, speaker of the House, seemed as far away as ever, as Democrats kept control of the chamber in election after election.

Some thought him stolid. Others knew better.

"There is an inscrutability about Jerry," one of his friends told the Grand Rapids newsman Bud Vestal in 1974. "You think you know him, but there's always one layer of reserve between you and Jerry's inner self."

By '74 he was tired of laboring in the minority. That term would be his last, he figured - he'd go back to Grand Rapids in 1976.

But then came the scandals of the Nixon presidency. Vice President Spiro Agnew resigned in 1973, after being accused of taking bribes in political office. Nixon knew Ford from years of service together in Congress; some newsmen had even speculated in 1968 that Ford would be his running mate. When Nixon announced his new choice for vice president at a White House ceremony, members of Congress in the audience raised a deafening cheer.

"They like you," Nixon said to Ford as they stood on the podium.

"I have a couple of friends out there," said Ford, as the applause continued.

Then the Watergate crisis deepened and, less than a year later, Nixon, too, resigned. Ex-jock, ex-model, a man who'd come home at night covered with paint after working in his father's paint and varnish factory as a boy, Ford was president of the United States.

On Sept. 14, 1974, President Ford opened a National Security Council (NSC) meeting on the Strategic Arms Limitation Talks (SALT) nuclear-reduction talks with a short, cogent statement of the principles at stake.

SALT was good for the country, Ford said; the US had the "obligation" of finding common ground for agreement. Better to go in with that attitude than a cynical or skeptical one, which might itself block the way forward.

"Not any agreement is acceptable ... but reaching an agreement is in our best interests," he said. "We should proceed on the basis that this is the case."

To the cabinet, accustomed to Nixon's long, rambling harangues, these words must have seemed a revelation. They were modest, yet unarguable, and after the president delivered them, he shut up. Not entirely - he asked a question here and there. But in the main, he let his advisers convince him, rather than the other way around.

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To pore through the minutes of Ford's presidential meetings is to see a leader who is far from a bumbler. In at least one NSC meeting he corrected a member of the Joint Chiefs of Staff about the military's own budget. But as president he did not force decisions. He had a sense of humor, even about his infamous falls, including one he took on a state visit to Austria.

"In Austria, the president indicated he tumbled into Austria," read the minutes of a June 4, 1975, cabinet meeting, "but he really felt that Betty had tripped him, then ran away and left him to get to his feet all by himself."

But it wasn't enough to win his election to the office he'd inherited. Barely a month into his presidency, Ford pardoned Nixon for any crimes he might have committed. Eighty percent of Americans disapproved; even Ford's press secretary, Jerry terHorst, resigned.

Ford's popularity recovered, and the nation was spared a divisive trial, but the pardon remained a drag on Ford's poll ratings. In 1976, he was beaten by Democrat Jimmy Carter, who won fewer states but more electoral votes.

Ford was the only Michigander, and the first Eagle Scout, to become president. He was the first appointed vice president (the second was his own vice president, Nelson Rockefeller), and the only unelected chief executive of the US. He was the only president whose motorcade was involved in an auto accident, and he held the record for number of presidential assassination attempts (two).

Yet he may forever be best known for this: He was his own man, and not Richard Nixon. For the United States, at a crucial point in its history, that was enough.

As Donald Rumsfeld, who served as Ford's Defense secretary, said in 1986: "It was a time to heal, and Gerald Ford did it as few others could have."

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The Homegrown Decency Of Gerald Ford (WP)

By Wil Haygood

The Washington Post, December 28, 2006

There is something about landscape and upbringing, about how it often seems to come to bear upon the temperament of an individual. Gerald R. Ford Jr., a Michigan boy, grew up to be president. If one were to flip through a sepia-tinted scrapbook, into Ford's 1920s and 1930s Grand Rapids, one might see glistening lakes, football fields, leafy trees. One might hear teakettles whistling atop stoves. And one might imagine a place where boys weren't supposed to cry.

There was indeed that tableau, but there were also other things -- less poetic -- humming in the life of the young Gerald Ford. His mother was a divorcee; his birth father was a smoothie and a ladies' man. There would be financial woes even after his mother remarried. Young Jerry also had a stuttering problem. (By the time he reached high school, however, the stutter was gone, as if he had miraculously laid it in his hand and flung it across a nearby lake.)

There was something of a Hemingwayesque code at play in Ford's upbringing. Grace looked so sweet under pressure. One bore up coatless in wintertime if needed. One suffered quietly, and family demons never rolled beyond the window curtains.

By the time he had emerged onto the national stage, something simple and munificent had bled its way into his being: decency.

Ford was a decent man, and he seemed to admire in others, more than anything else, that trait.

Throughout his life, there were moments when he might have faltered. He might have become self-centered, paranoid about the motives of others, egotistical once entrenched behind a fancy desk on Capitol Hill. He came of age during the Depression, when people starved and homes vanished like feathers blown away by the cold financial winds.

There was indeed a Nixon enemies list, but Ford would have considered such a thing anathema. He seems to have eschewed unattractive tics. He chuckled; he rested; he backslapped. Parodied on those "Saturday Night Live" skits, he took it in stride and even made a cameo appearance on the show. Life needed humor.

Here is Ford in his unadorned autobiography, "A Time to Heal," talking about his freshman year in 1931 at the University of Michigan: "I'd saved one hundred dollars that summer working at the paint factory. For three hours every day, during the lunch period, I waited tables in the interns' dining room at the university hospital, then helped clean up the nurses' cafeteria. A wonderful aunt and uncle, Roy and Ruah La Forge, sent me a two-dollar check every week. And once every two or three months, I received twenty-five dollars for donating blood at the university hospital."

There's decency in remembrance of that aunt and uncle; they're not just aunt and uncle, they're "wonderful."

He wore plaid and made it look, well, plaid. He smoked a pipe and he talked like a man who had no time to waste on words. He thought candor decent, slipperiness indecent.

The human dramas found him sure enough, and the sword he bore against them was decency.

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In his mind it was decent to pardon Richard Nixon. Here are some of the words Ford uttered upon accepting the presidency: "In the beginning I asked you to pray for me. Before closing, I ask again your prayers for Richard Nixon and for his family. May our former president who brought peace to millions find it for himself."

You could make too much of Ford's Midwestern upbringing -- as if someone were predestined by virtue of a Michigan or Ohio or Illinois birth with openness, candor and friendliness. That is a cliche burned into the nation's mind-set, along with notions that most Californians are supposed to be uber-hip and most New Yorkers fancy. What that upbringing might have given Ford was room to grow and little room to cry out. It gave him the cheeriness to do unexpected things, and he did them as simply as walking through someone's front door: He appointed William Coleman, a black man, as transportation secretary. It was not lost on blacks that Ford was the first Republican president to appoint a black as a Cabinet secretary, and it was not lost on blacks that the distinguished Coleman was not given the kind of job blacks usually got -- such as housing or health and human services. Coleman was the best individual Ford could find for the job. Ford presided over the swearing-in ceremony himself; it seemed a grandly decent and quietly historic thing to do.

He stood resolutely beside his wife, Betty, when she endured bouts with alcoholism. He encouraged her to talk about her disease. His family's demons, in time, rolled beyond the window. He blinked not an ounce of shame or embarrassment.

Politics, football, love, family. He warmed the bench at Michigan until he eventually won the job as starting center. There is a beautiful poem by James Wright, a Midwestern poet by way of Ohio. It speaks of things on the gridiron of Ford's life:

In the Shreve High football stadium,
I think of Polacks nursing long beers in Tiltonsville,
And gray faces of Negroes in the blast furnace at Benwood,
And the ruptured night watchman of Wheeling Steel,
Dreaming of heroes.
All the proud fathers are ashamed to go home.
Their women cluck like starved pullets,
Dying for love.
Therefore, their sons grow suicidally beautiful
At the beginning of October.
And gallop terribly against each other's bodies.

The 38th president of the United States had galloped toward decency during his lifetime. Myths seemed to have meant little to him. In his memoirs, he recalled the afternoon he met his birth father during his teen years. It deeply affected him. The man had come through Grand Rapids with a pretty chippy; he idled into the small restaurant where his son was slapping burgers. They went for a ride. The words got in the way. "When I went to bed that night," Gerald Ford would come to write, "I broke down and cried."

A decent thing for a kid to do.

Wife Created New Image For First Lady (USAT)

By John Ritter

USA Today, December 28, 2006

As Betty Ford mourns her husband of 58 years, Americans recall an outspoken and candid first lady never shy about discussing her problems or pet causes.

Entering a White House East Wing vacated by the reticent Pat Nixon, Ford in less than three years put a new face on the presidential wives sorority and created a model for her successors.

"Betty was so much more outgoing and gregarious and kind of in your face about certain issues," says Craig Schermer, historian at the National First Ladies' Library in Canton, Ohio. "She paved the way for Nancy Reagan and Rosalynn Carter and Barbara Bush."

Ford, 88, is best known for openness about her breast cancer while in the White House and, after President Ford had left office, about her substance abuse. But she was even more outspoken — though it's less remembered today — about her support for the doomed Equal Rights Amendment for women.

"She publicly made phone calls and even appeared on The Mary Tyler Moore Show to urge congressional support," Schermer says. "At one point, somebody on the president's staff asked him if there was a way to muzzle her." He refused.

Here was a first lady who, when asked by a TV interviewer what she'd do if she learned that her daughter was having premarital sex, said she hoped her daughter would be on the pill.

That seemed outrageous to many in the mid-1970s. Equally courageous was Ford's decision to publicly disclose her breast cancer in 1974 and her subsequent treatment — a mastectomy. Women didn't talk openly about breast cancer in those days,

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much less examine their breasts for lumps. After she left Bethesda Naval Hospital, Ford appeared on the South Portico of the White House and waved.

"She was one of the first people of prominence to acknowledge it. It was not an easy thing to do," says Barbara Brenner of the advocacy group Breast Cancer Action. "She encouraged a lot of women to take better care of themselves."

Ford is also a living symbol that breast cancer need not be a death sentence, Brenner says.

The former first lady is even better known today for a painful chapter in her life, addiction to alcohol and painkillers stemming from attempts to relieve severe neck pain. Her daughter, Susan Ford Bales, then 19, arranged a medical intervention that got her mother into treatment in 1978.

In 1982, Ford co-founded, with her friend Leonard Firestone, the Betty Ford Center in Rancho Mirage, Calif. The facility has become a world-famous destination; more than 70,000 people have sought treatment there for alcoholism and drug abuse, including such celebrities as Elizabeth Taylor.

Even though Ford's addiction treatment occurred after her husband left office, "what it did was make us realize that presidential families have their own crises," Schermer says. "We make jokes today about the Betty Ford Center, but it provided a real viable place for people to go."

The Fords, married in 1948 two weeks before Gerald was elected to his first term in Congress, were a devoted and intimate couple. "They were very, very close physically and emotionally, and they genuinely truly adored each other," Schermer says.

The Fords were also the first couple to elevate the presidential kiss from a traditional peck on the cheek. "They were very open about kissing one another," he says.

Profile In Decency (WP)

By Bob Dole

The Washington Post, December 28, 2006

We were fortunate in 1974, a time of crisis, to have the right person in the right place at the right time. When the country needed healing, reconciliation and restoration of confidence, Gerald Ford provided it.

He was a principled partisan, a GOP leader who worked diligently for Republican causes but who knew the limits of partisanship. He could also count -- and he knew that with Republicans in the minority, if he was to accomplish anything as House Republican leader or as president, he would often need a bipartisan approach.

He was never a person to nurse a grudge. He was willing to admit mistakes. Generally, he had a smile on his face, but he was determined and competitive, though realistic about what he could achieve.

In defeat he was gracious. Notwithstanding a heated 1976 campaign, in a race that went from a 30-point deficit to a cliffhanger, he and President Jimmy Carter became close friends and accomplished many worthwhile things together.

Gerald Ford had never sought the presidency and thus was obligated to no group or individual. His legacy will be that he stopped the national hemorrhaging over Watergate. A man of courage and integrity, he made the tough choice of pardoning Richard Nixon, which helped heal the nation but very likely cost him the 1976 election. He showed his willingness to put the country's interest first.

Becoming The President (NYT)

By David Hume Kennerly

The New York Times, December 28, 2006

I TOOK this photograph of President Gerald Ford in the White House Cabinet Room on May 14, 1975, as he met with his National Security Council about the Mayagüez crisis. The cargo ship Mayagüez had been captured by Khmer Rouge rebels, and it was up to the president to try to get the American crew released safely.

After diplomacy failed, Mr. Ford, who had been president for nine months, waved off one of the Joint Chiefs of Staff's recommendations, which involved a B-52 strike on Phnom Penh, and instead ordered a strong but limited military action that ultimately secured the crew's freedom. Tension was thick in that meeting, but the president's hand was firmly on the controls. In my mind this incident was the fulcrum of his presidency, the point at which he came of age as commander in chief, and the photo shows that.

In some of the Mayagüez meetings, the president's advisers offered up hypotheticals on how certain decisions might "play." They wanted to make sure the world knew that America might still use overwhelming force in achieving its ends. Mr. Ford didn't want to hear that. He had no bloodlust. He knew Vietnam was a debacle; it had been his painful duty to oversee the end of that horrible chapter of American history. But he refused to make innocent Cambodians pay for America's mistakes in Vietnam.

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For me, 30 years later, this photo is emblematic of Gerald Ford's finally making the presidency his own. If I had to describe him in one word, it would be "resolute."

The man I came to know and admire had a quiet and very powerful sense of self. He had the least guile of anyone I've ever met and a total lack of vanity. There were no "two Gerald Fords," there was no other agenda, no secret life. An avid golfer to the end, he would never move his ball to improve his lie when no one was looking. To me that was the central theme of his character. I will miss him profoundly.

Moral Leadership (WP)

By Ron Nessen

The Washington Post, December 28, 2006

One reason Gerald R. Ford was a good president was because he never wanted to be president.

After 25 years as a congressman from Grand Rapids, Mich., he told his wife, Betty, that he was going to run for one more term in the House and then retire to spend more time with her and their children. Then, suddenly, he was appointed vice president (after Spiro Agnew's resignation) and succeeded to the presidency (after Richard Nixon's resignation).

Unlike politicians who carefully calculate for decades how their every word and deed will sound and look when they eventually run for the White House, Ford moved into the Oval Office without having his persona distorted by lust for the presidency.

And the public sensed this genuineness. What a relief to have a regular person as president, particularly after the imperial presidencies of Nixon and Lyndon B. Johnson. Ford was "the man next door."

After the resignation, it took the Nixons a few days to move their belongings out of the White House. It took a few more days to freshen up the paint in the second-floor living quarters. So for 10 days after he became president, Gerald Ford, Betty and their children Susan, Steve and Jack continued to live in their modest suburban rambler on Crown View Drive in Alexandria. I always thought: What a perfect symbol for an ordinary-guy president.

One day Ford's dog, Liberty, made a mess on the rug in the Oval Office. A Navy steward rushed to clean it up. "I'll do that," Ford said. "No man should have to clean up after another man's dog." As I say, it was nice to have a regular person as president.

Unlike some of his predecessors, Ford didn't take himself too seriously. He taped short bits making fun of himself for "Saturday Night Live," then in its first season. He invited Chevy Chase, who made his reputation on the show by spoofing Ford's foibles, to play tennis on the White House courts. And after Chase had performed his "clumsy Ford" routine at the White House Correspondents' Association dinner, the president took the podium and topped the professional comic with a brilliant routine of self-deprecating humor.

One of Ford's favorite sayings about the political and legislative debates in Washington was that "you can disagree without being disagreeable." He not only said it, he lived it. How nostalgic that seems in these days of angry, divisive, polarized, downright nasty Washington rhetoric.

But as president, Gerald Ford did more than change the post-Watergate atmosphere in Washington. The Vietnam War ended during his presidency. By what he did and what he said after the last helicopter lifted off the roof of the U.S. Embassy in Saigon, Ford headed off a bitter postwar campaign of recrimination about "Who lost Vietnam?"

One day during that dark period, I walked into the Oval Office and showed Ford an Associated Press story reporting that the House had rejected a bill providing funds to help resettle hundreds of thousands of Vietnamese refugees who would probably be targets of imprisonment and execution by the victorious North Vietnamese and Viet Cong. I'd never heard Ford curse before, but he did that day when he read the story.

He undertook a public lobbying campaign, including visits to refugee camps in Arkansas and Florida, which turned around public and congressional opposition to helping the refugees. It was his greatest display of moral leadership.

Ford also had a knack for finding and recruiting talented people to serve in government.

Henry Kissinger, Ford's secretary of state, gave a talk at the National Archives a few months ago assessing Ford's presidency. Kissinger noted that judgments about events and leaders made in the heat of the moment often must be modified or reversed when those events and leaders are reassessed from the perspective of 30 years of subsequent history.

President Ford and his presidency are viewed much more favorably today than they were the day he left office. It's good to know that he lived long enough to enjoy the reassessment.

'Our Constitution Works' (WSJ)

By Melvin R. Laird

The Wall Street Journal, December 28, 2006

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Years ago, in the middle of a severe national crisis, a man arose who, in biblical phraseology, had "healing in his wings." On Aug. 9, 1974, that man, Gerald Rudolph Ford, Jr., became our 38th president during the political storm of Watergate and began a vital American restoration with these words: "Our long national nightmare is over. Our Constitution works."

Jerry Ford was my close friend for more than 50 years. Our children grew up together. We spent holidays together. It is difficult for me now to imagine moments more rewarding than an August evening in 1974, at the Fords' modest house in Alexandria, Va., where Betty and Jerry had invited their children and a few intimate friends to ponder history in the making -- Richard Nixon's resignation and Jerry's ascension to the presidency. Some of us sat on the floor of the small living room, and Betty served snacks as we talked. Having taken off his coat and tie, Jerry helped in the kitchen. He made sure everyone felt at home, paying as much attention to the opinions of his children as to those of his friends. He was no longer Jerry but the president, yet he was still the same.

He was our Accidental President -- never elected by the voters to represent anything but his congressional district, which included Grand Rapids, Mich. It was a happy accident for America, and in many ways it was no accident. It was years in the making and required hard work, planning and good fortune. Jerry often told me how fortunate he had been, beginning when he was only two weeks old and his courageous mother fled an abusive marriage to make a better life for herself and her son.

I first met Jerry in 1951, but our paths came close to crossing when we both served in the Navy in World War II and our separate ships were caught in the same typhoon that nearly took our lives in December 1944. Jerry's brush with death came when he was rushing to put out a fire on the flight deck of the U.S.S. Monterey, and lost his footing. He fell as the storm rolled the ship 25 degrees, and he slid down the tilting deck. Only his quick athletic reflexes and the two-inch rim at the edge of the deck slowed him down just enough to allow him to roll onto the catwalk below. In less than a day, Typhoon Cobra sank three of our destroyers and took the lives of 778 men. Later, some were surprised that Jerry could laugh in the midst of great political turmoil. They failed to fathom how harmless political conflicts can be to a battle-tested veteran.

Seven years later, on a visit to Washington as a Wisconsin state senator, I was introduced to Congressman Ford. He was nine years older than me. We became immediate friends. And when I was elected to Congress, we were seatmates in the Defense Appropriations Subcommittee for 16 years, before I became secretary of defense. He was as plain as bread and occasionally bland, but also unfailingly believable, honest, considerate and -- that rarest of commodities -- politically dependable.

When it was clear that the mossback Republican leadership of the House needed to be swept aside, I led a group of young Turks (which included Rep. Donald Rumsfeld) pushing Jerry forward through three successive party coups, eventually making him House minority leader. Jerry and I worked as a close team rebuilding the party with policies that offered constructive alternatives and laid the groundwork for Nixon's 1968 presidential win. * * *

Lyndon Johnson publicly ridiculed Jerry, saying that he'd "played football too long without his helmet on." Jerry was blessed with an abundance of inner security, so political barbs like that didn't bother him much. True, he was a star center for the University of Michigan football team; but he also graduated third in his class at Yale Law School and could easily hold his own with any "intellectual," including Henry Kissinger, when he challenged him on the policy of détente. Johnson insulted Jerry because as president he felt threatened, and rightly so. Jerry had become a formidable political opponent, partly as a result of his opposition to a massive escalation of U.S. troops in the Vietnam War. (In one of the secret tapes released by the National Archives, Defense Secretary Robert McNamara can be heard saying to Johnson: "Jerry Ford and Laird are dangerous." Johnson agreed.)

Jerry's most ambitious political goal was to become speaker of the House, but the lack of a Republican majority denied him. Instead, and ironically, he became president of the Senate when Nixon appointed him vice president. I was Nixon's White House domestic counselor when Vice President Spiro Agnew resigned in October 1973, and used my leverage with Nixon to persuade him to choose Jerry over the man Nixon wanted, John Connally of Texas. Jerry survived the most vigorous investigation ever conducted by the FBI up to that time and the first test of the 25th Amendment providing for the appointment of a new vice president. With a man of such integrity waiting in the wings, many in Congress were prepared to run Nixon out of office for his Watergate misdeeds.

Three days after his inauguration, President Ford spoke to a joint session of Congress, and said simply: "We have a lot of work to do. Let's get on with it." He also warned the American public: "A government big enough to give you everything you want is a government big enough to take from you everything you have." These remarks delivered in an hour of severe national trial evoked immediate acclaim.

Jerry was not perfect, and he could be faulted for allowing Mr. Kissinger to push too rapidly for détente with the Soviet Union. He could also be faulted for the misguided dumping of his vice president, Nelson Rockefeller, from the 1976 ticket in a vain hope of placating Ronald Reagan and the conservative wing of the party. Later in life he admitted to me he was wrong on both counts.

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Nevertheless, in his 895 days as president, Jerry Ford accomplished a great deal of good. He inherited double-digit inflation and the worst recession since the 1930s, which he turned into a healthy economic recovery before he left office. He reformed the CIA and had a gift for some enlightened appointments, such as Ed Levi as attorney general and, in my opinion, John Paul Stevens as Supreme Court justice. The 1975 Helsinki agreement on human-rights principles, which he negotiated with the Soviet Union, emboldened leaders such as Lech Walesa in Poland and Vaclav Havel in Czechoslovakia to challenge Communist rule in Eastern Europe, leading to the eventual collapse of the Soviet empire.

Of greatest importance, however, was his righting of the ship of state. That included the controversial pardon of Nixon. I was 100% behind it, but along with Bryce Harlow urged him to delay until congressional and other support could be publicly lined up in advance. But Jerry was never one to procrastinate once he had made a decision. So when he abruptly announced the pardon a month into his presidency, the nation was stunned, and did not forgive or forget. That probably cost him the 1976 election. Typical of Jerry, he never regretted his decision.

Perhaps the most emotionally satisfying stamp of approval regarding that decision came five years ago in a small scene out of the public eye when Sen. Edward Kennedy admitted that Jerry had been right. The Kennedy-Nixon rivalry was the political equivalent of the Hatfields and McCoys, so the admission had strong emotional resonance. The occasion was the Kennedy family presentation of the John F. Kennedy Profile in Courage Award to Ford, precisely for the pardon. Sen. Kennedy praised him that day for going against the tide of popular opinion. "I was one of those who spoke out against his action then. But time has a way of clarifying past events, and now we see that President Ford was right," Sen. Kennedy said.

Jerry's reply on that occasion in Boston is something all Americans should take to heart as we mourn his passing: "The ultimate test of leadership is not the polls you take, but the risks you take. In the short run, some risks prove overwhelming. Political courage can be self-defeating. But the greatest defeat of all would be to live without courage, for that would hardly be living at all."

Mr. Laird was secretary of defense under Nixon and an eight-term congressman from Wisconsin.

Why Ford Was The Right Man For The Moment (FT)

By Art Cyr

Financial Times, December 28, 2006

"The right sort of sports fan" is how McGeorge Bundy in 1974 described America's newly-installed President Gerald Ford, immediately after the resignation of Richard Nixon.

Bundy at the time was president of the Ford Foundation, a major target of the political right, and previously had been national security adviser to presidents John F. Kennedy and Lyndon B. Johnson. He appeared on the very long "enemies list" maintained by the Nixon White House,and personified the Eastern seaboard elitists who used to run foreign policy and particularly galled the now-disgraced former president.

Gerald Ford, a star football player at the University of Michigan, turned down more than one offer from the pros. Congressman Ford's "regular guy" demeanor personified the classic American athlete. Perhaps that was one reason Nixon made him vice president after the resignation of the disgraced Spiro Agnew. Nixon, by that time drowning in political fall-out from the Watergate scandal, may have sensed what the country would need to recover from his own political demise.

Nixon seemed to personify how seeking national political office could become distorting torture. In the 1960 presidential campaign, working reporters in the field on balance clearly favored the Democrat, Kennedy, over Nixon. Unfair jibes included the point that the athletic Kennedy was sports-minded, in contrast to Nixon.

In reaction, relentlessly determined Nixon became an expert on big-time sports, knowledgeable about teams and players – especially football. After each Super Bowl, he would phone the winning team (Ronald Reagan would call both teams). When massive numbers of anti-Vietnam War protesters came to Washington, the White House announced that the president was unconcerned, and planned to watch a football game.

By contrast, Ford, the "positive president", ran an open and upfront White House. He was willing to testify before Congress, as Abraham Lincoln had done. He avoided recrimination against his own political opponents – who were never viewed as "enemies".

Ford even took the risk of formally pardoning Nixon, avoiding the spectacle of the resigned president on trial and perhaps in prison. Many observers believe the ensuing controversy was one factor in Jimmy Carter's victory in the 1976 presidential election, which rendered Ford our only president not elected to national office.

Time, however, has confirmed Ford's judgment. An informal AOL online poll immediately after his death indicates about two-thirds of respondents believes pardoning Nixon was the right thing to do.

Without the mandate of popular election, and assuming office in the shadow of Nixon's resignation, Ford was never able to assert presidential strength. A large proportion of his legislative vetoes were overturned. Congress tried to run foreign policy

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through the War Powers Act. That law is now defunct, but the atmosphere of the time prevented the Ford administration from intervening effectively when South Vietnam was overrun by North Vietnamese troops in 1975.

Unavoidably, any discussion of the Ford presidency involves Nixon, in ways that go beyond policy. Each man seemed to represent the average American, far removed from east coast elitists who led America into Vietnam. Reagan's election to the White House in 1980 dramatically confirmed this popular reaction.

Meanwhile, Gerald Ford remains the right president at one particular moment in history.

Gerald Ford's Perfect Pitch (WP)

By George F. Will

The Washington Post, December 28, 2006

Those who believe that a kindly Providence keeps a watchful eye on America's welfare can cite the fact of Gerald Ford. On Aug. 9, 1974, at a moment when the nation was putting aside an unhappy, tormented president, and was aching for serenity in high places, to the center of national life strode an abnormality -- a happy, normal man as president.

Watergate and a presidential resignation were only two of the nation's problems that August. The mid-'70s were years when everyday things could no longer be counted on -- inflation was undermining the currency as a store of value, and lines at gasoline pumps testified to the power of foreigners to get between Americans and their best friends, their automobiles. Ford was a political sedative for a nation with jangled nerves.

He was one of five presidents who never got elected to the office. (The others were John Tyler, Millard Fillmore, Andrew Johnson and Chester Arthur.) He was the only person to be president without receiving any popular or electoral votes for president or vice president. He was about as exotic as . . . well, as he was fond of saying, he was "a Ford, not a Lincoln."

He was born in Omaha and represented a western Michigan district, and much was made, rightly, of his Midwesternness. In the years before the Southern ascendancy in the Republican Party, the party spoke in the flat Midwestern cadences of the senator who had been Mr. Republican when Ford went to the House in 1949 -- Robert Taft of Ohio. When Ford became minority leader in 1965 -- replacing an Indianan, Charles Halleck -- the second-ranking Republican was Leslie Arends and the Senate minority leader was Everett Dirksen, both of Illinois.

Ford was an "accidental president," but there are reasons accidents happen as they do. Call it the cunning of history or an irony of American life, but this underestimated graduate of Yale Law School served a purpose Richard Nixon did not have in mind when he nominated him to replace the disgraced Vice President Spiro Agnew. Nixon probably hoped Ford's popularity in the House would enable him to rally House Republicans against impeachment. Instead, Ford's presence in the vice presidency probably made his former House colleagues less afraid of impeachment.

There is a photograph of the House chamber when President Harry Truman was delivering one of his State of the Union addresses. Scattered through the chamber in front of Truman were four future presidents -- Rep. John F. Kennedy, Sen. Lyndon Johnson, Rep. Nixon, Rep. Ford. Never before or since have four consecutive presidents gone directly from the legislative branch to national elective office.

In 1976 Ford might have won a full term if he had been less statesmanlike: His pardon of Richard Nixon unquestionably hurt him politically, but unquestionably helped with national healing. Ford also might have won if he had stepped out of character and been more adventurous -- if in selecting a running mate he had chosen, as he considered doing, Ambassador Anne Armstrong, a Texan, to be the first woman on a national ticket. Instead he chose a Midwesterner, Kansan Bob Dole, thereby giving a boost to a distinguished career that was to produce the party's presidential nominee 20 years later. Ford also might have won if some unsettling economic numbers had not come out a few days before Election Day. Or if in one of the debates he had not become lost in the labyrinth of peculiar thinking and rhetoric that went with detente. He insisted that Poland was not dominated by the Soviet Union.

He almost won anyway. A change of 12,791 votes in Ohio and Mississippi would have sufficed. The 1976 presidential election was the only one the Republicans lost between 1964 and 1992. Ford was punished for Nixon's sins: Jimmy Carter won by running as the non-Nixon.

Henry Kissinger, who continued as secretary of state through the Ford years, in 1999 wrote a tribute to Ford, the "uncomplicated man" who came to the presidency in perhaps the most complicated context since the Civil War -- in the aftermath of a disastrous war and as a result of a resignation. Kissinger understood that Ford, with his small-town, Midwestern aversion to histrionics, had perfect pitch for the needs of "a nation surfeited with upheavals."

Kissinger noted a "curious paradox of contemporary democracy," that as political leaders become more abject in trying to conform to the public's preferences, respect for the political class plummets. Ford was different: He "was immune to the modern politician's chameleon-like search for ever-new identities, and to the emotional roller coaster this search creates."

Surely subsequent presidential history has deepened the nation's appreciation of what it had for 29 months.

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Ford Always Managed To Be A Good Sport (WP)

By William Gildea

The Washington Post, December 28, 2006

Without question, Gerald R. Ford was one of the most athletic presidents in history.

Ford, who died Tuesday night at age 93, loved to take part in sports from his days as a youth in Grand Rapids, Mich., until he occupied the White House and during the many years afterward. He is best known for playing center at the University of Michigan, where he was on the Wolverines' national championship football teams of 1932 and 1933 and was the team's most valuable player in 1934.

Even after he became president in 1974, Ford still found the time to follow sports avidly -- and to participate.

"I've always loved sports," he told a Washington Post reporter in 1976. "When I was a boy, I knew every batting average in the big leagues. I still look at the standings and I feel a day is wasted if I don't read the sports pages."

As president, Ford engaged in an array of sports: swimming, golf, tennis, skiing. As a younger man especially, he loved sailing.

"He was a good athlete and a wonderful person," said pro golfer Lee Elder, originally from Washington and now living in Florida. "One time the phone rang and the operator came on and said: 'This is the White House. The president is calling.' I thought, 'Sure, sure.' But it turned out that we played quite a lot together when he was in the White House and I was living in Washington. We played at Congressional Country Club and especially at Andrews Air Force Base. It was a fun time."

Later, they continued playing golf together, usually in California, where Ford spent much of his time after his presidency. They also exchanged greeting cards because they shared the same birthday, July 14. "I also had lunch with him a couple of times in Palm Springs," Elder said. "He told me he was keeping active, playing nine holes."

During his formative years, Ford excelled in football, playing linebacker as well as center in high school and then for Michigan. During a speech when he was president, he made light of his accomplishments as a player while noting that 1934 was a down season for the Wolverines after their back-to-back national titles.

"That was the year we lost seven out of eight of our scheduled games," he said. "But, you know, what really hurt me the most was when my teammates voted me their most valuable player. I didn't know whether to smile or sue."

Nevertheless, Ford indicated a number of times that he derived much satisfaction from playing big-time football at Michigan. The 6-foot, 198-pound center, whose jersey number 48 has been retired by the school, was named to play in two major all-star games after his senior year, for the East squad in the East-West Shrine Game in San Francisco on Jan. 1, 1935, and that August for the college all-stars against the NFL champion Chicago Bears at Soldier Field.

Two NFL teams gave Ford the chance to turn pro, but instead he went to Yale to earn his law degree. While there, he served as an assistant football coach and a boxing coach.

"When I got through Michigan, I was offered opportunities at the Green Bay Packers and the Detroit Lions," he told CNN's Larry King during a 1999 interview. "But I had a chance to go to Yale as an assistant football coach and go to law school at the same time. So that opportunity was so wonderful I couldn't turn down the chance to further my education and earn some money in the meantime. . . .

"I would, in retrospect, have liked to have played one year just to prove that I could. But the opportunity to go to Yale and be an assistant coach and go to law school at the same time might not have been available."

At Yale, he learned that "The Game" against Harvard "was as big as any game Michigan had with Ohio State," according to a 1993 USA Today article. With admiration, he recalled a pregame pep talk by Yale coach Raymond "Ducky" Pond before the 1935 game with Harvard. The coach seemed to make his points in much the same manner as Ford often would in public speaking throughout his life.

"Ducky wasn't a fiery speaker, but he spoke very movingly," Ford said. "He talked about the Yale alumni, his experiences and what 'The Game' meant to him. In a quiet way, it was very emotional."

In 1975, the NCAA named Ford the winner of the Theodore Roosevelt Award, given to a prominent American "for whom competitive athletics in college and attention to physical well-being thereafter have been important factors in a distinguished career of national significance and achievement."

Elder said that Ford gave him both "encouragement" and "praise" for breaking racial barriers as the first African American to compete in the Masters golf tournament, the first to take part in a multiracial sports event in South Africa and the first to play on the U.S. Ryder Cup team. Ford paid tribute to Elder at a reception honoring the golfer at the Washington Hilton in 1974, and played in Elder's celebrity pro-am tournaments for charity.

"He was strong and could drive the ball a long ways," Elder said. "He and I played in the Bob Hope Classic and I remember him making several nice drives. At Congressional, he chipped up on one hole for a birdie. He had a great smile."

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Before the 1975 Jackie Gleason Inverray Classic golf tournament in Florida, the comedian presented Ford with a set of gold-plated golf clubs. But because Ford participated so often in sports as president, it almost was inevitable that he would be caught by reporters and photographers committing some gaffe.

One front-page photo showed him tumbling on the ski slopes, and on the golf course he plunked some spectators. But he remained active, expressing strong feelings about the importance of keeping physically fit. At age 62 in 1975, he told a Post reporter: "My health is the best. I'd be delighted to have my health record put on the table. . . . I think it's good. I'd lay mine against anybody else's."

He described himself as "kind of amused" by depictions of him as clumsy. "Most of the critics . . . have never played in a ballgame, never skied," he said. "I guess you have to live with it. The main thing is, you don't have to believe it."

But he didn't take himself so seriously that he couldn't laugh at quips by the likes of Bob Hope. "I love playing golf with Gerald Ford," Hope was quoted in the 2003 book "Bob Hope: My Life in Jokes." "He makes me feel like I'm back performing in a war zone."

And Ford himself once was quoted as saying, "I know I am getting better at golf because I'm hitting fewer spectators."

But as people who played different sports with Ford in his later years would agree, he possessed a typical athlete's sense for what he was doing -- in tennis, for example, he had a feel for how a ball might bounce when sliced or drop-volleyed. "There is no question that he thoroughly enjoys it," Rear Adm. William M. Lukash, then the presidential physician, told Tennis magazine in 1976. "He's an athlete and a competitor, and to that kind of a man, tennis is a very satisfying sport."

Those who played tennis doubles or a round of golf with him usually came away impressed by his genial personality, which he managed to retain even while trying to play his best.

One particularly happy day for Ford brought him together with his Grand Rapids South High School football teammates for a reunion at the White House in 1974. The president took them out to the Rose Garden and later showed them the Oval Office. The team's coach, Clifford Gettings, described Ford as a hard worker who developed into an excellent player.

"He came to me a spindly, awkward kid. 'What position shall I play?' he asked. I said, 'Center,' and he's been in the center of things ever since. He had a lot of drive. He always had a football in his hand and must have practiced centering that ball day and night. I used the Pop Warner double wing and the Fielding Yost short punt formation, so Jerry had to center the ball long and short. I never saw him make a bad pass. He was all-city three years and all-state in his senior year."

Notably, the group from Grand Rapids found Ford the president as unpretentious as they had remembered him.

"He was always a guy I loved," said Silas McGee, a teammate. "He was always down to earth like the rest of this group."

Ford Recalled In His Adopted Home (LAT)

By Hugo Martin, Jonathan Abrams And Ashley Powers

The Los Angeles Times, December 28, 2006

When the McCallum Theatre in Palm Desert was sinking into debt a few years ago, the City Council debated whether to approve a donation. A tall, graying figure rose from the audience to ask for help.

The 38th president of the United States told the local leaders that the theater was a jewel to enjoy and preserve. The council responded with a $5 million grant.

It was just one example of the presence built by Gerald R. Ford, who died Tuesday at his home in Rancho Mirage at 93. He and his wife, Betty, became fixtures throughout the Coachella Valley, the desert oasis in Riverside County the Fords called home since leaving the White House in 1977.

"Obviously, the whole city of Rancho Mirage is deeply saddened by the passing of perhaps one of our more treasured residents," Rancho Mirage Mayor Richard Kite said. "We were proud to call Gerald Ford one of our own because he lived here for almost 25 years."

Kite said Ford, in years past, was the most influential person in the Coachella Valley, and both he and his wife Betty were among the most generous philanthropists. They were major supporters of the McCallum Theatre and instrumental in protecting the area's big horn sheep.

"He was very approachable, and he was kind," said Kite, who served with Ford on the theater's board of directors. "He was the type of person, even though he was a past president, that didn't talk down to you."

The Coachella Valley flourished in the 1950s and 1960s as the playground for celebrities, including Frank Sinatra, Bob Hope and Kirk Douglas. The region was known for its country clubs, lush golf courses and upscale living.

According to the official Rancho Mirage website, every president since Harry Truman has visited the desert. The Fords visited during Easter vacations and decided to retire there.

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After he lost the presidency to Jimmy Carter in 1976, Ford's longtime friend Leonard Firestone persuaded him to move next door to him at the Thunderbird Country Club. Ford moved into a single-story estate along the golf course at the Thunderbird Country Club in 1978, according to the website.

The Fords have helped open and fund such charitable endeavors as a domestic violence shelter, a children's museum, a teenage outreach program and a bighorn sheep preserve.

Betty Ford is best known for establishing the alcohol and drug treatment clinic in Rancho Mirage that bears her name. It has treated more than 60,000 people since opening in 1982.

Although Ford represented Grand Rapids, Mich. for 25 years in Congress, he and Betty were hometown heroes in the Coachella Valley. An elementary school and a street bear the name of the former president. A bronze bust of Ford stares from the entrance of the Children's Discovery Museum of the Desert, a facility the Fords helped fund.

It wasn't just the desert that attracted the former president.

An avid skier, Ford began vacationing in Vail, Colo. in the 1960s. Borrowing against his children's life insurance policy, he soon bought a second home in the ski resort town. He later moved nearby to Beaver Creek and remained active in Vail Valley community events until a few years ago, raising money for charities, leading the Fourth of July parade, lending his name to a golf tournament and lighting the town Christmas tree.

But it was the Coachella Valley that felt the Fords influence most directly.

"It's obviously a great loss," said Becky Stidler, 56, of Rancho Mirage. "It was always a thing of great pride to know that we had a living president residing here."

Flags stood at half mast outside St. Margaret's Episcopal Church in Palm Desert, the church where the Ford's prayed.

"They were unobtrusive," said Father Dan Rondeau, associate rector at St. Margaret's. "They looked like other married couples, holding hands talking to each other. It was inspiring for the congregation to see them kneeling side by side."

Rondeau said the Fords were private people but they could be gracious with their time.

"If people stopped them, they talked or posed for pictures," he said. "Enough people talked to them, so it always took them a while to get from the back to the front of the church."

Rondeau said Ford was true to his faith when he pardoned former President Richard Nixon.

"He saw himself as minister of reconciliation, as a minister of Christ," Rondeau said. "It was a gracious, grace-filled act."

Ford's Former Home Languishes On Market (WP)

By Ian Shapira

The Washington Post, December 28, 2006

The modest two-story colonial in Alexandria has all the trappings of an ordinary home: the pink bathroom, the Magic Chef oven, a couple of fireplaces. But 514 Crown View Dr. also boasts some signs, both subtle and overt, that indicate its unusual status in U.S. history.

Neighbors talk of the steel rods placed underneath the driveway to support the limos. A previous tenant speaks about the countless telephone lines installed in the basement and attic used by the Secret Service.

But a gold-lettered National Park Service sign affixed to the right of the front door says it all:

PRESIDENT GERALD R. FORD, JR. RESIDENCE.

The death of the nation's 38th president has focused public attention on his time in the White House. But some spotlight has also fallen on a little-known, decidedly humdrum neighborhood (about 15 minutes south of 1600 Pennsylvania Ave.), where Ford lived for nearly 20 years as a Michigan congressman, vice president and -- for 10 whole days before moving into the White House -- as president.

Mostly everything about the place appears serviceable and decently appointed (with a swimming pool out back, to boot), but the property spans less than a quarter-acre, a remarkable home simply because it is so unremarkable. It stands in humble (almost painfully humble) contrast with the mansion made available to vice presidents in 1974 in the tony Massachusetts Avenue Heights neighborhood in Northwest Washington.

Ford was the first vice president eligible to live in the house on the grounds of the U.S. Naval Observatory, but he became president before renovations were completed. Ford's vice president, Nelson Rockefeller, used the house mainly to entertain. The first full-time residents were Walter and Joan Mondale, who took up residence in 1977. Every vice president since has lived there.

Javad Khakbaz, who is the president of an Iranian English-language newspaper company, has tried to find someone to take it off his hands since September and is suffering the same indignity laid upon just about every other seller in the Washington area: No one's buying.

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Khakbaz is reluctant to discuss the home's plight -- he has dropped the original price of $1.05 million to $999,000 -- but his real estate agent, Joan Dixon, is blunt: "We've had a couple people interested in it, but they wanted to lowball the price," she said yesterday, showing the home not to prospective buyers but to a bunch of curious reporters. "It's a wonderful family home. It has four bedrooms, two full bathrooms and three half-bathrooms . . . even if one of them is pink."

But what might appear to be normal about the home and neighborhood is not. The Abbruzzese family at 515 Crown View Dr. proudly showcases a copper plaque above their garage, given to them by members of the Fourth Estate whom they permitted to camp out on their front lawn while Ford was across the street doing neighborly things, like helping run the country, or his family, depending.

The Abbruzzeses, Democrats, forged a gentle bond with their powerful neighbors across the road.

"When it was Betty's birthday, or it was their anniversary, he was out of town and I invited her to dinner with some neighbors," Louise Abbruzzese recalled yesterday. "But she called me and said he was coming home early and I said, 'That's fine, he can come.' I was cooking a rib roast. He liked beef. He liked it rare."

But in the years since Ford departed Crown View Drive in 1974, the home never found a longtime resident. It changed hands twice, Khakbaz said, and neighbors speak with a calibrated air of decorum about the itinerant nature of its inhabitants.

"It's a hard house to sell because it's been a rental for a long time," said Jill McCaffrey, 63, who lives next door to the Ford home with her husband, retired four-star Army Gen. Barry McCaffrey. "Let's just leave it at that."

One of those renters, Brewster Thackeray, 37, now a senior project manager for AARP, recalled yesterday how he first found the place back in 1996. He was 27 and had just broken up with his live-in girlfriend and didn't want to pay the rent at their Cleveland Park apartment on his own. Serendipitously, he stumbled across an ad for the former president's house.

"It was super cool," said Thackeray, who was with the American Trucking Associations at the time. "I had found a picture of Gerald Ford washing dishes in his sink, but there I was using that very same sink next to the same oven next to that same knotty pine paneling on the walls."

Thackeray was so impressed that he wrote the Fords -- and Ford wrote him and his roommates back, two letters and a signed photograph. "You have our very best wishes as current occupants of the home we built and loved," one of Ford's letters said. "We were proud of it when we moved in March 1955. Thanks for enjoying it also."

And enjoy it Thackeray and friends did. The presidential refrigerator was converted into a "kegorator." And they had parties, though not necessarily of the black-tie, state dinner variety.

"The best party we had was a toga party," he said. "People came in togas and hung around the pool."

The Loss Of A President, Perfect For The Cameras (NYT)

By Alessandra Stanley

New York Times, December 28, 2006

Death is sad, at least in most cases. But the death of a former president has become an almost cheery television event.

It has been more than 40 years since John F. Kennedy was assassinated. His successors died out of office, relatively painlessly, and most were well into old age. The passing of a retired commander in chief perks up the day with a wallop of stately special reports and bittersweet nostalgia (plaid jackets, “Saturday Night Live,” détente), without undue anxiety or grieving.

And in Gerald R. Ford, who was 93 and served less than one term, television has found the avatar of comfortable presidential fade-outs. The deaths of Lyndon B. Johnson and Richard M. Nixon were too fraught with the Shakespearean tragedies they lived in office. Ronald Reagan’s life and two terms were so momentous that the days leading to his funeral, though full and colorful, were also weighed down with mournful Hollywood pageantry.

As president, the likable, reliable Mr. Ford was most memorable for pardoning Nixon; all day, television screens showed Mr. Ford’s address to the nation, as well as grainy color images of him looking on, stone-faced, as Nixon flung his arm in farewell from his helicopter on the White House lawn.

All the networks went live on Wednesday to Crawford, Tex., to cover President Bush’s tribute to his predecessor. Reporters stood vigil in front of the flags flying at half-staff at the White House, and in Rancho Mirage, Calif., and Grand Rapids, Mich. Most morning news programs were too respectful to repeat clips of Chevy Chase doing his pratfall impression of Mr. Ford as the great fumbler on “Saturday Night Live.” By midday, however, cable news shows were gingerly exploring the “lighter side” of Mr. Ford’s tenure.

In retrospect, it was remarkable how open to reporters the Ford White House was. On NBC “Today” flashed a black-and-white photograph by the former White House photographer David Hume Kennerly that showed Mr. Ford, seated at a table with three aides, in a long-sleeved shirt and pajama bottoms. (One of those aides was his chief of staff, Donald H. Rumsfeld, who recently retired as secretary of defense; Mr. Rumsfeld, along with Vice President Dick Cheney, who also worked in the Ford White House, stood out as among the most lasting, and contested, elements of Mr. Ford’s legacy.)

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Mr. Ford's presidential retirement was dignified and decent but not particularly distinguished: old news clips showed him in the 1980s and 1990s playing golf and attending fund-raisers for Republicans, not raising roofs for the homeless or public awareness about pandemics in Asia and Africa.

Richard Norton Smith, a former director of the Gerald R. Ford Presidential Museum and Library, told ABC News that the former president "swam twice a day well into his 90s."

On CBS the presidential historian Douglas Brinkley somewhat apologetically told Harry Smith, a host of "The Early Show," that while Mr. Ford's post-White-House legacy is eclipsed by the charity work of former President Jimmy Carter, "we must not forget what the Fords have done for people who have a drug addiction." But it was Mr. Ford's wife, Betty, who shattered taboos, first by publicly discussing her breast cancer, and later, her dependence on drugs and alcohol, and it was she who led the way for the Betty Ford Center in Rancho Mirage, Calif.

After he tumbled into the presidency, Mr. Ford earned respect for the way he rose to the occasion. But as Wednesday's television eulogies showed, it was his first lady who seized it.

Tom Brokaw, who covered the Ford White House for NBC, went on "Today" to lead the network's special report, but on ABC it was Charles Gibson and not Diane Sawyer, who was on vacation. And that was a pity: Ms. Sawyer worked in the press office of the Nixon White House during the final days and was on the plane that took the disgraced president to San Clemente, Calif.; her reminiscences would most likely have been more interesting.

All of Mr. Ford's acquaintances and biographers spoke of his modesty and stalwart nature. In an interview with Mr. Brokaw taped for Wednesday's History Channel special, "Gerald Ford: A Man and His Moment," his daughter, Susan, described him as the "Steady Eddie" of the family.

It seems that his persona was not so overwhelming that it drove commentators to fold into the shadows.

On "Today" the NBC correspondent Andrea Mitchell mentioned that she last spoke to Mr. Ford in California last February, "when he came over to see me, and we had lunch." (It is hard to imagine a former president in his 90s going out of his way to meet a television reporter, so it was hard not to suspect that Mr. Ford was going out of his way not to invite Ms. Mitchell over to his house.)

Except for Ann Curry, who on "Today" adopted her usual smarmily maudlin tone, most of the encomiums were by turns affectionate and respectful, but not overly mournful.

Mr. Ford lived on healthily and happily for three decades after leaving the White House; as even recent clips show, he, more than anyone, made the Oval Office seem like a ticket to longevity.

Today, It's New York: Tomorrow, Oval Office? (WP)

By Michael Powell, Washington Post Staff Writer

The Washington Post, December 28, 2006

Presidential Hopefuls Abound in State

NEW YORK -- They sally forth one after another, this parade of presidential candidates from New York.

Some go by a single instantly identifiable name: Hillary! Rudy! Others require fuller identification: Mayor Michael R. Bloomberg, a Democrat-turned-Republican who is weighing a presidential run as an independent, and former governor George E. Pataki (R).

New York may not challenge Virginia for its title as "Mother of Presidents," but the state could produce four presidential candidates in 2008 -- not to mention new Gov. Eliot L. Spitzer (D), who has harbored presidential dreams since he was in fourth grade and is already rumored to have an eye on 2012.

New York's ascendancy could reflect a change in the national temperature. The South, after dominating politics for 30 years, has maybe played out, at least for Democrats. In 2000, Al Gore did not take Tennessee, where he built his political career, and John Edwards could not carry North Carolina in 2004. The Northeast turned nearly solid blue in last month's midterm elections and, if taken together with Pennsylvania and Ohio, perhaps the Northeast is ready for a comeback as an electoral linchpin.

"At least on an hallucinogenic level, we have four presidential candidates," said Douglas Muzzio, a political scientist at the City University of New York's Baruch College. "I don't think Pataki and Bloomberg are really serious, but it reflects the changing fortunes of the city. After 9/11, there's a lot of interest and sympathy for our candidates."

It's a curious turnabout for a state and a city often seen as located offshore from the North American continent. Americans have long had a love-loathe relationship with New York, flocking here as tourists even as most insist they could never, ever live in such a cacophonous joint. New Yorkers respond in kind, secure in their conceit that anyone with any sense lives here already.

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This mutual disdain held until the 1970s. As the city teetered on the edge of bankruptcy and arson fires roared, the city gained a reputation as a dangerous citadel of sclerotic liberalism. Former mayor John V. Lindsay ran in the Democratic primary for president and lasted but a few weeks.

The New York pol became a forlorn character on the national stage.

"The last time they loved us was when Martin Van Buren was elected, and he ran as a Whig," says Hank Sheinkopf, a Democratic political consultant born, raised and based in New York. "Welcome to post-9/11 New York, where the cachet is back and we're no longer seen as a bastion of left-wing insanity."

In fact, New York once produced a line of presidents, from Van Buren to Chester A. Arthur and Grover Cleveland to Theodore Roosevelt and his distant cousin Franklin Delano Roosevelt, who was elected four times. But it has been nearly 60 years since the state produced a presidential finalist, Republican Thomas E. Dewey in 1948.

The current crop offers two larger-than-life political personalities: Rudolph W. Giuliani, the crime-fighting, Manhattan-living Republican former mayor, and Democratic Sen. Hillary Rodham Clinton, the former first lady and the inhabitant of a New York City suburb. Bloomberg is a municipal Croesus with a pile of money so vast -- estimates of his personal fortune start at $5 billion -- that he self-financed the most expensive mayoral campaigns in the nation's history, spending a combined $150 million.

Pataki, a politically centrist Republican from an Upstate city, served three terms as governor.

Money from this mercantile city feeds the profusion of presidential hopefuls. As one investment house after another announces billions of dollars in bonuses this autumn, the wealthy overflow with guilt. Many give copiously to the candidates.

"Lincoln when he was running came to New York to meet with the rich of this city," said Mike Wallace, director of the Gotham Center for New York City History and a Pulitzer Prize-winning historian. "As money has to be raised in ever vaster quantities, more and more candidates coming here with hands outstretched."

Cesar Perales, a former deputy mayor and general counsel for the Puerto Rican Legal Defense and Education Fund, said the New York pols are tutored in shaking the tin cup. "Candidates in New York," he said, "learn this from an early age."

There is a cultural shift at work, too. Perhaps the nation finds New York more palatable because it is no longer so different. The tourist precincts, which encompass most of Manhattan and a swath of Brooklyn, are wealthy, well-fed and pasteurized. The old hipster haunts of Alphabet City and Williamsburg are about as edgy as the Hard Rock Cafe.

Sure, the city's poverty rate hovers at just under 20 percent, there is a profound lack of affordable housing, and income inequality grows by the years. But, those problems, analysts say, get relatively little attention anymore.

"The four candidates represent the thinnest slice of New York," said Harvey Robins, a top official in two mayoral administrations. "They appeal to the moneyed classes, which are very representative of New York in this age. Their leadership is pretty far from the visionary leadership of Teddy and Franklin Roosevelt."

New Yorkers seem unsurprised at the profusion of candidates. Their vision is pre-Copernican: It is just more proof the universe revolves around New York. "The city is the center of the world," said actress Elena Zazanis, 32, as she walks down First Avenue to an audition. "I don't know any great mayors from Wyoming, do you?"

Not that this stops New Yorkers from dissecting their own. Pataki is suspect, as he hails from somewhere north of the New York suburbs but short of the Arctic Circle. Most give a pass to Giuliani -- he's a dark enough cup of coffee to be unmistakably New York -- but many won't vote for him (he polls well behind Clinton in the city).

As for Hillary Clinton? Lucy Cantarella, a retired arts administrator in the East Village, gives her best pained look. "She doesn't think like a New Yorker. She plays it safe. Be brilliant. Stir it up!" As for Bloomberg, he's rich enough to pass as a New Yorker these days -- but rooting for the Red Sox?

Cantarella has the ultimate test of fire for these candidates: If they're real New Yorkers, the rest of America won't vote for them. "The middle of the U.S . . . they distrust us," she said. "You see how they look at us? They think we're aliens."

John Edwards Joins Presidential Race (AP)

By Nedra Pickler

AP, December 28, 2006

Former Democratic vice presidential nominee John Edwards jumped into the presidential race Wednesday a day earlier than he'd planned, prodded by an Internet glitch to launch a candidacy focused on health care, taxes and other domestic issues.

The North Carolina Democrat's campaign accidentally went live with his election Web site a day before an announcement Thursday that was supposed to use Hurricane-ravaged New Orleans as a backdrop.

The slip-up gave an unintended double-meaning to his campaign slogan on the John Edwards '08 Web site: "Tomorrow begins today."

Aides quickly shut down the errant Web site but could not contain news of the obvious, even in the shadows of former President Ford's death.

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"Better a day earlier than a day late," said Jennifer Palmieri, an Edwards adviser.

Earlier Wednesday, Edwards visited the site of his planned announcement for a photo opportunity. He did yard work at the home of Orelia Tyler, 54, whose house was gutted by Hurricane Katrina and is close to being rebuilt.

The campaign Web site featured some of Edwards' expected campaign themes.

"This campaign is about changing America," the Web site read, listing five priorities that fit neatly with Edwards' message of economic equality. Among them: "Providing universal health care for all Americans," "Rebuilding America's middle class and eliminating poverty," and "Creating tax fairness by rewarding work, not just wealth."

Edwards, 53, also issued a statement on Ford's death, saying he was deeply saddened by the news and calling the former Michigan Republican a "true leader."

"He called on us to never lose faith that we can change America," Edwards said.

Taking turns with about 30 young people shoveling loads of dirt in Tyler's backyard, Edwards declined to discuss the campaign, focusing instead on the slow recovery in New Orleans, where whole neighborhoods remain a wasteland.

"Anyone who's not concerned with the rate of recovery is not paying attention," said Edwards. He said finger-pointing is part of the problem, adding that the student volunteers he worked with provided an example of what can be accomplished through cooperation.

Edwards arrived promptly at 1:30 p.m., clad in jeans and a khaki work shirt. His aides kept more than two-dozen reporters and photographers at bay as he and the students prepared Tyler's yard for landscaping.

Tyler is still living in a Federal Emergency Management Agency trailer in her yard.

"I feel like a child with Santa Claus," Tyler said before Edwards arrived.

The son of a textile mill worker, Edwards has been on a fast track most of his life despite his up-by-the-bootstraps roots.

A standout law student who became a stunningly successful trial lawyer, Edwards vaulted from nowhere politically into the U.S. Senate and then onto the 2004 Democratic presidential ticket — all in less than six years.

In 1998, in his first bid for public office, Edwards defeated incumbent Sen. Lauch Faircloth, R-N.C., a leading advocate for impeachment of President Clinton.

Edwards began building support for his first presidential bid shortly after arriving in the Senate. He quickly made a name for himself in Congress, using his legal background to help Democratic colleagues navigate the impeachment hearings.

Edwards launched a bid for the Democratic nomination in 2003 and quickly caught the eye of Democratic strategists. Although he won only the South Carolina primary, his skills on the trail, his cheerful demeanor, and his message of "two Americas" — one composed of the wealthy and privileged, and the other of the hardworking common man — excited voters, especially independents and moderate-leaning Democrats.

Edwards' handsome, youthful appearance also gave him a measure of star quality.

Those were among the qualities that led Massachusetts Sen. John Kerry, the Democrats' 2004 standard bearer, to select Edwards as his runningmate. It was a stunning success for someone who had majored in textile management as an undergraduate as a kind of insurance policy in case a law career didn't pan out.

Republicans have sought to cast Edwards as a money-chasing trial lawyer. It is an image that Edwards has tried to counter by arguing that he represented ordinary people wronged by big corporations.

"I spent most of my adult life representing kids and families against very powerful opponents, usually big insurance companies," he liked to say. "And my job was to give them a fair shake, to give them a fair chance."

Edwards Makes N.O. Platform To Throw His Hat Into The Ring (NOTP)

By Bruce Nolan

New Orleans Times-Picayune, December 28, 2006

What Orelia Tyler asked for was a team of volunteers to come spread a load of dirt in the back yard of her nearly restored eastern New Orleans home.

What she got Wednesday was the crush of a national political photo op for former North Carolina Sen. John Edwards, who brought two dozen reporters and photographers to watch him shovel dirt in jeans and a work shirt, a choreographed background for his effective announcement of his 2008 presidential candidacy.

"No!" said an astonished Tyler, who said she had no idea her home on Stemway Drive near Lakefront Airport had become a political stage.

Edwards' campaign team scheduled the work party as a photo session, but made clear that the formal declaration of candidacy would come today.

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The explicit announcement will come -- again in Tyler's backyard -- today at 8 a.m., said Edwards aide Jennifer Palmieri. And Edwards's Web site briefly -- apparently accidentally -- posted his formal announcement Wednesday, then took it down, the Associated Press reported.

"What happened was, apparently, they were testing the Web site," Palmieri told The Washington Post. "I guess, somehow, when they were testing it, AP happened to catch it."

Officials said they had always intended to post the announcement on the Internet on Wednesday night, in advance of Edwards' scheduled announcement early today, the Post reported. Edwards had also planned to send an e-mail to his supporters before speaking to the cameras from New Orleans.

Even though it was accidental, the announcement on the campaign Web site quickly spread across the Internet, the paper reported. By early Wednesday evening, Edwards' entry in Wikipedia, an online encyclopedia, noted: "On Dec. 27, 2006, he announced his entry into the 2008 presidential race."

Edwards, who also ran in 2004, limited his remarks Wednesday. He said his candidacy would emphasize Americans helping Americans, New Orleans being the most spectacular current example of the opportunities that offers.

Edwards did speak briefly to the recovery, faulting the White House for providing too little help.

"The president should've said, 'I want someone in my office every morning, telling me what was happening in New Orleans yesterday,' " he said.

One issue is poverty

Edwards announced his 2004 presidential candidacy on Jon Stewart's hip, irreverent Daily Show. This year he chose the sober wreckage of New Orleans to make a point about the "intolerable" gap between haves and have-nots all over the country, Palmieri said.

"It's about what people all around America saw," in the images of suffering New Orleanians stranded at the Superdome and the Ernest N. Morial Convention Center, she said. "That there are 38 million people living in poverty."

"There's not any other place in the country that speaks to an issue -- poverty -- like New Orleans does," she said.

Edwards, 53, is a multimillionaire trial lawyer who grew up poor, the first in his family to go to college. He focused his 2004 campaign on helping the working man. He lost the nomination to Massachusetts Sen. John Kerry, but ran as Kerry's vice presidential candidate.

He joins outgoing Iowa Gov. Tom Vilsak and Ohio Rep. Dennis Kucinich as declared Democratic candidates.

Waiting in the wings are New York Sen. Hillary Rodham Clinton, Illinois Sen. Barack Obama, and perhaps Kerry, Delaware Sen. Joseph Biden and others.

No Republican has formally declared for president, although several have formed exploratory committees. Those include Arizona Sen. John McCain, former New York City Mayor Rudy Giuliani and Kansas Sen. Sam Brownback, among others.

Lots of help

Tyler spent part of the afternoon chatting with the young workers Edwards brought with him from Baton Rouge. She watched appreciatively as they attacked a mound of dirt she said a contractor left before he abandoned a landscaping job in her backyard.

Her house took on more than nine feet of water during Hurricane Katrina. Tyler said she returned to New Orleans two months after the storm when Reily Foods Co. welcomed her back to her job in quality assurance. She has lived in a FEMA trailer in her front yard since March, but hopes to reoccupy her nearly refurbished house as soon as she gets gas service restored, she said.

She still lacks countertops, but said she is ready to move in anyway.

Tyler said she recently told a friend she still needed help with the back yard.

In short order, her address showed up as a work site to be tackled by the students of the Achievement Academy, a tutorial program with 156 students in Baton Rouge, said its director, Kwame Asante.

Twenty-six students from the academy, sixth- through eighth-graders, arrived at Tyler's house Wednesday to shovel.

Asante is also president of the NAACP chapter in Baton Rouge -- and a contact Edwards has used in earlier relief trips into New Orleans.

Edwards and several hundred students gutted houses on spring break this year. And on Monday, Edwards and the Achievement Academy students worked at Second Harvesters Food Bank, several said.

Liked what she saw

Although Tyler said she had no idea her property would be the scene of a political announcement, she said she was grateful for the help with the dirt.

She said she voted for Edwards in the Louisiana primary of 2004.

"I remember looking him up and liking what I saw," Tyler said of Edwards.

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And what was that?

She shook it off with a laugh: "Don't ask me now. That's too far to go back."

Tyler watched the work in her back yard for a while Wednesday, then excused herself for a trip downtown.

She said she had an appointment on Poydras Street: Her long-awaited Road Home interview.

"Can't be late for that," she said.

Democrat John Edwards To Announce 2008 U.S. Presidential Bid (BLOOM)

By Nicholas Johnston

Bloomberg, December 28, 2006

Dec. 27 (Bloomberg) -- Former Senator John Edwards of North Carolina, the losing Democratic vice presidential candidate two years ago, will announce tomorrow that he is seeking the party's nomination for president in 2008, a spokeswoman said.

Edwards will make the announcement in New Orleans in front of a house that was destroyed by Hurricane Katrina. He spent time today helping volunteers fix up the home's backyard.

``He will announce his candidacy for president tomorrow," said spokeswoman Jennifer Palmieri.

Edwards, 53, was John Kerry's vice presidential running mate in 2004 and during the campaign spoke often about two Americas, one rich and one poor. He will use New Orleans tomorrow as a backdrop to highlight that disparity.

Edwards is the highest profile candidate to officially announce for 2008. His opponents for the nomination may include Senators Hillary Clinton of New York and Barack Obama of Illinois, who haven't announced whether they will enter the race.

Edwards sought the Democratic presidential nomination in 2004, coming in second in the Iowa caucuses and fourth in the New Hampshire primary. He eventually withdrew and was picked by Kerry for the second spot on the Democratic ticket.

Edwards's Theme: U.S. Poverty (WSJ)

By Jackie Calmes

The Wall Street Journal, December 28, 2006

Amid Iraq Talk, White House Hopeful Sticks to '04 Issue in '08 Run

For the roughly two dozen candidates considering a run for the White House, it is perhaps the jackpot question: What might be the winning message in a contest whose first nominating vote is still more than a year away?

Today, former Sen. John Edwards begins testing his hunch that Americans, though focused now on the war in Iraq, can be won over to a campaign built on what he calls "the great moral issue of our time" -- fighting poverty at home. He plans to do so with an unorthodox announcement of his candidacy, not standing on a flag-draped stage, but volunteering his labor in New Orleans's Lower Ninth Ward, which is still struggling to recover from Hurricane Katrina.

The North Carolina Democrat's theme of ending the "Two Americas" of haves and have-nots dates to his 2004 presidential bid. Mr. Edwards didn't win his party's nomination then, but his strong reception among voters helped him to secure a place as Massachusetts Sen. John Kerry's running mate. Mr. Edwards argues that the disparity between the richest Americans and the working class has widened since then.

"When I talked about poverty in the 2004 campaign, political types said it was futile," he said in a speech this year. "They said nobody cares about poverty except for the poor. Not true, and we saw it with Katrina."

For him and other presidential hopefuls, crafting a campaign message requires striking a balance between giving voters what they want to hear, and inspiring them to something else. That is proving troublesome for the Republicans' front-runner Sen. John McCain. His popularity since 2000, rooted in his past independence from his party and President Bush on issues such as campaign spending and treatment of war prisoners, is now jeopardized by his unwavering support for the Iraq war and his unpopular call to send more troops there.

Complicating the challenge for all of the candidates: The presidential fields for both parties are taking shape earlier than before, amid stiff competition for staff, big donors and the support of state-party activists. A candidate's message first must appeal to these political insiders, even before party voters weigh in at the first state primary or caucus. Political pros are interested in how well a message ultimately might play among all voters when they go to the polls in November 2008.

Many Democratic political operatives remain skeptical that the Edwards message will resonate among either Democratic or independent voters when antiwar talk is the rage, and could continue to be into 2008. On the eve of Mr. Edwards's announcement, rival Sen. Joseph Biden of Delaware drew headlines with his pledge to oppose any increase in U.S. troops to Iraq.

Other Democrats say Sens. Hillary Clinton of New York and Barack Obama of Illinois, could emerge as standard-bearers for a domestic agenda that competes with that of Mr. Edwards. Mr. Obama, especially, is seen as a rival to Mr. Edwards for the candidate who best projects optimism and hope.

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Those cheering on Mr. Edwards's antipoverty crusade include party strategist Donna Brazile, who was Al Gore's campaign manager in his 2000 presidency bid. Recalling Mr. Edwards's past emphasis on the "Two Americas" theme, she says: "In 2004, that message went largely unheard. To his credit, he kept at it. And Katrina demonstrated the validity of that message."

Ms. Brazile is admittedly biased toward the message if not the messenger. (She says she will remain neutral in the Democrats' 2008 contest.) A native of New Orleans, she visited her father in the city this week for the holidays. Seven siblings and her extended family were among those displaced to other parts of Louisiana and seven other states, and like tens of thousands, they continue to struggle 16 months after Katrina to rebuild lives, careers and wrecked houses, she says.

Mr. Edwards plans to officially announce his 2008 candidacy to reporters today during a break on reconstruction work in the Lower Ninth Ward, New Orleans's most impoverished and hard-hit neighborhood. He is there with college volunteers he has mobilized. Earlier this year, Mr. Edwards labored in nearby St. Bernard Parish with nearly 700 student supporters who were on spring break from colleges in 27 states.

Yet as Mr. Edwards has suggested in speeches, his antipoverty theme is broader than helping Katrina's victims. He speaks of "the forgotten middle class" and of workers generally, who have seen their wages stagnate and benefits erode. He will expand on that message in coming days, seeking to take advantage of the slow-news holidays with a post-announcement tour of early primary and caucus states that could quickly decide both parties' nominees. Mr. Edwards is set to jet to Iowa, then crisscross the nation to New Hampshire, Nevada and South Carolina before ending Saturday in his home state, North Carolina. He plans to host town-hall-style events at each stop.

The former senator essentially has been campaigning since 2004. He has kept most of his top staff and donors together, and operatives in key places such as Iowa; he rates high in polls in that first caucus state. His email list has grown to more than 700,000, and union leaders are enamored of his populist message, Democrats say. Mr. Edwards's recent enlistment of labor stalwart and former Michigan Rep. David Bonior as campaign manager was plainly a bid for union support.

After the 2004 election, Mr. Edwards became director of the Center on Poverty, Work and Opportunity at the University of North Carolina at Chapel Hill, where he has solicited policy ideas for fighting poverty. He previewed his emerging antipoverty program most comprehensively in an address in June at Washington's National Press Club.

In that speech, he set a national goal of ending poverty in 30 years for the 37 million Americans living below the poverty line, lifting one-third of them above it in each of the next three decades. His "Working Society" agenda would mean a higher federal minimum wage, reduced taxes for low-income workers, universal health care, and one million new housing vouchers for working families, to help them find homes in neighborhoods with better schools.

Mr. Edwards proposes "Work Bonds" to provide tax credits to match low-wage workers' own long-term savings. He calls for the government to partner with nonprofit organizations to create a million "stepping stone" jobs, to help welfare recipients and others get experience on local projects so they can go on to better-paying private-sector jobs. And he would open "second-chance schools" aimed at the increased number of high-school students who drop out before graduating.

Mindful of the current headlines, however, Mr. Edwards has paired his domestic agenda with a call to immediately reduce U.S. forces in Iraq by at least 40,000. And he has taken pains to put his domestic vision in a global context. As he put it at the National Press Club six months ago: "How we work to improve our country and lift people up is also critical to restoring American leadership in the world."

Write to Jackie Calmes at jackie.calmes@wsj.com1

Edwards Faces A New Set Of Hurdles (TNO)

By Rob Christensen

Raleigh News & Observer, December 28, 2006

NEW ORLEANS - As he launches his second White House bid here today, John Edwards faces a different political landscape than he did three years ago when he was North Carolina's little-known freshman senator.

Last time, the Democratic primary was a wide-open affair, and Edwards intrigued some voters as a new face. This time, Edwards is a former vice presidential candidate who must contend with assumptions that New York Sen. Hillary Clinton is the favorite to capture the Democratic nomination and that Illinois Sen. Barack Obama has eclipsed his fresh-faced appeal.

"Before Barack Obama, it was clear Edwards was going to be the biggest hurdle for Hillary to overcome and had the best shot at stopping her," said Chuck Todd, editor-in-chief of the Political Hotline, a Washington-based Internet newsletter. "Obama complicates his run. ... If it wasn't for Obama, I think we'd say this is a two-person race."

Edwards, 53, of Chapel Hill, enters the race with considerable assets. Polls show he is among the best known of the Democratic contenders after being on the national ticket in 2004 with Massachusetts Sen. John Kerry. Edwards, a successful trial lawyer before he entered politics, is the only announced Democratic hopeful who has been through the presidential

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marathon and has an organization. He seems likely to receive solid financial support from trial lawyers, and appears poised to pick up significant support from organized labor.

The Democratic nominee could be determined in January 2008, when caucus and primary voters in Iowa, Nevada, New Hampshire and South Carolina make their choices. The new early nominating schedule seems to favor Edwards, who has strong ties in some early battlegrounds.

Edwards is also the only Southerner in the race, with the possible exception of former NATO Gen. Wesley Clark, who is considering a run. The last Democrat from outside the South to win the the presidency was John F. Kennedy in 1960.

But Edwards has plenty of skeptics.

"He has got a lot of problems," said Allan Lichtman, an American University presidential scholar and Democratic Senate candidate in Maryland this year.

"He didn't do much for the Kerry-Edwards ticket. He came in with a lot of promise, but he didn't pan out. He lost the debate to Dick Cheney. He is going to be way outspent by Hillary Clinton. He doesn't have a natural base."

The Democratic primary can be viewed like the NCAA basketball tournament, said political analyst Charles Cook, publisher of The Cook Political Report, a Washington-based newsletter. In one bracket, everybody has penciled in Clinton. She has name recognition and a high-profile platform in the U.S. Senate, is a proven fundraiser and has a powerful political organization.

The question, Cook said, is who will survive to face Clinton in the opposing bracket.

"He's dealing, as all the candidates are, with the looming presidential campaign of Hillary Clinton and the recent excitement over Barack Obama," said Lee Miringoff, director of the New York-based Marist Institute for Public Opinion, which has done extensive presidential polling. "That having been said, there is still a following for his more progressive populism. He is certainly a force to be reckoned with down the road."

Edwards is announcing his campaign in New Orleans' Lower Ninth Ward, an area devastated by Hurricane Katrina. The location underscores Edwards' emphasis on poverty, which could be a political gamble. The theme is an extension of his "Two Americas" message from his 2004 campaign, in which he talked about the nation's inequalities. Two years ago, Edwards created the Center on Poverty, Work and Opportunity at UNC-Chapel Hill.

The campaign experienced its first glitch on Wednesday, a day before it formally came into existence.

Edwards' campaign accidentally went live Wednesday with his election Web site, The Associated Press reported.

The slip-up gave an unintended double meaning to his campaign slogan on the John Edwards '08 Web site: "Tomorrow begins today." Aides quickly shut down the errant Web site.

Several questions remain as Edwards begin his White House quest:

HAS EDWARDS' MOMENT PASSED? Edwards was the new face in 2004, and some voters liked his sunny persona. But some may view Edwards as a bit shopworn. He failed to help carry the Kerry-Edwards ticket anywhere in the South, including his home state of North Carolina.

"A lot of folks are going to view his candidacy and strategy in the context of the Kerry-Edwards campaign," said Dick Hartpootlian, a former South Carolina Democratic chairman. "Many people, including myself, thought it was a strategic disaster. They wrote off huge parts of the country, including South Carolina. ... It's going to be very difficult for Southerners to forget that snub."

The good news for Edwards is that polling suggests that Democrats tend to blame Massachusetts Sen. John Kerry, not Edwards, for losing to Bush.

"The most encouraging thing for Edwards is he came out of '04 with a good bit of residual good will, particularly in Iowa, and Kerry had none" said Cook. "He came out of it as well or better than anybody had any right to hope for."

DOES EDWARDS HAVE THE PROPER SEASONING? One of the knocks on Edwards in 2004 was that he lacked the experience to be president. Edwards has served only one six-year term in the Senate and has never held an executive post. But Edwards has been globe-hopping during the past two years, meeting with foreign leaders in an effort to broaden his resume.

CAN EDWARDS WIN THE ANTI-WAR VOTE? Edwards was booed when he appeared before California Democrats during the last election because of his vote for a resolution authorizing the war in Iraq. Edwards has since said his vote was a mistake, and he has courted the anti-war bloggers who backed Howard Dean in 2004.

WILL ORGANIZED LABOR HELP EDWARDS? Edwards had little labor support when he ran in 2004. But since then, Edwards has been heavily courting labor -- walking the picket lines and participating in a campaign to pressure Wal-Mart to treat its workers better. He is expected to name former Michigan congressman David Bonior, a key labor ally, as his campaign manager. Labor could play an important role in the Iowa and Nevada caucuses.

But labor no longer has the clout that it once had.

"The last time labor got their candidate was Walter Mondale," said Todd, the Political Hotline editor, referring to the Democratic nominee in 1984.

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Edwards Likely To Try For Democratic Presidential Nomination (CQ)

Congressional Quarterly, December 28, 2006

John Edwards is expected to announce his second try for a Democratic presidential nomination, during a scheduled appearance in New Orleans Thursday. If he does, he will stand out as a national figure in a field of official party contenders currently made up of three much lesser-known figures: retiring Iowa Gov. Tim Vilsack, Ohio Rep. Dennis J. Kucinich and former Alaska Sen. Mike Gravel.

Edwards, a 53-year-old former senator from North Carolina, would enter the race with substantial national name ID from his run as the 2004 Democratic vice presidential nominee on the ticket with Massachusetts Sen. John Kerry, which followed Edwards' emergence as the strongest challenger to Kerry for that year's presidential nomination.

His tour on the ticket that lost narrowly (51 percent to 48 percent) to President Bush and Vice President Dick Cheney has not made Edwards the heir apparent for the 2008 Democratic presidential nod; in fact, Kerry has not yet clarified whether he will make a second try himself.

And Edwards' turn as the star of the field may be short-lived. He has received much less buzz among politics watchers than the Democrats' two leading subjects of presidential speculation: New York Sen. Hillary Rodham Clinton, wife of former President Bill Clinton, fundraising juggernaut and perceived front-runner in the Democratic nominating contest; and Illinois Sen. Barack Obama, who has skyrocketed to political celebrity since his moving keynote address at the 2004 Democratic convention and his subsequent election that year as the only current African-American senator.

In choosing the unusual "slow news" period between the Christmas and New Year's holidays, Edwards is attempting to steal a march on Clinton, whose candidacy is regarded as most observers as a near-certainty, and Obama, who is expected to announce a determination early in the new year about whether he'll run or not. Edwards may also be hoping to preempt some of the obsessive media attention given to those other top-tier candidates.

Still, despite the publicity imbalance to date, the handsome and personable Edwards has an opportunity to pursue a sizable niche as an alternative for Democratic voters worried about the electability of Clinton — who carries the baggage of controversies that surrounded her and her husband during their White House years — or Obama, who bears the burden of proof that the nation is prepared to elect a black president, and whose mere two years in the Senate would raise questions about whether he had sufficient experience.

Experience, in fact, was an issue that dogged Edwards in 2004. He ran for national office at the end of his one and only six-year term in the Senate (unlike Obama, who previously was an Illinois state senator, wealthy trial lawyer Edwards never held public office before or after his short U.S. Senate stint).

With the nation at war in Iraq and Afghanistan, four-term Sen. Kerry and other opponents for the nomination questioned whether Edwards had the requisite foreign policy and national security credentials.

Since the 2004 campaign, Edwards has taken steps to address that issue. On the signal foreign policy issue of the day, he has been an outspoken critic of the Bush administration's handling of the war in Iraq. He also has sought to draw attention to an overseas crisis that is far less visible to the American people: ongoing civil strife in Uganda: He edited the recently released book "Home: The Blueprints of Our Lives," which includes reflections from politicians, actors and others on their childhood residences, with the proceeds dedicated to relief efforts in Uganda.

Yet the core of his political activism, and a central theme of his prospective 2008 campaign, is combating poverty and inequality in American society. It's no coincidence that Edwards reportedly has chosen to hold his Thursday event in New Orleans' Lower Ninth Ward, a mostly African-American and largely lower-income community struggling to recover from the sweeping devastation that followed Hurricane Katrina in 2005.

In 2005, he signed on to head the new Center on Poverty, Work and Opportunity at the University of North Carolina at Chapel Hill (where he earned his law degree), and was visible in post-Katrina reconstruction in Louisiana.

This is not a new cause for Edwards, who often refers to his background as the son of a mill worker and as the first member of his family to go to college. His 2004 bid for president also focused on poverty and his portrayal of "two Americas," one prosperous and the other struggling economically. He projects a vision of "one America" through social equality on issues including health care coverage, increased minimum wages and other efforts to reduce poverty.

Edwards' political action committee, which has been the platform to keep him in the public eye, is called the One America Committee. Since it was formed in 2001, the PAC has raised $2.7 million and spent $2.6 million, according to the committee's filing with the Federal Election Commission.

Edwards' focus on economic issues has attracted interest from some elements of organized labor.

Reflecting on the 2004 campaign, which some analysts said was stymied by Kerry's lack of charisma, Edwards said on MSNBC's Hardball Dec. 12 that he "wasn't crazy about" running for vice president.

"Your job, basically, is to advocate for the presidential candidate," he said, giving him little leeway to speak openly about his own opinions.

But Edwards said that experience campaigning has informed his approach for this cycle. "Running before makes you focus on something different instead of focusing on how crowds respond to you and what everybody seems to love of you," he said .

"That's not the test for being president," he continued. "The test for being president is are you the best person to occupy the Oval Office and be the leader of the free world? Because literally the future of the world is at stake here. This is not about popularity and excitement."

Edwards would not head into the 2008 presidential campaign alone: His wife, Elizabeth, whom he met when they were attending law school, has been an active participant in his political campaigns.

Her own public profile has been raised by a book she authored earlier this year. Titled "Saving Graces: Finding Solace and Strength from Friends and Strangers," it focuses on how she dealt with the death of a teenage son in a 1996 car accident and with her own battle with breast cancer, with which she was diagnosed on Nov. 3, 2004 — the day after the election in which the Kerry-Edwards ticket was defeated.

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As a moderate/independent, I will watch the presidential campagin of John Edwards with a keen interest. I believe in the 'one america' theme but he also will have to show me the ability to grasp and develop sound foreign policies - understanding there is a limit our country can force it will on another. In addition, I will watch how he articulate his plans for creating an environment that will induce companies to reduce their reliance for profit by building factories in countries where they pay very low wages; what is his proposed reform for Social Security; the plan for budget deficit; how to deal with terrorism, etc. The United States needs a person that is capable of making sound decisions and providing bipartisan leadership. I will expect no less.

Posted by Steven Mayhorn at 5:03 PM; Dec. 27, 2006

He is rabid about amnesty for illegal aliens. So that hacks off about 79% of the electorate. He is an ex Trial Lawyer who became mega rich that way. That hacks off about 99% of the electorate. I mean who in the dickens do the Bubble Head pundits think will vote for him? Would You? Will You? Other than having a nice head of air, a nice smile and lots of very general feel good platitudes, what is there?

But you can depend on the the 1/2 of the 1% of registered Looney Left Democrats who pick our Candidates in primaries to pick another loser like him. Hello Republicans Time!

Someone who could win...say a Senator Byron Dorgan or a Senator Kent Conrad, serious men who are published discussing serious things..like Social Security, Job Loss, Outsourcing, squandering our wealth and blood in Iraq sort of like Russia did in Afghanistan. Now would the Democrats ever nominate anyone like that who would win in a landslide? Never? That is what I think too. We will get another unelectable candidate. Get ready to take another whooping, Democrats.

Posted by S. Madison at 5:45 PM; Dec. 27, 2006

Name:

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Edwards 2008 Bid To Push Plight Of Poor (NYS)

By Josh Gerstein

New York Sun, December 28, 2006

A former senator from North Carolina, John Edwards, is set to enter the race for the Democratic presidential nomination this morning, emphasizing the plight of the underclass by launching his campaign from a blighted New Orleans neighborhood hard hit in Hurricane Katrina.

By focusing on social justice and the poor, Mr. Edwards, 53, hopes to court Democratic Party activists and pose a challenge from the left to other likely presidential contenders, such as Senator Clinton.

"I don't think there's any question that by talking about labor, the minimum wage, and poverty, his strategy has been to run as the progressive alternative," a Democratic operative and lobbyist, Steven Elmendorf, said in an interview.

Mr. Edwards, who sought the Democratic nomination in 2004 and later became the party's vice presidential nominee, scores well in opinion polls, particularly in the early caucus state of Iowa. However, his hopes of becoming the alternative to Mrs. Clinton have been set back by a relatively new entrant on the political scene, Senator Obama of Illinois, who is also mulling a presidential bid.

Mr. Elmendorf said a run by Mr. Obama would "take quite a bit of air out" of Mr. Edwards's campaign. "He has a problem running as the new guy," the strategist said. " Obama takes up a lot of political space."

Democratic strategists said Mr. Edwards has made good use of his time since leaving the Senate in 2004. "He has done some very smart things over the past couple of years to position himself differently from the rest of the field," a Democratic consultant, Christopher Lehane, said.

In addition to staking out the poverty issue and boosting his foreign affairs resume with international travel, Mr. Edwards, who was a trial lawyer before being elected to the Senate, has moved aggressively to win the support of labor unions, particularly those for service workers.

"He's made an effort. He's worked it hard," Mr. Elmendorf said. However, he said, he doubts many unions will be willing to endorse Mr. Edwards in the primary, in part because Mrs. Clinton will be seeking those same endorsements, or a pledge from labor groups to stay neutral.

"When Senator Clinton gets engaged with them, she's very formidable," Mr. Elmendorf said. " President Clinton did a lot for them."

Mr. Elmendorf said union leaders will be wary of repeating the scenario from 2004, when some endorsed the upstart candidate, Dr. Howard Dean, only to see his bid fizzle out.

Mr. Lehane, who served for a time as a spokesman for the Democratic presidential nominee, Senator Kerry of Massachusetts, said one of the biggest challenges facing Mr. Edwards is a financial one, as contenders for the nomination are seen as needing to raise about $20 million by June.

"If you look at Hillary, she's like a blue-chip stock, good fundamentals, sustained growth, big dividends. Obama winds up being either the Google, which goes through the roof and fundamentally changes everything, or he ends up like Petco.com," Mr. Lehane said. " Edwards is one of those candidates you end up betting long on."

One asset Mr. Edwards has is that many of those who worked closely with him on his losing primary bid in 2004 seemed to enjoy the experience, while some who worked for other candidates grew disillusioned. "People working with him really enjoyed working with him and had great respect for him," Mr. Lehane said.

A Des Moines teacher who runs a Web site promoting Mr. Edwards, Joshua Brown, said Mr. Edwards's sincerity and authenticity serve him well in the small-group settings where Iowa caucus-goers meet the candidates. "He connects really well," Mr. Brown said. "In Iowa politics, a lot of it comes down to meeting the person and being able to ask them the question you want to ask."

Mr. Brown said Mrs. Clinton's celebrity could actually make it harder for her to compete. "There's going to be tons of people showing up," he said. "It's just going to be to see Hillary Clinton. "It's not going to be to listen to Hillary Clinton."

Edwards Scooped By His Web Site (WP)

By Dan Balz

The Washington Post, December 28, 2006

NEW ORLEANS, Dec. 27 -- Former senator John Edwards of North Carolina scooped himself Wednesday when advisers testing his campaign Web site posted the news that he is running for president in 2008. The posting came a day before Edwards's planned formal declaration of candidacy in this city's devastated Ninth Ward.

There was no secret about Edwards's presidential campaign intentions. The 2004 Democratic vice presidential nominee has been running hard for two years, and campaign officials have been at work for more than a week on final arrangements for the official launching.

But the pre-announcement of the candidacy on the Edwards Web site -- which was online only briefly but was nonetheless, officials said, noticed by the Associated Press -- caught everyone in the campaign by surprise.

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"What happened was, apparently, they were testing the Web site," said Jennifer Palmieri, Edwards's spokeswoman. "I guess, somehow, when they were testing it, AP happened to catch it."

Officials said they had always intended to post the announcement on the Internet on Wednesday night, in advance of Edwards's scheduled announcement early on Thursday. Edwards had also planned to send an e-mail to his supporters before speaking to the cameras from New Orleans.

The sequence of events highlighted the many ways in which candidates now seek to draw attention to presidential campaign announcements, attempting to maximize their audience through the various media platforms for what are well-scripted events.

Even while doing some volunteer work Wednesday afternoon for Orelia Tyler, a New Orleans resident whose home was devastated by the floods of Hurricane Katrina, Edwards taped a statement that aides planned to post online in time for his formal announcement.

Even though it was accidental, the announcement on the campaign Web site quickly spread across the Internet. By early Wednesday evening, Edwards's entry in Wikipedia, an online encyclopedia, noted: "On Dec. 27, 2006, he announced his entry into the 2008 presidential race."

Edwards chose New Orleans for his announcement to highlight his interest in the issue of poverty, which has been his focus for most of the past two years. He has been to Louisiana numerous times since Katrina hit and recruited 700 college students to join him here in the spring to volunteer their time, helping clean out and rebuild destroyed homes.

He also picked the week between Christmas and New Year's Day to announce his candidacy in large part because he and his advisers thought it would attract more attention during what is traditionally a slow news period. But the death of former president Gerald R. Ford was by far the dominant news on Wednesday and probably will continue to be for several more days.

Edwards issued a statement mourning the death of the 38th president.

"President Ford was a true leader -- he made decisions based on what he believed was right, not what was politically expedient," the statement said. "He called on us to never lose faith that we can change America."

He said Americans could honor Ford's memory by "lifting ourselves above partisan politics and acting with the courage and conviction of our ideals."

Thursday's declaration of candidacy will be relatively low-key, with Edwards planning to make a brief statement outlining his reasons for running and then taking questions from reporters. He plans to leave New Orleans in the early afternoon for an evening rally in Iowa, the site of the first presidential caucuses, and he will hold a town hall meeting in New Hampshire on Friday.

Edwards, 53, was a successful and wealthy trial lawyer. He did not turn to politics until 1998, when he was elected to the Senate. He spent one term in Washington before deciding not to seek reelection. His 2004 presidential campaign started slowly but caught fire just before the Iowa caucuses. He finished second to the eventual Democratic nominee, Sen. John F. Kerry (Mass.).

He won only one primary, in his native South Carolina, but his skills as a campaigner and his performance in the primaries prompted Kerry to select him as the Democrats' vice presidential nominee.

He joins two other declared Democratic candidates -- Iowa Gov. Tom Vilsack and Rep. Dennis J. Kucinich (Ohio) -- while several others, including Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.), are expected to announce their candidacies in January.

Although Clinton and Obama have attracted the most attention, Edwards begins his campaign well positioned to challenge for the nomination. He has maintained considerable strength in Iowa, building on his success there in 2004, retains a base of support in South Carolina, and has developed relationships with organized labor in Nevada, which is scheduled to hold the second set of presidential caucuses in 2008.

Edwards To Run For President (WSJ)

By James Romoser

Winston-Salem Journal, December 28, 2006

Former U.S. Sen. John Edwards, D-N.C., became yesterday the third candidate to enter the 2008 presidential race - but not without a false start.

Edwards' campaign accidentally launched his presidential-campaign Web site a day early, pre-empting an orchestrated announcement planned for today in New Orleans.

The Web site was quickly taken down. But the news of Edwards' candidacy, which his campaign confirmed to the Winston-Salem Journal last night, was out.

Despite the online snafu, Edwards' run is no surprise.

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He ran unsuccessfully for the Democratic presidential nomination in 2004 and was chosen by the eventual nominee, Sen. John Kerry, D-Mass., as his vice presidential running mate.

Almost from the moment that the Kerry-Edwards campaign conceded the election to President Bush in November 2004, Edwards appeared to be gearing up for another run in 2008.

He has spent the last two years raising money, visiting key states that have early primaries and running his "One America Committee," which supports Democratic candidates and advocates for such causes as raising the minimum wage.

"John is the most prepared he's ever been to be president. He's spent the last two years learning, traveling, meeting people," Ed Turlington, who was the national chairman of Edwards' 2004 campaign, said yesterday. Turlington, a Raleigh attorney, continues to be involved in Edwards' campaign.

Edwards chose the politically symbolic location of the Lower Ninth Ward of New Orleans for the formal announcement of his candidacy, and he decided not to postpone the announcement after the death of former President Gerald Ford. He released a statement saying he was saddened by Ford's death.

Yesterday, Edwards helped do yard work for a woman whose house was destroyed by Hurricane Katrina.

After a new conference today, he is expected to begin a whirlwind, three-day tour in which he will visit Iowa, Nevada, New Hampshire and South Carolina - the first four states in the 2008 Democratic primary season.

On Saturday night, Edwards will conclude the tour with a rally in Chapel Hill.

Other than Edwards, only two major candidates - Democratic Gov. Tom Vilsack of Iowa and U.S. Rep. Dennis Kucinich, D-Ohio - have announced their intentions to run for president in 2008.

But others are widely expected to join the race soon, including Sen. Hillary Clinton, D-N.Y.; Sen. Barack Obama, D-Ill.; and Sen. John McCain, R-Ariz.

The 2008 election will be an unusual presidential election because there will be no sitting president or vice president running. "It's such a wide open race that starting early is a necessity," Turlington said.

Edwards, 53, was a successful trial lawyer and was elected to the U.S. Senate from North Carolina in 1998. In 2003, he started his first presidential campaign, which focused on a theme of "two Americas." He won one primary - South Carolina - before agreeing to be Kerry's running mate.

Recent national opinion polls have shown Edwards trailing both Clinton and Obama for the Democratic nomination. His numbers are higher in Iowa, where a poll showed Edwards tied for the lead with Obama, followed by Vilsack and then Clinton.

Edwards Frames Comeback With Populist Message: Margaret Carlson (BLOOM)

By Margaret Carlson

Bloomberg, December 28, 2006

Dec. 28 (Bloomberg) -- When the reliable Des Moines Register poll two weeks ago showed former vice presidential candidate John Edwards leading in Iowa with 36 percent, people were surprised.

How did he do that in a year when it has been Hillary and Everyone Else, then Hillary, Obama and Everyone Else? Quietly, very quietly, which is the best way for a Democratic has-been to have any hope of becoming a could-be.

Democrats hate their losers. Unlike Republicans who routinely give theirs a second chance (see Richard Nixon, Ronald Reagan and Bob Dole), Democrats would remove all memory of theirs if they could, like latter-day Kremlinologists. (See George McGovern, Michael Dukakis and John Kerry, though the last doesn't know he is over.)

Al Gore may be the exception. Having taken on many lives -- college professor, itinerant preacher on global warming, Wall Street banker and potential Oscar-winning filmmaker -- there are some Democrats asking him to run. Edwards may have telescoped Gore's six years in exile into two as he emerges from his own Elba to announce his candidacy today.

Having moved out of Georgetown in Washington to his native North Carolina -- where he built a new house, took care of his wife who learned in the final week of the campaign that she had cancer, joined an investment banking firm and tended to the family foundation established in memory of son Wade Edwards killed in a 1966 traffic accident at age 16 -- he has shed his inside-the-Beltway skin for that most desirable of guises, the Washington outsider.

Non-Combative Candidate

Surely 2008 is a better time for a candidate like Edwards -- a non-combative southerner who has won a hundred courtroom trials, has an established fundraising base, is a master of the Internet and finally has a few more lines in his baby face than he did in 2004 when George W. Bush and Dick Cheney carried the day.

Edwards's pitch that there are two Americas is, if anything, truer today than when he first took it out for a spin. There is no better place to take that theme than the hurricane-ravaged Ninth Ward of New Orleans where he will begin his campaign today.

That America is still covered with garbage as far as the eye can see, with little in the way of rebuilding and many of those who stayed stuffed into trailer parks. Imagine if a hurricane had hit the other America, say Greenwich, Connecticut. Construction

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everywhere else would have come to a dead halt as residents there got the undivided attention of the Bush administration and the building trades.

Donald Trump wouldn't be able to hire an architect.

A Living Wage

For the past year, Edwards has toured the country with the message that those who work deserved a living wage. He favors an expansion of the earned income tax credit, better lending practices, housing vouchers, sprinkling low-income housing amid McMansions and a program to rehabilitate Louisiana after Katrina.

And it isn't only the Ninth Ward that bears Edwards out. Wages are stagnant. There has been no increase in the minimum wage. More people are without health insurance than before.

Yet the Bush administration continues to give the rich every break at the expense of the poor. The gap between the haves and have-nots is now worthy of King Louis XIV. Just last week came the news that the chairman of Goldman Sachs Group Inc. took in $53.4 million last year or roughly $25,000 an hour for a standard work week.

Edwards got right with the Iraq war in an op-ed piece in the Washington Post in November 2005. Without making excuses, he said he regretted his vote in 2002 for a resolution authorizing the U.S. invasion.

With Senators Hillary Clinton and Barack Obama gobbling headlines, pitching in to clean up New Orleans in this slow news week could be all the attention Edwards gets. Like so many vice presidential candidates before him, Edwards's 2004 run didn't propel him to frontrunner status in this race.

Bungled Opportunity

By eschewing what he called the ``old politics of hate and division," Edwards gave up the usual vice presidential running mate's role of hatchet man. He bungled his best chance to show what he was made of in his debate against Cheney.

The trial lawyer who won multimillion-dollar verdicts against well-armed drug companies looked like a Ken doll who had come to ask Barbie's stern father for her hand in marriage. The only blow he landed was wrapped in velvet: congratulating Cheney on his love for Mary Cheney, his openly gay daughter, to point up the Republicans' otherwise ugly strategy to demonize gays.

Edwards spent weeks explaining himself.

It could be that in 2004, Edwards suffered from first-time jitters, too much message discipline about a divided America and the handicap of playing second banana to a waffling, windsurfing stiff.

There could be a hunger now for a quieter man after eight years of taking our enemies dead or alive.

Edwards is the candidate most reminiscent of the late Gerald Ford. Ford was a fine president in a difficult moment, so decent he couldn't win the presidency on his own.

We are a schizophrenic electorate. We prefer the likeable candidate over the sourpuss, but we also want a tough guy.

Edwards has a chance only if nice guys don't finish last.

(Margaret Carlson, author of ``Anyone Can Grow Up: How George Bush and I Made It to the White House" and former White House correspondent for Time magazine, is a Bloomberg News columnist. The opinions expressed are her own.)

Ohio Gov. Taft Reprimanded Over Ethics (AP)

By Andrew Welsh-huggins

AP, December 28, 2006

The state Supreme Court on Wednesday publicly reprimanded Ohio Gov. Bob Taft for his ethics violations in office, a black mark that will stay on his permanent record as an attorney.

Taft, 64, a Republican and great-grandson of President William Howard Taft, pleaded no contest in 2005 to failing to report golf outings and other gifts worth nearly $6,000 during his four-year term. He was fined $4,000. Taft could not seek re-election because of term limits and leaves office in less than two weeks.

The Office of Disciplinary Counsel, an arm of the state Supreme Court, said in April that Taft violated Ohio's code of professional conduct for lawyers, and Taft later signed an agreement admitting the violation.

The justices agreed by a vote of 6-0 with a recommendation from the Board of Commissioners on Grievances and Discipline to issue the public reprimand, which does not prevent Taft from practicing law again but will appear in public law registries. The court could have rejected the recommendation or ordered a stronger punishment.

Taft's law license has been inactive since 2002.

"The governor is pleased that the matter is concluded and that the court recognized his reporting error was nothing more than an oversight," Taft spokesman Mark Rickel said.

Court Reprimands Ohio Governor Over Gifts (NYT)

DOJ_NMG_0109898

By Bob Driehaus

The New York Times, December 28, 2006

COLUMBUS, Ohio, Dec. 27 — The Ohio Supreme Court formally reprimanded Gov. Bob Taft on Wednesday for failing to report nearly $6,000 worth of golf outings and other gifts, a coda to his scandal-plagued final term in office, which ends Jan. 8.

The unanimous ruling followed the penalty recommended by the Board of Commissioners on Grievances and Discipline, which evaluates charges of misconduct among lawyers and judges. Mr. Taft, a Republican, was admitted to practice law in Ohio in 1976 and may return to practicing after his term ends.

Public reprimand was the minimum penalty that could have been imposed by the court, which had the discretion to suspend Mr. Taft's law license in Ohio or to bar him permanently from practicing law in the state.

The court said Mr. Taft deserved the minimum punishment because he had no prior disciplinary record and cooperated fully with the investigation. "Any sanction is an indelible stain on a lawyer's professional record," the ruling said.

Jonathan Marshall, secretary to the board, said, "I guess the significance is that regardless of how high a public office a lawyer enjoys, the same standards apply to all."

Mr. Taft, a great-grandson of President William Howard Taft, pleaded no contest in August 2005 to four criminal misdemeanor counts for failing to disclose $5,682.26 worth of golf outings, meals, hockey tickets and other gifts from 19 benefactors from 1997 until 2004. He was fined $4,000 and ordered to e-mail an apology to all state workers as well as to Ohio news media outlets.

He is the only Ohio governor to have faced criminal charges while in office, and his pleas joined a wave of scandals among state Republicans that culminated in a Democratic sweep on Nov. 7 of all but one statewide office and the defeat of Senator Mike DeWine by Representative Sherrod Brown, a Democrat.

Mark Rickel, Mr. Taft's press secretary, said, "The governor is pleased the matter is concluded and that the court recognized that his recording error was nothing more than an oversight."

Mr. Rickel said Mr. Taft had not decided whether to return to practicing law or to pursue other interests.

As Energy Prices Rise, Houston's Heyday Returns (LAT)

By Miguel Bustillo

The Los Angeles Times, December 28, 2006

HOUSTON, Texas — Fine wine flows freely at Tony's, the dining room of the rich and powerful in this dynamic Sun Belt city. But it always flows a little faster when the price of crude oil is high — and these days, owner Tony Vallone said, the bottles are emptying at a brisk pace.

On a recent Friday evening, socialites in fur coats stepped past the cascading sheets of water at the glass entrance, into an airy room adorned with vibrant Robert Rauschenberg paintings. Waiters wheeled out enormous souffles and whole red snappers encrusted in salt. The richest man in town, oil pipeline magnate Dan Duncan, was dining there for the third time in four days.

At the center table, Ileana Trevino, the head of a hospital foundation, was celebrating her 51st birthday with about a dozen close friends and her husband Michael, a Marathon Oil executive. She was asked what she wanted to drink.

"Whatever's expensive," Trevino replied, and laughed. The sommelier recommended bottles of a $50 red from Spain's Montsant region, a modest option at a restaurant that offers magnums of 1945 Chateau Petrus Bordeaux for $30,000.

"It's almost palpable, isn't it?" said attorney Michael Solar, one of Trevino's friends, as he waved his glass to indicate the wealth in the packed room. "When the rest of the country is doing well, it seems like Houston is often struggling. But when the rest of the country is struggling, it seems like Houston is often doing well."

High oil, natural gas and electricity prices may bring pain to families and business owners elsewhere, but in America's energy capital, they bring prosperity.

Two out of every five Houstonians owe their jobs to energy — many big oil and gas companies have their world or American headquarters in Houston — and the industry's spectacular profits in recent years have helped the nation's fourth-largest city outdistance the country as a whole in economic growth.

Los Angeles and most big cities are seeing slowdowns in their real estate markets this year, but Houston's is still climbing: For 34 months straight, area home sales have increased compared with the same month a year earlier. Yet Houston's housing remains surprisingly affordable: The median home sales price in November was $147,000, compared with $487,000 for the Los Angeles region.

The city is on pace to add 75,000 jobs this year, an increase of about 3.5%, or more than twice the national average. Though that growth rate falls short of Las Vegas and a few other large American cities, experts say it is remarkable that

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Houston's economy continued to expand even after one of its largest white-collar employers, Enron Corp., collapsed from a financial scandal and declared bankruptcy in 2001.

"A petroleum engineer coming out of Texas A&M now gets about $87,000 a year and a $30,000 signing bonus, and that's for someone with no experience," said Robert W. Gilmer, a senior economist for the Federal Reserve Bank of Dallas. "Houston has heated up to the point where it spreads all the way through the employment sector, to plant operators and truck drivers."

Halliburton Co., the construction and oil field services firm that landed numerous federal contracts to rebuild Iraq, has a checkered reputation in parts of the world. But it has added 11,000 jobs this year, and in Houston, where it is headquartered, it was recently selected as one of the best companies to work at by a leading business journal.

"There is definitely a feeling of excitement working in the energy industry in Houston at this time," said Renee LeBas, who moved here this year to work at Halliburton, where she helps companies find solutions to oil field problems.

LeBas, a petroleum engineering graduate from the University of Texas at Austin, recently bought a small house in a desirable suburban neighborhood, just inside the ring of freeways that circles the city. It's the 28-year-old's second real estate purchase since college.

For all the people doing well in Houston, however, there are still many not benefiting from the improved economy, particularly those without college educations. Houston's unemployment rate continues to be slightly higher than the national average, and the presence of tens of thousands of Hurricane Katrina evacuees threatens to become a major social problem when government housing assistance to the storm survivors runs out.

"Not everyone in Houston is going like gangbusters," said Stephen L. Klineberg, a Rice University sociologist who has been surveying the attitudes of Houstonians for a quarter-century. "A relatively small number of people are making a lot of money, but there are still plenty of people struggling to get by."

What's more, many of those prospering are greeting the good times with a grizzled skepticism.

Houston's economy is much more diverse than it was two decades ago, when roughly 80% of all jobs were tied to energy; the city now has a thriving port and a rapidly expanding medical district known for some of the best specialized care in the South. Still, veterans of Houston's boom-and-bust energy economy are mindful that fortunes could turn quickly, like they did in the 1980s, when a sudden swoon in crude oil prices sent the city's economy crashing.

"This industry is known for being a roller coaster, and right now, with oil over $60 a barrel, they can't find enough people for all the work they've got," said engineer Glenn Woltman, 55, who recently left a federal job in New Orleans to take a position paying "well into the six figures" here with Superior Energy Services Inc. "This is about as good as I have seen it. I was considering five different offers."

But the 33-year petroleum engineer, who lost his job with Marathon Oil during a downsizing two decades ago, is chastened by experience.

"I'm packing away as much as I can, because I do know that oil runs dry," said Woltman, whose job is to evaluate "missed opportunities" at a Gulf Coast oil field that was already tapped by BP. "I have been through those bad cycles."

Houston's economic boom is tied not only to short-term spikes in energy prices, but to forecasts for global energy demand that are leading many companies to make ambitious long-term bets. Amid expectations that the skyrocketing needs of China and India will only increase, firms are more willing to explore for oil and gas in places previously considered too expensive, or to slog through red tape to build refineries and power plants.

Headhunters in Houston are going after all the engineers with 10 to 15 years' experience they can find. Companies are paying salaries $10,000 to $15,000 higher than just 18 months ago, and are sweetening the pot with retention bonuses, stock options and other perks reminiscent of last decade's dot-com boom.

Some firms are even luring engineers out of retirement by offering them more than they made during their prime earning years. Hagan Joyner, 74, got a call from a headhunter at Collarini Energy Staffing, offering a six-month gig. The veteran reservoir engineer, who worked 39 years before retiring in 1999, turned it down. But his wife, overhearing the conversation, told him he'd be crazy if he didn't call back.

He took a less stressful job minutes from his house, helping oil companies report their reserves to banks and the Securities and Exchange Commission — for $85 an hour.

"I didn't think I'd see something like this again in my lifetime," said Joyner, who is planning to use his windfall to see more of the world with his family. "The pay is certainly more than I used to make when I was working full time. We're getting our house fixed up, and are doing some things for our grandchildren."

Houston, like other Sun Belt cities, remains relatively affordable. Its cost of living is 24% less than other metro regions of 2 million or more people, according to the Council for Community and Economic Research, a national group that compares basic costs such as housing, groceries and utility bills.

So after paying their bills, many still have money to spend.

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Those benefiting most from the current energy boom are behaving demurely compared with past generations of Houstonians, who giddily spent small fortunes on jewelry, 12-cylinder Jaguar sedans and lizard-skin cowboy boots when oil prices were high, only to sulk in shame when they bottomed out. A bumper sticker popular in Houston's sober aftermath read, "Please Lord, give me one more oil boom. I promise not to blow it next time."

But after years of modest consumption, the money has begun to flow, especially at the city's more luxurious establishments.

"It's human nature — when people have more discretionary income, they are more willing to spend," said Evelyn Gorman, owner of Mix: Modern Clothes, an industrial-chic boutique that sells Bruno Frisoni shoes, Balenciaga handbags and other high-priced fashions. Mix, which recently moved into a boxy new building that looks like a Gulf Coast oil platform, has enjoyed steadily increasing sales over the last two years.

"Would I want to be in Louisiana or Detroit right now? Absolutely not. In Houston, Texas, energy capital U.S.A., when the price of oil is high, you can certainly tell the difference," Gorman said.

The city's elite spas and social clubs all have waiting lists, said Colleen Kennedy, director of memberships at the Houstonian Club, where the first President Bush goes for his haircuts and former First Lady Barbara Bush takes brisk walks.

"That is the first time in all my years in this business that I have seen that," said Kennedy, who has been with the Houstonian for a quarter-century. "All of these clubs are high-dollar items. Our membership fees are $20,000 and $24,000."

In the Texas Hill Country, the picturesque region of rugged, rolling landscapes at the center of the state, Houstonians buying vacation and retirement homes have helped send real estate prices surging.

"I'm astounded at these prices. I used to think these people must be dope dealers or something, but I know better now," said Pat Boyle, owner of Pat Boyle Realty, who has been selling ranches in Bandera County since 1978. Among the properties was a 31-acre hilltop retreat with an orchard and swimming pool for $1.6 million — a large sum in a state where the median home price is $142,000.

"Oil and gas is still the engine that pulls the train, but it seems like the whole Texas economy's rocking and rolling. All these people in their glass cubicles in Houston want their little piece of the Hill Country," Boyle said.

Like Texans in general, Houstonians love to drive gas-guzzling pickups and sport utility vehicles, which remain a common sight here despite the surge in prices at the pump. In the upscale Galleria shopping district, Texas-sized compact parking spots can fit a tank — and are frequently filled with the urban equivalent, a gleaming new Hummer.

"A lot of people have figured out how to make a lot of money in this town, and God bless them," said Mike Shafer, sales manager for the McGinnis Hummer dealership. He estimated he sells 40 Hummers a month, up from 25 a year ago. The outsized status symbols range from $29,000 to $53,000. "Gas goes up, gas goes down, but that never really affects sales here," Shafer said.

Houstonians also love going out to eat — and they do so more than big-city dwellers anywhere else in the country. The Zagat Survey this year found that Houston residents dined at restaurants 4.2 times a week, compared with 3.4 times for New Yorkers and 3.2 times for Americans overall.

During the peak of the petroleum boom that showered Houston with riches a quarter of a century ago, Tony's would sometimes sell white truffles to a cadre of society queens and oilmen, said Vallone, a gracious man whose pudgy cheeks and thick torso betray years of la dolce vita.

Now, Vallone said, it is not unusual for Tony's to sell three dozen orders of white truffles on a Saturday night. The patrons who pay $125 for the privilege of having the aromatic delicacy shaved onto their plates of pasta and risotto are not all tycoons — many are young professionals with money to burn.

"In the old days, young people would come here for a special occasion, a birthday or an anniversary," said Vallone's wife, Donna. "Now they come here to dine."

Ex-Interior Secretary Norton Is Hired As Counsel For Shell (WSJ)

The Wall Street Journal, December 28, 2006

Royal Dutch Shell PLC said it hired former U.S. Interior Secretary Gale Norton to serve as a counsel for the Anglo-Dutch oil company.

The move comes amid rising scrutiny in Washington of the department's dealings with the oil industry.

Ms. Norton, who stepped down as interior secretary March 31, will be based primarily out of Colorado and will serve as general counsel for the firm's unconventional-resources division, Shell said. The oil company is developing and testing proprietary technology designed to enhance oil recovery from certain unconventional sources, such as oil shale and extra-heavy oil, Shell said.

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Ms. Norton, 52 years old, served as secretary of the Interior from 2001 to 2006 and was the first woman to hold the position. She was succeeded by former Idaho Gov. Dirk Kempthorne.

Before that, Ms. Norton was senior counsel at Brownstein, Hyatt & Farber P.C., a law firm based in Denver. She is a former attorney general for Colorado and associate solicitor of the Department of the Interior. In 1996, she unsuccessfully sought the Republican nomination for the Senate in Colorado.

The hiring of Ms. Norton comes at a tough time for her former agency. With the Democratic takeover of Congress, leading lawmakers have signaled they will closely scrutinize the Interior Department's policies for collecting oil-and-gas royalties from public lands.

The Minerals Management Service has come under particular criticism after agency omissions excused the oil industry from paying royalties on Gulf of Mexico leases from 1998 and 1999. A Government Accountability Office report said the omission by the MMS cost taxpayers $10 billion.

Shell, historically one of the biggest industry players in the Gulf of Mexico, was one of five oil companies that reached an agreement with the MMS Dec. 14 to pay royalties on the 1998 and 1999 leases.

Acosta Moving To Qorvis Communications (WP)

By Judy Sarasohn

The Washington Post, December 28, 2006

Dean Acosta, NASA press secretary and deputy assistant administrator for public affairs, is moving to Qorvis Communications next week to work with the firm's aerospace and technology clients, such as Pratt & Whitney and United Technologies.

Acosta, a former journalist, joined NASA in April 2003, several weeks after the shuttle Columbia accident. He led NASA's communications effort in the return to flight with the launch of the Discovery more than two years later.

"Although NASA has been an incredible work experience . . . it's nice to work for a company that's your core expertise," Acosta said.

Acosta is barred by ethics rules from contacting the space agency for one year, but he can still advise contractors with NASA interests.

Also at Qorvis, Kara Ross, a Clinton White House Midwest spokeswoman, joined as a senior director. She most recently worked for ACS Government Solutions and earlier for the Transportation Department, the Defense Department and former senator John Glenn (D-Ohio).

Experiment In Caring (WSJ)

By Lucette Lagnado

The Wall Street Journal, December 28, 2006

Agnes Barrett has lived on West 138th Street in Harlem for more than 42 years, persevering as the area experienced riots, fires, gangs, crack and epidemics of AIDS and homelessness. One night in the 1970s, she recalls how a house near hers caught fire and a baby was tossed out the window. She can still see the father running down the street holding the injured baby in his arms.

These days, Mrs. Barrett, who still works as a nurse's assistant one day a week at the age of 77, faces a new challenge: luxury apartments being built next door to her modest $465-a-month subsidized walk-up. Like many Harlem seniors, she fears what will happen in the rush to develop one of New York's hottest real-estate markets. "I love the beautification," Mrs. Barrett says, "but if you can't afford it, where are you going to go?"

Sheena Wright, the 36-year-old chief executive officer of Abyssinian Development Corp., is working to answer that question and a larger one faced by other cities and towns stretching far beyond the borders of Harlem: How do you keep the elderly -- and particularly the elderly poor -- at home, where they want to be, and out of institutions?

Abyssinian's unusual answer is real estate. ADC, the 17-year-old not-for-profit real-estate arm of the famed nearly 200-year-old Abyssinian Baptist Church, is a community-development and human-services organization that controls $299 million in property assets in booming central Harlem. Last year, ADC had a net gain of $73,593, says an Abyssinian official, citing financial statements. Now, it is using its resources to create a social, psychological and economic sanctuary for the community's elderly and poor residents, pumping proceeds into social-service projects while enabling tenants in Abyssinian-owned housing to pay low rents.

"We take the proceeds from the real-estate activities and they go into supporting our programs and services," Ms. Wright says. "The seniors in our community have been the stalwarts. They have been holding down the fort. It is time for us to take care of them."

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Ms. Wright calls the streets around the church the "Abyssinian Neighborhood." The church began buying up real estate there nearly 20 years ago when the city was willing to sell abandoned properties for as little as $1 to anyone willing to manage them. "No one wanted to develop anything in Harlem -- housing or commercial -- and groups like Abyssinian took that risk," says Ms. Wright.

The area has since undergone dramatic change. During the last five years, median gross rents in Harlem have risen by 27%, while the supply of rent-regulated housing declined by nearly 3% from 2002 to 2005, according to Benjamin Dulchin, deputy director of the Association for Neighborhood and Housing Development in New York.

As Harlem has become a hot market, Abyssinian found itself vying for the same properties as private developers. These days, Abyssinian says an empty lot near the church can command nearly $1 million.

Ms. Wright is now running a real-estate empire comprising more than 1,000 rental dwellings, the bulk of them in buildings inhabited by the poor and the elderly. The development corporation also controls several commercial properties, and it is developing condominium apartments in five vacant lots now inhabited by stray cats on Mrs. Barrett's block, a venture aimed at middle-income, first-time homeowners.

In recent years, Abyssinian also renovated a group of brownstones and then sold them for several hundred thousand dollars each. Yet even there, Ms. Wright points out, profit margins turned out to be small and were plowed back into the mission. Abyssinian also needs private funding to carry out its social programs, she says.

Unlike private developers, Abyssinian's goal is to create a healthy and viable community. It has no plans to sell its low-income properties, Ms. Wright says. What it does want to do is attract middle-class and affluent residents as a way to strengthen the neighborhood.

"It's not healthy for our elderly to live in a 100% low-income community," says Ms. Wright. "The mix, raising the level and standard of services and amenities in the neighborhood, benefits everyone."

Abyssinian Baptist's immediate target is an area about four blocks wide, from Adam Clayton Powell Jr. Boulevard to Malcolm X Boulevard, and from West 136th Street to West 139th Street. Abyssinian says it has made a commitment to assist every senior who resides within those boundaries. Abyssinian says residents get visits or calls from staff case workers to find out what they need.

Some of the visitors weren't welcomed at first. Mrs. Barrett, for one, can't stand the idea of being looked after, and deplores even being called a "senior." Mrs. Barrett, whose landlord is Abyssinian, refuses to see a doctor. Yet an Abyssinian case manager has found a way to befriend her by simply checking in regularly to see how she is faring and earning her trust. Membership at Abyssinian Baptist church isn't mandatory: Mrs. Barrett loves her church, the Greater Refuge Temple, several blocks away.

Abyssinian is also trying to teach residents like Mrs. Barrett how to fight back if preyed upon by aggressive landlords. An active civic-engagement division in ADC has been organizing tenants' groups and block associations and teaching the elderly about legal resources. Seniors are trained to organize rallies and protest marches and realize their power as a voting bloc.

Abyssinian is hoping to add more blocks surrounding its commitment area and have the whole area designated as a NORC, for naturally occurring retirement community, which is defined as a residence, building, neighborhood or community not built specially for seniors but with a high concentration of older residents. Often it is a building where people moved in their younger years and aged in place; or it may be a small-town neighborhood where the young people moved away leaving behind the elderly.

Funded by city, state and federal monies, NORC programs are considered a cost-effective alternative to institutional care. In New York, the state has begun to fund NORC programs that encompass a neighborhood. Abyssinian has been seeking official NORC funding from New York state but has so far been unsuccessful. The state's NORC budget is limited, a state official said, making the selection process highly competitive.

What makes the Harlem experiment unusual? "They literally are drawing a ring around their elderly," says Fredda Vladeck, director of the Aging in Place Initiative of the United Hospital Fund, a nonprofit philanthropic research and policy group in New York. "They are creating an aging zone and looking not only at what services to provide but what to do to make that a community."

"I think it is very exciting and very important," Ms. Vladeck says. "It is renewing and redefining a sense of community in an urban setting." Abyssinian's idea of how to connect with seniors who don't live in the same building can be applied to suburban or small-town elderly.

To those who wonder if it's possible to mix social services and real-estate profit, Ms. Wright says there's no conflict between the church's core mission of helping the poor and powerless, and taking advantage of lucrative opportunities toward that end. Abyssinian's initiatives cost money, she says. "Doing God's work, fulfilling the mission -- you have to do it responsibly,

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you can't set out and promise services to people in need without a plan for sustainability, or have services for a year and then run out of money," she says.

Next on the horizon is an even more ambitious project: building mixed-income co-operative apartments or condominiums, and a cultural center, on the site of the old Renaissance Ballroom on Adam Clayton Powell Jr. Boulevard. There is one possible problem: The city's Landmarks Preservation Commission is weighing whether to declare it a landmark. However, the commission noted that such a designation wouldn't preclude development.

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A Police Charity Moves To Exit The Fast Lane (WSJ)

By George Anders

Wall Street Journal, December 28, 2006

When corporate executives join civic boards, they usually are brought in to raise money, map out a growth strategy or provide cost-cutting discipline.

If only Robert Teal had it so easy.

The 63-year-old Mr. Teal, a longtime Silicon Valley entrepreneur, recently became chairman of the CHP 11-99 Foundation. It is one of the nation's leading police charities, operating independently of the California Highway Patrol but providing officers or their families with everything from college scholarships to funeral expenses. When Mr. Teal looked at the charity's main way of bringing in cash, he saw a problem lurking.

For years, the foundation had been selling "Life Memberships" to motorists for $1,800 apiece. Lots of people with Ferraris, BMWs and other fast cars snapped them up, mounting the foundation's hard-to-miss license-plate holders on their vehicles' rear bumpers. (The holders read: "MEMBER CHP 11-99 FOUNDATION.") Buying a membership was seen by many as protection against speeding tickets, though statistical evidence one way or another doesn't exist.

Foundation officials insisted they weren't trying to arrange highway leniency for anyone. The CHP has been even testier, declaring: "Everyone on the highway gets treated the same." But some motorists were clearly looking for special favors. As many as eight to 10 times a year, the foundation was forced to expel life members who treated patrol officers insolently after being pulled over for speeding.

So Mr. Teal led a push to revamp the way the 8,000-member foundation raises money. "Selling more memberships wasn't the answer to our funding needs," Mr. Teal says. "It had to come to an end." The biggest worry: If the foundation opened its doors too wide, it might end up with erratic drivers -- and high-profile accidents -- that ruined the group's reputation.

Mr. Teal's campaign shows how a take-charge leader must maneuver when redirecting a foundation or other nonprofit. It also speaks to foundations' challenges in seeking donations without creating awkward or unrealistic expectations from people giving money.

The CHP 11-99 Foundation was created in 1981 by Bob Weinberg, a Southern California cattle-feed merchant. He enjoyed chatting with patrol officers over coffee and would hand out $100 bills to help with college or medical expenses.

"We joked back then that the foundation was run out of Bob Weinberg's back pocket," says Dave Helsel, a retired CHP officer. The foundation's full name reflected Mr. Weinberg's belief that patrol officers performed dangerous, necessary work and didn't get much recognition for it. On California police radios, "11-99" is the code for an officer in distress.

Before his death in 1991, Mr. Weinberg broadened the foundation by hosting golfing fund-raisers and charging membership dues. Directors issued license-plate frames as conversation-starters, hoping that passersby in parking lots would ask about the foundation and eventually donate, as well.

In the early 1990s, foundation officials say fewer than 20% of CHP officers knew of the charity. There wasn't much reason to think that fast drivers belonging to the foundation would win sympathetic treatment when pulled over. Jack Campbell, the foundation's president in the mid-1990s, recalls getting three speeding tickets from CHP officers who didn't know -- or care -- what organization he ran.

Starting in the late 1990s, things changed. Foundation officials hit the road, briefing more than 100 CHP field offices about the opportunities for patrol officers' children to win college scholarships. The foundation became much better known among patrol officers; this year, it has provided $1.7 million in scholarships to 809 students. Today, 80% to 85% of CHP officers know about the charity, according to foundation officials.

Growing awareness of the charity on the part of officers has had no impact on the way the CHP does its work, according to CHP officials. "There's no favoritism on the highway just because someone is a member of 11-99," says Fran Clader, a CHP spokeswoman. "We're an equal-opportunity ticketer." But she acknowledges that patrol officers enjoy discretion in deciding whether to ticket a speeder or merely issue a warning. The CHP doesn't monitor treatment of subgroups of drivers, such as 11-99 members.

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On Internet chat sites, car enthusiasts have claimed awesome benefits from belonging to the 11-99 Foundation. A poster on a Mercedes-Benz site, benzworld.org, referred to the foundation's license-plate frames as "the ultimate speeding ticket solution"; a car enthusiast on Acura-Legend.com called them a way for drivers to be "almost guaranteed of getting out of a ticket."

Other members are more demure. "I joined because I believed in their cause, and I thought it might help with tickets," says Bill Watkins, the chief executive officer of Seagate Technology Inc. He drives an Aston-Martin and can't always resist the temptation to let it roar. He says that while he was let off with a warning once or twice since joining, in another instance, "the officer wrote me up for everything."

By 2003, the foundation was spending more than $100,000 a year doing background checks on applicants' driving records -- and expelling a few members a year because they were abusive to CHP officers. Some directors felt those were bearable costs. Others thought it was time to change.

Mr. Teal emerged as the boardroom radical. He had joined the foundation board a decade earlier, having established himself as a major donor who had a high regard for the CHP. Affable and sensitive to other people's concerns, he was in line to take command of the board when his predecessor's three-year term expired. He made clear that overhauling the life-member program would be a top priority.

"The only asset we've really got is our image in the eyes of the CHP," he says he told colleagues. "If we lose that, we're dead."

Mr. Teal argued for jacking up membership fees to a new range of $5,000 to $25,000, far exceeding what fast-driving applicants might hope to save on speeding tickets. "You can kill any product if you price it high enough," he says. "I felt that's what we should do." Fast-driving tycoons could still afford that amount, he conceded. But it was a halfway step toward a different business model -- and it amounted to as much change as he thought the board could stomach.

Mr. Teal also believed the foundation could tap into big new sources of money. He urged colleagues to approach some of California's leading corporations and wealthiest people, asking them to donate $100,000 or more to create endowed scholarships in their name, which could run in perpetuity.

Some longtime directors balked at first. Such high dues would make it hard for many ordinary people to join the foundation, said director Frank Clark, a contractor who had been a friend of the late founder, Mr. Weinberg.

Mr. Teal pressed on, anyway. From his Silicon Valley days, helping start companies such as disk-drive maker Maxtor Corp., he says he found that "you can't really control the culture of an organization after it gets past 300 people. Before that, you know everyone. After that, you're dealing with third-hand referrals, and you just don't know who's coming in."

Another relatively new director, former hedge-fund manager Larry Bowman, rallied to Mr. Teal's position. "The more selective you are about your members, the easier it is to make sure they uphold your values," he maintained.

The giant dues increase passed in late 2005 and became official early this year. New-member applications are down sharply, says Edward Trickey, CEO of the foundation. But revenue growth hasn't suffered. That's partly because wealthy donors are giving more and also because a retooled foundation Web site makes it easy for small donors to pitch in $50 or $100. They don't get license-plate holders, but they get to support an admired cause.

Foundation donors also are being told that they shouldn't expect any roadway favors if they join. The foundation's new application form states that membership doesn't entitle anyone to "leniency or preferential treatment in any contact involving a law enforcement authority." Abusing membership privileges or property "shall result in immediate termination."

Going forward, Mr. Teal says it might make sense to get rid of the 11-99 Foundation's license-plate holders altogether. That would end even the appearance that foundation backers amount to a privileged class of drivers on the highways.

The foundation board hasn't yet decided whether to jettison that perk of membership. But Mr. Teal says he already unbolted the 11-99 Foundation holder from his BMW and mailed it back to foundation headquarters. "I told people to put it in a museum," he quips.

Write to George Anders at george.anders@wsj.com1

The Snooker Strategy (WP)

The Washington Post, December 28, 2006

ABABY WHO was born in the year that Virginia last secured a stable new source of revenue for its aging transportation network would be most of the way through college now. If he happened to live in Northern Virginia and commute by car to classes at George Mason University, his life would probably be a nightmare of time wasted and psychic energy squandered on sclerotic roads during rush hours that last up to four hours. If by chance he decided to study public finance, he would doubtless be appalled by the Old Dominion's irresponsibility. Since 1986, the hypothetical year of his birth, Virginia's population and economy have boomed, but the state has not managed to tap one nickel's worth of fresh funding to update its roads, rails and

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bridges to 21st-century standards. In Northern Virginia alone, the cost of needed improvements to roads and rail is estimated at $17 billion.

On taking office at the start of the year, Gov. Timothy M. Kaine (D) did the sensible thing by proposing a tax package that would yield $1 billion annually for transportation statewide. The Republican-dominated state Senate backed him. But Republicans who control the House of Delegates would have none of it. Instead, after a generation of neglect, they have decided to attack the problem of Virginia's roads with press releases.

The press releases are masterpieces of omission, obfuscation and budgetary shenanigans designed to snooker voters. Rather than proposing a long-term fix for a long-term problem, they proudly announce that they favor spending what amounts to a pittance -- half of the state's current $500 million surplus -- on one-time transportation projects. Never mind that they have no viable plan for sustaining that already inadequate spending next year and the year after, since surpluses never last and cyclical downturns are inevitable. Never mind that once the money they propose spending is divvied up statewide, it would result in barely enough to build a decent interchange and a few precious miles of highway in Northern Virginia. Never mind that soaring highway maintenance costs are already gobbling up state funds meant for road construction to the tune of $450 million a year, which is approximately twice the amount the House Republicans propose spending on transportation from the current surplus. And never mind that skyrocketing costs for road materials and construction compound the cost of foot-dragging on a long-term solution. None of that bothers the House Republicans, because they're really more interested in scoring PR points than in building roads.

Mr. Kaine, stymied in his attempts to fashion a sustainable program of new funding, proposes spending an additional $161 million in surplus funds on transportation improvements during the coming fiscal year. (That, in addition to $339 million in surplus funds left over from last year.) It is, as the governor recognizes, a drop in the bucket and one that must be weighed against competing funding demands for public safety, schools and the poor. It would do nothing for Metro, which is slowly strangling from lack of revenue; for widening Interstate 66 inside the Beltway; or for the staggering improvements needed around Fort Belvoir, where 20,000 defense jobs are to be relocated -- let alone projects elsewhere in the state.

So what is the House Republicans' response to the underfunding and Mr. Kaine's proposal to deal with it? First, a press release, of course! Incredibly, House Speaker William J. Howell (R-Stafford) bashed the governor for "shortchanging" transportation, when his own House caucus is responsible for the absence of any serious program to deal with the state's most urgent priority. And yesterday, House Republicans introduced legislation to shift much of the responsibility to local officials who approve new development. These are just more tactics in Mr. Howell's ongoing snooker strategy. They're not likely to work.

Islamists Seem To Give Up Grip On Somali City (NYT)

By Jeffrey Gettleman

The New York Times, December 28, 2006

NAIROBI, Kenya, Dec. 27 — The Islamist forces who have controlled much of Somalia in recent months suddenly vanished from the streets of the capital, Mogadishu, residents said Wednesday night, just as thousands of rival troops massed 15 miles away.

In the past few days, Ethiopian-backed forces, with tacit approval from the United States, have unleashed tanks, helicopter gunships and jet fighters on the Islamists, decimating their military and paving the way for the internationally recognized transitional government of Somalia to assert control.

Even so, the Islamists, who have been regarded as a regional menace by Ethiopia and the United States, had repeatedly vowed to fight to the death for their religion and their land, making their disappearance that much more unexpected.

Fortified checkpoints across the city — in front of the radio station, at the airport, at the main roads leading into Mogadishu and outside police stations — were abruptly abandoned Wednesday night, residents said.

Many of the teenage troops who made up the backbone of the Islamist army had blended back into the civilian population, walking around without guns or their trademark green skullcaps.

The sudden reversal left it unclear whether a war that had threatened to consume the Horn of Africa had quickly ended, or the Islamists had merely gone underground, preparing to wage a guerrilla insurgency, as some leaders had threatened.

“The whole city is just waiting,” said Sheik Ahmed Shiro, a Koranic teacher in Mogadishu.

At 10 p.m. on Wednesday, several Islamist leaders emerged to hold a news conference at their headquarters in Mogadishu. They did not explicitly concede defeat to the transitional government, but seemed to be preparing their forces for such an eventuality. “We need our soldiers to return to their positions for the sake of the people,” said Sheik Sharif Sheik Ahmed, one of the leaders. “Even if your positions are transferred to the government, you must stay where you are and make sure Mogadishu is as safe as it was before.”

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As he spoke, Mogadishu was rapidly descending back into the clan-based anarchy that had been its hallmark for most of the past 15 years, before the Islamists came to power and pacified the city.

Witnesses said bands of armed thugs swept through the markets, smashing and stealing at will. Gunfire rattled from neighborhood to neighborhood as the disparate clan-based militias that had joined forces to form the Islamist movement began to fragment and turn on one another.

With the war going badly for them, clan elders had been rapidly losing faith in the Islamist leaders, residents said. The quick defeat the Islamists suffered earlier on Wednesday at Jowhar, the last major town on the road to Mogadishu, seemed to be the final straw.

The Islamists started out as a grass-roots movement of clan elders and religious leaders who banded together earlier this year to rid Mogadishu of its notorious warlords, earning them a lot of public support.

But much of that good will seems to have been sapped by their decision to go to war against the transitional government and the Ethiopian forces protecting it.

The Islamists attacked Baidoa, the seat of the transitional government, on Dec. 20; a few days later, they announced that Somalia was open to Muslim fighters around the world who wanted to wage a holy war against Christian-led Ethiopia.

That provoked a crushing counter-attack by the Ethiopians, who command the strongest military in East Africa. For the past week, the Islamists have lost one battle after another, their adolescent soldiers no match for a professional army.

By Wednesday, the Islamists were cornered. Thousands of troops from the transitional government were closing in on the seaside capital from two directions.

Mogadishu was coming unhinged. The ports and airports had closed, leading to a shortage of just about everything, sending prices for food, medicine and fuel skyward. A gallon of gas in Mogadishu now costs $8.

The once feared Shebab, the devout young Islamic fighters, began deserting in droves. (Shebab is the Arabic word for youth.) “We can’t resist,” said Musa Abdullahi, an 18-year-old Shebab who quit his unit after half his comrades were cut down by Ethiopian helicopter gunships. “We thought this fighting would be like the others. It’s not.”

Ahmed Nur Bilal, a retired Somali general, said the war had been a horrible miscalculation.

One of the first things the Islamists did after the fighting started was to close all schools in Mogadishu in order to send more young people to the front. “They’ve misled our children to their deaths,” Mr. Bilal said.

Residents said that crowds in one slum threw rocks at the Islamists’ pickup trucks as they drove by on Wednesday. Some people openly celebrated in the streets by hoisting up pictures of the transitional government’s leaders and gleefully chewing khat, a mildly narcotic plant the Islamists had outlawed.

The demonstrations helped prompt the clan elders, who are regarded as the pillars of Somali society, to act. According to residents in Mogadishu, the leaders of several major clans — and some businesspeople who had been financing the Islamists — demanded that the Islamist leaders return the armed pickup trucks that had been lent to the movement.

Faced with the loss of support from their counterparts, other clan leaders saw the coalition begin to crumble and withdrew their trucks as well, leaving little of the organized force that once lent the Islamists their power.

One adviser to Western diplomats who has close contacts with both the Islamists and the transitional government described the unraveling as an “organic process that rose up from the people, in an unorganized way, Somali style.”

Disappointment in the Islamists, however, does not necessarily translate into widespread enthusiasm for the transitional government, which until last week had been considered weak and divided by many Somalis. Thousands of people in Mogadishu, a war-weary city of two million, have begun to pack up and leave, residents said, afraid not only of the possibility of heavy urban fighting but also of a return to warlord rule, which kept Mogadishu in anarchy for years.

The transitional government has sent mixed signals about what it plans to do next.

Until now, Mogadishu had been considered too dangerous as a headquarters for the transitional leaders, themselves a mix of clan elders and former warlords. But transitional government leaders have always said they eventually planned to base their government in the capital, and this week they vowed to keep fighting until Mogadishu was theirs.

Several Mogadishu residents said on Wednesday night that they expected the Ethiopian-backed forces to march into the city at dawn. That has been a pattern since the fighting began, with the Islamists retreating from cities across Somalia during the night and the transitional government troops arriving in the morning. But some analysts believe there will be a few days of negotiations before that happens.

Ethiopian officials have said that occupying Mogadishu is not part of their plan. But they have also said that rooting out Islamist extremists is their priority.

Ethiopian Troops Take Key Town In Somalia (WP)

By Stephanie McCrummen

The Washington Post, December 28, 2006

LONDON, Dec. 27 -- Ethiopian forces backing Somalia's interim government took control of the key Somali town of Jowhar on Wednesday and were on the verge of overrunning Balad, a village just 18 miles from the dusty, battered capital, Mogadishu.

With Ethiopian troops, tanks and helicopters closing in and military planes buzzing overhead, the situation in Mogadishu appeared confused, with witnesses reporting thousands of Somalis -- who have known little besides fighting for the past 15 years -- fleeing the capital, and those who remained unsure who might next control the city.

Militias loyal to Somalia's Islamic Courts movement, having retreated in recent days from most of the towns they had taken earlier this year, were spotted Wednesday shedding uniforms and fleeing the capital they have controlled since the summer, while other witnesses reported young men signing up with Islamic militias at several mosques around the city.

Islamic leaders have said the war is entering a new phase, and on Wednesday, Mohamoud Ibrahim Suley, a movement official in Mogadishu, told the Associated Press that "our snakes of defense were let loose, now they are ready to bite the enemy everywhere in Somalia."

Regional analysts have said the Islamic Courts militias, vastly outgunned by Ethiopian soldiers in conventional military terms, were counting on waging a guerrilla war.

"On one level you could say they've been beaten by the Ethiopians and they're trying to spin it," said Matt Bryden, a consultant in Nairobi with the International Crisis Group, a Brussels-based policy research group. "On the other hand, you could say this is what they expected and of course they now go into a guerrilla war, and we get into an intractable, unwinnable conflict."

Abdirahman Dinari, a spokesman for the interim government, which has been holed up in the town of Baidoa, said officials of the U.N.-backed body could enter Mogadishu in the next day or two. The fragile government, cobbled together by regional negotiators two years ago, was initially based in Nairobi.

"Mogadishu is our capital," Dinari said. "So the government wants to consult religious moderates and other civil society activists on how we can make a strategy together that will solve our problems."

It was unclear whether Ethiopian troops would enter Mogadishu or simply surround it in an attempt to isolate the Islamic Courts fighters.

A draft U.N. Security Council statement calling for a cease-fire remained stalled, while African Union officials asked for a meeting of regional leaders in the Ethiopian capital, Addis Ababa, and called on Ethiopian forces to withdraw.

On Tuesday, however, Ethiopian Prime Minister Meles Zenawi said that his campaign was only halfway completed and that he planned to clear out all the "extremists" from Mogadishu.

Experts have said that any large-scale invasion of Mogadishu by Ethiopian troops could end in a bloodbath.

Somalia has been without a functioning government since 1991, when President Mohamed Siad Barre was overthrown. In the next two years, tens of thousands of foreign troops were unable to subdue the chaotic city controlled by rival clans, and in October 1993, 18 American soldiers were killed in a failed raid to capture a fugitive warlord, an operation that led to the withdrawal of U.S. forces.

Though the United States has for the most part remained in the background as the current situation has deteriorated, Somalia has historically been considered strategically important because of its position adjacent to Red Sea shipping lanes.

More recently, it has drawn attention because of fears that the country could become a base for terrorist groups.

In the past, some Islamic Courts leaders have expressed a desire to create a "greater Somalia" that would include ethnic Somali portions of Ethiopia, Kenya and Djibouti; Ethiopia and Somalia have fought several times over Ethiopia's Ogaden region, including a full-scale war in the 1970s.

The United States and Ethiopia have accused the Islamic Courts movement of harboring terrorists, and the U.S. State Department went further this month, saying the movement was now controlled by an al-Qaeda cell, a claim that regional experts believe is exaggerated and fed in part by questionable intelligence from Ethiopia.

As the fighting continued Wednesday, an already dire humanitarian situation in Somalia appeared to worsen. Somalis who had already suffered severe droughts and floods fled the fighting in huge numbers, U.N. officials said, with thousands leaving Mogadishu and surrounding areas.

Officials with the International Committee of the Red Cross said the number of wounded had surpassed 800; Dinari said Ethiopian and interim government troops had killed more than 1,000 Islamic fighters, although aid groups could not confirm that figure.

Islamic Militias 'On Run' Near Mogadishu (WT/AP)

By Mohamed Olad Hassan

The Washington Times, December 28, 2006

DOJ_NMG_0109908

MOGADISHU, Somalia -- Somali and Ethiopian troops drove Islamic fighters out of the last major town before Mogadishu yesterday, and the government predicted that the capital and stronghold of the radical Islamists would fall without a fight.

Government spokesman Abdirahman Dinari said no assault was planned on Mogadishu because the forces of the Council of Islamic Courts were crumbling so fast.

"Islamic Courts militias are already on the run, and we hope that Mogadishu will fall to our hands without firing a shot," he said.

As government forces advanced to within striking distance of this beleaguered city, clan leaders considered abandoning Islamic militias who control the Somali capital and throwing their support to the United Nations-backed regime, based in Baidoa.

In New York, the U.N. Security Council failed yesterday for a second day to agree on a statement calling for a quick end to the war in Somalia after Qatar again insisted that it also urge Ethiopian troops to leave.

The 15-nation council remained split 14-1 against the Qatari position, as it had been Tuesday, so further deliberations were called off with no expectation that they would resume any time soon, diplomats said.

During the two days of closed-door negotiations, Qatar had pushed for a demand that "all foreign forces immediately withdraw from the territories of Somalia and cease their military operations inside Somalia."

Acting U.S. Ambassador Alejandro Wolff said it was too simplistic to think that an Ethiopian withdrawal would solve the problem.

The Islamic Courts movement had grown steadily in power for six months, until the dramatic entry into the war by Ethiopian troops. Since then, fortunes have changed dramatically with the Islamists in full retreat.

Yesterday, residents reported seeing thousands of Ethiopian and Somali government troops in tanks heading toward Balad, about 18 miles away from Mogadishu.

Former warlord Mohammed Dheere, who controlled the town of Jowhar before it was captured by the Islamists in June, led in the Somali government troops.

Sounds of the fighting reached a military camp south of Jowhar and in the village of Lego. An Islamist official said his troops were simply entering a new phase in their battle.

"Our snakes of defense were let loose, now they are ready to bite the enemy everywhere in Somalia," said Sheik Mohamoud Ibrahim Suley. He did not elaborate, but some Islamic leaders have threatened a guerrilla war including suicide bombings in Addis Ababa, Ethiopia's capital.

Analysts fear the conflict in Somalia could engulf the region. Islamic Courts leaders have said repeatedly that they want to incorporate ethnic Somalis living in eastern Ethiopia, northeastern Kenya and Djibouti into a Greater Somalia.

Some analysts also fear the Islamic movement hopes to make Somalia a third front -- after Afghanistan and Iraq -- in militant Islam's war against the West.

The group's often severe interpretation of Islam is reminiscent of Afghanistan's Taliban regime -- ousted by a U.S.-led campaign in late 2001 for harboring Osama bin Laden. The U.S. government says four al Qaeda leaders, thought to be behind the 1998 bombing of the U.S. embassies in Kenya and Tanzania, are leaders in the Islamist militia.

Ethiopia sent fighter jets deep into militia-held areas Sunday to help Somalia's internationally recognized government push back the Islamist militias. Ethiopia bombed the country's two main airports and helped government forces capture several villages.

Ethiopian Prime Minister Meles Zenawi said Tuesday that Ethiopian forces may soon wrap up their offensive against the Islamic militias. He said he aims to severely damage the Islamic Courts' military capabilities and allow both sides to return to peace talks on an even footing. He has said he would not send troops into Mogadishu.

A State Department spokes- man in Washington signaled support Tuesday for Ethiopian military operations against Somalia, noting that Ethiopia has had "genuine security concerns" stemming from the rise of Islamist forces in its eastern neighbor.

Ethiopia-backed Forces Near Mogadishu (FT)

By Andrew England And Demetri Sevastopulo

Financial Times, December 28, 2006

Somali government forces and allied Ethiopian troops advanced closer to Mogadishu on Wednesday, capturing a key town 90km to the north from the Islamist movement that controls the capital.

Ethiopia’s deployment of fighter jets, tanks and artillery to support the weak transitional government, has forced the Islamists, which had controlled much of southern Somalia, to retreat from front line positions. The dawn attack on Jowhar, situated on a main highway to the capital, appeared to take place without major clashes.

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Officials from the Islamist movement, which is an alliance of militias, have said they are planning for a "new phase" in the conflict, suggesting they are preparing to mount a guerrilla campaign against the better-equipped Ethiopian forces.

Ethiopia launched its offensive against the Islamists on Sunday after fighting erupted between Islamist militias and Somali government forces around Baidoa, the government's seat in central Somalia.

Meles Zenawi, Ethiopia's prime minister, says Addis Ababa has "no specific agenda" to target Mogadishu, describing the offensive as a necessary "defensive" measure and analysts warn that if Ethiopian forces did attack the capital they would risk getting sucked into a protracted guerrilla conflict.

There are also concerns that Ethiopia, an important US ally in the region, is helping to put warlords who were defeated by the Islamists earlier this year back into positions of power. The faction leaders, responsible for 15 years of chaos and bloodshed, were generally loathed by a population fed up with endless exploitation and violence.

The Somali government, which was formed two years ago at an UN-supported conference, has been dogged by divisions and has so far had minimal influence outside Baidoa. It received little international attention before the Islamists seized Mogadishu in June from a group of US-backed warlords.

Mohamed Dheere, one of the defeated warlords, was reportedly with government troops when they moved into Jowhar, and observers said at least three other warlords have moved into towns vacated by the Islamist forces.

The result could be a return to the status quo of a country split into a patchwork of fiefdoms, beset by clan divisions, violence and extortion rackets.

The Bush administration has expressed support for the Ethiopian military action on the basis that Addis Ababa has "genuine security concerns" there, and has been asked to provide support by the Somali government.

But Gordon Johndroe, spokesman for the White House National Security Council, said the US was also urging the Ethiopian government "to exercise maximum restraint". No Somali party should "use external actors as an excuse to avoid further dialogue", said Mr Johndroe.

Joseph Biden, the incoming Democratic chairman of the Senate foreign relations committee, on Tuesday said the Bush administration appeared to have given "tacit approval" to the Ethiopian government involvement in the conflict.

He also criticised the administration for what he called the "fundamental mistake" of supporting various militia and the warlords in Somalia rather than helping to broker a deal between the warring groups.

Although Addis Ababa and Washington accuse the Islamists of including and sheltering terrorists, the alliance had, in some areas, created a semblance of stability.

"Ethiopia seems to be counting on an unreformed transitional government and faction leaders to fill the vacuum, which is a strategy that is unlikely to succeed in bringing stability," said Matt Bryden, a Somalia expert.

Ethiopian Troops Overtaking Islamists' Control (LAT)

By Edmund Sanders And Abukar Albadri

The Los Angeles Times, December 28, 2006

MOGADISHU, Somalia — Troops from Ethiopia and Somalia's transitional government cornered Islamic fighters Wednesday in their stronghold of Mogadishu, setting the stage for a possible showdown over Somalia's seaside capital.

A weeklong assault led by Ethiopia's military, which sent nearly 4,000 troops into Somalia at the request of the transitional government, has resulted in a sudden reversal of fortunes for the Islamists, who have lost nearly all the territory they had seized the past six months.

On Wednesday, Islamists lost two more key areas, including the town of Jowhar and the port city of Kismayo, officials said. Ethiopian troops moved within 18 miles of Mogadishu.

As residents hoarded food, water and gas in anticipation of an attack, the Africa Union chairman called for Ethiopian troops and other foreign elements to withdraw from Somalia. The Arab League called for an immediate ceasefire.

Somalia has not had an effective central government for 15 years. The U.N.-backed transitional government has been trying to establish its authority, but the Islamists have presented a major challenge.

The Islamic Courts Union, an alliance of religious leaders, seized Mogadishu from warlords in June and gradually extended their control over much of the country. Ethiopian and U.S. officials have accused the Islamist alliance of being controlled by international terrorists, including al-Qaida. Critics said the courts union planned to install a Taliban-style government in Somalia and use it as a springboard to spread religious extremism in Africa.

Islamists deny such allegations, saying there are victims of Western and anti-Muslim propaganda.

Ethiopian and transitional government officials insisted the offensive would continue until the Islamists surrendered. "The fighting will not end as long as one of the terrorists remains in Somalia," said Barre Adan Shire, defense minister for the transitional government.

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Somali government officials said they had no immediate plans to invade the capital, a campaign they said could inflict heavy civilian deaths on the city of 2 million. Instead, Ethiopians and transitional government troops encircled Mogadishu, shut down the sea port and airport, and are pressuring Islamic leaders to give up.

"We are cutting off the roads and begging them to lay down their weapons," said Abdikarim Farah, the transitional government's ambassador to Ethiopia. He said the U.S. was helping to seal off access along the Indian Ocean coastline. "We will take over Mogadishu peacefully. I assure you that. ... How can they hold?"

U.S. military officials acknowledged they have been conducting operations to interdict terrorists in the seas surrounding the Horn of Africa but noted those missions have been in place for several years. One military official said there is a Navy presence off the coast of Somalia, but it is aimed primarily at anti-piracy efforts and has been in place for some time.

Much of Ethiopia's campaign, including the capture of nearly two dozen Somali cities over the past week, occurred without a fight because Islamist troops retreated in advance of Ethiopian tanks, jets and troops.

But fierce battles over a few key cities are believed to have left hundreds dead on both sides. Exact casualty figures could not be confirmed, but the International Red Cross estimated 800 were wounded over the past week.

Shire said more than 1,000 Islamists have been killed, including 300 foreigners.

After a three-hour battle Wednesday, Jowhar was seized by transitional government troops led by Mohammed Omar Habeb, also known as Mohammed Dhere, a warlord who was driven out of the city by Islamists this summer.

"We attack Mogadishu Thursday," Dhere told the town's residents after retaking the city. "We will catch and behead all the terrorists and militants, just as they behead innocent people."

Transitional government officials, who also have clashed with Dhere in the past, cautioned that he would not resume control of Johwar.

Later in the day, Islamists reportedly abandoned Kismayo as Ethiopians advanced. The World Food Program, a U.N. agency, was forced to suspend airlifts and food distributions to flood victims in the area, a spokesman said.

The spokesman of the Islamic courts, Sheik Mohammed Ibrahim Suley, downplayed Wednesday's setbacks.

"Our forces are coming back for tactical retreat," he said. "We are sure we will defeat the enemy and will seize the places we lost."

Islamist leaders are vowing to use guerrilla tactics, including suicide attacks, to defeat the larger, better-equipped Ethiopian military. "Our forces have mandate to ambush the enemy forces in every place," Suley said.

Analysts said such threats would not easily intimidate Ethiopia's military leaders, most of whom spent years fighting in the bush as rebels against a former dictatorship which they overthrew in 1991.

"This is a force that toppled the previous government through guerrilla warfare," said Amare Aregawi, editor of the pro-government newspaper The Reporter. "They are guerrilla-war specialists."

Ethiopian and transitional government leaders said their troops have been warmly greeted by Somalis, but some people in Mogadishu warned of a backlash if Ethiopian troops entered the capital.

"If they try to occupy the capital, there will be mass suicide attacks and terrorist acts," said Abdusamad Abdulkader, a fabric vendor.

Others said Islamists, who had been praised for restoring peace and order to southern Somalia, were quickly losing support among the people.

Ethiopian Prime Minister Meles Zenawi promised Ethiopia would not keep its forces in Somalia or attempt to occupy its neighbor.

Experts say that raises questions about how Somalia's transitional government, with only about 10,000 soldiers, will be able to maintain control after Ethiopian troops go home.

Transitional government officials are scrambling to accelerate security recruitment and training programs and said they will attempt to rehabilitate former Islamist fighters. But United Nations or Africa Union peacekeepers likely will be needed, many believe.

"They will need substantial support from the international community," said Bereket Simon, an adviser to Meles. "The whole world should help Somalia stand on its own two feet."

Staff writer Sanders reported from Addis Ababa, Ethiopia, and special correspondent Albadri from Mogadishu. Staff writer Peter Spiegel in Washington contributed to this report.

War In The Horn Of Africa (NYT)

The New York Times, December 28, 2006

It is tempting to wink at Ethiopia's stunningly successful offensive in Somalia. It pushed back a hateful Islamic militia that was defying the United Nations, threatening to impose religious tyranny and, according to Washington, harboring international

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terrorists. The Bush administration quickly succumbed to temptation, lauding Ethiopia's attacks as a legitimate response to "aggression."

But if there's anything we should have learned over the past few sad years, it is that this kind of unilateral pre-emptive attack seldom solves anything, particularly when the country doing the invading is regarded as a longstanding enemy.

Somalia is a familiar kind of mess, with a weak official transitional government composed of a collection of regional clan leaders and warlords, pitted against radical Islamists who control their own militias, who have spread Taliban-like terror among the populace and who recently surrounded the seat of the transitional government at Baidoa.

To halt their advance, Ethiopia's armed forces crossed an international border and routed the Islamists, who retreated to their stronghold, Mogadishu, and have largely disappeared from public view.

It's hardly surprising that there was little international outcry. But while moderate forces in Somalia have been appalled by the brutal intolerance of Islamist leaders who have threatened to behead people for not praying five times a day, they are unlikely to embrace Ethiopian soldiers as a good alternative. Ethiopia and Somalia have long been rivals, and went to war in the late 1970s over a land dispute. If the transitional government seems propped up by foreign invaders, it would lose whatever popular support it has now.

The United States squandered its influence in Somalia by supporting some particularly horrible warlords to challenge the Islamist radicals. But it still has considerable sway over Ethiopia.

Washington should use that influence to push for a swift cessation of hostilities, lest the conflict pull in neighboring countries and explode over the entire region. The resulting chaos would create a refugee crisis and open a new terrorist recruiting hub. The Islamists have threatened suicide attacks and called for help from foreign fighters in a "holy war" that has already drawn thousands of Muslim fighters from Eritrea, Yemen, Libya and Syria.

The United Nations is unhappy about the Ethiopian incursion, but it needs to demonstrate that it has a good alternative. The Security Council must meet urgently to find ways to replace Ethiopian troops with a neutral international force and keep the violence from spreading to other countries.

Rather than trying to marginalize the Islamic militias and the huge clan they represent, the international community should try to harness this moment to push for unity talks while the Islamists are weak and the transitional government has attained a more equal standing.

The Somali Stakes (WSJ)

The Wall Street Journal, December 28, 2006

The armed conflicts that so often roil Africa rarely engage U.S. interests except in a humanitarian sense. But that cannot be said of the war that has now broken out between Ethiopia and the Islamists who seized control of much of Somalia in June. Here America's strategic interests are very much engaged, even if the actors in the fight range, morally speaking, from the unpalatable to the unacceptable.

Among the unpalatables is the increasingly autocratic Meles Zenawi, Ethiopia's prime minister of 15 years, who has deployed as many as 20,000 troops in neighboring Somalia and may soon control its capital, Mogadishu. Mr. Zenawi claims to be acting on behalf of Somalia's internationally recognized but weak Transitional Federal Government (TFG), which was barely holding on in the regional city of Baidoa until Ethiopia's intervention.

The TFG is led by Abdullahi Yusuf Ahmed, another strongman-in-waiting whose resumé includes stints as president (first elected, later self-declared) of the breakaway northern Somali province of Puntland. Also in the anti-Islamist mix is the so-called Alliance for the Restoration of Peace and Counter-Terrorism, a coalition of Somali warlords reportedly backed by the CIA with suitcases of cash on the theory they were more likely to keep the Islamists at bay than were the TFG.

On the opposite side are the Islamists, a.k.a. the Islamic Courts Union (ICU). Since wresting control over Mogadishu from the warlords, the ICU has managed to pacify parts of the country, which some might say is a net plus for Somalis. But its methods are reminiscent of the Taliban, which also brought a sort of peace to Afghanistan. The ICU threatens to behead anyone who fails to pray five times a day.

Among the ICU's leaders is one Hassan Dahir Aweys, previously of the Saudi-funded, al Qaeda-connected al-Itihaad al-Islamiya terrorist group. Mr. Aweys was named a terrorist by the U.S. as far back as 2001, and his outfit is thought to be connected to the 1998 bombings of the U.S. embassies in Kenya and Tanzania. The extent to which the Islamic Courts Union is assisting al Qaeda or its offshoots is a matter of dispute. But there's no doubt it is now recruiting jihadis from around the world to its cause.

Such are the opposing sides in this conflict, and it's clear that U.S. interests would be well-served by the ICU's collapse. Less clear is how to bring that about, how to do so without sparking a wider war, and how to bring some semblance of order to the country.

Eritrea, long at war with Ethiopia, has sent its own contingent of troops to aid the ICU, Saudi Arabia has pledged support, and al Qaeda bigwig Ayman al-Zawahiri has called Somalia "the southern garrison of Islam." While the ICU might easily be routed by Ethiopia in a conventional test of arms, it will be much more difficult to defeat as a guerrilla or terrorist force.

No outside powers are likely to risk a repeat of the disastrous U.N. mission to Somalia of the early 1990s. So probably the best the U.S. can do is give tacit support to Ethiopia's incursion while using its leverage with Mr. Zenawi to demand that he agree to the U.N. demarcated border with Eritrea. The U.S. provides Ethiopia with economic as well as substantial military assistance.

In return, the Eritreans might be persuaded to cease their support for the ICU. The U.S. could also condition material support for a future TFG government in Mogadishu on its recognition of the autonomy of Puntland and neighboring Somaliland, which adjoins U.S.-allied Djibouti and has been relatively free of ICU interference. As with the former Yugoslavia, addressing the problem that is Somalia might ultimately mean breaking up that large country into smaller bits.

There is a material limit to what the U.S. can do for East Africa, and expectations for what the region can and will do it for itself cannot be high. Still, the Ethiopian offensive against Islamic Courts is an act of regional hygiene that we can hope is able to contain radical Islam from spreading to a far larger swath of Africa.

Iran's Strong Ties With Syria Complicate U.S. Overtures (NYT)

By Michael Slackman

The New York Times, December 28, 2006

DAMASCUS, Syria — Early next year, Syria's first domestically manufactured cars are scheduled to roll off an assembly line. They will have an Iranian name, be produced in a plant partly financed by a state-controlled Iranian car company and be made of parts from Iran.

Not long after that, Syria hopes to open two new multimillion-dollar wheat silos, add 1,200 new buses in Damascus, open another Iranian car factory in the north and start operating a cement plant — all in partnership with Iran. The two countries are also talking about building an oil refinery, opening a joint bank, constructing housing, developing electric generators and, someday, linking their rail systems through Iraq.

As the White House begins to rethink its strategy for dealing with the Middle East, particularly how to calm the chaos in Iraq, pressure to try to re-engage Syria has grown. Some Western analysts contend that Syria, with a government more pragmatic than ideological, can be pried away from Iran's influence and convinced that its long-term interests lie instead with the West.

But Washington has spent years trying to isolate Syria, while Iran has for decades moved to entwine itself with Syria on many levels — political, military, economic and religious.

Iran is a country of many power centers with different pools of money, from funds controlled by grand ayatollahs of Qum, to those in the hands of the Revolutionary Guards. They may not all be directed by the central government, but they all help promote Iranian influence in Syria.

As a result, some Western diplomats in Iran say that, even if the United States tried, it might be impossible to extricate Syria from Iran's orbit.

"Iranians have been working harder for longer than we realized," said a European diplomat based in Damascus who spoke on condition of anonymity to avoid antagonizing Syrian officials. "They have stronger links going back more years than we were aware of."

Syrian officials are extremely sensitive about the relationship with Iran. Part of the reason is fear of igniting sectarian tensions in Syria, which is about 80 percent Sunni Muslim. The president and his inner circle are from a minority Shiite sect, the Alawites, and Iran is Shiite.

While the Syrian power brokers have decided for practical reasons to align with Iran, political analysts in Syria say the government remains fearful of alienating the Sunni majority, especially amid widespread rumors that Iran is trying to convert Sunni Syrians to Shiism.

Concern among Sunnis is heightened because Syria is a major destination for Iranian religious tourists; as many as 500,000 a year visit Shiite sites in Syria. Iranian organizations have spent millions of dollars restoring, enlarging and maintaining Shiite shrines in Syria, from the center of Damascus, the capital, to the north, near the Turkish border.

Iran's efforts to spread its influence around the Middle East have increased in the last two or three years, regional analysts say. They have been propelled by rising oil prices and American policies in the region, which have neutralized Iran's enemies, Saddam Hussein in Iraq and the Taliban in Afghanistan.

"Iran has used this affluence of oil revenues over the last five or six years to play a beautiful game, from their perspective," said Osama T. Elansari, a director of the Dubai International Financial Exchange who lives in Syria.

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Iran's efforts have often been most evident in Lebanon, where it has set up an informal economy in the south. It needs only to provide money to its proxy, Hezbollah, which has a construction arm, called Jihad al Bina, and a vast network of social services that dole out money and build schools and hospitals.

According to some estimates, Iran has spent tens of millions a month over the years in Lebanon. Riad Salameh, the governor of Lebanon's central bank, said he had no idea how much money Iran had sent into Lebanon because it had gone via Syria, not through the central bank.

"Iranians bring in money donations over the border," he said.

In Lebanon, after Israel and Hezbollah fought for 34 days over the summer, Iran quickly delivered generators, and fuel, to villages without power, and was credited with providing the $12,000 that Hezbollah gave to each family whose home had been destroyed.

Iran offered an open checkbook to repair anything not covered by other sources — including roads, mosques, schools and houses. While there is no guarantee Iran will deliver on that pledge, it is already way ahead in the battle for the hearts and minds of many Lebanese.

"The Zionist enemy destroys and the Islamic Republic of Iran rebuilds," read banners in front of restored schools in Lebanon.

In Syria, relations with Iran are more formal and less public, but no less consequential. Diplomats say, for example, that Iran has developed very close ties with Syrian intelligence, providing gear and training, and sharing listening posts to monitor Israel. Iran also has one of the largest embassies in Damascus, political analysts said, and has assigned an ambassador there who served for seven years as chief of staff to Iran's supreme leader, Ayatollah Ali Khamenei.

The United States, by comparison, maintains economic sanctions on Syria and withdrew its ambassador in 2005 after the assassination of the former prime minister of Lebanon, Rafik Hariri. The highest-ranking American diplomat in Damascus, Michael H. Corbin, the deputy chief of mission, has little access to Syrian officials.

But Iran's economic relationship with Syria is far more complicated than that with Lebanon. The Syrian economy is still struggling to overcome decades of corrupt central control, and to attract foreign investment and create jobs. Iran, meanwhile, has shifted in the other direction.

Iran's investments are relatively modest in value: just $120 million a year, the Syrian government says. But current and planned projects are considered significant.

"Iran is moving in the direction of investing in Syria, and of course Syria won't say no," said Samir Seifan, a Syrian economist in Damascus. "For Iran, it's about business and about cementing political ties."

Iran's ambassador to Syria, Muhammad Hassan Akhtari, acknowledged that Iran had had trouble working in foreign markets. But he said the experience of the past 10 years — especially in Syria — had helped improve Iran's business practices. And he said that he was not worried that Syria would abandon Iran, or even try to alter relations with it.

"Syria remains very steady in their principles of foreign relations," he said. "If the West wants to do something, we think they have to change their attitude."

Iran To 'Revise' Any Relations With Monitors In Nuclear Area (NYT)

By Nazila Fathi

The New York Times, December 28, 2006

TEHRAN, Dec. 27 — By an overwhelming vote, Parliament passed a bill on Wednesday that could limit Iran's cooperation with the International Atomic Energy Agency, the United Nations monitor.

The measure was a response to the resolution passed Saturday by the Security Council, which imposed trade sanctions on goods and technology related to Iran's uranium enrichment and ballistic missile programs.

The Council's resolution is aimed at curbing those programs, which the United States and Europe contend are intended to make Iran a nuclear weapons state. Iran has repeatedly asserted that its development activities are for nuclear energy, not weapons.

The final draft of the bill in Parliament, approved after two days of debate, asserts that the government should "revise its cooperation with the International Atomic Energy Agency based on the interests of Iran and its people." The vote was 161 to 15, with 15 abstentions.

It is unclear what "revise its cooperation" means. But the measure was considered by some moderate members of Parliament to be less severe than earlier versions proposed by conservative members, who had wanted Iran to withdraw from the Nuclear Nonproliferation Treaty and ban all inspectors. The United Nations agency polices adherence to the nonproliferation of nuclear weapons.

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President Mahmoud Ahmadinejad, who denounced the Security Council sanctions as a “superficial action,” is expected to sign the bill.

Although Parliament is dominated by conservatives, there has been a debate among lawmakers about the country’s nuclear policy under President Ahmadinejad, who has asserted that nuclear development is Iran’s inalienable right.

Some minority reformists believe his policy is doing more harm than good by isolating Iran economically.

One reformist lawmaker, Nouredin Pirmoazen, said in a debate on the bill, “The best solution is to establish a bridge with other countries to reduce the tension.”

Others said the bill could give the government a free hand to decide how to continue its relationship with the atomic energy agency. Alaedin Boroujerdi, the head of the foreign policy and national security commission, told journalists that the bill’s vague language meant “the government can do anything based on what it recognizes is for the country’s interests.”

In a gesture that suggested that religious authorities are united behind the bill, the Guardian Council of Islamic clerics immediately approved it, a step that is required for any bill to become law. The Guardian Council has rarely approved a bill so swiftly.

Iran’s chief nuclear negotiator, Ali Larijani, appointed a committee on Wednesday to examine how the country should “revise” its relations with the atomic energy agency. In a news conference later, Mr. Larijani said the Security Council resolution was aimed at “humiliating Iran.” But he also said Iran wanted to continue its nuclear program based on international regulations.

Persian . . . Or Iranian? (WSJ)

By Roya Hakakian

The Wall Street Journal, December 28, 2006

Holiday parties always seem to bring out the semi-inebriated men who find their way to my corner. There is, as expected, an opening line, which hardly ever leads to a conversation. But if it ever does, and if that conversation shows signs of vitality, even a dim glimmering of erudition, a rhetorical question is sure to follow. They lean into me and murmur: "Did you say you were Persian or Parisian?" They count on the tie, the long-stemmed wine glass, or the exalted titles on their name tags to make flirtation pass as ethnographical inquiry.

The "compliment" is clearly a profound insult: When an Iranian proves to be sophisticated, she no longer qualifies as Iranian. She is exchanged into a creature whose cultural currency is tangible for the Westerner. If unfamiliarity with Iran is less shallow than "My college classmate's father was the personal pilot for the Shah" (Royal Pilot number 1,654 and counting), or "Our local Eyeraynian serves great tandoori," then the real biases begin to emerge. The unveiled and urbane Iranian jars the Western mind. For the Anglophone, Iran's history begins in 1979, and the model for an authentic Iranian male is bearded, preferably turbaned and robed; and the female is submissive and veiled. Fist-throwing, frenzied behavior is a plus. The rest are simply the have-beens: exiles who are at best irrelevant, if not thoroughly out of touch. Non-Shiites need not apply.

But the Westerner is not entirely to blame. The country's presidential machinery is dedicated to convincing the world of just that. The main task of every ideology is to create identity, which is what Tehran's taskmaster-in-chief is attempting. With the symbolic Palestinian scarf around his neck in the land where public support for the Palestinian cause has been consistently diminishing, Mahmoud Ahmadinejad's existential mission is to recast the ethos of being Iranian. In truth, he is peddling a pan-Islamism, by regional extension a pan-Arabism, for which neither Iranians nor Arabs have an appetite. As uranium is enriched, the Iranian identity is plundered. Mr. Ahmadinejad's numerous spectacles, most recently the Holocaust conference, are meant to bring a sense of transcultural and transethnic unity through a common political purpose. On the domestic scene, this is an old act -- a familiar blunder to annihilate Iranian nationalism, or to force it to become subordinate to the Muslim, with Arab undertones.

The effort began by Ayatollah Khomeini. He made no secret of his contempt for the non-Muslim dimensions of Iranian life. He injected Persian with so many Arabic words that it confounded the ordinary listener, something for which he compensated by repetitiveness. He did all but officially ban Nowrooz, the traditional Iranian new year with its roots in the pre-Islamic era, and refrained from delivering a traditional Nowrooz message in March 1979 (weeks after the victory of the revolution). But as popular as he was in those early days, the public's backlash against his stance on Nowrooz was so powerful that he, who rarely relented, eventually caved in. Since then, and especially as a result of the arduous Iran-Iraq war, patriotism has been on the rise. Pre-Islamic holidays are being celebrated with unprecedented fanfare. The Persian lexicon has turned into a bastion of nationalism. Numerous Persian synonyms have been invented to replace the most commonly used foreign words, primarily Arabic ones. To everyone's wonder, the new words have caught on.

Yet even the ayatollah was borrowing a page from history. The battle to define the Iranian identity, Muslim versus Persian, is an old one. Since the Arab conquest of the 7th century, Iranians have struggled to maintain their heritage through language and tradition. Though the nation fully embraced Islam, the religion of the conquerors, they made it uniquely their own by Persianizing it, which, to a great extent, marks the historical beginnings of Shiism. A leading Iranian philosopher argues that

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failure and loss have branded the Iranian psyche. The loss here refers to the loss of the Sassanian Persian army against the Arab Muslim army in the year 636 at Qadesiyyah -- a battle which Saddam Hussein often invoked as he unleashed his army into the Iranian territory.

The tension is also a tension between simplicity and complexity. The ruling elite wants to summarize Iran in a formula -- that of another outpost of Islamic fundamentalism, whereas Iranians have always been elusive. The best definition that a typical Iranian would most likely offer of herself is as a poem, which can only compound the enigma. But the poem serves, as poems often do, as an invitation to being recognized as complex, a notion that the Westerner allows and can easily grasp about his European counterparts. The Westerner knows not to reduce its own politics to a few eccentric leaders -- the U.S. to Jerry Falwell, the Netherlands to the late Pim Fortuyn, or France to Jean-Marie Le Pen. To reduce Iran to Mr. Ahmadinejad would be just as grave an aberration. In tangible terms, it means to scratch the nuclear surface to let the light of the other Iran shine through. It means to report the Holocaust conference along with the student demonstrations against Mr. Ahmadinejad within the same week, or the new grass-roots initiative by women to ban stoning, or the astonishing statistics released by Tehran's Office of Cultural Affairs showing a dramatic drop in the number of Iranians who pray daily.

Today, the Westerner can no longer afford to be a bystander to this historical tension. Be it policy makers or ordinary citizens, the decision on Iran will be, on some level, a vote in this ancient referendum. To choose one side or the other is a declaration of the Westerner's position on a pressing political issue; but it is also his proof of recovery from the colonial mindset. To have transcended colonial thinking is not to embrace the displays of fanaticism as manifestations of authenticity. It is to recognize all global citizens as equals, and as such as deserving of the indisputable rights enjoyed in the West.

Whatever happens to Iraq and the dream of creating a democracy in the Middle East, Iran is already going through pains of transition. Iranians are turning to the notion of civil society and moderation, not simply as political necessities, but also as ways to define themselves as distinct, and thus to pay contemporary tribute to a past that has, despite the centuries, remained a formative force in their present.

Mr. Hakakian, author of "Journey from the Land of No: A Girlhood Caught in Revolutionary Iran" (Crown, 2004), is writing a book about the assassination of Iranian Kurdish leaders.

Israeli Plan Draws U.S. Criticism (AP)

By Barry Schweid, Ap Diplomatic Writer

AP, December 28, 2006

In a rare criticism, the Bush administration said Wednesday if Israel proceeds with construction of a settlement on the West Bank it would violate its peacemaking obligations.

But defending its construction plan, a spokesman for the Israeli embassy said "the settlement is not a new one." It was legally established in 1982, housed an army unit and a school and has had civilians living there for several years, said spokesman David Siegel.

The plan is to build within the confines of the existing settlement, he said.

A State Department spokesman, Gonzalo R. Gallegos, said, "The U.S. calls on Israel to meet its roadmap obligations and avoid taking steps that could be viewed as predetermining the outcome of future negotiations,"

"The establishment of a new settlement or the expansion of any existing settlement would violate Israel's obligations under the roadmap," the U.S. official said.

Israel agreed to the roadmap in 2003. It was devised by the United States, the United Nations, the European Union and Russia in an effort to guide Israel and the Palestinians into an agreement that establishes a Palestinian state.

No new settlement has been established on the West Bank in 10 years. The plan has drawn Palestinian and European expressions of concern.

The Bush administration rarely criticizes Israel's actions and has gained Israel's support for establishment of a Palestinian state.

Opponents of Mahmoud Abbas, the moderate president of the Palestinian Authority, have criticized his cooperation with Israel in trying to get peace talks started. They have accused him of yielding to a U.S.-Israeli approach.

Gallegos said, "We are seeking an explanation from the Israeli government regarding this development."

Secretary of State Condoleezza Rice is expected to go to the Middle East next month to try to spur peacemaking between Israel and the Palestinians.

It was not clear whether she had approved the statement.

"We will continue to work with Israel and the Palestinians to encourage President Bush's vision of two states" living side by side in peace, Gallegos said.

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The settlement plan, approved by Israeli defense minister Amir Peretz, calls for construction on the site of an Army base in the Jordan valley.

By contrast, Israel Prime Minister Ehud Olmert has endorsed Palestinian statehood and said he was agreeable to a large-scale Israel pullback on the West Bank to make way for a state.

Gallegos said the roadmap states "progress will require and depend upon the good-faith efforts of the parties."

U.S. Scolds Israel On Plan For West Bank Settlement (NYT)

By Helene Cooper

The New York Times, December 28, 2006

WASHINGTON, Dec. 27 — In a rare public rebuke to Israel, the Bush administration said Wednesday that an Israeli plan to construct a Jewish settlement in the occupied West Bank for the first time in 10 years could violate the terms of an American-backed peace proposal.

"We are aware of reports about the Maskiot settlement," said Gonzalo Gallegos, a State Department spokesman. "The establishment of a new settlement or the expansion of an existing settlement would violate Israel's obligations under the road map."

The road map is the shelved plan that is supposed to lead to peace between Israelis and Palestinians and the establishment of a Palestinian state. Under the plan, Israel is not supposed to build more settlements in the West Bank.

"The U.S. calls on Israel to meet its road map obligations and avoid taking steps that could be viewed as pre-determining the outcome of final-status negotiations," Mr. Gallegos told reporters.

For the Bush administration, which has shied away from criticizing Israel, the rebuke was so unusual that State Department officials took pains to assure reporters that it represented official policy and had been cleared by senior members of the administration.

The criticism was made as Secretary of State Condoleezza Rice was expected to go to the Middle East early in 2007 to try to shore up support for Mahmoud Abbas, the Palestinian Authority president.

On Tuesday, Israel's Defense Ministry and settler groups announced plans for the construction of about 30 houses at Maskiot. Israeli officials said the settlement was not new, but a revival of a 1982 settlement, which had become a military training site by the mid-1990s.

"This was set up by the Israeli government nearly 25 years ago," said David Siegel, spokesman for the Israeli Embassy in Washington. "It's not a new settlement."

Israel essentially decided to stop building settlements in 1992 when Yitzhak Rabin became prime minister, although it has allowed settlements to grow, even as it has publicly promised to freeze settlement activity under the road map.

The road map calls for a freeze in settlement building in the first phase and a Palestinian push to dismantle terrorist groups. Israel says that the dismantling should come first and that it has not occurred. But Israel has separately promised the Bush administration that it will build only within existing settlement boundaries to account for natural growth, "thickening" the settlements but not expanding them physically.

The Israeli announcement has particularly confounded American diplomats because it appears to run counter to the prevailing effort by Prime Minister Ehud Olmert, who offered a series of gestures to the Palestinians several days ago, after meeting with Mr. Abbas.

Israel To Renew Attacks On Gaza Rocket Squads (FT)

By Harvey Morris

Financial Times, December 28, 2006

The Israeli government on Wednesday ordered the military to resume targeting militants spotted firing rockets from the Gaza Strip but said its month-long ceasefire with the Palestinians would otherwise remain in force.

The government ended its policy of restraint in the face of ceasefire violations after one of eight rockets fired at Israel on Tuesday wounded two youths in the southern town of Sderot, one of them seriously.

A statement said the military was authorised to make pinpoint strikes against Palestinian rocket squads, apparently ruling out a wide-ranging response that would scupper the truce agreed in late November.

Ehud Olmert, prime minister, had been under pressure from inside and outside his cabinet to end the policy of restraint in the face of continuing rocket attacks, many of them claimed by the Islamic Jihad movement, which has no political role in the Palestinian Authority.

Islamic Jihad claimed responsibility for a solitary rocket that landed outside Sderot on Wednesday as harsh weather conditions and low visibility limited the Israeli military's options.

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Militant groups have justified continued rocket attacks as retaliation for Israeli operations in the West Bank, where top members of Islamic Jihad and the Fatah-linked Aqsa Martyrs' Brigades were seized in recent days.

Wednesday's government statement said Israel would continue its policy of liaising with Palestinian security officials as part of efforts to stem the rocket fire.

The ceasefire followed a big Israeli incursion into the Gaza Strip, the latest of a series of operations this year in which hundreds of Palestinians, many of them civilians, were killed, but which nevertheless failed to end the rocket attacks.

A month of relative calm opened the way for a recent summit meeting between Mr Olmert and Mahmoud Abbas, the PA president, at which the Israeli leader agreed to unfreeze $100m of Palestinian tax revenues, around one-sixth of the dues it has withheld since the Islamist Hamas movement came to power.

The concessions offered to Mr Abbas failed to stir much excitement in the Palestinian territories, where the summit had given rise to hopes that Israel might be ready to release large numbers of detainees and substantially ease restrictions on Palestinian movement.

Mr Abbas has established a committee to negotiate prisoner releases but its prospects are limited until Palestinian militants free Gilad Shalit, an Israeli soldier abducted in June.

Ahmed Aboul Gheit, visiting foreign minister of Egypt, which is closely involved in co-ordinating security in Gaza, yesterday said Egypt was working for Corporal Shalit's release.

Mr Olmert told Mr Abbas at the weekend that Israel would remove up to 27 of several hundred military checkpoints in the West Bank.

Israel Says It Will Retaliate Against Rockets From Gaza (NYT)

By Steven Erlanger

The New York Times, December 28, 2006

JERUSALEM, Dec. 27 — A day after two teenage boys were badly wounded by a rocket fired from Gaza, Israel ordered the military on Wednesday to resume attacks on Palestinians firing such rockets.

The order was issued a month after a cease-fire was declared between Israel and Palestinians in Gaza. The Palestinians promised to stop rocket fire on Nov. 26, and the Israelis promised not to carry out military activities inside Gaza.

But as of Wednesday night, according to the Israeli Army, 66 rockets had been launched toward Israel since then and 52 had landed there. The ruling militant group Hamas said it was respecting the cease-fire but was doing nothing to stop other militant groups, like Islamic Jihad and Al Aksa Martyrs Brigades, which is linked to Fatah, Hamas's rival.

Prime Minister Ehud Olmert of Israel, encouraged by the United States to support the Palestinian Authority president, Mahmoud Abbas, and to restart talks with the Palestinians, had ordered the military not to respond, but political pressure to do so was growing. Mr. Olmert was being criticized from the left by his own defense minister, Amir Peretz of the Labor Party, and from the right by Benjamin Netanyahu, the leader of Likud.

That pressure heightened overnight, when a Qassam rocket launched by Islamic Jihad hit two 14-year-old boys walking home in Sderot, an Israeli border town. The youths were taken to a hospital in Ashkelon. One, Adir Ghasad, was in critical but stable condition, peppered with shrapnel, the hospital said; the other, Matan Cohen, was in serious condition. Matan had been injured once before by Qassam shrapnel, his friends told Israeli news media.

So on Wednesday morning Mr. Olmert ordered the military, including the air force, to resume action against those firing the rockets. The military will be permitted to strike before, while or after rockets are launched.

The military will not, however, be allowed to fire shells into open areas near the border to deter rocket-launching teams from entering them. Errant Israeli shells, usually from tanks or artillery, have in the past hit houses and other populated areas, killing uninvolved civilians. Nor will the air force be allowed to bomb weapons caches or individuals not involved in rocket firing.

Mr. Olmert said in a statement that otherwise, "Israel will continue to maintain the cease-fire and work with the Palestinian Authority so that immediate steps are taken to halt the Qassam firings."

The cease-fire was intended to break the cycle of violence, but Palestinian rocket fire continued intermittently. Islamic Jihad and Al Aksa — which supposedly is loyal to Mr. Abbas, who has opposed the rocket fire as counterproductive — say they are responding to Israeli military actions in the occupied West Bank, an area not part of the truce.

Mr. Abbas had said that he had the agreement of all Palestinian factions for the cease-fire, but Islamic Jihad, largely directed by Iran, has never respected such an agreement, and on Wednesday threatened to increase the rocket fire.

The Hamas government spokesman, Ghazi Hamad, criticized the Israeli decision as aggression, but he added, "We still believe this agreement is alive, and both sides should respect this agreement because it is in the interest of our people."

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A Labor Party minister and former defense minister, Benjamin Eliezer, told Israel Radio: “We cannot restrain ourselves anymore. It’s good that we did, because the entire world saw that we did above and beyond, but we cannot turn an entire town into a graveyard.”

Mr. Netanyahu called on the government to take over northern Gaza and occupy the areas from which rockets are fired and to take control over the border of Gaza with Egypt to stop arms smuggling.

The Egyptian foreign minister, Ahmed Aboul Gheit, was in a snowy Jerusalem on Wednesday preparing for a summit meeting on Jan. 4 in Sharm el-Sheik, an Egyptian Red Sea resort, between Mr. Olmert and President Hosni Mubarak.

Egypt has been trying to advance talks with the Palestinians and to secure the release of an Israeli soldier, Cpl. Gilad Shalit, who was captured in June, in return for more than 1,000 Palestinians in Israeli jails.

“We oppose the Qassam attacks on Israel,” Mr. Aboul Gheit said. “We hope that Israel will continue to show restraint. We need to continue with the peace process because that is the way to progress.”

Mr. Abbas was in Cairo on Wednesday, where he met with Mr. Mubarak.

He said after the meeting that when he met with Mr. Olmert on Saturday night, he proposed what he described as backdoor meetings with Mr. Olmert, The Associated Press reported.

“It is the right time to talk,” Mr. Abbas told reporters. “We have the idea of a backdoor channel between us and the Israelis, with the participation of one or all members of the quartet to discuss all the issues of the final status,” he said. The quartet members are the United States, Russia, the European Union and the United Nations, which oversee the peace efforts.

Israel Threatens To Renew Attacks (AP)

By Josef Federman, Associated Press Writer

AP, December 28, 2006

After weeks of restraint, Israel said Wednesday that it will renew attacks on rocket-launching militants in the Gaza Strip, threatening to derail an already shaky, month-old truce.

A new round of fighting in Gaza could undermine Israel's efforts to bolster the moderate Palestinian president, Mahmoud Abbas, in his standoff with the Islamic militants of Hamas who control the Palestinian government and legislature.

The Israeli decision, made at a meeting of top officials, came hours after a Palestinian rocket seriously wounded two Israeli teenage boys in the southern town of Sderot, next to Gaza.

Prime Minister Ehud Olmert's office said Israeli retaliation would be limited to "pinpoint" operations meant to foil rocket launches. "At the same time, Israel will continue to abide by the cease-fire," the statement said.

The truce was reached Nov. 26, ending five months of deadly fighting in Gaza. But since the cease-fire declaration, more than 60 rockets have been fired at Israel, the army said.

Israel has so far refrained from responding, but Olmert had warned in recent days his patience was wearing thin. The wounding of the two boys late Tuesday increased pressure on Olmert from political opponents and members of his Cabinet to take action.

Hamas government spokeswoman Ghazi Hamad denounced the Israeli decision to "continue their aggression against our people," but added: "We still believe that this agreement is alive, and both sides should respect this agreement because it is (in) the interest (of) our people."

Hamad's comments were directed not only at Israel, but also at the rival militant group Islamic Jihad, which has been responsible for most of the rocket fire. After the Israeli threat of retaliation, Islamic Jihad fired another rocket. There were no reports of damage or injuries.

The fate of the truce appeared to lie in the hands of Islamic Jihad, a tiny Iranian-backed group that wants to destroy Israel and replace it with an Islamic state. Over the past two years, Islamic Jihad has repeatedly sabotaged efforts to halt violence, firing rockets and carrying out a string of suicide bombings.

Islamic Jihad officials said the rocket fire was meant to avenge Israeli arrest raids in the West Bank, which is not covered by the truce. The group also believes that igniting conflict with Israel will help unite Palestinians after a bitter round of infighting that has killed 17 people this month.

"That's one of the main reasons for resuming attacks," said Abu Ahmad, a spokesman for the group.

The infighting has pitted Hamas, which also rejects Israel's existence, against Abbas' more moderate Fatah. Hamas, which won legislative elections early this year, controls most government functions. Abbas, who was elected in a separate presidential vote, hopes to restart peace talks with Israel.

Israel's threats of retaliation could harm its recent efforts to bolster Abbas in his standoff with Hamas. After meeting the Palestinian leader last weekend, Olmert agreed to release $100 million in frozen Palestinian tax money and to ease travel restrictions on Palestinians in the West Bank as goodwill gestures.

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Israeli Foreign Minister Tzipi Livni said limited military strikes in Gaza should not lead to widespread conflict.

"As long as operations are prudent and pinpointed, there is no reason for things to deteriorate," Livni said at a news conference with visiting Egyptian Foreign Minister Ahmed Aboul Gheit.

Aboul Gheit, in Jerusalem to prepare for a Jan. 4 summit between Olmert and Egyptian President Hosni Mubarak, urged Israel to show restraint. "We need to continue with the peace process because that is the way to progress," he said.

In Egypt, Abbas said he had proposed opening secret "backdoor" peace negotiations with Israel.

"It is the right time to talk about this issue seriously," Abbas told reporters after he talked with Egyptian President Hosni Mubarak. Abbas said he raised the issue with Olmert last weekend, and the Israeli leader promised to consider it.

There was no immediate Israeli reaction.

The endangered truce in Gaza ended five months of fighting that erupted after Hamas-linked gunmen tunneled into Israel, killed two soldiers and captured a third. Egypt, which frequently mediates between Israel and the Palestinians, has been trying to negotiate the release of the soldier, Cpl. Gilad Shalit.

At Wednesday's news conference, Aboul Gheit said that "we are sure that he is still alive."

Shalit has not been seen or heard from since he was captured, though Israeli officials have said they believe the soldier is alive.

"What he said is nothing new," Noam Shalit, the soldier's father, told The Associated Press. "I hope there is more behind it ... I wish we could know more."

Abbas Proposes Closed Talks With Israel (AP)

By Salah Nasrawi, Associated Press Writer

AP, December 28, 2006

Palestinian President Mahmoud Abbas proposed Wednesday that he start closed-door talks with Israel on some of their most difficult disputes including the status of Jerusalem and the fate of Palestinian refugees.

"It is the right time to talk," Abbas told reporters after he met with Egyptian President Hosni Mubarak.

Recent weeks have seen a growing momentum toward reviving Israeli-Palestinian peace talks.

Israeli Prime Minister Ehud Olmert met Abbas on Saturday, and Olmert is expected to meet Mubarak next week at an Egyptian Red Sea resort. The bipartisan panel on Iraq headed by former U.S. Secretary of State James A. Baker III said progress on the Israeli-Palestinian dispute could help ease tensions in Iraq.

Egypt, the first Arab country to make peace with Israel, has hosted several rounds of talks among rival Palestinian factions over the years. It has been working to broker a deal between the Jewish state and Hamas for the release of an Israeli soldier captured in June by militants affiliated to the group.

Olmert said last week that he would consider releasing some of the thousands of Palestinian prisoners held by Israel before Cpl. Gilad Shalit is freed.

Abbas did not spell out why he was proposing that the negotiations with Israel be "backdoor." But as one of the architects of the 1993 Oslo peace accord between Israel and the Palestinians, he is known to champion quiet, informal diplomacy.

"We have the idea of a backdoor channel between us and the Israelis, with the participation of one or all members of the Quartet to discuss all the issues of the final status," Abbas said, referring to the Western powers — the United States, Russia, European Union and the United Nations — that oversee the peace process.

Abbas said he proposed backdoor negotiations to Olmert at their weekend meeting, and that the Israeli leader promised to consider the suggestion. He also said he planned to discuss the idea with Secretary of State Condoleezza Rice when she comes to the Middle East next month.

Abbas made clear he wanted the talks to focus on the issues that have been the hardest to resolve in previous negotiations.

Those issues are the future of Palestinian refugees, the sovereignty of Jerusalem — which both Israelis and Palestinians claim as their capital — and the borders of the future Palestinian state.

It is not certain that Olmert would agree to tackle the thorniest issues rather than proceed cautiously with step-by-step negotiations and interim agreements. It is also unclear how the Palestinian government would view the results of backdoor talks with Israel by Abbas, who is in the opposition.

Hamas, which refuses to recognize Israel, is believed to favor a limited truce with the Jewish state in exchange for its complete withdrawal from the West Bank and east Jerusalem. Olmert is under pressure from hard-line Israelis opposed to withdrawing from the West Bank.

In a rare criticism, the Bush administration said Wednesday that if Israel proceeds with construction of a new settlement on the West Bank it would violate its peacemaking obligations.

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A spokesman David Siegel, a spokesman for the Israeli embassy, said that the planned construction would take place within the confines of an existing, 25-year-old settlement.

Olmert is expected to meet Mubarak in the Red Sea resort of Sharm el-Sheik on Jan. 4, Olmert's office said Wednesday. Egyptian Foreign Minister Ahmed Aboul Gheit met Israeli officials in Jerusalem on Wednesday to prepare for the summit.

Egypt has been trying to negotiate the release of an Israeli soldier whose capture by Hezbollah militants touched off the summer war in Lebanon.

A spokesman for President Mubarak, Suleiman Awad, told reporters Wednesday that the Egyptian leader had written to President Bush urging him to take advantage of the current climate to revive Israeli-Palestinian peace talks.

Tangled Finances: Hezbollah Fund-Raiser's Mission: Money For Bullets And Loans (WSJ)

By Andrew Higgins

The Wall Street Journal, December 28, 2006

As Israeli Planes Bomb Offices Microcredit Czar Endures;| U.S. Brands Him a Terrorist Mixing Violence and Virtue

BEIRUT, Lebanon -- Hussein al-Shami, custodian of cash for the Islamist militant group Hezbollah, has had a rough few months.

During Hezbollah's 33-day war with Israel this summer, Israeli warplanes obliterated the 10-story Beirut apartment building where Mr. Shami had lived with his family. They also targeted a credit agency he runs for Hezbollah. All but one of its nine branches were destroyed, he says. Then in September, the U.S. Treasury Department named him as a "Specially Designated Global Terrorist."

Now he's back at work in the Lebanese capital, pursuing his intermingled missions. He's shepherding funds for Hezbollah, which the U.S. brands a terrorist group. He's also running an enterprise that the U.S. normally supports: making microloans to nurture a culture of self-help capitalism.

Mr. Shami and U.S. officials agree on little -- not even the year of his birth, which he says is 1952 while the U.S. terrorist-designation notice puts it variously at 1948, 1954 and 1960. His activities confound U.S. efforts to strictly divide players in the Middle East into realms of good and evil, and his success helps explain the resilience of Islamist groups that mix violence and virtue.

America and Israel see Mr. Shami as a grave menace for his role in minding Hezbollah finances. They blame the Islamist group, an armed militia that also provides health care and other services, for terrorist attacks including the 1983 Beirut bombings of the U.S. Embassy and a Marine Corps barracks. Today, Hezbollah, emboldened by what it calls a "divine victory" over Israel this summer, is flexing its political muscle with a campaign to topple Lebanon's U.S.-backed government. One major fund-raising group Mr. Shami has helped run, the Islamic Resistance Support Organization, has mounted past appeals to support Hezbollah's armed combat.

Mr. Shami, speaking near the bombed-out ruins of his credit agency's headquarters, fumes against "Zionist aggression" and ridicules U.S. efforts in the region. He talks proudly of his role in setting up a "martyr's fund" to support the families of dead Hezbollah militants. At his side in a makeshift Hezbollah office is the group's flag, emblazoned with a green Kalashnikov rifle.

But Mr. Shami, holder of a graduate degree in business administration and father of five, also boasts of service to a more peaceable cause. Last year he provided financing to more than 26,000 clients through Hezbollah's credit agency, Al-Qard Al-Hassan Association, Lebanon's largest maker of tiny loans. "We should be encouraged, not cut to pieces," he says.

The loans averaged $865 last year, largely made to Shiite Muslims who support Hezbollah. Customers include people starting businesses, such as car body-repair shops and hairdressing salons, and homemakers buying furniture or paying school fees. The maximum loan was $1,500, but with gold or gold jewelry given as security, the ceiling went up to $3,000.

Washington has long identified economic development as the best cure for political extremism. It has financed its own microcredit agencies in Lebanon to do much the same work as Mr. Shami's. But they charge interest, and have far fewer customers. Mr. Shami's outfit follows the rules of Islamic finance, which proscribes interest and charges service fees instead.

Until war erupted in July, Washington hailed Lebanon as a beacon for its vision of the "new Middle East" -- a region committed to democracy, aligned with the West and eager to root out militant groups. Today, the country is a showcase for the growing clout of forces that America wants eclipsed: Hezbollah, Iran and Syria. Lebanon's government, headed by former banker Fuad Siniora, teeters under pressure from Hezbollah, which has organized a series of peaceful massive demonstrations. Pro-American ministers, fearful of assassination after one of their number was murdered last month, mostly work, eat and sleep in a fortresslike stone building ringed with razor wire and heavily armed troops.

Mr. Shami, meanwhile, moves easily around town in a white Ford Explorer sport-utility vehicle. He says he's "comfortable that America's project for the region will fail." He has set up small temporary offices to replace the destroyed branch network, and

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his 100-strong staff has contacted clients to assure them that the gold jewelry and other valuables deposited as collateral for their small loans are safe. Account details, stored on computers, all survived, he says.

Squeezing the finances of extremist groups has been a key front in America's "war on terror" since al Qaeda's 2001 attacks on New York and Washington. The U.S. crackdown initially focused on Osama bin Laden's network but has struck hard in recent months at Hezbollah. In addition to branding Mr. Shami a terrorist in September, the Treasury Department has targeted an Iranian state bank it says channeled funds to Hezbollah and a host of organizations and companies, including three Lebanese entities linked to Mr. Shami.

Washington argues that all Hezbollah-related money must be stopped, whether it is used to buy weapons, fund microcredits or run the group's network of clinics, schools and other services. "We don't buy into the frame of mind that you can distinguish between the military and social arms," says Pat O'Brien, assistant Treasury secretary for terrorist financing. "Money is fungible."

The U.S. approach carries a risk: It has strengthened the view of Hezbollah's supporters, many of whom come from Lebanon's most-impoverished areas, that America wants to keep them poor, not fight terrorism. Even Hezbollah's rivals say the U.S. strategy plays into the hands of Islamist propagandists, who blame America and Israel for economic and other woes.

"It's stupid and it doesn't work," says Ahmad Fatfat, one of Hezbollah's fiercest foes in Lebanon's beleaguered pro-American cabinet. A former interior minister, Mr. Fatfat says clamping down on Hezbollah's finances may disrupt its social services but won't limit its military capabilities. Hezbollah, say Mr. Fatfat and others, generally gets its rockets and other weapons free from Iran and Syria. Moreover, he says, Hezbollah's money "comes in suitcases, not through banks."

The crackdown has made little visible impact so far on Hezbollah's ability to find cash. Soon after the war ended in August, the group began handing out wads of dollars to people whose homes had been bombed. Estimates based on Hezbollah statements put the value of the handouts at roughly $180 million. Lebanese officials say the money was probably carried by hand from Iran via Syria. Mr. Shami says the cash came from the Imam Reza Foundation, a wealthy Iranian organization that controls a revered Shiite shrine and has vast business holdings.

The sole surviving original branch of Mr. Shami's credit agency is located in a mixed Sunni and Shiite area of west Beirut. Business is brisk, with a stream of customers, mostly women, arriving to make payments on their loans. A picture of Iran's late Ayatollah Khomeini hangs on the wall. On a marble counter are two boxes for donations for other organizations. One is for the Imam Khomeini Relief Committee, originally an Iranian charity now with huge welfare operations in Lebanon.

The second is for the Islamic Resistance Support Organization, the main Hezbollah fund-raising arm that Mr. Shami has helped run. It was blacklisted by the Treasury Department in August, after the war, for aiding terrorism. Its Web site and some of its leaflets have appealed for funds for ammunition. The Treasury Department also says they've solicited for money for weapons, including rockets.

Amal Dbouk, a 35-year-old housewife, said she came to the credit agency to pay off part of $1,000 she had borrowed to cover school fees for two of her three children. Abir Mansara, 27, a self-employed hairdresser, said she needed money to buy hair dye and cover other costs. She's taken out two loans, depositing three gold bracelets, a necklace and a gold ring as collateral.

Lebanon's mainstream banks, the two women say, would never give them loans. Both support Hezbollah and both took part in the recent street demonstrations against Lebanon's American-backed government. Ms. Mansara says she adores Hezbollah leader Hassan Nasrallah, comparing him to a "rock star." "He fights for his country and fights for us," she says. Ms. Dbouk complains that America helps only Israel. "Hezbollah," she says, "helps us."

Hezbollah has all along mingled charity with violence. When Israel invaded Lebanon in 1982 at the start of what became an 18-year occupation, previously weak Islamist forces merged to form Hezbollah, or the Party of God, mobilizing both military resistance and welfare work. The Israeli assault uprooted the secular Palestine Liberation Organization, which had used Lebanon to launch attacks against Israel. Hezbollah, fired by Shiite zeal, filled the void.

A turning point came in 1983 in Mr. Shami's hometown of Nabatiyeh. A riot broke out when an Israeli military convoy drove into a crowd commemorating Shiite Islam's most sacred festival. The incident inflamed religious passions -- and helped set in motion a Shiite resurgence that is now shaking Lebanon, Iraq and the whole Middle East. That same year, more than 300 people were killed in the Beirut bombings of the U.S. Embassy and Marine Corps barracks, America's biggest loss of life to terrorism until 2001. Hezbollah denies carrying out the attacks but nonetheless hailed the slaughter.

Working at the time as a manager in a refrigerator company, Mr. Shami joined Hezbollah. He got to know Mr. Nasrallah, who then was a newcomer to the group, and took charge of its social services, which grew in tandem with its military wing. An early concern, he says, was to ensure that Lebanon's large Shiite population avoided becoming "hostages to aid" like Palestinian refugees, who lived off humanitarian handouts in camps around Lebanon.

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Calculating that loans would "force people to be productive, to work," he set up a tiny credit agency in his Beirut apartment. "People in the West don't think people in the East have a vision, or are capable of looking ahead," he says. "But people in Lebanon make plans."

The microlender gave 150 loans its first year, says Mr. Shami, who at the time sat on Hezbollah's governing council. In 1985 the credit agency moved to a rented office in Harat Hreik, a squalid Beirut suburb flooded with Shiite refugees from the south. The agency, he says, was initially called Bayt al-Mal, an Arabic term that means "House of Money." It was registered with Lebanon's Interior Ministry in 1987 as Al-Qard Al-Hassan Association, or "The Good Loan Association" -- in other words, conforming to Islamic rules.

Microfinance has since become celebrated as a tool for poverty relief in developing countries. An early pioneer in Bangladesh, Muhammad Yunus, recently was awarded the Nobel Peace Prize.

In the 1980s, Mr. Shami also set up associations to aid the war effort against Israel and to cement loyalties to Hezbollah. Among these was the Martyr's Foundation, which provided money to the widows and children of suicide bombers and others killed fighting Israel's occupation. It mimicked an Iranian organization set up during Iran's 1980-88 war with Iraq.

U.S. and Israeli officials today describe the Martyr's Foundation as one of the conduits used by Iran to send money to Hezbollah. Some of it, they say, has been funneled through Iran's state-owned Bank Saderat. In September the Treasury Department ordered the bank cut off from all access to the U.S. financial system, saying Saderat had made $50 million in payments to Hezbollah since 2001. Iranian officials say Bank Saderat hasn't transferred money to Hezbollah.

Mr. Shami says Hezbollah gets most of its donations directly from its own fund-raising efforts. Public anger at Israel is so strong that even Mr. Fatfat, the politician opposed to Hezbollah, says he's donated to "resistance" social causes in the past. A Hezbollah activist and others familiar with the organization say Mr. Shami still runs the main fund-raising arm, the Islamic Resistance Support Organization. Mr. Shami says he is just a financial consultant to Hezbollah.

The support organization's methods can often elude U.S.-led efforts to stem the flow of cash. By cart, bicycle or car, volunteers transport a fleet of mobile donation boxes, each fitted with a yellow Hezbollah flag. The group also raises money through Hezbollah's television station, al-Manar. During the July-August war with Israel, al-Manar solicited funds by directing donors to specific bank accounts and cellphone contact numbers.

The general manager of one bank to which the broadcast directed donations, Mounir Karam of MEAB SAL, placed advertisements in Lebanese newspapers to deny any link to Hezbollah, but an American bank that gave MEAB access to U.S. dollars severed its ties. "What can I do, sue Hezbollah?" asks Mr. Karam. Hezbollah activists answering several of the phone numbers this month said the group is no longer taking direct bank deposits, and instead asked for checks to be made out to a courier who would pick them up, rather than to the organization.

Before the Israeli airstrikes this summer, Mr. Shami worked from a huge office in the headquarters of Al-Qard Al-Hassan Association, which occupied three stories in a building opposite his apartment block in Harat Hreik, Hezbollah's principal stronghold in southern Beirut. Unlike leaders of Hezbollah's military wing, who shun outsiders, Mr. Shami has for years received visitors from outside the Islamist orbit.

The operations manager of his biggest U.S.-funded rival, Ameen, met with Mr. Shami to try to satisfy his curiosity about his business. Judith Palmer Harik, an American academic who has lived in Lebanon since the late 1970s and has written a book about Hezbollah, says she first met Mr. Shami in the early 1990s, when he was running the group's social services. "I expected another mullah-type with a big beard" and found a "businessman up to his ears in projects," she says. She recalls pushing through a throng of people seeking Mr. Shami's help with "clogged drains, rain damage, medical prescriptions.... All the stuff that a government is supposed to handle, he was doing."

In 2000, Mr. Shami got a visit from Imad Hamzé, a Lebanese-Canadian expert in microfinance who had been commissioned to write a report for the United Nations on credit and poverty reduction. Mr. Shami, he says, outlined ambitious expansion plans, which included a proposed branch in a mostly Christian area.

Mr. Hamzé's report described Mr. Shami's operation as "a very creditable organization" comprising then two groups: the Al-Qard Al-Hassan Association credit agency, and a sister outfit called Yousser for Finance and Investment, which the report says was established in 1990 to "serve entrepreneurs with microenterprises or investment ideas." These two entities, together with an accounting center and research branch, were collectively known as Bayt al-Mal, the report said.

In its September terrorist designation of Mr. Shami, the Treasury Department named both Yousser and Bayt al-Mal as terrorist fronts. They were functioning as Hezbollah's "unofficial treasury, holding and investing its assets and serving as intermediaries between the terrorist group and mainstream banks," said Stuart Levey, undersecretary for terrorism and financial intelligence, in a statement at the time. Treasury didn't designate Al-Qard Al-Hassan Association as terrorist, but a list of seven locations it gave for Bayt al-Mal matches six of the eight credit-agency branches destroyed by Israel.

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Mr. Shami said Yousser closed amid problems with partners, but declined to give details. A senior Lebanese central bank official said he believed Yousser wound down after 2001 because partner banks feared retribution from the U.S. for working with a Hezbollah outfit. Several people who have worked with Yousser say it did handle investments and work with mainstream banks in the 1990s before it shut down.

The owner of a children's-clothing store in the southern port city of Tyre, for example, says he set up his business in 1999 with a loan from Yousser, which he said worked with local banks to provide credit. The Tyre businessman, who identified himself as Abu Ali Hassan, 39, said Yousser also provided him with a checkbook issued by a licensed Lebanese bank but bearing Yousser's name.

When Israeli ground troops attacked Bint Jbeil and other parts of southern Lebanon this summer, they seized documents related to Yousser and Hezbollah's financing. A document written in Arabic bearing Yousser's name in English and seen by The Wall Street Journal was described by an Israeli security expert as a recent receipt for a donation to Hezbollah. Israeli officials say Mr. Shami's branches were targeted in an effort to cripple Hezbollah's finances.

Mr. Shami jokes that he's "flattered" by all the attention but derides what he says is faulty intelligence about his activities. The Treasury declined to detail evidence against Bayt al-Mal and Yousser, saying the information is classified.

-- Glenn R. Simpson in Tel Aviv and Bill Spindle in Tehran, Iran, contributed to this article.

13 Acquitted In Attack On U.S. Troops (AP)

AP, December 28, 2006

Thirteen villagers were acquitted Wednesday of attacking U.S. troops with stones and eggs after an errant U.S. Tomahawk missile fell near their village three years ago.

The Turkish court ruled the villagers' actions did not constitute a crime. Defense lawyer Seyhmus Ulek said the incident was "a democratic reaction against American soldiers."

Some 75 villagers from the southeastern town of Sanliurfa hurled eggs and stones at a group of about a dozen U.S. soldiers going to retrieve pieces of Navy-fired missile, which was intended for Iraq but crashed into an empty Turkish field in March 2003.

The villagers broke the windows of four Humvees and injured one soldier, a spokesman for U.S. forces in Turkey said at the time.

The Tomahawk missile was the third U.S.-fired missile to crash into Turkey that week.

Tomahawk missiles are fired from warships and submarines and have a range of nearly 1,000 miles. The soldiers who went to retrieve the missile came from Incirlik Air Force Base, a major base in southern Turkey that had been used by the U.S. to launch operations in Iraq and Afghanistan.

The United States and Turkey are traditionally close allies and field the two largest armies in the NATO military alliance.

Al Qaeda Threat Chases Tourists From India Sites (WT)

By Joshua Mitnick

The Washington Times, December 28, 2006

TEL AVIV -- Israeli backpackers in India are heeding a government warning of an al Qaeda terrorist attack over the New Year's holiday on beach resorts and rave parties in the state of Goa.

The two-week-old warning from Israel's Headquarters for the War on Terror has raised concern that al Qaeda wants to repeat the 2002 bombing in the Indonesian resort island of Bali that killed 202 persons, most of them Australian tourists.

It also marked the first time Israel's counterterrorism authorities warned of a "concrete threat" of an al Qaeda attack in India.

"Travelers in Goa are under a severe terror threat of al Qaeda attacks," the agency warned, and recommended staying away from popular sites in Goa frequented by Western tourists.

Every New Year's Day, Goa is flooded with thousands of Israeli tourists attracted by the stunning beaches and electronic-music dance parties. The warning sent hundreds of 20-something Israeli travelers headed south or inland from the villages where they usually can be found.

"Many people in this area have picked up and gone southward," said Manoach Shmeltz, who operates a government-supported backpacker center in Goa. "They are already planning to come back on January 2."

As many as 30,000 Israelis a year obtain entry visas for India, making the country one of the most heavily visited locations for Israeli tourists. With a reputation dating to the 1960s for attracting bohemian travelers, Goa's New Year's Eve raves are a big draw for Israeli backpackers.

Indian defense and police officials rejected the warning.

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"We have not received any specific threat or intelligence on such a threat either from New Delhi or any international agency," Goa state police Chief B.S. Brar told Agence France-Presse in the state capital, Panaji. "Goa is one of the safest places in the world."

An official at the Indian Embassy in Tel Aviv declined to comment.

It's not the first time Israel's counterterrorism authority has warned travelers abroad about the locations frequented by large numbers of Israelis. In the past, Israeli tourists have been warned not to go to Egypt's Sinai Peninsula or to tourist spots in Turkey. Both locations are known for attracting droves of Israelis.

In April, the warning proved correct and bombers thought to be linked to al Qaeda detonated explosives at the Sinai town of Dahab, which is popular with Israelis, killing 23 persons, most of them Egyptians.

In November 2002, al Qaeda tried to shoot down an Israeli plane taking off from Nairobi, Kenya.

Sudan Raises Doubts On U.N. Peace Effort (AP)

By Edith M. Lederer, Associated Press Writer

AP, December 28, 2006

Sudan raised new questions Wednesday about its commitment to a U.N. peace effort in the violence-wracked Darfur region as its ambassador ruled out any U.N. peacekeeping troops — an element of the world body's proposal.

The surprise statement came just minutes after the U.N. Security Council announced that it welcomed the Sudanese president's acceptance of the U.N. plan to help end the escalating conflict — a plan that includes deployment of a "hybrid" African Union-United Nations force.

Secretary-General Kofi Annan had told Sudanese President Omar al-Bashir in a letter earlier this month that every effort would be made to find African troops for a hybrid force of 17,300 military personnel and 5,300 police, but if that proved impossible the U.N. would use "a broader pool of troop contributing countries."

But Sudan Ambassador Abdalmahmood Abdalhaleem told reporters on Wednesday evening that the hybrid force must be smaller and have no U.N. peacekeepers, only U.N. technical and logistical experts supporting African troops.

"The force is African, the leader is an African," he said. "There is support and logistical support staff by the U.N., wearing their own helmets, but they are not going to engage in peacekeeping activities."

The U.N. is seeking its own force for Darfur because African Union peacekeepers currently in the region have been unable to quell nearly four years of fighting which has killed more than 200,000 people and displaced 2.5 million in the region.

Fighting began in February 2003 when rebels from black African tribes took up arms, complaining of discrimination and oppression by Sudan's Arab-dominated government. The government is accused of unleashing Arab tribal militia known as the Janjaweed against civilians in a campaign of murder, rape and arson — a charge the government denies.

The envoy's comments came as a surprise because al-Bashir said in a letter to Annan released Tuesday and discussed by the council on Wednesday that Sudan is ready "to start immediately" to implement two recent agreements that endorsed the three-step U.N. plan to beef up the beleaguered 7,000-strong African Union force in Darfur.

Annan emerged from Wednesday's council meeting telling reporters that "the president has accepted the three-phased approach as a package," and that council members "are encouraged by the positive tone" of al-Bashir's letter.

In a press statement later, the council welcomed al-Bashir's letter in which he reconfirmed his commitment to peace efforts approved in recent international meetings in Ethiopia and Nigeria.

Annan told reporters the first phase of the U.N. package was already being implemented "and we're going to accelerate that — and, of course, that's a way of testing the government's willingness to cooperate."

It would add 105 military officers, 33 U.N. police, 48 international staffers, 36 armored personnel carriers to the African Union force, according to a U.N. report last month.

A second, larger support package would include the deployment of several hundred U.N. military, police and civilian personnel to the African Union mission. The third phase is the deployment of the hybrid force.

Abdalhaleem said that under the Darfur Peace Agreement the government and one rebel group signed in May, a 20,000-strong force from the government and former rebels will be created. That force plus 7,000 troops from the AU will provide "an overwhelming number" that can ensure security, he said.

In Khartoum, the Sudanese government confirmed it was permitting the first U.N. experts to head to Darfur. But the numbers it gave were lower than those mentioned by the U.N.

Sadeq Al-Magli, a Foreign Ministry spokesman, said 18 military experts and 20 policemen would soon head to Al Fasher, capital of North Darfur.

AP writer Mohamed Osman in Khartoum, Sudan, contributed to this story.

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Annan Says Sudan's Overture Could Pave Way For Peacekeepers (NYT)

By Elissa Gootman

The New York Times, December 28, 2006

UNITED NATIONS, Dec. 27 — Secretary General Kofi Annan said Wednesday that the Security Council was "encouraged" that a recent message from the Sudanese government could pave the way for a large-scale peacekeeping operation in the country's war-ravaged Darfur region.

But Mr. Annan noted that some diplomats remained skeptical of Sudan's overtures, and he urged the Security Council to press ahead quickly with its plans to test the government's intentions.

"Obviously, when there have been so many disappointments, it's only natural that there will be some doubts and hesitations, and this is a challenge for the Sudanese government to prove to the international community that it means business," Mr. Annan said. "We are going to press ahead, and I hope this time there will not be disappointments."

Mr. Annan's remarks followed a Security Council briefing at which a top United Nations envoy, Ahmedou Ould-Abdallah, discussed a letter Saturday to Mr. Annan from Sudan's president, Omar Hassan al-Bashir.

The significance of the letter remains a matter of debate. While it seems to welcome a joint United Nations-African Union peacekeeping force for Darfur, it also suggests that Sudan should have veto power over how the effort is carried out.

Even on Wednesday evening, Sudan's representative at the United Nations, Abdalmahmood Abdalhaleem Mohamad, played down the significance of Mr. Bashir's letter, saying that Sudan had agreed not to a "joint force" of peacekeepers but to a "hybrid operation," in which the United Nations would simply provide technical support.

"It is backstopping, logistical, technical support," he said. "It is not a joint force, let there be no confusion of that."

This is not the first time that United Nations officials and diplomats have expressed hope for a peacekeeping effort in Darfur. More than 200,000 people have died in Darfur, many of them from hunger and disease, since the government moved to crush a rebellion there in 2003. More than 2.5 million have been forced from their homes. The Bush administration and others have called the events there genocide.

In November, the Sudanese government agreed in principle to allow a joint United Nations-African Union peacekeeping force into Darfur. Since then, there has been disagreement on a range of issues, from the size of the force to who would command it to what kind of uniforms its troops would wear.

Mr. Annan said he believed that some of those issues had been resolved and that most Council members interpreted Mr. Bashir's letter "as a positive indication that we should build on."

"We need to be persistent, we need to be determined, we need to test it and press ahead," Mr. Annan said.

After the meeting, the Council issued a statement describing Mr. Ould-Abdallah's report as "encouraging" and saying it "remains convinced that the continued cooperation between Sudan, the Security Council and the African Union" would "ensure lasting peace and stability in Darfur."

Alejandro D. Wolff, the acting American ambassador to the United Nations, was more circumspect. While Mr. Bashir's letter may turn out to be a "welcome development," he said, "The proof of this will be action on the ground, and whether or not we will actually see a force that can take its place in Darfur to address the humanitarian crisis there and help deal with the fighting."

Atomic Alliance: U.K. Village Is Home To Secretive Agency (WSJ)

By Cassell Bryan-Low And Carrick Mollenkamp

The Wall Street Journal, December 28, 2006

Aldermaston Adopts Policy Of Peaceful Coexistence With Weapons Facility

ALDERMASTON, England -- A few years ago, Margaret Dadswell, a 78-year-old retired nurse, had to sign Britain's Official Secrets Act -- a measure that makes it illegal to disclose sensitive national-security information.

The reason: Like several people in this small village, Ms. Dadswell is indirectly linked to the Atomic Weapons Establishment -- Britain's nuclear-weapons agency that, for the most part, peacefully coexists with residents here. Due to the hypersensitivity of its work -- designing and making nuclear weapons -- all AWE employees must sign the official secrets act. And some nonemployees who visit the site, like Ms. Dadswell, who helps AWE coordinate local activities, are asked to do so as well.

In recent weeks, though, the super-secretive agency has given the public a glimpse of what its labs do. AWE's specialists identified polonium 210 as the radioactive poison that killed former Russian intelligence agent Alexander Litvinenko on Nov. 23. Now, AWE's scientists are playing a vital role in Scotland Yard's investigation into the suspected murder by testing for radiation in places that Mr. Litvinenko or his associates went in the weeks before.

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On the day of Mr. Litvinenko's death, for instance, officials from AWE and Scotland Yard set out for the Millennium Hotel in Mayfair where he had met two associates on Nov. 1 -- the date he fell ill. There, AWE discovered extensive evidence of polonium, a naturally occurring element that can be deadly when man-made.

An AWE spokesman confirmed that AWE discovered the polonium, but declined to comment further on the investigation.

Locals here, some of whom blithely refer to the AWE as "The Atomic," have become used to its secretive ways. It is the largest employer in this part of West Berkshire, a district with gently rolling hills about 40 miles southwest of London. According to AWE, the agency contributes about $313 million a year to the local economy. With roughly 4,000 employees and hundreds of contractors, it dwarfs Aldermaston village, which has a population of about 500 and is built around a main street, lined with red-brick cottages, that runs from the Hinds Head pub to the village green.

Some villagers say they are concerned about potential health risks and that it can be disturbing to see convoys of highly guarded vehicles marked with warnings about radioactive materials leave the site. But many locals shrug off concerns with jokes about glowing in the dark. Generally, they claim confidence in the AWE's efforts to monitor the local environment.

Jean Chapman, a retired caterer who lives with her husband near the heavily guarded entrance to AWE, says she frequently sees men in white suits with face masks taking samples of an underground waterway across the street from her house.

John Surridge, a local maker of cricket bats, says water in the stream outside his workshop is tested weekly. And Rob O'Brien, a member of the parish council, which runs village affairs, says that every five years AWE employees bring Geiger counters around town to monitor for radiation.

"They came around and they sort of said, 'Do you mind if we leave this in your garden?' " said Mr. O'Brien. "I said, 'Yeah, no problem.' "

In a 2005 review of defense sites, the U.K. Environmental Agency and other government safety groups found minimal environmental impact from AWE after testing of waterways and food in the area.

For decades after it opened, AWE did almost nothing to ingratiate itself with the local community, keeping to itself behind a metal 10-foot fence topped with barbed wire. "Everybody was aware it was to do with atomic weapons" but not much more than that, says Alan Caiger-Smith, a local potter, who has lived in Aldermaston since 1941.

Locals say the agency has made a greater effort to interact with them over the past five or so years. That was about the same time that a contract to manage the facility on behalf of the Ministry of Defence was awarded in 1999 to a coalition of private and public entities: BNFL Group, Lockheed Martin Corp., the U.S. defense company, and Serco Group PLC. The contract was valued at $3.7 billion.

Over the past few years, the Cedars primary school in Aldermaston has won almost $6,000 in prize money from science competitions sponsored by AWE. It spent it on books, software and a microscope that plugs into a computer, says head teacher Jane O'Halloran.

She adds that a parent who works at AWE acts as a liaison if the school wants to borrow equipment such as light boxes and models of human skeletons. "For a small school like us that's an excellent offer," says Ms. O'Halloran.

Despite the increased involvement, many villagers say they know not to ask too much about what AWE employees -- even their own friends -- do. "It's not a business that people chat about over coffee," says villager Sally-Anne Martin. But AWE's managing director, Don Cook, an American nuclear scientist transferred from Lockheed Martin, is becoming a familiar face around the village.

Ms. Martin hosted a recent meet-and-greet drinks party for Mr. Cook and his wife, Peggy, with about 20 or so villagers. Mr. Cook expressed curiosity about the history of the village and community events, says Ms. Martin. Locals, meanwhile, were keen to ask about the nonresident demonstrators who often appear outside the facility's gates to protest the building of nuclear weapons.

Mr. Cook also attended the village's two largest annual events: the summer vegetable competition and the Nativity play, which is put on by local parishioners in medieval costumes and in medieval English.

Mr. Cook's office referred requests for comment to the AWE press office. A spokeswoman said AWE strives to build a good relationship with the community.

And yet there remain some points of friction as the village and the AWE continue to co-exist. Locals fear that an AWE plan to expand and upgrade buildings on its site will add to traffic. They are lobbying the local council for a relief road that would bypass the village. Residents acknowledge the chances of success, at least in the near term, are slim but want the village to at least win some concessions, such as traffic warning signs outside schools and a cycle path. David Shirt, a villager and chairman of the parish council, is hopeful about the latter request: the AWE also would like to see a bike path so that its employees can cycle to the nearby train station.

---- Steve Levine contributed to this article.

DOJ_NMG_0109927

Malnutrition Is Cheating Its Survivors, And Africa's Future (NYT)

By Michael Wines

The New York Times, December 28, 2006

SHIMIDER, Ethiopia — In this corrugated land of mahogany mountains and tan, parched valleys, it is hard to tell which is the greater scandal: the thousands of children malnutrition kills, or the thousands more it allows to survive.

Malnutrition still kills here, though Ethiopia's infamous famines are in abeyance. In Wag Hamra alone, the northern area that includes Shimider, at least 10,000 children under age 5 died last year, thousands of them from malnutrition-related causes.

Yet almost half of Ethiopia's children are malnourished, and most do not die. Some suffer a different fate. Robbed of vital nutrients as children, they grow up stunted and sickly, weaklings in a land that still runs on manual labor. Some become intellectually stunted adults, shorn of as many as 15 I.Q. points, unable to learn or even to concentrate, inclined to drop out of school early.

There are many children like this in the villages around Shimider. Nearly 6 in 10 are stunted; 10-year-olds can fail to top an adult's belt buckle. They are frequently sick: diarrhea, chronic coughs and worse are standard for toddlers here. Most disquieting, teachers say, many of the 775 children at Shimider Primary are below-average pupils — often well below.

"They fall asleep," said Eteafraw Baro, a third-grade teacher at the school. "Their minds are slow, and they don't grasp what you teach them, and they're always behind in class."

Their hunger is neither a temporary inconvenience nor a quick death sentence. Rather, it is a chronic, lifelong, irreversible handicap that scuttles their futures and cripples Ethiopia's hopes to join the developed world.

"It is a barrier to improving our way of life," said Dr. Girma Akalu, perhaps the nation's leading nutrition expert. Ethiopia's problem is sub-Saharan Africa's curse. Five million African children under age 5 died last year — 40 percent of deaths worldwide — and malnutrition was a major contributor to half of those deaths. Sub-Saharan children under 5 died not only at 22 times the rate of children in wealthy nations, but also at twice the rate for the entire developing world.

But below the Sahara, 33 million more children under 5 are living with malnutrition. In United Nations surveys from 1995 to 2003, nearly half of sub-Saharan children under 5 were stunted or wasted, markers of malnutrition and harbingers of physical and mental problems.

The world mostly mourns the dead, not the survivors. Intellectual stunting is seldom obvious until it is too late.

Bleak as that may sound, the outlook for malnourished children in sub-Saharan Africa is better than in decades, thanks to an awakening to the issue — by selected governments, anyway.

South Africa provides nutrient-fortified flour to 30 million of its 46 million citizens. Nigeria adds vitamin A to flour, cooking oil and sugar. Ethiopia's government hopes to iodize all salt by year's end. United Nations programs now cover three in four sub-Saharan children with twice-a-year doses of vitamin A supplements.

Ethiopia may, in fact, have the most comprehensive program in all Africa — a joint venture with United Nations agencies that regularly screens nearly half of its 14 million children under 5 for health and nutrition problems. Since 2004, the program has delivered vitamin A doses and deworming medicine to 9 in 10 youngsters, vaccinated millions against childhood diseases and delivered fortified food and nutrition education.

Unicef's Ethiopia representative, Bjorn Ljungqvist, said the effort sprang from a disastrous 2003 drought in which global aid agencies fed 13.2 million Ethiopians — the most costly aid undertaking ever in Ethiopia. When the aid effort ended, he said, international donors and government officials decided that "we have to ensure that we don't get into this situation again."

The program may be a model for Africa: similar ones try to improve youngsters' health, but none, Dr. Ljungqvist said, addresses the nutritional deficiencies that leave children with lifelong disabilities. The effort saves 100,000 lives a year, by Unicef estimates. And because it focuses not just on handouts, but on preventive care and nutrition education, the effects could be lasting.

Beyond that, as African nations develop Western-style mass markets, with brand names and national distribution networks, sales of vitamin-fortified foods are slowly becoming common in urban areas, just as in the West decades ago.

But much of the continent has far to go.

Well over half of sub-Saharan children under 5 lack iron, vital to developing nervous systems, the Micronutrient Initiative, a Canadian research organization, reported in 2004. They often have trouble concentrating and coordinating brain signals with movements, like holding a pencil, that are crucial to education.

Another 3.5 million children lack sufficient iodine, which can lower a child's I.Q. by 10 or more points. More than a half million suffer vitamin A deficiency, which cripples young immune systems; merely ensuring adequate vitamin A can lower child mortality by more than one- fifth. Children lacking vitamin B12, regularly measured nowhere in Africa, have impaired cognitive skills and do poorly on tests.

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In most foods, these vital nutrients exist in traces — vitamins A and B12, iron, iodine, folic acid. Denied them in the womb and in infancy, children suffer irreversible brain and nervous-system damage, even if they appear well fed.

"Even trained people can't always see them," said Mark Fryars, the director of program services for the Micronutrient Initiative. "You may see a kid whose skin is very pale. You may go into a classroom where a child wanders off, or falls asleep, or doesn't go out to play because he's too tired. Multiply that into whole villages, and that translates into an impact on the society."

In richer parts of the world, nutritional deficiencies are a nonissue. Three percent of American children are malnourished. American flour and cereals have been fortified with vitamins and iron — by law — since the 1930s.

In sub-Saharan Africa, however, lost productivity from vitamin and mineral deficiencies costs nations $2.3 billion a year, Unicef reports, and losses of productivity in Mozambique, Zambia and Malawi exceeded 1 percent of gross domestic product.

Many African children sometimes receive nutrient supplements, courtesy of the World Food Program, Unicef and charities. Still, donors cannot meet the need. In Ethiopia, for example, a venture between the government and United Nations agencies is caring for 20,000 acutely malnourished children at 100 sites.

"But we can count 70,000," said Iqbal Kabir, the chief nutrition expert at Unicef offices in Addis Ababa, Ethiopia's capital. "We can't treat them all."

Shimider is but a hundred or so stone and reed homes, one room each, in a mountain valley in the Amhara region, 250 miles north of Addis Ababa. The slopes here have been intensively farmed for thousands of years, and their soils are exhausted.

Twenty-two years ago, a famine here killed more than one million people. Today, hunger is measured in squandered lives.

Thirty percent of Amhara's children under 5 are stunted, with another 26 percent severely stunted, evidence of lifelong, acute hunger. One in 15 pregnant women experiences night blindness, indicating vitamin A deficiency and a diet devoid of protein and red or yellow fruits and vegetables.

Among both malnourished children and their mothers, the impact of such privation is achingly evident.

One recent Sunday, Tewres Beram, a woman in her early 20s, carried her daughter Mekdes to a free immunization clinic. Mekdes, severely malnourished, sat suckling fruitlessly at her mother's breast. "We don't have enough food," her mother said, "so there's not enough milk to feed her." A year old, Mekdes does not crawl. Her sister, 2, has barely begun to crawl. "Both of them are like little dead bodies," their mother said.

Sirkalem Birhanu, 40, clasps Endalew, age 2 and unable even to hold up his head. "He's always sick," she said. Endalew has company, she said; his 13-year-old brother "is very tiny, and he loses weight."

"And he's always been sick," she added.

And there is Berhane Gebeyew, 36, whose malnourished 18-month-old daughter, Genet, is a lump in her lap, despite receiving six months' worth of fortified food last May from the governments.

Mrs. Gebeyew split the food among Genet and her four siblings, ages 6 to 15. "The other children, when they stare at my eyes, I give it to them," she said.

She and her husband feed their children two daily meals of injera, a spongy flatbread of fermented barley, occasionally with four ounces of bean sauce. When the children attend Shimider Primary, each gets 10 ounces of vitamin-fortified meal mixed with cooking oil. But attendance is spotty, especially when they help harvest crops in November and December.

And by the time children reach school age, much of malnutrition's damage has already been wrought.

Wondewosen Fekadu is the headmaster at Shimider Primary. Mr. Fekadu worked last year in Tseta, a lowland village where families eat better and drink milk. The difference in their students, he said, is striking. "Children there are relatively smarter and more active," he said. "There are students here who are up to fourth grade and they cannot even read and write, even attentively following the classes."

Three of Mrs. Gebeyew's children attend Shimider Primary. Mogus, a 10-year-old third grader, is three and one-half feet tall — wide-eyed, sweet and flummoxed by academics.

"He's on the poor level — very slow," his teacher said. "He doesn't give attention when I'm teaching. He doesn't concentrate." In a classroom of 60 children, Mogus ranks 46th.

Mulu, 13, her ribs prominent through rips in her green school dress, races from home to get to her beloved third-grade class. But Mulu is 47th in a class of 60.

Fifteen-year-old Yirgalem, about two inches taller than Mulu, has a teenager's diffidence toward school. "It's not that tough," he said. His second-grade teachers differ. "When he comes to school, I don't even think his mind is normal," one of his teachers, Amelework Ejigu, said.

There is great promise that this region's future youngsters will not be hobbled by mental disabilities. Virtually all nutritional deficiencies can be easily and cheaply prevented, sometimes for pennies per child, through programs like universal salt iodization, fortification of flour and semiannual doses of vitamins.

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Such efforts already are under way in some nations, and they are a foundation of most United Nations children's programs. But in just as many places, they remain a promise.

At Tefera Hailu Memorial Hospital in Sekota, across a mountain from Shimider, the nutrition ward's 10 beds are filled with worried mothers and shrunken babies. Among them are Adna Berhanu and her 5-month-old son, Agnecheu.

Mrs. Berhanu's huge goiter is decorated with blue tribal tattoos. Her skeletal baby is severely iodine deficient, surely impaired for life should he survive.

Although iodine deficiency is endemic in Amhara Province, "I've been here a year, and we have no iodine in this ward," the nurse on duty said. Beyond a blood test to estimate iron content, the attending physician said, no one even analyzes children's nutritional status. Such tests, he said, are luxuries.

"We focus on saving lives; that's our long-term focus," he said. "We can't focus on what happens to them afterward."

Moscow Links Poisoning Inquiry To Yukos Case (NYT)

By Steven Lee Myers

The New York Times, December 28, 2006

MOSCOW, Dec. 27 — Russia's Prosecutor General's Office on Wednesday produced a startling new twist in the investigation of the killing of Alexander V. Litvinenko, the former K.G.B. officer who died in London in November of radiation poisoning. It announced that it was investigating the possible involvement of former executives of Yukos Oil, the company dismantled by a prosecutorial assault last year.

In a statement released Wednesday evening, the prosecutor's office said its investigation indicated a link between the poisoning of Mr. Litvinenko and criminal cases under way against Yukos executives. It singled out Leonid B. Nevzlin, a major shareholder and partner of the company's jailed chief executive, Mikhail B. Khodorkovsky.

The statement did not elaborate on any evidence that might link Mr. Nevzlin and others to Mr. Litvinenko's death, which was caused by a high dose of a radioactive material, polonium 210.

The accusation nevertheless was an effort on the part of the Russian government to tie Mr. Litvinenko's death to accusations of a convoluted web of economic and other crimes that destroyed Yukos, once Russia's richest company.

The prosecution of Yukos and Mr. Khodorkovsky was widely seen as a Kremlin-led campaign against a company seen as defiant of President Vladimir V. Putin and against a man seen as a potential political threat.

A spokesman for Mr. Nevzlin, a close associate of Mr. Khodorkovsky who is wanted on charges in Russia and lives in self-imposed exile in Israel, dismissed the new accusations as a continuation of that campaign.

"We all know the methods of the K.G.B.," the spokesman, Amir Dan, said in a telephone interview, referring to the defunct Soviet security agency. "The statement is ridiculous. It is not worth any comment."

When Mr. Litvinenko fell ill on Nov. 1, officials in Russia ridiculed the accusations of Russian involvement. But when he died on Nov. 23 from the effects of radioactive poisoning, investigators here agreed to assist British detectives, who visited for several days this month.

The statement from the Prosecutor General's Office said the investigations of Yukos had now been combined with that of Mr. Litvinenko's killing.

"A version is being verified according to which the contractors of these crimes may be one and the same group of people whose names are on the international wanted list" for committing grave crimes, the prosecutors' statement said. It specified Mr. Nevzlin as one of them but did not identify any others.

Mr. Nevzlin has long evaded Russian requests for extradition — a source of diplomatic irritation between Russia and Israel. On Sunday he arrived in the United States on vacation, Mr. Dan said, prompting new demands by the Russians that the Americans arrest him.

A United States government official who has been briefed on the case and spoke on condition of anonymity because of privacy regulations said Mr. Nevzlin arrived at Newark Liberty International Airport in New Jersey on Sunday and was questioned by Customs and Border Protection officers. He had a valid visa and was allowed into the country, the official said. A Justice Department spokesman said the department had no information about Mr. Nevzlin.

The prosecutors' statement said Russia would prepare new requests for extradition, though it did not identify the countries to which the requests would be made.

Mr. Nevzlin's name has surfaced in connection with the Litvinenko case before. He met with Mr. Litvinenko in the weeks before his poisoning, evidently in October. After Mr. Litvinenko's death, Mr. Nevzlin said that Mr. Litvinenko had provided him with a dossier that "shed light on most significant aspects of the Yukos affair."

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The dossier's contents remain unclear, but Mr. Nevzlin said he had provided them to British investigators. It was also unclear how Mr. Litvinenko, who fled Russia in 2000, could have come to possess incriminating information about a case that unfolded after his departure.

In another aspect of the Litvinenko case, investigators in Germany discovered traces of polonium at places visited by Dmitry V. Kovtun, another businessman and former security officer who was one of two Russian businessmen who met Mr. Litvinenko in London on Nov. 1, the day he was evidently poisoned.

The traces found in Germany appeared to have been left in the days before Mr. Kovtun flew from Hamburg to London on that morning.

Prosecutors here say they are investigating Mr. Kovtun's poisoning as an attempted murder committed in conjunction with Mr. Litvinenko's killing. That would suggest that Mr. Kovtun was a victim, not a suspect.

Mr. Kovtun is said to be in a Moscow hospital being monitored for symptoms of radiation poisoning, though his condition and whereabouts are shrouded in mystery. He and the other businessman, Andrei K. Lugovoi, were questioned by Russian and British investigators. Nothing is known of the nature of their responses.

The man at the center of the Yukos affair, Mr. Khodorkovsky, the company's former chairman, has also come under new prosecutorial scrutiny. Convicted last year on charges of fraud and tax evasion that his supporters described as politically motivated, Mr. Khodorkovsky was transferred over the weekend from the remote Siberian prison where he was serving an eight-year sentence to a regional detention center in Chita.

On Wednesday prosecutors preparing new criminal charges against him questioned him and his jailed business partner, Platon A. Lebedev, Mr. Khodorkovsky's lawyer said in a statement. The lawyer, Yuri M. Schmidt, said investigators accused his client of laundering money by making contributions to Open Russia, a social and educational charity Mr. Khodorkovsky founded. The authorities have since closed the charity.

Mr. Schmidt said the timing of the new questioning amounted to "moral and physical pressure" on his client, whose current sentence does not end until 2012.

Moscow Trying To Kill Investigation By Targeting Nevzlin: Litvinenko Friend (AFP)

AFP, December 28, 2006

Russian allegations against the main shareholder in oil giant Yukos that he is connected to the poisoning of ex-spy Alexander Litvinenko are an attempt to deflect responsibility from the true perpetrators, a friend of the dead spy told AFP.

"It's total nonsense... accusing (Leonid) Nevzlin, The Kremlin is just trying to cover up," said Alex Goldfarb, who was also Litvinenko's former spokesman, speaking by telephone from New York.

The Russian public prosecutor's office said on Wednesday that it had information which might help clear up Litvinenko's murder involving Nevzlin, a former close associate of jailed Yukos chief Mikhail Khodorkovsky.

"All evidence seems to show that the two Russians (Andrei Lugovoi and Dmitri Kovtun, who met with Litvinenko on the day he fell ill) are responsible" for the former spy's poisoning, Goldfarb said.

The accusation "just raises the suspicion that the government is trying to hide its responsibility," he added.

Nevzlin and billionaire Russian businessman Boris Berezovsky, the former exiled in Israel, the latter in London, "are the two person that can stand up to Russia, they have the money," Goldfarb said.

Nevzlin was one of the closest associates of Khodorkovsky, who is serving an eight-year prison sentence for tax evasion, a conviction largely suspected to have been politically engineered by the Kremlin.

Goldfarb said he was not close to Nevzlin.

Litvinenko, a former member of the Russian secret services and a fierce critic of the Russian government from his exiled home in London, died on November 23, three weeks after he felt the first symptoms of poisoning by the radioactive substance polonium-210.

Russia Probes Ex-Yukos Owner In Spy Case (AP)

By Henry Meyer, Associated Press Writer

AP, December 28, 2006

Russian prosecutors said Wednesday they are investigating the possible role of a former owner of the Yukos oil company in the radiation poisoning death of one-time Russian intelligence agent Alexander Litvinenko.

They did not explain the basis for the allegations against Leonid Nevzlin, who now lives in exile in Israel.

Russia has unsuccessfully pressed for the extradition of a number of Kremlin critics in recent years, including Nevzlin and tycoon Boris Berezovsky, who lives in Britain.

Amir Dan, a spokesman for Nevzlin, dismissed the prosecutors' allegations.

"We all know the ways of the KGB and the Russian government, and these claims are ridiculous and are not worthy of comment," he told The Associated Press.

Alex Goldfarb, a friend of Litvinenko's active in London's community of Russian expatriates and Kremlin critics, called the charges against Nevzlin a "clumsy effort" by Moscow to shift blame from itself.

"This is sheer nonsense," he told the AP. "Everybody knows that all evidence points to Russia. The way the Russian government, the Russian prosecutors are handling it is only adding to that suspicion that it is the Russian government behind this."

Litvinenko died in London on Nov. 23 after he was exposed to a rare radioactive element, polonium-210. In a deathbed statement, he accused President Vladimir Putin of ordering his murder, allegations which the Kremlin has dismissed.

Nevzlin fled Russia after authorities launched a criminal investigation against Yukos, once Russia's top oil producer, in 2003.

Nevzlin told the AP last month that Litvinenko had given him a document related to Yukos. He said he believed the poisoning death was tied to Litvinenko's investigations of the Russian government's dismantling of the company.

On Wednesday, the Prosecutor General's office said Nevzlin and other Yukos figures wanted by Russia could have ordered Litvinenko's killing as well as the poisoning of another former agent, Dmitry Kovtun.

"We are checking the possibility that these crimes could have been ordered and organized by the same group of people who are wanted internationally, one of whom is Leonid Nevzlin," prosecutor's spokeswoman Marina Gridneva said on state television.

The statement said prosecutors had formed a special investigative unit and were preparing to file international requests for assistance in the case and possible extradition demands.

Britain sent Scotland Yard detectives to Moscow this month to interview witnesses but they were allowed only to sit in on questioning by Russian prosecutors.

Russia also launched its own investigation, seen as a bid to keep control of the politically explosive case, which has threatened to drive relations between Britain and Russia to post-Cold War lows.

Meanwhile, Russian authorities on Wednesday questioned the imprisoned Mikhail Khodorkovsky, the former chief executive of Yukos oil, as a suspect in a new criminal inquiry, his lawyer said.

Yuri Schmidt said Khodorkovsky was questioned on suspicion of involvement in money-laundering — allegations the lawyer dismissed as politically motivated.

Khodorkovsky, once Russia's richest man, is currently serving an eight-year sentence on fraud and tax evasion charges in a prison in eastern Siberia.

"The new case is a continuation of selective justice aimed at applying moral and physical pressure on Mikhail Khodorkovsky, further destruction of Yukos and the confiscation of assets," said Yuri Schmidt, Khodorkovsky's lawyer, in a statement posted on a Web site for the tycoon's supporters.

Nevzlin, who according to Forbes magazine had a net worth of about $2 billion before Yukos' collapse, has been charged by Russia with ordering the 2002 murder of a married couple.

A former Yukos security officer has been jailed since mid-2003 in the case, which was allegedly business-related.

Litvinenko fell ill after meeting with Russian businessman Kovtun, Andrei Lugovoi, also an ex-Soviet agent, and Vyacheslav Sokolenko, head of a private Russian security firm, at a bar at the Millennium Hotel in London.

All three men have denied involvement in the former spy's death. Kovtun himself has been contaminated with radiation and is undergoing treatment at a Moscow hospital.

The unexplained murder has inspired widespread speculation about who may have been behind it.

Many Western analysts suspect the Kremlin, though there is no evidence that the Russian government was involved.

Pro-Kremlin lawmakers have suggested — also without offering evidence — that Berezovsky was responsible, as part of a plan to blacken the reputation of Putin and the Kremlin.

Mario Scaramella, an Italian who also met with Litvinenko the day he fell ill, is seeking release from prison, his lawyer said Wednesday. His arrest is not believed to be directly connected to Litvinenko's murder.

Scaramella was questioned for about six hours by Italian prosecutors in a Rome jail, where he is being detained.

His lawyer, Sergio Rastrelli, said his client is accused of slander. Scaramella's father and Italian news reports say the suspect was accused of international arms trafficking.

"We intend to seek his immediate release from prison," Rastrelli told reporters. "My client will respond to all questions and will clarify any ... misunderstanding."

Russians Open New Probe Of Oil Baron (WP)

DOJ_NMG_0109932

By Peter Finn

The Washington Post, December 28, 2006

MOSCOW, Dec. 27 -- Imprisoned Russian oil tycoon Mikhail Khodorkovsky is a suspect in a new money-laundering investigation, raising the possibility that the Kremlin foe, already serving an eight-year sentence for tax evasion and fraud, could spend many more years in prison, his attorney said Wednesday.

Khodorkovsky, his imprisoned partner Platon Lebedev, also a suspect, and their attorneys were summoned to a detention facility in the remote Siberian city of Chita to undergo questioning Wednesday. Both Khodorkovsky, founder of Yukos Oil Co., and Lebedev refused to answer questions, their attorneys said, rejecting the case as the continuation of a government vendetta that landed them in prison in the first place.

"A new case is the logical continuation of the selective justice aimed at putting moral and physical pressure on Mikhail Khodorkovsky, further destruction of Yukos and seizing its property," Khodorkovsky attorney Yuri Schmidt said in a statement.

"Because of the lack of any independent investigation and the direct link of investigators and the head of the group to the Kremlin administration, Mikhail Khodorkovsky demanded that the entire investigation group be removed." He is serving his sentence in an isolated Siberian camp 3,000 miles from Moscow.

Prosecutors provided no details about the probe. But Russian press reports said the case relates to the alleged sale of oil at below-market prices between subsidiaries of Yukos between 2000 and 2003. Prosecutors apparently allege that billions of dollars in undeclared profits were shifted to offshore accounts before being redistributed to other parties.

Among the suspected recipients of some of the money is Khodorkovsky's now-defunct foundation, Open Russia, which spent millions of dollars on programs aimed at strengthening democracy and education in Russia. Critics of Khodorkovsky's prosecution say he was targeted because his political activity, particularly his ability to fund opposition activity, was seen as a threat to the rule of President Vladimir Putin.

The Kremlin and prosecutors here say they reined in a rogue oligarch who defrauded the state.

Russian authorities have driven Yukos into bankruptcy, stripping it of its prime assets, pursuing remaining assets held abroad and launching investigations against company officers, including foreign executives.

In Moscow on Wednesday, prosecutors said they were investigating former Yukos shareholder and Khodorkovsky partner Leonid Nevzlin for possible involvement in the Nov. 23 poisoning death in London of former Russian intelligence agent Alexander Litvinenko, the Associated Press reported. A spokesman for Nevzlin, who lives in exile in Israel, called the probe "ridiculous."

Two years ago, the state oil company Rosneft, which is chaired by a senior Kremlin official, acquired 76.79 percent of Yukos's largest production unit for $9.3 billion after a murky government-run auction in which the unit was initially purchased by a front company.

The Yuganskneftegaz unit was pumping 1 million barrels of oil a day at the time of the sale and now accounts for 60 to 70 percent of Rosneft's oil production. Rosneft was valued at more than $70 billion when it sold a 14.8 percent stake in the company in an initial public offering in July in London. Yukos continues to fight the sale of Yuganskneftegaz in Russian courts.

Yukos's Russian assets are under the control of a Moscow court, and its foreign assets are held by a Dutch foundation, which is planning to sell them to pay off creditors, including Group Menatep, the largest. In the Dutch courts, the Russian authorities unsuccessfully fought the planned sale of Yukos assets, including a refinery in Lithuania.

If Menatep is paid an estimated $800 million in debts, Khodorkovsky and other shareholders would be left with a significant nest egg, something Russian officials appear determined to prevent.

Gazprom Warns Of Wider Cutoffs If Belarus Interferes With Gas (NYT)

By Andrew E. Kramer

The New York Times, December 28, 2006

MOSCOW, Dec. 27 — Gazprom, the Russian energy monopoly, reacted fiercely on Wednesday to a suggestion from Belarus that it would pull natural gas out of export pipelines rather than pay a higher price for the fuel.

Reversing course from its assurances of Tuesday, Gazprom warned Poland, Lithuania and Germany of possible supply disruptions. About 8 percent of the European Union's gas imports pass through Belarus.

The country, whose alliance with Russia has turned rocky, both imports natural gas for domestic consumption and transships fuel to markets farther to the West. Its president, Aleksandr G. Lukashenko, is often referred to as Europe's last dictator.

"We are interdependent," the deputy prime minister of Belarus, Vladimir I. Semashko, said of the two countries' energy ties in remarks Wednesday on Russian state television. "If I don't have a domestic gas supply contract, Gazprom won't have a transit deal."

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Mr. Semashko brushed aside Gazprom's threat to halt supplies for the domestic market in Belarus. "Gazprom will not reduce the amount of supplies," he predicted. "With Ukraine there was an attempt like this. After two days, everything fell back into place."

He was referring to the showdown at the beginning of the year when a price dispute between Ukraine and Russia and a two-day embargo caused jitters across Europe, which relies on Russian gas, especially in the winter.

Gazprom's chief executive, Aleksei B. Miller, responded by issuing a deadline to shut off the gas. "If a contract for supply next year is not concluded, Gazprom will have no basis to supply gas after 10 a.m. on Jan. 1, 2007," he said in televised remarks. He also suggested that Russia should impose export duties on sales to Belarus, raising the price to $260 per 1,000 cubic meters.

Earlier, Gazprom had offered Belarus gas for $105 for the same volume, a combination of cash and equity in a key export pipeline.

"You shouldn't expect New Year's presents from Gazprom," the company's spokesman, Sergei V. Kupriyanov, said after the Belarussian implied threat of disrupting Gazprom's exports to Europe, the source of most of the corporation's income. "Gazprom is not Santa Claus."

As in the dispute with Ukraine, the bargaining has become a test of Belarus's leverage as a transit country for Russian energy and its willingness to risk the energy supplies of its neighbors farther down the pipelines.

"Each of the former republics has a different set of circumstances in terms of what leverage the Russians have, and what relations these countries have with their neighbors," Jérôme Guillet, a Paris-based banker and an authority on Gazprom's business practices, said in a telephone interview.

Ukraine, for example, will pay $135 per 1,000 cubic meters next year. By contrast, Georgia, led by a pro-Western government, will pay $235. Belarus currently pays $46.68 per 1,000 cubic meters, the lowest price in the former Soviet Union outside of Russia itself.

About 20 percent of Gazprom's exports to Europe pass through Belarus, and 80 percent via Ukraine. The 25 countries in the European Union, taken together, import 40 percent of their gas from Russia. Gazprom said its average price in Western Europe in the first half of 2006 was $265.

Mr. Kupriyanov of Gazprom said Wednesday that Belarus wanted to pay just $75 per 1,000 cubic meters and asked that Gazprom front the entire $2.5 billion for a 50 percent share in the pipeline company, Beltransgaz. That proposal is "very unlikely" to satisfy Gazprom, he said.

Gazprom Readies To Halt Delivery Of Gas To Belarus (WSJ)

The Wall Street Journal, December 28, 2006

MOSCOW -- Russian state gas monopoly OAO Gazprom will halt supplies to Belarus on Jan. 1 if no new contract is signed and has warned European countries of potential problems with deliveries via Belarus, the Interfax news agency quoted the company's chief as saying Wednesday.

Gazprom, which is demanding Belarus pay more than twice the current price for gas next year and hand over a 50% stake in its gas distribution system, refused to back down after Minsk threatened to siphon off Russian natural gas bound for Europe in the event of a suspension of supplies to Belarus.

"If a gas supply contract for next year is not reached, Gazprom will have no grounds for deliveries of gas to Belarus as of 10 a.m. Moscow time on Jan. 1, 2007," Gazprom Chief Executive Alexei Miller said in televised comments.

Mr. Miller said that Gazprom would supply gas for European consumers to the Russia-Belarus border "in full volume and in full compliance with its contracts," but a Belarusian official hinted earlier that Belarus could hinder supplies to Europe across its territory if Gazprom suspends deliveries meant for Belarus.

Mr. Miller said Gazprom has sent letters to Germany, Poland and Lithuania informing them "of possible problems in the transit of gas through Belarus," according to the ITAR-Tass news agency. About 30% of Russian gas supplies to Europe go through Belarus.

Gazprom will also ask the government to introduce export duty on its supplies of gas to Belarus, the news agency Prime-Tass reported Mr. Miller as saying Wednesday. He said the Russian government was losing $1.3 billion a year by not levying export duty on supplies to Belarus.

If adopted, the measure would mimic one taken two weeks ago by the Russian government to start applying export duties on deliveries of crude oil to Belarus.

The two sides remain at variance over the price of Gazprom's deliveries. Gazprom wants $200 per 1,000 cubic meters, or an equivalent deal that would combine a smaller cash payment and up to 50% of pipeline operator Beltransgaz. That would represent a quadrupling of the price Belarus paid this year.

The Belarusian government says it can't afford the increase, which would bring its gas price into line with other Gazprom customers in central Europe. Belarus will buy around 20 billion cubic meters of gas this year from Gazprom.

Belarusian Deputy Prime Minister Vladimir Semashko was reported by local media Wednesday as saying that, in the absence of a new deal, Belarus would assume that the old contractual terms for 2006 remain in place. A Gazprom spokesman said this was tantamount to a declaration of intent to steal transit gas, Prime-Tass reported.

Gazprom Price Row Threat To European Gas (FT)

By Arkady Ostrovsky

Financial Times, December 28, 2006

Gazprom, Russia's state-controlled gas giant, on Wednesday warned that its spiralling price dispute with Belarus could disrupt supplies to Poland, Germany and Lithuania following an implicit threat by Belarus to stop the transit of Russian gas.

Gazprom and Belarus exchanged strongly-worded threats on Wednesday which echoed Russia's stand-off with Ukraine a year ago when Moscow turned off gas supplies to Kiev, interrupting transit to Europe.

Gazprom said that unless a new deal is signed in the next four days it will turn off gas supplies to Belarus from January 1, while Belarus said it would stop the transit of Russian gas to Europe. Analysts said Gazprom's reputation could suffer further from the dispute.

"We are inter-dependent. If I don't have a domestic gas supply contract, Gazprom won't have a transit deal," said Vladimir Semashko, deputy prime-minister of Belarus.

Gazprom admitted it would not be able to fully compensate its European customers if Belarus started siphoning off gas from the pipeline, which transports 20 per cent of its gas to Europe.

Alexei Miller, Gazprom's chief executive, told Russia's state television channel: "Gazprom has today sent letters to its partners in Lithuania, Poland and Germany about the gas supply situation occurring with Belarus."

Belarus currently pays Russia just $46 per thousand cubic meters of its gas – the same as Russian domestic customers and five times lower than European levels.

Gazprom initially threatened to raise prices for Belarus to $200, wiping out a multi-billion subsidy that helps sustain Alexander Lukashenko, its authoritarian leader, in power.

However, Gazprom subsequently agreed to drop its price to $105 per thousand cubic meters, with a caveat that Belarus pays $75 in cash and the rest in shares of Beltransgaz, the country's gas pipeline and distribution network.

Belarus accepted the price of $75 per thousand cubic meters and reluctantly agreed to sell 50 per cent of Beltransgaz to Gazprom. But it wants Gazprom to pay up front $2.5bn for its stake in Beltransgaz.

Gazprom says it is "no Santa Clause" and would not make any more concessions. But the Russian company is in a difficult position, partly induced by its own policies towards Ukraine and other former Soviet republics over the past year.

If Gazprom turns off gas supplies to Belarus, disrupting supplies to Europe, its reputation for unreliability would suffer further. If it caves in to Belarus's demands, however, it would lose face at home, while also displaying a selective approach to different political regimes in the former Soviet Union.

Russia has been blamed for using gas pipelines as a weapon against west-leaning Ukraine and Georgia. In contrast to both those countries, Belarus has no ambition to join NATO or the European Union. But while Mr Lukashenko has been labelled "Europe's last dictator" by the US and is widely considered a pariah in Europe, he ahs adopted a tough line in gas negotiations with Russia, giving Gazprom a taste of its own medicine.

While Mr Lukashenko has little to lose in terms of his reputation, "the damage caused to Gazprom's status as a reliable gas supplier may theoretically be greater than last time round [with Ukraine]," Deutsche UFG, a Russian arm of Deutsche Bank, said on Wednesday.

Gazprom said it would deliver all contracted gas to the Russian border with Belarus, which could allow it to shift any blame for disruption onto Belarus. But "this would unlikely be of comfort to European consumers, who may miss 1/5 of their Russian gas imports," Deutsche UFG said.

U.S. Ups Port-security Exchanges (WT)

By Richard Halloran

The Washington Times, December 28, 2006

HONOLULU -- The U.S. Coast Guard is quietly expanding exchanges with Chinese maritime-security agencies in a move that reflects the boom in seaborne trade between the two countries.

Chinese law-enforcement officers ride Coast Guard cutters patrolling North Pacific fishing areas. Chinese and American officers scrutinize port security on each other's coasts. Chinese take part in joint training drills.

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Chinese, along with Canadians, Japanese, South Koreans, Russians and Americans, attend an annual North Pacific Coast Guard Forum in Alaska.

And the Coast Guard has posted a Chinese-speaking officer, Capt. Barney Moreland, to the U.S. Embassy in Beijing to liaise with Chinese officials, including those dealing with port security.

Coast Guard officials think the cooperation is justified by growing trade links in spite of often uneasy political relations between the United States and China. Most of the $207 billion worth of Chinese exports to the United States in the first nine months of 2006 moved by ship.

"We put politics aside to focus on the mission," said Rear Adm. Sally Brice-O'Hara, who commands Coast Guard ships and sailors from Hawaii west to the shores of Asia.

The exchanges also are part of a broader U.S. effort to rebuild military exchanges with China, which lapsed after Chinese authorities crushed a pro-democracy movement at Tiananmen Square in 1989 and a Chinese fighter plane collided with a U.S. reconnaissance plane off Hainan Island in 2001.

Secretary of Defense Robert M. Gates indicated to the Senate Armed Services Committee ahead of his confirmation that he would continue those exchanges. "I believe that expanded military exchanges with China can be valuable, but should be based on China's willingness to reciprocate."

The reasons for the exchanges are several. At the workaday level, the two sides exchange information on "best practices," on how well things are done, said Adm. Brice-O'Hara.

Strategically, the Pacific Command seeks to reassure the Chinese, who are suspicious of foreign powers, that the United States is not planning to attack. Conversely, the United States seeks to deter the Chinese from miscalculating and planning a war with the United States.

Down at deck level, the Coast Guard Cutter Rush called at the Chinese port of Qingdao recently to pick up an official of the Fisheries Law Enforcement Commission, Tan Lizhou.

He came aboard to work with the crew as they checked on whether fishing boats in the North Pacific were operating in accord with international agreements intended to conserve dwindling stocks of fish there.

"We made him part of the crew," said Capt. Dana Ware, then the skipper of the ship. He assigned Mr. Tan the rank of lieutenant commander, which made him relatively senior among the ship's 20 officers.

Mr. Tan mustered to quarters, ate with the officers in the wardroom where he didn't much care for American food, and had computer connections with his home base in China.

Mr. Tan's main duty, however, was to communicate by radio with Chinese fishing vessels that Capt. Ware thought should be inspected, then to go with the boarding party to verify the vessel's registration, equipment records and catch log.

"We let him do most of the talking," Capt. Ware said, noting that Mr. Tan's English got better as time passed so that he could explain more to his American hosts.

An e-mail to Mr. Tan asking whether his voyage on the Rush had been worthwhile and served the purposes of his government went unanswered.

Ashore, port security has taken high priority since the September 11 attacks in New York and Washington. The possibility that a terrorist could hide a bomb in a shipment of Chinese exports to the U.S. causes anxiety -- as does a shipment of imports into China from anywhere.

Thus, says Adm. Brice-O'Hara, "We want to see their port-security standards. And the Chinese come look at our ports so that we can share best practices."

For Eco-Entrepreneurs In China, No Simple Way To Grow A Business (WP)

By Edward Cody

The Washington Post, December 28, 2006

SHANGHAI -- Except for its paint job, green to symbolize environmental friendliness, the bus looked ordinary enough as it bumped along a suburban Shanghai street late one recent morning. But it was strangely quiet. Only a distant hum accompanied the rattles and passengers' conversations.

The hum came from a hydrogen fuel cell providing clean, renewable energy to the demonstration vehicle, manufactured by Shen-Li High Tech Co. Ltd., a private Shanghai company that set out to make its fortune from hydrogen power for buses, taxis and generators in the giant Chinese market.

Shen-Li, launched here by a Clemson University-trained engineer, Hu Liqing, found encouragement in a campaign by the Chinese Communist Party to promote bold departures such as hydrogen power.

Party leaders have decided that the Chinese people, steeped in tradition and educated to obey party directives, must learn to initiate and innovate, because the future of the Chinese economy depends on it.

DOJ_NMG_0109936

Most of China's current economic boom has come from young men and women working for low wages in factories that use technology and product designs from abroad. As the economy matures, China's government has warned, it must rely increasingly on new technology invented by the Chinese themselves, who are being urged to turn assembly plants into laboratories blooming with a hundred flowers of new ideas.

"We must speed up the construction of an innovative nation," the Communist Party's Central Committee declared after a Dec. 5-7 meeting.

But the experiences of Shen-Li and other companies with ambitions to market hydrogen power suggest that China's one-party system and pervasive controls hamper innovation in many fields, from arts to sciences. In a nation where the party retains a monopoly on power -- economic and otherwise -- bursting from the official mold with a new idea and bringing it to market is never easy.

Although the need for pollution-free vehicles and renewable energy is clear in China's increasingly choked cities, the future of hydrogen power has remained in the grasp of a powerful officialdom that decides on budget allocations. The government's senior levels repeatedly have endorsed alternative forms of energy but have yet to take decisive steps toward getting hydrogen-powered vehicles onto the streets.

The Shanghai municipal government and party apparatus, proud of a can-do attitude that helped make their city China's most prosperous, promised big-time investment in a hydrogen-powered bus and taxi fleet. But the local leadership went down in a corruption scandal in September, raising doubts about their plans.

"In China, it all depends on the government," said Mao Zongqiang, one of the country's leading experts on hydrogen and other alternative fuels at Tsinghua University's Nuclear and New Energy Institute.

Hu Liqing, 43, made hydrogen power his mission years ago, even before the Communist Party struck up its innovation theme. After postdoctoral studies at Clemson and two years working in Vancouver, B.C., he returned and founded Shen-Li in 1998 with the idea of attacking the pollution in his native China and making money as well.

"We are trying to do something good for human beings," he said in an interview at his factory in Shanghai's suburban Longyang Industrial Garden. "Even in Canada, we are losing paradise. Of course, Chinese people face an even more serious situation, and so that's why I came back and tried to get people to focus on the future."

Hydrogen cell power is under development at major automobile companies around the world. Shen-Li has put together its version by drawing on foreign parts and know-how and its own research. It hopes to make its mark by finding a way to economically mass-produce the propulsion systems.

The beauty of hydrogen power, Hu said, is that a simple chemical reaction in the fuel cell combines hydrogen and oxygen to make water, producing electric current to power a vehicle, with water the only emission. Moreover, he noted, there are potentially boundless supplies of hydrogen and oxygen, unlike petroleum.

The problem is that producing, storing and distributing the hydrogen costs money and requires an infrastructure of filling stations that does not exist, he acknowledged. In addition, the price of manufacturing a hydrogen-powered vehicle exceeds that of producing a traditional gasoline-powered one.

Until recently, that problem looked like it was on the way to being addressed. The activist Communist Party secretary for Shanghai, Chen Liangyu, and the Shanghai mayor, Han Zhen, visited Shen-Li in July and told Hu they were serious about his technology.

The city government had put up about $200 million for hydrogen cell research and development, some of which kept Shen-Li and its 150 employees going. Shanghai officials announced a plan to put 1,000 hydrogen-powered vehicles on the streets here by 2010 and 10,000 by 2015. After that, mass production would be on the horizon, they suggested, and Shanghai would be at the forefront of the world's search for affordable, environment-friendly transportation.

Under the plan, the state-owned Shanghai Automotive Industry Corp. would produce a good share of the cars, and a company in nearby Suzhou would produce the buses. Some officials suggested General Motors Corp. would get a part of the deal as well. But that would still leave a lot of business for Shen-Li.

"In Shanghai, I am very lucky," he said then. "The politicians want to make an investment in the future."

But party secretary Chen was implicated in a pension fund scandal and removed from power three months later. Shanghai officials and business leaders waited for Chen's replacement, wondering whether he would be as enthusiastic about hydrogen-powered vehicles.

Eminent Chinese scientists with connections to the government then warned Beijing that hydrogen fuel-cell technology may not be advanced enough to warrant large-scale investment. As a result, official enthusiasm cooled.

Lower-level Shanghai officials say they remain interested, but in the meantime they've shrunk their ambitions. A new plan recently announced called for only 100 environmentally friendly vehicles of all kinds on the streets by 2008, 1,000 by

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approximately 2012 and the capability to mass-produce them -- but no commitment to do so -- by 2015. No money has been allocated.

"It's not a very good sign for us," said Shi Tao, who manages administration and outside relations at Shen-Li. "We are a little frustrated."

A subsidiary of Fosun Pharmaceutical Corp., meanwhile, purchased a 36 percent share of Shen-Li late last summer. Since then, Shi said, the company has focused on electricity generators, which offer hope for more immediate sales in China and abroad. Private venture capital for an iffy project like hydrogen vehicles is hard to come by in China, he explained.

From the headquarters of his Fuyuan Century Fuel Cell Power Co. Ltd. in suburban Beijing, Zhong Jialun has watched the ups and downs of hydrogen power plans in China with a practiced eye. Zhong, 63, has seen many things come and go in his time, and now he has put his money on hydrogen power.

"I've always been an optimistic guy," he said. "Everybody says China is the world's factory. But it's just a factory. We haven't mastered the key technologies. But we aren't going to allow things to stay that way. I agree with the government. We must have our own innovative technology. We can't just sell cheap labor."

Born into a prominent family of Red Army officers, Zhong commanded a submarine in the early days of the Chinese navy. During the Cultural Revolution of 1966 to 1976, he said, he ran into trouble with the authorities by pointing out that the upheavals of the times were a poor mix with the exacting standards of submarine technology. He was sentenced to death. His sentence was reduced to life in prison, then to 25 years. He served five years until the military brought an end to the Cultural Revolution.

After prison, Zhong found his way into business, following the advice of China's leader of the time, Deng Xiaoping. He went into metals, then restaurants and clothing. Another death sentence, for alleged corruption, was repealed. By the end of the 1980s, he was in the innovation business.

At Fuyuan Century Fuel Cell, he hired a research staff to find a way to make membranes, which are the key and most expensive element in hydrogen fuel cells. The U.S. company DuPont dominates the market for these components.

A Canadian-based Chinese scientist joined the team in 1999 and, in 2000, the company succeeded in making its own membrane, Zhong said, using a manufacturing process that is different from DuPont's. "The next step was to turn it into a product we could sell, to make money," he added.

The Beijing city government's plans for the 2008 Summer Olympics seemed to offer promise. Municipal authorities acquired three hydrogen-powered demonstration buses, assigning them to run a 12-mile route from the Summer Palace to the Wudaokou university district. Eager to show environmental credentials, it also has encouraged the building of two hydrogen filling stations, one of which produces its own hydrogen.

But the buses were bought from DaimlerChrysler. Zhong and his 60 workers have yet to get the orders they need to move their technology into production. While the government reevaluates, officials said, there are no plans for large-scale fuel-cell production in the capital.

Annan And The U.N.'s Limits (WP)

By William Shawcross

The Washington Post, December 28, 2006

Kofi Annan deserves a good sendoff. For 10 years he has persevered with unfailing grace in what really is "a job from hell."

I am biased -- I've admired Annan since the early 1990s, some years before he became secretary general of the United Nations. Like the U.S. government, I welcomed his replacing Boutros Boutros-Ghali in 1996. Annan had been the one U.N. official brave enough to give Washington the green light to bomb the Serbs to the negotiating table in the summer of 1995. His intervention then was crucial.

It is easy to forget now that Annan's first five-year term was widely seen as a great success. He presented a wise, compassionate approach and a breath of fresh air. He also showed unprecedented honesty -- commissioning independent inquiries into the disasters of Rwanda and Srebrenica and accepting all criticism from them, including criticism of himself.

Kofi Annan was (and is) pro-American, and he mended the United Nations' relations with Congress. He persuaded international businesses to help promote development. He concentrated much attention on the ravages of HIV-AIDS.

Not surprisingly, he was reelected by acclamation in the middle of 2001. But then Sept. 11 changed everything. As Annan himself said, the world entered the 21st century through a gate of fire. That fire still rages, especially in Iraq and other countries in the Middle East.

Unlike Annan, I was and remain in favor of the decision to remove Saddam Hussein from power in Iraq. But the Security Council was and remains divided on the whole Iraq issue. The United Nations being what it is, no secretary general could have ignored that division.

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Tragically for Annan and the United Nations, more than 20 of his best people were brutally murdered in Baghdad by al-Qaeda in August 2003. This assault, together with the political divisions, have crippled the United Nations in Iraq ever since. But Annan insisted that the United Nations help stage the successful January 2005 election in which so many millions of Iraqis voted freely for the first time in their lives.

The U.N. role in Iraq has been further complicated, if not diminished, by the oil-for-food scandal. This was indeed a disaster; the secretariat was incompetent, a few officials behaved corruptly and the perversion of the program by Saddam Hussein (as Charles Duelfer showed in his magisterial Iraq Survey Group report) enabled the dictator to prop up the Iraqi economy in the last years of his misrule.

But it is wrong to blame all this on Annan -- members of the Security Council, particularly France, Russia and China, were all busily corrupting the program for their own ends. Even the United States and Britain turned a blind eye to sanctions-busting when it helped their ally Jordan.

Annan tried hard to reform the U.N. system. He has had less success than he'd hoped. In the spring he devised a complicated reform plan that, though supported by John Bolton, then the U.S. ambassador, and agreed on by the Security Council, was scuttled at the last minute by the "Group of 77" developing states. To put it crudely, too many ambassadors and their presidents were frightened of losing too many jobs for their "nieces" in the cozy U.N. system. Annan was deeply disappointed. Blame the members, not him.

Annan has worked endlessly on myriad, often unseen problems. Traveling with him to countries around the world, I was astonished at the number of international calls he had to take daily from leaders begging for help in settling disputes. He dealt with such requests in a calm and conscientious manner that inspired confidence and conciliation.

Darfur has been an agony for Annan the past two years. I was with him in Addis Ababa, Ethiopia, in November; at a meeting of the Security Council's "permanent five," he was desperate to get agreement to send a U.N. peacekeeping force into Darfur to stem the mass murders and ethnic cleansing promoted by the Sudanese government.

After a long day of negotiations, hopes rose that Sudan had finally agreed to Annan's plan, but it was a trick: Soon after the meeting, Sudan's president, Omar Hassan al-Bashir, announced that he would allow no such thing.

The bottom line is that, like Slobodan Milosevic, Saddam Hussein and all too many other leaders of member states, Bashir is a gangster and a murderer. It is not Annan's fault that the world has failed to confront Bashir effectively -- the truth is that he has far too much support, tacit if not overt, among African, Arab and other governments. It's the same with Robert Mugabe in Zimbabwe and other despots.

Millions of people around the world place hope in the United Nations. It all too often disappoints. It does do vital things, but there is much it cannot do, and it is stuffed with cronyism and hypocrisy. It reflects the horrors of the world, as well as trying to keep those horrors at bay. Annan has dealt with such problems with more skill, patience and decency than any recent secretary general. If he was unable to create the decent, reformed, efficient and humane organization he sought, that is because far too few of its members want any such thing.

William Shawcross is the author of "Allies -- Why the West Had to Remove Saddam."

DOJ_NMG_0109939

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, December 29, 2006 9:36 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, December 29, 2006
Attachments:	agnb061229.pdf; agnb061229.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 29, 2006 7:45 AM EST

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TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal New Year's Day holiday, the Attorney General's News Briefing will not be published on Monday, January 1. News from the holiday will be included in your Tuesday, January 2, briefing.

Five New York Terror Convicts Moved To Indiana Prison. The Buffalo News (12/29, Herbeck) reports, "Five of the six members of the Lackawanna Six have been transferred to a federal prison in Indiana, and their families are trying to find out why." The News continues, "Their attorneys confirmed Wednesday that Shafal A. Mosed, 28; Mukhtar al-Bakri, 26; Yasein A. Taher, 29; Faysal H. Galab, 30; and Sahim Alwan, 34; were all recently moved to the Federal Correctional Institution in Terre Haute, Ind. The U.S. Bureau of Prisons also verified that the men are being held there." The News adds, "Family members of the five men are upset because most of them were held previously in facilities much closer to Western New York. Now family members will have to drive 570 miles - more than nine hours - to visit the convicted conspirators in Terre Haute. They also could take a flight to Indianapolis, about 70 miles from Terre Haute. … Some supporters of the men wonder if the move is part of a government effort to toughen the punishment they already are receiving for traveling to Afghanistan and training with the al-Qaida terrorist group. … 'They were all snatched up and moved [earlier this month],' said Alwan's attorney, James P. Harrington. 'This makes it extraordinarily hard for their families to visit them. From what we understand, their telephone and visitation time are being drastically cut, too.' … Harrington and other defense attorneys are trying to find out the reason for the move and whether it is punitive." The News notes, "Harrington said he has heard that the government wants to keep all federal prisoners from terrorism-related prosecutions in one facility. … 'This is very unusual, because the Bureau of Prisons rarely puts multiple defendants from one criminal case in the same prison,' said Galab's attorney, Joseph M. LaTona. 'They usually keep them separated.' … Aside from verifying that the five men are at the medium-security prison in Terre Haute, U.S. Bureau of Prisons officials had no comment on the move Wednesday. A prison spokesman, Michael Truman, said he was unaware of any plan to move all the convicts from terrorism-related cases to one facility."

HOMELAND RESPONSE:

House Panel Report Says DOJ, FBI Mishandled OKC Bombing Probe. CNN's American Morning (12/28, M. O'Brien) reported, "In our closer look this morning, the bombing of the federal building in Oklahoma City, eleven years ago now. A congressional subcommittee is out with a new report blasting the Justice Department and the FBI for mishandling the case." CNN (Franken) added, "This new report does not conclude there was foreign involvement. It does charge that federal investigators did not fully pursue those possibilities, even though the report states – 'there are multiple witnesses who place McVeigh with another person at the scene of the bombing. It is reasonable to question,' it continues, 'if all leads were thoroughly pursued, all evidence gathered and properly analyzed.' … But the FBI insists that all involved have been prosecuted, that 'every bit of information was investigated and reviewed.' So comes the question, why have another investigation? Well according to Republican Congressman Dana Rohrbacher…there are just too many questions that remain unanswered so long after the bombing." Meanwhile, in a story posted on local TV news Web sites, Internet Broadcasting (12/28) reported that the "investigators chastised the FBI for how it handled the investigation" and includes excerpts from the subcommittee's conclusions.

Rohrabacher Says FBI Showed Pre-9/11 Mindset In OKC Probe. Interviewing Rep. Dana Rohrabacher on CNN's American Morning (12/28), host Miles O'Brien asked, "You didn't get very far in this report; was it a waste of time?" Rohrabacher: "No, it wasn't a waste of time," and "while we didn't come to the conclusion that we have proven a foreign connection, we have at least broken some new ground by analyzing the FBI and Justice Department original investigation and perhaps some of the deficiencies there that led -- that could possibly have led to 9/11." Rohrabacher added later in the interview that "the FBI called off the investigation into John Doe two months after the bombing. That was premature and its left questions unanswered."

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O'Brien: "Why did they do that? Why do you feel the FBI is stonewalling, hiding information from you?" Rohrabacher: "Well, I didn't say they're stonewalling or they're hiding information. What I said was that they called off this investigation. I think it represents a mindset we saw also at play in the pre-to 9/11, when we had FBI investigators calling up the main office of the FBI saying, oh, my gosh, they're taking pilot lessons, and the FBI headquarters had a mindset of debunking and ignoring things like this. That same mindset we found present during the Oklahoma City Bombing investigation."

McVeigh, Nichols Prosecutors Defend FBI Investigation. The Denver Post (12/28, Pankratz, 256K) reported, "Two former federal prosecutors who tried Oklahoma City bombers Timothy McVeigh and Terry Nichols said Wednesday that they disagreed with a report by a congressional subcommittee slamming the FBI for failing to follow up on potential leads. One of McVeigh's defense lawyers also said he placed little credibility in the report by the House International Relations investigative subcommittee. A second McVeigh lawyer, however, said he agreed with the report's speculation that foreign conspirators might have been involved." The Post added, "Sean Connelly, a Denver-based lawyer who prosecuted Nichols and McVeigh, said the FBI did 'an exceptionally thorough' job in investigating any foreign links to the bombing. … But Stephen Jones, the lawyer who represented McVeigh during the Denver trial, said he believes the circle of conspirators extended beyond Nichols, McVeigh and Fortier to others both in the U.S. and abroad."

FBI Cracked Sophisticated Kaczynski Code, Revealing Catalog Of Bombings. KPIX-TV San Francisco (12/28, Werner) reported on its Web site from a broadcast story, "A decade after the feds tracked him down, CBS 5 Investigates has uncovered exclusive new information about Unabomber Ted Kaczynski, including a secret code he developed, and the confessions revealed as the code is broken. When Federal Bureau of Investigation agents swooped down on Kaczynski's Montana cabin in 1996, they found much more than they expected, according to lead agent Max Noel. There were 'lots of writings, lots of journals, lots of notebooks,' recalled Noel, now retired. … Noel believes Kaczynski wrote in code out of concern that someone might break into his cabin and discover his current and past activities, which may have included plans for future attacks." Cryptography expert Bruce Schneier "described the code as so complicated that 'it would not surprise me if this was the most complex cipher the FBI has seen since World War II.'" KPIX noted, "The FBI's decoding of the notebook revealed a virtual catalog of destruction."

Idaho Professor Charged In Hoax Threat To Bankruptcy Trustee. The AP (12/29, Dobner) reports, "An Idaho professor was charged with falsely claiming that he had mailed a dangerous substance to a trustee overseeing his bankruptcy case in Utah, federal authorities said Thursday. Thomas Hale warned the trustee Nov. 16 that she would be exposed to hantavirus," but "the white substance turned out to be baby powder, said Dennis McKone, assistant to the Salt Lake City fire chief. Hale, 61, pleaded not guilty in federal court Thursday, two days after he was arrested at Salt Lake City International Airport after a flight from Chicago." The AP notes trustee Elizabeth Loveridge "received the envelope on Nov. 20 and contacted Salt Lake City police. A bomb squad and the fire department's hazardous-materials team took the envelope and found it contained nothing harmful, FBI spokesman O. Scott Wall said." KTVX-TV Salt Lake City (12/28, Jones) reported on its Web site from a broadcast story, "The FBI says they quickly tracked the fax back to Hale. Hale filed for bankruptcy in 1996 and Loveridge was appointed trustee over the case. Investigators say she later determined that Hale had lied about his assets." Yesterday, "a federal judge ordered that Hale be released from jail pending trial."

The Salt Lake Tribune (12/29, Westley, Stettler) reports, "Hale's attorney, Larry Keller, said his client simply was seeking redress for an unresolved termite and mice problem. He said the act was 'inappropriate' in today's terrorism-charged climate, but not criminal." The Tribune notes, "Hale, a tenured professor and attorney, has taught history at Idaho State University for 23 years, according to ISU officials. … ISU Provost Robert A. Wharton said the university has not taken action against Hale or changed its class schedule." The Deseret Morning News (12/29, Winslow) adds, "Hale was arrested by the FBI's Joint Terrorism Task Force on Tuesday at the Salt Lake City International Airport after stepping off a flight from Chicago. 'He was surprised to be arrested,' FBI Special Agent-in-Charge Tim Fuhrman said. … Keller questioned why the FBI waited more than a month to arrest his client. 'If I'm a terrorist and I threaten somebody, they're going to want to get me off the streets right away,' he said."

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California Man Indicted For Alleged Anti-Semitic Bomb Threats. The Paradise (CA) Post (12/29) reports, "A Paradise man is being held in Sacramento in relation to alleged threats made to hotels, Jewish museums, and other locations. According to a Department of Justice press release, a federal grand jury returned a nine-count indictment Thursday charging Scott R. Hudson, 52, with making a series of threatening phone calls between August and November of this year." The Post notes, "The FBI is investigating the case with the help of police departments in New York City, Rochester, Minn., Philadelphia, Penn. and Riverside and Irvine." Assistant US Attorney Benjamin B. Wagner "said Hudson is charged with calling in bomb threats to two hotels in New York City, making threatening calls to a Rabbi in Long Beach, New York, the National Museum of American Jewish History in Philadelphia and a Jewish congregation in Irvine. He also allegedly made threatening calls to a graduate school in Minnesota."

Spies Regularly Transmit Coded Messages Over Short-Wave Radio. The Washington Post/New York Daily News (12/29, A25, Meek) reports on the coded messages transmitted by spies over short-wave radio. "Chris Smolinski runs SpyNumbers.com and the 'Spooks' e-mail list, where 'number stations' hobbyists log hundreds of shortwave messages transmitted every month. … While hobbyists guess at the meaning of each cryptic message or which spy service sent it, it's no mystery to intelligence officials, who confirmed the purpose is espionage." The Daily News notes, "In Miami last week, Carlos and Elsa Alvarez pleaded guilty to lesser charges after the United States accused them of spying for Cuba. A prosecutor alleged in a court hearing this summer that they received shortwave 'messages in five-digit groupings.' An FBI interview transcript shows Alvarez admitted going into his bathroom 'on Fridays to listen at 11' for messages aimed at the couple."

DNI Issues Grants For Secret Intelligence Projects. The Washington Post (12/29, A25, Williamson, 690K) reports Director of National Intelligence John Negroponte "awarded $200,000 grants earlier this month to 10 scientists in the intelligence community, one of whom could not be named and several of whom declined to be interviewed, for projects whose details remain secret. The DNI office issued a news release with nine of the recipients' names, agencies, job titles and educational backgrounds. One awardee's information was omitted 'because of the sensitive position he occupies in his organization,' the release said. This is the second annual DNI Fellows award program. Last year's recipients, the release says, 'made significant progress with technology to locate terrorists and to extract intelligence from remote areas.' How they did that remains secret."

Short-Wave Radio Used To Openly Broadcast Intelligence. The Washington Post (12/29, A25, Meek, 690K) reports on the use of low-tech short wave radio broadcasts by intelligence agencies such as the Cuban Intelligence Directorate, Russian FSB, British MI6, or Israeli's Mossad, to communicate coded messages parsed in number or letters. Chris Smolinski "runs SpyNumbers.com and the 'Spooks' e-mail list, where 'number stations' hobbyists log hundreds of shortwave messages transmitted every month. 'It's like a puzzle. They're mystery stations,' explained Smolinski, who has tracked the spy broadcasts for 30 years." The Post adds, "While hobbyists guess at the meaning of each cryptic message or which spy service sent it, it's no mystery to intelligence officials, who confirmed the purpose is espionage."

Henke To Leave DHS For Ashcroft's Firm. McClatchy Newspapers (12/29, Dine) reports, "Tracy Henke, the Missourian who stirred controversy in a top homeland security job, has left the government to join her former boss, John Ashcroft, at The Ashcroft Group." McClatchy continues, "Earlier this year, President Bush appointed Henke to coordinate U.S. national-disaster and anti-terrorist efforts with state and local officials. Lawmakers of both parties questioned her experience, as well as Bush's bypassing of the Senate confirmation process. … But that criticism was nothing compared to the uproar when Henke, from Moscow Mills, Mo., decreased homeland security grants for New York and Washington, while increasing them for some smaller cities and towns. … 'SHE GAVE US THE AX: New York's money cut by a woman from the sticks,' complained a headline in The New York Daily News." McClatchy adds, "Rep. Peter King, R-N.Y., then-chairman of the House Homeland Security Committee, said: 'As far as I'm concerned, the Department of Homeland Security has declared war on New York City. … A Washington Post columnist blasted the decision to reduce funding for the two cities hit on Sept. 11 while increasing it for 'those terrorism

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magnets of Kansas City and St. Louis - both by happenstance in Henke's home state of Missouri.' … In a telephone interview this week from Moscow Mills, Henke said that though she had held several high-profile positions in government, she was taken aback by the criticism. … 'One of the things that was surprising was the level of animosity and the personal attacks as it related to grant awards,' she said. … She said even with the reductions, New York still got the most money of any city for homeland security. She also noted that Congress had provided $600 million less in homeland security funding than the year before, making some cuts necessary."

WAR NEWS:

Bush Meets With "War Cabinet," Says More Consultations Ahead. ABC World News (12/28, story 3, :40, Gibson, 8.78M) reported President Bush "met at his Texas ranch with his national security advisers, including the Vice President and the secretaries of State and Defense," to consider changes to Iraq policy. Bush "says before he unveils his plan, there will be even more consultations." Bush: "Obviously, we'll continue to work with the Iraqi government. The key to success in Iraq is to have a government that's willing to deal with the elements there that are trying to prevent this young democracy from succeeding."

The CBS Evening News (12/28, story 2, 2:35, Mitchell, 7.66M) reported Bush "said he is close to a decision on a fresh strategy for Iraq, a strategy that could call for thousands of additional US troops." CBS (Martin) added, "With 100 US troops dead in Iraq this month, the second-worst of the year, President Bush met with his top national security advisers at the Texas White House to hammer out a new war strategy. One of the options is to send another 20,000 US troops into Baghdad, which would almost certainly mean more American casualties."

NBC Nightly News (12/28, story 2, 2:30, Brown, 9.87M) reported Bush "met with his war cabinet today to finalize a new strategy for Iraq." NBC (O'Donnell) added, "Unprepared to say how or what he will do differently on Iraq just yet, the President relied on hard to define phrases, saying he is making good progress and coming close to closure on a revamped strategy. Called to Crawford, Texas, the President's most senior wartime advisors, including his new Defense Secretary, just 10 days on the job. After a three-hour meeting the President said he wants more consultation." Bush: "We are making good progress towards coming up with a plan. We think it will help us achieve our objective." O'Donnell: "Intending this to be more than a high profile photo op, advisers are trying to thread a needle, saying no decisions have been made, but still claiming a plan is taking shape. The President described the enemy as extremists and radicals but made no mention today of Al Qaeda. He appeared push more burden on the Iraqi government."

The New York Times (12/29, Cloud, Zeleny, 1.16M) reports Bush "is considering an increase in troop levels in Iraq of 17,000 to 20,000, which would be accomplished in part by delaying the departure of two Marine regiments now deployed in Anbar Province." The option was among those President Bush addressed at a Thursday meeting with his national security team, "and it has emerged as a likely course as he considers a strategy shift in Iraq," Pentagon officials said. Most of the additional troops "would probably be employed in and around Baghdad." Meanwhile, the Washington Post (12/29, A3, Abramowitz, Wright, 690K) reports Bush "is considering new economic initiatives to go along with a possible increase in troops to help stabilize the country." Among the steps being considered "are short-term jobs and loan programs aimed at winning back the waning local support for the U.S. presence in Iraq."

The AP (12/28, Riechmann) reports Bush "worked nearly three hours at his Texas ranch today to design a new U.S. policy in Iraq," adding that "more consultation" would be required to "craft the plan he'll announce in the new year." The Washington Times (12/29, Curl, 88K) also reports on Bush's statement, noting that "the president said he is continuing to compile information and build a plan to deal with rampant sectarian violence that has left 100 American troops dead this month. 'I'm making good progress toward coming up with a plan that we think will help us achieve our objective,' said Mr. Bush. … The president's approval rating has plummeted, and Americans delivered both chambers of Congress last month to the Democrats in an election widely viewed as a rebuke of the administration's Iraq policy."

The Los Angeles Times (12/29, Gerstenzang, 850K) also reports on Bush's announcement "that he was 'making good progress' toward redrawing his strategy for Iraq, a plan aides said would encompass economic and political elements as well as new security procedures to stem sectarian violence and counter a thriving insurgency. It appeared increasingly likely, but not certain, that the latest effort to shore up the Iraq campaign would include sending

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additional U.S. troops there, and that the president would launch his strategy in a speech to the nation when Congress returns to Washington next Thursday or soon after." The Times suggests that the administration is eager for the ultimate plan to be well received by the public.

Little Innovation Seen In Surge Plans. The Washington Times (12/29, Scarborough, 88K) reports on the various troop "surge" options being studied, noting that "one official who was sent the briefing slides for various surge options said he was struck with the lack of new ideas after an intense three-month review process inside the Bush administration. 'Some of this stuff is what the old Coalition Provisional Authority looked at,' said the official." The Times suggests that possible troop increases being considered range from 5,000 to 30,000, noting that pacifying Baghdad would be the aim "if Mr. Bush, who met yesterday at his Texas ranch with Defense Secretary Robert M. Gates and other national security advisers," opts for the higher troop level, adding that under this scenario "the Army will have to keep some units in Iraq longer than their normal 13-month deployments, and accelerate the redeployment of brigades who already have served there."

Lieberman Argues For Troop Surge. In an op-ed in the Washington Post (12/29, A27, 690K) headlined, "Why We Need More Troops In Iraq," Sen. Joseph Lieberman writes about his recent trip to the Middle East, which "has made one thing clearer to me than ever: While we are naturally focused on Iraq, a larger war is emerging. On one side are extremists and terrorists led and sponsored by Iran, on the other moderates and democrats supported by the United States." Lieberman characterizes the war as "winnable," and urgent, arguing that despite public frustration with the war, "what is needed now, especially in Washington and Baghdad, is not despair but decisive action -- and soon." Lieberman cites security as "the most pressing problem," and suggests that Iran and al-Qaeda are interested in "a full-scale civil war" in Iraq, "the central front in the global and regional war against Islamic extremism. To turn around the crisis we need to send more American troops while we also train more Iraqi troops and strengthen the moderate political forces in the national government. After speaking with our military commanders and soldiers there, I strongly believe that additional U.S. troops must be deployed to Baghdad and Anbar province."

Saddam Likely To Be Executed "This Weekend." Saddam Hussein is nearly certain to be executed before the close of 2006, according to reports late Thursday. NBC Nightly News (12/28, lead story, 1:15, Engel, 9.87M) reported the US military "has received a formal request from the Iraqi government to transfer" the former dictator "to Iraqi authority. That would be one of the last steps required" before the execution, which "could take place within the next 48 hours or perhaps as early as tomorrow." On the CBS Evening News (12/28, lead story, 2:25, Pinkston, 7.66M), Iraqi National Security Adviser Mowaffak al-Rubaie was shown saying, "I think the sooner the better." Rubaie told CBS the execution would be videotaped, but CNS said it is "unclear whether the video will be shown." CNN.com (12/29) says "Bush administration officials told CNN Hussein is expected to be executed 'this weekend.'"

The New York Times (12/29, Glanz, 1.16M) says preparations for the execution "began taking on a sense of urgency late Thursday." A "senior administration official said that the execution would probably not take place in the next 24 hours, but that the timing would be swift. 'It may be another day or so,' the official said." The Los Angeles Times (12/29, Hennessy-Fiske, 850K) says Hussein "met with two of his half brothers and his lawyers Thursday" as the preparations continued. Hussein "seemed in high spirits Thursday as he shared untitled poems he wrote recently and well wishes for the Iraqi people with his visitors over lunch, said attorney Wadood Fawzi, one of those who met with Hussein." The New York Post (12/29, 631K) headlines its report "Saddam: Dead By Sunday." The AP (12/28, Frayer) has a straightforward report.

More Commentary On Saddam Execution. The New York Times (12/29, 1.16M) editorializes, "The important question was never really about whether Saddam Hussein was guilty of crimes against humanity. … What really mattered was whether an Iraq freed from his death grip could hold him accountable in a way that nurtured hope for a better future. … Toppling Saddam Hussein did not automatically create a new and better Iraq. Executing him won't either."

The Washington Post (12/29, A26, 690K) editorializes, "This was not the accountability that one would hope for Saddam Hussein. For one thing, the crime for which he has been condemned -- the killing of 148 men and boys from the town of Dujail after an assassination attempt against him there in 1982 -- will be but a footnote in the volume detailing his atrocities. And his execution will cut short his trial for the crimes that would fill out that volume: the so-called Anfal campaign, in which tens of thousands of Kurds were

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murdered. What's more, his trial was in no sense the model of civilized justice that would have showcased a new, democratic Iraq. … Still, there is something unreal about the cries of foul from human rights groups demanding perfect procedural justice from a country struggling with civil war, daily bombings and death-squad killings."

US Death Toll In Iraq "Edges Closer To 3,000." NBC Nightly News (12/28, story 4, 2:00, Brown, 9.87M) reported, "More on Iraq today where we learned of the deaths of four more Americans. As the death toll edges closer to 3,000 we take a look at the challenges for US troops on the frontlines in Baghdad." NBC (Maceda) added, "On every street corner, behind every door of every house these US troops could be facing death. A Sunni gunman or Shiite sniper, they are caught in the middle and focused on coming home alive in one piece. … The reality is brutal, attacks on US forces and Iraqis at an all-time high. Today 60 Iraqis were killed in Baghdad alone. Almost daily US troops come under fire."

Marine Officials Say Ramadi Raid Did Not Include Air Strikes On Insurgents. The Los Angeles Times (12/29, Moore, 850K) reports, "A large-scale U.S. military operation in Ramadi last month did not target suspected insurgents with airstrikes, U.S. military officials said. Witness statements reported by The Times on Nov. 15 indicated that a U.S. airstrike might have killed at least 30 people, including women and children. But Marine spokesman Lt. Col. Bryan Salas said in a written response to inquiries about the incident that an airstrike Nov. 14 hit a bridge about 10 miles east of Ramadi and resulted in no casualties."

Suspect In Soldiers' Torture, Murder Apprehended Near Baghdad. The New York Times (12/29, Santora, 1.16M) reports US and Iraqi officials said the man believed to be behind the June kidnapping, torture, and murder of Pfc. Kristian Menchaca and Pfc. Thomas L. Tucker "was seized in a raid in a town just south" of Baghdad Tuesday. The "abduction of the two Americans, who were captured when insurgents ambushed a traffic checkpoint their platoon had set up in the town of Yusufiya, set off one of the largest manhunts of the war, with 8,000 troops involved." USA Today/AP (12/29, 6A) also reports on the apprehension of the suspect.

Baghdad's River Patrol Works To Recover Bodies Of Insurgency's Victims. The Los Angeles Times (12/29, Hennessey-Fiske, 850K) profiles Baghdad's river patrol, which guards the stretch of the Tigris River flowing through the city. The group's members routinely pull bodies from the waters. "Death on the Tigris is almost always violent, the river patrol commander says. Some causes of deaths are unchanging: People jump from bridges, or get tangled in weeds while swimming and drown. And then there are the dumped bodies, an increasingly frequent sight and a barometer of violence in a city that has become the epicenter of the country's sectarian strife: stripped of identification, blindfolded, handcuffed, shot and often badly decayed. The river patrols, created by Saddam Hussein to retrieve casualties of his regime from the Tigris in the 1970s, have returned to body detail because of the city's civil war."

Heroic Navy Corpsman Severely Injured By Sniper Fire. The New York Times (12/29, Chivers, 1.16M) reports Navy corpsman Dustin Kirby, "whose efforts to save a wounded marine in Iraq were covered in an article published Nov. 2 in The New York Times, was severely wounded by an Iraqi sniper on Christmas afternoon." A bullet "struck the left side of his face while he was on the roof of Outpost Omar" in Anbar. Kirby's jaw and upper palate "were damaged extensively, but after several operations he was conscious and on a ventilator in a military hospital in Germany."

Iraqis Face Major Housing Crisis. The New York Times (12/29, Luo, 1.16M) writes that "along with its many other desperate problems, Iraq is in the midst of a housing crisis that is worsening by the day." It began "right after the toppling of Saddam Hussein, when many landlords took advantage of the removal of his economic controls and raised rents substantially." And now, "after more than 10 months of brutal sectarian reprisals, many more Iraqis have fled their neighborhoods, only to wind up often in places that are just as wretched in other ways. While 1.8 million Iraqis are living outside the country, 1.6 million more have been displaced within Iraq since the war began. Since February, about 50,000 per month have moved within the country."

British Prince Harry To Deploy To Basra. The London Daily Telegraph (12/29) reports that Great Britain's Prince Harry, a second lieutenant in the nation's military, is

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scheduled to deploy with his unit to Basra, "and will likely be assigned to patrol the border with Iran." Prince Harry "is determined to go, despite reports of resistance from many in the military who fear he would be a fat prize for terrorists. They're also worried he would attract attention and put his fellow soldiers in greater danger."

Great War Leaders' Hypothetical Iraq Strategies Considered. In the Los Angeles Times, four scholars consider how "four of the greatest war leaders in history" would have handled Iraq. Macalester College anthropologist Jack Weatherford says Genghis Khan would have recognized "that victory came by conquering people, not land or cities." Historian Adrian Goldsworthy writes, "What would Julius Caesar do in Iraq? 'He'd win' is the simplest answer." Author Harold Holzer says Abraham Lincoln would "focus on the real enemy: terrorists," "embrace flexibility," communicate objectives "with frequency, passion and precision," "spend more time at the front," and "abandon the notion of divine will to justify war." As for George Washington, historian Joseph J. Ellis said he "would recognize the strategic problem immediately" -- that the US faces the same situation as the British that Washington fought. No matter "how many battles the British army won, it could not sustain control over the countryside unless it was enlarged tenfold, at a cost that British voters would never support."

Karzai Denounces Pakistan's Plans For Border Mines, Fences. The New York Times (12/29, Gall, 1.16M) reports Afghan President Hamid Karzai "voiced strong opposition" to Pakistan's plans to "lay mines and erect fences along its border with Afghanistan. He said the moves would only hurt the people living in the region and would not stem cross-border terrorism."

Aid Groups Assisting In Iraq, Afghanistan Reconstruction Praised. In his "Wonder Land" column in the Wall Street Journal (12/29, A8, 2.04M), Daniel Henninger writes about the efforts of Spirit of America, a group "organized by Jim Hake, to provide citizen-supported aid to the troops serving in Iraq and Afghanistan" and similar organizations to overcome public disengagement with the wars and to raise money to continue their efforts. "Jim Hake says Spirit of America's contributions have fallen off since 2004 owing to general fatigue with Iraq, 'but under the circumstances people continue to be quite generous.' An end-of-the-year funding request raised more than $150,000." Henninger concludes, "Groups such as the Spirit of America and the Business Council for Peace may yet be driven out. It is to this country's credit that early on, they voted with their feet to go in, and regret nothing."

CORPORATE SCANDALS:

Apple Probe Finds No Options Misconduct By Managers. The Wall Street Journal (12/29, Goldstein) reports, "Apple Computer Inc. said in a filing to the Securities and Exchange Commission that CEO Steve Jobs was aware or recommended the selection of some favorable stock-option grant dates, but didn't personally benefit from it." The Journal continues, "In a delayed annual filing made with the SEC, the company said a special committee of the board of directors appointed to look into past stock-option grants concluded that while Mr. Jobs was 'aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications.'" The Journal adds, "The special committee of Cupertino, Calif.-based company also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock-option grants. … Apple is also restating financial statements from 2004-2006. In total, Apple is restating earnings after tax by $4 million in 2006, $7 million in 2005 and $10 million in 2004. The company also plans to take an $84 million noncash charge as a result."

The New York Times (12/29, Markoff, Helft) reports, "Apple Computer and its charismatic chief executive, Steven P. Jobs, are expected to make a big announcement about a new product at the Macworld conference next month. Before that, however, the company has some other highly anticipated information to share." The Times continues, "The company is likely to answer questions about backdated options granted to Mr. Jobs and other executives in a delayed annual report that Apple said it would file with securities regulators on Friday." The Times adds, "Apple is among dozens of companies, many of them in Silicon Valley, which have come under scrutiny for assigning favorable grant dates to stock options to inflate their value. … So far, Apple, which is known for obsessively guarding information about new products, appears to have applied the same secrecy to its handling of the stock option issues. Publicly, it has confined its response

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to a few terse statements. This week it continued to maintain its silence as reports about possible falsified documents rattled shareholders. … The company has said that Mr. Jobs knew of some backdated grants, but that he did not knowingly receive any of them and had not benefited from the practice."

The AP (12/29, Wong) reports, "Apple is among nearly 200 companies ensnared in the scandal and that have disclosed SEC, Justice Department or internal investigations. … In June Apple began an internal review of its grants, including one to Jobs. Apple said in October that it found 15 misdated grants from 1997 to 2002. The Recorder, a San Francisco-based legal newspaper, first reported Wednesday on the discovery of possibly falsified documents related to options." The AP adds, 'Full details of Apple's options troubles have yet to emerge, but the Cupertino, Calif.-based company largely exonerated Jobs in October when it said an internal investigation had not found any misconduct by current management. The investigation did raise serious questions, however, about two former officers, the company said. … Experts who would speak only generally without any facts about the Apple imbroglio say that if Jobs knew about the falsification of documents, he could be in trouble."

The San Francisco Chronicle (12/29, Guynn, Writer) reports, "Rarely before in the business world has the filing of a company's annual report been as widely anticipated as the one Apple Computer Inc. is expected to submit today amid a deepening stock options scandal that has raised questions about CEO Steve Jobs." The Chronicle continues, "Apple was rocked this week by reports of forged documents connected with an award Jobs received in 2001 of millions of options to buy Apple stock. What happens to Jobs, one of the technology world's commanding figures, could depend on what he knew about options problems at Apple and when he knew it. … Apple watchers will pore over Apple's filing with the Securities and Exchange Commission in search of assurances that Jobs had no direct involvement in any stock-options shenanigans." The Chronicle notes, "Jobs holds an unusual place in corporate America. He is more cult than corporate leader, credited with creating must-have products and reinvigorating the Cupertino maker of iPods and Macintosh. … But Jobs and his company have been plunged into scandal in recent months after disclosures that Apple may have improperly granted stock options to Jobs and other executives."

Pixar Is Also Subject Of Options Probe. The Financial Times (12/29, Nuttall) reports, "Another company founded by Steve Jobs - Pixar, the animation studio - is also being investigated by the SEC over stock option awards but Mr Jobs never received any options himself." The Times continues, "Walt Disney, which acquired the company in May, said last month that its board was carrying out an independent review of stock option practices at Pixar after receiving inquiries from the SEC and Justice Department, although it played down any likely financial impact from the issue." The Times adds, "Richard Farmer, Merrill Lynch analyst, in a research report earlier this year into whether Steve Jobs might have been involved in options regularities, said: 'Our review of Pixar disclosures does not allow us to rule out the possibility, given Jobs was a member of the board that made options decisions, and our analysis suggests these may contain irregularities.' .. His research found that, between 1997 and 2004, four out of seven awards were recorded at the lowest possible price in the fiscal years they were granted - with the odds of this happening by chance being 112m to one."

Compensation Packages Allow Executives Low-Risk Departures. The New York Times (12/29, Creswell) reports, "It's called the 'golden hello.' … For a chief executive of a large corporation, it is the one thing — more than the corporate jet or any other perk — that must be guaranteed before the executive will move to run another company." The Times continues, "W. James McNerney Jr., a former superstar manager at General Electric, received not one, but two such deals in recent years, worth tens of millions of dollars. In each deal, he was given any bonuses, stock options, restricted stock and pension benefits that he would have abandoned by leaving his previous employer." The Times adds, "Such golden hello payments are intended to make the executive 'whole' — in essence to treat the executive as if his career were one smooth ascent with no costly interruptions. And these multimillion-dollar payments and perks are used to draw in not only chief executives, but virtually every member of the executive suite. If 'golden parachutes' — rich exit packages of extra cash, stock or retirement benefits — are needed at times to kick out chief executives, golden hellos are increasingly needed to get them in the door." The Times notes, "Such golden hellos are not new, but lawyers representing executives at the negotiating table are constantly coming up with quirky ways to make clients whole. Matching salaries, guaranteed bonuses and millions of dollars in stock options are typical. On top of

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that, chief executives are made whole on lucrative pension benefits, often being credited at the new company for years of service elsewhere — a perk rarely available to nonexecutive employees. … These days, though, some executives are demanding that companies make up losses they may face from the sale of a home if they relocate, or that they receive price protection on losses they might incur in stock they own in the company they are leaving."

GE To Disclose More Information On Pay Advice. The Wall Street Journal (12/29, A2, Whitehouse) reports, "General Electric Co., agreeing to an effort by some investors to increase scrutiny on executive pay, will disclose more information on the advice it gets from compensation consultants." The Journal continues, "The Fairfield, Conn., conglomerate agreed to go beyond regulatory requirements and disclose any business ties it may have with the firms that advise it on how to pay its top executives." The Journal adds, "Under new Securities and Exchange Commission rules put in place this year, companies will be required to disclose in public filings the name of their compensation consultants, but not their other business relationships. … In 2006, GE's board of directors used the services of New York compensation consulting firm Frederic W. Cook & Co., which also advises the company's human resources on its broader pay programs, said Peter O'Toole, a GE spokesman. The company will make this information available in its coming proxy statement, he said."

CRIMINAL LAW:

Domestic Violence Rates In US Fall Sharply. The Washington Post (12/29, A14, Hsu) reports, "Domestic violence rates in the United States dropped sharply between 1993 and 2004 but showed recent signs of a rebound, the Justice Department reported yesterday." The Post continues, "The number of domestic homicides fell 32 percent from 1993 to 2004, and the frequency of nonfatal violence between domestic partners dropped by more than 50 percent, from 5.8 attacks per 1,000 U.S. residents age 12 or older, to 2.6 attacks, according to the Bureau of Justice Statistics." The Post adds, "Men benefited from the decline more than women, and black victims more than white women. The number of women killed by current or former partners fell from 1,572 in 1993 to 1,159 in 2004, or 26 percent. The number of men killed dropped from 698 to 385, or 45 percent. … 'The best news overall is that 'intimate partner violence' has declined since 1993, but there's still too much of it,' said bureau statistician Shannan M. Catalano, author of the Justice Department online report. The report did not address violence among other household members or relatives." The Post notes, "Noting that current or former partners account for 22 percent of violence against women, but 3 percent of violence against men, Catalano said, 'It still is a crime against women. . . . Women are more often victimized by someone they know. Men are more often victimized by strangers.' … The report did not offer an explanation for the trend, but experts said it continued a decline in domestic violence recorded since 1976 and mirrored a drop in violent crime overall in the past decade."

The AP (12/29) reports, "Some experts attribute the decline to better training for police and more funding for prosecution, two key elements of the 1994 Violence Against Women Act. Investigators increasingly are better trained to handle abuse cases and bring them to court. … 'For the first time, there are entire domestic violence units in law enforcement,' said Lonna Stevens, director of the Sheila Wellstone Institute, a Minnesota-based domestic violence organization. 'We've had protocols and policies developed for responding to this.'" The AP notes, "In 1993, there were about 5.8 incidents of nonfatal violence for every 1,000 U.S. residents above the age of 12. By 2004, that number had fallen to 2.6, the agency said. Homicides fell by about 30 percent, from 2,269 in 1993 to 1,544 in 2004. … The Justice Department defines intimate partner violence as violence by a current or former spouse, boyfriend or girlfriend or a same-sex partner. … Stevens said police have been less successful responding to and deterring abusive behavior in some minority communities, where racism and cultural differences can keep reporting rates low." The Washington Times (12/29, Apuzzo, 88K) also reports this story.

International Cooperation Brings War Crime Indictments For Two Bosnian Serbs. The Christian Science Monitor (12/29, Kampschror) reports from Sarajevo, Bosnia-Herzegovina, "Mladen Blagojevic and Zdravko Bozic would probably be living unassuming lives as Bosnia Serb refugees in the Arizona desert if it weren't for a landmark international detective effort to track down war-crime suspects. … Instead, they're in custody in wintry Bosnia, where they were charged last week in connection with the 1995 Srebrenica massacre." The Monitor continues, "The

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case, say court sources, marks a precedent in international cooperation in the prosecution of war crimes, and could show the way forward for both the US and other countries that may be unwittingly hosting war-crimes suspects on their territory. … 'I would describe the cooperation with the US as unprecedented, as these are the first cases where war-crimes suspects have been returned to the country where the crimes were committed to face charges,' says Toby Cadman, counsel to the prosecutor at Bosnia's war-crimes chamber." The Monitor adds, "Mr. Blagojevic and Mr. Bozic were deported to Bosnia earlier this year after being arrested in the US for not disclosing their service in the Bosnian Serb military when its forces overran the Bosnian Muslim enclave of Srebrenica and killed up to 8,000 men and boys - a crime ruled genocide by the UN war-crimes tribunal in The Hague. On Dec. 21, they were indicted for crimes against humanity by Bosnia's war-crimes chamber and charged with the detention, murders, and forcible transfer of Srebrenica Muslims. International cooperation led to 56 arrests … In the past two years, 56 Bosnian Serbs have been arrested on charges of similar immigration fraud or making false statements over omitting their military service on immigration applications. Agents from the Immigration and Customs Enforcement (ICE) most recently raided homes in at least five US cities earlier this month, bringing in at least 16more people . Mr. Cadman says the ICE's Operation No Safe Haven could prove a model for other countries, which, like the US, took in large numbers of refugees and asylum seekers from the former Yugoslavia during and after the 1990s Balkan wars."

Duke Rape Case Prosecutor Charged With Ethics Violations. The AP (12/29, Beard) reports, "The North Carolina bar filed ethics charges Thursday against the prosecutor in the Duke lacrosse case, accusing him of saying misleading or inflammatory things to the news media about the athletes under suspicion." District Attorney Mike Nifong "was accused of violating was a prohibition against making comments 'that have a substantial likelihood of heightening public condemnation of the accused.' In a statement, the bar said it opened a case against Nifong on March 30, a little more than two weeks after a 28-year-old woman hired to perform as a stripper at a lacrosse team party said she was gang-raped." The CBS Evening News (12/28, story 4, 0:20, Mitchell) noted, "He could face disbarment. Last week, Nifong dropped rape charges," but the three lacrosse players "still face charges of kidnapping and sexual offense."

The New York Times (12/29, Barstow, Wilson) adds, "In perhaps the most serious accusation, the bar also said Mr. Nifong had engaged in 'dishonesty, fraud, deceit or misrepresentation' by suggesting to reporters that a condom was used in the alleged attack when he had in his possession a sexual assault examination report that indicated otherwise. Mr. Nifong spoke about condoms after laboratory tests failed to find semen from any Duke player on the accuser." Newsday (12/29, Maloney) also reports on the ethics charges, and the Washington Post (12/29, A8) runs the AP story.

Jones Hopes To Discuss Duke Case With Gonzales. WLFL-TV, Raleigh, Durham, NC (12/28, 10:00 p.m.) broadcasted, "Meanwhile North Carolina Congressman Walter Jones hopes to meet with Attorney General Alberto Gonzalez about the Duke case when Congress reconvenes in two weeks. Jones has written letters to Gonzalez, calling on him to investigate Durham DA Mike Nifong's conduct." WTVD-TV, Raleigh, Durham, NC (12/28, 11:00 p.m.) also broadcasted this story.

Former CyberNet Executive Pleads Not Guilty To Fraud Charges. Grand Rapids Press (12/28, Agar) reported, "A former vice president at the collapsed firm CyberNET in Grand Rapids pleaded not guilty Wednesday to federal charges related to an $81.7 million fraud case." Paul Nathan Wright "is accused of conspiracy, bank fraud, money laundering and mail fraud." The Press noted, "Last week, James Horton, the former CyberNET president, was sentenced to 7 1/2 years in prison. He pleaded guilty to conspiracy, bank fraud and money laundering, and has cooperated with the government. … The government alleges that CyberNET deceived lending institutions to obtain financing under false pretenses, and expended 'a substantial amount of effort to prevent lenders from discovering that they had been deceived,' the indictment said."

FBI Says North Carolina Woman Took Abducted Children To Canada. WRAL-TV Raleigh (12/28) reported on its Web site, "The FBI said Thursday that 17-month-old twins allegedly taken by their birth mother last week were spotted crossing the Canadian border. According to a news release issued early Thursday evening, FBI investigators have determined that Allison Quets

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crossed the border last Saturday with the toddlers, Tyler and Holly Needham. All three are believed to still be in Canada, investigators said." WRAL added, "FBI officials said they are working jointly with the Royal Canadian Mounted Police, the FBI legal attache's office in the U.S. Embassy in Ottawa, and the Durham Police Department. They also have enlisted the assistance of the National Center for Missing/Exploited Children, along with Child Find Canada." The AP (12/29) notes, "Quets, 49, of Durham, is suspected of taking Tyler Lee and Holly Ann Needham, who had lived in Apex with their adoptive parents, FBI officials said Thursday in a written statement. … Quets had monthly visitation rights as a part of a custody agreement, but now faces federal charges of international parental kidnapping." McClatchy (12/29, Ovaska) reports the story, under the headline "FBI: Missing Kids Were Taken To Canada."

Sheehan Arrested Outside Bush Ranch In Texas. CNN.com (12/29) reports, "Anti-war protester Cindy Sheehan was arrested Thursday afternoon outside President Bush's ranch, according to a law enforcement official." Sheehan, "who in the past has camped out for weeks in protest outside the ranch in Crawford, Texas, was arrested for blocking the road leading to the property, Texas Department of Public Safety's Tela Mange told CNN. Four others were also arrested after law enforcement officials asked the group to move and they refused, Mange said." Mange "said Vice President Dick Cheney's motorcade was delayed leaving the ranch while officers removed the protesters."

Seven New Orleans Policemen Face Murder Charges Over Katrina Shootings. The New York Times (12/29, Dewan, 1.16M) reports, "Seven New Orleans police officers were indicted Thursday on charges of first-degree murder or attempted murder in connection with the deaths of two men on a bridge six days after Hurricane Katrina struck." Four other civilians "suffered gunshot wounds in the episode, which took place on Sept. 4, 2005. No officers were hurt." The shootings "occurred while much of the New Orleans area was still under water, communication among officers was poor and the city was chaotic. The New Orleans Police Department's initial account — that officers were responding to reports of snipers firing on contractors — seemed to confirm fears of rampant lawlessness in the city."

NBC Nightly News (12/28, story 5, 0:40, Brown, 9.87M) reported, "A New Orleans grand jury indicted four police officers on charges of first degree murder and three others on charges of attempted murders in the bridge incident stemming from the shooting of two men during the aftermath of Hurricane Katrina. The men were killed in what police say was a gun battle with officers claiming they were fired upon and appropriately returning fire. Witnesses dispute that account. No guns were found on the victims, and the coroners report showed a man was shot five times in the back." The AP (12/29) and the New Orleans Times-Picayune (12/29, Maggi) also report this story.

CIVIL LAW:

FEC Doubles Civil Penalties Imposed In 2006. The AP (12/29) reports the Federal Election Commission "more than doubled its civil penalties in 2006, imposing $6.2 million in fines for campaign-law violations." More than half – "$3.8 million -- came from penalties against Freddie Mac, the federal mortgage corporation, accused of making illegal contributions to political committees, according to year-end numbers released yesterday." But even "without the record Freddie Mac fine, the FEC issued 12 penalties of more than $100,000, or almost a quarter of all six-figure fines in the agency's 31-year history." FEC Chairman Michael Toner said, "I'm very pleased with the vigorous enforcement record the FEC compiled in 2006. The numbers speak for themselves." The AP adds advocates, 'however, said the numbers 'don't tell the whole story.'"

WPost Criticizes FEC For Pursuing NASCAR Driver. The Washington Post (12/29, A26, 690K) criticizes the FEC in an editorial for considering the case of Kirk Shelmerdine, the NASCAR driver who pasted a Bush-Cheney '04 bumper sticker on his race car. Shelmerdine's "decal resulted in a complaint to the FEC that he had violated federal election law by failing to file the report required of anyone who makes an independent expenditure valued at $250 or more in support of a candidate for federal office." The FEC "agreed -- in an action made public this week -- to take the step that ought to have been obvious from the start: to send Mr. Shelmerdine a letter of admonishment warning him not to do it again. Our customary criticism of the FEC is for doing too little to go after election law violations, not too much. But l'affaire Shelmerdine seems simply silly."

Court Praised For Ruling Issue Ads Permissible Before Elections. The Wall Street Journal (12/29, 2.04M) says in an editorial, "A federal court decision last week upheld

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the right of citizens to petition their government -- a right taken for granted before the 2002 McCain-Feingold campaign-finance law codified speech restrictions." The ruling "is overly narrow but welcome all the same. And if it's appealed, as expected, the Supreme Court will have another chance to weigh in on Congress's efforts to chip away at First Amendment free-speech guarantees in the name of 'reform.'" The 2004 case resulted "when Wisconsin Right to Life ran television and radio spots informing the public that U.S. Senators were filibustering President Bush's judicial nominees." In "a 2-1 opinion, the court held that certain 'issue' ads are permissible during campaign season, even if they (gasp) refer to candidates seeking re-election. And while we agree with the result, the justification for the court's finding is still troublesome and revealing of McCain-Feingold's assault on political speech."

FEC Fines Taylor For 2004 Campaign Violation. Roll Call (12/28, Duran) reports on its Web site that the FEC "fined the 2004 campaign of Rep. Charles Taylor (R-N.C.) $91,000 for failing to properly comply with provisions of the Bipartisan Campaign Reform Act." Taylor won in 2004 but was defeated this year by Democrat Heath Shuler.

CIVIL RIGHTS:

Man Sues St Paul Over Alleged Police Assault. The St. Paul Pioneer Press (12/29, Prather) reports, "A man who alleges he suffered an 'inhumane beating' during a traffic stop two years ago in St. Paul sued the city this week." The Pioneer Press continues, "Leon Nins filed a federal civil rights suit Wednesday, two years to the day after the Dec. 27, 2004, confrontation. Nins was 85 at the time. … In the suit, Nins makes a variety of claims, including excessive force, battery and assault. The filing states Nins suffered permanent damage to his eyes and legs as well as psychological injuries, including depression, anxiety and panic attacks. … Nins seeks more than $50,000, plus punitive damages." The Pioneer Press adds, "The incident, involving a black motorist and a white police officer, riled local civil rights leaders. Police Chief John Harrington, relying on witness statements and a squad car audio recording, defended officer Michael Lee, who said Nins kicked and spit at him. … Nins, who was arrested, spent three days in jail. Prosecutors charged Nins with assaulting the officer and obstructing the legal process, but dropped the charges and allowed him to admit to driving without a license. Nins had no criminal record. .. According to a criminal complaint originally filed by prosecutors, Nins would not open his window for the officer. Lee opened the vehicle door and Nins began yelling that he would not show his driver's license, began swearing and refused to get out of the car. Nins spit at Lee as the officer pulled him out of the car, handcuffed him and placed him in the back of the squad car. … Subsequent investigations by the Bloomington Police Department and the U.S. Justice Department cleared Lee of criminal wrongdoing."

Judge Says DC Juvenile Detention Improvements Too Slow. The Washington Post (12/29, Cauvin) reports, "A D.C. Superior Court judge said yesterday that the District had failed to do enough to improve conditions for juvenile offenders, particularly at the long-troubled Oak Hill detention facility." The Post continues, "Judge Herbert B. Dixon Jr. said the city's slow progress in making changes that were agreed to more than two years ago left him no choice but to step squarely back into the case, which began in 1985 as a class-action lawsuit filed on behalf of juveniles held at the city-run Oak Hill facility in Laurel. … 'In light of the recurring delays meeting the requirements imposed in this case, and the impact such delays have on the children in defendants' custody, the court concludes that its more direct and active oversight of the remedial process is warranted,' Dixon wrote in a nine-page order." The Post adds, "The lawsuit -- Jerry M. vs. the District of Columbia-- has cast a long shadow over the juvenile justice system. A consent decree, reached in 1986, was supposed to settle the suit, but problems persisted. The case appeared on its way to resolution in spring 2004, when the plaintiffs and the city agreed to the appointment of an independent monitor who would report back to Dixon. The D.C. government's appointment in early 2005 of a highly regarded juvenile justice director added to the optimism that changes were near. … But Dixon, who has overseen the case since 2001, felt compelled to act after receiving the most recent reports from the monitor, Grace M. Lopes. Although noting 'clear progress,' she found the city's efforts wanting in many areas, from a failure to ensure pest control services at Oak Hill despite 'chronic infestations' to persistent staffing problems even in new, more-therapeutic units. … Oak Hill's population has dropped from an overcrowded 245 youths in February

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2005 to fewer than 100 in recent months as the city has found alternatives to housing juveniles there for extended periods."

WSJournal Criticizes Massachusetts Court Over Gay Marriage Amendment Decision. The Wall Street Journal (12/29, 2.04M) says in an editorial, "Nearly three years ago, the Supreme Judicial Court of Massachusetts read between the lines of the state constitution to discover a right to same-sex marriage previously undetected across the decades. The court then gave the legislature six months to rewrite state law to accommodate its diktat. On Wednesday, however, the same court suddenly rediscovered the humility so lacking in its previous foray into the marriage debate." The Journal criticizes the court for not compelling the state legislature to vote on petitions to amend the state constitution to ban same-sex marriage, noting it "agreed that the legislature's duty to vote on the measure was 'unambiguous.' But it claimed to be powerless to compel a vote. So the Supreme Judicial Court of Massachusetts, whose own arrogation of power created this mess, has suddenly discovered the limits of its power to clean it up."

ANTITRUST:

AT&T Offers New Concessions To Get Merger Approval From FCC. The AP (12/29, Dunbar) reports, "AT&T Inc. has offered a new set of concessions that are expected to satisfy the two Democrats on the Federal Communications Commission and lead to approval of the company's $85 billion buyout of BellSouth Corp. … Approval by the full commission could happen as soon as Friday." The AP continues, "AT&T filed a letter of commitment with the agency Thursday night that adds a number of new conditions to the deal, including a promise to observe 'network neutrality' principles, an offer of affordable stand-alone digital subscriber line service and a promise to give up some wireless spectrum. … Final approval still requires a vote of the commissioners, which can happen at any time via computer. The proposed deal is the largest telecommunications merger in U.S. history." The AP adds, 'AT&T offered the concessions after a little more than a week of marathon negotiations with lawyers who work for the two Democrats on the commission, Michael Copps and Jonathan Adelstein, documents show. … Consumer advocates are praising the compromise. Gene Kimmelman, vice president of federal and international affairs for Consumers Union, who has worked closely with the Democrats, said AT&T's new concessions are 'an enormous improvement from where we were a month ago.' … The agreement came together 10 days after Republican Commissioner Robert McDowell announced that he would not vote on the deal, despite being authorized to do so by the FCC's general counsel."

The Wall Street Journal (12/29, A3, Schatz, Grant) reports, "In a 19-page letter filed with the agency last night, the phone giant promised to observe numerous "network neutrality" principles so it would treat all Internet content equally. Consumer groups and some Internet companies have been pressing the FCC for weeks to make this a condition of approving the merger." The Journal continues, "In addition, AT&T agreed to do such things as upgrade the availability of high-speed Internet service in the areas it serves and adhere to price caps on high-volume data lines used by business customers. In a concession to labor unions, the company agreed to repatriate 3,000 jobs outsourced by BellSouth outside the U.S., locating at least 200 of them in the New Orleans area. … The deal has some longer-term implications for all phone companies because of the focus by the FCC's Democrats on net neutrality and rates charged to businesses for high-volume data lines. Democrats felt emboldened to take a hard line during negotiations because of their new control of Congress, where Democrats have been riled up about the net-neutrality issue."

Bloomberg (12/29, Stern, Peterson) reports, "The offer may end a three-month stalemate between FCC Chairman Kevin Martin, fellow Republican Deborah Taylor Tate and the panel's two Democrats, who have sought price controls and other concessions. Buying BellSouth lets San Antonio-based AT&T expand its local service to 22 states, gain full control of Cingular Wireless LLC and compete with cable television companies offering phone service as well as Web access and TV. … 'AT&T really wanted to get it done this year,' said Paul Glenchur, an analyst with Stanford Washington Research Group, an investor advisory firm. 'I suspect the Democrats didn't want to look like they were standing in the way.'" Bloomberg adds, "The concessions by AT&T go beyond those the company proposed in October. AT&T offered, for example, to sell fast Internet access known as DSL for $19.95 a month without requiring customers to buy phone service, the letter said. … The company also said it would repatriate 3,000 BellSouth jobs now outside the U.S.

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and pledged 200 jobs for New Orleans. … Democratic Commissioners Michael Copps and Jonathan Adelstein gained leverage in seeking tougher conditions after the fifth commissioner, Republican Robert McDowell, said he would abstain from voting because of his past work as a lobbyist for smaller companies that compete with AT&T."

FTC Challenges General Dynamics' Purchase Of Canadian Ammo Maker. The Washington Post (12/29, D3, Merle) reports, "Federal antitrust authorities, citing concerns about higher prices and less competition, challenged General Dynamics' plans yesterday to buy a Canadian ammunition maker." The Post continues, "The Federal Trade Commission ruled that to buy SNC Technologies of Quebec, General Dynamics must divest its interest in one of the two other competitors in the market. Otherwise, 'General Dynamics could unilaterally raise prices or otherwise engage in anticompetitive conduct,' the FTC said in a statement. … The company, headquartered in Falls Church, has agreed to those terms." The Post adds, "It is at least the third time this year that federal regulators have expressed concern about diminishing competition among military contactors. The agency took more than a year to approve a plan by Lockheed Martin and Boeing to merge their government rocket businesses, acknowledging that creating a monopoly in a multibillion-dollar market would probably lead to higher prices and lower quality. The FTC approved General Dynamics' $2.2 billion acquisition of technology firm Anteon in June only after Anteon agreed to sell a unit that raised conflict-of-interest concerns. … In February, General Dynamics announced that it would buy SNC Technologies for $275 million. SNC is one of three makers of mortar rounds, relatively inexpensive shells used by infantry troops, for the U.S. military. The others are Day & Zimmerman of Philadelphia and American Ordnance of Pittsburg, Kan., which is jointly owned by General Dynamics and Day & Zimmerman."

Judge Orders Intel To Produce International Evidence In AMD Suit. The AP (12/29) reports, "Chip-maker Intel Corp. said it would not object to a court order to produce documents related to its international business practices, as part of an antitrust case filed by rival Advanced Micro Devices Inc. .. AMD said the court order issued Wednesday was a 'significant legal victory.'" The AP continues, "In a letter to Judge Joseph Farnan in the U.S. Federal District Court in Delaware, Intel said it plans to cooperate with the court order and that it does not plan to file an objection. … Intel also noted that a court-appointed Special Master explicitly said it was not making decisions about whether the evidence would be admissible in court." The AP adds, "In September, a federal judge ruled that if AMD wins the antitrust case filed in the U.S., it cannot receive damages for Intel's alleged monopolistic practices overseas."

Market Watch (12/29, Andrejczak) reports that Judge Farnan "had previously sided with Intel, opining that the court lacked jurisdiction over AMD's foreign conduct claims. But a special master appointed to oversee discovery disputes in the case agreed with AMD that the PC-chip market is global, with 68% of the world's computers sold to non-U.S. customers. … Sunnyvale, Calif.-based AMD said it thinks this latest development will bolster it claims that Intel used anticompetitive practices in the sale of PC chips worldwide." Market Watch adds, "AMD has subpoenaed roughly 70 parties so far in the case, and as a result of this court order, it is likely AMD will target Intel's business partners in Japan, where antitrust regulators there have suggested Intel abused its position as the world's No. 1 computer-chip maker. … AMD originally filed its antitrust suit against Intel in June 2005. The suit accused Intel of bullying a range of computer makers, distributors and retailers from Europe to Asia into not selling or supporting AMD products. Intel has denied the charges."

ENVIRONMENT:

US Charges Massachusetts Bus Company With Breaking Pollution Law. The Boston Herald (12/29, Goodison) reports, "Chelsea-based Paul Revere Transportation faces federal penalties for alleged repeat violations of a state law forbidding buses from idling more than five minutes." The Herald continues, "The U.S. Environmental Protection Agency and the U.S. Justice Department filed suit in district court on Tuesday, alleging the transportation company left its diesel buses idling for a total of more than 100 hours at its Roxbury bus yard and a shuttle bus location on Brookline Avenue. … 'Given the extremely high asthma rates in Roxbury, it is unacceptable that diesel buses and other vehicles are left idling for more than an hour at a time,' Robert Varney, New England EPA administrator, said in a statement. 'Diesel pollution is very harmful, especially for sensitive populations such as the young, elderly and people

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who suffer from asthma.'" The Herald adds, "The EPA witnessed the alleged idling during eight weekly inspections in April and March. At times, more than 20 vehicles were found idling - some for more than an hour and, in one case, for more than two hours, according to the agency."

FDA Approves Cloned Animals Products For Human Consumption. The FDA announced Thursday that it has approved meat and milk products from cloned animals fit for human consumption. ABC World News (12/28, story 7, 2:25, Gibson, 8.78M) called the move "controversial," noting that "a recent poll shows a majority of Americans, 64%, are uncomfortable with the whole idea of cloned animals -- much less eating food that comes from them." The CBS Evening News (12/28, story 3, 2:05, Mitchell, 7.66M) noted the FDA's decision is "not going down well with critics who say the government is going too far, too fast."

On its front page, the New York Times (12/29, Pollack, Martin, 1.16M) says the moved "touched off an immediate storm of criticism from consumer groups, as well as some concerns from meat and dairy companies worried about consumer reaction." The Washington Post (12/29, A1, Weiss, 690K) says the decision "represents a crucial milestone" for biotech companies, but noted that "in apparent recognition of consumer distrust of cloned food," the FDA "took the unprecedented step of posting all the raw scientific data it used to come to its conclusion." The Los Angeles Times (12/29, Kaplan, 850K) notes the report "didn't address the contentious issue of whether products derived from clones would require special labeling."

Meanwhile, NBC Nightly News (12/28, story 10, 0:30, Brown, 9.87M) noted that it "could be years before cloned food shows up on store shelves." USA Today (12/29, 5B, Weise, 2.27M) says the announcement is "just the beginning of what will be a year or more process of public input and discussion before these products can be sold." However, the Washington Times (12/29, A1, Lopes, 88K) reports food products made from cloned animals could be "on grocery shelves late next year."

In a front page article, the Wall Street Journal (12/29, Zhang, Kilman, Etter, 2.04M) says federal regulators have "opened the door to far-reaching changes in livestock production," which may limit US meat exports, "already buffeted by concerns in some countries about mad-cow disease." The Financial Times (12/29, Cookson) and the Christian Science Monitor (12/29, Spotts, 59K) also report on the FDA's announcement.

LATimes Says Polar Bears Could Force Global Warming Policy Shift. The Los Angeles Times (12/29, 850K) writes in an editorial, "Is it possible that the polar bear can do what the scientists cannot? What the polar bear could do, essentially, is force the administration to take steps to curb global warming. With its proposal, announced Wednesday, to list polar bears as a threatened species, the U.S. Fish and Wildlife Service for the first time acknowledged that global warming is the driving force behind an animal's potential extinction. If the polar bear is listed as endangered, then the U.S. government would be bound by law to protect it -- and protecting it may require regulations to reduce greenhouse gas emissions. … If the administration wants to avoid more than a few legal and political headaches, it should use the time to revisit its antiscientific approach to the world's most pressing environmental problem."

FBI/DEA/ATF/USMS:

In Virginia, Two Plead Guilty In Sheriff's Department Corruption, Racketeering Case. There are more than 100 media references to guilty pleas entered in connection with a Henry County Sheriff's Office drug conspiracy case. The AP (12/29) reports two former officers with the sheriff's department "pleaded guilty Thursday to charges that they took part in a scheme with their boss and ten colleagues to sell drugs seized from criminals." The two are among 20 people "indicted in October in the investigation of corruption and racketeering conspiracy. Former deputy David Allan King pleaded guilty to charges of racketeering conspiracy and drug conspiracy. James Alden Vaught, a former sergeant, pleaded guilty to racketeering conspiracy." Former Henry County Sheriff H. Franklin Cassell "has pleaded not guilty to impeding investigation and money laundering." FOX News, the Washington Times, San Diego Union Tribune, and Houston Chronicle are among the news outlets that used the AP story.

The Roanoke (VA) Times (12/29) reports a DEA investigation out of Philadelphia "led authorities to Vaught in early 2005, court records show. When the DEA delivered a package containing the sedative ketamine to a house in Martinsville, William Randall Reed accepted delivery and was arrested. Reed, who did not work for the sheriff's office, told

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police he rented the house from Vaught and paid the sergeant in drugs and money to use the house as a drug drop, said Assistant U.S. Attorney Tom Bondurant."

The Richmond (VA) Times-Dispatch (12/29) reports King and Vaught "were among 20 people indicted in October after prosecutors alleged that members of the sheriff's department were reselling drugs they had seized from dealers, trafficking in steroids and prescription pills, pilfering firearms from the evidence room and covering up their illicit activities by lying to federal investigators. … Vaught agreed to cooperate with federal investigators and secretly recorded more than 90 conversations with 25 people," Assistant U.S. Attorney Tom Bondurant said. Bondurant "added that Vaught is now receiving federal protection."

More Charges Filed Against Former Sergeant. The Martinsville (VA) Bulletin (12/28) reported a federal grand jury "has issued a new, six-count indictment against former Henry County sheriff's sergeant Robert Keith Adams in connection with alleged corruption in the sheriff's office. … That indictment, filed in U.S. District Court in Abingdon, alleges that Adams, who worked as a school resource officer and as sergeant in charge of investigations in the criminal division of the sheriff's office, helped cover up the crimes of former sergeant James Alden Vaught and lied to FBI agents who were investigating alleged drug and racketeering crimes at the sheriff's office."

Tennessee Doctor Accused Of Conspiring To Peddle OxyContin Surrenders License. The Knoxville (TN) News Sentinel (12/29, Satterfield) reports a Knoxville doctor "accused of peddling powerful pain-killing pills surrendered his license to dispense legal dope Thursday. Sanford K. Myers appeared before U.S. District Magistrate Judge Bruce Guyton Thursday and voluntarily surrendered his U.S. Drug Enforcement Administration certificate that authorized the Knoxville physician to issue prescriptions for narcotic drugs. … In the nine-count indictment, Myers, who operated a clinic on Kingston Pike in West Knoxville, is accused of conspiring with Jay Christopher Ridenour, Charles Ridenour and William Larry Cummings to peddle OxyContin from February 2005 to December 2005."

One-Year Suspension Recommended For Tucson Attorney Indicted On Federal Drug Charges. The Arizona Daily Star (12/28) reported a Tucson attorney who "was indicted on federal drug charges along with a doctor later convicted of conspiracy in a murder case should be suspended for a year," according to the recommendation of a hearing officer. The State Bar of Arizona "filed a complaint against Lourdes Lopez in November 2005, saying she had engaged in criminal conduct that 'reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects.'" Maret Vessella, deputy chief bar counsel, "said that not only did Lopez commit prescription drug fraud and insurance fraud, lie to the DEA and violate a federal judge's order…but the former Pima County prosecutor also discussed the plot to kill" a man.

MLB Players' Union To Fight Court Ruling On Drug Tests. The AP (12/29) reports Major League Baseball's players association "will fight a federal appeals court's decision to give prosecutors access to the names and urine samples of about 100 players who tested positive for steroids in 2003. If Wednesday's decision 'is allowed to stand it will effectively repeal the Fourth Amendment for confidential electronic records,' wrote Donald Fehr, executive director of the Major League Baseball Players Association."

The Washington Post (12/29, E5, Shipley) reports Fehr "said…he would consult with legal counsel to determine how to keep [the] records out of the hands of federal investigators. … The ruling means more professional baseball players could be ensnared in the drug probe known as BALCO that has already resulted in more than a dozen athlete suspensions and five criminal convictions. San Francisco Giants slugger Barry Bonds is the subject of a perjury investigation in connection with BALCO."

Bloomberg (12/28, Rosenblatt) reported Fehr "said in a statement that prosecutors investigating steroid use seized records for every player as well as 'confidential records of thousands of other people with no connection to baseball, including many with no connection to sports.' … Fehr reiterated arguments the union made in court that the seizure violated the players' constitutional rights against unreasonable searches and seizures."

Report: Federal Agencies Aren't Linking Information To Track Drug Trade, Immigration. The Inland Valley Daily Bulletin (12/29) reports, "In 2005, the Border Patrol apprehended approximately 1.2 million people in the U.S. illegally. Of those, 165,000 were from countries other than Mexico, and

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roughly 650 were…from special-interest countries, according to the Border Patrol. Those interviewed by the Daily Bulletin say agencies including the FBI and CIA are not using information from Border Patrol and Drug Enforcement Administration agents to make connections between the drug trade, illegal immigration and terrorist organizations. … 'The DEA has made a conscious effort to generate predictive intelligence so policy makers can be aware and plan ahead for significant changes in narcotics and smuggling operations,' said a DEA official who asked to remain anonymous. 'Anytime you send in a predictive piece of intelligence that has merit and it's ignored, then the consequences of that can be devastating to national security.'"

Government Officials Accused Of Remaining In "Willful Ignorance." The Inland Valley Daily Bulletin (12/29) editorializes, "The increased smuggling of drugs, humans and who-knows-what-else through a burgeoning international trade route through Nuevo Laredo, Mexico, and Laredo, Texas, is unsettling. So is the human carnage in the all-out battles among Mexican drug-smuggling cartels to control the Mexican trade route. … But perhaps most unsettling is the disconnect between those on the border's front lines and the higher echelons of the U.S. government, where a seemingly willful ignorance persists. … The FBI and CIA are not using information from Border Patrol and Drug Enforcement Administration agents to make connections among the drug trade, illegal immigration and terrorist organizations."

In Bolivia, US Senators Meet With Morales, Discuss Drug Trafficking. The AP (12/29) reports a delegation of six U.S. senators "led by incoming Majority Leader Harry Reid met Thursday with Bolivian President Evo Morales, seeking to smooth relations with the South American country's left-leaning government." Morales "announced earlier this month that he would seek to significantly expand the area for the legal cultivation of coca. The announcement drew sharp criticism from Washington, which has strenuously objected to any increase in coca production. The two nations, however, signed an agreement guaranteeing $34 million in U.S. anti-narcotics aid for next year." Reid "said the Andean country was 'moving forward' in its fight against drug trafficking."

Authorities Say 19 Killed In Attacks By Brazil Drug Gangs. The AP (12/29) reports drug gangs "set fire to buses and opened fire on police stations and posts around Rio de Janeiro early Thursday in a wave of violence that killed 19 people and wounded 21," according to the state's top law enforcement officer. The victims "included seven who were burned to death in one of four torched buses and two policemen, said Roberto Precioso, head of Rio's Public Safety Department. … Precioso said the attacks were apparently a show of force staged before a new governor is sworn in on Jan. 1. Police intelligence had warned the gangs were planning the attacks for some time." The Wall Street Journal used the AP story.

The New York Times (12/29, Rohter) reports drug gangs "unleashed a wave of attacks on police stations and public roads …Thursday, and at least 19 people were killed in the confrontations. … Brazilian news organizations said the wave of violence was meant as a warning to the new governor of the state of Rio de Janeiro, Sérgio Cabral. Elected in October after a hard-hitting campaign in which crime, drugs and public insecurity were the principal issues, Mr. Cabral takes office on Monday."

BBC News (12/28) reported officials "said the coordinated attacks had probably been planned from jail by imprisoned gang leaders. … Two police officers were among the dead, as well as seven gang members," Precioso said. He "said three suspects had been arrested and added police had occupied ten shantytowns, or favelas, which were controlled by drug gangs."

Bloomberg (12/29, Brasileiro, Blount) reported the violence "comes just four days before New Year's beach festivities and two months before February's Carnival parades, two of the world's largest events and key sources of revenue for the Brazilian city's tourism industry. 'The attacks were meant to destabilize the power of the state, but we have the situation under control and we're prepared to protect the population with added troops,' Precioso said. Rio won't cancel events planned for the weekend because of the attacks, he added."

The UK's Guardian (12/29) reports, "The city's prison secretary suggested that the violence had been planned by criminals from the Mangueira shantytown, a community thought to have links with the First Command of the Capital crime faction in Sao Paulo."

The UK's Independent (12/29) reports Rio's Mayor, Cesar Maia, "said gangs appeared to be retaliating against militias - reportedly run by off-duty police officers - that in

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recent months have been battling the gangs in slum areas and charging residents for protection."

Three Former Students Plead Guilty To Alabama Church Arsons. The AP (12/21, Rawls) reported, "Three former college students pleaded guilty Wednesday to federal arson charges for burning nine churches in a series of blazes that alarmed rural congregations across Alabama. Matthew Cloyd, Benjamin Nathan Moseley and Russell Lee DeBusk entered the guilty pleas to federal arson and conspiracy charges in the string of church fires set on two nights in February." US District Judge David Proctor "told them they all face minimum seven-year sentences." The AP noted, "The three are also charged with state crimes," and "defense attorneys have been discussing a similar plea deal with county prosecutors, but none has been reached."

TAX:

Judge Rules Against IRS In Keeping Asset Case In State Court. The Buffalo News (12/29, Habuda) reports, "Rebuffing the Internal Revenue Service, a federal judge Wednesday returned the receivership case involving St. Augustine Center to state court." The News continues, "The nonprofit human services agency that served Buffalo's black community was ordered closed in February by State Supreme Court Justice John A. Michalek because of financial problems. .. Since then, attorney Adam W. Perry, a court-appointed receiver, developed a plan to pay off creditors and obtain compensation for 85 employees who worked months without pay." The News adds, "After Perry presented his report last month about distributing the center's available assets - including more than $127,000 in unpaid wages - the IRS sought to move the case to federal court. … The IRS argued that the actions contemplated by the receiver would be adverse to the IRS's tax lien of almost $900,000 against St. Augustine and that the receivership action has become one 'against' the United States. … Further, attorneys for the U.S. Justice Department, representing the IRS, threatened last week to sue the former employees and the receiver if the lien wasn't honored." The News notes, "Perry argued before U.S. District Judge John V. Elfvin on Friday to keep the case in Michalek's court. … Elfvin agreed. In a decision issued Wednesday, Elfvin concluded that removing the case from state court had been improper. The judge also denied a conditional petition/motion for emergency injunctive relief that was filed by the IRS after the court clerk's office closed Friday for the holiday weekend. The IRS sought to prevent the receiver from distributing any St. Augustine assets until 10 days after the state court decides another IRS motion."

CONGRESS-ADMINISTRATION:

Bush Vows To "Try To Do Big Things" Despite Lame Duck Status. USA Today (12/29, Page, Jackson, 2.27M) writes on its front page that President Bush, "embattled by the Iraq war, barred from seeking another term in office and facing an emboldened, Democratic-controlled Congress," fits the "textbook definition" of "a lame duck. His final two years in the Oval Office seem destined to be dramatically different and more difficult than his first six. Republicans in Congress, once loyal, have begun to fracture. Democrats in Congress, once powerless, vow to use their new authority to investigate the administration, challenge its policies and chart their own course." But Bush, "calculating how to maneuver during his remaining time in office, insists he can score achievements -- and says he plans to try. 'Look, I came to do big things, and we're still going to try to do big things,' Bush told a private gathering of Republicans after November's election setbacks, according to GOP strategist Charlie Black, who was there. 'Regardless of my popularity and the Congress, I'm going to try to do big things.'"

Bush Tops AP Poll For Both Top Hero, Top Villain Of 2006. The AP (12/28, Superville) writes, "Bad guy of 2006: President Bush. Good guy of 2006: President Bush. When people were asked in an AP-AOL News poll to name the villains and heroes of the year, Bush topped both lists, in a sign of these polarized times." Bush "won the villain sweepstakes by a landslide, with one in four respondents putting him at the top of that list," but "was picked as hero of the year by a much smaller margin. In the poll, 13 percent named him as their favorite, while 6 percent cited the troops in Iraq." Fox News Special Report (12/28, story 7, 0:15, Hume) briefly mentioned the poll.

Roberts Taking His Time In Reshaping Court. The Legal Times (12/29, Mauro) reports, "At the end of John Roberts Jr.'s first full year as chief justice, his tenure is taking shape, framed by sometimes conflicting goals of collegiality, continuity and change." The Times

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continues, "He leads the nation's highest court more openly and with a lighter touch than his predecessor, the late William Rehnquist, and has quickly endeared himself to Supreme Court staff. But his imprint on the Court as an institution has been measured in small increments so far, as the realization sets in that major change -- such as increasing the size of the Court's docket and reforming the law-clerk-pooling arrangement -- may take years to accomplish. … 'He is trying to bring the old traditions of the Court into the 21st century,' says former Court official Harvey Rishikof. 'It's going to take awhile.'" The Times adds, "Nearly everywhere he goes, Roberts speaks of his desire to preside over a more cohesive and unanimous Court. But with resignation in his voice, he notes that he cannot achieve that goal without active help from his colleagues. … 'I think we're most effective when we operate and function as a court rather than nine separate individuals,' Roberts said at the University of Miami on Nov. 13, adding pointedly, 'I think we all need to do what we can to work toward that end.' … And when, at the Miami talk, ABC News reporter Jan Crawford Greenburg asked him how it felt to join the high court as its boss, Roberts gently corrected her. 'The chief justice really doesn't have a lot of authority of the sort that would cause you to refer to him as a boss.' … But Roberts is not losing sleep over this fact of Supreme Court life. Already steeped in the ways of the Court, Roberts knows that unlike a modern corporate executive who must produce quarterly gains, as a life-tenured chief justice, he can pace himself for the long haul."

Johnson Said To Be Improving. The New York Times (12/29, Zernike, 1.16M) reports Democratic Sen. Tim Johnson "marked his 60th birthday Thursday in the intensive care unit at George Washington University Hospital, where he remains in critical but stable condition two weeks after surgery to stop bleeding in his brain." Neurosurgeon Vivek Deshmukh said, "Senator Johnson's overall general medical condition has improved, and he is gradually being weaned from the sedation. He is opening his eyes and is responsive to his wife." The Times adds Johnson is "expected to undergo more testing in the next few days, and his office said it would release information afterward."

The Washington Post/AP (12/29, A17) reports Julianne Fisher, "a spokeswoman for the senator, said Johnson will not be present in the first days of the new Congress next week but is continuing to improve. She said he is responsive to directions from his wife but has not yet spoken." In a statement yesterday, Johnson's doctors "said he remains in intensive care at George Washington University Hospital. They have released few new details about Johnson's condition and prognosis since the days after the Dec. 13 surgery to stop bleeding in his brain."

Pelosi May Consider Issue Of Bathrooms For Female Representatives. McClatchy (12/29, McClatchy) writes, "When nature calls during a debate or vote in the House of Representatives, what's a member of Congress to do? The answer, even as the first female speaker of the House prepares to be sworn in next month, depends on gender." Male members have an easily accessible restroom, but "reaching the women's equivalent entails traversing a hall where tourists gather, or entering the minority leader's office, navigating a corridor that winds past secretarial desks and punching in a keypad code to ensure restricted access." Incoming Speaker Nancy Pelosi "may revisit…the question of potty parity."

Safire Says "Subpoena" To Be Word Most Heard In 110th Congress. In his annual New York Times (12/29, 1.16M) "Office Pool" column, on the question of the "word most often heard in 110th Congress," Safire offers: "(a) sellout (b) compromise (c) subpoena (d) civility (e) payback," selecting (c).

OTHER NEWS:

Economy Could Face "Uphill Climb" In 2007. The Christian Science Monitor (12/29, Scherer, 59K) writes, "It looks as if it will be an uphill climb for the economy next year. Growth could be the slowest in the past five years. The unemployment rate, already at a low level, is likely to rise. Business, which has been on a spending spree, is expected to cut back somewhat. The consumer, the bulwark of the economy, may not be spending quite as freely." But "despite this economic slo-mo, most economists expect a recession-free 2007, the sixth consecutive year without a downturn."

Existing Home Sales Rose In November. The Wall Street Journal (12/29, Conkey, 2.04M) reports sales of existing homes "rose for the second consecutive month in November, a sign of rebounding demand that suggests the economic fallout from the housing market's slump will be limited next year." The National Association of Realtors said sales of existing homes "increased 0.6% from October to an

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annual rate of 6.28 million units, down 10.7% from a year earlier." The Financial Times (12/29, Cameron) says "most of the rise in existing-home business was driven by sales in the north-east, and volumes continued to fall in the south of the country, which accounted for 38 per cent of nationwide transactions in 2005."

Stocks Down Slightly. NBC Nightly News (12/28, story 7, 0:15, Brown, 9.87M) reported, "On Wall Street today stocks were down slightly. The Dow lost nine points [to close at 12,501.52]. The Nasdaq was down more than five points [to close at 2,425.57]."

Ruling In Ohio Workers Compensation Case Sparks Debate. The New York Times (12/29, Driehaus) reports, "The Ohio Supreme Court has upheld a KFC franchise's petition to deny workers' compensation payments to a teenage boy who was severely burned while cleaning a pressure cooker, raising questions from lawyers and the dissenting judges about the basic no-fault tenet of the state's workers' compensation." The Times continues, "The majority in the 5-to-2 decision on Wednesday accepted the argument by the restaurant owner that the boy, David M. Gross, then 16, had voluntarily abandoned his job when he ignored repeated warnings not to boil water in the cooker to clean it. That meant he was not entitled to workers' compensation payments because he no longer had a job when he was injured, the ruling said. … 'This is the worst decision I've seen since I've been practicing law,' said Philip J. Fulton, a workers' compensation lawyer and past president of the Ohio Academy of Trial Lawyers. 'It changes the whole substance of what workers' compensation is supposed to be.'" The Times adds, "Mr. Gross was working at a Dayton-area KFC on Nov. 26, 2003, when boiling water spewed from a pressure cooker and caused third-degree burns around his hip and groin and second-degree burns on his arms, torso and back. Two co-workers were also burned. … Acompany investigation found that Mr. Gross had ignored warnings in the employee handbook and on the cooker as well as repeated warnings by two co-workers and a supervisor. … The Supreme Court majority said Mr. Gross had violated his employment agreement and forfeited his job by ignoring safety instructions: 'Gross willfully ignored repeated warnings not to engage in the proscribed conduct, yet still wishes to ascribe his behavior to simple negligence or inadvertence,' the court wrote. … Edna Scheuer, the lawyer for the restaurant's owner, Food, Folks and Fun, said Thursday that the ruling applied to a very narrow set of circumstances and sought to deny only Mr. Gross's disability claim, which would have paid him 72 percent of his wages for the first three months and then two-thirds of his wages until he recovered."

Ford-Nixon Friendship Seen As One Reason Underlying Pardon. In a 1,200-word front-page Washington Post story (12/29), Bob Woodward reports, "Previously unpublished transcripts of their calls, documents and personal letters provide a portrait of an intensely personal friendship" between former Presidents Gerald Ford and Richard Nixon "dating to the late 1940s but so hidden that few others were even aware of it." Tapes, documents and "two lengthy recent interviews with Ford before his death this week, conducted for a future book and embargoed until after his death, show that the close political alliance between the two men seriously influenced Ford's eventual decision to pardon Nixon, the most momentous decision of his short presidency and almost certainly the one that cost him any chance of winning the White House in his own right two years later." In a 2005 interview, Ford said, "I looked upon him as my personal friend. And I always treasured our relationship. And I had no hesitancy about granting the pardon, because I felt that we had this relationship and that I didn't want to see my real friend have the stigma."

The New York Times (12/29, Shane, 1.16M) reports Ford's decision to pardon Nixon "for any crimes he might have been charged with because of Watergate is seen by many historians as the central event of his 896-day presidency. It also appears to have left him with an uncharacteristic need for self-justification, though friends say he never wavered in his insistence that the pardon was a wise and necessary act and that it had not resulted from any secret deal with his disgraced predecessor." But over "the last three decades, as emotions have cooled, many who were initially critical of the pardon have come to share Mr. Ford's judgment that it was the best way to stanch the open wound of Watergate."

Ford's Misgivings About Iraq War Garner Coverage. In their coverage of the death of former President Ford, both ABC and NBC cover Ford's comments to journalist Bob Woodward on the Iraq war. ABC World News (12/28, lead story, 3:45, Stephanopoulos, 8.78M) reported, "Bob Woodward knows how to get powerful people to talk. It was a four-hour conversation in July 2004. And Woodward came away convinced that the former President was telling him

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what he really thought about Iraq. Ford told Woodward that President Bush fought the wrong war --" Ford: "I don't think I would have ordered the Iraq war." Stephanopoulos: "-- for the wrong reasons." Ford: "I think Rumsfeld , Cheney, and the President made a big mistake in justifying going into the war in Iraq. They put the emphasis on weapons of mass destruction. I've never publicly said that I thought they made a mistake, but I felt very strongly that it was an error."

NBC Nightly News (12/28, story 3, 2:15, Mitchell, 9.87M) reported, "Gerald Ford, loyal to the end to his closest former aides, Dick Cheney and Donald Rumsfeld, was privately torn about their most controversial policy, the Iraq war. Only weeks before his last visit to Washington in 2004 he told author Bob Woodward he strongly disagreed with the decision to invade Iraq. Woodward taped the interview with the former President's knowledge. … The former President didn't know George W. Bush very well and is not known to have offered him advice on Iraq, but he told Woodward -- " Ford: "And I just don't think we should go hellfire damnation around the globe freeing people unless it is directly related to our own national security."

Bush To Miss Saturday Night Capitol Ceremony. The Washington Post (12/29, A19, Abramowitz, Layton, 690K) reports President Bush "declared a national day of mourning and ordered the federal government to close Tuesday to mark the death of Gerald R. Ford. Financial markets will be partially closed in observation of his passing as well." Though Bush "opted not to cut short a week-long stay at his ranch here to return for Saturday night's ceremony, when Ford's body will be brought to the Rotunda of the U.S. Capitol," he and the First Lady "will head immediately to the Capitol upon their return to Andrews Air Force Base on Monday to pay respects at the casket."

The CBS Evening News (12/28, story 6, 2:30, Whitaker, 7.66M) reported, "All US Presidents are entitled to a state funeral with military pomp and public ceremony, but Gerald Ford, a humble man, had to be persuaded." Still, "it will be simpler than some in recent memory."

The Washington Times/AP (12/29, Woodward) reports, "Less pomp, more circumstance. Gerald R. Ford's state funeral is missing some of the grandeur of the one for Ronald Reagan two years ago, a reflection of the 38th president's modest ways and lesser imprint on the nation, according to further planning details released Thursday." Part of it "will be missing President Bush, too."

USA Today (12/29, 4A, Kasindorf, 2.27M) reports the nation "begins six days of farewells to President Gerald Ford in state funeral ceremonies stretching from the California desert to the U.S. Capitol and a Michigan hillside." Observances are "scheduled to begin with a private prayer ceremony for the Ford family at St. Margaret's Episcopal Church in Palm Desert, Calif., where Ford and his wife, Betty, worshiped together for 29 years."

DC Mayor-Elect Delays Inaugural Celebration For Ford Day Of Mourning. The Washington Post (12/29, B1, Silverman, 690K) reports DC Mayor-elect Adrian M. Fenty "decided yesterday to postpone his inaugural celebrations, including a party that was expected to draw up to 15,000 people, because Tuesday has been declared a national day of mourning for former president Gerald R. Ford." Fenty will "still become mayor that day, taking the oath and succeeding Anthony A. Williams in a private ceremony. But he pushed back a public inauguration for himself and the D.C. Council until Wednesday and reset his inaugural ball for Jan. 6."

Ford Didn't Recommend Himself As Agnew Replacement. ABC World News (12/28, story 2, 2:05, Reynolds, 8.78M) reported, "Beyond the standard trappings of chief executive memorabilia" at the Ford Presidential Museum in Grand Rapids, Michigan, "the truly unprecedented nature of the Ford Presidency and Vice Presidency becomes more and more apparent with every step you take." On "one wall can be found a 1973 note from then-Congressman Ford to President Richard Nixon, touting candidates as vice presidential replacements for the disgraced Spiro Agnew. Note that Ford's own name is not on the list."

Hometown Remembers Ford For Accomplishments, Not Pardon. The New York Times (12/29, Bunkley, 1.16M) reports that in Grand Rapids, Michigan, some residents "had to be reminded by news reports about Mr. Ford's death that he is best remembered in most other parts of the United States for pardoning his predecessor, Richard M. Nixon. They have always known him as the athletic Eagle Scout who lost his bid to be president of South High School's senior class before serving them in Congress for 25 years, ascending to the White House and helping to heal a nation scarred by the Watergate scandal."

Ford Asked Carter To Speak At Funeral. The New York Times (12/29, Kornblut, 1.16M) reports that as he "helped in recent years arrange the details of his own funeral,

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Gerald R. Ford reached out to an old adversary: Jimmy Carter, who defeated him for the presidency in 1976." Ford "asked whether his successor might consider speaking at his funeral and offered, lightheartedly, to do the same for Mr. Carter, depending on who died first."

Ford Was Active Civically At Local Level. The Washington Post (12/29, A18, Pomfret, Geis, 690K) reports that in Ford's "regular-guy lifestyle distinguished him from other former presidents," and his "biggest achievement -- helping his wife found the Betty Ford Center, the internationally known substance-abuse rehabilitation facility -- could be said to pale in comparison. But in his quiet unhurried way, friends and others said, the ex-president, who died here Tuesday, was a model citizen, known for the courtesy with which he treated people and the sincerity with which he lent his time and money."

Ford Widely Appreciated In DC Area. The Washington Post (12/29, A18, Montes, 690K) reports, "Long before the rest of the nation recognized his signature qualities -- his hardworking manner, his kind regard for others, his basic decency -- friends and associates in the D.C. area knew that Gerry Ford was a prince of a guy."

Betty Ford's Resilience, Independence Noted. The Washington Post (12/29, C1, Tucker, 690K) profiles former First Lady Betty Ford's resilience in the face of adversity, saying she "didn't become the most admired woman in America during one of the most turbulent periods in national history because she made nice. She was so admired in the mid-1970s, and is beloved by a wide swath of the nation today, because she was bluntly honest and because, after everything life has thrown at her, she never quit."

The Dallas Morning News (12/29, Harris, 500K) reports, "Not since the days of Eleanor Roosevelt had any first lady spoken so freely on topical issues." ABC World News (12/28, story 6, 2:55, Snow, 8.78M) reported, "If her husband was the accidental President, Betty Ford was an accidental First Lady. At a time when the country yearned for truth, her disarming openness distinguished her."

Ford Demonstrated Good Humor Despite Portrayal As "Klutz" On SNL. The New York Times (12/29, Leibovich, 1.16M) reports, "No one did more to solidify Mr. Ford's unfortunate, and perhaps unfair, standing as the nation's First Klutz than" Chevy Chase, "the 'Saturday Night Live' cast member who routinely portrayed the president committing all manner of trips, flails and lurches." Ford's "cheerful reaction to the sendup included doing a cameo for 'Saturday Night Live' from the Oval Office; sending his press secretary, Ron Nessen, on the show; and appearing with Mr. Chase at a political dinner. That type of reaction became a benchmark of what would come to be an essential presidential image-making skill: an ability to laugh at oneself."

Dionne Says Bush Praise For Ford Is Right. In his Washington Post column (12/29, A27), E.J. Dionne reviews readers' email from the year, concluding, "Finally, a great many readers were frustrated that I have been rather consistently critical of President Bush -- though a few wanted more criticism. So please permit me to end the year in the conciliatory spirit of Gerald Ford." Speaking "on Wednesday morning, Bush declared that Ford 'came along when we needed him most' and that Americans came to know him 'as a man of complete integrity who led our country with common sense and kind instincts.' President Bush is entirely right."

Kondracke Recalls Ford's Honesty. In his Roll Call column (12/29), Morton Kondracke says former President Ford was "straightforward, honest, uncomplicated, salt-of-the-earth Midwestern, an Eagle Scout nearly incapable of dissembling. He was just what the country needed after the traumas of Watergate — the product of former President Richard Nixon's deviousness and paranoia." But Ford's "straight-forwardness limited his imagination, too. As a regular Republican Congressional leader, he voted against federally funded housing, aid to education, the Medicare program and former President Lyndon Johnson's war on poverty."

Ben-Veniste Says Ford Should Have Required Nixon Acknowledge Wrongdoing. In a Washington Post op-ed (12/29, A27), Watergate prosecutor Richard Ben-Veniste says, "While I do not believe Ford was wrong to pardon Nixon, the timing of the pardon was premature and may have cost Ford the margin of victory in the 1976 election. Had Ford kept to his original plan and allowed time for formal charges to be lodged against Nixon, spelling out the specifics of his culpability, it would have been up to Nixon to either accept the pardon or fight the charges in court. But pardoning Nixon without requiring at least an acknowledgment of responsibility for serious misconduct and for lying to the public left the door open for the spate of revisionist books and articles that followed the resignation."

Edwards Enters Presidential Race With Announcement In New Orleans. Former North Carolina Sen. John Edwards, the 2004 Democratic vice

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presidential nominee, on Thursday officially entered the 2008 race for president, announcing his bid from the Hurricane Katrina-ravaged Lower Ninth Ward in New Orleans. ABC World News (12/28, story 4, :45, Gibson, 8.78M) reported, "There was, today, still another entry into the race to succeed President Bush." John Edwards: "I'm candidate for the presidency of the United States." Gibson: "Edwards made the announcement in a New Orleans neighborhood, devastated by Hurricane Katrina. He praised volunteers who helped rebuild there. And called it an example for national action." John Edwards: "If we want to change this country, and we want to move America in the way it needs to move, we're going to have to do it, all of us together. Instead of staying home and complaining, we're asking people to help."

NBC Nightly News (12/28, story 6, 2:10, Brown, 9.87M) reported on Edwards' presidential bid announcement. NBC (Reid) related, "John Edwards said he chose New Orleans to announce because of the deep poverty revealed by Hurricane Katrina, still raw 16 months later." Edwards: "New Orleans in so many ways shows the two Americas that I have talked about in the past." Reid: "If that sounds familiar two Americas, one rich and one poor it is the same theme he ran on in 2004 and lost. The question now, what is the difference this time around?" Edwards: "You learn a lot from going through a national campaign. I certainly learned a lot."

Fox News Special Report (12/28, story 5, 3:30, Hume) also reported on Edwards' announcement that he will make a second run for the White House. Fox News (Garrett) noted that Edwards "endorsed the idea of universal health care, but provided no details. And even though economic growth, driven in part by Bush tax cuts has generated tens of billions in new and unexpected revenue, Edwards called for higher taxes on the wealthy and big oil companies." Edwards: "We do need, in my judgment, to get rid of some of the tax cuts that have been put in place, particularly for people at the top. I think that it may be necessary to put in place a tax on some of the windfall profits that oil companies are making." Garrett: "Edwards said higher taxes fit into a model of sacrifice Americans should embrace. Another example, increasing energy conservation." Edwards: "We need to ask Americans to be willing to be patriotic about something beyond war."

Appearing on Fox News (12/28, Chetry), Edwards said, "Anybody who's considering running for president, I hope, is doing it because they want to serve this country. And speaking for myself as an American, that's why I'm running for president. And I think we need the best possible president in 2009. I hope we have the best possible candidates, both on my side, the Democrats, and on the Republican side, because the American people need to have real choices. … I think that Sen. Obama, Sen. Clinton, other people who've talked about running on our side, and some of the people who it looks like are going to run on the other side, are all good people and I think we want those kind of choices in the race. I think it's for America to decide what it is I have to offer."

The AP (12/29, Pickler) reports that Edwards announced his bid "with new ideas that make him a very different candidate the second time around. In 2004, Edwards was the moderate southern senator who promoted middle class tax cuts and tried to position himself as the best general election alternative to President Bush. This time the 53-year-old faces a tougher fight for the Democratic nomination and has a more progressive campaign of eliminating poverty, reducing global warming and providing universal health care for all Americans." In 2004, Edwards "stressed his up-from-the-bootstraps biography that turned the son of a mill worker into a successful trial attorney and then senator. This time around, Edwards didn't mention one word about his personal story. He talked less about what he wanted to do as president and more about how everyone can change the country."

The New York Times (12/29, Nossiter, 1.16M) reports Edwards kicked off his 2008 campaign "with an appeal to citizens to take on challenges like the one represented by this still-devastated city." The choice of the "battered New Orleans neighborhood for Mr. Edwards's unconventional announcement, with student volunteers at his side, was intended to highlight what, in broad terms, would be a central theme of his campaign: the need for a fresh wave of citizen activism to 'change this country.'" Edwards "seemed at pains to begin on a positive note. He delivered a Kennedy-like appeal for grass-roots volunteerism rather than a broadside against President Bush, though he called Mr. Bush's foreign policy team 'an absolute disaster' in the question-and-answer session afterward."

McClatchy (12/29, Christensen) reports, "The Ninth Ward section of the city is still strewn with boarded-up homes and piles of debris 16 months after the area was flooded by Hurricane Katrina. 'New Orleans in so many ways shows the two Americas that I have talked about in the past,' Edwards said. Edwards said it wasn't just the business of government to rebuild destroyed neighborhoods, although he criticized the Bush administration for doing too little. He said he would use

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his campaign as a 'call to action' to encourage private groups to help those in need in New Orleans and elsewhere. … 'If you walk around these neighborhoods, what you'll hear is that most of the good that has been done in New Orleans has been done by faith-based groups, charity groups and volunteers,' Edwards said."

The Washington Times (12/29, Hurt, 88K) reports that Edwards "took the opportunity yesterday to criticize the Bush administration for its handling of the post-hurricane rescue efforts, cleanup and rebuilding in New Orleans. 'I think if the president of the United States had come to New Orleans, spent some time here -- I mean, the president has a lot of responsibilities, he can't stake himself out for the long term in New Orleans -- but he should have spent a period of days here, saw what was actually happening on the ground and then demanded action,' Mr. Edwards said."

The Los Angeles Times (12/29, Finnegan, 850K) reports that Edwards' "announcement came as no surprise; he has been preparing for the campaign for more than two years. To maximize media exposure, he timed his announcement for the normally slow news week before New Year's. The death this week of former President Gerald Ford complicated that plan, but Edwards still drew more than 20 news crews to his chilly morning announcement in New Orleans."

Edwards Says US Should Begin Troop Withdrawal From Iraq, Blasts Bush On Foreign Policy. The Washington Post (12/29, A1, Balz, 690K) reports in a front page story that Edwards kicked off his second presidential bid "with a call for the United States to reduce its troop presence in Iraq and a plea for citizen action to combat poverty, global warming and America's reliance on foreign oil." Edwards was "sharply critical of the administration for its conduct of the war in Iraq, and he again recanted his own vote authorizing President Bush to take the country to war, which he called a mistake." Edwards said, "The biggest responsibility of the next president of the United States is to reestablish America's leadership role in the world, starting with Iraq. We need to make it clear that we intend to leave Iraq and turn over the responsibility of Iraq to the Iraqi people."

USA Today (12/29, Lawrence, 2.27M) reports that Edwards "called his vote to authorize the Iraq war 'a mistake' for which he takes full responsibility. The one-term senator said he has been "all over the world" in the last two years and has increased his depth of knowledge of world affairs. He said it's fair to question his level of experience but said that doesn't guarantee vision or good judgment. He cited President Bush, Vice President Cheney and former Defense secretary Donald Rumsfeld prove his point. They were 'extraordinarily experienced,' he said, but their tenure has been 'an absolute disaster by any measure.' He criticized the Bush administration for making it difficult to engage other countries on international problems. 'The world is literally in chaos,' he said. 'When America doesn't lead, there is no stability. We are the stabilizing force in the world.'"

The Financial Times (12/29, Sevastopuloin) reports that Edwards "said his top priority would be restoring America's image. 'The biggest responsibility of the next president of the United States is to re-establish America's leadership role in the world, starting with Iraq,' said Mr Edwards. 'We have to show that we have the moral authority to lead. You can't lead through raw power.'" Edwards "said the US needed to get more involved in solving the crisis in Darfur and said America should join the International Criminal Court."

Edwards Launches Nationwide Tour To Promote His Candidacy. Bloomberg (12/29, Johnston) reports that Edwards "embarked on a cross-country campaign to promote his new presidential bid after getting the jump on some fellow Democrats by announcing his populist candidacy in hurricane-ravaged New Orleans. Seeking to build support against a formidable slate of possible opponents," Edwards "appeared at a town hall meeting in" Des Moines, Iowa, "home to the nation's first presidential caucus, before heading to New Hampshire, site of the first primary election in 2008. In Iowa, Edwards is tied in early polls with Barack Obama and ahead of Hillary Clinton, two senators who are likely to join the race soon.

The Des Moines Register (12/29, Simons, 160K) reports that Edwards, speaking in Des Moines "during the 90-minute town hall meeting," said that he's "working on a true universal health care plan, not just access to health care or affordable health care. It's part of taking care of the nation's people and America proving itself once again as a model for the rest of the world, he said. 'We need to be patriotic for something other than just war,' he said."

Edwards Announcement Seen As Putting Pressure On Kerry To Make Decision. The Boston Globe (12/29, Milligan, 413K) reports that Edwards' "entry into the race as the third candidate for the Democratic nomination puts pressure on" Massachusetts Sen. John Kerry (D), Edwards' former running mate, "to make his decision, since the two

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former colleagues and running mates will be competing for a finite pool of money and support, analysts said. … 'It's one more indication that if Kerry's going to get in, he needs to get in fairly quickly,' said Merle Black, a political science professor and campaign specialist at Emory University in Atlanta. 'He's going to have trouble raising money and getting staff.' Kerry spokesman David Wade said the senator would announce his intentions after New Year's Day but felt no need to rush his decision."

Edwards Said To Be Pushing "Old-Fashioned Latin Populism." In her Wall Street Journal (12/29, A9, O'Grady, 2.04M) column, Mary Anastasia O'Grady compares Edwards with the recent class of Latin American populists, saying that "old-fashioned Latin populism -- what John Edwards is hawking to the U.S. electorate for 2008 -- is as chic in the region today as it was 25 years ago, and its persistence is seriously threatening Latin progress."

Obama Expresses Opposition To US Troop Surge In Iraq. The Washington Times (12/29, Bellantoni, 88K) reports that Illinois Sen. Barack Obama on Thursday "joined a chorus of potential Democratic presidential candidates criticizing U.S. policy in Iraq, telling supporters he opposes sending more troops and urging them to send letters to persuade President Bush to change the course of the war." President Bush "is thought to favor sending 20,000 to 40,000 additional troops to Baghdad, an idea several Democratic White House prospects have criticized. In an e-mail titled 'Escalation is not the answer,' Mr. Obama yesterday asked voters to tell Mr. Bush 'our soldiers are not numbers to add just because someone couldn't think of a better idea.'" Obama's "message includes a link to the White House's 'contact' page."

Franks Backs Hunter Over McCain In GOP White House Race. The Arizona Republic (12/29, House) reports, "One of Arizona's most conservative U.S. House members is endorsing a California congressman over Sen. John McCain for the 2008 GOP presidential nomination, saying it is 'what's right for America.' 'I think the senator knows there's nothing personal on my part,'" AZ2 Rep. Trent Franks (R) "said of his support of" CA52 Rep. Duncan Hunter (R), the "outgoing chairman of the House Armed Services Committee." Franks said that "he already has stumped alongside Hunter, who advocates in favor of strong military and for border security. Hunter announced the formation of his presidential exploratory committee in October." The Republic notes that "without criticizing McCain directly, Franks described Hunter as a candidate who 'is an unequivocal social conservative and fiscal conservative and has a consistent conservative voting record.' 'He is one of the true Reagan Revolutionaries in Congress,' Franks said."

Krugman Says "Radical Right" Failed To Govern. In his New York Times column (12/29), Paul Krugman criticizes the "Republican Revolution" of 1994, saying, "As long as people like" Dick Armey, Newt Gingrich and Tom DeLay "were out of power, they could run on promises to eliminate vast government waste that existed only in the public's imagination — all those welfare queens driving Cadillacs. But once in power, they couldn't deliver. That's why government by the radical right has been an utter failure even on its own terms: the government hasn't shrunk. Federal outlays other than interest payments and defense spending are a higher percentage of G.D.P. today than they were when Mr. Armey wrote his book: 14.8 percent in fiscal 2006, compared with 13.8 percent in fiscal 1995."

Latino Political Power Said To Have Emerged In 2006. In a USA Today op-ed (12/29, 13A), Raul Reyes, a member of USA TODAY's board of contributors, says, "2006 was the 'Year of the Immigrant,' driven by a fierce national debate over what the country should do about 12 million undocumented immigrants. The subsequent restrictive policy proposals were not surprising. But the massive pro-immigrant marches were astonishing, and invigorating." By fall, "the intolerant tone of conservatives only served to remind us of our own roots. So did passage of several restrictive local laws aimed at illegal aliens, as well as congressional approval of a 700-mile fence along the U.S.-Mexico border. So in the congressional elections, Latinos deserted the party of The Fence." Democrats now "have the challenge of retaining a Hispanic constituency that is increasingly complicated."

Ignatius Notes Key Challenges, People For 2007. In his Washington Post column (12/29, A27), David Ignatius writes on "three people who symbolize for me some of the difficulties of the year we have just lived through and also the promise and potential of the one ahead. Each of them reminds me that we are walking into the future balanced on a tightrope." Mohammad Baqer Qalibaf, the

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mayor of Tehran, "embodies Iran's potential to become a great nation -- and perhaps to escape the apocalyptic confrontation with the West that is proclaimed by his political rival, President Mahmoud Ahmadinejad." In listening to Sallai Meridor, the new Israeli ambassador to Washington, "I sense that for his generation of Israelis, there is a dawning recognition that a Palestinian state living in peace with Israel is crucial for its future as a democratic Jewish state." And Secretary of Homeland Security Michael Chertoff "wants to stay focused on the biggest risks out over the horizon -- the nuclear or biological attacks that could kill hundreds of thousands of Americans. I admire Chertoff's dedication, but I have a nagging worry that his collection of bureaucratic agencies isn't up to the job of keeping America safe."

Schwarzenegger Recovering From Surgery. Fox News Special Report (12/28, story 8, 0:20, Hume) reported Gov. Arnold Schwarzenegger "continues to recover from surgery to repair a leg he broke in a skiing accident last weekend. Schwarzenegger says he has been meeting with his staff while he is hospitalized and is working on his state of the state address." The Los Angeles Times (12/29, 850K) says Schwarzenegger's office "released two photographs of the governor in his hospital bed, surrounded by monitors. He was dressed in hospital garb with a sheet covering his legs, and he appeared to be signing or editing documents. An intravenous tube was protruding from his right hand, and a laptop computer was perched at his bedside. 'I woke up feeling great,' he said in a statement. He said he was looking forward to his inauguration next month 'even if it means I have to walk into my swearing-in ceremony on crutches.'"

Many New State, Local Laws Take Effect Monday. The Christian Science Monitor (12/29, Wood, 59K) and USA Today (12/29, Cauchon, 2.27M) both looks at some of the state and local laws that will take effect on Monday. The Monitor says that "besides providing creative solutions to mundane problems like frustration over automated phone attendants, the laws that go into effect next Monday in 32 states reveal several trends: Five states will increase their minimum wages, nine states will implement more stringent policies on citizens' privacy to curb problems associated with identity theft, and five states will mandate new recreation regulations."

Minnesota Politics In Upheaval After 2006 State Elections. The New York Times (12/29, Johnson, 1.16M) reports on the changing political situation in Minnesota, where Democrats flipped the state House, increased their majority in the state Senate, and came within 22,000 votes of defeating Republican Gov. Tim Pawlenty. Minnesota's capital "'is in many ways the perfect petri dish for testing what the nation's new political landscape may produce. Once predictably Democratic in national politics, the anchor of Upper Midwest liberal populism from the 1920s through Hubert Humphrey and Walter Mondale, Minnesota is now considered a battleground, with the Republicans scheduled to hold their national convention in 2008 in Minneapolis and St. Paul around that declaration." The Democrats "won big here," but "they emerged divided, too, owing much of their surge to newly elected moderates from the suburbs who are unlikely to embrace a pure liberal agenda. The Republicans lost big, but were pushed toward the center as well, led by Mr. Pawlenty, who has said since the election that many of his second-term priorities will overlap with those of the Democrats he fiercely battled in his first four years."

Virginia Republicans Conferring To Solve Divisions On Transportation. The Washington Post (12/29, A1, Shear, 690K) reports top Virginia Republicans, "including the state's attorney general and the party's former national chairman, have been holding secret meetings for weeks in the hopes of finding an end to the war among their party's lawmakers and reaching a compromise on funding for transportation, several participants said." Some of the GOP's "biggest names from outside the General Assembly fear that the rift between leaders in the GOP-led House of Delegates and state Senate will cause Republicans to lose big in elections in November, especially in Northern Virginia, unless something is done to ease congestion."

WPost Says Maryland Must Raise Taxes To Bridge Deficit. The Washington Post (12/29, A26, 690K) says in an editorial that Maryland's "fiscal problems are gathering like thunderheads." Despite Gov.-elect Martin O'Malley's "dismissive treatment of projected deficits during the fall campaign, it seems increasingly likely that his term in office will be marked not by the hundreds of millions of dollars in initiatives and new spending he liked to talk about on the stump but by his ability to manage and contain shortfalls estimated to run into billions of dollars." O'Malley "has not ruled out new taxes, which will inevitably be part of any

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solution to a fiscal problem on the scale of Maryland's. But he seems determined to defer a major push on revenue until his second year in office, perhaps by naming a commission to 'study' the problem." O'Malley is "looking increasingly cavalier, and possibly foolish, to postpone a serious reckoning."

Somali Transitional Government Troops Remove Islamists From Power. The New York Times (12/29, Gettleman, 1.16M) reports that in Somalia, "thousands of troops of the transitional government marched into" Mogadishu Thursday "in a stunning reversal of fortune." In five days, "the internationally recognized government, a fledging authority that had been so weak it was marooned in a provincial market town, captured the formidable capital and most of Somalia," with "more than a little help from Ethiopia." The Islamists were "vanquished," or removed from power "faster than anyone had expected." The Ethiopians say "they have no intention of staying and that their mission to neutralize the threat in Somalia has been mostly accomplished."

The Los Angeles Times (12/29, Sanders, Albadri, 850K) reports on Thursday morning, "residents awoke this morning to find the Ethiopians and troops of Somalia's UN-backed transitional government taking positions." Government officials "spent most of Thursday meeting with clan leaders to ensure there would be no remnants of the Islamic forces hiding in Mogadishu when they entered, and that the local population would welcome their soldiers." US and Ethiopian officials had "accused the Islamists of plotting to establish a Taliban-style regime and use Somalia as a base to launch terrorist attacks." Prime minister of the transitional government, Ali Mohammed Gedi, declared, "The fighting is over."

Transition Stirs Uneasiness In Somalia. The Washington Times/AP (12/29, Hassan) reports, "Ethiopian soldiers stopped on the outskirts of town, after providing much of the military might in the offensive that shattered what had seemed an unbeatable Islamist militia. Islamist fighters fled south vowing to continue the battle." Amidst celebrations, "many in overwhelmingly Muslim Somalia are suspicious of the transitional government's reliance on neighboring Ethiopia, a traditional rival with a large Christian population and one of East Africa's biggest armies."

The Christian Science Monitor (12/29, Crilly, 59K) reports, "Residents said they feared a return to 15 years of anarchy," and analysts warn that "the quick victory over the Islamists…leaves a dangerous vacuum in a country that has only recently seen calm." Analysts contend that "without a political strategy," Somalia "risks becoming a quagmire that sucks in neighboring countries." They also said that "if the Ethiopians withdraw quickly," then "radical elements within the courts…might run a guerrilla campaign, drawing in foreign fighters."

US Pitch For Iran Sanctions Receives "Tepid" Response. The Wall Street Journal (12/29, A4, King, 2.04M) reports, "Armed at last with a set of limited United Nations sanctions against Iran's nuclear program, the Bush administration has been stepping up efforts to persuade countries in Europe and Asia to go further and cut off bank lending and other financial interactions with Iran." International response has been "tepid," and European officials want to first "implement and enforce Saturday's package of limited sanctions on Iran." Senior US officials say that the Dec. 23 UN resolution is "crucial because it provides countries with the legal justification to push for tighter financial controls against Iran within their own systems."

Israel Says Egypt Sends Abbas Weapons. The New York Times (12/29, Erlanger, 1.16M) reports, "After coordination with Israel and the United States, Egypt has sent weapons and ammunition into the Gaza Strip to forces loyal to the Palestinian Authority president, Mahmoud Abbas of Fatah," Israeli officials said Thursday. Senior Palestinian officials "denied the report." The Bush Administration is "seeking Congressional support for up to $100 million, mostly for salaries and training, to strengthen Mr. Abbas and his security forces and extend their control over the Gaza crossing points." A senior US official "insisted that the point was not to promote civil war with Hamas, but to help Mr. Abbas and Fatah and 'to provide deterrence and balance' in Gaza, where Hamas is especially strong." The arms shipment is "part of a broader American and Israeli effort."

Beirut Celebrates Holidays Despite Struggles. The New York Times (12/29, Fattah, 1.16M) reports that though holiday cheer "lent downtown Beirut the feel of a Christmas fair for much of this week," even the Christmas celebration "turned political." Rallies have been "muted in recent days so families could celebrate Christmas or prepare for Id al-Adha, the Muslim Feast of Sacrifice, at the weekend." However, opposition leaders "threaten to raise the

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pitch next week, suggesting that they may block highways and access to Beirut's airport."

Russia, Belarus Prepare For Gas Showdown. The Wall Street Journal (12/29, A3, Cullison, Crawford, Miller, 2.04M) reports, "Russia and the former Soviet state of Belarus are heading toward a showdown over natural-gas prices that both sides warn could lead to a New Year's Day pipeline shut-off similar to the one that hit Ukraine a year ago, which had ripple effects across Europe." However, analysts say there is "less likelihood of a political firestorm over any Russian cutoff this year."

USA Today (12/29, 8A, Stinson, 2.27M) reports, "Gazprom, Russia's state-controlled natural gas monopoly, has told Belarus to pay double the current price for gas by New Year's Day or supplies will be cut." The company also "demanded a stake in the pipeline carrying gas from Belarus to other European customers." Belarus has "rejected the demands," even though Gazprom is the world's "biggest gas producer," and "provides 25% of the natural gas consumed by Europe." Analysts say the dispute shows how Russia is "tightening its grip on energy production and distribution to squeeze higher prices from its neighbors."

Bulgaria, Romania Enter EU On Monday. The Christian Science Monitor (12/29, Jordan, 59K) reports "despite Western fears that hordes of desperate, job-seeking Bulgarians and Romanians will again flood the European Union when their countries become members on Jan. 1," but many "have compelling reasons to stay home." Krassen Stanchev, executive director of the Institute for Market Economics in Sofia, said, "Some believe 'paradise' is in Western Europe, but some of this paradise will soon be coming here." Both Bulgaria and Romania expect "a multibillion-euro infusion of EU aid and foreign investment after New Year's," and already, their economies "are roaring, growing at 7 percent and 6 percent, respectively."

Turkmen Leader's Death Could Lead To Chaos. In a Wall Street Journal (12/29, A8, 2.04M) op-ed, Uzbek journalist and novelist Hamid Ismailov eulogizes Saparmurat Niyazov, Turkmenistan's president who died last week: "Turkmenbashi ('Head of all Turkmen')…was, as his foreign obituarists noted, 'eccentric' even by Central Asia's high standards. Niyazov abolished opera, ballet and circus, arts that were foreign, according to him, to the Turkmen mentality; to nurture this 'mentality,' he wrote 'Ruhname' (Book of Spirit), a compilation of reinvented history, folklore and pseudo-philosophical maxims to rival the Quran." Ismailov lists a number of further perceived eccentricities, noting however that "mesmerized with his notorious idiosyncrasies, the outside world paid less attention to the dark side of Turkmen reality. Politicians and journalists who dared think independently disappeared." Ismailov predicts a chaotic transition of power, possibly to Niyazov's son Murad, "who upon the news of the old man's death swiftly imprisoned his rival and constitutionally next-in-line, the parliament speaker, and declared himself acting president."

Buddhists Flee Bangkok From Militant Insurgency. The Washington Times (12/29, Ehrlich, 88K) reports, "Buddhists are fleeing their homes in southern Thailand in the face of an increasingly militant Muslim insurgency that has begun calling for an independent and pure Islamist nation in the impoverished region bordering Malaysia." Bangkok has "developed into a battle reflecting extremism in Iraq and Afghanistan, including beheadings and the burning of schools." In addition, "200 Buddhist villagers in the Yala province have fled."

China's Economy Likely To Have Expanded 10.5% This Year. The Wall Street Journal (12/29, Zheng, Ruan, 2.04M) reports, "China's economy is likely to have expanded 10.5% in 2006, the chief economist of the National Bureau of Statistics said yesterday." Yao Jingyuan, senior official of the statistics bureau said that "combined value of China's imports and exports likely rose 25% in 2006 to $1.7 trillion." He warned that the economy is "still facing risks of overheating," but the government "should also guard against any big slowdown in growth."

USA Today Says Ban's UN Obstacles Are "Not Impossible." The USA Today (12/29, 11A, 2.27M) editorializes that even though Ban Ki Moon faces immediate challenges as he takes over as the UN's secretary-general, Ban's mission "is not impossible." His challenges "cry out for a strong and authoritative figure," and Ban's reputation is "that of a self-effacing bureaucrat." To "rebuilt the trust of the UN," Ban can start by "focusing on making the UN bureaucracy more accountable," "making a new diplomatic push to halt the genocide in Sudan's Darfur region," and "start gathering troops for quick deployment if and when Sudan's leaders accept them."

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WSJournal Says Bush AIDS, Malaria Initiative Shows Progress. The Wall Street Journal (12/29, A8, 2.04M) editorializes that 2006 was "a year of progress on both fronts," on AIDS and malaria. The White House's malaria summit this month had a message of "accountability," and not just "spending more money." Since President Bush "launched his $15 billion plan for AIDS relief in 2003," the US "has provided life-saving antiretroviral drugs for 822,000 people," while providing care for "another 4.5 million people such as AIDS orphans." This is "only a fraction of the 39 million HIV infections world-wide, 62% of them in sub-Saharan Africa," but the Bush Administration is "showing with AIDS and malaria is that a well managed effort can save millions from an early grave."

LATimes Chides Archbishop Of Canterbury For "Selective" Critique Of Mideast. The Los Angeles Times (12/29, 850K) editorializes, "In blaming an exodus of Christians from the Middle East on the 'short-sightedness and ignorance' that led to the war in Iraq," Archbishop of Canterbury Rowan Williams "has identified a part -- but only a part -- of the sad phenomenon he rightly decries." In a Times of London essay, the Church of England head "notes that opponents of the Iraq war had warned that Western military action 'would put Christians in the whole Middle East at risk.' Williams says that events since the 2003 invasion of Iraq, including the departure from Iraq of thousands of Christians, have made prophets of war critics. 'The first Christian believers were Middle Easterners,' Williams writes. 'It's a very sobering thought that we might live to see the last native Christian believers in the region.'" There is "some truth in Williams' sermon," but his "critique is selective."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Transplant Deaths At USC A Puzzle."
"Racketeer Loses His Swagger."
"Once Notorious, Now Footnotes."
"Somalian Troops Take Mogadishu."
"A Salute From The Soul In Harlem."
"Israel Escorts Egyptian Arms Delivery To Abbas."

USA Today:
"Other New Laws."
"Hundreds Of Laws Kick In Monday."
"Lame Duck Bush Entering Rougher Waters."
"Extreme Weather Caps Off The Year."

New York Times:
"Somalia Forces Retake Capital From Islamists."
"F.D.A. Tentatively Declares Food From Cloned Animals To Be Safe."
"U.S. Is Told Hussein Hanging Seems Imminent."
"Pay Packages Allow Executives To Jump Ship With Less Risk."
"For Ford, Pardon Decision Was Always Clear-Cut."
"In Minnesota, Case Study For Political Shake-Up."
"Crisis In Housing Adds To Miseries Of Iraq Mayhem."

Washington Post:
"The Old Kinship."
"Ford, Nixon Sustained Friendship For Decades."
"FDA Says Clones Are Safe To Eat."
"Secret Talks Seek Unity For Feuding Va. GOP."
"Edwards Formally Joins 2008 Presidential Race."
"Ethiopians Take Over Somali Capital."

Washington Times:
"'For Better or Worse' Takes A Lot Of Work."
"Somalian, UN Regain Mogadishu."
"FDA Clears Cloned Foods."
"Thai Insurgency targets Buddhist."
"Picky Pandas Keep Bamboo Hunters Busy In Atlanta."

Detroit Free Press:
"Drug Nightmare Ends, Life Begins."
"Ford had Deep Doubts About Iraq."
"His Home Prepares For Ford."

Atlanta Journal-Constitution:
"Godfather Of Soul Packs The Apollo One Last Time."
"DeKalb Tells Thousands To Boil Water."
"Georgia Leads nation In Banruotcy Filings."

Houston Chronicle:
"More Speaking Up In Battle For Texas Speaker's Seat."
"4 Officers Charged In Slayings During Post-Katrina Chaos."
"Pot Bust A Giant Loss For Smugglers."
"Time To Pay, But 10,500 Lack Bills For Property Tax."
"Little Planning, No Twinkle: New Year's Eve Star Won't Rise."

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Story Lineup From Last Night's Network News:
ABC: Bob Woodward Interview; Ford Presidential Museum; New Iraq Strategy; Edward's Presidential Bid; Denver Airport; Betty Ford's Legacy; Cloned Meats; James Brown Remembrance; People Of The Year.
CBS: Hussein Execution; New Iraq Strategy; Clones Meats; Duke Lacross Case; Denver Airport; Ford's Funeral; James Brown Remembrance; Early Colleges; Glass Blowers.
NBC: Hussein Execution; New Iraq Strategy; Woodward Interview; US Troops-Baghdad; Police Officers Indicted-New Orleans; Edwards Presidential Bid; Stock Market; Phone Fraud; James Brown Remembrance; Cloned Meats; Denver's Harsh Weather; DC's Smoking Ban.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. In Crawford, Texas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: No Scheduled Events.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 29, 2006 7:45 AM EST

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TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal New Year's Day holiday, the Attorney General's News Briefing will not be published on Monday, January 1. News from the holiday will be included in your Tuesday, January 2, briefing.

Five New York Terror Convicts Moved To Indiana Prison. The Buffalo News (12/29, Herbeck) reports, "Five of the six members of the Lackawanna Six have been transferred to a federal prison in Indiana, and their families are trying to find out why." The News continues, "Their attorneys confirmed Wednesday that Shafal A. Mosed, 28; Mukhtar al-Bakri, 26; Yasein A. Taher, 29; Faysal H. Galab, 30; and Sahim Alwan, 34; were all recently moved to the Federal Correctional Institution in Terre Haute, Ind. The U.S. Bureau of Prisons also verified that the men are being held there." The News adds, "Family members of the five men are upset because most of them were held previously in facilities much closer to Western New York. Now family members will have to drive 570 miles - more than nine hours - to visit the convicted conspirators in Terre Haute. They also could take a flight to Indianapolis, about 70 miles from Terre Haute. … Some supporters of the men wonder if the move is part of a government effort to toughen the punishment they already are receiving for traveling to Afghanistan and training with the al-Qaida terrorist group. … 'They were all snatched up and moved [earlier this month],' said Alwan's attorney, James P. Harrington. 'This makes it extraordinarily hard for their families to visit them. From what we understand, their telephone and visitation time are being drastically cut, too.' … Harrington and other defense attorneys are trying to find out the reason for the move and whether it is punitive." The News notes, "Harrington said he has heard that the government wants to keep all federal prisoners from terrorism-related prosecutions in one facility. … 'This is very unusual, because the Bureau of Prisons rarely puts multiple defendants from one criminal case in the same prison,' said Galab's attorney, Joseph M. LaTona. 'They usually keep them separated.' … Aside from verifying that the five men are at the medium-security prison in Terre Haute, U.S. Bureau of Prisons officials had no comment on the move Wednesday. A prison spokesman, Michael Truman, said he was unaware of any plan to move all the convicts from terrorism-related cases to one facility."

HOMELAND RESPONSE:

House Panel Report Says DOJ, FBI Mishandled OKC Bombing Probe. CNN's American Morning (12/28, M. O'Brien) reported, "In our closer look this morning, the bombing of the federal building in Oklahoma City, eleven years ago now. A congressional subcommittee is out with a new report blasting the Justice Department and the FBI for mishandling the case." CNN (Franken) added, "This new report does not conclude there was foreign involvement. It does charge that federal investigators did not fully pursue those possibilities, even though the report states – 'there are multiple witnesses who place McVeigh with another person at the scene of the bombing. It is reasonable to question,' it continues, 'if all leads were thoroughly pursued, all evidence gathered and properly analyzed.' … But the FBI insists that all involved have been prosecuted, that 'every bit of information was investigated and reviewed.' So comes the question, why have another investigation? Well according to Republican Congressman Dana Rohrbacher…there are just too many questions that remain unanswered so long after the bombing." Meanwhile, in a story posted on local TV news Web sites, Internet Broadcasting (12/28) reported that the "investigators chastised the FBI for how it handled the investigation" and includes excerpts from the subcommittee's conclusions.

Rohrabacher Says FBI Showed Pre-9/11 Mindset In OKC Probe. Interviewing Rep. Dana Rohrabacher on CNN's American Morning (12/28), host Miles O'Brien asked, "You didn't get very far in this report; was it a waste of time?" Rohrabacher: "No, it wasn't a waste of time," and "while we didn't come to the conclusion that we have proven a foreign connection, we have at least broken some new ground by analyzing the FBI and Justice Department original investigation and perhaps some of the deficiencies there that led -- that could possibly have led to 9/11." Rohrabacher added later in the interview that "the FBI called off the investigation into John Doe two months after the bombing. That was premature and its left questions unanswered." O'Brien: "Why did they do that? Why do you feel the FBI is stonewalling, hiding information from you?" Rohrabacher: "Well, I didn't say they're stonewalling or they're hiding information. What I said was that they called off this investigation. I think it represents a mindset we saw also at play in the pre-to 9/11, when we had FBI investigators calling up the main office of the FBI saying, oh, my gosh, they're taking pilot lessons, and the FBI headquarters had a mindset of debunking and ignoring things like this. That same

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mindset we found present during the Oklahoma City Bombing investigation."

McVeigh, Nichols Prosecutors Defend FBI Investigation. The Denver Post (12/28, Pankratz, 256K) reported, "Two former federal prosecutors who tried Oklahoma City bombers Timothy McVeigh and Terry Nichols said Wednesday that they disagreed with a report by a congressional subcommittee slamming the FBI for failing to follow up on potential leads. One of McVeigh's defense lawyers also said he placed little credibility in the report by the House International Relations investigative subcommittee. A second McVeigh lawyer, however, said he agreed with the report's speculation that foreign conspirators might have been involved." The Post added, "Sean Connelly, a Denver-based lawyer who prosecuted Nichols and McVeigh, said the FBI did 'an exceptionally thorough' job in investigating any foreign links to the bombing. … But Stephen Jones, the lawyer who represented McVeigh during the Denver trial, said he believes the circle of conspirators extended beyond Nichols, McVeigh and Fortier to others both in the U.S. and abroad."

FBI Cracked Sophisticated Kaczynski Code, Revealing Catalog Of Bombings. KPIX-TV San Francisco (12/28, Werner) reported on its Web site from a broadcast story, "A decade after the feds tracked him down, CBS 5 Investigates has uncovered exclusive new information about Unabomber Ted Kaczynski, including a secret code he developed, and the confessions revealed as the code is broken. When Federal Bureau of Investigation agents swooped down on Kaczynski's Montana cabin in 1996, they found much more than they expected, according to lead agent Max Noel. There were 'lots of writings, lots of journals, lots of notebooks,' recalled Noel, now retired. … Noel believes Kaczynski wrote in code out of concern that someone might break into his cabin and discover his current and past activities, which may have included plans for future attacks." Cryptography expert Bruce Schneier "described the code as so complicated that 'it would not surprise me if this was the most complex cipher the FBI has seen since World War II.'" KPIX noted, "The FBI's decoding of the notebook revealed a virtual catalog of destruction."

Idaho Professor Charged In Hoax Threat To Bankruptcy Trustee. The AP (12/29, Dobner) reports, "An Idaho professor was charged with falsely claiming that he had mailed a dangerous substance to a trustee overseeing his bankruptcy case in Utah, federal authorities said Thursday. Thomas Hale warned the trustee Nov. 16 that she would be exposed to hantavirus," but "the white substance turned out to be baby powder, said Dennis McKone, assistant to the Salt Lake City fire chief. Hale, 61, pleaded not guilty in federal court Thursday, two days after he was arrested at Salt Lake City International Airport after a flight from Chicago." The AP notes trustee Elizabeth Loveridge "received the envelope on Nov. 20 and contacted Salt Lake City police. A bomb squad and the fire department's hazardous-materials team took the envelope and found it contained nothing harmful, FBI spokesman O. Scott Wall said." KTVX-TV Salt Lake City (12/28, Jones) reported on its Web site from a broadcast story, "The FBI says they quickly tracked the fax back to Hale. Hale filed for bankruptcy in 1996 and Loveridge was appointed trustee over the case. Investigators say she later determined that Hale had lied about his assets." Yesterday, "a federal judge ordered that Hale be released from jail pending trial."

The Salt Lake Tribune (12/29, Westley, Stettler) reports, "Hale's attorney, Larry Keller, said his client simply was seeking redress for an unresolved termite and mice problem. He said the act was 'inappropriate' in today's terrorism-charged climate, but not criminal." The Tribune notes, "Hale, a tenured professor and attorney, has taught history at Idaho State University for 23 years, according to ISU officials. … ISU Provost Robert A. Wharton said the university has not taken action against Hale or changed its class schedule." The Deseret Morning News (12/29, Winslow) adds, "Hale was arrested by the FBI's Joint Terrorism Task Force on Tuesday at the Salt Lake City International Airport after stepping off a flight from Chicago. 'He was surprised to be arrested,' FBI Special Agent-in-Charge Tim Fuhrman said. … Keller questioned why the FBI waited more than a month to arrest his client. 'If I'm a terrorist and I threaten somebody, they're going to want to get me off the streets right away,' he said."

California Man Indicted For Alleged Anti-Semitic Bomb Threats. The Paradise (CA) Post (12/29) reports, "A Paradise man is being held in Sacramento in relation to alleged threats made to hotels, Jewish museums, and other locations. According to a Department of Justice press release, a federal grand jury returned a nine-count indictment Thursday charging Scott R. Hudson, 52, with making a series of threatening phone calls between August and November of this year." The Post notes, "The FBI is investigating the case with the help of police departments in New York City, Rochester, Minn., Philadelphia, Penn. and Riverside and Irvine." Assistant US Attorney Benjamin B. Wagner "said Hudson is charged with calling in bomb threats to two hotels in New York City, making threatening calls to a Rabbi in Long Beach, New York, the National Museum of American Jewish History in Philadelphia and a Jewish congregation in Irvine. He also allegedly made threatening calls to a graduate school in Minnesota."

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Spies Regularly Transmit Coded Messages Over Short-Wave Radio. The Washington Post/New York Daily News (12/29, A25, Meek) reports on the coded messages transmitted by spies over short-wave radio. "Chris Smolinski runs SpyNumbers.com and the 'Spooks' e-mail list, where 'number stations' hobbyists log hundreds of shortwave messages transmitted every month. … While hobbyists guess at the meaning of each cryptic message or which spy service sent it, it's no mystery to intelligence officials, who confirmed the purpose is espionage." The Daily News notes, "In Miami last week, Carlos and Elsa Alvarez pleaded guilty to lesser charges after the United States accused them of spying for Cuba. A prosecutor alleged in a court hearing this summer that they received shortwave 'messages in five-digit groupings.' An FBI interview transcript shows Alvarez admitted going into his bathroom 'on Fridays to listen at 11' for messages aimed at the couple."

DNI Issues Grants For Secret Intelligence Projects. The Washington Post (12/29, A25, Williamson, 690K) reports Director of National Intelligence John Negroponte "awarded $200,000 grants earlier this month to 10 scientists in the intelligence community, one of whom could not be named and several of whom declined to be interviewed, for projects whose details remain secret. The DNI office issued a news release with nine of the recipients' names, agencies, job titles and educational backgrounds. One awardee's information was omitted 'because of the sensitive position he occupies in his organization,' the release said. This is the second annual DNI Fellows award program. Last year's recipients, the release says, 'made significant progress with technology to locate terrorists and to extract intelligence from remote areas.' How they did that remains secret."

Short-Wave Radio Used To Openly Broadcast Intelligence. The Washington Post (12/29, A25, Meek, 690K) reports on the use of low-tech short wave radio broadcasts by intelligence agencies such as the Cuban Intelligence Directorate, Russian FSB, British MI6, or Israeli's Mossad, to communicate coded messages parsed in number or letters. Chris Smolinski "runs SpyNumbers.com and the 'Spooks' e-mail list, where 'number stations' hobbyists log hundreds of shortwave messages transmitted every month. 'It's like a puzzle. They're mystery stations,' explained Smolinski, who has tracked the spy broadcasts for 30 years." The Post adds, "While hobbyists guess at the meaning of each cryptic message or which spy service sent it, it's no mystery to intelligence officials, who confirmed the purpose is espionage."

Henke To Leave DHS For Ashcroft's Firm. McClatchy Newspapers (12/29, Dine) reports, "Tracy Henke, the Missourian who stirred controversy in a top homeland security job, has left the government to join her former boss, John Ashcroft, at The Ashcroft Group." McClatchy continues, "Earlier this year, President Bush appointed Henke to coordinate U.S. national-disaster and anti-terrorist efforts with state and local officials. Lawmakers of both parties questioned her experience, as well as Bush's bypassing of the Senate confirmation process. … But that criticism was nothing compared to the uproar when Henke, from Moscow Mills, Mo., decreased homeland security grants for New York and Washington, while increasing them for some smaller cities and towns. … 'SHE GAVE US THE AX: New York's money cut by a woman from the sticks,' complained a headline in The New York Daily News." McClatchy adds, "Rep. Peter King, R-N.Y., then-chairman of the House Homeland Security Committee, said: 'As far as I'm concerned, the Department of Homeland Security has declared war on New York City. … A Washington Post columnist blasted the decision to reduce funding for the two cities hit on Sept. 11 while increasing it for 'those terrorism magnets of Kansas City and St. Louis - both by happenstance in Henke's home state of Missouri.' … In a telephone interview this week from Moscow Mills, Henke said that though she had held several high-profile positions in government, she was taken aback by the criticism. … 'One of the things that was surprising was the level of animosity and the personal attacks as it related to grant awards,' she said. … She said even with the reductions, New York still got the most money of any city for homeland security. She also noted that Congress had provided $600 million less in homeland security funding than the year before, making some cuts necessary."

WAR NEWS:

Bush Meets With "War Cabinet," Says More Consultations Ahead. ABC World News (12/28, story 3, :40, Gibson, 8.78M) reported President Bush "met at his Texas ranch with his national security advisers, including the Vice President and the secretaries of State and Defense," to consider changes to Iraq policy. Bush "says before he unveils his plan, there will be even more consultations." Bush: "Obviously, we'll continue to work with the Iraqi government. The key to success in Iraq is to have a government that's willing to deal with the elements there that are trying to prevent this young democracy from succeeding."

The CBS Evening News (12/28, story 2, 2:35, Mitchell, 7.66M) reported Bush "said he is close to a decision on a fresh strategy for Iraq, a strategy that could call for thousands

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of additional US troops." CBS (Martin) added, "With 100 US troops dead in Iraq this month, the second-worst of the year, President Bush met with his top national security advisers at the Texas White House to hammer out a new war strategy. One of the options is to send another 20,000 US troops into Baghdad, which would almost certainly mean more American casualties."

NBC Nightly News (12/28, story 2, 2:30, Brown, 9.87M) reported Bush "met with his war cabinet today to finalize a new strategy for Iraq." NBC (O'Donnell) added, "Unprepared to say how or what he will do differently on Iraq just yet, the President relied on hard to define phrases, saying he is making good progress and coming close to closure on a revamped strategy. Called to Crawford, Texas, the President's most senior wartime advisors, including his new Defense Secretary, just 10 days on the job. After a three-hour meeting the President said he wants more consultation." Bush: "We are making good progress towards coming up with a plan. We think it will help us achieve our objective." O'Donnell: "Intending this to be more than a high profile photo op, advisers are trying to thread a needle, saying no decisions have been made, but still claiming a plan is taking shape. The President described the enemy as extremists and radicals but made no mention today of Al Qaeda. He appeared push more burden on the Iraqi government."

The New York Times (12/29, Cloud, Zeleny, 1.16M) reports Bush "is considering an increase in troop levels in Iraq of 17,000 to 20,000, which would be accomplished in part by delaying the departure of two Marine regiments now deployed in Anbar Province." The option was among those President Bush addressed at a Thursday meeting with his national security team, "and it has emerged as a likely course as he considers a strategy shift in Iraq," Pentagon officials said. Most of the additional troops "would probably be employed in and around Baghdad." Meanwhile, the Washington Post (12/29, A3, Abramowitz, Wright, 690K) reports Bush "is considering new economic initiatives to go along with a possible increase in troops to help stabilize the country." Among the steps being considered "are short-term jobs and loan programs aimed at winning back the waning local support for the U.S. presence in Iraq."

The AP (12/28, Riechmann) reports Bush "worked nearly three hours at his Texas ranch today to design a new U.S. policy in Iraq," adding that "more consultation" would be required to "craft the plan he'll announce in the new year." The Washington Times (12/29, Curl, 88K) also reports on Bush's statement, noting that "the president said he is continuing to compile information and build a plan to deal with rampant sectarian violence that has left 100 American troops dead this month. 'I'm making good progress toward coming up with a plan that we think will help us achieve our objective,' said Mr. Bush. … The president's approval rating has plummeted, and Americans delivered both chambers of Congress last month to the Democrats in an election widely viewed as a rebuke of the administration's Iraq policy."

The Los Angeles Times (12/29, Gerstenzang, 850K) also reports on Bush's announcement "that he was 'making good progress' toward redrawing his strategy for Iraq, a plan aides said would encompass economic and political elements as well as new security procedures to stem sectarian violence and counter a thriving insurgency. It appeared increasingly likely, but not certain, that the latest effort to shore up the Iraq campaign would include sending additional U.S. troops there, and that the president would launch his strategy in a speech to the nation when Congress returns to Washington next Thursday or soon after." The Times suggests that the administration is eager for the ultimate plan to be well received by the public.

Little Innovation Seen In Surge Plans. The Washington Times (12/29, Scarborough, 88K) reports on the various troop "surge" options being studied, noting that "one official who was sent the briefing slides for various surge options said he was struck with the lack of new ideas after an intense three-month review process inside the Bush administration. 'Some of this stuff is what the old Coalition Provisional Authority looked at,' said the official." The Times suggests that possible troop increases being considered range from 5,000 to 30,000, noting that pacifying Baghdad would be the aim "if Mr. Bush, who met yesterday at his Texas ranch with Defense Secretary Robert M. Gates and other national security advisers," opts for the higher troop level, adding that under this scenario "the Army will have to keep some units in Iraq longer than their normal 13-month deployments, and accelerate the redeployment of brigades who already have served there."

Lieberman Argues For Troop Surge. In an op-ed in the Washington Post (12/29, A27, 690K) headlined, "Why We Need More Troops In Iraq," Sen. Joseph Lieberman writes about his recent trip to the Middle East, which "has made one thing clearer to me than ever: While we are naturally focused on Iraq, a larger war is emerging. On one side are extremists and terrorists led and sponsored by Iran, on the other moderates and democrats supported by the United States." Lieberman characterizes the war as "winnable," and urgent, arguing that despite public frustration with the war, "what is needed now, especially in Washington and Baghdad, is not despair but decisive action -- and soon." Lieberman cites security as "the most pressing problem," and suggests that Iran and al-Qaeda are interested in "a full-scale civil war" in Iraq, "the central front in the global and regional war against Islamic extremism. To turn around the crisis we need to send more American troops while we also train more Iraqi troops and strengthen the moderate political forces in the national government. After speaking with our military commanders and soldiers there, I strongly believe that additional U.S. troops must be deployed to Baghdad and Anbar province."

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Saddam Likely To Be Executed "This Weekend." Saddam Hussein is nearly certain to be executed before the close of 2006, according to reports late Thursday. NBC Nightly News (12/28, lead story, 1:15, Engel, 9.87M) reported the US military "has received a formal request from the Iraqi government to transfer" the former dictator "to Iraqi authority. That would be one of the last steps required" before the execution, which "could take place within the next 48 hours or perhaps as early as tomorrow." On the CBS Evening News (12/28, lead story, 2:25, Pinkston, 7.66M), Iraqi National Security Adviser Mowaffak al-Rubaie was shown saying, "I think the sooner the better." Rubaie told CBS the execution would be videotaped, but CNS said it is "unclear whether the video will be shown." CNN.com (12/29) says "Bush administration officials told CNN Hussein is expected to be executed 'this weekend.'"

The New York Times (12/29, Glanz, 1.16M) says preparations for the execution "began taking on a sense of urgency late Thursday." A "senior administration official said that the execution would probably not take place in the next 24 hours, but that the timing would be swift. 'It may be another day or so,' the official said." The Los Angeles Times (12/29, Hennessy-Fiske, 850K) says Hussein "met with two of his half brothers and his lawyers Thursday" as the preparations continued. Hussein "seemed in high spirits Thursday as he shared untitled poems he wrote recently and well wishes for the Iraqi people with his visitors over lunch, said attorney Wadood Fawzi, one of those who met with Hussein." The New York Post (12/29, 631K) headlines its report "Saddam: Dead By Sunday." The AP (12/28, Frayer) has a straightforward report.

More Commentary On Saddam Execution. The New York Times (12/29, 1.16M) editorializes, "The important question was never really about whether Saddam Hussein was guilty of crimes against humanity. … What really mattered was whether an Iraq freed from his death grip could hold him accountable in a way that nurtured hope for a better future. … Toppling Saddam Hussein did not automatically create a new and better Iraq. Executing him won't either."

The Washington Post (12/29, A26, 690K) editorializes, "This was not the accountability that one would hope for Saddam Hussein. For one thing, the crime for which he has been condemned -- the killing of 148 men and boys from the town of Dujail after an assassination attempt against him there in 1982 -- will be but a footnote in the volume detailing his atrocities. And his execution will cut short his trial for the crimes that would fill out that volume: the so-called Anfal campaign, in which tens of thousands of Kurds were murdered. What's more, his trial was in no sense the model of civilized justice that would have showcased a new, democratic Iraq. … Still, there is something unreal about the cries of foul from human rights groups demanding perfect procedural justice from a country struggling with civil war, daily bombings and death-squad killings."

US Death Toll In Iraq "Edges Closer To 3,000." NBC Nightly News (12/28, story 4, 2:00, Brown, 9.87M) reported, "More on Iraq today where we learned of the deaths of four more Americans. As the death toll edges closer to 3,000 we take a look at the challenges for US troops on the frontlines in Baghdad." NBC (Maceda) added, "On every street corner, behind every door of every house these US troops could be facing death. A Sunni gunman or Shiite sniper, they are caught in the middle and focused on coming home alive in one piece. … The reality is brutal, attacks on US forces and Iraqis at an all-time high. Today 60 Iraqis were killed in Baghdad alone. Almost daily US troops come under fire."

Marine Officials Say Ramadi Raid Did Not Include Air Strikes On Insurgents. The Los Angeles Times (12/29, Moore, 850K) reports, "A large-scale U.S. military operation in Ramadi last month did not target suspected insurgents with airstrikes, U.S. military officials said. Witness statements reported by The Times on Nov. 15 indicated that a U.S. airstrike might have killed at least 30 people, including women and children. But Marine spokesman Lt. Col. Bryan Salas said in a written response to inquiries about the incident that an airstrike Nov. 14 hit a bridge about 10 miles east of Ramadi and resulted in no casualties."

Suspect In Soldiers' Torture, Murder Apprehended Near Baghdad. The New York Times (12/29, Santora, 1.16M) reports US and Iraqi officials said the man believed to be behind the June kidnapping, torture, and murder of Pfc. Kristian Menchaca and Pfc. Thomas L. Tucker "was seized in a raid in a town just south" of Baghdad Tuesday. The "abduction of the two Americans, who were captured when insurgents ambushed a traffic checkpoint their platoon had set up in the town of Yusufiya, set off one of the largest manhunts of the war, with 8,000 troops involved." USA Today/AP (12/29, 6A) also reports on the apprehension of the suspect.

Baghdad's River Patrol Works To Recover Bodies Of Insurgency's Victims. The Los Angeles Times (12/29, Hennessey-Fiske, 850K) profiles Baghdad's river patrol, which guards the stretch of the Tigris River flowing through the city. The group's members routinely pull bodies from the waters. "Death on the Tigris is almost always violent, the river patrol commander says. Some causes of deaths are unchanging: People jump from bridges, or get tangled in weeds while swimming and drown. And then there are the dumped bodies, an increasingly frequent sight and a

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barometer of violence in a city that has become the epicenter of the country's sectarian strife: stripped of identification, blindfolded, handcuffed, shot and often badly decayed. The river patrols, created by Saddam Hussein to retrieve casualties of his regime from the Tigris in the 1970s, have returned to body detail because of the city's civil war."

Heroic Navy Corpsman Severely Injured By Sniper Fire. The New York Times (12/29, Chivers, 1.16M) reports Navy corpsman Dustin Kirby, "whose efforts to save a wounded marine in Iraq were covered in an article published Nov. 2 in The New York Times, was severely wounded by an Iraqi sniper on Christmas afternoon." A bullet "struck the left side of his face while he was on the roof of Outpost Omar" in Anbar. Kirby's jaw and upper palate "were damaged extensively, but after several operations he was conscious and on a ventilator in a military hospital in Germany."

Iraqis Face Major Housing Crisis. The New York Times (12/29, Luo, 1.16M) writes that "along with its many other desperate problems, Iraq is in the midst of a housing crisis that is worsening by the day." It began "right after the toppling of Saddam Hussein, when many landlords took advantage of the removal of his economic controls and raised rents substantially." And now, "after more than 10 months of brutal sectarian reprisals, many more Iraqis have fled their neighborhoods, only to wind up often in places that are just as wretched in other ways. While 1.8 million Iraqis are living outside the country, 1.6 million more have been displaced within Iraq since the war began. Since February, about 50,000 per month have moved within the country."

British Prince Harry To Deploy To Basra. The London Daily Telegraph (12/29) reports that Great Britain's Prince Harry, a second lieutenant in the nation's military, is scheduled to deploy with his unit to Basra, "and will likely be assigned to patrol the border with Iran." Prince Harry "is determined to go, despite reports of resistance from many in the military who fear he would be a fat prize for terrorists. They're also worried he would attract attention and put his fellow soldiers in greater danger."

Great War Leaders' Hypothetical Iraq Strategies Considered. In the Los Angeles Times, four scholars consider how "four of the greatest war leaders in history" would have handled Iraq. Macalester College anthropologist Jack Weatherford says Genghis Khan would have recognized "that victory came by conquering people, not land or cities." Historian Adrian Goldsworthy writes, "What would Julius Caesar do in Iraq? 'He'd win' is the simplest answer." Author Harold Holzer says Abraham Lincoln would "focus on the real enemy: terrorists," "embrace flexibility," communicate objectives "with frequency, passion and precision," "spend more time at the front," and "abandon the notion of divine will to justify war." As for George Washington, historian Joseph J. Ellis said he "would recognize the strategic problem immediately" -- that the US faces the same situation as the British that Washington fought. No matter "how many battles the British army won, it could not sustain control over the countryside unless it was enlarged tenfold, at a cost that British voters would never support."

Karzai Denounces Pakistan's Plans For Border Mines, Fences. The New York Times (12/29, Gall, 1.16M) reports Afghan President Hamid Karzai "voiced strong opposition" to Pakistan's plans to "lay mines and erect fences along its border with Afghanistan. He said the moves would only hurt the people living in the region and would not stem cross-border terrorism."

Aid Groups Assisting In Iraq, Afghanistan Reconstruction Praised. In his "Wonder Land" column in the Wall Street Journal (12/29, A8, 2.04M), Daniel Henninger writes about the efforts of Spirit of America, a group "organized by Jim Hake, to provide citizen-supported aid to the troops serving in Iraq and Afghanistan" and similar organizations to overcome public disengagement with the wars and to raise money to continue their efforts. "Jim Hake says Spirit of America's contributions have fallen off since 2004 owing to general fatigue with Iraq, 'but under the circumstances people continue to be quite generous.' An end-of-the-year funding request raised more than $150,000." Henninger concludes, "Groups such as the Spirit of America and the Business Council for Peace may yet be driven out. It is to this country's credit that early on, they voted with their feet to go in, and regret nothing."

CORPORATE SCANDALS:

Apple Probe Finds No Options Misconduct By Managers. The Wall Street Journal (12/29, Goldstein) reports, "Apple Computer Inc. said in a filing to the Securities and Exchange Commission that CEO Steve Jobs was aware or recommended the selection of some favorable stock-option grant dates, but didn't personally benefit from it." The Journal continues, "In a delayed annual filing made with the SEC, the company said a special committee of the board of directors appointed to look into past stock-option grants concluded that while Mr. Jobs was 'aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications.'" The Journal adds, "The special committee of Cupertino, Calif.-based company also found that the investigation had raised serious concerns regarding

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the actions of two former officers in connection with the accounting, recording and reporting of stock-option grants. … Apple is also restating financial statements from 2004-2006. In total, Apple is restating earnings after tax by $4 million in 2006, $7 million in 2005 and $10 million in 2004. The company also plans to take an $84 million noncash charge as a result."

The New York Times (12/29, Markoff, Helft) reports, "Apple Computer and its charismatic chief executive, Steven P. Jobs, are expected to make a big announcement about a new product at the Macworld conference next month. Before that, however, the company has some other highly anticipated information to share." The Times continues, "The company is likely to answer questions about backdated options granted to Mr. Jobs and other executives in a delayed annual report that Apple said it would file with securities regulators on Friday." The Times adds, "Apple is among dozens of companies, many of them in Silicon Valley, which have come under scrutiny for assigning favorable grant dates to stock options to inflate their value. … So far, Apple, which is known for obsessively guarding information about new products, appears to have applied the same secrecy to its handling of the stock option issues. Publicly, it has confined its response to a few terse statements. This week it continued to maintain its silence as reports about possible falsified documents rattled shareholders. … The company has said that Mr. Jobs knew of some backdated grants, but that he did not knowingly receive any of them and had not benefited from the practice."

The AP (12/29, Wong) reports, "Apple is among nearly 200 companies ensnared in the scandal and that have disclosed SEC, Justice Department or internal investigations. … In June Apple began an internal review of its grants, including one to Jobs. Apple said in October that it found 15 misdated grants from 1997 to 2002. The Recorder, a San Francisco-based legal newspaper, first reported Wednesday on the discovery of possibly falsified documents related to options." The AP adds, 'Full details of Apple's options troubles have yet to emerge, but the Cupertino, Calif.-based company largely exonerated Jobs in October when it said an internal investigation had not found any misconduct by current management. The investigation did raise serious questions, however, about two former officers, the company said. … Experts who would speak only generally without any facts about the Apple imbroglio say that if Jobs knew about the falsification of documents, he could be in trouble."

The San Francisco Chronicle (12/29, Guynn, Writer) reports, "Rarely before in the business world has the filing of a company's annual report been as widely anticipated as the one Apple Computer Inc. is expected to submit today amid a deepening stock options scandal that has raised questions about CEO Steve Jobs." The Chronicle continues, "Apple was rocked this week by reports of forged documents connected with an award Jobs received in 2001 of millions of options to buy Apple stock. What happens to Jobs, one of the technology world's commanding figures, could depend on what he knew about options problems at Apple and when he knew it. … Apple watchers will pore over Apple's filing with the Securities and Exchange Commission in search of assurances that Jobs had no direct involvement in any stock-options shenanigans." The Chronicle notes, "Jobs holds an unusual place in corporate America. He is more cult than corporate leader, credited with creating must-have products and reinvigorating the Cupertino maker of iPods and Macintosh. … But Jobs and his company have been plunged into scandal in recent months after disclosures that Apple may have improperly granted stock options to Jobs and other executives."

Pixar Is Also Subject Of Options Probe. The Financial Times (12/29, Nuttall) reports, "Another company founded by Steve Jobs - Pixar, the animation studio - is also being investigated by the SEC over stock option awards but Mr Jobs never received any options himself." The Times continues, "Walt Disney, which acquired the company in May, said last month that its board was carrying out an independent review of stock option practices at Pixar after receiving inquiries from the SEC and Justice Department, although it played down any likely financial impact from the issue." The Times adds, "Richard Farmer, Merrill Lynch analyst, in a research report earlier this year into whether Steve Jobs might have been involved in options regularities, said: 'Our review of Pixar disclosures does not allow us to rule out the possibility, given Jobs was a member of the board that made options decisions, and our analysis suggests these may contain irregularities.' .. His research found that, between 1997 and 2004, four out of seven awards were recorded at the lowest possible price in the fiscal years they were granted - with the odds of this happening by chance being 112m to one."

Compensation Packages Allow Executives Low-Risk Departures. The New York Times (12/29, Creswell) reports, "It's called the 'golden hello.' … For a chief executive of a large corporation, it is the one thing — more than the corporate jet or any other perk — that must be guaranteed before the executive will move to run another company." The Times continues, "W. James McNerney Jr., a former superstar manager at General Electric, received not one, but two such deals in recent years, worth tens of millions of dollars. In each deal, he was given any bonuses, stock options, restricted stock and pension benefits that he would have abandoned by leaving his previous employer." The Times adds, "Such golden hello payments are intended to make the executive 'whole' — in essence to treat the executive as if his career were one smooth ascent with no

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costly interruptions. And these multimillion-dollar payments and perks are used to draw in not only chief executives, but virtually every member of the executive suite. If 'golden parachutes' — rich exit packages of extra cash, stock or retirement benefits — are needed at times to kick out chief executives, golden hellos are increasingly needed to get them in the door." The Times notes, "Such golden hellos are not new, but lawyers representing executives at the negotiating table are constantly coming up with quirky ways to make clients whole. Matching salaries, guaranteed bonuses and millions of dollars in stock options are typical. On top of that, chief executives are made whole on lucrative pension benefits, often being credited at the new company for years of service elsewhere — a perk rarely available to nonexecutive employees. … These days, though, some executives are demanding that companies make up losses they may face from the sale of a home if they relocate, or that they receive price protection on losses they might incur in stock they own in the company they are leaving."

GE To Disclose More Information On Pay Advice. The Wall Street Journal (12/29, A2, Whitehouse) reports, "General Electric Co., agreeing to an effort by some investors to increase scrutiny on executive pay, will disclose more information on the advice it gets from compensation consultants." The Journal continues, "The Fairfield, Conn., conglomerate agreed to go beyond regulatory requirements and disclose any business ties it may have with the firms that advise it on how to pay its top executives." The Journal adds, "Under new Securities and Exchange Commission rules put in place this year, companies will be required to disclose in public filings the name of their compensation consultants, but not their other business relationships. … In 2006, GE's board of directors used the services of New York compensation consulting firm Frederic W. Cook & Co., which also advises the company's human resources on its broader pay programs, said Peter O'Toole, a GE spokesman. The company will make this information available in its coming proxy statement, he said."

CRIMINAL LAW:

Domestic Violence Rates In US Fall Sharply. The Washington Post (12/29, A14, Hsu) reports, "Domestic violence rates in the United States dropped sharply between 1993 and 2004 but showed recent signs of a rebound, the Justice Department reported yesterday." The Post continues, "The number of domestic homicides fell 32 percent from 1993 to 2004, and the frequency of nonfatal violence between domestic partners dropped by more than 50 percent, from 5.8 attacks per 1,000 U.S. residents age 12 or older, to 2.6 attacks, according to the Bureau of Justice Statistics." The Post adds, "Men benefited from the decline more than women, and black victims more than white women. The number of women killed by current or former partners fell from 1,572 in 1993 to 1,159 in 2004, or 26 percent. The number of men killed dropped from 698 to 385, or 45 percent. … 'The best news overall is that 'intimate partner violence' has declined since 1993, but there's still too much of it,' said bureau statistician Shannan M. Catalano, author of the Justice Department online report. The report did not address violence among other household members or relatives." The Post notes, "Noting that current or former partners account for 22 percent of violence against women, but 3 percent of violence against men, Catalano said, 'It still is a crime against women. . . . Women are more often victimized by someone they know. Men are more often victimized by strangers.' … The report did not offer an explanation for the trend, but experts said it continued a decline in domestic violence recorded since 1976 and mirrored a drop in violent crime overall in the past decade."

The AP (12/29) reports, "Some experts attribute the decline to better training for police and more funding for prosecution, two key elements of the 1994 Violence Against Women Act. Investigators increasingly are better trained to handle abuse cases and bring them to court. … 'For the first time, there are entire domestic violence units in law enforcement,' said Lonna Stevens, director of the Sheila Wellstone Institute, a Minnesota-based domestic violence organization. 'We've had protocols and policies developed for responding to this.'" The AP notes, "In 1993, there were about 5.8 incidents of nonfatal violence for every 1,000 U.S. residents above the age of 12. By 2004, that number had fallen to 2.6, the agency said. Homicides fell by about 30 percent, from 2,269 in 1993 to 1,544 in 2004. … The Justice Department defines intimate partner violence as violence by a current or former spouse, boyfriend or girlfriend or a same-sex partner. … Stevens said police have been less successful responding to and deterring abusive behavior in some minority communities, where racism and cultural differences can keep reporting rates low." The Washington Times (12/29, Apuzzo, 88K) also reports this story.

International Cooperation Brings War Crime Indictments For Two Bosnian Serbs. The Christian Science Monitor (12/29, Kampschror) reports from Sarajevo, Bosnia-Herzegovina, "Mladen Blagojevic and Zdravko Bozic would probably be living unassuming lives as Bosnia Serb refugees in the Arizona desert if it weren't for a landmark international detective effort to track down war-crime suspects. … Instead, they're in custody in wintry Bosnia, where they were charged last week in connection with the 1995 Srebrenica massacre." The Monitor continues, "The case, say court sources, marks a precedent in

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international cooperation in the prosecution of war crimes, and could show the way forward for both the US and other countries that may be unwittingly hosting war-crimes suspects on their territory. … 'I would describe the cooperation with the US as unprecedented, as these are the first cases where war-crimes suspects have been returned to the country where the crimes were committed to face charges,' says Toby Cadman, counsel to the prosecutor at Bosnia's war-crimes chamber." The Monitor adds, "Mr. Blagojevic and Mr. Bozic were deported to Bosnia earlier this year after being arrested in the US for not disclosing their service in the Bosnian Serb military when its forces overran the Bosnian Muslim enclave of Srebrenica and killed up to 8,000 men and boys - a crime ruled genocide by the UN war-crimes tribunal in The Hague. On Dec. 21, they were indicted for crimes against humanity by Bosnia's war-crimes chamber and charged with the detention, murders, and forcible transfer of Srebrenica Muslims. International cooperation led to 56 arrests … In the past two years, 56 Bosnian Serbs have been arrested on charges of similar immigration fraud or making false statements over omitting their military service on immigration applications. Agents from the Immigration and Customs Enforcement (ICE) most recently raided homes in at least five US cities earlier this month, bringing in at least 16more people . Mr. Cadman says the ICE's Operation No Safe Haven could prove a model for other countries, which, like the US, took in large numbers of refugees and asylum seekers from the former Yugoslavia during and after the 1990s Balkan wars."

Duke Rape Case Prosecutor Charged With Ethics Violations. The AP (12/29, Beard) reports, "The North Carolina bar filed ethics charges Thursday against the prosecutor in the Duke lacrosse case, accusing him of saying misleading or inflammatory things to the news media about the athletes under suspicion." District Attorney Mike Nifong "was accused of violating was a prohibition against making comments 'that have a substantial likelihood of heightening public condemnation of the accused.' In a statement, the bar said it opened a case against Nifong on March 30, a little more than two weeks after a 28-year-old woman hired to perform as a stripper at a lacrosse team party said she was gang-raped." The CBS Evening News (12/28, story 4, 0:20, Mitchell) noted, "He could face disbarment. Last week, Nifong dropped rape charges," but the three lacrosse players "still face charges of kidnapping and sexual offense."

The New York Times (12/29, Barstow, Wilson) adds, "In perhaps the most serious accusation, the bar also said Mr. Nifong had engaged in 'dishonesty, fraud, deceit or misrepresentation' by suggesting to reporters that a condom was used in the alleged attack when he had in his possession a sexual assault examination report that indicated otherwise. Mr. Nifong spoke about condoms after laboratory tests failed to find semen from any Duke player on the accuser." Newsday (12/29, Maloney) also reports on the ethics charges, and the Washington Post (12/29, A8) runs the AP story.

Jones Hopes To Discuss Duke Case With Gonzales. WLFL-TV, Raleigh, Durham, NC (12/28, 10:00 p.m.) broadcasted, "Meanwhile North Carolina Congressman Walter Jones hopes to meet with Attorney General Alberto Gonzalez about the Duke case when Congress reconvenes in two weeks. Jones has written letters to Gonzalez, calling on him to investigate Durham DA Mike Nifong's conduct." WTVD-TV, Raleigh, Durham, NC (12/28, 11:00 p.m.) also broadcasted this story.

Former CyberNet Executive Pleads Not Guilty To Fraud Charges. Grand Rapids Press (12/28, Agar) reported, "A former vice president at the collapsed firm CyberNET in Grand Rapids pleaded not guilty Wednesday to federal charges related to an $81.7 million fraud case." Paul Nathan Wright "is accused of conspiracy, bank fraud, money laundering and mail fraud." The Press noted, "Last week, James Horton, the former CyberNET president, was sentenced to 7 1/2 years in prison. He pleaded guilty to conspiracy, bank fraud and money laundering, and has cooperated with the government. … The government alleges that CyberNET deceived lending institutions to obtain financing under false pretenses, and expended 'a substantial amount of effort to prevent lenders from discovering that they had been deceived,' the indictment said."

FBI Says North Carolina Woman Took Abducted Children To Canada. WRAL-TV Raleigh (12/28) reported on its Web site, "The FBI said Thursday that 17-month-old twins allegedly taken by their birth mother last week were spotted crossing the Canadian border. According to a news release issued early Thursday evening, FBI investigators have determined that Allison Quets crossed the border last Saturday with the toddlers, Tyler and Holly Needham. All three are believed to still be in Canada, investigators said." WRAL added, "FBI officials said they are working jointly with the Royal Canadian Mounted Police, the FBI legal attache's office in the U.S. Embassy in Ottawa, and the Durham Police Department. They also have enlisted the assistance of the National Center for Missing/Exploited Children, along with Child Find Canada." The AP (12/29) notes, "Quets, 49, of Durham, is suspected of taking Tyler Lee and Holly Ann Needham, who had lived in Apex with their adoptive parents, FBI officials said Thursday in a written statement. … Quets had monthly visitation rights as a part of a custody agreement, but now faces federal charges of international parental kidnapping." McClatchy (12/29,

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Ovaska) reports the story, under the headline "FBI: Missing Kids Were Taken To Canada."

Sheehan Arrested Outside Bush Ranch In Texas. CNN.com (12/29) reports, "Anti-war protester Cindy Sheehan was arrested Thursday afternoon outside President Bush's ranch, according to a law enforcement official." Sheehan, "who in the past has camped out for weeks in protest outside the ranch in Crawford, Texas, was arrested for blocking the road leading to the property, Texas Department of Public Safety's Tela Mange told CNN. Four others were also arrested after law enforcement officials asked the group to move and they refused, Mange said." Mange "said Vice President Dick Cheney's motorcade was delayed leaving the ranch while officers removed the protesters."

Seven New Orleans Policemen Face Murder Charges Over Katrina Shootings. The New York Times (12/29, Dewan, 1.16M) reports, "Seven New Orleans police officers were indicted Thursday on charges of first-degree murder or attempted murder in connection with the deaths of two men on a bridge six days after Hurricane Katrina struck." Four other civilians "suffered gunshot wounds in the episode, which took place on Sept. 4, 2005. No officers were hurt." The shootings "occurred while much of the New Orleans area was still under water, communication among officers was poor and the city was chaotic. The New Orleans Police Department's initial account — that officers were responding to reports of snipers firing on contractors — seemed to confirm fears of rampant lawlessness in the city."

NBC Nightly News (12/28, story 5, 0:40, Brown, 9.87M) reported, "A New Orleans grand jury indicted four police officers on charges of first degree murder and three others on charges of attempted murders in the bridge incident stemming from the shooting of two men during the aftermath of Hurricane Katrina. The men were killed in what police say was a gun battle with officers claiming they were fired upon and appropriately returning fire. Witnesses dispute that account. No guns were found on the victims, and the coroners report showed a man was shot five times in the back." The AP (12/29) and the New Orleans Times-Picayune (12/29, Maggi) also report this story.

CIVIL LAW:

FEC Doubles Civil Penalties Imposed In 2006. The AP (12/29) reports the Federal Election Commission "more than doubled its civil penalties in 2006, imposing $6.2 million in fines for campaign-law violations." More than half – "$3.8 million -- came from penalties against Freddie Mac, the federal mortgage corporation, accused of making illegal contributions to political committees, according to year-end numbers released yesterday." But even "without the record Freddie Mac fine, the FEC issued 12 penalties of more than $100,000, or almost a quarter of all six-figure fines in the agency's 31-year history." FEC Chairman Michael Toner said, "I'm very pleased with the vigorous enforcement record the FEC compiled in 2006. The numbers speak for themselves." The AP adds advocates, 'however, said the numbers 'don't tell the whole story.'"

WPost Criticizes FEC For Pursuing NASCAR Driver. The Washington Post (12/29, A26, 690K) criticizes the FEC in an editorial for considering the case of Kirk Shelmerdine, the NASCAR driver who pasted a Bush-Cheney '04 bumper sticker on his race car. Shelmerdine's "decal resulted in a complaint to the FEC that he had violated federal election law by failing to file the report required of anyone who makes an independent expenditure valued at $250 or more in support of a candidate for federal office." The FEC "agreed -- in an action made public this week -- to take the step that ought to have been obvious from the start: to send Mr. Shelmerdine a letter of admonishment warning him not to do it again. Our customary criticism of the FEC is for doing too little to go after election law violations, not too much. But l'affaire Shelmerdine seems simply silly."

Court Praised For Ruling Issue Ads Permissible Before Elections. The Wall Street Journal (12/29, 2.04M) says in an editorial, "A federal court decision last week upheld the right of citizens to petition their government -- a right taken for granted before the 2002 McCain-Feingold campaign-finance law codified speech restrictions." The ruling "is overly narrow but welcome all the same. And if it's appealed, as expected, the Supreme Court will have another chance to weigh in on Congress's efforts to chip away at First Amendment free-speech guarantees in the name of 'reform.'" The 2004 case resulted "when Wisconsin Right to Life ran television and radio spots informing the public that U.S. Senators were filibustering President Bush's judicial nominees." In "a 2-1 opinion, the court held that certain 'issue' ads are permissible during campaign season, even if they (gasp) refer to candidates seeking re-election. And while we agree with the result, the justification for the court's finding is still troublesome and revealing of McCain-Feingold's assault on political speech."

FEC Fines Taylor For 2004 Campaign Violation. Roll Call (12/28, Duran) reports on its Web site that the FEC "fined the 2004 campaign of Rep. Charles Taylor (R-N.C.) $91,000 for failing to properly comply with provisions of the Bipartisan Campaign Reform Act." Taylor won in 2004 but was defeated this year by Democrat Heath Shuler.

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CIVIL RIGHTS:

Man Sues St Paul Over Alleged Police Assault. The St. Paul Pioneer Press (12/29, Prather) reports, "A man who alleges he suffered an 'inhumane beating' during a traffic stop two years ago in St. Paul sued the city this week." The Pioneer Press continues, "Leon Nins filed a federal civil rights suit Wednesday, two years to the day after the Dec. 27, 2004, confrontation. Nins was 85 at the time. … In the suit, Nins makes a variety of claims, including excessive force, battery and assault. The filing states Nins suffered permanent damage to his eyes and legs as well as psychological injuries, including depression, anxiety and panic attacks. … Nins seeks more than $50,000, plus punitive damages." The Pioneer Press adds, "The incident, involving a black motorist and a white police officer, riled local civil rights leaders. Police Chief John Harrington, relying on witness statements and a squad car audio recording, defended officer Michael Lee, who said Nins kicked and spit at him. … Nins, who was arrested, spent three days in jail. Prosecutors charged Nins with assaulting the officer and obstructing the legal process, but dropped the charges and allowed him to admit to driving without a license. Nins had no criminal record. .. According to a criminal complaint originally filed by prosecutors, Nins would not open his window for the officer. Lee opened the vehicle door and Nins began yelling that he would not show his driver's license, began swearing and refused to get out of the car. Nins spit at Lee as the officer pulled him out of the car, handcuffed him and placed him in the back of the squad car. … Subsequent investigations by the Bloomington Police Department and the U.S. Justice Department cleared Lee of criminal wrongdoing."

Judge Says DC Juvenile Detention Improvements Too Slow. The Washington Post (12/29, Cauvin) reports, "A D.C. Superior Court judge said yesterday that the District had failed to do enough to improve conditions for juvenile offenders, particularly at the long-troubled Oak Hill detention facility." The Post continues, "Judge Herbert B. Dixon Jr. said the city's slow progress in making changes that were agreed to more than two years ago left him no choice but to step squarely back into the case, which began in 1985 as a class-action lawsuit filed on behalf of juveniles held at the city-run Oak Hill facility in Laurel. … 'In light of the recurring delays meeting the requirements imposed in this case, and the impact such delays have on the children in defendants' custody, the court concludes that its more direct and active oversight of the remedial process is warranted,' Dixon wrote in a nine-page order." The Post adds, "The lawsuit -- Jerry M. vs. the District of Columbia-- has cast a long shadow over the juvenile justice system. A consent decree, reached in 1986, was supposed to settle the suit, but problems persisted. The case appeared on its way to resolution in spring 2004, when the plaintiffs and the city agreed to the appointment of an independent monitor who would report back to Dixon. The D.C. government's appointment in early 2005 of a highly regarded juvenile justice director added to the optimism that changes were near. … But Dixon, who has overseen the case since 2001, felt compelled to act after receiving the most recent reports from the monitor, Grace M. Lopes. Although noting 'clear progress,' she found the city's efforts wanting in many areas, from a failure to ensure pest control services at Oak Hill despite 'chronic infestations' to persistent staffing problems even in new, more-therapeutic units. … Oak Hill's population has dropped from an overcrowded 245 youths in February 2005 to fewer than 100 in recent months as the city has found alternatives to housing juveniles there for extended periods."

WSJournal Criticizes Massachusetts Court Over Gay Marriage Amendment Decision. The Wall Street Journal (12/29, 2.04M) says in an editorial, "Nearly three years ago, the Supreme Judicial Court of Massachusetts read between the lines of the state constitution to discover a right to same-sex marriage previously undetected across the decades. The court then gave the legislature six months to rewrite state law to accommodate its diktat. On Wednesday, however, the same court suddenly rediscovered the humility so lacking in its previous foray into the marriage debate." The Journal criticizes the court for not compelling the state legislature to vote on petitions to amend the state constitution to ban same-sex marriage, noting it "agreed that the legislature's duty to vote on the measure was 'unambiguous.' But it claimed to be powerless to compel a vote. So the Supreme Judicial Court of Massachusetts, whose own arrogation of power created this mess, has suddenly discovered the limits of its power to clean it up."

ANTITRUST:

AT&T Offers New Concessions To Get Merger Approval From FCC. The AP (12/29, Dunbar) reports, "AT&T Inc. has offered a new set of concessions that are expected to satisfy the two Democrats on the Federal Communications Commission and lead to approval of the company's $85 billion buyout of BellSouth Corp. … Approval by the full commission could happen as soon as Friday." The AP continues, "AT&T filed a letter of commitment with the agency Thursday night that adds a number of new conditions to the deal, including a promise to observe 'network neutrality' principles, an offer of affordable stand-alone digital subscriber

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line service and a promise to give up some wireless spectrum. … Final approval still requires a vote of the commissioners, which can happen at any time via computer. The proposed deal is the largest telecommunications merger in U.S. history." The AP adds, 'AT&T offered the concessions after a little more than a week of marathon negotiations with lawyers who work for the two Democrats on the commission, Michael Copps and Jonathan Adelstein, documents show. … Consumer advocates are praising the compromise. Gene Kimmelman, vice president of federal and international affairs for Consumers Union, who has worked closely with the Democrats, said AT&T's new concessions are 'an enormous improvement from where we were a month ago.' … The agreement came together 10 days after Republican Commissioner Robert McDowell announced that he would not vote on the deal, despite being authorized to do so by the FCC's general counsel."

The Wall Street Journal (12/29, A3, Schatz, Grant) reports, "In a 19-page letter filed with the agency last night, the phone giant promised to observe numerous "network neutrality" principles so it would treat all Internet content equally. Consumer groups and some Internet companies have been pressing the FCC for weeks to make this a condition of approving the merger." The Journal continues, "In addition, AT&T agreed to do such things as upgrade the availability of high-speed Internet service in the areas it serves and adhere to price caps on high-volume data lines used by business customers. In a concession to labor unions, the company agreed to repatriate 3,000 jobs outsourced by BellSouth outside the U.S., locating at least 200 of them in the New Orleans area. … The deal has some longer-term implications for all phone companies because of the focus by the FCC's Democrats on net neutrality and rates charged to businesses for high-volume data lines. Democrats felt emboldened to take a hard line during negotiations because of their new control of Congress, where Democrats have been riled up about the net-neutrality issue."

Bloomberg (12/29, Stern, Peterson) reports, "The offer may end a three-month stalemate between FCC Chairman Kevin Martin, fellow Republican Deborah Taylor Tate and the panel's two Democrats, who have sought price controls and other concessions. Buying BellSouth lets San Antonio-based AT&T expand its local service to 22 states, gain full control of Cingular Wireless LLC and compete with cable television companies offering phone service as well as Web access and TV. … 'AT&T really wanted to get it done this year,' said Paul Glenchur, an analyst with Stanford Washington Research Group, an investor advisory firm. 'I suspect the Democrats didn't want to look like they were standing in the way.'" Bloomberg adds, "The concessions by AT&T go beyond those the company proposed in October. AT&T offered, for example, to sell fast Internet access known as DSL for $19.95 a month without requiring customers to buy phone service, the letter said. … The company also said it would repatriate 3,000 BellSouth jobs now outside the U.S. and pledged 200 jobs for New Orleans. … Democratic Commissioners Michael Copps and Jonathan Adelstein gained leverage in seeking tougher conditions after the fifth commissioner, Republican Robert McDowell, said he would abstain from voting because of his past work as a lobbyist for smaller companies that compete with AT&T."

FTC Challenges General Dynamics' Purchase Of Canadian Ammo Maker. The Washington Post (12/29, D3, Merle) reports, "Federal antitrust authorities, citing concerns about higher prices and less competition, challenged General Dynamics' plans yesterday to buy a Canadian ammunition maker." The Post continues, "The Federal Trade Commission ruled that to buy SNC Technologies of Quebec, General Dynamics must divest its interest in one of the two other competitors in the market. Otherwise, 'General Dynamics could unilaterally raise prices or otherwise engage in anticompetitive conduct,' the FTC said in a statement. … The company, headquartered in Falls Church, has agreed to those terms." The Post adds, "It is at least the third time this year that federal regulators have expressed concern about diminishing competition among military contactors. The agency took more than a year to approve a plan by Lockheed Martin and Boeing to merge their government rocket businesses, acknowledging that creating a monopoly in a multibillion-dollar market would probably lead to higher prices and lower quality. The FTC approved General Dynamics' $2.2 billion acquisition of technology firm Anteon in June only after Anteon agreed to sell a unit that raised conflict-of-interest concerns. … In February, General Dynamics announced that it would buy SNC Technologies for $275 million. SNC is one of three makers of mortar rounds, relatively inexpensive shells used by infantry troops, for the U.S. military. The others are Day & Zimmerman of Philadelphia and American Ordnance of Pittsburg, Kan., which is jointly owned by General Dynamics and Day & Zimmerman."

Judge Orders Intel To Produce International Evidence In AMD Suit. The AP (12/29) reports, "Chip-maker Intel Corp. said it would not object to a court order to produce documents related to its international business practices, as part of an antitrust case filed by rival Advanced Micro Devices Inc. .. AMD said the court order issued Wednesday was a 'significant legal victory.'" The AP continues, "In a letter to Judge Joseph Farnan in the U.S. Federal District Court in Delaware, Intel said it plans to cooperate with the court order and that it does not plan to file an objection. … Intel also noted that a court-appointed Special Master explicitly said it was not making decisions

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about whether the evidence would be admissible in court." The AP adds, "In September, a federal judge ruled that if AMD wins the antitrust case filed in the U.S., it cannot receive damages for Intel's alleged monopolistic practices overseas."

Market Watch (12/29, Andrejczak) reports that Judge Farnan "had previously sided with Intel, opining that the court lacked jurisdiction over AMD's foreign conduct claims. But a special master appointed to oversee discovery disputes in the case agreed with AMD that the PC-chip market is global, with 68% of the world's computers sold to non-U.S. customers. … Sunnyvale, Calif.-based AMD said it thinks this latest development will bolster it claims that Intel used anticompetitive practices in the sale of PC chips worldwide." Market Watch adds, "AMD has subpoenaed roughly 70 parties so far in the case, and as a result of this court order, it is likely AMD will target Intel's business partners in Japan, where antitrust regulators there have suggested Intel abused its position as the world's No. 1 computer-chip maker. … AMD originally filed its antitrust suit against Intel in June 2005. The suit accused Intel of bullying a range of computer makers, distributors and retailers from Europe to Asia into not selling or supporting AMD products. Intel has denied the charges."

ENVIRONMENT:

US Charges Massachusetts Bus Company With Breaking Pollution Law. The Boston Herald (12/29, Goodison) reports, "Chelsea-based Paul Revere Transportation faces federal penalties for alleged repeat violations of a state law forbidding buses from idling more than five minutes." The Herald continues, "The U.S. Environmental Protection Agency and the U.S. Justice Department filed suit in district court on Tuesday, alleging the transportation company left its diesel buses idling for a total of more than 100 hours at its Roxbury bus yard and a shuttle bus location on Brookline Avenue. … 'Given the extremely high asthma rates in Roxbury, it is unacceptable that diesel buses and other vehicles are left idling for more than an hour at a time,' Robert Varney, New England EPA administrator, said in a statement. 'Diesel pollution is very harmful, especially for sensitive populations such as the young, elderly and people who suffer from asthma.'" The Herald adds, "The EPA witnessed the alleged idling during eight weekly inspections in April and March. At times, more than 20 vehicles were found idling - some for more than an hour and, in one case, for more than two hours, according to the agency."

FDA Approves Cloned Animals Products For Human Consumption. The FDA announced Thursday that it has approved meat and milk products from cloned animals fit for human consumption. ABC World News (12/28, story 7, 2:25, Gibson, 8.78M) called the move "controversial," noting that "a recent poll shows a majority of Americans, 64%, are uncomfortable with the whole idea of cloned animals -- much less eating food that comes from them." The CBS Evening News (12/28, story 3, 2:05, Mitchell, 7.66M) noted the FDA's decision is "not going down well with critics who say the government is going too far, too fast."

On its front page, the New York Times (12/29, Pollack, Martin, 1.16M) says the moved "touched off an immediate storm of criticism from consumer groups, as well as some concerns from meat and dairy companies worried about consumer reaction." The Washington Post (12/29, A1, Weiss, 690K) says the decision "represents a crucial milestone" for biotech companies, but noted that "in apparent recognition of consumer distrust of cloned food," the FDA "took the unprecedented step of posting all the raw scientific data it used to come to its conclusion." The Los Angeles Times (12/29, Kaplan, 850K) notes the report "didn't address the contentious issue of whether products derived from clones would require special labeling."

Meanwhile, NBC Nightly News (12/28, story 10, 0:30, Brown, 9.87M) noted that it "could be years before cloned food shows up on store shelves." USA Today (12/29, 5B, Weise, 2.27M) says the announcement is "just the beginning of what will be a year or more process of public input and discussion before these products can be sold." However, the Washington Times (12/29, A1, Lopes, 88K) reports food products made from cloned animals could be "on grocery shelves late next year."

In a front page article, the Wall Street Journal (12/29, Zhang, Kilman, Etter, 2.04M) says federal regulators have "opened the door to far-reaching changes in livestock production," which may limit US meat exports, "already buffeted by concerns in some countries about mad-cow disease." The Financial Times (12/29, Cookson) and the Christian Science Monitor (12/29, Spotts, 59K) also report on the FDA's announcement.

LATimes Says Polar Bears Could Force Global Warming Policy Shift. The Los Angeles Times (12/29, 850K) writes in an editorial, "Is it possible that the polar bear can do what the scientists cannot? What the polar bear could do, essentially, is force the administration to take steps to curb global warming. With its proposal, announced Wednesday, to list polar bears as a threatened species, the U.S. Fish and Wildlife Service for the first time acknowledged that global warming is the driving force behind an animal's potential extinction. If the polar bear is listed as endangered, then the U.S. government would be bound by law to protect it -- and protecting it may require regulations to reduce greenhouse gas emissions. … If the administration wants to

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avoid more than a few legal and political headaches, it should use the time to revisit its antiscientific approach to the world's most pressing environmental problem."

FBI/DEA/ATF/USMS:

In Virginia, Two Plead Guilty In Sheriff's Department Corruption, Racketeering Case. There are more than 100 media references to guilty pleas entered in connection with a Henry County Sheriff's Office drug conspiracy case. The AP (12/29) reports two former officers with the sheriff's department "pleaded guilty Thursday to charges that they took part in a scheme with their boss and ten colleagues to sell drugs seized from criminals." The two are among 20 people "indicted in October in the investigation of corruption and racketeering conspiracy. Former deputy David Allan King pleaded guilty to charges of racketeering conspiracy and drug conspiracy. James Alden Vaught, a former sergeant, pleaded guilty to racketeering conspiracy." Former Henry County Sheriff H. Franklin Cassell "has pleaded not guilty to impeding investigation and money laundering." FOX News, the Washington Times, San Diego Union Tribune, and Houston Chronicle are among the news outlets that used the AP story.

The Roanoke (VA) Times (12/29) reports a DEA investigation out of Philadelphia "led authorities to Vaught in early 2005, court records show. When the DEA delivered a package containing the sedative ketamine to a house in Martinsville, William Randall Reed accepted delivery and was arrested. Reed, who did not work for the sheriff's office, told police he rented the house from Vaught and paid the sergeant in drugs and money to use the house as a drug drop, said Assistant U.S. Attorney Tom Bondurant."

The Richmond (VA) Times-Dispatch (12/29) reports King and Vaught "were among 20 people indicted in October after prosecutors alleged that members of the sheriff's department were reselling drugs they had seized from dealers, trafficking in steroids and prescription pills, pilfering firearms from the evidence room and covering up their illicit activities by lying to federal investigators. … Vaught agreed to cooperate with federal investigators and secretly recorded more than 90 conversations with 25 people," Assistant U.S. Attorney Tom Bondurant said. Bondurant "added that Vaught is now receiving federal protection."

More Charges Filed Against Former Sergeant. The Martinsville (VA) Bulletin (12/28) reported a federal grand jury "has issued a new, six-count indictment against former Henry County sheriff's sergeant Robert Keith Adams in connection with alleged corruption in the sheriff's office. … That indictment, filed in U.S. District Court in Abingdon, alleges that Adams, who worked as a school resource officer and as sergeant in charge of investigations in the criminal division of the sheriff's office, helped cover up the crimes of former sergeant James Alden Vaught and lied to FBI agents who were investigating alleged drug and racketeering crimes at the sheriff's office."

Tennessee Doctor Accused Of Conspiring To Peddle OxyContin Surrenders License. The Knoxville (TN) News Sentinel (12/29, Satterfield) reports a Knoxville doctor "accused of peddling powerful pain-killing pills surrendered his license to dispense legal dope Thursday. Sanford K. Myers appeared before U.S. District Magistrate Judge Bruce Guyton Thursday and voluntarily surrendered his U.S. Drug Enforcement Administration certificate that authorized the Knoxville physician to issue prescriptions for narcotic drugs. … In the nine-count indictment, Myers, who operated a clinic on Kingston Pike in West Knoxville, is accused of conspiring with Jay Christopher Ridenour, Charles Ridenour and William Larry Cummings to peddle OxyContin from February 2005 to December 2005."

One-Year Suspension Recommended For Tucson Attorney Indicted On Federal Drug Charges. The Arizona Daily Star (12/28) reported a Tucson attorney who "was indicted on federal drug charges along with a doctor later convicted of conspiracy in a murder case should be suspended for a year," according to the recommendation of a hearing officer. The State Bar of Arizona "filed a complaint against Lourdes Lopez in November 2005, saying she had engaged in criminal conduct that 'reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects.'" Maret Vessella, deputy chief bar counsel, "said that not only did Lopez commit prescription drug fraud and insurance fraud, lie to the DEA and violate a federal judge's order…but the former Pima County prosecutor also discussed the plot to kill" a man.

MLB Players' Union To Fight Court Ruling On Drug Tests. The AP (12/29) reports Major League Baseball's players association "will fight a federal appeals court's decision to give prosecutors access to the names and urine samples of about 100 players who tested positive for steroids in 2003. If Wednesday's decision 'is allowed to stand it will effectively repeal the Fourth Amendment for confidential electronic records,' wrote Donald Fehr, executive director of the Major League Baseball Players Association."

The Washington Post (12/29, E5, Shipley) reports Fehr "said…he would consult with legal counsel to determine how to keep [the] records out of the hands of federal investigators. … The ruling means more professional baseball players could be ensnared in the drug probe known as BALCO that has already resulted in more than a dozen athlete

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suspensions and five criminal convictions. San Francisco Giants slugger Barry Bonds is the subject of a perjury investigation in connection with BALCO."

Bloomberg (12/28, Rosenblatt) reported Fehr "said in a statement that prosecutors investigating steroid use seized records for every player as well as 'confidential records of thousands of other people with no connection to baseball, including many with no connection to sports.' … Fehr reiterated arguments the union made in court that the seizure violated the players' constitutional rights against unreasonable searches and seizures."

Report: Federal Agencies Aren't Linking Information To Track Drug Trade, Immigration. The Inland Valley Daily Bulletin (12/29) reports, "In 2005, the Border Patrol apprehended approximately 1.2 million people in the U.S. illegally. Of those, 165,000 were from countries other than Mexico, and roughly 650 were…from special-interest countries, according to the Border Patrol. Those interviewed by the Daily Bulletin say agencies including the FBI and CIA are not using information from Border Patrol and Drug Enforcement Administration agents to make connections between the drug trade, illegal immigration and terrorist organizations. … 'The DEA has made a conscious effort to generate predictive intelligence so policy makers can be aware and plan ahead for significant changes in narcotics and smuggling operations,' said a DEA official who asked to remain anonymous. 'Anytime you send in a predictive piece of intelligence that has merit and it's ignored, then the consequences of that can be devastating to national security.'"

Government Officials Accused Of Remaining In "Willful Ignorance." The Inland Valley Daily Bulletin (12/29) editorializes, "The increased smuggling of drugs, humans and who-knows-what-else through a burgeoning international trade route through Nuevo Laredo, Mexico, and Laredo, Texas, is unsettling. So is the human carnage in the all-out battles among Mexican drug-smuggling cartels to control the Mexican trade route. … But perhaps most unsettling is the disconnect between those on the border's front lines and the higher echelons of the U.S. government, where a seemingly willful ignorance persists. … The FBI and CIA are not using information from Border Patrol and Drug Enforcement Administration agents to make connections among the drug trade, illegal immigration and terrorist organizations."

In Bolivia, US Senators Meet With Morales, Discuss Drug Trafficking. The AP (12/29) reports a delegation of six U.S. senators "led by incoming Majority Leader Harry Reid met Thursday with Bolivian President Evo Morales, seeking to smooth relations with the South American country's left-leaning government." Morales "announced earlier this month that he would seek to significantly expand the area for the legal cultivation of coca. The announcement drew sharp criticism from Washington, which has strenuously objected to any increase in coca production. The two nations, however, signed an agreement guaranteeing $34 million in U.S. anti-narcotics aid for next year." Reid "said the Andean country was 'moving forward' in its fight against drug trafficking."

Authorities Say 19 Killed In Attacks By Brazil Drug Gangs. The AP (12/29) reports drug gangs "set fire to buses and opened fire on police stations and posts around Rio de Janeiro early Thursday in a wave of violence that killed 19 people and wounded 21," according to the state's top law enforcement officer. The victims "included seven who were burned to death in one of four torched buses and two policemen, said Roberto Precioso, head of Rio's Public Safety Department. … Precioso said the attacks were apparently a show of force staged before a new governor is sworn in on Jan. 1. Police intelligence had warned the gangs were planning the attacks for some time." The Wall Street Journal used the AP story.

The New York Times (12/29, Rohter) reports drug gangs "unleashed a wave of attacks on police stations and public roads …Thursday, and at least 19 people were killed in the confrontations. … Brazilian news organizations said the wave of violence was meant as a warning to the new governor of the state of Rio de Janeiro, Sérgio Cabral. Elected in October after a hard-hitting campaign in which crime, drugs and public insecurity were the principal issues, Mr. Cabral takes office on Monday."

BBC News (12/28) reported officials "said the coordinated attacks had probably been planned from jail by imprisoned gang leaders. … Two police officers were among the dead, as well as seven gang members," Precioso said. He "said three suspects had been arrested and added police had occupied ten shantytowns, or favelas, which were controlled by drug gangs."

Bloomberg (12/29, Brasileiro, Blount) reported the violence "comes just four days before New Year's beach festivities and two months before February's Carnival parades, two of the world's largest events and key sources of revenue for the Brazilian city's tourism industry. 'The attacks were meant to destabilize the power of the state, but we have the situation under control and we're prepared to protect the population with added troops,' Precioso said. Rio won't cancel events planned for the weekend because of the attacks, he added."

The UK's Guardian (12/29) reports, "The city's prison secretary suggested that the violence had been planned by criminals from the Mangueira shantytown, a community

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thought to have links with the First Command of the Capital crime faction in Sao Paulo."

The UK's Independent (12/29) reports Rio's Mayor, Cesar Maia, "said gangs appeared to be retaliating against militias - reportedly run by off-duty police officers - that in recent months have been battling the gangs in slum areas and charging residents for protection."

Three Former Students Plead Guilty To Alabama Church Arsons. The AP (12/21, Rawls) reported, "Three former college students pleaded guilty Wednesday to federal arson charges for burning nine churches in a series of blazes that alarmed rural congregations across Alabama. Matthew Cloyd, Benjamin Nathan Moseley and Russell Lee DeBusk entered the guilty pleas to federal arson and conspiracy charges in the string of church fires set on two nights in February." US District Judge David Proctor "told them they all face minimum seven-year sentences." The AP noted, "The three are also charged with state crimes," and "defense attorneys have been discussing a similar plea deal with county prosecutors, but none has been reached."

TAX:

Judge Rules Against IRS In Keeping Asset Case In State Court. The Buffalo News (12/29, Habuda) reports, "Rebuffing the Internal Revenue Service, a federal judge Wednesday returned the receivership case involving St. Augustine Center to state court." The News continues, "The nonprofit human services agency that served Buffalo's black community was ordered closed in February by State Supreme Court Justice John A. Michalek because of financial problems. .. Since then, attorney Adam W. Perry, a court-appointed receiver, developed a plan to pay off creditors and obtain compensation for 85 employees who worked months without pay." The News adds, "After Perry presented his report last month about distributing the center's available assets - including more than $127,000 in unpaid wages - the IRS sought to move the case to federal court. … The IRS argued that the actions contemplated by the receiver would be adverse to the IRS's tax lien of almost $900,000 against St. Augustine and that the receivership action has become one 'against' the United States. … Further, attorneys for the U.S. Justice Department, representing the IRS, threatened last week to sue the former employees and the receiver if the lien wasn't honored." The News notes, "Perry argued before U.S. District Judge John V. Elfvin on Friday to keep the case in Michalek's court. … Elfvin agreed. In a decision issued Wednesday, Elfvin concluded that removing the case from state court had been improper. The judge also denied a conditional petition/motion for emergency injunctive relief that was filed by the IRS after the court clerk's office closed Friday for the holiday weekend. The IRS sought to prevent the receiver from distributing any St. Augustine assets until 10 days after the state court decides another IRS motion."

CONGRESS-ADMINISTRATION:

Bush Vows To "Try To Do Big Things" Despite Lame Duck Status. USA Today (12/29, Page, Jackson, 2.27M) writes on its front page that President Bush, "embattled by the Iraq war, barred from seeking another term in office and facing an emboldened, Democratic-controlled Congress," fits the "textbook definition" of "a lame duck. His final two years in the Oval Office seem destined to be dramatically different and more difficult than his first six. Republicans in Congress, once loyal, have begun to fracture. Democrats in Congress, once powerless, vow to use their new authority to investigate the administration, challenge its policies and chart their own course." But Bush, "calculating how to maneuver during his remaining time in office, insists he can score achievements -- and says he plans to try. 'Look, I came to do big things, and we're still going to try to do big things,' Bush told a private gathering of Republicans after November's election setbacks, according to GOP strategist Charlie Black, who was there. 'Regardless of my popularity and the Congress, I'm going to try to do big things.'"

Bush Tops AP Poll For Both Top Hero, Top Villain Of 2006. The AP (12/28, Superville) writes, "Bad guy of 2006: President Bush. Good guy of 2006: President Bush. When people were asked in an AP-AOL News poll to name the villains and heroes of the year, Bush topped both lists, in a sign of these polarized times." Bush "won the villain sweepstakes by a landslide, with one in four respondents putting him at the top of that list," but "was picked as hero of the year by a much smaller margin. In the poll, 13 percent named him as their favorite, while 6 percent cited the troops in Iraq." Fox News Special Report (12/28, story 7, 0:15, Hume) briefly mentioned the poll.

Roberts Taking His Time In Reshaping Court. The Legal Times (12/29, Mauro) reports, "At the end of John Roberts Jr.'s first full year as chief justice, his tenure is taking shape, framed by sometimes conflicting goals of collegiality, continuity and change." The Times continues, "He leads the nation's highest court more openly and with a lighter touch than his predecessor, the late William Rehnquist, and has quickly endeared himself to Supreme Court staff. But his imprint on the Court as an institution has been measured in small increments so far, as the realization sets in that major change -- such as increasing the size of the Court's docket

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and reforming the law-clerk-pooling arrangement -- may take years to accomplish. … 'He is trying to bring the old traditions of the Court into the 21st century,' says former Court official Harvey Rishikof. 'It's going to take awhile.'" The Times adds, "Nearly everywhere he goes, Roberts speaks of his desire to preside over a more cohesive and unanimous Court. But with resignation in his voice, he notes that he cannot achieve that goal without active help from his colleagues. … 'I think we're most effective when we operate and function as a court rather than nine separate individuals,' Roberts said at the University of Miami on Nov. 13, adding pointedly, 'I think we all need to do what we can to work toward that end.' … And when, at the Miami talk, ABC News reporter Jan Crawford Greenburg asked him how it felt to join the high court as its boss, Roberts gently corrected her. 'The chief justice really doesn't have a lot of authority of the sort that would cause you to refer to him as a boss.' … But Roberts is not losing sleep over this fact of Supreme Court life. Already steeped in the ways of the Court, Roberts knows that unlike a modern corporate executive who must produce quarterly gains, as a life-tenured chief justice, he can pace himself for the long haul."

Johnson Said To Be Improving. The New York Times (12/29, Zernike, 1.16M) reports Democratic Sen. Tim Johnson "marked his 60th birthday Thursday in the intensive care unit at George Washington University Hospital, where he remains in critical but stable condition two weeks after surgery to stop bleeding in his brain." Neurosurgeon Vivek Deshmukh said, "Senator Johnson's overall general medical condition has improved, and he is gradually being weaned from the sedation. He is opening his eyes and is responsive to his wife." The Times adds Johnson is "expected to undergo more testing in the next few days, and his office said it would release information afterward."

The Washington Post/AP (12/29, A17) reports Julianne Fisher, "a spokeswoman for the senator, said Johnson will not be present in the first days of the new Congress next week but is continuing to improve. She said he is responsive to directions from his wife but has not yet spoken." In a statement yesterday, Johnson's doctors "said he remains in intensive care at George Washington University Hospital. They have released few new details about Johnson's condition and prognosis since the days after the Dec. 13 surgery to stop bleeding in his brain."

Pelosi May Consider Issue Of Bathrooms For Female Representatives. McClatchy (12/29, McClatchy) writes, "When nature calls during a debate or vote in the House of Representatives, what's a member of Congress to do? The answer, even as the first female speaker of the House prepares to be sworn in next month, depends on gender." Male members have an easily accessible restroom, but "reaching the women's equivalent entails traversing a hall where tourists gather, or entering the minority leader's office, navigating a corridor that winds past secretarial desks and punching in a keypad code to ensure restricted access." Incoming Speaker Nancy Pelosi "may revisit…the question of potty parity."

Safire Says "Subpoena" To Be Word Most Heard In 110th Congress. In his annual New York Times (12/29, 1.16M) "Office Pool" column, on the question of the "word most often heard in 110th Congress," Safire offers: "(a) sellout (b) compromise (c) subpoena (d) civility (e) payback," selecting (c).

OTHER NEWS:

Economy Could Face "Uphill Climb" In 2007. The Christian Science Monitor (12/29, Scherer, 59K) writes, "It looks as if it will be an uphill climb for the economy next year. Growth could be the slowest in the past five years. The unemployment rate, already at a low level, is likely to rise. Business, which has been on a spending spree, is expected to cut back somewhat. The consumer, the bulwark of the economy, may not be spending quite as freely." But "despite this economic slo-mo, most economists expect a recession-free 2007, the sixth consecutive year without a downturn."

Existing Home Sales Rose In November. The Wall Street Journal (12/29, Conkey, 2.04M) reports sales of existing homes "rose for the second consecutive month in November, a sign of rebounding demand that suggests the economic fallout from the housing market's slump will be limited next year." The National Association of Realtors said sales of existing homes "increased 0.6% from October to an annual rate of 6.28 million units, down 10.7% from a year earlier." The Financial Times (12/29, Cameron) says "most of the rise in existing-home business was driven by sales in the north-east, and volumes continued to fall in the south of the country, which accounted for 38 per cent of nationwide transactions in 2005."

Stocks Down Slightly. NBC Nightly News (12/28, story 7, 0:15, Brown, 9.87M) reported, "On Wall Street today stocks were down slightly. The Dow lost nine points [to close at 12,501.52]. The Nasdaq was down more than five points [to close at 2,425.57]."

Ruling In Ohio Workers Compensation Case Sparks Debate. The New York Times (12/29, Driehaus) reports, "The Ohio Supreme Court has upheld a KFC franchise's petition to deny workers' compensation payments to a teenage boy who was severely burned while cleaning a pressure cooker, raising questions from lawyers and the dissenting judges about the basic no-fault tenet of the state's

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workers' compensation." The Times continues, "The majority in the 5-to-2 decision on Wednesday accepted the argument by the restaurant owner that the boy, David M. Gross, then 16, had voluntarily abandoned his job when he ignored repeated warnings not to boil water in the cooker to clean it. That meant he was not entitled to workers' compensation payments because he no longer had a job when he was injured, the ruling said. … 'This is the worst decision I've seen since I've been practicing law,' said Philip J. Fulton, a workers' compensation lawyer and past president of the Ohio Academy of Trial Lawyers. 'It changes the whole substance of what workers' compensation is supposed to be.'" The Times adds, "Mr. Gross was working at a Dayton-area KFC on Nov. 26, 2003, when boiling water spewed from a pressure cooker and caused third-degree burns around his hip and groin and second-degree burns on his arms, torso and back. Two co-workers were also burned. … A company investigation found that Mr. Gross had ignored warnings in the employee handbook and on the cooker as well as repeated warnings by two co-workers and a supervisor. … The Supreme Court majority said Mr. Gross had violated his employment agreement and forfeited his job by ignoring safety instructions: 'Gross willfully ignored repeated warnings not to engage in the proscribed conduct, yet still wishes to ascribe his behavior to simple negligence or inadvertence,' the court wrote. … Edna Scheuer, the lawyer for the restaurant's owner, Food, Folks and Fun, said Thursday that the ruling applied to a very narrow set of circumstances and sought to deny only Mr. Gross's disability claim, which would have paid him 72 percent of his wages for the first three months and then two-thirds of his wages until he recovered."

Ford-Nixon Friendship Seen As One Reason Underlying Pardon. In a 1,200-word front-page Washington Post story (12/29), Bob Woodward reports, "Previously unpublished transcripts of their calls, documents and personal letters provide a portrait of an intensely personal friendship" between former Presidents Gerald Ford and Richard Nixon "dating to the late 1940s but so hidden that few others were even aware of it." Tapes, documents and "two lengthy recent interviews with Ford before his death this week, conducted for a future book and embargoed until after his death, show that the close political alliance between the two men seriously influenced Ford's eventual decision to pardon Nixon, the most momentous decision of his short presidency and almost certainly the one that cost him any chance of winning the White House in his own right two years later." In a 2005 interview, Ford said, "I looked upon him as my personal friend. And I always treasured our relationship. And I had no hesitancy about granting the pardon, because I felt that we had this relationship and that I didn't want to see my real friend have the stigma."

The New York Times (12/29, Shane, 1.16M) reports Ford's decision to pardon Nixon "for any crimes he might have been charged with because of Watergate is seen by many historians as the central event of his 896-day presidency. It also appears to have left him with an uncharacteristic need for self-justification, though friends say he never wavered in his insistence that the pardon was a wise and necessary act and that it had not resulted from any secret deal with his disgraced predecessor." But over "the last three decades, as emotions have cooled, many who were initially critical of the pardon have come to share Mr. Ford's judgment that it was the best way to stanch the open wound of Watergate."

Ford's Misgivings About Iraq War Garner Coverage. In their coverage of the death of former President Ford, both ABC and NBC cover Ford's comments to journalist Bob Woodward on the Iraq war. ABC World News (12/28, lead story, 3:45, Stephanopoulos, 8.78M) reported, "Bob Woodward knows how to get powerful people to talk. It was a four-hour conversation in July 2004. And Woodward came away convinced that the former President was telling him what he really thought about Iraq. Ford told Woodward that President Bush fought the wrong war --" Ford: "I don't think I would have ordered the Iraq war." Stephanopoulos: "-- for the wrong reasons." Ford: "I think Rumsfeld , Cheney, and the President made a big mistake in justifying going into the war in Iraq. They put the emphasis on weapons of mass destruction. I've never publicly said that I thought they made a mistake, but I felt very strongly that it was an error."

NBC Nightly News (12/28, story 3, 2:15, Mitchell, 9.87M) reported, "Gerald Ford, loyal to the end to his closest former aides, Dick Cheney and Donald Rumsfeld, was privately torn about their most controversial policy, the Iraq war. Only weeks before his last visit to Washington in 2004 he told author Bob Woodward he strongly disagreed with the decision to invade Iraq. Woodward taped the interview with the former President's knowledge. … The former President didn't know George W. Bush very well and is not known to have offered him advice on Iraq, but he told Woodward -- " Ford: "And I just don't think we should go hellfire damnation around the globe freeing people unless it is directly related to our own national security."

Bush To Miss Saturday Night Capitol Ceremony. The Washington Post (12/29, A19, Abramowitz, Layton, 690K) reports President Bush "declared a national day of mourning and ordered the federal government to close Tuesday to mark the death of Gerald R. Ford. Financial markets will be partially closed in observation of his passing as well." Though Bush "opted not to cut short a week-long stay at his ranch here to return for Saturday night's ceremony, when Ford's body will be brought to the Rotunda of the U.S. Capitol," he and the First Lady "will head

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immediately to the Capitol upon their return to Andrews Air Force Base on Monday to pay respects at the casket."

The CBS Evening News (12/28, story 6, 2:30, Whitaker, 7.66M) reported, "All US Presidents are entitled to a state funeral with military pomp and public ceremony, but Gerald Ford, a humble man, had to be persuaded." Still, "it will be simpler than some in recent memory."

The Washington Times/AP (12/29, Woodward) reports, "Less pomp, more circumstance. Gerald R. Ford's state funeral is missing some of the grandeur of the one for Ronald Reagan two years ago, a reflection of the 38th president's modest ways and lesser imprint on the nation, according to further planning details released Thursday." Part of it "will be missing President Bush, too."

USA Today (12/29, 4A, Kasindorf, 2.27M) reports the nation "begins six days of farewells to President Gerald Ford in state funeral ceremonies stretching from the California desert to the U.S. Capitol and a Michigan hillside." Observances are "scheduled to begin with a private prayer ceremony for the Ford family at St. Margaret's Episcopal Church in Palm Desert, Calif., where Ford and his wife, Betty, worshiped together for 29 years."

DC Mayor-Elect Delays Inaugural Celebration For Ford Day Of Mourning. The Washington Post (12/29, B1, Silverman, 690K) reports DC Mayor-elect Adrian M. Fenty "decided yesterday to postpone his inaugural celebrations, including a party that was expected to draw up to 15,000 people, because Tuesday has been declared a national day of mourning for former president Gerald R. Ford." Fenty will "still become mayor that day, taking the oath and succeeding Anthony A. Williams in a private ceremony. But he pushed back a public inauguration for himself and the D.C. Council until Wednesday and reset his inaugural ball for Jan. 6."

Ford Didn't Recommend Himself As Agnew Replacement. ABC World News (12/28, story 2, 2:05, Reynolds, 8.78M) reported, "Beyond the standard trappings of chief executive memorabilia" at the Ford Presidential Museum in Grand Rapids, Michigan, "the truly unprecedented nature of the Ford Presidency and Vice Presidency becomes more and more apparent with every step you take." On "one wall can be found a 1973 note from then-Congressman Ford to President Richard Nixon, touting candidates as vice presidential replacements for the disgraced Spiro Agnew. Note that Ford's own name is not on the list."

Hometown Remembers Ford For Accomplishments, Not Pardon. The New York Times (12/29, Bunkley, 1.16M) reports that in Grand Rapids, Michigan, some residents "had to be reminded by news reports about Mr. Ford's death that he is best remembered in most other parts of the United States for pardoning his predecessor, Richard M. Nixon. They have always known him as the athletic Eagle Scout who lost his bid to be president of South High School's senior class before serving them in Congress for 25 years, ascending to the White House and helping to heal a nation scarred by the Watergate scandal."

Ford Asked Carter To Speak At Funeral. The New York Times (12/29, Kornblut, 1.16M) reports that as he "helped in recent years arrange the details of his own funeral, Gerald R. Ford reached out to an old adversary: Jimmy Carter, who defeated him for the presidency in 1976." Ford "asked whether his successor might consider speaking at his funeral and offered, lightheartedly, to do the same for Mr. Carter, depending on who died first."

Ford Was Active Civically At Local Level. The Washington Post (12/29, A18, Pomfret, Geis, 690K) reports that in Ford's "regular-guy lifestyle distinguished him from other former presidents," and his "biggest achievement -- helping his wife found the Betty Ford Center, the internationally known substance-abuse rehabilitation facility -- could be said to pale in comparison. But in his quiet unhurried way, friends and others said, the ex-president, who died here Tuesday, was a model citizen, known for the courtesy with which he treated people and the sincerity with which he lent his time and money."

Ford Widely Appreciated In DC Area. The Washington Post (12/29, A18, Montes, 690K) reports, "Long before the rest of the nation recognized his signature qualities -- his hardworking manner, his kind regard for others, his basic decency -- friends and associates in the D.C. area knew that Gerry Ford was a prince of a guy."

Betty Ford's Resilience, Independence Noted. The Washington Post (12/29, C1, Tucker, 690K) profiles former First Lady Betty Ford's resilience in the face of adversity, saying she "didn't become the most admired woman in America during one of the most turbulent periods in national history because she made nice. She was so admired in the mid-1970s, and is beloved by a wide swath of the nation today, because she was bluntly honest and because, after everything life has thrown at her, she never quit."

The Dallas Morning News (12/29, Harris, 500K) reports, "Not since the days of Eleanor Roosevelt had any first lady spoken so freely on topical issues." ABC World News (12/28, story 6, 2:55, Snow, 8.78M) reported, "If her husband was the accidental President, Betty Ford was an accidental First Lady. At a time when the country yearned for truth, her disarming openness distinguished her."

Ford Demonstrated Good Humor Despite Portrayal As "Klutz" On SNL. The New York Times (12/29, Leibovich, 1.16M) reports, "No one did more to solidify Mr. Ford's unfortunate, and perhaps unfair, standing as the nation's First Klutz than" Chevy Chase, "the 'Saturday Night Live' cast member who routinely portrayed the president committing all manner of trips, flails and lurches." Ford's "cheerful reaction to the sendup included doing a cameo for 'Saturday Night Live' from the Oval Office; sending his press secretary, Ron Nessen, on the show; and appearing with Mr. Chase at a

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political dinner. That type of reaction became a benchmark of what would come to be an essential presidential image-making skill: an ability to laugh at oneself."

Dionne Says Bush Praise For Ford Is Right. In his Washington Post column (12/29, A27), E.J. Dionne reviews readers' email from the year, concluding, "Finally, a great many readers were frustrated that I have been rather consistently critical of President Bush -- though a few wanted more criticism. So please permit me to end the year in the conciliatory spirit of Gerald Ford." Speaking "on Wednesday morning, Bush declared that Ford 'came along when we needed him most' and that Americans came to know him 'as a man of complete integrity who led our country with common sense and kind instincts.' President Bush is entirely right."

Kondracke Recalls Ford's Honesty. In his Roll Call column (12/29), Morton Kondracke says former President Ford was "straightforward, honest, uncomplicated, salt-of-the-earth Midwestern, an Eagle Scout nearly incapable of dissembling. He was just what the country needed after the traumas of Watergate — the product of former President Richard Nixon's deviousness and paranoia." But Ford's "straight-forwardness limited his imagination, too. As a regular Republican Congressional leader, he voted against federally funded housing, aid to education, the Medicare program and former President Lyndon Johnson's war on poverty."

Ben-Veniste Says Ford Should Have Required Nixon Acknowledge Wrongdoing. In a Washington Post op-ed (12/29, A27), Watergate prosecutor Richard Ben-Veniste says, "While I do not believe Ford was wrong to pardon Nixon, the timing of the pardon was premature and may have cost Ford the margin of victory in the 1976 election. Had Ford kept to his original plan and allowed time for formal charges to be lodged against Nixon, spelling out the specifics of his culpability, it would have been up to Nixon to either accept the pardon or fight the charges in court. But pardoning Nixon without requiring at least an acknowledgment of responsibility for serious misconduct and for lying to the public left the door open for the spate of revisionist books and articles that followed the resignation."

Edwards Enters Presidential Race With Announcement In New Orleans. Former North Carolina Sen. John Edwards, the 2004 Democratic vice presidential nominee, on Thursday officially entered the 2008 race for president, announcing his bid from the Hurricane Katrina-ravaged Lower Ninth Ward in New Orleans. ABC World News (12/28, story 4, :45, Gibson, 8.78M) reported, "There was, today, still another entry into the race to succeed President Bush." John Edwards: "I'm candidate for the presidency of the United States." Gibson: "Edwards made the announcement in a New Orleans neighborhood, devastated by Hurricane Katrina. He praised volunteers who helped rebuild there. And called it an example for national action." John Edwards: "If we want to change this country, and we want to move America in the way it needs to move, we're going to have to do it, all of us together. Instead of staying home and complaining, we're asking people to help."

NBC Nightly News (12/28, story 6, 2:10, Brown, 9.87M) reported on Edwards' presidential bid announcement. NBC (Reid) related, "John Edwards said he chose New Orleans to announce because of the deep poverty revealed by Hurricane Katrina, still raw 16 months later." Edwards: "New Orleans in so many ways shows the two Americas that I have talked about in the past." Reid: "If that sounds familiar two Americas, one rich and one poor it is the same theme he ran on in 2004 and lost. The question now, what is the difference this time around?" Edwards: "You learn a lot from going through a national campaign. I certainly learned a lot."

Fox News Special Report (12/28, story 5, 3:30, Hume) also reported on Edwards' announcement that he will make a second run for the White House. Fox News (Garrett) noted that Edwards "endorsed the idea of universal health care, but provided no details. And even though economic growth, driven in part by Bush tax cuts has generated tens of billions in new and unexpected revenue, Edwards called for higher taxes on the wealthy and big oil companies." Edwards: "We do need, in my judgment, to get rid of some of the tax cuts that have been put in place, particularly for people at the top. I think that it may be necessary to put in place a tax on some of the windfall profits that oil companies are making." Garrett: "Edwards said higher taxes fit into a model of sacrifice Americans should embrace. Another example, increasing energy conservation." Edwards: "We need to ask Americans to be willing to be patriotic about something beyond war."

Appearing on Fox News (12/28, Chetry), Edwards said, "Anybody who's considering running for president, I hope, is doing it because they want to serve this country. And speaking for myself as an American, that's why I'm running for president. And I think we need the best possible president in 2009. I hope we have the best possible candidates, both on my side, the Democrats, and on the Republican side, because the American people need to have real choices. … I think that Sen. Obama, Sen. Clinton, other people who've talked about running on our side, and some of the people who it looks like are going to run on the other side, are all good people and I think we want those kind of choices in the race. I think it's for America to decide what it is I have to offer."

The AP (12/29, Pickler) reports that Edwards announced his bid "with new ideas that make him a very different candidate the second time around. In 2004, Edwards was the moderate southern senator who promoted middle class tax cuts and tried to position himself as the best general election alternative to President Bush. This time the

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53-year-old faces a tougher fight for the Democratic nomination and has a more progressive campaign of eliminating poverty, reducing global warming and providing universal health care for all Americans." In 2004, Edwards "stressed his up-from-the-bootstraps biography that turned the son of a mill worker into a successful trial attorney and then senator. This time around, Edwards didn't mention one word about his personal story. He talked less about what he wanted to do as president and more about how everyone can change the country."

The New York Times (12/29, Nossiter, 1.16M) reports Edwards kicked off his 2008 campaign "with an appeal to citizens to take on challenges like the one represented by this still-devastated city." The choice of the "battered New Orleans neighborhood for Mr. Edwards's unconventional announcement, with student volunteers at his side, was intended to highlight what, in broad terms, would be a central theme of his campaign: the need for a fresh wave of citizen activism to 'change this country.'" Edwards "seemed at pains to begin on a positive note. He delivered a Kennedy-like appeal for grass-roots volunteerism rather than a broadside against President Bush, though he called Mr. Bush's foreign policy team 'an absolute disaster' in the question-and-answer session afterward."

McClatchy (12/29, Christensen) reports, "The Ninth Ward section of the city is still strewn with boarded-up homes and piles of debris 16 months after the area was flooded by Hurricane Katrina. 'New Orleans in so many ways shows the two Americas that I have talked about in the past,' Edwards said. Edwards said it wasn't just the business of government to rebuild destroyed neighborhoods, although he criticized the Bush administration for doing too little. He said he would use his campaign as a 'call to action' to encourage private groups to help those in need in New Orleans and elsewhere. … 'If you walk around these neighborhoods, what you'll hear is that most of the good that has been done in New Orleans has been done by faith-based groups, charity groups and volunteers,' Edwards said."

The Washington Times (12/29, Hurt, 88K) reports that Edwards "took the opportunity yesterday to criticize the Bush administration for its handling of the post-hurricane rescue efforts, cleanup and rebuilding in New Orleans. 'I think if the president of the United States had come to New Orleans, spent some time here -- I mean, the president has a lot of responsibilities, he can't stake himself out for the long term in New Orleans -- but he should have spent a period of days here, saw what was actually happening on the ground and then demanded action,' Mr. Edwards said."

The Los Angeles Times (12/29, Finnegan, 850K) reports that Edwards' "announcement came as no surprise; he has been preparing for the campaign for more than two years. To maximize media exposure, he timed his announcement for the normally slow news week before New Year's. The death this week of former President Gerald Ford complicated that plan, but Edwards still drew more than 20 news crews to his chilly morning announcement in New Orleans."

Edwards Says US Should Begin Troop Withdrawal From Iraq, Blasts Bush On Foreign Policy. The Washington Post (12/29, A1, Balz, 690K) reports in a front page story that Edwards kicked off his second presidential bid "with a call for the United States to reduce its troop presence in Iraq and a plea for citizen action to combat poverty, global warming and America's reliance on foreign oil." Edwards was "sharply critical of the administration for its conduct of the war in Iraq, and he again recanted his own vote authorizing President Bush to take the country to war, which he called a mistake." Edwards said, "The biggest responsibility of the next president of the United States is to reestablish America's leadership role in the world, starting with Iraq. We need to make it clear that we intend to leave Iraq and turn over the responsibility of Iraq to the Iraqi people."

USA Today (12/29, Lawrence, 2.27M) reports that Edwards "called his vote to authorize the Iraq war 'a mistake' for which he takes full responsibility. The one-term senator said he has been "all over the world" in the last two years and has increased his depth of knowledge of world affairs. He said it's fair to question his level of experience but said that doesn't guarantee vision or good judgment. He cited President Bush, Vice President Cheney and former Defense secretary Donald Rumsfeld prove his point. They were 'extraordinarily experienced,' he said, but their tenure has been 'an absolute disaster by any measure.' He criticized the Bush administration for making it difficult to engage other countries on international problems. 'The world is literally in chaos,' he said. 'When America doesn't lead, there is no stability. We are the stabilizing force in the world.'""

The Financial Times (12/29, Sevastopuloin) reports that Edwards "said his top priority would be restoring America's image. 'The biggest responsibility of the next president of the United States is to re-establish America's leadership role in the world, starting with Iraq,' said Mr Edwards. 'We have to show that we have the moral authority to lead. You can't lead through raw power.'" Edwards "said the US needed to get more involved in solving the crisis in Darfur and said America should join the International Criminal Court."

Edwards Launches Nationwide Tour To Promote His Candidacy. Bloomberg (12/29, Johnston) reports that Edwards "embarked on a cross-country campaign to promote his new presidential bid after getting the jump on some fellow Democrats by announcing his populist candidacy in hurricane-ravaged New Orleans. Seeking to build support against a formidable slate of possible opponents," Edwards "appeared at a town hall meeting in" Des Moines, Iowa, "home to the nation's first presidential caucus, before heading to New Hampshire, site of the first primary election in 2008.

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In Iowa, Edwards is tied in early polls with Barack Obama and ahead of Hillary Clinton, two senators who are likely to join the race soon.

The Des Moines Register (12/29, Simons, 160K) reports that Edwards, speaking in Des Moines "during the 90-minute town hall meeting," said that he's "working on a true universal health care plan, not just access to health care or affordable health care. It's part of taking care of the nation's people and America proving itself once again as a model for the rest of the world, he said. 'We need to be patriotic for something other than just war,' he said."

Edwards Announcement Seen As Putting Pressure On Kerry To Make Decision. The Boston Globe (12/29, Milligan, 413K) reports that Edwards' "entry into the race as the third candidate for the Democratic nomination puts pressure on" Massachusetts Sen. John Kerry (D), Edwards' former running mate, "to make his decision, since the two former colleagues and running mates will be competing for a finite pool of money and support, analysts said. … 'It's one more indication that if Kerry's going to get in, he needs to get in fairly quickly,' said Merle Black, a political science professor and campaign specialist at Emory University in Atlanta. 'He's going to have trouble raising money and getting staff.' Kerry spokesman David Wade said the senator would announce his intentions after New Year's Day but felt no need to rush his decision."

Edwards Said To Be Pushing "Old-Fashioned Latin Populism." In her Wall Street Journal (12/29, A9, O'Grady, 2.04M) column, Mary Anastasia O'Grady compares Edwards with the recent class of Latin American populists, saying that "old-fashioned Latin populism -- what John Edwards is hawking to the U.S. electorate for 2008 -- is as chic in the region today as it was 25 years ago, and its persistence is seriously threatening Latin progress."

Obama Expresses Opposition To US Troop Surge In Iraq. The Washington Times (12/29, Bellantoni, 88K) reports that Illinois Sen. Barack Obama on Thursday "joined a chorus of potential Democratic presidential candidates criticizing U.S. policy in Iraq, telling supporters he opposes sending more troops and urging them to send letters to persuade President Bush to change the course of the war." President Bush "is thought to favor sending 20,000 to 40,000 additional troops to Baghdad, an idea several Democratic White House prospects have criticized. In an e-mail titled 'Escalation is not the answer,' Mr. Obama yesterday asked voters to tell Mr. Bush 'our soldiers are not numbers to add just because someone couldn't think of a better idea.'" Obama's "message includes a link to the White House's 'contact' page."

Franks Backs Hunter Over McCain In GOP White House Race. The Arizona Republic (12/29, House) reports, "One of Arizona's most conservative U.S. House members is endorsing a California congressman over Sen. John McCain for the 2008 GOP presidential nomination, saying it is 'what's right for America.' 'I think the senator knows there's nothing personal on my part,'" AZ2 Rep. Trent Franks (R) "said of his support of" CA52 Rep. Duncan Hunter (R), the "outgoing chairman of the House Armed Services Committee." Franks said that "he already has stumped alongside Hunter, who advocates in favor of strong military and for border security. Hunter announced the formation of his presidential exploratory committee in October." The Republic notes that "without criticizing McCain directly, Franks described Hunter as a candidate who 'is an unequivocal social conservative and fiscal conservative and has a consistent conservative voting record.' 'He is one of the true Reagan Revolutionaries in Congress,' Franks said."

Krugman Says "Radical Right" Failed To Govern. In his New York Times column (12/29), Paul Krugman criticizes the "Republican Revolution" of 1994, saying, "As long as people like" Dick Armey, Newt Gingrich and Tom DeLay "were out of power, they could run on promises to eliminate vast government waste that existed only in the public's imagination — all those welfare queens driving Cadillacs. But once in power, they couldn't deliver. That's why government by the radical right has been an utter failure even on its own terms: the government hasn't shrunk. Federal outlays other than interest payments and defense spending are a higher percentage of G.D.P. today than they were when Mr. Armey wrote his book: 14.8 percent in fiscal 2006, compared with 13.8 percent in fiscal 1995."

Latino Political Power Said To Have Emerged In 2006. In a USA Today op-ed (12/29, 13A), Raul Reyes, a member of USA TODAY's board of contributors, says, "2006 was the 'Year of the Immigrant,' driven by a fierce national debate over what the country should do about 12 million undocumented immigrants. The subsequent restrictive policy proposals were not surprising. But the massive pro-immigrant marches were astonishing, and invigorating." By fall, "the intolerant tone of conservatives only served to remind us of our own roots. So did passage of several restrictive local laws aimed at illegal aliens, as well as congressional approval of a 700-mile fence along the U.S.-Mexico border. So in the congressional elections, Latinos deserted the party of The Fence." Democrats now "have the challenge of retaining a Hispanic constituency that is increasingly complicated."

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Ignatius Notes Key Challenges, People For 2007. In his Washington Post column (12/29, A27), David Ignatius writes on "three people who symbolize for me some of the difficulties of the year we have just lived through and also the promise and potential of the one ahead. Each of them reminds me that we are walking into the future balanced on a tightrope." Mohammad Baqer Qalibaf, the mayor of Tehran, "embodies Iran's potential to become a great nation -- and perhaps to escape the apocalyptic confrontation with the West that is proclaimed by his political rival, President Mahmoud Ahmadinejad." In listening to Sallai Meridor, the new Israeli ambassador to Washington, "I sense that for his generation of Israelis, there is a dawning recognition that a Palestinian state living in peace with Israel is crucial for its future as a democratic Jewish state." And Secretary of Homeland Security Michael Chertoff "wants to stay focused on the biggest risks out over the horizon -- the nuclear or biological attacks that could kill hundreds of thousands of Americans. I admire Chertoff's dedication, but I have a nagging worry that his collection of bureaucratic agencies isn't up to the job of keeping America safe."

Schwarzenegger Recovering From Surgery. Fox News Special Report (12/28, story 8, 0:20, Hume) reported Gov. Arnold Schwarzenegger "continues to recover from surgery to repair a leg he broke in a skiing accident last weekend. Schwarzenegger says he has been meeting with his staff while he is hospitalized and is working on his state of the state address." The Los Angeles Times (12/29, 850K) says Schwarzenegger's office "released two photographs of the governor in his hospital bed, surrounded by monitors. He was dressed in hospital garb with a sheet covering his legs, and he appeared to be signing or editing documents. An intravenous tube was protruding from his right hand, and a laptop computer was perched at his bedside. 'I woke up feeling great,' he said in a statement. He said he was looking forward to his inauguration next month 'even if it means I have to walk into my swearing-in ceremony on crutches.'"

Many New State, Local Laws Take Effect Monday. The Christian Science Monitor (12/29, Wood, 59K) and USA Today (12/29, Cauchon, 2.27M) both looks at some of the state and local laws that will take effect on Monday. The Monitor says that "besides providing creative solutions to mundane problems like frustration over automated phone attendants, the laws that go into effect next Monday in 32 states reveal several trends: Five states will increase their minimum wages, nine states will implement more stringent policies on citizens' privacy to curb problems associated with identity theft, and five states will mandate new recreation regulations."

Minnesota Politics In Upheaval After 2006 State Elections. The New York Times (12/29, Johnson, 1.16M) reports on the changing political situation in Minnesota, where Democrats flipped the state House, increased their majority in the state Senate, and came within 22,000 votes of defeating Republican Gov. Tim Pawlenty. Minnesota's capital "'is in many ways the perfect petri dish for testing what the nation's new political landscape may produce. Once predictably Democratic in national politics, the anchor of Upper Midwest liberal populism from the 1920s through Hubert Humphrey and Walter Mondale, Minnesota is now considered a battleground, with the Republicans scheduled to hold their national convention in 2008 in Minneapolis and St. Paul around that declaration." The Democrats "won big here," but "they emerged divided, too, owing much of their surge to newly elected moderates from the suburbs who are unlikely to embrace a pure liberal agenda. The Republicans lost big, but were pushed toward the center as well, led by Mr. Pawlenty, who has said since the election that many of his second-term priorities will overlap with those of the Democrats he fiercely battled in his first four years."

Virginia Republicans Conferring To Solve Divisions On Transportation. The Washington Post (12/29, A1, Shear, 690K) reports top Virginia Republicans, "including the state's attorney general and the party's former national chairman, have been holding secret meetings for weeks in the hopes of finding an end to the war among their party's lawmakers and reaching a compromise on funding for transportation, several participants said." Some of the GOP's "biggest names from outside the General Assembly fear that the rift between leaders in the GOP-led House of Delegates and state Senate will cause Republicans to lose big in elections in November, especially in Northern Virginia, unless something is done to ease congestion."

WPost Says Maryland Must Raise Taxes To Bridge Deficit. The Washington Post (12/29, A26, 690K) says in an editorial that Maryland's "fiscal problems are gathering like thunderheads." Despite Gov.-elect Martin O'Malley's "dismissive treatment of projected deficits during the fall campaign, it seems increasingly likely that his term in office will be marked not by the hundreds of millions of dollars in initiatives and new spending he liked to talk about on the stump but by his ability to manage and contain shortfalls estimated to run into billions of dollars." O'Malley "has not ruled out new taxes, which will inevitably be part of any solution to a fiscal problem on the scale of Maryland's. But he seems determined to defer a major push on revenue until his second year in office, perhaps by naming a commission to 'study' the problem." O'Malley is "looking increasingly

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cavalier, and possibly foolish, to postpone a serious reckoning."

Somali Transitional Government Troops Remove Islamists From Power. The New York Times (12/29, Gettleman, 1.16M) reports that in Somalia, "thousands of troops of the transitional government marched into" Mogadishu Thursday "in a stunning reversal of fortune." In five days, "the internationally recognized government, a fledging authority that had been so weak it was marooned in a provincial market town, captured the formidable capital and most of Somalia," with "more than a little help from Ethiopia." The Islamists were "vanquished," or removed from power "faster than anyone had expected." The Ethiopians say "they have no intention of staying and that their mission to neutralize the threat in Somalia has been mostly accomplished."

The Los Angeles Times (12/29, Sanders, Albadri, 850K) reports on Thursday morning, "residents awoke this morning to find the Ethiopians and troops of Somalia's UN-backed transitional government taking positions." Government officials "spent most of Thursday meeting with clan leaders to ensure there would be no remnants of the Islamic forces hiding in Mogadishu when they entered, and that the local population would welcome their soldiers." US and Ethiopian officials had "accused the Islamists of plotting to establish a Taliban-style regime and use Somalia as a base to launch terrorist attacks." Prime minister of the transitional government, Ali Mohammed Gedi, declared, "The fighting is over."

Transition Stirs Uneasiness In Somalia. The Washington Times/AP (12/29, Hassan) reports, "Ethiopian soldiers stopped on the outskirts of town, after providing much of the military might in the offensive that shattered what had seemed an unbeatable Islamist militia. Islamist fighters fled south vowing to continue the battle." Amidst celebrations, "many in overwhelmingly Muslim Somalia are suspicious of the transitional government's reliance on neighboring Ethiopia, a traditional rival with a large Christian population and one of East Africa's biggest armies."

The Christian Science Monitor (12/29, Crilly, 59K) reports, "Residents said they feared a return to 15 years of anarchy," and analysts warn that "the quick victory over the Islamists…leaves a dangerous vacuum in a country that has only recently seen calm." Analysts contend that "without a political strategy," Somalia "risks becoming a quagmire that sucks in neighboring countries." They also said that "if the Ethiopians withdraw quickly," then "radical elements within the courts…might run a guerrilla campaign, drawing in foreign fighters."

US Pitch For Iran Sanctions Receives "Tepid" Response. The Wall Street Journal (12/29, A4, King, 2.04M) reports, "Armed at last with a set of limited United Nations sanctions against Iran's nuclear program, the Bush administration has been stepping up efforts to persuade countries in Europe and Asia to go further and cut off bank lending and other financial interactions with Iran." International response has been "tepid," and European officials want to first "implement and enforce Saturday's package of limited sanctions on Iran." Senior US officials say that the Dec. 23 UN resolution is "crucial because it provides countries with the legal justification to push for tighter financial controls against Iran within their own systems."

Israel Says Egypt Sends Abbas Weapons. The New York Times (12/29, Erlanger, 1.16M) reports, "After coordination with Israel and the United States, Egypt has sent weapons and ammunition into the Gaza Strip to forces loyal to the Palestinian Authority president, Mahmoud Abbas of Fatah," Israeli officials said Thursday. Senior Palestinian officials "denied the report." The Bush Administration is "seeking Congressional support for up to $100 million, mostly for salaries and training, to strengthen Mr. Abbas and his security forces and extend their control over the Gaza crossing points." A senior US official "insisted that the point was not to promote civil war with Hamas, but to help Mr. Abbas and Fatah and 'to provide deterrence and balance' in Gaza, where Hamas is especially strong." The arms shipment is "part of a broader American and Israeli effort."

Beirut Celebrates Holidays Despite Struggles. The New York Times (12/29, Fattah, 1.16M) reports that though holiday cheer "lent downtown Beirut the feel of a Christmas fair for much of this week," even the Christmas celebration "turned political." Rallies have been "muted in recent days so families could celebrate Christmas or prepare for Id al-Adha, the Muslim Feast of Sacrifice, at the weekend." However, opposition leaders "threaten to raise the pitch next week, suggesting that they may block highways and access to Beirut's airport."

Russia, Belarus Prepare For Gas Showdown. The Wall Street Journal (12/29, A3, Cullison, Crawford, Miller, 2.04M) reports, "Russia and the former Soviet state of Belarus are heading toward a showdown over natural-gas prices that both sides warn could lead to a New Year's Day pipeline shut-off similar to the one that hit Ukraine a year ago, which had ripple effects across Europe." However, analysts say there is "less likelihood of a political firestorm over any Russian cutoff this year."

USA Today (12/29, 8A, Stinson, 2.27M) reports, "Gazprom, Russia's state-controlled natural gas monopoly, has told Belarus to pay double the current price for gas by

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New Year's Day or supplies will be cut." The company also "demanded a stake in the pipeline carrying gas from Belarus to other European customers." Belarus has "rejected the demands," even though Gazprom is the world's "biggest gas producer," and "provides 25% of the natural gas consumed by Europe." Analysts say the dispute shows how Russia is "tightening its grip on energy production and distribution to squeeze higher prices from its neighbors."

Bulgaria, Romania Enter EU On Monday. The Christian Science Monitor (12/29, Jordan, 59K) reports "despite Western fears that hordes of desperate, job-seeking Bulgarians and Romanians will again flood the European Union when their countries become members on Jan. 1," but many "have compelling reasons to stay home." Krassen Stanchev, executive director of the Institute for Market Economics in Sofia, said, "Some believe 'paradise' is in Western Europe, but some of this paradise will soon be coming here." Both Bulgaria and Romania expect "a multibillion-euro infusion of EU aid and foreign investment after New Year's," and already, their economies "are roaring, growing at 7 percent and 6 percent, respectively."

Turkmen Leader's Death Could Lead To Chaos. In a Wall Street Journal (12/29, A8, 2.04M) op-ed, Uzbek journalist and novelist Hamid Ismailov eulogizes Saparmurat Niyazov, Turkmenistan's president who died last week: "Turkmenbashi ('Head of all Turkmen')…was, as his foreign obituarists noted, 'eccentric' even by Central Asia's high standards. Niyazov abolished opera, ballet and circus, arts that were foreign, according to him, to the Turkmen mentality; to nurture this 'mentality,' he wrote 'Ruhname' (Book of Spirit), a compilation of reinvented history, folklore and pseudo-philosophical maxims to rival the Quran." Ismailov lists a number of further perceived eccentricities, noting however that "mesmerized with his notorious idiosyncrasies, the outside world paid less attention to the dark side of Turkmen reality. Politicians and journalists who dared think independently disappeared." Ismailov predicts a chaotic transition of power, possibly to Niyazov's son Murad, "who upon the news of the old man's death swiftly imprisoned his rival and constitutionally next-in-line, the parliament speaker, and declared himself acting president."

Buddhists Flee Bangkok From Militant Insurgency. The Washington Times (12/29, Ehrlich, 88K) reports, "Buddhists are fleeing their homes in southern Thailand in the face of an increasingly militant Muslim insurgency that has begun calling for an independent and pure Islamist nation in the impoverished region bordering Malaysia." Bangkok has "developed into a battle reflecting extremism in Iraq and Afghanistan, including beheadings and the burning of schools." In addition, "200 Buddhist villagers in the Yala province have fled."

China's Economy Likely To Have Expanded 10.5% This Year. The Wall Street Journal (12/29, Zheng, Ruan, 2.04M) reports, "China's economy is likely to have expanded 10.5% in 2006, the chief economist of the National Bureau of Statistics said yesterday." Yao Jingyuan, senior official of the statistics bureau said that "combined value of China's imports and exports likely rose 25% in 2006 to $1.7 trillion." He warned that the economy is "still facing risks of overheating," but the government "should also guard against any big slowdown in growth."

USA Today Says Ban's UN Obstacles Are "Not Impossible." The USA Today (12/29, 11A, 2.27M) editorializes that even though Ban Ki Moon faces immediate challenges as he takes over as the UN's secretary-general, Ban's mission "is not impossible." His challenges "cry out for a strong and authoritative figure," and Ban's reputation is "that of a self-effacing bureaucrat." To "rebuilt the trust of the UN," Ban can start by "focusing on making the UN bureaucracy more accountable," "making a new diplomatic push to halt the genocide in Sudan's Darfur region," and "start gathering troops for quick deployment if and when Sudan's leaders accept them."

WSJournal Says Bush AIDS, Malaria Initiative Shows Progress. The Wall Street Journal (12/29, A8, 2.04M) editorializes that 2006 was "a year of progress on both fronts," on AIDS and malaria. The White House's malaria summit this month had a message of "accountability," and not just "spending more money." Since President Bush "launched his $15 billion plan for AIDS relief in 2003," the US "has provided life-saving antiretroviral drugs for 822,000 people," while providing care for "another 4.5 million people such as AIDS orphans." This is "only a fraction of the 39 million HIV infections world-wide, 62% of them in sub-Saharan Africa," but the Bush Administration is "showing with AIDS and malaria is that a well managed effort can save millions from an early grave."

LATimes Chides Archbishop Of Canterbury For "Selective" Critique Of Mideast. The Los Angeles Times (12/29, 850K) editorializes, "In blaming an exodus of Christians from the Middle East on the 'short-sightedness and ignorance' that led to the war in Iraq," Archbishop of Canterbury Rowan Williams "has identified a part -- but only a part -- of the sad phenomenon he rightly decries." In a Times of London essay, the Church of England head "notes that opponents of the Iraq war had warned that Western military action 'would put Christians in the whole Middle East at risk.'

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Williams says that events since the 2003 invasion of Iraq, including the departure from Iraq of thousands of Christians, have made prophets of war critics. 'The first Christian believers were Middle Easterners,' Williams writes. 'It's a very sobering thought that we might live to see the last native Christian believers in the region.'" There is "some truth in Williams' sermon," but his "critique is selective."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Transplant Deaths At USC A Puzzle."
"Racketeer Loses His Swagger."
"Once Notorious, Now Footnotes."
"Somalian Troops Take Mogadishu."
"A Salute From The Soul In Harlem."
"Israel Escorts Egyptian Arms Delivery To Abbas."

USA Today:
"Other New Laws."
"Hundreds Of Laws Kick In Monday."
"Lame Duck Bush Entering Rougher Waters."
"Extreme Weather Caps Off The Year."

New York Times:
"Somalia Forces Retake Capital From Islamists."
"F.D.A. Tentatively Declares Food From Cloned Animals To Be Safe."
"U.S. Is Told Hussein Hanging Seems Imminent."
"Pay Packages Allow Executives To Jump Ship With Less Risk."
"For Ford, Pardon Decision Was Always Clear-Cut."
"In Minnesota, Case Study For Political Shake-Up."
"Crisis In Housing Adds To Miseries Of Iraq Mayhem."

Washington Post:
"The Old Kinship."
"Ford, Nixon Sustained Friendship For Decades."
"FDA Says Clones Are Safe To Eat."
"Secret Talks Seek Unity For Feuding Va. GOP."
"Edwards Formally Joins 2008 Presidential Race."
"Ethiopians Take Over Somali Capital."

Washington Times:
"'For Better or Worse' Takes A Lot Of Work."
"Somalian, UN Regain Mogadishu."
"FDA Clears Cloned Foods."
"Thai Insurgency targets Buddhist."
"Picky Pandas Keep Bamboo Hunters Busy In Atlanta."

Detroit Free Press:
"Drug Nightmare Ends, Life Begins."
"Ford had Deep Doubts About Iraq."
"His Home Prepares For Ford."

Atlanta Journal-Constitution:
"Godfather Of Soul Packs The Apollo One Last Time."
"DeKalb Tells Thousands To Boil Water."
"Georgia Leads nation In Banruotcy Filings."

Houston Chronicle:
"More Speaking Up In Battle For Texas Speaker's Seat."
"4 Officers Charged In Slayings During Post-Katrina Chaos."
"Pot Bust A Giant Loss For Smugglers."
"Time To Pay, But 10,500 Lack Bills For Property Tax."
"Little Planning, No Twinkle: New Year's Eve Star Won't Rise."

Story Lineup From Last Night's Network News:
ABC: Bob Woodward Interview; Ford Presidential Museum; New Iraq Strategy; Edward's Presidential Bid; Denver Airport; Betty Ford's Legacy; Cloned Meats; James Brown Remembrance; People Of The Year.
CBS: Hussein Execution; New Iraq Strategy; Clones Meats; Duke Lacross Case; Denver Airport; Ford's Funeral; James Brown Remembrance; Early Colleges; Glass Blowers.
NBC: Hussein Execution; New Iraq Strategy; Woodward Interview; US Troops-Baghdad; Police Officers Indicted-New Orleans; Edwards Presidential Bid; Stock Market; Phone Fraud; James Brown Remembrance; Cloned Meats; Denver's Harsh Weather; DC's Smoking Ban.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. In Crawford, Texas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: No Scheduled Events.

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DOJ_NMG_0110000

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 29, 2006 7:45 AM EST

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TERRORISM NEWS:

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5 From Lackawanna Six Sent To Indiana Prison (BUFFNEWS)

By Dan Herbeck, News Staff Reporter

Buffalo News, December 29, 2006

Five of the six members of the Lackawanna Six have been transferred to a federal prison in Indiana, and their families are trying to find out why.

Their attorneys confirmed Wednesday that Shafal A. Mosed, 28; Mukhtar al-Bakri, 26; Yasein A. Taher, 29; Faysal H. Galab, 30; and Sahim Alwan, 34; were all recently moved to the Federal Correctional Institution in Terre Haute, Ind. The U.S. Bureau of Prisons also verified that the men are being held there.

Family members of the five men are upset because most of them were held previously in facilities much closer to Western New York. Now family members will have to drive 570 miles - more than nine hours - to visit the convicted conspirators in Terre Haute. They also could take a flight to Indianapolis, about 70 miles from Terre Haute.

Some supporters of the men wonder if the move is part of a government effort to toughen the punishment they already are receiving for traveling to Afghanistan and training with the al-Qaida terrorist group.

"They were all snatched up and moved [earlier this month]," said Alwan's attorney, James P. Harrington. "This makes it extraordinarily hard for their families to visit them. From what we understand, their telephone and visitation time are being drastically cut, too."

Harrington and other defense attorneys are trying to find out the reason for the move and whether it is punitive.

Harrington said he has heard that the government wants to keep all federal prisoners from terrorism-related prosecutions in one facility.

"This is very unusual, because the Bureau of Prisons rarely puts multiple defendants from one criminal case in the same prison," said Galab's attorney, Joseph M. LaTona. "They usually keep them separated."

Aside from verifying that the five men are at the medium-security prison in Terre Haute, U.S. Bureau of Prisons officials had no comment on the move Wednesday. A prison spokesman, Michael Truman, said he was unaware of any plan to move all the convicts from terrorism-related cases to one facility.

The medium-security prison is part of the Terre Haute Federal Correctional Complex, which also includes a high-security institution and the nation's only federal death row and execution center, which the prison calls its "special confinement unit." Oklahoma City bomber Timothy J. McVeigh, a native of Pendleton, was put to death at Terre Haute in June 2001.

About 3,000 inmates are confined at the complex, authorities said.

President Bush and members of his administration have often cited the Lackawanna Six as a major success story in the fight against terrorism in the United States.

But critics have assailed the government for imprisoning men for "thought crimes" or "crimes of association."

The six men had traveled to Afghanistan prior to Sept. 11, 2001, and trained at a terrorist camp under the supervision of Osama bin Laden, architect of the 9/11 terrorist strikes.

The Lackawanna men have repeatedly denied they had any intention of taking part in any terrorist act.

Ultimately, five pleaded guilty to providing material support to al-Qaida. Galab pleaded guilty to a lesser charge of engaging in a transaction with prohibited individuals.

When the six men agreed to plead guilty in 2003, sentencing Judge William M. Skretny and the U.S. Justice Department agreed to recommend that they be held in prisons as close as possible to Western New York.

"It's very disconcerting that, after the judge and prosecutors agreed to do that, the prison system now seems to be ignoring it," said Mosed's attorney, Patrick J. Brown.

The whereabouts of the sixth man who traveled to Afghanistan - Yahya A. Goba, 29 - are a mystery. He is the only one of the six no longer listed on the "inmate locater" on the Bureau of Prisons Web site.

Officials of the bureau said they could not comment when asked whether Goba is in protective custody or the witness-protection program because of assistance he has given to the government.

Goba was identified by the government as one of the leaders and organizers of the al-Qaida trip. In court papers filed in 2003, a prosecutor said Goba had provided extensive help and detail on al-Qaida's "leaders, trainers and recruits."

Goba's attorney, Marianne Mariano of the federal public defender's office, was out of town and could not be reached Wednesday.

Galab is scheduled to be the first of the Lackawanna group to be released from federal prison, sometime in January 2009, but he could be freed several months sooner if his prison behavior is good.

HOMELAND RESPONSE:

Report Chides FBI Handling Of OKC Bombing (WFTV)

WFTV-TV, December 29, 2006

OKLAHOMA CITY -- Nearly a dozen years after the Oklahoma City bombing, another chapter has closed in its investigation.

A complete congressional report was released this week. In the report, investigators chastised the FBI for how it handled the investigation of the Alfred P. Murrah Federal Building bombing on April 19, 1995.

Among the report's conclusions:

"The original date of the 2001 execution of Timothy McVeigh was postponed by 30 days, following the belated discovery of more than 3000 documents. The files related primarily to the question of John Doe Two and eyewitness sightings. These documents did not raise significant doubt about McVeigh's guilt. Their disappearance, nevertheless, demonstrated that, despite multiple admonitions from the presiding judge and reassurances from law enforcement, the authorities missed key files in what was then the most prominent case in US legal history. We know now they even missed a second stash of explosives hidden in the Nichols house."

"A close look at the findings of this subcommittee suggests that it is reasonable to question if all leads were thoroughly pursued, all evidence gathered and properly analyzed. While the desire of most of the victims' families for swift justice is understandable, with the benefit of hindsight, the McVeigh execution should have been further delayed until there was greater consensus on the subject of John Doe Two. As is clear by their documents (which the Oversight and Investigations Subcommittee has had access to for the first time), his own defense team had significant internal doubts about McVeigh's candor with them on this subject. His only failure on a polygraph test involved his response to a question on whether he had additional help with the bombing. The question persists, and the only person who might have shed light on it is gone."

"We have found no conclusive evidence of a foreign connection, but there remain questions that need to be answered before this final chapter can justifiably be closed. This investigation determined that many pieces of so-called evidence backing various theories of a foreign involvement were not based in fact."

Two Who Tried McVeigh, Nichols Vouch For FBI's Diligence (DENP)

By Howard Pankratz, Denver Post Staff Writer

Denver Post, December 29, 2006

Two former federal prosecutors who tried Oklahoma City bombers Timothy McVeigh and Terry Nichols said Wednesday that they disagreed with a report by a congressional subcommittee slamming the FBI for failing to follow up on potential leads.

One of McVeigh's defense lawyers also said he placed little credibility in the report by the House International Relations investigative subcommittee. A second McVeigh lawyer, however, said he agreed with the report's speculation that foreign conspirators might have been involved.

The report said the leads might have shown that an international conspiracy was behind the Oklahoma City bombing. It found no conclusive evidence of a foreign connection but said questions remained.

"I saw the report online and said, 'Oh my goodness, this is old news,'" said former prosecutor Larry Mackey of Indianapolis, who is skiing in Colorado. "Every question raised by the report was researched thoroughly."

Denver lawyer Nathan Chambers, who represented McVeigh in the months before he was executed, said McVeigh repeatedly made public statements that the bombing was a homegrown operation.

"I'm very suspicious of claims of an international conspiracy," Chambers said. "I never saw any evidence that convinced me that was true."

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Sean Connelly, a Denver-based lawyer who prosecuted Nichols and McVeigh, said the FBI did "an exceptionally thorough" job in investigating any foreign links to the bombing. He said the FBI concluded that the bomb plot was limited to McVeigh and Nichols with their acquaintance Michael Fortier, who had some knowledge of the plans.

But Stephen Jones, the lawyer who represented McVeigh during the Denver trial, said he believes the circle of conspirators extended beyond Nichols, McVeigh and Fortier to others both in the U.S. and abroad.

He said he believes McVeigh played a relatively minor role.

"I think the evidence established that Mr. McVeigh's role was not a leadership role, but it was - as the term is used - a mule role," Jones said.

The subcommittee, headed by Dana Rohrabacher, R-Calif., cited four shortcomings of the investigation:

The FBI was not justified in calling off any further investigation into the existence of John Doe 2, a man witnesses said they saw with McVeigh before the bombing.

The FBI didn't thoroughly investigate potential involvement of an Iraqi living in Oklahoma City and a German national living in northeastern Oklahoma.

Authorities erred in allowing McVeigh to move forward the time of his execution while major questions remained.

The FBI didn't look closely enough at the phone records of Ramzi Yousef, who masterminded the bombing of the World Trade Center in 1993.

The report noted phone calls Yousef allegedly made in the months before the 1993 bombing to a Filipina neighbor and close friend of Terry Nichols' in-laws in Queens, N.Y.

Rohrabacher said his subcommittee "found no conclusive evidence of a foreign connection, but there remain questions that need to be answered before this final chapter can justifiably be closed.

"This investigation determined that many pieces of so- called evidence backing various theories of foreign involvement were not based in fact. ... The overall assessment is inconclusive on the varied theories."

Staff writer Howard Pankratz can be reached at 303-954-1939 or hpankratz@denverpost.com.

Exclusive: Unabomber's Secret Code Cracked (KPIX)

KPIX-TV, December 29, 2006

(CBS 5) SAN FRANCISCO A decade after the feds tracked him down, CBS 5 Investigates has uncovered exclusive new information about Unabomber Ted Kaczynski, including a secret code he developed, and the confessions revealed as the code is broken.

When Federal Bureau of Investigation agents swooped down on Kaczynski's Montana cabin in 1996, they found much more than they expected, according to lead agent Max Noel.

There were "lots of writings, lots of journals, lots of notebooks," recalled Noel, now retired.

Among them, he said, was one notebook in particular that interested all of the agents at the scene because "it just contained lots of numbers," according to Noel.

Noel believes Kaczynski wrote in code out of concern that someone might break into his cabin and discover his current and past activities, which may have included plans for future attacks.

"I thoroughly believe that he was going to begin a much more prolific bombing attack," he said.

The FBI eventually found itself trying to unscramble a code that the National Security Agency would later describe as one of the more sophisticated codes it had ever seen, said Noel.

In fact, it was a code that could not be broken at all until, searching through Kaczynski's cabin, FBI agents found Kaczynski's own key to unmasking the hidden messages.

CBS 5 Investigates has obtained portions of that key along with the Unabomber's coded writings.

The coded writings initially appear to be sets of numbers, commas, and spaces placed in random order. But they are actually part of a very complex mathematical code, also called a cipher.

"It's very clear that this isn't a normal cipher," said Bruce Schneier, a nationally known expert on cryptography who was asked to review photos of the writings.

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Schneier described the code as so complicated that "it would not surprise me if this was the most complex cipher the FBI has seen since World War II."

Schneier said with that code, Kaczynski could certainly be successful in keeping information away from the authorities.

But Kaczynski succeeded only up to a point.

Agents discovered the first of many clues to solving the puzzle in one of Kaczynski's notebooks, on a page labeled, "Unscrambling Sequence."

On the handwritten page, arrows appear to show the direction that a page packed with numbers should be read. Then, in a complex series of decoding steps that Kaczynski calls "phases," numbers are added, subtracted, and married, revealing a new set of numbers that translate to letters and word fragments.

"This clearly takes many steps," Schneier said. "Four steps are listed here, and that's not all. There are at least six steps and could be even more then that."

The FBI's decoding of the notebook revealed a virtual catalog of destruction.

Kaczynski's comments on one page, translated, discussed his feelings about one bombing this way:

"I sent a bomb to a computer expert ... revenge attempts have been gobbling much time, impeding other work. But I must succeed, must get revenge."

Another note translated into a discussion of a July 2, 1982 bombing at the University of California at Berkeley, where Kaczynski said, "I went to U. of California Berkeley and placed in Computer Science Building a bomb consisting of a pipebomb in a gallon can of gasoline."

On another page, Kaczynski described his failed attempt to blow up a commercial airplane on Nov. 15, 1979, saying, "I constructed device ... rigged barometer so device would explode at 2000 ft."

Noel said decoding the notebook led to terrible but important revelations.

"The contents of that small notebook was a detailed confession of all of the past bombings that had been attributed to the Unabomber," Noel said.

Kaczynski's own notes indicate he did not want people to be able to read those confessions.

Some speculate he may have wanted authorities to find the key later if he was killed or captured in order to take credit for his acts.

Idaho Professor Charged With Making Hoax In Bankruptcy Case (SDUT/AP)

By Jennifer Dobner, Associated Press

The San Diego Union-Tribune, December 29, 2006

SALT LAKE CITY – An Idaho professor was charged with falsely claiming that he had mailed a dangerous substance to a trustee overseeing his bankruptcy case in Utah, federal authorities said Thursday.

Thomas Hale warned the trustee Nov. 16 that she would be exposed to hantavirus, a potentially fatal disease passed through rodent droppings, prosecutors said.

But after a six-hour exam, the white substance turned out to be baby powder, said Dennis McKone, assistant to the Salt Lake City fire chief.

Hale, 61, pleaded not guilty in federal court Thursday, two days after he was arrested at Salt Lake City International Airport after a flight from Chicago.

He is a history professor at Idaho State University in Pocatello, Idaho, and owns a house in Salt Lake City. In October 2005, Hale filed for Chapter 13 bankruptcy protection, which allowed him to propose a plan to pay his creditors.

A judge, however, rejected the plan, converted the case to Chapter 7 and appointed trustee Elizabeth Loveridge to control Hale's finances.

A three-count indictment charges Hale with committing a hoax with the threat of a dangerous substance, giving a false statement in the bankruptcy case, and concealing his ownership of the Salt Lake City home, which he was selling for $395,000.

The hoax charge carries a maximum penalty of 30 years in prison. The others each carry a five-year maximum punishment.

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Hale sent Loveridge a fax telling her that he planned to send bankruptcy documents and a hazardous substance, the FBI said.

Loveridge received the envelope on Nov. 20 and contacted Salt Lake City police. A bomb squad and the fire department's hazardous-materials team took the envelope and found it contained nothing harmful, FBI spokesman O. Scott Wall said.

Loveridge declined to comment. Hale has been a professor at Idaho State for 23 years.

The school issued a statement, saying the allegations "did not appear to be connected with Hale's employment."

"The university will respond appropriately as more information becomes available," Idaho State said.

Utah FBI Agents Arrest And Charge Idaho Professor For Bankruptcy, Hantavirus Hoax (KTVX)

KTVX-TV, December 29, 2006

An Idaho State University professor is in hot water for allegedly mailing a false biological agent to an attorney overseeing his bankruptcy case.

Thomas Francis Hale, a history professor with 34 years of tenure at ISU, is accused of sending an envelope with some sort of substance to Elizabeth Loveridge at her downtown law office November 20th, 2006.

Federal investigators say Hale sent a fax, warning to the bankruptcy attorney several days before warning her to "beware" of hazardous materials coming in the mail, and that envelope would include the deadly Hantavirus. Days later an orange envelope arrived. In it was a substance, experts later determined it was not harmful.

The FBI says they quickly tracked the fax back to Hale.

Hale filed for bankruptcy in 1996 and Loveridge was appointed trustee over the case. Investigators say she later determined that Hale had lied about his assets.

On December 28th a federal judge ordered that Hale be released from jail pending trial. He was released with conditions, including that he undergo a mental evaluation.

Professor Charged In Hantavirus Hoax (SLT)

By Michael N. Westley And Jeremiah Stettler, The Salt Lake Tribune

Salt Lake Tribune, December 29, 2006

His lawyer says claiming to mail hazardous material is inappropriate, not criminal

An Idaho State University history professor appeared before a federal magistrate Thursday on charges he mailed an envelope to a bankruptcy trustee claiming it may contain the deadly hantavirus.

Thomas Francis Hale, 61, was indicted earlier this month by a federal grand jury, accused of providing false information and perpetrating a hoax regarding a hazardous material, filing a false bankruptcy oath and concealment of property.

The indictment, unsealed Thursday, accuses Hale of attempting to hide a home he owns in Salt Lake City near 2000 South and 1000 East from bankruptcy proceedings and lying about that ownership while under oath.

The document also states that Hale sent an envelope Nov. 16 to a federal bankruptcy trustee warning that its contents - a plastic bag containing a brown substance - may harbor hantavirus, a disease usually spread by rodent feces.

The trustee never opened the envelope. Hale had told her in an earlier fax that he was mailing a hazardous material, authorities say.

A bomb squad seized the package and discovered a note wrapped around a plastic bag that read, "Termites or hantavirus from mice?" prosecutors said. Laboratory tests revealed no hazardous materials, according to the FBI.

Hale's attorney, Larry Keller, said his client simply was seeking redress for an unresolved termite and mice problem. He said the act

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was "inappropriate" in today's terrorism-charged climate, but not criminal.

Agents arrested the Idaho man Tuesday at the Salt Lake City International Airport after Hale arrived on a flight from Chicago. He was booked into the Salt Lake County jail.

Hale, a tenured professor and attorney, has taught history at Idaho State University for 23 years, according to ISU officials. He is scheduled to teach three classes next semester, including courses on the French Revolution and the foundations of Western civilizations.

ISU Provost Robert A. Wharton said the university has not taken action against Hale or changed its class schedule. Officials need more information first.

"We are just gathering information and considering our options right now," he said.

Wharton declined to comment on whether Hale has been the subject of past disciplinary actions or investigations. Authorities say the professor has no criminal history.

Despite arguments by U.S. Attorney Trina A. Higgins that Hale is a "danger to the community" and should be detained until his trial in March - a position she justified because of the hantavirus threat - U.S. Magistrate Judge Paul Warner ordered his release late Thursday.

The decision hinged on the six-week gap between Hale's alleged threat and the filing of criminal charges. If the professor were dangerous, Warner asked, why didn't authorities apprehend him immediately?

Hale pleaded not guilty to all three charges Thursday and now plans to return home to Pocatello. Warner has set a three-day trial for March 5 before U.S. District Judge Ted Stewart.

If convicted, Hale could face up to 20 years in prison and a fine of up to $250,000, according to the U.S. Attorney's Office in Salt Lake City.

Idaho Professor Is Accused Of Hantavirus Hoax (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, December 29, 2006

Federal prosecutors said the fax suggested that federal bankruptcy trustee Elizabeth Loveridge should check out the "Hazmat" that would be coming in an orange envelope.

Thomas Hale That was Nov. 16. A few days later, an envelope arrived with the word "caution" written on it.

Inside, federal prosecutors allege, Idaho State University history professor Thomas Francis Hale sent a note that said "Termites or hantavirus from mice?"

"It was wrapped around a baggie containing small, brown, mouse poopy-type things," assistant U.S. Attorney Trina Higgins said Thursday, adding that it was not hantavirus but was believed to be termites.

The note is part of a federal indictment handed down against Hale, 61, charging him with making the phony hantavirus hoax, lying to federal authorities and hiding assets during bankruptcy proceedings. The indictment was unsealed on Thursday.

Hale was arrested by the FBI's Joint Terrorism Task Force on Tuesday at the Salt Lake City International Airport after stepping off a flight from Chicago.

"He was surprised to be arrested," FBI Special Agent-in-Charge Tim Fuhrman said.

However, Hale's attorney offered a surprising explanation for the hantavirus scare. The tenants of a property Hale owned in Salt Lake City's Sugar House neighborhood had said there were termites in the basement and he had sent a sample to Loveridge, who had been placed in charge of his financial matters by the bankruptcy court.

"He was saying, 'Here is something you should look at,'" attorney Larry Keller told the judge. "Not 'I'm going to kill you.' Why would he put his name and address on it?"

Keller said Hale had been frustrated with Loveridge and believed she was mismanaging his affairs. A hearing on that issue is scheduled next month in U.S. Bankruptcy Court.

Federal prosecutors countered that Hale would show up at her office, barge past the receptionist and confront her about his case. The U.S. Attorney's Office alleges that Hale also lied about the value of his property — claiming it was valued at $190,000 and then trying to sell it for $395,000.

Keller questioned why the FBI waited more than a month to arrest his client.

"If I'm a terrorist and I threaten somebody, they're going to want to get me off the streets right away," he said.

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Higgins responded that they were waiting for the test results to show if the substance was really hantavirus, a rare and potentially deadly disease spread by mouse droppings.

During a pair of appearances before U.S. Magistrate Judge Paul Warner, Hale sat quietly in his seat. He pleaded not guilty to the charges and a three-day jury trial was set for March 5.

"I find counsel's explanation to be ... interesting," Warner said.

The magistrate judge ordered Hale to be released from the Salt Lake County Jail but then dressed down Hale with a number of conditions of release — including that he have no contact with Loveridge except through her attorney and that he undergo mental health therapy.

"Ms. Loveridge is very frightened," Higgins said.

Hale is a history professor at Idaho State University in Pocatello, where he has taught for 23 years. He is also a lawyer who operates a legal clinic dispensing advice to indigent people.

Federal authorities contend Hale wanted to send a message.

"He clearly wanted to register some type of objection to his bankruptcy proceeding," Fuhrman said.

The charge of providing false information and perpetrating a hoax is a fairly recent one, arising out of the Sept. 11, 2001, terrorist attacks and the anthrax scares that happened shortly afterward, the FBI said.

FBI Investigates Paradise Man For Alleged Threats (PARAPOST)

Paradise (CA) Post, December 29, 2006

A Paradise man is being held in Sacramento in relation to alleged threats made to hotels, Jewish museums, and other locations. According to a Department of Justice press release, a federal grand jury returned a nine-count indictment Thursday charging Scott R. Hudson, 52, with making a series of threatening phone calls between August and November of this year. Hudson was arrested on Dec. 20.

The FBI is investigating the case with the help of police departments in New York City, Rochester, Minn., Philadelphia, Penn. and Riverside and Irvine.

Assistant United States Attorney Benjamin B. Wagner, who is prosecuting the case, said Hudson is charged with calling in bomb threats to two hotels in New York City, making threatening calls to a Rabbi in Long Beach, New York, the National Museum of American Jewish History in Philadelphia and a Jewish congregation in Irvine.

He also allegedly made threatening calls to a graduate school in Minnesota. According to the indictment he threatened to shoot people and to burn down or blow up various buildings. Other documents in the case allege Hudson made calls to a church in Riverside and threatened to kill the pastor.

He is charged with seven counts of threatening

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the use of fire or explosives, each of which carries a maximum possible sentence of 10 years in prison and a $250,000 fine and two counts of threatening communications, each of which carries a maximum of five years in prison and a $250,000 fine.

The actual sentence will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables, and any applicable statutory sentencing factors.

The press release also indicated Hudson had previously been convicted of similar conduct. In 2001, he pleaded guilty in U.S. District Court in Sacramento to making a telephone call to Arizona and threatened to kill a player for the Arizona Diamondbacks baseball team. He served a total of 34 months on that conviction.

The new charges are only accusations, noted the United States Attorney's Office, and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

Messages To Spies Are Coded But Not Hidden (WP)

By James Gordon Meek

The Washington Post, December 29, 2006

It turns out that anybody can tune in to the world's top spy agencies talking to operatives. All you need is a cheap shortwave-radio receiver, the kind available at any drugstore.

Tune it to 6855 or 8010 kHz.

On the hour, you might hear a girlish voice repeating strings of numbers monotonously in Spanish. "Nueve, uno, nueve, tres, cinco-cinco, cuatro, cinco, tres, dos . . .," went one seemingly harmless message heard last month on a Grundig radio.

It was the Cuban Intelligence Directorate or Russian FSB broadcasting coded instructions from Havana to spies inside the United States.

Turn the dial up to 11545 kHz, and you might hear a few notes of an obscure English folk song, "Lincolnshire Poacher," followed by a voice repeating strings of numbers. That's believed to be British Secret Intelligence Service, MI6, broadcasting from Cyprus.

On 6840 kHz, you may hear a voice reading groups of letters. That's a station nicknamed "E10," thought to be Israel's Mossad intelligence.

Chris Smolinski runs SpyNumbers.com and the "Spooks" e-mail list, where "number stations" hobbyists log hundreds of shortwave messages transmitted every month. "It's like a puzzle. They're mystery stations," explained Smolinski, who has tracked the spy broadcasts for 30 years.

While hobbyists guess at the meaning of each cryptic message or which spy service sent it, it's no mystery to intelligence officials, who confirmed the purpose is espionage.

The signals are too strong to be made by amateurs and are often on licensed frequencies. The State Department once complained to the Israeli Embassy in Washington that "E10" was blocking a U.S. broadcast, a source said.

"I can't imagine who else would waste the time in front of a microphone reading numbers" but a spy, said James Bamford, who has written about intelligence. Bamford calls number stations "simple but effective" spycraft.

"It's extremely effective," agreed a senior intelligence official. "If you have a one-time pad, the code can't be broken, and you can send out dummy broadcasts as much as you want to confuse your enemy."

A "one-time pad" is the key to unlocking coded shortwave messages that the CIA calls "one-way voice link."

It is low-risk because it's known only to the sender and the recipient and used just once before being destroyed, said retired CIA officer Tony Mendez.

Mendez said he would often imprint the code on microfilm or even a cigarette paper. Once inside the target country, a CIA operative could make a shortwave receiver out of simple materials. "The voices are not real people," he added. "They're computer-generated."

A CIA spokeswoman declined to comment.

One-time pads and coded radio began in World War I, said Thomas Boghardt, a historian at the International Spy Museum. Little has changed since, judging by recent espionage cases involving shortwave radios, including that of a man detained in Canada last month and accused of being a Russian spy.

In Miami last week, Carlos and Elsa Alvarez pleaded guilty to lesser charges after the United States accused them of spying for Cuba. A prosecutor alleged in a court hearing this summer that they received shortwave "messages in five-digit groupings." An FBI interview transcript shows Alvarez admitted going into his bathroom "on Fridays to listen at 11" for messages aimed at the couple, code-named "David" and "Deborah."

DNI Awards $2 Million In Hush-Hush Money (WP)

By Elizabeth Williamson

The Washington Post, December 29, 2006

Director of National Intelligence John D. Negroponte awarded $200,000 grants earlier this month to 10 scientists in the intelligence community, one of whom could not be named and several of whom declined to be interviewed, for projects whose details remain secret.

The DNI office issued a news release with nine of the recipients' names, agencies, job titles and educational backgrounds. One awardee's information was omitted "because of the sensitive position he occupies in his organization," the release said.

This is the second annual DNI Fellows award program. Last year's recipients, the release says, "made significant progress with technology to locate terrorists and to extract intelligence from remote areas."

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How they did that remains secret.

"We want to keep that spark of innovation alive and healthy," said Eric C. Haseltine, associate director of national intelligence for science and technology, whose office selected the grant recipients.

But "we haven't talked yet about any specific things the fellows have done," he said.

The Department of Homeland Security and science and technology branches of intelligence agencies -- including the FBI, CIA, National Security Agency, National Reconnaissance Office, Defense Intelligence Agency and National Geospatial-Intelligence Agency -- nominated employees. The criteria, Haseltine said, are "first and foremost, virtuoso technical achievement," plus risk-taking, innovation and "teamwork, because sometimes virtuosos don't play well with others."

Playing well with reporters is not a criterion. All of the CIA awardees declined interviews; ditto for the NSA, whose spokesman, Ken White, said the agency's grantees are "not in a position of wanting to go there." Other fellows couldn't be located, or persuaded, by deadline.

"It's great news," said one agency representative, who spoke on the condition of anonymity because discussing the reasons for not discussing the projects could violate secrecy rules. "But because it's classified, you can't talk about it."

Last try: the Department of Homeland Security, which doesn't fall under the traditional intelligence structure. Its awardee, Michelle Keeney, was downright chatty about how she will spend her grant money.

"The plan is kind of generally to sponsor a research project on the evolution of radical movements over time and their adoption of violence as a strategy," she said, in order to document patterns of rhetoric or behavior -- such as acquisition of materials -- that could be used to predict a move toward violence in other groups.

"We want to really try and look at all movements that have occurred over history, make comparisons and contrast" them, Keeney said.

"It's not an intelligence exercise but a research project using information that is historically gathered in the public domain."

That's why she can talk about it.

Controversial Bush Appointee Leaving Government (MCT)

By Philip Dine, St. Louis Post-Dispatch

McClatchy Newspapers, December 29, 2006

WASHINGTON - Tracy Henke, the Missourian who stirred controversy in a top homeland security job, has left the government to join her former boss, John Ashcroft, at The Ashcroft Group.

Earlier this year, President Bush appointed Henke to coordinate U.S. national-disaster and anti-terrorist efforts with state and local officials. Lawmakers of both parties questioned her experience, as well as Bush's bypassing of the Senate confirmation process.

But that criticism was nothing compared to the uproar when Henke, from Moscow Mills, Mo., decreased homeland security grants for New York and Washington, while increasing them for some smaller cities and towns.

"SHE GAVE US THE AX: New York's money cut by a woman from the sticks," complained a headline in The New York Daily News.

Rep. Peter King, R-N.Y., then-chairman of the House Homeland Security Committee, said: "As far as I'm concerned, the Department of Homeland Security has declared war on New York City."

A Washington Post columnist blasted the decision to reduce funding for the two cities hit on Sept. 11 while increasing it for "those terrorism magnets of Kansas City and St. Louis - both by happenstance in Henke's home state of Missouri."

In a telephone interview this week from Moscow Mills, Henke said that though she had held several high-profile positions in government, she was taken aback by the criticism.

"One of the things that was surprising was the level of animosity and the personal attacks as it related to grant awards," she said.

She said even with the reductions, New York still got the most money of any city for homeland security. She also noted that Congress had provided $600 million less in homeland security funding than the year before, making some cuts necessary.

Henke, 37, cited two reasons for her departure:

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_The chance to rejoin Ashcroft, for whom she had worked at the Justice Department when he was attorney general.

_A reorganization of homeland security functions, which would put her office under the Federal Emergency Management Agency early next year. Henke said she had neither the time nor the energy to oversee the changes.

Among her accomplishments, she said, was getting states and cities "to think more comprehensively about homeland security, more regionally."

Jim Carafano, an expert in homeland security at the Heritage Foundation, said Henke deserved praise, despite the public criticism.

"I think the office did great stuff, and they really swam upstream against, quite frankly, people who were quite interested in how much money they could get for their district, rather than looking at risk," Carafano said.

Henke left the department on Oct. 31 and joined Ashcroft's firm a few weeks ago. As a senior adviser, she will focus on homeland-security and criminal-justice issues.

"There will be much more consulting than lobbying; lobbying, however, might be part of it, depending on the needs," she said. The hours will certainly be "a little more normal," she said, noting that homeland security was a "seven-day-a-week job."

Depending on the nature of the Homeland Security reorganization, she may be exempted from prohibitions against lobbying her former agency, she said.

WAR NEWS:

Bush Considers Up To 20,000 More Troops For Iraq (NYT)

By David S. Cloud And Jeff Zeleny

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — The Bush administration is considering an increase in troop levels in Iraq of 17,000 to 20,000, which would be accomplished in part by delaying the departure of two Marine regiments now deployed in Anbar Province, Pentagon officials said Thursday.

The option was among those discussed in Crawford, Tex., on Thursday as President Bush met there with his national security team, and it has emerged as a likely course as he considers a strategy shift in Iraq, the officials said.

Most of the additional troops would probably be employed in and around Baghdad, the officials said.

With the continuing high levels of violence there, senior officials increasingly say additional American forces will be needed as soon as possible to clear neighborhoods and to conduct other combat operations to regain control of the capital, rather than primarily to train Iraqi forces.

“The mission that most people are settling on has to do with using them in a security role to quell violence in Baghdad and the surrounding area,” said a senior Pentagon official involved in the planning.

Any plan to add to American forces in Baghdad would have to be negotiated with the government of Prime Minister Nuri Kamal al-Maliki, which has expressed interest in using Iraqi forces, not American ones, to assert more control over the capital.

The idea of extending the deployments of two Marine units has emerged in part because most of the marines in Iraq are on seven-month rotations and keeping them there longer is considered more palatable than holding over Army brigades, which are already serving tours of a year or longer, one official said.

Additional troops would come from sending into Iraq a brigade of the 82nd Airborne Division headed for the region next month and possibly by speeding up the deployment of several Army brigades now scheduled to go to Iraq by next spring.

But officials said a brigade of the First Armored Division now in Anbar Province would probably go home as planned in January, because the unit had already been kept in Iraq more than 40 days beyond its scheduled tour.

Other options remain under consideration, the officials said, noting that a decision to speed up deployment schedules would put more strain on Army and Marine equipment and personnel. But other options, like mobilizing reserve units, would take months, officials said.

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After meeting with his top military and diplomatic advisers at his Texas ranch, Mr. Bush said his administration was making "good progress" in fashioning a revised Iraq strategy. But he said he intended to consult with Congress when it convenes next week before presenting his plan to the nation.

"I fully understand it's important to have both Republicans and Democrats understanding the importance of this mission," Mr. Bush said, speaking to reporters after a three-hour meeting. "It's important for the American people to understand success in Iraq is vital for our own security."

The meeting, according to a senior administration official, focused on the security, economic and political situation in Iraq. But the bulk of the discussions focused on the security issue and the option of sending more American troops to Baghdad, the official said.

Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, emerged from the meeting with the president. The national security adviser, Stephen J. Hadley, and his top deputy, J. D. Crouch, also attended the meeting and joined the others for a working lunch at the ranch.

The White House initially intended to announce a new Iraq policy before Christmas but delayed those plans so the president could consider a range of diverging views inside his administration. For weeks his advisers have been locked in internal debates about how to proceed, but it is an open question whether the meeting on Thursday brought clarity to the discussions.

"I've got more consultation to do until I talk to the country about the plan," said Mr. Bush, who did not elaborate or take questions from reporters.

Mr. Bush said he had received a briefing from Mr. Gates, his new defense secretary, and General Pace, who recently returned from Iraq. White House aides said the president did not want to offer his new plan for Iraq before Mr. Gates had an opportunity to study conditions on the ground in Iraq.

"It's an important part of coming to closure on a way forward in Iraq that will help us achieve our objective," Mr. Bush said, "which is a country that can govern itself, sustain itself and defend itself."

How additional American troops would be employed in Baghdad remains a central point of discussion among Mr. Bush's top advisers and top ground commanders in Iraq, officials said. But two officials said there was growing agreement that most would not be attached to American teams training Iraqi Army and police units, because doing so would not necessarily yield the quick improvements in security the White House wants.

But it is also unclear to what extent the additional forces would be employed to curb the power of militias associated with Shiite groups that form a key constituency for Mr. Maliki.

The two units whose stay could be extended are the Marines' Fifth and Seventh Regiment combat teams in Anbar Province, which are scheduled to begin leaving Iraq in February when two replacement regiments are due to arrive, officials said.

It is unclear which Army brigades could be sent early. A 3,500-soldier brigade of the Third Infantry Division, based at Fort Stewart, Ga., is scheduled to arrive in Iraq in mid-January, followed in subsequent months by units from the First Infantry Division, at Fort Riley, Kan., and the Second Infantry Division, at Fort Lewis, Wash.

The Third Brigade of the Third Infantry Division, based at Fort Benning, Ga., is scheduled to go to Iraq in the spring, according to a spokesman, Kevin Larson, who said he had not heard any discussion of accelerating that timetable. But he said, "We're ready to answer whatever call may come up."

How long beyond February the Marine units would remain is unclear, but officials emphasized that the goal was a temporary increase in the American presence. It is also unclear whether a decision to speed up the deployment of two Army brigades would mean that other units scheduled to be deployed would go to Iraq earlier than planned later next year. Currently there are about 134,000 American troops in Iraq.

Bush Considers Economic Package For Iraq (WP)

By Michael Abramowitz And Robin Wright

The Washington Post, December 29, 2006

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CRAWFORD, Tex., Dec. 28 -- As he puts the finishing touches on his revised Iraq plan, President Bush is considering new economic initiatives to go along with a possible increase in troops to help stabilize the country, according to officials familiar with the administration's review.

Among the steps being considered are short-term jobs and loan programs aimed at winning back the waning local support for the U.S. presence in Iraq, the officials said. They described the ideas as part of a classic effort to quell an insurgency through a combination of economic, political and military means.

"The president is looking at a variety of ways to work with the Iraq government to provide new economic opportunities for Iraqis, which will be essential to sustaining security gains and draining the influence of extremists," said Gordon Johndroe, the spokesman for the National Security Council.

That view underscores how Bush is looking beyond just military issues as he gears up for one, potentially final, try to achieve stability in Iraq. Officials said economic and political issues were among the key elements discussed Thursday when Bush huddled here with his top national security advisers to discuss the situation in Iraq.

The president emerged after three hours to tell reporters that he has made "good progress" on developing a new plan to stanch sectarian violence and strengthen the Iraqi government. But he said that he intends to hold more consultations with Iraqi leaders and U.S. lawmakers before formally unveiling his plan sometime next month.

"The plan is taking shape," said one senior administration official who briefed reporters outside the president's ranch, where Bush is spending the holidays.

The senior official said Bush heard an extensive presentation about military conditions in Iraq from Robert M. Gates, the new defense secretary, and Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, who had just returned after their fact-finding mission there. One idea gaining currency in the administration is to send between 15,000 and 30,000 additional troops to Iraq, at least on a temporary basis, to help improve security, but there are questions among senior military leaders about how effective this move would be.

The Pentagon has pressed for political and economic plans to complement such a possible surge in troops.

The political component of the emerging Bush package would set up benchmarks for long-overdue steps, such as amending the constitution to help address the objections of Iraq's Sunni minority and dismantling 23 predominantly Shiite militias. But it is unclear whether the Iraqi government would go along with such milestones, which were among the recommendations of the Iraq Study Group.

Some U.S. officials think an economic package may be the most promising element of a revised strategy, since it would deal with the Iraqis' deteriorating conditions and growing disillusionment with the U.S. intervention. Others, however, have severe questions about whether such a package would work almost four years after the American invasion and after previous botched efforts to stimulate economic activity.

The economic package now on the table focuses on three elements, and is separate from the long-term jobs-creation program being promoted by the U.S. military. One senior official cautioned that all three elements have been discussed in some manner but that the final package has not been determined.

One element, traditionally linked to a counterinsurgency strategy, is to follow up any military sweep with a short-term work program that would immediately hire people in the neighborhood to clear up trash or do other small civil-affairs jobs.

This project would begin within hours rather than days of a military operation and would help signal a return to normalcy. It might also help wean young unemployed Iraqi men from the militias or prevent them from joining any of the armed factions that are fueling Iraq's escalating sectarian strife.

The second part would be a micro-loan program -- involving modest loans to help individuals get businesses going -- to generate new economic activity in poor neighborhoods. Unemployment is worse today than during the rule of Saddam Hussein, Iraq's ousted leader.

The third part of the package, which has been developed in part by the Treasury Department, would review dormant state-owned industries to try and determine which ones are economically viable and worth reopening. The package would be a shift from the large-scale and long-term development projects that, in the past, relied heavily on Western contractors and expertise.

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In brief comments to reporters here, the president made clear that the focus of his review is to strengthen the government of Iraqi Prime Minister Nouri al-Maliki, which has been struggling to quell militia violence and bring about political reconciliation between Sunnis and Shiites.

"The key to success in Iraq is to have a government that's willing to deal with the elements there that are trying to prevent this young democracy from succeeding," Bush said. "We want to help them succeed."

Bush, clad in an open-neck shirt and sport jacket, was flanked by Gates and Pace, as well as by Vice President Cheney and Secretary of State Condoleezza Rice. Joining the five at Thursday's meeting were White House Chief of Staff Joshua B. Bolten, presidential counselor Dan Bartlett, national security adviser Stephen J. Hadley and his deputy, J.D. Crouch, who is managing the White House's Iraq review.

Administration officials said they expect the president to unveil his full plan for Iraq sometime in the early part of January, but Bush and his advisers made clear that more consultations are planned with U.S. lawmakers and Iraqi leaders -- and that there could well be another meeting of the National Security Council before the plan is released.

"I fully understand it's important to have both Republicans and Democrats understanding the importance of this mission," Bush told reporters.

Bush: More Consultation Needed On Iraq Policy (HC/AP)

By Deb Riechmann

Houston Chronicle, December 29, 2006

CRAWFORD — President Bush worked nearly three hours at his Texas ranch today to design a new U.S. policy in Iraq, then emerged to say that he and his advisers need more time to craft the plan he'll announce in the new year.

Burdened by low approval ratings on his handling of the war, the president is under mounting pressure to come up with a new blueprint for U.S. involvement in Iraq where the execution of Saddam Hussein — perhaps as early as this weekend — could incite further violence.

"We've got more consultation to do until I talk to the country about the plan," Bush said, appearing outside an office building at his ranch.

"Obviously, we'll continue to work with the Iraqi government. The key to success in Iraq is to have a government that's willing to deal with the elements there that are trying to prevent this young democracy from succeeding."

Vice President Dick Cheney, Secretary of State Condoleezza Rice, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, and Secretary of Defense Robert Gates stood by Bush as he made his three-minute statement on a dirt road lined with cactus, then turned away, ignoring a reporter's question about the pending execution.

He thanked U.S. troops for their service, yet offered no hint that he was poised to send more of them to war.

"As I think about this plan, I always have our troops in mind," Bush said.

The president is considering the so-called surge option: increasing the number of troops in Iraq and embedding more U.S. advisers in Iraqi units in hopes of quelling violence to provide a window of opportunity for political reconciliation and rebuilding.

"I think the debate is really coming down to: Surge large. Surge small. Surge short. Surge longer," said Tom Donnelly, a defense and security expert at the conservative American Enterprise Institute. "I think the smart money would say that the range of options is fairly narrow and driven by the situation on the ground in Iraq."

Initially, White House advisers said Bush would announce a plan before Christmas. Then, they said it was more likely after the first of the year. His speech now is to occur in the early weeks of January.

James Carafano, senior fellow at the conservative Heritage Foundation, said that if Bush is delaying his announcement, it has less to do with events in the United States and more to do with the situation in Iraq.

"If it were just picking a troop number, they'd be done by now," Carafano said. "My guess is that it (Bush's plan) has to synchronize with some kind of Iraqi domestic political situation in Iraq."

Some military experts support a surge in troop levels beyond the 140,000 already on the ground in Iraq. They contend this will provide a window of opportunity for rebuilding and a political reconciliation between the Sunni and Shiite factions.

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Democrats and others in the military community say sending more troops only increases the Iraqis' dependence on U.S. forces and allows them to delay making the painful political compromises needed to end the violence. Democrats are calling on Bush to end America's open-ended commitment in Iraq and some want to see Congress put restrictions on funding any large increases in U.S. troops there.

"A surge which is not part of an overall program of troop reduction that begins in the next four to six months would be a mistake," said Sen. Carl Levin, D-Mich., who will take over the Armed Services Committee when the new Congress convenes on Jan. 4. "Even if the president is going to propose to temporarily add troops, he should make that conditional on the Iraqis reaching a political settlement that effectively ends the sectarian violence."

The president's unexpected remarks last week that he backs future expansion of the overall size of the Army and Marine Corps to lessen strain on ground forces was viewed as a possible hint that he plans to send in more troops.

In an action that might also foreshadow an increase in troops, the Pentagon on Wednesday announced that the 2nd Brigade, 82nd Airborne Division, based at Fort Bragg, N.C., will deploy to Kuwait to serve as the reserve force early next year.

Bush said his New Year's resolution is that U.S. troops will be safe and that the United States, in 2007, helps Iraq move closer to being able to sustain, govern and defend itself.

"My resolution is, is that they'll be safe and that we'll come closer to our objective, that we'll be able to help this young democracy survive and thrive and, therefore, we'll be writing a chapter of peace," Bush said.

As he spoke, the administration was preparing for the execution of Saddam as early as this weekend. That prediction was based on information that U.S. officials in Baghdad were receiving from the Iraqi government, according to a senior administration official, who spoke on condition of anonymity because he didn't want to overshadow the president's remarks.

The official said Bush would likely hold another National Security Council session before announcing his new strategy in Iraq in the first few weeks of January.

At the meeting here today, Gates and Pace, who just returned from Iraq, elaborated on the briefing they gave the president at the Camp David presidential retreat in Maryland before Christmas. The bulk of the meeting focused on improving security in Iraq, but the president and his advisers also talked about economic and political issues.

Along a road leading to the ranch, about 20 anti-war protesters, including one wearing a pink wig, shouted "War Criminals!" and waved signs that read "Out of Iraq Now!" and "Bush Lied Troops Died."

Bush plans to return to Washington on Jan. 1. He and first lady Laura Bush will go immediately from Andrews Air Force Base to the Capitol to pay their respects to former President Gerald R. Ford, whose casket will be on public display in the Rotunda.

New Strategy For Iraq War Still A Work In Progress (WT)

By Joseph Curl

The Washington Times, December 29, 2006

More than six weeks after Americans turned Congress over to Democrats, President Bush yesterday said he still does not have a plan for securing Iraq, although he said he is "making good progress toward coming up" with one.

After meeting yesterday with top White House officials and military advisers at his Crawford, Texas, ranch during a vacation, the president said he is continuing to compile information and build a plan to deal with rampant sectarian violence that has left 100 American troops dead this month.

"I'm making good progress toward coming up with a plan that we think will help us achieve our objective," said Mr. Bush, flanked by Vice President Dick Cheney; Secretary of State Condoleezza Rice; Gen. Peter Pace, chairman of the Joint Chiefs of Staff; and Secretary of Defense Robert M. Gates.

"I've got more consultation to do until I talk to the country about the plan," he added. "The key to success in Iraq is to have a government that's willing to deal with the elements there that are trying to prevent this young democracy from succeeding."

The president's approval rating has plummeted, and Americans delivered both chambers of Congress last month to the Democrats in an election widely viewed as a rebuke of the administration's Iraq policy.

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Mr. Bush has a small window in which to change course in Iraq on his own terms: Congress returns early next month, and the president plans to deliver his State of the Union address on Jan. 23. Although the White House promised quick action after the bipartisan Iraq Study Group early this month called for the withdrawal of most combat troops by early 2008, the president changed his mind and pushed the plan off until next year.

"Not only will I continue to reach out to Congress, but members of my team will do so, as well. I fully understand it's important to have both Republicans and Democrats understanding the importance of this mission," the president said.

The president is considering what military advisers call the "surge" option: increasing the number of troops in Iraq and embedding more U.S. analysts in Iraqi units to quell violence in order to provide an opportunity for political reconciliation and rebuilding.

The Pentagon said Wednesday that it will send about 3,500 troops to Kuwait to serve as a standby force for use in Iraq or elsewhere in the region. The deployment order was sent to a brigade of the 82nd Airborne Division at Fort Bragg, N.C.

In addition, the president announced earlier this month that he supports expanding the Army and the Marine Corps, a move some military analysts took as a hint that he plans to send more troops into Iraq.

Meanwhile in Iraq, a bomb killed an American soldier and wounded another yesterday while they were on patrol north of Baghdad. Three soldiers also died from roadside bombs in the capital, and a Marine was killed in western Anbar province on Wednesday, the military said. With 100 American troops dead so far this month, December is the second-deadliest month of 2006 for U.S. military personnel. At least 105 troops died in October.

A senior administration official said yesterday's meeting lasted nearly three hours and was followed by a lunch. Another National Security Council session is likely before Mr. Bush announces his plan in the first few weeks of January, the official said.

The official said that Mr. Gates and Gen. Pace, who just returned from Iraq, elaborated on the briefing they gave the president at Camp David before Christmas and talked more about what they saw and heard on the ground.

Bush Cites Progress In Talks On Iraq (LAT)

By James Gerstenzang

The Los Angeles Times, December 29, 2006

CRAWFORD, TEXAS — President Bush said Thursday that he was "making good progress" toward redrawing his strategy for Iraq, a plan aides said would encompass economic and political elements as well as new security procedures to stem sectarian violence and counter a thriving insurgency.

It appeared increasingly likely, but not certain, that the latest effort to shore up the Iraq campaign would include sending additional U.S. troops there, and that the president would launch his strategy in a speech to the nation when Congress returns to Washington next Thursday or soon after.

Democratic leaders reiterated their opposition to any increase in the number of U.S. troops in Iraq.

Bush held a morning-long meeting with key members of the National Security Council at his office on his Texas ranch, continuing the discussions at lunch. Before making final decisions, Bush said, he wants to have additional consultations, including with members of Congress.

The administration has attached great importance not only to the substance of the plan but to the way it is presented to — and received by — the public, a tacit acknowledgment of the continuing decline in popular support for the war. Officials also are concerned with the impact Congress could have on the president's ability to conduct the war once Democratic majorities take control of the agenda in the House and Senate.

Sen. Carl Levin (D-Mich.), incoming chairman of the Armed Services Committee, said Thursday that most Democrats would oppose any plan calling for a "surge" in the number of U.S. troops.

"The main direction has got to be troop reductions," Levin said on CNN, standing by what he said was the primary Democratic proposal to begin withdrawing troops in "four to six months."

In a three-minute statement to reporters at his ranch after the morning meeting, Bush pledged to "reach out to Congress."

"I fully understand it's important to have both Republicans and Democrats understanding the importance of this mission," he said. Bush was joined by Vice President Dick Cheney; Secretary of State Condoleezza Rice; Defense Secretary Robert M.

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Gates; Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff; and four senior White House aides: Stephen Hadley, national security advisor; J.D. Crouch, deputy national security advisor; White House Chief of Staff Joshua B. Bolten; and White House Counselor Dan Bartlett.

"I'm making good progress toward coming up with a plan that we think will help us achieve our objective," the president said.

A senior administration official, speaking on condition of anonymity because he was discussing internal deliberations and decisions that have not been made final, said Bush was "driving toward making final decisions."

But he said that more information was being sought and that officials were "drilling down into the real details of the various elements — political, economic, security — and how these parts fit together."

"The security element is obviously very complicated," involving the movement of equipment and troops, he added.

The official indicated that at least a temporary troop increase was part of the discussion. Others have said that as many as 20,000 or perhaps 30,000 troops would be added to the approximately 140,000 there now by holding over some units scheduled to come home and moving up the dispatch of others.

"You'd expect that would be an element," he said of the consideration of a so-called surge.

Bush said last week that he was considering increasing the deployment. But a troop increase would present him with a steep challenge as he seeks to regain public support after the midterm election, which has been widely interpreted as a rejection of his conduct of the Iraq war.

Though Sen. John McCain of Arizona has called for sending more troops, other Republicans have challenged such a course. The idea is drawing sharp criticism from Democrats, setting the stage for a showdown at the start of a period in which both sides have proclaimed a new devotion to bipartisanship.

Levin's comments Thursday were the latest from Democrats warning against troop increases. On Tuesday, Sen. Joseph R. Biden Jr. of Delaware, incoming chairman of the Foreign Relations Committee, said such a boost would be "the absolute wrong strategy," a comment that drew a sharp retort from the White House a day later.

In addition to talking with members of Congress, Bush said, he will continue consultations with the Iraqi government, emphasizing the necessity of having a government there willing to deal with insurgents and sectarian violence.

Bush called the meeting Thursday "an important part of coming to closure" as he completes his new policy. Gates, Pace, Rice and Cheney stood behind him, all in casual sports clothes, as he spoke.

The timing of Bush's announcement of a new policy is tied to several factors: He is scheduled to return to Washington on New Year's Day after a week in Texas and will take part the next day in the funeral of former President Ford at Washington National Cathedral.

Also, Congress returns to open a new session on Thursday, although Bush can consult with its members before the formal opening.

Few New Ideas In Army's Surge Options For Iraq (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, December 29, 2006

The U.S. Army is studying a number of options for surging troops into Iraq if President Bush picks that approach as his centerpiece for a new war strategy, military officials said yesterday.

One official who was sent the briefing slides for various surge options said he was struck with the lack of new ideas after an intense three-month review process inside the Bush administration. "Some of this stuff is what the old Coalition Provisional Authority looked at," said the official, referring to the U.S. government organization that ran Iraq from 2003 to 2004.

There are now about 135,000 American forces in Iraq. Surge options range from a brigade of some 5,000 soldiers to as many as five brigades, or nearly 30,000 troops.

If Mr. Bush, who met yesterday at his Texas ranch with Defense Secretary Robert M. Gates and other national security advisers, chooses that option, the main target would be to take control of the capital. Since last summer, Baghdad has been the scene of killings by Shi'ite and Sunni death squads, and by al Qaeda. A build up of both Iraqi and American forces there this

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summer did not achieve the desired reduction in violence. Commanders have said the next six months will be a critical time: the violence will either recede or Iraq will descend into civil war.

To surge by five brigades, the Army will have to keep some units in Iraq longer than their normal 13-month deployments, and accelerate the redeployment of brigades who already have served there. The Army will also call up more reserves and may tap forces stationed in other overseas regions, military officials said.

"The Army has been looking at this for months," said a second official. "[Former Defense Secretary Donald H.] Rumsfeld held a number of briefings on, if we need more troops, how do we do it."

Mr. Bush is said to be particularly impressed by a briefing he received at the White House Dec. 11 from retired Gen. John M. Keane, former Army vice chief of staff. Gen. Keane advocates a surge of troops for a significant period of time to secure Baghdad.

The Army has increased troops in Iraq in the past to improve security for last winter's national elections and for the Baghdad offensive this summer.

Officials said Mr. Bush is also looking at an economic component and may ask Congress to fund a new round of reconstruction projects. Officials have mentioned a figure of $5 billion. But they warn that starting more projects at a time of deteriorating security will not work. Congress has approved over $30 billion in reconstruction and development money for Iraq.

Another factor is the state of Iraq's new ministries. After operating for nearly 30 years in Saddam Hussein's top-down management style, there is no seasoned cadre of bureaucrats who know how to move the machinery of government to get things done.

As a result, ministries are failing to spend budget funds on much-needed projects. "They have not yet learned how to make decisions and act on them," said the first official.

Mr. Bush is weighing scores of options from a number of sources, including the Joint Chiefs of Staff, the National Security Council, his commanders in Iraq and retired officers such as Gen. Keane. Also weighing in was the 10-member Iraq Study Group, which recommended virtually all combat units be out of Iraq by early 2008. The White House and the Joint Chiefs are described as cool to that idea.

The government of Iraqi Prime Minister Nouri al-Maliki also has submitted proposals for how the Iraqi Security Forces can take over more missions, and do it faster.

Why We Need More Troops In Iraq (WP)

By Joseph Lieberman

The Washington Post, December 29, 2006

I've just spent 10 days traveling in the Middle East and speaking to leaders there, all of which has made one thing clearer to me than ever: While we are naturally focused on Iraq, a larger war is emerging. On one side are extremists and terrorists led and sponsored by Iran, on the other moderates and democrats supported by the United States. Iraq is the most deadly battlefield on which that conflict is being fought. How we end the struggle there will affect not only the region but the worldwide war against the extremists who attacked us on Sept. 11, 2001.

Because of the bravery of many Iraqi and coalition military personnel and the recent coming together of moderate political forces in Baghdad, the war is winnable. We and our Iraqi allies must do what is necessary to win it.

The American people are justifiably frustrated by the lack of progress, and the price paid by our heroic troops and their families has been heavy. But what is needed now, especially in Washington and Baghdad, is not despair but decisive action -- and soon.

The most pressing problem we face in Iraq is not an absence of Iraqi political will or American diplomatic initiative, both of which are increasing and improving; it is a lack of basic security. As long as insurgents and death squads terrorize Baghdad, Iraq's nascent democratic institutions cannot be expected to function, much less win the trust of the people. The fear created by gang murders and mass abductions ensures that power will continue to flow to the very thugs and extremists who have the least interest in peace and reconciliation.

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This bloodshed, moreover, is not the inevitable product of ancient hatreds. It is the predictable consequence of a failure to ensure basic security and, equally important, of a conscious strategy by al-Qaeda and Iran, which have systematically aimed to undermine Iraq's fragile political center. By ruthlessly attacking the Shiites in particular over the past three years, al-Qaeda has sought to provoke precisely the dynamic of reciprocal violence that threatens to consume the country.

On this point, let there be no doubt: If Iraq descends into full-scale civil war, it will be a tremendous battlefield victory for al-Qaeda and Iran. Iraq is the central front in the global and regional war against Islamic extremism.

To turn around the crisis we need to send more American troops while we also train more Iraqi troops and strengthen the moderate political forces in the national government. After speaking with our military commanders and soldiers there, I strongly believe that additional U.S. troops must be deployed to Baghdad and Anbar province -- an increase that will at last allow us to establish security throughout the Iraqi capital, hold critical central neighborhoods in the city, clamp down on the insurgency and defeat al-Qaeda in that province.

In Baghdad and Ramadi, I found that it was the American colonels, even more than the generals, who were asking for more troops. In both places these soldiers showed a strong commitment to the cause of stopping the extremists. One colonel followed me out of the meeting with our military leaders in Ramadi and said with great emotion, "Sir, I regret that I did not have the chance to speak in the meeting, but I want you to know on behalf of the soldiers in my unit and myself that we believe in why we are fighting here and we want to finish this fight. We know we can win it."

In nearly four years of war, there have never been sufficient troops dispatched to accomplish our vital mission. The troop surge should be militarily meaningful in size, with a clearly defined mission.

More U.S. forces might not be a guarantee of success in this fight, but they are certainly its prerequisite. Just as the continuing carnage in Baghdad empowers extremists on all sides, establishing security there will open possibilities for compromise and cooperation on the Iraqi political front -- possibilities that simply do not exist today because of the fear gripping all sides.

I saw firsthand evidence in Iraq of the development of a multiethnic, moderate coalition against the extremists of al-Qaeda and against the Mahdi Army, which is sponsored and armed by Iran and has inflamed the sectarian violence. We cannot abandon these brave Iraqi patriots who have stood up and fought the extremists and terrorists.

The addition of more troops must be linked to a comprehensive new military, political and economic strategy that provides security for the population so that training of Iraqi troops and the development of a democratic government can move forward.

In particular we must provide the vital breathing space for moderate Shiites and Sunnis to turn back the radicals in their communities. There are Iraqi political leaders who understand their responsibility to do this. In Anbar province we have made encouraging progress in winning over local Sunni tribal leaders in the fight against al-Qaeda and other terrorists. With more troops to support them, our forces in Anbar and their Sunni allies can achieve a major victory over al-Qaeda.

As the hostile regimes in Iran and Syria appreciate -- at times, it seems, more keenly than we do -- failure in Iraq would be a strategic and moral catastrophe for the United States and its allies. Radical Islamist terrorist groups, both Sunni and Shiite, would reap victories simultaneously symbolic and tangible, as Iraq became a safe haven in which to train and strengthen their foot soldiers and Iran's terrorist agents. Hezbollah and Hamas would be greatly strengthened against their moderate opponents. One moderate Palestinian leader told me that a premature U.S. exit from Iraq would be a victory for Iran and the groups it is supporting in the region. Meanwhile, the tens of thousands of Iraqis who have bravely stood with us in the hope of a democratic future would face the killing fields.

In Iraq today we have a responsibility to do what is strategically and morally right for our nation over the long term -- not what appears easier in the short term. The daily scenes of death and destruction are heartbreaking and infuriating. But there is no better strategic and moral alternative for America than standing with the moderate Iraqis until the country is stable and they can take over their security. Rather than engaging in hand-wringing, carping or calls for withdrawal, we must summon the vision, will and courage to take the difficult and decisive steps needed for success and, yes, victory in Iraq. That will greatly advance the cause of moderation and freedom throughout the Middle East and protect our security at home.

Lawyer Told To Pick Up Hussein's Personal Effects (CNN)

DOJ_NMG_0110022

CNN.com, December 29, 2006

WASHINGTON (CNN) -- Saddam Hussein's lawyer said Friday the U.S. military has asked that he arrange for Hussein's personal belongings to be picked up.

But Hussein has not been handed over to Iraq authorities for execution and remained in U.S. custody Friday, according to Iraqi Deputy Justice Ministry Bosho Ibrahim.

Iraqi Prime Minister Nuri Al-Maliki said Friday that nothing will stop or delay the execution, according to Iraqi national television.

Al-Maliki told reporters that there be "no reviews or delays in the execution of the criminal Saddam," Al-Iraqiya TV reported.

Under Iraqi law, his defense lawyers and family would be notified before the death sentence is carried out, and there has apparently been no such notification.

"The American side has just called me and asked me to either send someone to pick up the personal effects of Saddam Hussein and his [half] brother Barzan al-Tikriti, or to give them an address to which they can send them," said lead defense attorney Khalil al-Dulaimi.

He said when he asked the U.S. military if this meant that Hussein had already been transferred to Iraqi custody for his execution, they refused to answer.

Another defense lawyer, Badie Aref, told CNN that Hussein met with two of his half-brothers in his prison cell on Thursday and passed on messages and instructions to his family.

"President Saddam was just bracing for the worst, so he wanted to see his brothers and pass on some messages and instructions to his family," Aref said. The half brothers who visited were Sabawi and Wathban Ibrahim Hassan al-Tikriti, he said.

Another of Hussein's half-brothers, Barzan al-Tikriti, has been sentenced to death and is being held in Iraq under the same charges as Hussein.

Aref said the U.S. soldiers guarding Hussein took away a radio he kept in his cell on Tuesday so he could not hear news reports about his death sentence.

His death sentence was upheld Tuesday by an appellate court. (Full story)

"They did not want him to hear the news from the appeals court upholding the sentence," he said. "They gave him back the radio on Wednesday."

Aref said Saddam found out about the appeals court verdict "a few hours after it was announced."

On Thursday, Bush administration officials told CNN Hussein is expected to be executed "this weekend."

Hussein would be transferred from U.S. to Iraqi custody within the next day, one official said.

More than one administration source confirmed the impending transfer.

But Homeland Security Advisor Fran Townsend on CNN cautioned that the timing of the execution is up to the Iraqi government.

Two defense attorneys Thursday met with Hussein in his jail cell.

"He believes in his fate, and his only concern is the unity of the Iraqi people," al-Dulaimi told CNN in Amman, Jordan.

Al-Dulaimi described the former Iraqi dictator's morale as "normal."

Hussein was convicted on November 5 for crimes against humanity in connection with the killings of 148 people after an attempt on his life.

Hussein's execution by hanging must take place before January 27 -- or within 30 days after the Iraqi High Tribunal upheld the death sentence -- according to chief Judge Aref Shaheen. (Watch tensions escalate over Hussein's imminent execution)

"He believes in his destiny," the attorney said.

Al-Dulaimi said Thursday that neither the defense team nor Hussein's family have been given an execution date.

The U.S. State Department also says it has not been told when Hussein will be executed.

A senior Bush administration official said Thursday that the execution is likely to be "a couple of days" from now.

Hussein was sentenced to death for his role in the 1982 killings of 148 people in Dujail, a mostly Shiite town north of Baghdad, following an attempt on his life.

The dictator was found guilty of murder, torture, and forced deportation.

The Dujail episode falls within 12 of the worst cases out of the 500 documented "baskets of crimes" during the Hussein regime.

The U.S. State Department says torture and extrajudicial killings followed the Dujail killings and that 550 men, women and children were arrested without warrants. A Web warning to U.S.

On the day Hussein's death sentence was confirmed, the Baath party that he led warned that it would retaliate against the United States and its interests as well as against members of the Iraqi High Tribunal if the execution is carried out.

It said the United States will suffer "grave consequences" if Hussein is executed.

The party also vowed to shut down peace negotiations with coalition forces, according to the statement the group released on an Arabic-language Web site.

The Baathists have been operating as part of the insurgency against the U.S. and its allies since Hussein's regime fell in 2003.

In a farewell letter posted Wednesday on the former Baath Party's Web site, Hussein bid farewell to Iraqis and called on them not to hate the U.S.-led forces. (Watch Hussein try to get in the last word)

Calling Iraq a "loyal and honorable nation," Hussein says, "I bid you farewell and submit myself to the merciful and ever-faithful Lord." (Full story)Trial itself was on trial

The White House has praised the court's decision, calling the day a milestone.

"Saddam has received due process and the legal rights that he denied the Iraqi people," said Scott Stanzel, deputy White House press secretary.

Al-Dulaimi, called the ruling "crazy," and said it came from "an illegitimate and unconstitutional court."

While proponents of the Iraqi High Tribunal hail it for taking steps to ensure accountability for atrocities committed during Hussein's regime, critics have pointed to the lack of safety for attorneys and questioned the judiciary's independence and impartiality.

Three defense lawyers were killed during the Dujail trial, and another fled the country after being seriously wounded. (Watch to see why many consider the trial flawed)

Human Rights Watch, which had regularly issued reports about the Hussein regime's brutality, also criticized the Iraqi High Tribunal for an over-reliance on anonymous witnesses.

Hussein and others also are being tried in another case, the killings of up to 100,000 Kurds during the 1988 Anfal campaign against Kurdish rebels. The allegations include the use of poison gas against Kurdish towns in northern Iraq.

Hussein Could Be Hanged Within Days (NYT)

By James Glanz

The New York Times, December 29, 2006

BAGHDAD, Dec. 28 — Preparations for the execution of Saddam Hussein began taking on a sense of urgency late Thursday as American and Iraqi officials suggested that he could be hanged within a span of days rather than weeks.

After upholding the death sentence against Mr. Hussein on Tuesday for the execution of 148 Shiite men and boys in 1982, an Iraqi appeals court ruled that he must be sent to the gallows within 30 days. But Mr. Hussein may not have even that long to live, officials said.

A senior administration official said that the execution would probably not take place in the next 24 hours, but that the timing would be swift. “It may be another day or so,” the official said.

In Iraq, where the Constitution requires that the Iraqi president and his two deputies sign all execution orders, officials said it was unlikely that legal formalities would stand in the way. The president, Jalal Talabani, had not received the documents by late Thursday.

But a government official familiar with the process said that little objection would be raised if the execution took place almost immediately. “Even if it happens tonight, no one is going to make an issue out of the procedure,” the official said.

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Mowaffak al-Rubaie, the national security adviser, said there would be no advance notice of the execution because of fears that any announcement could set off violence. When asked who would be invited to attend the hanging, Mr. Rubaie said: “No television. No press. Nothing.”

He said the execution would be videotaped but that it was unlikely that the tape would be released.

Even with the security fears, there was little appetite among Iraqi officialdom to spare Mr. Hussein for much longer. “I hope the decision should be implemented very soon,” said Qasim Daoud, a former national security adviser. “Sooner is better because it sends a message that we are determined — we want to get ahead step by step to building a new Iraq, and these messages will help.”

Some rights advocacy groups have criticized the haste of the trial and the appeal. Mr. Hussein was sentenced to death on Nov. 5 by a court specially set up to judge his years in power, and the appeals court handed down its ruling less than two months later. Mr. Hussein, along with two co-defendants, received his death sentence on a narrow case involving only the killings of the 148 Shiites, in the town of Dujail. Further cases were pending, and his trial on charges that he ordered the killings of tens of thousands of Kurds has already started.

Since the appeals court upheld the death sentences, rumors have swept Baghdad that the Iraqi government would move quickly to put Mr. Hussein to death. Prime Minister Nuri Kamal al-Maliki has drawn protests of political meddling in recent months by suggesting publicly that the former dictator should die at the earliest possible date.

Public pronouncements by American officials have been much more muted, as all formal queries have been referred to the government of Iraq, or G.O.I. in Baghdad jargon.

“Saddam Hussein is still in detention in a coalition facility,” the United States military in Baghdad said in a statement late Thursday, referring to the American-led coalition of forces. “He will continue to remain in a coalition facility until G.O.I. determines to change that status.”

“This is primarily a G.O.I. issue. As for any potential transfer, we do not discuss any coordination” between American military forces and the Iraqis, the statement said.

One American official who works closely with the Iraqi justice system expressed frustration over the criticism that Mr. Hussein’s trial has received. Considering the difficult security situation in a country emerging from a dictatorship — Mr. Hussein’s — the trial has been conducted as fairly as possible by the Iraqis, the official said. “I’m sure they gave it full deliberation and I have full confidence in them,” the official said.

Hussein May Be Hanged In A 'Day Or So' (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 29, 2006

BAGHDAD — Saddam Hussein met with two of his half brothers and his lawyers Thursday at a U.S. detention facility as a senior U.S. official said his execution could come within "a couple more days."

The former Iraqi president has been in U.S. custody in a cell at Camp Cropper near Baghdad's international airport. He is to be officially turned over to Iraqi custody shortly before the death sentence is carried out, as ordered by an Iraqi court.

The execution could occur in "another day or so" — before the start of the Muslim holiday of Eid al-Adha, said the U.S. official, who spoke on condition of anonymity. Iraqi officials have said their government would be loath to carry out an execution during the Eid festival, and have suggested that it would not take place until the holiday ends next week. The U.S. official noted that the Bush administration had been "in close contact with the government of Iraq" on Hussein's fate.

As speculation rose that the execution is near, the condemned former president met at Camp Cropper with his half brothers Sabawi and Watban Ibrahim Hassan, both of whom are also in U.S. custody, said one of his attorneys, Bushra Khalil.

"He met with them and he gave them some things. I'm not sure what," said Khalil, speaking by phone from Amman, Jordan, where she plans to meet today with Hussein's eldest daughter, Raghad.

Hussein's lawyers said they had not been notified of the execution date.

Hussein, 69, seemed in high spirits Thursday as he shared untitled poems he wrote recently and well wishes for the Iraqi people with his visitors over lunch, said attorney Wadood Fawzi, one of those who met with Hussein.

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Fawzi said that during the two-hour meeting, Hussein asked about the welfare of the country and his family but made no requests and asked no questions, not even about his execution. "He wasn't sad; he was very normal," Fawzi said.

Hussein's lead attorney, Khalil Dulaimi, said he did not expect Hussein to invite family members to witness his execution.

Hussein was sentenced Nov. 5 to hang for crimes against humanity in connection with the killing of 148 men and boys from the Shiite Muslim town of Dujayl after an attempt there to assassinate him in 1982. Two of his seven codefendants also received death sentences.

Dulaimi called Hussein's trial illegal and politically motivated. He called on U.S. and world leaders to acknowledge that, saying that otherwise they risked alienating not just Iraqis but the rest of the Muslim world.

"I would like to advise the American administration and President Bush: Do not make mistakes again," Dulaimi said. "This is not advice from Saddam Hussein's lawyer, but from an Iraqi citizen."

Elsewhere in Baghdad, violence continued to claim the lives of some of Iraq's poorest citizens.

Bystanders pulled an 8-year-old boy from the charred wreckage of a marketplace where the poor come to buy used clothes and household goods, the scene of two of three explosions in the city that left at least 17 people dead, including the boy's parents.

Vendors said the bombs, which killed seven people, were planted in wooden carts by two strangers who set up shop near the entrance and exit to the market and left just before the explosions. After the initial shock over the explosions, shoppers and vendors resumed haggling over underwear and socks.

"If I would go home, then what would my family eat?" said vendor Jabbar Shnawa, 35, who sold a CD after the explosion for 500 dinars, about 40 cents.

Across town, a bomb planted under a parked car exploded at 11 a.m. at a gas station where people waited to buy kerosene. The blast killed 10 people.

During the 24-hour period that ended Thursday, 41 bodies were recovered in the capital, according to the Interior Ministry.

Three U.S. Marines were killed in Fallouja by small-arms fire. They were with the 1st Battalion, 24th Marine Regiment, a reserve group from the Midwest. Members of the battalion are among the final 300 Marines in Fallouja, where many patrols recently have been turned over to Iraqi forces. A U.S. soldier was killed by a roadside bomb while on a combat foot patrol north of the capital, the military said.

The deaths bring to 2,991 the total number of U.S. forces killed in Iraq since 2003, according to icasualties.org.

The military also announced Thursday that soldiers conducted a raid Tuesday south of Baghdad and detained an Al Qaeda in Iraq cell leader suspected of killing two U.S. soldiers found dead in June, Pfc. Kristian Menchaca of Houston and Pfc. Thomas Tucker of Madras, Ore.

Meanwhile, audio from a videotape of four American hostages was made public Thursday by McClatchy Newspapers in which the security contractors and an Austrian plead for their release. The five were kidnapped Nov. 16 near the southern city of Safwan.

Lou Fintor, a U.S. Embassy spokesman, confirmed that the men were still being held and said U.S. officials were investigating the recording. Fintor said a previously unknown Iranian group, the Islamic Mujahedin Battalion, initially claimed responsibility for the kidnapping. He could not say whether the group was still holding the men.

On tape, the five men ask the U.S. government to withdraw troops from Iraq. They identify themselves as Josh Munz, a former Marine from California who was stationed in Fallouja; John Young, 44, of Kansas City, Mo.; Jonathan Cote, 23, of Gainesville, Fla.; Paul Reuben, 39, of Buffalo, Minn.; and Bert Nussbaumer, 25, of Vienna.

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Times staff writers James Gerstenzang in Crawford, Texas, and Suhail Ahmad, Saif Hamid and Said Rifai in Baghdad and special correspondents in Baghdad, Hillah and Kirkuk contributed to this report.

SADDAM: DEAD BY SUNDAY (NYPOST)

The New York Post, December 29, 2006

December 28, 2006 -- Saddam Hussein, sentenced to death for his role in 148 killings in 1982, will be hanged within the next 48 hours, a U.S. military officer reportedly said Thursday.

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NBC and CBS News are reporting that the officer revealed Saddam will be hanged before the start of the Eid religious holiday, which begins Sunday.

Earlier Thursday, Saddam's chief lawyer made a last-ditch effort to impede his execution, beseeching world leaders to prevent the United States from handing over the ousted dictator to Iraqi authorities who plan to hang him.

The plea came as the U.S. military reported the deaths of five more troops and announced that Iraqi forces, backed by American forces, captured an al-Qaida in Iraq cell leader believed responsible for the June kidnapping of two soldiers who were found tortured and killed.

With at least 72 more Iraqis killed in sectarian violence, U.S. officials and Iraqis expressed concern about the potential for even worse bloodshed following Saddam's execution. The lawyer, Khalil al-Dulaimi, said transferring Saddam to Iraqi authorities could be the trigger.

"If the American administration insists in handing the president to the Iraqis, it would commit a great strategic mistake which would lead to the escalation of the violence in Iraq and the eruption of a destructive civil war," al-Dulaimi told The Associated Press in a telephone interview.

Iraq's highest court on Tuesday rejected Saddam's appeal against his conviction and death sentence for the killing of 148 Shiites in the northern city of Dujail in 1982. The court said the former president should be hanged within 30 days.

The White House was preparing for Saddam's execution as early as this weekend, based on information that U.S. officials in Baghdad were receiving from the Iraqi government, a senior administration official said in Washington.

But Iraq's deputy justice minister, Bosho Ibrahim, said Saddam shouldn't be hanged for another few weeks. "The law does not say within 30 days, it says after the lapse of 30 days," Ibrahim said.

He did not explain the discrepancy between his interpretation and the court's, nor could he give a specific execution date.

Al-Dulaimi, Saddam's lawyer, said the ousted leader should enjoy protection from his enemies as a "prisoner of war" and remain in U.S. custody.

"According to the international conventions, it is forbidden to hand a prisoner of war to his adversary," al-Dulaimi said.

"I urge all the international and legal organizations, the United Nations secretary-general, the Arab League and all the leaders of the world to rapidly prevent the American

administration from handing the president to the Iraqi authorities," al-Dulaimi said.

An official close to Iraqi Prime Minister Nouri al-Maliki has said Saddam would remain in a U.S. military prison until he is delivered to Iraqi authorities on the day of his execution. The official spoke on condition of anonymity because he was not authorized to speak to the press.

Iraqi government offices shut down ahead of an Islamic holiday this weekend, and there was confusion over when Saddam would be executed and whether President Jalal Talabani was required to approve such action.

Raed Juhi, a spokesman for the High Tribunal that convicted Saddam, said that with approval from Talabani, Saddam could be put to death within 30 days. Otherwise, the execution would be held after that period, he said.

But Hiwa Osman, a spokesman for Talabani, has said the execution might not need the president's signature.

International reaction to the denial of Saddam's appeal has been relatively muted.

Cardinal Renato Martino, Pope Benedict XVI's top prelate for justice issues and a former Vatican envoy to the U.N., condemned the death sentence in a newspaper interview published Thursday, saying capital punishment goes against the teachings of the Roman Catholic Church.

After Saddam's death sentence was handed down last month, Louise Arbour, the U.N. high commissioner for human rights, urged Iraq to ensure a fair appeals process and to refrain from executing Saddam even if the sentence is upheld.

Some international legal observers and human rights groups have also called Saddam's trial unfair because of alleged interference by the Shiite-dominated government.

But State Department Deputy Spokesman Tom Casey said Thursday the Bush administration believes the trial was held in accordance with international and Iraqi laws.

"(The Iraqis) carried out their work in a transparent and open manner and they arrived at a verdict based on the facts in the case," Casey said.

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In Dujail, home to the 148 victims of the 1982 killings, townspeople were divided over Saddam's execution.

"America is using him to increase sedition among Iraqis, but we are thinking only of how Iraq can get rid of its problems and achieve security," said Hussein Abases, a Shiite farmer.

Pentagon spokesman Bryan Whitman acknowledged there was concern about a possible surge of violence after the execution. "I'm sure the Iraqi government is thinking through that and working with the coalition in terms of the impact that could have," he said in Washington.

U.S. Preparing For Saddam's Execution (AP)

By Lauren Frayer

AP, December 29, 2006

An Iraqi reads a newspaper with the front page dedicated to news of former Iraqi dictator Saddam Hussein's death sentence appeal rejection in Baghdad, Iraq, Wednesday, Dec. 27, 2006.

AP Photo/Samir Mizban BAGHDAD, Iraq (AP) - As Saddam Hussein's lawyer made a last-ditch effort to impede his execution Thursday, the White House was preparing for the ousted dictator to be hanged as early as this weekend, a senior administration official said. The timetable was based on information that U.S. officials in Baghdad received from the Iraqi government. But, there were differing accounts.

The plea from Saddam's attorney came as the U.S. military reported the deaths of eight more troops and announced that Iraqi forces, backed by American forces, captured an al-Qaida in Iraq cell leader believed responsible for the June kidnapping of two soldiers who were found tortured and killed.

Iraq's deputy justice minister, Bosho Ibrahim, said Saddam shouldn't be hanged for another few weeks. "The law does not say within 30 days, it says after the lapse of 30 days," Ibrahim said.

He did not explain the discrepancy between his interpretation and the court's, nor could he give a specific execution date.

With at least 72 more Iraqis killed in sectarian violence, U.S. officials and Iraqis expressed concern about the potential for even worse bloodshed following Saddam's execution. His lawyer, Khalil al-Dulaimi, said transferring Saddam to Iraqi authorities could be the trigger.

"If the American administration insists in handing the president to the Iraqis, it would commit a great strategic mistake which would lead to the escalation of the violence in Iraq and the eruption of a destructive civil war," al-Dulaimi told The Associated Press in a telephone interview.

Iraq's highest court on Tuesday rejected Saddam's appeal against his conviction and death sentence for the killing of 148 Shiites in the northern city of Dujail in 1982. The court said the former president should be hanged within 30 days.

Al-Dulaimi, Saddam's lawyer, said the ousted leader should enjoy protection from his enemies as a "prisoner of war" and remain in U.S. custody.

"According to the international conventions, it is forbidden to hand a prisoner of war to his adversary," al-Dulaimi said.

"I urge all the international and legal organizations, the United Nations secretary-general, the Arab League and all the leaders of the world to rapidly prevent the American administration from handing the president to the Iraqi authorities," al-Dulaimi said.

An official close to Iraqi Prime Minister Nouri al-Maliki has said Saddam would remain in a U.S. military prison until he is delivered to Iraqi authorities on the day of his execution. The official spoke on condition of anonymity because he was not authorized to speak to the press.

Iraqi government offices shut down ahead of an Islamic holiday this weekend, and there was confusion over when Saddam would be executed and whether President Jalal Talabani was required to approve such action.

Raed Juhi, a spokesman for the High Tribunal that convicted Saddam, said that with approval from Talabani, Saddam could be put to death within 30 days. Otherwise, the execution would be held after that period, he said.

But Hiwa Osman, a spokesman for Talabani, has said the execution might not need the president's signature.

International reaction to the denial of Saddam's appeal has been relatively muted.

DOJ_NMG_0110028

Cardinal Renato Martino, Pope Benedict XVI's top prelate for justice issues and a former Vatican envoy to the U.N., condemned the death sentence in a newspaper interview published Thursday, saying capital punishment goes against the teachings of the Roman Catholic Church.

After Saddam's death sentence was handed down last month, Louise Arbour, the U.N. high commissioner for human rights, urged Iraq to ensure a fair appeals process and to refrain from executing Saddam even if the sentence is upheld.

Some international legal observers and human rights groups have also called Saddam's trial unfair because of alleged interference by the Shiite-dominated government.

But State Department Deputy Spokesman Tom Casey said Thursday the Bush administration believes the trial was held in accordance with international and Iraqi laws.

"(The Iraqis) carried out their work in a transparent and open manner and they arrived at a verdict based on the facts in the case," Casey said.

In Dujail, home to the 148 victims of the 1982 killings, townspeople were divided over Saddam's execution.

"America is using him to increase sedition among Iraqis, but we are thinking only of how Iraq can get rid of its problems and achieve security," said Hussein Abases, a Shiite farmer.

Pentagon spokesman Bryan Whitman acknowledged there was concern about a possible surge of violence after the execution. "I'm sure the Iraqi government is thinking through that and working with the coalition in terms of the impact that could have," he said in Washington.

At least 30 Iraqis died Thursday in bombings and shootings, including a suicide bombing in a crowd of people waiting to buy kerosene near a stadium in Baghdad that killed 10, according to police. Police also said 42 bodies of tortured men were found dumped in the Iraqi capital Thursday.

The U.S. military in Iraq announced five more American troop deaths: four soldiers hit by roadside bombs on patrol and a Marine killed in combat in volatile western Iraq. The Department of Defense also identified three more American servicemen who died in Iraq this week that hadn't been previously reported, according to an AP analysis.

The figures raised the U.S. troop deaths this month to 103, second only to the 105 service members who died in October. At least 2,991 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an AP count.

The al-Qaida in Iraq cell leader allegedly responsible for the deaths of two of the servicemen was arrested Tuesday in a raid south of Baghdad, the military said. Al-Qaida in Iraq had claimed it killed the two U.S. soldiers found dead in June - Pfc. Kristian Menchaca of Houston and Pfc. Thomas Tucker of Madras, Ore. Their bodies were recovered after a search by 8,000 U.S. and Iraqi soldiers, dubbed Operation Fallen Eagle.

The Rush To Hang Saddam Hussein (NYT)

The New York Times, December 29, 2006

The important question was never really about whether Saddam Hussein was guilty of crimes against humanity. The public record is bulging with the lengthy litany of his vile and unforgivable atrocities: genocidal assaults against the Kurds; aggressive wars against Iran and Kuwait; use of internationally banned weapons like nerve gas; systematic torture of countless thousands of political prisoners.

What really mattered was whether an Iraq freed from his death grip could hold him accountable in a way that nurtured hope for a better future. A carefully conducted, scrupulously fair trial could have helped undo some of the damage inflicted by his rule. It could have set a precedent for the rule of law in a country scarred by decades of arbitrary vindictiveness. It could have fostered a new national unity in an Iraq long manipulated through its religious and ethnic divisions.

It could have, but it didn't. After a flawed, politicized and divisive trial, Mr. Hussein was handed his sentence: death by hanging. This week, in a cursory 15-minute proceeding, an appeals court upheld that sentence and ordered that it be carried out posthaste. Most Iraqis are now so preoccupied with shielding their families from looming civil war that they seem to have little emotion left to spend on Mr. Hussein or, more important, on their own fading dreams of a new and better Iraq.

What might have been a watershed now seems another lost opportunity. After nearly four years of war and thousands of American and Iraqi deaths, it is ever harder to be sure whether anything fundamental has changed for the better in Iraq.

DOJ_NMG_0110029

This week began with a story of British and Iraqi soldiers storming a police station that hid a secret dungeon in Basra. More than 100 men, many of them viciously tortured, were rescued from almost certain execution. It might have been a story from the final days of Baathist rule in March 2003, when British and American troops entered Basra believing they were liberating the subjugated Shiite south. But it was December 2006, and the wretched men being liberated were prisoners of the new Iraqi Shiite authorities.

Toppling Saddam Hussein did not automatically create a new and better Iraq. Executing him won't either.

A Death Sentence Affirmed (WP)

The Washington Post, December 29, 2006

WITH TUESDAY'S decision by an Iraqi appeals body to affirm the death sentence of Saddam Hussein, the execution of the former tyrant could take place within weeks. Under Iraqi law, a death sentence must be carried out within a month of its confirmation; though Iraqi officials have made conflicting statements about timing, the country's Shiite-dominated government is unlikely to show mercy. For those who oppose the death penalty, as we do, any execution is regrettable -- and this one, should it come to pass, will follow highly imperfect judicial proceedings and may in the short term inflame sectarian divisions. But it's hard to imagine the death penalty existing anywhere for any crime and not for Saddam Hussein -- a man who, with the possible exception of Kim Jong Il, has more blood on his hands than anyone else alive. Should the world see his end in the coming days, the justice will be imperfect. But it will still be justice.

To be sure, this was not the accountability that one would hope for Saddam Hussein. For one thing, the crime for which he has been condemned -- the killing of 148 men and boys from the town of Dujail after an assassination attempt against him there in 1982 -- will be but a footnote in the volume detailing his atrocities. And his execution will cut short his trial for the crimes that would fill out that volume: the so-called Anfal campaign, in which tens of thousands of Kurds were murdered.

What's more, his trial was in no sense the model of civilized justice that would have showcased a new, democratic Iraq -- in large measure because that new Iraq has yet to materialize. Several defense lawyers were murdered; judges had to be replaced. Political interference was evident. Even this week, the appeals tribunal sent back one life sentence as insufficiently tough, in effect demanding death for one of the co-defendants.

Still, there is something unreal about the cries of foul from human rights groups demanding perfect procedural justice from a country struggling with civil war, daily bombings and death-squad killings. The reality is that by the trial's end, there was no significant factual dispute between prosecution and defense: Saddam Hussein acknowledged on national television that he had signed the death warrants after only the most cursory look at the evidence against his victims. That, he testified proudly, "is the right of the head of state." Exactly what would a perfect trial be capable of discovering?

Marines Deny Airstrikes Used Against Insurgents In Ramadi (LAT)

By Solomon Moore

The Los Angeles Times, December 29, 2006

BAGHDAD — A large-scale U.S. military operation in Ramadi last month did not target suspected insurgents with airstrikes, U.S. military officials said.

Witness statements reported by The Times on Nov. 15 indicated that a U.S. airstrike might have killed at least 30 people, including women and children.

But Marine spokesman Lt. Col. Bryan Salas said in a written response to inquiries about the incident that an airstrike Nov. 14 hit a bridge about 10 miles east of Ramadi and resulted in no casualties.

Salas said Marines killed at least 16 suspected insurgents during Ramadi operations Nov. 13 and 14 in which tank rounds and 25-millimeter guns were fired. Main tank guns can hit targets miles away with explosive ordnance.

"The 13th and the morning of the 14th of November was very lethal for the insurgency," he said.

Salas said insurgents fired at least three rocket-propelled grenades but overshot and missed U.S. forces. Insurgents and U.S. forces also traded mortar fire, Salas said, but there were no reports of casualties in that exchange.

He acknowledged that news photos showed "alleged bodies of civilians killed by coalition forces in Ramadi," and did not dispute reports of collateral damage.

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Recent interviews by a Times correspondent in Ramadi supported earlier eyewitness accounts of civilian deaths during the clashes.

"The actual number eventually reached 35 people, including children and women," said Yasir Hussein, 40, a Ramadi electrical worker. Hussein said the initial tally of 30 dead increased as injured people died of their wounds.

"I saw three women and two children killed," said Khalid Jasim, 49, a school guard. "We took their bodies to the hospital using blankets due to the fact that several of them were dismembered."

The Marines did not immediately respond to inquiries about the number of civilian dead, but acknowledged that it was often difficult to distinguish between insurgents and civilians.

Recent interviews with Ramadi residents also supported initial reports that homes were destroyed during the November fighting. Marines did not respond to inquiries from The Times regarding the number of homes destroyed or tank rounds fired in the fighting.

Residents said the houses were in an old Iraqi army officers quarters, and that one of them, in which a number of civilians were killed, was being used as an Internet cafe.

"Six houses were leveled to the ground and 10 others were damaged to varying degrees," said Ahmad Hummadi, 50, a laborer. "But all of the houses were abandoned because they were no longer suitable for habitation."

Several residents said they saw helicopters and a jet fighter during the confrontations and assumed that some of the explosions were caused by airstrikes. U.S. ground units often are accompanied by air support during military operations.

A special correspondent in Ramadi contributed to this report.

A Suspect In The Killings Of 2 Americans Is Captured In Iraq (NYT)

By Marc Santora

The New York Times, December 29, 2006

BAGHDAD, Dec. 28 — The man believed to be behind the kidnapping, brutal torture and killing of two American soldiers in June was seized in a raid in a town just south of the capital on Tuesday, American and Iraqi officials said Thursday.

The abduction of the two Americans, who were captured when insurgents ambushed a traffic checkpoint their platoon had set up in the town of Yusufiya, set off one of the largest manhunts of the war, with 8,000 troops involved.

The soldiers' savaged remains were eventually found not far from where the soldiers were taken.

A group called the Mujahedeen Shura Council, which is linked to Al Qaeda in Mesopotamia, later released a graphic video showing the decapitation of one of the Americans. At one point, the arm of one insurgent is shown picking up the soldier's head as another insurgent steps on the face of the other soldier.

The two slain soldiers were identified as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, of Madras, Ore. A third soldier, Specialist David J. Babineau, 25 of Springfield, Mass., was killed during the attack on June 16 that resulted in the abduction.

In a country where killers seldom are brought to justice, the capture of the man believed to be responsible for the soldiers' deaths, whose name was not released, would be a clear triumph for American forces.

Meg Tucker, Private Tucker's mother, struggled to hold back tears when told the news about the capture. "I'm glad that they caught him if indeed they did, but it doesn't bring my son back," she said. "We have just gone through the holidays. It has been really tough. We miss him very much. We still get cards and letters from all over the United States, and we appreciate that very much."

The raid was prompted by a tip the Americans received about a video that had been shown at the Yusufiya mosque, Iraqi and American military officials said. In the video, a man is seen commenting on the kidnapping. It is this man, military officials said, who was taken into custody.

He is also believed to have directed and participated in other kidnappings, killings and violent crimes, the military said in a statement.

Although the military's statement said that the Iraqi Special Forces led the operation, an Iraqi military official indicated that the man was in American custody and that American forces directed the assault.

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No casualties involving either American or Iraqi troops were reported in the raid.

American and Iraqi forces staged another major raid on Tuesday in the nearby town of Mahmudiya, arresting 30 people suspected of being insurgents. It was unclear if the two raids were connected.

Yet even as they tried to stem the violence, Americans forces continued to come under sustained attack.

Four Americans were killed in attacks on Wednesday, bringing the total number of Americans killed in December to 100, according to The Associated Press and making this one of the deadliest months for the military in the past three years.

One marine was killed battling insurgents on Wednesday in Anbar Province, the Sunni stronghold in the west of the country.

Two soldiers were killed on Wednesday when a roadside bomb exploded near their patrol in southwestern Baghdad. In a separate bombing in the capital, another American soldier was killed.

Scores of Iraqis also continued to die in bombings, clashes and kidnappings.

At least 19 Iraqi civilians were killed Thursday in three separate bombings in Baghdad.

In one attack, on a popular market in central Baghdad, two roadside bombs exploded one after the other, timed to inflict as much damage as possible, Iraqi officials said. At least nine people were killed and 35 were wounded, officials said.

Separately, a suicide bomber, who disguised himself in a large crowd of people waiting for fuel at a gas station near a large sports stadium in central Baghdad, blew himself up and killed at least 10 people and wounded 25.

The authorities found 51 bodies in Baghdad on Wednesday and 41 more on Thursday, most likely the latest victims of sectarian violence.

With the violence continuing unabated, the beleaguered Iraqi security forces also came under attack across the country.

North of Baghdad, in Baquba, a police captain was assassinated and two other officers were wounded in a drive-by shooting, officials said.

In Kirkuk, four armed men wearing Iraqi Army uniforms clashed with the police, killing at least one officer and wounding another. Southwest of Kirkuk, in Hawija, a roadside bomb seriously wounded three policemen.

The Iraqi Army also came under assault. An army checkpoint in Tikrit was attacked and two soldiers were killed and one was wounded, Iraqi military officials said.

Al-Qaeda In Iraq Cell Leader Caught In Raid, Military Says (USAT/AP)

USA Today, December 29, 2006

BAGHDAD — The U.S. military said Thursday that a joint raid by Iraqi and U.S. forces resulted in the capture of the al-Qaeda in Iraq cell leader who was behind the abduction, torture and killing of two U.S. soldiers in June.

The announcement came as Saddam Hussein's lawyer made a last-ditch effort Thursday to impede his execution. The U.S. military reported the deaths of five more troops.

Lawyer Khalil al-Dulaimi beseeched world leaders to prevent the United States from handing over the ousted dictator to Iraqi authorities who plan to hang him.

Al-Dulaimi said transferring Saddam to Iraqi authorities could trigger more bloodshed.

Iraq's highest court on Tuesday rejected Saddam's appeal of his conviction and death sentence for the killing of 148 Shiites in the northern city of Dujail in 1982. The court said the former president should be hanged within 30 days.

The White House was preparing for Saddam's execution as early as this weekend, based on information that U.S. officials in Baghdad were receiving from the Iraqi government, a senior administration official said in Washington.

Iraq's deputy justice minister, Bosho Ibrahim, said Saddam shouldn't be hanged for another few weeks.

An official close to Iraqi Prime Minister Nouri al-Maliki told the Associated Press that Saddam would remain in a U.S. military prison until he is delivered to Iraqi authorities on the day of his execution. The official spoke on condition of anonymity because he was not authorized to speak to the press.

The U.S. military said it captured the al-Qaeda in Iraq figure in a raid south of Baghdad.

Al-Qaeda in Iraq had claimed it killed the two U.S. soldiers found dead in June: Pfc. Kristian Menchaca of Houston and Pfc. Thomas Tucker of Madras, Ore.

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The two were abducted when insurgents overran their checkpoint in the town of Youssifiyah. Spec. David Babineau of Springfield, Mass., was killed in that attack.

The Mujahadeen Shura Council, a collection of insurgent groups that includes al-Qaeda in Iraq, later released video purporting to show the decapitation of one of the soldiers. Their bodies were recovered after a search by 8,000 U.S. and Iraqi soldiers. Also Thursday:

•At least 30 Iraqis died in bombings and shootings, including a suicide bombing in a crowd of people waiting to buy kerosene near a stadium in Baghdad that killed 10, according to police. Police also said 42 bodies of tortured men were found dumped in the Iraqi capital Thursday.

•The U.S. military announced that five American servicemembers had been killed: four soldiers hit by roadside bombs on patrol and a Marine killed in combat in volatile western Iraq. That raised the number of U.S. troop deaths in December to 100, the second-highest monthly total this year. There were 105 U.S. deaths in October.

Iraqi River Police Patrol The Tigris (LAT)

By Molly Hennessy-fiske, Times Staff Writer

The Los Angeles Times, December 29, 2006

Trained in the U.S., the officers bring out the dead and guard a violent stretch of waterway.

BAGHDAD — Divers call it "the burial ground," an impenetrably dark stretch of the Tigris River, about 20 feet deep, passing through the heart of Baghdad.

Cruising the river on a recent day strapped into life jackets that double as body armor, members of Baghdad's river patrol pointed to bridges near where they swam as children and now recover the city's dead.

"Violence, terror — it is part of what is going on here in Iraq," said a river patrol captain who would not give his name, fearing that insurgents in his neighborhood would discover that he works with the police. He said he gave up swimming in the river years ago and bought a pool.

The patrol's commander, Lt. Col. Alaa Saleh Ibrahim, has learned this much patrolling the stretch of muddy river the last two years: It takes at least 10 days for bodies to surface in winter. Men float faceup, women facedown.

Fishermen find bodies tangled in the 10-foot-tall green reeds that line the sandy banks.

"This month we are relieved," Ibrahim said. "We don't have so many dead bodies."

Death on the Tigris is almost always violent, the river patrol commander says. Some causes of deaths are unchanging: People jump from bridges, or get tangled in weeds while swimming and drown.

And then there are the dumped bodies, an increasingly frequent sight and a barometer of violence in a city that has become the epicenter of the country's sectarian strife: stripped of identification, blindfolded, handcuffed, shot and often badly decayed.

Rising body count

The river patrols, created by Saddam Hussein to retrieve casualties of his regime from the Tigris in the 1970s, have returned to body detail because of the city's civil war.

Ibrahim insists that his patrols find only three or four bodies a month. But he starts describing all of the dumped bodies he has seen recently — the suicides and swimmers gone awry — and the number grows to a dozen.

A week ago, fishermen led the patrol to the bodies of two men dumped among the reeds, one blindfolded and handcuffed, the other too decomposed to tell what had happened. They were still unidentified a week later.

But the number of bodies that Ibrahim sees is small compared with that at the major collection point, about 25 miles south of the capital in Suwayrah, where steel nets installed to siphon a river-choking weed called Nile Flower catch the dead — 366 bodies this year through November, the most recent data from the Health Ministry. The total included five women and two children.

Most of the victims were killed execution-style: handcuffed, blindfolded and shot. The bodies also showed signs of torture. A few were beheaded. Of the 366 found, 50 have been identified, police said, including that of human rights activist Margaret Hassan.

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The number of bodies recovered in Suwayrah has decreased recently, health officials said. They think it's because killers in Baghdad are dumping bodies closer to home.

Baghdad families still search for loved ones at the morgue near Suwayrah. But they also leave photographs of the missing at river patrol headquarters, a whitewashed concrete compound on the east bank of the Tigris.

The new U.S. Embassy is under construction on the opposite bank, within view of the docks where the patrol's staff of 267, including 16 rescue divers, board their patrol boats.

They don't investigate deaths — other members of the Iraqi police handle that. The river patrol is too busy staffing 10 checkpoints to investigate suspicious boats for explosives, weapons and drugs.

In some cases, the dead are easily identified. After a 25-year-old man jumped from the Sinak Bridge in downtown Baghdad this month, the river patrol retrieved his body and identified him by a photograph on file.

The week before, a man came looking for his son, who was last seen swimming in the Tigris (which is against the law and a cause for arrest). The river patrol later found the youth, drowned.

Members of the patrol wear caps that say "police" in Arabic and English. Last spring, 16 of them took an advanced river patrol training course at Stennis Space Center in Mississippi, about 50 miles north of New Orleans, the same course that U.S. Coast Guard and Navy sailors attend. Another Iraqi group will arrive in April.

During the last year, U.S. military trainers, mostly retired police officers, have worked with patrols on the Tigris.

"To be out on the river, basically open, it was a kind of a freedom you don't usually have on the streets, especially with the military set up the way they are now — you're kind of locked in your little tuna cans," said Richard Eaton of Frisco, Colo., who served with the Civilian Police Transition Team and trained members of the river patrol in the spring and summer.

The revived river patrol has trained members of 10 other patrols along other stretches of the Tigris. They are preparing to train units from the northern cities of Mosul and Salahuddin in a few weeks, Ibrahim said.

"As they seal off the road and highways, the rivers are going to be the next focus," Eaton said. "They need to shut them down, control the flow of people just like they do at checkpoints on the roads."

Eaton, a retired police detective, trained as a river patrol officer while serving on a destroyer in the Vietnam War. He likened Tigris patrols to those along Vietnam's Mekong Delta.

'Targeted all the time'

On the water, the river patrol officers look more like soldiers than police officers, with their helmets, body armor and long black rifles. Their old boats were looted or destroyed after Hussein's fall. They have 16 new ones, including five from the U.S. military that hit the river this month with machine guns at bow and stern.

"Because of the terrorists, we are targeted all the time. People come out from the bushes," said the captain who didn't want to be identified.

In the summer, Eaton was out with two boats patrolling a stretch of river in northern Baghdad at the U.S. Army's request when they came under machine-gun fire from insurgents on the banks. Attackers shot a member of the patrol in the leg and Eaton in the chest.

"Things were flying," Eaton said.

The bullet didn't penetrate Eaton's body armor, but it shattered his utility knife, sending fragments into his hand. He was flown back to the U.S. for treatment. The injured patrol member, Ali Fadhil, was treated at a local hospital and returned to duty.

Ali Abdullah, 22, who trained in Mississippi and followed his older brother into the river patrol, shrugged when asked about the hazards of the job. "Any kind of work is dangerous now," he said.

On the docks this month, divers shook off their black wetsuits and flippers in the winter sun, trying to warm up after a morning of practice dives.

Asad Saffar Abid, 22, has been diving for the patrol for four years and suspects there are hundreds of bodies at the bottom of the river that may never surface.

Veteran diver Mohammed Khazali knows better. He has been diving "the burial ground" for 24 years. In the 6,000-year-old Tigris, as in Iraq, history always resurfaces.

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DOJ_NMG_0110034

Iraqi Sniper Fire Forces A Healer To Tend His Own Wound (NYT)

By C. J. Chivers

The New York Times, December 29, 2006

Petty Officer Third Class Dustin E. Kirby, a Navy corpsman whose efforts to save a wounded marine in Iraq were covered in an article published Nov. 2 in The New York Times, was severely wounded by an Iraqi sniper on Christmas afternoon, his family and the Marine Corps said yesterday.

The bullet struck the left side of his face while he was on the roof of Outpost Omar, the position his unit occupies in Karma, a city near Falluja in Anbar Province.

His jaw and upper palate were damaged extensively, but after several operations he was conscious and on a ventilator in a military hospital in Germany, his battalion commander, Lt. Col. Kenneth M. DeTreux, said by telephone.

Petty Officer Kirby, 22, of Hiram, Ga., was assigned to Weapons Company, Second Battalion, Eighth Marines, serving as the trauma medic for the company's Second Mobile Assault Platoon. It was his second tour in Iraq. He had married weeks before leaving the United States in July.

He was expected to arrive today at Bethesda Naval Medical Center in Maryland, where his wife, Lauren Kirby, and his parents, Gail and Jack Kirby, planned to meet him.

Although Petty Officer Kirby cannot speak because of his injuries, his mother said she had communicated with him through his brother-in-law, a serviceman who is stationed in Germany and has been at his bedside, holding a phone to Petty Officer Kirby's ear.

Petty Officer Kirby listened to his mother and replied by writing notes, which his brother-in-law read aloud.

"He told me, 'Don't cry, Mama,' " Ms. Kirby said by telephone. "I said, 'I have to. I'm a mom. That's what moms do.' "

She added, "He wrote, 'Be strong for me and Lauren.' "

In another note, she said, he wrote, simply, "Milkshake."

Colonel DeTreux said Petty Officer Kirby began writing within minutes of being shot, when he jotted a note to his platoon before being evacuated by helicopter.

In the first note he apologized to the company's senior enlisted man for being wounded, the colonel said. He then refused a stretcher and insisted on walking to the helicopter.

"He's tough," Colonel DeTreux said. "He showed his character, walking onto the aircraft himself."

The article last month was about the battlefield treatment Petty Officer Kirby provided, and the prayers he said, for a marine who had been shot through the head by an Iraqi sniper.

The marine, Lance Cpl. Colin Smith, had been his roommate in North Carolina before their unit returned to Iraq. Lance Corporal Smith was shot at the end of a raid both men participated in on Karma's outskirts. He remains under treatment and evaluation for injuries to his skull and brain.

Petty Officer Kirby was wounded when a sniper fired one shot on an otherwise quiet Christmas afternoon, Colonel DeTreux said. He was near one of several rooftop bunkers the company staffs to defend Outpost Omar, which has been attacked by insurgents several times, including once by a truck bomb.

He was the second member of his family to be grievously wounded in Iraq. A cousin, Petty Officer Joseph D. Worley, lost his left leg and suffered gunshot wounds to his right leg in 2004. He also was a corpsman in a Marine Corps unit.

The National Envelope Corporation, of Austell, Ga., where Petty Officer Kirby's father is a janitor, is taking donations to help his family.

Kathleen Childs, an executive assistant at the company who was helping to manage the donations, said collections began when it was uncertain whether the family could afford to visit Petty Officer Kirby from the moment he arrived in the United States.

Even before Gail Kirby arranged a plane ticket, Ms. Childs said, it was clear she was headed to his bedside, whether she had the money or not.

"His mother said there was no way she was going to stay at home while her boy was that close," Ms. Childs said. "She was going to start out on foot and walk."

DOJ_NMG_0110035

Crisis In Housing Adds To Miseries Of Iraq Mayhem (NYT)

By Michael Luo

The New York Times, December 29, 2006

BAGHDAD — Along with its many other desperate problems, Iraq is in the midst of a housing crisis that is worsening by the day.

It began right after the toppling of Saddam Hussein, when many landlords took advantage of the removal of his economic controls and raised rents substantially, forcing out thousands of families who took shelter in abandoned government buildings and military bases. As the chaos in Iraq grew and the ranks of the jobless swelled, even more Iraqis migrated to squalid squatter encampments. Still others constructed crude shantytowns on empty plots where conditions were even worse.

Now, after more than 10 months of brutal sectarian reprisals, many more Iraqis have fled their neighborhoods, only to wind up often in places that are just as wretched in other ways. While 1.8 million Iraqis are living outside the country, 1.6 million more have been displaced within Iraq since the war began. Since February, about 50,000 per month have moved within the country.

Shelter is their most pressing need, aid organizations say. Some have been able to occupy homes left by members of the opposing sect or group; others have not been so fortunate. The longer the violence persists, the more Iraqis are running out of money and options.

Shatha Talib, 30, her husband and five children, are among about a thousand struggling Iraqi families that have taken up residence in the bombed-out remains of the former Iraqi Air Defense headquarters and air force club in the center of Baghdad. "Nobody should live in such a place," she said. "But we don't have any other option."

With many families in such encampments or worse, and many others doubled or tripled up in friends' or relatives' homes, the deputy housing minister, Istabraq al-Shouk, puts the shortage at two million dwellings across Iraq.

Iraqi officials say that after security, housing is a priority, but plans to address the problem are minimal. The Housing Ministry is building 17 complexes with 500 apartments each across the country for government employees and families of those killed by militants, Mr. Shouk said. That would be 8,500 homes.

Housing officials hope to attract foreign contractors to build about 350,000 more over the next few years, he said, but that depends largely on whether conditions can be made safe enough for them to work.

The shortage exists in many parts of Iraq, Mr. Shouk said. In Kirkuk, many Kurds driven out by Saddam Hussein in the 1980s who returned after the American-led invasion live in tent cities or hastily built houses. A survey of displaced people in Kirkuk by the International Organization for Migration found that more than 20 percent squat in government buildings or improvised settlements.

In Najaf, a southern city, throngs of destitute Shiite families have claimed buildings abandoned by the Baath Party and the government. Any trip across Baghdad, where the problem is particularly acute, reveals dozens of encampments.

The crisis appears more pronounced among Shiites than Sunnis because of the years of economic marginalization they endured under Mr. Hussein. At least two dozen Shiite families are living in an abandoned army hospital in southern Baghdad, having fled Sunni Arab insurgents in the Abu Ghraib area to the west. Hundreds of other Shiite families are camped in other buildings on the sprawling former army base known as Camp Rashid.

Jabir Munther, his two wives and nine children live in a dank room in a building that used to be the base hospital's radiology department. Rugs are the only furnishings. Outside Mr. Munther's open window is a pond of raw sewage.

He showed a visitor a creased leaflet signed by a Sunni insurgent group that warned Shiites to leave the Abu Ghraib area. A Sunni friend warned him that he would be killed the next day, so he fled, with the help of the network of the radical Shiite cleric Moktada al-Sadr.

Mr. Munther earns about $120 a month as a guard for a government ministry, he said, about half of what he needs to rent an apartment. He is grateful that he found the hospital, which has spotty electricity but usually reliable running water.

"It's better than living in a tent," he said.

Other Shiite refugees at Camp Rashid include former residents of Ramadi and Falluja in Anbar Province, centers of the Sunni insurgency. The former hospital is in the center of a bizarre moonscape of rubble, the result of contractors dumping debris

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on the hospital grounds. Children play all day amid the piles. They cannot go to school because no school is nearby. At other encampments, people say they have trouble enrolling their children because they have no permanent address.

On a recent morning, water trucks from Baghdad's municipal government arrived at the base; residents had been without water for a week after a pipe ruptured during construction of a nearby electrical substation. Women in black chadors flocked to the vehicles to fill their plastic containers.

One man who identified himself only by his nickname, Abu Firas, 54, said he was a member of the camp's unofficial city council. Before the government's fall, he lived in southern Baghdad. Laws under Mr. Hussein's rule protected him from eviction, he said, but after the invasion his landlord kicked him out.

Dozens of poor Shiite families have built ramshackle shelters out of rubble, corrugated tin and other materials on an empty stretch of land northeast of Sadr City, the Shiite district. They have no electricity. For water, they fill giant cisterns at a nearby water pipe.

Jassim Muhammad Marid, 65, said most residents of the shantytown were victims of the spiraling cost of living and the shortage of adequately paying jobs.

Many Iraqi families who do have housing are now living with three or even four generations under one roof. A dispute with his wife's family in Kut, a southern city, drove Ahmed Mishaan Battah, 22, and his wife to the former air force club.

In October, they moved onto the grounds, paying the previous occupants of their new home, the second floor of a severely damaged building, $50. It has become increasingly common for rooms in squatter encampments to be bought and sold like regular real estate.

The Battahs got one room with walls, where they sleep, but the others are exposed. They cook meals on a small gas burner, tiptoeing around a precipice. As Iraq's winter chill sets in, the Battahs, who are expecting their first child in a few months, are worried.

"I don't know what I'm going to do when the rains come," Mr. Battah said.

Nearly every family living here has some Dickensian tale of woe to share. In one of the main buildings, there is the family of a police officer killed in late fall. He took the job to try to scrape together the cash to move his wife, four children and niece out of this netherworld of trash and raw sewage. But a bomb in a booby-trapped body killed him.

Jameela Hashim, 48, who lives downstairs from them, has sold her family's heater, refrigerator and stove to help make ends meet. Her husband suffers from mental illness from his time in the military during the Iran-Iraq war. The couple guarded a hotel after the invasion in exchange for a place to live. But they lost that job and wound up at the air force club.

In an arrangement that is at once tragic and comic, Muhammad Ubaid, a carpenter; his wife, Ms. Talib; and their five children have ensconced themselves on the stage of the club's former theater. Like so many others, Mr. Ubaid struggled to find work after the American-led invasion. The family at first moved from their home in Dora to a less expensive neighborhood. But they soon lost that home, as well as Mr. Ubaid's carpentry shop.

A friend suggested they try the theater, which was unoccupied. Mr. Ubaid built a makeshift shelter for his family on the stage. It includes a front window that looks out on the empty auditorium with no seats. After the invasion, looters ripped out every one in a matter of hours.

Mr. Ubaid still takes occasional furniture orders from customers. A fancy set of sofas was parked on stage on a recent afternoon. But the meager income he earns is not enough to move his family out. The Ubaids remain on the stage, living out their own drama.

Prince Harry Off To Iraq (DT)

The Daily Telegragh, December 29, 2006

Harry will be stationed near the southern port city of Basra and will likely be assigned to patrol the border with Iran.

London's Daily Telegraph said Harry, 22, is determined to go, despite reports of resistance from many in the military who fear he would be a fat prize for terrorists.

They're also worried he would attract attention and put his fellow soldiers in greater danger.

The Telegraph said officials are trying to figure out how to minimise the danger without giving Harry special treatment.

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As a second lieutenant, he will have command of 11 men and four light tanks.

Meanwhile, the Prince has joined girlfriend Chelsy Davy, 21, and her family on Bazaruto Island, off Mozambique, for the third year running for a holiday courtesy of safari operator Charles Davy.

Harry has become increasingly close to the Zimbabwean-born tycoon, who has been widely criticised for his links to Robert Mugabe.

Mr Davy is one of the country's biggest landowners and is thought to control about 1 per cent of all agricultural land at a time when many white farmers are being brutally forced out of their livelihood.

Harry has refused to hear a word against him and has once more chosen to abandon the Royal Family's traditional New Year at Sandringham in favour of spending his holiday with the Davy clan.

Genghis Khan: Law And Order (LAT)

By Jack Weatherford

The Los Angeles Times, December 29, 2006

IN HIS FINAL televised speech to the Iraqi people in 2003, Saddam Hussein denounced the invading Americans as "the Mongols of this age," a reference to the last time infidels had conquered his country, in 1258. But the comparison isn't very apt — unlike the Mongols, the Americans don't have the organizational genius of Genghis Khan.

In the 13th century, Temujin — better known by his title, Genghis Khan ("world leader") — headed a tribal nation smaller than the workforce of Wal-Mart, yet he conquered and ruled more people than anyone in history. After Genghis Khan's death, his grandson, Hulegu, further expanded the empire, easily conquering most of the Middle East and achieving the Mongols' aim: the establishment of a trade corridor from Korea on the Pacific to Syria on the Mediterranean, one part of their goal of controlling the world.

So that every warrior knew his place within the struggle, Genghis Khan began each campaign with meetings to communicate to his approximately 100,000 soldiers where and why they would fight. The legal justification for the Mongol invasion of Iraq derived from the reluctance of the caliph of Baghdad to control the Shiite Cult of the Assassins, whom the Mongols accused of attempting to kill their khan.

The assassins operated from a series of fortified mountain camps spread from contemporary Afghanistan to Iraq, and the Baghdad invasion did not begin until the Mongols had eradicated the threat from the assassins and destroyed their fortresses. For the final attack on the caliph, the Mongols assembled a coalition of nations, and as their main army invaded Iraq in two columns from the east and the south, their allies approached from the north and west.

Genghis Khan recognized that victory came by conquering people, not land or cities. In contrast to the Americans in 2003, who sought to take the largest cities first in a campaign of shock and awe, the Mongols in 1258 took the smallest settlements first, gradually working toward the capital. Both the Mongols and the Americans used heavy bombardment to topple Baghdad, but whereas the Americans rushed into the capital in a triumphant victory celebration, the Mongols wisely decided not to enter the defeated — but still dangerous — city. They ordered the residents to evacuate, and then they sent in Christian and Muslim allies, who seethed with a variety of resentments against the caliph, to expunge any pockets of resistance and secure the capital. The Americans ended up as occupiers; the Mongols pulled strings, watching from camps in the countryside.

The Mongols also immediately executed the caliph and his sons on charges that they spent too much money on their palaces and not enough defending their nation. They killed most members of the court and administration. The Mongols took no prisoners and allowed no torture, but they executed swiftly and efficiently, including the soldiers of the defeated army who, they believed, would be a constant source of future problems if allowed to live. The first several months of a Mongol invasion were bloody, but once the takeover ended, the bloodshed ended.

By contrast, the American military campaign was quick, with comparatively few Iraqi (or coalition) casualties, but the bloodshed has continued for years. Constrained from decisively dispatching enemies of a new Iraq, the United States has allowed Iraqi terrorists to select who lives and who dies, including women and children, in a slow-motion massacre.

And while the violence continues, the U.S. can't come close to establishing a government that rivals what the Mongols achieved. They exercised a genius for speaking to people in terms that they understood. When conquering Muslims, Genghis

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Khan always announced that Allah willed the Mongol victory as divine punishment; to resist the Mongols was to defy the will of God.

Just as the Mongols perfected the list of who to kill in a conquered land, they knew whom to reward and how to do it. In Baghdad, Hulegu installed a government under Ata Malik Juvaini, a devout Persian Muslim, who governed for most of the next 20 years and whose writings survive as some of the great scholarly works of the Muslim world.

The Mongols spared anyone with a craft, such as carpentry, writing, pottery, weaving or metal working. They fiercely enforced religious freedom, which created an essentially secular state. In Baghdad, they gave many of the caliph's palaces to Mongol allies for more practical uses. They lowered taxes for merchants and eliminated them for religious, medical and educational professionals. They educated women along with men. For all subjects, they instituted harsh laws enforced equally under nearly incorruptible officials.

Fundamentalist Muslims look back at Mongol secularism as a scourge. But, although U.S. rule in Iraq has produced a constant flow of refugees, particularly religious minorities, out of the country, under Mongol rule Christian, Muslim, Jewish and even Buddhist immigrants poured into the newly conquered Iraq to live under the Great Law of Genghis Khan. It was said that during this time a virgin could cross the length of the Mongol Empire with a pot of gold on her head and never be molested.

By the time of the U.S.-led invasion of Iraq, the political achievements of the Mongols had been forgotten, and only the destructive fury of their wars was remembered. Yet under the Mongols — and the legacy of Genghis Khan — Iraq enjoyed a century of peace and a renaissance that brought the region to a level of prosperity and cultural sophistication higher than it enjoyed before or after. Any country with a bent for empire could do worse than learn from Genghis Khan.

Caesar: Diplomacy And Power (LAT)

By Adrian Goldsworthy

The Los Angeles Times, December 29, 2006

WHAT WOULD Julius Caesar do in Iraq? "He'd win" is the simplest answer. How he would do it is harder to say — after all, just how would a man like that behave in the modern world? We can never know, but his campaigns in Gaul give us a fair idea.

When Caesar led his legions into Gaul — basically present-day France and Belgium — in 58 BC, many of the tribes there greeted him as a liberator. Six years later, almost all of them rebelled against him in a war fought with appalling savagery. Through skill and luck, Caesar won. He then spent the better part of two years in painstaking diplomacy. As one of his own officers put it: "Caesar had one main aim, keeping the tribes friendly and giving them neither the opportunity nor cause for war." It worked, and Gaul remained at peace when he left in 49 BC.

From the start, Caesar backed his campaigns with concerted and highly personal diplomacy. He met the tribal leaders as a council at least once a year and visited them individually more often. The great rebellion in 52 BC was all the more surprising because it was led by chieftains who had done very well out of their alliance with Caesar. They had decided that they would do even better if the Romans were expelled. Allies, and especially those in an occupied country, may not necessarily have the same long-term ambitions.

Of course, Gaul in the 1st century BC was a very different place from Iraq today. The many mutually hostile tribes of Gaul, divided by language if not religion, had never been combined into a single nation. Caesar came as a conqueror, the agent of a blatantly imperialistic Roman Republic that had already occupied much of the Mediterranean world. There was no talk of creating a free democracy, still less of exit strategies. Gaul would remain part of Rome's empire for more than five centuries.

Caesar was effectively a free agent because there was no way that the Senate could have directed events from Rome when messages took weeks to reach Gaul. He also combined supreme civil and military power in his office as proconsul, so that he both devised and implemented political and military strategy. There was a single mind and purpose behind Roman policy in Gaul. Despite his power, Caesar couldn't lose and get away with it. Failure would have meant exile or death. Put simply, Caesar could not afford to consider withdrawal.

Even without 24-hour news and an international community watching his every move, Caesar was acutely aware of the need to win over public opinion. Each winter he produced an account of the year's campaign, designed to be read aloud and to

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thrill an audience of Romans. From the beginning, these were acknowledged as one of the highest expressions of the Latin language.

The Bush administration has been far less effective in selling the war to the U.S. public, and Tony Blair's government has made even more of a mess of winning over domestic opinion in Britain. More seriously, from the beginning there were major errors in strategy. The coalition forces have performed superbly, but too few troops were sent, especially because insufficient attention was paid to reconstructing Iraq.

When Caesar suffered one of his few defeats and lost 1 1/2 legions in the winter of 54-53 BC, his response was to replace them with twice as many men. The idea was to show that Roman resources and determination were inexhaustible.

Caesar knew that soldiers could only do so much and that lasting peace needed a political settlement. In Gaul, the tribes were left to govern themselves in their day-to-day affairs — that was the Roman way. In the long term, the leaders would be absorbed into Rome's aristocracy. In the short term, they had to be treated fairly and persuaded that accepting Roman rule was more attractive than resorting to violence.

At times, Caesar was ruthless in ways that would and should be utterly unacceptable to the United States and its allies. One prominent chieftain who displeased him died "resisting capture." Another was publicly flogged and beheaded without the formality of a trial. These were misjudgments and helped provoke the great rebellion in 52 BC. Other brutal warnings of the price of opposing Rome were more effective — the defenders of one captured town had their hands cut off. Caesar also launched attacks on neighboring Germans and Britons because he felt that they threatened the peace in Gaul. Today he would presumably be more ready than seems sensible to make similar strikes on Iran or Syria.

Caesar made mistakes in Gaul, and came very close to defeat, but he never doubted his ultimate success. This was not just a question of staying the course. Caesar was able to admit when he had made a mistake. He adapted, changed his plans to meet a situation and threw every resource — including his own massive energy — into achieving his aim. In a few years in Gaul, initial victory turned to apparent disaster, and that was turned into lasting success.

Caesar's experience shows how a seemingly desperate situation can be salvaged, but it does not suggest that this is easy, and there is a lot about his example we would not want to follow. The time it took for Caesar to turn the situation around in Gaul shifted the political balance in Rome hugely in favor of his bitterest opponents. Victorious in Gaul, he still saw his career threatened with extinction. He didn't hesitate. He left Gaul to make war on his own country. Mavericks like Caesar make effective war leaders — but can be dangerous if a state fails to control them.

Lincoln: Focus On The Real Foe (LAT)

By Harold Holzer

The Los Angeles Times, December 29, 2006

PRESIDENT BUSH has often cited Lincolnian resolve to justify staying the course in Iraq. He takes inspiration from the knowledge that Abraham Lincoln too endured failure, frustration and dissent, not to mention more American casualties on a single day at Antietam than we've lost in all four years in Iraq. Yet Lincoln still persuaded the North to persevere "until every drop of blood drawn with the lash, shall be paid by another drawn with the sword."

Such comparisons are not all inapt. Just as Bush widened (diluted?) the war against terrorism by invading Iraq, Lincoln broadened American goals mid-conflict. The war to save the Union became a war to end slavery. Both presidents sought increased powers at home. Lincoln not only imposed the military tribunals that Bush dreams about, he once allowed troops to shut down an unfriendly New York newspaper and imprison its editor. Bush has never gone that far — much as he might like to.

Nor did Lincoln seek preemptive war; it sought him. "You can have no conflict," he said at his first inaugural, "without being yourselves the aggressors." But when war "came," as he later put it, Lincoln proved far nimbler than Bush, quickly shifting course when necessary. As soon as the first 75,000 Union volunteers proved inadequate, he called for 300,000 more. When 90-day recruits went home, he ordered three-year service instead. When white soldiers alone could not win, he welcomed "colored" troops into the ranks. And when even this vast volunteer army could not restore the Union, Lincoln imposed the nation's first military draft.

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Unlike Bush, who waited six years to remove Donald Rumsfeld, Lincoln jettisoned his first, failed secretary of war in just 10 months. He elevated and dismissed generals rapidly, even ruthlessly, until he found the right one in Ulysses S. Grant.

He even surpassed Bush when it came to finding weapons of mass destruction — albeit for his own use. He encouraged innovations such as rifled artillery and ironclad warships. The president famous for espousing "malice toward none" argued that the war could not be won with "elder-stalk squirts, charged with rose water." He wanted cities leveled, enemies destroyed.

Most important, Lincoln understood that "public sentiment is everything" (he said it in his first debate with Stephen Douglas). He was not only decider in chief but communicator in chief. In his brilliant speeches defining the nature of democracy and sacrifice — all widely published — Lincoln kept Americans informed and inspired.

So what might Lincoln do today?

First, focus on the real enemy: terrorists. When advisors suggested he start a war with England merely to woo patriotic Southerners back into the Union, Lincoln replied: "One war at a time." He also rejected adventurism against French-controlled Mexico. Today Lincoln would fight only the war that needs fighting.

Second, embrace flexibility. Seek the right generals, strategies, troop levels and weaponry, and be willing to change course and personnel swiftly.

Third, communicate objectives with frequency, passion and precision. No one can match Lincoln's eloquence, but no president should abandon Lincoln's commitment to engage the public.

Fourth, spend more time at the front. Lincoln visited the troops often, absorbing their pain and boosting their morale. Maybe his case was better, but his manner of symbolizing it was best.

Finally, abandon the notion of divine will to justify war. Even the pious Lincoln came to realize it was fruitless, even sacrilegious, to invoke God as his ally. "In great contests each party claims to act in accordance with the will of God," he lamented. "Both may be, and one must be, wrong." As Lincoln understood: "The Almighty has his own purposes."

Washington: The Crying Game (LAT)

By Joseph J. Ellis

The Los Angeles Times, December 29, 2006

IT'S A RIDICULOUS question: "What would George Washington do about Iraq?" Well, if you plopped him down in Baghdad, he would be utterly lost. He couldn't find Iraq on a map. Show him a cellphone, a helicopter or a Humvee and he wouldn't order them into action, he'd be mesmerized. He is simply unavailable for a conversation about Iraq.

But suppose you could contact him, and suppose you posed a question to him that never mentioned Iraq specifically yet described the fundamental strategic dilemma facing the United States. It might go like this:

"Can a powerful army sustain control over a widely dispersed foreign population that contains a militant minority prepared to resist subjugation at any cost?"

Washington would recognize the strategic problem immediately, because it is a description of the predicament facing the British army in the colonies' War for Independence.

And, more than anyone else, Washington's experience during the war as the leader of an American insurgency allowed him to appreciate the inherently intractable problems that faced an army of occupation in any protracted conflict.

Until the winter of 1777-78 at Valley Forge, Washington thought of the war against Britain as a contest between two armies. When the British army presented itself for battle, as it did on Long Island in the summer of 1776, Washington felt honor-bound to fight — a decision that proved calamitous on that occasion and nearly lost the war at the very start. That's because the British had a force of 32,000 men against his 12,000. If Washington had not changed his thinking, the American Revolution almost surely would have failed because the Continental Army was no match for the British leviathan.

But at Valley Forge, Washington began to grasp an elemental idea: Namely, he did not have to win the war. Time and space were on his side. And no matter how many battles the British army won, it could not sustain control over the countryside unless it was enlarged tenfold, at a cost that British voters would never support. Eventually the British would recognize that they faced an impossibly open-ended mission and would decide to abandon their North American empire. Which is exactly what happened.

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The implications for U.S. policy in Iraq are reasonably clear, and they pretty much endorse the recommendations of the Baker-Hamilton Iraq Study Group. Like the British decision to subjugate the American colonies, the Bush decision to democratize Iraq has been misguided from the start. The administration never appreciated the odds against its success, and it disastrously confused conventional military superiority with the demands imposed on an army of occupation.

No man in American history understood those lessons better than Washington, who viewed them as manifestations of British imperial arrogance, which he described as "founded equally in Malice, absurdity, and error." If dropped into Baghdad, he would weep at our replication of the same imperial scenario.

Afghan Angry At Pakistan's Plan For Mines And Fence On Border (NYT)

By Carlotta Gall

The New York Times, December 29, 2006

KABUL, Afghanistan, Dec. 28 — President Hamid Karzai voiced strong opposition on Thursday to Pakistan's announcement that it would lay mines and erect fences along its border with Afghanistan. He said the moves would only hurt the people living in the region and would not stem cross-border terrorism.

"Thousands and thousands and thousands of people have been maimed and killed by mines," Mr. Karzai said in comments to journalists at the Presidential Palace, "and we are strongly against this idea. We are politically against it, and in humanitarian terms we are against it.

"Mines will not prevent terrorism crossing the border into Afghanistan, or militants who come and kill our people. Laying mines or fencing the border will only separate people and families from each other. Rather than helping, it will cause people difficulty in movement in trade and meeting each other."

Mr. Karzai has for months been accusing Pakistan of being a source of terrorism and of providing a haven to insurgent groups that, he says, recruit, organize and train fighters and suicide bombers who are then sent into Afghanistan.

"If we want to prevent terrorism as a whole, forever eradicate them and defeat them," he said, "then you must remove their sanctuaries, then you must remove the places they are being trained, their sources of finance, equipment and training. That is the best way."

Pakistan has denied the existence of training camps and the presence of Taliban or insurgent groups on its side of the border.

The Pakistani government has also deployed more than 80,000 soldiers in its border provinces to try to stem cross-border infiltration, and has now started to mine and fence the border to seal it more effectively, Riaz Mohammed Khan, the foreign secretary, said Tuesday at a briefing in Islamabad, the capital.

The border, known as the Durand Line, for a British official who demarcated the boundary between Afghanistan and British India, has never been recognized by Afghanistan and remains contested at many points along its 1,500-mile length. It cuts through mountains and divides tribes and extended families of the region, many of them ethnic Pashtun like Mr. Karzai.

"The same families are living on this side and on that side," he said. "It is only going to prevent movement by civilian families and tribes."

Cut-and-Run Is Not In Their Vocabulary (WSJ)

By Daniel Henninger

The Wall Street Journal, December 29, 2006

If someone this weekend says "Happy New Year" in Iraq or Afghanistan, would anyone in the world hear it? For many, the people of Iraq and Afghanistan have become like trees falling in an empty forest. The world doesn't want to hear it. Indeed, the one apparent accomplishment of the Baker-Hamilton report is that it freed people to say that Iraq is a "failure." Afghanistan, with fewer suicide bombings, never became much of a story in our domestic political wars, and so has largely receded into the mists.

It is ironic that despite the years of our daily engagement in these places, the "information age" has brought us so little knowledge about the people of Iraq and Afghanistan. Psychologically, much of America has already cut and run from these two countries.

Some Americans, though, simply won't.

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In April 2004, this column told the story of Spirit of America, organized by Jim Hake, to provide citizen-supported aid to the troops serving in Iraq and Afghanistan. Then in May 2005 this space was given over to an account of American businesswomen working to help women in post-Taliban Afghanistan.

Here in the U.S., the political new year will fill up fast enough with politicians and pundits offering ways to unwind and spindle the commitments America made to Iraq and Afghanistan. So this seemed a good moment to revisit the folks running Spirit of America and the Business Council for Peace. They're not going to leave.

Spirit of America's experience in Iraq has followed the same rugged timeline of events as the war. Recall that in April 2004 it raised sufficient monies to rebuild TV stations in Al Anbar province, staffed by Iraqis, to counterbalance propaganda from the likes of al-Jazeera. Those TV stations were built. And they have been destroyed. A sewing center for Iraqi women was similarly destroyed.

This past year, the group got a request from the Army 451st Battalion to help restore the medical facilities at the Najaf Teaching Hospital. The Mahdi militia had occupied it for a time. Spirit of America sent seven cardiac monitors to the hospital's director, Safaa Hamedi. In October, gunmen killed Dr. Hamedi outside his home.

Still, requests from the Marines and Army continue to arrive at Spirit of America. An Army captain in Afghanistan's Parwan province asked for medical textbooks for local doctors. SoA sent bee serum to inoculate honeybees at a business in Iraq's Diyala region. Marine Lt. Jim Wilmott got camping equipment for 200 Iraqi Boy Scouts. At the request of U.S. Embassy personnel, SoA has sent clothing and school supplies for orphans in Baghdad and Basra. They've sent thousands of kids' backpacks and school supplies requested by soldiers around the country. With the SonoSite ultrasound company, SoA delivered handheld ultrasound machines to the primary hospital in Al Qaim, Iraq, near the Syrian border. "Before this," said Mr. Hake, "they were using sea shells to listen to the sounds of a pregnant mother and baby; the Marines couldn't believe it."

Jim Hake says Spirit of America's contributions have fallen off since 2004 owing to general fatigue with Iraq, "but under the circumstances people continue to be quite generous." An end-of-the-year funding request raised more than $150,000. "The emails we send to donors are not a good-news operation," says Mr. Hake. "We don't want to put a happy face on it. But the information is more encouraging than what they typically hear. The destroyed projects are hardly good news, but there are lots of guys and gals in the military there who are not just marking time, who want to see this work." * * *

It was about 19 months ago to the day that 13 women from Afghanistan were looking out the windows of the 29th floor of the Empire State Building in midtown Manhattan, brought there by a group of American businesswomen who call themselves the Business Council for Peace (Bpeace). One of the women remarked that New York looked "very new." The idea was to expose the Afghans, most of them college graduates, to basic business know-how. Bpeace had identified the Afghans as "fast runners," women with entrepreneurial instincts. Kate Bruggeln, a Council member and retailing specialist, just returned from Kabul, her fourth trip there. Three other Bpeace women were with her.

"These trips to Afghanistan always stagger you in the best way," she said this week. "Afghanistan is a longer road than our election cycle can endure, but these women are the future of Afghanistan. This isn't a replay of the last decade. Our group's been working with them for almost two years. They are making progress."

The big event on this trip was the preparations to open Rangeen Kaman Artisans, a for-profit cooperative run by 10 of the Bpeace "associates." Another associate, Afifa, has opened a fitness center for women; it shares electrical power with the RKA store. The Americans are also working with the Afghan Women's Business Federation to create a business-formation curriculum across the country.

"The thing Afghans fear most is that we're going to leave," Ms. Brugelln says. "Not only do they fear it, they predict it, because everyone has done it before. This fourth trip by our group was profoundly meaningful to them. In the face of all the instability, we showed up again. Bpeace won't be part of the downward spiral."

Could this determination be a variant of the much-mocked "stay the course"? It is at least an interesting irony that the people who have had their faces deepest in Iraq and Afghanistan the longest, as soldiers or volunteers like these, are the ones inclined to stick it out; while many here whose experience comes off the bloody front page every day are the ones looking for a way to -- there is no other phrase -- cut and run.

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Groups such as the Spirit of America and the Business Council for Peace may yet be driven out. It is to this country's credit that early on, they voted with their feet to go in, and regret nothing.

CORPORATE SCANDALS:

Apple Probe Finds Jobs Was Aware Of Some Grants (WSJ)

By Steve Goldstein

The Wall Street Journal, December 29, 2006

Apple Computer Inc. said in a filing to the Securities and Exchange Commission that CEO Steve Jobs was aware or recommended the selection of some favorable stock-option grant dates, but didn't personally benefit from it.

FOCUS ON JOBS

From company filings made this morning:

Although the investigation found that CEO Steve Jobs was aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications. The Special Committee also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants. Read more1.

In a delayed annual filing made with the SEC, the company said a special committee of the board of directors appointed to look into past stock-option grants concluded that while Mr. Jobs was "aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications." (See details of Apple's filing2.)

"The special committee, its independent counsel and forensic accountants have performed an exhaustive investigation of Apple's stock option granting practices," former Vice President Al Gore, chair of the special committee, and Jerome York, chair of Apple's Audit and Finance Committee, said in a joint statement. "The board of directors is confident that the company has corrected the problems that led to the restatement, and it has complete confidence in Steve Jobs and the senior management team."

The special committee of Cupertino, Calif.-based company also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock-option grants.

Apple is also restating financial statements from 2004-2006. In total, Apple is restating earnings after tax by $4 million in 2006, $7 million in 2005 and $10 million in 2004. The company also plans to take an $84 million noncash charge as a result.

The filing was widely anticipated. The company revealed in June that some stock options awarded to employees might have been mishandled. It launched an investigation that found accounting irregularities between 1997 and 2002 and showed that Mr. Jobs was aware of some options backdating. In August, the company said it would likely have to restate past financial results.

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The three-month probe identified a number of grants for which grant dates were intentionally selected in order to obtain favorable exercise prices, the company said. Of 42,077 stock-option grants made on 259 dates between October 1996 and January 2003, 6,428 grants on 42 dates are not the proper measurement dates. And of two option grants awarded to Mr. Jobs, one was improperly dated Oct. 19, 2001, with an exercise price of $18.03, instead of the correct date of Dec. 18, when Apple was trading at $21.01. That stock-option grant was for 7.5 million shares. The SEC and the U.S. Attorney's Office have been informed of the results of its probe, Apple said.

--The Associated Press contributed to this article.

Apple Filing To Tell All On Options (NYT)

By John Markoff And Miguel Helft

DOJ_NMG_0110044

The New York Times, December 29, 2006

SAN FRANCISCO, Dec. 28 — Apple Computer and its charismatic chief executive, Steven P. Jobs, are expected to make a big announcement about a new product at the Macworld conference next month. Before that, however, the company has some other highly anticipated information to share.

The company is likely to answer questions about backdated options granted to Mr. Jobs and other executives in a delayed annual report that Apple said it would file with securities regulators on Friday.

Apple is among dozens of companies, many of them in Silicon Valley, which have come under scrutiny for assigning favorable grant dates to stock options to inflate their value.

So far, Apple, which is known for obsessively guarding information about new products, appears to have applied the same secrecy to its handling of the stock option issues. Publicly, it has confined its response to a few terse statements. This week it continued to maintain its silence as reports about possible falsified documents rattled shareholders.

"What we want a company to do is to get good information in the marketplace as soon as it has that information," said Patrick McGurn, executive vice president of Institutional Shareholder Services, which advises its clients on corporate governance issues. "Obviously the information has dribbled in fits and starts out of Apple. It has been more of a piecemeal approach."

But Mr. McGurn noted that Apple faced unique challenges.

"Apple is in a much more difficult position than other companies in the backdating morass, because a significant portion of its market valuation is based on Steve Jobs staying at his job," he said.

The company has said that Mr. Jobs knew of some backdated grants, but that he did not knowingly receive any of them and had not benefited from the practice.

As part of its annual report, the company will most likely say more about the findings of a three-month investigation it commissioned to look into its accounting for stock options. One former Securities and Exchange Commission official said that if Mr. Jobs signs the document, as he is required to do under Sarbanes-Oxley, and Apple's auditors endorse that signature, it would indicate that the auditors feel he is not in jeopardy.

"The fact that the auditors would accept the Jobs certification reflects that they were satisfied that the internal investigation had been thorough and that the results of the internal report could be relied upon," said Michael D. Mann, a partner at the New York law firm of Richards Kibbe & Orbe and a former director of the Office of International Affairs at the S.E.C.

Apple's auditor, KPMG, has been trying to avoid controversy since it reached a deferred-prosecution agreement with the Justice Department last year in a case involving illegal tax shelters. Analysts said that would lead the firm to be particularly vigilant in its auditing of options cases.

James D. Cox, a professor of corporate and securities law at Duke University, said the report could still contain some unpleasant surprises. "The mere fact that he is producing a report with his signature doesn't mean the report doesn't contain damning information," Professor Cox said. "Assuming the report identifies false documents, does it make clear statements as to who is responsible and, equally, as to who is not responsible, and why?"

The options issues at Apple, which the company first disclosed in June, came back into the spotlight this week when The Recorder, a San Francisco newspaper owned by American Lawyer Media, reported that the investigation conducted by a law firm on Apple's behalf had found that options documents had been falsified to increase the value of grants to Apple executives.

On Thursday, The Financial Times reported that investigators had discovered an options grant to Mr. Jobs that had not been properly authorized by the company's board.

The two reports, which did not name sources, sent shares of Apple on a roller-coaster ride. The shares declined 65 cents, to $80.87 on Thursday, and are down 1.6 percent for the week after falling as low as $76.77 on Wednesday.

A spokesman for Apple, Steve Dowling, said the company planned to meet its target for filing the report, and declined to comment further. "We're providing all details to the S.E.C. and not commenting," Mr. Dowling said.

In an e-mail message, a spokesman for the United States attorney's office in San Francisco, which in July created a special joint task force with the Federal Bureau of Investigation to investigate stock option backdating, declined to comment.

After the review of its options accounting practices, Apple said in October that while there had been 15 instances of backdating, the review had found no misconduct by any member of Apple's current management team.

The language of Apple's statement, coupled with the simultaneous resignation from the board of Fred D. Anderson, the company's former chief financial officer, led analysts to believe that Apple and Mr. Jobs were attempting to distance themselves from any blame in the case.

Analysts have also focused on the possible role of Nancy Heinen, Apple's former general counsel, in the options grants. Ms. Heinen left the company without a public announcement in May and declined to comment on the reason for her departure.

Both Ms. Heinen and Mr. Anderson have retained their own lawyers.

"Nancy Heinen has a well-earned reputation over 20 years for honesty and integrity, and any rumors to the contrary are without foundation," said Cristina C. Arguedas, Ms. Heinen's lawyer.

Mr. Anderson's lawyer did not return calls, but an associate of Mr. Anderson's who declined to be identified because of the complexity of the legal situation, said that because of the way the options granting process worked at Apple, it was unlikely that Mr. Anderson would have been in a position to alter option dates.

Although he resigned from the job of chief financial officer in 2004 and went on to help found Elevation Partners, a private equity firm, Mr. Anderson spent time at Apple this year reviewing the options matters before resigning from the board.

Gene Munster, an analyst with Piper Jaffray who follows Apple, said he did not expect the investigations into Apple's options practices to implicate Mr. Jobs, who he said had not historically been involved in compensation issues.

"Everything we know about Apple is that the compensation side is not something Jobs has ever been involved in," Mr. Munster said. "The key thing, and the only thing Wall Street cares about, is whether Jobs will be impacted, and we don't believe he will be." Piper Jaffray has an outperform rating on Apple stock.

In a research note on Wednesday, Benjamin Reitzes, an analyst at UBS Investment Research, said there was little to fear.

"Investors seem to be reacting to the mention of Steve Jobs," Mr. Reitzes wrote. "We believe it could make sense to obtain counsel given his immense personal fortune and influence."

Jobs Possibly A Part Of Apple Options Inquiry (AP)

By May Wong, THE ASSOCIATED PRESS

AP, December 29, 2006

SAN JOSE, Calif. -- Shares of Apple Computer Inc. had another wild ride Thursday after new details of a federal investigation into the company's stock options practices raised questions about the role played by its charismatic chief exedutive, Steve Jobs.

Shares of the iPod and Macintosh computer maker closed at $80.87, down 65 cents, or less than 1 percent, after falling more than 2 percent during the day. On Wednesday, shares slid 5 percent before rebounding.

Citing unnamed people familiar with the matter, the Financial Times reported that Jobs received 7.5 million stock options in 2001 without the required board authorization and that documents were later falsified to indicate otherwise.

The Securities and Exchange Commission is looking at those documents among other evidence in its review of Apple's backdating of stock options, the British newspaper said.

"It does create a certain amount of doubt as to whether Steve Jobs can stay with the company," Rob Enderle of the research firm Enderle Group said Thursday. "It looks more and more serious."

Backdating is the manipulation of the timing of stock options to bolster the profits of executives and employees. Apple is among nearly 200 companies ensnared in the scandal and that have disclosed SEC, Justice Department or internal investigations.

In June Apple began an internal review of its grants, including one to Jobs. Apple said in October that it found 15 misdated grants from 1997 to 2002. The Recorder, a San Francisco-based legal newspaper, first reported Wednesday on the discovery of possibly falsified documents related to options.

Full details of Apple's options troubles have yet to emerge, but the Cupertino, Calif.-based company largely exonerated Jobs in October when it said an internal investigation had not found any misconduct by current management. The investigation did raise serious questions, however, about two former officers, the company said.

Experts who would speak only generally without any facts about the Apple imbroglio say that if Jobs knew about the falsification of documents, he could be in trouble.

"Any CEO that has falsified documents and filed or certified false statements made to investors and the SEC will put themselves in the cross hairs of law enforcement agencies," Lynn Turner, a former SEC chief accountant, said in an e-mail.

But even if Jobs was aware, proving it would be a challenge, said Dennis Codon, a lawyer at Robins, Kaplan, Miller & Ciresi LLP in Los Angeles.

Jobs later surrendered those options without exercising them and realized no financial benefit.

Faking documents to make it look like a meeting occurred to support backdating has happened in corporate America and is not a surprise, said Codon, whose office aids companies in crisis management.

At the same time, the falsification of records could have been done by others without an executive's knowledge, he said.

Codon said he knows of top executives who truly were unaware of some of the accounting implications in backdating, which Apple said in October was the case for Jobs.

"I could see how a chairman would not have a clue," Codon said. "I'm not convinced Jobs is in trouble, but he could be if he knew and participated in putting that situation together."

SEC spokesman John Heine, and Luke Macauley, a spokesman for the U.S. Attorney's Office in the Northern District of California, which created a stock-options task force in July, both declined to comment.

Financial analysts have largely shrugged off the reports, seeing little impact as long as Jobs, Apple's iconic co-founder and CEO, remained unscathed.

Apple's 2006 Report Could Hold Clues In Options Scandal (SFC)

By Jessica Guynn, Chronicle Staff Writer

San Francisco Chronicle, December 29, 2006

Rarely before in the business world has the filing of a company's annual report been as widely anticipated as the one Apple Computer Inc. is expected to submit today amid a deepening stock options scandal that has raised questions about CEO Steve Jobs.

Apple was rocked this week by reports of forged documents connected with an award Jobs received in 2001 of millions of options to buy Apple stock. What happens to Jobs, one of the technology world's commanding figures, could depend on what he knew about options problems at Apple and when he knew it.

Apple watchers will pore over Apple's filing with the Securities and Exchange Commission in search of assurances that Jobs had no direct involvement in any stock-options shenanigans.

Jobs holds an unusual place in corporate America. He is more cult than corporate leader, credited with creating must-have products and reinvigorating the Cupertino maker of iPods and Macintosh.

"Steve is a one-man revolution," said longtime Silicon Valley watcher Paul Saffo. "He is not your average money-grubbing, hired gun corporate CEO. There is probably no one out there other than Bill Gates and the folks (at Microsoft) who want to see him distracted from his job."

But Jobs and his company have been plunged into scandal in recent months after disclosures that Apple may have improperly granted stock options to Jobs and other executives.

Apple spokesman Steve Dowling declined to comment except to say that Apple is providing "all details" of its internal investigation of the matter to the SEC. Federal prosecutors are reportedly also looking at possible wrongdoing in Apple's options program.

As many as 200 U.S. companies have been tarred with similar revelations of misconduct in reporting options granted to executives and other employees. Many of those companies have been forced to restate financial results. Well-known executives in technology and other sectors have resigned because of improper conduct related to options. At two companies, officers have been criminally indicted.

But none of the companies affected so far has such a famous name or plays such a central role in the technology world as Apple Computer and its storied CEO. That has raised the stakes of corporate America's options scandal, bringing it to the highest level of Silicon Valley.

Stock options are a form of compensation commonly used in the technology industry in which the option to buy shares of stock at a predetermined price are granted to an employee. The recipient can later exercise the options, usually after a minimum waiting period, after the stock has increased in value. Companies can backdate options as long as they disclose the practice and properly account for it, which many companies fail to do.

Apple's scandal took a potentially dangerous turn this week when the Financial Times reported that Jobs received 7.5 million stock options in November 2001 even though Apple's board of directors did not give the required approval until December, suggesting the options were backdated and documents forged. Jobs later surrendered the options without exercising them.

"That is the kind of thing that gets the government's attention," said former Colorado U.S. Attorney William Leone, who now has a private practice in Denver.

Apple may disclose more details surrounding the 2001 options grant to Jobs in its filings today, which is also expected to restate its financial results from previous years.

The company has not made any public comment since October when it released a statement summarizing the key findings of a three-month internal investigation which cleared of wrongdoing all current management, including Jobs. The October statement also contained a public apology from Jobs "for these problems which happened on my watch."

Uncertainty shrouding his future has raised pressure on Apple even as the company gains market share in personal computers, dominates the music and video player market, and releases new software for photos, movies and music. The company is also preparing for Macworld Expo, its annual event next month in San Francisco to showcase new products, one of which may be the long-anticipated release of a cell phone. Jobs always takes center stage at Macworld.

Analysts already are turning their attention to next month's event. They generally shrug off the possibility that Jobs will be swept up in the stock-options scandal. They are not expecting any major bombshells to jeopardize Jobs' position.

"Our contention is that, as long as Jobs is not implicated, either in the filings or by government actions -- which seems like the likely outcome based on current public documents -- then the issue will pass without significant or any lasting consequence to the stock," Bank of America analyst Keith Bachman wrote.

Apple launched its internal investigation, led by a special committee of board members, after management discovered irregularities in how options were granted between 1997 and 2002. The investigation took three months, examined more than 650,000 e-mails and documents, and conducted interviews with more than 40 current and former employees, directors and advisers.

In October, Apple announced that the investigation found several instances where options appeared to have been granted before the grants were approved. That raised concerns that the options were backdated to a day when the stock was trading at a lower price, potentially boosting the windfall for executives.

Apple took pains to distance Jobs from the controversy, saying that, in some cases, Jobs was aware of the practice, but that he was unaware of the accounting implications and did not personally benefit. Apple did say the investigation "raised serious concerns" about the actions of two former officers whom the company did not identify.

Apple has attempted to shield Jobs from the scandal because he is its most valuable asset. An Apple co-founder, Jobs left the company in the mid-1980s but returned a decade later to lift its fortunes to new heights.

Pixar Is Also Subject Of Probe (FT)

By Chris Nuttall In San Francisco

Financial Times, December 29, 2006

Another company founded by Steve Jobs - Pixar, the animation studio - is also being investigated by the SEC over stock option awards but Mr Jobs never received any options himself.

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Walt Disney, which acquired the company in May, said last month that its board was carrying out an independent review of stock option practices at Pixar after receiving inquiries from the SEC and Justice Department, although it played down any likely financial impact from the issue.

Richard Farmer, Merrill Lynch analyst, in a research report earlier this year into whether Steve Jobs might have been involved in options regularities, said: "Our review of Pixar disclosures does not allow us to rule out the possibility, given Jobs was a member of the board that made options decisions, and our analysis suggests these may contain irregularities."

His research found that, between 1997 and 2004, four out of seven awards were recorded at the lowest possible price in the fiscal years they were granted - with the odds of this happening by chance being 112m to one.

Pixar's compensation committee did not meet between 1997 and 2004 but acted by written consent in two of those years, according to proxy filings.

Pay Packages Allow Executives To Jump Ship With Less Risk (NYT)

By Julie Creswell

The New York Times, December 29, 2006

It's called the "golden hello."

For a chief executive of a large corporation, it is the one thing — more than the corporate jet or any other perk — that must be guaranteed before the executive will move to run another company.

W. James McNerney Jr., a former superstar manager at General Electric, received not one, but two such deals in recent years, worth tens of millions of dollars. In each deal, he was given any bonuses, stock options, restricted stock and pension benefits that he would have abandoned by leaving his previous employer.

Such golden hello payments are intended to make the executive "whole" — in essence to treat the executive as if his career were one smooth ascent with no costly interruptions. And these multimillion-dollar payments and perks are used to draw in not only chief executives, but virtually every member of the executive suite. If "golden parachutes" — rich exit packages of extra cash, stock or retirement benefits — are needed at times to kick out chief executives, golden hellos are increasingly needed to get them in the door.

The career path of Mr. McNerney illustrates the phenomenon. In late 2000, after losing out in the race to become chief executive at G.E., Mr. McNerney jumped to 3M, where he received a pay package worth more than $34 million in guaranteed salary, bonus, option grants and restricted stock to make up for what he left behind at G.E., according to an analysis by Equilar, a compensation research company in San Mateo, Calif.

Five years later, in the summer of 2005, Boeing, which had been rocked by scandals, was on the hunt for a squeaky-clean chief executive. It offered Mr. McNerney, who was a director on its board, a pay package worth more than $52 million, which included $25.3 million of restricted shares and $22 million to replace his 3M pension. A Boeing spokesman said that Mr. McNerney's compensation was in line with that of other chief executives.

Such golden hellos are not new, but lawyers representing executives at the negotiating table are constantly coming up with quirky ways to make clients whole. Matching salaries, guaranteed bonuses and millions of dollars in stock options are typical. On top of that, chief executives are made whole on lucrative pension benefits, often being credited at the new company for years of service elsewhere — a perk rarely available to nonexecutive employees.

These days, though, some executives are demanding that companies make up losses they may face from the sale of a home if they relocate, or that they receive price protection on losses they might incur in stock they own in the company they are leaving.

The problem with make-whole payments, critics say, is that they have become so common and widespread that lesser-known chief executives from smaller companies can demand multimillion-dollar foundations on which other benefits and perks are layered.

The existence of the golden hello undermines the very reason stock options and executive pensions are offered in the first place — to encourage executives to hit performance targets and then to stick around to receive the full value of their compensation package.

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"The whole rationale for giving larger bonuses and larger payouts to executives is that their total pay package is supposed to be riskier than that of the average worker," says Eleanor Bloxham, president of the Value Alliance, a group that advises companies on corporate governance. "What's happening with these make-whole packages is that they have no relationship with performance at the new company. You're paying people, really, a guaranteed bonus or, in fact, a guaranteed everything."

At most companies, the stock options and restricted stock typically awarded to executives are tied to performance targets or, at the very least, require many years of service to vest. They are not sure things, particularly stock options, as they may take years to vest and could be worthless if the company's stock falls or the chief executive fails to hit major performance targets.

Yet, an executive who jumps ship can virtually guarantee a multimillion-dollar payout by the new company. While new chief executives these days are typically not given huge cash payouts as soon as they walk through the door, they usually are awarded the value of the pay package they left behind simply by sticking around for three to five years, executive pay watchdogs note.

Furthermore, the huge pension benefit packages and other retirement perks that chief executives are demanding come at a time when many corporations are severely reducing pension benefits for employees. While top executives are credited for years of service they did not work in order to more rapidly vest their supplemental executive retirement plans, or SERPs, employees of several large corporations have seen their traditional defined-benefit plans frozen or sharply reduced this year in favor of less-generous 401(k) plans that do not offer the same guaranteed payouts.

At Boeing, efforts are under way to move more employees out of defined-benefit plans and into defined-contribution plans, says Charles Bofferding, the executive director at the Society of Professional Engineering Employees in Aerospace, the union that represents 21,000 Boeing employees.

"They're doing that to everyone but the big dogs, who continue to get defined-benefit plans," Mr. Bofferding said. "When you have a different set of principles for the top people versus the rest of the employees, it undermines the top people's moral authority to lead."

Executive recruiters, compensation lawyers and analysts argue, however, that even companies that are reducing benefits to their work forces must offer golden hellos and other perks simply to compete for the limited pool of top-tier chief executive talent in the marketplace. For instance, Boeing, like so many companies that wind up paying big price tags for chief executives, was in desperate need of an outsider with a stellar reputation to earn back the trust of shareholders and Wall Street. In addition, Boeing was concerned about government investigators.

In 2003, the chief executive, Philip M. Condit, resigned in the wake of an investigation into Pentagon contracts. His successor, Harry C. Stonecipher, was forced out in March 2005 for having an affair with a female executive.

At 3M, Mr. McNerney was turning in a stellar performance and cashing in on the stock options he had been granted since joining the company. In the six months before he jumped over to Boeing, Mr. McNerney exercised more than 2.1 million stock options for gains of more than $32.3 million, according to Equilar. Also, about 40 percent of Mr. McNerney's restricted stock had vested, as well as about half of his $22 million pension.

To match what Mr. McNerney was leaving behind at 3M, Boeing's board offered him $25.2 million worth of restricted shares that vest in three-, five- and six-year increments, as well as the equivalent of full funding of his entire 3M pension, although he needs to remain at Boeing for five years to be eligible for it.

But McNerney's pension could grow even bigger. A clause in his contract says that his pension will be based on the three consecutive years within the 10 years before leaving Boeing when he received the highest pay, whether that occurred at Boeing, at 3M or even General Electric.

"Boeing has gone further into territory that even I have not seen before," says Paul Hodgson, a senior research associate at the Corporate Library, an institutional advisory firm in Portland, Me. "Boeing shareholders are being asked to fund a pension potentially based on what 3M and G.E. paid McNerney, rather than what they themselves paid him. Such an arrangement would seem to take inappropriate to a new level."

John Dern, a spokesman for Boeing, said: "Jim McNerney's compensation is generally equivalent to what he was receiving at his previous company and in keeping with compensation practices at other large companies. It recognizes the value that he brings to Boeing and the company's performance has borne that out."

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For shareholders, the high price Boeing paid to lure Mr. McNerney has yielded results. He has moved to put many of Boeing's ethical lapses behind it: the company agreed this summer with federal prosecutors in California and Virginia to pay $615 million to settle allegations concerning use of competitors' information to bid on government contracts, and improper conduct in the hiring of a former government procurement officer.

Operationally, the company is beating its archrival, Airbus, in airplane orders this year. Its stock has soared 44 percent since Mr. McNerney got the job, compared with an 18 percent gain by the Standard & Poor's 500-stock index.

"I'm fine with McNerney's pay from a shareholder perspective," said Don Delves, a Chicago-based corporate governance and executive pay consultant. "I'm a shareholder at Boeing and we've been through a tumultuous time. Yeah, McNerney is expensive, but we're getting one of the top three people in the horse race to replace Jack Welch at G.E."

Yet even less-well-known chief executives are getting perks to make up for what they had in their previous jobs.

For instance, after ousting Carleton S. Fiorina as chief executive in 2005, Hewlett-Packard's board turned to Mark V. Hurd, a little-known executive at NCR, to replace her.

Mr. Hurd, who had already exercised stock options at NCR in 2005 worth $14.7 million, received a $2 million signing bonus; relocation benefits worth $2.7 million; 450,000 stock option shares worth $2.4 million; and 400,000 restricted shares worth about $8.1 million, according to Equilar.

But Mr. Hurd's employment agreement included an interesting twist. If NCR's stock fell by any amount up to 20 percent within 90 days of Mr. Hurd's leaving the company, Hewlett-Packard agreed to reimburse him for the losses he would have incurred on the 850,000 shares of NCR stock he still held. Hewlett-Packard said it paid Mr. Hurd a little more than $5 million for his losses in NCR stock.

"This isn't inside the norm," said Jack Dolmat-Connell, a compensation adviser in Waltham, Mass. "But because he knew he was leaving, that was probably considered inside information, so he actually could not do anything with those shares."

Executives are not only getting price protection on stock, but they are also demanding price protection on the sale of homes if they have to relocate.

Take Robert H. Swan, who joined eBay in March as its chief financial officer. Several months after leaving his post as finance chief of Electronic Data Systems, Mr. Swan was granted a supplemental relocation benefit by eBay's board "in light of the condition of the Plano, Texas, residential real estate market," according to a regulatory filing.

If Mr. Swan's Texas home sold for less than $3 million, the company would pay the difference, up to $700,000. (While Texas records indicate the home was sold in late August, the state does not make residential price information public.)

A spokeswoman for eBay said details of any payment made to Mr. Swan for his home would be made public when the company files its proxy next year.

GE Accedes To More Disclosure On Pay Advice (WSJ)

By Kaja Whitehouse

The Wall Street Journal, December 29, 2006

General Electric Co., agreeing to an effort by some investors to increase scrutiny on executive pay, will disclose more information on the advice it gets from compensation consultants.

The Fairfield, Conn., conglomerate agreed to go beyond regulatory requirements and disclose any business ties it may have with the firms that advise it on how to pay its top executives.

Under new Securities and Exchange Commission rules put in place this year, companies will be required to disclose in public filings the name of their compensation consultants, but not their other business relationships.

In 2006, GE's board of directors used the services of New York compensation consulting firm Frederic W. Cook & Co., which also advises the company's human resources on its broader pay programs, said Peter O'Toole, a GE spokesman. The company will make this information available in its coming proxy statement, he said.

"They provide us with limited intelligence on compensation trends and each year we participate in their long-term incentive survey," said Mr. O'Toole. "We have a very limited engagement with them," he said.

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A Cook spokesman said the firm provides additional work for a company only with consent of the chairman of the board's compensation committee.

News of GE's additional disclosure was reported yesterday by Bloomberg News.

In October, a group of 13 institutional investors sent a joint letter to the 25 largest companies in the Standard & Poor's 500-stock index, including GE, seeking this information. In addition to helping the board of directors hammer out pay for top executives, consulting firms can also be hired by management for other work, such as crafting the benefits plan for rank-and-file workers. The shareholders worry consultants may be reluctant to provide objective advice on executive pay if they rely on management's approval to win other business at the company.

"It is critical...that a compensation consultant be free of any conflict of interest, perceived or actual," said the Oct. 23 letter signed by shareholders representing $850 billion in assets, including London money manager F&C Asset Management, the Connecticut Treasurer's Office and union group AFL-CIO.

The group of 13 shareholders plans to announce Tuesday the results of their letter campaign, said Bernard Kavaler, spokesman for Connecticut Treasurer Denise L. Nappier. The shareholders may submit proposals asking investors to vote in favor of such disclosure if companies don't volunteer to make the information public, Mr. Kavaler said.

It isn't clear whether other companies have agreed to the measure. Others approached include Hewlett-Packard Co., Exxon Mobil Corp., Morgan Stanley, Wal-Mart Stores Inc., Pfizer Inc. and Home Depot Inc. None of these companies was available for comment.

Two-thirds of the 25 companies have responded to the letter, said Mr. Kavaler, who didn't specify how many will make the information available next year.

The shareholders behind the letter have likened such ties to when auditing firms provided consulting work for the companies they were auditing -- a situation some critics have said made accounting scandals like those at Enron Corp. and WorldCom Inc. more likely.

CRIMINAL LAW:

Domestic-Partner Violence In U.S. Fell Sharply (WP)

By Spencer S. Hsu

The Washington Post, December 29, 2006

Domestic violence rates in the United States dropped sharply between 1993 and 2004 but showed recent signs of a rebound, the Justice Department reported yesterday.

The number of domestic homicides fell 32 percent from 1993 to 2004, and the frequency of nonfatal violence between domestic partners dropped by more than 50 percent, from 5.8 attacks per 1,000 U.S. residents age 12 or older, to 2.6 attacks, according to the Bureau of Justice Statistics.

Men benefited from the decline more than women, and black victims more than white women. The number of women killed by current or former partners fell from 1,572 in 1993 to 1,159 in 2004, or 26 percent. The number of men killed dropped from 698 to 385, or 45 percent.

"The best news overall is that 'intimate partner violence' has declined since 1993, but there's still too much of it," said bureau statistician Shannan M. Catalano, author of the Justice Department online report. The report did not address violence among other household members or relatives.

Noting that current or former partners account for 22 percent of violence against women, but 3 percent of violence against men, Catalano said, "It still is a crime against women. . . . Women are more often victimized by someone they know. Men are more often victimized by strangers."

The report did not offer an explanation for the trend, but experts said it continued a decline in domestic violence recorded since 1976 and mirrored a drop in violent crime overall in the past decade.

Other theories credit increased policing, neighborhood-watch and victim-assistance programs, and awareness raised by the 1994 Violence Against Women Act.

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Analysts worry that declines may have bottomed out, however. Although overall rates remained unchanged between 2003 and 2004, violence against black women and white men increased slightly.

"The crime rates have kind of flattened out in the past couple of years. That could be of some concern," said Michael R. Rand, chief of victimization statistics for the bureau.

On average, 18.2 of 1,000 American Indian and native Alaskan women were victimized a year, nearly three times the rate among white women and twice the rate among black women. The least violence was reported against Asian men, white men and people age 50 and older.

Domestic Violence Rates Fall (AP)

AP, December 29, 2006

Justice Department report covering 1993-2004 notes racial disparities

WASHINGTON - Domestic violence rates fell sharply between 1993 and 2004, the Justice Department said Thursday, noting that American Indian women and native Alaskan women are far more likely to be victimized than whites and other minorities.

The Bureau of Justice Statistics said that "intimate partner violence" rates fell by more than 50 percent. The decline mirrored a decade-long trend in other violent crimes, and the department did not suggest a cause.

"There's still generally no consensus about why any crime in general has dropped," said Shannan Catalano, the study's author. "It's safe to say it's more than one factor that went into it."

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Some experts attribute the decline to better training for police and more funding for prosecution, two key elements of the 1994 Violence Against Women Act. Investigators increasingly are better trained to handle abuse cases and bring them to court.

"For the first time, there are entire domestic violence units in law enforcement," said Lonna Stevens, director of the Sheila Wellstone Institute, a Minnesota-based domestic violence organization. "We've had protocols and policies developed for responding to this."

In 1993, there were about 5.8 incidents of nonfatal violence for every 1,000 U.S. residents above the age of 12. By 2004, that number had fallen to 2.6, the agency said. Homicides fell by about 30 percent, from 2,269 in 1993 to 1,544 in 2004.

The Justice Department defines intimate partner violence as violence by a current or former spouse, boyfriend or girlfriend or a same-sex partner.

Stevens said police have been less successful responding to and deterring abusive behavior in some minority communities, where racism and cultural differences can keep reporting rates low.

Over the 12-year reporting period, about 18 out of every 1,000 American Indian and native Alaskan women were victimized — a violence rate three times higher than among white women.

Black women were more likely than white women to be abused but the study also found that they were more likely to report their abuse to the police than white women.

Women in their early 20s and women who were divorced or separated had the greatest risk of being abused, the study found. Violence was also more common in low-income households.

Asian males, white males and the elderly reported the lowest rates of partner violence.

Justice Reports Sharp Decline In 'Intimate Partner Violence' (WT/AP)

By Matt Apuzzo

The Washington Times, December 29, 2006

Domestic violence rates fell sharply from 1993 to 2004, the Justice Department said yesterday, noting that American Indian women and native Alaskan women are far more likely to be victimized than whites and other minorities.

The Bureau of Justice Statistics said "intimate partner violence" rates fell by more than 50 percent. The decline mirrored a decadelong trend in other violent crimes, and the department did not suggest a cause.

"There's still generally no consensus about why any crime in general has dropped," said Shannan Catalano, the study's author. "It's safe to say it's more than one factor that went into it."

DOJ_NMG_0110053

Some specialists attribute the decline to better training for police and more funding for prosecution, two key elements of the 1994 Violence Against Women Act. Investigators increasingly are better trained to handle abuse cases and bring them to court.

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Bosnian Serbs Deported By US Are Indicted For War-crimes (CSM)

By Beth Kampschror, Correspondent of The Christian Science Monitor

The Christian Science Monitor, December 29, 2006

As a result of landmark international cooperation, the two men were charged last week in connection with the 1995 Srebrenica massacre.

SARAJEVO, BOSNIA-HERZEGOVINA -- Mladen Blagojevic and Zdravko Bozic would probably be living unassuming lives as Bosnia Serb refugees in the Arizona desert if it weren't for a landmark international detective effort to track down war-crime suspects.

Instead, they're in custody in wintry Bosnia, where they were charged last week in connection with the 1995 Srebrenica massacre.

The case, say court sources, marks a precedent in international cooperation in the prosecution of war crimes, and could show the way forward for both the US and other countries that may be unwittingly hosting war-crimes suspects on their territory.

"I would describe the cooperation with the US as unprecedented, as these are the first cases where war-crimes suspects have been returned to the country where the crimes were committed to face charges," says Toby Cadman, counsel to the prosecutor at Bosnia's war-crimes chamber.

Mr. Blagojevic and Mr. Bozic were deported to Bosnia earlier this year after being arrested in the US for not disclosing their service in the Bosnian Serb military when its forces overran the Bosnian Muslim enclave of Srebrenica and killed up to 8,000 men and boys - a crime ruled genocide by the UN war-crimes tribunal in The Hague. On Dec. 21, they were indicted for crimes against humanity by Bosnia's war-crimes chamber and charged with the detention, murders, and forcible transfer of Srebrenica Muslims. International cooperation led to 56 arrests

In the past two years, 56 Bosnian Serbs have been arrested on charges of similar immigration fraud or making false statements over omitting their military service on immigration applications. Agents from the Immigration and Customs Enforcement (ICE) most recently raided homes in at least five US cities earlier this month, bringing in at least 16more people . Mr. Cadman says the ICE's Operation No Safe Haven could prove a model for other countries, which, like the US, took in large numbers of refugees and asylum seekers from the former Yugoslavia during and after the 1990s Balkan wars.

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The operation began in 2004, when ICE officials were nearly two years into investigating a Boston-area Bosnian, Marko Boskic - whose name had appeared in testimony at the UN war-crimes tribunal as well as press reports involving Srebrenica - on suspicion that he'd omitted his Bosnian Serb military service when applying for refugee status in the US. A former US military intelligence analyst who'd worked on the Srebrenica case in The Hague offered the investigators a list of 14,000 people who were suspected of having served in the Bosnian Serb military. Officials checked the names against immigration databases. The leads generated were distributed to their offices nationwide.

"A lot of our cases have actually developed because of the access to that list," says Michael Keegan, a spokesman at the Human Rights Violators and Public Safety Unit at the ICE, which has, since its creation in 2003, investigated immigrants who are not US citizens. Finding war criminals in a haystack of refugees

A December 2004 law - the Anti-Atrocity Alien Deportation Act - also gave the Justice Department's Office of Special Investigations powers to go after naturalized US citizens suspected of crimes committed before they entered the country. Federal investigators had previously tracked only Nazi-era suspects to prevent them from entering the US.

"I think the United States prides itself on being a refuge for people running away from persecution, and some of these human rights violators will come to the United States seeking the same refuge as their victims," Mr. Keegan says. "And that's not hard to believe, since most of them were at the site where the atrocities were committed, so they know the details. So when they're going through their interview, it's possible for them to describe the scene and be credible."

Operation No Safe Haven will continue indefinitely, Keegan says. It also appears to be bringing in more Srebrenica suspects than any other attempts. The Hague tribunal, for example, has been able to try only seven high-ranking Bosnian Serb military and police officers in a trial that began in July, because several of the men had been brought in under so-called "voluntary surrenders." The tribunal's two most-wanted men - Bosnian Serb political and military heads Radovan Karadzic and Ratko Mladic - remain fugitives.

Blagojevic, Bozic, and two others who were arrested in Bosnia, are the latest defendants in Bosnia's national war-crimes chamber - established in 2005 to take on mid- and lower-level ranking suspects - to be charged with alleged crimes at Srebrenica. Eleven others have been on trial for genocide since May, a trial that Damir Petrovic, a public-information lawyer at Bosnia's state court where the war-crimes chamber is housed,called "the largest criminal case in Europe right now." Critics say the US has gone too far

A lawyer for Nedjo Ikonic, a Bosnian Serb arrested outside Milwaukee earlier this month who pleaded not guilty this week to making false statements, says that US officials are targeting too widely, and that the sting is sparking fears among the Serbian diaspora in the US.

"There's one lady in Salt Lake City who was a cook paid by the Republika Srpska Army. That's stretching the party to a crime concept. It seems like the [Bosnian] government wants to investigate every one of them," says Nikola Kostich, senior partner at the Milwaukee law firm Kostich, LeBell, Dobroski, & Morgan. Mr. Kostich defended several prominent Serb suspects in The Hague and has advised many of those arrested in the past 24 months.

"I've also given a lot of advice to people who have not been charged - people who have called me because they're not sleeping well, and they think there's going to be a knock on the door in the night, and they don't know what to do," he says.

North Carolina Bar Association Files Charges Against Duke Prosecutor (USAT/AP)

By Aaron Beard, Associated Press

USA Today, December 29, 2006

RALEIGH, N.C. — The North Carolina bar filed ethics charges Thursday against the prosecutor in the Duke lacrosse case, accusing him of saying misleading or inflammatory things to the news media about the athletes under suspicion.

The punishment for ethics violations can range from admonishment to disbarment. The complaint could also force District Attorney Mike Nifong off the case by creating a conflict of interest.

"He's got this hanging over his head," said Thomas Metzloff, a Duke law professor and member of the bar's ethics committee for the past 10 years. "It relates so much to his underlying conduct in the case."

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Among the four rules of professional conduct that Nifong was accused of violating was a prohibition against making comments "that have a substantial likelihood of heightening public condemnation of the accused."

In a statement, the bar said it opened a case against Nifong on March 30, a little more than two weeks after a 28-year-old woman hired to perform as a stripper at a lacrosse team party said she was gang-raped.

The ethics charges will be heard by an independent body called the Disciplinary Hearing Commission, made up of both lawyers and non-lawyers. A date for the hearing has not yet been set.

Nifong did not immediately return a call for comment.

The bar cited 40 quotations and eight paraphrased statements made to newspaper and TV reporters, saying many of them amounted to "improper commentary about the character, credibility and reputation of the accused" or their alleged unwillingness to cooperate. Most of the comments were in March and April, in the early days of the case.

Among them:

• Nifong referred to the lacrosse players as "a bunch of hooligans."

• He declared: "I am convinced there was a rape, yes, sir."

• He told ESPN: "One would wonder why one needs an attorney if one was not charged and had not done anything wrong."

• He told The New York Times: "I'm disappointed that no one has been enough of a man to come forward. And if they would have spoken up at the time, this may never have happened."

Nifong was also charged with breaking a rule against "dishonesty, fraud, deceit and misrepresentation." The bar said that when DNA testing failed to find any evidence a lacrosse player raped the accuser, Nifong told a reporter the players might have used a condom.

According to the bar, Nifong knew that assertion was misleading, because he had received a report from an emergency room nurse in which the accuser said her attackers did not use a condom.

Defense attorney Joseph Cheshire, who represents one of the three athletes, declined to comment Thursday.

Last week, Nifong dropped the rape charges against the athletes after the stripper wavered in her story, saying she was longer certain she was penetrated vaginally with a penis, as she had claimed several times before. The men still face charges of kidnapping and sexual offense.

In recent months — and especially after last week — legal experts and even Nifong's own colleagues have warned openly that the case appears pitifully weak.

"One wonders what the effect of this will be," Stan Goldman, who teaches criminal law at Loyola Law School in Los Angeles, said after the ethics charges were filed. "Is this going to result in him treating the case more gingerly and deciding it's not worth pursuing, or is he going to get his back up and decide he's got to pursue this case to the end regardless?"

The athletes, Reade Seligmann, Collin Finnerty and David Evans, have maintained their innocence and called the charges "fantastic lies." The case is not expected to go to trial until at least the spring.

The weaknesses in the case include the lack of DNA evidence; the accuser's ever-shifting story; one player's claim to have an alibi supported by receipts and time-stamped photos; and the defense's insistence that the photo lineup that was used to identify the defendants violated police procedures and was skewed against the men.

Before the ethics charges were filed, Bob Brown, an attorney in private practice who once worked with Nifong in the prosecutor's office, predicted the case would be a "bloodbath" for the prosecution if it went to trial.

Among other questions raised in recent weeks: Why did it take months for anyone from Nifong's office to interview the accuser? And why did Nifong initially withhold from the defense DNA test results that found genetic material from several men — none of them Duke lacrosse players — on the accuser's underwear and body?

"I don't see how any member of the public can have confidence in this case. I think it's making a mockery of our criminal justice system to permit this guy to keep fumbling along," Duke University law professor James Coleman, one of Nifong's leading critics, said before the ethics charges were filed. "It's either total incompetence or it's misconduct on a scale that is extraordinary."

Prosecutor In Duke Sexual Assault Case Faces Ethics Complaint From State Bar (NYT)

By David Barstow And Duff Wilson

The New York Times, December 29, 2006

The North Carolina State Bar filed a formal ethics complaint yesterday against the prosecutor in the Duke lacrosse sexual assault case, accusing him of making inflammatory remarks about the team to the news media and misleading the public about evidence.

The 17-page complaint took issue with a long list of public comments by the prosecutor, Michael B. Nifong, the Durham district attorney. Since March, when a stripper first accused three Duke lacrosse players of gang-raping her at a late-night team party, Mr. Nifong has granted dozens of interviews with the news media, including one with The New York Times last week.

But according to the state bar, which regulates lawyers in North Carolina, many of Mr. Nifong's comments were unethical because they included "improper commentary" about the defendants and the evidence.

In perhaps the most serious accusation, the bar also said Mr. Nifong had engaged in "dishonesty, fraud, deceit or misrepresentation" by suggesting to reporters that a condom was used in the alleged attack when he had in his possession a sexual assault examination report that indicated otherwise.

Mr. Nifong spoke about condoms after laboratory tests failed to find semen from any Duke player on the accuser.

The complaint was filed with the state bar's Disciplinary Hearing Commission, which can impose a variety of sanctions, from censure to disbarment. According to bar rules, the commission must take up the complaint within 90 to 150 days.

Mr. Nifong did not respond to telephone and e-mail messages last night, but North Carolina's courts have traditionally granted district attorneys broad leeway in making public comments that "serve a legitimate law enforcement purpose."

In previous interviews Mr. Nifong has given two main reasons for speaking out, especially in the first weeks of the case. First, he has said he was trying to encourage and pressure possible witnesses on the team to come forward. Second, he has said he was trying to assure the community that as the county's top law enforcement official, he was taking the woman's complaint seriously.

But he has also admitted going too far in some of his public comments. In his interview with The Times last week, for example, Mr. Nifong said he was wrong to have described members of the lacrosse team as "a bunch of hooligans."

According to the bar complaint, the "hooligan" remark was one of many comments by Mr. Nifong that violated ethics rules because they were likely to heighten "public condemnation of the accused."

Defense lawyers said last night that they had decided not to comment on the complaint. But they have made no secret of their desire to see Mr. Nifong removed from the case, working to fan public criticism of him — a strategy that has helped provoke dozens of ethics complaints against Mr. Nifong with the state bar's grievance committee.

With yesterday's action, the grievance committee was indicating that it found merit in many of those complaints.

In addition to the bar complaint, Mr. Nifong is likely to face a separate accusation of prosecutorial misconduct before W. Osmond Smith III, the judge presiding over the sexual assault case. Defense lawyers have said they are preparing a motion seeking sanctions against Mr. Nifong for failing to reveal for seven months that tests had found DNA material from several men, none of them members of the lacrosse team, on rape kit swabs taken from the woman hours after the alleged attack.

Defense lawyers are likely to use the bar's complaint as still more evidence that Mr. Nifong has a clear conflict of interest that makes his continued involvement in the case untenable.

Ethics Probe In Duke Lacrosse Case Involves DA (NSDY)

By Jennifer Maloney

Long Island Newsday, December 29, 2006

The North Carolina bar Thursday filed ethics charges against the prosecutor in the Duke lacrosse sexual assualt case, accusing him of making misleading and inflammatory remarks to the media about the athletes under suspicion.

The complaint could force District Attorney Mike Nifong off the case by creating a conflict of interest. He could also face punishments ranging from admonishment to disbarment.

The bar accused Nifong of violating four rules of professional conduct, including a prohibition against making comments "that have a substantial likelihood of heightening public condemnation of the accused" and a rule against "dishonesty, fraud, deceit and misrepresentation."

In a statement, the bar said it opened a case against Nifong on March 30, about two weeks after a 28-year-old woman hired to perform as a stripper at a lacrosse team party said she was gang-raped.

The ethics charges will be heard by an independent body called the Disciplinary Hearing Commission, comprised of lawyers and non-lawyers. A date for the hearing has not been set.

Nifong could not be reached Thursday. In an October interview with The Associated Press, he said his only regret in handling the case was speaking so often to the media in the investigation's early days.

"Certainly what I was trying to do was to reassure the community, to encourage people with information to come forward," Nifong said. "And that was clearly not the effect."

The accused athletes, Reade Seligmann, Collin Finnerty and David Evans, have maintained their innocence and called the charges "fantastic lies." The Finnerty family, of Garden City, could not be reached Thursday. The defendants' attorneys also could not be reached. Last week, Nifong dropped the rape charges against the athletes after the stripper wavered in her story. The men still face charges of kidnapping and sexual offense.

The bar cited 41 quotations and eight paraphrased statements Nifong made to newspaper and TV reporters, saying many amounted to "improper commentary about the character, credibility and reputation of the accused" or their alleged unwillingness to cooperate.

The bar said that when DNA testing failed to find any evidence a lacrosse player raped the accuser, Nifong told a reporter the players might have used a condom.

According to the bar, Nifong knew that that assertion was misleading because he had received a report from an emergency room nurse in which the accuser said her attackers did not use a condom.

Duke Rape Case Prosecutor Faces Ethics Charges (WP/AP)

By Aaron Beard

The Washington Post, December 29, 2006

RALEIGH, N.C., Dec. 28 -- The North Carolina Bar Association filed ethics charges Thursday against the prosecutor in the Duke University rape case, accusing him of saying misleading and inflammatory things to the media about the lacrosse players under suspicion.

The punishment for ethics violations can range from admonishment to disbarment.

Among the four rules of professional conduct that District Attorney Mike Nifong was accused of violating was a prohibition against making comments "that have a substantial likelihood of heightening public condemnation of the accused."

In a statement, the bar said it opened a case against Nifong on March 30, a little more than two weeks after a 28-year-old woman hired to perform as a stripper at a lacrosse team party said she was gang-raped.

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Among them:

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Â· He declared, "I am convinced there was a rape, yes, sir."

Â· He told ESPN: "One would wonder why one needs an attorney if one was not charged and had not done anything wrong."

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Â· He told the New York Times: "I'm disappointed that no one has been enough of a man to come forward. And if they would have spoken up at the time, this may never have happened."

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The weaknesses in the case include the lack of DNA evidence; the accuser's ever-shifting story; one player's claim to have an alibi supported by receipts and time-stamped photos; and the defense's insistence that the photo lineup used to identify the defendants violated police procedures and was skewed against the men.

CyberNet Suspect Pleads Not Guilty (GRPRESS)

By John Agar, The Grand Rapids Press

Grand Rapids Press (MI), December 29, 2006

GRAND RAPIDS -- A former vice president at the collapsed firm CyberNET in Grand Rapids pleaded not guilty Wednesday to federal charges related to an $81.7 million fraud case.

Paul Nathan Wright, 57, is accused of conspiracy, bank fraud, money laundering and mail fraud. The charges carry penalties ranging from five to 30 years in prison, and fines ranging from $250,000 to $1 million, plus restitution, if he is convicted.

Wright pleaded "not guilty to each and every count he's charged (with)," his court-appointed attorney, Paul Mitchell, told U.S. District Magistrate Judge Ellen Carmody.

Barton Watson, CyberNET chairman, killed himself in his Ada Township home just days after a November 2004 raid at company headquarters. His wife, Krista Kotlarz-Watson, and mother, Geraldine Watson, were recently indicted and await arraignment next month in federal court.

Last week, James Horton, the former CyberNET president, was sentenced to 7 1/2 years in prison. He pleaded guilty to conspiracy, bank fraud and money laundering, and has cooperated with the government. Horton's cooperation led to a lesser sentence, and he has agreed to testify, if necessary, at others' trials.

The government alleges that CyberNET deceived lending institutions to obtain financing under false pretenses, and expended "a substantial amount of effort to prevent lenders from discovering that they had been

deceived," the indictment said.

The company had a complex system, using false records, shell corporations and telephone systems to intercept calls from lenders to suggest that the company had many customers. The company overstated its finances to show it netted millions of dollars a year, when it actually was losing $500,000 to $7.6 million each month from 2002 to 2004, the indictment said.

Wright assisted by setting up shell companies, and "played an active role in deceiving lenders dealing with CyberNET," the indictment said. He would place bricks into empty computer boxes prior to lenders' inspections of collateral, the indictment said.

Employees who were not involved in the alleged fraud, and only discovered it later, were "paid substantial sums ... for their agreement not to report the fraud to law enforcement authorities," the government said.

Wright, on bond, left the courthouse with his attorney after the brief hearing. His attorney would not comment.

Send e-mail to the author: jagar@grpress.com

Durham Police Seek Kidnapped Twins (WRAL)

WRAL-TV, December 29, 2006

FBI Believes Twins, Birth Mother in Canada

The FBI said Thursday that 17-month-old twins allegedly taken by their birth mother last week were spotted crossing the Canadian border.

According to a news release issued early Thursday evening, FBI investigators have determined that Allison Quets crossed the border last Saturday with the toddlers, Tyler and Holly Needham. All three are believed to still be in Canada, investigators said.

The twins were taken from their adoptive parents in Apex last Friday for a scheduled monthly visitation with Quets. Police said Tuesday that Quets, 49, never returned Sunday evening.

On Wednesday, a federal warrant was issued charging Quets with violating an international parental kidnapping law. Additionally, federal investigators filed a provisional arrest warrant application with Canadian authorities to assist in locating Quets and returning the two children to the United States.

FBI officials said they are working jointly with the Royal Canadian Mounted Police, the FBI legal attache's office in the U.S. Embassy in Ottawa, and the Durham Police Department. They also have enlisted the assistance of the National Center for Missing/Exploited Children, along with Child Find Canada.

Quets had been embroiled in a custody dispute with Kevin and Denise Needham , who live in Apex, in Jacksonville, Fla., where Quets lived.

The FBI said that matters concerning custody and parental rights would be determined by the appropriate authorities in the state of Florida.

FBI Says Missing Apex Twins Taken By Biological Mother To Canada (CO)

The Charlotte Observer, December 29, 2006

RALEIGH, N.C. - The FBI has joined in the search for 17-month-old twins who authorities think were taken to Canada by their biological mother.

Allison Lee Quets, 49, of Durham, is suspected of taking Tyler Lee and Holly Ann Needham, who had lived in Apex with their adoptive parents, FBI officials said Thursday in a written statement. Apex is a suburb west of Raleigh.

Quets had monthly visitation rights as a part of a custody agreement, but now faces federal charges of international parental kidnapping.

A custody order allowed Quets to take the twins on Dec. 22 and return them Dec. 24 to adoptive parents Denise and Kevin Needham. Quets did not return the children, and an investigation shows she crossed the Canadian border with the twins on Dec. 23, the FBI said.

Authorities are seeking public assistance to locate and safely return the twins to the United States.

Other agencies involved in the search included the Royal Canadian Mounted Police, the Durham Police Department, the National Center for Missing and Exploited Children, and Child Find Canada.

FBI: Missing Kids Were Taken To Canada (MBSN)

By Sarah Ovaska

Myrtle Beach (SC) Sun News, December 29, 2006

RALEIGH, N.C. - A woman accused of abducting a pair of 17-month-old Apex, N.C., twins has taken them to Canada, the FBI said late Thursday.

Allison Quets, 49, is wanted by federal authorities on criminal charges of international parental kidnapping. The FBI released a statement that said Quets crossed the Canadian border on Saturday with two children.

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Quets gave birth to Tyler and Holly Needham but gave them up for adoption approximately a month after they were born, her sister Gail Quets said. Quets, who conceived the children through in-vitro fertilization, become severely ill during her pregnancy and worried about her ability to care for the children.

Denise and Kevin Needham, an Apex couple, adopted the twins after meeting Quets through a mutual friend, Gail Quets said. Quets was in the process of appealing the adoption and had been granted visitation rights pending a decision by a Florida court.

The Needhams last saw their adopted children on Friday when Quets picked them up from their Apex home. The couple planned on seeing their children again on Sunday, when Quets was scheduled to meet them at the Streets at Southpoint mall in Durham. The Needhams contacted Durham police a half-hour after Quets failed to meet them.

However, an alert about the missing children was not put out until 24 hours later when another police agency, the Apex Police Department, got involved.

Protesting Mom Cindy Sheehan Arrested At Bush Ranch (CNN)

CNN.com, December 29, 2006

CRAWFORD, Texas (CNN) -- Anti-war protester Cindy Sheehan was arrested Thursday afternoon outside President Bush's ranch, according to a law enforcement official.

Sheehan, who in the past has camped out for weeks in protest outside the ranch in Crawford, Texas, was arrested for blocking the road leading to the property, Texas Department of Public Safety's Tela Mange told CNN.

Four others were also arrested after law enforcement officials asked the group to move and they refused, Mange said.

"[Sheehan] told us if you want us to get out of the road, you're going to have to arrest us," Mange said. "So we did."

The protesters lay in the road about 20 minutes before being taken into custody, she said.

Sheehan and the others were taken to the McLennan County Sheriff's Department, booked and jailed.

It's not known if any of the protesters made bail.

Sheehan and the others are charged with obstructing a highway, a misdemeanor punishable by up to a $2,000 fine and six months in jail, Mange said.

Mange said Vice President Dick Cheney's motorcade was delayed leaving the ranch while officers removed the protesters.

Sheehan's 24-year-old son, Casey, was killed in Iraq in 2004.

She has been arrested previously. She and three other women were convicted earlier this month in New York of trespassing, The Associated Press reported. (Full story)

They had attempted in March 2005 to deliver an anti-Iraq war petition to the United Nations U.S. Mission and ignored signals to disperse, the AP said.

The four were acquitted of disorderly conduct, resisting arrest and obstructing government administration. The Manhattan judge fined them $95 and gave them a conditional discharge.

That meant that if any of the women were arrested again they could face a tougher sentence.

Police Officers Charged In Deaths In Hurricane's Aftermath (NYT)

By Shaila Dewan

The New York Times, December 29, 2006

ATLANTA, Dec. 28 — Seven New Orleans police officers were indicted Thursday on charges of first-degree murder or attempted murder in connection with the deaths of two men on a bridge six days after Hurricane Katrina struck.

Four other civilians suffered gunshot wounds in the episode, which took place on Sept. 4, 2005. No officers were hurt.

The shootings occurred while much of the New Orleans area was still under water, communication among officers was poor and the city was chaotic. The New Orleans Police Department's initial account — that officers were responding to reports of snipers firing on contractors — seemed to confirm fears of rampant lawlessness in the city.

But that account was repeatedly revised. At one point, the police said they were responding to reports that two officers had been shot. The victims, for their part, said they had simply been seeking help after the storm left them stranded.

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Frank Zibilich, a lawyer for one of the police officers, said that although first-degree murder in Louisiana did not require proof of premeditation, the charges were harsh.

"It's mind-boggling to me that officers, under the intense circumstances that were going on in New Orleans at this time, that seven officers decide simultaneously that they're going to go commit murder," Mr. Zibilich said.

Two families were involved in the shootings. At the base of the bridge, the officers encountered the Bartholomew family: a couple and their teenage daughter and nephew, and the nephew's friend James Brissette, 19. The family, which filed a civil lawsuit against the officers and the police department, said in court papers that it was trying to reach a grocery store on the other side of the bridge when the police officers began firing at them. Mr. Brissette died, while the nephew, Jose Holmes Jr., 19, jumped behind a barricade. As he lay on the ground, according to the court papers, he was shot at from a distance and then approached by a man who shot him point blank in the abdomen.

Mr. Holmes wound up partly paralyzed with a colostomy bag. Susan Bartholomew, the mother, lost her right arm.

"The police in this case used the devastation of the storm to behave in a criminal manner," said Gary W. Bizal, a lawyer who is representing Mr. Holmes in the civil case. "They held themselves above the law, and now it's coming back to roost."

Near the top of the bridge, according to a statement issued by the office of Eddie Jordan, the Orleans Parish district attorney, the police encountered Ronald Madison, a mentally retarded man, and his brother Lance, who had been employed by Federal Express for 25 years. The brothers had been forced to swim through floodwaters and had been trying to reach their mother's house across the bridge, their family said in its civil lawsuit. The family said the brothers were on the bridge with other people they did not know when a rental truck pulled up and a group of heavily armed officers jumped out and began firing.

Ronald Madison, 40, died after being shot seven times in the back. His brother was arrested at the scene and charged with eight counts of attempted murder of a police officer, though no weapon was recovered. The grand jury that handed down Thursday's indictments declined to indict Lance Madison.

A spokeswoman for Warren J. Riley, the superintendent of police, said he would not comment on the case.

7 Police Officers Indicted In Post-Katrina Shootings In New Orleans (AP)

AP, December 29, 2006

(AP) - NEW ORLEANS-Four New Orleans police officers were charged with first-degree murder in connection with two fatal shootings during Hurricane Katrina's chaotic aftermath.

Three other officers were charged with attempted murder in the shootings, which also injured four civilians. A state district judge Thursday gave the officers 24 hours to surrender.

The shootings became one of the most widely cited examples of the chaos that ensued after Katrina flooded 80 percent of the city in August 2005.

"We cannot allow our police officers to shoot and kill our citizens without justification like rabid dogs," District Attorney Eddie Jordan said.

At a news conference late Thursday, Police Superintendent Warren Riley said the indictments were only the first step in the judicial process and "not where it ends."

"A jury of their peers will decide their guilt or innocent," Riley said, calling Jordan's comments "highly unprofessional, highly prejudicial and highly undignified."

"We want justice first and foremost, " he said. "But for the district attorney to try and prejudice the community against these officers before all the evidence is heard is really, I think, a sad day for the city."

The indictments were the latest blow to the police department's reputation. Police Superintendent Warren Riley has said the majority of his 1,500-member force performed heroically during and after Katrina, but he has acknowledged more than 200 were disciplined for various offenses, including failure to show up after the storm. Some were accused of looting.

Defense attorneys for the indicted officers said their clients are innocent. "As a wise man once said, a district attorney can get a grand jury to indict a ham sandwich," said Franz Zibilich, attorney for officer Robert Faulcon, who is charged with murder. "They heard only one side of the story."

Authorities first said Ronald Madison, a 40-year-old mentally retarded man, and James Brissette, 19, were killed in a gun battle with police on a bridge connecting two predominantly black - and flooded - neighborhoods.

At the time, six days after the hurricane, the city was still littered with dead bodies as rescuers tried to save stranded residents and prevent looters.

According to a police report, several officers responded to a radio call of two officers down. They were told the shooters were headed west. When they arrived, seven people were running in that direction and four began firing at police, the report said. The officers returned fire.

After weeks of testimony, the grand jury deliberated for two hours Thursday before issuing the charges. The panel's foreman, Lee Madare, declined to comment in detail as he left the courthouse but asked a reporter, "Do you understand the word cover-up?"

A spokesman for Mayor Ray Nagin declined to comment on the indictments. Police Superintendent Warren Riley and a police department spokeswoman did not immediately return messages from The Associated Press.

Faulcon was charged with first-degree murder in Madison's death. Faulcon and three others - Sgt. Kenneth Bowen, officer Anthony Villavaso and officer Robert Gisevius - were charged with first-degree murder in Brissette's death.

Officer Robert Barrios faces multiple counts of attempted first-degree murder, officer Mike Hunter is charged with two counts of attempted first-degree murder and officer Ignatius Hills is charged with attempted second-degree murder.

7 N.O. Cops Indicted In Killings On Bridge (NOTP)

By Laura Maggi, Staff Writer

New Orleans Times-Picayune, December 29, 2006

SHOOTING DEATHS CAME 6 DAYS AFTER KATRINA

Seven New Orleans police officers were indicted Thursday on an array of murder and attempted-murder charges stemming from a shooting on the Danziger Bridge six days after Hurricane Katrina, which victims have portrayed as an ambush by police that left two dead and four wounded.

The state grand jury refuted the New Orleans Police Department account of what happened on Sept. 4, 2005, which had been portrayed by officers as an appropriate response to reports of both sniper fire and people shooting at police officers near the bridge, on Chef Menteur Highway in eastern New Orleans.

The grand jury separately cleared Lance Madison, a man whom police arrested that day and booked with attempted first-degree murder for allegedly shooting at law enforcement.

Four police officers -- Sgt. Kenneth Bowen, Sgt. Robert Gisevius, officer Anthony Villavaso and officer Robert Faulcon -- were charged with the first-degree murder of James Brissette, 19. Faulcon was also charged with the first-degree murder of Ronald Madison, a 40-year-old mentally retarded man whose body was found riddled with seven gunshot wounds to his back. Three more officers face attempted-murder charges.

The charge of first-degree murder carries a potential death sentence, which prosecutors said was warranted because the accused had shot the men while trying to harm or kill others. Chief Judge Raymond Bigelow, who received the grand jury indictments, said he would not set bond for the officers facing the first-degree murder charges.

Criticizing Jordan

In a written statement, the only one he would make about the indictments on Thursday, Orleans Parish District Attorney Eddie Jordan said, "We cannot allow our police officers to shoot and kill our citizens without justification, like rabid dogs. The rules governing the use of lethal force are not suspended during a state of emergency. Everyone, including police officers, must abide by the law of the land."

New Orleans Police Superintendent Warren Riley asked the public to remember that all seven officers will have their days in court. He called the indictments one the saddest days in the department's history.

"I would like to remind everyone, this is but one step in the judicial process that will determine the future of these officers. This is not when it ends," he said at an evening news conference.

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Riley also objected to the statement by Jordan that people had been shot "like rabid dogs," calling the phrase "unprofessional, highly prejudicial and highly undignified."

Representatives for both police unions -- the Police Association of New Orleans and the Fraternal Order of Police -- said their groups stand behind the indicted officers, pointing out that grand juries as a practice hear only the prosecution's evidence, and so heard no testimony defending the police.

The four officers facing murder charges also face varying counts of attempted first-degree murder for allegedly shooting other people wounded on the bridge.

In addition, Robert Barrios was charged with four counts of attempted first-degree murder. Michael Hunter was charged with two counts of attempted first-degree murder. Ignatius Hills was charged with one count of attempted second-degree murder. Bigelow gave all the officers 24 hours to turn themselves in to the Sheriff's Office, setting bail at $100,000 for each attempted-murder count.

One-sided hearing?

Only Eric Hessler, the attorney for Gisevius, attended the afternoon proceedings in Bigelow's courtroom. Afterward, Hessler said his client is innocent, pointing out that all of the officers were cleared by an internal Police Department investigation.

"The grand jury only heard evidence that the district attorney wants them to see," Hessler said. The indictments do not lay out prosecutors' case against the seven officers, only charging them with the fatal shooting or attempted murder of specific victims. But the version of events by several people who survived the incident has been detailed in three federal lawsuits brought in late summer against the city government and Police Department.

These lawsuits portray a group of people who were trying to survive with scant food and water after Katrina, stranded along a strip of Chef Menteur that was surrounded by flood waters.

On Sept. 4 about 9 a.m., Ronald and Lance Madison walked near the top of the Danziger Bridge, returning to their brother's dental office on Chef Menteur Highway after a failed attempt to go to their mother's home in eastern New Orleans. Ronald Madison, who was severely retarded, had insisted on staying in the city because he could not bear to leave behind the family dachshunds, Bobbi and Sushi. His older brother, Lance, decided to stay with him, according to the lawsuit.

At the same time, according to the lawsuits, another group of people was walking at the base of the bridge on a trek to a nearby Winn Dixie to retrieve food and water. The group of six had been staying at the Friendly Inn Motel, located next to the dentist's office where the Madisons had camped out.

Suddenly, the people on the bridge were confronted by a hail of gunfire coming from a group of men in "dark clothing" who had emerged from the back of a rental truck at the foot of the bridge, the lawsuits said.

These men turned out to be the seven heavily armed, out-of-uniform police officers indicted on Thursday, although in the lawsuits, the victims say they never identified themselves as such.

In his lawsuit, Jose Holmes Jr. describes jumping behind a concrete barrier to escape the bullets. Officers shot Holmes several times even though he lay prone on the ground, the lawsuit alleges, One officer stood over him and shot him twice in the abdomen, according to the suit.

During the shooting, Holmes' friend James Brissette -- called James Barsett in the lawsuit -- was killed. His uncle, Leonard Bartholomew III, and cousin, Lesha Bartholomew, also were shot several times. His aunt, Susan Bartholomew, lost her arm after being shot by a "large-caliber" weapon. The gunmen also fired on Leonard Bartholomew IV, Holmes' 15-year-old cousin, but missed.

In his portrayal of the events that morning, Lance Madison has backed up police claims that there was gunfire near the bridge, testifying at a Sept. 28, 2005, magistrate court hearing that six teenagers in white T-shirts shot at him and his brother.

"We tried to run for our life," Madison told a magistrate judge.

But then the truckload of NOPD officers appeared, shooting Ronald Madison in the shoulder. Lance Madison testified that the teenagers never shot at police.

Although the Madisons kept trying to run down the bridge to get out of the line of fire, at least one of the officers pursued, shooting Ronald Madison seven times in the back, according to a lawsuit filed by Lance Madison and his mother, Fuki Madison.

Shipped to prison

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After his brother was killed, Lance Madison was surrounded by Louisiana State Police officers. A 25-year employee of Federal Express with no criminal record, Madison was arrested and booked that day with eight counts of attempted murder for allegedly shooting at police officers and another man on the bridge that day.

Madison was booked at Camp Greyhound, the temporary jail set up after Katrina and later shipped to Hunt Correctional Center in St. Gabriel. At the Sept. 28 proceeding at Hunt, Orleans Parish Magistrate Court Judge Gerard Hansen found probable cause for Madison's arrest because of a police report that he had tossed a gun into the Industrial Canal from the Danziger Bridge. Police said they found the weapon the next day in the canal.

But at that same hearing, Hansen lowered Madison's bond -- he was later released without any bond -- and said he didn't believe police had caught a guilty man.

"I could be wrong, but I've been doing this for 32 years, and I think I have a gut reaction on this," he said, according to a transcript. "If I actually thought you were up there shooting, I would raise the bond to $2 million."

Police accounts of the events on Sept. 4 have been starkly different from those of Holmes, the Bartholomews and Lance Madison.

A department news release dated Oct. 4, 2005, offered this version of events:

The seven officers rushed to Danziger Bridge in the rental truck in response to radio reports of two police officers who were "down" under the bridge. Police also had a request for assistance from David Ryder, self-identified as a St. Landry Parish sheriff's deputy, who reported that several people on the bridge were shooting at rescue workers. When officers arrived, they were "met with gunfire" from four people on the bridge, the news release stated. At that point, the police returned fire.

In the six-page police report filed for the Madison arrest, Sgt. Arthur Kaufman gave a similar account, although at one point he says 7 people on the bridge that morning "opened fire" on the 7th District officers who arrived on the scene. The report describes two of the shooters continuing to fire as they ran over the Danziger Bridge toward the Friendly Inn Motel, which is where Lance Madison was arrested.

After the "scene was secured," Ryder arrived and identified Lance Madison as one of the people who shot at rescue workers.

Police impersonator?

But according to documents gathered by the attorneys representing Madison and the other victims, Ryder was not in fact a sheriff's deputy, from St. Landry or anywhere else. Indeed, he has a criminal record that includes a conviction for false imprisonment, arrests for battery on a police officer and possession of cocaine, according to court documents from Nacogdoches County, Texas.

"The public expected first responders to stay and protect, and they did that," said Michael Glasser, PANO president.

Both Donovan Livaccari, FOP employee representative, and Glasser called the indictments a political gambit by Jordan to win the allegiance of voters distrustful of police officers. Both also said that Jordan misled several of the officers involved, granting them immunity so they would testify and then indicting them.

For Lance Madison and his family, the indictments proved that he should never have been arrested on the bridge or charged with firing at police, his attorney said Thursday. "They are relieved that Lance has been vindicated," said Mary Howell.

The Madisons hope additional witnesses will come forward now that charges have been filed against police officers, a sentiment echoed by Anthony Radosti with the Metropolitan Crime Commission, a watchdog group that has been directing potential witnesses to the district attorney's office. "We know that there were a lot of people out there who saw and heard what happened," said Howell.

. . . . . .

Staff writer Gwen Filosa contributed to this report.

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CIVIL LAW:

FEC Assessed A Record $6.2 Million In Penalties In 2006 (AP)

AP, December 29, 2006

The Federal Election Commission more than doubled its civil penalties in 2006, imposing $6.2 million in fines for campaign-law violations.

More than half -- $3.8 million -- came from penalties against Freddie Mac, the federal mortgage corporation, accused of making illegal contributions to political committees, according to year-end numbers released yesterday. Even without the record Freddie Mac fine, the FEC issued 12 penalties of more than $100,000, or almost a quarter of all six-figure fines in the agency's 31-year history.

"I'm very pleased with the vigorous enforcement record the FEC compiled in 2006. The numbers speak for themselves," FEC Chairman Michael Toner said in an interview. "It means strong confidence the FEC is properly prioritizing the most important cases and willing to pursue them to conclusion."

The year-end total included three cases against advocacy groups that the FEC settled for a combined $603,000. Swift Vets and POWs for Truth, the MoveOn.org Voter Fund, and the League of Conservation Voters failed "to register and file disclosure reports as federal political committees and accepted contributions in violation of federal limits and source prohibitions" during the 2004 presidential campaign, according to a unanimous agency ruling.

Advocates, however, said the numbers "don't tell the whole story."

"The penalties discussed in the FEC release reflect a mixed record," said Fred Wertheimer, president and chief executive of Democracy 21, a nonprofit, nonpartisan group that aims to reduce the influence of money in politics.

"The size of the fine will act as a warning to outside groups about the potential costs of violating the law," he said, but he added: "In other cases, like the penalties imposed on 527 groups, that does not reflect success but rather failure of law enforcement because it came years after the violations and represented a small portion of the tens of millions of dollars that were illegally spent in the 2004 presidential election."

The agency processed almost 78,000 financial filings totaling 3.9 million pages and detailing $2.7 billion in campaign spending.

Big Decal (WP)

The Washington Post, December 29, 2006

KIRK SHELMERDINE is no political activist; in fact, he says he isn't even registered to vote. Rather, Mr. Shelmerdine is a NASCAR driver, albeit not a particularly successful one. He is, by his own description, "considered to be a 'field filler' as my race cars and race team are underfunded and have no realistic chance of winning a race." But two years ago, Mr. Shelmerdine took a step that caused him to crash head-on into the authorities at the Federal Election Commission: Unable to sell the space to a corporate sponsor, he put a Bush-Cheney '04 decal on the rear quarter-panel of his car for four races. It's not clear exactly what motivated Mr. Shelmerdine. He told a newspaper reporter at the time that "I'm very much against liberal ways when it comes to politics. This was the way to make our little statement." He later told the FEC that he had heard rumors that President Bush was going to be at the first race and figured the $50 decal would bring "publicity for me and the car."

Mr. Shelmerdine's decal resulted in a complaint to the FEC that he had violated federal election law by failing to file the report required of anyone who makes an independent expenditure valued at $250 or more in support of a candidate for federal office. The general counsel's office investigated; the commissioners tangled over how the decals should be valued: By considering Mr. Shelmerdine's cost in acquiring them? By averaging the amount Mr. Shelmerdine received from other sponsors when he did manage to sell the space? Finally, they agreed -- in an action made public this week -- to take the step that ought to have been obvious from the start: to send Mr. Shelmerdine a letter of admonishment warning him not to do it again.

Our customary criticism of the FEC is for doing too little to go after election law violations, not too much. But l'affaire Shelmerdine seems simply silly. None of the policies underlying the reporting requirements -- the need for transparency in campaign spending, the avoidance of secret efforts to curry favor with candidates -- were implicated here. There has to be a better use of FEC resources than investigating bumper stickers.

McCain-Feingold In The Dock (WSJ)

The Wall Street Journal, December 29, 2006

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A federal court decision last week upheld the right of citizens to petition their government -- a right taken for granted before the 2002 McCain-Feingold campaign-finance law codified speech restrictions. The ruling is overly narrow but welcome all the same. And if it's appealed, as expected, the Supreme Court will have another chance to weigh in on Congress's efforts to chip away at First Amendment free-speech guarantees in the name of "reform."

The case dates to 2004, when Wisconsin Right to Life ran television and radio spots informing the public that U.S. Senators were filibustering President Bush's judicial nominees. The ads said Wisconsinites should contact Democrats Herb Kohl and Russ Feingold and urge them to oppose the filibusters. McCain-Feingold bans certain kinds of political ads in the 30 days before a primary and 60 days before a general election, and the anti-abortion group sued on the grounds that its ads should be exempt from the blackout period.

Last year a district court rejected that argument, ruling that the Supreme Court's 2003 McConnell decision upholding McCain-Feingold precluded such exemptions. Wisconsin Right to Life appealed, and in January the Supreme Court said McConnell does in fact allow for exemptions and that the district court should reconsider its ruling.

Last week a federal court did just that and reversed course. In a 2-1 opinion, the court held that certain "issue" ads are permissible during campaign season, even if they (gasp) refer to candidates seeking re-election. And while we agree with the result, the justification for the court's finding is still troublesome and revealing of McCain-Feingold's assault on political speech.

The ads are acceptable, said the court, because they urge voters to call both Senators instead of just one, "do not comment on either Senator's past or current position regarding [filibusters]" and don't "reveal either Senator's thinking on the issue." In other words, campaign finance "reform" has left us with a system that allows corporations, unions and other special interest groups to petition government on issues of public importance so long as they don't expressly advocate the election or defeat of an actual politician.

The good news is that the Federal Election Commission is likely to appeal to the Supreme Court, which will get a chance to reconsider its muddled rulings on campaign funding and political speech. Since the 5-4 McConnell decision upholding the campaign finance law, Chief Justice John Roberts and Justice Samuel Alito have joined the High Court. It's not certain how far either would move in a deregulatory direction, but it's encouraging that both voted with the 6-3 majority in last term's Randell v. Sorrell decision, which struck down Vermont's expenditure and contribution limits.

McCain-Feingold's backers claimed the law would rein in large donors and facilitate political campaigns that are less expensive, less negative and less influenced by special interests. If that nirvana has arrived, we haven't noticed. Proponents also promised that reform wouldn't hurt the ability of grassroots organizations to run ads that inform the public and hold politicians accountable. The folks at Wisconsin Right to Life beg to differ.

Perhaps the lesson is that limiting political speech isn't the cure for whatever supposedly ails the electoral system. Let's hope the Supreme Court seizes this opportunity to start dismantling the speech-regulation regime known as McCain-Feingold.

FEC Fines Outgoing Rep. Taylor For '04 Violation (RC)

By Nicole Duran

Roll Call, December 29, 2006

The Federal Election Commission on Wednesday fined the 2004 campaign of Rep. Charles Taylor (R-N.C.) $91,000 for failing to properly comply with provisions of the Bipartisan Campaign Reform Act.

Taylor poured more than $800,000 of his own money into his 2004 re-election campaign but did not notify the FEC or his opponent in a timely matter, according to the FEC.

Taylor ran afoul of one of the most talked about, and misunderstood, provisions of BCRA, the "Millionaires' Amendment."

Among other requirements, House candidates must alert the FEC and their opponents within 24 hours if they spend more than $350,000 of their own money.

Taylor's campaign missed the initial 24-hour notification and four others.

The fine is especially painful considering that Taylor lost his seat in the midterm elections and is about to be replaced by Rep.-elect Heath Shuler (D-N.C.).

Taylor's office did not immediately respond to a request for a comment for this story.

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In another case, the commission dismissed a complaint against the Leadership Forum, a 527 group, last week.

Several watchdog groups had complained that the Leadership Forum actually was created to help specific GOP candidates during the 2004 cycle and therefore should have registered as a political action committee.

The group, led by Susan Hirschmann, a former chief of staff to former House Majority Leader Tom DeLay (R-Texas), came under fire when the National Republican Congressional Committee transferred $1 million to it in 2002, just days before such transfers were outlawed by BCRA.

The group returned the money two months later.

During the course of its investigation into the matter, the FEC said it found no evidence that the now-defunct group received contributions or made expenditures that would have required it to register as PAC.

CIVIL RIGHTS:

Lawsuit Alleges St. Paul Officer Assaulted 85-year-old Man During Traffic Stop (STPPP)

By Shannon Prather

The St. Paul Pioneer-Press, December 29, 2006

A man who alleges he suffered an "inhumane beating" during a traffic stop two years ago in St. Paul sued the city this week.

Leon Nins filed a federal civil rights suit Wednesday, two years to the day after the Dec. 27, 2004, confrontation. Nins was 85 at the time.

In the suit, Nins makes a variety of claims, including excessive force, battery and assault. The filing states Nins suffered permanent damage to his eyes and legs as well as psychological injuries, including depression, anxiety and panic attacks.

Nins seeks more than $50,000, plus punitive damages.

The incident, involving a black motorist and a white police officer, riled local civil rights leaders. Police Chief John Harrington, relying on witness statements and a squad car audio recording, defended officer Michael Lee, who said Nins kicked and spit at him.

Nins, who was arrested, spent three days in jail. Prosecutors charged Nins with assaulting the officer and obstructing the legal process, but dropped the charges and allowed him to admit to driving without a license. Nins had no criminal record.

Nins, a WWII veteran, was on his way to visit his wife at a nursing home when Lee pulled him over for expired tags near the corner of Dale Street and Selby Avenue in the Summit-University neighborhood.

Police and Nins have given conflicting accounts of what happened next.

According to the suit filed Wednesday, Nins said he tried to step out of the car, but said the officer grabbed the sac k lunch Nins had prepared for his ailing wife and threw it onto the ground.

Nins states he asked Lee why he threw the food and Lee responded by grabbing him and assaulting him. The suit states Nins never resisted the officer, but did question his actions.

Nins accused the officer of punching, kicking and striking him with a flashlight or baton. The officer also sprayed Nins with a chemical irritant.

According to a criminal complaint originally filed by prosecutors, Nins would not open his window for the officer. Lee opened the vehicle door and Nins began yelling that he would not show his driver's license, began swearing and refused to get out of the car. Nins spit at Lee as the officer pulled him out of the car, handcuffed him and placed him in the back of the squad car.

Nins kicked the squad car door open, hitting Lee in the face, and then kicked the officer's legs.

Subsequent investigations by the Bloomington Police Department and the U.S. Justice Department cleared Lee of criminal wrongdoing.

The lawsuit names the city, the police department, Harrington and Lee.

Conditions Improving Too Slowly, Judge Says (WP)

By Henri E. Cauvin, Washington Post Staff Writer

DOJ_NMG_0110068

The Washington Post, December 29, 2006

Court to Step Up Oversight of Case

A D.C. Superior Court judge said yesterday that the District had failed to do enough to improve conditions for juvenile offenders, particularly at the long-troubled Oak Hill detention facility.

Judge Herbert B. Dixon Jr. said the city's slow progress in making changes that were agreed to more than two years ago left him no choice but to step squarely back into the case, which began in 1985 as a class-action lawsuit filed on behalf of juveniles held at the city-run Oak Hill facility in Laurel.

"In light of the recurring delays meeting the requirements imposed in this case, and the impact such delays have on the children in defendants' custody, the court concludes that its more direct and active oversight of the remedial process is warranted," Dixon wrote in a nine-page order.

The lawsuit -- Jerry M. vs. the District of Columbia-- has cast a long shadow over the juvenile justice system. A consent decree, reached in 1986, was supposed to settle the suit, but problems persisted. The case appeared on its way to resolution in spring 2004, when the plaintiffs and the city agreed to the appointment of an independent monitor who would report back to Dixon. The D.C. government's appointment in early 2005 of a highly regarded juvenile justice director added to the optimism that changes were near.

But Dixon, who has overseen the case since 2001, felt compelled to act after receiving the most recent reports from the monitor, Grace M. Lopes. Although noting "clear progress," she found the city's efforts wanting in many areas, from a failure to ensure pest control services at Oak Hill despite "chronic infestations" to persistent staffing problems even in new, more-therapeutic units.

Oak Hill's population has dropped from an overcrowded 245 youths in February 2005 to fewer than 100 in recent months as the city has found alternatives to housing juveniles there for extended periods.

The May 2004 agreement that led to the appointment of Lopes called for parties in the case to draft a comprehensive plan to address the substantial shortcomings in how juvenile offenders are housed and cared for by the District. But the master plan has yet to materialize, the judge said.

Instead, the parties have produced a string of short-term plans, and even those efforts, intended to address urgent issues, often are accompanied by requests for extensions, Dixon stated. Such delays "are consistent with the defendants' performance throughout the two-decade history of this class action lawsuit," he said.

The parties in the case -- the District, the D.C. Public Defender Service, the American Civil Liberties Union and the law firm of Covington & Burling -- had asked the judge to scale back the role of the monitor and set criteria to take the place of a comprehensive plan.

Alan Pemberton, the Covington & Burling partner working on the case, said the parties believed that with the work done during the last couple of years, the monitoring could have been relaxed.

"There has been tremendous progress in some areas of the consent decree, probably more progress than in the previous 18 years," Pemberton said.

But the judge said such a framework would not give him the timelines and other information that he needs to ensure compliance with the consent decree. Instead, Dixon ordered the long-sought comprehensive plan to be filed by the end of April.

Contempt In Boston (WSJ)

The Wall Street Journal, December 29, 2006

Nearly three years ago, the Supreme Judicial Court of Massachusetts read between the lines of the state constitution to discover a right to same-sex marriage previously undetected across the decades. The court then gave the legislature six months to rewrite state law to accommodate its diktat.

On Wednesday, however, the same court suddenly rediscovered the humility so lacking in its previous foray into the marriage debate. Before the court was a case brought by the governor together with citizens who had presented an initiative to amend the state constitution and so define marriage as a pact between a man and a woman. The petitioners had gathered more

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than 150,000 signatures. According to the state constitution, the legislature must now vote twice on the measure in successive legislative sessions before the amendment can be put on the ballot for a vote by the electorate.

The constitution only requires that 25% of both houses of the legislature vote to put the measure on the ballot, a bar set deliberately low to ensure that the people would have their say in all but the most extreme cases. But the legislature has so far refused to vote on the measure at all. In November, its members recessed until next Tuesday, the last day of the current legislative session, and to all appearances the politicians intend to adjourn the session without voting on the measure at all -- thus letting it die.

Departing Governor Mitt Romney has threatened to withhold approval of legislators' raises for next year unless they vote on the initiative, but this has purely symbolic value. Thanks to a voter-passed constitutional amendment from 1998, legislators are guaranteed raises every two years. Yet this is that same constitutional-amendment procedure that is now being flouted by legislators who lack the votes to defeat the measure on a straight vote.

The petitioners sued the legislature for abrogating its constitutional duty, and the state Supreme Judicial Court took the case. In its ruling this week, it agreed that the legislature's duty to vote on the measure was "unambiguous." But it claimed to be powerless to compel a vote. So the Supreme Judicial Court of Massachusetts, whose own arrogation of power created this mess, has suddenly discovered the limits of its power to clean it up.

All in all, this is quite the political spectacle. First judges usurp the power of the legislature to dictate their own social policy. Then the legislature uses a procedural ruse to deny voters a say on the gay-marriage issue. And these are some of the same people who say Iraqis aren't ready for democracy.

ANTITRUST:

AT&T Compromise May Get Merger Approved (AP)

By John Dunbar, Associated Press Writer

AP, December 29, 2006

AT&T Inc. has offered a new set of concessions that are expected to satisfy the two Democrats on the Federal Communications Commission and lead to approval of the company's $85 billion buyout of BellSouth Corp.

Approval by the full commission could happen as soon as Friday.

AT&T filed a letter of commitment with the agency Thursday night that adds a number of new conditions to the deal, including a promise to observe "network neutrality" principles, an offer of affordable stand-alone digital subscriber line service and a promise to give up some wireless spectrum.

Final approval still requires a vote of the commissioners, which can happen at any time via computer. The proposed deal is the largest telecommunications merger in U.S. history.

AT&T offered the concessions after a little more than a week of marathon negotiations with lawyers who work for the two Democrats on the commission, Michael Copps and Jonathan Adelstein, documents show.

Consumer advocates are praising the compromise. Gene Kimmelman, vice president of federal and international affairs for Consumers Union, who has worked closely with the Democrats, said AT&T's new concessions are "an enormous improvement from where we were a month ago."

Commissioners Adelstein and Copps and representatives of AT&T were not immediately available for comment Thursday evening.

The agreement came together 10 days after Republican Commissioner Robert McDowell announced that he would not vote on the deal, despite being authorized to do so by the FCC's general counsel.

McDowell, a Republican, had decided not to participate in the negotiations because of his former position as a lobbyist for Comptel, a trade organization that opposes the merger.

Republican FCC Chairman Kevin Martin, who supported approval of the merger without conditions, was betting that McDowell would vote in favor of the deal following the legal opinion and break a 2-2 partisan deadlock.

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But with McDowell's firm declaration that he would not vote, the pressure shifted to AT&T, which had hoped to close the transaction by the end of the year, a development that put the two Democrats in a much stronger position.

Pressure was added by Rep. John Dingell, D-Mich., the incoming chairman of the House Energy and Commerce Committee, who, in a veiled warning to Democrats, said negotiations should proceed "fairly and openly and in a way that avoids imposing burdens that have nothing to do with the transaction."

In an effort to get the merger approved, AT&T submitted a set of concessions on Oct. 13, but they were rejected by the Democrats as insufficient.

In AT&T's letter of commitment, authored by the company's senior vice president in charge of regulatory affairs, Robert W. Quinn Jr., he noted that the new concessions were "significantly more extensive than those submitted on Oct. 13."

For starters, the new offer extends the lifespan of many conditions from 30 months under the old deal to 42 months or longer in some cases.

Among the promises made by the company:

-An offer of stand-alone, high-speed Internet service to customers in its service area for $19.95 per month for 30 months. The "naked DSL (digital subscriber line)" offer would allow those who live in AT&T and BellSouth's service areas to sign up for fast Internet access without being required to buy a package of other services.

-A greater commitment to network neutrality, or nondiscrimination involving Internet traffic. AT&T said it would "maintain a neutral network and neutral routing in its wireline broadband Internet access service" for two years.

-To freeze rates for "special access" customers, usually competitors and large businesses that pay to connect directly to a regional phone company's central office via a dedicated fiber optic line, for 48 months.

-To "assign and/or transfer to an unaffiliated third party" all of its 2.5 GHZ spectrum currently licensed to BellSouth within one year of the merger closing date.

-To "repatriate" 3,000 jobs that were outsourced by BellSouth outside the U.S. by Dec. 31, 2008, with at least 200 of those jobs to be located in New Orleans.

Ben Scott, legislative director for Free Press, a reform group that has fought the merger, said the network neutrality provision was a "big step forward for the supporters of an open Internet."

The creation of the new telecommunications giant was approved by the Justice Department on Oct. 11 without conditions.

After the Oct. 13 offer of concessions from AT&T, negotiations stalled. Martin, declaring an impasse, asked the agency's general counsel to issue an opinion on McDowell's status, a move that drew harsh criticism from Democrats.

General Counsel Sam Feder issued his opinion, but McDowell called a press conference soon after announcing he had no intention to vote, saying that he was being used "as a pawn to forgo meaningful and sincere negotiations."

The combination of San Antonio-based AT&T and Atlanta-based BellSouth would have operations in 22 states. AT&T estimates that about 10,000 jobs would be phased out over three years.

Combined, the companies generate about $117 billion in revenue and operate 68.7 million local phone lines stretching coast to coast across the southern United States and up through the Midwest.

The buyout will also give AT&T complete control over Cingular Wireless, the nation's largest wireless telecommunications provider, which it owns in partnership with BellSouth.

AT&T Yields To Seal BellSouth Deal (WSJ)

By Amy Schatz And Peter Grant

The Wall Street Journal, December 29, 2006

AT&T Inc. made numerous new consumer-friendly concessions on the terms of its proposed $85 billion merger with BellSouth Corp. in an effort to get approval by the Federal Communications Commission before the end of the year.

In a 19-page letter filed with the agency last night, the phone giant promised to observe numerous "network neutrality" principles so it would treat all Internet content equally. Consumer groups and some Internet companies have been pressing the FCC for weeks to make this a condition of approving the merger.

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In addition, AT&T agreed to do such things as upgrade the availability of high-speed Internet service in the areas it serves and adhere to price caps on high-volume data lines used by business customers. In a concession to labor unions, the company agreed to repatriate 3,000 jobs outsourced by BellSouth outside the U.S., locating at least 200 of them in the New Orleans area.

"This is a real capitulation by AT&T-BellSouth," said Harold Feld, senior vice president of Media Access Project, a Washington public-interest law firm.

The proposed deal, the largest in U.S. telecommunications-merger history, could be approved by the full commission as early as today. An AT&T spokesman declined to comment.

The deal has some longer-term implications for all phone companies because of the focus by the FCC's Democrats on net neutrality and rates charged to businesses for high-volume data lines. Democrats felt emboldened to take a hard line during negotiations because of their new control of Congress, where Democrats have been riled up about the net-neutrality issue.

AT&T's concessions come after weeks of negotiations with the FCC, which reached an impasse with two Democrats on the five-member commission pushing for additional conditions and the two remaining Republicans opposing them. The fifth commissioner, Robert McDowell, a Republican who many thought would break the tie, decided to abstain because he had previously lobbied on behalf of CompTel, a trade group that represents smaller phone companies.

Mr. McDowell's decision to abstain precipitated an intense round of negotiations, which lasted through the Christmas holiday. The FCC's Democrats insisted that AT&T abide by Internet nondiscrimination rules and essentially came up with a new one as part of this deal. AT&T basically agreed that it wouldn't prioritize Internet traffic once it reached the two dozen or so hubs around the country that process Internet traffic. From that point until it reaches a customer's home, the traffic must be treated equally.

That condition expires in two years. The combined company will have about 11.5 million high-speed Internet subscribers.

From a financial perspective, a more significant condition involves reinstituting FCC price caps dropped after industry deregulation on high-volume data lines used by corporate customers throughout the combined company's 22 state territory. Previously, price caps were required only in areas where the FCC determined that no significant competition existed. Under this deal, the use of price caps for these "special access lines" would expand significantly. The condition is far more extensive than what was required last year when SBC Communications Inc. acquired AT&T Corp, and also stays in place longer, for four years.

The deal would also help consumers and start-up Internet phone companies, like Vonage Holdings Corp., by requiring AT&T to offer stand-alone DSL Internet service for up to $20 a month. That would give consumers access to basically the slowest broadband Internet access available, 768 kilobits per second. But that is fast enough to use Internet phone services provided by AT&T rivals.

AT&T also agreed to divest itself of wireless spectrum that was intended to be used for wireless broadband services, a condition that competitors like Clearwire Corp. have been advocating. Critics have claimed that AT&T and BellSouth had so much spectrum between them others wouldn't be able to compete.

AT&T Offers New Concessions To FCC In BellSouth Deal (Update2) (BLOOM)

By Christopher Stern And Molly Peterson

Bloomberg, December 29, 2006

Dec. 28 (Bloomberg) -- AT&T Inc., the largest U.S. phone company, agreed to new concessions including some price controls to win regulatory approval for its $86 billion purchase of BellSouth Corp.

AT&T made the offer in a letter filed today with the U.S. Federal Communications Commission, a move designed to win the agency approval of the deal as early as tomorrow and clear the last hurdle to completing the purchase.

The offer may end a three-month stalemate between FCC Chairman Kevin Martin, fellow Republican Deborah Taylor Tate and the panel's two Democrats, who have sought price controls and other concessions. Buying BellSouth lets San Antonio-based AT&T expand its local service to 22 states, gain full control of Cingular Wireless LLC and compete with cable television companies offering phone service as well as Web access and TV.

``AT&T really wanted to get it done this year," said Paul Glenchur, an analyst with Stanford Washington Research Group, an investor advisory firm. ``I suspect the Democrats didn't want to look like they were standing in the way."

Shares of AT&T rose 8 cents to $35.50 at 4:27 p.m. in New York Stock Exchange composite trading. They have gained 45 percent this year. Atlanta-based BellSouth rose 18 cents to $46.80 and has gained 73 percent this year.

DSL Service

The concessions by AT&T go beyond those the company proposed in October. AT&T offered, for example, to sell fast Internet access known as DSL for $19.95 a month without requiring customers to buy phone service, the letter said.

The company also said it would repatriate 3,000 BellSouth jobs now outside the U.S. and pledged 200 jobs for New Orleans.

Democratic Commissioners Michael Copps and Jonathan Adelstein gained leverage in seeking tougher conditions after the fifth commissioner, Republican Robert McDowell, said he would abstain from voting because of his past work as a lobbyist for smaller companies that compete with AT&T.

Under the proposed deal, AT&T wouldn't raise prices on some ``special access'' lines that provide high-capacity phone and data services for large businesses for four years.

The company also agreed to divest some wireless licenses in BellSouth's nine-state region. The licenses cover airwaves suitable for high-speed Internet access. Atlanta-based Cingular, co-owned by AT&T and BellSouth, is the biggest U.S. wireless services company.

Network Neutrality

In a bow to backers of ``network neutrality,'' AT&T said it would refrain from charging Web companies such as Google Inc. premium fees for faster subscriber access. Neutrality supporters have urged Congress not to let phone companies charge higher fees for faster service, which they liken to the creation of tolls on the Internet.

The new concessions ``are significantly more extensive than those submitted on October 13,'' AT&T Senior Vice President Robert W. Quinn said in the letter.

The transaction won unconditional approval from the Justice Department and 18 states.

BellSouth investors will get 1.325 AT&T shares for each they now own, representing an 18 percent premium based on the companies' stock prices on March 3, the last trading day before the deal was announced. While that put the value of the deal at about $67 billion, AT&T shares have risen 27 percent since then.

AT&T's 5.1 percent notes maturing in September 2014 rose 0.71 cent to 97.37 cents on the dollar to yield to 5.52 percent, according to Trace, the bond reporting system of the NASD. BellSouth's 5.2 percent notes due in September 2014 fell 0.64 cent to 97.21 cents to yield 5.65 percent.

General Dynamics' Purchase Challenged (WP)

By Renae Merle, Washington Post Staff Writer

The Washington Post, December 29, 2006

Federal antitrust authorities, citing concerns about higher prices and less competition, challenged General Dynamics' plans yesterday to buy a Canadian ammunition maker.

The Federal Trade Commission ruled that to buy SNC Technologies of Quebec, General Dynamics must divest its interest in one of the two other competitors in the market. Otherwise, "General Dynamics could unilaterally raise prices or otherwise engage in anticompetitive conduct," the FTC said in a statement.

The company, headquartered in Falls Church, has agreed to those terms.

It is at least the third time this year that federal regulators have expressed concern about diminishing competition among military contactors. The agency took more than a year to approve a plan by Lockheed Martin and Boeing to merge their government rocket businesses, acknowledging that creating a monopoly in a multibillion-dollar market would probably lead to higher prices and lower quality. The FTC approved General Dynamics' $2.2 billion acquisition of technology firm Anteon in June only after Anteon agreed to sell a unit that raised conflict-of-interest concerns.

In February, General Dynamics announced that it would buy SNC Technologies for $275 million. SNC is one of three makers of mortar rounds, relatively inexpensive shells used by infantry troops, for the U.S. military. The others are Day &

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Zimmerman of Philadelphia and American Ordnance of Pittsburg, Kan., which is jointly owned by General Dynamics and Day & Zimmerman.

Unconditionally allowing the acquisition of SNC would give General Dynamics control of two of the three competitors in the market, the FTC said. Day & Zimmerman's market position also is in doubt since the ammunition plant it operates in Kansas is slated to close under the 2005 Base Closure and Realignment legislation, according to the FTC. The lack of competition would also increase the likelihood that General Dynamics could "unilaterally exercise market power" and raise prices, the agency's complaint said.

The FTC has approved a consent decree calling for General Dynamics to divest its 50 percent stake in American Ordnance and allow the agency to appoint a monitor to oversee compliance, the statement said. The commission will vote after a 30-day comment period on whether to make the agreement final.

"Mortars and artillery are critical components in the U.S. military's arsenal," Jeffrey Schmidt, director of the FTC's Bureau of Competition, said in a statement. Requiring the sale "will ensure that our war fighters continue to benefit from competition and do not pay more for the ammunition."

General Dynamics has not found a buyer for its stake in American Ordnance yet, said Rob Doolittle, a General Dynamics spokesman. "We'll make an announcement when we have a buyer," he said. "I can't speculate about when that might be at this point."

The weapons maker is also awaiting approval by the Canadian government. The acquisition, which was originally expected to close in the middle of this year, is now expected to close within the first few months of 2007, Doolittle said.

General Dynamics is already one of the largest suppliers of medium- and large-caliber ammunition for tanks and helicopters used by the U.S. military. Its ordnance and tactical systems unit recorded $615 million in munitions and other sales in 2005, the FTC said. The deal, if approved, would bring new customers, including the Canadian government.

Intel Ordered To Produce International Evidence In AMD Antitrust Case (AP)

AP, December 29, 2006

SUNNYVALE, Calif. (AP) - Chip-maker Intel Corp. said it would not object to a court order to produce documents related to its international business practices, as part of an antitrust case filed by rival Advanced Micro Devices Inc.

AMD said the court order issued Wednesday was a "significant legal victory."

In a letter to Judge Joseph Farnan in the U.S. Federal District Court in Delaware, Intel said it plans to cooperate with the court order and that it does not plan to file an objection.

Intel also noted that a court-appointed Special Master explicitly said it was not making decisions about whether the evidence would be admissible in court.

In September, a federal judge ruled that if AMD wins the antitrust case filed in the U.S., it cannot receive damages for Intel's alleged monopolistic practices overseas.

The lawsuit dates to June 2005, when AMD initiated an antitrust case against Intel, alleging that its business was harmed by Intel's practice of offering rebates, discounts and other incentives to persuade PC makers to use chips from Intel instead of AMD. AMD argued that Intel sustains a monopoly that allows it to charge higher prices.

Intel responded that AMD's problems were rooted in its reputation for being an unreliable supplier and that it failed to adequately invest in its business.

Shares of AMD slipped 13 cents to close at $20.57 on the New York Stock Exchange, while Intel shares rose 2 cents to end at $20.42 on the Nasdaq Stock Market.

AMD Claims Key Legal Victory In Intel Antitrust Fight (MRKTWTCH)

By Matt Andrejczak, MarketWatch

Market Watch, December 29, 2006

SAN FRANCISCO (MarketWatch) - Advanced Micro Devices Inc. on Thursday claimed a key legal victory in its ongoing antitrust suit against its bigger rival Intel Corp.

A Delaware federal court has ruled that Intel must produce documents and other evidence related to its foreign dealings with PC makers, distributors and others. The ruling overturns Intel's prior objections.

"This ruling removes any basis for Intel or its foreign customers to withhold evidence of Intel's exclusion, regardless of where it occurred," said Tom McCoy, AMD's chief legal officer, in a statement.

U.S. District Judge Joseph Farnan had previously sided with Intel, opining that the court lacked jurisdiction over AMD's foreign conduct claims. But a special master appointed to oversee discovery disputes in the case agreed with AMD that the PC-chip market is global, with 68% of the world's computers sold to non-U.S. customers.

Sunnyvale, Calif.-based AMD said it thinks this latest development will bolster it claims that Intel used anticompetitive practices in the sale of PC chips worldwide.

AMD has subpoenaed roughly 70 parties so far in the case, and as a result of this court order, it is likely AMD will target Intel's business partners in Japan, where antitrust regulators there have suggested Intel abused its position as the world's No. 1 computer-chip maker.

AMD originally filed its antitrust suit against Intel in June 2005. The suit accused Intel of bullying a range of computer makers, distributors and retailers from Europe to Asia into not selling or supporting AMD products. Intel has denied the charges.

This week's ruling is a setback for Intel, which elected not to challenge the decision of the Special Master Vincent Poppiti.

"While Intel obviously had hoped for a different outcome regarding discovery, Intel of course will comply with the Special Master's decision and will respond as the Special Master directs," Richard L. Horwitz, an attorney representing Intel, told Judge Farnan, Jr. in a letter dated Dec. 27.

Still, the latest ruling is not clear legal victory for AMD, which controls roughly 20% of the PC-chip market worldwide.

It's not known whether any evidence AMD digs up pertaining to Intel's foreign business dealings will be heard in the court trial set for April 2009.

Special Master Poppiti, appointed by Judge Joseph Farnan, Jr. to oversee all discovery disputes in the case, has left that up in the air.

"In this regard, the Special Master does not opine on the ultimate admissibility" of any foreign conduct material "for the purposes of trial," Poppiti wrote in his ruling.

This sets the stage for other legal battles ahead of the trial. Intel said it plans to address evidentiary issues with the court when the time comes.

In midafternoon trading Thursday, AMD shares fell 13 cents to $20.57. Intel shares rose 1 cent to $20.41. Matt Andrejczak is a reporter for MarketWatch in San Francisco.

ENVIRONMENT:

EPA Charges Bus Co. Broke Pollution Law (BOSH)

By Donna Goodison

Boston Herald, December 29, 2006

Chelsea-based Paul Revere Transportation faces federal penalties for alleged repeat violations of a state law forbidding buses from idling more than five minutes.

The U.S. Environmental Protection Agency and the U.S. Justice Department filed suit in district court on Tuesday, alleging the transportation company left its diesel buses idling for a total of more than 100 hours at its Roxbury bus yard and a shuttle bus location on Brookline Avenue.

“Given the extremely high asthma rates in Roxbury, it is unacceptable that diesel buses and other vehicles are left idling for more than an hour at a time,” Robert Varney, New England EPA administrator, said in a statement. “Diesel pollution is very harmful, especially for sensitive populations such as the young, elderly and people who suffer from asthma.”

Paul Revere Transportation could not be immediately reached for comment. The company is a joint venture of Alternate Concepts Inc. and Modern Continental Construction, its Web site says.

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The EPA witnessed the alleged idling during eight weekly inspections in April and March. At times, more than 20 vehicles were found idling - some for more than an hour and, in one case, for more than two hours, according to the agency.

Follow-up inquiries suggested violations may have been ongoing for several years, it said.

Paul Revere Transportation is liable for civil penalties of up to $32,500 per day for each violation that occurred after March 15, 2004, and $27,500 per day for each violation before that, according to the court complaint.

The EPA previously fined the company in 2002 for illegal idling of its shuttle buses at Boston's Logan International Airport.

FDA Tentatively Declares Food From Cloned Animals To Be Safe (NYT)

By Andrew Pollack And Andrew Martin

The New York Times, December 29, 2006

After years of delay, the Food and Drug Administration tentatively concluded yesterday that milk and meat from some cloned farm animals are safe to eat. That finding could make the United States the first country to allow products from cloned livestock to be sold in grocery stores.

Even if the agency's assessment is formally approved next year, consumers will not see many steaks or pork chops from cloned animals because the technology is still too expensive to be used widely.

But the F.D.A.'s draft policy touched off an immediate storm of criticism from consumer groups, as well as some concerns from meat and dairy companies worried about consumer reaction.

"At the end of the day, F.D.A. is looking out for a few cloning companies and not for consumers or the dairy industry," said Joseph Mendelson, legal director for the Center for Food Safety, an advocacy group.

Mr. Mendelson and other consumer representatives argue that the science backing the F.D.A.'s decision is shaky and that consumer surveys show that most people are opposed to cloning animals, let alone eating them. Some also said that cloning causes harm to the animals involved and could pave the way for human cloning.

Opponents hope to bring Congressional pressure to bear to derail the policy before it becomes final or at least to require that such foods be labeled so consumers can choose to avoid them. F.D.A. officials said that it was unlikely that labeling would be required because food from cloned animals is indistinguishable from other food, although a final decision about labeling has not been made.

Senator Patrick J. Leahy, Democrat of Vermont, yesterday called for a "careful, deliberative and open process" before cloned animals are approved for food.

The F.D.A.'s finding comes more than six years after the agency first decided to study the matter, after recognizing that the advent of cloned farm animals raised a food safety issue. After that study, the agency in 2003 gave a tentative approval to cloned animals for food. But the F.D.A. retreated after its own advisory panel found there was insufficient scientific backing for that conclusion.

This time, F.D.A. officials said they had substantial new data, which they presented yesterday in a nearly 700-page "draft risk assessment."

The officials denied the contention from some critics that the policy was announced during a holiday week in order to reduce publicity, saying it had taken until now to analyze the data and obtain comment from other government agencies.

The assessment concluded that milk and meat from cloned cows, pigs and goats, and from their offspring, were "as safe to eat as the food we eat every day," Stephen F. Sundlof, the F.D.A.'s chief of veterinary medicine, said in a telephone call with reporters.

Mr. Sundlof said that by law the agency could consider only the scientific issues, not consumer demand or the ethics of cloning.

While animal cloning has always been legal, since 2001 there has been a voluntary moratorium on the sales of milk or meat from such animals to give the F.D.A. time to study the matter. Some experts say that some products from clones or their offspring have probably nonetheless made their way into the food supply.

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The moratorium will stay in place until the new policy is completed, after a 90-day period for public comment and additional time for the F.D.A. to review the comments. Mr. Sundlof said he could not say when the final policy would be ready, though it might be by the end of 2007.

Even then, the moratorium would remain for products from sheep, the F.D.A. said, because there was not enough evidence of their safety. No one has yet succeeded in cloning chickens or other poultry.

The finding was hailed by cloning companies, which have been struggling to build a business. It also drew praise from some farmers and breeders who have already made clones of their prized livestock but have had to pour milk down the drain and keep their meat off the market.

They say that cloning is just another breeding technique, like artificial insemination or in-vitro fertilization.

"This just sort of lifts the stigma of the clones," said Bob Schauf, a Holstein breeder and dairy farmer in Barron, Wis., who had two of his prized cows cloned. He said his family and the families of his employees have been drinking the milk from those clones rather than see it go to waste. But dairy marketers have expressed concern.

A survey conducted last summer by the International Dairy Foods Association, an industry trade group, found that 14 percent of women would turn away from all dairy products if milk from clones were introduced into the food supply. The association surveyed women because its research has found them to be the main household decision makers on dairy products.

The American Meat Institute, while saying yesterday that cloning was safe, also urged the F.D.A. to be cautious about approval "if most consumers are unwilling to accept the technology."

A poll this month from the nonprofit Pew Initiative on Food and Biotechnology found that while most consumers knew little about animal cloning, 64 percent said they were uncomfortable with it, with 46 percent saying they were "strongly uncomfortable."

F.D.A. officials said no other country had yet approved food from cloned livestock, although some are considering it. That raised the prospect that American exports of milk or meat could be blocked by certain countries if they contain products from cloned animals. An official in the Washington delegation of the European Union said politicians and consumers in Europe would no doubt debate the issue.

Carol Tucker Foreman, director for food policy at the Consumer Federation of America, said consumer groups would ask food companies, retailers and restaurant chains to shun products from cloned livestock.

That raises the possibility that some food companies will label their products "clone free," just as some now label milk as not coming from cows injected with growth hormone.

Cloning involves putting an animal's DNA into an egg thats own DNA has been removed. The resulting embryo, after being implanted into a surrogate mother, makes a genetically identical copy of the original animal.

But even if two animals have identical genes, they can turn out differently if those genes are turned on or off at different times. And studies have shown that patterns of gene activity are different in embryos created by cloning compared with embryos created by the fusing of sperm and egg.

These differences are presumed to account in large measure for the low success rate of cloning. Fetuses can grow unusually large, posing a risk to the surrogate mother. Many clones die during gestation or shortly after birth. Some are born with deformed heads or limbs or problems with their hearts, lungs or other organs.

But the F.D.A. said that obviously sick and deformed animals were already barred from the food supply. It added that clones that survived past the first few days "appear to grow and develop normally" and that healthy adult clones were "virtually indistinguishable" from noncloned livestock, making their meat or milk safe.

The draft assessment based its conclusions on an extensive review of scientific literature on cloning as well as on studies, some done by cloning companies, comparing the composition of the milk, meat and blood of cloned animals and conventional animals.

Mr. Sundlof said the agency also found that cloning "poses no unique risks to the health of animals" beyond those seen with other forms of assisted reproduction such as in-vitro fertilization. The frequency of problems is higher with cloning, however, perhaps because it is a newer technology. The first cloned mammal, Dolly the sheep, was born in 1996.

The F.D.A.'s announcement, by paving the way for the end of the moratorium, could make it easier to persuade farmers and breeders to pay $15,000 to copy a prized bull or dairy cow.

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“I think that this draft is going to provide the industry the comfort it needs,” said Mark Walton, president of ViaGen, a cloning company based in Austin, Tex., that has yet to turn a profit after five years.

Industry officials estimate there are now only about 500 or 600 cloned cows in the United States, out of tens of millions of beef and dairy cows. There are roughly 200 cloned pigs.

Experts say that cloning is too expensive to be used to make animals only to then grind them into hamburger or even to milk them. Rather, farmers and breeders are cloning prized livestock so they can then be used for breeding using more conventional means of reproduction.

That means that most food from cloning would come from the sexually produced offspring of the cloned animals. The F.D.A. said milk and meat from such offspring were safe, because any abnormalities in clones do not carry into the next generation.

The agency’s assessment did not include genetically modified animals, in which a foreign gene is introduced. The agency is still deciding whether to allow the first of those, a fast-growing fish, into the food supply.

FDA Says Clones Are Safe To Eat (WP)

By Rick Weiss

The Washington Post, December 29, 2006

Taking a long-awaited stand in an emotionally fraught food fight, the Food and Drug Administration yesterday released a 678-page analysis concluding that milk and meat from cloned animals pose no unique risks to consumers.

The decision, subject to change after a period of public comment, stops short of approving the sale of food from clones and leaves in place for now a long-standing government request that farmers keep their clones off the market.

But it represents a crucial milestone for the handful of biotechnology companies that see cloning as a welcome opportunity to sidestep the vagaries of sexual reproduction and instead mass-produce some of the nation's finest meat- and milk-producing animals.

"The higher-end breeders are going to start signing up and taking advantage of this," said Mark Walton, president of Austin-based ViaGen, which has produced about 250 cloned cattle and pigs in preparation for what the company hopes will be a robust market in farm clones. "They've been interested, but they've been skeptical that we'd ever get the regulatory process dealt with."

Opponents, however -- including some who doubt the safety of cloned food and others concerned about the welfare of the animals -- vowed to fight the new momentum toward approval.

"This is a lose-lose decision for consumers and the dairy industry," said Joseph Mendelson, legal director at the Center for Food Safety in Washington, which has petitioned the FDA to regulate cloned farm animals one type at a time, much as it regulates new drugs.

Release of the draft risk assessment was delayed for years, in part by a coalition of big-name dairy companies concerned that the "yuck factor" surrounding cloned animals might tarnish milk's image and undermine sales. Surveys have consistently found that a majority of consumers are wary of food from clones, with many saying they would avoid it.

Yet study after study reviewed by the FDA failed to find any scientific reason to keep meat or milk from clones off store shelves.

"Extensive evaluation of the available data has not identified any food consumption risks or subtle hazards in healthy clones of cattle, swine, or goats," the FDA risk assessment concludes.

In apparent recognition of consumer distrust of cloned food -- and of widespread public misunderstanding about the science of cloning -- the agency posted on its Web site not only the detailed technical report but also several lay-language documents that aim to debunk negative "myths" about clones, which the agency notes are copies of existing animals and are not engineered to have new traits.

The agency also took the unprecedented step of posting all the raw scientific data it used to come to its conclusion, along with unedited copies of comments it received from independent experts who were asked to review the report in advance.

"We have looked very, very closely," Stephen F. Sundlof, the FDA's chief of veterinary medicine, said in a telephone news conference. "There's just not anything there that is conceivably hazardous to the public health."

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Sundlof declined to predict when the agency might come to a final decision. With public comment allowed through April 2, and with the agency's need to thoroughly review those comments, a decision could come by the end of 2007, he said.

Even if a positive decision sails through, consumers will have to wait awhile for their first clone burger. Fewer than 1,000 cloned animals are living on U.S. farms, out of tens of millions of cattle and pigs. And it takes about two years to produce a cloned steer for slaughter and even longer to grow a cloned dairy cow old enough to be milked.

Moreover, with price tags up to $15,000 apiece, clones are currently too valuable to kill or milk directly. So most will initially be used as breeding stock to make high-quality offspring for slaughter or milking, a process that will take an extra couple of years.

"Everything is basically two to three years away, even if it all opens up tomorrow," said Steve Mower, director of marketing at Cyagra, a livestock-cloning company in Elizabethtown, Pa.

To make a clone, scientists take a single skin cell from an animal they want to replicate. They fuse it with a cow egg that has had its DNA removed, resulting in the creation of an embryo that can be transferred to the womb of a surrogate mother animal. The resulting newborn is a twin of the animal that donated the initial cell.

Opponents of food from clones note that the animals harbor subtle molecular differences in their DNA as a result of having been produced from a single parent. They also point to higher rates of problems during fetal development, resulting in birth defects and a high miscarriage rate, which in turn poses risks to the surrogate mother.

Some also question the economic sense of using cloning to make superproductive dairy cows.

Carol Tucker Foreman of the Consumer Federation of America said U.S. farmers produce more milk than Americans can drink, and the government must buy the surplus. "Since 1999, dairy support programs have cost taxpayers over $5 billion," she said in a statement.

Supporters counter that DNA differences in clones do not translate into discernible differences in the chemical composition of their milk or meat, as shown in many studies that have measured thousands of variables, including protein, fatty acid and vitamin levels.

The developmental problems are not different from those seen in animals produced by commonly used assisted reproductive techniques such as in vitro fertilization and artificial insemination, FDA officials said. And although the rates of those problems are higher in clones, they are declining as techniques improve.

Although some may doubt that cloned food is cost-efficient -- and others worry that the presence of cloned products in the U.S. food supply could hurt exports if other countries, none of which has approved food from clones, reject those products -- economics are not under the FDA's purview, officials said.

In conjunction with the risk assessment, the FDA yesterday released a risk-management plan, which outlines how the agency would track newly emerging concerns about food from clones in coming years. It includes a proposal to create a publicly accessible database of all new findings as companies scale up their operations.

Although ViaGen and Cyagra volunteered large amounts of data to the FDA for its risk analysis and have offered to continue cooperating, officials at both companies said this week they will have to consider whether they can promise public release of all their findings.

Several groups are pushing for a requirement that cloned food be labeled as such, allowing consumers to avoid it. Sundlof said such labels would be inconsistent with a long-standing FDA policy to reserve labels for scientifically substantive issues. But he said the agency would be open to "clone-free" labels on foods that come from other sources.

Congress could also get involved. This month, Sen. Patrick J. Leahy (D-Vt.) and six other senators wrote to Health and Human Services Secretary Mike Leavitt, asking that the FDA run the new risk assessment past an additional scientific review board and study the global trade implications.

In statements released yesterday, Leahy and Sen. Barbara A. Mikulski (D-Md.) -- who has expressed reservations about food from clones -- encouraged Americans to send their opinions to the FDA.

FDA Rules Meat From Cloned Animals Is Safe To Eat (LAT)

By Karen Kaplan

The Los Angeles Times, December 29, 2006

DOJ_NMG_0110079

The Food and Drug Administration on Thursday formally endorsed the safety of meat and milk from cloned cattle, pigs and goats, but the agency's 678-page report failed to satisfy critics who say their opposition is rooted in concerns over ethics, not science.

"Neither the agency nor animal scientists are qualified to tell us whether and when it is ethically acceptable for humans to alter the essential nature of animals," said Carol Tucker Foreman of the Food Policy Institute at the Consumer Federation of America in Washington.

She and others said the time has come for a national discussion about the wisdom of creating tailor-made animals in laboratories, regardless of whether it is scientifically possible to do so.

"Congressional hearings might start a robust societal dialogue on those issues," said Gregory Jaffe, biotechnology director at the Center for Science in the Public Interest.

Polls show Americans are hardly clamoring for bacon cheeseburgers made from cloned animals or their offspring. A survey this month by the Pew Initiative on Food and Biotechnology found that 64% of respondents are uncomfortable with the idea of cloning animals, let alone eating them.

Such concerns were outside the scope of the FDA's scientific review.

The agency's Center for Veterinary Medicine focused on the health of cloned animals and their progeny, tracking them with physical examinations and blood tests and comparing the results to animals bred conventionally. Researchers also subjected meat and milk from clones and their offspring to detailed chemical analysis.

"We looked at essential elements like vitamins, fatty acids -- a whole array of different components -- to try to determine if there was any distinguishable difference between foods from clones and their offspring compared to foods from conventionally raised animals," said Stephen F. Sundlof, director of the Center for Veterinary Medicine. "There was no difference."

The report didn't address the contentious issue of whether products derived from clones would require special labeling.

Cloning allows farmers and ranchers to create an identical twin of prized animal -- perhaps a dairy cow that's an unusually prolific milk producer or a bull whose offspring make for consistently lean and juicy steaks.

A voluntary moratorium has kept most cloned animals and their offspring out of the food supply, though ranchers say at least a few dozen have gone to slaughterhouses. The moratorium will remain in effect until the FDA issues its final ruling, possibly by the end of 2007.

If the report is adopted, the United States would become the first country to approve the use of animal cloning in food production, Sundlof said.

To create a clone, a normal egg is removed from a donor cow and the genes are replaced with DNA from the animal to be copied. An electric shock induces the egg to grow into a genetic copy of the original. It is then implanted into the womb of a surrogate mother.

Cloning is simply an extension of assisted reproduction technologies that ranchers have been using since the 1950s, said Amy lager,Ö co-owner of a mid-sized dairy farm in Fulton, Md.

Since clones cost about $20,000 to produce, they are used primarily for breeding while their offspring head to slaughterhouses or milking barns.

The FDA's risk assessment found that cloned animals are more likely to suffer from birth defects and other health problems that can lead to death in utero or shortly after birth. But those problems have already been seen with other breeding technologies, and current federal inspections would keep any unsuitable animals out of the food supply, Sundlof said.

In fact, he said, there's no reason to treat a clone differently from the rest of a herd.

That conclusion makes consumer advocates fear that products from clones will wind up in grocery stores and restaurants without special labeling that would give shoppers the opportunity to avoid the products.

Sundlof said the FDA only has the authority to require labeling if a food includes a harmful substance or is missing an essential element -- neither of which appears to be the case with cloned animal products.

Still, he said, the agency will hold off on making a decision on labeling until it reviews public comments that are received over the next 90 days.

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In the absence of mandatory labeling, some producers may be able to advertise that their products are not derived through cloning, just as milk producers can say that their animals were not treated with supplemental bovine growth hormone, he said.

FDA Backs Safety Of Meat, Milk From Cloned Animals (USAT)

By Elizabeth Weise

USA Today, December 29, 2006

As expected, the Food and Drug Administration announced Thursday that its scientific assessment of meat and milk from cloned animals determined they were safe for human consumption. The announcement, coming after four years of review and research, is just the beginning of what will be a year or more process of public input and discussion before these products can be sold. USA TODAY's Elizabeth Weise explains the issues involved.

Q: How are clones made?

A: Let's use a cow as an example, as cattle are the most commonly cloned farm animals right now. A single cell is taken from an adult cow. Its genetic material is inserted into another cow's egg that has had its genetic material removed. A jolt of electricity tricks the egg into thinking it has been fertilized and it begins to grow. The resulting embryo is implanted into the uterus of a surrogate cow, which gives birth to the cloned calf.

Q: Will cloned meat and milk be on supermarket shelves soon?

A: No. After public comment is collected during a 90-day period, the agency has to go through it all and incorporate it into its guidelines for the industry. FDA doesn't expect to finish that process until the end of 2007 at the earliest. The voluntary moratorium on the sale of meat and milk from cloned animals will remain in effect until that happens, so nothing should arrive in stores until at least 2008.

Q: So in 2008 all our meat and milk will be from clones?

A: No. Clones are expensive to produce, about $20,000 per animal. For example, there are only about 150 cloned cows in the USA today. They're too pricey and too rare to use as meat or really even as milking cows. Instead, they'll be used like elite breeding stock, "to pass on naturally occurring, desirable traits such as disease resistance and higher-quality meat to production herds," in the FDA's words.

Q: We won't be eating clones?

A: Very few. What we'll likely get is some meat and milk from the offspring of clones. If a cloned cow or bull is at the end of its life span, it might end up as hamburger, but it will be a microscopic amount of the nation's meat supply.

Q: Are clones dangerous to eat?

A: The FDA says all its research shows that you can't tell a cloned animal from a conventionally bred one even down to the chemical level, so they're not more dangerous than a normal cow, pig or goat. One French study found that some cloned cows reached puberty later and had slightly different fat metabolism than normal cattle and suggested a need for further research.

Q: What about the ethical and moral issues?

A: FDA's mandate is to ensure that the U.S. food supply is safe and wholesome. Its research looks only at safety. But numerous animal welfare groups believe that cloning is unethical because it harms animals. Cloned animals have a higher rate of birth defects and abnormalities than conventionally bred animals.

Q: What does FDA say?

A: FDA's position is that none of the problems seen with clones are different from problems that occur in many of the assisted reproductive technologies commonly used today on farms.

Q: What countries allow the sale of meat and milk from cloned animals?

A: None. The USA will be the first, though numerous other countries are watching FDA's process closely.

Q: Will cloned meat and milk be labeled at the store?

A: Probably not. FDA says that it hasn't yet decided whether it will require labeling. In general, the agency requires products to be labeled only if they might be misleading (butter vs. margarine) or for nutritional labeling (canola oil that is genetically engineered to have high oleic acid). Because FDA has said that meat and milk from cloned animals is indistinguishable from conventionally bred animals, there appears to be no basis for the agency to require labeling.

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Q: How can I throw in my opinion during the 90-day period of public comment?

A: To submit electronic comments, visit www.accessdata.fda.gov/scripts/oc/dockets/comments/commentdocket.cfm?AGENCY=FDA and search for docket 2006P-0415. Written comments: Division of Dockets Management (HFA-305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852. Comments must be received by April 2 and should include the docket number 2006P-0415.

FDA Clears Cloned Foods (WT)

By Gregory Lopes

The Washington Times, December 29, 2006

The Food and Drug Administration said yesterday that meat and milk from cloned animals is safe, opening the door for pork chops and milk from clones to be sold on grocery shelves late next year.

A risk assessment released yesterday by the FDA shows that there is no public health risk from eating cloned foods. If that report withstands the federal regulatory process, Americans could become the first people in the world to serve bacon and hamburgers from cloned animals.

Federal officials would not say exactly when sales of the cloned-animal products -- from cows, pigs and goats -- could become a reality, but "it is conceivable" that late next year a moratorium banning cloned-animal products could be lifted.

"It is almost inconceivable with what we know that this technology will introduce hazards to public health," said Stephen Sundlof, director of the Center for Veterinary Medicine at FDA. "We have looked for hazards, and they just are not there."

The FDA's research focused solely on cloned animals and did not include studies on how humans reacted to eating foods from genetically engineered animals, Dr. Sundlof said.

Because of unknown health risks associated with cloning, the FDA put a voluntary moratorium on the sale of meat and milk from cloned animals in 2001.

Cloning lets farmers and ranchers make copies of exceptional animals, such as pigs that fatten rapidly or cows that are superior milk producers. Cloning currently is not practiced specifically to produce food; rather, farmers generally use cloned cows or pigs to breed.

"It remains to be seen whether dairy farmers will choose to use [cloning technology]. There is currently no consumer benefits in milk from cloned cows," the International Dairy Foods Association said yesterday.

The FDA does not keep a registry of how many cloned animals there are in the country, but industry officials estimate there could be as many as 600 cloned cows in the United States and 200 pigs. The cost of cloning an animal is steep, about $20,000 each to produce.

The likelihood of cloned meat and dairy products entering the food supply will remain slight in the short term even if the moratorium is lifted. Because of the high cost of the technology, cloned animals are primarily used for breeding, not for food, Dr. Sundlof said. Therefore, consumers would mostly get food from their offspring and not the clones themselves.

Cloned animals are derived from the healthiest animals in the herd and therefore are more disease-resistant and offer leaner meat than conventionally produced animals, Dr. Sundlof said.

But that assertion is disputed by the Consumers Union, a nonprofit consumer-safety organization that says the cloning process produces a sick animal that often dies soon after being reproduced. Furthermore, the organization contends that cloning weakens animals' disease resistance because the cloned animals need more antibiotics to survive.

"There is a significant concern that we will be getting animals that are more prone to disease," said Jean Halloran, a food-policy specialist with Consumers Union.

If the FDA does approve the cloned-animal food products, the agency does not think the products will have to be labeled as coming from cloned animals or their offspring.

Rep. Rosa DeLauro, Connecticut Democrat, who will head the House Appropriations agriculture subcommittee, said lawmakers should consider whether disclosure and labeling are appropriate for food from cloned animals.

Consumer groups, including Consumers Union, are adamantly in favor of a labeling requirement.

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"Consumers are going to be having a product that has potential safety issues and has a whole load of ethical issues tied to it, without any labeling," said Joseph Mendelson, legal director of the Center for Food Safety, a Washington environmental advocacy organization.

The FDA has not made a final decision on the labeling requirement but did say that retailers and manufacturers may be able to label food products "clone free," if the label is "truthful and does not imply it is safer than other products," Dr. Sundlof said.

The FDA decision is based on substantial data from a number of studies, all of which have concluded that milk and meat from cloned animals is virtually identical to products from conventional animals.

"None of the studies ... identify any remarkable nutritionally or toxicologically important differences in the composition of the meat or milk," according to a draft of the risk assessment to be published Monday in Theriogenology, a scientific journal on animal reproduction. The paper was written by scientists at the FDA's Center for Veterinary Medicine.

Dr. Sundlof said the FDA currently does not have enough information to decide whether food from sheep clones is safe.

Squeamish Consumers May Balk As FDA Backs Cloned Meat, Milk (WSJ)

By Jane Zhang, Scott Kilman And Lauren Etter

The Wall Street Journal, December 29, 2006

By declaring milk and meat from cloned farm animals safe to eat, federal regulators have opened the door to far-reaching changes in livestock production. But industry concerns about consumer squeamishness toward cloning suggest cloned beef and pork won't be on sale at supermarket meat counters anytime soon.

In a long-awaited decision announced yesterday, the Food and Drug Administration said it couldn't find any differences between meat and milk from healthy conventionally bred adult cattle, pigs and goats and that from healthy cloned animals and their offspring. As a result, the agency said it would probably allow the meat and milk of these cloned animals and their offspring to be sold without any special labeling to alert consumers.

Cloning, or producing an identical copy of an animal using the genetic material of the original, would give farmers a way to upgrade their livestock herds by replicating their prized animals. It would allow them to preserve valuable traits, such as high meat or milk production, superior fertility or disease resistance.

That could be a boon to the livestock industry, which so far has largely missed out on the biotechnology revolution that swept through plant agriculture a decade ago. Meatpackers, for example, might prefer to buy the offspring of a cloned pig with loins the perfect size for making pork chops or cattle with just the right amount of fat in the steak. Improved, consistent quality, in turn, could boost consumer demand.

Recent opinion polls show that most Americans know little about cloning but are wary of foods from cloned animals, with many citing ethical, religious and social concerns. Mindful of such reservations, large meat and dairy producers and their trade associations are taking a wait-and-see attitude. And a spokesman for Wal-Mart Stores Inc. said yesterday that the nation's largest food retailer has no plans to sell products made from cloned livestock.

"It's an issue of interest to us and the rest of the meatpacking industry, and something that we'll be following closely in the months ahead," said Archie Schaffer, spokesman for meat and poultry processor Tyson Foods Inc. Smithfield Foods Inc., the nation's largest pork producer, wouldn't comment yesterday, but in 2003, the company said it had "severe skepticism about the consumer reaction" to cloned animals.

The FDA, which has been studying the safety of food derived from cloned animals for four years, concluded that meat and dairy from cloned animals "are as safe as food we eat every day." The agency also indicated that if such foods go into production, it would be unlikely to recommend special labeling, the same policy it has adopted with genetically modified crops already on the market.

U.S. meat exports, already buffeted by concerns in some countries about mad-cow disease, could hang in the balance. The FDA has consulted major U.S. trading partners and agencies such as the U.S. Trade Representative on the cloning issue. But it isn't clear if that would help the U.S. livestock industry, should it embrace cloning, to win over foreign consumers.

Even though cloned animals exist in countries such as Japan, New Zealand and Australia, none have gone so far as the U.S. now has in nudging them toward the market. A French assessment of cloning reached the same conclusions as the FDA's,

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but that hasn't translated into public policy. European consumers, more than their American counterparts, are skeptical about genetically modified foods and biotechnology in general.

Canice Nolan, head of food safety, health and consumer affairs at the European Commission Delegation in Washington, said it was premature to talk about the impact of the FDA's decision on trade. However, he noted that cloning raises legal, ethical and social concerns.

According to a recent report to the European Union's executive arm by the Danish Centre for Bioethics and Risk Assessment, "Groups of citizens, and even some member states, would be likely to resist the import and/or marketing [labeled or unlabeled] of cloned animals and their products."

In South Korea, one of the largest export markets for U.S. beef, cloned foods "are not positive," said Sockjoong Yoon, minister for public affairs at the South Korean Embassy in Washington. Chong Ghee Ahn, the embassy's economic counselor, said it was too early to say what impact cloning might have on U.S. exports. However, he added that in the wake of mad-cow disease and avian flu, "Korean customers are getting very, very sensitive."

The FDA's safety assessment, which the agency calls "strictly a scientific evaluation," requires a 90-day period for public comment. Biotechnology experts said it would take at least three or four years after that for products made from cloned animals and their offspring to land on grocery shelves.

"There's no doubt that in the long run, probably in the immediate run, that this will be a substantial boon to producers of milk and meat, not only in the United States but around the world," said Val Giddings, a biotechnology consultant and a former senior staff geneticist at the U.S. Agriculture Department. "It frees the producers of milk and meat to use more fully and effectively the very best breeding stock available. They can use their healthiest animals, use animals with high resistance to disease."

Consumer and animal-rights groups said yesterday that consumers have little to gain from the FDA ruling, and that safety considerations alone don't make good public policy. "Cloning will not produce safer or cheaper milk and meat," said Carol Tucker-Foreman, director of food policy at Consumer Federation of America. "Having cloned cows produce more milk won't reduce milk prices."

The FDA said ethical issues were beyond the agency's jurisdiction, but it took pains to address consumer concerns. "Cloning poses no unique risks to animal health when compared to other assisted reproductive technologies," such as in vitro fertilization, said Stephen F. Sundlof, director of the FDA's Center for Veterinary Medicine.

The agency added that cloning was just another assisted reproductive technology -- much like in vitro fertilization. While clones are more likely to have health problems at birth than traditionally bred animals, "They seem to become just as healthy and strong as other animals of the same age," it said.

Cloning of animals often has a low success rate, and unsuccessful procedures can cause abnormalities, premature deaths and other problems. Milk and meat from clones with the most severe cloning errors would be unlikely to enter the food supply, because they would "either die, fail to reproduce, or fail government examination and meat inspection," the FDA said. Moreover, because cloned animals are expected to be used mainly for breeding purposes, most of the products sold wouldn't be from cloned animals themselves, but from their offspring.

Modern livestock breeding already is highly regimented. Much of the beef and pork on the market today is the product of such techniques as artificial insemination, embryo transfer, embryo splitting and in vitro fertilization. That gives breeders control over the selection of parents.

Animal cloning remains relatively expensive, however. ViaGen Inc., a livestock cloning company based in Austin, Texas, charges $15,000 for the first copy of a cow, $12,500 for the second copy of the same animal, and $6,000 for the sixth and beyond. In the past two years, the five-year-old company has cloned 250 animals, including about 150 beef cattle, mainly for exhibition, and 100 pigs, mainly for research purposes, said Mark Walton, its president.

With a surge in demand, Mr. Walton said cloning prices would go down, eventually to as little as $5,000 to $6,000 per animal. Farmers could use more-conventional breeding methods to produce offspring from those cloned animals, and replace their breeding stock every few years. That could make cloning financially appealing for meat and milk producers, Mr. Walton said.

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The FDA began looking at the safety of foods from cloned animals a few years after the successful cloning of Dolly the sheep in Scotland in 1997. The cloning prompted inquiries from companies planning to use the technique. In 2002, the FDA asked the National Academy of Sciences to look at the issue. A panel at the academy said foods from cloned animals and their offspring didn't present a food-safety concern, but recommended that the agency evaluate the composition of those foods.

The FDA assembled a committee that year to look at hundreds of studies on the issue, and cloning companies such as ViaGen and Cyagra Inc., of Elizabethtown, Pa., promised to send samples for research.

The bulk of samples didn't arrive until 2005 and were then sent to an independent lab at Cornell University and an Agriculture Department lab for controlled studies, extending the review process to this year. Because of public concern about cloning, the FDA waited until after it had briefed other agencies, including the USTR and the Agriculture Department, and U.S. trade partners on the issue before disclosing its findings.

US Says Food From Cloned Animals Safe (FT)

By Clive Cookson

Financial Times, December 29, 2006

The US Food and Drug Administration on Thursday took a big step towards approving the sale of meat and milk from cloned animals and their offspring without special labelling.

A draft FDA risk assessment found that food from clones of cattle, pigs and goats was as safe to eat as food from conventionally bred animals.

However, cloned meat and milk is unlikely to reach the shops before late 2007, at the earliest. Agricultural biotechnology and livestock companies will continue to observe a moratorium on their commercial introduction until the FDA has assessed public comments on the draft assessment and issued a final ruling.

The agency will receive hostile comments from some influential groups, such as the Center for Food Safety and the Consumer Federation of America, which accused the FDA of "imposing these products on a public that opposes cloning technology and does not want to consume cloned foods".

But the Biotechnology Industry Organisation welcomed the long-awaited FDA assessment. Jim Greenwood, BIO president, said: "Animal cloning is the latest step in a long history of reproductive tools for farmers and ranchers, and can effectively help livestock producers deliver what consumers want: high-quality, safe, abundant and nutritious foods in a conscientious and consistent manner."

Stephen Sundlof, director of the FDA's Center for Veterinary Medicine, said: "Based on FDA analysis of hundreds of peer-reviewed publications and other studies on the health and food composition of clones and their offspring, the draft risk assessment has determined that meat and milk from clones and their offspring are as safe as food we eat every day. Cloning poses no unique risks to animal health when compared to other assisted reproductive technologies currently in use in US agriculture."

If given final approval, the ruling would allow the sale of food from cloned cattle, pigs and goats, but not sheep, for the first time in the United States.

"No unique risks for human food consumption were identified in cattle, swine or goat clones," the FDA said in a draft risk assessment, which now enters a public comment period before the agency makes its final decision.

FDA Plan Would OK Cloned Meat (CSM)

By Peter N. Spotts

The Christian Science Monitor, December 29, 2006

Meat counters and dairy cases are likely to become the latest battlegrounds for the use of biotechnology down on the farm.

Thursday, the US government released a draft report concluding that food from cloned cattle, pigs, and other livestock is as safe to eat as food products from conventionally bred animals. The safety assessment paves the way for ranchers to use clones for their breeding stock, using cloning techniques similar to those that created Dolly the sheep in 1996.

The decision is not likely to create a flood of cloned livestock in the short term, several analysts say. The assessment, from the US Food and Drug Administration's Center for Veterinary Medicine, must still endure 60 days of public comment. And the

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FDA still must weigh issues, such as whether to label meat products from the offspring of cloned animals or track the clones themselves if they move into the food system after their usefulness as breeding stock ends. It may take a year or two after the comment period ends for breeders to start using clones.

Still, the assessment represents a significant step toward approving a technology that several specialists say will lead to more consistent, and higher quality meat and dairy products. And it is galvanizing opposition from consumer and food-safety groups. They hold that the health-risk studies fall short of what's needed to ensure that such products are safe.

"The FDA has taken a very long time to analyze this in a way that is still incomplete," says Jaydee Hanson, a policy analyst with the Center for Food Safety, a biotech watchdog group in Washington. The group has filed a petition with the FDA asking it to conduct safety studies for food products from cloned livestock as rigorously as it does studies for animal-derived drugs that humans use.

The current concern over cloned livestock arises from the technique used to produce them. For years, breeders increased the number of their prized animals by dividing early embryos, then implanting them into a mother to produce artificial twins.

But the results are still hit-and-miss, says Michael Pariza, director of the Food Research Institute at the University of Wisconsin at Madison. And while breeders also currently use artificial insemination and fertilize eggs in a test tube, the bull providing sperm for the procedure has a finite lifespan. But with cloning, breeders can store the bull's DNA for use long after he has been put out to pasture.

When researchers in Scotland cloned the sheep Dolly in 1996, Dr. Pariza continues, they implanted genetic material from an adult into an egg nucleus, then inserted the altered egg into a surrogate mother. Breeders recognized that this approach would eliminate the uncertainty. "You now have a new cow with a known pedigree," he says. And by storing samples of an animal's DNA, the line can be cloned repeatedly.

But the approach has its drawbacks. The technique used to derive the clones is inefficient and often leads to stillborn or deformed offspring. This prompts opponents to call the process unethical. Others wonder if Dolly-like cloning introduces subtle, potentially harmful changes that current testing techniques can't find.

Proponents hold that cloning is no more dangerous to the parent or offspring than the "test-tube calf" approaches breeders currently use. And so far, a range of studies - from chemical assays of cloned meat and milk to tests where lab rats consume meat and milk from clones - indicate that food from cloned animals is as safe as food from noncloned animals. Several of these studies appear in the Jan. 1, 2007, issue of the journal Theriogenology, which focuses on animal reproduction.

"These are edible animals to begin with - they are not going to suddenly start producing toxins," Pariza says.

Whether such results satisfy the public is an open question. Some dairy groups and meat producers have reportedly expressed private concerns that they will loose business if cloned meats and milk work their way into burgers and shakes.

Proponents point to polls showing that a majority of consumers are willing to buy or consider buying food from cloned animals.

Opponents turn to other polls that suggest a general public revulsion at the idea.

Some specialists say the FDA needs to improve its ability to detect and assess the impact of any unintended changes that could render food from cloned animals unfit to eat.

The National Academy of Sciences has recommended that the FDA set up a public database of compounds in foods derived from animal clones. It adds that the government should set up a way to identify and track products from cloned animals as they move from the field to the market.

Global Warming's Poster Cubs (LAT)

The Los Angeles Times, December 29, 2006

CONSIDER THE humble polar bear: Ursus maritimus to the scientists who admire it for its intelligence. Now consider President Bush, who might be classified as Executum obstreperum by the thousands of scientists who say his administration fails to appreciate the gravity of global warming. Is it possible that the polar bear can do what the scientists cannot?

What the polar bear could do, essentially, is force the administration to take steps to curb global warming. With its proposal, announced Wednesday, to list polar bears as a threatened species, the U.S. Fish and Wildlife Service for the first time

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acknowledged that global warming is the driving force behind an animal's potential extinction. If the polar bear is listed as endangered, then the U.S. government would be bound by law to protect it — and protecting it may require regulations to reduce greenhouse gas emissions.

In the polar bear, the administration may have met its match. This isn't just any animal — it is a creature at once majestic and cuddly, the star attraction at countless zoos and featured in so many TV commercials it practically qualifies for a SAG card. If that's not enough, the same type of habitat loss threatening the bears' survival also endangers the penguin, which had a better year at the box office than all but a few humans.

Less popular is the administration's stance on global warming. Bush has acknowledged the phenomenon, but he's reluctant to require industry to cut greenhouse gas emissions. If the polar bear is listed as an endangered species, would the government have to crack down on the carbon emissions that are threatening its existence?

Interior Secretary Dirk Kempthorne passed the buck on that question, saying such regulations fall to other departments. That's arguable; Fish and Wildlife is the lead agency charged with protecting species from the effects of pollution. If nothing else, a listing for the polar bear would expose Fish and Wildlife to lawsuits from environmentalists similar to the one against the Environmental Protection Agency that is now before the Supreme Court; a dozen states, including California, say the agency is ignoring its duty to protect public health by not regulating greenhouse gases.

The bear complicates administration policy on another issue as well: drilling for oil in Alaska's Arctic National Wildlife Refuge. Polar bears spend most of their lives on sea ice, which is rapidly melting as the oceans get warmer, but pregnant females retreat to dens on land (including in the refuge) to give birth. If the bears are listed as threatened, it would certainly complicate oil companies' efforts to operate in the refuge.

It will be a year before a decision is made on listing the polar bear. If the administration wants to avoid more than a few legal and political headaches, it should use the time to revisit its antiscientific approach to the world's most pressing environmental problem.

FBI/DEA/ATF/USMS:

Officers Plead Guilty To Trying To Sell Seized Drugs (AP)

By Sue Lindsey

AP, December 29, 2006

ROANOKE, Va. - Two former officers with a rural sheriff's department pleaded guilty Thursday to charges that they took part in a scheme with their boss and 10 colleagues to sell drugs seized from criminals.

The pair were among 20 people indicted in October in the investigation of corruption and racketeering conspiracy.

Former deputy David Allan King pleaded guilty to charges of racketeering conspiracy and drug conspiracy. James Alden Vaught, a former sergeant, pleaded guilty to racketeering conspiracy.

King faces up to 40 years in prison and Vaught 20 years, but the sentences could be lowered if they testify in other cases.

Henry County Sheriff H. Franklin Cassell stepped down after he was accused of looking the other way as officers sold drugs seized in criminal investigations and stole guns and other evidence for personal use and resale. He has pleaded not guilty to impeding investigation and money laundering.

Vaught, 33, pleaded guilty because he has "a contrite heart," said his attorney, Bruce Welch.

Assistant U.S. Attorney Tom Bondurant said Vaught, who agreed to cooperate with investigators, was paid by the ring for use of a house he owned for drug distribution.

King, 49, was once in charge of the vice unit and had been a school resource officer with the department. Bondurant said King falsified destruction orders for drugs seized by the department and he and other officers then resold them.

Scandal's Key Figure Enters Guilty Plea (ROT)

By Lindsey Nair

Roanoke Times, December 29, 2006

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James Alden Vaught, who turned informant in the Henry County case, faces 20 years in prison.

If the Henry County Sheriff's Office corruption scandal were a target, former Sgt. James Alden Vaught would be the bull's-eye.

Authorities say Vaught, 33, went from organizing drug deals and providing a house for drug drops and philandering to informing for the government on many of the 19 other defendants who would eventually be charged.

On Thursday, the man prosecutors said was "right in the middle of it" pleaded guilty to one felony charge in federal court.

Vaught will likely be called to testify against several of his co-defendants if they go to trial. Others charged in the 48-count indictment include 11 current and former deputies, former Sheriff Frank Cassell and seven civilians.

In exchange for pleading guilty to a racketeering conspiracy count, one charge of drug conspiracy against Vaught was dropped. He is facing up to 20 years in prison on the racketeering charge, but he may get a break for cooperating with the government.

A Drug Enforcement Administration investigation out of Philadelphia led authorities to Vaught in early 2005, court records show. When the DEA delivered a package containing the sedative Ketamine to a house in Martinsville, William Randall Reed accepted delivery and was arrested.

Reed, who did not work for the sheriff's office, told police he rented the house from Vaught and paid the sergeant in drugs and money to use the house as a drug drop, said Assistant U.S. Attorney Tom Bondurant.

Reed also said he had helped Vaught sell 2 kilograms of cocaine that Vaught had taken from a drug dealer, according to the indictment.

Vaught resigned from the sheriff's office in March 2005 and began working with federal authorities soon after. Bondurant says Vaught wore a wire and covertly recorded some 90 conversations with 25 different people, including Cassell, who retired after he was charged.

Vaught was even wearing a wire when Cassell one day expressed respect for him.

"Quite frankly, and I've told you this, I always thought a lot of you and I, and I still do," Cassell said on the recording.

Vaught told federal agents that his rental house had been used by some of his co-workers as a place to have extramarital affairs. He also said he and other deputies engaged in several cocaine, crack, marijuana and steroid transactions.

Prosecutors have said that one canine officer in the department took drugs intended for dog training purposes and gave them to Vaught to be sold.

Vaught obtained $15,000 to $17,000 from the sale of the 2 kilograms of cocaine, and it is safe to estimate that tens of thousands of dollars' worth of drug deals occurred, Bondurant said.

Investigators say that former vice officer and school resource officer David Allan King falsified destruction orders for drugs taken into evidence, then sold them with the help of Vaught and several civilians who have also been charged, including Reed.

King pleaded guilty Thursday to racketeering and drug conspiracy. Two counts of obstructing justice and one count of making false statements were dropped. He could serve up to 40 years in prison.

The indictment accuses other deputies of dealing and using steroids, taking guns and money from evidence and lying to agents.

Cassell is charged with knowing about many of the illegal activities but ignoring them or covering them up.

Vaught and King were released on bond pending sentencing, which likely will not take place until the case is finished.

Two other defendants in the case had already entered pleas: Reed and former Deputy Bradley Scott Martin, who was accused of distributing drugs.

Vaught's attorney, Bruce Welch, said Thursday that his client was relieved to enter his plea because he knew that both he and others in the department had done wrong.

Still, it was difficult for Vaught, from a personal standpoint, to be in the position of informant, Welch added.

"These were his mentors and his friends and his employer."

Two Guilty In Henry Drug Ring (RTD)

Richmond (VA) Times-Dispatch, December 29, 2006

Henry sheriff's sergeant faces new charges

ROANOKE -- Two former officers with the Henry County sheriff's department pleaded guilty yesterday to participating in a drug-selling ring that prosecutors say involved the sheriff and numerous deputies.

Deputy David Allan King, formerly head of the department's vice unit, and former sergeant James Alden Vaught, whose confession to investigators allegedly implicated the sheriff and 12 officers, entered guilty pleas in U.S. District Court.

Assistant U.S. Attorney Tom Bondurant said the coming weeks may see more guilty pleas as the corruption scandal that has shocked rural Henry, once the center of the state's textile industry, makes its way through federal court.

King and Vaught were among 20 people indicted in October after prosecutors alleged that members of the sheriff's department were reselling drugs they had seized from dealers, trafficking in steroids and prescription pills, pilfering firearms from the evidence room and covering up their illicit activities by lying to federal investigators. The indictment named 12 current or former sheriff's officers, plus the sheriff himself, H. Franklin Cassell, who has since resigned.

Yesterday, Bruce Welch, Vaught's attorney, said Vaught agreed to plead guilty to one count of racketeering conspiracy because he has "a contrite heart."

"He knows what he did, and he's sorry for having done it," Welch said.

An investigation into the department began last year when federal agents intercepted a 2-kilogram package of ketamine -- an anesthetic used recreationally and sometimes as a date-rape drug -- at a Martinsville house owned by Vaught. The dealer who used the house to receive drugs, William Randall Reed, pleaded guilty last month to racketeering conspiracy and acknowledged paying Vaught in drugs and money to use the house as a drop-off point.

Vaught agreed to cooperate with federal investigators and secretly recorded more than 90 conversations with 25 people, said Bondurant, who added that Vaught is now receiving federal protection. "He's the one who talked first. There's no doubt that he was right in the middle of it and very actively involved."

Bondurant said members of the department sold tens of thousands of dollars worth of illegal drugs, either stolen from the evidence room or ordered online.

As part of a plea agreement, Bondurant dropped one charge against Vaught, who faces up to 20 years in prison and a fine of $250,000 when he is sentenced. King pleaded guilty to racketeering conspiracy and conspiracy to distribute steroids and ketamine. He faces up to 40 years in prison and a fine of $1.25 million when he is sentenced.

Cassell has pleaded not guilty to all five charges against him: two counts of obstructing justice, money laundering, making a false statement, and misprison, or unprofessional conduct.

Ex-officer Faces More Charges (MARTBULL)

By Amanda Buck

Martinsville (VA) Bulletin, December 29, 2006

One count dropped; six others added

A federal grand jury has issued a new, six-count indictment against former Henry County sheriff's sergeant Robert Keith Adams in connection with alleged corruption in the sheriff's office, court records state.

As a result, Senior U.S. District Judge James C. Turk dismissed Adams' original charge of making a false statement, records show.

In an order signed Dec. 21, Turk dismissed the charge of false statement at the request of U.S. Attorney John L. Brownlee, according to court records. That was the only charge Adams had faced.

In his motion, Brownlee said the charge should be dismissed because it was incorporated in a new indictment returned Dec. 19, court records state.

That indictment, filed in U.S. District Court in Abingdon, alleges that Adams, who worked as a school resource officer and as sergeant in charge of investigations in the criminal division of the sheriff's office, helped cover up the crimes of former sergeant James Alden Vaught and lied to FBI agents who were investigating alleged drug and racketeering crimes at the sheriff's office, court records state.

Thirteen then-current and former sheriff's office employees, including former sheriff H. Frank Cassell, were charged in a 48-count indictment unsealed Nov. 2.

The new indictment returned Dec. 19 alleges that in 2001, Vaught stole about two kilograms of cocaine from a drug dealer and distributed the drugs through William Randall Reed, Wilbert Herman Brown and Rayfield Moore.

"Adams learned of the drug crime and believed that James Alden Vaught had stolen two kilograms of cocaine and $40,000 in drug money," the indictment states. Instead of turning Vaught in, it alleges that Adams "requested that James Alden Vaught pay him $20,000 of the drug money."

Vaught refused to pay Adams, the indictment states.

Later, in January of this year, Vaught asked Adams to help him locate Brown so Vaught could sell Brown about 1/2 kilogram of cocaine, the indictment alleges.

Adams allegedly encouraged Brown not to talk to Vaught because Adams believed Vaught was "wearing a body recorder and working as an informant in a federal investigation," the indictment alleges.

It further alleges that on March 24, Adams "falsely stated to a federal agent that he had not received payoffs and that he did not know why (Vaught) was looking for (Brown)" on or about Jan. 23.

The indictment alleges that between 2001 and 2006, Adams assisted Vaught "in order to hinder and prevent the offender's apprehension, trial and punishment."

It also charges him with concealing a felony, attempting to obstruct an official proceeding by encouraging a potential witness to withhold and/or present false evidence to federal investigators, making false statements and attempting to mislead federal investigators, and alleges that he lied about payoffs he received from Moore, whom the indictment describes as "a large-scale cocaine dealer in Henry County," court records state.

Moore died Nov. 3 in a car accident in Franklin County. He was helping federal authorities in their investigation of the sheriff's office, his attorney, Robert Rider of Roanoke, said in earlier reports.

Reed pleaded guilty in November to racketeering conspiracy on condition that the government dismiss other charges against him, which included false statement, drug conspiracy and attempted drug distribution.

According to court records, Adams is scheduled for a pretrial motions hearing Friday in Roanoke.

Doctor Forfeits Drug License (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), December 29, 2006

Man accused of peddling Oxycontin free until trial but must live with mother

A Knoxville doctor accused of peddling powerful pain-killing pills surrendered his license to dispense legal dope Thursday.

Sanford K. Myers appeared before U.S. District Magistrate Judge Bruce Guyton Thursday and voluntarily surrendered his U.S. Drug Enforcement Administration certificate that authorized the Knoxville physician to issue prescriptions for narcotic drugs.

That move, coupled with an agreement by defense attorney James A.H. Bell that Myers live with his mother, led Guyton to allow Myers to be freed on bond pending a February trial on charges he led a conspiracy to push Oxycontin, a powerful opiate-based prescription painkiller.

"We've worked out all our differences," Bell told Guyton.

Assistant U.S. Attorney Cynthia Davidson told the judge that authorities had "concerns about the residence" Myers listed as his own and would only agree to his release if he committed to living with his mother.

Myers has been jailed since last week, when he was arrested on a federal indictment drafted by Davidson and issued by a grand jury.

In the nine-count indictment, Myers, who operated a clinic on Kingston Pike in West Knoxville, is accused of conspiring with Jay Christopher Ridenour, Charles Ridenour and William Larry Cummings to peddle Oxycontin from February 2005 to December 2005.

It's not clear why it has taken a year to file charges in the case, headed up by DEA Agent Dexter McGee. It's also not yet known if the two Ridenours are related.

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The indictment makes clear that Myers is accused of supplying the pills to the Ridenours and Cummings, all three of whom appear from court records to be cooperating with authorities in the probe.

When asked Thursday whether he would agree if freed to stay away from his alleged co-conspirators, Myers answered with an emphatic, "Yes." Bell added, "Especially given what they're apparently saying about him."

Myers has been licensed to practice medicine in Tennessee since 1985. However, he allowed his medical license to expire in late September.

He told Guyton that he was currently unemployed but drawing $5,700 in disability payments from a private insurer. He also admitted owing the Internal Revenue Service $27,000 in back taxes.

"I was in the process of making (payments)," Myers said of his tax bill.

Myers wanted taxpayers to pick up his defense tab. Guyton tentatively agreed but added that he likely will require Myers to pay at least a portion of Bell's bill.

"It does appear you might fall in the category of people who must make some (payment toward) your defense," Guyton said.

Bell entered a plea of innocent on behalf of Myers. The Ridenours and Cummings are all free on bond.

Jamie Satterfield may be reached at 865-342-6308.

Year-long Suspension Recommended For Tucson Attorney (ADS)

Arizona Daily Star, December 28, 2006

A Tucson attorney who was indicted on federal drug charges along with a doctor later convicted of conspiracy in a murder case should be suspended for a year, a hearing officer has recommended.

The State Bar of Arizona filed a complaint against Lourdes Lopez in November 2005 saying she had engaged in criminal conduct that "reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects."

The State Bar said that Lopez not only was indicted in September 2002 on prescription-drug-fraud charges along with Bradley Schwartz, but that she continued a relationship with Schwartz despite being ordered not to and lied about it.

Schwartz is serving a life sentence for conspiracy to commit murder in the October 2004 slaying of his former medical office associate, Dr. David Brian Stidham.

Last month, State Bar attorneys called for Lopez to be disbarred during a two-day hearing before hearing officer Bruce Macdonald. Lopez violated numerous standards set by the State Bar and the American Bar Association, said Maret Vessella, deputy chief bar counsel.

Lopez's attorney, Mark Harrison, acknowledged Lopez behaved inappropriately, but asked for a six-month suspension.

Vessella said that not only did Lopez commit prescription drug fraud and insurance fraud, lie to the DEA and violate a federal judge's order to stay away from Schwartz, but the former Pima County prosecutor also discussed the plot to kill Stidham with Schwartz prior to Stidham's death.

Macdonald, in a 36-page report released Thursday, however, said "any such conversations" between Schwartz and Lopez in the Stidham matter weren't relevant to the matter at hand.

He also found that that a one-year suspension is more appropriate than disbarment or a six-month suspension.

"There is no question about the impropriety of (Lopez's) behavior. However, it is important to this hearing officer that the respondent's conduct, which gives rise to the allegations by the state bar uniformly occurred within the context of a personal, emotional, and ill-fated relationship with Bradley Schwartz, and not when she was engaged in the practice of law," Macdonald wrote.

Macdonald also noted that disciplining attorneys is about protecting the public and deterring future misconduct, not punishment. "The recommended sanction is not disproportionate to sanctioning in cases involving similar conduct under the cited circumstances," Macdonald wrote.

Bob Van Wyck, chief bar counsel, said his office intends to appeal Macdonald's recommendation, but declined to comment further. Harrison called Macdonald's report and recommendation "extremely fair."

Players Association Will Fight Court Ruling (AP)

AP, December 29, 2006

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Major League Baseball's players association will fight a federal appeals court's decision to give prosecutors access to the names and urine samples of about 100 players who tested positive for steroids in 2003.

If Wednesday's decision "is allowed to stand it will effectively repeal the Fourth Amendment for confidential electronic records," wrote Donald Fehr, executive director of the Major-League Baseball Players Association, in a statement yesterday.

The court's 2-1 ruling could help authorities pinpoint the source of steroids in professional baseball. It also could bolster the perjury case against Giants slugger Barry Bonds, who is under investigation for telling a grand jury he never knowingly used performance-enhancing drugs.

Michael Rains, Bonds' attorney, disagreed. "It doesn't help their case against him," he said.

Fehr said he was consulting with union attorneys to "determine what our next step should be in our fight to protect the constitutional rights, including the basic right to privacy, of our members."

Options include asking the San Francisco-based 9th U.S. Circuit Court of Appeals to rehear the case with the same three judges, petitioning the court to hear the case with 15 judges or appealing to the U.S. Supreme Court. Any appeal, even if unsuccessful, could delay the government from getting the records for months or more.

The samples were collected at the league's direction as part of a survey to gauge the prevalence of steroid use. Players and owners agreed in their labor contract that the results would be confidential.

The players' union sued to keep the government from accessing the records, saying the seizures violated the players' constitutional rights.

Union Will Fight Ruling On Steroids (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, December 29, 2006

Claiming the union wanted to protect the privacy rights of more than 100 baseball players who flunked drug tests in 2003, MLB Players Association Executive Director Donald Fehr said in a statement yesterday he would consult with legal counsel to determine how to keep those records out of the hands of federal investigators.

A federal appeals court ruled Wednesday that investigators could keep the 100-plus confidential records they found commingled in computer files with the drug test results of eight of 11 players who were the intended target of a search warrant. Wednesday's ruling, which included a lengthy dissent from one of the three judges on the panel, partially overturned decisions from three lower courts.

The ruling means more professional baseball players could be ensnared in the drug probe known as BALCO that has already resulted in more than a dozen athlete suspensions and five criminal convictions. San Francisco Giants slugger Barry Bonds is the subject of a perjury investigation in connection with BALCO.

"Under a search warrant seeking information about only 11 baseball players, confidential records for every player were seized, along with confidential records of thousands of other people with no connection to baseball, including many with no connection to sports," Fehr said in the statement. "We will consult with our counsel, and then determine what our next step should be in our fight to protect the Constitutional rights -- including the basic right to privacy -- of our members."

Steroid Probe Ruling Threatens Non-Athletes, MLB Official Says (BLOOM)

By Joel Rosenblatt

Bloomberg, December 29, 2006

Dec. 28 (Bloomberg) -- Confidential records of baseball players and non-athletes will be available to government investigators if a federal appeals court ruling isn't challenged, the Major Baseball League Players Association said today.

Donald M. Fehr, the association's executive director, said in a statement that prosecutors investigating steroid use seized records for every player as well as ``confidential records of thousands of other people with no connection to baseball, including many with no connection to sports."

The ruling, issued yesterday by the U.S. Court of Appeals in San Francisco, held that lower courts were wrong to require government investigators to return files taken from Major League Baseball's drug-testing laboratories in California and Nevada as part of their probe of the Bay Area Laboratory Co-Operative, a Burlingame, California, company known as Balco.

Grand juries in the government's investigation have indicted Balco's co-founders, two track coaches and a trainer for baseball All-Star Barry Bonds. Jurors have heard testimony regarding steroid use from Bonds and other athletes, including baseball's Jason Giambi, without returning charges against them.

Fehr reiterated arguments the union made in court that the seizure violated the players' constitutional rights against unreasonable searches and seizures.

Using a search warrant seeking information about 11 players, investigators collected private information about ``thousands of people'' who aren't being investigated for criminal behavior, Fehr said in the statement. He didn't say if the association would appeal the ruling.

Greg Bouris, a lawyer for the players association, declined to comment.

Luke Macaulay, a spokesman for the U.S. Attorney's Office in San Francisco, didn't immediately return a call seeking comment.

The ruling applies to three cases: U.S. v. Comprehensive Drug Testing, No. 05-10067; Major League Baseball Players Association v. U.S., No. 05-15006; and In Re: Search Warrants, 05-55354; all at the 9th U.S. Circuit Court of Appeals, San Francisco.

Of Special Interest (IVDB)

By Sara A. Carter

Inland Valley Daily Bulletin, December 29, 2006

COLUMBUS, N.M. - On Sept. 5, a man calling himself Miguel Alfonso Salinas was apprehended off a deserted highway near the U.S.-Mexico border.

The tinted windows on Alfonso Salinas' vehicle aroused the suspicion of Border Patrol agents patrolling a dark and desolate stretch of Highway 9, which runs parallel to the border and is the site of large numbers of illegal crossings.

The agents discovered three Mexican migrants in the vehicle with Alfonso Salinas.

But what they discovered several days later made a far greater impression.

Alfonso Salinas was not who he seemed, according to U.S. Department of Justice and Department of Homeland Security documents. He lied to the agents about who he was, where he came from and what he was doing.

It would take nearly a week of interviews with federal agents before Alfonso Salinas would give his real name: Ayman Sulmane Kamal, a Muslim born in Egypt - a country designated as "special-interest" by the United States for sponsoring terrorism.

Kamal's case is not an isolated one.

Evidence of "special-interest aliens" using the Mexican border to gain entry to the United States has been kept secret from the American public, according to federal law enforcement agents, terrorism experts and critics of U.S. foreign policy with Mexico.

In 2005, the Border Patrol apprehended approximately 1.2 million people in the U.S. illegally. Of those, 165,000 were from countries other than Mexico, and roughly 650 were, like Kamal, from special-interest countries, according to the Border Patrol.

Those interviewed by the Daily Bulletin say agencies including the FBI and CIA are not using information from Border Patrol and Drug Enforcement Administration agents to make connections between the drug trade, illegal immigration and terrorist organizations.

"For us to believe that Mexican smugglers will not assist, knowingly or unknowingly, foreign terrorists trying to enter the United States is incomprehensible," said Rep. Ted Poe, R-Texas, who, along with other congressional representatives, has pushed for stricter border security policies.

Whether Kamal had ties to a terrorist group is not known. No information about him, including his current whereabouts, is available aside from what is in Justice Department and Homeland Security documents.

But the links between illegal immigration, expanded trade, Mexican narcotics organizations and terrorist groups has already been assessed by U.S. federal law enforcement agencies, according to DEA documents obtained by the Daily Bulletin.

According to an intelligence report written by the DEA, "La Entrada al Pac fico (Gateway to the Pacific)" - also the name of a Texas-Mexico plan to expand border trade - Asian narcotics traffickers, in collusion with Mexican drug trafficking organizations and terrorist groups, could use expanded trade routes to bring contraband into the United States.

"The DEA has made a conscious effort to generate predictive intelligence so policy makers can be aware and plan ahead for significant changes in narcotics and smuggling operations," said a DEA official who asked to remain anonymous. "Any time you send in a predictive piece of intelligence that has merit and it's ignored, then the consequences of that can be devastating to national security."

According to DEA intelligence reports, the link between terrorism and narcotics has been well known since the Sept. 11, 2001, terror attacks in New York, Washington, D.C., and Pennsylvania.

But federal agents say getting bureaucrats to understand the growing danger is difficult when most lawmakers won't even acknowledge many of the problems already happening along the U.S. border.

BORDER BATTLES

One of those problems was on full display in Texas earlier this year.

Sheriff Arvin West of Hudspeth County - a border area 50 miles east of El Paso - and other Texas border sheriffs had complained for more than a year that Mexican military personnel were helping cartels smuggle humans and contraband across the Rio Grande and into the U.S.

The Daily Bulletin first published Department of Homeland Security documents and maps from the U.S. Office of National Drug Control Policy in January, showing 226 Mexican military incursions into the United States since 1996. That information led to a call for congressional investigations and hearings to determine the extent of the intrusions.

Shortly afterward, West was confronted with another incursion. This time, local law enforcement officials videotaped the event and went public with it.

"We had video and photographs," West said. "We went to Congress and testified before them with the evidence in hand. And we were told by Congressman (Silvestre) Reyes (D-El Paso) that we were either lying or mistaken."

Reyes, Homeland Security Secretary Michael Chertoff, and U.S. and Mexican government officials tried to play down the documents and the incident in Hudspeth County. They stated publicly that the cartels were dressing like Mexican military to damage relations between the U.S. and Mexico.

Reyes, who recently was appointed chairman of the House Intelligence Committee, did not return phone calls seeking comment.

"The bureaucrats don't understand what a dangerous game they are playing with American lives if they don't do something to fix the situation at the border," said Michael Cutler, a former special agent with Immigration and Naturalization Services, who testified before the 9-11 Commission.

According to Border Patrol agents in Texas and Arizona, the Department of Homeland Security has stopped agents from filing full-disclosure incident reports if they see Mexican military involved in an alleged smuggling operation.

In some parts of Texas, if Mexican military personnel are suspected of assisting narcotics traffickers or smuggling humans, they are not processed, but instead are taken to a port of entry and released into Mexico.

An unnamed Border Patrol agent in Arizona said he witnessed a Mexican military helicopter shooting at a fellow agent in pursuit of a vehicle along the Arizona border with Mexico.

The supervisors would not let the agent put the Mexican military's involvement in the incident report, the agent said.

Michael Friel, a spokesman for the Border Patrol, said he had no knowledge of such an incident.

It's not just the cartels' connections to Mexican government officials and military that have U.S. intelligence officials and law enforcement worried. It's also the growing evidence that terrorist organizations have become increasingly dependent on narcotics and weapons sales to support their activities, and that they see the Southwest border as an incubator for their activities.

"Intelligence indicates that terrorist organizations are increasingly probing the U.S.-Mexico border," El Paso County Sheriff Leo Samaniego told the House Judiciary Committee in August, during hearings about border security.

"The large international border creates tremendous smuggling opportunities for terrorists and is fertile ground for recruitment and development of support networks for terrorist organizations," Samaniego said. "The Mexican drug trafficking and

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human smuggling organizations use their knowledge of the border to assist terrorist cell members in their attempts to exploit the United States.

"The multicultural aspect of the border area also appeals to the terrorists. There are many nationalities, many of them transients, who live and interact in the border setting. This provides the terrorists the opportunity to blend into the community.

"The Southwest border may not be a priority target for a terrorist attack, but it is prime territory for the cultivation, recruitment, transportation and stashing of terrorist cell members," Samaniego concluded.

Samaniego and his colleagues aren't the only ones with such beliefs.

A DEA official said terrorist incidents such as the Madrid train bombings in March 2004 would be easy to duplicate in the United States, with the Southwest border as the best place to smuggle in those who would carry out such a plot.

In the train bombings, 10 synchronized explosions killed 191 people and wounded more than 1,700. An Islamic extremist group that funded the operation with narcotics sales was pinpointed as the perpetrator of the bombings.

"A former DEA director explained the problem best. During the cold war the threat was ABC: atomic, biological and chemical," said an intelligence official with the DEA, speaking on condition of anonymity. "If you apply that formula now to post 9/11 ... it becomes ABCD: atomic, biological, chemical and drugs. The drugs provide the funding for terrorism."

TERRORIST CULTURE

Additionally troubling to U.S. authorities are the growing cultural similarities between Mexican drug cartels and established terrorist groups.

Like Islamic extremists and other terrorist organizations that use suicide bombings or decapitations to strike fear into their enemies, drug-trafficking organizations have developed cultural associations with death over the past several years.

The Sinaloa Cartel, headed by Joaqu n "El Chapo" Guzm n, is now known by federal law enforcement officials as the "Federation" or "Golden Triangle." The long-running war between the Sinaloa and Gulf cartels for control of the Nuevo Laredo border forced Sinaloa to build alliances with numerous other drug trafficking organizations throughout Mexico, making the Sinaloa Cartel one of the most powerful in the country.

The Sinaloa Cartel, along with the help of Vicente Carrillo Fuentes, head of the Juarez Cartel, moves the majority of its narcotics through Ciudad Ju rez, which borders El Paso, Texas.

Along the streets of Ciudad Ju rez, Mexico, statues of La Santa Muerte - the saint of death - can be found at almost any local shop. The robed skeleton with a sickle clutched in its bony fingers is worshiped by many drug runners in Mexico and the United States.

The empty-eyed deity is particularly haunting in a city known for the brutal murders of nearly 500 women since 1995. Many Mexican and U.S. law enforcement officials have attributed the murders to drug traffickers, some of whom have been arrested. But the murders continue, and women still live in fear.

"Women shouldn't be on the street after dark," said Lalo, 81, who sat with his wife at their empty shop in downtown Ciudad Ju rez.

Danger signs are everywhere. Billboards follow passers-by like shadows, warning women to be vigilant. Every man begins to look like a predator.

"There is so much death," Lalo sighed. "I'm beginning to think the saint is real."

The attitudes and actions represented by worship of La Santa Muerte culturally connect Mexico's drug cartels to terrorist groups, according to DEA officials.

Like Hezbollah and al-Qaida, which promise martyrs that their family members will be provided for after suicide bombings, Mexican drug trafficking organizations promise high-level members that if they die in the name of the cartel, their families will be provided for. Other similarities include the growing number of beheadings of Mexican police officials by the cartels to instill terror.

In cities all along the U.S.-Mexico border, the popularity of the death deity is growing. From Tijuana to Laredo's violent sister city Nuevo Laredo, La Santa Muerte is found in statues, stickers and trinkets.

"Widespread and unchecked violence creates a palpable sense of fear and tears at the social, cultural, and economic fabric of Nuevo Laredo," stated a June 2006 report, "State of Siege: Drug-Related Violence and Corruption in Mexico," written by the Washington Office on Latin America, a nonprofit organization promoting human rights.

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"As the war between cartels rages, no one - not police, not journalists, not ordinary citizens - knows whom they can trust, so they trust no one."

In Nuevo Laredo, the saint haunts cemeteries where worshippers have left offerings of food. The deity also is seen on the back of bulletproof SUVs driven by narco-traffickers who cruise through the city, and even in graffiti along the city's walls.

Now the saint is gaining popularity in Laredo. Eerie evidence of ritualistic ceremonies performed by illegal immigrants in stash houses was discovered by Webb County sheriff's deputies after one raid. Pictures of members of a Mexican military unit lay in a bowl of blood, sprinkled with herbs and roots.

"This really spooked us," said Webb County sheriff's spokesman Tom Sanchez as he sifted through the photographs taken by the deputies who conducted the raid. "I mean, there was an altar filled with everything you can imagine to this Santisima Muerte. It's a culture of death."

And it's something U.S lawmakers should pay attention to, DEA and Border Patrol field agents said: Drug traffickers accepting death as a glorious end to their violent lives.

"We pray for a good death," said Jose, 21, a young worshiper of La Santa Muerte in Tijuana. He stood stoic by his white-boned statue of the death saint, and pointed to his charm necklace, where a smaller version of the saint hung.

"I pray that I will die in a hail of bullets or fighting for my last breath against my enemy. I'm not afraid to die. I welcome death."

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Border Threat: Leaders Look The Other Way (IVDB)

Inland Valley Daily Bulletin, December 29, 2006

Daily Bulletin reporter Sara Carter's three-day installment of Beyond Borders was an unsettling way to end 2006.

The increased smuggling of drugs, humans and who-knows-what-else through a burgeoning international trade route through Nuevo Laredo, Mexico, and Laredo, Texas, is unsettling. So is the human carnage in the all-out battles among Mexican drug-smuggling cartels to control the Mexican trade route. Even more unsettling are the border crossings by "special-interest aliens" - persons from countries that sponsor terrorism - and the "culture of death" catching hold among drug smugglers, a culture that appears to share characteristics with terrorist fanaticism.

But perhaps most unsettling is the disconnect between those on the border's front lines and the higher echelons of the U.S. government, where a seemingly willful ignorance persists.

In 2005 the Border Patrol apprehended about 650 people in the U.S. illegally from special-interest countries - who knows how many weren't caught - yet Carter was told the FBI and CIA are not using information from Border Patrol and Drug Enforcement Administration agents to make connections among the drug trade, illegal immigration and terrorist organizations.

The DEA warns in an intelligence report that Asian narcotics traffickers, in collusion with Mexican drug cartels and terrorist groups, could use the so-called Gateway to the Pacific - a plan to expand border trade through the two Laredos - to bring contraband into the United States.

"Contraband can be anything from narcotics, pirated videos, humans or weapons of mass destruction," said a DEA spokesman.

Meanwhile, we can't take 4 ounces of shampoo on an airplane. Is that supposed to make us feel safer?

Carter reported in January on repeated incursions by Mexican military personnel into the United States - 226 since 1996 - apparently to help cartels smuggle humans and drugs. Shortly thereafter, local law enforcement officials videotaped and photographed an incursion in Hudspeth County, Texas, and Sheriff Arvin West and others testified before a congressional committee with evidence in hand.

Rep. Silvestre Reyes, D-El Paso, told West and the others they were "lying or mistaken," West said, and Reyes, Homeland Security Secretary Michael Chertoff and other U.S. and Mexican government officials played down the incursion documents obtained by the Daily Bulletin as well as the Hudspeth County incident.

(Reyes has since been appointed incoming chairman of the House Intelligence Committee and promptly displayed his ignorance of Al-Qaida and Hezbollah. Will somebody please buy this guy a newspaper subscription before he takes over the committee known as "Intelligence"?)

El Paso County Sheriff Leo Samaniego told a House committee in August that terrorist organizations are probing the border with the help of Mexican smugglers.

Webb County, Texas, Sheriff Rick Flores testified before Congress about the growing violence in Laredo, which is spilling over from Nuevo Laredo. But former Laredo Mayor Elizabeth Flores said the increasing cross-border trade is "about growth, not death."

And that might be the crux of the official downplaying of the border violence and terror threat. There's a lot of money to be made.

Wal-Mart, for example, and a Hong Kong-based company have invested $300 million to expand a Mexico container port that feeds the Gateway to the Pacific route. The plan is to get more goods from Asia into the United States, in the process redirecting half of the East Coast-bound Asian cargo from the ports of Long Beach and Los Angeles to Mexico. More trade routes and competition among ports help Wal-Mart keep its prices down.

But U.S. consumers might be paying a higher price in terms of lost security. At least the threat appears considerably greater than the one from that 4 ounce bottle of shampoo you had to leave at home.

Reid Seeks Better U.S. - Bolivia Relations (NYT/AP)

By The Associated Press

The New York Times, December 29, 2006

Filed at 12:20 a.m. ET

LA PAZ, Bolivia (AP) -- A delegation of six U.S. senators led by incoming Majority Leader Harry Reid met Thursday with Bolivian President Evo Morales, seeking to smooth relations with the South American country's left-leaning government.

Relations have been tense since Morales' election a year ago, with the U.S. wary of his friendship with Presidents Fidel Castro of Cuba and Hugo Chavez of Venezuela. Morales has been critical of U.S. attempts to eradicate coca in the region.

Reid said the United States must pay more attention to Latin America, blaming the region's recent populist shift in part on U.S. neglect.

"I believe that the U.S. needs to be heavily involved in Latin America, and we're not," Reid told The Associated Press after what he called a "long, intense conversation" with Morales. "I believe that Bolivia is looking for help, and I think we can be an agent for help."

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At a news conference earlier, Reid said it was not an accident that he chose Bolivia as the first country to visit as Democrats prepare to take control of Congress in the wake of last month's elections.

"We're here as Democrats and Republicans to help North America appreciate the potential of this mighty little country," he said.

The Nevada Democrat later praised Morales' "magnetic personality," saying he "could be, if things work out right, the best leader this country ever had."

But the senator cautioned that Morales' sweeping populist reforms must leave Bolivia's democracy intact. "The one thing we're going to do is make sure that this is democratic government," he told the AP.

Earlier, Sen. Ken Salazar, a Colorado Democrat, told reporters in fluent Spanish that the visit "signals a different direction" for U.S.-Bolivian relations.

"I believe all of us want the same thing, to help lift up the people of Latin America so that they can achieve the human dignity they deserve," Salazar said.

Like Chavez, Morales has railed against U.S. foreign policy and occasionally accused the Bush administration of plotting to overthrow his government or even assassinate him.

But he also sent Vice President Alvaro Garcia Linera to Washington twice to negotiate an extension of a key trade agreement with the U.S. -- which President Bush himself eventually backed and Congress passed earlier this month.

Morales announced earlier this month that he would seek to significantly expand the area for the legal cultivation of coca, which is commonly used in Bolivia as a mild stimulant but also is processed into cocaine.

The announcement drew sharp criticism from Washington, which has strenuously objected to any increase in coca production. The two nations, however, signed an agreement guaranteeing $34 million in U.S. anti-narcotics aid for next year.

After meeting with U.S. and Bolivian officials, Reid said the Andean country was "moving forward" in its fight against drug trafficking.

The six-member delegation travels next to Ecuador where it will meet Saturday with President-elect Rafael Correa, another U.S. critic and Chavez ally who has said he will not sign a free trade agreement with Washington. Correa has also recently criticized U.S. backed fumigation of coca crops in Colombia along the border with Ecuador.

The senators will then travel to Peru for talks with center-left Peruvian President Alan Garcia.

Joining Reid and Salazar are incoming Majority Whip Richard Durbin, D-Ill., Sen. Kent Conrad, D-ND; Sen. Judd Gregg, R-N.H.; and Sen. Robert Bennett, R-Utah.

Brazilian Drug Gangs' Attacks Kill 19 (AP)

AP, December 29, 2006

Two burnt buses are seen at the Cidade Alta slum, in Rio de Janeiro, Brazil, on Thursday, Dec 28, 2006. Drug gangs set fire to two interstate buses and opened fire on police stations and posts around Rio de Janeiro early Thursday, killing 15 people, including two policemen, according to local news media. Police said they could not immediately confirm the number of dead but that the state security chief would hold a press conference Thursday morning to discuss the violence. (AP Photo/Silvia Izquierdo)

ir RIO DE JANEIRO, Brazil - Drug gangs set fire to buses and opened fire on police stations and posts around Rio de Janeiro early Thursday in a wave of violence that killed 19 people and wounded 21, the state's top law enforcement officer said.

The victims included seven who burned to death in one of six torched buses and three policemen, said Roberto Precioso, head of Rio's Public Safety Department.

Two other civilians died, including a street vendor caught in the crossfire of a shootout in Rio's Botafogo district, and seven alleged gang members were killed, he said. Fourteen civilians and seven police officers were injured, he added.

Precioso said gang members used handguns, machine guns and grenades in 12 attacks on police stations and outposts that began in the early morning.

The attacks were apparently a show of force staged before a new governor is sworn in Monday, Precioso said. Police intelligence had warned that gangs were planning attacks for some time.

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"It is very difficult to prevent these types of attacks that were practically kamikaze," Precioso said at a news conference. "Police action prevented the situation from getting much worse."

He said the attacks had apparently been ordered from inside one of the state's prisons, but did not elaborate.

Rio's governor said gangs intended the attacks to be far bloodier.

"The idea was to kill hundreds of police and dozens of innocent people," Rio de Janeiro State Gov. Rosinha Matheus told reporters.

Most of the violence occurred on Rio's poor north side, although a policeman was killed in the upscale Lagoa district and a woman died during an attack on a police booth in the Botafogo district near downtown.

Mayor Cesar Maia said gangs appeared to be retaliating against militias _ reportedly run by off-duty police officers _ that in recent months have been battling drug gangs in slums and charging residents for protection.

"The reason for what's happening is that militias have grown and the drug gangs are leaving," Maia told reporters. "To maintain their income, the gangs are increasing crime on the street."

Precioso said early action by police prevented the violence from reaching levels seen in Sao Paulo, Brazil's largest city, in May when an organized crime group launched similar attacks that killed nearly 200 people, including some 40 police officers and dozens of alleged gang members.

Retired Judge Walter Fanganiello Maierovitch, an expert on organized crime and Brazil's former drug czar, said the violence shows "Brazil's public safety polices are in shambles."

Precioso said that police were working to contain further attacks and that they did not present a danger to the millions expected to welcome the New Year on Rio's beaches Sunday night.

19 Are Killed As Drug Gangs Conduct Attacks In Brazil (NYT)

By Larry Rohter

The New York Times, December 29, 2006

RIO DE JANEIRO, Dec. 28 — Heavily armed drug gangs unleashed a wave of attacks on police stations and public roads here early on Thursday, and at least 19 people were killed in the confrontations.

Seven died in a single incident, a predawn assault on an interstate bus bound for São Paulo. Survivors said that about eight armed men stopped and boarded the bus, robbed those aboard and then set fire to it before the 28 passengers could get off.

At least eight police stations and street posts were also reported to have been attacked by gangs with grenades and machine guns. The dead included not only criminals and police officers involved in the shootouts, but also street vendors, pedestrians and people filing complaints at police stations.

Confrontations between the military police and gangs continued throughout the day. Police units sent into at least a dozen of the squatter slums in the hills overlooking the city were met with armed resistance, and a shootout that disrupted car traffic on a main street in a working-class neighborhood was also reported.

The attacks here coincided with the start of the summer tourist season, an important source of income. The mayor of this city of 5.5 million, César Maia, promised that the violence would not interfere with the famous New Year's celebration on the Copacabana beach. But he said that police units would need to be reinforced and that he would welcome army troops on key roads.

Brazilian news organizations said the wave of violence was meant as a warning to the new governor of the state of Rio de Janeiro, Sérgio Cabral. Elected in October after a hard-hitting campaign in which crime, drugs and public insecurity were the principal issues, Mr. Cabral takes office on Monday.

"We're going through a change of government," including a new team that will be in charge of prisons, Roberto Precioso, the secretary of public security for the state of Rio de Janeiro, told reporters at a news conference on Thursday morning. Imprisoned gang leaders are "creating pressure in order to negotiate concessions and privileges," he added. "They are afraid of a tougher disciplinary regimen, which they want to avoid at all costs."

But Mr. Maia and other officials said the gangs were also reacting against the presence of private "militias" in the squatter slums that were their stronghold. These militias are composed largely of off-duty police officers, who are said to ignore the legal

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niceties required of them when they are in uniform and to be demanding payment from slum residents in return for killing or expelling gang kingpins.

Such militias “are highly pernicious to public administration,” the state director of prisons, Astério Pereira dos Santos, said at a news conference here. He added, “The militias take control of what belonged to the traffickers, and so something heretofore unthinkable is happening: criminal factions are uniting to confront the militias.” Since May, attacks by criminal gangs in São Paulo, the country’s largest city, have left more than 200 people dead.

Rio Hit By Deadly Gang Violence (BBC)

BBC News, December 28, 2006

Gang attacks on buses and police stations in the Brazilian city of Rio de Janeiro have left at least 18 people dead, officials say.

In one incident, seven passengers were burnt to death when gunmen attacked their bus and torched it.

The wave of violence across the city started on Wednesday night and continued into Thursday morning.

Officials said the co-ordinated attacks had probably been planned from jail by imprisoned gang leaders.

The gangs were trying to put pressure on the authorities ahead of the swearing-in of a new state governor on 1 January, Rio state Security Secretary Roberto Precioso told reporters.

"It is very difficult to prevent these types of attacks that were practically kamikaze. Police action prevented the situation from getting much worse," he said.

Favelas occupied

One local media report has spoken of an atmosphere of war in the city, which is preparing for a huge New Year's Eve beach party.

At least 12 police stations and posts in different parts of Rio were attacked with grenades and automatic fire.

Four buses were set on fire, and gunmen are reported to have stopped emergency workers from getting close to the scene.

"I don't know how, but I gathered my strength, got myself into the aisle of the bus and jumped through the window. I felt like I was being toasted," a woman who escaped one of the burning buses said.

As military police and gunmen exchanged fire on some of Rio's streets, motorists fled their cars to seek shelter.

Two police officers were among the dead, as well as seven gang members, Mr Precioso said.

He said three suspects had been arrested and added police had occupied 10 shantytowns, or favelas, which were controlled by drug gangs.

Rio is reputed to be one of the most violent cities in the world.

Its favelas, are frequently the scene of shoot-outs between officers and gang members, as are poor neighbourhoods in other Brazilian cities.

In May, more than 120 people died in Sao Paulo after a wave of gang attacks. These triggered a heavy police backlash, which was blamed for many of the deaths.

Rio Attacks Leave 18 Dead, Raising Tourism Concern (BLOOM)

By Adriana Brasileiro And Jeb Blount

Bloomberg, December 29, 2006

Dec. 28 - A night of violence in Rio de Janeiro left 18 dead after drug gangs retaliated against police efforts to oust them from several of the city's slums, raising concern that New Year's celebrations this weekend may be disturbed.

Rio's public safety chief, Roberto Precioso, said two police officers, nine civilians and seven gang members were killed in 12 attacks in different areas of the city. Seven of the nine civilians were burned to death on an interstate bus.

The violence comes just four days before New Year's beach festivities and two months before February's Carnival parades, two of the world's largest events and key sources of revenue for the Brazilian city's tourism industry.

``The attacks were meant to destabilize the power of the state, but we have the situation under control and we're prepared to protect the population with added troops," Precioso said. Rio won't cancel events planned for the weekend because of the attacks, he added.

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Precioso said police are increasing by 20 percent the number of troops patrolling the city during a period when hundreds of thousands of people flock to the beaches. Ricardo Hallack, Rio's civil police chief, said the corporation is ready to surround favelas, the Portuguese term for slums, in the next few days to quell the wave of violence.

``We won't let them get away with the shocking violence we've seen," Hallack said in a televised press conference today.

Bus Burned

In the worst attack, seven people burned to death on a bus traveling to the neighboring state of Espirito Santo early today. Precioso said about 10 assailants surrounded the bus on a major highway that links downtown Rio to poor suburbs and tossed gasoline-filled bottles inside. The attackers set the bus on fire and prevented the 28 passengers from getting off.

Fearing more attacks will occur in the next few days, hospitals in Rio requested extra blood supplies from the city's main blood bank, Hemorio. Supplies are dangerously low, Hemorio spokesman Marcos Araujo said.

``We won't be able to keep up with demand if it continues like this over the next few days," Araujo said in a phone interview. ``We provide blood products to 180 public hospitals in the greater Rio area, and they are all trying to prepare for more violence this weekend."

Tourism Concerns

``This is very disturbing," said Alicia Laumann of wholesale tour company Galapagos Holidays in Toronto. ``I have four Canadian clients vacationing in Rio right now and I'm really thinking twice about sending more people there anytime soon."

Intelligence services warned officials for weeks that attacks could happen as a new government prepares take office on Jan. 1, Precioso said.

``They are taking advantage of the fact we are in a transition, and they believed we would be more vulnerable," he said. The state government received anonymous phone calls warning of attacks by gang members over the holidays, Precioso said.

Residents of Rio's slums also have prepared for possible attacks in their communities.

In Cordovil and Cidade Alta slums, where the Academy Award- winning movie ``City of God" was filmed, armed men pulled pistols and automatic weapons on a car bringing Christmas food baskets to poor families on Dec. 16. They put them away after realizing one of the car's four occupants was a neighbor.

At the time, people in Cidade Alta's bars and stores were talking about an expected invasion by police or police-linked militias to expel drug traffickers who lived in the community.

Similar Attacks

The violence in Rio is similar to attacks ordered earlier this year by drug gangs in Sao Paulo, Brazil's largest city and business center, to protest prison conditions in the state.

On several occasions from May to August, gang members attacked Sao Paulo's transportation system, burning buses and shooting at bus stops in actions that left about 4 million commuters stranded for days. They also targeted crowded gasoline stations, bank branches and automatic-teller machines, forcing business owners to shut their doors for days.

``These gangs here are not organized like what we saw in Sao Paulo," Precioso said. They were retaliating against stepped up repression of drug trafficking in Rio's 712 favelas, he said. ``In recent months, they felt the financial losses from our actions in the favelas and they decided to scare the population."

-- With reporting by Telma Marotto in Sao Paulo. Editor: Barden

Civilians And Police Killed In Rio Violence (GUA)

Guardian, December 29, 2006

A coordinated wave of attacks against police and civilians in Rio de Janeiro left at least 18 dead yesterday after drug traffickers went on the rampage with machine guns and petrol bombs.

With Rio gearing up for one of the world's largest New Year's Eve celebrations, criminals launched simultaneous attacks on police stations and buses across Brazil's second largest city.

The attacks began in the early hours of yesterday when two buses were set on fire near Cidade Alta, an impoverished housing estate on the city's outskirts where much of the movie City of God was filmed.

Article continues

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The violence then spread across the city, including to the wealthy southern beach districts.

In Botafogo gang members opened fire on a police position, just metres from several youth hostels popular with European tourists, killing a street vendor.

In Lagoa, one of Rio's most upmarket neighbourhoods located a few blocks from Ipanema beach, a policeman was shot 12 times. Two bus passengers were burnt alive when their bus was set on fire.

The city's prison secretary suggested that the violence had been planned by criminals from the Mangueira shantytown, a community thought to have links with the First Command of the Capital crime faction in Sao Paulo.

18 Dead As Rio Gangs Clash With Police In Violent Show Of Force (IND)

Independent, December 29, 2006

Violence across Brazil's second largest city killed 18 people yesterday, as drug gangs set fire to buses and fired on police stations.

The victims included seven people who were burned to death in one of four torched buses, as well as two policemen. Two other civilians were shot dead, including a street vendor caught in the crossfire during a gunfight in Rio's Botafogo district. Seven alleged gang members were also killed.

Roberto Precioso, the head of Rio de Janeiro's public safety department, said gang members used handguns, machine guns and grenades in 12 attacks against police stations and outposts that started early yesterday morning.

Fourteen civilians and eight police officers were injured, he added.

The attacks were a show of force by the city's gangs, staged before a new governor is sworn in on 1 January, Mr Precioso said. Police intelligence had warned that the gangs were planning attacks for some time.

"It is very difficult to prevent these types of attacks, that were practically kamikaze," Precioso said at a news conference. "Police action prevented the situation from getting much worse."

He said the attacks were apparently ordered from inside one of the state's prisons, but did not elaborate.

According to the website of the O Globo newspaper, the attacks began on the Washington Luiz highway that links Rio de Janeiro with the nearby mountain resort of Petropolis.

Most of the violence occurred on Rio's poor north side, although a policeman was killed in the upmarket Lagoa district, and a woman was killed in an attack on a police post in the Botafogo area of the city.

Rio's Mayor, Cesar Maia, said gangs appeared to be retaliating against militias - reportedly run by off-duty police officers - that in recent months have been battling the gangs in slum areas - and charging residents for protection.

"The reason for what's happening is that militias have grown and the drug gangs are leaving," Mayor Maia said. "To maintain their income, the gangs are increasing crime on the street."

Mr Precioso said early action by Rio's police had prevented the violence from reaching levels seen in Sao Paulo in May, when an organised crime group launched similar attacks that left nearly 200 people dead, including some 40 police and dozens of gang members. Walter Fanganiello Maierovitch, an expert on organised crime and Brazil's former top anti-drugs official, said police in Rio did a better job of containing the attacks.

"Precioso did not try to fool anyone and took to the offensive immediately," Maierovitch told CBN radio. "In Sao Paulo, the authorities downplayed the attacks at first, saying they were isolated incidents."

Still, he said, the violence showed that "Brazil's public safety policies are in shambles".

Mr Precioso said police were working to contain ongoing attacks, and that they did not present a danger to the millions of people who are expected to celebrate New Year on Rio's beaches. But he declined to answer a reporter's question about whether the police are prepared to handle security during the 2007 Pan American Games which will take place here.

Rio de Janeiro is one of the most violent cities in the world, with an annual murder rate of about 50 per 100,000 residents.

3 Plead Guilty In Alabama Church Arsons (BVND)

By Phillip Rawls

The Belleville News Democrat, December 21, 2006

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BIRMINGHAM, Ala. - Three former college students pleaded guilty Wednesday to federal arson charges for burning nine churches in a series of blazes that alarmed rural congregations across Alabama.

Matthew Cloyd, Benjamin Nathan Moseley and Russell Lee DeBusk entered the guilty pleas to federal arson and conspiracy charges in the string of church fires set on two nights in February.

The three wore orange jail jumpsuits and leg chains as they stood before U.S. District Judge David Proctor, who told them they all face minimum seven-year sentences.

Cloyd, 21, and Moseley, 20, had a plea agreement with federal prosecutors that called for them to recommend a sentence of up to eight years and one month, but not less than seven years.

DeBusk, 20, did not have an agreement on a sentence with his plea but decided to plead guilty "to help those congregations and others hurt by his behavior continue to heal," defense attorney Brett Bloomston said. A prosecutor said he expects DeBusk to get a shorter sentence because he participated in only five fires.

Defense lawyer Tommy Spina said Cloyd "is incredibly remorseful, and he regrets creating this much misery in people's lives."

The three are also charged with state crimes in Bibb, Pickens, Greene and Sumter counties, including arson, burglary, criminal mischief and cruelty to animals for killing a cow. Defense attorneys have been discussing a similar plea deal with county prosecutors, but none has been reached.

Prosecutors said that the first fires occurred during a night of illegal hunting and underage drinking, and that the second fires were set to throw off investigators.

All the churches have either rebuilt or are in the process after receiving an outpouring of donations.

The Rev. James Posey suffered a stroke and had to step down as pastor after Morning Star Baptist Church in Eutaw was destroyed. Posey, who blames his stroke on the stress of the fire, was pleased to hear of the pleas.

"It sends a message out that you are not going to run amok and not desecrate and destroy property, especially God's church," he said.

TAX:

Fate Of Assets Ordered Back To State Court (BUFFNEWS)

By JANICE L. HABUDA, News Staff Reporter

Buffalo News, December 29, 2006

Rebuffing the Internal Revenue Service, a federal judge Wednesday returned the receivership case involving St. Augustine Center to state court.

The nonprofit human services agency that served Buffalo's black community was ordered closed in February by State Supreme Court Justice John A. Michalek because of financial problems.

Since then, attorney Adam W. Perry, a court-appointed receiver, developed a plan to pay off creditors and obtain compensation for 85 employees who worked months without pay.

After Perry presented his report last month about distributing the center's available assets - including more than $127,000 in unpaid wages - the IRS sought to move the case to federal court.

The IRS argued that the actions contemplated by the receiver would be adverse to the IRS's tax lien of almost $900,000 against St. Augustine and that the receivership action has become one "against" the United States.

Further, attorneys for the U.S. Justice Department, representing the IRS, threatened last week to sue the former employees and the receiver if the lien wasn't honored.

Perry argued before U.S. District Judge John V. Elfvin on Friday to keep the case in Michalek's court.

Elfvin agreed. In a decision issued Wednesday, Elfvin concluded that removing the case from state court had been improper. The judge also denied a conditional petition/motion for emergency injunctive relief that was filed by the IRS after the court clerk's office closed Friday for the holiday weekend. The IRS sought to prevent the receiver from distributing any St. Augustine assets until 10 days after the state court decides another IRS motion.

Elfvin wrote that he lacks jurisdiction over the receivership action and that the IRS can petition the state court for such relief.

"Justice prevailed, and the employees so far have prevailed," Perry said Wednesday.

He said he will ask Michalek to take back the case and to be discharged as receiver.

CONGRESS-ADMINISTRATION:

Lame Duck Bush Entering Rougher Waters (USAT)

By Susan Page And David Jackson

USA Today, December 29, 2006

WASHINGTON — Embattled by the Iraq war, barred from seeking another term in office and facing an emboldened, Democratic-controlled Congress, President Bush fits the textbook definition: a lame duck.

His final two years in the Oval Office seem destined to be dramatically different and more difficult than his first six. Republicans in Congress, once loyal, have begun to fracture. Democrats in Congress, once powerless, vow to use their new authority to investigate the administration, challenge its policies and chart their own course.

Nevertheless, the president, calculating how to maneuver during his remaining time in office, insists he can score achievements — and says he plans to try. "Look, I came to do big things, and we're still going to try to do big things," Bush told a private gathering of Republicans after November's election setbacks, according to GOP strategist Charlie Black, who was there. "Regardless of my popularity and the Congress, I'm going to try to do big things."

Those "big things" include reauthorizing his signature No Child Left Behind law, winning passage of immigration legislation that provides a path to legal status for undocumented workers and taking steps toward adding individual investment accounts to Social Security. White House officials are exploring the prospects for limiting congressional "earmarks" in the budget process and encouraging new and expanded sources of energy.

But the war overshadows it all.

The conflict in Iraq is costing an estimated $8 billion a month, straining the Army and Marine Corps and sapping Bush's job-approval rating, now at 38% in a USA TODAY/Gallup Poll. A turnaround in the security and political situation there could invigorate his presidency, but growing violence and chaos might well make it hard for him to focus on anything else.

What Bush will propose in the State of the Union address next month and how he'll pursue those priorities will depend in part on how conciliatory Democrats are, White House officials say. They're preparing "soft" and "hard" approaches — from cooperation to confrontation — after studying how other presidents dealt with opposition Congresses.

"With the majority comes responsibility," White House strategist Karl Rove said in an interview. "In our system, the president governs. The president is the chief executive, and the Congress has the responsibility to legislate. But the Congress cannot legislate without the concurrence of the president, and vice versa. If Congress legislates and it does not have the concurrence of the president, it's called a veto."

The ferocity of the war in Iraq and its impact on U.S. relations around the globe limit Bush's ability to use a strategy other second-termers have employed during their final two years in office: Turn to foreign policy — where a president's powers remain largely unfettered — and change the subject from whatever is bedeviling your presidency.

"Iraq is still there; it's always there," says Frank Donatelli, a Republican consultant and former White House political director for Ronald Reagan. "Unless it starts getting better, it's like a 10-pound weight" on the president.

When presidents get to the final two years of their second term, their administrations often are running out of gas and into trouble.

The proposals that drove their first elections generally have either been enacted (such as Reagan's defense buildup and tax cuts) or run aground (such as Bill Clinton's health-care overhaul). Many of the advisers who helped them get to the Oval Office have moved on, and members of Congress in their party usually lose big in the election midway through the second term. The administration has had enough time in power for malfeasance to take place — and be uncovered.

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"The metaphor I'd use is barnacles on the ship of state," says Steven Schier, a political scientist at Carleton College in Northfield, Minn., and author of High Risk and Big Ambition: The Presidency of George W. Bush. With grievances accumulating, he says, "you encounter more and more resistance as you try to move forward."

In the sixth year of his presidency, Dwight Eisenhower had to accept the resignation of chief of staff Sherman Adams amid scandal. The congressional inquiry into the Iran-contra affair opened Reagan's final two years in office. Clinton began his last two years with an impeachment trial.

Yet both of Bush's most recent two-term predecessors bounced back after damaging midterm elections to reach successes that helped shape their legacies.

In Reagan's final two years, he embraced Soviet reformer Mikhail Gorbachev and negotiated the destruction of hundreds of intermediate-range nuclear weapons.

After Democrats lost control of the House and Senate in 1994, the election midway through Clinton's first term, the president brokered deals with Republicans that revamped welfare and balanced the federal budget. Those measures at times put Clinton at odds with leaders in his own party — for instance, then-New York Sen. Daniel Patrick Moynihan — and presumably would have been more difficult to complete if Democrats had still controlled Congress.

For Bush, the Democratic takeover could make it easier for him to enact the immigration plan that was blocked by House Republicans this year. The new political realities could push him to be more flexible and bipartisan.

"I felt like we had a pretty successful couple of years when it comes to legislation," Bush said at a year-end news conference. "However, that doesn't mean necessarily that we are able to achieve the same kind of results without a different kind of approach."

He noted he had worked collegially with a Democratic state Legislature as governor of Texas.

White House officials are also girded for confrontations with the incoming Democratic majority in Congress. The debate over federal funding for embryonic stem-cell research — the subject of Bush's only veto to date — could spark an early showdown. A move to loosen the rules for funding would prompt another veto, aides say.

Bipartisanship "has to work both ways," White House spokesman Tony Snow warns.

Still, Bush's aides say that even after GOP ranks shrank by 13 seats in the Senate and 48 in the House in the 1958 elections, during Eisenhower's sixth year in office, the president could cajole the Democratic Congress to rein in spending.

"The president is very pragmatic," GOP consultant Mark McKinnon, a longtime adviser, says of Bush. "He wants to get things done, and he understands that to get things done, he needs Democrats."

The most difficult issue seems sure to be Iraq. It is "the whale in the bathtub," Schier says.

The bipartisan Iraq Study Group this month recommended the withdrawal of most U.S. combat troops by March 2008, and most Democrats have called for a drawdown of forces before then. But Bush has vowed to stay "until the job is done" and is weighing proposals to send more troops.

He met with Vice President Cheney, Defense Secretary Robert Gates and Secretary of State Condoleezza Rice Thursday at his Texas ranch to discuss the war and a speech to the nation about it next month. "I've got more consultation to do until I talk to the country about the plan," he told reporters.

The confrontation over the issue isn't waiting. Incoming Senate Foreign Relations Chairman Joseph Biden told reporters Tuesday that he would oppose any effort to increase U.S. troop levels. The Delaware Democrat said he couldn't "imagine there being … significant support for the president's positions" — not only among Democrats but also Republicans. In a sign of how times are about to change, he plans to call Rice before the committee next month for what seems likely to be tough questioning.

Even so, Democratic leaders including House Speaker-designate Nancy Pelosi, D-Calif., have said the new congressional majority won't use its most powerful tool, denying funding for U.S. troops.

The prospects for congressional action — and cooperation with the White House — are greater when it comes to domestic issues.

Among Bush's top priorities:

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•Modify Social Security. Since the 2000 campaign, Bush has talked about allowing workers to divert some of their payroll taxes to individual investment accounts within the Social Security system. The idea was so volatile that even the Republican-controlled Congress never brought it to a vote.

The president seems ready to try again. The day after the midterm elections, he announced he had instructed Treasury Secretary Henry Paulson "to reach out to folks on the Hill to see if we can't at least get a dialogue started" about the long-term fiscal stability of Social Security, Medicare and Medicaid.

•Move toward energy independence. The administration is considering the possibility of a deal with Democrats: Increase funding for such alternative sources of energy as solar and wind power if more exploration is allowed for oil and natural gas off the Alaskan coast and in the Gulf of Mexico. Bush also wants to build more nuclear plants.

•Reauthorize No Child Left Behind. Bush wants to reauthorize the education bill that was the first major bipartisan legislation enacted in his first term. The White House wants the revised program to maintain current testing standards for students. Key Democrats including Massachusetts Sen. Edward Kennedy and Rep. George Miller of California say they are willing to support renewing the bill but want it to reflect more of their priorities, including increased federal funding for struggling schools.

•Revisit immigration. In October, Bush signed a law authorizing construction of 700 miles of fence along the Mexican border, but it lacked provisions he supported to allow illegal immigrants now in the USA to gain legal status.

"I think the Democrats would partner with him on that," says John Podesta, a former Clinton White House chief of staff. The apparent backlash last November from Hispanic voters may boost Bush's plan among Republicans, too: Hispanic support for Republican congressional candidates fell by nearly a third from 2004.

Even without bipartisan cooperation, Podesta notes that the Clinton White House found ways to take action over the objections of an opposition Congress.

Clinton used the Antiquities Act of 1906 to declare 1.9 million acres in southern Utah as the Grand Staircase-Escalante National Monument, shielding it from new mining and other development. During his final weeks in office, he cited his authority under a 1996 health-care bill to set landmark rules governing medical privacy.

After Republicans took control of Congress, they "learned the hard way" that Clinton retained considerable powers as president, recalls Ed Gillespie, then an aide to House Majority Leader Dick Armey and later Republican national chairman.

"The veto pen is a pretty powerful tool," Gillespie says. "Executive orders are a pretty potent way to make policy. And the megaphone is still pretty big."

Meanwhile, in Washington, attention has begun to shift from the current president to speculation about his successor. Rove predicts the next presidential contest will be only a minor distraction in 2007, and he says Bush can score achievements even after the campaign is underway in 2008 by getting enough momentum behind ideas.

"I'm going to work hard," Bush declared last week. "I'm going to sprint to the finish."

Bush Tops Survey As Hero, Villain Of The Year (DENP/AP)

By Darlene Superville

Denver Post/AP, December 29, 2006

Washington - Bad guy of 2006: President Bush. Good guy of 2006: President Bush.

When people were asked in an AP-AOL News poll to name the villains and heroes of the year, Bush topped both lists, in a sign of these polarized times.

Among entertainers, Oprah Winfrey edged out Michael J. Fox as best celebrity role model, while Britney Spears outdistanced Paris Hilton as the worst.

Bush won the villain sweepstakes by a landslide, with one in four respondents putting him at the top of that list. When people were asked to name the candidate for villain that first came to mind, Bush outdistanced even Osama bin Laden, the terrorist leader in hiding, and former Iraqi leader Saddam Hussein, who is scheduled for execution.

Bush was picked as hero of the year by a much smaller margin. In the poll, 13 percent named him as their favorite, while 6 percent cited the troops in Iraq.

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Among celebrities, 29 percent of adults, when asked to choose from a list of names, bestowed the honor of worst celebrity on Spears. The 25-year-old pop singer and mother of two recently filed for divorce from Kevin Federline, her husband of two years.

She then followed with highly publicized nights out with party girls Hilton and Lindsay Lohan, including photos of Spears wearing no underpants.

Second-worst celebrity billing went to Hilton, 18 percent. The 25-year-old celebutante was arrested for drunken driving in Los Angeles in September.

Mel Gibson, 50, was third- worst celebrity with 12 percent, after his anti-Semitic tirade at police in Malibu, Calif., during his arrest on suspicion of drunken driving. He later apologized and said he harbored no animosity toward Jews.

In the best celebrity role model category, 29 percent of adults chose talk-show host Winfrey. The philanthropist and entertainment mogul contributed $40 million toward the establishment of a school for girls in South Africa, which is scheduled to open next month.

The telephone poll of 1,004 adults was conducted Dec. 19-21. The margin of sampling error was plus or minus 3.1 percentage points.

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A Matter Of Degrees: Roberts Taking His Time To Reshape High Court (LAW)

By Tony Mauro, Legal Times

Legal Times, December 29, 2006

At the end of John Roberts Jr.'s first full year as chief justice, his tenure is taking shape, framed by sometimes conflicting goals of collegiality, continuity and change.

He leads the nation's highest court more openly and with a lighter touch than his predecessor, the late William Rehnquist, and has quickly endeared himself to Supreme Court staff. But his imprint on the Court as an institution has been measured in small increments so far, as the realization sets in that major change -- such as increasing the size of the Court's docket and reforming the law-clerk-pooling arrangement -- may take years to accomplish.

"He is trying to bring the old traditions of the Court into the 21st century," says former Court official Harvey Rishikof. "It's going to take awhile."

Nearly everywhere he goes, Roberts speaks of his desire to preside over a more cohesive and unanimous Court. But with resignation in his voice, he notes that he cannot achieve that goal without active help from his colleagues.

"I think we're most effective when we operate and function as a court rather than nine separate individuals," Roberts said at the University of Miami on Nov. 13, adding pointedly, "I think we all need to do what we can to work toward that end."

And when, at the Miami talk, ABC News reporter Jan Crawford Greenburg asked him how it felt to join the high court as its boss, Roberts gently corrected her. "The chief justice really doesn't have a lot of authority of the sort that would cause you to refer to him as a boss."

But Roberts is not losing sleep over this fact of Supreme Court life. Already steeped in the ways of the Court, Roberts knows that unlike a modern corporate executive who must produce quarterly gains, as a life-tenured chief justice, he can pace himself for the long haul.

E. Barrett Prettyman Jr., a longtime friend of Roberts, recalls that when Warren Burger became chief justice in 1969, he ruffled feathers and made enemies quickly by changing internal procedures and using -- some say abusing -- his power to assign opinions as a way to reward and punish colleagues.

"That isn't John," says Prettyman, who is of counsel at Hogan & Hartson, Roberts' former firm. "He may end up making the same changes, but they'll hardly notice it because he'll stretch it out over years."

A MEASURE OF CHANGE

Some small changes have already taken place. Oral arguments are more advocate-friendly, lawyers say. For example, Roberts has been more willing than Rehnquist was to spontaneously grant extra argument time to advocates when fairness seems to require it.

Even better, at least from the advocates' perspective, is that they are now able to get a few more words in edgewise before a justice asks a question.

According to a new study by University of Kansas professor Lawrence Wrightsman, the number of words advocates are able to speak before being interrupted by a justice has jumped nearly 50 percent under Roberts. That trend has been attributed to the retirement in January of Justice Sandra Day O'Connor, who was usually first with a question. But Wrightsman's numbers indicate the increase started even while O'Connor was on the bench. Wrightsman is the author of a new book, "The Psychology of the Supreme Court."

Perhaps the most visible change Roberts has wrought was the decision to release oral argument transcripts promptly on the same day that they occur. Scholars and journalists had asked for this change for years without success. But when Roberts arrived, the request made sense to him, and with the agreement of the Court, he ordered it done.

But bigger changes have proved more elusive. Like many veteran Supreme Court advocates, Roberts was a critic of the Court's "cert pool" arrangement, under which all the justices except Justice John Paul Stevens pool their clerks to summarize incoming petitions. The pool means that many petitions are scrutinized only by two clerks and no justices, causing concern that clerks have too much power.

In spite of his views, Roberts has joined the pool in both his terms on the Court -- though each time he has indicated that his decision covered only that term. Reforming the pool is an example of the kind of change that would rankle colleagues if Roberts were to undertake it too quickly, so he appears to be biding his time.

But the toughest nut so far for Roberts appears to be increasing the number of cases the Court reviews each term. During his confirmation hearing in September 2005, Roberts said the Court could help clarify the law by taking more cases -- closer to 100 per term, rather than the 75 to 80 it has ruled on in recent years. Instead, last term -- Roberts' first -- it ruled on even fewer cases, 69, and this term the number could sink even lower. The Court canceled an argument day in December, and on three out of the five argument days this coming February, only one case will be heard instead of the usual two.

Why the dearth of cases? Lawyers in the Solicitor General's Office and elsewhere reject one popular theory, namely that when the conservative Bush administration and the Court's like-minded members look out over the conservative appeals court landscape, they see fewer decisions that need fixing.

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"I strongly disagree that this is the end of history, that there are no issues left to resolve," says Thomas Goldstein of Akin Gump Strauss Hauer & Feld, a close student of the Court's docket. Goldstein points to several factors to explain the slowdown, including the possible reluctance of the Court's liberals to seek reviews of cases that, because of the new lineup, they might lose.

Goldstein also suggests that O'Connor's retirement may be a reason, noting that she "kept the Court abreast of the docket" in courts nationwide. With her gone, the Court may be more willing to let issues percolate longer without its intervention. (Goldstein writes a column for Legal Times.)

Roberts himself has not offered a theory publicly, but those who have spoken with him say he rejects the view that the Court is ducking major, festering issues.

Several justices have also said they have not seen many review-worthy petitions cross their desks recently. Of course, if enough justices express that view, which might not have been shared by O'Connor, it alone would provide an answer to the mystery: The vote of four justices is needed to review a case.

Roberts has brought in his own team to help administer the Court itself and to lead the federal judiciary: Jeff Minear as his administrative assistant at the Court, and James Duff to head the Administrative Office of the U.S. Courts.

A PUBLIC PRESENCE

Roberts has become a ubiquitous ambassador for the Court, speaking to bar groups, broadcast interviewers and book authors at a brisker pace than his more reserved predecessor, Rehnquist. Roberts has held two press conferences and will be seen frequently on a PBS special on the Court airing in January. "He believes that it is good for the Court to have a chief justice who is not afraid of appearing in public," says Prettyman. "He goes everywhere." There are limits to this openness, however: Roberts is declining press interviews for now, a spokeswoman said when asked for comments for this story.

Inside the building, Court employees speak of "a breath of fresh air" and a less formal atmosphere. But even as staffers praise Roberts, they hesitate to do it openly, not wanting to imply criticism of the late Rehnquist, who was also popular.

How has the job changed Roberts personally? Friends say he has been struck with the gravity of the position and how much there is to do. In the ABC interview, Roberts joked that his new job has given him a good excuse when his wife, Jane, asks him to run household errands.

But Roberts has still been able to stay grounded and in touch with friends, says Prettyman, who offers poignant evidence. About six weeks ago, when Prettyman's wife, Maureen, was hospitalized in Washington, she was pleasantly surprised by an hourlong visit from Roberts, his wife and their two young children. "It did her so much good," says Prettyman. "It was the John Roberts we've always known."

Ailing Senator Exhibits Signs Of Improving (NYT)

By Kate Zernike

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — Senator Tim Johnson of South Dakota marked his 60th birthday Thursday in the intensive care unit at George Washington University Hospital, where he remains in critical but stable condition two weeks after surgery to stop bleeding in his brain.

“Senator Johnson’s overall general medical condition has improved, and he is gradually being weaned from the sedation,” Vivek Deshmukh, the neurosurgeon who performed the operation, said in a statement released by Mr. Johnson’s office. “He is opening his eyes and is responsive to his wife.”

Mr. Johnson was joined on his birthday by his wife, Barbara, his daughter and one of his two sons. He is expected to undergo more testing in the next few days, and his office said it would release information afterward.

Mr. Johnson, a Democrat, began to stutter on Dec. 13 during his weekly conference call with reporters, but then recovered well enough to walk across the street from the Capitol to his office, his staff said. After being examined by the Capitol physician, he was taken by ambulance to the hospital and admitted with what the physician called the symptoms of a stroke.

His illness set off speculation that Democrats might lose the new, narrow majority they are expected to have in the Senate next month. South Dakota’s governor, a Republican, would appoint a new senator to fill any vacancy, and Democrats worried that he might appoint a member of his own party.

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But a senator is replaced only if he dies or steps down, according to Senate precedent, and senators have remained in office despite being absent because of illness for months or even years. If Mr. Johnson is unable to vote in January, Democrats are still expected to hold a 50-to-49 majority.

Mr. Johnson's doctors said the bleeding was the result of a rare congenital tangling of the blood vessels in the brain, known as an arteriovenous malformation. The surgery, performed about 12 hours after his first apparent symptoms, stopped the bleeding, doctors said, and relieved the pressure on his brain.

Doctors said after the surgery that Mr. Johnson would remain in the hospital until the swelling in his brain, which they described as normal after such an operation, receded. They have said that he is expected to undergo physical therapy to address weakness in his right side.

Sen. Johnson Improves, Is Expected To Miss Start Of Congress (WP/AP)

The Washington Post, December 29, 2006

Sen. Tim Johnson (D-S.D.) turned 60 yesterday, two weeks after emergency surgery to repair a brain hemorrhage that has left him in critical condition.

Julianne Fisher, a spokeswoman for the senator, said Johnson will not be present in the first days of the new Congress next week but is continuing to improve. She said he is responsive to directions from his wife but has not yet spoken.

It is too soon to tell how long recovery will take, Fisher said.

In a statement yesterday, Johnson's doctors said he remains in intensive care at George Washington University Hospital. They have released few new details about Johnson's condition and prognosis since the days after the Dec. 13 surgery to stop bleeding in his brain.

Vivek Deshmukh, head of Johnson's surgical team, said in a statement that the senator's overall condition has improved and that he is gradually being weaned off sedation to help his brain heal.

Johnson's wife, Barbara, said that her husband "continues to give us great hope" and that two of the couple's three grown children were at the hospital on his birthday.

Johnson was diagnosed with arteriovenous malformation, a condition that causes arteries and veins to grow abnormally large, become tangled and sometimes burst. He was rushed to the hospital after becoming disoriented during a call with reporters.

His illness raised questions about the Democrats' one-vote majority in the upcoming Senate session. Should Johnson's seat become vacant, South Dakota Gov. Mike Rounds, a Republican, could replace him with a Republican.

A Republican appointee would create a 50-50 tie and effectively allow the GOP to retain Senate control because of Vice President Cheney's tie-breaking vote. But there is precedent for senators to continue to hold office while incapacitated.

When Nature Calls, Women In House Hike (DENP)

By Margaret Talev McClatchy

Denver Post, December 29, 2006

Washington - When nature calls during a debate or vote in the House of Representatives, what's a member of Congress to do? The answer, even as the first female speaker of the House prepares to be sworn in next month, depends on gender.

The members-only House men's room, with its shoeshine stand, fireplace and television tuned to floor proceedings, is nestled a few paces from the House chamber, beside the speaker's lounge, flanked by Capitol police. How convenient.

Reaching the women's equivalent entails traversing a hall where tourists gather, or entering the minority leader's office, navigating a corridor that winds past secretarial desks and punching in a keypad code to ensure restricted access.

When Speaker-elect Nancy Pelosi, D-Calif., takes the gavel, she may revisit, along with the Iraq war and raising the minimum wage, the question of potty parity.

Starting in January, the 435- member House will have a record 71 women. (The 100- member Senate will have 16 women, also a record.) Asked whether female House members should also get a loo off the chamber, Pelosi said, "I'm all for it - let's find a spot." Mischievously, she said she's eyeing the men's room just steps from the chamber, "but the gentlemen, they just won't get out of there."

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There are arguably more pressing matters for Congress when it returns to a pivotal wartime session and Democratic control for the first time in a dozen years.

"We've got a lot of other problems ahead of this, starting with the minimum wage, health care, education," said Rep. Carolyn Maloney, D-N.Y., who'll be vice chairwoman of the Joint Economic Committee.

But the very mention of rest room access is a reminder of the institution's male-dominated legacy, and it stirs lingering sensitivities.

At least one incoming female freshman representative may take up the cause.

Rep.-elect Yvette Clarke, a Democratic New York City councilwoman, was lead sponsor of that city's Women's Restroom Equity Bill, signed into law in 2005. It requires a 2-to-1 ratio for women's bathrooms to men's in new construction and major building renovations.

Clarke said she wouldn't try to impose such mandates on historic structures like the Capitol. But she thinks women should have at least one toilet off the House chamber, rather than having to run down the hall.

Rep. Marsha Blackburn, R-Tenn., said women "are adaptable; it's a balancing act." She paces herself when she knows she'll be on the House floor for long stretches. In case of emergency, she said, "I'm a runner."

Rep. Alcee Hastings, D-Fla., said that perhaps Pelosi could partition the men's restroom to make room for women.

That's what happened with the members-only restroom off the Senate chamber after the 1992 elections, when female representation shot from two to seven, said Senate associate historian Donald A. Ritchie. Previously, female senators went up one floor or to their offices, or used public restrooms.

The Office Pool, 2007 (NYT)

By William Safire

The New York Times, December 29, 2006

Washington

OPTIMISTIC predictions took a beating in 2006 (except for the stock market), but today — in my 33rd annual office pool in this space — is my chance to recoup. In these multiple choices, pick one, all or none.

1. The “O’Connorless Supreme Court” will decide

(a) without reversing Roe v. Wade to uphold laws restricting late-term abortion because they do not impose an “undue burden” on women

(b) that public schools in Seattle and Louisville, in their zeal to prevent re-segregation, have gone too far in using race in selection of students

(c) to reject Massachusetts’ case to force the Environmental Protection Agency to raise auto emissions standards, holding that “global warming” gives the state no standing to sue without new law

2. Dow Jones industrials will

(a) reflect 4 percent economic growth to rise in 2007 to close above 14,000

(b) fall out of bed to 10,000 in what the Republicans will claim is the Democratic recession

(c) soar to 15,000 before ending the year around 14,000

(d) change from a boring numerical index to lively prose opinions in the with-it Wall Street Journal

3. Bipartisan achievement of 110th Congress and Bush White House will be

(a) blue-ribbon Social Security panel providing cover to raise retirement age to 70 for those now under 50

(b) passage of Leahy-Pence shield law permitting whistleblowers to expose corruption to reporters without fear of being ratted out by runaway prosecutors

(c) immigration reform allowing earned citizenship of current illegals and installing 1,700-mile fence named after the nativist Millard Fillmore

(d) substantial minimum-wage increase with reduction but not elimination of “death tax”

4. Congress will override Bush veto of

(a) federal support of stem-cell research

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(b) federal negotiation of drug prices

5. The word most often heard in 110th Congress will be

(a) sellout

(b) compromise

(c) subpoena

(d) civility

(e) payback

6. The Oscar for best picture in a year of great pictures will go to

(a) Martin Scorsese's "Departed"

(b) Paul Greengrass's "United 93"

(c) Clint Eastwood's "Letters From Iwo Jima"

(d) Stephen Frears's "Queen"

(e) Jonathan Dayton and Valerie Faris's "Little Miss Sunshine"

7. The level of American troops in Iraq at year's end will be

(a) over 100,000, down from surged 160,000

(b) under 100,000, down from today's unsurged 140,000

(c) under 80,000 with announced timetable for downsizing in 2008 to 40,000 in secure Iraqi Kurdistan

8. Iraq will be

(a) in full-scale civil war

(b) on the road to shaky democracy with insurgency weakening

(c) split three ways with Kirkuk as capital of Kurdistan

9. Iran at year's end will be

(a) more intransigent than ever and on the way to matching North Korea's nuclear weapon

(b) more reasonable after plunge in oil income, anti-terrorism boycott, labor-student unrest and global sanctions

(c) red-faced at double cross from Arab Iraqi Shiites

10. Publishing sleeper-seller will be

(a) "Sacred Games" by Vikram Chandra, a gangster novel like an Indian "Godfather"

(b) Jim Lehrer's novel "The Phony Marine"

and in non-fiction

(c) "Spy Wars: Moles, Mysteries and Deadly Games," by a retired spook, Tennent Bagley, which refutes C.I.A. groupthink about the molehunter James Angleton being paranoid

(d) "Father's Day," by Buzz Bissinger, about his twin sons, one exceptional and the other damaged

11. Internal party struggle will be

(a) John Edwards's labor-appealing protectionism versus Hillary Clinton's championing of Nafta-style free trade

(b) John McCain as pro-life versus Rudy Giuliani as pro-choice

(c) cognitive dissonance of anti-bias liberals at bias toward a conservative Mormon candidate

12. Scientific news will be in

(a) neuro-circuitry

(b) deep brain stimulation in treating depression

(c) sequencing the genome of higher apes in studying evolution

(d) vaccine approaches to treatment of Alzheimer's as well as eradication of malaria

(e) gene duplication to detect mental illness

(f) commercial hype about cranial calisthenics

13. Year-end polls of likely primary voters will have in the lead among Democrats

(a) Clinton

(b) Obama

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(c) Edwards
(d) Gore
(e) Richardson-Biden-Dodd-Dean
and among Republicans
(a) McCain
(b) Romney
(c) Giuliani
(d) Gingrich-Rice-Brownback-Hagel
14. Time and chance will happeneth to all predictions if
(a) McCain scampily blows his stack
(b) Clinton freezes over
(c) Romney is brainwashed
(d) Obama loses his cool over press interest in "Rezkogate"
15. Key factor in swing-voter choice of next president will be
(a) experience
(b) freshness
(c) character
(d) name recognition
(e) seizure of health-care issue
(f) Internet organization
My picks are: 1 (all) 2 (c) 3 (b) 4 (both) 5 (c) 6 (d) 7 (a) 8 (b) 9 (b) 10 (c) 11 (a) 12 (all) 13 (a), (a) 14 (all) 15 (c)

OTHER NEWS:

US '07 Economic Outlook: Slow Growth, No Recession (CSM)

By Ron Scherer
The Christian Science Monitor, December 29, 2006
NEW YORK
It looks as if it will be an uphill climb for the economy next year.

Growth could be the slowest in the past five years. The unemployment rate, already at a low level, is likely to rise. Business, which has been on a spending spree, is expected to cut back somewhat. The consumer, the bulwark of the economy, may not be spending quite as freely.

Despite this economic slo-mo, most economists expect a recession-free 2007, the sixth consecutive year without a downturn.

"There are risks ahead, but the basics look reasonably good," says Robert Hormats, vice chairman of Goldman Sachs International. "Many people thought the sharp weakening in housing would have a more crushing effect on the economy, but mercifully it hasn't."

Managing the slower economy will be a challenge for the Federal Reserve. It will have less leeway for mistakes. At the moment, many economists are anticipating that the Fed will cut interest rates starting in the spring.

"We are anticipating the Fed will make two cuts starting in March," says Jason Schenker, an economist at Wachovia Corporation in Charlotte, N.C. "The Fed will be under a lot of pressure to hit the cut button."

Exactly how much the economy slows - and when - is still a matter of dispute among economists. "There is a real tug of war over the outlook," says Robert Brusca of Fact and Opinion Economics in New York. "A lot of indicators are moving in different directions, so it's not surprising there is a lot of discord in the outlook."

On the negative side are a small group of economists who still think the economy will sputter into a recession next year. A member of the recession contingent is Hugh Moore, a partner at Guerite Advisors in Greenville, S.C.

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He is focusing on a number of quantitative economic statistics, which he believes are signaling negative growth ahead. "We don't think it's dire, we don't think the economy will crumble," he says. "But we think the decline in housing construction and the reduction in home equity withdrawals [borrowing against a home's increased value] will be enough to put the economy into a recession in the second half of 2007."

Others think the economy will just barely get by without a downturn. Wachovia, for example, expects the nation's gross domestic product (GDP) will grow only 1.9 percent next year. The bank predicts the unemployment rate will rise from 4.5 percent to 5 percent.

Mr. Brusca thinks the weakness is short term. He sees the economy scraping by and building momentum by year-end. "By this time next year it will feel like a year of improvement," he says.

However, one sector that does not expect to see much improvement is manufacturing. Over the past two years, the sector has grown faster than the economy as a whole, says Dave Huether, chief economist at the National Association of Manufacturers in Washington. But in 2007, he expects manufacturing to grow 2.8 percent compared with 4.5 percent this year. "That's a significant slowdown," he says.

The sector's problems would be eased quite a bit by a strong end to this year's holiday season, says Brusca, who points to excess inventories at the nation's manufacturers. "If the consumer shows up, the problems fade away. If not, it's harder to get rid of the inventory," he says.

However, some consumers will be in for a rude shock, says David Kotok, of Cumberland Advisors in Vineland, N.J. Some $1 trillion in low-interest mortgages will reset at a higher interest rate in 2007 and another $1 trillion in 2008. "About 4 million to 5 million households will be negatively impacted," he estimates. "This is mainly people in the lower and middle class, the Wal-Mart shopper, not the Tiffany shopper."

In 2006, there was also a large uptick in interest costs for some borrowers. But the higher costs were partly offset by lower energy costs.

Economists say higher energy costs next year would pose a risk to the economy. Economist Mark Zandi of Moody's Economy.com estimates the gap between global production and global demand is only 1.5 million barrels of oil per day. "With such a thin cushion, any substantial geopolitical or weather event could send prices spiraling higher," he writes in an analysis.

In the past, the economy absorbed higher energy prices without much damage. However, Mr. Zandi thinks the next oil price spike could be more difficult to digest. Instead of prices rising because of demand, he cautions they could rise because of shortages of supply "with very different economic implications."

One of the implications, he says, would be inflationary as business passes higher costs on to the consumer. "It is the combination of higher energy prices and interest rates that has undermined past economic expansions," he concludes.

However, even on the future price of oil there is disagreement. Wachovia, for example, expects the price of oil to average $60 a barrel or about where the price is currently. "Falling prices are predicated on OPEC keeping a tight rein on production," says Mr. Schenker. With oil prices at these levels, speculators will shift their attention elsewhere, easing the volatility in prices, he adds.

Home Sales Bode Well For Big Picture (WSJ)

By Christopher Conkey

The Wall Street Journal, December 29, 2006

WASHINGTON -- Sales of existing homes rose for the second consecutive month in November, a sign of rebounding demand that suggests the economic fallout from the housing market's slump will be limited next year.

The National Association of Realtors said sales of existing homes last month increased 0.6% from October to an annual rate of 6.28 million units, down 10.7% from a year earlier. Spurred by lower interest rates and home prices, sales have now increased in back-to-back months for the first time in more than a year.

Together with a recent upturn in the rate of new-home sales, the modest rise in existing-home sales indicates that home-buying activity may be stabilizing after a yearlong downturn. (See related article.1)

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"The change was small, but the results were encouraging nonetheless because they suggested activity is beginning to form a bottom" said Michael Moran, chief economist at Daiwa Securities America Inc.

If the housing slump is indeed bottoming out and starts to reverse itself in the months ahead, it would gradually lift a great weight off the broader economy. Housing-related industries have been shedding thousands of jobs in recent months, and builders have been forced to scale back construction to match waning demand. That has been a major factor behind the slowing economy this year, and many economists say growth -- now running at an inflation-adjusted annual rate of about 2.0% -- won't fully bounce back until the housing correction has run its course.

Of course, it is far from certain that the housing slump is over. Inventories of unsold homes remained large in November, with a 7.3-month supply on the market at current sales rates, according to NAR data, up from a five-month supply a year earlier. That suggests builders will continue to cut production until supply is better aligned with demand. In the meantime, large inventories will continue to put downward pressure on prices.

Last month's median home price -- the price at which half of homes sold for more and half sold for less -- was down 3.1% from a year earlier. November was the fourth month in a row that median home prices were down from a year earlier. NAR President Pat Vredevoogd Combs described current conditions as a "window for buyers" to re-enter the market.

Additional support for a rebound is coming from the competitive labor market, which is producing solid wage gains and lifting consumer sentiment. Yesterday, the Conference Board, a private research group in New York, said its gauge of consumer confidence rose to 109 in December from 105.3 in November.

As with the recent data on housing, which generated more relief than enthusiasm among economists, the improved sentiment reading was due more to a moderation in pessimism than any surge in optimism. Indeed, the proportion of those surveyed who said economic conditions are "good" fell slightly to 27.2% this month from 27.5% in November, but that was more than offset by a sharper decline -- to 14.6% from 16.2% in November -- in the number who said the climate is "bad."

More than anything, the data suggest the nation's economy will be able to maintain its current pace of slow-to-moderate growth as the housing imbalance is corrected. "There's nothing signaling a severe downturn or a severe upturn," said Lynn Franco, who oversees the Conference Board survey.

Meanwhile, the number of people filing initial claims for unemployment benefits rose slightly, to 317,000 last week from 316,000 the week before. The figures point to steady job growth.

Write to Christopher Conkey at christopher.conkey@wsj.com2

Existing-home Sales Edge Higher In US (FT)

By Doug Cameron

Financial Times, December 29, 2006

Sales of existing US homes rose slightly in November, though activity in the crucial southern market remained depressed in a sign that the nationwide market has yet to reach its nadir.

The National Association of Realtors said on Thursday that sales of all existing homes rose 0.6 per cent in November – the second consecutive monthly rise – with median prices dipping slightly and the inventory of unsold properties also dropping 1 per cent from recent highs.

The data follow a small rise in sales of new homes during November suggesting that falling prices and rising incentives are tempting buyers back to the market, eroding what homebuilding executives view as the “bad psychology” affecting the business.

However, most of the rise in existing-home business was driven by sales in the north-east, and volumes continued to fall in the south of the country, which accounted for 38 per cent of nationwide transactions in 2005.

The south and west of the US also account for three-quarters of new-home sales, and analysts remain concerned about the pace of building in the two regions, despite signals from homebuilders that they were cutting construction following the exit of speculative buyers from the market.

Most of the large homebuilders believe the excess inventory will not be cleared until the second half of next year, paving the way for a recovery in the broader market in 2008.

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The NAR was more bullish in its assessment of the housing market, which is being closely monitored by policymakers because of its potential spillover into a slowing US economy.

The association suggested the November data provide evidence of "a turn in the market", with lower median prices driving a gradual rise in sales in 2007.

"It looks like we may have reached the low point of the current cycle in September," said David Lereah, NAR chief economist, in a statement accompanying the November data.

However, falling mortgage applications and the slight rise in new-home sales last month have left other analysts more cautious.

Gregory Gieber at AG Edwards said in a report that the new-home statistics were "uninspiring" and fell "well short of "significantly reducing the industry's current inventory overhang".

The supply of new homes still remains above six months, at current sales rates, while the existing-home inventory dipped to 7.3 months in November from 7.4 months the previous month, well above the five-month level a year ago. The supply of condominiums and multi-family homes still remains above nine months.

Ohio Ruling Denying Pay In Job Injury Draws Debate (NYT)

By Bob Driehaus

The New York Times, December 29, 2006

COLUMBUS, Ohio, Dec. 28 — The Ohio Supreme Court has upheld a KFC franchise's petition to deny workers' compensation payments to a teenage boy who was severely burned while cleaning a pressure cooker, raising questions from lawyers and the dissenting judges about the basic no-fault tenet of the state's workers' compensation.

The majority in the 5-to-2 decision on Wednesday accepted the argument by the restaurant owner that the boy, David M. Gross, then 16, had voluntarily abandoned his job when he ignored repeated warnings not to boil water in the cooker to clean it. That meant he was not entitled to workers' compensation payments because he no longer had a job when he was injured, the ruling said.

"This is the worst decision I've seen since I've been practicing law," said Philip J. Fulton, a workers' compensation lawyer and past president of the Ohio Academy of Trial Lawyers. "It changes the whole substance of what workers' compensation is supposed to be."

Mr. Gross was working at a Dayton-area KFC on Nov. 26, 2003, when boiling water spewed from a pressure cooker and caused third-degree burns around his hip and groin and second-degree burns on his arms, torso and back. Two co-workers were also burned.

A company investigation found that Mr. Gross had ignored warnings in the employee handbook and on the cooker as well as repeated warnings by two co-workers and a supervisor.

Mr. Gross's disability payments were canceled after the restaurant fired him in February 2004 and successfully argued before the Industrial Commission of Ohio that Mr. Gross had abandoned his job by flouting the safety rules.

He is now able to work at a construction job, said his mother, Angelia Dussia.

The Supreme Court majority said Mr. Gross had violated his employment agreement and forfeited his job by ignoring safety instructions: "Gross willfully ignored repeated warnings not to engage in the proscribed conduct, yet still wishes to ascribe his behavior to simple negligence or inadvertence," the court wrote.

Edna Scheuer, the lawyer for the restaurant's owner, Food, Folks and Fun, said Thursday that the ruling applied to a very narrow set of circumstances and sought to deny only Mr. Gross's disability claim, which would have paid him 72 percent of his wages for the first three months and then two-thirds of his wages until he recovered.

"I don't think the ruling rested solely on Mr. Gross's fault," she said. She said she thought the court would have ruled differently if the employer had not provided a written warning on that specific safety violation.

But Mr. Fulton predicted that the decision would embolden employers to try to challenge claims by making any unsafe practice punishable by instant termination.

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In a dissent, Justice Evelyn Lundberg Stratton expressed concern that the ruling represented a slippery slope. “Should the employee’s fault preclude his receiving temporary total disability? The answer to this question is no. Our workers’ compensation laws do not permit the introduction of fault,” she wrote.

James J. Brudney, an Ohio State University law professor and labor expert, said the decision could upset a balance struck by workers’ compensation laws, which offer workers payments without assessing blame and generally preclude an injured worker from suing his employer.

Gary Plunkett, a lawyer representing Mr. Gross, envisions a situation in which a truck driver injured in an accident is denied benefits because he was driving nominally faster than the speed limit in violation of company safety rules.

Ty Pine, who heads the Ohio chapter of the National Federation of Independent Business, disagreed with the notion that the ruling was a major shift. “We think it is an appropriate decision that keeps intact the integrity of the system,” Mr. Pine said. “The court sent a clear message that safety is very important in the workplace.”

He added, “It will be in those limited areas where an employee knowingly, flagrantly disobeys orders that claims will be challenged.”

Ford, Nixon Sustained Friendship For Decades (WP)

By Bob Woodward

The Washington Post, December 29, 2006

Months before Richard M. Nixon set a relatively unknown Michigan congressman named Gerald R. Ford on the path to the White House, Nixon turned to Ford, who called himself the embattled president's "only real friend," to get him out of trouble.

During one of the darkest days of the Watergate scandal, Nixon secretly confided in Ford, at the time the House minority leader. He begged for help. He complained about fair-weather friends and swore at perceived rivals in his own party. "Tell the guys, goddamn it, to get off their ass and start fighting back," Nixon pleaded with Ford in one call recorded by the president's secret taping system.

And Ford did. "Anytime you want me to do anything, under any circumstances, you give me a call, Mr. President," he told Nixon during that May 1, 1973, conversation. "We'll stand by you morning, noon and night."

This and other previously unpublished transcripts of their calls, documents and personal letters provide a portrait of an intensely personal friendship dating to the late 1940s but so hidden that few others were even aware of it. Until now, the relationship between the two presidents has been portrayed largely as a matter of political necessity, with Nixon tapping Ford for the vice presidency in late 1973 because he was a confirmable choice on Capitol Hill.

But the tapes, documents and two lengthy recent interviews with Ford before his death this week, conducted for a future book and embargoed until after his death, show that the close political alliance between the two men seriously influenced Ford's eventual decision to pardon Nixon, the most momentous decision of his short presidency and almost certainly the one that cost him any chance of winning the White House in his own right two years later. Ford became president on Aug. 9, 1974; he pardoned Nixon just a month later. "I think that Nixon felt I was about the only person he could really trust on the Hill," Ford said during the 2005 interview.

Ford returned the feeling.

"I looked upon him as my personal friend. And I always treasured our relationship. And I had no hesitancy about granting the pardon, because I felt that we had this relationship and that I didn't want to see my real friend have the stigma," Ford said in the interview.

That acknowledgment represents a significant shift from Ford's previous portrayals of the pardon that absolved Nixon of any Watergate-related crimes. In earlier statements, Ford had emphasized the decision as an effort to move the country beyond the partisan divisions of the Watergate era, playing down the personal dimension.

A key window into their close friendship and political alliance was that May 1973 call. It was the day after Nixon had gone on national television to announce the resignations of his two top aides, H.R. "Bob" Haldeman and John D. Ehrlichman, and the Watergate coverup was unraveling. The president knew it and was eager for Ford's reassurance that his political situation on Capitol Hill was not as grave as it seemed.

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"You've got a hell of a lot of friends up here," Ford told him, "both Republican and Democrat, and don't worry about anybody being sunshine soldiers or summer patriots."

"Well, never Jerry Ford," Nixon replied. "But if you could get a few congressmen and senators to speak up and say a word, for Christ's sakes."

Ford was played a copy of that tape in 2005. Although the existence of Nixon's secret taping system had been publicly disclosed in 1973, no such tapes of Ford had come to public attention, and the former president seemed stunned. "I remember vividly that," he said, recalling how Nixon often turned to him to get things done on the Hill. He added that he considered himself to be Nixon's "only real friend."

At times, their friendship was the gossipy sort, as two longtime politicians sorted through the Washington rumor mill. They were so comfortable with each other that they openly traded nasty personal assessments of others.

On April 6, 1971, for example, Nixon called Ford to find out what was going on with House Majority Leader Hale Boggs (D-La.). Boggs had just taken to the House floor alleging that FBI Director J. Edgar Hoover was regularly wiretapping members of Congress, and Nixon wanted to know why Boggs was going public.

"He's nuts," Ford told Nixon in the call picked up by Nixon's secret taping.

"He's on the sauce," Nixon said, suggesting the majority leader was drinking. "Isn't that it?"

"Well, I'm afraid that's right, Mr. President."

"Or is he crazy?" Nixon asked.

"Well, he's either drinking too much or he's taking some pills that are upsetting him mentally," Ford replied.

In their personal correspondence, extending over decades, the two men conveyed a sense of personal bond that went beyond public niceties, demonstrated in dozens of letters in Ford's confidential files that he allowed a reporter to review and copy.

Two months before Nixon resigned, he sent Ford, by then his vice president, a personal thank-you. "Dear Jerry," he wrote on June 8, 1974, "this is just a note to tell you how much I appreciated your superb and courageous support over the past difficult months. How much easier it would be for you to pander to the press and others who desperately are trying to drive a wedge between the president and vice president. It's tough going now, but history will I am sure record you as one of the most capable, courageous and honorable vice presidents we have had."

Their friendly notes to each other continued until not long before Nixon's death in 1994. In 1978, for example, Nixon wrote to buck up Ford after Ford's former press secretary wrote a tell-all memoir, "It Sure Looks Different From the Inside," in which he gave details of Betty Ford's addiction to alcohol and various medications. "Dear Jerry, I thought Ron Nessen's comments on Betty were contemptible. Tell Betty her many friends won't believe him and for her few enemies -- The hell with them. Sincerely, Dick."

And in a handwritten letter on his personal stationery on June 1, 1990, Nixon wrote Ford urging him to attend the dedication of the Nixon library along with then-President George H.W. Bush and former president Ronald Reagan. Once Ford came, Nixon followed up with another note: "Our friendship goes back further than all the others and the event would not have been complete without you."

On June 28, 1993, Nixon wrote Ford again, this time thanking him for attending the funeral of Nixon's wife, Pat.

"As you undoubtedly noted, the emotion had caught up with me by the time we met after the services, and I did not adequately express my thanks to you then," Nixon wrote.

Then he turned back decades, to their own long friendship and a small gesture by Ford he had carried with him, not as momentous as the pardon that would come later but still vivid 31 years after it happened.

"One action of yours for which I will always be grateful was your going on a TV program when ABC had the bad manners to put Alger Hiss on to nail my coffin shut after my defeat for governor of California," Nixon wrote, remembering the sting of his 1962 loss.

"I have often said that when you win, you hear from everyone -- when you lose, you hear from your friends," he wrote. "You have always measured up in that respect, and I shall always be grateful."

For Ford, Pardon Decision Was Always Clear-Cut (NYT)

By Scott Shane

DOJ_NMG_0110118

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — President Gerald R. Ford was never one for second-guessing, but for many years after leaving office in 1977, he carried in his wallet a scrap of a 1915 Supreme Court ruling. A pardon, the excerpt said, "carries an imputation of guilt," and acceptance of a pardon is "a confession of it."

Mr. Ford's decision to pardon Richard M. Nixon for any crimes he might have been charged with because of Watergate is seen by many historians as the central event of his 896-day presidency. It also appears to have left him with an uncharacteristic need for self-justification, though friends say he never wavered in his insistence that the pardon was a wise and necessary act and that it had not resulted from any secret deal with his disgraced predecessor.

"I must have talked to him 20 times about the pardon, and there was never a shred of doubt that he'd done the right thing," said James Cannon, a Ford domestic policy adviser and author of a 1994 book about his presidency. During one of their discussions, Mr. Ford pulled out the 1915 clipping, from Burdick v. United States. "It was a comfort to him," Mr. Cannon said. "It was legal justification that he was right."

Over the last three decades, as emotions have cooled, many who were initially critical of the pardon have come to share Mr. Ford's judgment that it was the best way to stanch the open wound of Watergate. In 2001, a bipartisan panel selected Mr. Ford as recipient of the Profile in Courage Award from the John F. Kennedy Library, singling out for praise his pardon decision, which Mr. Ford later said he believed was a major factor in his failure to win election to the presidency in 1976.

In a 2004 interview with Bob Woodward, reported Thursday night on The Washington Post's Web site, Mr. Ford offered another, less lofty motive for the pardon: his friendship with Nixon, which lasted for two decades after the pardon and which letters show was closer than publicly understood.

"I had no hesitancy about granting the pardon," Mr. Ford told Mr. Woodward, "because I felt that we had this relationship and that I didn't want to see my real friend have the stigma."

Few dramas in American political history remain more riveting than that of Nixon's exit and Mr. Ford's reaction, at first halting and then decisive, to the looming possibility of a former president on criminal trial for months on end.

"At the time, I thought this was going to cause a problem with the public and the press, and of course it did," said Robert T. Hartmann, a former Ford aide. "I thought he was right. But it's also important to be seen as right and remembered in history as having done the right thing."

Since the Ford years, the tradeoff between exacting justice and political peace has repeatedly arisen around the world, as Chile, East Germany, South Africa and other countries have confronted dark periods in their histories. The crimes have been bloodier and their scale far greater than those of Watergate, but the question has echoed the one posed to the Ford White House in 1974.

The contradictions posed by the pardon were evident when Mr. Ford announced it on Sept. 8, 1974. "I deeply believe in equal justice for all Americans, whatever their station or former station," Mr. Ford said. A moment later he made clear that Nixon would not face equal justice.

"My conscience tells me clearly and certainly that I cannot prolong the bad dreams that continue to reopen a chapter that is closed," he said, though the major Watergate trials for Nixon aides were still weeks away. In the resulting firestorm, many Americans asked why, in return for a pardon, Mr. Ford had not at least demanded an admission of wrongdoing from Nixon.

The pardon drama had begun six weeks earlier, with a visit to then-Vice President Ford from Alexander M. Haig, Nixon's chief of staff.

Mr. Haig told Mr. Ford that White House tapes would soon prove Nixon's role in the Watergate cover-up and outlined several possibilities for Nixon's departure. He handed Mr. Ford two pieces of paper: a description of the presidential power to pardon and a blank pardon form.

Mr. Ford later said he had given no definitive answer. But when he described the meeting to his aides, they were alarmed at the implication: that Nixon, through Mr. Haig, might be offering Mr. Ford the presidency in return for a pardon.

"We didn't want a situation where he'd agreed to a pardon and there would be an appearance of a quid pro quo," said John O. Marsh, a former Virginia congressman who had become a top aide to Mr. Ford.

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Mr. Haig has often denied that he was making any kind of a "sleazy approach," as he put it in an appearance on CNN on Wednesday night. "You know, the president never, never was offered a deal."

Mr. Ford, too, in his memoir and in interviews, said he did not believe that Mr. Haig had explicitly offered a trade of the presidency for a pardon. But his aides feared the meeting would be viewed that way.

"There was a strong naïve streak in Jerry Ford," Mr. Cannon said. "He didn't always see the danger in things." Mr. Ford later told him that he had destroyed the two papers Mr. Haig had given him, Mr. Cannon said.

Nixon resigned a week after Mr. Haig's visit, and Mr. Ford was sworn in as president on Aug. 9. An accumulation of policy troubles confronted the president, Mr. Marsh recalled.

"We were coming out of the Arab oil embargo," Mr. Marsh said. "The economy was going sour. We were in the wind-down of the Vietnam war, and that was a bad situation." Meanwhile, he said, "Watergate was affecting everything."

At his first news conference, on Aug. 28, reporters pressed Mr. Ford on Nixon's fate, and his answers were ambiguous. Until any charges were filed against Nixon, he said, "I think it is unwise and untimely for me to make any commitment."

Afterward, Mr. Ford was angry that he had not prepared better for Nixon questions, Mr. Cannon said.

"He felt he'd bungled it royally," Mr. Cannon added. "He told me he just sat there fuming for two days, and then he decided on the pardon."

In the office of Leon Jaworski, the Watergate special prosecutor, news of the pardon divided the staff, said Richard J. Davis, then a 28-year-old assistant to Mr. Jaworski who had written legal memorandums outlining the criminal case against Nixon for obstruction of justice.

"Some people were furious," Mr. Davis said Thursday. "But I was very torn." If Nixon were to face charges, "we would have been living with Watergate every day for two or three more years," he said.

What upset Mr. Davis and some colleagues even more than the pardon, he said, was Mr. Ford's agreement to turn over the White House tapes and other documents to Nixon, appearing to extend the cover-up. The decision was reversed in December 1974, when Mr. Ford signed a law assuring government control over Watergate-related materials.

By then, Mr. Ford had visited the House, where he had served for 25 years, to defend the pardon. His toughest questioner was Elizabeth Holtzman, 31, a New York congresswoman, whose turn to question the president came last. The pardon, she said, created "very dark suspicions" that "made people question whether or not in fact there was a deal."

Mr. Ford cut off her question, declaring, "There was no deal, period, under no circumstances."

In an interview Thursday, Ms. Holtzman acknowledged the public affection being expressed for Mr. Ford, but she declined to join the chorus of praise for the pardon.

"I felt it set up a dual standard of justice, one for the president, and one for everyone else," Ms. Holtzman said. "I haven't changed my view."

Despite his experience with others second-guessing him, Mr. Ford offered a critique of President Bush's invasion of Iraq in an interview in May with Thomas M. DeFrank of the Daily News and the one in July 2004 with Mr. Woodward of The Washington Post.

He included in his criticism Vice President Dick Cheney and former Defense Secretary Donald H. Rumsfeld, both of whom had served him as chief of staff.

"Rumsfeld and Cheney and the president made a big mistake in justifying going into the war in Iraq," Mr. Ford said, The Post reported Thursday. "They put the emphasis on weapons of mass destruction. And now, I've never publicly said I thought they made a mistake, but I felt very strongly it was an error in how they should justify what they were going to do."

President Declares Tuesday A National Day Of Mourning (WP)

By Michael Abramowitz And Lyndsey Layton

The Washington Post, December 29, 2006

CRAWFORD, Tex., Dec. 28 -- President Bush declared a national day of mourning and ordered the federal government to close Tuesday to mark the death of Gerald R. Ford. Financial markets will be partially closed in observation of his passing as well.

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Bush opted not to cut short a week-long stay at his ranch here to return for Saturday night's ceremony, when Ford's body will be brought to the Rotunda of the U.S. Capitol. But Bush and first lady Laura Bush will head immediately to the Capitol upon their return to Andrews Air Force Base on Monday to pay respects at the casket.

Bush will also deliver remarks at Ford's funeral service at the Washington National Cathedral on Tuesday, the White House announced. Spokesman Scott Stanzel said Vice President Cheney, a former Ford White House chief of staff, will speak Saturday at the Capitol ceremony.

Stanzel refused to be drawn into a discussion of whether the president considered abridging his time in Crawford.

The president "will look forward on Monday and Tuesday to honoring the life of President Ford," Stanzel said. He noted that Bush's participation will mirror his involvement in Ronald Reagan's funeral in June 2004 and added that the president offered the Ford family one of the executive jets normally used as Air Force One.

Bush will not be the only major political figure to miss the Saturday ceremony. Most of the Democratic leaders, who take over Congress next Thursday, will be absent. Incoming House Speaker Nancy Pelosi (D-Calif.) will not be at the Capitol on Saturday but will attend the cathedral service Tuesday, her office said. Incoming Senate Majority Leader Harry M. Reid (D-Nev.) and Majority Whip Richard J. Durbin (D-Ill.) are traveling in Latin America, along with Republican Sens. Judd Gregg (N.H.) and Robert F. Bennett (Utah), and are not due back until Tuesday evening, meaning they will miss all the Ford events.

House Majority Leader-elect Steny H. Hoyer (D-Md.) will be on hand to greet Ford's body on Saturday, as will most leading Republicans, including outgoing House Speaker J. Dennis Hastert (Ill.), incoming House Minority Leader John A. Boehner (Ohio), incoming House Minority Whip Roy Blunt (Mo.) and incoming Senate Minority Leader Mitch McConnell (Ky.), according to aides.

Bush has offered words of praise for Ford since his death on Tuesday, but the president had reason to be unhappy with sentiments expressed by the 38th president and published Thursday in The Washington Post. In an interview with The Post's Bob Woodward in 2004, Ford said Bush and his team "made a mistake" in how they justified the Iraq war and said he would not have ordered the 2003 invasion, which toppled Saddam Hussein and has led to more than 3 1/2 years of warfare.

Ford gave the interview on the condition that his remarks not be reported until after his death. The White House made no comment on the former president's criticism.

Layton reported from Washington.

A Subdued Ford Funeral (WT/AP)

By Calvin Woodward

The Washington Times, December 29, 2006

Gerald R. Ford's state funeral is missing some of grandeur of the one for Ronald Reagan two years ago, a reflection of the 38th president's modest ways and lesser imprint on the nation, according to further planning details released yesterday.

Part of it will be missing President Bush, too. The president will not attend Mr. Ford's state funeral in the Rotunda tomorrow night but will return to Washington from his Texas ranch on Monday. Mr. Bush will pay respects to Mr. Ford while his remains lie in state at the Capitol and speak Tuesday at services for Mr. Ford at the National Cathedral.

Mr. Bush yesterday declared Tuesday as a national day of mourning for Mr. Ford.

"I call on the American people to assemble on that day in their respective places of worship, there to pay homage to the memory of President Ford," he said in a proclamation he issued from Crawford, Texas. "I invite the people of the world who share our grief to join us in this solemn observance."

In a separate executive order, Mr. Bush ordered the closure Tuesday of federal departments and other governmental agencies not connected with the national security or defense of the nation or essential to public business -- as a mark of respect for Mr. Ford.

Also yesterday, the Nasdaq Stock Market said it would observe the national day of mourning by closing for Tuesday's Washington funeral. The New York Stock Exchange is expected to do the same.

If some of the funeral formalities are toned down, Mr. Ford's goodbye is packed with events tied to the touchstones of his life.

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A prayer service and public viewing today in Palm Desert, Calif., near Mr. Ford's retirement haven for 30 years, begins a five-day chain of ceremonies that includes two funeral services in Washington; yet another, in Grand Rapids, Mich., adopted hometown of the Nebraska native, and additional commemorations in the Capitol.

Readying itself in a hurry, the nation's capital prepared to receive Mr. Ford's remains and honor the memory of the congressional veteran who achieved the highest office after being appointed vice president in 1973 by President Nixon, who resigned in 1974.

The convergence of foreign and U.S. dignitaries, the large public presence, and the national symbolism all marked the ceremonies as a potential target for terrorism, prompting the government to designate the funeral a special security event. That expedites a range of extraordinary measures overseen by the Secret Service.

Even so, some of the most regal touches of a state funeral -- those most burned in the consciousness of Americans old enough to remember the clicking hooves and the faces of grief of John F. Kennedy's funeral procession -- are being bypassed, by request of his family and, most likely, according to Mr. Ford's own wishes.

Although the family has kept the former president's final days private, his pastor at St. Margaret's Episcopal Church, the Rev. Robert Certain, shared some details yesterday. All four of Mr. Ford's children made a pilgrimage to their parents' California home to say goodbye, the pastor said.

Betty Ford, the former president's wife of 58 years, and the couple's three sons -- Michael, John and Steven -- were at his bedside when he died Tuesday at 93, Mr. Certain said. The couple's daughter, Susan, had returned to Albuquerque, N.M., the day before Christmas to spend the holiday with her family.

"I think he deliberately held on until Christmas was over," said Mr. Certain, who said he last saw Mr. Ford Dec. 16 when he went to the family's home for a Communion service. "He didn't want to spoil anyone's holiday."

Memorials For Ford Will Span The Country (USAT)

By Martin Kasindorf

USA Today, December 29, 2006

LOS ANGELES — The nation today begins six days of farewells to President Gerald Ford in state funeral ceremonies stretching from the California desert to the U.S. Capitol and a Michigan hillside.

Ford, the 38th president and the longest-lived former president, died Tuesday at age 93 at his home in Rancho Mirage, Calif.

Observances are scheduled to begin with a private prayer ceremony for the Ford family at St. Margaret's Episcopal Church in Palm Desert, Calif., where Ford and his wife, Betty, worshiped together for 29 years. From 4 p.m. today to 8 a.m. Saturday, the public is to be admitted to view the closed casket.

A military plane will fly Ford's remains Saturday to Andrews Air Force Base, Md. At dusk, a hearse will transport the casket in a motorcade to the Capitol, pausing at the National World War II Memorial to honor Ford's wartime service. After a funeral in the Capitol Rotunda, Ford will lie in state there through Monday night. The National Park Service says the public can expect to wait for up to six hours.

Ford's body will be taken to Washington National Cathedral for services Tuesday. The U.S. Army Military District of Washington says that "at family request" the flag-draped casket will travel in a hearse, not on the artillery caisson that carried presidents Ronald Reagan in 2004, Lyndon Johnson in 1973, Dwight Eisenhower in 1969 and John Kennedy in 1963.

The casket will go from the cathedral later Tuesday to the Ford presidential museum in Grand Rapids, Mich. The body will lie in public repose through the night. Funeral services Wednesday will be followed by interment at a hillside site at the museum.

Meanwhile, The Washington Post reported online late Thursday that interviews with Ford revealed a friendship with Richard Nixon that influenced Ford to pardon Nixon. "I had no hesitancy, … I didn't want to see my real friend have the stigma," Ford said.

The Post and the New York Daily News on Thursday released interviews that Ford granted on condition that they not be released until after his death. In them, he criticized the Bush administration for citing weapons of mass destruction in Iraq as the justification for the invasion in 2003.

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Fenty Postpones Inaugural Festivities (WP)

By Elissa Silverman

The Washington Post, December 29, 2006

D.C. Mayor-elect Adrian M. Fenty decided yesterday to postpone his inaugural celebrations, including a party that was expected to draw up to 15,000 people, because Tuesday has been declared a national day of mourning for former president Gerald R. Ford.

Fenty will still become mayor that day, taking the oath and succeeding Anthony A. Williams in a private ceremony. But he pushed back a public inauguration for himself and the D.C. Council until Wednesday and reset his inaugural ball for Jan. 6.

"We're really humbled and honored to have the opportunity to do something to help honor and recognize the service of former president Gerald Ford," said Fenty (D), who plans to attend the service Tuesday morning at Washington National Cathedral.

President Bush issued a proclamation making Tuesday a day of mourning for the 38th president. He also ordered that federal offices be closed that day in honor of Ford, who died at his California home Tuesday night at age 93.

Ford's body will arrive in Washington tomorrow, and officials yesterday were firming up the route his motorcade will take from Andrews Air Force Base to the Capitol. Vice President Cheney plans to speak at the state funeral tomorrow night at the Capitol.

The public has been invited to pay respects tomorrow evening, Sunday and Monday at the Capitol Rotunda. Bush and the first lady will go to the Capitol on Monday afternoon, and Bush will speak at the Washington National Cathedral service Tuesday.

While military and law enforcement authorities were making preparations and dignitaries from the United States and abroad were making plans to come to Washington, Fenty and his aides were sorting out the logistics of putting off the public swearing-in and gala.

D.C. and regional officials were also dealing with transportation concerns. The decision to close federal offices affects about 388,000 civilian employees in the region, which should ease any traffic crush. Street closings will take effect to accommodate events tomorrow and Tuesday. Officials urged people to rely on Metro, which will run its usual weekday schedule Tuesday.

The biggest potential for traffic tie-ups will be Tuesday. Ford's body is scheduled to leave the Capitol at 9:15 a.m. for the cathedral service an hour later and then depart about 11:30 for the trip to Andrews and the flight to the presidential museum in Grand Rapids, Mich.

John B. Townsend, spokesman for AAA-Mid Atlantic, said the mix of commuters and tourists could make for a "tight fit." But, he added, "whatever happens, I think people will understand that they will be witnesses to history."

Fenty and his team expressed a similar view. When Fenty learned of Ford's death, he told his top aides that they would "err on the side of moving" the ceremonies to pay respects and give "proper deference" to the former president.

Fenty and his aides devised several options for the ceremonies but waited to make final plans until the day of mourning was announced.

Dan Tangherlini, who is to become Fenty's city administrator, said early yesterday that it would be inappropriate to "have people cutting the rug" during a national day of mourning. Once Bush made the declaration, the party was rescheduled. More than 15,000 tickets had been distributed for the event at the Washington Convention Center.

Fenty spoke on the phone yesterday with White House Deputy Chief of Staff Joe Hagin to discuss plans. Stephanie Scott, Fenty's designee as secretary of the District, remained in touch with the White House as she and other inaugural planners visited Washington Convention Center to explore options.

Finding a new date for the inaugural ball was not easy. The convention center has other activities throughout next week, including a revival that is expected to draw 10,000 people. The next available date was Jan. 6.

Fenty's spokeswoman, Carrie Brooks, said the changes have created other challenges, such as getting entertainers, caterers and other vendors to work on the new date. She said invitations have gone out to go-go legend Chuck Brown and R&B singers Anthony Hamilton and Brian McKnight, but they have not confirmed whether they are available for the new date.

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The mayor-elect's team joined incoming council Chairman Vincent C. Gray (D) to make other changes. A prayer service set for Tuesday was rescheduled for Wednesday morning. And the public swearing-in, a ceremony to include Gray and other council members elected in November, will now take place at 10 a.m. Wednesday at the convention center. Like Fenty, the council members will be sworn in privately Tuesday.

Fenty, who was 6 years old when Ford left office, said he wasn't upset about the changes and worked closely with the White House. "I think it's an honor," he said. "It makes being the mayor of the District of Columbia such a special thing."

Back Home, Ford Is Proudly Remembered For His Service, Not For His Pardon (NYT)

By Nick Bunkley

The New York Times, December 29, 2006

GRAND RAPIDS, Mich., Dec. 28 — Here, Gerald R. Ford is not known as the "accidental president." People in this city say he was "our president."

Some had to be reminded by news reports about Mr. Ford's death that he is best remembered in most other parts of the United States for pardoning his predecessor, Richard M. Nixon. They have always known him as the athletic Eagle Scout who lost his bid to be president of South High School's senior class before serving them in Congress for 25 years, ascending to the White House and helping to heal a nation scarred by the Watergate scandal.

That Mr. Ford, the only president from Michigan, was never elected to that office does not matter in Grand Rapids, where he spent much of his boyhood and got his start in politics. What matters to people here is that this city bore a president who followed his values and beliefs, even though his actions were unpopular at the time.

"I always looked up to him," said one resident, John Frey, 47. "I wish we had more people like him in power."

Mr. Frey was among the thousands of people who have visited the Gerald R. Ford Presidential Museum, on the western bank of the Grand River, since Mr. Ford's death on Tuesday to pay respects and reflect on the loss of this city's de facto royalty.

The museum is closed so Christmas decorations can be replaced with black bunting, but the lobby, where there is a large portrait of Mr. Ford and a table with two condolence books, will remain open around the clock until Mr. Ford's body arrives Tuesday.

Outside the museum, where a metal sculpture depicting Mr. Ford in his University of Michigan football uniform belies the "Saturday Night Live" skits portraying him as a klutz, mourners left campaign buttons and bumper stickers from Mr. Ford's unsuccessful 1976 presidential campaign, Michigan football mementos and Boy Scout patches.

"Grand Rapids loves you, Jerry!" read one poster-size sign left in the grass near the museum's sign. Another took one of Mr. Ford's most famous quotes — "I'm a Ford, not a Lincoln" — a step further: "You were named Ford: a member of the party of Lincoln but a Cadillac among presidents."

"He was the most truthful president I think we ever had," said Roberta Clinton, 78, of Grand Rapids.

There is actually a rivalry between Grand Rapids and East Grand Rapids, a leafy suburb just up the hill from its big-city neighbor, over which can claim Mr. Ford as its own. East Grand Rapids declares itself on its Web site and on signs around town to be the hometown of Mr. Ford, who spent time in both places.

In the years since he left office, Grand Rapids has honored Mr. Ford by naming its airport, a downtown freeway, the federal courthouse and the local Boy Scout Council for him. Likewise, although he had not lived here since 1978, Mr. Ford made clear his affinity for the city on numerous occasions, ultimately choosing to be buried on a grassy hillside north of his museum.

"It will be a very emotional homecoming," said David G. Frey, treasurer of the Gerald R. Ford Foundation, who will be one of Mr. Ford's honorary pallbearers. "It's a remarkable bond between this man and the people of west Michigan."

Mr. Ford's friends say he never got caught up in Washington politics, despite spending the better part of three decades there as a congressman, vice president and president.

"He had this sense of values that never left him that he took from Grand Rapids," said Marty Allen, chairman emeritus of the Gerald R. Ford Foundation. "When he came back to visit, I'd always say, 'Welcome home, Mr. President,' and he'd say, 'It's good to be home.' "

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In 1994, Mr. Ford arranged to revisit the grayish-blue house in the Heritage Hill historic district where he lived from about the time he was 8 until he was 17. Tim England, its current owner, recalls seeing Mr. Ford's eyes light up while touring the home and the carriage house in its backyard that the former president had used as a neighborhood clubhouse.

"You'll never know what this means to my Jerry," Mr. England recalls Betty Ford telling him.

When Mr. England learned early Wednesday of Mr. Ford's death, he immediately hung a huge American flag across the front porch. Within half an hour, he saw cars start to pull up in front of the house.

"People take great pride in the fact that this city produced a president, no matter how he ascended to that office," Mr. England said. "For him to be president during such a difficult time, he did the state of Michigan and the city of Grand Rapids proud."

It is that sentiment that drew people from all parts of Michigan to the museum Wednesday and Thursday. Many had personal stories to share.

Evelyn Thompson treasures a campaign potholder that Mr. Ford gave to her mother when he first ran for Congress, and Helen Skinner's son was awarded his Eagle Scout designation by Mr. Ford.

Sharon Knight carried a thick album filled with articles about Mr. Ford and has a collection of mugs, plates and other memorabilia bearing his name and picture at home.

Rhonda Mort, 38, who lives in Covert, about an hour southwest of Grand Rapids, brought her 3-year-old son, Noah, to the museum and intends to return next week for Mr. Ford's funeral.

"We'll wait in line, spend the night — whatever we have to," Ms. Mort said.

Ford Arranged His Funeral To Reflect Himself And Drew In A Former Adversary (NYT)

By Anne E. Kornblut

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — As he helped in recent years arrange the details of his own funeral, Gerald R. Ford reached out to an old adversary: Jimmy Carter, who defeated him for the presidency in 1976.

Mr. Ford asked whether his successor might consider speaking at his funeral and offered, lightheartedly, to do the same for Mr. Carter, depending on who died first.

The invitation was decades in the making, associates of Mr. Ford's said. And, they said, it was typical for Mr. Ford, who came to his own funeral-planning sessions adamant that his coffin not be carried to the Capitol in an elaborate horse-drawn caisson but a motorcade instead.

During services for Mr. Ford, the 38th president, over the next few days, the simplicity he sought will be on display in Washington and, later, in Michigan, where he will be buried. His coffin is expected to be carried into the Capitol through the House of Representatives, where he served for 25 years, rather than up the sweeping front staircase. A band will play a somber version of the University of Michigan fight song, a Ford favorite from his undergraduate alma mater, and a song he preferred to "Hail to the Chief" while he was president.

There will be plenty of pomp, to be sure. Vice President Dick Cheney, who was President Ford's chief of staff, is planning to attend virtually all of the services, meeting his former boss's family at Andrews Air Force Base on Saturday, serving as an honorary pallbearer and delivering a eulogy at the Capitol.

On Tuesday, after services at the National Cathedral, Mr. Cheney will accompany the Ford family to Grand Rapids for a final farewell, aides to the vice president said.

Yet the service is expected to have the distinct feel of Mr. Ford, emphasizing his service in Congress and his desire to heal the country when he assumed the presidency after President Richard M. Nixon resigned.

"It's a memorial, an appreciation, a celebration more than anything else," said James Cannon, who wrote a biography of Mr. Ford.

Shari Lawrence, a spokeswoman for the Joint Force Headquarters for the Capital Region, which organizes state funerals, said, "It's an honor that we pay the past president, it will be a solemn affair, with everything that President Ford and his family had asked for."

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"They kept it pretty basic, which was a reflection of him," Ms. Lawrence said.

The Ford family has not released all details of the services, which begin in California and end in Michigan, with the former president lying in state in the Capitol for two days in between.

Advisers to Mr. Carter did not return calls seeking comment about his plans for Mr. Ford's funeral. But according to associates of Mr. Ford, Mr. Carter is expected to play a role in the service, as are several other high-profile guests, including former Secretary of State Henry A. Kissinger and the news anchor Tom Brokaw.

The two ex-presidents developed a friendship soon after Mr. Carter left office, starting with a long-haul flight together from Cairo after the funeral of the Egyptian president, Anwar el-Sadat, in 1981. They found a mutual interest in the presidential library system, and agreed to work on projects at each other's institutions. They compared notes on public policy and their families, and over time, their wives became friends.

And they shared a mutual rival: Ronald Reagan.

Theirs, Mr. Cannon said, was "an open and complementary friendship, no question about it."

"I think part of the reason for the bond was, both of them had been defeated by Reagan, and they shared a disregard for Reagan," Mr. Cannon said, alluding to Republican primaries in 1976 as well as the 1980 presidential election. But the friendship went even deeper, he said: "It was sincere, no question about that. Both of them had been there, and both of them had a continuing interest in what other presidents did."

Richard Norton Smith, the presidential historian and a friend of the Fords, said: "There was that kind of comfortable back and forth. It extended to the wives and the families, and it became this very nice, autumnal reconciliation, which blossomed into a real friendship."

President Bush and Laura Bush will pay their respects to Mr. Ford on Monday afternoon, after returning from their Texas ranch. Scott Stanzel, a White House spokesman, declined to say whether Mr. Bush had considered returning home on Saturday to participate as Mr. Ford is laid in repose at the Capitol.

Mr. Bush was originally scheduled to return on Monday evening. He is leaving Texas a few hours earlier so he and Mrs. Bush can pay tribute to Mr. Ford in the Capitol.

The White House has provided the use of the presidential plane to the Ford family, Mr. Stanzel said, the same accommodation made to the Reagan family. The plane, a 747, will fly Mr. Ford's body to Washington from California.

A Regular Guy Who Showed A Devotion To Local Causes (WP)

By John Pomfret And Sonya Geis

The Washington Post, December 29, 2006

RANCHO MIRAGE, Calif. -- Gerald R. Ford thought globally as a president, but in a salubrious 30-year retirement spent on ski slopes and putting greens, he acted locally, serving on charities, donning sneakers for the first Desert AIDS Walk, speaking to the Boys and Girls Club and leading the annual Fourth of July parade.

Ford's regular-guy lifestyle distinguished him from other former presidents. Richard M. Nixon, who handed the presidency to Ford, wrote books to buff up his reputation. Ford's former adversary, Jimmy Carter, has built homes for the indigent and crisscrossed the globe brokering cease-fires and monitoring elections. Bill Clinton globe-trots as well, promoting AIDS awareness and, with George H.W. Bush, raising money for victims of the 2004 tsunami and Hurricane Katrina.

In comparison, Ford's biggest achievement -- helping his wife found the Betty Ford Center, the internationally known substance-abuse rehabilitation facility -- could be said to pale in comparison. But in his quiet unhurried way, friends and others said, the ex-president, who died here Tuesday, was a model citizen, known for the courtesy with which he treated people and the sincerity with which he lent his time and money.

In the years after losing to Carter in 1976, Ford's relationship with his wife dominated his life, said Mark K. Updegrove, author of "Second Acts: Presidential Lives and Legacies After the White House."

"His wife had a much more difficult time transitioning from the White House to private life than did her husband," Updegrove said, "leading to an addiction to painkillers and alcohol."

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Betty Ford underwent rehabilitation "in full partnership with her husband," Updegrove said. Statistically, nine of 10 marriages collapse when a wife runs afoul of drugs, Updegrove said, but in the Fords' case it strengthened the family bond -- bringing the marriage together, in Betty Ford's words, "like a magnet."

A former congressional staffer and friend, Leon Parma, called the 58 years that the Fords were married "the greatest love story of our time." Because of his wife's well-known struggle with alcohol, Ford also stopped drinking.

Parma and his wife often vacationed with the Fords. When Parma traveled alone with Ford, "there was always a call home in the morning and evening. He was in constant contact."

Another friend, Wayne Hoffman, noted that Ford was rare for a politician in that he seemed to lack malice. Hoffman, 83, recalled speaking to him on the phone the day after he lost the 1976 presidential election, when Ford called him to make a golf date.

"He didn't show any bitterness" about losing the election, said Hoffman, former chairman of Tiger International and Flying Tiger Line, the largest air cargo carrier in the nation before it was sold to FedEx. "And he didn't afterward, though his heart was broken."

Updegrove said Ford's friendship with Carter, formed during a shared airplane ride to and from the funeral for assassinated Egyptian President Anwar Sadat in 1981, showed the "fundamental decency of the man."

The pair wrote occasional pieces for newspapers, including one, during the Reagan administration, that advocated dealing with the Palestine Liberation Organization as a political entity -- a policy that was adopted years later.

Ford grew fond of the desert in the 1960s during vacations when he was a congressman. Parma, then chief of staff for Rep. Bob Wilson of San Diego, invited him for golf outings near San Diego. Ford also hit the links in nearby Rancho Mirage, known as the "Playground of the Presidents," frequented by Nixon and Ronald Reagan and entertainers Frank Sinatra and Bob Hope.

When Ford retired in 1976, Leonard K. Firestone, president of the eponymous tire company, persuaded him to move to Rancho Mirage. Ford bought a one-story ranch house just off the fairway at the Thunderbird Country Club, a private oasis in a land of desert scrub.

Ford's office was next door to the home he shared with his wife. There Ford answered mail, kept up with his duties on several corporate boards, managed investments, planned speaking engagements around the country and set up foursomes for his favorite game.

"He was a very good golfer, actually. He was maligned by the comics, though," said Parma, now 79. "Bob Hope used to say, 'You're never sure which golf course he's going to play until he teed off.' Well, even Tiger Woods hits some out of bounds."

William Whyte, 91, a former lobbyist for U.S. Steel and a member of Ford's "kitchen cabinet," used to book Ford's golf games. Whyte recalled there was intense competition for a chance to play with the ex-president.

"He'd call me at about 11 in the morning and say, 'Line up a foursome,' " Whyte recalled. "In the opinion of some people, since I didn't book them, I was an SOB."

Ford helped raise money for the local Boys and Girls Club and waived his hefty speaking fee for groups of students or the Boy Scouts. He participated in the first Desert AIDS Walk in 1987, supported charities to protect the bighorn sheep and helped fund a children's museum in the desert.

The Fords later spent summers and occasional winter skiing holidays at two homes near Vail, Colo.

Tom Audley was general manager of a Polo Ralph Lauren store in Vail, near where Ford had bought a home. He recalled meeting the ex-president on five occasions. Each time, Ford came in with a present from a friend -- a size-large shirt that Ford would exchange for an extra-large. "He never wanted to tell his friend he needed an XL," Audley wrote in an e-mail reminiscing about the ex-president.

Ford's favorite restaurant in Vail was the Left Bank, a gourmet French restaurant. It was open only for dinner and it did not have an answering machine. Ford would call Audley and ask him to walk next door to the restaurant to make a reservation for him, often for a party of nine.

"I could give you a list of famous folks I've met and helped over the years, and not a single one ever gave me the respect and time that Pres. Ford gave me and my staff," Audley wrote. "Say what you want about him as a president. As a human, I never met a nicer guy (well maybe my dad)."

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Warm Memories Of A Leader In Everyday Life (WP)

By Sue Anne Pressley Montes

The Washington Post, December 29, 2006

Even in the barber's chair, he brought along a handful of papers to work on.

In his Alexandria neighborhood, he was an ephemeral figure, known for his early-morning splash in the swimming pool before he reported to Capitol Hill. At night, neighbors would note the limousine idling outside the red-brick Colonial, waiting to take him to another function or another vote, his long workday not yet over.

Gerald R. Ford returns to Washington tomorrow, a setting where he was both the most powerful man in the world and Everyman. The longtime congressman and 38th president of the United States spent nearly three decades in the Washington area and has been gone for three decades more. But long before the rest of the nation recognized his signature qualities -- his hardworking manner, his kind regard for others, his basic decency -- friends and associates in the D.C. area knew that Gerry Ford was a prince of a guy.

"Oh, he was the nicest man who ever lived," said Nancy Smith of Alexandria, the Ford family's "backdoor neighbor" for many years.

Many of the people who knew Ford well are gone now. But as Americans mourn the passing of a leader who soothed a troubled nation at a critical time, those whose lives intersected with his in the Washington area cherish a special collection of memories.

Every 10 days, like clockwork, Ford would settle into Joseph Quattrone's big leather chair at the congressional barbershop for a 75-cent trim. Between cuts yesterday, Quattrone, 72, recalled his former customer "with a tear in my eye."

"I have all nice people, but he was exceptional," said Quattrone, who manages the Rayburn Building shop and cut Ford's hair from 1970, when he was House minority leader, until he became president in 1974. "Maybe it was because of how he grew up or where he came from, but he was a gentleman and a half."

Ford would always hurry in with a sheaf of papers to study, but he never failed to ask Quattrone how he was doing. "We didn't talk about politics," the barber said. "Sometimes I would say, someday he's going to be a good speaker of the House, and he would say, 'It would be nice.' "

Those plans, of course, did not work out. After Ford became vice president in 1973, "I said, 'Now I'm going to lose you,' " Quattrone recalled. "And he said, 'No, you'll never lose me.' He came back after he was vice president. He came to me until the day before he got sworn in as president.

"He didn't talk too much that day -- he was kind of sad."

For years, neighbor Nancy Smith could practically tell time from the sounds of the future president doing his morning swim in the pool outside her kitchen window. "I'd hear him hit the water when I was getting breakfast," said Smith, now 76, whose family moved into the Fords' neighborhood in 1962.

Ford did not make it to many community cookouts or parties, she said.

"My sense was they just didn't have time to do neighborhood things -- they were too busy." When he was present, Smith added, "we would talk about our kids. He was never the big shot, which was very nice. He didn't have any inflated opinions of his own importance, as so many politicians do."

James Cannon, a former Newsweek editor who served as Ford's domestic policy adviser, said that description was always apt -- sometimes to the president's detriment.

"He was not a charismatic man. He was a workhorse, not a show horse, and he was much better in person than on television," said Cannon, a Georgetown resident who wrote the 1994 book "Time and Chance: Gerald Ford's Appointment With History."

"The White House is the first stage of the world, and the president, whether it's Reagan or Clinton or Kennedy, [is a performer], and Ford was not a very good performer. He was a plain-spoken Midwesterner, and acting was not among his attributes," Cannon said.

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Sometimes, attempts to jazz up the stolid Ford image backfired. Former White House photographer David Hume Kennerly recalled the time he enlisted Los Angeles comic Don Penny to coach the president on his speech delivery during the 1976 campaign. "It took a lot for him to be angry," Kennerly said.

But during a practice speech in the Cabinet Room, after Penny had interrupted the president several times, instructing him to speak his words as if he meant them, Ford blew up. He reached into a pocket, pulled out a Cross pen and lobbed it at the comedian, missing and chipping the wall above Penny's head.

"He always had such a calm about him; it was great to get a rise out of him," Penny said yesterday. "It was a pleasure to work with him. He was a wonderful man."

Even his political opponents agreed. For 17 years, Ford and U.S. Rep. John D. Dingell both represented Michigan in Congress -- Ford as a Republican, Dingell as a Democrat.

"Gerry Ford was a good, hard fighter, but he also knew how to come together on a set of common purposes," said Dingell, the longest-serving current member of Congress.

"From time to time, events happen that change the outlook, that cause people to reflect and perhaps change the way they function," Dingell said. "And frankly, Gerry Ford in his passing has reminded people that a White House and a Congress, even if they are opposing parties, can work together in the public interest of the country."

Betty Ford, Again Putting On A Brave Face (WP)

By Neely Tucker

The Washington Post, December 29, 2006

There is an old saying that you don't know who you are in this life until you get knocked down.

Betty Ford has been getting knocked down for a long time, by things that ruin lives and flatten people. Divorce. Cancer. Alcohol. Addiction. And now, the death of her beloved spouse.

She has always taken the punch and done it one better. You would not want to go to the wall with Betty Ford on resilience. She didn't become the most admired woman in America during one of the most turbulent periods in national history because she made nice. She was so admired in the mid-1970s, and is beloved by a wide swath of the nation today, because she was bluntly honest and because, after everything life has thrown at her, she never quit.

"Betty Ford did things that public women hadn't done before, not just first ladies," says John Robert Greene, one of her biographers. "She had three debilitating diseases -- arthritis, alcoholism, cancer -- and she survived all of them."

Now 88, she will be in Washington once again this week for the processions and funeral for Gerald Ford, the football star she wowed back in Grand Rapids, Mich.

Hemingway, a man who wrote well but lived badly, famously described courage as "grace under pressure."

This has not been Elizabeth Ann Bloomer Ford's forte. Pressure ate her up.

She suffered from the solitude, while her husband traveled as congressman and vice president and president. With recurring pain from a pinched nerve in 1964, and the prescription pills she became addicted to. Raising four kids almost alone. Breast cancer. The Watergate-era laser light of media coverage. She drank. Popped Valium. She was late to everything.

Her great strength was to beat all of that. She was more like the rest of us than many public figures like to let on, human and flawed, not bulletproof and immune. And she was open about all of it, the depression and foibles and addictions and brandy, and it touched a country polarized by cynicism and the government mendacity of the Nixon years.

She had a breast removed, a devastating emotional and physical blow. Here was her response: She invited photographers into her hospital suite and let them photograph her in her housecoat. She then became a national spokeswoman for cancer awareness, for the importance of women doing self-examinations. When asked how she would handle her daughter having a premarital affair, or her kids smoking marijuana, she said she'd talk with them about it.

"They brought such a sense of humanity back to the White House," Sheila Rabb Weidenfeld, Betty Ford's press secretary during her years as first lady, said yesterday. "They were real people who lived there."

Betty Ford was born in Chicago and, although Episcopalian, was raised in the predominantly Dutch Calvinist town of Grand Rapids. Her dad, Bill Bloomer, was a traveling salesman for the Royal Rubber Co. He was successful and always gone, and he

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drank and drank and drank. He died when she was a teenager, either the result of an accident in the family garage or suicide by carbon monoxide poisoning.

She was headstrong, a tomboy. She smoked cigarettes at 14. She played hockey and football with the boys, until her brothers made her stop. She was beautiful and blew off the idea of college to move to New York to become a dancer for Martha Graham. She returned home, married and divorced before she was 30.

The first time she had a date with Jerry Ford, it was for a drink in a bar. (In a McCall's interview in 1975, she said reporters had asked her everything but how often she slept with her husband, "and if they'd asked me that I would have told them." And her answer? "As often as possible.")

Later, on the national stage, she spoke up for women's rights and for abortion rights: "It has to be understood that that there are extenuating circumstances where a woman must have the right to make decisions about her own body."

In 1975, she was one of 11 women Time magazine named "Man of the Year" that year. She topped Good Housekeeping's poll to determine the most admired woman in America. People named her one of the three most intriguing people in the nation.

But by 1978, a year out of the White House, the painkillers and the alcohol were eating her up. Her family called a meeting and presented her with the ugly truth. She was not pleased. When the doctor told her she was a "a drunk," the former president later recounted of his wife: "She was mad as hell."

She managed to detox at a naval center, then founded the Betty Ford Clinic, a rehabilitation center ($21,000 for 30 days) that is the premier such institution in the country. Her name became synonymous with recovery from drug and alcohol addiction. Took a punch, gave back one better.

She never made any bones about her struggle.

"I liked alcohol, it made me feel warm," she wrote in her autobiography, "Betty: A Glad Awakening." "And I loved pills, they took away my tension and my pain. So the thing I have to know is that I haven't got this problem licked; to my dying day, I'll be recovering."

In November 1987, when she was 69, she underwent quadruple-bypass heart surgery. It required pain medication, but she had to wean herself off it quickly, lest she become addicted again.

"There were a lot of sleepless nights where I just walked the floor."

And now, she'll lead the nation through the mourning of her husband, partner and friend.

You don't have to wonder how she'll handle it.

Resilience. You can't fake it. Not for a lifetime.

Betty Ford Had Her Own Voice, And She Used It (DMN)

By Joyce Sáenz Harris

The Dallas Morning News, December 29, 2006

For 58 years, they were a couple whose love story was the bedrock of their lives. So it was no surprise that Betty Ford herself broke the news to the nation that the 38th president, "Gerald Ford, our beloved husband, father, grandfather and great-grandfather," had died at age 93.

Mrs. Ford, 88, will return to the national spotlight Friday as several days of services for her husband begin with private prayers for the family at St. Margaret's Episcopal Church in Palm Desert, Calif.

She was her husband's biggest fan, but when he was thrust into the White House in August 1974 by a quirk of history, she carved her own distinctive niche as first lady. Not since the days of Eleanor Roosevelt had any first lady spoken so freely on topical issues.

She was an overt feminist who worked for passage of the Equal Rights Amendment and supported the Supreme Court's 1973 Roe vs. Wade decision that legalized abortion. She also encouraged her husband to appoint women to Cabinet-level posts and major ambassadorships.

Before her White House years, though, Betty Ford was a fairly anonymous congressional wife. She married Gerald Ford just before his first election to Congress in 1948. He was a Navy veteran-turned-lawyer in Grand Rapids, Mich.; she was a former Powers model and Martha Graham dancer, recently divorced.

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Mr. Ford hadn't even told his bride about his political ambitions, but she coped gamely with the demands of Washington life. The Fords moved to suburban Alexandria, Va., where they raised their four children during his long career in Congress.

All those years, they lived modestly in a large two-story colonial in Alexandria. They didn't move to the White House for 10 days after the president was sworn into office in 1974. On Mr. Ford's first night as president, Dallasites Margaret and Trammell F. Crow were among the close friends who gathered at the Ford home for an informal dinner. The only change she noticed, Mrs. Crow recalled this week, was that a couple of White House servants came over to help prepare and clean up.

A call to duty

Though the Fords had agreed he wouldn't run for Congress again after 1974, Mr. Ford felt compelled to accept when he was asked to be Richard Nixon's vice president after Spiro Agnew resigned amid scandal. Mrs. Ford supported his decision, despite her deep ambivalence about remaining in public life – a reluctance that would be underscored two years later when, as president, her husband survived two assassination attempts within 17 days.

Former White House staff assistant Andy Stern, now chairman of Sunwest Communications in Dallas, vividly recalls the second attempt in September 1975 in San Francisco. Afterward, Mr. Ford was hustled into a limousine and rushed to the airport to board Air Force One.

Mrs. Ford, who'd just arrived from a day in Monterey, was waiting for her husband in the plane's private quarters. Some 40 minutes after takeoff, she emerged to find the White House staff and press pool in the main cabin, watching television coverage of the assassination attempt.

That, Mr. Stern said, was the first that Mrs. Ford had even heard about it.

"And she was absolutely furious," he added with a laugh. "But the president's answer was, 'Hey, I'm here! I'm OK.'

"It was typical that neither one of them wanted to burden the other. They were a remarkable couple."

Now hear this

Shortly after moving into the White House in August 1974, Mrs. Ford held a formal news conference, something no first lady had done since 1952. She announced her plans to support the arts and to help underprivileged and mentally challenged children. But she startled the press corps when she voiced support for the Equal Rights Amendment and Roe vs. Wade, and when she said she wanted more women to get involved in politics.

Gerald R. Ford Presidential Library and Museum Gerald Ford met Elizabeth Bloomer Warren while practicing law in Grand Rapids, Mich., after World War II. They were married on Oct. 15, 1948, just before his election to Congress.

Suddenly, everyone knew where Betty Ford stood on women's issues, and everyone had an opinion about her. The president's opinion was that the first lady was entitled to speak her mind.

"Jerry has supported me in the things I've said," Mrs. Ford said at the time. "At least he hasn't stepped on my toes yet." She was beginning to enjoy the power of her new influence: "After 25 years of coping, it's very satisfying."

The next public shock came when Mrs. Ford learned she had breast cancer, six weeks after her husband took office. In her 1978 autobiography, The Times of My Life, Mrs. Ford wrote that "there had been so much cover-up during Watergate that we wanted to be sure there would be no cover-up in the Ford administration. So rather than continue this traditional silence about breast cancer, we felt we had to be very public."

Her candid disclosure and her willingness to discuss her mastectomy were unprecedented. The news sent millions of women for screenings that saved lives – including that of Happy Rockefeller, the wife of Mr. Ford's newly appointed vice president, Nelson Rockefeller.

Mrs. Ford later served as co-chairwoman in 1982 when Nancy Brinker formed the Dallas-based Susan G. Komen Foundation.

The Komen Foundation is named after Ms. Brinker's sister, who died of breast cancer. As Ms. Brinker wrote on the foundation's Web site: "A major turning point in Suzy's struggle for survival came from a surprising source, Mrs. Betty Ford. ... Her bravery touched a place inside of Suzy that none of us could possibly understand because we hadn't gone through it ourselves."

When Ms. Brinker faced breast cancer in 1984, Mrs. Ford was among the first people to call her.

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"I can't tell you what it meant to me to hear her voice," said Ms. Brinker, who now lives in Palm Beach, Fla. "Betty has always been a role model to me, and she's an extraordinary person. When someone who has blazed a trail turns around and gives you a hand, it's the greatest gift you can receive.

"My heart is so heavy for Betty now. It didn't get better than President Ford – he was the most supportive husband. He was a really compassionate man. They were an amazing couple."

Drugs and alcohol

After she left the White House in 1977, Mrs. Ford disclosed that she had struggled with alcohol and drug dependencies and depression since 1970. She thought she had conquered her problems, but she went through another low period after returning to private life and once again slipped into dependency.

This time, after a family intervention and hospital rehabilitation, Mrs. Ford emerged with a new cause: championing drug and alcohol rehab services. In 1982, she co-founded the Betty Ford Center for Drug and Alcohol Rehabilitation in Rancho Mirage, Calif., which has become arguably the best-known institution of its kind in the world. Of this achievement, her husband often said, "I couldn't be more proud."

"He truly wanted this to be her place, her mission, so he purposely stayed in the background, but he was always there," said John Schwarzlose, the center's president. "They were just two down-to-earth Americans who wanted to give alcoholics and addicts a chance to get well."

Mr. Ford always acknowledged the depth of their personal and public partnership. In April 1997, at the rededication of the Gerald R. Ford Museum in Grand Rapids, he said: "In my first remarks as president, delivered at a time of national as well as personal soul-searching, I said I was 'indebted to no man, and only to one woman, my dear wife.'

"In truth, there are no words to fully express how much I owe to Betty. For almost 50 years she has borne with my shortcomings, and I have rejoiced in her graces."

Chevy Chase As The Klutz In Chief, And A President Who Was In On The Joke (NYT)

By Mark Leibovich

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — While the events leading to Gerald Ford's ascent to the White House tarred him as an accidental president, he will also be remembered as an accident-prone president.

And for this he could thank the comedian Chevy Chase, or blame him, or (as he would eventually choose) laugh along.

No one did more to solidify Mr. Ford's unfortunate, and perhaps unfair, standing as the nation's First Klutz than Mr. Chase, the "Saturday Night Live" cast member who routinely portrayed the president committing all manner of trips, flails and lurches.

Mr. Ford's cheerful reaction to the sendup included doing a cameo for "Saturday Night Live" from the Oval Office; sending his press secretary, Ron Nessen, on the show; and appearing with Mr. Chase at a political dinner. That type of reaction became a benchmark of what would come to be an essential presidential image-making skill: an ability to laugh at oneself.

People in the political and entertainment worlds recall Mr. Ford as a contemporary hero in this regard.

"He was just so incredibly decent and good-natured about the skit," said Lorne Michaels, the longtime producer of "Saturday Night Live." Mr. Ford sent a signal, Mr. Michaels said, that it was all right to be lighthearted about the presidency after the ordeal of the Watergate years.

"You couldn't imagine Nixon signaling that this was O.K.," Mr. Michaels said. In a sense, he added, Mr. Ford was telling the country that "we could all move on from this."

"This" referred to Watergate, and Mr. Ford, who was acutely aware of the public mood, was adept at using humor as a balm.

"At the time," Mr. Ford wrote in his book "Humor and the Presidency," "the media and general public still resented any hint of 'imperial' trappings in connection with the presidency or the White House."

Mr. Ford avoided any evidence of magisterial bearing with his understated manner and game efforts in the fledgling realm of presidential stand-up. At the Radio and Television Correspondents' Association dinner in 1975, he surreptitiously grabbed the tablecloth on the way to the podium and sent silverware flying toward Mr. Chase.

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"Ford looked back with this great look of wonderment at what had happened," recalled Robert Orben, a television comedy writer who became a top aide to Mr. Ford. "He was someone who was not afraid to have fun at his own expense."

Mr. Ford was an accomplished football player, skier and golfer and was not considered unusually awkward by those around him. But he contributed to his own boneheaded persona in a few ill-timed episodes of camera-range clumsiness, like stumbling down the steps of Air Force One in Austria, wiping out on the slopes in Vail, Colo., and getting zonked on the head by a passing chairlift.

Mr. Chase whacked home the clumsy caricature on a weekly basis, in a way that became indelibly affixed to Mr. Ford's legacy.

The parody "just absolutely stuck in the public consciousness," said Landon Parvin, who has written humorous speeches for Presidents Bush and Ronald Reagan.

It became so ingrained that Mr. Ford had no choice but to play along.

"He was very smart about trying to get out ahead of the joke," said Mark Katz, a speechwriter who specialized in preparing President Bill Clinton for appearances at lighthearted Washington affairs, like the Gridiron and the White House Correspondents' Association Dinner.

"Now, every politician is lining up to make fun of themselves on Letterman and Jon Stewart's couch," Mr. Katz said.

Mr. Ford was hardly the first president to mock himself publicly. Even Richard M. Nixon was open to the ritual, once appearing on "Rowan & Martin's Laugh-In" to solemnly utter the show's catchphrase, "Sock it to me." Nor was Mr. Chase the first comedian to impersonate a president on television. The impersonator Vaughn Meader lampooned John F. Kennedy on "The Ed Sullivan Show" multiple times.

But Mr. Chase was the first comedian to make fun of a president in what would become television's signature forum for that, "Saturday Night Live."

"Ford is so inept that the quickest laugh is the cheapest laugh, and the cheapest is the physical joke," Mr. Chase told Time magazine in 1976. (A spokesman for Mr. Chase, who was skiing in Colorado on Thursday, said he would not be available for comment.)

In "Humor and the Presidency," an exploration of the role comedy has played in American presidencies, namely his own, Mr. Ford wrote, "It wouldn't surprise me if there was a measurable correlation between humor in an administration and the popularity of that administration's policies."

He also admitted he was stung at first by Mr. Chase's parody, but acknowledged its effectiveness. "The portrayal of me as an oafish ex-jock made for good copy," Mr. Ford wrote. "It was also funny."

Mr. Chase made no effort to look, dress or talk like Mr. Ford. He merely fell, with lurching exaggeration, "giving the sense that he was someone who wasn't in control of his limbs," Mr. Michaels, the producer, said.

His fall complete, Mr. Chase would then open the show with the signature line, "Live from New York, it's Saturday Night."

Bush Is Right -- And Other Lessons (WP)

By E. J. Dionne Jr.

The Washington Post, December 29, 2006

The tributes to Gerald Ford's great achievement in bringing a divided and disappointed country together seem oddly appropriate at the end of a tumultuous political year in which an Era of Angry Feelings led to a major shift of power in Washington.

It is said there is now a new longing for the civility and warmth that Ford represented. There is a certain truth to this, but having reviewed thousands of e-mails sent my way this year by readers, it's also clear that many Americans are deeply invested in political battles that they see as too important to admit of easy compromise.

True, citizens who e-mail columnists are more engaged in public life and care so passionately that they invest time to share their views -- often in learned detail.

I love these folks and thank them. I appreciate their commitment, which is why, once a year, I like to thank not only those who wrote generously and warmly but also the many dissenters represented succinctly by the reader who simply called me an "idiot."

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Many critics offered useful challenges. "Perhaps, Mr. Dionne, you would also support the right of conservatives to appear without harassment, verbal and physical, at our nation's leading so-called institutions of higher learning controlled by your . . . fellow leftists." I do: It is wrong -- and illiberal -- to block those with whom you disagree from university platforms.

In response to a column on evangelical pastor Rick Warren, a reader from Portage, Wis., wrote: "Evangelical churches I have been associated with have been reaching out to people throughout the world since before you were born. Missionaries don't just run around in funny clothes and wave their Bible in the air. They teach basic health and sanitation, provide basic medical care. . . . The very idea that evangelicals have been negligent in these areas is simply liberal prejudice."

Judging from my mail, many liberals and Democrats who once liked Sen. John McCain have been pushed away by his opening to the right over the past year or so -- but conservatives are responding positively. "McCain is soon to be Maverick non grata" -- nice line -- "amongst the circles of smug, rich white liberals that you run in," one reader wrote. "But don't worry. We'll support him if he becomes our nominee."

Many conservatives are frustrated with the Bush administration and the outgoing Republican Congress. Their views were captured by one reader who wrote: "Conservatism, like Christianity, has not failed. Neither has ever been tried, especially by this administration."

A columnist's e-mail trove is not a scientific sample that would pass the muster of social science. But it does provide clues as to where the politically active invest their energies. Judging by how many people offered their views on nominations to the U.S. Supreme Court, the conventional wisdom is entirely right in seeing this as a blockbuster issue.

When I wrote critically of Samuel Alito's evasiveness during his Senate confirmation hearing to become an associate justice, the floodgates opened. One reader after another suggested that Alito had been no more evasive than Justice Ruth Bader Ginsburg had been during her hearings in the 1990s. "Gosh, E.J.," a friendly critic from South Carolina said, "how many times do you have to be reminded? We won, you lost. I didn't hear you moaning over Ginsburg's evasions or whining about how [Stephen] Breyer would move the court to the left; turnabout is fair play. Relax, maybe your gang will get back in one day." Indeed.

Also striking was how angry liberals were at the performance of Democratic senators on the Judiciary Committee. One reader, representing many others, complained that "all they did was read from redundant and sterile scripts and badger him with the same questions ad nauseam. They have become like the 'pods' in 'Invasion of the Body Snatchers.' "

And thanks to the reader who wrote: "I would like to congratulate you for identifying yourself as a liberal. Many in your crowd are running from that word these days." It's a sign of weakness to embrace only poll-tested and focus-grouped labels.

Finally, a great many readers were frustrated that I have been rather consistently critical of President Bush -- though a few wanted more criticism. So please permit me to end the year in the conciliatory spirit of Gerald Ford.

Speaking on Wednesday morning, Bush declared that Ford "came along when we needed him most" and that Americans came to know him "as a man of complete integrity who led our country with common sense and kind instincts."

Straightforwardness Was Ford's Virtue — And His Limitation (RC)

By Morton M. Kondracke

Roll Call, December 29, 2006

In an Oval Office interview in 1976, I asked President Gerald Ford about charges made to me and many others by Indira Gandhi, prime minister of India, that the CIA was trying to overthrow her.

Ford said it was nonsense but declared that Gandhi was pro-Soviet and no friend of the United States. As he spoke, an aide sitting by got noticeably fidgety.

"Ah, excuse me," the aide said. "Can we please make that off the record? It will cause no end of trouble with India."

I agreed — then put the question to Ford again for what I expected would be a more diplomatic answer. The second answer was practically identical with the first and the aide just threw up his hands.

That was Ford — straightforward, honest, uncomplicated, salt-of-the-earth Midwestern, an Eagle Scout nearly incapable of dissembling.

He was just what the country needed after the traumas of Watergate — the product of former President Richard Nixon's deviousness and paranoia.

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Ford's pardon of Nixon also was pure Ford. He saw that Nixon's fate — prosecution and possible suicide — would preoccupy the country and dominate his presidency.

"This American tragedy could go on and on," he told the country. "Someone must write an end to it. I have concluded that only I can do it, and if I can, I must."

The pardon cost Ford dearly in political support, but he thought it was the right thing to do and he did it. As history has proved, it was not part of a deal to make him president — though one was offered to him — and it was the right decision to heal the nation.

He was straightforward and right-minded, too, in handling the country's second great trauma — Vietnam. When North Vietnam launched its final offensive against the South in 1975, Ford wanted to stand by an ally in distress and asked Congress for $650 million in emergency military aid.

Congress refused. South Vietnam's army collapsed and all Ford could do was rescue as many Vietnamese as possible. When some American communities balked at accepting refugees, he said such attitudes were unworthy of America.

Ford's straight-forwardness limited his imagination, too. As a regular Republican Congressional leader, he voted against federally funded housing, aid to education, the Medicare program and former President Lyndon Johnson's war on poverty.

Johnson, a highly complex character, declared that "Jerry Ford can't fart and chew gum at the same time," which the press cleaned up to read "walk and chew gum."

When Ford was president, his first domestic preoccupation was inflation, which rose to 7 percent. Ford termed it a menace to the country as great as any foreign enemy and launched the ill-fated "Whip Inflation Now" campaign that had no effect whatsoever.

Then when unemployment rose to 9 percent, Ford kept to his conservative fiscal principles and tried to restrain federal spending, which Democrats thought could temper the recession.

Ford vetoed 66 bills passed by the Democratic Congress, most of them appropriations designed to relieve unemployment. Ford said he'd saved the Treasury $9 billion.

In foreign policy, Ford was a realist, not an idealist like Presidents Ronald Reagan or George W. Bush. Ford followed the guidance of his (and Nixon's) secretary of State, Henry Kissinger, who had a pessimistic view of human nature and the prospects of the West.

Kissinger believed that détente and co-existence with the Soviet Union were the best arrangement the U.S. could achieve. Reagan, by contrast, thought that the West could defeat the "evil empire."

Reagan, it turns out, was right. And Ford's détente policy, as much as the pardon, may have cost him his presidency.

Ford turned back Reagan's challenge in GOP primaries in 1976, but questions about détente undoubtedly caused the debate gaffe that elected President Jimmy Carter.

In 1976, Ford signed the Helsinki Accords, which critics attacked as guaranteeing Soviet control of Eastern Europe. Ford was trying to refute that charge in the debate when he denied that Poland was Soviet-dominated.

Going into that debate, Ford had pulled even with Carter. The gaffe — and his stubborn refusal to walk back from it for days — caused him to lose the election by a hair.

If Ford had won, chances are he would have been at constant war with Congress. And, probably, Reagan never would have been president. He would have won the 1980 GOP nomination, but the country would have blamed Republicans, not Carter, for the nation's stagnant economy and would have wanted a change after 12 years of GOP rule.

In character, Ford presided over one of the most open White Houses ever. His first chief of staff, Donald Rumsfeld, was capable of intrigue, constantly trying to oust Treasury Secretary William Simon with leaks.

But after Rumsfeld became Defense secretary, Ford installed Dick Cheney as chief of staff, and Cheney was one of the most accessible figures ever to hold that job — amazing as that now seems, given Cheney's now-deserved reputation for secrecy.

The Washington Post's Bob Woodward reports that Ford told him — in an interview to be published only after his death — that he opposed the Iraq War launched by his old protégés and President Bush.

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It's a mark of Ford's decency that he didn't try to undermine a successor by speaking out as Bush was preparing for war. But it's also a flaw: He might have given the country pause.

The Pardon In History's Hindsight (WP)

By Richard Ben-veniste

The Washington Post, December 29, 2006

Gerald R. Ford was a decent and honorable man. Under his steady hand, the nation began the process of recovering from the terrible trauma of Watergate -- the lies, distortions, coverups, misuses of federal agencies to exact political revenge, illegal wiretapping, burglaries. . . . The list went on and on -- all in the midst of the deeply divisive Vietnam War. Did Ford make the right decision in pardoning his predecessor? The answer to that question is more nuanced than either the howls of outrage that greeted the pardon three decades ago or the general acceptance with which it is viewed now.

When Richard M. Nixon resigned and Ford became the 38th president of the United States, the Watergate Special Prosecutor's Office, of which I was a member, was preparing for the criminal trials of Nixon's top aides -- H.R. Haldeman, John Ehrlichman and John Mitchell. We had accumulated significant evidence showing Nixon's active participation in a conspiracy to obstruct the FBI and grand jury investigation of the Watergate break-in and the related "White House horrors," to use Mitchell's famous description. Nixon himself had been named an "unindicted co-conspirator" by the grand jury -- even before the Supreme Court compelled disclosure of the "smoking gun" tape.

It was our collective view that so long as Nixon held the office of president, the constitutionally sanctioned process of impeachment should trump any suggestion that a sitting president be indicted. But there was considerable disagreement within the special prosecutor's office on the proper way to discharge our responsibilities vis-a-vis private citizen Nixon.

Some, including Special Prosecutor Leon Jaworski, were of the view that Nixon's precipitous fall from the highest office was punishment enough. An indictment conjured up the prospect of unprecedented pretrial publicity, making it unlikely that an impartial jury could be selected in the near future. On the other hand, Nixon's personal involvement in the same criminal conspiracy for which his aides were soon to be tried (and convicted) put to the test the maxim that no man is above the law.

Upon taking office as president, Gerald Ford gave reason to believe that any decision regarding a pardon for his predecessor would be made carefully and deliberately. Nineteen days after taking the oath of office, he responded to a press inquiry about a possible Nixon pardon, saying that until any legal process was undertaken it would be "unwise and untimely for me to make any commitment," adding that "until the matter reaches me, I am not going to make any comment during the process of whatever charges are made."

Yet, only 11 days later, Ford reversed course. Citing reasons of national reconciliation, the difficulty Nixon would have in obtaining a fair trial by jury, and the suffering that Nixon and his family had already endured, Ford announced that he had pardoned Richard Nixon for all crimes he committed or "may have committed" while president. The same day, Nixon issued a statement admitting only to "mistakes" and "misjudgments," saying that he "was wrong in not acting more decisively and more forthrightly in dealing with Watergate."

The pardon decision was met with strident criticism by much of the media. The Post equated Ford's pardon to another chapter in the coverup; the New York Times called it "profoundly unwise, divisive and unjust" and "a body blow to [Ford's] credibility." With the benefit of more than 30 years of perspective, the public's view of Ford's decision has softened considerably.

While I do not believe Ford was wrong to pardon Nixon, the timing of the pardon was premature and may have cost Ford the margin of victory in the 1976 election. Had Ford kept to his original plan and allowed time for formal charges to be lodged against Nixon, spelling out the specifics of his culpability, it would have been up to Nixon to either accept the pardon or fight the charges in court. But pardoning Nixon without requiring at least an acknowledgment of responsibility for serious misconduct and for lying to the public left the door open for the spate of revisionist books and articles that followed the resignation.

At bottom, the decision to pardon Nixon was a political judgment properly within the bounds of Ford's constitutional authority. The specter of a former president in the criminal dock as our country moved into its bicentennial year was profoundly disturbing. I believe Jerry Ford acted in accord with what he sincerely felt were the best interests of the country; that there was no

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secret quid pro quo with Nixon for a pardon in return for resignation; and that Ford, a compassionate man, was moved by the palpable suffering of a man who had lost so much.

The release of a slew of additional Nixon tapes has not been kind to the diminishing ranks of Nixon loyalists -- providing ever more evidence of Watergate-related mendacity. In the end, Ford may have been correct in believing the facts would sort themselves out well enough. Yet, because Ford did not condition his pardon on a formal acknowledgment of culpability by Nixon, historians will have to go to the underlying evidence to make their judgments on Nixon's responsibility for the criminal conduct and constitutional transgressions that left him with the stark choice between resignation and certain removal from office.

The writer, former chief of the Watergate Task Force of the Watergate Special Prosecutor's Office, is a partner in the Washington office of Mayer, Brown, Rowe and Maw.

Edwards Seeks To Make 2nd Time A Charm (AP)

By Nedra Pickler

AP, December 29, 2006

Two years older and he says wiser, too, John Edwards announced a repeat presidential campaign Thursday with new ideas that make him a very different candidate the second time around.

In 2004, Edwards was the moderate southern senator who promoted middle class tax cuts and tried to position himself as the best general election alternative to President Bush.

This time the 53-year-old faces a tougher fight for the Democratic nomination and has a more progressive campaign of eliminating poverty, reducing global warming and providing universal health care for all Americans.

He's apologizing for his vote to send troops to Iraq — which he stood by steadfastly in the 2004 campaign — and is calling for 40,000-50,000 troops to come home immediately.

And those middle class tax cuts he campaigned on in 2004? "At this point, it's hard to see how to do that," Edwards said in an interview after his campaign kickoff in New Orleans.

The unorthodox campaign launch site — the middle of a neighborhood still devastated more than a year after Hurricane Katrina — itself demonstrated how Edwards campaign has changed. In 2004, he had an official kickoff in his hometown of Robbins, N.C. for a campaign that stressed his up-from-the-bootstraps biography that turned the son of a mill worker into a successful trial attorney and then senator.

This time around, Edwards didn't mention one word about his personal story. He talked less about what he wanted to do as president and more about how everyone can change the country.

"That's why I'm in New Orleans," said Edwards, standing before student volunteers working to rebuild a home, "is to show what's possible when we as Americans, instead of staying home and complaining about somebody else not doing what they're supposed to, we actually take responsibility and we take action."

Edwards wore blue jeans and an open-necked shirt and stood casually before a line of television cameras and reporters to make his announcement. There was no TelePrompTer, no American flag backdrop and no cheering crowd that is typical of a presidential kickoff.

Edwards' advisers scheduled a six-state announcement tour between Christmas and New Year's Day with the hopes that news would be slow and he could dominate media coverage. Over three days, Edwards also planned to travel to Iowa, New Hampshire, Nevada, South Carolina and his home state of North Carolina.

Edwards was trying to make a unique entrance into what is bound to be a competitive race for president. Only two others have officially announced their candidacies — Iowa Gov. Tom Vilsack and Rep. Dennis Kucinich — but several others are expected to join the race in the new year.

The most dominant figures are Sens. Hillary Clinton and Barack Obama, and Edwards' first question from the gathered reporters was about how he intends to compete with them. "I want the best human beings possible to run for president of the United States," Edwards said.

The race also might include Edwards' former partner on the Democratic ticket — 2004 presidential nominee John Kerry.

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In an interview later in a nearby home that is almost completely rebuilt, Edwards brushed aside any suggestion that it might be awkward to take on the man who chose him for the national ticket last time around.

Edwards said the biggest responsibility of the next president will be to restore America's moral leadership in the world. He said the Bush administration's leadership in Iraq has been a disaster and that it would be a mistake to send in more troops, which Bush is considering in the new year.

Edwards said it's a "fair question" to ask about his lack of foreign policy experience after just one term in the Senate. But he said he's spend the last two years since he left office traveling the world. "It's given me some depth and understanding that didn't exist before that time," he said.

And he noted that the Bush administration has included such experienced foreign policy hands as Vice President Dick Cheney and Defense Secretary Donald Rumsfeld and "they've been an absolute disaster by any measure."

Edwards said it's not just Iraq that it is chaos and in need of moral leadership from the United States. He said the United States should be leading an end to genocide in Sudan and to atrocities in northern Uganda. He also said the United States should be part of the International Criminal Court, something that Bush has fought against to keep Americans from facing politically motivated prosecutions.

He also said the country should end its dependence on foreign oil. He said he would tax oil company profits and eliminate Bush's tax cuts to pay for his priorities.

In the interview later, Edwards said he will have a health care plan that will provide coverage for every American, something that few presidential candidates have considered a winning issue because of the high cost.

"I didn't have a universal health care plan (last time). Nobody did," Edwards said. "I shouldn't say nobody. I think Dennis Kucinich may have."

Kucinich, the most liberal presidential candidate in 2004 and 2008, wants national health insurance providing single-payer universal health care. He also wants to replace the Department of Defense with a Department of Peace and is a long-shot candidate for president.

Edwards said he's still working out the details of his health care plan and doesn't yet have a cost estimate.

New Orleans Is Exhibit A As Edwards Opens His Presidential Campaign (NYT)

By Adam Nossiter

The New York Times, December 28, 2006

NEW ORLEANS, Dec. 28 — Framed by two ruined houses and a dead tree, John Edwards inaugurated his 2008 presidential campaign here on Thursday with an appeal to citizens to take on challenges like the one represented by this still-devastated city.

The choice of a battered New Orleans neighborhood for Mr. Edwards's unconventional announcement, with student volunteers at his side, was intended to highlight what, in broad terms, would be a central theme of his campaign: the need for a fresh wave of citizen activism to "change this country."

The message, delivered without notes, was as loose and generalized as the setting was informal. Clad in shirt-sleeves, blue jeans and work boots, and standing in the muddy backyard of a homeowner struggling to come back from the destruction of Hurricane Katrina, Mr. Edwards explained to reporters gathered in the morning chill that "the basis for my campaign will be a ground-up campaign, where we ask people to take action."

As one of the first to enter the barely nascent campaign — his most likely competitors, Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, have yet to announce — Mr. Edwards, the losing vice-presidential candidate in 2004, seemed at pains to begin on a positive note. He delivered a Kennedy-like appeal for grass-roots volunteerism rather than a broadside against President Bush, though he called Mr. Bush's foreign policy team "an absolute disaster" in the question-and-answer session afterward.

Though Mr. Edwards's central theme in the 2004 campaign was poverty, that was not the case on Thursday, as he made only a passing reference to the "two Americas," his slogan two years ago. Instead of choosing to announce from the Lower Ninth Ward, the impoverished neighborhood that has become a symbol for the devastation of Hurricane Katrina, Mr. Edwards, a former

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North Carolina senator, opted for middle-class East New Orleans, and an area of solid, single-story tan-brick homes that are salvageable, unlike the flimsy frame buildings in the Lower Ninth Ward.

The house outside which he spoke belongs to a quality-assurance inspector at Luzianne, a local coffee and tea maker. The homeowner, Orelia Tyler, had floodwater up to her roof and has been living in a FEMA trailer. Dazzled by the senator's attention, Ms. Tyler said, "I'm hoping and praying he's doing it to help me get back in my house, and not for publicity."

As Mr. Edwards spoke, limbs from the dead tree in back of him, which were pushed down by the storm, still rested on the chain-link fence at the yard's edge; in the distance was a toppled basketball goal; a giant rusting ventilator fan lay on the ground.

"We need to call on Americans to be patriotic for something other than war," Mr. Edwards said.

Implicit in his brief remarks was criticism of the Bush administration's handling of New Orleans's foundering recovery. In Mr. Edwards's telling, the city was exemplary in both positive and negative senses, as a symbol of citizen action and government inaction. This was his fourth visit since the storm, and he spent part of the well-photographed previous day shoveling mud outside the same house.

Thursday, the ex-senator praised the army of volunteers that has gutted hundreds of houses and removed debris, but he pointedly omitted any recognition of the patchy official efforts.

He saved his criticism of Mr. Bush's New Orleans role for a question-and-answer session afterwards, telling reporters, "This is a place where presidential leadership would have been critical."

Asked how he would have handled New Orleans, Mr. Edwards responded: "I would have had somebody coming into my office every morning, and I would say to him, 'What did you do in New Orleans yesterday?' And then the next day, 'What did you do yesterday? What steps do we need to take? What are we not doing? What are the people in New Orleans telling us that we're not doing?' "

He said the next president would "need to re-establish America's leadership role in the world," called for quick withdrawal of 40,000 to 50,000 troops from Iraq, and said it "would be a mistake for America to escalate its role in Iraq."

Roundly denouncing the administration's approach, he said, "You can't lead through raw power."

He expressed regret for his Senate vote to authorize force in Iraq. "My vote was a mistake," he said. "I should never have voted for the war."

Afterward, Mr. Edwards headed for Iowa and a town-hall-style meeting in Des Moines. He has assiduously courted the electorate in Iowa, the first state to hold a presidential vote; this visit will be his 16th since the 2004 election. Several recent local polls have shown him in a leading position in Iowa, where he finished second in the 2004 caucuses.

Edwards Kicks Off Campaign With Focus On Poverty, Inequality (MCT)

By Rob Christensen

McClatchy Newspapers, December 29, 2006

NEW ORLEANS — John Edwards began his second quest for president Thursday by calling on the country to address the problems of poverty and inequality in America.

Edwards, 53, the 2004 Democratic vice presidential nominee and a former senator from North Carolina, used a hurricane-ravaged neighborhood in New Orleans as the backdrop for his announcement. The Ninth Ward section of the city is still strewn with boarded-up homes and piles of debris 16 months after the area was flooded by Hurricane Katrina.

"New Orleans in so many ways shows the two Americas that I have talked about in the past," Edwards said.

Edwards said it wasn't just the business of government to rebuild destroyed neighborhoods, although he criticized the Bush administration for doing too little. He said he would use his campaign as a "call to action" to encourage private groups to help those in need in New Orleans and elsewhere. Standing behind Edwards was a group of Baton Rouge, La., students who have been volunteering in New Orleans.

"If you walk around these neighborhoods, what you'll hear is that most of the good that has been done in New Orleans has been done by faith-based groups, charity groups and volunteers," Edwards said.

Edwards also called for universal health care coverage, more opportunities for young people to go to college and beginning the withdrawal of American troops from Iraq while seeking a political solution to the conflict. Edwards said he favors

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rolling back some of the tax cuts for well-to-do Americans pushed by the Bush administration. He spoke in broad terms, offering few specifics on how he would bring about the changes he proposed.

Edwards begins the Democratic primary trailing New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama, according to national polls, even though they haven't declared their candidacy. But Edwards is better known than most of the other Democrats considering the 2008 race.

Edwards left New Orleans for a three-day tour that was to take him through the key primary and caucus states of Iowa, New Hampshire, Nevada and South Carolina, before finishing Saturday with a rally near his new 102-acre estate in Chapel Hill, N.C.

The spectacle of a presidential announcement, with its congregation of TV trucks, drew few onlookers because so much of the Ninth Ward has been abandoned. The area looks like a battle zone, with Federal Emergency Management Agency trailers sitting outside half-destroyed homes and neighborhoods patrolled by military police in Humvees.

A half-block away, Michael Knight, a 31-year-old electrician who grew up in the neighborhood that locals called Checkerboard, ignored the hoopla.

"I don't think it makes a big difference to me," Knight said of the Edwards visit. "I really don't see it doing nothing. He's not the first one to come down here."

Edwards, a mill worker's son who became a millionaire trial lawyer, has linked himself to the issue of poverty. He's made three previous trips to New Orleans to help residents with rebuilding projects. During his 2004 campaign, Edwards emphasized his Two Americas theme, highlighting the inequalities in America. In 2005, Edwards created the Center on Poverty, Work and Opportunity at the University of North Carolina in Chapel Hill. He has compared his stance to that of the late Sen. Robert Kennedy, who ran for president in 1968.

But addressing poverty, rather than the problems of the struggling middle class, can be tricky politically.

"It's clearly not the main mover of most voters," said Lee Miringoff, director of the Marist Institute for Public Opinion in New York. "People are interested in the war in Iraq. The question is whether he can talk about the quality of life for Americans as part of the specialized focus on people who are poor."

The last major presidential candidate to focus on poverty was Jesse Jackson in 1988. The so-called "New Democrats" such as Bill Clinton and Al Gore largely wrote off the issue.

"Politically, it's a marginal strategy," said Allan Lichtman, a presidential scholar at American University. "Whether that is going to appeal to the base of the Democratic Party is an interesting question."

Some fellow Democrats wonder whether emphasizing poverty and populism is the way to win the party's nomination.

"He is defining himself as the little people's friend," said Dick Hartpootlian, a former South Carolina Democratic chairman. "That works in the courtroom. I don't think that will work across the country."

Edwards Confirms Plan To Run For White House (WT)

By Charles Hurt

The Washington Times, December 29, 2006

Former Democratic vice presidential nominee John Edwards yesterday made his first public announcement that he will again seek his party's nomination for president.

The one-term senator from North Carolina, who made a hefty fortune as a personal injury lawyer, chose as the backdrop of his speech the squalor left in New Orleans by Hurricane Katrina more than a year ago.

"New Orleans, in so many ways, shows the two Americas that I have talked about in the past and something that I feel very personally," he said yesterday, touching on the theme of class division that defined his 2004 primary campaign. "It also exemplifies something that I've learned since the last election, which is that it's great to see a problem and to understand it; it's more important to actually take action and do something about it."

Asked by a reporter whether he was announcing from the now-famous 9th Ward to help New Orleans or so that New Orleans could help his political career, Mr. Edwards replied, "Yeah, well I hope so."

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"In the worst-hit areas of New Orleans, as everyone in New Orleans knows -- they certainly don't need me to tell them -- you don't see much change," he said. "So if we can help bring Americans to New Orleans to help rebuild this great city and get people to pay attention to what's actually going on here, I feel like we've done a good thing."

Mr. Edwards faces a field dramatically altered from the one he faced leading up to the 2004 presidential elections. Then, he was a fresh face who was still sitting in the Senate. He held a great deal of promise as a Democrat from the South who might help break the Republican stranglehold on Dixie.

Today, he is no longer a fresh face and has spent the past two years out of office running a poverty center in North Carolina. Also, he proved ineffective at making inroads in the South, failing even to deliver his home state to the 2004 Democrat ticket headed by Sen. John Kerry of Massachusetts.

Still dominating the field are two potential candidates who haven't even announced their intentions: Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois.

Mr. Edwards had planned to announce his candidacy yesterday, but a computer mishap that put his campaign Web site on the Internet on Wednesday forced his team to say that day that he was running. He also sent an e-mail to supporters Wednesday night to that effect.

Mr. Edwards has another obstacle in his path to the White House: He voted for the Iraq war.

"My vote was a mistake, and I should never have voted for this war," he said yesterday. "I do think it's important to note for anybody who voted for the war that we didn't conduct the war. [President] Bush, [Vice President Dick] Cheney, those people -- [former Defense Secretary Donald H.] Rumsfeld -- they conducted the war, and they've been an absolute disaster in the conducting of the war. But none of that changes or affects my responsibility. I'm responsible for what I did, and I believe that my vote was a mistake."

He also said he opposes any increase in the number of troops serving in Iraq.

Mr. Edwards also took the opportunity yesterday to criticize the Bush administration for its handling of the post-hurricane rescue efforts, cleanup and rebuilding in New Orleans.

"I think if the president of the United States had come to New Orleans, spent some time here -- I mean, the president has a lot of responsibilities, he can't stake himself out for the long term in New Orleans -- but he should have spent a period of days here, saw what was actually happening on the ground and then demanded action," Mr. Edwards said.

Hurricane Katrina hit during the final days of August last year.

On Sept. 15, President Bush delivered a prime-time address to the nation after reviewing the damage.

Edwards Hopes Persistence Pays Off In Presidency (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, December 29, 2006

The 2004 candidate is seeking the Democratic nomination for 2008, saying Americans have a responsibility to help one another.

NEW ORLEANS — With the ruins of New Orleans as his backdrop, former Democratic vice presidential nominee John Edwards on Thursday called on Americans to take action against poverty, global warming and other troubles as he officially launched his 2008 campaign for president.

"We can't wait for someone else to do this for us," the onetime U.S. senator from North Carolina said from a muddy 9th Ward backyard where volunteers were fixing a home gutted by Hurricane Katrina.

Dressed in blue jeans, sneakers and a work shirt, Edwards outlined his vision of the presidency as a moral force to promote universal healthcare, higher wages for the working poor and other steps.

New Orleans, he said, illustrates the "two Americas" that he lamented in his 2004 run for president — one for the privileged, and one for those struggling to get by.

Reprising that theme for 2008, Edwards this time is stressing "personal responsibility." In a setting of flood-ravaged houses with boarded-up windows and punctured walls — which he said the government had done too little to repair — he urged Americans to volunteer for anti-poverty work and cut fuel use to ease global warming.

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"Instead of staying home and complaining, we're asking people to help," he said in the drawl that became familiar to the nation during his four-month stint as running mate to 2004 Democratic presidential nominee John F. Kerry after Edwards' own presidential bid failed.

Edwards also called for the immediate withdrawal of 40,000 to 50,000 U.S. troops from the war in Iraq, saying the move would begin to restore America's standing as a world leader.

Campaigning hours later in Des Moines, Edwards took a swipe at a leading Republican contender for president, Sen. John McCain of Arizona, for saying the U.S. should send more troops to Iraq.

"It would be an enormous mistake to adopt the McCain doctrine and escalate this war in Iraq," he said to cheers from several hundred people packed into the central atrium of a downtown museum.

As he has in the past, Edwards voiced regret for his Senate vote to authorize the U.S. invasion of Iraq. "I should have never voted for this war," he said.

Iowa was the first stop on his three-day swing to the first states to hold Democratic nomination contests. Edwards plans to campaign in New Hampshire and Nevada today and in South Carolina on Saturday.

By starting in Des Moines, Edwards underscored Iowa's crucial role in his campaign. His surprisingly strong second-place finish in the 2004 Iowa caucuses was a major lift to his presidential candidacy that year, and a poor showing here in 2008 could doom his candidacy. He has visited Iowa 16 times since the 2004 election, and polls suggest he holds an early edge in the state.

"He's been here as much as, if not more than, anybody else, and he's highly regarded by a lot of Democrats in Iowa," said Peverill Squire, a University of Iowa political science professor.

Edwards, 53, is the third Democrat officially in the race for president, following Iowa Gov. Tom Vilsack and Rep. Dennis J. Kucinich of Ohio. He is also the best known nationally.

But like more than half a dozen Democrats still weighing a White House run, he faces a tough struggle for money and visibility in a contest dominated so far by two Democrats who have not formally announced intentions — Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

"Obama and Clinton are taking up an enormous amount of political space," said Democratic strategist Steve Elmendorf. Edwards "has to hope that one of the two of them falters."

The Edwards announcement came as no surprise; he has been preparing for the campaign for more than two years. (His campaign website also accidentally went live Wednesday, a day early, tipping his hand.)

To maximize media exposure, he timed his announcement for the normally slow news week before New Year's. The death this week of President Ford complicated that plan, but Edwards still drew more than 20 news crews to his chilly morning announcement in New Orleans.

Forgoing a customary campaign launch with balloons and cheering supporters, Edwards appeared alone on the bleak 9th Ward lawn of Orelia Tyler, who has lived in a frontyard trailer for months as repairs continued on her hurricane-wrecked home.

The early announcement — the opening 2008 contest in Iowa is more than a year away — enables Edwards to jump-start fundraising by showing donors that his candidacy is a sure thing. But he starts with debt lingering from 2004, and it will cost him tens of millions of dollars to compete seriously for the party nomination.

Edwards is no longer the fresh face he was in 2004 as a first-term senator whose candidacy for president was strong enough to keep him in the Democratic race longer than anyone but Kerry.

But since then, Edwards has worked to sharpen his profile for an encore campaign. He has aggressively cultivated union leaders, heightening his appeal to labor with efforts to fight poverty and increase the minimum wage. But Clinton and other potential Democratic contenders also have strong union ties.

Working to fill a widely noted gap in his 2004 resume, Edwards has also traveled the world to strengthen his image on foreign policy. In New Orleans, he called for stronger U.S. leadership in stopping "huge atrocities" in northern Uganda, where he met with relief workers a few weeks ago, and the genocide in Sudan.

"We said after Rwanda we'd never let anything like this happen again," he said. "Well, it's happening right now."

In Iowa, Edwards mentioned his recent trips to Israel and Britain and hammered the Bush administration for refusing to negotiate with adversaries.

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"It is in my judgment sheer stupidity to say we will not deal with our enemies," Edwards said.

A South Carolina native and the son and grandson of millworkers, Edwards was raised in rural North Carolina. He was the first in his family to attend college.

In two decades as a trial lawyer, Edwards made millions litigating cases against corporations for injured plaintiffs. His first run for public office was a 1998 campaign for U.S. Senate. He defeated Republican incumbent Lauch Faircloth of North Carolina and served one term.

Now, Edwards casts himself as a Washington outsider. Known in 2004 for his discipline in sticking to a poll-tested message, he vowed in a video on his campaign website to say more than just "what's safe."

"We're conditioned to be political, and it's hard to shed all that," he said. "I can be in the middle of being what feels real and authentic to me, and I'll get into a little reel in my head. I can see it happening, and I have to pull myself back out."

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(INFOBOX BELOW)

John Reid Edwards

Age: 53

Career: Attorney, 1978-98. U.S. senator, 1999-2005. Unsuccessful candidate for 2004 Democratic presidential nomination; 2004 Democratic vice presidential nominee.

Education: North Carolina State University bachelor's degree, 1974; University of North Carolina at Chapel Hill law degree, 1977.

Family: Wife, Elizabeth; daughters Cate, 24, and Emma Claire, 8; son Jack, 6. Son Wade, 16, died in a traffic accident in 1996.

Source: Times research

Edwards Formally Joins 2008 Presidential Race (WP)

By Dan Balz

The Washington Post, December 28, 2006

NEW ORLEANS, Dec. 28 -- Former senator John Edwards of North Carolina launched his second campaign for the White House from this flood-ravaged city Thursday with a call for the United States to reduce its troop presence in Iraq and a plea for citizen action to combat poverty, global warming and America's reliance on foreign oil.

Edwards was sharply critical of the administration for its conduct of the war in Iraq, and he again recanted his own vote authorizing President Bush to take the country to war, which he called a mistake.

"The biggest responsibility of the next president of the United States is to reestablish America's leadership role in the world, starting with Iraq," Edwards told reporters during his morning announcement. "We need to make it clear that we intend to leave Iraq and turn over the responsibility of Iraq to the Iraqi people."

Edwards said he favors withdrawing 40,000 to 50,000 troops from Iraq as a signal to Iraqis that the United States intends to turn over responsibility for the conflict to the government there. Wading into the current debate in Washington about Iraq, he forcefully rejected proposals to send more troops to help quell the bloody sectarian violence there.

"I want to be absolutely clear about this," he said. "It is a mistake for America to escalate its role in Iraq. It is a mistake to surge troops into Iraq. It sends exactly the wrong signal to the Iraqis and the rest of the world about what our intentions are there."

Edwards also said he favors rolling back some of the tax cuts given to the wealthiest Americans by the Bush administration, and he proposed a windfall profits tax on the oil industry, saying additional money will be needed to pay for vital domestic needs.

"I think it's also really important that we be honest with people," he said. "We've gotten in a deep hole, in terms of our deficit. We have investments that need to be made." He cited help for middle-class Americans, anti-poverty programs, universal health care and energy initiatives as examples.

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From his choice of setting to his message, Edwards used the opening day of his 2008 bid to signal that he intends to run a populist, insurgent campaign designed to show that he is not a candidate of Washington, in contrast to his likely Democratic rivals -- including Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois.

"This campaign will be a grass-roots, ground-up campaign, where we ask people to take action," he said.

Edwards staged his announcement in the city's Ninth Ward, which was devastated by Hurricane Katrina last year. He spoke from a debris-strewn property where a home was heavily damaged by Katrina's floodwaters; it was adjacent to a newly renovated property where he spent several hours Wednesday working with young volunteers to landscape the back yard.

Edwards said no city better symbolizes the "two Americas" -- haves and have-nots -- that he spoke about during his 2004 campaign. But he said New Orleans also shows the good that can come when people act for themselves, rather than relying solely on the government.

The day was shorn of most of the trappings of traditional presidential campaign announcements. The candidate appeared wearing blue jeans and a blue shirt, standing alone rather than surrounded by family or supporters. The only people in the background were the young volunteers he had worked with on Wednesday.

The announcement also highlighted the changing shape of political communication. Edwards had no prepared text, spoke briefly and took a few questions from reporters. But before that, he had declared his candidacy with a video posted through his campaign Web site on YouTube, with an e-mail sent overnight to supporters and with five interviews on morning television shows.

Edwards picked a traditionally slow news week to declare his candidacy, hoping to draw more attention to what is often a well-scripted ritual lacking in suspense. By moving early, Edwards also avoided being overshadowed by the anticipated entries of celebrities Clinton and Obama, who will make their intentions known in January.

Edwards begins his campaign well positioned to compete for the nomination. He tops public opinion polls of Democrats in Iowa, which will hold the first caucuses of 2008; retains a base in South Carolina, whose primary he won in 2004; and has built good relationships with organized labor in Nevada, which is scheduled to hold the second set of caucuses of the election season.

One question mark among the early states is New Hampshire, which holds the nation's first primary. Edwards finished fourth there in 2004, but aides say he has improved his standing there since that primary.

Another question surrounding Edwards's candidacy is whether he will be able to compete against Clinton and Obama in fundraising.

Edwards has been running steadily for president since he and Sen. John F. Kerry (D-Mass.) lost to Bush and Vice President Cheney in 2004. He made his first post-election trip to New Hampshire in February 2005 and campaigned tirelessly for Democrats running in the midterm elections.

He set up a poverty institute at the University of North Carolina and, when Hurricane Katrina focused attention on the plight of the underclass in America, renewed his calls for a new commitment to eliminate poverty. He also campaigned on behalf of ballot initiatives calling for an increase in the minimum wage.

He sought to strengthen his foreign policy credentials -- a notable weakness in his first campaign -- through involvement with the Council on Foreign Relations. Asked Thursday about his national security rÃ©sumÃ©, Edwards said experience is no substitute for good judgment and cited the administration's record as evidence.

"We've had one of the most experienced foreign policy teams in American history," he said, pointing to Cheney and former defense secretary Donald H. Rumsfeld. "They've been an absolute disaster by any measure."

Edwards, 53, made millions of dollars as a trial lawyer in North Carolina before entering politics in 1998. He won a Senate seat that year, defeating incumbent Republican Sen. Lauch Faircloth. He established a reputation as a quick study, a shrewd and tough questioner, and one of the party's rising stars -- prompting him to run for president after just four years in public life.

His 2004 campaign lagged for months but caught fire just before the Iowa caucuses, where he finished second to Kerry. He parlayed that success into a victory in South Carolina, and his performance in the primaries earned him a slot on the Democratic ticket.

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After events in New Orleans on Thursday, Edwards flew to Iowa for a more traditional campaign rally in Des Moines, marking his 16th visit to Iowa since the end of the 2004 campaign.

At a town hall meeting, he fielded questions on energy, education, the deficit, Iraq and his past support for the war. "At the end of the day, I voted yes and I should not have," he said. "I'm the one who's responsible for that."

Edwards Launches Presidential Bid From New Orleans (USAT)

By Jill Lawrence

USA Today, December 28, 2006

NEW ORLEANS — John Edwards launched his second bid for the Democratic presidential nomination this morning amid the wreckage of Hurricane Katrina, saying the next president's most important task will be to provide moral leadership at home and abroad.

"We need to be the example for the rest of the world," Edwards, dressed in jeans and work boots, said as he stood with a cadre of student volunteers in a muddy yard in New Orleans' 9th Ward, between two houses gutted by the August 2005 disaster.

The former North Carolina senator, his party's 2004 vice presidential nominee, said he is committed to universal health care, ending poverty and showing the world that "we have the moral authority to lead."

Edwards, 53, made the unconventional choice of New Orleans during a holiday week to announce his 2008 candidacy. The location highlighted his longtime theme of "two Americas," one for the 'haves' and the other for the 'have-nots,' and a new call to grassroots action. The timing was meant to grab some attention before the Democratic field swells in coming weeks.

New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama say they'll announce their plans after the holidays. Iowa Gov. Tom Vilsack and Rep. Dennis Kucinich of Ohio already are in the race. Other prospects include New Mexico Gov. Bill Richardson and Sens. Joe Biden of Delaware, Christopher Dodd of Connecticut and 2004 nominee John Kerry of Massachusetts.

As president, Edwards said, he would make investments in health, education and other areas that would require rolling back some tax cuts for the wealthy. But he also said Americans should take steps now to rebuild New Orleans, help the poor, reduce global warming and use less energy rather than waiting for the federal government or the next president to do it.

Edwards called his vote to authorize the Iraq war "a mistake" for which he takes full responsibility. The one-term senator said he has been "all over the world" in the last two years and has increased his depth of knowledge of world affairs.

He said it's fair to question his level of experience but said that doesn't guarantee vision or good judgment. He cited President Bush, Vice President Cheney and former Defense secretary Donald Rumsfeld prove his point. They were "extraordinarily experienced," he said, but their tenure has been "an absolute disaster by any measure."

He criticized the Bush administration for making it difficult to engage other countries on international problems. "The world is literally in chaos," he said. "When America doesn't lead, there is no stability. We are the stabilizing force in the world."

New Orleans was the first stop on a three-day tour that was taking Edwards to all four early primary-season states — Iowa, New Hampshire, South Carolina and Nevada — before arriving home in Chapel Hill, N.C. for a welcome rally Saturday.

Edwards is no longer a new face on the national stage, and this time around his rivals may well include two presidential newcomers — Obama and Clinton — with significant star power. Still, Edwards is not quite David taking on two Goliaths, as Indiana Sen. Evan Bayh characterized himself when he abruptly quit the race earlier this month.

Polls of the states that kick off the primary season, Iowa and New Hampshire, show Edwards holding his own. In Iowa he is leading or tied for first place in polls taken in June, October and December. In New Hampshire, a Concord Monitor poll this month found Clinton and Obama at 22% and 21% respectively, followed by Edwards at 16%. Everyone else in single digits.

"As with his polling in Iowa, he's showing a certain strength here in New Hampshire as well. He's certainly going to be a contender," said Ray Buckley, the incoming chairman of the New Hampshire Democratic Party.

Since the 2004 election, Edwards has headed a new Center on Poverty, Work and Opportunity at the University of North Carolina and started a College for Everyone tuition program now being tested in a county in North Carolina. In June he proposed tax cuts for low-income families, incentives to save, a last-chance temporary jobs program, $1 million in housing vouchers for poor families and other steps as part of a plan to end poverty by 2036.

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Edwards also has traveled the country cultivating labor support and promoting minimum wage hikes, part of his anti-poverty plan. He helped fellow Democrats raise $8.5 million for their campaigns and parties. He visited London, Russia, India, Brussels, Israel, Uganda and China.

Edwards' wife, Elizabeth, underwent treatments for breast cancer that was diagnosed the day after the 2004 election. He said Thursday that she is in good health.

Edwards Vows To Restore US Image In Bid For Presidency (FT)

By Demetri Sevastopulo in Washington

Financial Times, December 29, 2006

John Edwards, the former North Carolina senator and Democratic vice-presidential nominee, yesterday became the fourth Democrat to enter the 2008 race for the White House.

Mr Edwards vowed to run on a platform of de-feating poverty and combating global warming. But he said his top priority would be restoring America's image.

"The biggest responsibility of the next president of the United States is to re-establish America's leadership role in the world, starting with Iraq," said Mr Edwards. "We have to show that we have the moral authority to lead. You can't lead through raw power."

Mr Edwards, who became John Kerry's running mate in 2004 after failing to secure the Democratic presidential nomination, spoke just hours before President George W. Bush held a national security meeting at his Texas ranch to discuss options for Iraq.

Mr Edwards joined Joseph Biden, the incoming Democratic chairman of the Senate foreign relations committee who this week also announced his intention to run for the White House, in opposing more US troops for Iraq, an option considered by Mr Bush.

National polls of voters in Democratic primary elections show Mr Edwards running in third position behind Hillary Clinton and Barack Obama, both of whom are mulling running for the White House.

A recent NBC News/Wall Street Journal poll found that 14 per cent of respondents favoured Mr Edwards, compared with 18 per cent for Mr Obama. Ms Clinton led the pack with 37 per cent. However, a recent poll of voters in Iowa - a key state as it holds the first primary - showed Mr Edwards tied with Mr Obama at 22 per cent, ahead of Ms Clinton with 10 per cent.

In announcing his candidacy, Mr Edwards ap-peared to model himself on John F. Kennedy, who famously called on Americans to "ask not what your country can do for you, ask what you can do for your country". Dressed in jeans as he spoke from the hurricane-ravaged city of New Orleans, Mr Edwards said: "If . . . we want to move America that way it needs to move, we're going to have to do it, all of us, together. Instead of staying home and complaining, we're asking people to help."

In 2004 Mr Edwards ran on an anti-poverty populist campaign of two Americas - the haves and have-nots. Yesterday he focused more on foreign policy. He said the US needed to get more involved in solving the crisis in Darfur and said America should join the International Criminal Court. Asked about his relative inexperience in foreign policy, Mr Edwards replied that "one of the most experienced foreign policy teams in American history" - Donald Rumsfeld and Dick Cheney - had been "an absolute disaster".

Edwards Embarks On Cross-Country Tour To Advance His Candidacy (BLOOM)

By Nicholas Johnston

Bloomberg, December 29, 2006

Dec. 29 (Bloomberg) -- Former Senator John Edwards embarked on a cross-country campaign to promote his new presidential bid after getting the jump on some fellow Democrats by announcing his populist candidacy in hurricane-ravaged New Orleans.

Seeking to build support against a formidable slate of possible opponents, the North Carolina Democrat appeared at a town hall meeting in Iowa, home to the nation's first presidential caucus, before heading to New Hampshire, site of the first primary election in 2008. In Iowa, Edwards is tied in early polls with Barack Obama and ahead of Hillary Clinton, two senators who are likely to join the race soon.

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``Man, it's great to be back in Iowa," Edwards told several hundred people who packed the Iowa State Historical Museum in Des Moines last night. ``I've been to Iowa a time or two," he said to laughter from the crowd. It was Edwards's 16th trip to the state in the past two years.

The holiday-season entry into the race and early campaign foray by Edwards are designed to lessen the advantage Clinton and Obama enjoy as early favorites.

The Democratic contest ``is being presented so generally in the media as a race between Hillary and Obama," said Stephen Hess, a presidential scholar at the Brookings Institution in Washington. Edwards is well-positioned for ``somebody slipping on a banana peel."

Rob Tully, an attorney who helped run Edwards's 2004 presidential campaign in Iowa, said there is a lot of ``hype" surrounding other candidates. Edwards, by practicing ``retail politics" now in key states, will have the organization and connection with voters to win the early contests, he said.

Second-Place Finish

Edwards, 53, placed second in Iowa in 2004 and fourth in New Hampshire before dropping out to become the vice-presidential running mate of the victor in both states, Senator John Kerry of Massachusetts.

``It's still Iowa and New Hampshire in terms of momentum," Tully said. ``You can just ask President Dean how important the Iowa caucuses are."

Former Vermont Governor Howard Dean, an early media favorite in 2004, placed third in Iowa, second in New Hampshire the following week and withdrew soon after.

``I'm doing my by best to allow people to see who I am and what it is I believe and how important I think it is to engage Americans and bring about the changes we need," Edwards said in an interview.

Iraq War

At the Iowa rally, Edwards said he would work to ``restore America's moral leadership in the world" by beginning to pull U.S. forces from Iraq and again acknowledged he was wrong to vote to authorize the war as a senator in 2002. ``It was a mistake and I take responsibility for that," Edwards said.

He kicked off his campaign yesterday in the backyard of Oleria Tyler of New Orleans, whose home was severely damaged by Hurricane Katrina in 2005. Edwards accused the Bush administration of neglecting poorer residents trying to recover from the storm.

``New Orleans, in so many ways, shows the two Americas that I have talked about in the past," Edwards said, returning to his theme of a nation divided by wealth and poverty.

In a recent survey of 400 Iowa Democrats who are likely to attend the state's presidential caucuses in January 2008, Edwards polled 22 percent, tied for first with Obama. Iowa Governor Tom Vilsack came in second with 12 percent and Clinton was third with 10 percent.

In New Hampshire

The survey, conducted Dec. 18-20 by polling firm Research 2000, has a margin of error of 5 percentage points.

After his appearance in Iowa, Edwards flew to Portsmouth, New Hampshire, where today he holds a town hall meeting at an elementary school.

A poll of 400 New Hampshire Democrats conducted by Research 2000 found Clinton and Obama virtually tied with 22 percent and 21 percent respectively. Edwards polled third with 16 percent.

``He has a certain degree of name recognition and a pretty fat Rolodex," Hess said. ``He's still very much a player and, very obviously, he's a very attractive person and a very good speaker."

Edwards is making his 10th trip to New Hampshire since the 2004 election, and the current campaign swing also includes stops in Nevada and South Carolina, which hold early contests for the Democratic nomination.

Since the 2004 election, Edwards has visited 39 states and raised more then $8.5 million for Democratic candidates in this year's congressional elections.

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Tully said Edwards, a trial lawyer and seasoned politician, has the speaking skills to help him in Iowa where the winner is picked in public meetings. The system requires successful candidates to generate enthusiasm among caucus-goers to get them to speak on their behalf to other voters.

``It really is about touching these people to make them want to not only go there and stand and say, `I'm for John Edwards,' but to actually voice their reasoning why," Tully said. ``The people who show up are going to be there because they want this guy to be president of the United States."

Edwards Brings Campaign Launch Tour To Des Moines (DMR)

By Abby Simons

Des Moines Register, December 29, 2006

Greeting cheering supporters the day he announced his second bid for the presidency, former vice presidential candidate John Edwards stripped off his jacket and said it's great to be back in Iowa.

"And I have to tell you, it's even better to be back as candidate for president of the United States," he said at a Thursday evening town hall meeting at the Iowa State Historical Building in Des Moines.

Touting the slogan "Tomorrow Begins Today," Edwards, 53, a former senator from North Carolina, pledged a grass-roots campaign that begins with domestic issues, such as eliminating poverty and strengthening the middle class — hence Thursday morning's campaign announcement in Katrina-ravaged New Orleans.

Edwards said that he is working on a true universal health care plan, not just access to health care or affordable health care. It's part of taking care of the nation's people and America proving itself once again as a model for the rest of the world, he said.

"We need to be patriotic for something other than just war," he said.

Edwards also spoke about foreign policy issues, including beginning the process of removing troops from Iraq.

"There is so much we need to do, starting with America's moral leadership in the world," he said.

"That morality begins with Iraq, and it would be an enormous mistake to begin with the McCain doctrine," he said of Arizona Republican Sen. John McCain's proposal to put more troops in Iraq. "It needs to be made clear that our troops are not going to stay in Iraq, and the best way to make that clear is to actually start leaving."

Edwards repeatedly pointed out that he voted for the occupation of Iraq in 2003, but he said he did so because of information received while he was a member of the Senate Intelligence Committee. He maintains that he has spoken out against it since.

"I'm not responsible for the condition of this war. That's Bush, Cheney and Rumsfeld," he said referring to the president, the vice president, and the former secretary of defense.

He also focused on the dangers of global warming and America's energy crisis and addiction to oil. Each issue had one unifying factor, he pointed out. Every American could take part in making the country better not just by supporting him, but by taking action of their own.

"I don't want us to stand by and wait for the next election and the next president to solve these problems — although we have some hopes for that — but we want to start taking responsibility now, and doi ng things now," he said.

Taking questions Edwards answered several questions from supporters during the 90-minute town hall meeting, ranging from the federal No Child Left Behind education law to the situation in the Middle East.

The first question concerned his position on immigration. Edwards conceded that while the nation's southern border does need to be secured, law-abiding immigrants who have entered the country illegally should be allowed to stay, after paying a fine and learning to speak English.

Supporter Gary Smith, 56, of Iowa City asked Edwards about the nation's ever-growing deficit and what he would do to fix it. Edwards responded that while it was a concern, eliminating poverty, global warming and other domestic issues took precedence. While not the answer Smith was looking for, he said his support for Edwards didn't waver.

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"I was a little disappointed that he didn't have much to say about the Chinese in the context of our national deficit and how we've mortgaged our debt to them," Smith said. "It's not a very sexy issue, but we could find ourselves destroying our economy, and these guys hold most of it."

Smith, who caucused for John Kerry in 2004, calls Edwards an attractive candidate, but said he will see what other campaigns bring. Regardless, he didn't think Edwards announcement was too early.

About unions Pat and Theresa Navin of Winterset, both labor union supporters, agreed with much of what Edwards had to say, but most of all agreed with his several mentions of expanding unions. The Navins believe it's important for more than just the workers themselves.

"I think he was great before, and he'll be great again," Theresa Navin said. "Anyone who is pro-union, pro-worker and pro-family has my support. Strong unions equate with a strong middle class. Everyone just wants a livable wage. The middle class is supporting the entire country, and we're tired of it."

Edwards Announces Run For Presidency (BOS)

By Susan Milligan, Globe Staff

The Boston Globe, December 29, 2006

Pressure is on Kerry to decide

WASHINGTON -- Former senator John Edwards formally announced his candidacy for president yesterday, further crowding an early Democratic field for the nomination and putting added pressure on his former running mate, Massachusetts Senator John Kerry, to decide whether he will make a second bid for president.

Speaking in New Orleans to showcase the problems still facing the city ravaged by Hurricane Katrina, a blue jeans-clad Edwards called for greater volunteer participation by the public and new leadership from the government -- starting with an immediate, gradual pull out from Iraq.

"We need to make it clear that we intend to leave Iraq and turn over the responsibility of Iraq to the Iraqi people," said Edwards, 53, a former North Carolina senator. "The best way to make that clear is to actually start leaving," he said, beginning with the removal of 40,000 to 50,000 troops. Edwards rejected the idea of a "surge" of extra troops to stabilize Iraq, a plan under consideration by the Bush administration.

The 2004 Democratic vice presidential nominee repeated his regret over having voted to authorize the war in Iraq in 2002 but said the Bush administration -- including Vice President Dick Cheney and former defense secretary Donald Rumsfeld -- were to blame for the way the Iraq war has played out over the last three and a half years.

"It's important to note, for anybody who voted for the war, that we didn't conduct the war," Edwards said. "Bush, Cheney, those people -- Rumsfeld, they conducted the war. And they have been an absolute disaster in the conducting of the war."

Edwards' entry into the race as the third candidate for the Democratic nomination puts pressure on Kerry to make his decision, since the two former colleagues and running mates will be competing for a finite pool of money and support, analysts said. Former Iowa Governor Tom Vilsack and Ohio Representative Dennis Kucinich have already announced their candidacies for the Democratic nomination, and observers believe early front-runners Senator Hillary Rodham Clinton of New York and Senator Barack Obama of Illinois may not be far behind. New Mexico Governor Bill Richardson and Democratic Senators Christopher Dodd of Connecticut and Joseph Biden of Delaware have also broadcast their interest in the race.

"It's one more indication that if Kerry's going to get in, he needs to get in fairly quickly," said Merle Black , a political science professor and campaign specialist at Emory University in Atlanta. "He's going to have trouble raising money and getting staff."

Kerry spokesman David Wade said the senator would announce his intentions after New Year's Day but felt no need to rush his decision.

"Senator Kerry, having run before, has a national network of donors, supporters, and operatives, which have hung together these last two years . . . [He] is certainly in a position to wait until January to make a decision," Wade said, quickly adding that the announcement would not necessarily come in January.

"His decision will have absolutely nothing to do with other candidates." Wade said.

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Kerry has campaigned assiduously for key Democrats in state and local races since he lost the presidency in 2004 and has given out and raised $14 million for Democratic contenders across the country, seeking to build loyalties that could be critical in a crowded Democratic primary. But Kerry is still haunted by his loss in 2004, a race many Democrats feel was his to lose.

"Kerry would be upstaged by Edwards now, I think. There's no discernible support for a second Kerry effort," Black said.

Edwards is doing well in early polls in Iowa, but Kerry supporters say the Massachusetts senator has a natural regional advantage in the first-primary state of New Hampshire, which Kerry won in 2004. Either man could position himself to be the candidate-in-waiting, should Democratic voters decide that Clinton is unelectable and Obama too inexperienced for the job, said Lee Miringoff, director of the Marist Institute for Public Opinion in Poughkeepsie, N.Y.

"The difficulty Kerry has is that people now have other places to go, and they're going there," said Peter Fenn , a Democratic consultant. But Kerry, more than any other candidate, can afford to wait longer to announce because of his 2004 experience, Fenn said.

The 2008 race has attracted numerous presidential hopefuls but is already narrowing; some candidates have pulled out of the race even earlier than candidates used to announce their intentions to run in earlier presidential contests.

Former president Bill Clinton did not start campaigning in earnest in New Hampshire until late 1991, just a few months ahead of the 1992 primary, but would-be 2008 contenders have already started visiting the Granite State and assessing support.

Senator Clinton, the former president's wife, is expected in New Hampshire in February, a state party official said.

"I think that folks who are serious about this will probably want a year before the primary to build their organizations and to be working hard in New Hampshire," said Paul Hodes , a Democrat who will officially become one of his state's two congressmen when he takes the oath of office next week.

"They are honing their messages and figuring out what is or is not resonating."

Senator Evan Bayh , an Indiana Democrat who recently withdrew from the 2008 race, was approached about running for president soon after Kerry lost in 2004, Bayh's former spokesman, Dan Pfeiffer said.

In earlier election cycles, Bayh might have waited to gauge support for a presidential run, but this year, he had to start early because of the immense pressure to raise campaign cash, Pfeiffer said.

"You have to start raising money, hiring staff, and courting activists almost two years ahead of the first primary," Pfeiffer said.

"They're forced to get in [the race] before they can make any rational analysis" of whether they can win, he said.

The Populist Persuasion (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, December 29, 2006

There were 11 presidential elections in Latin America in the past 13 months and left-of-center candidates captured the vast majority. Yet while extremists like Venezuela's President Hugo Chávez and Bolivia's Evo Morales got most of the headline ink, it is not true that the region is undergoing a democratically led shift to the hard left.

On the contrary, in those countries where democratic institutions held steady, this year's presidential winners were overwhelmingly either moderates from the center-left or the center-right. Gains by hard-left reactionaries occurred only where institutions had collapsed.

The survival of competitive democracy under a rule of law in most of the region is the good news at the start of 2007. The bad news is that old-fashioned Latin populism -- what John Edwards is hawking to the U.S. electorate for 2008 -- is as chic in the region today as it was 25 years ago, and its persistence is seriously threatening Latin progress.

As we embark on 2007, chavismo is widely considered the mother of all worrying trends in Latin America, and it should be. The Venezuelan weapons buildup has terrifying implications. Yet those who value democracy and freedom would be well advised to pay at least as much attention to the intransigence of populism -- a more insidious but equally dangerous source of poverty and instability -- in the rest of Latin political culture.

To make a proper analysis of the political scene at the start of 2007, let's first dispel the myth that Latin Americans rushed to embrace Marxist revolution at the polls in 2006. There were hard-left "victories" in Venezuela and Bolivia but neither of those elections qualify as democratic. The Venezuelan contest was riddled with irregularities, including an unaudited voter registry, a

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Chávez-controlled judiciary and electoral council, and the incumbent's unlimited use of state oil revenues in the campaign. It is impossible to divine voter preferences in that race.

In Bolivia, Mr. Morales was chosen at the polls but only after he led, from the streets, a violent overthrow of two constitutional governments and showed that he was willing to paralyze the nation with more violence if he didn't get power. Many working Bolivians said that they voted for him because they saw it as the only way to end the chaos. Mr. Morales was also strengthened by his defense of coca growers who see the U.S. war on drugs as an assault on their family income.

What more than doubled the number of "leftist" victories in the region in 2006 were the electoral outcomes in Brazil, Chile, Peru and Costa Rica. Yet none of the winners in these races can be lumped together with the megalomaniacal Mr. Chávez -- who now says he wants to do away with profits and adopt a barter economy. Brazil's Luiz Inácio "Lula" da Silva, Chile's Michelle Bachelet, Peru's Alan García and Costa Rica's Oscar Arias are all social democrats who recognize their constitutional limits and have taken a pragmatic approach to the political economy, acknowledging the importance of global capital flows, international trade and macroeconomic stability. Even Nicaragua's Sandinista President-elect Daniel Ortega claims that he has had an epiphany on macroeconomic matters.

Perhaps we ought to be grateful for so much enlightenment among Latin leftists who once swore allegiance to wacky socialist economics. Yet it's still not time to celebrate. Class warfare, utopian egalitarianism, and public monopolies remain the staples of the Latin left's political diet. And even reformers like Colombia's Álvaro Uribe and Mexico's Felipe Calderón appear ill-equipped to make a clean break from state paternalism. Among the more troublesome signs of this retrograde thinking is Ms. Bachelet's pledge to expand the Chilean welfare state à la Europe, just at the time when Europe is frantically trying to figure out how to dismantle the same.

The politics of public choice explains part of this backwardness. Special interests will fight to the death to preserve their privileges and the attack on "neo-liberalism" is at bottom little more than a reaction from the biggest special interest of all -- the state -- to threats to its power.

But there is another reason too, I think, that Latin America cannot seem to get out of the spin cycle of populism. And that is the intellectual impoverishment the region suffered in the second half of the 20th century, when the state got control of academia and liberal debate about what constitutes a free society was silenced. The observation of Venezuelan-born journalist Carlos Ball in this column on Jan. 5, 2001 -- that after 40 years of far-left control of "the schools, universities and arts" in Venezuela "the general public [had] fallen under a well-organized system of leftist indoctrination" -- applies to the vast majority of Latin nations.

Manuel Ayau, a founder of the academically prestigious, and private, Francisco Marroquín University in Guatemala City, recognized this threat in the late 1950s at the state-run San Carlos University. That school, he says, was based on "populist norms" and "was leading our society to radicalization and intolerance." He started Marroquín based on the conviction that "universities need to place themselves beyond the conflicts of their time so that science and academic freedom -- which humankind will need at all times -- may be preserved." This, of course, could not occur once Latin America's universities became political tools.

The most famous counter-punch to this demise of intellectual rigor was the exchange program between the University of Chicago and Catholic University in Chile, which began in the 1950s under the guidance of Theodore Schultz. That effort produced the intellectual heft Chile needed to implement liberal economic reform in the 1970s and 1980s.

Defeating chavismo is as much about refuting an ideology that rejects individual liberty as it is about containing a military threat. This requires a challenge to the populist paradigm that now pervades Latin political thought. It is an achievable goal but one that, as Mr. Ayau can attest after years of hard work, won't come easy. Until we get such an intellectual breakthrough, expect persistent instability and lots of Latin emigrants, with or without Mr. Chávez.

Obama Joins '08 Hopefuls In Call Against Troop Surge (WT)

By Christina Bellantoni

The Washington Times, December 29, 2006

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Sen. Barack Obama yesterday joined a chorus of potential Democratic presidential candidates criticizing U.S. policy in Iraq, telling supporters he opposes sending more troops and urging them to send letters to persuade President Bush to change the course of the war.

Democrats considering White House bids have spent the past several weeks outlining, clarifying and strengthening their positions on Iraq as Mr. Bush weighs his options.

The president, who met yesterday with key advisers, plans to announce a new strategy for the war early next month. He is thought to favor sending 20,000 to 40,000 additional troops to Baghdad, an idea several Democratic White House prospects have criticized.

In an e-mail titled "Escalation is not the answer," Mr. Obama yesterday asked voters to tell Mr. Bush "our soldiers are not numbers to add just because someone couldn't think of a better idea."

The Illinois Democrat's message includes a link to the White House's "contact" page.

"They are our sons and daughters, our brothers and sisters, our neighbors and friends who are willing to wave goodbye to everything they've ever known just for the chance to serve their country," Mr. Obama said of the troops. "Our men and women in uniform are doing a terrific job under extremely difficult conditions. But our government has failed them so many times over the last few years, and we simply cannot afford to do it again. We must not multiply the mistakes of yesterday, we must end them today."

He repeated his call to begin a phased troop withdrawal and send a signal "that ours is not an open-ended commitment."

It is a message more hopefuls and potential candidates are echoing as the 2008 election nears.

"Iraq is a question that dominates the political focus of both parties," said Rep. Duncan Hunter of California, who will seek the Republican presidential nomination.

Mr. Obama, who used the term "quagmire" to describe Iraq, reminds supporters that he has spoken against the war since 2002.

It's a subtle dig at likely Democratic candidate Sen. Hillary Rodham Clinton and former Sen. John Edwards of North Carolina, who each voted for the war but now oppose it.

Mr. Edwards, the 2004 vice presidential nominee, announced yesterday that he is making another bid for the presidency.

Last year, Mr. Edwards said in an editorial that voting for the war in October 2002 was a mistake. He wants to withdraw 40,000 troops immediately.

"What we need to do is make it clear that we're not going to stay there forever as an occupying force," he said on CNN's "American Morning."

Mrs. Clinton said last week on NBC's "Today" show that she cannot support increasing troop levels unless it is part of a larger plan to end the violence in Iraq.

But the idea of a surge in troops has at least one prominent supporter -- likely Republican presidential contender Sen. John McCain of Arizona.

Mr. McCain's call for more troops prompted Iowa Gov. Tom Vilsack, an announced 2008 Democratic candidate, to start his own letter-writing petition.

"Your suggestion to deploy additional American servicemen and women to Iraq would make a big mistake even bigger," Mr. Vilsack wrote in a letter to Mr. McCain that he has asked supporters to sign.

Democratic Rep. Dennis J. Kucinich of Ohio, also seeking the nomination as an anti-war candidate, has proposed completely cutting off funds for the war as a way to end it.

"We should not be thinking about spending more money and sending more troops," he says on his Web site.

Other Democratic presidential hopefuls opposing a surge are incoming Foreign Relations Committee Chairman Sen. Joseph R. Biden Jr. of Delaware and Sen. Christopher J. Dodd of Connecticut.

Mr. Hunter, the outgoing chairman of the House Armed Services Committee, said yesterday that he recommended that Mr. Bush hold off on a troop surge and instead send equipped and trained Iraqi battalions into Baghdad.

"Nothing matures a military force quicker than actual combat operations," he said, adding that those Iraqi troops could use the experience, and are "a truck ride away from battle."

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"If you push the insurgency back in Baghdad with an American force that is temporary, you achieve only a temporary stability," he said.

Franks Backs A McCain Rival For White House (AR)

By Billy House

Arizona Republic, December 29, 2006

WASHINGTON - One of Arizona's most conservative U.S. House members is endorsing a California congressman over Sen. John McCain for the 2008 GOP presidential nomination, saying it is "what's right for America."

"I think the senator knows there's nothing personal on my part," Rep. Trent Franks said of his support of Rep. Duncan Hunter. Hunter, outgoing chairman of the House Armed Services Committee, begins his 14th term next month as a congressman from the San Diego area.

Franks said he already has stumped alongside Hunter, who advocates in favor of strong military and for border security. Hunter announced the formation of his presidential exploratory committee in October.

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Craig Goldman, a spokesman for McCain's presidential exploratory committee, had no comment on Franks' endorsement.

Franks said he knows that his early backing of the lesser-known Hunter will raise eyebrows, given that his own state's senior senator is considering a run for the White House.

But without criticizing McCain directly, Franks described Hunter as a candidate who "is an unequivocal social conservative and fiscal conservative and has a consistent conservative voting record."

"He is one of the true Reagan Revolutionaries in Congress," Franks said.

McCain is considered a leading candidate for the 2008 GOP nomination. His contrary positions on issues important to conservatives, including campaign finance, the environment, judicial nominees and gun control, have led to strained relations with some in the party. But for more than a year, McCain has been saddling up more often with President Bush and reaching out to the hard-core Republican base and Religious Right.

Hunter was one of a few House members to endorse McCain in the 2000 GOP presidential primaries, although he voiced objection to McCain's attack on evangelical leaders. Franks was not a member of Congress then.

Sen. Jon Kyl and Rep. Jeff Flake, two of Arizona's four other Republicans in the new Congress that begins next week, said Thursday that they are backing McCain. Reps. John Shadegg and Rick Renzi could not be reached.

"I will play whatever role he asks me to play," Kyl said of McCain.

"It's a poor secret that I will be endorsing him," Flake said. As for Franks' endorsement of Hunter, Flake said "that's certainly his choice; McCain is not going to have a heavy hand here."

Franks' decision to endorse Hunter over his fellow Arizonan is not much of a blow to McCain, one analyst said.

"Trent Franks seems to be acting on principle because he's certainly not going with the easy winner," said David Mark, politics editor at a new Capitol Hill newspaper and Web site that will launch next month. "Most people haven't heard of Duncan Hunter, nor have they heard of Trent Franks, with all due respect."

Franks described Hunter as "a bold, Valley Forge, Ronald Reagan Republican who holds the temperament and philosophical foundations to lead this country to its greatest heights yet."

He noted that Hunter, a Vietnam War veteran and recipient of the Bronze Star, also is "an expert in national defense and matters surrounding the war on terror, as much as anyone in Congress." As Armed Services chairman, Hunter has had a big say on military issues. But he loses that post when Democrats take control of the House.

Franks, who is entering his third term in Congress, has worked with Hunter as a member of that committee.

McCain, himself a decorated Vietnam veteran, will be the ranking Republican on the Senate's Armed Services Committee in the new Congress and is viewed as an expert on defense issues.

Franks noted that Hunter played a leading role in legislation calling for a fence, which is nearing construction, along the U.S.-Mexican border near San Diego, and co-authored legislation to extend that fence as much as 700 miles, including into Arizona.

McCain voted in favor of the fence.

When Hunter announced the formation of his exploratory committee in San Diego, Franks was the only member of Congress to appear at the event.

"Looking at the makeup of the (GOP presidential) field right now, I see an awful lot of room on the conservative side of the ledger," Franks said.

"When people understand who Duncan Hunter is, he will go from long shot to someone people will be paying a whole lot of attention to."

And if that doesn't happen?

"If Senator McCain gains the momentum, I will adopt him," Franks said. "In the meantime, I'm endorsing Duncan Hunter."

A Failed Revolution (NYT)

By Paul Krugman

The New York Times, December 29, 2006

After first attempting to deny the scale of last month's defeat, the apologists have settled on a story line that sounds just like Marxist explanations for the failure of the Soviet Union. What happened, you see, was that the noble ideals of the Republican revolution of 1994 were undermined by Washington's corrupting ways. And the recent defeat was a good thing, because it will force a return to the true conservative path.

But the truth is that the movement that took power in 1994 — a movement that had little to do with true conservatism — was always based on a lie.

The lie is right there in "The Freedom Revolution," the book that Dick Armey, who had just become the House majority leader, published in 1995. He declares that most government programs don't do anything "to help American families with the needs of everyday life," and that "very few American families would notice their disappearance." He goes on to assert that "there is no reason we cannot, by the time our children come of age, reduce the federal government by half as a percentage of gross domestic product."

Right. Somehow, I think more than a few families would notice the disappearance of Social Security, Medicare and Medicaid — and those three programs alone account for a majority of nondefense, noninterest spending. The truth is that the government delivers services and security that people want. Yes, there's some waste — just as there is in any large organization. But there are no big programs that are easy to cut.

As long as people like Mr. Armey, Newt Gingrich and Tom DeLay were out of power, they could run on promises to eliminate vast government waste that existed only in the public's imagination — all those welfare queens driving Cadillacs. But once in power, they couldn't deliver.

That's why government by the radical right has been an utter failure even on its own terms: the government hasn't shrunk. Federal outlays other than interest payments and defense spending are a higher percentage of G.D.P. today than they were when Mr. Armey wrote his book: 14.8 percent in fiscal 2006, compared with 13.8 percent in fiscal 1995.

Unable to make good on its promises, the G.O.P., like other failed revolutionary movements, tried to maintain its grip by exploiting its position of power. Friends were rewarded with patronage: Jack Abramoff began building his web of corruption almost as soon as Republicans took control. Adversaries were harassed with smear campaigns and witch hunts: Congress spent six years and many millions of dollars investigating a failed land deal, and Bill Clinton was impeached over a consensual affair.

But it wasn't enough. Without 9/11, the Republican revolution would probably have petered out quietly, with the loss of Congress in 2002 and the White House in 2004. Instead, the atrocity created a window of opportunity: four extra years gained by drowning out unfavorable news with terror alerts, starting a gratuitous war, and accusing Democrats of being weak on national security.

Yet the Bush administration failed to convert this electoral success into progress on a right-wing domestic agenda. The collapse of the push to privatize Social Security recapitulated the failure of the Republican revolution as a whole. Once the administration was forced to get specific about the details, it became obvious that private accounts couldn't produce something for nothing, and the public's support vanished.

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In the end, Republicans didn't shrink the government. But they did degrade it. Baghdad and New Orleans are the arrival destinations of a movement based on deep contempt for governance.

Is that the end for the radical right? Probably not. As a long-suffering civil servant once told me, bad policy ideas are like cockroaches: you can flush them down the toilet, but they keep coming back. Many of the ideas that failed in the Bush years had previously failed in the Reagan years. So there's no reason to assume they're gone for good.

Indeed, it appears that loss of power and the ensuing lack of accountability is liberating right-wingers to lie yet again: since last month's election, I've noticed a number of Social Security privatizers propounding the same free-lunch falsehoods that the Bush administration had to abandon in the face of demands that it present an actual plan.

Still, the Republican revolution of 1994 is over. And not a moment too soon.

Latinos: Can You Hear Us Now? (USAT)

By Raul Reyes

USA Today, December 29, 2006

In my East Los Angeles high school, dividing lines among student groups were common, even among Latinos. Gang members were known as Lowriders, Spanish-speaking kids were called Beaners, and assimilated Hispanics like me were derisively referred to as Coconuts — brown on the outside, white on the inside.

The only thing we had in common was that we all looked down on another group: our immigrant classmates who occupied the bottom rung of the social ladder and were practically invisible.

How times have changed: 2006 was the "Year of the Immigrant," driven by a fierce national debate over what the country should do about 12 million undocumented immigrants. The subsequent restrictive policy proposals were not surprising. But the massive pro-immigrant marches were astonishing, and invigorating.

As the grandson of an illegal alien, I was proud to see so many aspiring Americans coming out of the shadows and participating in democracy. The debate motivated Hispanics to flex their political muscle. This summer, the Pew Center found that 75% of Latinos believed their ethnic group would be more likely to vote in the fall elections, and two-thirds thought the protests could lead to a new social movement. But a majority also reported seeing a rise in discrimination. Maybe the nascent immigrant rights movement came on too strong. Was it the Mexican flags at rallies? Or the Spanish version of The Star-Spangled Banner?

Of course, not all Hispanics support the rights of undocumented workers. Like other Americans, we're split on the issue. But by fall, the intolerant tone of conservatives only served to remind us of our own roots. So did passage of several restrictive local laws aimed at illegal aliens, as well as congressional approval of a 700-mile fence along the U.S.-Mexico border.

So in the congressional elections, Latinos deserted the party of The Fence. According to national exit polls, 69% of Hispanics voted Democratic, while 29% went Republican. This was a significant shift for Latinos, who in 2004 gave President Bush 44% of their votes. Democrats now have the challenge of retaining a Hispanic constituency that is increasingly complicated. No doubt, the immigration issue will not fade. But for me, hope arrived Oct. 17 at 7:46 a.m. in New York, where Emanuel Plata was born. Heralded as the 300 millionth American, he's a perfect symbol of his time: born to Mexican immigrants, in Queens, the nation's most diverse county, with lingering questions about his milestone status. But Emanuel will come of age in a society where Hispanics have more influence and visibility than ever. That's because in 2006, Latinos emerged in force and made sure their voices were heard.

Raul Reyes is an attorney in New York and a member of USA TODAY's board of contributors.

Walking A Tightrope Into 2007 (WP)

By David Ignatius

The Washington Post, December 29, 2006

As the new year approaches, I think of three people who symbolize for me some of the difficulties of the year we have just lived through and also the promise and potential of the one ahead. Each of them reminds me that we are walking into the future balanced on a tightrope.

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The first is Mohammad Baqer Qalibaf, the mayor of Tehran. As an official of the Islamic Republic of Iran, he is part of a regime that posed the biggest strategic challenge to the United States in 2006. But he also embodies Iran's potential to become a great nation -- and perhaps to escape the apocalyptic confrontation with the West that is proclaimed by his political rival, President Mahmoud Ahmadinejad.

For all of Ahmadinejad's headline-grabbing fulminations this year, it was Qalibaf who was the big political winner. His slate won a majority in the City Council election in Tehran this month, while Ahmadinejad's faction managed to win just two of 15 seats. The hotheaded president also fared poorly in elections around the country, as Iranians looked past his defiant rhetoric and focused on his poor performance in managing the economy.

Qalibaf's program has been about delivering services rather than tirades. A former general in the Revolutionary Guards air force, he made his name cleaning up Iran's national police. He angered reformers by advocating a crackdown on student demonstrators in 1999. But now, as mayor of Tehran, he has concentrated on filling potholes, collecting the garbage, and building new parks and recreation areas in the poorest areas of South Tehran.

The second person I think of as the year turns is Sallai Meridor, the new Israeli ambassador to Washington. We had several long talks over the past month, and these discussions helped me understand the forces that animate and haunt Israel. The first is the living reality of the Holocaust. Meridor somberly named for me the members of his own family who perished in the camps. "I feel like we are in the 1930s again," he said, speaking about the threats by Ahmadinejad and other Iranian leaders to destroy Israel. If the world allows such a nation to acquire nuclear weapons, he says, "We will have betrayed our children."

Israel is a dialectic of fear and hope, and Meridor's hopeful side surfaces when he discusses the Palestinian issue. He told me several weeks ago that Prime Minister Ehud Olmert was determined to resume negotiations to create a Palestinian state -- and now, at year-end, the frozen wheels of the peace process are indeed turning again. Israel will have to stop expanding settlements on the West Bank if it is serious this time. But listening to Meridor, who is 51, I sense that for his generation of Israelis, there is a dawning recognition that a Palestinian state living in peace with Israel is crucial for its future as a democratic Jewish state.

As I think about the promise of the year ahead, I will remember Meridor's description of running ecstatically through the streets of Jerusalem in 1977 to welcome Egyptian President Anwar Sadat.

My final man on the tightrope is Michael Chertoff, the secretary of homeland security. He embodies a new year's reality we know in our gut but rarely speak out loud: The terrorists who struck America on Sept. 11, 2001, will hit us again -- perhaps with even more destructive power. It's Chertoff's terrible responsibility to prepare for that nightmare while the rest of us go about our business.

I visited with Chertoff several times this year, and each time I thought to myself: Thank God I don't have his job. He spends his days sifting different scenarios of mass destruction: We are inspecting more cargo vessels, but what about private yachts? We scrutinize people boarding commercial flights, but what about private planes? The temptation is to focus on the threats that are easiest to protect against -- thus the overkill in airport security -- but Chertoff knows that's wrong. And he admits he can't do everything. "Risk management doesn't mean risk elimination," he told me in one of our talks.

As Chertoff thinks about the new year, he wants to stay focused on the biggest risks out over the horizon -- the nuclear or biological attacks that could kill hundreds of thousands of Americans. I admire Chertoff's dedication, but I have a nagging worry that his collection of bureaucratic agencies isn't up to the job of keeping America safe.

Will Iran find a stable place in the world? Will Israel and the Palestinians finally get it right? Will a battered America make wise decisions about its national security? People living on a tightrope probably shouldn't be drinking champagne, but what the heck? Here's to a peaceful and prosperous 2007.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Schwarzenegger 'Feeling Great' After Surgery (LAT/AP)

The Los Angeles Times, December 29, 2006

The Terminator is looking all too human these days.

DOJ_NMG_0110156

The shattered leg that Gov. Arnold Schwarzenegger suffered in a fall on an icy ski slope was the latest in a list of injuries and ailments to befall the actor-bodybuilder-politician.

The seven-time Mr. Olympia whose broad shoulders and tree-trunk legs earned him the moniker "the Austrian Oak" has a medical chart you might find at a senior citizens' home.

Schwarzenegger, who turns 60 in July, has had a hip and a heart valve replaced. He had rotator cuff surgery in 2003. A rapid heartbeat sent him to a hospital last year. One motorcycle crash in 2001 left him with several broken ribs, and another last January resulted in 15 stitches in his lip.

Now he is on crutches while the right thigh bone he broke while skiing with his family over the holidays in Sun Valley, Idaho, heals. Doctors used screws and wires to repair his leg Tuesday, and he is expected to be released from the hospital by week's end.

Despite Schwarzenegger's travails, his doctor says he is in great shape for a man his age, though few details about the governor's condition are ever released. Schwarzenegger's office says such information is private.

The governor "is in excellent physical condition and his health is very good. He has fantastic muscle tone, excellent bone health and is in great cardiovascular shape. The governor's health is in the top 5 percent of people his age," said Dr. Kevin Ehrhart, his orthopedic surgeon.

His office Thursday released two photographs of the governor in his hospital bed, surrounded by monitors. He was dressed in hospital garb with a sheet covering his legs, and he appeared to be signing or editing documents. An intravenous tube was protruding from his right hand, and a laptop computer was perched at his bedside.

"I woke up feeling great," he said in a statement. He said he was looking forward to his inauguration next month "even if it means I have to walk into my swearing-in ceremony on crutches."

Schwarzenegger has carefully cultivated an image of vitality and strength, and his best-known Hollywood roles were built around his rippling biceps and deltoids.

In a tailored suit and a pair of his finely tooled cowboy boots, Schwarzenegger still looks younger than his 59 years. His cordovan hair appears impervious to gray, and his skin is remarkably smooth and unblemished for a man his age.

But he is not in the championship form of his youth. Photos surface occasionally showing a mushy midriff and arms that only faintly resemble the 22-inch biceps of his prime.

Schwarzenegger has acknowledged using steroids in his bodybuilding days, before they became illegal without a prescription in 1991. But he has never provided details about his usage, and it is unknown whether the drugs -- which can cause heart problems -- have had anything to do with any of his health problems.

Charles Yesalis, professor emeritus of health and human development at Penn State University and an expert on performance-enhancing drugs, said for someone who is athletic and not overweight, Schwarzenegger "appears to have a lot of health problems."

But "a lot of very healthy people who exercise a lot and look robust have bad health problems. It's hard to tie it together in any meaningful way," Yesalis said.

In addition to the physical toll exacted by professional bodybuilding, Schwarzenegger suffered his share of bangs and bruises in movie stunts.

At a 2005 appearance in front of medical workers in Burbank, Schwarzenegger credited nurses with making his hospital stays more tolerable.

"I was in the hospital three times in a row these last 10 years -- for open heart surgery, with a hip replacement and with shoulder surgery," the governor said at the time.

"This is what happens when you are the Terminator," he added. "They switch body parts."

State Lawmakers Take The Lead On Minimum Wage, ID Theft (CSM)

By Daniel B. Wood

The Christian Science Monitor, December 29, 2006

LOS ANGELES

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Beginning Jan. 1, Illinoisans will be able to request a live phone operator when they call a state agency. Michiganders will be able to surf the Web to discover where illegal meth labs are located. And New Hampshirites will be allowed to use a leashed dog to track wounded deer, moose, or bear.

While the 109th Congress has been dubbed "the biggest do-nothing Congress" since 1948, state legislatures have had one of their most productive years in decades, experts say.

Besides providing creative solutions to mundane problems like frustration over automated phone attendants, the laws that go into effect next Monday in 32 states reveal several trends: Five states will increase their minimum wages, nine states will implement more stringent policies on citizens' privacy to curb problems associated with identity theft, and five states will mandate new recreation regulations.

"The biggest observation going into what makes up next year's new laws is the sheer diversity of issues that these legislatures are dealing with - from criminal justice to minimum wages to election reform to human services," says Bill Wyatt, who authored the National Conference of State Legislatures' survey of new state laws.

He says there is no apparent partisan bent in the new laws.

"My experience in watching state legislators over the years is that once they get into the Capitol building, they take off their partisan hats and roll up their sleeves to solve problems of constituents," says Mr. Wyatt. "This year's legislators have been called upon to become experts in a very wide set of complicated issues in a short time."

The new laws, in part, are born out of necessity for states to move forward where the federal government has stalled.

"The states have been much more productive than Congress in tackling the laundry list of items of the stuff that is concerning them most right now," says Larry Sabato, a political scientist at the University of Virginia. "If you go down the list, you can see what Americans are pressuring their state legislators to deal with that Congress won't or hasn't." Minimum wage hikes

Some laws such as the minimum wage increases in North Carolina, Hawaii, Rhode Island, Massachusetts, and Connecticut reflect the same political shift that led to the Democrats taking over the US House and Senate in November, many experts say.

"Raising the minimum wage is an issue that has worked for Democrats ... and the big tax revolt of recent years appears to be waning," says Steven Schier, a political scientist at Carleton College in Northfield, Minn. "That sort of tells you the issue agenda has changed with more voters going for Democrats than Republicans."

This year, states have also been tackling several "hardy perennial issues" such as healthcare, according to Dr. Schier, Dr. Sabato, and other analysts. Healthcare plans

Come next week, health plans in Rhode Island will be required to cover programs that help people stop smoking. And licensed care facilities in the state must designate a 'safe patient handling committee' and develop written plans to prevent injuries to patients and to healthcare workers responsible for moving patients.

Health insurers in Michigan will be permitted to offer premium rebates or reductions in payments in exchange for participation by the insured in wellness programs that their employers provide. Water recreation activities

Meanwhile, water recreation activities will be subject to additional regulations in North Carolina, Oklahoma, Maine, New Hampshire, and New Mexico as concern grows about accidents and noise generated from watercraft, such as jet skis.

"Many towns have gone to the state legislature with their concerns, and have asked for action," says Andrea Erskine of the Maine Department of Inland Fisheries and Wildlife.

In Maine, new watercraft regulations will require 16- and 17-year-olds to complete a boating safety education course to operate motorboats or sailboats.

"As more and more people convert their camps on lakes into year-round housing, development on the water is forcing the issue more and more. Legislators see this as a way to talk about the rules of navigation because right now anyone can hop into a boat with no license," Ms. Erskine adds. Governmental ethics

Some states also are moving to restore ethics in government - sparked, in part, by several Congressional scandals, according to analysts.

North Carolina, for instance, is instituting tougher reporting and disclosure requirements for lobbyists, a direct response to the Jack Abramoff scandal in Washington. Lobbyists will be required to disclose each month, while the legislature is in session,

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the amount of money they are spending to lobby lawmakers. Legislators, in turn, will be able to opt-in to a "no gift registry" to let lobbyists and clients know they do not wish to receive gifts or free meals.

Generally, the new state laws "do reflect the public's uneasy mood toward government institutions," says Kareem Crayton, a political scientist at the University of Southern California. "The states seem to be responding to the national sentiment that appears to run in favor of reform."

• Michigan residents will be able to surf the Web to discover the locations of illegal methamphetamine labs.

• Anyone arrested in New Mexico for a felony will be required to provide a DNA sample to law enforcement. The state is creating a DNA identification system to aid in solving crimes, tracking sex offenders, and identifying missing persons.

• Health plans in Rhode Island will be required to cover plans that help people stop smoking.

• Colorado employers will have 20 days to verify the legal work status of a new employee. Employers who don't maintain the documentation could receive fines of up to $5,000 for the first offense and $25,000 for additional offenses.

• Maryland employers will not be permitted to print employees' social security numbers on their paychecks or any part of their pay stubs.

Source: National Conference of State Legislatures

Hundreds Of Laws Kick In Monday (USAT)

By Dennis Cauchon

USA Today, December 29, 2006

In California, driving with people in the trunk will be illegal. In Alabama, landlords will have to provide livable conditions for tenants.

In Illinois, state agencies will have to provide people to answer phones, not just automated messages.

These are among the hundreds of laws that will take effect Monday. Each New Year's Day, a flurry of legal experiments begin that shape Americans' lives in ways big and small.

The U.S. government spends twice as much money as state and local governments combined, but state government has the greatest effect on Americans' everyday routines — how they drive, how they get married and divorced, how they hunt and fish, and how they buy cigarettes and beer.

This year, new laws include minimum wage hikes, tighter protections on personal privacy and expanded health care rights for consumers. The minimum wage will rise Monday in eight states: to $6.15 an hour in North Carolina, to $7.65 in Connecticut and to somewhere in between in Delaware, Hawaii, Ohio, Pennsylvania and Rhode Island. Raising the federal minimum wage — $5.15 an hour — is a priority of Democrats, who will take control of Congress in January.

More than a dozen states will move to protect personal privacy. Arkansas will make it illegal to publicly show someone's Social Security number. Maryland will order Social Security numbers removed from paychecks.

Eight states will let victims of identity theft freeze their credit reports, so the information can't be released in ways that would hurt their reputation or let crooks get more credit.

States also will address complex moral issues, such as how people die.

Idaho, for example, will become the 10th state to create a central registry for medical directives and living wills that control end-of-life care.

In Minnesota, Case Study For Political Shake-Up (NYT)

By Kirk Johnson

The New York Times, December 29, 2006

ST. PAUL — Somehow over the years it became embedded in the culture of the Minnesota Legislature that the party in control of the House of Representatives was entitled to the fourth- and fifth-floor offices across the street from the Capitol.

The minority party, on the other hand, was relegated to the second and third floors, which are pretty much identical, legislators say, but for the connotations of history.

Now the upstairs-downstairs shift is on. Democrats, having taken power, are even shopping for the best digs on the upper floors while the current occupants are still inside.

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"It's really a free-for-all," said State Representative Nora Slawik, a Democrat from the Minneapolis suburbs.

Who ends up where is only the beginning of the tumult under the Capitol dome here as eager new faces and deeply practiced old ones contemplate what Minnesota voters said on Election Day. Money, policy and tactical choices are all in play: how best to spend a $2 billion surplus and address what both parties see as a mandate for improving public education, health care and transportation and for making taxes more fair.

Nationally, the Democrats picked up more than 350 seats in state legislatures in November, 25 of them in Minnesota, and gained control of 10 chambers, including the Minnesota House. Two other states shifted either to Republican control or to a tie. The cumulative impact, deeper and broader than any election's since the Republican landslide of 1994, is still unfolding.

Minnesota's capital is in many ways the perfect petri dish for testing what the nation's new political landscape may produce. Once predictably Democratic in national politics, the anchor of Upper Midwest liberal populism from the 1920s through Hubert Humphrey and Walter Mondale, Minnesota is now considered a battleground, with the Republicans scheduled to hold their national convention in 2008 in Minneapolis and St. Paul around that declaration.

A long tradition of social policy innovation in matters like welfare and health care sits alongside newer forces that are less predictable. Minnesota in recent years has elected as governor Jesse Ventura, an independent, and as senators, Paul Wellstone, a Democrat, and Norm Coleman, a Republican. And some political scholars say that much of the nation's next political direction could be forged here as well.

"Nothing is for certain in Minnesota anymore," said Paul C. Light, a professor of political science at New York University, "and that's a lesson for everybody."

But if Minnesota's capital, with all of its local quirks and traditions, shows where the election's wave may lead, it also confounds much of what may be expected.

The Democrats won big here — taking the House for the first time since 1998, expanding their majority in the Senate, winning the secretary of state's and attorney general's offices and nearly defeating Gov. Tim Pawlenty, a Republican.

But they emerged divided, too, owing much of their surge to newly elected moderates from the suburbs who are unlikely to embrace a pure liberal agenda. The Republicans lost big, but were pushed toward the center as well, led by Mr. Pawlenty, who has said since the election that many of his second-term priorities will overlap with those of the Democrats he fiercely battled in his first four years.

And those pincer forces, both pushing toward the political center, will set the stage for everything to come when the Legislature convenes in January, elected officials and political experts here say. In the first Pawlenty term, a $4.5 billion budget shortfall was resolved through deep cuts in spending for health care, education and other programs, capped by a bitter shutdown of the government in 2005 when Mr. Pawlenty and the Legislature could not agree.

The fight of 2007 will revolve around restoring some of the cut programs, and how far to go beyond that in pushing what both parties say is pent-up demand for property tax relief and for spending increases on education, health care and transportation.

One of the first tests could be a Democratic Party plan to extend health care benefits to 70,000 low-income children not covered by the MinnesotaCare program. That alone would cost hundreds of millions of dollars.

And the magnifying glass of national politics hovers at the backdrop of everything.

Mr. Pawlenty, a 46-year-old son of working-class South St. Paul, is frequently mentioned as a possible contender for vice president in 2008. Senator John McCain of Arizona, a likely Republican presidential candidate, has already come to call since the election, offering praise and congratulations.

"The dynamic is one we've never had — not in my lifetime, anyway," said Wyman L. Spano, a former lobbyist, now director of the Center for Advocacy and Political Leadership at the University of Minnesota, Duluth.

"On the one hand, I see Democrats who are very much wanting not to look like classic Democrats, not wanting to raise taxes," Mr. Spano said. "The flip side of the coin is that this governor really wants to get along because he'd like to have a nice high approval rating going into that convention."

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Mr. Pawlenty, known for a sharp tongue and a sharper wit (he once quipped to a political opponent that "everybody has the right to be wrong, but you do abuse the privilege"), barely kept his job in November, winning by a margin of about 22,000 votes of 2.2 million cast.

In an interview in his dark-wood-paneled office in the Capitol, its large windows giving a sweeping view of the city, Mr. Pawlenty said the election had to be read as new marching orders for every Republican.

"Republicans love to talk about markets — well, the market just told Republicans something," he said. "The market just told them, 'We're not interested much in your product, and we're choosing to go to your competitor.' We need to hear that message."

One seemingly odd result of Minnesota's political shift, scholars and people in both parties say, is that the new Democratic majority, in keeping to a middle-ground agenda that its moderate members can support, could raise Mr. Pawlenty's profile in the process.

The incoming speaker of the House, Margaret Anderson Kelliher, a Democrat from Minneapolis, said she had no problem with that. If the governor's interests mesh with the Democratic majority's, for whatever reason, Ms. Kelliher said, it will be a victory for Minnesota.

"He has a real incentive to make his next four years work and gain some national attention," she said. "Making this a state that gets things done will garner him national attention, and us, too."

Ms. Kelliher, who grew up on a dairy farm and can still recite the rhymes about cheese that she learned in 4-H, said her election as speaker reflected Democratic efforts to balance the factions of rural and urban, progressive and moderate in the caucus.

So does the party's legislative plan, she said, called the "stick to the basics agenda," which was put forward by Democrats at the Minnesota State Fair, before the election. Its goals were outlined on homey hand-held signs in the shape of the state, promising to improve public education, increase access to health care and provide property tax relief.

How far the Democrats go with their "basics" agenda will be the real test in the year to come, political scholars say.

"This is not a progressive or liberal majority; the seats they picked up are in moderate or conservative districts," said Lawrence R. Jacobs, a professor of political science and director of the Center for the Study of Politics and Governance at the University of Minnesota.

"The Democratic leadership is very much aware that they've got to be careful, that if they go for what they want in their heart of hearts they may end up with a two-year run."

But there is also still vehement debate here about what the voters were really saying on Election Day.

The departing speaker, Steve Sviggum, a Republican who will begin his 15th two-year term in the House when the session starts Jan. 3, said that in reading the election, Minnesota Republicans would be wrong to abandon their message of fiscal restraint and economic freedom or to see the vote as an endorsement of all things Democratic.

"It was about George W. Bush," Mr. Sviggum said in his office, which was lined with boxes ready for his move downstairs.

Governor Pawlenty seems to go further in his interpretation. The message, he said recently at a news conference in talking about the road ahead, is that people want certain basic things from government, and "other than that," he added, they want government to "get out of my face," an indication that socially conservative debates about abortion or same-sex marriage will not find center stage in his next term.

"I'm a Midwestern governor from a state that prides itself on a certain measure of populism, not to be confused with liberalism, but populism meaning stuff that helps people," Mr. Pawlenty said in an interview. "That's what we've got to stand up for."

But the camaraderie of a Legislature that still prides itself on citizen-lawmaker traditions — and enough old Scandinavian names to require a handy pronunciation list in the legislative guide book — is not to be underestimated in shaping how the new terrain in St. Paul might unfold.

Representative Kathy Tingelstad, a fourth-floor Republican, recently learned, for example, that when she goes downstairs, Ms. Slawik, a friend from across the aisle whose family goes to the same Y.M.C.A. camp each summer with the Tingelstads, will be taking her space. That has made Ms. Tingelstad happy.

"It's nice to know," she said. "Nora will be a good caretaker."

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Secret Talks Seek Unity For Feuding Va. GOP (WP)

By Michael D. Shear

The Washington Post, December 29, 2006

RICHMOND, Dec. 28 -- Top Republicans in Virginia, including the state's attorney general and the party's former national chairman, have been holding secret meetings for weeks in the hopes of finding an end to the war among their party's lawmakers and reaching a compromise on funding for transportation, several participants said.

Some of the party's biggest names from outside the General Assembly fear that the rift between leaders in the GOP-led House of Delegates and state Senate will cause Republicans to lose big in elections in November, especially in Northern Virginia, unless something is done to ease congestion.

Attorney General Robert F. McDonnell has brought both sides together for direct talks. U.S. Reps. Thomas M. Davis III and Frank R. Wolf have met with House leaders to urge action. And Ed Gillespie, former chairman of the National Republican Committee, who took the helm of the Virginia GOP this month, is courting both senators and delegates.

"We're just saying you need a deal and it's got to be something substantive. The inability to reach an agreement blows back on everybody," Davis said Thursday. "Instead of pointing fingers, we're trying to get everyone to understand what's at stake."

The meetings were confirmed by Davis, House Majority Leader H. Morgan Griffith (R-Salem), Senate Finance Chairman John H. Chichester (R-Northumberland) and Sen. Jeannemarie Devolites Davis (R-Fairfax). Several other participants discussed the meetings but said they did not want to be identified because the meetings were private. Others who were briefed about them also discussed the meetings but did not want to be named because they did not attend.

Participants said the talks are an attempt to spur action in next month's Assembly session, which is expected to again be dominated by transportation. This year, deadlock over road and rail funding held up a state budget for months and prompted a special session that ended in failure.

Those involved in the meetings said the refusal to come together to confront the transportation crisis is becoming the kind of issue for Virginia Republicans that the war in Iraq has become for the GOP nationally: one that pushes independents and moderates to the other side of the political aisle.

The chasm between the two wings of the party is based partly on an ideological divide over taxes -- Senate Republicans want them, House Republicans do not. The resulting perception is of Washington-style gridlock that two Democratic governors have used to blame the GOP and that has helped Democrats gain six seats in the House in the past three years.

The rift is also fostered by personal dislike. A GOP senator once called House Republican budget negotiators "dumb as rocks." House GOP leaders often deride their Senate counterparts as arrogant, patronizing and mean.

Sources in both camps expressed some optimism that the talks have helped. But getting both sides to compromise after more than five years at each other's throats is proving difficult. No agreements have been reached, they said.

"It's like marriage counseling, and transportation is the adulterous affair," said one Republican familiar with the meetings but not authorized to talk about them. "If you don't deal with that first, nothing else matters."

McDonnell, his deputy and his pollster met with five top Republicans in the House and Senate on Dec. 5 and on Dec. 15, according to several participants and others briefed on the meetings. If the party war continues, participants said McDonnell's pollster told both sides, Republicans could easily lose their majority.

McDonnell, who is widely believed to be preparing for a 2009 run for governor, would not confirm Thursday that any meetings took place. But he said he is determined to help his party retain control of the legislature.

"The Republican Party worked for 130 years to take a majority. In the last six, as we have assumed the mantle of governing Virginia, there has been a lot of very public and acerbic disagreements," he said. "I want to make sure our party stays in power and wins in 2007. The way to do that is to have a very productive 2007 session on the key issues that Virginians care about."

Davis participated in McDonnell's Dec. 5 meeting by telephone. Wolf and Davis have met privately with House Speaker William J. Howell (R-Stafford) to urge action. And Gillespie met with Senate Republicans on Dec. 15 after a breakfast fundraiser.

The meetings reflect a new recognition by some Republicans of the party's vulnerability after last month's elections. Although such incumbents as Davis and Wolf held on, the party's standard-bearer, Sen. George Allen, was defeated, faring especially poorly in Northern Virginia.

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"The equation is pretty simple," Davis said. "If they come back empty-handed, the Democrats will say these guys can't deliver transportation. Up here [in Northern Virginia], it's going to be very tough sledding."

Gillespie would not comment on meetings he has had with lawmakers, saying those would be confidential. "I do believe that it's important that Republicans in the House of Delegates and the Senate are seen to be working together," he said in a brief interview.

Devolites Davis, who attended a meeting with Gillespie and senior Senate Republicans, said the new party chairman made it clear he intends to be an honest broker.

"He just wants to bring the party back together," she said. "He understands how bad the traffic is and how strongly people feel. Anyone who is in a leadership position outside the bodies sees how important it is to get something done."

J. Scott Leake, a chief aide to Senate Republicans, said, "What has gone on certainly hasn't hurt and can only help."

Participants in McDonnell's meetings said he and Deputy Attorney General William C. Mims have offered a number of transportation proposals, including tax and fee increases supported by senators and borrowing favored by House Republicans.

Chichester, who said he has met with McDonnell privately in recent weeks, said the talks have not produced any real movement.

"What I gather, nothing is happening," Chichester said. "I think they are honest brokers. But until we get some new money on the table, we haven't really gone anywhere. [The House] is still holding their 'no new revenue' stance."

Griffith called the talks "very cordial" but would not comment specifically because participants were told that the meetings would be kept confidential.

"Clearly there's movement or we wouldn't be talking," he said.

Pay Now Or Pay Later (WP)

The Washington Post, December 29, 2006

WHEN MARYLAND Gov.-elect Martin O'Malley announced last week that T. Eloise Foster was his choice to be the state's budget czar, he lauded her as a "courageous soul." Well, let's hope so, because the state's fiscal problems are gathering like thunderheads. Despite Mr. O'Malley's dismissive treatment of projected deficits during the fall campaign, it seems increasingly likely that his term in office will be marked not by the hundreds of millions of dollars in initiatives and new spending he liked to talk about on the stump but by his ability to manage and contain shortfalls estimated to run into billions of dollars.

Sensibly, Mr. O'Malley, who takes office next month, has not ruled out new taxes, which will inevitably be part of any solution to a fiscal problem on the scale of Maryland's. But he seems determined to defer a major push on revenue until his second year in office, perhaps by naming a commission to "study" the problem. It may be the case that he wants to get his political sea legs before embarking on what could be one of the toughest fights of his term. And in mathematical terms, he may be able to get away with holding off for a year on raising taxes, since leftover surpluses from the recent boom times will cover the still-modest shortfall expected in the fiscal year starting next summer. Still, Mr. O'Malley is looking increasingly cavalier, and possibly foolish, to postpone a serious reckoning.

The original sin of what is referred to in Annapolis as the state's "structural deficit" was an income tax cut sponsored by then-Gov. Parris N. Glendening nearly a decade ago that made no distinction between rich and poor and has since cost Maryland billions in lost revenue. The irresponsible Glendening cut -- an act of political expediency designed to stave off a conservative challenge to his reelection -- was compounded five years later by a huge, legislatively mandated increase in education spending for which no funding source was specified. Thanks to the housing boom and Maryland's generally sunny economic climate, disaster has been kept at bay for the past few years, despite soaring Medicaid costs. But now the bill is coming due: Starting in 2008 the state's annual revenue shortfall is expected to reach $1.6 billion, or about 10 percent of anticipated spending. Mr. O'Malley can talk of shaving programs, trimming waste and optimizing efficiencies all he wants, but that will not solve a problem of such dimensions.

What's needed, as we've written before, is a top-to-bottom revision of Maryland's obsolete tax system, conceived in the 1960s and barely updated since then. The elements of such an overhaul might include a more progressive personal income tax, since the current one is virtually flat and therefore favors the rich; tougher corporate income tax collections to eliminate shelters;

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an increase in the gas tax, last raised 15 years ago, to yield badly needed funding for the state's roads and mass transit; and a levy on services, most of which remain inexplicably untaxed even though they constitute the backbone of Maryland's economy.

Certainly, there are pitfalls facing Mr. O'Malley as he contemplates such changes. The state Senate president, Thomas V. Mike Miller Jr. (D-Calvert), might subvert any attempt at tax reform by tying it to his pet project of expanding slot machine gambling -- a potential deal killer. Republicans in the General Assembly would doubtless object to any significant tax increase, as might some Democrats. But sooner or later, Mr. O'Malley will have to come to grips with the state's projected funding shortfall, so why not sooner?

Somalia Forces Retake Capital From Islamists (NYT)

By Jeffrey Gettleman

The New York Times, December 29, 2006

NAIROBI, Kenya, Dec. 28 — Just hours after Islamist fighters abandoned Mogadishu, the capital from which they ruled much of Somalia, thousands of troops of the transitional government marched into the city on Thursday in a stunning reversal of fortune.

The government soldiers and the Ethiopian infantrymen who have been backing them poured in from the outskirts, residents said. The only gunshots fired were long celebratory bursts into the air.

In a country with such a troubled recent history, including famine, anarchy, isolation and war, a potentially viable government has suddenly emerged.

In a matter of five days, the internationally recognized government, a fledging authority that had been so weak it was marooned in a provincial market town, captured the formidable capital and most of Somalia — with more than a little help from Ethiopia.

The Islamists, whom many Western nations had considered a grave and growing regional threat with terrorist connections, were vanquished faster than anyone had expected, or at least removed from power.

“We always knew these Islamists weren’t all they were cracked up to be,” said Abdirizak Adam Hassan, chief of staff for the transitional president, Abdullahi Yusuf Ahmed. “And now we are where they used to be, in control of Mogadishu — well, as much as anyone can be in control of Mogadishu.”

On Thursday morning, before most of the troops arrived, the city exploded in anarchy as armed bandits rushed into the streets and fragmented militia units began to fight each other for the spoils of war.

Witnesses said that an intense gun battle raged around a former Islamist ammunition dump, and that clan warlords instantly reverted to setting up roadside checkpoints and shaking down motorists, reminiscent of the years of chaos before the Islamists pacified the city in June.

Still, Mogadishu has been almost a holy grail for the government.

For months, leaders cooped up 150 miles inland in the market town, Baidoa, had spoken of their dreams of returning to the once-beautiful (and now bullet-pocked) city by the sea. But they were blocked on all sides by the Islamist forces, which dominated most of south-central Somalia, including the capital, their stronghold.

All that changed on Sunday when Ethiopia, with tacit approval from the United States, carried out an aggressive counterattack against the Islamist forces. Ethiopia sided with the government because the Islamists had vowed to invade Somali-speaking areas of Ethiopia and wage a holy war against it.

By Wednesday, the Islamist military had been decimated by Ethiopian airstrikes and mass desertions. Clan elders, traditionally the pillars of Somali society, pulled their troops and firepower out of the Union of Islamic Courts, or U.I.C., after a string of back-to-back military loses in which more than 1,000 fighters, mostly teenage boys, were quickly mowed down by the better-trained and equipped Ethiopian-backed forces.

“Our children were getting annihilated,” said Abdi Hulow, an elder with the powerful Hawiye clan. “We couldn’t sustain it.”

By Thursday, government officials said, many of the Islamist leaders had fled into the thickly forested areas to the south, where the government plans to hunt them down. But there were also worries that the Islamists would wage guerrilla warfare, as they have threatened.

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"The U.I.C. may have decided not to fight the Ethiopians and their allies this time around," said Ted Dagne, an Africa specialist for Congressional Research Service. But he added: "This does not mean the U.I.C. is finished. The U.I.C. fighters simply changed their uniform to a civilian cloth."

Sheik Sharif Sheik Ahmed, an Islamist leader, said Thursday that his forces had surrendered Mogadishu to avoid a bloodbath. "We don't want to see Mogadishu destroyed," he told Al Jazeera television by telephone from an undisclosed location.

Even before the government troops had planted themselves in downtown Mogadishu, the political negotiations began.

Mr. Hulow and other elders said they had asked transitional leaders for positions in the new government in exchange for support. Ali Mohammed Gedi, the prime minister, told the elders that first he needed help in disarming the militias.

Mr. Gedi also gave a short news conference on the outskirts of Mogadishu in which he reached out to the Somali diaspora, saying: "We need your help. It's time to come home."

One group was noticeably absent from all these talks: conservative clerics, who seemed to have overplayed their cards.

Under their leadership, the Islamist movement grew from a grass-roots network of clan-based courts to a force powerful enough to overthrow Mogadishu's warlords in June. The Islamists impressed residents as the first to establish a semblance of law and order, which had been missing since Somalia's central government collapsed in 1991.

A few months ago, government officials were begging the Islamists to return to peace talks and to share power. Sheik Sharif was considered likely to be prime minister of a new joint government. The Islamists were thought to have a committed, disciplined army, taking town after town, often with very little resistance.

But in July, Ethiopia began secretly slipping troops into Somalia to protect the transitional government, itself a mix of clan elders and former warlords who had been brought together two years ago with the help of United Nations officials. The Islamists responded with angry threats, calling the Ethiopians infidel invaders. Ethiopia is a country with a long Christian history, while Somalia is almost entirely Muslim.

The Islamists also reached out for help from Arab countries and from Eritrea, Ethiopia's bitter enemy.

But despite a United Nations report that there were thousands of foreign fighters in Somalia, American officials now believe that a far smaller number answered the call to jihad, probably just a few hundred. In the end, they did not make much of a difference, at least not in this phase of conventional war.

It seems that many people, inside Somalia and outside, overrated the Islamists' strength and popularity. Part of the reason, analysts now say, is that the Islamists had an excellent propaganda machine, controlling most media outlets in Somalia.

Another factor was that many Somalis supported the Islamists because they had no option. After Ethiopia got involved, that changed, with the transitional government becoming strong enough to be a realistic alternative.

The Islamist leaders may have also miscalculated the appetite among Somalis for the harsh brand of Islam they were pushing. On Thursday, to celebrate the departure of the Islamists, many Mogadishu residents stuffed their mouths with khat, a mildly narcotic plant that the Islamists had outlawed, and cranked up Western music, which some clerics had tried to ban.

Diplomats in the region are urging the government to be magnanimous and reach out to the former Islamist leaders. Several international organizations, including the Arab League and the African Union, are pressing Ethiopia to leave.

The Ethiopians say that they have no intention of staying and that their mission to neutralize the threat in Somalia has been mostly accomplished.

"Things have gone well," said Solomon Abebe, a spokesman for Ethiopia's Foreign Ministry. "And much faster than we expected."

Government Troops Take Somalian Capital (LAT)

By Edmund Sanders And Abukar Albadri

The Los Angeles Times, December 29, 2006

MOGADISHU, Somalia — Somalia's beleaguered capital fell early today to Ethiopian and Somali government troops who marched quietly into the city before dawn and took control without firing a shot.

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An Islamic alliance that had controlled Mogadishu and much of the country evaporated Thursday after a string of military losses, and in the security vacuum, violent looting broke out in the capital. Residents awoke this morning to find the Ethiopians and troops of Somalia's U.N.-backed transitional government taking positions.

The transitional government was formed in 2004 to give the Horn of Africa country its first effective, nationwide administration since 1991, but today was the first time its troops were actually able to enter Mogadishu.

"The fighting is over," Ali Mohammed Gedi, prime minister of the transitional government, declared late Thursday, shortly before hundreds of troops began pouring into the city.

Officials of the government spent most of Thursday meeting with clan leaders to ensure there would be no remnants of the Islamic forces hiding in Mogadishu when they entered, and that the local population would welcome their soldiers.

Mogadishu temporarily reverted to its familiar clan-based chaos as the Islamic Courts Union disintegrated and former warlords attempted to resume their former positions of power. Angry youths rampated in the streets, stealing mobile phones, looting homes and setting up checkpoints. Clan militias reclaimed their old neighborhoods. Offices and homes of the leaders of the former Islamic alliance bore the brunt of the looting.

It was unclear whether the weak transitional government and its small military force could impose order on Mogadishu, much less the rest of Somalia. Officials of neighboring Ethiopia, who provided most of the firepower to oust the Islamic alliance, said they would help, but that they would not remain in Somalia for a long period.

Mogadishu residents said the looting Thursday made them fearful of another long period of instability.

"We are going back to the former chaos and violence," said Ilyas Ahmed, whose brother was killed Thursday during a cell-phone robbery. "The courts were not good, but at least we had security."

Gedi called for the looting and violence to end. "Anybody found disturbing the security will be met with swift punishment," he said.

U.S. and Ethiopian officials accused the Islamists of plotting to establish a Taliban-style regime and use Somalia as a base to launch terrorist attacks. Islamists said they were merely trying to restore peace and stability to Somalia. Over the past six months they had seized Mogadishu and most of southern Somalia.

On Thursday, after days of military losses that left it bottled up in Mogadishu, the Islamic Courts Union officially disbanded. As he left Mogadishu, Sheik Sharif Sheik Ahmed, the chairman of the courts, said Islamists were leaving to avoid a battle that might have killed civilians. Former fighters, many of whom ditched their uniforms and shaved their beards, expressed disappointment.

"I joined them because I thought they wanted to install an Islamic government in Somalia,"' said Mursal Mohammed, 27. "But they had different ambitions. They wanted to fight against Ethiopia and get back Somali territory. They misled me."

Some extremist elements of the courts union were reportedly refusing to give up and were seen heading south toward the port city of Kismayo, where they may attempt to regroup or escape. As many as 4,000 fighters, including the fundamentalist Shabab faction that is accused of killing an Italian nun in September, have refused to give up, officials said.

Ethiopian Prime Minister Meles Zenawi said Thursday his soldiers were in hot pursuit of the fighters, which he said included Eritreans and other foreigners.

Meles said his troops would assist the transitional government restore peace in Mogadishu.

"We will not let Mogadishu burn," he said. But he added that the international community must finish the job of putting Somalia back on its feet. He said Ethiopia would not become bogged down in an Iraq-style occupation.

"We don't believe is it our mission to reconstruct Somalia, militarily, politically or otherwise," Meles said. "What Somalia needs is beyond our capacity now. What Somalia needs now is massive humanitarian assistance. We cannot provide that."

He predicted that Ethiopian troops would remain in Somali for a matter of days or weeks. "We are certainly not planning to stay there for months," he said.

Ethiopia formally entered Somalia's worsening civil war a week ago, siding with the transitional government against the alliance of religious leaders.

Amid reports that former Mogadishu clan leaders were reassuming positions of power, Meles warned against allowing the city to fracture into the tribal fiefdoms that have existed for years.

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"The transitional government should not allow warlordism to crop up again in Mogadishu," he said.

Ethiopian leaders say the decision to take military action in Somalia was an effort to prevent the spread of religious extremism. But some worry that Ethiopia will now become a target for Islamic extremists. Ethiopia's population is about evenly split between Christians and Muslims, and the war has been unpopular with some of the country's Muslims.

Ethiopian-led troops began their assault near the border and reached the capital Wednesday.

Up to 3,000 Islamist fighters were killed and up to 5,000 wounded, Meles said. Ethiopian casualties totaled between 100 and 500, he said.

Thousands have fled the fighting, worsening Somalia's already dire conditions. At least 17 people were killed and 140 were missing after Yemeni security forces opened fire on two boats packed with people fleeing Somalia, according to the U.N. Office for the Coordination of Humanitarian Affairs.

Times staff writer Sanders reported from Addis Ababa, Ethiopia, and special correspondent Albadri from Mogadishu.

Somalia, U.N. Regain Mogadishu (WT/AP)

By Mohamed Olad Hassan

The Washington Times, December 29, 2006

MOGADISHU, Somalia -- Jubilant Somalis cheered as troops of the U.N.-backed interim government rolled into Mogadishu unopposed yesterday, putting an end to six months of domination of the capital by a radical Islamist movement.

Ethiopian soldiers stopped on the outskirts of town, after providing much of the military might in the offensive that shattered what had seemed an unbeatable Islamist militia. Islamist fighters fled south vowing to continue the battle.

"We are in Mogadishu," Prime Minister Mohamed Ali Gedi declared after meeting with local clan leaders to discuss the peaceful transfer of the city.

Despite the celebrations in the streets, worries about the future were widespread in a country that hasn't had an effective national government since clan warlords toppled a longtime dictator 15 years ago.

Many in overwhelmingly Muslim Somalia are suspicious of the transitional government's reliance on neighboring Ethiopia, a traditional rival with a large Christian population and one of East Africa's biggest armies. Witnesses said crowds threw rocks at Ethiopian troops on the city's northern edge.

Somalia's complex clan politics also are a big worry, having undone at least 14 attempts to install a central government in this violent, anarchic nation.

Mr. Gedi's government, set up in 2004 with U.N. backing, is riddled with clan rivalries, most notably between the young prime minister and elderly president.

Mr. Gedi later said his government was seeking approval from the interim parliament to impose martial law across Somalia while its forces attempt to restore order. Weapons will be confiscated, he said, without giving details.

A chilling reminder of the chaos Somalia has known came as clan militiamen and criminal groups began looting almost anything they could after the Islamist forces fled. At least four persons were killed in the melee, said one witness, Abdullahi Adow.

President Abdullahi Yusuf Ahmed, whose shaky acting administration has spent the last year in a temporary capital, Baidoa, 150 miles west of Mogadishu, said government troops are not a threat to the city's people.

"The government is committed to solving every problem that may face Somalia through dialogue and peaceful ways," he said.

But gunfire was heard for most of the day in the city. The United Nations flew out 14 aid workers and one U.N. staff member because of deteriorating security.

Ethiopian troops, who pledged not to enter the capital, were stoned by crowds on the northern edge of the city, witnesses said. "How could we welcome an invading enemy?" said one protester, Faiza Ali Nur.

Relations between Somalia and Ethiopia have long been strained. They fought a bloody war over their disputed border in 1977.

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After starting an offensive against the Islamist forces Sunday, Ethiopian Prime Minister Meles Zenawi said his army would go home once it defeated the Islamist movement, whose fighters had extended their control over much of southern Somalia in the past six months.

Mr. Meles vowed yesterday not to give up the fight until extremists and foreign fighters supporting the Islamist movement had been crushed.

Speaking in Ethiopia's capital, Addis Ababa, he said 2,000 to 3,000 Islamist fighters had been killed and 4,000 to 5,000 wounded. Ethiopia suffered a few hundred casualties, he told reporters.

Islamist militiamen, who had said they would defend Mogadishu to the last man, retreated toward the southern port of Kismayo.

The fighters had gone from door to door in Kismayo recruiting children as young as 12 to make a last stand on behalf of the Islamist movement, according to a confidential U.N. report, citing the families of boys taken to the front line town of Jilib, 65 miles north of Kismayo.

The Islamist movement took Mogadishu in a battle with clan warlords in June and then advanced across most of the south, often without fighting.

When Ethiopia began providing military aid to the transitional government, Islamist leaders issued a call for foreign Muslims to join their "holy war" against the Ethiopians. Somalis living on the coast reported seeing hundreds of foreigners entering the country.

The International Committee of the Red Cross said that over the past few days, hospitals and other medical facilities in southern and central Somalia had admitted more than 800 wounded people.

The U.N. refugee agency said yesterday that two boats carrying Somalis and Ethiopians across the Gulf of Aden from northern Somalia capsized late Wednesday as they were being pursued by Yemen's coast guard. At least 17 persons drowned, and 140 were thought missing, it said.

The refugee agency said some of the 357 survivors claimed to be fleeing the fighting in central Somalia. But their boats sailed from ports far to the north in a relatively peaceful area of Somalia, from where a steady stream of economic migrants has set sail in recent years.

Uneasy Political Shift In Somalia (CSM)

By Rob Crilly

The Christian Science Monitor, December 29, 2006

NAIROBI, KENYA

Somali government forces entered Mogadishu Thursday after a whirlwind advance against Islamist militias who were forced to retreat after sustained losses.

The city echoed with gunfire as clan-based militias returned to the streets, settling old scores and looting. Residents said they feared a return to 15 years of anarchy that ended with the rise of the Union of Islamic Courts, which took over just six months ago.

The quick victory over the Islamists, analysts warn, leaves a dangerous vacuum in a country that has only recently seen calm. Without a political strategy for winning the peace, they say, Somalia risks becoming a quagmire that sucks in neighboring countries. If the Ethiopians keep their word and withdraw quickly, radical elements within the courts - such as the young fighters of the Shabbab, led by Afghanistan-trained Aden Hashi Ayro - might run a guerrilla campaign, drawing in foreign fighters.

"The risks are that if Ethiopia and Somalia are unable to politically consolidate their military victory, then we are back at square one with the conditions that gave rise to the courts in the first place," says Matt Bryden, a consultant to the International Crisis Group.

The Union of Islamic Courts had managed to win crucial clan support as they moved across the country, but that appeared to evaporate in the face of Ethiopia's military dominance. Elders switched sides, hastening the demise of the Islamists.

Convoys of Islamists' pickups mounted with antiaircraft guns or heavy machine guns were seen leaving the city on Wednesday night and heading towards Kismayo, an Indian Ocean port still held by the Union of Islamic Courts. Government

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officials spent part of Thursday meeting elders near Mogadishu discussing the terms by which troops might enter the capital. In the afternoon, as the Monitor went to press, Somali Prime Minister Ali Mohammed Gedi had flown to a town near the capital as the government declared a state of emergency.

"Things here are very tense now," said Abdiaziz Adow, a Mogadishu shopkeeper, by telephone. "No one wants things to go back to the way things were, but we have already heard about people being shot and all the shops are closed."

Last June, a network of sharia courts seized control of the capital following months of fighting against a coalition of warlords, who received covert support from the United States.

The rise of the courts was lauded by residents who endured years of violence at the hands of the military strongmen. Among them, the warlords had carved the city into a network of personal fiefdoms riddled with roadblocks and no-go areas.

Gradually, the city took on an air of peace. The checkpoints were dismantled, the international airport was reopened, and teams of women were deployed to repair streets.

Militias loyal to the courts fanned out across the country. Mostly, they were welcomed by clan elders keen to see some sort of order restored.

Meanwhile, a weak transitional government - established with UN and international backing - found itself isolated and unable to command support outside its stronghold of Baidoa.

The growing power of the courts was greeted with concern in Ethiopia, which feared the rise of radical Islam on its doorstep, and the US, which accused the courts of harboring Al Qaeda terrorists. Ten days ago, as the courts moved to within 40 miles of the government seat, Ethiopia openly intervened.

As Ethiopian warplanes began bombing Islamist positions last weekend, the Islamic leadership said their forces were falling back to Mogadishu to begin preparing for a long guerrilla war.

But as Somali government forces and Ethiopian soldiers took control of Balad, the last town on the road to Mogadishu, the Islamists prepared to flee.

Before leaving the city, Sheikh Sharif Ahmed, who heads the courts' executive committee, told Al Jazeera television that his militias were leaving Mogadishu to avert bloodshed. "We have withdrawn our forces and there are no Islamic Court forces (there). It is the Somali people who are resisting," he said. "We left [the capital] to avert heavy bombing because Ethiopian forces are practicing genocide against the Somali people."

As they left, much of their weapons and fighters were handed over to clan leaders who took control of the airport and seaport.

The fall of Mogadishu came after a night of frantic telephone diplomacy. Islamist leaders spoke with government officials, saying they would be welcome in Mogadishu if they did not launch an attack.

At the same time, government officials were telephoning clan elders in the city, urging them to withdraw their support for the Union of Islamic Courts.

Abdirahman Dinari, a government spokesman, said popular support had melted away from the courts as they began to introduce a hard-line form of sharia law. He claimed the government was now in control of 95 percent of the country.

"The courts were not powerful. It was the international media who gave them false credibility," he said by phone from Baidoa. "It is the people of Mogadishu who are powerful. Now [the courts] have lost support, they have disappeared into thin air."

U.S. Bid To Limit Iran Gets Wary Response (WSJ)

By Neil King Jr.

The Wall Street Journal, December 29, 2006

Plan to Curb Trade, Lending Beyond U.N. Sanctions Has Yet To Stir Action Overseas

WASHINGTON -- Armed at last with a set of limited United Nations sanctions against Iran's nuclear program, the Bush administration has been stepping up efforts to persuade countries in Europe and Asia to go further and cut off bank lending and other financial interactions with Iran.

But the response overseas to the U.S. push to clamp down on trade with Iran beyond the U.N. resolution has been tepid. European officials say their first desire is to implement and enforce Saturday's package of limited sanctions on Iran. Any moves to

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limit bank lending or to curtail export credits also could run afoul of the sizable trade between Iran and countries such as Germany, Italy, Japan and China.

China's trade with Iran is up more than 40% this year, and while trade between the European Union and Iran has stagnated, it is still set to top $25 billion in 2006. The U.S., having imposed a series of unilateral sanctions on Tehran over the past 25 years, has only minuscule trade ties with Iran.

"Now is the time for all the actors to be very cautious in their dealings with Iran to make sure that they don't violate the U.N. resolution," said a senior European diplomat in Washington. A senior EU official said all energies for now will focus on ensuring that the EU's 25 member states use the same rules to enforce the U.N. measure.

Tougher Pressure

The U.S. strategy to pressure countries and private banks to curb their dealings with Iran underscores a conviction within the Bush administration that getting Iran to compromise on its nuclear work will require much tougher pressure than the U.N. Security Council is likely to stomach.

The strategy, which has been months in the works, is a spinoff from a campaign launched in 2005 against Asian banks that helped to financially isolate North Korea. After the Treasury Department targeted one bank in Macau with sanctions, numerous other banks broke off their dealings with Pyongyang. More Chinese banks have severed ties with North Korea since the U.N. passed a sanctions package in October in response to Pyongyang's nuclear test. It is a pattern the U.S. now hopes to see repeated with Iran.

Senior U.S. officials say that the Dec. 23 U.N. resolution is crucial because it provides countries with the legal justification to push for tighter financial controls against Iran within their own systems. The measure falls under a provision of Chapter 7 of the U.N. Charter that makes enforcement mandatory but restricts the response to nonmilitary means.

"It's certainly a significant step to have a unanimous resolution backed by 15 countries under Chapter 7," said Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, who has led the drive to squeeze Iran's access to international financial channels. "I think we will be able to get some real impact from this resolution."

To that end, the Bush administration is now looking to push ahead mainly on two fronts.

U.S. officials hope that countries with the greatest economic leverage over Iran -- primarily Germany, Italy, France, Japan and China -- will separately make clear to their own banks the risks involved in doing business with Iran. The Treasury Department for several months has been trying to persuade international lenders to help isolate a network of Iranian-controlled banks and companies that the U.S. suspects Tehran is using to acquire sophisticated weapons technology. Several large European banks, such as UBS AG and ABN Amro Holding NV, broke off all ties with Iran during the past year.

The Bush administration also would like to see about a dozen European countries end or at least curtail their export-credit-guarantee programs for companies doing business in Iran. Germany alone granted companies working in Iran credit guarantees of $1.9 billion in 2005, putting Iran third on Germany's guarantee list after Russia and China. Britain also has issued a number of large guarantees to cover the risk for British companies doing business in Iran. (Export-credit guarantees greatly diminish the risk a company faces when doing business abroad by insuring against the chance of nonpayment.)

Reluctance to Act

"This export-credit issue is pretty significant," Mr. Levey said, adding that movement on this front would probably have to come from within the EU, as individual countries might be reluctant to act on their own. "It is hard for one of these countries to act for fear that the others will move in to fill the gap," he said.

European diplomats and officials, however, say the EU isn't likely to take additional actions quickly. The EU's first step will be to pass rules implementing the new U.N. resolution, which is itself highly complex, and then to see whether the new pressures spark a debate within Iran over the wisdom of rebelling against the international community.

Europe and the U.S. have been trying for more than two years to get Iran to agree to steps to ensure that its nuclear program is strictly for civilian purposes -- and not a cover for developing a nuclear weapon. Iran insists it isn't pursuing nuclear weapons, but it also has refused to suspend an increasingly elaborate uranium-enrichment program. Highly enriched uranium is a key ingredient for a nuclear bomb.

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The aim of the U.N. resolution -- but even more so the additional steps being pushed by the U.S. -- is to ramp up the economic pain on Iran so that significant voices within the country begin to question the value of having a domestic uranium-enrichment program.

The new sanctions package was nothing if not hard-fought. When Iran refused to suspend its uranium-enrichment work by Aug. 31, as required by an earlier U.N. resolution, the U.S. hoped to win a set of punishments within weeks to show Iran that the Security Council meant business. Instead, amid significant resistance from Russia, the council spent nearly four months feuding over multiple drafts before it hit on a measure that won the support of all five permanent members as well as the council's 10 rotating members.

The resolution that emerged Saturday is meant to put the squeeze on Iran's nuclear program but isn't likely to cause much pain on its own. The package prohibits countries from supplying Iran with materials that would benefit its uranium-enrichment efforts or improve its missile systems. But the package is much looser on so-called dual-use items that can be for either military or civilian purposes. The resolution also imposes an asset freeze on 11 organizations and 12 individuals involved in Iran's nuclear and missile programs.

Avoiding Financial Interactions

The Bush administration was particularly pleased by the move to target specific Iranian individuals and companies, because the shortened U.N. list overlaps partially with a longer watch list that Mr. Levey has been showing banks and finance ministries around Europe, urging them to avoid financial interactions with entities that the U.S. believes are supporting Iran's weapons programs or terror groups.

Both European and U.S. officials cite evidence that Iran already is feeling the pinch of increased economic isolation. A new study from Johns Hopkins University concludes that Iran's oil production is actually falling amid rapidly declining investments in its petroleum sector. And Iran's oil minister said recently that the country would have to dip into a special stabilization fund to finance increased production.

Beyond Europe, the U.S. also is trying to persuade certain Persian Gulf states such as Saudi Arabia and the United Arab Emirates to exert pressure on China to distance itself from Iran. China has become a major trading partner with Iran during recent years, as well as a growing investor in Iran's oil and natural-gas fields.

Israel Says Egypt Sends Weapons To Abbas's Forces, With Israeli And U.S. Approval (NYT)

By Steven Erlanger

The New York Times, December 29, 2006

JERUSALEM, Dec. 28 — After coordination with Israel and the United States, Egypt has sent weapons and ammunition into the Gaza Strip to forces loyal to the Palestinian Authority president, Mahmoud Abbas of Fatah, Israeli officials said Thursday.

Senior Palestinian officials, including Mr. Abbas's spokesman, Nabil Abu Rudeineh, denied the report. Mr. Abu Rudeineh called it "Israeli propaganda aimed at aggravating the situation between Fatah and Hamas."

But Israeli officials knowledgeable about the shipment confirmed a report in the daily Haaretz that Prime Minister Ehud Olmert had approved the shipment in his meeting Saturday evening with Mr. Abbas.

They said four trucks with 2,000 automatic rifles, 20,000 ammunition clips and two million bullets had passed from Egypt through the Israeli-controlled Kerem Shalom crossing, where Gaza, Israel and Egypt meet. The shipment was turned over to Mr. Abbas's Presidential Guard at the Karni crossing between Gaza and Israel, the officials said.

Benjamin Ben-Eliezer, a cabinet member and former defense minister, told Israeli Army Radio that the weapons were intended to give Mr. Abbas "the capability to hold his own against those organizations that are trying to spoil everything."

That was apparently a reference to Hamas, the militant faction that gained control of the Palestinian government by winning parliamentary elections in January. Hamas refuses to recognize Israel's right to exist and rejects previous Israeli-Palestinian agreements that call for a permanent two-state solution.

American officials were circumspect but said various moves to support Mr. Abbas's forces were taking place, including the provision of money for training the Presidential Guard and Israeli approval for the return to the Palestinian territories of a thousand

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or so well-trained but aging Fatah fighters, the Badr Brigade of the Palestine Liberation Organization. They have been barred from returning and are living in Jordan.

The Bush administration is seeking Congressional support for up to $100 million, mostly for salaries and training, to strengthen Mr. Abbas and his security forces and extend their control over the Gaza crossing points.

A senior American official who deals with the Palestinians insisted that the point was not to promote civil war with Hamas, but to help Mr. Abbas and Fatah and "to provide deterrence and balance" in Gaza, where Hamas is especially strong.

The arms shipment is part of a broader American and Israeli effort, in coordination with moderate Arab countries like Egypt, Jordan and Saudi Arabia, to strengthen Mr. Abbas, weaken Hamas and show some movement on the stalled issue of Israeli-Palestinian peace.

At his meeting Saturday with Mr. Abbas, Mr. Olmert also promised to eliminate some West Bank checkpoints and turn over to Mr. Abbas $100 million of the roughly $500 million that the Israelis have collected for the Palestinians but have refused to turn over since Hamas took power.

But officials involved consider their efforts something short of a plan. That, they say, is because Fatah remains weak, Mr. Abbas is unpredictable and too wedded to the Fatah old guard, and conditions are not ripe for a major effort to reach a comprehensive settlement.

Still, the officials say, given the problems of the region — the American difficulties in Iraq, the growing influence of Iran, Israel's summer war with Iranian- and Syrian-backed Hezbollah in southern Lebanon and Hamas's sway over Gaza — efforts are needed to alter the status quo and promote moderate Palestinian political goals.

"The most important thing for us is to get a process going between Abbas and the Israelis," the American official said. "If the Palestinians end up with a consensus supporting Hamas, you push off any real peace process for a long, long time. If they opt for this kind of unity, fine, but then there is nothing we can do for them, and there will be no Palestinian state, and it's not a good outcome."

Mr. Abbas has called for early presidential and parliamentary elections, which Hamas opposes. The Americans were pleased by his call, though they would have liked him to have confronted Hamas six months ago, the official said.

"The longer that goes by, the harder it is for him," the official said. "We've been trying to explain to him that every option is risky now but that the status quo also has its downside. Doing nothing and getting weaker does not help."

The Israeli foreign minister, Tzipi Livni, in essence has been suggesting talks with Mr. Abbas that would result in a Palestinian state with temporary borders — effectively the second stage of the moribund peace plan known as the road map — with Israel pulling back in the West Bank to the current route of the separation barrier it is building there.

In an interview in Haaretz's weekend magazine, she talked gingerly about "a detailed operative plan" to negotiate with Mr. Abbas, ideas she has discussed with Secretary of State Condoleezza Rice and Abbas aides. "My vision says that the two-nation-state principle is not only an Israeli gift to the Palestinians but advances Israeli interests," she said.

Mr. Olmert does not like grandstanding by his cabinet ministers, and some aides were dismissive about the notion of a new plan. But Mr. Olmert largely shares Ms. Livni's thesis: that Israel, the West and moderate Arab countries want Mr. Abbas and Fatah, whatever their weaknesses, to win out over Hamas, a Foreign Ministry official said.

"So they should have guns, and resources for patronage, and there should be a political vision and framework for moving forward, so that if Palestinians do choose the right path, there is something real and tangible for those who believe in a two-state solution," the official said.

Mr. Abbas has repeatedly rejected the idea of a Palestinian state in temporary borders, seeing it as a trap, because there would be no guarantee that Israel would move further toward a final settlement.

"But it's possible that now Palestinian moderates need some political ammunition to show people that negotiations will bear real and tangible results," the official said.

Then, he suggested, with such results in hand and a period of visible reform in Fatah, new elections could result in Hamas's defeat, and then a stronger move to dismantle Palestinian militant organizations — as called for in the first stage of the road map, which did not foresee one of those organizations, Hamas, running the Palestinian Authority.

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There are many difficulties with such a course of action, beginning with the refusal of Hamas to sanction early elections and the risk that Mr. Abbas continues to be seen by too many Palestinians as an agent of Israeli and American interests.

Mr. Abbas is committed to a Palestinian state on roughly the pre-1967 borders, with its capital in Jerusalem, and a "just solution" to the refugee issue. So approving the current West Bank barrier route, which keeps 10 percent of the land, including East Jerusalem, on the Israeli side, even as a temporary border would be very risky for him.

"Abbas has got a lot of work to do — in Fatah, in his own office, with the security forces," the American official said. "We'll continue to help," he added, pointing to a likely visit next month by Ms. Rice. "But Abbas has to make some choices."

Mr. Olmert is already facing criticism from his right wing for his concessions to Mr. Abbas, given the involvement of Fatah militants like Al Aksa Martyrs Brigades in firing rockets into Israel. Israeli opinion, after the summer war and the Gaza rockets, is generally opposed to handing back large portions of the West Bank to the Palestinians, especially given the chaos in the Palestinian Authority.

Despite A Lull At Holidays, Beirut Digs In For A Struggle (NYT)

By Hassan M. Fattah

The New York Times, December 29, 2006

BEIRUT, Lebanon, Dec. 28 — Sleigh bells jingled, Christmas carols blared from loudspeakers and dancing Santa Clauses and street vendors offering Christmas trinkets lent downtown Beirut the feel of a Christmas fair for much of this week.

If not for the razor wire and heavily armed soldiers ringing much of the area and the posters of the Hezbollah leader, Sheik Hassan Nasrallah, one could almost have forgotten the continuing crisis in this country.

But even the Christmas celebration turned political.

"We are Muslims and Christians standing together to tell the world this is Lebanon," a speaker with the opposition Free Patriotic Movement announced, shortly before the cutting of a cake about 30 yards long in celebration of Christmas on Monday night. "The future is ours, and after the feast, we will resume our protest until victory."

Almost one month since Hezbollah and Christian opposition parties took over the center of Beirut seeking to bring down the government of Prime Minister Fouad Siniora, they have dug in for a long fight. After the war between Hezbollah and Israel during the summer, from which Hezbollah emerged stronger and the Lebanese government weaker, Hezbollah and its allies — Christian groups and a Druse group that were once mortal enemies — began to press for more power.

In Riyadh al Solh square, where protesters have camped out in a tent city, Hezbollah and its allies are demanding that Mr. Siniora resign and are saying he should be put on trial for treason and corruption. Last week, they ratcheted up their demands, calling for early parliamentary elections. Up above in the Grand Serail, the government headquarters, Mr. Siniora, urged to stand firm by Saudi Arabia and the United States, shows no signs of wavering, insisting that Hezbollah and its allies come off the streets and return to the negotiating table.

"Their sit-in did not produce what they thought it would," said Marwan Hamadeh, minister of telecommunications, who predicted the crisis could last until Lebanon's presidential elections next November. "They simply cannot win."

The rallies have been muted in recent days so families could celebrate Christmas or prepare for Id al-Adha, the Muslim Feast of Sacrifice, at the weekend. But opposition leaders threaten to raise the pitch next week, suggesting that they may block highways and access to Beirut's airport.

The business of governing Lebanon has come to a virtual halt, with President Émile Lahoud unwilling to consider any legislation offered by the cabinet, the cabinet unwilling to speak to Mr. Lahoud, and the speaker of Parliament, the Shiite Amal leader Nabih Berri, unwilling to convene a session or speak to the president. Opposition members of Parliament walked out in late November and have not returned.

"Each side is supported by people that don't want them to give up a thing," said Paul Salem, director of the Carnegie Middle East Center, speaking of both internal and foreign backers. "It's becoming more likely that a very long, drawn-out stalemate will take hold."

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Gradually, Mr. Salem and others here say, Beirutis are growing used to the demonstrations in the center of town, finding ways around the traffic snarl the protests have caused, and feeling less urgency to resolve the standoff. Some restaurants are asking their patrons — and individual Lebanese are asking their friends — not to discuss politics.

"The easiest thing for people to do now is to postpone, to stall," Mr. Salem said.

Hezbollah and its allies took to the streets on Dec. 1 after the governing coalition led by Mr. Siniora rejected their demands. They set upon the center of Beirut with a noisy but peaceful protest mirroring the one led by the March 14 movement last year that forced Syria out of Lebanon and swept its leaders into power.

Much like the March 14 movement, the opposition has sought to emphasize its sectarian mix, insisting it represents the true Lebanese.

The protests continue to sap Lebanon's economy, already damaged by Israel's bombardment of the country during the summer. Store owners in downtown Beirut briefly opened this week but they saw few customers.

"We will carry on with this campaign until we topple the government," said Nabil Nicola, a Parliament member with the Free Patriotic Movement of Michel Aoun, a Christian allied with the opposition. "We still have not used all the peaceful weapons available to us, and it's just the beginning of the road."

On Saturday, Amr Moussa, the secretary general of the Arab League, said he had been unable to negotiate a solution in two weeks of shuttle diplomacy but promised to resume his efforts after the Muslim holiday. He said the impasse had been made worse by the fact that the sides refused to communicate with each other. Hezbollah accuses him of backing the governing coalition.

"Unfortunately Amr Moussa was taking a side during his last round of negotiations and unfortunately some Arab countries are taking sides too, but there are talks about a new, less biased Arab initiative," said Nawar Sahili, one of Hezbollah's members of Parliament. "We are hoping it will solve the crisis."

Analysts and officials close to the discussion said the most contentious issue remains a bill rushed through to Parliament days after the opposition walked out. The ruling coalition has a majority in Parliament but Mr. Berri has refused to hold a meeting of Parliament. The bill calls for formation of an international tribunal with sweeping powers to prosecute suspects implicated in the February 2005 assassination of the former prime minister, Rafiq Hariri, and other assassinations.

Mr. Moussa, speaking to reporters in Beirut on Saturday, said he had managed to coax both sides to agree to the outlines of a national unity cabinet in which major decisions would be made by consensus.

But in Riyadh al Solh square, many said they were ready for a long fight. "When Omar Karami was prime minister, one person said a word and he resigned," Ali al-Faqih, a protester, said of the interim prime minister forced to resign during the anti-Syrian protests. "Now, one million people have come and said 'Leave,' but this guy is still clinging on. He's no gentleman."

Russia, Belarus Near Gas Showdown (WSJ)

By Alan Cullison, David Crawford And John W. Miller

The Wall Street Journal, December 29, 2006

Russia and the former Soviet state of Belarus are heading toward a showdown over natural-gas prices that both sides warn could lead to a New Year's Day pipeline shut-off similar to the one that hit Ukraine a year ago, which had ripple effects across Europe.

But analysts say there is less likelihood of a political firestorm over any Russian cutoff this year. European governments and Russia have carefully stockpiled gas in anticipation of any disruption. And in any case, Russia only exports about a fifth of its natural gas to Europe through Belarus pipelines.

Moreover, Belarus is unlikely to receive the same Western sympathy extended to Kiev during its spat with Russian state-controlled gas giant OAO Gazprom, which briefly suspended supplies to Ukraine early in 2006. While Ukraine's government was pro-Western, Belarussian President Alexander Lukashenko is a pariah in the West who is often referred to as Europe's last dictator.

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Still, Gazprom's willingness to threaten yet another midwinter fuel cutoff is reinforcing fears across Western Europe about the Continent's reliance on Russia for the energy that powers the region. After raising gas prices for its neighbors over the past year, Russia has been accused by the U.S. of using energy as a tool of blackmail and intimidation.

Yesterday, European Union Energy Commissioner Andris Piebalgs urged Belarus and Russia to quickly resolve their differences, which he said "may affect gas supplies" to the EU. "I call on the two parties to reach as soon as possible a satisfactory agreement that does not put in question gas transits to the EU," he said.

Moscow has responded that it wants to do away with Soviet-era subsidies and put its relations with neighbors on a market-oriented footing. Besides winning price increases from Ukraine, Russia has also pushed to raise prices for the former Soviet republics of Georgia, Azerbaijan and Moldova. Belarus has until recently been largely spared Gazprom's hardball negotiating tactics, leading some in the West to accuse Moscow of a double standard. Belarus pays $47 per 1,000 cubic meters for gas from Russia, well below the $264 that Gazprom says its European customers pay. Gazprom has been demanding that Belarus pay more than double the current price, and pay part of the bill by surrendering shares in its gas-distribution system.

"I don't believe that you will see the same reaction in the West if there is a cut-off this time," said Valery Nesterov, an energy analyst at Troika Dialog brokerage firm in Moscow. "Moscow will no longer be subsidizing a regime that is not popular in the West nowadays."

Gazprom began talks with Belarus this summer. When they ended without an agreement Tuesday, the company warned it could cut supplies to Belarus Monday morning. Minsk said it may respond by disrupting deliveries of Russian gas through its pipelines to Lithuania, Poland, Germany, the Czech Republic and the Russian enclave of Kaliningrad.

Industry officials across Europe and Russia have scrambled to reassure governments that there would be no repeat of the drama of the Ukraine cutoff. Gazprom said it had stockpiled supplies in Europe, while Ukraine's gas-transport company told the EU it had 24 billion cubic meters set aside to replenish pipelines to Europe if necessary.

Analysts say that Belarus, whose industrial sector is sorely dependent on Russian energy, can't withstand a cutoff of gas of more than a few days. In Europe, government officials say such a short disruption would be more psychological than material, and that countries can soften the impact by tapping reserves or shifting supplies among themselves.

German energy company RWE AG has accumulated supplies that will last several weeks in the event of an interruption, company spokesman Jürgen Frech said. Belarussian pipelines provide only a modest share of Germany's diverse gas supplies, which include deliveries via the Czech Republic, Ukraine, Norway and the Netherlands, he said.

"Eighty percent of Russian gas exports go through the Ukraine, while Belarus is only one pipeline," said EU Energy Commission spokesman Ferran Tarradellas. Still, he said the bloc's Gas Coordination Group has called a special meeting Jan. 4 to assess the situation and "to determine the extent of solidarity" among EU countries.

Government officials warned the political ramifications could be more lasting, however. "The Belarus dispute demonstrates Russia's tactics for enforcing its bargaining position hasn't changed since the conflict last January with the Ukraine," a Polish official said.

Russia Tightens Grip On Gas, Threatens To Cut Supply (USAT)

By Jeffrey Stinson

USA Today, December 29, 2006

LONDON — It's getting cold in Europe, and Russia is threatening to turn off the heat — for the second straight winter.

Gazprom, Russia's state-controlled natural gas monopoly, has told Belarus to pay double the current price for gas by New Year's Day or supplies will be cut. Gazprom also demanded a stake in the pipeline carrying gas from Belarus to other European customers.

Belarus has rejected the demands. Moscow warned Poland, Germany and Lithuania on Wednesday to expect shortages if the dispute continues. It also warned Belarus not to siphon gas from the Yamal-Europe pipeline.

Gazprom, the world's biggest gas producer, provides 25% of the natural gas consumed by Europe.

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The price dispute shows how Russia is tightening its grip on energy production and distribution to squeeze higher prices from its neighbors. Analysts say it also shows how Russia uses its energy muscle to achieve political goals and deflect criticism of its policies.

Georgia, faced with the threat of a supply cut, agreed last week to pay Gazprom more than double its previous price for gas. Before signing the deal, Georgia accused Russia of using gas to punish the former Soviet republic for its Western-leaning policies.

Last New Year's, Ukraine's pro-Western government was locked in a similar standoff over pricing. When Gazprom cut supplies to Ukraine, the move also curtailed gas shipments through Ukraine to Poland, Hungary and Italy.

Roughly 80% of Gazprom's exports to Europe flow through Ukraine; the rest go through Belarus. "Belarus is a microcosm of very worrisome behavior," says Clifford Kupchan, an expert on Russian energy with the Eurasia Group, a New York-based consulting firm.

Russia's grip on energy supplies could eventually be felt in the USA: The Russian government pressured Royal Dutch Shell and its Japanese financial partners this month to relinquish control of a project off Russia's Pacific Coast. The project is to supply liquefied natural gas to Japan, South Korea, China and the United States.

"Gazprom, across the board, is acting like a bully," Kupchan says. "There is very little difference between Gazprom and the Russian state."

In May, Vice President Cheney accused Russia of using its energy resources as a tool of intimidation.

Gazprom insists it seeks only market prices. In announcing price hikes Nov. 8, Gazprom export chief Alexander Medvedev told Russian news agency RIA Novosti that "no political motives" were involved.

Russia's energy muscle has allowed it to bully Georgia, drag its feet on halting Iran's nuclear program and offer diplomatic support to North Korea, says David Satter, Russia expert at the Hudson Institute think tank in Washington.

Some European nations are trying to wean themselves. Sweden has announced ambitious biofuel programs; others, such as Great Britain, have turned to nuclear power. In the past month, Sweden said it would not approve construction of an underwater gas pipeline from Russia to Germany that it could have tapped for power.

However, France's state-owned gas utility, Gaz de France, signed with Gazprom on Dec. 18 to provide Russian gas directly to French consumers for the next 24 years. On Nov. 14, Eni, Italy's biggest oil and gas company, reached a long-term agreement to boost its own gas supplies and for Gazprom to enter the Italian market.

As EU Gates Open, 'Paradise' Flows East (CSM)

By Michael J. Jordan

The Christian Science Monitor, December 29, 2006

SOFIA, BULGARIA; AND BUCHAREST, ROMANIA

Thirty miles south of the Bulgarian capital, along winding, wintry mountain roads, Lalo Zifritov stands guard outside the skeleton of a three-story home being built in the sleepy town of Samokov. The owner pays him the equivalent of $13 per day to keep an eye on the site round-the-clock.

His pay goes chiefly to food, diapers, and a few sweets for his three kids - ages 7, 4, and 1. They live without central heating.

When his aunt and cousins migrated to Italy last year, they invited him to join them. He declined. One deterrent, says the 28-year-old, was the cost of the passport, visa, and travel.

"Poverty ruins everything," says Mr. Zifritov, as his wife chops wood nearby. "But we're not so courageous to just move abroad."

The last time the EU opened its doors to new members in 2004, hundreds of thousands of Eastern Europeans pushed westward. But despite Western fears that hordes of desperate, job-seeking Bulgarians and Romanians will again flood the European Union when their countries become members on Jan. 1, many - like Zifritov - have compelling reasons to stay home.

"Some believe 'paradise' is in Western Europe, but some of this paradise will soon be coming here," says Krassen Stanchev, executive director of the Institute for Market Economics in Sofia.

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Indeed, both countries expect a multibillion-euro infusion of EU aid and foreign investment after New Year's. And already, the Romanian and Bulgarian economies are roaring, growing at 7 percent and 6 percent, respectively. In addition, average salaries are on the rise - though still only about a third of Western European incomes in terms of purchasing power.

It was those higher-income economies that the 2004 wave of immigrants targeted. Uneasy at the prospect of absorbing yet another wave, 10 of the 15 "older" EU members - led by Britain, which received more than 500,000 migrants - have imposed temporary restrictions on Romanians and Bulgarians freely entering their labor markets.

But the Balkan countries may have already unleashed their wave of immigrants: According to the International Organization of Migration (IOM), of the estimated 6 million who have poured into Western Europe from Eastern Europe since the Berlin Wall fell in 1989, some 2 million have hailed from Romania.

"Those who had the possibility and the interest have already left," says Cristian Ghinea, a Romanian commentator.

In fact, with tens of thousands of Moldovans and Macedonians reportedly seeking Romanian and Bulgarian citizenship, respectively, and legions of others farther to the east desperate for work, EU membership could turn this Balkan pair - like Spain since it joined in 1987 - from migrant source to destination country, says Jean-Philippe Chauzy, spokesman for the IOM.

"In due time, their economies will become more attractive to non-EU migrants," he says, adding that the scale of migration is difficult to predict.

Meanwhile, as Romanians and Bulgarians grow savvier about the risks as well as the rewards of leaving one's homeland behind, they no longer believe that the streets of London, Rome, and Madrid are paved with gold.

"There are lots of stories about Romanian owners of a successful construction company in England or restaurant in Spain, but also of those living out of garbage bins in Rome, too proud to come home," says Mihaela Danga, of the Center for Independent Journalism in Bucharest.

Still, locals here predict that when their countrymen receive their EU passports, some will be tempted to set out in search of better-paying opportunities.

"Immigration will likely come from the extremes," says Anca Ciuca, president of the Foundation for Democratic Change. "If you have no place to work where you live and see no future for your family, this is one source. The other will be among the highly educated who have little civic spirit, with no concern to help this society, but only care about a higher standard of living for them and their families."

Observers agree that broadly categorized, three groups to date have generated most migrants: laborers from devastated agricultural and industrial sectors; urban professionals in search of greater compensation for their talents (the IOM's Chauzy notes that his dentist in Geneva is Romanian); and Roma, also referred to as Gypsies.

A new source may be Moldovans. A majority of citizens in Moldova - an impoverished country that was part of Romania until 1940 - claim Romanian descent, and as many as 400,000 have obtained Romanian citizenship in recent months.

Still, the decision to go remains deeply personal.

"I'm in my dream job right now," says Boris Shirov, a Bulgarian who works in radio-satellite communications in Sofia. "I can live off my salary, I'm happy with my friends, and I can visit 10 clubs in this area without getting into a taxi. But I miss my girlfriend, because she works in Brussels. So I may try to find a job there."

Across the border in Calarasi, Romania, a run-down industrial town near the southern bend of the Danube River, a mud-splattered ditch digger named Ion Bodeanu has a different take. Recently back from Italy, where he had to work 14-hour days, seven days a week, for 750 euros a month - despite having been promised 40-hour weeks for 950 euros monthly - Mr. Bodeanu says he wouldn't discourage other emigrants.

His young colleague, Ilie Inu, says he'd do it, with one condition.

"I'd want someone whom I trust to tell me that it's OK, you go and it's safe," says Mr. Inu. "I make 200 euros here, so if I at least know what to expect, I'd do it for 700 euros."

It's young people like Inu whom Silvia Luminita Nastase would like to keep in Calarasi. Industrial collapse has reduced the population by 75 percent in the past two decades, so Ms. Nastase - the city's director of community development - says she's trying to lure foreign investors. She recently returned from a trip to China for that purpose.

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"I hope we can create opportunities for young people to come back to town - or at least keep them here - with challenging, well-paying jobs," says Nastase.

Her only child, Ciprian, is surfing the Internet for college scholarships in France, where he visited last summer. There's no guarantee he would return to Calarasi, says his mother. "I'd put it at 50-50 that he stays or goes," says Nastase. "And if he goes," she says with a laugh, "maybe I'd go with him."

Turkmenbashi (WSJ)

By Hamid Ismailov

The Wall Street Journal, December 29, 2006

Mahtumkuli, your soul is a visitor to a volatile body, / Good has many friends, but for evil there are no brethren. / But these days everything is upside down: heels replace heads, / And one can't recognize who is good, and who is bad.

--Mahtumkuli, 18th century * * *

When I first met Saparmurat Niyazov in person, at an Islamic Conference in Tehran 1997, I had my killer question for the Turkmen president (something about Caspian oil and gas) all ready when I suddenly got a closer look at his hair. It was freshly dyed, with henna, a shocking punky red! I have no idea now what I asked, or what he said into my radio mike. The next time I met him, at the press conference of a Central Asian meeting, his hair was suddenly, unbelievably, black -- apparently dyed, this time, with basma. Again, I recall nothing else about the encounter.

Turkmenbashi ("Head of all Turkmen"), who died last week, was, as his foreign obituarists noted, "eccentric" even by Central Asia's high standards. Niyazov abolished opera, ballet and circus, arts that were foreign, according to him, to the Turkmen mentality; to nurture this "mentality," he wrote "Ruhname" (Book of Spirit), a compilation of reinvented history, folklore and pseudo-philosophical maxims to rival the Quran. January was renamed "Turkmenbashi," April "Gorban Soltan Edge," the name of his mother. He replaced street names in Ashgabat, the capital, with numbers. He declared unlawful a host of infectious diseases, including AIDS and cholera. He ordered foreigners to pay the state $50,000 to marry Turkmen girls. He built the biggest mosque in Central Asia, standing usually empty, and planned an ice castle in the middle of the desert. He . . . A casual imagination fails to follow the list. * * *

What could have possibly produced this sort of man? A Turkmen proverb says: "A bird copies what it sees in the nest." Niyazov, born in 1940, lost his father in World War II and his mother in the Ashgabat earthquake of 1948. He was brought up in an orphanage, like several other Central Asian leaders. It's no surprise these men emerged well-steeled for politics from a tough life in postwar orphanages, which on the surface nurtured an ultrapure Soviet ideology, but in reality were ruled by a "first come, first gets" philosophy that taught boys like Niyazov ruthless survival skills.

In his isolated republic, Niyazov mastered both the "form and essence" -- the haircut and what goes under it -- of what it means to be Soviet. He built a cult of personality that would make Stalin and Brezhnev go green with envy: His golden statue rotates after the sun; a crater on the moon and an asteroid bear, in Turkmenistan, his name; his poems are inscribed on the walls of mosques. Yet he almost humbly called on journalists to tone down their praise for a man who, in one go, fulfilled the great Communist prophecy of Khrushchev: free electricity, water and salt for the whole population until 2030!

Appropriately, Turkmenbashi died on Stalin's birthday, when nostalgic war veterans were also celebrating the centenary of Brezhnev's birth. In the hereafter, these two would probably have all the right to shake the hand of the comrade who, per Marxist-Leninist cant, "relayed their deeds to new shining heights."

Mesmerized with his notorious idiosyncrasies, the outside world paid less attention to the dark side of Turkmen reality. Politicians and journalists who dared think independently disappeared. A former prime minister, Boris Shikhmuradov, languishes in jail, his fate and condition unknown. A correspondent for Radio Liberty, Ogulsapar Muradova, was detained this June with several human-rights activists; her corpse was returned to her family in September.

The U.S.S.R. might be dead, but its legacy lives on, not just in a Turkmen bouffant hairdo. Give me your freedom and I'll send you off to paradise! In the Central Asia of independent states, the only difference is that the insignificant local pawns of the old days, who meekly followed orders from the Kremlin, suddenly turned into kings at the time of the Soviet breakup. And it went to

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their heads. Do you want to be president for life? Here you are! You want to make the nation's great (oil or gas) wealth your own personal fortune? No problem! Create a ruling family dynasty that will outlive you? You got it!

What happens next in Turkmenistan -- a huge country, larger than Germany, with enormous gas reserves that Europe and China covet, and a small population of five million -- is anyone's guess. But a good one is that "the Family," in the person of Turkmenbashi's son, Murad, may seek to carry on the line, in the spirit of the Aliyevs across the Caspian in Azerbaijan. Niyazov fils has a flashy bon vivant's reputation and access to his father's wealth. Another ambitious man is moving in as well, a former vice prime minister and minister of health named Gurbanguly Berdimuhammedov, who upon the news of the old man's death swiftly imprisoned his rival and constitutionally next-in-line, the parliament speaker, and declared himself acting president. A Turkmen opposition scattered all over the world may try to make a comeback. More likely, the defense and security force, who've closed the frontiers, will want to have their say in who takes over now.

Turkmenbashi brought his people low, and the fear and distrust won't leave the earth with him. But don't underestimate Turkmen yearning for liberty. In researching my last novel, I came across archival documents about rebellious Turkmen tribes enslaved by the Russians in the 19th century and forced to lay railways in the desert. These men turned iron rails meant to go into the ground vertically up and tied three slippers between -- their symbol -- showing defiance for which they paid with their lives. So strong was their passion for freedom! Has the iron road of the communism and post-communism forever ironed this passion away?

Several years ago, when I visited Turkmenistan, I decided to go to Turkmenbashi's giant mosque and pray for these men, who lay buried nearby. We drove in unbearable heat to the mosque, which lies a few dozen miles from Ashgabat in the desert. Suddenly, in the middle of nowhere, we came across thousands of schoolchildren brought by military trucks, standing under the ruthless sun along the road holding up bunches of flowers. In spite of the absurdity of their situation, they were full of joy and life. "Is there a foreign delegation passing by?" I asked my driver, aware of Soviet customs. "No, he goes for his lunch," he answered matter-of-factly.

This past Sunday, when the body of the same man was driven by the same route to be buried in a mausoleum next to Central Asia's biggest mosque, somber soldiers lined the road, holding rifles and guns in their hands, this time in a forcefully monolithic and faceless row. I immediately thought: "These must be those schoolchildren again . . ."

Mr. Ismailov, an Uzbek journalist and novelist, works for the BBC World Service. His most recent novel is "The Railway" (Harvill Secker, 2006).

Thai Insurgency Targets Buddhists (WT)

By Richard Ehrlich

The Washington Times, December 29, 2006

BANGKOK -- Buddhists are fleeing their homes in southern Thailand in the face of an increasingly militant Muslim insurgency that has begun calling for an independent and pure Islamist nation in the impoverished region bordering Malaysia.

What began as an indigenous protest against heavy-handed rule from the mainly Buddhist capital, Bangkok, has developed into a battle reflecting extremism in Iraq and Afghanistan, including beheadings and the burning of schools.

"This land must be separated between Muslims and the nonbelievers. This land must be liberated, and an Islamic system must be its foundation," warned a leaflet recently distributed in the south that the Thai military showed to reporters.

"This is a land of war that is no different from Palestine and Afghanistan," said the leaflet, signed by an obscure jihadist group known as the Islamic Warriors of Pattani State.

"This land is not the land of the Thais, but the land of Fathoni Darulsalam," it said, using an old Arabic name for the mainly Muslim region of southern Thailand.

Other fliers instruct Muslims not to buy or benefit financially from lands abandoned by Buddhists, saying the properties will be distributed to needy Malays once the region is liberated from the "occupying Siamese," according to a Bangkok newspaper, the Nation.

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Authorities say 1,730 persons have died in three years of unrest, more than 1,000 of them Muslims, including many killed by confused and poorly disciplined government forces. Others were killed as a warning to other Muslims not to cooperate with the government.

The dead also include about 680 Buddhists who appear to have been slaughtered to disrupt their work and frighten other Buddhists into leaving, according to the respected Prince of Songkhla University in Pattani.

The killers' tactics have grown increasingly brutal, including the decapitation of 25 persons since 2004.

Insurgents also assassinate saffron-robed Buddhist monks who collect alms during barefoot walks through villages and towns, even when armed troops escort the clergymen.

Shocked by the sight of blood-splattered monks sprawled in the street and reports of nearby assaults, about 200 Buddhist villagers in Yala province have fled.

Carrying meager belongings, they clustered in Buddhist temples, grateful for sacks of supplies sent by Queen Sirikit, and hoping for financial compensation and resettlement.

Military efforts against the ethnic Malay insurgents have been ineffective, and negotiations have been hindered because the rebels refuse to identify their leaders. Bangkok is now worried that the shadowy force will hoist flags above a self-declared "Islamic Pattani Nation," further demoralizing security forces and Thailand's 64 million people.

"If the situation is left like this, in three years, we'll see a new country in the deep south," said Prasit Meksuwan, an adviser to the south's Teachers Federation, which is encouraging Buddhist teachers not to flee.

Schools have become a favored target of the insurgents, who complain that the institutions tell lies about the three southern provinces -- Pattani, Yala and Narathiwat -- which formed part of an independent Malay kingdom before Thailand annexed the rubber-rich region about 100 years ago.

The Malay-speaking Islamists also oppose the schools' curriculum, which absorbs youngsters into a modern Thai-speaking society, obedient to a god-free Buddhist philosophy and Bangkok's monarchy. They demand that the schools focus instead on lessons gleaned from the Koran.

The government has given guns and training to hundreds of teachers who are willing to stay in rebel-infiltrated zones, while soldiers transport teachers to and from well-guarded schools. But more than 1,000 isolated schools shut down at the beginning of a term last month.

During one of the assaults last month, a 48-year-old teacher was shot and burned to death at his school in Pattani province while colleagues and students watched in horror.

China Estimates Growth In 2006 Was Likely 10.5% (WSJ)

By Tracy Zheng And Victoria Ruan

The Wall Street Journal, December 29, 2006

BEIJING -- China's economy is likely to have expanded 10.5% in 2006, the chief economist of the National Bureau of Statistics said yesterday.

The estimate is in line with the government's recent forecast. China's gross domestic product grew 10.2% in 2005.

Yao Jingyuan, the senior official of the statistics bureau, said at a financial forum that the combined value of China's imports and exports likely rose 25% in 2006 to $1.7 trillion.

Mr. Yao's forecast suggests economic growth slowed slightly but remained rapid in the fourth quarter. The economy surged 10.7% in the first three quarters from the same period a year ago.

In 2006, China's government took a series of measures to prevent the economy from overheating, such as interest-rate rises and increases in banks' deposit-reserve-requirement ratio to curb excessive liquidity and rapid growth in fixed-asset investment.

Mr. Yao said the economy will likely maintain a "fast and steady growth" in 2007, with the growth rate likely to slow to around 10%.

He cautioned that the economy is still facing risks of overheating. However, the government should also guard against any big slowdown in growth, he said.

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There are still a few prominent problems in the economy, such as "overly high credit growth, excessively rapid investment growth, and a large trade surplus," he said.

Mr. Yao said he expects China's trade surplus, which hit a few monthly record highs in 2006, to total $170 billion, up from $102 billion in 2005.

"While credit growth has stabilized a bit in the third quarter, it remains at a high level," said Mr. Yao, who predicted that new yuan loans will total three trillion yuan ($384 billion) for 2006. That would exceed the 2.5 trillion yuan annual target for new yuan loans set by the central bank at the beginning of the year.

Industrial output is likely to have grown 17%, faster than an 11.4% rise in the previous year, Mr. Yao said.

Retail sales are likely to have risen 13% to seven trillion yuan in 2006, he said. That would be basically unchanged from 12.9% growth in 2005.

He also estimated China's urban fixed-asset investment likely grew by 26% to 27%, compared with the previous year's urban FAI growth of 27.2%.

New Chief At U.N. Offers New Chance For Change (USAT)

USA Today, December 29, 2006

At the United Nations this weekend, it's out with the old and in with the new. At midnight on Dec. 31, Ban Ki Moon of South Korea takes over from Kofi Annan of Ghana as secretary-general.

Ban, 62, inherits a world body plagued by corruption scandals and at odds with its largest contributor, the United States.

His biggest immediate challenge is to restore the U.N.'s credibility. His biggest obstacle is that, like the Queen of England, his job comes with a big microphone and minimal power.

Unlike the CEO of a company, the U.N. secretary-general has little hiring and firing authority. He depends on a high-level board (the Security Council) to make major decisions and on the U.N.'s 192 members (the General Assembly) to endorse structural and other changes.

Though the challenges cry out for a strong and authoritative figure, Ban's reputation is that of a self-effacing bureaucrat. The United States and other Security Council members who chose him — and who wouldn't relish their interests being forcefully challenged — hope he will be, as the Economist magazine put it, more "secretary" than "general."

Even so, Ban's mission is not impossible. To rebuild trust in the U.N., he could start by:

•Focusing on making the U.N. bureaucracy more accountable. Fitful reform efforts and several reports by Congress have identified where the inefficiency, incompetence and corruption lie. Some of it has been addressed by axing jobs, closing several U.N. information centers and creating an ethics committee. But that's just a beginning.

An investigation, led by former Federal Reserve chief Paul Volcker, into the kickback-plagued Iraqi oil-for-food program highlighted failures of leadership and supervision by Annan. Ban could make it a cause to shine the spotlight on waste, mismanagement and inefficiency. That would help establish his authority and placate critics.

•Making a new diplomatic push to halt the genocide in Sudan's Darfur region. Though stopping the slaughter there is a priority of the U.N. and the United States, both have been stymied. The Security Council authorized the deployment of U.N. peacekeepers, but Sudan's leaders won't let them in. It can take months or years to persuade countries to provide and fund peacekeepers.

Ban could start gathering troops for quick deployment if and when Sudan's leaders accept them. China has been maddeningly ambivalent about which is more important: its major oil interests in Sudan or its desire to be seen as upholding responsibilities befitting an emerging power. A request from Ban for troops could make it choose.

Ban's predecessor began his decade-long tenure amid high hopes but ends with a mixed record. Annan, 68, and the U.N. won the Nobel Peace Prize in 2001 for "their work for a better organized and more peaceful world." But he soon faced growing problems: the Iraq war, which he opposed, the oil-for-food scandal and deteriorating relations with the Bush administration and U.S. conservatives who called for his dismissal.

His greatest achievements were enshrining a U.N. responsibility to protect civilians when their rulers cannot or will not, and his fights against poverty and AIDS. His final years were notable more for speeches — often ill-considered, particularly when

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attacking the United States, which supplies nearly a quarter of the U.N. budget — than for the kind of staff supervision and back-channel cajoling needed to effect real change.

Six weeks after Annan took the job, he complained that he was being criticized for not yet reforming the United Nations. The Russian ambassador joked that he had already had more time than God did to create the heavens and the earth. Yes, agreed Annan, but God had one big advantage: He worked alone, without a General Assembly, a Security Council and the committees.

The anecdote shows the limitations the new secretary-general faces. If Ban can work successfully within them, an increasingly dangerous world will be better off.

The Other War (WSJ)

The Wall Street Journal, December 29, 2006

Stories about AIDS and malaria don't typically carry good news, but 2006 was a year of progress on both fronts thanks to some new thinking about how foreign aid can best be spent.

The White House held a malaria summit this month, and the message was one of accountability, not just spending more money. The U.S. malaria initiative targets 15 of the hardest hit countries in Africa with the goal of cutting mortality rates in half. The plan is to spend $1.2 billion over five years on indoor insecticide spraying, bed nets and medicines to combat a preventable disease that kills a million people in the Third World each year. An additional goal is to work with the private sector; the Gates Foundation and ExxonMobil are among those taking the lead.

"Transparency" and "accountability" are not terms heard often today in discussions of global health; the focus usually is on how much money is being spent. "We are insisting on measuring," President Bush said at the summit. "We can determine whether or not nets are being distributed or medicine is being provided. But more important, we can measure whether or not we're saving lives."

This emphasis may seem obvious. Yet it's long been neglected by aid organizations -- including the U.S. Agency for International Development -- and has led to such travesties as the conscious distribution of ineffective anti-malarial drugs. Another problem has been an unwillingness among global health groups to pursue such politically incorrect measures as indoor spraying of the insecticide DDT, the cheapest and most effective weapon against malaria. Admiral Tim Ziemer, the U.S. malaria coordinator, says the U.S. will promote DDT spraying to fight the disease.

This malaria effort builds on successes in dealing with AIDS, particularly in light of new evidence that malaria tends to increase the HIV viral load that causes AIDS. Since Mr. Bush launched his $15 billion plan for AIDS relief in 2003, the U.S. has provided life-saving antiretroviral drugs for 822,000 people -- a number growing by 50,000 a month -- while providing care for another 4.5 million people such as AIDS orphans. That's still only a fraction of the 39 million HIV infections world-wide, 62% of them in sub-Saharan Africa. But as U.S. AIDS relief coordinator Mark Dybul says, this is "as much as all other developed countries combined."

Here too, the work has been distinguished by a focus on what Dr. Dybul calls "a culture of accountability." The U.S. global AIDS bureaucracy, previously divided along country and bureaucratic lines, now has a uniform funding and administrative approach. The U.S. has also insisted on regular reporting requirements from its overseas partners, 80% of which are private or non-governmental organizations.

At the HIV clinic of South Africa's McCord Hospital, for instance, a computer-based monitoring and evaluation system allowed doctors to notice abnormal fatality rates among overweight, middle-aged female patients on the antiretroviral Stavudine. The drug was discontinued, the problem was eliminated and the rest of the hospital adopted the reporting system. As a result of such efforts focused on behavior modification, at least some African countries are beginning to see sustained reductions in HIV infection rates: 10% in Botswana, 23% in Zimbabwe, 30% in Kenya.

That won't be close to enough to save every HIV-infected person, and matters haven't been helped by the fashionable demonization of the drug industry, which has led to resistance to antiretrovirals in places like South Africa. But what the Bush Administration is showing with AIDS and malaria is that a well managed effort can save millions from an early grave.

Middle East Exodus Part Deux (LAT)

DOJ_NMG_0110182

The Los Angeles Times, December 29, 2006

IN BLAMING AN exodus of Christians from the Middle East on the "short-sightedness and ignorance" that led to the war in Iraq, the spiritual head of the Church of England has identified a part — but only a part — of the sad phenomenon he rightly decries.

In a Christmas-season column published in the Times of London, Archbishop of Canterbury Rowan Williams notes that opponents of the Iraq war had warned that Western military action "would put Christians in the whole Middle East at risk." Williams says that events since the 2003 invasion of Iraq, including the departure from Iraq of thousands of Christians, have made prophets of war critics. "The first Christian believers were Middle Easterners," Williams writes. "It's a very sobering thought that we might live to see the last native Christian believers in the region."

There is some truth in Williams' sermon. Under Saddam Hussein, Iraq was relatively tolerant of its Christian minority (one of his chief advisors, Tarik Aziz, was a Chaldean Catholic). Now the growing power of Muslim militias in Iraq — and the dislocations that are part of any war — have contributed to a departure of Christians from a country in which they have ancient roots.

Iraq isn't the only nation in which Christians, affluent and poor alike, have come to depend on the sufferance of a political strongman. The same is true of Syria and of Egypt, where portraits of President Hosni Mubarak in church vestibules reflect the fact that his regime is viewed by many Christians as a buffer against the sort of Islamic extremism that has been stoked by the war in Iraq.

Yet Williams' critique is selective, and he undermines its credibility further by coupling his comments about Iraq with a denunciation of the "security fence" built by Israel to protect Israelis from terrorist attacks. The fence is no substitute for an Israeli-Palestinian peace agreement, and Williams is correct that the barrier has exacerbated the plight of Palestinians, including Christians, in Bethlehem.

Palestinian Christians, like their Muslim neighbors, have suffered under an often heavy-handed Israeli occupation. But Israel has not declared war on Christianity, as have some Muslim extremists, and it has a generally good record of safeguarding Christian holy places. And Israeli occupation persists in part because the Palestinian government, controlled by the Islamic Hamas party, refuses to recognize Israel's right to exist. Hamas itself undoubtedly alienates many Palestinian Christians, who played a significant role in the secular Palestine Liberation Organization.

Preachers take pride in speaking the truth, and there is some truth in Williams' excoriation of the West and Israel for the departure of Christians from the Middle East. But it's not the whole truth.

DOJ_NMG_0110183

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, DECEMBER 29, 2006 7:45 AM EST

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TERRORISM NEWS:

5 From Lackawanna Six Sent To Indiana Prison (BUFFNEWS)

By Dan Herbeck, News Staff Reporter

Buffalo News, December 29, 2006

Five of the six members of the Lackawanna Six have been transferred to a federal prison in Indiana, and their families are trying to find out why.

Their attorneys confirmed Wednesday that Shafal A. Mosed, 28; Mukhtar al-Bakri, 26; Yasein A. Taher, 29; Faysal H. Galab, 30; and Sahim Alwan, 34; were all recently moved to the Federal Correctional Institution in Terre Haute, Ind. The U.S. Bureau of Prisons also verified that the men are being held there.

Family members of the five men are upset because most of them were held previously in facilities much closer to Western New York. Now family members will have to drive 570 miles - more than nine hours - to visit the convicted conspirators in Terre Haute. They also could take a flight to Indianapolis, about 70 miles from Terre Haute.

Some supporters of the men wonder if the move is part of a government effort to toughen the punishment they already are receiving for traveling to Afghanistan and training with the al-Qaida terrorist group.

"They were all snatched up and moved [earlier this month]," said Alwan's attorney, James P. Harrington. "This makes it extraordinarily hard for their families to visit them. From what we understand, their telephone and visitation time are being drastically cut, too."

Harrington and other defense attorneys are trying to find out the reason for the move and whether it is punitive.

Harrington said he has heard that the government wants to keep all federal prisoners from terrorism-related prosecutions in one facility.

"This is very unusual, because the Bureau of Prisons rarely puts multiple defendants from one criminal case in the same prison," said Galab's attorney, Joseph M. LaTona. "They usually keep them separated."

Aside from verifying that the five men are at the medium-security prison in Terre Haute, U.S. Bureau of Prisons officials had no comment on the move Wednesday. A prison spokesman, Michael Truman, said he was unaware of any plan to move all the convicts from terrorism-related cases to one facility.

The medium-security prison is part of the Terre Haute Federal Correctional Complex, which also includes a high-security institution and the nation's only federal death row and execution center, which the prison calls its "special confinement unit." Oklahoma City bomber Timothy J. McVeigh, a native of Pendleton, was put to death at Terre Haute in June 2001.

DOJ_NMG_0110186

About 3,000 inmates are confined at the complex, authorities said.

President Bush and members of his administration have often cited the Lackawanna Six as a major success story in the fight against terrorism in the United States.

But critics have assailed the government for imprisoning men for "thought crimes" or "crimes of association."

The six men had traveled to Afghanistan prior to Sept. 11, 2001, and trained at a terrorist camp under the supervision of Osama bin Laden, architect of the 9/11 terrorist strikes.

The Lackawanna men have repeatedly denied they had any intention of taking part in any terrorist act.

Ultimately, five pleaded guilty to providing material support to al-Qaida. Galab pleaded guilty to a lesser charge of engaging in a transaction with prohibited individuals.

When the six men agreed to plead guilty in 2003, sentencing Judge William M. Skretny and the U.S. Justice Department agreed to recommend that they be held in prisons as close as possible to Western New York.

"It's very disconcerting that, after the judge and prosecutors agreed to do that, the prison system now seems to be ignoring it," said Mosed's attorney, Patrick J. Brown.

The whereabouts of the sixth man who traveled to Afghanistan - Yahya A. Goba, 29 - are a mystery. He is the only one of the six no longer listed on the "inmate locater" on the Bureau of Prisons Web site.

Officials of the bureau said they could not comment when asked whether Goba is in protective custody or the witness-protection program because of assistance he has given to the government.

Goba was identified by the government as one of the leaders and organizers of the al-Qaida trip. In court papers filed in 2003, a prosecutor said Goba had provided extensive help and detail on al-Qaida's "leaders, trainers and recruits."

Goba's attorney, Marianne Mariano of the federal public defender's office, was out of town and could not be reached Wednesday.

Galab is scheduled to be the first of the Lackawanna group to be released from federal prison, sometime in January 2009, but he could be freed several months sooner if his prison behavior is good.

HOMELAND RESPONSE:

Report Chides FBI Handling Of OKC Bombing (WFTV)

WFTV-TV, December 29, 2006

OKLAHOMA CITY -- Nearly a dozen years after the Oklahoma City bombing, another chapter has closed in its investigation.

A complete congressional report was released this week. In the report, investigators chastised the FBI for how it handled the investigation of the Alfred P. Murrah Federal Building bombing on April 19, 1995.

Among the report's conclusions:

"The original date of the 2001 execution of Timothy McVeigh was postponed by 30 days, following the belated discovery of more than 3000 documents. The files related primarily to the question of John Doe Two and eyewitness sightings. These documents did not raise significant doubt about McVeigh's guilt. Their disappearance, nevertheless, demonstrated that, despite multiple admonitions from the presiding judge and reassurances from law enforcement, the authorities missed key files in what was then the most prominent case in US legal history. We know now they even missed a second stash of explosives hidden in the Nichols house."

"A close look at the findings of this subcommittee suggests that it is reasonable to question if all leads were thoroughly pursued, all evidence gathered and properly analyzed. While the desire of most of the victims' families for swift justice is understandable, with the benefit of hindsight, the McVeigh execution should have been further delayed until there was greater consensus on the subject of John Doe Two. As is clear by their documents (which the Oversight and Investigations Subcommittee has had access to for the first time), his own defense team had significant internal doubts about McVeigh's candor with them on this subject. His only failure on a polygraph test involved his response to a question on whether he had additional help with the bombing. The question persists, and the only person who might have shed light on it is gone."

"We have found no conclusive evidence of a foreign connection, but there remain questions that need to be answered before this final chapter can justifiably be closed. This investigation determined that many pieces of so-called evidence backing various theories of a foreign involvement were not based in fact."

Two Who Tried McVeigh, Nichols Vouch For FBI's Diligence (DENP)

By Howard Pankratz, Denver Post Staff Writer

DOJ_NMG_0110187

Denver Post, December 29, 2006

Two former federal prosecutors who tried Oklahoma City bombers Timothy McVeigh and Terry Nichols said Wednesday that they disagreed with a report by a congressional subcommittee slamming the FBI for failing to follow up on potential leads.

One of McVeigh's defense lawyers also said he placed little credibility in the report by the House International Relations investigative subcommittee. A second McVeigh lawyer, however, said he agreed with the report's speculation that foreign conspirators might have been involved.

The report said the leads might have shown that an international conspiracy was behind the Oklahoma City bombing. It found no conclusive evidence of a foreign connection but said questions remained.

"I saw the report online and said, 'Oh my goodness, this is old news,'" said former prosecutor Larry Mackey of Indianapolis, who is skiing in Colorado. "Every question raised by the report was researched thoroughly."

Denver lawyer Nathan Chambers, who represented McVeigh in the months before he was executed, said McVeigh repeatedly made public statements that the bombing was a homegrown operation.

"I'm very suspicious of claims of an international conspiracy," Chambers said. "I never saw any evidence that convinced me that was true."

Sean Connelly, a Denver-based lawyer who prosecuted Nichols and McVeigh, said the FBI did "an exceptionally thorough" job in investigating any foreign links to the bombing. He said the FBI concluded that the bomb plot was limited to McVeigh and Nichols with their acquaintance Michael Fortier, who had some knowledge of the plans.

But Stephen Jones, the lawyer who represented McVeigh during the Denver trial, said he believes the circle of conspirators extended beyond Nichols, McVeigh and Fortier to others both in the U.S. and abroad.

He said he believes McVeigh played a relatively minor role.

"I think the evidence established that Mr. McVeigh's role was not a leadership role, but it was - as the term is used - a mule role," Jones said.

The subcommittee, headed by Dana Rohrabacher, R-Calif., cited four shortcomings of the investigation:

The FBI was not justified in calling off any further investigation into the existence of John Doe 2, a man witnesses said they saw with McVeigh before the bombing.

The FBI didn't thoroughly investigate potential involvement of an Iraqi living in Oklahoma City and a German national living in northeastern Oklahoma.

Authorities erred in allowing McVeigh to move forward the time of his execution while major questions remained.

The FBI didn't look closely enough at the phone records of Ramzi Yousef, who masterminded the bombing of the World Trade Center in 1993.

The report noted phone calls Yousef allegedly made in the months before the 1993 bombing to a Filipina neighbor and close friend of Terry Nichols' in-laws in Queens, N.Y.

Rohrabacher said his subcommittee "found no conclusive evidence of a foreign connection, but there remain questions that need to be answered before this final chapter can justifiably be closed.

"This investigation determined that many pieces of so- called evidence backing various theories of foreign involvement were not based in fact. ... The overall assessment is inconclusive on the varied theories."

Staff writer Howard Pankratz can be reached at 303-954-1939 or hpankratz@denverpost.com.

Exclusive: Unabomber's Secret Code Cracked (KPIX)

KPIX-TV, December 29, 2006

(CBS 5) SAN FRANCISCO A decade after the feds tracked him down, CBS 5 Investigates has uncovered exclusive new information about Unabomber Ted Kaczynski, including a secret code he developed, and the confessions revealed as the code is broken.

When Federal Bureau of Investigation agents swooped down on Kaczynski's Montana cabin in 1996, they found much more than they expected, according to lead agent Max Noel.

There were "lots of writings, lots of journals, lots of notebooks," recalled Noel, now retired.

Among them, he said, was one notebook in particular that interested all of the agents at the scene because "it just contained lots of numbers," according to Noel.

Noel believes Kaczynski wrote in code out of concern that someone might break into his cabin and discover his current and past activities, which may have included plans for future attacks.

"I thoroughly believe that he was going to begin a much more prolific bombing attack," he said.

The FBI eventually found itself trying to unscramble a code that the National Security Agency would later describe as one of the more sophisticated codes it had ever seen, said Noel.

In fact, it was a code that could not be broken at all until, searching through Kaczynski's cabin, FBI agents found Kaczynski's own key to unmasking the hidden messages.

CBS 5 Investigates has obtained portions of that key along with the Unabomber's coded writings.

The coded writings initially appear to be sets of numbers, commas, and spaces placed in random order. But they are actually part of a very complex mathematical code, also called a cipher.

"It's very clear that this isn't a normal cipher," said Bruce Schneier, a nationally known expert on cryptography who was asked to review photos of the writings.

Schneier described the code as so complicated that "it would not surprise me if this was the most complex cipher the FBI has seen since World War II."

Schneier said with that code, Kaczynski could certainly be successful in keeping information away from the authorities.

But Kaczynski succeeded only up to a point.

Agents discovered the first of many clues to solving the puzzle in one of Kaczynski's notebooks, on a page labeled, "Unscrambling Sequence."

On the handwritten page, arrows appear to show the direction that a page packed with numbers should be read. Then, in a complex series of decoding steps that Kaczynski calls "phases," numbers are added, subtracted, and married, revealing a new set of numbers that translate to letters and word fragments.

"This clearly takes many steps," Schneier said. "Four steps are listed here, and that's not all. There are at least six steps and could be even more then that."

The FBI's decoding of the notebook revealed a virtual catalog of destruction.

Kaczynski's comments on one page, translated, discussed his feelings about one bombing this way:

"I sent a bomb to a computer expert ... revenge attempts have been gobbling much time, impeding other work. But I must succeed, must get revenge."

Another note translated into a discussion of a July 2, 1982 bombing at the University of California at Berkeley, where Kaczynski said, "I went to U. of California Berkeley and placed in Computer Science Building a bomb consisting of a pipebomb in a gallon can of gasoline."

On another page, Kaczynski described his failed attempt to blow up a commercial airplane on Nov. 15, 1979, saying, "I constructed device ... rigged barometer so device would explode at 2000 ft."

Noel said decoding the notebook led to terrible but important revelations.

"The contents of that small notebook was a detailed confession of all of the past bombings that had been attributed to the Unabomber," Noel said.

Kaczynski's own notes indicate he did not want people to be able to read those confessions.

Some speculate he may have wanted authorities to find the key later if he was killed or captured in order to take credit for his acts.

Idaho Professor Charged With Making Hoax In Bankruptcy Case (SDUT/AP)

By Jennifer Dobner, Associated Press

The San Diego Union-Tribune, December 29, 2006

SALT LAKE CITY – An Idaho professor was charged with falsely claiming that he had mailed a dangerous substance to a trustee overseeing his bankruptcy case in Utah, federal authorities said Thursday.

Thomas Hale warned the trustee Nov. 16 that she would be exposed to hantavirus, a potentially fatal disease passed through rodent droppings, prosecutors said.

But after a six-hour exam, the white substance turned out to be baby powder, said Dennis McKone, assistant to the Salt Lake City fire chief.

Hale, 61, pleaded not guilty in federal court Thursday, two days after he was arrested at Salt Lake City International Airport after a flight from Chicago.

He is a history professor at Idaho State University in Pocatello, Idaho, and owns a house in Salt Lake City. In October 2005, Hale filed for Chapter 13 bankruptcy protection, which allowed him to propose a plan to pay his creditors.

A judge, however, rejected the plan, converted the case to Chapter 7 and appointed trustee Elizabeth Loveridge to control Hale's finances.

A three-count indictment charges Hale with committing a hoax with the threat of a dangerous substance, giving a false statement in the bankruptcy case, and concealing his ownership of the Salt Lake City home, which he was selling for $395,000.

The hoax charge carries a maximum penalty of 30 years in prison. The others each carry a five-year maximum punishment.

DOJ_NMG_0110189

Hale sent Loveridge a fax telling her that he planned to send bankruptcy documents and a hazardous substance, the FBI said.

Loveridge received the envelope on Nov. 20 and contacted Salt Lake City police. A bomb squad and the fire department's hazardous-materials team took the envelope and found it contained nothing harmful, FBI spokesman O. Scott Wall said.

Loveridge declined to comment. Hale has been a professor at Idaho State for 23 years.

The school issued a statement, saying the allegations "did not appear to be connected with Hale's employment."

"The university will respond appropriately as more information becomes available," Idaho State said.

Utah FBI Agents Arrest And Charge Idaho Professor For Bankruptcy, Hantavirus Hoax (KTVX)

KTVX-TV, December 29, 2006

An Idaho State University professor is in hot water for allegedly mailing a false biological agent to an attorney overseeing his bankruptcy case.

Thomas Francis Hale, a history professor with 34 years of tenure at ISU, is accused of sending an envelope with some sort of substance to Elizabeth Loveridge at her downtown law office November 20th, 2006.

Federal investigators say Hale sent a fax, warning to the bankruptcy attorney several days before warning her to "beware" of hazardous materials coming in the mail, and that envelope would include the deadly Hantavirus. Days later an orange envelope arrived. In it was a substance, experts later determined it was not harmful.

The FBI says they quickly tracked the fax back to Hale.

Hale filed for bankruptcy in 1996 and Loveridge was appointed trustee over the case. Investigators say she later determined that Hale had lied about his assets.

On December 28th a federal judge ordered that Hale be released from jail pending trial. He was released with conditions, including that he undergo a mental evaluation.

Professor Charged In Hantavirus Hoax (SLT)

By Michael N. Westley And Jeremiah Stettler, The Salt Lake Tribune

Salt Lake Tribune, December 29, 2006

His lawyer says claiming to mail hazardous material is inappropriate, not criminal

An Idaho State University history professor appeared before a federal magistrate Thursday on charges he mailed an envelope to a bankruptcy trustee claiming it may contain the deadly hantavirus.

Thomas Francis Hale, 61, was indicted earlier this month by a federal grand jury, accused of providing false information and perpetrating a hoax regarding a hazardous material, filing a false bankruptcy oath and concealment of property.

The indictment, unsealed Thursday, accuses Hale of attempting to hide a home he owns in Salt Lake City near 2000 South and 1000 East from bankruptcy proceedings and lying about that ownership while under oath.

The document also states that Hale sent an envelope Nov. 16 to a federal bankruptcy trustee warning that its contents - a plastic bag containing a brown substance - may harbor hantavirus, a disease usually spread by rodent feces.

The trustee never opened the envelope. Hale had told her in an earlier fax that he was mailing a hazardous material, authorities say.

A bomb squad seized the package and discovered a note wrapped around a plastic bag that read, "Termites or hantavirus from mice?" prosecutors said. Laboratory tests revealed no hazardous materials, according to the FBI.

Hale's attorney, Larry Keller, said his client simply was seeking redress for an unresolved termite and mice problem. He said the act

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was "inappropriate" in today's terrorism-charged climate, but not criminal.

Agents arrested the Idaho man Tuesday at the Salt Lake City International Airport after Hale arrived on a flight from Chicago. He was booked into the Salt Lake County jail.

Hale, a tenured professor and attorney, has taught history at Idaho State University for 23 years, according to ISU officials. He is scheduled to teach three classes next semester, including courses on the French Revolution and the foundations of Western civilizations.

ISU Provost Robert A. Wharton said the university has not taken action against Hale or changed its class schedule. Officials need more information first.

"We are just gathering information and considering our options right now," he said.

Wharton declined to comment on whether Hale has been the subject of past disciplinary actions or investigations. Authorities say the professor has no criminal history.

Despite arguments by U.S. Attorney Trina A. Higgins that Hale is a "danger to the community" and should be detained until his trial in March - a position she justified because of the hantavirus threat - U.S. Magistrate Judge Paul Warner ordered his release late Thursday.

The decision hinged on the six-week gap between Hale's alleged threat and the filing of criminal charges. If the professor were dangerous, Warner asked, why didn't authorities apprehend him immediately?

Hale pleaded not guilty to all three charges Thursday and now plans to return home to Pocatello. Warner has set a three-day trial for March 5 before U.S. District Judge Ted Stewart.

If convicted, Hale could face up to 20 years in prison and a fine of up to $250,000, according to the U.S. Attorney's Office in Salt Lake City.

Idaho Professor Is Accused Of Hantavirus Hoax (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, December 29, 2006

Federal prosecutors said the fax suggested that federal bankruptcy trustee Elizabeth Loveridge should check out the "Hazmat" that would be coming in an orange envelope.

Thomas Hale That was Nov. 16. A few days later, an envelope arrived with the word "caution" written on it.

Inside, federal prosecutors allege, Idaho State University history professor Thomas Francis Hale sent a note that said "Termites or hantavirus from mice?"

"It was wrapped around a baggie containing small, brown, mouse poopy-type things," assistant U.S. Attorney Trina Higgins said Thursday, adding that it was not hantavirus but was believed to be termites.

The note is part of a federal indictment handed down against Hale, 61, charging him with making the phony hantavirus hoax, lying to federal authorities and hiding assets during bankruptcy proceedings. The indictment was unsealed on Thursday.

Hale was arrested by the FBI's Joint Terrorism Task Force on Tuesday at the Salt Lake City International Airport after stepping off a flight from Chicago.

"He was surprised to be arrested," FBI Special Agent-in-Charge Tim Fuhrman said.

However, Hale's attorney offered a surprising explanation for the hantavirus scare. The tenants of a property Hale owned in Salt Lake City's Sugar House neighborhood had said there were termites in the basement and he had sent a sample to Loveridge, who had been placed in charge of his financial matters by the bankruptcy court.

"He was saying, 'Here is something you should look at,'" attorney Larry Keller told the judge. "Not 'I'm going to kill you.' Why would he put his name and address on it?"

Keller said Hale had been frustrated with Loveridge and believed she was mismanaging his affairs. A hearing on that issue is scheduled next month in U.S. Bankruptcy Court.

Federal prosecutors countered that Hale would show up at her office, barge past the receptionist and confront her about his case. The U.S. Attorney's Office alleges that Hale also lied about the value of his property — claiming it was valued at $190,000 and then trying to sell it for $395,000.

Keller questioned why the FBI waited more than a month to arrest his client.

"If I'm a terrorist and I threaten somebody, they're going to want to get me off the streets right away," he said.

Higgins responded that they were waiting for the test results to show if the substance was really hantavirus, a rare and potentially deadly disease spread by mouse droppings.

During a pair of appearances before U.S. Magistrate Judge Paul Warner, Hale sat quietly in his seat. He pleaded not guilty to the charges and a three-day jury trial was set for March 5.

"I find counsel's explanation to be ... interesting," Warner said.

The magistrate judge ordered Hale to be released from the Salt Lake County Jail but then dressed down Hale with a number of conditions of release — including that he have no contact with Loveridge except through her attorney and that he undergo mental health therapy.

"Ms. Loveridge is very frightened," Higgins said.

Hale is a history professor at Idaho State University in Pocatello, where he has taught for 23 years. He is also a lawyer who operates a legal clinic dispensing advice to indigent people.

Federal authorities contend Hale wanted to send a message.

"He clearly wanted to register some type of objection to his bankruptcy proceeding," Fuhrman said.

The charge of providing false information and perpetrating a hoax is a fairly recent one, arising out of the Sept. 11, 2001, terrorist attacks and the anthrax scares that happened shortly afterward, the FBI said.

DOJ_NMG_0110191

FBI Investigates Paradise Man For Alleged Threats (PARAPOST)

Paradise (CA) Post, December 29, 2006

A Paradise man is being held in Sacramento in relation to alleged threats made to hotels, Jewish museums, and other locations. According to a Department of Justice press release, a federal grand jury returned a nine-count indictment Thursday charging Scott R. Hudson, 52, with making a series of threatening phone calls between August and November of this year. Hudson was arrested on Dec. 20.

The FBI is investigating the case with the help of police departments in New York City, Rochester, Minn., Philadelphia, Penn. and Riverside and Irvine.

Assistant United States Attorney Benjamin B. Wagner, who is prosecuting the case, said Hudson is charged with calling in bomb threats to two hotels in New York City, making threatening calls to a Rabbi in Long Beach, New York, the National Museum of American Jewish History in Philadelphia and a Jewish congregation in Irvine.

He also allegedly made threatening calls to a graduate school in Minnesota. According to the indictment he threatened to shoot people and to burn down or blow up various buildings. Other documents in the case allege Hudson made calls to a church in Riverside and threatened to kill the pastor.

He is charged with seven counts of threatening

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the use of fire or explosives, each of which carries a maximum possible sentence of 10 years in prison and a $250,000 fine and two counts of threatening communications, each of which carries a maximum of five years in prison and a $250,000 fine.

The actual sentence will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables, and any applicable statutory sentencing factors.

The press release also indicated Hudson had previously been convicted of similar conduct. In 2001, he pleaded guilty in U.S. District Court in Sacramento to making a telephone call to Arizona and threatened to kill a player for the Arizona Diamondbacks baseball team. He served a total of 34 months on that conviction.

The new charges are only accusations, noted the United States Attorney's Office, and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

Messages To Spies Are Coded But Not Hidden (WP)

By James Gordon Meek

The Washington Post, December 29, 2006

It turns out that anybody can tune in to the world's top spy agencies talking to operatives. All you need is a cheap shortwave-radio receiver, the kind available at any drugstore.

Tune it to 6855 or 8010 kHz.

On the hour, you might hear a girlish voice repeating strings of numbers monotonously in Spanish. "Nueve, uno, nueve, tres, cinco-cinco, cuatro, cinco, tres, dos . . .," went one seemingly harmless message heard last month on a Grundig radio.

It was the Cuban Intelligence Directorate or Russian FSB broadcasting coded instructions from Havana to spies inside the United States.

Turn the dial up to 11545 kHz, and you might hear a few notes of an obscure English folk song, "Lincolnshire Poacher," followed by a voice repeating strings of numbers. That's believed to be British Secret Intelligence Service, MI6, broadcasting from Cyprus.

On 6840 kHz, you may hear a voice reading groups of letters. That's a station nicknamed "E10," thought to be Israel's Mossad intelligence.

Chris Smolinski runs SpyNumbers.com and the "Spooks" e-mail list, where "number stations" hobbyists log hundreds of shortwave messages transmitted every month. "It's like a puzzle. They're mystery stations," explained Smolinski, who has tracked the spy broadcasts for 30 years.

While hobbyists guess at the meaning of each cryptic message or which spy service sent it, it's no mystery to intelligence officials, who confirmed the purpose is espionage.

The signals are too strong to be made by amateurs and are often on licensed frequencies. The State Department once complained to the Israeli Embassy in Washington that "E10" was blocking a U.S. broadcast, a source said.

"I can't imagine who else would waste the time in front of a microphone reading numbers" but a spy, said James Bamford, who has written about intelligence. Bamford calls number stations "simple but effective" spycraft.

"It's extremely effective," agreed a senior intelligence official. "If you have a one-time pad, the code can't be broken, and you can send out dummy broadcasts as much as you want to confuse your enemy."

A "one-time pad" is the key to unlocking coded shortwave messages that the CIA calls "one-way voice link."

It is low-risk because it's known only to the sender and the recipient and used just once before being destroyed, said retired CIA officer Tony Mendez.

Mendez said he would often imprint the code on microfilm or even a cigarette paper. Once inside the target country, a CIA operative could make a shortwave receiver out of simple materials. "The voices are not real people," he added. "They're computer-generated."

A CIA spokeswoman declined to comment.

One-time pads and coded radio began in World War I, said Thomas Boghardt, a historian at the International Spy Museum. Little has changed since, judging by recent espionage cases involving shortwave radios, including that of a man detained in Canada last month and accused of being a Russian spy.

In Miami last week, Carlos and Elsa Alvarez pleaded guilty to lesser charges after the United States accused them of spying for Cuba. A prosecutor alleged in a court hearing this summer that they received shortwave "messages in five-digit groupings." An FBI interview transcript shows Alvarez admitted going into his bathroom "on Fridays to listen at 11" for messages aimed at the couple, code-named "David" and "Deborah."

DNI Awards $2 Million In Hush-Hush Money (WP)

By Elizabeth Williamson

The Washington Post, December 29, 2006

Director of National Intelligence John D. Negroponte awarded $200,000 grants earlier this month to 10 scientists in the intelligence community, one of whom could not be named and several of whom declined to be interviewed, for projects whose details remain secret.

The DNI office issued a news release with nine of the recipients' names, agencies, job titles and educational backgrounds. One awardee's information was omitted "because of the sensitive position he occupies in his organization," the release said.

This is the second annual DNI Fellows award program. Last year's recipients, the release says, "made significant progress with technology to locate terrorists and to extract intelligence from remote areas."

How they did that remains secret.

"We want to keep that spark of innovation alive and healthy," said Eric C. Haseltine, associate director of national intelligence for science and technology, whose office selected the grant recipients.

But "we haven't talked yet about any specific things the fellows have done," he said.

The Department of Homeland Security and science and technology branches of intelligence agencies -- including the FBI, CIA, National Security Agency, National Reconnaissance Office, Defense Intelligence Agency and National Geospatial-Intelligence Agency -- nominated employees. The criteria, Haseltine said, are "first and foremost, virtuoso technical achievement," plus risk-taking, innovation and "teamwork, because sometimes virtuosos don't play well with others."

Playing well with reporters is not a criterion. All of the CIA awardees declined interviews; ditto for the NSA, whose spokesman, Ken White, said the agency's grantees are "not in a position of wanting to go there." Other fellows couldn't be located, or persuaded, by deadline.

"It's great news," said one agency representative, who spoke on the condition of anonymity because discussing the reasons for not discussing the projects could violate secrecy rules. "But because it's classified, you can't talk about it."

Last try: the Department of Homeland Security, which doesn't fall under the traditional intelligence structure. Its awardee, Michelle Keeney, was downright chatty about how she will spend her grant money.

"The plan is kind of generally to sponsor a research project on the evolution of radical movements over time and their adoption of violence as a strategy," she said, in order to document patterns of rhetoric or behavior -- such as acquisition of materials -- that could be used to predict a move toward violence in other groups.

"We want to really try and look at all movements that have occurred over history, make comparisons and contrast" them, Keeney said.

"It's not an intelligence exercise but a research project using information that is historically gathered in the public domain."

That's why she can talk about it.

Controversial Bush Appointee Leaving Government (MCT)

By Philip Dine, St. Louis Post-Dispatch

McClatchy Newspapers, December 29, 2006

WASHINGTON - Tracy Henke, the Missourian who stirred controversy in a top homeland security job, has left the government to join her former boss, John Ashcroft, at The Ashcroft Group.

DOJ_NMG_0110193

Earlier this year, President Bush appointed Henke to coordinate U.S. national-disaster and anti-terrorist efforts with state and local officials. Lawmakers of both parties questioned her experience, as well as Bush's bypassing of the Senate confirmation process.

But that criticism was nothing compared to the uproar when Henke, from Moscow Mills, Mo., decreased homeland security grants for New York and Washington, while increasing them for some smaller cities and towns.

"SHE GAVE US THE AX: New York's money cut by a woman from the sticks," complained a headline in The New York Daily News.

Rep. Peter King, R-N.Y., then-chairman of the House Homeland Security Committee, said: "As far as I'm concerned, the Department of Homeland Security has declared war on New York City."

A Washington Post columnist blasted the decision to reduce funding for the two cities hit on Sept. 11 while increasing it for "those terrorism magnets of Kansas City and St. Louis - both by happenstance in Henke's home state of Missouri."

In a telephone interview this week from Moscow Mills, Henke said that though she had held several high-profile positions in government, she was taken aback by the criticism.

"One of the things that was surprising was the level of animosity and the personal attacks as it related to grant awards," she said.

She said even with the reductions, New York still got the most money of any city for homeland security. She also noted that Congress had provided $600 million less in homeland security funding than the year before, making some cuts necessary.

Henke, 37, cited two reasons for her departure:

_The chance to rejoin Ashcroft, for whom she had worked at the Justice Department when he was attorney general.

_A reorganization of homeland security functions, which would put her office under the Federal Emergency Management Agency early next year. Henke said she had neither the time nor the energy to oversee the changes.

Among her accomplishments, she said, was getting states and cities "to think more comprehensively about homeland security, more regionally."

Jim Carafano, an expert in homeland security at the Heritage Foundation, said Henke deserved praise, despite the public criticism.

"I think the office did great stuff, and they really swam upstream against, quite frankly, people who were quite interested in how much money they could get for their district, rather than looking at risk," Carafano said.

Henke left the department on Oct. 31 and joined Ashcroft's firm a few weeks ago. As a senior adviser, she will focus on homeland-security and criminal-justice issues.

"There will be much more consulting than lobbying; lobbying, however, might be part of it, depending on the needs," she said. The hours will certainly be "a little more normal," she said, noting that homeland security was a "seven-day-a-week job."

Depending on the nature of the Homeland Security reorganization, she may be exempted from prohibitions against lobbying her former agency, she said.

WAR NEWS:

Bush Considers Up To 20,000 More Troops For Iraq (NYT)

By David S. Cloud And Jeff Zeleny

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — The Bush administration is considering an increase in troop levels in Iraq of 17,000 to 20,000, which would be accomplished in part by delaying the departure of two Marine regiments now deployed in Anbar Province, Pentagon officials said Thursday.

The option was among those discussed in Crawford, Tex., on Thursday as President Bush met there with his national security team, and it has emerged as a likely course as he considers a strategy shift in Iraq, the officials said.

Most of the additional troops would probably be employed in and around Baghdad, the officials said.

With the continuing high levels of violence there, senior officials increasingly say additional American forces will be needed as soon as possible to clear neighborhoods and to conduct other combat operations to regain control of the capital, rather than primarily to train Iraqi forces.

“The mission that most people are settling on has to do with using them in a security role to quell violence in Baghdad and the surrounding area,” said a senior Pentagon official involved in the planning.

Any plan to add to American forces in Baghdad would have to be negotiated with the government of Prime Minister Nuri Kamal al-Maliki, which has expressed interest in using Iraqi forces, not American ones, to assert more control over the capital.

DOJ_NMG_0110194

The idea of extending the deployments of two Marine units has emerged in part because most of the marines in Iraq are on seven-month rotations and keeping them there longer is considered more palatable than holding over Army brigades, which are already serving tours of a year or longer, one official said.

Additional troops would come from sending into Iraq a brigade of the 82nd Airborne Division headed for the region next month and possibly by speeding up the deployment of several Army brigades now scheduled to go to Iraq by next spring.

But officials said a brigade of the First Armored Division now in Anbar Province would probably go home as planned in January, because the unit had already been kept in Iraq more than 40 days beyond its scheduled tour.

Other options remain under consideration, the officials said, noting that a decision to speed up deployment schedules would put more strain on Army and Marine equipment and personnel. But other options, like mobilizing reserve units, would take months, officials said.

After meeting with his top military and diplomatic advisers at his Texas ranch, Mr. Bush said his administration was making "good progress" in fashioning a revised Iraq strategy. But he said he intended to consult with Congress when it convenes next week before presenting his plan to the nation.

"I fully understand it's important to have both Republicans and Democrats understanding the importance of this mission," Mr. Bush said, speaking to reporters after a three-hour meeting. "It's important for the American people to understand success in Iraq is vital for our own security."

The meeting, according to a senior administration official, focused on the security, economic and political situation in Iraq. But the bulk of the discussions focused on the security issue and the option of sending more American troops to Baghdad, the official said.

Vice President Dick Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, emerged from the meeting with the president. The national security adviser, Stephen J. Hadley, and his top deputy, J. D. Crouch, also attended the meeting and joined the others for a working lunch at the ranch.

The White House initially intended to announce a new Iraq policy before Christmas but delayed those plans so the president could consider a range of diverging views inside his administration. For weeks his advisers have been locked in internal debates about how to proceed, but it is an open question whether the meeting on Thursday brought clarity to the discussions.

"I've got more consultation to do until I talk to the country about the plan," said Mr. Bush, who did not elaborate or take questions from reporters.

Mr. Bush said he had received a briefing from Mr. Gates, his new defense secretary, and General Pace, who recently returned from Iraq. White House aides said the president did not want to offer his new plan for Iraq before Mr. Gates had an opportunity to study conditions on the ground in Iraq.

"It's an important part of coming to closure on a way forward in Iraq that will help us achieve our objective," Mr. Bush said, "which is a country that can govern itself, sustain itself and defend itself."

How additional American troops would be employed in Baghdad remains a central point of discussion among Mr. Bush's top advisers and top ground commanders in Iraq, officials said. But two officials said there was growing agreement that most would not be attached to American teams training Iraqi Army and police units, because doing so would not necessarily yield the quick improvements in security the White House wants.

But it is also unclear to what extent the additional forces would be employed to curb the power of militias associated with Shiite groups that form a key constituency for Mr. Maliki.

The two units whose stay could be extended are the Marines' Fifth and Seventh Regiment combat teams in Anbar Province, which are scheduled to begin leaving Iraq in February when two replacement regiments are due to arrive, officials said.

It is unclear which Army brigades could be sent early. A 3,500-soldier brigade of the Third Infantry Division, based at Fort Stewart, Ga., is scheduled to arrive in Iraq in mid-January, followed in subsequent months by units from the First Infantry Division, at Fort Riley, Kan., and the Second Infantry Division, at Fort Lewis, Wash.

The Third Brigade of the Third Infantry Division, based at Fort Benning, Ga., is scheduled to go to Iraq in the spring, according to a spokesman, Kevin Larson, who said he had not heard any discussion of accelerating that timetable. But he said, "We're ready to answer whatever call may come up."

How long beyond February the Marine units would remain is unclear, but officials emphasized that the goal was a temporary increase in the American presence. It is also unclear whether a decision to speed up the deployment of two Army brigades would mean that other units scheduled to be deployed would go to Iraq earlier than planned later next year. Currently there are about 134,000 American troops in Iraq.

DOJ_NMG_0110195

Bush Considers Economic Package For Iraq (WP)

By Michael Abramowitz And Robin Wright

The Washington Post, December 29, 2006

CRAWFORD, Tex., Dec. 28 -- As he puts the finishing touches on his revised Iraq plan, President Bush is considering new economic initiatives to go along with a possible increase in troops to help stabilize the country, according to officials familiar with the administration's review.

Among the steps being considered are short-term jobs and loan programs aimed at winning back the waning local support for the U.S. presence in Iraq, the officials said. They described the ideas as part of a classic effort to quell an insurgency through a combination of economic, political and military means.

"The president is looking at a variety of ways to work with the Iraq government to provide new economic opportunities for Iraqis, which will be essential to sustaining security gains and draining the influence of extremists," said Gordon Johndroe, the spokesman for the National Security Council.

That view underscores how Bush is looking beyond just military issues as he gears up for one, potentially final, try to achieve stability in Iraq. Officials said economic and political issues were among the key elements discussed Thursday when Bush huddled here with his top national security advisers to discuss the situation in Iraq.

The president emerged after three hours to tell reporters that he has made "good progress" on developing a new plan to stanch sectarian violence and strengthen the Iraqi government. But he said that he intends to hold more consultations with Iraqi leaders and U.S. lawmakers before formally unveiling his plan sometime next month.

"The plan is taking shape," said one senior administration official who briefed reporters outside the president's ranch, where Bush is spending the holidays.

The senior official said Bush heard an extensive presentation about military conditions in Iraq from Robert M. Gates, the new defense secretary, and Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, who had just returned after their fact-finding mission there. One idea gaining currency in the administration is to send between 15,000 and 30,000 additional troops to Iraq, at least on a temporary basis, to help improve security, but there are questions among senior military leaders about how effective this move would be.

The Pentagon has pressed for political and economic plans to complement such a possible surge in troops.

The political component of the emerging Bush package would set up benchmarks for long-overdue steps, such as amending the constitution to help address the objections of Iraq's Sunni minority and dismantling 23 predominantly Shiite militias. But it is unclear whether the Iraqi government would go along with such milestones, which were among the recommendations of the Iraq Study Group.

Some U.S. officials think an economic package may be the most promising element of a revised strategy, since it would deal with the Iraqis' deteriorating conditions and growing disillusionment with the U.S. intervention. Others, however, have severe questions about whether such a package would work almost four years after the American invasion and after previous botched efforts to stimulate economic activity.

The economic package now on the table focuses on three elements, and is separate from the long-term jobs-creation program being promoted by the U.S. military. One senior official cautioned that all three elements have been discussed in some manner but that the final package has not been determined.

One element, traditionally linked to a counterinsurgency strategy, is to follow up any military sweep with a short-term work program that would immediately hire people in the neighborhood to clear up trash or do other small civil-affairs jobs.

This project would begin within hours rather than days of a military operation and would help signal a return to normalcy. It might also help wean young unemployed Iraqi men from the militias or prevent them from joining any of the armed factions that are fueling Iraq's escalating sectarian strife.

The second part would be a micro-loan program -- involving modest loans to help individuals get businesses going -- to generate new economic activity in poor neighborhoods. Unemployment is worse today than during the rule of Saddam Hussein, Iraq's ousted leader.

The third part of the package, which has been developed in part by the Treasury Department, would review dormant state-owned industries to try and determine which ones are economically viable and worth reopening. The package would be a shift from the large-scale and long-term development projects that, in the past, relied heavily on Western contractors and expertise.

In brief comments to reporters here, the president made clear that the focus of his review is to strengthen the government of Iraqi Prime Minister Nouri al-Maliki, which has been struggling to quell militia violence and bring about political reconciliation between Sunnis and Shiites.

DOJ_NMG_0110196

"The key to success in Iraq is to have a government that's willing to deal with the elements there that are trying to prevent this young democracy from succeeding," Bush said. "We want to help them succeed."

Bush, clad in an open-neck shirt and sport jacket, was flanked by Gates and Pace, as well as by Vice President Cheney and Secretary of State Condoleezza Rice. Joining the five at Thursday's meeting were White House Chief of Staff Joshua B. Bolten, presidential counselor Dan Bartlett, national security adviser Stephen J. Hadley and his deputy, J.D. Crouch, who is managing the White House's Iraq review.

Administration officials said they expect the president to unveil his full plan for Iraq sometime in the early part of January, but Bush and his advisers made clear that more consultations are planned with U.S. lawmakers and Iraqi leaders -- and that there could well be another meeting of the National Security Council before the plan is released.

"I fully understand it's important to have both Republicans and Democrats understanding the importance of this mission," Bush told reporters.

Bush: More Consultation Needed On Iraq Policy (HC/AP)

By Deb Riechmann

Houston Chronicle, December 29, 2006

CRAWFORD — President Bush worked nearly three hours at his Texas ranch today to design a new U.S. policy in Iraq, then emerged to say that he and his advisers need more time to craft the plan he'll announce in the new year.

Burdened by low approval ratings on his handling of the war, the president is under mounting pressure to come up with a new blueprint for U.S. involvement in Iraq where the execution of Saddam Hussein — perhaps as early as this weekend — could incite further violence.

"We've got more consultation to do until I talk to the country about the plan," Bush said, appearing outside an office building at his ranch.

"Obviously, we'll continue to work with the Iraqi government. The key to success in Iraq is to have a government that's willing to deal with the elements there that are trying to prevent this young democracy from succeeding."

Vice President Dick Cheney, Secretary of State Condoleezza Rice, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, and Secretary of Defense Robert Gates stood by Bush as he made his three-minute statement on a dirt road lined with cactus, then turned away, ignoring a reporter's question about the pending execution.

He thanked U.S. troops for their service, yet offered no hint that he was poised to send more of them to war.

"As I think about this plan, I always have our troops in mind," Bush said.

The president is considering the so-called surge option: increasing the number of troops in Iraq and embedding more U.S. advisers in Iraqi units in hopes of quelling violence to provide a window of opportunity for political reconciliation and rebuilding.

"I think the debate is really coming down to: Surge large. Surge small. Surge short. Surge longer," said Tom Donnelly, a defense and security expert at the conservative American Enterprise Institute. "I think the smart money would say that the range of options is fairly narrow and driven by the situation on the ground in Iraq."

Initially, White House advisers said Bush would announce a plan before Christmas. Then, they said it was more likely after the first of the year. His speech now is to occur in the early weeks of January.

James Carafano, senior fellow at the conservative Heritage Foundation, said that if Bush is delaying his announcement, it has less to do with events in the United States and more to do with the situation in Iraq.

"If it were just picking a troop number, they'd be done by now," Carafano said. "My guess is that it (Bush's plan) has to synchronize with some kind of Iraqi domestic political situation in Iraq."

Some military experts support a surge in troop levels beyond the 140,000 already on the ground in Iraq. They contend this will provide a window of opportunity for rebuilding and a political reconciliation between the Sunni and Shiite factions.

Democrats and others in the military community say sending more troops only increases the Iraqis' dependence on U.S. forces and allows them to delay making the painful political compromises needed to end the violence. Democrats are calling on Bush to end America's open-ended commitment in Iraq and some want to see Congress put restrictions on funding any large increases in U.S. troops there.

"A surge which is not part of an overall program of troop reduction that begins in the next four to six months would be a mistake," said Sen. Carl Levin, D-Mich., who will take over the Armed Services Committee when the new Congress convenes on Jan. 4. "Even if the president is going to propose to temporarily add troops, he should make that conditional on the Iraqis reaching a political settlement that effectively ends the sectarian violence."

The president's unexpected remarks last week that he backs future expansion of the overall size of the Army and Marine Corps to lessen strain on ground forces was viewed as a possible hint that he plans to send in more troops.

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In an action that might also foreshadow an increase in troops, the Pentagon on Wednesday announced that the 2nd Brigade, 82nd Airborne Division, based at Fort Bragg, N.C., will deploy to Kuwait to serve as the reserve force early next year.

Bush said his New Year's resolution is that U.S. troops will be safe and that the United States, in 2007, helps Iraq move closer to being able to sustain, govern and defend itself.

"My resolution is, is that they'll be safe and that we'll come closer to our objective, that we'll be able to help this young democracy survive and thrive and, therefore, we'll be writing a chapter of peace," Bush said.

As he spoke, the administration was preparing for the execution of Saddam as early as this weekend. That prediction was based on information that U.S. officials in Baghdad were receiving from the Iraqi government, according to a senior administration official, who spoke on condition of anonymity because he didn't want to overshadow the president's remarks.

The official said Bush would likely hold another National Security Council session before announcing his new strategy in Iraq in the first few weeks of January.

At the meeting here today, Gates and Pace, who just returned from Iraq, elaborated on the briefing they gave the president at the Camp David presidential retreat in Maryland before Christmas. The bulk of the meeting focused on improving security in Iraq, but the president and his advisers also talked about economic and political issues.

Along a road leading to the ranch, about 20 anti-war protesters, including one wearing a pink wig, shouted "War Criminals!" and waved signs that read "Out of Iraq Now!" and "Bush Lied Troops Died."

Bush plans to return to Washington on Jan. 1. He and first lady Laura Bush will go immediately from Andrews Air Force Base to the Capitol to pay their respects to former President Gerald R. Ford, whose casket will be on public display in the Rotunda.

New Strategy For Iraq War Still A Work In Progress (WT)

By Joseph Curl

The Washington Times, December 29, 2006

More than six weeks after Americans turned Congress over to Democrats, President Bush yesterday said he still does not have a plan for securing Iraq, although he said he is "making good progress toward coming up" with one.

After meeting yesterday with top White House officials and military advisers at his Crawford, Texas, ranch during a vacation, the president said he is continuing to compile information and build a plan to deal with rampant sectarian violence that has left 100 American troops dead this month.

"I'm making good progress toward coming up with a plan that we think will help us achieve our objective," said Mr. Bush, flanked by Vice President Dick Cheney; Secretary of State Condoleezza Rice; Gen. Peter Pace, chairman of the Joint Chiefs of Staff; and Secretary of Defense Robert M. Gates.

"I've got more consultation to do until I talk to the country about the plan," he added. "The key to success in Iraq is to have a government that's willing to deal with the elements there that are trying to prevent this young democracy from succeeding."

The president's approval rating has plummeted, and Americans delivered both chambers of Congress last month to the Democrats in an election widely viewed as a rebuke of the administration's Iraq policy.

Mr. Bush has a small window in which to change course in Iraq on his own terms: Congress returns early next month, and the president plans to deliver his State of the Union address on Jan. 23. Although the White House promised quick action after the bipartisan Iraq Study Group early this month called for the withdrawal of most combat troops by early 2008, the president changed his mind and pushed the plan off until next year.

"Not only will I continue to reach out to Congress, but members of my team will do so, as well. I fully understand it's important to have both Republicans and Democrats understanding the importance of this mission," the president said.

The president is considering what military advisers call the "surge" option: increasing the number of troops in Iraq and embedding more U.S. analysts in Iraqi units to quell violence in order to provide an opportunity for political reconciliation and rebuilding.

The Pentagon said Wednesday that it will send about 3,500 troops to Kuwait to serve as a standby force for use in Iraq or elsewhere in the region. The deployment order was sent to a brigade of the 82nd Airborne Division at Fort Bragg, N.C.

In addition, the president announced earlier this month that he supports expanding the Army and the Marine Corps, a move some military analysts took as a hint that he plans to send more troops into Iraq.

Meanwhile in Iraq, a bomb killed an American soldier and wounded another yesterday while they were on patrol north of Baghdad. Three soldiers also died from roadside bombs in the capital, and a Marine was killed in western Anbar province on Wednesday, the military said. With 100 American troops dead so far this month, December is the second-deadliest month of 2006 for U.S. military personnel. At least 105 troops died in October.

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A senior administration official said yesterday's meeting lasted nearly three hours and was followed by a lunch. Another National Security Council session is likely before Mr. Bush announces his plan in the first few weeks of January, the official said.

The official said that Mr. Gates and Gen. Pace, who just returned from Iraq, elaborated on the briefing they gave the president at Camp David before Christmas and talked more about what they saw and heard on the ground.

Bush Cites Progress In Talks On Iraq (LAT)

By James Gerstenzang

The Los Angeles Times, December 29, 2006

CRAWFORD, TEXAS — President Bush said Thursday that he was "making good progress" toward redrawing his strategy for Iraq, a plan aides said would encompass economic and political elements as well as new security procedures to stem sectarian violence and counter a thriving insurgency.

It appeared increasingly likely, but not certain, that the latest effort to shore up the Iraq campaign would include sending additional U.S. troops there, and that the president would launch his strategy in a speech to the nation when Congress returns to Washington next Thursday or soon after.

Democratic leaders reiterated their opposition to any increase in the number of U.S. troops in Iraq.

Bush held a morning-long meeting with key members of the National Security Council at his office on his Texas ranch, continuing the discussions at lunch. Before making final decisions, Bush said, he wants to have additional consultations, including with members of Congress.

The administration has attached great importance not only to the substance of the plan but to the way it is presented to — and received by — the public, a tacit acknowledgment of the continuing decline in popular support for the war. Officials also are concerned with the impact Congress could have on the president's ability to conduct the war once Democratic majorities take control of the agenda in the House and Senate.

Sen. Carl Levin (D-Mich.), incoming chairman of the Armed Services Committee, said Thursday that most Democrats would oppose any plan calling for a "surge" in the number of U.S. troops.

"The main direction has got to be troop reductions," Levin said on CNN, standing by what he said was the primary Democratic proposal to begin withdrawing troops in "four to six months."

In a three-minute statement to reporters at his ranch after the morning meeting, Bush pledged to "reach out to Congress."

"I fully understand it's important to have both Republicans and Democrats understanding the importance of this mission," he said. Bush was joined by Vice President Dick Cheney; Secretary of State Condoleezza Rice; Defense Secretary Robert M. Gates; Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff; and four senior White House aides: Stephen Hadley, national security advisor; J.D. Crouch, deputy national security advisor; White House Chief of Staff Joshua B. Bolten; and White House Counselor Dan Bartlett.

"I'm making good progress toward coming up with a plan that we think will help us achieve our objective," the president said.

A senior administration official, speaking on condition of anonymity because he was discussing internal deliberations and decisions that have not been made final, said Bush was "driving toward making final decisions."

But he said that more information was being sought and that officials were "drilling down into the real details of the various elements — political, economic, security — and how these parts fit together."

"The security element is obviously very complicated," involving the movement of equipment and troops, he added.

The official indicated that at least a temporary troop increase was part of the discussion. Others have said that as many as 20,000 or perhaps 30,000 troops would be added to the approximately 140,000 there now by holding over some units scheduled to come home and moving up the dispatch of others.

"You'd expect that would be an element," he said of the consideration of a so-called surge.

Bush said last week that he was considering increasing the deployment. But a troop increase would present him with a steep challenge as he seeks to regain public support after the midterm election, which has been widely interpreted as a rejection of his conduct of the Iraq war.

Though Sen. John McCain of Arizona has called for sending more troops, other Republicans have challenged such a course. The idea is drawing sharp criticism from Democrats, setting the stage for a showdown at the start of a period in which both sides have proclaimed a new devotion to bipartisanship.

Levin's comments Thursday were the latest from Democrats warning against troop increases. On Tuesday, Sen. Joseph R. Biden Jr. of Delaware, incoming chairman of the Foreign Relations Committee, said such a boost would be "the absolute wrong strategy," a comment that drew a sharp retort from the White House a day later.

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In addition to talking with members of Congress, Bush said, he will continue consultations with the Iraqi government, emphasizing the necessity of having a government there willing to deal with insurgents and sectarian violence.

Bush called the meeting Thursday "an important part of coming to closure" as he completes his new policy. Gates, Pace, Rice and Cheney stood behind him, all in casual sports clothes, as he spoke.

The timing of Bush's announcement of a new policy is tied to several factors: He is scheduled to return to Washington on New Year's Day after a week in Texas and will take part the next day in the funeral of former President Ford at Washington National Cathedral.

Also, Congress returns to open a new session on Thursday, although Bush can consult with its members before the formal opening.

Few New Ideas In Army's Surge Options For Iraq (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, December 29, 2006

The U.S. Army is studying a number of options for surging troops into Iraq if President Bush picks that approach as his centerpiece for a new war strategy, military officials said yesterday.

One official who was sent the briefing slides for various surge options said he was struck with the lack of new ideas after an intense three-month review process inside the Bush administration. "Some of this stuff is what the old Coalition Provisional Authority looked at," said the official, referring to the U.S. government organization that ran Iraq from 2003 to 2004.

There are now about 135,000 American forces in Iraq. Surge options range from a brigade of some 5,000 soldiers to as many as five brigades, or nearly 30,000 troops.

If Mr. Bush, who met yesterday at his Texas ranch with Defense Secretary Robert M. Gates and other national security advisers, chooses that option, the main target would be to take control of the capital. Since last summer, Baghdad has been the scene of killings by Shi'ite and Sunni death squads, and by al Qaeda. A build up of both Iraqi and American forces there this summer did not achieve the desired reduction in violence. Commanders have said the next six months will be a critical time: the violence will either recede or Iraq will descend into civil war.

To surge by five brigades, the Army will have to keep some units in Iraq longer than their normal 13-month deployments, and accelerate the redeployment of brigades who already have served there. The Army will also call up more reserves and may tap forces stationed in other overseas regions, military officials said.

"The Army has been looking at this for months," said a second official. "[Former Defense Secretary Donald H.] Rumsfeld held a number of briefings on, if we need more troops, how do we do it."

Mr. Bush is said to be particularly impressed by a briefing he received at the White House Dec. 11 from retired Gen. John M. Keane, former Army vice chief of staff. Gen. Keane advocates a surge of troops for a significant period of time to secure Baghdad.

The Army has increased troops in Iraq in the past to improve security for last winter's national elections and for the Baghdad offensive this summer.

Officials said Mr. Bush is also looking at an economic component and may ask Congress to fund a new round of reconstruction projects. Officials have mentioned a figure of $5 billion. But they warn that starting more projects at a time of deteriorating security will not work. Congress has approved over $30 billion in reconstruction and development money for Iraq.

Another factor is the state of Iraq's new ministries. After operating for nearly 30 years in Saddam Hussein's top-down management style, there is no seasoned cadre of bureaucrats who know how to move the machinery of government to get things done.

As a result, ministries are failing to spend budget funds on much-needed projects. "They have not yet learned how to make decisions and act on them," said the first official.

Mr. Bush is weighing scores of options from a number of sources, including the Joint Chiefs of Staff, the National Security Council, his commanders in Iraq and retired officers such as Gen. Keane. Also weighing in was the 10-member Iraq Study Group, which recommended virtually all combat units be out of Iraq by early 2008. The White House and the Joint Chiefs are described as cool to that idea.

The government of Iraqi Prime Minister Nouri al-Maliki also has submitted proposals for how the Iraqi Security Forces can take over more missions, and do it faster.

Why We Need More Troops In Iraq (WP)

By Joseph Lieberman

The Washington Post, December 29, 2006

DOJ_NMG_0110200

I've just spent 10 days traveling in the Middle East and speaking to leaders there, all of which has made one thing clearer to me than ever: While we are naturally focused on Iraq, a larger war is emerging. On one side are extremists and terrorists led and sponsored by Iran, on the other moderates and democrats supported by the United States. Iraq is the most deadly battlefield on which that conflict is being fought. How we end the struggle there will affect not only the region but the worldwide war against the extremists who attacked us on Sept. 11, 2001.

Because of the bravery of many Iraqi and coalition military personnel and the recent coming together of moderate political forces in Baghdad, the war is winnable. We and our Iraqi allies must do what is necessary to win it.

The American people are justifiably frustrated by the lack of progress, and the price paid by our heroic troops and their families has been heavy. But what is needed now, especially in Washington and Baghdad, is not despair but decisive action -- and soon.

The most pressing problem we face in Iraq is not an absence of Iraqi political will or American diplomatic initiative, both of which are increasing and improving; it is a lack of basic security. As long as insurgents and death squads terrorize Baghdad, Iraq's nascent democratic institutions cannot be expected to function, much less win the trust of the people. The fear created by gang murders and mass abductions ensures that power will continue to flow to the very thugs and extremists who have the least interest in peace and reconciliation.

This bloodshed, moreover, is not the inevitable product of ancient hatreds. It is the predictable consequence of a failure to ensure basic security and, equally important, of a conscious strategy by al-Qaeda and Iran, which have systematically aimed to undermine Iraq's fragile political center. By ruthlessly attacking the Shiites in particular over the past three years, al-Qaeda has sought to provoke precisely the dynamic of reciprocal violence that threatens to consume the country.

On this point, let there be no doubt: If Iraq descends into full-scale civil war, it will be a tremendous battlefield victory for al-Qaeda and Iran. Iraq is the central front in the global and regional war against Islamic extremism.

To turn around the crisis we need to send more American troops while we also train more Iraqi troops and strengthen the moderate political forces in the national government. After speaking with our military commanders and soldiers there, I strongly believe that additional U.S. troops must be deployed to Baghdad and Anbar province -- an increase that will at last allow us to establish security throughout the Iraqi capital, hold critical central neighborhoods in the city, clamp down on the insurgency and defeat al-Qaeda in that province.

In Baghdad and Ramadi, I found that it was the American colonels, even more than the generals, who were asking for more troops. In both places these soldiers showed a strong commitment to the cause of stopping the extremists. One colonel followed me out of the meeting with our military leaders in Ramadi and said with great emotion, "Sir, I regret that I did not have the chance to speak in the meeting, but I want you to know on behalf of the soldiers in my unit and myself that we believe in why we are fighting here and we want to finish this fight. We know we can win it."

In nearly four years of war, there have never been sufficient troops dispatched to accomplish our vital mission. The troop surge should be militarily meaningful in size, with a clearly defined mission.

More U.S. forces might not be a guarantee of success in this fight, but they are certainly its prerequisite. Just as the continuing carnage in Baghdad empowers extremists on all sides, establishing security there will open possibilities for compromise and cooperation on the Iraqi political front -- possibilities that simply do not exist today because of the fear gripping all sides.

I saw firsthand evidence in Iraq of the development of a multiethnic, moderate coalition against the extremists of al-Qaeda and against the Mahdi Army, which is sponsored and armed by Iran and has inflamed the sectarian violence. We cannot abandon these brave Iraqi patriots who have stood up and fought the extremists and terrorists.

The addition of more troops must be linked to a comprehensive new military, political and economic strategy that provides security for the population so that training of Iraqi troops and the development of a democratic government can move forward.

In particular we must provide the vital breathing space for moderate Shiites and Sunnis to turn back the radicals in their communities. There are Iraqi political leaders who understand their responsibility to do this. In Anbar province we have made encouraging progress in winning over local Sunni tribal leaders in the fight against al-Qaeda and other terrorists. With more troops to support them, our forces in Anbar and their Sunni allies can achieve a major victory over al-Qaeda.

As the hostile regimes in Iran and Syria appreciate -- at times, it seems, more keenly than we do -- failure in Iraq would be a strategic and moral catastrophe for the United States and its allies. Radical Islamist terrorist groups, both Sunni and Shiite, would reap victories simultaneously symbolic and tangible, as Iraq became a safe haven in which to train and strengthen their foot soldiers and Iran's terrorist agents. Hezbollah and Hamas would be greatly strengthened against their moderate opponents. One moderate Palestinian leader told me that a premature U.S. exit from Iraq would be a victory for Iran and the groups it is supporting in the region. Meanwhile, the tens of thousands of Iraqis who have bravely stood with us in the hope of a democratic future would face the killing fields.

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In Iraq today we have a responsibility to do what is strategically and morally right for our nation over the long term -- not what appears easier in the short term. The daily scenes of death and destruction are heartbreaking and infuriating. But there is no better strategic and moral alternative for America than standing with the moderate Iraqis until the country is stable and they can take over their security. Rather than engaging in hand-wringing, carping or calls for withdrawal, we must summon the vision, will and courage to take the difficult and decisive steps needed for success and, yes, victory in Iraq. That will greatly advance the cause of moderation and freedom throughout the Middle East and protect our security at home.

Lawyer Told To Pick Up Hussein's Personal Effects (CNN)

CNN.com, December 29, 2006

WASHINGTON (CNN) -- Saddam Hussein's lawyer said Friday the U.S. military has asked that he arrange for Hussein's personal belongings to be picked up.

But Hussein has not been handed over to Iraq authorities for execution and remained in U.S. custody Friday, according to Iraqi Deputy Justice Ministry Bosho Ibrahim.

Iraqi Prime Minister Nuri Al-Maliki said Friday that nothing will stop or delay the execution, according to Iraqi national television.

Al-Maliki told reporters that there be "no reviews or delays in the execution of the criminal Saddam," Al-Iraqiya TV reported.

Under Iraqi law, his defense lawyers and family would be notified before the death sentence is carried out, and there has apparently been no such notification.

"The American side has just called me and asked me to either send someone to pick up the personal effects of Saddam Hussein and his [half] brother Barzan al-Tikriti, or to give them an address to which they can send them," said lead defense attorney Khalil al-Dulaimi.

He said when he asked the U.S. military if this meant that Hussein had already been transferred to Iraqi custody for his execution, they refused to answer.

Another defense lawyer, Badie Aref, told CNN that Hussein met with two of his half-brothers in his prison cell on Thursday and passed on messages and instructions to his family.

"President Saddam was just bracing for the worst, so he wanted to see his brothers and pass on some messages and instructions to his family," Aref said. The half brothers who visited were Sabawi and Wathban Ibrahim Hassan al-Tikriti, he said.

Another of Hussein's half-brothers, Barzan al-Tikriti, has been sentenced to death and is being held in Iraq under the same charges as Hussein.

Aref said the U.S. soldiers guarding Hussein took away a radio he kept in his cell on Tuesday so he could not hear news reports about his death sentence.

His death sentence was upheld Tuesday by an appellate court. (Full story)

"They did not want him to hear the news from the appeals court upholding the sentence," he said. "They gave him back the radio on Wednesday."

Aref said Saddam found out about the appeals court verdict "a few hours after it was announced."

On Thursday, Bush administration officials told CNN Hussein is expected to be executed "this weekend."

Hussein would be transferred from U.S. to Iraqi custody within the next day, one official said.

More than one administration source confirmed the impending transfer.

But Homeland Security Advisor Fran Townsend on CNN cautioned that the timing of the execution is up to the Iraqi government.

Two defense attorneys Thursday met with Hussein in his jail cell.

"He believes in his fate, and his only concern is the unity of the Iraqi people," al-Dulaimi told CNN in Amman, Jordan.

Al-Dulaimi described the former Iraqi dictator's morale as "normal."

Hussein was convicted on November 5 for crimes against humanity in connection with the killings of 148 people after an attempt on his life.

Hussein's execution by hanging must take place before January 27 -- or within 30 days after the Iraqi High Tribunal upheld the death sentence -- according to chief Judge Aref Shaheen. (Watch tensions escalate over Hussein's imminent execution)

"He believes in his destiny," the attorney said.

Al-Dulaimi said Thursday that neither the defense team nor Hussein's family have been given an execution date.

The U.S. State Department also says it has not been told when Hussein will be executed.

A senior Bush administration official said Thursday that the execution is likely to be "a couple of days" from now.

Hussein was sentenced to death for his role in the 1982 killings of 148 people in Dujail, a mostly Shiite town north of Baghdad, following an attempt on his life.

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The dictator was found guilty of murder, torture, and forced deportation.

The Dujail episode falls within 12 of the worst cases out of the 500 documented "baskets of crimes" during the Hussein regime.

The U.S. State Department says torture and extrajudicial killings followed the Dujail killings and that 550 men, women and children were arrested without warrants. A Web warning to U.S.

On the day Hussein's death sentence was confirmed, the Baath party that he led warned that it would retaliate against the United States and its interests as well as against members of the Iraqi High Tribunal if the execution is carried out.

It said the United States will suffer "grave consequences" if Hussein is executed.

The party also vowed to shut down peace negotiations with coalition forces, according to the statement the group released on an Arabic-language Web site.

The Baathists have been operating as part of the insurgency against the U.S. and its allies since Hussein's regime fell in 2003.

In a farewell letter posted Wednesday on the former Baath Party's Web site, Hussein bid farewell to Iraqis and called on them not to hate the U.S.-led forces. (Watch Hussein try to get in the last word)

Calling Iraq a "loyal and honorable nation," Hussein says, "I bid you farewell and submit myself to the merciful and ever-faithful Lord." (Full story)Trial itself was on trial

The White House has praised the court's decision, calling the day a milestone.

"Saddam has received due process and the legal rights that he denied the Iraqi people," said Scott Stanzel, deputy White House press secretary.

Al-Dulaimi, called the ruling "crazy," and said it came from "an illegitimate and unconstitutional court."

While proponents of the Iraqi High Tribunal hail it for taking steps to ensure accountability for atrocities committed during Hussein's regime, critics have pointed to the lack of safety for attorneys and questioned the judiciary's independence and impartiality.

Three defense lawyers were killed during the Dujail trial, and another fled the country after being seriously wounded. (Watch to see why many consider the trial flawed)

Human Rights Watch, which had regularly issued reports about the Hussein regime's brutality, also criticized the Iraqi High Tribunal for an over-reliance on anonymous witnesses.

Hussein and others also are being tried in another case, the killings of up to 100,000 Kurds during the 1988 Anfal campaign against Kurdish rebels. The allegations include the use of poison gas against Kurdish towns in northern Iraq.

Hussein Could Be Hanged Within Days (NYT)

By James Glanz

The New York Times, December 29, 2006

BAGHDAD, Dec. 28 — Preparations for the execution of Saddam Hussein began taking on a sense of urgency late Thursday as American and Iraqi officials suggested that he could be hanged within a span of days rather than weeks.

After upholding the death sentence against Mr. Hussein on Tuesday for the execution of 148 Shiite men and boys in 1982, an Iraqi appeals court ruled that he must be sent to the gallows within 30 days. But Mr. Hussein may not have even that long to live, officials said.

A senior administration official said that the execution would probably not take place in the next 24 hours, but that the timing would be swift. “It may be another day or so,” the official said.

In Iraq, where the Constitution requires that the Iraqi president and his two deputies sign all execution orders, officials said it was unlikely that legal formalities would stand in the way. The president, Jalal Talabani, had not received the documents by late Thursday.

But a government official familiar with the process said that little objection would be raised if the execution took place almost immediately. “Even if it happens tonight, no one is going to make an issue out of the procedure,” the official said.

Mowaffak al-Rubaie, the national security adviser, said there would be no advance notice of the execution because of fears that any announcement could set off violence. When asked who would be invited to attend the hanging, Mr. Rubaie said: “No television. No press. Nothing.”

He said the execution would be videotaped but that it was unlikely that the tape would be released.

Even with the security fears, there was little appetite among Iraqi officialdom to spare Mr. Hussein for much longer. “I hope the decision should be implemented very soon,” said Qasim Daoud, a former national security adviser. “Sooner is better because it sends a message that we are determined — we want to get ahead step by step to building a new Iraq, and these messages will help.”

Some rights advocacy groups have criticized the haste of the trial and the appeal. Mr. Hussein was sentenced to death on Nov. 5 by a court specially set up to judge his years in power, and the appeals court handed down its ruling less than two months later. Mr. Hussein, along with two co-defendants, received his death sentence on a narrow case involving only the killings of the 148 Shiites, in the town of Dujail. Further cases were pending, and his trial on charges that he ordered the killings of tens of thousands of Kurds has already started.

Since the appeals court upheld the death sentences, rumors have swept Baghdad that the Iraqi government would move quickly to put Mr. Hussein to death. Prime Minister Nuri Kamal al-Maliki has drawn protests of political meddling in recent months by suggesting publicly that the former dictator should die at the earliest possible date.

Public pronouncements by American officials have been much more muted, as all formal queries have been referred to the government of Iraq, or G.O.I. in Baghdad jargon.

“Saddam Hussein is still in detention in a coalition facility,” the United States military in Baghdad said in a statement late Thursday, referring to the American-led coalition of forces. “He will continue to remain in a coalition facility until G.O.I. determines to change that status.”

“This is primarily a G.O.I. issue. As for any potential transfer, we do not discuss any coordination” between American military forces and the Iraqis, the statement said.

One American official who works closely with the Iraqi justice system expressed frustration over the criticism that Mr. Hussein’s trial has received. Considering the difficult security situation in a country emerging from a dictatorship — Mr. Hussein’s — the trial has been conducted as fairly as possible by the Iraqis, the official said. “I’m sure they gave it full deliberation and I have full confidence in them,” the official said.

Hussein May Be Hanged In A 'Day Or So' (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, December 29, 2006

BAGHDAD — Saddam Hussein met with two of his half brothers and his lawyers Thursday at a U.S. detention facility as a senior U.S. official said his execution could come within "a couple more days."

The former Iraqi president has been in U.S. custody in a cell at Camp Cropper near Baghdad's international airport. He is to be officially turned over to Iraqi custody shortly before the death sentence is carried out, as ordered by an Iraqi court.

The execution could occur in "another day or so" — before the start of the Muslim holiday of Eid al-Adha, said the U.S. official, who spoke on condition of anonymity. Iraqi officials have said their government would be loath to carry out an execution during the Eid festival, and have suggested that it would not take place until the holiday ends next week. The U.S. official noted that the Bush administration had been "in close contact with the government of Iraq" on Hussein's fate.

As speculation rose that the execution is near, the condemned former president met at Camp Cropper with his half brothers Sabawi and Watban Ibrahim Hassan, both of whom are also in U.S. custody, said one of his attorneys, Bushra Khalil.

"He met with them and he gave them some things. I'm not sure what," said Khalil, speaking by phone from Amman, Jordan, where she plans to meet today with Hussein's eldest daughter, Raghad.

Hussein's lawyers said they had not been notified of the execution date.

Hussein, 69, seemed in high spirits Thursday as he shared untitled poems he wrote recently and well wishes for the Iraqi people with his visitors over lunch, said attorney Wadood Fawzi, one of those who met with Hussein.

Fawzi said that during the two-hour meeting, Hussein asked about the welfare of the country and his family but made no requests and asked no questions, not even about his execution. "He wasn't sad; he was very normal," Fawzi said.

Hussein's lead attorney, Khalil Dulaimi, said he did not expect Hussein to invite family members to witness his execution.

Hussein was sentenced Nov. 5 to hang for crimes against humanity in connection with the killing of 148 men and boys from the Shiite Muslim town of Dujayl after an attempt there to assassinate him in 1982. Two of his seven codefendants also received death sentences.

Dulaimi called Hussein's trial illegal and politically motivated. He called on U.S. and world leaders to acknowledge that, saying that otherwise they risked alienating not just Iraqis but the rest of the Muslim world.

"I would like to advise the American administration and President Bush: Do not make mistakes again," Dulaimi said. "This is not advice from Saddam Hussein's lawyer, but from an Iraqi citizen."

Elsewhere in Baghdad, violence continued to claim the lives of some of Iraq's poorest citizens.

Bystanders pulled an 8-year-old boy from the charred wreckage of a marketplace where the poor come to buy used clothes and household goods, the scene of two of three explosions in the city that left at least 17 people dead, including the boy's parents.

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Vendors said the bombs, which killed seven people, were planted in wooden carts by two strangers who set up shop near the entrance and exit to the market and left just before the explosions. After the initial shock over the explosions, shoppers and vendors resumed haggling over underwear and socks.

"If I would go home, then what would my family eat?" said vendor Jabbar Shnawa, 35, who sold a CD after the explosion for 500 dinars, about 40 cents.

Across town, a bomb planted under a parked car exploded at 11 a.m. at a gas station where people waited to buy kerosene. The blast killed 10 people.

During the 24-hour period that ended Thursday, 41 bodies were recovered in the capital, according to the Interior Ministry.

Three U.S. Marines were killed in Fallouja by small-arms fire. They were with the 1st Battalion, 24th Marine Regiment, a reserve group from the Midwest. Members of the battalion are among the final 300 Marines in Fallouja, where many patrols recently have been turned over to Iraqi forces. A U.S. soldier was killed by a roadside bomb while on a combat foot patrol north of the capital, the military said.

The deaths bring to 2,991 the total number of U.S. forces killed in Iraq since 2003, according to icasualties.org.

The military also announced Thursday that soldiers conducted a raid Tuesday south of Baghdad and detained an Al Qaeda in Iraq cell leader suspected of killing two U.S. soldiers found dead in June, Pfc. Kristian Menchaca of Houston and Pfc. Thomas Tucker of Madras, Ore.

Meanwhile, audio from a videotape of four American hostages was made public Thursday by McClatchy Newspapers in which the security contractors and an Austrian plead for their release. The five were kidnapped Nov. 16 near the southern city of Safwan.

Lou Fintor, a U.S. Embassy spokesman, confirmed that the men were still being held and said U.S. officials were investigating the recording. Fintor said a previously unknown Iranian group, the Islamic Mujahedin Battalion, initially claimed responsibility for the kidnapping. He could not say whether the group was still holding the men.

On tape, the five men ask the U.S. government to withdraw troops from Iraq. They identify themselves as Josh Munz, a former Marine from California who was stationed in Fallouja; John Young, 44, of Kansas City, Mo.; Jonathan Cote, 23, of Gainesville, Fla.; Paul Reuben, 39, of Buffalo, Minn.; and Bert Nussbaumer, 25, of Vienna.

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Times staff writers James Gerstenzang in Crawford, Texas, and Suhail Ahmad, Saif Hamid and Said Rifai in Baghdad and special correspondents in Baghdad, Hillah and Kirkuk contributed to this report.

SADDAM: DEAD BY SUNDAY (NYPOST)

The New York Post, December 29, 2006

December 28, 2006 -- Saddam Hussein, sentenced to death for his role in 148 killings in 1982, will be hanged within the next 48 hours, a U.S. military officer reportedly said Thursday.

NBC and CBS News are reporting that the officer revealed Saddam will be hanged before the start of the Eid religious holiday, which begins Sunday.

Earlier Thursday, Saddam's chief lawyer made a last-ditch effort to impede his execution, beseeching world leaders to prevent the United States from handing over the ousted dictator to Iraqi authorities who plan to hang him.

The plea came as the U.S. military reported the deaths of five more troops and announced that Iraqi forces, backed by American forces, captured an al-Qaida in Iraq cell leader believed responsible for the June kidnapping of two soldiers who were found tortured and killed.

With at least 72 more Iraqis killed in sectarian violence, U.S. officials and Iraqis expressed concern about the potential for even worse bloodshed following Saddam's execution. The lawyer, Khalil al-Dulaimi, said transferring Saddam to Iraqi authorities could be the trigger.

"If the American administration insists in handing the president to the Iraqis, it would commit a great strategic mistake which would lead to the escalation of the violence in Iraq and the eruption of a destructive civil war," al-Dulaimi told The Associated Press in a telephone interview.

Iraq's highest court on Tuesday rejected Saddam's appeal against his conviction and death sentence for the killing of 148 Shiites in the northern city of Dujail in 1982. The court said the former president should be hanged within 30 days.

The White House was preparing for Saddam's execution as early as this weekend, based on information that U.S. officials in Baghdad were receiving from the Iraqi government, a senior administration official said in Washington.

But Iraq's deputy justice minister, Bosho Ibrahim, said Saddam shouldn't be hanged for another few weeks. "The law does not say within 30 days, it says after the lapse of 30 days," Ibrahim said.

He did not explain the discrepancy between his interpretation and the court's, nor could he give a specific execution date.

Al-Dulaimi, Saddam's lawyer, said the ousted leader should enjoy protection from his enemies as a "prisoner of war" and remain in U.S. custody.

"According to the international conventions, it is forbidden to hand a prisoner of war to his adversary," al-Dulaimi said.

"I urge all the international and legal organizations, the United Nations secretary-general, the Arab League and all the leaders of the world to rapidly prevent the American

administration from handing the president to the Iraqi authorities," al-Dulaimi said.

An official close to Iraqi Prime Minister Nouri al-Maliki has said Saddam would remain in a U.S. military prison until he is delivered to Iraqi authorities on the day of his execution. The official spoke on condition of anonymity because he was not authorized to speak to the press.

Iraqi government offices shut down ahead of an Islamic holiday this weekend, and there was confusion over when Saddam would be executed and whether President Jalal Talabani was required to approve such action.

Raed Juhi, a spokesman for the High Tribunal that convicted Saddam, said that with approval from Talabani, Saddam could be put to death within 30 days. Otherwise, the execution would be held after that period, he said.

But Hiwa Osman, a spokesman for Talabani, has said the execution might not need the president's signature.

International reaction to the denial of Saddam's appeal has been relatively muted.

Cardinal Renato Martino, Pope Benedict XVI's top prelate for justice issues and a former Vatican envoy to the U.N., condemned the death sentence in a newspaper interview published Thursday, saying capital punishment goes against the teachings of the Roman Catholic Church.

After Saddam's death sentence was handed down last month, Louise Arbour, the U.N. high commissioner for human rights, urged Iraq to ensure a fair appeals process and to refrain from executing Saddam even if the sentence is upheld.

Some international legal observers and human rights groups have also called Saddam's trial unfair because of alleged interference by the Shiite-dominated government.

But State Department Deputy Spokesman Tom Casey said Thursday the Bush administration believes the trial was held in accordance with international and Iraqi laws.

"(The Iraqis) carried out their work in a transparent and open manner and they arrived at a verdict based on the facts in the case," Casey said.

In Dujail, home to the 148 victims of the 1982 killings, townspeople were divided over Saddam's execution.

"America is using him to increase sedition among Iraqis, but we are thinking only of how Iraq can get rid of its problems and achieve security," said Hussein Abases, a Shiite farmer.

Pentagon spokesman Bryan Whitman acknowledged there was concern about a possible surge of violence after the execution. "I'm sure the Iraqi government is thinking through that and working with the coalition in terms of the impact that could have," he said in Washington.

U.S. Preparing For Saddam's Execution (AP)

By Lauren Frayer

AP, December 29, 2006

An Iraqi reads a newspaper with the front page dedicated to news of former Iraqi dictator Saddam Hussein's death sentence appeal rejection in Baghdad, Iraq, Wednesday, Dec. 27, 2006.

AP Photo/Samir Mizban BAGHDAD, Iraq (AP) - As Saddam Hussein's lawyer made a last-ditch effort to impede his execution Thursday, the White House was preparing for the ousted dictator to be hanged as early as this weekend, a senior administration official said. The timetable was based on information that U.S. officials in Baghdad received from the Iraqi government. But, there were differing accounts.

The plea from Saddam's attorney came as the U.S. military reported the deaths of eight more troops and announced that Iraqi forces, backed by American forces, captured an al-Qaida in Iraq cell leader believed responsible for the June kidnapping of two soldiers who were found tortured and killed.

Iraq's deputy justice minister, Bosho Ibrahim, said Saddam shouldn't be hanged for another few weeks. "The law does not say within 30 days, it says after the lapse of 30 days," Ibrahim said.

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DOJ_NMG_0110206

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Al-Dulaimi, Saddam's lawyer, said the ousted leader should enjoy protection from his enemies as a "prisoner of war" and remain in U.S. custody.

"According to the international conventions, it is forbidden to hand a prisoner of war to his adversary," al-Dulaimi said.

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At least 30 Iraqis died Thursday in bombings and shootings, including a suicide bombing in a crowd of people waiting to buy kerosene near a stadium in Baghdad that killed 10, according to police. Police also said 42 bodies of tortured men were found dumped in the Iraqi capital Thursday.

The U.S. military in Iraq announced five more American troop deaths: four soldiers hit by roadside bombs on patrol and a Marine killed in combat in volatile western Iraq. The Department of Defense also identified three more American servicemen who died in Iraq this week that hadn't been previously reported, according to an AP analysis.

The figures raised the U.S. troop deaths this month to 103, second only to the 105 service members who died in October. At least 2,991 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an AP count.

The al-Qaida in Iraq cell leader allegedly responsible for the deaths of two of the servicemen was arrested Tuesday in a raid south of Baghdad, the military said. Al-Qaida in Iraq had claimed it killed the two U.S. soldiers found dead in June - Pfc. Kristian Menchaca of Houston and Pfc. Thomas Tucker of Madras, Ore. Their bodies were recovered after a search by 8,000 U.S. and Iraqi soldiers, dubbed Operation Fallen Eagle.

The Rush To Hang Saddam Hussein (NYT)

The New York Times, December 29, 2006

DOJ_NMG_0110207

The important question was never really about whether Saddam Hussein was guilty of crimes against humanity. The public record is bulging with the lengthy litany of his vile and unforgivable atrocities: genocidal assaults against the Kurds; aggressive wars against Iran and Kuwait; use of internationally banned weapons like nerve gas; systematic torture of countless thousands of political prisoners.

What really mattered was whether an Iraq freed from his death grip could hold him accountable in a way that nurtured hope for a better future. A carefully conducted, scrupulously fair trial could have helped undo some of the damage inflicted by his rule. It could have set a precedent for the rule of law in a country scarred by decades of arbitrary vindictiveness. It could have fostered a new national unity in an Iraq long manipulated through its religious and ethnic divisions.

It could have, but it didn't. After a flawed, politicized and divisive trial, Mr. Hussein was handed his sentence: death by hanging. This week, in a cursory 15-minute proceeding, an appeals court upheld that sentence and ordered that it be carried out posthaste. Most Iraqis are now so preoccupied with shielding their families from looming civil war that they seem to have little emotion left to spend on Mr. Hussein or, more important, on their own fading dreams of a new and better Iraq.

What might have been a watershed now seems another lost opportunity. After nearly four years of war and thousands of American and Iraqi deaths, it is ever harder to be sure whether anything fundamental has changed for the better in Iraq.

This week began with a story of British and Iraqi soldiers storming a police station that hid a secret dungeon in Basra. More than 100 men, many of them viciously tortured, were rescued from almost certain execution. It might have been a story from the final days of Baathist rule in March 2003, when British and American troops entered Basra believing they were liberating the subjugated Shiite south. But it was December 2006, and the wretched men being liberated were prisoners of the new Iraqi Shiite authorities.

Toppling Saddam Hussein did not automatically create a new and better Iraq. Executing him won't either.

A Death Sentence Affirmed (WP)

The Washington Post, December 29, 2006

WITH TUESDAY'S decision by an Iraqi appeals body to affirm the death sentence of Saddam Hussein, the execution of the former tyrant could take place within weeks. Under Iraqi law, a death sentence must be carried out within a month of its confirmation; though Iraqi officials have made conflicting statements about timing, the country's Shiite-dominated government is unlikely to show mercy. For those who oppose the death penalty, as we do, any execution is regrettable -- and this one, should it come to pass, will follow highly imperfect judicial proceedings and may in the short term inflame sectarian divisions. But it's hard to imagine the death penalty existing anywhere for any crime and not for Saddam Hussein -- a man who, with the possible exception of Kim Jong Il, has more blood on his hands than anyone else alive. Should the world see his end in the coming days, the justice will be imperfect. But it will still be justice.

To be sure, this was not the accountability that one would hope for Saddam Hussein. For one thing, the crime for which he has been condemned -- the killing of 148 men and boys from the town of Dujail after an assassination attempt against him there in 1982 -- will be but a footnote in the volume detailing his atrocities. And his execution will cut short his trial for the crimes that would fill out that volume: the so-called Anfal campaign, in which tens of thousands of Kurds were murdered.

What's more, his trial was in no sense the model of civilized justice that would have showcased a new, democratic Iraq -- in large measure because that new Iraq has yet to materialize. Several defense lawyers were murdered; judges had to be replaced. Political interference was evident. Even this week, the appeals tribunal sent back one life sentence as insufficiently tough, in effect demanding death for one of the co-defendants.

Still, there is something unreal about the cries of foul from human rights groups demanding perfect procedural justice from a country struggling with civil war, daily bombings and death-squad killings. The reality is that by the trial's end, there was no significant factual dispute between prosecution and defense: Saddam Hussein acknowledged on national television that he had signed the death warrants after only the most cursory look at the evidence against his victims. That, he testified proudly, "is the right of the head of state." Exactly what would a perfect trial be capable of discovering?

Marines Deny Airstrikes Used Against Insurgents In Ramadi (LAT)

By Solomon Moore

The Los Angeles Times, December 29, 2006

BAGHDAD — A large-scale U.S. military operation in Ramadi last month did not target suspected insurgents with airstrikes, U.S. military officials said.

Witness statements reported by The Times on Nov. 15 indicated that a U.S. airstrike might have killed at least 30 people, including women and children.

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But Marine spokesman Lt. Col. Bryan Salas said in a written response to inquiries about the incident that an airstrike Nov. 14 hit a bridge about 10 miles east of Ramadi and resulted in no casualties.

Salas said Marines killed at least 16 suspected insurgents during Ramadi operations Nov. 13 and 14 in which tank rounds and 25-millimeter guns were fired. Main tank guns can hit targets miles away with explosive ordnance.

"The 13th and the morning of the 14th of November was very lethal for the insurgency," he said.

Salas said insurgents fired at least three rocket-propelled grenades but overshot and missed U.S. forces. Insurgents and U.S. forces also traded mortar fire, Salas said, but there were no reports of casualties in that exchange.

He acknowledged that news photos showed "alleged bodies of civilians killed by coalition forces in Ramadi," and did not dispute reports of collateral damage.

Recent interviews by a Times correspondent in Ramadi supported earlier eyewitness accounts of civilian deaths during the clashes.

"The actual number eventually reached 35 people, including children and women," said Yasir Hussein, 40, a Ramadi electrical worker. Hussein said the initial tally of 30 dead increased as injured people died of their wounds.

"I saw three women and two children killed," said Khalid Jasim, 49, a school guard. "We took their bodies to the hospital using blankets due to the fact that several of them were dismembered."

The Marines did not immediately respond to inquiries about the number of civilian dead, but acknowledged that it was often difficult to distinguish between insurgents and civilians.

Recent interviews with Ramadi residents also supported initial reports that homes were destroyed during the November fighting. Marines did not respond to inquiries from The Times regarding the number of homes destroyed or tank rounds fired in the fighting.

Residents said the houses were in an old Iraqi army officers quarters, and that one of them, in which a number of civilians were killed, was being used as an Internet cafe.

"Six houses were leveled to the ground and 10 others were damaged to varying degrees," said Ahmad Hummadi, 50, a laborer. "But all of the houses were abandoned because they were no longer suitable for habitation."

Several residents said they saw helicopters and a jet fighter during the confrontations and assumed that some of the explosions were caused by airstrikes. U.S. ground units often are accompanied by air support during military operations.

A special correspondent in Ramadi contributed to this report.

A Suspect In The Killings Of 2 Americans Is Captured In Iraq (NYT)

By Marc Santora

The New York Times, December 29, 2006

BAGHDAD, Dec. 28 — The man believed to be behind the kidnapping, brutal torture and killing of two American soldiers in June was seized in a raid in a town just south of the capital on Tuesday, American and Iraqi officials said Thursday.

The abduction of the two Americans, who were captured when insurgents ambushed a traffic checkpoint their platoon had set up in the town of Yusufiya, set off one of the largest manhunts of the war, with 8,000 troops involved.

The soldiers' savaged remains were eventually found not far from where the soldiers were taken.

A group called the Mujahedeen Shura Council, which is linked to Al Qaeda in Mesopotamia, later released a graphic video showing the decapitation of one of the Americans. At one point, the arm of one insurgent is shown picking up the soldier's head as another insurgent steps on the face of the other soldier.

The two slain soldiers were identified as Pfc. Kristian Menchaca, 23, of Houston and Pfc. Thomas L. Tucker, of Madras, Ore. A third soldier, Specialist David J. Babineau, 25 of Springfield, Mass., was killed during the attack on June 16 that resulted in the abduction.

In a country where killers seldom are brought to justice, the capture of the man believed to be responsible for the soldiers' deaths, whose name was not released, would be a clear triumph for American forces.

Meg Tucker, Private Tucker's mother, struggled to hold back tears when told the news about the capture. "I'm glad that they caught him if indeed they did, but it doesn't bring my son back," she said. "We have just gone through the holidays. It has been really tough. We miss him very much. We still get cards and letters from all over the United States, and we appreciate that very much."

The raid was prompted by a tip the Americans received about a video that had been shown at the Yusufiya mosque, Iraqi and American military officials said. In the video, a man is seen commenting on the kidnapping. It is this man, military officials said, who was taken into custody.

He is also believed to have directed and participated in other kidnappings, killings and violent crimes, the military said in a statement.

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Although the military's statement said that the Iraqi Special Forces led the operation, an Iraqi military official indicated that the man was in American custody and that American forces directed the assault.

No casualties involving either American or Iraqi troops were reported in the raid.

American and Iraqi forces staged another major raid on Tuesday in the nearby town of Mahmudiya, arresting 30 people suspected of being insurgents. It was unclear if the two raids were connected.

Yet even as they tried to stem the violence, Americans forces continued to come under sustained attack.

Four Americans were killed in attacks on Wednesday, bringing the total number of Americans killed in December to 100, according to The Associated Press and making this one of the deadliest months for the military in the past three years.

One marine was killed battling insurgents on Wednesday in Anbar Province, the Sunni stronghold in the west of the country.

Two soldiers were killed on Wednesday when a roadside bomb exploded near their patrol in southwestern Baghdad. In a separate bombing in the capital, another American soldier was killed.

Scores of Iraqis also continued to die in bombings, clashes and kidnappings.

At least 19 Iraqi civilians were killed Thursday in three separate bombings in Baghdad.

In one attack, on a popular market in central Baghdad, two roadside bombs exploded one after the other, timed to inflict as much damage as possible, Iraqi officials said. At least nine people were killed and 35 were wounded, officials said.

Separately, a suicide bomber, who disguised himself in a large crowd of people waiting for fuel at a gas station near a large sports stadium in central Baghdad, blew himself up and killed at least 10 people and wounded 25.

The authorities found 51 bodies in Baghdad on Wednesday and 41 more on Thursday, most likely the latest victims of sectarian violence.

With the violence continuing unabated, the beleaguered Iraqi security forces also came under attack across the country.

North of Baghdad, in Baquba, a police captain was assassinated and two other officers were wounded in a drive-by shooting, officials said.

In Kirkuk, four armed men wearing Iraqi Army uniforms clashed with the police, killing at least one officer and wounding another. Southwest of Kirkuk, in Hawija, a roadside bomb seriously wounded three policemen.

The Iraqi Army also came under assault. An army checkpoint in Tikrit was attacked and two soldiers were killed and one was wounded, Iraqi military officials said.

Al-Qaeda In Iraq Cell Leader Caught In Raid, Military Says (USAT/AP)

USA Today, December 29, 2006

BAGHDAD — The U.S. military said Thursday that a joint raid by Iraqi and U.S. forces resulted in the capture of the al-Qaeda in Iraq cell leader who was behind the abduction, torture and killing of two U.S. soldiers in June.

The announcement came as Saddam Hussein's lawyer made a last-ditch effort Thursday to impede his execution. The U.S. military reported the deaths of five more troops.

Lawyer Khalil al-Dulaimi beseeched world leaders to prevent the United States from handing over the ousted dictator to Iraqi authorities who plan to hang him.

Al-Dulaimi said transferring Saddam to Iraqi authorities could trigger more bloodshed.

Iraq's highest court on Tuesday rejected Saddam's appeal of his conviction and death sentence for the killing of 148 Shiites in the northern city of Dujail in 1982. The court said the former president should be hanged within 30 days.

The White House was preparing for Saddam's execution as early as this weekend, based on information that U.S. officials in Baghdad were receiving from the Iraqi government, a senior administration official said in Washington.

Iraq's deputy justice minister, Bosho Ibrahim, said Saddam shouldn't be hanged for another few weeks.

An official close to Iraqi Prime Minister Nouri al-Maliki told the Associated Press that Saddam would remain in a U.S. military prison until he is delivered to Iraqi authorities on the day of his execution. The official spoke on condition of anonymity because he was not authorized to speak to the press.

The U.S. military said it captured the al-Qaeda in Iraq figure in a raid south of Baghdad.

Al-Qaeda in Iraq had claimed it killed the two U.S. soldiers found dead in June: Pfc. Kristian Menchaca of Houston and Pfc. Thomas Tucker of Madras, Ore.

The two were abducted when insurgents overran their checkpoint in the town of Youssifiyah. Spec. David Babineau of Springfield, Mass., was killed in that attack.

The Mujahadeen Shura Council, a collection of insurgent groups that includes al-Qaeda in Iraq, later released video purporting to show the decapitation of one of the soldiers. Their bodies were recovered after a search by 8,000 U.S. and Iraqi soldiers. Also Thursday:

DOJ_NMG_0110210

·At least 30 Iraqis died in bombings and shootings, including a suicide bombing in a crowd of people waiting to buy kerosene near a stadium in Baghdad that killed 10, according to police. Police also said 42 bodies of tortured men were found dumped in the Iraqi capital Thursday.

·The U.S. military announced that five American servicemembers had been killed: four soldiers hit by roadside bombs on patrol and a Marine killed in combat in volatile western Iraq. That raised the number of U.S. troop deaths in December to 100, the second-highest monthly total this year. There were 105 U.S. deaths in October.

Iraqi River Police Patrol The Tigris (LAT)

By Molly Hennessy-fiske, Times Staff Writer

The Los Angeles Times, December 29, 2006

Trained in the U.S., the officers bring out the dead and guard a violent stretch of waterway.

BAGHDAD — Divers call it "the burial ground," an impenetrably dark stretch of the Tigris River, about 20 feet deep, passing through the heart of Baghdad.

Cruising the river on a recent day strapped into life jackets that double as body armor, members of Baghdad's river patrol pointed to bridges near where they swam as children and now recover the city's dead.

"Violence, terror — it is part of what is going on here in Iraq," said a river patrol captain who would not give his name, fearing that insurgents in his neighborhood would discover that he works with the police. He said he gave up swimming in the river years ago and bought a pool.

The patrol's commander, Lt. Col. Alaa Saleh Ibrahim, has learned this much patrolling the stretch of muddy river the last two years: It takes at least 10 days for bodies to surface in winter. Men float faceup, women facedown.

Fishermen find bodies tangled in the 10-foot-tall green reeds that line the sandy banks.

"This month we are relieved," Ibrahim said. "We don't have so many dead bodies."

Death on the Tigris is almost always violent, the river patrol commander says. Some causes of deaths are unchanging: People jump from bridges, or get tangled in weeds while swimming and drown.

And then there are the dumped bodies, an increasingly frequent sight and a barometer of violence in a city that has become the epicenter of the country's sectarian strife: stripped of identification, blindfolded, handcuffed, shot and often badly decayed.

Rising body count

The river patrols, created by Saddam Hussein to retrieve casualties of his regime from the Tigris in the 1970s, have returned to body detail because of the city's civil war.

Ibrahim insists that his patrols find only three or four bodies a month. But he starts describing all of the dumped bodies he has seen recently — the suicides and swimmers gone awry — and the number grows to a dozen.

A week ago, fishermen led the patrol to the bodies of two men dumped among the reeds, one blindfolded and handcuffed, the other too decomposed to tell what had happened. They were still unidentified a week later.

But the number of bodies that Ibrahim sees is small compared with that at the major collection point, about 25 miles south of the capital in Suwayrah, where steel nets installed to siphon a river-choking weed called Nile Flower catch the dead — 366 bodies this year through November, the most recent data from the Health Ministry. The total included five women and two children.

Most of the victims were killed execution-style: handcuffed, blindfolded and shot. The bodies also showed signs of torture. A few were beheaded. Of the 366 found, 50 have been identified, police said, including that of human rights activist Margaret Hassan.

The number of bodies recovered in Suwayrah has decreased recently, health officials said. They think it's because killers in Baghdad are dumping bodies closer to home.

Baghdad families still search for loved ones at the morgue near Suwayrah. But they also leave photographs of the missing at river patrol headquarters, a whitewashed concrete compound on the east bank of the Tigris.

The new U.S. Embassy is under construction on the opposite bank, within view of the docks where the patrol's staff of 267, including 16 rescue divers, board their patrol boats.

They don't investigate deaths — other members of the Iraqi police handle that. The river patrol is too busy staffing 10 checkpoints to investigate suspicious boats for explosives, weapons and drugs.

In some cases, the dead are easily identified. After a 25-year-old man jumped from the Sinak Bridge in downtown Baghdad this month, the river patrol retrieved his body and identified him by a photograph on file.

The week before, a man came looking for his son, who was last seen swimming in the Tigris (which is against the law and a cause for arrest). The river patrol later found the youth, drowned.

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Members of the patrol wear caps that say "police" in Arabic and English. Last spring, 16 of them took an advanced river patrol training course at Stennis Space Center in Mississippi, about 50 miles north of New Orleans, the same course that U.S. Coast Guard and Navy sailors attend. Another Iraqi group will arrive in April.

During the last year, U.S. military trainers, mostly retired police officers, have worked with patrols on the Tigris.

"To be out on the river, basically open, it was a kind of a freedom you don't usually have on the streets, especially with the military set up the way they are now — you're kind of locked in your little tuna cans," said Richard Eaton of Frisco, Colo., who served with the Civilian Police Transition Team and trained members of the river patrol in the spring and summer.

The revived river patrol has trained members of 10 other patrols along other stretches of the Tigris. They are preparing to train units from the northern cities of Mosul and Salahuddin in a few weeks, Ibrahim said.

"As they seal off the road and highways, the rivers are going to be the next focus," Eaton said. "They need to shut them down, control the flow of people just like they do at checkpoints on the roads."

Eaton, a retired police detective, trained as a river patrol officer while serving on a destroyer in the Vietnam War. He likened Tigris patrols to those along Vietnam's Mekong Delta.

'Targeted all the time'

On the water, the river patrol officers look more like soldiers than police officers, with their helmets, body armor and long black rifles. Their old boats were looted or destroyed after Hussein's fall. They have 16 new ones, including five from the U.S. military that hit the river this month with machine guns at bow and stern.

"Because of the terrorists, we are targeted all the time. People come out from the bushes," said the captain who didn't want to be identified.

In the summer, Eaton was out with two boats patrolling a stretch of river in northern Baghdad at the U.S. Army's request when they came under machine-gun fire from insurgents on the banks. Attackers shot a member of the patrol in the leg and Eaton in the chest.

"Things were flying," Eaton said.

The bullet didn't penetrate Eaton's body armor, but it shattered his utility knife, sending fragments into his hand. He was flown back to the U.S. for treatment. The injured patrol member, Ali Fadhil, was treated at a local hospital and returned to duty.

Ali Abdullah, 22, who trained in Mississippi and followed his older brother into the river patrol, shrugged when asked about the hazards of the job. "Any kind of work is dangerous now," he said.

On the docks this month, divers shook off their black wetsuits and flippers in the winter sun, trying to warm up after a morning of practice dives.

Asad Saffar Abid, 22, has been diving for the patrol for four years and suspects there are hundreds of bodies at the bottom of the river that may never surface.

Veteran diver Mohammed Khazali knows better. He has been diving "the burial ground" for 24 years. In the 6,000-year-old Tigris, as in Iraq, history always resurfaces.

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Iraqi Sniper Fire Forces A Healer To Tend His Own Wound (NYT)

By C. J. Chivers

The New York Times, December 29, 2006

Petty Officer Third Class Dustin E. Kirby, a Navy corpsman whose efforts to save a wounded marine in Iraq were covered in an article published Nov. 2 in The New York Times, was severely wounded by an Iraqi sniper on Christmas afternoon, his family and the Marine Corps said yesterday.

The bullet struck the left side of his face while he was on the roof of Outpost Omar, the position his unit occupies in Karma, a city near Falluja in Anbar Province.

His jaw and upper palate were damaged extensively, but after several operations he was conscious and on a ventilator in a military hospital in Germany, his battalion commander, Lt. Col. Kenneth M. DeTreux, said by telephone.

Petty Officer Kirby, 22, of Hiram, Ga., was assigned to Weapons Company, Second Battalion, Eighth Marines, serving as the trauma medic for the company's Second Mobile Assault Platoon. It was his second tour in Iraq. He had married weeks before leaving the United States in July.

He was expected to arrive today at Bethesda Naval Medical Center in Maryland, where his wife, Lauren Kirby, and his parents, Gail and Jack Kirby, planned to meet him.

Although Petty Officer Kirby cannot speak because of his injuries, his mother said she had communicated with him through his brother-in-law, a serviceman who is stationed in Germany and has been at his bedside, holding a phone to Petty Officer Kirby's ear.

Petty Officer Kirby listened to his mother and replied by writing notes, which his brother-in-law read aloud.

"He told me, 'Don't cry, Mama,' " Ms. Kirby said by telephone. "I said, 'I have to. I'm a mom. That's what moms do.' "

She added, "He wrote, 'Be strong for me and Lauren.' "

In another note, she said, he wrote, simply, "Milkshake."

Colonel DeTreux said Petty Officer Kirby began writing within minutes of being shot, when he jotted a note to his platoon before being evacuated by helicopter.

In the first note he apologized to the company's senior enlisted man for being wounded, the colonel said. He then refused a stretcher and insisted on walking to the helicopter.

"He's tough," Colonel DeTreux said. "He showed his character, walking onto the aircraft himself."

The article last month was about the battlefield treatment Petty Officer Kirby provided, and the prayers he said, for a marine who had been shot through the head by an Iraqi sniper.

The marine, Lance Cpl. Colin Smith, had been his roommate in North Carolina before their unit returned to Iraq. Lance Corporal Smith was shot at the end of a raid both men participated in on Karma's outskirts. He remains under treatment and evaluation for injuries to his skull and brain.

Petty Officer Kirby was wounded when a sniper fired one shot on an otherwise quiet Christmas afternoon, Colonel DeTreux said. He was near one of several rooftop bunkers the company staffs to defend Outpost Omar, which has been attacked by insurgents several times, including once by a truck bomb.

He was the second member of his family to be grievously wounded in Iraq. A cousin, Petty Officer Joseph D. Worley, lost his left leg and suffered gunshot wounds to his right leg in 2004. He also was a corpsman in a Marine Corps unit.

The National Envelope Corporation, of Austell, Ga., where Petty Officer Kirby's father is a janitor, is taking donations to help his family.

Kathleen Childs, an executive assistant at the company who was helping to manage the donations, said collections began when it was uncertain whether the family could afford to visit Petty Officer Kirby from the moment he arrived in the United States.

Even before Gail Kirby arranged a plane ticket, Ms. Childs said, it was clear she was headed to his bedside, whether she had the money or not.

"His mother said there was no way she was going to stay at home while her boy was that close," Ms. Childs said. "She was going to start out on foot and walk."

Crisis In Housing Adds To Miseries Of Iraq Mayhem (NYT)

By Michael Luo

The New York Times, December 29, 2006

BAGHDAD — Along with its many other desperate problems, Iraq is in the midst of a housing crisis that is worsening by the day.

It began right after the toppling of Saddam Hussein, when many landlords took advantage of the removal of his economic controls and raised rents substantially, forcing out thousands of families who took shelter in abandoned government buildings and military bases. As the chaos in Iraq grew and the ranks of the jobless swelled, even more Iraqis migrated to squalid squatter encampments. Still others constructed crude shantytowns on empty plots where conditions were even worse.

Now, after more than 10 months of brutal sectarian reprisals, many more Iraqis have fled their neighborhoods, only to wind up often in places that are just as wretched in other ways. While 1.8 million Iraqis are living outside the country, 1.6 million more have been displaced within Iraq since the war began. Since February, about 50,000 per month have moved within the country.

Shelter is their most pressing need, aid organizations say. Some have been able to occupy homes left by members of the opposing sect or group; others have not been so fortunate. The longer the violence persists, the more Iraqis are running out of money and options.

Shatha Talib, 30, her husband and five children, are among about a thousand struggling Iraqi families that have taken up residence in the bombed-out remains of the former Iraqi Air Defense headquarters and air force club in the center of Baghdad. "Nobody should live in such a place," she said. "But we don't have any other option."

With many families in such encampments or worse, and many others doubled or tripled up in friends' or relatives' homes, the deputy housing minister, Istabraq al-Shouk, puts the shortage at two million dwellings across Iraq.

Iraqi officials say that after security, housing is a priority, but plans to address the problem are minimal. The Housing Ministry is building 17 complexes with 500 apartments each across the country for government employees and families of those killed by militants, Mr. Shouk said. That would be 8,500 homes.

Housing officials hope to attract foreign contractors to build about 350,000 more over the next few years, he said, but that depends largely on whether conditions can be made safe enough for them to work.

The shortage exists in many parts of Iraq, Mr. Shouk said. In Kirkuk, many Kurds driven out by Saddam Hussein in the 1980s who returned after the American-led invasion live in tent cities or hastily built houses. A survey of displaced people in Kirkuk by the International Organization for Migration found that more than 20 percent squat in government buildings or improvised settlements.

In Najaf, a southern city, throngs of destitute Shiite families have claimed buildings abandoned by the Baath Party and the government. Any trip across Baghdad, where the problem is particularly acute, reveals dozens of encampments.

The crisis appears more pronounced among Shiites than Sunnis because of the years of economic marginalization they endured under Mr. Hussein. At least two dozen Shiite families are living in an abandoned army hospital in southern Baghdad, having fled Sunni Arab insurgents in the Abu Ghraib area to the west. Hundreds of other Shiite families are camped in other buildings on the sprawling former army base known as Camp Rashid.

Jabir Munther, his two wives and nine children live in a dank room in a building that used to be the base hospital's radiology department. Rugs are the only furnishings. Outside Mr. Munther's open window is a pond of raw sewage.

He showed a visitor a creased leaflet signed by a Sunni insurgent group that warned Shiites to leave the Abu Ghraib area. A Sunni friend warned him that he would be killed the next day, so he fled, with the help of the network of the radical Shiite cleric Moktada al-Sadr.

Mr. Munther earns about $120 a month as a guard for a government ministry, he said, about half of what he needs to rent an apartment. He is grateful that he found the hospital, which has spotty electricity but usually reliable running water.

"It's better than living in a tent," he said.

Other Shiite refugees at Camp Rashid include former residents of Ramadi and Falluja in Anbar Province, centers of the Sunni insurgency. The former hospital is in the center of a bizarre moonscape of rubble, the result of contractors dumping debris on the hospital grounds. Children play all day amid the piles. They cannot go to school because no school is nearby. At other encampments, people say they have trouble enrolling their children because they have no permanent address.

On a recent morning, water trucks from Baghdad's municipal government arrived at the base; residents had been without water for a week after a pipe ruptured during construction of a nearby electrical substation. Women in black chadors flocked to the vehicles to fill their plastic containers.

One man who identified himself only by his nickname, Abu Firas, 54, said he was a member of the camp's unofficial city council. Before the government's fall, he lived in southern Baghdad. Laws under Mr. Hussein's rule protected him from eviction, he said, but after the invasion his landlord kicked him out.

Dozens of poor Shiite families have built ramshackle shelters out of rubble, corrugated tin and other materials on an empty stretch of land northeast of Sadr City, the Shiite district. They have no electricity. For water, they fill giant cisterns at a nearby water pipe.

Jassim Muhammad Marid, 65, said most residents of the shantytown were victims of the spiraling cost of living and the shortage of adequately paying jobs.

Many Iraqi families who do have housing are now living with three or even four generations under one roof. A dispute with his wife's family in Kut, a southern city, drove Ahmed Mishaan Battah, 22, and his wife to the former air force club.

In October, they moved onto the grounds, paying the previous occupants of their new home, the second floor of a severely damaged building, $50. It has become increasingly common for rooms in squatter encampments to be bought and sold like regular real estate.

The Battahs got one room with walls, where they sleep, but the others are exposed. They cook meals on a small gas burner, tiptoeing around a precipice. As Iraq's winter chill sets in, the Battahs, who are expecting their first child in a few months, are worried.

"I don't know what I'm going to do when the rains come," Mr. Battah said.

Nearly every family living here has some Dickensian tale of woe to share. In one of the main buildings, there is the family of a police officer killed in late fall. He took the job to try to scrape together the cash to move his wife, four children and niece out of this netherworld of trash and raw sewage. But a bomb in a booby-trapped body killed him.

Jameela Hashim, 48, who lives downstairs from them, has sold her family's heater, refrigerator and stove to help make ends meet. Her husband suffers from mental illness from his time in the military during the Iran-Iraq war. The couple guarded a hotel after the invasion in exchange for a place to live. But they lost that job and wound up at the air force club.

In an arrangement that is at once tragic and comic, Muhammad Ubaid, a carpenter; his wife, Ms. Talib; and their five children have ensconced themselves on the stage of the club's former theater. Like so many others, Mr. Ubaid struggled to find work after the American-led invasion. The family at first moved from their home in Dora to a less expensive neighborhood. But they soon lost that home, as well as Mr. Ubaid's carpentry shop.

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A friend suggested they try the theater, which was unoccupied. Mr. Ubaid built a makeshift shelter for his family on the stage. It includes a front window that looks out on the empty auditorium with no seats. After the invasion, looters ripped out every one in a matter of hours.

Mr. Ubaid still takes occasional furniture orders from customers. A fancy set of sofas was parked on stage on a recent afternoon. But the meager income he earns is not enough to move his family out. The Ubaids remain on the stage, living out their own drama.

Prince Harry Off To Iraq (DT)

The Daily Telegragh, December 29, 2006

Harry will be stationed near the southern port city of Basra and will likely be assigned to patrol the border with Iran.

London's Daily Telegraph said Harry, 22, is determined to go, despite reports of resistance from many in the military who fear he would be a fat prize for terrorists.

They're also worried he would attract attention and put his fellow soldiers in greater danger.

The Telegraph said officials are trying to figure out how to minimise the danger without giving Harry special treatment.

As a second lieutenant, he will have command of 11 men and four light tanks.

Meanwhile, the Prince has joined girlfriend Chelsy Davy, 21, and her family on Bazaruto Island, off Mozambique, for the third year running for a holiday courtesy of safari operator Charles Davy.

Harry has become increasingly close to the Zimbabwean-born tycoon, who has been widely criticised for his links to Robert Mugabe.

Mr Davy is one of the country's biggest landowners and is thought to control about 1 per cent of all agricultural land at a time when many white farmers are being brutally forced out of their livelihood.

Harry has refused to hear a word against him and has once more chosen to abandon the Royal Family's traditional New Year at Sandringham in favour of spending his holiday with the Davy clan.

Genghis Khan: Law And Order (LAT)

By Jack Weatherford

The Los Angeles Times, December 29, 2006

IN HIS FINAL televised speech to the Iraqi people in 2003, Saddam Hussein denounced the invading Americans as "the Mongols of this age," a reference to the last time infidels had conquered his country, in 1258. But the comparison isn't very apt — unlike the Mongols, the Americans don't have the organizational genius of Genghis Khan.

In the 13th century, Temujin — better known by his title, Genghis Khan ("world leader") — headed a tribal nation smaller than the workforce of Wal-Mart, yet he conquered and ruled more people than anyone in history. After Genghis Khan's death, his grandson, Hulegu, further expanded the empire, easily conquering most of the Middle East and achieving the Mongols' aim: the establishment of a trade corridor from Korea on the Pacific to Syria on the Mediterranean, one part of their goal of controlling the world.

So that every warrior knew his place within the struggle, Genghis Khan began each campaign with meetings to communicate to his approximately 100,000 soldiers where and why they would fight. The legal justification for the Mongol invasion of Iraq derived from the reluctance of the caliph of Baghdad to control the Shiite Cult of the Assassins, whom the Mongols accused of attempting to kill their khan.

The assassins operated from a series of fortified mountain camps spread from contemporary Afghanistan to Iraq, and the Baghdad invasion did not begin until the Mongols had eradicated the threat from the assassins and destroyed their fortresses. For the final attack on the caliph, the Mongols assembled a coalition of nations, and as their main army invaded Iraq in two columns from the east and the south, their allies approached from the north and west.

Genghis Khan recognized that victory came by conquering people, not land or cities. In contrast to the Americans in 2003, who sought to take the largest cities first in a campaign of shock and awe, the Mongols in 1258 took the smallest settlements first, gradually working toward the capital. Both the Mongols and the Americans used heavy bombardment to topple Baghdad, but whereas the Americans rushed into the capital in a triumphant victory celebration, the Mongols wisely decided not to enter the defeated — but still dangerous — city. They ordered the residents to evacuate, and then they sent in Christian and Muslim allies, who seethed with a variety of resentments against the caliph, to expunge any pockets of resistance and secure the capital. The Americans ended up as occupiers; the Mongols pulled strings, watching from camps in the countryside.

The Mongols also immediately executed the caliph and his sons on charges that they spent too much money on their palaces and not enough defending their nation. They killed most members of the court and administration. The Mongols took no prisoners and allowed no torture, but they executed swiftly and efficiently, including the soldiers of the defeated army who, they

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believed, would be a constant source of future problems if allowed to live. The first several months of a Mongol invasion were bloody, but once the takeover ended, the bloodshed ended.

By contrast, the American military campaign was quick, with comparatively few Iraqi (or coalition) casualties, but the bloodshed has continued for years. Constrained from decisively dispatching enemies of a new Iraq, the United States has allowed Iraqi terrorists to select who lives and who dies, including women and children, in a slow-motion massacre.

And while the violence continues, the U.S. can't come close to establishing a government that rivals what the Mongols achieved. They exercised a genius for speaking to people in terms that they understood. When conquering Muslims, Genghis Khan always announced that Allah willed the Mongol victory as divine punishment; to resist the Mongols was to defy the will of God.

Just as the Mongols perfected the list of who to kill in a conquered land, they knew whom to reward and how to do it. In Baghdad, Hulegu installed a government under Ata Malik Juvaini, a devout Persian Muslim, who governed for most of the next 20 years and whose writings survive as some of the great scholarly works of the Muslim world.

The Mongols spared anyone with a craft, such as carpentry, writing, pottery, weaving or metal working. They fiercely enforced religious freedom, which created an essentially secular state. In Baghdad, they gave many of the caliph's palaces to Mongol allies for more practical uses. They lowered taxes for merchants and eliminated them for religious, medical and educational professionals. They educated women along with men. For all subjects, they instituted harsh laws enforced equally under nearly incorruptible officials.

Fundamentalist Muslims look back at Mongol secularism as a scourge. But, although U.S. rule in Iraq has produced a constant flow of refugees, particularly religious minorities, out of the country, under Mongol rule Christian, Muslim, Jewish and even Buddhist immigrants poured into the newly conquered Iraq to live under the Great Law of Genghis Khan. It was said that during this time a virgin could cross the length of the Mongol Empire with a pot of gold on her head and never be molested.

By the time of the U.S.-led invasion of Iraq, the political achievements of the Mongols had been forgotten, and only the destructive fury of their wars was remembered. Yet under the Mongols — and the legacy of Genghis Khan — Iraq enjoyed a century of peace and a renaissance that brought the region to a level of prosperity and cultural sophistication higher than it enjoyed before or after. Any country with a bent for empire could do worse than learn from Genghis Khan.

Caesar: Diplomacy And Power (LAT)

By Adrian Goldsworthy

The Los Angeles Times, December 29, 2006

WHAT WOULD Julius Caesar do in Iraq? "He'd win" is the simplest answer. How he would do it is harder to say — after all, just how would a man like that behave in the modern world? We can never know, but his campaigns in Gaul give us a fair idea.

When Caesar led his legions into Gaul — basically present-day France and Belgium — in 58 BC, many of the tribes there greeted him as a liberator. Six years later, almost all of them rebelled against him in a war fought with appalling savagery. Through skill and luck, Caesar won. He then spent the better part of two years in painstaking diplomacy. As one of his own officers put it: "Caesar had one main aim, keeping the tribes friendly and giving them neither the opportunity nor cause for war." It worked, and Gaul remained at peace when he left in 49 BC.

From the start, Caesar backed his campaigns with concerted and highly personal diplomacy. He met the tribal leaders as a council at least once a year and visited them individually more often. The great rebellion in 52 BC was all the more surprising because it was led by chieftains who had done very well out of their alliance with Caesar. They had decided that they would do even better if the Romans were expelled. Allies, and especially those in an occupied country, may not necessarily have the same long-term ambitions.

Of course, Gaul in the 1st century BC was a very different place from Iraq today. The many mutually hostile tribes of Gaul, divided by language if not religion, had never been combined into a single nation. Caesar came as a conqueror, the agent of a blatantly imperialistic Roman Republic that had already occupied much of the Mediterranean world. There was no talk of creating a free democracy, still less of exit strategies. Gaul would remain part of Rome's empire for more than five centuries.

Caesar was effectively a free agent because there was no way that the Senate could have directed events from Rome when messages took weeks to reach Gaul. He also combined supreme civil and military power in his office as proconsul, so that he both devised and implemented political and military strategy. There was a single mind and purpose behind Roman policy in Gaul. Despite his power, Caesar couldn't lose and get away with it. Failure would have meant exile or death. Put simply, Caesar could not afford to consider withdrawal.

Even without 24-hour news and an international community watching his every move, Caesar was acutely aware of the need to win over public opinion. Each winter he produced an account of the year's campaign, designed to be read aloud and to

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thrill an audience of Romans. From the beginning, these were acknowledged as one of the highest expressions of the Latin language.

The Bush administration has been far less effective in selling the war to the U.S. public, and Tony Blair's government has made even more of a mess of winning over domestic opinion in Britain. More seriously, from the beginning there were major errors in strategy. The coalition forces have performed superbly, but too few troops were sent, especially because insufficient attention was paid to reconstructing Iraq.

When Caesar suffered one of his few defeats and lost 1 1/2 legions in the winter of 54-53 BC, his response was to replace them with twice as many men. The idea was to show that Roman resources and determination were inexhaustible.

Caesar knew that soldiers could only do so much and that lasting peace needed a political settlement. In Gaul, the tribes were left to govern themselves in their day-to-day affairs — that was the Roman way. In the long term, the leaders would be absorbed into Rome's aristocracy. In the short term, they had to be treated fairly and persuaded that accepting Roman rule was more attractive than resorting to violence.

At times, Caesar was ruthless in ways that would and should be utterly unacceptable to the United States and its allies. One prominent chieftain who displeased him died "resisting capture." Another was publicly flogged and beheaded without the formality of a trial. These were misjudgments and helped provoke the great rebellion in 52 BC. Other brutal warnings of the price of opposing Rome were more effective — the defenders of one captured town had their hands cut off. Caesar also launched attacks on neighboring Germans and Britons because he felt that they threatened the peace in Gaul. Today he would presumably be more ready than seems sensible to make similar strikes on Iran or Syria.

Caesar made mistakes in Gaul, and came very close to defeat, but he never doubted his ultimate success. This was not just a question of staying the course. Caesar was able to admit when he had made a mistake. He adapted, changed his plans to meet a situation and threw every resource — including his own massive energy — into achieving his aim. In a few years in Gaul, initial victory turned to apparent disaster, and that was turned into lasting success.

Caesar's experience shows how a seemingly desperate situation can be salvaged, but it does not suggest that this is easy, and there is a lot about his example we would not want to follow. The time it took for Caesar to turn the situation around in Gaul shifted the political balance in Rome hugely in favor of his bitterest opponents. Victorious in Gaul, he still saw his career threatened with extinction. He didn't hesitate. He left Gaul to make war on his own country. Mavericks like Caesar make effective war leaders — but can be dangerous if a state fails to control them.

Lincoln: Focus On The Real Foe (LAT)

By Harold Holzer

The Los Angeles Times, December 29, 2006

PRESIDENT BUSH has often cited Lincolnian resolve to justify staying the course in Iraq. He takes inspiration from the knowledge that Abraham Lincoln too endured failure, frustration and dissent, not to mention more American casualties on a single day at Antietam than we've lost in all four years in Iraq. Yet Lincoln still persuaded the North to persevere "until every drop of blood drawn with the lash, shall be paid by another drawn with the sword."

Such comparisons are not all inapt. Just as Bush widened (diluted?) the war against terrorism by invading Iraq, Lincoln broadened American goals mid-conflict. The war to save the Union became a war to end slavery. Both presidents sought increased powers at home. Lincoln not only imposed the military tribunals that Bush dreams about, he once allowed troops to shut down an unfriendly New York newspaper and imprison its editor. Bush has never gone that far — much as he might like to.

Nor did Lincoln seek preemptive war; it sought him. "You can have no conflict," he said at his first inaugural, "without being yourselves the aggressors." But when war "came," as he later put it, Lincoln proved far nimbler than Bush, quickly shifting course when necessary. As soon as the first 75,000 Union volunteers proved inadequate, he called for 300,000 more. When 90-day recruits went home, he ordered three-year service instead. When white soldiers alone could not win, he welcomed "colored" troops into the ranks. And when even this vast volunteer army could not restore the Union, Lincoln imposed the nation's first military draft.

Unlike Bush, who waited six years to remove Donald Rumsfeld, Lincoln jettisoned his first, failed secretary of war in just 10 months. He elevated and dismissed generals rapidly, even ruthlessly, until he found the right one in Ulysses S. Grant.

He even surpassed Bush when it came to finding weapons of mass destruction — albeit for his own use. He encouraged innovations such as rifled artillery and ironclad warships. The president famous for espousing "malice toward none" argued that the war could not be won with "elder-stalk squirts, charged with rose water." He wanted cities leveled, enemies destroyed.

Most important, Lincoln understood that "public sentiment is everything" (he said it in his first debate with Stephen Douglas). He was not only decider in chief but communicator in chief. In his brilliant speeches defining the nature of democracy and sacrifice — all widely published — Lincoln kept Americans informed and inspired.

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So what might Lincoln do today?

First, focus on the real enemy: terrorists. When advisors suggested he start a war with England merely to woo patriotic Southerners back into the Union, Lincoln replied: "One war at a time." He also rejected adventurism against French-controlled Mexico. Today Lincoln would fight only the war that needs fighting.

Second, embrace flexibility. Seek the right generals, strategies, troop levels and weaponry, and be willing to change course and personnel swiftly.

Third, communicate objectives with frequency, passion and precision. No one can match Lincoln's eloquence, but no president should abandon Lincoln's commitment to engage the public.

Fourth, spend more time at the front. Lincoln visited the troops often, absorbing their pain and boosting their morale. Maybe his case was better, but his manner of symbolizing it was best.

Finally, abandon the notion of divine will to justify war. Even the pious Lincoln came to realize it was fruitless, even sacrilegious, to invoke God as his ally. "In great contests each party claims to act in accordance with the will of God," he lamented. "Both may be, and one must be, wrong." As Lincoln understood: "The Almighty has his own purposes."

Washington: The Crying Game (LAT)

By Joseph J. Ellis

The Los Angeles Times, December 29, 2006

IT'S A RIDICULOUS question: "What would George Washington do about Iraq?" Well, if you plopped him down in Baghdad, he would be utterly lost. He couldn't find Iraq on a map. Show him a cellphone, a helicopter or a Humvee and he wouldn't order them into action, he'd be mesmerized. He is simply unavailable for a conversation about Iraq.

But suppose you could contact him, and suppose you posed a question to him that never mentioned Iraq specifically yet described the fundamental strategic dilemma facing the United States. It might go like this:

"Can a powerful army sustain control over a widely dispersed foreign population that contains a militant minority prepared to resist subjugation at any cost?"

Washington would recognize the strategic problem immediately, because it is a description of the predicament facing the British army in the colonies' War for Independence.

And, more than anyone else, Washington's experience during the war as the leader of an American insurgency allowed him to appreciate the inherently intractable problems that faced an army of occupation in any protracted conflict.

Until the winter of 1777-78 at Valley Forge, Washington thought of the war against Britain as a contest between two armies. When the British army presented itself for battle, as it did on Long Island in the summer of 1776, Washington felt honor-bound to fight — a decision that proved calamitous on that occasion and nearly lost the war at the very start. That's because the British had a force of 32,000 men against his 12,000. If Washington had not changed his thinking, the American Revolution almost surely would have failed because the Continental Army was no match for the British leviathan.

But at Valley Forge, Washington began to grasp an elemental idea: Namely, he did not have to win the war. Time and space were on his side. And no matter how many battles the British army won, it could not sustain control over the countryside unless it was enlarged tenfold, at a cost that British voters would never support. Eventually the British would recognize that they faced an impossibly open-ended mission and would decide to abandon their North American empire. Which is exactly what happened.

The implications for U.S. policy in Iraq are reasonably clear, and they pretty much endorse the recommendations of the Baker-Hamilton Iraq Study Group. Like the British decision to subjugate the American colonies, the Bush decision to democratize Iraq has been misguided from the start. The administration never appreciated the odds against its success, and it disastrously confused conventional military superiority with the demands imposed on an army of occupation.

No man in American history understood those lessons better than Washington, who viewed them as manifestations of British imperial arrogance, which he described as "founded equally in Malice, absurdity, and error." If dropped into Baghdad, he would weep at our replication of the same imperial scenario.

Afghan Angry At Pakistan's Plan For Mines And Fence On Border (NYT)

By Carlotta Gall

The New York Times, December 29, 2006

KABUL, Afghanistan, Dec. 28 — President Hamid Karzai voiced strong opposition on Thursday to Pakistan's announcement that it would lay mines and erect fences along its border with Afghanistan. He said the moves would only hurt the people living in the region and would not stem cross-border terrorism.

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“Thousands and thousands and thousands of people have been maimed and killed by mines,” Mr. Karzai said in comments to journalists at the Presidential Palace, “and we are strongly against this idea. We are politically against it, and in humanitarian terms we are against it.

“Mines will not prevent terrorism crossing the border into Afghanistan, or militants who come and kill our people. Laying mines or fencing the border will only separate people and families from each other. Rather than helping, it will cause people difficulty in movement in trade and meeting each other.”

Mr. Karzai has for months been accusing Pakistan of being a source of terrorism and of providing a haven to insurgent groups that, he says, recruit, organize and train fighters and suicide bombers who are then sent into Afghanistan.

“If we want to prevent terrorism as a whole, forever eradicate them and defeat them,” he said, “then you must remove their sanctuaries, then you must remove the places they are being trained, their sources of finance, equipment and training. That is the best way.”

Pakistan has denied the existence of training camps and the presence of Taliban or insurgent groups on its side of the border.

The Pakistani government has also deployed more than 80,000 soldiers in its border provinces to try to stem cross-border infiltration, and has now started to mine and fence the border to seal it more effectively, Riaz Mohammed Khan, the foreign secretary, said Tuesday at a briefing in Islamabad, the capital.

The border, known as the Durand Line, for a British official who demarcated the boundary between Afghanistan and British India, has never been recognized by Afghanistan and remains contested at many points along its 1,500-mile length. It cuts through mountains and divides tribes and extended families of the region, many of them ethnic Pashtun like Mr. Karzai.

“The same families are living on this side and on that side,” he said. “It is only going to prevent movement by civilian families and tribes.”

Cut-and-Run Is Not In Their Vocabulary (WSJ)

By Daniel Henninger

The Wall Street Journal, December 29, 2006

If someone this weekend says "Happy New Year" in Iraq or Afghanistan, would anyone in the world hear it? For many, the people of Iraq and Afghanistan have become like trees falling in an empty forest. The world doesn't want to hear it. Indeed, the one apparent accomplishment of the Baker-Hamilton report is that it freed people to say that Iraq is a "failure." Afghanistan, with fewer suicide bombings, never became much of a story in our domestic political wars, and so has largely receded into the mists.

It is ironic that despite the years of our daily engagement in these places, the "information age" has brought us so little knowledge about the people of Iraq and Afghanistan. Psychologically, much of America has already cut and run from these two countries.

Some Americans, though, simply won't.

In April 2004, this column told the story of Spirit of America, organized by Jim Hake, to provide citizen-supported aid to the troops serving in Iraq and Afghanistan. Then in May 2005 this space was given over to an account of American businesswomen working to help women in post-Taliban Afghanistan.

Here in the U.S., the political new year will fill up fast enough with politicians and pundits offering ways to unwind and spindle the commitments America made to Iraq and Afghanistan. So this seemed a good moment to revisit the folks running Spirit of America and the Business Council for Peace. They're not going to leave.

Spirit of America's experience in Iraq has followed the same rugged timeline of events as the war. Recall that in April 2004 it raised sufficient monies to rebuild TV stations in Al Anbar province, staffed by Iraqis, to counterbalance propaganda from the likes of al-Jazeera. Those TV stations were built. And they have been destroyed. A sewing center for Iraqi women was similarly destroyed.

This past year, the group got a request from the Army 451st Battalion to help restore the medical facilities at the Najaf Teaching Hospital. The Mahdi militia had occupied it for a time. Spirit of America sent seven cardiac monitors to the hospital's director, Safaa Hamedi. In October, gunmen killed Dr. Hamedi outside his home.

Still, requests from the Marines and Army continue to arrive at Spirit of America. An Army captain in Afghanistan's Parwan province asked for medical textbooks for local doctors. SoA sent bee serum to inoculate honey bees at a business in Iraq's Diyala region. Marine Lt. Jim Wilmott got camping equipment for 200 Iraqi Boy Scouts. At the request of U.S. Embassy personnel, SoA has sent clothing and school supplies for orphans in Baghdad and Basra. They've sent thousands of kids' backpacks and school supplies requested by soldiers around the country. With the SonoSite ultrasound company, SoA delivered handheld ultrasound machines to the primary hospital in Al Qaim, Iraq, near the Syrian border. "Before this," said Mr. Hake, "they were using seashells to listen to the sounds of a pregnant mother and baby; the Marines couldn't believe it."

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Jim Hake says Spirit of America's contributions have fallen off since 2004 owing to general fatigue with Iraq, "but under the circumstances people continue to be quite generous." An end-of-the-year funding request raised more than $150,000. "The emails we send to donors are not a good-news operation," says Mr. Hake. "We don't want to put a happy face on it. But the information is more encouraging than what they typically hear. The destroyed projects are hardly good news, but there are lots of guys and gals in the military there who are not just marking time, who want to see this work." * * *

It was about 19 months ago to the day that 13 women from Afghanistan were looking out the windows of the 29th floor of the Empire State Building in midtown Manhattan, brought there by a group of American businesswomen who call themselves the Business Council for Peace (Bpeace). One of the women remarked that New York looked "very new." The idea was to expose the Afghans, most of them college graduates, to basic business know-how. Bpeace had identified the Afghans as "fast runners," women with entrepreneurial instincts. Kate Bruggeln, a Council member and retailing specialist, just returned from Kabul, her fourth trip there. Three other Bpeace women were with her.

"These trips to Afghanistan always stagger you in the best way," she said this week. "Afghanistan is a longer road than our election cycle can endure, but these women are the future of Afghanistan. This isn't a replay of the last decade. Our group's been working with them for almost two years. They are making progress."

The big event on this trip was the preparations to open Rangeen Kaman Artisans, a for-profit cooperative run by 10 of the Bpeace "associates." Another associate, Afifa, has opened a fitness center for women; it shares electrical power with the RKA store. The Americans are also working with the Afghan Women's Business Federation to create a business-formation curriculum across the country.

"The thing Afghans fear most is that we're going to leave," Ms. Brugelln says. "Not only do they fear it, they predict it, because everyone has done it before. This fourth trip by our group was profoundly meaningful to them. In the face of all the instability, we showed up again. Bpeace won't be part of the downward spiral."

Could this determination be a variant of the much-mocked "stay the course"? It is at least an interesting irony that the people who have had their faces deepest in Iraq and Afghanistan the longest, as soldiers or volunteers like these, are the ones inclined to stick it out; while many here whose experience comes off the bloody front page every day are the ones looking for a way to -- there is no other phrase -- cut and run.

Groups such as the Spirit of America and the Business Council for Peace may yet be driven out. It is to this country's credit that early on, they voted with their feet to go in, and regret nothing.

CORPORATE SCANDALS:

Apple Probe Finds Jobs Was Aware Of Some Grants (WSJ)

By Steve Goldstein

The Wall Street Journal, December 29, 2006

Apple Computer Inc. said in a filing to the Securities and Exchange Commission that CEO Steve Jobs was aware or recommended the selection of some favorable stock-option grant dates, but didn't personally benefit from it.

FOCUS ON JOBS

From company filings made this morning:

Although the investigation found that CEO Steve Jobs was aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications. The Special Committee also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants. Read more1.

In a delayed annual filing made with the SEC, the company said a special committee of the board of directors appointed to look into past stock-option grants concluded that while Mr. Jobs was "aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications." (See details of Apple's filing2.)

"The special committee, its independent counsel and forensic accountants have performed an exhaustive investigation of Apple's stock option granting practices," former Vice President Al Gore, chair of the special committee, and Jerome York, chair of Apple's Audit and Finance Committee, said in a joint statement. "The board of directors is confident that the company has corrected the problems that led to the restatement, and it has complete confidence in Steve Jobs and the senior management team."

The special committee of Cupertino, Calif.-based company also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock-option grants.

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Apple is also restating financial statements from 2004-2006. In total, Apple is restating earnings after tax by $4 million in 2006, $7 million in 2005 and $10 million in 2004. The company also plans to take an $84 million noncash charge as a result.

The filing was widely anticipated. The company revealed in June that some stock options awarded to employees might have been mishandled. It launched an investigation that found accounting irregularities between 1997 and 2002 and showed that Mr. Jobs was aware of some options backdating. In August, the company said it would likely have to restate past financial results.

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The three-month probe identified a number of grants for which grant dates were intentionally selected in order to obtain favorable exercise prices, the company said. Of 42,077 stock-option grants made on 259 dates between October 1996 and January 2003, 6,428 grants on 42 dates are not the proper measurement dates. And of two option grants awarded to Mr. Jobs, one was improperly dated Oct. 19, 2001, with an exercise price of $18.03, instead of the correct date of Dec. 18, when Apple was trading at $21.01. That stock-option grant was for 7.5 million shares. The SEC and the U.S. Attorney's Office have been informed of the results of its probe, Apple said.

--The Associated Press contributed to this article.

Apple Filing To Tell All On Options (NYT)

By John Markoff And Miguel Helft

The New York Times, December 29, 2006

SAN FRANCISCO, Dec. 28 — Apple Computer and its charismatic chief executive, Steven P. Jobs, are expected to make a big announcement about a new product at the Macworld conference next month. Before that, however, the company has some other highly anticipated information to share.

The company is likely to answer questions about backdated options granted to Mr. Jobs and other executives in a delayed annual report that Apple said it would file with securities regulators on Friday.

Apple is among dozens of companies, many of them in Silicon Valley, which have come under scrutiny for assigning favorable grant dates to stock options to inflate their value.

So far, Apple, which is known for obsessively guarding information about new products, appears to have applied the same secrecy to its handling of the stock option issues. Publicly, it has confined its response to a few terse statements. This week it continued to maintain its silence as reports about possible falsified documents rattled shareholders.

“What we want a company to do is to get good information in the marketplace as soon as it has that information,” said Patrick McGurn, executive vice president of Institutional Shareholder Services, which advises its clients on corporate governance issues. “Obviously the information has dribbled in fits and starts out of Apple. It has been more of a piecemeal approach.”

But Mr. McGurn noted that Apple faced unique challenges.

“Apple is in a much more difficult position than other companies in the backdating morass, because a significant portion of its market valuation is based on Steve Jobs staying at his job,” he said.

The company has said that Mr. Jobs knew of some backdated grants, but that he did not knowingly receive any of them and had not benefited from the practice.

As part of its annual report, the company will most likely say more about the findings of a three-month investigation it commissioned to look into its accounting for stock options. One former Securities and Exchange Commission official said that if Mr. Jobs signs the document, as he is required to do under Sarbanes-Oxley, and Apple’s auditors endorse that signature, it would indicate that the auditors feel he is not in jeopardy.

“The fact that the auditors would accept the Jobs certification reflects that they were satisfied that the internal investigation had been thorough and that the results of the internal report could be relied upon,” said Michael D. Mann, a partner at the New York law firm of Richards Kibbe & Orbe and a former director of the Office of International Affairs at the S.E.C.

Apple’s auditor, KPMG, has been trying to avoid controversy since it reached a deferred-prosecution agreement with the Justice Department last year in a case involving illegal tax shelters. Analysts said that would lead the firm to be particularly vigilant in its auditing of options cases.

James D. Cox, a professor of corporate and securities law at Duke University, said the report could still contain some unpleasant surprises. “The mere fact that he is producing a report with his signature doesn’t mean the report doesn’t contain damning information,” Professor Cox said. “Assuming the report identifies false documents, does it make clear statements as to who is responsible and, equally, as to who is not responsible, and why?”

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The options issues at Apple, which the company first disclosed in June, came back into the spotlight this week when The Recorder, a San Francisco newspaper owned by American Lawyer Media, reported that the investigation conducted by a law firm on Apple's behalf had found that options documents had been falsified to increase the value of grants to Apple executives.

On Thursday, The Financial Times reported that investigators had discovered an options grant to Mr. Jobs that had not been properly authorized by the company's board.

The two reports, which did not name sources, sent shares of Apple on a roller-coaster ride. The shares declined 65 cents, to $80.87 on Thursday, and are down 1.6 percent for the week after falling as low as $76.77 on Wednesday.

A spokesman for Apple, Steve Dowling, said the company planned to meet its target for filing the report, and declined to comment further. "We're providing all details to the S.E.C. and not commenting," Mr. Dowling said.

In an e-mail message, a spokesman for the United States attorney's office in San Francisco, which in July created a special joint task force with the Federal Bureau of Investigation to investigate stock option backdating, declined to comment.

After the review of its options accounting practices, Apple said in October that while there had been 15 instances of backdating, the review had found no misconduct by any member of Apple's current management team.

The language of Apple's statement, coupled with the simultaneous resignation from the board of Fred D. Anderson, the company's former chief financial officer, led analysts to believe that Apple and Mr. Jobs were attempting to distance themselves from any blame in the case.

Analysts have also focused on the possible role of Nancy Heinen, Apple's former general counsel, in the options grants. Ms. Heinen left the company without a public announcement in May and declined to comment on the reason for her departure.

Both Ms. Heinen and Mr. Anderson have retained their own lawyers.

"Nancy Heinen has a well-earned reputation over 20 years for honesty and integrity, and any rumors to the contrary are without foundation," said Cristina C. Arguedas, Ms. Heinen's lawyer.

Mr. Anderson's lawyer did not return calls, but an associate of Mr. Anderson's who declined to be identified because of the complexity of the legal situation, said that because of the way the options granting process worked at Apple, it was unlikely that Mr. Anderson would have been in a position to alter option dates.

Although he resigned from the job of chief financial officer in 2004 and went on to help found Elevation Partners, a private equity firm, Mr. Anderson spent time at Apple this year reviewing the options matters before resigning from the board.

Gene Munster, an analyst with Piper Jaffray who follows Apple, said he did not expect the investigations into Apple's options practices to implicate Mr. Jobs, who he said had not historically been involved in compensation issues.

"Everything we know about Apple is that the compensation side is not something Jobs has ever been involved in," Mr. Munster said. "The key thing, and the only thing Wall Street cares about, is whether Jobs will be impacted, and we don't believe he will be." Piper Jaffray has an outperform rating on Apple stock.

In a research note on Wednesday, Benjamin Reitzes, an analyst at UBS Investment Research, said there was little to fear.

"Investors seem to be reacting to the mention of Steve Jobs," Mr. Reitzes wrote. "We believe it could make sense to obtain counsel given his immense personal fortune and influence."

Jobs Possibly A Part Of Apple Options Inquiry (AP)

By May Wong, THE ASSOCIATED PRESS

AP, December 29, 2006

SAN JOSE, Calif. -- Shares of Apple Computer Inc. had another wild ride Thursday after new details of a federal investigation into the company's stock options practices raised questions about the role played by its charismatic chief exedutive, Steve Jobs.

Shares of the iPod and Macintosh computer maker closed at $80.87, down 65 cents, or less than 1 percent, after falling more than 2 percent during the day. On Wednesday, shares slid 5 percent before rebounding.

Citing unnamed people familiar with the matter, the Financial Times reported that Jobs received 7.5 million stock options in 2001 without the required board authorization and that documents were later falsified to indicate otherwise.

The Securities and Exchange Commission is looking at those documents among other evidence in its review of Apple's backdating of stock options, the British newspaper said.

"It does create a certain amount of doubt as to whether Steve Jobs can stay with the company," Rob Enderle of the research firm Enderle Group said Thursday. "It looks more and more serious."

Backdating is the manipulation of the timing of stock options to bolster the profits of executives and employees. Apple is among nearly 200 companies ensnared in the scandal and that have disclosed SEC, Justice Department or internal investigations.

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In June Apple began an internal review of its grants, including one to Jobs. Apple said in October that it found 15 misdated grants from 1997 to 2002. The Recorder, a San Francisco-based legal newspaper, first reported Wednesday on the discovery of possibly falsified documents related to options.

Full details of Apple's options troubles have yet to emerge, but the Cupertino, Calif.-based company largely exonerated Jobs in October when it said an internal investigation had not found any misconduct by current management. The investigation did raise serious questions, however, about two former officers, the company said.

Experts who would speak only generally without any facts about the Apple imbroglio say that if Jobs knew about the falsification of documents, he could be in trouble.

"Any CEO that has falsified documents and filed or certified false statements made to investors and the SEC will put themselves in the cross hairs of law enforcement agencies," Lynn Turner, a former SEC chief accountant, said in an e-mail.

But even if Jobs was aware, proving it would be a challenge, said Dennis Codon, a lawyer at Robins, Kaplan, Miller & Ciresi LLP in Los Angeles.

Jobs later surrendered those options without exercising them and realized no financial benefit.

Faking documents to make it look like a meeting occurred to support backdating has happened in corporate America and is not a surprise, said Codon, whose office aids companies in crisis management.

At the same time, the falsification of records could have been done by others without an executive's knowledge, he said.

Codon said he knows of top executives who truly were unaware of some of the accounting implications in backdating, which Apple said in October was the case for Jobs.

"I could see how a chairman would not have a clue," Codon said. "I'm not convinced Jobs is in trouble, but he could be if he knew and participated in putting that situation together."

SEC spokesman John Heine, and Luke Macauley, a spokesman for the U.S. Attorney's Office in the Northern District of California, which created a stock-options task force in July, both declined to comment.

Financial analysts have largely shrugged off the reports, seeing little impact as long as Jobs, Apple's iconic co-founder and CEO, remained unscathed.

Apple's 2006 Report Could Hold Clues In Options Scandal (SFC)

By Jessica Guynn, Chronicle Staff Writer

San Francisco Chronicle, December 29, 2006

Rarely before in the business world has the filing of a company's annual report been as widely anticipated as the one Apple Computer Inc. is expected to submit today amid a deepening stock options scandal that has raised questions about CEO Steve Jobs.

Apple was rocked this week by reports of forged documents connected with an award Jobs received in 2001 of millions of options to buy Apple stock. What happens to Jobs, one of the technology world's commanding figures, could depend on what he knew about options problems at Apple and when he knew it.

Apple watchers will pore over Apple's filing with the Securities and Exchange Commission in search of assurances that Jobs had no direct involvement in any stock-options shenanigans.

Jobs holds an unusual place in corporate America. He is more cult than corporate leader, credited with creating must-have products and reinvigorating the Cupertino maker of iPods and Macintosh.

"Steve is a one-man revolution," said longtime Silicon Valley watcher Paul Saffo. "He is not your average money-grubbing, hired gun corporate CEO. There is probably no one out there other than Bill Gates and the folks (at Microsoft) who want to see him distracted from his job."

But Jobs and his company have been plunged into scandal in recent months after disclosures that Apple may have improperly granted stock options to Jobs and other executives.

Apple spokesman Steve Dowling declined to comment except to say that Apple is providing "all details" of its internal investigation of the matter to the SEC. Federal prosecutors are reportedly also looking at possible wrongdoing in Apple's options program.

As many as 200 U.S. companies have been tarred with similar revelations of misconduct in reporting options granted to executives and other employees. Many of those companies have been forced to restate financial results. Well-known executives in technology and other sectors have resigned because of improper conduct related to options. At two companies, officers have been criminally indicted.

But none of the companies affected so far has such a famous name or plays such a central role in the technology world as Apple Computer and its storied CEO. That has raised the stakes of corporate America's options scandal, bringing it to the highest level of Silicon Valley.

Stock options are a form of compensation commonly used in the technology industry in which the option to buy shares of stock at a predetermined price are granted to an employee. The recipient can later exercise the options, usually after a minimum waiting period, after the stock has increased in value. Companies can backdate options as long as they disclose the practice and properly account for it, which many companies fail to do.

Apple's scandal took a potentially dangerous turn this week when the Financial Times reported that Jobs received 7.5 million stock options in November 2001 even though Apple's board of directors did not give the required approval until December, suggesting the options were backdated and documents forged. Jobs later surrendered the options without exercising them.

"That is the kind of thing that gets the government's attention," said former Colorado U.S. Attorney William Leone, who now has a private practice in Denver.

Apple may disclose more details surrounding the 2001 options grant to Jobs in its filings today, which is also expected to restate its financial results from previous years.

The company has not made any public comment since October when it released a statement summarizing the key findings of a three-month internal investigation which cleared of wrongdoing all current management, including Jobs. The October statement also contained a public apology from Jobs "for these problems which happened on my watch."

Uncertainty shrouding his future has raised pressure on Apple even as the company gains market share in personal computers, dominates the music and video player market, and releases new software for photos, movies and music. The company is also preparing for Macworld Expo, its annual event next month in San Francisco to showcase new products, one of which may be the long-anticipated release of a cell phone. Jobs always takes center stage at Macworld.

Analysts already are turning their attention to next month's event. They generally shrug off the possibility that Jobs will be swept up in the stock-options scandal. They are not expecting any major bombshells to jeopardize Jobs' position.

"Our contention is that, as long as Jobs is not implicated, either in the filings or by government actions -- which seems like the likely outcome based on current public documents -- then the issue will pass without significant or any lasting consequence to the stock," Bank of America analyst Keith Bachman wrote.

Apple launched its internal investigation, led by a special committee of board members, after management discovered irregularities in how options were granted between 1997 and 2002. The investigation took three months, examined more than 650,000 e-mails and documents, and conducted interviews with more than 40 current and former employees, directors and advisers.

In October, Apple announced that the investigation found several instances where options appeared to have been granted before the grants were approved. That raised concerns that the options were backdated to a day when the stock was trading at a lower price, potentially boosting the windfall for executives.

Apple took pains to distance Jobs from the controversy, saying that, in some cases, Jobs was aware of the practice, but that he was unaware of the accounting implications and did not personally benefit. Apple did say the investigation "raised serious concerns" about the actions of two former officers whom the company did not identify.

Apple has attempted to shield Jobs from the scandal because he is its most valuable asset. An Apple co-founder, Jobs left the company in the mid-1980s but returned a decade later to lift its fortunes to new heights.

Pixar Is Also Subject Of Probe (FT)

By Chris Nuttall In San Francisco

Financial Times, December 29, 2006

Another company founded by Steve Jobs - Pixar, the animation studio - is also being investigated by the SEC over stock option awards but Mr Jobs never received any options himself.

Walt Disney, which acquired the company in May, said last month that its board was carrying out an independent review of stock option practices at Pixar after receiving inquiries from the SEC and Justice Department, although it played down any likely financial impact from the issue.

Richard Farmer, Merrill Lynch analyst, in a research report earlier this year into whether Steve Jobs might have been involved in options regularities, said: "Our review of Pixar disclosures does not allow us to rule out the possibility, given Jobs was a member of the board that made options decisions, and our analysis suggests these may contain irregularities."

His research found that, between 1997 and 2004, four out of seven awards were recorded at the lowest possible price in the fiscal years they were granted - with the odds of this happening by chance being 112m to one.

Pixar's compensation committee did not meet between 1997 and 2004 but acted by written consent in two of those years, according to proxy filings.

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Pay Packages Allow Executives To Jump Ship With Less Risk (NYT)

By Julie Creswell

The New York Times, December 29, 2006

It's called the "golden hello."

For a chief executive of a large corporation, it is the one thing — more than the corporate jet or any other perk — that must be guaranteed before the executive will move to run another company.

W. James McNerney Jr., a former superstar manager at General Electric, received not one, but two such deals in recent years, worth tens of millions of dollars. In each deal, he was given any bonuses, stock options, restricted stock and pension benefits that he would have abandoned by leaving his previous employer.

Such golden hello payments are intended to make the executive "whole" — in essence to treat the executive as if his career were one smooth ascent with no costly interruptions. And these multimillion-dollar payments and perks are used to draw in not only chief executives, but virtually every member of the executive suite. If "golden parachutes" — rich exit packages of extra cash, stock or retirement benefits — are needed at times to kick out chief executives, golden hellos are increasingly needed to get them in the door.

The career path of Mr. McNerney illustrates the phenomenon. In late 2000, after losing out in the race to become chief executive at G.E., Mr. McNerney jumped to 3M, where he received a pay package worth more than $34 million in guaranteed salary, bonus, option grants and restricted stock to make up for what he left behind at G.E., according to an analysis by Equilar, a compensation research company in San Mateo, Calif.

Five years later, in the summer of 2005, Boeing, which had been rocked by scandals, was on the hunt for a squeaky-clean chief executive. It offered Mr. McNerney, who was a director on its board, a pay package worth more than $52 million, which included $25.3 million of restricted shares and $22 million to replace his 3M pension. A Boeing spokesman said that Mr. McNerney's compensation was in line with that of other chief executives.

Such golden hellos are not new, but lawyers representing executives at the negotiating table are constantly coming up with quirky ways to make clients whole. Matching salaries, guaranteed bonuses and millions of dollars in stock options are typical. On top of that, chief executives are made whole on lucrative pension benefits, often being credited at the new company for years of service elsewhere — a perk rarely available to nonexecutive employees.

These days, though, some executives are demanding that companies make up losses they may face from the sale of a home if they relocate, or that they receive price protection on losses they might incur in stock they own in the company they are leaving.

The problem with make-whole payments, critics say, is that they have become so common and widespread that lesser-known chief executives from smaller companies can demand multimillion-dollar foundations on which other benefits and perks are layered.

The existence of the golden hello undermines the very reason stock options and executive pensions are offered in the first place — to encourage executives to hit performance targets and then to stick around to receive the full value of their compensation package.

"The whole rationale for giving larger bonuses and larger payouts to executives is that their total pay package is supposed to be riskier than that of the average worker," says Eleanor Bloxham, president of the Value Alliance, a group that advises companies on corporate governance. "What's happening with these make-whole packages is that they have no relationship with performance at the new company. You're paying people, really, a guaranteed bonus or, in fact, a guaranteed everything."

At most companies, the stock options and restricted stock typically awarded to executives are tied to performance targets or, at the very least, require many years of service to vest. They are not sure things, particularly stock options, as they may take years to vest and could be worthless if the company's stock falls or the chief executive fails to hit major performance targets.

Yet, an executive who jumps ship can virtually guarantee a multimillion-dollar payout by the new company. While new chief executives these days are typically not given huge cash payouts as soon as they walk through the door, they usually are awarded the value of the pay package they left behind simply by sticking around for three to five years, executive pay watchdogs note.

Furthermore, the huge pension benefit packages and other retirement perks that chief executives are demanding come at a time when many corporations are severely reducing pension benefits for employees. While top executives are credited for years of service they did not work in order to more rapidly vest their supplemental executive retirement plans, or SERPs, employees of several large corporations have seen their traditional defined-benefit plans frozen or sharply reduced this year in favor of less-generous 401(k) plans that do not offer the same guaranteed payouts.

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At Boeing, efforts are under way to move more employees out of defined-benefit plans and into defined-contribution plans, says Charles Bofferding, the executive director at the Society of Professional Engineering Employees in Aerospace, the union that represents 21,000 Boeing employees.

"They're doing that to everyone but the big dogs, who continue to get defined-benefit plans," Mr. Bofferding said. "When you have a different set of principles for the top people versus the rest of the employees, it undermines the top people's moral authority to lead."

Executive recruiters, compensation lawyers and analysts argue, however, that even companies that are reducing benefits to their work forces must offer golden hellos and other perks simply to compete for the limited pool of top-tier chief executive talent in the marketplace. For instance, Boeing, like so many companies that wind up paying big price tags for chief executives, was in desperate need of an outsider with a stellar reputation to earn back the trust of shareholders and Wall Street. In addition, Boeing was concerned about government investigators.

In 2003, the chief executive, Philip M. Condit, resigned in the wake of an investigation into Pentagon contracts. His successor, Harry C. Stonecipher, was forced out in March 2005 for having an affair with a female executive.

At 3M, Mr. McNerney was turning in a stellar performance and cashing in on the stock options he had been granted since joining the company. In the six months before he jumped over to Boeing, Mr. McNerney exercised more than 2.1 million stock options for gains of more than $32.3 million, according to Equilar. Also, about 40 percent of Mr. McNerney's restricted stock had vested, as well as about half of his $22 million pension.

To match what Mr. McNerney was leaving behind at 3M, Boeing's board offered him $25.2 million worth of restricted shares that vest in three-, five- and six-year increments, as well as the equivalent of full funding of his entire 3M pension, although he needs to remain at Boeing for five years to be eligible for it.

But McNerney's pension could grow even bigger. A clause in his contract says that his pension will be based on the three consecutive years within the 10 years before leaving Boeing when he received the highest pay, whether that occurred at Boeing, at 3M or even General Electric.

"Boeing has gone further into territory that even I have not seen before," says Paul Hodgson, a senior research associate at the Corporate Library, an institutional advisory firm in Portland, Me. "Boeing shareholders are being asked to fund a pension potentially based on what 3M and G.E. paid McNerney, rather than what they themselves paid him. Such an arrangement would seem to take inappropriate to a new level."

John Dern, a spokesman for Boeing, said: "Jim McNerney's compensation is generally equivalent to what he was receiving at his previous company and in keeping with compensation practices at other large companies. It recognizes the value that he brings to Boeing and the company's performance has borne that out."

For shareholders, the high price Boeing paid to lure Mr. McNerney has yielded results. He has moved to put many of Boeing's ethical lapses behind it: the company agreed this summer with federal prosecutors in California and Virginia to pay $615 million to settle allegations concerning use of competitors' information to bid on government contracts, and improper conduct in the hiring of a former government procurement officer.

Operationally, the company is beating its archrival, Airbus, in airplane orders this year. Its stock has soared 44 percent since Mr. McNerney got the job, compared with an 18 percent gain by the Standard & Poor's 500-stock index.

"I'm fine with McNerney's pay from a shareholder perspective," said Don Delves, a Chicago-based corporate governance and executive pay consultant. "I'm a shareholder at Boeing and we've been through a tumultuous time. Yeah, McNerney is expensive, but we're getting one of the top three people in the horse race to replace Jack Welch at G.E."

Yet even less-well-known chief executives are getting perks to make up for what they had in their previous jobs.

For instance, after ousting Carleton S. Fiorina as chief executive in 2005, Hewlett-Packard's board turned to Mark V. Hurd, a little-known executive at NCR, to replace her.

Mr. Hurd, who had already exercised stock options at NCR in 2005 worth $14.7 million, received a $2 million signing bonus; relocation benefits worth $2.7 million; 450,000 stock option shares worth $2.4 million; and 400,000 restricted shares worth about $8.1 million, according to Equilar.

But Mr. Hurd's employment agreement included an interesting twist. If NCR's stock fell by any amount up to 20 percent within 90 days of Mr. Hurd's leaving the company, Hewlett-Packard agreed to reimburse him for the losses he would have incurred on the 850,000 shares of NCR stock he still held. Hewlett-Packard said it paid Mr. Hurd a little more than $5 million for his losses in NCR stock.

"This isn't inside the norm," said Jack Dolmat-Connell, a compensation adviser in Waltham, Mass. "But because he knew he was leaving, that was probably considered inside information, so he actually could not do anything with those shares."

Executives are not only getting price protection on stock, but they are also demanding price protection on the sale of homes if they have to relocate.

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Take Robert H. Swan, who joined eBay in March as its chief financial officer. Several months after leaving his post as finance chief of Electronic Data Systems, Mr. Swan was granted a supplemental relocation benefit by eBay's board "in light of the condition of the Plano, Texas, residential real estate market," according to a regulatory filing.

If Mr. Swan's Texas home sold for less than $3 million, the company would pay the difference, up to $700,000. (While Texas records indicate the home was sold in late August, the state does not make residential price information public.)

A spokeswoman for eBay said details of any payment made to Mr. Swan for his home would be made public when the company files its proxy next year.

GE Accedes To More Disclosure On Pay Advice (WSJ)

By Kaja Whitehouse

The Wall Street Journal, December 29, 2006

General Electric Co., agreeing to an effort by some investors to increase scrutiny on executive pay, will disclose more information on the advice it gets from compensation consultants.

The Fairfield, Conn., conglomerate agreed to go beyond regulatory requirements and disclose any business ties it may have with the firms that advise it on how to pay its top executives.

Under new Securities and Exchange Commission rules put in place this year, companies will be required to disclose in public filings the name of their compensation consultants, but not their other business relationships.

In 2006, GE's board of directors used the services of New York compensation consulting firm Frederic W. Cook & Co., which also advises the company's human resources on its broader pay programs, said Peter O'Toole, a GE spokesman. The company will make this information available in its coming proxy statement, he said.

"They provide us with limited intelligence on compensation trends and each year we participate in their long-term incentive survey," said Mr. O'Toole. "We have a very limited engagement with them," he said.

A Cook spokesman said the firm provides additional work for a company only with consent of the chairman of the board's compensation committee.

News of GE's additional disclosure was reported yesterday by Bloomberg News.

In October, a group of 13 institutional investors sent a joint letter to the 25 largest companies in the Standard & Poor's 500-stock index, including GE, seeking this information. In addition to helping the board of directors hammer out pay for top executives, consulting firms can also be hired by management for other work, such as crafting the benefits plan for rank-and-file workers. The shareholders worry consultants may be reluctant to provide objective advice on executive pay if they rely on management's approval to win other business at the company.

"It is critical...that a compensation consultant be free of any conflict of interest, perceived or actual," said the Oct. 23 letter signed by shareholders representing $850 billion in assets, including London money manager F&C Asset Management, the Connecticut Treasurer's Office and union group AFL-CIO.

The group of 13 shareholders plans to announce Tuesday the results of their letter campaign, said Bernard Kavaler, spokesman for Connecticut Treasurer Denise L. Nappier. The shareholders may submit proposals asking investors to vote in favor of such disclosure if companies don't volunteer to make the information public, Mr. Kavaler said.

It isn't clear whether other companies have agreed to the measure. Others approached include Hewlett-Packard Co., Exxon Mobil Corp., Morgan Stanley, Wal-Mart Stores Inc., Pfizer Inc. and Home Depot Inc. None of these companies was available for comment.

Two-thirds of the 25 companies have responded to the letter, said Mr. Kavaler, who didn't specify how many will make the information available next year.

The shareholders behind the letter have likened such ties to when auditing firms provided consulting work for the companies they were auditing -- a situation some critics have said made accounting scandals like those at Enron Corp. and WorldCom Inc. more likely.

CRIMINAL LAW:

Domestic-Partner Violence In U.S. Fell Sharply (WP)

By Spencer S. Hsu

The Washington Post, December 29, 2006

Domestic violence rates in the United States dropped sharply between 1993 and 2004 but showed recent signs of a rebound, the Justice Department reported yesterday.

DOJ_NMG_0110227

The number of domestic homicides fell 32 percent from 1993 to 2004, and the frequency of nonfatal violence between domestic partners dropped by more than 50 percent, from 5.8 attacks per 1,000 U.S. residents age 12 or older, to 2.6 attacks, according to the Bureau of Justice Statistics.

Men benefited from the decline more than women, and black victims more than white women. The number of women killed by current or former partners fell from 1,572 in 1993 to 1,159 in 2004, or 26 percent. The number of men killed dropped from 698 to 385, or 45 percent.

"The best news overall is that 'intimate partner violence' has declined since 1993, but there's still too much of it," said bureau statistician Shannan M. Catalano, author of the Justice Department online report. The report did not address violence among other household members or relatives.

Noting that current or former partners account for 22 percent of violence against women, but 3 percent of violence against men, Catalano said, "It still is a crime against women. . . . Women are more often victimized by someone they know. Men are more often victimized by strangers."

The report did not offer an explanation for the trend, but experts said it continued a decline in domestic violence recorded since 1976 and mirrored a drop in violent crime overall in the past decade.

Other theories credit increased policing, neighborhood-watch and victim-assistance programs, and awareness raised by the 1994 Violence Against Women Act.

Analysts worry that declines may have bottomed out, however. Although overall rates remained unchanged between 2003 and 2004, violence against black women and white men increased slightly.

"The crime rates have kind of flattened out in the past couple of years. That could be of some concern," said Michael R. Rand, chief of victimization statistics for the bureau.

On average, 18.2 of 1,000 American Indian and native Alaskan women were victimized a year, nearly three times the rate among white women and twice the rate among black women. The least violence was reported against Asian men, white men and people age 50 and older.

Domestic Violence Rates Fall (AP)

AP, December 29, 2006

Justice Department report covering 1993-2004 notes racial disparities

WASHINGTON - Domestic violence rates fell sharply between 1993 and 2004, the Justice Department said Thursday, noting that American Indian women and native Alaskan women are far more likely to be victimized than whites and other minorities.

The Bureau of Justice Statistics said that "intimate partner violence" rates fell by more than 50 percent. The decline mirrored a decade-long trend in other violent crimes, and the department did not suggest a cause.

"There's still generally no consensus about why any crime in general has dropped," said Shannan Catalano, the study's author. "It's safe to say it's more than one factor that went into it."

Story continues below ? advertisement

Some experts attribute the decline to better training for police and more funding for prosecution, two key elements of the 1994 Violence Against Women Act. Investigators increasingly are better trained to handle abuse cases and bring them to court.

"For the first time, there are entire domestic violence units in law enforcement," said Lonna Stevens, director of the Sheila Wellstone Institute, a Minnesota-based domestic violence organization. "We've had protocols and policies developed for responding to this."

In 1993, there were about 5.8 incidents of nonfatal violence for every 1,000 U.S. residents above the age of 12. By 2004, that number had fallen to 2.6, the agency said. Homicides fell by about 30 percent, from 2,269 in 1993 to 1,544 in 2004.

The Justice Department defines intimate partner violence as violence by a current or former spouse, boyfriend or girlfriend or a same-sex partner.

Stevens said police have been less successful responding to and deterring abusive behavior in some minority communities, where racism and cultural differences can keep reporting rates low.

Over the 12-year reporting period, about 18 out of every 1,000 American Indian and native Alaskan women were victimized — a violence rate three times higher than among white women.

Black women were more likely than white women to be abused but the study also found that they were more likely to report their abuse to the police than white women.

Women in their early 20s and women who were divorced or separated had the greatest risk of being abused, the study found. Violence was also more common in low-income households.

Asian males, white males and the elderly reported the lowest rates of partner violence.

Justice Reports Sharp Decline In 'Intimate Partner Violence' (WT/AP)

By Matt Apuzzo

The Washington Times, December 29, 2006

Domestic violence rates fell sharply from 1993 to 2004, the Justice Department said yesterday, noting that American Indian women and native Alaskan women are far more likely to be victimized than whites and other minorities.

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Bosnian Serbs Deported By US Are Indicted For War-crimes (CSM)

By Beth Kampschror, Correspondent of The Christian Science Monitor

The Christian Science Monitor, December 29, 2006

As a result of landmark international cooperation, the two men were charged last week in connection with the 1995 Srebrenica massacre.

SARAJEVO, BOSNIA-HERZEGOVINA -- Mladen Blagojevic and Zdravko Bozic would probably be living unassuming lives as Bosnia Serb refugees in the Arizona desert if it weren't for a landmark international detective effort to track down war-crime suspects.

Instead, they're in custody in wintry Bosnia, where they were charged last week in connection with the 1995 Srebrenica massacre.

The case, say court sources, marks a precedent in international cooperation in the prosecution of war crimes, and could show the way forward for both the US and other countries that may be unwittingly hosting war-crimes suspects on their territory.

"I would describe the cooperation with the US as unprecedented, as these are the first cases where war-crimes suspects have been returned to the country where the crimes were committed to face charges," says Toby Cadman, counsel to the prosecutor at Bosnia's war-crimes chamber.

Mr. Blagojevic and Mr. Bozic were deported to Bosnia earlier this year after being arrested in the US for not disclosing their service in the Bosnian Serb military when its forces overran the Bosnian Muslim enclave of Srebrenica and killed up to 8,000 men and boys - a crime ruled genocide by the UN war-crimes tribunal in The Hague. On Dec. 21, they were indicted for crimes against humanity by Bosnia's war-crimes chamber and charged with the detention, murders, and forcible transfer of Srebrenica Muslims. International cooperation led to 56 arrests

In the past two years, 56 Bosnian Serbs have been arrested on charges of similar immigration fraud or making false statements over omitting their military service on immigration applications. Agents from the Immigration and Customs Enforcement (ICE) most recently raided homes in at least five US cities earlier this month, bringing in at least 16more people .

DOJ_NMG_0110229

Mr. Cadman says the ICE's Operation No Safe Haven could prove a model for other countries, which, like the US, took in large numbers of refugees and asylum seekers from the former Yugoslavia during and after the 1990s Balkan wars.

The operation began in 2004, when ICE officials were nearly two years into investigating a Boston-area Bosnian, Marko Boskic - whose name had appeared in testimony at the UN war-crimes tribunal as well as press reports involving Srebrenica - on suspicion that he'd omitted his Bosnian Serb military service when applying for refugee status in the US. A former US military intelligence analyst who'd worked on the Srebrenica case in The Hague offered the investigators a list of 14,000 people who were suspected of having served in the Bosnian Serb military. Officials checked the names against immigration databases. The leads generated were distributed to their offices nationwide.

"A lot of our cases have actually developed because of the access to that list," says Michael Keegan, a spokesman at the Human Rights Violators and Public Safety Unit at the ICE, which has, since its creation in 2003, investigated immigrants who are not US citizens. Finding war criminals in a haystack of refugees

A December 2004 law - the Anti-Atrocity Alien Deportation Act - also gave the Justice Department's Office of Special Investigations powers to go after naturalized US citizens suspected of crimes committed before they entered the country. Federal investigators had previously tracked only Nazi-era suspects to prevent them from entering the US.

"I think the United States prides itself on being a refuge for people running away from persecution, and some of these human rights violators will come to the United States seeking the same refuge as their victims," Mr. Keegan says. "And that's not hard to believe, since most of them were at the site where the atrocities were committed, so they know the details. So when they're going through their interview, it's possible for them to describe the scene and be credible."

Operation No Safe Haven will continue indefinitely, Keegan says. It also appears to be bringing in more Srebrenica suspects than any other attempts. The Hague tribunal, for example, has been able to try only seven high-ranking Bosnian Serb military and police officers in a trial that began in July, because several of the men had been brought in under so-called "voluntary surrenders." The tribunal's two most-wanted men - Bosnian Serb political and military heads Radovan Karadzic and Ratko Mladic - remain fugitives.

Blagojevic, Bozic, and two others who were arrested in Bosnia, are the latest defendants in Bosnia's national war-crimes chamber - established in 2005 to take on mid- and lower-level ranking suspects - to be charged with alleged crimes at Srebrenica. Eleven others have been on trial for genocide since May, a trial that Damir Petrovic, a public-information lawyer at Bosnia's state court where the war-crimes chamber is housed,called "the largest criminal case in Europe right now." Critics say the US has gone too far

A lawyer for Nedjo Ikonic, a Bosnian Serb arrested outside Milwaukee earlier this month who pleaded not guilty this week to making false statements, says that US officials are targeting too widely, and that the sting is sparking fears among the Serbian diaspora in the US.

"There's one lady in Salt Lake City who was a cook paid by the Republika Srpska Army. That's stretching the party to a crime concept. It seems like the [Bosnian] government wants to investigate every one of them," says Nikola Kostich, senior partner at the Milwaukee law firm Kostich, LeBell, Dobroski, & Morgan. Mr. Kostich defended several prominent Serb suspects in The Hague and has advised many of those arrested in the past 24 months.

"I've also given a lot of advice to people who have not been charged - people who have called me because they're not sleeping well, and they think there's going to be a knock on the door in the night, and they don't know what to do," he says.

North Carolina Bar Association Files Charges Against Duke Prosecutor (USAT/AP)

By Aaron Beard, Associated Press

USA Today, December 29, 2006

RALEIGH, N.C. — The North Carolina bar filed ethics charges Thursday against the prosecutor in the Duke lacrosse case, accusing him of saying misleading or inflammatory things to the news media about the athletes under suspicion.

The punishment for ethics violations can range from admonishment to disbarment. The complaint could also force District Attorney Mike Nifong off the case by creating a conflict of interest.

"He's got this hanging over his head," said Thomas Metzloff, a Duke law professor and member of the bar's ethics committee for the past 10 years. "It relates so much to his underlying conduct in the case."

Among the four rules of professional conduct that Nifong was accused of violating was a prohibition against making comments "that have a substantial likelihood of heightening public condemnation of the accused."

In a statement, the bar said it opened a case against Nifong on March 30, a little more than two weeks after a 28-year-old woman hired to perform as a stripper at a lacrosse team party said she was gang-raped.

The ethics charges will be heard by an independent body called the Disciplinary Hearing Commission, made up of both lawyers and non-lawyers. A date for the hearing has not yet been set.

DOJ_NMG_0110230

Nifong did not immediately return a call for comment.

The bar cited 40 quotations and eight paraphrased statements made to newspaper and TV reporters, saying many of them amounted to "improper commentary about the character, credibility and reputation of the accused" or their alleged unwillingness to cooperate. Most of the comments were in March and April, in the early days of the case.

Among them:

· Nifong referred to the lacrosse players as "a bunch of hooligans."

· He declared: "I am convinced there was a rape, yes, sir."

· He told ESPN: "One would wonder why one needs an attorney if one was not charged and had not done anything wrong."

· He told The New York Times: "I'm disappointed that no one has been enough of a man to come forward. And if they would have spoken up at the time, this may never have happened."

Nifong was also charged with breaking a rule against "dishonesty, fraud, deceit and misrepresentation." The bar said that when DNA testing failed to find any evidence a lacrosse player raped the accuser, Nifong told a reporter the players might have used a condom.

According to the bar, Nifong knew that assertion was misleading, because he had received a report from an emergency room nurse in which the accuser said her attackers did not use a condom.

Defense attorney Joseph Cheshire, who represents one of the three athletes, declined to comment Thursday.

Last week, Nifong dropped the rape charges against the athletes after the stripper wavered in her story, saying she was longer certain she was penetrated vaginally with a penis, as she had claimed several times before. The men still face charges of kidnapping and sexual offense.

In recent months — and especially after last week — legal experts and even Nifong's own colleagues have warned openly that the case appears pitifully weak.

"One wonders what the effect of this will be," Stan Goldman, who teaches criminal law at Loyola Law School in Los Angeles, said after the ethics charges were filed. "Is this going to result in him treating the case more gingerly and deciding it's not worth pursuing, or is he going to get his back up and decide he's got to pursue this case to the end regardless?"

The athletes, Reade Seligmann, Collin Finnerty and David Evans, have maintained their innocence and called the charges "fantastic lies." The case is not expected to go to trial until at least the spring.

The weaknesses in the case include the lack of DNA evidence; the accuser's ever-shifting story; one player's claim to have an alibi supported by receipts and time-stamped photos; and the defense's insistence that the photo lineup that was used to identify the defendants violated police procedures and was skewed against the men.

Before the ethics charges were filed, Bob Brown, an attorney in private practice who once worked with Nifong in the prosecutor's office, predicted the case would be a "bloodbath" for the prosecution if it went to trial.

Among other questions raised in recent weeks: Why did it take months for anyone from Nifong's office to interview the accuser? And why did Nifong initially withhold from the defense DNA test results that found genetic material from several men — none of them Duke lacrosse players — on the accuser's underwear and body?

"I don't see how any member of the public can have confidence in this case. I think it's making a mockery of our criminal justice system to permit this guy to keep fumbling along," Duke University law professor James Coleman, one of Nifong's leading critics, said before the ethics charges were filed. "It's either total incompetence or it's misconduct on a scale that is extraordinary."

Prosecutor In Duke Sexual Assault Case Faces Ethics Complaint From State Bar (NYT)

By David Barstow And Duff Wilson

The New York Times, December 29, 2006

The North Carolina State Bar filed a formal ethics complaint yesterday against the prosecutor in the Duke lacrosse sexual assault case, accusing him of making inflammatory remarks about the team to the news media and misleading the public about evidence.

The 17-page complaint took issue with a long list of public comments by the prosecutor, Michael B. Nifong, the Durham district attorney. Since March, when a stripper first accused three Duke lacrosse players of gang-raping her at a late-night team party, Mr. Nifong has granted dozens of interviews with the news media, including one with The New York Times last week.

But according to the state bar, which regulates lawyers in North Carolina, many of Mr. Nifong's comments were unethical because they included "improper commentary" about the defendants and the evidence.

In perhaps the most serious accusation, the bar also said Mr. Nifong had engaged in "dishonesty, fraud, deceit or misrepresentation" by suggesting to reporters that a condom was used in the alleged attack when he had in his possession a sexual assault examination report that indicated otherwise.

Mr. Nifong spoke about condoms after laboratory tests failed to find semen from any Duke player on the accuser.

The complaint was filed with the state bar's Disciplinary Hearing Commission, which can impose a variety of sanctions, from censure to disbarment. According to bar rules, the commission must take up the complaint within 90 to 150 days.

Mr. Nifong did not respond to telephone and e-mail messages last night, but North Carolina's courts have traditionally granted district attorneys broad leeway in making public comments that "serve a legitimate law enforcement purpose."

In previous interviews Mr. Nifong has given two main reasons for speaking out, especially in the first weeks of the case. First, he has said he was trying to encourage and pressure possible witnesses on the team to come forward. Second, he has said he was trying to assure the community that as the county's top law enforcement official, he was taking the woman's complaint seriously.

But he has also admitted going too far in some of his public comments. In his interview with The Times last week, for example, Mr. Nifong said he was wrong to have described members of the lacrosse team as "a bunch of hooligans."

According to the bar complaint, the "hooligan" remark was one of many comments by Mr. Nifong that violated ethics rules because they were likely to heighten "public condemnation of the accused."

Defense lawyers said last night that they had decided not to comment on the complaint. But they have made no secret of their desire to see Mr. Nifong removed from the case, working to fan public criticism of him — a strategy that has helped provoke dozens of ethics complaints against Mr. Nifong with the state bar's grievance committee.

With yesterday's action, the grievance committee was indicating that it found merit in many of those complaints.

In addition to the bar complaint, Mr. Nifong is likely to face a separate accusation of prosecutorial misconduct before W. Osmond Smith III, the judge presiding over the sexual assault case. Defense lawyers have said they are preparing a motion seeking sanctions against Mr. Nifong for failing to reveal for seven months that tests had found DNA material from several men, none of them members of the lacrosse team, on rape kit swabs taken from the woman hours after the alleged attack.

Defense lawyers are likely to use the bar's complaint as still more evidence that Mr. Nifong has a clear conflict of interest that makes his continued involvement in the case untenable.

Ethics Probe In Duke Lacrosse Case Involves DA (NSDY)

By Jennifer Maloney

Long Island Newsday, December 29, 2006

The North Carolina bar Thursday filed ethics charges against the prosecutor in the Duke lacrosse sexual assualt case, accusing him of making misleading and inflammatory remarks to the media about the athletes under suspicion.

The complaint could force District Attorney Mike Nifong off the case by creating a conflict of interest. He could also face punishments ranging from admonishment to disbarment.

The bar accused Nifong of violating four rules of professional conduct, including a prohibition against making comments "that have a substantial likelihood of heightening public condemnation of the accused" and a rule against "dishonesty, fraud, deceit and misrepresentation."

In a statement, the bar said it opened a case against Nifong on March 30, about two weeks after a 28-year-old woman hired to perform as a stripper at a lacrosse team party said she was gang-raped.

The ethics charges will be heard by an independent body called the Disciplinary Hearing Commission, comprised of lawyers and non-lawyers. A date for the hearing has not been set.

Nifong could not be reached Thursday. In an October interview with The Associated Press, he said his only regret in handling the case was speaking so often to the media in the investigation's early days.

"Certainly what I was trying to do was to reassure the community, to encourage people with information to come forward," Nifong said. "And that was clearly not the effect."

The accused athletes, Reade Seligmann, Collin Finnerty and David Evans, have maintained their innocence and called the charges "fantastic lies." The Finnerty family, of Garden City, could not be reached Thursday. The defendants' attorneys also could not be reached. Last week, Nifong dropped the rape charges against the athletes after the stripper wavered in her story. The men still face charges of kidnapping and sexual offense.

The bar cited 41 quotations and eight paraphrased statements Nifong made to newspaper and TV reporters, saying many amounted to "improper commentary about the character, credibility and reputation of the accused" or their alleged unwillingness to cooperate.

The bar said that when DNA testing failed to find any evidence a lacrosse player raped the accuser, Nifong told a reporter the players might have used a condom.

According to the bar, Nifong knew that that assertion was misleading because he had received a report from an emergency room nurse in which the accuser said her attackers did not use a condom.

Duke Rape Case Prosecutor Faces Ethics Charges (WP/AP)

By Aaron Beard

The Washington Post, December 29, 2006

RALEIGH, N.C., Dec. 28 -- The North Carolina Bar Association filed ethics charges Thursday against the prosecutor in the Duke University rape case, accusing him of saying misleading and inflammatory things to the media about the lacrosse players under suspicion.

The punishment for ethics violations can range from admonishment to disbarment.

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The weaknesses in the case include the lack of DNA evidence; the accuser's ever-shifting story; one player's claim to have an alibi supported by receipts and time-stamped photos; and the defense's insistence that the photo lineup used to identify the defendants violated police procedures and was skewed against the men.

CyberNet Suspect Pleads Not Guilty (GRPRESS)

By John Agar, The Grand Rapids Press

Grand Rapids Press (MI), December 29, 2006

GRAND RAPIDS -- A former vice president at the collapsed firm CyberNET in Grand Rapids pleaded not guilty Wednesday to federal charges related to an $81.7 million fraud case.

Paul Nathan Wright, 57, is accused of conspiracy, bank fraud, money laundering and mail fraud. The charges carry penalties ranging from five to 30 years in prison, and fines ranging from $250,000 to $1 million, plus restitution, if he is convicted.

DOJ_NMG_0110233

Wright pleaded "not guilty to each and every count he's charged (with)," his court-appointed attorney, Paul Mitchell, told U.S. District Magistrate Judge Ellen Carmody.

Barton Watson, CyberNET chairman, killed himself in his Ada Township home just days after a November 2004 raid at company headquarters. His wife, Krista Kotlarz-Watson, and mother, Geraldine Watson, were recently indicted and await arraignment next month in federal court.

Last week, James Horton, the former CyberNET president, was sentenced to 7 1/2 years in prison. He pleaded guilty to conspiracy, bank fraud and money laundering, and has cooperated with the government. Horton's cooperation led to a lesser sentence, and he has agreed to testify, if necessary, at others' trials.

The government alleges that CyberNET deceived lending institutions to obtain financing under false pretenses, and expended "a substantial amount of effort to prevent lenders from discovering that they had been

deceived," the indictment said.

The company had a complex system, using false records, shell corporations and telephone systems to intercept calls from lenders to suggest that the company had many customers. The company overstated its finances to show it netted millions of dollars a year, when it actually was losing $500,000 to $7.6 million each month from 2002 to 2004, the indictment said.

Wright assisted by setting up shell companies, and "played an active role in deceiving lenders dealing with CyberNET," the indictment said. He would place bricks into empty computer boxes prior to lenders' inspections of collateral, the indictment said.

Employees who were not involved in the alleged fraud, and only discovered it later, were "paid substantial sums ... for their agreement not to report the fraud to law enforcement authorities," the government said.

Wright, on bond, left the courthouse with his attorney after the brief hearing. His attorney would not comment.

Send e-mail to the author: jagar@grpress.com

Durham Police Seek Kidnapped Twins (WRAL)

WRAL-TV, December 29, 2006

FBI Believes Twins, Birth Mother in Canada

The FBI said Thursday that 17-month-old twins allegedly taken by their birth mother last week were spotted crossing the Canadian border.

According to a news release issued early Thursday evening, FBI investigators have determined that Allison Quets crossed the border last Saturday with the toddlers, Tyler and Holly Needham. All three are believed to still be in Canada, investigators said.

The twins were taken from their adoptive parents in Apex last Friday for a scheduled monthly visitation with Quets. Police said Tuesday that Quets, 49, never returned Sunday evening.

On Wednesday, a federal warrant was issued charging Quets with violating an international parental kidnapping law. Additionally, federal investigators filed a provisional arrest warrant application with Canadian authorities to assist in locating Quets and returning the two children to the United States.

FBI officials said they are working jointly with the Royal Canadian Mounted Police, the FBI legal attache's office in the U.S. Embassy in Ottawa, and the Durham Police Department. They also have enlisted the assistance of the National Center for Missing/Exploited Children, along with Child Find Canada.

Quets had been embroiled in a custody dispute with Kevin and Denise Needham , who live in Apex, in Jacksonville, Fla., where Quets lived.

The FBI said that matters concerning custody and parental rights would be determined by the appropriate authorities in the state of Florida.

FBI Says Missing Apex Twins Taken By Biological Mother To Canada (CO)

The Charlotte Observer, December 29, 2006

RALEIGH, N.C. - The FBI has joined in the search for 17-month-old twins who authorities think were taken to Canada by their biological mother.

Allison Lee Quets, 49, of Durham, is suspected of taking Tyler Lee and Holly Ann Needham, who had lived in Apex with their adoptive parents, FBI officials said Thursday in a written statement. Apex is a suburb west of Raleigh.

Quets had monthly visitation rights as a part of a custody agreement, but now faces federal charges of international parental kidnapping.

A custody order allowed Quets to take the twins on Dec. 22 and return them Dec. 24 to adoptive parents Denise and Kevin Needham. Quets did not return the children, and an investigation shows she crossed the Canadian border with the twins on Dec. 23, the FBI said.

Authorities are seeking public assistance to locate and safely return the twins to the United States.

Other agencies involved in the search included the Royal Canadian Mounted Police, the Durham Police Department, the National Center for Missing and Exploited Children, and Child Find Canada.

FBI: Missing Kids Were Taken To Canada (MBSN)

By Sarah Ovaska

Myrtle Beach (SC) Sun News, December 29, 2006

RALEIGH, N.C. - A woman accused of abducting a pair of 17-month-old Apex, N.C., twins has taken them to Canada, the FBI said late Thursday.

Allison Quets, 49, is wanted by federal authorities on criminal charges of international parental kidnapping. The FBI released a statement that said Quets crossed the Canadian border on Saturday with two children.

Quets gave birth to Tyler and Holly Needham but gave them up for adoption approximately a month after they were born, her sister Gail Quets said. Quets, who conceived the children through in-vitro fertilization, become severely ill during her pregnancy and worried about her ability to care for the children.

Denise and Kevin Needham, an Apex couple, adopted the twins after meeting Quets through a mutual friend, Gail Quets said. Quets was in the process of appealing the adoption and had been granted visitation rights pending a decision by a Florida court.

The Needhams last saw their adopted children on Friday when Quets picked them up from their Apex home. The couple planned on seeing their children again on Sunday, when Quets was scheduled to meet them at the Streets at Southpoint mall in Durham. The Needhams contacted Durham police a half-hour after Quets failed to meet them.

However, an alert about the missing children was not put out until 24 hours later when another police agency, the Apex Police Department, got involved.

Protesting Mom Cindy Sheehan Arrested At Bush Ranch (CNN)

CNN.com, December 29, 2006

CRAWFORD, Texas (CNN) -- Anti-war protester Cindy Sheehan was arrested Thursday afternoon outside President Bush's ranch, according to a law enforcement official.

Sheehan, who in the past has camped out for weeks in protest outside the ranch in Crawford, Texas, was arrested for blocking the road leading to the property, Texas Department of Public Safety's Tela Mange told CNN.

Four others were also arrested after law enforcement officials asked the group to move and they refused, Mange said.

"[Sheehan] told us if you want us to get out of the road, you're going to have to arrest us," Mange said. "So we did."

The protesters lay in the road about 20 minutes before being taken into custody, she said.

Sheehan and the others were taken to the McLennan County Sheriff's Department, booked and jailed.

It's not known if any of the protesters made bail.

Sheehan and the others are charged with obstructing a highway, a misdemeanor punishable by up to a $2,000 fine and six months in jail, Mange said.

Mange said Vice President Dick Cheney's motorcade was delayed leaving the ranch while officers removed the protesters.

Sheehan's 24-year-old son, Casey, was killed in Iraq in 2004.

She has been arrested previously. She and three other women were convicted earlier this month in New York of trespassing, The Associated Press reported. (Full story)

They had attempted in March 2005 to deliver an anti-Iraq war petition to the United Nations U.S. Mission and ignored signals to disperse, the AP said.

The four were acquitted of disorderly conduct, resisting arrest and obstructing government administration. The Manhattan judge fined them $95 and gave them a conditional discharge.

That meant that if any of the women were arrested again they could face a tougher sentence.

Police Officers Charged In Deaths In Hurricane's Aftermath (NYT)

By Shaila Dewan

The New York Times, December 29, 2006

ATLANTA, Dec. 28 — Seven New Orleans police officers were indicted Thursday on charges of first-degree murder or attempted murder in connection with the deaths of two men on a bridge six days after Hurricane Katrina struck.

Four other civilians suffered gunshot wounds in the episode, which took place on Sept. 4, 2005. No officers were hurt.

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The shootings occurred while much of the New Orleans area was still under water, communication among officers was poor and the city was chaotic. The New Orleans Police Department's initial account — that officers were responding to reports of snipers firing on contractors — seemed to confirm fears of rampant lawlessness in the city.

But that account was repeatedly revised. At one point, the police said they were responding to reports that two officers had been shot. The victims, for their part, said they had simply been seeking help after the storm left them stranded.

Frank Zibilich, a lawyer for one of the police officers, said that although first-degree murder in Louisiana did not require proof of premeditation, the charges were harsh.

"It's mind-boggling to me that officers, under the intense circumstances that were going on in New Orleans at this time, that seven officers decide simultaneously that they're going to go commit murder," Mr. Zibilich said.

Two families were involved in the shootings. At the base of the bridge, the officers encountered the Bartholomew family: a couple and their teenage daughter and nephew, and the nephew's friend James Brissette, 19. The family, which filed a civil lawsuit against the officers and the police department, said in court papers that it was trying to reach a grocery store on the other side of the bridge when the police officers began firing at them. Mr. Brissette died, while the nephew, Jose Holmes Jr., 19, jumped behind a barricade. As he lay on the ground, according to the court papers, he was shot at from a distance and then approached by a man who shot him point blank in the abdomen.

Mr. Holmes wound up partly paralyzed with a colostomy bag. Susan Bartholomew, the mother, lost her right arm.

"The police in this case used the devastation of the storm to behave in a criminal manner," said Gary W. Bizal, a lawyer who is representing Mr. Holmes in the civil case. "They held themselves above the law, and now it's coming back to roost."

Near the top of the bridge, according to a statement issued by the office of Eddie Jordan, the Orleans Parish district attorney, the police encountered Ronald Madison, a mentally retarded man, and his brother Lance, who had been employed by Federal Express for 25 years. The brothers had been forced to swim through floodwaters and had been trying to reach their mother's house across the bridge, their family said in its civil lawsuit. The family said the brothers were on the bridge with other people they did not know when a rental truck pulled up and a group of heavily armed officers jumped out and began firing.

Ronald Madison, 40, died after being shot seven times in the back. His brother was arrested at the scene and charged with eight counts of attempted murder of a police officer, though no weapon was recovered. The grand jury that handed down Thursday's indictments declined to indict Lance Madison.

A spokeswoman for Warren J. Riley, the superintendent of police, said he would not comment on the case.

7 Police Officers Indicted In Post-Katrina Shootings In New Orleans (AP)

AP, December 29, 2006

(AP) - NEW ORLEANS-Four New Orleans police officers were charged with first-degree murder in connection with two fatal shootings during Hurricane Katrina's chaotic aftermath.

Three other officers were charged with attempted murder in the shootings, which also injured four civilians. A state district judge Thursday gave the officers 24 hours to surrender.

The shootings became one of the most widely cited examples of the chaos that ensued after Katrina flooded 80 percent of the city in August 2005.

"We cannot allow our police officers to shoot and kill our citizens without justification like rabid dogs," District Attorney Eddie Jordan said.

At a news conference late Thursday, Police Superintendent Warren Riley said the indictments were only the first step in the judicial process and "not where it ends."

"A jury of their peers will decide their guilt or innocent," Riley said, calling Jordan's comments "highly unprofessional, highly prejudicial and highly undignified."

"We want justice first and foremost, " he said. "But for the district attorney to try and prejudice the community against these officers before all the evidence is heard is really, I think, a sad day for the city."

The indictments were the latest blow to the police department's reputation. Police Superintendent Warren Riley has said the majority of his 1,500-member force performed heroically during and after Katrina, but he has acknowledged more than 200 were disciplined for various offenses, including failure to show up after the storm. Some were accused of looting.

Defense attorneys for the indicted officers said their clients are innocent. "As a wise man once said, a district attorney can get a grand jury to indict a ham sandwich," said Franz Zibilich, attorney for officer Robert Faulcon, who is charged with murder. "They heard only one side of the story."

Authorities first said Ronald Madison, a 40-year-old mentally retarded man, and James Brissette, 19, were killed in a gun battle with police on a bridge connecting two predominantly black - and flooded - neighborhoods.

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At the time, six days after the hurricane, the city was still littered with dead bodies as rescuers tried to save stranded residents and prevent looters.

According to a police report, several officers responded to a radio call of two officers down. They were told the shooters were headed west. When they arrived, seven people were running in that direction and four began firing at police, the report said. The officers returned fire.

After weeks of testimony, the grand jury deliberated for two hours Thursday before issuing the charges. The panel's foreman, Lee Madare, declined to comment in detail as he left the courthouse but asked a reporter, "Do you understand the word cover-up?"

A spokesman for Mayor Ray Nagin declined to comment on the indictments. Police Superintendent Warren Riley and a police department spokeswoman did not immediately return messages from The Associated Press.

Faulcon was charged with first-degree murder in Madison's death. Faulcon and three others - Sgt. Kenneth Bowen, officer Anthony Villavaso and officer Robert Gisevius - were charged with first-degree murder in Brissette's death.

Officer Robert Barrios faces multiple counts of attempted first-degree murder, officer Mike Hunter is charged with two counts of attempted first-degree murder and officer Ignatius Hills is charged with attempted second-degree murder.

7 N.O. Cops Indicted In Killings On Bridge (NOTP)

By Laura Maggi, Staff Writer

New Orleans Times-Picayune, December 29, 2006

SHOOTING DEATHS CAME 6 DAYS AFTER KATRINA

Seven New Orleans police officers were indicted Thursday on an array of murder and attempted-murder charges stemming from a shooting on the Danziger Bridge six days after Hurricane Katrina, which victims have portrayed as an ambush by police that left two dead and four wounded.

The state grand jury refuted the New Orleans Police Department account of what happened on Sept. 4, 2005, which had been portrayed by officers as an appropriate response to reports of both sniper fire and people shooting at police officers near the bridge, on Chef Menteur Highway in eastern New Orleans.

The grand jury separately cleared Lance Madison, a man whom police arrested that day and booked with attempted first-degree murder for allegedly shooting at law enforcement.

Four police officers -- Sgt. Kenneth Bowen, Sgt. Robert Gisevius, officer Anthony Villavaso and officer Robert Faulcon -- were charged with the first-degree murder of James Brissette, 19. Faulcon was also charged with the first-degree murder of Ronald Madison, a 40-year-old mentally retarded man whose body was found riddled with seven gunshot wounds to his back. Three more officers face attempted-murder charges.

The charge of first-degree murder carries a potential death sentence, which prosecutors said was warranted because the accused had shot the men while trying to harm or kill others. Chief Judge Raymond Bigelow, who received the grand jury indictments, said he would not set bond for the officers facing the first-degree murder charges.

Criticizing Jordan

In a written statement, the only one he would make about the indictments on Thursday, Orleans Parish District Attorney Eddie Jordan said, "We cannot allow our police officers to shoot and kill our citizens without justification, like rabid dogs. The rules governing the use of lethal force are not suspended during a state of emergency. Everyone, including police officers, must abide by the law of the land."

New Orleans Police Superintendent Warren Riley asked the public to remember that all seven officers will have their days in court. He called the indictments one the saddest days in the department's history.

"I would like to remind everyone, this is but one step in the judicial process that will determine the future of these officers. This is not when it ends," he said at an evening news conference.

Riley also objected to the statement by Jordan that people had been shot "like rabid dogs," calling the phrase "unprofessional, highly prejudicial and highly undignified."

Representatives for both police unions -- the Police Association of New Orleans and the Fraternal Order of Police -- said their groups stand behind the indicted officers, pointing out that grand juries as a practice hear only the prosecution's evidence, and so heard no testimony defending the police.

The four officers facing murder charges also face varying counts of attempted first-degree murder for allegedly shooting other people wounded on the bridge.

In addition, Robert Barrios was charged with four counts of attempted first-degree murder. Michael Hunter was charged with two counts of attempted first-degree murder. Ignatius Hills was charged with one count of attempted second-degree murder.

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Bigelow gave all the officers 24 hours to turn themselves in to the Sheriff's Office, setting bail at $100,000 for each attempted-murder count.

One-sided hearing?

Only Eric Hessler, the attorney for Gisevius, attended the afternoon proceedings in Bigelow's courtroom. Afterward, Hessler said his client is innocent, pointing out that all of the officers were cleared by an internal Police Department investigation.

"The grand jury only heard evidence that the district attorney wants them to see," Hessler said. The indictments do not lay out prosecutors' case against the seven officers, only charging them with the fatal shooting or attempted murder of specific victims. But the version of events by several people who survived the incident has been detailed in three federal lawsuits brought in late summer against the city government and Police Department.

These lawsuits portray a group of people who were trying to survive with scant food and water after Katrina, stranded along a strip of Chef Menteur that was surrounded by flood waters.

On Sept. 4 about 9 a.m., Ronald and Lance Madison walked near the top of the Danziger Bridge, returning to their brother's dental office on Chef Menteur Highway after a failed attempt to go to their mother's home in eastern New Orleans. Ronald Madison, who was severely retarded, had insisted on staying in the city because he could not bear to leave behind the family dachshunds, Bobbi and Sushi. His older brother, Lance, decided to stay with him, according to the lawsuit.

At the same time, according to the lawsuits, another group of people was walking at the base of the bridge on a trek to a nearby Winn Dixie to retrieve food and water. The group of six had been staying at the Friendly Inn Motel, located next to the dentist's office where the Madisons had camped out.

Suddenly, the people on the bridge were confronted by a hail of gunfire coming from a group of men in "dark clothing" who had emerged from the back of a rental truck at the foot of the bridge, the lawsuits said.

These men turned out to be the seven heavily armed, out-of-uniform police officers indicted on Thursday, although in the lawsuits, the victims say they never identified themselves as such.

In his lawsuit, Jose Holmes Jr. describes jumping behind a concrete barrier to escape the bullets. Officers shot Holmes several times even though he lay prone on the ground, the lawsuit alleges, One officer stood over him and shot him twice in the abdomen, according to the suit.

During the shooting, Holmes' friend James Brissette -- called James Barsett in the lawsuit -- was killed. His uncle, Leonard Bartholomew III, and cousin, Lesha Bartholomew, also were shot several times. His aunt, Susan Bartholomew, lost her arm after being shot by a "large-caliber" weapon. The gunmen also fired on Leonard Bartholomew IV, Holmes' 15-year-old cousin, but missed.

In his portrayal of the events that morning, Lance Madison has backed up police claims that there was gunfire near the bridge, testifying at a Sept. 28, 2005, magistrate court hearing that six teenagers in white T-shirts shot at him and his brother.

"We tried to run for our life," Madison told a magistrate judge.

But then the truckload of NOPD officers appeared, shooting Ronald Madison in the shoulder. Lance Madison testified that the teenagers never shot at police.

Although the Madisons kept trying to run down the bridge to get out of the line of fire, at least one of the officers pursued, shooting Ronald Madison seven times in the back, according to a lawsuit filed by Lance Madison and his mother, Fuki Madison.

Shipped to prison

After his brother was killed, Lance Madison was surrounded by Louisiana State Police officers. A 25-year employee of Federal Express with no criminal record, Madison was arrested and booked that day with eight counts of attempted murder for allegedly shooting at police officers and another man on the bridge that day.

Madison was booked at Camp Greyhound, the temporary jail set up after Katrina and later shipped to Hunt Correctional Center in St. Gabriel. At the Sept. 28 proceeding at Hunt, Orleans Parish Magistrate Court Judge Gerard Hansen found probable cause for Madison's arrest because of a police report that he had tossed a gun into the Industrial Canal from the Danziger Bridge. Police said they found the weapon the next day in the canal.

But at that same hearing, Hansen lowered Madison's bond -- he was later released without any bond -- and said he didn't believe police had caught a guilty man.

"I could be wrong, but I've been doing this for 32 years, and I think I have a gut reaction on this," he said, according to a transcript. "If I actually thought you were up there shooting, I would raise the bond to $2 million."

Police accounts of the events on Sept. 4 have been starkly different from those of Holmes, the Bartholomews and Lance Madison.

A department news release dated Oct. 4, 2005, offered this version of events:

The seven officers rushed to Danziger Bridge in the rental truck in response to radio reports of two police officers who were "down" under the bridge. Police also had a request for assistance from David Ryder, self-identified as a St. Landry Parish

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sheriff's deputy, who reported that several people on the bridge were shooting at rescue workers. When officers arrived, they were "met with gunfire" from four people on the bridge, the news release stated. At that point, the police returned fire.

In the six-page police report filed for the Madison arrest, Sgt. Arthur Kaufman gave a similar account, although at one point he says 7 people on the bridge that morning "opened fire" on the 7th District officers who arrived on the scene. The report describes two of the shooters continuing to fire as they ran over the Danziger Bridge toward the Friendly Inn Motel, which is where Lance Madison was arrested.

After the "scene was secured," Ryder arrived and identified Lance Madison as one of the people who shot at rescue workers.

Police impersonator?

But according to documents gathered by the attorneys representing Madison and the other victims, Ryder was not in fact a sheriff's deputy, from St. Landry or anywhere else. Indeed, he has a criminal record that includes a conviction for false imprisonment, arrests for battery on a police officer and possession of cocaine, according to court documents from Nacogdoches County, Texas.

"The public expected first responders to stay and protect, and they did that," said Michael Glasser, PANO president.

Both Donovan Livaccari, FOP employee representative, and Glasser called the indictments a political gambit by Jordan to win the allegiance of voters distrustful of police officers. Both also said that Jordan misled several of the officers involved, granting them immunity so they would testify and then indicting them.

For Lance Madison and his family, the indictments proved that he should never have been arrested on the bridge or charged with firing at police, his attorney said Thursday. "They are relieved that Lance has been vindicated," said Mary Howell.

The Madisons hope additional witnesses will come forward now that charges have been filed against police officers, a sentiment echoed by Anthony Radosti with the Metropolitan Crime Commission, a watchdog group that has been directing potential witnesses to the district attorney's office. "We know that there were a lot of people out there who saw and heard what happened," said Howell.

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Staff writer Gwen Filosa contributed to this report.

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CIVIL LAW:

FEC Assessed A Record $6.2 Million In Penalties In 2006 (AP)

AP, December 29, 2006

The Federal Election Commission more than doubled its civil penalties in 2006, imposing $6.2 million in fines for campaign-law violations.

More than half -- $3.8 million -- came from penalties against Freddie Mac, the federal mortgage corporation, accused of making illegal contributions to political committees, according to year-end numbers released yesterday. Even without the record Freddie Mac fine, the FEC issued 12 penalties of more than $100,000, or almost a quarter of all six-figure fines in the agency's 31-year history.

"I'm very pleased with the vigorous enforcement record the FEC compiled in 2006. The numbers speak for themselves," FEC Chairman Michael Toner said in an interview. "It means strong confidence the FEC is properly prioritizing the most important cases and willing to pursue them to conclusion."

The year-end total included three cases against advocacy groups that the FEC settled for a combined $603,000. Swift Vets and POWs for Truth, the MoveOn.org Voter Fund, and the League of Conservation Voters failed "to register and file disclosure reports as federal political committees and accepted contributions in violation of federal limits and source prohibitions" during the 2004 presidential campaign, according to a unanimous agency ruling.

Advocates, however, said the numbers "don't tell the whole story."

"The penalties discussed in the FEC release reflect a mixed record," said Fred Wertheimer, president and chief executive of Democracy 21, a nonprofit, nonpartisan group that aims to reduce the influence of money in politics.

"The size of the fine will act as a warning to outside groups about the potential costs of violating the law," he said, but he added: "In other cases, like the penalties imposed on 527 groups, that does not reflect success but rather failure of law enforcement because it came years after the violations and represented a small portion of the tens of millions of dollars that were illegally spent in the 2004 presidential election."

The agency processed almost 78,000 financial filings totaling 3.9 million pages and detailing $2.7 billion in campaign spending.

Big Decal (WP)

The Washington Post, December 29, 2006

KIRK SHELMERDINE is no political activist; in fact, he says he isn't even registered to vote. Rather, Mr. Shelmerdine is a NASCAR driver, albeit not a particularly successful one. He is, by his own description, "considered to be a 'field filler' as my race cars and race team are underfunded and have no realistic chance of winning a race." But two years ago, Mr. Shelmerdine took a step that caused him to crash head-on into the authorities at the Federal Election Commission: Unable to sell the space to a corporate sponsor, he put a Bush-Cheney '04 decal on the rear quarter-panel of his car for four races. It's not clear exactly what motivated Mr. Shelmerdine. He told a newspaper reporter at the time that "I'm very much against liberal ways when it comes to politics. This was the way to make our little statement." He later told the FEC that he had heard rumors that President Bush was going to be at the first race and figured the $50 decal would bring "publicity for me and the car."

Mr. Shelmerdine's decal resulted in a complaint to the FEC that he had violated federal election law by failing to file the report required of anyone who makes an independent expenditure valued at $250 or more in support of a candidate for federal office. The general counsel's office investigated; the commissioners tangled over how the decals should be valued: By considering Mr. Shelmerdine's cost in acquiring them? By averaging the amount Mr. Shelmerdine received from other sponsors when he did manage to sell the space? Finally, they agreed -- in an action made public this week -- to take the step that ought to have been obvious from the start: to send Mr. Shelmerdine a letter of admonishment warning him not to do it again.

Our customary criticism of the FEC is for doing too little to go after election law violations, not too much. But l'affaire Shelmerdine seems simply silly. None of the policies underlying the reporting requirements -- the need for transparency in campaign spending, the avoidance of secret efforts to curry favor with candidates -- were implicated here. There has to be a better use of FEC resources than investigating bumper stickers.

McCain-Feingold In The Dock (WSJ)

The Wall Street Journal, December 29, 2006

A federal court decision last week upheld the right of citizens to petition their government -- a right taken for granted before the 2002 McCain-Feingold campaign-finance law codified speech restrictions. The ruling is overly narrow but welcome all the same. And if it's appealed, as expected, the Supreme Court will have another chance to weigh in on Congress's efforts to chip away at First Amendment free-speech guarantees in the name of "reform."

The case dates to 2004, when Wisconsin Right to Life ran television and radio spots informing the public that U.S. Senators were filibustering President Bush's judicial nominees. The ads said Wisconsinites should contact Democrats Herb Kohl and Russ Feingold and urge them to oppose the filibusters. McCain-Feingold bans certain kinds of political ads in the 30 days before a primary and 60 days before a general election, and the anti-abortion group sued on the grounds that its ads should be exempt from the blackout period.

Last year a district court rejected that argument, ruling that the Supreme Court's 2003 McConnell decision upholding McCain-Feingold precluded such exemptions. Wisconsin Right to Life appealed, and in January the Supreme Court said McConnell does in fact allow for exemptions and that the district court should reconsider its ruling.

Last week a federal court did just that and reversed course. In a 2-1 opinion, the court held that certain "issue" ads are permissible during campaign season, even if they (gasp) refer to candidates seeking re-election. And while we agree with the result, the justification for the court's finding is still troublesome and revealing of McCain-Feingold's assault on political speech.

The ads are acceptable, said the court, because they urge voters to call both Senators instead of just one, "do not comment on either Senator's past or current position regarding [filibusters]" and don't "reveal either Senator's thinking on the issue." In other words, campaign finance "reform" has left us with a system that allows corporations, unions and other special interest groups to petition government on issues of public importance so long as they don't expressly advocate the election or defeat of an actual politician.

The good news is that the Federal Election Commission is likely to appeal to the Supreme Court, which will get a chance to reconsider its muddled rulings on campaign funding and political speech. Since the 5-4 McConnell decision upholding the campaign finance law, Chief Justice John Roberts and Justice Samuel Alito have joined the High Court. It's not certain how far either would move in a deregulatory direction, but it's encouraging that both voted with the 6-3 majority in last term's Randell v. Sorrell decision, which struck down Vermont's expenditure and contribution limits.

McCain-Feingold's backers claimed the law would rein in large donors and facilitate political campaigns that are less expensive, less negative and less influenced by special interests. If that nirvana has arrived, we haven't noticed. Proponents also

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promised that reform wouldn't hurt the ability of grassroots organizations to run ads that inform the public and hold politicians accountable. The folks at Wisconsin Right to Life beg to differ.

Perhaps the lesson is that limiting political speech isn't the cure for whatever supposedly ails the electoral system. Let's hope the Supreme Court seizes this opportunity to start dismantling the speech-regulation regime known as McCain-Feingold.

FEC Fines Outgoing Rep. Taylor For '04 Violation (RC)

By Nicole Duran

Roll Call, December 29, 2006

The Federal Election Commission on Wednesday fined the 2004 campaign of Rep. Charles Taylor (R-N.C.) $91,000 for failing to properly comply with provisions of the Bipartisan Campaign Reform Act.

Taylor poured more than $800,000 of his own money into his 2004 re-election campaign but did not notify the FEC or his opponent in a timely matter, according to the FEC.

Taylor ran afoul of one of the most talked about, and misunderstood, provisions of BCRA, the "Millionaires' Amendment."

Among other requirements, House candidates must alert the FEC and their opponents within 24 hours if they spend more than $350,000 of their own money.

Taylor's campaign missed the initial 24-hour notification and four others.

The fine is especially painful considering that Taylor lost his seat in the midterm elections and is about to be replaced by Rep.-elect Heath Shuler (D-N.C.).

Taylor's office did not immediately respond to a request for a comment for this story.

In another case, the commission dismissed a complaint against the Leadership Forum, a 527 group, last week.

Several watchdog groups had complained that the Leadership Forum actually was created to help specific GOP candidates during the 2004 cycle and therefore should have registered as a political action committee.

The group, led by Susan Hirschmann, a former chief of staff to former House Majority Leader Tom DeLay (R-Texas), came under fire when the National Republican Congressional Committee transferred $1 million to it in 2002, just days before such transfers were outlawed by BCRA.

The group returned the money two months later.

During the course of its investigation into the matter, the FEC said it found no evidence that the now-defunct group received contributions or made expenditures that would have required it to register as PAC.

CIVIL RIGHTS:

Lawsuit Alleges St. Paul Officer Assaulted 85-year-old Man During Traffic Stop (STPPP)

By Shannon Prather

The St. Paul Pioneer-Press, December 29, 2006

A man who alleges he suffered an "inhumane beating" during a traffic stop two years ago in St. Paul sued the city this week.

Leon Nins filed a federal civil rights suit Wednesday, two years to the day after the Dec. 27, 2004, confrontation. Nins was 85 at the time.

In the suit, Nins makes a variety of claims, including excessive force, battery and assault. The filing states Nins suffered permanent damage to his eyes and legs as well as psychological injuries, including depression, anxiety and panic attacks.

Nins seeks more than $50,000, plus punitive damages.

The incident, involving a black motorist and a white police officer, riled local civil rights leaders. Police Chief John Harrington, relying on witness statements and a squad car audio recording, defended officer Michael Lee, who said Nins kicked and spit at him.

Nins, who was arrested, spent three days in jail. Prosecutors charged Nins with assaulting the officer and obstructing the legal process, but dropped the charges and allowed him to admit to driving without a license. Nins had no criminal record.

Nins, a WWII veteran, was on his way to visit his wife at a nursing home when Lee pulled him over for expired tags near the corner of Dale Street and Selby Avenue in the Summit-University neighborhood.

Police and Nins have given conflicting accounts of what happened next.

According to the suit filed Wednesday, Nins said he tried to step out of the car, but said the officer grabbed the sack lunch Nins had prepared for his ailing wife and threw it onto the ground.

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Nins states he asked Lee why he threw the food and Lee responded by grabbing him and assaulting him. The suit states Nins never resisted the officer, but did question his actions.

Nins accused the officer of punching, kicking and striking him with a flashlight or baton. The officer also sprayed Nins with a chemical irritant.

According to a criminal complaint originally filed by prosecutors, Nins would not open his window for the officer. Lee opened the vehicle door and Nins began yelling that he would not show his driver's license, began swearing and refused to get out of the car. Nins spit at Lee as the officer pulled him out of the car, handcuffed him and placed him in the back of the squad car.

Nins kicked the squad car door open, hitting Lee in the face, and then kicked the officer's legs.

Subsequent investigations by the Bloomington Police Department and the U.S. Justice Department cleared Lee of criminal wrongdoing.

The lawsuit names the city, the police department, Harrington and Lee.

Conditions Improving Too Slowly, Judge Says (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, December 29, 2006

Court to Step Up Oversight of Case

A D.C. Superior Court judge said yesterday that the District had failed to do enough to improve conditions for juvenile offenders, particularly at the long-troubled Oak Hill detention facility.

Judge Herbert B. Dixon Jr. said the city's slow progress in making changes that were agreed to more than two years ago left him no choice but to step squarely back into the case, which began in 1985 as a class-action lawsuit filed on behalf of juveniles held at the city-run Oak Hill facility in Laurel.

"In light of the recurring delays meeting the requirements imposed in this case, and the impact such delays have on the children in defendants' custody, the court concludes that its more direct and active oversight of the remedial process is warranted," Dixon wrote in a nine-page order.

The lawsuit -- Jerry M. vs. the District of Columbia-- has cast a long shadow over the juvenile justice system. A consent decree, reached in 1986, was supposed to settle the suit, but problems persisted. The case appeared on its way to resolution in spring 2004, when the plaintiffs and the city agreed to the appointment of an independent monitor who would report back to Dixon. The D.C. government's appointment in early 2005 of a highly regarded juvenile justice director added to the optimism that changes were near.

But Dixon, who has overseen the case since 2001, felt compelled to act after receiving the most recent reports from the monitor, Grace M. Lopes. Although noting "clear progress," she found the city's efforts wanting in many areas, from a failure to ensure pest control services at Oak Hill despite "chronic infestations" to persistent staffing problems even in new, more-therapeutic units.

Oak Hill's population has dropped from an overcrowded 245 youths in February 2005 to fewer than 100 in recent months as the city has found alternatives to housing juveniles there for extended periods.

The May 2004 agreement that led to the appointment of Lopes called for parties in the case to draft a comprehensive plan to address the substantial shortcomings in how juvenile offenders are housed and cared for by the District. But the master plan has yet to materialize, the judge said.

Instead, the parties have produced a string of short-term plans, and even those efforts, intended to address urgent issues, often are accompanied by requests for extensions, Dixon stated. Such delays "are consistent with the defendants' performance throughout the two-decade history of this class action lawsuit," he said.

The parties in the case -- the District, the D.C. Public Defender Service, the American Civil Liberties Union and the law firm of Covington & Burling -- had asked the judge to scale back the role of the monitor and set criteria to take the place of a comprehensive plan.

Alan Pemberton, the Covington & Burling partner working on the case, said the parties believed that with the work done during the last couple of years, the monitoring could have been relaxed.

"There has been tremendous progress in some areas of the consent decree, probably more progress than in the previous 18 years," Pemberton said.

But the judge said such a framework would not give him the timelines and other information that he needs to ensure compliance with the consent decree. Instead, Dixon ordered the long-sought comprehensive plan to be filed by the end of April.

Contempt In Boston (WSJ)

DOJ_NMG_0110242

The Wall Street Journal, December 29, 2006

Nearly three years ago, the Supreme Judicial Court of Massachusetts read between the lines of the state constitution to discover a right to same-sex marriage previously undetected across the decades. The court then gave the legislature six months to rewrite state law to accommodate its diktat.

On Wednesday, however, the same court suddenly rediscovered the humility so lacking in its previous foray into the marriage debate. Before the court was a case brought by the governor together with citizens who had presented an initiative to amend the state constitution and so define marriage as a pact between a man and a woman. The petitioners had gathered more than 150,000 signatures. According to the state constitution, the legislature must now vote twice on the measure in successive legislative sessions before the amendment can be put on the ballot for a vote by the electorate.

The constitution only requires that 25% of both houses of the legislature vote to put the measure on the ballot, a bar set deliberately low to ensure that the people would have their say in all but the most extreme cases. But the legislature has so far refused to vote on the measure at all. In November, its members recessed until next Tuesday, the last day of the current legislative session, and to all appearances the politicians intend to adjourn the session without voting on the measure at all -- thus letting it die.

Departing Governor Mitt Romney has threatened to withhold approval of legislators' raises for next year unless they vote on the initiative, but this has purely symbolic value. Thanks to a voter-passed constitutional amendment from 1998, legislators are guaranteed raises every two years. Yet this is that same constitutional-amendment procedure that is now being flouted by legislators who lack the votes to defeat the measure on a straight vote.

The petitioners sued the legislature for abrogating its constitutional duty, and the state Supreme Judicial Court took the case. In its ruling this week, it agreed that the legislature's duty to vote on the measure was "unambiguous." But it claimed to be powerless to compel a vote. So the Supreme Judicial Court of Massachusetts, whose own arrogation of power created this mess, has suddenly discovered the limits of its power to clean it up.

All in all, this is quite the political spectacle. First judges usurp the power of the legislature to dictate their own social policy. Then the legislature uses a procedural ruse to deny voters a say on the gay-marriage issue. And these are some of the same people who say Iraqis aren't ready for democracy.

ANTITRUST:

AT&T Compromise May Get Merger Approved (AP)

By John Dunbar, Associated Press Writer

AP, December 29, 2006

AT&T Inc. has offered a new set of concessions that are expected to satisfy the two Democrats on the Federal Communications Commission and lead to approval of the company's $85 billion buyout of BellSouth Corp.

Approval by the full commission could happen as soon as Friday.

AT&T filed a letter of commitment with the agency Thursday night that adds a number of new conditions to the deal, including a promise to observe "network neutrality" principles, an offer of affordable stand-alone digital subscriber line service and a promise to give up some wireless spectrum.

Final approval still requires a vote of the commissioners, which can happen at any time via computer. The proposed deal is the largest telecommunications merger in U.S. history.

AT&T offered the concessions after a little more than a week of marathon negotiations with lawyers who work for the two Democrats on the commission, Michael Copps and Jonathan Adelstein, documents show.

Consumer advocates are praising the compromise. Gene Kimmelman, vice president of federal and international affairs for Consumers Union, who has worked closely with the Democrats, said AT&T's new concessions are "an enormous improvement from where we were a month ago."

Commissioners Adelstein and Copps and representatives of AT&T were not immediately available for comment Thursday evening.

The agreement came together 10 days after Republican Commissioner Robert McDowell announced that he would not vote on the deal, despite being authorized to do so by the FCC's general counsel.

McDowell, a Republican, had decided not to participate in the negotiations because of his former position as a lobbyist for Comptel, a trade organization that opposes the merger.

Republican FCC Chairman Kevin Martin, who supported approval of the merger without conditions, was betting that McDowell would vote in favor of the deal following the legal opinion and break a 2-2 partisan deadlock.

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But with McDowell's firm declaration that he would not vote, the pressure shifted to AT&T, which had hoped to close the transaction by the end of the year, a development that put the two Democrats in a much stronger position.

Pressure was added by Rep. John Dingell, D-Mich., the incoming chairman of the House Energy and Commerce Committee, who, in a veiled warning to Democrats, said negotiations should proceed "fairly and openly and in a way that avoids imposing burdens that have nothing to do with the transaction."

In an effort to get the merger approved, AT&T submitted a set of concessions on Oct. 13, but they were rejected by the Democrats as insufficient.

In AT&T's letter of commitment, authored by the company's senior vice president in charge of regulatory affairs, Robert W. Quinn Jr., he noted that the new concessions were "significantly more extensive than those submitted on Oct. 13."

For starters, the new offer extends the lifespan of many conditions from 30 months under the old deal to 42 months or longer in some cases.

Among the promises made by the company:

-An offer of stand-alone, high-speed Internet service to customers in its service area for $19.95 per month for 30 months. The "naked DSL (digital subscriber line)" offer would allow those who live in AT&T and BellSouth's service areas to sign up for fast Internet access without being required to buy a package of other services.

-A greater commitment to network neutrality, or nondiscrimination involving Internet traffic. AT&T said it would "maintain a neutral network and neutral routing in its wireline broadband Internet access service" for two years.

-To freeze rates for "special access" customers, usually competitors and large businesses that pay to connect directly to a regional phone company's central office via a dedicated fiber optic line, for 48 months.

-To "assign and/or transfer to an unaffiliated third party" all of its 2.5 GHZ spectrum currently licensed to BellSouth within one year of the merger closing date.

-To "repatriate" 3,000 jobs that were outsourced by BellSouth outside the U.S. by Dec. 31, 2008, with at least 200 of those jobs to be located in New Orleans.

Ben Scott, legislative director for Free Press, a reform group that has fought the merger, said the network neutrality provision was a "big step forward for the supporters of an open Internet."

The creation of the new telecommunications giant was approved by the Justice Department on Oct. 11 without conditions.

After the Oct. 13 offer of concessions from AT&T, negotiations stalled. Martin, declaring an impasse, asked the agency's general counsel to issue an opinion on McDowell's status, a move that drew harsh criticism from Democrats.

General Counsel Sam Feder issued his opinion, but McDowell called a press conference soon after announcing he had no intention to vote, saying that he was being used "as a pawn to forgo meaningful and sincere negotiations."

The combination of San Antonio-based AT&T and Atlanta-based BellSouth would have operations in 22 states. AT&T estimates that about 10,000 jobs would be phased out over three years.

Combined, the companies generate about $117 billion in revenue and operate 68.7 million local phone lines stretching coast to coast across the southern United States and up through the Midwest.

The buyout will also give AT&T complete control over Cingular Wireless, the nation's largest wireless telecommunications provider, which it owns in partnership with BellSouth.

AT&T Yields To Seal BellSouth Deal (WSJ)

By Amy Schatz And Peter Grant

The Wall Street Journal, December 29, 2006

AT&T Inc. made numerous new consumer-friendly concessions on the terms of its proposed $85 billion merger with BellSouth Corp. in an effort to get approval by the Federal Communications Commission before the end of the year.

In a 19-page letter filed with the agency last night, the phone giant promised to observe numerous "network neutrality" principles so it would treat all Internet content equally. Consumer groups and some Internet companies have been pressing the FCC for weeks to make this a condition of approving the merger.

In addition, AT&T agreed to do such things as upgrade the availability of high-speed Internet service in the areas it serves and adhere to price caps on high-volume data lines used by business customers. In a concession to labor unions, the company agreed to repatriate 3,000 jobs outsourced by BellSouth outside the U.S., locating at least 200 of them in the New Orleans area.

"This is a real capitulation by AT&T-BellSouth," said Harold Feld, senior vice president of Media Access Project, a Washington public-interest law firm.

The proposed deal, the largest in U.S. telecommunications-merger history, could be approved by the full commission as early as today. An AT&T spokesman declined to comment.

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The deal has some longer-term implications for all phone companies because of the focus by the FCC's Democrats on net neutrality and rates charged to businesses for high-volume data lines. Democrats felt emboldened to take a hard line during negotiations because of their new control of Congress, where Democrats have been riled up about the net-neutrality issue.

AT&T's concessions come after weeks of negotiations with the FCC, which reached an impasse with two Democrats on the five-member commission pushing for additional conditions and the two remaining Republicans opposing them. The fifth commissioner, Robert McDowell, a Republican who many thought would break the tie, decided to abstain because he had previously lobbied on behalf of CompTel, a trade group that represents smaller phone companies.

Mr. McDowell's decision to abstain precipitated an intense round of negotiations, which lasted through the Christmas holiday. The FCC's Democrats insisted that AT&T abide by Internet nondiscrimination rules and essentially came up with a new one as part of this deal. AT&T basically agreed that it wouldn't prioritize Internet traffic once it reached the two dozen or so hubs around the country that process Internet traffic. From that point until it reaches a customer's home, the traffic must be treated equally.

That condition expires in two years. The combined company will have about 11.5 million high-speed Internet subscribers.

From a financial perspective, a more significant condition involves reinstituting FCC price caps dropped after industry deregulation on high-volume data lines used by corporate customers throughout the combined company's 22 state territory. Previously, price caps were required only in areas where the FCC determined that no significant competition existed. Under this deal, the use of price caps for these "special access lines" would expand significantly. The condition is far more extensive than what was required last year when SBC Communications Inc. acquired AT&T Corp, and also stays in place longer, for four years.

The deal would also help consumers and start-up Internet phone companies, like Vonage Holdings Corp., by requiring AT&T to offer stand-alone DSL Internet service for up to $20 a month. That would give consumers access to basically the slowest broadband Internet access available, 768 kilobits per second. But that is fast enough to use Internet phone services provided by AT&T rivals.

AT&T also agreed to divest itself of wireless spectrum that was intended to be used for wireless broadband services, a condition that competitors like Clearwire Corp. have been advocating. Critics have claimed that AT&T and BellSouth had so much spectrum between them others wouldn't be able to compete.

AT&T Offers New Concessions To FCC In BellSouth Deal (Update2) (BLOOM)

By Christopher Stern And Molly Peterson

Bloomberg, December 29, 2006

Dec. 28 (Bloomberg) -- AT&T Inc., the largest U.S. phone company, agreed to new concessions including some price controls to win regulatory approval for its $86 billion purchase of BellSouth Corp.

AT&T made the offer in a letter filed today with the U.S. Federal Communications Commission, a move designed to win the agency approval of the deal as early as tomorrow and clear the last hurdle to completing the purchase.

The offer may end a three-month stalemate between FCC Chairman Kevin Martin, fellow Republican Deborah Taylor Tate and the panel's two Democrats, who have sought price controls and other concessions. Buying BellSouth lets San Antonio-based AT&T expand its local service to 22 states, gain full control of Cingular Wireless LLC and compete with cable television companies offering phone service as well as Web access and TV.

``AT&T really wanted to get it done this year," said Paul Glenchur, an analyst with Stanford Washington Research Group, an investor advisory firm. ``I suspect the Democrats didn't want to look like they were standing in the way."

Shares of AT&T rose 8 cents to $35.50 at 4:27 p.m. in New York Stock Exchange composite trading. They have gained 45 percent this year. Atlanta-based BellSouth rose 18 cents to $46.80 and has gained 73 percent this year.

DSL Service

The concessions by AT&T go beyond those the company proposed in October. AT&T offered, for example, to sell fast Internet access known as DSL for $19.95 a month without requiring customers to buy phone service, the letter said.

The company also said it would repatriate 3,000 BellSouth jobs now outside the U.S. and pledged 200 jobs for New Orleans.

Democratic Commissioners Michael Copps and Jonathan Adelstein gained leverage in seeking tougher conditions after the fifth commissioner, Republican Robert McDowell, said he would abstain from voting because of his past work as a lobbyist for smaller companies that compete with AT&T.

Under the proposed deal, AT&T wouldn't raise prices on some ``special access" lines that provide high-capacity phone and data services for large businesses for four years.

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The company also agreed to divest some wireless licenses in BellSouth's nine-state region. The licenses cover airwaves suitable for high-speed Internet access. Atlanta-based Cingular, co-owned by AT&T and BellSouth, is the biggest U.S. wireless services company.

Network Neutrality

In a bow to backers of ``network neutrality," AT&T said it would refrain from charging Web companies such as Google Inc. premium fees for faster subscriber access. Neutrality supporters have urged Congress not to let phone companies charge higher fees for faster service, which they liken to the creation of tolls on the Internet.

The new concessions ``are significantly more extensive than those submitted on October 13," AT&T Senior Vice President Robert W. Quinn said in the letter.

The transaction won unconditional approval from the Justice Department and 18 states.

BellSouth investors will get 1.325 AT&T shares for each they now own, representing an 18 percent premium based on the companies' stock prices on March 3, the last trading day before the deal was announced. While that put the value of the deal at about $67 billion, AT&T shares have risen 27 percent since then.

AT&T's 5.1 percent notes maturing in September 2014 rose 0.71 cent to 97.37 cents on the dollar to yield to 5.52 percent, according to Trace, the bond reporting system of the NASD. BellSouth's 5.2 percent notes due in September 2014 fell 0.64 cent to 97.21 cents to yield 5.65 percent.

General Dynamics' Purchase Challenged (WP)

By Renae Merle, Washington Post Staff Writer

The Washington Post, December 29, 2006

Federal antitrust authorities, citing concerns about higher prices and less competition, challenged General Dynamics' plans yesterday to buy a Canadian ammunition maker.

The Federal Trade Commission ruled that to buy SNC Technologies of Quebec, General Dynamics must divest its interest in one of the two other competitors in the market. Otherwise, "General Dynamics could unilaterally raise prices or otherwise engage in anticompetitive conduct," the FTC said in a statement.

The company, headquartered in Falls Church, has agreed to those terms.

It is at least the third time this year that federal regulators have expressed concern about diminishing competition among military contactors. The agency took more than a year to approve a plan by Lockheed Martin and Boeing to merge their government rocket businesses, acknowledging that creating a monopoly in a multibillion-dollar market would probably lead to higher prices and lower quality. The FTC approved General Dynamics' $2.2 billion acquisition of technology firm Anteon in June only after Anteon agreed to sell a unit that raised conflict-of-interest concerns.

In February, General Dynamics announced that it would buy SNC Technologies for $275 million. SNC is one of three makers of mortar rounds, relatively inexpensive shells used by infantry troops, for the U.S. military. The others are Day & Zimmerman of Philadelphia and American Ordnance of Pittsburg, Kan., which is jointly owned by General Dynamics and Day & Zimmerman.

Unconditionally allowing the acquisition of SNC would give General Dynamics control of two of the three competitors in the market, the FTC said. Day & Zimmerman's market position also is in doubt since the ammunition plant it operates in Kansas is slated to close under the 2005 Base Closure and Realignment legislation, according to the FTC. The lack of competition would also increase the likelihood that General Dynamics could "unilaterally exercise market power" and raise prices, the agency's complaint said.

The FTC has approved a consent decree calling for General Dynamics to divest its 50 percent stake in American Ordnance and allow the agency to appoint a monitor to oversee compliance, the statement said. The commission will vote after a 30-day comment period on whether to make the agreement final.

"Mortars and artillery are critical components in the U.S. military's arsenal," Jeffrey Schmidt, director of the FTC's Bureau of Competition, said in a statement. Requiring the sale "will ensure that our war fighters continue to benefit from competition and do not pay more for the ammunition."

General Dynamics has not found a buyer for its stake in American Ordnance yet, said Rob Doolittle, a General Dynamics spokesman. "We'll make an announcement when we have a buyer," he said. "I can't speculate about when that might be at this point."

The weapons maker is also awaiting approval by the Canadian government. The acquisition, which was originally expected to close in the middle of this year, is now expected to close within the first few months of 2007, Doolittle said.

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General Dynamics is already one of the largest suppliers of medium- and large-caliber ammunition for tanks and helicopters used by the U.S. military. Its ordnance and tactical systems unit recorded $615 million in munitions and other sales in 2005, the FTC said. The deal, if approved, would bring new customers, including the Canadian government.

Intel Ordered To Produce International Evidence In AMD Antitrust Case (AP)

AP, December 29, 2006

SUNNYVALE, Calif. (AP) - Chip-maker Intel Corp. said it would not object to a court order to produce documents related to its international business practices, as part of an antitrust case filed by rival Advanced Micro Devices Inc.

AMD said the court order issued Wednesday was a "significant legal victory."

In a letter to Judge Joseph Farnan in the U.S. Federal District Court in Delaware, Intel said it plans to cooperate with the court order and that it does not plan to file an objection.

Intel also noted that a court-appointed Special Master explicitly said it was not making decisions about whether the evidence would be admissible in court.

In September, a federal judge ruled that if AMD wins the antitrust case filed in the U.S., it cannot receive damages for Intel's alleged monopolistic practices overseas.

The lawsuit dates to June 2005, when AMD initiated an antitrust case against Intel, alleging that its business was harmed by Intel's practice of offering rebates, discounts and other incentives to persuade PC makers to use chips from Intel instead of AMD. AMD argued that Intel sustains a monopoly that allows it to charge higher prices.

Intel responded that AMD's problems were rooted in its reputation for being an unreliable supplier and that it failed to adequately invest in its business.

Shares of AMD slipped 13 cents to close at $20.57 on the New York Stock Exchange, while Intel shares rose 2 cents to end at $20.42 on the Nasdaq Stock Market.

AMD Claims Key Legal Victory In Intel Antitrust Fight (MRKTWTCH)

By Matt Andrejczak, MarketWatch

Market Watch, December 29, 2006

SAN FRANCISCO (MarketWatch) - Advanced Micro Devices Inc. on Thursday claimed a key legal victory in its ongoing antitrust suit against its bigger rival Intel Corp.

A Delaware federal court has ruled that Intel must produce documents and other evidence related to its foreign dealings with PC makers, distributors and others. The ruling overturns Intel's prior objections.

"This ruling removes any basis for Intel or its foreign customers to withhold evidence of Intel's exclusion, regardless of where it occurred," said Tom McCoy, AMD's chief legal officer, in a statement.

U.S. District Judge Joseph Farnan had previously sided with Intel, opining that the court lacked jurisdiction over AMD's foreign conduct claims. But a special master appointed to oversee discovery disputes in the case agreed with AMD that the PC-chip market is global, with 68% of the world's computers sold to non-U.S. customers.

Sunnyvale, Calif.-based AMD said it thinks this latest development will bolster it claims that Intel used anticompetitive practices in the sale of PC chips worldwide.

AMD has subpoenaed roughly 70 parties so far in the case, and as a result of this court order, it is likely AMD will target Intel's business partners in Japan, where antitrust regulators there have suggested Intel abused its position as the world's No. 1 computer-chip maker.

AMD originally filed its antitrust suit against Intel in June 2005. The suit accused Intel of bullying a range of computer makers, distributors and retailers from Europe to Asia into not selling or supporting AMD products. Intel has denied the charges.

This week's ruling is a setback for Intel, which elected not to challenge the decision of the Special Master Vincent Poppiti.

"While Intel obviously had hoped for a different outcome regarding discovery, Intel of course will comply with the Special Master's decision and will respond as the Special Master directs," Richard L. Horwitz, an attorney representing Intel, told Judge Farnan, Jr. in a letter dated Dec. 27.

Still, the latest ruling is not clear legal victory for AMD, which controls roughly 20% of the PC-chip market worldwide.

It's not known whether any evidence AMD digs up pertaining to Intel's foreign business dealings will be heard in the court trial set for April 2009.

Special Master Poppiti, appointed by Judge Joseph Farnan, Jr. to oversee all discovery disputes in the case, has left that up in the air.

"In this regard, the Special Master does not opine on the ultimate admissibility" of any foreign conduct material "for the purposes of trial," Poppiti wrote in his ruling.

This sets the stage for other legal battles ahead of the trial. Intel said it plans to address evidentiary issues with the court when the time comes.

In midafternoon trading Thursday, AMD shares fell 13 cents to $20.57. Intel shares rose 1 cent to $20.41. Matt Andrejczak is a reporter for MarketWatch in San Francisco.

ENVIRONMENT:

EPA Charges Bus Co. Broke Pollution Law (BOSH)

By Donna Goodison

Boston Herald, December 29, 2006

Chelsea-based Paul Revere Transportation faces federal penalties for alleged repeat violations of a state law forbidding buses from idling more than five minutes.

The U.S. Environmental Protection Agency and the U.S. Justice Department filed suit in district court on Tuesday, alleging the transportation company left its diesel buses idling for a total of more than 100 hours at its Roxbury bus yard and a shuttle bus location on Brookline Avenue.

"Given the extremely high asthma rates in Roxbury, it is unacceptable that diesel buses and other vehicles are left idling for more than an hour at a time," Robert Varney, New England EPA administrator, said in a statement. "Diesel pollution is very harmful, especially for sensitive populations such as the young, elderly and people who suffer from asthma."

Paul Revere Transportation could not be immediately reached for comment. The company is a joint venture of Alternate Concepts Inc. and Modern Continental Construction, its Web site says.

The EPA witnessed the alleged idling during eight weekly inspections in April and March. At times, more than 20 vehicles were found idling - some for more than an hour and, in one case, for more than two hours, according to the agency.

Follow-up inquiries suggested violations may have been ongoing for several years, it said.

Paul Revere Transportation is liable for civil penalties of up to $32,500 per day for each violation that occurred after March 15, 2004, and $27,500 per day for each violation before that, according to the court complaint.

The EPA previously fined the company in 2002 for illegal idling of its shuttle buses at Boston's Logan International Airport.

FDA Tentatively Declares Food From Cloned Animals To Be Safe (NYT)

By Andrew Pollack And Andrew Martin

The New York Times, December 29, 2006

After years of delay, the Food and Drug Administration tentatively concluded yesterday that milk and meat from some cloned farm animals are safe to eat. That finding could make the United States the first country to allow products from cloned livestock to be sold in grocery stores.

Even if the agency's assessment is formally approved next year, consumers will not see many steaks or pork chops from cloned animals because the technology is still too expensive to be used widely.

But the F.D.A.'s draft policy touched off an immediate storm of criticism from consumer groups, as well as some concerns from meat and dairy companies worried about consumer reaction.

"At the end of the day, F.D.A. is looking out for a few cloning companies and not for consumers or the dairy industry," said Joseph Mendelson, legal director for the Center for Food Safety, an advocacy group.

Mr. Mendelson and other consumer representatives argue that the science backing the F.D.A.'s decision is shaky and that consumer surveys show that most people are opposed to cloning animals, let alone eating them. Some also said that cloning causes harm to the animals involved and could pave the way for human cloning.

Opponents hope to bring Congressional pressure to bear to derail the policy before it becomes final or at least to require that such foods be labeled so consumers can choose to avoid them. F.D.A. officials said that it was unlikely that labeling would be required because food from cloned animals is indistinguishable from other food, although a final decision about labeling has not been made.

Senator Patrick J. Leahy, Democrat of Vermont, yesterday called for a "careful, deliberative and open process" before cloned animals are approved for food.

The F.D.A.'s finding comes more than six years after the agency first decided to study the matter, after recognizing that the advent of cloned farm animals raised a food safety issue. After that study, the agency in 2003 gave a tentative approval to cloned animals for food. But the F.D.A. retreated after its own advisory panel found there was insufficient scientific backing for that conclusion.

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This time, F.D.A. officials said they had substantial new data, which they presented yesterday in a nearly 700-page "draft risk assessment."

The officials denied the contention from some critics that the policy was announced during a holiday week in order to reduce publicity, saying it had taken until now to analyze the data and obtain comment from other government agencies.

The assessment concluded that milk and meat from cloned cows, pigs and goats, and from their offspring, were "as safe to eat as the food we eat every day," Stephen F. Sundlof, the F.D.A.'s chief of veterinary medicine, said in a telephone call with reporters.

Mr. Sundlof said that by law the agency could consider only the scientific issues, not consumer demand or the ethics of cloning.

While animal cloning has always been legal, since 2001 there has been a voluntary moratorium on the sales of milk or meat from such animals to give the F.D.A. time to study the matter. Some experts say that some products from clones or their offspring have probably nonetheless made their way into the food supply.

The moratorium will stay in place until the new policy is completed, after a 90-day period for public comment and additional time for the F.D.A. to review the comments. Mr. Sundlof said he could not say when the final policy would be ready, though it might be by the end of 2007.

Even then, the moratorium would remain for products from sheep, the F.D.A. said, because there was not enough evidence of their safety. No one has yet succeeded in cloning chickens or other poultry.

The finding was hailed by cloning companies, which have been struggling to build a business. It also drew praise from some farmers and breeders who have already made clones of their prized livestock but have had to pour milk down the drain and keep their meat off the market.

They say that cloning is just another breeding technique, like artificial insemination or in-vitro fertilization.

"This just sort of lifts the stigma of the clones," said Bob Schauf, a Holstein breeder and dairy farmer in Barron, Wis., who had two of his prized cows cloned. He said his family and the families of his employees have been drinking the milk from those clones rather than see it go to waste. But dairy marketers have expressed concern.

A survey conducted last summer by the International Dairy Foods Association, an industry trade group, found that 14 percent of women would turn away from all dairy products if milk from clones were introduced into the food supply. The association surveyed women because its research has found them to be the main household decision makers on dairy products.

The American Meat Institute, while saying yesterday that cloning was safe, also urged the F.D.A. to be cautious about approval "if most consumers are unwilling to accept the technology."

A poll this month from the nonprofit Pew Initiative on Food and Biotechnology found that while most consumers knew little about animal cloning, 64 percent said they were uncomfortable with it, with 46 percent saying they were "strongly uncomfortable."

F.D.A. officials said no other country had yet approved food from cloned livestock, although some are considering it. That raised the prospect that American exports of milk or meat could be blocked by certain countries if they contain products from cloned animals. An official in the Washington delegation of the European Union said politicians and consumers in Europe would no doubt debate the issue.

Carol Tucker Foreman, director for food policy at the Consumer Federation of America, said consumer groups would ask food companies, retailers and restaurant chains to shun products from cloned livestock.

That raises the possibility that some food companies will label their products "clone free," just as some now label milk as not coming from cows injected with growth hormone.

Cloning involves putting an animal's DNA into an egg thats own DNA has been removed. The resulting embryo, after being implanted into a surrogate mother, makes a genetically identical copy of the original animal.

But even if two animals have identical genes, they can turn out differently if those genes are turned on or off at different times. And studies have shown that patterns of gene activity are different in embryos created by cloning compared with embryos created by the fusing of sperm and egg.

These differences are presumed to account in large measure for the low success rate of cloning. Fetuses can grow unusually large, posing a risk to the surrogate mother. Many clones die during gestation or shortly after birth. Some are born with deformed heads or limbs or problems with their hearts, lungs or other organs.

But the F.D.A. said that obviously sick and deformed animals were already barred from the food supply. It added that clones that survived past the first few days "appear to grow and develop normally" and that healthy adult clones were "virtually indistinguishable" from noncloned livestock, making their meat or milk safe.

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The draft assessment based its conclusions on an extensive review of scientific literature on cloning as well as on studies, some done by cloning companies, comparing the composition of the milk, meat and blood of cloned animals and conventional animals.

Mr. Sundlof said the agency also found that cloning “poses no unique risks to the health of animals” beyond those seen with other forms of assisted reproduction such as in-vitro fertilization. The frequency of problems is higher with cloning, however, perhaps because it is a newer technology. The first cloned mammal, Dolly the sheep, was born in 1996.

The F.D.A.’s announcement, by paving the way for the end of the moratorium, could make it easier to persuade farmers and breeders to pay $15,000 to copy a prized bull or dairy cow.

“I think that this draft is going to provide the industry the comfort it needs,” said Mark Walton, president of ViaGen, a cloning company based in Austin, Tex., that has yet to turn a profit after five years.

Industry officials estimate there are now only about 500 or 600 cloned cows in the United States, out of tens of millions of beef and dairy cows. There are roughly 200 cloned pigs.

Experts say that cloning is too expensive to be used to make animals only to then grind them into hamburger or even to milk them. Rather, farmers and breeders are cloning prized livestock so they can then be used for breeding using more conventional means of reproduction.

That means that most food from cloning would come from the sexually produced offspring of the cloned animals. The F.D.A. said milk and meat from such offspring were safe, because any abnormalities in clones do not carry into the next generation.

The agency’s assessment did not include genetically modified animals, in which a foreign gene is introduced. The agency is still deciding whether to allow the first of those, a fast-growing fish, into the food supply.

FDA Says Clones Are Safe To Eat (WP)

By Rick Weiss

The Washington Post, December 29, 2006

Taking a long-awaited stand in an emotionally fraught food fight, the Food and Drug Administration yesterday released a 678-page analysis concluding that milk and meat from cloned animals pose no unique risks to consumers.

The decision, subject to change after a period of public comment, stops short of approving the sale of food from clones and leaves in place for now a long-standing government request that farmers keep their clones off the market.

But it represents a crucial milestone for the handful of biotechnology companies that see cloning as a welcome opportunity to sidestep the vagaries of sexual reproduction and instead mass-produce some of the nation's finest meat- and milk-producing animals.

"The higher-end breeders are going to start signing up and taking advantage of this," said Mark Walton, president of Austin-based ViaGen, which has produced about 250 cloned cattle and pigs in preparation for what the company hopes will be a robust market in farm clones. "They've been interested, but they've been skeptical that we'd ever get the regulatory process dealt with."

Opponents, however -- including some who doubt the safety of cloned food and others concerned about the welfare of the animals -- vowed to fight the new momentum toward approval.

"This is a lose-lose decision for consumers and the dairy industry," said Joseph Mendelson, legal director at the Center for Food Safety in Washington, which has petitioned the FDA to regulate cloned farm animals one type at a time, much as it regulates new drugs.

Release of the draft risk assessment was delayed for years, in part by a coalition of big-name dairy companies concerned that the "yuck factor" surrounding cloned animals might tarnish milk's image and undermine sales. Surveys have consistently found that a majority of consumers are wary of food from clones, with many saying they would avoid it.

Yet study after study reviewed by the FDA failed to find any scientific reason to keep meat or milk from clones off store shelves.

"Extensive evaluation of the available data has not identified any food consumption risks or subtle hazards in healthy clones of cattle, swine, or goats," the FDA risk assessment concludes.

In apparent recognition of consumer distrust of cloned food -- and of widespread public misunderstanding about the science of cloning -- the agency posted on its Web site not only the detailed technical report but also several lay-language documents that aim to debunk negative "myths" about clones, which the agency notes are copies of existing animals and are not engineered to have new traits.

The agency also took the unprecedented step of posting all the raw scientific data it used to come to its conclusion, along with unedited copies of comments it received from independent experts who were asked to review the report in advance.

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"We have looked very, very closely," Stephen F. Sundlof, the FDA's chief of veterinary medicine, said in a telephone news conference. "There's just not anything there that is conceivably hazardous to the public health."

Sundlof declined to predict when the agency might come to a final decision. With public comment allowed through April 2, and with the agency's need to thoroughly review those comments, a decision could come by the end of 2007, he said.

Even if a positive decision sails through, consumers will have to wait awhile for their first clone burger. Fewer than 1,000 cloned animals are living on U.S. farms, out of tens of millions of cattle and pigs. And it takes about two years to produce a cloned steer for slaughter and even longer to grow a cloned dairy cow old enough to be milked.

Moreover, with price tags up to $15,000 apiece, clones are currently too valuable to kill or milk directly. So most will initially be used as breeding stock to make high-quality offspring for slaughter or milking, a process that will take an extra couple of years.

"Everything is basically two to three years away, even if it all opens up tomorrow," said Steve Mower, director of marketing at Cyagra, a livestock-cloning company in Elizabethtown, Pa.

To make a clone, scientists take a single skin cell from an animal they want to replicate. They fuse it with a cow egg that has had its DNA removed, resulting in the creation of an embryo that can be transferred to the womb of a surrogate mother animal. The resulting newborn is a twin of the animal that donated the initial cell.

Opponents of food from clones note that the animals harbor subtle molecular differences in their DNA as a result of having been produced from a single parent. They also point to higher rates of problems during fetal development, resulting in birth defects and a high miscarriage rate, which in turn poses risks to the surrogate mother.

Some also question the economic sense of using cloning to make superproductive dairy cows.

Carol Tucker Foreman of the Consumer Federation of America said U.S. farmers produce more milk than Americans can drink, and the government must buy the surplus. "Since 1999, dairy support programs have cost taxpayers over $5 billion," she said in a statement.

Supporters counter that DNA differences in clones do not translate into discernible differences in the chemical composition of their milk or meat, as shown in many studies that have measured thousands of variables, including protein, fatty acid and vitamin levels.

The developmental problems are not different from those seen in animals produced by commonly used assisted reproductive techniques such as in vitro fertilization and artificial insemination, FDA officials said. And although the rates of those problems are higher in clones, they are declining as techniques improve.

Although some may doubt that cloned food is cost-efficient -- and others worry that the presence of cloned products in the U.S. food supply could hurt exports if other countries, none of which has approved food from clones, reject those products -- economics are not under the FDA's purview, officials said.

In conjunction with the risk assessment, the FDA yesterday released a risk-management plan, which outlines how the agency would track newly emerging concerns about food from clones in coming years. It includes a proposal to create a publicly accessible database of all new findings as companies scale up their operations.

Although ViaGen and Cyagra volunteered large amounts of data to the FDA for its risk analysis and have offered to continue cooperating, officials at both companies said this week they will have to consider whether they can promise public release of all their findings.

Several groups are pushing for a requirement that cloned food be labeled as such, allowing consumers to avoid it. Sundlof said such labels would be inconsistent with a long-standing FDA policy to reserve labels for scientifically substantive issues. But he said the agency would be open to "clone-free" labels on foods that come from other sources.

Congress could also get involved. This month, Sen. Patrick J. Leahy (D-Vt.) and six other senators wrote to Health and Human Services Secretary Mike Leavitt, asking that the FDA run the new risk assessment past an additional scientific review board and study the global trade implications.

In statements released yesterday, Leahy and Sen. Barbara A. Mikulski (D-Md.) -- who has expressed reservations about food from clones -- encouraged Americans to send their opinions to the FDA.

FDA Rules Meat From Cloned Animals Is Safe To Eat (LAT)

By Karen Kaplan

The Los Angeles Times, December 29, 2006

The Food and Drug Administration on Thursday formally endorsed the safety of meat and milk from cloned cattle, pigs and goats, but the agency's 678-page report failed to satisfy critics who say their opposition is rooted in concerns over ethics, not science.

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"Neither the agency nor animal scientists are qualified to tell us whether and when it is ethically acceptable for humans to alter the essential nature of animals," said Carol Tucker Foreman of the Food Policy Institute at the Consumer Federation of America in Washington.

She and others said the time has come for a national discussion about the wisdom of creating tailor-made animals in laboratories, regardless of whether it is scientifically possible to do so.

"Congressional hearings might start a robust societal dialogue on those issues," said Gregory Jaffe, biotechnology director at the Center for Science in the Public Interest.

Polls show Americans are hardly clamoring for bacon cheeseburgers made from cloned animals or their offspring. A survey this month by the Pew Initiative on Food and Biotechnology found that 64% of respondents are uncomfortable with the idea of cloning animals, let alone eating them.

Such concerns were outside the scope of the FDA's scientific review.

The agency's Center for Veterinary Medicine focused on the health of cloned animals and their progeny, tracking them with physical examinations and blood tests and comparing the results to animals bred conventionally. Researchers also subjected meat and milk from clones and their offspring to detailed chemical analysis.

"We looked at essential elements like vitamins, fatty acids -- a whole array of different components -- to try to determine if there was any distinguishable difference between foods from clones and their offspring compared to foods from conventionally raised animals," said Stephen F. Sundlof, director of the Center for Veterinary Medicine. "There was no difference."

The report didn't address the contentious issue of whether products derived from clones would require special labeling.

Cloning allows farmers and ranchers to create an identical twin of prized animal -- perhaps a dairy cow that's an unusually prolific milk producer or a bull whose offspring make for consistently lean and juicy steaks.

A voluntary moratorium has kept most cloned animals and their offspring out of the food supply, though ranchers say at least a few dozen have gone to slaughterhouses. The moratorium will remain in effect until the FDA issues its final ruling, possibly by the end of 2007.

If the report is adopted, the United States would become the first country to approve the use of animal cloning in food production, Sundlof said.

To create a clone, a normal egg is removed from a donor cow and the genes are replaced with DNA from the animal to be copied. An electric shock induces the egg to grow into a genetic copy of the original. It is then implanted into the womb of a surrogate mother.

Cloning is simply an extension of assisted reproduction technologies that ranchers have been using since the 1950s, said Amy lager,Ö co-owner of a mid-sized dairy farm in Fulton, Md.

Since clones cost about $20,000 to produce, they are used primarily for breeding while their offspring head to slaughterhouses or milking barns.

The FDA's risk assessment found that cloned animals are more likely to suffer from birth defects and other health problems that can lead to death in utero or shortly after birth. But those problems have already been seen with other breeding technologies, and current federal inspections would keep any unsuitable animals out of the food supply, Sundlof said.

In fact, he said, there's no reason to treat a clone differently from the rest of a herd.

That conclusion makes consumer advocates fear that products from clones will wind up in grocery stores and restaurants without special labeling that would give shoppers the opportunity to avoid the products.

Sundlof said the FDA only has the authority to require labeling if a food includes a harmful substance or is missing an essential element -- neither of which appears to be the case with cloned animal products.

Still, he said, the agency will hold off on making a decision on labeling until it reviews public comments that are received over the next 90 days.

In the absence of mandatory labeling, some producers may be able to advertise that their products are not derived through cloning, just as milk producers can say that their animals were not treated with supplemental bovine growth hormone, he said.

FDA Backs Safety Of Meat, Milk From Cloned Animals (USAT)

By Elizabeth Weise

USA Today, December 29, 2006

As expected, the Food and Drug Administration announced Thursday that its scientific assessment of meat and milk from cloned animals determined they were safe for human consumption. The announcement, coming after four years of review and research, is just the beginning of what will be a year or more process of public input and discussion before these products can be sold. USA TODAY's Elizabeth Weise explains the issues involved.

Q: How are clones made?

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A: Let's use a cow as an example, as cattle are the most commonly cloned farm animals right now. A single cell is taken from an adult cow. Its genetic material is inserted into another cow's egg that has had its genetic material removed. A jolt of electricity tricks the egg into thinking it has been fertilized and it begins to grow. The resulting embryo is implanted into the uterus of a surrogate cow, which gives birth to the cloned calf.

Q: Will cloned meat and milk be on supermarket shelves soon?

A: No. After public comment is collected during a 90-day period, the agency has to go through it all and incorporate it into its guidelines for the industry. FDA doesn't expect to finish that process until the end of 2007 at the earliest. The voluntary moratorium on the sale of meat and milk from cloned animals will remain in effect until that happens, so nothing should arrive in stores until at least 2008.

Q: So in 2008 all our meat and milk will be from clones?

A: No. Clones are expensive to produce, about $20,000 per animal. For example, there are only about 150 cloned cows in the USA today. They're too pricey and too rare to use as meat or really even as milking cows. Instead, they'll be used like elite breeding stock, "to pass on naturally occurring, desirable traits such as disease resistance and higher-quality meat to production herds," in the FDA's words.

Q: We won't be eating clones?

A: Very few. What we'll likely get is some meat and milk from the offspring of clones. If a cloned cow or bull is at the end of its life span, it might end up as hamburger, but it will be a microscopic amount of the nation's meat supply.

Q: Are clones dangerous to eat?

A: The FDA says all its research shows that you can't tell a cloned animal from a conventionally bred one even down to the chemical level, so they're not more dangerous than a normal cow, pig or goat. One French study found that some cloned cows reached puberty later and had slightly different fat metabolism than normal cattle and suggested a need for further research.

Q: What about the ethical and moral issues?

A: FDA's mandate is to ensure that the U.S. food supply is safe and wholesome. Its research looks only at safety. But numerous animal welfare groups believe that cloning is unethical because it harms animals. Cloned animals have a higher rate of birth defects and abnormalities than conventionally bred animals.

Q: What does FDA say?

A: FDA's position is that none of the problems seen with clones are different from problems that occur in many of the assisted reproductive technologies commonly used today on farms.

Q: What countries allow the sale of meat and milk from cloned animals?

A: None. The USA will be the first, though numerous other countries are watching FDA's process closely.

Q: Will cloned meat and milk be labeled at the store?

A: Probably not. FDA says that it hasn't yet decided whether it will require labeling. In general, the agency requires products to be labeled only if they might be misleading (butter vs. margarine) or for nutritional labeling (canola oil that is genetically engineered to have high oleic acid). Because FDA has said that meat and milk from cloned animals is indistinguishable from conventionally bred animals, there appears to be no basis for the agency to require labeling.

Q: How can I throw in my opinion during the 90-day period of public comment?

A: To submit electronic comments, visit www.accessdata.fda.gov/scripts/oc/dockets/comments/commentdocket.cfm?AGENCY=FDA and search for docket 2006P-0415. Written comments: Division of Dockets Management (HFA-305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852. Comments must be received by April 2 and should include the docket number 2006P-0415.

FDA Clears Cloned Foods (WT)

By Gregory Lopes

The Washington Times, December 29, 2006

The Food and Drug Administration said yesterday that meat and milk from cloned animals is safe, opening the door for pork chops and milk from clones to be sold on grocery shelves late next year.

A risk assessment released yesterday by the FDA shows that there is no public health risk from eating cloned foods. If that report withstands the federal regulatory process, Americans could become the first people in the world to serve bacon and hamburgers from cloned animals.

Federal officials would not say exactly when sales of the cloned-animal products -- from cows, pigs and goats -- could become a reality, but "it is conceivable" that late next year a moratorium banning cloned-animal products could be lifted.

"It is almost inconceivable with what we know that this technology will introduce hazards to public health," said Stephen Sundlof, director of the Center for Veterinary Medicine at FDA. "We have looked for hazards, and they just are not there."

The FDA's research focused solely on cloned animals and did not include studies on how humans reacted to eating foods from genetically engineered animals, Dr. Sundlof said.

Because of unknown health risks associated with cloning, the FDA put a voluntary moratorium on the sale of meat and milk from cloned animals in 2001.

Cloning lets farmers and ranchers make copies of exceptional animals, such as pigs that fatten rapidly or cows that are superior milk producers. Cloning currently is not practiced specifically to produce food; rather, farmers generally use cloned cows or pigs to breed.

"It remains to be seen whether dairy farmers will choose to use [cloning technology]. There is currently no consumer benefits in milk from cloned cows," the International Dairy Foods Association said yesterday.

The FDA does not keep a registry of how many cloned animals there are in the country, but industry officials estimate there could be as many as 600 cloned cows in the United States and 200 pigs. The cost of cloning an animal is steep, about $20,000 each to produce.

The likelihood of cloned meat and dairy products entering the food supply will remain slight in the short term even if the moratorium is lifted. Because of the high cost of the technology, cloned animals are primarily used for breeding, not for food, Dr. Sundlof said. Therefore, consumers would mostly get food from their offspring and not the clones themselves.

Cloned animals are derived from the healthiest animals in the herd and therefore are more disease-resistant and offer leaner meat than conventionally produced animals, Dr. Sundlof said.

But that assertion is disputed by the Consumers Union, a nonprofit consumer-safety organization that says the cloning process produces a sick animal that often dies soon after being reproduced. Furthermore, the organization contends that cloning weakens animals' disease resistance because the cloned animals need more antibiotics to survive.

"There is a significant concern that we will be getting animals that are more prone to disease," said Jean Halloran, a food-policy specialist with Consumers Union.

If the FDA does approve the cloned-animal food products, the agency does not think the products will have to be labeled as coming from cloned animals or their offspring.

Rep. Rosa DeLauro, Connecticut Democrat, who will head the House Appropriations agriculture subcommittee, said lawmakers should consider whether disclosure and labeling are appropriate for food from cloned animals.

Consumer groups, including Consumers Union, are adamantly in favor of a labeling requirement.

"Consumers are going to be having a product that has potential safety issues and has a whole load of ethical issues tied to it, without any labeling," said Joseph Mendelson, legal director of the Center for Food Safety, a Washington environmental advocacy organization.

The FDA has not made a final decision on the labeling requirement but did say that retailers and manufacturers may be able to label food products "clone free," if the label is "truthful and does not imply it is safer than other products," Dr. Sundlof said.

The FDA decision is based on substantial data from a number of studies, all of which have concluded that milk and meat from cloned animals is virtually identical to products from conventional animals.

"None of the studies ... identify any remarkable nutritionally or toxicologically important differences in the composition of the meat or milk," according to a draft of the risk assessment to be published Monday in Theriogenology, a scientific journal on animal reproduction. The paper was written by scientists at the FDA's Center for Veterinary Medicine.

Dr. Sundlof said the FDA currently does not have enough information to decide whether food from sheep clones is safe.

Squeamish Consumers May Balk As FDA Backs Cloned Meat, Milk (WSJ)

By Jane Zhang, Scott Kilman And Lauren Etter

The Wall Street Journal, December 29, 2006

By declaring milk and meat from cloned farm animals safe to eat, federal regulators have opened the door to far-reaching changes in livestock production. But industry concerns about consumer squeamishness toward cloning suggest cloned beef and pork won't be on sale at supermarket meat counters anytime soon.

In a long-awaited decision announced yesterday, the Food and Drug Administration said it couldn't find any differences between meat and milk from healthy conventionally bred adult cattle, pigs and goats and that from healthy cloned animals and their offspring. As a result, the agency said it would probably allow the meat and milk of these cloned animals and their offspring to be sold without any special labeling to alert consumers.

Cloning, or producing an identical copy of an animal using the genetic material of the original, would give farmers a way to upgrade their livestock herds by replicating their prized animals. It would allow them to preserve valuable traits, such as high meat or milk production, superior fertility or disease resistance.

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That could be a boon to the livestock industry, which so far has largely missed out on the biotechnology revolution that swept through plant agriculture a decade ago. Meatpackers, for example, might prefer to buy the offspring of a cloned pig with loins the perfect size for making pork chops or cattle with just the right amount of fat in the steak. Improved, consistent quality, in turn, could boost consumer demand.

Recent opinion polls show that most Americans know little about cloning but are wary of foods from cloned animals, with many citing ethical, religious and social concerns. Mindful of such reservations, large meat and dairy producers and their trade associations are taking a wait-and-see attitude. And a spokesman for Wal-Mart Stores Inc. said yesterday that the nation's largest food retailer has no plans to sell products made from cloned livestock.

"It's an issue of interest to us and the rest of the meatpacking industry, and something that we'll be following closely in the months ahead," said Archie Schaffer, spokesman for meat and poultry processor Tyson Foods Inc. Smithfield Foods Inc., the nation's largest pork producer, wouldn't comment yesterday, but in 2003, the company said it had "severe skepticism about the consumer reaction" to cloned animals.

The FDA, which has been studying the safety of food derived from cloned animals for four years, concluded that meat and dairy from cloned animals "are as safe as food we eat every day." The agency also indicated that if such foods go into production, it would be unlikely to recommend special labeling, the same policy it has adopted with genetically modified crops already on the market.

U.S. meat exports, already buffeted by concerns in some countries about mad-cow disease, could hang in the balance. The FDA has consulted major U.S. trading partners and agencies such as the U.S. Trade Representative on the cloning issue. But it isn't clear if that would help the U.S. livestock industry, should it embrace cloning, to win over foreign consumers.

Even though cloned animals exist in countries such as Japan, New Zealand and Australia, none have gone so far as the U.S. now has in nudging them toward the market. A French assessment of cloning reached the same conclusions as the FDA's, but that hasn't translated into public policy. European consumers, more than their American counterparts, are skeptical about genetically modified foods and biotechnology in general.

Canice Nolan, head of food safety, health and consumer affairs at the European Commission Delegation in Washington, said it was premature to talk about the impact of the FDA's decision on trade. However, he noted that cloning raises legal, ethical and social concerns.

According to a recent report to the European Union's executive arm by the Danish Centre for Bioethics and Risk Assessment, "Groups of citizens, and even some member states, would be likely to resist the import and/or marketing [labeled or unlabeled] of cloned animals and their products."

In South Korea, one of the largest export markets for U.S. beef, cloned foods "are not positive," said Sockjoong Yoon, minister for public affairs at the South Korean Embassy in Washington. Chong Ghee Ahn, the embassy's economic counselor, said it was too early to say what impact cloning might have on U.S. exports. However, he added that in the wake of mad-cow disease and avian flu, "Korean customers are getting very, very sensitive."

The FDA's safety assessment, which the agency calls "strictly a scientific evaluation," requires a 90-day period for public comment. Biotechnology experts said it would take at least three or four years after that for products made from cloned animals and their offspring to land on grocery shelves.

"There's no doubt that in the long run, probably in the immediate run, that this will be a substantial boon to producers of milk and meat, not only in the United States but around the world," said Val Giddings, a biotechnology consultant and a former senior staff geneticist at the U.S. Agriculture Department. "It frees the producers of milk and meat to use more fully and effectively the very best breeding stock available. They can use their healthiest animals, use animals with high resistance to disease."

Consumer and animal-rights groups said yesterday that consumers have little to gain from the FDA ruling, and that safety considerations alone don't make good public policy. "Cloning will not produce safer or cheaper milk and meat," said Carol Tucker-Foreman, director of food policy at Consumer Federation of America. "Having cloned cows produce more milk won't reduce milk prices."

The FDA said ethical issues were beyond the agency's jurisdiction, but it took pains to address consumer concerns. "Cloning poses no unique risks to animal health when compared to other assisted reproductive technologies," such as in vitro fertilization, said Stephen F. Sundlof, director of the FDA's Center for Veterinary Medicine.

The agency added that cloning was just another assisted reproductive technology -- much like in vitro fertilization. While clones are more likely to have health problems at birth than traditionally bred animals, "They seem to become just as healthy and strong as other animals of the same age," it said.

Cloning of animals often has a low success rate, and unsuccessful procedures can cause abnormalities, premature deaths and other problems. Milk and meat from clones with the most severe cloning errors would be unlikely to enter the food supply,

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because they would "either die, fail to reproduce, or fail government examination and meat inspection," the FDA said. Moreover, because cloned animals are expected to be used mainly for breeding purposes, most of the products sold wouldn't be from cloned animals themselves, but from their offspring.

Modern livestock breeding already is highly regimented. Much of the beef and pork on the market today is the product of such techniques as artificial insemination, embryo transfer, embryo splitting and in vitro fertilization. That gives breeders control over the selection of parents.

Animal cloning remains relatively expensive, however. ViaGen Inc., a livestock cloning company based in Austin, Texas, charges $15,000 for the first copy of a cow, $12,500 for the second copy of the same animal, and $6,000 for the sixth and beyond. In the past two years, the five-year-old company has cloned 250 animals, including about 150 beef cattle, mainly for exhibition, and 100 pigs, mainly for research purposes, said Mark Walton, its president.

With a surge in demand, Mr. Walton said cloning prices would go down, eventually to as little as $5,000 to $6,000 per animal. Farmers could use more-conventional breeding methods to produce offspring from those cloned animals, and replace their breeding stock every few years. That could make cloning financially appealing for meat and milk producers, Mr. Walton said.

The FDA began looking at the safety of foods from cloned animals a few years after the successful cloning of Dolly the sheep in Scotland in 1997. The cloning prompted inquiries from companies planning to use the technique. In 2002, the FDA asked the National Academy of Sciences to look at the issue. A panel at the academy said foods from cloned animals and their offspring didn't present a food-safety concern, but recommended that the agency evaluate the composition of those foods.

The FDA assembled a committee that year to look at hundreds of studies on the issue, and cloning companies such as ViaGen and Cyagra Inc., of Elizabethtown, Pa., promised to send samples for research.

The bulk of samples didn't arrive until 2005 and were then sent to an independent lab at Cornell University and an Agriculture Department lab for controlled studies, extending the review process to this year. Because of public concern about cloning, the FDA waited until after it had briefed other agencies, including the USTR and the Agriculture Department, and U.S. trade partners on the issue before disclosing its findings.

US Says Food From Cloned Animals Safe (FT)

By Clive Cookson

Financial Times, December 29, 2006

The US Food and Drug Administration on Thursday took a big step towards approving the sale of meat and milk from cloned animals and their offspring without special labelling.

A draft FDA risk assessment found that food from clones of cattle, pigs and goats was as safe to eat as food from conventionally bred animals.

However, cloned meat and milk is unlikely to reach the shops before late 2007, at the earliest. Agricultural biotechnology and livestock companies will continue to observe a moratorium on their commercial introduction until the FDA has assessed public comments on the draft assessment and issued a final ruling.

The agency will receive hostile comments from some influential groups, such as the Center for Food Safety and the Consumer Federation of America, which accused the FDA of “imposing these products on a public that opposes cloning technology and does not want to consume cloned foods”.

But the Biotechnology Industry Organisation welcomed the long-awaited FDA assessment. Jim Greenwood, BIO president, said: “Animal cloning is the latest step in a long history of reproductive tools for farmers and ranchers, and can effectively help livestock producers deliver what consumers want: high-quality, safe, abundant and nutritious foods in a conscientious and consistent manner.”

Stephen Sundlof, director of the FDA’s Center for Veterinary Medicine, said: “Based on FDA analysis of hundreds of peer-reviewed publications and other studies on the health and food composition of clones and their offspring, the draft risk assessment has determined that meat and milk from clones and their offspring are as safe as food we eat every day. Cloning poses no unique risks to animal health when compared to other assisted reproductive technologies currently in use in US agriculture.”

If given final approval, the ruling would allow the sale of food from cloned cattle, pigs and goats, but not sheep, for the first time in the United States.

“No unique risks for human food consumption were identified in cattle, swine or goat clones,” the FDA said in a draft risk assessment, which now enters a public comment period before the agency makes its final decision.

FDA Plan Would OK Cloned Meat (CSM)

DOJ_NMG_0110256

By Peter N. Spotts

The Christian Science Monitor, December 29, 2006

Meat counters and dairy cases are likely to become the latest battlegrounds for the use of biotechnology down on the farm.

Thursday, the US government released a draft report concluding that food from cloned cattle, pigs, and other livestock is as safe to eat as food products from conventionally bred animals. The safety assessment paves the way for ranchers to use clones for their breeding stock, using cloning techniques similar to those that created Dolly the sheep in 1996.

The decision is not likely to create a flood of cloned livestock in the short term, several analysts say. The assessment, from the US Food and Drug Administration's Center for Veterinary Medicine, must still endure 60 days of public comment. And the FDA still must weigh issues, such as whether to label meat products from the offspring of cloned animals or track the clones themselves if they move into the food system after their usefulness as breeding stock ends. It may take a year or two after the comment period ends for breeders to start using clones.

Still, the assessment represents a significant step toward approving a technology that several specialists say will lead to more consistent, and higher quality meat and dairy products. And it is galvanizing opposition from consumer and food-safety groups. They hold that the health-risk studies fall short of what's needed to ensure that such products are safe.

"The FDA has taken a very long time to analyze this in a way that is still incomplete," says Jaydee Hanson, a policy analyst with the Center for Food Safety, a biotech watchdog group in Washington. The group has filed a petition with the FDA asking it to conduct safety studies for food products from cloned livestock as rigorously as it does studies for animal-derived drugs that humans use.

The current concern over cloned livestock arises from the technique used to produce them. For years, breeders increased the number of their prized animals by dividing early embryos, then implanting them into a mother to produce artificial twins.

But the results are still hit-and-miss, says Michael Pariza, director of the Food Research Institute at the University of Wisconsin at Madison. And while breeders also currently use artificial insemination and fertilize eggs in a test tube, the bull providing sperm for the procedure has a finite lifespan. But with cloning, breeders can store the bull's DNA for use long after he has been put out to pasture.

When researchers in Scotland cloned the sheep Dolly in 1996, Dr. Pariza continues, they implanted genetic material from an adult into an egg nucleus, then inserted the altered egg into a surrogate mother. Breeders recognized that this approach would eliminate the uncertainty. "You now have a new cow with a known pedigree," he says. And by storing samples of an animal's DNA, the line can be cloned repeatedly.

But the approach has its drawbacks. The technique used to derive the clones is inefficient and often leads to stillborn or deformed offspring. This prompts opponents to call the process unethical. Others wonder if Dolly-like cloning introduces subtle, potentially harmful changes that current testing techniques can't find.

Proponents hold that cloning is no more dangerous to the parent or offspring than the "test-tube calf" approaches breeders currently use. And so far, a range of studies - from chemical assays of cloned meat and milk to tests where lab rats consume meat and milk from clones - indicate that food from cloned animals is as safe as food from noncloned animals. Several of these studies appear in the Jan. 1, 2007, issue of the journal Theriogenology, which focuses on animal reproduction.

"These are edible animals to begin with - they are not going to suddenly start producing toxins," Pariza says.

Whether such results satisfy the public is an open question. Some dairy groups and meat producers have reportedly expressed private concerns that they will loose business if cloned meats and milk work their way into burgers and shakes.

Proponents point to polls showing that a majority of consumers are willing to buy or consider buying food from cloned animals.

Opponents turn to other polls that suggest a general public revulsion at the idea.

Some specialists say the FDA needs to improve its ability to detect and assess the impact of any unintended changes that could render food from cloned animals unfit to eat.

The National Academy of Sciences has recommended that the FDA set up a public database of compounds in foods derived from animal clones. It adds that the government should set up a way to identify and track products from cloned animals as they move from the field to the market.

Global Warming's Poster Cubs (LAT)

The Los Angeles Times, December 29, 2006

CONSIDER THE humble polar bear: Ursus maritimus to the scientists who admire it for its intelligence. Now consider President Bush, who might be classified as Executum obstreperum by the thousands of scientists who say his administration fails to appreciate the gravity of global warming. Is it possible that the polar bear can do what the scientists cannot?

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What the polar bear could do, essentially, is force the administration to take steps to curb global warming. With its proposal, announced Wednesday, to list polar bears as a threatened species, the U.S. Fish and Wildlife Service for the first time acknowledged that global warming is the driving force behind an animal's potential extinction. If the polar bear is listed as endangered, then the U.S. government would be bound by law to protect it — and protecting it may require regulations to reduce greenhouse gas emissions.

In the polar bear, the administration may have met its match. This isn't just any animal — it is a creature at once majestic and cuddly, the star attraction at countless zoos and featured in so many TV commercials it practically qualifies for a SAG card. If that's not enough, the same type of habitat loss threatening the bears' survival also endangers the penguin, which had a better year at the box office than all but a few humans.

Less popular is the administration's stance on global warming. Bush has acknowledged the phenomenon, but he's reluctant to require industry to cut greenhouse gas emissions. If the polar bear is listed as an endangered species, would the government have to crack down on the carbon emissions that are threatening its existence?

Interior Secretary Dirk Kempthorne passed the buck on that question, saying such regulations fall to other departments. That's arguable; Fish and Wildlife is the lead agency charged with protecting species from the effects of pollution. If nothing else, a listing for the polar bear would expose Fish and Wildlife to lawsuits from environmentalists similar to the one against the Environmental Protection Agency that is now before the Supreme Court; a dozen states, including California, say the agency is ignoring its duty to protect public health by not regulating greenhouse gases.

The bear complicates administration policy on another issue as well: drilling for oil in Alaska's Arctic National Wildlife Refuge. Polar bears spend most of their lives on sea ice, which is rapidly melting as the oceans get warmer, but pregnant females retreat to dens on land (including in the refuge) to give birth. If the bears are listed as threatened, it would certainly complicate oil companies' efforts to operate in the refuge.

It will be a year before a decision is made on listing the polar bear. If the administration wants to avoid more than a few legal and political headaches, it should use the time to revisit its antiscientific approach to the world's most pressing environmental problem.

FBI/DEA/ATF/USMS:

Officers Plead Guilty To Trying To Sell Seized Drugs (AP)

By Sue Lindsey

AP, December 29, 2006

ROANOKE, Va. - Two former officers with a rural sheriff's department pleaded guilty Thursday to charges that they took part in a scheme with their boss and 10 colleagues to sell drugs seized from criminals.

The pair were among 20 people indicted in October in the investigation of corruption and racketeering conspiracy.

Former deputy David Allan King pleaded guilty to charges of racketeering conspiracy and drug conspiracy. James Alden Vaught, a former sergeant, pleaded guilty to racketeering conspiracy.

King faces up to 40 years in prison and Vaught 20 years, but the sentences could be lowered if they testify in other cases.

Henry County Sheriff H. Franklin Cassell stepped down after he was accused of looking the other way as officers sold drugs seized in criminal investigations and stole guns and other evidence for personal use and resale. He has pleaded not guilty to impeding investigation and money laundering.

Vaught, 33, pleaded guilty because he has "a contrite heart," said his attorney, Bruce Welch.

Assistant U.S. Attorney Tom Bondurant said Vaught, who agreed to cooperate with investigators, was paid by the ring for use of a house he owned for drug distribution.

King, 49, was once in charge of the vice unit and had been a school resource officer with the department. Bondurant said King falsified destruction orders for drugs seized by the department and he and other officers then resold them.

Scandal's Key Figure Enters Guilty Plea (ROT)

By Lindsey Nair

Roanoke Times, December 29, 2006

James Alden Vaught, who turned informant in the Henry County case, faces 20 years in prison.

If the Henry County Sheriff's Office corruption scandal were a target, former Sgt. James Alden Vaught would be the bull's-eye.

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Authorities say Vaught, 33, went from organizing drug deals and providing a house for drug drops and philandering to informing for the government on many of the 19 other defendants who would eventually be charged.

On Thursday, the man prosecutors said was "right in the middle of it" pleaded guilty to one felony charge in federal court.

Vaught will likely be called to testify against several of his co-defendants if they go to trial. Others charged in the 48-count indictment include 11 current and former deputies, former Sheriff Frank Cassell and seven civilians.

In exchange for pleading guilty to a racketeering conspiracy count, one charge of drug conspiracy against Vaught was dropped. He is facing up to 20 years in prison on the racketeering charge, but he may get a break for cooperating with the government.

A Drug Enforcement Administration investigation out of Philadelphia led authorities to Vaught in early 2005, court records show. When the DEA delivered a package containing the sedative Ketamine to a house in Martinsville, William Randall Reed accepted delivery and was arrested.

Reed, who did not work for the sheriff's office, told police he rented the house from Vaught and paid the sergeant in drugs and money to use the house as a drug drop, said Assistant U.S. Attorney Tom Bondurant.

Reed also said he had helped Vaught sell 2 kilograms of cocaine that Vaught had taken from a drug dealer, according to the indictment.

Vaught resigned from the sheriff's office in March 2005 and began working with federal authorities soon after. Bondurant says Vaught wore a wire and covertly recorded some 90 conversations with 25 different people, including Cassell, who retired after he was charged.

Vaught was even wearing a wire when Cassell one day expressed respect for him.

"Quite frankly, and I've told you this, I always thought a lot of you and I, and I still do," Cassell said on the recording.

Vaught told federal agents that his rental house had been used by some of his co-workers as a place to have extramarital affairs. He also said he and other deputies engaged in several cocaine, crack, marijuana and steroid transactions.

Prosecutors have said that one canine officer in the department took drugs intended for dog training purposes and gave them to Vaught to be sold.

Vaught obtained $15,000 to $17,000 from the sale of the 2 kilograms of cocaine, and it is safe to estimate that tens of thousands of dollars' worth of drug deals occurred, Bondurant said.

Investigators say that former vice officer and school resource officer David Allan King falsified destruction orders for drugs taken into evidence, then sold them with the help of Vaught and several civilians who have also been charged, including Reed.

King pleaded guilty Thursday to racketeering and drug conspiracy. Two counts of obstructing justice and one count of making false statements were dropped. He could serve up to 40 years in prison.

The indictment accuses other deputies of dealing and using steroids, taking guns and money from evidence and lying to agents.

Cassell is charged with knowing about many of the illegal activities but ignoring them or covering them up.

Vaught and King were released on bond pending sentencing, which likely will not take place until the case is finished.

Two other defendants in the case had already entered pleas: Reed and former Deputy Bradley Scott Martin, who was accused of distributing drugs.

Vaught's attorney, Bruce Welch, said Thursday that his client was relieved to enter his plea because he knew that both he and others in the department had done wrong.

Still, it was difficult for Vaught, from a personal standpoint, to be in the position of informant, Welch added.

"These were his mentors and his friends and his employer."

Two Guilty In Henry Drug Ring (RTD)

Richmond (VA) Times-Dispatch, December 29, 2006

Henry sheriff's sergeant faces new charges

ROANOKE -- Two former officers with the Henry County sheriff's department pleaded guilty yesterday to participating in a drug-selling ring that prosecutors say involved the sheriff and numerous deputies.

Deputy David Allan King, formerly head of the department's vice unit, and former sergeant James Alden Vaught, whose confession to investigators allegedly implicated the sheriff and 12 officers, entered guilty pleas in U.S. District Court.

Assistant U.S. Attorney Tom Bondurant said the coming weeks may see more guilty pleas as the corruption scandal that has shocked rural Henry, once the center of the state's textile industry, makes its way through federal court.

King and Vaught were among 20 people indicted in October after prosecutors alleged that members of the sheriff's department were reselling drugs they had seized from dealers, trafficking in steroids and prescription pills, pilfering firearms from

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the evidence room and covering up their illicit activities by lying to federal investigators. The indictment named 12 current or former sheriff's officers, plus the sheriff himself, H. Franklin Cassell, who has since resigned.

Yesterday, Bruce Welch, Vaught's attorney, said Vaught agreed to plead guilty to one count of racketeering conspiracy because he has "a contrite heart."

"He knows what he did, and he's sorry for having done it," Welch said.

An investigation into the department began last year when federal agents intercepted a 2-kilogram package of ketamine -- an anesthetic used recreationally and sometimes as a date-rape drug -- at a Martinsville house owned by Vaught. The dealer who used the house to receive drugs, William Randall Reed, pleaded guilty last month to racketeering conspiracy and acknowledged paying Vaught in drugs and money to use the house as a drop-off point.

Vaught agreed to cooperate with federal investigators and secretly recorded more than 90 conversations with 25 people, said Bondurant, who added that Vaught is now receiving federal protection. "He's the one who talked first. There's no doubt that he was right in the middle of it and very actively involved."

Bondurant said members of the department sold tens of thousands of dollars worth of illegal drugs, either stolen from the evidence room or ordered online.

As part of a plea agreement, Bondurant dropped one charge against Vaught, who faces up to 20 years in prison and a fine of $250,000 when he is sentenced. King pleaded guilty to racketeering conspiracy and conspiracy to distribute steroids and ketamine. He faces up to 40 years in prison and a fine of $1.25 million when he is sentenced.

Cassell has pleaded not guilty to all five charges against him: two counts of obstructing justice, money laundering, making a false statement, and misprison, or unprofessional conduct.

Ex-officer Faces More Charges (MARTBULL)

By Amanda Buck

Martinsville (VA) Bulletin, December 29, 2006

One count dropped; six others added

A federal grand jury has issued a new, six-count indictment against former Henry County sheriff's sergeant Robert Keith Adams in connection with alleged corruption in the sheriff's office, court records state.

As a result, Senior U.S. District Judge James C. Turk dismissed Adams' original charge of making a false statement, records show.

In an order signed Dec. 21, Turk dismissed the charge of false statement at the request of U.S. Attorney John L. Brownlee, according to court records. That was the only charge Adams had faced.

In his motion, Brownlee said the charge should be dismissed because it was incorporated in a new indictment returned Dec. 19, court records state.

That indictment, filed in U.S. District Court in Abingdon, alleges that Adams, who worked as a school resource officer and as sergeant in charge of investigations in the criminal division of the sheriff's office, helped cover up the crimes of former sergeant James Alden Vaught and lied to FBI agents who were investigating alleged drug and racketeering crimes at the sheriff's office, court records state.

Thirteen then-current and former sheriff's office employees, including former sheriff H. Frank Cassell, were charged in a 48-count indictment unsealed Nov. 2.

The new indictment returned Dec. 19 alleges that in 2001, Vaught stole about two kilograms of cocaine from a drug dealer and distributed the drugs through William Randall Reed, Wilbert Herman Brown and Rayfield Moore.

"Adams learned of the drug crime and believed that James Alden Vaught had stolen two kilograms of cocaine and $40,000 in drug money," the indictment states. Instead of turning Vaught in, it alleges that Adams "requested that James Alden Vaught pay him $20,000 of the drug money."

Vaught refused to pay Adams, the indictment states.

Later, in January of this year, Vaught asked Adams to help him locate Brown so Vaught could sell Brown about 1/2 kilogram of cocaine, the indictment alleges.

Adams allegedly encouraged Brown not to talk to Vaught because Adams believed Vaught was "wearing a body recorder and working as an informant in a federal investigation," the indictment alleges.

It further alleges that on March 24, Adams "falsely stated to a federal agent that he had not received payoffs and that he did not know why (Vaught) was looking for (Brown)" on or about Jan. 23.

The indictment alleges that between 2001 and 2006, Adams assisted Vaught "in order to hinder and prevent the offender's apprehension, trial and punishment."

It also charges him with concealing a felony, attempting to obstruct an official proceeding by encouraging a potential witness to withhold and/or present false evidence to federal investigators, making false statements and attempting to mislead federal investigators, and alleges that he lied about payoffs he received from Moore, whom the indictment describes as "a large-scale cocaine dealer in Henry County," court records state.

Moore died Nov. 3 in a car accident in Franklin County. He was helping federal authorities in their investigation of the sheriff's office, his attorney, Robert Rider of Roanoke, said in earlier reports.

Reed pleaded guilty in November to racketeering conspiracy on condition that the government dismiss other charges against him, which included false statement, drug conspiracy and attempted drug distribution.

According to court records, Adams is scheduled for a pretrial motions hearing Friday in Roanoke.

Doctor Forfeits Drug License (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), December 29, 2006

Man accused of peddling Oxycontin free until trial but must live with mother

A Knoxville doctor accused of peddling powerful pain-killing pills surrendered his license to dispense legal dope Thursday.

Sanford K. Myers appeared before U.S. District Magistrate Judge Bruce Guyton Thursday and voluntarily surrendered his U.S. Drug Enforcement Administration certificate that authorized the Knoxville physician to issue prescriptions for narcotic drugs.

That move, coupled with an agreement by defense attorney James A.H. Bell that Myers live with his mother, led Guyton to allow Myers to be freed on bond pending a February trial on charges he led a conspiracy to push Oxycontin, a powerful opiate-based prescription painkiller.

"We've worked out all our differences," Bell told Guyton.

Assistant U.S. Attorney Cynthia Davidson told the judge that authorities had "concerns about the residence" Myers listed as his own and would only agree to his release if he committed to living with his mother.

Myers has been jailed since last week, when he was arrested on a federal indictment drafted by Davidson and issued by a grand jury.

In the nine-count indictment, Myers, who operated a clinic on Kingston Pike in West Knoxville, is accused of conspiring with Jay Christopher Ridenour, Charles Ridenour and William Larry Cummings to peddle Oxycontin from February 2005 to December 2005.

It's not clear why it has taken a year to file charges in the case, headed up by DEA Agent Dexter McGee. It's also not yet known if the two Ridenours are related.

The indictment makes clear that Myers is accused of supplying the pills to the Ridenours and Cummings, all three of whom appear from court records to be cooperating with authorities in the probe.

When asked Thursday whether he would agree if freed to stay away from his alleged co-conspirators, Myers answered with an emphatic, "Yes." Bell added, "Especially given what they're apparently saying about him."

Myers has been licensed to practice medicine in Tennessee since 1985. However, he allowed his medical license to expire in late September.

He told Guyton that he was currently unemployed but drawing $5,700 in disability payments from a private insurer. He also admitted owing the Internal Revenue Service $27,000 in back taxes.

"I was in the process of making (payments)," Myers said of his tax bill.

Myers wanted taxpayers to pick up his defense tab. Guyton tentatively agreed but added that he likely will require Myers to pay at least a portion of Bell's bill.

"It does appear you might fall in the category of people who must make some (payment toward) your defense," Guyton said.

Bell entered a plea of innocent on behalf of Myers. The Ridenours and Cummings are all free on bond.

Jamie Satterfield may be reached at 865-342-6308.

Year-long Suspension Recommended For Tucson Attorney (ADS)

Arizona Daily Star, December 28, 2006

A Tucson attorney who was indicted on federal drug charges along with a doctor later convicted of conspiracy in a murder case should be suspended for a year, a hearing officer has recommended.

The State Bar of Arizona filed a complaint against Lourdes Lopez in November 2005 saying she had engaged in criminal conduct that "reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects."

The State Bar said that Lopez not only was indicted in September 2002 on prescription-drug-fraud charges along with Bradley Schwartz, but that she continued a relationship with Schwartz despite being ordered not to and lied about it.

Schwartz is serving a life sentence for conspiracy to commit murder in the October 2004 slaying of his former medical office associate, Dr. David Brian Stidham.

Last month, State Bar attorneys called for Lopez to be disbarred during a two-day hearing before hearing officer Bruce Macdonald. Lopez violated numerous standards set by the State Bar and the American Bar Association, said Maret Vessella, deputy chief bar counsel.

Lopez's attorney, Mark Harrison, acknowledged Lopez behaved inappropriately, but asked for a six-month suspension.

Vessella said that not only did Lopez commit prescription drug fraud and insurance fraud, lie to the DEA and violate a federal judge's order to stay away from Schwartz, but the former Pima County prosecutor also discussed the plot to kill Stidham with Schwartz prior to Stidham's death.

Macdonald, in a 36-page report released Thursday, however, said "any such conversations" between Schwartz and Lopez in the Stidham matter weren't relevant to the matter at hand.

He also found that that a one-year suspension is more appropriate than disbarment or a six-month suspension.

"There is no question about the impropriety of (Lopez's) behavior. However, it is important to this hearing officer that the respondent's conduct, which gives rise to the allegations by the state bar uniformly occurred within the context of a personal, emotional, and ill-fated relationship with Bradley Schwartz, and not when she was engaged in the practice of law," Macdonald wrote.

Macdonald also noted that disciplining attorneys is about protecting the public and deterring future misconduct, not punishment. "The recommended sanction is not disproportionate to sanctioning in cases involving similar conduct under the cited circumstances," Macdonald wrote.

Bob Van Wyck, chief bar counsel, said his office intends to appeal Macdonald's recommendation, but declined to comment further. Harrison called Macdonald's report and recommendation "extremely fair."

Players Association Will Fight Court Ruling (AP)

AP, December 29, 2006

Major League Baseball's players association will fight a federal appeals court's decision to give prosecutors access to the names and urine samples of about 100 players who tested positive for steroids in 2003.

If Wednesday's decision "is allowed to stand it will effectively repeal the Fourth Amendment for confidential electronic records," wrote Donald Fehr, executive director of the Major-League Baseball Players Association, in a statement yesterday.

The court's 2-1 ruling could help authorities pinpoint the source of steroids in professional baseball. It also could bolster the perjury case against Giants slugger Barry Bonds, who is under investigation for telling a grand jury he never knowingly used performance-enhancing drugs.

Michael Rains, Bonds' attorney, disagreed. "It doesn't help their case against him," he said.

Fehr said he was consulting with union attorneys to "determine what our next step should be in our fight to protect the constitutional rights, including the basic right to privacy, of our members."

Options include asking the San Francisco-based 9th U.S. Circuit Court of Appeals to rehear the case with the same three judges, petitioning the court to hear the case with 15 judges or appealing to the U.S. Supreme Court. Any appeal, even if unsuccessful, could delay the government from getting the records for months or more.

The samples were collected at the league's direction as part of a survey to gauge the prevalence of steroid use. Players and owners agreed in their labor contract that the results would be confidential.

The players' union sued to keep the government from accessing the records, saying the seizures violated the players' constitutional rights.

Union Will Fight Ruling On Steroids (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, December 29, 2006

Claiming the union wanted to protect the privacy rights of more than 100 baseball players who flunked drug tests in 2003, MLB Players Association Executive Director Donald Fehr said in a statement yesterday he would consult with legal counsel to determine how to keep those records out of the hands of federal investigators.

A federal appeals court ruled Wednesday that investigators could keep the 100-plus confidential records they found commingled in computer files with the drug test results of eight of 11 players who were the intended target of a search warrant.

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Wednesday's ruling, which included a lengthy dissent from one of the three judges on the panel, partially overturned decisions from three lower courts.

The ruling means more professional baseball players could be ensnared in the drug probe known as BALCO that has already resulted in more than a dozen athlete suspensions and five criminal convictions. San Francisco Giants slugger Barry Bonds is the subject of a perjury investigation in connection with BALCO.

"Under a search warrant seeking information about only 11 baseball players, confidential records for every player were seized, along with confidential records of thousands of other people with no connection to baseball, including many with no connection to sports," Fehr said in the statement. "We will consult with our counsel, and then determine what our next step should be in our fight to protect the Constitutional rights -- including the basic right to privacy -- of our members."

Steroid Probe Ruling Threatens Non-Athletes, MLB Official Says (BLOOM)

By Joel Rosenblatt

Bloomberg, December 29, 2006

Dec. 28 (Bloomberg) -- Confidential records of baseball players and non-athletes will be available to government investigators if a federal appeals court ruling isn't challenged, the Major Baseball League Players Association said today.

Donald M. Fehr, the association's executive director, said in a statement that prosecutors investigating steroid use seized records for every player as well as ``confidential records of thousands of other people with no connection to baseball, including many with no connection to sports."

The ruling, issued yesterday by the U.S. Court of Appeals in San Francisco, held that lower courts were wrong to require government investigators to return files taken from Major League Baseball's drug-testing laboratories in California and Nevada as part of their probe of the Bay Area Laboratory Co-Operative, a Burlingame, California, company known as Balco.

Grand juries in the government's investigation have indicted Balco's co-founders, two track coaches and a trainer for baseball All-Star Barry Bonds. Jurors have heard testimony regarding steroid use from Bonds and other athletes, including baseball's Jason Giambi, without returning charges against them.

Fehr reiterated arguments the union made in court that the seizure violated the players' constitutional rights against unreasonable searches and seizures.

Using a search warrant seeking information about 11 players, investigators collected private information about ``thousands of people" who aren't being investigated for criminal behavior, Fehr said in the statement. He didn't say if the association would appeal the ruling.

Greg Bouris, a lawyer for the players association, declined to comment.

Luke Macaulay, a spokesman for the U.S. Attorney's Office in San Francisco, didn't immediately return a call seeking comment.

The ruling applies to three cases: U.S. v. Comprehensive Drug Testing, No. 05-10067; Major League Baseball Players Association v. U.S., No. 05-15006; and In Re: Search Warrants, 05-55354; all at the 9th U.S. Circuit Court of Appeals, San Francisco.

Of Special Interest (IVDB)

By Sara A. Carter

Inland Valley Daily Bulletin, December 29, 2006

COLUMBUS, N.M. - On Sept. 5, a man calling himself Miguel Alfonso Salinas was apprehended off a deserted highway near the U.S.-Mexico border.

The tinted windows on Alfonso Salinas' vehicle aroused the suspicion of Border Patrol agents patrolling a dark and desolate stretch of Highway 9, which runs parallel to the border and is the site of large numbers of illegal crossings.

The agents discovered three Mexican migrants in the vehicle with Alfonso Salinas.

But what they discovered several days later made a far greater impression.

Alfonso Salinas was not who he seemed, according to U.S. Department of Justice and Department of Homeland Security documents. He lied to the agents about who he was, where he came from and what he was doing.

It would take nearly a week of interviews with federal agents before Alfonso Salinas would give his real name: Ayman Sulmane Kamal, a Muslim born in Egypt - a country designated as "special-interest" by the United States for sponsoring terrorism.

Kamal's case is not an isolated one.

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Evidence of "special-interest aliens" using the Mexican border to gain entry to the United States has been kept secret from the American public, according to federal law enforcement agents, terrorism experts and critics of U.S. foreign policy with Mexico.

In 2005, the Border Patrol apprehended approximately 1.2 million people in the U.S. illegally. Of those, 165,000 were from countries other than Mexico, and roughly 650 were, like Kamal, from special-interest countries, according to the Border Patrol.

Those interviewed by the Daily Bulletin say agencies including the FBI and CIA are not using information from Border Patrol and Drug Enforcement Administration agents to make connections between the drug trade, illegal immigration and terrorist organizations.

"For us to believe that Mexican smugglers will not assist, knowingly or unknowingly, foreign terrorists trying to enter the United States is incomprehensible," said Rep. Ted Poe, R-Texas, who, along with other congressional representatives, has pushed for stricter border security policies.

Whether Kamal had ties to a terrorist group is not known. No information about him, including his current whereabouts, is available aside from what is in Justice Department and Homeland Security documents.

But the links between illegal immigration, expanded trade, Mexican narcotics organizations and terrorist groups has already been assessed by U.S. federal law enforcement agencies, according to DEA documents obtained by the Daily Bulletin.

According to an intelligence report written by the DEA, "La Entrada al Pac fico (Gateway to the Pacific)" - also the name of a Texas-Mexico plan to expand border trade - Asian narcotics traffickers, in collusion with Mexican drug trafficking organizations and terrorist groups, could use expanded trade routes to bring contraband into the United States.

"The DEA has made a conscious effort to generate predictive intelligence so policy makers can be aware and plan ahead for significant changes in narcotics and smuggling operations," said a DEA official who asked to remain anonymous. "Any time you send in a predictive piece of intelligence that has merit and it's ignored, then the consequences of that can be devastating to national security."

According to DEA intelligence reports, the link between terrorism and narcotics has been well known since the Sept. 11, 2001, terror attacks in New York, Washington, D.C., and Pennsylvania.

But federal agents say getting bureaucrats to understand the growing danger is difficult when most lawmakers won't even acknowledge many of the problems already happening along the U.S. border.

BORDER BATTLES

One of those problems was on full display in Texas earlier this year.

Sheriff Arvin West of Hudspeth County - a border area 50 miles east of El Paso - and other Texas border sheriffs had complained for more than a year that Mexican military personnel were helping cartels smuggle humans and contraband across the Rio Grande and into the U.S.

The Daily Bulletin first published Department of Homeland Security documents and maps from the U.S. Office of National Drug Control Policy in January, showing 226 Mexican military incursions into the United States since 1996. That information led to a call for congressional investigations and hearings to determine the extent of the intrusions.

Shortly afterward, West was confronted with another incursion. This time, local law enforcement officials videotaped the event and went public with it.

"We had video and photographs," West said. "We went to Congress and testified before them with the evidence in hand. And we were told by Congressman (Silvestre) Reyes (D-El Paso) that we were either lying or mistaken."

Reyes, Homeland Security Secretary Michael Chertoff, and U.S. and Mexican government officials tried to play down the documents and the incident in Hudspeth County. They stated publicly that the cartels were dressing like Mexican military to damage relations between the U.S. and Mexico.

Reyes, who recently was appointed chairman of the House Intelligence Committee, did not return phone calls seeking comment.

"The bureaucrats don't understand what a dangerous game they are playing with American lives if they don't do something to fix the situation at the border," said Michael Cutler, a former special agent with Immigration and Naturalization Services, who testified before the 9-11 Commission.

According to Border Patrol agents in Texas and Arizona, the Department of Homeland Security has stopped agents from filing full-disclosure incident reports if they see Mexican military involved in an alleged smuggling operation.

In some parts of Texas, if Mexican military personnel are suspected of assisting narcotics traffickers or smuggling humans, they are not processed, but instead are taken to a port of entry and released into Mexico.

An unnamed Border Patrol agent in Arizona said he witnessed a Mexican military helicopter shooting at a fellow agent in pursuit of a vehicle along the Arizona border with Mexico.

The supervisors would not let the agent put the Mexican military's involvement in the incident report, the agent said.

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Michael Friel, a spokesman for the Border Patrol, said he had no knowledge of such an incident.

It's not just the cartels' connections to Mexican government officials and military that have U.S. intelligence officials and law enforcement worried. It's also the growing evidence that terrorist organizations have become increasingly dependent on narcotics and weapons sales to support their activities, and that they see the Southwest border as an incubator for their activities.

"Intelligence indicates that terrorist organizations are increasingly probing the U.S.-Mexico border," El Paso County Sheriff Leo Samaniego told the House Judiciary Committee in August, during hearings about border security.

"The large international border creates tremendous smuggling opportunities for terrorists and is fertile ground for recruitment and development of support networks for terrorist organizations," Samaniego said. "The Mexican drug trafficking and human smuggling organizations use their knowledge of the border to assist terrorist cell members in their attempts to exploit the United States.

"The multicultural aspect of the border area also appeals to the terrorists. There are many nationalities, many of them transients, who live and interact in the border setting. This provides the terrorists the opportunity to blend into the community.

"The Southwest border may not be a priority target for a terrorist attack, but it is prime territory for the cultivation, recruitment, transportation and stashing of terrorist cell members," Samaniego concluded.

Samaniego and his colleagues aren't the only ones with such beliefs.

A DEA official said terrorist incidents such as the Madrid train bombings in March 2004 would be easy to duplicate in the United States, with the Southwest border as the best place to smuggle in those who would carry out such a plot.

In the train bombings, 10 synchronized explosions killed 191 people and wounded more than 1,700. An Islamic extremist group that funded the operation with narcotics sales was pinpointed as the perpetrator of the bombings.

"A former DEA director explained the problem best. During the cold war the threat was ABC: atomic, biological and chemical," said an intelligence official with the DEA, speaking on condition of anonymity. "If you apply that formula now to post 9/11 ... it becomes ABCD: atomic, biological, chemical and drugs. The drugs provide the funding for terrorism."

TERRORIST CULTURE

Additionally troubling to U.S. authorities are the growing cultural similarities between Mexican drug cartels and established terrorist groups.

Like Islamic extremists and other terrorist organizations that use suicide bombings or decapitations to strike fear into their enemies, drug-trafficking organizations have developed cultural associations with death over the past several years.

The Sinaloa Cartel, headed by Joaqu n "El Chapo" Guzm n, is now known by federal law enforcement officials as the "Federation" or "Golden Triangle." The long-running war between the Sinaloa and Gulf cartels for control of the Nuevo Laredo border forced Sinaloa to build alliances with numerous other drug trafficking organizations throughout Mexico, making the Sinaloa Cartel one of the most powerful in the country.

The Sinaloa Cartel, along with the help of Vicente Carrillo Fuentes, head of the Juarez Cartel, moves the majority of its narcotics through Ciudad Ju rez, which borders El Paso, Texas.

Along the streets of Ciudad Ju rez, Mexico, statues of La Santa Muerte - the saint of death - can be found at almost any local shop. The robed skeleton with a sickle clutched in its bony fingers is worshiped by many drug runners in Mexico and the United States.

The empty-eyed deity is particularly haunting in a city known for the brutal murders of nearly 500 women since 1995. Many Mexican and U.S. law enforcement officials have attributed the murders to drug traffickers, some of whom have been arrested. But the murders continue, and women still live in fear.

"Women shouldn't be on the street after dark," said Lalo, 81, who sat with his wife at their empty shop in downtown Ciudad Ju rez.

Danger signs are everywhere. Billboards follow passers-by like shadows, warning women to be vigilant. Every man begins to look like a predator.

"There is so much death," Lalo sighed. "I'm beginning to think the saint is real."

The attitudes and actions represented by worship of La Santa Muerte culturally connect Mexico's drug cartels to terrorist groups, according to DEA officials.

Like Hezbollah and al-Qaida, which promise martyrs that their family members will be provided for after suicide bombings, Mexican drug trafficking organizations promise high-level members that if they die in the name of the cartel, their families will be provided for. Other similarities include the growing number of beheadings of Mexican police officials by the cartels to instill terror.

In cities all along the U.S.-Mexico border, the popularity of the death deity is growing. From Tijuana to Laredo's violent sister city Nuevo Laredo, La Santa Muerte is found in statues, stickers and trinkets.

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"Widespread and unchecked violence creates a palpable sense of fear and tears at the social, cultural, and economic fabric of Nuevo Laredo," stated a June 2006 report, "State of Siege: Drug-Related Violence and Corruption in Mexico," written by the Washington Office on Latin America, a nonprofit organization promoting human rights.

"As the war between cartels rages, no one - not police, not journalists, not ordinary citizens - knows whom they can trust, so they trust no one."

In Nuevo Laredo, the saint haunts cemeteries where worshippers have left offerings of food. The deity also is seen on the back of bulletproof SUVs driven by narco-traffickers who cruise through the city, and even in graffiti along the city's walls.

Now the saint is gaining popularity in Laredo. Eerie evidence of ritualistic ceremonies performed by illegal immigrants in stash houses was discovered by Webb County sheriff's deputies after one raid. Pictures of members of a Mexican military unit lay in a bowl of blood, sprinkled with herbs and roots.

"This really spooked us," said Webb County sheriff's spokesman Tom Sanchez as he sifted through the photographs taken by the deputies who conducted the raid. "I mean, there was an altar filled with everything you can imagine to this Santisima Muerte. It's a culture of death."

And it's something U.S lawmakers should pay attention to, DEA and Border Patrol field agents said: Drug traffickers accepting death as a glorious end to their violent lives.

"We pray for a good death," said Jose, 21, a young worshiper of La Santa Muerte in Tijuana. He stood stoic by his white-boned statue of the death saint, and pointed to his charm necklace, where a smaller version of the saint hung.

"I pray that I will die in a hail of bullets or fighting for my last breath against my enemy. I'm not afraid to die. I welcome death."

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Border Threat: Leaders Look The Other Way (IVDB)

Inland Valley Daily Bulletin, December 29, 2006

Daily Bulletin reporter Sara Carter's three-day installment of Beyond Borders was an unsettling way to end 2006.

The increased smuggling of drugs, humans and who-knows-what-else through a burgeoning international trade route through Nuevo Laredo, Mexico, and Laredo, Texas, is unsettling. So is the human carnage in the all-out battles among Mexican drug-smuggling cartels to control the Mexican trade route. Even more unsettling are the border crossings by "special-interest aliens" - persons from countries that sponsor terrorism - and the "culture of death" catching hold among drug smugglers, a culture that appears to share characteristics with terrorist fanaticism.

But perhaps most unsettling is the disconnect between those on the border's front lines and the higher echelons of the U.S. government, where a seemingly willful ignorance persists.

In 2005 the Border Patrol apprehended about 650 people in the U.S. illegally from special-interest countries - who knows how many weren't caught - yet Carter was told the FBI and CIA are not using information from Border Patrol and Drug Enforcement Administration agents to make connections among the drug trade, illegal immigration and terrorist organizations.

The DEA warns in an intelligence report that Asian narcotics traffickers, in collusion with Mexican drug cartels and terrorist groups, could use the so-called Gateway to the Pacific - a plan to expand border trade through the two Laredos - to bring contraband into the United States.

"Contraband can be anything from narcotics, pirated videos, humans or weapons of mass destruction," said a DEA spokesman.

Meanwhile, we can't take 4 ounces of shampoo on an airplane. Is that supposed to make us feel safer?

Carter reported in January on repeated incursions by Mexican military personnel into the United States - 226 since 1996 - apparently to help cartels smuggle humans and drugs. Shortly thereafter, local law enforcement officials videotaped and photographed an incursion in Hudspeth County, Texas, and Sheriff Arvin West and others testified before a congressional committee with evidence in hand.

Rep. Silvestre Reyes, D-El Paso, told West and the others they were "lying or mistaken," West said, and Reyes, Homeland Security Secretary Michael Chertoff and other U.S. and Mexican government officials played down the incursion documents obtained by the Daily Bulletin as well as the Hudspeth County incident.

(Reyes has since been appointed incoming chairman of the House Intelligence Committee and promptly displayed his ignorance of Al-Qaida and Hezbollah. Will somebody please buy this guy a newspaper subscription before he takes over the committee known as "Intelligence"?)

El Paso County Sheriff Leo Samaniego told a House committee in August that terrorist organizations are probing the border with the help of Mexican smugglers.

Webb County, Texas, Sheriff Rick Flores testified before Congress about the growing violence in Laredo, which is spilling over from Nuevo Laredo. But former Laredo Mayor Elizabeth Flores said the increasing cross-border trade is "about growth, not death."

And that might be the crux of the official downplaying of the border violence and terror threat. There's a lot of money to be made.

Wal-Mart, for example, and a Hong Kong-based company have invested $300 million to expand a Mexico container port that feeds the Gateway to the Pacific route. The plan is to get more goods from Asia into the United States, in the process redirecting half of the East Coast-bound Asian cargo from the ports of Long Beach and Los Angeles to Mexico. More trade routes and competition among ports help Wal-Mart keep its prices down.

But U.S. consumers might be paying a higher price in terms of lost security. At least the threat appears considerably greater than the one from that 4 ounce bottle of shampoo you had to leave at home.

Reid Seeks Better U.S. - Bolivia Relations (NYT/AP)

By The Associated Press

The New York Times, December 29, 2006

Filed at 12:20 a.m. ET

LA PAZ, Bolivia (AP) -- A delegation of six U.S. senators led by incoming Majority Leader Harry Reid met Thursday with Bolivian President Evo Morales, seeking to smooth relations with the South American country's left-leaning government.

Relations have been tense since Morales' election a year ago, with the U.S. wary of his friendship with Presidents Fidel Castro of Cuba and Hugo Chavez of Venezuela. Morales has been critical of U.S. attempts to eradicate coca in the region.

Reid said the United States must pay more attention to Latin America, blaming the region's recent populist shift in part on U.S. neglect.

"I believe that the U.S. needs to be heavily involved in Latin America, and we're not," Reid told The Associated Press after what he called a "long, intense conversation" with Morales. "I believe that Bolivia is looking for help, and I think we can be an agent for help."

At a news conference earlier, Reid said it was not an accident that he chose Bolivia as the first country to visit as Democrats prepare to take control of Congress in the wake of last month's elections.

"We're here as Democrats and Republicans to help North America appreciate the potential of this mighty little country," he said.

The Nevada Democrat later praised Morales' "magnetic personality," saying he "could be, if things work out right, the best leader this country ever had."

But the senator cautioned that Morales' sweeping populist reforms must leave Bolivia's democracy intact. "The one thing we're going to do is make sure that this is democratic government," he told the AP.

Earlier, Sen. Ken Salazar, a Colorado Democrat, told reporters in fluent Spanish that the visit "signals a different direction" for U.S.-Bolivian relations.

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"I believe all of us want the same thing, to help lift up the people of Latin America so that they can achieve the human dignity they deserve," Salazar said.

Like Chavez, Morales has railed against U.S. foreign policy and occasionally accused the Bush administration of plotting to overthrow his government or even assassinate him.

But he also sent Vice President Alvaro Garcia Linera to Washington twice to negotiate an extension of a key trade agreement with the U.S. -- which President Bush himself eventually backed and Congress passed earlier this month.

Morales announced earlier this month that he would seek to significantly expand the area for the legal cultivation of coca, which is commonly used in Bolivia as a mild stimulant but also is processed into cocaine.

The announcement drew sharp criticism from Washington, which has strenuously objected to any increase in coca production. The two nations, however, signed an agreement guaranteeing $34 million in U.S. anti-narcotics aid for next year.

After meeting with U.S. and Bolivian officials, Reid said the Andean country was "moving forward" in its fight against drug trafficking.

The six-member delegation travels next to Ecuador where it will meet Saturday with President-elect Rafael Correa, another U.S. critic and Chavez ally who has said he will not sign a free trade agreement with Washington. Correa has also recently criticized U.S. backed fumigation of coca crops in Colombia along the border with Ecuador.

The senators will then travel to Peru for talks with center-left Peruvian President Alan Garcia.

Joining Reid and Salazar are incoming Majority Whip Richard Durbin, D-Ill., Sen. Kent Conrad, D-ND; Sen. Judd Gregg, R-N.H.; and Sen. Robert Bennett, R-Utah.

Brazilian Drug Gangs' Attacks Kill 19 (AP)

AP, December 29, 2006

Two burnt buses are seen at the Cidade Alta slum, in Rio de Janeiro, Brazil, on Thursday, Dec 28, 2006. Drug gangs set fire to two interstate buses and opened fire on police stations and posts around Rio de Janeiro early Thursday, killing 15 people, including two policemen, according to local news media. Police said they could not immediately confirm the number of dead but that the state security chief would hold a press conference Thursday morning to discuss the violence. (AP Photo/Silvia Izquierdo)

ir RIO DE JANEIRO, Brazil - Drug gangs set fire to buses and opened fire on police stations and posts around Rio de Janeiro early Thursday in a wave of violence that killed 19 people and wounded 21, the state's top law enforcement officer said.

The victims included seven who burned to death in one of six torched buses and three policemen, said Roberto Precioso, head of Rio's Public Safety Department.

Two other civilians died, including a street vendor caught in the crossfire of a shootout in Rio's Botafogo district, and seven alleged gang members were killed, he said. Fourteen civilians and seven police officers were injured, he added.

Precioso said gang members used handguns, machine guns and grenades in 12 attacks on police stations and outposts that began in the early morning.

The attacks were apparently a show of force staged before a new governor is sworn in Monday, Precioso said. Police intelligence had warned that gangs were planning attacks for some time.

"It is very difficult to prevent these types of attacks that were practically kamikaze," Precioso said at a news conference. "Police action prevented the situation from getting much worse."

He said the attacks had apparently been ordered from inside one of the state's prisons, but did not elaborate.

Rio's governor said gangs intended the attacks to be far bloodier.

"The idea was to kill hundreds of police and dozens of innocent people," Rio de Janeiro State Gov. Rosinha Matheus told reporters.

Most of the violence occurred on Rio's poor north side, although a policeman was killed in the upscale Lagoa district and a woman died during an attack on a police booth in the Botafogo district near downtown.

Mayor Cesar Maia said gangs appeared to be retaliating against militias _ reportedly run by off-duty police officers _ that in recent months have been battling drug gangs in slums and charging residents for protection.

"The reason for what's happening is that militias have grown and the drug gangs are leaving," Maia told reporters. "To maintain their income, the gangs are increasing crime on the street."

Precioso said early action by police prevented the violence from reaching levels seen in Sao Paulo, Brazil's largest city, in May when an organized crime group launched similar attacks that killed nearly 200 people, including some 40 police officers and dozens of alleged gang members.

Retired Judge Walter Fanganiello Maierovitch, an expert on organized crime and Brazil's former drug czar, said the violence shows "Brazil's public safety polices are in shambles."

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Precioso said that police were working to contain further attacks and that they did not present a danger to the millions expected to welcome the New Year on Rio's beaches Sunday night.

19 Are Killed As Drug Gangs Conduct Attacks In Brazil (NYT)

By Larry Rohter

The New York Times, December 29, 2006

RIO DE JANEIRO, Dec. 28 — Heavily armed drug gangs unleashed a wave of attacks on police stations and public roads here early on Thursday, and at least 19 people were killed in the confrontations.

Seven died in a single incident, a predawn assault on an interstate bus bound for São Paulo. Survivors said that about eight armed men stopped and boarded the bus, robbed those aboard and then set fire to it before the 28 passengers could get off.

At least eight police stations and street posts were also reported to have been attacked by gangs with grenades and machine guns. The dead included not only criminals and police officers involved in the shootouts, but also street vendors, pedestrians and people filing complaints at police stations.

Confrontations between the military police and gangs continued throughout the day. Police units sent into at least a dozen of the squatter slums in the hills overlooking the city were met with armed resistance, and a shootout that disrupted car traffic on a main street in a working-class neighborhood was also reported.

The attacks here coincided with the start of the summer tourist season, an important source of income. The mayor of this city of 5.5 million, César Maia, promised that the violence would not interfere with the famous New Year's celebration on the Copacabana beach. But he said that police units would need to be reinforced and that he would welcome army troops on key roads.

Brazilian news organizations said the wave of violence was meant as a warning to the new governor of the state of Rio de Janeiro, Sérgio Cabral. Elected in October after a hard-hitting campaign in which crime, drugs and public insecurity were the principal issues, Mr. Cabral takes office on Monday.

"We're going through a change of government," including a new team that will be in charge of prisons, Roberto Precioso, the secretary of public security for the state of Rio de Janeiro, told reporters at a news conference on Thursday morning. Imprisoned gang leaders are "creating pressure in order to negotiate concessions and privileges," he added. "They are afraid of a tougher disciplinary regimen, which they want to avoid at all costs."

But Mr. Maia and other officials said the gangs were also reacting against the presence of private "militias" in the squatter slums that were their stronghold. These militias are composed largely of off-duty police officers, who are said to ignore the legal niceties required of them when they are in uniform and to be demanding payment from slum residents in return for killing or expelling gang kingpins.

Such militias "are highly pernicious to public administration," the state director of prisons, Astério Pereira dos Santos, said at a news conference here. He added, "The militias take control of what belonged to the traffickers, and so something heretofore unthinkable is happening: criminal factions are uniting to confront the militias." Since May, attacks by criminal gangs in São Paulo, the country's largest city, have left more than 200 people dead.

Rio Hit By Deadly Gang Violence (BBC)

BBC News, December 28, 2006

Gang attacks on buses and police stations in the Brazilian city of Rio de Janeiro have left at least 18 people dead, officials say.

In one incident, seven passengers were burnt to death when gunmen attacked their bus and torched it.

The wave of violence across the city started on Wednesday night and continued into Thursday morning.

Officials said the co-ordinated attacks had probably been planned from jail by imprisoned gang leaders.

The gangs were trying to put pressure on the authorities ahead of the swearing-in of a new state governor on 1 January, Rio state Security Secretary Roberto Precioso told reporters.

"It is very difficult to prevent these types of attacks that were practically kamikaze. Police action prevented the situation from getting much worse," he said.

Favelas occupied

One local media report has spoken of an atmosphere of war in the city, which is preparing for a huge New Year's Eve beach party.

At least 12 police stations and posts in different parts of Rio were attacked with grenades and automatic fire.

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Four buses were set on fire, and gunmen are reported to have stopped emergency workers from getting close to the scene.

"I don't know how, but I gathered my strength, got myself into the aisle of the bus and jumped through the window. I felt like I was being toasted," a woman who escaped one of the burning buses said.

As military police and gunmen exchanged fire on some of Rio's streets, motorists fled their cars to seek shelter.

Two police officers were among the dead, as well as seven gang members, Mr Precioso said.

He said three suspects had been arrested and added police had occupied 10 shantytowns, or favelas, which were controlled by drug gangs.

Rio is reputed to be one of the most violent cities in the world.

Its favelas, are frequently the scene of shoot-outs between officers and gang members, as are poor neighbourhoods in other Brazilian cities.

In May, more than 120 people died in Sao Paulo after a wave of gang attacks. These triggered a heavy police backlash, which was blamed for many of the deaths.

Rio Attacks Leave 18 Dead, Raising Tourism Concern (BLOOM)

By Adriana Brasileiro And Jeb Blount

Bloomberg, December 29, 2006

Dec. 28 - A night of violence in Rio de Janeiro left 18 dead after drug gangs retaliated against police efforts to oust them from several of the city's slums, raising concern that New Year's celebrations this weekend may be disturbed.

Rio's public safety chief, Roberto Precioso, said two police officers, nine civilians and seven gang members were killed in 12 attacks in different areas of the city. Seven of the nine civilians were burned to death on an interstate bus.

The violence comes just four days before New Year's beach festivities and two months before February's Carnival parades, two of the world's largest events and key sources of revenue for the Brazilian city's tourism industry.

``The attacks were meant to destabilize the power of the state, but we have the situation under control and we're prepared to protect the population with added troops," Precioso said. Rio won't cancel events planned for the weekend because of the attacks, he added.

Precioso said police are increasing by 20 percent the number of troops patrolling the city during a period when hundreds of thousands of people flock to the beaches. Ricardo Hallack, Rio's civil police chief, said the corporation is ready to surround favelas, the Portuguese term for slums, in the next few days to quell the wave of violence.

``We won't let them get away with the shocking violence we've seen," Hallack said in a televised press conference today.

Bus Burned

In the worst attack, seven people burned to death on a bus traveling to the neighboring state of Espirito Santo early today. Precioso said about 10 assailants surrounded the bus on a major highway that links downtown Rio to poor suburbs and tossed gasoline-filled bottles inside. The attackers set the bus on fire and prevented the 28 passengers from getting off.

Fearing more attacks will occur in the next few days, hospitals in Rio requested extra blood supplies from the city's main blood bank, Hemorio. Supplies are dangerously low, Hemorio spokesman Marcos Araujo said.

``We won't be able to keep up with demand if it continues like this over the next few days," Araujo said in a phone interview. ``We provide blood products to 180 public hospitals in the greater Rio area, and they are all trying to prepare for more violence this weekend."

Tourism Concerns

``This is very disturbing," said Alicia Laumann of wholesale tour company Galapagos Holidays in Toronto. ``I have four Canadian clients vacationing in Rio right now and I'm really thinking twice about sending more people there anytime soon."

Intelligence services warned officials for weeks that attacks could happen as a new government prepares take office on Jan. 1, Precioso said.

``They are taking advantage of the fact we are in a transition, and they believed we would be more vulnerable," he said. The state government received anonymous phone calls warning of attacks by gang members over the holidays, Precioso said.

Residents of Rio's slums also have prepared for possible attacks in their communities.

In Cordovil and Cidade Alta slums, where the Academy Award- winning movie ``City of God" was filmed, armed men pulled pistols and automatic weapons on a car bringing Christmas food baskets to poor families on Dec. 16. They put them away after realizing one of the car's four occupants was a neighbor.

At the time, people in Cidade Alta's bars and stores were talking about an expected invasion by police or police-linked militias to expel drug traffickers who lived in the community.

Similar Attacks

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The violence in Rio is similar to attacks ordered earlier this year by drug gangs in Sao Paulo, Brazil's largest city and business center, to protest prison conditions in the state.

On several occasions from May to August, gang members attacked Sao Paulo's transportation system, burning buses and shooting at bus stops in actions that left about 4 million commuters stranded for days. They also targeted crowded gasoline stations, bank branches and automatic-teller machines, forcing business owners to shut their doors for days.

``These gangs here are not organized like what we saw in Sao Paulo," Precioso said. They were retaliating against stepped up repression of drug trafficking in Rio's 712 favelas, he said. ``In recent months, they felt the financial losses from our actions in the favelas and they decided to scare the population."

-- With reporting by Telma Marotto in Sao Paulo. Editor: Barden

Civilians And Police Killed In Rio Violence (GUA)

Guardian, December 29, 2006

A coordinated wave of attacks against police and civilians in Rio de Janeiro left at least 18 dead yesterday after drug traffickers went on the rampage with machine guns and petrol bombs.

With Rio gearing up for one of the world's largest New Year's Eve celebrations, criminals launched simultaneous attacks on police stations and buses across Brazil's second largest city.

The attacks began in the early hours of yesterday when two buses were set on fire near Cidade Alta, an impoverished housing estate on the city's outskirts where much of the movie City of God was filmed.

Article continues

The violence then spread across the city, including to the wealthy southern beach districts.

In Botafogo gang members opened fire on a police position, just metres from several youth hostels popular with European tourists, killing a street vendor.

In Lagoa, one of Rio's most upmarket neighbourhoods located a few blocks from Ipanema beach, a policeman was shot 12 times. Two bus passengers were burnt alive when their bus was set on fire.

The city's prison secretary suggested that the violence had been planned by criminals from the Mangueira shantytown, a community thought to have links with the First Command of the Capital crime faction in Sao Paulo.

18 Dead As Rio Gangs Clash With Police In Violent Show Of Force (IND)

Independent, December 29, 2006

Violence across Brazil's second largest city killed 18 people yesterday, as drug gangs set fire to buses and fired on police stations.

The victims included seven people who were burned to death in one of four torched buses, as well as two policemen. Two other civilians were shot dead, including a street vendor caught in the crossfire during a gunfight in Rio's Botafogo district. Seven alleged gang members were also killed.

Roberto Precioso, the head of Rio de Janeiro's public safety department, said gang members used handguns, machine guns and grenades in 12 attacks against police stations and outposts that started early yesterday morning.

Fourteen civilians and eight police officers were injured, he added.

The attacks were a show of force by the city's gangs, staged before a new governor is sworn in on 1 January, Mr Precioso said. Police intelligence had warned that the gangs were planning attacks for some time.

"It is very difficult to prevent these types of attacks, that were practically kamikaze," Precioso said at a news conference. "Police action prevented the situation from getting much worse."

He said the attacks were apparently ordered from inside one of the state's prisons, but did not elaborate.

According to the website of the O Globo newspaper, the attacks began on the Washington Luiz highway that links Rio de Janeiro with the nearby mountain resort of Petropolis.

Most of the violence occurred on Rio's poor north side, although a policeman was killed in the upmarket Lagoa district, and a woman was killed in an attack on a police post in the Botafogo area of the city.

Rio's Mayor, Cesar Maia, said gangs appeared to be retaliating against militias - reportedly run by off-duty police officers - that in recent months have been battling the gangs in slum areas - and charging residents for protection.

"The reason for what's happening is that militias have grown and the drug gangs are leaving," Mayor Maia said. "To maintain their income, the gangs are increasing crime on the street."

Mr Precioso said early action by Rio's police had prevented the violence from reaching levels seen in Sao Paulo in May, when an organised crime group launched similar attacks that left nearly 200 people dead, including some 40 police and dozens

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of gang members. Walter Fanganiello Maierovitch, an expert on organised crime and Brazil's former top anti-drugs official, said police in Rio did a better job of containing the attacks.

"Precioso did not try to fool anyone and took to the offensive immediately," Maierovitch told CBN radio. "In Sao Paulo, the authorities downplayed the attacks at first, saying they were isolated incidents."

Still, he said, the violence showed that "Brazil's public safety policies are in shambles".

Mr Precioso said police were working to contain ongoing attacks, and that they did not present a danger to the millions of people who are expected to celebrate New Year on Rio's beaches. But he declined to answer a reporter's question about whether the police are prepared to handle security during the 2007 Pan American Games which will take place here.

Rio de Janeiro is one of the most violent cities in the world, with an annual murder rate of about 50 per 100,000 residents.

3 Plead Guilty In Alabama Church Arsons (BVND)

By Phillip Rawls

The Belleville News Democrat, December 21, 2006

BIRMINGHAM, Ala. - Three former college students pleaded guilty Wednesday to federal arson charges for burning nine churches in a series of blazes that alarmed rural congregations across Alabama.

Matthew Cloyd, Benjamin Nathan Moseley and Russell Lee DeBusk entered the guilty pleas to federal arson and conspiracy charges in the string of church fires set on two nights in February.

The three wore orange jail jumpsuits and leg chains as they stood before U.S. District Judge David Proctor, who told them they all face minimum seven-year sentences.

Cloyd, 21, and Moseley, 20, had a plea agreement with federal prosecutors that called for them to recommend a sentence of up to eight years and one month, but not less than seven years.

DeBusk, 20, did not have an agreement on a sentence with his plea but decided to plead guilty "to help those congregations and others hurt by his behavior continue to heal," defense attorney Brett Bloomston said. A prosecutor said he expects DeBusk to get a shorter sentence because he participated in only five fires.

Defense lawyer Tommy Spina said Cloyd "is incredibly remorseful, and he regrets creating this much misery in people's lives."

The three are also charged with state crimes in Bibb, Pickens, Greene and Sumter counties, including arson, burglary, criminal mischief and cruelty to animals for killing a cow. Defense attorneys have been discussing a similar plea deal with county prosecutors, but none has been reached.

Prosecutors said that the first fires occurred during a night of illegal hunting and underage drinking, and that the second fires were set to throw off investigators.

All the churches have either rebuilt or are in the process after receiving an outpouring of donations.

The Rev. James Posey suffered a stroke and had to step down as pastor after Morning Star Baptist Church in Eutaw was destroyed. Posey, who blames his stroke on the stress of the fire, was pleased to hear of the pleas.

"It sends a message out that you are not going to run amok and not desecrate and destroy property, especially God's church," he said.

TAX:

Fate Of Assets Ordered Back To State Court (BUFFNEWS)

By JANICE L. HABUDA, News Staff Reporter

Buffalo News, December 29, 2006

Rebuffing the Internal Revenue Service, a federal judge Wednesday returned the receivership case involving St. Augustine Center to state court.

The nonprofit human services agency that served Buffalo's black community was ordered closed in February by State Supreme Court Justice John A. Michalek because of financial problems.

Since then, attorney Adam W. Perry, a court-appointed receiver, developed a plan to pay off creditors and obtain compensation for 85 employees who worked months without pay.

After Perry presented his report last month about distributing the center's available assets - including more than $127,000 in unpaid wages - the IRS sought to move the case to federal court.

The IRS argued that the actions contemplated by the receiver would be adverse to the IRS's tax lien of almost $900,000 against St. Augustine and that the receivership action has become one "against" the United States.

Further, attorneys for the U.S. Justice Department, representing the IRS, threatened last week to sue the former employees and the receiver if the lien wasn't honored.

Perry argued before U.S. District Judge John V. Elfvin on Friday to keep the case in Michalek's court.

Elfvin agreed. In a decision issued Wednesday, Elfvin concluded that removing the case from state court had been improper. The judge also denied a conditional petition/motion for emergency injunctive relief that was filed by the IRS after the court clerk's office closed Friday for the holiday weekend. The IRS sought to prevent the receiver from distributing any St. Augustine assets until 10 days after the state court decides another IRS motion.

Elfvin wrote that he lacks jurisdiction over the receivership action and that the IRS can petition the state court for such relief.

"Justice prevailed, and the employees so far have prevailed," Perry said Wednesday.

He said he will ask Michalek to take back the case and to be discharged as receiver.

CONGRESS-ADMINISTRATION:

Lame Duck Bush Entering Rougher Waters (USAT)

By Susan Page And David Jackson

USA Today, December 29, 2006

WASHINGTON — Embattled by the Iraq war, barred from seeking another term in office and facing an emboldened, Democratic-controlled Congress, President Bush fits the textbook definition: a lame duck.

His final two years in the Oval Office seem destined to be dramatically different and more difficult than his first six. Republicans in Congress, once loyal, have begun to fracture. Democrats in Congress, once powerless, vow to use their new authority to investigate the administration, challenge its policies and chart their own course.

Nevertheless, the president, calculating how to maneuver during his remaining time in office, insists he can score achievements — and says he plans to try. "Look, I came to do big things, and we're still going to try to do big things," Bush told a private gathering of Republicans after November's election setbacks, according to GOP strategist Charlie Black, who was there. "Regardless of my popularity and the Congress, I'm going to try to do big things."

Those "big things" include reauthorizing his signature No Child Left Behind law, winning passage of immigration legislation that provides a path to legal status for undocumented workers and taking steps toward adding individual investment accounts to Social Security. White House officials are exploring the prospects for limiting congressional "earmarks" in the budget process and encouraging new and expanded sources of energy.

But the war overshadows it all.

The conflict in Iraq is costing an estimated $8 billion a month, straining the Army and Marine Corps and sapping Bush's job-approval rating, now at 38% in a USA TODAY/Gallup Poll. A turnaround in the security and political situation there could invigorate his presidency, but growing violence and chaos might well make it hard for him to focus on anything else.

What Bush will propose in the State of the Union address next month and how he'll pursue those priorities will depend in part on how conciliatory Democrats are, White House officials say. They're preparing "soft" and "hard" approaches — from cooperation to confrontation — after studying how other presidents dealt with opposition Congresses.

"With the majority comes responsibility," White House strategist Karl Rove said in an interview. "In our system, the president governs. The president is the chief executive, and the Congress has the responsibility to legislate. But the Congress cannot legislate without the concurrence of the president, and vice versa. If Congress legislates and it does not have the concurrence of the president, it's called a veto."

The ferocity of the war in Iraq and its impact on U.S. relations around the globe limit Bush's ability to use a strategy other second-termers have employed during their final two years in office: Turn to foreign policy — where a president's powers remain largely unfettered — and change the subject from whatever is bedeviling your presidency.

"Iraq is still there; it's always there," says Frank Donatelli, a Republican consultant and former White House political director for Ronald Reagan. "Unless it starts getting better, it's like a 10-pound weight" on the president.

When presidents get to the final two years of their second term, their administrations often are running out of gas and into trouble.

The proposals that drove their first elections generally have either been enacted (such as Reagan's defense buildup and tax cuts) or run aground (such as Bill Clinton's health-care overhaul). Many of the advisers who helped them get to the Oval Office have moved on, and members of Congress in their party usually lose big in the election midway through the second term. The administration has had enough time in power for malfeasance to take place — and be uncovered.

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"The metaphor I'd use is barnacles on the ship of state," says Steven Schier, a political scientist at Carleton College in Northfield, Minn., and author of High Risk and Big Ambition: The Presidency of George W. Bush. With grievances accumulating, he says, "you encounter more and more resistance as you try to move forward."

In the sixth year of his presidency, Dwight Eisenhower had to accept the resignation of chief of staff Sherman Adams amid scandal. The congressional inquiry into the Iran-contra affair opened Reagan's final two years in office. Clinton began his last two years with an impeachment trial.

Yet both of Bush's most recent two-term predecessors bounced back after damaging midterm elections to reach successes that helped shape their legacies.

In Reagan's final two years, he embraced Soviet reformer Mikhail Gorbachev and negotiated the destruction of hundreds of intermediate-range nuclear weapons.

After Democrats lost control of the House and Senate in 1994, the election midway through Clinton's first term, the president brokered deals with Republicans that revamped welfare and balanced the federal budget. Those measures at times put Clinton at odds with leaders in his own party — for instance, then-New York Sen. Daniel Patrick Moynihan — and presumably would have been more difficult to complete if Democrats had still controlled Congress.

For Bush, the Democratic takeover could make it easier for him to enact the immigration plan that was blocked by House Republicans this year. The new political realities could push him to be more flexible and bipartisan.

"I felt like we had a pretty successful couple of years when it comes to legislation," Bush said at a year-end news conference. "However, that doesn't mean necessarily that we are able to achieve the same kind of results without a different kind of approach."

He noted he had worked collegially with a Democratic state Legislature as governor of Texas.

White House officials are also girded for confrontations with the incoming Democratic majority in Congress. The debate over federal funding for embryonic stem-cell research — the subject of Bush's only veto to date — could spark an early showdown. A move to loosen the rules for funding would prompt another veto, aides say.

Bipartisanship "has to work both ways," White House spokesman Tony Snow warns.

Still, Bush's aides say that even after GOP ranks shrank by 13 seats in the Senate and 48 in the House in the 1958 elections, during Eisenhower's sixth year in office, the president could cajole the Democratic Congress to rein in spending.

"The president is very pragmatic," GOP consultant Mark McKinnon, a longtime adviser, says of Bush. "He wants to get things done, and he understands that to get things done, he needs Democrats."

The most difficult issue seems sure to be Iraq. It is "the whale in the bathtub," Schier says.

The bipartisan Iraq Study Group this month recommended the withdrawal of most U.S. combat troops by March 2008, and most Democrats have called for a drawdown of forces before then. But Bush has vowed to stay "until the job is done" and is weighing proposals to send more troops.

He met with Vice President Cheney, Defense Secretary Robert Gates and Secretary of State Condoleezza Rice Thursday at his Texas ranch to discuss the war and a speech to the nation about it next month. "I've got more consultation to do until I talk to the country about the plan," he told reporters.

The confrontation over the issue isn't waiting. Incoming Senate Foreign Relations Chairman Joseph Biden told reporters Tuesday that he would oppose any effort to increase U.S. troop levels. The Delaware Democrat said he couldn't "imagine there being … significant support for the president's positions" — not only among Democrats but also Republicans. In a sign of how times are about to change, he plans to call Rice before the committee next month for what seems likely to be tough questioning.

Even so, Democratic leaders including House Speaker-designate Nancy Pelosi, D-Calif., have said the new congressional majority won't use its most powerful tool, denying funding for U.S. troops.

The prospects for congressional action — and cooperation with the White House — are greater when it comes to domestic issues.

Among Bush's top priorities:

·Modify Social Security. Since the 2000 campaign, Bush has talked about allowing workers to divert some of their payroll taxes to individual investment accounts within the Social Security system. The idea was so volatile that even the Republican-controlled Congress never brought it to a vote.

The president seems ready to try again. The day after the midterm elections, he announced he had instructed Treasury Secretary Henry Paulson "to reach out to folks on the Hill to see if we can't at least get a dialogue started" about the long-term fiscal stability of Social Security, Medicare and Medicaid.

·Move toward energy independence. The administration is considering the possibility of a deal with Democrats: Increase funding for such alternative sources of energy as solar and wind power if more exploration is allowed for oil and natural gas off the Alaskan coast and in the Gulf of Mexico. Bush also wants to build more nuclear plants.

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·Reauthorize No Child Left Behind. Bush wants to reauthorize the education bill that was the first major bipartisan legislation enacted in his first term. The White House wants the revised program to maintain current testing standards for students. Key Democrats including Massachusetts Sen. Edward Kennedy and Rep. George Miller of California say they are willing to support renewing the bill but want it to reflect more of their priorities, including increased federal funding for struggling schools.

·Revisit immigration. In October, Bush signed a law authorizing construction of 700 miles of fence along the Mexican border, but it lacked provisions he supported to allow illegal immigrants now in the USA to gain legal status.

"I think the Democrats would partner with him on that," says John Podesta, a former Clinton White House chief of staff. The apparent backlash last November from Hispanic voters may boost Bush's plan among Republicans, too: Hispanic support for Republican congressional candidates fell by nearly a third from 2004.

Even without bipartisan cooperation, Podesta notes that the Clinton White House found ways to take action over the objections of an opposition Congress.

Clinton used the Antiquities Act of 1906 to declare 1.9 million acres in southern Utah as the Grand Staircase-Escalante National Monument, shielding it from new mining and other development. During his final weeks in office, he cited his authority under a 1996 health-care bill to set landmark rules governing medical privacy.

After Republicans took control of Congress, they "learned the hard way" that Clinton retained considerable powers as president, recalls Ed Gillespie, then an aide to House Majority Leader Dick Armey and later Republican national chairman.

"The veto pen is a pretty powerful tool," Gillespie says. "Executive orders are a pretty potent way to make policy. And the megaphone is still pretty big."

Meanwhile, in Washington, attention has begun to shift from the current president to speculation about his successor. Rove predicts the next presidential contest will be only a minor distraction in 2007, and he says Bush can score achievements even after the campaign is underway in 2008 by getting enough momentum behind ideas.

"I'm going to work hard," Bush declared last week. "I'm going to sprint to the finish."

Bush Tops Survey As Hero, Villain Of The Year (DENP/AP)

By Darlene Superville

Denver Post/AP, December 29, 2006

Washington - Bad guy of 2006: President Bush. Good guy of 2006: President Bush.

When people were asked in an AP-AOL News poll to name the villains and heroes of the year, Bush topped both lists, in a sign of these polarized times.

Among entertainers, Oprah Winfrey edged out Michael J. Fox as best celebrity role model, while Britney Spears outdistanced Paris Hilton as the worst.

Bush won the villain sweepstakes by a landslide, with one in four respondents putting him at the top of that list. When people were asked to name the candidate for villain that first came to mind, Bush outdistanced even Osama bin Laden, the terrorist leader in hiding, and former Iraqi leader Saddam Hussein, who is scheduled for execution.

Bush was picked as hero of the year by a much smaller margin. In the poll, 13 percent named him as their favorite, while 6 percent cited the troops in Iraq.

Among celebrities, 29 percent of adults, when asked to choose from a list of names, bestowed the honor of worst celebrity on Spears. The 25-year-old pop singer and mother of two recently filed for divorce from Kevin Federline, her husband of two years.

She then followed with highly publicized nights out with party girls Hilton and Lindsay Lohan, including photos of Spears wearing no underpants.

Second-worst celebrity billing went to Hilton, 18 percent. The 25-year-old celebutante was arrested for drunken driving in Los Angeles in September.

Mel Gibson, 50, was third- worst celebrity with 12 percent, after his anti-Semitic tirade at police in Malibu, Calif., during his arrest on suspicion of drunken driving. He later apologized and said he harbored no animosity toward Jews.

In the best celebrity role model category, 29 percent of adults chose talk-show host Winfrey. The philanthropist and entertainment mogul contributed $40 million toward the establishment of a school for girls in South Africa, which is scheduled to open next month.

The telephone poll of 1,004 adults was conducted Dec. 19-21. The margin of sampling error was plus or minus 3.1 percentage points.

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A Matter Of Degrees: Roberts Taking His Time To Reshape High Court (LAW)

By Tony Mauro, Legal Times

Legal Times, December 29, 2006

At the end of John Roberts Jr.'s first full year as chief justice, his tenure is taking shape, framed by sometimes conflicting goals of collegiality, continuity and change.

He leads the nation's highest court more openly and with a lighter touch than his predecessor, the late William Rehnquist, and has quickly endeared himself to Supreme Court staff. But his imprint on the Court as an institution has been measured in small increments so far, as the realization sets in that major change -- such as increasing the size of the Court's docket and reforming the law-clerk-pooling arrangement -- may take years to accomplish.

"He is trying to bring the old traditions of the Court into the 21st century," says former Court official Harvey Rishikof. "It's going to take awhile."

Nearly everywhere he goes, Roberts speaks of his desire to preside over a more cohesive and unanimous Court. But with resignation in his voice, he notes that he cannot achieve that goal without active help from his colleagues.

"I think we're most effective when we operate and function as a court rather than nine separate individuals," Roberts said at the University of Miami on Nov. 13, adding pointedly, "I think we all need to do what we can to work toward that end."

And when, at the Miami talk, ABC News reporter Jan Crawford Greenburg asked him how it felt to join the high court as its boss, Roberts gently corrected her. "The chief justice really doesn't have a lot of authority of the sort that would cause you to refer to him as a boss."

But Roberts is not losing sleep over this fact of Supreme Court life. Already steeped in the ways of the Court, Roberts knows that unlike a modern corporate executive who must produce quarterly gains, as a life-tenured chief justice, he can pace himself for the long haul.

E. Barrett Prettyman Jr., a longtime friend of Roberts, recalls that when Warren Burger became chief justice in 1969, he ruffled feathers and made enemies quickly by changing internal procedures and using -- some say abusing -- his power to assign opinions as a way to reward and punish colleagues.

"That isn't John," says Prettyman, who is of counsel at Hogan & Hartson, Roberts' former firm. "He may end up making the same changes, but they'll hardly notice it because he'll stretch it out over years."

A MEASURE OF CHANGE

Some small changes have already taken place. Oral arguments are more advocate-friendly, lawyers say. For example, Roberts has been more willing than Rehnquist was to spontaneously grant extra argument time to advocates when fairness seems to require it.

Even better, at least from the advocates' perspective, is that they are now able to get a few more words in edgewise before a justice asks a question.

According to a new study by University of Kansas professor Lawrence Wrightsman, the number of words advocates are able to speak before being interrupted by a justice has jumped nearly 50 percent under Roberts. That trend has been attributed to the retirement in January of Justice Sandra Day O'Connor, who was usually first with a question. But Wrightsman's numbers

indicate the increase started even while O'Connor was on the bench. Wrightsman is the author of a new book, "The Psychology of the Supreme Court."

Perhaps the most visible change Roberts has wrought was the decision to release oral argument transcripts promptly on the same day that they occur. Scholars and journalists had asked for this change for years without success. But when Roberts arrived, the request made sense to him, and with the agreement of the Court, he ordered it done.

But bigger changes have proved more elusive. Like many veteran Supreme Court advocates, Roberts was a critic of the Court's "cert pool" arrangement, under which all the justices except Justice John Paul Stevens pool their clerks to summarize incoming petitions. The pool means that many petitions are scrutinized only by two clerks and no justices, causing concern that clerks have too much power.

In spite of his views, Roberts has joined the pool in both his terms on the Court -- though each time he has indicated that his decision covered only that term. Reforming the pool is an example of the kind of change that would rankle colleagues if Roberts were to undertake it too quickly, so he appears to be biding his time.

But the toughest nut so far for Roberts appears to be increasing the number of cases the Court reviews each term. During his confirmation hearing in September 2005, Roberts said the Court could help clarify the law by taking more cases -- closer to 100 per term, rather than the 75 to 80 it has ruled on in recent years. Instead, last term -- Roberts' first -- it ruled on even fewer cases, 69, and this term the number could sink even lower. The Court canceled an argument day in December, and on three out of the five argument days this coming February, only one case will be heard instead of the usual two.

Why the dearth of cases? Lawyers in the Solicitor General's Office and elsewhere reject one popular theory, namely that when the conservative Bush administration and the Court's like-minded members look out over the conservative appeals court landscape, they see fewer decisions that need fixing.

"I strongly disagree that this is the end of history, that there are no issues left to resolve," says Thomas Goldstein of Akin Gump Strauss Hauer & Feld, a close student of the Court's docket. Goldstein points to several factors to explain the slowdown, including the possible reluctance of the Court's liberals to seek reviews of cases that, because of the new lineup, they might lose.

Goldstein also suggests that O'Connor's retirement may be a reason, noting that she "kept the Court abreast of the docket" in courts nationwide. With her gone, the Court may be more willing to let issues percolate longer without its intervention. (Goldstein writes a column for Legal Times.)

Roberts himself has not offered a theory publicly, but those who have spoken with him say he rejects the view that the Court is ducking major, festering issues.

Several justices have also said they have not seen many review-worthy petitions cross their desks recently. Of course, if enough justices express that view, which might not have been shared by O'Connor, it alone would provide an answer to the mystery: The vote of four justices is needed to review a case.

Roberts has brought in his own team to help administer the Court itself and to lead the federal judiciary: Jeff Minear as his administrative assistant at the Court, and James Duff to head the Administrative Office of the U.S. Courts.

A PUBLIC PRESENCE

Roberts has become a ubiquitous ambassador for the Court, speaking to bar groups, broadcast interviewers and book authors at a brisker pace than his more reserved predecessor, Rehnquist. Roberts has held two press conferences and will be seen frequently on a PBS special on the Court airing in January. "He believes that it is good for the Court to have a chief justice who is not afraid of appearing in public," says Prettyman. "He goes everywhere." There are limits to this openness, however: Roberts is declining press interviews for now, a spokeswoman said when asked for comments for this story.

Inside the building, Court employees speak of "a breath of fresh air" and a less formal atmosphere. But even as staffers praise Roberts, they hesitate to do it openly, not wanting to imply criticism of the late Rehnquist, who was also popular.

How has the job changed Roberts personally? Friends say he has been struck with the gravity of the position and how much there is to do. In the ABC interview, Roberts joked that his new job has given him a good excuse when his wife, Jane, asks him to run household errands.

But Roberts has still been able to stay grounded and in touch with friends, says Prettyman, who offers poignant evidence. About six weeks ago, when Prettyman's wife, Maureen, was hospitalized in Washington, she was pleasantly surprised by an hourlong visit from Roberts, his wife and their two young children. "It did her so much good," says Prettyman. "It was the John Roberts we've always known."

Ailing Senator Exhibits Signs Of Improving (NYT)

By Kate Zernike

The New York Times, December 29, 2006

DOJ_NMG_0110277

WASHINGTON, Dec. 28 — Senator Tim Johnson of South Dakota marked his 60th birthday Thursday in the intensive care unit at George Washington University Hospital, where he remains in critical but stable condition two weeks after surgery to stop bleeding in his brain.

"Senator Johnson's overall general medical condition has improved, and he is gradually being weaned from the sedation," Vivek Deshmukh, the neurosurgeon who performed the operation, said in a statement released by Mr. Johnson's office. "He is opening his eyes and is responsive to his wife."

Mr. Johnson was joined on his birthday by his wife, Barbara, his daughter and one of his two sons. He is expected to undergo more testing in the next few days, and his office said it would release information afterward.

Mr. Johnson, a Democrat, began to stutter on Dec. 13 during his weekly conference call with reporters, but then recovered well enough to walk across the street from the Capitol to his office, his staff said. After being examined by the Capitol physician, he was taken by ambulance to the hospital and admitted with what the physician called the symptoms of a stroke.

His illness set off speculation that Democrats might lose the new, narrow majority they are expected to have in the Senate next month. South Dakota's governor, a Republican, would appoint a new senator to fill any vacancy, and Democrats worried that he might appoint a member of his own party.

But a senator is replaced only if he dies or steps down, according to Senate precedent, and senators have remained in office despite being absent because of illness for months or even years. If Mr. Johnson is unable to vote in January, Democrats are still expected to hold a 50-to-49 majority.

Mr. Johnson's doctors said the bleeding was the result of a rare congenital tangling of the blood vessels in the brain, known as an arteriovenous malformation. The surgery, performed about 12 hours after his first apparent symptoms, stopped the bleeding, doctors said, and relieved the pressure on his brain.

Doctors said after the surgery that Mr. Johnson would remain in the hospital until the swelling in his brain, which they described as normal after such an operation, receded. They have said that he is expected to undergo physical therapy to address weakness in his right side.

Sen. Johnson Improves, Is Expected To Miss Start Of Congress (WP/AP)

The Washington Post, December 29, 2006

Sen. Tim Johnson (D-S.D.) turned 60 yesterday, two weeks after emergency surgery to repair a brain hemorrhage that has left him in critical condition.

Julianne Fisher, a spokeswoman for the senator, said Johnson will not be present in the first days of the new Congress next week but is continuing to improve. She said he is responsive to directions from his wife but has not yet spoken.

It is too soon to tell how long recovery will take, Fisher said.

In a statement yesterday, Johnson's doctors said he remains in intensive care at George Washington University Hospital. They have released few new details about Johnson's condition and prognosis since the days after the Dec. 13 surgery to stop bleeding in his brain.

Vivek Deshmukh, head of Johnson's surgical team, said in a statement that the senator's overall condition has improved and that he is gradually being weaned off sedation to help his brain heal.

Johnson's wife, Barbara, said that her husband "continues to give us great hope" and that two of the couple's three grown children were at the hospital on his birthday.

Johnson was diagnosed with arteriovenous malformation, a condition that causes arteries and veins to grow abnormally large, become tangled and sometimes burst. He was rushed to the hospital after becoming disoriented during a call with reporters.

His illness raised questions about the Democrats' one-vote majority in the upcoming Senate session. Should Johnson's seat become vacant, South Dakota Gov. Mike Rounds, a Republican, could replace him with a Republican.

A Republican appointee would create a 50-50 tie and effectively allow the GOP to retain Senate control because of Vice President Cheney's tie-breaking vote. But there is precedent for senators to continue to hold office while incapacitated.

When Nature Calls, Women In House Hike (DENP)

By Margaret Talev McClatchy

Denver Post, December 29, 2006

Washington - When nature calls during a debate or vote in the House of Representatives, what's a member of Congress to do? The answer, even as the first female speaker of the House prepares to be sworn in next month, depends on gender.

The members-only House men's room, with its shoeshine stand, fireplace and television tuned to floor proceedings, is nestled a few paces from the House chamber, beside the speaker's lounge, flanked by Capitol police. How convenient.

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Reaching the women's equivalent entails traversing a hall where tourists gather, or entering the minority leader's office, navigating a corridor that winds past secretarial desks and punching in a keypad code to ensure restricted access.

When Speaker-elect Nancy Pelosi, D-Calif., takes the gavel, she may revisit, along with the Iraq war and raising the minimum wage, the question of potty parity.

Starting in January, the 435- member House will have a record 71 women. (The 100- member Senate will have 16 women, also a record.) Asked whether female House members should also get a loo off the chamber, Pelosi said, "I'm all for it - let's find a spot." Mischievously, she said she's eyeing the men's room just steps from the chamber, "but the gentlemen, they just won't get out of there."

There are arguably more pressing matters for Congress when it returns to a pivotal wartime session and Democratic control for the first time in a dozen years.

"We've got a lot of other problems ahead of this, starting with the minimum wage, health care, education," said Rep. Carolyn Maloney, D-N.Y., who'll be vice chairwoman of the Joint Economic Committee.

But the very mention of rest room access is a reminder of the institution's male-dominated legacy, and it stirs lingering sensitivities.

At least one incoming female freshman representative may take up the cause.

Rep.-elect Yvette Clarke, a Democratic New York City councilwoman, was lead sponsor of that city's Women's Restroom Equity Bill, signed into law in 2005. It requires a 2-to-1 ratio for women's bathrooms to men's in new construction and major building renovations.

Clarke said she wouldn't try to impose such mandates on historic structures like the Capitol. But she thinks women should have at least one toilet off the House chamber, rather than having to run down the hall.

Rep. Marsha Blackburn, R-Tenn., said women "are adaptable; it's a balancing act." She paces herself when she knows she'll be on the House floor for long stretches. In case of emergency, she said, "I'm a runner."

Rep. Alcee Hastings, D-Fla., said that perhaps Pelosi could partition the men's restroom to make room for women.

That's what happened with the members-only restroom off the Senate chamber after the 1992 elections, when female representation shot from two to seven, said Senate associate historian Donald A. Ritchie. Previously, female senators went up one floor or to their offices, or used public restrooms.

The Office Pool, 2007 (NYT)

By William Safire

The New York Times, December 29, 2006

Washington

OPTIMISTIC predictions took a beating in 2006 (except for the stock market), but today — in my 33rd annual office pool in this space — is my chance to recoup. In these multiple choices, pick one, all or none.

1. The “O’Connorless Supreme Court” will decide

(a) without reversing Roe v. Wade to uphold laws restricting late-term abortion because they do not impose an “undue burden” on women

(b) that public schools in Seattle and Louisville, in their zeal to prevent re-segregation, have gone too far in using race in selection of students

(c) to reject Massachusetts’ case to force the Environmental Protection Agency to raise auto emissions standards, holding that “global warming” gives the state no standing to sue without new law

2. Dow Jones industrials will

(a) reflect 4 percent economic growth to rise in 2007 to close above 14,000

(b) fall out of bed to 10,000 in what the Republicans will claim is the Democratic recession

(c) soar to 15,000 before ending the year around 14,000

(d) change from a boring numerical index to lively prose opinions in the with-it Wall Street Journal

3. Bipartisan achievement of 110th Congress and Bush White House will be

(a) blue-ribbon Social Security panel providing cover to raise retirement age to 70 for those now under 50

(b) passage of Leahy-Pence shield law permitting whistleblowers to expose corruption to reporters without fear of being ratted out by runaway prosecutors

(c) immigration reform allowing earned citizenship of current illegals and installing 1,700-mile fence named after the nativist Millard Fillmore

(d) substantial minimum-wage increase with reduction but not elimination of “death tax”

4. Congress will override Bush veto of

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(a) federal support of stem-cell research
(b) federal negotiation of drug prices
5. The word most often heard in 110th Congress will be
(a) sellout
(b) compromise
(c) subpoena
(d) civility
(e) payback
6. The Oscar for best picture in a year of great pictures will go to
(a) Martin Scorsese's "Departed"
(b) Paul Greengrass's "United 93"
(c) Clint Eastwood's "Letters From Iwo Jima"
(d) Stephen Frears's "Queen"
(e) Jonathan Dayton and Valerie Faris's "Little Miss Sunshine"
7. The level of American troops in Iraq at year's end will be
(a) over 100,000, down from surged 160,000
(b) under 100,000, down from today's unsurged 140,000
(c) under 80,000 with announced timetable for downsizing in 2008 to 40,000 in secure Iraqi Kurdistan
8. Iraq will be
(a) in full-scale civil war
(b) on the road to shaky democracy with insurgency weakening
(c) split three ways with Kirkuk as capital of Kurdistan
9. Iran at year's end will be
(a) more intransigent than ever and on the way to matching North Korea's nuclear weapon
(b) more reasonable after plunge in oil income, anti-terrorism boycott, labor-student unrest and global sanctions
(c) red-faced at double cross from Arab Iraqi Shiites
10. Publishing sleeper-seller will be
(a) "Sacred Games" by Vikram Chandra, a gangster novel like an Indian "Godfather"
(b) Jim Lehrer's novel "The Phony Marine"
and in non-fiction
(c) "Spy Wars: Moles, Mysteries and Deadly Games," by a retired spook, Tennent Bagley, which refutes C.I.A. groupthink about the molehunter James Angleton being paranoid
(d) "Father's Day," by Buzz Bissinger, about his twin sons, one exceptional and the other damaged
11. Internal party struggle will be
(a) John Edwards's labor-appealing protectionism versus Hillary Clinton's championing of Nafta-style free trade
(b) John McCain as pro-life versus Rudy Giuliani as pro-choice
(c) cognitive dissonance of anti-bias liberals at bias toward a conservative Mormon candidate
12. Scientific news will be in
(a) neuro-circuitry
(b) deep brain stimulation in treating depression
(c) sequencing the genome of higher apes in studying evolution
(d) vaccine approaches to treatment of Alzheimer's as well as eradication of malaria
(e) gene duplication to detect mental illness
(f) commercial hype about cranial calisthenics
13. Year-end polls of likely primary voters will have in the lead among Democrats
(a) Clinton
(b) Obama
(c) Edwards
(d) Gore
(e) Richardson-Biden-Dodd-Dean
and among Republicans
(a) McCain
(b) Romney

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(c) Giuliani
(d) Gingrich-Rice-Brownback-Hagel
14. Time and chance will happeneth to all predictions if
(a) McCain scampily blows his stack
(b) Clinton freezes over
(c) Romney is brainwashed
(d) Obama loses his cool over press interest in "Rezkogate"
15. Key factor in swing-voter choice of next president will be
(a) experience
(b) freshness
(c) character
(d) name recognition
(e) seizure of health-care issue
(f) Internet organization
My picks are: 1 (all) 2 (c) 3 (b) 4 (both) 5 (c) 6 (d) 7 (a) 8 (b) 9 (b) 10 (c) 11 (a) 12 (all) 13 (a), (a) 14 (all) 15 (c)

OTHER NEWS:

US '07 Economic Outlook: Slow Growth, No Recession (CSM)

By Ron Scherer
The Christian Science Monitor, December 29, 2006
NEW YORK
It looks as if it will be an uphill climb for the economy next year.

Growth could be the slowest in the past five years. The unemployment rate, already at a low level, is likely to rise. Business, which has been on a spending spree, is expected to cut back somewhat. The consumer, the bulwark of the economy, may not be spending quite as freely.

Despite this economic slo-mo, most economists expect a recession-free 2007, the sixth consecutive year without a downturn.

"There are risks ahead, but the basics look reasonably good," says Robert Hormats, vice chairman of Goldman Sachs International. "Many people thought the sharp weakening in housing would have a more crushing effect on the economy, but mercifully it hasn't."

Managing the slower economy will be a challenge for the Federal Reserve. It will have less leeway for mistakes. At the moment, many economists are anticipating that the Fed will cut interest rates starting in the spring.

"We are anticipating the Fed will make two cuts starting in March," says Jason Schenker, an economist at Wachovia Corporation in Charlotte, N.C. "The Fed will be under a lot of pressure to hit the cut button."

Exactly how much the economy slows - and when - is still a matter of dispute among economists. "There is a real tug of war over the outlook," says Robert Brusca of Fact and Opinion Economics in New York. "A lot of indicators are moving in different directions, so it's not surprising there is a lot of discord in the outlook."

On the negative side are a small group of economists who still think the economy will sputter into a recession next year. A member of the recession contingent is Hugh Moore, a partner at Guerite Advisors in Greenville, S.C.

He is focusing on a number of quantitative economic statistics, which he believes are signaling negative growth ahead. "We don't think it's dire, we don't think the economy will crumble," he says. "But we think the decline in housing construction and the reduction in home equity withdrawals [borrowing against a home's increased value] will be enough to put the economy into a recession in the second half of 2007."

Others think the economy will just barely get by without a downturn. Wachovia, for example, expects the nation's gross domestic product (GDP) will grow only 1.9 percent next year. The bank predicts the unemployment rate will rise from 4.5 percent to 5 percent.

Mr. Brusca thinks the weakness is short term. He sees the economy scraping by and building momentum by year-end. "By this time next year it will feel like a year of improvement," he says.

However, one sector that does not expect to see much improvement is manufacturing. Over the past two years, the sector has grown faster than the economy as a whole, says Dave Huether, chief economist at the National Association of

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Manufacturers in Washington. But in 2007, he expects manufacturing to grow 2.8 percent compared with 4.5 percent this year. "That's a significant slowdown," he says.

The sector's problems would be eased quite a bit by a strong end to this year's holiday season, says Brusca, who points to excess inventories at the nation's manufacturers. "If the consumer shows up, the problems fade away. If not, it's harder to get rid of the inventory," he says.

However, some consumers will be in for a rude shock, says David Kotok, of Cumberland Advisors in Vineland, N.J. Some $1 trillion in low-interest mortgages will reset at a higher interest rate in 2007 and another $1 trillion in 2008. "About 4 million to 5 million households will be negatively impacted," he estimates. "This is mainly people in the lower and middle class, the Wal-Mart shopper, not the Tiffany shopper."

In 2006, there was also a large uptick in interest costs for some borrowers. But the higher costs were partly offset by lower energy costs.

Economists say higher energy costs next year would pose a risk to the economy. Economist Mark Zandi of Moody's Economy.com estimates the gap between global production and global demand is only 1.5 million barrels of oil per day. "With such a thin cushion, any substantial geopolitical or weather event could send prices spiraling higher," he writes in an analysis.

In the past, the economy absorbed higher energy prices without much damage. However, Mr. Zandi thinks the next oil price spike could be more difficult to digest. Instead of prices rising because of demand, he cautions they could rise because of shortages of supply "with very different economic implications."

One of the implications, he says, would be inflationary as business passes higher costs on to the consumer. "It is the combination of higher energy prices and interest rates that has undermined past economic expansions," he concludes.

However, even on the future price of oil there is disagreement. Wachovia, for example, expects the price of oil to average $60 a barrel or about where the price is currently. "Falling prices are predicated on OPEC keeping a tight rein on production," says Mr. Schenker. With oil prices at these levels, speculators will shift their attention elsewhere, easing the volatility in prices, he adds.

Home Sales Bode Well For Big Picture (WSJ)

By Christopher Conkey

The Wall Street Journal, December 29, 2006

WASHINGTON -- Sales of existing homes rose for the second consecutive month in November, a sign of rebounding demand that suggests the economic fallout from the housing market's slump will be limited next year.

The National Association of Realtors said sales of existing homes last month increased 0.6% from October to an annual rate of 6.28 million units, down 10.7% from a year earlier. Spurred by lower interest rates and home prices, sales have now increased in back-to-back months for the first time in more than a year.

Together with a recent upturn in the rate of new-home sales, the modest rise in existing-home sales indicates that home-buying activity may be stabilizing after a yearlong downturn. (See related article.1)

"The change was small, but the results were encouraging nonetheless because they suggested activity is beginning to form a bottom" said Michael Moran, chief economist at Daiwa Securities America Inc.

If the housing slump is indeed bottoming out and starts to reverse itself in the months ahead, it would gradually lift a great weight off the broader economy. Housing-related industries have been shedding thousands of jobs in recent months, and builders have been forced to scale back construction to match waning demand. That has been a major factor behind the slowing economy this year, and many economists say growth -- now running at an inflation-adjusted annual rate of about 2.0% -- won't fully bounce back until the housing correction has run its course.

Of course, it is far from certain that the housing slump is over. Inventories of unsold homes remained large in November, with a 7.3-month supply on the market at current sales rates, according to NAR data, up from a five-month supply a year earlier. That suggests builders will continue to cut production until supply is better aligned with demand. In the meantime, large inventories will continue to put downward pressure on prices.

Last month's median home price -- the price at which half of homes sold for more and half sold for less -- was down 3.1% from a year earlier. November was the fourth month in a row that median home prices were down from a year earlier. NAR President Pat Vredevoogd Combs described current conditions as a "window for buyers" to re-enter the market.

Additional support for a rebound is coming from the competitive labor market, which is producing solid wage gains and lifting consumer sentiment. Yesterday, the Conference Board, a private research group in New York, said its gauge of consumer confidence rose to 109 in December from 105.3 in November.

As with the recent data on housing, which generated more relief than enthusiasm among economists, the improved sentiment reading was due more to a moderation in pessimism than any surge in optimism. Indeed, the proportion of those

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surveyed who said economic conditions are "good" fell slightly to 27.2% this month from 27.5% in November, but that was more than offset by a sharper decline -- to 14.6% from 16.2% in November -- in the number who said the climate is "bad."

More than anything, the data suggest the nation's economy will be able to maintain its current pace of slow-to-moderate growth as the housing imbalance is corrected. "There's nothing signaling a severe downturn or a severe upturn," said Lynn Franco, who oversees the Conference Board survey.

Meanwhile, the number of people filing initial claims for unemployment benefits rose slightly, to 317,000 last week from 316,000 the week before. The figures point to steady job growth.

Write to Christopher Conkey at christopher.conkey@wsj.com2

Existing-home Sales Edge Higher In US (FT)

By Doug Cameron

Financial Times, December 29, 2006

Sales of existing US homes rose slightly in November, though activity in the crucial southern market remained depressed in a sign that the nationwide market has yet to reach its nadir.

The National Association of Realtors said on Thursday that sales of all existing homes rose 0.6 per cent in November – the second consecutive monthly rise – with median prices dipping slightly and the inventory of unsold properties also dropping 1 per cent from recent highs.

The data follow a small rise in sales of new homes during November suggesting that falling prices and rising incentives are tempting buyers back to the market, eroding what homebuilding executives view as the “bad psychology” affecting the business.

However, most of the rise in existing-home business was driven by sales in the north-east, and volumes continued to fall in the south of the country, which accounted for 38 per cent of nationwide transactions in 2005.

The south and west of the US also account for three-quarters of new-home sales, and analysts remain concerned about the pace of building in the two regions, despite signals from homebuilders that they were cutting construction following the exit of speculative buyers from the market.

Most of the large homebuilders believe the excess inventory will not be cleared until the second half of next year, paving the way for a recovery in the broader market in 2008.

The NAR was more bullish in its assessment of the housing market, which is being closely monitored by policymakers because of its potential spillover into a slowing US economy.

The association suggested the November data provide evidence of “a turn in the market”, with lower median prices driving a gradual rise in sales in 2007.

“It looks like we may have reached the low point of the current cycle in September,” said David Lereah, NAR chief economist, in a statement accompanying the November data.

However, falling mortgage applications and the slight rise in new-home sales last month have left other analysts more cautious.

Gregory Gieber at AG Edwards said in a report that the new-home statistics were “uninspiring” and fell “well short of “significantly reducing the industry’s current inventory overhang”.

The supply of new homes still remains above six months, at current sales rates, while the existing-home inventory dipped to 7.3 months in November from 7.4 months the previous month, well above the five-month level a year ago. The supply of condominiums and multi-family homes still remains above nine months.

Ohio Ruling Denying Pay In Job Injury Draws Debate (NYT)

By Bob Driehaus

The New York Times, December 29, 2006

COLUMBUS, Ohio, Dec. 28 — The Ohio Supreme Court has upheld a KFC franchise’s petition to deny workers’ compensation payments to a teenage boy who was severely burned while cleaning a pressure cooker, raising questions from lawyers and the dissenting judges about the basic no-fault tenet of the state’s workers’ compensation.

The majority in the 5-to-2 decision on Wednesday accepted the argument by the restaurant owner that the boy, David M. Gross, then 16, had voluntarily abandoned his job when he ignored repeated warnings not to boil water in the cooker to clean it. That meant he was not entitled to workers’ compensation payments because he no longer had a job when he was injured, the ruling said.

“This is the worst decision I’ve seen since I’ve been practicing law,” said Philip J. Fulton, a workers’ compensation lawyer and past president of the Ohio Academy of Trial Lawyers. “It changes the whole substance of what workers’ compensation is supposed to be.”

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Mr. Gross was working at a Dayton-area KFC on Nov. 26, 2003, when boiling water spewed from a pressure cooker and caused third-degree burns around his hip and groin and second-degree burns on his arms, torso and back. Two co-workers were also burned.

A company investigation found that Mr. Gross had ignored warnings in the employee handbook and on the cooker as well as repeated warnings by two co-workers and a supervisor.

Mr. Gross's disability payments were canceled after the restaurant fired him in February 2004 and successfully argued before the Industrial Commission of Ohio that Mr. Gross had abandoned his job by flouting the safety rules.

He is now able to work at a construction job, said his mother, Angelia Dussia.

The Supreme Court majority said Mr. Gross had violated his employment agreement and forfeited his job by ignoring safety instructions: "Gross willfully ignored repeated warnings not to engage in the proscribed conduct, yet still wishes to ascribe his behavior to simple negligence or inadvertence," the court wrote.

Edna Scheuer, the lawyer for the restaurant's owner, Food, Folks and Fun, said Thursday that the ruling applied to a very narrow set of circumstances and sought to deny only Mr. Gross's disability claim, which would have paid him 72 percent of his wages for the first three months and then two-thirds of his wages until he recovered.

"I don't think the ruling rested solely on Mr. Gross's fault," she said. She said she thought the court would have ruled differently if the employer had not provided a written warning on that specific safety violation.

But Mr. Fulton predicted that the decision would embolden employers to try to challenge claims by making any unsafe practice punishable by instant termination.

In a dissent, Justice Evelyn Lundberg Stratton expressed concern that the ruling represented a slippery slope. "Should the employee's fault preclude his receiving temporary total disability? The answer to this question is no. Our workers' compensation laws do not permit the introduction of fault," she wrote.

James J. Brudney, an Ohio State University law professor and labor expert, said the decision could upset a balance struck by workers' compensation laws, which offer workers payments without assessing blame and generally preclude an injured worker from suing his employer.

Gary Plunkett, a lawyer representing Mr. Gross, envisions a situation in which a truck driver injured in an accident is denied benefits because he was driving nominally faster than the speed limit in violation of company safety rules.

Ty Pine, who heads the Ohio chapter of the National Federation of Independent Business, disagreed with the notion that the ruling was a major shift. "We think it is an appropriate decision that keeps intact the integrity of the system," Mr. Pine said. "The court sent a clear message that safety is very important in the workplace."

He added, "It will be in those limited areas where an employee knowingly, flagrantly disobeys orders that claims will be challenged."

Ford, Nixon Sustained Friendship For Decades (WP)

By Bob Woodward

The Washington Post, December 29, 2006

Months before Richard M. Nixon set a relatively unknown Michigan congressman named Gerald R. Ford on the path to the White House, Nixon turned to Ford, who called himself the embattled president's "only real friend," to get him out of trouble.

During one of the darkest days of the Watergate scandal, Nixon secretly confided in Ford, at the time the House minority leader. He begged for help. He complained about fair-weather friends and swore at perceived rivals in his own party. "Tell the guys, goddamn it, to get off their ass and start fighting back," Nixon pleaded with Ford in one call recorded by the president's secret taping system.

And Ford did. "Anytime you want me to do anything, under any circumstances, you give me a call, Mr. President," he told Nixon during that May 1, 1973, conversation. "We'll stand by you morning, noon and night."

This and other previously unpublished transcripts of their calls, documents and personal letters provide a portrait of an intensely personal friendship dating to the late 1940s but so hidden that few others were even aware of it. Until now, the relationship between the two presidents has been portrayed largely as a matter of political necessity, with Nixon tapping Ford for the vice presidency in late 1973 because he was a confirmable choice on Capitol Hill.

But the tapes, documents and two lengthy recent interviews with Ford before his death this week, conducted for a future book and embargoed until after his death, show that the close political alliance between the two men seriously influenced Ford's eventual decision to pardon Nixon, the most momentous decision of his short presidency and almost certainly the one that cost him any chance of winning the White House in his own right two years later. Ford became president on Aug. 9, 1974; he pardoned Nixon just a month later. "I think that Nixon felt I was about the only person he could really trust on the Hill," Ford said during the 2005 interview.

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Ford returned the feeling.

"I looked upon him as my personal friend. And I always treasured our relationship. And I had no hesitancy about granting the pardon, because I felt that we had this relationship and that I didn't want to see my real friend have the stigma," Ford said in the interview.

That acknowledgment represents a significant shift from Ford's previous portrayals of the pardon that absolved Nixon of any Watergate-related crimes. In earlier statements, Ford had emphasized the decision as an effort to move the country beyond the partisan divisions of the Watergate era, playing down the personal dimension.

A key window into their close friendship and political alliance was that May 1973 call. It was the day after Nixon had gone on national television to announce the resignations of his two top aides, H.R. "Bob" Haldeman and John D. Ehrlichman, and the Watergate coverup was unraveling. The president knew it and was eager for Ford's reassurance that his political situation on Capitol Hill was not as grave as it seemed.

"You've got a hell of a lot of friends up here," Ford told him, "both Republican and Democrat, and don't worry about anybody being sunshine soldiers or summer patriots."

"Well, never Jerry Ford," Nixon replied. "But if you could get a few congressmen and senators to speak up and say a word, for Christ's sakes."

Ford was played a copy of that tape in 2005. Although the existence of Nixon's secret taping system had been publicly disclosed in 1973, no such tapes of Ford had come to public attention, and the former president seemed stunned. "I remember vividly that," he said, recalling how Nixon often turned to him to get things done on the Hill. He added that he considered himself to be Nixon's "only real friend."

At times, their friendship was the gossipy sort, as two longtime politicians sorted through the Washington rumor mill. They were so comfortable with each other that they openly traded nasty personal assessments of others.

On April 6, 1971, for example, Nixon called Ford to find out what was going on with House Majority Leader Hale Boggs (D-La.). Boggs had just taken to the House floor alleging that FBI Director J. Edgar Hoover was regularly wiretapping members of Congress, and Nixon wanted to know why Boggs was going public.

"He's nuts," Ford told Nixon in the call picked up by Nixon's secret taping.

"He's on the sauce," Nixon said, suggesting the majority leader was drinking. "Isn't that it?"

"Well, I'm afraid that's right, Mr. President."

"Or is he crazy?" Nixon asked.

"Well, he's either drinking too much or he's taking some pills that are upsetting him mentally," Ford replied.

In their personal correspondence, extending over decades, the two men conveyed a sense of personal bond that went beyond public niceties, demonstrated in dozens of letters in Ford's confidential files that he allowed a reporter to review and copy.

Two months before Nixon resigned, he sent Ford, by then his vice president, a personal thank-you. "Dear Jerry," he wrote on June 8, 1974, "this is just a note to tell you how much I appreciated your superb and courageous support over the past difficult months. How much easier it would be for you to pander to the press and others who desperately are trying to drive a wedge between the president and vice president. It's tough going now, but history will I am sure record you as one of the most capable, courageous and honorable vice presidents we have had."

Their friendly notes to each other continued until not long before Nixon's death in 1994. In 1978, for example, Nixon wrote to buck up Ford after Ford's former press secretary wrote a tell-all memoir, "It Sure Looks Different From the Inside," in which he gave details of Betty Ford's addiction to alcohol and various medications. "Dear Jerry, I thought Ron Nessen's comments on Betty were contemptible. Tell Betty her many friends won't believe him and for her few enemies -- The hell with them. Sincerely, Dick."

And in a handwritten letter on his personal stationery on June 1, 1990, Nixon wrote Ford urging him to attend the dedication of the Nixon library along with then-President George H.W. Bush and former president Ronald Reagan. Once Ford came, Nixon followed up with another note: "Our friendship goes back further than all the others and the event would not have been complete without you."

On June 28, 1993, Nixon wrote Ford again, this time thanking him for attending the funeral of Nixon's wife, Pat.

"As you undoubtedly noted, the emotion had caught up with me by the time we met after the services, and I did not adequately express my thanks to you then," Nixon wrote.

Then he turned back decades, to their own long friendship and a small gesture by Ford he had carried with him, not as momentous as the pardon that would come later but still vivid 31 years after it happened.

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"One action of yours for which I will always be grateful was your going on a TV program when ABC had the bad manners to put Alger Hiss on to nail my coffin shut after my defeat for governor of California," Nixon wrote, remembering the sting of his 1962 loss.

"I have often said that when you win, you hear from everyone -- when you lose, you hear from your friends," he wrote. "You have always measured up in that respect, and I shall always be grateful."

For Ford, Pardon Decision Was Always Clear-Cut (NYT)

By Scott Shane

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — President Gerald R. Ford was never one for second-guessing, but for many years after leaving office in 1977, he carried in his wallet a scrap of a 1915 Supreme Court ruling. A pardon, the excerpt said, "carries an imputation of guilt," and acceptance of a pardon is "a confession of it."

Mr. Ford's decision to pardon Richard M. Nixon for any crimes he might have been charged with because of Watergate is seen by many historians as the central event of his 896-day presidency. It also appears to have left him with an uncharacteristic need for self-justification, though friends say he never wavered in his insistence that the pardon was a wise and necessary act and that it had not resulted from any secret deal with his disgraced predecessor.

"I must have talked to him 20 times about the pardon, and there was never a shred of doubt that he'd done the right thing," said James Cannon, a Ford domestic policy adviser and author of a 1994 book about his presidency. During one of their discussions, Mr. Ford pulled out the 1915 clipping, from Burdick v. United States. "It was a comfort to him," Mr. Cannon said. "It was legal justification that he was right."

Over the last three decades, as emotions have cooled, many who were initially critical of the pardon have come to share Mr. Ford's judgment that it was the best way to stanch the open wound of Watergate. In 2001, a bipartisan panel selected Mr. Ford as recipient of the Profile in Courage Award from the John F. Kennedy Library, singling out for praise his pardon decision, which Mr. Ford later said he believed was a major factor in his failure to win election to the presidency in 1976.

In a 2004 interview with Bob Woodward, reported Thursday night on The Washington Post's Web site, Mr. Ford offered another, less lofty motive for the pardon: his friendship with Nixon, which lasted for two decades after the pardon and which letters show was closer than publicly understood.

"I had no hesitancy about granting the pardon," Mr. Ford told Mr. Woodward, "because I felt that we had this relationship and that I didn't want to see my real friend have the stigma."

Few dramas in American political history remain more riveting than that of Nixon's exit and Mr. Ford's reaction, at first halting and then decisive, to the looming possibility of a former president on criminal trial for months on end.

"At the time, I thought this was going to cause a problem with the public and the press, and of course it did," said Robert T. Hartmann, a former Ford aide. "I thought he was right. But it's also important to be seen as right and remembered in history as having done the right thing."

Since the Ford years, the tradeoff between exacting justice and political peace has repeatedly arisen around the world, as Chile, East Germany, South Africa and other countries have confronted dark periods in their histories. The crimes have been bloodier and their scale far greater than those of Watergate, but the question has echoed the one posed to the Ford White House in 1974.

The contradictions posed by the pardon were evident when Mr. Ford announced it on Sept. 8, 1974. "I deeply believe in equal justice for all Americans, whatever their station or former station," Mr. Ford said. A moment later he made clear that Nixon would not face equal justice.

"My conscience tells me clearly and certainly that I cannot prolong the bad dreams that continue to reopen a chapter that is closed," he said, though the major Watergate trials for Nixon aides were still weeks away. In the resulting firestorm, many Americans asked why, in return for a pardon, Mr. Ford had not at least demanded an admission of wrongdoing from Nixon.

The pardon drama had begun six weeks earlier, with a visit to then-Vice President Ford from Alexander M. Haig, Nixon's chief of staff.

Mr. Haig told Mr. Ford that White House tapes would soon prove Nixon's role in the Watergate cover-up and outlined several possibilities for Nixon's departure. He handed Mr. Ford two pieces of paper: a description of the presidential power to pardon and a blank pardon form.

Mr. Ford later said he had given no definitive answer. But when he described the meeting to his aides, they were alarmed at the implication: that Nixon, through Mr. Haig, might be offering Mr. Ford the presidency in return for a pardon.

"We didn't want a situation where he'd agreed to a pardon and there would be an appearance of a quid pro quo," said John O. Marsh, a former Virginia congressman who had become a top aide to Mr. Ford.

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Mr. Haig has often denied that he was making any kind of a "sleazy approach," as he put it in an appearance on CNN on Wednesday night. "You know, the president never, never was offered a deal."

Mr. Ford, too, in his memoir and in interviews, said he did not believe that Mr. Haig had explicitly offered a trade of the presidency for a pardon. But his aides feared the meeting would be viewed that way.

"There was a strong naïve streak in Jerry Ford," Mr. Cannon said. "He didn't always see the danger in things." Mr. Ford later told him that he had destroyed the two papers Mr. Haig had given him, Mr. Cannon said.

Nixon resigned a week after Mr. Haig's visit, and Mr. Ford was sworn in as president on Aug. 9. An accumulation of policy troubles confronted the president, Mr. Marsh recalled.

"We were coming out of the Arab oil embargo," Mr. Marsh said. "The economy was going sour. We were in the wind-down of the Vietnam war, and that was a bad situation." Meanwhile, he said, "Watergate was affecting everything."

At his first news conference, on Aug. 28, reporters pressed Mr. Ford on Nixon's fate, and his answers were ambiguous. Until any charges were filed against Nixon, he said, "I think it is unwise and untimely for me to make any commitment."

Afterward, Mr. Ford was angry that he had not prepared better for Nixon questions, Mr. Cannon said.

"He felt he'd bungled it royally," Mr. Cannon added. "He told me he just sat there fuming for two days, and then he decided on the pardon."

In the office of Leon Jaworski, the Watergate special prosecutor, news of the pardon divided the staff, said Richard J. Davis, then a 28-year-old assistant to Mr. Jaworski who had written legal memorandums outlining the criminal case against Nixon for obstruction of justice.

"Some people were furious," Mr. Davis said Thursday. "But I was very torn." If Nixon were to face charges, "we would have been living with Watergate every day for two or three more years," he said.

What upset Mr. Davis and some colleagues even more than the pardon, he said, was Mr. Ford's agreement to turn over the White House tapes and other documents to Nixon, appearing to extend the cover-up. The decision was reversed in December 1974, when Mr. Ford signed a law assuring government control over Watergate-related materials.

By then, Mr. Ford had visited the House, where he had served for 25 years, to defend the pardon. His toughest questioner was Elizabeth Holtzman, 31, a New York congresswoman, whose turn to question the president came last. The pardon, she said, created "very dark suspicions" that "made people question whether or not in fact there was a deal."

Mr. Ford cut off her question, declaring, "There was no deal, period, under no circumstances."

In an interview Thursday, Ms. Holtzman acknowledged the public affection being expressed for Mr. Ford, but she declined to join the chorus of praise for the pardon.

"I felt it set up a dual standard of justice, one for the president, and one for everyone else," Ms. Holtzman said. "I haven't changed my view."

Despite his experience with others second-guessing him, Mr. Ford offered a critique of President Bush's invasion of Iraq in an interview in May with Thomas M. DeFrank of the Daily News and the one in July 2004 with Mr. Woodward of The Washington Post.

He included in his criticism Vice President Dick Cheney and former Defense Secretary Donald H. Rumsfeld, both of whom had served him as chief of staff.

"Rumsfeld and Cheney and the president made a big mistake in justifying going into the war in Iraq," Mr. Ford said, The Post reported Thursday. "They put the emphasis on weapons of mass destruction. And now, I've never publicly said I thought they made a mistake, but I felt very strongly it was an error in how they should justify what they were going to do."

President Declares Tuesday A National Day Of Mourning (WP)

By Michael Abramowitz And Lyndsey Layton

The Washington Post, December 29, 2006

CRAWFORD, Tex., Dec. 28 -- President Bush declared a national day of mourning and ordered the federal government to close Tuesday to mark the death of Gerald R. Ford. Financial markets will be partially closed in observation of his passing as well.

Bush opted not to cut short a week-long stay at his ranch here to return for Saturday night's ceremony, when Ford's body will be brought to the Rotunda of the U.S. Capitol. But Bush and first lady Laura Bush will head immediately to the Capitol upon their return to Andrews Air Force Base on Monday to pay respects at the casket.

Bush will also deliver remarks at Ford's funeral service at the Washington National Cathedral on Tuesday, the White House announced. Spokesman Scott Stanzel said Vice President Cheney, a former Ford White House chief of staff, will speak Saturday at the Capitol ceremony.

Stanzel refused to be drawn into a discussion of whether the president considered abridging his time in Crawford.

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The president "will look forward on Monday and Tuesday to honoring the life of President Ford," Stanzel said. He noted that Bush's participation will mirror his involvement in Ronald Reagan's funeral in June 2004 and added that the president offered the Ford family one of the executive jets normally used as Air Force One.

Bush will not be the only major political figure to miss the Saturday ceremony. Most of the Democratic leaders, who take over Congress next Thursday, will be absent. Incoming House Speaker Nancy Pelosi (D-Calif.) will not be at the Capitol on Saturday but will attend the cathedral service Tuesday, her office said. Incoming Senate Majority Leader Harry M. Reid (D-Nev.) and Majority Whip Richard J. Durbin (D-Ill.) are traveling in Latin America, along with Republican Sens. Judd Gregg (N.H.) and Robert F. Bennett (Utah), and are not due back until Tuesday evening, meaning they will miss all the Ford events.

House Majority Leader-elect Steny H. Hoyer (D-Md.) will be on hand to greet Ford's body on Saturday, as will most leading Republicans, including outgoing House Speaker J. Dennis Hastert (Ill.), incoming House Minority Leader John A. Boehner (Ohio), incoming House Minority Whip Roy Blunt (Mo.) and incoming Senate Minority Leader Mitch McConnell (Ky.), according to aides.

Bush has offered words of praise for Ford since his death on Tuesday, but the president had reason to be unhappy with sentiments expressed by the 38th president and published Thursday in The Washington Post. In an interview with The Post's Bob Woodward in 2004, Ford said Bush and his team "made a mistake" in how they justified the Iraq war and said he would not have ordered the 2003 invasion, which toppled Saddam Hussein and has led to more than 3 1/2 years of warfare.

Ford gave the interview on the condition that his remarks not be reported until after his death. The White House made no comment on the former president's criticism.

Layton reported from Washington.

A Subdued Ford Funeral (WT/AP)

By Calvin Woodward

The Washington Times, December 29, 2006

Gerald R. Ford's state funeral is missing some of grandeur of the one for Ronald Reagan two years ago, a reflection of the 38th president's modest ways and lesser imprint on the nation, according to further planning details released yesterday.

Part of it will be missing President Bush, too. The president will not attend Mr. Ford's state funeral in the Rotunda tomorrow night but will return to Washington from his Texas ranch on Monday. Mr. Bush will pay respects to Mr. Ford while his remains lie in state at the Capitol and speak Tuesday at services for Mr. Ford at the National Cathedral.

Mr. Bush yesterday declared Tuesday as a national day of mourning for Mr. Ford.

"I call on the American people to assemble on that day in their respective places of worship, there to pay homage to the memory of President Ford," he said in a proclamation he issued from Crawford, Texas. "I invite the people of the world who share our grief to join us in this solemn observance."

In a separate executive order, Mr. Bush ordered the closure Tuesday of federal departments and other governmental agencies not connected with the national security or defense of the nation or essential to public business -- as a mark of respect for Mr. Ford.

Also yesterday, the Nasdaq Stock Market said it would observe the national day of mourning by closing for Tuesday's Washington funeral. The New York Stock Exchange is expected to do the same.

If some of the funeral formalities are toned down, Mr. Ford's goodbye is packed with events tied to the touchstones of his life.

A prayer service and public viewing today in Palm Desert, Calif., near Mr. Ford's retirement haven for 30 years, begins a five-day chain of ceremonies that includes two funeral services in Washington; yet another, in Grand Rapids, Mich., adopted hometown of the Nebraska native, and additional commemorations in the Capitol.

Readying itself in a hurry, the nation's capital prepared to receive Mr. Ford's remains and honor the memory of the congressional veteran who achieved the highest office after being appointed vice president in 1973 by President Nixon, who resigned in 1974.

The convergence of foreign and U.S. dignitaries, the large public presence, and the national symbolism all marked the ceremonies as a potential target for terrorism, prompting the government to designate the funeral a special security event. That expedites a range of extraordinary measures overseen by the Secret Service.

Even so, some of the most regal touches of a state funeral -- those most burned in the consciousness of Americans old enough to remember the clicking hooves and the faces of grief of John F. Kennedy's funeral procession -- are being bypassed, by request of his family and, most likely, according to Mr. Ford's own wishes.

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Although the family has kept the former president's final days private, his pastor at St. Margaret's Episcopal Church, the Rev. Robert Certain, shared some details yesterday. All four of Mr. Ford's children made a pilgrimage to their parents' California home to say goodbye, the pastor said.

Betty Ford, the former president's wife of 58 years, and the couple's three sons -- Michael, John and Steven -- were at his bedside when he died Tuesday at 93, Mr. Certain said. The couple's daughter, Susan, had returned to Albuquerque, N.M., the day before Christmas to spend the holiday with her family.

"I think he deliberately held on until Christmas was over," said Mr. Certain, who said he last saw Mr. Ford Dec. 16 when he went to the family's home for a Communion service. "He didn't want to spoil anyone's holiday."

Memorials For Ford Will Span The Country (USAT)

By Martin Kasindorf

USA Today, December 29, 2006

LOS ANGELES — The nation today begins six days of farewells to President Gerald Ford in state funeral ceremonies stretching from the California desert to the U.S. Capitol and a Michigan hillside.

Ford, the 38th president and the longest-lived former president, died Tuesday at age 93 at his home in Rancho Mirage, Calif.

Observances are scheduled to begin with a private prayer ceremony for the Ford family at St. Margaret's Episcopal Church in Palm Desert, Calif., where Ford and his wife, Betty, worshiped together for 29 years. From 4 p.m. today to 8 a.m. Saturday, the public is to be admitted to view the closed casket.

A military plane will fly Ford's remains Saturday to Andrews Air Force Base, Md. At dusk, a hearse will transport the casket in a motorcade to the Capitol, pausing at the National World War II Memorial to honor Ford's wartime service. After a funeral in the Capitol Rotunda, Ford will lie in state there through Monday night. The National Park Service says the public can expect to wait for up to six hours.

Ford's body will be taken to Washington National Cathedral for services Tuesday. The U.S. Army Military District of Washington says that "at family request" the flag-draped casket will travel in a hearse, not on the artillery caisson that carried presidents Ronald Reagan in 2004, Lyndon Johnson in 1973, Dwight Eisenhower in 1969 and John Kennedy in 1963.

The casket will go from the cathedral later Tuesday to the Ford presidential museum in Grand Rapids, Mich. The body will lie in public repose through the night. Funeral services Wednesday will be followed by interment at a hillside site at the museum.

Meanwhile, The Washington Post reported online late Thursday that interviews with Ford revealed a friendship with Richard Nixon that influenced Ford to pardon Nixon. "I had no hesitancy, … I didn't want to see my real friend have the stigma," Ford said.

The Post and the New York Daily News on Thursday released interviews that Ford granted on condition that they not be released until after his death. In them, he criticized the Bush administration for citing weapons of mass destruction in Iraq as the justification for the invasion in 2003.

Fenty Postpones Inaugural Festivities (WP)

By Elissa Silverman

The Washington Post, December 29, 2006

D.C. Mayor-elect Adrian M. Fenty decided yesterday to postpone his inaugural celebrations, including a party that was expected to draw up to 15,000 people, because Tuesday has been declared a national day of mourning for former president Gerald R. Ford.

Fenty will still become mayor that day, taking the oath and succeeding Anthony A. Williams in a private ceremony. But he pushed back a public inauguration for himself and the D.C. Council until Wednesday and reset his inaugural ball for Jan. 6.

"We're really humbled and honored to have the opportunity to do something to help honor and recognize the service of former president Gerald Ford," said Fenty (D), who plans to attend the service Tuesday morning at Washington National Cathedral.

President Bush issued a proclamation making Tuesday a day of mourning for the 38th president. He also ordered that federal offices be closed that day in honor of Ford, who died at his California home Tuesday night at age 93.

Ford's body will arrive in Washington tomorrow, and officials yesterday were firming up the route his motorcade will take from Andrews Air Force Base to the Capitol. Vice President Cheney plans to speak at the state funeral tomorrow night at the Capitol.

The public has been invited to pay respects tomorrow evening, Sunday and Monday at the Capitol Rotunda. Bush and the first lady will go to the Capitol on Monday afternoon, and Bush will speak at the Washington National Cathedral service Tuesday.

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While military and law enforcement authorities were making preparations and dignitaries from the United States and abroad were making plans to come to Washington, Fenty and his aides were sorting out the logistics of putting off the public swearing-in and gala.

D.C. and regional officials were also dealing with transportation concerns. The decision to close federal offices affects about 388,000 civilian employees in the region, which should ease any traffic crush. Street closings will take effect to accommodate events tomorrow and Tuesday. Officials urged people to rely on Metro, which will run its usual weekday schedule Tuesday.

The biggest potential for traffic tie-ups will be Tuesday. Ford's body is scheduled to leave the Capitol at 9:15 a.m. for the cathedral service an hour later and then depart about 11:30 for the trip to Andrews and the flight to the presidential museum in Grand Rapids, Mich.

John B. Townsend, spokesman for AAA-Mid Atlantic, said the mix of commuters and tourists could make for a "tight fit." But, he added, "whatever happens, I think people will understand that they will be witnesses to history."

Fenty and his team expressed a similar view. When Fenty learned of Ford's death, he told his top aides that they would "err on the side of moving" the ceremonies to pay respects and give "proper deference" to the former president.

Fenty and his aides devised several options for the ceremonies but waited to make final plans until the day of mourning was announced.

Dan Tangherlini, who is to become Fenty's city administrator, said early yesterday that it would be inappropriate to "have people cutting the rug" during a national day of mourning. Once Bush made the declaration, the party was rescheduled. More than 15,000 tickets had been distributed for the event at the Washington Convention Center.

Fenty spoke on the phone yesterday with White House Deputy Chief of Staff Joe Hagin to discuss plans. Stephanie Scott, Fenty's designee as secretary of the District, remained in touch with the White House as she and other inaugural planners visited Washington Convention Center to explore options.

Finding a new date for the inaugural ball was not easy. The convention center has other activities throughout next week, including a revival that is expected to draw 10,000 people. The next available date was Jan. 6.

Fenty's spokeswoman, Carrie Brooks, said the changes have created other challenges, such as getting entertainers, caterers and other vendors to work on the new date. She said invitations have gone out to go-go legend Chuck Brown and R&B singers Anthony Hamilton and Brian McKnight, but they have not confirmed whether they are available for the new date.

The mayor-elect's team joined incoming council Chairman Vincent C. Gray (D) to make other changes. A prayer service set for Tuesday was rescheduled for Wednesday morning. And the public swearing-in, a ceremony to include Gray and other council members elected in November, will now take place at 10 a.m. Wednesday at the convention center. Like Fenty, the council members will be sworn in privately Tuesday.

Fenty, who was 6 years old when Ford left office, said he wasn't upset about the changes and worked closely with the White House. "I think it's an honor," he said. "It makes being the mayor of the District of Columbia such a special thing."

Back Home, Ford Is Proudly Remembered For His Service, Not For His Pardon (NYT)

By Nick Bunkley

The New York Times, December 29, 2006

GRAND RAPIDS, Mich., Dec. 28 — Here, Gerald R. Ford is not known as the “accidental president.” People in this city say he was “our president.”

Some had to be reminded by news reports about Mr. Ford’s death that he is best remembered in most other parts of the United States for pardoning his predecessor, Richard M. Nixon. They have always known him as the athletic Eagle Scout who lost his bid to be president of South High School’s senior class before serving them in Congress for 25 years, ascending to the White House and helping to heal a nation scarred by the Watergate scandal.

That Mr. Ford, the only president from Michigan, was never elected to that office does not matter in Grand Rapids, where he spent much of his boyhood and got his start in politics. What matters to people here is that this city bore a president who followed his values and beliefs, even though his actions were unpopular at the time.

“I always looked up to him,” said one resident, John Frey, 47. “I wish we had more people like him in power.”

Mr. Frey was among the thousands of people who have visited the Gerald R. Ford Presidential Museum, on the western bank of the Grand River, since Mr. Ford’s death on Tuesday to pay respects and reflect on the loss of this city’s de facto royalty.

The museum is closed so Christmas decorations can be replaced with black bunting, but the lobby, where there is a large portrait of Mr. Ford and a table with two condolence books, will remain open around the clock until Mr. Ford’s body arrives Tuesday.

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Outside the museum, where a metal sculpture depicting Mr. Ford in his University of Michigan football uniform belies the "Saturday Night Live" skits portraying him as a klutz, mourners left campaign buttons and bumper stickers from Mr. Ford's unsuccessful 1976 presidential campaign, Michigan football mementos and Boy Scout patches.

"Grand Rapids loves you, Jerry!" read one poster-size sign left in the grass near the museum's sign. Another took one of Mr. Ford's most famous quotes — "I'm a Ford, not a Lincoln" — a step further: "You were named Ford: a member of the party of Lincoln but a Cadillac among presidents."

"He was the most truthful president I think we ever had," said Roberta Clinton, 78, of Grand Rapids.

There is actually a rivalry between Grand Rapids and East Grand Rapids, a leafy suburb just up the hill from its big-city neighbor, over which can claim Mr. Ford as its own. East Grand Rapids declares itself on its Web site and on signs around town to be the hometown of Mr. Ford, who spent time in both places.

In the years since he left office, Grand Rapids has honored Mr. Ford by naming its airport, a downtown freeway, the federal courthouse and the local Boy Scout Council for him. Likewise, although he had not lived here since 1978, Mr. Ford made clear his affinity for the city on numerous occasions, ultimately choosing to be buried on a grassy hillside north of his museum.

"It will be a very emotional homecoming," said David G. Frey, treasurer of the Gerald R. Ford Foundation, who will be one of Mr. Ford's honorary pallbearers. "It's a remarkable bond between this man and the people of west Michigan."

Mr. Ford's friends say he never got caught up in Washington politics, despite spending the better part of three decades there as a congressman, vice president and president.

"He had this sense of values that never left him that he took from Grand Rapids," said Marty Allen, chairman emeritus of the Gerald R. Ford Foundation. "When he came back to visit, I'd always say, 'Welcome home, Mr. President,' and he'd say, 'It's good to be home.' "

In 1994, Mr. Ford arranged to revisit the grayish-blue house in the Heritage Hill historic district where he lived from about the time he was 8 until he was 17. Tim England, its current owner, recalls seeing Mr. Ford's eyes light up while touring the home and the carriage house in its backyard that the former president had used as a neighborhood clubhouse.

"You'll never know what this means to my Jerry," Mr. England recalls Betty Ford telling him.

When Mr. England learned early Wednesday of Mr. Ford's death, he immediately hung a huge American flag across the front porch. Within half an hour, he saw cars start to pull up in front of the house.

"People take great pride in the fact that this city produced a president, no matter how he ascended to that office," Mr. England said. "For him to be president during such a difficult time, he did the state of Michigan and the city of Grand Rapids proud."

It is that sentiment that drew people from all parts of Michigan to the museum Wednesday and Thursday. Many had personal stories to share.

Evelyn Thompson treasures a campaign potholder that Mr. Ford gave to her mother when he first ran for Congress, and Helen Skinner's son was awarded his Eagle Scout designation by Mr. Ford.

Sharon Knight carried a thick album filled with articles about Mr. Ford and has a collection of mugs, plates and other memorabilia bearing his name and picture at home.

Rhonda Mort, 38, who lives in Covert, about an hour southwest of Grand Rapids, brought her 3-year-old son, Noah, to the museum and intends to return next week for Mr. Ford's funeral.

"We'll wait in line, spend the night — whatever we have to," Ms. Mort said.

Ford Arranged His Funeral To Reflect Himself And Drew In A Former Adversary (NYT)

By Anne E. Kornblut

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — As he helped in recent years arrange the details of his own funeral, Gerald R. Ford reached out to an old adversary: Jimmy Carter, who defeated him for the presidency in 1976.

Mr. Ford asked whether his successor might consider speaking at his funeral and offered, lightheartedly, to do the same for Mr. Carter, depending on who died first.

The invitation was decades in the making, associates of Mr. Ford's said. And, they said, it was typical for Mr. Ford, who came to his own funeral-planning sessions adamant that his coffin not be carried to the Capitol in an elaborate horse-drawn caisson but a motorcade instead.

During services for Mr. Ford, the 38th president, over the next few days, the simplicity he sought will be on display in Washington and, later, in Michigan, where he will be buried. His coffin is expected to be carried into the Capitol through the House of Representatives, where he served for 25 years, rather than up the sweeping front staircase. A band will play a somber

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version of the University of Michigan fight song, a Ford favorite from his undergraduate alma mater, and a song he preferred to "Hail to the Chief" while he was president.

There will be plenty of pomp, to be sure. Vice President Dick Cheney, who was President Ford's chief of staff, is planning to attend virtually all of the services, meeting his former boss's family at Andrews Air Force Base on Saturday, serving as an honorary pallbearer and delivering a eulogy at the Capitol.

On Tuesday, after services at the National Cathedral, Mr. Cheney will accompany the Ford family to Grand Rapids for a final farewell, aides to the vice president said.

Yet the service is expected to have the distinct feel of Mr. Ford, emphasizing his service in Congress and his desire to heal the country when he assumed the presidency after President Richard M. Nixon resigned.

"It's a memorial, an appreciation, a celebration more than anything else," said James Cannon, who wrote a biography of Mr. Ford.

Shari Lawrence, a spokeswoman for the Joint Force Headquarters for the Capital Region, which organizes state funerals, said, "It's an honor that we pay the past president, it will be a solemn affair, with everything that President Ford and his family had asked for."

"They kept it pretty basic, which was a reflection of him," Ms. Lawrence said.

The Ford family has not released all details of the services, which begin in California and end in Michigan, with the former president lying in state in the Capitol for two days in between.

Advisers to Mr. Carter did not return calls seeking comment about his plans for Mr. Ford's funeral. But according to associates of Mr. Ford, Mr. Carter is expected to play a role in the service, as are several other high-profile guests, including former Secretary of State Henry A. Kissinger and the news anchor Tom Brokaw.

The two ex-presidents developed a friendship soon after Mr. Carter left office, starting with a long-haul flight together from Cairo after the funeral of the Egyptian president, Anwar el-Sadat, in 1981. They found a mutual interest in the presidential library system, and agreed to work on projects at each other's institutions. They compared notes on public policy and their families, and over time, their wives became friends.

And they shared a mutual rival: Ronald Reagan.

Theirs, Mr. Cannon said, was "an open and complementary friendship, no question about it."

"I think part of the reason for the bond was, both of them had been defeated by Reagan, and they shared a disregard for Reagan," Mr. Cannon said, alluding to Republican primaries in 1976 as well as the 1980 presidential election. But the friendship went even deeper, he said: "It was sincere, no question about that. Both of them had been there, and both of them had a continuing interest in what other presidents did."

Richard Norton Smith, the presidential historian and a friend of the Fords, said: "There was that kind of comfortable back and forth. It extended to the wives and the families, and it became this very nice, autumnal reconciliation, which blossomed into a real friendship."

President Bush and Laura Bush will pay their respects to Mr. Ford on Monday afternoon, after returning from their Texas ranch. Scott Stanzel, a White House spokesman, declined to say whether Mr. Bush had considered returning home on Saturday to participate as Mr. Ford is laid in repose at the Capitol.

Mr. Bush was originally scheduled to return on Monday evening. He is leaving Texas a few hours earlier so he and Mrs. Bush can pay tribute to Mr. Ford in the Capitol.

The White House has provided the use of the presidential plane to the Ford family, Mr. Stanzel said, the same accommodation made to the Reagan family. The plane, a 747, will fly Mr. Ford's body to Washington from California.

A Regular Guy Who Showed A Devotion To Local Causes (WP)

By John Pomfret And Sonya Geis

The Washington Post, December 29, 2006

RANCHO MIRAGE, Calif. -- Gerald R. Ford thought globally as a president, but in a salubrious 30-year retirement spent on ski slopes and putting greens, he acted locally, serving on charities, donning sneakers for the first Desert AIDS Walk, speaking to the Boys and Girls Club and leading the annual Fourth of July parade.

Ford's regular-guy lifestyle distinguished him from other former presidents. Richard M. Nixon, who handed the presidency to Ford, wrote books to buff up his reputation. Ford's former adversary, Jimmy Carter, has built homes for the indigent and crisscrossed the globe brokering cease-fires and monitoring elections. Bill Clinton globe-trots as well, promoting AIDS awareness and, with George H.W. Bush, raising money for victims of the 2004 tsunami and Hurricane Katrina.

In comparison, Ford's biggest achievement -- helping his wife found the Betty Ford Center, the internationally known substance-abuse rehabilitation facility -- could be said to pale in comparison. But in his quiet unhurried way, friends and others

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said, the ex-president, who died here Tuesday, was a model citizen, known for the courtesy with which he treated people and the sincerity with which he lent his time and money.

In the years after losing to Carter in 1976, Ford's relationship with his wife dominated his life, said Mark K. Updegrove, author of "Second Acts: Presidential Lives and Legacies After the White House."

"His wife had a much more difficult time transitioning from the White House to private life than did her husband," Updegrove said, "leading to an addiction to painkillers and alcohol."

Betty Ford underwent rehabilitation "in full partnership with her husband," Updegrove said. Statistically, nine of 10 marriages collapse when a wife runs afoul of drugs, Updegrove said, but in the Fords' case it strengthened the family bond -- bringing the marriage together, in Betty Ford's words, "like a magnet."

A former congressional staffer and friend, Leon Parma, called the 58 years that the Fords were married "the greatest love story of our time." Because of his wife's well-known struggle with alcohol, Ford also stopped drinking.

Parma and his wife often vacationed with the Fords. When Parma traveled alone with Ford, "there was always a call home in the morning and evening. He was in constant contact."

Another friend, Wayne Hoffman, noted that Ford was rare for a politician in that he seemed to lack malice. Hoffman, 83, recalled speaking to him on the phone the day after he lost the 1976 presidential election, when Ford called him to make a golf date.

"He didn't show any bitterness" about losing the election, said Hoffman, former chairman of Tiger International and Flying Tiger Line, the largest air cargo carrier in the nation before it was sold to FedEx. "And he didn't afterward, though his heart was broken."

Updegrove said Ford's friendship with Carter, formed during a shared airplane ride to and from the funeral for assassinated Egyptian President Anwar Sadat in 1981, showed the "fundamental decency of the man."

The pair wrote occasional pieces for newspapers, including one, during the Reagan administration, that advocated dealing with the Palestine Liberation Organization as a political entity -- a policy that was adopted years later.

Ford grew fond of the desert in the 1960s during vacations when he was a congressman. Parma, then chief of staff for Rep. Bob Wilson of San Diego, invited him for golf outings near San Diego. Ford also hit the links in nearby Rancho Mirage, known as the "Playground of the Presidents," frequented by Nixon and Ronald Reagan and entertainers Frank Sinatra and Bob Hope.

When Ford retired in 1976, Leonard K. Firestone, president of the eponymous tire company, persuaded him to move to Rancho Mirage. Ford bought a one-story ranch house just off the fairway at the Thunderbird Country Club, a private oasis in a land of desert scrub.

Ford's office was next door to the home he shared with his wife. There Ford answered mail, kept up with his duties on several corporate boards, managed investments, planned speaking engagements around the country and set up foursomes for his favorite game.

"He was a very good golfer, actually. He was maligned by the comics, though," said Parma, now 79. "Bob Hope used to say, 'You're never sure which golf course he's going to play until he teed off.' Well, even Tiger Woods hits some out of bounds."

William Whyte, 91, a former lobbyist for U.S. Steel and a member of Ford's "kitchen cabinet," used to book Ford's golf games. Whyte recalled there was intense competition for a chance to play with the ex-president.

"He'd call me at about 11 in the morning and say, 'Line up a foursome,' " Whyte recalled. "In the opinion of some people, since I didn't book them, I was an SOB."

Ford helped raise money for the local Boys and Girls Club and waived his hefty speaking fee for groups of students or the Boy Scouts. He participated in the first Desert AIDS Walk in 1987, supported charities to protect the bighorn sheep and helped fund a children's museum in the desert.

The Fords later spent summers and occasional winter skiing holidays at two homes near Vail, Colo.

Tom Audley was general manager of a Polo Ralph Lauren store in Vail, near where Ford had bought a home. He recalled meeting the ex-president on five occasions. Each time, Ford came in with a present from a friend -- a size-large shirt that Ford would exchange for an extra-large. "He never wanted to tell his friend he needed an XL," Audley wrote in an e-mail reminiscing about the ex-president.

Ford's favorite restaurant in Vail was the Left Bank, a gourmet French restaurant. It was open only for dinner and it did not have an answering machine. Ford would call Audley and ask him to walk next door to the restaurant to make a reservation for him, often for a party of nine.

"I could give you a list of famous folks I've met and helped over the years, and not a single one ever gave me the respect and time that Pres. Ford gave me and my staff," Audley wrote. "Say what you want about him as a president. As a human, I never met a nicer guy (well maybe my dad)."

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Warm Memories Of A Leader In Everyday Life (WP)

By Sue Anne Pressley Montes

The Washington Post, December 29, 2006

Even in the barber's chair, he brought along a handful of papers to work on.

In his Alexandria neighborhood, he was an ephemeral figure, known for his early-morning splash in the swimming pool before he reported to Capitol Hill. At night, neighbors would note the limousine idling outside the red-brick Colonial, waiting to take him to another function or another vote, his long workday not yet over.

Gerald R. Ford returns to Washington tomorrow, a setting where he was both the most powerful man in the world and Everyman. The longtime congressman and 38th president of the United States spent nearly three decades in the Washington area and has been gone for three decades more. But long before the rest of the nation recognized his signature qualities -- his hardworking manner, his kind regard for others, his basic decency -- friends and associates in the D.C. area knew that Gerry Ford was a prince of a guy.

"Oh, he was the nicest man who ever lived," said Nancy Smith of Alexandria, the Ford family's "backdoor neighbor" for many years.

Many of the people who knew Ford well are gone now. But as Americans mourn the passing of a leader who soothed a troubled nation at a critical time, those whose lives intersected with his in the Washington area cherish a special collection of memories.

Every 10 days, like clockwork, Ford would settle into Joseph Quattrone's big leather chair at the congressional barbershop for a 75-cent trim. Between cuts yesterday, Quattrone, 72, recalled his former customer "with a tear in my eye."

"I have all nice people, but he was exceptional," said Quattrone, who manages the Rayburn Building shop and cut Ford's hair from 1970, when he was House minority leader, until he became president in 1974. "Maybe it was because of how he grew up or where he came from, but he was a gentleman and a half."

Ford would always hurry in with a sheaf of papers to study, but he never failed to ask Quattrone how he was doing. "We didn't talk about politics," the barber said. "Sometimes I would say, someday he's going to be a good speaker of the House, and he would say, 'It would be nice.' "

Those plans, of course, did not work out. After Ford became vice president in 1973, "I said, 'Now I'm going to lose you,' " Quattrone recalled. "And he said, 'No, you'll never lose me.' He came back after he was vice president. He came to me until the day before he got sworn in as president.

"He didn't talk too much that day -- he was kind of sad."

For years, neighbor Nancy Smith could practically tell time from the sounds of the future president doing his morning swim in the pool outside her kitchen window. "I'd hear him hit the water when I was getting breakfast," said Smith, now 76, whose family moved into the Fords' neighborhood in 1962.

Ford did not make it to many community cookouts or parties, she said.

"My sense was they just didn't have time to do neighborhood things -- they were too busy." When he was present, Smith added, "we would talk about our kids. He was never the big shot, which was very nice. He didn't have any inflated opinions of his own importance, as so many politicians do."

James Cannon, a former Newsweek editor who served as Ford's domestic policy adviser, said that description was always apt -- sometimes to the president's detriment.

"He was not a charismatic man. He was a workhorse, not a show horse, and he was much better in person than on television," said Cannon, a Georgetown resident who wrote the 1994 book "Time and Chance: Gerald Ford's Appointment With History."

"The White House is the first stage of the world, and the president, whether it's Reagan or Clinton or Kennedy, [is a performer], and Ford was not a very good performer. He was a plain-spoken Midwesterner, and acting was not among his attributes," Cannon said.

Sometimes, attempts to jazz up the stolid Ford image backfired. Former White House photographer David Hume Kennerly recalled the time he enlisted Los Angeles comic Don Penny to coach the president on his speech delivery during the 1976 campaign. "It took a lot for him to be angry," Kennerly said.

But during a practice speech in the Cabinet Room, after Penny had interrupted the president several times, instructing him to speak his words as if he meant them, Ford blew up. He reached into a pocket, pulled out a Cross pen and lobbed it at the comedian, missing and chipping the wall above Penny's head.

"He always had such a calm about him; it was great to get a rise out of him," Penny said yesterday. "It was a pleasure to work with him. He was a wonderful man."

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Even his political opponents agreed. For 17 years, Ford and U.S. Rep. John D. Dingell both represented Michigan in Congress -- Ford as a Republican, Dingell as a Democrat.

"Gerry Ford was a good, hard fighter, but he also knew how to come together on a set of common purposes," said Dingell, the longest-serving current member of Congress.

"From time to time, events happen that change the outlook, that cause people to reflect and perhaps change the way they function," Dingell said. "And frankly, Gerry Ford in his passing has reminded people that a White House and a Congress, even if they are opposing parties, can work together in the public interest of the country."

Betty Ford, Again Putting On A Brave Face (WP)

By Neely Tucker

The Washington Post, December 29, 2006

There is an old saying that you don't know who you are in this life until you get knocked down.

Betty Ford has been getting knocked down for a long time, by things that ruin lives and flatten people. Divorce. Cancer. Alcohol. Addiction. And now, the death of her beloved spouse.

She has always taken the punch and done it one better. You would not want to go to the wall with Betty Ford on resilience. She didn't become the most admired woman in America during one of the most turbulent periods in national history because she made nice. She was so admired in the mid-1970s, and is beloved by a wide swath of the nation today, because she was bluntly honest and because, after everything life has thrown at her, she never quit.

"Betty Ford did things that public women hadn't done before, not just first ladies," says John Robert Greene, one of her biographers. "She had three debilitating diseases -- arthritis, alcoholism, cancer -- and she survived all of them."

Now 88, she will be in Washington once again this week for the processions and funeral for Gerald Ford, the football star she wowed back in Grand Rapids, Mich.

Hemingway, a man who wrote well but lived badly, famously described courage as "grace under pressure."

This has not been Elizabeth Ann Bloomer Ford's forte. Pressure ate her up.

She suffered from the solitude, while her husband traveled as congressman and vice president and president. With recurring pain from a pinched nerve in 1964, and the prescription pills she became addicted to. Raising four kids almost alone. Breast cancer. The Watergate-era laser light of media coverage. She drank. Popped Valium. She was late to everything.

Her great strength was to beat all of that. She was more like the rest of us than many public figures like to let on, human and flawed, not bulletproof and immune. And she was open about all of it, the depression and foibles and addictions and brandy, and it touched a country polarized by cynicism and the government mendacity of the Nixon years.

She had a breast removed, a devastating emotional and physical blow. Here was her response: She invited photographers into her hospital suite and let them photograph her in her housecoat. She then became a national spokeswoman for cancer awareness, for the importance of women doing self-examinations. When asked how she would handle her daughter having a premarital affair, or her kids smoking marijuana, she said she'd talk with them about it.

"They brought such a sense of humanity back to the White House," Sheila Rabb Weidenfeld, Betty Ford's press secretary during her years as first lady, said yesterday. "They were real people who lived there."

Betty Ford was born in Chicago and, although Episcopalian, was raised in the predominantly Dutch Calvinist town of Grand Rapids. Her dad, Bill Bloomer, was a traveling salesman for the Royal Rubber Co. He was successful and always gone, and he drank and drank and drank. He died when she was a teenager, either the result of an accident in the family garage or suicide by carbon monoxide poisoning.

She was headstrong, a tomboy. She smoked cigarettes at 14. She played hockey and football with the boys, until her brothers made her stop. She was beautiful and blew off the idea of college to move to New York to become a dancer for Martha Graham. She returned home, married and divorced before she was 30.

The first time she had a date with Jerry Ford, it was for a drink in a bar. (In a McCall's interview in 1975, she said reporters had asked her everything but how often she slept with her husband, "and if they'd asked me that I would have told them." And her answer? "As often as possible.")

Later, on the national stage, she spoke up for women's rights and for abortion rights: "It has to be understood that that there are extenuating circumstances where a woman must have the right to make decisions about her own body."

In 1975, she was one of 11 women Time magazine named "Man of the Year" that year. She topped Good Housekeeping's poll to determine the most admired woman in America. People named her one of the three most intriguing people in the nation.

But by 1978, a year out of the White House, the painkillers and the alcohol were eating her up. Her family called a meeting and presented her with the ugly truth. She was not pleased. When the doctor told her she was a "a drunk," the former president later recounted of his wife: "She was mad as hell."

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She managed to detox at a naval center, then founded the Betty Ford Clinic, a rehabilitation center ($21,000 for 30 days) that is the premier such institution in the country. Her name became synonymous with recovery from drug and alcohol addiction. Took a punch, gave back one better.

She never made any bones about her struggle.

"I liked alcohol, it made me feel warm," she wrote in her autobiography, "Betty: A Glad Awakening." "And I loved pills, they took away my tension and my pain. So the thing I have to know is that I haven't got this problem licked; to my dying day, I'll be recovering."

In November 1987, when she was 69, she underwent quadruple-bypass heart surgery. It required pain medication, but she had to wean herself off it quickly, lest she become addicted again.

"There were a lot of sleepless nights where I just walked the floor."

And now, she'll lead the nation through the mourning of her husband, partner and friend.

You don't have to wonder how she'll handle it.

Resilience. You can't fake it. Not for a lifetime.

Betty Ford Had Her Own Voice, And She Used It (DMN)

By Joyce Sáenz Harris

The Dallas Morning News, December 29, 2006

For 58 years, they were a couple whose love story was the bedrock of their lives. So it was no surprise that Betty Ford herself broke the news to the nation that the 38th president, "Gerald Ford, our beloved husband, father, grandfather and great-grandfather," had died at age 93.

Mrs. Ford, 88, will return to the national spotlight Friday as several days of services for her husband begin with private prayers for the family at St. Margaret's Episcopal Church in Palm Desert, Calif.

She was her husband's biggest fan, but when he was thrust into the White House in August 1974 by a quirk of history, she carved her own distinctive niche as first lady. Not since the days of Eleanor Roosevelt had any first lady spoken so freely on topical issues.

She was an overt feminist who worked for passage of the Equal Rights Amendment and supported the Supreme Court's 1973 Roe vs. Wade decision that legalized abortion. She also encouraged her husband to appoint women to Cabinet-level posts and major ambassadorships.

Before her White House years, though, Betty Ford was a fairly anonymous congressional wife. She married Gerald Ford just before his first election to Congress in 1948. He was a Navy veteran-turned-lawyer in Grand Rapids, Mich.; she was a former Powers model and Martha Graham dancer, recently divorced.

Mr. Ford hadn't even told his bride about his political ambitions, but she coped gamely with the demands of Washington life. The Fords moved to suburban Alexandria, Va., where they raised their four children during his long career in Congress.

All those years, they lived modestly in a large two-story colonial in Alexandria. They didn't move to the White House for 10 days after the president was sworn into office in 1974. On Mr. Ford's first night as president, Dallasites Margaret and Trammell F. Crow were among the close friends who gathered at the Ford home for an informal dinner. The only change she noticed, Mrs. Crow recalled this week, was that a couple of White House servants came over to help prepare and clean up.

A call to duty

Though the Fords had agreed he wouldn't run for Congress again after 1974, Mr. Ford felt compelled to accept when he was asked to be Richard Nixon's vice president after Spiro Agnew resigned amid scandal. Mrs. Ford supported his decision, despite her deep ambivalence about remaining in public life – a reluctance that would be underscored two years later when, as president, her husband survived two assassination attempts within 17 days.

Former White House staff assistant Andy Stern, now chairman of Sunwest Communications in Dallas, vividly recalls the second attempt in September 1975 in San Francisco. Afterward, Mr. Ford was hustled into a limousine and rushed to the airport to board Air Force One.

Mrs. Ford, who'd just arrived from a day in Monterey, was waiting for her husband in the plane's private quarters. Some 40 minutes after takeoff, she emerged to find the White House staff and press pool in the main cabin, watching television coverage of the assassination attempt.

That, Mr. Stern said, was the first that Mrs. Ford had even heard about it.

"And she was absolutely furious," he added with a laugh. "But the president's answer was, 'Hey, I'm here! I'm OK.'

"It was typical that neither one of them wanted to burden the other. They were a remarkable couple."

Now hear this

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Shortly after moving into the White House in August 1974, Mrs. Ford held a formal news conference, something no first lady had done since 1952. She announced her plans to support the arts and to help underprivileged and mentally challenged children. But she startled the press corps when she voiced support for the Equal Rights Amendment and Roe vs. Wade, and when she said she wanted more women to get involved in politics.

Gerald R. Ford Presidential Library and Museum Gerald Ford met Elizabeth Bloomer Warren while practicing law in Grand Rapids, Mich., after World War II. They were married on Oct. 15, 1948, just before his election to Congress.

Suddenly, everyone knew where Betty Ford stood on women's issues, and everyone had an opinion about her. The president's opinion was that the first lady was entitled to speak her mind.

"Jerry has supported me in the things I've said," Mrs. Ford said at the time. "At least he hasn't stepped on my toes yet." She was beginning to enjoy the power of her new influence: "After 25 years of coping, it's very satisfying."

The next public shock came when Mrs. Ford learned she had breast cancer, six weeks after her husband took office. In her 1978 autobiography, The Times of My Life, Mrs. Ford wrote that "there had been so much cover-up during Watergate that we wanted to be sure there would be no cover-up in the Ford administration. So rather than continue this traditional silence about breast cancer, we felt we had to be very public."

Her candid disclosure and her willingness to discuss her mastectomy were unprecedented. The news sent millions of women for screenings that saved lives – including that of Happy Rockefeller, the wife of Mr. Ford's newly appointed vice president, Nelson Rockefeller.

Mrs. Ford later served as co-chairwoman in 1982 when Nancy Brinker formed the Dallas-based Susan G. Komen Foundation.

The Komen Foundation is named after Ms. Brinker's sister, who died of breast cancer. As Ms. Brinker wrote on the foundation's Web site: "A major turning point in Suzy's struggle for survival came from a surprising source, Mrs. Betty Ford. ... Her bravery touched a place inside of Suzy that none of us could possibly understand because we hadn't gone through it ourselves."

When Ms. Brinker faced breast cancer in 1984, Mrs. Ford was among the first people to call her.

"I can't tell you what it meant to me to hear her voice," said Ms. Brinker, who now lives in Palm Beach, Fla. "Betty has always been a role model to me, and she's an extraordinary person. When someone who has blazed a trail turns around and gives you a hand, it's the greatest gift you can receive.

"My heart is so heavy for Betty now. It didn't get better than President Ford – he was the most supportive husband. He was a really compassionate man. They were an amazing couple."

Drugs and alcohol

After she left the White House in 1977, Mrs. Ford disclosed that she had struggled with alcohol and drug dependencies and depression since 1970. She thought she had conquered her problems, but she went through another low period after returning to private life and once again slipped into dependency.

This time, after a family intervention and hospital rehabilitation, Mrs. Ford emerged with a new cause: championing drug and alcohol rehab services. In 1982, she co-founded the Betty Ford Center for Drug and Alcohol Rehabilitation in Rancho Mirage, Calif., which has become arguably the best-known institution of its kind in the world. Of this achievement, her husband often said, "I couldn't be more proud."

"He truly wanted this to be her place, her mission, so he purposely stayed in the background, but he was always there," said John Schwarzlose, the center's president. "They were just two down-to-earth Americans who wanted to give alcoholics and addicts a chance to get well."

Mr. Ford always acknowledged the depth of their personal and public partnership. In April 1997, at the rededication of the Gerald R. Ford Museum in Grand Rapids, he said: "In my first remarks as president, delivered at a time of national as well as personal soul-searching, I said I was 'indebted to no man, and only to one woman, my dear wife.'

"In truth, there are no words to fully express how much I owe to Betty. For almost 50 years she has borne with my shortcomings, and I have rejoiced in her graces."

Chevy Chase As The Klutz In Chief, And A President Who Was In On The Joke (NYT)

By Mark Leibovich

The New York Times, December 29, 2006

WASHINGTON, Dec. 28 — While the events leading to Gerald Ford's ascent to the White House tarred him as an accidental president, he will also be remembered as an accident-prone president.

And for this he could thank the comedian Chevy Chase, or blame him, or (as he would eventually choose) laugh along.

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No one did more to solidify Mr. Ford's unfortunate, and perhaps unfair, standing as the nation's First Klutz than Mr. Chase, the "Saturday Night Live" cast member who routinely portrayed the president committing all manner of trips, flails and lurches.

Mr. Ford's cheerful reaction to the sendup included doing a cameo for "Saturday Night Live" from the Oval Office; sending his press secretary, Ron Nessen, on the show; and appearing with Mr. Chase at a political dinner. That type of reaction became a benchmark of what would come to be an essential presidential image-making skill: an ability to laugh at oneself.

People in the political and entertainment worlds recall Mr. Ford as a contemporary hero in this regard.

"He was just so incredibly decent and good-natured about the skit," said Lorne Michaels, the longtime producer of "Saturday Night Live." Mr. Ford sent a signal, Mr. Michaels said, that it was all right to be lighthearted about the presidency after the ordeal of the Watergate years.

"You couldn't imagine Nixon signaling that this was O.K.," Mr. Michaels said. In a sense, he added, Mr. Ford was telling the country that "we could all move on from this."

"This" referred to Watergate, and Mr. Ford, who was acutely aware of the public mood, was adept at using humor as a balm.

"At the time," Mr. Ford wrote in his book "Humor and the Presidency," "the media and general public still resented any hint of 'imperial' trappings in connection with the presidency or the White House."

Mr. Ford avoided any evidence of magisterial bearing with his understated manner and game efforts in the fledgling realm of presidential stand-up. At the Radio and Television Correspondents' Association dinner in 1975, he surreptitiously grabbed the tablecloth on the way to the podium and sent silverware flying toward Mr. Chase.

"Ford looked back with this great look of wonderment at what had happened," recalled Robert Orben, a television comedy writer who became a top aide to Mr. Ford. "He was someone who was not afraid to have fun at his own expense."

Mr. Ford was an accomplished football player, skier and golfer and was not considered unusually awkward by those around him. But he contributed to his own boneheaded persona in a few ill-timed episodes of camera-range clumsiness, like stumbling down the steps of Air Force One in Austria, wiping out on the slopes in Vail, Colo., and getting zonked on the head by a passing chairlift.

Mr. Chase whacked home the clumsy caricature on a weekly basis, in a way that became indelibly affixed to Mr. Ford's legacy.

The parody "just absolutely stuck in the public consciousness," said Landon Parvin, who has written humorous speeches for Presidents Bush and Ronald Reagan.

It became so ingrained that Mr. Ford had no choice but to play along.

"He was very smart about trying to get out ahead of the joke," said Mark Katz, a speechwriter who specialized in preparing President Bill Clinton for appearances at lighthearted Washington affairs, like the Gridiron and the White House Correspondents' Association Dinner.

"Now, every politician is lining up to make fun of themselves on Letterman and Jon Stewart's couch," Mr. Katz said.

Mr. Ford was hardly the first president to mock himself publicly. Even Richard M. Nixon was open to the ritual, once appearing on "Rowan & Martin's Laugh-In" to solemnly utter the show's catchphrase, "Sock it to me." Nor was Mr. Chase the first comedian to impersonate a president on television. The impersonator Vaughn Meader lampooned John F. Kennedy on "The Ed Sullivan Show" multiple times.

But Mr. Chase was the first comedian to make fun of a president in what would become television's signature forum for that, "Saturday Night Live."

"Ford is so inept that the quickest laugh is the cheapest laugh, and the cheapest is the physical joke," Mr. Chase told Time magazine in 1976. (A spokesman for Mr. Chase, who was skiing in Colorado on Thursday, said he would not be available for comment.)

In "Humor and the Presidency," an exploration of the role comedy has played in American presidencies, namely his own, Mr. Ford wrote, "It wouldn't surprise me if there was a measurable correlation between humor in an administration and the popularity of that administration's policies."

He also admitted he was stung at first by Mr. Chase's parody, but acknowledged its effectiveness. "The portrayal of me as an oafish ex-jock made for good copy," Mr. Ford wrote. "It was also funny."

Mr. Chase made no effort to look, dress or talk like Mr. Ford. He merely fell, with lurching exaggeration, "giving the sense that he was someone who wasn't in control of his limbs," Mr. Michaels, the producer, said.

His fall complete, Mr. Chase would then open the show with the signature line, "Live from New York, it's Saturday Night."

Bush Is Right -- And Other Lessons (WP)

By E. J. Dionne Jr.

DOJ_NMG_0110298

The Washington Post, December 29, 2006

The tributes to Gerald Ford's great achievement in bringing a divided and disappointed country together seem oddly appropriate at the end of a tumultuous political year in which an Era of Angry Feelings led to a major shift of power in Washington.

It is said there is now a new longing for the civility and warmth that Ford represented. There is a certain truth to this, but having reviewed thousands of e-mails sent my way this year by readers, it's also clear that many Americans are deeply invested in political battles that they see as too important to admit of easy compromise.

True, citizens who e-mail columnists are more engaged in public life and care so passionately that they invest time to share their views -- often in learned detail.

I love these folks and thank them. I appreciate their commitment, which is why, once a year, I like to thank not only those who wrote generously and warmly but also the many dissenters represented succinctly by the reader who simply called me an "idiot."

Many critics offered useful challenges. "Perhaps, Mr. Dionne, you would also support the right of conservatives to appear without harassment, verbal and physical, at our nation's leading so-called institutions of higher learning controlled by your . . . fellow leftists." I do: It is wrong -- and illiberal -- to block those with whom you disagree from university platforms.

In response to a column on evangelical pastor Rick Warren, a reader from Portage, Wis., wrote: "Evangelical churches I have been associated with have been reaching out to people throughout the world since before you were born. Missionaries don't just run around in funny clothes and wave their Bible in the air. They teach basic health and sanitation, provide basic medical care. . . . The very idea that evangelicals have been negligent in these areas is simply liberal prejudice."

Judging from my mail, many liberals and Democrats who once liked Sen. John McCain have been pushed away by his opening to the right over the past year or so -- but conservatives are responding positively. "McCain is soon to be Maverick non grata" -- nice line -- "amongst the circles of smug, rich white liberals that you run in," one reader wrote. "But don't worry. We'll support him if he becomes our nominee."

Many conservatives are frustrated with the Bush administration and the outgoing Republican Congress. Their views were captured by one reader who wrote: "Conservatism, like Christianity, has not failed. Neither has ever been tried, especially by this administration."

A columnist's e-mail trove is not a scientific sample that would pass the muster of social science. But it does provide clues as to where the politically active invest their energies. Judging by how many people offered their views on nominations to the U.S. Supreme Court, the conventional wisdom is entirely right in seeing this as a blockbuster issue.

When I wrote critically of Samuel Alito's evasiveness during his Senate confirmation hearing to become an associate justice, the floodgates opened. One reader after another suggested that Alito had been no more evasive than Justice Ruth Bader Ginsburg had been during her hearings in the 1990s. "Gosh, E.J.," a friendly critic from South Carolina said, "how many times do you have to be reminded? We won, you lost. I didn't hear you moaning over Ginsburg's evasions or whining about how [Stephen] Breyer would move the court to the left; turnabout is fair play. Relax, maybe your gang will get back in one day." Indeed.

Also striking was how angry liberals were at the performance of Democratic senators on the Judiciary Committee. One reader, representing many others, complained that "all they did was read from redundant and sterile scripts and badger him with the same questions ad nauseam. They have become like the 'pods' in 'Invasion of the Body Snatchers.' "

And thanks to the reader who wrote: "I would like to congratulate you for identifying yourself as a liberal. Many in your crowd are running from that word these days." It's a sign of weakness to embrace only poll-tested and focus-grouped labels.

Finally, a great many readers were frustrated that I have been rather consistently critical of President Bush -- though a few wanted more criticism. So please permit me to end the year in the conciliatory spirit of Gerald Ford.

Speaking on Wednesday morning, Bush declared that Ford "came along when we needed him most" and that Americans came to know him "as a man of complete integrity who led our country with common sense and kind instincts."

Straightforwardness Was Ford's Virtue — And His Limitation (RC)

By Morton M. Kondracke

Roll Call, December 29, 2006

In an Oval Office interview in 1976, I asked President Gerald Ford about charges made to me and many others by Indira Gandhi, prime minister of India, that the CIA was trying to overthrow her.

Ford said it was nonsense but declared that Gandhi was pro-Soviet and no friend of the United States. As he spoke, an aide sitting by got noticeably fidgety.

"Ah, excuse me," the aide said. "Can we please make that off the record? It will cause no end of trouble with India."

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I agreed — then put the question to Ford again for what I expected would be a more diplomatic answer. The second answer was practically identical with the first and the aide just threw up his hands.

That was Ford — straightforward, honest, uncomplicated, salt-of-the-earth Midwestern, an Eagle Scout nearly incapable of dissembling.

He was just what the country needed after the traumas of Watergate — the product of former President Richard Nixon's deviousness and paranoia.

Ford's pardon of Nixon also was pure Ford. He saw that Nixon's fate — prosecution and possible suicide — would preoccupy the country and dominate his presidency.

"This American tragedy could go on and on," he told the country. "Someone must write an end to it. I have concluded that only I can do it, and if I can, I must."

The pardon cost Ford dearly in political support, but he thought it was the right thing to do and he did it. As history has proved, it was not part of a deal to make him president — though one was offered to him — and it was the right decision to heal the nation.

He was straightforward and right-minded, too, in handling the country's second great trauma — Vietnam. When North Vietnam launched its final offensive against the South in 1975, Ford wanted to stand by an ally in distress and asked Congress for $650 million in emergency military aid.

Congress refused. South Vietnam's army collapsed and all Ford could do was rescue as many Vietnamese as possible. When some American communities balked at accepting refugees, he said such attitudes were unworthy of America.

Ford's straight-forwardness limited his imagination, too. As a regular Republican Congressional leader, he voted against federally funded housing, aid to education, the Medicare program and former President Lyndon Johnson's war on poverty.

Johnson, a highly complex character, declared that "Jerry Ford can't fart and chew gum at the same time," which the press cleaned up to read "walk and chew gum."

When Ford was president, his first domestic preoccupation was inflation, which rose to 7 percent. Ford termed it a menace to the country as great as any foreign enemy and launched the ill-fated "Whip Inflation Now" campaign that had no effect whatsoever.

Then when unemployment rose to 9 percent, Ford kept to his conservative fiscal principles and tried to restrain federal spending, which Democrats thought could temper the recession.

Ford vetoed 66 bills passed by the Democratic Congress, most of them appropriations designed to relieve unemployment. Ford said he'd saved the Treasury $9 billion.

In foreign policy, Ford was a realist, not an idealist like Presidents Ronald Reagan or George W. Bush. Ford followed the guidance of his (and Nixon's) secretary of State, Henry Kissinger, who had a pessimistic view of human nature and the prospects of the West.

Kissinger believed that détente and co-existence with the Soviet Union were the best arrangement the U.S. could achieve. Reagan, by contrast, thought that the West could defeat the "evil empire."

Reagan, it turns out, was right. And Ford's détente policy, as much as the pardon, may have cost him his presidency.

Ford turned back Reagan's challenge in GOP primaries in 1976, but questions about détente undoubtedly caused the debate gaffe that elected President Jimmy Carter.

In 1976, Ford signed the Helsinki Accords, which critics attacked as guaranteeing Soviet control of Eastern Europe. Ford was trying to refute that charge in the debate when he denied that Poland was Soviet-dominated.

Going into that debate, Ford had pulled even with Carter. The gaffe — and his stubborn refusal to walk back from it for days — caused him to lose the election by a hair.

If Ford had won, chances are he would have been at constant war with Congress. And, probably, Reagan never would have been president. He would have won the 1980 GOP nomination, but the country would have blamed Republicans, not Carter, for the nation's stagnant economy and would have wanted a change after 12 years of GOP rule.

In character, Ford presided over one of the most open White Houses ever. His first chief of staff, Donald Rumsfeld, was capable of intrigue, constantly trying to oust Treasury Secretary William Simon with leaks.

But after Rumsfeld became Defense secretary, Ford installed Dick Cheney as chief of staff, and Cheney was one of the most accessible figures ever to hold that job — amazing as that now seems, given Cheney's now-deserved reputation for secrecy.

The Washington Post's Bob Woodward reports that Ford told him — in an interview to be published only after his death — that he opposed the Iraq War launched by his old protégés and President Bush.

It's a mark of Ford's decency that he didn't try to undermine a successor by speaking out as Bush was preparing for war. But it's also a flaw: He might have given the country pause.

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The Pardon In History's Hindsight (WP)

By Richard Ben-veniste

The Washington Post, December 29, 2006

Gerald R. Ford was a decent and honorable man. Under his steady hand, the nation began the process of recovering from the terrible trauma of Watergate -- the lies, distortions, coverups, misuses of federal agencies to exact political revenge, illegal wiretapping, burglaries. . . . The list went on and on -- all in the midst of the deeply divisive Vietnam War. Did Ford make the right decision in pardoning his predecessor? The answer to that question is more nuanced than either the howls of outrage that greeted the pardon three decades ago or the general acceptance with which it is viewed now.

When Richard M. Nixon resigned and Ford became the 38th president of the United States, the Watergate Special Prosecutor's Office, of which I was a member, was preparing for the criminal trials of Nixon's top aides -- H.R. Haldeman, John Ehrlichman and John Mitchell. We had accumulated significant evidence showing Nixon's active participation in a conspiracy to obstruct the FBI and grand jury investigation of the Watergate break-in and the related "White House horrors," to use Mitchell's famous description. Nixon himself had been named an "unindicted co-conspirator" by the grand jury -- even before the Supreme Court compelled disclosure of the "smoking gun" tape.

It was our collective view that so long as Nixon held the office of president, the constitutionally sanctioned process of impeachment should trump any suggestion that a sitting president be indicted. But there was considerable disagreement within the special prosecutor's office on the proper way to discharge our responsibilities vis-a-vis private citizen Nixon.

Some, including Special Prosecutor Leon Jaworski, were of the view that Nixon's precipitous fall from the highest office was punishment enough. An indictment conjured up the prospect of unprecedented pretrial publicity, making it unlikely that an impartial jury could be selected in the near future. On the other hand, Nixon's personal involvement in the same criminal conspiracy for which his aides were soon to be tried (and convicted) put to the test the maxim that no man is above the law.

Upon taking office as president, Gerald Ford gave reason to believe that any decision regarding a pardon for his predecessor would be made carefully and deliberately. Nineteen days after taking the oath of office, he responded to a press inquiry about a possible Nixon pardon, saying that until any legal process was undertaken it would be "unwise and untimely for me to make any commitment," adding that "until the matter reaches me, I am not going to make any comment during the process of whatever charges are made."

Yet, only 11 days later, Ford reversed course. Citing reasons of national reconciliation, the difficulty Nixon would have in obtaining a fair trial by jury, and the suffering that Nixon and his family had already endured, Ford announced that he had pardoned Richard Nixon for all crimes he committed or "may have committed" while president. The same day, Nixon issued a statement admitting only to "mistakes" and "misjudgments," saying that he "was wrong in not acting more decisively and more forthrightly in dealing with Watergate."

The pardon decision was met with strident criticism by much of the media. The Post equated Ford's pardon to another chapter in the coverup; the New York Times called it "profoundly unwise, divisive and unjust" and "a body blow to [Ford's] credibility." With the benefit of more than 30 years of perspective, the public's view of Ford's decision has softened considerably.

While I do not believe Ford was wrong to pardon Nixon, the timing of the pardon was premature and may have cost Ford the margin of victory in the 1976 election. Had Ford kept to his original plan and allowed time for formal charges to be lodged against Nixon, spelling out the specifics of his culpability, it would have been up to Nixon to either accept the pardon or fight the charges in court. But pardoning Nixon without requiring at least an acknowledgment of responsibility for serious misconduct and for lying to the public left the door open for the spate of revisionist books and articles that followed the resignation.

At bottom, the decision to pardon Nixon was a political judgment properly within the bounds of Ford's constitutional authority. The specter of a former president in the criminal dock as our country moved into its bicentennial year was profoundly disturbing. I believe Jerry Ford acted in accord with what he sincerely felt were the best interests of the country; that there was no secret quid pro quo with Nixon for a pardon in return for resignation; and that Ford, a compassionate man, was moved by the palpable suffering of a man who had lost so much.

The release of a slew of additional Nixon tapes has not been kind to the diminishing ranks of Nixon loyalists -- providing ever more evidence of Watergate-related mendacity. In the end, Ford may have been correct in believing the facts would sort themselves out well enough. Yet, because Ford did not condition his pardon on a formal acknowledgment of culpability by Nixon, historians will have to go to the underlying evidence to make their judgments on Nixon's responsibility for the criminal conduct and constitutional transgressions that left him with the stark choice between resignation and certain removal from office.

The writer, former chief of the Watergate Task Force of the Watergate Special Prosecutor's Office, is a partner in the Washington office of Mayer, Brown, Rowe and Maw.

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Edwards Seeks To Make 2nd Time A Charm (AP)

By Nedra Pickler

AP, December 29, 2006

Two years older and he says wiser, too, John Edwards announced a repeat presidential campaign Thursday with new ideas that make him a very different candidate the second time around.

In 2004, Edwards was the moderate southern senator who promoted middle class tax cuts and tried to position himself as the best general election alternative to President Bush.

This time the 53-year-old faces a tougher fight for the Democratic nomination and has a more progressive campaign of eliminating poverty, reducing global warming and providing universal health care for all Americans.

He's apologizing for his vote to send troops to Iraq — which he stood by steadfastly in the 2004 campaign — and is calling for 40,000-50,000 troops to come home immediately.

And those middle class tax cuts he campaigned on in 2004? "At this point, it's hard to see how to do that," Edwards said in an interview after his campaign kickoff in New Orleans.

The unorthodox campaign launch site — the middle of a neighborhood still devastated more than a year after Hurricane Katrina — itself demonstrated how Edwards campaign has changed. In 2004, he had an official kickoff in his hometown of Robbins, N.C. for a campaign that stressed his up-from-the-bootstraps biography that turned the son of a mill worker into a successful trial attorney and then senator.

This time around, Edwards didn't mention one word about his personal story. He talked less about what he wanted to do as president and more about how everyone can change the country.

"That's why I'm in New Orleans," said Edwards, standing before student volunteers working to rebuild a home, "is to show what's possible when we as Americans, instead of staying home and complaining about somebody else not doing what they're supposed to, we actually take responsibility and we take action."

Edwards wore blue jeans and an open-necked shirt and stood casually before a line of television cameras and reporters to make his announcement. There was no TelePrompTer, no American flag backdrop and no cheering crowd that is typical of a presidential kickoff.

Edwards' advisers scheduled a six-state announcement tour between Christmas and New Year's Day with the hopes that news would be slow and he could dominate media coverage. Over three days, Edwards also planned to travel to Iowa, New Hampshire, Nevada, South Carolina and his home state of North Carolina.

Edwards was trying to make a unique entrance into what is bound to be a competitive race for president. Only two others have officially announced their candidacies — Iowa Gov. Tom Vilsack and Rep. Dennis Kucinich — but several others are expected to join the race in the new year.

The most dominant figures are Sens. Hillary Clinton and Barack Obama, and Edwards' first question from the gathered reporters was about how he intends to compete with them. "I want the best human beings possible to run for president of the United States," Edwards said.

The race also might include Edwards' former partner on the Democratic ticket — 2004 presidential nominee John Kerry.

In an interview later in a nearby home that is almost completely rebuilt, Edwards brushed aside any suggestion that it might be awkward to take on the man who chose him for the national ticket last time around.

Edwards said the biggest responsibility of the next president will be to restore America's moral leadership in the world. He said the Bush administration's leadership in Iraq has been a disaster and that it would be a mistake to send in more troops, which Bush is considering in the new year.

Edwards said it's a "fair question" to ask about his lack of foreign policy experience after just one term in the Senate. But he said he's spend the last two years since he left office traveling the world. "It's given me some depth and understanding that didn't exist before that time," he said.

And he noted that the Bush administration has included such experienced foreign policy hands as Vice President Dick Cheney and Defense Secretary Donald Rumsfeld and "they've been an absolute disaster by any measure."

Edwards said it's not just Iraq that it is chaos and in need of moral leadership from the United States. He said the United States should be leading an end to genocide in Sudan and to atrocities in northern Uganda. He also said the United States should be part of the International Criminal Court, something that Bush has fought against to keep Americans from facing politically motivated prosecutions.

He also said the country should end its dependence on foreign oil. He said he would tax oil company profits and eliminate Bush's tax cuts to pay for his priorities.

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In the interview later, Edwards said he will have a health care plan that will provide coverage for every American, something that few presidential candidates have considered a winning issue because of the high cost.

"I didn't have a universal health care plan (last time). Nobody did," Edwards said. "I shouldn't say nobody. I think Dennis Kucinich may have."

Kucinich, the most liberal presidential candidate in 2004 and 2008, wants national health insurance providing single-payer universal health care. He also wants to replace the Department of Defense with a Department of Peace and is a long-shot candidate for president.

Edwards said he's still working out the details of his health care plan and doesn't yet have a cost estimate.

New Orleans Is Exhibit A As Edwards Opens His Presidential Campaign (NYT)

By Adam Nossiter

The New York Times, December 28, 2006

NEW ORLEANS, Dec. 28 — Framed by two ruined houses and a dead tree, John Edwards inaugurated his 2008 presidential campaign here on Thursday with an appeal to citizens to take on challenges like the one represented by this still-devastated city.

The choice of a battered New Orleans neighborhood for Mr. Edwards's unconventional announcement, with student volunteers at his side, was intended to highlight what, in broad terms, would be a central theme of his campaign: the need for a fresh wave of citizen activism to "change this country."

The message, delivered without notes, was as loose and generalized as the setting was informal. Clad in shirt-sleeves, blue jeans and work boots, and standing in the muddy backyard of a homeowner struggling to come back from the destruction of Hurricane Katrina, Mr. Edwards explained to reporters gathered in the morning chill that "the basis for my campaign will be a ground-up campaign, where we ask people to take action."

As one of the first to enter the barely nascent campaign — his most likely competitors, Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, have yet to announce — Mr. Edwards, the losing vice-presidential candidate in 2004, seemed at pains to begin on a positive note. He delivered a Kennedy-like appeal for grass-roots volunteerism rather than a broadside against President Bush, though he called Mr. Bush's foreign policy team "an absolute disaster" in the question-and-answer session afterward.

Though Mr. Edwards's central theme in the 2004 campaign was poverty, that was not the case on Thursday, as he made only a passing reference to the "two Americas," his slogan two years ago. Instead of choosing to announce from the Lower Ninth Ward, the impoverished neighborhood that has become a symbol for the devastation of Hurricane Katrina, Mr. Edwards, a former North Carolina senator, opted for middle-class East New Orleans, and an area of solid, single-story tan-brick homes that are salvageable, unlike the flimsy frame buildings in the Lower Ninth Ward.

The house outside which he spoke belongs to a quality-assurance inspector at Luzianne, a local coffee and tea maker. The homeowner, Orelia Tyler, had floodwater up to her roof and has been living in a FEMA trailer. Dazzled by the senator's attention, Ms. Tyler said, "I'm hoping and praying he's doing it to help me get back in my house, and not for publicity."

As Mr. Edwards spoke, limbs from the dead tree in back of him, which were pushed down by the storm, still rested on the chain-link fence at the yard's edge; in the distance was a toppled basketball goal; a giant rusting ventilator fan lay on the ground.

"We need to call on Americans to be patriotic for something other than war," Mr. Edwards said.

Implicit in his brief remarks was criticism of the Bush administration's handling of New Orleans's foundering recovery. In Mr. Edwards's telling, the city was exemplary in both positive and negative senses, as a symbol of citizen action and government inaction. This was his fourth visit since the storm, and he spent part of the well-photographed previous day shoveling mud outside the same house.

Thursday, the ex-senator praised the army of volunteers that has gutted hundreds of houses and removed debris, but he pointedly omitted any recognition of the patchy official efforts.

He saved his criticism of Mr. Bush's New Orleans role for a question-and-answer session afterwards, telling reporters, "This is a place where presidential leadership would have been critical."

Asked how he would have handled New Orleans, Mr. Edwards responded: "I would have had somebody coming into my office every morning, and I would say to him, 'What did you do in New Orleans yesterday?' And then the next day, 'What did you do yesterday? What steps do we need to take? What are we not doing? What are the people in New Orleans telling us that we're not doing?' "

He said the next president would "need to re-establish America's leadership role in the world," called for quick withdrawal of 40,000 to 50,000 troops from Iraq, and said it "would be a mistake for America to escalate its role in Iraq."

Roundly denouncing the administration's approach, he said, "You can't lead through raw power."

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He expressed regret for his Senate vote to authorize force in Iraq. “My vote was a mistake,” he said. “I should never have voted for the war.”

Afterward, Mr. Edwards headed for Iowa and a town-hall-style meeting in Des Moines. He has assiduously courted the electorate in Iowa, the first state to hold a presidential vote; this visit will be his 16th since the 2004 election. Several recent local polls have shown him in a leading position in Iowa, where he finished second in the 2004 caucuses.

Edwards Kicks Off Campaign With Focus On Poverty, Inequality (MCT)

By Rob Christensen

McClatchy Newspapers, December 29, 2006

NEW ORLEANS — John Edwards began his second quest for president Thursday by calling on the country to address the problems of poverty and inequality in America.

Edwards, 53, the 2004 Democratic vice presidential nominee and a former senator from North Carolina, used a hurricane-ravaged neighborhood in New Orleans as the backdrop for his announcement. The Ninth Ward section of the city is still strewn with boarded-up homes and piles of debris 16 months after the area was flooded by Hurricane Katrina.

"New Orleans in so many ways shows the two Americas that I have talked about in the past," Edwards said.

Edwards said it wasn't just the business of government to rebuild destroyed neighborhoods, although he criticized the Bush administration for doing too little. He said he would use his campaign as a "call to action" to encourage private groups to help those in need in New Orleans and elsewhere. Standing behind Edwards was a group of Baton Rouge, La., students who have been volunteering in New Orleans.

"If you walk around these neighborhoods, what you'll hear is that most of the good that has been done in New Orleans has been done by faith-based groups, charity groups and volunteers," Edwards said.

Edwards also called for universal health care coverage, more opportunities for young people to go to college and beginning the withdrawal of American troops from Iraq while seeking a political solution to the conflict. Edwards said he favors rolling back some of the tax cuts for well-to-do Americans pushed by the Bush administration. He spoke in broad terms, offering few specifics on how he would bring about the changes he proposed.

Edwards begins the Democratic primary trailing New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama, according to national polls, even though they haven't declared their candidacy. But Edwards is better known than most of the other Democrats considering the 2008 race.

Edwards left New Orleans for a three-day tour that was to take him through the key primary and caucus states of Iowa, New Hampshire, Nevada and South Carolina, before finishing Saturday with a rally near his new 102-acre estate in Chapel Hill, N.C.

The spectacle of a presidential announcement, with its congregation of TV trucks, drew few onlookers because so much of the Ninth Ward has been abandoned. The area looks like a battle zone, with Federal Emergency Management Agency trailers sitting outside half-destroyed homes and neighborhoods patrolled by military police in Humvees.

A half-block away, Michael Knight, a 31-year-old electrician who grew up in the neighborhood that locals called Checkerboard, ignored the hoopla.

"I don't think it makes a big difference to me," Knight said of the Edwards visit. "I really don't see it doing nothing. He's not the first one to come down here."

Edwards, a mill worker's son who became a millionaire trial lawyer, has linked himself to the issue of poverty. He's made three previous trips to New Orleans to help residents with rebuilding projects. During his 2004 campaign, Edwards emphasized his Two Americas theme, highlighting the inequalities in America. In 2005, Edwards created the Center on Poverty, Work and Opportunity at the University of North Carolina in Chapel Hill. He has compared his stance to that of the late Sen. Robert Kennedy, who ran for president in 1968.

But addressing poverty, rather than the problems of the struggling middle class, can be tricky politically.

"It's clearly not the main mover of most voters," said Lee Miringoff, director of the Marist Institute for Public Opinion in New York. "People are interested in the war in Iraq. The question is whether he can talk about the quality of life for Americans as part of the specialized focus on people who are poor."

The last major presidential candidate to focus on poverty was Jesse Jackson in 1988. The so-called "New Democrats" such as Bill Clinton and Al Gore largely wrote off the issue.

"Politically, it's a marginal strategy," said Allan Lichtman, a presidential scholar at American University. "Whether that is going to appeal to the base of the Democratic Party is an interesting question."

Some fellow Democrats wonder whether emphasizing poverty and populism is the way to win the party's nomination.

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"He is defining himself as the little people's friend," said Dick Hartpootlian, a former South Carolina Democratic chairman. "That works in the courtroom. I don't think that will work across the country."

Edwards Confirms Plan To Run For White House (WT)

By Charles Hurt

The Washington Times, December 29, 2006

Former Democratic vice presidential nominee John Edwards yesterday made his first public announcement that he will again seek his party's nomination for president.

The one-term senator from North Carolina, who made a hefty fortune as a personal injury lawyer, chose as the backdrop of his speech the squalor left in New Orleans by Hurricane Katrina more than a year ago.

"New Orleans, in so many ways, shows the two Americas that I have talked about in the past and something that I feel very personally," he said yesterday, touching on the theme of class division that defined his 2004 primary campaign. "It also exemplifies something that I've learned since the last election, which is that it's great to see a problem and to understand it; it's more important to actually take action and do something about it."

Asked by a reporter whether he was announcing from the now-famous 9th Ward to help New Orleans or so that New Orleans could help his political career, Mr. Edwards replied, "Yeah, well I hope so."

"In the worst-hit areas of New Orleans, as everyone in New Orleans knows -- they certainly don't need me to tell them -- you don't see much change," he said. "So if we can help bring Americans to New Orleans to help rebuild this great city and get people to pay attention to what's actually going on here, I feel like we've done a good thing."

Mr. Edwards faces a field dramatically altered from the one he faced leading up to the 2004 presidential elections. Then, he was a fresh face who was still sitting in the Senate. He held a great deal of promise as a Democrat from the South who might help break the Republican stranglehold on Dixie.

Today, he is no longer a fresh face and has spent the past two years out of office running a poverty center in North Carolina. Also, he proved ineffective at making inroads in the South, failing even to deliver his home state to the 2004 Democrat ticket headed by Sen. John Kerry of Massachusetts.

Still dominating the field are two potential candidates who haven't even announced their intentions: Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois.

Mr. Edwards had planned to announce his candidacy yesterday, but a computer mishap that put his campaign Web site on the Internet on Wednesday forced his team to say that day that he was running. He also sent an e-mail to supporters Wednesday night to that effect.

Mr. Edwards has another obstacle in his path to the White House: He voted for the Iraq war.

"My vote was a mistake, and I should never have voted for this war," he said yesterday. "I do think it's important to note for anybody who voted for the war that we didn't conduct the war. [President] Bush, [Vice President Dick] Cheney, those people -- [former Defense Secretary Donald H.] Rumsfeld -- they conducted the war, and they've been an absolute disaster in the conducting of the war. But none of that changes or affects my responsibility. I'm responsible for what I did, and I believe that my vote was a mistake."

He also said he opposes any increase in the number of troops serving in Iraq.

Mr. Edwards also took the opportunity yesterday to criticize the Bush administration for its handling of the post-hurricane rescue efforts, cleanup and rebuilding in New Orleans.

"I think if the president of the United States had come to New Orleans, spent some time here -- I mean, the president has a lot of responsibilities, he can't stake himself out for the long term in New Orleans -- but he should have spent a period of days here, saw what was actually happening on the ground and then demanded action," Mr. Edwards said.

Hurricane Katrina hit during the final days of August last year.

On Sept. 15, President Bush delivered a prime-time address to the nation after reviewing the damage.

Edwards Hopes Persistence Pays Off In Presidency (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, December 29, 2006

The 2004 candidate is seeking the Democratic nomination for 2008, saying Americans have a responsibility to help one another.

NEW ORLEANS — With the ruins of New Orleans as his backdrop, former Democratic vice presidential nominee John Edwards on Thursday called on Americans to take action against poverty, global warming and other troubles as he officially launched his 2008 campaign for president.

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"We can't wait for someone else to do this for us," the onetime U.S. senator from North Carolina said from a muddy 9th Ward backyard where volunteers were fixing a home gutted by Hurricane Katrina.

Dressed in blue jeans, sneakers and a work shirt, Edwards outlined his vision of the presidency as a moral force to promote universal healthcare, higher wages for the working poor and other steps.

New Orleans, he said, illustrates the "two Americas" that he lamented in his 2004 run for president — one for the privileged, and one for those struggling to get by.

Reprising that theme for 2008, Edwards this time is stressing "personal responsibility." In a setting of flood-ravaged houses with boarded-up windows and punctured walls — which he said the government had done too little to repair — he urged Americans to volunteer for anti-poverty work and cut fuel use to ease global warming.

"Instead of staying home and complaining, we're asking people to help," he said in the drawl that became familiar to the nation during his four-month stint as running mate to 2004 Democratic presidential nominee John F. Kerry after Edwards' own presidential bid failed.

Edwards also called for the immediate withdrawal of 40,000 to 50,000 U.S. troops from the war in Iraq, saying the move would begin to restore America's standing as a world leader.

Campaigning hours later in Des Moines, Edwards took a swipe at a leading Republican contender for president, Sen. John McCain of Arizona, for saying the U.S. should send more troops to Iraq.

"It would be an enormous mistake to adopt the McCain doctrine and escalate this war in Iraq," he said to cheers from several hundred people packed into the central atrium of a downtown museum.

As he has in the past, Edwards voiced regret for his Senate vote to authorize the U.S. invasion of Iraq. "I should have never voted for this war," he said.

Iowa was the first stop on his three-day swing to the first states to hold Democratic nomination contests. Edwards plans to campaign in New Hampshire and Nevada today and in South Carolina on Saturday.

By starting in Des Moines, Edwards underscored Iowa's crucial role in his campaign. His surprisingly strong second-place finish in the 2004 Iowa caucuses was a major lift to his presidential candidacy that year, and a poor showing here in 2008 could doom his candidacy. He has visited Iowa 16 times since the 2004 election, and polls suggest he holds an early edge in the state.

"He's been here as much as, if not more than, anybody else, and he's highly regarded by a lot of Democrats in Iowa," said Peverill Squire, a University of Iowa political science professor.

Edwards, 53, is the third Democrat officially in the race for president, following Iowa Gov. Tom Vilsack and Rep. Dennis J. Kucinich of Ohio. He is also the best known nationally.

But like more than half a dozen Democrats still weighing a White House run, he faces a tough struggle for money and visibility in a contest dominated so far by two Democrats who have not formally announced intentions — Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

"Obama and Clinton are taking up an enormous amount of political space," said Democratic strategist Steve Elmendorf. Edwards "has to hope that one of the two of them falters."

The Edwards announcement came as no surprise; he has been preparing for the campaign for more than two years. (His campaign website also accidentally went live Wednesday, a day early, tipping his hand.)

To maximize media exposure, he timed his announcement for the normally slow news week before New Year's. The death this week of President Ford complicated that plan, but Edwards still drew more than 20 news crews to his chilly morning announcement in New Orleans.

Forgoing a customary campaign launch with balloons and cheering supporters, Edwards appeared alone on the bleak 9th Ward lawn of Orelia Tyler, who has lived in a frontyard trailer for months as repairs continued on her hurricane-wrecked home.

The early announcement — the opening 2008 contest in Iowa is more than a year away — enables Edwards to jump-start fundraising by showing donors that his candidacy is a sure thing. But he starts with debt lingering from 2004, and it will cost him tens of millions of dollars to compete seriously for the party nomination.

Edwards is no longer the fresh face he was in 2004 as a first-term senator whose candidacy for president was strong enough to keep him in the Democratic race longer than anyone but Kerry.

But since then, Edwards has worked to sharpen his profile for an encore campaign. He has aggressively cultivated union leaders, heightening his appeal to labor with efforts to fight poverty and increase the minimum wage. But Clinton and other potential Democratic contenders also have strong union ties.

Working to fill a widely noted gap in his 2004 resume, Edwards has also traveled the world to strengthen his image on foreign policy. In New Orleans, he called for stronger U.S. leadership in stopping "huge atrocities" in northern Uganda, where he met with relief workers a few weeks ago, and the genocide in Sudan.

"We said after Rwanda we'd never let anything like this happen again," he said. "Well, it's happening right now."

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In Iowa, Edwards mentioned his recent trips to Israel and Britain and hammered the Bush administration for refusing to negotiate with adversaries.

"It is in my judgment sheer stupidity to say we will not deal with our enemies," Edwards said.

A South Carolina native and the son and grandson of millworkers, Edwards was raised in rural North Carolina. He was the first in his family to attend college.

In two decades as a trial lawyer, Edwards made millions litigating cases against corporations for injured plaintiffs. His first run for public office was a 1998 campaign for U.S. Senate. He defeated Republican incumbent Lauch Faircloth of North Carolina and served one term.

Now, Edwards casts himself as a Washington outsider. Known in 2004 for his discipline in sticking to a poll-tested message, he vowed in a video on his campaign website to say more than just "what's safe."

"We're conditioned to be political, and it's hard to shed all that," he said. "I can be in the middle of being what feels real and authentic to me, and I'll get into a little reel in my head. I can see it happening, and I have to pull myself back out."

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(INFOBOX BELOW)

John Reid Edwards

Age: 53

Career: Attorney, 1978-98. U.S. senator, 1999-2005. Unsuccessful candidate for 2004 Democratic presidential nomination; 2004 Democratic vice presidential nominee.

Education: North Carolina State University bachelor's degree, 1974; University of North Carolina at Chapel Hill law degree, 1977.

Family: Wife, Elizabeth; daughters Cate, 24, and Emma Claire, 8; son Jack, 6. Son Wade, 16, died in a traffic accident in 1996.

Source: Times research

Edwards Formally Joins 2008 Presidential Race (WP)

By Dan Balz

The Washington Post, December 28, 2006

NEW ORLEANS, Dec. 28 -- Former senator John Edwards of North Carolina launched his second campaign for the White House from this flood-ravaged city Thursday with a call for the United States to reduce its troop presence in Iraq and a plea for citizen action to combat poverty, global warming and America's reliance on foreign oil.

Edwards was sharply critical of the administration for its conduct of the war in Iraq, and he again recanted his own vote authorizing President Bush to take the country to war, which he called a mistake.

"The biggest responsibility of the next president of the United States is to reestablish America's leadership role in the world, starting with Iraq," Edwards told reporters during his morning announcement. "We need to make it clear that we intend to leave Iraq and turn over the responsibility of Iraq to the Iraqi people."

Edwards said he favors withdrawing 40,000 to 50,000 troops from Iraq as a signal to Iraqis that the United States intends to turn over responsibility for the conflict to the government there. Wading into the current debate in Washington about Iraq, he forcefully rejected proposals to send more troops to help quell the bloody sectarian violence there.

"I want to be absolutely clear about this," he said. "It is a mistake for America to escalate its role in Iraq. It is a mistake to surge troops into Iraq. It sends exactly the wrong signal to the Iraqis and the rest of the world about what our intentions are there."

Edwards also said he favors rolling back some of the tax cuts given to the wealthiest Americans by the Bush administration, and he proposed a windfall profits tax on the oil industry, saying additional money will be needed to pay for vital domestic needs.

"I think it's also really important that we be honest with people," he said. "We've gotten in a deep hole, in terms of our deficit. We have investments that need to be made." He cited help for middle-class Americans, anti-poverty programs, universal health care and energy initiatives as examples.

From his choice of setting to his message, Edwards used the opening day of his 2008 bid to signal that he intends to run a populist, insurgent campaign designed to show that he is not a candidate of Washington, in contrast to his likely Democratic rivals -- including Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois.

"This campaign will be a grass-roots, ground-up campaign, where we ask people to take action," he said.

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Edwards staged his announcement in the city's Ninth Ward, which was devastated by Hurricane Katrina last year. He spoke from a debris-strewn property where a home was heavily damaged by Katrina's floodwaters; it was adjacent to a newly renovated property where he spent several hours Wednesday working with young volunteers to landscape the back yard.

Edwards said no city better symbolizes the "two Americas" -- haves and have-nots -- that he spoke about during his 2004 campaign. But he said New Orleans also shows the good that can come when people act for themselves, rather than relying solely on the government.

The day was shorn of most of the trappings of traditional presidential campaign announcements. The candidate appeared wearing blue jeans and a blue shirt, standing alone rather than surrounded by family or supporters. The only people in the background were the young volunteers he had worked with on Wednesday.

The announcement also highlighted the changing shape of political communication. Edwards had no prepared text, spoke briefly and took a few questions from reporters. But before that, he had declared his candidacy with a video posted through his campaign Web site on YouTube, with an e-mail sent overnight to supporters and with five interviews on morning television shows.

Edwards picked a traditionally slow news week to declare his candidacy, hoping to draw more attention to what is often a well-scripted ritual lacking in suspense. By moving early, Edwards also avoided being overshadowed by the anticipated entries of celebrities Clinton and Obama, who will make their intentions known in January.

Edwards begins his campaign well positioned to compete for the nomination. He tops public opinion polls of Democrats in Iowa, which will hold the first caucuses of 2008; retains a base in South Carolina, whose primary he won in 2004; and has built good relationships with organized labor in Nevada, which is scheduled to hold the second set of caucuses of the election season.

One question mark among the early states is New Hampshire, which holds the nation's first primary. Edwards finished fourth there in 2004, but aides say he has improved his standing there since that primary.

Another question surrounding Edwards's candidacy is whether he will be able to compete against Clinton and Obama in fundraising.

Edwards has been running steadily for president since he and Sen. John F. Kerry (D-Mass.) lost to Bush and Vice President Cheney in 2004. He made his first post-election trip to New Hampshire in February 2005 and campaigned tirelessly for Democrats running in the midterm elections.

He set up a poverty institute at the University of North Carolina and, when Hurricane Katrina focused attention on the plight of the underclass in America, renewed his calls for a new commitment to eliminate poverty. He also campaigned on behalf of ballot initiatives calling for an increase in the minimum wage.

He sought to strengthen his foreign policy credentials -- a notable weakness in his first campaign -- through involvement with the Council on Foreign Relations. Asked Thursday about his national security rÃ©sumÃ©, Edwards said experience is no substitute for good judgment and cited the administration's record as evidence.

"We've had one of the most experienced foreign policy teams in American history," he said, pointing to Cheney and former defense secretary Donald H. Rumsfeld. "They've been an absolute disaster by any measure."

Edwards, 53, made millions of dollars as a trial lawyer in North Carolina before entering politics in 1998. He won a Senate seat that year, defeating incumbent Republican Sen. Lauch Faircloth. He established a reputation as a quick study, a shrewd and tough questioner, and one of the party's rising stars -- prompting him to run for president after just four years in public life.

His 2004 campaign lagged for months but caught fire just before the Iowa caucuses, where he finished second to Kerry. He parlayed that success into a victory in South Carolina, and his performance in the primaries earned him a slot on the Democratic ticket.

After events in New Orleans on Thursday, Edwards flew to Iowa for a more traditional campaign rally in Des Moines, marking his 16th visit to Iowa since the end of the 2004 campaign.

At a town hall meeting, he fielded questions on energy, education, the deficit, Iraq and his past support for the war. "At the end of the day, I voted yes and I should not have," he said. "I'm the one who's responsible for that."

Edwards Launches Presidential Bid From New Orleans (USAT)

By Jill Lawrence

USA Today, December 28, 2006

NEW ORLEANS — John Edwards launched his second bid for the Democratic presidential nomination this morning amid the wreckage of Hurricane Katrina, saying the next president's most important task will be to provide moral leadership at home and abroad.

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"We need to be the example for the rest of the world," Edwards, dressed in jeans and work boots, said as he stood with a cadre of student volunteers in a muddy yard in New Orleans' 9th Ward, between two houses gutted by the August 2005 disaster.

The former North Carolina senator, his party's 2004 vice presidential nominee, said he is committed to universal health care, ending poverty and showing the world that "we have the moral authority to lead."

Edwards, 53, made the unconventional choice of New Orleans during a holiday week to announce his 2008 candidacy. The location highlighted his longtime theme of "two Americas," one for the 'haves' and the other for the 'have-nots,' and a new call to grassroots action. The timing was meant to grab some attention before the Democratic field swells in coming weeks.

New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama say they'll announce their plans after the holidays. Iowa Gov. Tom Vilsack and Rep. Dennis Kucinich of Ohio already are in the race. Other prospects include New Mexico Gov. Bill Richardson and Sens. Joe Biden of Delaware, Christopher Dodd of Connecticut and 2004 nominee John Kerry of Massachusetts.

As president, Edwards said, he would make investments in health, education and other areas that would require rolling back some tax cuts for the wealthy. But he also said Americans should take steps now to rebuild New Orleans, help the poor, reduce global warming and use less energy rather than waiting for the federal government or the next president to do it.

Edwards called his vote to authorize the Iraq war "a mistake" for which he takes full responsibility. The one-term senator said he has been "all over the world" in the last two years and has increased his depth of knowledge of world affairs.

He said it's fair to question his level of experience but said that doesn't guarantee vision or good judgment. He cited President Bush, Vice President Cheney and former Defense secretary Donald Rumsfeld prove his point. They were "extraordinarily experienced," he said, but their tenure has been "an absolute disaster by any measure."

He criticized the Bush administration for making it difficult to engage other countries on international problems. "The world is literally in chaos," he said. "When America doesn't lead, there is no stability. We are the stabilizing force in the world."

New Orleans was the first stop on a three-day tour that was taking Edwards to all four early primary-season states — Iowa, New Hampshire, South Carolina and Nevada — before arriving home in Chapel Hill, N.C. for a welcome rally Saturday.

Edwards is no longer a new face on the national stage, and this time around his rivals may well include two presidential newcomers — Obama and Clinton — with significant star power. Still, Edwards is not quite David taking on two Goliaths, as Indiana Sen. Evan Bayh characterized himself when he abruptly quit the race earlier this month.

Polls of the states that kick off the primary season, Iowa and New Hampshire, show Edwards holding his own. In Iowa he is leading or tied for first place in polls taken in June, October and December. In New Hampshire, a Concord Monitor poll this month found Clinton and Obama at 22% and 21% respectively, followed by Edwards at 16%. Everyone else in single digits.

"As with his polling in Iowa, he's showing a certain strength here in New Hampshire as well. He's certainly going to be a contender," said Ray Buckley, the incoming chairman of the New Hampshire Democratic Party.

Since the 2004 election, Edwards has headed a new Center on Poverty, Work and Opportunity at the University of North Carolina and started a College for Everyone tuition program now being tested in a county in North Carolina. In June he proposed tax cuts for low-income families, incentives to save, a last-chance temporary jobs program, $1 million in housing vouchers for poor families and other steps as part of a plan to end poverty by 2036.

Edwards also has traveled the country cultivating labor support and promoting minimum wage hikes, part of his anti-poverty plan. He helped fellow Democrats raise $8.5 million for their campaigns and parties. He visited London, Russia, India, Brussels, Israel, Uganda and China.

Edwards' wife, Elizabeth, underwent treatments for breast cancer that was diagnosed the day after the 2004 election. He said Thursday that she is in good health.

Edwards Vows To Restore US Image In Bid For Presidency (FT)

By Demetri Sevastopuloin Washington

Financial Times, December 29, 2006

John Edwards, the former North Carolina senator and Democratic vice-presidential nominee, yesterday became the fourth Democrat to enter the 2008 race for the White House.

Mr Edwards vowed to run on a platform of de-feating poverty and combating global warming. But he said his top priority would be restoring America's image.

"The biggest responsibility of the next president of the United States is to re-establish America's leadership role in the world, starting with Iraq," said Mr Edwards. "We have to show that we have the moral authority to lead. You can't lead through raw power."

DOJ_NMG_0110309

Mr Edwards, who became John Kerry's running mate in 2004 after failing to secure the Democratic presidential nomination, spoke just hours before President George W. Bush held a national security meeting at his Texas ranch to discuss options for Iraq.

Mr Edwards joined Joseph Biden, the incoming Democratic chairman of the Senate foreign relations committee who this week also announced his intention to run for the White House, in opposing more US troops for Iraq, an option considered by Mr Bush.

National polls of voters in Democratic primary elections show Mr Edwards running in third position behind Hillary Clinton and Barack Obama, both of whom are mulling running for the White House.

A recent NBC News/Wall Street Journal poll found that 14 per cent of respondents favoured Mr Edwards, compared with 18 per cent for Mr Obama. Ms Clinton led the pack with 37 per cent. However, a recent poll of voters in Iowa - a key state as it holds the first primary - showed Mr Edwards tied with Mr Obama at 22 per cent, ahead of Ms Clinton with 10 per cent.

In announcing his candidacy, Mr Edwards ap-peared to model himself on John F. Kennedy, who famously called on Americans to "ask not what your country can do for you, ask what you can do for your country". Dressed in jeans as he spoke from the hurricane-ravaged city of New Orleans, Mr Edwards said: "If . . . we want to move America that way it needs to move, we're going to have to do it, all of us, together. Instead of staying home and complaining, we're asking people to help."

In 2004 Mr Edwards ran on an anti-poverty populist campaign of two Americas - the haves and have-nots. Yesterday he focused more on foreign policy. He said the US needed to get more involved in solving the crisis in Darfur and said America should join the International Criminal Court. Asked about his relative inexperience in foreign policy, Mr Edwards replied that "one of the most experienced foreign policy teams in American history" - Donald Rumsfeld and Dick Cheney - had been "an absolute disaster".

Edwards Embarks On Cross-Country Tour To Advance His Candidacy (BLOOM)

By Nicholas Johnston

Bloomberg, December 29, 2006

Dec. 29 (Bloomberg) -- Former Senator John Edwards embarked on a cross-country campaign to promote his new presidential bid after getting the jump on some fellow Democrats by announcing his populist candidacy in hurricane-ravaged New Orleans.

Seeking to build support against a formidable slate of possible opponents, the North Carolina Democrat appeared at a town hall meeting in Iowa, home to the nation's first presidential caucus, before heading to New Hampshire, site of the first primary election in 2008. In Iowa, Edwards is tied in early polls with Barack Obama and ahead of Hillary Clinton, two senators who are likely to join the race soon.

``Man, it's great to be back in Iowa," Edwards told several hundred people who packed the Iowa State Historical Museum in Des Moines last night. ``I've been to Iowa a time or two," he said to laughter from the crowd. It was Edwards's 16th trip to the state in the past two years.

The holiday-season entry into the race and early campaign foray by Edwards are designed to lessen the advantage Clinton and Obama enjoy as early favorites.

The Democratic contest ``is being presented so generally in the media as a race between Hillary and Obama," said Stephen Hess, a presidential scholar at the Brookings Institution in Washington. Edwards is well-positioned for ``somebody slipping on a banana peel."

Rob Tully, an attorney who helped run Edwards's 2004 presidential campaign in Iowa, said there is a lot of ``hype" surrounding other candidates. Edwards, by practicing ``retail politics" now in key states, will have the organization and connection with voters to win the early contests, he said.

Second-Place Finish

Edwards, 53, placed second in Iowa in 2004 and fourth in New Hampshire before dropping out to become the vice-presidential running mate of the victor in both states, Senator John Kerry of Massachusetts.

``It's still Iowa and New Hampshire in terms of momentum," Tully said. ``You can just ask President Dean how important the Iowa caucuses are."

Former Vermont Governor Howard Dean, an early media favorite in 2004, placed third in Iowa, second in New Hampshire the following week and withdrew soon after.

``I'm doing my by best to allow people to see who I am and what it is I believe and how important I think it is to engage Americans and bring about the changes we need," Edwards said in an interview.

Iraq War

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At the Iowa rally, Edwards said he would work to ``restore America's moral leadership in the world'' by beginning to pull U.S. forces from Iraq and again acknowledged he was wrong to vote to authorize the war as a senator in 2002. ``It was a mistake and I take responsibility for that,'' Edwards said.

He kicked off his campaign yesterday in the backyard of Oleria Tyler of New Orleans, whose home was severely damaged by Hurricane Katrina in 2005. Edwards accused the Bush administration of neglecting poorer residents trying to recover from the storm.

``New Orleans, in so many ways, shows the two Americas that I have talked about in the past,'' Edwards said, returning to his theme of a nation divided by wealth and poverty.

In a recent survey of 400 Iowa Democrats who are likely to attend the state's presidential caucuses in January 2008, Edwards polled 22 percent, tied for first with Obama. Iowa Governor Tom Vilsack came in second with 12 percent and Clinton was third with 10 percent.

In New Hampshire

The survey, conducted Dec. 18-20 by polling firm Research 2000, has a margin of error of 5 percentage points.

After his appearance in Iowa, Edwards flew to Portsmouth, New Hampshire, where today he holds a town hall meeting at an elementary school.

A poll of 400 New Hampshire Democrats conducted by Research 2000 found Clinton and Obama virtually tied with 22 percent and 21 percent respectively. Edwards polled third with 16 percent.

``He has a certain degree of name recognition and a pretty fat Rolodex,'' Hess said. ``He's still very much a player and, very obviously, he's a very attractive person and a very good speaker.''

Edwards is making his 10th trip to New Hampshire since the 2004 election, and the current campaign swing also includes stops in Nevada and South Carolina, which hold early contests for the Democratic nomination.

Since the 2004 election, Edwards has visited 39 states and raised more then $8.5 million for Democratic candidates in this year's congressional elections.

Tully said Edwards, a trial lawyer and seasoned politician, has the speaking skills to help him in Iowa where the winner is picked in public meetings. The system requires successful candidates to generate enthusiasm among caucus-goers to get them to speak on their behalf to other voters.

``It really is about touching these people to make them want to not only go there and stand and say, `I'm for John Edwards,' but to actually voice their reasoning why,'' Tully said. ``The people who show up are going to be there because they want this guy to be president of the United States.''

Edwards Brings Campaign Launch Tour To Des Moines (DMR)

By Abby Simons

Des Moines Register, December 29, 2006

Greeting cheering supporters the day he announced his second bid for the presidency, former vice presidential candidate John Edwards stripped off his jacket and said it's great to be back in Iowa.

"And I have to tell you, it's even better to be back as candidate for president of the United States," he said at a Thursday evening town hall meeting at the Iowa State Historical Building in Des Moines.

Touting the slogan "Tomorrow Begins Today," Edwards, 53, a former senator from North Carolina, pledged a grass-roots campaign that begins with domestic issues, such as eliminating poverty and strengthening the middle class — hence Thursday morning's campaign announcement in Katrina-ravaged New Orleans.

Edwards said that he is working on a true universal health care plan, not just access to health care or affordable health care. It's part of taking care of the nation's people and America proving itself once again as a model for the rest of the world, he said.

"We need to be patriotic for something other than just war," he said.

Edwards also spoke about foreign policy issues, including beginning the process of removing troops from Iraq.

"There is so much we need to do, starting with America's moral leadership in the world," he said.

"That morality begins with Iraq, and it would be an enormous mistake to begin with the McCain doctrine," he said of Arizona Republican Sen. John McCain's proposal to put more troops in Iraq. "It needs to be made clear that our troops are not going to stay in Iraq, and the best way to make that clear is to actually start leaving."

Edwards repeatedly pointed out that he voted for the occupation of Iraq in 2003, but he said he did so because of information received while he was a member of the Senate Intelligence Committee. He maintains that he has spoken out against it since.

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"I'm not responsible for the condition of this war. That's Bush, Cheney and Rumsfeld," he said referring to the president, the vice president, and the former secretary of defense.

He also focused on the dangers of global warming and America's energy crisis and addiction to oil. Each issue had one unifying factor, he pointed out. Every American could take part in making the country better not just by supporting him, but by taking action of their own.

"I don't want us to stand by and wait for the next election and the next president to solve these problems — although we have some hopes for that — but we want to start taking responsibility now, and doi ng things now," he said.

Taking questions Edwards answered several questions from supporters during the 90-minute town hall meeting, ranging from the federal No Child Left Behind education law to the situation in the Middle East.

The first question concerned his position on immigration. Edwards conceded that while the nation's southern border does need to be secured, law-abiding immigrants who have entered the country illegally should be allowed to stay, after paying a fine and learning to speak English.

Supporter Gary Smith, 56, of Iowa City asked Edwards about the nation's ever-growing deficit and what he would do to fix it. Edwards responded that while it was a concern, eliminating poverty, global warming and other domestic issues took precedence. While not the answer Smith was looking for, he said his support for Edwards didn't waver.

"I was a little disappointed that he didn't have much to say about the Chinese in the context of our national deficit and how we've mortgaged our debt to them," Smith said. "It's not a very sexy issue, but we could find ourselves destroying our economy, and these guys hold most of it."

Smith, who caucused for John Kerry in 2004, calls Edwards an attractive candidate, but said he will see what other campaigns bring. Regardless, he didn't think Edwards announcement was too early.

About unions Pat and Theresa Navin of Winterset, both labor union supporters, agreed with much of what Edwards had to say, but most of all agreed with his several mentions of expanding unions. The Navins believe it's important for more than just the workers themselves.

"I think he was great before, and he'll be great again," Theresa Navin said. "Anyone who is pro-union, pro-worker and pro-family has my support. Strong unions equate with a strong middle class. Everyone just wants a livable wage. The middle class is supporting the entire country, and we're tired of it."

Edwards Announces Run For Presidency (BOS)

By Susan Milligan, Globe Staff

The Boston Globe, December 29, 2006

Pressure is on Kerry to decide

WASHINGTON -- Former senator John Edwards formally announced his candidacy for president yesterday, further crowding an early Democratic field for the nomination and putting added pressure on his former running mate, Massachusetts Senator John Kerry, to decide whether he will make a second bid for president.

Speaking in New Orleans to showcase the problems still facing the city ravaged by Hurricane Katrina, a blue jeans-clad Edwards called for greater volunteer participation by the public and new leadership from the government -- starting with an immediate, gradual pull out from Iraq.

"We need to make it clear that we intend to leave Iraq and turn over the responsibility of Iraq to the Iraqi people," said Edwards, 53, a former North Carolina senator. "The best way to make that clear is to actually start leaving," he said, beginning with the removal of 40,000 to 50,000 troops. Edwards rejected the idea of a "surge" of extra troops to stabilize Iraq, a plan under consideration by the Bush administration.

The 2004 Democratic vice presidential nominee repeated his regret over having voted to authorize the war in Iraq in 2002 but said the Bush administration -- including Vice President Dick Cheney and former defense secretary Donald Rumsfeld -- were to blame for the way the Iraq war has played out over the last three and a half years.

"It's important to note, for anybody who voted for the war, that we didn't conduct the war," Edwards said. "Bush, Cheney, those people -- Rumsfeld, they conducted the war. And they have been an absolute disaster in the conducting of the war."

Edwards' entry into the race as the third candidate for the Democratic nomination puts pressure on Kerry to make his decision, since the two former colleagues and running mates will be competing for a finite pool of money and support, analysts said. Former Iowa Governor Tom Vilsack and Ohio Representative Dennis Kucinich have already announced their candidacies for the Democratic nomination, and observers believe early front-runners Senator Hillary Rodham Clinton of New York and Senator Barack Obama of Illinois may not be far behind. New Mexico Governor Bill Richardson and Democratic Senators Christopher Dodd of Connecticut and Joseph Biden of Delaware have also broadcast their interest in the race.

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"It's one more indication that if Kerry's going to get in, he needs to get in fairly quickly," said Merle Black , a political science professor and campaign specialist at Emory University in Atlanta. "He's going to have trouble raising money and getting staff."

Kerry spokesman David Wade said the senator would announce his intentions after New Year's Day but felt no need to rush his decision.

"Senator Kerry, having run before, has a national network of donors, supporters, and operatives, which have hung together these last two years . . . [He] is certainly in a position to wait until January to make a decision," Wade said, quickly adding that the announcement would not necessarily come in January.

"His decision will have absolutely nothing to do with other candidates." Wade said.

Kerry has campaigned assiduously for key Democrats in state and local races since he lost the presidency in 2004 and has given out and raised $14 million for Democratic contenders across the country, seeking to build loyalties that could be critical in a crowded Democratic primary. But Kerry is still haunted by his loss in 2004, a race many Democrats feel was his to lose.

"Kerry would be upstaged by Edwards now, I think. There's no discernible support for a second Kerry effort," Black said.

Edwards is doing well in early polls in Iowa, but Kerry supporters say the Massachusetts senator has a natural regional advantage in the first-primary state of New Hampshire, which Kerry won in 2004. Either man could position himself to be the candidate-in-waiting, should Democratic voters decide that Clinton is unelectable and Obama too inexperienced for the job, said Lee Miringoff, director of the Marist Institute for Public Opinion in Poughkeepsie, N.Y.

"The difficulty Kerry has is that people now have other places to go, and they're going there," said Peter Fenn , a Democratic consultant. But Kerry, more than any other candidate, can afford to wait longer to announce because of his 2004 experience, Fenn said.

The 2008 race has attracted numerous presidential hopefuls but is already narrowing; some candidates have pulled out of the race even earlier than candidates used to announce their intentions to run in earlier presidential contests.

Former president Bill Clinton did not start campaigning in earnest in New Hampshire until late 1991, just a few months ahead of the 1992 primary, but would-be 2008 contenders have already started visiting the Granite State and assessing support.

Senator Clinton, the former president's wife, is expected in New Hampshire in February, a state party official said.

"I think that folks who are serious about this will probably want a year before the primary to build their organizations and to be working hard in New Hampshire," said Paul Hodes , a Democrat who will officially become one of his state's two congressmen when he takes the oath of office next week.

"They are honing their messages and figuring out what is or is not resonating."

Senator Evan Bayh , an Indiana Democrat who recently withdrew from the 2008 race, was approached about running for president soon after Kerry lost in 2004, Bayh's former spokesman, Dan Pfeiffer said.

In earlier election cycles, Bayh might have waited to gauge support for a presidential run, but this year, he had to start early because of the immense pressure to raise campaign cash, Pfeiffer said.

"You have to start raising money, hiring staff, and courting activists almost two years ahead of the first primary," Pfeiffer said.

"They're forced to get in [the race] before they can make any rational analysis" of whether they can win, he said.

The Populist Persuasion (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, December 29, 2006

There were 11 presidential elections in Latin America in the past 13 months and left-of-center candidates captured the vast majority. Yet while extremists like Venezuela's President Hugo Chávez and Bolivia's Evo Morales got most of the headline ink, it is not true that the region is undergoing a democratically led shift to the hard left.

On the contrary, in those countries where democratic institutions held steady, this year's presidential winners were overwhelmingly either moderates from the center-left or the center-right. Gains by hard-left reactionaries occurred only where institutions had collapsed.

The survival of competitive democracy under a rule of law in most of the region is the good news at the start of 2007. The bad news is that old-fashioned Latin populism -- what John Edwards is hawking to the U.S. electorate for 2008 -- is as chic in the region today as it was 25 years ago, and its persistence is seriously threatening Latin progress.

As we embark on 2007, chavismo is widely considered the mother of all worrying trends in Latin America, and it should be. The Venezuelan weapons buildup has terrifying implications. Yet those who value democracy and freedom would be well advised to pay at least as much attention to the intransigence of populism -- a more insidious but equally dangerous source of poverty and instability -- in the rest of Latin political culture.

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To make a proper analysis of the political scene at the start of 2007, let's first dispel the myth that Latin Americans rushed to embrace Marxist revolution at the polls in 2006. There were hard-left "victories" in Venezuela and Bolivia but neither of those elections qualify as democratic. The Venezuelan contest was riddled with irregularities, including an unaudited voter registry, a Chávez-controlled judiciary and electoral council, and the incumbent's unlimited use of state oil revenues in the campaign. It is impossible to divine voter preferences in that race.

In Bolivia, Mr. Morales was chosen at the polls but only after he led, from the streets, a violent overthrow of two constitutional governments and showed that he was willing to paralyze the nation with more violence if he didn't get power. Many working Bolivians said that they voted for him because they saw it as the only way to end the chaos. Mr. Morales was also strengthened by his defense of coca growers who see the U.S. war on drugs as an assault on their family income.

What more than doubled the number of "leftist" victories in the region in 2006 were the electoral outcomes in Brazil, Chile, Peru and Costa Rica. Yet none of the winners in these races can be lumped together with the megalomaniacal Mr. Chávez -- who now says he wants to do away with profits and adopt a barter economy. Brazil's Luiz Inácio "Lula" da Silva, Chile's Michelle Bachelet, Peru's Alan García and Costa Rica's Oscar Arias are all social democrats who recognize their constitutional limits and have taken a pragmatic approach to the political economy, acknowledging the importance of global capital flows, international trade and macroeconomic stability. Even Nicaragua's Sandinista President-elect Daniel Ortega claims that he has had an epiphany on macroeconomic matters.

Perhaps we ought to be grateful for so much enlightenment among Latin leftists who once swore allegiance to wacky socialist economics. Yet it's still not time to celebrate. Class warfare, utopian egalitarianism, and public monopolies remain the staples of the Latin left's political diet. And even reformers like Colombia's Álvaro Uribe and Mexico's Felipe Calderón appear ill-equipped to make a clean break from state paternalism. Among the more troublesome signs of this retrograde thinking is Ms. Bachelet's pledge to expand the Chilean welfare state à la Europe, just at the time when Europe is frantically trying to figure out how to dismantle the same.

The politics of public choice explains part of this backwardness. Special interests will fight to the death to preserve their privileges and the attack on "neo-liberalism" is at bottom little more than a reaction from the biggest special interest of all -- the state -- to threats to its power.

But there is another reason too, I think, that Latin America cannot seem to get out of the spin cycle of populism. And that is the intellectual impoverishment the region suffered in the second half of the 20th century, when the state got control of academia and liberal debate about what constitutes a free society was silenced. The observation of Venezuelan-born journalist Carlos Ball in this column on Jan. 5, 2001 -- that after 40 years of far-left control of "the schools, universities and arts" in Venezuela "the general public [had] fallen under a well-organized system of leftist indoctrination" -- applies to the vast majority of Latin nations.

Manuel Ayau, a founder of the academically prestigious, and private, Francisco Marroquín University in Guatemala City, recognized this threat in the late 1950s at the state-run San Carlos University. That school, he says, was based on "populist norms" and "was leading our society to radicalization and intolerance." He started Marroquín based on the conviction that "universities need to place themselves beyond the conflicts of their time so that science and academic freedom -- which humankind will need at all times -- may be preserved." This, of course, could not occur once Latin America's universities became political tools.

The most famous counter-punch to this demise of intellectual rigor was the exchange program between the University of Chicago and Catholic University in Chile, which began in the 1950s under the guidance of Theodore Schultz. That effort produced the intellectual heft Chile needed to implement liberal economic reform in the 1970s and 1980s.

Defeating chavismo is as much about refuting an ideology that rejects individual liberty as it is about containing a military threat. This requires a challenge to the populist paradigm that now pervades Latin political thought. It is an achievable goal but one that, as Mr. Ayau can attest after years of hard work, won't come easy. Until we get such an intellectual breakthrough, expect persistent instability and lots of Latin emigrants, with or without Mr. Chávez.

Obama Joins '08 Hopefuls In Call Against Troop Surge (WT)

By Christina Bellantoni

The Washington Times, December 29, 2006

Sen. Barack Obama yesterday joined a chorus of potential Democratic presidential candidates criticizing U.S. policy in Iraq, telling supporters he opposes sending more troops and urging them to send letters to persuade President Bush to change the course of the war.

Democrats considering White House bids have spent the past several weeks outlining, clarifying and strengthening their positions on Iraq as Mr. Bush weighs his options.

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The president, who met yesterday with key advisers, plans to announce a new strategy for the war early next month. He is thought to favor sending 20,000 to 40,000 additional troops to Baghdad, an idea several Democratic White House prospects have criticized.

In an e-mail titled "Escalation is not the answer," Mr. Obama yesterday asked voters to tell Mr. Bush "our soldiers are not numbers to add just because someone couldn't think of a better idea."

The Illinois Democrat's message includes a link to the White House's "contact" page.

"They are our sons and daughters, our brothers and sisters, our neighbors and friends who are willing to wave goodbye to everything they've ever known just for the chance to serve their country," Mr. Obama said of the troops. "Our men and women in uniform are doing a terrific job under extremely difficult conditions. But our government has failed them so many times over the last few years, and we simply cannot afford to do it again. We must not multiply the mistakes of yesterday, we must end them today."

He repeated his call to begin a phased troop withdrawal and send a signal "that ours is not an open-ended commitment."

It is a message more hopefuls and potential candidates are echoing as the 2008 election nears.

"Iraq is a question that dominates the political focus of both parties," said Rep. Duncan Hunter of California, who will seek the Republican presidential nomination.

Mr. Obama, who used the term "quagmire" to describe Iraq, reminds supporters that he has spoken against the war since 2002.

It's a subtle dig at likely Democratic candidate Sen. Hillary Rodham Clinton and former Sen. John Edwards of North Carolina, who each voted for the war but now oppose it.

Mr. Edwards, the 2004 vice presidential nominee, announced yesterday that he is making another bid for the presidency.

Last year, Mr. Edwards said in an editorial that voting for the war in October 2002 was a mistake. He wants to withdraw 40,000 troops immediately.

"What we need to do is make it clear that we're not going to stay there forever as an occupying force," he said on CNN's "American Morning."

Mrs. Clinton said last week on NBC's "Today" show that she cannot support increasing troop levels unless it is part of a larger plan to end the violence in Iraq.

But the idea of a surge in troops has at least one prominent supporter -- likely Republican presidential contender Sen. John McCain of Arizona.

Mr. McCain's call for more troops prompted Iowa Gov. Tom Vilsack, an announced 2008 Democratic candidate, to start his own letter-writing petition.

"Your suggestion to deploy additional American servicemen and women to Iraq would make a big mistake even bigger," Mr. Vilsack wrote in a letter to Mr. McCain that he has asked supporters to sign.

Democratic Rep. Dennis J. Kucinich of Ohio, also seeking the nomination as an anti-war candidate, has proposed completely cutting off funds for the war as a way to end it.

"We should not be thinking about spending more money and sending more troops," he says on his Web site.

Other Democratic presidential hopefuls opposing a surge are incoming Foreign Relations Committee Chairman Sen. Joseph R. Biden Jr. of Delaware and Sen. Christopher J. Dodd of Connecticut.

Mr. Hunter, the outgoing chairman of the House Armed Services Committee, said yesterday that he recommended that Mr. Bush hold off on a troop surge and instead send equipped and trained Iraqi battalions into Baghdad.

"Nothing matures a military force quicker than actual combat operations," he said, adding that those Iraqi troops could use the experience, and are "a truck ride away from battle."

"If you push the insurgency back in Baghdad with an American force that is temporary, you achieve only a temporary stability," he said.

Franks Backs A McCain Rival For White House (AR)

By Billy House

Arizona Republic, December 29, 2006

WASHINGTON - One of Arizona's most conservative U.S. House members is endorsing a California congressman over Sen. John McCain for the 2008 GOP presidential nomination, saying it is "what's right for America."

"I think the senator knows there's nothing personal on my part," Rep. Trent Franks said of his support of Rep. Duncan Hunter. Hunter, outgoing chairman of the House Armed Services Committee, begins his 14th term next month as a congressman from the San Diego area.

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Franks said he already has stumped alongside Hunter, who advocates in favor of strong military and for border security. Hunter announced the formation of his presidential exploratory committee in October.

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Craig Goldman, a spokesman for McCain's presidential exploratory committee, had no comment on Franks' endorsement.

Franks said he knows that his early backing of the lesser-known Hunter will raise eyebrows, given that his own state's senior senator is considering a run for the White House.

But without criticizing McCain directly, Franks described Hunter as a candidate who "is an unequivocal social conservative and fiscal conservative and has a consistent conservative voting record."

"He is one of the true Reagan Revolutionaries in Congress," Franks said.

McCain is considered a leading candidate for the 2008 GOP nomination. His contrary positions on issues important to conservatives, including campaign finance, the environment, judicial nominees and gun control, have led to strained relations with some in the party. But for more than a year, McCain has been saddling up more often with President Bush and reaching out to the hard-core Republican base and Religious Right.

Hunter was one of a few House members to endorse McCain in the 2000 GOP presidential primaries, although he voiced objection to McCain's attack on evangelical leaders. Franks was not a member of Congress then.

Sen. Jon Kyl and Rep. Jeff Flake, two of Arizona's four other Republicans in the new Congress that begins next week, said Thursday that they are backing McCain. Reps. John Shadegg and Rick Renzi could not be reached.

"I will play whatever role he asks me to play," Kyl said of McCain.

"It's a poor secret that I will be endorsing him," Flake said. As for Franks' endorsement of Hunter, Flake said "that's certainly his choice; McCain is not going to have a heavy hand here."

Franks' decision to endorse Hunter over his fellow Arizonan is not much of a blow to McCain, one analyst said.

"Trent Franks seems to be acting on principle because he's certainly not going with the easy winner," said David Mark, politics editor at a new Capitol Hill newspaper and Web site that will launch next month. "Most people haven't heard of Duncan Hunter, nor have they heard of Trent Franks, with all due respect."

Franks described Hunter as "a bold, Valley Forge, Ronald Reagan Republican who holds the temperament and philosophical foundations to lead this country to its greatest heights yet."

He noted that Hunter, a Vietnam War veteran and recipient of the Bronze Star, also is "an expert in national defense and matters surrounding the war on terror, as much as anyone in Congress." As Armed Services chairman, Hunter has had a big say on military issues. But he loses that post when Democrats take control of the House.

Franks, who is entering his third term in Congress, has worked with Hunter as a member of that committee.

McCain, himself a decorated Vietnam veteran, will be the ranking Republican on the Senate's Armed Services Committee in the new Congress and is viewed as an expert on defense issues.

Franks noted that Hunter played a leading role in legislation calling for a fence, which is nearing construction, along the U.S.-Mexican border near San Diego, and co-authored legislation to extend that fence as much as 700 miles, including into Arizona.

McCain voted in favor of the fence.

When Hunter announced the formation of his exploratory committee in San Diego, Franks was the only member of Congress to appear at the event.

"Looking at the makeup of the (GOP presidential) field right now, I see an awful lot of room on the conservative side of the ledger," Franks said.

"When people understand who Duncan Hunter is, he will go from long shot to someone people will be paying a whole lot of attention to."

And if that doesn't happen?

"If Senator McCain gains the momentum, I will adopt him," Franks said. "In the meantime, I'm endorsing Duncan Hunter."

A Failed Revolution (NYT)

By Paul Krugman

The New York Times, December 29, 2006

After first attempting to deny the scale of last month's defeat, the apologists have settled on a story line that sounds just like Marxist explanations for the failure of the Soviet Union. What happened, you see, was that the noble ideals of the Republican revolution of 1994 were undermined by Washington's corrupting ways. And the recent defeat was a good thing, because it will force a return to the true conservative path.

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But the truth is that the movement that took power in 1994 — a movement that had little to do with true conservatism — was always based on a lie.

The lie is right there in "The Freedom Revolution," the book that Dick Armey, who had just become the House majority leader, published in 1995. He declares that most government programs don't do anything "to help American families with the needs of everyday life," and that "very few American families would notice their disappearance." He goes on to assert that "there is no reason we cannot, by the time our children come of age, reduce the federal government by half as a percentage of gross domestic product."

Right. Somehow, I think more than a few families would notice the disappearance of Social Security, Medicare and Medicaid — and those three programs alone account for a majority of nondefense, noninterest spending. The truth is that the government delivers services and security that people want. Yes, there's some waste — just as there is in any large organization. But there are no big programs that are easy to cut.

As long as people like Mr. Armey, Newt Gingrich and Tom DeLay were out of power, they could run on promises to eliminate vast government waste that existed only in the public's imagination — all those welfare queens driving Cadillacs. But once in power, they couldn't deliver.

That's why government by the radical right has been an utter failure even on its own terms: the government hasn't shrunk. Federal outlays other than interest payments and defense spending are a higher percentage of G.D.P. today than they were when Mr. Armey wrote his book: 14.8 percent in fiscal 2006, compared with 13.8 percent in fiscal 1995.

Unable to make good on its promises, the G.O.P., like other failed revolutionary movements, tried to maintain its grip by exploiting its position of power. Friends were rewarded with patronage: Jack Abramoff began building his web of corruption almost as soon as Republicans took control. Adversaries were harassed with smear campaigns and witch hunts: Congress spent six years and many millions of dollars investigating a failed land deal, and Bill Clinton was impeached over a consensual affair.

But it wasn't enough. Without 9/11, the Republican revolution would probably have petered out quietly, with the loss of Congress in 2002 and the White House in 2004. Instead, the atrocity created a window of opportunity: four extra years gained by drowning out unfavorable news with terror alerts, starting a gratuitous war, and accusing Democrats of being weak on national security.

Yet the Bush administration failed to convert this electoral success into progress on a right-wing domestic agenda. The collapse of the push to privatize Social Security recapitulated the failure of the Republican revolution as a whole. Once the administration was forced to get specific about the details, it became obvious that private accounts couldn't produce something for nothing, and the public's support vanished.

In the end, Republicans didn't shrink the government. But they did degrade it. Baghdad and New Orleans are the arrival destinations of a movement based on deep contempt for governance.

Is that the end for the radical right? Probably not. As a long-suffering civil servant once told me, bad policy ideas are like cockroaches: you can flush them down the toilet, but they keep coming back. Many of the ideas that failed in the Bush years had previously failed in the Reagan years. So there's no reason to assume they're gone for good.

Indeed, it appears that loss of power and the ensuing lack of accountability is liberating right-wingers to lie yet again: since last month's election, I've noticed a number of Social Security privatizers propounding the same free-lunch falsehoods that the Bush administration had to abandon in the face of demands that it present an actual plan.

Still, the Republican revolution of 1994 is over. And not a moment too soon.

Latinos: Can You Hear Us Now? (USAT)

By Raul Reyes

USA Today, December 29, 2006

In my East Los Angeles high school, dividing lines among student groups were common, even among Latinos. Gang members were known as Lowriders, Spanish-speaking kids were called Beaners, and assimilated Hispanics like me were derisively referred to as Coconuts — brown on the outside, white on the inside.

The only thing we had in common was that we all looked down on another group: our immigrant classmates who occupied the bottom rung of the social ladder and were practically invisible.

How times have changed: 2006 was the "Year of the Immigrant," driven by a fierce national debate over what the country should do about 12 million undocumented immigrants. The subsequent restrictive policy proposals were not surprising. But the massive pro-immigrant marches were astonishing, and invigorating.

As the grandson of an illegal alien, I was proud to see so many aspiring Americans coming out of the shadows and participating in democracy. The debate motivated Hispanics to flex their political muscle. This summer, the Pew Center found that 75% of Latinos believed their ethnic group would be more likely to vote in the fall elections, and two-thirds thought the

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protests could lead to a new social movement. But a majority also reported seeing a rise in discrimination. Maybe the nascent immigrant rights movement came on too strong. Was it the Mexican flags at rallies? Or the Spanish version of The Star-Spangled Banner?

Of course, not all Hispanics support the rights of undocumented workers. Like other Americans, we're split on the issue. But by fall, the intolerant tone of conservatives only served to remind us of our own roots. So did passage of several restrictive local laws aimed at illegal aliens, as well as congressional approval of a 700-mile fence along the U.S.-Mexico border.

So in the congressional elections, Latinos deserted the party of The Fence. According to national exit polls, 69% of Hispanics voted Democratic, while 29% went Republican. This was a significant shift for Latinos, who in 2004 gave President Bush 44% of their votes. Democrats now have the challenge of retaining a Hispanic constituency that is increasingly complicated. No doubt, the immigration issue will not fade. But for me, hope arrived Oct. 17 at 7:46 a.m. in New York, where Emanuel Plata was born. Heralded as the 300 millionth American, he's a perfect symbol of his time: born to Mexican immigrants, in Queens, the nation's most diverse county, with lingering questions about his milestone status. But Emanuel will come of age in a society where Hispanics have more influence and visibility than ever. That's because in 2006, Latinos emerged in force and made sure their voices were heard.

Raul Reyes is an attorney in New York and a member of USA TODAY's board of contributors.

Walking A Tightrope Into 2007 (WP)

By David Ignatius

The Washington Post, December 29, 2006

As the new year approaches, I think of three people who symbolize for me some of the difficulties of the year we have just lived through and also the promise and potential of the one ahead. Each of them reminds me that we are walking into the future balanced on a tightrope.

The first is Mohammad Baqer Qalibaf, the mayor of Tehran. As an official of the Islamic Republic of Iran, he is part of a regime that posed the biggest strategic challenge to the United States in 2006. But he also embodies Iran's potential to become a great nation -- and perhaps to escape the apocalyptic confrontation with the West that is proclaimed by his political rival, President Mahmoud Ahmadinejad.

For all of Ahmadinejad's headline-grabbing fulminations this year, it was Qalibaf who was the big political winner. His slate won a majority in the City Council election in Tehran this month, while Ahmadinejad's faction managed to win just two of 15 seats. The hotheaded president also fared poorly in elections around the country, as Iranians looked past his defiant rhetoric and focused on his poor performance in managing the economy.

Qalibaf's program has been about delivering services rather than tirades. A former general in the Revolutionary Guards air force, he made his name cleaning up Iran's national police. He angered reformers by advocating a crackdown on student demonstrators in 1999. But now, as mayor of Tehran, he has concentrated on filling potholes, collecting the garbage, and building new parks and recreation areas in the poorest areas of South Tehran.

The second person I think of as the year turns is Sallai Meridor, the new Israeli ambassador to Washington. We had several long talks over the past month, and these discussions helped me understand the forces that animate and haunt Israel. The first is the living reality of the Holocaust. Meridor somberly named for me the members of his own family who perished in the camps. "I feel like we are in the 1930s again," he said, speaking about the threats by Ahmadinejad and other Iranian leaders to destroy Israel. If the world allows such a nation to acquire nuclear weapons, he says, "We will have betrayed our children."

Israel is a dialectic of fear and hope, and Meridor's hopeful side surfaces when he discusses the Palestinian issue. He told me several weeks ago that Prime Minister Ehud Olmert was determined to resume negotiations to create a Palestinian state -- and now, at year-end, the frozen wheels of the peace process are indeed turning again. Israel will have to stop expanding settlements on the West Bank if it is serious this time. But listening to Meridor, who is 51, I sense that for his generation of Israelis, there is a dawning recognition that a Palestinian state living in peace with Israel is crucial for its future as a democratic Jewish state.

As I think about the promise of the year ahead, I will remember Meridor's description of running ecstatically through the streets of Jerusalem in 1977 to welcome Egyptian President Anwar Sadat.

My final man on the tightrope is Michael Chertoff, the secretary of homeland security. He embodies a new year's reality we know in our gut but rarely speak out loud: The terrorists who struck America on Sept. 11, 2001, will hit us again -- perhaps with even more destructive power. It's Chertoff's terrible responsibility to prepare for that nightmare while the rest of us go about our business.

I visited with Chertoff several times this year, and each time I thought to myself: Thank God I don't have his job. He spends his days sifting different scenarios of mass destruction: We are inspecting more cargo vessels, but what about private yachts?

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We scrutinize people boarding commercial flights, but what about private planes? The temptation is to focus on the threats that are easiest to protect against -- thus the overkill in airport security -- but Chertoff knows that's wrong. And he admits he can't do everything. "Risk management doesn't mean risk elimination," he told me in one of our talks.

As Chertoff thinks about the new year, he wants to stay focused on the biggest risks out over the horizon -- the nuclear or biological attacks that could kill hundreds of thousands of Americans. I admire Chertoff's dedication, but I have a nagging worry that his collection of bureaucratic agencies isn't up to the job of keeping America safe.

Will Iran find a stable place in the world? Will Israel and the Palestinians finally get it right? Will a battered America make wise decisions about its national security? People living on a tightrope probably shouldn't be drinking champagne, but what the heck? Here's to a peaceful and prosperous 2007.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Schwarzenegger 'Feeling Great' After Surgery (LAT/AP)

The Los Angeles Times, December 29, 2006

The Terminator is looking all too human these days.

The shattered leg that Gov. Arnold Schwarzenegger suffered in a fall on an icy ski slope was the latest in a list of injuries and ailments to befall the actor-bodybuilder-politician.

The seven-time Mr. Olympia whose broad shoulders and tree-trunk legs earned him the moniker "the Austrian Oak" has a medical chart you might find at a senior citizens' home.

Schwarzenegger, who turns 60 in July, has had a hip and a heart valve replaced. He had rotator cuff surgery in 2003. A rapid heartbeat sent him to a hospital last year. One motorcycle crash in 2001 left him with several broken ribs, and another last January resulted in 15 stitches in his lip.

Now he is on crutches while the right thigh bone he broke while skiing with his family over the holidays in Sun Valley, Idaho, heals. Doctors used screws and wires to repair his leg Tuesday, and he is expected to be released from the hospital by week's end.

Despite Schwarzenegger's travails, his doctor says he is in great shape for a man his age, though few details about the governor's condition are ever released. Schwarzenegger's office says such information is private.

The governor "is in excellent physical condition and his health is very good. He has fantastic muscle tone, excellent bone health and is in great cardiovascular shape. The governor's health is in the top 5 percent of people his age," said Dr. Kevin Ehrhart, his orthopedic surgeon.

His office Thursday released two photographs of the governor in his hospital bed, surrounded by monitors. He was dressed in hospital garb with a sheet covering his legs, and he appeared to be signing or editing documents. An intravenous tube was protruding from his right hand, and a laptop computer was perched at his bedside.

"I woke up feeling great," he said in a statement. He said he was looking forward to his inauguration next month "even if it means I have to walk into my swearing-in ceremony on crutches."

Schwarzenegger has carefully cultivated an image of vitality and strength, and his best-known Hollywood roles were built around his rippling biceps and deltoids.

In a tailored suit and a pair of his finely tooled cowboy boots, Schwarzenegger still looks younger than his 59 years. His cordovan hair appears impervious to gray, and his skin is remarkably smooth and unblemished for a man his age.

But he is not in the championship form of his youth. Photos surface occasionally showing a mushy midriff and arms that only faintly resemble the 22-inch biceps of his prime.

Schwarzenegger has acknowledged using steroids in his bodybuilding days, before they became illegal without a prescription in 1991. But he has never provided details about his usage, and it is unknown whether the drugs -- which can cause heart problems -- have had anything to do with any of his health problems.

Charles Yesalis, professor emeritus of health and human development at Penn State University and an expert on performance-enhancing drugs, said for someone who is athletic and not overweight, Schwarzenegger "appears to have a lot of health problems."

But "a lot of very healthy people who exercise a lot and look robust have bad health problems. It's hard to tie it together in any meaningful way," Yesalis said.

In addition to the physical toll exacted by professional bodybuilding, Schwarzenegger suffered his share of bangs and bruises in movie stunts.

At a 2005 appearance in front of medical workers in Burbank, Schwarzenegger credited nurses with making his hospital stays more tolerable.

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"I was in the hospital three times in a row these last 10 years -- for open heart surgery, with a hip replacement and with shoulder surgery," the governor said at the time.

"This is what happens when you are the Terminator," he added. "They switch body parts."

State Lawmakers Take The Lead On Minimum Wage, ID Theft (CSM)

By Daniel B. Wood

The Christian Science Monitor, December 29, 2006

LOS ANGELES

Beginning Jan. 1, Illinoisans will be able to request a live phone operator when they call a state agency. Michiganders will be able to surf the Web to discover where illegal meth labs are located. And New Hampshirites will be allowed to use a leashed dog to track wounded deer, moose, or bear.

While the 109th Congress has been dubbed "the biggest do-nothing Congress" since 1948, state legislatures have had one of their most productive years in decades, experts say.

Besides providing creative solutions to mundane problems like frustration over automated phone attendants, the laws that go into effect next Monday in 32 states reveal several trends: Five states will increase their minimum wages, nine states will implement more stringent policies on citizens' privacy to curb problems associated with identity theft, and five states will mandate new recreation regulations.

"The biggest observation going into what makes up next year's new laws is the sheer diversity of issues that these legislatures are dealing with - from criminal justice to minimum wages to election reform to human services," says Bill Wyatt, who authored the National Conference of State Legislatures' survey of new state laws.

He says there is no apparent partisan bent in the new laws.

"My experience in watching state legislators over the years is that once they get into the Capitol building, they take off their partisan hats and roll up their sleeves to solve problems of constituents," says Mr. Wyatt. "This year's legislators have been called upon to become experts in a very wide set of complicated issues in a short time."

The new laws, in part, are born out of necessity for states to move forward where the federal government has stalled.

"The states have been much more productive than Congress in tackling the laundry list of items of the stuff that is concerning them most right now," says Larry Sabato, a political scientist at the University of Virginia. "If you go down the list, you can see what Americans are pressuring their state legislators to deal with that Congress won't or hasn't." Minimum wage hikes

Some laws such as the minimum wage increases in North Carolina, Hawaii, Rhode Island, Massachusetts, and Connecticut reflect the same political shift that led to the Democrats taking over the US House and Senate in November, many experts say.

"Raising the minimum wage is an issue that has worked for Democrats ... and the big tax revolt of recent years appears to be waning," says Steven Schier, a political scientist at Carleton College in Northfield, Minn. "That sort of tells you the issue agenda has changed with more voters going for Democrats than Republicans."

This year, states have also been tackling several "hardy perennial issues" such as healthcare, according to Dr. Schier, Dr. Sabato, and other analysts. Healthcare plans

Come next week, health plans in Rhode Island will be required to cover programs that help people stop smoking. And licensed care facilities in the state must designate a 'safe patient handling committee' and develop written plans to prevent injuries to patients and to healthcare workers responsible for moving patients.

Health insurers in Michigan will be permitted to offer premium rebates or reductions in payments in exchange for participation by the insured in wellness programs that their employers provide. Water recreation activities

Meanwhile, water recreation activities will be subject to additional regulations in North Carolina, Oklahoma, Maine, New Hampshire, and New Mexico as concern grows about accidents and noise generated from watercraft, such as jet skis.

"Many towns have gone to the state legislature with their concerns, and have asked for action," says Andrea Erskine of the Maine Department of Inland Fisheries and Wildlife.

In Maine, new watercraft regulations will require 16- and 17-year-olds to complete a boating safety education course to operate motorboats or sailboats.

"As more and more people convert their camps on lakes into year-round housing, development on the water is forcing the issue more and more. Legislators see this as a way to talk about the rules of navigation because right now anyone can hop into a boat with no license," Ms. Erskine adds. Governmental ethics

Some states also are moving to restore ethics in government - sparked, in part, by several Congressional scandals, according to analysts.

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North Carolina, for instance, is instituting tougher reporting and disclosure requirements for lobbyists, a direct response to the Jack Abramoff scandal in Washington. Lobbyists will be required to disclose each month, while the legislature is in session, the amount of money they are spending to lobby lawmakers. Legislators, in turn, will be able to opt-in to a "no gift registry" to let lobbyists and clients know they do not wish to receive gifts or free meals.

Generally, the new state laws "do reflect the public's uneasy mood toward government institutions," says Kareem Crayton, a political scientist at the University of Southern California. "The states seem to be responding to the national sentiment that appears to run in favor of reform."

· Michigan residents will be able to surf the Web to discover the locations of illegal methamphetamine labs.

· Anyone arrested in New Mexico for a felony will be required to provide a DNA sample to law enforcement. The state is creating a DNA identification system to aid in solving crimes, tracking sex offenders, and identifying missing persons.

· Health plans in Rhode Island will be required to cover plans that help people stop smoking.

· Colorado employers will have 20 days to verify the legal work status of a new employee. Employers who don't maintain the documentation could receive fines of up to $5,000 for the first offense and $25,000 for additional offenses.

· Maryland employers will not be permitted to print employees' social security numbers on their paychecks or any part of their pay stubs.

Source: National Conference of State Legislatures

Hundreds Of Laws Kick In Monday (USAT)

By Dennis Cauchon

USA Today, December 29, 2006

In California, driving with people in the trunk will be illegal. In Alabama, landlords will have to provide livable conditions for tenants.

In Illinois, state agencies will have to provide people to answer phones, not just automated messages.

These are among the hundreds of laws that will take effect Monday. Each New Year's Day, a flurry of legal experiments begin that shape Americans' lives in ways big and small.

The U.S. government spends twice as much money as state and local governments combined, but state government has the greatest effect on Americans' everyday routines — how they drive, how they get married and divorced, how they hunt and fish, and how they buy cigarettes and beer.

This year, new laws include minimum wage hikes, tighter protections on personal privacy and expanded health care rights for consumers. The minimum wage will rise Monday in eight states: to $6.15 an hour in North Carolina, to $7.65 in Connecticut and to somewhere in between in Delaware, Hawaii, Ohio, Pennsylvania and Rhode Island. Raising the federal minimum wage — $5.15 an hour — is a priority of Democrats, who will take control of Congress in January.

More than a dozen states will move to protect personal privacy. Arkansas will make it illegal to publicly show someone's Social Security number. Maryland will order Social Security numbers removed from paychecks.

Eight states will let victims of identity theft freeze their credit reports, so the information can't be released in ways that would hurt their reputation or let crooks get more credit.

States also will address complex moral issues, such as how people die.

Idaho, for example, will become the 10th state to create a central registry for medical directives and living wills that control end-of-life care.

In Minnesota, Case Study For Political Shake-Up (NYT)

By Kirk Johnson

The New York Times, December 29, 2006

ST. PAUL — Somehow over the years it became embedded in the culture of the Minnesota Legislature that the party in control of the House of Representatives was entitled to the fourth- and fifth-floor offices across the street from the Capitol.

The minority party, on the other hand, was relegated to the second and third floors, which are pretty much identical, legislators say, but for the connotations of history.

Now the upstairs-downstairs shift is on. Democrats, having taken power, are even shopping for the best digs on the upper floors while the current occupants are still inside.

“It’s really a free-for-all,” said State Representative Nora Slawik, a Democrat from the Minneapolis suburbs.

Who ends up where is only the beginning of the tumult under the Capitol dome here as eager new faces and deeply practiced old ones contemplate what Minnesota voters said on Election Day. Money, policy and tactical choices are all in play:

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how best to spend a $2 billion surplus and address what both parties see as a mandate for improving public education, health care and transportation and for making taxes more fair.

Nationally, the Democrats picked up more than 350 seats in state legislatures in November, 25 of them in Minnesota, and gained control of 10 chambers, including the Minnesota House. Two other states shifted either to Republican control or to a tie. The cumulative impact, deeper and broader than any election's since the Republican landslide of 1994, is still unfolding.

Minnesota's capital is in many ways the perfect petri dish for testing what the nation's new political landscape may produce. Once predictably Democratic in national politics, the anchor of Upper Midwest liberal populism from the 1920s through Hubert Humphrey and Walter Mondale, Minnesota is now considered a battleground, with the Republicans scheduled to hold their national convention in 2008 in Minneapolis and St. Paul around that declaration.

A long tradition of social policy innovation in matters like welfare and health care sits alongside newer forces that are less predictable. Minnesota in recent years has elected as governor Jesse Ventura, an independent, and as senators, Paul Wellstone, a Democrat, and Norm Coleman, a Republican. And some political scholars say that much of the nation's next political direction could be forged here as well.

"Nothing is for certain in Minnesota anymore," said Paul C. Light, a professor of political science at New York University, "and that's a lesson for everybody."

But if Minnesota's capital, with all of its local quirks and traditions, shows where the election's wave may lead, it also confounds much of what may be expected.

The Democrats won big here — taking the House for the first time since 1998, expanding their majority in the Senate, winning the secretary of state's and attorney general's offices and nearly defeating Gov. Tim Pawlenty, a Republican.

But they emerged divided, too, owing much of their surge to newly elected moderates from the suburbs who are unlikely to embrace a pure liberal agenda. The Republicans lost big, but were pushed toward the center as well, led by Mr. Pawlenty, who has said since the election that many of his second-term priorities will overlap with those of the Democrats he fiercely battled in his first four years.

And those pincer forces, both pushing toward the political center, will set the stage for everything to come when the Legislature convenes in January, elected officials and political experts here say. In the first Pawlenty term, a $4.5 billion budget shortfall was resolved through deep cuts in spending for health care, education and other programs, capped by a bitter shutdown of the government in 2005 when Mr. Pawlenty and the Legislature could not agree.

The fight of 2007 will revolve around restoring some of the cut programs, and how far to go beyond that in pushing what both parties say is pent-up demand for property tax relief and for spending increases on education, health care and transportation.

One of the first tests could be a Democratic Party plan to extend health care benefits to 70,000 low-income children not covered by the MinnesotaCare program. That alone would cost hundreds of millions of dollars.

And the magnifying glass of national politics hovers at the backdrop of everything.

Mr. Pawlenty, a 46-year-old son of working-class South St. Paul, is frequently mentioned as a possible contender for vice president in 2008. Senator John McCain of Arizona, a likely Republican presidential candidate, has already come to call since the election, offering praise and congratulations.

"The dynamic is one we've never had — not in my lifetime, anyway," said Wyman L. Spano, a former lobbyist, now director of the Center for Advocacy and Political Leadership at the University of Minnesota, Duluth.

"On the one hand, I see Democrats who are very much wanting not to look like classic Democrats, not wanting to raise taxes," Mr. Spano said. "The flip side of the coin is that this governor really wants to get along because he'd like to have a nice high approval rating going into that convention."

Mr. Pawlenty, known for a sharp tongue and a sharper wit (he once quipped to a political opponent that "everybody has the right to be wrong, but you do abuse the privilege"), barely kept his job in November, winning by a margin of about 22,000 votes of 2.2 million cast.

In an interview in his dark-wood-paneled office in the Capitol, its large windows giving a sweeping view of the city, Mr. Pawlenty said the election had to be read as new marching orders for every Republican.

"Republicans love to talk about markets — well, the market just told Republicans something," he said. "The market just told them, 'We're not interested much in your product, and we're choosing to go to your competitor.' We need to hear that message."

One seemingly odd result of Minnesota's political shift, scholars and people in both parties say, is that the new Democratic majority, in keeping to a middle-ground agenda that its moderate members can support, could raise Mr. Pawlenty's profile in the process.

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The incoming speaker of the House, Margaret Anderson Kelliher, a Democrat from Minneapolis, said she had no problem with that. If the governor's interests mesh with the Democratic majority's, for whatever reason, Ms. Kelliher said, it will be a victory for Minnesota.

"He has a real incentive to make his next four years work and gain some national attention," she said. "Making this a state that gets things done will garner him national attention, and us, too."

Ms. Kelliher, who grew up on a dairy farm and can still recite the rhymes about cheese that she learned in 4-H, said her election as speaker reflected Democratic efforts to balance the factions of rural and urban, progressive and moderate in the caucus.

So does the party's legislative plan, she said, called the "stick to the basics agenda," which was put forward by Democrats at the Minnesota State Fair, before the election. Its goals were outlined on homey hand-held signs in the shape of the state, promising to improve public education, increase access to health care and provide property tax relief.

How far the Democrats go with their "basics" agenda will be the real test in the year to come, political scholars say.

"This is not a progressive or liberal majority; the seats they picked up are in moderate or conservative districts," said Lawrence R. Jacobs, a professor of political science and director of the Center for the Study of Politics and Governance at the University of Minnesota.

"The Democratic leadership is very much aware that they've got to be careful, that if they go for what they want in their heart of hearts they may end up with a two-year run."

But there is also still vehement debate here about what the voters were really saying on Election Day.

The departing speaker, Steve Sviggum, a Republican who will begin his 15th two-year term in the House when the session starts Jan. 3, said that in reading the election, Minnesota Republicans would be wrong to abandon their message of fiscal restraint and economic freedom or to see the vote as an endorsement of all things Democratic.

"It was about George W. Bush," Mr. Sviggum said in his office, which was lined with boxes ready for his move downstairs.

Governor Pawlenty seems to go further in his interpretation. The message, he said recently at a news conference in talking about the road ahead, is that people want certain basic things from government, and "other than that," he added, they want government to "get out of my face," an indication that socially conservative debates about abortion or same-sex marriage will not find center stage in his next term.

"I'm a Midwestern governor from a state that prides itself on a certain measure of populism, not to be confused with liberalism, but populism meaning stuff that helps people," Mr. Pawlenty said in an interview. "That's what we've got to stand up for."

But the camaraderie of a Legislature that still prides itself on citizen-lawmaker traditions — and enough old Scandinavian names to require a handy pronunciation list in the legislative guide book — is not to be underestimated in shaping how the new terrain in St. Paul might unfold.

Representative Kathy Tingelstad, a fourth-floor Republican, recently learned, for example, that when she goes downstairs, Ms. Slawik, a friend from across the aisle whose family goes to the same Y.M.C.A. camp each summer with the Tingelstads, will be taking her space. That has made Ms. Tingelstad happy.

"It's nice to know," she said. "Nora will be a good caretaker."

Secret Talks Seek Unity For Feuding Va. GOP (WP)

By Michael D. Shear

The Washington Post, December 29, 2006

RICHMOND, Dec. 28 -- Top Republicans in Virginia, including the state's attorney general and the party's former national chairman, have been holding secret meetings for weeks in the hopes of finding an end to the war among their party's lawmakers and reaching a compromise on funding for transportation, several participants said.

Some of the party's biggest names from outside the General Assembly fear that the rift between leaders in the GOP-led House of Delegates and state Senate will cause Republicans to lose big in elections in November, especially in Northern Virginia, unless something is done to ease congestion.

Attorney General Robert F. McDonnell has brought both sides together for direct talks. U.S. Reps. Thomas M. Davis III and Frank R. Wolf have met with House leaders to urge action. And Ed Gillespie, former chairman of the National Republican Committee, who took the helm of the Virginia GOP this month, is courting both senators and delegates.

"We're just saying you need a deal and it's got to be something substantive. The inability to reach an agreement blows back on everybody," Davis said Thursday. "Instead of pointing fingers, we're trying to get everyone to understand what's at stake."

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The meetings were confirmed by Davis, House Majority Leader H. Morgan Griffith (R-Salem), Senate Finance Chairman John H. Chichester (R-Northumberland) and Sen. Jeannemarie Devolites Davis (R-Fairfax). Several other participants discussed the meetings but said they did not want to be identified because the meetings were private. Others who were briefed about them also discussed the meetings but did not want to be named because they did not attend.

Participants said the talks are an attempt to spur action in next month's Assembly session, which is expected to again be dominated by transportation. This year, deadlock over road and rail funding held up a state budget for months and prompted a special session that ended in failure.

Those involved in the meetings said the refusal to come together to confront the transportation crisis is becoming the kind of issue for Virginia Republicans that the war in Iraq has become for the GOP nationally: one that pushes independents and moderates to the other side of the political aisle.

The chasm between the two wings of the party is based partly on an ideological divide over taxes -- Senate Republicans want them, House Republicans do not. The resulting perception is of Washington-style gridlock that two Democratic governors have used to blame the GOP and that has helped Democrats gain six seats in the House in the past three years.

The rift is also fostered by personal dislike. A GOP senator once called House Republican budget negotiators "dumb as rocks." House GOP leaders often deride their Senate counterparts as arrogant, patronizing and mean.

Sources in both camps expressed some optimism that the talks have helped. But getting both sides to compromise after more than five years at each other's throats is proving difficult. No agreements have been reached, they said.

"It's like marriage counseling, and transportation is the adulterous affair," said one Republican familiar with the meetings but not authorized to talk about them. "If you don't deal with that first, nothing else matters."

McDonnell, his deputy and his pollster met with five top Republicans in the House and Senate on Dec. 5 and on Dec. 15, according to several participants and others briefed on the meetings. If the party war continues, participants said McDonnell's pollster told both sides, Republicans could easily lose their majority.

McDonnell, who is widely believed to be preparing for a 2009 run for governor, would not confirm Thursday that any meetings took place. But he said he is determined to help his party retain control of the legislature.

"The Republican Party worked for 130 years to take a majority. In the last six, as we have assumed the mantle of governing Virginia, there has been a lot of very public and acerbic disagreements," he said. "I want to make sure our party stays in power and wins in 2007. The way to do that is to have a very productive 2007 session on the key issues that Virginians care about."

Davis participated in McDonnell's Dec. 5 meeting by telephone. Wolf and Davis have met privately with House Speaker William J. Howell (R-Stafford) to urge action. And Gillespie met with Senate Republicans on Dec. 15 after a breakfast fundraiser.

The meetings reflect a new recognition by some Republicans of the party's vulnerability after last month's elections. Although such incumbents as Davis and Wolf held on, the party's standard-bearer, Sen. George Allen, was defeated, faring especially poorly in Northern Virginia.

"The equation is pretty simple," Davis said. "If they come back empty-handed, the Democrats will say these guys can't deliver transportation. Up here [in Northern Virginia], it's going to be very tough sledding."

Gillespie would not comment on meetings he has had with lawmakers, saying those would be confidential. "I do believe that it's important that Republicans in the House of Delegates and the Senate are seen to be working together," he said in a brief interview.

Devolites Davis, who attended a meeting with Gillespie and senior Senate Republicans, said the new party chairman made it clear he intends to be an honest broker.

"He just wants to bring the party back together," she said. "He understands how bad the traffic is and how strongly people feel. Anyone who is in a leadership position outside the bodies sees how important it is to get something done."

J. Scott Leake, a chief aide to Senate Republicans, said, "What has gone on certainly hasn't hurt and can only help."

Participants in McDonnell's meetings said he and Deputy Attorney General William C. Mims have offered a number of transportation proposals, including tax and fee increases supported by senators and borrowing favored by House Republicans.

Chichester, who said he has met with McDonnell privately in recent weeks, said the talks have not produced any real movement.

"What I gather, nothing is happening," Chichester said. "I think they are honest brokers. But until we get some new money on the table, we haven't really gone anywhere. [The House] is still holding their 'no new revenue' stance."

Griffith called the talks "very cordial" but would not comment specifically because participants were told that the meetings would be kept confidential.

"Clearly there's movement or we wouldn't be talking," he said.

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Pay Now Or Pay Later (WP)

The Washington Post, December 29, 2006

WHEN MARYLAND Gov.-elect Martin O'Malley announced last week that T. Eloise Foster was his choice to be the state's budget czar, he lauded her as a "courageous soul." Well, let's hope so, because the state's fiscal problems are gathering like thunderheads. Despite Mr. O'Malley's dismissive treatment of projected deficits during the fall campaign, it seems increasingly likely that his term in office will be marked not by the hundreds of millions of dollars in initiatives and new spending he liked to talk about on the stump but by his ability to manage and contain shortfalls estimated to run into billions of dollars.

Sensibly, Mr. O'Malley, who takes office next month, has not ruled out new taxes, which will inevitably be part of any solution to a fiscal problem on the scale of Maryland's. But he seems determined to defer a major push on revenue until his second year in office, perhaps by naming a commission to "study" the problem. It may be the case that he wants to get his political sea legs before embarking on what could be one of the toughest fights of his term. And in mathematical terms, he may be able to get away with holding off for a year on raising taxes, since leftover surpluses from the recent boom times will cover the still-modest shortfall expected in the fiscal year starting next summer. Still, Mr. O'Malley is looking increasingly cavalier, and possibly foolish, to postpone a serious reckoning.

The original sin of what is referred to in Annapolis as the state's "structural deficit" was an income tax cut sponsored by then-Gov. Parris N. Glendening nearly a decade ago that made no distinction between rich and poor and has since cost Maryland billions in lost revenue. The irresponsible Glendening cut -- an act of political expediency designed to stave off a conservative challenge to his reelection -- was compounded five years later by a huge, legislatively mandated increase in education spending for which no funding source was specified. Thanks to the housing boom and Maryland's generally sunny economic climate, disaster has been kept at bay for the past few years, despite soaring Medicaid costs. But now the bill is coming due: Starting in 2008 the state's annual revenue shortfall is expected to reach $1.6 billion, or about 10 percent of anticipated spending. Mr. O'Malley can talk of shaving programs, trimming waste and optimizing efficiencies all he wants, but that will not solve a problem of such dimensions.

What's needed, as we've written before, is a top-to-bottom revision of Maryland's obsolete tax system, conceived in the 1960s and barely updated since then. The elements of such an overhaul might include a more progressive personal income tax, since the current one is virtually flat and therefore favors the rich; tougher corporate income tax collections to eliminate shelters; an increase in the gas tax, last raised 15 years ago, to yield badly needed funding for the state's roads and mass transit; and a levy on services, most of which remain inexplicably untaxed even though they constitute the backbone of Maryland's economy.

Certainly, there are pitfalls facing Mr. O'Malley as he contemplates such changes. The state Senate president, Thomas V. Mike Miller Jr. (D-Calvert), might subvert any attempt at tax reform by tying it to his pet project of expanding slot machine gambling -- a potential deal killer. Republicans in the General Assembly would doubtless object to any significant tax increase, as might some Democrats. But sooner or later, Mr. O'Malley will have to come to grips with the state's projected funding shortfall, so why not sooner?

Somalia Forces Retake Capital From Islamists (NYT)

By Jeffrey Gettleman

The New York Times, December 29, 2006

NAIROBI, Kenya, Dec. 28 — Just hours after Islamist fighters abandoned Mogadishu, the capital from which they ruled much of Somalia, thousands of troops of the transitional government marched into the city on Thursday in a stunning reversal of fortune.

The government soldiers and the Ethiopian infantrymen who have been backing them poured in from the outskirts, residents said. The only gunshots fired were long celebratory bursts into the air.

In a country with such a troubled recent history, including famine, anarchy, isolation and war, a potentially viable government has suddenly emerged.

In a matter of five days, the internationally recognized government, a fledging authority that had been so weak it was marooned in a provincial market town, captured the formidable capital and most of Somalia — with more than a little help from Ethiopia.

The Islamists, whom many Western nations had considered a grave and growing regional threat with terrorist connections, were vanquished faster than anyone had expected, or at least removed from power.

“We always knew these Islamists weren’t all they were cracked up to be,” said Abdirizak Adam Hassan, chief of staff for the transitional president, Abdullahi Yusuf Ahmed. “And now we are where they used to be, in control of Mogadishu — well, as much as anyone can be in control of Mogadishu.”

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On Thursday morning, before most of the troops arrived, the city exploded in anarchy as armed bandits rushed into the streets and fragmented militia units began to fight each other for the spoils of war.

Witnesses said that an intense gun battle raged around a former Islamist ammunition dump, and that clan warlords instantly reverted to setting up roadside checkpoints and shaking down motorists, reminiscent of the years of chaos before the Islamists pacified the city in June.

Still, Mogadishu has been almost a holy grail for the government.

For months, leaders cooped up 150 miles inland in the market town, Baidoa, had spoken of their dreams of returning to the once-beautiful (and now bullet-pocked) city by the sea. But they were blocked on all sides by the Islamist forces, which dominated most of south-central Somalia, including the capital, their stronghold.

All that changed on Sunday when Ethiopia, with tacit approval from the United States, carried out an aggressive counterattack against the Islamist forces. Ethiopia sided with the government because the Islamists had vowed to invade Somali-speaking areas of Ethiopia and wage a holy war against it.

By Wednesday, the Islamist military had been decimated by Ethiopian airstrikes and mass desertions. Clan elders, traditionally the pillars of Somali society, pulled their troops and firepower out of the Union of Islamic Courts, or U.I.C., after a string of back-to-back military loses in which more than 1,000 fighters, mostly teenage boys, were quickly mowed down by the better-trained and equipped Ethiopian-backed forces.

"Our children were getting annihilated," said Abdi Hulow, an elder with the powerful Hawiye clan. "We couldn't sustain it."

By Thursday, government officials said, many of the Islamist leaders had fled into the thickly forested areas to the south, where the government plans to hunt them down. But there were also worries that the Islamists would wage guerrilla warfare, as they have threatened.

"The U.I.C. may have decided not to fight the Ethiopians and their allies this time around," said Ted Dagne, an Africa specialist for Congressional Research Service. But he added: "This does not mean the U.I.C. is finished. The U.I.C. fighters simply changed their uniform to a civilian cloth."

Sheik Sharif Sheik Ahmed, an Islamist leader, said Thursday that his forces had surrendered Mogadishu to avoid a bloodbath. "We don't want to see Mogadishu destroyed," he told Al Jazeera television by telephone from an undisclosed location.

Even before the government troops had planted themselves in downtown Mogadishu, the political negotiations began.

Mr. Hulow and other elders said they had asked transitional leaders for positions in the new government in exchange for support. Ali Mohammed Gedi, the prime minister, told the elders that first he needed help in disarming the militias.

Mr. Gedi also gave a short news conference on the outskirts of Mogadishu in which he reached out to the Somali diaspora, saying: "We need your help. It's time to come home."

One group was noticeably absent from all these talks: conservative clerics, who seemed to have overplayed their cards.

Under their leadership, the Islamist movement grew from a grass-roots network of clan-based courts to a force powerful enough to overthrow Mogadishu's warlords in June. The Islamists impressed residents as the first to establish a semblance of law and order, which had been missing since Somalia's central government collapsed in 1991.

A few months ago, government officials were begging the Islamists to return to peace talks and to share power. Sheik Sharif was considered likely to be prime minister of a new joint government. The Islamists were thought to have a committed, disciplined army, taking town after town, often with very little resistance.

But in July, Ethiopia began secretly slipping troops into Somalia to protect the transitional government, itself a mix of clan elders and former warlords who had been brought together two years ago with the help of United Nations officials. The Islamists responded with angry threats, calling the Ethiopians infidel invaders. Ethiopia is a country with a long Christian history, while Somalia is almost entirely Muslim.

The Islamists also reached out for help from Arab countries and from Eritrea, Ethiopia's bitter enemy.

But despite a United Nations report that there were thousands of foreign fighters in Somalia, American officials now believe that a far smaller number answered the call to jihad, probably just a few hundred. In the end, they did not make much of a difference, at least not in this phase of conventional war.

It seems that many people, inside Somalia and outside, overrated the Islamists' strength and popularity. Part of the reason, analysts now say, is that the Islamists had an excellent propaganda machine, controlling most media outlets in Somalia.

Another factor was that many Somalis supported the Islamists because they had no option. After Ethiopia got involved, that changed, with the transitional government becoming strong enough to be a realistic alternative.

The Islamist leaders may have also miscalculated the appetite among Somalis for the harsh brand of Islam they were pushing. On Thursday, to celebrate the departure of the Islamists, many Mogadishu residents stuffed their mouths with khat, a mildly narcotic plant that the Islamists had outlawed, and cranked up Western music, which some clerics had tried to ban.

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Diplomats in the region are urging the government to be magnanimous and reach out to the former Islamist leaders. Several international organizations, including the Arab League and the African Union, are pressing Ethiopia to leave.

The Ethiopians say that they have no intention of staying and that their mission to neutralize the threat in Somalia has been mostly accomplished.

“Things have gone well,” said Solomon Abebe, a spokesman for Ethiopia’s Foreign Ministry. “And much faster than we expected.”

Government Troops Take Somalian Capital (LAT)

By Edmund Sanders And Abukar Albadri

The Los Angeles Times, December 29, 2006

MOGADISHU, Somalia — Somalia's beleaguered capital fell early today to Ethiopian and Somali government troops who marched quietly into the city before dawn and took control without firing a shot.

An Islamic alliance that had controlled Mogadishu and much of the country evaporated Thursday after a string of military losses, and in the security vacuum, violent looting broke out in the capital. Residents awoke this morning to find the Ethiopians and troops of Somalia's U.N.-backed transitional government taking positions.

The transitional government was formed in 2004 to give the Horn of Africa country its first effective, nationwide administration since 1991, but today was the first time its troops were actually able to enter Mogadishu.

"The fighting is over," Ali Mohammed Gedi, prime minister of the transitional government, declared late Thursday, shortly before hundreds of troops began pouring into the city.

Officials of the government spent most of Thursday meeting with clan leaders to ensure there would be no remnants of the Islamic forces hiding in Mogadishu when they entered, and that the local population would welcome their soldiers.

Mogadishu temporarily reverted to its familiar clan-based chaos as the Islamic Courts Union disintegrated and former warlords attempted to resume their former positions of power. Angry youths rampated in the streets, stealing mobile phones, looting homes and setting up checkpoints. Clan militias reclaimed their old neighborhoods. Offices and homes of the leaders of the former Islamic alliance bore the brunt of the looting.

It was unclear whether the weak transitional government and its small military force could impose order on Mogadishu, much less the rest of Somalia. Officials of neighboring Ethiopia, who provided most of the firepower to oust the Islamic alliance, said they would help, but that they would not remain in Somalia for a long period.

Mogadishu residents said the looting Thursday made them fearful of another long period of instability.

"We are going back to the former chaos and violence," said Ilyas Ahmed, whose brother was killed Thursday during a cell-phone robbery. "The courts were not good, but at least we had security."

Gedi called for the looting and violence to end. "Anybody found disturbing the security will be met with swift punishment," he said.

U.S. and Ethiopian officials accused the Islamists of plotting to establish a Taliban-style regime and use Somalia as a base to launch terrorist attacks. Islamists said they were merely trying to restore peace and stability to Somalia. Over the past six months they had seized Mogadishu and most of southern Somalia.

On Thursday, after days of military losses that left it bottled up in Mogadishu, the Islamic Courts Union officially disbanded. As he left Mogadishu, Sheik Sharif Sheik Ahmed, the chairman of the courts, said Islamists were leaving to avoid a battle that might have killed civilians. Former fighters, many of whom ditched their uniforms and shaved their beards, expressed disappointment.

"I joined them because I thought they wanted to install an Islamic government in Somalia,"' said Mursal Mohammed, 27. "But they had different ambitions. They wanted to fight against Ethiopia and get back Somali territory. They misled me."

Some extremist elements of the courts union were reportedly refusing to give up and were seen heading south toward the port city of Kismayo, where they may attempt to regroup or escape. As many as 4,000 fighters, including the fundamentalist Shabab faction that is accused of killing an Italian nun in September, have refused to give up, officials said.

Ethiopian Prime Minister Meles Zenawi said Thursday his soldiers were in hot pursuit of the fighters, which he said included Eritreans and other foreigners.

Meles said his troops would assist the transitional government restore peace in Mogadishu.

"We will not let Mogadishu burn," he said. But he added that the international community must finish the job of putting Somalia back on its feet. He said Ethiopia would not become bogged down in an Iraq-style occupation.

"We don't believe is it our mission to reconstruct Somalia, militarily, politically or otherwise," Meles said. "What Somalia needs is beyond our capacity now. What Somalia needs now is massive humanitarian assistance. We cannot provide that."

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He predicted that Ethiopian troops would remain in Somali for a matter of days or weeks. "We are certainly not planning to stay there for months," he said.

Ethiopia formally entered Somalia's worsening civil war a week ago, siding with the transitional government against the alliance of religious leaders.

Amid reports that former Mogadishu clan leaders were reassuming positions of power, Meles warned against allowing the city to fracture into the tribal fiefdoms that have existed for years.

"The transitional government should not allow warlordism to crop up again in Mogadishu," he said.

Ethiopian leaders say the decision to take military action in Somalia was an effort to prevent the spread of religious extremism. But some worry that Ethiopia will now become a target for Islamic extremists. Ethiopia's population is about evenly split between Christians and Muslims, and the war has been unpopular with some of the country's Muslims.

Ethiopian-led troops began their assault near the border and reached the capital Wednesday.

Up to 3,000 Islamist fighters were killed and up to 5,000 wounded, Meles said. Ethiopian casualties totaled between 100 and 500, he said.

Thousands have fled the fighting, worsening Somalia's already dire conditions. At least 17 people were killed and 140 were missing after Yemeni security forces opened fire on two boats packed with people fleeing Somalia, according to the U.N. Office for the Coordination of Humanitarian Affairs.

Times staff writer Sanders reported from Addis Ababa, Ethiopia, and special correspondent Albadri from Mogadishu.

Somalia, U.N. Regain Mogadishu (WT/AP)

By Mohamed Olad Hassan

The Washington Times, December 29, 2006

MOGADISHU, Somalia -- Jubilant Somalis cheered as troops of the U.N.-backed interim government rolled into Mogadishu unopposed yesterday, putting an end to six months of domination of the capital by a radical Islamist movement.

Ethiopian soldiers stopped on the outskirts of town, after providing much of the military might in the offensive that shattered what had seemed an unbeatable Islamist militia. Islamist fighters fled south vowing to continue the battle.

"We are in Mogadishu," Prime Minister Mohamed Ali Gedi declared after meeting with local clan leaders to discuss the peaceful transfer of the city.

Despite the celebrations in the streets, worries about the future were widespread in a country that hasn't had an effective national government since clan warlords toppled a longtime dictator 15 years ago.

Many in overwhelmingly Muslim Somalia are suspicious of the transitional government's reliance on neighboring Ethiopia, a traditional rival with a large Christian population and one of East Africa's biggest armies. Witnesses said crowds threw rocks at Ethiopian troops on the city's northern edge.

Somalia's complex clan politics also are a big worry, having undone at least 14 attempts to install a central government in this violent, anarchic nation.

Mr. Gedi's government, set up in 2004 with U.N. backing, is riddled with clan rivalries, most notably between the young prime minister and elderly president.

Mr. Gedi later said his government was seeking approval from the interim parliament to impose martial law across Somalia while its forces attempt to restore order. Weapons will be confiscated, he said, without giving details.

A chilling reminder of the chaos Somalia has known came as clan militiamen and criminal groups began looting almost anything they could after the Islamist forces fled. At least four persons were killed in the melee, said one witness, Abdullahi Adow.

President Abdullahi Yusuf Ahmed, whose shaky acting administration has spent the last year in a temporary capital, Baidoa, 150 miles west of Mogadishu, said government troops are not a threat to the city's people.

"The government is committed to solving every problem that may face Somalia through dialogue and peaceful ways," he said.

But gunfire was heard for most of the day in the city. The United Nations flew out 14 aid workers and one U.N. staff member because of deteriorating security.

Ethiopian troops, who pledged not to enter the capital, were stoned by crowds on the northern edge of the city, witnesses said. "How could we welcome an invading enemy?" said one protester, Faiza Ali Nur.

Relations between Somalia and Ethiopia have long been strained. They fought a bloody war over their disputed border in 1977.

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After starting an offensive against the Islamist forces Sunday, Ethiopian Prime Minister Meles Zenawi said his army would go home once it defeated the Islamist movement, whose fighters had extended their control over much of southern Somalia in the past six months.

Mr. Meles vowed yesterday not to give up the fight until extremists and foreign fighters supporting the Islamist movement had been crushed.

Speaking in Ethiopia's capital, Addis Ababa, he said 2,000 to 3,000 Islamist fighters had been killed and 4,000 to 5,000 wounded. Ethiopia suffered a few hundred casualties, he told reporters.

Islamist militiamen, who had said they would defend Mogadishu to the last man, retreated toward the southern port of Kismayo.

The fighters had gone from door to door in Kismayo recruiting children as young as 12 to make a last stand on behalf of the Islamist movement, according to a confidential U.N. report, citing the families of boys taken to the front line town of Jilib, 65 miles north of Kismayo.

The Islamist movement took Mogadishu in a battle with clan warlords in June and then advanced across most of the south, often without fighting.

When Ethiopia began providing military aid to the transitional government, Islamist leaders issued a call for foreign Muslims to join their "holy war" against the Ethiopians. Somalis living on the coast reported seeing hundreds of foreigners entering the country.

The International Committee of the Red Cross said that over the past few days, hospitals and other medical facilities in southern and central Somalia had admitted more than 800 wounded people.

The U.N. refugee agency said yesterday that two boats carrying Somalis and Ethiopians across the Gulf of Aden from northern Somalia capsized late Wednesday as they were being pursued by Yemen's coast guard. At least 17 persons drowned, and 140 were thought missing, it said.

The refugee agency said some of the 357 survivors claimed to be fleeing the fighting in central Somalia. But their boats sailed from ports far to the north in a relatively peaceful area of Somalia, from where a steady stream of economic migrants has set sail in recent years.

Uneasy Political Shift In Somalia (CSM)

By Rob Crilly

The Christian Science Monitor, December 29, 2006

NAIROBI, KENYA

Somali government forces entered Mogadishu Thursday after a whirlwind advance against Islamist militias who were forced to retreat after sustained losses.

The city echoed with gunfire as clan-based militias returned to the streets, settling old scores and looting. Residents said they feared a return to 15 years of anarchy that ended with the rise of the Union of Islamic Courts, which took over just six months ago.

The quick victory over the Islamists, analysts warn, leaves a dangerous vacuum in a country that has only recently seen calm. Without a political strategy for winning the peace, they say, Somalia risks becoming a quagmire that sucks in neighboring countries. If the Ethiopians keep their word and withdraw quickly, radical elements within the courts - such as the young fighters of the Shabbab, led by Afghanistan-trained Aden Hashi Ayro - might run a guerrilla campaign, drawing in foreign fighters.

"The risks are that if Ethiopia and Somalia are unable to politically consolidate their military victory, then we are back at square one with the conditions that gave rise to the courts in the first place," says Matt Bryden, a consultant to the International Crisis Group.

The Union of Islamic Courts had managed to win crucial clan support as they moved across the country, but that appeared to evaporate in the face of Ethiopia's military dominance. Elders switched sides, hastening the demise of the Islamists.

Convoys of Islamists' pickups mounted with antiaircraft guns or heavy machine guns were seen leaving the city on Wednesday night and heading towards Kismayo, an Indian Ocean port still held by the Union of Islamic Courts. Government officials spent part of Thursday meeting elders near Mogadishu discussing the terms by which troops might enter the capital. In the afternoon, as the Monitor went to press, Somali Prime Minister Ali Mohammed Gedi had flown to a town near the capital as the government declared a state of emergency.

"Things here are very tense now," said Abdiaziz Adow, a Mogadishu shopkeeper, by telephone. "No one wants things to go back to the way things were, but we have already heard about people being shot and all the shops are closed."

Last June, a network of sharia courts seized control of the capital following months of fighting against a coalition of warlords, who received covert support from the United States.

The rise of the courts was lauded by residents who endured years of violence at the hands of the military strongmen. Among them, the warlords had carved the city into a network of personal fiefdoms riddled with roadblocks and no-go areas.

Gradually, the city took on an air of peace. The checkpoints were dismantled, the international airport was reopened, and teams of women were deployed to repair streets.

Militias loyal to the courts fanned out across the country. Mostly, they were welcomed by clan elders keen to see some sort of order restored.

Meanwhile, a weak transitional government - established with UN and international backing - found itself isolated and unable to command support outside its stronghold of Baidoa.

The growing power of the courts was greeted with concern in Ethiopia, which feared the rise of radical Islam on its doorstep, and the US, which accused the courts of harboring Al Qaeda terrorists. Ten days ago, as the courts moved to within 40 miles of the government seat, Ethiopia openly intervened.

As Ethiopian warplanes began bombing Islamist positions last weekend, the Islamic leadership said their forces were falling back to Mogadishu to begin preparing for a long guerrilla war.

But as Somali government forces and Ethiopian soldiers took control of Balad, the last town on the road to Mogadishu, the Islamists prepared to flee.

Before leaving the city, Sheikh Sharif Ahmed, who heads the courts' executive committee, told Al Jazeera television that his militias were leaving Mogadishu to avert bloodshed. "We have withdrawn our forces and there are no Islamic Court forces (there). It is the Somali people who are resisting," he said. "We left [the capital] to avert heavy bombing because Ethiopian forces are practicing genocide against the Somali people."

As they left, much of their weapons and fighters were handed over to clan leaders who took control of the airport and seaport.

The fall of Mogadishu came after a night of frantic telephone diplomacy. Islamist leaders spoke with government officials, saying they would be welcome in Mogadishu if they did not launch an attack.

At the same time, government officials were telephoning clan elders in the city, urging them to withdraw their support for the Union of Islamic Courts.

Abdirahman Dinari, a government spokesman, said popular support had melted away from the courts as they began to introduce a hard-line form of sharia law. He claimed the government was now in control of 95 percent of the country.

"The courts were not powerful. It was the international media who gave them false credibility," he said by phone from Baidoa. "It is the people of Mogadishu who are powerful. Now [the courts] have lost support, they have disappeared into thin air."

U.S. Bid To Limit Iran Gets Wary Response (WSJ)

By Neil King Jr.

The Wall Street Journal, December 29, 2006

Plan to Curb Trade, Lending Beyond U.N. Sanctions Has Yet To Stir Action Overseas

WASHINGTON -- Armed at last with a set of limited United Nations sanctions against Iran's nuclear program, the Bush administration has been stepping up efforts to persuade countries in Europe and Asia to go further and cut off bank lending and other financial interactions with Iran.

But the response overseas to the U.S. push to clamp down on trade with Iran beyond the U.N. resolution has been tepid. European officials say their first desire is to implement and enforce Saturday's package of limited sanctions on Iran. Any moves to limit bank lending or to curtail export credits also could run afoul of the sizable trade between Iran and countries such as Germany, Italy, Japan and China.

China's trade with Iran is up more than 40% this year, and while trade between the European Union and Iran has stagnated, it is still set to top $25 billion in 2006. The U.S., having imposed a series of unilateral sanctions on Tehran over the past 25 years, has only minuscule trade ties with Iran.

"Now is the time for all the actors to be very cautious in their dealings with Iran to make sure that they don't violate the U.N. resolution," said a senior European diplomat in Washington. A senior EU official said all energies for now will focus on ensuring that the EU's 25 member states use the same rules to enforce the U.N. measure.

Tougher Pressure

The U.S. strategy to pressure countries and private banks to curb their dealings with Iran underscores a conviction within the Bush administration that getting Iran to compromise on its nuclear work will require much tougher pressure than the U.N. Security Council is likely to stomach.

The strategy, which has been months in the works, is a spinoff from a campaign launched in 2005 against Asian banks that helped to financially isolate North Korea. After the Treasury Department targeted one bank in Macau with sanctions, numerous

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other banks broke off their dealings with Pyongyang. More Chinese banks have severed ties with North Korea since the U.N. passed a sanctions package in October in response to Pyongyang's nuclear test. It is a pattern the U.S. now hopes to see repeated with Iran.

Senior U.S. officials say that the Dec. 23 U.N. resolution is crucial because it provides countries with the legal justification to push for tighter financial controls against Iran within their own systems. The measure falls under a provision of Chapter 7 of the U.N. Charter that makes enforcement mandatory but restricts the response to nonmilitary means.

"It's certainly a significant step to have a unanimous resolution backed by 15 countries under Chapter 7," said Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence, who has led the drive to squeeze Iran's access to international financial channels. "I think we will be able to get some real impact from this resolution."

To that end, the Bush administration is now looking to push ahead mainly on two fronts.

U.S. officials hope that countries with the greatest economic leverage over Iran -- primarily Germany, Italy, France, Japan and China -- will separately make clear to their own banks the risks involved in doing business with Iran. The Treasury Department for several months has been trying to persuade international lenders to help isolate a network of Iranian-controlled banks and companies that the U.S. suspects Tehran is using to acquire sophisticated weapons technology. Several large European banks, such as UBS AG and ABN Amro Holding NV, broke off all ties with Iran during the past year.

The Bush administration also would like to see about a dozen European countries end or at least curtail their export-credit-guarantee programs for companies doing business in Iran. Germany alone granted companies working in Iran credit guarantees of $1.9 billion in 2005, putting Iran third on Germany's guarantee list after Russia and China. Britain also has issued a number of large guarantees to cover the risk for British companies doing business in Iran. (Export-credit guarantees greatly diminish the risk a company faces when doing business abroad by insuring against the chance of nonpayment.)

Reluctance to Act

"This export-credit issue is pretty significant," Mr. Levey said, adding that movement on this front would probably have to come from within the EU, as individual countries might be reluctant to act on their own. "It is hard for one of these countries to act for fear that the others will move in to fill the gap," he said.

European diplomats and officials, however, say the EU isn't likely to take additional actions quickly. The EU's first step will be to pass rules implementing the new U.N. resolution, which is itself highly complex, and then to see whether the new pressures spark a debate within Iran over the wisdom of rebelling against the international community.

Europe and the U.S. have been trying for more than two years to get Iran to agree to steps to ensure that its nuclear program is strictly for civilian purposes -- and not a cover for developing a nuclear weapon. Iran insists it isn't pursuing nuclear weapons, but it also has refused to suspend an increasingly elaborate uranium-enrichment program. Highly enriched uranium is a key ingredient for a nuclear bomb.

The aim of the U.N. resolution -- but even more so the additional steps being pushed by the U.S. -- is to ramp up the economic pain on Iran so that significant voices within the country begin to question the value of having a domestic uranium-enrichment program.

The new sanctions package was nothing if not hard-fought. When Iran refused to suspend its uranium-enrichment work by Aug. 31, as required by an earlier U.N. resolution, the U.S. hoped to win a set of punishments within weeks to show Iran that the Security Council meant business. Instead, amid significant resistance from Russia, the council spent nearly four months feuding over multiple drafts before it hit on a measure that won the support of all five permanent members as well as the council's 10 rotating members.

The resolution that emerged Saturday is meant to put the squeeze on Iran's nuclear program but isn't likely to cause much pain on its own. The package prohibits countries from supplying Iran with materials that would benefit its uranium-enrichment efforts or improve its missile systems. But the package is much looser on so-called dual-use items that can be for either military or civilian purposes. The resolution also imposes an asset freeze on 11 organizations and 12 individuals involved in Iran's nuclear and missile programs.

Avoiding Financial Interactions

The Bush administration was particularly pleased by the move to target specific Iranian individuals and companies, because the shortened U.N. list overlaps partially with a longer watch list that Mr. Levey has been showing banks and finance ministries around Europe, urging them to avoid financial interactions with entities that the U.S. believes are supporting Iran's weapons programs or terror groups.

Both European and U.S. officials cite evidence that Iran already is feeling the pinch of increased economic isolation. A new study from Johns Hopkins University concludes that Iran's oil production is actually falling amid rapidly declining investments in its petroleum sector. And Iran's oil minister said recently that the country would have to dip into a special stabilization fund to finance increased production.

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Beyond Europe, the U.S. also is trying to persuade certain Persian Gulf states such as Saudi Arabia and the United Arab Emirates to exert pressure on China to distance itself from Iran. China has become a major trading partner with Iran during recent years, as well as a growing investor in Iran's oil and natural-gas fields.

Israel Says Egypt Sends Weapons To Abbas's Forces, With Israeli And U.S. Approval (NYT)

By Steven Erlanger

The New York Times, December 29, 2006

JERUSALEM, Dec. 28 — After coordination with Israel and the United States, Egypt has sent weapons and ammunition into the Gaza Strip to forces loyal to the Palestinian Authority president, Mahmoud Abbas of Fatah, Israeli officials said Thursday.

Senior Palestinian officials, including Mr. Abbas's spokesman, Nabil Abu Rudeineh, denied the report. Mr. Abu Rudeineh called it "Israeli propaganda aimed at aggravating the situation between Fatah and Hamas."

But Israeli officials knowledgeable about the shipment confirmed a report in the daily Haaretz that Prime Minister Ehud Olmert had approved the shipment in his meeting Saturday evening with Mr. Abbas.

They said four trucks with 2,000 automatic rifles, 20,000 ammunition clips and two million bullets had passed from Egypt through the Israeli-controlled Kerem Shalom crossing, where Gaza, Israel and Egypt meet. The shipment was turned over to Mr. Abbas's Presidential Guard at the Karni crossing between Gaza and Israel, the officials said.

Benjamin Ben-Eliezer, a cabinet member and former defense minister, told Israeli Army Radio that the weapons were intended to give Mr. Abbas "the capability to hold his own against those organizations that are trying to spoil everything."

That was apparently a reference to Hamas, the militant faction that gained control of the Palestinian government by winning parliamentary elections in January. Hamas refuses to recognize Israel's right to exist and rejects previous Israeli-Palestinian agreements that call for a permanent two-state solution.

American officials were circumspect but said various moves to support Mr. Abbas's forces were taking place, including the provision of money for training the Presidential Guard and Israeli approval for the return to the Palestinian territories of a thousand or so well-trained but aging Fatah fighters, the Badr Brigade of the Palestine Liberation Organization. They have been barred from returning and are living in Jordan.

The Bush administration is seeking Congressional support for up to $100 million, mostly for salaries and training, to strengthen Mr. Abbas and his security forces and extend their control over the Gaza crossing points.

A senior American official who deals with the Palestinians insisted that the point was not to promote civil war with Hamas, but to help Mr. Abbas and Fatah and "to provide deterrence and balance" in Gaza, where Hamas is especially strong.

The arms shipment is part of a broader American and Israeli effort, in coordination with moderate Arab countries like Egypt, Jordan and Saudi Arabia, to strengthen Mr. Abbas, weaken Hamas and show some movement on the stalled issue of Israeli-Palestinian peace.

At his meeting Saturday with Mr. Abbas, Mr. Olmert also promised to eliminate some West Bank checkpoints and turn over to Mr. Abbas $100 million of the roughly $500 million that the Israelis have collected for the Palestinians but have refused to turn over since Hamas took power.

But officials involved consider their efforts something short of a plan. That, they say, is because Fatah remains weak, Mr. Abbas is unpredictable and too wedded to the Fatah old guard, and conditions are not ripe for a major effort to reach a comprehensive settlement.

Still, the officials say, given the problems of the region — the American difficulties in Iraq, the growing influence of Iran, Israel's summer war with Iranian- and Syrian-backed Hezbollah in southern Lebanon and Hamas's sway over Gaza — efforts are needed to alter the status quo and promote moderate Palestinian political goals.

"The most important thing for us is to get a process going between Abbas and the Israelis," the American official said. "If the Palestinians end up with a consensus supporting Hamas, you push off any real peace process for a long, long time. If they opt for this kind of unity, fine, but then there is nothing we can do for them, and there will be no Palestinian state, and it's not a good outcome."

Mr. Abbas has called for early presidential and parliamentary elections, which Hamas opposes. The Americans were pleased by his call, though they would have liked him to have confronted Hamas six months ago, the official said.

"The longer that goes by, the harder it is for him," the official said. "We've been trying to explain to him that every option is risky now but that the status quo also has its downside. Doing nothing and getting weaker does not help."

The Israeli foreign minister, Tzipi Livni, in essence has been suggesting talks with Mr. Abbas that would result in a Palestinian state with temporary borders — effectively the second stage of the moribund peace plan known as the road map — with Israel pulling back in the West Bank to the current route of the separation barrier it is building there.

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In an interview in Haaretz's weekend magazine, she talked gingerly about "a detailed operative plan" to negotiate with Mr. Abbas, ideas she has discussed with Secretary of State Condoleezza Rice and Abbas aides. "My vision says that the two-nation-state principle is not only an Israeli gift to the Palestinians but advances Israeli interests," she said.

Mr. Olmert does not like grandstanding by his cabinet ministers, and some aides were dismissive about the notion of a new plan. But Mr. Olmert largely shares Ms. Livni's thesis: that Israel, the West and moderate Arab countries want Mr. Abbas and Fatah, whatever their weaknesses, to win out over Hamas, a Foreign Ministry official said.

"So they should have guns, and resources for patronage, and there should be a political vision and framework for moving forward, so that if Palestinians do choose the right path, there is something real and tangible for those who believe in a two-state solution," the official said.

Mr. Abbas has repeatedly rejected the idea of a Palestinian state in temporary borders, seeing it as a trap, because there would be no guarantee that Israel would move further toward a final settlement.

"But it's possible that now Palestinian moderates need some political ammunition to show people that negotiations will bear real and tangible results," the official said.

Then, he suggested, with such results in hand and a period of visible reform in Fatah, new elections could result in Hamas's defeat, and then a stronger move to dismantle Palestinian militant organizations — as called for in the first stage of the road map, which did not foresee one of those organizations, Hamas, running the Palestinian Authority.

There are many difficulties with such a course of action, beginning with the refusal of Hamas to sanction early elections and the risk that Mr. Abbas continues to be seen by too many Palestinians as an agent of Israeli and American interests.

Mr. Abbas is committed to a Palestinian state on roughly the pre-1967 borders, with its capital in Jerusalem, and a "just solution" to the refugee issue. So approving the current West Bank barrier route, which keeps 10 percent of the land, including East Jerusalem, on the Israeli side, even as a temporary border would be very risky for him.

"Abbas has got a lot of work to do — in Fatah, in his own office, with the security forces," the American official said. "We'll continue to help," he added, pointing to a likely visit next month by Ms. Rice. "But Abbas has to make some choices."

Mr. Olmert is already facing criticism from his right wing for his concessions to Mr. Abbas, given the involvement of Fatah militants like Al Aksa Martyrs Brigades in firing rockets into Israel. Israeli opinion, after the summer war and the Gaza rockets, is generally opposed to handing back large portions of the West Bank to the Palestinians, especially given the chaos in the Palestinian Authority.

Despite A Lull At Holidays, Beirut Digs In For A Struggle (NYT)

By Hassan M. Fattah

The New York Times, December 29, 2006

BEIRUT, Lebanon, Dec. 28 — Sleigh bells jingled, Christmas carols blared from loudspeakers and dancing Santa Clauses and street vendors offering Christmas trinkets lent downtown Beirut the feel of a Christmas fair for much of this week.

If not for the razor wire and heavily armed soldiers ringing much of the area and the posters of the Hezbollah leader, Sheik Hassan Nasrallah, one could almost have forgotten the continuing crisis in this country.

But even the Christmas celebration turned political.

"We are Muslims and Christians standing together to tell the world this is Lebanon," a speaker with the opposition Free Patriotic Movement announced, shortly before the cutting of a cake about 30 yards long in celebration of Christmas on Monday night. "The future is ours, and after the feast, we will resume our protest until victory."

Almost one month since Hezbollah and Christian opposition parties took over the center of Beirut seeking to bring down the government of Prime Minister Fouad Siniora, they have dug in for a long fight. After the war between Hezbollah and Israel during the summer, from which Hezbollah emerged stronger and the Lebanese government weaker, Hezbollah and its allies — Christian groups and a Druse group that were once mortal enemies — began to press for more power.

In Riyadh al Solh square, where protesters have camped out in a tent city, Hezbollah and its allies are demanding that Mr. Siniora resign and are saying he should be put on trial for treason and corruption. Last week, they ratcheted up their demands, calling for early parliamentary elections. Up above in the Grand Serail, the government headquarters, Mr. Siniora, urged to stand firm by Saudi Arabia and the United States, shows no signs of wavering, insisting that Hezbollah and its allies come off the streets and return to the negotiating table.

"Their sit-in did not produce what they thought it would," said Marwan Hamadeh, minister of telecommunications, who predicted the crisis could last until Lebanon's presidential elections next November. "They simply cannot win."

The rallies have been muted in recent days so families could celebrate Christmas or prepare for Id al-Adha, the Muslim Feast of Sacrifice, at the weekend. But opposition leaders threaten to raise the pitch next week, suggesting that they may block highways and access to Beirut's airport.

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The business of governing Lebanon has come to a virtual halt, with President Émile Lahoud unwilling to consider any legislation offered by the cabinet, the cabinet unwilling to speak to Mr. Lahoud, and the speaker of Parliament, the Shiite Amal leader Nabih Berri, unwilling to convene a session or speak to the president. Opposition members of Parliament walked out in late November and have not returned.

"Each side is supported by people that don't want them to give up a thing," said Paul Salem, director of the Carnegie Middle East Center, speaking of both internal and foreign backers. "It's becoming more likely that a very long, drawn-out stalemate will take hold."

Gradually, Mr. Salem and others here say, Beirutis are growing used to the demonstrations in the center of town, finding ways around the traffic snarl the protests have caused, and feeling less urgency to resolve the standoff. Some restaurants are asking their patrons — and individual Lebanese are asking their friends — not to discuss politics.

"The easiest thing for people to do now is to postpone, to stall," Mr. Salem said.

Hezbollah and its allies took to the streets on Dec. 1 after the governing coalition led by Mr. Siniora rejected their demands. They set upon the center of Beirut with a noisy but peaceful protest mirroring the one led by the March 14 movement last year that forced Syria out of Lebanon and swept its leaders into power.

Much like the March 14 movement, the opposition has sought to emphasize its sectarian mix, insisting it represents the true Lebanese.

The protests continue to sap Lebanon's economy, already damaged by Israel's bombardment of the country during the summer. Store owners in downtown Beirut briefly opened this week but they saw few customers.

"We will carry on with this campaign until we topple the government," said Nabil Nicola, a Parliament member with the Free Patriotic Movement of Michel Aoun, a Christian allied with the opposition. "We still have not used all the peaceful weapons available to us, and it's just the beginning of the road."

On Saturday, Amr Moussa, the secretary general of the Arab League, said he had been unable to negotiate a solution in two weeks of shuttle diplomacy but promised to resume his efforts after the Muslim holiday. He said the impasse had been made worse by the fact that the sides refused to communicate with each other. Hezbollah accuses him of backing the governing coalition.

"Unfortunately Amr Moussa was taking a side during his last round of negotiations and unfortunately some Arab countries are taking sides too, but there are talks about a new, less biased Arab initiative," said Nawar Sahili, one of Hezbollah's members of Parliament. "We are hoping it will solve the crisis."

Analysts and officials close to the discussion said the most contentious issue remains a bill rushed through to Parliament days after the opposition walked out. The ruling coalition has a majority in Parliament but Mr. Berri has refused to hold a meeting of Parliament. The bill calls for formation of an international tribunal with sweeping powers to prosecute suspects implicated in the February 2005 assassination of the former prime minister, Rafiq Hariri, and other assassinations.

Mr. Moussa, speaking to reporters in Beirut on Saturday, said he had managed to coax both sides to agree to the outlines of a national unity cabinet in which major decisions would be made by consensus.

But in Riyadh al Solh square, many said they were ready for a long fight. "When Omar Karami was prime minister, one person said a word and he resigned," Ali al-Faqih, a protester, said of the interim prime minister forced to resign during the anti-Syrian protests. "Now, one million people have come and said 'Leave,' but this guy is still clinging on. He's no gentleman."

Russia, Belarus Near Gas Showdown (WSJ)

By Alan Cullison, David Crawford And John W. Miller

The Wall Street Journal, December 29, 2006

Russia and the former Soviet state of Belarus are heading toward a showdown over natural-gas prices that both sides warn could lead to a New Year's Day pipeline shut-off similar to the one that hit Ukraine a year ago, which had ripple effects across Europe.

But analysts say there is less likelihood of a political firestorm over any Russian cutoff this year. European governments and Russia have carefully stockpiled gas in anticipation of any disruption. And in any case, Russia only exports about a fifth of its natural gas to Europe through Belarus pipelines.

Moreover, Belarus is unlikely to receive the same Western sympathy extended to Kiev during its spat with Russian state-controlled gas giant OAO Gazprom, which briefly suspended supplies to Ukraine early in 2006. While Ukraine's government was pro-Western, Belarussian President Alexander Lukashenko is a pariah in the West who is often referred to as Europe's last dictator.

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Still, Gazprom's willingness to threaten yet another midwinter fuel cutoff is reinforcing fears across Western Europe about the Continent's reliance on Russia for the energy that powers the region. After raising gas prices for its neighbors over the past year, Russia has been accused by the U.S. of using energy as a tool of blackmail and intimidation.

Yesterday, European Union Energy Commissioner Andris Piebalgs urged Belarus and Russia to quickly resolve their differences, which he said "may affect gas supplies" to the EU. "I call on the two parties to reach as soon as possible a satisfactory agreement that does not put in question gas transits to the EU," he said.

Moscow has responded that it wants to do away with Soviet-era subsidies and put its relations with neighbors on a market-oriented footing. Besides winning price increases from Ukraine, Russia has also pushed to raise prices for the former Soviet republics of Georgia, Azerbaijan and Moldova. Belarus has until recently been largely spared Gazprom's hardball negotiating tactics, leading some in the West to accuse Moscow of a double standard. Belarus pays $47 per 1,000 cubic meters for gas from Russia, well below the $264 that Gazprom says its European customers pay. Gazprom has been demanding that Belarus pay more than double the current price, and pay part of the bill by surrendering shares in its gas-distribution system.

"I don't believe that you will see the same reaction in the West if there is a cut-off this time," said Valery Nesterov, an energy analyst at Troika Dialog brokerage firm in Moscow. "Moscow will no longer be subsidizing a regime that is not popular in the West nowadays."

Gazprom began talks with Belarus this summer. When they ended without an agreement Tuesday, the company warned it could cut supplies to Belarus Monday morning. Minsk said it may respond by disrupting deliveries of Russian gas through its pipelines to Lithuania, Poland, Germany, the Czech Republic and the Russian enclave of Kaliningrad.

Industry officials across Europe and Russia have scrambled to reassure governments that there would be no repeat of the drama of the Ukraine cutoff. Gazprom said it had stockpiled supplies in Europe, while Ukraine's gas-transport company told the EU it had 24 billion cubic meters set aside to replenish pipelines to Europe if necessary.

Analysts say that Belarus, whose industrial sector is sorely dependent on Russian energy, can't withstand a cutoff of gas of more than a few days. In Europe, government officials say such a short disruption would be more psychological than material, and that countries can soften the impact by tapping reserves or shifting supplies among themselves.

German energy company RWE AG has accumulated supplies that will last several weeks in the event of an interruption, company spokesman Jürgen Frech said. Belarussian pipelines provide only a modest share of Germany's diverse gas supplies, which include deliveries via the Czech Republic, Ukraine, Norway and the Netherlands, he said.

"Eighty percent of Russian gas exports go through the Ukraine, while Belarus is only one pipeline," said EU Energy Commission spokesman Ferran Tarradellas. Still, he said the bloc's Gas Coordination Group has called a special meeting Jan. 4 to assess the situation and "to determine the extent of solidarity" among EU countries.

Government officials warned the political ramifications could be more lasting, however. "The Belarus dispute demonstrates Russia's tactics for enforcing its bargaining position hasn't changed since the conflict last January with the Ukraine," a Polish official said.

Russia Tightens Grip On Gas, Threatens To Cut Supply (USAT)

By Jeffrey Stinson

USA Today, December 29, 2006

LONDON — It's getting cold in Europe, and Russia is threatening to turn off the heat — for the second straight winter.

Gazprom, Russia's state-controlled natural gas monopoly, has told Belarus to pay double the current price for gas by New Year's Day or supplies will be cut. Gazprom also demanded a stake in the pipeline carrying gas from Belarus to other European customers.

Belarus has rejected the demands. Moscow warned Poland, Germany and Lithuania on Wednesday to expect shortages if the dispute continues. It also warned Belarus not to siphon gas from the Yamal-Europe pipeline.

Gazprom, the world's biggest gas producer, provides 25% of the natural gas consumed by Europe.

The price dispute shows how Russia is tightening its grip on energy production and distribution to squeeze higher prices from its neighbors. Analysts say it also shows how Russia uses its energy muscle to achieve political goals and deflect criticism of its policies.

Georgia, faced with the threat of a supply cut, agreed last week to pay Gazprom more than double its previous price for gas. Before signing the deal, Georgia accused Russia of using gas to punish the former Soviet republic for its Western-leaning policies.

Last New Year's, Ukraine's pro-Western government was locked in a similar standoff over pricing. When Gazprom cut supplies to Ukraine, the move also curtailed gas shipments through Ukraine to Poland, Hungary and Italy.

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Roughly 80% of Gazprom's exports to Europe flow through Ukraine; the rest go through Belarus. "Belarus is a microcosm of very worrisome behavior," says Clifford Kupchan, an expert on Russian energy with the Eurasia Group, a New York-based consulting firm.

Russia's grip on energy supplies could eventually be felt in the USA: The Russian government pressured Royal Dutch Shell and its Japanese financial partners this month to relinquish control of a project off Russia's Pacific Coast. The project is to supply liquefied natural gas to Japan, South Korea, China and the United States.

"Gazprom, across the board, is acting like a bully," Kupchan says. "There is very little difference between Gazprom and the Russian state."

In May, Vice President Cheney accused Russia of using its energy resources as a tool of intimidation.

Gazprom insists it seeks only market prices. In announcing price hikes Nov. 8, Gazprom export chief Alexander Medvedev told Russian news agency RIA Novosti that "no political motives" were involved.

Russia's energy muscle has allowed it to bully Georgia, drag its feet on halting Iran's nuclear program and offer diplomatic support to North Korea, says David Satter, Russia expert at the Hudson Institute think tank in Washington.

Some European nations are trying to wean themselves. Sweden has announced ambitious biofuel programs; others, such as Great Britain, have turned to nuclear power. In the past month, Sweden said it would not approve construction of an underwater gas pipeline from Russia to Germany that it could have tapped for power.

However, France's state-owned gas utility, Gaz de France, signed with Gazprom on Dec. 18 to provide Russian gas directly to French consumers for the next 24 years. On Nov. 14, Eni, Italy's biggest oil and gas company, reached a long-term agreement to boost its own gas supplies and for Gazprom to enter the Italian market.

As EU Gates Open, 'Paradise' Flows East (CSM)

By Michael J. Jordan

The Christian Science Monitor, December 29, 2006

SOFIA, BULGARIA; AND BUCHAREST, ROMANIA

Thirty miles south of the Bulgarian capital, along winding, wintry mountain roads, Lalo Zifritov stands guard outside the skeleton of a three-story home being built in the sleepy town of Samokov. The owner pays him the equivalent of $13 per day to keep an eye on the site round-the-clock.

His pay goes chiefly to food, diapers, and a few sweets for his three kids - ages 7, 4, and 1. They live without central heating.

When his aunt and cousins migrated to Italy last year, they invited him to join them. He declined. One deterrent, says the 28-year-old, was the cost of the passport, visa, and travel.

"Poverty ruins everything," says Mr. Zifritov, as his wife chops wood nearby. "But we're not so courageous to just move abroad."

The last time the EU opened its doors to new members in 2004, hundreds of thousands of Eastern Europeans pushed westward. But despite Western fears that hordes of desperate, job-seeking Bulgarians and Romanians will again flood the European Union when their countries become members on Jan. 1, many - like Zifritov - have compelling reasons to stay home.

"Some believe 'paradise' is in Western Europe, but some of this paradise will soon be coming here," says Krassen Stanchev, executive director of the Institute for Market Economics in Sofia.

Indeed, both countries expect a multibillion-euro infusion of EU aid and foreign investment after New Year's. And already, the Romanian and Bulgarian economies are roaring, growing at 7 percent and 6 percent, respectively. In addition, average salaries are on the rise - though still only about a third of Western European incomes in terms of purchasing power.

It was those higher-income economies that the 2004 wave of immigrants targeted. Uneasy at the prospect of absorbing yet another wave, 10 of the 15 "older" EU members - led by Britain, which received more than 500,000 migrants - have imposed temporary restrictions on Romanians and Bulgarians freely entering their labor markets.

But the Balkan countries may have already unleashed their wave of immigrants: According to the International Organization of Migration (IOM), of the estimated 6 million who have poured into Western Europe from Eastern Europe since the Berlin Wall fell in 1989, some 2 million have hailed from Romania.

"Those who had the possibility and the interest have already left," says Cristian Ghinea, a Romanian commentator.

In fact, with tens of thousands of Moldovans and Macedonians reportedly seeking Romanian and Bulgarian citizenship, respectively, and legions of others farther to the east desperate for work, EU membership could turn this Balkan pair - like Spain since it joined in 1987 - from migrant source to destination country, says Jean-Philippe Chauzy, spokesman for the IOM.

"In due time, their economies will become more attractive to non-EU migrants," he says, adding that the scale of migration is difficult to predict.

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Meanwhile, as Romanians and Bulgarians grow savvier about the risks as well as the rewards of leaving one's homeland behind, they no longer believe that the streets of London, Rome, and Madrid are paved with gold.

"There are lots of stories about Romanian owners of a successful construction company in England or restaurant in Spain, but also of those living out of garbage bins in Rome, too proud to come home," says Mihaela Danga, of the Center for Independent Journalism in Bucharest.

Still, locals here predict that when their countrymen receive their EU passports, some will be tempted to set out in search of better-paying opportunities.

"Immigration will likely come from the extremes," says Anca Ciuca, president of the Foundation for Democratic Change. "If you have no place to work where you live and see no future for your family, this is one source. The other will be among the highly educated who have little civic spirit, with no concern to help this society, but only care about a higher standard of living for them and their families."

Observers agree that broadly categorized, three groups to date have generated most migrants: laborers from devastated agricultural and industrial sectors; urban professionals in search of greater compensation for their talents (the IOM's Chauzy notes that his dentist in Geneva is Romanian); and Roma, also referred to as Gypsies.

A new source may be Moldovans. A majority of citizens in Moldova - an impoverished country that was part of Romania until 1940 - claim Romanian descent, and as many as 400,000 have obtained Romanian citizenship in recent months.

Still, the decision to go remains deeply personal.

"I'm in my dream job right now," says Boris Shirov, a Bulgarian who works in radio-satellite communications in Sofia. "I can live off my salary, I'm happy with my friends, and I can visit 10 clubs in this area without getting into a taxi. But I miss my girlfriend, because she works in Brussels. So I may try to find a job there."

Across the border in Calarasi, Romania, a run-down industrial town near the southern bend of the Danube River, a mud-splattered ditch digger named Ion Bodeanu has a different take. Recently back from Italy, where he had to work 14-hour days, seven days a week, for 750 euros a month - despite having been promised 40-hour weeks for 950 euros monthly - Mr. Bodeanu says he wouldn't discourage other emigrants.

His young colleague, Ilie Inu, says he'd do it, with one condition.

"I'd want someone whom I trust to tell me that it's OK, you go and it's safe," says Mr. Inu. "I make 200 euros here, so if I at least know what to expect, I'd do it for 700 euros."

It's young people like Inu whom Silvia Luminita Nastase would like to keep in Calarasi. Industrial collapse has reduced the population by 75 percent in the past two decades, so Ms. Nastase - the city's director of community development - says she's trying to lure foreign investors. She recently returned from a trip to China for that purpose.

"I hope we can create opportunities for young people to come back to town - or at least keep them here - with challenging, well-paying jobs," says Nastase.

Her only child, Ciprian, is surfing the Internet for college scholarships in France, where he visited last summer. There's no guarantee he would return to Calarasi, says his mother. "I'd put it at 50-50 that he stays or goes," says Nastase. "And if he goes," she says with a laugh, "maybe I'd go with him."

Turkmenbashi (WSJ)

By Hamid Ismailov

The Wall Street Journal, December 29, 2006

Mahtumkuli, your soul is a visitor to a volatile body, / Good has many friends, but for evil there are no brethren. / But these days everything is upside down: heels replace heads, / And one can't recognize who is good, and who is bad.

--Mahtumkuli, 18th century * * *

When I first met Saparmurat Niyazov in person, at an Islamic Conference in Tehran 1997, I had my killer question for the Turkmen president (something about Caspian oil and gas) all ready when I suddenly got a closer look at his hair. It was freshly dyed, with henna, a shocking punky red! I have no idea now what I asked, or what he said into my radio mike. The next time I met him, at the press conference of a Central Asian meeting, his hair was suddenly, unbelievably, black -- apparently dyed, this time, with basma. Again, I recall nothing else about the encounter.

Turkmenbashi ("Head of all Turkmen"), who died last week, was, as his foreign obituarists noted, "eccentric" even by Central Asia's high standards. Niyazov abolished opera, ballet and circus, arts that were foreign, according to him, to the Turkmen mentality; to nurture this "mentality," he wrote "Ruhname" (Book of Spirit), a compilation of reinvented history, folklore and pseudo-philosophical maxims to rival the Quran. January was renamed "Turkmenbashi," April "Gorban Soltan Edge," the name of his mother. He replaced street names in Ashgabat, the capital, with numbers. He declared unlawful a host of infectious diseases, including AIDS and cholera. He ordered foreigners to pay the state $50,000 to marry Turkmen girls. He built the

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biggest mosque in Central Asia, standing usually empty, and planned an ice castle in the middle of the desert. He . . . A casual imagination fails to follow the list. * * *

What could have possibly produced this sort of man? A Turkmen proverb says: "A bird copies what it sees in the nest." Niyazov, born in 1940, lost his father in World War II and his mother in the Ashgabat earthquake of 1948. He was brought up in an orphanage, like several other Central Asian leaders. It's no surprise these men emerged well-steeled for politics from a tough life in postwar orphanages, which on the surface nurtured an ultrapure Soviet ideology, but in reality were ruled by a "first come, first gets" philosophy that taught boys like Niyazov ruthless survival skills.

In his isolated republic, Niyazov mastered both the "form and essence" -- the haircut and what goes under it -- of what it means to be Soviet. He built a cult of personality that would make Stalin and Brezhnev go green with envy: His golden statue rotates after the sun; a crater on the moon and an asteroid bear, in Turkmenistan, his name; his poems are inscribed on the walls of mosques. Yet he almost humbly called on journalists to tone down their praise for a man who, in one go, fulfilled the great Communist prophecy of Khrushchev: free electricity, water and salt for the whole population until 2030!

Appropriately, Turkmenbashi died on Stalin's birthday, when nostalgic war veterans were also celebrating the centenary of Brezhnev's birth. In the hereafter, these two would probably have all the right to shake the hand of the comrade who, per Marxist-Leninist cant, "relayed their deeds to new shining heights."

Mesmerized with his notorious idiosyncrasies, the outside world paid less attention to the dark side of Turkmen reality. Politicians and journalists who dared think independently disappeared. A former prime minister, Boris Shikhmuradov, languishes in jail, his fate and condition unknown. A correspondent for Radio Liberty, Ogulsapar Muradova, was detained this June with several human-rights activists; her corpse was returned to her family in September.

The U.S.S.R. might be dead, but its legacy lives on, not just in a Turkmen bouffant hairdo. Give me your freedom and I'll send you off to paradise! In the Central Asia of independent states, the only difference is that the insignificant local pawns of the old days, who meekly followed orders from the Kremlin, suddenly turned into kings at the time of the Soviet breakup. And it went to their heads. Do you want to be president for life? Here you are! You want to make the nation's great (oil or gas) wealth your own personal fortune? No problem! Create a ruling family dynasty that will outlive you? You got it!

What happens next in Turkmenistan -- a huge country, larger than Germany, with enormous gas reserves that Europe and China covet, and a small population of five million -- is anyone's guess. But a good one is that "the Family," in the person of Turkmenbashi's son, Murad, may seek to carry on the line, in the spirit of the Aliyevs across the Caspian in Azerbaijan. Niyazov fils has a flashy bon vivant's reputation and access to his father's wealth. Another ambitious man is moving in as well, a former vice prime minister and minister of health named Gurbanguly Berdimuhammedov, who upon the news of the old man's death swiftly imprisoned his rival and constitutionally next-in-line, the parliament speaker, and declared himself acting president. A Turkmen opposition scattered all over the world may try to make a comeback. More likely, the defense and security force, who've closed the frontiers, will want to have their say in who takes over now.

Turkmenbashi brought his people low, and the fear and distrust won't leave the earth with him. But don't underestimate Turkmen yearning for liberty. In researching my last novel, I came across archival documents about rebellious Turkmen tribes enslaved by the Russians in the 19th century and forced to lay railways in the desert. These men turned iron rails meant to go into the ground vertically up and tied three slippers between -- their symbol -- showing defiance for which they paid with their lives. So strong was their passion for freedom! Has the iron road of the communism and post-communism forever ironed this passion away?

Several years ago, when I visited Turkmenistan, I decided to go to Turkmenbashi's giant mosque and pray for these men, who lay buried nearby. We drove in unbearable heat to the mosque, which lies a few dozen miles from Ashgabat in the desert. Suddenly, in the middle of nowhere, we came across thousands of schoolchildren brought by military trucks, standing under the ruthless sun along the road holding up bunches of flowers. In spite of the absurdity of their situation, they were full of joy and life. "Is there a foreign delegation passing by?" I asked my driver, aware of Soviet customs. "No, he goes for his lunch," he answered matter-of-factly.

This past Sunday, when the body of the same man was driven by the same route to be buried in a mausoleum next to Central Asia's biggest mosque, somber soldiers lined the road, holding rifles and guns in their hands, this time in a forcefully monolithic and faceless row. I immediately thought: "These must be those schoolchildren again . . ."

Mr. Ismailov, an Uzbek journalist and novelist, works for the BBC World Service. His most recent novel is "The Railway" (Harvill Secker, 2006).

Thai Insurgency Targets Buddhists (WT)

By Richard Ehrlich

The Washington Times, December 29, 2006

DOJ_NMG_0110338

BANGKOK -- Buddhists are fleeing their homes in southern Thailand in the face of an increasingly militant Muslim insurgency that has begun calling for an independent and pure Islamist nation in the impoverished region bordering Malaysia.

What began as an indigenous protest against heavy-handed rule from the mainly Buddhist capital, Bangkok, has developed into a battle reflecting extremism in Iraq and Afghanistan, including beheadings and the burning of schools.

"This land must be separated between Muslims and the nonbelievers. This land must be liberated, and an Islamic system must be its foundation," warned a leaflet recently distributed in the south that the Thai military showed to reporters.

"This is a land of war that is no different from Palestine and Afghanistan," said the leaflet, signed by an obscure jihadist group known as the Islamic Warriors of Pattani State.

"This land is not the land of the Thais, but the land of Fathoni Darulsalam," it said, using an old Arabic name for the mainly Muslim region of southern Thailand.

Other fliers instruct Muslims not to buy or benefit financially from lands abandoned by Buddhists, saying the properties will be distributed to needy Malays once the region is liberated from the "occupying Siamese," according to a Bangkok newspaper, the Nation.

Authorities say 1,730 persons have died in three years of unrest, more than 1,000 of them Muslims, including many killed by confused and poorly disciplined government forces. Others were killed as a warning to other Muslims not to cooperate with the government.

The dead also include about 680 Buddhists who appear to have been slaughtered to disrupt their work and frighten other Buddhists into leaving, according to the respected Prince of Songkhla University in Pattani.

The killers' tactics have grown increasingly brutal, including the decapitation of 25 persons since 2004.

Insurgents also assassinate saffron-robed Buddhist monks who collect alms during barefoot walks through villages and towns, even when armed troops escort the clergymen.

Shocked by the sight of blood-splattered monks sprawled in the street and reports of nearby assaults, about 200 Buddhist villagers in Yala province have fled.

Carrying meager belongings, they clustered in Buddhist temples, grateful for sacks of supplies sent by Queen Sirikit, and hoping for financial compensation and resettlement.

Military efforts against the ethnic Malay insurgents have been ineffective, and negotiations have been hindered because the rebels refuse to identify their leaders. Bangkok is now worried that the shadowy force will hoist flags above a self-declared "Islamic Pattani Nation," further demoralizing security forces and Thailand's 64 million people.

"If the situation is left like this, in three years, we'll see a new country in the deep south," said Prasit Meksuwan, an adviser to the south's Teachers Federation, which is encouraging Buddhist teachers not to flee.

Schools have become a favored target of the insurgents, who complain that the institutions tell lies about the three southern provinces -- Pattani, Yala and Narathiwat -- which formed part of an independent Malay kingdom before Thailand annexed the rubber-rich region about 100 years ago.

The Malay-speaking Islamists also oppose the schools' curriculum, which absorbs youngsters into a modern Thai-speaking society, obedient to a god-free Buddhist philosophy and Bangkok's monarchy. They demand that the schools focus instead on lessons gleaned from the Koran.

The government has given guns and training to hundreds of teachers who are willing to stay in rebel-infiltrated zones, while soldiers transport teachers to and from well-guarded schools. But more than 1,000 isolated schools shut down at the beginning of a term last month.

During one of the assaults last month, a 48-year-old teacher was shot and burned to death at his school in Pattani province while colleagues and students watched in horror.

China Estimates Growth In 2006 Was Likely 10.5% (WSJ)

By Tracy Zheng And Victoria Ruan

The Wall Street Journal, December 29, 2006

BEIJING -- China's economy is likely to have expanded 10.5% in 2006, the chief economist of the National Bureau of Statistics said yesterday.

The estimate is in line with the government's recent forecast. China's gross domestic product grew 10.2% in 2005.

Yao Jingyuan, the senior official of the statistics bureau, said at a financial forum that the combined value of China's imports and exports likely rose 25% in 2006 to $1.7 trillion.

Mr. Yao's forecast suggests economic growth slowed slightly but remained rapid in the fourth quarter. The economy surged 10.7% in the first three quarters from the same period a year ago.

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In 2006, China's government took a series of measures to prevent the economy from overheating, such as interest-rate rises and increases in banks' deposit-reserve-requirement ratio to curb excessive liquidity and rapid growth in fixed-asset investment.

Mr. Yao said the economy will likely maintain a "fast and steady growth" in 2007, with the growth rate likely to slow to around 10%.

He cautioned that the economy is still facing risks of overheating. However, the government should also guard against any big slowdown in growth, he said.

There are still a few prominent problems in the economy, such as "overly high credit growth, excessively rapid investment growth, and a large trade surplus," he said.

Mr. Yao said he expects China's trade surplus, which hit a few monthly record highs in 2006, to total $170 billion, up from $102 billion in 2005.

"While credit growth has stabilized a bit in the third quarter, it remains at a high level," said Mr. Yao, who predicted that new yuan loans will total three trillion yuan ($384 billion) for 2006. That would exceed the 2.5 trillion yuan annual target for new yuan loans set by the central bank at the beginning of the year.

Industrial output is likely to have grown 17%, faster than an 11.4% rise in the previous year, Mr. Yao said.

Retail sales are likely to have risen 13% to seven trillion yuan in 2006, he said. That would be basically unchanged from 12.9% growth in 2005.

He also estimated China's urban fixed-asset investment likely grew by 26% to 27%, compared with the previous year's urban FAI growth of 27.2%.

New Chief At U.N. Offers New Chance For Change (USAT)

USA Today, December 29, 2006

At the United Nations this weekend, it's out with the old and in with the new. At midnight on Dec. 31, Ban Ki Moon of South Korea takes over from Kofi Annan of Ghana as secretary-general.

Ban, 62, inherits a world body plagued by corruption scandals and at odds with its largest contributor, the United States.

His biggest immediate challenge is to restore the U.N.'s credibility. His biggest obstacle is that, like the Queen of England, his job comes with a big microphone and minimal power.

Unlike the CEO of a company, the U.N. secretary-general has little hiring and firing authority. He depends on a high-level board (the Security Council) to make major decisions and on the U.N.'s 192 members (the General Assembly) to endorse structural and other changes.

Though the challenges cry out for a strong and authoritative figure, Ban's reputation is that of a self-effacing bureaucrat. The United States and other Security Council members who chose him — and who wouldn't relish their interests being forcefully challenged — hope he will be, as the Economist magazine put it, more "secretary" than "general."

Even so, Ban's mission is not impossible. To rebuild trust in the U.N., he could start by:

·Focusing on making the U.N. bureaucracy more accountable. Fitful reform efforts and several reports by Congress have identified where the inefficiency, incompetence and corruption lie. Some of it has been addressed by axing jobs, closing several U.N. information centers and creating an ethics committee. But that's just a beginning.

An investigation, led by former Federal Reserve chief Paul Volcker, into the kickback-plagued Iraqi oil-for-food program highlighted failures of leadership and supervision by Annan. Ban could make it a cause to shine the spotlight on waste, mismanagement and inefficiency. That would help establish his authority and placate critics.

·Making a new diplomatic push to halt the genocide in Sudan's Darfur region. Though stopping the slaughter there is a priority of the U.N. and the United States, both have been stymied. The Security Council authorized the deployment of U.N. peacekeepers, but Sudan's leaders won't let them in. It can take months or years to persuade countries to provide and fund peacekeepers.

Ban could start gathering troops for quick deployment if and when Sudan's leaders accept them. China has been maddeningly ambivalent about which is more important: its major oil interests in Sudan or its desire to be seen as upholding responsibilities befitting an emerging power. A request from Ban for troops could make it choose.

Ban's predecessor began his decade-long tenure amid high hopes but ends with a mixed record. Annan, 68, and the U.N. won the Nobel Peace Prize in 2001 for "their work for a better organized and more peaceful world." But he soon faced growing problems: the Iraq war, which he opposed, the oil-for-food scandal and deteriorating relations with the Bush administration and U.S. conservatives who called for his dismissal.

His greatest achievements were enshrining a U.N. responsibility to protect civilians when their rulers cannot or will not, and his fights against poverty and AIDS. His final years were notable more for speeches — often ill-considered, particularly when

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attacking the United States, which supplies nearly a quarter of the U.N. budget — than for the kind of staff supervision and back-channel cajoling needed to effect real change.

Six weeks after Annan took the job, he complained that he was being criticized for not yet reforming the United Nations. The Russian ambassador joked that he had already had more time than God did to create the heavens and the earth. Yes, agreed Annan, but God had one big advantage: He worked alone, without a General Assembly, a Security Council and the committees.

The anecdote shows the limitations the new secretary-general faces. If Ban can work successfully within them, an increasingly dangerous world will be better off.

The Other War (WSJ)

The Wall Street Journal, December 29, 2006

Stories about AIDS and malaria don't typically carry good news, but 2006 was a year of progress on both fronts thanks to some new thinking about how foreign aid can best be spent.

The White House held a malaria summit this month, and the message was one of accountability, not just spending more money. The U.S. malaria initiative targets 15 of the hardest hit countries in Africa with the goal of cutting mortality rates in half. The plan is to spend $1.2 billion over five years on indoor insecticide spraying, bed nets and medicines to combat a preventable disease that kills a million people in the Third World each year. An additional goal is to work with the private sector; the Gates Foundation and ExxonMobil are among those taking the lead.

"Transparency" and "accountability" are not terms heard often today in discussions of global health; the focus usually is on how much money is being spent. "We are insisting on measuring," President Bush said at the summit. "We can determine whether or not nets are being distributed or medicine is being provided. But more important, we can measure whether or not we're saving lives."

This emphasis may seem obvious. Yet it's long been neglected by aid organizations -- including the U.S. Agency for International Development -- and has led to such travesties as the conscious distribution of ineffective anti-malarial drugs. Another problem has been an unwillingness among global health groups to pursue such politically incorrect measures as indoor spraying of the insecticide DDT, the cheapest and most effective weapon against malaria. Admiral Tim Ziemer, the U.S. malaria coordinator, says the U.S. will promote DDT spraying to fight the disease.

This malaria effort builds on successes in dealing with AIDS, particularly in light of new evidence that malaria tends to increase the HIV viral load that causes AIDS. Since Mr. Bush launched his $15 billion plan for AIDS relief in 2003, the U.S. has provided life-saving antiretroviral drugs for 822,000 people -- a number growing by 50,000 a month -- while providing care for another 4.5 million people such as AIDS orphans. That's still only a fraction of the 39 million HIV infections world-wide, 62% of them in sub-Saharan Africa. But as U.S. AIDS relief coordinator Mark Dybul says, this is "as much as all other developed countries combined."

Here too, the work has been distinguished by a focus on what Dr. Dybul calls "a culture of accountability." The U.S. global AIDS bureaucracy, previously divided along country and bureaucratic lines, now has a uniform funding and administrative approach. The U.S. has also insisted on regular reporting requirements from its overseas partners, 80% of which are private or non-governmental organizations.

At the HIV clinic of South Africa's McCord Hospital, for instance, a computer-based monitoring and evaluation system allowed doctors to notice abnormal fatality rates among overweight, middle-aged female patients on the antiretroviral Stavudine. The drug was discontinued, the problem was eliminated and the rest of the hospital adopted the reporting system. As a result of such efforts focused on behavior modification, at least some African countries are beginning to see sustained reductions in HIV infection rates: 10% in Botswana, 23% in Zimbabwe, 30% in Kenya.

That won't be close to enough to save every HIV-infected person, and matters haven't been helped by the fashionable demonization of the drug industry, which has led to resistance to antiretrovirals in places like South Africa. But what the Bush Administration is showing with AIDS and malaria is that a well managed effort can save millions from an early grave.

Middle East Exodus Part Deux (LAT)

The Los Angeles Times, December 29, 2006

IN BLAMING AN exodus of Christians from the Middle East on the "short-sightedness and ignorance" that led to the war in Iraq, the spiritual head of the Church of England has identified a part — but only a part — of the sad phenomenon he rightly decries.

In a Christmas-season column published in the Times of London, Archbishop of Canterbury Rowan Williams notes that opponents of the Iraq war had warned that Western military action "would put Christians in the whole Middle East at risk."

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Williams says that events since the 2003 invasion of Iraq, including the departure from Iraq of thousands of Christians, have made prophets of war critics. "The first Christian believers were Middle Easterners," Williams writes. "It's a very sobering thought that we might live to see the last native Christian believers in the region."

There is some truth in Williams' sermon. Under Saddam Hussein, Iraq was relatively tolerant of its Christian minority (one of his chief advisors, Tarik Aziz, was a Chaldean Catholic). Now the growing power of Muslim militias in Iraq — and the dislocations that are part of any war — have contributed to a departure of Christians from a country in which they have ancient roots.

Iraq isn't the only nation in which Christians, affluent and poor alike, have come to depend on the sufferance of a political strongman. The same is true of Syria and of Egypt, where portraits of President Hosni Mubarak in church vestibules reflect the fact that his regime is viewed by many Christians as a buffer against the sort of Islamic extremism that has been stoked by the war in Iraq.

Yet Williams' critique is selective, and he undermines its credibility further by coupling his comments about Iraq with a denunciation of the "security fence" built by Israel to protect Israelis from terrorist attacks. The fence is no substitute for an Israeli-Palestinian peace agreement, and Williams is correct that the barrier has exacerbated the plight of Palestinians, including Christians, in Bethlehem.

Palestinian Christians, like their Muslim neighbors, have suffered under an often heavy-handed Israeli occupation. But Israel has not declared war on Christianity, as have some Muslim extremists, and it has a generally good record of safeguarding Christian holy places. And Israeli occupation persists in part because the Palestinian government, controlled by the Islamic Hamas party, refuses to recognize Israel's right to exist. Hamas itself undoubtedly alienates many Palestinian Christians, who played a significant role in the secular Palestine Liberation Organization.

Preachers take pride in speaking the truth, and there is some truth in Williams' excoriation of the West and Israel for the departure of Christians from the Middle East. But it's not the whole truth.

DOJ_NMG_0110342

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 03, 2007 8:18 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, January 03, 2007
Attachments:	agnb070103.pdf; agnb070103.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 3, 2007 7:45 AM EST

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TERRORISM NEWS:

Leahy Criticizes DOJ For Refusing Terror Document Request. The Washington Times (1/3, Seper) reports, "The incoming chairman of the Senate Judiciary Committee yesterday described as 'disappointing' the Justice Department's refusal to release documents detailing the Bush administration's interrogation and detention policy for terrorism suspects." The Times continues, "Sen. Patrick J. Leahy, Vermont Democrat, called on the department and the White House to "reconsider their response" and work with the committee 'to promptly share this information, with any appropriate confidentiality safeguards.' … Mr. Leahy, who bitterly criticized FBI Director Robert S. Mueller III last month during a committee hearing for refusing to discuss the Bush administration's domestic terrorist-surveillance program, has promised that as

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chairman he will target what he called the 'unprecedented' efforts by the administration to 'hide its own activities from the public.' … 'The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for, given President Bush's promise to work with us,' he said."

The Los Angeles Times (1/3, Schmitt) reports, "Setting up what could become the first showdown between the Bush administration and the new Democratic Congress, the Justice Department has refused to turn over two secret documents, describing the CIA's detention and interrogation policies for suspected terrorists, to the incoming chairman of the Senate Judiciary Committee." The Times reports that Leahy "said Tuesday that the department's response suggested that President Bush's promise to work with the new Congress 'may have been only political lip service.' … Leahy has said he might use subpoenas to get the material." The Times adds, "The administration notified Leahy on Dec. 22 that it would not release a presidential directive signed by Bush authorizing the CIA to set up secret prisons overseas for suspected terrorists or a 2002 Justice Department legal memorandum outlining "aggressive interrogation techniques." … Leahy waited until the week that Democrats take control of Congress to release — and denounce — the response. The department's letter to Leahy was sent during Congress' holiday recess, when most lawmakers were out of town. … The exchange is an inauspicious start to what some lawmakers and administration officials had hoped would be a period of bipartisanship following the November election, in which Republicans lost control of both houses of Congress."

FBI Documents Detail Guantanamo Detainee Abuse Allegations. Under the headline "FBI Reports Duct-Taping, 'Baptizing' At Guantanamo," the Washington Post (1/3, Eggen, 690K) reports in a front-page story, "FBI agents witnessed possible mistreatment of the Koran at the military prison at Guantanamo…including at least one instance in which an interrogator squatted over Islam's holy text in an apparent attempt to offend a captive, according to bureau documents released yesterday" for "an ongoing lawsuit by the American Civil Liberties Union." The Post notes, "In a previously unreported allegation, one interrogator bragged to an FBI agent that he had forced a prisoner to listen to 'Satanic black metal music for hours,' then dressed as a Catholic priest before 'baptizing' him." Pentagon spokesman Lt. Cmdr. Joe Carpenter "said in a statement last night that 'the issues and facts raised' in the documents 'are not new' and that 12 reviews have showed there were no Defense Department policies that condoned abuse."

The AP (1/3, Apuzzo) reports, "FBI agents documented more than two dozen incidents of possible mistreatment at the Guantanamo Bay military base, including one detainee whose head was wrapped in duct tape for chanting the Quran and another who pulled out his hair after hours in a sweltering room." The AP continues, "Documents released Tuesday by the FBI offered new details about the harsh interrogation practices used by military officials and contractors when questioning so-called enemy combatants." The AP adds, 'The reports describe a female guard who detainees said handled their genitals and wiped menstrual blood on their face. Another interrogator reportedly bragged to an FBI agent about dressing as a Catholic priest and 'baptizing' a prisoner. … Some military officials and contractors told FBI agents that the interrogation techniques had been approved by the Defense Department, including directly by former Defense Secretary Donald H. Rumsfeld." The AP notes, "The documents were released in response to a public records request by the American Civil Liberties Union, which is suing Rumsfeld and others on behalf of former military detainees who say they were abused. Many of the incidents in the FBI documents have already been reported and are summarized in the ACLU's lawsuit. … President Bush signed legislation in October that authorized aggressive interrogation tactics but did not define them. ACLU lawyer Jameel Jaffer said the court documents show that stricter congressional oversight is needed."

CNN.com (1/2) reported, "The FBI surveyed all 493 FBI personnel who had been assigned to the military prison facility in the aftermath of the September 11, 2001, terrorist attacks and determined no FBI agent or support personnel had participated in any of the controversial practices. 'This thorough internal assessment shows the FBI was not involved in these activities in any way,' said chief FBI spokesman Richard Kolko." The bureau "stressed that most of the findings had already been reported elsewhere. 'Note these documents have been vetted by both DoD [Department of Defense] and FBI, and that FBI believes this or substantially similar information has already been released in this litigation,' the FBI said." ABC News (1/2, Ryan) noted on its Web site, "In May 2004, FBI director Robert Mueller told the Senate Judiciary Committee that 'It is the FBI's policy to prohibit interrogation by force, threats of force or coercion.

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Where we have conducted interviews, we have adhered to that policy.'" BBC World Service (1/3) also is reporting on the FBI documents this morning, saying that they "apparently contradict" President Bush's assertions that the US does not engage in torture.

7th Circuit Allows Expanded Use Of FISA Wiretaps. The National Law Journal (1/3, Maclean) reports, "Federal prosecutors may use wiretap evidence obtained under the Foreign Intelligence Surveillance Act in spy cases for criminal prosecutions unrelated to the original espionage purpose of the wiretap, the 7th U.S. Circuit Court of Appeals has held." The Journal continues, "The ruling is the first outside the special FISA court itself to interpret the law as expanding the ability of prosecutors to use the act in a variety of criminal contexts, according to defense attorney James Geis, a Chicago solo practitioner representing Ning Wen, who was convicted of violating export-control laws. … 'Unless there is a constitutional problem in domestic use of evidence seized as part of an international investigation, there is no basis for suppression,' wrote Chief Judge Frank Easterbrook in U.S. v. Wen, No. 06-1385. … 'I think this holding makes it virtually impossible to challenge a FISA search,' said Geis. 'This pretty much makes it bulletproof.'" The Journal adds, "The ruling could be significant given the government's increased focus on economic espionage and international theft of U.S. technology. Last month, two men, Fei Ye and Ming Zhong, pleaded guilty in San Francisco to stealing trade secrets from Sun Microsystems Inc. and Transmeta Corp., with the intent of benefiting the People's Republic of China. … Justice Department spokesman Dean Boyd said the department is pleased with the outcome, but he declined to elaborate on its broader potential application."

Albany Mosque Leader Asks Judge To Grant New Trial. The AP (1/3, Virtanen) reports, "Two mosque leaders convicted last fall after a terrorism-related sting have asked the trial judge to set aside the verdicts or else grant them new trials." Yassin Aref and Mohammed Hossain "were caught in a 2004 FBI sting involving a fictional terror strike. The government never accused the pair of actual violence, but said they participated in a money-laundering scheme that included an FBI informant posing as an illegal arms dealer." In Sunday's motion, Hossain lawyer Kevin Luibrand said the convictions "should be set aside because Hossain was entrapped, authorities induced the crime, the pizzeria owner had 'no predisposition' to join in, and improper testimony from an unqualified prosecution expert witness made Hossain's political affiliation appear sinister." The AP notes, "The FBI has acknowledged Aref was the ultimate target of the sting, not Hossain." Capital News 9 Albany (1/2) also reported on the defense motion.

US Military Looking To Business For Strategies In War On Terror. USA Today (1/3, 1B, Jones, 2.27M) reports that in a reversal of what "has been largely a one-way street" in their relationship with business, the US military is now "paying closer attention to business than business is paying to the military, because the world of geopolitics has discovered itself to be on the same road that business has been on for some time. That road is flatter, more networked and more decentralized than ever." The fate of "large, traditional companies" in their fight against "disruptive competitors, including YouTube, Kazaa, Skype and Wikipedia" may provide valuable lessons for "developing a strategy against al-Qaeda."

HOMELAND RESPONSE:

DHS Finds Most Cities Need To Improve Interoperable Communications. In an article appearing on more than 150 news websites, the AP (1/2, Barrett) reported, "Only six of 75 US metropolitan areas won the highest grades for their emergency agencies' ability to communicate during a disaster," according to a DHS study to be released Wednesday by Secretary Michael Chertoff. "A draft portion of the report…gives the best ratings to Washington, DC; San Diego; Minneapolis-St. Paul; Columbus, Ohio; Sioux Falls, SD; and Laramie County, Wyo." The report "cautioned" that while "all 75 areas surveyed have policies in place for helping their emergency workers communicate," regular testing and exercises are required "to effectively link disparate systems." The AP added that the news "was likely to add fuel to what looms as a battle in Congress this year," with Democrats vowing to fix the problem of emergency communications, but not saying "specifically what they will do, how much it will cost or how they will pay for it." DHS spokesman Russ Knocke would say only that in releasing the report, Chertoff "will 'talk about nationwide assessments for interoperable communications.'"

USA Today (1/3, 3A, Hall, 2.27M) reports Chertoff said last month that "the country has made 'a significant amount of

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progress' toward better communication systems" since 9/11. "But in regions where there are still gaps, he said, leaders of cities and towns with incompatible systems need to work to develop a better system that would help communication during a disaster. Since 2003, Homeland Security has handed out $2.9 billion in grants for interoperable communications systems, and Chertoff said his department's grant programs will be heavily focused on communications improvements over the next two years. The survey, he said, was designed to identify the gaps so they can be closed 'as quickly as possible.'" Rep. Peter King said "the report shows 'how difficult an issue this is.'"

The CBS Evening News (1/2, story 9, 0:25, Couric, 7.66M) broadcasted that the "disturbing report" found that in the event of "another 9/11 or a disaster like Katrina" emergency agencies may not be able to talk to each other. NBC Nightly News (1/2, story 8, 1:15, P. Williams, 9.87M) broadcasted that the report did not say the cities that did not receive a top score "are unprepared, just that they have to do better to plan for disaster response."

German Muslim Businessman Denied Entry To US After Four-Day Detention. In a widely-distributed story, the AP (1/3, Burke) reports, "A German businessman of Syrian descent who wanted to surprise his daughter with a holiday visit was detained for four days in a Las Vegas holding cell before being sent back home without explanation." The Council on American-Islamic Relations "called authorities' treatment of Majed Shehadeh a case of anti-Muslim discrimination." CBP spokeswoman Roxanne Hercules "confirmed Tuesday that Shehadeh was denied entry, but would not discuss specifics of his case. She said Shehadeh's visa waiver could have been denied because 'he could have a criminal record, or it could be a terrorism issue.'" The AP notes, "After being interrogated by Border Protection and FBI agents for more than 12 hours at the airport, Shehadeh said he was handcuffed and transported in the back of police car to a North Las Vegas jail."

Judge Sets Plea Hearing In SUV Attack As Defense Seeks FBI Evidence. The Durham Herald-Sun (1/3, Velliquette) reports, "If the FBI turns over the evidence it collected after Mohammed Taheri-Azar allegedly attempted to kill people on the UNC campus by running over them in an SUV, Taheri-Azar will enter a plea at his next court hearing on Jan. 24. … During a short court appearance…Tuesday, Taheri-Azar appeared to want the case to move along faster and said he wished there weren't so many short pretrial hearings he had to attend." Public Defender James Williams told Superior Court Judge Carl Fox yesterday that "he wants to see the interviews that FBI agents conducted in Charlotte with Taheri-Azar's family and others and to see any evidence, including computer files, that the agents may have collected in the case. Orange-Chatham District Attorney Jim Woodall said he has been attempting to get that evidence without a court order, but so far has not been successful. … Fox said he would give Woodall 14 days to try to get the evidence for Williams. If he doesn't get the information from the FBI, Fox said he would sign a court order to obtain it." WRAL-TV Raleigh (1/2) also reported on yesterday's hearing and the request for the FBI evidence.

Mall Security Guards To Receive Anti-Terrorism Training. The Washington Post (1/3, D1, Mui) reports, "The job of a shopping mall security guard normally involves controlling rowdy teenagers, finding lost children and patrolling parking lots. But starting this month, malls across the country will begin training guards for another task: fighting terrorism." The Post continues, "The 14-hour program is being developed by the International Council of Shopping Centers, a trade group, and the Homeland Security Policy Institute at George Washington University at a cost of $2 million. It is the first standardized anti-terrorism curriculum written for the nation's estimated 20,000 mall security guards." The Post adds, "Developers of the program say it is crucial to safeguarding shopping centers, which have significant economic import -- as evidenced by the billions of dollars spent at malls during the holiday season -- and have emerged as modern-day town centers, with movie theaters, restaurants, and now grocery stores and gyms. … Not everyone agrees, however, that America's malls face a serious threat of terrorism. And some critics question the effectiveness of the training when the private security industry suffers from high turnover -- most guards leave the job within a year and some in as little as four months, according to estimates from the Service Employees International Union."

DHS Tracking System To Monitor IT Workers. Government Computer News (1/3, Lipowicz) reports, "A new records system is being designed to allow the Homeland Security Department to monitor the names, passwords, citizenship information and other data on

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thousands of IT workers with access to the department's systems." GCN continues, "In a notice posted Dec. 29, DHS announced it is creating a new sensitive, but unclassified, database as part of its General Information Technology Access Account Records System. The department made the notice to comply with the Privacy Act of 1974, which regulates how the government collects and uses personal information." GCN adds, "The new database will collect personal information from IT employees, contractors, grantees and others, including people who serve on DHS advisory committees or are listed as points of contact for facilities. … The system will include names, user names, citizenship, business affiliation, contact information and passwords. It also will include home addresses, e-mail addresses, and names and phone numbers of people listed as contacts. … The information will be routinely used by DHS contractors and consultants, facility operators, congressional offices, National Archives, Justice Department or other federal agencies conducting litigations or proceedings involving DHS."

WAR NEWS:

Bush Set To Announce Deployment Of Some 20,000 Additional Troops To Iraq. NBC Nightly News (1/2, story 4, 2:10, Williams, 9.87M) reported, "NBC news Pentagon correspondent Jim Miklaszewski has learned that President Bush is prepared to announce what is being called a strategy of 'surge and accelerate' in Iraq, which would involve some 20,000 additional American troops being sent to Iraq." NBC (Miklaszewski) added, "Administration officials told us today that President Bush has now all but decided to surge those additional troops into Baghdad to try to" gain control "over the violence there and only then could they accelerate the turnover of territory to Iraqi security forces." The plan would "also throw more US money at Iraq for reconstruction and a jobs program. Interestingly enough, one administration official admitted to us today that this surge option is more of a political decision than a military one because the American people have run out of patience and President Bush is running out of time to achieve some kind of success in Iraq. While this plan will clearly draw some stiff opposition on Capitol Hill, the President is expected to announce it a week from today."

Former GOP Sen. Alan Simpson, an Iraq Study Group member, was asked on MSNBC's Hardball (1/2) if he supports a troop surge. Simpson answered, "I can go along with that. We talked about that. I think we said go from 4,000 to 20,000. I can't remember the numbers. But we did not reject a surge."

Most '08 Candidates, Marginal Members Not Backing Iraq Troop Surge. The Hill (1/3, Blake) reports, "Few Republicans sprinted to Sen. John McCain's (R-Ariz.) side when he first came out in support of a troop surge in Iraq several months ago, and some of those who did wound up backing off amid campaign-season criticism." The proposal "still isn't popular among Republicans," and "among Democrats, there is a similar brand of hesitance, despite varying degrees of support expressed by leaders including incoming Senate Majority Leader Harry Reid (D-Nev.), incoming Senate Homeland Security and Governmental Affairs Committee Chairman Joe Lieberman (I-Conn.) and incoming House Intelligence Committee Chairman Silvestre Reyes (D-Texas)." Democratic presidential candidates "and lawmakers who are likely to face some of the most competitive races in 2008 are largely joining with Republicans in resistance to the idea of adding troops, citing the need for a political solution instead." Sens. Joseph Biden and Barack Obama and former Sen. John Edwards "became the latest to come out forcefully against a surge in Iraq. They and other presidential candidates appear ready to make 'The McCain Doctrine,' as Edwards dubbed it Sunday, one of the first big issues of the 2008 campaign."

Iraq Launches Probe Into Saddam Execution As Criticism Grows. Iraqi Prime Minister Nouri al-Maliki Tuesday ordered an investigation into the events surrounding Saddam Hussein's execution, notably how on a film cell phone camera was permitted. ABC World News (1/2, story 4, 2:30, Gibson, 8.78M) reported, "The execution was supposed to be a solemn proceeding. Instead, it became a spectacle, something of a circus, outraging Sunnis and making the goal of reconciliation in Iraq even more elusive." ABC (McCarthy) added, "The anger is spreading" as "demonstrations have broken out in Sunni towns across central Iraq." The execution "was rushed" and carried out "against the advice of the US ambassador, who wanted a delay." In a separate report from the White House, ABC World News (1/2, story 5, 1:00, Raddatz, 8.78M) said "there are some officials that are furious about" the execution, arguing it "was an opportunity for Maliki to step up and say, 'It's time for national reconciliation.' Instead, one official said,

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'The execution was nothing more than an act of revenge and political grandstanding.'"

NBC Nightly News (1/2, story 5, 2:40 Engel, 9.87M) reported that the investigation was launched "under political pressure." Meanwhile, one Iraqi official today "blew the whistle" on the events surrounding the video's release. Sami Al-Askari, an Iraqi government advisor, said: "One of the attendants -- probably from the guards -- smuggled his mobile phone and took that film secretly and no one noticed." The CBS Evening News (1/2, story 4, 2:25, Couric, 7.66M) said with the events surrounding the execution, "Iraq's government may have done something it had not intended to do -- turned a tyrant into a folk hero."

On its front page, the New York Times (1/3, A1, Burns, Glanz, 1.16M) reports Iraqi officials "said a three-man Interior Ministry committee would look into the scenes that have caused outrage and public demonstrations." Meanwhile, "As the shock of those scenes reached a new crescendo in Iraq, American officials said that they had worked until the last hours of Mr. Hussein's life to persuade" Maliki "to delay the execution." The officials "said they appealed to Mr. Maliki not to execute Mr. Hussein at dawn on Saturday because of the onset of a major Islamic festival, and because of constitutional and legal questions that the Americans believed threw the legitimacy of the execution into doubt." An American official said that Maliki "had never fully explained his urgency in carrying out the death sentence," but the prime minister "gave one explanation that appeared to weigh heavily on his mind, the American said, and that was his fear that Mr. Hussein might be the subject of an insurgent attempt to free him if the procedural wrangling over the execution were protracted."

The Washington Post (1/3, A1, Raghavan, Trejos, 690K) reports the probe "could implicate senior Iraqi officials." Munqith al-Faroun, the deputy prosecutor in Hussein's trial, "said in a telephone interview Tuesday that he saw two official observers using their cellphones to record Hussein's last moments." The two men, he said, were "recording through their mobiles openly." The AP (1/3, Torchia) says the incident "dealt a blow to Iraq's efforts to prove it was a neutral enforcer of the law," noting that the Iraqi government "did not say what, if any, punishment would await anyone uncovered" in the probe. USA Today (1/3, 8A, 2.27M) files a similar report.

Execution Draws International Condemnation. The New York Times (1/3, A6, Lyall, 1.16M) reports British deputy Prime Minister John Prescott said Tuesday that "the taunting and baiting" that occurred at the execution "was unacceptable and that the people responsible should be condemned for taking part." The Times notes that Blair "has not spoken publicly about Mr. Hussein's death, an omission that has been seized on by antiwar members of his Labor Party as another misstep in a long succession of them on Iraq."

Ban's Comments On Execution Stirs Controversy. Meanwhile, the AP (1/3, Chang) reports at the United Nations, Secretary-General Ban Ki-moon "ran into trouble on his first day of work when he failed to state the UN's official stance opposing capital punishment and said it should be a decision of individual countries." His "ambiguous answer" put "a question mark over the UN's stance on the death penalty, although Ban's spokeswoman said there was no change in policy." The Los Angeles Times (1/3, Farley, 850K) says Ban "stepped back from the United Nations' long-standing opposition to the death penalty." Similarly, the New York Times (1/3, A6, Preston, 1.16M) says Ban "seemed to have tripped in his effort to tread lightly on the political views of the many United Nations members," and "also seemed to show that Mr. Ban…had not completed the transition from representing his country to leading the United Nations."

The Washington Post (1/3, A15, Lynch, 690K) writes, "Ban's first public reaction to Hussein's execution signaled a sharp break from his predecessor, Kofi Annan, an ardent death-penalty critic who opposed UN participation in the Iraqi war crimes tribunal that sentenced Hussein to die." The Washington Times (1/3, A1, Pisik, Behn, 88K) also reports on Ban's comments.

More Commentary. The New York Times' (1/3) Thomas Friedman says the execution "resembled a tribal revenge ritual rather than the culmination of a constitutional process in which America should be proud to have participated." The "raw tribal theatrics of Saddam's hanging highlight just how few" of America's "values Iraq has imported." However, Friedman says, "We are to blame for not creating the security needed for those values to take hold. But not enough of our Iraqi allies have risen to the occasion, either. It was our closest Iraqi partners who oversaw Saddam's tribal hanging. We have to look that in the eye." Friedman goes on to note that "now President Bush wants a 'surge' of more US troops to Baghdad, in one last attempt to bring order," cautioning that "if the underlying willingness to share power and resources is not present among the major

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communities in Iraq, adding more US troops won't help either. Adding more troops makes sense only if it's to buy more time for positive trends that have already begun to appear on the horizon. I don't see them."

Marty Peretz, editor-in-chief of The New Republic, writes in the Wall Street Journal (1/3, 2.04M), "Saddam has already swung from the ropes," and "the question, then, is not whether Iraq will recover from the oppressor's death. The question is whether Iraq will recover from the oppressor's rule. The execution of this monstrous man was not intended to be a deterrent to evil. There are probably no deterrents to real evil and real evildoers. But a community can punish its own pharaohs. That punishment will be the most significant sovereign act the people of Iraq have ever done. This is an act of recovery by itself."

The Houston Chronicle (1/3, 530K) editorializes, "Unfortunately, like so much else that has occurred since the 2003 U.S.-led invasion, the tyrant's death turned into another fiasco and missed opportunity. ... Rather than looking like the cowering vagrant that U.S. troops pulled out of a hole, the well-groomed fallen dictator exhibited nonchalance and sarcasm. ... the authorities' conduct at the execution only served notice how far the new Iraq has to go in meeting the standards of democratic justice."

The Norfolk Virginian Pilot (1/3) editorializes, "The execution early Saturday is cold comfort to the U.S. troops now stuck in Iraq, trying to impose stability on a fractured nation that seems to want none of it. ... When the history of this war is written in years to come, this weekend's hanging may be no more than a footnote."

Author and former ambassador Peter Galbraith writes in an op-ed for the Boston Globe (1/3, 413K), "The manner of Saddam's execution made it clear that Iraq's Shi'ite leaders -- and in particular Prime Minister Nouri al-Maliki -- were more interested in revenge than justice. ... According to his former foreign minister, Tariq Azziz, Saddam apparently intended to make an issue of western support in his trial. This could also have been awkward for some in the current administration. ... it would have made an enormous difference to have had an irrefutable record that Saddam was responsible for the genocide against the Kurds."

Syndicated columnist Cal Thomas writes in the Washington Times (1/3, 88K), "That was a shorter summation than most prosecutors deliver in court, but in the end Saddam's execution wasn't about revenge. It was about justice."

Columnist Bruce Fein writes in the Washington Times (1/3, 88K), "The moral universe is celebrating his execution by hanging." However, "Saddam, like Afghanistan's Taliban and Osama bin Laden, was a partial creation of the United States. That should be remembered whenever America contemplates bolstering a dictator under the banner of Realpolitik."

Iraq Reports 12,000 Civilian Deaths In 2006.

The AP (1/3, Hurst) reports, "Iraq reported Tuesday that about 12,000 civilians were killed last year — the third full year since the U.S.-led invasion — with a dramatic rise in the last three months, when 5,000 died. Only about half as many Iraqi soldiers died in 2006 as American troops. ... In all, the Iraqi ministries of Health, Defense and Interior reported a total of 13,896 Iraqi civilians, police and soldiers died last year, 162 more than the tally kept by The Associated Press." However, "Counts kept by other groups, including the United Nations, list far higher death tolls, which are disputed by the Iraqi government." The AP adds, "Life for Iraqis, especially in Baghdad and cities and towns in the center of the country, has become increasingly untenable. ... professionals — especially professors, physicians, politicians and journalists — are falling to sectarian killers at a stunning pace."

Earlier AP coverage gave a higher total: The AP (1/2, Frayer) reported, "Government officials reported that 16,273 Iraqi civilians, soldiers and police died violent deaths in 2006 ... The tabulation by the Iraqi ministries of Health, Defense and Interior, showed that 14,298 civilians, 1,348 police and 627 soldiers were killed in the violence that raged in the country last year."

Civilian Deaths Hit New Monthly High. The Financial Times (1/3, Negus) reports, "The tally of civilian deaths in Iraq hit a new high of 1,930 in December, suggesting sectarian violence that surged in the summer remains at peak levels." The figures "may be a significant underestimate as many deaths go unreported. ... All Iraqi death toll figures are controversial and are often difficult to reconcile with one another. Ministries, depending on who controls them, often have an incentive either to reduce or to inflate figures." The FT adds, "There had been fears that the execution of Saddam Hussein on Saturday would lead to an upsurge in violence, but a resident of a mixed Sunni-Shia neighbourhood told the Financial Times that the Eid holiday since the weekend had brought a lull. However, he expected the battle to resume shortly."

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The Los Angeles Times (1/3, Hennessy-Fiske, 850K) reports, "The surge in civilian fatalities has been attributed largely to the rising tide of sectarian violence in Baghdad and beyond. ... Many believe the Iraqi government underestimates civilian casualties. The United Nations, for example, estimates that 100 Iraqis die in violence daily. On the other hand, an Interior Ministry spokesman said Tuesday that the latest figures were too high."

Diyala Province Becomes "Tinderbox." Under the headline "A Promising Iraqi Province Is Now A Tinderbox," the Los Angeles Times (1/3, Moore, 850K) reports, "When US forces killed the leader of Al Qaeda in Iraq, Abu Musab Zarqawi, six months ago in a village near here, they hoped security would improve in this strategic province just north of Baghdad. Instead, security has collapsed in Diyala province, which now ranks as one of Iraq's most troubled regions. Insurgent attacks have more than doubled in the last year. ... Assassinations have claimed the lives of mayors, tribal chieftains, police officials and judges. ... Many government officials here sleep on cots in their offices because driving home is too dangerous." US and Iraqi officials "blamed the sharp downturn on a combination of US neglect and abuses by the Iraqi army."

Ignatius Fears Abandonment Of Iraqis Who Helped US. Washington Post (1/3, A19, 690K) columnist David Ignatius writes, "However long the United States stays in Iraq and whatever success it achieves there, we should agree we have a moral responsibility to the Iraqis who risked their lives and families to be America's allies." Ignatius cites the undesirable precedent of Vietnam: "America's ragged withdrawal from Vietnam was chronicled by Frank Snepp, a CIA analyst in Saigon at the time." The CIA's Vietnamese employees "were, in practical terms, left to die." That said, Vietnamese who fled "are among our nation's great success stories ... one of the worst effects of the [Iraq] war is that it is destroying the educated middle class of Iraq -- driving doctors, teachers and business people into desperate exile. When Iraq comes back together some day, will these educated Iraqis be America's friends, or will they despise us? Whatever we do in Iraq in coming months, it should include a bipartisan commitment to keep faith with the people who risked everything for a new Iraq -- by making room for them in America, if necessary."

Former CNN Exec Challenges AP To Authenticate Iraqi Source. Fox News' Special Report (1/2, Hume) reported, "A former top executive at CNN is calling out the Associated Press saying he could find no evidence that one of its top Iraqi sources actually exists. Eason Jordan, who runs a website devoted to Iraq news, said neither he or anyone trying to track down Iraqi police captain Jamil Hussein have been able to turn up a family member, friend, or colleague, and the A.P. isn't helping. A spokesman says Hussein, who has been quoted in dozens of A.P. stories and is often critical of the U.S., is someone they had talked to for years, but they would not respond to the U.S. demands to prove his existence."

Civilians Answer Call To Serve In Iraq. The Washington Post's (1/3, D1, Barr) "Federal Diary" column reports that generally, "federal agencies prefer to rely on volunteers like Needham and Walsh for duty in war zones," but "with the Iraq war in its fourth year, there has been some concern that the ranks of civil service volunteers are growing thin." The Post adds that while the "Iraq Study Group," recommended "that agencies order civilian employees to fill key jobs in Iraq if not enough volunteers step forward," American Federation of Government Employees president John Gage, "questions how civil service employees could be ordered to Iraq when the violence in Baghdad makes it exceedingly difficult to move around and perform jobs."

CORPORATE SCANDALS:

Timing Of Apple Options Led To Windfalls. The Los Angeles Times (1/3, Chmielewski) reports, "In August 1997, Apple Computer Inc. handed four top executives options to buy a total of nearly 1 million shares. The next day, the value of those options jumped a staggering 48%, or $7.7 million. … This was no coincidence, according to a shareholder lawsuit filed against executives and directors of the Cupertino, Calif.-based company in federal court in Northern California. Rather, the options were granted to coincide with good news that would give the four executives an overnight windfall." The Times continues, "The stock soared when co-founder Steve Jobs announced that Apple's sworn enemy, Microsoft Corp., threw the struggling company a life raft in the form of a $150-million cash infusion. In exchange, Apple gave Microsoft a stake in the company and agreed to use the software giant's Web browser on its Mac

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personal computers. … The investment rocked the high-tech world at the time but became only a footnote in the astonishing comeback of a company as celebrated today for its marketing and design prowess as Nike, Prada or Mercedes-Benz. … But the grants are an example of the fast-and-loose practices that went unchecked in a corporate culture fashioned by Jobs to revive Apple, which by 1997 was hemorrhaging money, according to the lawsuit, a combination of 11 shareholder complaints." The Times adds, "Filed days before Christmas, it alleges that Apple engaged in widespread manipulation of option grants to allow employees to buy shares at low prices. Apple "spring-loaded" options in advance of good news and "backdated" other grants to days when the stock traded at low prices to create an automatic paper profit, claims the suit, which has only recently come to light. … On Friday, Apple absolved Jobs of wrongdoing after a three-month internal investigation of its option practices. The company, however, acknowledged 6,428 instances of improperly dating option grants over a six-year period, when it had 'insufficient safeguards' to prevent stock manipulation, according to a filing with the Securities and Exchange Commission. The first incident occurred on Dec. 29, 1997, just a few months after Jobs had returned to the company and taken the title of 'interim' chief executive. … The company's admissions have raised new questions among securities lawyers and corporate governance experts about Jobs' role in the controversy."

Forecasters See Tough Year Ahead For CEOs. The Financial Times (1/3, Guerrera) reports, "American chief executives are bracing themselves for a tough year, with corporate governance issues, shareholder activism, and a more difficult operating environment likely to test their leadership and business skills." The Times continues, "Corporate experts predict that US chief executives will see their once undisputed authority further eroded in 2007 by the growing desire from institutional and retail investors to have a bigger influence on company matters." The Times adds, "Over the past year, this trend has been strengthened by the explosion of the options backdating scandal, increased shareholder anger at lavish executive compensation and attacks from activist hedge funds. … 'The pressure is not going to relent on CEOs in 2007,' says John Challenger of the recruitment firm Challenger Gray & Christmas. 'The days of the imperial chief executive are over.'" The Times notes, "The increased pressure on America's corporate leaders has led to unprecedented levels of chief executive turnover. In 2006, more than 1,340 US chief executives left their jobs – the highest on record – according to Mr Challenger's firm. … The options backdating scandal, which has engulfed more than 180 companies, has forced more than 15 chief executives to resign and more could follow. … The controversy – coupled with more investor scrutiny of executive pay and the ongoing impact of the Sarbanes-Oxley legislation – are rapidly changing the US's corporate governance landscape."

More Commentary. In his column for the Wall Street Journal (1/3, A12), Holman W. Jenkins, Jr., writes, "The markets have finally had their say about the wonderfully overblown backdating scandal. When Apple filed its latest mea culpa on Friday along with a board expression of confidence in Steve Jobs's leadership, the company's shares jumped four bucks. Message: The market doesn't give a hoot about backdating. It gives a hoot whether Mr. Jobs might be run out of his job." Jenkins continues, "This ought to cast a light on whether the drop in market prices of companies in the backdating scandal reflects the shock and horror of investors at the details of backdating -- or shock and horror at the meal that trial lawyers, prosecutors and the media are making of companies caught up in this episode. … Whether Mr. Jobs is safely out of woods remains to be seen. It didn't help that just a week earlier, the Associated Press reported that SEC Chairman Chris Cox has been averring that, in sorting through dozens of backdating cases, his agency would save its legal firepower for 'cases of serious fraud, with elements such as deliberately lying or forging documents.' … Uh oh. In granting Mr. Jobs options on 7.5 million shares, somebody at Apple pencil-whipped a technical requirement of a board meeting to approve the grant. Of course, Mr. Jobs was already a billionaire. Does anybody think he engaged in theft to pad his net worth by a faction of a percent?" Jenkins concludes, "Now, not all CEOs are as pivotal to a company's performance as Mr. Jobs is perceived to be, but this has nothing to do with the CEO pay calculus. All CEOs sit at the switch: They make the calls by which shareholder wealth is preserved or squandered. Should a company sacrifice short-term profits in order to invest more in customer service? Should it embark on a bold product redesign or milk an aging product line a bit longer? … The market wants a CEO in whom it has confidence, and who is responsive to the share price. The media's relentless appetite is for evidence that CEO pay fails the 'fairness heuristic.' This basic disjunction is why one of the signal phenomena of the age, the towering

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increase in executive compensation, remains unexplained to the American people despite the massive amount of journalism spent on subjects like backdating."

Former Enron Accounting Head Causey Heads For Prison. The Washington Post/Bloomberg (1/3, D1, Calkins) reports, "Richard A. Causey, Enron's former chief accounting officer, was on his way Tuesday to a federal prison in Bastrop, Tex., to begin a 5 1/2 -year sentence for his role in the fraud that destroyed the company." Bloomberg continues, "Causey, 46, pleaded guilty to one count of securities fraud in December 2005, less than a month before he was to stand trial with former Enron chief executives Jeffrey K. Skilling and Kenneth L. Lay, both of whom were found guilty. … 'A lot of improper things were done at Enron,' Causey said as he was sentenced in November. 'Some of those were done by me, and for that I am profoundly sorry.'" Bloomberg adds, "Causey was the last of 16 former executives to plead guilty to crimes at Enron, which was the world's largest energy-trading company before it went bankrupt in December 2001 as widespread accounting fraud came to light. … More than 5,000 jobs and $1 billion in employee pensions were wiped out when Enron collapsed. Investors are suing to recover more than $30 billion. … Causey was assigned to the prison he requested. Bastrop is three hours from his home in Houston, where Enron was based, and 30 miles from Austin, where the oldest of his three children attends college."

Cox, Frank Take Diverse Approaches To Financial Issues. The Washington Post (1/3, Johnson, 690K) reports that from their "years at Harvard Law School to their tenure in the House of Representatives, Barney Frank and Christopher Cox chose markedly different approaches to reach their destinations." Their paths "cross again as Frank, a Massachusetts Democrat, assumes control of the House Financial Services Committee, which oversees the Securities and Exchange Commission -- led by Cox, a former Republican lawmaker from California." Despite "similar resumes, the men could hardly be more divergent in ideology and personal style." Frank's "support for predatory-lending reforms, minimum-wage increases and universal health care mark him as one of the most left-leaning lawmakers on Capitol Hill." Cox "cut his teeth in the Reagan White House, and his votes in Congress earned him an 87 percent lifetime rating from the U.S. Chamber of Commerce before he became chairman of the Securities and Exchange Commission." Already, "they have clashed over a change to an SEC rule that some investor advocates say will reduce disclosure of executive pay in the form of certain stock awards."

Sarbanes-Oxley Act Seen As Counterproductive. In a New York Times (1/3, 1.16M) op-ed, William Niskanen of the Cato Institute says while the Sarbanes-Oxley Act "was surely well intentioned," it has "proven counterproductive in the extreme, and Congress would best honor the departing lawmakers by repealing it. Sarbanes-Oxley has seriously harmed American corporations and financial markets without increasing investor confidence. The section of the law requiring companies to perform internal audits has turned out to be far more costly than proponents projected, especially for smaller firms. These costs have led some small companies to go private, hardly a victory for public oversight, and some foreign firms to withdraw their stocks from American exchanges."

CRIMINAL LAW:

FBI Subpoenas Records Of Investment Firm Connected To Bruno. The New York Daily News (1/3, Mahoney, 729K) reports, "The FBI has subpoenaed an investment firm for documents related to state Senate Majority Leader Joe Bruno in a widening probe of the state's top Republican, the Daily News learned yesterday. A source familiar with the investigation said the firm, McGinn, Smith & Co. of Albany, is 'one of the groups Sen. Bruno did consulting for' through his own business." The Daily News notes, "The FBI is also reviewing subpoenaed documents relating to land transactions made by now-dissolved First Grafton Corp., a real estate investment firm that Bruno helped to start, as well as plane rides arranged for Bruno by a wealthy friend, Jared Abbruzzese, sources said.

FBI Investigating Murder Of Arizona Tribal Chairwoman's Brother. The Arizona Daily Star (1/3, McCombs, 128K) reports, "The FBI is investigating the New Year's Day death of the brother of the chairwoman of the Pascua Yaqui Tribe as a homicide, an FBI spokeswoman in Phoenix said Tuesday. Gabriel Frias, the 32-year-old brother of chairwoman Herminia Frias, died from shotgun blast to the midsection, an autopsy performed Tuesday by the Pima

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County Medical Examiner's Office revealed, said Deborah McCarley, an FBI spokeswoman in Phoenix." The Daily Star adds, "The FBI remained tight lipped about the events leading up to the shooting, possible suspects or motives, citing the need to protect the ongoing investigation, McCarley said. They haven't arrested anyone, she said."

New Orleans Police Officers Surrender For Booking On Murder Charges. The New Orleans Times-Picayune (1/3, Maggi, McCarthy) reports, "Surrounded by colleagues offering hugs, handshakes and shouts of support, seven New Orleans police officers walked into central lock-up Tuesday morning to be booked on murder and attempted murder charges, stemming from their shooting of six people a week after Hurricane Katrina. Steady applause broke out as the officers, accompanied by their attorneys and union representatives, began the slow march to jail." However, "not everyone offered comfort: A handful of protesters, marching outside the ring of support, pronounced the officers guilty and called them terrorists and thugs. And shouts from inside the jail could be heard on the street below — a handful of voices screaming out obscenities and warnings.

Gulf Coast Officials Warn Homeowners Of Hurricane Repair Scams. USA Today (1/3, Heath, 2.27M) reports, "Officials along the Gulf Coast are warning homeowners that they will likely face a wave of contractor scams in the coming months as they begin collecting billions of dollars in government grants to rebuild what Hurricane Katrina destroyed. Mississippi has hired six investigators to target schemes aimed at recipients. Louisiana will send out vans to warn consumers about scams and take complaints. Both states are filling the airwaves with warnings about common schemes, and regularly warn aid recipients to research contractors and put work agreements in writing." USA notes, "Officials expect contracting schemes will make up the next wave of fraud, in part because taking money from homeowners is already proving far less complicated than scamming the government-run grants, Mississippi State Auditor Phil Bryant says."

New Jersey Panel Recommends Abolishing Death Penalty. The New York Times (1/3, Mansnerus, 1.16M) reports a legislative commission "recommended on Tuesday that New Jersey become the first state to abolish the death penalty since states began reinstating their capital punishment laws 35 years ago." The commission report "found 'no compelling evidence' that capital punishment serves a legitimate purpose, and increasing evidence that it 'is inconsistent with evolving standards of decency.'" Death penalty experts "said that New Jersey was the first state to receive an official recommendation that capital punishment be abandoned, and it lands in a state where legislators have a Democratic majority along with a Democratic governor who supports repeal of the statute." There is "ample opposition to capital punishment in both houses of the Legislature, and Senate President Richard J. Codey said in an interview that he expected to ask for a vote, although he would not discuss a timetable."

The AP (1/3, Hester) reports, "The report, obtained by The Associated Press, found no compelling evidence that New Jersey's death penalty, which has not been used in more than four decades, serves any purpose. … It also found abolishing the death penalty would eliminate the danger of executing an innocent person, and said the death penalty costs taxpayers more than prisoners serving life terms without parole." The AP notes, "One member of the group, former Senator John F. Russo, who wrote the state's death penalty statute when executions were reinstated in 1982, dissented from the commission's findings. … The 13-member commission was formed earlier this year to study capital punishment in a state that has not executed anyone since 1963. Nine men are on death row in New Jersey, but the legislation that created the commission imposed a moratorium on executions until 60 days after the panel completed its work. No execution was imminent when the moratorium was imposed."

US Helps North Carolina Prosecutors In Child Sex Cases. The AP (1/3) reports, "Until the (North Carolina) Legislature changes prison sentences for people who distribute child pornography, local prosecutors are getting help from federal officials in putting pedophiles in prison." The AP continues, "Investigators in Harnett County discovered 228 video clips and 124 still photos of child pornography - including some involving a toddler - on Christopher Paul Brady's computer. … In state court, the 31-year-old Brady received three years of supervised probation. … 'I got the most I could get,' said Assistant District Attorney Mary Wilson. .. But federal prosecutors stepped in and charged the Lillington man with trafficking in child

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pornography. After being convicted, Brady was sentenced to more than 15 years in prison. … 'We're saving some people some trauma. We're going to get a good sentence,' said Assistant U.S. Attorney Jay Exum, who works with prosecutors on child pornography cases in eastern North Carolina." The AP notes, "Exum works under Project Safe Childhood, a U.S. Justice Department program which was started last year and aims to put pedophiles in prison on lengthy sentences. … FBI statistics show child pornography and exploitation cases increased nationally from 113 in 1996 to 2,135 last year and prosecutors have seen a similar increase in cases coming to court - from 344 in 1995 to 1,576 in 2005. … The state Legislature convenes Jan. 24 and one task is to seek tougher penalties for child pornography charges. State law currently gives prison time to people who make child pornography, but a special legislative committee recommended tougher sentences."

CIVIL LAW:

Texas Professor Sues Federal Government, Seeks Information On Drug-Related Case. The El Paso Times (1/2) reported a University of Texas, El Paso professor "is suing the federal government hoping to force the release of documents surrounding the case of 'Lalo,' the former Immigration and Customs Enforcement informant involved in drug-related murders in Juárez. Bill Weaver, an associate professor of political science at UTEP, filed the suit in mid-November against the Drug Enforcement Administration and the Department of Justice because the agencies did not answer his Freedom of Information Act requests from 2005, court documents showed." The professor "said he wants to use the information for an upcoming book."

CIVIL RIGHTS:

Attorney Pleads For Life Of Man Convicted In Human Smuggling Deaths. The AP (1/3, Lozano) reports from Houston, "A truck driver convicted for his role in the deadliest immigrant smuggling attempt in the U.S. should not be sentenced to death because he is not the 'worst of the worst,' his defense attorney told jurors Tuesday. … But prosecutors said Tyrone Williams, 35, a Jamaican citizen living in New York state, should be executed because he committed a deliberate act of violence in a depraved manner that resulted in the deaths of 19 illegal immigrants trapped inside a sweltering tractor-trailer. … 'The only justifiable punishment in this case should be death,' Assistant U.S. Attorney Daniel Rodriguez said." The AP continues, "After a nearly monthlong break due to the illness of an attorney and the holidays, the punishment phase in Williams' retrial resumed on Tuesday with opening statements. … Williams was convicted on Dec. 4 for his role in the May 2003 deaths of the illegal immigrants, who succumbed to the deadly heat in the back of his tractor-trailer as he was smuggling them from southern Texas to Houston. … Jurors now have to decide if Williams, who was convicted on all 58 counts of conspiracy, harboring and transporting, should be sentenced to death or up to life in prison."

Number Of Minority Coaches In NCAA Division I-A Grows To Seven. USA Today (1/3, O'Toole) reports, "Floyd Keith isn't ready to proclaim great strides when it comes to hiring minority head football coaches in NCAA Division I-A. But with two moves already this month, the executive director of the Black Coaches Association said Wednesday that he is encouraged by what is happening. … 'At the end of the day I still have to wait and see where the numbers end up,' he said. 'With two I-A hires, that brings it to seven, which, if there is one more hire, would equal the most.'" USA continues, "Mario Cristobal, who is Cuban-American, was hired at Florida International, and Randy Shannon, who is African-American, was hired at Miami (Fla.). They join five other current I-A minority head coaches. In 1998 there were eight. As recently as the 2005 season there were three. Eighteen of the 119 jobs in I-A have opened this season, with all but three filled." USA adds, "Keith's organization began issuing an annual report card on hiring practice in 2004 as a way to bring pressure on schools to at least consider minority candidates. The group also wants recruits and their families to consider a school's BCA grade before signing. .. The grade emphasizes minorities brought into the interview process as well as those hired. The third report card, which grades individual schools, was issued in September."

Massachusetts Lawmakers Keep Gay Marriage Amendment Alive. The AP (1/3, Leblanc) reports that in a "suspense-filled final day of the legislative session, Massachusetts lawmakers kept alive a proposed

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constitutional amendment Tuesday that would put a stop to gay marriage in the only state that allows same-sex couples to wed." With a "combination of parliamentary maneuvering, flip-flopping and brinksmanship, lawmakers gave the first round of approval necessary for the amendment to appear on the ballot in 2008. The measure still needs the endorsement of the next legislative session." If the amendment "makes it onto the ballot and residents approve it, it will leave Massachusetts' 8,000 existing gay marriages intact but ban any new ones."

The New York Times (1/3, Belluck, 1.16M) reports the amendment "now requires the approval of at least 50 legislators in another vote in the 2007-8 session. Then it would be placed on the November 2008 ballot as a referendum question." The "swiftness of the vote on Tuesday surprised people on both sides of the issue, taking place without any debate, just minutes after the constitutional convention had been gaveled into session. Proponents of the amendment needed just 50 of the legislature's 200 lawmakers to support it; the final vote was 61 in favor of the amendment and 132 opposed."

The Washington Post (1/3, A3, Powell, Shulman, 690K) reports Massachusetts legislators "approved a measure yesterday that next year could allow voters to overturn a historic same-sex marriage law in the only state in the nation where such unions are legal." Glen Lavy, "a senior counsel with the Alliance Defense Fund, which strongly favors banning same-sex marriage," said, "It's in the best interests of children and society for marriage to be defined as between a man and woman. The battle to preserve marriage in Massachusetts as between a man and a woman is alive and well." The Post adds, "Yesterday's vote fell like a hammer on gay-rights advocates, who have fought a half-decade-long war to gain the right to same-sex marriage in Massachusetts."

The Washington Times (1/3, Wetzstein, 88K) reports "yesterday's votes brought relief to supporters." Kris Mineau, "president of the Massachusetts Family Institute and spokesman for VoteOnMarriage.org, which led the 2005 petition drive that garnered 170,000 signatures in favor of the amendment," said, "Today's victory is about restoring the integrity and authority of the people's constitutional right to petition their government."

ANTITRUST:

Korean Antitrust Authorities Scrutinizing Qualcomm. The New York Times (1/3, Sang-Hun) reports, "The South Korean antitrust agency has formed a task force to investigate the licensing and business practices of the wireless technology company Qualcomm, the latest in a string of legal battles for the company, officials said on Tuesday." The Times continues, "In Japan, Europe and the United States, Qualcomm, which is based in San Diego, faces accusations by rivals that it has abused its market dominance in wireless technology to demand excessive royalties and block fair competition." The Times adds, "Qualcomm is known for developing code-division multiple access, or CDMA, wireless technology, which is a rival standard to the global system for mobile communications, or GSM, technology. It makes money by selling chips that power cellphones, as well as collecting royalties or licensing its technology to other chip makers and cellphone manufacturers. … The creation of a task force, which is modeled after the one investigating antitrust complaints against Microsoft, means that the case in question merits a full-blown investigation, said Na Yang-ju, a spokesman for the South Korean antitrust watchdog agency, the Fair Trade Commission. … But commission officials also acknowledged that the case against Qualcomm was more complicated than they had expected. A year ago, the commission ruled that Microsoft was guilty of breaching fair trade rules, a decision the company is appealing."

Defunct Online Movie Distributor Sues Leading Tech Firms. The New York Times (1/3, Markoff, Helft) reports, "In 1997, Jonathan T. Taplin, a veteran film and television producer, stood up at a cable industry convention and asserted that in the future all movies would be distributed over the Internet. He recalls being laughed out of the room." The Times continues, "Mr. Taplin may laugh last. Online distribution of movies has arrived, at places like Apple Computer's iTunes Store. And even though Mr. Taplin's own video-on-demand company, Intertainer, shut down operations five years ago, it says it deserves some credit — and cash. … Last week, Intertainer filed a broad lawsuit asserting that Apple, Google and Napster are infringing on a 2005 patent that covers the commercial distribution of audio and video over the Internet." The Times adds, "Founded by Mr. Taplin

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and two other Hollywood entertainment executives in 1996, Intertainer developed technology to distribute movies on demand through cable and phone lines for viewing on televisions and personal computers. It gained investors including Intel, Microsoft, Sony, NBC and Comcast. … Theodore Stevenson, a partner at McKool Smith, the Dallas firm representing Intertainer, said the company filed suit against Apple, Google and Napster because they were perceived as leaders in the market for digital downloads. He declined to specify the damages that Intertainer was seeking." The Times notes, "Intertainer's tale is somewhat different than other intellectual property suits brought by technology licensing firms. By 2002 the company seemed to have a growing business, with 125,000 Internet subscribers for its servers and 35,000 TV subscribers through the Comcast cable system. … But in the fall of 2002, the company shut down its service and filed a lawsuit against some of the backers of Movielink, a competitor backed by five Hollywood studios, including Sony, Universal and Warner Brother. At the time Mr. Taplin said the studios were using Movielink as a price-fixing vehicle to kill Intertainer. … An antitrust investigation by the Justice Department into Movielink was dropped in 2004."

Nucor To Purchase Harris Steel Of Canada For $1.07 Billion. The New York Times/AP (1/3) reports, "The Nucor Corporation, the maker of steel products, said Tuesday that it had agreed to acquire the Harris Steel Group of Canada for $1.07 billion." The AP continues, "Nucor, which makes steel from recycled metal at its minimill operations across the United States, said the deal would broaden its geographic reach and give it opportunities to grow. … Nucor bid 46.25 Canadian dollars ($39.69) for each Harris Steel share, a 6 percent premium over the Friday closing price of 43.49 Canadian dollars ($37.32) for Harris shares on the Toronto Stock Exchange." The AP adds, "The deal requires regulatory approval in the United States and Canada. Nucor, which is based in Charlotte, plans to allow Harris Steel to operate as a separate, wholly owned subsidiary once the deal is completed. … Nucor, which has operations in 18 states, expects the acquisition to bolster earnings immediately."

The Wall Street Journal (1/3, A3, Glader) reports, "With its $1.07 billion acquisition of Harris Steel Group Inc. in Canada, Nucor Corp. is breaking from its nonunion tradition and offering a glimpse of where it sees growth in the steel industry." The Journal continues, "The move by the Charlotte, N.C., steelmaker also answers a question that has followed Nucor and other steelmakers: where to invest sizable cash reserves from three years of strong steel prices? With this deal, Nucor shows it sees opportunity in finishing steel products for its customers and in distribution rather than adding steelmaking capacity." The Journal adds, "The deal comes amid rising concern by some in the steel industry over the potential for raw steelmaking overcapacity. Nucor had said fourth-quarter earnings would be less than expected because of lower shipments and prices. … While many large steel companies are buying other primary steelmakers around the world, Nucor -- which had $1.69 billion in cash on its balance sheet in the third quarter -- is focusing its investment and growth largely in North America's manufacturing infrastructure. Nucor said it sees the construction market growing, with increasing demand for bridges, tunnels, airports and hospitals. … Harris -- which fabricates steel into reinforced steel bar, platform grating and wire mesh for construction products ranging from bridges to airports and stadiums -- serves that market. "

Seminole Tribe's Purchase Of Hard Rock Challenged. The Wall Street Journal (1/3, B3) reports, "Baltimore development firm Cordish Co. and affiliate Power Plant Entertainment LLC filed suit in Broward County Circuit Court in Florida, claiming the Seminole Tribe of Florida was able to buy the Hard Rock chain of cafes and casinos through collusion and bid rigging." The Journal continues, "The plaintiffs allege Hard Rock Cafe International Inc. management secretly negotiated with the Seminoles for seven months before plans to sell were announced in July. Power Plant, a partnership between Cordish and Coastal Development LLC, was the original developer of two Seminole Hard Rock casinos and hotels in Tampa and Hollywood, Florida." The Journal adds, "The Seminoles last month agreed to buy the chain for $965 million from the U.K.'s Rank Group PLC. In a statement, the Seminoles accused Cordish of being 'a sore loser' and insisted the deal went through 'a lengthy and open bidding process.' They said the lawsuit 'has no merit.' Rank Group shareholders are scheduled Monday to vote on the sale."

NYTimes Calls On Congress To Pass Net Neutrality. The New York Times (1/3, 1.16M) says in an editorial, "One of the big winners in the last election may turn

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out to be the principle, known as net neutrality, that Internet service providers should not be able to favor some content over others. Democrats who are moving into the majority in Congress — led by Ron Wyden in the Senate and Edward Markey in the House — say they plan to fight hard to pass a net neutrality bill, and we hope that they do. It is vital to preserve the Internet's role in promoting entrepreneurship and free expression." Cable and telephone companies "are talking, however, about creating a two-tiered Internet with a fast lane and a slow lane. Companies that pay hefty fees would have their Web pages delivered to Internet users in the current speedy fashion. Companies and individuals that do not would be relegated to the slow lane. Creating these sorts of tiers would destroy the democratic quality of the Internet. Big, wealthy voices would start to overpower the smaller, poorer ones. Innovation would be threatened if start-ups and small companies could not afford the new fees."

ENVIRONMENT:

Judge To Decide Oklahoma Land Dispute. The AP (1/3) reports from El Reno, OK, "A federal judge in Washington will decide whether the federal government wrongfully took about 7,000 acres of land belonging to the Cheyenne-Arapaho Tribes of Oklahoma." The AP continues, "Attorneys for the Cheyenne-Arapaho filed an 18-page response on Friday to the government's motion to dismiss the tribes' lawsuit over the land. The tribes want to do oil exploration on the land and use it for development of retail, offices and possibly a casino, Cheyenne-Arapaho Gov. Darrell Flyingman said. … 'It's valuable land,' he said. 'There's hundreds of oil and gas wells right around Fort Reno. That's one of the reasons they're trying to keep it.'" The AP adds, "According to the government, which is seeking to dismiss the tribes' lawsuit, the Cheyenne-Arapaho claim on the land died in 1891, when the reservation was allotted and the tribes signed an agreement ceding the remaining 400,000 acres, which then were opened to non-Indian settlement. … The tribes received 2 cents per acre in 1891, then $15 million more in 1965 after filing a lawsuit under the Indian Claims Commission Act, which was designed to correct past injustices in land dealings with Indian tribes. .. The tribes say the payment covered the rest of the old reservation, excluding the Fort Reno land."

US Changes Prosecution Timetable In Ohio Reactor Case. The Toledo Blade (OH) (1/3, Henry) reports, "Federal prosecutors veered off their timetable for having criminal charges against two former Davis-Besse engineers and a contractor heard in U.S. District Court by the end of this fall - partly because of the complexity of the case, and partly because of recent finger-pointing among the trio. … The case now may be split into at least two trials." The Blade continues, "Defendants Andrew Siemaszko, of Spring, Texas; David Geisen, of DePere, Wis., and Rodney N. Cook, of Millington, Tenn., face up to five years in prison and $250,000 in fines if convicted on charges of making false statements to a federal agency. … Mr. Siemaszko and Mr. Geisen are former Davis-Besse engineers. Mr. Cook is a contractor who had been associated with the Ottawa County nuclear plant for years." The Blade adds, "Each is accused of jeopardizing northern Ohio's safety five years ago by lying about Davis-Besse's old reactor head when the Nuclear Regulatory Commission was debating whether the plant was too dangerous to keep operating in the fall of 2001. … The NRC, based on what it learned in subsequent months, said acid melted so much steel off the massive lid that it nearly blew open and allowed radioactive steam to form in containment for the first time since the partial meltdown of Three Mile Island Unit 2 in 1979. … The agency ultimately said there's no question FirstEnergy Corp., in hindsight, should have shut down the plant at least six weeks earlier than it did on Feb. 16, 2002."

Energy Independence A Central Theme Of Bush's State Of The Union Speech. The Financial Times (1/3, Daniel) reports, "Energy will be a central theme of President George W. Bush's state of the union speech this month, as it was in last year's address when he briefly caught national attention with the claim that the country was 'addicted to oil.'" Yet, "his critics doubt that he will do much more than call for more spending on alternative fuels, and again fail to embrace international efforts to agree a post-Kyoto regime to tackle greenhouse emissions." One "senior energy industry lobbyist" said, "Energy policy has been the creation of Congress. Almost anything Bush says in the speech is irrelevant the day after he says it." But one senior Administration official rejected that, saying, "It's a lot more than rhetorical: what was done with the 2005 act was substantial." And "Al Hubbard, chairman of the National Economic Council, who is co-ordinating White

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House energy policy, has also raised expectations. In a speech at De Pauw University he predicted 'headlines above the fold that will knock your socks off in terms of our commitment to energy independence.'"

US Dependence On OPEC Soars As Angola Enters Cartel. The Financial Times (1/3, Crooks, Blas) reports US dependence on OPEC "for its oil imports has risen to its highest level in 15 years, following Angola's arrival this week as the 12th member of the oil producers' group." Angola's entry "comes at a time when Opec is trying to exert more influence, as seen in its decision at the December meeting to cut 500,000 barrels a day from its output from February." Angola "is particularly significant because it is one of the fastest-growing producers." But its "entry into Opec is unlikely to have much impact on the price of oil. It has yet to agree a production limit with the group, and Opec officials have suggested that its planned production increase is likely to be accommodated by the group."

New Maryland AG Pledges To Crack Down On Bay Polluters. The Washington Post (1/3, B4, Rich) reports, "Douglas F. Gansler, Montgomery County's longtime prosecutor, pledged an 'all-out assault' on those who pollute the Chesapeake Bay as he was sworn into office yesterday as Maryland's first new attorney general in two decades." The Post continues, "In the Senate's marbled chamber in Annapolis, where the outgoing Republican governor administered the oath of office, Gansler, a Democrat, ticked off a list of the estuary's environmental woes. He cited swimming bans at Sandy Point State Park in Annapolis and declining oyster harvests, saying, 'Some fish don't even know if they're boys or girls anymore -- it's gotten that bad. … We're going to wage an all-out assault on those who pollute our air and water,' Gansler said." The Post adds, "The pledges echoed campaign promises that helped carry Gansler to a comfortable victory in November in his bid to fill the seat left vacant by J. Joseph Curran Jr., a fellow Democrat who, after two decades as the state's chief legal officer, decided not to run for another term. … Gansler, 44, had been Montgomery state's attorney since 1998. He drew attention last year by winning convictions against John Allen Muhammad and Lee Boyd Malvo, the snipers who terrorized the region in 2002. … Despite the dire proclamations about the health of the bay, yesterday's ceremony in many respects had the feeling of a family affair. Gansler spoke of his wife, Laura, and their two sons, who, he jokingly said, did not understand the concept of spending $2 million to win a job that pays $125,000 a year."

Feds, States At Odds Over Paying For Forest Fire Fighting. The New York Times (1/3, Johnson, 1.16M) reports, "The steeply rising cost of preventing and suppressing wildfires, which burned more of the American landscape in 2006 than in any other year since at least 1960, is creating a rift between Washington and state and local governments over how the burden ought to be shouldered." A study "issued in November by the inspector general's office of the United States Department of Agriculture, the parent agency of the Forest Service, said the nature of the wildfire threat was changing as private homes and communities pushed ever closer to the boundaries of once-remote public lands. Those communities and landowners, rather than federal taxpayers, should have to pay for more of their own fire protection, the report concluded." But states and local governments "are gearing up to fight back in Congress, arguing that decades of federal mismanagement of national forests and open spaces, not development, created the threat and that little communities with few resources are neither responsible for it nor equipped to make a difference."

Mayfield Leaving Government With Warning Of Impending Natural Disaster. The Los Angeles Times (1/3, Williams, 850K) reports National Hurricane Center chief Max Mayfield will end his 34-year government career tomorrow, and he is "more convinced than ever that US residents of the Southeast are risking unprecedented tragedy by continuing to build vulnerable homes in the tropical storm zone and failing to plan escape routes. … 'We're eventually going to get a strong enough storm in a densely populated area to have a major disaster,' he said. 'I know people don't want to hear this, and I'm generally a very positive person, but we're setting ourselves up for this major disaster.'" Mayfield, who "hopes to launch a second career as a consultant in emergency planning and disaster response," says the US lacks "the political will to make and impose hard decisions on building codes and land use in the face of resistance from the influential building industry and a public still willing to gamble that the big one will never hit."

Administration Criticized For Listing Polar Bear As Threatened. The Wall Street Journal (1/3,

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2.04M) says in an editorial, "Unless you've been hibernating for the winter, you have no doubt heard the many alarms about global warming. Now even the Bush Administration is getting into the act, at least judging from last week's decision by Interior Secretary Dirk Kempthorne to recommend that the majestic polar bear be listed as 'threatened' under the Endangered Species Act. The closer you inspect this decision, however, the more it looks like the triumph of politics over science." It "also turns out that most of the alarm over the polar bear's future stems from a single, peer-reviewed study, which found that the bear population had declined by some 250, or 25%, in Western Hudson Bay in the last decade. But the polar bear's range is far more extensive than Hudson Bay. A 2002 U.S. Geological Survey of wildlife in the Arctic Refuge Coastal Plain concluded that the ice bear populations 'may now be near historic highs.'"

Wal-Mart Praised For Pushing Fluorescent Light Bulbs. The New York Times (1/3, 1.16M) says in an editorial that it is "great news that Wal-Mart is putting its considerable heft behind one of the easiest ways to reduce energy consumption and the production of global-warming gases: the corkscrew-shaped light bulbs of the future." Switching from familiar bulbs to longer-lasting, energy-saving compact fluorescent lamps makes sense economically and environmentally." Wal-Mart "is pushing to sell 100 million compact fluorescents a year. Because they use 75 percent less electricity, that would save customers $3 billion on their electricity bills and save the world from 20 million metric tons of greenhouse gases."

FBI/DEA/ATF/USMS:

In Florida, Attorney Claims Agents Used "Coercive Tactics" Against Client. The Tampa Tribune (1/3) reports Scott Schweickert's attorney "is asking a judge to block the prosecution from introducing at trial Schweickert's statements about how he helped Steven Lorenzo drug, sexually torture and kill two men. Defense attorney Pedro Amador argues in court papers that Schweickert's statements 'were made as a result of coercive tactics employed by government agents.' … Schweickert faces a federal trial next week on charges of conspiracy and drug facilitated crimes of violence." According to an arrest affidavit Schweickert "was interviewed by U.S. Drug Enforcement Administration Agent Scott A. Albrecht and other detectives on May 10 and 19 in 2005, after being advised of his Miranda rights."

Arizona Called Gateway For Marijuana Smuggling. The Arizona Republic (1/2) reported Arizona "is gaining another dubious distinction: marijuana smuggling gateway. The Border Patrol said agents seized over 331 tons (662,650 pounds) of marijuana worth $530 million last fiscal year, ending Sept. 30. That set a record for the fifth straight year. It nearly equaled the 350 tons seized in California, Texas and New Mexico combined."

The AP (1/3) reports that since Oct. 1, agents "have seized more than 106 tons of pot worth $170 million. That's nearly 20 tons more than the same period the previous year."

In a report similar to the AP's the Arizona Daily Star (1/2) wrote that agents with the U.S. Border Patrol "have seized a record amount of marijuana from smugglers along the Arizona-Mexico border for the fifth year in a row."

City Council In California Considers Banning Marijuana Dispensaries. The AP (1/2) reported Azusa "is poised to join several others across California in banning medical marijuana dispensaries. The City Council planned to vote Tuesday on an ordinance designed to prohibit the so-called 'pot clubs.' Officials approved the new rule unanimously on its first reading last month." Advocates for the clubs "say regulating them is more effective than banning them."

Federal Government's Drug Use Statistics Criticized. In a New York Times op-ed (1/3), Mike Males says, "When releasing last week's Monitoring the Future survey on drug use, John P. Walters, the director of the Office of National Drug Control Policy, boasted that 'broad' declines in teenage drug use promise 'enormous beneficial consequences not only for our children now, but for the rest of their lives.' Actually, anybody who has looked carefully at the report and other recent federal studies would see a dramatically different picture: skyrocketing illicit drug abuse and related deaths among teenagers and adults alike." According to "the Centers for Disease Control and Prevention, the number of Americans dying from the abuse of illegal drugs has leaped by 400 percent in the last two decades, reaching a record 28,000 in 2004." It's "time to end the obsession with hyping teenage drug use. The meaningless surveys that policy makers now rely on should be replaced

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with a comprehensive 'drug abuse index' that pulls together largely ignored data on drug-related deaths, hospital emergencies, crime, diseases and similar practical measures."

Calderon Sends Troops, Police To Tijuana In Crackdown On Drug Gangs. The AP (1/3) reports the Mexican government "is sending more than 3,000 soldiers and federal police officers to fight drug gangs in the violent border city of Tijuana, the latest offensive by President Felipe Calderon who has vowed to crack down on organized crime. The force, backed by 28 boats, 21 planes and nine helicopters, will hunt down suspected traffickers, patrol the coast and man checkpoints in a city that is a popular smuggling route for cocaine, methamphetamine and marijuana entering the United States," according to Interior Secretary Francisco Ramirez Acuna. The troops "have arrested more than 50 people, including several suspected leaders of the feuding cartels, and seized large quantities of gold, bulletproof vests, military equipment and shirts with federal and municipal police logos."

ATF Probing Explosive Devices Found After Texas Standoff. The Texarkana (TX) Gazette (1/3, Richardson) reports, "The investigation into explosive devices found in the home of a man who gave himself up after a four-hour, Texas-side standoff will be made by the federal Bureau of Alcohol, Tobacco, Firearms & Explosives. … 'Components of explosive devices were found in the building. It is unknown at this time what the intent of (the homeowner) was regarding the explosive components,' said Shawn Fitzgerald, spokesman for the Texarkana, Texas, Police Department." The Gazette continues, "Texas-side police have not released the man's name, but neighbors and co-workers identified him as Todd Gingrich, 43. … Police were dispatched to Gingrich's home at 5814 Larry Drive at 12:37 a.m. Saturday to provide assistance to thwart a possible suicide. They were notified that he allegedly had access to a large number of weapons. … Family members said the collection included automatic and semi-automatic weapons, so the Metro SWAT Team was activated to negotiate with Gingrich. … Negotiators attempted to contact Gingrich over the next four hours, but were unsuccessful. … Fortunately, at 4:50 a.m., officers were able to take Gingrich into custody without injury after he reportedly became ill and exited the building on his own." The Gazette notes, "Criminal charges are not being sought by police because the only person clearly threatened during the standoff was Gingrich. … 'A large cache of weapons was discovered in the building where the victim had been staying during the incident, but it is unknown at this time what the reason or intent was regarding the weapons,' said Fitzgerald. … The Dallas Bureau of the ATF was contacted and responded to the scene. The ATF confiscated all weapons and devices, and the case has since been turned over to that agency, police said."

TAX:

Democrats To Target Oil And Gas Companies Early. The Hill (1/3, Snyder) reports, "Among the first items Democrats want to pass are measures that at least some oil and gas companies oppose, such as a measure to repeal certain tax breaks included in a broad energy bill passed in 2005 and a bill to collect royalties on existing drilling leases. Provisions that could cost the industry even more money, such as one imposing a windfall-profit tax, could follow in the Democratic-led Congress, although some of the harsher measures may strain caucus unity." The Hill adds that Drew Hammill, a spokesman for Speaker-designate Nancy Pelosi, "said Democrats have not decided on the exact oil and gas provisions that will be included in their package for the 100-hour legislative push. But Democrats are intent on setting up the energy reserve for renewable energy and conservation, repealing certain tax breaks, and forcing oil companies to renegotiate the 1998 and 1999 Gulf leases."

CONGRESS-ADMINISTRATION:

Bush Urges Bipartisanship, Announces He Will Propose Balanced Budget Plan. With Democrats ready to take control of Congress tomorrow, President Bush is calling for a bipartisan approach to governing in the nation's capital. Writing in the Wall Street Journal this morning (1/3, A13), Bush says of Democrats, "I will have the privilege of working with them for the next two years -- one quarter of my presidency, plenty of time to accomplish important things for the American people. … To do that, however, we can't play politics as usual." Bush adds, "My principles are no secret. I have campaigned on them in my races for governor and in two presidential contests, and I have worked hard during my presidency to translate these

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principles into sound policy." Most notably, Bush says he will propose a plan to "balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent." He also urges consensus on anti-terror policies, makes his case for continuing involvement in Iraq, and calls for entitlement reform and for ending "the secretive process by which Washington insiders are able to slip into legislation billions of dollars of pork-barrel projects that have never been reviewed or voted on by Congress."

In its analysis of Bush's op-ed, the Wall Street Journal (1/3, A3, McKinnon, 2.04M) focuses on Bush's remarks on taxes, saying he "sent a strong signal of his continued opposition to tax increases." Bush's "comments reflect his administration's reliance on tax cuts as both an economic elixir and a political weapon. … A senior aide to Mr. Bush said the president wasn't firing a fiscal shot across the bow at Democrats, but was simply 'articulating a long-held view that tax relief has worked.' He added that Americans 'want their leaders in Washington to cut wasteful spending. The president's budget will do just that.'" The Washington Post/AP (1/3, Hunt) reports that while Bush sounded "a tone of bipartisanship," he "repeated long-held positions on the war in Iraq, tax cuts and other issues often criticized by Democrats."

The President will meet with Democratic leaders today. CNN's Lou Dobbs Tonight (1/2) reported, "We are told by sources that it is really a meeting to talk about the year ahead." Iraq is expected to be central to the discussions. As the AP (1/3, Flaherty) reports, "Democrats will inherit an agenda dominated by the war in Iraq when the new Congress convenes Thursday, increasing their exposure to what has mostly been a politically damaging issue for Republicans.

The bipartisan spirit Bush is urging in his op-ed may prove elusive. The Washington Post (1/3, A3, Weisman, 690K) reports "Democratic leaders set to take control of Congress tomorrow are facing mounting pressure from liberal activists to chart a more confrontational course on Iraq and the issues of human rights and civil liberties, with some even calling for the impeachment of President Bush." The Post adds, "The carefully calibrated legislative blitz that Democrats have devised for the first 100 hours of power has left some activists worried the passion that swept the party to power in November is already dissipating. A cluster of protesters will greet the new congressional leaders at the Capitol tomorrow. They will not be disgruntled conservatives wary of Democratic control, but liberals demanding a ban on torture, an end to warrantless domestic spying and a restoration of curbed civil liberties." The protest "will be followed by an evening forum calling for the president's impeachment, led by the Center for Constitutional Rights, antiwar activist Cindy Sheehan and a pro-impeachment group called World Can't Wait."

Also criticizing the Democrats' "limited" agenda, Mario Cuomo writes in USA Today's website (1/3), "After years of chaos in Iraq, which has led to neglect of many critical domestic issues, voters are looking for dramatic ideas and courageous leadership to deal with the nation's most difficult challenges. Will Democratic leaders step forward with big ideas and seize the opportunity they have been given?" So far, the Democratic agenda "for the 110th Congress, which opens Thursday, offers a laudable but light list of issues, such as increasing the minimum wage, greater stem cell availability, job training benefits and adopting ethics reforms. I doubt that kind of agenda would be enough to keep control of the Congress, let alone to win the next presidency." Cuomo says the Democratic presidential candidates "need to confront the most difficult questions of the day," such as the war on terrorism, economic inequality, the "energy crisis," and Cuomo adds, "Don't fear taxes."

Democrats Seek Legislative Victories Before State Of The Union. Gannett News Service (1/3, Berry) reports incoming House speaker Rep. Nancy Pelosi "has vowed to push six key measures during the first 100 legislative hours of the 110th Congress, which begins Thursday. … Political experts, however, question whether the agenda can be accomplished in 100 legislative hours, which could take several weeks. And while several agenda items are not controversial, some will face strong opposition from the administration, experts say."

The New York Times (1/3, Hulse, 1.16M) reports, "House Democrats intend to kick off their new regime with a 100-hour legislative blitz that would allow them to post a series of quick victories before President Bush even delivers his State of the Union address toward the end of this month." However, "even as Democrats filtered back to Capitol Hill on Tuesday in anticipation of the opening of the 110th Congress on Thursday, there was a bit of confusion about just when the 100 hours would officially begin." Republicans are "growing increasingly agitated about the Democratic timetable. They said that the rush by Democrats to force through legislation on national security, the minimum wage, student loan costs and energy without a full slate of hearings -- and with limits on

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the ability of Republicans to offer alternatives -- undercut the pledges of Democrats to run things in a more transparent, collegial way than the Republicans had when they were in power." Democrats "eventually decided Tuesday that the 100-hour timer would be started next Tuesday, when the House is scheduled to take up H.R. 1, a measure enacting recommendations from the bipartisan Sept. 11 commission that never made it out of the Republican-controlled Congress."

The Hill (1/3, Kaplan, Kucinich) says "House Democrats hurried yesterday to put the finishing touches on ethics reforms that would ban lawmakers and staffers from accepting trips, gifts and meals from lobbyists and prevent the new majority from holding votes open to change the outcome." Democrats "will adopt and then amend the House Rules package tomorrow to ban all travel paid for by lobbyists or organizations that employ lobbyists, require the ethics committee to pre-approve travel paid for by outside groups, enact a total gift ban, and require lawmakers to pay the market cost of flying on a corporate jet, said Democratic staffers and officials with government watchdog groups."

Coalition Mobilizing To Oppose Grassroots Lobbying Disclosure Bill. The Hill (1/3, Schor) reports that as the new Democratic Congress "prepares to take up a package of lobbying and ethics rules changes, a coalition of nonprofits and communications firms is renewing the push against new grassroots lobbying disclosure rules and not ruling out a future court challenge to the provisions." The Free Speech Coalition "is now leading the fight against proposals for mandatory reporting by any group involved in paid efforts to stimulate grassroots communications — another term for the proverbial pleas to voters to 'contact your congressman' on a particular issue. Led by conservative fixtures such as direct-mail guru Richard Viguerie and Free Congress Foundation chief Paul Weyrich, the coalition is pulling no punches." Lawmakers "supporting grassroots disclosure have aimed their calls for reform at so-called 'astroturf' campaigns, funded by corporate interests but portrayed as genuine citizen drives." But the coalition "contends that the new rules would provide a loophole for corporations that confine their grassroots communications to employees and shareholders."

Davis Warns Against Creation Of Independent Ethics Office. In an op-ed in The Hill (1/3), Lanny J. Davis says, "The current congressional-reformer rage is to create an independent office that would investigate and file ethics charges. This is the 'solution' to the problem of the inherent conflict of interest in members of Congress investigating their colleagues, much less members of their own party. Such an office, reformers argue, would be 'above politics' and avoid that conflict. Hmmmmm. Seems like déjà vu all over again." Davis says the Watergate scandal led to the creation of the Office of the Special Prosecutor, later called the Independent Counsel. The result: "A constitutional monstrosity who couldn't be hired or fired by someone voters elected (in this case, the president); and when he or she abused power, there was no political accountability. Indeed, no accountability at all."

Poll Finds Support For Minimum Wage Hike, Stem Cell Measure, Drug Reimportation. The AP (1/3, Superville) reports, "Two of the Democrats' top goals -- a higher minimum wage and federal funding of embryonic stem cell research -- enjoy broad public support as the party takes control of Congress for the first time in a dozen years. An overwhelming majority also supports making it easier for people to buy prescription drugs from other countries." But "the jury is out on incoming…Pelosi. Most people say they do not know enough yet to have an opinion of the California Democrat who will be the first woman in that office, an Associated Press-AOL News poll found." 80% of respondents support increasing the minimum wage, "nearly seven of 10 adults, 69 percent, favor the government taking steps to make it easier for people to buy prescription drugs from other countries, where some medicines cost significantly less than in the US." And "some 56 percent of adults support easing restrictions on using federal money to pay for research on embryonic stem cells." USA Today (1/3, 4A, 2.27M) runs a truncated version of the AP story on the poll this morning.

Pelosi Praised For Rejecting Free Rein For CSPAN Cameras. In a USA Today op-ed (1/3), Donald Wolfensberger, director of the Congress Project at the Woodrow Wilson International Center for Scholars, says, "Granting C-SPAN free gazing rights on the House floor is a terrible idea. Incoming Speaker Nancy Pelosi is right to reject the request. Such free-roaming lens-groping would defeat the original purpose of broadcasting House debates. According to the final Rules Committee report on the issue in February 1978, that purpose 'is to provide a complete, uninterrupted, and accurate record of the official proceedings and business of the House — a kind of visual and audio parallel to the Congressional Record.'"

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WPost Accuses Democrats Of "High-Handed Mistreatment" Of Minority Republicans. In an editorial, the Washington Post (1/3, A18, 690K) praises he House Democrats' "ambitious plan for its first 100 hours in power, from increasing the minimum wage to strengthening ethics rules to having the federal government negotiate prescription drug prices. Unfortunately, its plans don't include getting those provisions passed in the democratic fashion that the Democrats promised to adhere to once in the majority. When Republicans took over in 1995, they at least went through the motions of putting their 'Contract With America' proposals through the normal committee process." Democrats "have decided not to bother with that, nor to let Republicans offer amendments on the floor, nor even to put a GOP alternative up for a vote. This is exactly the kind of high-handed mistreatment that Democrats complained about, justifiably, when they were in the minority." The Post adds that "if they don't reconsider," Democrats "will set an unfortunate precedent that fairness will be offered on sufferance, when the majority finds it convenient, and not as a matter of principle. That would not be a good start for the 110th Congress."

Pentagon Increasingly Relying On Supplementals. The Wall Street Journal (1/3, A5, Karp, 2.04M) reports, "The Pentagon's supplemental budgets traditionally pay for war costs such as personnel, equipment repairs and ammunition. But as the Joint Strike Fighter request shows, the coming supplemental is being used by the military services for more than replacing what has been lost in Iraq and Afghanistan. It is being used to acquire future weapons that normally would be funded through the regular Pentagon budget. ... An October directive from Deputy Defense Secretary Gordon England opened the floodgates by allowing the services to request emergency funds to replace equipment and upgrade to newer models for the 'overall efforts related to the global war on terror,' not just operations in Iraq and Afghanistan." An unnamed army official called the situation a "feeding frenzy." The Journal adds, "It is unclear whether new Defense Secretary Robert Gates will seek to change the supplemental budget, which awaits White House approval. The new largess is a turnaround from two years ago, when the Pentagon tried unsuccessfully to rein in weapons spending. Defense officials say they hope the prospect of defense-industry jobs will help ease passage in Congress."

Nuland Noted As Possible Bolton Replacement. The Washington Post's (1/3, A17) Al Kamen writes in his "In the Loop" column that "idle chatterers are talking about Victoria Nuland, now ambassador to NATO, as a possible choice to succeed John R. Bolton." Kamen notes that Nuland, "who is a career Foreign Service officer and is married to Robert Kagan, a contributor to the Washington Post op-ed page, was top foreign policy adviser to Vice President Cheney and before that an aide to Clinton confidante Strobe Talbott when he was deputy secretary of state."

State Department Military Advisor Resigns. In its "Washington Wire" online column, the Wall Street Journal (1/3, King, 2.04M) reports, "In yet another high-level departure from the State Department, Condoleezza Rice's energetic head of political-military relations, John Hillen, has told his colleagues he is leaving the administration this month." In an email to colleagues the day after Christmas, Hillen, who served as "the principal link between State and the Pentagon and was leading the administration's effort to build better security ties with Arab allies in the Persian Gulf in a bid to contain Iran's growing influence," said that he and his family decided that it was best not "to commit to being in the administration until 2009." The note "suggests that the White House has requested that all top appointees either commit to staying through the end of the administration, or leave as soon as possible."

Observers Look For Shifts By Medicare Part D Enrollees. The Hill (1/3, Young) reports the "sign-up period for prescription-drug coverage under Medicare Part D ended Sunday, and the Bush administration and observers of the program are eagerly waiting to see whether beneficiaries enrolled in plans best suited to their needs." Encouraging "elderly and disabled participants to reevaluate their 2006 plans, which changed in many cases, and compare them to other options on the market was the chief challenge during the second year of the program." The Centers for Medicare and Medicaid Services (CMS), "lawmakers, members of the health-insurance industry, and beneficiaries' advocates widely predicted that most people enrolled in Part D would stick with the coverage they selected during the inaugural enrollment period, between November 2005 and May 2006." The Administration "has expressed confidence that

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beneficiaries were smart shoppers during the six-week sign-up period."

Clyburn Said To Represent Rising Class Of Southern Black Lawmakers. The Wall Street Journal (1/3, A5, Rogers, 2.04M) reports Rep. James Clyburn, "a minister's son from South Carolina, takes his place tomorrow as the House Majority Whip -- the No. 3 Democratic post and highest ever held by an African-American from a Southern district." Clyburn "symbolizes the rise of a set of Southern black lawmakers, shaped by the region and with a distinctive approach to politics separate from that of black leaders representing urban Northern districts." Other southern black lawmakers cited by the Journal include Reps. John Lewis, Bennie Thompson, and Mel Watt. Their "often rural roots and the black educational and religious institutions that sustained them through segregation still influence their politics." Southern black lawmakers "also tend to be more conservative than their Northern counterparts on social issues. Political necessity has required them to reach out to business and agricultural interests to gain white support. And growing up under segregation put a premium on personal relationships, with both blacks and whites, that can make them adept at building coalitions in the new Congress."

House Ethics Panel Ends Investigation Of Conyers. The Washington Times (1/3, Miller, 88K) reports, "The Republican-led House ethics committee -- in possibly its last action before Democrats take over Congress -- closed the three-year investigation of Rep. John Conyers Jr. after he agreed to stop using staffers for campaign work and personal errands." Conyers "acknowledged a 'lack of clarity' in his dealing with the taxpayer-financed staffers, who reportedly worked on political campaigns and performed other nonofficial jobs, including baby-sitting Mr. Conyers' children and tutoring his wife." The "case against Mr. Conyers was closed without punitive action or a letter of reproval from the Committee on Standards of Conduct, the ethics panel, which is comprised of five Democrats and five Republicans." Last month, "the ethics committee decided not to take action against Rep. Jim McDermott, despite finding that the Washington Democrat broke ethics rules in 1997 by giving reporters illegally taped telephone calls involving House leaders." A Republican lawmaker "familiar with both cases said Democrats on the committee blocked punitive action against their colleagues."

Buchanan To Take House Seat Under Challenge. The Washington Times (1/3, Ward, 88K) reports Republican Vern Buchanan, "who narrowly won a disputed election" in Florida's 13th CD, "will take his place with the new House tomorrow, but Democrats will continue to fight in the courts for a new election." Rep. Rush D. Holt "will stand on the chamber floor and ask House leaders to recognize a court challenge against" Rep. Buchanan. Jennifer Crider, a spokeswoman for Speaker Nancy Pelosi, said, "Mr. Holt's action will make clear that the swearing in of any member does not prejudice the legal case or the congressional investigations." The Times adds Democrat Christine Jennings, "who lost to Mr. Buchanan by 369 votes, is fighting in court the results of the race" and has "filed a notice of contest with the House Administration Committee."

Miller Bill Would Extend Minimum Wage To Mariana Islands. The Hill (1/3, Crabtree) reports House Democrats "led by Education and the Workforce Committee Chairman George Miller (D-Calif.) are aiming to undo a controversial vestige of the Jack Abramoff era in the first 100 hours of the 110th Congress." Miller plans "to include language raising wages in the Commonwealth of the Northern Mariana Islands in a broader bill increasing the U.S. minimum wage." Former Majority Leader Tom DeLay (R-Texas) and Rep. John Doolittle (R-Calif.) "have been scrutinized for their ties to Abramoff and their alleged efforts to block legislation aimed at raising labor and immigration standards in the islands."

Ellison To Use Thomas Jefferson's Copy Of The Koran For Swearing-In. In its "Reliable Source" column, the Washington Post (1/3, Argetsinger, Roberts, 690K) reports, "Thomas Rep.-elect Keith Ellison, the first Muslim elected to Congress, found himself under attack last month when he announced he'd take his oath of office on the Koran -- especially from Virginia Rep. Virgil Goode, who called it a threat to American values." However, "the holy book at tomorrow's ceremony has an unassailably all-American provenance. We've learned that the new congressman -- in a savvy bit of political symbolism -- will hold the personal copy once owned by Thomas Jefferson. … Jefferson's copy is an English translation by George Sale published in the 1750s."

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Pelosi's Links To California's Burtons Noted. In his Washington Post column (1/3, A19), Harold Meyerson examines incoming Speaker Nancy Pelosi's political legacy. Meyerson notes that Pelosi fills the seat of Rep. Phil Burton. After his death in 1983, Burton's widow, Sala Burton, succeeded him in a special election, but "just four years later, in January 1987, Sala herself lay dying of cancer. She asked Phil's brother, John Burton, who had represented an adjoining congressional district in San Francisco, to come to the hospital and told him that she wanted 'Nancy' to succeed her. For a moment, John Burton was unsure which Nancy she was referring to, but as she explained to family and friends at her bedside, the woman in question was the former California Democratic Party chair Nancy Pelosi." The "Burtonistas -- with different causes and methods for a new era, to be sure -- are back. Score two for you, Sala."

OTHER NEWS:

Nation Honors President Ford. Amid universal praise, former presidents and senior aides paid homage to President Gerald Ford yesterday. Much of the coverage notes the atmosphere of national unity yesterday, and described Ford as the embodiment of an era of bipartisan cooperation. As ABC World News (1/2, lead story, 4:30, Gibson, 8.78M) reported, "It is not often you find a day when this city of Washington is free of rancor and there is no partisan divide. Today, however, was one of those days as Republican and Democrat alike united in admiration of Gerald Ford." The CBS Evening News (1/2, lead story, 4:10, Schieffer, 7.66M) said there was a "genuine outpouring of good will. It was very obvious people were fond of President Ford, and he's going to be remembered fondly. I always said he's the nicest person I ever met in public life and I think today we saw there were many people who felt the same way."

The New York Times (1/3, Shane, 1.16M) notes the "soaring tribute to a modest man," as Ford "was remembered on Tuesday as bringing the ordinary virtues of decency, integrity and humility to mend a broken government after the pain of war and scandal." Former President Bush "called Mr. Ford 'a Norman Rockwell painting come to life'; Tom Brokaw, the former television anchor, described 'Citizen Ford' as a 'champion of Main Street values'; and Henry A. Kissinger said the man he served as secretary of state 'had the virtues of small-town America.'" President Bush, "overseeing a deeply unpopular war in Iraq and perhaps pondering his own legacy, lauded Mr. Ford's 'firm resolve' in sending the Marines to rescue the crew of the American merchant ship Mayagüez when it was seized by Cambodia. He suggested that some acts widely condemned during Mr. Ford's administration in the 1970s had come to look wiser in historical perspective, including his pardon for his immediate predecessor, Richard M. Nixon."

The Chicago Tribune (1/3, Neikirk, 617K) says "eulogists from President Bush to former Secretary of State Henry Kissinger praised the nation's 38th president for using old-fashioned Midwestern qualities to cool the nation's Watergate passions." But "in their laudatory remarks at Washington's National Cathedral, there also appeared to be an undercurrent of unspoken regret that such values have become rarer in America's politics. Indeed, analysts have criticized a higher degree of nastiness and lack of authenticity in today's politics."

On NBC Nightly News (1/2, story 3, 2:35, Williams, 9.87M), Tom Brokaw said, "As I rode through the streets of Washington and looked at all those people of every color and stripe and standing in America with their hands over their heart or saluting him, not one of them had a sign that said I'm a Republican or I'm a Democrat. I think it's instructive that we're at our best when we come together on these occasions and Gerald Ford was constantly striving to bring us together." NBC Nightly News (1/2, story 2, 2:25, Williams, 9.87M) also said Ford's death "reminded us perhaps of a different era, perhaps a greater generation, even a profile in courage."

The Washington Post (1/3, A1, Baker, 690K) reports "the state funeral was a classic Washington affair, soaked in power and pageantry even if not quite as elaborate as the one held for Ronald Reagan in June 2004." The Washington Times (1/3, Curl, 88K) notes the "humble yet extraordinary life of Gerald R. Ford," and McClatchy (1/3, Douglas) says he is being remembered for his "decency." Similar assessments appear in the Los Angeles Times (1/3, Reynolds, Schmitt, 850K), New York Times (1/3, Swarns, 1.16M) and The Hill (1/3, Kucinich, McCormack), among other newspapers. Less complimentary was New York Times columnist Maureen Dowd (1/3), who wrote this morning, "None of the eulogists [of President Ford] noted the irony that the man who ushered out one long national nightmare had ushered in another, the one we're living in now. It was Gerald Ford, after all, who gave America the gift of Dick Cheney and Donald Rumsfeld -- the gift that keeps on taking."

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Tom Shales, in the Washington Post (1/3, C1, 690K), surveys the TV coverage of the event, and concludes, "It was a memorable morning, a national gathering by television, and a reminder that for all the talk about blogs and YouTube and MySpace, there are still moments and events that only the networks can adequately convey. This, obviously, was one of them."

Stories in USA Today (1/3, Lawrence, 2.27M) and Washington Post (1/3, A9, Tucker, 690K) praise Betty Ford's performance as first lady and her demeanor since her husband's passing

Ford's Brand Of Conservatism No Longer The GOP Norm. The Washington Post (1/3, A8, Balz, Broder, 690K) reports, "The honorary pallbearers who walked slowly up the aisle at Washington National Cathedral yesterday at the funeral of former president Gerald R. Ford were as familiar as when they served the 38th president, symbolizing continuity through four decades of Republican administrations. The names included Cheney, Rumsfeld, Baker, Greenspan and Scowcroft, officials who have served multiple Republican presidents." But "their presence masked a far different reality, which is that the Republican Party that spawned Ford and his brand of Midwestern conservatism barely exists today." In "sharp contrast to the commentary after the death of former president Ronald Reagan, there were no remembrances of Ford as an architect of modern conservatism or a force behind the GOP's ascendance. The Republican Party has turned away from Ford's conservatism, moving sharply to the right ideologically and to the South and West geographically."

Iraq Said To Have Fractured Group Of Living Presidents. USA Today (1/3, 2.27M) reports, "The war in Iraq has fractured even the fraternity of presidents. After they exit the Oval Office, presidents generally limit criticism of their successors, at least in public. When President Bush and predecessors Jimmy Carter, George H.W. Bush and Bill Clinton gathered Tuesday at the National Cathedral for President Gerald Ford's funeral, it was a show of solidarity and affection for one of the few who knew firsthand how difficult the job can be. … The tradition of what historian Robert Dallek calls "a code of silence" among presidents has been strained by the escalating violence in Iraq, however. The war has divided the international community, the American public, members of Congress." Ford "joined that debate, albeit after his death. He criticized Bush's justification for the war in an interview conducted in 2004 and released when he died last week, joining critiques by Clinton and Carter." Their views "underscore Bush's isolation on the war."

Meanwhile, the New York Times (1/3, Kornblut, Broder, 1.16M) reports, "In a moment of presidential empathy, former President George Bush recalled a skill he had learned from Gerald R. Ford: how to handle being ridiculed on 'Saturday Night Live.' … As the 82-year-old former president imitated his own impersonator, there were only three people in the audience who knew exactly how it felt to be ridiculed, as a sitting president, on late-night television. Former President Bill Clinton responded with a hearty laugh from his seat in the Washington National Cathedral, while former President Jimmy Carter, in a neighboring pew, looked on with a smile. Seated nearby was President Bush, who has been relentlessly skewered by TV comics as well." The Times adds, "With Mr. Ford's death last week, the group of living former presidents has shrunk to three, down from five in the early 1990s. Since 1994, Richard M. Nixon, Ronald Reagan and, now, Mr. Ford have left the stage, while Mr. Clinton has joined the ranks of former chief executives. The dynamic among the former presidents is perpetually evolving, as people age, rivalries fade and former political opponents discover they share more similarities than differences."

Ford's Body Back In Michigan For Burial. USA Today (1/3, Keen, Nichols, 2.27M) reports, "Gerald Ford's hometown welcomed him back to his beloved Midwest for the last time Tuesday, hours after a final and affectionate farewell in the nation's capital." Ford "will be buried Wednesday on a hillside at his presidential museum, ending a week-long national tribute to the 38th president. Thousands of silent people lined the streets of this city of 194,000 to watch the passage of the hearse carrying Ford's body." NBC Nightly News (1/2, lead story, 3:40, Williams, 9.87M), ABC World News (1/2, story 2, 3:00, Gibson, 8.78M) and the CBS Evening News (1/2, story 2, 1:25, Couric, 7.66M) also reported on the Michigan service,

Hypothetical Media Role In A Bush Eulogy Pondered. In his "Washington Sketch" column for the Washington Post (1/3, A2, 690K), Dana Milbank notes Tom Brokaw eulogized Ford, and adds, "For Bush, it must have been a jarring moment. The current president would probably have Hugo Chavez deliver his eulogy before he would bestow the honor on a member of the White House press corps." Milbank goes on to recount a series of anecdotes illustrating Bush's bumpy relationship with White House correspondents, and says "probably the most promising chicken-head story"

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for a Bush eulogy "was provided by Dick Keil, the former Bloomberg News reporter Bush called 'Stretch.' The 6-foot-5 Stretch recalled a 2001 news conference on the Bush ranch in Texas, when an unusually talkative Bush exhausted all questions and was finally asked what he had done that day. Recalled Keil: 'He noted that he had begun his morning by spending some "quality time with the first lady."' Following a dramatic pause for effect, he got that wry grin, and said, 'Usually, I go running.'"

Manufacturers' Optimism Expected To Be Down For Start Of 2007. The Wall Street Journal (1/3, Lahart, 2.04M) reports if manufacturers "seem downbeat as the new year starts, it's partly because they were too upbeat at the beginning of the old one." When the Institute for Supply Management "releases its monthly report on manufacturing activity today, that unhappy message is likely to come out clearly. The ISM's manufacturing index -- based on surveys of purchasing managers -- dropped sharply through the fall and by November hit its lowest level in more than three years. At 49.5, the index had dipped into terrain that signals a manufacturing contraction and was lower than comparable indexes in other countries." Economists "polled by Dow Jones peg today's report for December's ISM at 50 -- essentially a 'we're-still-on-vacation-here' forecast of no change."

US Automakers Expected To Report Decline In Market Share. The Wall Street Journal (1/3, Stoll, 2.04M) reports as "auto makers report December U.S. sales on Wednesday, a decline in fleet sales to rental agencies and significant weakness at Ford Motor Co. are expected to fuel an overall market pullback for the month." Analysts "forecast that December industry sales will slide as much as 6%, aided by what could be a double-digit percentage decline at Ford, despite heavy year-end sales incentives and an expected uptick in luxury car sales. Other domestic auto makers are seen posting nearly flat sales for the month, while recent sales gains are expected to continue for Asian auto makers such as Toyota Motor Corp. and Honda Motor Co."

Productivity Growth Seen As Declining In Future. In his Washington Post column (1/3, A19), Robert Samuelson says, "The good news is that productivity has been growing strongly; the bad news is that it may be moving to a much slower path." Productivity growth "seems to be decreasing. In the past year it's been only 1.4 percent. By contrast, it averaged about 3 percent from 2000 to 2005. The fall-off partly reflects a mature business cycle. As the economy slows, so do productivity gains. But some long-term forecasts project that the poor performance will continue. In Moody's Economy.com's outlook, productivity growth averages 1.4 percent a year from 2005 to 2035. The main reason: stunted business investment in new machinery, technologies and buildings, says chief economist Mark Zandi." As global investors "shift to other markets, big federal budget deficits will compete increasingly with private companies for credit. Higher interest rates will crowd out some business investment. Productivity will suffer."

Law Firm Merger Leads To Exodus Of Partners. The Wall Street Journal (1/3, B2, Lattman) reports, "Two major law firms have been talking marriage, but partners are leaving before the firms reach the altar." The Journal continues, "Dewey Ballantine has lost at least nine partners since the news last fall of its plans to merge with San Francisco's Orrick, Herrington & Sutcliffe. A defection this week is a biggie: Michael Aiello, a top Dewey mergers-and-acquisitions partner and a member of the management committee, joined Weil, Gotshal & Manges. Already, the Dewey-Orrick merger vote had been postponed as the two sides attempt to iron out differences on management authority and other topics." The Journal adds, "Orrick has wanted to join forces with Dewey in large part because of Dewey's strong M&A practice, but in December, Jack Bodner, another former Dewey M&A partner, left for Covington & Burling in New York. Messrs. Aiello and Bodner were considered two of the top deputies to Morton Pierce, the head of Dewey's M&A practice. … Also in December, Pierre Hubert, a former IP litigation partner in Dewey's Austin, Texas, office, left for McKool Smith, a Texas-based firm."

Document Outlines Giuliani's Presidential Plans. The Washington Post (1/3, A4, Cillizza, 690K) reports former New York mayor Rudolph W. Giuliani (R) "has been exploring a run for president for just over a month, but the planning behind a national candidacy has been going on much longer, according to an internal strategy memo." The "140-page document, which was leaked to the New York Daily News by a rival 2008 campaign, provides a broad look at Giuliani's prospects for the Republican nomination -- including the potential hurdles of his stormy personal life and his association with disgraced former New York City police commissioner Bernard B. Kerik." The memo "also details a

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fundraising plan for Giuliani that includes raising $100 million this year, including $25 million in the first three months alone, according to the Daily News." Giuliani spokeswoman Sunny Mindel "alleged that the memo was obtained through a series of 'political dirty tricks.'"

ABC World News (1/2, story 7, :25, Gibson, 8.78M) reported the leak of the strategy document was an "embarrassing disclosure," and the New York Daily News "says it got the plan from someone sympathetic to a rival campaign. The Giuliani camp says it was stolen."

NBC Nightly News (1/2, story 9, 0:45, Williams, 9.87M) reported Giuliani's "campaign has apparently made a whopper of a mistake. A 140-page binder containing top-secret plans for plans of his campaign was sent to the 'New York Daily News." The campaign plan "lists bullet points listing his political vulnerabilities, including his business ties and previous marriages."

The New York Times (1/3, Healy, 1.16M) reports Giuliani advisers said "someone infiltrated the Giuliani camp last fall and stole a document about his presidential prospects and political liabilities. It was then leaked, they said, as a 'dirty trick' to embarrass Mr. Giuliani and highlight such headaches as his controversial former aide, Bernard B. Kerik, and one of his ex-wives, Donna Hanover." The document "warns that Mr. Giuliani might face 'insurmountable' problems, including questions about Mr. Kerik and Ms. Hanover." The "public disclosure of the document is potentially damaging for Mr. Giuliani, not least because since 9/11, he has built a business as a private consultant on security issues while creating an image as a political leader capable of combating terrorism. Indeed, an adviser to one of his possible rivals in 2008, Senator John McCain of Arizona, half-joked yesterday that it was interesting that Mr. Giuliani's businesses included security consulting."

Romney To File Exploratory Committee Papers. The Washington Post (1/3, A4, Cillizza, 690K) reports Mitt Romney will "let one of the least well-kept secrets of the 2008 campaign out of the bag today when he formally registers a presidential exploratory committee with the Federal Election Commission." The "filing of the paperwork is largely formulaic, as Romney has long been expected to run for president and has been putting into place a national organization to prepare for such a bid." Romney's "latest hire is Carolyn Weyforth, who most recently served as press secretary for outgoing Senate Majority Leader Bill Frist (R-Tenn.). Weyforth will be Romney's deputy communications director."

The Washington Times (1/3, Dinan, 88K) reports Romney "has spent recent months moving steadily to try to occupy the conservative ground in the Republican presidential field. His entry into the ranks of Republicans officially exploring a run for the presidency underscores the strange nature of the field at this point -- there is no candidate able to claim the position of the clear conservative standard-bearer, so all of the candidates think they can win a sizable chunk of those all-important primary voters."

Impact Of Obama's Confession Of Cocaine Use Analyzed. The Washington Post (1/3, A1, Romano, 690K) reports in a front page story that Democratic Sen. Barack Obama confessed to his illicit drug use in his memoir, "Dreams From My Father, A Story of Race and Inheritance," 11 years ago. At the time, "20,000 copies were printed and the book seemed destined for the remainders stacks." But Obama is now "near the top of polls on potential Democratic presidential contenders," and the book "has regularly been on the bestseller lists, with 800,000 copies in print. Taken along with his latest bestseller, 'The Audacity of Hope: Thoughts on Reclaiming the American Dream,' Obama has become a genuine publishing phenomenon." Obama's revelations "were not an issue during his Senate campaign two years ago. But now his open narrative of early, bad choices, including drug use starting in high school and ending in college, as well as his tortured search for racial identity, are sure to receive new scrutiny." What "remains to be seen is whether the candor he offered in his early memoir will be greeted with a new-style acceptance by voters." Through his book, Obama "has become the first potential presidential contender to admit trying cocaine."

Morris Says Obama Seen As Tabula Rasa. In his column in The Hill (1/3), Dick Morris says, "Those who deride Sen. Barack Obama's (D-Ill.) lack of experience and criticize the broad generalities and banalities that festoon his best-selling book miss the key point: His inexperience is an asset because he enters national politics as a blank canvas on which he can paint whatever he chooses." With only "two years in the Senate, he is less like a politician running for president than like a general — think Eisenhower in 1952 or even the abortive candidacy of Colin Powell in 1995 — or a businessman, like Ross Perot in 1992." Obama's record "doesn't really matter because it is so short." So far, Obama

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"seems very conscious that his liberal, party-line voting record is not a good foundation for his national ambitions. He seems aware that the country wants more of a post-partisan, embodying the consensus to which Americans have come over these recent dangerous and bitter years." Obama has "the opportunity to embody the emerging consensus, a broad national agreement reached from observation of trial and error over the past half decade."

Morris Predicts Clinton Will Be Pressured To Choose Obama For VP. Political analyst Dick Morris, on Fox News' Hannity and Colmes (1/2), predicted, "The ticket in '08 is [Sens.] Hillary [Clinton] and [Barack] Obama. Hillary because she's definitely going to run and probably going to win. She brings out single women who otherwise would not vote. The idea of the first woman will capture the ether and the reason she is going to put Obama on the ticket is after she beats him she can't then turn around and ask the African Americans to support the ticket unless she gives them something."

Obama Urged To Wait To Run. In her Washington Post column (1/3, A19), Ruth Marcus says, "I do think that Obama would be a better candidate, and ultimately a better president, in 2012 or 2016 than in 2008. He will have learned more -- about the world, about domestic policy, about how to maneuver successfully in Washington." The "main argument for Obama to run in 2008 involves the shelf-life theory of politics: That the Obama magic might fade, that an opportunity this good might never present itself again. Maybe, but I think that Obama has more promise than that, more staying power and more self-knowledge."

Schwarzenegger To Outline Vision For Future In Four Key Speeches. The Los Angeles Times (1/3, Nicholas, 850K) reports that over the "next seven days, Gov. Arnold Schwarzenegger, new crutches close at hand, will give a series of speeches that lay out his policy ambitions for the next four years: broader access to healthcare coverage, cleaner skies and improved roads." Schwarzenegger, "still recovering from a broken right leg suffered in a holiday skiing accident, will deliver his inaugural address outlining a long-term vision for California when he is sworn in for a second term Friday. He is also expected on Monday to put forward his plan for revamping the state's healthcare system." The following day, he "will make his annual State of the State speech, and his budget proposal is scheduled the day after." In these "four speeches, Schwarzenegger will offer his most concrete proposals yet for insuring the millions of Californians who lack healthcare coverage, the centerpiece of his 2007 agenda. But he also hopes to establish a legacy as a builder on a par with former Gov. Pat Brown."

LATimes Criticizes Schwarzenegger For Veto Of Gay Marriage Bill. The Los Angeles Times (1/3, 850K) says in an editorial, "If Gov. Arnold Schwarzenegger had signed a bill in 2005 legalizing same-sex marriage instead of vetoing it, the California Supreme Court would have been spared the task of deciding, as it probably will this year, whether a voter-approved ban violates the state Constitution's guarantee of equal protection under the law. But Schwarzenegger said he had to respect Proposition 22, approved in 2000, which states: 'Only marriage between a man and a woman is valid or recognized in California.'"

Lefkowitz's Post-White House Career Examined. The Washington Post (1/3, A17, Goldstein, 690K) asks, "Whatever happened to Jay P. Lefkowitz?" Before the 9/11 attacks, President Bush assigned the job of designing a policy to "allow federal money to pay for a limited amount of research on stem cells from human embryos" to Lefkowitz, "who was working as general counsel in the White House's Office of Management and Budget. Eight months later, Bush would promote Lefkowitz to deputy assistant to the president overseeing domestic policy. Many White House watchers expected that the cerebral neoconservative, whose judgment the president so clearly trusted, would rise further still." Instead, Lefkowitz "decamped from the White House -- and Washington -- in 2003. And although he is reluctant to discuss it, he has twice since then declined to return to top West Wing jobs." He "went back to his old law firm, Kirkland & Ellis, where he has a partnership and an eclectic mix of cases." Lefkowitz "still has a part-time role in government" as "the president's special envoy on human rights in North Korea."

NYTimes Praises Spitzer's Focus On Reform. The New York Times (1/3, 1.16M) says in an editorial that New York Gov. Eliot Spitzer, "who has built his career on reform, is arriving in a state capital that desperately needs it." New York's government "has slipped from a beacon for other states into a cautionary tale. So when Mr. Spitzer spoke of change in his inaugural address — an end to government 'that works for those who hold office, not those

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who put them there' — he hit precisely the right note. With a passion and energy that Albany has not seen in years, this governor has promised to wake what he has labeled the 'Rip van Winkle' government of the last decade."

Spitzer Urged To Keep Building Plan For Ground Zero. In a Wall Street Journal op-ed (1/3, A13), Brian Carney, a member of the Wall Street Journal's Editorial Board, says, "Eliot Spitzer has been telling us for -- well, it seems like forever -- that 'on Day 1, everything changes.' Here's one thing that shouldn't: the Ground Zero rebuilding plan. The current master plan for those 16 acres in lower Manhattan isn't perfect. In fact, it's real far from perfect. It barely qualifies as OK. But it has this virtue -- it exists. And it is being built." The "real act of leadership here would be to declare that we're moving forward, that this scar in the fabric of Manhattan is going to be repaired. So, look all you want, Mr. Spitzer. But keep the concrete mixers mixing and the steel rising. New Yorkers have waited too long as it is."

Pat Robertson Predicts Massive Terror Attack In Late 2007. The AP (1/3) reports, "In what has become an annual tradition of prognostications, religious broadcaster Pat Robertson said Tuesday God has told him that a terrorist attack on the United States would result in 'mass killing' late in 2007. 'I'm not necessarily saying it's going to be nuclear,' he said during his news-and-talk television show 'The 700 Club' on the Christian Broadcasting Network. 'The Lord didn't say nuclear. But I do believe it will be something like that.'"

Ahmadinejad Downplays UN Sanctions. Fox News' Special Report (1/2, Hume) reported, "Iran's president also had a lot to say about the UN's latest move to pressure him into abandoning his nuclear program." Fox continued, "UN sanctions: not fair, but not a problem. That's what Iranian President Ahmadinejad wants his fellow countrymen and the world to know. Speaking to a crowd in a southwestern Iranian city, Ahmadinejad said the sanctions which ban the sale of nuclear materials or technology to Iran are not valid, and that the Iranian people give them no weight. As some in the crowd chanted 'Death to America,' Ahmadinejad insisted, again, that Iran would pursue its nuclear work despite pressure from the West." The AP (1/3) reports Ahmadinejad said the US was "the main power behind the resolution," and warned Washington: "I want you to know that the Iranian nation has humiliated you many times, and it will humiliate you in future."

Israeli Think Tank Warns That "Barring Military Action," Iran Will Get Nukes. Fox News' Special Report (1/2, Hume) reported, "Israel says Iran will develop a nuclear bomb if someone doesn't step in militarily." Iranian President Ahmadinejad "said he wants Israel wiped off the map, and a respected Israeli think tank in Tel Aviv University is taking him seriously. In its annual report on the strategic balance in the middle east just out today, the Tel Aviv Institute for National Military Studies concluded that 'time is working in Iran's favor, and barring military action, Iran's possession of nuclear weapons is only a matter of time.' The group stopped short of calling for Israel to launch a military strike in Iran.."

Russia Says Weapons Sales To Syria, Iran On Schedule. AFP (1/3) reports, "Controversial Russian contracts to sell anti-aircraft weapons to Syria and Iran are being fulfilled on schedule," Russian officials said Tuesday. Russia's ITAR-TASS quoted a defense ministry official as saying "at least half of the 29 Tor-M1 missile systems bought by Iran for $1.4 billion had been delivered." The air defense systems "are being stationed around Iran's civilian nuclear sites," according to ITAR-TASS. Meanwhile, Interfax news agency quoted Valery Kashin, head of weapons maker Engineering Design Bureau, "as saying that Russia met all its commitments in 2006 under the contract to supply Syria with the Strelets anti-aircraft system" without providing further details.

Ethiopia To Withdraw Troops From Somalia "Within Weeks." The Financial Times (1/3, England) reports Ethiopian troops could be pulled out of Somalia "within a few weeks," Ethiopian Prime Minister Meles Zenawi said on Tuesday, "adding that the victors of Somalia's two-week war were now 'mopping up remnants' of the country's former Islamist leaders." Despite "promises of a swift withdrawal, doubts remain about when Mr. Meles would be willing or able to pull back his troops." The New York Times (1/3, A3, Gettleman, 1.16M) reports Zenawi said his country "could not afford to keep troops in Somalia much longer and that it was ill equipped to play the role of peacekeeper there." Meanwhile, Somali Prime Minister Ali Mohammed Gedi "reiterated his plea for the nation's many gunmen to turn in their weapons. But few seemed to be listening."

In an interview with the Washington Post (1/3, A14, McCrummen, 690K), Somali Interior Minister Hussein Farah

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Aideed "said lawmakers would return this week to their town of exile, Baidoa, to approve Gedi's declaration of martial law and a plan to allow 90 days -- instead of Gedi's original timeline of three days -- to disarm militias." In "what amounted to an appeal for outside help," Aideed also "conceded that the transitional government was weak," saying "We have a symbolic government. Ministries we don't have, a military we don't have. We're limited."

The Los Angeles Times (1/3, Sanders, 850K) reports that the government-mandated disarmament program, which it calls "the first major test of Somalia's transitional government," got under way Tuesday "without much of a bang." At one designated weapons drop-off point in the Somali capital, "bored-looking Ethiopian soldiers mulled about with little to do," while c second collection site "closed early because 'no one showed up,' according to a Somali government soldier." Meanwhile, the Christian Science Monitor (1/3, Crilly, 59K) says Ethiopia's "preemptive offensive signals the opening of a new front in the global struggle against Islamist militants. And the speed of the Islamists' retreat is reminiscent of how insurgencies began in both Iraq and Afghanistan, say analysts." USA Today (1/3, 4A, 2.27M) also reports briefly on the events.

Envoys To Meet On Peacekeeping Force. Separately, the Washington Post (1/3, A14, Deyoung, 690K) says the "rapidly unfolding events in Somalia have opened a window of opportunity to establish a viable government there, according to the Bush administration and its European and African allies. But there is little optimism that the international political will and resources needed to exploit it will emerge before the window slams shut." Diplomats from the United States and other nations in the Somalia Contact Group will meet today in Brussels "to examine ways to quickly install an all-African peacekeeping force." Also under discussion "is an effort to persuade cooperative elements of the newly ensconced Transitional Federal Government to open unity talks with certain moderate leaders of the fundamentalist forces."

Huddleston Says Victory Is Opportunity To Prevent Somalia From Becoming Terror Haven. Former acting Ambassador in Addis Ababa, Vicki Huddleston, writes in the Washington Times (1/3, 88K) that Ethiopia's and the Somali government's "surprisingly easy victories have given Somalia -- and the West -- a second chance to get things right. We cannot afford to lose this opportunity." In response, Huddleston urges international relief agencies to "enhance shipments of food into the towns and villages now under the Transitional Government's control." Second, she urges the African Union, "with logistic help from the United States and European Union," to "immediately deploy peacekeepers to reinforce the government." Lastly, the Ambassador says "the region under the auspices of the Intergovernmental Authority on Development should prepare for a transition to a broad based government that excludes the Islamic militants but includes the moderates from all of Somalia's clans." With "strong US leadership," Huddleston says we "will prevent Somalia from becoming a haven for al Qaeda terrorism in Africa."

North Korean Foreign Minister Dies. The AP (1/3) reports Paek Nam Sun, North Korea's foreign minister and the country's top diplomat "for nearly 10 years, has died at the age of 78," official media reported Wednesday. North Korean leader Kim Jong Il "expressed his condolences," but the "one-sentence dispatch did not elaborate on when or how Paek died." Although it "was unclear who would succeed him," Paek's death was "not expected to change North Korea's foreign policy."

Israeli General Admits Errors In Lebanon. The New York Times (1/3, A3, Erlanger, 1.16M) reports Israeli chief of staff, Lt. Gen. Dan Halutz, "conceded Tuesday that the military had made serious errors during last summer's war against Hezbollah in Lebanon but said he would not resign his post." General Halutz said Israel "had badly damaged Hezbollah in southern Lebanon" and killed "hundreds of terrorists." But he said Israel was "not successful in reducing the short-range rocket fire on Israel's north until the cease-fire." However, he rejected calls from critics for his resignation, saying he would stay on "to correct what can be corrected," and said to resign now would be "running away."

Israel Considers Abandoning Own Missiles For US System. AFP (1/3) reports Israel is "considering halting the development of a new generation of its Arrow defense missiles due to the high costs involved in favor of US-made missiles." Following negotiations in recent months, Israeli leaders "will make a final decision on whether to phase out the Arrow, or Hetz, missiles and opt instead for the US-made THAAD missile defense system in the coming year," the Haaretz newspaper reported Tuesday. The THAAD missile, made by Lockheed Martin, could be delivered to Israel in

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2009, according to sources in Washington quoted by the newspaper.

UN To Probe Sexual Abuse Allegations In Sudan. The AP (1/3, Moore) reports the UN said Tuesday it will investigate "a report of allegations of sexual abuse and child rape by peacekeepers operating in southern Sudan." Jane Holl Lute, the UN assistant secretary-general who oversees peacekeeping operations, said the allegations, reported by British newspaper The Daily Telegraph, "if shown to be true would not be tolerated." The Daily Telegraph, "citing an internal UNICEF report along with interviews with more than 20 alleged abuse victims, reported that several children, some as young as 12, had been sexually abused by UN peacekeepers and civilian workers."

New Secretary General Says UN Must Accept Reforms. The Financial Times (1/3, Turner) reports, "Ban Ki-moon, the eighth United Nations secretary-general, arrived for his first day at work on Tuesday with a tough appeal for staff to embrace change and restore trust in the organisation." Ban's "core message was delivered to a closed meeting of UN staff. He praised their professionalism, but warned that the UN's 'sense of pride is not to be taken for granted; it must be earned. We are all here for reasons greater than our own personal advancement or national interest.'" Ban "promised to build a more mobile staff, which moved between headquarters and field posts – addressing the fact that many UN officials, on reaching New York and Geneva, remain in place for years, while field positions often go unfilled." The Washington Times (1/3, Pisik, 88K) says Ban "pledged to pursue predecessor Kofi Annan's stalled reform suggestions, some of which were more popular with the staff than others."

Reid Discusses Trade Pact With Peruvian President. The AP (1/3, Vecchio) reports, "Incoming US Senate Majority Leader Harry Reid said Tuesday he had fallen in love with Peru during a short visit, but made no pronouncements on a key issue facing the two nations, free trade. In a meeting with the bipartisan senate delegation led by Reid, President Alan Garcia stressed Peru's desire for a free trade pact." Republicans "have largely supported the free trade deal signed last April as a step in advancing commerce within the Western Hemisphere, while Democrats have expressed reservations about its ratification over what they see as a lack of protection for Peruvian workers. "

Merkel To Push For US-EU Trade Talks. The Financial Times (1/3, Benoit, Peel) reports, "Angela Merkel, German chancellor, will this month launch a sweeping initiative for the harmonisation of US and European legislation to boost investment flows and trade between the world's largest economic blocs. Initial talks will review financial market regulations, including delisting rules, which many US-listed European companies feel are too cumbersome, as well as intellectual property law. Ms Merkel is also seeking mutual recognition of technical standards for products such as cars." The Times adds, "In her first interview with an international newspaper since becoming chancellor, Ms Merkel told the Financial Times she would make achieving a 'transatlantic economic partnership' central to Germany's presidency of the European Union, which began this week." Merkel's "ambition is to create a single transatlantic market for investors."

Dobbs Blasts DaimlerChrysler Over Alliance With China. CNN's Lou Dobbs, on Lou Dobbs Tonight (1/2), said, "DaimlerChrysler is now teaming up with communist China's cherry automobile, the Chinese company will be manufacturing a small car for the U.S. market because DaimlerChrysler executives say they can't make a profit if they build them in this country. They apparently can sell them here. … The deal has critics of Bush's trade and industrial policy alarmed." Peter Morici, University of Maryland: "Within ten years, China could wipe out the lower end of the U.S. market. It's not astounding, not when you consider how jugheaded U.S. policy has been towards China. We let them in the WTO, gave them free access to this market. They maintain high tariffs there. They require U.S. automakers to make their cars there." Dobbs added, "Just when you think U.S. trade policy can't get any dumber or more antithetical to the American worker…"

Yuan's Rise Hurting Chinese Exporters. The Wall Street Journal (1/3, A2, Areddy, 2.04M) reports from Shanghai, "The Chinese currency's rising value has started to pinch an increasing number of businesses here, eroding already thin profit margins, forcing them to reduce expenses and sometimes costing them business. The tightly controlled Chinese yuan has crept up 6% since July 2005, when the government loosened its link to the US dollar." The Journal

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adds "US companies that have extensive operations in China are also feeling the effects."

Biden Urges "Responsible Russian Approach" To Kosovo. Sen. Joe Biden, the incoming chairman of the US Senate foreign relations committee, writes in the Financial Times (1/3), "Years of hand-wringing and chest-thumping over the future status of Kosovo may finally be drawing to a close. In the next few months, adroit diplomacy to secure Kosovo's independence could yield a victory for Muslim democracy, a better future for south-east Europe and validation for the judicious use of American power." But "along with the potential for triumph in Kosovo, there is a growing risk that Serbia and Russia will conspire to seize defeat from the jaws of victory." Biden adds that "success in Kosovo, if realised, will have implications far beyond the Balkans. A responsible Russian approach to the issue could demonstrate the Kremlin's commitment to global order at a time when its credibility is in tatters."

Western Powers Urged To Push For Transition To Democracy In Turkmenistan. Nurmuhammet Hanamov, the founding chairman of the Republican Party of Turkmenistan in exile, writes in a Washington Post op-ed (1/3, A19) titled "A New Beginning For Turkmenistan" that with the death of dictator Saparmurad Niyazov, "the West has a historic second chance to help our country make a peaceful transition to democracy. … The United States must send a clear message to Niyazov's holdouts in the 'interim government' in Ashgabat: that they will not have its support unless they agree to hold free and fair elections -- ones that allow all citizens of Turkmenistan, including exiled opposition leaders and political prisoners, to take part."

Gazprom-Belarus Deal Sparks Commentary. The New York Times (1/3, 1.16M) editorializes, "A year after Russia put the gas squeeze on Ukraine, it was Belarus's turn. Unlike Ukraine, Belarus blinked two minutes before the Jan. 1 deadline and Russia had its booty: a 50 percent share of Belarus's pipeline network and a more than doubling of the price Belarus will now pay for Russian gas." This "latest squeeze is another warning that the Kremlin will let nothing — personal loyalty, contracts, the law — halt its drive to reimpose state control on Russia's energy sector. It is also another reminder that the West, a big consumer of Russian energy, remains vulnerable to President Vladimir Putin's whims."

In an editorial, the Wall Street Journal (1/3, 2.04M) writes that "this latest rendition of Moscow's spigot shakedown carries a blueprint for its strategy toward the rest of the Continent, and Europe's leaders ignore it at their peril." Gazprom "has been transparent about its aim to own the pipes that connect its gas fields to its customers. This is one of the main reasons Moscow refuses to ratify the International Energy Charter, which requires free access to pipeline networks, and why it is lobbying hard against European Union plans to liberalize its gas market. As part of that reform, the EU would likely prohibit gas suppliers from owning pipelines, and vice versa." The Journal concludes, "We'll get an idea of how European policy makers size up the threat from Russia on Thursday, when the EU's Gas Coordination Group meets, and next week when the European Commission unveils its energy sector review. No news on the liberalization front will be bad news."

In an editorial, the Washington Post (1/3, A18, 690K) says the deal advances "Russia's disturbing campaign to monopolize energy supplies to Europe." The Post adds, "Belarusan President Alexander Lukashenko is widely known as Europe's last dictator. What's less well known is that he has been resisting pressure from Russia to annex his country." Putin "is consequently using 'market pricing' to extract what he wants from Belarus."

LATimes Praises Sinn Fein For Accepting Police Force. In an editorial, the Los Angeles Times (1/3, 850K) praises Sinn Fein leader Gerry Adams for asking "a party conference to approve a motion supporting the 'police services' in both Northern Ireland and the predominantly Catholic Irish Republic. A recognition by Sinn Fein of the new Police Service of Northern Ireland — a replacement for the Royal Ulster Constabulary long distrusted by Catholics — would be a momentous step. It would add the final piece to the jigsaw puzzle of a new arrangement in which the North's pro-British Protestant majority shares power with the Catholic minority." If "power sharing is revived, credit will belong not only to Northern Ireland's erstwhile enemies but to the United States."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"At Apple, Timing Led To Overnight Windfalls."
"The Getty's troubled goddess."
" He's Still Following The Sun."
"A Promising Iraqi Province Is Now A Tinderbox."
"Parents Defend Decision To Keep Disabled Girl Small."
"They Feel Like Champs Even Without The Title."

USA Today:
"Long-Retired Daredevil Frail, Feisty, Still Cheating Death."
"Ford 'The Best Of America'."
"Headline For Test Page DOM."

New York Times:
"Iraq Orders Investigation Into Hussein Execution."
"Panel Seeks End To Death Penalty For New Jersey."
"Google's Answer To Filling Jobs: New Algorithm."
"A Surprising Secret To A Long Life: Stay In School."
"Trying To Find Solutions In Chaotic Middle Schools."
"A Man Down, And A Stranger Makes A Choice."

Washington Post:
"In State Funeral, A Farewell To Ford."
"School Takeover Gaining Support."
"Effect of Obama's Candor Remains To Be Seen."
"Montgomery Discovers 'Gifted' Majorities."
"Iraq To Probe Disorder At Hussein's Execution."

Washington Times:
"'Sincere' Ford Honored."
"Ban Cool On Envoy's Words."
"Wilder Focuses On Revitalizing Richmond."
"Same Sex 'Marriage' Measure Advances."
"Romney Eyes 2008 Bid, Sets Sights On Conservative Base."
"Herbs' Spices Offer A Dash Of Healing Power."

Detroit Free Press:
"Tears, Pride Welcome Ford."

Atlanta Journal-Constitution:
"'Thank You, Citizen Ford'."
"Local Patient ID Data Stolen."
"Atlanta Mourns As Beloved Beluga Dies."

Story Lineup From Last Night's Network News:
ABC: Gerald Ford's Service-Washington; Gerald Ford Service-Michigan; Justice Stevens' Interview; Hussein Execution Investigation; Hussein Execution-US Response; Winter Storms Aftermath; Political Play Book; Building Schools-Africa; Football & Love.

CBS: Gerald Ford's Service-Washington; Gerald Ford Service-Michigan; The Ford Children; Hussein Execution Investigation; Christian Iraqi Refugees; Winter Storm Aftermath; New Orleans Police Officers; CDC Survey-Binge Drinking; Homeland Security Report.
NBC: Gerald Ford's Service-Washington; Ford Honored; Ford Honored-Analysis; Troop Surge-Iraq; Hussein Execution Investigation; Tapped Miners Follow Up; Police Officers-Murder Charges; Homeland Security Report; Political Play Book; Ford's Legacy.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Saddam Execution-Cellphone Video; Iraq-US KIA; Bush-New Congress; MI-President Ford Viewing; Manhattan-Real Estate Prices Increasing; CO Snowstorm-Stranded Cattle; TX-Five Charged In Theft Investigation At George Bush Intercontinental Airport; College Football Player Proposes To Cheerleader Girlfriend.
CBS: MI-President Ford Viewing; Bush-New Congress; Saddam Execution-Cellphone Video; Gen. Shalikashvili-Don't Ask, Don't Tell; CO, KS-Snowstorm; Muslim Congressman-Swearing In Ceremony; Manhattan-Real Estate Prices Increasing.
NPR: MI-President Ford Viewing; CO Snowstorm-Stranded Cattle; New Congress-Bush's Iraq Policy; CA-National Guard Helicopter Crash; TX-Human Smuggling Case; Former Jerusalem Mayor Teddy Kollek Dies; Charlie Crist Sworn In As New Governor Of Florida.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with his Cabinet, Cabinet Room, The White House; makes a statement with his Cabinet, Rose Garden, The White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PELOSI SWEARING IN WEEK _ Schedule for House Speaker- designate Nancy Pelosi. Highlights: 10 a.m. Mass in Remembrance of the children of Darfur and Katrina. Closed Press. Trinity University, 125 Michigan Ave. NE. 3 p.m. Women's tea with a tribute to the late Texas Gov. Ann Richards. Mellon Auditorium. Open press. No preset before

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1:30 p.m. Media RSVP to pelosipressgmail.com. 7 p.m. Dinner at the Italian Embassy, 3000 Whitehave St. NW. Closed press.

NATIONAL SECURITY _ 8 a.m. Former Deputy Assistant Attorney General John Yoo speaks at breakfast sponsored by the Standing Committee on Law and National Security. Location: University Club, 1135 16th Street, NW.

ABORTION PROTEST _ 9:30 a.m. The Christian Defense Coalition particpates in an anti-abortion vigil outside a cheurch where incoming Speaker of the House Nancy Pelosi is attending a mass to remember the children of Darfur and Katrina. Location: Trinity University, 125 Michigan Ave. NE.

EDUCATION QUALITY _ 10 a.m. Virginia B. Edwards, editor and publisher Education Week; Lynn Olson, executive project editor; and Chris Swanson, director EPE Research Center, hold a news conference on The report, Quality Counts 2007, which ranks all 50 states to determine which are doing the best job of providing their young people with the opportunity to succeed in their academic and professional lives. Location: National Press Club, Holeman Lounge.

ENVIRONMENTALISTS-EXXONMOBIL _ 10 a.m. Alden Meyer, Director of Strategy and Policy at the Union of Concerned Scientists; Seth Shulman, independent journalist; and Dr. James McCarthy of Harvard University, hold a teleconference on what they say is ExxonMobils strategy to create confusion around global warming science. Notes: Phone: 866-261-3296. Passcode: ExxonMobil (Union of Concerned Scientists).

CONGRESS-AGENDA _ 10 a.m. - 11:30 a.m. The Brookings Institution hosts a discussion, ``The First 100 Hours: A Preview of the New Congress and its Agenda." Participants: Brookings Senior Fellow Thomas E. Mann; Alice Rivlin, Brookings scholar and first director of the Congressional Budget Office; Lois Dickson Rice, Brookings guest scholar in the Economic Studies Program; and Bruce Riedel, a senior fellow affiliated with the Saban Center for Middle East Policy. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

MAGNUSON-STEVENS ACT _ 10:30 a.m. Senate Commerce Committee Chairman Ted Stevens, R-Alaska, in his role as President Pro Tempore, will sign the enrolled Magnuson-Stevens Act, which passed both chambers of Congress last December. Legislation that passes both the House and Senate must be enrolled and signed by the Speaker of the House and the President of the Senate before being sent to the President for final signature and approval into law. Location: Room S-238, Capitol.

MISSILE DEFENSE _ 11 a.m. Lockheed Martin holds a media teleconference to give an update on the company's achievements on several critical missile defense programs during 2006, as well as key milestones planned for 2007. Notes: Call-in at (954) 797-1657; participant code: 724346.

REPUBLICAN OUTLOOK _ 11:30 a.m. House Republican leadership holds a news conference to discuss the outlook for the 110th Congress. Location: Center Steps Hallway, just outside room HC-5, Capitol.

DEMOCRATS-ETHICS _ 1:15 p.m. There will be a press stakeout for a briefing at which House Democratic Leaders, including chairwoman-elect Louise Slaughter, will unveil the House ethics package. Location: Stake-out position outside Room 345, Cannon.

HOUSE REPUBLICANS _ 12 p.m. House Republicans hold a news conference to discuss House Speaker-designate Pelosi's plans for minority input in the legislative process. Location: House Radio-TV Gallery.

HOYER _ 12 p.m. House Majority Leader-elect Steny Hoyer holds a pen and pad only briefing. Location: Room H-107, Capitol.

FRANK-WAGES _ 12:30 p.m. Rep. Barney Frank, D-Mass., incoming chairman of the House Financial Services Committee, will discuss ``Waging War On Wages" at a National Press Club luncheon. Location: National Press Club.

CHERTOFF-INTEROPERABILITY _ 1 p.m. Department of Homeland Security Secretary Michael Chertoff will participate in an announcement regarding nationwide interoperability. Location: NAC, 3801 Nebraska Ave. NW.

CLYBURN _ 6 p.m. The National Urban League holds a reception for House Majority Whip-elect James Clyburn. Location: Cannon Caucus Room.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 3, 2007 7:45 AM EST

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TERRORISM NEWS:

Leahy Criticizes DOJ For Refusing Terror Document Request. The Washington Times (1/3, Seper) reports, "The incoming chairman of the Senate Judiciary Committee yesterday described as 'disappointing' the Justice Department's refusal to release documents detailing the Bush administration's interrogation and detention policy for terrorism suspects." The Times continues, "Sen. Patrick J. Leahy, Vermont Democrat, called on the department and the White House to "reconsider their response" and work with the committee 'to promptly share this information, with any appropriate confidentiality safeguards.' … Mr. Leahy, who bitterly criticized FBI Director Robert S. Mueller III last month during a committee hearing for refusing to discuss the Bush administration's domestic terrorist-surveillance program, has promised that as chairman he will target what he called the 'unprecedented' efforts by the administration to 'hide its own activities from the public.' … 'The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for, given President Bush's promise to work with us,' he said."

The Los Angeles Times (1/3, Schmitt) reports, "Setting up what could become the first showdown between the Bush administration and the new Democratic Congress, the Justice Department has refused to turn over two secret documents, describing the CIA's detention and interrogation policies for suspected terrorists, to the incoming chairman of the Senate Judiciary Committee." The Times reports that Leahy "said Tuesday that the department's response suggested that President Bush's promise to work with the new Congress 'may have been only political lip service.' … Leahy has said he might use subpoenas to get the material." The Times adds, "The administration notified Leahy on Dec. 22 that it would not release a presidential directive signed by Bush authorizing the CIA to set up secret prisons overseas for suspected terrorists or a 2002 Justice Department legal memorandum outlining "aggressive interrogation techniques." … Leahy waited until the week that Democrats take control of Congress to release — and denounce — the response. The department's letter to Leahy was sent during Congress' holiday recess, when most lawmakers were out of town. … The exchange is an inauspicious start to what some lawmakers and administration officials had hoped would be a period of bipartisanship following the November election, in which Republicans lost control of both houses of Congress."

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FBI Documents Detail Guantanamo Detainee Abuse Allegations. Under the headline "FBI Reports Duct-Taping, 'Baptizing' At Guantanamo," the Washington Post (1/3, Eggen, 690K) reports in a front-page story, "FBI agents witnessed possible mistreatment of the Koran at the military prison at Guantanamo…including at least one instance in which an interrogator squatted over Islam's holy text in an apparent attempt to offend a captive, according to bureau documents released yesterday" for "an ongoing lawsuit by the American Civil Liberties Union." The Post notes, "In a previously unreported allegation, one interrogator bragged to an FBI agent that he had forced a prisoner to listen to 'Satanic black metal music for hours,' then dressed as a Catholic priest before 'baptizing' him." Pentagon spokesman Lt. Cmdr. Joe Carpenter "said in a statement last night that 'the issues and facts raised' in the documents 'are not new' and that 12 reviews have showed there were no Defense Department policies that condoned abuse."

The AP (1/3, Apuzzo) reports, "FBI agents documented more than two dozen incidents of possible mistreatment at the Guantanamo Bay military base, including one detainee whose head was wrapped in duct tape for chanting the Quran and another who pulled out his hair after hours in a sweltering room." The AP continues, "Documents released Tuesday by the FBI offered new details about the harsh interrogation practices used by military officials and contractors when questioning so-called enemy combatants." The AP adds, 'The reports describe a female guard who detainees said handled their genitals and wiped menstrual blood on their face. Another interrogator reportedly bragged to an FBI agent about dressing as a Catholic priest and 'baptizing' a prisoner. … Some military officials and contractors told FBI agents that the interrogation techniques had been approved by the Defense Department, including directly by former Defense Secretary Donald H. Rumsfeld." The AP notes, "The documents were released in response to a public records request by the American Civil Liberties Union, which is suing Rumsfeld and others on behalf of former military detainees who say they were abused. Many of the incidents in the FBI documents have already been reported and are summarized in the ACLU's lawsuit. … President Bush signed legislation in October that authorized aggressive interrogation tactics but did not define them. ACLU lawyer Jameel Jaffer said the court documents show that stricter congressional oversight is needed."

CNN.com (1/2) reported, "The FBI surveyed all 493 FBI personnel who had been assigned to the military prison facility in the aftermath of the September 11, 2001, terrorist attacks and determined no FBI agent or support personnel had participated in any of the controversial practices. 'This thorough internal assessment shows the FBI was not involved in these activities in any way,' said chief FBI spokesman Richard Kolko." The bureau "stressed that most of the findings had already been reported elsewhere. 'Note these documents have been vetted by both DoD [Department of Defense] and FBI, and that FBI believes this or substantially similar information has already been released in this litigation,' the FBI said." ABC News (1/2, Ryan) noted on its Web site, "In May 2004, FBI director Robert Mueller told the Senate Judiciary Committee that 'It is the FBI's policy to prohibit interrogation by force, threats of force or coercion. Where we have conducted interviews, we have adhered to that policy.'" BBC World Service (1/3) also is reporting on the FBI documents this morning, saying that they "apparently contradict" President Bush's assertions that the US does not engage in torture.

7th Circuit Allows Expanded Use Of FISA Wiretaps. The National Law Journal (1/3, Maclean) reports, "Federal prosecutors may use wiretap evidence obtained under the Foreign Intelligence Surveillance Act in spy cases for criminal prosecutions unrelated to the original espionage purpose of the wiretap, the 7th U.S. Circuit Court of Appeals has held." The Journal continues, "The ruling is the first outside the special FISA court itself to interpret the law as expanding the ability of prosecutors to use the act in a variety of criminal contexts, according to defense attorney James Geis, a Chicago solo practitioner representing Ning Wen, who was convicted of violating export-control laws. … 'Unless there is a constitutional problem in domestic use of evidence seized as part of an international investigation, there is no basis for suppression,' wrote Chief Judge Frank Easterbrook in U.S. v. Wen, No. 06-1385. … 'I think this holding makes it virtually impossible to challenge a FISA search,' said Geis. 'This pretty much makes it bulletproof.'" The Journal adds, "The ruling could be significant given the government's increased focus on economic espionage and international theft of U.S. technology. Last month, two men, Fei Ye and Ming Zhong, pleaded guilty in San Francisco to stealing trade secrets from Sun Microsystems Inc. and Transmeta Corp., with the intent of benefiting the People's Republic of China. … Justice Department spokesman Dean Boyd said the department is pleased with the outcome, but he declined to elaborate on its broader potential application."

Albany Mosque Leader Asks Judge To Grant New Trial. The AP (1/3, Virtanen) reports, "Two mosque leaders convicted last fall after a terrorism-related sting have asked the trial judge to set aside the verdicts or else grant them new trials." Yassin Aref and Mohammed Hossain "were caught in a 2004 FBI sting involving a fictional terror strike. The government never accused the pair of actual violence, but said they participated in a money-laundering scheme that included an FBI informant posing as an illegal arms dealer." In Sunday's motion, Hossain lawyer Kevin Luibrand said the

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convictions "should be set aside because Hossain was entrapped, authorities induced the crime, the pizzeria owner had 'no predisposition' to join in, and improper testimony from an unqualified prosecution expert witness made Hossain's political affiliation appear sinister." The AP notes, "The FBI has acknowledged Aref was the ultimate target of the sting, not Hossain." Capital News 9 Albany (1/2) also reported on the defense motion.

US Military Looking To Business For Strategies In War On Terror. USA Today (1/3, 1B, Jones, 2.27M) reports that in a reversal of what "has been largely a one-way street" in their relationship with business, the US military is now "paying closer attention to business than business is paying to the military, because the world of geopolitics has discovered itself to be on the same road that business has been on for some time. That road is flatter, more networked and more decentralized than ever." The fate of "large, traditional companies" in their fight against "disruptive competitors, including YouTube, Kazaa, Skype and Wikipedia" may provide valuable lessons for "developing a strategy against al-Qaeda."

HOMELAND RESPONSE:

DHS Finds Most Cities Need To Improve Interoperable Communications. In an article appearing on more than 150 news websites, the AP (1/2, Barrett) reported, "Only six of 75 US metropolitan areas won the highest grades for their emergency agencies' ability to communicate during a disaster," according to a DHS study to be released Wednesday by Secretary Michael Chertoff. "A draft portion of the report…gives the best ratings to Washington, DC; San Diego; Minneapolis-St. Paul; Columbus, Ohio; Sioux Falls, SD; and Laramie County, Wyo." The report "cautioned" that while "all 75 areas surveyed have policies in place for helping their emergency workers communicate," regular testing and exercises are required "to effectively link disparate systems." The AP added that the news "was likely to add fuel to what looms as a battle in Congress this year," with Democrats vowing to fix the problem of emergency communications, but not saying "specifically what they will do, how much it will cost or how they will pay for it." DHS spokesman Russ Knocke would say only that in releasing the report, Chertoff "will 'talk about nationwide assessments for interoperable communications.'"

USA Today (1/3, 3A, Hall, 2.27M) reports Chertoff said last month that "the country has made 'a significant amount of progress' toward better communication systems" since 9/11. "But in regions where there are still gaps, he said, leaders of cities and towns with incompatible systems need to work to develop a better system that would help communication during a disaster. Since 2003, Homeland Security has handed out $2.9 billion in grants for interoperable communications systems, and Chertoff said his department's grant programs will be heavily focused on communications improvements over the next two years. The survey, he said, was designed to identify the gaps so they can be closed 'as quickly as possible.'" Rep. Peter King said "the report shows 'how difficult an issue this is.'"

The CBS Evening News (1/2, story 9, 0:25, Couric, 7.66M) broadcasted that the "disturbing report" found that in the event of "another 9/11 or a disaster like Katrina" emergency agencies may not be able to talk to each other. NBC Nightly News (1/2, story 8, 1:15, P. Williams, 9.87M) broadcasted that the report did not say the cities that did not receive a top score "are unprepared, just that they have to do better to plan for disaster response."

German Muslim Businessman Denied Entry To US After Four-Day Detention. In a widely-distributed story, the AP (1/3, Burke) reports, "A German businessman of Syrian descent who wanted to surprise his daughter with a holiday visit was detained for four days in a Las Vegas holding cell before being sent back home without explanation." The Council on American-Islamic Relations "called authorities' treatment of Majed Shehadeh a case of anti-Muslim discrimination." CBP spokeswoman Roxanne Hercules "confirmed Tuesday that Shehadeh was denied entry, but would not discuss specifics of his case. She said Shehadeh's visa waiver could have been denied because 'he could have a criminal record, or it could be a terrorism issue.'" The AP notes, "After being interrogated by Border Protection and FBI agents for more than 12 hours at the airport, Shehadeh said he was handcuffed and transported in the back of police car to a North Las Vegas jail."

Judge Sets Plea Hearing In SUV Attack As Defense Seeks FBI Evidence. The Durham Herald-Sun (1/3, Velliquette) reports, "If the FBI turns over the evidence it collected after Mohammed Taheri-Azar allegedly attempted to kill people on the UNC campus by running over them in an SUV, Taheri-Azar will enter a plea at his next court hearing on Jan. 24. … During a short court appearance…Tuesday, Taheri-Azar appeared to want the case to move along faster and said he wished there weren't so many short pretrial hearings he had to attend." Public Defender James Williams told Superior Court Judge Carl Fox yesterday that "he wants to see the interviews that FBI agents conducted in Charlotte with Taheri-Azar's family and others and to see any evidence, including computer files, that the agents may have collected in the case. Orange-Chatham District Attorney Jim Woodall said he has been attempting to get that evidence without a court order, but so far has not

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been successful. … Fox said he would give Woodall 14 days to try to get the evidence for Williams. If he doesn't get the information from the FBI, Fox said he would sign a court order to obtain it." WRAL-TV Raleigh (1/2) also reported on yesterday's hearing and the request for the FBI evidence.

Mall Security Guards To Receive Anti-Terrorism Training. The Washington Post (1/3, D1, Mui) reports, "The job of a shopping mall security guard normally involves controlling rowdy teenagers, finding lost children and patrolling parking lots. But starting this month, malls across the country will begin training guards for another task: fighting terrorism." The Post continues, "The 14-hour program is being developed by the International Council of Shopping Centers, a trade group, and the Homeland Security Policy Institute at George Washington University at a cost of $2 million. It is the first standardized anti-terrorism curriculum written for the nation's estimated 20,000 mall security guards." The Post adds, "Developers of the program say it is crucial to safeguarding shopping centers, which have significant economic import -- as evidenced by the billions of dollars spent at malls during the holiday season -- and have emerged as modern-day town centers, with movie theaters, restaurants, and now grocery stores and gyms. … Not everyone agrees, however, that America's malls face a serious threat of terrorism. And some critics question the effectiveness of the training when the private security industry suffers from high turnover -- most guards leave the job within a year and some in as little as four months, according to estimates from the Service Employees International Union."

DHS Tracking System To Monitor IT Workers. Government Computer News (1/3, Lipowicz) reports, "A new records system is being designed to allow the Homeland Security Department to monitor the names, passwords, citizenship information and other data on thousands of IT workers with access to the department's systems." GCN continues, "In a notice posted Dec. 29, DHS announced it is creating a new sensitive, but unclassified, database as part of its General Information Technology Access Account Records System. The department made the notice to comply with the Privacy Act of 1974, which regulates how the government collects and uses personal information." GCN adds, "The new database will collect personal information from IT employees, contractors, grantees and others, including people who serve on DHS advisory committees or are listed as points of contact for facilities. … The system will include names, user names, citizenship, business affiliation, contact information and passwords. It also will include home addresses, e-mail addresses, and names and phone numbers of people listed as contacts. … The information will be routinely used by DHS contractors and consultants, facility operators, congressional offices, National Archives, Justice Department or other federal agencies conducting litigations or proceedings involving DHS."

WAR NEWS:

Bush Set To Announce Deployment Of Some 20,000 Additional Troops To Iraq. NBC Nightly News (1/2, story 4, 2:10, Williams, 9.87M) reported, "NBC news Pentagon correspondent Jim Miklaszewski has learned that President Bush is prepared to announce what is being called a strategy of 'surge and accelerate' in Iraq, which would involve some 20,000 additional American troops being sent to Iraq." NBC (Miklaszewski) added, "Administration officials told us today that President Bush has now all but decided to surge those additional troops into Baghdad to try to" gain control "over the violence there and only then could they accelerate the turnover of territory to Iraqi security forces." The plan would "also throw more US money at Iraq for reconstruction and a jobs program. Interestingly enough, one administration official admitted to us today that this surge option is more of a political decision than a military one because the American people have run out of patience and President Bush is running out of time to achieve some kind of success in Iraq. While this plan will clearly draw some stiff opposition on Capitol Hill, the President is expected to announce it a week from today."

Former GOP Sen. Alan Simpson, an Iraq Study Group member, was asked on MSNBC's Hardball (1/2) if he supports a troop surge. Simpson answered, "I can go along with that. We talked about that. I think we said go from 4,000 to 20,000. I can't remember the numbers. But we did not reject a surge."

Most '08 Candidates, Marginal Members Not Backing Iraq Troop Surge. The Hill (1/3, Blake) reports, "Few Republicans sprinted to Sen. John McCain's (R-Ariz.) side when he first came out in support of a troop surge in Iraq several months ago, and some of those who did wound up backing off amid campaign-season criticism." The proposal "still isn't popular among Republicans," and "among Democrats, there is a similar brand of hesitance, despite varying degrees of support expressed by leaders including incoming Senate Majority Leader Harry Reid (D-Nev.), incoming Senate Homeland Security and Governmental Affairs Committee Chairman Joe Lieberman (I-Conn.) and incoming House Intelligence Committee Chairman Silvestre Reyes (D-Texas)." Democratic presidential candidates "and lawmakers who are likely to face some of the most competitive races in 2008 are largely joining with Republicans in resistance to the idea of adding troops, citing the need for a political solution instead." Sens. Joseph Biden and Barack Obama and former Sen. John Edwards "became the latest to come out forcefully against a surge in Iraq. They and other

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presidential candidates appear ready to make 'The McCain Doctrine,' as Edwards dubbed it Sunday, one of the first big issues of the 2008 campaign."

Iraq Launches Probe Into Saddam Execution As Criticism Grows. Iraqi Prime Minister Nouri al-Maliki Tuesday ordered an investigation into the events surrounding Saddam Hussein's execution, notably how on a film cell phone camera was permitted. ABC World News (1/2, story 4, 2:30, Gibson, 8.78M) reported, "The execution was supposed to be a solemn proceeding. Instead, it became a spectacle, something of a circus, outraging Sunnis and making the goal of reconciliation in Iraq even more elusive." ABC (McCarthy) added, "The anger is spreading" as "demonstrations have broken out in Sunni towns across central Iraq." The execution "was rushed" and carried out "against the advice of the US ambassador, who wanted a delay." In a separate report from the White House, ABC World News (1/2, story 5, 1:00, Raddatz, 8.78M) said "there are some officials that are furious about" the execution, arguing it "was an opportunity for Maliki to step up and say, 'It's time for national reconciliation.' Instead, one official said, 'The execution was nothing more than an act of revenge and political grandstanding.'"

NBC Nightly News (1/2, story 5, 2:40 Engel, 9.87M) reported that the investigation was launched "under political pressure." Meanwhile, one Iraqi official today "blew the whistle" on the events surrounding the video's release. Sami Al-Askari, an Iraqi government advisor, said: "One of the attendants -- probably from the guards -- smuggled his mobile phone and took that film secretly and no one noticed." The CBS Evening News (1/2, story 4, 2:25, Couric, 7.66M) said with the events surrounding the execution, "Iraq's government may have done something it had not intended to do -- turned a tyrant into a folk hero."

On its front page, the New York Times (1/3, A1, Burns, Glanz, 1.16M) reports Iraqi officials "said a three-man Interior Ministry committee would look into the scenes that have caused outrage and public demonstrations." Meanwhile, "As the shock of those scenes reached a new crescendo in Iraq, American officials said that they had worked until the last hours of Mr. Hussein's life to persuade" Maliki "to delay the execution." The officials "said they appealed to Mr. Maliki not to execute Mr. Hussein at dawn on Saturday because of the onset of a major Islamic festival, and because of constitutional and legal questions that the Americans believed threw the legitimacy of the execution into doubt." An American official said that Maliki "had never fully explained his urgency in carrying out the death sentence," but the prime minister "gave one explanation that appeared to weigh heavily on his mind, the American said, and that was his fear that Mr. Hussein might be the subject of an insurgent attempt to free him if the procedural wrangling over the execution were protracted."

The Washington Post (1/3, A1, Raghavan, Trejos, 690K) reports the probe "could implicate senior Iraqi officials." Munqith al-Faroun, the deputy prosecutor in Hussein's trial, "said in a telephone interview Tuesday that he saw two official observers using their cellphones to record Hussein's last moments." The two men, he said, were "recording through their mobiles openly." The AP (1/3, Torchia) says the incident "dealt a blow to Iraq's efforts to prove it was a neutral enforcer of the law," noting that the Iraqi government "did not say what, if any, punishment would await anyone uncovered" in the probe. USA Today (1/3, 8A, 2.27M) files a similar report.

Execution Draws International Condemnation. The New York Times (1/3, A6, Lyall, 1.16M) reports British deputy Prime Minister John Prescott said Tuesday that "the taunting and baiting" that occurred at the execution "was unacceptable and that the people responsible should be condemned for taking part." The Times notes that Blair "has not spoken publicly about Mr. Hussein's death, an omission that has been seized on by antiwar members of his Labor Party as another misstep in a long succession of them on Iraq."

Ban's Comments On Execution Stirs Controversy. Meanwhile, the AP (1/3, Chang) reports at the United Nations, Secretary-General Ban Ki-moon "ran into trouble on his first day of work when he failed to state the UN's official stance opposing capital punishment and said it should be a decision of individual countries." His "ambiguous answer" put "a question mark over the UN's stance on the death penalty, although Ban's spokeswoman said there was no change in policy." The Los Angeles Times (1/3, Farley, 850K) says Ban "stepped back from the United Nations' long-standing opposition to the death penalty." Similarly, the New York Times (1/3, A6, Preston, 1.16M) says Ban "seemed to have tripped in his effort to tread lightly on the political views of the many United Nations members," and "also seemed to show that Mr. Ban…had not completed the transition from representing his country to leading the United Nations."

The Washington Post (1/3, A15, Lynch, 690K) writes, "Ban's first public reaction to Hussein's execution signaled a sharp break from his predecessor, Kofi Annan, an ardent death-penalty critic who opposed UN participation in the Iraqi war crimes tribunal that sentenced Hussein to die." The Washington Times (1/3, A1, Pisik, Behn, 88K) also reports on Ban's comments.

More Commentary. The New York Times' (1/3) Thomas Friedman says the execution "resembled a tribal revenge ritual rather than the culmination of a constitutional process in which America should be proud to have participated." The "raw tribal theatrics of Saddam's hanging highlight just how few" of America's "values Iraq has imported." However, Friedman says, "We are to blame for

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not creating the security needed for those values to take hold. But not enough of our Iraqi allies have risen to the occasion, either. It was our closest Iraqi partners who oversaw Saddam's tribal hanging. We have to look that in the eye." Friedman goes on to note that "now President Bush wants a 'surge' of more US troops to Baghdad, in one last attempt to bring order," cautioning that "if the underlying willingness to share power and resources is not present among the major communities in Iraq, adding more US troops won't help either. Adding more troops makes sense only if it's to buy more time for positive trends that have already begun to appear on the horizon. I don't see them."

Marty Peretz, editor-in-chief of The New Republic, writes in the Wall Street Journal (1/3, 2.04M), "Saddam has already swung from the ropes," and "the question, then, is not whether Iraq will recover from the oppressor's death. The question is whether Iraq will recover from the oppressor's rule. The execution of this monstrous man was not intended to be a deterrent to evil. There are probably no deterrents to real evil and real evildoers. But a community can punish its own pharaohs. That punishment will be the most significant sovereign act the people of Iraq have ever done. This is an act of recovery by itself."

The Houston Chronicle (1/3, 530K) editorializes, "Unfortunately, like so much else that has occurred since the 2003 U.S.-led invasion, the tyrant's death turned into another fiasco and missed opportunity. ... Rather than looking like the cowering vagrant that U.S. troops pulled out of a hole, the well-groomed fallen dictator exhibited nonchalance and sarcasm. ... the authorities' conduct at the execution only served notice how far the new Iraq has to go in meeting the standards of democratic justice."

The Norfolk Virginian Pilot (1/3) editorializes, "The execution early Saturday is cold comfort to the U.S. troops now stuck in Iraq, trying to impose stability on a fractured nation that seems to want none of it. ... When the history of this war is written in years to come, this weekend's hanging may be no more than a footnote."

Author and former ambassador Peter Galbraith writes in an op-ed for the Boston Globe (1/3, 413K), "The manner of Saddam's execution made it clear that Iraq's Shi'ite leaders -- and in particular Prime Minister Nouri al-Maliki -- were more interested in revenge than justice. ... According to his former foreign minister, Tariq Azziz, Saddam apparently intended to make an issue of western support in his trial. This could also have been awkward for some in the current administration. ... it would have made an enormous difference to have had an irrefutable record that Saddam was responsible for the genocide against the Kurds."

Syndicated columnist Cal Thomas writes in the Washington Times (1/3, 88K), "That was a shorter summation than most prosecutors deliver in court, but in the end Saddam's execution wasn't about revenge. It was about justice."

Columnist Bruce Fein writes in the Washington Times (1/3, 88K), "The moral universe is celebrating his execution by hanging." However, "Saddam, like Afghanistan's Taliban and Osama bin Laden, was a partial creation of the United States. That should be remembered whenever America contemplates bolstering a dictator under the banner of Realpolitik."

Iraq Reports 12,000 Civilian Deaths In 2006. The AP (1/3, Hurst) reports, "Iraq reported Tuesday that about 12,000 civilians were killed last year — the third full year since the U.S.-led invasion — with a dramatic rise in the last three months, when 5,000 died. Only about half as many Iraqi soldiers died in 2006 as American troops. ... In all, the Iraqi ministries of Health, Defense and Interior reported a total of 13,896 Iraqi civilians, police and soldiers died last year, 162 more than the tally kept by The Associated Press." However, "Counts kept by other groups, including the United Nations, list far higher death tolls, which are disputed by the Iraqi government." The AP adds, "Life for Iraqis, especially in Baghdad and cities and towns in the center of the country, has become increasingly untenable. ... professionals — especially professors, physicians, politicians and journalists — are falling to sectarian killers at a stunning pace."

Earlier AP coverage gave a higher total: The AP (1/2, Frayer) reported, "Government officials reported that 16,273 Iraqi civilians, soldiers and police died violent deaths in 2006 ... The tabulation by the Iraqi ministries of Health, Defense and Interior, showed that 14,298 civilians, 1,348 police and 627 soldiers were killed in the violence that raged in the country last year."

Civilian Deaths Hit New Monthly High. The Financial Times (1/3, Negus) reports, "The tally of civilian deaths in Iraq hit a new high of 1,930 in December, suggesting sectarian violence that surged in the summer remains at peak levels." The figures "may be a significant underestimate as many deaths go unreported. ... All Iraqi death toll figures are controversial and are often difficult to reconcile with one another. Ministries, depending on who controls them, often have an incentive either to reduce or to inflate figures." The FT adds, "There had been fears that the execution of Saddam Hussein on Saturday would lead to an upsurge in violence, but a resident of a mixed Sunni-Shia neighbourhood told the Financial Times that the Eid holiday since the weekend had brought a lull. However, he expected the battle to resume shortly."

The Los Angeles Times (1/3, Hennessy-Fiske, 850K) reports, "The surge in civilian fatalities has been attributed largely to the rising tide of sectarian violence in Baghdad and beyond. ... Many believe the Iraqi government underestimates civilian casualties. The United Nations, for

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example, estimates that 100 Iraqis die in violence daily. On the other hand, an Interior Ministry spokesman said Tuesday that the latest figures were too high."

Diyala Province Becomes "Tinderbox." Under the headline "A Promising Iraqi Province Is Now A Tinderbox," the Los Angeles Times (1/3, Moore, 850K) reports, "When US forces killed the leader of Al Qaeda in Iraq, Abu Musab Zarqawi, six months ago in a village near here, they hoped security would improve in this strategic province just north of Baghdad. Instead, security has collapsed in Diyala province, which now ranks as one of Iraq's most troubled regions. Insurgent attacks have more than doubled in the last year. ... Assassinations have claimed the lives of mayors, tribal chieftains, police officials and judges. ... Many government officials here sleep on cots in their offices because driving home is too dangerous." US and Iraqi officials "blamed the sharp downturn on a combination of US neglect and abuses by the Iraqi army."

Ignatius Fears Abandonment Of Iraqis Who Helped US. Washington Post (1/3, A19, 690K) columnist David Ignatius writes, "However long the United States stays in Iraq and whatever success it achieves there, we should agree we have a moral responsibility to the Iraqis who risked their lives and families to be America's allies." Ignatius cites the undesirable precedent of Vietnam: "America's ragged withdrawal from Vietnam was chronicled by Frank Snepp, a CIA analyst in Saigon at the time." The CIA's Vietnamese employees "were, in practical terms, left to die." That said, Vietnamese who fled "are among our nation's great success stories ... one of the worst effects of the [Iraq] war is that it is destroying the educated middle class of Iraq -- driving doctors, teachers and business people into desperate exile. When Iraq comes back together some day, will these educated Iraqis be America's friends, or will they despise us? Whatever we do in Iraq in coming months, it should include a bipartisan commitment to keep faith with the people who risked everything for a new Iraq -- by making room for them in America, if necessary."

Former CNN Exec Challenges AP To Authenticate Iraqi Source. Fox News' Special Report (1/2, Hume) reported, "A former top executive at CNN is calling out the Associated Press saying he could find no evidence that one of its top Iraqi sources actually exists. Eason Jordan, who runs a website devoted to Iraq news, said neither he or anyone trying to track down Iraqi police captain Jamil Hussein have been able to turn up a family member, friend, or colleague, and the A.P. isn't helping. A spokesman says Hussein, who has been quoted in dozens of A.P. stories and is often critical of the U.S., is someone they had talked to for years, but they would not respond to the U.S. demands to prove his existence."

Civilians Answer Call To Serve In Iraq. The Washington Post's (1/3, D1, Barr) "Federal Diary" column reports that generally, "federal agencies prefer to rely on volunteers like Needham and Walsh for duty in war zones," but "with the Iraq war in its fourth year, there has been some concern that the ranks of civil service volunteers are growing thin." The Post adds that while the "Iraq Study Group," recommended "that agencies order civilian employees to fill key jobs in Iraq if not enough volunteers step forward," American Federation of Government Employees president John Gage, "questions how civil service employees could be ordered to Iraq when the violence in Baghdad makes it exceedingly difficult to move around and perform jobs."

CORPORATE SCANDALS:

Timing Of Apple Options Led To Windfalls. The Los Angeles Times (1/3, Chmielewski) reports, "In August 1997, Apple Computer Inc. handed four top executives options to buy a total of nearly 1 million shares. The next day, the value of those options jumped a staggering 48%, or $7.7 million. … This was no coincidence, according to a shareholder lawsuit filed against executives and directors of the Cupertino, Calif.-based company in federal court in Northern California. Rather, the options were granted to coincide with good news that would give the four executives an overnight windfall." The Times continues, "The stock soared when co-founder Steve Jobs announced that Apple's sworn enemy, Microsoft Corp., threw the struggling company a life raft in the form of a $150-million cash infusion. In exchange, Apple gave Microsoft a stake in the company and agreed to use the software giant's Web browser on its Mac personal computers. … The investment rocked the high-tech world at the time but became only a footnote in the astonishing comeback of a company as celebrated today for its marketing and design prowess as Nike, Prada or Mercedes-Benz. … But the grants are an example of the fast-and-loose practices that went unchecked in a corporate culture fashioned by Jobs to revive Apple, which by 1997 was hemorrhaging money, according to the lawsuit, a combination of 11 shareholder complaints." The Times adds, "Filed days before Christmas, it alleges that Apple engaged in widespread manipulation of option grants to allow employees to buy shares at low prices. Apple "spring-loaded" options in advance of good news and "backdated" other grants to days when the stock traded at low prices to create an automatic paper profit, claims the suit, which has only recently come to light. … On Friday, Apple absolved Jobs of wrongdoing after a three-month internal investigation of its option practices.

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The company, however, acknowledged 6,428 instances of improperly dating option grants over a six-year period, when it had 'insufficient safeguards' to prevent stock manipulation, according to a filing with the Securities and Exchange Commission. The first incident occurred on Dec. 29, 1997, just a few months after Jobs had returned to the company and taken the title of 'interim' chief executive. … The company's admissions have raised new questions among securities lawyers and corporate governance experts about Jobs' role in the controversy."

Forecasters See Tough Year Ahead For CEOs. The Financial Times (1/3, Guerrera) reports, "American chief executives are bracing themselves for a tough year, with corporate governance issues, shareholder activism, and a more difficult operating environment likely to test their leadership and business skills." The Times continues, "Corporate experts predict that US chief executives will see their once undisputed authority further eroded in 2007 by the growing desire from institutional and retail investors to have a bigger influence on company matters." The Times adds, "Over the past year, this trend has been strengthened by the explosion of the options backdating scandal, increased shareholder anger at lavish executive compensation and attacks from activist hedge funds. … 'The pressure is not going to relent on CEOs in 2007,' says John Challenger of the recruitment firm Challenger Gray & Christmas. 'The days of the imperial chief executive are over.'" The Times notes, "The increased pressure on America's corporate leaders has led to unprecedented levels of chief executive turnover. In 2006, more than 1,340 US chief executives left their jobs – the highest on record – according to Mr Challenger's firm. … The options backdating scandal, which has engulfed more than 180 companies, has forced more than 15 chief executives to resign and more could follow. … The controversy – coupled with more investor scrutiny of executive pay and the ongoing impact of the Sarbanes-Oxley legislation – are rapidly changing the US's corporate governance landscape."

More Commentary. In his column for the Wall Street Journal (1/3, A12), Holman W. Jenkins, Jr., writes, "The markets have finally had their say about the wonderfully overblown backdating scandal. When Apple filed its latest mea culpa on Friday along with a board expression of confidence in Steve Jobs's leadership, the company's shares jumped four bucks. Message: The market doesn't give a hoot about backdating. It gives a hoot whether Mr. Jobs might be run out of his job." Jenkins continues, "This ought to cast a light on whether the drop in market prices of companies in the backdating scandal reflects the shock and horror of investors at the details of backdating -- or shock and horror at the meal that trial lawyers, prosecutors and the media are making of companies caught up in this episode. … Whether Mr. Jobs is safely out of woods remains to be seen. It didn't help that just a week earlier, the Associated Press reported that SEC Chairman Chris Cox has been averring that, in sorting through dozens of backdating cases, his agency would save its legal firepower for 'cases of serious fraud, with elements such as deliberately lying or forging documents.' … Uh oh. In granting Mr. Jobs options on 7.5 million shares, somebody at Apple pencil-whipped a technical requirement of a board meeting to approve the grant. Of course, Mr. Jobs was already a billionaire. Does anybody think he engaged in theft to pad his net worth by a faction of a percent?" Jenkins concludes, "Now, not all CEOs are as pivotal to a company's performance as Mr. Jobs is perceived to be, but this has nothing to do with the CEO pay calculus. All CEOs sit at the switch: They make the calls by which shareholder wealth is preserved or squandered. Should a company sacrifice short-term profits in order to invest more in customer service? Should it embark on a bold product redesign or milk an aging product line a bit longer? … The market wants a CEO in whom it has confidence, and who is responsive to the share price. The media's relentless appetite is for evidence that CEO pay fails the 'fairness heuristic.' This basic disjunction is why one of the signal phenomena of the age, the towering increase in executive compensation, remains unexplained to the American people despite the massive amount of journalism spent on subjects like backdating."

Former Enron Accounting Head Causey Heads For Prison. The Washington Post/Bloomberg (1/3, D1, Calkins) reports, "Richard A. Causey, Enron's former chief accounting officer, was on his way Tuesday to a federal prison in Bastrop, Tex., to begin a 5 1/2 -year sentence for his role in the fraud that destroyed the company." Bloomberg continues, "Causey, 46, pleaded guilty to one count of securities fraud in December 2005, less than a month before he was to stand trial with former Enron chief executives Jeffrey K. Skilling and Kenneth L. Lay, both of whom were found guilty. … 'A lot of improper things were done at Enron,' Causey said as he was sentenced in November. 'Some of those were done by me, and for that I am profoundly sorry.'" Bloomberg adds, "Causey was the last of 16 former executives to plead guilty to crimes at Enron, which was the world's largest energy-trading company before it went bankrupt in December 2001 as widespread accounting fraud came to light. … More than 5,000 jobs and $1 billion in employee pensions were wiped out when Enron collapsed. Investors are suing to recover more than $30 billion. … Causey was assigned to the prison he requested. Bastrop is three hours from his home in Houston, where Enron was based, and 30 miles from Austin, where the oldest of his three children attends college."

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Cox, Frank Take Diverse Approaches To Financial Issues. The Washington Post (1/3, Johnson, 690K) reports that from their "years at Harvard Law School to their tenure in the House of Representatives, Barney Frank and Christopher Cox chose markedly different approaches to reach their destinations." Their paths "cross again as Frank, a Massachusetts Democrat, assumes control of the House Financial Services Committee, which oversees the Securities and Exchange Commission -- led by Cox, a former Republican lawmaker from California." Despite "similar resumes, the men could hardly be more divergent in ideology and personal style." Frank's "support for predatory-lending reforms, minimum-wage increases and universal health care mark him as one of the most left-leaning lawmakers on Capitol Hill." Cox "cut his teeth in the Reagan White House, and his votes in Congress earned him an 87 percent lifetime rating from the U.S. Chamber of Commerce before he became chairman of the Securities and Exchange Commission." Already, "they have clashed over a change to an SEC rule that some investor advocates say will reduce disclosure of executive pay in the form of certain stock awards."

Sarbanes-Oxley Act Seen As Counterproductive. In a New York Times (1/3, 1.16M) op-ed, William Niskanen of the Cato Institute says while the Sarbanes-Oxley Act "was surely well intentioned," it has "proven counterproductive in the extreme, and Congress would best honor the departing lawmakers by repealing it. Sarbanes-Oxley has seriously harmed American corporations and financial markets without increasing investor confidence. The section of the law requiring companies to perform internal audits has turned out to be far more costly than proponents projected, especially for smaller firms. These costs have led some small companies to go private, hardly a victory for public oversight, and some foreign firms to withdraw their stocks from American exchanges."

CRIMINAL LAW:

FBI Subpoenas Records Of Investment Firm Connected To Bruno. The New York Daily News (1/3, Mahoney, 729K) reports, "The FBI has subpoenaed an investment firm for documents related to state Senate Majority Leader Joe Bruno in a widening probe of the state's top Republican, the Daily News learned yesterday. A source familiar with the investigation said the firm, McGinn, Smith & Co. of Albany, is 'one of the groups Sen. Bruno did consulting for' through his own business." The Daily News notes, "The FBI is also reviewing subpoenaed documents relating to land transactions made by now-dissolved First Grafton Corp., a real estate investment firm that Bruno helped to start, as well as plane rides arranged for Bruno by a wealthy friend, Jared Abbruzzese, sources said.

FBI Investigating Murder Of Arizona Tribal Chairwoman's Brother. The Arizona Daily Star (1/3, McCombs, 128K) reports, "The FBI is investigating the New Year's Day death of the brother of the chairwoman of the Pascua Yaqui Tribe as a homicide, an FBI spokeswoman in Phoenix said Tuesday. Gabriel Frias, the 32-year-old brother of chairwoman Herminia Frias, died from shotgun blast to the midsection, an autopsy performed Tuesday by the Pima County Medical Examiner's Office revealed, said Deborah McCarley, an FBI spokeswoman in Phoenix." The Daily Star adds, "The FBI remained tight lipped about the events leading up to the shooting, possible suspects or motives, citing the need to protect the ongoing investigation, McCarley said. They haven't arrested anyone, she said."

New Orleans Police Officers Surrender For Booking On Murder Charges. The New Orleans Times-Picayune (1/3, Maggi, McCarthy) reports, "Surrounded by colleagues offering hugs, handshakes and shouts of support, seven New Orleans police officers walked into central lock-up Tuesday morning to be booked on murder and attempted murder charges, stemming from their shooting of six people a week after Hurricane Katrina. Steady applause broke out as the officers, accompanied by their attorneys and union representatives, began the slow march to jail." However, "not everyone offered comfort: A handful of protesters, marching outside the ring of support, pronounced the officers guilty and called them terrorists and thugs. And shouts from inside the jail could be heard on the street below — a handful of voices screaming out obscenities and warnings.

Gulf Coast Officials Warn Homeowners Of Hurricane Repair Scams. USA Today (1/3, Heath, 2.27M) reports, "Officials along the Gulf Coast are warning homeowners that they will likely face a wave of contractor scams in the coming months as they begin collecting billions of dollars in government grants to rebuild what Hurricane Katrina destroyed. Mississippi has hired six investigators to target schemes aimed at recipients. Louisiana will send out vans to warn consumers about scams and take complaints. Both states are filling the airwaves with warnings about common schemes, and regularly warn aid recipients to research contractors and put work agreements in writing." USA notes, "Officials expect contracting schemes will make up the next wave of fraud, in part because taking money from homeowners is already proving far less complicated than

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scamming the government-run grants, Mississippi State Auditor Phil Bryant says."

New Jersey Panel Recommends Abolishing Death Penalty. The New York Times (1/3, Mansnerus, 1.16M) reports a legislative commission "recommended on Tuesday that New Jersey become the first state to abolish the death penalty since states began reinstating their capital punishment laws 35 years ago." The commission report "found 'no compelling evidence' that capital punishment serves a legitimate purpose, and increasing evidence that it 'is inconsistent with evolving standards of decency.'" Death penalty experts "said that New Jersey was the first state to receive an official recommendation that capital punishment be abandoned, and it lands in a state where legislators have a Democratic majority along with a Democratic governor who supports repeal of the statute." There is "ample opposition to capital punishment in both houses of the Legislature, and Senate President Richard J. Codey said in an interview that he expected to ask for a vote, although he would not discuss a timetable."

The AP (1/3, Hester) reports, "The report, obtained by The Associated Press, found no compelling evidence that New Jersey's death penalty, which has not been used in more than four decades, serves any purpose. … It also found abolishing the death penalty would eliminate the danger of executing an innocent person, and said the death penalty costs taxpayers more than prisoners serving life terms without parole." The AP notes, "One member of the group, former Senator John F. Russo, who wrote the state's death penalty statute when executions were reinstated in 1982, dissented from the commission's findings. … The 13-member commission was formed earlier this year to study capital punishment in a state that has not executed anyone since 1963. Nine men are on death row in New Jersey, but the legislation that created the commission imposed a moratorium on executions until 60 days after the panel completed its work. No execution was imminent when the moratorium was imposed."

US Helps North Carolina Prosecutors In Child Sex Cases. The AP (1/3) reports, "Until the (North Carolina) Legislature changes prison sentences for people who distribute child pornography, local prosecutors are getting help from federal officials in putting pedophiles in prison." The AP continues, "Investigators in Harnett County discovered 228 video clips and 124 still photos of child pornography - including some involving a toddler - on Christopher Paul Brady's computer. … In state court, the 31-year-old Brady received three years of supervised probation. … 'I got the most I could get,' said Assistant District Attorney Mary Wilson. .. But federal prosecutors stepped in and charged the Lillington man with trafficking in child pornography. After being convicted, Brady was sentenced to more than 15 years in prison. … 'We're saving some people some trauma. We're going to get a good sentence,' said Assistant U.S. Attorney Jay Exum, who works with prosecutors on child pornography cases in eastern North Carolina." The AP notes, "Exum works under Project Safe Childhood, a U.S. Justice Department program which was started last year and aims to put pedophiles in prison on lengthy sentences. … FBI statistics show child pornography and exploitation cases increased nationally from 113 in 1996 to 2,135 last year and prosecutors have seen a similar increase in cases coming to court - from 344 in 1995 to 1,576 in 2005. … The state Legislature convenes Jan. 24 and one task is to seek tougher penalties for child pornography charges. State law currently gives prison time to people who make child pornography, but a special legislative committee recommended tougher sentences."

CIVIL LAW:

Texas Professor Sues Federal Government, Seeks Information On Drug-Related Case. The El Paso Times (1/2) reported a University of Texas, El Paso professor "is suing the federal government hoping to force the release of documents surrounding the case of 'Lalo,' the former Immigration and Customs Enforcement informant involved in drug-related murders in Juárez. Bill Weaver, an associate professor of political science at UTEP, filed the suit in mid-November against the Drug Enforcement Administration and the Department of Justice because the agencies did not answer his Freedom of Information Act requests from 2005, court documents showed." The professor "said he wants to use the information for an upcoming book."

CIVIL RIGHTS:

Attorney Pleads For Life Of Man Convicted In Human Smuggling Deaths. The AP (1/3, Lozano) reports from Houston, "A truck driver convicted for his role in the deadliest immigrant smuggling attempt in the U.S. should not be sentenced to death because he is not the 'worst of the worst,' his defense attorney told jurors Tuesday. … But prosecutors said Tyrone Williams, 35, a Jamaican citizen living in New York state, should be executed because he committed a deliberate act of violence in a depraved manner that resulted in the deaths of 19 illegal immigrants trapped inside a sweltering tractor-trailer. … 'The only justifiable punishment in this case should be death,' Assistant U.S. Attorney Daniel Rodriguez said." The AP continues, "After a

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nearly monthlong break due to the illness of an attorney and the holidays, the punishment phase in Williams' retrial resumed on Tuesday with opening statements. … Williams was convicted on Dec. 4 for his role in the May 2003 deaths of the illegal immigrants, who succumbed to the deadly heat in the back of his tractor-trailer as he was smuggling them from southern Texas to Houston. … Jurors now have to decide if Williams, who was convicted on all 58 counts of conspiracy, harboring and transporting, should be sentenced to death or up to life in prison."

Number Of Minority Coaches In NCAA Division I-A Grows To Seven. USA Today (1/3, O'Toole) reports, "Floyd Keith isn't ready to proclaim great strides when it comes to hiring minority head football coaches in NCAA Division I-A. But with two moves already this month, the executive director of the Black Coaches Association said Wednesday that he is encouraged by what is happening. … 'At the end of the day I still have to wait and see where the numbers end up,' he said. 'With two I-A hires, that brings it to seven, which, if there is one more hire, would equal the most.'" USA continues, "Mario Cristobal, who is Cuban-American, was hired at Florida International, and Randy Shannon, who is African-American, was hired at Miami (Fla.). They join five other current I-A minority head coaches. In 1998 there were eight. As recently as the 2005 season there were three. Eighteen of the 119 jobs in I-A have opened this season, with all but three filled." USA adds, "Keith's organization began issuing an annual report card on hiring practice in 2004 as a way to bring pressure on schools to at least consider minority candidates. The group also wants recruits and their families to consider a school's BCA grade before signing. .. The grade emphasizes minorities brought into the interview process as well as those hired. The third report card, which grades individual schools, was issued in September."

Massachusetts Lawmakers Keep Gay Marriage Amendment Alive. The AP (1/3, Leblanc) reports that in a "suspense-filled final day of the legislative session, Massachusetts lawmakers kept alive a proposed constitutional amendment Tuesday that would put a stop to gay marriage in the only state that allows same-sex couples to wed." With a "combination of parliamentary maneuvering, flip-flopping and brinksmanship, lawmakers gave the first round of approval necessary for the amendment to appear on the ballot in 2008. The measure still needs the endorsement of the next legislative session." If the amendment "makes it onto the ballot and residents approve it, it will leave Massachusetts' 8,000 existing gay marriages intact but ban any new ones."

The New York Times (1/3, Belluck, 1.16M) reports the amendment "now requires the approval of at least 50 legislators in another vote in the 2007-8 session. Then it would be placed on the November 2008 ballot as a referendum question." The "swiftness of the vote on Tuesday surprised people on both sides of the issue, taking place without any debate, just minutes after the constitutional convention had been gaveled into session. Proponents of the amendment needed just 50 of the legislature's 200 lawmakers to support it; the final vote was 61 in favor of the amendment and 132 opposed."

The Washington Post (1/3, A3, Powell, Shulman, 690K) reports Massachusetts legislators "approved a measure yesterday that next year could allow voters to overturn a historic same-sex marriage law in the only state in the nation where such unions are legal." Glen Lavy, "a senior counsel with the Alliance Defense Fund, which strongly favors banning same-sex marriage," said, "It's in the best interests of children and society for marriage to be defined as between a man and woman. The battle to preserve marriage in Massachusetts as between a man and a woman is alive and well." The Post adds, "Yesterday's vote fell like a hammer on gay-rights advocates, who have fought a half-decade-long war to gain the right to same-sex marriage in Massachusetts."

The Washington Times (1/3, Wetzstein, 88K) reports "yesterday's votes brought relief to supporters." Kris Mineau, "president of the Massachusetts Family Institute and spokesman for VoteOnMarriage.org, which led the 2005 petition drive that garnered 170,000 signatures in favor of the amendment," said, "Today's victory is about restoring the integrity and authority of the people's constitutional right to petition their government."

ANTITRUST:

Korean Antitrust Authorities Scrutinizing Qualcomm. The New York Times (1/3, Sang-Hun) reports, "The South Korean antitrust agency has formed a task force to investigate the licensing and business practices of the wireless technology company Qualcomm, the latest in a string of legal battles for the company, officials said on Tuesday." The Times continues, "In Japan, Europe and the United States, Qualcomm, which is based in San Diego, faces accusations by rivals that it has abused its market dominance in wireless technology to demand excessive royalties and block fair competition." The Times adds, "Qualcomm is known for developing code-division multiple access, or CDMA, wireless technology, which is a rival standard to the global system for mobile communications, or GSM, technology. It makes money by selling chips that power cellphones, as well as collecting royalties or licensing its technology to other chip makers and cellphone

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manufacturers. … The creation of a task force, which is modeled after the one investigating antitrust complaints against Microsoft, means that the case in question merits a full-blown investigation, said Na Yang-ju, a spokesman for the South Korean antitrust watchdog agency, the Fair Trade Commission. … But commission officials also acknowledged that the case against Qualcomm was more complicated than they had expected. A year ago, the commission ruled that Microsoft was guilty of breaching fair trade rules, a decision the company is appealing."

Defunct Online Movie Distributor Sues Leading Tech Firms. The New York Times (1/3, Markoff, Helft) reports, "In 1997, Jonathan T. Taplin, a veteran film and television producer, stood up at a cable industry convention and asserted that in the future all movies would be distributed over the Internet. He recalls being laughed out of the room." The Times continues, "Mr. Taplin may laugh last. Online distribution of movies has arrived, at places like Apple Computer's iTunes Store. And even though Mr. Taplin's own video-on-demand company, Intertainer, shut down operations five years ago, it says it deserves some credit — and cash. … Last week, Intertainer filed a broad lawsuit asserting that Apple, Google and Napster are infringing on a 2005 patent that covers the commercial distribution of audio and video over the Internet." The Times adds, "Founded by Mr. Taplin and two other Hollywood entertainment executives in 1996, Intertainer developed technology to distribute movies on demand through cable and phone lines for viewing on televisions and personal computers. It gained investors including Intel, Microsoft, Sony, NBC and Comcast. … Theodore Stevenson, a partner at McKool Smith, the Dallas firm representing Intertainer, said the company filed suit against Apple, Google and Napster because they were perceived as leaders in the market for digital downloads. He declined to specify the damages that Intertainer was seeking." The Times notes, "Intertainer's tale is somewhat different than other intellectual property suits brought by technology licensing firms. By 2002 the company seemed to have a growing business, with 125,000 Internet subscribers for its servers and 35,000 TV subscribers through the Comcast cable system. … But in the fall of 2002, the company shut down its service and filed a lawsuit against some of the backers of Movielink, a competitor backed by five Hollywood studios, including Sony, Universal and Warner Brother. At the time Mr. Taplin said the studios were using Movielink as a price-fixing vehicle to kill Intertainer. … An antitrust investigation by the Justice Department into Movielink was dropped in 2004."

Nucor To Purchase Harris Steel Of Canada For $1.07 Billion. The New York Times/AP (1/3) reports, "The Nucor Corporation, the maker of steel products, said Tuesday that it had agreed to acquire the Harris Steel Group of Canada for $1.07 billion." The AP continues, "Nucor, which makes steel from recycled metal at its minimill operations across the United States, said the deal would broaden its geographic reach and give it opportunities to grow. … Nucor bid 46.25 Canadian dollars ($39.69) for each Harris Steel share, a 6 percent premium over the Friday closing price of 43.49 Canadian dollars ($37.32) for Harris shares on the Toronto Stock Exchange." The AP adds, "The deal requires regulatory approval in the United States and Canada. Nucor, which is based in Charlotte, plans to allow Harris Steel to operate as a separate, wholly owned subsidiary once the deal is completed. … Nucor, which has operations in 18 states, expects the acquisition to bolster earnings immediately."

The Wall Street Journal (1/3, A3, Glader) reports, "With its $1.07 billion acquisition of Harris Steel Group Inc. in Canada, Nucor Corp. is breaking from its nonunion tradition and offering a glimpse of where it sees growth in the steel industry." The Journal continues, "The move by the Charlotte, N.C., steelmaker also answers a question that has followed Nucor and other steelmakers: where to invest sizable cash reserves from three years of strong steel prices? With this deal, Nucor shows it sees opportunity in finishing steel products for its customers and in distribution rather than adding steelmaking capacity." The Journal adds, "The deal comes amid rising concern by some in the steel industry over the potential for raw steelmaking overcapacity. Nucor had said fourth-quarter earnings would be less than expected because of lower shipments and prices. … While many large steel companies are buying other primary steelmakers around the world, Nucor -- which had $1.69 billion in cash on its balance sheet in the third quarter -- is focusing its investment and growth largely in North America's manufacturing infrastructure. Nucor said it sees the construction market growing, with increasing demand for bridges, tunnels, airports and hospitals. … Harris -- which fabricates steel into reinforced steel bar, platform grating and wire mesh for construction products ranging from bridges to airports and stadiums -- serves that market. "

Seminole Tribe's Purchase Of Hard Rock Challenged. The Wall Street Journal (1/3, B3) reports, "Baltimore development firm Cordish Co. and affiliate Power Plant Entertainment LLC filed suit in Broward County Circuit Court in Florida, claiming the Seminole Tribe of Florida was able to buy the Hard Rock chain of cafes and casinos through collusion and bid rigging." The Journal continues, "The plaintiffs allege Hard Rock Cafe International Inc. management secretly negotiated with the Seminoles for seven months before plans to sell were announced in July.

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Power Plant, a partnership between Cordish and Coastal Development LLC, was the original developer of two Seminole Hard Rock casinos and hotels in Tampa and Hollywood, Florida." The Journal adds, "The Seminoles last month agreed to buy the chain for $965 million from the U.K.'s Rank Group PLC. In a statement, the Seminoles accused Cordish of being 'a sore loser' and insisted the deal went through 'a lengthy and open bidding process.' They said the lawsuit 'has no merit.' Rank Group shareholders are scheduled Monday to vote on the sale."

NYTimes Calls On Congress To Pass Net Neutrality. The New York Times (1/3, 1.16M) says in an editorial, "One of the big winners in the last election may turn out to be the principle, known as net neutrality, that Internet service providers should not be able to favor some content over others. Democrats who are moving into the majority in Congress — led by Ron Wyden in the Senate and Edward Markey in the House — say they plan to fight hard to pass a net neutrality bill, and we hope that they do. It is vital to preserve the Internet's role in promoting entrepreneurship and free expression." Cable and telephone companies "are talking, however, about creating a two-tiered Internet with a fast lane and a slow lane. Companies that pay hefty fees would have their Web pages delivered to Internet users in the current speedy fashion. Companies and individuals that do not would be relegated to the slow lane. Creating these sorts of tiers would destroy the democratic quality of the Internet. Big, wealthy voices would start to overpower the smaller, poorer ones. Innovation would be threatened if start-ups and small companies could not afford the new fees."

ENVIRONMENT:

Judge To Decide Oklahoma Land Dispute. The AP (1/3) reports from El Reno, OK, "A federal judge in Washington will decide whether the federal government wrongfully took about 7,000 acres of land belonging to the Cheyenne-Arapaho Tribes of Oklahoma." The AP continues, "Attorneys for the Cheyenne-Arapaho filed an 18-page response on Friday to the government's motion to dismiss the tribes' lawsuit over the land. The tribes want to do oil exploration on the land and use it for development of retail, offices and possibly a casino, Cheyenne-Arapaho Gov. Darrell Flyingman said. … 'It's valuable land,' he said. 'There's hundreds of oil and gas wells right around Fort Reno. That's one of the reasons they're trying to keep it.'" The AP adds, "According to the government, which is seeking to dismiss the tribes' lawsuit, the Cheyenne-Arapaho claim on the land died in 1891, when the reservation was allotted and the tribes signed an agreement ceding the remaining 400,000 acres, which then were opened to non-Indian settlement. … The tribes received 2 cents per acre in 1891, then $15 million more in 1965 after filing a lawsuit under the Indian Claims Commission Act, which was designed to correct past injustices in land dealings with Indian tribes. .. The tribes say the payment covered the rest of the old reservation, excluding the Fort Reno land."

US Changes Prosecution Timetable In Ohio Reactor Case. The Toledo Blade (OH) (1/3, Henry) reports, "Federal prosecutors veered off their timetable for having criminal charges against two former Davis-Besse engineers and a contractor heard in U.S. District Court by the end of this fall - partly because of the complexity of the case, and partly because of recent finger-pointing among the trio. … The case now may be split into at least two trials." The Blade continues, "Defendants Andrew Siemaszko, of Spring, Texas; David Geisen, of DePere, Wis., and Rodney N. Cook, of Millington, Tenn., face up to five years in prison and $250,000 in fines if convicted on charges of making false statements to a federal agency. … Mr. Siemaszko and Mr. Geisen are former Davis-Besse engineers. Mr. Cook is a contractor who had been associated with the Ottawa County nuclear plant for years." The Blade adds, "Each is accused of jeopardizing northern Ohio's safety five years ago by lying about Davis-Besse's old reactor head when the Nuclear Regulatory Commission was debating whether the plant was too dangerous to keep operating in the fall of 2001. … The NRC, based on what it learned in subsequent months, said acid melted so much steel off the massive lid that it nearly blew open and allowed radioactive steam to form in containment for the first time since the partial meltdown of Three Mile Island Unit 2 in 1979. … The agency ultimately said there's no question FirstEnergy Corp., in hindsight, should have shut down the plant at least six weeks earlier than it did on Feb. 16, 2002."

Energy Independence A Central Theme Of Bush's State Of The Union Speech. The Financial Times (1/3, Daniel) reports, "Energy will be a central theme of President George W. Bush's state of the union speech this month, as it was in last year's address when he briefly caught national attention with the claim that the country was 'addicted to oil.'" Yet, "his critics doubt that he will do much more than call for more spending on alternative fuels, and again fail to embrace international efforts to agree a post-Kyoto regime to tackle greenhouse emissions." One "senior energy industry lobbyist" said, "Energy policy has been the creation of Congress. Almost anything Bush says in the speech is irrelevant the day after he says it." But one senior Administration official rejected that, saying, "It's a lot more than rhetorical: what was done with the 2005 act was substantial." And "Al Hubbard, chairman of the National

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Economic Council, who is co-ordinating White House energy policy, has also raised expectations. In a speech at De Pauw University he predicted 'headlines above the fold that will knock your socks off in terms of our commitment to energy independence.'"

US Dependence On OPEC Soars As Angola Enters Cartel. The Financial Times (1/3, Crooks, Blas) reports US dependence on OPEC "for its oil imports has risen to its highest level in 15 years, following Angola's arrival this week as the 12th member of the oil producers' group." Angola's entry "comes at a time when Opec is trying to exert more influence, as seen in its decision at the December meeting to cut 500,000 barrels a day from its output from February." Angola "is particularly significant because it is one of the fastest-growing producers." But its "entry into Opec is unlikely to have much impact on the price of oil. It has yet to agree a production limit with the group, and Opec officials have suggested that its planned production increase is likely to be accommodated by the group."

New Maryland AG Pledges To Crack Down On Bay Polluters. The Washington Post (1/3, B4, Rich) reports, "Douglas F. Gansler, Montgomery County's longtime prosecutor, pledged an 'all-out assault' on those who pollute the Chesapeake Bay as he was sworn into office yesterday as Maryland's first new attorney general in two decades." The Post continues, "In the Senate's marbled chamber in Annapolis, where the outgoing Republican governor administered the oath of office, Gansler, a Democrat, ticked off a list of the estuary's environmental woes. He cited swimming bans at Sandy Point State Park in Annapolis and declining oyster harvests, saying, 'Some fish don't even know if they're boys or girls anymore -- it's gotten that bad. … We're going to wage an all-out assault on those who pollute our air and water,' Gansler said." The Post adds, "The pledges echoed campaign promises that helped carry Gansler to a comfortable victory in November in his bid to fill the seat left vacant by J. Joseph Curran Jr., a fellow Democrat who, after two decades as the state's chief legal officer, decided not to run for another term. … Gansler, 44, had been Montgomery state's attorney since 1998. He drew attention last year by winning convictions against John Allen Muhammad and Lee Boyd Malvo, the snipers who terrorized the region in 2002. … Despite the dire proclamations about the health of the bay, yesterday's ceremony in many respects had the feeling of a family affair. Gansler spoke of his wife, Laura, and their two sons, who, he jokingly said, did not understand the concept of spending $2 million to win a job that pays $125,000 a year."

Feds, States At Odds Over Paying For Forest Fire Fighting. The New York Times (1/3, Johnson, 1.16M) reports, "The steeply rising cost of preventing and suppressing wildfires, which burned more of the American landscape in 2006 than in any other year since at least 1960, is creating a rift between Washington and state and local governments over how the burden ought to be shouldered." A study "issued in November by the inspector general's office of the United States Department of Agriculture, the parent agency of the Forest Service, said the nature of the wildfire threat was changing as private homes and communities pushed ever closer to the boundaries of once-remote public lands. Those communities and landowners, rather than federal taxpayers, should have to pay for more of their own fire protection, the report concluded." But states and local governments "are gearing up to fight back in Congress, arguing that decades of federal mismanagement of national forests and open spaces, not development, created the threat and that little communities with few resources are neither responsible for it nor equipped to make a difference."

Mayfield Leaving Government With Warning Of Impending Natural Disaster. The Los Angeles Times (1/3, Williams, 850K) reports National Hurricane Center chief Max Mayfield will end his 34-year government career tomorrow, and he is "more convinced than ever that US residents of the Southeast are risking unprecedented tragedy by continuing to build vulnerable homes in the tropical storm zone and failing to plan escape routes. … 'We're eventually going to get a strong enough storm in a densely populated area to have a major disaster,' he said. 'I know people don't want to hear this, and I'm generally a very positive person, but we're setting ourselves up for this major disaster.'" Mayfield, who "hopes to launch a second career as a consultant in emergency planning and disaster response," says the US lacks "the political will to make and impose hard decisions on building codes and land use in the face of resistance from the influential building industry and a public still willing to gamble that the big one will never hit."

Administration Criticized For Listing Polar Bear As Threatened. The Wall Street Journal (1/3, 2.04M) says in an editorial, "Unless you've been hibernating for the winter, you have no doubt heard the many alarms about global warming. Now even the Bush Administration is getting into the act, at least judging from last week's decision by Interior Secretary Dirk Kempthorne to recommend that the majestic polar bear be listed as 'threatened' under the Endangered Species Act. The closer you inspect this decision, however, the more it looks like the triumph of politics over science." It "also turns out that most of the alarm over the polar bear's future stems from a single, peer-reviewed study, which found that the bear population had declined by some 250, or 25%, in Western Hudson Bay in the last

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decade. But the polar bear's range is far more extensive than Hudson Bay. A 2002 U.S. Geological Survey of wildlife in the Arctic Refuge Coastal Plain concluded that the ice bear populations 'may now be near historic highs.'"

Wal-Mart Praised For Pushing Fluorescent Light Bulbs. The New York Times (1/3, 1.16M) says in an editorial that it is "great news that Wal-Mart is putting its considerable heft behind one of the easiest ways to reduce energy consumption and the production of global-warming gases: the corkscrew-shaped light bulbs of the future." Switching from familiar bulbs to longer-lasting, energy-saving compact fluorescent lamps makes sense economically and environmentally." Wal-Mart "is pushing to sell 100 million compact fluorescents a year. Because they use 75 percent less electricity, that would save customers $3 billion on their electricity bills and save the world from 20 million metric tons of greenhouse gases."

FBI/DEA/ATF/USMS:

In Florida, Attorney Claims Agents Used "Coercive Tactics" Against Client. The Tampa Tribune (1/3) reports Scott Schweickert's attorney "is asking a judge to block the prosecution from introducing at trial Schweickert's statements about how he helped Steven Lorenzo drug, sexually torture and kill two men. Defense attorney Pedro Amador argues in court papers that Schweickert's statements 'were made as a result of coercive tactics employed by government agents.' … Schweickert faces a federal trial next week on charges of conspiracy and drug facilitated crimes of violence." According to an arrest affidavit Schweickert "was interviewed by U.S. Drug Enforcement Administration Agent Scott A. Albrecht and other detectives on May 10 and 19 in 2005, after being advised of his Miranda rights."

Arizona Called Gateway For Marijuana Smuggling. The Arizona Republic (1/2) reported Arizona "is gaining another dubious distinction: marijuana smuggling gateway. The Border Patrol said agents seized over 331 tons (662,650 pounds) of marijuana worth $530 million last fiscal year, ending Sept. 30. That set a record for the fifth straight year. It nearly equaled the 350 tons seized in California, Texas and New Mexico combined."

The AP (1/3) reports that since Oct. 1, agents "have seized more than 106 tons of pot worth $170 million. That's nearly 20 tons more than the same period the previous year."

In a report similar to the AP's the Arizona Daily Star (1/2) wrote that agents with the U.S. Border Patrol "have seized a record amount of marijuana from smugglers along the Arizona-Mexico border for the fifth year in a row."

City Council In California Considers Banning Marijuana Dispensaries. The AP (1/2) reported Azusa "is poised to join several others across California in banning medical marijuana dispensaries. The City Council planned to vote Tuesday on an ordinance designed to prohibit the so-called 'pot clubs.' Officials approved the new rule unanimously on its first reading last month." Advocates for the clubs "say regulating them is more effective than banning them."

Federal Government's Drug Use Statistics Criticized. In a New York Times op-ed (1/3), Mike Males says, "When releasing last week's Monitoring the Future survey on drug use, John P. Walters, the director of the Office of National Drug Control Policy, boasted that 'broad' declines in teenage drug use promise 'enormous beneficial consequences not only for our children now, but for the rest of their lives.' Actually, anybody who has looked carefully at the report and other recent federal studies would see a dramatically different picture: skyrocketing illicit drug abuse and related deaths among teenagers and adults alike." According to "the Centers for Disease Control and Prevention, the number of Americans dying from the abuse of illegal drugs has leaped by 400 percent in the last two decades, reaching a record 28,000 in 2004." It's "time to end the obsession with hyping teenage drug use. The meaningless surveys that policy makers now rely on should be replaced with a comprehensive 'drug abuse index' that pulls together largely ignored data on drug-related deaths, hospital emergencies, crime, diseases and similar practical measures."

Calderon Sends Troops, Police To Tijuana In Crackdown On Drug Gangs. The AP (1/3) reports the Mexican government "is sending more than 3,000 soldiers and federal police officers to fight drug gangs in the violent border city of Tijuana, the latest offensive by President Felipe Calderon who has vowed to crack down on organized crime. The force, backed by 28 boats, 21 planes and nine helicopters, will hunt down suspected traffickers, patrol the coast and man checkpoints in a city that is a popular smuggling route for cocaine, methamphetamine and marijuana entering the United States," according to Interior Secretary Francisco Ramirez Acuna. The troops "have arrested more than 50 people, including several suspected leaders of the feuding cartels, and seized large quantities of gold, bulletproof vests, military equipment and shirts with federal and municipal police logos."

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ATF Probing Explosive Devices Found After Texas Standoff. The Texarkana (TX) Gazette (1/3, Richardson) reports, "The investigation into explosive devices found in the home of a man who gave himself up after a four-hour, Texas-side standoff will be made by the federal Bureau of Alcohol, Tobacco, Firearms & Explosives. … 'Components of explosive devices were found in the building. It is unknown at this time what the intent of (the homeowner) was regarding the explosive components,' said Shawn Fitzgerald, spokesman for the Texarkana, Texas, Police Department." The Gazette continues, "Texas-side police have not released the man's name, but neighbors and co-workers identified him as Todd Gingrich, 43. … Police were dispatched to Gingrich's home at 5814 Larry Drive at 12:37 a.m. Saturday to provide assistance to thwart a possible suicide. They were notified that he allegedly had access to a large number of weapons. … Family members said the collection included automatic and semi-automatic weapons, so the Metro SWAT Team was activated to negotiate with Gingrich. … Negotiators attempted to contact Gingrich over the next four hours, but were unsuccessful. … Fortunately, at 4:50 a.m., officers were able to take Gingrich into custody without injury after he reportedly became ill and exited the building on his own." The Gazette notes, "Criminal charges are not being sought by police because the only person clearly threatened during the standoff was Gingrich. … 'A large cache of weapons was discovered in the building where the victim had been staying during the incident, but it is unknown at this time what the reason or intent was regarding the weapons,' said Fitzgerald. … The Dallas Bureau of the ATF was contacted and responded to the scene. The ATF confiscated all weapons and devices, and the case has since been turned over to that agency, police said."

TAX:

Democrats To Target Oil And Gas Companies Early. The Hill (1/3, Snyder) reports, "Among the first items Democrats want to pass are measures that at least some oil and gas companies oppose, such as a measure to repeal certain tax breaks included in a broad energy bill passed in 2005 and a bill to collect royalties on existing drilling leases. Provisions that could cost the industry even more money, such as one imposing a windfall-profit tax, could follow in the Democratic-led Congress, although some of the harsher measures may strain caucus unity." The Hill adds that Drew Hammill, a spokesman for Speaker-designate Nancy Pelosi, "said Democrats have not decided on the exact oil and gas provisions that will be included in their package for the 100-hour legislative push. But Democrats are intent on setting up the energy reserve for renewable energy and conservation, repealing certain tax breaks, and forcing oil companies to renegotiate the 1998 and 1999 Gulf leases."

CONGRESS-ADMINISTRATION:

Bush Urges Bipartisanship, Announces He Will Propose Balanced Budget Plan. With Democrats ready to take control of Congress tomorrow, President Bush is calling for a bipartisan approach to governing in the nation's capital. Writing in the Wall Street Journal this morning (1/3, A13), Bush says of Democrats, "I will have the privilege of working with them for the next two years -- one quarter of my presidency, plenty of time to accomplish important things for the American people. … To do that, however, we can't play politics as usual." Bush adds, "My principles are no secret. I have campaigned on them in my races for governor and in two presidential contests, and I have worked hard during my presidency to translate these principles into sound policy." Most notably, Bush says he will propose a plan to "balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent." He also urges consensus on anti-terror policies, makes his case for continuing involvement in Iraq, and calls for entitlement reform and for ending "the secretive process by which Washington insiders are able to slip into legislation billions of dollars of pork-barrel projects that have never been reviewed or voted on by Congress."

In its analysis of Bush's op-ed, the Wall Street Journal (1/3, A3, McKinnon, 2.04M) focuses on Bush's remarks on taxes, saying he "sent a strong signal of his continued opposition to tax increases." Bush's "comments reflect his administration's reliance on tax cuts as both an economic elixir and a political weapon. … A senior aide to Mr. Bush said the president wasn't firing a fiscal shot across the bow at Democrats, but was simply 'articulating a long-held view that tax relief has worked.' He added that Americans 'want their leaders in Washington to cut wasteful spending. The president's budget will do just that.'" The Washington Post/AP (1/3, Hunt) reports that while Bush sounded "a tone of bipartisanship," he "repeated long-held positions on the war in Iraq, tax cuts and other issues often criticized by Democrats."

The President will meet with Democratic leaders today. CNN's Lou Dobbs Tonight (1/2) reported, "We are told by sources that it is really a meeting to talk about the year ahead." Iraq is expected to be central to the discussions. As the AP (1/3, Flaherty) reports, "Democrats will inherit an agenda dominated by the war in Iraq when the new Congress convenes Thursday, increasing their exposure to what has mostly been a politically damaging issue for Republicans.

The bipartisan spirit Bush is urging in his op-ed may prove elusive. The Washington Post (1/3, A3, Weisman,

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690K) reports "Democratic leaders set to take control of Congress tomorrow are facing mounting pressure from liberal activists to chart a more confrontational course on Iraq and the issues of human rights and civil liberties, with some even calling for the impeachment of President Bush." The Post adds, "The carefully calibrated legislative blitz that Democrats have devised for the first 100 hours of power has left some activists worried the passion that swept the party to power in November is already dissipating. A cluster of protesters will greet the new congressional leaders at the Capitol tomorrow. They will not be disgruntled conservatives wary of Democratic control, but liberals demanding a ban on torture, an end to warrantless domestic spying and a restoration of curbed civil liberties." The protest "will be followed by an evening forum calling for the president's impeachment, led by the Center for Constitutional Rights, antiwar activist Cindy Sheehan and a pro-impeachment group called World Can't Wait."

Also criticizing the Democrats' "limited" agenda, Mario Cuomo writes in USA Today's website (1/3), "After years of chaos in Iraq, which has led to neglect of many critical domestic issues, voters are looking for dramatic ideas and courageous leadership to deal with the nation's most difficult challenges. Will Democratic leaders step forward with big ideas and seize the opportunity they have been given?" So far, the Democratic agenda "for the 110th Congress, which opens Thursday, offers a laudable but light list of issues, such as increasing the minimum wage, greater stem cell availability, job training benefits and adopting ethics reforms. I doubt that kind of agenda would be enough to keep control of the Congress, let alone to win the next presidency." Cuomo says the Democratic presidential candidates "need to confront the most difficult questions of the day," such as the war on terrorism, economic inequality, the "energy crisis," and Cuomo adds, "Don't fear taxes."

Democrats Seek Legislative Victories Before State Of The Union. Gannett News Service (1/3, Berry) reports incoming House speaker Rep. Nancy Pelosi "has vowed to push six key measures during the first 100 legislative hours of the 110th Congress, which begins Thursday. … Political experts, however, question whether the agenda can be accomplished in 100 legislative hours, which could take several weeks. And while several agenda items are not controversial, some will face strong opposition from the administration, experts say."

The New York Times (1/3, Hulse, 1.16M) reports, "House Democrats intend to kick off their new regime with a 100-hour legislative blitz that would allow them to post a series of quick victories before President Bush even delivers his State of the Union address toward the end of this month." However, "even as Democrats filtered back to Capitol Hill on Tuesday in anticipation of the opening of the 110th Congress on Thursday, there was a bit of confusion about just when the 100 hours would officially begin." Republicans are "growing increasingly agitated about the Democratic timetable. They said that the rush by Democrats to force through legislation on national security, the minimum wage, student loan costs and energy without a full slate of hearings -- and with limits on the ability of Republicans to offer alternatives -- undercut the pledges of Democrats to run things in a more transparent, collegial way than the Republicans had when they were in power." Democrats "eventually decided Tuesday that the 100-hour timer would be started next Tuesday, when the House is scheduled to take up H.R. 1, a measure enacting recommendations from the bipartisan Sept. 11 commission that never made it out of the Republican-controlled Congress."

The Hill (1/3, Kaplan, Kucinich) says "House Democrats hurried yesterday to put the finishing touches on ethics reforms that would ban lawmakers and staffers from accepting trips, gifts and meals from lobbyists and prevent the new majority from holding votes open to change the outcome." Democrats "will adopt and then amend the House Rules package tomorrow to ban all travel paid for by lobbyists or organizations that employ lobbyists, require the ethics committee to pre-approve travel paid for by outside groups, enact a total gift ban, and require lawmakers to pay the market cost of flying on a corporate jet, said Democratic staffers and officials with government watchdog groups."

Coalition Mobilizing To Oppose Grassroots Lobbying Disclosure Bill. The Hill (1/3, Schor) reports that as the new Democratic Congress "prepares to take up a package of lobbying and ethics rules changes, a coalition of nonprofits and communications firms is renewing the push against new grassroots lobbying disclosure rules and not ruling out a future court challenge to the provisions." The Free Speech Coalition "is now leading the fight against proposals for mandatory reporting by any group involved in paid efforts to stimulate grassroots communications — another term for the proverbial pleas to voters to 'contact your congressman' on a particular issue. Led by conservative fixtures such as direct-mail guru Richard Viguerie and Free Congress Foundation chief Paul Weyrich, the coalition is pulling no punches." Lawmakers "supporting grassroots disclosure have aimed their calls for reform at so-called 'astroturf' campaigns, funded by corporate interests but portrayed as genuine citizen drives." But the coalition "contends that the new rules would provide a loophole for corporations that confine their grassroots communications to employees and shareholders."

Davis Warns Against Creation Of Independent Ethics Office. In an op-ed in The Hill (1/3), Lanny J. Davis says, "The current congressional-reformer rage is to create an independent office that would investigate and file ethics charges. This is the 'solution' to the problem of the inherent conflict of interest in members of Congress investigating their colleagues, much less members of their own party. Such an

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office, reformers argue, would be 'above politics' and avoid that conflict. Hmmmmm. Seems like déjà vu all over again." Davis says the Watergate scandal led to the creation of the Office of the Special Prosecutor, later called the Independent Counsel. The result: "A constitutional monstrosity who couldn't be hired or fired by someone voters elected (in this case, the president); and when he or she abused power, there was no political accountability. Indeed, no accountability at all."

Poll Finds Support For Minimum Wage Hike, Stem Cell Measure, Drug Reimportation. The AP (1/3, Superville) reports, "Two of the Democrats' top goals -- a higher minimum wage and federal funding of embryonic stem cell research -- enjoy broad public support as the party takes control of Congress for the first time in a dozen years. An overwhelming majority also supports making it easier for people to buy prescription drugs from other countries." But "the jury is out on incoming…Pelosi. Most people say they do not know enough yet to have an opinion of the California Democrat who will be the first woman in that office, an Associated Press-AOL News poll found." 80% of respondents support increasing the minimum wage, "nearly seven of 10 adults, 69 percent, favor the government taking steps to make it easier for people to buy prescription drugs from other countries, where some medicines cost significantly less than in the US." And "some 56 percent of adults support easing restrictions on using federal money to pay for research on embryonic stem cells." USA Today (1/3, 4A, 2.27M) runs a truncated version of the AP story on the poll this morning.

Pelosi Praised For Rejecting Free Rein For CSPAN Cameras. In a USA Today op-ed (1/3), Donald Wolfensberger, director of the Congress Project at the Woodrow Wilson International Center for Scholars, says, "Granting C-SPAN free gazing rights on the House floor is a terrible idea. Incoming Speaker Nancy Pelosi is right to reject the request. Such free-roaming lens-groping would defeat the original purpose of broadcasting House debates. According to the final Rules Committee report on the issue in February 1978, that purpose 'is to provide a complete, uninterrupted, and accurate record of the official proceedings and business of the House — a kind of visual and audio parallel to the Congressional Record.'"

WPost Accuses Democrats Of "High-Handed Mistreatment" Of Minority Republicans. In an editorial, the Washington Post (1/3, A18, 690K) praises he House Democrats' "ambitious plan for its first 100 hours in power, from increasing the minimum wage to strengthening ethics rules to having the federal government negotiate prescription drug prices. Unfortunately, its plans don't include getting those provisions passed in the democratic fashion that the Democrats promised to adhere to once in the majority. When Republicans took over in 1995, they at least went through the motions of putting their 'Contract With America' proposals through the normal committee process." Democrats "have decided not to bother with that, nor to let Republicans offer amendments on the floor, nor even to put a GOP alternative up for a vote. This is exactly the kind of high-handed mistreatment that Democrats complained about, justifiably, when they were in the minority." The Post adds that "if they don't reconsider," Democrats "will set an unfortunate precedent that fairness will be offered on sufferance, when the majority finds it convenient, and not as a matter of principle. That would not be a good start for the 110th Congress."

Pentagon Increasingly Relying On Supplementals. The Wall Street Journal (1/3, A5, Karp, 2.04M) reports, "The Pentagon's supplemental budgets traditionally pay for war costs such as personnel, equipment repairs and ammunition. But as the Joint Strike Fighter request shows, the coming supplemental is being used by the military services for more than replacing what has been lost in Iraq and Afghanistan. It is being used to acquire future weapons that normally would be funded through the regular Pentagon budget. ... An October directive from Deputy Defense Secretary Gordon England opened the floodgates by allowing the services to request emergency funds to replace equipment and upgrade to newer models for the 'overall efforts related to the global war on terror,' not just operations in Iraq and Afghanistan." An unnamed army official called the situation a "feeding frenzy." The Journal adds, "It is unclear whether new Defense Secretary Robert Gates will seek to change the supplemental budget, which awaits White House approval. The new largess is a turnaround from two years ago, when the Pentagon tried unsuccessfully to rein in weapons spending. Defense officials say they hope the prospect of defense-industry jobs will help ease passage in Congress."

Nuland Noted As Possible Bolton Replacement. The Washington Post's (1/3, A17) Al Kamen writes in his "In the Loop" column that "idle chatterers are talking about Victoria Nuland, now ambassador to NATO, as a possible choice to succeed John R. Bolton." Kamen notes that Nuland, "who is a career Foreign Service officer and is married to Robert Kagan, a contributor to the Washington Post op-ed page, was top foreign policy adviser to Vice President Cheney and before that an aide to Clinton confidante Strobe Talbott when he was deputy secretary of state."

State Department Military Advisor Resigns. In its "Washington Wire" online column, the Wall Street Journal (1/3, King, 2.04M) reports, "In yet another high-level departure from the State Department, Condoleezza Rice's energetic head of political-military relations, John Hillen, has

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told his colleagues he is leaving the administration this month." In an email to colleagues the day after Christmas, Hillen, who served as "the principal link between State and the Pentagon and was leading the administration's effort to build better security ties with Arab allies in the Persian Gulf in a bid to contain Iran's growing influence," said that he and his family decided that it was best not "to commit to being in the administration until 2009." The note "suggests that the White House has requested that all top appointees either commit to staying through the end of the administration, or leave as soon as possible."

Observers Look For Shifts By Medicare Part D Enrollees. The Hill (1/3, Young) reports the "sign-up period for prescription-drug coverage under Medicare Part D ended Sunday, and the Bush administration and observers of the program are eagerly waiting to see whether beneficiaries enrolled in plans best suited to their needs." Encouraging "elderly and disabled participants to reevaluate their 2006 plans, which changed in many cases, and compare them to other options on the market was the chief challenge during the second year of the program." The Centers for Medicare and Medicaid Services (CMS), "lawmakers, members of the health-insurance industry, and beneficiaries' advocates widely predicted that most people enrolled in Part D would stick with the coverage they selected during the inaugural enrollment period, between November 2005 and May 2006." The Administration "has expressed confidence that beneficiaries were smart shoppers during the six-week sign-up period."

Clyburn Said To Represent Rising Class Of Southern Black Lawmakers. The Wall Street Journal (1/3, A5, Rogers, 2.04M) reports Rep. James Clyburn, "a minister's son from South Carolina, takes his place tomorrow as the House Majority Whip -- the No. 3 Democratic post and highest ever held by an African-American from a Southern district." Clyburn "symbolizes the rise of a set of Southern black lawmakers, shaped by the region and with a distinctive approach to politics separate from that of black leaders representing urban Northern districts." Other southern black lawmakers cited by the Journal include Reps. John Lewis, Bennie Thompson, and Mel Watt. Their "often rural roots and the black educational and religious institutions that sustained them through segregation still influence their politics." Southern black lawmakers "also tend to be more conservative than their Northern counterparts on social issues. Political necessity has required them to reach out to business and agricultural interests to gain white support. And growing up under segregation put a premium on personal relationships, with both blacks and whites, that can make them adept at building coalitions in the new Congress."

House Ethics Panel Ends Investigation Of Conyers. The Washington Times (1/3, Miller, 88K) reports, "The Republican-led House ethics committee -- in possibly its last action before Democrats take over Congress -- closed the three-year investigation of Rep. John Conyers Jr. after he agreed to stop using staffers for campaign work and personal errands." Conyers "acknowledged a 'lack of clarity' in his dealing with the taxpayer-financed staffers, who reportedly worked on political campaigns and performed other nonofficial jobs, including baby-sitting Mr. Conyers' children and tutoring his wife." The "case against Mr. Conyers was closed without punitive action or a letter of reproval from the Committee on Standards of Conduct, the ethics panel, which is comprised of five Democrats and five Republicans." Last month, "the ethics committee decided not to take action against Rep. Jim McDermott, despite finding that the Washington Democrat broke ethics rules in 1997 by giving reporters illegally taped telephone calls involving House leaders." A Republican lawmaker "familiar with both cases said Democrats on the committee blocked punitive action against their colleagues."

Buchanan To Take House Seat Under Challenge. The Washington Times (1/3, Ward, 88K) reports Republican Vern Buchanan, "who narrowly won a disputed election" in Florida's 13th CD, "will take his place with the new House tomorrow, but Democrats will continue to fight in the courts for a new election." Rep. Rush D. Holt "will stand on the chamber floor and ask House leaders to recognize a court challenge against" Rep. Buchanan. Jennifer Crider, a spokeswoman for Speaker Nancy Pelosi, said, "Mr. Holt's action will make clear that the swearing in of any member does not prejudice the legal case or the congressional investigations." The Times adds Democrat Christine Jennings, "who lost to Mr. Buchanan by 369 votes, is fighting in court the results of the race" and has "filed a notice of contest with the House Administration Committee."

Miller Bill Would Extend Minimum Wage To Mariana Islands. The Hill (1/3, Crabtree) reports House Democrats "led by Education and the Workforce Committee Chairman George Miller (D-Calif.) are aiming to undo a controversial vestige of the Jack Abramoff era in the first 100 hours of the 110th Congress." Miller plans "to include language raising wages in the Commonwealth of the Northern Mariana Islands in a broader bill increasing the U.S. minimum wage." Former Majority Leader Tom DeLay (R-Texas) and Rep. John Doolittle (R-Calif.) "have been scrutinized for their ties to Abramoff and their alleged efforts to block legislation aimed at raising labor and immigration standards in the islands."

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Ellison To Use Thomas Jefferson's Copy Of The Koran For Swearing-In. In its "Reliable Source" column, the Washington Post (1/3, Argetsinger, Roberts, 690K) reports, "Thomas Rep.-elect Keith Ellison, the first Muslim elected to Congress, found himself under attack last month when he announced he'd take his oath of office on the Koran -- especially from Virginia Rep. Virgil Goode, who called it a threat to American values." However, "the holy book at tomorrow's ceremony has an unassailably all-American provenance. We've learned that the new congressman -- in a savvy bit of political symbolism -- will hold the personal copy once owned by Thomas Jefferson. … Jefferson's copy is an English translation by George Sale published in the 1750s."

Pelosi's Links To California's Burtons Noted. In his Washington Post column (1/3, A19), Harold Meyerson examines incoming Speaker Nancy Pelosi's political legacy. Meyerson notes that Pelosi fills the seat of Rep. Phil Burton. After his death in 1983, Burton's widow, Sala Burton, succeeded him in a special election, but "just four years later, in January 1987, Sala herself lay dying of cancer. She asked Phil's brother, John Burton, who had represented an adjoining congressional district in San Francisco, to come to the hospital and told him that she wanted 'Nancy' to succeed her. For a moment, John Burton was unsure which Nancy she was referring to, but as she explained to family and friends at her bedside, the woman in question was the former California Democratic Party chair Nancy Pelosi." The "Burtonistas -- with different causes and methods for a new era, to be sure -- are back. Score two for you, Sala."

OTHER NEWS:

Nation Honors President Ford. Amid universal praise, former presidents and senior aides paid homage to President Gerald Ford yesterday. Much of the coverage notes the atmosphere of national unity yesterday, and described Ford as the embodiment of an era of bipartisan cooperation. As ABC World News (1/2, lead story, 4:30, Gibson, 8.78M) reported, "It is not often you find a day when this city of Washington is free of rancor and there is no partisan divide. Today, however, was one of those days as Republican and Democrat alike united in admiration of Gerald Ford." The CBS Evening News (1/2, lead story, 4:10, Schieffer, 7.66M) said there was a "genuine outpouring of good will. It was very obvious people were fond of President Ford, and he's going to be remembered fondly. I always said he's the nicest person I ever met in public life and I think today we saw there were many people who felt the same way."

The New York Times (1/3, Shane, 1.16M) notes the "soaring tribute to a modest man," as Ford "was remembered on Tuesday as bringing the ordinary virtues of decency, integrity and humility to mend a broken government after the pain of war and scandal." Former President Bush "called Mr. Ford 'a Norman Rockwell painting come to life'; Tom Brokaw, the former television anchor, described 'Citizen Ford' as a 'champion of Main Street values'; and Henry A. Kissinger said the man he served as secretary of state 'had the virtues of small-town America.'" President Bush, "overseeing a deeply unpopular war in Iraq and perhaps pondering his own legacy, lauded Mr. Ford's 'firm resolve' in sending the Marines to rescue the crew of the American merchant ship Mayagüez when it was seized by Cambodia. He suggested that some acts widely condemned during Mr. Ford's administration in the 1970s had come to look wiser in historical perspective, including his pardon for his immediate predecessor, Richard M. Nixon."

The Chicago Tribune (1/3, Neikirk, 617K) says "eulogists from President Bush to former Secretary of State Henry Kissinger praised the nation's 38th president for using old-fashioned Midwestern qualities to cool the nation's Watergate passions." But "in their laudatory remarks at Washington's National Cathedral, there also appeared to be an undercurrent of unspoken regret that such values have become rarer in America's politics. Indeed, analysts have criticized a higher degree of nastiness and lack of authenticity in today's politics."

On NBC Nightly News (1/2, story 3, 2:35, Williams, 9.87M), Tom Brokaw said, "As I rode through the streets of Washington and looked at all those people of every color and stripe and standing in America with their hands over their heart or saluting him, not one of them had a sign that said I'm a Republican or I'm a Democrat. I think it's instructive that we're at our best when we come together on these occasions and Gerald Ford was constantly striving to bring us together." NBC Nightly News (1/2, story 2, 2:25, Williams, 9.87M) also said Ford's death "reminded us perhaps of a different era, perhaps a greater generation, even a profile in courage."

The Washington Post (1/3, A1, Baker, 690K) reports "the state funeral was a classic Washington affair, soaked in power and pageantry even if not quite as elaborate as the one held for Ronald Reagan in June 2004." The Washington Times (1/3, Curl, 88K) notes the "humble yet extraordinary life of Gerald R. Ford," and McClatchy (1/3, Douglas) says he is being remembered for his "decency." Similar assessments appear in the Los Angeles Times (1/3, Reynolds, Schmitt, 850K), New York Times (1/3, Swarns, 1.16M) and The Hill (1/3, Kucinich, McCormack), among other newspapers. Less complimentary was New York Times columnist Maureen Dowd (1/3), who wrote this morning, "None of the eulogists [of President Ford] noted the irony that the man who ushered out one long national nightmare had ushered in another, the

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one we're living in now. It was Gerald Ford, after all, who gave America the gift of Dick Cheney and Donald Rumsfeld -- the gift that keeps on taking."

Tom Shales, in the Washington Post (1/3, C1, 690K), surveys the TV coverage of the event, and concludes, "It was a memorable morning, a national gathering by television, and a reminder that for all the talk about blogs and YouTube and MySpace, there are still moments and events that only the networks can adequately convey. This, obviously, was one of them."

Stories in USA Today (1/3, Lawrence, 2.27M) and Washington Post (1/3, A9, Tucker, 690K) praise Betty Ford's performance as first lady and her demeanor since her husband's passing

Ford's Brand Of Conservatism No Longer The GOP Norm. The Washington Post (1/3, A8, Balz, Broder, 690K) reports, "The honorary pallbearers who walked slowly up the aisle at Washington National Cathedral yesterday at the funeral of former president Gerald R. Ford were as familiar as when they served the 38th president, symbolizing continuity through four decades of Republican administrations. The names included Cheney, Rumsfeld, Baker, Greenspan and Scowcroft, officials who have served multiple Republican presidents." But "their presence masked a far different reality, which is that the Republican Party that spawned Ford and his brand of Midwestern conservatism barely exists today." In "sharp contrast to the commentary after the death of former president Ronald Reagan, there were no remembrances of Ford as an architect of modern conservatism or a force behind the GOP's ascendance. The Republican Party has turned away from Ford's conservatism, moving sharply to the right ideologically and to the South and West geographically."

Iraq Said To Have Fractured Group Of Living Presidents. USA Today (1/3, 2.27M) reports, "The war in Iraq has fractured even the fraternity of presidents. After they exit the Oval Office, presidents generally limit criticism of their successors, at least in public. When President Bush and predecessors Jimmy Carter, George H.W. Bush and Bill Clinton gathered Tuesday at the National Cathedral for President Gerald Ford's funeral, it was a show of solidarity and affection for one of the few who knew firsthand how difficult the job can be. … The tradition of what historian Robert Dallek calls "a code of silence" among presidents has been strained by the escalating violence in Iraq, however. The war has divided the international community, the American public, members of Congress." Ford "joined that debate, albeit after his death. He criticized Bush's justification for the war in an interview conducted in 2004 and released when he died last week, joining critiques by Clinton and Carter." Their views "underscore Bush's isolation on the war."

Meanwhile, the New York Times (1/3, Kornblut, Broder, 1.16M) reports, "In a moment of presidential empathy, former President George Bush recalled a skill he had learned from Gerald R. Ford: how to handle being ridiculed on 'Saturday Night Live.' … As the 82-year-old former president imitated his own impersonator, there were only three people in the audience who knew exactly how it felt to be ridiculed, as a sitting president, on late-night television. Former President Bill Clinton responded with a hearty laugh from his seat in the Washington National Cathedral, while former President Jimmy Carter, in a neighboring pew, looked on with a smile. Seated nearby was President Bush, who has been relentlessly skewered by TV comics as well." The Times adds, "With Mr. Ford's death last week, the group of living former presidents has shrunk to three, down from five in the early 1990s. Since 1994, Richard M. Nixon, Ronald Reagan and, now, Mr. Ford have left the stage, while Mr. Clinton has joined the ranks of former chief executives. The dynamic among the former presidents is perpetually evolving, as people age, rivalries fade and former political opponents discover they share more similarities than differences."

Ford's Body Back In Michigan For Burial. USA Today (1/3, Keen, Nichols, 2.27M) reports, "Gerald Ford's hometown welcomed him back to his beloved Midwest for the last time Tuesday, hours after a final and affectionate farewell in the nation's capital." Ford "will be buried Wednesday on a hillside at his presidential museum, ending a week-long national tribute to the 38th president. Thousands of silent people lined the streets of this city of 194,000 to watch the passage of the hearse carrying Ford's body." NBC Nightly News (1/2, lead story, 3:40, Williams, 9.87M), ABC World News (1/2, story 2, 3:00, Gibson, 8.78M) and the CBS Evening News (1/2, story 2, 1:25, Couric, 7.66M) also reported on the Michigan service,

Hypothetical Media Role In A Bush Eulogy Pondered. In his "Washington Sketch" column for the Washington Post (1/3, A2, 690K), Dana Milbank notes Tom Brokaw eulogized Ford, and adds, "For Bush, it must have been a jarring moment. The current president would probably have Hugo Chavez deliver his eulogy before he would bestow the honor on a member of the White House press corps." Milbank goes on to recount a series of anecdotes illustrating Bush's bumpy relationship with White House correspondents, and says "probably the most promising chicken-head story" for a Bush eulogy "was provided by Dick Keil, the former Bloomberg News reporter Bush called 'Stretch.' The 6-foot-5 Stretch recalled a 2001 news conference on the Bush ranch in Texas, when an unusually talkative Bush exhausted all questions and was finally asked what he had done that day. Recalled Keil: 'He noted that he had begun his morning by spending some "quality time with the first lady."' Following a dramatic pause for effect, he got that wry grin, and said, 'Usually, I go running.'"

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Manufacturers' Optimism Expected To Be Down For Start Of 2007. The Wall Street Journal (1/3, Lahart, 2.04M) reports if manufacturers "seem downbeat as the new year starts, it's partly because they were too upbeat at the beginning of the old one." When the Institute for Supply Management "releases its monthly report on manufacturing activity today, that unhappy message is likely to come out clearly. The ISM's manufacturing index -- based on surveys of purchasing managers -- dropped sharply through the fall and by November hit its lowest level in more than three years. At 49.5, the index had dipped into terrain that signals a manufacturing contraction and was lower than comparable indexes in other countries." Economists "polled by Dow Jones peg today's report for December's ISM at 50 -- essentially a 'we're-still-on-vacation-here' forecast of no change."

US Automakers Expected To Report Decline In Market Share. The Wall Street Journal (1/3, Stoll, 2.04M) reports as "auto makers report December U.S. sales on Wednesday, a decline in fleet sales to rental agencies and significant weakness at Ford Motor Co. are expected to fuel an overall market pullback for the month." Analysts "forecast that December industry sales will slide as much as 6%, aided by what could be a double-digit percentage decline at Ford, despite heavy year-end sales incentives and an expected uptick in luxury car sales. Other domestic auto makers are seen posting nearly flat sales for the month, while recent sales gains are expected to continue for Asian auto makers such as Toyota Motor Corp. and Honda Motor Co."

Productivity Growth Seen As Declining In Future. In his Washington Post column (1/3, A19), Robert Samuelson says, "The good news is that productivity has been growing strongly; the bad news is that it may be moving to a much slower path." Productivity growth "seems to be decreasing. In the past year it's been only 1.4 percent. By contrast, it averaged about 3 percent from 2000 to 2005. The fall-off partly reflects a mature business cycle. As the economy slows, so do productivity gains. But some long-term forecasts project that the poor performance will continue. In Moody's Economy.com's outlook, productivity growth averages 1.4 percent a year from 2005 to 2035. The main reason: stunted business investment in new machinery, technologies and buildings, says chief economist Mark Zandi." As global investors "shift to other markets, big federal budget deficits will compete increasingly with private companies for credit. Higher interest rates will crowd out some business investment. Productivity will suffer."

Law Firm Merger Leads To Exodus Of Partners. The Wall Street Journal (1/3, B2, Lattman) reports, "Two major law firms have been talking marriage, but partners are leaving before the firms reach the altar." The Journal continues, "Dewey Ballantine has lost at least nine partners since the news last fall of its plans to merge with San Francisco's Orrick, Herrington & Sutcliffe. A defection this week is a biggie: Michael Aiello, a top Dewey mergers-and-acquisitions partner and a member of the management committee, joined Weil, Gotshal & Manges. Already, the Dewey-Orrick merger vote had been postponed as the two sides attempt to iron out differences on management authority and other topics." The Journal adds, "Orrick has wanted to join forces with Dewey in large part because of Dewey's strong M&A practice, but in December, Jack Bodner, another former Dewey M&A partner, left for Covington & Burling in New York. Messrs. Aiello and Bodner were considered two of the top deputies to Morton Pierce, the head of Dewey's M&A practice. … Also in December, Pierre Hubert, a former IP litigation partner in Dewey's Austin, Texas, office, left for McKool Smith, a Texas-based firm."

Document Outlines Giuliani's Presidential Plans. The Washington Post (1/3, A4, Cillizza, 690K) reports former New York mayor Rudolph W. Giuliani (R) "has been exploring a run for president for just over a month, but the planning behind a national candidacy has been going on much longer, according to an internal strategy memo." The "140-page document, which was leaked to the New York Daily News by a rival 2008 campaign, provides a broad look at Giuliani's prospects for the Republican nomination -- including the potential hurdles of his stormy personal life and his association with disgraced former New York City police commissioner Bernard B. Kerik." The memo "also details a fundraising plan for Giuliani that includes raising $100 million this year, including $25 million in the first three months alone, according to the Daily News." Giuliani spokeswoman Sunny Mindel "alleged that the memo was obtained through a series of 'political dirty tricks.'"

ABC World News (1/2, story 7, :25, Gibson, 8.78M) reported the leak of the strategy document was an "embarrassing disclosure," and the New York Daily News "says it got the plan from someone sympathetic to a rival campaign. The Giuliani camp says it was stolen."

NBC Nightly News (1/2, story 9, 0:45, Williams, 9.87M) reported Giuliani's "campaign has apparently made a whopper of a mistake. A 140-page binder containing top-secret plans for plans of his campaign was sent to the 'New York Daily News." The campaign plan "lists bullet points listing his political vulnerabilities, including his business ties and previous marriages."

The New York Times (1/3, Healy, 1.16M) reports Giuliani advisers said "someone infiltrated the Giuliani camp last fall and stole a document about his presidential prospects and political liabilities. It was then leaked, they said, as a 'dirty trick' to embarrass Mr. Giuliani and highlight such headaches

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as his controversial former aide, Bernard B. Kerik, and one of his ex-wives, Donna Hanover." The document "warns that Mr. Giuliani might face 'insurmountable' problems, including questions about Mr. Kerik and Ms. Hanover." The "public disclosure of the document is potentially damaging for Mr. Giuliani, not least because since 9/11, he has built a business as a private consultant on security issues while creating an image as a political leader capable of combating terrorism. Indeed, an adviser to one of his possible rivals in 2008, Senator John McCain of Arizona, half-joked yesterday that it was interesting that Mr. Giuliani's businesses included security consulting."

Romney To File Exploratory Committee Papers. The Washington Post (1/3, A4, Cillizza, 690K) reports Mitt Romney will "let one of the least well-kept secrets of the 2008 campaign out of the bag today when he formally registers a presidential exploratory committee with the Federal Election Commission." The "filing of the paperwork is largely formulaic, as Romney has long been expected to run for president and has been putting into place a national organization to prepare for such a bid." Romney's "latest hire is Carolyn Weyforth, who most recently served as press secretary for outgoing Senate Majority Leader Bill Frist (R-Tenn.). Weyforth will be Romney's deputy communications director."

The Washington Times (1/3, Dinan, 88K) reports Romney "has spent recent months moving steadily to try to occupy the conservative ground in the Republican presidential field. His entry into the ranks of Republicans officially exploring a run for the presidency underscores the strange nature of the field at this point -- there is no candidate able to claim the position of the clear conservative standard-bearer, so all of the candidates think they can win a sizable chunk of those all-important primary voters."

Impact Of Obama's Confession Of Cocaine Use Analyzed. The Washington Post (1/3, A1, Romano, 690K) reports in a front page story that Democratic Sen. Barack Obama confessed to his illicit drug use in his memoir, "Dreams From My Father, A Story of Race and Inheritance," 11 years ago. At the time, "20,000 copies were printed and the book seemed destined for the remainders stacks." But Obama is now "near the top of polls on potential Democratic presidential contenders," and the book "has regularly been on the bestseller lists, with 800,000 copies in print. Taken along with his latest bestseller, 'The Audacity of Hope: Thoughts on Reclaiming the American Dream,' Obama has become a genuine publishing phenomenon." Obama's revelations "were not an issue during his Senate campaign two years ago. But now his open narrative of early, bad choices, including drug use starting in high school and ending in college, as well as his tortured search for racial identity, are sure to receive new scrutiny." What "remains to be seen is whether the candor he offered in his early memoir will be greeted with a new-style acceptance by voters." Through his book, Obama "has become the first potential presidential contender to admit trying cocaine."

Morris Says Obama Seen As Tabula Rasa. In his column in The Hill (1/3), Dick Morris says, "Those who deride Sen. Barack Obama's (D-Ill.) lack of experience and criticize the broad generalities and banalities that festoon his best-selling book miss the key point: His inexperience is an asset because he enters national politics as a blank canvas on which he can paint whatever he chooses." With only "two years in the Senate, he is less like a politician running for president than like a general — think Eisenhower in 1952 or even the abortive candidacy of Colin Powell in 1995 — or a businessman, like Ross Perot in 1992." Obama's record "doesn't really matter because it is so short." So far, Obama "seems very conscious that his liberal, party-line voting record is not a good foundation for his national ambitions. He seems aware that the country wants more of a post-partisan, embodying the consensus to which Americans have come over these recent dangerous and bitter years." Obama has "the opportunity to embody the emerging consensus, a broad national agreement reached from observation of trial and error over the past half decade."

Morris Predicts Clinton Will Be Pressured To Choose Obama For VP. Political analyst Dick Morris, on Fox News' Hannity and Colmes (1/2), predicted, "The ticket in '08 is [Sens.] Hillary [Clinton] and [Barack] Obama. Hillary because she's definitely going to run and probably going to win. She brings out single women who otherwise would not vote. The idea of the first woman will capture the ether and the reason she is going to put Obama on the ticket is after she beats him she can't then turn around and ask the African Americans to support the ticket unless she gives them something."

Obama Urged To Wait To Run. In her Washington Post column (1/3, A19), Ruth Marcus says, "I do think that Obama would be a better candidate, and ultimately a better president, in 2012 or 2016 than in 2008. He will have learned more -- about the world, about domestic policy, about how to maneuver successfully in Washington." The "main argument for Obama to run in 2008 involves the shelf-life theory of politics: That the Obama magic might fade, that an opportunity this good might never present itself again. Maybe, but I think that Obama has more promise than that, more staying power and more self-knowledge."

Schwarzenegger To Outline Vision For Future In Four Key Speeches. The Los Angeles Times (1/3, Nicholas, 850K) reports that over the "next seven days, Gov. Arnold Schwarzenegger, new crutches close at hand, will

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give a series of speeches that lay out his policy ambitions for the next four years: broader access to healthcare coverage, cleaner skies and improved roads." Schwarzenegger, "still recovering from a broken right leg suffered in a holiday skiing accident, will deliver his inaugural address outlining a long-term vision for California when he is sworn in for a second term Friday. He is also expected on Monday to put forward his plan for revamping the state's healthcare system." The following day, he "will make his annual State of the State speech, and his budget proposal is scheduled the day after." In these "four speeches, Schwarzenegger will offer his most concrete proposals yet for insuring the millions of Californians who lack healthcare coverage, the centerpiece of his 2007 agenda. But he also hopes to establish a legacy as a builder on a par with former Gov. Pat Brown."

LATimes Criticizes Schwarzenegger For Veto Of Gay Marriage Bill. The Los Angeles Times (1/3, 850K) says in an editorial, "If Gov. Arnold Schwarzenegger had signed a bill in 2005 legalizing same-sex marriage instead of vetoing it, the California Supreme Court would have been spared the task of deciding, as it probably will this year, whether a voter-approved ban violates the state Constitution's guarantee of equal protection under the law. But Schwarzenegger said he had to respect Proposition 22, approved in 2000, which states: 'Only marriage between a man and a woman is valid or recognized in California.'"

Lefkowitz's Post-White House Career Examined. The Washington Post (1/3, A17, Goldstein, 690K) asks, "Whatever happened to Jay P. Lefkowitz?" Before the 9/11 attacks, President Bush assigned the job of designing a policy to "allow federal money to pay for a limited amount of research on stem cells from human embryos" to Lefkowitz, "who was working as general counsel in the White House's Office of Management and Budget. Eight months later, Bush would promote Lefkowitz to deputy assistant to the president overseeing domestic policy. Many White House watchers expected that the cerebral neoconservative, whose judgment the president so clearly trusted, would rise further still." Instead, Lefkowitz "decamped from the White House -- and Washington -- in 2003. And although he is reluctant to discuss it, he has twice since then declined to return to top West Wing jobs." He "went back to his old law firm, Kirkland & Ellis, where he has a partnership and an eclectic mix of cases." Lefkowitz "still has a part-time role in government" as "the president's special envoy on human rights in North Korea."

NYTimes Praises Spitzer's Focus On Reform. The New York Times (1/3, 1.16M) says in an editorial that New York Gov. Eliot Spitzer, "who has built his career on reform, is arriving in a state capital that desperately needs it." New York's government "has slipped from a beacon for other states into a cautionary tale. So when Mr. Spitzer spoke of change in his inaugural address — an end to government 'that works for those who hold office, not those who put them there' — he hit precisely the right note. With a passion and energy that Albany has not seen in years, this governor has promised to wake what he has labeled the 'Rip van Winkle' government of the last decade."

Spitzer Urged To Keep Building Plan For Ground Zero. In a Wall Street Journal op-ed (1/3, A13), Brian Carney, a member of the Wall Street Journal's Editorial Board, says, "Eliot Spitzer has been telling us for -- well, it seems like forever -- that 'on Day 1, everything changes.' Here's one thing that shouldn't: the Ground Zero rebuilding plan. The current master plan for those 16 acres in lower Manhattan isn't perfect. In fact, it's real far from perfect. It barely qualifies as OK. But it has this virtue -- it exists. And it is being built." The "real act of leadership here would be to declare that we're moving forward, that this scar in the fabric of Manhattan is going to be repaired. So, look all you want, Mr. Spitzer. But keep the concrete mixers mixing and the steel rising. New Yorkers have waited too long as it is."

Pat Robertson Predicts Massive Terror Attack In Late 2007. The AP (1/3) reports, "In what has become an annual tradition of prognostications, religious broadcaster Pat Robertson said Tuesday God has told him that a terrorist attack on the United States would result in 'mass killing' late in 2007. 'I'm not necessarily saying it's going to be nuclear,' he said during his news-and-talk television show 'The 700 Club' on the Christian Broadcasting Network. 'The Lord didn't say nuclear. But I do believe it will be something like that.'"

Ahmadinejad Downplays UN Sanctions. Fox News' Special Report (1/2, Hume) reported, "Iran's president also had a lot to say about the UN's latest move to pressure him into abandoning his nuclear program." Fox continued, "UN sanctions: not fair, but not a problem. That's what Iranian President Ahmadinejad wants his fellow countrymen and the world to know. Speaking to a crowd in a southwestern Iranian city, Ahmadinejad said the sanctions which ban the sale of nuclear materials or technology to Iran are not valid, and that the Iranian people give them no weight. As some in the crowd chanted 'Death to America,' Ahmadinejad insisted, again, that Iran would pursue its nuclear work despite pressure from the West." The AP (1/3) reports Ahmadinejad said the US was "the main power behind the resolution," and warned Washington: "I want you to know that the Iranian nation has humiliated you many times, and it will humiliate you in future."

Israeli Think Tank Warns That "Barring Military Action," Iran Will Get Nukes. Fox News' Special Report (1/2, Hume) reported, "Israel says Iran will develop a nuclear bomb if someone doesn't step in militarily." Iranian President

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Ahmadinejad "said he wants Israel wiped off the map, and a respected Israeli think tank in Tel Aviv University is taking him seriously. In its annual report on the strategic balance in the middle east just out today, the Tel Aviv Institute for National Military Studies concluded that 'time is working in Iran's favor, and barring military action, Iran's possession of nuclear weapons is only a matter of time.' The group stopped short of calling for Israel to launch a military strike in Iran.."

Russia Says Weapons Sales To Syria, Iran On Schedule. AFP (1/3) reports, "Controversial Russian contracts to sell anti-aircraft weapons to Syria and Iran are being fulfilled on schedule," Russian officials said Tuesday. Russia's ITAR-TASS quoted a defense ministry official as saying "at least half of the 29 Tor-M1 missile systems bought by Iran for $1.4 billion had been delivered." The air defense systems "are being stationed around Iran's civilian nuclear sites," according to ITAR-TASS. Meanwhile, Interfax news agency quoted Valery Kashin, head of weapons maker Engineering Design Bureau, "as saying that Russia met all its commitments in 2006 under the contract to supply Syria with the Strelets anti-aircraft system" without providing further details.

Ethiopia To Withdraw Troops From Somalia "Within Weeks." The Financial Times (1/3, England) reports Ethiopian troops could be pulled out of Somalia "within a few weeks," Ethiopian Prime Minister Meles Zenawi said on Tuesday, "adding that the victors of Somalia's two-week war were now 'mopping up remnants' of the country's former Islamist leaders." Despite "promises of a swift withdrawal, doubts remain about when Mr. Meles would be willing or able to pull back his troops." The New York Times (1/3, A3, Gettleman, 1.16M) reports Zenawi said his country "could not afford to keep troops in Somalia much longer and that it was ill equipped to play the role of peacekeeper there." Meanwhile, Somali Prime Minister Ali Mohammed Gedi "reiterated his plea for the nation's many gunmen to turn in their weapons. But few seemed to be listening."

In an interview with the Washington Post (1/3, A14, McCrummen, 690K), Somali Interior Minister Hussein Farah Aideed "said lawmakers would return this week to their town of exile, Baidoa, to approve Gedi's declaration of martial law and a plan to allow 90 days -- instead of Gedi's original timeline of three days -- to disarm militias." In "what amounted to an appeal for outside help," Aideed also "conceded that the transitional government was weak," saying "We have a symbolic government. Ministries we don't have, a military we don't have. We're limited."

The Los Angeles Times (1/3, Sanders, 850K) reports that the government-mandated disarmament program, which it calls "the first major test of Somalia's transitional government," got under way Tuesday "without much of a bang." At one designated weapons drop-off point in the Somali capital, "bored-looking Ethiopian soldiers mulled about with little to do," while c second collection site "closed early because 'no one showed up,' according to a Somali government soldier." Meanwhile, the Christian Science Monitor (1/3, Crilly, 59K) says Ethiopia's "preemptive offensive signals the opening of a new front in the global struggle against Islamist militants. And the speed of the Islamists' retreat is reminiscent of how insurgencies began in both Iraq and Afghanistan, say analysts." USA Today (1/3, 4A, 2.27M) also reports briefly on the events.

Envoys To Meet On Peacekeeping Force. Separately, the Washington Post (1/3, A14, Deyoung, 690K) says the "rapidly unfolding events in Somalia have opened a window of opportunity to establish a viable government there, according to the Bush administration and its European and African allies. But there is little optimism that the international political will and resources needed to exploit it will emerge before the window slams shut." Diplomats from the United States and other nations in the Somalia Contact Group will meet today in Brussels "to examine ways to quickly install an all-African peacekeeping force." Also under discussion "is an effort to persuade cooperative elements of the newly ensconced Transitional Federal Government to open unity talks with certain moderate leaders of the fundamentalist forces."

Huddleston Says Victory Is Opportunity To Prevent Somalia From Becoming Terror Haven. Former acting Ambassador in Addis Ababa, Vicki Huddleston, writes in the Washington Times (1/3, 88K) that Ethiopia's and the Somali government's "surprisingly easy victories have given Somalia -- and the West -- a second chance to get things right. We cannot afford to lose this opportunity." In response, Huddleston urges international relief agencies to "enhance shipments of food into the towns and villages now under the Transitional Government's control." Second, she urges the African Union, "with logistic help from the United States and European Union," to "immediately deploy peacekeepers to reinforce the government." Lastly, the Ambassador says "the region under the auspices of the Intergovernmental Authority on Development should prepare for a transition to a broad based government that excludes the Islamic militants but includes the moderates from all of Somalia's clans." With "strong US leadership," Huddleston says we "will prevent Somalia from becoming a haven for al Qaeda terrorism in Africa."

North Korean Foreign Minister Dies. The AP (1/3) reports Paek Nam Sun, North Korea's foreign minister and the country's top diplomat "for nearly 10 years, has died at the age of 78," official media reported Wednesday. North Korean leader Kim Jong Il "expressed his condolences," but the "one-sentence dispatch did not elaborate on when or how

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Paek died." Although it "was unclear who would succeed him," Paek's death was "not expected to change North Korea's foreign policy."

Israeli General Admits Errors In Lebanon. The New York Times (1/3, A3, Erlanger, 1.16M) reports Israeli chief of staff, Lt. Gen. Dan Halutz, "conceded Tuesday that the military had made serious errors during last summer's war against Hezbollah in Lebanon but said he would not resign his post." General Halutz said Israel "had badly damaged Hezbollah in southern Lebanon" and killed "hundreds of terrorists." But he said Israel was "not successful in reducing the short-range rocket fire on Israel's north until the cease-fire." However, he rejected calls from critics for his resignation, saying he would stay on "to correct what can be corrected," and said to resign now would be "running away."

Israel Considers Abandoning Own Missiles For US System. AFP (1/3) reports Israel is "considering halting the development of a new generation of its Arrow defense missiles due to the high costs involved in favor of US-made missiles." Following negotiations in recent months, Israeli leaders "will make a final decision on whether to phase out the Arrow, or Hetz, missiles and opt instead for the US-made THAAD missile defense system in the coming year," the Haaretz newspaper reported Tuesday. The THAAD missile, made by Lockheed Martin, could be delivered to Israel in 2009, according to sources in Washington quoted by the newspaper.

UN To Probe Sexual Abuse Allegations In Sudan. The AP (1/3, Moore) reports the UN said Tuesday it will investigate "a report of allegations of sexual abuse and child rape by peacekeepers operating in southern Sudan." Jane Holl Lute, the UN assistant secretary-general who oversees peacekeeping operations, said the allegations, reported by British newspaper The Daily Telegraph, "if shown to be true would not be tolerated." The Daily Telegraph, "citing an internal UNICEF report along with interviews with more than 20 alleged abuse victims, reported that several children, some as young as 12, had been sexually abused by UN peacekeepers and civilian workers."

New Secretary General Says UN Must Accept Reforms. The Financial Times (1/3, Turner) reports, "Ban Ki-moon, the eighth United Nations secretary-general, arrived for his first day at work on Tuesday with a tough appeal for staff to embrace change and restore trust in the organisation." Ban's "core message was delivered to a closed meeting of UN staff. He praised their professionalism, but warned that the UN's 'sense of pride is not to be taken for granted; it must be earned. We are all here for reasons greater than our own personal advancement or national interest.'" Ban "promised to build a more mobile staff, which moved between headquarters and field posts – addressing the fact that many UN officials, on reaching New York and Geneva, remain in place for years, while field positions often go unfilled." The Washington Times (1/3, Pisik, 88K) says Ban "pledged to pursue predecessor Kofi Annan's stalled reform suggestions, some of which were more popular with the staff than others."

Reid Discusses Trade Pact With Peruvian President. The AP (1/3, Vecchio) reports, "Incoming US Senate Majority Leader Harry Reid said Tuesday he had fallen in love with Peru during a short visit, but made no pronouncements on a key issue facing the two nations, free trade. In a meeting with the bipartisan senate delegation led by Reid, President Alan Garcia stressed Peru's desire for a free trade pact." Republicans "have largely supported the free trade deal signed last April as a step in advancing commerce within the Western Hemisphere, while Democrats have expressed reservations about its ratification over what they see as a lack of protection for Peruvian workers. "

Merkel To Push For US-EU Trade Talks. The Financial Times (1/3, Benoit, Peel) reports, "Angela Merkel, German chancellor, will this month launch a sweeping initiative for the harmonisation of US and European legislation to boost investment flows and trade between the world's largest economic blocs. Initial talks will review financial market regulations, including delisting rules, which many US-listed European companies feel are too cumbersome, as well as intellectual property law. Ms Merkel is also seeking mutual recognition of technical standards for products such as cars." The Times adds, "In her first interview with an international newspaper since becoming chancellor, Ms Merkel told the Financial Times she would make achieving a 'transatlantic economic partnership' central to Germany's presidency of the European Union, which began this week." Merkel's "ambition is to create a single transatlantic market for investors."

Dobbs Blasts DaimlerChrysler Over Alliance With China. CNN's Lou Dobbs, on Lou Dobbs Tonight (1/2), said, "DaimlerChrysler is now teaming up with communist China's cherry automobile, the Chinese company will be manufacturing a small car for the U.S. market because DaimlerChrysler executives say they can't make a profit if they build them in this country. They apparently can sell them here. … The deal has critics of Bush's trade and industrial policy alarmed." Peter Morici, University of Maryland: "Within ten years, China could wipe out the lower end of the U.S. market. It's not astounding, not when you consider how jugheaded U.S. policy has been towards China. We let them in the WTO, gave them free access to this market. They maintain high tariffs there. They require U.S. automakers to make their cars there." Dobbs added, "Just

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when you think U.S. trade policy can't get any dumber or more antithetical to the American worker…"

Yuan's Rise Hurting Chinese Exporters. The Wall Street Journal (1/3, A2, Areddy, 2.04M) reports from Shanghai, "The Chinese currency's rising value has started to pinch an increasing number of businesses here, eroding already thin profit margins, forcing them to reduce expenses and sometimes costing them business. The tightly controlled Chinese yuan has crept up 6% since July 2005, when the government loosened its link to the US dollar." The Journal adds "US companies that have extensive operations in China are also feeling the effects."

Biden Urges "Responsible Russian Approach" To Kosovo. Sen. Joe Biden, the incoming chairman of the US Senate foreign relations committee, writes in the Financial Times (1/3), "Years of hand-wringing and chest-thumping over the future status of Kosovo may finally be drawing to a close. In the next few months, adroit diplomacy to secure Kosovo's independence could yield a victory for Muslim democracy, a better future for south-east Europe and validation for the judicious use of American power." But "along with the potential for triumph in Kosovo, there is a growing risk that Serbia and Russia will conspire to seize defeat from the jaws of victory." Biden adds that "success in Kosovo, if realised, will have implications far beyond the Balkans. A responsible Russian approach to the issue could demonstrate the Kremlin's commitment to global order at a time when its credibility is in tatters."

Western Powers Urged To Push For Transition To Democracy In Turkmenistan. Nurmuhammet Hanamov, the founding chairman of the Republican Party of Turkmenistan in exile, writes in a Washington Post op-ed (1/3, A19) titled "A New Beginning For Turkmenistan" that with the death of dictator Saparmurad Niyazov, "the West has a historic second chance to help our country make a peaceful transition to democracy. … The United States must send a clear message to Niyazov's holdouts in the 'interim government' in Ashgabat: that they will not have its support unless they agree to hold free and fair elections -- ones that allow all citizens of Turkmenistan, including exiled opposition leaders and political prisoners, to take part."

Gazprom-Belarus Deal Sparks Commentary. The New York Times (1/3, 1.16M) editorializes, "A year after Russia put the gas squeeze on Ukraine, it was Belarus's turn. Unlike Ukraine, Belarus blinked two minutes before the Jan. 1 deadline and Russia had its booty: a 50 percent share of Belarus's pipeline network and a more than doubling of the price Belarus will now pay for Russian gas." This "latest squeeze is another warning that the Kremlin will let nothing — personal loyalty, contracts, the law — halt its drive to reimpose state control on Russia's energy sector. It is also another reminder that the West, a big consumer of Russian energy, remains vulnerable to President Vladimir Putin's whims."

In an editorial, the Wall Street Journal (1/3, 2.04M) writes that "this latest rendition of Moscow's spigot shakedown carries a blueprint for its strategy toward the rest of the Continent, and Europe's leaders ignore it at their peril." Gazprom "has been transparent about its aim to own the pipes that connect its gas fields to its customers. This is one of the main reasons Moscow refuses to ratify the International Energy Charter, which requires free access to pipeline networks, and why it is lobbying hard against European Union plans to liberalize its gas market. As part of that reform, the EU would likely prohibit gas suppliers from owning pipelines, and vice versa." The Journal concludes, "We'll get an idea of how European policy makers size up the threat from Russia on Thursday, when the EU's Gas Coordination Group meets, and next week when the European Commission unveils its energy sector review. No news on the liberalization front will be bad news."

In an editorial, the Washington Post (1/3, A18, 690K) says the deal advances "Russia's disturbing campaign to monopolize energy supplies to Europe." The Post adds, "Belarusan President Alexander Lukashenko is widely known as Europe's last dictator. What's less well known is that he has been resisting pressure from Russia to annex his country." Putin "is consequently using 'market pricing' to extract what he wants from Belarus."

LATimes Praises Sinn Fein For Accepting Police Force. In an editorial, the Los Angeles Times (1/3, 850K) praises Sinn Fein leader Gerry Adams for asking "a party conference to approve a motion supporting the 'police services' in both Northern Ireland and the predominantly Catholic Irish Republic. A recognition by Sinn Fein of the new Police Service of Northern Ireland — a replacement for the Royal Ulster Constabulary long distrusted by Catholics — would be a momentous step. It would add the final piece to the jigsaw puzzle of a new arrangement in which the North's pro-British Protestant majority shares power with the Catholic minority." If "power sharing is revived, credit will belong not only to Northern Ireland's erstwhile enemies but to the United States."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"At Apple, Timing Led To Overnight Windfalls."

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"The Getty's troubled goddess."
" He's Still Following The Sun."
"A Promising Iraqi Province Is Now A Tinderbox."
"Parents Defend Decision To Keep Disabled Girl Small."
"They Feel Like Champs Even Without The Title."

USA Today:
"Long-Retired Daredevil Frail, Feisty, Still Cheating Death."
"Ford 'The Best Of America'."
"Headline For Test Page DOM."

New York Times:
"Iraq Orders Investigation Into Hussein Execution."
"Panel Seeks End To Death Penalty For New Jersey."
"Google's Answer To Filling Jobs: New Algorithm."
"A Surprising Secret To A Long Life: Stay In School."
"Trying To Find Solutions In Chaotic Middle Schools."
"A Man Down, And A Stranger Makes A Choice."

Washington Post:
"In State Funeral, A Farewell To Ford."
"School Takeover Gaining Support."
"Effect of Obama's Candor Remains To Be Seen."
"Montgomery Discovers 'Gifted' Majorities."
"Iraq To Probe Disorder At Hussein's Execution."

Washington Times:
"'Sincere' Ford Honored."
"Ban Cool On Envoy's Words."
"Wilder Focuses On Revitalizing Richmond."
"Same Sex 'Marriage' Measure Advances."
"Romney Eyes 2008 Bid, Sets Sights On Conservative Base."
"Herbs' Spices Offer A Dash Of Healing Power."

Detroit Free Press:
"Tears, Pride Welcome Ford."

Atlanta Journal-Constitution:
"'Thank You, Citizen Ford'."
"Local Patient ID Data Stolen."
"Atlanta Mourns As Beloved Beluga Dies."

Story Lineup From Last Night's Network News:
ABC: Gerald Ford's Service-Washington; Gerald Ford Service-Michigan; Justice Stevens' Interview; Hussein Execution Investigation; Hussein Execution-US Response; Winter Storms Aftermath; Political Play Book; Building Schools-Africa; Football & Love.
CBS: Gerald Ford's Service-Washington; Gerald Ford Service-Michigan; The Ford Children; Hussein Execution Investigation; Christian Iraqi Refugees; Winter Storm Aftermath; New Orleans Police Officers; CDC Survey-Binge Drinking; Homeland Security Report.
NBC: Gerald Ford's Service-Washington; Ford Honored; Ford Honored-Analysis; Troop Surge-Iraq; Hussein Execution Investigation; Tapped Miners Follow Up; Police Officers-Murder Charges; Homeland Security Report; Political Play Book; Ford's Legacy.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Saddam Execution-Cellphone Video; Iraq-US KIA; Bush-New Congress; MI-President Ford Viewing; Manhattan-Real Estate Prices Increasing; CO Snowstorm-Stranded Cattle; TX-Five Charged In Theft Investigation At George Bush Intercontinental Airport; College Football Player Proposes To Cheerleader Girlfriend.
CBS: MI-President Ford Viewing; Bush-New Congress; Saddam Execution-Cellphone Video; Gen. Shalikashvili-Don't Ask, Don't Tell; CO, KS-Snowstorm; Muslim Congressman-Swearing In Ceremony; Manhattan-Real Estate Prices Increasing.
NPR: MI-President Ford Viewing; CO Snowstorm-Stranded Cattle; New Congress-Bush's Iraq Policy; CA-National Guard Helicopter Crash; TX-Human Smuggling Case; Former Jerusalem Mayor Teddy Kollek Dies; Charlie Crist Sworn In As New Governor Of Florida.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with his Cabinet, Cabinet Room, The White House; makes a statement with his Cabinet, Rose Garden, The White House.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: PELOSI SWEARING IN WEEK _ Schedule for House Speaker- designate Nancy Pelosi. Highlights: 10 a.m. Mass in Remembrance of the children of Darfur and Katrina. Closed Press. Trinity University, 125 Michigan Ave. NE. 3 p.m. Women's tea with a tribute to the late Texas Gov. Ann Richards. Mellon Auditorium. Open press. No preset before 1:30 p.m. Media RSVP to pelosipressgmail.com. 7 p.m. Dinner at the Italian Embassy, 3000 Whitehave St. NW. Closed press.

NATIONAL SECURITY _ 8 a.m. Former Deputy Assistant Attorney General John Yoo speaks at breakfast sponsored by the Standing Committee on Law and National Security. Location: University Club, 1135 16th Street, NW.

ABORTION PROTEST _ 9:30 a.m. The Christian Defense Coalition particpates in an anti-abortion vigil outside a cheurch where incoming Speaker of the House Nancy Pelosi is attending a mass to remember the children of Darfur and Katrina. Location: Trinity University, 125 Michigan Ave. NE.

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EDUCATION QUALITY _ 10 a.m. Virginia B. Edwards, editor and publisher Education Week; Lynn Olson, executive project editor; and Chris Swanson, director EPE Research Center, hold a news conference on The report, Quality Counts 2007, which ranks all 50 states to determine which are doing the best job of providing their young people with the opportunity to succeed in their academic and professional lives. Location: National Press Club, Holeman Lounge.

ENVIRONMENTALISTS-EXXONMOBIL _ 10 a.m. Alden Meyer, Director of Strategy and Policy at the Union of Concerned Scientists; Seth Shulman, independent journalist; and Dr. James McCarthy of Harvard University, hold a teleconference on what they say is ExxonMobils strategy to create confusion around global warming science. Notes: Phone: 866-261-3296. Passcode: ExxonMobil (Union of Concerned Scientists).

CONGRESS-AGENDA _ 10 a.m. - 11:30 a.m. The Brookings Institution hosts a discussion, ``The First 100 Hours: A Preview of the New Congress and its Agenda." Participants: Brookings Senior Fellow Thomas E. Mann; Alice Rivlin, Brookings scholar and first director of the Congressional Budget Office; Lois Dickson Rice, Brookings guest scholar in the Economic Studies Program; and Bruce Riedel, a senior fellow affiliated with the Saban Center for Middle East Policy. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

MAGNUSON-STEVENS ACT _ 10:30 a.m. Senate Commerce Committee Chairman Ted Stevens, R-Alaska, in his role as President Pro Tempore, will sign the enrolled Magnuson-Stevens Act, which passed both chambers of Congress last December. Legislation that passes both the House and Senate must be enrolled and signed by the Speaker of the House and the President of the Senate before being sent to the President for final signature and approval into law. Location: Room S-238, Capitol.

MISSILE DEFENSE _ 11 a.m. Lockheed Martin holds a media teleconference to give an update on the company's achievements on several critical missile defense programs during 2006, as well as key milestones planned for 2007. Notes: Call-in at (954) 797-1657; participant code: 724346.

REPUBLICAN OUTLOOK _ 11:30 a.m. House Republican leadership holds a news conference to discuss the outlook for the 110th Congress. Location: Center Steps Hallway, just outside room HC-5, Capitol.

DEMOCRATS-ETHICS _ 1:15 p.m. There will be a press stakeout for a briefing at which House Democratic Leaders, including chairwoman-elect Louise Slaughter, will unveil the House ethics package. Location: Stake-out position outside Room 345, Cannon.

HOUSE REPUBLICANS _ 12 p.m. House Republicans hold a news conference to discuss House Speaker-designate Pelosi's plans for minority input in the legislative process. Location: House Radio-TV Gallery.

HOYER _ 12 p.m. House Majority Leader-elect Steny Hoyer holds a pen and pad only briefing. Location: Room H-107, Capitol.

FRANK-WAGES _ 12:30 p.m. Rep. Barney Frank, D-Mass., incoming chairman of the House Financial Services Committee, will discuss ``Waging War On Wages" at a National Press Club luncheon. Location: National Press Club.

CHERTOFF-INTEROPERABILITY _ 1 p.m. Department of Homeland Security Secretary Michael Chertoff will participate in an announcement regarding nationwide interoperability. Location: NAC, 3801 Nebraska Ave. NW.

CLYBURN _ 6 p.m. The National Urban League holds a reception for House Majority Whip-elect James Clyburn. Location: Cannon Caucus Room.

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From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 03, 2007 8:19 AM
To:	USDOJ- Office of Public Affairs
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Attachments:	dojclips070103.pdf; dojclips070103.doc

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 3, 2007 7:45 AM EST

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TERRORISM NEWS:

Leahy Warns Justice Over Terror Policies (WT)

By Jerry Seper

The Washington Times, January 3, 2007

The incoming chairman of the Senate Judiciary Committee yesterday described as "disappointing" the Justice Department's refusal to release documents detailing the Bush administration's interrogation and detention policy for terrorism suspects.

Sen. Patrick J. Leahy, Vermont Democrat, called on the department and the White House to "reconsider their response" and work with the committee "to promptly share this information, with any appropriate confidentiality safeguards."

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Mr. Leahy, who bitterly criticized FBI Director Robert S. Mueller III last month during a committee hearing for refusing to discuss the Bush administration's domestic terrorist-surveillance program, has promised that as chairman he will target what he called the "unprecedented" efforts by the administration to "hide its own activities from the public."

"The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for, given President Bush's promise to work with us," he said.

Mr. Leahy said he requested documents in November concerning CIA interrogation methods and described the administration's offer to work with Congress after Democrats take over tomorrow as "political lip service."

"I have advised the attorney general that I plan to pursue this matter further at the committee's first oversight hearing of the Department of Justice," he said.

In November, Mr. Leahy told Attorney General Alberto R. Gonzales that the CIA had disclosed the existence of two interrogation-related documents -- a presidential directive regarding the agency's interrogation methods and detention facilities located outside of the United States, and a Justice Department memo regarding CIA interrogation methods.

The CIA disclosures came during an ongoing Freedom of Information Act lawsuit brought by the American Civil Liberties Union.

"Prisoner abuse is one aspect of a broader problem, which includes the use of so-called 'extraordinary renditions' to send people to other countries where they will be subject to torture," Mr. Leahy said. "We diminish our own values as a nation -- and lose credibility as an advocate of human rights around the world -- by engaging in, or outsourcing, torture."

His request for documents included records describing CIA interrogation methods or policies for the treatment of detainees, including a directive signed by Mr. Bush governing CIA interrogation methods. He also sought documents regarding the legality of specific interrogation tactics.

In September, the Republican-controlled Congress passed a bill giving Mr. Bush wide latitude in interrogating and detaining captured enemy combatants. Democrats opposed the measure and have vowed to revisit the issue once they take control of Congress.

Mr. Leahy, joined by several Democrats and outgoing Republican Chairman Arlen Specter of Pennsylvania, have challenged a provision in the bill that prohibits a detainee from protesting his detention in court. They have argued that it is unconstitutional.

Justice Dept. Refuses Senator's Document Request (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, January 3, 2007

Setting up what could become the first showdown between the Bush administration and the new Democratic Congress, the Justice Department has refused to turn over two secret documents, describing the CIA's detention and interrogation policies for suspected terrorists, to the incoming chairman of the Senate Judiciary Committee.

Sen. Patrick J. Leahy (D-Vt.), who asked for the documents in November, said Tuesday that the department's response suggested that President Bush's promise to work with the new Congress "may have been only political lip service."

Leahy has said he might use subpoenas to get the material.

"It is disappointing that the Department of Justice and the White House have squandered another opportunity to work cooperatively with Congress," he said Tuesday in a statement. "The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for, given President Bush's promise to work with us."

The administration notified Leahy on Dec. 22 that it would not release a presidential directive signed by Bush authorizing the CIA to set up secret prisons overseas for suspected terrorists or a 2002 Justice Department legal memorandum outlining "aggressive interrogation techniques."

Leahy waited until the week that Democrats take control of Congress to release — and denounce — the response. The department's letter to Leahy was sent during Congress' holiday recess, when most lawmakers were out of town.

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The exchange is an inauspicious start to what some lawmakers and administration officials had hoped would be a period of bipartisanship following the November election, in which Republicans lost control of both houses of Congress.

Democrats have pledged stepped-up oversight on a number of matters, including the conduct of the Iraq war, the National Security Agency's warrantless electronic surveillance of terrorist suspects in the United States, and the bungled response to Hurricane Katrina.

In a letter Tuesday to Atty. Gen. Alberto R. Gonzales, Leahy asked the Justice Department to reconsider its decision. He also told Gonzales he would "pursue this matter further" as part of an oversight hearing that the judiciary committee was planning for the department.

That warning indicates the depth of frustration among Democrats who believe the administration has withheld crucial information about its anti-terrorism efforts. In response to a question after a speech Dec. 13 at Georgetown University Law Center, Leahy signaled the possibility of using subpoenas to elicit information.

"I expect to get the answers. If I don't ... then I really think we should subpoena," he said. "If the president wants to claim executive authority, then let him do so, and then we can determine where we go from there."

In its Dec. 22 letter to Leahy, the Justice Department said the information he sought was classified and included confidential legal opinions that were privileged. The department also said disclosing sensitive operational information, such as interrogation techniques, would help the enemy.

"Al Qaeda seeks information on our interrogation techniques — their methods and their limits — and trains its operatives to resist them," wrote James H. Clinger, acting assistant attorney general for legislative affairs. "We must avoid assisting their effort."

Clinger said the department had already briefed members of the Senate and House intelligence panels about aspects of the anti-terrorism programs, fulfilling its obligations under the law.

He added that the department remained open to discussing many of the legal issues regarding the war on terrorism with Leahy and other lawmakers. He forwarded Leahy a document detailing how the department was currently interpreting the federal anti-torture statute under which CIA personnel could be prosecuted for mistreating prisoners.

Leahy noted in his response Tuesday that the document was already public.

The disclosure of the CIA "black sites" in late 2005 triggered a congressional furor — and a Justice Department leak investigation into a Washington Post report that broke the news. Reports of prisoner abuses in Iraq and Afghanistan have also prompted global outcry and raised questions about the moral authority of the United States worldwide.

Bush acknowledged the existence of the secret prisons in September when he transferred 14 "high-value" detainees held at the prisons — including alleged Sept. 11 mastermind Khalid Shaikh Mohammed — to the military detention center at Guantanamo Bay, Cuba, for possible trial.

Issuing a subpoena is considered a last resort for lawmakers looking to examine administration policies. Doing so can lead to lengthy legal battles and, in some cases, attempts by Congress to enforce the subpoena by withholding funds for administration projects or by refusing to confirm nominees to executive-branch or judicial posts.

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FBI Reports Duct-Taping, 'Baptizing' At Guantanamo (WP)

By Dan Eggen

The Washington Post, January 3, 2007

FBI agents witnessed possible mistreatment of the Koran at the military prison at Guantanamo Bay, Cuba, including at least one instance in which an interrogator squatted over Islam's holy text in an apparent attempt to offend a captive, according to bureau documents released yesterday.

In October 2002, a Marine captain allegedly squatted over a copy of the Koran during intensive questioning of a Muslim prisoner, who was "incensed" by the tactic, according to an FBI agent. A second agent described similar events, but it is unclear from the documents whether it was a separate case.

In another incident that month, interrogators wrapped a bearded prisoner's head in duct tape "because he would not stop quoting the Koran," according to an FBI agent, the documents show. The agent, whose account was corroborated by a colleague, said that a civilian contractor laughed about the treatment and was eager to show it off.

The reports amount to new and separate allegations of religiously oriented tactics used against Muslim prisoners at Guantanamo Bay. After an erroneous report of Koran abuse prompted deadly protests overseas in 2005, the U.S. military conducted an investigation that confirmed five incidents of intentional and unintentional mishandling the book at the detention facility. They acknowledged that soldiers and interrogators had kicked the Koran, had stood on it and, in one case, had inadvertently sprayed urine on a copy.

The reports released yesterday were the result of an internal survey conducted in 2004 by the FBI, which asked nearly 500 employees who had served at Guantanamo Bay to report possible mistreatment by law enforcement or military personnel. More than two dozen incidents were reported, including some that the government had revealed in earlier document releases.

The new documents were turned over as part of an ongoing lawsuit by the American Civil Liberties Union.

In them, FBI employees said they had witnessed 26 incidents of possible mistreatment of detainees at Guantanamo Bay, including previously reported cases in which prisoners were shackled to the floor for extended periods of time or subjected to sexually suggestive tactics by female interrogators.

In a previously unreported allegation, one interrogator bragged to an FBI agent that he had forced a prisoner to listen to "Satanic black metal music for hours," then dressed as a Catholic priest before "baptizing" him.

One agent reported being told that while questioning male captives, female interrogators would sometimes wet their hands and touch detainees' faces in order to interrupt their prayers. Such actions would make some Muslims consider themselves unclean and unable to continue praying.

Lt. Cmdr. Joe Carpenter, a Pentagon spokesman, said in a statement last night that "the issues and facts raised" in the documents "are not new" and that 12 reviews have showed there were no Defense Department policies that condoned abuse.

"The Department of Defense policy is clear -- we treat detainees humanely," Carpenter said. "The United States operates safe, humane and professional detention operations for enemy combatants who are providing valuable information in the war on terror."

FBI spokesman Richard Kolko said all the information from the survey has been turned over to the Defense Department's inspector general.

An FBI memorandum that accompanied the documents emphasized that none of the incidents involved agency or Justice Department employees. It said the reports concerned personnel from other government agencies or outside contractors.

Jameel Jaffer, deputy director of the ACLU's National Security Program, said the new documents highlight the need for more focused and aggressive investigation of allegations of detainee abuse at Guantanamo Bay. He questioned how aggressively the FBI pursued the allegations by its employees, because authorities conducted follow-up interviews in only nine of the 26 cases.

"More comprehensive investigation is needed, not only into the scope of abuses but into the root causes and policies that led to those incidents," Jaffer said.

Some previously reported tactics mentioned in the new documents include wrapping a prisoner in an Israeli flag, subjecting others to extreme heat and cold, and aggressively using strobe lights on others.

Such approaches were allowed under aggressive Pentagon detention policies in place at the time, and the new documents include several instances in which interrogators appear to cite such approval as justification for their actions.

But one FBI agent who visited Guantanamo Bay in the fall of 2003 described a tactic called the "frequent flyer program," in which detainees who were deemed uncooperative were placed on a list to be subjected to special sleep-deprivation tactics. The prisoners were moved frequently from cellblock to cellblock at intervals of two to four hours to interrupt their sleep, the agent said.

In September, the Pentagon adopted new interrogation rules, outlawing harsh techniques adopted at Guantanamo Bay, detention facilities in Iraq and other prisons overseas since the Sept. 11, 2001, attacks.

FBI Details Possible Detainee Abuse (AP)

By Matt Apuzzo, Associated Press Writer

AP, January 3, 2007

WASHINGTON (AP) - FBI agents documented more than two dozen incidents of possible mistreatment at the Guantanamo Bay military base, including one detainee whose head was wrapped in duct tape for chanting the Quran and another who pulled out his hair after hours in a sweltering room.

Documents released Tuesday by the FBI offered new details about the harsh interrogation practices used by military officials and contractors when questioning so-called enemy combatants.

The reports describe a female guard who detainees said handled their genitals and wiped menstrual blood on their face. Another interrogator reportedly bragged to an FBI agent about dressing as a Catholic priest and ``baptizing" a prisoner.

Some military officials and contractors told FBI agents that the interrogation techniques had been approved by the Defense Department, including directly by former Defense Secretary Donald H. Rumsfeld.

The documents were released in response to a public records request by the American Civil Liberties Union, which is suing Rumsfeld and others on behalf of former military detainees who say they were abused. Many of the incidents in the FBI documents have already been reported and are summarized in the ACLU's lawsuit.

Defense Department spokesman Lt. Cmdr. Joe Carpenter said the issues raised in the report are not new. A dozen reviews of detention operations have found no policies that condone abuse, he said.

The treatment of detainees has long been a volatile subject, especially between the administration and the Democratic lawmakers slated to assume the majority when the 110th Congress convenes on Thursday.

One incoming chairman served notice Tuesday that the issue is a top priority. Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., notified Attorney General Alberto Gonzales that his panel's first oversight hearing of the new Congress would focus on two documents Leahy is seeking about the interrogation methods of another agency, the CIA.

The Justice Department has refused to hand over the documents, saying their contents are ``extremely sensitive" and could help terrorists plot more attacks.

President Bush signed legislation in October that authorized aggressive interrogation tactics but did not define them. ACLU lawyer Jameel Jaffer said the court documents show that stricter congressional oversight is needed.

``If you just authorize in a vague way, there's no end to the abusive methods the interrogators will come up with," Jaffer said.

The records were gathered as part of an internal FBI survey in 2004 and are not part of a criminal investigation.

The agency asked 493 employees whether they witnessed aggressive treatment that was not consistent with the FBI's policies. The bureau received 26 positive responses, including some from agents who were troubled by what they saw.

``I did observe treatment that was not only aggressive but personally very upsetting," one agent wrote, describing seeing a man left in a 100-degree room with no ventilation overnight. ``The detainee was almost unconscious on the floor with a pile of hair next to him. He had apparently literally been pulling his own hair out throughout the night."

Another agent said he heard several ``thunderclaps" then saw a detainee lying on the floor with a bloody nose. Interrogators told the agent the man was upset and had thrown himself to the floor.

In one report, an agent said he saw a detainee draped in an Israeli flag in a room with loud music and strobe lights. A note on the report said the Israeli flag ``may be over the top but not abusive." The words ``may be" were then crossed out and replaced with ``is."

Carpenter, the Pentagon spokesman, said the Guantanamo detainees ``include some of the world's most vicious terrorist operatives."

``The Department of Defense policy is clear," Carpenter said. ``We treat detainees humanely. The United States operates safe, humane and professional detention operations for enemy combatants who are providing valuable information in the war on terror."

The FBI reports do not say whether any laws were broken. They said nothing employees observed rose to the level of abuse seen at the Abu Ghraib prison in Iraq.

FBI spokesman Richard J. Kolko said all the information in the reports was passed on to the Pentagon's inspector general.

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A federal judge is considering whether to allow the ACLU's lawsuit against Rumsfeld to go forward. Government officials are normally shielded from personal lawsuits related to their jobs.

Associated Press writer Laurie Kellman contributed to this report.

FBI: Workers Saw Prisoner Abuse At Guantanamo (CNN)

CNN.com, January 3, 2007

WASHINGTON (CNN) -- The FBI on Tuesday released documents showing at least 26 of the agency's employees witnessed aggressive mistreatment and harsh interrogation techniques of prisoners by other government agencies or outside contractors at Guantanamo Bay, Cuba.

"On several occasions witnesses saw detainees in interrogation rooms chained hand and foot in fetal position to floor with no chair/food/water; most urinated or defecated on selves and were left there 18, 24 hours or more," according to one FBI account made public.

One FBI witness saw a detainee "shaking with cold," while another noted a detainee in a sweltering unventilated room was "almost unconscious on a floor with a pile of hair next to him (he had apparently been pulling it out through the night)."

Another witness saw a detainee "with a full beard whose head was wrapped in duct tape."

One FBI statement said that an interrogator squatted over the Quran and that a German shepherd dog was ordered to "growl, bark and show his teeth to the prisoner."

Another detainee was draped in an Israeli flag.

The FBI surveyed all 493 FBI personnel who had been assigned to the military prison facility in the aftermath of the September 11, 2001, terrorist attacks and determined no FBI agent or support personnel had participated in any of the controversial practices.

"This thorough internal assessment shows the FBI was not involved in these activities in any way," said chief FBI spokesman Richard Kolko.

The FBI Office of General Counsel in September 2004 ordered the "special inquiry" into any FBI participation or observations of a series of alleged incidents at the prison camp for suspected terrorists and al Qaeda sympathizers, but the results were not made public.

The FBI released the documents in response to a Freedom of Information request by the American Civil Liberties Union, but stressed that most of the findings had already been reported elsewhere.

"Note these documents have been vetted by both DoD [Department of Defense] and FBI, and that FBI believes this or substantially similar information has already been released in this litigation," the FBI said.

Results of the 26 "positive responses" and several more "not purely negative responses" reported by FBI personnel in the internal inquiry were made available Tuesday on the Web site at www.FBI.gov. (Read the report)

Other actions FBI personnel reported either witnessing or being told about included:

Placing a detainee in a darkened cell with the intent of interrogating him for 24 hours straight; the witness reported being told that then-Defense Secretary Donald Rumsfeld had approved this technique.

Keeping detainees awake for days on end with strobe lights and loud music.

Dressing as a priest and "baptizing" a detainee.

Subjecting a detainee to a lap dance by a topless female guard.

Interrupting detainees' attempts to pray by putting fluid on their faces and telling them it was menstrual blood.

Beating a detainee who said he had recently undergone abdominal surgery.

Gitmo Mistreatment Of Detainees Revealed (ABC)

By Jason Ryan

ABC News, January 3, 2007

FBI Releases Internal Documents in Guantanamo Abuse Investigation

Jan. 2, 2007 — The FBI has released documents related to an internal inquiry of more than 490 FBI personnel who served at Guantanamo Bay, Cuba, and who may have witnessed abusive or aggressive interrogation techniques by military interrogators at the facility.

From late 2002 through mid-2003, several FBI personnel who were at the base reported several incidents of abuse, including the use of dogs, extreme cold and sleep deprivation techniques.

Following reports in July 2004, the FBI's general counsel, Valerie Caproni, began an internal inquiry to find out how many of the FBI personnel at Guantanamo had witnessed abusive or questionable interrogations.

Of the 493 FBI agents and employees who were contacted and interviewed by FBI inspectors, 26 individuals suspected mistreatment of detainees but only nine employees witnessed such methods being used by military interrogators or contractors at the base.

Internal e-mails and communications from the agents assigned to Guantanamo Bay indicate their concerns to their superiors at FBI headquarters. "I did observe treatment that was not only aggressive but personally very upsetting, although I can't say this treatment was perpetrated by bureau employees," wrote an FBI special agent in a July 12, 2004, e-mail to FBI inspectors. "It seemed to me these techniques were being employed by the military."

In his e-mail, the agent described his observations: "I entered interview rooms to find a detainee chained hand-and-foot in the fetal position to the floor, with no chair, food or water. Most times, they had urinated or defecated on themselves and had been left there for 12, 24 hours or more. … I was told the interrogators from the day prior had ordered this treatmen, and the detainee was not to be moved."

The FBI agents assigned to Guantanamo were there gathering potential leads, through interrogations, about attacks against the United States in the wake of 9/11.

In May 2004, FBI director Robert Mueller told the Senate Judiciary Committee that "It is the FBI's policy to prohibit interrogation by force, threats of force or coercion. Where we have conducted interviews, we have adhered to that policy."

7th Circuit Ruling Expands Use Of FISA Wiretaps (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, January 3, 2007

Federal prosecutors may use wiretap evidence obtained under the Foreign Intelligence Surveillance Act in spy cases for criminal prosecutions unrelated to the original espionage purpose of the wiretap, the 7th U.S. Circuit Court of Appeals has held.

The ruling is the first outside the special FISA court itself to interpret the law as expanding the ability of prosecutors to use the act in a variety of criminal contexts, according to defense attorney James Geis, a Chicago solo practitioner representing Ning Wen, who was convicted of violating export-control laws.

"Unless there is a constitutional problem in domestic use of evidence seized as part of an international investigation, there is no basis for suppression," wrote Chief Judge Frank Easterbrook in U.S. v. Wen, No. 06-1385.

"I think this holding makes it virtually impossible to challenge a FISA search," said Geis. "This pretty much makes it bulletproof."

The ruling could be significant given the government's increased focus on economic espionage and international theft of U.S. technology. Last month, two men, Fei Ye and Ming Zhong, pleaded guilty in San Francisco to stealing trade secrets from Sun Microsystems Inc. and Transmeta Corp., with the intent of benefiting the People's Republic of China.

Wen and his wife, both naturalized U.S. citizens, were arrested in 2005 in Manitowoc, Wis., for sending to China $500,000 worth of computer parts that could be used to improve missile systems. The government alleged that the computer chips sent out of the United States to China without permission could be used for military radar and missiles.

The FISA court, created to oversee government requests for surveillance warrants against suspected foreign intelligence agents, has held that domestic use of intercepted evidence is permitted so long as it has a "significant" international objective. Sealed Case, 310 F.3d 717 (FIS Ct.).

Geis argued that evidence of domestic criminal conduct gathered under FISA warrants cannot be used to prosecute domestic crime when the espionage investigation dies without charges. "Violation of export laws was very different than

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espionage," he said. "We never got to see the [government] affidavit" that was the basis for the warrant, he said. In part, the export law violation claim against Wen may have been a matter of geography. "This was central Wisconsin. It would have been trivial in New York, Chicago, San Francisco or Los Angeles," Geis said.

Justice Department spokesman Dean Boyd said the department is pleased with the outcome, but he declined to elaborate on its broader potential application.

Two Albany Mosque Leaders Request New Trial (NSDY/AP)

By Michael Virtanen, Associated Press Writer

Long Island Newsday, January 3, 2007

ALBANY, N.Y. -- Two mosque leaders convicted last fall after a terrorism-related sting have asked the trial judge to set aside the verdicts or else grant them new trials.

Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner, were caught in a 2004 FBI sting involving a fictional terror strike. The government never accused the pair of actual violence, but said they participated in a money-laundering scheme that included an FBI informant posing as an illegal arms dealer.

In court papers filed Sunday, defense attorney Kevin Luibrand said the facts don't support Hossain's convictions. He argued they should be set aside because Hossain was entrapped, authorities induced the crime, the pizzeria owner had "no predisposition" to join in, and improper testimony from an unqualified prosecution expert witness made Hossain's political affiliation appear sinister.

Hossain was convicted Oct. 10 on all 27 charges against him, including three counts of conspiracy. The jury, which deliberated over four days, found Aref guilty of 10 of the 30 charges against him.

Aref, a 36-year-old Kurdish refugee from northern Iraq, was also found guilty of lying to FBI agents about having known a terrorist leader, Mullah Krekar.

The federal informant asked Hossain to launder $50,000, saying it was from the sale of a shoulder-fired missile that would be used to kill a Pakistani diplomat in New York City. Aref, spiritual leader of Hossain's mosque, acted as a witness to a series of transactions between the two men. Hossain said he had merely asked the informant for a loan.

Assistant U.S. Attorney William Pericek, who prosecuted the case, said it's unlikely the trial judge would reverse himself and he doubted the motions would succeed on a later appeal to the 2nd Circuit U.S. Court of Appeals. Judge Thomas McAvoy was careful about the defendants' rights, he said, instructing the jury, for example, to consider the entrapment defense.

In court papers last week, defense attorney Terence Kindlon argued that FBI surveillance tapes showed Aref repeatedly said he could not support Jaish-e-Mohammed, or JEM, the Pakistan-based Islamic terrorist group that the informant claimed to support. "We feel the verdict didn't make any sense," he said.

The FBI has acknowledged Aref was the ultimate target of the sting, not Hossain. Luibrand declined to comment on whether prosecutors had offered Hossain a plea bargain.

Hossain, 51, a naturalized U.S. citizen from Bangladesh, could face 20 years in prison, Luibrand said.

The men are in jail, scheduled to be sentenced Feb. 12.

Albany Mosque Leaders Request New Trial (CAPNEWS9)

Capital News 9, January 3, 2007

Two Albany mosque leaders who were convicted of terrorism-related charges want their verdicts set aside -- or else be granted new trials.

Yassin Aref and Mohammed Hossain were arrested in an FBI sting in 2004 involving a fictional terror plot.

The government said they participated in a money-laundering scheme in which an FBI informant pretended to be an illegal arms dealer.

In October, Hossain was found guilty of all 27 charges against him. Aref was found guilty of 10 of the 30 charges against him.

In court papers filed last weekend, Hossain's defense attorney said the facts of the case don't support his client's convictions. He argued they should be set aside for various reasons.

Both men are in jail while they await sentencing, which is scheduled for February 12.

Can Small Businesses Help Win The War? (USAT)

By Del Jones

USA Today, January 3, 2007

The U.S. military is studying small companies such as 24-employee Craigslist to see how the online bulletin board has all but terrorized the newspaper industry by siphoning classified advertising.

Such research may unearth ideas that will help the United States fight the war on terror.

It may seem a stretch that within the chaos of capitalism are the secrets to fighting al-Qaeda. But the military and business have long borrowed leadership lessons and competitive tactics from each other.

In the past, sharing between military and business has been largely a one-way street. The Art of War by the ancient Chinese general Sun-Tzu remains a must-read for corporate CEOs, and most great lessons have been learned the hard way on the battleground before migrating into commerce. For example, CEOs have come to embrace the idea that it's better to act quickly on an imperfect plan than to introduce a perfect plan too late, a lesson first learned the hard way in the fog of war.

But now the military is paying closer attention to business than business is paying to the military, because the world of geopolitics has discovered itself to be on the same road that business has been on for some time. That road is flatter, more networked and more decentralized than ever.

Large companies are groping for strategies to fend off disruptive competitors, including YouTube, Kazaa, Skype and Wikipedia, companies that are giving away video, music, long-distance and information while eroding the revenue stream of companies that charge for it. YouTube is a website where users swap millions of free videos. With fewer than 100 employees, it has created anxiety throughout the giant industries of film and TV.

The Wikimedia Foundation has no plans to bring Western civilization to its knees, but the organization that provides a free Web-based encyclopedia has done as much to Encyclopaedia Britannica. Some 100,000 readers comb Wikipedia entries for errors. Two of those volunteer editors wouldn't recognize each other if they passed on the street. But they are joined at the hip by an ideology and can inflict pain upon a company that has been around since 18th-century Scotland.

How large, traditional companies fare in this fight may prove invaluable in developing a strategy against al-Qaeda. That's why the military is going to school. A book making the rounds at the Pentagon is The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations. It was written for a business audience, but military strategists are saying, "This is the best thing I've read that applies to counterterrorism," says Lt. Col. Rudolph Atallah, a Defense Department director in international affairs.

The premise of The Starfish and the Spider is that centralized organizations are like spiders and can be destroyed with an attack to the head. Decentralized organizations transfer decision-making to leaders in the field. They are like starfish. No single blow will kill them, and parts that are destroyed will grow back.

When Starfish co-author Rod Beckstrom arrived at USA TODAY's suburban Washington, D.C., headquarters for an interview in November, he said he had just come from meetings with representatives at the Pentagon and elsewhere in the "intelligence community." He said he was contacted "out of the blue" in September by one of the highest-ranking officers in special operations, and more recently by a high-ranking special operations officer at Fort Bragg, N.C.

Next week, Beckstrom will present a "high-level briefing set up for a dozen members of different intelligence groups in D.C.," he said.

It's no coincidence that Osama bin Laden is the first leader of terrorism to have studied economics and public administration, nor that he cut his teeth on the family business in Saudi Arabia, says Bruce Hoffman, a professor of security studies at Georgetown University.

As disruptive as the Irish Republican Army once was, it had but "450 trigger pullers and bomb throwers, because (the leadership) couldn't control a larger number," Hoffman says.

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But long before he became a household name, bin Laden was creating an organization so flat and decentralized that it can plot destruction from cells in about 65 countries no matter how deep its leader is pushed into the caves of Pakistan or Afghanistan.

He created a "terrorist sausage factory," in Afghanistan and then, like any good Silicon Valley CEO-geek, he attracted employees with an ideology and secured their dedication with vacations, airline tickets home to see the family, and death benefits, Hoffman says.

"Decentralized organizations can be more effective and resilient," says Craigslist founder Craig Newmark, who says he has come to the same conclusion that companies such as his have something in common with al-Qaeda.

Craigslist might be little more than an online bulletin board, but it gets 5 billion page views a month.

"People who are passionate and can work independently can get more done than a centralized organization," Newmark says.

Others have reached the same conclusion, although most companies declined interviews because they didn't want any part of the al-Qaeda analogy.

Many experts have identified terrorism as being hard to defeat because it is decentralized. But Beckstrom and Starfish co-author Ori Brafman, both with Stanford MBAs, hold out hope for victory. Beckstrom recommends three strategies against terrorism:

1 Change the ideology that fuels it. For example, he says the West should help fund public schools in terrorist hotbeds where parents now send their children to radical madrasahs because they feed and educate their children. For now, parents have no alternative.

School choice and other strategies aimed at the ideology take a generation or more, but Atallah says he, too, has decided that blunt military weaponry is not enough, and success depends on winning hearts and minds.

When Sandy Weill was CEO of Citigroup he took steps to decentralize a company that today has 300,000 employees in 100 countries by letting divisions compete freely against each other. To defeat terrorism, young people must believe they have opportunity in the world, or they will blow themselves up to get to the next, says Weill, who helped raise $100 million for victims of the 2005 Kashmir earthquake in Pakistan, a country known as a breeding ground for terrorism.

2 Centralize the decentralized opponent. An example of this would be to let Hezbollah go ahead and govern in Lebanon. Hezbollah is defined as a terrorist organization by the United States, Australia, Canada, the United Kingdom, the Netherlands and Israel. But it is more centralized than al-Qaeda and is funded by the centralized government of Iran. Centralized governments are easier to persuade and/or defeat than independent cells, Beckstrom said.

Google's decision in October to buy YouTube for $1.65 billion is the business equivalent. The move has already tamed YouTube into respecting intellectual property rights, because Google, with a $140 billion market value, has deep pockets and must worry about lawsuits. YouTube has purged copyrighted programs such as The Daily Show With Jon Stewart.

3 Decentralize yourself. The obvious military example here is to expand special operations and give small units the freedom to complete missions without oversight and second-guessing from command and control.

Of course, that has its downside as it does in business, says Robert Shillman, CEO of Cognex, maker of vision sensors that gauge, guide, inspect and count on the production lines of companies, including Ford Motor. When you give others freedom to succeed, you also give them more freedom to make costly mistakes, he says.

Were the military to become more decentralized with few orders other than to win, it would lead to greater success, Shillman says. But it also could cause a special-ops unit to destroy religious buildings if they were being used as havens by terrorists. Such tactics are necessary if the U.S. wants to win, Shillman says, because if bin Laden is decentralized, the U.S. military must decentralize to defeat him.

Bin Laden tells his fighters: "I want you to kill people and wreak havoc. Don't check with me, or they'll find me. We'll send money," Shillman says. "It's the same way Cognex runs our acquisitions. We hire smart people, give them cost guidelines and a reward if they succeed."

Even in business there has long been a love-hate relationship with decentralization. Sara Lee was little more than a group of independent, decentralized companies when Brenda Barnes became CEO in 2005. But with everyone acting independently,

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Sara Lee was unwieldy, losing volume discounts, and its computer systems were such a patchwork that employees couldn't communicate across the street.

Robert Nardelli reached a similar conclusion when he became CEO of Home Depot six years ago. Both he and Barnes have moved to centralize some aspects of their companies. Home Depot's stock was flat last year, and the jury is still out on whether Nardelli gained purchasing efficiency at the price of entrepreneurial spirit. Sara Lee's stock was down 16% last year while the S&P 500 index gained 14%.

"If you take decentralization to an extreme, you get chaos," Beckstrom said. But decentralization is winning, and he has yet to find an industry that isn't moving at least gradually toward decentralization.

Oversee.net, an online ad firm, has 150 employees. Companies that small have traditionally been managed top down. But CEO Lawrence Ng says he has already decentralized his employees into what he describes as SWAT teams and battalions.

"They know their goals. They don't have much intervention from myself or my senior management." Knowing what his teams are capable of accomplishing on their own, Ng imagines that it would be incredibly difficult for a centralized government to fight decentralized terror.

"How many cells are out there? All want to be successful and are coming up with their own strategy," Ng says.

Hoffman says no decentralized company thrives without strong leadership in the field, and the U.S. has probably avoided another attack after 9/11 by effectively taking out the second and third tier of al-Qaeda's leadership, including Khalid Sheikh Mohammed and Abu Zubaydah. The "decapitation approach" of killing bin Laden would have been less effective, he says.

On the other hand, the U.S. government has been unable to take advantage of one of its greatest areas of business expertise: marketing. Any first-year business school student learns that the first rule is to know the customer. Know the audience.

The U.S. marketing message has focused on freedom and democracy. A little research might show that "stability and justice are what people seek," Hoffman said.

Don Tapscott, whose book Wikinomics: How Mass Collaboration Changes Everything went on sale Dec. 28, says we've entered a time when people with no relationship other than a passion can come together to invent an encyclopedia or a computer operating system. California is thinking about using such collaboration to "wiki all school books," he says, which means using software that allows users scattered throughout the world to collaborate to create and edit.

There are 90,000 chemists online, 90,000 problem solvers, Tapscott says. Groups of strangers with an ideology — a passion — can "create a school book, a mutual fund, a motorcycle. They can also create terror."

It's unfortunate that the bad guys use the same tools as the good guys, says Craigslist founder Newmark. But the good guys have an advantage, he says.

"You can build a network around hatred that works in the short run. The way to disrupt a culture of hatred is to be noisy about a culture of trust. Until recently, the United States has stopped hatred from developing by standing up for our ideals," he says.

HOMELAND RESPONSE:

6 Of 75 Cities Get Top Disaster Rating (AP)

By Devlin Barrett

The AP, January 2, 2007

WASHINGTON - Only six of 75 U.S. metropolitan areas won the highest grades for their emergency agencies' ability to communicate during a disaster, five years after the Sept. 11 terrorist attacks, according to a federal report obtained Tuesday by The Associated Press.

A draft portion of the report, to be released Wednesday, gives the best ratings to Washington, D.C; San Diego; Minneapolis-St. Paul; Columbus, Ohio; Sioux Falls, S.D.; and Laramie County, Wyo.

The lowest scores went to Chicago; Cleveland; Baton Rouge, La.; Mandan, N.D.; and American Samoa. The report included large and small cities and their suburbs, along with U.S. territories.

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In an overview, the report said all 75 areas surveyed have policies in place for helping their emergency workers communicate. But it cautioned that regular testing and exercises are needed "to effectively link disparate systems."

It also said while cooperation among emergency workers is strong, "formalized governance (leadership and planning) across regions has lagged."

The study, conducted by the Homeland Security Department, was likely to add fuel to what looms as a battle in Congress this year. Democrats who take over the majority this week have promised to try fixing the problem emergency agencies have communicating with each other but have not said specifically what they will do, how much it will cost or how they will pay for it.

"Five years after 9/11, we continue to turn a deaf ear to gaps in interoperable communications," _ the term used for emergency agencies' abilities to talk to each other, said Sen. Charles Schumer, D-N.Y. "If it didn't have such potentially devastating consequences, it would be laughable."

Homeland Security spokesman Russ Knocke would not comment on the report, saying only that in releasing it on Wednesday, Homeland Security Secretary Michael Chertoff will "talk about nationwide assessments for interoperable communications."

The attacks of Sept. 11, 2001, revealed major problems in how well emergency agencies were able to talk to each other during a catastrophe. Many firefighters climbing the World Trade Center towers died when they were unable to hear police radio warnings to leave the crumbling buildings.

In New York now, the report said, first responders were found to have well-established systems to communicate among each other _ but not the best possible. Thirteen U.S. cities scored better than New York.

Just over a year ago, Hurricane Katrina underscored communication problems when radio transmissions were hindered because the storm's winds toppled towers.

A separate report the Homeland Security Department released last month found that emergency workers from different agencies are capable of talking to each other in two-thirds of 6,800 U.S. communities surveyed.

But David Boyd, who heads the Homeland Security office that conducted the study, said in an interview that only about 10 percent of them have systems so fully developed that they can communicate with them routinely. That survey did not name the cities that provided data.

In the study to be released on Wednesday, communities were judged in three categories: operating procedures in place, use of communications systems and how effectively local governments have coordinated in preparation for a disaster.

Overall, 16 percent of the communities were given the highest score for the communications procedures they have in place and 1 percent got the lowest rating.

Nineteen percent got the top grade for their plans for coordinating during a disaster and 8 percent received the worst; and 21 percent got the best mark for how well they use their communications equipment while 4 percent got the bottom rating.

Most of the areas surveyed included cities and their surrounding communities, based on the assumption that in a major crisis emergency personnel from all local jurisdictions would respond.

Los Angeles got advanced grades in procedures and use of emergency communications systems and a well-developed grade in coordination of governance.

San Francisco, by comparison, received intermediate grades in governance and procedures, and a well-developed grade in use of systems.

Since the Sept. 11 attacks, $2.9 billion in federal grant money has been distributed to state and local first responders for the improvement of their emergency communications systems.

Congress has ordered that the television broadcast industry vacate a portion of the radio spectrum to make it available for public safety communications. Lawmakers have also created a new office at the Homeland Security Department to oversee the issue, though they have yet to provide money for it.

The areas with the six best scores were judged advanced in all three categories. The cities with the lowest grades had reached the early implementation stage for only one category, and intermediate levels for the other two categories.

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Chicago, Cleveland and Baton Rouge, for example, were judged to have accomplished the early stage of government coordination. Mandan, N.D., and the territory of American Samoa were both found to have gotten to the early stage of their actual usage of interoperable emergency communications and rated intermediate in governance and procedures.

The Chicago Office of Emergency Management and Communications took issue with the report's methodology and findings.

"We strongly disagree with the results of this study, and feel that the parameters of the study were inconsistent and limited," the statement said." In some instances, the scorecard evaluated urban areas or regions that contain a small number of independent jurisdictions and compared them with urban areas or regions containing significantly higher numbers of independent jurisdictions _ an apples to oranges comparison across the board."

The statement said that in 2006, Chertoff described the city's Operations Center, which is responsible for communications among various agencies and jurisdictions, "as a great model for the country."

Tammy Lapp, the emergency coordinator for Mandan and Morton County, N.D., said she was not surprised by the low ranking.

"We knew with our limited funds, we were going to fall short," she said.

Report: Cities' Communications Still Lacking (USAT)

By Mimi Hall

USA Today, January 3, 2007

WASHINGTON — Emergency responders in most cities don't have the equipment and skills needed to communicate with each other during a crisis, according to a report to be released today by the Homeland Security Department.

Only six of the 75 cities and regions surveyed received top scores for "interoperability," or the ability to reliably communicate by radio. They were Washington, D.C., and its suburbs; San Diego; Columbus, Ohio; Minneapolis-St. Paul; Sioux Falls, S.D.; and Laramie, Wyo.

The report comes more than five years after the 9/11 attacks highlighted communications problems among fire, police and other emergency responders in New York City, at the Pentagon and at the crash site in Somerset County, Pa. The problems were especially acute at the World Trade Center, where firefighters couldn't hear police warnings to get out of the towers before they collapsed.

"One of the dramatic lessons of 9/11 was the cost in human life when we do not have at least command-level interoperability in cities and in regions," Homeland Security Secretary Michael Chertoff said last month.

Chertoff said the country has made "a significant amount of progress" toward better communication systems. But in regions where there are still gaps, he said, leaders of cities and towns with incompatible systems need to work to develop a better system that would help communication during a disaster.

Since 2003, Homeland Security has handed out $2.9 billion in grants for interoperable communications systems, and Chertoff said his department's grant programs will be heavily focused on communications improvements over the next two years.

The survey, he said, was designed to identify the gaps so they can be closed "as quickly as possible."

The lowest scores on the report went to Chicago; Cleveland; Baton Rouge; Mandan, N.D.; and American Samoa. New York City scored in the middle.

Outgoing House Homeland Security Committee Chairman Pete King, R-N.Y., said communities immediately outside New York City have numerous communications systems that are incompatible with each other. That's also true in several other major urban areas, he said. "A lot of progress has been made," King said. But the report shows "how difficult an issue this is."

Congressional Democrats, who assume leadership of Congress on Thursday, are expected to address the issue as part of a campaign promise to pass all the recommendations of the 9/11 Commission. The commission in 2004 cited the urgent need for "compatible and adequate communications among public safety organizations."

German Muslim Held, Denied U.S. Entry (NSDY/AP)

By Garance Burke, Associated Press Writer

Long Island Newsday, January 3, 2007

DOJ_NMG_0110424

A German businessman of Syrian descent who wanted to surprise his daughter with a holiday visit was detained for four days in a Las Vegas holding cell before being sent back home without explanation. A civil rights group called authorities' treatment of Majed Shehadeh a case of anti-Muslim discrimination.

Shehadeh, 62, flew from Frankfurt to Las Vegas last Thursday, hoping to meet with his wife and drive to Bakersfield, Calif., where his American-born daughter had just gotten news she'd passed the California bar exam. Instead, he wound up shivering in a holding cell without ever being told why he couldn't enter the country, he said.

Roxanne Hercules, a spokeswoman for U.S. Customs and Border Protection, confirmed Tuesday that Shehadeh was denied entry, but would not discuss specifics of his case. She said Shehadeh's visa waiver could have been denied because "he could have a criminal record, or it could be a terrorism issue."

The detention follows a series of similar incidents involving Muslim passengers, according to the Council on American-Islamic Relations.

In October, an Islamic scholar from South Africa was denied entry at San Francisco International Airport. A month later, six imams were taken off a US Airways flight from Minneapolis to Phoenix after a passenger reported overhearing them criticize the U.S. war in Iraq.

"Overall these cases send a message that Muslims are second-class citizens who can be detained and kept from their families," said Affad Shaikh, a civil rights coordinator for CAIR.

Shehadeh touched down Thursday afternoon on a direct Condor Airlines flight to McCarran International Airport, where his American wife was waiting to pick him up. The couple had planned to visit family in the Las Vegas area, before surprising their daughter for the New Year and celebrating her wedding anniversary in Central California.

"I gave them my German passport, and he looked to see which countries I visited. He found I had stamps that looked like Arabic and asked if they were fake," Shehadeh said Tuesday in a phone interview from his home in Alzenau, a small Bavarian village.

"Nobody ever informed me why I was being questioned," he said. "All that was ever told to me was this had to do with Washington."

After being interrogated by Border Protection and FBI agents for more than 12 hours at the airport, Shehadeh said he was handcuffed and transported in the back of police car to a North Las Vegas jail. Officials told family members they had denied Shehadeh's visa waiver, which grants German citizens the right to enter the U.S. with no additional paperwork, said his wife Joanne Mulligan.

Officials with U.S. Immigration and Customs Enforcement said they could not comment on why he was denied entry. FBI and airport officials in Las Vegas also declined comment.

An aide to Sen. Dianne Feinstein later told the family that Shehadeh was on a "look-out list," Mulligan said. Feinstein's office confirmed Tuesday that the family contacted her, but wouldn't comment further.

"I said you've got to be joking me, he's never even had a speeding ticket," said Mulligan, a retired math teacher for the U.S. military. "I mean, we're Muslims, and we travel a lot. Maybe the countries we travel to are not the countries they want you to visit."

Once in the holding facility, Shehadeh said he was stripped of his shoes, jacket and prescribed heart medicine and locked in a cell with about 25 other detainees. There was one toilet in the middle of the room, and access to a telephone was extremely limited, he said.

On Sunday, he was released and sent back to Frankfurt on the same charter airline.

Shehadeh's daughter Majida Shehadeh said she was glad her father made it home, but feared he wouldn't be able to return to visit.

"I used to be happy I moved here," she said. "But now I can't wait for when I leave here. The mentality is not what it was like beforehand."

* ___

Associated Press writer Ken Ritter in Las Vegas contributed to this report.

Man Held In Pit Injuries May Enter Plea (DURHS)

By Beth Velliquette, The Herald-Sun

Durham Herald-Sun, January 3, 2007

HILLSBOROUGH -- If the FBI turns over the evidence it collected after Mohammed Taheri-Azar allegedly attempted to kill people on the UNC campus by running over them in an SUV, Taheri-Azar will enter a plea at his next court hearing on Jan. 24.

Taheri-Azar is facing nine counts of attempted first-degree murder and nine counts of felony assault for allegedly driving a Jeep Grand Cherokee through the Pit on the UNC campus and hitting people on March 3, 2006.

During a short court appearance here Tuesday, Taheri-Azar appeared to want the case to move along faster and said he wished there weren't so many short pretrial hearings he had to attend. Hearings, such as Tuesday's and a previous one in December, caused too much trouble for too many people, he told Superior Court Judge Carl Fox.

"It would be best to have as few of these hearings as possible," Taheri-Azar said. "If January 24 is the earliest possible date for this trial, then I think it's very reasonable."

Fox then asked Taheri-Azar if he had had a chance to meet with his family, and Taheri-Azar said he had met with them over the weekend. When asked if he wanted to speak to his family after the hearing, Taheri-Azar replied, "I think that it would not be a good day for that. We have our arrangements. Thank you."

After the hearing, when asked whether he planned to plead guilty, Taheri-Azar did not answer.

During the short hearing Tuesday in Orange County Criminal Superior Court, Taheri-Azar's attorney, Orange-Chatham Public Defender James Williams, told Fox he wants to see the interviews that FBI agents conducted in Charlotte with Taheri-Azar's family and others and to see any evidence, including computer files, that the agents may have collected in the case.

Orange-Chatham District Attorney Jim Woodall said he has been attempting to get that evidence without a court order, but so far has not been successful. Woodall said he believed the interviews did not have much evidentiary value, but Williams said he can't say whether the interviews have evidentiary value or not because he hasn't seen them.

"The statute clearly supports our right to have this information," Williams said.

Fox said he would give Woodall 14 days to try to get the evidence for Williams. If he doesn't get the information from the FBI, Fox said he would sign a court order to obtain it.

Williams also has written a letter saying he wants information from computer files and e-mails that UNC police collected from Taheri-Azar's e-mail account. Woodall said he believes he could get copies of the e-mails almost immediately.

UNC Hit-And-Run Suspect Wants Case Over 'As Early As Possible' (WRAL)

WRAL-TV, January 3, 2007

Hillsborough — A man accused of plowing a sport utility vehicle into a crowd of people at the University of North Carolina at Chapel Hill told a judge Tuesday that he wants to speed up the judicial process.

"Personally, Your Honor, I'd like to get this whole court-trial over with as early as possible," Mohammed Taheri-azar said.

The judge scheduled Taheri-azar's next court appearance for Jan. 24, when Taheri-azar is expected to enter a plea in the March 3 attack in which nine people were injured.

"And if Jan. 24 is the earliest possible next date to continue this trial, I think that's fair and reasonable," Taheri-azar said.

Taheri-azar's lawyer also requested copies of FBI interviews with Taheri-azar's family after the incident.

Taheri-azar, a UNC-Chapel Hill graduate, is charged with nine counts of attempted murder and nine counts of assault with a deadly weapon with intent to kill.

In letters to UNC-Chapel Hill's student newspaper, The Daily Tar Heel, Taheri-azar wrote that he carried out the attack to get back at "American taxpayers and their government" for the United States' role in the killing Muslims around the world. He also wrote that he felt "no remorse" for steering the SUV through the Pit.

Taheri-azar was expected to enter a plea last month in connection with the attacks, but that court appearance was continued.

From Monitoring Teens To Minding Terrorists (WP)

By Ylan Q. Mui

The Washington Post, January 3, 2007

DOJ_NMG_0110426

The job of a shopping mall security guard normally involves controlling rowdy teenagers, finding lost children and patrolling parking lots. But starting this month, malls across the country will begin training guards for another task: fighting terrorism.

The 14-hour program is being developed by the International Council of Shopping Centers, a trade group, and the Homeland Security Policy Institute at George Washington University at a cost of $2 million. It is the first standardized anti-terrorism curriculum written for the nation's estimated 20,000 mall security guards.

Developers of the program say it is crucial to safeguarding shopping centers, which have significant economic import -- as evidenced by the billions of dollars spent at malls during the holiday season -- and have emerged as modern-day town centers, with movie theaters, restaurants, and now grocery stores and gyms.

"Many different facets of our society since September 11 have had to take the stark realization that bad people might try to do bad things," said Paul M. Maniscalco, a senior research scientist at GW who helped create the program. "Security is really paramount in large enclosed malls. . . . . These events, when you respond to them, you make or break it in the first 20 minutes."

Not everyone agrees, however, that America's malls face a serious threat of terrorism. And some critics question the effectiveness of the training when the private security industry suffers from high turnover -- most guards leave the job within a year and some in as little as four months, according to estimates from the Service Employees International Union.

"There is no justification for this," said Ian S. Lustick, a professor at the University of Pennsylvania and author of "Trapped in the War on Terror." "It's too diffuse a problem. There's a security problem in any public place. . . . The retail industry and shopping malls is just one little part of that."

The training focuses on making guards more aware of the effects of terrorist attacks and helping them recognize potential attackers. It ranges from the understanding the characteristics of the nerve agent sarin (especially dangerous in enclosed spaces because it vaporizes quickly) to spotting suicide bombers (look for unusual dress, like a heavy coat in the middle of summer). The program is being tested at a handful of shopping centers, including the Mall in Columbia, and is planned to be rolled out over the next six months.

The Department of Homeland Security categorizes shopping centers, along with other easily accessible public places, as "soft targets." Since the 2001 attacks, the Smithsonian museums and national monuments have been among those increasing security, and the Washington Convention Center recently said it was beefing up emergency preparedness training for some workers.

Yet the retail industry has treaded warily. Customers expect shopping centers to be free and open, and malls are loath to introduce stringent security measures, as airports have done, that might limit shoppers' access -- or scare them off altogether. Though security officers are usually uniformed, they are not intended to appear threatening.

"Their job is to be welcoming," said Robert Rowe, director of development for the American Society for Industrial Security, an advocacy group for private security officers. "The shopping mall doesn't survive unless people come."

General Growth Properties Inc., which owns Tysons Galleria and the Mall in Columbia, has already restricted access to the roofs of its buildings, said David Levenberg, vice president of security and risk management. The Columbia shopping center recently installed a video surveillance system, a wall of 16 monitors and eight video recorders filling a tiny security office.

"You want to see the sales slip?" said Bill Burley IV, director of public safety and security at the mall, as he directed one of the more than 100 cameras to zoom in on a shopper looking at jewelry.

But a report released early in 2006 under leadership of the Police Foundation, a District think tank, found that although some malls have made changes, they have not been enough. The study, funded by the Justice Department, cited lack of coordination with local law and emergency forces and financing for new technology. It highlighted poor training of mall officers in terrorism awareness and response as one of the industry's main challenges.

That thinking broadens the responsibility of security guards: Mall security directors surveyed in the report put loitering kids as their top concern, with terrorism second. Only 2.5 percent required guards to have some college education. Less than 1 percent mandated a degree in criminal justice.

Robert C. Davis, lead author of the study who now is senior research analyst at Rand Corp., said it is not feasible to teach mall guards the complex skills needed to identify potential terrorists, who are tracked through highly developed intelligence networks. He contends there is little malls can do to prevent an attack -- they can only react to one.

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"The biggest things malls can do is have really well-developed, detailed emergency response plans and rehearse them," Davis said. "The best thing they can do is respond effectively."

Maniscalco said the curriculum focuses on awareness and response and was developed with the same materials used in training courses for emergency responders and law enforcement, tailored for mall security officers.

The instructional DVD was shot at the Boulevard Mall in Las Vegas. One lesson shows a man dressed as a janitor with a hose who seems to be watering plants in the food court. But there is no badge on his uniform and his eyes are scanning the crowd rather than looking at the plants.

Actually, he is spraying dangerous chemicals into the air, Maniscalco said. And instead of following an instinct to rush to the scene -- and possibly exposing themselves to the chemical -- guards should block off the area and call police, he said. The DVD also has live footage of terrorist attacks from New York to Russia, including the carnage following a suicide bombing in Israel.

"This is all real-world, everyday stuff that the security officer will encounter," Maniscalco said.

In fact, a man was arrested in December for plotting to use hand grenades and a pistol to disrupt Christmas shopping at a Rockford, Ill., mall. Two years ago in Columbus, Ohio, a man with alleged ties to al-Qaeda was indicted for wanting to shoot up a local mall. He is awaiting trial.

Still, there has been never been a terrorist attack against a U.S. shopping center. William Flynn, director of risk management for Homeland Security, said there was no intelligence to suggest shopping centers were in danger. The handful of reported threats seem to have come from lone wolves rather than organized cells, skeptics say.

"I wouldn't say let's classify every shopping mall in the country as critical infrastructure and start handing out federal grants" said James Carafano, a homeland security expert with the Heritage Foundation. "Putting a lot of money in this doesn't make much sense."

The initial rollout of the curriculum is being funded by the International Council of Shopping Centers, and companies that provide the private security for the country's shopping centers have agreed to participate, council spokesman Malachy Kavanagh said. Financing for the future has yet to be determined, but Kavanagh said the group plans to apply for federal grants. Flynn said he supports the program and that Homeland Security has conducted risk assessments at several shopping centers across the country.

One of the first guards to go through the new training program was Lt. Al Pineiro, who has worked at the Mall in Columbia for the past 10 years, starting part-time and recently going full-time. A former Army recruiter, he was at the National Guard facility in Silver Spring on Sept. 11, 2001. He recalled watching one of the World Trade Center towers crumble on a big-screen television with his fellow soldiers.

"I was shocked that it happened so close to home," he said.

Pineiro said the anti-terrorism training recalled the lessons he learned in the months following the attacks. It took him several days to complete the course, and he aced the final exam.

"It just reminds us that we have to stay alert," he said. "We can't afford to get complacent."

DHS Tracking System Will Keep Eye On IT Workers (GCN)

By Alice Lipowicz, Contributing Writer

Government Computer News, January 3, 2007

A new records system is being designed to allow the Homeland Security Department to monitor the names, passwords, citizenship information and other data on thousands of IT workers with access to the department's systems.

In a notice posted Dec. 29, DHS announced it is creating a new sensitive, but unclassified, database as part of its General Information Technology Access Account Records System. The department made the notice to comply with the Privacy Act of 1974, which regulates how the government collects and uses personal information.

The new database will collect personal information from IT employees, contractors, grantees and others, including people who serve on DHS advisory committees or are listed as points of contact for facilities.

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The system will include names, user names, citizenship, business affiliation, contact information and passwords. It also will include home addresses, e-mail addresses, and names and phone numbers of people listed as contacts.

The information will be routinely used by DHS contractors and consultants, facility operators, congressional offices, National Archives, Justice Department or other federal agencies conducting litigations or proceedings involving DHS.

The National Archives will access the database pursuant to records management inspections and there will be no disclosure to consumer reporting agencies, the notice stated. DHS plans to destroy the records six years after the user account becomes inactive, or when no longer needed for investigative or security purposes.

Alice Lipowicz is a staff writer for Government Computer News' affiliate publication, Washington Technology.

WAR NEWS:

Troop-surge Proposal Fodder For '08 Presidential Hopefuls (HILL)

By Aaron Blake

The Hill, January 3, 2007

Few Republicans sprinted to Sen. John McCain's (R-Ariz.) side when he first came out in support of a troop surge in Iraq several months ago, and some of those who did wound up backing off amid campaign-season criticism.

The proposal still isn't popular among Republicans, even as the Bush administration mulls putting it into action. Among Democrats, there is a similar brand of hesitance, despite varying degrees of support expressed by leaders including incoming Senate Majority Leader Harry Reid (D-Nev.), incoming Senate Homeland Security and Governmental Affairs Committee Chairman Joe Lieberman (I-Conn.) and incoming House Intelligence Committee Chairman Silvestre Reyes (D-Texas).

None of those three is facing a tough campaign this cycle, however.

About two months after voters delivered what many Democrats interpreted as a strong message of discontent with the war in Iraq in the 2006 election, Democratic presidential candidates and lawmakers who are likely to face some of the most competitive races in 2008 are largely joining with Republicans in resistance to the idea of adding troops, citing the need for a political solution instead.

Democratic presidential contenders Sens. Joseph Biden Jr. (D-Del.) and Barack Obama (D-Ill.) and former Sen. John Edwards (D-N.C.) became the latest to come out forcefully against a surge in Iraq. They and other presidential candidates appear ready to make "The McCain Doctrine," as Edwards dubbed it Sunday, one of the first big issues of the 2008 campaign.

Polls have shown support for adding troops in Iraq to be below 20 percent, with a clear majority against it.

Biden, who has repeatedly said he is a candidate, and Obama, who has said he will decide soon, sent e-mails to supporters last week detailing their anti-surge positions.

Obama reinforced that he "strongly opposed" the war from the start and called for a phased withdrawal: "We must not multiply the mistakes of yesterday," he said, "we must end them today."

Biden, the incoming chairman of the Senate Foreign Relations Committee, vowed to fight the surge, saying it wouldn't work without a political settlement between the Sunnis, Shi'a and Kurds. Biden said he intends to hold a series of hearings this month to produce a better option.

Edwards weighed in after officially declaring his candidacy last week. Appearing on ABC's "This Week" on Sunday, he called the proposal "The McCain Doctrine" and said that, though McCain is his friend, "I think he's dead wrong about this."

Appearing on Fox News Sunday, Iowa Gov. Tom Vilsack (D) echoed Biden by calling for a "political settlement" and said the responsibility should belong to the Iraqis. Vilsack is asking supporters to sign a petition on his website urging McCain to find an alternative plan.

Sen. Chris Dodd (D-Conn.) came out against the idea after a Middle East trip two weeks ago. Sen. Hillary Rodham Clinton (D-N.Y.) has left open the possibility if it's part of a "larger plan" for ending the war.

The proposal is also unpopular among incoming House Democrats, many of whom could draw strong challenges in two years. Veteran Rep.-elect Tim Walz (D-Minn.), who defeated Rep. Gil Gutknecht (R) in November, is opposed to ramping up troops, as are Reps.-elect Peter Welch (D-Vt.) and Paul Hodes (D-N.H.).

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Sen. Tom Harkin (D-Iowa), who is up for a fifth term in 2008, believes the solution in Iraq is a political one, not a military one, said spokesman Tom Reynolds. "More troops doesn't get us to that goal."

Rep. Jim Marshall (D-Ga.), who was one of the few Democratic incumbents to face a close reelection battle after redistricting tilted his district in Republicans' favor, "generally speaking" does not support an increase, said spokesman Doug Moore, who added, "There would have to be a very specific plan with very specific goals."

Three months ago, Sen. Jon Kyl (R) expressed support for his Arizona colleague's position, and Sen. Lincoln Chafee (R-R.I.) said during a campaign visit from McCain that he would consider the idea. Chafee's campaign manager said later on a local radio show that the senator was looking at everything.

Both of their opponents pounced. Kyl's campaign scaled back its statements, saying the senator would support an increase only if the commanders on the ground requested it, and Chafee's campaign manager told The Hill that the idea was "off the table." Kyl won reelection; Chafee lost.

In similar fashion, Reid was quick to back off his statements, originally made Dec. 17 on "This Week." Two days later, in a post on the Huffington Post blog, Reid said, "Frankly, I don't believe that more troops is the answer for Iraq. … We obviously want to support what commanders in the field say they need, but apparently even the Joint Chiefs do not support increased combat forces for Baghdad."

On the Republican side, among those running in 2008, Sens. Norm Coleman (R-Minn.), Susan Collins (R-Maine) and Gordon Smith (R-Ore.) have denounced the idea of adding troops, while Sens. John Cornyn (R-Texas) and Lindsey Graham (R-S.C.) have expressed support.

After visiting Iraq in mid-December, Coleman returned and issued a statement saying he doesn't believe a troop surge "is the answer at this time." Last week, after an Iraq trip with McCain, Collins wrote in a journal on her website that adding troops would be "a mistake" and suggested repositioning the ones already on the ground instead.

Sen. Chuck Hagel (R-Neb.) who is unlikely to face a tough reelection contest in 2008 but could run for president, has emerged as a chief critic of the idea and penned an op-ed in The Washington Post in late November calling for a phased withdrawal.

Cornyn has been calling for the surge for more than a month, and Graham has also recently emerged as an important backer. Both serve on the Armed Services Committee.

Iraq Orders Investigation Into Hussein Execution (NYT)

By John F. Burns And James Glanz

The New York Times, January 3, 2007

BAGHDAD, Jan. 2 — Iraq's Shiite-led government said Tuesday that it had ordered an investigation into the abusive behavior at the execution of Saddam Hussein, who was subjected to a battery of taunts by official Shiite witnesses and guards as he awaited his hanging.

Officials said a three-man Interior Ministry committee would look into the scenes that have caused outrage and public demonstrations among Mr. Hussein's Sunni Arab loyalists in Iraq, and widespread dismay elsewhere, especially in the Middle East. In an unofficial cellphone video recording that was broadcast around the world and posted on countless Web sites, Mr. Hussein is shown standing on the gallows platform with the noose around his neck at dawn on Saturday, facing a barrage of mockery and derision from unseen tormentors below the gallows.

As the shock of those scenes reached a new crescendo in Iraq, American officials said that they had worked until the last hours of Mr. Hussein's life to persuade Prime Minister Nuri Kamal al-Maliki to delay the execution. The officials, who spoke on condition that they not be identified, said they appealed to Mr. Maliki not to execute Mr. Hussein at dawn on Saturday because of the onset of a major Islamic festival, and because of constitutional and legal questions that the Americans believed threw the legitimacy of the execution into doubt.

But when Mr. Maliki decided to go ahead with the hanging, the Americans said they made no further attempts to stop it, having concluded that they could advise the Iraqis against the execution, but not prevent it if the Iraqis persisted, out of respect for Iraqi sovereignty.

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When asked if that decision had been made in the White House, the Americans refused to say, noting only that it came some time before the final exchanges on Friday night. Mr. Hussein was hanged at 6:10 a.m. on Saturday, about seven hours after what the officials said was their final attempt to postpone the hanging.

"We told the prime minister that going forward on the first day of Id would have a negative reaction in the Islamic world, and among the Iraqi people," a senior American official said, recounting a telephone conversation with Mr. Maliki that began at 10:30 p.m. Baghdad time on Friday. The reference was to the Id al-Adha holiday, which began for Sunnis on Saturday, marking the end of the annual pilgrimage to Mecca. "Therefore," the official said, "we said we thought it would be better if they delayed until after Id, and use the delay to resolve the legal issues."

The American official said that Mr. Maliki had never fully explained his urgency in carrying out the death sentence, which was upheld last Tuesday in an appeals court ruling that set off a 30-day countdown for executions to be carried out after a final appeal has been turned down. But the prime minister gave one explanation that appeared to weigh heavily on his mind, the American said, and that was his fear that Mr. Hussein might be the subject of an insurgent attempt to free him if the procedural wrangling over the execution were protracted.

"His concern was security, and that there was a danger that if it continued, maybe there would be a mass kidnapping to bargain for Saddam Hussein's release," the official said. "He was concerned that he might somehow get free."

The American decision to confirm that they had opposed the quick execution came after days of silence from the American Embassy and the United States military command in Baghdad, which appeared to have been shocked, like so many others, by the unofficial video recording that showed the bedlam at the gallows.

With some Iraqi politicians raising fresh demands for Mr. Maliki's dismissal, the Americans, in offering to have a senior official discuss the matter in a telephone interview with The New York Times, appeared eager to protect the Bush administration from a fresh surge of criticism for its handling of events in Iraq.

The official said that among American officials in Iraq who had tried to stop Mr. Maliki from rushing Mr. Hussein to the gallows, the reaction to the scenes of abuse had been one of dismay.

"Well, yes, when I think of the behavior of the people who were there, I'm disappointed and distressed, that's true," the official who spoke in the telephone interview said. He said he had been one of the Americans who intervened with Mr. Maliki on Friday night and earlier last week to try to delay the hanging.

Mr. Maliki seemed equally eager to ward off the opprobrium stirred by the execution. As his aides announced that the events at the hanging would be the subject of an inquiry, one of the officials who attended the hanging, a prosecutor at the trial that condemned Mr. Hussein to death, said that one of two men he had seen holding a cellphone camera aloft to make a video of Mr. Hussein's last moments — up to and past the point where he fell through the trapdoor — was Mowaffak al-Rubaie, Mr. Maliki's national security adviser. Attempts to reach Mr. Rubaie were unsuccessful. The prosecutor, Munkith al-Faroun, said the other man holding a cellphone above his head was also an official, but he could not recall his name.

The government inquiry was ordered as a groundswell of protest grew at Sunni population centers across Iraq. The protests, sporadic in the first 72 hours after the hanging, appeared to be building in intensity as Iraqi and American troops relaxed security cordons that had been thrown around centers of diehard support for Mr. Hussein, including his hometown, Tikrit, 100 miles north of Baghdad, and Awja, the village where he was born, a few miles away. The protesters carried portraits of Mr. Hussein, chanted his name, and fired weapons in the air.

Thousands of mourners flocked to Awja, where Mr. Hussein's body has lain in a reception hall. The body, in a plain wood coffin draped in an Iraqi flag, has become a point of pilgrimage for loyalists. Many of those reaching Awja have wept as they filed past the coffin, shouting slogans of fealty of the kind that were universal in Iraq when Mr. Hussein was the country's dictator.

"Maliki, you coward, you are an American agent," cried one demonstrator in Tikrit, referring to the prime minister. "Iran, out, out!" another man shouted, echoing anger among Sunnis at the rise to power in Baghdad of Shiite religious groups backed by Iran, including Mr. Maliki's Dawa Party.

After Mr. Maliki made it clear to the Americans in Baghdad that his decision was final, the official who discussed the events on Friday night said, American commanders were told to deliver Mr. Hussein to an execution bloc in the Kadhimiya district of northern Baghdad that Mr. Hussein's military intelligence agency used to execute countless opponents of his government. At 4

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a.m., Mr. Hussein was flown by an American military helicopter from an American detention center and handed over to the Iraqis. He was hanged with only Iraqis present, in a group of about 25, including executioners and guards, according to accounts by American and Iraqi officials.

A postponement of the execution until after the holiday would have delayed it at least until Thursday of this week. But the American officials said they had made no stipulation as to how long the delay should be, since their concern, beyond respecting the sanctity of the Id al-Adha holiday, had been that Mr. Maliki should await a formal judicial ruling resolving the legal issues before going ahead with the hanging.

The Americans said Mr. Maliki had agreed, as the Americans had urged, to ask the chief judge of Iraq's Supreme Judicial Council, Midhat al-Mahmoud, to issue a formal written judgment saying that the uncompleted legal procedures that concerned the Americans were not necessary to the lawfulness of the hanging. But Judge Mahmoud refused, the Americans said, and around midnight on Friday the Iraqi leader decided to go ahead with the execution, signing a decree ordering that Mr. Hussein be "hanged by the neck until dead."

The legal issues the Americans said they urged Mr. Maliki to resolve before the hanging centered on a constitutional provision requiring Iraq's three-man presidency council to affirm all executions before they are carried out. That posed a potential obstacle to the hanging because Iraq's president, Jalal Talabani, is opposed to the death penalty. One of the other members of the council, Tariq al-Hashemi, is a Sunni from a moderate party that has disavowed Mr. Hussein, but has been careful not to endorse his trial and execution.

Mr. Maliki, in pushing ahead with the hanging, relied on a provision in the statute that established the Iraqi High Tribunal, which convicted Mr. Hussein, which said that the tribunal's verdicts, once upheld by its own appeal bench, were final and not subject to presidential review. It was that conflict the Americans said they wanted resolved by a written ruling from Judge Mahmoud. "Mr. Maliki said that Judge Mahmoud had given that opinion orally, but we said it would be better for everybody if he said it in writing," the American official who discussed the standoff said.

Sami al-Askari, a political adviser to Mr. Maliki who attended the hanging, said in a telephone interview that the committee would question everyone present at the execution. He said those who used their cellphones to record the event would be one focus of the inquiry. He said his own observation was that the worst sectarian taunts had come from a guard he described as a poorly educated Shiite man with a thick Arabic accent. "It was horrible, it was terrible, it was a mistake," he said. "We were supposed to sit there quietly, just looking at what's going on."

The first images of the execution that were released were in the form of an official video recording without sound. The unofficial cellphone images showed Mr. Hussein, with the noose around his neck, facing shouts of "Go to hell!" and taunts of "Moktada! Moktada! Moktada!" in reference to an unruly Shiite cleric, Moktada al-Sadr, who has become a populist hero among Shiites.

Speaking of those protesting the abuse of Mr. Hussein, Mr. Faroun, the prosecutor, asked, "Where were these critics when Saddam's people were executing whole prisons full of innocent people?" He said he had been deeply offended by the taunting of Mr. Hussein, and had tried to stop it. "You heard my voice on the cellphone recording," he said. "I was the one shouting, 'Please, no. The man is about to be executed.' "

Iraq To Probe Disorder At Hussein's Execution (WP)

By Sudarsan Raghavan And Nancy Trejos

The Washington Post, January 3, 2007

BAGHDAD, Jan. 2 -- As thousands of Saddam Hussein's supporters protested in Sunni Arab enclaves across Iraq, the Shiite-led government said it had launched an investigation into the chaotic scene at his execution, captured on video, which has deepened the nation's sectarian rift and sparked condemnation around the world.

Iraqi officials said a committee from the Interior Ministry would likely question everyone, including senior Iraqi officials, who was present at the hanging, where witnesses mocked and jeered the ousted president as he stood at the gallows. Hours later, grainy video of the event, taken with a cellphone camera, was broadcast around the world, bringing more pressure on Iraqi Prime Minister Nouri al-Maliki to take action.

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The video triggered outrage, in Iraq and abroad, at Hussein's undignified and disorderly end. Iraq's Sunnis declared the execution an act of Shiite revenge. The Vatican, in its official newspaper, called the images from the hanging "a spectacle" that violated human rights and could harm Iraq's process of reconciliation. The Italian government, which like all members of the European Union opposes the death penalty, said after the appearance of the video that it would push at the United Nations for a worldwide moratorium on capital punishment.

U.S. officials have declined to comment publicly, but have privately expressed concern at the hastiness of the execution, which came just four days after an appeals court upheld Hussein's death sentence.

The video was the latest example of how amateurs using modern technology are exposing abuses and holding the powerful to account. The investigation, officials said, would focus not only on who hurled the taunts but also on how the video was leaked, damaging the government's credibility. Maliki's political adviser, Sadiq al-Rikabi, said the prime minister was "disappointed about that film."

"He took the subject very seriously," Rikabi said. "The prime minister tried his best to implement the execution very respectfully."

In the video, one person yells, "Go to hell," at Hussein while another voice is heard chanting, "Moqtada, Moqtada, Moqtada," referring to Moqtada al-Sadr, the radical Shiite cleric whose father and two brothers were assassinated by Hussein's regime. The taunts provoked Hussein to hurl insults. Later, images of Hussein's swinging body were plastered on dozens of Web sites. On the video-sharing site Youtube.com, a search using the terms "Saddam Hussein hanging" generated 1,559 results as of Tuesday night.

The probe could implicate senior Iraqi officials. Munqith al-Faroun, the deputy prosecutor in Hussein's trial, said in a telephone interview Tuesday that he saw two official observers using their cellphones to record Hussein's last moments. The two men, he said, were "recording through their mobiles openly." He said he did not recognize them, but could do so if he saw them again.

Maliki aides said they did not think any officials were behind the video.

"I think [it was] one of the guards, but let us leave everything to the inquiry," Rikabi said.

"I am confident that they were not the guards, for I checked the guards. I kept them under my eye," Faroun said. "They were not people who came off the street." Iraqi officials had been flown in by two U.S. helicopters from the Green Zone an hour before the execution.

Faroun, who could be heard in the video appealing for calm, said he had considered walking out during the disorderly moments, which would have halted the execution because his presence was required by law. But soon the room quieted.

"If there were other violations, I would have stepped out," he said. "I did not make a threat. But it was in my mind. If I noticed another violation, I would have stopped the execution and taken other measures," he added, without being specific.

Faroun said he did not know how the video cellphones were taken into the execution room at the former military intelligence headquarters, where Hussein's government had tortured and killed his opponents. Everyone at the hanging, Faroun said, was searched and had their phones taken. "Even my cellphone, which had no camera, was taken," he said.

[A] news agency, meanwhile, reported that U.S. Ambassador Zalmay Khalilzad had urged Maliki to postpone the execution for two weeks until after the Islamic holiday of Eid al-Adha, but that he relented after Maliki produced documents legally authorizing the execution. U.S. officials declined to comment on the report.

Meanwhile, in Hussein's home town of Tikrit, peaceful protests continued for the third straight day. On Tuesday morning, several thousand demonstrators marched to the nearby village of Auja, where Hussein is buried. Firing guns into the air, they chanted, "Revenge, revenge," and, "We shall always remain Baathists," referring to Hussein's outlawed Baath Party. The protesters carried portraits of the former leader depicting him as the hero of the Arab Nation.

Thousands more Sunnis protested in the northern city of Mosul, while in Baghdad, similar but smaller demonstrations have taken place in several mainly Sunni neighborhoods.

"This action really put a great difficulty in front of us," said Alaa Maki, an influential Sunni politician, referring to the execution and video. "So many people now are having strong reactions against the Shiites, and they're doing shouts here and there and saying Saddam is a hero. This will not benefit the building of the political process."

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He added that Maliki needed to take decisive action against Sadr and his Mahdi Army militia. "Now he's in a very critical state," Maki said of the prime minister. "My advice to him is he has to sign -- as he signed the execution of Saddam -- he has to sign the pulling out of weapons of the Mahdi Army and the militias. Otherwise, he's a prime minister for Shiites. Not only for Shiites but for al-Sadr and the people of all the militias."

Rikabi scoffed at the criticism from Sunnis that the execution showed Maliki's inability to control militias. "This is not related to the militias," he said. "You can't judge the ability of the prime minister by this."

"To be honest with you, many people try to defend Saddam," he said. "They can't say, 'Oh, Saddam was a very good president. Why did you kill him?' So they try to find some small mistakes here or there."

On Tuesday, the U.S. military reported that an American soldier was killed and three others were wounded when a roadside bomb exploded near their patrol southwest of Baghdad on Monday. The soldiers were in a village talking to residents about sectarian violence in the area. An interpreter was among the three injured.

Iraq PM Orders Probe Of Saddam Execution (AP)

By Christopher Torchia

AP, January 3, 2007

Iraq's prime minister ordered an investigation Tuesday into Saddam Hussein's execution to try to uncover who taunted the former dictator in the last minutes of his life, and who leaked inflammatory footage taken by camera phone of the hanging.

The unofficial video, on which at least one person is heard shouting "To hell!" at the deposed president and Saddam is heard exchanging insults with his executioners, dealt a blow to Iraq's efforts to prove it was a neutral enforcer of the law. Instead, the emotional, politicized spectacle raised tensions between the Shiite majority and Sunni Arabs who ran the country until their benefactor, Saddam, was ousted in the U.S.-led invasion of 2003.

A prosecutor who saw the hanging said some of the taunting came from guards outside the execution chamber, not the masked ones who put the noose around Saddam's neck.

The Iraqi government did not say what, if any, punishment would await anyone uncovered in its probe of guards and 14 selected witnesses who attended the execution at a Baghdad prison before dawn Saturday. Some were high-ranking officials or people affiliated with radical Shiite cleric Muqtada al-Sadr, a political ally of Prime Minister Nouri al-Maliki, who had wanted to speed up the timing of the execution after an appeals court upheld the death sentence.

The grainy video appeared on the Internet late Saturday. Al-Jazeera television also showed the footage at that time, saying it was exclusive.

The footage contained audio of people taunting Saddam with chants of "Muqtada," a reference to al-Sadr. Also on the video, Saddam accuses his tormentors of being unmanly in scenes that stop just short of pandemonium.

The video was inflammatory not only because the chanting was clearly audible, but also for showing the ghastly spectacle of Saddam plummeting through the gallows trapdoor and dangling in death, his vacant eyes open and his snapped neck almost at a right angle to the line of his shoulders.

In contrast, the official video showed masked executioners placing a heavy noose around Saddam's neck, without a soundtrack. Another official video shows Saddam wrapped in a burial shroud after his death, though his head and neck are exposed as proof of his identity.

Munqith al-Faroon, an Iraqi prosecutor who helped convict and sentence Saddam to death for the killings of 148 people in the town of Dujail in 1982, said he was a witness to the hanging. He said two top officials had their mobile phones with them — even though the government-approved witnesses had been searched before boarding U.S. helicopter that carried them from the Green Zone to the site of the execution, their cell phones placed in a box for safekeeping.

Al-Faroon did not name the officials who had their phones and said he did not know whether the Iraqi government had approved the mobile phone video.

"It might be for money. Maybe he decided from the start to film it and to sell it to the satellite TV channels," al-Faroon said in an interview with TV2, a Danish television network. "I do not think that an investigation is necessary if they only filmed it for money. The execution was not a secret. The filming was not against the law."

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Still, the prime minister "ordered the formation of an investigative committee in the Interior Ministry to identify who chanted slogans inside the execution chamber and who filmed the execution and sent it to the media," said Sami al-Askari, a political adviser to the Iraqi leader.

Al-Faroon said he vigorously protested when people began to shout just before Saddam was executed, and that shouts of "Muqtada" came from guards outside the execution chamber.

"I am certain that the chanting at the moment of the execution was not organized, and that those chanting were not being ordered to do so," al-Faroon told TV2. "The guards made a decision to do so by themselves. This is the truth. I shouted at them and ordered them to keep silent. My voice is very clear in the recording."

In the leaked video, one voice called: "Allah, bless those who pray for Muhammad and his descendants. Allah, pray for Muhammad and his descendants and may they bring us their help soon and curse their enemies and back their son Muqtada, Muqtada, Muqtada."

At that point Saddam asked, "Is this manly?"

A voice responded, "To hell."

Another voice called out, "Long live Mohammed Baqir al-Sadr" — a reference to the Dawa Party founder and Shiite cleric who was executed along with his sister by Saddam in 1980.

Then, a voice purportedly belonging to al-Faroon said: "Please no, this man is being executed, please no, I beg you no."

After Saddam was dropped through the trapdoor, a voice is heard shouting, "Don't rush, come back!" That suggests people were moving toward the body. However, the leader of Saddam's clan has said the body showed no signs of mistreatment after it was returned to Saddam's hometown Sunday.

It was unclear how many guards attended the execution. On the official video, seven people were on the gallows platform with Saddam. They included five guards in masks, a man without a mask whose face was blurred over, and a photographer.

Sadiq al-Rikabi, an adviser to the prime minister, told the U.S.-financed Al-Hurra television that he does not know who leaked the video and that such an act "is wrong and should be investigated, and I agree that cellular telephones were taken from witnesses before they boarded the helicopter" that headed to the execution site.

"I am full of hope that the results of the investigation will be announced, and the person who did this act should pay a price," al-Rikabi said. Still, the results of some Iraqi government probes in the past have not been released.

The Vatican's official newspaper on Tuesday decried media images of the hanging as a "spectacle" violating human rights and harming efforts to promote reconciliation in Iraq.

Within the country, Saddam's execution and the way it was conducted have provoked anger among Sunni Muslims, who have taken to the streets in mainly peaceful demonstrations across the country.

On Monday, a crowd of Sunni mourners in Samarra marched to a bomb-damaged Shiite shrine and were allowed by guards and police to enter the holy place carrying a mock coffin and photos of the former dictator.

The protest took place at the Golden Dome, a Shiite shrine bombed by Sunni extremists 10 months ago. That attack triggered the current cycle of retaliatory attacks between Sunnis and Shiites.

On Tuesday, police in Baghdad said they had found 45 bodies scattered around the city. Many had been blindfolded, handcuffed and shot, apparent victims of sectarian violence.

Iraqi Government To Investigate Saddam Execution (USAT)

USA Today, January 3, 2007

BAGHDAD — The Iraqi government moved Tuesday to deal with allegations that the execution of Saddam Hussein turned into an unruly scene where the former dictator was cursed in his final moments of life.

The government plans an investigation to try to uncover who taunted Saddam and who leaked inflammatory footage of the hanging taken by a camera phone, said Sami al-Askari, a political adviser to Prime Minister Nouri al-Maliki.

Sadiq al-Rikabi, another adviser to the prime minister, told Al-Hurra television that he does not know who leaked the video and that such an act "is wrong and should be investigated."

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The unofficial video, on which at least one person is heard shouting "To hell!" at the deposed president and Saddam is heard exchanging insults with his executioners, dealt a blow to Iraq's efforts to prove it was a neutral enforcer of the law.

The Iraqi government did not say what, if any, punishment would await anyone uncovered in its investigation of guards and 14 selected witnesses who attended the execution at a Baghdad prison before dawn Saturday. Some were high-ranking officials or people affiliated with radical Shiite cleric Muqtada al-Sadr, a political ally of al-Maliki.

The grainy video appeared on the Internet late Saturday. Al-Jazeera television also showed the footage at that time. It contains audio of people taunting Saddam with chants of "Muqtada," a reference to al-Sadr. Saddam accuses his tormentors of being unmanly.

In contrast, the official video shows masked executioners placing a heavy noose around Saddam's neck without a soundtrack.

Munqith al-Faroon, an Iraqi prosecutor who helped convict and sentence Saddam to death for the killings of 148 people in the town of Dujail in 1982, said he witnessed the hanging. He said two top officials had their phones with them — even though the government-approved witnesses had been searched before boarding a U.S. helicopter that carried them from Baghdad's Green Zone to the execution site. Their cellphones were placed in a box for safekeeping.

Al-Faroon did not name the officials who had their phones and said he did not know whether the Iraqi government had approved the mobile phone video.

"It might be for money. Maybe he decided from the start to film it and to sell it to the satellite TV channels," al-Faroon said in an interview with TV2, a Danish television network.

Al-Faroon said he vigorously protested when people began to shout just before Saddam was executed. The shouts of "Muqtada" came from guards outside the execution chamber, he said.

In the leaked video, one voice calls, "Allah, bless those who pray for Mohammed and his descendants. Allah, pray for Mohammed and his descendants, and may they bring us their help soon and curse their enemies and back their son Muqtada, Muqtada, Muqtada."

At that point, Saddam asks, "Is this manly?"

A voice responds, "To hell."

Saddam's execution has prompted mainly peaceful demonstrations by Sunni Muslims in Iraq.

In other Iraq news:

•The U.S. military announced the death of an American soldier by a roadside bomb southwest of Baghdad. The blast wounded three others Monday, including an interpreter, as they talked with residents about sectarian violence.

•U.S. troops killed a suspected al-Qaeda weapons dealer and two other people in Baghdad raids Tuesday.

•In Fallujah, a U.S. Marine fatally wounded an Iraqi soldier in an altercation at the guard post they shared. The confrontation took place Saturday between members of U.S. and Iraqi units assigned to combined security posts at the Fallujah Government Center. The Marine — assigned to the 1st Battalion, 24th Marine Regiment, Regimental Combat Team 5 — has been assigned to administrative duties while the military investigates.

Blair's Deputy Calls Taunting Of Hussein At Execution 'Deplorable' (NYT)

By Sarah Lyall

The New York Times, January 3, 2007

LONDON, Jan. 2 — Britain's deputy prime minister said Tuesday that the taunting and baiting that accompanied Saddam Hussein's execution was unacceptable and that the people responsible should be condemned for taking part.

"I think the manner was quite deplorable, really," said the deputy prime minister, John Prescott. "I don't think one can endorse in any way that, whatever your views about capital punishment."

Responding to the murky scenes that emerged after the execution showing witnesses and guards chanting and telling Saddam to "go to hell" as his executioners prepared to hang him, Mr. Prescott added: "Frankly, to get that kind of recorded messages coming out is totally unacceptable, and I think whoever is involved and responsible for it should be ashamed of themselves."

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But in a terse exchange with an interviewer on BBC radio, Mr. Prescott refused to be drawn into criticizing the Iraqi government, which had custody of Mr. Hussein and which arranged his execution. “If they are responsible, I pass my comment and that’s where I stand,” he said.

Images of Mr. Hussein with a noose around his neck have been plastered across newspapers and shown on television all weekend here. In a country implacably opposed to the death penalty, the sight has been shocking, as was the speed with which it was carried out.

Prime Minister Tony Blair, on vacation in Florida, has not spoken publicly about Mr. Hussein’s death, an omission that has been seized on by antiwar members of his Labor Party as another misstep in a long succession of them on Iraq. But the foreign secretary, Margaret Beckett, released a statement last week saying that while she welcomed the fact that Saddam had been tried and “held to account,” the British government had made it clear that it opposed the death penalty.

“We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation,” she said. Asked if the government had also complained to the Iraqis about how the execution was carried out, Mr. Prescott repeated what Ms. Beckett had said.

Saddam Execution Video Draws Criticism (AP)

By Anita Chang

AP, January 3, 2007

Grainy cell phone video of Saddam Hussein's execution triggered international criticism Tuesday, with Britain's deputy prime minister calling the leaked images "unacceptable" and the Vatican decrying the footage as a "spectacle" violating human rights.

Meanwhile, the Italian government pushed for a U.N. moratorium on the death penalty, Cuba called the execution "an illegal act," and Sunnis in Iraq took to the streets in mainly peaceful demonstrations across the country.

The unofficial video showed a scene that stopped just short of pandemonium, during which one person is heard shouting "To hell!" at the deposed president and Saddam is heard exchanging insults with his executioners. The inflammatory footage also showed Saddam plummeting through the gallows trapdoor and dangling in death.

The grainy video appeared on the Internet and Al-Jazeera television late Saturday. On Tuesday, Iraqi Prime Minister Nouri al-Maliki ordered an investigation into the execution to try to uncover who taunted the former dictator, and who leaked the cell phone footage.

At the United Nations, Secretary-General Ban Ki-moon ran into trouble on his first day of work when he failed to state the U.N.'s official stance opposing capital punishment and said it should be a decision of individual countries.

"Saddam Hussein was responsible for committing heinous crimes and unspeakable atrocities against Iraqi people and we should never forget victims of his crime," Ban said in response to a reporter's question about Saddam's execution Saturday for crimes against humanity. "The issue of capital punishment is for each and every member state to decide."

His ambiguous answer put a question mark over the U.N.'s stance on the death penalty, although Ban's spokeswoman said there was no change in policy.

British Deputy Prime Minister John Prescott said those who leaked the footage should be condemned.

"I think the manner was quite deplorable really. I don't think one can endorse in any way that, whatever your views about capital punishment," Prescott said in an interview with British Broadcasting Corp. radio.

"Frankly, to get the kind of recorded messages coming out is totally unacceptable and I think whoever is involved and responsible for it should be ashamed of themselves."

The Holy See's daily, L'Osservatore Romano, lamented that "making a spectacle" of the execution had turned capital punishment into "an expression of political hubris."

The execution "represented, for the ways in which it happened and for the media attention it received, another example of the violation of the most basic rights of man," L'Osservatore wrote.

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The office of Italian Premier Romano Prodi said Italy would seek the support of other countries that oppose capital punishment to put the issue of a moratorium to the U.N. General Assembly. Italy and all other European Union countries ban capital punishment.

Italy, which is one of the rotating members of the U.N. Security Council, has lobbied unsuccessfully for U.N. action against the death penalty.

On Monday, a crowd of Sunni mourners in Samarra marched to a bomb-damaged Shiite shrine, the Golden Dome, and were allowed by guards and police to enter the holy place carrying a mock coffin and photos of the former dictator.

The shrine was bombed by Sunni extremists 10 months ago, an attack that triggered the current cycle of retaliatory attacks between Sunnis and Shiites.

Communist Cuba, which allows capital punishment, called Saddam's execution "an illegal act in a country that has been driven toward an internal conflict in which millions of citizens have been exiled or lost their lives."

The Foreign Ministry statement Monday said the island nation "has a moral duty to express its point of view about the assassination committed by the occupying power."

The U.S. military had held Saddam since capturing him in December 2003 but turned him over to the Iraqi government for his execution.

New U.N. Secretary Begins By Addressing Capital Punishment (LAT)

By Maggie Farley

The Los Angeles Times, January 3, 2007

UNITED NATIONS — On his first official day on the job, Secretary-General Ban Ki-moon stepped back from the United Nations' long-standing opposition to the death penalty, saying capital punishment is an issue for each country to decide.

Ban's statement contrasted sharply with his predecessors' public rejection of the death penalty, and with the condemnation by the United Nations' special envoy to Iraq of Saddam Hussein's execution last weekend.

Responding to a question about the execution, Ban said the former Iraqi leader "was responsible for committing heinous crimes and unspeakable atrocities against the Iraqi people. We should never forget the victims of his crimes."

But, he added, "The issue of capital punishment is for each and every member state to decide."

"At the same time," he said, "I would hope that the international member states would pay due regard to all aspects of international humanitarian laws"

It was Ban's first official statement as secretary-general. His aides spent the rest of the day trying to further explain his comments.

Michele Montas, his new spokeswoman, insisted that there was no change in U.N. policy, and that what Ban had said "was his own nuance" on the death penalty. South Korea has capital punishment, as do the United States, China and Russia, three permanent members of the Security Council.

"The U.N. policy still remains that the organization is not for capital punishment," she said.

Human-rights groups said that the death penalty was not a clear-cut issue under international law but that an optional protocol to the legally binding International Covenant on Civil and Political Rights said that the abolition of the death penalty would contribute to human dignity and rights.

"We feel strongly that he missed an opportunity to make an unequivocal statement about the death penalty, which we believe is a human-rights abuse, and we look forward to stronger positions in the future," said Peggy Hicks, global advocacy director for Human Rights Watch.

At his informal news conference in front of the Security Council chamber, Ban also said that the crisis in Sudan's Darfur region was "very high on my agenda" and that his first trip would be to an African Union summit at the end of the month in Addis Ababa, Ethiopia, where he planned to talk to Sudanese President Omar Al-Bashir.

North Korea's nuclear ambition is another top priority, Ban said. He told reporters he would do whatever he could to help along six-party talks. As the former foreign minister of South Korea, he was directly involved in the talks and has pledged to be personally engaged in the issue.

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He said that he was starting his duties at a daunting time but that the world's crises needed to be addressed as a common effort. "Not a single person, including the secretary-general of the United Nations, not a single country, however strong," can deal with the challenges alone, he said.

Ban has begun to name his new Cabinet, a process that tries to balance merit with geographical representation. His first appointment was his chief of staff, Vijay Nambiar, a former undersecretary general and ambassador from India to the United Nations. His new spokeswoman, Montas, is a broadcaster from Haiti who joined the United Nations after her journalist husband was murdered in 2002.

New U.N. Chief Invites Controversy By Declining To Oppose Hussein Execution (NYT)

By Julia Preston

The New York Times, January 3, 2007

UNITED NATIONS, Jan. 2 — On his first day of work as secretary general, Ban Ki-moon, the mild-spoken South Korean diplomat who had suggested he would bring new caution to the post, invited controversy by declining to criticize the death penalty applied to Saddam Hussein.

Mr. Ban commented on the execution of Mr. Hussein just after entering United Nations headquarters on Tuesday morning to start his job.

“Saddam Hussein was responsible for committing heinous crimes and unspeakable atrocities against the Iraqi people,” Mr. Ban said in response to questions from a crush of reporters outside the Security Council’s chambers. “We should never forget the victims of his crimes, “ he said.

“The issue of capital punishment is for each and every member state to decide,” he added.

“While I am firmly against impunity, I also hope the members of the international community should pay due regard to all aspects of international humanitarian laws.”

Mr. Ban’s remarks appeared to contradict bedrock United Nations policy opposing the death penalty on human rights grounds.

He seemed to have tripped in his effort to tread lightly on the political views of the many United Nations members.

The remarks also seemed to show that Mr. Ban, who was South Korea’s foreign minister when he was chosen in October as secretary general, had not completed the transition from representing his country to leading the United Nations.

Michèle Montas, Mr. Ban’s spokeswoman, said the death penalty was legal in South Korea.

On Dec. 30, hours after Mr. Hussein was hanged, the United Nations special representative for Iraq, Ashraf Qazi, said in Baghdad that although the United Nations “understands the desire for justice felt by many Iraqis,” it could not support the execution.

“Based on the principle of respect for the right to life,” Mr. Qazi said, “the United Nations remains opposed to capital punishment, even in the case of war crimes, crimes against humanity and genocide.”

Ms. Montas, whose first day on the job also was Tuesday, said Mr. Ban had not intended to change United Nations policy, but had added his own “nuance.” Mr. Hussein was hanged in a hasty execution at dawn on Dec. 30, in a chamber where many Iraqis had been killed under his brutal rule.

In public comments before his first meeting with United Nations staff, Mr. Ban said, “We have to show the international community that we are ready and eager to change.” He said the organization had faced “harsh and sometimes unfair criticism,” and acknowledged that “staff morale has plummeted.” But he said United Nations workers must be ready to “multitask” and to move frequently from armchair jobs at headquarters in New York into the field.

“My watchword will be meritocracy,” he said, in words that should be well received by the Bush administration, which backed Mr. Ban to succeed Kofi Annan, who served two five-year terms, in part because of Mr. Ban’s pledges to streamline the United Nations bureaucracy.

In veiled words, Mr. Ban seemed to hint that he would not overreach his power, but that he expected cooperation from the United States. Speaking of the many crises facing the organization, he said, “Not a single person, including the secretary general of the United Nations; not a single country, however strong, powerful, resourceful, maybe, can address this.”

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New U.N. Chief Defends Death Penalty For Hussein (WP)

By Colum Lynch

The Washington Post, January 3, 2007

UNITED NATIONS, Jan. 2 -- U.N. Secretary General Ban Ki Moon said Tuesday that Iraq and other countries have the right to impose the death penalty, adding that the world should never forget Saddam Hussein's "heinous crimes."

Ban's first public reaction to Hussein's execution signaled a sharp break from his predecessor, Kofi Annan, an ardent death-penalty critic who opposed U.N. participation in the Iraqi war crimes tribunal that sentenced Hussein to die. Human rights advocates expressed concern that Ban's comments lend credibility to what they see as a flawed trial of the former Iraqi leader, and complained that he could set back efforts to abolish the death penalty.

The remarks suggest that the former South Korean foreign minister, who began a five-year term on Monday, would defer to the United Nations' 192 member states on some of the day's most controversial and unsettled issues. Nearly 70 countries, including the United States and South Korea, retain the death penalty.

"Saddam Hussein was responsible for committing heinous crimes and unspeakable atrocities against the Iraqi people," Ban said in his first news conference as secretary general. "The issue of capital punishment is for each and every member state to decide."

Ban said that while he is "firmly against impunity" for the world's despots, he would also urge states to "pay due regard" to international humanitarian law in meting out justice to a deposed leader. "The Iraqi people and government have taken steps to address their past, and I hope that the international community should also understand the stakes and try to build the rule of law nationally and internationally," he said.

Ban's remarks come just one day after the top U.N. representative in Iraq, Ashraf Qazi, said that the world body "remains opposed to capital punishment, even in the case of war crimes, crimes against humanity and genocide." But Ban and his spokeswoman, Michele Montas, repeatedly declined to say Tuesday whether the U.N. chief agrees with that view.

"The U.N. policy still remains that the organization is not for capital punishment," Montas said. Ban thinks "there are some countries that do recognize the death penalty. He would like to just leave it open to the countries." She characterized Ban's comments as "a nuance on the situation, stating that we should think first of the victims and the need for justice."

The death penalty debate unfolded as Ban began his first day as secretary general by paying homage to U.N. officials who lost their lives in the service of the world body, and by dining with employees in the U.N. cafeteria.

"My watchword will be meritocracy, with due regard for gender balance and geographical representation," he said in his first meeting with U.N. staff.

Behind the scenes, the United States, Britain, France and other U.N. governments pressed Ban to appoint their nationals to key senior posts in the organization.

Ban will announce on Wednesday the appointment of Britain's former ambassador to France, Sir John Holmes, to head the U.N. Office for the Coordination of Humanitarian Affairs, an emergency relief organization, according to two Security Council diplomats.

Alicia Barcena Ibarra, a former Mexican official who served as Annan's chief of staff, will be named undersecretary for management and administration, a position that has been traditionally held by an American national, according to senior U.N. officials and diplomats.

A U.S. candidate is being considered for other senior posts, possibly as the head of the U.N. Department of Political Affairs or as a senior official in the U.N. peacekeeping department, U.S. and French diplomats said. The French, who currently hold the top peacekeeping job, are also expected to hold a senior position in the peacekeeping department.

Ban also plans to appoint a woman from the developing world to serve as his deputy. Montas is from Haiti, and his new chief of staff, Vijay Nambiar, is a former Indian deputy national security adviser who served as special adviser to Annan.

Ban Cool On Envoy's Words (WT)

By Betsy Pisik And Sharon Behn

The Washington Times, January 3, 2007

DOJ_NMG_0110440

New United Nations Secretary-General Ban Ki-moon yesterday backed away from comments by the world body's top representative in Iraq criticizing the execution of former dictator Saddam Hussein.

Meeting reporters in New York on his first full day on the job, Mr. Ban said Saddam was guilty of "heinous crimes and unspeakable atrocities against the Iraqi people, and we should never forget the victims of these crimes."

"The issue of capital punishment is for each and every member state to decide," said the South Korean diplomat. " While I am firmly against impunity, I also hope that the members of the international community should pay due regard to all aspects of international humanitarian law."

On Saturday, the day Saddam was hanged in a north Baghdad prison, Ashraf Qazi, the U.N. point man in Baghdad, issued a statement saying the United Nations flatly opposed the death penalty, regardless of the crimes for which it is imposed.

The United Nations "understands the desire for justice felt by the many Iraqis," said Mr. Qazi, a Pakistani diplomat.

"Based on the principle of respect for the right to life, however, the United Nations remains opposed to capital punishment, even in the cases of war crimes, crimes against humanity and genocide."

Aftershocks from the execution of Saddam, 69, continued to roil the Iraqi political scene after images from a leaked cell-phone video recording showed some of the witnesses taunting the former dictator in the moments before he was hanged.

Many fear the raucous scene at the dingy prison room execution on the first day of a major Sunni Muslim holiday will only inflame sectarian violence in the country.

"This man destroyed 35 years of my life, for many years I dreamed about his death. But when I saw it, I was angry," said a Shi'ite Muslim doctor who watched the televised execution.

"When you take a man's life, it should be with respect," he said, speaking on the condition of anonymity out of fear for his safety.

A Sunni former military officer jailed twice by Saddam's regime said Saddam, unlike his executioners, behaved like a "real man" in his final minutes.

"Killing him with this funny trial and in this way, and on this date, made Saddam an Islamic and Arab hero," said the officer, who also declined to speak on the record.

Sami al-Askari, a close political adviser to Prime Minister Nouri al-Maliki, told the Associated Press that the prime minister had ordered an investigation to identify who chanted slogans and leaked the video of the execution to the press. Iraqi President Jalal Talabani, an ethnic Kurd who has long opposed the death penalty, said in a statement he had not been aware the date for the execution had even been scheduled.

But Mr. al-Askari defended the decision to execute Saddam.

"This is an artificial uproar," he told Iraqi state television. " cannot say this court has been unjust, and so they take this mistake and forget that Saddam deserved to be executed."

Few foreign governments or war-crimes analysts supported the court case against Saddam and several aides, in large part because of the possibility of capital punishment.

The United Nations and the body's human rights agency have traditionally opposed capital punishment. But the world body also has long deferred to national laws on internal matters such as the death penalty, abortion and other difficult issues.

Michele Montas, Mr. Ban's spokeswoman, said Mr. Qazi was "tacitly referring" to the human rights agency's stand in questioning the decision to put Saddam to death. She denied that either Mr. Qazi or Mr. Ban was trying to alter long-standing U.N. policies on the death penalty.

Mr. al-Maliki, a Shi'ite who pushed strongly for Saddam's prompt execution last week, said in an interview published in the Wall Street Journal that he was ready to hand over the job of prime minister.

"I wish I could be done with it even before the end of this term," said Mr. al-Maliki, whose seven months in office have seen escalating violence and brutal sectarian reprisal killings.

Betsy Pisik reported from New York.

A Hanging And A Funeral (NYT)

By Thomas L. Friedman

DOJ_NMG_0110441

The New York Times, January 3, 2007

Last Saturday was a strange day. It started with the hanging of Saddam Hussein. The more I read about the hasty, quasi-legal maneuvers used by Iraq's Shiite leaders to rush Saddam to the gallows on a Muslim holiday, Id al-Adha, and the more I watched the grainy cellphone video of the event, in which a guard is heard taunting Saddam with chants of "Moktada! Moktada!" — the Shiite cleric whose death squads have killed hundreds of Sunnis — and the more I read of the insults Saddam spat back, the more it resembled a tribal revenge ritual rather than the culmination of a constitutional process in which America should be proud to have participated.

Bassam al-Husseini, an aide to Iraq's Shiite prime minister, was quoted by the BBC as saying Saddam's execution was "an Id gift to the Iraqi people." Many Sunnis would not share that view. For his part, Saddam, a Sunni, used his last breaths to spew vitriol against "the traitors, the Americans, the spies and the Persians." For Persians, read Shiites.

No wonder the BBC's world affairs editor, John Simpson, reported from Baghdad: "Altogether, the execution as we now see it is shown to be an ugly, degrading business, which is more reminiscent of a public hanging in the 18th century than a considered act of 21st-century official justice. Under Saddam Hussein, prisoners were regularly taunted and mistreated in their last hours. The most disturbing thing about the new video of Saddam's execution for crimes precisely like this is that it is all much too reminiscent of what used to happen here."

But as I said, Saturday was a strange day. After watching Saddam's hanging in the morning, I was sitting at my computer late in the afternoon and suddenly heard the strains of "My country 'tis of thee, sweet land of liberty" being played on the TV in the next room. When I checked what was going on, I saw President Ford's coffin being unloaded from Air Force One.

I have to admit I got a lump in my throat watching that scene and listening to that stirring melody. Saddam's execution was a snapshot of a country divided. Gerald Ford's funeral was a snapshot of a country united — political supporters and opponents alike paying tribute to a president, who was surrounded by an honor guard representing every color of the American rainbow and whose place in history was secured by an act of pardon and national healing.

How fortunate to live in a country where this is the political norm, built up over generations.

"Because of our basic unity, we can afford to be divided on specific issues," said Michael Mandelbaum, author of "The Case for Goliath." "Democracy is about differences and contesting them in the public sphere, and it only works when there is basic agreement about the fundamentals. We should feel fortunate that we have a democratic history and set of beliefs. Those beliefs can be imported by those who want them and don't have them, but they can't be exported. We can only create a context where others would want to import them."

The raw tribal theatrics of Saddam's hanging highlight just how few of these values Iraq has imported. We are to blame for not creating the security needed for those values to take hold. But not enough of our Iraqi allies have risen to the occasion, either. It was our closest Iraqi partners who oversaw Saddam's tribal hanging. We have to look that in the eye.

Saddam deserved to die 100 deaths. But imagine if Iraq's Shiite leaders had surprised everyone, declared that there had been enough killing in Iraq and commuted Saddam's sentence to life in prison — sparing his life in hopes of uniting the country rather than executing him and dividing it further. I don't know if it would have helped, but I do know Iraqis have rarely surprised us with gestures of reconciliation — only with new ways to kill each other.

Now President Bush wants a "surge" of more U.S. troops to Baghdad, in one last attempt to bring order. Whenever I hear this surge idea, I think of a couple who recently got married but the marriage was never very solid. Then one day they say to each other, "Hey, let's have a baby, that will bring us together." It never works.

If the underlying union is not there, adding a baby won't help. And if the underlying willingness to share power and resources is not present among the major communities in Iraq, adding more U.S. troops won't help either. Adding more troops makes sense only if it's to buy more time for positive trends that have already begun to appear on the horizon. I don't see them.

As Saddam's hanging underscored, Iraqis are doing things their way. So maybe it's time to get out of their way.

'He Was His Own Accuser' (WSJ)

By Marty Peretz

The Wall Street Journal, January 3, 2007

DOJ_NMG_0110442

This is not the case of Oliver David Cruz, who was executed on Aug. 9, 2000. Cruz, whose I.Q. ranged from 63 to 83, had raped and murdered a 24-year-old woman stationed at Kelly Air Force Base in San Antonio, Texas. If Cruz had lived until 2002, when the Supreme Court ruled the death sentence could not be imposed on mentally retarded people, he would have spent his life in prison. He was what we used to call, unsentimentally but truthfully, "an idiot." To me it was axiomatic that killing him was unjust. I do not ever really feel that the state is righteous when it snuffs out even a hardened criminal's breath. * * *

Saddam Hussein's execution was another matter entirely. Those who do not see that are blind to the implicit social compact of any polity, and to its always precarious situation. What this tyrant did in murdering hundreds of thousands and terrorizing millions more, within Iraq and outside it, was to normalize brutality, establish falsity and hysteria as the common language, and routinely invade the boundaries of private life. Saddam's crimes unraveled whatever authenticity and spontaneity was possible in the artificial confines of a post-Versailles state.

He also brought dread to this state's neighbors. Men and women trembled at his name. And for what purpose did Saddam put the people of Iraq and the region through these horrors? For the nihilistic purpose of sustaining his rule and that of his clan. And yet, as no one has reminded us in recent times, he also murdered kith and kin.

Seen from this perspective, the attacks on Saddam's death sentence, self-righteous and oh, so elementally moral, are petty and falsely framed. I am afraid it is the Vatican that has failed humankind most glaringly in this regard. True, it is not the Vicar of Christ who has spoken, but his designate, Cardinal Renato Martino, head of the Pontifical Council for Justice and Peace. Rome tends to speak portentously, urbi et orbi. Yet such speech is also often simple-minded.

"Capital punishment is not natural death," said Cardinal Martino. OK. That's obvious. So what? "Life is a gift that the Lord has given us," the cardinal continued, "and we must protect it from conception until natural death." In this rendering, are we supposed to imagine that Saddam is an innocent unborn fetus in his mother's womb? Is this a debate over abortion? Does Cardinal Martino have no conception of the dimensions of the tyrant's crimes? (Cardinal Martino does not always speak in such pabulum. He is often aggressive, as when he condemned the allied intervention in Iraq as a "war of aggression." The Vatican then told journalists that the cardinal was speaking for himself, not for John Paul II. Martino picked up many anti-American tropes during the 16 years he represented the Church at the U.N. Sixteen years, poor man, no wonder, he's a little overwrought and also disingenuous.)

Of course, many of the other critics of the death sentence do not speak of life as a benefaction from God. The folks who echo Amnesty International's denunciation would be horrified at the sheer thought. Ditto the European Union. The same for Romano Prodi, the socialist prime minister of Italy. And the antiterrorism officer at the U.N. Plus the governments of France, Denmark, Portugal, Spain and Germany.

Marco Pancetta, head of the Radical Party in Italy, had declared a hunger strike, was ready to go to Baghdad to petition for a "pardon." Yes, a hunger strike. Until death? Does Cardinal Martino believe a hunger strike natural? And, yes, a pardon. Was he out of his mind? Saddam's death has cheated Mr. Pancetta of his foolishness. Had the convict lived, we would have had to endure candlelight vigils throughout the soft countries. Soft power, indeed.

The burden of most of these objections to the death penalty is that the trial was not really fair. Now, these were certainly the most judicious legal proceedings ever held in modern Iraq. Is this not superior to victors' justice? The defendant had legal counsel of his own choosing, among them Ramsey Clark, not so mentally stable is my guess, but a former attorney-general of the U.S. and not an easily intimidated advocate. What's more, as Fouad Ajami has pointed out, the accused performed histrionics that were tolerated even though they made havoc of courtroom order. If Saddam were the accused in a U.S. tribunal, he would have been bound and gagged. In Saddam's own Iraq, he would have been lashed, at a minimum.

The Arab world is somewhat split about the sentence. Yemen, little Yemen, has actually announced that the country "unanimously" condemns everything about the trial: the process, the verdict and the punishment. You get some sense of what political discourse is like in a state where everything is (or is said to be) unanimous. Doubtless, Sunni Baathists were very close to unanimous in opposing it. But the Arab world and its non-Arab Muslim cousins, whatever they feel about the armed foreign presence in Iraq, could not honestly make the case against the penalty of death -- although some made the argument nonetheless. It is simply too routine, too ingrained in the fabric of their societies to be shocking. After all, you can juridically be

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condemned to death for having committed adultery (that is, if you are a woman), for stealing, for heresy and blasphemy. Moderate Arabs will breathe a sigh of relief now that the dictator is dead. And also those non-moderate Arabs whom he threatened.

Two surprising trends, one a great relief. The relief is that the people of Western Europe seem to be more sensible than their governments. Even the French, the Italians, the Spanish and others support the taking of Saddam's life. Like the Poles, and their prime minister, Jaroslaw Kaczynski. You have to have lived under a tyranny within your own memory to know why the tyrant should be punished, and punished decisively.

The other trend is a bit confusing. It shows itself especially in our stalwart ally, Great Britain, where the Labour government still adheres to the traditional alliance, in war and in peace. Margaret Beckett, Tony Blair's foreign secretary, spoke strongly in support of the hangman's noose.

But, ironically, there were counter-indications from the Tory right. Frustrated by its years in the political wilderness, the Conservatives much resent Labour's alliance with George Bush, even though they ridicule it. The brilliant showman-parliamentarian Boris Johnson, shadow minister for higher education, elicited from Ms. Beckett's predecessor, Jack Straw, already two years ago a statement of opposition to the ultimate penalty. Relying on Britain's longstanding opposition to capital punishment, they were working in consort against Mr. Blair's fidelity to how America sees the world. The prospect of Saddam's hanging would be their instrument.

Another, more recent sign of Conservative estrangement (not the only one) from the historically axiomatic bond with the U.S. is a querulous on-line column by the querulous Peregrine Worsthorne asserting that "Saddam was a butcher, so was Truman." Now, this is not a logical argument for anything. But his point was that Saddam's "cruel tyranny had at least provided the people with a degree of security quite unimaginable under conditions of freedom and democracy . . . a reign of fear may be the only effective system of government." This is cynicism of an especially low order. And if it gains currency in the house of Winston Churchill, where can it not become common wisdom? * * *

Saddam has already swung from the ropes. May his soul be tormented for eternity. If Saddam were a pious and literate Christian -- actually, he wasn't even a pious Muslim -- he might have recognized, as Dante did for Nimrod, that "he was his own accuser." His life is its own accusation.

The question, then, is not whether Iraq will recover from the oppressor's death. The question is whether Iraq will recover from the oppressor's rule. The execution of this monstrous man was not intended to be a deterrent to evil. There are probably no deterrents to real evil and real evildoers. But a community can punish its own pharaohs. That punishment will be the most significant sovereign act the people of Iraq have ever done. This is an act of recovery by itself.

Mr. Peretz is editor-in-chief of The New Republic.

Poor Execution (HC)

Houston Chronicle, January 3, 2007

Saddam Hussein's hanging lets condemned dictator play martyr while emphasizing sectarian blood lust

If any event in Iraq should have been completely under the control of U.S. forces and the government they defend, it was the final moments of condemned former dictator Saddam Hussein. Unfortunately, like so much else that has occurred since the 2003 U.S.-led invasion, the tyrant's death turned into another fiasco and missed opportunity.

Like the legally questionable proceeding that produced his death sentence, the rush to put a noose around Saddam's head at the start of a Muslim holiday backfired, adding more fuel to the Shiite-Sunni conflagration that has engulfed Iraq while giving Saddam a last cell phone photo op breathing defiance against his enemies. His final words were "Down with the traitors, the Americans and the Persians." Rather than looking like the cowering vagrant that U.S. troops pulled out of a hole, the well-groomed fallen dictator exhibited nonchalance and sarcasm.

Like the raucous and sometimes out of control proceedings that resulted in Saddam's conviction for killing 148 Shiite villagers after a failed assassination attempt, the authorities' conduct at the execution only served notice how far the new Iraq has to go in meeting the standards of democratic justice. The elite government unit escorting Hussein to his death cursed the prisoner and broke into chants of "Muq- tada," referring to the anti-American cleric Muqtada al-Sadr. According to The New York

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Times, two witnesses at the hanging wryly exchanged a quip that the behavior of the guards indicated the government had yet to stop the infiltration by sectarian militia.

Former NBC Evening News anchorman Tom Brokaw echoed a sentiment about the handling of the execution widely expressed in the news media. He told radio show host Don Imus that Saddam, a mass murderer with the blood of millions on his hands, was "able to stand up there with the hood off and invoke prayer and even invoke the Palestinians, and go out in the eyes of his people at least as a martyr." Brokaw described the execution scene as "something that resembled the worst kind of nightmare out of the old American West. "

The Vatican and most European heads of state denounced the execution out of a long-standing opposition to the death penalty. Apparently U.S. officials in Iraq had questioned the legality and wisdom of rushing Saddam to the gallows, but their concerns were overridden by Prime Minister Nouri al-Maliki, a Shiite. By hanging Saddam at the start of the Id al-Adha holiday, the government violated an Iraqi law followed in Saddam's time prohibiting public executions during holy periods. Sunnis reacted to the execution with nonviolent protest marches throughout Iraq, raising fears of new cycles of revenge killings by armed militias.

The execution also short-circuited Saddam's trial on charges of ordering poison gas attacks during the infamous Anfal campaign that killed thousands of his countrymen in the Kurdish city of Halabja. That proceeding would have presented a far different image of the dictator to the world than what was on display last weekend.

Without Saddam in the dock, few will hear the damning testimony that would have depicted a human monster rather than a nationalist martyr. It's unfortunate that won't be his final photo op.

Hanging Won't Bring U.S. Troops Home Sooner (VAPILOT)

The Virginian-pilot

Hampton Roads Virginian-Pilot, January 3, 2007

Celebration followed Saddam Hussein's death at the end of a hangman's noose this weekend – technically as punishment for killing 148 people nearly a quarter-century ago, but really for a reign of terror that lasted decades. Relief followed his death, too – the end of a madman's reign of terror over his own people and his own tiny corner of the planet.

In the days to follow, some might even welcome Saturday's grisly event as the beginning of the end to U.S. involvement in Iraq. That reasoning, sadly, would be false.

Saddam's crimes against humanity, and against anyone who dared to criticize his dictatorial rule, targeted Kurds and Shiites, women and children, foes and even two sons-in-law who had revealed details of Saddam's weapons programs. He engineered a disastrous eight-year war against Iran in the 1980s. He invaded Kuwait in 1990, only to be forced out by the U.S.-led coalition in the Persian Gulf War.

He was a menace to every Iraqi except for those among his Sunni base. But his death is unlikely to bring peace to the nation he left behind.

The execution early Saturday is cold comfort to the U.S. troops now stuck in Iraq, trying to impose stability on a fractured nation that seems to want none of it. Amid sectarian violence, warring militias and foreign insurgents, there's no end in sight to the mounting death toll of Americans and Iraqis alike. President Bush, who ordered the invasion of Iraq, is desperately trying to chart a new course there.

In a particularly cruel commentary, observers said the 80 Iraqis who died Saturday in bombings and other attacks were not unusually high, nor did the deaths appear be in retaliation for Saddam's execution. Eighty deaths have now become acceptable, the norm, just another day in this nation that U.S. troops invaded in 2003 to liberate.

And another grim milestone was reached Sunday. The Associated Press reported that at least 3,000 U.S. military personnel have been killed in Iraq since the war began. The news agency said Spc. Dustin R. Donica of Texas was killed Thursday by small arms fire. Thousands more U.S. troops have been wounded, maimed or worse.

This has occurred against a backdrop of an increasingly disenchanted American public; disaffection for the conduct of the war played the biggest part in the Democratic takeover of Congress two months ago. The U.S. has spent more than $350 billion for a conflict that shows no end in sight.

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All of which provides a bloody, costly context in which to place Saddam's execution. When the history of this war is written in years to come, this weekend's hanging may be no more than a footnote.

A Regrettable Rush To Execution (BOS)

The Boston Globe, January 3, 2007

IN HIS FINAL minutes, one of Saddam Hussein's executioners shouted, "Go to hell, Saddam." The condemned man replied dryly, "You mean the Iraq that is today." After his body dropped through the trap door, the assembled witnesses chanted Shi'ite slogans.

It was Saddam that turned Iraq into hell during his 35 years in power. He murdered as many as half a million Iraqis and plunged his country into two catastrophic wars with neighboring Iran and Kuwait.

But Saddam was not executed for any of this. Instead, he was hanged for ordering the killing of 148 Shi'ite men and boys in the village of Dujail in reprisal for an assassination attempt that took place there in July 1982. While the trial was criticized by human rights groups, the verdict was consistent with the evidence. Saddam's signature was on the order for the execution and he freely admitted that he had signed the document. His explanation -- that the killings were justified since the would-be killers were linked to the Iranian-backed Dawa Party and Iraq was then at war with Iran -- was no defense. Reprisal killings of innocent people are by definition a crime against humanity.

The manner of Saddam's execution made it clear that Iraq's Shi'ite leaders -- and in particular Prime Minister Nouri al-Maliki -- were more interested in revenge than justice. Al-Maliki, a Dawa Party leader, signed the death warrant in apparent disregard of Article 70 of the Iraqi Constitution that gives Iraq's president and two vice presidents the responsibility for ratifying death sentences.

Saddam's execution meant there would be no accounting for his other crimes: the destruction of the marshes and the Marsh Arabs in the 1990s, the murder of tens of thousands of Shi'ites in the aftermath of the 1991 uprising, the killing of 8,000 members of the Barzani clan in 1983, the 1990 invasion of Kuwait, and the murder of tens of thousands in various purges over his decades in power.

Obviously, it was never practical to try Saddam Hussein for every crime he committed. But the rush to execution actually interrupted Saddam's ongoing trial on genocide charges in connection with the 1987-1988 "anfal" campaign against Iraq's Kurdish minority. That trial was scheduled to resume Jan. 8 and would have concluded in a matter of months.

The Kurdish genocide was the gravest -- and by far the best documented -- of Saddam's crimes. I stumbled across its beginning in September 1987 when, as a staff member for the Senate Foreign Relations Committee, I got permission to visit Kurdistan. When Haywood Rankin from the US embassy in Baghdad and I crossed from Arab to Kurdish territory, we were amazed that places shown on our maps no longer existed. Later, we came across deserted towns with bulldozers parked next to partially destroyed houses and realized what was happening. By 1990, Saddam had destroyed 4,500 of Iraq's 5,000 villages. He also used chemical weapons to attack at least 200 villages and towns. In September 1988, I led a mission with Chris Van Hollen (now a Maryland congressman) to document a series of bombings on 48 villages that took place days after the end of the Iran-Iraq war. Sixty-five-thousand survivors made it to Turkey and the ones we interviewed provided graphic -- and totally believable -- accounts of what they experienced.

The rubble of destroyed villages combined with eyewitness accounts made for a compelling case. But, Saddam's killers -- bureaucrats that they were -- kept detailed paper records of their work, along with videotapes of executions and torture sessions. The Kurds captured these records during the 1991 uprising that followed the first Gulf War, and a few months later Jalal Talabani (now Iraq's president) gave me custody of 14 tons of documents that eventually went to the National Archives. Supported by a congressional appropriation, Human Rights Watch used the documents to demonstrate that Saddam had committed genocide and thus helped lay the foundation for the case that was eventually brought.

The Kurdish trial also promised to shed light on a deeply amoral period in western diplomacy where the major powers, including the United States, chose to overlook genocide for strategic and economic reasons. According to his former foreign minister, Tariq Azziz, Saddam apparently intended to make an issue of western support in his trial. This could also have been awkward for some in the current administration. While serving in the Reagan or Bush administrations, some of the principals of

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the current war -- including Donald Rumsfeld and Colin Powell -- played down the significance of Iraq's use of poison gas, including, in the case of Powell, against the Kurds. And months after the 1988 gas attacks on the Kurds, the current president's father -- with the apparent support of his defense secretary, Richard Cheney -- doubled US financial assistance to Iraq.

An extension of Saddam's life for the few months would have made little difference to his eventual fate. But it would have made an enormous difference to have had an irrefutable record that Saddam was responsible for the genocide against the Kurds. As it is, the door is open to a future leader in Baghdad asserting it was never proven. Saddam's trials could have served as the basis for truth and reconciliation, as similar processes have done in so many other countries. Instead, the hanging will further divide Iraqis, and not just the Sunnis whose protests were predictable. Only President Bush, who still sees al-Maliki as a genuine national leader, could believe Saddam's execution, as it was carried out, to be a milestone on Iraq's path to democracy.

Saddam got the justice he so deserved. The rush to execution by Iraq's revenge-driven sectarian government denied the same to all but the tiniest fraction of his victims.

Just Desserts . . . (WT)

By Cal Thomas

The Washington Times, January 3, 2007

In a final blasphemy, Saddam Hussein, who spent most of his life as a murdering secularist, went to his justified death holding a Koran and offering his soul to God, if God would accept it. If God does, He will have to commute the sentences of Saddam's mass murdering predecessors, including Hitler, Stalin, Mao and Pol Pot.

These days, not much that makes religious sense comes out of Iraq, or anywhere else in the maniacal Middle East, but one reasonable statement did pass the lips of Sheik Sadralddin al-Qubanjib in the Shia "holy city" of Najaf. During a Friday sermon, the sheik described Saddam's execution as "God's gift to Iraqis" and prayed "Oh God, you know what Saddam has done. He killed millions of Iraqis in prisons, in wars with neighboring countries and he is responsible for mass graves. Oh God, we ask you to take revenge on Saddam."

That was a shorter summation than most prosecutors deliver in court, but in the end Saddam's execution wasn't about revenge. It was about justice. Many countries -- from Britain, which has abolished capital punishment, to Russia, where a moratorium on capital punishment now exists, have halted executions because they believe, incorrectly, that doing so makes them more humane. It does precisely the opposite and sends the message that innocent human life has less value than the life of a killer. It is more than curious that Britain and Russia, especially, have halted the death penalty for the guilty, but do nothing to restrict incredibly high abortion rates that kill the innocent. This reflects an inverted value system.

One of Saddam's lawyers, former U.S. Attorney General Ramsey Clark, appeared on the BBC shortly after Saddam's hanging was confirmed, complaining the trial was a "travesty." No, the travesty would have been in not trying and executing Saddam. Saddam mocked the innocent lives he took, showing disrespect to the relatives of the dead who had a valid claim to see justice done.

There may not be much to envy about Iraq these days, but the swiftness of Saddam's punishment is admirable. Had he been in the American legal system, lawyers might have clogged that system for years, allowing Saddam to die in prison. Instead, on Nov. 5, Saddam was convicted of crimes against humanity and sentenced to death. After the death order was signed, there was a 30-day window in which to carry out the execution. The Iraqis executed him within hours after the signing of the death order and just a few days after his appeal was denied.

Saddam's hanging will not quell the current violence he helped to foment in the aftermath of the U.S. invasion in 2003. This adds to the importance of the decision President Bush will announce in a few days regarding the next -- and possibly final -- effort to stabilize Iraq so the elected government might function. Part of that stabilization must include a new vision of Iraq's God, his disapproval of the sectarian killings and the deaths of so many innocents at the hands of insurgent terrorists. Since the West is regarded as the home of "infidels," a religious leader inside Iraq who has more than his own petty interests at stake will have to step forward and effectively call for an end to the turmoil. If such a person exists, he is unknown to the world.

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Who will mourn Saddam's death? Probably not his family members, an estimated 40 of whom he either ordered murdered or personally dispatched. He even murdered his own son-in-law, who defected to Jordan and then returned to Iraq on Saddam's promise he would not be harmed.

In a letter addressed to "the Iraqi nation" shortly after his sentencing in November, Saddam demonstrated his self-delusion was complete: "Many of you have known the writer of this letter to be faithful, honest, caring for others, wise, of sound judgment, just, decisive, careful with the wealth of the people and of the state."

That one will bring some laughs among his fellow despots in Hades, just before the letter is consumed in the fire.

Cal Thomas is a nationally syndicated columnist.

. . . Morally Justified (WT)

By Bruce Fein

The Washington Times, January 3, 2007

Saddam Hussein is dead.

The moral universe is celebrating his execution by hanging.

His life was uninterrupted infamy, leaving a trail of corpses and misery wherever he stepped.

In January 1969, Saddam established his signature savagery with the hanging of 17 alleged Israeli spies in a downtown Baghdad square. All political rivals were eliminated in 1979 through firing squads and purges, inspired by one of Saddam's heroes, Joseph Stalin.

During his one-man rule, Saddam killed, brutalized and oppressed millions of his own citizens, especially Kurds and Shi'ites. The notorious Anfal campaign featuring the poison gas killings of 5,000 in the northern Kurdish village of Halabja was emblematic, a slaughter far more gruesome than Kristallnacht, Lidice or Guernica during the Third Reich. In contrast to Slobodan Milosevic, Saddam was eager to carry his malignancy abroad. He invaded Iran in 1980, inaugurating eight years of bloody clashes highlighted by rocket attacks on civilian populations. In 1990, Saddam invaded Kuwait, and during the ensuing Persian Gulf War fired Scud missiles into Tel Aviv.

He craved weapons of mass destruction to magnify his malevolence. When the Israeli Air Force destroyed Iraq's nuclear research facility at Osirik in June 1981, nations openly or silently rejoiced.

Adolph Eichmann was executed by Israel in 1962, despite his relatively junior status in the Third Reich, for complicity in the extermination of countless Jews in furtherance of Hitler's Final Solution. Neither then nor thereafter did a moral consensus emerge denouncing Eichmann's execution as disproportionate to his genocidal criminality. Saddam's hanging is an easier moral case. His crimes consisted not in following reprehensible orders, but in giving them; his victims were vastly greater in number; and, his motives were more squalid: absolute power mixed with religious and ethnic bigotry. Saddam remained impenitent to the end, confirmed by his last truculent outburst: "Down with the traitors, the Americans, the spies and the Persians."

The arguments against Saddam's execution are unconvincing. It is said that equally culpable dictators have escaped the death penalty or were never prosecuted at all, for example, Uganda's Ida Amin, Zaire's Mobutu Sese Seko, or the Soviet Union's Stalin. But simply because condign punishment is not universally achieved does not mean it should be forgone when circumstances permit, as with Saddam. By analogy, the fact that not all murderers are apprehended does not undermine the moral justice of punishing those who are caught and convicted. There might have been a case against Saddam's hanging if his prosecution or punishment had been substantially motivated by racial, religious or ethnic animus as opposed to the criminality of his conduct, which predominately targeted Kurds and Shi'ites. But such evidence of invidious motivation was lacking.

Occasional shortcomings marred Saddam's trial. Some defense lawyers were killed. The presiding judge's removal for alleged pro-Saddam bias was irregular. The prosecution's case was not invariably subject to cross-examination. But where evidence of guilt is notorious, procedural deficiencies are routinely treated as harmless error. And Saddam's responsibility for the deaths of hundreds of thousands was as incontrovertible as Stalin's liquidation of the Kulaks or Chairman Mao's harrowing Cultural Revolution.

Categorical opposition to the death penalty is morally unsound. Every civilized legal system permits intentional killings in self-defense or defense of others. The moral depravity of even attempting to kill a human being is thought sufficient to justify lethal

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force against the perpetrator. Saddam's depravity was much greater because of his direct or indirect responsibility for endless effectuated murders or massacres.

The United States has no right to be morally smug over Saddam's hanging. Intelligence and companion assistance were eagerly provided the Iraqi dictator during the Iraq-Iran war. The United States also participated in the United Nations' corruption-ridden oil-for-food program. According to the Government Accountability Office of the United States Congress, Saddam diverted at least $10 billion for his own use by executing off-book oil trades in exchange for bribes.

In sum, Saddam, like Afghanistan's Taliban and Osama bin Laden, was a partial creation of the United States. That should be remembered whenever America contemplates bolstering a dictator under the banner of Realpolitik.

Bruce Fein is a constitutional lawyer and international consultant with Bruce Fein & Associates and The Lichfield Group.

Iraq: 12,000 Civilians Killed In '06 (AP)

By Steven R. Hurst

AP, January 3, 2007

Iraq reported Tuesday that about 12,000 civilians were killed last year — the third full year since the U.S.-led invasion — with a dramatic rise in the last three months, when 5,000 died. Only about half as many Iraqi soldiers died in 2006 as American troops.

But the number of Iraqi security forces killed jumps to 1,543, nearly double the American death count of 823 for the year, when the deaths of police, who conduct paramilitary operations, are added to the number of slain Iraqi soldiers.

In all, the Iraqi ministries of Health, Defense and Interior reported a total of 13,896 Iraqi civilians, police and soldiers died last year, 162 more than the tally kept by The Associated Press.

The AP count, assembled from its daily news reports, was always believed to be substantially lower than the actual number of deaths because the news cooperative does not have daily access to official accounting by the Iraqi ministries. Many deaths were thought to have gone unreported by AP.

Counts kept by other groups, including the United Nations, list far higher death tolls, which are disputed by the Iraqi government.

While the U.S. government and military provide no death totals for Iraqis, the U.N. Assistance Ministry for Iraq, UNAMI, does keep a count based on reports it gathers from the Baghdad morgue, Ministry of Health, and Medico-Legal Institute.

The figures for November and December are not yet available from the U.N., but as of the end of October the organization had reported 26,782 deaths in the first 10 months of 2006, nearly double what the Iraqi government and the AP reported for the entire year.

In its last report, the U.N. said 3,709 Iraqi civilians were killed in October alone and that citizens were fleeing the country at a pace of 100,000 each month. The organization estimates at least 1.6 million Iraqis had left since the war began in March 2003.

Life for Iraqis, especially in Baghdad and cities and towns in the center of the country, has become increasingly untenable. Many schools failed to open in September, and professionals — especially professors, physicians, politicians and journalists — are falling to sectarian killers at a stunning pace.

At the time of the last U.N. report, Iraqi government spokesman Ali al-Dabbagh called it "inaccurate and exaggerated" because it was not based on official government reports.

The U.N. report said Iraq's heavily armed Shiite militias were gaining strength and influence and that torture was rampant, despite the Iraqi government's vow to reduce human rights abuses.

"Hundreds of bodies continued to appear in different areas of Baghdad — handcuffed, blindfolded and bearing signs of torture and execution-style killing," the last UNAMI report said. "Many witnesses reported that perpetrators wear militia attire and even police or army uniforms."

The two primary militias in Iraq are the military wings of the country's strongest Shiite political groups, on which Prime Minister Nouri al-Maliki is heavily dependent. Al-Maliki has repeatedly rejected U.S. demands that he disband the heavily armed groups, especially the Mahdi Army of radical anti-American cleric Muqtada al-Sadr.

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"I think the type of violence is different in the past few months," Gianni Magazzeni, the UNAMI chief in Baghdad, said when the last report was issued in late November. "There was a great increase in sectarian violence in activities by terrorists and insurgents, but also by militias and criminal gangs."

He noted that religious clashes have been common since Sunni Arab insurgents bombed a major Shiite shrine on Feb. 22 in Samarra, north of Baghdad.

UNAMI's Human Rights Office continued to receive reports that Iraqi police and security forces have either been infiltrated by or act in collusion with militias, the report said.

It said that while sectarian violence is the main cause of the civilian killings, Iraqis also continue to be the victims of terrorist acts, roadside bombs and drive-by shootings. Others have been caught in the crossfire between rival gangs.

In its September 2006 issue, The Lancet, an independent and authoritative journal, published a study on mortality rates in Iraq.

The study estimated that 654,965 excess Iraqi deaths, including 601,027 from violence, had occurred in Iraq since the invasion of the country in March 2003.

The "confidence range" for the number of excess Iraqi deaths because of violence has been estimated at between 426,369 and 793,663, with 601,027 as the median number.

The U.S. government and Iraq as well as others, including the Iraq Body Count, an organization which has conducted other types of surveys, denied the validity of the study's findings.

The Iraqi Minister of Health, in a statement made in Vienna in early November, indicated that as many as 150,000 Iraqi civilians might have been violently killed since 2003. But there are no known statistics for the early months of the U.S.-led invasion.

After an extraordinary violence-free start to 2007, Iraqi authorities reported on Tuesday that at least 57 Iraqis were killed in sectarian bloodshed, including 45 tortured bodies found dumped in Baghdad and five in Kut to the south.

Three Iraqi civilians were killed in a roadside bombing Tuesday in eastern Baghdad, police reported. In Baqouba, gunmen killed Diyala provincial council member Ali Majeed and three members of his family. The four were gunned down while driving near the town of al-Wajihiya, Diyala provincial police said.

The military announced the death of a U.S. soldier by a roadside bomb southwest of Baghdad. The blast Monday wounded three others, including an interpreter, as they talked with residents about sectarian violence, the military said.

U.S. troops killed a suspected al-Qaida weapons dealer and two other people in Baghdad raids Tuesday.

In Fallujah, a U.S. Marine fatally wounded an Iraqi soldier in an altercation at the guard post they shared, the U.S. military said.

The confrontation took place Saturday between members of U.S. and Iraqi units assigned to combined security posts at the Fallujah Government Center. The Marine — assigned to the 1st Battalion, 24th Marine Regiment, Regimental Combat Team 5 — has been assigned to administrative duties while the military investigates.

16,273 Deaths Reported In Iraq In 2006 (MLIVENWSFLSH)

By Lauren Frayer

MLive.com NewsFlash, January 2, 2007

(AP) — In a Jan. 1 story about Sunni demonstrators breaking into the Golden Dome mosque in Samarra as part of a protest of the execution of Saddam Hussein, The Associated Press erroneously reported that the protesters broke the locks off the door of the damaged Shiite shrine and forcibly entered. Iraqi police now say demonstrators were allowed to enter the shrine through a side door after threatening violence.

BAGHDAD, Iraq (AP) — As enraged crowds protested the hanging of Saddam Hussein across Iraq's Sunni heartland Monday, government officials reported that 16,273 Iraqi civilians, soldiers and police died violent deaths in 2006, a figure larger than an independent Associated Press count for the year by more than 2,500.

The tabulation by the Iraqi ministries of Health, Defense and Interior, showed that 14,298 civilians, 1,348 police and 627 soldiers were killed in the violence that raged in the country last year.

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The Associated Press accounting, gleaned from daily news reports from Baghdad, arrived at a total of 13,738 deaths. The United Nations has said as many as 100 Iraqis die violently each day, which translates into 36,500 deaths annually.

In Samarra, demonstrators were allowed to enter a Shiite shrine through a side door after threatening violence, and marched through carrying a mock coffin and photo of the dictator.

The demonstration in the Golden Dome, shattered in a bombing by Sunni extremists 10 months ago, suggests that many Sunni Arabs may now more actively support the small number of Sunni militants fighting the country's Shiite-dominated government. The Feb. 22 bombing of the shrine triggered the current cycle of retaliatory attacks between Sunnis and Shiia, in the form of daily bombings, kidnappings and murders.

Monday's protest came on a day that saw the U.S. military kill six Iraqis during a raid on the offices of a prominent Sunni political figure, who was suspected of giving al-Qaida in Iraq fighters sanctuary.

Until Saddam's execution Saturday, most Sunnis sympathized with militants but avoided taking a direct role in the sectarian conflict — despite attacks by Shiite militia that have killed thousands of Sunnis or driven them from their homes. The current Sunni protests, which appear to be building, could signal a spreading militancy.

Sunnis were not only outraged by Saddam's hurried execution, just four days after an appeals court upheld his conviction and sentence. Many were also incensed by the unruly scene in the execution chamber, captured on video, in which Saddam was taunted with chants of "Muqtada, Muqtada, Muqtada."

The chants referred to Muqtada al-Sadr, a firebrand Shiite cleric who runs one of Iraq's most violent religious militias. He is a major power behind the government of Shiite Prime Minister Nouri al-Maliki.

Many Sunnis are also upset that Saddam was put to death the day that Sunni celebrations began for Eid al-Adha, a major Muslim festival. The judge who first presided over the case that resulted in Saddam's death sentence said the former dictator's execution at the start of Eid was illegal according to Iraqi law, and contradicted Islamic custom.

The law states that "no verdict should implemented during the official holidays or religious festivals," said Judge Rizgar Mohammed Amin, a Kurd.

Rizgar presided over Saddam's trial on charges he killed 148 Shiite men and boys in Dujail, north of Baghdad, in a botched assassination attempt in 1982. The judge was removed from the case after Shiite complaints that he was too lenient.

In a Sunni neighborhood in northern Baghdad, hundreds of demonstrators mourned the executed leader. Some praised the Baath Party, the outlawed nationalist group that under Saddam cemented Sunni Arab dominance of Iraq.

"The Baath party and Baathists still exist in Iraq, and nobody can marginalize it," said Samir al-Obaidi, 48, who attended a Saddam memorial in the Azamiyah neighborhood.

In Dor, 77 miles north of Baghdad, hundreds more took to the streets to attend the dedication of a giant mosaic of Saddam. Children carried toy guns and men fired real weapons into the air.

Mourners at a mosque in Saddam's hometown of Tikrit slaughtered sheep as a sacrifice. The mosque's walls were lined with condolence cards from tribes in southern Iraq and Jordan who were unable to travel to the memorial.

Saddam's eldest daughter briefly attended a protest Monday in Jordan — her first public appearance since her father was hanged.

"God bless you, and I thank you for honoring Saddam, the martyr," said Raghad Saddam Hussein, according to two witnesses. She addressed members of the Professional Associations — an umbrella group of unions representing doctors, engineers and lawyers — in the group's office parking lot in west Amman.

In the midst of the protests, U.S. forces continued operations in Iraq.

Six Iraqis were killed in a U.S.-led raid on the Baghdad offices of a top Sunni politician, Saleh al-Mutlaq. The U.S. military and Iraqi police said they suspected the offices were being used as an al-Qaida safe house.

Al-Mutlaq is a senior member of the National Dialogue Front, which holds 11 of the 275 seats in Iraq's parliament.

U.S. forces said they took on heavy fire from automatic weapons and rocket-propelled grenades as they sought to enter the building. Ground troops were backed by helicopters that "engaged the enemy with precision point target machine gun fire," the military said.

It was unclear whether the deaths resulted from the ground assault or fire from U.S. helicopters.

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Associated Press Television News footage showed masses of rubble in the area and what appeared to be a long smear of blood where a body had been dragged across the floor of one of the buildings.

Walls were pitted with what appeared to be bullet and shrapnel holes.

The U.S. death toll, meanwhile, climbed to at least 3,002 by the final day of 2006 as the American military reported the deaths of two more soldiers in an explosion Sunday in Diyala Province, northeast of the capital. With the announcement, the Associated Press count of fatalities showed that at least 113 U.S. service members died in December. That makes it bloodiest month of 2006.

Iraqi authorities Monday reported that 16,273 Iraqis — including 14,298 civilians, 1,348 police and 627 soldiers — died violent deaths in 2006. The total exceeds the Associated Press count by more than 2,500.

On the first day of the New Year, Iraqi Police reported finding the 40 handcuffed, blindfolded and bullet-riddled bodies in Baghdad. A police official, who refused to be named out of security fears, said 15 of the bodies were discovered in the mainly industrial Sheik Omar district of northern Baghdad.

An Iraqi worker for the Algerian Embassy in Baghdad was shot to death, police said.

Also Monday, the Iraqi government raided and sealed the offices of a privately owned television station, charging it had incited violence and hatred in its programming. In its coverage of the execution of Saddam over the weekend, a newscaster had worn black mourning clothes.

The satellite television channel Al-Sharqiya, which broadcasts from Dubai, remained on the air late Monday. The station is owned by Saad al-Bazzaz, a one-time chief of radio and television for Saddam.

Iraqi Civilian Deaths Hit New Monthly High (FT)

By Steve Negus

Financial Times, January 3, 2007

The tally of civilian deaths in Iraq hit a new high of 1,930 in December, suggesting sectarian violence that surged in the summer remains at peak levels.

The figures, which were reported by [a] news agency, are the highest yet released by the Iraqi interior ministry but may be a significant underestimate as many deaths go unreported.

Since the bombing of the Samarra mosque nearly a year ago, sectarian tensions have taken over from the anti-US insurgency as the main security threat in Iraq. Tackling the communal violence will be the key purpose of the "surge" in US troop numbers in Iraq, expected to form the centrepiece of President George W. Bush's new Iraq strategy when it is announced shortly.

Much of the violence seems perpetrated by either Shia militias or Sunni insurgents as a means of controlling neighbourhoods by driving away members of the other sect.

There had been fears that the execution of Saddam Hussein on Saturday would lead to an upsurge in violence, but a resident of a mixed Sunni-Shia neighbourhood told the Financial Times that the Eid holiday since the weekend had brought a lull. However, he expected the battle to resume shortly.

In the past few days armed groups had painted warnings on the walls of homes in surrounding areas, ordering their occupants to leave and in one case had thrown a grenade over a wall, he said. "This conflict will not end until this neighbourhood is [completely] Sunni or [completely] Shia."

Both sides use mosques as refuges and command centres, and consequently both target the other's mosques with mortar barrages and other attacks. In the past few weeks, armed men invaded a Sunni mosque in the district and damaged the minaret by detonating oxygen canisters.

Most Sunni stayed inside, he said, following orders from the insurgent groups not to go to government jobs or to open their stores. Sometimes they ask Shia neighbours to fetch medical help in emergencies.

The district was expecting another flare-up of violence in coming days, he said, after several Shia homes received death threats. Residents believe the militias may counter by attacking the threatened houses' Sunni neighbours in order to bolster their own side's confidence.

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The interior ministry figures showed 12,320 civilians were killed in 2006 in what officials classified as “terrorist” violence, half of them in the past four months. The figure of 1,930 civilians killed in December compared with 1,850 violent deaths in the previous month and 1,289 in October.

All Iraqi death toll figures are controversial and are often difficult to reconcile with one another. Ministries, depending on who controls them, often have an incentive either to reduce or to inflate figures. Official figures are also almost certainly incomplete, as many deaths probably go unreported. The United Nations has estimated that about 100 people are killed every day. A UN report in November stated that 3,709 had been killed in the previous month.

Nearly 2,000 Civilians Slain In Iraq In December (LAT)

By Molly Hennessy-fiske, Times Staff Writer

The Los Angeles Times, January 3, 2007

It was the deadliest month in 2006, government agencies say.

BAGHDAD — December was the deadliest month for Iraqi civilians in 2006, according to a combination of statistics released by staff at the Iraqi Health, Interior and Defense ministries. The death toll was 1,927, compared with 1,846 in November and 1,315 in October.

The surge in civilian fatalities has been attributed largely to the rising tide of sectarian violence in Baghdad and beyond.

Of 12,320 civilians killed during 2006, half died during the last four months, Health Ministry staff said Tuesday. A Times analysis in June found at least 50,000 Iraqis had died violently since the 2003 U.S.-led invasion that toppled Saddam Hussein.

A typical case is that of Baghdad bus driver Taha Hassan, 41.

His cousin Raad Yassin still recalls the day in early December when Hassan, a father of three, failed to return home as usual by 3 p.m. Three hours later, kidnappers called, asking whether Hassan was a Sunni Arab or Shiite.

Yassin's wife answered the phone. Hassan was Shiite, but she was unsure what the kidnappers wanted to hear and simply told them he was Muslim. The kidnappers demanded $15,000 ransom, and the family paid. After four days of waiting for Hassan to come home, relatives began searching local hospitals.

They found his body in a Baghdad morgue, shot several times, his right eye gouged.

"The reason behind this was sectarian," Yassin, 35, a Shiite nurse in the capital, said of his cousin's murder.

The last time Aysha Jabbawi, 67, saw her son Alaa Ahmed was Dec. 2. Ahmed, 32, a Shiite, was a truck driver who carted lumber from Baghdad to Hillah, their hometown to the south.

The day he died, a group of gunmen stopped him and a friend, Mohammed Jabr, 32. Ahmed offered them his truck and all the money he had, she said, about $3,850. They refused. He struggled with them and they shot him twice, Jabbawi said, then drove off with Jabr. Strangers found Ahmed and took him to a nearby hospital, where he gave a statement to police before he died. Jabr is still missing.

Four days ago, a group of men came to Jabbawi's door with $3,500 in a plastic bag and the key to her son's truck.

"They told me, 'Sorry, Aunty,' " she said. "I didn't say to them a single word."

Ridha Jawad Taqi, a member of Prime Minister Nouri Maliki's parliamentary bloc, called the December death toll "a terrifying and horrifying number." He said militias were responsible.

The Iraqi government defines civilian casualties as victims of violence — explosions, shootings and bombings, said a Health Ministry employee who asked not to be named. In addition to the civilian deaths, 24 Iraqi soldiers and 124 policemen died in December's violence, said an Interior Ministry employee who also requested anonymity.

At least 5,900 Iraqi police officers and soldiers have died since the 2003 invasion, according to the Iraq Index, a tally kept by the Washington-based Brookings Institution. Civilian death toll estimates range from tens of thousands to more than half a million.

Many believe the Iraqi government underestimates civilian casualties. The United Nations, for example, estimates that 100 Iraqis die in violence daily.

On the other hand, an Interior Ministry spokesman said Tuesday that the latest figures were too high. Brig. Gen. Abdul Kareem Khalaf said the civilian toll in December was about half what was being reported and one of the lowest monthly totals of the year. Khalaf did not release alternative figures. The U.S. military does not release Iraqi civilian casualty figures.

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The death toll for U.S. forces in Iraq reached 3,000 on Dec. 31, including 113 in December, the highest monthly death toll since the battle for Fallouja in November 2004, according to icasualties.org.

In a 24-hour period ending Tuesday, 45 unidentified bodies were found in Baghdad, Interior Ministry staff said.

U.S. Naval Criminal Investigative Service agents are looking into an incident at the Fallouja government building in which a Marine fatally wounded an Iraqi soldier, the Marine Corps said.

The Marine, from the 1st Battalion, 24th Marine Regiment, has been assigned to administrative duties during the investigation. Officials declined to reveal what led to the shooting Saturday.

Marines from the 1st Battalion, 24th Regiment, along with Iraqi forces, are assigned to guard several checkpoints on the outskirts of the city as well as the government building. Three Marines were killed in a sniper attack last week.

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Times staff writers Tony Perry and Saif Hameed and correspondents in Baghdad and Hillah contributed to this report.

A Promising Iraqi Province Is Now A Tinderbox (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, January 3, 2007

Violence surged after U.S. forces handed security to the Iraqis. Now the Americans are stepping back in.

BAQUBAH, IRAQ — When U.S. forces killed the leader of Al Qaeda in Iraq, Abu Musab Zarqawi, six months ago in a village near here, they hoped security would improve in this strategic province just north of Baghdad.

Instead, security has collapsed in Diyala province, which now ranks as one of Iraq's most troubled regions. Insurgent attacks have more than doubled in the last year. Violence has devastated the provincial police force and brought reconstruction to a virtual standstill.

Assassinations have claimed the lives of mayors, tribal chieftains, police officials and judges, including a Shiite Muslim member of the provincial council who was killed Tuesday. Many government officials here sleep on cots in their offices because driving home is too dangerous.

And Iraqi security forces have been implicated in so many abuses that the U.S. commander here recently gave his Iraqi counterpart an angry lecture, likening the Iraqi troops to an "undisciplined rabble."

U.S. and Iraqi officials interviewed in recent days blamed the sharp downturn on a combination of U.S. neglect and abuses by the Iraqi army. U.S. troops largely disengaged from security here for weeks at a time, they say, handing the reins to Iraqi forces who proved to be abusive and ineffective.

U.S. commanders are attempting a sharp change in strategy, hoping that a classic counterinsurgency campaign, combining reconstruction aid with a more active U.S. presence, can turn the situation around.

For now, insurgents here appear to have gained the upper hand. They demonstrated their freedom of movement last week by barreling a dozen trucks through the streets of Baqubah's Amin neighborhood, shouting militant slogans and brandishing machine guns and shoulder-fired rocket launchers.

The defiant show of force was similar to another insurgent parade caught on video by a U.S. aerial drone in November. Insurgents were seen hauling Shiite families out of their homes and executing them in the streets, U.S. military officials who reviewed the footage said.

Diyala is an area of fertile farmland, abundant water and untapped oil wells stretching north of Baghdad's suburbs and east to the Iranian border. Its population includes all three of Iraq's main religious and ethnic groups.

Of its roughly 1.8 million people, about 55% are Sunni Arabs. But because Sunnis boycotted elections two years ago, Shiites, who make up about one-third of Diyala's population, hold the majority of provincial council seats and control the local security forces. Kurds, mostly in northeastern Diyala, make up about 15%.

Until October, the main U.S. force in the province was the 4th Infantry Division. It largely followed the strategy laid down by top U.S. commanders in Iraq last year: Pull American forces back as much as possible and allow Iraqi troops to take the lead in fighting insurgents. U.S. officers here say that approach did not work.

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"4th ID tried to keep a low profile after they handed over security to the Iraqi army, but that approach backfired," said an officer with the 3rd Heavy Brigade Combat Team, 1st Cavalry Division, which now has responsibility for the province. The officer spoke on condition of anonymity because he was criticizing another U.S. military unit.

Under the 4th Infantry's plan, Army convoys stayed on main roads and rarely ventured into Baqubah's dense neighborhoods, military officials said.

"Iraqis told us that 4th ID drove in here with their Humvees and told them, 'If you don't shoot at us, we won't shoot at you,' " the 3rd Brigade officer said. "So the insurgents actually took over this place."

Making matters worse, Iraq's Shiite-dominated government appointed a provincial commander who U.S. military officials say was handpicked by the Badr Brigade, a militia implicated in hundreds of death squad killings in Baghdad. The militia is linked to Iraq's largest Shiite political party, the Supreme Council for Islamic Revolution in Iraq.

Under orders from the Iraqi Ground Forces Command in Baghdad this fall, the commander, Brig. Gen. Shakir Hulail Hussein Kaabi, and his 5th Iraqi Division started a campaign of what U.S. officials now describe as abusive raids and detentions.

The problems were so serious that Col. David W. Sutherland, commander of the 3rd Brigade, took the unusual step of lecturing his Iraqi counterpart during a mid-December briefing at Forward Operating Base Warhorse near Baqubah.

"Six weeks ago, the people of Diyala and Baqubah were disgusted with the disrespect and disregard the Iraqi army had shown them," Sutherland told Shakir through an Arabic interpreter.

"Bullying an innocent person is unacceptable. Taking things from houses is unacceptable. Taking cars or things from cars is unacceptable," he said.

"Before we send an undisciplined rabble into this fight, I will pull the plug," Sutherland told the general. "We are soldiers, not barbarians."

Since taking command of Diyala in October, Sutherland has increased the number of U.S. advisors traveling with Iraqi units and required U.S. approval for any Iraqi operation, in effect rescinding Iraqi control of the 5th Division.

Sutherland said that several joint raids convinced him Shakir was willing to change his tactics and adopt a counterinsurgency doctrine of proportional force.

"In this culture, the more you kill, the more enemies you make. The more you treat with disrespect, the more enemies you make," Sutherland said. "And we were able to show [Shakir], not subjectively but objectively, how that happened and what it created."

American commanders won at least a partial victory in late December when the government agreed to replace Diyala's police chief. The chief, Ghassan Bawi, had been accused of tacitly or directly supporting death squads in the province, according to U.S. officials, who had lobbied for months for his removal. Like Shakir, Bawi was endorsed by the Badr militia, U.S. officials say.

Detainees reported kidnappings and torture at the hands of Iraqi policemen, according to U.S. and Iraqi officials. One of Bawi's most infamous underlings is known as Cable Ali, after his favorite coercive tool.

In an interview, Shakir said he had changed tactics and now used more focused operations. But he clung to the view that his main targets were Sunnis, not Shiites.

"The nature of the target is that they are all Sunnis," Shakir said. "All these problem areas are all Sunni, so our operations are all in Sunni areas. There are actually no Shiites left, because 8,000 Shiites have been killed or displaced."

But the shift in strategy may have come too late.

Diyala's Sunni politicians refuse to attend provincial council meetings until Shakir is stripped of his command, and the governing body has been unable to reach a quorum for weeks.

"The people don't trust the government or the security forces," said Deputy Gov. Awf Rahoomi, a Sunni. "The Shiites in control of security are not professionals — they were appointed on a sectarian basis. This has caused people to put more faith in the armed groups, which have become more powerful than the government forces."

The U.S. has spent roughly $220 million toward reconstruction in Diyala, but as winter temperatures plunge, food transport, electricity generation and petroleum shipments are beset by chronic delays, when shipments occur at all. Most Baqubah shops

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are closed and most streets devoid of traffic. Sewers are dysfunctional, spilling sludge across the refuse-covered streets and contaminating the water supply.

Many Iraqi contractors now refuse to enter the province, fearing for their lives.

Baqubah's Government Center building is regularly attacked by insurgents, but still serves as a nighttime refuge for government officials afraid to return home at the end of the day.

"The Government Center has become something of a dormitory," said Kiki Munshi, a State Department official who leads the Provincial Reconstruction Team.

Munshi said poor security and government bureaucracy had brought reconstruction to a virtual standstill.

U.S. military officials also complain that poor coordination among the military, State Department officials and the Iraqi government continues to hinder projects.

At a recent meeting between various local ministry representatives and Diyala's mayors and other officials, the politicians complained that Baghdad was not responding to their needs.

The mayor of Khalis said food and clean water were scarce in his area.

"The Iraqi army and the coalition forces arrested a lot of workers for our water treatment project," he said.

Baqubah's mayor said the Iraqi army had confiscated several fuel tankers from Oil Ministry drivers. The mayor of Khanaqin said at least 2,500 families had come to his city to escape violence elsewhere in the province, overwhelming services.

The officials seemed unable to agree on whether poor security was preventing reconstruction or whether reconstruction failures had caused security to erode. It is a conundrum that U.S. soldiers in the field also face.

While on patrol a few days earlier, Capt. Christopher Conley parked his armored vehicle in a Sunni neighborhood to attempt to gather intelligence from a tribal sheik.

"I want the coalition to have a good relationship with your neighborhood," Conley told the elder tribesman.

"We would like to cooperate with you," said the wizened sheik, who identified himself as Abu Mohammed. "But I can promise you that it will come to nothing because of the situation here. All the jobless men. All the closed shops."

"I want to fix the security situation," Conley told him. "I have money to fix things, but no one will come to help because of security."

"If you ask me, no one is ready to hear you right now," Abu Mohammed said. "If security gets better, we'll do whatever you want."

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Will We Leave Iraqi Allies Behind? (WP)

By David Ignatius

The Washington Post, January 3, 2007

One day in the Gerald Ford presidency that hasn't received much attention in the past week's memorials is April 30, 1975. That was the day the last American helicopter pulled away from the U.S. Embassy in Saigon, leaving behind many thousands of South Vietnamese who had worked with the United States.

Those wrenching final images of the Vietnam War are relevant now as we think about what lies ahead in Iraq. However long the United States stays in Iraq and whatever success it achieves there, we should agree we have a moral responsibility to the Iraqis who risked their lives and families to be America's allies.

How America leaves Iraq will be as important as how it entered. That's why I found the recommendations of the Baker-Hamilton report valuable -- because they focused on an orderly process of transition from U.S. military occupation to Iraqi sovereignty, with the assistance of Iraq's neighbors. President Bush seems about to embark on a riskier course of a "surge" in American troops to achieve something that looks like military victory. But if that "double-down" bet fails, I fear we will eventually witness a repetition of April 30, 1975 -- without the orderly process envisioned by Baker-Hamilton.

America's ragged withdrawal from Vietnam was chronicled by Frank Snepp, a CIA analyst in Saigon at the time. In his 1977 book, "Decent Interval," Snepp wrote that the CIA station in Saigon was able to evacuate only about 537 of its 1,900 "indigenous employees" in April 1975. The agency also abandoned 400 members of the CIA-trained Special Police Branch; 400 members of

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the Central Intelligence Organization of South Vietnam; hundreds of North Vietnamese and Viet Cong defectors; and nearly 30,000 Vietnamese who had been trained as operatives in the CIA's Phoenix program. These people were, in practical terms, left to die.

In the pell-mell American withdrawal, wrote Snepp, "We committed the unpardonable mistake of failing to ensure the destruction of the personnel files and intelligence dossiers we had helped the government assemble." He concluded: "It is not too much to say that in terms of squandered lives, blown secrets, and the betrayal of agents, friends and collaborators, our handling of the evacuation was an institutional disgrace."

Thomas Polgar, the Saigon station chief, sent a final bleak cable to headquarters: "It has been a long and hard fight and we have lost. This experience, unique in the history of the United States, does not signal necessarily the demise of the United States as a world power. The severity of the defeat and the circumstances of it, however, would seem to call for a reassessment of the policies of niggardly half-measures which have characterized much of our participation here."

Vietnam and America did indeed survive this trauma -- to the point that three decades later, Vietnam is a prosperous and friendly nation visited by American presidents. A big reason why is that after the chaotic withdrawal, America worked to keep faith with people who had been its allies. The brutal policies of the North Vietnamese created waves of refugees who became known as "boat people." Many thousands of them made their way to the United States, and their children and grandchildren are among our nation's great success stories.

One of the great tragedies of the Iraq war has been America's inability to protect its friends in Iraq or to offer them a haven when they were forced to flee the country. The New York Times reported this week that 1.8 million Iraqis are living outside the country, with tens of thousands more fleeing each month. But until recently, the Bush administration had planned to resettle just 500 Iraqis in the United States in 2007. The Times quoted Kirk W. Johnson, a former U.S. aid worker in Fallujah: "We're not even meeting our basic obligation to the Iraqis who've been imperiled because they worked for the U.S. government."

The Vietnamese who came to America after April 1975 provided a backbone for investment and political change in their home country. Their superpower ally failed on the battlefield, but the Vietnamese who believed in free markets and modern values ended up as the winners.

I want to believe that will happen eventually in Iraq, as well. But one of the worst effects of the war is that it is destroying the educated middle class of Iraq -- driving doctors, teachers and business people into desperate exile. When Iraq comes back together some day, will these educated Iraqis be America's friends, or will they despise us?

Whatever we do in Iraq in coming months, it should include a bipartisan commitment to keep faith with the people who risked everything for a new Iraq -- by making room for them in America, if necessary. We need a surge of compassion more than a surge of U.S. troops.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Two Civilians Answer Return Call To Duty In Iraq (WP)

By Stephen Barr

The Washington Post, January 3, 2007

A reminder that federal employees are regularly heading to Iraq for duty:

Nancee Needham, who has worked for the Defense Department inspector general's office for nearly 18 years, begins a one-year tour in the war-torn country this month.

Needham, a civil service employee, will serve as the inspector general's program director for audit operations there. She spent eight weeks in Iraq last year on an auditing project and calls her decision to volunteer for a year-long Baghdad assignment "my turn to pay back" the department and the nation for providing her with a rewarding career.

Tim Walsh, a technology manager with the Air Force, joined the government four years ago and spent six months in Iraq in 2004. He has volunteered for a second assignment in the war zone. "You work for the DOD and they depend upon you during peacetime. You got to pony up during wartime," Walsh said.

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As a general practice, federal agencies prefer to rely on volunteers like Needham and Walsh for duty in war zones. Volunteers have helped staff the U.S. Embassy in Baghdad, restore electrical power plants and operate post exchange stores.

But with the Iraq war in its fourth year, there has been some concern that the ranks of civil service volunteers are growing thin.

The Iraq Study Group, chaired by former secretary of state James A. Baker III and former House member Lee H. Hamilton, has recommended that agencies order civilian employees to fill key jobs in Iraq if not enough volunteers step forward. The recommendation grew out of a sense that agencies are not contributing enough personnel to Iraq, a commission aide said.

John Gage, president of the American Federation of Government Employees, questions how civil service employees could be ordered to Iraq when the violence in Baghdad makes it exceedingly difficult to move around and perform jobs.

"This is a slippery slope," Gage said of the Baker-Hamilton recommendation. "Security issues have to be upfront and resolved before you think of sending untrained federal workers over there."

The government does not keep count of how many federal employees are serving in Iraq and Afghanistan. By most accounts, the Army has the largest number of volunteers in Iraq -- usually about 2,000 at any one time. (In fiscal 2006, it deployed more than 4,000 civilians in Iraq and Afghanistan, an Army spokeswoman said.)

About 1,000 Americans from various agencies staff the U.S. Embassy in Baghdad, according to the Congressional Research Service. They have come from the State, Defense, Agriculture, Commerce, Homeland Security, Health and Human Services, Justice, Labor, Transportation and Treasury departments and the Agency for International Development, the CRS reported last October.

Some agencies, such as the Air Force, assign civilians to U.S. bases outside Baghdad. Walsh, for example, worked on the Horned Owl project in 2004 at Camp Anaconda and the Balad air base in northern Iraq. His small team gathered data from an airplane equipped with sensors that can detect some bombs buried in roads and some types of weapons caches.

Walsh, who manages technology systems for an Air Force office in Northern Virginia, helped set up a secure electronic network, coordinated intelligence activities and relayed information to the Army about possible threats.

In a war zone, Walsh noted, federal employees can be called upon to work outside their areas of expertise. During the battle of Fallujah, he helped out at a military clinic because medics were overworked and needed extra hands to care for wounded troops.

To some degree, Walsh said, he may feel more attuned to the military than other federal civilians because he once served in the Kansas Army National Guard and because his father was a career officer. He is not married.

Needham said she found last year's stint in Baghdad's Green Zone to be "a rewarding experience." In her second week there, she said "I decided I can do this," and signaled her intent to volunteer for this year's tour.

She will supervise seven auditors and will be in charge of auditing at two locations. Her team will review some of the Defense Department's financial management practices and look at internal controls on spending.

From her first stay in Baghdad, Needham learned that living and working accommodations cannot be taken for granted, especially when electrical generators shut down. "Everything is more difficult in Iraq, and things don't work all the time," she said.

Like Walsh, she comes from a family with ties to the armed forces. Her father served in World War II and headed an American Legion post when she was growing up. She has four children and 13 grandchildren and is divorced.

Asked how her family reacted to her plans for a year in Iraq, Needham quipped that her announcement was met with "stunned silence," much the way her family responded when she bought a Harley-Davidson motorcycle.

The family's surprise over her decision to go back quickly turned to pride, Needham said. "My family very strongly supports the troops over there."

CORPORATE SCANDALS:

At Apple, Timing Led To Overnight Windfalls (LAT)

By Dawn C. Chmielewski, Times Staff Writer

The Los Angeles Times, January 3, 2007

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Stock option grants in 1997 came on the eve of a big share-price jump.

In August 1997, Apple Computer Inc. handed four top executives options to buy a total of nearly 1 million shares. The next day, the value of those options jumped a staggering 48%, or $7.7 million.

This was no coincidence, according to a shareholder lawsuit filed against executives and directors of the Cupertino, Calif.-based company in federal court in Northern California. Rather, the options were granted to coincide with good news that would give the four executives an overnight windfall.

The stock soared when co-founder Steve Jobs announced that Apple's sworn enemy, Microsoft Corp., threw the struggling company a life raft in the form of a $150-million cash infusion. In exchange, Apple gave Microsoft a stake in the company and agreed to use the software giant's Web browser on its Mac personal computers.

The investment rocked the high-tech world at the time but became only a footnote in the astonishing comeback of a company as celebrated today for its marketing and design prowess as Nike, Prada or Mercedes-Benz.

But the grants are an example of the fast-and-loose practices that went unchecked in a corporate culture fashioned by Jobs to revive Apple, which by 1997 was hemorrhaging money, according to the lawsuit, a combination of 11 shareholder complaints.

"The company was struggling, was cash-poor and reliant upon stock options to bring and keep executives there, so the conditions [for manipulation] were ripe," said Mark Molumphy, a partner at Cotchett, Pitre, Simon & McCarthy, the lead law firm in the case.

Apple declined to comment on the lawsuit.

Filed days before Christmas, it alleges that Apple engaged in widespread manipulation of option grants to allow employees to buy shares at low prices. Apple "spring-loaded" options in advance of good news and "backdated" other grants to days when the stock traded at low prices to create an automatic paper profit, claims the suit, which has only recently come to light.

"What they've done — and it's not isolated — is utilized confidential internal corporate data in a way to divert to themselves substantial profits," said Darren Robbins, a San Diego lawyer involved in the shareholder lawsuit. "That constitutes both a breach of fiduciary duty and a violation of federal securities law."

On Friday, Apple absolved Jobs of wrongdoing after a three-month internal investigation of its option practices. The company, however, acknowledged 6,428 instances of improperly dating option grants over a six-year period, when it had "insufficient safeguards" to prevent stock manipulation, according to a filing with the Securities and Exchange Commission. The first incident occurred on Dec. 29, 1997, just a few months after Jobs had returned to the company and taken the title of "interim" chief executive.

'Instant windfall'

In some cases, Apple's filing said, Jobs had recommended the options be backdated to create an instant windfall for executives. It said he had neither benefited financially nor appreciated the accounting implications of backdating, which forced the company to take an $83-million charge against earnings in 2006 for underreporting expenses related to employee compensation.

The company's admissions have raised new questions among securities lawyers and corporate governance experts about Jobs' role in the controversy. "There has been a tacit admission that Steve Jobs served as a ringleader in this backdating process," said Christopher Bebel, a former SEC counsel and prosecutor who is not involved in the lawsuit.

He predicted that Apple's insistence that current management had done nothing wrong could "come back to haunt the company" in a scenario similar to Martha Stewart telling investors she had participated in no wrongdoing and later being indicted on securities fraud. "[Jobs] may find himself in a Martha Stewart quandary with obstruction of justice charges."

In its filing Friday, Apple said it had "serious concerns" about the involvement in the granting, recording and accounting of option grants by two former corporate officers it did not name but who are believed to be former General Counsel Nancy R. Heinen and former Chief Financial Officer Fred D. Anderson.

The company said its review found no instances of backdating from 2003 through 2005, when new procedures and controls on granting options were put in place to comply with the Sarbanes-Oxley Act.

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Apple is among nearly 200 companies whose option-dating practices are under internal investigation or being probed by federal regulators. At least 65 executives and directors have resigned or been fired after being implicated in the scandal, including Bruce Karatz, head of Los Angeles home builder KB Home, and UnitedHealth Group Inc. CEO William McGuire.

An option is the right to buy stock at a set price within a certain time period. The price is generally determined by the stock's close on the day the option is granted by a company's board. In their current probes, regulators are focusing on backdating, whereby grant dates are changed by weeks or months to coincide with the stock's lowest price in a set period. Doing so could give executives instant paper gains and cause a company to understate compensation costs and overstate earnings.

Backdating isn't necessarily illegal, but failing to disclose the practice in a timely manner is.

Apple's is the highest-profile case so far. A host of high-tech companies have been ensnared in part, observers say, because stock options are the currency of choice in Silicon Valley for keeping top talent from jumping to another venture.

"This is how Silicon Valley works," said Alan Deutschman, the author of a critical book about the Apple chief, "The Second Coming of Steve Jobs." "Even though Apple is an anomaly — because of Steve's passion for design and his ability to connect to the zeitgeist and the popular culture — in a lot of ways it epitomizes how Silicon Valley is run. Steve, from his earliest experience in the corporate world, has been very conscious and political about stock and stock options and rewarding loyalists."

Options' indispensable role in Silicon Valley has made it hard for some experts to accept Apple's contention that Jobs was naïve about the practices surrounding them. It's also hard to swallow considering that Jobs has been an officer of a public company since 1980 and has a net worth of more than $5 billion.

Curiously, options themselves have not built Jobs' wealth. When the charismatic leader rejoined the company in 1997, he held only a single share of Apple stock. He has received a salary of only $1 a year since 1998. But he holds 5.4 million shares of Apple worth about $460 million today. Only 120,000 are options, worth about $10 million.

The bulk of his fortune stems from Pixar Animation Studios, which transformed him from a barefoot computer geek into a full-fledged media mogul. Jobs' 49% stake in Pixar, the computer-driven studio behind such blockbuster movies as "Cars" and "Toy Story," was converted into 6.7% of Walt Disney Co. when he sold the company to the Burbank giant in May 2006. Those shares are worth $4.7 billion today.

Jobs received one of the biggest option grants in history during Apple's revival, when he was given 10 million shares Jan. 12, 2000. That was one of two option grants Jobs was awarded that Apple said Friday were backdated — and that the company canceled in 2003.

A special CEO compensation committee of the board didn't authorize the Jan. 12 grant until a week later, on Jan. 18. The options' exercise price of $21.80 coincided with the lowest closing price during that quarter, according to the shareholder lawsuit. The grant yielded a paper profit of $65.8 million for Jobs within 20 trading days.

Company records show that the other backdated grant Jobs received — 7.5 million shares — were approved at a special board meeting on Oct. 19, 2001. In its filing, however, Apple acknowledged that the meeting "did not occur."

Apple said the two stock option grants were canceled in March 2003 in exchange for 5 million shares of restricted stock. The company would not explain why the options were canceled, but its regulatory filings said Jobs wanted them to provide "additional shares that could later be granted to employees whose contributions are critical to the long-term success of the Company."

SEC records show that Jobs sold his restricted shares — the only Apple stock he has sold since 1997 — for $300 million the day they vested on March 19, 2006.

That was a day after the Wall Street Journal published the first story on the SEC's stock options backdating probe. The story did not mention Apple, which disclosed its backdating problem in late June.

Power struggle

Jobs returned to Apple in February 1997 after the company spent $427 million to buy Next Software, which Jobs had founded in 1985 following his ouster from Apple. Jobs had resigned after the board stripped him of his managerial duties amid a power struggle with the company's then-new chief executive, John Sculley.

A later Apple CEO, Gil Amelio, recalled last week how he recruited Jobs to return as the charismatic "Mr. Outside."

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"He had the stage presence and stuff that I lacked," Amelio said. "I thought frankly I was better at literally running the company. It didn't take very long for him to decide that wasn't a good idea. He worked with the board, behind my back, to oust me."

A couple of months after Amelio's July 1997 departure, Jobs assumed the title of "interim" chief executive and set out to create a board he could control, according to the shareholder lawsuit. Jobs' mission was to insulate himself to prevent a repeat of his painful 1985 departure, said longtime observers.

"The big lesson Steve learned from his first time around at Apple was you have to be in control, cause otherwise they can kick you out," Deutschman said.

Jobs brought in two close friends, Larry Ellison, head of database software titan Oracle Corp., and William V. Campbell, a former Apple executive who had gone on to become chief executive of financial software maker Intuit Inc. Also joining the board were two executives with whom Jobs enjoyed professional ties: Jerome B. York, who at the time was chief executive of tech retailer Micro Warehouse Inc., and Millard Drexler, then chief executive at Gap Inc., who had appointed Jobs to the clothing firm's board.

In addition to granting generous options to Jobs that were later canceled, they heaped them on key executives. Four executives benefited from the grants made the day before the pivotal Microsoft announcement. Chief Financial Officer Anderson, Executive Vice President of Marketing Guerrino de Luca, Controller Robert Calderoni and Senior Vice President of hardware engineering Jonathan Rubinstein received shares that vested in annual installments over three years. During that period, Apple's shares tripled.

No small company

From April 2000 to August 2001, Apple's board lacked a compensation committee and relied on the full board to administer stock grants as well as approve executive compensation. One swath of grants issued during that time gave four senior executives 1 million shares at the stock's closing price on Jan. 17, 2001, the day quarterly earnings were reported. The next day, the stock surged 11% on the results, generating a paper gain of $1.9 million for each, the investor suit alleged.

Ralph Ward, publisher of the "Boardroom Insider," an online corporate governance newsletter, said it wasn't unusual a decade ago for boards of small companies to grant options, especially in Silicon Valley, where "it has always been, 'We're all pals here doing business together.' "

In 2000, however, Apple would not have been considered small. It had annual sales of $8 billion, mostly of iMac computers and its new iBook notebook. It was another year before the introduction of the iPod in late 2001.

"That does raise some eyebrows, particularly with Apple," Ward said. "Companies are supposed to outgrow that when they become major, big-cap public companies. Some don't outgrow it as well as they should."

The shareholder lawsuit contends that Apple's practices were no aberration. The SEC is investigating stock option practices of Pixar, where Jobs served as chief executive and chairman until the Disney acquisition.

At Pixar, four of the seven grants were recorded at the lowest price during the fiscal years in which they were granted, the suit alleges.

"This dispels any notion that Apple is now trying to portray that Jobs is somehow ignorant of the accounting effects of what they were doing because it wasn't just happening at Apple," said Molumphy, the shareholders' attorney.

Apple's portrayal also defies Job's personality traits as a leader who gets involved in the most microscopic details.

"I don't know if there's a Wikipedia definition for 'control freak' but when they do that entry, Steve's picture should be next to it," Deutschman said.

"The way Apple and its allies have tried to spin this options story has been, 'Oh, Steve is passionate about the design of the product but he doesn't pay attention to these other things.' One of the big things about Steve's second time around at Apple is that he's really mastered the financial aspects of running the company."

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Tough Year Ahead For US Chiefs (FT)

By Francesco Guerrera In New York

Financial Times, January 3, 2007

American chief executives are bracing themselves for a tough year, with corporate governance issues, shareholder activism, and a more difficult operating environment likely to test their leadership and business skills.

Corporate experts predict that US chief executives will see their once undisputed authority further eroded in 2007 by the growing desire from institutional and retail investors to have a bigger influence on company matters.

Over the past year, this trend has been strengthened by the explosion of the options backdating scandal, increased shareholder anger at lavish executive compensation and attacks from activist hedge funds.

"The pressure is not going to relent on CEOs in 2007," says John Challenger of the recruitment firm Challenger Gray & Christmas. "The days of the imperial chief executive are over."

The increased pressure on America's corporate leaders has led to unprecedented levels of chief executive turnover. In 2006, more than 1,340 US chief executives left their jobs – the highest on record – according to Mr Challenger's firm.

The options backdating scandal, which has engulfed more than 180 companies, has forced more than 15 chief executives to resign and more could follow.

The controversy – coupled with more investor scrutiny of executive pay and the ongoing impact of the Sarbanes-Oxley legislation – are rapidly changing the US's corporate governance landscape.

Regulatory and corporate governance challenges for chief executives will be compounded by uncertainty over the prospects of many sectors in 2007.

With growth in both the US economy and companies' profitability expected to slow, albeit without a "hard landing", US corporate leaders will face stronger competition from overseas rivals.

The power of private equity groups – a feature of the past two years – is also expected to grow during 2007 as buy-out funds look to invest the record amount of funds they have raised.

"One of the messages for 2007 is: whether you like it or not, your company is for sale," says Steve Ellis, worldwide managing director of the management consultancy Bain & Co.

"This is dramatically increasing the pressure on CEOs to show meaningful improvements in their operating performance."

A Typical Miscreant-II (WSJ)

By HOLMAN W. JENKINS, JR

The Wall Street Journal, January 3, 2007

Holman W. Jenkins Jr. is a member of the editorial board of The Wall Street Journal and writes editorials and the weekly Business World column.

Mr. Jenkins joined the Journal in May 1992 as a writer for the editorial page in New York. In February 1994, he moved to Hong Kong as editor of The Asian Wall Street Journal's editorial page. He returned to the domestic Journal in December 1995 as a member of the paper's editorial board and was based in San Francisco. In April 1997, he returned to the Journal's New York office. Mr. Jenkins won a 1997 Gerald Loeb Award for distinguished business and financial coverage.

Born in Philadelphia, Mr. Jenkins received a bachelor's degree from Hobart and William Smith Colleges in Geneva, N.Y. He received a master's degree in journalism from Northwestern University in Evanston, Ill., and studied at the University of Michigan on a journalism fellowship.

Mr. Jenkins invites comments to holman.jenkins@wsj.com1.

A Typical Miscreant-II

January 3, 2007; Page A12

The markets have finally had their say about the wonderfully overblown backdating scandal. When Apple filed its latest mea culpa on Friday along with a board expression of confidence in Steve Jobs's leadership, the company's shares jumped four bucks. Message: The market doesn't give a hoot about backdating. It gives a hoot whether Mr. Jobs might be run out of his job.

This ought to cast a light on whether the drop in market prices of companies in the backdating scandal reflects the shock and horror of investors at the details of backdating -- or shock and horror at the meal that trial lawyers, prosecutors and the media are making of companies caught up in this episode.

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Whether Mr. Jobs is safely out of woods remains to be seen. It didn't help that just a week earlier, the Associated Press reported that SEC Chairman Chris Cox has been averring that, in sorting through dozens of backdating cases, his agency would save its legal firepower for "cases of serious fraud, with elements such as deliberately lying or forging documents."

Uh oh. In granting Mr. Jobs options on 7.5 million shares, somebody at Apple pencil-whipped a technical requirement of a board meeting to approve the grant. Of course, Mr. Jobs was already a billionaire. Does anybody think he engaged in theft to pad his net worth by a faction of a percent?

We won't remarket our column of last October, though it anticipated much of Apple's latest admissions. The company now says it "identified a number of grants for which grant dates were intentionally selected in order to obtain favorable exercise prices." It also acknowledges that Mr. Jobs had a role in "recommending" the favorable dates.

Having vouchsafed these eye-openers, Apple's filing proceeds to blur the matter amid a general discussion of how it chose to account for hundreds of option grants that were apparently misdated mostly through simple bureaucratic snafu. We never learn which grants were deliberately engineered by the CEO to award the recipient a "favorable" exercise price, or why Mr. Jobs found it useful to do so.

Apple's goal, obviously, is self-defense. Alas, this rules out trying to engage the media in a conversation about whether backdating is really the crime the media imagines it to be.

Backdating, let's recall, was simply an artifice to allow companies to issue "in the money" options (the terms of which were accurately reported to shareholders) without taking an accounting expense. That's all backdating is. Does it matter in the teensiest whether options are expensed? No, expensing has no probative value whatsoever for evaluating a company's shares or its compensation policies. Expensing creates a junk number, of zero analytical value.

Don't expect to hear any of this from companies actually involved in the backdating scandal. Apple proves you can never overestimate the shallowness of the media. That much is shown by the meretricious non sequitur, incorporated verbatim in many media accounts, that notwithstanding Mr. Jobs' role in backdating, "he did not receive or financially benefit from these grants."

Apple here shrewdly judges that what exercises the media are the large numbers involved in CEO compensation. Notice that Apple chooses to record an accounting charge for Steve Jobs options that were canceled and never exercised, but doesn't take a charge for other options that were canceled and never exercised. Does anyone doubt that this was a P.R. call because Apple judged it useful to be seen engaging in penitential accounting for Mr. Jobs's options?

We won't bore you with the findings of organizational psychology on "fairness" perceptions. Suffice it to say, "fairness" is an indeterminate thing, so people tend to look at process as a proxy for the fairness of outcomes.

This is called "procedural fairness" or "procedural justice." People naturally resent outcomes that leave some much better off than others. Procedural flyspecking is how we decide whether to put our resentment over such outcomes into abeyance or surrender to it.

Popular coverage of CEO pay is a perfect expression of this "fairness heuristic." It strives to meet a public demand for reasons to resent high CEO pay by constantly highlighting claims of cronyism, self-dealing, fraud, etc. to explain why CEO compensation is so high. By now this has become almost an unconscious conspiracy of obfuscation about the true source of ever-rising executive compensation. Try a thought experiment. If CEO pay were a real "problem," wouldn't it be a sublimely easy problem to solve? Just hire somebody who will do the job for less.

This society is full of capable, responsible people who take jobs for five- or six-figure salaries. Why don't boards wave off the demands of their first-choice CEOs and go for one of these less demanding folks? The question answers itself: Because boards believe their first-choice CEOs are worth it. Rationally, boards are prepared to bid away a sizeable sliver of a company's net worth to get the CEO they want. Take the gyrations in Apple's share price last Friday: At stake as investors worried about Mr. Jobs's fate was $3.4 billion in shareholder wealth -- many, many times Mr. Jobs's total compensation since returning to Apple a decade ago.

Now, not all CEOs are as pivotal to a company's performance as Mr. Jobs is perceived to be, but this has nothing to do with the CEO pay calculus. All CEOs sit at the switch: They make the calls by which shareholder wealth is preserved or squandered. Should a company sacrifice short-term profits in order to invest more in customer service? Should it embark on a bold product redesign or milk an aging product line a bit longer?

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The market wants a CEO in whom it has confidence, and who is responsive to the share price. The media's relentless appetite is for evidence that CEO pay fails the "fairness heuristic." This basic disjunction is why one of the signal phenomena of the age, the towering increase in executive compensation, remains unexplained to the American people despite the massive amount of journalism spent on subjects like backdating.

Causey Heads To Prison For Role In Enron (WP/BLOOM)

By Laurel Brubaker Calkins

The Washington Post, January 3, 2007

HOUSTON, Jan. 2 -- Richard A. Causey, Enron's former chief accounting officer, was on his way Tuesday to a federal prison in Bastrop, Tex., to begin a 5 1/2 -year sentence for his role in the fraud that destroyed the company.

Causey, 46, pleaded guilty to one count of securities fraud in December 2005, less than a month before he was to stand trial with former Enron chief executives Jeffrey K. Skilling and Kenneth L. Lay, both of whom were found guilty.

"A lot of improper things were done at Enron," Causey said as he was sentenced in November. "Some of those were done by me, and for that I am profoundly sorry."

Causey was the last of 16 former executives to plead guilty to crimes at Enron, which was the world's largest energy-trading company before it went bankrupt in December 2001 as widespread accounting fraud came to light.

More than 5,000 jobs and $1 billion in employee pensions were wiped out when Enron collapsed. Investors are suing to recover more than $30 billion.

Causey was assigned to the prison he requested. Bastrop is three hours from his home in Houston, where Enron was based, and 30 miles from Austin, where the oldest of his three children attends college.

The Bastrop prison has a low-security section, surrounded by a razor-wire-topped double fence, and an unfenced minimum-security camp. Authorities would not say which one Causey is assigned to. With time off for good behavior, he can expect to serve four years and nine months.

Causey will be assigned a job such as groundskeeping or kitchen work, paying 12 to 40 cents an hour. He can apply for a job that pays 23 cents to $1.15 an hour in a prison factory that retrofits vehicles for the government, said Michael Truman, a spokesman for the U.S. Bureau of Prisons.

At his sentencing, Causey asked U.S. District Judge Simeon T. Lake III for leniency, saying his withdrawal from the case let prosecutors to ignore accounting charges and focus jurors' attention on securities-fraud charges against Skilling and Lay.

Causey agreed to serve seven years as part of his plea. Lake sentenced him to nearly all of it after prosecutors sought a reduction of three to six months. They called Causey's cooperation too little, too late.

"A witness who is reluctant to acknowledge his own responsibility is of no use to the government," prosecutor Kathryn H. Ruemmler said at Causey's sentencing. "Without Mr. Causey's implicit consent and explicit conduct, the fraud that occurred at Enron could not have occurred."

Causey's lawyer, Reid H. Weingarten, said later that Enron was "reputed to be the worst accounting scandal in history, but the only accountant inside or outside the company who will get a prison sentence is Rick Causey."

Causey forfeited $1.25 million in illegal gains in addition to being sent to prison.

Weingarten said Tuesday that he could not confirm whether Causey had reported to the prison.

"I have no reason to assume it didn't happen because I would have heard if it was otherwise," said Weingarten. Representatives of the U.S. Bureau of Prisons were not immediately available for comment because of a federal holiday.

Skilling was convicted in May of 19 counts of conspiracy, fraud, lying to auditors and insider trading. He is serving a 24-year prison sentence in Waseca, Minn. Lay, convicted of 10 counts of fraud and conspiracy in the same trial, died of heart disease before he could be sentenced. His guilty verdict was erased under a U.S. legal principle that cancels a conviction if the defendant dies before he can appeal.

Head To Head On The Hill (WP)

By Carrie Johnson

The Washington Post, January 3, 2007

DOJ_NMG_0110464

From their years at Harvard Law School to their tenure in the House of Representatives, Barney Frank and Christopher Cox chose markedly different approaches to reach their destinations.

This week, their paths will cross again as Frank, a Massachusetts Democrat, assumes control of the House Financial Services Committee, which oversees the Securities and Exchange Commission -- led by Cox, a former Republican lawmaker from California.

Despite similar r?sum?s, the men could hardly be more divergent in ideology and personal style.

Frank, who used an anti-neatness slogan in his first federal campaign 27 years ago, has a lacerating wit. His support for predatory-lending reforms, minimum-wage increases and universal health care mark him as one of the most left-leaning lawmakers on Capitol Hill.

Cox rarely appears in public with a hair out of place or a wrinkle in his perfectly tailored suits. He speaks with deliberation and labors to defuse criticism. Cox cut his teeth in the Reagan White House, and his votes in Congress earned him an 87 percent lifetime rating from the U.S. Chamber of Commerce before he became chairman of the Securities and Exchange Commission.

Already, they have clashed over a change to an SEC rule that some investor advocates say will reduce disclosure of executive pay in the form of certain stock awards. The change, announced in a press release three days before Christmas, amounted to a gift to the business lobby, Frank told reporters last week. "I didn't even know they had a chimney at the SEC," Frank joked, true to form.

Equally in character, Cox called Frank to smooth things over, explaining the timing of the move and defending his approach as logical, since, he said, the initial plan would have forced companies to report pay that corporate officials might never have collected.

The damage-control effort appears to have worked, for now. In a follow-up interview, Frank praised the SEC leader for his "responsible" approach at the helm and predicted few sharp disagreements to come. "There are going to be cases where I'll believe we should go further than he," said Frank, who advocates more disclosure to investors .

Frank plans to present his agenda -- what he calls "the grand bargain" -- at the National Press Club today. He will urge lawmakers to offer business concessions on trade and some burdensome regulations in exchange for more housing for the poor and minimum-wage gains.

For years, Frank has focused on housing and income inequality, just as Cox has championed making it easier for companies to win access to capital markets. But while holding fast to those priorities, neither has been reluctant to entertain opposing views.

To date, Cox has pursued a far less ideological agenda at the SEC than governance analysts expected -- and Frank's record reflects a more business-friendly stance than many have assumed. Both men voted in favor of a 1995 law that imposed limits on the filing of class-action securities lawsuits. While in Congress, both reaped significant campaign contributions from banks, insurers, and law and accounting firms. And both have said they turn first to the markets for solutions to economic problems, rather than to government.

Frank, for instance, said he agrees with certain conclusions reached late last year by an independent panel with support from Treasury Secretary Henry M. Paulson Jr., including making it more difficult for prosecutors to indict businesses. He also supported tweaks to a costly audit rule springing from the 2002 Sarbanes-Oxley law, as long as the intent of the corporate accountability legislation was not thwarted.

"They're both pragmatic," said Barbara Roper, director of investor protection at the Consumer Federation of America. "I don't think either of them is looking to pursue a radical agenda."

But, as the SEC leader learned last week, Frank is less flexible in the area of ever-expanding executive pay -- an issue that fits into his broader agenda of lessening wealth disparity and one he says could come up for Financial Services hearings as early as March, after he holds oversight sessions on housing problems stemming from Hurricane Katrina. Frank previously introduced legislation that would put executive compensation up for a shareholder vote, a measure he is likely to revisit this year.

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"He has certainly been eager for Democrats to have the responsibility for governance," said his sister Ann Lewis, a campaign adviser to Sen. Hillary Rodham Clinton (D-N.Y.). Lewis says her brother developed a thick skin after years growing up in Bayonne, N.J., and playing in the sometimes brutal fields of Boston politics.

He leavens that intensity with humor to disarm his audience and make a point, which Lewis said "really goes a long way to enabling him to be politically effective."

Cox, by contrast, earnestly strives to reach consensus, making unanimous votes a priority at an agency that had been sharply divided under his predecessor. A series of 5 to 0 votes last year at the SEC is a testament to Cox's political acumen and also makes the agency a less attractive target for Hill Democrats, the consumer federation's Roper said.

That's an observation Frank agrees with. "Chris is a lawyer, and he's a very careful guy," Frank said. "Among other things, he understands he's a law enforcement officer."

Cox, who was pursuing a joint business and law degree from Harvard, and Frank, who by then was studying law and serving as a member of the Massachusetts state legislature, didn't have much contact in Cambridge during the 1970s. On Capitol Hill, they collaborated on only a few issues, including a years-long drive to privatize the National Helium Reserve and an effort to win the release of a Chinese dissident who had lived in Frank's congressional district.

As lawmakers, both men developed a reputation for understanding the details of policy proposals and putting their substantial intellect to use. Whether and how they diverge in their new roles will be one of the more interesting questions of the next year, corporate governance experts said.

"Investors benefit from a bipartisan pro-investor consensus, and we hope that our Republican friends in the regulatory community will work with Barney to achieve that," said Damon A. Silvers, associate general counsel at the AFL-CIO.

Researcher Richard Drezen contributed to this report.

Enron's Last Victim: American Markets (NYT)

By WILLIAM A. NISKANEN

The New York Times, January 3, 2007

Washington

WHEN the new Congress begins its session tomorrow, two familiar faces will not be present: Senator Paul S. Sarbanes and Representative Michael G. Oxley, who are both retiring. Mr. Sarbanes, a Maryland Democrat, has served for 30 years; Mr. Oxley, an Ohio Republican, for 26 — and their main legacy will be their joint attack on corporate corruption, the Sarbanes-Oxley Act of 2002.

The act, which was passed hastily in the wake of the Enron scandal, was surely well intentioned. But it has proven counterproductive in the extreme, and Congress would best honor the departing lawmakers by repealing it.

Sarbanes-Oxley has seriously harmed American corporations and financial markets without increasing investor confidence. The section of the law requiring companies to perform internal audits has turned out to be far more costly than proponents projected, especially for smaller firms. These costs have led some small companies to go private, hardly a victory for public oversight, and some foreign firms to withdraw their stocks from American exchanges.

In addition, the average "listing premium" — the benefit that companies receive by listing their stocks on American exchanges — has declined by 19 percentage points since 2002. This explains why the percentage of worldwide initial public offerings on our exchanges dropped to 5 percent last year, from 50 percent in 2000.

Other costs associated with the act may turn out to be more important. For example, more stringent financial regulations and increased penalties for accounting errors may make senior managers too risk-averse. Most chief executives are not accountants, so the requirement that they personally affirm tax reports — at the risk of jail time should anything be amiss — may make them reluctant to partake in perfectly legitimate activities.

Paradoxically, Sarbanes-Oxley's strict rules on oversight by boards of directors would have been insufficient to prevent the collapse of Enron. By the act's standards, Enron had a model board; most members were distinguished professionals. The chairman of the audit committee was a former accounting professor and dean of the Stanford Business School.

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Nor would the act's provisions to create a stronger Securities and Exchange Commission have made a difference. The commission had been aware of Enron's accounting techniques since 1992 and had never thought to question them.

Nor was Sarbanes-Oxley necessary in prosecuting the senior managers of Enron, WorldCom and other corporations where fraud was committed — all have been convicted of accounting fraud under laws predating the act.

The negative repercussions of the act on businesses might have been worth it if the act had achieved its primary goal: substantially increasing the confidence of investors in the accuracy of the accounts of firms listed on the exchanges. But that does not seem to have happened.

The best measure of investor confidence is the price-earnings ratio — the price that investors are willing to pay for each dollar of a company's reported earnings. The overall price-earnings ratio for the Standard & Poor's 500-stock index, however, has declined continuously since the Sarbanes-Oxley Act was being drafted in the spring of 2002.

Several leaders of the new Democratic Congressional majority have endorsed a relaxation of the audit requirements and other parts of the act. That is encouraging, but it is not enough. The basic structure of Sarbanes-Oxley is unsound.

One big problem is that the act nationalized the rules for corporate governance, reducing the value of the competition among the states for setting such rules. In addition, the act failed to resolve the major conflict of interest created when auditing firms are paid by the companies they audit. Rather than creating a regulation to change the system, Sarbanes-Oxley created an expensive and arguably unconstitutional new regulatory agency to regulate the audit firms' activities.

And, as is too often the case, Congress has rewarded the failures of the very bureaucracies that failed to keep up with Enron — doubling the budget of the Securities and Exchange Commission.

Tinkering is not enough. Sarbanes-Oxley continues to discourage smaller companies from trading publicly and foreign companies from listing their stocks on American exchanges. In the eyes of investors, it hasn't cleaned up any corruption, it has only forced companies to jump through hoops. As Senator Sarbanes and Representative Oxley drift into retirement, their act should retire with them.

CRIMINAL LAW:

Bruno Deals Eyed (NYDN)

By Joe Mahoney, Daily News Albany Bureau Chief

New York Daily News, January 3, 2007

ALBANY - The FBI has subpoenaed an investment firm for documents related to state Senate Majority Leader Joe Bruno in a widening probe of the state's top Republican, the Daily News learned yesterday.

A source familiar with the investigation said the firm, McGinn, Smith & Co. of Albany, is "one of the groups Sen. Bruno did consulting for" through his own business.

The FBI, working with a federal grand jury convened by the U.S. attorney's office here, is conducting a wide-ranging inquiry to determine if Bruno has cashed in on his position as legislative leader through his business dealings, sources said.

Bruno, of Rensselaer, has stated he is "guilty of nothing," arguing his business arrangements are independent of the legislation he helps control.

But he has been tight-lipped about his company, Capital Business Consultants, refusing to name its clients or income.

Bruno spokesman John McArdle declined to address questions about the senator's relationship with McGinn, Smith.

The firm's executives could not be reached for comment on the FBI inquiry.

The FBI is also reviewing subpoenaed documents relating to land transactions made by now-dissolved First Grafton Corp., a real estate investment firm that Bruno helped to start, as well as plane rides arranged for Bruno by a wealthy friend, Jared Abbruzzese, sources said.

Abbruzzese was an early investor in Evident Technologies, a high-tech Troy company to which Bruno steered $500,000 in pork barrel "member items" in 2002 and 2004.

Despite the probe, legislative insiders predict Bruno will be reelected today as Senate president, a position he has held for 12 years.

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FBI Investigating Murder Of Pascua Yaqui Member (AZDS)

By Brady McCombs, Arizona Daily Star

Arizona Daily Star, January 3, 2007

The FBI is investigating the New Year's Day death of the brother of the chairwoman of the Pascua Yaqui Tribe as a homicide, an FBI spokeswoman in Phoenix said Tuesday.

Gabriel Frias, the 32-year-old brother of chairwoman Herminia Frias, died from shotgun blast to the midsection, an autopsy performed Tuesday by the Pima County Medical Examiner's Office revealed, said Deborah McCarley, an FBI spokeswoman in Phoenix.

The father of three was found shot outside a residential area on the reservation southwest of Tucson early New Year's Day morning, she said. He was conscious when the first responders arrived but died a short time later at about 4 a.m., she said. He was shot more than once but she wouldn't say how many times.

The FBI remained tight lipped about the events leading up to the shooting, possible suspects or motives, citing the need to protect the ongoing investigation, McCarley said. They haven't arrested anyone, she said.

The Frias family, meanwhile, was making preliminary plans for a wake on Sunday and a funeral on Monday, said Pilar Thomas, interim attorney general for the Tribe. The arrangements have not been finalized, she said.

Gabriel Frias, the youngest of six children, is survived by his parents and his three children — a 12-year-old son, a 2-year-old daughter and a 3-week-old boy, Herminia Frias said.

Herminia Frias, 33, who became the tribe's first female leader in June 2004, plans to take some time off to be with her family, Thomas said. Tribal government matters will continue as usual with the other three executive officers handling her duties, she said.

The Tribe has 14,600 enrolled members with nearly 4,000 of them living on the reservation. The tribe has 1,395 acres off West Valencia Road and South Camino de Oeste.

Contact reporter Brady McCombs at 573-4213 or at bmccombs@azstarnet.com

Indicted Cops Turn Themselves In, Other Officers Show Support (NOTP)

By Laura Maggi And Brendan McCarthy, Staff writer

New Orleans Times-Picayune, January 3, 2007

Surrounded by colleagues offering hugs, handshakes and shouts of support, seven New Orleans police officers walked into central lock-up Tuesday morning to be booked on murder and attempted murder charges, stemming from their shooting of six people a week after Hurricane Katrina.

Steady applause broke out as the officers, accompanied by their attorneys and union representatives, began the slow march to jail. At the back of the crowd of more than 200, a woman called out, "Thank you, guys," as others clasped hands with the indicted officers, who appeared visibly moved by the outpouring. One man in the group had tears in his eyes.

Not everyone offered comfort: A handful of protesters, marching outside the ring of support, pronounced the officers guilty and called them terrorists and thugs. And shouts from inside the jail could be heard on the street below — a handful of voices screaming out obscenities and warnings. "Now you are on the inside," one man yelled.

The officer's indictment by a state grand jury indictment last week has clearly galvanized members of New Orleans Police Department, as well as other local police agencies, who turned out on a cold January morning to line South White Street next to the House of Detention.

Police have blasted the indictments, saying the officers who killed two and seriously wounded four on the Danziger Bridge merely carried out their duty, responding to reports of sniper fire at rescue workers. When they arrived at the bridge, on Chef Menteur Highway in eastern New Orleans, they were immediately engaged in a gunfight, police have said.

The grand jury rejected that account, siding with a set of victims who have filed federal lawsuits against the police stemming from the shooting. Those victims have said they were unarmed and did not shoot at the police.

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Lance Madison — who police arrested for attempted murder of a police officer but the grand jury later cleared — has said he did hear shooting before the cops arrived. But Madison and his mentally handicapped brother, who police shot and killed, had no weapons and never threatened police, Lance Madison has said.

As the seven accused officers neared the booking department, several fellow law enforcement officers formed a tight-knit circle around them, clasping their hands on backs of the accused and and shuffling them to the doors.

Once they had walked through the jailhouse doors, officers broke out into chants of "N-O-P-D" and "heroes," largely drowning out a small counter-protest of people with signs reading that "police killings must stop."

"I've never seen such an outpouring of support in all the years I've been doing this. It was quite touching," said Franz Zibilich, the attorney for Robert Faulcon, who was indicted on two counts of first-degree murder and four counts of attempted first-degree murder.

Faulcon and the other three officers accused of first-degree murder will be spending an indeterminate amount of time in Orleans Parish Prison, as Chief Judge Raymond Bigelow ruled last week that they are not eligible for bail. Defense attorneys said that they expect to file motions on Wednesday for bond hearings, which are expected to be held Friday.

Sgt. Kenneth Bowen, Sgt. Robert Gisevius, and officer Anthony Villavaso were charged along with Faulcon with the first-degree murder of James Brissette, 19.

Faulcon, who left the force after the flood, was also charged with the first-degree murder of Ronald Madison, a 40-year-old mentally handicapped man whose body was found with seven gunshot wounds to his back and upper arm. Attorneys for the officers maintain that Madison was hit by seven pellets from one shotgun blast.

Zibilich said Faulcon had never discharged his weapon during his four years on the NOPD, calling him a "decorated, perfect police officer" who spent years in the military before joining the force.

Officers Michael Hunter, Ignatius Hills and Robert Barrios were indicted on attempted murder charges, and therefore eligible for bail. Bigelow set a bond of $100,000 for each count of attempted murder.

Only Hunter posted bail on Tuesday. The families of Barrios and Hills are raising money or finding property to use collateral, with the hope that they can get out of jail within the next few days, their attorneys said.

"They aren't people of means," said Bruce Whittaker, the attorney representing Hills.

Special arrangements have been made for the indicted officers within Orleans Parish Prison, said a spokeswoman for the criminal sheriff's office. They will not be locked up with the general population, a typical provision granted to accused and often even convicted police officers.

A handful of protesters marched alongside the officers, outside of the phalanx of supporters. They carried signs—one read "NOPD Terrorism Must Stop"—and chanted for end to police brutality.

The Rev. Raymond Brown, a community activist and New Orleans chairman of the National Action Network, held a sign aloft and screamed with rage.

"They are guilty," he said, "a bunch of thugs."

The New Orleans branch of the NAACP offered more measured criticism of the display of support, saying it sends a bad signal to the public for the police to applaud accused murderers.

"The system should have an opportunity to function," said Danatus King, an attorney and NAACP branch president.

But the protest could stop potential witnesses from coming forward, King said. Further, the fact that an internal police department investgation cleared the indicted officers could also send a dangerous message to the public: that reporting criminal acts by officers will not result in a thorough NOPD inquiry, King said.

The police rally was organized by the Police Association of New Orleans, with members of the Fraternal Order of Police handing out payroll deduction forms and asking members of NOPD to donate at least $5 per biweekly paycheck to a family assistance fund for the officers. The six officers on the force at the time of the indictment were suspended without pay, according to the department.

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DOJ_NMG_0110469

Watch For Scams, Gulf Coast Homeowners Told (USAT)

By Brad Heath

USA Today, January 2, 2007

Officials along the Gulf Coast are warning homeowners that they will likely face a wave of contractor scams in the coming months as they begin collecting billions of dollars in government grants to rebuild what Hurricane Katrina destroyed.

Mississippi has hired six investigators to target schemes aimed at recipients. Louisiana will send out vans to warn consumers about scams and take complaints. Both states are filling the airwaves with warnings about common schemes, and regularly warn aid recipients to research contractors and put work agreements in writing.

The grant programs in both states will distribute as much as $10.5 billion in aid to homeowners and could trigger thousands of building projects in areas already struggling with a shortage of qualified contractors.

"What used to be an occasional complaint about phony contractors or an occasional fraud has turned into — well, the best way I can describe it is blood in the water," says Charles Marceaux, executive director of Louisiana's contractor licensing board. The board now reviews the conduct of about 100 contractors each month, based on complaints from homeowners, Marceaux says. The complaints range from concerns about unqualified local workers to information about rip-off artists from as far away as Mexico, he says.

The temptation of such scams will only intensify as more homeowners start collecting grants, he says. So far, Louisiana's grant program has given money to 104 of the almost 92,000 people who applied, and Mississippi has paid 8,200 of its roughly 17,500 applicants"The biggest risk for fraud is once we put the money into the hands of a homeowner," says Donna Sanford, who runs Mississippi's program.

It's the latest venue for fraud in the federal government's $80 billion hurricane recovery effort, already faulted repeatedly by federal auditors for waste and abuse. The U.S. Government Accountability Office,the investigative arm of Congress, estimated this year that that Federal Emergency Management Agency has made $1 billion worth of fraudulent or unjustified aid payments.

Officials expect contracting schemes will make up the next wave of fraud, in part because taking money from homeowners is already proving far less complicated than scamming the government-run grants, Mississippi State Auditor Phil Bryant says. Both states required that applicants be interviewed in person and prove they own damaged homes; Louisiana also photographed and thumbprinted applicants.

"This is federal taxpayer money, and we're going to have zero tolerance for any fraud, abuse or corruption," Louisiana Attorney General Charles C. Foti, Jr. says. He says his office now gets 125 contractor fraud complaints a week, and the number is increasing.

Panel Seeks End To Death Penalty For New Jersey (NYT)

By Laura Mansnerus

The New York Times, January 3, 2007

TRENTON, Jan. 2 — A legislative commission recommended on Tuesday that New Jersey become the first state to abolish the death penalty since states began reinstating their capital punishment laws 35 years ago. Its report found “no compelling evidence” that capital punishment serves a legitimate purpose, and increasing evidence that it “is inconsistent with evolving standards of decency.”

Death Penalty Study Commision Report

The report, whose lone dissenter was the original author of the state’s modern death penalty statute, came a year after New Jersey joined Illinois and Maryland in imposing moratoriums on executions, and amid growing unease among politicians and the public about capital punishment.

Eight other states, including New York, have also suspended executions in recent years, most because of court decisions. Maryland had lifted its moratorium in 2003, after a year, but a court essentially reinstated it last month.

Death penalty experts said that New Jersey was the first state to receive an official recommendation that capital punishment be abandoned, and it lands in a state where legislators have a Democratic majority along with a Democratic governor who supports repeal of the statute.

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The governor, Jon S. Corzine, embraced the report on Tuesday. "As someone who has long opposed the death penalty," he said in a statement, "I look forward to working with the Legislature" to carry out the recommendations.

There is ample opposition to capital punishment in both houses of the Legislature, and Senate President Richard J. Codey said in an interview that he expected to ask for a vote, although he would not discuss a timetable.

Assembly Speaker Joseph J. Roberts, who also said he supported an end to the death penalty, issued a written statement saying that he would not consider scheduling a vote until discussing the report with other Democrats, leaving the possibility that repeal legislation could remain locked in committee.

New Jersey's last execution was in 1963, and its death row population has shrunk to nine men. Many appeals have been extended for years by a process known as "proportionality review," meant to assure that capital sentencing was not being arbitrarily applied, before the State Supreme Court.

The 13-member New Jersey Death Penalty Study Commission, including two prosecutors, a police chief, clergy members and murder victims' representatives, began meeting in June and heard from scores of witnesses at five public hearings before issuing the 127-page report.

"Based on our findings, the commission recommends that the death penalty in New Jersey be abolished and replaced with life imprisonment without the possibility of parole, to be served in a maximum security facility," the report said. "The commission also recommends that any cost savings resulting from the abolition of the death penalty be used for benefits and services for survivors of victims of homicide."

If the Legislature did abolish the death penalty, it would be the first to do so since the United States Supreme Court halted all executions in 1972 — after which 38 states rewrote their laws to reinstate the practice. New Jersey restored the death penalty in 1982.

But a repeal would be in line with a nationwide retreat from executions, with the annual count declining by nearly half since 1999. A nationwide Gallup telephone poll in 2006 found Americans almost evenly divided when asked whether a death sentence or life without the possibility of parole was a preferable punishment for murder, after years of previous polls in which a majority supported the death penalty.

"We're in a period of national reconsideration of the death penalty," said Austin D. Sarat, a professor of political science and law at Amherst College in Massachusetts. "I believe what's happening in New Jersey will have a tremendously galvanizing effect."

Richard C. Dieter, the director of the Death Penalty Information Center in Washington, attributed the sea change to the many wrongful convictions exposed by DNA evidence. "That is the wedge that has made the death penalty difficult to fix," Mr. Dieter said. "It's all related to the scientific revolution we've had in the last 10 years."

Professor Sarat, the author of the 2001 book, "When the State Kills," said the shift in public opinion had accelerated even in the last few months.

Two weeks ago, a botched execution in Florida underscored doubts about lethal injection and led Gov. Jeb Bush to suspend the death penalty. The same day, a federal court ruled that California's lethal injection procedures violated the constitutional prohibition on cruel and unusual punishment.

"If you'd asked me six months ago if they'd end up in this place, I'd have said no," Professor Sarat said of the New Jersey commission. "I would have said they'd take a more careful route."

New York, which has only one man on death row and has not carried out an execution since reinstating the death penalty, has had a moratorium since the state's Court of Appeals found its law unconstitutional in 2004. The Legislature has not moved to revise the statute.

In New Jersey, a bill to repeal the death penalty was introduced several years ago but never brought to a vote in the judiciary committee of either chamber. But Mr. Codey, the Senate president, said on Tuesday, "I think that will be done."

"What's the use of having a death penalty if at the age of 18 you commit a murder and then have to live longer than Methuselah to be executed?" he asked.

Mr. Codey also pointed to the change in public opinion since the enactment of the death penalty law, as did the commission. The panel cited a 1999 Star-Ledger/Eagleton-Rutgers Poll in which 44 percent of New Jersey residents supported

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the death penalty and 37 percent preferred life imprisonment without parole, and a 2002 poll that asked the same question found that 36 percent supported the death penalty and 48 percent favored life without parole.

The commission's report, which recommended the life-without-parole alternative, drew stinging responses from several Republicans. "How can they possibly arrive at that conclusion when New Jersey has not enforced the current law even once since its enactment?" the Assembly's minority leader, Alex DeCroce, who represents Morris and Passaic Counties, asked in a written statement.

The dissenter on the commission, John F. Russo, a former State Senate president from Ocean County and a Democrat, said the problem was not in the law but in "the liberal judges and other individuals who have consistently disregarded the legislative will and refused to enforce the law as written."

Mr. Russo, a former prosecutor, recounted a death penalty verdict that he had fought for but left him in tears. "I realize the gravity of the issue," he said, adding that he believed the death penalty should still be available in cases of serial killings and terrorism.

Special Panel Urges New Jersey To Abolish Death Penalty (FINDLAW/AP)

By Tom Hester Jr., Associated Press Writer

AP, January 3, 2007

(AP) - TRENTON, New Jersey-New Jersey should abolish its death penalty and replace it with life imprisonment without the possibility of parole, according to a special commission's report sent Tuesday to Governor Jon Corzine and legislators.

The report, obtained by The Associated Press, found no compelling evidence that New Jersey's death penalty, which has not been used in more than four decades, serves any purpose.

It also found abolishing the death penalty would eliminate the danger of executing an innocent person, and said the death penalty costs taxpayers more than prisoners serving life terms without parole.

"There is increasing evidence that the death penalty is inconsistent with evolving standards of decency," the report said.

"The alternative of life imprisonment in a maximum security institution without the possibility of parole would sufficiently ensure public safety and address other legitimate social and penological interests, including the interests of the families of murder victims," the report found.

One member of the group, former Senator John F. Russo, who wrote the state's death penalty statute when executions were reinstated in 1982, dissented from the commission's findings.

The 13-member commission was formed earlier this year to study capital punishment in a state that has not executed anyone since 1963. Nine men are on death row in New Jersey, but the legislation that created the commission imposed a moratorium on executions until 60 days after the panel completed its work. No execution was imminent when the moratorium was imposed.

The state already was temporarily barred from executing anyone under a February 2004 court ruling that said the state could not execute anyone until it revised procedures on how to impose the penalty. The court had raised concerns about lack of public access to executions and whether the state could handle last-second stays issued after lethal drugs were administered.

Corzine, a Democrat, opposes the death penalty. He is the first elected New Jersey governor to oppose it since Brendan Byrne, who left office in January 1982.

If lawmakers and Corzine implement the commission's recommendation, New Jersey would become the 13th state without a death penalty. New Jersey was the third state to impose a death penalty moratorium to study the issue, behind Maryland and Illinois.

State Prosecutors Getting Federal Help In Child Sex Cases (AP)

AP, January 3, 2007

Until the state Legislature changes prison sentences for people who distribute child pornography, local prosecutors are getting help from federal officials in putting pedophiles in prison.

Investigators in Harnett County discovered 228 video clips and 124 still photos of child pornography - including some involving a toddler - on Christopher Paul Brady's computer.

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In state court, the 31-year-old Brady received three years of supervised probation.

"I got the most I could get," said Assistant District Attorney Mary Wilson.

But federal prosecutors stepped in and charged the Lillington man with trafficking in child pornography. After being convicted, Brady was sentenced to more than 15 years in prison.

"We're saving some people some trauma. We're going to get a good sentence," said Assistant U.S. Attorney Jay Exum, who works with prosecutors on child pornography cases in eastern North Carolina.

Exum works under Project Safe Childhood, a U.S. Justice Department program which was started last year and aims to put pedophiles in prison on lengthy sentences.

FBI statistics show child pornography and exploitation cases increased nationally from 113 in 1996 to 2,135 last year and prosecutors have seen a similar increase in cases coming to court - from 344 in 1995 to 1,576 in 2005.

The state Legislature convenes Jan. 24 and one task is to seek tougher penalties for child pornography charges. State law currently gives prison time to people who make child pornography, but a special legislative committee recommended tougher sentences.

"I think we will get a lot of support in the General Assembly," said Rep. Karen Ray, R-Iredell, and co-chairwoman of the committee. "This is a no-brainer."

Columbus County Assistant District Attorney Samantha Alsup handles pornography cases and said state law doesn't take it seriously.

"Until our state legislature gets tougher on people who look at child pornography, we're going to have to rely on the federal government to keep our communities safe," she said.

CIVIL LAW:

UTEP Professor Sues Federal Government (EPTIMES)

El Paso Times, January 3, 2007

A UTEP professor is suing the federal government hoping to force the release of documents surrounding the case of "Lalo," the former Immigration and Customs Enforcement informant involved in drug- related murders in Juárez.

Bill Weaver, an associate professor of political science at UTEP, filed the suit in mid-November against the Drug Enforcement Administration and the Department of Justice because the agencies did not answer his Freedom of Information Act requests from 2005, court documents showed.

What Weaver is seeking are the never-released conclusions of an internal audit looking at the conduct of special agents and prosecutors who monitored the informant, Guillermo Eduardo Ramirez Peyro, 35, known as "Lalo," as 12 men were tortured, killed and buried in a Juárez back yard in 2003 and 2004.

Weaver also wants a sound recording made by the informant of the gruesome killing of an associate, a Mexican lawyer named Fernando Reyes, in August 2003.

The professor said he wants to use the information for an upcoming book.

"If it had happened on the Canadian border, there would be hell to pay," he said. "That just offends me. That's not the business that the U.S. government should be in."

Ramirez was a lieutenant in the Vicente Carrillo Fuentes drug cartel in Juárez and also worked as a U.S. informant, first for the DEA and then for ICE. ICE memos and other documents suggest that ICE agents and U.S. attorney's office officials knew of the ongoing killings but did nothing to stop them.

Ramirez, who is currently fighting deportation to Mexico, said in an immigration hearing that his ICE handlers monitored his phone conversations and knew when a "carne asada," a barbecue, the code name for murder, was being planned.

In October, ICE officials said they considered the case closed.

But the case has lately attracted the attention of the international press and of a few government watchdogs.

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Weaver said he will soon file two more lawsuits over his FOIA requests. One lawsuit will be against ICE for all information applying to Ramirez including payments and debriefings, and the other will be against the federal courts to see what ICE told the courts about Ramirez in order to obtain wiretapping warrants.

DEA officials in El Paso could not be reached for comment today.

The DEA answered Weaver s FOIAs in writing in December 2006, saying that some of the documents he asked for were in South America, correspondence show.

But Weaver in his lawsuit said the documents are readily available in Washington, D.C., and unclassified.

"The delay on this request is troublesome. Several DEA agents have informed me that all of the material requested is together, at headquarters office, and requires no searching of field offices or even any disparate offices at headquarters," he wrote in the lawsuit. "I have a hard time coming to any conclusion other than that my request is being purposefully stalled."

Weaver is senior adviser to the Virginia-based National Security Whistleblowers Coalition, which counts as a member Sandalio Gonzalez, the former special agent in charge of the DEA in El Paso who was openly critical of ICE over the informant affair. The book Weaver is writing is about whistleblowers.

Louie Gilot may be reached at lgilot@elpasotimes.com; 546-6131.

CIVIL RIGHTS:

Defense Attorney Pleads For Life Of Truck Driver Convicted In Deadliest Human Smuggling Case (FINDLAW/AP)

By Juan A. Lozano, Associated Press Writer

AP, January 3, 2007

(AP) - HOUSTON-A truck driver convicted for his role in the deadliest immigrant smuggling attempt in the U.S. should not be sentenced to death because he is not the "worst of the worst," his defense attorney told jurors Tuesday.

But prosecutors said Tyrone Williams, 35, a Jamaican citizen living in New York state, should be executed because he committed a deliberate act of violence in a depraved manner that resulted in the deaths of 19 illegal immigrants trapped inside a sweltering tractor-trailer.

"The only justifiable punishment in this case should be death," Assistant U.S. Attorney Daniel Rodriguez said.

After a nearly monthlong break due to the illness of an attorney and the holidays, the punishment phase in Williams' retrial resumed on Tuesday with opening statements.

Williams was convicted on Dec. 4 for his role in the May 2003 deaths of the illegal immigrants, who succumbed to the deadly heat in the back of his tractor-trailer as he was smuggling them from southern Texas to Houston.

Jurors now have to decide if Williams, who was convicted on all 58 counts of conspiracy, harboring and transporting, should be sentenced to death or up to life in prison.

During his opening statement, Craig Washington, Williams' lead attorney, told jurors his client never intended for the immigrants to die and continues to be remorseful about what happened.

Washington said other members of the smuggling ring Williams worked with were equally culpable for what happened, but none of them are facing a possible death sentence.

Washington said Williams can be rehabilitated and that his family, who was present in the courtroom, would be hurt by a death sentence.

But Rodriguez said Williams merits a death sentence because by not freeing the immigrants during the smuggling attempt, he intentionally committed an act of violence that put people at grave risk and caused their deaths.

Rodriguez said Williams' actions were done in a heinous and cruel manner that also put in danger the lives of the other immigrants trapped inside his trailer. More than 70 immigrants were stuffed inside the trailer.

Nineteen of the immigrants died of dehydration, overheating and suffocation after spending nearly four hours inside the oven-like container. Williams abandoned the trailer at a truck stop in Victoria, about 100 miles (160 kilometers) southwest of Houston.

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Family members of the 19 victims are expected to testify during the punishment phase.

Williams is the only one of 14 people charged in the case who is facing the death penalty. In 2005, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury could not agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

An appeals court granted Williams a new trial after his conviction in 2005 because the jury could not agree on his role in the smuggling attempt.

Division I-A Minority Coaches Grows To Seven (USAT)

By Thomas O'toole

USA Today, January 3, 2007

Floyd Keith isn't ready to proclaim great strides when it comes to hiring minority head football coaches in NCAA Division I-A. But with two moves already this month, the executive director of the Black Coaches Association said Wednesday that he is encouraged by what is happening.

"At the end of the day I still have to wait and see where the numbers end up," he said. "With two I-A hires, that brings it to seven, which, if there is one more hire, would equal the most."

Mario Cristobal, who is Cuban-American, was hired at Florida International, and Randy Shannon, who is African-American, was hired at Miami (Fla.). They join five other current I-A minority head coaches. In 1998 there were eight. As recently as the 2005 season there were three. Eighteen of the 119 jobs in I-A have opened this season, with all but three filled.

Keith's organization began issuing an annual report card on hiring practice in 2004 as a way to bring pressure on schools to at least consider minority candidates. The group also wants recruits and their families to consider a school's BCA grade before signing.

The grade emphasizes minorities brought into the interview process as well as those hired. The third report card, which grades individual schools, was issued in September.

Keith says anecdotally he is encouraged by "what I'm hearing about the numbers of interviews in the current process. But it still gets to, at the end of the day, who's being hired."

Mass. Lawmakers Vote On Gay Marriage (AP)

By Steve Leblanc

AP, January 3, 2007

In a suspense-filled final day of the legislative session, Massachusetts lawmakers kept alive a proposed constitutional amendment Tuesday that would put a stop to gay marriage in the only state that allows same-sex couples to wed.

The vote came after weeks of mounting legal and political pressure on legislators from both sides in the debate.

With a combination of parliamentary maneuvering, flip-flopping and brinksmanship, lawmakers gave the first round of approval necessary for the amendment to appear on the ballot in 2008. The measure still needs the endorsement of the next legislative session.

If the amendment makes it onto the ballot and residents approve it, it will leave Massachusetts' 8,000 existing gay marriages intact but ban any new ones.

"This is democracy in action. It's not a vengeance campaign. It's not a hate campaign. It's just an opportunity for the people to vote," said Kris Mineau of the Massachusetts Family Institute, a conservative group that opposes gay marriage.

If lawmakers had failed to act on the amendment Tuesday, the measure would have died, and opponents of gay marriage who collected 170,000 signatures to try to put the issue on the ballot would have had to start over again.

The pressure on lawmakers came from all sides: Gay rights activists and Democratic Gov.-elect Deval Patrick called on the Legislature to let the measure die without a vote. Gay rights opponents — and Massachusetts' highest court — demanded an up-or-down vote.

The state Supreme Judicial Court — the same court that ruled in 2003 that gays have a constitutional right to marry — declared last week that lawmakers had shirked their constitutional duties by refusing to vote on an amendment submitted by the people. But the justices acknowledged they had no authority to force action.

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To advance to the next round, the amendment needed the approval of only 50 of the 200 members of the Legislature. On Tuesday, 61 lawmakers voted in favor, while 132 were opposed.

A few hours later, the lawmakers agreed to reconsider. But then they largely affirmed the original result, with 62 voting in favor of the amendment.

Earlier in the day, the governor-elect, who supports gay marriage, met with the leaders of the Democratic-controlled Legislature to argue against a vote, calling it a "question of conscience."

Patrick charged that the amendment process was being used to "consider reinserting discrimination into the constitution."

"This is not just another question for popular decision. This is a question, under the equal protection clause, about what freedoms the minority is entitled to," Patrick said.

Patrick takes the oath of office Thursday. His predecessor, Gov. Mitt Romney, a Republican who is considering a run for president, opposes gay marriage.

On Tuesday, crowds of gay marriage supporters and opponents returned to the Statehouse to press lawmakers on the issue.

Proponents of the amendment stood at the foot of the Statehouse steps with signs reading "Let the People Vote."

"Legislators are sent to Beacon Hill to vote on a matter, not to not vote on a matter," said one of the sign holders, Paul Ferro, 30.

Opponents of amendment stood on the opposite side of the street, in front of a Civil War memorial, with their own banners. "Let the people marry," read one.

A person on the pro-gay marriage side held a sign that read, "Start Acting Like Christians." An opponent of gay marriage yelled from across the street, "We are Christians, just like you!"

In November, seven states approved gay-marriage bans, joining 20 that had done so in previous elections.

Other states are moving in the opposite direction: New Jersey's gay couples gained new rights last week when the state legalized same-sex civil unions there. Vermont and Connecticut also allow civil unions.

Same-Sex Marriage Setback In Massachusetts (NYT)

By Pam Belluck

The New York Times, January 3, 2007

BOSTON, Jan. 2 — Massachusetts, the only state where same-sex marriage is legal, took a first step toward possibly banning it Tuesday when legislators voted to advance a constitutional amendment defining marriage as the union between a man and a woman.

The amendment now requires the approval of at least 50 legislators in another vote in the 2007-8 session. Then it would be placed on the November 2008 ballot as a referendum question.

If it passed, the amendment would not invalidate the more than 8,000 same-sex marriages that have taken place since they became legal in May 2004. But it would prevent future marriages of gay men and lesbians.

“This is democracy in action,” said Kris Mineau, president of the Massachusetts Family Institute, which sponsored the amendment. “It’s giving people the opportunity to vote on the most essential institution in human existence — marriage.”

Arline Isaacson, co-chairwoman of the Massachusetts Gay and Lesbian Political Caucus, choked back tears.

“The price that our children and families will pay is so severe that we simply have to recommit ourselves to fight this some more,” she said.

The swiftness of the vote on Tuesday surprised people on both sides of the issue, taking place without any debate, just minutes after the constitutional convention had been gaveled into session. Proponents of the amendment needed just 50 of the legislature’s 200 lawmakers to support it; the final vote was 61 in favor of the amendment and 132 opposed.

Later in the day, supporters of same-sex marriage persuaded lawmakers to reconsider the amendment, but the second vote, 62 to 134, only affirmed the results of the first.

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National groups on both sides of the issue said they would commit resources to help advocates wage battle here. This past Election Day, the tide had seemed to be turning slightly in favor of supporters of same-sex marriage, with the defeat of an opposition amendment in Arizona and passage of seven others by slimmer margins than similar amendments in 2004.

Just two months ago, at an earlier constitutional convention, the legislature appeared to have essentially killed the proposal to allow a vote. During that session, legislators recessed without voting on the amendment, tabling it until Jan. 2, the last day of the legislative session. Both sides said they expected that lawmakers would then vote to end the session without taking up the measure.

But last week, the state's Supreme Judicial Court, which three years ago ruled that same-sex marriage should be legal, threw a wrench into things.

The court chided lawmakers for their maneuvers to avoid a vote on the amendment, saying the legislature had demonstrated "indifference to, or defiance of, its constitutional duties."

The court said it was not empowered to order the legislature to vote on the amendment, which petitioners, including Gov. Mitt Romney, had asked it to do. But the court's criticism appeared to be enough to make some lawmakers, including some supporters of same-sex marriage, decide to allow a vote.

"Certainly, the court ruling changed the atmosphere this week," said Mr. Mineau, whose organization had gathered a record 170,000 petition signatures to get the amendment before the legislature.

Ms. Isaacson said, "The S.J.C. decision really tipped the scales against us."

Tuesday's vote was considered a victory for Governor Romney, a Republican who has used his opposition to same-sex marriage as a conservative rallying point as he has laid the groundwork for an expected run for the presidency in 2008.

In a statement Tuesday, Mr. Romney called the marriage vote "a huge victory for the people of Massachusetts."

By contrast, the vote was something of a rebuke to the incoming governor, Deval L. Patrick, a supporter of same-sex marriage who on Thursday will be sworn in as the first Democrat to occupy the governor's office in 16 years. On Tuesday, before the constitutional convention, Mr. Patrick met with the House speaker and the Senate president, both Democrats, to urge them to find a way to defeat the amendment, even if it meant adjourning without voting on it.

"I believe that adults should be free to choose whom they wish to love and to marry," Mr. Patrick said, adding that he objected to using the constitutional amendment process "to give a minority fewer freedoms than the majority."

After the vote, Mr. Patrick said in a statement, "We have work to do over the next year to turn this around."

The new legislature taking office this month includes more supporters of same-sex marriage. But people on both sides of the issue said it was not clear if the balance had tipped enough to sideline the amendment.

Ms. Isaacson and other gay rights activists have said that, should the initiative get on the 2008 ballot, they fear losing to an expensive campaign that would draw opponents from around the country. Polls in Massachusetts have generally found that just over half of the citizens surveyed supported same-sex marriage, but about the same number wanted the constitutional amendment to come before voters.

On Tuesday, scores of demonstrators lined the street outside the Statehouse and spilled into the building.

"I think it is going to get defeated next time around," said Lea Roy, 38, a supporter of same-sex marriage from Fitchburg who hopes to marry her girlfriend. "It's something you always dream about growing up — getting married. Then it's like, I'm gay and we're not allowed to get married."

But David Wilson, who, along with his partner, Rob Compton, was a plaintiff in the original lawsuit that legalized same-sex marriage, was less optimistic.

"It feels like the rug has been pulled out from under us," said Mr. Wilson, who has married Mr. Compton. "Maybe I'll feel better tomorrow, but today I feel like I've been shot."

Bea Martins, 63, an opponent of same-sex marriage from Fall River, said she was "very pleased" by the vote. As the initiative winds its way through the rest of the process, Ms. Martins said, "my counsel is we continue praying to the dear Lord for justice to be done."

Mass. Gay Marriage Law Contested (WP)

DOJ_NMG_0110477

By Michael Powell And Robin Shulman

The Washington Post, January 3, 2007

Massachusetts legislators approved a measure yesterday that next year could allow voters to overturn a historic same-sex marriage law in the only state in the nation where such unions are legal.

A bitterly divided state legislature voted to advance a proposed amendment to the state constitution that defines marriage exclusively as a union between a man and a woman. If the measure survives another legislative vote, it will go on the statewide ballot in 2008, a presidential election year.

"It's in the best interests of children and society for marriage to be defined as between a man and woman," said Glen Lavy, a senior counsel with the Alliance Defense Fund, which strongly favors banning same-sex marriage. "The battle to preserve marriage in Massachusetts as between a man and a woman is alive and well."

Voters in 26 states have passed initiatives that effectively ban same-sex marriages. Voters in only one state -- Arizona -- have failed to approve such a ban.

Yesterday's vote fell like a hammer on gay-rights advocates, who have fought a half-decade-long war to gain the right to same-sex marriage in Massachusetts. In 2003 the Massachusetts Supreme Court ruled that same-sex couples have a right to marry, and 8,000 couples have since done so.

No gay or lesbian activist involved in this struggle tried to portray yesterday's action as anything but a setback.

"It's a profoundly disappointing vote," said Matt Foreman, executive director of the National Gay and Lesbian Task Force. "It's always wrong to put the rights of a minority up to a popular vote."

Only two years ago, Janet Lawn, 46, and her longtime partner, Maryann Chaisson, obtained a legal marriage. She recalls standing in their back yard as a Unitarian minister sounded the words: "By the power invested in me by the state of Massachusetts, I pronounce you married."

"The whole crowd erupted," Lawn recalled. "It was really wonderful on many levels having the dignity and respect to be able to say, 'I'm married.' "

And how does she feel now?

"Pretty awful," she says. "It's painful to have people think that it's okay to vote on the validity of my life and my marriage."

Both sides forecast a wrenching battle if the amendment goes on the ballot in 2008. The Catholic Church and various evangelical denominations have poured money and manpower into the effort. Outgoing Gov. Mitt Romney (R), a social conservative and a likely presidential candidate in 2008, has worked the telephones and has urged legislators to approve a vote on the proposed amendment.

"This is a huge victory for the people of Massachusetts," Romney said in a statement. "In a democracy, the voice of the people is sovereign."

It is by no means clear that Massachusetts voters will overturn the same-sex marriage law, even if they have the chance. In the last few years, a decided majority of state legislators -- and Gov.-elect Deval Patrick (D) -- have supported same-sex marriage and vowed to try to sink the proposed amendment in a legislative session later this year.

A Boston Globe poll last year found that 56 percent of respondents said same-sex marriages should be allowed by law, a sharp increase from a year earlier. "It's going to be wrenching and divisive, but it's a fight the entire gay movement will take on," Foreman said.

Grounded in state law, yesterday's vote was a peculiar one. Once supporters obtain enough signatures, they send the proposed constitutional amendment to the legislature. Only 50 of the 185 legislators need to approve a proposed constitutional amendment in sessions in two consecutive years for it to be placed on the state ballot.

Sixty-two legislators wound up voting for the proposed amendment yesterday; 134 voted against it.

More than a few activists see a bitter battle ahead, and one that could resonate in a presidential election year. "The Republicans use gay marriage as an issue to mobilize their base," Foreman said. "But the reality is that marriage in Massachusetts hasn't caused the sky to fall. The Red Sox even won the World Series since then."

Same-sex 'Marriage' Measure Advances (WT)

DOJ_NMG_0110478

By Cheryl Wetzstein

The Washington Times, January 3, 2007

Massachusetts lawmakers yesterday twice passed a proposed constitutional amendment to outlaw same-sex "marriage," bending to a recent court ruling that said they had a duty to vote on the measure.

The measure has to pass another joint legislative session before it can be placed on the November 2008 ballot, but yesterday's votes brought relief to supporters.

"Today's victory is about restoring the integrity and authority of the people's constitutional right to petition their government," said Kris Mineau, president of the Massachusetts Family Institute and spokesman for VoteOnMarriage.org, which led the 2005 petition drive that garnered 170,000 signatures in favor of the amendment.

The measure seeks to redefine marriage in Massachusetts as the union of one man and one woman, essentially ending homosexual "marriage" in the only state where it is legal. The amendment would not be retroactive, and would not affect the 8,764 same-sex couples who have "married" in the state, according to the Massachusetts Registry of Vital Records and Statistics.

The Massachusetts Supreme Judicial Court legalized homosexual "marriage" in November 2003 with its decision in the Goodridge v. Department of Public Health case. The nation's first legal same-sex "marriages" were performed in May 2004.

Homosexual rights activists expressed dismay with yesterday's votes.

It will be a disaster if the amendment goes to the ballot, said Arline Isaacson, a leader of the Massachusetts Gay and Lesbian Political Caucus.

"The state will endure one of the nastiest and most divisive debates you've ever seen with the radical-right money pouring in and an anti-gay campaign of the likes people could not possibly imagine," she said.

Gov.-elect Deval Patrick, a Democrat who will be sworn in this week, also decried the measure.

"I believe a vote to advance this question to the 2008 ballot is irresponsible and wrong," he said. "It would do nothing more than condemn us all to more years of debate and expense on a matter that is legally and practically settled."

The joint session yesterday was the final chance for a vote on the marriage amendment. Twice last year, Democratic leaders ended joint legislative sessions without voting on the measure, and a failure to vote yesterday would have effectively killed it.

When lawmakers sidestepped the issue in their November session, amendment supporters, including outgoing Gov. Mitt Romney, a Republican, took their grievance to the Massachusetts Supreme Judicial Court.

On Dec. 27, the court unanimously ruled that lawmakers have a constitutional duty to take yes-or-no votes on the merits of pending citizen-initiative amendments, although, the justices added, they did not have the power to force a vote.

Shortly after opening yesterday's joint session, state Senate President Robert E. Travaglini called for a vote on the amendment. Although the vote was 132-61, with the majority against the amendment, it won because it needed only 25 percent approval, or 50 out of 200 votes.

Lawmakers later agreed to reconsider the matter and took another vote in the late afternoon. That vote 134-62 also upheld the amendment.

"I'm very proud that we took a vote," said Democratic state Sen. Susan C. Tucker, an amendment opponent, said later. "I think we owed the people that. At the same time, I'm also equally proud of my 'no' vote," she added.

Crowds of homosexual "marriage" supporters and opponents held rallies outside the State House.

"Legislators are sent to Beacon Hill to vote on a matter, not to not vote on a matter," said Paul Ferro, 30, one of the many proponents with a sign reading "Let the People Vote."

Opponents of the amendment stood on the opposite side of the street with banners reading "Let the people marry."

In November, voters in seven states approved constitutional amendments to define marriage as the union of one man and one woman, bringing the number of states with such amendments to 27.

This article is based in part on wire service reports.

DOJ_NMG_0110479

ANTITRUST:

Qualcomm Under Scrutiny By Korean Antitrust Agency (NYT)

By CHOE SANG-HUN

The New York Times, January 3, 2007

SEOUL, South Korea, Jan. 2 — The South Korean antitrust agency has formed a task force to investigate the licensing and business practices of the wireless technology company Qualcomm, the latest in a string of legal battles for the company, officials said on Tuesday.

In Japan, Europe and the United States, Qualcomm, which is based in San Diego, faces accusations by rivals that it has abused its market dominance in wireless technology to demand excessive royalties and block fair competition.

Qualcomm is known for developing code-division multiple access, or CDMA, wireless technology, which is a rival standard to the global system for mobile communications, or GSM, technology. It makes money by selling chips that power cellphones, as well as collecting royalties or licensing its technology to other chip makers and cellphone manufacturers.

The creation of a task force, which is modeled after the one investigating antitrust complaints against Microsoft, means that the case in question merits a full-blown investigation, said Na Yang-ju, a spokesman for the South Korean antitrust watchdog agency, the Fair Trade Commission.

But commission officials also acknowledged that the case against Qualcomm was more complicated than they had expected. A year ago, the commission ruled that Microsoft was guilty of breaching fair trade rules, a decision the company is appealing.

"We have been investigating Qualcomm's case since last April but we have found it to be a complicated case where facts are difficult to establish," a commission investigator, Lee Seung-kyu, said.

South Korea is home to several leading mobile phone makers as well as smaller companies that provide technology and components. More than 80 percent of the country's 48 million people carry cellphones, all based on Qualcomm technology.

"Companies here have constantly complained about Qualcomm demanding too much royalty," said Kevin Lee, an industry analyst at Woori Investment and Securities in Seoul.

"The investigation can be seen as political pressure on Qualcomm to be more friendly toward South Korean companies which use its technology," Mr. Lee added.

Executives at the company said they had no comment because they had not yet received official queries from the Fair Trade Commission.

Investigators from the commission searched Qualcomm Korea's two offices in April, seeking data on Qualcomm's business dealings with Samsung, LG and Pantech.

Qualcomm Korea said it was standing by a statement issued in April by its parent that its "business practices are lawful and procompetitive."

The investigation into Qualcomm was set off last year by complaints from Nextreaming and Thin Multimedia, two South Korean companies that make software that allows cellphone users to download music, surf the Internet and display video over high-speed cellular networks.

Lim Il-tiek, president of Nextreaming, accused Qualcomm of undermining fair competition by bundling its multimedia software into its market-dominant cellphone chip sets.

Copyright Lawsuit Names Leading Technology Firms (NYT)

By JOHN MARKOFF And MIGUEL HELFT

The New York Times, January 3, 2007

SAN FRANCISCO, Jan. 2 — In 1997, Jonathan T. Taplin, a veteran film and television producer, stood up at a cable industry convention and asserted that in the future all movies would be distributed over the Internet. He recalls being laughed out of the room.

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Mr. Taplin may laugh last. Online distribution of movies has arrived, at places like Apple Computer's iTunes Store. And even though Mr. Taplin's own video-on-demand company, Intertainer, shut down operations five years ago, it says it deserves some credit — and cash.

Last week, Intertainer filed a broad lawsuit asserting that Apple, Google and Napster are infringing on a 2005 patent that covers the commercial distribution of audio and video over the Internet.

Founded by Mr. Taplin and two other Hollywood entertainment executives in 1996, Intertainer developed technology to distribute movies on demand through cable and phone lines for viewing on televisions and personal computers. It gained investors including Intel, Microsoft, Sony, NBC and Comcast.

"Intertainer was the leader of the idea of entertainment on demand over Internet platforms before Google was even thought up," said Mr. Taplin, now an adjunct professor at the Annenberg School for Communication at the University of Southern California. He and a secretary constitute the entire remaining staff of Intertainer.

Theodore Stevenson, a partner at McKool Smith, the Dallas firm representing Intertainer, said the company filed suit against Apple, Google and Napster because they were perceived as leaders in the market for digital downloads. He declined to specify the damages that Intertainer was seeking.

Apple, Google and Napster all declined to comment on the lawsuit.

Intertainer's tale is somewhat different than other intellectual property suits brought by technology licensing firms. By 2002 the company seemed to have a growing business, with 125,000 Internet subscribers for its servers and 35,000 TV subscribers through the Comcast cable system.

But in the fall of 2002, the company shut down its service and filed a lawsuit against some of the backers of Movielink, a competitor backed by five Hollywood studios, including Sony, Universal and Warner Brother. At the time Mr. Taplin said the studios were using Movielink as a price-fixing vehicle to kill Intertainer.

An antitrust investigation by the Justice Department into Movielink was dropped in 2004.

The studios settled the lawsuit last March for an undisclosed sum, and Mr. Taplin said in a phone interview Tuesday that Intertainer would henceforth pursue a patent licensing business.

The company holds nine patents, including United States Patent No. 6,925,469, which was issued in 2005 and is intended to cover the management and distribution of digital media from various suppliers.

Despite initial backing from Microsoft and Intel, Mr. Taplin said the two companies were not involved in the decision to bring the Apple, Google and Napster lawsuit. He said that decision was made by Intertainer's board and that none of his original corporate backers have board seats. Several of the company's original investors have taken patent licenses, he said, but he would not name the companies.

Despite the company's decision to file the case in a federal district court in Texas that has traditionally looked favorably on plaintiffs in patent lawsuits, several digital media experts said that Intertainer might have a difficult time enforcing its patent because of its relatively recent filing date, in 2001.

By that time, for example, Real Networks, the Seattle-based pioneer in streaming digital media, had begun a Internet subscription service for digital content.

Legal experts said it was difficult to handicap Intertainer's claims. "There are so many of these lawsuits nowadays," said Eric Goldman, director the High-Tech Law Institute at Santa Clara University School of Law. "It is hard to figure out which ones are a serious threat and which one are not."

Mr. Goldman also said it was unclear what specific technology or service was covered by the Intertainer patent.

"I have the same problem with this patent as so many of the patents of the dot-com boom days: I don't know what it means," Mr. Goldman said.

Mr. Stevenson, the Intertainer lawyer, said the patent covers a system that can be used by content owners to upload their content and used by consumers to download it. "It is pretty basic to the architecture of digital content delivery nowadays," he said.

Mr. Taplin, who once worked as a road manager for Bob Dylan and produced several movies including "Mean Streets," "The Last Waltz" and "To Die For," has a history of activism on technology issues. In 2002, he encouraged those attending a

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technology conference to urge the Federal Communications Commission to ensure that broadband providers would not be able to block specific Web sites — an early version of a hot-button issue that has become known as network neutrality.

Earlier that year, he testified before the Senate against legislation that would have forced high-tech manufacturers to incorporate technology to prevent piracy in their software and hardware.

Nucor Agrees To Buy Harris Steel Of Canada For $1.07 Billion (NYT)

The New York Times, January 3, 2007

CHARLOTTE, N.C., Jan. 2 (AP) — The Nucor Corporation, the maker of steel products, said Tuesday that it had agreed to acquire the Harris Steel Group of Canada for $1.07 billion.

Nucor, which makes steel from recycled metal at its minimill operations across the United States, said the deal would broaden its geographic reach and give it opportunities to grow.

Nucor bid 46.25 Canadian dollars ($39.69) for each Harris Steel share, a 6 percent premium over the Friday closing price of 43.49 Canadian dollars ($37.32) for Harris shares on the Toronto Stock Exchange.

Harris also had 123 million Canadian dollars ($105.5 million) in debt at the end of September.

The tender offer will be open for at least 35 days and has the support of the boards of both companies, Nucor said.

The companies said John Harris, chairman and chief executive of Harris Steel, and other members of the Harris family and Paul Kelly, Harris Steel's president and chief operating officer, agreed to tender their shares to Nucor, giving Nucor more than 50 percent of Harris Steel shares.

The two companies already have a partnership that dates from 2004, when Nucor paid $21 million to acquire a 50 percent stake in Harris's 11 reinforcing-steel-products operations in the United States.

Harris, based in North York, Ontario, has 23 additional plants in Canada.

The deal requires regulatory approval in the United States and Canada. Nucor, which is based in Charlotte, plans to allow Harris Steel to operate as a separate, wholly owned subsidiary once the deal is completed.

Nucor, which has operations in 18 states, expects the acquisition to bolster earnings immediately.

Shares of Harris rose 2.55 Canadian dollars, to 46.04 Canadian dollars ($39.51) on Tuesday. The New York Stock Exchange was closed Tuesday because of the day of mourning for former President Gerald R. Ford.

Nucor Bets On Finished Steel (WSJ)

By Paul Glader

The Wall Street Journal, January 3, 2007

With its $1.07 billion acquisition of Harris Steel Group Inc. in Canada, Nucor Corp. is breaking from its nonunion tradition and offering a glimpse of where it sees growth in the steel industry.

The move by the Charlotte, N.C., steelmaker also answers a question that has followed Nucor and other steelmakers: where to invest sizable cash reserves from three years of strong steel prices? With this deal, Nucor shows it sees opportunity in finishing steel products for its customers and in distribution rather than adding steelmaking capacity.

The deal comes amid rising concern by some in the steel industry over the potential for raw steelmaking overcapacity. Nucor had said fourth-quarter earnings would be less than expected because of lower shipments and prices.

While many large steel companies are buying other primary steelmakers around the world, Nucor -- which had $1.69 billion in cash on its balance sheet in the third quarter -- is focusing its investment and growth largely in North America's manufacturing infrastructure. Nucor said it sees the construction market growing, with increasing demand for bridges, tunnels, airports and hospitals.

Harris -- which fabricates steel into reinforced steel bar, platform grating and wire mesh for construction products ranging from bridges to airports and stadiums -- serves that market. The move "significantly advances Nucor's downstream growth initiatives," said Nucor Chairman and Chief Executive Dan DiMicco.

In a big challenge for Nucor, about half of Harris's 3,000 employees belong to a mix of ironworker, auto-worker and steelworker unions. Nucor is famously nonunion. "It's definitely a stretch for Nucor, culturally," said Timna Tanners, a steel analyst in New York with UBS Research. "They haven't been quiet about their distaste for unions over the years."

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Nucor has managed to keep its other operations nonunion by offering higher salaries and production incentives. But Ms. Tanners suggests the company doesn't have many nonunion options left in North America when it comes to acquisitions and expansions. "We understand that opportunity comes with unions," says Nucor Executive Vice President Hamilton Lott.

Nucor had a joint venture with Harris, which also makes cold-drawn bar products used to make farm machinery, power tools and auto parts, for the past three years and already owned a 50% stake in Harris's U.S. rebar-fabrication division, which produces concrete-reinforcing bar -- a round and ridged bar product used in construction.

To buy the remaining interest in Harris, Nucor has offered 46.25 Canadian dollars (US$39.67) a share, a 6.3% premium to Harris's Friday close of C$43.49 on the Toronto Stock Exchange. The offer has the support of both companies' boards. Harris will keep its name, as a Nucor subsidiary, and be led by current Chairman and CEO John Harris. The Harris board, however, will consist of three Nucor representatives and Mr. Harris.

Harris reported net income of C$25.62 million in the third quarter and C$63.5 million in the first nine months of 2006. Sales totaled C$387 million in the third quarter and C$1.08 billion in the first nine months of 2006.

Previously, the largest acquisition Nucor made was the 2002 purchase of Birmingham Steel for about $615 million. In past decades, Nucor grew by building new steel minimills and shunned acquisitions. But, in recent years, consolidation swept the global steel industry and brought new competitors such as minimill competitor Gerdau SA, of Brazil, which acquired numerous minimills in the U.S. Nucor, in turn, has been acquiring smaller steel minimill operations that have come up for sale.

Gerdau Ameristeel, the North American subsidiary of Gerdau SA, and Dallas-based Commercial Metals Inc. are large players that produce rebar and deliver and install the material on job sites. Reinforcing bar is the largest business segment for Harris Steel, and Nucor now has a similar method of producing steel and distributing it all the way to construction sites.

In Brief Seminoles Face Lawsuit Over Hard Rock Deal (WSJ)

The Wall Street Journal, January 3, 2007

Baltimore development firm Cordish Co. and affiliate Power Plant Entertainment LLC filed suit in Broward County Circuit Court in Florida, claiming the Seminole Tribe of Florida was able to buy the Hard Rock chain of cafes and casinos through collusion and bid rigging. The plaintiffs allege Hard Rock Cafe International Inc. management secretly negotiated with the Seminoles for seven months before plans to sell were announced in July. Power Plant, a partnership between Cordish and Coastal Development LLC, was the original developer of two Seminole Hard Rock casinos and hotels in Tampa and Hollywood, Florida. The Seminoles last month agreed to buy the chain for $965 million from the U.K.'s Rank Group PLC. In a statement, the Seminoles accused Cordish of being "a sore loser" and insisted the deal went through "a lengthy and open bidding process." They said the lawsuit "has no merit." Rank Group shareholders are scheduled Monday to vote on the sale.

Inquirer Begins Layoffs

The Philadelphia Inquirer began a round of long-expected layoffs amid a drop in circulation and ad revenue. In all, 68 newsroom employees were expected to be laid off, a company spokesman said. The Inquirer and the Philadelphia Daily News were purchased for $562 million by Philadelphia Media Holdings, an investment group led by Brian Tierney, a former advertising executive who is now the papers' chief executive and publisher. In November, Mr. Tierney announced that layoffs in the 415-worker newsroom were unavoidable. Layoffs aren't expected at the Daily News.

Starbucks Trims Fats

Starbucks Corp. is cutting trans fats from the doughnuts, muffins and other treats in half of its U.S. stores, and plans to eventually drop the artery-clogging fats from all company-operated U.S. coffeehouses. Spokesman Brandon Borrman said the Seattle company's standalone stores in Seattle, San Francisco, Chicago, Los Angeles, San Diego, Boston, New York, Philadelphia, Washington and Portland, Ore., will have no trans fats in their food as of today. In December, New York became the first American city to ban artificial trans fats in restaurants and eateries. With some exceptions, restaurants will be barred from using spreads and frying oils containing artificial trans fats by July 1.

Protecting Internet Democracy (NYT)

The New York Times, January 3, 2007

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One of the big winners in the last election may turn out to be the principle, known as net neutrality, that Internet service providers should not be able to favor some content over others. Democrats who are moving into the majority in Congress — led by Ron Wyden in the Senate and Edward Markey in the House — say they plan to fight hard to pass a net neutrality bill, and we hope that they do. It is vital to preserve the Internet's role in promoting entrepreneurship and free expression.

Internet users now get access to any Web site on an equal basis. Foreign and domestic sites, big corporate home pages and little-guy blogs all show up on a user's screen in the same way when their addresses are typed into a browser. Anyone who puts up a Web page can broadcast it to the world.

Cable and telephone companies are talking, however, about creating a two-tiered Internet with a fast lane and a slow lane. Companies that pay hefty fees would have their Web pages delivered to Internet users in the current speedy fashion. Companies and individuals that do not would be relegated to the slow lane.

Creating these sorts of tiers would destroy the democratic quality of the Internet. Big, wealthy voices would start to overpower the smaller, poorer ones. Innovation would be threatened if start-ups and small companies could not afford the new fees. The next eBay or Google might never be born.

A net neutrality law would require cable and telephone companies to continue to provide Web sites to Internet users on an equal basis. Mr. Markey, of Massachusetts, will be taking over a key subcommittee that handles Internet issues. He has promised to hold hearings to educate Congress and the public, and to reintroduce his strong net neutrality bill. Mr. Wyden, of Oregon, plans to reintroduce an equally solid bill in the Senate.

Passing the legislation will not be easy. The cable and telephone companies have fought net neutrality with a lavishly financed and misleading lobbying campaign, because they stand to gain an enormous windfall. But there is growing support from individuals and groups across the political spectrum, from MoveOn.org to the Gun Owners of America, who worry about what will happen to their free speech if Internet service providers are allowed to pick and choose the traffic they carry.

In the last week, there was a limited but important victory for net neutrality. As a condition of approving the AT&T-BellSouth merger, the Federal Communications Commission required AT&T to guarantee net neutrality on its broadband service for the next two years. The commission was right to extract this concession, but it should not be necessary to negotiate separate deals like this one. On the information superhighway, net neutrality should be a basic rule of the road.

ENVIRONMENT:

Dge To Decide Dispute Over Fort Reno Land (AP)

AP, January 3, 2007

EL RENO, Okla. — A federal judge in Washington will decide whether the federal government wrongfully took about 7,000 acres of land belonging to the Cheyenne-Arapaho Tribes of Oklahoma.

Attorneys for the Cheyenne-Arapaho filed an 18-page response on Friday to the government's motion to dismiss the tribes' lawsuit over the land. The tribes want to do oil exploration on the land and use it for development of retail, offices and possibly a casino, Cheyenne-Arapaho Gov. Darrell Flyingman said.

"It's valuable land," he said. "There's hundreds of oil and gas wells right around Fort Reno. That's one of the reasons they're trying to keep it."

In 1869, the Cheyenne-Arapaho were moved from Colorado onto 5 million acres west of Oklahoma City. Fourteen years later, a presidential order whittled 9,000 acres off their reservation to create Fort Reno. The tribes believe the land was to revert to them when the government no longer needed it for military purposes.

When the cavalry abandoned the post in 1908, it became a "remount station," where horses and mules were raised and trained for the military. When the remount station closed in 1954, the government announced the property would be set aside for possible military use.

James M. Upton, the Justice Department attorney representing the government, did not reply to messages seeking comment.

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According to the government, which is seeking to dismiss the tribes' lawsuit, the Cheyenne-Arapaho claim on the land died in 1891, when the reservation was allotted and the tribes signed an agreement ceding the remaining 400,000 acres, which then were opened to non-Indian settlement.

The tribes say they never ceded the Fort Reno land and that the government remained bound to its promise to return it to them when no longer needed for military use.

"It's our land. We never gave it up," Flyingman said.

The tribes received 2 cents per acre in 1891, then $15 million more in 1965 after filing a lawsuit under the Indian Claims Commission Act, which was designed to correct past injustices in land dealings with Indian tribes.

The tribes say the payment covered the rest of the old reservation, excluding the Fort Reno land.

A bill in Congress, the Fort Reno Mineral Leasing Act, would've authorized the Agriculture Department secretary to open the land to oil and gas exploration.

The measure, co-sponsored by Sen. Jim Inhofe, R-Okla., died when the 109th Congress adjourned Dec. 9, but Flyingman suspects it will be re-introduced in the coming session.

"We have a big fight on our hands. We're taking on the Oklahoma delegation plus the oil companies," he said.

In a statement in November, Inhofe, said the measure "... allows USDA to lease the property, while at the same time allowing some of the funds from the leasing to be put toward renovating and maintaining the historic buildings at Fort Reno."

Since 1948, the U.S. Department of Agriculture has operated a research station at Fort Reno and hosted Historic Fort Reno, a nonprofit organization that runs the old fort as a historic site.

Should the tribes prevail, Flyingman said both will be invited to stay.

Feds Alter Timetable For Trial In Reactor Case (TOLB)

By Tom Henry, BLADE STAFF WRITER

Toledo Blade (OH), January 3, 2007

Davis-Besse trio charged with lying

Federal prosecutors veered off their timetable for having criminal charges against two former Davis-Besse engineers and a contractor heard in U.S. District Court by the end of this fall - partly because of the complexity of the case, and partly because of recent finger-pointing among the trio.

The case now may be split into at least two trials.

Defendants Andrew Siemaszko, of Spring, Texas; David Geisen, of DePere, Wis., and Rodney N. Cook, of Millington, Tenn., face up to five years in prison and $250,000 in fines if convicted on charges of making false statements to a federal agency.

Mr. Siemaszko and Mr. Geisen are former Davis-Besse engineers. Mr. Cook is a contractor who had been associated with the Ottawa County nuclear plant for years.

Each is accused of jeopardizing northern Ohio's safety five years ago by lying about Davis-Besse's old reactor head when the Nuclear Regulatory Commission was debating whether the plant was too dangerous to keep operating in the fall of 2001.

Siemaszko

Zoom | Photo Reprints The NRC, based on what it learned in subsequent months, said acid melted so much steel off the massive lid that it nearly blew open and allowed radioactive steam to form in containment for the first time since the partial meltdown of Three Mile Island Unit 2 in 1979.

The agency ultimately said there's no question FirstEnergy Corp., in hindsight, should have shut down the plant at least six weeks earlier than it did on Feb. 16, 2002.

Sometime early this year, Judge David Katz of U.S. District Court in Toledo is expected to hear arguments about keeping the case as one trial or splitting it into two.

U.S. Department of Justice attorneys want one trial. Mr. Siemaszko's attorneys have asked for their case to be heard separately from Mr. Geisen and Mr. Cook, and vice versa.

All defendants claim in separate filings that the government's case centers around five letters that FirstEnergy sent to the NRC in the fall of 2001.

None of the three defendants signed the letters. But all are alleged to have helped prepare or approve the information in them.

Based on conflicting information about their roles, a jury "could disbelieve all three of the defendants but, if tried together, it cannot believe all three defendants," a brief from the Siemaszko defense team said.

It claims "his former colleagues are now severely antagonistic towards him and accuse him of providing them the information submitted and upon which they relied."

A brief from the attorneys representing Mr. Geisen and Mr. Cook said their clients have likewise been victims of antagonistic behavior on the part of Mr. Siemaszko, and claim that statements he has made about them to investigators are false.

Chuck Boss, a Maumee attorney and part of Mr. Siemaszko's defense team, said he believes his client's case would go first if the judge grants two trials.

"The defenses of these people are diametrically opposed to one another. They're 180 degrees apart." Chuck Boss, a Maumee attorney on Andrew Siemaszko's defense team Mr. Siemaszko has been held up as a whistle-blower by the Union of Concerned Scientists and Ohio Citizen Action.

Both groups maintain that he is being punished for trying to shed light on Davis-Besse's problems.

In September, Mr. Siemaszko sued FirstEnergy for wrongful termination and breach of contract in Ottawa County Commons Pleas Court. That case also is pending.

Federal court records claim both sides believe neither can get a fair trial if the criminal cases are heard together. Jury selection for a single trial has been tentatively scheduled for April 16, although that date is subject to change if two trials are granted.

Mr. Siemaszko's attorneys also are trying to subpoena FirstEnergy computer records that they consider vital to his defense.

Cynthia Magnuson, Justice Department spokesman, last week reiterated the government's policy of declining comment on pending litigation.

Mr. Geisen's attorney, Richard Hibey, of Washington, had little to say beyond acknowledging that motions are to be heard. Mr. Cook's attorney, John Conroy, also of Washington, could not be reached for comment.

Last January, FirstEnergy Corp. was handed a $28 million fine, the largest in U.S. nuclear history, for its corporate role in covering up evidence about Davis-Besse's old reactor head.

Indictments were announced the same day against the trio. They are the only current or former employees to be charged. Federal prosecutors said at the time they expected either to get pleas from the three defendants or have their cases heard by late fall 2006.

The government wound up asking for more time. It cited the complexity of the case and its 20,000-plus documents.

Bush Tipped To Talk Tough On Energy But Snub Kyoto (FT)

By Caroline Daniel

Financial Times, January 3, 2007

Energy will be a central theme of President George W. Bush's state of the union speech this month, as it was in last year's address when he briefly caught national attention with the claim that the country was "addicted to oil".

But his critics doubt that he will do much more than call for more spending on alternative fuels, and again fail to embrace international efforts to agree a post-Kyoto regime to tackle greenhouse emissions.

"We've had the hydrogen economy, then alternative fuels, and 'addicted to oil'," said a senior industry lobbyist. "Yet on close Senate votes, such as drilling in the Arctic National Wildlife Refuge, he has not put his prestige on the line by making personal calls. Energy policy has been the creation of Congress. Almost anything Bush says in the speech is irrelevant the day after he says it."

The administration rejects that, with one senior official noting: "It's a lot more than rhetorical: what was done with the 2005 act was substantial." Mr Bush has identified energy as a key area for bipartisan co-operation in the next two years.

Al Hubbard, chairman of the National Economic Council, who is co-ordinating White House energy policy, has also raised expectations. In a speech at De Pauw University he predicted "headlines above the fold that will knock your socks off in terms of our commitment to energy independence".

"One of the challenges is how they differentiate themselves from last year," warned Spencer Abraham, energy secretary in Mr Bush's first term. "You have had a big commitment to hydrogen and to ethanol. We thought $1.7bn over five years on hydrogen was big bucks but it was seen as insufficient by our critics. Maybe $10bn is enough to get attention. But the question is whether it is actually implemented by Congress."

Current and former administration officials admit that the $2bn announced last year in loan guarantees for alternative fuels, such as clean coal technologies, has been snarled in bureaucracy. The deadline for applications has now been extended.

Growing concern from US executives was underscored in the report last month from the Energy Security Leadership Council, a high-profile group of executives and retired generals. They called for increasing the supply of domestic oil but also giving more attention to energy efficiency, notably raising Corporate Average Fuel Economy standards, designed to improve vehicle fuel efficiency by 4 per cent annually.

The latter would be popular. According to a recent Wall Street Journal poll, 74 per cent of Republicans would support higher standards even if it increased vehicle prices. A Democratic aide on the House energy committee said: "Doing something meaningful on vehicle fuel efficiency would be a major step forward for this administration."

Robert Hormats, vice-chairman at Goldman Sachs and a leadership council member, briefed senior White House officials, including Mr Hubbard, on the report. "Discussion was most extensive in alternative sources of energy and the idea of additional drilling," he said. "There was some discussion of Cafe standards, but the point was if they prove to be technologically undoable, they are harmful."

Another participant at the meeting said: "It was not just a courtesy meeting. They were most interested in the specifics and why 4 per cent was chosen as an annual increase, and whether the group would seriously engage or go back to running their companies."

Mr Hormats told the Financial Times that he would like to see Mr Bush create a commission, using the council as a prototype, "with both financial and military people to develop critical mass to address this issue, like Alan Greenspan did in 1983 with social security."

There is some optimism that the White House could move on Cafe standards. David Conover, director of the US Climate Change Technology Programme until February, said: "It is conceivable that he could endorse a set of principles giving him administrative flexibility to set Cafe standards, but more likely it will be a call on Congress to respond to his 10-month request to strengthen standards."

Such a move could bolster Mr Bush's credibility on energy but would face a difficult vote in Congress, given the lobbying power of car makers and the fact that John Dingell, who represents Detroit, will chair the House energy committee. In December Bob Lutz, vice-chairman of General Motors, warned that changing the standards would in effect "hand the truck and SUV market over to the imports, particularly the Japanese".

There are fewer hopes of an administration shift on climate change. In spite of pressure from leaders such as Tony Blair, the British prime minister, senior officials resist deeper engagement on limiting greenhouse gas emissions after the Kyoto protocol ends in 2012, and remain privately dismissive of the conclusions in the British Stern report on global warming, which called for 1 per cent of gross domestic product to be spent on fighting climate change.

US Reliance On Opec Highest In 15 Years (FT)

By Ed Crooks And Javier Blas

Financial Times, January 3, 2007

US dependence on the Organisation of Petroleum Exporting Countries for its oil imports has risen to its highest level in 15 years, following Angola's arrival this week as the 12th member of the oil producers' group.

Angola's entry was agreed at the Opec meeting in Abuja, Nigeria, last month, and was formalised on Monday. The African country is the first new member to join the oil cartel since 1975.

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The move comes at a time when Opec is trying to exert more influence, as seen in its decision at the December meeting to cut 500,000 barrels a day from its output from February.

Including Angola, Opec now supplies more than 54 per cent of the oil imports of the developed countries, its highest level for five years. For the US, the increase is even sharper: at more than 52 per cent, Opec's share of US oil imports is at its highest since 1992.

Angola is particularly significant because it is one of the fastest-growing producers. Reasonable projections suggested it would have provided about a quarter of the total increase in non-Opec oil production this year.

Important new fields developed by Total of France, Chevron and Exxon Mobil of the US, and BP of the UK are either just coming on stream or are expected to begin producing in the next couple of years. That is helping to lift Angola's production from about 1.45m b/d towards the end of last year to an expected 2m b/d by the end of this year. The World Bank expects production to peak at 2.6m b/d in 2011 – more than the current output of Nigeria, Africa's biggest producer.

However, Angola's entry into Opec is unlikely to have much impact on the price of oil. It has yet to agree a production limit with the group, and Opec officials have suggested that its planned production increase is likely to be accommodated by the group. As a result, the global balance of supply and demand is not expected to change. As one Opec official put it: "It is just a question of moving Angola's production from one column into the other."

Edward Morse, chief energy economist of Lehman Brothers, suggested Angola's entry could cause problems for the group.

"For Opec it implies greater overall market share for the producer group, but at the cost of uncertainty over Angola's eventual compliance with a quota that has as yet to be assigned. It certainly makes Saudi efforts to control the group's overall production more tenuous."

Mr Morse added that maintaining discipline could be more difficult because Angola had a record of paying "lip service only" to production agreements.

That assessment was echoed by Rafael Morais, an Angolan freelance journalist, who suggested that the government could want to join Opec for "a kind of cartel's protection, leverage and a sort of club's prestige" while not necessarily wanting to abide by all its rules.

He said: "It can join Opec and still produce as much as it wants and sell at pleasure through non-transparent channels. It's like having the cake and eating it too."

Gansler Vows 'All-Out Assault' On Bay Polluters (WP)

By Eric Rich

The Washington Post, January 3, 2007

Douglas F. Gansler, Montgomery County's longtime prosecutor, pledged an "all-out assault" on those who pollute the Chesapeake Bay as he was sworn into office yesterday as Maryland's first new attorney general in two decades.

In the Senate's marbled chamber in Annapolis, where the outgoing Republican governor administered the oath of office, Gansler, a Democrat, ticked off a list of the estuary's environmental woes. He cited swimming bans at Sandy Point State Park in Annapolis and declining oyster harvests, saying, "Some fish don't even know if they're boys or girls anymore -- it's gotten that bad.

"We're going to wage an all-out assault on those who pollute our air and water," Gansler said.

The pledges echoed campaign promises that helped carry Gansler to a comfortable victory in November in his bid to fill the seat left vacant by J. Joseph Curran Jr., a fellow Democrat who, after two decades as the state's chief legal officer, decided not to run for another term.

Gansler, 44, had been Montgomery state's attorney since 1998. He drew attention last year by winning convictions against John Allen Muhammad and Lee Boyd Malvo, the snipers who terrorized the region in 2002.

Despite the dire proclamations about the health of the bay, yesterday's ceremony in many respects had the feeling of a family affair. Gansler spoke of his wife, Laura, and their two sons, who, he jokingly said, did not understand the concept of spending $2 million to win a job that pays $125,000 a year.

The ceremony was emceed by Gansler's father, an undersecretary of defense in the Clinton administration, who shares his son's gift for ease with public speaking.

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"Tell a joke," Gansler called out to his father as the crowd waited for Gov. Robert L. Ehrlich Jr. to arrive.

Jacques S. Gansler did not exactly tell a joke, but laughter rippled across the chamber as he spoke of his efforts years ago at the Pentagon to start meetings on time. The elder Gansler spoke of close media scrutiny -- "abuse from the press," he called it -- and said public service is often not rewarding.

"I'm so pleased that my son's willing to take that kind of responsibility on," he said.

Ehrlich, who leaves office this month, arrived a moment later to administer the oath to Gansler. Afterward, Gansler and the governor shared a hug and patted each other on the back.

In his address, Gansler said he was "very, very, very honored" that Ehrlich participated in the ceremony. "I look forward to being your lawyer for the next two weeks," Gansler told the governor.

Gansler also paid tribute to Curran, whom he described as a "wonderful person" of uncommon popularity. "Nobody can serve 48 years in public service and be beloved as he is," Gansler told Curran.

Curran, who praised Gansler, said that he is not sure what he will do next but that he has been approached about leading the Injured Workers' Insurance Fund, a quasi-state agency whose director stepped down last week. "As one door shuts, another one opens," Curran said.

With its staff of 420 lawyers, the attorney general's office acts as the legal counsel to many institutions of state government. It also represents the government in all cases in state and federal appellate courts. In addition, it has the power to prosecute a range of criminal activity, including white-collar crimes, health-care fraud and multi-jurisdictional crimes.

Gansler has promised to take an "activist approach" to the job. In addition to standard fare such as consumer protection and antitrust matters, he said in an interview that he plans to push legislators to enact a racketeering law that would give state prosecutors powers similar to those that federal prosecutors have used to fight gangs.

He said he will also establish an antigang task force that could work with local state's attorneys on those cases, which generally involve multiple defendants and are resource-intensive.

On the environment, Gansler singled out coal-burning power plants, saying that they tend to be in less-affluent areas and are responsible for respiratory ailments that disproportionately affect African Americans.

In an approach that underscores his pledge to use the power of his office in innovative ways, Gansler said the prevalence of those ailments should be viewed as a civil rights issue, one that could presumably be addressed in court.

Gansler, whose election has also been seen as emblematic of the diffusion of political power once centralized in Baltimore, said he will move one division of the office, fewer than 20 lawyers, to a location not yet selected in the Washington suburbs.

As Costs Of Wildfires Grow, So Does A Question: Who Should Pay? (NYT)

By Kirk Johnson

The New York Times, January 3, 2007

DENVER, Jan. 2 — The steeply rising cost of preventing and suppressing wildfires, which burned more of the American landscape in 2006 than in any other year since at least 1960, is creating a rift between Washington and state and local governments over how the burden ought to be shouldered.

The scorched landscape adjoining a residential development near Los Angeles bears witness to a fire last month that gutted five houses.

A study issued in November by the inspector general's office of the United States Department of Agriculture, the parent agency of the Forest Service, said the nature of the wildfire threat was changing as private homes and communities pushed ever closer to the boundaries of once-remote public lands. Those communities and landowners, rather than federal taxpayers, should have to pay for more of their own fire protection, the report concluded.

States and local governments are gearing up to fight back in Congress, arguing that decades of federal mismanagement of national forests and open spaces, not development, created the threat and that little communities with few resources are neither responsible for it nor equipped to make a difference.

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The pattern of wildfire distribution during the recently ended fire season, which charred more than 9.8 million acres, supports either side. According to federal statistics, more state, county and private lands burned than in any other year since 1997 — about half the total 2006 losses — primarily because of monstrous blazes in Oklahoma, in Texas and across the Upper Plains, regions where most property is privately owned.

That finding, though also driven by broader factors like drought and heat that have little to do with residential development in fire-prone areas, supports the federal contention that the government has had to shift an increasingly large share of its resources from the task of protecting its own forests to firefighting elsewhere.

In some places, though, the issue is more complex. In Stillwater County, Mont., north of Yellowstone National Park, for example, the small, long-established towns of Nye and Fishtail are bordered on two sides by national forest. In early July, the first of two huge fires erupted in the forest and roared into those communities, where 100,000 acres of mostly private land and 32 homes were burned. The blaze was the worst in the county's history, local officials say.

"The forest is very dry and primed for fires started by lightning, and when that occurs in a forest not managed as well as it could have been, it soon gets out of control and meets the community," said Ken Mesch, the Stillwater County disaster and emergency services coordinator. "If the federal government started pulling back money for fire suppression, they would be hanging us out to dry."

Federal land managers say protection of private land at the boundaries of public space — called the wildland-urban interface — is the fastest-growing component of the nation's firefighting budget. In 2003 and 2004, the inspector general's report estimated, the Forest Service spent at least half a billion dollars, and perhaps as much as a billion, protecting private property in such areas.

The trend is similar at the Interior Department, which oversees hundreds of millions of acres of public lands in the West through the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service. Fire prevention activities — controlled fires or thinning of burnable vegetation — have shifted there toward the interface lands, said Lynn Scarlett, deputy interior secretary.

Ms. Scarlett said that almost half the 1.1 million acres treated by the Interior Department for fire-risk reduction in 2006 were in interface zones, about double the proportion as recently as 2002. She said her department, too, was considering that it demand increased cost-sharing by state and local governments, though she emphasized that any outcome would have to be collaborative.

"One of the last things you want in an emergency is people squabbling over who's going to pay," she said.

The report from the Agriculture Department's inspector general said a major problem was simply the weight of accumulated assumptions: fire response in the West has long meant federal authorities' riding to the rescue, with no questions asked and no cost too great to bear.

"Public expectations and uncertainties about protection responsibilities," the report said, "compel the Forest Service to suppress fires aggressively and at great expense when private property is at risk, even when fires pose little threat to National Forest system land."

About 8.5 million homes were built at the wildland-urban interface within the interior West in the 1990s alone, according to the Forest Service. But state and local officials say they already pay their share to protect those communities and homeowners, partly because the residential growth has coincided with years of federal budget cuts. Arizona, for instance, now has 12 to 14 air tanker firefighting aircraft under contract, up from 2 to 4 in 2005, as a result of reduced federal spending on tankers, said Lori Faeth, a policy adviser to Gov. Janet Napolitano.

"Our forests are in the condition they are because of poor federal management," Ms. Faeth said. "They've put us in this position, and they have the responsibility to pay for it."

The Forest Service's director of fire and aviation management, Tom Harbour, said the agency would follow up on the inspector general's recommendations. "We're not going to walk away," Mr. Harbour said, "but we will engage in a vigorous debate with our partners about the right way to split the pie."

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Still, money is only part of the issue, he said. Communities and developers in the West should be thinking in new ways as well, he said, including the use of fire-wise construction techniques and preparedness plans that involve residents in their own defense even before fires start.

Many land experts say hardly anyone is addressing the most tangled and emotional question raised by the debate: how much or how little voice federal land managers should have in land-use decisions.

“Thinking through in advance the fire implications of a new subdivision next to a national forest boundary — that doesn’t happen,” said James L. Caswell, administrator of the Idaho Office of Species Conservation.

Given the property rights issue and the tension between local governments and Washington that has shaped the West’s culture for the last century, a system of planning that allows federal officials veto power would seem unlikely.

Mr. Caswell said better planning must be part of the solution. “A thousand houses next to a boundary could overwhelm all the other cost-control issues,” he said.

“But,” he added, “that’s a very emotional topic, so it’s really hard to deal with.”

Hurricane Expert Mayfield Warns Of Potential Disaster (LAT)

By Carol J. Williams

The Los Angeles Times, January 3, 2007

MIAMI, Florida — Frustrated with people and politicians who refuse to listen or learn, National Hurricane Center chief Max Mayfield ends his 34-year government career tomorrow in search of a new platform for getting his unwelcome message: Hurricane Katrina was nothing compared to The Big One yet to come.

Mayfield, 58, leaves his high-profile job with the National Weather Service more convinced than ever that U.S. residents of the Southeast are risking unprecedented tragedy by continuing to build vulnerable homes in the tropical storm zone and failing to plan escape routes.

He pointed to the 7 million coastal residents of southern Florida.

"We're eventually going to get a strong enough storm in a densely populated area to have a major disaster," he said. "I know people don't want to hear this, and I'm generally a very positive person, but we're setting ourselves up for this major disaster."

More than 1,300 deaths across the Gulf Coast were attributed to Hurricane Katrina, the worst human toll from a weather event in the United States since the 1920s.

But Mayfield warns that 10 times as many fatalities could occur in what he sees as an inevitable strike by a killer storm during the current highly active hurricane cycle, which is expected to last another 10 to 20 years.

His apocalyptic vision of tens of thousands dead and millions homeless is a different side of the persona he established as head of the hurricane center.

Mayfield attained national celebrity status during the tempestuous 2004 and 2005 seasons, appearing on network television with hourly updates as hurricanes Charley, Ivan, Frances and Wilma bore down on the Caribbean and the U.S. Southeast. His calm demeanor and avuncular sincerity endeared him to millions of TV viewers seeking survival guidance.

And he argues that his own dire predictions don't have to become reality.

The technology exists to build high-rise buildings capable of withstanding hurricane-force winds and tropical storm surge even more powerful than experienced in the past few years. Much of Hong Kong's architecture has been built to survive typhoons, and hotels and apartments built in Kobe, Japan, after a 1995 earthquake devastated the city are touted as indestructible, he said.

What is lacking in the United States is the political will to make and impose hard decisions on building codes and land use in the face of resistance from the influential building industry and a public still willing to gamble that the big one will never hit, he said.

"It's good for the tax base" to allow developers to put up buildings on the coastline, Mayfield said in explaining politicians' reluctance to deter housing projects that expose residents to storm risks.

"I don't want the builders to get mad at me," he said, "but the building industry strongly opposes improvement in building codes."

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Consumers also have yet to demand sturdier construction, Mayfield added. A builder gets a better return on investment in upgraded carpet and appliances than for safety features above and beyond most states' minimal requirements, he said.

As a senior civil servant, Mayfield was prohibited from making job inquiries in the private sector while still in the government's employ. But he said on Tuesday, his last day in office, that he hopes to launch a second career as a consultant in emergency planning and disaster response. He has particular interest in a potential public-private initiative to mine natural disaster scenes for their educational value.

He envisions a natural disaster assessment service equivalent to the National Transportation Safety Board that probes the causes and consequences of aviation and other transport accidents.

Mayfield said he is also pondering collaboration with advocates of tougher building standards and land use regulations.

One particularly disturbing statistic he cites is that even after the devastating hurricane seasons of 2004 and 2005, fewer than 50 percent of those living in storm-prone areas make plans for evacuating in the event of an approaching hurricane.

While he has been critical off the Federal Emergency Management Agency in its response to Katrina's devastation of New Orleans, he warns against depending too heavily on the federal government after natural disasters.

"You don't want the federal government to be your first-responders," he said. "The government can't do everything for people and it shouldn't or else you create a culture of dependence."

Mayfield praises the Florida state government for a well-oiled disaster response program and steps toward improving building safety, in contrast with other states along the Gulf of Mexico that he says still have no statewide building standards.

At the hurricane center on the Florida International University campus, Mayfield will be succeeded by Bill Proenza, the National Weather Service's director for the southern region.

Though Mayfield's name and face recognition are the envy of some presidential hopefuls, he laughs out loud at the notion of running for office.

"Oh, good gosh, no! That is just not my thing," he says.

At the hurricane center on the Florida International University campus, Mayfield will be succeeded by Bill Proenza, the National Weather Service's director for the Southern region. Home to 77 million, the region has "the most active and severe weather in the world," according to the weather service's parent agency, the National Oceanic and Atmospheric Administration.

Proenza, 62, began his meteorological career at the Miami office as an intern in 1963. As director of 50 regional offices and 1,000 employees in the Southern region for the last eight years, he has long experience collaborating with the hurricane center staff on forecasts and tracking.

"That's why I don't have any problem walking out the door," said Mayfield, declaring himself fearful that the mild 2006 hurricane season left those in the storm zone ever more complacent.

Polar Bear Politics (WSJ)

The Wall Street Journal, January 3, 2007

Unless you've been hibernating for the winter, you have no doubt heard the many alarms about global warming. Now even the Bush Administration is getting into the act, at least judging from last week's decision by Interior Secretary Dirk Kempthorne to recommend that the majestic polar bear be listed as "threatened" under the Endangered Species Act. The closer you inspect this decision, however, the more it looks like the triumph of politics over science.

"We are concerned," said Mr. Kempthorne, that "the polar bears' habitat may literally be melting" due to warmer Arctic temperatures. However, when we called Interior spokesman Hugh Vickery for some elaboration, he was a lot less categorical, even a tad defensive. The "endangered" designation is based less on the actual number of bears in Alaska than on "projections into the future," Mr. Vickery said, adding that these "projection models" are "tricky business."

Apparently so, because there are in fact more polar bears in the world now than there were 40 years ago, as the nearby chart shows. The main threat to polar bears in recent decades has been from hunting, with estimates as low as 5,000 to 10,000 bears in the 1950s and 1960s. But thanks to conservation efforts, and some cross-border cooperation among the U.S., Canada and Russia, the best estimate today is that the polar bear population is 20,000 to 25,000.

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It also turns out that most of the alarm over the polar bear's future stems from a single, peer-reviewed study, which found that the bear population had declined by some 250, or 25%, in Western Hudson Bay in the last decade. But the polar bear's range is far more extensive than Hudson Bay. A 2002 U.S. Geological Survey of wildlife in the Arctic Refuge Coastal Plain concluded that the ice bear populations "may now be near historic highs." One of the leading experts on the polar bear, Mitchell Taylor, the manager of wildlife resources for the Nunavut territory in Canada, has found that the Canadian polar bear population has actually increased by 25% -- to 15,000 from 12,000 over the past decade. * * *

Mr. Taylor tells us that in many parts of Canada, "polar bears are very abundant and productive. In some areas, they are overly abundant. I understand that people not living in the North generally have difficulty grasping the concept of too many polar bears, but those who live here have a pretty good grasp of what that is like." Those cuddly white bears are the Earth's largest land carnivores.

There is no doubt that higher temperatures threaten polar bear habitat by melting sea ice. Mr. Kempthorne also says he had little choice because the threshold for triggering a study under the Endangered Species Act is low. The Bush Administration was sued by the usual environmental suspects to make this decision, which means that Interior will now conduct a year-long review before any formal listing decision is made.

Nonetheless, the bears seem to have survived despite many other severe warming and cooling periods over the last few thousands of years. Polar bears are also protected from poaching and environmental damage by the Marine Mammal Protection Act, so there is little extra advantage to the bears themselves from an "endangered" classification.

All of which suggests that the real story here is a human one, namely about the politics of global warming. Once a plant or animal is listed under the Endangered Species Act, the government must also come up with an elaborate plan to protect its habitat. If the polar bear is endangered by warmer temperatures, then the environmentalist demand will be that the government do something to address that climate change. Faster than you can say Al Gore, this would lead to lawsuits and cries in Congress demanding federal mandates to reduce greenhouse gas emissions.

Think we're exaggerating? No sooner had Mr. Kempthorne announced his study than Kassie Siegel of something called the Center for Biological Diversity told the New York Times that "even this Administration" would not be able to "write this proposal without acknowledging that the primary threat to polar bears is global warming and without acknowledging the science of global warming." Her outfit was one of those who had sued the feds in the first place over the polar bears, notwithstanding its location in the frozen tundra of Arizona. But no matter. For want of a few hundred polar bears, the entire U.S. economy could be vulnerable to judicial dictation. * * *

With that much at stake, Mr. Kempthorne could have shown a stiffer backbone in resisting this political pressure. At the very least he now has an obligation to ensure that Interior's year-long study be based on real science and the actual polar bear population, rather than rely on computer projections. Any government decision to limit greenhouse gases deserves to be debated in the open, where the public can understand the consequences, not legislated by the back door via the Endangered Species Act.

A Light Bulb Goes On (NYT)

The New York Times, January 3, 2007

Bad habits can be hard to break. So it's great news that Wal-Mart is putting its considerable heft behind one of the easiest ways to reduce energy consumption and the production of global-warming gases: the corkscrew-shaped light bulbs of the future.

Light bulbs don't have tailpipes to remind us that their use adds to pollution. But more than half of the nation's electricity comes from coal-burning plants. Switching from familiar bulbs to longer-lasting, energy-saving compact fluorescent lamps makes sense economically and environmentally.

As Michael Barbaro reported in The Times yesterday, Wal-Mart is pushing to sell 100 million compact fluorescents a year. Because they use 75 percent less electricity, that would save customers $3 billion on their electricity bills and save the world from 20 million metric tons of greenhouse gases.

But it will also take a lot of work to persuade consumers to make the change. There's the strange shape and the general lack of familiarity, of course, but probably the biggest impediment is that while the bulbs are cheaper to use, they cost more to

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buy. Compact fluorescents are often eight times more expensive, but each one saves consumers $30 over its lifespan because they last longer and use less electricity. It's a quirk of our human brains that people generally have a hard time paying more for something today even if it's a better deal in the long run. That will take some work to overcome.

The poorest consumers — those who are behind on their bills and living paycheck to paycheck — may not be able to absorb the extra cost upfront. Every effort should be made to get the bulbs for those who need them most, including expanding programs to distribute them to recipients of energy-assistance programs for the poor.

FBI/DEA/ATF/USMS:

Defense Keys On 'Coercive Tactics' (TT)

Tampa Tribune, January 3, 2007

TAMPA - Scott Schweickert's defense is asking a judge to block the prosecution from introducing at trial Schweickert's statements about how he helped Steven Lorenzo drug, sexually torture and kill two men.

Defense attorney Pedro Amador argues in court papers that Schweickert's statements "were made as a result of coercive tactics employed by government agents."

Schweickert was not given a lawyer during several interviews, even though he "requested a lawyer from his first contact with law enforcement," Amador wrote.

Schweickert faces a federal trial next week on charges of conspiracy and drug facilitated crimes of violence. Lorenzo is serving 200 years in federal prison on charges he drugged and sexually tortured nine men, including the two victims authorities say Lorenzo and Schweickert killed: Jason Galehouse and Michael Wachholtz.

According to an arrest affidavit filed at the time of Schweickert's arrest in May 2005, Schweickert was interviewed by U.S. Drug Enforcement Administration Agent Scott A. Albrecht and other detectives on May 10 and 19 in 2005, after being advised of his Miranda rights.

According to the affidavit, Schweickert told investigators that he and Lorenzo met online and struck up a conversation about their mutual interest in dominant sexual activities. Although Schweickert said that a majority of the chats about violence, abduction and drug use were pure fantasy, he said some of the fantasies became reality in 2003.

That Dec. 19, Schweickert told detectives, he and Lorenzo met Galehouse at the nightclub 2606. Galehouse accompanied the two to Lorenzo's house. Later, Schweickert told detectives, he helped subdue a struggling Galehouse, who went limp and died. Schweickert told investigators he helped Lorenzo dismember and dispose of Galehouse's body.

The next night, Schweickert told detectives, he and Lorenzo returned to 2606, where they met Wachholtz, who also went with them to Lorenzo's house. Schweickert said he helped subdue Wachholtz while Lorenzo administered ether. During a struggle, Wachholtz died, and Schweickert helped dispose of the body, he said.

Amador wrote in his motion that Schweickert also was interrogated on Nov. 2, 2004, during a search of his Peru, Ill., home. According to the motion, Schweickert was handcuffed and questioned without his rights being read to him. During the interrogation, he was read his rights and then requested a lawyer.

The interrogation was stopped, and Schweickert was never provided a lawyer, Amador wrote.

Schweickert was subpoenaed to testify before a grand jury in Tampa on May 10, 2005, Amador wrote. Upon arriving in Tampa, Schweickert requested a lawyer, Amador wrote, but was told he was not entitled to one. Before testifying, he was interrogated for several hours, Amador wrote.

After testifying, Schweickert was read his Miranda rights and did not request a lawyer "but had already been told he would not get one," according to the motion.

Schweickert did not request a lawyer when he was interrogated again on May 19, 2005, Amador wrote, even though he was read his Miranda warnings "because he was previously told by law enforcement that he was not entitled to a lawyer. He continued participating in the interrogation because of promises by law enforcement that he believed amounted to immunity."

Arizona Key Gateway For Pot (AR)

DOJ_NMG_0110494

The Arizona Republic, January 2, 2007

Arizona, already the country's main entry point for illegal immigration, is gaining another dubious distinction: marijuana smuggling gateway.

The Border Patrol said agents seized over 331 tons (662,650 pounds) of marijuana worth $530 million last fiscal year, ending Sept. 30. That set a record for the fifth straight year. It nearly equaled the 350 tons seized in California, Texas and New Mexico combined.

Now, Arizona is on a pace to set a new record. Since Oct. 1, agents have seized over 106 tons, worth $170 million, nearly 20 tons more than the same period the previous year.

Marijuana seizures typically spike in late fall, after the harvest in Mexico, and a bumper crop this year means more pot to smuggle.

The record seizures indicate the Border Patrol, augmented by more agents, and National Guard troops, are doing a better job of stopping marijuana loads from getting through, officials said.

The size of some loads is staggering. On Dec. 6, agents seized an estimated $4.2 million worth of pot crammed inside two pickups in Nogales.

Arizona Sets Record For Pot Seizures Fifth Year In A Row (AP)

AP, January 3, 2007

PHOENIX -- Agents with the U.S. Border Patrol have seized a record amount of marijuana from smugglers along the Arizona-Mexico border for the fifth year in a row.

The agency said it has seized more than 331 tons of marijuana worth $530 million last fiscal year, ending Sept. 30.

The record amount nearly equaled the 350 tons seized in California, Texas and New Mexico combined.

Officials say Arizona is on pace to set another record this year. Since Oct. 1, agents have seized more than 106 tons of pot worth $170 million. That's nearly 20 tons more than the same period the previous year.

The record seizures indicate the beefed-up Border Patrol and National Guard troops are doing a better job of stopping marijuana loads from getting through, officials said.

Arizona is the busiest entry point for illegal immigrants along the 2,000-mile U.S.-Mexico border.

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Information from: The Arizona Republic

Arizona Sets Record For Pot Seizures Fifth Year In A Row (ADS)

Arizona Daily Star, January 2, 2007

PHOENIX - Agents with the U.S. Border Patrol have seized a record amount of marijuana from smugglers along the Arizona-Mexico border for the fifth year in a row.

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The record seizures indicate the beefed-up Border Patrol and National Guard troops are doing a better job of stopping marijuana loads from getting through, officials said.

Arizona is the busiest entry point for illegal immigrants along the 2,000-mile U.S.-Mexico border.

Azusa Council Poised To Approve Ban On Pot Dispensaries (MERCN)

The San Jose Mercury News, January 3, 2007

AZUSA, Calif. - The city is poised to join several others across California in banning medical marijuana dispensaries.

The City Council planned to vote Tuesday on an ordinance designed to prohibit the so-called "pot clubs." Officials approved the new rule unanimously on its first reading last month.

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Council member Keith Hanks said he understands that marijuana helps people who are sick, but the dispensaries can open up the possibility of abuse in the system.

"How do you become a legal possessor of marijuana and show that you only have it to distribute for helping people who are sick? How can the police enforce the marijuana control laws? They're put in a difficult position," he said.

But advocates for the clubs say regulating them is more effective than banning them.

"In many of the 27 cities and six counties (statewide) that have allowed dispensaries, they reduced crime and reduced complaints and helped patients," said Don Duncan, the Southern California coordinator for Americans for Safe Access.

If the ordinance is approved, Azusa would join several other cities that outlaw the dispensaries, including Pasadena, or have enacted moratoriums that prevent marijuana cooperatives from coming to town.

The measure reads, "Any business, operation or use that cannot be conducted or carried out without being in violation of state or federal law shall be prohibited."

In 1996, California voters approved Proposition 215, legalizing the drug for therapeutic use. In 2003, state legislation was approved allowing counties to issue identification cards to medical users to protect them from prosecution by local law enforcement.

The U.S. Supreme Court ruled in June that federal authorities could still seize and destroy marijuana stashes and arrest growers and consumers even in the 11 states that allow medical marijuana use.

Federal law prohibits any marijuana use.

This Is Your Brain On Drugs, Dad (NYT)

By Mike Males

The New York Times, January 3, 2007

WHEN releasing last week's Monitoring the Future survey on drug use, John P. Walters, the director of the Office of National Drug Control Policy, boasted that "broad" declines in teenage drug use promise "enormous beneficial consequences not only for our children now, but for the rest of their lives." Actually, anybody who has looked carefully at the report and other recent federal studies would see a dramatically different picture: skyrocketing illicit drug abuse and related deaths among teenagers and adults alike.

While Monitoring the Future, an annual study that depends on teenagers to self-report on their behavior, showed that drug use dropped sharply in the last decade, the National Center for Health Statistics has reported that teenage deaths from illicit drug abuse have tripled over the same period. This reverses 25 years of declining overdose fatalities among youths, suggesting that teenagers are now joining older generations in increased drug use.

What the Monitoring the Future report does have right is that teenagers remain the least part of America's burgeoning drug abuse crisis. Today, after 20 years, hundreds of billions of dollars, and millions of arrests and imprisonments in the war on drugs, America's rate of drug-related deaths, hospital emergencies, crime and social ills stand at record highs.

According to the Centers for Disease Control and Prevention, the number of Americans dying from the abuse of illegal drugs has leaped by 400 percent in the last two decades, reaching a record 28,000 in 2004. The F.B.I. reported that drug arrests reached an all-time high of 1.8 million in 2005. The Drug Abuse Warning Network, a federal agency that compiles statistics on hospital emergency cases caused by illicit drug abuse, says that number rose to 940,000 in 2004 — a huge increase over the last quarter century.

Why are so few Americans aware of these troubling trends? One reason is that today's drug abusers are simply the "wrong" group. As David Musto, a psychiatry professor at Yale and historian of drug abuse, points out, wars on drugs have traditionally depended on "linkage between a drug and a feared or rejected group within society." Today, however, the fastest-growing population of drug abusers is white, middle-aged Americans. This is a powerful mainstream constituency, and unlike with teenagers or urban minorities, it is hard for the government or the news media to present these drug users as a grave threat to the nation.

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Among Americans in their 40s and 50s, deaths from illicit-drug overdoses have risen by 800 percent since 1980, including 300 percent in the last decade. In 2004, American hospital emergency rooms treated 400,000 patients between the ages 35 and 64 for abusing heroin, cocaine, methamphetamine, marijuana, hallucinogens and "club drugs" like ecstasy.

Equally surprising, graying baby boomers have become America's fastest-growing crime scourge. The F.B.I. reports that last year the number of Americans over the age of 40 arrested for violent and property felonies rose to 420,000, up from 170,000 in 1980. Arrests for drug offenses among those over 40 rose to 360,000 last year, up from 22,000 in 1980. The Bureau of Justice Statistics found that 440,000 Americans ages 40 and older were incarcerated in 2005, triple the number in 1990.

Yet drug officials seem fixated on paper-and-pencil surveys of drug use by teens. In releasing its survey last week, the Office of Drug Control Policy trumpeted that "America's balanced strategy to reduce drug use is working." Representative Mark Souder, an Indiana Republican who has been a top supporter of federal antidrug efforts, says "the Bush administration is doing very well" on this front because "drug use, particularly among young people, is down."

But, some may say, don't teenage drug use rates predict future drug problems? To the contrary: 30 years of experience shows that fluctuations in the percentage of youths who report using drugs on surveys has almost nothing to do with the harm that drug abuse causes (addiction, disease, injury, death, crime, family and community distress), either in adolescence or later in life.

I compared teenage drug use trends reported annually by Monitoring the Future since the 1970s with trends for other behaviors and with federal crime, health and education statistics. In years in which a higher percentage of high school seniors told the survey takers they used illicit drugs, teenagers consistently reported and experienced lower rates of crime, murder, drug-related hospital emergencies and deaths, suicides, H.I.V. infection, school dropouts, delinquency, pregnancy, violence, theft in and outside of school, and fights with parents, employers and teachers.

The data also contradict Mr. Walters's claim that generations reporting lower rates of drug use enjoy "less addiction, less suffering, less crime, lower health costs and higher achievement." For example, baby boomers rarely used illegal drugs as youths.

In 1972, the University of Michigan researchers who carry out Monitoring the Future found that just 22 percent of high school seniors had ever used illegal drugs, compared to 48 percent of the class of 2005. Yet as that generation has aged, it has been afflicted by drug abuse and its related ills — overdoses, hospitalizations, drug-related crime — at far higher rates than those experienced by later generations at the same ages.

It's time to end the obsession with hyping teenage drug use. The meaningless surveys that policy makers now rely on should be replaced with a comprehensive "drug abuse index" that pulls together largely ignored data on drug-related deaths, hospital emergencies, crime, diseases and similar practical measures.

A good model is the California Department of Alcohol and Drug Programs' fledgling drug abuse index, which I helped compile and which aims to pinpoint which populations and areas are most harmed by drugs, both legal and illicit.

Few experts would have suspected that the biggest contributors to California's drug abuse, death and injury toll are educated, middle-aged women living in the Central Valley and rural areas, while the fastest-declining, lowest-risk populations are urban black and Latino teenagers. Yet the index found exactly that. These are the sorts of trends we need to understand if we are to design effective policies.

The United States' drug abuse crisis has exploded out of control. Scientifically designed strategies are urgently needed to target the manifest drug-caused damage that current policies are failing miserably to address.

Mexico Sends Troops,Police To Fight Drug Crime In Tijuana (AP)

AP, January 3, 2007

TIJUANA, Mexico (AP)--The Mexican government is sending more than 3,000 soldiers and federal police officers to fight drug gangs in the violent border city of Tijuana, the latest offensive by President Felipe Calderon who has vowed to crack down on organized crime.

The force, backed by 28 boats, 21 planes and nine helicopters, will hunt down suspected traffickers, patrol the coast and man checkpoints in a city that is a popular smuggling route for cocaine, methamphetamine and marijuana entering the United States, Interior Secretary Francisco Ramirez Acuna said in a news conference Tuesday in Mexico City.

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"We will carry out all the necessary actions to retake every region of national territory," Ramirez Acuna said. "We will not allow any state to be a hostage of drug traffickers or organized crime."

Tijuana, across the border from San Diego, California, is one of the world's busiest border crossings. Last year, there were more than 300 killings in the city, most of which stemmed from fighting between rival drug gangs, investigators say.

Tijuana Mayor Jorge Hank Rhon welcomed the soldiers, saying he would like them to work hand-in-hand with city police who are establishing random security checkpoints.

Calderon took office in December after winning a close election on a law and order platform.

Last month, he sent 7,000 soldiers and federal police to his native state of Michoacan, which has been plagued by execution-style killings and beheadings as rival drug gangs fight over marijuana plantations and smuggling routes.

The troops have arrested more than 50 people, including several suspected leaders of the feuding cartels, and seized large quantities of gold, bulletproof vests, military equipment and shirts with federal and municipal police logos.

Calderon is scheduled to make his first visit to the troops on Wednesday at a military base.

Calderon's predecessor, Vicente Fox, promised the "mother of all battles" against organized crime, sending in thousands of soldiers and federal police to some drug-embattled towns and arresting several major drug kingpins.

But the arrests appeared to spark more violence as gangsters battled to take over the smuggling routes of those killed or arrested.

ATF To Investigate Explosive Devices Found After PG Standoff (TEXGAZ)

By Terri Richardson, Texarkana Gazette

Texarkana (TX) Gazette, January 3, 2007

The investigation into explosive devices found in the home of a man who gave himself up after a four-hour, Texas-side standoff will be made by the federal Bureau of Alcohol, Tobacco, Firearms & Explosives.

“Components of explosive devices were found in the building. It is unknown at this time what the intent of (the homeowner) was regarding the explosive components,” said Shawn Fitzgerald, spokesman for the Texarkana, Texas, Police Department.

Texas-side police have not released the man’s name, but neighbors and co-workers identified him as Todd Gingrich, 43.

Police were dispatched to Gingrich’s home at 5814 Larry Drive at 12:37 a.m. Saturday to provide assistance to thwart a possible suicide. They were notified that he allegedly had access to a large number of weapons.

Family members said the collection included automatic and semi-automatic weapons, so the Metro SWAT Team was activated to negotiate with Gingrich.

Negotiators attempted to contact Gingrich over the next four hours, but were unsuccessful.

Fortunately, at 4:50 a.m., officers were able to take Gingrich into custody without injury after he reportedly became ill and exited the building on his own.

“No directed threats were made toward the Texarkana, Texas, police nor the Metro SWAT Team members during the incident,” Fitzgerald said.

Criminal charges are not being sought by police because the only person clearly threatened during the standoff was Gingrich.

Though the layout of weapons found inside the game room and other indications make the scene appear otherwise, there is no proof that any police officers were clearly threatened.

Though the layout of weapons found inside the game room and other indications make the scene appear otherwise, there is no proof that any police officers were clearly threatened.

“A large cache of weapons was discovered in the building where the victim had been staying during the incident, but it is unknown at this time what the reason or intent was regarding the weapons,” said Fitzgerald.

The Dallas Bureau of the ATF was contacted and responded to the scene. The ATF confiscated all weapons and devices, and the case has since been turned over to that agency, police said.

ATF may pursue criminal charges following a psychological evaluation.

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"The primary concern of the police is to make sure he does not do himself bodily harm and to keep everyone else safe," Fitzgerald said.

Neighbors and co-workers verified the identity of Gingrich, a chemical specialist at Cooper Tire & Rubber whom they perceived as peculiar.

One co-worker at Cooper Tire & Rubber who has interacted with him on the job said Gingrich is reclusive.

"He was very secluded. He did not talk to anybody. I took him to be a bit of a recluse. He ate by himself and wouldn't talk to you in the hallway. I just took him to be a real peculiar fellow," the co-worker said.

Only a handful of neighbors notified by police chose to evacuate the area. Others who attempted to get into the neighborhood during the standoff were stopped at a secure perimeter maintained by officers.

"They had the roadblock in front of my house and wouldn't let anyone in or out. My dad had people visiting and they couldn't leave. The cops said under no circumstances, no one in or out," said Michael Riley, who lives on Sidney Drive, one street over from Larry Drive.

Riley said they previously lived across the street from Gingrich and described him as odd and antisocial.

"Last week we were walking by and he just went into his garage and stared. It was really weird," said Riley's brother, Neil Riley.

TAX:

Democrats To Target Oil And Gas Industry In Early Hours (HILL)

By Jim Snyder

The Hill, January 3, 2007

Before adjourning last month, the Republican-led Congress gave oil and gas companies a parting gift: wider access to oil and gas drilling in the Gulf of Mexico.

What a difference a few weeks and a new majority make.

Among the first items Democrats want to pass are measures that at least some oil and gas companies oppose, such as a measure to repeal certain tax breaks included in a broad energy bill passed in 2005 and a bill to collect royalties on existing drilling leases.

Provisions that could cost the industry even more money, such as one imposing a windfall-profit tax, could follow in the Democratic-led Congress, although some of the harsher measures may strain caucus unity.

"People are very concerned, and concerned on a lot of levels," said one lobbyist at a major oil company.

Democrats could try as early as this week, though most likely next week, to force companies that signed leases in 1998 and 1999 to renegotiate those contracts so they pay royalties on oil produced in the Gulf when per-barrel prices pass a set threshold.

What appears to be an Interior Department error meant that the threshold typical of such contracts wasn't included in the leases signed during those two years. The error has left billions of dollars in royalties uncollected by the federal government.

Democrats are also considering repealing a manufacturing tax break that oil and gas companies now are able to claim, as well as other tax measures adopted in the broad energy bill adopted in 2005.

Democrats would use the additional revenues to pay for a new fund for conservation and development of renewable energy sources.

Political party affiliation doesn't necessarily determine how a member may view an oil and gas issue, so bills the industry opposes will not necessarily pass, particularly with President Bush, a former oil man, still in the White House. But the industry is much closer to Republicans in general than to Democrats, as evidenced in the ratios of PAC contributions.

Shortly after Democrats won majorities in the House and Senate in November, oil and gas lobbyists began preparing anew for the reintroduction of bills originally prompted by record industry profits and soaring gasoline prices. Some Republicans have supported these measures as well.

The industry is in the midst, for example, of a $100 million public relations and grassroots lobbying campaign to boost its sagging public image.

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Lobbyists meanwhile have reiterated in Hill meetings their argument that bills that cut too deeply into corporate profits will drive companies to explore and drill in areas outside the United States, thereby raising this country's dependence on foreign oil.

That argument has bipartisan appeal, particularly in areas of the country where local economies are heavily reliant on the oil and gas industry. Staff aides from Democratic "oil-patch" offices have met leadership aides in the weeks leading up to the holiday break to discuss which measures are acceptable.

Oil and gas-friendly members plan to support the measure to force companies to renegotiate leases, which also has some support among Republican members, and the development of an alternative energy and conservation fund. Several companies have agreed to pay royalties in the future.

The Democrats' bill would forbid companies from future Gulf production contracts.

But some members will likely balk at the windfall-profits tax or another measure under consideration that would increase taxes on the industry by changing the accounting rules for oil inventories. Each approach would likely cost the industry billions of dollars.

Lobbyists said aides to the oil-patch members have sought assurances that what they might view as punitive measures are limited to the initial batch of bills contemplated to start the session, which would leave out profit and inventory tax changes.

But these members who support the oil and gas industry have apparently been unable to get that assurance from leadership offices, one lobbyist said.

Oil and gas companies are not united in their views. The major oil companies do not support certain tax breaks in the 2005 energy act, for example, and seem willing to accept the general parameters of the Democrats' early legislation. This, the companies calculate, will allow them to draw a line in the sand and oppose more financially onerous provisions later.

Drew Hammill, a spokesman for Speaker-designate Nancy Pelosi (D-Calif.), said Democrats have not decided on the exact oil and gas provisions that will be included in their package for the 100-hour legislative push.

But Democrats are intent on setting up the energy reserve for renewable energy and conservation, repealing certain tax breaks, and forcing oil companies to renegotiate the 1998 and 1999 Gulf leases. The total revenues will amount to billions of dollars, Hammill said, although the exact figure depends on which breaks Democrats decide ultimately to target.

CONGRESS-ADMINISTRATION:

What The Congress Can Do For America (WSJ)

By George W. Bush

The Wall Street Journal, January 3, 2007

Tomorrow, members of the 110th Congress will take their oaths of office here in Washington. I will have the privilege of working with them for the next two years -- one quarter of my presidency, plenty of time to accomplish important things for the American people.

Together, we have a chance to serve the American people by solving the complex problems that many don't expect us to tackle, let alone solve, in the partisan environment of today's Washington. To do that, however, we can't play politics as usual. Democrats will control the House and Senate, and therefore we share the responsibility for what we achieve.

In the days and weeks since the November elections, I have been encouraged by the productive meetings I've had with many of the new leaders in Congress from both parties. I am hopeful we can find common ground without compromising our principles.

I believe we share many of the same goals for the people we serve -- and with good will and hard effort, we can find practical ways to advance the American Dream and keep our nation safe.

My principles are no secret. I have campaigned on them in my races for governor and in two presidential contests, and I have worked hard during my presidency to translate these principles into sound policy.

I believe that when America is willing to use her influence abroad, the American people are safer and the world is more secure. I believe that wealth does not come from government. It comes from the hard work of America's workers, entrepreneurs and small businesses. I believe government closest to the people is more responsive and accountable. I believe government

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plays an important role in helping those who can't help themselves. Yet we must always remember that when people are hurting, they need a caring person, not a government bureaucracy.

These are all common-sense principles, and they provide the basis for how I will approach governing with the new Congress. We've proved it can be done: When our nation was attacked, Republicans and Democrats came together to pass the Patriot Act and reform our intelligence agencies. When our economy was struggling, we worked together to pass tax relief that has helped our economy grow, create jobs, and raise the standard of living for the American people. When we saw that our public schools were failing our children, we came together to pass the No Child Left Behind Act, insisting on high standards, accountability and better options for parents.

The outcome of the elections has changed the balance of power in Congress, yet the priorities for keeping our country safe and prosperous go beyond party labels.

Our priorities begin with defeating the terrorists who killed thousands of innocent Americans on September 11, 2001 -- and who are working hard to attack us again. These terrorists are part of a broader extremist movement that is now doing everything it can to defeat us in Iraq.

In the days ahead, I will be addressing our nation about a new strategy to help the Iraqi people gain control of the security situation and hasten the day when the Iraqi government gains full control over its affairs. Ultimately, Iraqis must resolve the most pressing issues facing them. We can't do it for them.

But we can help Iraq defeat the extremists inside and outside of Iraq -- and we can help provide the necessary breathing space for this young government to meet its responsibilities. If democracy fails and the extremists prevail in Iraq, America's enemies will be stronger, more lethal, and emboldened by our defeat. Leaders in both parties understand the stakes in this struggle. We now have the opportunity to build a bipartisan consensus to fight and win the war.

America's priorities also include keeping our economy strong. The elections have not reversed the laws of economics. It is a fact that economies do best when you reward hard work by allowing people to keep more of what they have earned. And we have seen that businesses can expand and hire more workers when they have more money to invest -- and since August 2003, America's employers have added more than seven million new jobs.

It is also a fact that our tax cuts have fueled robust economic growth and record revenues. Because revenues have grown and we've done a better job of holding the line on domestic spending, we met our goal of cutting the deficit in half three years ahead of schedule. By continuing these policies, we can balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent. In early February, I will submit a budget that does exactly that. The bottom line is tax relief and spending restraint are good for the American worker, good for the American taxpayer, and good for the federal budget. Now is not the time to raise taxes on the American people.

By balancing the budget through pro-growth economic policies and spending restraint, we are better positioned to tackle the longer term fiscal challenge facing our country: reforming entitlements -- Social Security, Medicare and Medicaid -- so future generations can benefit from these vital programs without bankrupting our country.

One important message I took away from the election is that people want to end the secretive process by which Washington insiders are able to slip into legislation billions of dollars of pork-barrel projects that have never been reviewed or voted on by Congress. I'm glad Senator Robert Byrd and Congressman Dave Obey -- the Democrats who will lead the appropriations process in the new Congress -- heard that message, too, and have indicated they will refrain from including additional earmarks in the continuing resolution for this fiscal year.

But we can and should do more. It's time Congress give the president a line-item veto. And today I will announce my own proposal to end this dead-of-the-night process and substantially cut the earmarks passed each year.

The strength of our economy also requires us to address some of the biggest issues facing the American people -- greater energy security, comprehensive immigration reform, and affordable health care. While progress has been made in each of these areas, we must do more. I look forward to working with Congress on these difficult issues. * * *

Our Founders believed in the wisdom of the American people to choose their leaders and provided for the concept of divided and effective government. The majority party in Congress gets to pass the bills it wants. The minority party, especially

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where the margins are close, has a strong say in the form bills take. And the Constitution leaves it to the president to use his judgment whether they should be signed into law.

That gives us a clear challenge and an opportunity. If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate. If a different approach is taken, the next two years can be fruitful ones for our nation. We can show the American people that Republicans and Democrats can come together to find ways to help make America a more secure, prosperous and hopeful society. And we will show our enemies that the open debate they believe is a fatal weakness is the great strength that has allowed democracies to flourish and succeed.

To the new members of the 110th Congress, I offer my welcome -- and my congratulations. The American people have entrusted us with public office at a momentous time for our nation. Let them say of these next two years: We used our time well.

Bush Remains Resolute On Tax Cuts (WSJ)

By John D. Mckinnon

The Wall Street Journal, January 3, 2007

WASHINGTON -- As Democrats prepare to take control of Congress, President Bush sent a strong signal of his continued opposition to tax increases.

In an op-ed in today's editions of The Wall Street Journal, Mr. Bush contends that his deep tax cuts have kept the economy strong while shrinking projected deficits. "The bottom line is tax relief and spending restraint are good for the American worker, good for the American taxpayer, and good for the federal budget," Mr. Bush writes. "Now is not the time to raise taxes on the American people."

He also writes -- for the first time, but with few details -- that the budget he sends Congress next month would "balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent."

Mr. Bush's comments reflect his administration's reliance on tax cuts as both an economic elixir and a political weapon. During the 2006 congressional campaign, as Republican scandals and the Iraq war increasingly dominated the debate, the White House leaned heavily on tax cuts as an antidote for bad news.

QUESTION OF THE DAY

• Which party is likely to be more responsible with taxpayers' money?1

BUSH OP-ED

• Commentary: What the Congress Can Do for America2

"The main reason for our growing economy is that we cut taxes," Mr. Bush said in his last weekly radio address before the election, broadcast live from a Colorado coffee shop, where he met with small-business owners. "Entrepreneurs like the ones I'm having breakfast with this morning have put that money to good use. They expanded their businesses, and they're creating jobs in their communities."

He also frequently attacked Democrats on the campaign trail -- including incoming Speaker Nancy Pelosi -- for claiming to support tax cuts while voting against many of his.

Mr. Bush's tax-cutting rhetoric, though, wasn't enough to save Republicans from what the president later termed a "thumpin'." And as he begins the final two years of his presidency, the impact of his arguments might again be muted.

Comments Sure to Resonate

Democratic House leaders have made it clear they aren't interested in any broad frontal assault on Mr. Bush's income-tax cuts, which for the most part are scheduled to last until 2010. Some Democrats have even signaled that they would like to find a tax cut of their own to pass, perhaps a longer-term fix for the alternative minimum tax.

Still, Mr. Bush's comments are sure to resonate on Capitol Hill in coming weeks, as the new Democratic majorities consider long-term budget resolutions that either don't balance the budget or allow at least some of Mr. Bush's tax cuts to expire down the road.

Ms. Pelosi and other Democrats have even discussed the possibility of raising income taxes for people above a certain level, perhaps $250,000. They also face pressure to reach a deal to restore the federal estate tax at some level after 2010.

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Bringing the federal deficit to zero by 2012, while making permanent the tax cuts that are set to expire in 2009 and 2010, would require more restraint on spending than either the White House or Congress has shown of late. The last official White House budget forecast, issued in July, extended through fiscal 2011 and showed a $127 billion deficit that year. Since then, a continued surge in tax receipts has improved the outlook somewhat. The Congressional Budget Office's August 2006 baseline forecast -- which assumes the expiration of current tax cuts -- projected a 2012 deficit of $54 billion. By then, Mr. Bush will have been long out of office.

Still, he is sure to continue to challenge Democrats in coming months on spending -- especially so-called earmarks, special-interest projects in lawmaker's districts. He also will be tempted to veto spending bills, which so far he has failed to do.

Theme of Federalism

While praising Democrats' efforts to limit earmarks, he promised to announce a permanent fix of his own today. More broadly, Mr. Bush sounded the theme of federalism, suggesting that "government closest to the people is more responsive and accountable" than Washington.

A senior aide to Mr. Bush said the president wasn't firing a fiscal shot across the bow at Democrats, but was simply "articulating a long-held view that tax relief has worked." He added that Americans "want their leaders in Washington to cut wasteful spending. The president's budget will do just that."

Mr. Bush sought to set a tone of bipartisan cooperation in the op-ed piece, saying he was hopeful he can "find common ground" with Democrats, mentioning affordable health care, energy and immigration reform as possible areas of agreement.

Bush Warns Against Merely Political Bills (WP/AP)

The Washington Post, January 3, 2007

President Bush, facing a Democratic-controlled Congress for the first time, is urging lawmakers to work with his administration and warning that "political statements" in the form of legislation would result in a stalemate.

"Together, we have a chance to serve the American people by solving the complex problems that many don't expect us to tackle, let alone solve, in the partisan environment of today's Washington," Bush wrote in a guest column for today's Wall Street Journal. "To do that, however, we can't play politics as usual. Democrats will control the House and Senate, and therefore we share the responsibility for what we achieve."

Bush, while sounding a tone of bipartisanship on the eve of the new session of Congress that begins Thursday, repeated long-held positions on the war in Iraq, tax cuts and other issues often criticized by Democrats. He has vetoed only one bill, but he reminded readers that the Constitution calls on the president to use his judgment in deciding which bills to sign into law.

"If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate," Bush wrote. "If a different approach is taken, the next two years can be fruitful ones for our nation. We can show the American people that Republicans and Democrats can come together to find ways to help make America a more secure, prosperous and hopeful society."

Bush planned to meet with his Cabinet today to discuss domestic priorities and to court about a dozen members of Congress, Democrats and Republicans, at a social reception tonight. The schedule represents Bush's official return to work after a Christmas vacation at his Texas ranch.

Dems To Inherit Agenda Dominated By War (AP)

By Anne Flaherty

AP, January 3, 2007

Now the majority party, Democrats will inherit an agenda dominated by the war in Iraq when the new Congress convenes Thursday, increasing their exposure to what has mostly been a politically damaging issue for Republicans.

In the weeks ahead, the new Democratic Congress will be confronted with President Bush's new plan for Iraq and a White House request that lawmakers authorize an estimated additional $100 billion to pay for the war.

Democrats also may be asked to support a plan lifting restrictions on reserve deployments to ease the strain on active-duty troops.

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While Democrats may try to deflect as much attention as they can toward Bush — citing the president's ownership of the war and congressional limitations on foreign policy — they no doubt will find themselves playing a starring role in a debate that cost Republicans votes in the midterm elections last fall.

"They'll have to show they can govern and govern in a way that will help the executive branch resolve this," said James Thurber, director of American University's Center for Congressional and Presidential Studies.

But resolving Iraq won't be easy, and Democrats run the risk of going too far in criticizing the president. Recent polls show Americans remain frustrated with Bush's handling of the war, but don't think Democrats have offered much of an alternative.

"They will be in the majority, and they will be blamed if they try to block the president from implementing an exit strategy," Thurber said.

The president is thought to be considering a plan to increase the number of forces in Iraq. But the specifics of how many troops will be added to the existing 140,000 force and for how long are not known.

Bush said last week he planned to engage lawmakers before making his announcement later this month. Congressional leaders planned to attend a White House reception expected at midweek.

Foreshadowing the debate to come, Democrats swiftly rallied against the notion of sending more troops, saying Iraqis must take a stronger role in security matters.

"The Iraqis need to understand that the responsibility for the future of that country is theirs," Rep.-elect Jerry McNerney, D-Calif., said Saturday in the Democrats' weekly radio address.

"I have not heard from our military, clamoring for additional soldiers," Rep. Jim Marshall, D-Ga., said upon returning from a trip to Iraq with Gen. Peter Schoomaker, the Army chief of staff.

Marshall and Rep. Ike Skelton, D-Mo., who also visited Iraq during the Christmas holiday, reported that some progress was being made in Anbar province where Iraqi security forces and local leaders were collaborating to push out al-Qaida fighters. But, Skelton said, violence in Baghdad has accelerated and additional U.S. troops might not help.

"I will look carefully and with an open mind at any proposal the president may make, but my view remains that removing some number of American troops — however small — would send a more powerful message to our Iraqi partners than raising force levels," Skelton said.

The debate will play out in hearing rooms this month. Skelton and Sen. Carl Levin, D-Mich., who will head the Senate Armed Services Committee, have invited Defense Secretary Robert Gates to testify. Levin said he would like that hearing to take place Jan. 11.

Sen. Joseph Biden, D-Del., incoming chairman of the Senate Foreign Relations Committee, said Secretary of State Condoleezza Rice has promised to testify before his committee after Bush makes his announcement.

Democrats say they also want to hear from independent military experts and members of the Iraq Study Group.

The debate also will play out in Congress's review of the president's spending requests for the war. The Pentagon says it needs an additional $99.7 billion to fund the wars in Iraq and Afghanistan until the end of the current fiscal year in September. That request is expected to arrive on Capitol Hill in February.

Democrats are eyeing ways to attach conditions to war funds that won't hurt troops and may even attract Republican support.

John Podesta, former President Clinton's chief of staff and now president of the liberal Center for American Progress, recommends lawmakers demand in that spending bill that the president seek lawmakers' approval if troop levels exceed 150,000 in Iraq.

Democrats in 2007 may be confronted with another politically sensitive Iraq issue regarding whether to support increased involuntary call-ups of Guard and Reserve troops. In December, Schoomaker warned that the Army will break without adding more active-duty soldiers to the ranks and changing current mobilization policies backed by Pentagon civilians.

The issue of allowing lengthy involuntary deployments is a tricky one for lawmakers who want to reduce the pressure on active-duty forces but also hear from reservists that they too are facing serious hardships.

Biden and other Democrats agree that Iraq will dominate much of their work next year, but contend they must not be blamed for a war run ultimately by the president. "This is President Bush's war," Biden said.

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But political experts say the public might not agree.

"When you're in the minority, you don't have to do much more than criticize the status quo that wasn't working," said Norman Ornstein, a scholar with the American Enterprise Institute. "When you're in the majority, people will look to you for leadership."

Activists On The Left Applying Pressure To Democratic Leaders (WP)

By Jonathan Weisman

The Washington Post, January 3, 2007

Democratic leaders set to take control of Congress tomorrow are facing mounting pressure from liberal activists to chart a more confrontational course on Iraq and the issues of human rights and civil liberties, with some even calling for the impeachment of President Bush.

The carefully calibrated legislative blitz that Democrats have devised for the first 100 hours of power has left some activists worried the passion that swept the party to power in November is already dissipating. A cluster of protesters will greet the new congressional leaders at the Capitol tomorrow. They will not be disgruntled conservatives wary of Democratic control, but liberals demanding a ban on torture, an end to warrantless domestic spying and a restoration of curbed civil liberties.

The protest will be followed by an evening forum calling for the president's impeachment, led by the Center for Constitutional Rights, antiwar activist Cindy Sheehan and a pro-impeachment group called World Can't Wait.

Those priorities will not be in evidence inside the Capitol, where the newly sworn-in Democratic Congress will immediately begin work on new ethics rules, the reinstitution of federal deficit controls and new policies designed to increase civility in House proceedings. In the coming weeks, Democrats plan to pass bills designed to raise the minimum wage, lower prescription drug costs for Medicare recipients and interest rates for student borrowers, bolster homeland security and boost alternative energy research.

Nowhere in the Democrats' consensus-driven agenda is legislation revisiting last year's establishment of military tribunals and suspending legal rights for suspected terrorists. Nor is there a revision of the civil liberties provisions of the USA Patriot Act, a measure curbing warrantless wiretapping by the National Security Agency or an aggressive confrontation of the president on his Iraq war policies.

To Democratic activists and some lawmakers, the agenda skirts the larger issues that damaged the president's approval ratings and torpedoed Republican control of Congress.

"We've been told for many years, 12 years now, 'Wait until we get in power. Then you'll see things change,' " said Debra Sweet, national director of World Can't Wait, a pro-impeachment group helping to organize the protest. "We'll give them a couple of months or a few weeks to see what they come up with, but if they don't do something very decisive around the war and these other issues, I think there will be trouble."

"If the first 100 hours is going to be characterized by an increase in the minimum wage and improved health and education benefits for Americans, that's fine," said Rep. Dennis Kucinich (D-Ohio), a liberal firebrand who ran for president in 2004 and has announced for 2008. "But then let's talk about the second hundred hours, because we cannot let this war be lost. We cannot abandon the troops in the field to temporizing."

To most Democratic lawmakers, such activism presents a quandary. House Republican leaders spent years trying to placate their conservative base with agendas built around opposition to same-sex marriage, antiabortion votes and tax cuts, said Sen.-elect Benjamin L. Cardin (D-Md.). The partisan tone enraged Democrats and ultimately alienated moderates and independents, who swept the GOP from power in November after a dozen years in control.

"The Democrats have to be careful not to fall into these traps that I think paralyzed the Republicans," Cardin said.

But Democratic lawmakers -- especially the freshmen who capitalized on voter discontent -- said their core supporters' anger is real and must be acknowledged.

"Those people protesting on Thursday care deeply about their country," said Carol Shea-Porter of New Hampshire, an incoming House freshman who ran as an ardent opponent of Bush and the war. "I think we do need to pay attention. People are begging us to remember the Constitution, what made this country great."

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One lawmaker, who spoke on the condition of anonymity for fear of alienating such voters, said wherever he goes, he hears from activists calling for Bush's impeachment. Cutting off funding for the Iraq war comes in a close second.

"For most progressive activists, there is generally speaking, an open mind but also a real fear that the 110th [Congress] will not be as aggressive as many of us want it to be," said Ralph G. Neas, president of the liberal People for the American Way. "On the other hand, there is a lot of pragmatism as we go into the 2008 election season. There's this high-wire act for everybody, not only for the House and Senate leadership but for the progressive community, too."

The high-wire act will be on display almost as soon as the new Congress is sworn in. The first motion from the House floor will be a parliamentary inquiry from Rep. Rush D. Holt (D-N.J.) on the disputed election to replace retired Rep. Katherine Harris (R-Fla.). In November's balloting, Republican Vern Buchanan beat Democrat Christine Jennings by 369 votes.

But more than 18,000 ballots that day did not record a vote in the closely contested race, an "undervote" rate of nearly 15 percent, mainly from the Democrat's stronghold of Sarasota County. An academic study, commissioned by the company that made the electronic voting machines, found "that there is essentially a 100 percent chance that Jennings would have won" had Sarasota voters cast their votes with different machines and ballots.

Holt's inquiry will make clear that Buchanan's swearing-in tomorrow should not prejudice or compromise a House investigation or ongoing legal challenges to his election. But that falls well short of activist demands that the seat be left vacant, or even that the House simply seat Jennings.

Holt said he is willing to take the heat for that decision.

"There are some Democrats who say we should seize that seat any way we can," he acknowledged. "But if in a heavy-handed way, we just say we've got the votes and we're going to throw out Vern Buchanan, we would undermine the principle we say we are fighting for."

Will Dems Deliver? (USAT)

By Mario M. Cuomo

USA Today, January 3, 2007

Will Dems deliver? Americans are looking for dramatic ideas and courageous leadership. The party's congressional agenda doesn't seem to rise to the challenge. As JFK did, its leaders need to boldly step forward.

By Mario M. Cuomo

In 1962, President Kennedy succeeded in captivating Americans by explaining the advantages of being the first country to reach the moon and the dangers of allowing another nation to beat us there. As a result, we did beat the Russians to the moon, and every year for the past four decades, we have invested billions of dollars in space exploration with little political or public opposition and produced brilliant success.

(Illustration by Keith Simmons, USA TODAY)

Kennedy's call to arms is frequently cited when we go in search of examples of bold vision and daring leadership in our nation's recent history, probably because there are so few comparable moments and far too many other examples when our nation's leaders have taken the easier path rather than the right, but more difficult, one.

For the first time after six years of GOP rule, the Democrats will take the reins of Congress. Voters clearly want to see what Democrats can do, that Republicans have not. This gives Democrats the chance not only to control Congress but also to elect a president in 2008.

After years of chaos in Iraq, which has led to neglect of many critical domestic issues, voters are looking for dramatic ideas and courageous leadership to deal with the nation's most difficult challenges. Will Democratic leaders step forward with big ideas and seize the opportunity they have been given?

A 'light list'

So far, the Democratic agenda for the 110th Congress, which opens Thursday, offers a laudable but light list of issues, such as increasing the minimum wage, greater stem cell availability, job training benefits and adopting ethics reforms. I doubt that kind of agenda would be enough to keep control of the Congress, let alone to win the next presidency.

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As Kennedy did, prospective Democratic presidential candidates, and the party's leaders in Congress, need to confront the most difficult questions of the day. Here are just a few of the most daunting:

War on terrorism. Not only are we losing control in Iraq, we have lost momentum in the war on terror. Clear evidence of that fact can be seen in Afghanistan and scattered throughout the world. Our ability to re-energize that effort goes beyond enhancing Iraq's military force and police power to injecting economic and social aid into the country and the region to combat the kind of poverty and desperation that invites jihadism.

Economic divide. Our economy continues to be wonderfully rewarding for high-level corporate executives and big stockholders but not for millions of American workers who are falling behind, often, in part, because of a lack of higher education. Further down the ladder, we have more poor citizens than we had five years ago, and about 13 million of these poor Americans are children deemed to be at risk of poverty, illiteracy and abuse.

Despite President Bush's best efforts, many more children are being left behind. Poor children in unstable families require special assistance. Mentors, after-school programs, smaller class sizes, well-trained, adequately paid teachers and longer school years are all essential. So is accountability as featured by No Child Left Behind, but that program requires funds yet to be delivered. Resources to provide higher education in the form of Pell grants and tax deductibility for tuition are also needed.

Energy crisis. We should make the all-out effort on conservation and new forms of energy the same kind of big idea that Kennedy made of the space program. It would provide better jobs, a cleaner environment and freedom from foreign oil. We must develop all useful alternative sources — wind, water, ethanol, clean coal and battery-driven automobiles. We should also take a fresh look at nuclear energy that uses uranium, a fuel that is available, less expensive and cleaner than fossil fuels, which produce dangerous emissions.

Great ideas, you say, but how would we pay for all of this? Well, it can be done. In fact, it has been done in the not-so-distant past. In 1980, Ronald Reagan promised that by the magic of supply side economics, he could cut taxes and increase spending while still producing a balanced budget in three years. George H.W. Bush, then one of Reagan's presidential opponents, called the idea "voodoo economics," and he was right: It was a costly blunder that led to a runaway federal debt.

Don't fear taxes

How did they deal with the problem? Presidents Reagan, Bush and Clinton all raised taxes on the wealthiest taxpayers. After those raises, we had a balanced budget and a potential surplus of more than $5 trillion.

The way to reduce our debt and start providing needed federal investments is by cutting other spending and mitigating President Bush's huge tax cuts. Not the part of the tax cuts that go to the struggling middle class because they will put the money back into the economy by buying things. Instead, I'd repeal the part that goes to the 1.5% who represent the wealthiest taxpayers, and that would provide several hundred billion dollars over a decade.

Spending cuts should be made by reducing Social Security and Medicare benefits for those rich enough not to be injured by any reductions. And we should return to the pay-as-you-go budgeting that was so successful in the '90s.

So the resources are available to finance the investments we need, if we have the intelligence and the boldness to make a new agenda clear to the American people.

Which of our leading Democrats will be the first to do so?

Mario M. Cuomo, former three-term governor of New York, practices law with the international firm of Willkie Farr & Gallagher.

Democrats Pressed To Show Progress In First 100 Hours (USAT)

By Deborah Barfield Berry

USA Today, January 3, 2007

WASHINGTON — Democratic leaders will be pressed in coming weeks to move their legislative agenda and show voters they made the right choice in November to shift control of Congress.

"Democrats have an urgent need to show they can make a difference," said Hugh Price, a senior fellow at the Brookings Institution, adding that Democrats have to "demonstrate to voters that by putting them in charge of Congress that's not a continuation of business as usual."

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Rep. Nancy Pelosi, the incoming speaker of the House, has vowed to push six key measures during the first 100 legislative hours of the 110th Congress, which begins Thursday.

During the campaign, Democrats touted an agenda that would increase the minimum wage and fund stem cell research. It also included repealing tax breaks for oil companies, cutting interest rates for college student loans, adopting remaining recommendations of the 9/11 Commission and eliminating a ban on government negotiations for lower drug costs.

"It is about the issues that are relevant to the American people's lives," Pelosi, D-Calif., said. "It is a new direction. It is what they sent us here to do, and we will do it first and foremost by making this the most honest and open Congress in a spirit of integrity, civility and bipartisanship and in a way that is fiscally sound."

In a separate move, lawmakers are expected to vote as soon as this week on a measure that outlines rules for the House, including changes to how representatives interact with lobbyists.

"We need to honor those promises right out of the gate," said Kristie Greco, a spokeswoman for Rep. Jim Clyburn, D-S.C., the incoming majority whip. "The American people obviously want a change. We have the momentum."

Political experts, however, question whether the agenda can be accomplished in 100 legislative hours, which could take several weeks. And while several agenda items are not controversial, some will face strong opposition from the administration, experts say.

For example, President Bush would likely veto a stem cell research bill if comes back to his desk, said Thomas Mann, also a senior fellow at Brookings and co-author of The Broken Branch: How Congress Is Failing America and How To Get It Back on Track. The stem cell research bill is the only measure Bush has vetoed in six years.

Mann said any change in Medicare drug price negotiations also could be a veto target.

Still, Mann said, "It is a pretty modest agenda, mostly enjoying broad support among Democrats and some among Republicans."

The expedited process — bypassing committees and hearings — may open Democrats up to the same criticism they launched at Republicans, said Michael Franc, an analyst at the Heritage Foundation.

"The irony is that the only way to make all these bills happen ... is to establish legislative marshal order," Franc said.

But Pelosi said the issues are not new to Congress and that many House committees have already held hearings on many of the topics.

Democrats Plan First 100 Hours, Give Or Take A Speech (NYT)

By Carl Hulse

The New York Times, January 3, 2007

WASHINGTON, Jan. 2 — House Democrats intend to kick off their new regime with a 100-hour legislative blitz that would allow them to post a series of quick victories before President Bush even delivers his State of the Union address toward the end of this month.

But don't pull out that stopwatch to begin the countdown just yet.

Even as Democrats filtered back to Capitol Hill on Tuesday in anticipation of the opening of the 110th Congress on Thursday, there was a bit of confusion about just when the 100 hours would officially begin. Would it be as soon as the new Congress was sworn in and began voting on internal rules changes? Or when the House takes up its first actual legislation next Tuesday?

And since it is 100 hours of strictly legislative activity, the clock would be on pause when House members give their customary one-minute speeches at the start of each day and during the "special orders" at night when members reserve floor time to carry on about their favorite issues for the C-Span audience.

And next Monday is out since the House, despite Democratic pledges of a disciplined five-day work schedule, will not be in session. The day off was scheduled to allow freshman lawmakers time to return from an orientation session — and others to attend the college football national championship game.

At the same time, House Republicans, forced to the Congressional sidelines for the first time in 12 years, were growing increasingly agitated about the Democratic timetable. They said that the rush by Democrats to force through legislation on

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national security, the minimum wage, student loan costs and energy without a full slate of hearings — and with limits on the ability of Republicans to offer alternatives — undercut the pledges of Democrats to run things in a more transparent, collegial way than the Republicans had when they were in power.

Democrats eventually decided Tuesday that the 100-hour timer would be started next Tuesday, when the House is scheduled to take up H.R. 1, a measure enacting recommendations from the bipartisan Sept. 11 commission that never made it out of the Republican-controlled Congress.

And they brushed aside complaints from the Republicans, saying Democrats campaigned specifically on this initial flurry of legislation, much of which has been considered, run through committee and ultimately rejected by Republicans in the past.

"These are deliverable," Brendan Daly, a spokesman for the incoming House speaker, Nancy Pelosi, said of the 100-hour topics. "These are things we said we would do if we are in charge and would make a direct impact on Americans' lives."

Under the current Democratic schedule, the Sept. 11 measure would be followed by a vote on increasing the federal minimum wage to $7.25 over two years. Next would come legislation expanding embryonic stem cell research that was vetoed last year by Mr. Bush. Democrats would then move to eliminate a prohibition on federal officials' negotiating with pharmaceutical companies for lower prices for those enrolled in the Medicare drug program.

After that, Democrats are planning to take up a proposal to cut the interest rate on federally subsidized student loans to 3.4 percent from 6.8 percent. Lastly, Democrats hope to wind up on Jan. 18 with legislation that seeks to make sure that oil companies pay adequate royalties on disputed leases, rolls back some industry subsidies from a recent energy bill and creates a renewable energy reserve to try to spur investment in new technologies and conservation.

Before getting to those bills, House Democrats said they would move immediately upon taking control Thursday to pass broad ethics rules including a ban on gifts and meals from lobbyists and restrictions on travel provided by outside groups. On Friday, they will vote on disclosure of earmarks and new budget rules to prohibit deficit spending.

The leadership plans to allow some of the party's freshmen to sponsor changes so they can begin building a record and reputation to defend their seats in 2008.

The pace of activity is to be much slower in the Senate, and passage of any of the legislation by the House does not guarantee that it will be sent to the White House, given the Senate's thin 51-49 Democratic majority.

Leading Senate Republicans have indicated that they could support the minimum wage increase, for instance, only if it is tied to tax relief for small businesses. As a result, that measure is likely to either stall or be changed, leading to negotiations with the House.

The Senate plans to convene Thursday and swear in its new members. But both parties plan to hold retreats on Friday, and aides said the only legislation that could come up for a vote this week would be a resolution honoring former President Gerald R. Ford.

House Republicans, who were not known for giving Democrats much say on legislation when they ran the House, began an orchestrated campaign on Tuesday to pressure Democrats to allow full committee review of the 100-hour legislation.

"As we both know, homeland security is far too important an issue to play politics with, and any new homeland security measure should be given the review and oversight it deserves," Representative Peter T. King of New York, the top Republican on the Homeland Security Committee, wrote to Representative Bennie Thompson of Mississippi, the incoming Democratic chairman.

Democrats said the legislation at issue had already been vetted and in many cases voted on in the past. They said Republicans would be given their chance once the 100 hours had elapsed. "After that, we will go back through regular order," said Mr. Daly, Ms. Pelosi's spokesman.

Dems Finalize New Rules (HILL)

By Jonathan E. Kaplan And Jackie Kucinich

The Hill, January 3, 2007

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House Democrats hurried yesterday to put the finishing touches on ethics reforms that would ban lawmakers and staffers from accepting trips, gifts and meals from lobbyists and prevent the new majority from holding votes open to change the outcome.

Democrats will adopt and then amend the House Rules package tomorrow to ban all travel paid for by lobbyists or organizations that employ lobbyists, require the ethics committee to pre-approve travel paid for by outside groups, enact a total gift ban, and require lawmakers to pay the market cost of flying on a corporate jet, said Democratic staffers and officials with government watchdog groups.

And, because they feel they lost the 2003 Medicare prescription drug benefit vote because GOP leaders held it open for three hours, during which they flipped opponents into the "yes" column, Democrats will include a provision in the rules to prevent any sort of repetition, said aides to incoming Speaker Nancy Pelosi (D-Calif.).

Democrats also will eliminate the practices of changing conference reports after members have signed them and excluding elected members from conference committees.

Until now, Democrats have not had to propose specifics or explain how they would work in practice. The biggest challenge for the new majority has been translating political rhetoric into tightly drafted legal language without loopholes, said Democratic aides. The concern is that language could be exploited for loopholes or yield unintended consequences.

New House rules could take eight weeks or longer to go into effect because the ethics committee (the Committee on Standards of Official Conduct) might be required to clarify and interpret issues, such as how to define a lobbyist and how a pre-approval requirement for travel would function.

State and local government agencies and some foundations, such as AIPAC and the Aspen Institute, want to be exempted from the new rules.

"We're interested in the basic bans on paying for travel, bans on gifts and entertainment and making sure there are no loopholes in the provisions," said Fred Wertheimer, the president of Democracy 21, a campaign-finance watchdog group.

Senior Democratic staffers, who returned to work on a day when the federal government was closed to mourn the death of former President Gerald Ford, planned to make the proposed rules changes public this afternoon at a press conference. Some aides who have jumped from the campaign trail into Congress have, as yet, no computers and only limited access to telephones.

Leadership aides plan today to brief chiefs of staff and press secretaries working for rank-and-file lawmakers.

Meanwhile, GOP Reps. Tom Price (Ga.), Eric Cantor (Va.), and Patrick McHenry (N.C.) plan to introduce a resolution next week modeled on legislation that Pelosi introduced in 2004.

Pelosi's "Minority Bill of Rights" demanded that legislation move through the committee process before reaching the House floor and urged GOP leaders to give lawmakers 24 hours to review legislation before it is considered and voted on by subcommittees or on the House floor.

McHenry expressed concern that excluding Republicans from the legislative process would set a bad precedent. GOP Reps. Buck McKeon (Calif.), Peter King (N.Y.) and Jim McCrery (La.) yesterday urged the Democrats who will chair their committees to conduct hearings on proposals that Democrats will consider in the first 100 legislative hours.

Democrats justified excluding Republicans by saying that the bills had already been discussed in the 109th Congress.

"It is a choice between leading with integrity and leading by force," McHenry said. "To say they are advocating [fairness] is ludicrous on its face by their opening hours of action."

Democrats and political observers rejected the GOP proposal, noting that the Republican majority never considered Pelosi's legislation.

"I think they risk being laughed out of town," said Rep. Louise Slaughter (D-N.Y.), the incoming chairwoman of the Rules Committee.

Norm Ornstein, a congressional scholar with the American Enterprise Institute, added, "I don't blame them in the slightest for picking it up and introducing it, but the chutzpah is quite remarkable."

Some of Pelosi's proposed changes will be included in the Democratic rules package, said Stacey Bernards, a spokeswoman for Majority Leader-elect Steny Hoyer (D-Md.).

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Democrats complained vociferously about the House GOP's tactics during the past four years, such as preventing Democrats from offering amendments on the House floor, excluding them from conference committees, and holding votes open for much longer than the traditional 15 minutes.

In response to real and perceived legislative slights, Democratic candidates campaigned against a Republican "culture of corruption" and promised to tighten ethics rules, in part to put distance between lawmakers and lobbyists. Revising ethics rules may prove central to retaining their majority in the House in 2008.

"I think the most important thing we can do to ensure their reelection is to follow through on the commitments the Democrats … made to those voters," Rep. Chris Van Hollen (D-Md.), chairman of the Democratic Congressional Campaign Committee, told C-SPAN's "Newsmakers" program last week.

Democratic leaders plan to pair three freshman members with more senior lawmakers to lead the debate on the House floor on Thursday and Friday. Rep. Zack Space (D-Ohio), who won the seat vacated by former Rep. Bob Ney (R), will lead debate over new trip and gift rules. Ney has pleaded guilty to crimes stemming from the scandal surrounding Jack Abramoff, the convicted former GOP lobbyist.

The other two freshman Democratic lawmakers who are to play leading roles in the debate have not been chosen, but Democratic leaders are considering Reps. Chris Carney (D-Pa.), Jerry McNerney (D-Calif.) and Kirsten Gillibrand (D-N.Y.), said a senior Democratic aide. They each defeated a lawmaker ensnared in ethics controversies.

In addition to revising ethics rules, the Democratic majority on Friday will debate and vote on procedural and budgetary reforms — measures to ensure that members have 24 hours to review legislation, earmark reforms and pay-as-you-go requirements — said senior Democratic aides.

Time spent debating changes to the rules package will not count against Pelosi's 100-hour legislative blitzkrieg, set to begin the week of Jan. 8 and last approximately 10 legislative days, ending when President Bush delivers his State of the Union address on Jan. 23.

Grassroots Lobby Girds For Battle (HILL)

By Elana Schor

The Hill, January 3, 2007

As the new Democratic Congress prepares to take up a package of lobbying and ethics rules changes, a coalition of nonprofits and communications firms is renewing the push against new grassroots lobbying disclosure rules and not ruling out a future court challenge to the provisions.

The Free Speech Coalition is now leading the fight against proposals for mandatory reporting by any group involved in paid efforts to stimulate grassroots communications — another term for the proverbial pleas to voters to "contact your congressman" on a particular issue. Led by conservative fixtures such as direct-mail guru Richard Viguerie and Free Congress Foundation chief Paul Weyrich, the coalition is pulling no punches.

"If they pass this, there would be a massive litigation effort, because this bill is much more expansive than the proponents are leading everybody to believe," predicted Mark Fitzgibbons, president of corporate and legal affairs at the Viguerie-led firm American Target Advertising.

Lawmakers supporting grassroots disclosure have aimed their calls for reform at so-called "astroturf" campaigns, funded by corporate interests but portrayed as genuine citizen drives. Sens. Joseph Lieberman (D-Conn.) and Carl Levin (D-Mich.) cited fake grassroots groups created by disgraced lobbyist Jack Abramoff during their successful bid to add new disclosure rules to last year's Senate ethics bill. Registration and reporting would shed sunlight on grassroots activities, not curtail them, the senators noted.

But the coalition contends that the new rules would provide a loophole for corporations that confine their grassroots communications to employees and shareholders. Though grassroots disclosure is backed by most leading government watchdog groups, all of which could be affected by the new reporting rules, the coalition has trained its fire on Ralph Nader-founded Public Citizen in a letter that will be forwarded to every member of the new Congress this week.

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"This … is a coalition of groups that have a financial stake and are worried that their business might be impacted negatively," said Laura MacCleery, director of Public Citizen's Congress Watch division. MacCleery acknowledged the possibility of a lawsuit against the new rules but cautioned the coalition against considering a challenge before legislative language emerges.

The debate on last year's Senate lobbying bill elicited an equally fierce drive against the grassroots provision, mounted by an alliance called LobbySense that included as members senior officials at Americans for Tax Reform, Concerned Women for America and the Family Research Council. Fitzgibbons said LobbySense informed him of the likely resurgence of the grassroots debate, and that he expected the old and new coalitions to join forces in the coming months.

The timeframe for consideration of grassroots lobbying rules could differ sharply between the Senate and House, however. Senate Majority Leader Harry Reid (D-Nev.) plans to call up last year's Senate ethics bill, which contains Lieberman and Levin's grassroots provisions, as a starting point for debate next week.

But the House will take up only internal rules changes on lobbying and ethics this month, sending statutory changes such as the grassroots mandate through regular committee order, said Drew Hammill, a spokesman for House Speaker-designate Nancy Pelosi (D-Calif.).

"We have made an effort to address the concerns of some of these groups as we move along with this," Hammill said.

The conservative blogosphere has lent its heft to the Coalition's campaign against grassroots disclosure, along with past Federal Election Commission Chairman Brad Smith, who was appointed by former President Bill Clinton. Smith also predicted that the grassroots provisions would merit a court challenge if they become law.

"It's a disaster, generally, the notion that the government should be checking up on attempts by citizens to communicate with citizens," Smith said. He argued that lawmakers are seeking the identity of firms paying for constituent calls for purposes of retaliation: "Can you think of any other reason that members of Congress need to know who's running grassroots ads in their district?"

The Senate bill's grassroots language is similar to that in the House Democratic leadership lobbying reform bill that is serving as a model for this year's effort. The provisions would require grassroots lobbying firms to register and report to Congress quarterly, only on communications to more than 500 members of the general public, with exemptions for members of nonprofits as well as corporate employees and shareholders.

MacCleery also singled out the proposal's minimum of $25,000 in grassroots expenses to trigger reporting by the firms contracted for any issue campaign. "That's a substantial amount of money on a grassroots lobbying effort, particularly in the age of the Internet," she said.

As for the coalition's rhetorical combat with Public Citizen, MacCleery characterized the specter of a lawsuit against grassroots rules as an attempt to generate a false opposition to reform.

"It's almost like they're flacks," she added, "like they're good at creating the appearance of controversy where none exists."

Think Twice About Empowering An Office Of Independent Ethics (HILL)

By Lanny J. Davis

The Hill, January 3, 2007

The current congressional-reformer rage is to create an independent office that would investigate and file ethics charges. This is the "solution" to the problem of the inherent conflict of interest in members of Congress investigating their colleagues, much less members of their own party. Such an office, reformers argue, would be "above politics" and avoid that conflict.

Hmmmmm. Seems like déjà vu all over again.

Remember Watergate? In 1978, the same problem of public corruption and the inherent conflict of interest in the executive branch investigating itself led to a similar "above politics" office: the Office of the Special Prosecutor (a few years later called the Independent Counsel). The result: a constitutional monstrosity who couldn't be hired or fired by someone voters elected (in this case, the president); and when he or she abused power, there was no political accountability. Indeed, no accountability at all.

Between 1978 and 1999, when the independent counsel statute was allowed to die with the support of both parties, 25 independent counsels spent over $175 million. In the final analysis, very few public officials were convicted of serious crimes. But

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dozens of innocent men and women were smeared, with ruined reputations that could not be cleared. In the 1980s, Democrats used and abused the process, forcing the appointment of numerous independent counsels who caused such damage to innocent people. Then in the 1990s, it was the Republicans' turn to play "gotcha" and repeat the same abuses that they had accused the Democrats of in the 1980s (when they had tried to kill the statute).

Let us never forget Ronald Reagan's former Labor Secretary Raymond Donovan. At the behest of Democratic congressional leaders, he was investigated three times by an independent counsel and each time no charges were brought. Finally he was prosecuted by a Democratic, partisan district attorney in the Bronx, N.Y. When he was acquitted, he was asked how he felt. He asked: "[To] which office do I go to get my reputation back?"

So how to learn from the tragic mistake of the independent counsel experience while still overcoming inherent conflicts of interest and strengthening enforcement of congressional ethics? Some congressional reformers would argue that an independent office for congressional ethics would only be able to file the charges, leaving to the ethics committees the determination of innocence or guilt. But that was exactly the power the independent counsel had – to just file charges. And we all now know that the filing of charges itself can have a disastrous effect, even if the accused turns out to be innocent, with little or no consequence for the official who filed the charges.

So when the 110th Congress begins tomorrow, it might be a better idea to limit the independent congressional office to conducting professional investigations of charges filed by members of Congress with the respective ethics committees. That would build political accountability into all parts of the process. The member who files charges that turn out to be groundless would be subject to voter disapproval back home. If the ethics committee chooses to file charges, then there would be a fully transparent process to determine the truth, with due process safeguards available to the accused. If the committee chooses not to bring charges, so too would transparency rules apply — the committee would have to explain fully why the evidence did not support bringing a charge.

In all respects, the ultimate jury, the ultimate supreme court, would be the voters. Us. Not a perfect system. But better than the alternatives.

Lanny J. Davis is a regular contributor to The Hill's Pundits Blog. He is the author of "Scandal: How 'Gotcha' Politics is Destroying America" (Palgrave Macmillan, 2006).

Poll Shows Support For Democrats' Goals (AP)

By Darlene Superville

AP, January 3, 2007

Two of the Democrats' top goals — a higher minimum wage and federal funding of embryonic stem cell research — enjoy broad public support as the party takes control of Congress for the first time in a dozen years.

An overwhelming majority also supports making it easier for people to buy prescription drugs from other countries.

But the jury is out on incoming House Speaker Nancy Pelosi. Most people say they do not know enough yet to have an opinion of the California Democrat who will be the first woman in that office, an Associated Press-AOL News poll found.

The survey results come as the 110th Congress is set to convene at noon Thursday, with Democrats eager to keep their promises to pass several pieces of legislation in the first 100 hours of business, including the minimum wage increase and stem cell research funding. Voters, exasperated by investigations into the ethics of GOP lawmakers and unhappy with the situation in Iraq, toppled Republican majorities in the House and Senate last November.

Democrats will hold a 233-202 edge in the House and will control the Senate by 51-49.

A boost to the $5.15-an-hour federal minimum wage would be the first since 1997. Democratic leaders have proposed raising it in stages to $7.25 an hour. President Bush has said he supports the idea, along with help for small businesses.

Fully 80 percent of survey respondents favor an increase, too.

Support is strongest among Democrats, 91 percent, while 65 percent of Republicans back the idea. Women, men without college degrees and single women all are especially likely to favor a minimum wage hike.

Nearly seven of 10 adults, 69 percent, favor the government taking steps to make it easier for people to buy prescription drugs from other countries, where some medicines cost significantly less than in the U.S.

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Importing prescription drugs to the United States is illegal, but the Food and Drug Administration generally does not bar individuals from bringing in small amounts for personal use. At the same time, the government has estimated that buying drugs from other countries would do little to influence what they cost at home.

Some 56 percent of adults support easing restrictions on using federal money to pay for research on embryonic stem cells. Supporters say such research could lead to treatments for everything from Parkinson's disease to spinal cord injuries. Bush and other opponents say the embryos from which the cells are extracted are human lives that should not be destroyed in the name of science.

Bush kept a promise in 2001 when he limited federally funded research to lines of embryonic stem cells that had been created by that time. Last summer, he used the first veto of his presidency to reject a bill that would have directed more federal dollars toward embryonic stem cell research.

Democrats have pledged to reverse that outcome, setting up a possible veto showdown with the president.

Achieving the Democrats' goals could help Pelosi raise her public profile.

She is the first woman to lead a party caucus in either house of Congress — she was elected leader of the House Democrats in 2002 — and now will be the first female speaker, second in line to succeed the president.

Yet as much as the 10-term congresswoman has been in the news over the years and, more recently, since the Democratic election rout on Nov. 7, people say they just don't know her.

More than five in 10 adults, 55 percent, don't know enough yet about Pelosi to have an opinion of her. Those with opinions to share were split, with 22 percent viewing her favorably and 22 percent unfavorably.

The telephone survey of 1,004 adults was conducted Dec. 19-21 by Ipsos, an international public opinion research company. The margin of sampling error was plus or minus 3 percentage points.

Most Support 2 Of Dems' Top Goals, Poll Says (USAT)

USA Today, January 3, 2007

Americans overwhelmingly support two of the Democrats' top goals — increasing the minimum wage and making it easier to buy prescription drugs from other countries — as the party prepares to take control of Congress for the first time in a dozen years, an Associated Press-AOL Poll indicates.

When Congress reconvenes Thursday, Democrats will hold a 233-202 edge in the House and a 51-49 advantage in the Senate (two senators were elected as independents but will caucus with Democrats).

Party leaders want to boost the federal minimum wage — in stages — from $5.15 an hour to $7.25 an hour. President Bush has said he supports that idea. So do 80% of those polled by AP-AOL.

On prescription drugs, 69% favor making it easier to buy them from other countries — where they may cost significantly less.

The telephone survey of 1,004 adults was conducted Dec. 19-21 by Ipsos, an international public opinion research company. The margin of sampling error: +/-3 percentage points.

FBI notes alleged harsh treatment at Guantanamo

FBI agents and other employees deployed to the U.S. military's Guantanamo Bay prison complex witnessed or were told of more than two dozen incidents of harsh treatment of detainees, documents released Tuesday by the bureau show. They include one case in which an unidentified interrogator was rumored to have dressed as a priest and performed a mock baptism on a Muslim prisoner.

The incidents represent the results of an internal FBI survey of 493 agents or employees who were deployed to Guantanamo since the 2001 terrorist attacks. The FBI review concluded that none of its agents or employees was involved in the questionable treatment, much of which was outlined in news accounts that first appeared in 2004. —Kevin Johnson

Newspaper: Giuliani's plans for White House run leaked

In 140 candid pages that lay out his presidential campaign plans, former New York City mayor Rudy Giuliani and his aides include everything from how much money he needs to raise ($100 million this year) to the problems that could scuttle his bid (including being more "liberal" than most Republicans), the New York Daily News reported Tuesday (nydailynews.com).

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The newspaper said it obtained the campaign plan from "a source sympathetic to one of Giuliani's rivals for the White House." It had apparently been left behind at a GOP campaign stop last year.

Giuliani spokeswoman Sunny Mindel told the Daily News that the person who leaked the plan must be worried about "Rudy's poll numbers in New Hampshire and Iowa." She called the leaking "suspicious activity." Giuliani has not formally entered the 2008 race, but notes in the plan show he began meeting with supporters last April, the newspaper reported.

Opposing View: Keep Cameras Focused (USAT)

By Donald Wolfensberger

USA Today, January 3, 2007

Opposing view: Keep cameras focused 'Open House' serves Americans; 'open window' serves Peeping Toms.

By Donald Wolfensberger

Granting C-SPAN free gazing rights on the House floor is a terrible idea. Incoming Speaker Nancy Pelosi is right to reject the request.

Such free-roaming lens-groping would defeat the original purpose of broadcasting House debates. According to the final Rules Committee report on the issue in February 1978, that purpose "is to provide a complete, uninterrupted, and accurate record of the official proceedings and business of the House — a kind of visual and audio parallel to the Congressional Record."

The report rejected network calls for allowing panning and reaction shots: "The broadcast media's view is attuned to news and dramatic values," and "the way in which they move and focus cameras and cover the proceedings will be conditioned to and colored by that view."

The report concluded, however, that such news aspects of coverage must be subordinated "to the more fundamental need for a complete, uninterrupted, undistracted, unbiased, and completely accurate record of the official actions of the House."

The following June, the full House overwhelmingly affirmed that view by authorizing a House-operated broadcast system under the direction and control of the speaker and by rejecting a network pool arrangement. Speaker Thomas "Tip" O'Neill subsequently directed that the remotely controlled cameras in the galleries show only tight shots of the members speaking. O'Neill had a strong aversion to allowing any reaction shots that could bring ridicule on the House by showing inattentive members chatting, reading, or sleeping.

Today, viewers can get a sense of the overall chamber from wide-angle shots provided in between speakers and during voting periods. But there's a big difference between the "open House" we see on TV today and the kind of "open window" for TV Peeping Toms some would prefer.

The speaker's insistence on preserving the decorum and integrity of House proceedings is not an "anachronism." It is the very essence of a dignified public body.

Donald Wolfensberger is director of the Congress Project at the Woodrow Wilson International Center for Scholars and a former staff director of the House Rules Committee.

A Fairer House (WP)

The Washington Post, January 3, 2007

THE NEW Democratic House majority has an ambitious plan for its first 100 hours in power, from increasing the minimum wage to strengthening ethics rules to having the federal government negotiate prescription drug prices. Unfortunately, its plans don't include getting those provisions passed in the democratic fashion that the Democrats promised to adhere to once in the majority. When Republicans took over in 1995, they at least went through the motions of putting their "Contract With America" proposals through the normal committee process. Democrats under Speaker Nancy Pelosi (D-Calif.) have decided not to bother with that, nor to let Republicans offer amendments on the floor, nor even to put a GOP alternative up for a vote. This is exactly the kind of high-handed mistreatment that Democrats complained about, justifiably, when they were in the minority.

Democrats offer various rationales for their about-face. They say the streamlined process is necessary because they've pledged to accomplish so much in their first 100 legislative hours. But what makes living up to that self-imposed deadline -- which will stretch on for weeks, in any event -- more important than living up to their promise of procedural fairness? And why, even if that deadline is sacrosanct, couldn't Republicans at least be offered an opportunity to offer alternatives on the floor?

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Democrats also argue that their proposals have been fully vetted and debated, but in fact many of them involve complex policy choices and some are new proposals. Democrats howled when Republicans moved unilaterally to change the rules governing the operations of the House ethics committee; why is it different for them to move unilaterally to change ethics rules? Questions such as whether the minimum wage increase should be combined with tax breaks for small businesses and whether the federal government should be the only party negotiating Medicare prescription prices ought to be put up for discussion and a vote. If that causes a fracture in the Democratic caucus, so be it.

Republicans, who were only too happy to strong-arm and ignore Democrats when the GOP was in the majority, are now, of course, moaning about being abused. In a nice bit of political theater, they plan to offer Ms. Pelosi's own "Minority Bill of Rights" from 2004, which would provide for, among other things, "open, full and fair debate consisting of a full amendment process."

Democrats say that they'll adhere to their previous promises once their first flurry of business is finished. We look forward to that. But if they don't reconsider, they will set an unfortunate precedent that fairness will be offered on sufferance, when the majority finds it convenient, and not as a matter of principle. That would not be a good start for the 110th Congress.

Pentagon Redefines 'Emergency' (WSJ)

By Jonathan Karp

The Wall Street Journal, January 3, 2007

Lockheed Martin Corp.'s new Joint Strike Fighter plane won't be ready to see action for years. But that didn't stop the Air Force from inserting two of the jets into the coming emergency-funding request for operations in Iraq.

The Pentagon's supplemental budgets traditionally pay for war costs such as personnel, equipment repairs and ammunition. But as the Joint Strike Fighter request shows, the coming supplemental is being used by the military services for more than replacing what has been lost in Iraq and Afghanistan. It is being used to acquire future weapons that normally would be funded through the regular Pentagon budget.

The fighter-jet request, which was confirmed by a senior Air Force official, is part of the Pentagon's proposed $99.7 billion war-fighting budget for the current fiscal year, which began Oct. 1. It comes on top of $70 billion in war funds already approved and the regular U.S. defense budget of $436.6 billion. The emergency supplemental budget has been cleared by the Pentagon and is awaiting approval by the Office of Management and Budget, which oversees funding requests for the White House. It is to be formally submitted to Congress after President Bush next month unveils the fiscal 2008 Pentagon budget request, which defense analysts expect to be nearly $470 billion.

An October directive from Deputy Defense Secretary Gordon England opened the floodgates by allowing the services to request emergency funds to replace equipment and upgrade to newer models for the "overall efforts related to the global war on terror," not just operations in Iraq and Afghanistan.

"It's a feeding frenzy," says an army official involved in budget planning. "Using the supplemental budget, we're now buying the military we wish we had," he says, referring to former Defense Secretary Donald Rumsfeld's 2004 quote about inadequate equipment for troops.

Each year, the president submits his federal budget request to Congress, which in turn makes changes and works to appropriate funds. Supplementals -- which aren't limited to defense spending and have been used for matters such as Hurricane Katrina relief -- move on a parallel track, but are targeted to specific areas. In recent years, they have been treated as emergency funds outside the budget entirely -- which has become a sore point in Congress.

Of the supplemental's total $99.7 billion, $34 billion is slated for weapons procurement. Much of the $47.6 billion for operations and maintenance also will be available to contractors to repair and modernize equipment they supplied. About half of the $9.75 billion slated for Iraqi and Afghan forces is likely to be used to buy weapons and equipment, says James McAleese, a defense consultant in McLean, Va.

About $21 billion in the supplemental is headed to the Army, and several companies stand to benefit. General Dynamics Corp. likely will snare business from $3.9 billion for armored vehicles such as its Abrams tank and $7.4 billion to buy radios. ITT Corp. and Harris Corp. likely will be the biggest beneficiaries of radio purchases. BAE Systems PLC will win work for its Bradley

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fighting vehicle, while Armor Holdings Inc., AM General LLC and Oshkosh Truck Corp. will divvy up the proposed $5.4 billion for trucks. Lockheed and Raytheon Co. are expected to gain from demand for short-range tactical missiles.

In another boost for combat-vehicle makers General Dynamics and BAE, the Army is requesting $3.67 billion to accelerate the reconfiguration of ground forces into smaller units -- a process normally funded through the regular budget.

Among Air Force requests is $62 million for ballistic missiles, an unusual supplemental-budget item because they are strategic assets that haven't been used in Iraq or antiterrorism operations. The Navy is requesting $3.04 billion for new and repaired aircraft, an amount that likely exceeds battle losses. The Navy appears to be using supplemental funds to secure money ahead of the fiscal 2008 budget, expected next month, when it will face pressure to cut aircraft purchases to free up billions of dollars for a new aircraft carrier.

Lockheed and Boeing Co. stand to gain from Air Force and Navy aircraft requests. The Air Force has budgeted for 17 Lockheed C-130 cargo planes. Boeing, which gained 10 C-17 cargo planes in the most recent supplemental budget, could receive fresh orders for its Navy F-18 fighter jet and V-22 tilt-rotor aircraft, which is made with Textron Inc.'s Bell Helicopter unit and has yet to be used in combat.

It is unclear whether new Defense Secretary Robert Gates will seek to change the supplemental budget, which awaits White House approval. The new largess is a turnaround from two years ago, when the Pentagon tried unsuccessfully to rein in weapons spending. Defense officials say they hope the prospect of defense-industry jobs will help ease passage in Congress. The coming Democratic leadership -- and many Republican members of Congress -- are wary of supplemental budgets because there is less room to review and change the funding. Even the Iraq Study Group, a bipartisan commission led by former Secretary of State James Baker and former Rep. Lee Hamilton, criticized this funding method, saying the war should be paid for through the main Pentagon budget.

"The latest supplemental budget is wildly out of synch with the political system, which wants more discipline and oversight," says Loren Thompson of the Washington-area Lexington Institute think tank.

An 'Honest,' 'Open' House, Where Cameras Can't Zoom Out (WP)

By Al Kamen

The Washington Post, January 3, 2007

The House of Representatives is often called "the People's House." So wouldn't it be nifty if the "people" could see what was going on in their own house?

But those watching on TV really can't. Only tight camera shots of lawmakers speaking on the floor -- or of the presiding officer in the chair -- are allowed. The camera is not permitted to pan the chamber. Incoming Speaker Nancy Pelosi (Calif.) had promised that the Democrats would have "the most honest, most open and most ethical Congress in history."

So Brian Lamb, the head of C-Span, which got the electronic eye into the House and Senate in the first place nearly three decades ago, thought this would be a great opportunity to improve coverage. (The GOP turned him down in 1985.)

He wrote Pelosi asking for more cameras, saying the current system "does a disservice to the institution and to the public." For example, the fixed camera means "you can never get a reaction shot" during a debate, he told us, so it "takes out of the experience any soul" or sense of the give-and-take.

Not so, Pelosi said in a Dec. 22 letter to Lamb. "I believe the dignity and decorum of the United States House of Representatives are best preserved by maintaining the current system of televised proceedings," she wrote.

"Dignity"? "Decorum"? In a place that folks such as Jim Traficant, Duke Cunningham and Mark Foley used to call home? Okay, she's obviously joking, but still. . . . As The Who sang years ago: "Meet the new boss, same as the old boss."Wind Is Not the Only Alternative Natural Gas

Seems like almost every trade association and nonprofit sends out a new calendar this time of year. Our favorite is one from the American Wind Energy Association. "We hope you will enjoy this visual 'tour' of some of the wind energy products now operating in our country," an enclosed letter says.

One especially exciting picture appears to tout both wind energy and methane. Best to stay upwind if possible.Keep the Empty Seats Out of the Shot

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There was a fine turnout yesterday at the National Cathedral for the funeral of former president Gerald R. Ford. Tickets were hard to come by, and latecomers were turned away. Even so, seems there were some empty seats.

Just before the service began, an usher approached a Loop colleague sitting in the cheap seats on the left, the seats where you really are better off watching the monitor if you want to see anything.

"Does anyone want to sit in the center section?" the usher asked. "We need 10 people" to fill in the crowd. So a group of people trooped to the rear of the center section, just in front of the Boy Scouts sitting in the last four rows, to watch from there.From Interior to Big Oil

Remember former interior secretary Gale Norton? She soon will be general counsel for a Royal Dutch Shell division in Denver that's focusing on oil shale exploration in the Rockies. House Democrats plan to investigate Norton's former agency, especially for its cozy relationship with the oil and gas industry.

Enviros naturally criticized Norton's hiring, with one even saying the move would "undermine" Shell's efforts to project an "image as a good environmental steward." Predictably, Rep. Ed Markey (D-Mass.), a senior member of the House Energy and Commerce Committee, said Shell's move was just another example of the "hand-in-glove relationship between Big Oil and the Bush administration's top Interior officials."

Well, maybe Greenpeace wasn't hiring.If Only She Had Some References for the Job

At the United Nations, where there is no U.S. ambassador, idle chatterers are talking about Victoria Nuland, now ambassador to NATO, as a possible choice to succeed John R. Bolton. Nuland, who is a career Foreign Service officer and is married to Robert Kagan, a contributor to the Washington Post op-ed page, was top foreign policy adviser to Vice President Cheney and before that an aide to Clinton confidante Strobe Talbott when he was deputy secretary of state. Well, the bases can't get more covered than that.GSA Earning a Few Admirers Out West

The GSA's fame has spread across the country. This just in from the Austin American-Statesman: "It will be little comfort to anyone who has ever undergone the torture of a building project to know that bigger doesn't mean better -- or easier. U.S. District Judge Lee Yeakel is learning a lot about government construction projects as he helps oversee the construction of the proposed federal courthouse. . . . He notes with a chuckle that he was advised that the U.S. General Services Administration -- the agency in charge of getting the project built -- has a motto: 'We're not happy until you're not happy.' "

Goodbyes Galore At State Department (WSJ)

By Neil King Jr., The Washington Wire

The Wall Street Journal.com, January 3, 2007

In yet another high-level departure from the State Department, Condoleezza Rice's energetic head of political-military relations, John Hillen, has told his colleagues he is leaving the administration this month. Hillen, a former Army officer and Gulf War veteran, served as the principal link between State and the Pentagon and was leading the administration's effort to build better security ties with Arab allies in the Persian Gulf in a bid to contain Iran's growing influence.

In an email to colleagues the day after Christmas, Hillen said that he and his family decided that it was best not "to commit to being in the administration until 2009." The note suggests that the White House has requested that all top appointees either commit to staying through the end of the administration, or leave as soon as possible. "It was clear that I need to commit more fully to some of the unique and immediate needs of my growing family and give Secretary Rice a chance to give a new [assistant secretary] a full two years to keep the momentum going," Hillen wrote in his email.

Beyond the Hillen departure, Rice has lost her deputy, Robert Zoellick, her United Nations ambassador, John Bolton, and her counselor, Philip Zelikow. No replacements for any of these posts have been announced.

Lawmakers, Others Eager For Part D Enrollment Numbers (HILL)

By Jeffrey Young

The Hill, January 3, 2007

The sign-up period for prescription-drug coverage under Medicare Part D ended Sunday, and the Bush administration and observers of the program are eagerly waiting to see whether beneficiaries enrolled in plans best suited to their needs.

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Encouraging elderly and disabled participants to reevaluate their 2006 plans, which changed in many cases, and compare them to other options on the market was the chief challenge during the second year of the program.

The Centers for Medicare and Medicaid Services (CMS), lawmakers, members of the health-insurance industry, and beneficiaries' advocates widely predicted that most people enrolled in Part D would stick with the coverage they selected during the inaugural enrollment period, between November 2005 and May 2006.

Numerous opinion polls conducted in 2006 indicated that the majority of Part D beneficiaries were generally satisfied with their drug coverage, despite complaining that the program was too complicated.

But the private insurers that provide the drug coverage made numerous alterations to their plans for 2007, including changing premiums, deductibles, cost-sharing obligations and the drugs they cover.

Moreover, with the massive task of establishing a brand-new program completed, the administration scaled back its education and outreach programs for the 2007 enrollment period.

Nevertheless, the administration has expressed confidence that beneficiaries were smart shoppers during the six-week sign-up period.

In a conference call with reporters last week, acting CMS Deputy Administrator Herb Kuhn pointed to the high volume of calls to Medicare's toll-free telephone hotline and of visits to Medicare's website as signs that beneficiaries were not simply succumbing to inertia, even if most of them did not elect to change plans.

According to CMS, the "Plan Finder" website, which allows beneficiaries to compare Part D options, received 30 million page views between Oct. 15 and Dec. 27. Five million calls were made to the hotline.

At the close of 2005 and again when the sign-up period ended in May 2006, CMS experienced a spike in online and telephone inquiries and in enrollment. A CMS spokesman said yesterday that figures regarding how many beneficiaries looked for information or signed up for plans during the final days of this year's enrollment period were not yet available.

An AARP lobbyist who is the group's national coordinator for health issues, Kirsten Sloan, said, "I think you'll find that most Medicare beneficiaries did shop around."

AARP conducted its own multifaceted outreach program, which ranged from waging a national advertising campaign to hosting small educational events with beneficiaries. "There are a myriad of ways to get information," Sloan, who praised CMS's efforts, said.

The AARP famously endorsed the bill that created Part D, to the consternation of many Democratic lawmakers. AARP's affiliated business operation co-sponsors a Part D plan with United Healthcare.

One critic of the program remains concerned that many beneficiaries did not realize that their benefits had changed, although he acknowledged that a final assessment is impossible until CMS releases its enrollment data.

"What portion of the Medicare population was aware of these changes? … We simply don't know," said Ron Pollack, president of the liberal healthcare advocacy group Families USA.

"Most people seemed unable to bear a whole new examination this year," said Medicare Rights Center President Robert Hayes, who has been a fierce detractor of Part D. Hayes predicted that many beneficiaries will get unwelcome surprises as they learn about changes to their benefits later in the year, after it's too late to change plans.

In addition to defending the quality of the benefits themselves, CMS and the health plans have had to answer for problems beneficiaries encountered when signing up for the program and accessing their benefits during the early months of Part D's first year.

These problems generated intense criticism from congressional Democrats and some advocacy groups.

Hayes offered faint praise for CMS's performance during the enrollment period of 2007. "Administratively, CMS is treading water competently," he said. Hayes believes that the structure of Part D is too complex to administer and too difficult for beneficiaries to use.

Although the process appears to have gone substantially more smoothly for the 2007 coverage period, it has not been without problems.

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CMS has acknowledged the some health plans, including United Healthcare, took too long to provide beneficiaries with information about alterations to their coverage. Approximately 250,000 people who did not receive an "annual notice of change" document by Oct. 31 will have until Feb. 15 to choose a plan, CMS said last week.

The availability of timely and accurate information on Part D plans, or the lack thereof, has been a recurrent theme in Democratic criticism of the program.

Incoming Senate Finance Committee Chairman Max Baucus (D-Mont.) was one of two Democrats who helped to write the bill that created Part D, but he frequently has expressed dissatisfaction with the administration's and the health plans' performance in disseminating information to beneficiaries.

The problems with the annual notices of change prompted strong words from Baucus. "It is unacceptable that a number of drug plans failed to uphold their fundamental responsibility to give this notice to Medicare beneficiaries," he said in a written statement provided by his spokeswoman.

"We need to make sure that folks are getting all of the information that they need to make decisions during the open enrollment period," Baucus said.

Baucus also reiterated his vow to pursue changes to Part D to make it "more consistent and simpler for seniors to use."

Clyburn Leads Southern Blacks' Ascent To Top Posts In Congress (WSJ)

By David Rogers

The Wall Street Journal, January 3, 2007

WASHINGTON -- In this time of change in Congress, Rep. James Clyburn, a minister's son from South Carolina, takes his place tomorrow as the House Majority Whip -- the No. 3 Democratic post and highest ever held by an African-American from a Southern district.

The 66-year-old Mr. Clyburn, who was 25 before the Voting Rights Act was enacted, symbolizes the rise of a set of Southern black lawmakers, shaped by the region and with a distinctive approach to politics separate from that of black leaders representing urban Northern districts.

Georgia Rep. John Lewis, a sharecropper's son who won national fame in the civil rights movement, will be chairman of a panel within the House tax-writing committee. Rep. Bennie Thompson, once a Mississippi alderman, becomes chairman of the Homeland Security Committee. Rep. Mel Watt moves up in the Financial Services panel important to a Charlotte banking industry just miles from where he grew up in poverty in North Carolina.

"We have come from a part of the country where it was legal for people to treat people differently because of their color," Mr. Thompson says. "In many instances you find a passion for making sure that our systems are fair and equitable. On the other hand you find a greater interest in community."

Their often rural roots and the black educational and religious institutions that sustained them through segregation still influence their politics. "It's like the turtle on the fence post: he didn't get there by himself," says Rep. Sanford Bishop (D., Ga.) "I come from a district that believes in God, country, work, family and guns, and not necessarily in that order. For rural blacks, a shotgun was just another tool on the farm and a way to protect you from the Klan."

Southern black lawmakers also tend to be more conservative than their Northern counterparts on social issues. Political necessity has required them to reach out to business and agricultural interests to gain white support. And growing up under segregation put a premium on personal relationships, with both blacks and whites, that can make them adept at building coalitions in the new Congress.

"I fish in a lot of ponds." Mr. Clyburn says, emphasizing his willingness to work with different factions. "I'm basically a manager. I've been managing something since I was 24 years old."

In Congress, that has meant fostering ties to departing Speaker Dennis Hastert (R., Ill.), with whom Mr. Clyburn worked on tax legislation in 2000 important to depressed rural areas. Even as he did so, Mr. Clyburn was confronting then-Sen. Jesse Helms (R., N.C.) by persuading a reluctant President Clinton to make a recess appointment of an African-American to the Fourth Circuit Court of Appeals.

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Mr. Clyburn, one of 13 black freshmen elected to the House in 1992 from the South, is a strong labor Democrat. But he admires former Treasury Secretary Robert Rubin for "sticking to his guns" in a recent standoff with party liberals; in 2003, Mr. Clyburn himself broke with his party to support a ban on late-term abortions.

Mr. Clyburn has built upon a set of extended family relationships from the region -- and across racial lines. "I Too Am a Southerner" is the working title of a book he is writing about his life. He says racial injustice continues today in cases of white individuals manipulating property values for rural black homeowners. But this is also a man who has served on the board of a prominent South Carolina bank and maintains a friendship with a Washington oil lobbyist, whose white grandfather built a bowling alley for blacks in Charleston in the '60s and then hired Mr. Clyburn to teach black customers the game.

Segregation fostered its own competitiveness. "Your parents told you, you had to be 'twice as good' and that's simmering in all of us," says Elijah Rogers, a Clyburn friend from their years at South Carolina State, an historically black college in Orangeburg, S.C. "Still today we correct each other if there is a slip in grammar."

Biblical verses are spliced into conversation: "Whither thou goest, I will go," Mr. Clyburn says, invoking Ruth's pledge to Naomi. After taking over the Democratic caucus chairmanship in the last Congress, Mr. Clyburn, an African Methodist Episcopal churchgoer, insisted on beginning party meetings with a prayer: "I was always taught: You lead by precept and example. ... I thought it would be sinful to lay out precepts if I were not going to be an example."

As Congress prepares to write a new farm bill this year, Mr. Clyburn plans to read a prayer for farm workers at an event tomorrow. And amid the outcry for ethics standards, he served on a special panel that investigated his friend, former Rep. Earl Hilliard, a black Alabama Democrat who lost his seat after being reprimanded for misusing campaign funds in support of private companies in which he or his family had an interest.

"It was one of the hardest things I ever had to do," says Mr. Clyburn, who remains friends with Mr. Hilliard. "I sat with him, just as I'm sitting with you, and I told him I'm sorry, you screwed up, and this is the best I can do."

That record could help him as Democrats try to move their own rules changes this week to address ethics and lobbying abuses. And on their agenda next week is a minimum-wage increase, a key issue for Mr. Clyburn's district, which includes many of the poorest communities in South Carolina.

The decade-long freeze at $5.15 an hour has made it harder for low-wage workers to qualify for the child tax credit, which was indexed to inflation in the same period. And he has little sympathy for Republican demands that Democrats must bring their bill -- seeking a $2.10 hourly increase -- through committee and not directly to the floor.

"Sometimes it's good to be smart, sometimes it's good to be symbolic," he says. "I think we ought to bring that bill straight to the floor. The old leadership refused to bring it to the floor and we're going to bring it."

Segregation's mark is clear in his protective reserve. "He is guarded.... Emotionally you never throw that off," said Rep. Barney Frank (D., Mass.).

"I wasn't born this way," Mr. Clyburn says. "I taught myself to be as reserved as I am in order to survive."

As a boy, Mr. Clyburn dreamed of being in politics, despite warnings from older blacks to keep his ambitions in check. The civil-rights movement thrust him forward in college, when he was arrested several times for demonstrations. In an early case, the late Rev. I. DeQuincey Newman, a mentor and South Carolina civil-rights activist, picked him to take the stand at the trial after Mr. Clyburn and other black students were arrested during an Orangeburg, S.C., demonstration.

It was common then for Southern newspapers to print the names of black student protesters on the front page, inviting retaliation against their families. Rev. Newman argued that in a white society the Clyburn family was safe from economic retribution: "Your daddy is a minister and he ain't preaching to no white people. Your mother is a beautician and she's fixing no white folks' hair. You're independent of the system. Nobody gets fired. So you're it."

Mr. Clyburn says, "It was my parents. It was because of them I was picked out of the crowd. Wherever it is you are, you don't get there on your own."

John West, an early progressive among South Carolina governors, tapped him to be the first black staffer to a sitting governor in modern times. Their friendship grew and Mr. Clyburn became the state's human rights commissioner soon after, a post he kept for more than 17 years.

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He twice failed in statewide races, but his efforts in South Carolina's Sixth District helped to oust a conservative Democrat in the 1970s who had won until then by playing to white tobacco interests and ignoring the black population. And when lines were redrawn to create a majority black district in the early '90s, Mr. Clyburn won a crowded primary without a costly runoff.

And with Sen. Barack Obama (D., Ill), an African-American considering a presidential run in 2008, Mr. Clyburn's annual fish fry in April is a must-attend session because of South Carolina's early primary.

"Don't tell me things don't change," Mr. Lewis says. "Walk in my shoes; walk in Jim Clyburn's."

Ethics Panel Closes Conyers Probe (WT)

By S.a. Miller

The Washington Times, January 3, 2007

The Republican-led House ethics committee -- in possibly its last action before Democrats take over Congress -- closed the three-year investigation of Rep. John Conyers Jr. after he agreed to stop using staffers for campaign work and personal errands.

Mr. Conyers, a Michigan Democrat, acknowledged a "lack of clarity" in his dealing with the taxpayer-financed staffers, who reportedly worked on political campaigns and performed other nonofficial jobs, including baby-sitting Mr. Conyers' children and tutoring his wife.

The case against Mr. Conyers was closed without punitive action or a letter of reproval from the Committee on Standards of Conduct, the ethics panel, which is comprised of five Democrats and five Republicans.

Some Republican lawmakers and congressional watchdogs say the "slap on the wrist" for Mr. Conyers raises doubts about new ethics rules that Speaker-designate Nancy Pelosi, California Democrat, promises for the first 100 hours of the 110th Congress that convenes tomorrow.

"It's a slap on the wrist, but the fact that they did anything is a big deal for [the ethics committee]," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington.

She did not expect the committee to be any tougher under Democratic control.

"It is always hard for the party in power to deal with congressional corruption," she said.

Last month, the ethics committee decided not to take action against Rep. Jim McDermott, despite finding that the Washington Democrat broke ethics rules in 1997 by giving reporters illegally taped telephone calls involving House leaders.

A Republican lawmaker familiar with both cases said Democrats on the committee blocked punitive action against their colleagues.

"It certainly brings into question the Democrats being strong on ethics," said the lawmaker, who did not want to be identified discussing ethics cases. "In this case [against Mr. Conyers], they are clearly not willing to sanction their own Democratic members."

Promises of ethics reforms were key to Democratic wins in the midterm elections that gave the party the majority in Congress, but ethical concerns have dogged House Democrats as they prepare to take leadership.

Mrs. Pelosi weathered criticism for backing Rep. John P. Murtha, Pennsylvania Democrat, in his ill-fated run for majority leader. Mr. Murtha was tainted by involvement in the Abscam scandal of the early 1980s.

Rep. Alan B. Mollohan, a West Virginia Democrat who stepped down from the ethics committee last year because he was the target of a federal corruption probe, is slated to head the subcommittee that oversees the Justice Department budget.

Mrs. Pelosi did not return a call seeking comment. House Democratic leaders will present the ethics legislation today.

Lawmaker To Take Seat Provisionally (WT)

By Jon Ward

The Washington Times, January 3, 2007

A Florida Republican who narrowly won a disputed election will take his place with the new House tomorrow, but Democrats will continue to fight in the courts for a new election.

Rep. Rush D. Holt, New Jersey Democrat, will stand on the chamber floor and ask House leaders to recognize a court challenge against Rep.-elect Vern Buchanan from Florida's 13th Congressional District.

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"Mr. Holt's action will make clear that the swearing in of any member does not prejudice the legal case or the congressional investigations," said House Speaker Nancy Pelosi's spokeswoman, Jennifer Crider.

Mr. Holt has advocated that electronic voting machines be accompanied by a paper trail. The Florida election used electronic machines with no paper record.

Christine Jennings, who lost to Mr. Buchanan by 369 votes, is fighting in court the results of the race to replace Rep. Katherine Harris, the former secretary of state who played a decisive role in the 2000 presidential election, and has filed a notice of contest with the House Administration Committee.

Mrs. Jennings is appealing a judge's ruling last week that denied her access to the electronic voting machines used in Sarasota County. The court battle in Florida will drag on, likely for months.

About 18,000 ballots, out of a total of about 238,000, recorded no preference in the race between Mr. Buchanan and Mrs. Jennings.

Mrs. Jennings has said that the large number of "undervotes" is likely the result of computer malfunction.

"There are some very serious questions about what happened," Miss Crider said.

Mr. Buchanan has said that state tests verified the reliability of the voting machines.

"Mr. Buchanan believes that the machines performed perfectly," said Buchanan spokeswoman Sally Tibbets.

Republican leaders say the matter should be dropped.

"There is a time for politics, and there is a time for governing. The time for politics has passed," said Rep. Adam H. Putnam , Florida Republican, who chairs the House Republican Conference.

One Republican official, who was present at the recount performed in Florida, said there was "no question" that some votes were lost.

"But to the extent there were undervotes, there were just as many on the Republican side as there were on the Democrat side," the official said.

The House committee could begin an independent investigation by the end of this month, if the new chairman, Juanita Millender-McDonald, California Democrat, decides to pursue it.

The committee does have the power to dismiss Mrs. Jennings' notice of contest, to declare the seat vacant, or to remove Mr. Buchanan and install Mrs. Jennings in his place, said George Shevlin, the Democrat staff director on the committee. The full House must approve any committee report.

Since 1933, House records show that only three out of 105 contested elections have gone in favor of the challenger.

Wage Bill Will Iron Out An Abramoff Wrinkle (HILL)

By Susan Crabtree

The Hill, January 3, 2007

House Democrats led by Education and the Workforce Committee Chairman George Miller (D-Calif.) are aiming to undo a controversial vestige of the Jack Abramoff era in the first 100 hours of the 110th Congress. Miller plans to include language raising wages in the Commonwealth of the Northern Mariana Islands in a broader bill increasing the U.S. minimum wage.

In the past few years as the scandal involving Abramoff has unfolded, former Majority Leader Tom DeLay (R-Texas) and Rep. John Doolittle (R-Calif.) have been scrutinized for their ties to Abramoff and their alleged efforts to block legislation aimed at raising labor and immigration standards in the islands.

The Commonwealth of the Northern Mariana Islands (CNMI) hired Abramoff in 1994 to work with GOP leaders to prevent the extension of the federal minimum-wage and immigration laws to the islands. The government canceled its lobbying contract with Abramoff in 2002 amid over-billing concerns.

The Marianas economy relies heavily on garment factories where laborers, many from China and the Philippines, are paid far less than the U.S. minimum wage to make clothing eligible to carry a “Made in the U.S.” label.

Miller has been trying to extend U.S. federal minimum wage and immigration laws to the islands since 1996 and clashed repeatedly with DeLay on the issues. In the past, Miller also called on the then-GOP-controlled House Resources panel to

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investigate Abramoff's work for the islands, to no avail. Former Rep. Richard Pombo (R-Calif.) was then serving as chairman of the panel. He lost his reelection in November after a bruising race that highlighted his ties to Abramoff and DeLay.

Now that Democrats control the House and Senate, Miller finally may get his way. Last year, House Democrats attached to a spending bill an amendment that would have raised the minimum wage and extended it to the Marianas. That bill eventually stalled. The current language would increase gradually the islands' minimum wage from $3.05 an hour to the federal level, which is now $5.15 an hour but would increase to $7.25 if the umbrella U.S. minimum-wage hike passes.

"People are being exploited in the Marianas Islands and they deserve to have a minimum-wage increase," Miller's chief of staff, Daniel Weiss, said.

"The bottom line here is anyone who works under the American flag deserves to be paid a fair wage," incoming Speaker Nancy Pelosi's (D-Calif.) spokesman, Drew Hammill, said.

The CNMI government, however, strongly opposes any increase in wages, arguing that local businesses may shut down as a result. In late December, a spokesman for the islands' current governor, Benigno Fitial, told the Marianas Variety that a wage increase could cause business closures, higher unemployment, and decreased tax revenues.

Indeed, changes to international trade law that have eliminated or reduced quotas and duties from other textile-producing companies have taken a toll on the islands' garment industry, which faces increased competition from China and Vietnam. In late December a large garment factory employing more than 1,000 workers shut down, the 12th to close in last few years.

The value of CNMI shipments of garments to the U.S. dropped more than 16 percent between 2004 to 2005, to $677 million from about $807 million, down from a 1999-2000 peak of $1 billion, according to U.S. Department of Commerce data cited in a December Government Accountability Office report.

A Democratic aide blamed the islands' weakened garment industry on changes to international trade laws brought about by the World Trade Organization's actions, noting that Congress has "no jurisdiction" to change those laws. House Democrats can try to end "slave labor" practices and that's what they're trying to do, the aide said.

Fitial will have a difficult time fighting the wage increase. He has a long history with Abramoff, DeLay, and the islands' garment industry. He has called Abramoff a "close friend" and has long opposed Miller's efforts to raise labor and immigration standards on the islands. Fitial served in CNMI's House, where DeLay aides helped him win the speakership. He also has served as vice president of Tan Holdings, a family conglomerate that owns numerous clothing factories on the islands and one of the firms that made up the Saipan Garment Manufacturer's Association, an Abramoff client.

When Abramoff was scheduled for sentencing last year, Fitial was one of 260 people who wrote a letter asking the judge for leniency. In it, Fitial called Abramoff a "personal friend and political champion" of the "beleaguered" Pacific islands.

"He was a natural crusader and political activist, with great sympathy for our un-represented Commonwealth," Fitial wrote.

In late December, a spokesman for the CNMI governor's office said it is looking for a strong lobbying voice in Washington to oppose the minimum wage hike. Dan Mattoon, a former aide to Rep. Dennis Hastert (R-Ill.), had represented the Saipan Garment Manufacturers Association in 2005, but that contract ended last year.

Now that Democrats are in control, the political tide has turned and the governor's office may have a hard time finding a firm willing to take on its agenda, especially considering the islands' history with Abramoff and the tough campaigns many of its champions in Congress faced last cycle.

Doolittle's Marianas record became an issue in his tough reelection campaign when his opponent attacked him for tolerating "forced abortion and sex slavery" by supporting Abramoff in his defense of the islands' garment industry. A former Doolittle aide, Kevin Ring, worked for Abramoff heading up the CNMI contract in 2001.

Doolittle defended himself, claiming that he had no knowledge of the abuses, and blasted his opponent for running a desperate, negative campaign. Doolittle won reelection by just three percentage points.

Doolittle's office was closed yesterday and his press secretary did not return a call for comment.

But It's Thomas Jefferson's Koran! (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 3, 2007

DOJ_NMG_0110524

Rep.-elect Keith Ellison, the first Muslim elected to Congress, found himself under attack last month when he announced he'd take his oath of office on the Koran -- especially from Virginia Rep. Virgil Goode, who called it a threat to American values.

Yet the holy book at tomorrow's ceremony has an unassailably all-American provenance. We've learned that the new congressman -- in a savvy bit of political symbolism -- will hold the personal copy once owned by Thomas Jefferson.

"He wanted to use a Koran that was special," said Mark Dimunation, chief of the rare book and special collections division at the Library of Congress, who was contacted by the Minnesota Dem early in December. Dimunation, who grew up in Ellison's 5th District, was happy to help.

Jefferson's copy is an English translation by George Sale published in the 1750s; it survived the 1851 fire that destroyed most of Jefferson's collection and has his customary initialing on the pages. This isn't the first historic book used for swearing-in ceremonies -- the Library has allowed VIPs to use rare Bibles for inaugurations and other special occasions.

Ellison will take the official oath of office along with the other incoming members in the House chamber, then use the Koran in his individual, ceremonial oath with new Speaker Nancy Pelosi. "Keith is paying respect not only to the founding fathers' belief in religious freedom but the Constitution itself," said Ellison spokesman Rick Jauert.

One person unlikely to be swayed by the book's illustrious history is Goode, who released a letter two weeks ago objecting to Ellison's use of the Koran. "I believe that the overwhelming majority of voters in my district would prefer the use of the Bible," the Virginia Republican told Fox News, and then went on to warn about what he regards as the dangers of Muslims immigrating to the United States and Muslims gaining elective office.

Yeah, but what about a Koran that belonged to one of the greatest Virginians in history? Goode, who represents Jefferson's birthplace of Albemarle County, had no comment yesterday.Love, Etc.

Engaged: Waldorf's own Benji Madden, to Aussie starlet Sophie Monk, both 27. The Good Charlotte frontman (whose brother/band-mate Joel just split from Hilary Duff), proposed to his gal on Christmas Eve in Australia, his rep said. Monk, who appeared in "Date Movie" and "Click," visited Madden's home town in October and hasn't yet been quoted trash-talking Charles CountyHey, Isn't That...?

Redskins Clinton Portis and Ladell Betts toasting 2007 with an assortment of well-dressed ladies and lots of Veuve Clicquot in a reserved lounge at the new downtown restaurant Posh. Portis topped off his casual-chic look with hat and sunglasses, all the better to be picked out in the crowd.

Shimon Peres lunching at Teatro Goldoni yesterday after attending Gerald Ford's funeral. The former PM of Israel, with three dining partners and scads of security, lingered for 261/27 hours over white wine, steamed vegetables and grilled shrimp.Hey, Isn't That...?

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Sala's Choice (WP)

By Harold Meyerson

The Washington Post, January 3, 2007

Sala Galant Lipschultz Burton made two critical decisions during her lifetime, the full meaning of which could not have been apparent to her at the time she made them. The first, in the early 1950s, was to marry a young lawyer and Democratic

activist named Phil Burton, who was to become the single most important member of the House of Representatives in the '60s and '70s.

As a leader of the California Young Democrats and a rising force in San Francisco politics, the young Phil Burton had already won a reputation for his political brilliance -- and for his explosive temper. Nobody worked harder for liberal causes. Nobody demanded more of his associates and staffers: If they didn't match his crazy hours, his ability to count votes or his understanding of the art of the deal, they'd be subjected to eruptions from the Burton volcano.

Throughout his career, in fact, the biggest obstacle to Burton's success was his rage. That he accomplished as much as he did was due in part to Sala. The late John Jacobs, whose 1995 biography of Burton, "A Rage for Justice," is one of the great political biographies of the past quarter-century, reported that Sala was Phil's confidante, co-strategist and champion, but that was only the beginning. "She cleaned up his messes," Jacobs wrote, "soothing and placating those he insulted or abused. She alone could intervene in a conversation to shut him up."

Phil Burton was first elected to the House in 1964. In his 19 years as a congressman -- he died of a ruptured aorta in 1983 -- he was responsible for the legislation that established Supplemental Security Income (SSI) for the aged, blind and disabled; created black-lung compensation for coal miners; increased the minimum wage; made strikers eligible for food stamps; greatly expanded the size and number of national parks; and abolished the House Un-American Activities Committee. More broadly, he broke the power of the old Dixiecrat barons in the House by subjecting committee chairmanships to secret ballot elections within the Democratic caucus. He engineered reapportionments of California that were greatly to his party's benefit, and he steered contributions to the Democratic candidates who needed them most.

When he died, Sala succeeded him in a special election. Just four years later, in January 1987, Sala herself lay dying of cancer. She asked Phil's brother, John Burton, who had represented an adjoining congressional district in San Francisco, to come to the hospital and told him that she wanted "Nancy" to succeed her. For a moment, John Burton was unsure which Nancy she was referring to, but as she explained to family and friends at her bedside, the woman in question was the former California Democratic Party chair Nancy Pelosi.

Pelosi had been associated with the Burtons since shortly after she and her husband had moved to San Francisco in the years when Phil's star was rising. The Pelosis had a large, attractive house, and the first thing she recalls Phil saying to her was, "We'll use this for fundraisers." But Phil's appreciation of Pelosi wasn't confined to her abilities as a hostess. He saw in her a commitment to progressive values and a clear political sense of how to turn those values into laws. When John stepped down from Congress in 1982, Phil asked Pelosi to stand for election to replace him, but she declined, saying her children were too young. Five years later, Sala, on her deathbed, evidently saw in Pelosi the same qualities that Phil had seen.

This time, her children older, Pelosi said yes, and in April she won a squeaker of a special election.

In the House, Pelosi has continually sought the counsel of another Burton protege, George Miller, whose district is right across the Bay from hers. Appointed early on to a seat on the Appropriations Committee, she demonstrated, says the committee's new chairman, Wisconsin's David Obey, that she was "operational" -- a Burton word meaning able to steer difficult measures to enactment.

When the Newt Gingrich Republicans swept to power in 1994, political almanac authors Michael Barone and Grant Ujifusa termed it "the collapse of the House that Phil Burton built." Nancy Pelosi, as smooth as Phil Burton was rough, is far more open to openness in the legislative process than her sometimes secretive mentor was. Politically, she understands the limits of the possible and that she can expand them only as far as the American people are willing to go. But she also knows that the American people want Congress to do any number of things that were stubbornly, and, in the end, suicidally resisted by the now-collapsed house that Newt Gingrich built.

The Burtonistas -- with different causes and methods for a new era, to be sure -- are back. Score two for you, Sala.

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OTHER NEWS:

A Final Farewell To President Ford (NYT)

DOJ_NMG_0110526

By Scott Shane

The New York Times, January 3, 2007

WASHINGTON, Jan. 2 — In a soaring tribute to a modest man, Gerald R. Ford was remembered on Tuesday as bringing the ordinary virtues of decency, integrity and humility to mend a broken government after the pain of war and scandal.

Gerald R. Ford was remembered at his funeral Tuesday in Washington as bringing decency, integrity and humility to government. Betty Ford, lower left, was escorted by President Bush as three former presidents, George Bush, Bill Clinton and Jimmy Carter, looked on. Pages A14-15.

"Amid all the turmoil, Gerald Ford was a rock of stability," President Bush told the gathering of generations of Washington's powerful at Washington National Cathedral. "And when he put his hand on his family Bible to take the presidential oath of office, he brought grace to a moment of great doubt."

The cathedral's grand setting and the pomp of a state funeral provided a counterpoint for the unassuming character praised by the eulogists.

President Bush's father called Mr. Ford "a Norman Rockwell painting come to life"; Tom Brokaw, the former television anchor, described "Citizen Ford" as a "champion of Main Street values"; and Henry A. Kissinger said the man he served as secretary of state "had the virtues of small-town America."

When the cathedral's limestone arches echoed, it was with the drums and brass of Aaron Copland's "Fanfare for the Common Man," and the ushers directing the capacity crowd of 3,700 to their seats were uniformed Boy Scouts, a tribute to Mr. Ford's youthful achievement of the rank of Eagle Scout. Among the hymns was "Eternal Father, Strong to Save," known as the Navy Hymn, a particular favorite of Mr. Ford, who served in the Pacific during World War II.

President Bush, overseeing a deeply unpopular war in Iraq and perhaps pondering his own legacy, lauded Mr. Ford's "firm resolve" in sending the Marines to rescue the crew of the American merchant ship Mayagüez when it was seized by Cambodia. He suggested that some acts widely condemned during Mr. Ford's administration in the 1970s had come to look wiser in historical perspective, including his pardon for his immediate predecessor, Richard M. Nixon.

In addition, Mr. Bush noted that Mr. Ford was criticized for signing the Helsinki Accords, the 1975 agreement that ratified borders in Soviet-dominated Eastern Europe while also setting new standards for human rights.

"History has shown that document helped bring down the Soviet Union as courageous men and women behind the Iron Curtain used it to demand their God-given liberties," Mr. Bush said.

Mr. Ford's coffin arrived at the cathedral by motorcade from the Capitol, a final journey through the city where he served as 13-term congressman, vice president and finally president, the only person to hold the nation's top two offices without being elected to either.

After the 90-minute Episcopal funeral service, Mr. Ford's body was flown from Andrews Air Force Base outside Washington to his hometown, Grand Rapids, Mich., for a burial service on Wednesday in a plot beside the museum that bears his name.

In Washington, the Gothic cathedral where Mr. Ford helped dedicate the nave in 1976, became for the morning a crossroads of the capital's past and present, with Supreme Court justices and members of Congress in the south transept facing scores of foreign ambassadors and former foreign leaders in the north transept.

Across an aisle from the diplomats sat Mr. Ford's honorary pallbearers, including in the front row Mr. Kissinger; Donald H. Rumsfeld, who served as defense secretary to both Mr. Ford and the current President Bush; Alan Greenspan, the former Federal Reserve chief who was Mr. Ford's top economic adviser; James A. Baker III, who ran Mr. Ford's unsuccessful 1976 campaign for president; and Brent Scowcroft, Mr. Ford's national security adviser.

Facing the altar, where Mr. Ford's coffin, draped by a flag, sat, were Mr. Ford's widow, Betty, who was escorted in and out of the cathedral by President Bush, and the Ford children, Steve, Jack, Mike and Susan.

Across the nave from the Ford family sat President Bush and Laura Bush, and Vice President Dick Cheney, who served Mr. Ford as chief of staff, with his wife, Lynne; several current cabinet members and three former presidents — the elder Mr. Bush with his wife, Barbara; Jimmy Carter and his wife, Rosalynn; and Bill Clinton and his wife, Senator Hillary Rodham Clinton, and their daughter, Chelsea. With them was Nancy Reagan, the former first lady.

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Like much of the outpouring of affection for Mr. Ford since he died at his home in Rancho Mirage, Calif., on Dec. 26 at the age of 93, the service focused on what President Bush called the "calm and healing" the former president brought to "one of the most divisive moments in our nation's history." Mr. Ford, the House minority leader, succeeded first Vice President Spiro T. Agnew and then President Nixon after both men were forced from office by scandal.

"Gerald Ford brought to the political arena no demons, no hidden agenda, no hit list or acts of vengeance," said Mr. Brokaw, who explained that Mr. Ford had asked him to address the funeral as a representative of the press corps. "He knew who he was, and he didn't require consultants or gurus to change him."

Mr. Kissinger in particular emphasized the substantive achievements of Mr. Ford in foreign policy, saying the "deserved commentary" on Mr. Ford's character "has sometimes obscured how sweeping and lasting were his achievements." In remarks perhaps intended to reflect on his own record as well as Mr. Ford's, he credited the former president with keeping ethnic conflicts in Cyprus and Lebanon from spiraling out of control, producing the first peace agreement between Israel and Egypt and presiding over "the final agony of Indochina with dignity and wisdom."

Historians, Mr. Kissinger added, will find "that the cold war could not have been won had not Gerald Ford emerged at a tragic period to restore equilibrium to America and confidence in its international role."

A few hours after the service, the plane carrying Mr. Ford's body circled over the University of Michigan football stadium, where he had been a standout center and linebacker, then landed at the airport named for him in Grand Rapids. The university's marching band, which arrived on a red-eye flight from California after the Rose Bowl game on Monday, solemnly played its fight song, "The Victors."

About 200 friends and local dignitaries invited by Mr. Ford's family attended the brief ceremony before the 13-mile motorcade to his presidential museum in downtown Grand Rapids, passing thousands of residents who lined the streets, some holding signs that said "Welcome home." Billboards around the city declared "Gerald 'Our' Ford: 1913-2006."

Despite a fierce, bitter wind blowing off the Grand River, Tim Micho waited with his video camera and 7-year-old daughter, Tessa, for two and a half hours to watch the motorcade pass by.

"She'll probably never get to see something like this again," Mr. Micho, 43, said. "It's so moving to see this many people out here to support him."

A single bagpiper played "Amazing Grace" as Betty Ford and the rest of the family made their way slowly behind the coffin into the museum, a geometric, glassy structure along the water. Inside, they held a brief service for family and honored guests, including former President Carter.

Like many along the streets in Grand Rapids, Gov. Jennifer M. Granholm spoke of Mr. Ford's deep roots in the region.

Here, Ms. Granholm said, Mr. Ford had learned from his family "some good Midwestern values like hard work and sportsmanship and integrity and honesty." Here, he had played high school football (with a few men, now frail, in attendance on Tuesday), had married and had been elected to Congress.

"Welcome home," Ms. Granholm said, "to the people that you reflected so well when you were in Washington."

Country Honors Ford (CHIT)

By William Neikirk

Chicago Tribune, January 3, 2007

WASHINGTON -- The last hurrahs of the nation's capital rang out Tuesday for Gerald R. Ford, honoring a common man with uncommon decency and humility who ran a brief but consequential presidency at a time of great political turmoil.

Eulogists from President Bush to former Secretary of State Henry Kissinger praised the nation's 38th president for using old-fashioned Midwestern qualities to cool the nation's Watergate passions.

But in their laudatory remarks at Washington's National Cathedral, there also appeared to be an undercurrent of unspoken regret that such values have become rarer in America's politics. Indeed, analysts have criticized a higher degree of nastiness and lack of authenticity in today's politics.

"Gerald Ford assumed the presidency when the nation needed a leader of character and humility, and we found it in the man from Grand Rapids," President Bush said in his eulogy, also citing Ford's "courage and common sense."

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The president's father, former President George H.W. Bush, said: "As Americans, we generally eschew notions of the indispensable man, and yet during those traumatic times, few if any of our public leaders could have stepped into the breach and rekindled our national faith as did President Gerald R. Ford."

In some respects, Ford was different because he was an anomaly in the White House. He rose to power in Congress, where compromise is a way of life, and never aspired to be president. Only through the resignations of Vice President Spiro Agnew and then President Richard Nixon was he thrust into the office in 1974 during the middle of the Watergate scandal.

Former NBC television anchor Tom Brokaw said Ford came to office with "no demons, no hidden agendas, no hit lists, no acts of vengeance" that he implied other presidents might have had. Brokaw said Ford knew who he was and didn't require consultants or gurus to change him. And, he called Ford "the most underestimated" president.

The senior Bush added, "To know Jerry was to know a Norman Rockwell painting come to life, an avuncular figure quick to smile, frequently with his pipe in his mouth."

The comments weren't always this kind when Ford was in office. There were questions about his qualifications, his intelligence and his inability to appear "presidential"—that is, imperialistic or official or regal. And, on television, he was lampooned for being a stumbler.

Yet, on this day, he was honored as a man with many achievements not generally recognized at the time, a man who presided over the end of the Vietnam era and played a big role in the international arena. The president had declared a national day of mourning. The government and the financial markets were closed.

Kissinger cited a number of Ford foreign-policy initiatives, including in the Middle East and in adoption of an international human-rights standard that he said helped bring about the demise of the former Soviet Union.

"Few [historians] will dispute that the Cold War could not have been won had not Gerald Ford emerged at a tragic period to restore equilibrium to America and confidence in its international role," Kissinger said.

The sun was bright but the wind was stiff as official Washington—and former Washington officials—paid their last tribute to Ford, who died a week ago Tuesday at the age of 93. Later in the day, his body was flown to his hometown of Grand Rapids, Mich., where he will be buried on Wednesday.

Tuesday's ceremony had some of the same pomp and circumstance common to state funerals of other fallen heads of state, but the Ford family—true to the late president's wishes—had trimmed some of the more elaborate touches here in Washington, such as a horse-drawn carriage and a military fly-over.

The cathedral was jammed with political VIPs, from former Presidents Bill Clinton, Jimmy Carter and George H.W. Bush (and their wives) to former First Lady Nancy Reagan. The late president's wife, Betty, sat in the front row with her family and fought back tears.

Clinton, sitting next to his wife Hillary, now a senator and likely presidential candidate, could be seen wiping away a tear during the ceremony.

Though there were many young people in the audience, the crowd included many political figures that Ford either appointed or influenced in their careers—Vice President Dick Cheney, former Defense Secretary Donald Rumsfeld, former Secretary of State James Baker, and former Federal Reserve Chairman Alan Greenspan.

For the most part it was a solemn service, but President Bush's father added a touch of humor that brought laughter to the audience, including Mrs. Ford and her family.

The senior Bush said he and Ford shared a love for golf and that Ford's play was suspect. Bush reported that Ford told friends that "I know I'm playing better golf because I'm hitting fewer spectators."

Bush said that Ford could laugh at those who mimicked him, and then added: "I remember that lesson well, since being able to laugh at yourself is essential in public life. I'd tell you more about that, but as [comedian and Bush mimic] Dana Carvey would say, 'Not gonna do it. Wouldn't be prudent.'"

At the ceremony, Ford's son, Jack, and his daughter, Susan Ford Bales, read scriptures from the Bible. It was a traditional Christian funeral with music provided by military bands and, in one case, by opera star Denyce Graves, who sang "The Lord's Prayer."

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Ford's body was brought to Washington on Saturday from California, and there was a service Saturday night in the Capitol Rotunda. Thousands visited the Capitol to view the coffin over the holiday weekend.

On the way to the cathedral, the motorcade rolled down Pennsylvania Avenue to the White House, and then it passed by the vice president's residence on Massachusetts Avenue a short distance away.

It was a long Washington farewell for the man from Michigan. As he closed his eulogy, Brokaw said: "Farewell, Mr. President. Thank you, citizen Ford."

In State Funeral, A Farewell To Ford (WP)

By Peter Baker

The Washington Post, January 3, 2007

Gerald Rudolph Ford, the Boy Scout, football star and congressman thrust by history rather than ambition into the presidency at a fateful moment for his nation, was bidden farewell by Washington in a regal state funeral yesterday and taken home to Michigan for burial.

As cannons boomed and bells pealed and 10,650 organ pipes echoed through the cavernous Washington National Cathedral, Ford received a sendoff he could hardly have imagined as a young Midwestern boy abandoned by his father shortly after birth 93 years ago. A "Norman Rockwell painting come to life," as one successor put it, Ford was honored as a man of little pretense whose impact extended beyond his 895 days in office.

"Gerald Ford assumed the presidency when the nation needed a leader of character and humility, and we found it in the man from Grand Rapids," President Bush told 3,772 heads of state, justices, lawmakers, military officers, Cabinet secretaries, diplomats and other mourners. "President Ford's time in office was brief, but history will long remember the courage and common sense that helped restore trust in the workings of our democracy."

Betty Ford, 88, endured the fifth straight day of official ceremony with grief playing out on her face, and yet the former first lady never lost her composure and even smiled wistfully as Bush recounted funny stories from the early days of her 58-year marriage. She and her family then headed to Andrews Air Force Base, boarded one of the presidential jets that serve as Air Force One and took her husband's body to Grand Rapids, Mich., where it will be interred today in a hillside tomb at his presidential museum as 21 aircraft fly overhead in a missing-man formation.

The day's events brought together all four living presidents and leaders of both parties for Washington's second state funeral in 2 1/2 years. Incoming House Speaker Nancy Pelosi (D-Calif.) shook hands and sat behind outgoing Speaker J. Dennis Hastert (R-Ill.), while former presidents Bill Clinton and George H.W. Bush cheerfully renewed their friendship. But as Democrats assume control of Congress tomorrow, the bipartisanship that many extolled in Ford appears little more than a testimonial to the past. Just minutes before Ford's casket was brought into the cathedral, the office of House Republican leader John A. Boehner (Ohio) e-mailed reporters a statement assailing Democrats for being partisan in their plans for the new Congress.

Ford knew what it was like to be in the minority. A lawyer who served in the Navy during World War II, the Republican was elected to the House in 1948 and over the course of a quarter-century rose to be minority leader in a chamber long dominated by Democrats. His greatest aspiration was to be speaker, but his fate changed when his party was engulfed by scandal.

President Richard M. Nixon appointed him vice president in 1973 to replace Spiro T. Agnew, who was forced from office by corruption allegations, and then on Aug. 9, 1974, Ford succeeded Nixon, who was forced from office by Watergate. In the process, Ford became the first commander in chief never to have been elected president or vice president.

His pardon of Nixon for any crimes he may have committed became Ford's signature decision, one that may have cost him the 1976 election but over time has come to be seen as an act of statesmanship that saved the nation the wrenching ordeal of putting a former president on trial. Ford's eventful presidency also saw the ignominious end of the Vietnam War, a stubborn recession at home, a Middle East cease-fire, a daring raid to rescue a merchant marine crew captured by Cambodians, and treaties with the Soviet Union.

"In recent days, the deserved commentary on Gerald Ford's character has sometimes obscured how sweeping and lasting were his achievements," former secretary of state Henry A. Kissinger said in a eulogy at the cathedral.

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The state funeral was a classic Washington affair, soaked in power and pageantry even if not quite as elaborate as the one held for Ronald Reagan in June 2004. For two hours before it began, many of the men and women who have run the country for the past three decades flowed into the vaulted cathedral.

Boy Scouts stood at strategic points holding up signs reading "SS" and "Green" to indicate sections where guests were supposed to sit, according to a peculiar Washington hierarchy that distinguishes between political rock stars and the merely powerful. The south transept was for congressional leaders and Supreme Court justices, including John Paul Stevens, the oldest member of the court and Ford's only appointee. The north transept was for the diplomatic corps and the honorary pallbearers.

In front of the altar sat the honored guests: the Ford family and the former presidents. Before the service began, Jimmy Carter, sitting in the front row with his wife, Rosalynn, leaned back over his chair to chat with Clinton, as Chelsea Clinton talked with Secretary of State Condoleezza Rice. When the elder Bushes arrived, Barbara headed straight to her seat, while the 41st president stopped to shake hands with former Israeli prime minister Shimon Peres.

As Carter, Clinton and the elder Bush greeted one another, it served as a reminder that the world's most exclusive club has shrunk considerably in the past few years. Nancy Reagan, last at the cathedral to memorialize her own husband, arrived wearing dark glasses. When former NBC News anchor Tom Brokaw forgot to mention her as he greeted the first families in his eulogy, she whispered to Rosalynn Carter, then made a slight, sardonic wave in Brokaw's direction.

Ford's Washington farewell began at the Capitol, where his casket lay in state over the weekend. About 36,000 people came through the Rotunda to pay respects, a considerable showing but a fraction of the estimated 200,000 who showed up for Reagan. The casket, initially brought to the House doors to remember his time there, was moved yesterday morning to the Senate doors to mark his service as vice president and Senate president.

Draped in a flag and borne aloft by a nine-man military honor guard, the casket left the Capitol to a 21-gun salute, and the motorcade paused by the White House en route to the cathedral, where it was welcomed to the strains of "Hail to the Chief." As the organ played "America, the Beautiful," President Bush escorted Betty Ford down the center aisle, her eyes focused forward, never glancing at the crowd.

She stood in the front row amid her children, Susan, Jack, Michael and Steven, as the honorary pallbearers entered, including Vice President Cheney, former defense secretary Donald H. Rumsfeld, former national security adviser Brent Scowcroft, former Federal Reserve chairman Alan Greenspan and former secretary of state James A. Baker III, all Ford administration veterans. The honor guard brought in the casket and lay it on a catafalque before the pulpit.

Jack Ford recited a passage from Isaiah and Susan Ford Bales from James. Her voice quavered a bit as she read. The elder Bush lightened the atmosphere, telling stories illustrating the former president's less serious side. Ford, he said, understood the value of laughing at himself. Bush said he could elaborate but would not, then imitated comedian Dana Carvey imitating Bush: "Not gonna do it. Wouldn't be prudent."

Brokaw likewise mixed seriousness and humor, joking that some of Ford's 1970s-era jackets should be "eligible for a presidential pardon." But he praised him as "the most underestimated" president. "Gerald Ford brought to the political arena no demons, no hidden agenda, no hit list or acts of vengeance," Brokaw said. As he finished, he turned to the casket: "Farewell, Mr. President. Thank you, Citizen Ford."

In his homily, Ford's pastor from California, the Rev. Robert G. Certain, recalled that the former president shortly before his death raised with him the subject of the Episcopal Church schism over the consecration of a gay bishop and the blessings of same-sex unions. "He said that he did not think they should be divisive for anyone who lived by the great commandments and the great commission to love God and to love neighbor," Certain said.

After two hours, the casket was brought out of the cathedral and the bourdon bell tolled 38 times for the 38th president as the cortege made its way to Andrews for the final trip home. Accompanying the family was Jimmy Carter, who defeated Ford in 1976 but later grew to be a close friend. At Ford's request, Carter will speak at today's service.

In contrast to the Washington pomp, Ford's return to Grand Rapids took place on a more personal scale. The casket was greeted at Gerald R. Ford International Airport by the marching band from the University of Michigan, where Ford was a football star, playing the school's rousing fight song.

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As thousands of Michigan residents lined the streets near the Gerald R. Ford Presidential Museum on a cold, windy afternoon, a sign in Beaner's Coffee read, "Gerald Our Ford." Outside the Gerald R. Ford Federal Building, a young fan wore a Michigan football jersey and draped a school flag over his shoulders in Ford's honor. Dozens of Boy Scouts from the Gerald R. Ford Council saluted as the hearse passed. Lines snaked out of the museum, where his casket was set for an all-night viewing.

"Michigan's president," he was called by the state's Democratic governor, Jennifer Granholm. A man of intellect and achievement, she said, "in a plain brown wrapper."

Staff writer Peter Slevin contributed to this report from Grand Rapids.

'Sincere' Ford Honored (WT)

By Joseph Curl

The Washington Times, January 3, 2007

The humble yet extraordinary life of Gerald R. Ford was heralded yesterday in a solemn and sometimes humorous service at the National Cathedral that brought together four presidents, dozens of Cabinet secretaries and lawmakers and some of the former president's friendly foes members of the Washington press corps.

With 3,000 mourners packed into the massive church, and strains of "Fanfare for the Common Man" still wafting in the air, eight U.S. service members carried a flag-draped casket down the long aisle, their crisp steps echoing in the silent nave. Betty Ford, 88, and her children, along with Ford grandchildren and great-grandchildren, looked on as the body of Mr. Ford, who died Dec. 26 at 93, passed by.

Throughout the 90-minute service, speakers praised the humility and constancy of the former president, who once said his lifelong ambition was to become speaker of the House, not president.

"When he thought that the nation needed to put Watergate behind us, he made the tough and decent decision to pardon President Nixon, even though that decision probably cost him the presidential election," President Bush said in his eulogy.

"In President Ford, the world saw the best of America, and America found a man whose character and leadership would bring calm and healing to one of the most divisive moments in our nation's history."

Other speakers recalled Mr. Ford's "sincerity, serenity and integrity," as former Secretary of State Henry Kissinger put it, but each returned to the theme that the humble Midwesterner nearly single-handedly saved the presidency by pardoning Mr. Nixon a month after he took office to end what he called "our national nightmare."

Former President George Bush said that just the swearing-in of Mr. Ford as president "instantly restored the honor of the Oval Office and helped America begin to turn the page on one of our saddest chapters."

"Jerry Ford's decency was the ideal remedy for the deception of Watergate. For this and for so much more, his presidency will be remembered as a time of healing in our land," the elder Mr. Bush said.

In his eulogy, Mr. Kissinger, who served under Mr. Ford, countered the notion that the man who held the office for just 29 months served only as a caretaker president with no real achievements in office. Mr. Kissinger said Mr. Ford quelled violence in Cyprus and Lebanon, presided stoically over the end of the Vietnam War and played a key role in the Cold War that ended 15 years after his presidency.

"Historians will debate for a long time over which president contributed most to victory in the Cold War. Few will dispute that the Cold War could not have been won had not Gerald Ford emerged at a tragic period to restore equilibrium to America and confidence in its international role," Mr. Kissinger said.

Mrs. Ford, who was married to the former president for 58 years, kept her eyes closed through most of the service, which included biblical readings, performances by the Armed Forces Chorus and the U.S. Marine Orchestra, and a homily by the Rev. Robert Certain, the rector at the Fords' California parish.

Former Presidents Jimmy Carter, who defeated Mr. Ford in the 1976 election, and Bill Clinton did not speak at the funeral. But former NBC News anchor Tom Brokaw was asked last year by Mr. Ford to deliver a eulogy. The newsman said the White House changed the day Mr. Nixon left.

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"In Gerald Ford, the man he was in public, he was also that man in private. Gerald Ford brought to the political arena no demons, no hidden agenda, no hit list or acts of vengeance," Mr. Brokaw said. "We could be adversaries, but we were never his enemy, and that was a welcomed change in status from his predecessor's time."

In the crowd, reporter Bob Woodward of The Washington Post, whose coverage of the Watergate scandal helped bring down Mr. Nixon's presidency, nodded as, nearby, Sam Donaldson, former White House correspondent for ABC News, looked on.

In a moment of levity, Mr. Brokaw noted that Mr. Ford had the unfortunate fate to be president in the 1970s, when "we were all trapped in what passed for style with lapels out to here, white belts, plaid jackets."

"The rest of us have been able to destroy most of the evidence of our fashion meltdown, but presidents are not so lucky. Some of those jackets I think that they're eligible for a presidential pardon, or at least a digital touch-up," he said to laughter.

The elder Mr. Bush, 82, also broke up the crowd when he observed that Mr. Ford, a college football standout and avid sportsman, was parodied as a stumbling buffoon, especially by "Saturday Night Live" star Chevy Chase.

"On the lighter side, Jerry and I shared a common love of golf and also a reputation for suspect play before large crowds. 'I know I'm playing better golf,' President Ford once reported to friends, 'because I'm hitting fewer spectators,'" he said.

Among the attendees at yesterday's service were former Secretaries of State Colin L. Powell and James A. Baker III, former Vice President Al Gore, Supreme Court Justices John G. Roberts Jr. and Clarence Thomas, Nancy Reagan who mourned her husband, Ronald, at the cathedral in 2004 and former New York City Mayor Rudolph W. Giuliani. Vice President Dick Cheney, who was Mr. Ford's chief of staff, was one of the honorary pallbearers and, at the end of the ceremony, walked alone behind the casket as the service members carried it out of the cathedral.

Former Defense Secretary and Ford Chief of Staff Donald H. Rumsfeld and Bob Dole, Mr. Ford's 1976 running mate, also were in attendance.

Mr. Ford was the only former Eagle Scout to become president. Decorated Eagle Scouts served as ushers at the funeral.

The cathedral bells that had tolled 38 times as the 38th president's cortege arrived on a brisk day were silent as his hearse pulled away, en route to Andrews Air Force Base. Along the route, spectators stood by the road, some waving flags, others with their hands on their hearts, one woman holding a sign that said simply "Thank You."

At the base, the casket was lifted aboard a presidential Boeing 747 amid the strains of "Going Home" and flown to Grand Rapids, Mich., Mr. Ford's final resting place. The marching band from the University of Michigan his alma mater, where he played center on the football team that twice won national championships greeted the plane, which carried members of his family and others in the funeral party, including Mr. Carter and his wife, Rosalynn.

In Grand Rapids, which the Nebraska-born Mr. Ford adopted as his hometown and represented in Congress for a quarter century, Mr. Ford's presidential museum was opening its doors for an 18-hour public viewing, stretching overnight, before his burial this afternoon.

Former President Ford Remembered For His Decency (MCT)

By William Douglas

McClatchy Newspapers, January 3, 2007

WASHINGTON - Washington's political elite and ordinary citizens said goodbye to Gerald R. Ford on Tuesday at a final state funeral at Washington National Cathedral, fondly remembering the 38th president as a common man who guided the country through the uncommon times of Watergate and the end of the Vietnam War.

The service at the majestic cathedral highlighted a day of pageantry and poignancy, in which Washington's old guard, three former presidents and a host of foreign luminaries assembled to pay tribute to the humble Midwesterner who aspired to be speaker of the House of Representatives but wound up occupying the Oval Office instead.

"In President Ford, the world saw the best of America, and America found a man whose character and leadership would bring calm and healing to one of the most divisive moments in our nation's history," President Bush told the 3,000 invitation-only mourners who packed the hilltop cathedral.

Eulogizing Ford, the current and former Presidents Bush and former Secretary of State Henry Kissinger spoke of a good man whose word was solid, whose politics were principled and whose heart was devoid of lust for power.

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"In his understated way he did his duty as a leader, not as a performer playing to the gallery," Kissinger said. "Gerald Ford had the virtues of small-town America: sincerity, serenity and integrity."

Former President George H.W. Bush recalled Ford as "a Norman Rockwell painting come to life, an avuncular figure quick to smile, frequently with a pipe in his mouth," and someone with "a heart as big and open as the Midwest plains on which he was born."

He was one of several speakers who suggested that Ford's unassuming manner may have resulted in his being underappreciated, if not an underrated president. The elder Bush equated Ford's leadership after Richard Nixon's Watergate resignation as one of history's great presidential moments.

"History has a way of meshing man and moment," he said. "Just as President Lincoln's stubborn devotion to our Constitution kept the union together during the Civil War, and just as FDR's optimism was the perfect answer to the despair of the Great Depression, so, too, can we say that Jerry Ford's decency was the ideal remedy for the deception of Watergate."

Kissinger noted that Ford left office with a thick portfolio of international accomplishments, including the first political agreement between Israel and Egypt, helping to keep ethnic conflicts in Cyprus and Lebanon from igniting into a regional war and helping to establish the modern human-rights movement by backing the Helsinki Accords of 1975.

At the time, Ronald Reagan and other conservatives criticized that agreement as a land giveaway to the Soviet Union, despite a provision forcing Moscow to recognize human and religious rights.

"History has shown that it helped bring down the Soviet Union, as courageous men and women behind the Iron Curtain used it to demand their God-given liberties," the current President Bush said.

The elder Bush lightened the solemn service by recalling Ford's sense of humor and his approval of comedian Chevy Chase's stumbling, bumbling imitation of him on NBC's "Saturday Night Live," even though Ford was, in fact, a superb athlete.

Bush said Ford taught him to laugh at himself. The former president wanted to tell more but, breaking into an imitation of "Saturday Night Live" alum Dana Carvey imitating him, said, "Na gonna do it. Wouldn't be prudent."

If Ford was underappreciated in life, he's been viewed with reverence and purpose since his passing Dec. 26 at age 93. Thousands lined up to view his flag-draped casket as it lay in state at the Capitol Rotunda over the weekend.

In a solemn ceremony Tuesday, the casket was moved from the Capitol to a hearse as Army gunners fired a 21-gun salute and a military band played "Hail to the Chief." A slow motorcade left the Capitol and made a brief pass by the White House, which Ford occupied from Aug. 9, 1974, to Jan. 20, 1977.

The Right Rev. John Bryson Chane, the Episcopal bishop of Washington, greeted Ford's casket at the cathedral steps and said a prayer over it.

Inside, President Bush escorted a frail but stoic widow Betty Ford down the long central aisle to the front pew, which housed the rest of the Ford family.

All three living former presidents - the elder Bush, Jimmy Carter and Bill Clinton - attended the service, as did three former secretaries of state: Kissinger, Colin Powell and James A. Baker III. Former Republican New York Mayor Rudolph Giuliani and Sen. Hillary Rodham Clinton, D-N.Y. - each a possible presidential candidate - also attended.

Former Sen. Bob Dole, R-Kan., who was Ford's vice-presidential running mate in 1976, served as an honorary pallbearer, along with former Defense Secretary Donald H. Rumsfeld, Vice President Dick Cheney, former National Security Adviser Brent Scowcroft and members of Ford's Cabinet.

After the service, Ford's body was flown aboard a presidential 747 to Grand Rapids, Mich., where he was raised. His remains were moved to the Gerald Ford Presidential Museum, where they were to lie in repose for public viewing until Wednesday.

A private family funeral is scheduled for Wednesday, followed by private burial at the Ford museum.

Nation Honors Gerald R. Ford (LAT)

By Maura Reynolds And Richard B. Schmitt, Times Staff Writers

The Los Angeles Times, January 3, 2007

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WASHINGTON — The nation's capital bade a stately farewell today to Gerald Rudolph Ford, the nation's 38th president, at a formal state funeral where he was lauded by the current president as "a good and decent man" whose affability cloaked a "firm resolve."

"Gerald Ford assumed the presidency when the nation needed a leader of character and humility, and we found it in the man from Grand Rapids," President Bush told the august crowd in Washington's National Cathedral, gilded by former presidents and first ladies and serenaded by a half-dozen choirs and orchestras.

"President Ford's time in office was brief," Bush said, "but history will long remember the courage and common sense that helped restore trust in the workings of our democracy."

The funeral culminated four days of ceremonies in Washington that reflected the character and career of the man: the earnest Midwestern House member, the high-minded congressional leader and the accidental president who led the country through one of its most turbulent periods.

"History has a way of matching man and moment," said former President George H.W. Bush, comparing Ford to other presidents who ruled in dark times. "And just as President Lincoln's stubborn devotion to our Constitution kept the union together during the Civil War, and just as FDR's optimism was the perfect antidote to the despair of the Great Depression, so too can we say that Jerry Ford's decency was the ideal remedy for the deception of Watergate."

After the services at Washington's imposing National Cathedral, Ford's body was flown aboard Air Force One to his hometown of Grand Rapids, Mich., where his presidential library is located and where he will be buried Wednesday.

It was the second presidential funeral in less than three years for the nation's capital, which pulled out all the stops for a regal sendoff for Ronald Reagan in 2004.

By contrast, while Ford's funeral had all the military trappings accorded a former commander-in-chief — multiple 21-gun salutes, honor guards, military choruses — there were also notes of the ordinary. Ford's children greeted members of the public who came to pay their respects as their father lay in state in the Capitol Rotunda. Ford's casket was carried from the Capitol to the cathedral in a conventional hearse instead of a horse-drawn caisson. At Andrews Air Force Base, a troop of Boy Scouts, one in blue jeans, saluted to say goodbye.

And when Ford's casket was unloaded in Michigan, the marching band from the University of Michigan — where he had been a star football player — struck up a somber version of the Michigan fight song. As president, Ford had preferred that tune to the usual fanfare of "Hail to the Chief."

Former NBC anchorman Tom Brokaw, whom Ford had asked to deliver his eulogy, praised him for bringing "Main Street values" to the White House.

"Once there, he stayed true to form, never believing that he was suddenly wise and infallible because he drank his morning coffee from a cup with the presidential seal," Brokaw said.

The funeral for a transitional president came during another time of transition in the nation's capital, as political leaders prepared for this week's transfer of congressional power from Republicans to Democrats.

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Ford's Funeral Draws Array Of Politicians And Dignitaries (NYT)

By RACHEL L. SWARNS

The New York Times, January 3, 2007

WASHINGTON, Jan. 2 — Scores of politicians and dignitaries from across the political spectrum poured into Washington National Cathedral on a clear and blustery Tuesday to mourn President Gerald R. Ford at his funeral service here.

Skip to next paragraph President Bush, who escorted Mr. Ford's widow, Betty, into the church, addressed the invited guests. Three former presidents — Bill Clinton, George Bush and Jimmy Carter — also came to pay their final respects, accompanied by their wives, Senator Hillary Rodham Clinton, Democrat of New York; Barbara Bush; and Rosalynn Carter. Nancy Reagan, the widow of President Ronald Reagan, whose funeral was held in the cathedral in 2004, also attended the service.

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The mourners included Shimon Peres, the former Israeli prime minister, and several members of Congress, including Representatives Nancy Pelosi of California, the incoming House speaker, and J. Dennis Hastert of Illinois, the outgoing speaker. John G. Roberts Jr., the chief justice of the United States, took his seat in the cavernous cathedral as did Mayor Michael R. Bloomberg of New York City. Adrian M. Fenty, who was sworn in as mayor of Washington on Tuesday morning, also attended.

For many former Ford administration officials, the service was a somber reunion. The honorary pallbearers included Vice President Dick Cheney and Donald H. Rumsfeld, former defense secretary, who both served as chief of staff to Mr. Ford; Henry A. Kissinger, former secretary of state; Brent Scowcroft, former national security adviser; and Alan Greenspan, who led Mr. Ford's council of economic advisers years before he became chairman of the Federal Reserve.

The prominent guests included:

BUSH ADMINISTRATION OFFICIALS Secretary of State Condoleezza Rice; Secretary of Defense Robert M. Gates; Secretary of the Treasury Henry M. Paulson Jr.; Gen. Michael V. Hayden, director of the Central Intelligence Agency; Attorney General Alberto R. Gonzales; and Robert S. Mueller III, director of the Federal Bureau of Investigation.

SUPREME COURT JUSTICES Ruth Bader Ginsburg, Anthony M. Kennedy, John Paul Stevens and Clarence Thomas.

MEMBERS OF CONGRESS Senators Edward M. Kennedy, Democrat of Massachusetts; Jon Kyl, Republican of Arizona; Carl Levin, Democrat of Michigan; Richard G. Lugar, Republican of Indiana; Arlen Specter, Republican of Pennsylvania; and Representatives Steny H. Hoyer, incoming House majority leader and Democrat of Maryland; and John A. Boehner, incoming House minority leader and Republican of Ohio.

EX-LAWMAKERS George Allen, former senator, Republican of Virginia; Newt Gingrich, former Republican House speaker; Alan K. Simpson, former senator, Republican of Wyoming; and Fred Thompson, former senator, Republican of Tennessee.

EX-WHITE HOUSE OFFICIALS Colin L. Powell, former secretary of state; John R. Bolton, former United States ambassador to the United Nations; Madeleine K. Albright, former secretary of state; and Dan Quayle, former vice president.

OTHER DIGNITARIES Rudolph W. Giuliani, former mayor of New York; Vernon E. Jordan Jr., Washington lawyer and prominent Democrat; and Anthony A. Williams, former mayor of Washington.

Congress Says Goodbye To The Late President Gerald R. Ford (HILL)

By Jackie Kucinich And Kelly Mccormack

The Hill, January 3, 2007

Capitol Hill's memorial ceremonies for former President Gerald Ford ended yesterday as members of his family and many of Washington's elite silently watched his flag-draped casket being carried down the Senate steps.

Under clear skies on a cold, bright day, eight members of the honor guard slowly carried the coffin to the hearse down a line of official mourners, including Vice President Dick Cheney, former Secretaries of State James Baker and Henry Kissinger, former Defense Secretary Donald Rumsfeld and former Senate Majority Leader Bob Dole (R-Kan.).

Betty Ford and other family members huddled together against the wind, which whipped around the Capitol.

Before Ford's coffin was driven from Capitol Hill to the National Cathedral, the former president was given a 21-gun salute and the military band played "Hail to the Chief."

After the memorial service at the cathedral, Ford's body was driven to Andrews Air Force Base and then flown to Michigan for further ceremonies.

Ford's coffin had been on display to the public since Saturday evening after a ceremony in the Capitol Rotunda. The casket had arrived on Saturday to the sound of an artillery salute that sent slight tremors through building. The United States Army Band played "The Battle Hymn of the Republic."

Saturday's service was interrupted briefly when former Michigan Rep. William Broomfield (R) collapsed. He was treated by outgoing Senate Majority Leader Bill Frist (R-Tenn.) and the attending physician, and transported to George Washington Medical Center.

Outgoing Speaker Dennis Hastert (R-Ill.), Sen. Ted Stevens (R-Alaska) and Cheney recalled Ford in speeches at the service.

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"In judgment, he was sober and serious, unafraid of decisions … calm and steady by nature … always the still point in the turning wheel," said Cheney, who served as Ford's chief of staff in the White House. "He answered courtesy with courtesy; he answered discourtesy with courtesy."

Rep. Vernon Ehlers (R-Mich.), talking to reporters, choked up as he recalled his interactions with the former president, whose congressional seat he now holds.

"He was exactly what we needed at the time of Watergate," Ehlers said. "People finally are starting to realize what he did for this country."

Ford represented his Michigan district for nearly 25 years, and for eight of them was minority leader, before being chosen by President Richard Nixon to replaced Vice President Spiro Agnew in 1973. The following year, in the aftermath of the Watergate scandal, Ford became president under the 25th Amendment to the Constitution.

Throughout his tenure in the House, Ford was well-liked and respected on both sides of the aisle. He "quickly became popular" because of his "positive outlook," according the House Historian's Office. "He was mostly soft-spoken, modest, and, as he described himself to be, 'a moderate in domestic affairs, an internationalist in foreign affairs and a conservative in fiscal policy.'"

Though he was asked to run for Senate and governor of Michigan in the 1950s, Ford declined because "his true ambition was to someday become Speaker of the House," the House Historian's Office said.

In 1961 Ford became ranking member of the House Appropriations Committee's Defense Subcommittee and received the special award of "Congressman's Congressman" for his work on military budgets, the House Historian's Office said. The same year, Ford defeated Rep. Charles Hoeven (R-Iowa) to become chairman of the House Republican Conference.

In 1965 Ford narrowly defeated Rep. Charles Halleck (R-Ind.) to become minority leader.

Incoming House Appropriations Chairman David Obey (D-Wis.), who served with Ford in the early 1970s, remembered him as "a very decent human being who helped make the institution work and recognized that [working across the aisle] would make the country a better place.

"He didn't think it was a mortal sin to pass legislation from the other side of the aisle."

Stained Glass And Strained Egos (NYT)

By Maureen Dowd

The New York Times, January 3, 2007

Washington

It was a scene that Mary McCarthy could have written the devil out of: a funeral for a fine, bland fellow that filled everybody with unfine, unbland thoughts. The formal serenity of the service, disguised, but only barely, the virulent rivalries and envies and grudges and grievances that have roiled this group for many decades.

None of the eulogists noted the irony that the man who ushered out one long national nightmare had ushered in another, the one we're living in now. It was Gerald Ford, after all, who gave America the gift of Dick Cheney and Donald Rumsfeld — the gift that keeps on taking.

The two former Ford officials, who doomed Iraq to civil war and despoiled American values, were honorary pallbearers yesterday, as was that other slippery and solipsistic courtier, Henry Kissinger.

The Group was even more on edge because of a remarkable trellis of peppery opinions that had tumbled out of the man in the coffin, posthumously. The late president, hailed as the most understated and decent guy in the world, had given a series of interviews on the condition they be held until his death — a belated but bracing smackdown of many of his distinguished mourners.

It was impossible not to wonder what the luminaries were truly thinking, as they sat listening to fugues of Bach and Brahms and encomiums to the ordinary-guy leader.

Nancy Reagan's imperturbable expression behind her big square sunglasses did not disguise the gloating words visible in the bubble over her head: "And they call this a funeral?"

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It could not compare, of course, to the incredible Princess of Wales treatment that her husband had for his state funeral. And Nancy, hypersensitive to any slights to her Ronnie, would not have been pleased with Mr. Ford's interview with Michael Beschloss published in Newsweek, in which he blamed Ronald Reagan for costing him the 1976 election by challenging his nomination and then failing to hit the trail for him.

It was good of Mr. Ford to bring 41 and 43 together in a solemn respite from their uneasy competition over Iraq.

"Told you so, you sons of guns — we were right to stop at Safwan and stay out of Baghdad," the father's bubble read, as he watched Rummy and Henry the K, both of whom had treated Poppy with such veiled contempt, as though he were a feather duster. "Those vicious Moktada-loving Shiites dancing around Saddam's dead body prove that Brent and I were right."

Lynne Cheney glared at Poppy as he gave his eulogy, knowing that he privately thinks that the vice president has destroyed not only Iraq and American foreign policy, but the Bush family name. Her storm cloud of a bubble is expurgated.

Hillary's bubble was full of mockery for another New Yorker in the National Cathedral: "You think you're so smart, Rudy, but you leave your entire presidential battle plan in a hotel room for your rivals to find? The victim role doesn't suit you." Condi's bubble was as opaquely dark as Hillary's was risibly light — drooping with the inchoate fear that her nearby erstwhile mentor, Brent Scowcroft, had been right about Iraq after all.

As Poppy spoke from the altar, praising Mr. Ford's generosity, he must have been mulling that his predecessor was ungenerous in spitting on him from the grave. Mr. Ford told Mr. Beschloss that Bush Sr. had sold out the party to the hard right and had taken a phony, pandering position on abortion.

Poppy had to have enjoyed watching Dr. K get up and lavish praise on his old boss, after Mr. Ford had sniggered to Bob Woodward that the "coy" Bavarian diva had "the thinnest skin of any public figure I ever knew."

W. graciously walked Betty Ford down the aisle, even as he must have curdled inside about her husband's telling Mr. Woodward that it had been "a big mistake" on the part of W., Dick Cheney and Rummy to justify the Iraq war with nonexistent W.M.D. "I just don't think we should go hellfire damnation around the globe freeing people, unless it is directly related to our own national security," he said.

Ex-presidents weren't supposed to criticize sitting presidents. Adding insult to injury, Woodward himself was in the cathedral. How did he manage to get all these deathbed confessions, W. had to wonder. "Jeez," his bubble read, "does he have an interview with my old man in the can?"

Rummy's pop-up was as cocky as ever: "Golly, I've been gone three weeks and things are really looking up in Iraq."

James Baker's secret thoughts were as bright as his tie: "I tried to help you out, son, but you're too dang stubborn. Or 'resolute.' Stubolute. A clear case of TMC — too much Cheney."

Dick Cheney's bubble was trouble: "I'm surging, I'm surging, I'm surging."

The Respectful Eyes Of America (WP)

By Tom Shales

The Washington Post, January 3, 2007

Television can still rise to the occasion when the occasion warrants.

Yesterday's coverage of the funeral of former president Gerald Ford found network correspondents and technicians on their best behavior for the most part, the solemn beauty of the ceremony at Washington National Cathedral virtually forcing them to exercise restraint and good taste.

What might be called TV's networks of record -- ABC, CBS, NBC and cable's CNN -- covered the proceedings from early morning, following the casket from the Capitol, down the Senate steps, along Pennsylvania Avenue, past the White House and then to the cathedral, where "eulogizers," as CBS's Katie Couric called them, paid tribute to the well-liked 38th president.

As the big and more established networks conveyed a kind of official aura, NBC's quirky cable outfit MSNBC offered more flavorful and colorful, but still respectful, coverage. Chris Matthews, anchoring with Keith Olbermann, at one point told viewers -- as cameras scanned the famous faces of those gathered in the cathedral -- "These are Washington people. For better or for worse, this is the Establishment you're looking at right here. This is the A-list of the people who run this city."

Matthews dares to say what other people are thinking but refrain from saying -- for better or for worse.

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Couric and many of her colleagues on the big networks committed the common error of talking over scenes that did not require any talking -- or, to the contrary, called for quiet. When the choir and band performed "America" and other patriotic songs, Katie and crew kept up fairly constant chatter. Over on NBC at the same time, presidential historian Michael Beschloss unfortunately was directed to yak away, ignoring the music in the cathedral.

ABC anchor Charles Gibson showed the most tact and discretion, limiting his remarks to things viewers actually might need to know. Gibson, of course, has more authority and experience behind him as anchor and correspondent than either Couric or NBC's Brian Williams. Not that Williams lacked for intelligent comments; he just perhaps made too many of them.

Incredibly, CBS cut away from the ceremony in the cathedral to show viewers excerpts from an interview that President Ford had given correspondent Phil Jones -- in 1984! Ford, discussing widespread protests erupting in the country when he took office, said he hoped "voices were lowered" under of his calming influence. Bob Schieffer then quoted the "voices lowered" remark -- while the chorus and orchestra played "America the Beautiful."

All this talk of lowered voices could lead a viewer to talk back to the correspondents and anchors: "Lower yours, for heaven's sake."

Worst of all was an NBC commentator who interrupted the choir singing "America the Beautiful" to repeat a story he'd read in the New York Times -- about the Fords' dog having pooped on a White House carpet. "There are so many stories like that," the reporter said -- and so many more opportune times to tell them.

The CBS coverage was marred by a director's or producer's insistence on dividing the screen up in boxes, with a large amount of space taken up by "The Death of a President," the title CBS gave its coverage. The network seemed to be waving its own flag in viewers' faces, while ABC tried to keep its logo and other extraneous material to a minimum.

The pictures, after all, were beautiful as the sun poured down on the city. The honor guard, lined up in two columns on the Senate steps, cast dramatic, striking shadows in the early-morning light. Later, the cathedral looked regal and imposing in a master shot of it sitting on a high point in the city.

Throughout the coverage, anchors and reporters marveled at the poise and stamina of Betty Ford, the president's widow, who had been through hours and hours of memorial activities even before the trip from the Capitol to the cathedral began. She entered the cathedral on the arm of President Bush and then sat among, and seemed supported by, her children -- son Steven on one side and daughter Susan on the other. It was a moving portrait of family solidarity.

One realized what a tremendous impression the Fords had made on the country in spite of the fact that Ford was in office a relatively short time after Nixon's resignation.

Television was a presence at the event in more ways than one. Former president George H.W. Bush brought up the '70s lampooning of Ford on NBC's "Saturday Night Live," with Chevy Chase portraying him as physically bumbling even though Ford was, many commentators said, the most athletic president of his century.

Bush also did an impression of Dana Carvey doing an impression of him ("Not gonna do it, wouldn't be prudent"), a reminder of how influential "Saturday Night Live" has been in American pop culture. In the interest of propriety, though, it might have been better if the elder Bush had stuck to the topic of Ford and not mentioned his own experience with the show. He might also have mentioned that Ford took the ribbing so good-naturedly that he taped a "live from New York" opening in the Oval Office for use on the program.

The current president praised Ford for making an unpopular decision -- the pardon of Nixon -- and sticking to it. That was also a theme of Bush's most recent radio address. Some reporters saw it as Bush's thinly veiled attempt to compare his own unpopular pursuit of the Iraq war with Ford's action -- and a way of saying both men were courageously standing on principle.

The eulogy by former NBC anchor Tom Brokaw was not memorable. Brokaw said Ford asked him last year to be part of such a ceremony whenever it was held, although Brokaw said modestly that Ford made the request because "I think he wanted to be sure the White House press corps was represented" -- not because he thought Brokaw was a brilliant orator. Brokaw, who seemed to smirk throughout his remarks, ended with a banal "Farewell, Mr. President. Thank you, Citizen Ford."

Cameras kept panning the faces in the cathedral -- an auspicious assemblage that included former presidents Bill Clinton, Jimmy Carter and Bush and their first ladies. CBS relied too much on what might be called Coffin-Cam, long and steady shots of

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the flag-draped casket, which, after all, didn't do anything but sit there, as was to be expected. Viewers would rather have seen the faces of the famous and celebrated.

CBS coverage overall was disappointing, and ABC's was probably the best of the major networks.

On CNN, meanwhile, Wolf Blitzer took the strange step of interrupting the coverage to apologize for a goof made the previous day on his "Situation Room" show. According to a media-watchdog Web site, Blitzer said he "just wanted to make a correction" and continued: "We had a bad graphic. We were doing a piece on the hunt for Osama bin Laden in this new year, 2007. Unfortunately, instead of saying, 'Where is Osama?' it said, 'Where is Obama?' I'm going to be calling Sen. Barack Obama to make a personal apology."

Yes, you do that, Wolf.

If not all the speeches praising Ford were unusually eloquent, the music in the cathedral was. During the singing of "O God Our Help in Ages Past," a camera caught Betty Ford mouthing the word "beautiful" to her daughter. After the services, Matthews raved about Denyce Graves's singing of the Lord's Prayer. It was a breathtaking performance.

Chimes rang outside the cathedral, and Olbermann, Matthews's on-air partner, said gratuitously, "Ask not for whom the bell tolls." Matthews pronounced the ceremony "sublime" and said he thought President Bush's eulogy was better than his father's, an opinion not likely to be widely shared.

As Ford's body was taken to Andrews Air Force Base, the major broadcast networks signed off and rushed back to the cacophony of regularly scheduled commercial programming. Cable news networks stayed with the story.

It was a memorable morning, a national gathering by television, and a reminder that for all the talk about blogs and YouTube and MySpace, there are still moments and events that only the networks can adequately convey.

This, obviously, was one of them.

Widow, Children Face Grief Together (USAT)

By Jill Lawrence

USA Today, January 3, 2007

WASHINGTON — Her marriage was only three weeks old when she became a political wife. Fifty-eight years later, surrounded and strengthened by her family, former first lady Betty Ford performed one of her last official acts in that role.

Appearing fragile but stoic, Betty Ford, 88, blinked back tears and managed an occasional smile during a series of tributes Tuesday to her late husband, to her and to their enduring partnership.

President Bush said during an emotional memorial service at Washington National Cathedral that former president Gerald Ford was "still counting himself lucky to have Betty at his side."

Sitting between daughter Susan and son Steven at the cathedral, Betty Ford could be seen bowing her head or dabbing at her eyes with a handkerchief.

Before she headed to Grand Rapids, Mich., where the former president was to be buried, Betty seemed to break down briefly during a cannon salute at Andrews Air Force Base. Her military escort leaned over in concern and patted her arm.

The sisterhood of first ladies was out in force at the cathedral: Laura Bush, Barbara Bush, Hillary Rodham Clinton, Rosalind Carter, Nancy Reagan. Only Lady Bird Johnson was missing.

Betty Ford is known for going public with her battles against breast cancer and addictions to alcohol and prescription drugs.

Tom Brokaw, a television journalist who covered the Ford White House for NBC, praised the Fords for drawing attention to problems that needed it.

"Was there a more supportive husband in America than when his beloved Betty began to speak out on issues that were not politically correct at the time?" he asked during the memorial service.

Many scenes Tuesday showed the closeness of the Ford family: Betty's smile as Susan whispered in her ear, and her sons' care as they escorted her in and out of cars and buildings. In a windy morning chill, the children and grandchildren clustered around her, forming a human wall of comfort and warmth as they waited for the late president's casket to be carried down the U.S. Capitol steps.

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Sheila Weidenfeld, Betty Ford's former press secretary, told MSNBC her ex-boss "understands exactly what her duty is. … She's always been somewhat fragile. To be outside at her age in the weather is not the easiest thing, but you'd never know it looking at her. She is doing what she knows she wants to do and what she must do."

It wasn't all grim duty. Betty Ford grinned when Brokaw recalled the fashion "meltdowns" of the 1970s — "trousers so patterned that they would give you a migraine" and jackets that should be "eligible for a presidential pardon."

Bush evoked general laughter when he described Gerald Ford's "idea of a honeymoon" — driving his bride to Ann Arbor the day after their wedding for brunch before a Michigan-Northwestern game.

Bush also quoted Ford's tribute to Betty on the day he took the presidential oath of office: "I am indebted to no man and only to one woman, my dear wife."

A Final Public Service By A Steadfast First Lady (WP)

By Neely Tucker

The Washington Post, January 3, 2007

Betty Ford, observed in these days of national mourning:

Frail. Determined. Quiet. Tired.

She was 88 and clearly exhausted.

She was resting on the arm of the president of the United States when she emerged from the darkness of Washington National Cathedral into the weak January sunlight yesterday, following her husband's coffin. She did not speak during the service, except to turn to her daughter, Susan, and mouth the word "beautiful" after a moving rendition of "O God, Our Help in Ages Past." She was surrounded by family, including her three sons.

She will bury her husband today on a hillside back home in Michigan.

Then, three decades after leaving the White House, she will finally be relieved of the duties of being first lady, a job that comes with no description but endless expectations. The final duty is burying one's husband under the glare of public attention. This has become a de facto job requirement in the past century, when first ladies began to routinely outlive their husbands.

"This is a very frail woman, and by God, she's in charge," says Dick Capen, a longtime family friend, a newspaper publisher and diplomat who visited with Betty Ford at the family's private service in Palm Desert, Calif. "You could see it in her face. She's 88 years old, and she wasn't going to sit down. She's an incredible lady."

"She's been great," says Melvin Laird, the former congressman and defense secretary, and a close family friend for nearly half a century, speaking by phone from his Florida home. "Jerry always worried about her, but she was the one who really took over, really watched out for him."

Though Betty Ford has spoken no public word since her husband died (her statement announcing his death was a written release) she has nonetheless had a public role to play. First ladies leave the White House, but they never leave the job. They become the public face of the nation's grieving when their spouses die. Their role blends public duty and private emotion, but the public is expected to hold sway.

"When I reflect upon my Washington career I wonder how I ever faced it," Grace Coolidge observed late in life, after burying her husband. "There was a sense of detachment. This was I, and yet not I -- this was the wife of the president and she took precedence over me; my personal likes and dislikes must be subordinated to the consideration of those things which were required of her."

When Woodrow Wilson suffered a massive stroke in office, paralyzed but not yet dead, his wife, Edith, virtually took over. She refused to let people see him, becoming the intermediary through which the nation dealt with its president. It caused a crisis and a furor. She was unmoved: "I am not thinking of the country now, I am thinking of my husband."

This is understandable but not practical: The love of one's spouse must take second place to national need.

It is the consensus among historians that Jacqueline Kennedy, in her bloodstained dress while Lyndon B. Johnson took the oath of office in Dallas, is the model image of this. She walked into the White House as the Queen of Camelot and walked out as a woman whose dignity helped hold together a shocked nation.

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The Lincoln assassination a century earlier proves the point via an opposite example. Mary Todd Lincoln, already unstable of emotion and personality, dissolved after her husband was shot. She offered the nation no such grace note.

Since the Civil War, only three presidents have outlived their wives.

"The first lady is not a private person grieving, they're a public icon, and we look to them for strength and how to behave," says Myra Gutin, professor of communications at Rider University and author of "The President's Partner: The First Lady in the Twentieth Century."

She says it has left one constant:

"If they cry, it seems like they did it privately, not on the public stage," she says.

Betty Ford spent her last official weekend in Washington with her family at the Renaissance Mayflower Hotel, a few blocks from the White House. She walked, resting on arms of a family member, a military official, the vice president, the president. She kept her gaze level, her eyes steady. She attended services at the Capitol Rotunda, the cathedral, the landmarks of official Washington.

Her lips were pursed, save for offering a quiet smile to family or friends. She shed no public tears.

She was being strong; maybe for the nation, maybe for herself.

Then, yesterday afternoon, the plane lifted her and her family up into the bright blue sky, heading north, heading home.

One last funeral, and then no more.

Leaving the pages of history must sometimes be an answered prayer.

Remembering A Leader And The Party That Was (WP)

By Dan Balz And David S. Broder

The Washington Post, January 3, 2007

The honorary pallbearers who walked slowly up the aisle at Washington National Cathedral yesterday at the funeral of former president Gerald R. Ford were as familiar as when they served the 38th president, symbolizing continuity through four decades of Republican administrations.

The names included Cheney, Rumsfeld, Baker, Greenspan and Scowcroft, officials who have served multiple Republican presidents. But their presence masked a far different reality, which is that the Republican Party that spawned Ford and his brand of Midwestern conservatism barely exists today.

It was a tribute to Ford's character that the speakers at yesterday's funeral devoted their remarks largely to personal attributes -- honesty, integrity and modesty -- that they said helped stabilize the country after the traumas and divisions of the Watergate scandal and the end of the Nixon presidency.

But in sharp contrast to the commentary after the death of former president Ronald Reagan, there were no remembrances of Ford as an architect of modern conservatism or a force behind the GOP's ascendance. The Republican Party has turned away from Ford's conservatism, moving sharply to the right ideologically and to the South and West geographically.

The names ascribed to those changes include Reagan, Barry Goldwater, Newt Gingrich and George W. Bush. But not Ford. His passing served not only to highlight how the party has changed, but how he felt increasingly estranged from some elements of the party's new doctrine. Ford was long uncomfortable with the party's shift to the right on issues such as abortion and made that plain in many interviews. As is now known from an interview published posthumously, he also harbored great doubts about Bush's Iraq policies.

"It is a lot different party now," said Vin Weber, a former Republican House member from Minnesota. "I have enormous regard for Jerry Ford. He campaigned for me in my first election, and it made a great difference. But he was the last of the old order. When he picked [Nelson] Rockefeller [as vice president], it reverberated very strongly with younger Republicans as an effort to undo everything we'd worked for since Barry Goldwater."

As a World War II veteran, Ford came into politics as an internationalist. As a Midwesterner, he practiced a fiscal conservatism that was grounded in balancing budgets and controlling spending. The Bush administration has adopted a different model for dealing with the world, one that has relied on a go-it-alone strategy in the battle against terrorism, and for

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much of the past three decades, Republicans have embraced tax cuts over controlling spending as the foundation of their economic policy.

Gingrich believes that Vice President Cheney and former defense secretary Donald H. Rumsfeld, alumni of the Ford administration and now emblematic of the Bush administration's foreign policy, have changed because the world has changed. "Cheney and Rumsfeld have experienced a different world than Ford experienced and are genuinely frightened, and their policies are born out of this fear," he said. "They just don't know how to communicate to the country."

No one would seem to represent a break with Ford's Republican Party more than Gingrich, whose brash style and disruptive tactics upset the GOP's old guard in the 1980s but ultimately helped usher in a Republican congressional majority in 1994.

Ironically, he attributes to Ford the model he and Weber and other young Turks used to help transform the party in the 1980s and 1990s. In his younger days, Ford was an insurgent who helped depose then-House Republican leader Charles Halleck. Rumsfeld was part of that younger, hard-charging cadre.

"We literally modeled the Conservative Opportunity Society after them," Gingrich said. "They were doing all sorts of things that irritated the old guard. . . . But in many ways, they represent a pre-Reagan, pre-Goldwater party."

Clarke Reed of Mississippi, the veteran party leader who at the 1976 Republican National Convention helped deliver his state's delegation to Ford over Reagan and preserve Ford's nomination, remarked yesterday that the party was then "just on the cusp of going Southern." Reagan's conservatism, he said, brought a new emphasis on social issues and religious values that was distinctly different from Ford's more moderate conservatism.

The midterm elections have brought a round of soul-searching among Republicans, who wonder whether they have become too conservative, too Southern, too indebted to the religious right. Ford's Republican Party may never return, but what replaced it has begun to show its limits.

Yesterday's tributes to Ford also served to underline that he will be forever tied to Richard M. Nixon -- first, as Nixon's choice to succeed the disgraced Spiro T. Agnew as vice president and then as Nixon's successor and the author of Nixon's controversial pardon.

In every eulogy to Ford's honesty, openness and trustworthiness, there was a contrast drawn with his predecessor. In some respects, they are the two sides of the Republican heritage. It carries over to the present day. Bush was helped to two terms in the White House in part by the public belief that he is a plain-spoken man. But Republicans paid a high price in November's elections for the "culture of corruption" in Congress, which the Democrats exploited.

Something else has been lost in the Republican Party, according to Kenneth M. Duberstein, who served in both the Ford and Reagan administrations: what he called "the sweet bipartisanship of Jerry Ford." That pattern "died in the last 12 years," and he sees little prospect of its reviving.

Words Show Iraq Fraying 'Code Of Silence' (USAT)

USA Today, January 3, 2007

WASHINGTON — The war in Iraq has fractured even the fraternity of presidents.

After they exit the Oval Office, presidents generally limit criticism of their successors, at least in public. When President Bush and predecessors Jimmy Carter, George H.W. Bush and Bill Clinton gathered Tuesday at the National Cathedral for President Gerald Ford's funeral, it was a show of solidarity and affection for one of the few who knew firsthand how difficult the job can be.

The three former presidents smiled and shook hands as they waited for the memorial to begin, their first time together since a similar farewell for President Reagan 2½ years ago.

The tradition of what historian Robert Dallek calls "a code of silence" among presidents has been strained by the escalating violence in Iraq, however. The war has divided the international community, the American public, members of Congress.

Ford joined that debate, albeit after his death.

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He criticized Bush's justification for the war in an interview conducted in 2004 and released when he died last week, joining critiques by Clinton and Carter. Their views underscore Bush's isolation on the war as he prepares to address the nation as early as next week on a strategy to turn around the deteriorating security and political situation in Iraq.

Ford's death and accounts of his life have competed in newspapers and TV broadcasts with a grim milestone: the 3,000th U.S. death in Iraq.

Criticism by former presidents is rare, says Richard Shenkman, a historian at George Mason University and author of Presidential Ambition. Most ex-presidents, recalling their travails in office, are reluctant to add to the burdens of successors, he says.

"It's a fine line that they walk," he says, but one that sometimes has been crossed. Dallek says periods of national "difficulty and frustration" can prompt former presidents to speak out.

In July 2004, Ford told The Washington Post that he "very strongly" disagreed with Bush's justification for the war and would have pursued sanctions and negotiations rather than order an invasion. "I don't think I would have gone to war," Ford said in an interview with Bob Woodward.

The former president also faulted two former aides who became architects of Bush's Iraq strategy: Vice President Cheney, once Ford's White House chief of staff, and Donald Rumsfeld, who served as Defense secretary for Ford and the younger Bush.

Clinton generally has tempered his public comments about Iraq, but in November he told students in Dubai that the United States made "a big mistake" by invading, in particular by underestimating the difficulty of uniting the country.

Carter has been the most outspoken. In a CNN interview in November, he predicted that the invasion of Iraq was "going to prove, I believe, to be one of the greatest blunders that American presidents have ever made."

White House spokesman Tony Snow declined to comment on the former presidents' remarks. "We're remembering Gerald Ford today," he said.

For one former president, there has been not a hint of disapproval.

The elder Bush has rejected criticism of his son. His remarks as one of four eulogists for Ford — the current president, former secretary of State Henry Kissinger and Tom Brokaw of NBC were the others — focused on Ford's character, not current events.

Even so, when he paid his respects on Monday to Ford in the Capitol Rotunda, the elder Bush was accompanied by two old friends, former secretary of State James Baker and former Wyoming senator Alan Simpson. Both are members of the Iraq Study Group, which last month issued a scathing report that recommended drawing down U.S. troops.

In some ways, the division over Iraq is reminiscent of the friction between Ford and Reagan when both sought the GOP presidential nomination in 1976.

Then-president Ford warned that Reagan's hard-line attitude toward the Soviet Union was dangerously provocative. Reagan, a challenger who would lose the nomination but win the presidency four years later, accused Ford of failing to take a tough enough stand against Moscow.

Kissinger's eulogy recalled those days with words that could apply to Iraq, although he didn't cite it directly. The former secretary of State — who in November told the BBC that military victory in Iraq was no longer possible — said Ford's "prudence and common sense kept ethnic conflicts in Cyprus and Lebanon from spiraling into regional war."

He praised Ford for persistence in pursuing diplomacy with the Soviet Union and in the Middle East.

The rift between Ford and Reagan over disputes on détente, the Panama Canal treaty and the Helsinki Accords "never completely healed," says Craig Shirley, author of a book on the 1976 campaign entitled Reagan's Revolution; The Untold Story of the Campaign That Started It All. Shirley, a Republican consultant, called the practice of presidents faulting one another relatively new and probably unwise.

"It's better for ex-presidents to remain silent and let history judge them."

The Ex-Presidents' Club Bids A Member Goodbye (NYT)

By Anne E. Kornblut And John M. Broder

The New York Times, January 3, 2007

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WASHINGTON, Jan. 2 — In a moment of presidential empathy, former President George Bush recalled a skill he had learned from Gerald R. Ford: how to handle being ridiculed on "Saturday Night Live."

"I remember that lesson well, since being able to laugh at yourself is essential in public life," Mr. Bush said in his eulogy for Mr. Ford on Tuesday. "I'd tell you more about that, but as Dana Carvey would say: 'Not gonna do it. Wouldn't be prudent.' "

As the 82-year-old former president imitated his own impersonator, there were only three people in the audience who knew exactly how it felt to be ridiculed, as a sitting president, on late-night television. Former President Bill Clinton responded with a hearty laugh from his seat in the Washington National Cathedral, while former President Jimmy Carter, in a neighboring pew, looked on with a smile. Seated nearby was President Bush, who has been relentlessly skewered by TV comics as well.

With Mr. Ford's death last week, the group of living former presidents has shrunk to three, down from five in the early 1990s. Since 1994, Richard M. Nixon, Ronald Reagan and, now, Mr. Ford have left the stage, while Mr. Clinton has joined the ranks of former chief executives.

The dynamic among the former presidents is perpetually evolving, as people age, rivalries fade and former political opponents discover they share more similarities than differences.

The current club has at its core two presidents in different parties — Mr. Clinton, 60, and the elder Mr. Bush — who have become companions in traveling and fund-raising for causes around the world. The two at times appear more friendly than Mr. Bush is with his son, or than Mr. Clinton is with Mr. Carter, 82, a fellow Democrat. And on Tuesday it was Mr. Carter, not either of the Bushes, who accompanied Mr. Ford's coffin back to Grand Rapids, Mich., for burial.

Though Mr. Ford and Mr. Carter squared off in the 1976 election, they became friends after both were out of office. On a flight home from Cairo in 1981, after the funeral of the Egyptian leader Anwar el-Sadat, they found common ground discussing their presidential libraries.

Similar kinship has grown between Mr. Clinton and the first President Bush, in contrast to the rocky relationship between Mr. Clinton and Mr. Carter. Though the two Southern Democrats are from similarly humble backgrounds, they have been at odds repeatedly over the years.

In 1993, Mr. Carter said he was "very disappointed" in the Clintons for sending their daughter, Chelsea, to private school rather than public school, as the Carters had done with their daughter, Amy. After the Monica Lewinsky scandal, Mr. Carter said he had been "deeply embarrassed by what occurred." In more recent years, the Clinton-Carter relationship has had a tinge of rivalry, as both men have sought to become global statesmen.

The funeral also provided a stage for those thinking about the politics of tomorrow, as well as those of yesterday. Along with the three former presidents sat several of those who may aspire to the job, including Senator Hillary Rodham Clinton of New York, former Mayor Rudolph W. Giuliani of New York and Representative Dennis J. Kucinich of Ohio.

And it was a reminder that while the nation elects only the president, the White House becomes home to a whole family whose members have to cope with the spotlight. At the cathedral on Tuesday, Rosalynn Carter was seen talking intently with Nancy Reagan. One row behind them, Chelsea Clinton spoke animatedly with a fellow Stanford University alumna, Secretary of State Condoleezza Rice.

Tom Brokaw, the former NBC News anchor, said in his eulogy that when Mr. Ford brought his family to 1600 Pennsylvania Avenue, "he brought the humanity that comes with a family that seemed to be living right next door."

For neighbors of the Fords in Alexandria, Va., from the 1950s until they moved into the White House in 1974, they were in fact the family next door, with four independent-minded children whose public indiscretions Mr. Ford sometimes had to confront.

His son Jack admitted in a newspaper interview in 1975 that he smoked marijuana and lived a rowdy bachelor's life. His daughter, Susan Ford Bales, was a headstrong teenager when her father became president and was married for a time to a Secret Service agent who had been assigned to guard the family.

Mr. Ford and Ms. Bales, now middle-aged, walked hand in hand down the center aisle of the cathedral before the service, and each read a passage from the Bible.

Ms. Bales's reading came from James 1:19-25, chosen by the family to help illuminate the former president's humble approach to the bitter times in which he served.

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"Therefore rid yourselves of all sordidness and rank growth of wickedness, and welcome with meekness the implanted word that has the power to save your souls," Ms. Bales read. "But be doers of the word, and not merely hearers who deceive themselves."

Ford 'The Best Of America' (USAT)

By Judy Keen And Bill Nichols

USA Today, January 3, 2007

GRAND RAPIDS, Mich. — Gerald Ford's hometown welcomed him back to his beloved Midwest for the last time Tuesday, hours after a final and affectionate farewell in the nation's capital.

Ford will be buried Wednesday on a hillside at his presidential museum, ending a week-long national tribute to the 38th president. Thousands of silent people lined the streets of this city of 194,000 to watch the passage of the hearse carrying Ford's body.

Thousands more lined up to pass by Ford's casket during visitation inside the museum through the night.

"He was quite a guy, quite a man," said Grand Rapids barber Jim Jazwinski, 70.

Former president Jimmy Carter, who defeated Ford in the 1976 election, will speak at a private service today.

Washington bid its own goodbye Tuesday with a stately funeral for Ford, a man President Bush called "one of America's most beloved leaders."

Ford, who died Dec. 26 at the age of 93, was remembered by Bush and other dignitaries as a plain-spoken son of the Midwest who calmed a divided nation in the wake of Richard Nixon's resignation in 1974.

"We are here today to say goodbye to a great man," Bush said in his eulogy under the soaring arches of the Washington National Cathedral. "In President Ford, the world saw the best of America."

More than 3,000 guests filled the majestic cathedral, including former presidents Carter, George H.W. Bush and Bill Clinton, as well as Cabinet members, members of Congress and justices of the Supreme Court.

Ford's widow, Betty, 88, sat stoically with the couple's four children, holding hands with daughter Susan Ford Bales. At one point, Ford whispered to her daughter, "Beautiful."

Speaker after speaker focused on a central theme: the innate decency and impeccable character embodied by Ford. He "was a Norman Rockwell painting come to life," former president Bush said. Ford had "a heart as big and open as the Midwest plains on which he was born," Bush said.

Before the service, Ford's remains were placed outside the U.S. Senate chamber, and the casket was led down the steps of the Capitol, where Ford served as a House member before Nixon selected him to replace disgraced vice president Spiro Agnew in 1973.

Outside, hundreds of people spilled down the steps of the Russell Senate Office Building and lined Constitution Avenue to watch the funeral cortege.

Alan Gibby of California, in town for a son's wedding, remembered shaking Ford's hand when he was 18 years old. "It was one of the greatest days of my life," Gibby said. "I just had to come and pay my respects."

George W. Bush And The Media: Final Words And Last Laughs (WP)

By Dana Milbank

The Washington Post, January 3, 2007

What will be President Bush's chicken-head moment?

During yesterday's funeral services at the Washington National Cathedral for Gerald Ford, retired anchorman Tom Brokaw recalled how the press corps' affection for the late president could be seen in the acquisition, by New York Times reporter Jim Naughton, of a mock chicken head that had caught Ford's attention at a campaign rally. "Giddy from 20-hour days and an endless repetition of the same campaign speech, Naughton decided to wear that chicken head to a Ford news conference in Oregon, with the enthusiastic encouragement of the president and his chief of staff, Dick Cheney," Brokaw recalled.

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"When the president called me last year and asked me if I would participate in these services," Brokaw continued, "I think he wanted to be sure that the White House press corps was represented: the writers, correspondents and producers, the cameramen, photographers, the technicians -- and the chicken."

For Bush, it must have been a jarring moment. The current president would probably have Hugo Chavez deliver his eulogy before he would bestow the honor on a member of the White House press corps.

Even if Bush were inclined to allow a journalist to orate, which contentious moment with the press would be recounted? Would it be when Bush, in Paris, called NBC's David Gregory "intercontinental" for asking the French president a question in French? Or when Bush attempted to leave a quarrelsome press conference in China but discovered the door was locked?

Equally tricky: Which reporter would be Bush's Brokaw? To help Bush choose, several current and former White House correspondents, though in no way encouraging the president to shuffle off this mortal coil, yesterday offered sample eulogies they would be willing to give many years from now.

Richard Wolffe of Newsweek invoked the days after Bush called Adam Clymer of the New York Times a "major league a------" and Cheney replied, "Big time" -- all captured on the microphone at a campaign rally. "Halloween of 2000," Wolffe remembered. "Several of us obtained Bush masks and printed up a series of baseball shirts for a fictional team called the Major League A's. We lined up at the foot of his plane stairs like an honor guard and he posed for photos with us. Chuckled with his shoulders the whole way through."

A major league entry. But here's one from Clymer himself, who provided a touching footnote: "He made a cheerful video tribute for the Washington Press Club Foundation dinner in 2001, with Cheney echoing his every sentence with 'big time.' A couple of months later, he sent me a very gracious sympathy letter on the death of my mother."

One candidate unlikely to become a finalist for eulogy honors is Julie Mason of the Houston Chronicle, who recalled the president falling off his scooter in Kennebunkport. "Toward the end of his presidency, Bush fretted openly about how history would judge him. He needn't have worried. Patting his wife's bottom in church and dropping Barney on the tarmac were not the defining moments of his presidency. Falling off the Segway was."

Nor should Bob Kemper wait by the phone. The former Chicago Tribune reporter, now with the Atlanta Journal-Constitution, recalled Bush's visit to the British Embassy to see his sister-in-law perform in a play. "Obviously worried that a theater critic had infiltrated the travel pool, the White House banned the pool from the embassy and drove us instead to Cactus Cantina," Kemper eulogized. "The pool ate as it often does -- under armed supervision of the Secret Service, which, to ensure that no one snuck off and tried to see 'The Spider's Web,' required the entire pool to go to the Little Reporter's Room together under armed guard."

A likelier candidate, but still a dark horse, is Olivier Knox of Agence France-Presse. He offered a moving tribute about the time "a foreign journalist asked the president after a roundtable interview to autograph a copy of 'A Charge to Keep.' The president called out to the U.S. reporters sitting behind him, 'Why don't you folks ever ask me to do this?' One of them shot back: 'Maybe when it's in paperback, sir.' "

Judging from yesterday's entries, Bush's self-deprecation will play a role in any eventual funeral. James Rosen of Fox News remembered a White House Christmas party when the CIA leak scandal was at its height. Rosen introduced Bush to his father, a personal-injury trial lawyer of the variety Bush disparaged on every campaign stop. "I could probably use a good lawyer," Bush allowed.

Not bad. But probably the most promising chicken-head story was provided by Dick Keil, the former Bloomberg News reporter Bush called "Stretch." The 6-foot-5 Stretch recalled a 2001 news conference on the Bush ranch in Texas, when an unusually talkative Bush exhausted all questions and was finally asked what he had done that day. Recalled Keil: "He noted that he had begun his morning by spending some 'quality time with the first lady.' Following a dramatic pause for effect, he got that wry grin, and said, 'Usually, I go running.' "

Manufacturing Could Signal Trouble Ahead (WSJ)

By Justin Lahart

The Wall Street Journal, January 3, 2007

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If manufacturers seem downbeat as the new year starts, it's partly because they were too upbeat at the beginning of the old one.

Gross domestic product grew at a 5.6% annual rate in the first quarter of 2006, slowed to 2% by the third quarter and is estimated to have slowed a bit more in the final three months of last year. The run from hot to cold means manufacturers produced more stuff than needed and are now suffering the consequences.

When the Institute for Supply Management releases its monthly report on manufacturing activity today, that unhappy message is likely to come out clearly. The ISM's manufacturing index -- based on surveys of purchasing managers -- dropped sharply through the fall and by November hit its lowest level in more than three years. At 49.5, the index had dipped into terrain that signals a manufacturing contraction and was lower than comparable indexes in other countries.

Economists polled by Dow Jones peg today's report for December's ISM at 50 -- essentially a "we're-still-on-vacation-here" forecast of no change.

Part of the problem is the housing slowdown and auto production cutbacks proved more severe in 2006 than manufacturers appear to have expected. That left them with more wallboard and windshields than needed. Even outside of housing and autos, companies seem to have expected stronger demand than they got as 2006 unfolded.

Some manufacturers also built up raw material inventories to beat price increases and when commodity prices dropped, the excess inventory turned into excess baggage.

Goldman Sachs economist Jan Hatzius notes inventories have been rising more than shipments, which could force companies to cut production even more to work down stockpiles.

Mr. Hatzius doesn't think this means a broader recession, but he says it probably does mean overall growth will remain sluggish in early 2007. That will keep interest rates low, but could lead to earnings disappointments, a perilous scenario for stock investors.

... And Dow Transports Could Confirm It

Dow Theory is an old market barometer many investors have forgotten. Ignoring it now might be a mistake.

The theory holds that the 30-stock Dow Jones Industrial Average, which includes stocks like International Business Machines and Alcoa, and the 20-stock Dow Jones Transportation Average, with stocks like FedEx and JetBlue, should move in tandem to confirm bull or bear markets. That means when industrials rise and transports don't, the market could falter.

Don't look now, but transport stocks have turned south as the industrials have hit records. The transportation average is off 6.6% since mid-November, thanks to slumping cargo traffic and disappointing earnings outlooks from companies like FedEx. The softness mirrors manufacturing weakness showing up in the monthly ISM reports.

Skeptics say Dow theory -- which traces back to this paper's co-founder, Charles Dow -- is passé because the economy has changed so much. Proponents say transport stocks still send important signals. In the late '90s the transports dipped long before the broader market meltdown.

Given the red flags waving in manufacturing, Mr. Dow's ideas might be worth a fresh look.

December Auto Sales Look Weak (WSJ)

By John D. Stoll

The Wall Street Journal, January 3, 2007

DETROIT -- As auto makers report December U.S. sales on Wednesday, a decline in fleet sales to rental agencies and significant weakness at Ford Motor Co. are expected to fuel an overall market pullback for the month. The slide may be a prelude to a difficult year ahead for car sales and domestic vehicle production.

Analysts forecast that December industry sales will slide as much as 6%, aided by what could be a double-digit percentage decline at Ford, despite heavy year-end sales incentives and an expected uptick in luxury car sales. Other domestic auto makers are seen posting nearly flat sales for the month, while recent sales gains are expected to continue for Asian auto makers such as Toyota Motor Corp. and Honda Motor Co.

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Even with December's expected slide, full-year auto sales are seen reaching about 16.5 million vehicles in 2006. While the result is down more than 2% from the 16.9 million sold in 2005, the volume still represents historically strong demand, according to trade publication Ward's Automotive Reports, which tracks U.S. auto sales.

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But demand for new light vehicles may hit headwinds this year amid a continued housing market slump, and as U.S. auto makers back away from unprofitable practices that helped pump up demand in prior years. Ford and General Motors Corp., for example, have both laid out plans to reduce fleet sales and lessen their reliance on incentives, such as discounts and rebates.

In a research note released to investors last week, Merrill Lynch auto analyst John Murphy forecasted that auto sales will sink to about 16 million vehicles in 2007, an outlook mirrored by many other auto analysts. Sales in the low 16 million range would represent the lowest annual sales tally of the decade.

"The slowdown in new vehicle sales observed in the past few months appears now likely to persist well into" 2007, Lehman Brothers Inc. auto analyst Brian Johnson said in a recent note to investors.

Comerica Bank Chief Economist Dana Johnson said that car sales in particular will be harder to produce in the first half of 2007. "Cars are a big ticket item and sometimes people take equity out of their houses to finance a down payment and there has been less of that available," the economist said.

Dana Johnson predicted that auto sales will speed up in the second half of the year as overall economic growth begins to rebound.

Merrill Lynch's Mr. Murphy said that the relative profitability of vehicle sales could also fade in 2007 as consumers continue to move away from sport-utility vehicles and pickups in favor of more fuel-efficient passenger cars and crossover models. Light trucks rake in a higher profit margin for auto makers.

Comerica's Mr. Johnson said Detroit's auto makers may be able to better handle lower sales volumes in 2007 thanks to the severe job cuts that were executed in 2006. Ford and GM will dismiss as many as 72,000 hourly workers in the U.S. by September via recently staged accelerated attrition programs. DaimlerChrysler AG's Chrysler Group is expected to announce additional job cuts in February.

Mr. Johnson said fewer workers for the Big Three means it should be less costly to shut down or slow assembly lines. GM, Ford and Chrysler cut production in 2006 and cutbacks are expected to continue through at least the first half of 2007.

Lehman's Mr. Johnson estimates that 2007 North American auto production will fall 100,000 vehicles, or 7%, below 2006's "already low" level of 15.3 million vehicles. He said Big Three production will fall 5% in 2007, following a 7% decline last year, as Detroit's market share continues to fade.

The Big Economic Worry (WP)

By Robert J. Samuelson

The Washington Post, January 3, 2007

The start of a new year is a good time to take stock, and there are few better indicators of our long-term economic prospects -- and also our prospects for political and social peace -- than productivity. As anyone who's taken basic college economics should know, productivity is simply jargon for efficiency. It's also what most people think of as economic progress. The good news is that productivity has been growing strongly; the bad news is that it may be moving to a much slower path.

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To see why that matters, consult a fascinating government report, "100 Years of U.S. Consumer Spending." A century ago, Americans spent 43 percent of their incomes on food and 14 percent on clothing. By 2002, those shares were 13 percent and 4 percent. Meanwhile, family incomes (after inflation) had exploded. Filling the spending gap are all the things we take for granted -- cars, TVs, travel, telephones, the Internet. Home ownership has zipped to almost 70 percent of households.

This triumph of mass consumption is usually credited to technological breakthroughs, from the assembly line to computer chips. But the whole process is also described as productivity improvement. In 1900, 41 percent of Americans worked on farms. If mechanization, new seeds and fertilizers hadn't meant that fewer people could produce more food, we'd still be paying two-fifths of our income to eat. Labor productivity is measured as output per hour worked. Whatever enables people to produce more in a given time (machinery, skills, organization) boosts productivity.

That in turn raises our incomes -- or gives us more leisure. It also promotes domestic tranquility by muffling the competition between government and personal spending. Slow productivity growth virtually ensures a collision between the heavy costs of retiring baby boomers -- mostly for Social Security and Medicare -- and younger workers' living standards. Higher taxes will bite deeply into sluggish incomes. The reason: What seem to be tiny productivity shifts have huge consequences.

Consider: In 2005, the U.S. economy produced $12.5 trillion of goods and services, or gross domestic product (GDP). Per capita income -- the average for individuals -- was $35,000. If productivity growth averages 2.5 percent a year, the economy reaches $34 trillion in 2035 (in constant 2005 dollars), estimates Moody's Economy.com. Per capita income rises to $73,000. Now, suppose productivity growth averages 1 percent annually. Then GDP in 2035 is only $23 trillion, and per capita income is $48,000. That $13,000 gain ($48,000 minus $35,000) may look large, but it occurs over three decades, and part of workers' gain would be taxed away to pay baby boomers' retirement costs. Typical take-home pay would rise less than 1 percent annually.

Unfortunately, productivity growth seems to be decreasing. In the past year it's been only 1.4 percent. By contrast, it averaged about 3 percent from 2000 to 2005. The fall-off partly reflects a mature business cycle. As the economy slows, so do productivity gains. But some long-term forecasts project that the poor performance will continue. In Moody's Economy.com's outlook, productivity growth averages 1.4 percent a year from 2005 to 2035. The main reason: stunted business investment in new machinery, technologies and buildings, says chief economist Mark Zandi.

"We don't save much as a nation, and we've gotten away with it so far because overseas investors have been willing to finance our investment," he says. But he doubts that will continue. As global investors shift to other markets, big federal budget deficits will compete increasingly with private companies for credit. Higher interest rates will crowd out some business investment. Productivity will suffer.

Maybe. But Federal Reserve Chairman Ben Bernanke has suggested that the post-1995 trend (2.5 percent or higher) might persist for years. In truth, economists have a dismal record in anticipating and explaining productivity shifts. A big slowdown in the early 1970s remains a mystery. Productivity gains averaged 1.5 percent for a bit more than two decades, down from about 2.5 percent in the 1950s and 1960s. The post-1995 rebound was first attributed to computers and the Internet. But its continuation after 2000 -- when high-tech investment peaked -- suggests that other forces contributed. It's unclear what they were.

The great frustration is that something so critical is also so elusive. Productivity ultimately encompasses a society's entire economic culture: its technologies, management, workers' skills and motivation, schools, entrepreneurial spirit, work ethic, ambition and risk-taking, the competitive pressure on companies, government policies, financial markets. Everything counts -- and connects with everything else.

Therein lies a caution to the Democratic Congress and the Bush administration. Although government can't easily dictate higher productivity, its policies may perversely favor lower productivity. What's politically expedient today -- a dubious tax break, a lazy budget deficit, an expensive regulation -- may be economically corrosive tomorrow. Don't ditch the future.

Best Of The Law Blog As Two Firms Look To Tie Up, Some Partners Head For Exits (WSJ)

By Peter Lattman

The Wall Street Journal, January 3, 2007

Dewey or Don't We?

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Two major law firms have been talking marriage, but partners are leaving before the firms reach the altar. Dewey Ballantine has lost at least nine partners since the news last fall of its plans to merge with San Francisco's Orrick, Herrington & Sutcliffe. A defection this week is a biggie: Michael Aiello, a top Dewey mergers-and-acquisitions partner and a member of the management committee, joined Weil, Gotshal & Manges. Already, the Dewey-Orrick merger vote had been postponed as the two sides attempt to iron out differences on management authority and other topics.

Read more about law, business and the business of law at WSJ.com's Law Blog2, updated every business day.

Orrick has wanted to join forces with Dewey in large part because of Dewey's strong M&A practice, but in December, Jack Bodner, another former Dewey M&A partner, left for Covington & Burling in New York. Messrs. Aiello and Bodner were considered two of the top deputies to Morton Pierce, the head of Dewey's M&A practice.

Also in December, Pierre Hubert, a former IP litigation partner in Dewey's Austin, Texas, office, left for McKool Smith, a Texas-based firm.

A Dewey spokesman wished all of the departing lawyers well.

Ford's Legal Legacy

Based on the past week's tributes, the late President Ford won't be best known for his legacy to the law, but perhaps he should be.

At a 2005 symposium, Mr. Ford sent a letter saying, "I am prepared to allow history's judgment of my term in office to rest (if necessary, exclusively) on my nomination 30 years ago of Justice John Paul Stevens to the U.S. Supreme Court." While Justice Stevens has, in recent years, perhaps been the court's most consistently liberal justice, Mr. Ford vouched for his old friend's approach to the law, endorsing his views on a variety of issues, from the "secular character" of the Constitution's religion clauses to securing procedural safeguards for criminal defendants.

Edward Levi (right), President Ford's attorney general, with his predecessor, William Saxbe.

The selection of Justice Stevens was pressed by Edward Levi, whom Mr. Ford tapped to be U.S. attorney general in 1975. Today, the appointment of Mr. Levi, who also served as president of the University of Chicago, is widely viewed as helping to restore the reputation of the Justice Department after form President's Nixon's attorney general, John Mitchell, was convicted of perjury and other crimes.

In 2000, Mr. Ford eulogized, "With each passing year it becomes more and more self-evident -- Ed Levi is the attorney general against whom all others are measured."

Milberg Weiss Gets a Zinger

Last month U.S. Magistrate Judge Steven Pepe in Detroit ruled that plaintiffs firm Milberg Weiss & Bershad shouldn't be appointed lead counsel in a suit involving Ford Motor. In light of the May indictment of Milberg Weiss on kickback charges, which was followed by a slew of attorney departures, the judge questioned whether the firm would have the resources to devote to the case.

The opinion wasn't the first to rule that Milberg Weiss might not be the best choice to serve as lead counsel for plaintiffs. But it was perhaps the most pointed.

Judge Pepe chastised Milberg lawyer Lori Feldman for saying the attorneys litigating the case hadn't been accused of wrongdoing but failing to note that an indicted former partner was listed on the complaint.

"We are bewildered as to why the opinion is so cutting," said Ms. Feldman, who noted that the former partner was on leave when Milberg sought to be appointed lead counsel. "We don't want anything to happen to this firm....It's not a mausoleum. We're able to work." But, she added, "if we continue to get decisions like this, it'll be tough."

The Apprentice, Esq.

When the latest installment of "The Apprentice" debuts Sunday night on NBC, it will have a distinctly legal flavor. Of the 18 candidates competing for a job in the Trump Organization, six are practicing lawyers, including one from the firm of class-action lawyer William Lerach.

"Why so many lawyers?" we asked Mr. Trump.

"A lot of it has to do with lawyers' high levels of education and the fact that many of them are intelligent," he said. "Now, I'm not saying all lawyers are intelligent because I've seen many lawyers that aren't."

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Leaked Giuliani Memo Details Goals, Hurdles (WP)

By Chris Cillizza

The Washington Post, January 3, 2007

Former New York mayor Rudolph W. Giuliani (R) has been exploring a run for president for just over a month, but the planning behind a national candidacy has been going on much longer, according to an internal strategy memo.

The 140-page document, which was leaked to the New York Daily News by a rival 2008 campaign, provides a broad look at Giuliani's prospects for the Republican nomination -- including the potential hurdles of his stormy personal life and his association with disgraced former New York City police commissioner Bernard B. Kerik. "All will come out -- in worst light," says the document as quoted by the Daily News.

The memo also details a fundraising plan for Giuliani that includes raising $100 million this year, including $25 million in the first three months alone, according to the Daily News. At present, Giuliani finds himself slightly behind Sen. John McCain (R-Ariz.) and Massachusetts Gov. Mitt Romney (R) in the race for commitments from key donors who can contribute their own money and also harvest thousands more from their well-heeled friends.

Sunny Mindel, a spokeswoman for Giuliani, alleged that the memo was obtained through a series of "political dirty tricks." According to Mindel, a staffer's bag containing the document was lost during one of Giuliani's campaign trips this fall after being removed from a private plane. The bag was returned several days later after "repeated requests" by Giuliani's staff. "Because our staffer had custody of this document at all times except for this one occasion, it is clear that the document was removed from the luggage and photocopied," Mindel said.

Polling continues to show Giuliani running at or near the front of the 2008 Republican field -- a result of the national name recognition he carries from his handling of the aftermath of the Sept. 11, 2001, terrorist attacks. Despite those surveys, many within the party are skeptical that Giuliani's liberal social positions will withstand the scrutiny of conservative primary and caucus voters.Romney to File Campaign Papers

Speaking of Romney, he'll let one of the least well-kept secrets of the 2008 campaign out of the bag today when he formally registers a presidential exploratory committee with the Federal Election Commission.

The filing of the paperwork is largely formulaic, as Romney has long been expected to run for president and has been putting into place a national organization to prepare for such a bid. Romney's latest hire is Carolyn Weyforth, who most recently served as press secretary for outgoing Senate Majority Leader Bill Frist (R-Tenn.). Weyforth will be Romney's deputy communications director.

Romney will spend much of today preparing to hand over power to Gov.-elect Deval Patrick (D), who will be sworn in tomorrow, and is scheduled to make the "lone walk" -- the ceremonial departing descent down the steps of the Massachusetts State House -- this evening.

On Jan. 8, Romney will begin his exploratory committee in earnest with a fundraiser in Boston to benefit his presidential aspirations.

Among Republicans, Sen. Sam Brownback (Kan.), Rep. Duncan Hunter (Calif.), former governors Tommy G. Thompson (Wis.) and James S. Gilmore III (Va.), as well as McCain and Giuliani, have established exploratory organizations.

Political Paper Stolen, Giuliani Camp Says (NYT)

By Patrick Healy

The New York Times, January 3, 2007

Advisers to former Mayor Rudolph W. Giuliani said yesterday that someone infiltrated the Giuliani camp last fall and stole a document about his presidential prospects and political liabilities. It was then leaked, they said, as a “dirty trick” to embarrass Mr. Giuliani and highlight such headaches as his controversial former aide, Bernard B. Kerik, and one of his ex-wives, Donna Hanover.

The Daily News was given the 140-page document recently by someone “sympathetic to one of Giuliani’s rivals for the White House,” The News said in an article published yesterday. According to the article, the document proposes a $100 million

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fund-raising effort for 2007, names an array of potential donors, and warns that Mr. Giuliani might face "insurmountable" problems, including questions about Mr. Kerik and Ms. Hanover.

Mr. Giuliani is expected to decide over the next few months whether to run for president, his advisers say, and he has already formed an exploratory committee to raise money.

A Giuliani spokeswoman, Sunny Mindel, said yesterday that the document belonged to a staff member and did not reflect official strategy, but "simply someone's ideas which were committed to paper over three months ago." Ms. Mindel said the document was apparently stolen from a piece of luggage during a Giuliani political trip last fall, then photocopied and replaced in the luggage. Ms. Mindel said she did not know if her office would seek a criminal investigation of the alleged theft.

The public disclosure of the document is potentially damaging for Mr. Giuliani, not least because since 9/11, he has built a business as a private consultant on security issues while creating an image as a political leader capable of combating terrorism. Indeed, an adviser to one of his possible rivals in 2008, Senator John McCain of Arizona, half-joked yesterday that it was interesting that Mr. Giuliani's businesses included security consulting.

"I'm surprised that something like that would ever leave the custody of a campaign, and that such raw and frank information would be around the countryside," said the McCain adviser, John Weaver. "That said, a lot of the information was predictable."

The document outlines a fund-raising effort to bring in at least $25 million by the end of March, and to spend more than $21 million this year. The News said it included notations that named Mr. Giuliani's chief fund-raiser, Anne Dickerson, and a senior political aide, Anthony Carbonetti; Ms. Mindel would not say to whom the document belonged.

Among the sections that appear outdated are the prospective donor lists. The document proposed New Jersey fund-raisers Lewis M. Eisenberg and Larry Bathgate, financier Henry R. Kravis, and FedEx executive Fred Smith. The first three men were named last month as leaders of Mr. McCain's fund-raising operation, and Mr. Smith is expected to join the roster shortly.

Assessing the document, which includes printed text, handwriting and spreadsheets, The News drew the conclusion that Mr. Giuliani appeared torn between seeking the White House and continuing his business endeavors, which include consulting on leadership and security issues, a law practice and an investment concern.

One page in the document, according to The News, says Mr. Giuliani might "drop out" of the race as a result of "insurmountable" personal and political concerns.

On that page was a list of bullet points that seem to highlight those concerns: Mr. Giuliani's consulting practice; his former police commissioner, Mr. Kerik, who has struggled with personal and professional controversies; Ms. Hanover, with whom he had a stormy breakup; his third and current wife, Judith Nathan Giuliani; and "social issues" — apparently a reference to his support for abortion rights, gay civil unions, and gun control, some or all of which are opposed by many Republican voters.

"All will come out — in worst light," the document stated. "$100 million against us on this stuff," it continued, apparently a reference to likely efforts by Giuliani opponents to draw public attention to his liabilities.

It also suggests that Mr. Giuliani would categorize and honor his donors with terms from baseball. While President Bush referred to his best financial supporters as "Rangers" and "Pioneers," Mr. Giuliani would call them "Team Captains," "MVPs," "All-Stars," and "Sluggers." He would focus his fund-raising operations in New York, Washington, and California, the document indicates.

Ms. Mindel called the document "very outdated," but at least some of the ideas reflect current strategy discussions in the Giuliani camp, according to Republican Party figures who are familiar with the discussions and who spoke to The New York Times recently on condition of anonymity. Specifically, these Republicans say, Giuliani advisers believe that he is broadly popular enough to be able to raise money quickly for a presidential bid, and that he would need more than $100 million by the end of 2007.

According to Giuliani advisers, the document was a notebook compiled by one staff member whose luggage was not immediately located after a private plane flight last fall. They said it was not an official dossier that all Giuliani political aides shared.

"Voters are sick and tired of dirty tricks," Ms. Mindel said. Referring to the document, she added: "It's about as relevant today as a grocery list written in early October — in pencil."

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Romney Eyes 2008 Bid, Sets Sights On Conservative Base (WT)

By Stephen Dinan

The Washington Times, January 3, 2007

Massachusetts Gov. Mitt Romney, who today will file papers forming a committee to explore a run for president in 2008, has spent recent months moving steadily to try to occupy the conservative ground in the Republican presidential field.

His entry into the ranks of Republicans officially exploring a run for the presidency underscores the strange nature of the field at this point [-] there is no candidate able to claim the position of the clear conservative standard-bearer, so all of the candidates think they can win a sizable chunk of those all-important primary voters.

"The case that he's going to make is that Mitt Romney has a record of governing that demonstrates an extraordinary level of accomplishment that will lead the country toward success," said a Romney aide familiar with the governor's decision to announce the exploratory committee.

With the first presidential caucuses and primaries scheduled for 12 months from now, Mr. Romney and the other potential candidates are staking out political positions and trying to show their prowess for fundraising and organization.

It's a rough-and-tumble game that was underscored this week by a report in the New York Daily News of internal documents from Rudolph W. Giuliani, the former New York mayor who formed an exploratory committee for the Republican nomination in November.

The 140-page dossier lists fundraisers Mr. Giuliani hoped to recruit to his presidential bid, but many of them have already been snatched up by his rivals for the nomination -- chiefly Sen. John McCain, the Arizona Republican whom many analysts say is the man to beat.

The newspaper said it received the document from a source "sympathetic" to one of Mr. Giuliani's rivals, though the paper didn't say which one. In it, Mr. Giuliani's team sets a goal of raising $100 million to $125 million in 2007, and $25 million to $30 million of that during the next three months.

Mr. Romney will take the first step to gauge how much he can raise when he holds his first finance event next week. He has asked his top supporters to bring their lists of contacts and they will hunker down in the Westin Boston Waterfront hotel Sunday night and Monday morning to begin making their fundraising pitch.

John C. Fortier, a research fellow at the American Enterprise Institute, said the mantle of the conservative candidate is open after other Republicans, particularly Sens. George Allen of Virginia and Bill Frist of Tennessee, saw their chances collapse with November's election results.

"In a normal field, I think there would also be a more traditional Republican candidate. Looking at the field now, there is not a strong candidate in that role," Mr. Fortier said.

He said that has left an opening for Mr. Romney, who early in his governorship seemed to stake out moderate positions but moved toward the conservative side later in his single term.

"There's a lot of mystery here because he's got a lot of ways he could go, but politically the place to go in the Republican field is to the right of McCain, to the more traditional part of the Republican Party," Mr. Fortier said.

In trying to win those voters, Mr. McCain has shed his 2000 campaign image of the maverick opposed to President Bush. Instead he has recruited many of the operatives and fundraisers that helped Mr. Bush win election in 2000 and 2004.

For his part, Mr. Giuliani has the star power to earn him an audience with conservatives, even though he is seen as a pro-choice, anti-gun-rights candidate.

Mr. Romney, whose Democratic successor will be sworn in tomorrow , took steps in the final days to shore up his credentials as tough on illegal immigration. He signed an agreement with U.S. Immigration and Customs Enforcement giving state troopers trained for the job the ability to enforce federal immigration laws.

He also gave interviews to National Review Online and Human Events last month in which he tried to clarify his positions on abortion and his position on marriage and civil unions.

National political polls of Republicans and Republican-leaning voters put Mr. McCain and Mr. Giuliani well ahead of the rest of the candidates.

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A Gallup poll taken Dec. 11 to 14 showed Mr. McCain and Mr. Giuliani at 28 percent each, and Mr. Romney in fourth at 4 percent, also trailing Condoleezza Rice. An NBC/Wall Street Journal poll put Mr. Romney fourth behind Mr. McCain, Mr. Giuliani and former House Speaker Newt Gingrich.

Political analysts say Mr. Romney's experience as a governor is an asset because voters in recent years have seemed to prefer candidates with executive experience.

He is not the first governor to enter the Republican contest -- former Virginia Gov. James S. Gilmore III announced last month he has formed an exploratory committee -- but Mr. Romney is well ahead of Mr. Gilmore in organizing and fundraising.

Another governor, Arkansas' Mike Huckabee, is considering a run.

Mr. Huckabee told the Associated Press that if he runs, he would appeal to "true conservatives for whom conservatism doesn't mean they're angry at everybody."

"I would be the kind of Republican who doesn't scare the living daylights out of people who are in the center or slightly to the left," he said.

Effect Of Obama's Candor Remains To Be Seen (WP)

By Lois Romano

The Washington Post, January 3, 2007

Long before the national media spotlight began to shine on every twist and turn of his life's journey, Barack Obama had this to say about himself: "Junkie. Pothead. That's where I'd been headed: the final, fatal role of the young would-be black man. . . . I got high [to] push questions of who I was out of my mind."

The Democratic senator from Illinois and likely presidential candidate offered the confession in a memoir written 11 years ago, not long after he graduated from law school and well before he contemplated life on the national stage. At the time, 20,000 copies were printed and the book seemed destined for the remainders stacks.

Today, Obama, 45, is near the top of polls on potential Democratic presidential contenders, and "Dreams From My Father: A Story of Race and Inheritance" has regularly been on the bestseller lists, with 800,000 copies in print. Taken along with his latest bestseller, "The Audacity of Hope: Thoughts on Reclaiming the American Dream," Obama has become a genuine publishing phenomenon.

Obama's revelations were not an issue during his Senate campaign two years ago. But now his open narrative of early, bad choices, including drug use starting in high school and ending in college, as well as his tortured search for racial identity, are sure to receive new scrutiny.

As a potential candidate, Obama has presented himself as a fresh voice offering a politics of hope. Many say he offers something new in American politics: an African American with a less-than-traditional name who has so far demonstrated broad appeal. What remains to be seen is whether the candor he offered in his early memoir will be greeted with a new-style acceptance by voters.

It was not so long ago that such blunt admissions would have led to a candidate's undoing, and there is uneasiness in Democratic circles that "Dreams From My Father" will provide a blueprint for negative attacks.

Two decades ago, Judge Douglas H. Ginsburg of the U.S. Court of Appeals for the District of Columbia Circuit was forced to withdraw as a nominee for the Supreme Court after reports surfaced that he had used marijuana while he was a law professor. As a presidential candidate, Bill Clinton thought marijuana use could be enough of a liability in 1992 that he felt compelled to say he had not inhaled. And President Bush has managed to deflect endless gossip about his past by acknowledging that he had an "irresponsible" youth but offering no details.

Through his book, Obama has become the first potential presidential contender to admit trying cocaine.

"I believe what the country is looking for is someone who is open, honest and candid about themselves rather than someone who seems endlessly driven by polls or focus groups," said Robert Gibbs, Obama's spokesman. Gibbs said yesterday that Obama was not available for an interview.

Presidential aspirants tend to write more sanitized books for use as campaign tools. "Faith of My Fathers" by Sen. John McCain (R-Ariz.) depicts his family's history of military service. Sen. Hillary Rodham Clinton (D-N.Y.) has reissued "It Takes a

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Village," which offers her views about child-rearing in contemporary society. In fact, Obama's latest book, "Audacity of Hope," lays out his policy positions.

But "Dreams From My Father" is not like that. Obama wrote the highly personal book when he was in his early 30s, after being approached by a publisher when he became the first black person elected editor of the Harvard Law Review.

"This is not the kind of book you would ever expect a politician to write," said GOP consultant Alex Vogel. "Anyone who has a career in politics has to be concerned with what's in their past, but there is no question that Americans have an appetite for redemption."

In fact, Bush himself has been a beneficiary of those sympathies. He has suffered little criticism from his conservative base after acknowledging that he drank too much in the past and is now a teetotaler.

Obama's partisan opponents and experts said it is too early to know whether the admissions will be a liability because the public seems to be enthusiastically embracing his openness at this point. What's more, they note that it is better for a politician to disclose his own transgressions, rather than be put on the defensive by revelations.

A senior Republican strategist who will be advising a GOP presidential candidate in 2008 said he did not see anything in the book that would be a "disqualifier," but he cautioned that Obama has not yet gone through an intense vetting process and that a problem could arise if there is more to his story than he has chosen to share. The strategist, who spoke on the condition of anonymity, also suggested that there will be high tolerance for marijuana use among voters because many baby boomers probably tried the drug in the '60s.

"Who's going to cast that first stone?" asked Anita Dunn, a veteran Democratic political consultant, who has advised Obama's political committee.

Rhodes Cook, a independent political analyst, said that Democratic primary voters, who are typically more liberal, would be more understanding of his drug use -- "and if he makes it to a general election, it will be old news."

Obama's supporters said his admissions in the book could work to his advantage.

"I think it will be received as refreshing," said Sen. Richard J. Durbin, Obama's fellow Democrat from Illinois. "If you compare similar books, many of us in the political business tend to have selective memories."

Obama writes extensively about his struggle to come to terms with being a black man whose African father returned to Kenya when he was 2, leaving him to be raised by his white Kansas-born mother and grandparents in Hawaii. He describes an identity crisis arising from his realization that his life was shaped by both a loving white family and a world that saw in him the negative stereotypes frequently ascribed to young black men. He recounts a search of self that took him from high school in Hawaii to Columbia University, and then to the streets of Chicago as a community organizer.

"We were always playing on the white man's court . . . by the white man's rules," he writes. "If the principal, or the coach, or a teacher . . . wanted to spit in your face, he could, because he had the power and you didn't. . . . The only thing you could choose was withdrawal into a smaller and smaller coil of rage.

"And the final irony: should you refuse this defeat and lash out at your captors . . . they would have a name for that too. Paranoid. Militant."

Obama has not expressed any regrets for his candor. In a preface to the new edition, he says that he would tell the same story today "even if certain passages have proven to be inconvenient politically."

In the book, Obama acknowledges that he used cocaine as a high school student but rejected heroin. "Pot had helped, and booze; maybe a little blow when you could afford it. Not smack, though," he says.

In an interview during his Senate race two years ago, Obama said he admitted using drugs because he thought it was important for "young people who are already in circumstances that are far more difficult than mine to know that you can make mistakes and still recover.

"I think that, at this stage, my life is an open book, literally and figuratively," he said. "Voters can make a judgment as to whether dumb things that I did when I was a teenager are relevant to the work that I've done since that time."

Barack Obama Can Be Whatever He Wants To Be (HILL)

The Hill, January 3, 2007

DOJ_NMG_0110556

Those who deride Sen. Barack Obama's (D-Ill.) lack of experience and criticize the broad generalities and banalities that festoon his best-selling book miss the key point: His inexperience is an asset because he enters national politics as a blank canvas on which he can paint whatever he chooses. With only two years in the Senate, he is less like a politician running for president than like a general — think Eisenhower in 1952 or even the abortive candidacy of Colin Powell in 1995 — or a businessman, like Ross Perot in 1992.

It's not that he doesn't have a record. It's that the record doesn't really matter because it is so short. His Senate tenure is so abbreviated that he can be whatever he says he is, not just as a political contrivance to get elected, but genuinely to articulate a philosophy and make it his guiding principle both while seeking office and serving in it. He's that virginal.

So far, Obama seems very conscious that his liberal, party-line voting record is not a good foundation for his national ambitions. He seems aware that the country wants more of a post-partisan, embodying the consensus to which Americans have come over these recent dangerous and bitter years.

American politics alternates between periods in which we welcome partisan debate and those in which we demand consensus and conclusion. Confronted by new issues we turn to the left and to the right and ask each side to develop its ideas and flesh out its alternative for our consideration. During these times, moderates and synthesizers are doomed to defeat since they seem to ignore the problem, while polarizing figures take over. But once the debate has run its course, we make our collective national decisions and are no longer in the mood for unending debate. We want our will to be done by our elected officials with no more quarreling or sniping.

Obama has the opportunity to embody the emerging consensus, a broad national agreement reached from observation of trial and error over the past half decade. The bloody futility of our efforts to build a nation in Iraq have left us still committed to aggressive efforts to hunt down terrorists but determined to extricate ourselves from the mire. The effectiveness of our homeland security efforts and our concomitant horror at instances of mistaken imprisonment and unnecessarily intrusive government investigations have led us to demand a balance between aggressive investigation and protection of civil liberties. We want terrorists caught, interrogated, and locked up, but not tortured or sadistically humiliated.

Obama's book reflects an intuitive grasp of this emerging consensus even if his voting record does not signal his agreement with it.

But if the Illinois senator decides to articulate this synthesis, the question will be whether he can find sufficient traction on the center-left to give his candidacy viability. He will have to compete for that ground with Sen. Hillary Rodham Clinton (D-N.Y.), but her reputation for strident advocacy and take-no-prisoners partisanship will likely give him an edge in going after Bill Clinton's former constituents among the New Democrats. And Obama enjoys an ethnic and demographic base that can augment his converts among moderate white Democrats.

John Edwards, for all of the eloquence of his announcement statement, is ultimately running on the issue of national poverty against a woman and an African-American. That's not going to work. His campaign might have gained traction against another field of candidates, but it is unlikely that he can get it on track against these two particular opponents.

So we wait for Barack Obama to define himself. If he runs to the left, he will be a worthy successor to Jesse Jackson and Al Sharpton. If he runs to the center, he might be a successor to Bill Clinton and George W. Bush. He might just make it to the White House.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To sign up to get all of Dick Morris' and Eileen McGann's columns for free by email, go to www.dickmorris.com.

The Audacity Of Nope (WP)

By Ruth Marcus

The Washington Post, January 3, 2007

The setting: Late January, outside a Chicago housing project where Sen. Barack Obama once worked as an organizer. The will-he, won't-he debate about the Illinois Democrat has reached a fever pitch.

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In the grip of Obama-mania, the networks are poised to break into live programming to cover the announcement. Flanked by his wife and two young daughters, the 45-year-old Obama steps to the microphone.

"My fellow Americans. There's been a lot of talk about whether I'll be a presidential candidate in 2008 -- some of it encouraged by me. I've made my decision, and I won't be running."

Boos and yells of "No!" from the crowd. Obama raises his hands to quiet them.

"Please. I understand your disappointment. To tell you the truth, a part of me is disappointed, too.

"Now that I've gotten the headline out of the way, and let these folks file their leads" -- here Obama gestures to a throng of reporters --"let me tell you a little bit about my thinking.

"First, I have to say how overwhelmed I have been by the reaction of people like you, who had faith enough in me to urge me to run, and faith enough in the American people to believe that I could win. You made it awfully tempting."

Obama flashes a wide smile, pauses. Shouts of "Give in!" and "You can still change your mind!" from the crowd.

"I could tell you the usual: that I decided not to run because I wanted to spend more time with my wonderful wife and children -- that I wanted to be there for my daughters in a way that my father never was for me.

"That would be true, but it wouldn't be the whole story.

"The truth is I don't feel ready" -- another smile and pause-- "right now."

Shouts of "2012! 2012!"

"Of course, no one, deep inside his or -- another smile-- her soul, truly feels ready to be president, and no one truly can be completely prepared for the job. I've spent my life -- as a community organizer, as a civil rights lawyer, as a state senator, in the United States Senate -- working for the same goals that would motivate me as president.

"But the question I kept coming back to was this: Would I be the best president I could be if I were elected in 2008? Or would I be a better president if I waited and learned and served and ran at some point down the road?"

Shouts of "2012! 2012!"

"Maybe that point will come; maybe it won't. In the meantime, I can promise you this: I will work my heart out for you, for the Democratic Party and for whoever is the Democratic nominee in 2008."

Shouts of "Obama! Obama!"

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Let me acknowledge: This isn't the speech I expect Obama to give. Every indication is that he's planning to run. But this, or something like it, is the speech that I'd love to hear.

This is against professional interest: A Democratic race with Obama would be a lot more interesting. And Obama isn't any less experienced than, say, John Edwards was four years ago, after a career as a trial lawyer and just a few more years of experience in the Senate than the Illinois Democrat has now.

But I do think that Obama would be a better candidate, and ultimately a better president, in 2012 or 2016 than in 2008. He will have learned more -- about the world, about domestic policy, about how to maneuver successfully in Washington.

Yes, more years in the Senate offer more chances for individual votes to be deployed against him in 30-second TV ads, but they also offer the opportunity that Obama hasn't yet had: to set out and achieve legislative goals. Teaming up with Tom Coburn (R-Okla.) to bring transparency to government spending through a searchable database is nice, but it's no platform for a presidential campaign.

The main argument for Obama to run in 2008 involves the shelf-life theory of politics: that the Obama magic might fade, that an opportunity this good might never present itself again. Maybe, but I think that Obama has more promise than that, more staying power and more self-knowledge.

"My attitude about something like the presidency is that you don't want to just be the president," he told Men's Vogue. "You want to be a great president."

If so, Obama should ask himself: Wouldn't he be more likely to achieve that goal if he had the self-confidence -- the audacity, really -- to choose to sit it out in 2008?

Four Speeches To Set Priorities For Governor's Second Term (LAT)

DOJ_NMG_0110558

By Peter Nicholas, Times Staff Writer

The Los Angeles Times, January 3, 2007

Schwarzenegger's focus in the next week will be on infrastructure, healthcare insurance and the environment.

SACRAMENTO — Over the next seven days, Gov. Arnold Schwarzenegger, new crutches close at hand, will give a series of speeches that lay out his policy ambitions for the next four years: broader access to healthcare coverage, cleaner skies and improved roads.

The governor, still recovering from a broken right leg suffered in a holiday skiing accident, will deliver his inaugural address outlining a long-term vision for California when he is sworn in for a second term Friday. He is also expected on Monday to put forward his plan for revamping the state's healthcare system.

The next day, he will make his annual State of the State speech, and his budget proposal is scheduled the day after.

In these four speeches, Schwarzenegger will offer his most concrete proposals yet for insuring the millions of Californians who lack healthcare coverage, the centerpiece of his 2007 agenda. But he also hopes to establish a legacy as a builder on a par with former Gov. Pat Brown.

Schwarzenegger wants to trigger another round of public construction, on top of the $43-billon bond program that voters approved in the November election. He will try to resurrect pieces of the construction package that he rolled out a year ago when he initially released his infrastructure plan: new prisons, courts and water storage. The Legislature said no to those projects.

"The governor proposed a series of infrastructure improvements last year, some of which were acted upon, some not," said his communications director, Adam Mendelsohn. "We still have water storage issues that need to be addressed. We still have a great deal of transportation issues that need to be addressed."

Normally an icon of fitness, Schwarzenegger begins his new term in the early phase of a convalescence expected to last two months. He had surgery on his broken right leg Dec. 26 and was released Saturday from St. John's Health Center in Santa Monica.

The governor said then in a statement that he was "feeling good" and planned to "tackle important issues like making healthcare more affordable, investing in and improving our infrastructure and protecting our environment."

Hoping to assuage concerns of Republican lawmakers worried about the state's mounting debt, Schwarzenegger wants private industry to pick up part of the construction tab through partnerships with government.

For example, business groups eager to speed the flow of goods might cover the costs of new roads if the state, in turn, gets the projects built more quickly.

And prisons would be a huge investment. The governor has already announced that he wants to ease rampant overcrowding by adding 78,000 new beds, at a cost of $10.9 billion.

After halting attempts to cast himself as a reformer, Schwarzenegger is determined to reinvent himself as a champion of spacious new freeways suited to a swelling population. For inspiration, he has been reading speeches that Brown gave as governor in the 1960s.

California added college campuses, built thousands of miles of freeway and expanded its water storage capacity on Brown's watch.

None of what Schwarzenegger is planning would be easy to pull off. The state's financial picture is grim.

Though unexpected revenues have shrunk the record shortfalls that California faced under former Gov. Gray Davis, the state still spends more than it takes in. It is estimated that when the new fiscal year begins July 1, the deficit will be $5.5 billion.

Aggressive borrowing in the Schwarzenegger era has also boosted California's debt. By 2009 the state will have borrowed so much that 8.4% of the budget will go toward paying off debt. Wall Street experts say the figure should not exceed 6%.

Elizabeth Hill, the Legislature's nonpartisan budget analyst, wrote in a November report: "California should be running projected operating surpluses instead of deficits."

And the governor confronts a dicey political climate.

His fellow Republicans want him to cut the deficit. They also say they will oppose any plan that saddles business with new healthcare costs or drains the state budget to cover millions of the uninsured.

"We have to be very cautious and go slow," said Michael Villines (R-Clovis), leader of the Assembly's Republicans.

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Though Democrats control the Legislature, Schwarzenegger must win support from his fellow Republicans to reach the two-thirds majority needed to pass the state budget.

As the governor ingratiated himself with Democratic leaders last year, many Republicans stewed silently, aware that open insurrection might undermine his reelection prospects. Now that the race is over, the fissures are more visible. Assemblyman George Plescia of San Diego was ousted as GOP leader two days after the election, in part because Republicans wanted someone in the job who would stand up forcefully to the governor.

"Republican attitudes toward him are hardening," said Mike Schroeder, former chairman of the state Republican Party. "In many respects, the Assembly and Senate Republican caucuses are going to become the opposition party" to the governor.

Senate leader Don Perata (D-Oakland) predicted that Republican "restiveness" would be Schwarzenegger's biggest challenge.

"It will not be the Democrats; it will be how to corral the Republicans," he said.

As a guide to Schwarzenegger's intentions, the State of the State speech has proved prophetic. In his 2005 address, the governor took a combative tone, warning the Legislature that if he didn't get his way, he would take his proposals directly to voters in a special election. That is how events played out, but his appeal to voters failed.

Last year, a humbled Schwarzenegger gave a speech spelling out his intent to collaborate more with legislators.

What followed was widely seen as a productive legislative session in which Schwarzenegger signed bills raising the minimum wage, tamping down greenhouse gas emissions and offering discounted medicine.

This year, aides said, Schwarzenegger will cleave to a similar script. In his appearances during the next week, he'll promise to work in a bipartisan way, they said.

Apart from all the brick-and-mortar projects, he'll urge development of new energy sources, including bio-fuels, staking out a centrist path in an effort to reconcile business development and environmental protection.

"If things go well for him in the next term," said Daniel Mitchell, professor of management and public policy at UCLA, "that would give him a strong place to run for senator."

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Times staff writer Evan Halper contributed to this report.

Schwarzenegger's Gay Marriage Misstep (LAT)

The Los Angeles Times, January 3, 2007

IT COULD have been different. If Gov. Arnold Schwarzenegger had signed a bill in 2005 legalizing same-sex marriage instead of vetoing it, the California Supreme Court would have been spared the task of deciding, as it probably will this year, whether a voter-approved ban violates the state Constitution's guarantee of equal protection under the law.

But Schwarzenegger said he had to respect Proposition 22, approved in 2000, which states: "Only marriage between a man and a woman is valid or recognized in California." Whether committed same-sex couples will be relieved of second-class status now depends on the state Supreme Court. And as Superior Court Judge Richard A. Kramer's ruling notes, the state Constitution trumps any ballot question and entitles same-sex couples to what he called "the last step in the equation: the right to marriage itself."

In other states, including Massachusetts, courts have focused on the "incidents" of marriage — such as joint ownership of property, shared custody and survivors' benefits. Kramer, however, placed the emphasis where it should be: on the word "marriage."

There's the rub for many Californians who are otherwise willing to accept domestic partnerships or civil unions. Political operatives have a term for this position: ABM, or "anything but marriage." The fixation on the M-word is more emotional than logical, and no doubt reflects the fact that the word "marriage" refers to both a civil partnership and a religious rite.

The M-word certainly makes the politics more difficult. Massachusetts is the only state where same-sex civil marriage is legal — and even there, the Legislature took the first step Tuesday toward allowing a popular vote on a constitutional amendment banning it. At the federal level, Congress enacted the Defense of Marriage Act in 1996, defining marriage as between a man and

a woman and saying that states need not recognize same-sex marriages contracted elsewhere. Forty-five states prohibit same-sex marriage in their laws or constitutions; seven passed anti-gay-marriage referendums in November.

Given the political appeal of ABM, it's remarkable — and praiseworthy — that California legislators voted to extend to same-sex couples both the symbolic and practical advantages of marriage. But Schwarzenegger's veto requires the state Supreme Court to consider the different question of whether ABM is constitutional.

This procedural history gives lie to the claims of opponents of same-sex marriage who insist that it is the invention of "activist judges." It should also guide the state Supreme Court to a decision to adopt Kramer's view that California's previous acknowledgment of same-sex unions "points to the conclusion that there is no rational state interest in denying them the rites of marriage as well."

Jay P. Lefkowitz? (WP)

By Amy Goldstein

The Washington Post, January 3, 2007

During his first summer in the White House, a month before the Sept. 11, 2001, terrorist attacks that would shape his presidency, President Bush went on prime-time television to announce that he would allow federal money to pay for a limited amount of research on stem cells from human embryos.

The architect of that policy, navigating ethically and politically treacherous terrain, was a litigator named Jay P. Lefkowitz who was working as general counsel in the White House's Office of Management and Budget. Eight months later, Bush would promote Lefkowitz to deputy assistant to the president overseeing domestic policy. Many White House watchers expected that the cerebral neoconservative, whose judgment the president so clearly trusted, would rise further still.

Instead, Lefkowitz decamped from the White House -- and Washington -- in 2003. And although he is reluctant to discuss it, he has twice since then declined to return to top West Wing jobs.

Lefkowitz moved his family to New York, his wife's home town, where they enrolled their three children in a yeshiva, an intensive Jewish school, and became heavily involved in the Orthodox community.

He went back to his old law firm, Kirkland & Ellis, where he has a partnership and an eclectic mix of cases. He has been representing a large generic-drug manufacturer in lawsuits against the Food and Drug Administration (he beat the government twice); a criminal defendant in a massive tax-shelter fraud case the Justice Department is bringing against the accounting firm KPMG; and corporations such as Verizon and General Motors in commercial litigation.

"I am as engaged right now in the litigation that I'm involved in as I was when I was dealing with immigration issues or stem cell issues or helping to set up the 9/11 Victim Compensation Fund," Lefkowitz said.

He has had to weigh his two worlds. "He's at least twice been approached and asked to go back," said a former administration official who knows Lefkowitz and is close to the White House. The first time would have been as deputy chief of staff after Joshua B. Bolten moved from that job to budget director. The official, who spoke about personnel matters on the condition of anonymity, said the second would have been another senior West Wing position after Bolten became Bush's chief of staff last spring.

Lefkowitz still has a part-time role in government -- and the president's ear. He said he was in Jerusalem during Passover in the spring of 2004 when his cellphone rang. It was Secretary of State Condoleezza Rice, asking whether he would be interested in becoming the president's special envoy on human rights in North Korea.

Devoting about one-fifth of his prodigious working hours to the task, he reports to Rice but has, he said, met with Bush "several times."

After The Rip Van Winkle Years (NYT)

The New York Times, January 3, 2007

The mood at Eliot Spitzer's Jan. 1 inauguration was exuberant, and that was hardly surprising. Few politicians are offered the opportunity that greets Mr. Spitzer as he becomes New York's 54th governor.

Mr. Spitzer, who has built his career on reform, is arriving in a state capital that desperately needs it. The comptroller was forced to resign after pleading guilty to a felony. The Senate majority leader is being investigated by the F.B.I. for his outside

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consulting work. Another state senator is charged with stealing state money, and it took a state judge to force legislators to reveal how they spend hundreds of millions of dollars a year in taxpayer money.

New York's government has slipped from a beacon for other states into a cautionary tale. So when Mr. Spitzer spoke of change in his inaugural address — an end to government "that works for those who hold office, not those who put them there" — he hit precisely the right note. With a passion and energy that Albany has not seen in years, this governor has promised to wake what he has labeled the "Rip van Winkle" government of the last decade.

Mr. Spitzer started on the right foot by issuing five executive orders to upgrade the ethics of the executive branch with rules that should go without saying, but in Albany never do — like not using state property or personnel for personal use, and not taking gifts from people who do business with the state.

By cleaning his own house first, Mr. Spitzer will have the moral high ground as he does battle to get New York's recalcitrant lawmakers to do the same. After years of mostly dozing off, they require a long list: redistricting reform, campaign finance reform, ethics reform, and budget reform, including more sunlight on how $114 billion a year is being spent.

Getting reform through the Legislature will be hard enough, but Mr. Spitzer faces equally tough challenges in dealing with budget deficits and education needs and keeping the state's high taxes in check. In his inaugural address, he pointedly said that he does not believe in "government as a heavy hand that can cure all our ills," a sign that some of his Democratic allies might not have as much clout as they are expecting.

Mr. Spitzer began setting his new tone on day one, with his "people's inauguration." The official swearing-in was outdoors, public invited. He threw open the governor's mansion for the first time since most people waiting in line could remember. Instead of a fancy ball for fat-cat contributors, he spent the night of his inauguration at a free concert by James Taylor and other crowd favorites.

For the first time in years, we see a figure poised to rattle Albany's do-little establishment, to air out a dark, closed government and to try to convert New York's Legislature to the higher purposes of public service. New Yorkers can only hope Mr. Spitzer makes it all happen.

Keep The Steel Rising (WSJ)

By Brian M. Carney

The Wall Street Journal, January 3, 2007

Eliot Spitzer has been telling us for -- well, it seems like forever -- that "on Day 1, everything changes." Here's one thing that shouldn't: the Ground Zero rebuilding plan.

The current master plan for those 16 acres in lower Manhattan isn't perfect. In fact, it's real far from perfect. It barely qualifies as OK. But it has this virtue -- it exists. And it is being built. Slowly, haltingly, yes. But after far too long, things are happening downtown. Beams are reaching skyward, or at least aspiring to reach ground level from the bottom of the pit 70 feet below. Buildings have been designed, street grids have been laid -- on paper, anyway.

Mr. Spitzer, the new governor of New York, says he intends to take a "fresh look" at Ground Zero and the Freedom Tower. I say, look all you want, guv. Come down here and stare at the site. I'll even offer to join him under the scaffolding that hangs over that alley formerly known as Liberty Street. Come look. Just don't do anything to slow reconstruction down here.

Along with thousands of other New Yorkers, I walk past Ground Zero every work day, and I look at it all the time. This has given me time to reflect, and I've decided that New Orleans Mayor Ray Nagin was right -- it's a hole in the ground. No question about it. Only rebuilding can change that sorry fact.

I don't particularly like the Freedom Tower. Its design is uninspiring. The economic case for it is dubious at best. I have moral reservations about trying to force public-sector employees to work in a building that no private-sector firm will touch with a 10-foot pole. But as a view from my office window, it would sure beat a hole in the ground.

I'm confident I'm not alone in this. Tourists may flock to the fences that gird Ground Zero, but I don't detect a sizable constituency for holey-ness down here. People whose lives are affected by the mess downtown just want things to stop getting worse and start getting better. Which means building something.

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The trouble is that, while everyone's in favor of building something, a lot of people differ on what should be built, and where, and so on. It's time we moved beyond that. The plan we've got is the only one we've got, and any alternative is likely to anger as many people who are now content as to content those now angry.

The real act of leadership here would be to declare that we're moving forward, that this scar in the fabric of Manhattan is going to be repaired. So, look all you want, Mr. Spitzer. But keep the concrete mixers mixing and the steel rising. New Yorkers have waited too long as it is.

Mr. Carney is a member of The Wall Street Journal's Editorial Board.

Pat Robertson Predicts 'Mass Killing' (AP)

AP, January 3, 2007

In what has become an annual tradition of prognostications, religious broadcaster Pat Robertson said Tuesday God has told him that a terrorist attack on the United States would result in "mass killing" late in 2007.

"I'm not necessarily saying it's going to be nuclear," he said during his news-and-talk television show "The 700 Club" on the Christian Broadcasting Network. "The Lord didn't say nuclear. But I do believe it will be something like that."

Robertson said God told him during a recent prayer retreat that major cities and possibly millions of people will be affected by the attack, which should take place sometime after September.

Robertson said God also told him that the U.S. only feigns friendship with Israel and that U.S. policies are pushing Israel toward "national suicide."

Robertson suggested in January 2006 that God punished then-Israeli Prime Minister Ariel Sharon with a stroke for ceding Israeli-controlled land to the Palestinians.

The broadcaster predicted in January 2004 that President Bush would easily win re-election. Bush won 51 percent of the vote that fall, beating Democratic Sen. John Kerry of Massachusetts.

In 2005, Robertson predicted that Bush would have victory after victory in his second term. He said Social Security reform proposals would be approved and Bush would nominate conservative judges to federal courts.

Lawmakers confirmed Bush's 2005 nominations of John Roberts and Samuel Alito to the Supreme Court. But the president's Social Security initiative was stalled.

"I have a relatively good track record," he said. "Sometimes I miss."

In May, Robertson said God told him that storms and possibly a tsunami were to crash into America's coastline in 2006. Even though the U.S. was not hit with a tsunami, Robertson on Tuesday cited last spring's heavy rains and flooding in New England as partly fulfilling the prediction.

Iranian Leader Scorns U.N. Sanctions (AP)

AP, January 3, 2007

President Mahmoud Ahmadinejad scorned U.N Security Council sanctions imposed against Iran, telling a crowd Tuesday that Iran had humiliated the United States in the past and would do so again.

Speaking in the southwestern provincial capital of Ahvaz, Ahmadinejad said the Security Council's resolution last month was invalid and had left the world body's reputation in tatters.

The council voted unanimously to bar all countries from selling materials and technology to Iran that could contribute to its nuclear and missile programs. It also froze the assets of 10 Iranian companies and 12 individuals related to those programs.

"Let the world know that from the Iranian nation's point of view, this resolution has no validity," Ahmadinejad said.

He said the United States was the main power behind the resolution, and warned Washington: "I want you to know that the Iranian nation has humiliated you many times, and it will humiliate you in future."

The U.S. has led the drive to stop Iran from enriching uranium — a process that produces the material for either nuclear reactors or bombs. Iran denies that it seeks to build atomic weapons, saying its nuclear program is limited to the generation of electricity.

Ahmadinejad said the sanctions were not important but were part of a campaign of psychological warfare against Iran that was designed to provoke dissent within the country.

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Recalling the West's support for Iraq, then ruled by Saddam Hussein, during its eight-year war with Iran in the 1980s, he said: "If all the powers that supported Saddam in his war against Iran were to regroup and confront Iran again, Iranians would deliver a historic slap in their face."

Ahmadinejad said Iran had done everything it could to prove that its nuclear program is peaceful, but the West — in the name of opposing nuclear weapons — was trying to thwart Iran's development.

"We have tried all legal, wise and logical ways to convince these corrupt and selfish powers," he said.

While Ahmadinejad has repeatedly attacked the Security Council resolution, he has avoided any public comment on the results of Dec. 15 municipal elections, in which his political allies were heavily defeated.

The polls were seen as an electoral test of Ahmadinejad's presidency, and the success of his opponents suggested that voters want him to pay more attention to domestic issues rather than foreign policy.

Some people in the crowd in Ahvaz on Tuesday tried to remind the president of the need to address domestic problems. State television showed a placard carried by one spectator that read: "Inflation, unemployment, insecurity, drug addiction have desiccated the tree of the revolution."

Inflation is officially at 12 percent but thought to be much higher, and an estimated 3 million people are unemployed.

Russia Anti-aircraft Weapons Sales To Syria, Iran On Schedule (AFP)

AFP, January 3, 2007

Controversial Russian contracts to sell anti-aircraft weapons to Syria and Iran are being fulfilled on schedule Russian officials said.

At least half of the 29 Tor-M1 missile systems bought by Iran for 1.4 billion dollars (1.06 billion euros) had been delivered, state-run ITAR-TASS quoted an unnamed source at the defence ministry as saying Tuesday.

"We are actively carrying out deliveries of the system to Iran. At least 50 percent of the contract has been delivered," the official was quoted as saying.

The air defence systems are being stationed around Iran's civilian nuclear sites, according to ITAR-TASS.

The United States, which is leading international pressure against Iran's nuclear programme, strongly resisted the contract and imposed sanctions against Russian jetmaker Sukhoi and arms exporter Rosoboronexport.

Meanwhile, Interfax news agency quoted Valery Kashin, head of weapons maker Engineering Design Bureau, as saying that Russia met all its commitments in 2006 under the contract to supply Syria with the Strelets anti-aircraft system. He gave no details.

Israel spoke out against the 2005 deal, claiming that Syria would pass on the system, which fires Igla ground-to-air rockets, to Hezbollah guerrillas in Lebanon.

Details about the quantity and cost of the Strelets contract have not been made public.

Troops May Leave Somalia 'in Weeks' (FT)

By Andrew England

Financial Times, January 3, 2007

Ethiopian troops could be pulled out of Somalia "within a few weeks", Meles Zenawi, Ethiopia's prime minister, said on Tuesday, adding that the victors of Somalia's two-week war were now "mopping up remnants" of the country's former Islamist leaders.

Addis Ababa, which backs Somalia's weak transitional government, launched an offensive on December 24 against the Islamist movement which has controlled much of the country's south since June.

After Ethiopia sent in thousands of troops, supported by tanks and fighter jets, the Islamists retreated rapidly and on Monday fled Kismayo port, their last stronghold.

But despite promises of a swift withdrawal, doubts remain about when Mr Meles would be willing or able to pull back his troops.

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Ethiopia is believed to have had troops in Somalia for months before it announced its military presence in December and Ali Mohamed Gedi, the Somali prime minister, on Tuesday said the forces should stay for months until the country had been pacified.

Ethiopia faces a painful dilemma: if it withdraws too quickly it could leave a security vacuum in an often threatening neighbour that has endured 15 years of chaos and violence.

However, the longer the troops stay, the more likely the Ethiopians could be seen as an occupation force or become embroiled in a guerrilla war with the remaining Islamist forces.

Some observers said that while Addis Ababa had legitimate security concerns, it had broken international protocols by invading Somalia. But Washington, which also accused the Islamist movement of including al-Qaeda suspects, is believed to have given tacit support to Ethiopia to mount its offensive.

The military operation will also be a drain on Ethiopia's meagre resources. The country maintains one of Africa's largest armies, estimated by an Ethiopian analyst to be about 150,000 troops, down from a figure of up to 300,000 during its 1998-2000 border war with Eritrea.

But the impoverished country of 77m people is dependent on donor funding and Mr Meles' government has agreed to keep military spending at a flat cash rate of 3bn birr ($355m, €269m, £181m) a year in recent years.

Aid donors will be monitoring to see if there has been any rise in defence spending. "We will be looking very carefully to see if Somalia has had an impact," said one western diplomat in Addis Ababa. "If it has, we will take a very serious view of that."

Regardless of the aid advantages of a swift withdrawal from Somalia, it is likely to take weeks before a peacekeeping mission could deploy and fill any security vacuum.

Diplomats and the Somali government have called for an African-led operation, but it is unclear who would finance or contribute troops to the mission.

An official with the cash-strapped African Union, which is already overstretched providing peacekeeping troops in Sudan's Darfur region, told the Financial Times the organisation was still internally discussing proposals.

Ethiopian Premier Says His Troops Won't Stay In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, January 3, 2007

ADDIS ABABA, Ethiopia, Jan. 2 — Prime Minister Meles Zenawi of Ethiopia said Tuesday that his country, one of the poorest in the world, could not afford to keep troops in Somalia much longer and that it was ill equipped to play the role of peacekeeper there.

Two hours after he spoke, two Ethiopian soldiers were gunned down in an ambush in southern Somalia in one of the first strikes of an anticipated anti-Ethiopian guerrilla campaign.

According to residents in Jilib, about 250 miles southwest of Mogadishu, Somalia's capital, a fighter for the Islamist forces, who were routed last week by Ethiopian-led troops, had shot two Ethiopian soldiers while they were crossing a bridge. Witnesses said the fighter then dashed into town and was quickly surrounded by Ethiopian troops, who killed him.

"It was a suicide mission," said Mohammed Subiye, a farmer in Jilib.

The Islamist forces, which in the span of one week went from ruling much of Somalia to fleeing into the bush, have vowed to fight a guerrilla insurgency against the Ethiopians, whom they consider infidel invaders.

But Mr. Meles said he did not plan to have his troops to remain in Somalia for much longer, possibly only a few more weeks. The troops were dispatched to neutralize the rising regional threat posed by the Islamists, he said, and now international peacekeepers are needed to bring order to a country that has been synonymous with anarchy for 15 years.

"We don't have the money to take this burden individually," Mr. Meles said during a speech to Ethiopia's Parliament.

Diplomats in the region are hurrying to cobble together an African peacekeeping solution, but despite murmurs of commitment from several countries, including Uganda, South Africa and Nigeria, a force has yet to materialize.

Somalia is far from stable, with many heavy weapons still in the hands of warlords, and the country's turmoil is likely to dissuade many nations from volunteering troops.

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On Tuesday, Ali Mohammed Gedi, Somalia's transitional prime minister, reiterated his plea for the nation's many gunmen to turn in their weapons. But few seemed to be listening. The collection points across Mogadishu remained empty, and many young men defiantly vowed to keep their guns.

Meanwhile, the remnants of the once-fierce Islamist army continued to flee south from Kismayo, the port city 100 miles from the Kenyan border that had been a final stronghold until the Islamist military definitively collapsed there on Monday.

Kenyan authorities said 10 fighters were apprehended on Monday as they tried to slip through the border disguised as refugees. Eight had Eritrean passports while two had Canadian passports, said Alfred Mutua, a spokesman for the Kenyan government. All of them were carrying briefcases packed with cash.

"They definitely didn't look like refugees," Mr. Mutua said.

Mr. Mutua said that the suspects remained in Kenyan custody and that they would probably be returned to Somalia to face charges under the transitional government, though it has not yet set up a justice system.

The Islamists tried to improve their military prospects by calling for a global jihad against Ethiopia, a country with a long Christian history. But in the end, American officials said, only a few hundred foreign fighters answered the call, the bulk of them from Eritrea, Ethiopia's archenemy.

Still, the Islamists were widely believed to have been sheltering several wanted terrorists, and American officials said they were hoping to use the swift collapse of the Islamist forces as an opportunity to capture men they have been chasing for years.

Ships from the Fifth Fleet of the United States Navy, based in Bahrain, have increased patrols off Somalia's coast to prevent any suspects from escaping.

"Yes, we have a presence out there," said Lt. Denise Garcia, a spokeswoman for the Fifth Fleet.

So far, though, no suspects have been apprehended.

Somalia continues to be a work in progress. The country's transitional president, Abdullahi Yusuf Ahmed, has yet to set foot in the capital, and only a select few officials of the transitional government have returned to it. Many of them seem to be pulling in wildly different directions.

On Tuesday, Hussein Mohammed Aideed, the interior minister and son of a notorious warlord, announced that he would like to erase the 1,000-mile long border between Somalia and Ethiopia.

"We should unite, just like the Europeans," Mr. Aideed said at a news conference. "One money. One passport. One security."

Many Somalis consider Ethiopia a historic enemy and were appalled by the suggestion.

"All I can say is that the interior minister is entitled to his opinion," said Abdirahman Dinari, the spokesman for the transitional government. "But he does not speak on behalf of the government."

Ethiopian Troops Leave Security In Mogadishu To City's Residents (WP)

By Stephanie McCrummen

The Washington Post, January 3, 2007

MOGADISHU, Somalia, Jan. 2 -- The sandy road from airstrip K-50 is littered with the remnants of roadblocks, heaps of pushed-aside stones left over from when warlords balkanized this coastal capital, and rusted metal gates where Islamic militias took charge from the warlords.

On Tuesday, clusters of Ethiopian troops were here and there on the road into the city, leaning against gray crumbling walls or passing in trucks along wasted yellow cornfields still sopping from recent floods.

Within the city's borders, the Ethiopian troops who chased out the country's Islamic Courts movement on behalf of Somalia's weak transitional government were hardly visible.

Six days after the transitional government took hold, very little security was evident beyond that which Somalis have grown accustomed to providing for themselves: roving pickup trucks filled with armed teenagers, and AK-47-toting militiamen who guard the city block by block, and clan by clan.

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It was the first day after Prime Minister Ali Mohamed Gedi demanded that thousands of former Islamic fighters and citizens in general surrender their weapons or be forcibly disarmed. But with the ability of Gedi's government to provide security in doubt, almost no one complied.

Only a few spectators showed up at the points the government had set up to collect guns.

In an interview, the country's interior minister, Hussein Farah Aideed, said lawmakers would return this week to their town of exile, Baidoa, to approve Gedi's declaration of martial law and a plan to allow 90 days -- instead of Gedi's original timeline of three days -- to disarm militias.

In what amounted to an appeal for outside help, Aideed also conceded that the transitional government was weak. "We have a symbolic government. Ministries we don't have, a military we don't have," he said, sitting in shirt and tie inside a house fortified with his personal set of guards slinging assault rifles. "We're limited."

Aideed is the son of Mohamed Farah Aideed, a Somali warlord targeted by U.S. military forces in a failed raid in 1993 that led to the deaths of 18 American soldiers.

In a densely populated neighborhood of Mogadishu, people still walk past the rusted parts of the U.S. Black Hawk helicopters shot down in that incident. They buy mangoes next to the rusted-out shells of tanks. They go about life in a city of salty air and bombed-out buildings and the leftover grace of old Italian arches.

On Tuesday, Ethiopian Prime Minister Meles Zenawi reiterated that he would withdraw his troops soon, while Gedi appealed to the 53-country African Union to accelerate efforts to deploy troops to Somalia.

Perhaps thousands of militiamen who fought for the vanquished Islamic Courts movement have melted back into the city's maze-like neighborhoods, each now controlled by clans and sub-clans and sub-sub-clans. There is lingering tension around the city that nothing is settled yet, and fears remain that the Islamic fighters could reemerge in a guerrilla-style war against the government that ousted them.

Aideed said the most hardened fighters had fled south with their leaders along the coast toward the Kenyan border, where they were being pursued by Ethiopian troops. The group is thought to include three suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania, and the U.S. Navy was patrolling Somalia's coast to help prevent escapes by sea.

The fighters have vanished into an area thick with mangrove forests, and Aideed said that finding them would be difficult even for the best-trained soldiers.

On Monday, Kenyan authorities arrested 10 foreigners suspected of being Islamic fighters as they attempted to slip across the border.

Kenyan President Mwai Kibaki said in a statement that his country would not provide refuge to people seeking to undermine regional stability.

Some analysts have said, however, that for political reasons, Kenyan authorities might give refuge to certain members of the Islamic movement in an effort to avoid trouble with their own substantial population of Somalis who might be sympathetic to the exiled fighters.

Somali Disarmament Begins Slowly (LAT)

By Edmund Sanders

The Los Angeles Times, January 3, 2007

MOGADISHU, Somalia — A government-mandated disarmament program here got under way Tuesday without much of a bang.

At one designated weapons drop-off point in the Somali capital, bored-looking Ethiopian soldiers mulled about with little to do. A second collection site, nestled atop a bluff overlooking the Indian Ocean, closed early because "no one showed up," according to a Somali government soldier.

The disarmament program is the first major test of Somalia's transitional government since its troops and Ethiopian allies defeated Islamic fighters and seized control of this capital, a city so awash with guns that most government officials were previously afraid to even visit.

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Prime Minister Ali Mohammed Gedi on Monday set a three-day deadline for gun collection, threatening to use force after that to pacify the city.

But if Tuesday's turnout was any indication, the government is facing a steep challenge in convincing Mogadishu residents to part with their weapons. The campaign is also reigniting long-standing clan rivalries and distrust, which are certain to play a big part in the nation's turnaround.

Ever since the government announced the disarmament program, the streets have been abuzz with debate over whether it will succeed. Though most support disarmament in theory, those with guns call it a Catch-22 situation: The government wants to round up weapons before dispatching more soldiers in the capital, while residents don't want to give up their guns until they're assured that troops can keep the peace.

The presence of Ethiopian soldiers, who helped chase off the Islamists, only complicate the issue. The two nations have a history of warfare and many Somalis fear that the Ethiopians are attempting to occupy their country.

"I will never give my gun to the Ethiopians," said one young man, who like many did not want to be identified for fear that the government might come and take his gun. "They are the enemy."

Others cited financial considerations. Assault rifles and machine guns in Mogadishu range from several hundred dollars to several thousand, representing the largest single asset many families own. For thousands of young men, carrying a gun and working as a militia member or security guard are the only job prospects available. But the government is not offering cash in exchange for the guns.

As a result, prices for weapons at Mogadishu's gun market plummeted in recent days as gun owners rush to sell their weapons rather than give them away to the government. AK-47 assault rifles dropped from $300 to $120.

Last June, the Islamic courts became the first local authority to sharply reduce the number of arms in the Mogadishu in nearly 16 years. Rather than collecting the weapons themselves, the courts set up regional, clan-based authorities to collect guns from their fellow clansmen.

But when Islamists fled Mogadishu a week ago, they opened their weapons stockpiles to the public, once again flooding the city with guns.

The current disarmament campaign is sparking familiar clan distrust. Most residents in Mogadishu are members of the Hawiye clan, considered Somalia's largest. But many Hawiye subclans, including the subclans of several warlords and Islamist leaders, are deeply skeptical of the transitional government. They say it's unfair to disarm Mogadishu without also collecting the guns from the rest of Somalia. Hawiye fear they will become vulnerable to attacks by other clans.

"I'm keeping my gun," said a 33-year-old former Islamic court official. "They should disarm the entire country at the same time."

He and other Hawiye also complained that President Abdullahi Yusuf is a member of the Darod, another major clan based originally in the north. Darod and Hawiye began fighting over control of Mogadishu after the 1991 fall of military dictator Mohamed Siad Barre. In the end, many Darod were killed or driven out of their homes. Now Hawiye in Mogadishu fear Yusuf, who has spoken disparagingly about their clan in the past, will use the disarmament program to take retribution.

"He's trying to favor his own people," said the former Islamic court official.

Clan experts say the government must first demonstrate that it is neutral before clan rivals will trust it.

"The only language the government can use to unite the clans of Somalia is to restore peace and order through justice and equality," said Sharif Mohamed Ali, an elder with the small Ashraf clan, which in the past has avoided the clan wars.

Somalia Tense After Islamists Vanish (CSM)

By Rob Crilly

The Christian Science Monitor, January 3, 2007

MOGADISHU, SOMALIA

For six months Somalia's Islamists used freelance warlord Mohamed Qanyare Afrah's home as one of their bases as they took over much of the country. They used his many battlewagons and held meetings in his living room.

Last week, they fled an onslaught led by troops from neighboring Ethiopia with Somalian government forces.

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Mr. Qanyare is grateful but only up to a point. "What I say is Ethiopia should not interfere in Somalian politics," he says. "They can stay as long as they are fighting Al Qaeda - that is a problem for the entire region. But if they try to become involved in our politics then we will oppose them."

Ethiopia's preemptive offensive signals the opening of a new front in the global struggle against Islamist militants. And the speed of the Islamists' retreat is reminiscent of how insurgencies began in both Iraq and Afghanistan, say analysts. Now, victory may hinge upon whether warlords like Qanyare support occupying Ethiopian forces or the Islamists.

For now Qanyare says his opposition to Ethiopians would be political.

But his armored personnel carrier sits in silent threat outside his door. At his gate, a young boy holds a machine gun.

And 50 of his "technicals" - pickup trucks mounted with heavy-caliber machine guns - sit around the corner from the whitewashed house, six miles from Somalia's capital, Mogadishu. Bitter rivalry with Ethiopia

Ethiopian forces are not popular in this battle-scarred land. Many in Mogadishu see them as an invading force rather than a liberating power. This is due to a longstanding, bitter rivalry between Ethiopia - a country with a large Christian population - and mostly Muslim Somalia. The countries fought two wars in the last 45 years, and Somalia still lays claim to territories in Ethiopia.

Diplomats want an international peacekeeping force to replace Ethiopian troops.

But for now, Prime Minister Ali Mohamed Gedi is reliant on Ethiopia's tanks and artillery to keep his fractious nation in line.

They propelled his meager government forces across Somalia and into the capital, which the Islamists held for more than six months, raising fears that an African Taliban would seek to make the Horn of Africa a haven for Al Qaeda.

Some analysts warn that Mr. Gedi is not doing enough to prepare for the Ethiopians' withdrawal - promised in a matter of weeks.

They warn that without the Ethiopians, his feeble government will be left trying to fill a political vacuum that could let in the return of the warlords and clan militias who held Somalia in anarchy for 15 years - or even allow the Islamists to rise again.

Already Mogadishu has returned to the fear and lawlessness it knew before the Union of Islamic Courts (UIC) imposed its version of order.

Tuesday, Gedi told journalists his foreign allies would not leave before their work was done.

"The Ethiopians will leave when we have cleared our territory of terrorists and when we have pacified our capital," he said.

That will take "a week, or weeks, or months, not more."

So far he is pursuing a two-pronged strategy to promote peace.

He has asked the African Union to send peacekeepers and has declared a three-day amnesty for gun owners to give up their firearms.

There were no takers at the Villa Baidoa Tuesday - an old presidential villa designated as one of two collection centers.

"We haven't even taken a pistol," said a Somalian government soldier.

In a city where AK-47s cost $150, most families and businesses rely on one for protection.

Arabey Ma'Alim Abdulle, who coordinates security in the donkey-clogged streets that make up Bakaara market, says he only needed a torch and a nightstick when the Islamists were in power.

Now he has no intention of giving up his gun.

Matt Bryden, consultant to the International Crisis Group, says Gedi's government is following the wrong strategy.

"It should be concentrating on winning over the Hawiye clan - the main support base for the [Islamists] - by bringing them into some sort of government of national reconciliation," he says.

"You have a state of confrontation between the Hawiye and the government and that's where a settlement has to be pursued," he said. "That means some sort of settlement that makes the Hawiye feel like they are part of the government."

That would mean Gedi - himself a Hawiye but largely despised by his kinsmen as a weak and ineffectual leader - losing his position, which is not on the table, added Mr. Bryden. Ethiopian troops keep a low profile

Tuesday, Somalia's Ethiopian guardians kept a low profile in Mogadishu.

Two tanks guarded the airport runway and a contingent of soldiers was at the port.

The main Ethiopian firepower is based in Afgooye, about 10 miles from Mogadishu, or has followed the Islamists south.

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In the south, they managed to rout the Islamist forces, forcing them out of their main stronghold of Kismayo. From there the Islamists have disappeared into the forests of Ras Kaambooni, close to the Kenyan border.

Hussein Aideed, deputy prime minister, admits the government now faces a tough challenge. "To clear [the Islamists] will take a long time. It will not be days this time, but maybe three or four months," he says.

Meanwhile, in parts of Mogadishu, Somalis are reverting to the lives they lived before Islamic law was imposed. Western music has returned to the Global Dancehall, where Somalis welcomed the new year.

When the Islamists were in control, staff were forced to play traditional music and keep the volume down.

Still, freedom to party won't erase the worries Somalis have about a return to anarchy now that the Islamists are gone. "As a businessman, I want stability," shouts Mustafa Haji Abdullahi, the 22-year-old chief operating officer of Telcom Somalia, above a blaring hit by US rapper 50 Cent. "I'm already back to paying bribes."

Now everyone is waiting to see whether the government can consolidate its position or whether it would disintegrate under the pressure of Somalia's bloody history.

"All it would take is for one Ethiopian soldier to make a mistake, to shoot someone, to be accused of rape, and then it is all over," says Mr. Abdullahi. "We would be in for another 16 years of mayhem."

Ethiopia Will Keep Troops In Somalia (USAT)

USA Today, January 3, 2007

Ethiopia said Tuesday that its troops will stay in Somalia for a few more weeks to help the government, but the Islamists they ousted in a brief war vowed to "rise from the ashes." The Islamists, who fled their last stronghold on Monday after a two-week conflict, said they refused a government offer to surrender. "If the world thinks we are dead, they should know we are alive," Islamist spokesman Abdirahim Ali Mudey said.

In Mogadishu, where the interim government set up gun-collection points at the start of a drive to disarm the nation, Somali Prime Minister Ali Mohamed Gedi said Tuesday that Ethiopian troops will leave "when they clear terrorists and pacify Somalia. It will be weeks and months, not more."

Bombing ends Basque peace talks in Spain

The peace process to halt Spain's Basque separatist conflict ended with the weekend car bombing at Madrid's international airport, Interior Minister Alfredo Perez Rubalcaba said. "There is no process. It has been broken, it is over, it has been liquidated. ETA ended it with the bomb it set off in Madrid," he said of the militant group blamed for the explosion. Prime Minister Jose Luis Rodriguez Zapatero had said Saturday that he was suspending — but not canceling — plans to negotiate with ETA, which in March had declared a cease-fire it called permanent. Saturday's blast leveled a five-story parking lot, injuring 26 people and leaving two people missing and feared dead amid tons of rubble.

Former Jerusalem mayor Kollek dies

Teddy Kollek, the mayor who presided over Jerusalem's reunification in 1967, died Tuesday. He was 95.

When Kollek took office in 1965, Jerusalem was divided between Israeli and Jordanian rule. In the 1967 Six Day War, Israel seized and annexed the Arab eastern part of the city. Over his nearly three decades in office, Kollek solidified Israel's hold over east Jerusalem, but also tried to reach out to its Arabs. "Teddy Kollek was the builder of the new Jerusalem after the Six Day War," said Israeli Prime Minister Ehud Olmert, the man who eventually ousted Kollek in the 1993 mayoral race. The Jerusalem Foundation, a charity founded by Kollek, said he died of natural causes.

Peru lobbies U.S. for free-trade deal

Peruvian President Alan Garcia stressed his country's desire for a free-trade agreement in a meeting Tuesday with a delegation of U.S. senators, but he received a mixed response along party lines.

Incoming Senate Majority Leader Harry Reid, D-Nev., said he had "fallen in love with the people of Peru." He did not refer to prospects for ratification in Congress, however, amid his party's concerns about the lack of protection for Peruvian workers in the pact signed by Peru and the Bush administration last April.

Sen. Bob Bennett, R-Utah, was supportive, urging that Peru become a "major trading partner."

Meeting To Tackle Somalia's Need For Peacekeepers (WP)

By Karen Deyoung

The Washington Post, January 3, 2007

Rapidly unfolding events in Somalia have opened a window of opportunity to establish a viable government there, according to the Bush administration and its European and African allies. But there is little optimism that the international political will and resources needed to exploit it will emerge before the window slams shut.

Diplomats from the United States and other nations in the Somalia Contact Group will meet today in Brussels to examine ways to quickly install an all-African peacekeeping force. The peacekeepers would replace Ethiopian troops whose lightning invasion ousted Islamic fundamentalist forces last week from Mogadishu. Also under discussion is an effort to persuade cooperative elements of the newly ensconced Transitional Federal Government to open unity talks with certain moderate leaders of the fundamentalist forces, which have been driven from southern Somalia.

The contact group -- which includes U.S., European and African representatives -- has discussed the need for African peacekeepers and a unity government for some time with little progress. Today's meeting of the six-month-old group will open with new urgency for action.

"The situation on the ground has changed dramatically, possibly for the better," said a European diplomat whose government is closely involved in the issue and who spoke on the condition of anonymity when discussing the sensitive negotiations. "The name of the game is how to make sure that the government establishes itself" to survive without Ethiopian military occupation, he said. "Somalis don't like the idea of Ethiopian troops manning the capital.

"On the other hand, if the Ethiopians withdraw all of a sudden," he said, "what's going to happen? There's a fine balance between maintaining and consolidating the government" and allowing feuding warlords on all sides of Somalia's political divide to reactivate their militias.

Ethiopian Prime Minister Meles Zenawi said yesterday that his troops will stay "for a few weeks," but he called on "the international community to deploy a peacekeeping force in Somalia without delay to avoid a vacuum and the resurgence of extremists and terrorists."

The Bush administration also sees the current upheaval as an opportunity to capture three senior al-Qaeda operatives who it says have been sheltered by a faction of the Somali Islamic fundamentalists. U.S. Navy ships have been dispatched from neighboring Djibouti to patrol the East African coastline for a possible escape as the fundamentalists and their militias have been pushed south to the Kenyan border. A senior U.S. counterterrorism official said that he had seen no intelligence to support earlier reports that legions of foreign fighters landed in Mogadishu last week to support the fundamentalists.

The official declined to comment on whether U.S. military personnel, sent to northern Kenya in recent months on humanitarian missions, are operating on the ground with Kenyan forces lining the 420-mile frontier. "That gets into some operational stuff," said the official, who spoke on the condition of anonymity because the subject involves intelligence. "Clearly, we've got an embassy there, and very robust and very good relations with the Kenyans."

Any solution to Somalia's decades of chaos rests on untangling and soothing complicated domestic and regional enmities, as well as mustering broader cooperation and resources at a time of profound international war-weariness.

A plan to send African peacekeepers, approved last month by the African Union and the U.N. Security Council, has foundered on a lack of volunteers and resources to support them. "I wish I could be optimistic, but Somalia is tough, and everybody in the neighborhood knows it's tough," the counterterrorism official said.

Although Uganda has tentatively offered troops, it has balked over the uncertainty and danger of the mission, as well as over the lack of logistical support and airlift that only the United States is seen as able to supply. "We don't want to take the lead" in providing such support, the counterterrorism official said, "but we're willing to contribute."

One option on the table in Brussels, the European diplomat said, is to use an existing agreement between the European Union and NATO that "provides for military operations carried out by the E.U. using NATO assets." That provision would allow the utilization of U.S. airlift and intelligence -- which technically would be twice-removed -- under NATO and E.U. auspices. "We don't know if this can be done through NATO," the diplomat acknowledged. "I haven't seen many ideas yet on paper. This has happened so quickly over the holidays."

U.S. and European officials estimated that the situation is unlikely to remain stable for more than a few weeks.

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Establishing a unity government is likely to prove difficult. In addition to their political differences, the transitional government in Mogadishu and the Islamic forces now on the run are separately backed by militias belonging to Somalia's two most powerful clans -- the Darod and the Hawiye. No government is likely to survive for long without representation from both, as well as from a bewildering array of divided sub-clans on each side.

As the fundamentalists were routed over the past week, many Hawiye militia groups abandoned them, at least temporarily, to wait and see which way the wind would blow.

"We think of the [Islamic] Courts as a broad spectrum of political actors in varying degrees of fundamentalism," the U.S. official said. "Those leaders who have allied themselves by choice with al-Qaeda are of concern to us. But we're not looking at the Courts as some grand enemy or threat. There are lots of variations.

"We would not be averse to some members of the Islamic Courts if they can cut a deal with the transitional government and be part of that," the official added.

Opportunity In Somalia (WT)

By Vicki Huddleston

The Washington Times, January 3, 2007

Somalia has been a failed state since 1995, when the United Nations and the United States withdrew their humanitarian mission, leaving the warring clans to sort things out for themselves. For more than a decade, both Democratic and Republican administrations have written off Somalia, raising it only as a warning against U.S. military intervention in Africa. Is it any surprise then that this ungovernable and lawless state became the breeding ground for a conflict that pitted radical Islam against Ethiopia, and ultimately the West?

The overriding objective of the Supreme Islamic Courts Council since it seized Mogadishu six months ago has been to expand into neighboring Ethiopia, Kenya and Djibouti. As the Islamists overran southern Somalia, they indoctrinated school children and pressed them into the militant "al Shebab," whose ruthless leaders were growing increasingly close to al Qaeda. Their end goal was to form a Muslim caliphate in Greater Somalia under whose banner their reach would extend throughout the Horn and into central and southern Africa.

Some claimed that this was a proxy war between Ethiopia and Eritrea. Others even claimed that it was a proxy war with the United States using Ethiopia as its pawn. To believe this is to ignore the fact that the Islamic Courts' objective was to replace Somalia's secular government in Baidoa so that they could claim to rule all of Somalia. Ethiopia, alone among Somalia's neighbors, responded to the Transitional Federal Government's appeal for help.

While there were competing motives for this conflict, it is certainly not — as the Islamists claim — an instance of Ethiopian aggression with the tacit blessing of the United States. Ethiopia, along with the African Union and the international community, pressed both sides for dialogue. But the Islamic Courts — covertly funded and armed by Eritrea and supporters of a radical Islamic state in the Horn of Africa — declared a jihad on Ethiopia and attacked the Transitional Federal Government. Eritrea hoped to use the conflict in Somalia to destabilize its archenemy Ethiopia, while Islamists hoped to upset the delicate balance between Ethiopia's 75 million evenly divided Orthodox Christian and Muslims.

Some in the West argued that clan rivalry would defeat the Islamic Courts, but each victory brought them more support, both outside and inside Somalia. Others pointed out that the Islamists had imposed order on chaotic Mogadishu, ignoring the fact that they had done so at gun-point. The Arab League had increasingly sided with the Islamists, and many warned that if Ethiopia intervened on behalf of the Transitional Government it would fuel a wider war.

They were all wrong. Ethiopia's and the Somali government's surprisingly easy victories have given Somalia — and the West — a second chance to get things right. We cannot afford to lose this opportunity.

Here is what we need to do: First, international relief agencies should enhance shipments of food into the towns and villages now under the Transitional Government's control. Second, the African Union, with logistic help from the United States and European Union, should immediately deploy peacekeepers to reinforce the government. Third, the region under the auspices of the Intergovernmental Authority on Development should prepare for a transition to a broad based government that excludes the Islamic militants but includes the moderates from all of Somalia's clans.

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A window has been opened, and before the Islamists close it by disrupting efforts to stabilize Mogadishu, we should take the lead in bringing together the international community in a concerted and sustained effort to turn Somalia into a viable state. The United Nations has approved an African peacekeeping mission. Let's get those forces on the ground now. Their presence will dampen the Islamists bravado and allow Ethiopia to withdraw.

Strong U.S. leadership will prevent Somalia from becoming a haven for al Qaeda terrorism in Africa.

Ambassador Vicki Huddleston, retired, just completed 14 months as acting ambassador in Addis Ababa.

North Korea's Foreign Minister Dies (AP)

AP, January 3, 2007

Paek Nam Sun, North Korea's foreign minister and the country's top diplomat for nearly 10 years, has died at the age of 78, official media reported Wednesday.

North Korean leader Kim Jong Il expressed his condolences, the North's Korean Central News Agency reported. The one-sentence dispatch did not elaborate on when or how Paek died.

Paek has been the North's premier diplomat since 1998. News reports have said he was suffering from an unknown illness. It was unclear who would succeed him.

His most recent overseas trip was to Malaysia and Singapore in July.

Paek's death was not expected to change North Korea's foreign policy because the North's Foreign Ministry usually implements policies that have been crafted by the ruling Korean Workers' Party. Power is heavily concentrated in Kim's hands, and state officers stray from the official line at their peril.

His death came as tensions remain high on the Korean peninsula following the North's Oct. 9 nuclear test. North Korea held nuclear negotiations with the United States and other regional powers last month, but no progress was made.

Paek graduated from the prestigious Kim Il Sung University in Pyongyang, and later took part in Red Cross talks with South Korea in the 1970s. Diplomatic involvement with South Korea, the North's wealthy neighbor and former battlefield foe, has always been a key to career advancement for North Korean officials.

Paek was also ambassador to Poland.

Paek's career is the story of an elite loyalist who rose steadily through the government layers over the decades. He was born in 1929 in North Hamgyong, a province on the Chinese and Russian borders that is home to a coal mine notorious for forced labor as well as a key missile base.

Israeli Admits Big Errors In Lebanon War, But Won't Resign (NYT)

By Steven Erlanger

The New York Times, January 3, 2007

JERUSALEM, Jan. 2 — The Israeli chief of staff, Lt. Gen. Dan Halutz, conceded Tuesday that the military had made serious errors during last summer's war against Hezbollah in Lebanon but said he would not resign his post.

General Halutz said Israel had badly damaged Hezbollah in southern Lebanon and killed "hundreds of terrorists." But he said Israel was "not successful in reducing the short-range rocket fire on Israel's north until the cease-fire," which came after 34 days of fighting.

Critics of General Halutz and of the Israeli government of Prime Minister Ehud Olmert have said the military relied too heavily on air power and delayed too long sending in ground troops in the numbers needed to push back the Hezbollah fighters and supporters who were firing Katyusha rockets into Israel.

Critics have also said that the military should be led by a ground forces commander — General Halutz spent his career in the air force — and that reserves were not called up in time, were badly trained and equipped, and often faced contradictory orders.

"We attacked the Katyushas, but unsuccessfully," General Halutz said.

He spoke Tuesday at a Tel Aviv news conference summing up the army's own investigation of its behavior during the war.

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He said he would stay on "to correct what can be corrected," and said to resign now would be "running away." He said Mr. Olmert and Defense Minister Amir Peretz had not asked him to go. "I have not heard my superiors calling on me to resign," he said. "If they do, I will respond."

He suggested that discipline had broken down to some degree. "There were cases in which officers did not carry out their assignments, and cases in which officers objected on moral grounds to their orders," he said, an apparent reference to resistance against attacking south Lebanese towns and villages.

He said that these instances of refusal "ran counter to the army's basic values" and that a senior officer was suspended as a result.

During the war, as criticism mounted, General Halutz effectively demoted the commander of the northern front, Maj. Gen. Udi Adam, putting the deputy chief of staff, Maj. Gen. Moshe Kaplinski, alongside him. General Adam later quit the army.

Previously, General Halutz has said the army fired some cluster munitions, with the "bomblets" placed in artillery shells, into southern Lebanon in contradiction of his orders that they be aimed only at specific targets.

The United States is investigating whether the Israelis used cluster munitions made and paid for in America in ways that contravene American regulations for the weapons' use.

General Halutz implicitly criticized Mr. Olmert for setting as a goal of the war the release of two Israeli soldiers captured by Hezbollah in a cross-border raid on July 12, an act that set off the fighting.

The Winograd committee, which is led by a retired judge, Eliyahu Winograd, and was appointed by the government, is still investigating the conflict and its outcome.

General Halutz said that if the committee called for his resignation, "of course" he would comply. Defense Minister Amir Peretz has made the same pledge.

The war ended with a cease-fire on Aug. 14, after a United Nations Security Council resolution mandated an enlarged and strengthened international peacekeeping force in southern Lebanon and supervision of Lebanon's seacoast and border with Syria to prevent the rearming of Hezbollah.

The fighting left more than 1,000 people dead on both sides. Israel says more than 500 of the dead were Hezbollah fighters, but Hezbollah disputes that.

Israel counted 159 fatalities, including 39 civilians who were killed by the more than 4,000 rockets Hezbollah fired into Israel.

In Gaza on Tuesday, Palestinian security forces were searching for a Peruvian photographer for Agence France-Presse, Jaime Razuri, 50, a day after his abduction.

The Palestinian Authority president, Mahmoud Abbas, said he was hopeful. "We're sure he will soon be released," Mr. Abbas told a delegation from the news agency and French and Peruvian diplomats. "In past incidents of this kind, hostages have been freed after one or two days."

In the latest in a string of foreigner abductions, several unmasked gunmen abducted Mr. Razuri in the center of Gaza City on Monday as he was returning from an assignment with an interpreter and a driver.

Separately, warring Hamas and Fatah factions returned 14 fighters kidnapped on Monday after mediation from representatives of Islamic Jihad, Palestinian officials said.

The violence resumed Monday when Hamas gunmen shot at a brother of a senior Fatah militant in the northern Gaza Strip, violating an earlier deal for a general truce.

Israel Could Abandon Own Missiles For US System (AFP)

AFP, January 3, 2007

Israel is considering halting the development of a new generation of its Arrow defense missiles due to the high costs involved in favour of US-made missiles.

Following negotiations in recent months, Israeli leaders will make a final decision on whether to phase out the Arrow, or Hetz, missiles and opt instead for the US-made THAAD missile defense system in the coming year, the Haaretz newspaper reported Tuesday.

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The THAAD missile, made by Lockheed Martin, could be delivered to Israel in 2009, according to sources in Washington quoted by the newspaper.

But the US missile defense system still has to resolve a number of technological bugs, the daily added.

For the time being, Israel is still developing Arrow missiles and is due to carry out a new test.

The last test, in December 2005, intercepted a missile similar to Iran's Shihab-3, which is capable of reaching Israel, public radio reported.

The Arrow project began in 1988, with 80 percent US backing, as part of former US president Ronald Regan's "Star Wars" project that was officially abandoned in 1993.

Since 1991, Arrow development costs have been split equally between Israel and the United States.

U.N. To Probe Sudan Abuse Allegations (AP)

By Matt Moore

AP, January 3, 2007

The United Nations will investigate a report of allegations of sexual abuse and child rape by peacekeepers operating in southern Sudan, a key U.N. official said Tuesday.

Jane Holl Lute, the U.N. assistant secretary-general who oversees peacekeeping operations, said the allegations, reported by British newspaper The Daily Telegraph, if shown to be true would not be tolerated.

"There could be truth. These environments are ones in which it is difficult to ascertain the truth. I do not believe these are new allegations. Nevertheless, we will treat them as seriously as we treat all other allegations," she told The Associated Press at U.N. headquarters in New York.

The Daily Telegraph, citing an internal UNICEF report along with interviews with more than 20 alleged abuse victims, reported that several children, some as young as 12, had been sexually abused by U.N. peacekeepers and civilian workers.

The paper said that the alleged abuse began two years ago when the U.N. Mission in Southern Sudan, known as UNMIS, arrived to help maintain peace in the region after a more than two-decade civil war.

"The first indications of sexual exploitation emerged within months of the U.N. force's arrival and The Daily Telegraph has seen a draft of an internal report compiled by the U.N. children's agency UNICEF in July 2005 detailing the problem," the paper reported on its Web site. "Evidence suggests that UNMIS staff may already be involved in sexual exploitation."

Lute said she has spoken with the force commander and chief of staff in the U.N. mission in southern Sudan "and I know they are very well briefed on what U.N. policy is and have taken steps to implement that policy across the board in that mission."

"But we don't have the facts yet in this case, and we need to ascertain the facts and follow it through to appropriate resolution and take action if necessary," she said. "We won't be complacent and there will be no impunity to the full extent of the U.N.'s authority."

U.N. policy prohibits all U.N. staff from engaging in sexual exploitation, abuse or prostitution.

Lute, who served in the U.S. Army for 16 years, stressed that the U.N. has instituted a series of measures in terms of training, clarifying standards and reinforcing messages against sexual abuse.

But she said vigilance on this matter has to be "a constant factor of life when you're rotating through 200,000 troops in as diverse environments as we do."

UN Staff 'must Help Restore Trust' (FT)

By Mark Turner

Financial Times, January 3, 2007

Ban Ki-moon, the eighth United Nations secretary-general, arrived for his first day at work on Tuesday with a tough appeal for staff to embrace change and restore trust in the organisation.

In a brief appearance before reporters he vowed to give the crisis in the Sudanese Darfur region top priority and said, to questions on the execution of Saddam Hussein, that capital punishment was an issue for each state to decide on.

That appeared a step back from the UN's traditional opposition to the death penalty.

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But his core message was delivered to a closed meeting of UN staff. He praised their professionalism, but warned that the UN's "sense of pride is not to be taken for granted; it must be earned. We are all here for reasons greater than our own personal advancement or national interest."

Over recent years, he noted, the UN secretariat had faced harsh, sometimes unfair, criticism and "staff morale has plummeted". But some of the criticisms, he said, "warrant our urgent attention" and "we must take bold steps to dispel them".

Mr Ban promised to build a more mobile staff, which moved between headquarters and field posts – addressing the fact that many UN officials, on reaching New York and Geneva, remain in place for years, while field positions often go unfilled.

"We have to show the international community we are ready and eager to change," Mr Ban said. "I ask senior managers to co-operate fully in my efforts to change the working culture."

Stephen Kisimbira, a UN staff representative, told Mr Ban that he expected a revamp of the UN's internal justice system, and "a fundamental change in the mindset of senior management".

There was a sense of anticipation at the UN's New York headquarters as officials wondered what the future had in store.

As a first step, Mr Ban announced two appointments over the holiday period, both well received.

His chief of staff will be Vijay Nambiar, a veteran Indian diplomat who acted as adviser to Kofi Annan, the last secretary-general. His spokeswoman will be Michele Montas, a respected Haitian journalist.

Ban Faces 'Daunting' U.N. Agenda (WT)

By Betsy Pisik

The Washington Times, January 3, 2007

NEW YORK -- U.N. Secretary-General Ban Ki-moon, on his first official day of work yesterday, said he would soon get started on a "daunting" plateful of international affairs, including Sudan, the Middle East and North Korea.

"The crisis situation in Darfur is very high on my agenda," he told reporters, noting that he will meet today with Jan Eliasson, the U.N. special envoy to Darfur.

Mr. Ban, of South Korea, also said he expects to meet with Sudanese President Omar Bashir at the African Union summit in Addis Ababa, Ethiopia, at the end of the month.

Mr. Ban -- pronounced "Bahn Ghee-moon," an aide clarified -- placed an emphasis on meeting and perhaps reassuring the staff yesterday.

"We are all here for reasons greater than our own personal advancement or our national interests," the eighth secretary-general told hundreds of staff members at a morning meeting. "Extraordinary expectations are placed upon us, and we must strive to live up to them."

He told them that new times call for "new leadership, at all levels in the organization."

Mr. Ban pledged to pursue predecessor Kofi Annan's stalled reform suggestions, some of which were more popular with the staff than others.

Later, Mr. Ban tucked into the $3.50 beef stir-fry at the U.N. cafeteria, waving to passers-by and fellow diners.

Before the secretary-general can tackle global issues, he will need to put his own staff in place, as well as make senior appointments throughout the organization. About two dozen department heads will have to be replaced or renewed by the end of February, when most contracts expire.

Mr. Ban named Vijay Nambiar, India's former U.N. ambassador, as his chief of staff over the weekend. Mr. Nambiar was hired as an adviser by Mr. Annan in March, and accompanied him on his 15-day diplomatic tour of the Middle East to cool the ground after Israel's war with Hezbollah militants in Lebanon.

Michele Montas, a former radio journalist who has chronicled political corruption and unrest in her native Haiti, was appointed Mr. Ban's spokeswoman. The former head of U.N. Radio's French language service, Mrs. Montas will field questions at the daily U.N. briefing, making her one of the most visible faces of the new administration.

Mrs. Montas said yesterday that Mr. Ban expects to name the new heads of U.N. management and humanitarian affairs by the end of the week.

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Alicia Barcena, a former chief of staff to Mr. Annan and a Mexican native, is expected to take over the U.N. Department of Administration and Management, which has been vacant since Christopher Burnham left in late November.

Mr. Ban, a career officer in South Korea's Foreign Ministry, has said he will appoint a woman from the developing world as deputy secretary-general.

Sen. Reid Meets Peruvian Leader On Trade (AP)

By Rick Vecchio

AP, January 3, 2007

Incoming U.S. Senate Majority Leader Harry Reid said Tuesday he had fallen in love with Peru during a short visit, but made no pronouncements on a key issue facing the two nations, free trade.

In a meeting with the bipartisan senate delegation led by Reid, President Alan Garcia stressed Peru's desire for a free trade pact.

Republicans have largely supported the free trade deal signed last April as a step in advancing commerce within the Western Hemisphere, while Democrats have expressed reservations about its ratification over what they see as a lack of protection for Peruvian workers. The administration has completed similar agreements with several other Latin nations.

"I want to tell these senators that we indeed think of a free trade agreement as something to benefit all Peruvians, not only one group with economic means," Garcia said in a public meeting with the senators and his Cabinet. "We want small businesses to also benefit."

Garcia's comments did draw support from Republican Sen. Robert Bennett of Utah.

"We would like to do whatever we can to see that Peru, and all of Latin America, becomes a major trading partner with the United States," he said.

Reid didn't comment publicly on the plan, but he spoke glowingly of the Andean nation.

"After having spent three days in this wonderful country I leave Peru understanding the government of Peru better than I did when I came here," Reid told reporters.

"Having fallen in love with the people of Peru," Reid said he had experienced something he "thought would never occur traveling to another country.

"Being in the midst of the great Andes mountains has been a spiritual experience for me," he said, without elaborating or taking questions. "President Garcia, Viva el Peru!"

Peru was the last stop in a three-nation Andean tour by the senate delegation, which also included incoming Majority Whip Richard Durbin, D-Ill.; Ken Salazar, D-Colo.; Kent Conrad, D-N.D.; and Judd Gregg, R-N.H.

They met last week with Bolivia's leftist President Evo Morales and with Ecuador's leftist President-elect Rafael Correa to discuss international trade and anti-drug efforts, among other topics.

Merkel In Drive For Europe-US Trade Talks (FT)

By Bertrand Benoit And Quentin Peel

Financial Times, January 3, 2007

Angela Merkel, German chancellor, will this month launch a sweeping initiative for the harmonisation of US and European legislation to boost investment flows and trade between the world's largest economic blocs.

Initial talks will review financial market regulations, including delisting rules, which many US-listed European companies feel are too cumbersome, as well as intellectual property law. Ms Merkel is also seeking mutual recognition of technical standards for products such as cars.

In her first interview with an international newspaper since becoming chancellor, Ms Merkel told the Financial Times she would make achieving a "transatlantic economic partnership" central to Germany's presidency of the European Union, which began this week.

Her ambition is to create a single transatlantic market for investors, with common rules and standards on issues such as intellectual property and financial regulation. However, her initiative may face opposition from a more protectionist US and other EU member states.

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Ms Merkel expressed optimism that talks would also begin in the next six months on a new strategic partnership with Russia but warned Moscow that relations must be based on reciprocity. If Russia restricted foreign investment in its strategic companies, she said, it should be no surprise if EU countries took similar measures against Russian investors.

She also spelt out her determination to revive the EU constitutional treaty after the No votes in French and Dutch referendums.

Ms Merkel, who also holds the chair of the Group of Eight industrialised nations for 2007, is underlining the importance she attaches to restoring transatlantic ties by flying to Washington on Thursday to meet George W. Bush, US president.

"Our economic systems are based on the same values," said Ms Merkel. "We have learnt how to combine the Anglo-Saxon and Continental European legal systems, which are very different from one another . . . think transatlantic co-operation will be more straightforward in many areas than might appear at first glance."

Ms Merkel's initiative marks the EU's first attempt to achieve a transatlantic single market since a similar move by the European Commission in 1998 petered out because of French opposition. Formal negotiations on drafting the partnership should start at the EU-US summit in May, she said.

Matthias Wissmann, chairman of the German parliament's Europe Committee, estimates that the integration of US and EU financial markets alone could be achieved by 2015 and would cut trading costs on both sides by 60 per cent and the cost of equity capital by 9 per cent.

Ms Merkel stressed that tariffs and customs duties were not part of her plan.

Yuan's Ascent Begins To Pinch Chinese Exporters (WSJ)

By James T. Areddy

The Wall Street Journal, January 3, 2007

SHANGHAI -- The Chinese currency's rising value has started to pinch an increasing number of businesses here, eroding already thin profit margins, forcing them to reduce expenses and sometimes costing them business.

The tightly controlled Chinese yuan has crept up 6% since July 2005, when the government loosened its link to the U.S. dollar. Its gains against the dollar are modest compared with the sharper run-ups of other currencies, such as the euro. But the pace of the upswing has been unusually fast for China, where until recently companies had almost no experience with currency fluctuations against the dollar.

The yuan's 3%-plus rise against the dollar last year represented an even sharper change than the Japanese yen's 1.4% decline against the U.S. currency. Expectations that the yuan will strengthen further in 2007 have sent companies scrambling to find ways to protect themselves.

The stronger yuan is reducing the profit Zhenhua Port Machinery Co. earns on its big shipping-container cranes when they are sold in dollars. To cushion the blow, Zhenhua is raising prices, changing sales terms and looking for efficiencies in its manufacturing processes. The yuan "revaluation obviously hit us," says Wang Jue, board secretary of the Shanghai company.

Zhejiang Dongyang Haisen Trading Co., a maker of beverage containers in eastern China, says the yuan move has entirely erased its 2% or 3% profit margin on basic products. For now, the company is offering a newer, pricier line of products for export orders, says sales manager Zhang Shengquan. "What we hope is that the appreciation [of the yuan] could slow down a bit," Mr. Zhang says.

On the whole, the Chinese government seems to be comfortable with the pace of the yuan's rise. The central bank said last week that the exchange rate has moved "in an orderly way within a reasonable range."

The new foreign-exchange pressure on exporters is likely to lead them and their allies in the Chinese government to argue against a rapid increase in the yuan's value, while others, including those worried about the inflationary side effects of restraining the yuan or political pressures in the U.S., push for a faster rise.

The yuan's gains haven't been nearly enough to blunt international criticism of Beijing's exchange-rate policy. U.S. politicians and others argue that China keeps the yuan artificially weak in order to give its exporters an unfair advantage in world markets, a tactic they blame for America's soaring trade surplus with China.

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For China, the need to sustain its rapid economic growth takes precedence over exchange-rate concerns. Beijing recognizes the need to let market forces influence the yuan, but its policy makers view the shift as a complex undertaking. Few things can more easily jostle an economy than abrupt changes in the value of its currency.

As the yuan continues to edge up, so will China's export prices, says Edward Leung, chief economist of the Hong Kong Trade Development Council, a government-funded industry group. Manufacturing costs in China already face rising labor and materials expenses, he says. Further gains by the yuan will leave exporters with little choice but to charge more.

U.S. companies that have extensive operations in China are also feeling the effects. In a regulatory filing, Measurement Specialties Inc., an instrument maker based in Hampton, Va., said in November that the yuan's rise has "resulted in lower margins since a large portion of our products is manufactured in our China facility."

Opponents Of New Kosovo Must Be Stopped (FT)

By Joseph Biden

Financial Times, January 3, 2007

Years of hand-wringing and chest-thumping over the future status of Kosovo may finally be drawing to a close. In the next few months, adroit diplomacy to secure Kosovo's independence could yield a victory for Muslim democracy, a better future for south-east Europe and validation for the judicious use of American power.

But along with the potential for triumph in Kosovo, there is a growing risk that Serbia and Russia will conspire to seize defeat from the jaws of victory. Extremists in Belgrade and Moscow are – for very different reasons – hoping to use Russia's United Nations Security Council veto to quash Kosovo's bid for independence. If they succeed, the Balkans will emerge as another source of bad news in a world already crowded with crises.

During the seven years since Nato ended Slobodan Milosevic's reign of terror in Kosovo, a UN-backed administration has largely succeeded in bringing stability to the province. However, Kosovo's people are justifiably tired of a status quo marked by uncertainty and economic privation. These two intertwined problems will continue so long as the debate over the province's future remains unresolved. Its ambiguous status is also leading to stagnation in Serbia.

Nationalist politicians in Belgrade have embraced the fight against Kosovo's independence to divert public attention from their own failures and Serbia's stalled bid for European Union membership. The actions of Vojislav Kostunica, Serbia's prime minister, have been particularly disappointing. In addition to refusing international requests to call for the arrest of war crimes fugitives Ratko Mladic and Radovan Karadzic, Mr Kostunica has rejected every attempt at compromise on Kosovo. Serbia's moral authority on the issue hit a new low in October when the 1.5m ethnic Albanian residents of the province were denied the right to vote in a deeply flawed constitutional referendum that declared Kosovo an integral part of Serbia.

To their great credit, the people of Serbia have proved more realistic about Kosovo than their elected leaders. Opinion polls show that many Serbs foresee that the province will gain independence. Ethnic Albanians in Kosovo, meanwhile, overwhelmingly expect to sever ties with Serbia. With citizens on both sides of the issue ready to finish the debate and move on to more constructive challenges, leaders who block a solution will do so at their peril.

Historically, trouble in the Balkans is almost always the result of false expectations. On the whole, the citizens of south-east Europe are mentally prepared for an independent Kosovo.

If Belgrade postpones a settlement it will reopen the issue for many Serbs previously resigned to Kosovo's independence and further inflame frustrations among the region's ethnic Albanians. The result could be a return of the mob violence that shook Kosovo in March 2004.

A Russian effort to delay a deal on Kosovo would be in keeping with the Kremlin's habit of fostering weak, subservient governments in formerly communist states. Moscow has apparently reached the conclusion that impoverished, unstable regimes are easier targets for manipulation than prosperous, independent countries. It has made extensive, public use of oil and gas diplomacy to undermine the budding democracies of eastern Europe. Less attention has focused on the Kremlin's quiet efforts to exacerbate territorial conflicts in Georgia, Moldova and Azerbaijan. Serbia could become the latest victim of this strategy.

Kosovo is not ready for full sovereignty. Even after independence, Nato and the international community will need to provide security guarantees for Kosovo's minorities and strengthen its economy and institutions. But it is time to grant the province

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independence. The longer the status debate continues, the further Kosovo and Serbia will fall behind other rapidly progressing former Yugoslav republics such as Croatia and Slovenia.

Success in Kosovo, if realised, will have implications far beyond the Balkans. A responsible Russian approach to the issue could demonstrate the Kremlin's commitment to global order at a time when its credibility is in tatters. The people of Kosovo – already the most pro-American in the Islamic world – will provide a much-needed example of a successful US-Muslim partnership. Stability in south-east Europe would be a welcome bit of good news and offer hope in a season of tremendous foreign policy challenges.

The writer is the incoming Democratic chairman of the US Senate foreign relations committee

A New Beginning For Turkmenistan (WP)

By Nurmuhammet Hanamov

The Washington Post, January 3, 2007

Last week Turkmenistan buried its brutal dictator, Saparmurad Niyazov. His ruthless reign spanned two decades, during which time his policies became increasingly irrational and unpredictable. The long list of Niyazov's crimes against our people includes: banning all political parties except his own and jailing his opponents; preventing thousands of "disloyal" citizens from traveling abroad; persecuting religious and ethnic minorities; outlawing opera; and shutting down regional hospitals, firing thousands of doctors and nurses. Under Niyazov, Turkmenistan became a corridor for heroin trafficking from Afghanistan to the West and gained for itself one of the highest heroin addiction rates in the world.

Above all, Niyazov was a selfish and kleptocratic despot, stashing billions in proceeds from the sale of the country's enormous natural gas resources in personal accounts in Western banks. He used this money to fuel his outlandish personality cult, building opulent palaces and golden statues of himself even as his people were deprived of basic necessities and suffer one of the world's lowest life expectancy rates. The West's indifference was striking compared with the relentless criticism by the United States and the European Union against the more benign regime of Alexander Lukashenko, president of gas-poor Belarus.

With Niyazov gone, the West has a historic second chance to help our country make a peaceful transition to democracy. Turkmenistan's interim rulers have unfortunately pledged to continue Niyazov's policies (even ordering new statues of him), and their efforts to grab power amount to a coup d'?tat. The former health minister -- under the de facto control of Niyazov's Presidential Guard -- has arrested the speaker of Parliament, who constitutionally is next in the line of succession. He has sealed the country's borders and, using other unconstitutional measures, has set the stage for his own unchallenged victory in presidential elections scheduled for Feb. 11.

The United States must send a clear message to Niyazov's holdouts in the "interim government" in Ashgabat: that they will not have its support unless they agree to hold free and fair elections -- ones that allow all citizens of Turkmenistan, including exiled opposition leaders and political prisoners, to take part.

We know that the United States has tried to help the people of Turkmenistan in recent years, and thanks to American educational exchange programs, there is a thriving community of bright Turkmen students and intellectuals who are living in Western countries and are ready to return and help rebuild their country. This community is largely held together by the efforts of Khudaiberdy Orazov, a former chairman of the National Bank and an accomplished and energetic leader who was forced into exile several years ago. He was unanimously nominated to be a candidate in the February presidential elections by a broad coalition of opposition groups inside and outside of Turkmenistan. According to a recent poll, Orazov's candidacy would have the support of a majority of Turkmen voters. Until Orazov and other opposition candidates are allowed to contest the February elections, the United States and the European Union must refrain from recognizing the junta in Ashgabat and freeze all personal accounts of Niyazov and his cronies abroad. We hope that members of Congress and other government officials will visit Turkmenistan soon to personally deliver that message.

We must rebuild our country, and with the help of our friends and neighbors we can do it in an open and transparent way. Priorities for a democratically elected government during the initial post-Niyazov reconstruction must be to release all political prisoners, conduct open tenders and allow Western companies to bid for a stake in developing Turkmenistan's oil and gas fields; to consider new ways of getting our gas and oil to Western markets; to restore private property that Niyazov confiscated from

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Turkmen citizens; and to create a reconstruction fund using Niyazov's personal bank accounts and proceeds from the sale of oil and gas to revive the health-care and education systems.

The United States is spending billions of dollars trying to turn Afghanistan and Iraq -- both deep in the throes of civil war -- into democratic nations while all but abandoning their peaceful post-Soviet neighbors to the north. Turkmenistan is ready for a new beginning, and the West must finally step up to the plate. To do otherwise would waste a historic opportunity and allow yet another case of popular discontent with an illegitimate government to become an anti-Western lost cause.

The writer is the founding chairman of the Republican Party of Turkmenistan in exile. Before announcing his opposition to President Saparmurad Niyazov's regime and going into exile in 2002, Hanamov served as Turkmenistan's ambassador to Turkey and Israel and chairman of Turkmenistan's State Planning Committee.

Now It's Belarus's Turn (NYT)

The New York Times, January 3, 2007

A year after Russia put the gas squeeze on Ukraine, it was Belarus's turn. Unlike Ukraine, Belarus blinked two minutes before the Jan. 1 deadline and Russia had its booty: a 50 percent share of Belarus's pipeline network and a more than doubling of the price Belarus will now pay for Russian gas.

There was no global outcry this time. President Aleksandr Lukashenko, the utterly Soviet boss of Belarus, has no friends in the West. But this latest squeeze is another warning that the Kremlin will let nothing — personal loyalty, contracts, the law — halt its drive to reimpose state control on Russia's energy sector. It is also another reminder that the West, a big consumer of Russian energy, remains vulnerable to President Vladimir Putin's whims.

The Belarus deal came less than two weeks after Royal Dutch Shell gave in to the Kremlin's pressure and sold a controlling share in the Sakhalin-2 oil and gas project to Gazprom, Russia's state gas monopoly. Moscow is now leaning on the British-Russian joint venture, TNK-BP, to give Gazprom a large and possibly controlling stake.

A year ago, when the democratic revolutions in Georgia and Ukraine were seen as serious threats to the Kremlin's influence, Mr. Putin was eager to prop up Mr. Lukashenko. But once Mr. Lukashenko successfully stole the March presidential election, the new gas bill arrived in Minsk. That included half ownership for the Kremlin of Beltransgaz, the state pipeline operator that not only fuels Belarus but also supplies a fifth of Europe's gas.

Russia's European customers could increase their leverage — and possibly improve the Kremlin's behavior — if they negotiated jointly with Gazprom, rather than scurrying to cut separate deals. Western companies and governments also need to warn Moscow that its leverage has limits. Russia will need the expertise and capital of foreign companies if it wants to keep developing its natural resources. No one wants to do business with a bully.

More Gas Blackmail (WSJ)

The Wall Street Journal, January 3, 2007

The new year did not begin, as many had feared, with Russia's Gazprom again turning off taps that lead eventually to natural gas customers in Western Europe. At the last moment, Belarus acquiesced to the Kremlin's demands to double gas prices and cede control over the Belarusan gas-transit network, thereby avoiding the shut-off that hit Ukraine on January 1, 2006.

The bullying of Minsk this year also didn't elicit a hue and cry in the West as did last year's gas war with Kiev. Part of this is cynical self-interest: Europe gets only a fifth of its gas through Belarus compared with four-fifths through Ukraine. But this latest rendition of Moscow's spigot shakedown carries a blueprint for its strategy toward the rest of the Continent, and Europe's leaders ignore it at their peril.

This dispute was also less overtly political. Whereas the Kremlin was blatantly punishing the West-leaning democrats of Ukraine's "Orange Revolution," Belarus appeared to be a strictly economic case because its president, Alexander Lukashenko, is a Russian puppet. That's not entirely true, however.

Russia made Mr. Lukashenko's re-election possible last year, and Gazprom came to collect for that favor in the form of a new contract. His stubbornness amounted to political insubordination. The West might not have wanted to stick up for "Europe's last dictator," but leaving him out to dry only entrenches the Russians in Belarus. They will be far more difficult to expel from Minsk than Mr. Lukashenko ever could be.

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As for the future, the key to the Belarus compromise was the 50% stake that Gazprom won in Beltransgaz, Belarus's gas-pipeline monopoly. Gazprom has been transparent about its aim to own the pipes that connect its gas fields to its customers. This is one of the main reasons Moscow refuses to ratify the International Energy Charter, which requires free access to pipeline networks, and why it is lobbying hard against European Union plans to liberalize its gas market. As part of that reform, the EU would likely prohibit gas suppliers from owning pipelines, and vice versa.

Gazprom is thus scurrying to build and buy enough pipelines inside the EU to strengthen its leverage. It already owns 50% minus one share in Wingas, a joint venture with BASF's Wintershall AG unit that, according to Gazprom, owns 2,000 kilometers of pipe in Germany as well as Europe's largest underground gas storage site. Moscow must figure that, if it can consolidate enough, the Europeans won't have the backbone to force Gazprom out. Given Brussels' timid reaction to Paris's shotgun marriage of Gaz de France and Suez, the Kremlin might be right.

This type of monopoly power is worrying enough in companies and countries where the state has a large influence in the energy sector: Think of France's GdF and EdF. It's even worse when the state is the company, as in Russia today, and explicitly bars certain foreign investments while changing investment terms on a whim. European customers who want to know how they might be treated by a vertically integrated Gazprom might ask Royal Dutch Shell CEO Jeroen van der Veer; late last month he was all but forced to cede control of his Sakhalin-2 oil project to the Russian gas giant.

Gazprom's monopoly status also undercuts claims by the company and Kremlin -- pardon the redundancy -- that the situation in Belarus was merely a matter of introducing "market pricing" to the former Soviet republic. The same line was trotted out in the disputes with Ukraine, Azerbaijan, Moldova and Georgia. Just so we're clear, there is no proper market price for this gas. Gazprom has no competitors that could offer to fill the pipelines to Belarus with Russian gas at a lower price. But never mind. Let the advocates of Kremlin capitalism answer this: Since when does "market" economics entail the forced sale of one firm's assets to another, particularly when those assets weren't for sale in the first place?

It's hard to remember now, but before its Ukrainian blackmail last year Gazprom had a decent reputation for reliability. So much for that. All the more reason for Brussels to expedite its plans for gas-market liberalization. We'll get an idea of how European policy makers size up the threat from Russia on Thursday, when the EU's Gas Coordination Group meets, and next week when the European Commission unveils its energy sector review. No news on the liberalization front will be bad news.

The Squeeze On Belarus (WP)

The Washington Post, January 3, 2007

EUROPE narrowly averted another energy supply crisis this week when Russia and Belarus struck a last-minute deal, preventing a threatened Russian cutoff of natural gas supplies. Since Russian gas flows through Belarus to Poland and Western Europe, a disruption could have affected consumers far beyond Belarus, as happened a year ago when Russia turned off the tap to Ukraine. The source of the dispute was the same in both cases: Russia's demand that its neighbors pay vastly increased prices for gas and turn over controlling stakes in pipelines that carry gas to the rest of Europe. Belarus, like Ukraine, claimed that Moscow's commercial hardball was politically motivated, while the Kremlin argued that it was merely ending subsidies that were a legacy of the Soviet Union.

In fact both sides are telling the truth -- but it's the political ramifications that should concern Western governments. As executives of the Kremlin-controlled Gazprom company asserted, the price to be paid by Belarus -- $100 per thousand cubic meters of gas in 2007 -- is still one of the better deals Russia offers, even if it is far more than the previous rate of $46. But Belarus obtained the discount only by agreeing to sell a controlling interest in the transit line, thereby advancing Russia's disturbing campaign to monopolize energy supplies to Europe.

Belarusan President Alexander Lukashenko is widely known as Europe's last dictator. What's less well known is that he has been resisting pressure from Russia to annex his country. Mr. Lukashenko signed a deal with Russian President Vladimir Putin several years ago under which the two countries would merge; by its terms Belarus was to adopt the Russian ruble and turn over the gas pipeline. But Mr. Lukashenko, who once dreamed that the union would propel him toward becoming leader of both countries, changed his mind when he realized he was on his way to becoming a provincial governor. He has resisted yielding the pipeline or abandoning his country's sovereignty.

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Mr. Putin is consequently using "market pricing" to extract what he wants from Belarus. "We are being threatened with economic sanctions and isolation again," Mr. Lukashenko said in a New Year's address. "The reason is simple: It is our desire to be independent." He went on to denounce "anti-Belarusan sentiments" in Russia that "are dealing a blow to our century-old friendship."

Mr. Lukashenko's disillusionment with Russia might make him wish for better relations with the West. But as the European Union recently reiterated, that would require steps to democratize his country, something the strongman has shown no inclination to do. Still, Mr. Lukashenko's assertion of Belarusan sovereignty and independence could open the way to reform. If Belarus is really to survive in the center of Europe independent from Russia, it will inevitably have to accept far greater change than simply paying the market price for gas.

Sinn Fein And The Cops (LAT)

The Los Angeles Times, January 3, 2007

IN MOST societies, it isn't news when a major political party accepts the legitimacy of the police force. But the leader of the political wing of the Irish Republican Army made not just news but history last week by doing just that. Sinn Fein leader Gerry Adams said he would ask a party conference to approve a motion supporting the "police services" in both Northern Ireland and the predominantly Catholic Irish Republic.

A recognition by Sinn Fein of the new Police Service of Northern Ireland — a replacement for the Royal Ulster Constabulary long distrusted by Catholics — would be a momentous step. It would add the final piece to the jigsaw puzzle of a new arrangement in which the North's pro-British Protestant majority shares power with the Catholic minority.

If power sharing is revived, credit will belong not only to Northern Ireland's erstwhile enemies but to the United States. Abandoning this country's traditional hands-off policy, President Clinton committed his administration to the search for a solution to "the Troubles," which killed more than 3,000 people. The result was the 1998 Good Friday Agreement negotiated by Clinton's envoy, former Sen. George J. Mitchell, which called for an "inclusive" government in Belfast.

Still, even as savvy a salesman as Clinton would have failed had not successive British and Irish governments worked together, often over the heads of their supposed surrogates in Northern Ireland. Both governments combined toughness toward terrorism with an openness to negotiations and creative thinking. (Alas, there is no equivalent of the Dublin-London axis to induce Israelis and Palestinians to settle their differences.)

In 1994, in a gesture to Northern Ireland's Catholics, Britain announced that it had no "selfish" interest in ruling the North against the wishes of a majority of the population. Four years later, as recommended by the Good Friday Agreement, the Irish Republic addressed a long-standing Protestant grievance by amending its constitution to renounce any claim to govern the North.

The effect of these and other concessions was to fudge the question of whether Northern Ireland was eternally part of Ireland or eternally subject to the British crown. The answer: It's neither. The North will remain linked to Britain until a majority decides otherwise, but meanwhile both London and Dublin will take care that the Protestant majority shares power — including police power — with a long-marginalized Catholic minority. And the guns will remain silent.

It's an untidy compromise, but eminently preferable to three decades of civil strife and political deadlock. Too bad it comes to late for those who didn't survive the Troubles.

DOJ_NMG_0110583

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 3, 2007 7:45 AM EST

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TERRORISM NEWS:

Leahy Warns Justice Over Terror Policies (WT)

By Jerry Seper

The Washington Times, January 3, 2007

The incoming chairman of the Senate Judiciary Committee yesterday described as "disappointing" the Justice Department's refusal to release documents detailing the Bush administration's interrogation and detention policy for terrorism suspects.

Sen. Patrick J. Leahy, Vermont Democrat, called on the department and the White House to "reconsider their response" and work with the committee "to promptly share this information, with any appropriate confidentiality safeguards."

Mr. Leahy, who bitterly criticized FBI Director Robert S. Mueller III last month during a committee hearing for refusing to discuss the Bush administration's domestic terrorist-surveillance program, has promised that as chairman he will target what he called the "unprecedented" efforts by the administration to "hide its own activities from the public."

"The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for, given President Bush's promise to work with us," he said.

Mr. Leahy said he requested documents in November concerning CIA interrogation methods and described the administration's offer to work with Congress after Democrats take over tomorrow as "political lip service."

"I have advised the attorney general that I plan to pursue this matter further at the committee's first oversight hearing of the Department of Justice," he said.

In November, Mr. Leahy told Attorney General Alberto R. Gonzales that the CIA had disclosed the existence of two interrogation-related documents -- a presidential directive regarding the agency's interrogation methods and detention facilities located outside of the United States, and a Justice Department memo regarding CIA interrogation methods.

The CIA disclosures came during an ongoing Freedom of Information Act lawsuit brought by the American Civil Liberties Union.

"Prisoner abuse is one aspect of a broader problem, which includes the use of so-called 'extraordinary renditions' to send people to other countries where they will be subject to torture," Mr. Leahy said. "We diminish our own values as a nation -- and lose credibility as an advocate of human rights around the world -- by engaging in, or outsourcing, torture."

His request for documents included records describing CIA interrogation methods or policies for the treatment of detainees, including a directive signed by Mr. Bush governing CIA interrogation methods. He also sought documents regarding the legality of specific interrogation tactics.

In September, the Republican-controlled Congress passed a bill giving Mr. Bush wide latitude in interrogating and detaining captured enemy combatants. Democrats opposed the measure and have vowed to revisit the issue once they take control of Congress.

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Mr. Leahy, joined by several Democrats and outgoing Republican Chairman Arlen Specter of Pennsylvania, have challenged a provision in the bill that prohibits a detainee from protesting his detention in court. They have argued that it is unconstitutional.

Justice Dept. Refuses Senator's Document Request (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, January 3, 2007

Setting up what could become the first showdown between the Bush administration and the new Democratic Congress, the Justice Department has refused to turn over two secret documents, describing the CIA's detention and interrogation policies for suspected terrorists, to the incoming chairman of the Senate Judiciary Committee.

Sen. Patrick J. Leahy (D-Vt.), who asked for the documents in November, said Tuesday that the department's response suggested that President Bush's promise to work with the new Congress "may have been only political lip service."

Leahy has said he might use subpoenas to get the material.

"It is disappointing that the Department of Justice and the White House have squandered another opportunity to work cooperatively with Congress," he said Tuesday in a statement. "The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for, given President Bush's promise to work with us."

The administration notified Leahy on Dec. 22 that it would not release a presidential directive signed by Bush authorizing the CIA to set up secret prisons overseas for suspected terrorists or a 2002 Justice Department legal memorandum outlining "aggressive interrogation techniques."

Leahy waited until the week that Democrats take control of Congress to release — and denounce — the response. The department's letter to Leahy was sent during Congress' holiday recess, when most lawmakers were out of town.

The exchange is an inauspicious start to what some lawmakers and administration officials had hoped would be a period of bipartisanship following the November election, in which Republicans lost control of both houses of Congress.

Democrats have pledged stepped-up oversight on a number of matters, including the conduct of the Iraq war, the National Security Agency's warrantless electronic surveillance of terrorist suspects in the United States, and the bungled response to Hurricane Katrina.

In a letter Tuesday to Atty. Gen. Alberto R. Gonzales, Leahy asked the Justice Department to reconsider its decision. He also told Gonzales he would "pursue this matter further" as part of an oversight hearing that the judiciary committee was planning for the department.

That warning indicates the depth of frustration among Democrats who believe the administration has withheld crucial information about its anti-terrorism efforts. In response to a question after a speech Dec. 13 at Georgetown University Law Center, Leahy signaled the possibility of using subpoenas to elicit information.

"I expect to get the answers. If I don't ... then I really think we should subpoena," he said. "If the president wants to claim executive authority, then let him do so, and then we can determine where we go from there."

In its Dec. 22 letter to Leahy, the Justice Department said the information he sought was classified and included confidential legal opinions that were privileged. The department also said disclosing sensitive operational information, such as interrogation techniques, would help the enemy.

"Al Qaeda seeks information on our interrogation techniques — their methods and their limits — and trains its operatives to resist them," wrote James H. Clinger, acting assistant attorney general for legislative affairs. "We must avoid assisting their effort."

Clinger said the department had already briefed members of the Senate and House intelligence panels about aspects of the anti-terrorism programs, fulfilling its obligations under the law.

He added that the department remained open to discussing many of the legal issues regarding the war on terrorism with Leahy and other lawmakers. He forwarded Leahy a document detailing how the department was currently interpreting the federal anti-torture statute under which CIA personnel could be prosecuted for mistreating prisoners.

Leahy noted in his response Tuesday that the document was already public.

The disclosure of the CIA "black sites" in late 2005 triggered a congressional furor — and a Justice Department leak investigation into a Washington Post report that broke the news. Reports of prisoner abuses in Iraq and Afghanistan have also prompted global outcry and raised questions about the moral authority of the United States worldwide.

Bush acknowledged the existence of the secret prisons in September when he transferred 14 "high-value" detainees held at the prisons — including alleged Sept. 11 mastermind Khalid Shaikh Mohammed — to the military detention center at Guantanamo Bay, Cuba, for possible trial.

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Issuing a subpoena is considered a last resort for lawmakers looking to examine administration policies. Doing so can lead to lengthy legal battles and, in some cases, attempts by Congress to enforce the subpoena by withholding funds for administration projects or by refusing to confirm nominees to executive-branch or judicial posts.

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FBI Reports Duct-Taping, 'Baptizing' At Guantanamo (WP)

By Dan Eggen

The Washington Post, January 3, 2007

FBI agents witnessed possible mistreatment of the Koran at the military prison at Guantanamo Bay, Cuba, including at least one instance in which an interrogator squatted over Islam's holy text in an apparent attempt to offend a captive, according to bureau documents released yesterday.

In October 2002, a Marine captain allegedly squatted over a copy of the Koran during intensive questioning of a Muslim prisoner, who was "incensed" by the tactic, according to an FBI agent. A second agent described similar events, but it is unclear from the documents whether it was a separate case.

In another incident that month, interrogators wrapped a bearded prisoner's head in duct tape "because he would not stop quoting the Koran," according to an FBI agent, the documents show. The agent, whose account was corroborated by a colleague, said that a civilian contractor laughed about the treatment and was eager to show it off.

The reports amount to new and separate allegations of religiously oriented tactics used against Muslim prisoners at Guantanamo Bay. After an erroneous report of Koran abuse prompted deadly protests overseas in 2005, the U.S. military conducted an investigation that confirmed five incidents of intentional and unintentional mishandling the book at the detention facility. They acknowledged that soldiers and interrogators had kicked the Koran, had stood on it and, in one case, had inadvertently sprayed urine on a copy.

The reports released yesterday were the result of an internal survey conducted in 2004 by the FBI, which asked nearly 500 employees who had served at Guantanamo Bay to report possible mistreatment by law enforcement or military personnel. More than two dozen incidents were reported, including some that the government had revealed in earlier document releases.

The new documents were turned over as part of an ongoing lawsuit by the American Civil Liberties Union.

In them, FBI employees said they had witnessed 26 incidents of possible mistreatment of detainees at Guantanamo Bay, including previously reported cases in which prisoners were shackled to the floor for extended periods of time or subjected to sexually suggestive tactics by female interrogators.

In a previously unreported allegation, one interrogator bragged to an FBI agent that he had forced a prisoner to listen to "Satanic black metal music for hours," then dressed as a Catholic priest before "baptizing" him.

One agent reported being told that while questioning male captives, female interrogators would sometimes wet their hands and touch detainees' faces in order to interrupt their prayers. Such actions would make some Muslims consider themselves unclean and unable to continue praying.

Lt. Cmdr. Joe Carpenter, a Pentagon spokesman, said in a statement last night that "the issues and facts raised" in the documents "are not new" and that 12 reviews have showed there were no Defense Department policies that condoned abuse.

"The Department of Defense policy is clear -- we treat detainees humanely," Carpenter said. "The United States operates safe, humane and professional detention operations for enemy combatants who are providing valuable information in the war on terror."

FBI spokesman Richard Kolko said all the information from the survey has been turned over to the Defense Department's inspector general.

An FBI memorandum that accompanied the documents emphasized that none of the incidents involved agency or Justice Department employees. It said the reports concerned personnel from other government agencies or outside contractors.

Jameel Jaffer, deputy director of the ACLU's National Security Program, said the new documents highlight the need for more focused and aggressive investigation of allegations of detainee abuse at Guantanamo Bay. He questioned how aggressively the FBI pursued the allegations by its employees, because authorities conducted follow-up interviews in only nine of the 26 cases.

"More comprehensive investigation is needed, not only into the scope of abuses but into the root causes and policies that led to those incidents," Jaffer said.

Some previously reported tactics mentioned in the new documents include wrapping a prisoner in an Israeli flag, subjecting others to extreme heat and cold, and aggressively using strobe lights on others.

Such approaches were allowed under aggressive Pentagon detention policies in place at the time, and the new documents include several instances in which interrogators appear to cite such approval as justification for their actions.

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But one FBI agent who visited Guantanamo Bay in the fall of 2003 described a tactic called the "frequent flyer program," in which detainees who were deemed uncooperative were placed on a list to be subjected to special sleep-deprivation tactics. The prisoners were moved frequently from cellblock to cellblock at intervals of two to four hours to interrupt their sleep, the agent said.

In September, the Pentagon adopted new interrogation rules, outlawing harsh techniques adopted at Guantanamo Bay, detention facilities in Iraq and other prisons overseas since the Sept. 11, 2001, attacks.

FBI Details Possible Detainee Abuse (AP)

By Matt Apuzzo, Associated Press Writer

AP, January 3, 2007

WASHINGTON (AP) - FBI agents documented more than two dozen incidents of possible mistreatment at the Guantanamo Bay military base, including one detainee whose head was wrapped in duct tape for chanting the Quran and another who pulled out his hair after hours in a sweltering room.

Documents released Tuesday by the FBI offered new details about the harsh interrogation practices used by military officials and contractors when questioning so-called enemy combatants.

The reports describe a female guard who detainees said handled their genitals and wiped menstrual blood on their face. Another interrogator reportedly bragged to an FBI agent about dressing as a Catholic priest and ``baptizing" a prisoner.

Some military officials and contractors told FBI agents that the interrogation techniques had been approved by the Defense Department, including directly by former Defense Secretary Donald H. Rumsfeld.

The documents were released in response to a public records request by the American Civil Liberties Union, which is suing Rumsfeld and others on behalf of former military detainees who say they were abused. Many of the incidents in the FBI documents have already been reported and are summarized in the ACLU's lawsuit.

Defense Department spokesman Lt. Cmdr. Joe Carpenter said the issues raised in the report are not new. A dozen reviews of detention operations have found no policies that condone abuse, he said.

The treatment of detainees has long been a volatile subject, especially between the administration and the Democratic lawmakers slated to assume the majority when the 110th Congress convenes on Thursday.

One incoming chairman served notice Tuesday that the issue is a top priority. Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., notified Attorney General Alberto Gonzales that his panel's first oversight hearing of the new Congress would focus on two documents Leahy is seeking about the interrogation methods of another agency, the CIA.

The Justice Department has refused to hand over the documents, saying their contents are ``extremely sensitive" and could help terrorists plot more attacks.

President Bush signed legislation in October that authorized aggressive interrogation tactics but did not define them. ACLU lawyer Jameel Jaffer said the court documents show that stricter congressional oversight is needed.

``If you just authorize in a vague way, there's no end to the abusive methods the interrogators will come up with," Jaffer said.

The records were gathered as part of an internal FBI survey in 2004 and are not part of a criminal investigation.

The agency asked 493 employees whether they witnessed aggressive treatment that was not consistent with the FBI's policies. The bureau received 26 positive responses, including some from agents who were troubled by what they saw.

``I did observe treatment that was not only aggressive but personally very upsetting," one agent wrote, describing seeing a man left in a 100-degree room with no ventilation overnight. ``The detainee was almost unconscious on the floor with a pile of hair next to him. He had apparently literally been pulling his own hair out throughout the night."

Another agent said he heard several ``thunderclaps" then saw a detainee lying on the floor with a bloody nose. Interrogators told the agent the man was upset and had thrown himself to the floor.

In one report, an agent said he saw a detainee draped in an Israeli flag in a room with loud music and strobe lights. A note on the report said the Israeli flag ``may be over the top but not abusive." The words ``may be" were then crossed out and replaced with ``is."

Carpenter, the Pentagon spokesman, said the Guantanamo detainees ``include some of the world's most vicious terrorist operatives."

``The Department of Defense policy is clear," Carpenter said. ``We treat detainees humanely. The United States operates safe, humane and professional detention operations for enemy combatants who are providing valuable information in the war on terror."

The FBI reports do not say whether any laws were broken. They said nothing employees observed rose to the level of abuse seen at the Abu Ghraib prison in Iraq.

FBI spokesman Richard J. Kolko said all the information in the reports was passed on to the Pentagon's inspector general.

DOJ_NMG_0110589

A federal judge is considering whether to allow the ACLU's lawsuit against Rumsfeld to go forward. Government officials are normally shielded from personal lawsuits related to their jobs.

Associated Press writer Laurie Kellman contributed to this report.

FBI: Workers Saw Prisoner Abuse At Guantanamo (CNN)

CNN.com, January 3, 2007

WASHINGTON (CNN) -- The FBI on Tuesday released documents showing at least 26 of the agency's employees witnessed aggressive mistreatment and harsh interrogation techniques of prisoners by other government agencies or outside contractors at Guantanamo Bay, Cuba.

"On several occasions witnesses saw detainees in interrogation rooms chained hand and foot in fetal position to floor with no chair/food/water; most urinated or defecated on selves and were left there 18, 24 hours or more," according to one FBI account made public.

One FBI witness saw a detainee "shaking with cold," while another noted a detainee in a sweltering unventilated room was "almost unconscious on a floor with a pile of hair next to him (he had apparently been pulling it out through the night)."

Another witness saw a detainee "with a full beard whose head was wrapped in duct tape."

One FBI statement said that an interrogator squatted over the Quran and that a German shepherd dog was ordered to "growl, bark and show his teeth to the prisoner."

Another detainee was draped in an Israeli flag.

The FBI surveyed all 493 FBI personnel who had been assigned to the military prison facility in the aftermath of the September 11, 2001, terrorist attacks and determined no FBI agent or support personnel had participated in any of the controversial practices.

"This thorough internal assessment shows the FBI was not involved in these activities in any way," said chief FBI spokesman Richard Kolko.

The FBI Office of General Counsel in September 2004 ordered the "special inquiry" into any FBI participation or observations of a series of alleged incidents at the prison camp for suspected terrorists and al Qaeda sympathizers, but the results were not made public.

The FBI released the documents in response to a Freedom of Information request by the American Civil Liberties Union, but stressed that most of the findings had already been reported elsewhere.

"Note these documents have been vetted by both DoD [Department of Defense] and FBI, and that FBI believes this or substantially similar information has already been released in this litigation," the FBI said.

Results of the 26 "positive responses" and several more "not purely negative responses" reported by FBI personnel in the internal inquiry were made available Tuesday on the Web site at www.FBI.gov. (Read the report)

Other actions FBI personnel reported either witnessing or being told about included:

Placing a detainee in a darkened cell with the intent of interrogating him for 24 hours straight; the witness reported being told that then-Defense Secretary Donald Rumsfeld had approved this technique.

Keeping detainees awake for days on end with strobe lights and loud music.

Dressing as a priest and "baptizing" a detainee.

Subjecting a detainee to a lap dance by a topless female guard.

Interrupting detainees' attempts to pray by putting fluid on their faces and telling them it was menstrual blood.

Beating a detainee who said he had recently undergone abdominal surgery.

Gitmo Mistreatment Of Detainees Revealed (ABC)

By Jason Ryan

ABC News, January 3, 2007

FBI Releases Internal Documents in Guantanamo Abuse Investigation

Jan. 2, 2007 — The FBI has released documents related to an internal inquiry of more than 490 FBI personnel who served at Guantanamo Bay, Cuba, and who may have witnessed abusive or aggressive interrogation techniques by military interrogators at the facility.

From late 2002 through mid-2003, several FBI personnel who were at the base reported several incidents of abuse, including the use of dogs, extreme cold and sleep deprivation techniques.

Following reports in July 2004, the FBI's general counsel, Valerie Caproni, began an internal inquiry to find out how many of the FBI personnel at Guantanamo had witnessed abusive or questionable interrogations.

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Of the 493 FBI agents and employees who were contacted and interviewed by FBI inspectors, 26 individuals suspected mistreatment of detainees but only nine employees witnessed such methods being used by military interrogators or contractors at the base.

Internal e-mails and communications from the agents assigned to Guantanamo Bay indicate their concerns to their superiors at FBI headquarters. "I did observe treatment that was not only aggressive but personally very upsetting, although I can't say this treatment was perpetrated by bureau employees," wrote an FBI special agent in a July 12, 2004, e-mail to FBI inspectors. "It seemed to me these techniques were being employed by the military."

In his e-mail, the agent described his observations: "I entered interview rooms to find a detainee chained hand-and-foot in the fetal position to the floor, with no chair, food or water. Most times, they had urinated or defecated on themselves and had been left there for 12, 24 hours or more. … I was told the interrogators from the day prior had ordered this treatmen, and the detainee was not to be moved."

The FBI agents assigned to Guantanamo were there gathering potential leads, through interrogations, about attacks against the United States in the wake of 9/11.

In May 2004, FBI director Robert Mueller told the Senate Judiciary Committee that "It is the FBI's policy to prohibit interrogation by force, threats of force or coercion. Where we have conducted interviews, we have adhered to that policy."

7th Circuit Ruling Expands Use Of FISA Wiretaps (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, January 3, 2007

Federal prosecutors may use wiretap evidence obtained under the Foreign Intelligence Surveillance Act in spy cases for criminal prosecutions unrelated to the original espionage purpose of the wiretap, the 7th U.S. Circuit Court of Appeals has held.

The ruling is the first outside the special FISA court itself to interpret the law as expanding the ability of prosecutors to use the act in a variety of criminal contexts, according to defense attorney James Geis, a Chicago solo practitioner representing Ning Wen, who was convicted of violating export-control laws.

"Unless there is a constitutional problem in domestic use of evidence seized as part of an international investigation, there is no basis for suppression," wrote Chief Judge Frank Easterbrook in U.S. v. Wen, No. 06-1385.

"I think this holding makes it virtually impossible to challenge a FISA search," said Geis. "This pretty much makes it bulletproof."

The ruling could be significant given the government's increased focus on economic espionage and international theft of U.S. technology. Last month, two men, Fei Ye and Ming Zhong, pleaded guilty in San Francisco to stealing trade secrets from Sun Microsystems Inc. and Transmeta Corp., with the intent of benefiting the People's Republic of China.

Wen and his wife, both naturalized U.S. citizens, were arrested in 2005 in Manitowoc, Wis., for sending to China $500,000 worth of computer parts that could be used to improve missile systems. The government alleged that the computer chips sent out of the United States to China without permission could be used for military radar and missiles.

The FISA court, created to oversee government requests for surveillance warrants against suspected foreign intelligence agents, has held that domestic use of intercepted evidence is permitted so long as it has a "significant" international objective. Sealed Case, 310 F.3d 717 (FIS Ct.).

Geis argued that evidence of domestic criminal conduct gathered under FISA warrants cannot be used to prosecute domestic crime when the espionage investigation dies without charges. "Violation of export laws was very different than espionage," he said. "We never got to see the [government] affidavit" that was the basis for the warrant, he said. In part, the export law violation claim against Wen may have been a matter of geography. "This was central Wisconsin. It would have been trivial in New York, Chicago, San Francisco or Los Angeles," Geis said.

Justice Department spokesman Dean Boyd said the department is pleased with the outcome, but he declined to elaborate on its broader potential application.

Two Albany Mosque Leaders Request New Trial (NSDY/AP)

By Michael Virtanen, Associated Press Writer

Long Island Newsday, January 3, 2007

ALBANY, N.Y. -- Two mosque leaders convicted last fall after a terrorism-related sting have asked the trial judge to set aside the verdicts or else grant them new trials.

Yassin Aref, imam at an Albany mosque, and Mohammed Hossain, a pizzeria owner, were caught in a 2004 FBI sting involving a fictional terror strike. The government never accused the pair of actual violence, but said they participated in a money-laundering scheme that included an FBI informant posing as an illegal arms dealer.

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In court papers filed Sunday, defense attorney Kevin Luibrand said the facts don't support Hossain's convictions. He argued they should be set aside because Hossain was entrapped, authorities induced the crime, the pizzeria owner had "no predisposition" to join in, and improper testimony from an unqualified prosecution expert witness made Hossain's political affiliation appear sinister.

Hossain was convicted Oct. 10 on all 27 charges against him, including three counts of conspiracy. The jury, which deliberated over four days, found Aref guilty of 10 of the 30 charges against him.

Aref, a 36-year-old Kurdish refugee from northern Iraq, was also found guilty of lying to FBI agents about having known a terrorist leader, Mullah Krekar.

The federal informant asked Hossain to launder $50,000, saying it was from the sale of a shoulder-fired missile that would be used to kill a Pakistani diplomat in New York City. Aref, spiritual leader of Hossain's mosque, acted as a witness to a series of transactions between the two men. Hossain said he had merely asked the informant for a loan.

Assistant U.S. Attorney William Pericek, who prosecuted the case, said it's unlikely the trial judge would reverse himself and he doubted the motions would succeed on a later appeal to the 2nd Circuit U.S. Court of Appeals. Judge Thomas McAvoy was careful about the defendants' rights, he said, instructing the jury, for example, to consider the entrapment defense.

In court papers last week, defense attorney Terence Kindlon argued that FBI surveillance tapes showed Aref repeatedly said he could not support Jaish-e-Mohammed, or JEM, the Pakistan-based Islamic terrorist group that the informant claimed to support. "We feel the verdict didn't make any sense," he said.

The FBI has acknowledged Aref was the ultimate target of the sting, not Hossain. Luibrand declined to comment on whether prosecutors had offered Hossain a plea bargain.

Hossain, 51, a naturalized U.S. citizen from Bangladesh, could face 20 years in prison, Luibrand said.

The men are in jail, scheduled to be sentenced Feb. 12.

Albany Mosque Leaders Request New Trial (CAPNEWS9)

Capital News 9, January 3, 2007

Two Albany mosque leaders who were convicted of terrorism-related charges want their verdicts set aside -- or else be granted new trials.

Yassin Aref and Mohammed Hossain were arrested in an FBI sting in 2004 involving a fictional terror plot.

The government said they participated in a money-laundering scheme in which an FBI informant pretended to be an illegal arms dealer.

In October, Hossain was found guilty of all 27 charges against him. Aref was found guilty of 10 of the 30 charges against him.

In court papers filed last weekend, Hossain's defense attorney said the facts of the case don't support his client's convictions. He argued they should be set aside for various reasons.

Both men are in jail while they await sentencing, which is scheduled for February 12.

Can Small Businesses Help Win The War? (USAT)

By Del Jones

USA Today, January 3, 2007

The U.S. military is studying small companies such as 24-employee Craigslist to see how the online bulletin board has all but terrorized the newspaper industry by siphoning classified advertising.

Such research may unearth ideas that will help the United States fight the war on terror.

It may seem a stretch that within the chaos of capitalism are the secrets to fighting al-Qaeda. But the military and business have long borrowed leadership lessons and competitive tactics from each other.

In the past, sharing between military and business has been largely a one-way street. The Art of War by the ancient Chinese general Sun-Tzu remains a must-read for corporate CEOs, and most great lessons have been learned the hard way on the battleground before migrating into commerce. For example, CEOs have come to embrace the idea that it's better to act quickly on an imperfect plan than to introduce a perfect plan too late, a lesson first learned the hard way in the fog of war.

But now the military is paying closer attention to business than business is paying to the military, because the world of geopolitics has discovered itself to be on the same road that business has been on for some time. That road is flatter, more networked and more decentralized than ever.

Large companies are groping for strategies to fend off disruptive competitors, including YouTube, Kazaa, Skype and Wikipedia, companies that are giving away video, music, long-distance and information while eroding the revenue stream of

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companies that charge for it. YouTube is a website where users swap millions of free videos. With fewer than 100 employees, it has created anxiety throughout the giant industries of film and TV.

The Wikimedia Foundation has no plans to bring Western civilization to its knees, but the organization that provides a free Web-based encyclopedia has done as much to Encyclopaedia Britannica. Some 100,000 readers comb Wikipedia entries for errors. Two of those volunteer editors wouldn't recognize each other if they passed on the street. But they are joined at the hip by an ideology and can inflict pain upon a company that has been around since 18th-century Scotland.

How large, traditional companies fare in this fight may prove invaluable in developing a strategy against al-Qaeda. That's why the military is going to school. A book making the rounds at the Pentagon is The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations. It was written for a business audience, but military strategists are saying, "This is the best thing I've read that applies to counterterrorism," says Lt. Col. Rudolph Atallah, a Defense Department director in international affairs.

The premise of The Starfish and the Spider is that centralized organizations are like spiders and can be destroyed with an attack to the head. Decentralized organizations transfer decision-making to leaders in the field. They are like starfish. No single blow will kill them, and parts that are destroyed will grow back.

When Starfish co-author Rod Beckstrom arrived at USA TODAY's suburban Washington, D.C., headquarters for an interview in November, he said he had just come from meetings with representatives at the Pentagon and elsewhere in the "intelligence community." He said he was contacted "out of the blue" in September by one of the highest-ranking officers in special operations, and more recently by a high-ranking special operations officer at Fort Bragg, N.C.

Next week, Beckstrom will present a "high-level briefing set up for a dozen members of different intelligence groups in D.C.," he said.

It's no coincidence that Osama bin Laden is the first leader of terrorism to have studied economics and public administration, nor that he cut his teeth on the family business in Saudi Arabia, says Bruce Hoffman, a professor of security studies at Georgetown University.

As disruptive as the Irish Republican Army once was, it had but "450 trigger pullers and bomb throwers, because (the leadership) couldn't control a larger number," Hoffman says.

But long before he became a household name, bin Laden was creating an organization so flat and decentralized that it can plot destruction from cells in about 65 countries no matter how deep its leader is pushed into the caves of Pakistan or Afghanistan.

He created a "terrorist sausage factory," in Afghanistan and then, like any good Silicon Valley CEO-geek, he attracted employees with an ideology and secured their dedication with vacations, airline tickets home to see the family, and death benefits, Hoffman says.

"Decentralized organizations can be more effective and resilient," says Craigslist founder Craig Newmark, who says he has come to the same conclusion that companies such as his have something in common with al-Qaeda.

Craigslist might be little more than an online bulletin board, but it gets 5 billion page views a month.

"People who are passionate and can work independently can get more done than a centralized organization," Newmark says.

Others have reached the same conclusion, although most companies declined interviews because they didn't want any part of the al-Qaeda analogy.

Many experts have identified terrorism as being hard to defeat because it is decentralized. But Beckstrom and Starfish co-author Ori Brafman, both with Stanford MBAs, hold out hope for victory. Beckstrom recommends three strategies against terrorism:

1 Change the ideology that fuels it. For example, he says the West should help fund public schools in terrorist hotbeds where parents now send their children to radical madrasahs because they feed and educate their children. For now, parents have no alternative.

School choice and other strategies aimed at the ideology take a generation or more, but Atallah says he, too, has decided that blunt military weaponry is not enough, and success depends on winning hearts and minds.

When Sandy Weill was CEO of Citigroup he took steps to decentralize a company that today has 300,000 employees in 100 countries by letting divisions compete freely against each other. To defeat terrorism, young people must believe they have opportunity in the world, or they will blow themselves up to get to the next, says Weill, who helped raise $100 million for victims of the 2005 Kashmir earthquake in Pakistan, a country known as a breeding ground for terrorism.

2 Centralize the decentralized opponent. An example of this would be to let Hezbollah go ahead and govern in Lebanon. Hezbollah is defined as a terrorist organization by the United States, Australia, Canada, the United Kingdom, the Netherlands

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and Israel. But it is more centralized than al-Qaeda and is funded by the centralized government of Iran. Centralized governments are easier to persuade and/or defeat than independent cells, Beckstrom said.

Google's decision in October to buy YouTube for $1.65 billion is the business equivalent. The move has already tamed YouTube into respecting intellectual property rights, because Google, with a $140 billion market value, has deep pockets and must worry about lawsuits. YouTube has purged copyrighted programs such as The Daily Show With Jon Stewart.

3 Decentralize yourself. The obvious military example here is to expand special operations and give small units the freedom to complete missions without oversight and second-guessing from command and control.

Of course, that has its downside as it does in business, says Robert Shillman, CEO of Cognex, maker of vision sensors that gauge, guide, inspect and count on the production lines of companies, including Ford Motor. When you give others freedom to succeed, you also give them more freedom to make costly mistakes, he says.

Were the military to become more decentralized with few orders other than to win, it would lead to greater success, Shillman says. But it also could cause a special-ops unit to destroy religious buildings if they were being used as havens by terrorists. Such tactics are necessary if the U.S. wants to win, Shillman says, because if bin Laden is decentralized, the U.S. military must decentralize to defeat him.

Bin Laden tells his fighters: "I want you to kill people and wreak havoc. Don't check with me, or they'll find me. We'll send money," Shillman says. "It's the same way Cognex runs our acquisitions. We hire smart people, give them cost guidelines and a reward if they succeed."

Even in business there has long been a love-hate relationship with decentralization. Sara Lee was little more than a group of independent, decentralized companies when Brenda Barnes became CEO in 2005. But with everyone acting independently, Sara Lee was unwieldy, losing volume discounts, and its computer systems were such a patchwork that employees couldn't communicate across the street.

Robert Nardelli reached a similar conclusion when he became CEO of Home Depot six years ago. Both he and Barnes have moved to centralize some aspects of their companies. Home Depot's stock was flat last year, and the jury is still out on whether Nardelli gained purchasing efficiency at the price of entrepreneurial spirit. Sara Lee's stock was down 16% last year while the S&P 500 index gained 14%.

"If you take decentralization to an extreme, you get chaos," Beckstrom said. But decentralization is winning, and he has yet to find an industry that isn't moving at least gradually toward decentralization.

Oversee.net, an online ad firm, has 150 employees. Companies that small have traditionally been managed top down. But CEO Lawrence Ng says he has already decentralized his employees into what he describes as SWAT teams and battalions.

"They know their goals. They don't have much intervention from myself or my senior management." Knowing what his teams are capable of accomplishing on their own, Ng imagines that it would be incredibly difficult for a centralized government to fight decentralized terror.

"How many cells are out there? All want to be successful and are coming up with their own strategy," Ng says.

Hoffman says no decentralized company thrives without strong leadership in the field, and the U.S. has probably avoided another attack after 9/11 by effectively taking out the second and third tier of al-Qaeda's leadership, including Khalid Sheikh Mohammed and Abu Zubaydah. The "decapitation approach" of killing bin Laden would have been less effective, he says.

On the other hand, the U.S. government has been unable to take advantage of one of its greatest areas of business expertise: marketing. Any first-year business school student learns that the first rule is to know the customer. Know the audience.

The U.S. marketing message has focused on freedom and democracy. A little research might show that "stability and justice are what people seek," Hoffman said.

Don Tapscott, whose book Wikinomics: How Mass Collaboration Changes Everything went on sale Dec. 28, says we've entered a time when people with no relationship other than a passion can come together to invent an encyclopedia or a computer operating system. California is thinking about using such collaboration to "wiki all school books," he says, which means using software that allows users scattered throughout the world to collaborate to create and edit.

There are 90,000 chemists online, 90,000 problem solvers, Tapscott says. Groups of strangers with an ideology — a passion — can "create a school book, a mutual fund, a motorcycle. They can also create terror."

It's unfortunate that the bad guys use the same tools as the good guys, says Craigslist founder Newmark. But the good guys have an advantage, he says.

"You can build a network around hatred that works in the short run. The way to disrupt a culture of hatred is to be noisy about a culture of trust. Until recently, the United States has stopped hatred from developing by standing up for our ideals," he says.

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HOMELAND RESPONSE:

6 Of 75 Cities Get Top Disaster Rating (AP)

By Devlin Barrett

The AP, January 2, 2007

WASHINGTON - Only six of 75 U.S. metropolitan areas won the highest grades for their emergency agencies' ability to communicate during a disaster, five years after the Sept. 11 terrorist attacks, according to a federal report obtained Tuesday by The Associated Press.

A draft portion of the report, to be released Wednesday, gives the best ratings to Washington, D.C; San Diego; Minneapolis-St. Paul; Columbus, Ohio; Sioux Falls, S.D.; and Laramie County, Wyo.

The lowest scores went to Chicago; Cleveland; Baton Rouge, La.; Mandan, N.D.; and American Samoa. The report included large and small cities and their suburbs, along with U.S. territories.

In an overview, the report said all 75 areas surveyed have policies in place for helping their emergency workers communicate. But it cautioned that regular testing and exercises are needed "to effectively link disparate systems."

It also said while cooperation among emergency workers is strong, "formalized governance (leadership and planning) across regions has lagged."

The study, conducted by the Homeland Security Department, was likely to add fuel to what looms as a battle in Congress this year. Democrats who take over the majority this week have promised to try fixing the problem emergency agencies have communicating with each other but have not said specifically what they will do, how much it will cost or how they will pay for it.

"Five years after 9/11, we continue to turn a deaf ear to gaps in interoperable communications," _ the term used for emergency agencies' abilities to talk to each other, said Sen. Charles Schumer, D-N.Y. "If it didn't have such potentially devastating consequences, it would be laughable."

Homeland Security spokesman Russ Knocke would not comment on the report, saying only that in releasing it on Wednesday, Homeland Security Secretary Michael Chertoff will "talk about nationwide assessments for interoperable communications."

The attacks of Sept. 11, 2001, revealed major problems in how well emergency agencies were able to talk to each other during a catastrophe. Many firefighters climbing the World Trade Center towers died when they were unable to hear police radio warnings to leave the crumbling buildings.

In New York now, the report said, first responders were found to have well-established systems to communicate among each other _ but not the best possible. Thirteen U.S. cities scored better than New York.

Just over a year ago, Hurricane Katrina underscored communication problems when radio transmissions were hindered because the storm's winds toppled towers.

A separate report the Homeland Security Department released last month found that emergency workers from different agencies are capable of talking to each other in two-thirds of 6,800 U.S. communities surveyed.

But David Boyd, who heads the Homeland Security office that conducted the study, said in an interview that only about 10 percent of them have systems so fully developed that they can communicate with them routinely. That survey did not name the cities that provided data.

In the study to be released on Wednesday, communities were judged in three categories: operating procedures in place, use of communications systems and how effectively local governments have coordinated in preparation for a disaster.

Overall, 16 percent of the communities were given the highest score for the communications procedures they have in place and 1 percent got the lowest rating.

Nineteen percent got the top grade for their plans for coordinating during a disaster and 8 percent received the worst; and 21 percent got the best mark for how well they use their communications equipment while 4 percent got the bottom rating.

Most of the areas surveyed included cities and their surrounding communities, based on the assumption that in a major crisis emergency personnel from all local jurisdictions would respond.

Los Angeles got advanced grades in procedures and use of emergency communications systems and a well-developed grade in coordination of governance.

San Francisco, by comparison, received intermediate grades in governance and procedures, and a well-developed grade in use of systems.

Since the Sept. 11 attacks, $2.9 billion in federal grant money has been distributed to state and local first responders for the improvement of their emergency communications systems.

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Congress has ordered that the television broadcast industry vacate a portion of the radio spectrum to make it available for public safety communications. Lawmakers have also created a new office at the Homeland Security Department to oversee the issue, though they have yet to provide money for it.

The areas with the six best scores were judged advanced in all three categories. The cities with the lowest grades had reached the early implementation stage for only one category, and intermediate levels for the other two categories.

Chicago, Cleveland and Baton Rouge, for example, were judged to have accomplished the early stage of government coordination. Mandan, N.D., and the territory of American Samoa were both found to have gotten to the early stage of their actual usage of interoperable emergency communications and rated intermediate in governance and procedures.

The Chicago Office of Emergency Management and Communications took issue with the report's methodology and findings.

"We strongly disagree with the results of this study, and feel that the parameters of the study were inconsistent and limited," the statement said." In some instances, the scorecard evaluated urban areas or regions that contain a small number of independent jurisdictions and compared them with urban areas or regions containing significantly higher numbers of independent jurisdictions _ an apples to oranges comparison across the board."

The statement said that in 2006, Chertoff described the city's Operations Center, which is responsible for communications among various agencies and jurisdictions, "as a great model for the country."

Tammy Lapp, the emergency coordinator for Mandan and Morton County, N.D., said she was not surprised by the low ranking.

"We knew with our limited funds, we were going to fall short," she said.

Report: Cities' Communications Still Lacking (USAT)

By Mimi Hall

USA Today, January 3, 2007

WASHINGTON — Emergency responders in most cities don't have the equipment and skills needed to communicate with each other during a crisis, according to a report to be released today by the Homeland Security Department.

Only six of the 75 cities and regions surveyed received top scores for "interoperability," or the ability to reliably communicate by radio. They were Washington, D.C., and its suburbs; San Diego; Columbus, Ohio; Minneapolis-St. Paul; Sioux Falls, S.D.; and Laramie, Wyo.

The report comes more than five years after the 9/11 attacks highlighted communications problems among fire, police and other emergency responders in New York City, at the Pentagon and at the crash site in Somerset County, Pa. The problems were especially acute at the World Trade Center, where firefighters couldn't hear police warnings to get out of the towers before they collapsed.

"One of the dramatic lessons of 9/11 was the cost in human life when we do not have at least command-level interoperability in cities and in regions," Homeland Security Secretary Michael Chertoff said last month.

Chertoff said the country has made "a significant amount of progress" toward better communication systems. But in regions where there are still gaps, he said, leaders of cities and towns with incompatible systems need to work to develop a better system that would help communication during a disaster.

Since 2003, Homeland Security has handed out $2.9 billion in grants for interoperable communications systems, and Chertoff said his department's grant programs will be heavily focused on communications improvements over the next two years.

The survey, he said, was designed to identify the gaps so they can be closed "as quickly as possible."

The lowest scores on the report went to Chicago; Cleveland; Baton Rouge; Mandan, N.D.; and American Samoa. New York City scored in the middle.

Outgoing House Homeland Security Committee Chairman Pete King, R-N.Y., said communities immediately outside New York City have numerous communications systems that are incompatible with each other. That's also true in several other major urban areas, he said. "A lot of progress has been made," King said. But the report shows "how difficult an issue this is."

Congressional Democrats, who assume leadership of Congress on Thursday, are expected to address the issue as part of a campaign promise to pass all the recommendations of the 9/11 Commission. The commission in 2004 cited the urgent need for "compatible and adequate communications among public safety organizations."

German Muslim Held, Denied U.S. Entry (NSDY/AP)

By Garance Burke, Associated Press Writer

Long Island Newsday, January 3, 2007

DOJ_NMG_0110596

A German businessman of Syrian descent who wanted to surprise his daughter with a holiday visit was detained for four days in a Las Vegas holding cell before being sent back home without explanation. A civil rights group called authorities' treatment of Majed Shehadeh a case of anti-Muslim discrimination.

Shehadeh, 62, flew from Frankfurt to Las Vegas last Thursday, hoping to meet with his wife and drive to Bakersfield, Calif., where his American-born daughter had just gotten news she'd passed the California bar exam. Instead, he wound up shivering in a holding cell without ever being told why he couldn't enter the country, he said.

Roxanne Hercules, a spokeswoman for U.S. Customs and Border Protection, confirmed Tuesday that Shehadeh was denied entry, but would not discuss specifics of his case. She said Shehadeh's visa waiver could have been denied because "he could have a criminal record, or it could be a terrorism issue."

The detention follows a series of similar incidents involving Muslim passengers, according to the Council on American-Islamic Relations.

In October, an Islamic scholar from South Africa was denied entry at San Francisco International Airport. A month later, six imams were taken off a US Airways flight from Minneapolis to Phoenix after a passenger reported overhearing them criticize the U.S. war in Iraq.

"Overall these cases send a message that Muslims are second-class citizens who can be detained and kept from their families," said Affad Shaikh, a civil rights coordinator for CAIR.

Shehadeh touched down Thursday afternoon on a direct Condor Airlines flight to McCarran International Airport, where his American wife was waiting to pick him up. The couple had planned to visit family in the Las Vegas area, before surprising their daughter for the New Year and celebrating her wedding anniversary in Central California.

"I gave them my German passport, and he looked to see which countries I visited. He found I had stamps that looked like Arabic and asked if they were fake," Shehadeh said Tuesday in a phone interview from his home in Alzenau, a small Bavarian village.

"Nobody ever informed me why I was being questioned," he said. "All that was ever told to me was this had to do with Washington."

After being interrogated by Border Protection and FBI agents for more than 12 hours at the airport, Shehadeh said he was handcuffed and transported in the back of police car to a North Las Vegas jail. Officials told family members they had denied Shehadeh's visa waiver, which grants German citizens the right to enter the U.S. with no additional paperwork, said his wife Joanne Mulligan.

Officials with U.S. Immigration and Customs Enforcement said they could not comment on why he was denied entry. FBI and airport officials in Las Vegas also declined comment.

An aide to Sen. Dianne Feinstein later told the family that Shehadeh was on a "look-out list," Mulligan said. Feinstein's office confirmed Tuesday that the family contacted her, but wouldn't comment further.

"I said you've got to be joking me, he's never even had a speeding ticket," said Mulligan, a retired math teacher for the U.S. military. "I mean, we're Muslims, and we travel a lot. Maybe the countries we travel to are not the countries they want you to visit."

Once in the holding facility, Shehadeh said he was stripped of his shoes, jacket and prescribed heart medicine and locked in a cell with about 25 other detainees. There was one toilet in the middle of the room, and access to a telephone was extremely limited, he said.

On Sunday, he was released and sent back to Frankfurt on the same charter airline.

Shehadeh's daughter Majida Shehadeh said she was glad her father made it home, but feared he wouldn't be able to return to visit.

"I used to be happy I moved here," she said. "But now I can't wait for when I leave here. The mentality is not what it was like beforehand."

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Associated Press writer Ken Ritter in Las Vegas contributed to this report.

Man Held In Pit Injuries May Enter Plea (DURHS)

By Beth Velliquette, The Herald-Sun

Durham Herald-Sun, January 3, 2007

HILLSBOROUGH -- If the FBI turns over the evidence it collected after Mohammed Taheri-Azar allegedly attempted to kill people on the UNC campus by running over them in an SUV, Taheri-Azar will enter a plea at his next court hearing on Jan. 24.

Taheri-Azar is facing nine counts of attempted first-degree murder and nine counts of felony assault for allegedly driving a Jeep Grand Cherokee through the Pit on the UNC campus and hitting people on March 3, 2006.

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During a short court appearance here Tuesday, Taheri-Azar appeared to want the case to move along faster and said he wished there weren't so many short pretrial hearings he had to attend. Hearings, such as Tuesday's and a previous one in December, caused too much trouble for too many people, he told Superior Court Judge Carl Fox.

"It would be best to have as few of these hearings as possible," Taheri-Azar said. "If January 24 is the earliest possible date for this trial, then I think it's very reasonable."

Fox then asked Taheri-Azar if he had had a chance to meet with his family, and Taheri-Azar said he had met with them over the weekend. When asked if he wanted to speak to his family after the hearing, Taheri-Azar replied, "I think that it would not be a good day for that. We have our arrangements. Thank you."

After the hearing, when asked whether he planned to plead guilty, Taheri-Azar did not answer.

During the short hearing Tuesday in Orange County Criminal Superior Court, Taheri-Azar's attorney, Orange-Chatham Public Defender James Williams, told Fox he wants to see the interviews that FBI agents conducted in Charlotte with Taheri-Azar's family and others and to see any evidence, including computer files, that the agents may have collected in the case.

Orange-Chatham District Attorney Jim Woodall said he has been attempting to get that evidence without a court order, but so far has not been successful. Woodall said he believed the interviews did not have much evidentiary value, but Williams said he can't say whether the interviews have evidentiary value or not because he hasn't seen them.

"The statute clearly supports our right to have this information," Williams said.

Fox said he would give Woodall 14 days to try to get the evidence for Williams. If he doesn't get the information from the FBI, Fox said he would sign a court order to obtain it.

Williams also has written a letter saying he wants information from computer files and e-mails that UNC police collected from Taheri-Azar's e-mail account. Woodall said he believes he could get copies of the e-mails almost immediately.

UNC Hit-And-Run Suspect Wants Case Over 'As Early As Possible' (WRAL)

WRAL-TV, January 3, 2007

Hillsborough — A man accused of plowing a sport utility vehicle into a crowd of people at the University of North Carolina at Chapel Hill told a judge Tuesday that he wants to speed up the judicial process.

"Personally, Your Honor, I'd like to get this whole court-trial over with as early as possible," Mohammed Taheri-azar said.

The judge scheduled Taheri-azar's next court appearance for Jan. 24, when Taheri-azar is expected to enter a plea in the March 3 attack in which nine people were injured.

"And if Jan. 24 is the earliest possible next date to continue this trial, I think that's fair and reasonable," Taheri-azar said.

Taheri-azar's lawyer also requested copies of FBI interviews with Taheri-azar's family after the incident.

Taheri-azar, a UNC-Chapel Hill graduate, is charged with nine counts of attempted murder and nine counts of assault with a deadly weapon with intent to kill.

In letters to UNC-Chapel Hill's student newspaper, The Daily Tar Heel, Taheri-azar wrote that he carried out the attack to get back at "American taxpayers and their government" for the United States' role in the killing Muslims around the world. He also wrote that he felt "no remorse" for steering the SUV through the Pit.

Taheri-azar was expected to enter a plea last month in connection with the attacks, but that court appearance was continued.

From Monitoring Teens To Minding Terrorists (WP)

By Ylan Q. Mui

The Washington Post, January 3, 2007

The job of a shopping mall security guard normally involves controlling rowdy teenagers, finding lost children and patrolling parking lots. But starting this month, malls across the country will begin training guards for another task: fighting terrorism.

The 14-hour program is being developed by the International Council of Shopping Centers, a trade group, and the Homeland Security Policy Institute at George Washington University at a cost of $2 million. It is the first standardized anti-terrorism curriculum written for the nation's estimated 20,000 mall security guards.

Developers of the program say it is crucial to safeguarding shopping centers, which have significant economic import -- as evidenced by the billions of dollars spent at malls during the holiday season -- and have emerged as modern-day town centers, with movie theaters, restaurants, and now grocery stores and gyms.

"Many different facets of our society since September 11 have had to take the stark realization that bad people might try to do bad things," said Paul M. Maniscalco, a senior research scientist at GW who helped create the program. "Security is really paramount in large enclosed malls. . . . . These events, when you respond to them, you make or break it in the first 20 minutes."

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Not everyone agrees, however, that America's malls face a serious threat of terrorism. And some critics question the effectiveness of the training when the private security industry suffers from high turnover -- most guards leave the job within a year and some in as little as four months, according to estimates from the Service Employees International Union.

"There is no justification for this," said Ian S. Lustick, a professor at the University of Pennsylvania and author of "Trapped in the War on Terror." "It's too diffuse a problem. There's a security problem in any public place. . . . The retail industry and shopping malls is just one little part of that."

The training focuses on making guards more aware of the effects of terrorist attacks and helping them recognize potential attackers. It ranges from the understanding the characteristics of the nerve agent sarin (especially dangerous in enclosed spaces because it vaporizes quickly) to spotting suicide bombers (look for unusual dress, like a heavy coat in the middle of summer). The program is being tested at a handful of shopping centers, including the Mall in Columbia, and is planned to be rolled out over the next six months.

The Department of Homeland Security categorizes shopping centers, along with other easily accessible public places, as "soft targets." Since the 2001 attacks, the Smithsonian museums and national monuments have been among those increasing security, and the Washington Convention Center recently said it was beefing up emergency preparedness training for some workers.

Yet the retail industry has treaded warily. Customers expect shopping centers to be free and open, and malls are loath to introduce stringent security measures, as airports have done, that might limit shoppers' access -- or scare them off altogether. Though security officers are usually uniformed, they are not intended to appear threatening.

"Their job is to be welcoming," said Robert Rowe, director of development for the American Society for Industrial Security, an advocacy group for private security officers. "The shopping mall doesn't survive unless people come."

General Growth Properties Inc., which owns Tysons Galleria and the Mall in Columbia, has already restricted access to the roofs of its buildings, said David Levenberg, vice president of security and risk management. The Columbia shopping center recently installed a video surveillance system, a wall of 16 monitors and eight video recorders filling a tiny security office.

"You want to see the sales slip?" said Bill Burley IV, director of public safety and security at the mall, as he directed one of the more than 100 cameras to zoom in on a shopper looking at jewelry.

But a report released early in 2006 under leadership of the Police Foundation, a District think tank, found that although some malls have made changes, they have not been enough. The study, funded by the Justice Department, cited lack of coordination with local law and emergency forces and financing for new technology. It highlighted poor training of mall officers in terrorism awareness and response as one of the industry's main challenges.

That thinking broadens the responsibility of security guards: Mall security directors surveyed in the report put loitering kids as their top concern, with terrorism second. Only 2.5 percent required guards to have some college education. Less than 1 percent mandated a degree in criminal justice.

Robert C. Davis, lead author of the study who now is senior research analyst at Rand Corp., said it is not feasible to teach mall guards the complex skills needed to identify potential terrorists, who are tracked through highly developed intelligence networks. He contends there is little malls can do to prevent an attack -- they can only react to one.

"The biggest things malls can do is have really well-developed, detailed emergency response plans and rehearse them," Davis said. "The best thing they can do is respond effectively."

Maniscalco said the curriculum focuses on awareness and response and was developed with the same materials used in training courses for emergency responders and law enforcement, tailored for mall security officers.

The instructional DVD was shot at the Boulevard Mall in Las Vegas. One lesson shows a man dressed as a janitor with a hose who seems to be watering plants in the food court. But there is no badge on his uniform and his eyes are scanning the crowd rather than looking at the plants.

Actually, he is spraying dangerous chemicals into the air, Maniscalco said. And instead of following an instinct to rush to the scene -- and possibly exposing themselves to the chemical -- guards should block off the area and call police, he said. The DVD also has live footage of terrorist attacks from New York to Russia, including the carnage following a suicide bombing in Israel.

"This is all real-world, everyday stuff that the security officer will encounter," Maniscalco said.

In fact, a man was arrested in December for plotting to use hand grenades and a pistol to disrupt Christmas shopping at a Rockford, Ill., mall. Two years ago in Columbus, Ohio, a man with alleged ties to al-Qaeda was indicted for wanting to shoot up a local mall. He is awaiting trial.

Still, there has been never been a terrorist attack against a U.S. shopping center. William Flynn, director of risk management for Homeland Security, said there was no intelligence to suggest shopping centers were in danger. The handful of reported threats seem to have come from lone wolves rather than organized cells, skeptics say.

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"I wouldn't say let's classify every shopping mall in the country as critical infrastructure and start handing out federal grants" said James Carafano, a homeland security expert with the Heritage Foundation. "Putting a lot of money in this doesn't make much sense."

The initial rollout of the curriculum is being funded by the International Council of Shopping Centers, and companies that provide the private security for the country's shopping centers have agreed to participate, council spokesman Malachy Kavanagh said. Financing for the future has yet to be determined, but Kavanagh said the group plans to apply for federal grants. Flynn said he supports the program and that Homeland Security has conducted risk assessments at several shopping centers across the country.

One of the first guards to go through the new training program was Lt. Al Pineiro, who has worked at the Mall in Columbia for the past 10 years, starting part-time and recently going full-time. A former Army recruiter, he was at the National Guard facility in Silver Spring on Sept. 11, 2001. He recalled watching one of the World Trade Center towers crumble on a big-screen television with his fellow soldiers.

"I was shocked that it happened so close to home," he said.

Pineiro said the anti-terrorism training recalled the lessons he learned in the months following the attacks. It took him several days to complete the course, and he aced the final exam.

"It just reminds us that we have to stay alert," he said. "We can't afford to get complacent."

DHS Tracking System Will Keep Eye On IT Workers (GCN)

By Alice Lipowicz, Contributing Writer

Government Computer News, January 3, 2007

A new records system is being designed to allow the Homeland Security Department to monitor the names, passwords, citizenship information and other data on thousands of IT workers with access to the department's systems.

In a notice posted Dec. 29, DHS announced it is creating a new sensitive, but unclassified, database as part of its General Information Technology Access Account Records System. The department made the notice to comply with the Privacy Act of 1974, which regulates how the government collects and uses personal information.

The new database will collect personal information from IT employees, contractors, grantees and others, including people who serve on DHS advisory committees or are listed as points of contact for facilities.

The system will include names, user names, citizenship, business affiliation, contact information and passwords. It also will include home addresses, e-mail addresses, and names and phone numbers of people listed as contacts.

The information will be routinely used by DHS contractors and consultants, facility operators, congressional offices, National Archives, Justice Department or other federal agencies conducting litigations or proceedings involving DHS.

The National Archives will access the database pursuant to records management inspections and there will be no disclosure to consumer reporting agencies, the notice stated. DHS plans to destroy the records six years after the user account becomes inactive, or when no longer needed for investigative or security purposes.

Alice Lipowicz is a staff writer for Government Computer News' affiliate publication, Washington Technology.

WAR NEWS:

Troop-surge Proposal Fodder For '08 Presidential Hopefuls (HILL)

By Aaron Blake

The Hill, January 3, 2007

Few Republicans sprinted to Sen. John McCain's (R-Ariz.) side when he first came out in support of a troop surge in Iraq several months ago, and some of those who did wound up backing off amid campaign-season criticism.

The proposal still isn't popular among Republicans, even as the Bush administration mulls putting it into action. Among Democrats, there is a similar brand of hesitance, despite varying degrees of support expressed by leaders including incoming Senate Majority Leader Harry Reid (D-Nev.), incoming Senate Homeland Security and Governmental Affairs Committee Chairman Joe Lieberman (I-Conn.) and incoming House Intelligence Committee Chairman Silvestre Reyes (D-Texas).

None of those three is facing a tough campaign this cycle, however.

About two months after voters delivered what many Democrats interpreted as a strong message of discontent with the war in Iraq in the 2006 election, Democratic presidential candidates and lawmakers who are likely to face some of the most competitive races in 2008 are largely joining with Republicans in resistance to the idea of adding troops, citing the need for a political solution instead.

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Democratic presidential contenders Sens. Joseph Biden Jr. (D-Del.) and Barack Obama (D-Ill.) and former Sen. John Edwards (D-N.C.) became the latest to come out forcefully against a surge in Iraq. They and other presidential candidates appear ready to make "The McCain Doctrine," as Edwards dubbed it Sunday, one of the first big issues of the 2008 campaign.

Polls have shown support for adding troops in Iraq to be below 20 percent, with a clear majority against it.

Biden, who has repeatedly said he is a candidate, and Obama, who has said he will decide soon, sent e-mails to supporters last week detailing their anti-surge positions.

Obama reinforced that he "strongly opposed" the war from the start and called for a phased withdrawal: "We must not multiply the mistakes of yesterday," he said, "we must end them today."

Biden, the incoming chairman of the Senate Foreign Relations Committee, vowed to fight the surge, saying it wouldn't work without a political settlement between the Sunnis, Shi'a and Kurds. Biden said he intends to hold a series of hearings this month to produce a better option.

Edwards weighed in after officially declaring his candidacy last week. Appearing on ABC's "This Week" on Sunday, he called the proposal "The McCain Doctrine" and said that, though McCain is his friend, "I think he's dead wrong about this."

Appearing on Fox News Sunday, Iowa Gov. Tom Vilsack (D) echoed Biden by calling for a "political settlement" and said the responsibility should belong to the Iraqis. Vilsack is asking supporters to sign a petition on his website urging McCain to find an alternative plan.

Sen. Chris Dodd (D-Conn.) came out against the idea after a Middle East trip two weeks ago. Sen. Hillary Rodham Clinton (D-N.Y.) has left open the possibility if it's part of a "larger plan" for ending the war.

The proposal is also unpopular among incoming House Democrats, many of whom could draw strong challenges in two years. Veteran Rep.-elect Tim Walz (D-Minn.), who defeated Rep. Gil Gutknecht (R) in November, is opposed to ramping up troops, as are Reps.-elect Peter Welch (D-Vt.) and Paul Hodes (D-N.H.).

Sen. Tom Harkin (D-Iowa), who is up for a fifth term in 2008, believes the solution in Iraq is a political one, not a military one, said spokesman Tom Reynolds. "More troops doesn't get us to that goal."

Rep. Jim Marshall (D-Ga.), who was one of the few Democratic incumbents to face a close reelection battle after redistricting tilted his district in Republicans' favor, "generally speaking" does not support an increase, said spokesman Doug Moore, who added, "There would have to be a very specific plan with very specific goals."

Three months ago, Sen. Jon Kyl (R) expressed support for his Arizona colleague's position, and Sen. Lincoln Chafee (R-R.I.) said during a campaign visit from McCain that he would consider the idea. Chafee's campaign manager said later on a local radio show that the senator was looking at everything.

Both of their opponents pounced. Kyl's campaign scaled back its statements, saying the senator would support an increase only if the commanders on the ground requested it, and Chafee's campaign manager told The Hill that the idea was "off the table." Kyl won reelection; Chafee lost.

In similar fashion, Reid was quick to back off his statements, originally made Dec. 17 on "This Week." Two days later, in a post on the Huffington Post blog, Reid said, "Frankly, I don't believe that more troops is the answer for Iraq. … We obviously want to support what commanders in the field say they need, but apparently even the Joint Chiefs do not support increased combat forces for Baghdad."

On the Republican side, among those running in 2008, Sens. Norm Coleman (R-Minn.), Susan Collins (R-Maine) and Gordon Smith (R-Ore.) have denounced the idea of adding troops, while Sens. John Cornyn (R-Texas) and Lindsey Graham (R-S.C.) have expressed support.

After visiting Iraq in mid-December, Coleman returned and issued a statement saying he doesn't believe a troop surge "is the answer at this time." Last week, after an Iraq trip with McCain, Collins wrote in a journal on her website that adding troops would be "a mistake" and suggested repositioning the ones already on the ground instead.

Sen. Chuck Hagel (R-Neb.) who is unlikely to face a tough reelection contest in 2008 but could run for president, has emerged as a chief critic of the idea and penned an op-ed in The Washington Post in late November calling for a phased withdrawal.

Cornyn has been calling for the surge for more than a month, and Graham has also recently emerged as an important backer. Both serve on the Armed Services Committee.

Iraq Orders Investigation Into Hussein Execution (NYT)

By John F. Burns And James Glanz

The New York Times, January 3, 2007

DOJ_NMG_0110601

BAGHDAD, Jan. 2 — Iraq's Shiite-led government said Tuesday that it had ordered an investigation into the abusive behavior at the execution of Saddam Hussein, who was subjected to a battery of taunts by official Shiite witnesses and guards as he awaited his hanging.

Officials said a three-man Interior Ministry committee would look into the scenes that have caused outrage and public demonstrations among Mr. Hussein's Sunni Arab loyalists in Iraq, and widespread dismay elsewhere, especially in the Middle East. In an unofficial cellphone video recording that was broadcast around the world and posted on countless Web sites, Mr. Hussein is shown standing on the gallows platform with the noose around his neck at dawn on Saturday, facing a barrage of mockery and derision from unseen tormentors below the gallows.

As the shock of those scenes reached a new crescendo in Iraq, American officials said that they had worked until the last hours of Mr. Hussein's life to persuade Prime Minister Nuri Kamal al-Maliki to delay the execution. The officials, who spoke on condition that they not be identified, said they appealed to Mr. Maliki not to execute Mr. Hussein at dawn on Saturday because of the onset of a major Islamic festival, and because of constitutional and legal questions that the Americans believed threw the legitimacy of the execution into doubt.

But when Mr. Maliki decided to go ahead with the hanging, the Americans said they made no further attempts to stop it, having concluded that they could advise the Iraqis against the execution, but not prevent it if the Iraqis persisted, out of respect for Iraqi sovereignty.

When asked if that decision had been made in the White House, the Americans refused to say, noting only that it came some time before the final exchanges on Friday night. Mr. Hussein was hanged at 6:10 a.m. on Saturday, about seven hours after what the officials said was their final attempt to postpone the hanging.

"We told the prime minister that going forward on the first day of Id would have a negative reaction in the Islamic world, and among the Iraqi people," a senior American official said, recounting a telephone conversation with Mr. Maliki that began at 10:30 p.m. Baghdad time on Friday. The reference was to the Id al-Adha holiday, which began for Sunnis on Saturday, marking the end of the annual pilgrimage to Mecca. "Therefore," the official said, "we said we thought it would be better if they delayed until after Id, and use the delay to resolve the legal issues."

The American official said that Mr. Maliki had never fully explained his urgency in carrying out the death sentence, which was upheld last Tuesday in an appeals court ruling that set off a 30-day countdown for executions to be carried out after a final appeal has been turned down. But the prime minister gave one explanation that appeared to weigh heavily on his mind, the American said, and that was his fear that Mr. Hussein might be the subject of an insurgent attempt to free him if the procedural wrangling over the execution were protracted.

"His concern was security, and that there was a danger that if it continued, maybe there would be a mass kidnapping to bargain for Saddam Hussein's release," the official said. "He was concerned that he might somehow get free."

The American decision to confirm that they had opposed the quick execution came after days of silence from the American Embassy and the United States military command in Baghdad, which appeared to have been shocked, like so many others, by the unofficial video recording that showed the bedlam at the gallows.

With some Iraqi politicians raising fresh demands for Mr. Maliki's dismissal, the Americans, in offering to have a senior official discuss the matter in a telephone interview with The New York Times, appeared eager to protect the Bush administration from a fresh surge of criticism for its handling of events in Iraq.

The official said that among American officials in Iraq who had tried to stop Mr. Maliki from rushing Mr. Hussein to the gallows, the reaction to the scenes of abuse had been one of dismay.

"Well, yes, when I think of the behavior of the people who were there, I'm disappointed and distressed, that's true," the official who spoke in the telephone interview said. He said he had been one of the Americans who intervened with Mr. Maliki on Friday night and earlier last week to try to delay the hanging.

Mr. Maliki seemed equally eager to ward off the opprobrium stirred by the execution. As his aides announced that the events at the hanging would be the subject of an inquiry, one of the officials who attended the hanging, a prosecutor at the trial that condemned Mr. Hussein to death, said that one of two men he had seen holding a cellphone camera aloft to make a video of Mr. Hussein's last moments — up to and past the point where he fell through the trapdoor — was Mowaffak al-Rubaie, Mr. Maliki's national security adviser. Attempts to reach Mr. Rubaie were unsuccessful. The prosecutor, Munkith al-Faroun, said the other man holding a cellphone above his head was also an official, but he could not recall his name.

The government inquiry was ordered as a groundswell of protest grew at Sunni population centers across Iraq. The protests, sporadic in the first 72 hours after the hanging, appeared to be building in intensity as Iraqi and American troops relaxed security cordons that had been thrown around centers of diehard support for Mr. Hussein, including his hometown, Tikrit, 100 miles north of Baghdad, and Awja, the village where he was born, a few miles away. The protesters carried portraits of Mr. Hussein, chanted his name, and fired weapons in the air.

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Thousands of mourners flocked to Awja, where Mr. Hussein's body has lain in a reception hall. The body, in a plain wood coffin draped in an Iraqi flag, has become a point of pilgrimage for loyalists. Many of those reaching Awja have wept as they filed past the coffin, shouting slogans of fealty of the kind that were universal in Iraq when Mr. Hussein was the country's dictator.

"Maliki, you coward, you are an American agent," cried one demonstrator in Tikrit, referring to the prime minister. "Iran, out, out!" another man shouted, echoing anger among Sunnis at the rise to power in Baghdad of Shiite religious groups backed by Iran, including Mr. Maliki's Dawa Party.

After Mr. Maliki made it clear to the Americans in Baghdad that his decision was final, the official who discussed the events on Friday night said, American commanders were told to deliver Mr. Hussein to an execution bloc in the Kadhimiya district of northern Baghdad that Mr. Hussein's military intelligence agency used to execute countless opponents of his government. At 4 a.m., Mr. Hussein was flown by an American military helicopter from an American detention center and handed over to the Iraqis. He was hanged with only Iraqis present, in a group of about 25, including executioners and guards, according to accounts by American and Iraqi officials.

A postponement of the execution until after the holiday would have delayed it at least until Thursday of this week. But the American officials said they had made no stipulation as to how long the delay should be, since their concern, beyond respecting the sanctity of the Id al-Adha holiday, had been that Mr. Maliki should await a formal judicial ruling resolving the legal issues before going ahead with the hanging.

The Americans said Mr. Maliki had agreed, as the Americans had urged, to ask the chief judge of Iraq's Supreme Judicial Council, Midhat al-Mahmoud, to issue a formal written judgment saying that the uncompleted legal procedures that concerned the Americans were not necessary to the lawfulness of the hanging. But Judge Mahmoud refused, the Americans said, and around midnight on Friday the Iraqi leader decided to go ahead with the execution, signing a decree ordering that Mr. Hussein be "hanged by the neck until dead."

The legal issues the Americans said they urged Mr. Maliki to resolve before the hanging centered on a constitutional provision requiring Iraq's three-man presidency council to affirm all executions before they are carried out. That posed a potential obstacle to the hanging because Iraq's president, Jalal Talabani, is opposed to the death penalty. One of the other members of the council, Tariq al-Hashemi, is a Sunni from a moderate party that has disavowed Mr. Hussein, but has been careful not to endorse his trial and execution.

Mr. Maliki, in pushing ahead with the hanging, relied on a provision in the statute that established the Iraqi High Tribunal, which convicted Mr. Hussein, which said that the tribunal's verdicts, once upheld by its own appeal bench, were final and not subject to presidential review. It was that conflict the Americans said they wanted resolved by a written ruling from Judge Mahmoud. "Mr. Maliki said that Judge Mahmoud had given that opinion orally, but we said it would be better for everybody if he said it in writing," the American official who discussed the standoff said.

Sami al-Askari, a political adviser to Mr. Maliki who attended the hanging, said in a telephone interview that the committee would question everyone present at the execution. He said those who used their cellphones to record the event would be one focus of the inquiry. He said his own observation was that the worst sectarian taunts had come from a guard he described as a poorly educated Shiite man with a thick Arabic accent. "It was horrible, it was terrible, it was a mistake," he said. "We were supposed to sit there quietly, just looking at what's going on."

The first images of the execution that were released were in the form of an official video recording without sound. The unofficial cellphone images showed Mr. Hussein, with the noose around his neck, facing shouts of "Go to hell!" and taunts of "Moktada! Moktada! Moktada!" in reference to an unruly Shiite cleric, Moktada al-Sadr, who has become a populist hero among Shiites.

Speaking of those protesting the abuse of Mr. Hussein, Mr. Faroun, the prosecutor, asked, "Where were these critics when Saddam's people were executing whole prisons full of innocent people?" He said he had been deeply offended by the taunting of Mr. Hussein, and had tried to stop it. "You heard my voice on the cellphone recording," he said. "I was the one shouting, 'Please, no. The man is about to be executed.' "

Iraq To Probe Disorder At Hussein's Execution (WP)

By Sudarsan Raghavan And Nancy Trejos

The Washington Post, January 3, 2007

BAGHDAD, Jan. 2 -- As thousands of Saddam Hussein's supporters protested in Sunni Arab enclaves across Iraq, the Shiite-led government said it had launched an investigation into the chaotic scene at his execution, captured on video, which has deepened the nation's sectarian rift and sparked condemnation around the world.

Iraqi officials said a committee from the Interior Ministry would likely question everyone, including senior Iraqi officials, who was present at the hanging, where witnesses mocked and jeered the ousted president as he stood at the gallows. Hours later,

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grainy video of the event, taken with a cellphone camera, was broadcast around the world, bringing more pressure on Iraqi Prime Minister Nouri al-Maliki to take action.

The video triggered outrage, in Iraq and abroad, at Hussein's undignified and disorderly end. Iraq's Sunnis declared the execution an act of Shiite revenge. The Vatican, in its official newspaper, called the images from the hanging "a spectacle" that violated human rights and could harm Iraq's process of reconciliation. The Italian government, which like all members of the European Union opposes the death penalty, said after the appearance of the video that it would push at the United Nations for a worldwide moratorium on capital punishment.

U.S. officials have declined to comment publicly, but have privately expressed concern at the hastiness of the execution, which came just four days after an appeals court upheld Hussein's death sentence.

The video was the latest example of how amateurs using modern technology are exposing abuses and holding the powerful to account. The investigation, officials said, would focus not only on who hurled the taunts but also on how the video was leaked, damaging the government's credibility. Maliki's political adviser, Sadiq al-Rikabi, said the prime minister was "disappointed about that film."

"He took the subject very seriously," Rikabi said. "The prime minister tried his best to implement the execution very respectfully."

In the video, one person yells, "Go to hell," at Hussein while another voice is heard chanting, "Moqtada, Moqtada, Moqtada," referring to Moqtada al-Sadr, the radical Shiite cleric whose father and two brothers were assassinated by Hussein's regime. The taunts provoked Hussein to hurl insults. Later, images of Hussein's swinging body were plastered on dozens of Web sites. On the video-sharing site Youtube.com, a search using the terms "Saddam Hussein hanging" generated 1,559 results as of Tuesday night.

The probe could implicate senior Iraqi officials. Munqith al-Faroun, the deputy prosecutor in Hussein's trial, said in a telephone interview Tuesday that he saw two official observers using their cellphones to record Hussein's last moments. The two men, he said, were "recording through their mobiles openly." He said he did not recognize them, but could do so if he saw them again.

Maliki aides said they did not think any officials were behind the video.

"I think [it was] one of the guards, but let us leave everything to the inquiry," Rikabi said.

"I am confident that they were not the guards, for I checked the guards. I kept them under my eye," Faroun said. "They were not people who came off the street." Iraqi officials had been flown in by two U.S. helicopters from the Green Zone an hour before the execution.

Faroun, who could be heard in the video appealing for calm, said he had considered walking out during the disorderly moments, which would have halted the execution because his presence was required by law. But soon the room quieted.

"If there were other violations, I would have stepped out," he said. "I did not make a threat. But it was in my mind. If I noticed another violation, I would have stopped the execution and taken other measures," he added, without being specific.

Faroun said he did not know how the video cellphones were taken into the execution room at the former military intelligence headquarters, where Hussein's government had tortured and killed his opponents. Everyone at the hanging, Faroun said, was searched and had their phones taken. "Even my cellphone, which had no camera, was taken," he said.

[A] news agency, meanwhile, reported that U.S. Ambassador Zalmay Khalilzad had urged Maliki to postpone the execution for two weeks until after the Islamic holiday of Eid al-Adha, but that he relented after Maliki produced documents legally authorizing the execution. U.S. officials declined to comment on the report.

Meanwhile, in Hussein's home town of Tikrit, peaceful protests continued for the third straight day. On Tuesday morning, several thousand demonstrators marched to the nearby village of Auja, where Hussein is buried. Firing guns into the air, they chanted, "Revenge, revenge," and, "We shall always remain Baathists," referring to Hussein's outlawed Baath Party. The protesters carried portraits of the former leader depicting him as the hero of the Arab Nation.

Thousands more Sunnis protested in the northern city of Mosul, while in Baghdad, similar but smaller demonstrations have taken place in several mainly Sunni neighborhoods.

"This action really put a great difficulty in front of us," said Alaa Maki, an influential Sunni politician, referring to the execution and video. "So many people now are having strong reactions against the Shiites, and they're doing shouts here and there and saying Saddam is a hero. This will not benefit the building of the political process."

He added that Maliki needed to take decisive action against Sadr and his Mahdi Army militia. "Now he's in a very critical state," Maki said of the prime minister. "My advice to him is he has to sign -- as he signed the execution of Saddam -- he has to sign the pulling out of weapons of the Mahdi Army and the militias. Otherwise, he's a prime minister for Shiites. Not only for Shiites but for al-Sadr and the people of all the militias."

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Rikabi scoffed at the criticism from Sunnis that the execution showed Maliki's inability to control militias. "This is not related to the militias," he said. "You can't judge the ability of the prime minister by this."

"To be honest with you, many people try to defend Saddam," he said. "They can't say, 'Oh, Saddam was a very good president. Why did you kill him?' So they try to find some small mistakes here or there."

On Tuesday, the U.S. military reported that an American soldier was killed and three others were wounded when a roadside bomb exploded near their patrol southwest of Baghdad on Monday. The soldiers were in a village talking to residents about sectarian violence in the area. An interpreter was among the three injured.

Iraq PM Orders Probe Of Saddam Execution (AP)

By Christopher Torchia

AP, January 3, 2007

Iraq's prime minister ordered an investigation Tuesday into Saddam Hussein's execution to try to uncover who taunted the former dictator in the last minutes of his life, and who leaked inflammatory footage taken by camera phone of the hanging.

The unofficial video, on which at least one person is heard shouting "To hell!" at the deposed president and Saddam is heard exchanging insults with his executioners, dealt a blow to Iraq's efforts to prove it was a neutral enforcer of the law. Instead, the emotional, politicized spectacle raised tensions between the Shiite majority and Sunni Arabs who ran the country until their benefactor, Saddam, was ousted in the U.S.-led invasion of 2003.

A prosecutor who saw the hanging said some of the taunting came from guards outside the execution chamber, not the masked ones who put the noose around Saddam's neck.

The Iraqi government did not say what, if any, punishment would await anyone uncovered in its probe of guards and 14 selected witnesses who attended the execution at a Baghdad prison before dawn Saturday. Some were high-ranking officials or people affiliated with radical Shiite cleric Muqtada al-Sadr, a political ally of Prime Minister Nouri al-Maliki, who had wanted to speed up the timing of the execution after an appeals court upheld the death sentence.

The grainy video appeared on the Internet late Saturday. Al-Jazeera television also showed the footage at that time, saying it was exclusive.

The footage contained audio of people taunting Saddam with chants of "Muqtada," a reference to al-Sadr. Also on the video, Saddam accuses his tormentors of being unmanly in scenes that stop just short of pandemonium.

The video was inflammatory not only because the chanting was clearly audible, but also for showing the ghastly spectacle of Saddam plummeting through the gallows trapdoor and dangling in death, his vacant eyes open and his snapped neck almost at a right angle to the line of his shoulders.

In contrast, the official video showed masked executioners placing a heavy noose around Saddam's neck, without a soundtrack. Another official video shows Saddam wrapped in a burial shroud after his death, though his head and neck are exposed as proof of his identity.

Munqith al-Faroon, an Iraqi prosecutor who helped convict and sentence Saddam to death for the killings of 148 people in the town of Dujail in 1982, said he was a witness to the hanging. He said two top officials had their mobile phones with them — even though the government-approved witnesses had been searched before boarding U.S. helicopter that carried them from the Green Zone to the site of the execution, their cell phones placed in a box for safekeeping.

Al-Faroon did not name the officials who had their phones and said he did not know whether the Iraqi government had approved the mobile phone video.

"It might be for money. Maybe he decided from the start to film it and to sell it to the satellite TV channels," al-Faroon said in an interview with TV2, a Danish television network. "I do not think that an investigation is necessary if they only filmed it for money. The execution was not a secret. The filming was not against the law."

Still, the prime minister "ordered the formation of an investigative committee in the Interior Ministry to identify who chanted slogans inside the execution chamber and who filmed the execution and sent it to the media," said Sami al-Askari, a political adviser to the Iraqi leader.

Al-Faroon said he vigorously protested when people began to shout just before Saddam was executed, and that shouts of "Muqtada" came from guards outside the execution chamber.

"I am certain that the chanting at the moment of the execution was not organized, and that those chanting were not being ordered to do so," al-Faroon told TV2. "The guards made a decision to do so by themselves. This is the truth. I shouted at them and ordered them to keep silent. My voice is very clear in the recording."

In the leaked video, one voice called: "Allah, bless those who pray for Muhammad and his descendants. Allah, pray for Muhammad and his descendants and may they bring us their help soon and curse their enemies and back their son Muqtada, Muqtada, Muqtada."

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At that point Saddam asked, "Is this manly?"

A voice responded, "To hell."

Another voice called out, "Long live Mohammed Baqir al-Sadr" — a reference to the Dawa Party founder and Shiite cleric who was executed along with his sister by Saddam in 1980.

Then, a voice purportedly belonging to al-Faroon said: "Please no, this man is being executed, please no, I beg you no."

After Saddam was dropped through the trapdoor, a voice is heard shouting, "Don't rush, come back!" That suggests people were moving toward the body. However, the leader of Saddam's clan has said the body showed no signs of mistreatment after it was returned to Saddam's hometown Sunday.

It was unclear how many guards attended the execution. On the official video, seven people were on the gallows platform with Saddam. They included five guards in masks, a man without a mask whose face was blurred over, and a photographer.

Sadiq al-Rikabi, an adviser to the prime minister, told the U.S.-financed Al-Hurra television that he does not know who leaked the video and that such an act "is wrong and should be investigated, and I agree that cellular telephones were taken from witnesses before they boarded the helicopter" that headed to the execution site.

"I am full of hope that the results of the investigation will be announced, and the person who did this act should pay a price," al-Rikabi said. Still, the results of some Iraqi government probes in the past have not been released.

The Vatican's official newspaper on Tuesday decried media images of the hanging as a "spectacle" violating human rights and harming efforts to promote reconciliation in Iraq.

Within the country, Saddam's execution and the way it was conducted have provoked anger among Sunni Muslims, who have taken to the streets in mainly peaceful demonstrations across the country.

On Monday, a crowd of Sunni mourners in Samarra marched to a bomb-damaged Shiite shrine and were allowed by guards and police to enter the holy place carrying a mock coffin and photos of the former dictator.

The protest took place at the Golden Dome, a Shiite shrine bombed by Sunni extremists 10 months ago. That attack triggered the current cycle of retaliatory attacks between Sunnis and Shiites.

On Tuesday, police in Baghdad said they had found 45 bodies scattered around the city. Many had been blindfolded, handcuffed and shot, apparent victims of sectarian violence.

Iraqi Government To Investigate Saddam Execution (USAT)

USA Today, January 3, 2007

BAGHDAD — The Iraqi government moved Tuesday to deal with allegations that the execution of Saddam Hussein turned into an unruly scene where the former dictator was cursed in his final moments of life.

The government plans an investigation to try to uncover who taunted Saddam and who leaked inflammatory footage of the hanging taken by a camera phone, said Sami al-Askari, a political adviser to Prime Minister Nouri al-Maliki.

Sadiq al-Rikabi, another adviser to the prime minister, told Al-Hurra television that he does not know who leaked the video and that such an act "is wrong and should be investigated."

The unofficial video, on which at least one person is heard shouting "To hell!" at the deposed president and Saddam is heard exchanging insults with his executioners, dealt a blow to Iraq's efforts to prove it was a neutral enforcer of the law.

The Iraqi government did not say what, if any, punishment would await anyone uncovered in its investigation of guards and 14 selected witnesses who attended the execution at a Baghdad prison before dawn Saturday. Some were high-ranking officials or people affiliated with radical Shiite cleric Muqtada al-Sadr, a political ally of al-Maliki.

The grainy video appeared on the Internet late Saturday. Al-Jazeera television also showed the footage at that time. It contains audio of people taunting Saddam with chants of "Muqtada," a reference to al-Sadr. Saddam accuses his tormentors of being unmanly.

In contrast, the official video shows masked executioners placing a heavy noose around Saddam's neck without a soundtrack.

Munqith al-Faroon, an Iraqi prosecutor who helped convict and sentence Saddam to death for the killings of 148 people in the town of Dujail in 1982, said he witnessed the hanging. He said two top officials had their phones with them — even though the government-approved witnesses had been searched before boarding a U.S. helicopter that carried them from Baghdad's Green Zone to the execution site. Their cellphones were placed in a box for safekeeping.

Al-Faroon did not name the officials who had their phones and said he did not know whether the Iraqi government had approved the mobile phone video.

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Al-Faroon said he vigorously protested when people began to shout just before Saddam was executed. The shouts of "Muqtada" came from guards outside the execution chamber, he said.

In the leaked video, one voice calls, "Allah, bless those who pray for Mohammed and his descendants. Allah, pray for Mohammed and his descendants, and may they bring us their help soon and curse their enemies and back their son Muqtada, Muqtada, Muqtada."

At that point, Saddam asks, "Is this manly?"

A voice responds, "To hell."

Saddam's execution has prompted mainly peaceful demonstrations by Sunni Muslims in Iraq.

In other Iraq news:

·The U.S. military announced the death of an American soldier by a roadside bomb southwest of Baghdad. The blast wounded three others Monday, including an interpreter, as they talked with residents about sectarian violence.

·U.S. troops killed a suspected al-Qaeda weapons dealer and two other people in Baghdad raids Tuesday.

·In Fallujah, a U.S. Marine fatally wounded an Iraqi soldier in an altercation at the guard post they shared. The confrontation took place Saturday between members of U.S. and Iraqi units assigned to combined security posts at the Fallujah Government Center. The Marine — assigned to the 1st Battalion, 24th Marine Regiment, Regimental Combat Team 5 — has been assigned to administrative duties while the military investigates.

Blair's Deputy Calls Taunting Of Hussein At Execution 'Deplorable' (NYT)

By Sarah Lyall

The New York Times, January 3, 2007

LONDON, Jan. 2 — Britain's deputy prime minister said Tuesday that the taunting and baiting that accompanied Saddam Hussein's execution was unacceptable and that the people responsible should be condemned for taking part.

"I think the manner was quite deplorable, really," said the deputy prime minister, John Prescott. "I don't think one can endorse in any way that, whatever your views about capital punishment."

Responding to the murky scenes that emerged after the execution showing witnesses and guards chanting and telling Saddam to "go to hell" as his executioners prepared to hang him, Mr. Prescott added: "Frankly, to get that kind of recorded messages coming out is totally unacceptable, and I think whoever is involved and responsible for it should be ashamed of themselves."

But in a terse exchange with an interviewer on BBC radio, Mr. Prescott refused to be drawn into criticizing the Iraqi government, which had custody of Mr. Hussein and which arranged his execution. "If they are responsible, I pass my comment and that's where I stand," he said.

Images of Mr. Hussein with a noose around his neck have been plastered across newspapers and shown on television all weekend here. In a country implacably opposed to the death penalty, the sight has been shocking, as was the speed with which it was carried out.

Prime Minister Tony Blair, on vacation in Florida, has not spoken publicly about Mr. Hussein's death, an omission that has been seized on by antiwar members of his Labor Party as another misstep in a long succession of them on Iraq. But the foreign secretary, Margaret Beckett, released a statement last week saying that while she welcomed the fact that Saddam had been tried and "held to account," the British government had made it clear that it opposed the death penalty.

"We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation," she said. Asked if the government had also complained to the Iraqis about how the execution was carried out, Mr. Prescott repeated what Ms. Beckett had said.

Saddam Execution Video Draws Criticism (AP)

By Anita Chang

AP, January 3, 2007

Grainy cell phone video of Saddam Hussein's execution triggered international criticism Tuesday, with Britain's deputy prime minister calling the leaked images "unacceptable" and the Vatican decrying the footage as a "spectacle" violating human rights.

Meanwhile, the Italian government pushed for a U.N. moratorium on the death penalty, Cuba called the execution "an illegal act," and Sunnis in Iraq took to the streets in mainly peaceful demonstrations across the country.

The unofficial video showed a scene that stopped just short of pandemonium, during which one person is heard shouting "To hell!" at the deposed president and Saddam is heard exchanging insults with his executioners. The inflammatory footage also showed Saddam plummeting through the gallows trapdoor and dangling in death.

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The grainy video appeared on the Internet and Al-Jazeera television late Saturday. On Tuesday, Iraqi Prime Minister Nouri al-Maliki ordered an investigation into the execution to try to uncover who taunted the former dictator, and who leaked the cell phone footage.

At the United Nations, Secretary-General Ban Ki-moon ran into trouble on his first day of work when he failed to state the U.N.'s official stance opposing capital punishment and said it should be a decision of individual countries.

"Saddam Hussein was responsible for committing heinous crimes and unspeakable atrocities against Iraqi people and we should never forget victims of his crime," Ban said in response to a reporter's question about Saddam's execution Saturday for crimes against humanity. "The issue of capital punishment is for each and every member state to decide."

His ambiguous answer put a question mark over the U.N.'s stance on the death penalty, although Ban's spokeswoman said there was no change in policy.

British Deputy Prime Minister John Prescott said those who leaked the footage should be condemned.

"I think the manner was quite deplorable really. I don't think one can endorse in any way that, whatever your views about capital punishment," Prescott said in an interview with British Broadcasting Corp. radio.

"Frankly, to get the kind of recorded messages coming out is totally unacceptable and I think whoever is involved and responsible for it should be ashamed of themselves."

The Holy See's daily, L'Osservatore Romano, lamented that "making a spectacle" of the execution had turned capital punishment into "an expression of political hubris."

The execution "represented, for the ways in which it happened and for the media attention it received, another example of the violation of the most basic rights of man," L'Osservatore wrote.

The office of Italian Premier Romano Prodi said Italy would seek the support of other countries that oppose capital punishment to put the issue of a moratorium to the U.N. General Assembly. Italy and all other European Union countries ban capital punishment.

Italy, which is one of the rotating members of the U.N. Security Council, has lobbied unsuccessfully for U.N. action against the death penalty.

On Monday, a crowd of Sunni mourners in Samarra marched to a bomb-damaged Shiite shrine, the Golden Dome, and were allowed by guards and police to enter the holy place carrying a mock coffin and photos of the former dictator.

The shrine was bombed by Sunni extremists 10 months ago, an attack that triggered the current cycle of retaliatory attacks between Sunnis and Shiites.

Communist Cuba, which allows capital punishment, called Saddam's execution "an illegal act in a country that has been driven toward an internal conflict in which millions of citizens have been exiled or lost their lives."

The Foreign Ministry statement Monday said the island nation "has a moral duty to express its point of view about the assassination committed by the occupying power."

The U.S. military had held Saddam since capturing him in December 2003 but turned him over to the Iraqi government for his execution.

New U.N. Secretary Begins By Addressing Capital Punishment (LAT)

By Maggie Farley

The Los Angeles Times, January 3, 2007

UNITED NATIONS — On his first official day on the job, Secretary-General Ban Ki-moon stepped back from the United Nations' long-standing opposition to the death penalty, saying capital punishment is an issue for each country to decide.

Ban's statement contrasted sharply with his predecessors' public rejection of the death penalty, and with the condemnation by the United Nations' special envoy to Iraq of Saddam Hussein's execution last weekend.

Responding to a question about the execution, Ban said the former Iraqi leader "was responsible for committing heinous crimes and unspeakable atrocities against the Iraqi people. We should never forget the victims of his crimes."

But, he added, "The issue of capital punishment is for each and every member state to decide."

"At the same time," he said, "I would hope that the international member states would pay due regard to all aspects of international humanitarian laws"

It was Ban's first official statement as secretary-general. His aides spent the rest of the day trying to further explain his comments.

Michele Montas, his new spokeswoman, insisted that there was no change in U.N. policy, and that what Ban had said "was his own nuance" on the death penalty. South Korea has capital punishment, as do the United States, China and Russia, three permanent members of the Security Council.

"The U.N. policy still remains that the organization is not for capital punishment," she said.

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Human-rights groups said that the death penalty was not a clear-cut issue under international law but that an optional protocol to the legally binding International Covenant on Civil and Political Rights said that the abolition of the death penalty would contribute to human dignity and rights.

"We feel strongly that he missed an opportunity to make an unequivocal statement about the death penalty, which we believe is a human-rights abuse, and we look forward to stronger positions in the future," said Peggy Hicks, global advocacy director for Human Rights Watch.

At his informal news conference in front of the Security Council chamber, Ban also said that the crisis in Sudan's Darfur region was "very high on my agenda" and that his first trip would be to an African Union summit at the end of the month in Addis Ababa, Ethiopia, where he planned to talk to Sudanese President Omar Al-Bashir.

North Korea's nuclear ambition is another top priority, Ban said. He told reporters he would do whatever he could to help along six-party talks. As the former foreign minister of South Korea, he was directly involved in the talks and has pledged to be personally engaged in the issue.

He said that he was starting his duties at a daunting time but that the world's crises needed to be addressed as a common effort. "Not a single person, including the secretary-general of the United Nations, not a single country, however strong," can deal with the challenges alone, he said.

Ban has begun to name his new Cabinet, a process that tries to balance merit with geographical representation. His first appointment was his chief of staff, Vijay Nambiar, a former undersecretary general and ambassador from India to the United Nations. His new spokeswoman, Montas, is a broadcaster from Haiti who joined the United Nations after her journalist husband was murdered in 2002.

New U.N. Chief Invites Controversy By Declining To Oppose Hussein Execution (NYT)

By Julia Preston

The New York Times, January 3, 2007

UNITED NATIONS, Jan. 2 — On his first day of work as secretary general, Ban Ki-moon, the mild-spoken South Korean diplomat who had suggested he would bring new caution to the post, invited controversy by declining to criticize the death penalty applied to Saddam Hussein.

Mr. Ban commented on the execution of Mr. Hussein just after entering United Nations headquarters on Tuesday morning to start his job.

“Saddam Hussein was responsible for committing heinous crimes and unspeakable atrocities against the Iraqi people,” Mr. Ban said in response to questions from a crush of reporters outside the Security Council’s chambers. “We should never forget the victims of his crimes, “ he said.

“The issue of capital punishment is for each and every member state to decide,” he added.

“While I am firmly against impunity, I also hope the members of the international community should pay due regard to all aspects of international humanitarian laws.”

Mr. Ban’s remarks appeared to contradict bedrock United Nations policy opposing the death penalty on human rights grounds.

He seemed to have tripped in his effort to tread lightly on the political views of the many United Nations members.

The remarks also seemed to show that Mr. Ban, who was South Korea’s foreign minister when he was chosen in October as secretary general, had not completed the transition from representing his country to leading the United Nations.

Michèle Montas, Mr. Ban’s spokeswoman, said the death penalty was legal in South Korea.

On Dec. 30, hours after Mr. Hussein was hanged, the United Nations special representative for Iraq, Ashraf Qazi, said in Baghdad that although the United Nations “understands the desire for justice felt by many Iraqis,” it could not support the execution.

“Based on the principle of respect for the right to life,” Mr. Qazi said, “the United Nations remains opposed to capital punishment, even in the case of war crimes, crimes against humanity and genocide.”

Ms. Montas, whose first day on the job also was Tuesday, said Mr. Ban had not intended to change United Nations policy, but had added his own “nuance.” Mr. Hussein was hanged in a hasty execution at dawn on Dec. 30, in a chamber where many Iraqis had been killed under his brutal rule.

In public comments before his first meeting with United Nations staff, Mr. Ban said, “We have to show the international community that we are ready and eager to change.” He said the organization had faced “harsh and sometimes unfair criticism,” and acknowledged that “staff morale has plummeted.” But he said United Nations workers must be ready to “multitask” and to move frequently from armchair jobs at headquarters in New York into the field.

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"My watchword will be meritocracy," he said, in words that should be well received by the Bush administration, which backed Mr. Ban to succeed Kofi Annan, who served two five-year terms, in part because of Mr. Ban's pledges to streamline the United Nations bureaucracy.

In veiled words, Mr. Ban seemed to hint that he would not overreach his power, but that he expected cooperation from the United States. Speaking of the many crises facing the organization, he said, "Not a single person, including the secretary general of the United Nations; not a single country, however strong, powerful, resourceful, maybe, can address this."

New U.N. Chief Defends Death Penalty For Hussein (WP)

By Colum Lynch

The Washington Post, January 3, 2007

UNITED NATIONS, Jan. 2 -- U.N. Secretary General Ban Ki Moon said Tuesday that Iraq and other countries have the right to impose the death penalty, adding that the world should never forget Saddam Hussein's "heinous crimes."

Ban's first public reaction to Hussein's execution signaled a sharp break from his predecessor, Kofi Annan, an ardent death-penalty critic who opposed U.N. participation in the Iraqi war crimes tribunal that sentenced Hussein to die. Human rights advocates expressed concern that Ban's comments lend credibility to what they see as a flawed trial of the former Iraqi leader, and complained that he could set back efforts to abolish the death penalty.

The remarks suggest that the former South Korean foreign minister, who began a five- year term on Monday, would defer to the United Nations' 192 member states on some of the day's most controversial and unsettled issues. Nearly 70 countries, including the United States and South Korea, retain the death penalty.

"Saddam Hussein was responsible for committing heinous crimes and unspeakable atrocities against the Iraqi people," Ban said in his first news conference as secretary general. "The issue of capital punishment is for each and every member state to decide."

Ban said that while he is "firmly against impunity" for the world's despots, he would also urge states to "pay due regard" to international humanitarian law in meting out justice to a deposed leader. "The Iraqi people and government have taken steps to address their past, and I hope that the international community should also understand the stakes and try to build the rule of law nationally and internationally," he said.

Ban's remarks come just one day after the top U.N. representative in Iraq, Ashraf Qazi, said that the world body "remains opposed to capital punishment, even in the case of war crimes, crimes against humanity and genocide." But Ban and his spokeswoman, Michele Montas, repeatedly declined to say Tuesday whether the U.N. chief agrees with that view.

"The U.N. policy still remains that the organization is not for capital punishment," Montas said. Ban thinks "there are some countries that do recognize the death penalty. He would like to just leave it open to the countries." She characterized Ban's comments as "a nuance on the situation, stating that we should think first of the victims and the need for justice."

The death penalty debate unfolded as Ban began his first day as secretary general by paying homage to U.N. officials who lost their lives in the service of the world body, and by dining with employees in the U.N. cafeteria.

"My watchword will be meritocracy, with due regard for gender balance and geographical representation," he said in his first meeting with U.N. staff.

Behind the scenes, the United States, Britain, France and other U.N. governments pressed Ban to appoint their nationals to key senior posts in the organization.

Ban will announce on Wednesday the appointment of Britain's former ambassador to France, Sir John Holmes, to head the U.N. Office for the Coordination of Humanitarian Affairs, an emergency relief organization, according to two Security Council diplomats.

Alicia Barcena Ibarra, a former Mexican official who served as Annan's chief of staff, will be named undersecretary for management and administration, a position that has been traditionally held by an American national, according to senior U.N. officials and diplomats.

A U.S. candidate is being considered for other senior posts, possibly as the head of the U.N. Department of Political Affairs or as a senior official in the U.N. peacekeeping department, U.S. and French diplomats said. The French, who currently hold the top peacekeeping job, are also expected to hold a senior position in the peacekeeping department.

Ban also plans to appoint a woman from the developing world to serve as his deputy. Montas is from Haiti, and his new chief of staff, Vijay Nambiar, is a former Indian deputy national security adviser who served as special adviser to Annan.

Ban Cool On Envoy's Words (WT)

By Betsy Pisik And Sharon Behn

The Washington Times, January 3, 2007

DOJ_NMG_0110610

New United Nations Secretary-General Ban Ki-moon yesterday backed away from comments by the world body's top representative in Iraq criticizing the execution of former dictator Saddam Hussein.

Meeting reporters in New York on his first full day on the job, Mr. Ban said Saddam was guilty of "heinous crimes and unspeakable atrocities against the Iraqi people, and we should never forget the victims of these crimes."

"The issue of capital punishment is for each and every member state to decide," said the South Korean diplomat. " While I am firmly against impunity, I also hope that the members of the international community should pay due regard to all aspects of international humanitarian law."

On Saturday, the day Saddam was hanged in a north Baghdad prison, Ashraf Qazi, the U.N. point man in Baghdad, issued a statement saying the United Nations flatly opposed the death penalty, regardless of the crimes for which it is imposed.

The United Nations "understands the desire for justice felt by the many Iraqis," said Mr. Qazi, a Pakistani diplomat.

"Based on the principle of respect for the right to life, however, the United Nations remains opposed to capital punishment, even in the cases of war crimes, crimes against humanity and genocide."

Aftershocks from the execution of Saddam, 69, continued to roil the Iraqi political scene after images from a leaked cell-phone video recording showed some of the witnesses taunting the former dictator in the moments before he was hanged.

Many fear the raucous scene at the dingy prison room execution on the first day of a major Sunni Muslim holiday will only inflame sectarian violence in the country.

"This man destroyed 35 years of my life, for many years I dreamed about his death. But when I saw it, I was angry," said a Shi'ite Muslim doctor who watched the televised execution.

"When you take a man's life, it should be with respect," he said, speaking on the condition of anonymity out of fear for his safety.

A Sunni former military officer jailed twice by Saddam's regime said Saddam, unlike his executioners, behaved like a "real man" in his final minutes.

"Killing him with this funny trial and in this way, and on this date, made Saddam an Islamic and Arab hero," said the officer, who also declined to speak on the record.

Sami al-Askari, a close political adviser to Prime Minister Nouri al-Maliki, told the Associated Press that the prime minister had ordered an investigation to identify who chanted slogans and leaked the video of the execution to the press. Iraqi President Jalal Talabani, an ethnic Kurd who has long opposed the death penalty, said in a statement he had not been aware the date for the execution had even been scheduled.

But Mr. al-Askari defended the decision to execute Saddam.

"This is an artificial uproar," he told Iraqi state television. " cannot say this court has been unjust, and so they take this mistake and forget that Saddam deserved to be executed."

Few foreign governments or war-crimes analysts supported the court case against Saddam and several aides, in large part because of the possibility of capital punishment.

The United Nations and the body's human rights agency have traditionally opposed capital punishment. But the world body also has long deferred to national laws on internal matters such as the death penalty, abortion and other difficult issues.

Michele Montas, Mr. Ban's spokeswoman, said Mr. Qazi was "tacitly referring" to the human rights agency's stand in questioning the decision to put Saddam to death. She denied that either Mr. Qazi or Mr. Ban was trying to alter long-standing U.N. policies on the death penalty.

Mr. al-Maliki, a Shi'ite who pushed strongly for Saddam's prompt execution last week, said in an interview published in the Wall Street Journal that he was ready to hand over the job of prime minister.

"I wish I could be done with it even before the end of this term," said Mr. al-Maliki, whose seven months in office have seen escalating violence and brutal sectarian reprisal killings.

Betsy Pisik reported from New York.

A Hanging And A Funeral (NYT)

By Thomas L. Friedman

The New York Times, January 3, 2007

Last Saturday was a strange day. It started with the hanging of Saddam Hussein. The more I read about the hasty, quasi-legal maneuvers used by Iraq's Shiite leaders to rush Saddam to the gallows on a Muslim holiday, Id al-Adha, and the more I watched the grainy cellphone video of the event, in which a guard is heard taunting Saddam with chants of "Moktada! Moktada!" — the Shiite cleric whose death squads have killed hundreds of Sunnis — and the more I read of the insults Saddam spat back, the more it resembled a tribal revenge ritual rather than the culmination of a constitutional process in which America should be proud to have participated.

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Bassam al-Husseini, an aide to Iraq's Shiite prime minister, was quoted by the BBC as saying Saddam's execution was "an Id gift to the Iraqi people." Many Sunnis would not share that view. For his part, Saddam, a Sunni, used his last breaths to spew vitriol against "the traitors, the Americans, the spies and the Persians." For Persians, read Shiites.

No wonder the BBC's world affairs editor, John Simpson, reported from Baghdad: "Altogether, the execution as we now see it is shown to be an ugly, degrading business, which is more reminiscent of a public hanging in the 18th century than a considered act of 21st-century official justice. Under Saddam Hussein, prisoners were regularly taunted and mistreated in their last hours. The most disturbing thing about the new video of Saddam's execution for crimes precisely like this is that it is all much too reminiscent of what used to happen here."

But as I said, Saturday was a strange day. After watching Saddam's hanging in the morning, I was sitting at my computer late in the afternoon and suddenly heard the strains of "My country 'tis of thee, sweet land of liberty" being played on the TV in the next room. When I checked what was going on, I saw President Ford's coffin being unloaded from Air Force One.

I have to admit I got a lump in my throat watching that scene and listening to that stirring melody. Saddam's execution was a snapshot of a country divided. Gerald Ford's funeral was a snapshot of a country united — political supporters and opponents alike paying tribute to a president, who was surrounded by an honor guard representing every color of the American rainbow and whose place in history was secured by an act of pardon and national healing.

How fortunate to live in a country where this is the political norm, built up over generations.

"Because of our basic unity, we can afford to be divided on specific issues," said Michael Mandelbaum, author of "The Case for Goliath." "Democracy is about differences and contesting them in the public sphere, and it only works when there is basic agreement about the fundamentals. We should feel fortunate that we have a democratic history and set of beliefs. Those beliefs can be imported by those who want them and don't have them, but they can't be exported. We can only create a context where others would want to import them."

The raw tribal theatrics of Saddam's hanging highlight just how few of these values Iraq has imported. We are to blame for not creating the security needed for those values to take hold. But not enough of our Iraqi allies have risen to the occasion, either. It was our closest Iraqi partners who oversaw Saddam's tribal hanging. We have to look that in the eye.

Saddam deserved to die 100 deaths. But imagine if Iraq's Shiite leaders had surprised everyone, declared that there had been enough killing in Iraq and commuted Saddam's sentence to life in prison — sparing his life in hopes of uniting the country rather than executing him and dividing it further. I don't know if it would have helped, but I do know Iraqis have rarely surprised us with gestures of reconciliation — only with new ways to kill each other.

Now President Bush wants a "surge" of more U.S. troops to Baghdad, in one last attempt to bring order. Whenever I hear this surge idea, I think of a couple who recently got married but the marriage was never very solid. Then one day they say to each other, "Hey, let's have a baby, that will bring us together." It never works.

If the underlying union is not there, adding a baby won't help. And if the underlying willingness to share power and resources is not present among the major communities in Iraq, adding more U.S. troops won't help either. Adding more troops makes sense only if it's to buy more time for positive trends that have already begun to appear on the horizon. I don't see them.

As Saddam's hanging underscored, Iraqis are doing things their way. So maybe it's time to get out of their way.

'He Was His Own Accuser' (WSJ)

By Marty Peretz

The Wall Street Journal, January 3, 2007

This is not the case of Oliver David Cruz, who was executed on Aug. 9, 2000. Cruz, whose I.Q. ranged from 63 to 83, had raped and murdered a 24-year-old woman stationed at Kelly Air Force Base in San Antonio, Texas. If Cruz had lived until 2002, when the Supreme Court ruled the death sentence could not be imposed on mentally retarded people, he would have spent his life in prison. He was what we used to call, unsentimentally but truthfully, "an idiot." To me it was axiomatic that killing him was unjust. I do not ever really feel that the state is righteous when it snuffs out even a hardened criminal's breath. * * *

Saddam Hussein's execution was another matter entirely. Those who do not see that are blind to the implicit social compact of any polity, and to its always precarious situation. What this tyrant did in murdering hundreds of thousands and terrorizing millions more, within Iraq and outside it, was to normalize brutality, establish falsity and hysteria as the common language, and routinely invade the boundaries of private life. Saddam's crimes unraveled whatever authenticity and spontaneity was possible in the artificial confines of a post-Versailles state.

He also brought dread to this state's neighbors. Men and women trembled at his name. And for what purpose did Saddam put the people of Iraq and the region through these horrors? For the nihilistic purpose of sustaining his rule and that of his clan. And yet, as no one has reminded us in recent times, he also murdered kith and kin.

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Seen from this perspective, the attacks on Saddam's death sentence, self-righteous and oh, so elementally moral, are petty and falsely framed. I am afraid it is the Vatican that has failed humankind most glaringly in this regard. True, it is not the Vicar of Christ who has spoken, but his designate, Cardinal Renato Martino, head of the Pontifical Council for Justice and Peace. Rome tends to speak portentously, urbi et orbi. Yet such speech is also often simple-minded.

"Capital punishment is not natural death," said Cardinal Martino. OK. That's obvious. So what? "Life is a gift that the Lord has given us," the cardinal continued, "and we must protect it from conception until natural death." In this rendering, are we supposed to imagine that Saddam is an innocent unborn fetus in his mother's womb? Is this a debate over abortion? Does Cardinal Martino have no conception of the dimensions of the tyrant's crimes? (Cardinal Martino does not always speak in such pabulum. He is often aggressive, as when he condemned the allied intervention in Iraq as a "war of aggression." The Vatican then told journalists that the cardinal was speaking for himself, not for John Paul II. Martino picked up many anti-American tropes during the 16 years he represented the Church at the U.N. Sixteen years, poor man, no wonder, he's a little overwrought and also disingenuous.)

Of course, many of the other critics of the death sentence do not speak of life as a benefaction from God. The folks who echo Amnesty International's denunciation would be horrified at the sheer thought. Ditto the European Union. The same for Romano Prodi, the socialist prime minister of Italy. And the antiterrorism officer at the U.N. Plus the governments of France, Denmark, Portugal, Spain and Germany.

Marco Pancetta, head of the Radical Party in Italy, had declared a hunger strike, was ready to go to Baghdad to petition for a "pardon." Yes, a hunger strike. Until death? Does Cardinal Martino believe a hunger strike natural? And, yes, a pardon. Was he out of his mind? Saddam's death has cheated Mr. Pancetta of his foolishness. Had the convict lived, we would have had to endure candlelight vigils throughout the soft countries. Soft power, indeed.

The burden of most of these objections to the death penalty is that the trial was not really fair. Now, these were certainly the most judicious legal proceedings ever held in modern Iraq. Is this not superior to victors' justice? The defendant had legal counsel of his own choosing, among them Ramsey Clark, not so mentally stable is my guess, but a former attorney-general of the U.S. and not an easily intimidated advocate. What's more, as Fouad Ajami has pointed out, the accused performed histrionics that were tolerated even though they made havoc of courtroom order. If Saddam were the accused in a U.S. tribunal, he would have been bound and gagged. In Saddam's own Iraq, he would have been lashed, at a minimum.

The Arab world is somewhat split about the sentence. Yemen, little Yemen, has actually announced that the country "unanimously" condemns everything about the trial: the process, the verdict and the punishment. You get some sense of what political discourse is like in a state where everything is (or is said to be) unanimous. Doubtless, Sunni Baathists were very close to unanimous in opposing it. But the Arab world and its non-Arab Muslim cousins, whatever they feel about the armed foreign presence in Iraq, could not honestly make the case against the penalty of death -- although some made the argument nonetheless. It is simply too routine, too ingrained in the fabric of their societies to be shocking. After all, you can juridically be condemned to death for having committed adultery (that is, if you are a woman), for stealing, for heresy and blasphemy. Moderate Arabs will breathe a sigh of relief now that the dictator is dead. And also those non-moderate Arabs whom he threatened.

Two surprising trends, one a great relief. The relief is that the people of Western Europe seem to be more sensible than their governments. Even the French, the Italians, the Spanish and others support the taking of Saddam's life. Like the Poles, and their prime minister, Jaroslaw Kaczynski. You have to have lived under a tyranny within your own memory to know why the tyrant should be punished, and punished decisively.

The other trend is a bit confusing. It shows itself especially in our stalwart ally, Great Britain, where the Labour government still adheres to the traditional alliance, in war and in peace. Margaret Beckett, Tony Blair's foreign secretary, spoke strongly in support of the hangman's noose.

But, ironically, there were counter-indications from the Tory right. Frustrated by its years in the political wilderness, the Conservatives much resent Labour's alliance with George Bush, even though they ridicule it. The brilliant showman-parliamentarian Boris Johnson, shadow minister for higher education, elicited from Ms. Beckett's predecessor, Jack Straw, already two years ago a statement of opposition to the ultimate penalty. Relying on Britain's longstanding opposition to capital punishment, they were working in consort against Mr. Blair's fidelity to how America sees the world. The prospect of Saddam's hanging would be their instrument.

Another, more recent sign of Conservative estrangement (not the only one) from the historically axiomatic bond with the U.S. is a querulous on-line column by the querulous Peregrine Worsthorne asserting that "Saddam was a butcher, so was Truman." Now, this is not a logical argument for anything. But his point was that Saddam's "cruel tyranny had at least provided the people with a degree of security quite unimaginable under conditions of freedom and democracy . . . a reign of fear may be

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the only effective system of government." This is cynicism of an especially low order. And if it gains currency in the house of Winston Churchill, where can it not become common wisdom? * * *

Saddam has already swung from the ropes. May his soul be tormented for eternity. If Saddam were a pious and literate Christian -- actually, he wasn't even a pious Muslim -- he might have recognized, as Dante did for Nimrod, that "he was his own accuser." His life is its own accusation.

The question, then, is not whether Iraq will recover from the oppressor's death. The question is whether Iraq will recover from the oppressor's rule. The execution of this monstrous man was not intended to be a deterrent to evil. There are probably no deterrents to real evil and real evildoers. But a community can punish its own pharaohs. That punishment will be the most significant sovereign act the people of Iraq have ever done. This is an act of recovery by itself.

Mr. Peretz is editor-in-chief of The New Republic.

Poor Execution (HC)

Houston Chronicle, January 3, 2007

Saddam Hussein's hanging lets condemned dictator play martyr while emphasizing sectarian blood lust

If any event in Iraq should have been completely under the control of U.S. forces and the government they defend, it was the final moments of condemned former dictator Saddam Hussein. Unfortunately, like so much else that has occurred since the 2003 U.S.-led invasion, the tyrant's death turned into another fiasco and missed opportunity.

Like the legally questionable proceeding that produced his death sentence, the rush to put a noose around Saddam's head at the start of a Muslim holiday backfired, adding more fuel to the Shiite-Sunni conflagration that has engulfed Iraq while giving Saddam a last cell phone photo op breathing defiance against his enemies. His final words were "Down with the traitors, the Americans and the Persians." Rather than looking like the cowering vagrant that U.S. troops pulled out of a hole, the well-groomed fallen dictator exhibited nonchalance and sarcasm.

Like the raucous and sometimes out of control proceedings that resulted in Saddam's conviction for killing 148 Shiite villagers after a failed assassination attempt, the authorities' conduct at the execution only served notice how far the new Iraq has to go in meeting the standards of democratic justice. The elite government unit escorting Hussein to his death cursed the prisoner and broke into chants of "Muq- tada," referring to the anti-American cleric Muqtada al-Sadr. According to The New York Times, two witnesses at the hanging wryly exchanged a quip that the behavior of the guards indicated the government had yet to stop the infiltration by sectarian militia.

Former NBC Evening News anchorman Tom Brokaw echoed a sentiment about the handling of the execution widely expressed in the news media. He told radio show host Don Imus that Saddam, a mass murderer with the blood of millions on his hands, was "able to stand up there with the hood off and invoke prayer and even invoke the Palestinians, and go out in the eyes of his people at least as a martyr." Brokaw described the execution scene as "something that resembled the worst kind of nightmare out of the old American West. "

The Vatican and most European heads of state denounced the execution out of a long-standing opposition to the death penalty. Apparently U.S. officials in Iraq had questioned the legality and wisdom of rushing Saddam to the gallows, but their concerns were overridden by Prime Minister Nouri al-Maliki, a Shiite. By hanging Saddam at the start of the Id al-Adha holiday, the government violated an Iraqi law followed in Saddam's time prohibiting public executions during holy periods. Sunnis reacted to the execution with nonviolent protest marches throughout Iraq, raising fears of new cycles of revenge killings by armed militias.

The execution also short-circuited Saddam's trial on charges of ordering poison gas attacks during the infamous Anfal campaign that killed thousands of his countrymen in the Kurdish city of Halabja. That proceeding would have presented a far different image of the dictator to the world than what was on display last weekend.

Without Saddam in the dock, few will hear the damning testimony that would have depicted a human monster rather than a nationalist martyr. It's unfortunate that won't be his final photo op.

Hanging Won't Bring U.S. Troops Home Sooner (VAPILOT)

The Virginian-pilot

Hampton Roads Virginian-Pilot, January 3, 2007

Celebration followed Saddam Hussein's death at the end of a hangman's noose this weekend – technically as punishment for killing 148 people nearly a quarter-century ago, but really for a reign of terror that lasted decades. Relief followed his death, too – the end of a madman's reign of terror over his own people and his own tiny corner of the planet.

In the days to follow, some might even welcome Saturday's grisly event as the beginning of the end to U.S. involvement in Iraq. That reasoning, sadly, would be false.

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Saddam's crimes against humanity, and against anyone who dared to criticize his dictatorial rule, targeted Kurds and Shiites, women and children, foes and even two sons-in-law who had revealed details of Saddam's weapons programs. He engineered a disastrous eight-year war against Iran in the 1980s. He invaded Kuwait in 1990, only to be forced out by the U.S.-led coalition in the Persian Gulf War.

He was a menace to every Iraqi except for those among his Sunni base. But his death is unlikely to bring peace to the nation he left behind.

The execution early Saturday is cold comfort to the U.S. troops now stuck in Iraq, trying to impose stability on a fractured nation that seems to want none of it. Amid sectarian violence, warring militias and foreign insurgents, there's no end in sight to the mounting death toll of Americans and Iraqis alike. President Bush, who ordered the invasion of Iraq, is desperately trying to chart a new course there.

In a particularly cruel commentary, observers said the 80 Iraqis who died Saturday in bombings and other attacks were not unusually high, nor did the deaths appear be in retaliation for Saddam's execution. Eighty deaths have now become acceptable, the norm, just another day in this nation that U.S. troops invaded in 2003 to liberate.

And another grim milestone was reached Sunday. The Associated Press reported that at least 3,000 U.S. military personnel have been killed in Iraq since the war began. The news agency said Spc. Dustin R. Donica of Texas was killed Thursday by small arms fire. Thousands more U.S. troops have been wounded, maimed or worse.

This has occurred against a backdrop of an increasingly disenchanted American public; disaffection for the conduct of the war played the biggest part in the Democratic takeover of Congress two months ago. The U.S. has spent more than $350 billion for a conflict that shows no end in sight.

All of which provides a bloody, costly context in which to place Saddam's execution. When the history of this war is written in years to come, this weekend's hanging may be no more than a footnote.

A Regrettable Rush To Execution (BOS)

The Boston Globe, January 3, 2007

IN HIS FINAL minutes, one of Saddam Hussein's executioners shouted, "Go to hell, Saddam." The condemned man replied dryly, "You mean the Iraq that is today." After his body dropped through the trap door, the assembled witnesses chanted Shi'ite slogans.

It was Saddam that turned Iraq into hell during his 35 years in power. He murdered as many as half a million Iraqis and plunged his country into two catastrophic wars with neighboring Iran and Kuwait.

But Saddam was not executed for any of this. Instead, he was hanged for ordering the killing of 148 Shi'ite men and boys in the village of Dujail in reprisal for an assassination attempt that took place there in July 1982. While the trial was criticized by human rights groups, the verdict was consistent with the evidence. Saddam's signature was on the order for the execution and he freely admitted that he had signed the document. His explanation -- that the killings were justified since the would-be killers were linked to the Iranian-backed Dawa Party and Iraq was then at war with Iran -- was no defense. Reprisal killings of innocent people are by definition a crime against humanity.

The manner of Saddam's execution made it clear that Iraq's Shi'ite leaders -- and in particular Prime Minister Nouri al-Maliki -- were more interested in revenge than justice. Al-Maliki, a Dawa Party leader, signed the death warrant in apparent disregard of Article 70 of the Iraqi Constitution that gives Iraq's president and two vice presidents the responsibility for ratifying death sentences.

Saddam's execution meant there would be no accounting for his other crimes: the destruction of the marshes and the Marsh Arabs in the 1990s, the murder of tens of thousands of Shi'ites in the aftermath of the 1991 uprising, the killing of 8,000 members of the Barzani clan in 1983, the 1990 invasion of Kuwait, and the murder of tens of thousands in various purges over his decades in power.

Obviously, it was never practical to try Saddam Hussein for every crime he committed. But the rush to execution actually interrupted Saddam's ongoing trial on genocide charges in connection with the 1987-1988 "anfal" campaign against Iraq's Kurdish minority. That trial was scheduled to resume Jan. 8 and would have concluded in a matter of months.

The Kurdish genocide was the gravest -- and by far the best documented -- of Saddam's crimes. I stumbled across its beginning in September 1987 when, as a staff member for the Senate Foreign Relations Committee, I got permission to visit Kurdistan. When Haywood Rankin from the US embassy in Baghdad and I crossed from Arab to Kurdish territory, we were amazed that places shown on our maps no longer existed. Later, we came across deserted towns with bulldozers parked next to partially destroyed houses and realized what was happening. By 1990, Saddam had destroyed 4,500 of Iraq's 5,000 villages. He also used chemical weapons to attack at least 200 villages and towns. In September 1988, I led a mission with Chris Van Hollen (now a Maryland congressman) to document a series of bombings on 48 villages that took place days after the end of the Iran-

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Iraq war. Sixty-five-thousand survivors made it to Turkey and the ones we interviewed provided graphic -- and totally believable -- accounts of what they experienced.

The rubble of destroyed villages combined with eyewitness accounts made for a compelling case. But, Saddam's killers -- bureaucrats that they were -- kept detailed paper records of their work, along with videotapes of executions and torture sessions. The Kurds captured these records during the 1991 uprising that followed the first Gulf War, and a few months later Jalal Talabani (now Iraq's president) gave me custody of 14 tons of documents that eventually went to the National Archives. Supported by a congressional appropriation, Human Rights Watch used the documents to demonstrate that Saddam had committed genocide and thus helped lay the foundation for the case that was eventually brought.

The Kurdish trial also promised to shed light on a deeply amoral period in western diplomacy where the major powers, including the United States, chose to overlook genocide for strategic and economic reasons. According to his former foreign minister, Tariq Azziz, Saddam apparently intended to make an issue of western support in his trial. This could also have been awkward for some in the current administration. While serving in the Reagan or Bush administrations, some of the principals of the current war -- including Donald Rumsfeld and Colin Powell -- played down the significance of Iraq's use of poison gas, including, in the case of Powell, against the Kurds. And months after the 1988 gas attacks on the Kurds, the current president's father -- with the apparent support of his defense secretary, Richard Cheney -- doubled US financial assistance to Iraq.

An extension of Saddam's life for the few months would have made little difference to his eventual fate. But it would have made an enormous difference to have had an irrefutable record that Saddam was responsible for the genocide against the Kurds. As it is, the door is open to a future leader in Baghdad asserting it was never proven. Saddam's trials could have served as the basis for truth and reconciliation, as similar processes have done in so many other countries. Instead, the hanging will further divide Iraqis, and not just the Sunnis whose protests were predictable. Only President Bush, who still sees al-Maliki as a genuine national leader, could believe Saddam's execution, as it was carried out, to be a milestone on Iraq's path to democracy.

Saddam got the justice he so deserved. The rush to execution by Iraq's revenge-driven sectarian government denied the same to all but the tiniest fraction of his victims.

Just Desserts . . . (WT)

By Cal Thomas

The Washington Times, January 3, 2007

In a final blasphemy, Saddam Hussein, who spent most of his life as a murdering secularist, went to his justified death holding a Koran and offering his soul to God, if God would accept it. If God does, He will have to commute the sentences of Saddam's mass murdering predecessors, including Hitler, Stalin, Mao and Pol Pot.

These days, not much that makes religious sense comes out of Iraq, or anywhere else in the maniacal Middle East, but one reasonable statement did pass the lips of Sheik Sadralddin al-Qubanjib in the Shia "holy city" of Najaf. During a Friday sermon, the sheik described Saddam's execution as "God's gift to Iraqis" and prayed "Oh God, you know what Saddam has done. He killed millions of Iraqis in prisons, in wars with neighboring countries and he is responsible for mass graves. Oh God, we ask you to take revenge on Saddam."

That was a shorter summation than most prosecutors deliver in court, but in the end Saddam's execution wasn't about revenge. It was about justice. Many countries -- from Britain, which has abolished capital punishment, to Russia, where a moratorium on capital punishment now exists, have halted executions because they believe, incorrectly, that doing so makes them more humane. It does precisely the opposite and sends the message that innocent human life has less value than the life of a killer. It is more than curious that Britain and Russia, especially, have halted the death penalty for the guilty, but do nothing to restrict incredibly high abortion rates that kill the innocent. This reflects an inverted value system.

One of Saddam's lawyers, former U.S. Attorney General Ramsey Clark, appeared on the BBC shortly after Saddam's hanging was confirmed, complaining the trial was a "travesty." No, the travesty would have been in not trying and executing Saddam. Saddam mocked the innocent lives he took, showing disrespect to the relatives of the dead who had a valid claim to see justice done.

There may not be much to envy about Iraq these days, but the swiftness of Saddam's punishment is admirable. Had he been in the American legal system, lawyers might have clogged that system for years, allowing Saddam to die in prison. Instead, on Nov. 5, Saddam was convicted of crimes against humanity and sentenced to death. After the death order was signed, there was a 30-day window in which to carry out the execution. The Iraqis executed him within hours after the signing of the death order and just a few days after his appeal was denied.

Saddam's hanging will not quell the current violence he helped to foment in the aftermath of the U.S. invasion in 2003. This adds to the importance of the decision President Bush will announce in a few days regarding the next -- and possibly final -- effort to stabilize Iraq so the elected government might function. Part of that stabilization must include a new vision of Iraq's God,

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his disapproval of the sectarian killings and the deaths of so many innocents at the hands of insurgent terrorists. Since the West is regarded as the home of "infidels," a religious leader inside Iraq who has more than his own petty interests at stake will have to step forward and effectively call for an end to the turmoil. If such a person exists, he is unknown to the world.

Who will mourn Saddam's death? Probably not his family members, an estimated 40 of whom he either ordered murdered or personally dispatched. He even murdered his own son-in-law, who defected to Jordan and then returned to Iraq on Saddam's promise he would not be harmed.

In a letter addressed to "the Iraqi nation" shortly after his sentencing in November, Saddam demonstrated his self-delusion was complete: "Many of you have known the writer of this letter to be faithful, honest, caring for others, wise, of sound judgment, just, decisive, careful with the wealth of the people and of the state."

That one will bring some laughs among his fellow despots in Hades, just before the letter is consumed in the fire.

Cal Thomas is a nationally syndicated columnist.

. . . Morally Justified (WT)

By Bruce Fein

The Washington Times, January 3, 2007

Saddam Hussein is dead.

The moral universe is celebrating his execution by hanging.

His life was uninterrupted infamy, leaving a trail of corpses and misery wherever he stepped.

In January 1969, Saddam established his signature savagery with the hanging of 17 alleged Israeli spies in a downtown Baghdad square. All political rivals were eliminated in 1979 through firing squads and purges, inspired by one of Saddam's heroes, Joseph Stalin.

During his one-man rule, Saddam killed, brutalized and oppressed millions of his own citizens, especially Kurds and Shi'ites. The notorious Anfal campaign featuring the poison gas killings of 5,000 in the northern Kurdish village of Halabja was emblematic, a slaughter far more gruesome than Kristallnacht, Lidice or Guernica during the Third Reich. In contrast to Slobodan Milosevic, Saddam was eager to carry his malignancy abroad. He invaded Iran in 1980, inaugurating eight years of bloody clashes highlighted by rocket attacks on civilian populations. In 1990, Saddam invaded Kuwait, and during the ensuing Persian Gulf War fired Scud missiles into Tel Aviv.

He craved weapons of mass destruction to magnify his malevolence. When the Israeli Air Force destroyed Iraq's nuclear research facility at Osirik in June 1981, nations openly or silently rejoiced.

Adolph Eichmann was executed by Israel in 1962, despite his relatively junior status in the Third Reich, for complicity in the extermination of countless Jews in furtherance of Hitler's Final Solution. Neither then nor thereafter did a moral consensus emerge denouncing Eichmann's execution as disproportionate to his genocidal criminality. Saddam's hanging is an easier moral case. His crimes consisted not in following reprehensible orders, but in giving them; his victims were vastly greater in number; and, his motives were more squalid: absolute power mixed with religious and ethnic bigotry. Saddam remained impenitent to the end, confirmed by his last truculent outburst: "Down with the traitors, the Americans, the spies and the Persians."

The arguments against Saddam's execution are unconvincing. It is said that equally culpable dictators have escaped the death penalty or were never prosecuted at all, for example, Uganda's Ida Amin, Zaire's Mobutu Sese Seko, or the Soviet Union's Stalin. But simply because condign punishment is not universally achieved does not mean it should be forgone when circumstances permit, as with Saddam. By analogy, the fact that not all murderers are apprehended does not undermine the moral justice of punishing those who are caught and convicted. There might have been a case against Saddam's hanging if his prosecution or punishment had been substantially motivated by racial, religious or ethnic animus as opposed to the criminality of his conduct, which predominately targeted Kurds and Shi'ites. But such evidence of invidious motivation was lacking.

Occasional shortcomings marred Saddam's trial. Some defense lawyers were killed. The presiding judge's removal for alleged pro-Saddam bias was irregular. The prosecution's case was not invariably subject to cross-examination. But where evidence of guilt is notorious, procedural deficiencies are routinely treated as harmless error. And Saddam's responsibility for the deaths of hundreds of thousands was as incontrovertible as Stalin's liquidation of the Kulaks or Chairman Mao's harrowing Cultural Revolution.

Categorical opposition to the death penalty is morally unsound. Every civilized legal system permits intentional killings in self-defense or defense of others. The moral depravity of even attempting to kill a human being is thought sufficient to justify lethal force against the perpetrator. Saddam's depravity was much greater because of his direct or indirect responsibility for endless effectuated murders or massacres.

The United States has no right to be morally smug over Saddam's hanging. Intelligence and companion assistance were eagerly provided the Iraqi dictator during the Iraq-Iran war. The United States also participated in the United Nations' corruption-

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ridden oil-for-food program. According to the Government Accountability Office of the United States Congress, Saddam diverted at least $10 billion for his own use by executing off-book oil trades in exchange for bribes.

In sum, Saddam, like Afghanistan's Taliban and Osama bin Laden, was a partial creation of the United States. That should be remembered whenever America contemplates bolstering a dictator under the banner of Realpolitik.

Bruce Fein is a constitutional lawyer and international consultant with Bruce Fein & Associates and The Lichfield Group.

Iraq: 12,000 Civilians Killed In '06 (AP)

By Steven R. Hurst

AP, January 3, 2007

Iraq reported Tuesday that about 12,000 civilians were killed last year — the third full year since the U.S.-led invasion — with a dramatic rise in the last three months, when 5,000 died. Only about half as many Iraqi soldiers died in 2006 as American troops.

But the number of Iraqi security forces killed jumps to 1,543, nearly double the American death count of 823 for the year, when the deaths of police, who conduct paramilitary operations, are added to the number of slain Iraqi soldiers.

In all, the Iraqi ministries of Health, Defense and Interior reported a total of 13,896 Iraqi civilians, police and soldiers died last year, 162 more than the tally kept by The Associated Press.

The AP count, assembled from its daily news reports, was always believed to be substantially lower than the actual number of deaths because the news cooperative does not have daily access to official accounting by the Iraqi ministries. Many deaths were thought to have gone unreported by AP.

Counts kept by other groups, including the United Nations, list far higher death tolls, which are disputed by the Iraqi government.

While the U.S. government and military provide no death totals for Iraqis, the U.N. Assistance Ministry for Iraq, UNAMI, does keep a count based on reports it gathers from the Baghdad morgue, Ministry of Health, and Medico-Legal Institute.

The figures for November and December are not yet available from the U.N., but as of the end of October the organization had reported 26,782 deaths in the first 10 months of 2006, nearly double what the Iraqi government and the AP reported for the entire year.

In its last report, the U.N. said 3,709 Iraqi civilians were killed in October alone and that citizens were fleeing the country at a pace of 100,000 each month. The organization estimates at least 1.6 million Iraqis had left since the war began in March 2003.

Life for Iraqis, especially in Baghdad and cities and towns in the center of the country, has become increasingly untenable. Many schools failed to open in September, and professionals — especially professors, physicians, politicians and journalists — are falling to sectarian killers at a stunning pace.

At the time of the last U.N. report, Iraqi government spokesman Ali al-Dabbagh called it "inaccurate and exaggerated" because it was not based on official government reports.

The U.N. report said Iraq's heavily armed Shiite militias were gaining strength and influence and that torture was rampant, despite the Iraqi government's vow to reduce human rights abuses.

"Hundreds of bodies continued to appear in different areas of Baghdad — handcuffed, blindfolded and bearing signs of torture and execution-style killing," the last UNAMI report said. "Many witnesses reported that perpetrators wear militia attire and even police or army uniforms."

The two primary militias in Iraq are the military wings of the country's strongest Shiite political groups, on which Prime Minister Nouri al-Maliki is heavily dependent. Al-Maliki has repeatedly rejected U.S. demands that he disband the heavily armed groups, especially the Mahdi Army of radical anti-American cleric Muqtada al-Sadr.

"I think the type of violence is different in the past few months," Gianni Magazzeni, the UNAMI chief in Baghdad, said when the last report was issued in late November. "There was a great increase in sectarian violence in activities by terrorists and insurgents, but also by militias and criminal gangs."

He noted that religious clashes have been common since Sunni Arab insurgents bombed a major Shiite shrine on Feb. 22 in Samarra, north of Baghdad.

UNAMI's Human Rights Office continued to receive reports that Iraqi police and security forces have either been infiltrated by or act in collusion with militias, the report said.

It said that while sectarian violence is the main cause of the civilian killings, Iraqis also continue to be the victims of terrorist acts, roadside bombs and drive-by shootings. Others have been caught in the crossfire between rival gangs.

In its September 2006 issue, The Lancet, an independent and authoritative journal, published a study on mortality rates in Iraq.

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The study estimated that 654,965 excess Iraqi deaths, including 601,027 from violence, had occurred in Iraq since the invasion of the country in March 2003.

The "confidence range" for the number of excess Iraqi deaths because of violence has been estimated at between 426,369 and 793,663, with 601,027 as the median number.

The U.S. government and Iraq as well as others, including the Iraq Body Count, an organization which has conducted other types of surveys, denied the validity of the study's findings.

The Iraqi Minister of Health, in a statement made in Vienna in early November, indicated that as many as 150,000 Iraqi civilians might have been violently killed since 2003. But there are no known statistics for the early months of the U.S.-led invasion.

After an extraordinary violence-free start to 2007, Iraqi authorities reported on Tuesday that at least 57 Iraqis were killed in sectarian bloodshed, including 45 tortured bodies found dumped in Baghdad and five in Kut to the south.

Three Iraqi civilians were killed in a roadside bombing Tuesday in eastern Baghdad, police reported. In Baqouba, gunmen killed Diyala provincial council member Ali Majeed and three members of his family. The four were gunned down while driving near the town of al-Wajihiya, Diyala provincial police said.

The military announced the death of a U.S. soldier by a roadside bomb southwest of Baghdad. The blast Monday wounded three others, including an interpreter, as they talked with residents about sectarian violence, the military said.

U.S. troops killed a suspected al-Qaida weapons dealer and two other people in Baghdad raids Tuesday.

In Fallujah, a U.S. Marine fatally wounded an Iraqi soldier in an altercation at the guard post they shared, the U.S. military said.

The confrontation took place Saturday between members of U.S. and Iraqi units assigned to combined security posts at the Fallujah Government Center. The Marine — assigned to the 1st Battalion, 24th Marine Regiment, Regimental Combat Team 5 — has been assigned to administrative duties while the military investigates.

16,273 Deaths Reported In Iraq In 2006 (MLIVENWSFLSH)

By Lauren Frayer

MLive.com NewsFlash, January 2, 2007

(AP) — In a Jan. 1 story about Sunni demonstrators breaking into the Golden Dome mosque in Samarra as part of a protest of the execution of Saddam Hussein, The Associated Press erroneously reported that the protesters broke the locks off the door of the damaged Shiite shrine and forcibly entered. Iraqi police now say demonstrators were allowed to enter the shrine through a side door after threatening violence.

BAGHDAD, Iraq (AP) — As enraged crowds protested the hanging of Saddam Hussein across Iraq's Sunni heartland Monday, government officials reported that 16,273 Iraqi civilians, soldiers and police died violent deaths in 2006, a figure larger than an independent Associated Press count for the year by more than 2,500.

The tabulation by the Iraqi ministries of Health, Defense and Interior, showed that 14,298 civilians, 1,348 police and 627 soldiers were killed in the violence that raged in the country last year.

The Associated Press accounting, gleaned from daily news reports from Baghdad, arrived at a total of 13,738 deaths. The United Nations has said as many as 100 Iraqis die violently each day, which translates into 36,500 deaths annually.

In Samarra, demonstrators were allowed to enter a Shiite shrine through a side door after threatening violence, and marched through carrying a mock coffin and photo of the dictator.

The demonstration in the Golden Dome, shattered in a bombing by Sunni extremists 10 months ago, suggests that many Sunni Arabs may now more actively support the small number of Sunni militants fighting the country's Shiite-dominated government. The Feb. 22 bombing of the shrine triggered the current cycle of retaliatory attacks between Sunnis and Shiia, in the form of daily bombings, kidnappings and murders.

Monday's protest came on a day that saw the U.S. military kill six Iraqis during a raid on the offices of a prominent Sunni political figure, who was suspected of giving al-Qaida in Iraq fighters sanctuary.

Until Saddam's execution Saturday, most Sunnis sympathized with militants but avoided taking a direct role in the sectarian conflict — despite attacks by Shiite militia that have killed thousands of Sunnis or driven them from their homes. The current Sunni protests, which appear to be building, could signal a spreading militancy.

Sunnis were not only outraged by Saddam's hurried execution, just four days after an appeals court upheld his conviction and sentence. Many were also incensed by the unruly scene in the execution chamber, captured on video, in which Saddam was taunted with chants of "Muqtada, Muqtada, Muqtada."

The chants referred to Muqtada al-Sadr, a firebrand Shiite cleric who runs one of Iraq's most violent religious militias. He is a major power behind the government of Shiite Prime Minister Nouri al-Maliki.

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Many Sunnis are also upset that Saddam was put to death the day that Sunni celebrations began for Eid al-Adha, a major Muslim festival. The judge who first presided over the case that resulted in Saddam's death sentence said the former dictator's execution at the start of Eid was illegal according to Iraqi law, and contradicted Islamic custom.

The law states that "no verdict should implemented during the official holidays or religious festivals," said Judge Rizgar Mohammed Amin, a Kurd.

Rizgar presided over Saddam's trial on charges he killed 148 Shiite men and boys in Dujail, north of Baghdad, in a botched assassination attempt in 1982. The judge was removed from the case after Shiite complaints that he was too lenient.

In a Sunni neighborhood in northern Baghdad, hundreds of demonstrators mourned the executed leader. Some praised the Baath Party, the outlawed nationalist group that under Saddam cemented Sunni Arab dominance of Iraq.

"The Baath party and Baathists still exist in Iraq, and nobody can marginalize it," said Samir al-Obaidi, 48, who attended a Saddam memorial in the Azamiyah neighborhood.

In Dor, 77 miles north of Baghdad, hundreds more took to the streets to attend the dedication of a giant mosaic of Saddam. Children carried toy guns and men fired real weapons into the air.

Mourners at a mosque in Saddam's hometown of Tikrit slaughtered sheep as a sacrifice. The mosque's walls were lined with condolence cards from tribes in southern Iraq and Jordan who were unable to travel to the memorial.

Saddam's eldest daughter briefly attended a protest Monday in Jordan — her first public appearance since her father was hanged.

"God bless you, and I thank you for honoring Saddam, the martyr," said Raghad Saddam Hussein, according to two witnesses. She addressed members of the Professional Associations — an umbrella group of unions representing doctors, engineers and lawyers — in the group's office parking lot in west Amman.

In the midst of the protests, U.S. forces continued operations in Iraq.

Six Iraqis were killed in a U.S.-led raid on the Baghdad offices of a top Sunni politician, Saleh al-Mutlaq. The U.S. military and Iraqi police said they suspected the offices were being used as an al-Qaida safe house.

Al-Mutlaq is a senior member of the National Dialogue Front, which holds 11 of the 275 seats in Iraq's parliament.

U.S. forces said they took on heavy fire from automatic weapons and rocket-propelled grenades as they sought to enter the building. Ground troops were backed by helicopters that "engaged the enemy with precision point target machine gun fire," the military said.

It was unclear whether the deaths resulted from the ground assault or fire from U.S. helicopters.

Associated Press Television News footage showed masses of rubble in the area and what appeared to be a long smear of blood where a body had been dragged across the floor of one of the buildings.

Walls were pitted with what appeared to be bullet and shrapnel holes.

The U.S. death toll, meanwhile, climbed to at least 3,002 by the final day of 2006 as the American military reported the deaths of two more soldiers in an explosion Sunday in Diyala Province, northeast of the capital. With the announcement, the Associated Press count of fatalities showed that at least 113 U.S. service members died in December. That makes it bloodiest month of 2006.

Iraqi authorities Monday reported that 16,273 Iraqis — including 14,298 civilians, 1,348 police and 627 soldiers — died violent deaths in 2006. The total exceeds the Associated Press count by more than 2,500.

On the first day of the New Year, Iraqi Police reported finding the 40 handcuffed, blindfolded and bullet-riddled bodies in Baghdad. A police official, who refused to be named out of security fears, said 15 of the bodies were discovered in the mainly industrial Sheik Omar district of northern Baghdad.

An Iraqi worker for the Algerian Embassy in Baghdad was shot to death, police said.

Also Monday, the Iraqi government raided and sealed the offices of a privately owned television station, charging it had incited violence and hatred in its programming. In its coverage of the execution of Saddam over the weekend, a newscaster had worn black mourning clothes.

The satellite television channel Al-Sharqiya, which broadcasts from Dubai, remained on the air late Monday. The station is owned by Saad al-Bazzaz, a one-time chief of radio and television for Saddam.

Iraqi Civilian Deaths Hit New Monthly High (FT)

By Steve Negus

Financial Times, January 3, 2007

The tally of civilian deaths in Iraq hit a new high of 1,930 in December, suggesting sectarian violence that surged in the summer remains at peak levels.

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The figures, which were reported by [a] news agency, are the highest yet released by the Iraqi interior ministry but may be a significant underestimate as many deaths go unreported.

Since the bombing of the Samarra mosque nearly a year ago, sectarian tensions have taken over from the anti-US insurgency as the main security threat in Iraq. Tackling the communal violence will be the key purpose of the "surge" in US troop numbers in Iraq, expected to form the centrepiece of President George W. Bush's new Iraq strategy when it is announced shortly.

Much of the violence seems perpetrated by either Shia militias or Sunni insurgents as a means of controlling neighbourhoods by driving away members of the other sect.

There had been fears that the execution of Saddam Hussein on Saturday would lead to an upsurge in violence, but a resident of a mixed Sunni-Shia neighbourhood told the Financial Times that the Eid holiday since the weekend had brought a lull. However, he expected the battle to resume shortly.

In the past few days armed groups had painted warnings on the walls of homes in surrounding areas, ordering their occupants to leave and in one case had thrown a grenade over a wall, he said. "This conflict will not end until this neighbourhood is [completely] Sunni or [completely] Shia."

Both sides use mosques as refuges and command centres, and consequently both target the other's mosques with mortar barrages and other attacks. In the past few weeks, armed men invaded a Sunni mosque in the district and damaged the minaret by detonating oxygen canisters.

Most Sunni stayed inside, he said, following orders from the insurgent groups not to go to government jobs or to open their stores. Sometimes they ask Shia neighbours to fetch medical help in emergencies.

The district was expecting another flare-up of violence in coming days, he said, after several Shia homes received death threats. Residents believe the militias may counter by attacking the threatened houses' Sunni neighbours in order to bolster their own side's confidence.

The interior ministry figures showed 12,320 civilians were killed in 2006 in what officials classified as "terrorist" violence, half of them in the past four months. The figure of 1,930 civilians killed in December compared with 1,850 violent deaths in the previous month and 1,289 in October.

All Iraqi death toll figures are controversial and are often difficult to reconcile with one another. Ministries, depending on who controls them, often have an incentive either to reduce or to inflate figures. Official figures are also almost certainly incomplete, as many deaths probably go unreported. The United Nations has estimated that about 100 people are killed every day. A UN report in November stated that 3,709 had been killed in the previous month.

Nearly 2,000 Civilians Slain In Iraq In December (LAT)

By Molly Hennessy-fiske, Times Staff Writer

The Los Angeles Times, January 3, 2007

It was the deadliest month in 2006, government agencies say.

BAGHDAD — December was the deadliest month for Iraqi civilians in 2006, according to a combination of statistics released by staff at the Iraqi Health, Interior and Defense ministries. The death toll was 1,927, compared with 1,846 in November and 1,315 in October.

The surge in civilian fatalities has been attributed largely to the rising tide of sectarian violence in Baghdad and beyond.

Of 12,320 civilians killed during 2006, half died during the last four months, Health Ministry staff said Tuesday. A Times analysis in June found at least 50,000 Iraqis had died violently since the 2003 U.S.-led invasion that toppled Saddam Hussein.

A typical case is that of Baghdad bus driver Taha Hassan, 41.

His cousin Raad Yassin still recalls the day in early December when Hassan, a father of three, failed to return home as usual by 3 p.m. Three hours later, kidnappers called, asking whether Hassan was a Sunni Arab or Shiite.

Yassin's wife answered the phone. Hassan was Shiite, but she was unsure what the kidnappers wanted to hear and simply told them he was Muslim. The kidnappers demanded $15,000 ransom, and the family paid. After four days of waiting for Hassan to come home, relatives began searching local hospitals.

They found his body in a Baghdad morgue, shot several times, his right eye gouged.

"The reason behind this was sectarian," Yassin, 35, a Shiite nurse in the capital, said of his cousin's murder.

The last time Aysha Jabbawi, 67, saw her son Alaa Ahmed was Dec. 2. Ahmed, 32, a Shiite, was a truck driver who carted lumber from Baghdad to Hillah, their hometown to the south.

The day he died, a group of gunmen stopped him and a friend, Mohammed Jabr, 32. Ahmed offered them his truck and all the money he had, she said, about $3,850. They refused. He struggled with them and they shot him twice, Jabbawi said, then

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drove off with Jabr. Strangers found Ahmed and took him to a nearby hospital, where he gave a statement to police before he died. Jabr is still missing.

Four days ago, a group of men came to Jabbawi's door with $3,500 in a plastic bag and the key to her son's truck.

"They told me, 'Sorry, Aunty,' " she said. "I didn't say to them a single word."

Ridha Jawad Taqi, a member of Prime Minister Nouri Maliki's parliamentary bloc, called the December death toll "a terrifying and horrifying number." He said militias were responsible.

The Iraqi government defines civilian casualties as victims of violence — explosions, shootings and bombings, said a Health Ministry employee who asked not to be named. In addition to the civilian deaths, 24 Iraqi soldiers and 124 policemen died in December's violence, said an Interior Ministry employee who also requested anonymity.

At least 5,900 Iraqi police officers and soldiers have died since the 2003 invasion, according to the Iraq Index, a tally kept by the Washington-based Brookings Institution. Civilian death toll estimates range from tens of thousands to more than half a million.

Many believe the Iraqi government underestimates civilian casualties. The United Nations, for example, estimates that 100 Iraqis die in violence daily.

On the other hand, an Interior Ministry spokesman said Tuesday that the latest figures were too high. Brig. Gen. Abdul Kareem Khalaf said the civilian toll in December was about half what was being reported and one of the lowest monthly totals of the year. Khalaf did not release alternative figures. The U.S. military does not release Iraqi civilian casualty figures.

The death toll for U.S. forces in Iraq reached 3,000 on Dec. 31, including 113 in December, the highest monthly death toll since the battle for Fallouja in November 2004, according to icasualties.org.

In a 24-hour period ending Tuesday, 45 unidentified bodies were found in Baghdad, Interior Ministry staff said.

U.S. Naval Criminal Investigative Service agents are looking into an incident at the Fallouja government building in which a Marine fatally wounded an Iraqi soldier, the Marine Corps said.

The Marine, from the 1st Battalion, 24th Marine Regiment, has been assigned to administrative duties during the investigation. Officials declined to reveal what led to the shooting Saturday.

Marines from the 1st Battalion, 24th Regiment, along with Iraqi forces, are assigned to guard several checkpoints on the outskirts of the city as well as the government building. Three Marines were killed in a sniper attack last week.

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Times staff writers Tony Perry and Saif Hameed and correspondents in Baghdad and Hillah contributed to this report.

A Promising Iraqi Province Is Now A Tinderbox (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, January 3, 2007

Violence surged after U.S. forces handed security to the Iraqis. Now the Americans are stepping back in.

BAQUBAH, IRAQ — When U.S. forces killed the leader of Al Qaeda in Iraq, Abu Musab Zarqawi, six months ago in a village near here, they hoped security would improve in this strategic province just north of Baghdad.

Instead, security has collapsed in Diyala province, which now ranks as one of Iraq's most troubled regions. Insurgent attacks have more than doubled in the last year. Violence has devastated the provincial police force and brought reconstruction to a virtual standstill.

Assassinations have claimed the lives of mayors, tribal chieftains, police officials and judges, including a Shiite Muslim member of the provincial council who was killed Tuesday. Many government officials here sleep on cots in their offices because driving home is too dangerous.

And Iraqi security forces have been implicated in so many abuses that the U.S. commander here recently gave his Iraqi counterpart an angry lecture, likening the Iraqi troops to an "undisciplined rabble."

U.S. and Iraqi officials interviewed in recent days blamed the sharp downturn on a combination of U.S. neglect and abuses by the Iraqi army. U.S. troops largely disengaged from security here for weeks at a time, they say, handing the reins to Iraqi forces who proved to be abusive and ineffective.

U.S. commanders are attempting a sharp change in strategy, hoping that a classic counterinsurgency campaign, combining reconstruction aid with a more active U.S. presence, can turn the situation around.

For now, insurgents here appear to have gained the upper hand. They demonstrated their freedom of movement last week by barreling a dozen trucks through the streets of Baqubah's Amin neighborhood, shouting militant slogans and brandishing machine guns and shoulder-fired rocket launchers.

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The defiant show of force was similar to another insurgent parade caught on video by a U.S. aerial drone in November. Insurgents were seen hauling Shiite families out of their homes and executing them in the streets, U.S. military officials who reviewed the footage said.

Diyala is an area of fertile farmland, abundant water and untapped oil wells stretching north of Baghdad's suburbs and east to the Iranian border. Its population includes all three of Iraq's main religious and ethnic groups.

Of its roughly 1.8 million people, about 55% are Sunni Arabs. But because Sunnis boycotted elections two years ago, Shiites, who make up about one-third of Diyala's population, hold the majority of provincial council seats and control the local security forces. Kurds, mostly in northeastern Diyala, make up about 15%.

Until October, the main U.S. force in the province was the 4th Infantry Division. It largely followed the strategy laid down by top U.S. commanders in Iraq last year: Pull American forces back as much as possible and allow Iraqi troops to take the lead in fighting insurgents. U.S. officers here say that approach did not work.

"4th ID tried to keep a low profile after they handed over security to the Iraqi army, but that approach backfired," said an officer with the 3rd Heavy Brigade Combat Team, 1st Cavalry Division, which now has responsibility for the province. The officer spoke on condition of anonymity because he was criticizing another U.S. military unit.

Under the 4th Infantry's plan, Army convoys stayed on main roads and rarely ventured into Baqubah's dense neighborhoods, military officials said.

"Iraqis told us that 4th ID drove in here with their Humvees and told them, 'If you don't shoot at us, we won't shoot at you,' " the 3rd Brigade officer said. "So the insurgents actually took over this place."

Making matters worse, Iraq's Shiite-dominated government appointed a provincial commander who U.S. military officials say was handpicked by the Badr Brigade, a militia implicated in hundreds of death squad killings in Baghdad. The militia is linked to Iraq's largest Shiite political party, the Supreme Council for Islamic Revolution in Iraq.

Under orders from the Iraqi Ground Forces Command in Baghdad this fall, the commander, Brig. Gen. Shakir Hulail Hussein Kaabi, and his 5th Iraqi Division started a campaign of what U.S. officials now describe as abusive raids and detentions.

The problems were so serious that Col. David W. Sutherland, commander of the 3rd Brigade, took the unusual step of lecturing his Iraqi counterpart during a mid-December briefing at Forward Operating Base Warhorse near Baqubah.

"Six weeks ago, the people of Diyala and Baqubah were disgusted with the disrespect and disregard the Iraqi army had shown them," Sutherland told Shakir through an Arabic interpreter.

"Bullying an innocent person is unacceptable. Taking things from houses is unacceptable. Taking cars or things from cars is unacceptable," he said.

"Before we send an undisciplined rabble into this fight, I will pull the plug," Sutherland told the general. "We are soldiers, not barbarians."

Since taking command of Diyala in October, Sutherland has increased the number of U.S. advisors traveling with Iraqi units and required U.S. approval for any Iraqi operation, in effect rescinding Iraqi control of the 5th Division.

Sutherland said that several joint raids convinced him Shakir was willing to change his tactics and adopt a counterinsurgency doctrine of proportional force.

"In this culture, the more you kill, the more enemies you make. The more you treat with disrespect, the more enemies you make," Sutherland said. "And we were able to show [Shakir], not subjectively but objectively, how that happened and what it created."

American commanders won at least a partial victory in late December when the government agreed to replace Diyala's police chief. The chief, Ghassan Bawi, had been accused of tacitly or directly supporting death squads in the province, according to U.S. officials, who had lobbied for months for his removal. Like Shakir, Bawi was endorsed by the Badr militia, U.S. officials say.

Detainees reported kidnappings and torture at the hands of Iraqi policemen, according to U.S. and Iraqi officials. One of Bawi's most infamous underlings is known as Cable Ali, after his favorite coercive tool.

In an interview, Shakir said he had changed tactics and now used more focused operations. But he clung to the view that his main targets were Sunnis, not Shiites.

"The nature of the target is that they are all Sunnis," Shakir said. "All these problem areas are all Sunni, so our operations are all in Sunni areas. There are actually no Shiites left, because 8,000 Shiites have been killed or displaced."

But the shift in strategy may have come too late.

Diyala's Sunni politicians refuse to attend provincial council meetings until Shakir is stripped of his command, and the governing body has been unable to reach a quorum for weeks.

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"The people don't trust the government or the security forces," said Deputy Gov. Awf Rahoomi, a Sunni. "The Shiites in control of security are not professionals — they were appointed on a sectarian basis. This has caused people to put more faith in the armed groups, which have become more powerful than the government forces."

The U.S. has spent roughly $220 million toward reconstruction in Diyala, but as winter temperatures plunge, food transport, electricity generation and petroleum shipments are beset by chronic delays, when shipments occur at all. Most Baqubah shops are closed and most streets devoid of traffic. Sewers are dysfunctional, spilling sludge across the refuse-covered streets and contaminating the water supply.

Many Iraqi contractors now refuse to enter the province, fearing for their lives.

Baqubah's Government Center building is regularly attacked by insurgents, but still serves as a nighttime refuge for government officials afraid to return home at the end of the day.

"The Government Center has become something of a dormitory," said Kiki Munshi, a State Department official who leads the Provincial Reconstruction Team.

Munshi said poor security and government bureaucracy had brought reconstruction to a virtual standstill.

U.S. military officials also complain that poor coordination among the military, State Department officials and the Iraqi government continues to hinder projects.

At a recent meeting between various local ministry representatives and Diyala's mayors and other officials, the politicians complained that Baghdad was not responding to their needs.

The mayor of Khalis said food and clean water were scarce in his area.

"The Iraqi army and the coalition forces arrested a lot of workers for our water treatment project," he said.

Baqubah's mayor said the Iraqi army had confiscated several fuel tankers from Oil Ministry drivers. The mayor of Khanaqin said at least 2,500 families had come to his city to escape violence elsewhere in the province, overwhelming services.

The officials seemed unable to agree on whether poor security was preventing reconstruction or whether reconstruction failures had caused security to erode. It is a conundrum that U.S. soldiers in the field also face.

While on patrol a few days earlier, Capt. Christopher Conley parked his armored vehicle in a Sunni neighborhood to attempt to gather intelligence from a tribal sheik.

"I want the coalition to have a good relationship with your neighborhood," Conley told the elder tribesman.

"We would like to cooperate with you," said the wizened sheik, who identified himself as Abu Mohammed. "But I can promise you that it will come to nothing because of the situation here. All the jobless men. All the closed shops."

"I want to fix the security situation," Conley told him. "I have money to fix things, but no one will come to help because of security."

"If you ask me, no one is ready to hear you right now," Abu Mohammed said. "If security gets better, we'll do whatever you want."

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Will We Leave Iraqi Allies Behind? (WP)

By David Ignatius

The Washington Post, January 3, 2007

One day in the Gerald Ford presidency that hasn't received much attention in the past week's memorials is April 30, 1975. That was the day the last American helicopter pulled away from the U.S. Embassy in Saigon, leaving behind many thousands of South Vietnamese who had worked with the United States.

Those wrenching final images of the Vietnam War are relevant now as we think about what lies ahead in Iraq. However long the United States stays in Iraq and whatever success it achieves there, we should agree we have a moral responsibility to the Iraqis who risked their lives and families to be America's allies.

How America leaves Iraq will be as important as how it entered. That's why I found the recommendations of the Baker-Hamilton report valuable -- because they focused on an orderly process of transition from U.S. military occupation to Iraqi sovereignty, with the assistance of Iraq's neighbors. President Bush seems about to embark on a riskier course of a "surge" in American troops to achieve something that looks like military victory. But if that "double-down" bet fails, I fear we will eventually witness a repetition of April 30, 1975 -- without the orderly process envisioned by Baker-Hamilton.

America's ragged withdrawal from Vietnam was chronicled by Frank Snepp, a CIA analyst in Saigon at the time. In his 1977 book, "Decent Interval," Snepp wrote that the CIA station in Saigon was able to evacuate only about 537 of its 1,900 "indigenous employees" in April 1975. The agency also abandoned 400 members of the CIA-trained Special Police Branch; 400 members of the Central Intelligence Organization of South Vietnam; hundreds of North Vietnamese and Viet Cong defectors;

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and nearly 30,000 Vietnamese who had been trained as operatives in the CIA's Phoenix program. These people were, in practical terms, left to die.

In the pell-mell American withdrawal, wrote Snepp, "We committed the unpardonable mistake of failing to ensure the destruction of the personnel files and intelligence dossiers we had helped the government assemble." He concluded: "It is not too much to say that in terms of squandered lives, blown secrets, and the betrayal of agents, friends and collaborators, our handling of the evacuation was an institutional disgrace."

Thomas Polgar, the Saigon station chief, sent a final bleak cable to headquarters: "It has been a long and hard fight and we have lost. This experience, unique in the history of the United States, does not signal necessarily the demise of the United States as a world power. The severity of the defeat and the circumstances of it, however, would seem to call for a reassessment of the policies of niggardly half-measures which have characterized much of our participation here."

Vietnam and America did indeed survive this trauma -- to the point that three decades later, Vietnam is a prosperous and friendly nation visited by American presidents. A big reason why is that after the chaotic withdrawal, America worked to keep faith with people who had been its allies. The brutal policies of the North Vietnamese created waves of refugees who became known as "boat people." Many thousands of them made their way to the United States, and their children and grandchildren are among our nation's great success stories.

One of the great tragedies of the Iraq war has been America's inability to protect its friends in Iraq or to offer them a haven when they were forced to flee the country. The New York Times reported this week that 1.8 million Iraqis are living outside the country, with tens of thousands more fleeing each month. But until recently, the Bush administration had planned to resettle just 500 Iraqis in the United States in 2007. The Times quoted Kirk W. Johnson, a former U.S. aid worker in Fallujah: "We're not even meeting our basic obligation to the Iraqis who've been imperiled because they worked for the U.S. government."

The Vietnamese who came to America after April 1975 provided a backbone for investment and political change in their home country. Their superpower ally failed on the battlefield, but the Vietnamese who believed in free markets and modern values ended up as the winners.

I want to believe that will happen eventually in Iraq, as well. But one of the worst effects of the war is that it is destroying the educated middle class of Iraq -- driving doctors, teachers and business people into desperate exile. When Iraq comes back together some day, will these educated Iraqis be America's friends, or will they despise us?

Whatever we do in Iraq in coming months, it should include a bipartisan commitment to keep faith with the people who risked everything for a new Iraq -- by making room for them in America, if necessary. We need a surge of compassion more than a surge of U.S. troops.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Two Civilians Answer Return Call To Duty In Iraq (WP)

By Stephen Barr

The Washington Post, January 3, 2007

A reminder that federal employees are regularly heading to Iraq for duty:

Nancee Needham, who has worked for the Defense Department inspector general's office for nearly 18 years, begins a one-year tour in the war-torn country this month.

Needham, a civil service employee, will serve as the inspector general's program director for audit operations there. She spent eight weeks in Iraq last year on an auditing project and calls her decision to volunteer for a year-long Baghdad assignment "my turn to pay back" the department and the nation for providing her with a rewarding career.

Tim Walsh, a technology manager with the Air Force, joined the government four years ago and spent six months in Iraq in 2004. He has volunteered for a second assignment in the war zone. "You work for the DOD and they depend upon you during peacetime. You got to pony up during wartime," Walsh said.

As a general practice, federal agencies prefer to rely on volunteers like Needham and Walsh for duty in war zones. Volunteers have helped staff the U.S. Embassy in Baghdad, restore electrical power plants and operate post exchange stores.

But with the Iraq war in its fourth year, there has been some concern that the ranks of civil service volunteers are growing thin.

The Iraq Study Group, chaired by former secretary of state James A. Baker III and former House member Lee H. Hamilton, has recommended that agencies order civilian employees to fill key jobs in Iraq if not enough volunteers step forward. The recommendation grew out of a sense that agencies are not contributing enough personnel to Iraq, a commission aide said.

John Gage, president of the American Federation of Government Employees, questions how civil service employees could be ordered to Iraq when the violence in Baghdad makes it exceedingly difficult to move around and perform jobs.

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"This is a slippery slope," Gage said of the Baker-Hamilton recommendation. "Security issues have to be upfront and resolved before you think of sending untrained federal workers over there."

The government does not keep count of how many federal employees are serving in Iraq and Afghanistan. By most accounts, the Army has the largest number of volunteers in Iraq -- usually about 2,000 at any one time. (In fiscal 2006, it deployed more than 4,000 civilians in Iraq and Afghanistan, an Army spokeswoman said.)

About 1,000 Americans from various agencies staff the U.S. Embassy in Baghdad, according to the Congressional Research Service. They have come from the State, Defense, Agriculture, Commerce, Homeland Security, Health and Human Services, Justice, Labor, Transportation and Treasury departments and the Agency for International Development, the CRS reported last October.

Some agencies, such as the Air Force, assign civilians to U.S. bases outside Baghdad. Walsh, for example, worked on the Horned Owl project in 2004 at Camp Anaconda and the Balad air base in northern Iraq. His small team gathered data from an airplane equipped with sensors that can detect some bombs buried in roads and some types of weapons caches.

Walsh, who manages technology systems for an Air Force office in Northern Virginia, helped set up a secure electronic network, coordinated intelligence activities and relayed information to the Army about possible threats.

In a war zone, Walsh noted, federal employees can be called upon to work outside their areas of expertise. During the battle of Fallujah, he helped out at a military clinic because medics were overworked and needed extra hands to care for wounded troops.

To some degree, Walsh said, he may feel more attuned to the military than other federal civilians because he once served in the Kansas Army National Guard and because his father was a career officer. He is not married.

Needham said she found last year's stint in Baghdad's Green Zone to be "a rewarding experience." In her second week there, she said "I decided I can do this," and signaled her intent to volunteer for this year's tour.

She will supervise seven auditors and will be in charge of auditing at two locations. Her team will review some of the Defense Department's financial management practices and look at internal controls on spending.

From her first stay in Baghdad, Needham learned that living and working accommodations cannot be taken for granted, especially when electrical generators shut down. "Everything is more difficult in Iraq, and things don't work all the time," she said.

Like Walsh, she comes from a family with ties to the armed forces. Her father served in World War II and headed an American Legion post when she was growing up. She has four children and 13 grandchildren and is divorced.

Asked how her family reacted to her plans for a year in Iraq, Needham quipped that her announcement was met with "stunned silence," much the way her family responded when she bought a Harley-Davidson motorcycle.

The family's surprise over her decision to go back quickly turned to pride, Needham said. "My family very strongly supports the troops over there."

CORPORATE SCANDALS:

At Apple, Timing Led To Overnight Windfalls (LAT)

By Dawn C. Chmielewski, Times Staff Writer

The Los Angeles Times, January 3, 2007

Stock option grants in 1997 came on the eve of a big share-price jump.

In August 1997, Apple Computer Inc. handed four top executives options to buy a total of nearly 1 million shares. The next day, the value of those options jumped a staggering 48%, or $7.7 million.

This was no coincidence, according to a shareholder lawsuit filed against executives and directors of the Cupertino, Calif.-based company in federal court in Northern California. Rather, the options were granted to coincide with good news that would give the four executives an overnight windfall.

The stock soared when co-founder Steve Jobs announced that Apple's sworn enemy, Microsoft Corp., threw the struggling company a life raft in the form of a $150-million cash infusion. In exchange, Apple gave Microsoft a stake in the company and agreed to use the software giant's Web browser on its Mac personal computers.

The investment rocked the high-tech world at the time but became only a footnote in the astonishing comeback of a company as celebrated today for its marketing and design prowess as Nike, Prada or Mercedes-Benz.

But the grants are an example of the fast-and-loose practices that went unchecked in a corporate culture fashioned by Jobs to revive Apple, which by 1997 was hemorrhaging money, according to the lawsuit, a combination of 11 shareholder complaints.

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"The company was struggling, was cash-poor and reliant upon stock options to bring and keep executives there, so the conditions [for manipulation] were ripe," said Mark Molumphy, a partner at Cotchett, Pitre, Simon & McCarthy, the lead law firm in the case.

Apple declined to comment on the lawsuit.

Filed days before Christmas, it alleges that Apple engaged in widespread manipulation of option grants to allow employees to buy shares at low prices. Apple "spring-loaded" options in advance of good news and "backdated" other grants to days when the stock traded at low prices to create an automatic paper profit, claims the suit, which has only recently come to light.

"What they've done — and it's not isolated — is utilized confidential internal corporate data in a way to divert to themselves substantial profits," said Darren Robbins, a San Diego lawyer involved in the shareholder lawsuit. "That constitutes both a breach of fiduciary duty and a violation of federal securities law."

On Friday, Apple absolved Jobs of wrongdoing after a three-month internal investigation of its option practices. The company, however, acknowledged 6,428 instances of improperly dating option grants over a six-year period, when it had "insufficient safeguards" to prevent stock manipulation, according to a filing with the Securities and Exchange Commission. The first incident occurred on Dec. 29, 1997, just a few months after Jobs had returned to the company and taken the title of "interim" chief executive.

'Instant windfall'

In some cases, Apple's filing said, Jobs had recommended the options be backdated to create an instant windfall for executives. It said he had neither benefited financially nor appreciated the accounting implications of backdating, which forced the company to take an $83-million charge against earnings in 2006 for underreporting expenses related to employee compensation.

The company's admissions have raised new questions among securities lawyers and corporate governance experts about Jobs' role in the controversy. "There has been a tacit admission that Steve Jobs served as a ringleader in this backdating process," said Christopher Bebel, a former SEC counsel and prosecutor who is not involved in the lawsuit.

He predicted that Apple's insistence that current management had done nothing wrong could "come back to haunt the company" in a scenario similar to Martha Stewart telling investors she had participated in no wrongdoing and later being indicted on securities fraud. "[Jobs] may find himself in a Martha Stewart quandary with obstruction of justice charges."

In its filing Friday, Apple said it had "serious concerns" about the involvement in the granting, recording and accounting of option grants by two former corporate officers it did not name but who are believed to be former General Counsel Nancy R. Heinen and former Chief Financial Officer Fred D. Anderson.

The company said its review found no instances of backdating from 2003 through 2005, when new procedures and controls on granting options were put in place to comply with the Sarbanes-Oxley Act.

Apple is among nearly 200 companies whose option-dating practices are under internal investigation or being probed by federal regulators. At least 65 executives and directors have resigned or been fired after being implicated in the scandal, including Bruce Karatz, head of Los Angeles home builder KB Home, and UnitedHealth Group Inc. CEO William McGuire.

An option is the right to buy stock at a set price within a certain time period. The price is generally determined by the stock's close on the day the option is granted by a company's board. In their current probes, regulators are focusing on backdating, whereby grant dates are changed by weeks or months to coincide with the stock's lowest price in a set period. Doing so could give executives instant paper gains and cause a company to understate compensation costs and overstate earnings.

Backdating isn't necessarily illegal, but failing to disclose the practice in a timely manner is.

Apple's is the highest-profile case so far. A host of high-tech companies have been ensnared in part, observers say, because stock options are the currency of choice in Silicon Valley for keeping top talent from jumping to another venture.

"This is how Silicon Valley works," said Alan Deutschman, the author of a critical book about the Apple chief, "The Second Coming of Steve Jobs." "Even though Apple is an anomaly — because of Steve's passion for design and his ability to connect to the zeitgeist and the popular culture — in a lot of ways it epitomizes how Silicon Valley is run. Steve, from his earliest experience in the corporate world, has been very conscious and political about stock and stock options and rewarding loyalists."

Options' indispensable role in Silicon Valley has made it hard for some experts to accept Apple's contention that Jobs was naïve about the practices surrounding them. It's also hard to swallow considering that Jobs has been an officer of a public company since 1980 and has a net worth of more than $5 billion.

Curiously, options themselves have not built Jobs' wealth. When the charismatic leader rejoined the company in 1997, he held only a single share of Apple stock. He has received a salary of only $1 a year since 1998. But he holds 5.4 million shares of Apple worth about $460 million today. Only 120,000 are options, worth about $10 million.

The bulk of his fortune stems from Pixar Animation Studios, which transformed him from a barefoot computer geek into a full-fledged media mogul. Jobs' 49% stake in Pixar, the computer-driven studio behind such blockbuster movies as "Cars" and

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"Toy Story," was converted into 6.7% of Walt Disney Co. when he sold the company to the Burbank giant in May 2006. Those shares are worth $4.7 billion today.

Jobs received one of the biggest option grants in history during Apple's revival, when he was given 10 million shares Jan. 12, 2000. That was one of two option grants Jobs was awarded that Apple said Friday were backdated — and that the company canceled in 2003.

A special CEO compensation committee of the board didn't authorize the Jan. 12 grant until a week later, on Jan. 18. The options' exercise price of $21.80 coincided with the lowest closing price during that quarter, according to the shareholder lawsuit. The grant yielded a paper profit of $65.8 million for Jobs within 20 trading days.

Company records show that the other backdated grant Jobs received — 7.5 million shares — were approved at a special board meeting on Oct. 19, 2001. In its filing, however, Apple acknowledged that the meeting "did not occur."

Apple said the two stock option grants were canceled in March 2003 in exchange for 5 million shares of restricted stock. The company would not explain why the options were canceled, but its regulatory filings said Jobs wanted them to provide "additional shares that could later be granted to employees whose contributions are critical to the long-term success of the Company."

SEC records show that Jobs sold his restricted shares — the only Apple stock he has sold since 1997 — for $300 million the day they vested on March 19, 2006.

That was a day after the Wall Street Journal published the first story on the SEC's stock options backdating probe. The story did not mention Apple, which disclosed its backdating problem in late June.

Power struggle

Jobs returned to Apple in February 1997 after the company spent $427 million to buy Next Software, which Jobs had founded in 1985 following his ouster from Apple. Jobs had resigned after the board stripped him of his managerial duties amid a power struggle with the company's then-new chief executive, John Sculley.

A later Apple CEO, Gil Amelio, recalled last week how he recruited Jobs to return as the charismatic "Mr. Outside."

"He had the stage presence and stuff that I lacked," Amelio said. "I thought frankly I was better at literally running the company. It didn't take very long for him to decide that wasn't a good idea. He worked with the board, behind my back, to oust me."

A couple of months after Amelio's July 1997 departure, Jobs assumed the title of "interim" chief executive and set out to create a board he could control, according to the shareholder lawsuit. Jobs' mission was to insulate himself to prevent a repeat of his painful 1985 departure, said longtime observers.

"The big lesson Steve learned from his first time around at Apple was you have to be in control, cause otherwise they can kick you out," Deutschman said.

Jobs brought in two close friends, Larry Ellison, head of database software titan Oracle Corp., and William V. Campbell, a former Apple executive who had gone on to become chief executive of financial software maker Intuit Inc. Also joining the board were two executives with whom Jobs enjoyed professional ties: Jerome B. York, who at the time was chief executive of tech retailer Micro Warehouse Inc., and Millard Drexler, then chief executive at Gap Inc., who had appointed Jobs to the clothing firm's board.

In addition to granting generous options to Jobs that were later canceled, they heaped them on key executives. Four executives benefited from the grants made the day before the pivotal Microsoft announcement. Chief Financial Officer Anderson, Executive Vice President of Marketing Guerrino de Luca, Controller Robert Calderoni and Senior Vice President of hardware engineering Jonathan Rubinstein received shares that vested in annual installments over three years. During that period, Apple's shares tripled.

No small company

From April 2000 to August 2001, Apple's board lacked a compensation committee and relied on the full board to administer stock grants as well as approve executive compensation. One swath of grants issued during that time gave four senior executives 1 million shares at the stock's closing price on Jan. 17, 2001, the day quarterly earnings were reported. The next day, the stock surged 11% on the results, generating a paper gain of $1.9 million for each, the investor suit alleged.

Ralph Ward, publisher of the "Boardroom Insider," an online corporate governance newsletter, said it wasn't unusual a decade ago for boards of small companies to grant options, especially in Silicon Valley, where "it has always been, 'We're all pals here doing business together.' "

In 2000, however, Apple would not have been considered small. It had annual sales of $8 billion, mostly of iMac computers and its new iBook notebook. It was another year before the introduction of the iPod in late 2001.

"That does raise some eyebrows, particularly with Apple," Ward said. "Companies are supposed to outgrow that when they become major, big-cap public companies. Some don't outgrow it as well as they should."

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The shareholder lawsuit contends that Apple's practices were no aberration. The SEC is investigating stock option practices of Pixar, where Jobs served as chief executive and chairman until the Disney acquisition.

At Pixar, four of the seven grants were recorded at the lowest price during the fiscal years in which they were granted, the suit alleges.

"This dispels any notion that Apple is now trying to portray that Jobs is somehow ignorant of the accounting effects of what they were doing because it wasn't just happening at Apple," said Molumphy, the shareholders' attorney.

Apple's portrayal also defies Job's personality traits as a leader who gets involved in the most microscopic details.

"I don't know if there's a Wikipedia definition for 'control freak' but when they do that entry, Steve's picture should be next to it," Deutschman said.

"The way Apple and its allies have tried to spin this options story has been, 'Oh, Steve is passionate about the design of the product but he doesn't pay attention to these other things.' One of the big things about Steve's second time around at Apple is that he's really mastered the financial aspects of running the company."

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Tough Year Ahead For US Chiefs (FT)

By Francesco Guerrera In New York

Financial Times, January 3, 2007

American chief executives are bracing themselves for a tough year, with corporate governance issues, shareholder activism, and a more difficult operating environment likely to test their leadership and business skills.

Corporate experts predict that US chief executives will see their once undisputed authority further eroded in 2007 by the growing desire from institutional and retail investors to have a bigger influence on company matters.

Over the past year, this trend has been strengthened by the explosion of the options backdating scandal, increased shareholder anger at lavish executive compensation and attacks from activist hedge funds.

“The pressure is not going to relent on CEOs in 2007,” says John Challenger of the recruitment firm Challenger Gray & Christmas. “The days of the imperial chief executive are over.”

The increased pressure on America’s corporate leaders has led to unprecedented levels of chief executive turnover. In 2006, more than 1,340 US chief executives left their jobs – the highest on record – according to Mr Challenger’s firm.

The options backdating scandal, which has engulfed more than 180 companies, has forced more than 15 chief executives to resign and more could follow.

The controversy – coupled with more investor scrutiny of executive pay and the ongoing impact of the Sarbanes-Oxley legislation – are rapidly changing the US’s corporate governance landscape.

Regulatory and corporate governance challenges for chief executives will be compounded by uncertainty over the prospects of many sectors in 2007.

With growth in both the US economy and companies’ profitability expected to slow, albeit without a “hard landing”, US corporate leaders will face stronger competition from overseas rivals.

The power of private equity groups – a feature of the past two years – is also expected to grow during 2007 as buy-out funds look to invest the record amount of funds they have raised.

“One of the messages for 2007 is: whether you like it or not, your company is for sale,” says Steve Ellis, worldwide managing director of the management consultancy Bain & Co.

“This is dramatically increasing the pressure on CEOs to show meaningful improvements in their operating performance.”

A Typical Miscreant-II (WSJ)

By HOLMAN W. JENKINS, JR

The Wall Street Journal, January 3, 2007

Holman W. Jenkins Jr. is a member of the editorial board of The Wall Street Journal and writes editorials and the weekly Business World column.

Mr. Jenkins joined the Journal in May 1992 as a writer for the editorial page in New York. In February 1994, he moved to Hong Kong as editor of The Asian Wall Street Journal's editorial page. He returned to the domestic Journal in December 1995 as a member of the paper's editorial board and was based in San Francisco. In April 1997, he returned to the Journal's New York office. Mr. Jenkins won a 1997 Gerald Loeb Award for distinguished business and financial coverage.

Born in Philadelphia, Mr. Jenkins received a bachelor's degree from Hobart and William Smith Colleges in Geneva, N.Y. He received a master's degree in journalism from Northwestern University in Evanston, Ill., and studied at the University of Michigan on a journalism fellowship.

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Mr. Jenkins invites comments to holman.jenkins@wsj.com1.

A Typical Miscreant-II

January 3, 2007; Page A12

The markets have finally had their say about the wonderfully overblown backdating scandal. When Apple filed its latest mea culpa on Friday along with a board expression of confidence in Steve Jobs's leadership, the company's shares jumped four bucks. Message: The market doesn't give a hoot about backdating. It gives a hoot whether Mr. Jobs might be run out of his job.

This ought to cast a light on whether the drop in market prices of companies in the backdating scandal reflects the shock and horror of investors at the details of backdating -- or shock and horror at the meal that trial lawyers, prosecutors and the media are making of companies caught up in this episode.

Whether Mr. Jobs is safely out of woods remains to be seen. It didn't help that just a week earlier, the Associated Press reported that SEC Chairman Chris Cox has been averring that, in sorting through dozens of backdating cases, his agency would save its legal firepower for "cases of serious fraud, with elements such as deliberately lying or forging documents."

Uh oh. In granting Mr. Jobs options on 7.5 million shares, somebody at Apple pencil-whipped a technical requirement of a board meeting to approve the grant. Of course, Mr. Jobs was already a billionaire. Does anybody think he engaged in theft to pad his net worth by a faction of a percent?

We won't remarket our column of last October, though it anticipated much of Apple's latest admissions. The company now says it "identified a number of grants for which grant dates were intentionally selected in order to obtain favorable exercise prices." It also acknowledges that Mr. Jobs had a role in "recommending" the favorable dates.

Having vouchsafed these eye-openers, Apple's filing proceeds to blur the matter amid a general discussion of how it chose to account for hundreds of option grants that were apparently misdated mostly through simple bureaucratic snafu. We never learn which grants were deliberately engineered by the CEO to award the recipient a "favorable" exercise price, or why Mr. Jobs found it useful to do so.

Apple's goal, obviously, is self-defense. Alas, this rules out trying to engage the media in a conversation about whether backdating is really the crime the media imagines it to be.

Backdating, let's recall, was simply an artifice to allow companies to issue "in the money" options (the terms of which were accurately reported to shareholders) without taking an accounting expense. That's all backdating is. Does it matter in the teensiest whether options are expensed? No, expensing has no probative value whatsoever for evaluating a company's shares or its compensation policies. Expensing creates a junk number, of zero analytical value.

Don't expect to hear any of this from companies actually involved in the backdating scandal. Apple proves you can never overestimate the shallowness of the media. That much is shown by the meretricious non sequitur, incorporated verbatim in many media accounts, that notwithstanding Mr. Jobs' role in backdating, "he did not receive or financially benefit from these grants."

Apple here shrewdly judges that what exercises the media are the large numbers involved in CEO compensation. Notice that Apple chooses to record an accounting charge for Steve Jobs options that were canceled and never exercised, but doesn't take a charge for other options that were canceled and never exercised. Does anyone doubt that this was a P.R. call because Apple judged it useful to be seen engaging in penitential accounting for Mr. Jobs's options?

We won't bore you with the findings of organizational psychology on "fairness" perceptions. Suffice it to say, "fairness" is an indeterminate thing, so people tend to look at process as a proxy for the fairness of outcomes.

This is called "procedural fairness" or "procedural justice." People naturally resent outcomes that leave some much better off than others. Procedural flyspecking is how we decide whether to put our resentment over such outcomes into abeyance or surrender to it.

Popular coverage of CEO pay is a perfect expression of this "fairness heuristic." It strives to meet a public demand for reasons to resent high CEO pay by constantly highlighting claims of cronyism, self-dealing, fraud, etc. to explain why CEO compensation is so high. By now this has become almost an unconscious conspiracy of obfuscation about the true source of ever-rising executive compensation. Try a thought experiment. If CEO pay were a real "problem," wouldn't it be a sublimely easy problem to solve? Just hire somebody who will do the job for less.

This society is full of capable, responsible people who take jobs for five- or six-figure salaries. Why don't boards wave off the demands of their first-choice CEOs and go for one of these less demanding folks? The question answers itself: Because boards believe their first-choice CEOs are worth it. Rationally, boards are prepared to bid away a sizeable sliver of a company's net worth to get the CEO they want. Take the gyrations in Apple's share price last Friday: At stake as investors worried about Mr. Jobs's fate was $3.4 billion in shareholder wealth -- many, many times Mr. Jobs's total compensation since returning to Apple a decade ago.

Now, not all CEOs are as pivotal to a company's performance as Mr. Jobs is perceived to be, but this has nothing to do with the CEO pay calculus. All CEOs sit at the switch: They make the calls by which shareholder wealth is preserved or

squandered. Should a company sacrifice short-term profits in order to invest more in customer service? Should it embark on a bold product redesign or milk an aging product line a bit longer?

The market wants a CEO in whom it has confidence, and who is responsive to the share price. The media's relentless appetite is for evidence that CEO pay fails the "fairness heuristic." This basic disjunction is why one of the signal phenomena of the age, the towering increase in executive compensation, remains unexplained to the American people despite the massive amount of journalism spent on subjects like backdating.

Causey Heads To Prison For Role In Enron (WP/BLOOM)

By Laurel Brubaker Calkins

The Washington Post, January 3, 2007

HOUSTON, Jan. 2 -- Richard A. Causey, Enron's former chief accounting officer, was on his way Tuesday to a federal prison in Bastrop, Tex., to begin a 5 1/2 -year sentence for his role in the fraud that destroyed the company.

Causey, 46, pleaded guilty to one count of securities fraud in December 2005, less than a month before he was to stand trial with former Enron chief executives Jeffrey K. Skilling and Kenneth L. Lay, both of whom were found guilty.

"A lot of improper things were done at Enron," Causey said as he was sentenced in November. "Some of those were done by me, and for that I am profoundly sorry."

Causey was the last of 16 former executives to plead guilty to crimes at Enron, which was the world's largest energy-trading company before it went bankrupt in December 2001 as widespread accounting fraud came to light.

More than 5,000 jobs and $1 billion in employee pensions were wiped out when Enron collapsed. Investors are suing to recover more than $30 billion.

Causey was assigned to the prison he requested. Bastrop is three hours from his home in Houston, where Enron was based, and 30 miles from Austin, where the oldest of his three children attends college.

The Bastrop prison has a low-security section, surrounded by a razor-wire-topped double fence, and an unfenced minimum-security camp. Authorities would not say which one Causey is assigned to. With time off for good behavior, he can expect to serve four years and nine months.

Causey will be assigned a job such as groundskeeping or kitchen work, paying 12 to 40 cents an hour. He can apply for a job that pays 23 cents to $1.15 an hour in a prison factory that retrofits vehicles for the government, said Michael Truman, a spokesman for the U.S. Bureau of Prisons.

At his sentencing, Causey asked U.S. District Judge Simeon T. Lake III for leniency, saying his withdrawal from the case let prosecutors to ignore accounting charges and focus jurors' attention on securities-fraud charges against Skilling and Lay.

Causey agreed to serve seven years as part of his plea. Lake sentenced him to nearly all of it after prosecutors sought a reduction of three to six months. They called Causey's cooperation too little, too late.

"A witness who is reluctant to acknowledge his own responsibility is of no use to the government," prosecutor Kathryn H. Ruemmler said at Causey's sentencing. "Without Mr. Causey's implicit consent and explicit conduct, the fraud that occurred at Enron could not have occurred."

Causey's lawyer, Reid H. Weingarten, said later that Enron was "reputed to be the worst accounting scandal in history, but the only accountant inside or outside the company who will get a prison sentence is Rick Causey."

Causey forfeited $1.25 million in illegal gains in addition to being sent to prison.

Weingarten said Tuesday that he could not confirm whether Causey had reported to the prison.

"I have no reason to assume it didn't happen because I would have heard if it was otherwise," said Weingarten. Representatives of the U.S. Bureau of Prisons were not immediately available for comment because of a federal holiday.

Skilling was convicted in May of 19 counts of conspiracy, fraud, lying to auditors and insider trading. He is serving a 24-year prison sentence in Waseca, Minn. Lay, convicted of 10 counts of fraud and conspiracy in the same trial, died of heart disease before he could be sentenced. His guilty verdict was erased under a U.S. legal principle that cancels a conviction if the defendant dies before he can appeal.

Head To Head On The Hill (WP)

By Carrie Johnson

The Washington Post, January 3, 2007

From their years at Harvard Law School to their tenure in the House of Representatives, Barney Frank and Christopher Cox chose markedly different approaches to reach their destinations.

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This week, their paths will cross again as Frank, a Massachusetts Democrat, assumes control of the House Financial Services Committee, which oversees the Securities and Exchange Commission -- led by Cox, a former Republican lawmaker from California.

Despite similar r?sum?s, the men could hardly be more divergent in ideology and personal style.

Frank, who used an anti-neatness slogan in his first federal campaign 27 years ago, has a lacerating wit. His support for predatory-lending reforms, minimum-wage increases and universal health care mark him as one of the most left-leaning lawmakers on Capitol Hill.

Cox rarely appears in public with a hair out of place or a wrinkle in his perfectly tailored suits. He speaks with deliberation and labors to defuse criticism. Cox cut his teeth in the Reagan White House, and his votes in Congress earned him an 87 percent lifetime rating from the U.S. Chamber of Commerce before he became chairman of the Securities and Exchange Commission.

Already, they have clashed over a change to an SEC rule that some investor advocates say will reduce disclosure of executive pay in the form of certain stock awards. The change, announced in a press release three days before Christmas, amounted to a gift to the business lobby, Frank told reporters last week. "I didn't even know they had a chimney at the SEC," Frank joked, true to form.

Equally in character, Cox called Frank to smooth things over, explaining the timing of the move and defending his approach as logical, since, he said, the initial plan would have forced companies to report pay that corporate officials might never have collected.

The damage-control effort appears to have worked, for now. In a follow-up interview, Frank praised the SEC leader for his "responsible" approach at the helm and predicted few sharp disagreements to come. "There are going to be cases where I'll believe we should go further than he," said Frank, who advocates more disclosure to investors .

Frank plans to present his agenda -- what he calls "the grand bargain" -- at the National Press Club today. He will urge lawmakers to offer business concessions on trade and some burdensome regulations in exchange for more housing for the poor and minimum-wage gains.

For years, Frank has focused on housing and income inequality, just as Cox has championed making it easier for companies to win access to capital markets. But while holding fast to those priorities, neither has been reluctant to entertain opposing views.

To date, Cox has pursued a far less ideological agenda at the SEC than governance analysts expected -- and Frank's record reflects a more business-friendly stance than many have assumed. Both men voted in favor of a 1995 law that imposed limits on the filing of class-action securities lawsuits. While in Congress, both reaped significant campaign contributions from banks, insurers, and law and accounting firms. And both have said they turn first to the markets for solutions to economic problems, rather than to government.

Frank, for instance, said he agrees with certain conclusions reached late last year by an independent panel with support from Treasury Secretary Henry M. Paulson Jr., including making it more difficult for prosecutors to indict businesses. He also supported tweaks to a costly audit rule springing from the 2002 Sarbanes-Oxley law, as long as the intent of the corporate accountability legislation was not thwarted.

"They're both pragmatic," said Barbara Roper, director of investor protection at the Consumer Federation of America. "I don't think either of them is looking to pursue a radical agenda."

But, as the SEC leader learned last week, Frank is less flexible in the area of ever-expanding executive pay -- an issue that fits into his broader agenda of lessening wealth disparity and one he says could come up for Financial Services hearings as early as March, after he holds oversight sessions on housing problems stemming from Hurricane Katrina. Frank previously introduced legislation that would put executive compensation up for a shareholder vote, a measure he is likely to revisit this year.

"He has certainly been eager for Democrats to have the responsibility for governance," said his sister Ann Lewis, a campaign adviser to Sen. Hillary Rodham Clinton (D-N.Y.). Lewis says her brother developed a thick skin after years growing up in Bayonne, N.J., and playing in the sometimes brutal fields of Boston politics.

He leavens that intensity with humor to disarm his audience and make a point, which Lewis said "really goes a long way to enabling him to be politically effective."

Cox, by contrast, earnestly strives to reach consensus, making unanimous votes a priority at an agency that had been sharply divided under his predecessor. A series of 5 to 0 votes last year at the SEC is a testament to Cox's political acumen and also makes the agency a less attractive target for Hill Democrats, the consumer federation's Roper said.

That's an observation Frank agrees with. "Chris is a lawyer, and he's a very careful guy," Frank said. "Among other things, he understands he's a law enforcement officer."

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Cox, who was pursuing a joint business and law degree from Harvard, and Frank, who by then was studying law and serving as a member of the Massachusetts state legislature, didn't have much contact in Cambridge during the 1970s. On Capitol Hill, they collaborated on only a few issues, including a years-long drive to privatize the National Helium Reserve and an effort to win the release of a Chinese dissident who had lived in Frank's congressional district.

As lawmakers, both men developed a reputation for understanding the details of policy proposals and putting their substantial intellect to use. Whether and how they diverge in their new roles will be one of the more interesting questions of the next year, corporate governance experts said.

"Investors benefit from a bipartisan pro-investor consensus, and we hope that our Republican friends in the regulatory community will work with Barney to achieve that," said Damon A. Silvers, associate general counsel at the AFL-CIO.

Researcher Richard Drezen contributed to this report.

Enron's Last Victim: American Markets (NYT)

By WILLIAM A. NISKANEN

The New York Times, January 3, 2007

Washington

WHEN the new Congress begins its session tomorrow, two familiar faces will not be present: Senator Paul S. Sarbanes and Representative Michael G. Oxley, who are both retiring. Mr. Sarbanes, a Maryland Democrat, has served for 30 years; Mr. Oxley, an Ohio Republican, for 26 — and their main legacy will be their joint attack on corporate corruption, the Sarbanes-Oxley Act of 2002.

The act, which was passed hastily in the wake of the Enron scandal, was surely well intentioned. But it has proven counterproductive in the extreme, and Congress would best honor the departing lawmakers by repealing it.

Sarbanes-Oxley has seriously harmed American corporations and financial markets without increasing investor confidence. The section of the law requiring companies to perform internal audits has turned out to be far more costly than proponents projected, especially for smaller firms. These costs have led some small companies to go private, hardly a victory for public oversight, and some foreign firms to withdraw their stocks from American exchanges.

In addition, the average "listing premium" — the benefit that companies receive by listing their stocks on American exchanges — has declined by 19 percentage points since 2002. This explains why the percentage of worldwide initial public offerings on our exchanges dropped to 5 percent last year, from 50 percent in 2000.

Other costs associated with the act may turn out to be more important. For example, more stringent financial regulations and increased penalties for accounting errors may make senior managers too risk-averse. Most chief executives are not accountants, so the requirement that they personally affirm tax reports — at the risk of jail time should anything be amiss — may make them reluctant to partake in perfectly legitimate activities.

Paradoxically, Sarbanes-Oxley's strict rules on oversight by boards of directors would have been insufficient to prevent the collapse of Enron. By the act's standards, Enron had a model board; most members were distinguished professionals. The chairman of the audit committee was a former accounting professor and dean of the Stanford Business School.

Nor would the act's provisions to create a stronger Securities and Exchange Commission have made a difference. The commission had been aware of Enron's accounting techniques since 1992 and had never thought to question them.

Nor was Sarbanes-Oxley necessary in prosecuting the senior managers of Enron, WorldCom and other corporations where fraud was committed — all have been convicted of accounting fraud under laws predating the act.

The negative repercussions of the act on businesses might have been worth it if the act had achieved its primary goal: substantially increasing the confidence of investors in the accuracy of the accounts of firms listed on the exchanges. But that does not seem to have happened.

The best measure of investor confidence is the price-earnings ratio — the price that investors are willing to pay for each dollar of a company's reported earnings. The overall price-earnings ratio for the Standard & Poor's 500-stock index, however, has declined continuously since the Sarbanes-Oxley Act was being drafted in the spring of 2002.

Several leaders of the new Democratic Congressional majority have endorsed a relaxation of the audit requirements and other parts of the act. That is encouraging, but it is not enough. The basic structure of Sarbanes-Oxley is unsound.

One big problem is that the act nationalized the rules for corporate governance, reducing the value of the competition among the states for setting such rules. In addition, the act failed to resolve the major conflict of interest created when auditing firms are paid by the companies they audit. Rather than creating a regulation to change the system, Sarbanes-Oxley created an expensive and arguably unconstitutional new regulatory agency to regulate the audit firms' activities.

And, as is too often the case, Congress has rewarded the failures of the very bureaucracies that failed to keep up with Enron — doubling the budget of the Securities and Exchange Commission.

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Tinkering is not enough. Sarbanes-Oxley continues to discourage smaller companies from trading publicly and foreign companies from listing their stocks on American exchanges. In the eyes of investors, it hasn't cleaned up any corruption, it has only forced companies to jump through hoops. As Senator Sarbanes and Representative Oxley drift into retirement, their act should retire with them.

CRIMINAL LAW:

Bruno Deals Eyed (NYDN)

By Joe Mahoney, Daily News Albany Bureau Chief

New York Daily News, January 3, 2007

ALBANY - The FBI has subpoenaed an investment firm for documents related to state Senate Majority Leader Joe Bruno in a widening probe of the state's top Republican, the Daily News learned yesterday.

A source familiar with the investigation said the firm, McGinn, Smith & Co. of Albany, is "one of the groups Sen. Bruno did consulting for" through his own business.

The FBI, working with a federal grand jury convened by the U.S. attorney's office here, is conducting a wide-ranging inquiry to determine if Bruno has cashed in on his position as legislative leader through his business dealings, sources said.

Bruno, of Rensselaer, has stated he is "guilty of nothing," arguing his business arrangements are independent of the legislation he helps control.

But he has been tight-lipped about his company, Capital Business Consultants, refusing to name its clients or income.

Bruno spokesman John McArdle declined to address questions about the senator's relationship with McGinn, Smith.

The firm's executives could not be reached for comment on the FBI inquiry.

The FBI is also reviewing subpoenaed documents relating to land transactions made by now-dissolved First Grafton Corp., a real estate investment firm that Bruno helped to start, as well as plane rides arranged for Bruno by a wealthy friend, Jared Abbruzzese, sources said.

Abbruzzese was an early investor in Evident Technologies, a high-tech Troy company to which Bruno steered $500,000 in pork barrel "member items" in 2002 and 2004.

Despite the probe, legislative insiders predict Bruno will be reelected today as Senate president, a position he has held for 12 years.

FBI Investigating Murder Of Pascua Yaqui Member (AZDS)

By Brady McCombs, Arizona Daily Star

Arizona Daily Star, January 3, 2007

The FBI is investigating the New Year's Day death of the brother of the chairwoman of the Pascua Yaqui Tribe as a homicide, an FBI spokeswoman in Phoenix said Tuesday.

Gabriel Frias, the 32-year-old brother of chairwoman Herminia Frias, died from shotgun blast to the midsection, an autopsy performed Tuesday by the Pima County Medical Examiner's Office revealed, said Deborah McCarley, an FBI spokeswoman in Phoenix.

The father of three was found shot outside a residential area on the reservation southwest of Tucson early New Year's Day morning, she said. He was conscious when the first responders arrived but died a short time later at about 4 a.m., she said. He was shot more than once but she wouldn't say how many times.

The FBI remained tight lipped about the events leading up to the shooting, possible suspects or motives, citing the need to protect the ongoing investigation, McCarley said. They haven't arrested anyone, she said.

The Frias family, meanwhile, was making preliminary plans for a wake on Sunday and a funeral on Monday, said Pilar Thomas, interim attorney general for the Tribe. The arrangements have not been finalized, she said.

Gabriel Frias, the youngest of six children, is survived by his parents and his three children — a 12-year-old son, a 2-year-old daughter and a 3-week-old boy, Herminia Frias said.

Herminia Frias, 33, who became the tribe's first female leader in June 2004, plans to take some time off to be with her family, Thomas said. Tribal government matters will continue as usual with the other three executive officers handling her duties, she said.

The Tribe has 14,600 enrolled members with nearly 4,000 of them living on the reservation. The tribe has 1,395 acres off West Valencia Road and South Camino de Oeste.

Contact reporter Brady McCombs at 573-4213 or at bmccombs@azstarnet.com

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Indicted Cops Turn Themselves In, Other Officers Show Support (NOTP)

By Laura Maggi And Brendan McCarthy, Staff writer

New Orleans Times-Picayune, January 3, 2007

Surrounded by colleagues offering hugs, handshakes and shouts of support, seven New Orleans police officers walked into central lock-up Tuesday morning to be booked on murder and attempted murder charges, stemming from their shooting of six people a week after Hurricane Katrina.

Steady applause broke out as the officers, accompanied by their attorneys and union representatives, began the slow march to jail. At the back of the crowd of more than 200, a woman called out, "Thank you, guys," as others clasped hands with the indicted officers, who appeared visibly moved by the outpouring. One man in the group had tears in his eyes.

Not everyone offered comfort: A handful of protesters, marching outside the ring of support, pronounced the officers guilty and called them terrorists and thugs. And shouts from inside the jail could be heard on the street below — a handful of voices screaming out obscenities and warnings. "Now you are on the inside," one man yelled.

The officer's indictment by a state grand jury indictment last week has clearly galvanized members of New Orleans Police Department, as well as other local police agencies, who turned out on a cold January morning to line South White Street next to the House of Detention.

Police have blasted the indictments, saying the officers who killed two and seriously wounded four on the Danziger Bridge merely carried out their duty, responding to reports of sniper fire at rescue workers. When they arrived at the bridge, on Chef Menteur Highway in eastern New Orleans, they were immediately engaged in a gunfight, police have said.

The grand jury rejected that account, siding with a set of victims who have filed federal lawsuits against the police stemming from the shooting. Those victims have said they were unarmed and did not shoot at the police.

Lance Madison — who police arrested for attempted murder of a police officer but the grand jury later cleared — has said he did hear shooting before the cops arrived. But Madison and his mentally handicapped brother, who police shot and killed, had no weapons and never threatened police, Lance Madison has said.

As the seven accused officers neared the booking department, several fellow law enforcement officers formed a tight-knit circle around them, clasping their hands on backs of the accused and and shuffling them to the doors.

Once they had walked through the jailhouse doors, officers broke out into chants of "N-O-P-D" and "heroes," largely drowning out a small counter-protest of people with signs reading that "police killings must stop."

"I've never seen such an outpouring of support in all the years I've been doing this. It was quite touching," said Franz Zibilich, the attorney for Robert Faulcon, who was indicted on two counts of first-degree murder and four counts of attempted first-degree murder.

Faulcon and the other three officers accused of first-degree murder will be spending an indeterminate amount of time in Orleans Parish Prison, as Chief Judge Raymond Bigelow ruled last week that they are not eligible for bail. Defense attorneys said that they expect to file motions on Wednesday for bond hearings, which are expected to be held Friday.

Sgt. Kenneth Bowen, Sgt. Robert Gisevius, and officer Anthony Villavaso were charged along with Faulcon with the first-degree murder of James Brissette, 19.

Faulcon, who left the force after the flood, was also charged with the first-degree murder of Ronald Madison, a 40-year-old mentally handicapped man whose body was found with seven gunshot wounds to his back and upper arm. Attorneys for the officers maintain that Madison was hit by seven pellets from one shotgun blast.

Zibilich said Faulcon had never discharged his weapon during his four years on the NOPD, calling him a "decorated, perfect police officer" who spent years in the military before joining the force.

Officers Michael Hunter, Ignatius Hills and Robert Barrios were indicted on attempted murder charges, and therefore eligible for bail. Bigelow set a bond of $100,000 for each count of attempted murder.

Only Hunter posted bail on Tuesday. The families of Barrios and Hills are raising money or finding property to use collateral, with the hope that they can get out of jail within the next few days, their attorneys said.

"They aren't people of means," said Bruce Whittaker, the attorney representing Hills.

Special arrangements have been made for the indicted officers within Orleans Parish Prison, said a spokeswoman for the criminal sheriff's office. They will not be locked up with the general population, a typical provision granted to accused and often even convicted police officers.

A handful of protesters marched alongside the officers, outside of the phalanx of supporters. They carried signs—one read "NOPD Terrorism Must Stop"—and chanted for end to police brutality.

The Rev. Raymond Brown, a community activist and New Orleans chairman of the National Action Network, held a sign aloft and screamed with rage.

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"They are guilty," he said, "a bunch of thugs."

The New Orleans branch of the NAACP offered more measured criticism of the display of support, saying it sends a bad signal to the public for the police to applaud accused murderers.

"The system should have an opportunity to function," said Danatus King, an attorney and NAACP branch president.

But the protest could stop potential witnesses from coming forward, King said. Further, the fact that an internal police department investgation cleared the indicted officers could also send a dangerous message to the public: that reporting criminal acts by officers will not result in a thorough NOPD inquiry, King said.

The police rally was organized by the Police Association of New Orleans, with members of the Fraternal Order of Police handing out payroll deduction forms and asking members of NOPD to donate at least $5 per biweekly paycheck to a family assistance fund for the officers. The six officers on the force at the time of the indictment were suspended without pay, according to the department.

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Watch For Scams, Gulf Coast Homeowners Told (USAT)

By Brad Heath

USA Today, January 2, 2007

Officials along the Gulf Coast are warning homeowners that they will likely face a wave of contractor scams in the coming months as they begin collecting billions of dollars in government grants to rebuild what Hurricane Katrina destroyed.

Mississippi has hired six investigators to target schemes aimed at recipients. Louisiana will send out vans to warn consumers about scams and take complaints. Both states are filling the airwaves with warnings about common schemes, and regularly warn aid recipients to research contractors and put work agreements in writing.

The grant programs in both states will distribute as much as $10.5 billion in aid to homeowners and could trigger thousands of building projects in areas already struggling with a shortage of qualified contractors.

"What used to be an occasional complaint about phony contractors or an occasional fraud has turned into — well, the best way I can describe it is blood in the water," says Charles Marceaux, executive director of Louisiana's contractor licensing board. The board now reviews the conduct of about 100 contractors each month, based on complaints from homeowners, Marceaux says. The complaints range from concerns about unqualified local workers to information about rip-off artists from as far away as Mexico, he says.

The temptation of such scams will only intensify as more homeowners start collecting grants, he says. So far, Louisiana's grant program has given money to 104 of the almost 92,000 people who applied, and Mississippi has paid 8,200 of its roughly 17,500 applicants"The biggest risk for fraud is once we put the money into the hands of a homeowner," says Donna Sanford, who runs Mississippi's program.

It's the latest venue for fraud in the federal government's $80 billion hurricane recovery effort, already faulted repeatedly by federal auditors for waste and abuse. The U.S. Government Accountability Office,the investigative arm of Congress, estimated this year that that Federal Emergency Management Agency has made $1 billion worth of fraudulent or unjustified aid payments.

Officials expect contracting schemes will make up the next wave of fraud, in part because taking money from homeowners is already proving far less complicated than scamming the government-run grants, Mississippi State Auditor Phil Bryant says. Both states required that applicants be interviewed in person and prove they own damaged homes; Louisiana also photographed and thumbprinted applicants.

"This is federal taxpayer money, and we're going to have zero tolerance for any fraud, abuse or corruption," Louisiana Attorney General Charles C. Foti, Jr. says. He says his office now gets 125 contractor fraud complaints a week, and the number is increasing.

Panel Seeks End To Death Penalty For New Jersey (NYT)

By Laura Mansnerus

The New York Times, January 3, 2007

TRENTON, Jan. 2 — A legislative commission recommended on Tuesday that New Jersey become the first state to abolish the death penalty since states began reinstating their capital punishment laws 35 years ago. Its report found "no compelling evidence" that capital punishment serves a legitimate purpose, and increasing evidence that it "is inconsistent with evolving standards of decency."

Death Penalty Study Commision Report

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The report, whose lone dissenter was the original author of the state's modern death penalty statute, came a year after New Jersey joined Illinois and Maryland in imposing moratoriums on executions, and amid growing unease among politicians and the public about capital punishment.

Eight other states, including New York, have also suspended executions in recent years, most because of court decisions. Maryland had lifted its moratorium in 2003, after a year, but a court essentially reinstated it last month.

Death penalty experts said that New Jersey was the first state to receive an official recommendation that capital punishment be abandoned, and it lands in a state where legislators have a Democratic majority along with a Democratic governor who supports repeal of the statute.

The governor, Jon S. Corzine, embraced the report on Tuesday. "As someone who has long opposed the death penalty," he said in a statement, "I look forward to working with the Legislature" to carry out the recommendations.

There is ample opposition to capital punishment in both houses of the Legislature, and Senate President Richard J. Codey said in an interview that he expected to ask for a vote, although he would not discuss a timetable.

Assembly Speaker Joseph J. Roberts, who also said he supported an end to the death penalty, issued a written statement saying that he would not consider scheduling a vote until discussing the report with other Democrats, leaving the possibility that repeal legislation could remain locked in committee.

New Jersey's last execution was in 1963, and its death row population has shrunk to nine men. Many appeals have been extended for years by a process known as "proportionality review," meant to assure that capital sentencing was not being arbitrarily applied, before the State Supreme Court.

The 13-member New Jersey Death Penalty Study Commission, including two prosecutors, a police chief, clergy members and murder victims' representatives, began meeting in June and heard from scores of witnesses at five public hearings before issuing the 127-page report.

"Based on our findings, the commission recommends that the death penalty in New Jersey be abolished and replaced with life imprisonment without the possibility of parole, to be served in a maximum security facility," the report said. "The commission also recommends that any cost savings resulting from the abolition of the death penalty be used for benefits and services for survivors of victims of homicide."

If the Legislature did abolish the death penalty, it would be the first to do so since the United States Supreme Court halted all executions in 1972 — after which 38 states rewrote their laws to reinstate the practice. New Jersey restored the death penalty in 1982.

But a repeal would be in line with a nationwide retreat from executions, with the annual count declining by nearly half since 1999. A nationwide Gallup telephone poll in 2006 found Americans almost evenly divided when asked whether a death sentence or life without the possibility of parole was a preferable punishment for murder, after years of previous polls in which a majority supported the death penalty.

"We're in a period of national reconsideration of the death penalty," said Austin D. Sarat, a professor of political science and law at Amherst College in Massachusetts. "I believe what's happening in New Jersey will have a tremendously galvanizing effect."

Richard C. Dieter, the director of the Death Penalty Information Center in Washington, attributed the sea change to the many wrongful convictions exposed by DNA evidence. "That is the wedge that has made the death penalty difficult to fix," Mr. Dieter said. "It's all related to the scientific revolution we've had in the last 10 years."

Professor Sarat, the author of the 2001 book, "When the State Kills," said the shift in public opinion had accelerated even in the last few months.

Two weeks ago, a botched execution in Florida underscored doubts about lethal injection and led Gov. Jeb Bush to suspend the death penalty. The same day, a federal court ruled that California's lethal injection procedures violated the constitutional prohibition on cruel and unusual punishment.

"If you'd asked me six months ago if they'd end up in this place, I'd have said no," Professor Sarat said of the New Jersey commission. "I would have said they'd take a more careful route."

New York, which has only one man on death row and has not carried out an execution since reinstating the death penalty, has had a moratorium since the state's Court of Appeals found its law unconstitutional in 2004. The Legislature has not moved to revise the statute.

In New Jersey, a bill to repeal the death penalty was introduced several years ago but never brought to a vote in the judiciary committee of either chamber. But Mr. Codey, the Senate president, said on Tuesday, "I think that will be done."

"What's the use of having a death penalty if at the age of 18 you commit a murder and then have to live longer than Methuselah to be executed?" he asked.

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Mr. Codey also pointed to the change in public opinion since the enactment of the death penalty law, as did the commission. The panel cited a 1999 Star-Ledger/Eagleton-Rutgers Poll in which 44 percent of New Jersey residents supported the death penalty and 37 percent preferred life imprisonment without parole, and a 2002 poll that asked the same question found that 36 percent supported the death penalty and 48 percent favored life without parole.

The commission's report, which recommended the life-without-parole alternative, drew stinging responses from several Republicans. "How can they possibly arrive at that conclusion when New Jersey has not enforced the current law even once since its enactment?" the Assembly's minority leader, Alex DeCroce, who represents Morris and Passaic Counties, asked in a written statement.

The dissenter on the commission, John F. Russo, a former State Senate president from Ocean County and a Democrat, said the problem was not in the law but in "the liberal judges and other individuals who have consistently disregarded the legislative will and refused to enforce the law as written."

Mr. Russo, a former prosecutor, recounted a death penalty verdict that he had fought for but left him in tears. "I realize the gravity of the issue," he said, adding that he believed the death penalty should still be available in cases of serial killings and terrorism.

Special Panel Urges New Jersey To Abolish Death Penalty (FINDLAW/AP)

By Tom Hester Jr., Associated Press Writer

AP, January 3, 2007

(AP) - TRENTON, New Jersey-New Jersey should abolish its death penalty and replace it with life imprisonment without the possibility of parole, according to a special commission's report sent Tuesday to Governor Jon Corzine and legislators.

The report, obtained by The Associated Press, found no compelling evidence that New Jersey's death penalty, which has not been used in more than four decades, serves any purpose.

It also found abolishing the death penalty would eliminate the danger of executing an innocent person, and said the death penalty costs taxpayers more than prisoners serving life terms without parole.

"There is increasing evidence that the death penalty is inconsistent with evolving standards of decency," the report said.

"The alternative of life imprisonment in a maximum security institution without the possibility of parole would sufficiently ensure public safety and address other legitimate social and penological interests, including the interests of the families of murder victims," the report found.

One member of the group, former Senator John F. Russo, who wrote the state's death penalty statute when executions were reinstated in 1982, dissented from the commission's findings.

The 13-member commission was formed earlier this year to study capital punishment in a state that has not executed anyone since 1963. Nine men are on death row in New Jersey, but the legislation that created the commission imposed a moratorium on executions until 60 days after the panel completed its work. No execution was imminent when the moratorium was imposed.

The state already was temporarily barred from executing anyone under a February 2004 court ruling that said the state could not execute anyone until it revised procedures on how to impose the penalty. The court had raised concerns about lack of public access to executions and whether the state could handle last-second stays issued after lethal drugs were administered.

Corzine, a Democrat, opposes the death penalty. He is the first elected New Jersey governor to oppose it since Brendan Byrne, who left office in January 1982.

If lawmakers and Corzine implement the commission's recommendation, New Jersey would become the 13th state without a death penalty. New Jersey was the third state to impose a death penalty moratorium to study the issue, behind Maryland and Illinois.

State Prosecutors Getting Federal Help In Child Sex Cases (AP)

AP, January 3, 2007

Until the state Legislature changes prison sentences for people who distribute child pornography, local prosecutors are getting help from federal officials in putting pedophiles in prison.

Investigators in Harnett County discovered 228 video clips and 124 still photos of child pornography - including some involving a toddler - on Christopher Paul Brady's computer.

In state court, the 31-year-old Brady received three years of supervised probation.

"I got the most I could get," said Assistant District Attorney Mary Wilson.

But federal prosecutors stepped in and charged the Lillington man with trafficking in child pornography. After being convicted, Brady was sentenced to more than 15 years in prison.

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"We're saving some people some trauma. We're going to get a good sentence," said Assistant U.S. Attorney Jay Exum, who works with prosecutors on child pornography cases in eastern North Carolina.

Exum works under Project Safe Childhood, a U.S. Justice Department program which was started last year and aims to put pedophiles in prison on lengthy sentences.

FBI statistics show child pornography and exploitation cases increased nationally from 113 in 1996 to 2,135 last year and prosecutors have seen a similar increase in cases coming to court - from 344 in 1995 to 1,576 in 2005.

The state Legislature convenes Jan. 24 and one task is to seek tougher penalties for child pornography charges. State law currently gives prison time to people who make child pornography, but a special legislative committee recommended tougher sentences.

"I think we will get a lot of support in the General Assembly," said Rep. Karen Ray, R-Iredell, and co-chairwoman of the committee. "This is a no-brainer."

Columbus County Assistant District Attorney Samantha Alsup handles pornography cases and said state law doesn't take it seriously.

"Until our state legislature gets tougher on people who look at child pornography, we're going to have to rely on the federal government to keep our communities safe," she said.

CIVIL LAW:

UTEP Professor Sues Federal Government (EPTIMES)

El Paso Times, January 3, 2007

A UTEP professor is suing the federal government hoping to force the release of documents surrounding the case of "Lalo," the former Immigration and Customs Enforcement informant involved in drug- related murders in Juárez.

Bill Weaver, an associate professor of political science at UTEP, filed the suit in mid-November against the Drug Enforcement Administration and the Department of Justice because the agencies did not answer his Freedom of Information Act requests from 2005, court documents showed.

What Weaver is seeking are the never-released conclusions of an internal audit looking at the conduct of special agents and prosecutors who monitored the informant, Guillermo Eduardo Ramirez Peyro, 35, known as "Lalo," as 12 men were tortured, killed and buried in a Juárez back yard in 2003 and 2004.

Weaver also wants a sound recording made by the informant of the gruesome killing of an associate, a Mexican lawyer named Fernando Reyes, in August 2003.

The professor said he wants to use the information for an upcoming book.

"If it had happened on the Canadian border, there would be hell to pay," he said. "That just offends me. That's not the business that the U.S. government should be in."

Ramirez was a lieutenant in the Vicente Carrillo Fuentes drug cartel in Juárez and also worked as a U.S. informant, first for the DEA and then for ICE. ICE memos and other documents suggest that ICE agents and U.S. attorney's office officials knew of the ongoing killings but did nothing to stop them.

Ramirez, who is currently fighting deportation to Mexico, said in an immigration hearing that his ICE handlers monitored his phone conversations and knew when a "carne asada," a barbecue, the code name for murder, was being planned.

In October, ICE officials said they considered the case closed.

But the case has lately attracted the attention of the international press and of a few government watchdogs.

Weaver said he will soon file two more lawsuits over his FOIA requests. One lawsuit will be against ICE for all information applying to Ramirez including payments and debriefings, and the other will be against the federal courts to see what ICE told the courts about Ramirez in order to obtain wiretapping warrants.

DEA officials in El Paso could not be reached for comment today.

The DEA answered Weaver s FOIAs in writing in December 2006, saying that some of the documents he asked for were in South America, correspondence show.

But Weaver in his lawsuit said the documents are readily available in Washington, D.C., and unclassified.

"The delay on this request is troublesome. Several DEA agents have informed me that all of the material requested is together, at headquarters office, and requires no searching of field offices or even any disparate offices at headquarters," he wrote in the lawsuit. "I have a hard time coming to any conclusion other than that my request is being purposefully stalled."

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Weaver is senior adviser to the Virginia-based National Security Whistleblowers Coalition, which counts as a member Sandalio Gonzalez, the former special agent in charge of the DEA in El Paso who was openly critical of ICE over the informant affair. The book Weaver is writing is about whistleblowers.

Louie Gilot may be reached at lgilot@elpasotimes.com; 546-6131.

CIVIL RIGHTS:

Defense Attorney Pleads For Life Of Truck Driver Convicted In Deadliest Human Smuggling Case (FINDLAW/AP)

By Juan A. Lozano, Associated Press Writer

AP, January 3, 2007

(AP) - HOUSTON-A truck driver convicted for his role in the deadliest immigrant smuggling attempt in the U.S. should not be sentenced to death because he is not the "worst of the worst," his defense attorney told jurors Tuesday.

But prosecutors said Tyrone Williams, 35, a Jamaican citizen living in New York state, should be executed because he committed a deliberate act of violence in a depraved manner that resulted in the deaths of 19 illegal immigrants trapped inside a sweltering tractor-trailer.

"The only justifiable punishment in this case should be death," Assistant U.S. Attorney Daniel Rodriguez said.

After a nearly monthlong break due to the illness of an attorney and the holidays, the punishment phase in Williams' retrial resumed on Tuesday with opening statements.

Williams was convicted on Dec. 4 for his role in the May 2003 deaths of the illegal immigrants, who succumbed to the deadly heat in the back of his tractor-trailer as he was smuggling them from southern Texas to Houston.

Jurors now have to decide if Williams, who was convicted on all 58 counts of conspiracy, harboring and transporting, should be sentenced to death or up to life in prison.

During his opening statement, Craig Washington, Williams' lead attorney, told jurors his client never intended for the immigrants to die and continues to be remorseful about what happened.

Washington said other members of the smuggling ring Williams worked with were equally culpable for what happened, but none of them are facing a possible death sentence.

Washington said Williams can be rehabilitated and that his family, who was present in the courtroom, would be hurt by a death sentence.

But Rodriguez said Williams merits a death sentence because by not freeing the immigrants during the smuggling attempt, he intentionally committed an act of violence that put people at grave risk and caused their deaths.

Rodriguez said Williams' actions were done in a heinous and cruel manner that also put in danger the lives of the other immigrants trapped inside his trailer. More than 70 immigrants were stuffed inside the trailer.

Nineteen of the immigrants died of dehydration, overheating and suffocation after spending nearly four hours inside the oven-like container. Williams abandoned the trailer at a truck stop in Victoria, about 100 miles (160 kilometers) southwest of Houston.

Family members of the 19 victims are expected to testify during the punishment phase.

Williams is the only one of 14 people charged in the case who is facing the death penalty. In 2005, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury could not agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

An appeals court granted Williams a new trial after his conviction in 2005 because the jury could not agree on his role in the smuggling attempt.

Division I-A Minority Coaches Grows To Seven (USAT)

By Thomas O'toole

USA Today, January 3, 2007

Floyd Keith isn't ready to proclaim great strides when it comes to hiring minority head football coaches in NCAA Division I-A. But with two moves already this month, the executive director of the Black Coaches Association said Wednesday that he is encouraged by what is happening.

"At the end of the day I still have to wait and see where the numbers end up," he said. "With two I-A hires, that brings it to seven, which, if there is one more hire, would equal the most."

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Mario Cristobal, who is Cuban-American, was hired at Florida International, and Randy Shannon, who is African-American, was hired at Miami (Fla.). They join five other current I-A minority head coaches. In 1998 there were eight. As recently as the 2005 season there were three. Eighteen of the 119 jobs in I-A have opened this season, with all but three filled.

Keith's organization began issuing an annual report card on hiring practice in 2004 as a way to bring pressure on schools to at least consider minority candidates. The group also wants recruits and their families to consider a school's BCA grade before signing.

The grade emphasizes minorities brought into the interview process as well as those hired. The third report card, which grades individual schools, was issued in September.

Keith says anecdotally he is encouraged by "what I'm hearing about the numbers of interviews in the current process. But it still gets to, at the end of the day, who's being hired."

Mass. Lawmakers Vote On Gay Marriage (AP)

By Steve Leblanc

AP, January 3, 2007

In a suspense-filled final day of the legislative session, Massachusetts lawmakers kept alive a proposed constitutional amendment Tuesday that would put a stop to gay marriage in the only state that allows same-sex couples to wed.

The vote came after weeks of mounting legal and political pressure on legislators from both sides in the debate.

With a combination of parliamentary maneuvering, flip-flopping and brinksmanship, lawmakers gave the first round of approval necessary for the amendment to appear on the ballot in 2008. The measure still needs the endorsement of the next legislative session.

If the amendment makes it onto the ballot and residents approve it, it will leave Massachusetts' 8,000 existing gay marriages intact but ban any new ones.

"This is democracy in action. It's not a vengeance campaign. It's not a hate campaign. It's just an opportunity for the people to vote," said Kris Mineau of the Massachusetts Family Institute, a conservative group that opposes gay marriage.

If lawmakers had failed to act on the amendment Tuesday, the measure would have died, and opponents of gay marriage who collected 170,000 signatures to try to put the issue on the ballot would have had to start over again.

The pressure on lawmakers came from all sides: Gay rights activists and Democratic Gov.-elect Deval Patrick called on the Legislature to let the measure die without a vote. Gay rights opponents — and Massachusetts' highest court — demanded an up-or-down vote.

The state Supreme Judicial Court — the same court that ruled in 2003 that gays have a constitutional right to marry — declared last week that lawmakers had shirked their constitutional duties by refusing to vote on an amendment submitted by the people. But the justices acknowledged they had no authority to force action.

To advance to the next round, the amendment needed the approval of only 50 of the 200 members of the Legislature. On Tuesday, 61 lawmakers voted in favor, while 132 were opposed.

A few hours later, the lawmakers agreed to reconsider. But then they largely affirmed the original result, with 62 voting in favor of the amendment.

Earlier in the day, the governor-elect, who supports gay marriage, met with the leaders of the Democratic-controlled Legislature to argue against a vote, calling it a "question of conscience."

Patrick charged that the amendment process was being used to "consider reinserting discrimination into the constitution."

"This is not just another question for popular decision. This is a question, under the equal protection clause, about what freedoms the minority is entitled to," Patrick said.

Patrick takes the oath of office Thursday. His predecessor, Gov. Mitt Romney, a Republican who is considering a run for president, opposes gay marriage.

On Tuesday, crowds of gay marriage supporters and opponents returned to the Statehouse to press lawmakers on the issue.

Proponents of the amendment stood at the foot of the Statehouse steps with signs reading "Let the People Vote."

"Legislators are sent to Beacon Hill to vote on a matter, not to not vote on a matter," said one of the sign holders, Paul Ferro, 30.

Opponents of amendment stood on the opposite side of the street, in front of a Civil War memorial, with their own banners. "Let the people marry," read one.

A person on the pro-gay marriage side held a sign that read, "Start Acting Like Christians." An opponent of gay marriage yelled from across the street, "We are Christians, just like you!"

In November, seven states approved gay-marriage bans, joining 20 that had done so in previous elections.

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Other states are moving in the opposite direction: New Jersey's gay couples gained new rights last week when the state legalized same-sex civil unions there. Vermont and Connecticut also allow civil unions.

Same-Sex Marriage Setback In Massachusetts (NYT)

By Pam Belluck

The New York Times, January 3, 2007

BOSTON, Jan. 2 — Massachusetts, the only state where same-sex marriage is legal, took a first step toward possibly banning it Tuesday when legislators voted to advance a constitutional amendment defining marriage as the union between a man and a woman.

The amendment now requires the approval of at least 50 legislators in another vote in the 2007-8 session. Then it would be placed on the November 2008 ballot as a referendum question.

If it passed, the amendment would not invalidate the more than 8,000 same-sex marriages that have taken place since they became legal in May 2004. But it would prevent future marriages of gay men and lesbians.

"This is democracy in action," said Kris Mineau, president of the Massachusetts Family Institute, which sponsored the amendment. "It's giving people the opportunity to vote on the most essential institution in human existence — marriage."

Arline Isaacson, co-chairwoman of the Massachusetts Gay and Lesbian Political Caucus, choked back tears.

"The price that our children and families will pay is so severe that we simply have to recommit ourselves to fight this some more," she said.

The swiftness of the vote on Tuesday surprised people on both sides of the issue, taking place without any debate, just minutes after the constitutional convention had been gaveled into session. Proponents of the amendment needed just 50 of the legislature's 200 lawmakers to support it; the final vote was 61 in favor of the amendment and 132 opposed.

Later in the day, supporters of same-sex marriage persuaded lawmakers to reconsider the amendment, but the second vote, 62 to 134, only affirmed the results of the first.

National groups on both sides of the issue said they would commit resources to help advocates wage battle here. This past Election Day, the tide had seemed to be turning slightly in favor of supporters of same-sex marriage, with the defeat of an opposition amendment in Arizona and passage of seven others by slimmer margins than similar amendments in 2004.

Just two months ago, at an earlier constitutional convention, the legislature appeared to have essentially killed the proposal to allow a vote. During that session, legislators recessed without voting on the amendment, tabling it until Jan. 2, the last day of the legislative session. Both sides said they expected that lawmakers would then vote to end the session without taking up the measure.

But last week, the state's Supreme Judicial Court, which three years ago ruled that same-sex marriage should be legal, threw a wrench into things.

The court chided lawmakers for their maneuvers to avoid a vote on the amendment, saying the legislature had demonstrated "indifference to, or defiance of, its constitutional duties."

The court said it was not empowered to order the legislature to vote on the amendment, which petitioners, including Gov. Mitt Romney, had asked it to do. But the court's criticism appeared to be enough to make some lawmakers, including some supporters of same-sex marriage, decide to allow a vote.

"Certainly, the court ruling changed the atmosphere this week," said Mr. Mineau, whose organization had gathered a record 170,000 petition signatures to get the amendment before the legislature.

Ms. Isaacson said, "The S.J.C. decision really tipped the scales against us."

Tuesday's vote was considered a victory for Governor Romney, a Republican who has used his opposition to same-sex marriage as a conservative rallying point as he has laid the groundwork for an expected run for the presidency in 2008.

In a statement Tuesday, Mr. Romney called the marriage vote "a huge victory for the people of Massachusetts."

By contrast, the vote was something of a rebuke to the incoming governor, Deval L. Patrick, a supporter of same-sex marriage who on Thursday will be sworn in as the first Democrat to occupy the governor's office in 16 years. On Tuesday, before the constitutional convention, Mr. Patrick met with the House speaker and the Senate president, both Democrats, to urge them to find a way to defeat the amendment, even if it meant adjourning without voting on it.

"I believe that adults should be free to choose whom they wish to love and to marry," Mr. Patrick said, adding that he objected to using the constitutional amendment process "to give a minority fewer freedoms than the majority."

After the vote, Mr. Patrick said in a statement, "We have work to do over the next year to turn this around."

The new legislature taking office this month includes more supporters of same-sex marriage. But people on both sides of the issue said it was not clear if the balance had tipped enough to sideline the amendment.

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Ms. Isaacson and other gay rights activists have said that, should the initiative get on the 2008 ballot, they fear losing to an expensive campaign that would draw opponents from around the country. Polls in Massachusetts have generally found that just over half of the citizens surveyed supported same-sex marriage, but about the same number wanted the constitutional amendment to come before voters.

On Tuesday, scores of demonstrators lined the street outside the Statehouse and spilled into the building.

"I think it is going to get defeated next time around," said Lea Roy, 38, a supporter of same-sex marriage from Fitchburg who hopes to marry her girlfriend. "It's something you always dream about growing up — getting married. Then it's like, I'm gay and we're not allowed to get married."

But David Wilson, who, along with his partner, Rob Compton, was a plaintiff in the original lawsuit that legalized same-sex marriage, was less optimistic.

"It feels like the rug has been pulled out from under us," said Mr. Wilson, who has married Mr. Compton. "Maybe I'll feel better tomorrow, but today I feel like I've been shot."

Bea Martins, 63, an opponent of same-sex marriage from Fall River, said she was "very pleased" by the vote. As the initiative winds its way through the rest of the process, Ms. Martins said, "my counsel is we continue praying to the dear Lord for justice to be done."

Mass. Gay Marriage Law Contested (WP)

By Michael Powell And Robin Shulman

The Washington Post, January 3, 2007

Massachusetts legislators approved a measure yesterday that next year could allow voters to overturn a historic same-sex marriage law in the only state in the nation where such unions are legal.

A bitterly divided state legislature voted to advance a proposed amendment to the state constitution that defines marriage exclusively as a union between a man and a woman. If the measure survives another legislative vote, it will go on the statewide ballot in 2008, a presidential election year.

"It's in the best interests of children and society for marriage to be defined as between a man and woman," said Glen Lavy, a senior counsel with the Alliance Defense Fund, which strongly favors banning same-sex marriage. "The battle to preserve marriage in Massachusetts as between a man and a woman is alive and well."

Voters in 26 states have passed initiatives that effectively ban same-sex marriages. Voters in only one state -- Arizona -- have failed to approve such a ban.

Yesterday's vote fell like a hammer on gay-rights advocates, who have fought a half-decade-long war to gain the right to same-sex marriage in Massachusetts. In 2003 the Massachusetts Supreme Court ruled that same-sex couples have a right to marry, and 8,000 couples have since done so.

No gay or lesbian activist involved in this struggle tried to portray yesterday's action as anything but a setback.

"It's a profoundly disappointing vote," said Matt Foreman, executive director of the National Gay and Lesbian Task Force. "It's always wrong to put the rights of a minority up to a popular vote."

Only two years ago, Janet Lawn, 46, and her longtime partner, Maryann Chaisson, obtained a legal marriage. She recalls standing in their back yard as a Unitarian minister sounded the words: "By the power invested in me by the state of Massachusetts, I pronounce you married."

"The whole crowd erupted," Lawn recalled. "It was really wonderful on many levels having the dignity and respect to be able to say, 'I'm married.' "

And how does she feel now?

"Pretty awful," she says. "It's painful to have people think that it's okay to vote on the validity of my life and my marriage."

Both sides forecast a wrenching battle if the amendment goes on the ballot in 2008. The Catholic Church and various evangelical denominations have poured money and manpower into the effort. Outgoing Gov. Mitt Romney (R), a social conservative and a likely presidential candidate in 2008, has worked the telephones and has urged legislators to approve a vote on the proposed amendment.

"This is a huge victory for the people of Massachusetts," Romney said in a statement. "In a democracy, the voice of the people is sovereign."

It is by no means clear that Massachusetts voters will overturn the same-sex marriage law, even if they have the chance. In the last few years, a decided majority of state legislators -- and Gov.-elect Deval Patrick (D) -- have supported same-sex marriage and vowed to try to sink the proposed amendment in a legislative session later this year.

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A Boston Globe poll last year found that 56 percent of respondents said same-sex marriages should be allowed by law, a sharp increase from a year earlier. "It's going to be wrenching and divisive, but it's a fight the entire gay movement will take on," Foreman said.

Grounded in state law, yesterday's vote was a peculiar one. Once supporters obtain enough signatures, they send the proposed constitutional amendment to the legislature. Only 50 of the 185 legislators need to approve a proposed constitutional amendment in sessions in two consecutive years for it to be placed on the state ballot.

Sixty-two legislators wound up voting for the proposed amendment yesterday; 134 voted against it.

More than a few activists see a bitter battle ahead, and one that could resonate in a presidential election year. "The Republicans use gay marriage as an issue to mobilize their base," Foreman said. "But the reality is that marriage in Massachusetts hasn't caused the sky to fall. The Red Sox even won the World Series since then."

Same-sex 'Marriage' Measure Advances (WT)

By Cheryl Wetzstein

The Washington Times, January 3, 2007

Massachusetts lawmakers yesterday twice passed a proposed constitutional amendment to outlaw same-sex "marriage," bending to a recent court ruling that said they had a duty to vote on the measure.

The measure has to pass another joint legislative session before it can be placed on the November 2008 ballot, but yesterday's votes brought relief to supporters.

"Today's victory is about restoring the integrity and authority of the people's constitutional right to petition their government," said Kris Mineau, president of the Massachusetts Family Institute and spokesman for VoteOnMarriage.org, which led the 2005 petition drive that garnered 170,000 signatures in favor of the amendment.

The measure seeks to redefine marriage in Massachusetts as the union of one man and one woman, essentially ending homosexual "marriage" in the only state where it is legal. The amendment would not be retroactive, and would not affect the 8,764 same-sex couples who have "married" in the state, according to the Massachusetts Registry of Vital Records and Statistics.

The Massachusetts Supreme Judicial Court legalized homosexual "marriage" in November 2003 with its decision in the Goodridge v. Department of Public Health case. The nation's first legal same-sex "marriages" were performed in May 2004.

Homosexual rights activists expressed dismay with yesterday's votes.

It will be a disaster if the amendment goes to the ballot, said Arline Isaacson, a leader of the Massachusetts Gay and Lesbian Political Caucus.

"The state will endure one of the nastiest and most divisive debates you've ever seen with the radical-right money pouring in and an anti-gay campaign of the likes people could not possibly imagine," she said.

Gov.-elect Deval Patrick, a Democrat who will be sworn in this week, also decried the measure.

"I believe a vote to advance this question to the 2008 ballot is irresponsible and wrong," he said. "It would do nothing more than condemn us all to more years of debate and expense on a matter that is legally and practically settled."

The joint session yesterday was the final chance for a vote on the marriage amendment. Twice last year, Democratic leaders ended joint legislative sessions without voting on the measure, and a failure to vote yesterday would have effectively killed it.

When lawmakers sidestepped the issue in their November session, amendment supporters, including outgoing Gov. Mitt Romney, a Republican, took their grievance to the Massachusetts Supreme Judicial Court.

On Dec. 27, the court unanimously ruled that lawmakers have a constitutional duty to take yes-or-no votes on the merits of pending citizen-initiative amendments, although, the justices added, they did not have the power to force a vote.

Shortly after opening yesterday's joint session, state Senate President Robert E. Travaglini called for a vote on the amendment. Although the vote was 132-61, with the majority against the amendment, it won because it needed only 25 percent approval, or 50 out of 200 votes.

Lawmakers later agreed to reconsider the matter and took another vote in the late afternoon. That vote 134-62 also upheld the amendment.

"I'm very proud that we took a vote," said Democratic state Sen. Susan C. Tucker, an amendment opponent, said later. "I think we owed the people that. At the same time, I'm also equally proud of my 'no' vote," she added.

Crowds of homosexual "marriage" supporters and opponents held rallies outside the State House.

"Legislators are sent to Beacon Hill to vote on a matter, not to not vote on a matter," said Paul Ferro, 30, one of the many proponents with a sign reading "Let the People Vote."

Opponents of the amendment stood on the opposite side of the street with banners reading "Let the people marry."

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In November, voters in seven states approved constitutional amendments to define marriage as the union of one man and one woman, bringing the number of states with such amendments to 27.

This article is based in part on wire service reports.

ANTITRUST:

Qualcomm Under Scrutiny By Korean Antitrust Agency (NYT)

By CHOE SANG-HUN

The New York Times, January 3, 2007

SEOUL, South Korea, Jan. 2 — The South Korean antitrust agency has formed a task force to investigate the licensing and business practices of the wireless technology company Qualcomm, the latest in a string of legal battles for the company, officials said on Tuesday.

In Japan, Europe and the United States, Qualcomm, which is based in San Diego, faces accusations by rivals that it has abused its market dominance in wireless technology to demand excessive royalties and block fair competition.

Qualcomm is known for developing code-division multiple access, or CDMA, wireless technology, which is a rival standard to the global system for mobile communications, or GSM, technology. It makes money by selling chips that power cellphones, as well as collecting royalties or licensing its technology to other chip makers and cellphone manufacturers.

The creation of a task force, which is modeled after the one investigating antitrust complaints against Microsoft, means that the case in question merits a full-blown investigation, said Na Yang-ju, a spokesman for the South Korean antitrust watchdog agency, the Fair Trade Commission.

But commission officials also acknowledged that the case against Qualcomm was more complicated than they had expected. A year ago, the commission ruled that Microsoft was guilty of breaching fair trade rules, a decision the company is appealing.

"We have been investigating Qualcomm's case since last April but we have found it to be a complicated case where facts are difficult to establish," a commission investigator, Lee Seung-kyu, said.

South Korea is home to several leading mobile phone makers as well as smaller companies that provide technology and components. More than 80 percent of the country's 48 million people carry cellphones, all based on Qualcomm technology.

"Companies here have constantly complained about Qualcomm demanding too much royalty," said Kevin Lee, an industry analyst at Woori Investment and Securities in Seoul.

"The investigation can be seen as political pressure on Qualcomm to be more friendly toward South Korean companies which use its technology," Mr. Lee added.

Executives at the company said they had no comment because they had not yet received official queries from the Fair Trade Commission.

Investigators from the commission searched Qualcomm Korea's two offices in April, seeking data on Qualcomm's business dealings with Samsung, LG and Pantech.

Qualcomm Korea said it was standing by a statement issued in April by its parent that its "business practices are lawful and procompetitive."

The investigation into Qualcomm was set off last year by complaints from Nextreaming and Thin Multimedia, two South Korean companies that make software that allows cellphone users to download music, surf the Internet and display video over high-speed cellular networks.

Lim Il-tiek, president of Nextreaming, accused Qualcomm of undermining fair competition by bundling its multimedia software into its market-dominant cellphone chip sets.

Copyright Lawsuit Names Leading Technology Firms (NYT)

By JOHN MARKOFF And MIGUEL HELFT

The New York Times, January 3, 2007

SAN FRANCISCO, Jan. 2 — In 1997, Jonathan T. Taplin, a veteran film and television producer, stood up at a cable industry convention and asserted that in the future all movies would be distributed over the Internet. He recalls being laughed out of the room.

Mr. Taplin may laugh last. Online distribution of movies has arrived, at places like Apple Computer's iTunes Store. And even though Mr. Taplin's own video-on-demand company, Intertainer, shut down operations five years ago, it says it deserves some credit — and cash.

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Last week, Intertainer filed a broad lawsuit asserting that Apple, Google and Napster are infringing on a 2005 patent that covers the commercial distribution of audio and video over the Internet.

Founded by Mr. Taplin and two other Hollywood entertainment executives in 1996, Intertainer developed technology to distribute movies on demand through cable and phone lines for viewing on televisions and personal computers. It gained investors including Intel, Microsoft, Sony, NBC and Comcast.

"Intertainer was the leader of the idea of entertainment on demand over Internet platforms before Google was even thought up," said Mr. Taplin, now an adjunct professor at the Annenberg School for Communication at the University of Southern California. He and a secretary constitute the entire remaining staff of Intertainer.

Theodore Stevenson, a partner at McKool Smith, the Dallas firm representing Intertainer, said the company filed suit against Apple, Google and Napster because they were perceived as leaders in the market for digital downloads. He declined to specify the damages that Intertainer was seeking.

Apple, Google and Napster all declined to comment on the lawsuit.

Intertainer's tale is somewhat different than other intellectual property suits brought by technology licensing firms. By 2002 the company seemed to have a growing business, with 125,000 Internet subscribers for its servers and 35,000 TV subscribers through the Comcast cable system.

But in the fall of 2002, the company shut down its service and filed a lawsuit against some of the backers of Movielink, a competitor backed by five Hollywood studios, including Sony, Universal and Warner Brother. At the time Mr. Taplin said the studios were using Movielink as a price-fixing vehicle to kill Intertainer.

An antitrust investigation by the Justice Department into Movielink was dropped in 2004.

The studios settled the lawsuit last March for an undisclosed sum, and Mr. Taplin said in a phone interview Tuesday that Intertainer would henceforth pursue a patent licensing business.

The company holds nine patents, including United States Patent No. 6,925,469, which was issued in 2005 and is intended to cover the management and distribution of digital media from various suppliers.

Despite initial backing from Microsoft and Intel, Mr. Taplin said the two companies were not involved in the decision to bring the Apple, Google and Napster lawsuit. He said that decision was made by Intertainer's board and that none of his original corporate backers have board seats. Several of the company's original investors have taken patent licenses, he said, but he would not name the companies.

Despite the company's decision to file the case in a federal district court in Texas that has traditionally looked favorably on plaintiffs in patent lawsuits, several digital media experts said that Intertainer might have a difficult time enforcing its patent because of its relatively recent filing date, in 2001.

By that time, for example, Real Networks, the Seattle-based pioneer in streaming digital media, had begun a Internet subscription service for digital content.

Legal experts said it was difficult to handicap Intertainer's claims. "There are so many of these lawsuits nowadays," said Eric Goldman, director the High-Tech Law Institute at Santa Clara University School of Law. "It is hard to figure out which ones are a serious threat and which one are not."

Mr. Goldman also said it was unclear what specific technology or service was covered by the Intertainer patent.

"I have the same problem with this patent as so many of the patents of the dot-com boom days: I don't know what it means," Mr. Goldman said.

Mr. Stevenson, the Intertainer lawyer, said the patent covers a system that can be used by content owners to upload their content and used by consumers to download it. "It is pretty basic to the architecture of digital content delivery nowadays," he said.

Mr. Taplin, who once worked as a road manager for Bob Dylan and produced several movies including "Mean Streets," "The Last Waltz" and "To Die For," has a history of activism on technology issues. In 2002, he encouraged those attending a technology conference to urge the Federal Communications Commission to ensure that broadband providers would not be able to block specific Web sites — an early version of a hot-button issue that has become known as network neutrality.

Earlier that year, he testified before the Senate against legislation that would have forced high-tech manufacturers to incorporate technology to prevent piracy in their software and hardware.

Nucor Agrees To Buy Harris Steel Of Canada For $1.07 Billion (NYT)

The New York Times, January 3, 2007

CHARLOTTE, N.C., Jan. 2 (AP) — The Nucor Corporation, the maker of steel products, said Tuesday that it had agreed to acquire the Harris Steel Group of Canada for $1.07 billion.

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Nucor, which makes steel from recycled metal at its minimill operations across the United States, said the deal would broaden its geographic reach and give it opportunities to grow.

Nucor bid 46.25 Canadian dollars ($39.69) for each Harris Steel share, a 6 percent premium over the Friday closing price of 43.49 Canadian dollars ($37.32) for Harris shares on the Toronto Stock Exchange.

Harris also had 123 million Canadian dollars ($105.5 million) in debt at the end of September.

The tender offer will be open for at least 35 days and has the support of the boards of both companies, Nucor said.

The companies said John Harris, chairman and chief executive of Harris Steel, and other members of the Harris family and Paul Kelly, Harris Steel's president and chief operating officer, agreed to tender their shares to Nucor, giving Nucor more than 50 percent of Harris Steel shares.

The two companies already have a partnership that dates from 2004, when Nucor paid $21 million to acquire a 50 percent stake in Harris's 11 reinforcing-steel-products operations in the United States.

Harris, based in North York, Ontario, has 23 additional plants in Canada.

The deal requires regulatory approval in the United States and Canada. Nucor, which is based in Charlotte, plans to allow Harris Steel to operate as a separate, wholly owned subsidiary once the deal is completed.

Nucor, which has operations in 18 states, expects the acquisition to bolster earnings immediately.

Shares of Harris rose 2.55 Canadian dollars, to 46.04 Canadian dollars ($39.51) on Tuesday. The New York Stock Exchange was closed Tuesday because of the day of mourning for former President Gerald R. Ford.

Nucor Bets On Finished Steel (WSJ)

By Paul Glader

The Wall Street Journal, January 3, 2007

With its $1.07 billion acquisition of Harris Steel Group Inc. in Canada, Nucor Corp. is breaking from its nonunion tradition and offering a glimpse of where it sees growth in the steel industry.

The move by the Charlotte, N.C., steelmaker also answers a question that has followed Nucor and other steelmakers: where to invest sizable cash reserves from three years of strong steel prices? With this deal, Nucor shows it sees opportunity in finishing steel products for its customers and in distribution rather than adding steelmaking capacity.

The deal comes amid rising concern by some in the steel industry over the potential for raw steelmaking overcapacity. Nucor had said fourth-quarter earnings would be less than expected because of lower shipments and prices.

While many large steel companies are buying other primary steelmakers around the world, Nucor -- which had $1.69 billion in cash on its balance sheet in the third quarter -- is focusing its investment and growth largely in North America's manufacturing infrastructure. Nucor said it sees the construction market growing, with increasing demand for bridges, tunnels, airports and hospitals.

Harris -- which fabricates steel into reinforced steel bar, platform grating and wire mesh for construction products ranging from bridges to airports and stadiums -- serves that market. The move "significantly advances Nucor's downstream growth initiatives," said Nucor Chairman and Chief Executive Dan DiMicco.

In a big challenge for Nucor, about half of Harris's 3,000 employees belong to a mix of ironworker, auto-worker and steelworker unions. Nucor is famously nonunion. "It's definitely a stretch for Nucor, culturally," said Timna Tanners, a steel analyst in New York with UBS Research. "They haven't been quiet about their distaste for unions over the years."

Nucor has managed to keep its other operations nonunion by offering higher salaries and production incentives. But Ms. Tanners suggests the company doesn't have many nonunion options left in North America when it comes to acquisitions and expansions. "We understand that opportunity comes with unions," says Nucor Executive Vice President Hamilton Lott.

Nucor had a joint venture with Harris, which also makes cold-drawn bar products used to make farm machinery, power tools and auto parts, for the past three years and already owned a 50% stake in Harris's U.S. rebar-fabrication division, which produces concrete-reinforcing bar -- a round and ridged bar product used in construction.

To buy the remaining interest in Harris, Nucor has offered 46.25 Canadian dollars (US$39.67) a share, a 6.3% premium to Harris's Friday close of C$43.49 on the Toronto Stock Exchange. The offer has the support of both companies' boards. Harris will keep its name, as a Nucor subsidiary, and be led by current Chairman and CEO John Harris. The Harris board, however, will consist of three Nucor representatives and Mr. Harris.

Harris reported net income of C$25.62 million in the third quarter and C$63.5 million in the first nine months of 2006. Sales totaled C$387 million in the third quarter and C$1.08 billion in the first nine months of 2006.

Previously, the largest acquisition Nucor made was the 2002 purchase of Birmingham Steel for about $615 million. In past decades, Nucor grew by building new steel minimills and shunned acquisitions. But, in recent years, consolidation swept the

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global steel industry and brought new competitors such as minimill competitor Gerdau SA, of Brazil, which acquired numerous minimills in the U.S. Nucor, in turn, has been acquiring smaller steel minimill operations that have come up for sale.

Gerdau Ameristeel, the North American subsidiary of Gerdau SA, and Dallas-based Commercial Metals Inc. are large players that produce rebar and deliver and install the material on job sites. Reinforcing bar is the largest business segment for Harris Steel, and Nucor now has a similar method of producing steel and distributing it all the way to construction sites.

In Brief Seminoles Face Lawsuit Over Hard Rock Deal (WSJ)

The Wall Street Journal, January 3, 2007

Baltimore development firm Cordish Co. and affiliate Power Plant Entertainment LLC filed suit in Broward County Circuit Court in Florida, claiming the Seminole Tribe of Florida was able to buy the Hard Rock chain of cafes and casinos through collusion and bid rigging. The plaintiffs allege Hard Rock Cafe International Inc. management secretly negotiated with the Seminoles for seven months before plans to sell were announced in July. Power Plant, a partnership between Cordish and Coastal Development LLC, was the original developer of two Seminole Hard Rock casinos and hotels in Tampa and Hollywood, Florida. The Seminoles last month agreed to buy the chain for $965 million from the U.K.'s Rank Group PLC. In a statement, the Seminoles accused Cordish of being "a sore loser" and insisted the deal went through "a lengthy and open bidding process." They said the lawsuit "has no merit." Rank Group shareholders are scheduled Monday to vote on the sale.

Inquirer Begins Layoffs

The Philadelphia Inquirer began a round of long-expected layoffs amid a drop in circulation and ad revenue. In all, 68 newsroom employees were expected to be laid off, a company spokesman said. The Inquirer and the Philadelphia Daily News were purchased for $562 million by Philadelphia Media Holdings, an investment group led by Brian Tierney, a former advertising executive who is now the papers' chief executive and publisher. In November, Mr. Tierney announced that layoffs in the 415-worker newsroom were unavoidable. Layoffs aren't expected at the Daily News.

Starbucks Trims Fats

Starbucks Corp. is cutting trans fats from the doughnuts, muffins and other treats in half of its U.S. stores, and plans to eventually drop the artery-clogging fats from all company-operated U.S. coffeehouses. Spokesman Brandon Borrman said the Seattle company's standalone stores in Seattle, San Francisco, Chicago, Los Angeles, San Diego, Boston, New York, Philadelphia, Washington and Portland, Ore., will have no trans fats in their food as of today. In December, New York became the first American city to ban artificial trans fats in restaurants and eateries. With some exceptions, restaurants will be barred from using spreads and frying oils containing artificial trans fats by July 1.

Protecting Internet Democracy (NYT)

The New York Times, January 3, 2007

One of the big winners in the last election may turn out to be the principle, known as net neutrality, that Internet service providers should not be able to favor some content over others. Democrats who are moving into the majority in Congress — led by Ron Wyden in the Senate and Edward Markey in the House — say they plan to fight hard to pass a net neutrality bill, and we hope that they do. It is vital to preserve the Internet's role in promoting entrepreneurship and free expression.

Internet users now get access to any Web site on an equal basis. Foreign and domestic sites, big corporate home pages and little-guy blogs all show up on a user's screen in the same way when their addresses are typed into a browser. Anyone who puts up a Web page can broadcast it to the world.

Cable and telephone companies are talking, however, about creating a two-tiered Internet with a fast lane and a slow lane. Companies that pay hefty fees would have their Web pages delivered to Internet users in the current speedy fashion. Companies and individuals that do not would be relegated to the slow lane.

Creating these sorts of tiers would destroy the democratic quality of the Internet. Big, wealthy voices would start to overpower the smaller, poorer ones. Innovation would be threatened if start-ups and small companies could not afford the new fees. The next eBay or Google might never be born.

A net neutrality law would require cable and telephone companies to continue to provide Web sites to Internet users on an equal basis. Mr. Markey, of Massachusetts, will be taking over a key subcommittee that handles Internet issues. He has promised to hold hearings to educate Congress and the public, and to reintroduce his strong net neutrality bill. Mr. Wyden, of Oregon, plans to reintroduce an equally solid bill in the Senate.

Passing the legislation will not be easy. The cable and telephone companies have fought net neutrality with a lavishly financed and misleading lobbying campaign, because they stand to gain an enormous windfall. But there is growing support from individuals and groups across the political spectrum, from MoveOn.org to the Gun Owners of America, who worry about what will happen to their free speech if Internet service providers are allowed to pick and choose the traffic they carry.

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In the last week, there was a limited but important victory for net neutrality. As a condition of approving the AT&T-BellSouth merger, the Federal Communications Commission required AT&T to guarantee net neutrality on its broadband service for the next two years. The commission was right to extract this concession, but it should not be necessary to negotiate separate deals like this one. On the information superhighway, net neutrality should be a basic rule of the road.

ENVIRONMENT:

Dge To Decide Dispute Over Fort Reno Land (AP)

AP, January 3, 2007

EL RENO, Okla. — A federal judge in Washington will decide whether the federal government wrongfully took about 7,000 acres of land belonging to the Cheyenne-Arapaho Tribes of Oklahoma.

Attorneys for the Cheyenne-Arapaho filed an 18-page response on Friday to the government's motion to dismiss the tribes' lawsuit over the land. The tribes want to do oil exploration on the land and use it for development of retail, offices and possibly a casino, Cheyenne-Arapaho Gov. Darrell Flyingman said.

"It's valuable land," he said. "There's hundreds of oil and gas wells right around Fort Reno. That's one of the reasons they're trying to keep it."

In 1869, the Cheyenne-Arapaho were moved from Colorado onto 5 million acres west of Oklahoma City. Fourteen years later, a presidential order whittled 9,000 acres off their reservation to create Fort Reno. The tribes believe the land was to revert to them when the government no longer needed it for military purposes.

When the cavalry abandoned the post in 1908, it became a "remount station," where horses and mules were raised and trained for the military. When the remount station closed in 1954, the government announced the property would be set aside for possible military use.

James M. Upton, the Justice Department attorney representing the government, did not reply to messages seeking comment.

According to the government, which is seeking to dismiss the tribes' lawsuit, the Cheyenne-Arapaho claim on the land died in 1891, when the reservation was allotted and the tribes signed an agreement ceding the remaining 400,000 acres, which then were opened to non-Indian settlement.

The tribes say they never ceded the Fort Reno land and that the government remained bound to its promise to return it to them when no longer needed for military use.

"It's our land. We never gave it up," Flyingman said.

The tribes received 2 cents per acre in 1891, then $15 million more in 1965 after filing a lawsuit under the Indian Claims Commission Act, which was designed to correct past injustices in land dealings with Indian tribes.

The tribes say the payment covered the rest of the old reservation, excluding the Fort Reno land.

A bill in Congress, the Fort Reno Mineral Leasing Act, would've authorized the Agriculture Department secretary to open the land to oil and gas exploration.

The measure, co-sponsored by Sen. Jim Inhofe, R-Okla., died when the 109th Congress adjourned Dec. 9, but Flyingman suspects it will be re-introduced in the coming session.

"We have a big fight on our hands. We're taking on the Oklahoma delegation plus the oil companies," he said.

In a statement in November, Inhofe, said the measure "... allows USDA to lease the property, while at the same time allowing some of the funds from the leasing to be put toward renovating and maintaining the historic buildings at Fort Reno."

Since 1948, the U.S. Department of Agriculture has operated a research station at Fort Reno and hosted Historic Fort Reno, a nonprofit organization that runs the old fort as a historic site.

Should the tribes prevail, Flyingman said both will be invited to stay.

Feds Alter Timetable For Trial In Reactor Case (TOLB)

By Tom Henry, BLADE STAFF WRITER

Toledo Blade (OH), January 3, 2007

Davis-Besse trio charged with lying

Federal prosecutors veered off their timetable for having criminal charges against two former Davis-Besse engineers and a contractor heard in U.S. District Court by the end of this fall - partly because of the complexity of the case, and partly because of recent finger-pointing among the trio.

The case now may be split into at least two trials.

DOJ_NMG_0110649

Defendants Andrew Siemaszko, of Spring, Texas; David Geisen, of DePere, Wis., and Rodney N. Cook, of Millington, Tenn., face up to five years in prison and $250,000 in fines if convicted on charges of making false statements to a federal agency.

Mr. Siemaszko and Mr. Geisen are former Davis-Besse engineers. Mr. Cook is a contractor who had been associated with the Ottawa County nuclear plant for years.

Each is accused of jeopardizing northern Ohio's safety five years ago by lying about Davis-Besse's old reactor head when the Nuclear Regulatory Commission was debating whether the plant was too dangerous to keep operating in the fall of 2001.

Siemaszko

Zoom | Photo Reprints The NRC, based on what it learned in subsequent months, said acid melted so much steel off the massive lid that it nearly blew open and allowed radioactive steam to form in containment for the first time since the partial meltdown of Three Mile Island Unit 2 in 1979.

The agency ultimately said there's no question FirstEnergy Corp., in hindsight, should have shut down the plant at least six weeks earlier than it did on Feb. 16, 2002.

Sometime early this year, Judge David Katz of U.S. District Court in Toledo is expected to hear arguments about keeping the case as one trial or splitting it into two.

U.S. Department of Justice attorneys want one trial. Mr. Siemaszko's attorneys have asked for their case to be heard separately from Mr. Geisen and Mr. Cook, and vice versa.

All defendants claim in separate filings that the government's case centers around five letters that FirstEnergy sent to the NRC in the fall of 2001.

None of the three defendants signed the letters. But all are alleged to have helped prepare or approve the information in them.

Based on conflicting information about their roles, a jury "could disbelieve all three of the defendants but, if tried together, it cannot believe all three defendants," a brief from the Siemaszko defense team said.

It claims "his former colleagues are now severely antagonistic towards him and accuse him of providing them the information submitted and upon which they relied."

A brief from the attorneys representing Mr. Geisen and Mr. Cook said their clients have likewise been victims of antagonistic behavior on the part of Mr. Siemaszko, and claim that statements he has made about them to investigators are false.

Chuck Boss, a Maumee attorney and part of Mr. Siemaszko's defense team, said he believes his client's case would go first if the judge grants two trials.

"The defenses of these people are diametrically opposed to one another. They're 180 degrees apart." Chuck Boss, a Maumee attorney on Andrew Siemaszko's defense team Mr. Siemaszko has been held up as a whistle-blower by the Union of Concerned Scientists and Ohio Citizen Action.

Both groups maintain that he is being punished for trying to shed light on Davis-Besse's problems.

In September, Mr. Siemaszko sued FirstEnergy for wrongful termination and breach of contract in Ottawa County Commons Pleas Court. That case also is pending.

Federal court records claim both sides believe neither can get a fair trial if the criminal cases are heard together. Jury selection for a single trial has been tentatively scheduled for April 16, although that date is subject to change if two trials are granted.

Mr. Siemaszko's attorneys also are trying to subpoena FirstEnergy computer records that they consider vital to his defense.

Cynthia Magnuson, Justice Department spokesman, last week reiterated the government's policy of declining comment on pending litigation.

Mr. Geisen's attorney, Richard Hibey, of Washington, had little to say beyond acknowledging that motions are to be heard. Mr. Cook's attorney, John Conroy, also of Washington, could not be reached for comment.

Last January, FirstEnergy Corp. was handed a $28 million fine, the largest in U.S. nuclear history, for its corporate role in covering up evidence about Davis-Besse's old reactor head.

Indictments were announced the same day against the trio. They are the only current or former employees to be charged. Federal prosecutors said at the time they expected either to get pleas from the three defendants or have their cases heard by late fall 2006.

The government wound up asking for more time. It cited the complexity of the case and its 20,000-plus documents.

Bush Tipped To Talk Tough On Energy But Snub Kyoto (FT)

By Caroline Daniel

Financial Times, January 3, 2007

Energy will be a central theme of President George W. Bush's state of the union speech this month, as it was in last year's address when he briefly caught national attention with the claim that the country was "addicted to oil".

But his critics doubt that he will do much more than call for more spending on alternative fuels, and again fail to embrace international efforts to agree a post-Kyoto regime to tackle greenhouse emissions.

"We've had the hydrogen economy, then alternative fuels, and 'addicted to oil'," said a senior industry lobbyist. "Yet on close Senate votes, such as drilling in the Arctic National Wildlife Refuge, he has not put his prestige on the line by making personal calls. Energy policy has been the creation of Congress. Almost anything Bush says in the speech is irrelevant the day after he says it."

The administration rejects that, with one senior official noting: "It's a lot more than rhetorical: what was done with the 2005 act was substantial." Mr Bush has identified energy as a key area for bipartisan co-operation in the next two years.

Al Hubbard, chairman of the National Economic Council, who is co-ordinating White House energy policy, has also raised expectations. In a speech at De Pauw University he predicted "headlines above the fold that will knock your socks off in terms of our commitment to energy independence".

"One of the challenges is how they differentiate themselves from last year," warned Spencer Abraham, energy secretary in Mr Bush's first term. "You have had a big commitment to hydrogen and to ethanol. We thought $1.7bn over five years on hydrogen was big bucks but it was seen as insufficient by our critics. Maybe $10bn is enough to get attention. But the question is whether it is actually implemented by Congress."

Current and former administration officials admit that the $2bn announced last year in loan guarantees for alternative fuels, such as clean coal technologies, has been snarled in bureaucracy. The deadline for applications has now been extended.

Growing concern from US executives was underscored in the report last month from the Energy Security Leadership Council, a high-profile group of executives and retired generals. They called for increasing the supply of domestic oil but also giving more attention to energy efficiency, notably raising Corporate Average Fuel Economy standards, designed to improve vehicle fuel efficiency by 4 per cent annually.

The latter would be popular. According to a recent Wall Street Journal poll, 74 per cent of Republicans would support higher standards even if it increased vehicle prices. A Democratic aide on the House energy committee said: "Doing something meaningful on vehicle fuel efficiency would be a major step forward for this administration."

Robert Hormats, vice-chairman at Goldman Sachs and a leadership council member, briefed senior White House officials, including Mr Hubbard, on the report. "Discussion was most extensive in alternative sources of energy and the idea of additional drilling," he said. "There was some discussion of Cafe standards, but the point was if they prove to be technologically undoable, they are harmful."

Another participant at the meeting said: "It was not just a courtesy meeting. They were most interested in the specifics and why 4 per cent was chosen as an annual increase, and whether the group would seriously engage or go back to running their companies."

Mr Hormats told the Financial Times that he would like to see Mr Bush create a commission, using the council as a prototype, "with both financial and military people to develop critical mass to address this issue, like Alan Greenspan did in 1983 with social security."

There is some optimism that the White House could move on Cafe standards. David Conover, director of the US Climate Change Technology Programme until February, said: "It is conceivable that he could endorse a set of principles giving him administrative flexibility to set Cafe standards, but more likely it will be a call on Congress to respond to his 10-month request to strengthen standards."

Such a move could bolster Mr Bush's credibility on energy but would face a difficult vote in Congress, given the lobbying power of car makers and the fact that John Dingell, who represents Detroit, will chair the House energy committee. In December Bob Lutz, vice-chairman of General Motors, warned that changing the standards would in effect "hand the truck and SUV market over to the imports, particularly the Japanese".

There are fewer hopes of an administration shift on climate change. In spite of pressure from leaders such as Tony Blair, the British prime minister, senior officials resist deeper engagement on limiting greenhouse gas emissions after the Kyoto protocol ends in 2012, and remain privately dismissive of the conclusions in the British Stern report on global warming, which called for 1 per cent of gross domestic product to be spent on fighting climate change.

US Reliance On Opec Highest In 15 Years (FT)

By Ed Crooks And Javier Blas

Financial Times, January 3, 2007

DOJ_NMG_0110651

US dependence on the Organisation of Petroleum Exporting Countries for its oil imports has risen to its highest level in 15 years, following Angola's arrival this week as the 12th member of the oil producers' group.

Angola's entry was agreed at the Opec meeting in Abuja, Nigeria, last month, and was formalised on Monday. The African country is the first new member to join the oil cartel since 1975.

The move comes at a time when Opec is trying to exert more influence, as seen in its decision at the December meeting to cut 500,000 barrels a day from its output from February.

Including Angola, Opec now supplies more than 54 per cent of the oil imports of the developed countries, its highest level for five years. For the US, the increase is even sharper: at more than 52 per cent, Opec's share of US oil imports is at its highest since 1992.

Angola is particularly significant because it is one of the fastest-growing producers. Reasonable projections suggested it would have provided about a quarter of the total increase in non-Opec oil production this year.

Important new fields developed by Total of France, Chevron and Exxon Mobil of the US, and BP of the UK are either just coming on stream or are expected to begin producing in the next couple of years. That is helping to lift Angola's production from about 1.45m b/d towards the end of last year to an expected 2m b/d by the end of this year. The World Bank expects production to peak at 2.6m b/d in 2011 – more than the current output of Nigeria, Africa's biggest producer.

However, Angola's entry into Opec is unlikely to have much impact on the price of oil. It has yet to agree a production limit with the group, and Opec officials have suggested that its planned production increase is likely to be accommodated by the group. As a result, the global balance of supply and demand is not expected to change. As one Opec official put it: "It is just a question of moving Angola's production from one column into the other."

Edward Morse, chief energy economist of Lehman Brothers, suggested Angola's entry could cause problems for the group.

"For Opec it implies greater overall market share for the producer group, but at the cost of uncertainty over Angola's eventual compliance with a quota that has as yet to be assigned. It certainly makes Saudi efforts to control the group's overall production more tenuous."

Mr Morse added that maintaining discipline could be more difficult because Angola had a record of paying "lip service only" to production agreements.

That assessment was echoed by Rafael Morais, an Angolan freelance journalist, who suggested that the government could want to join Opec for "a kind of cartel's protection, leverage and a sort of club's prestige" while not necessarily wanting to abide by all its rules.

He said: "It can join Opec and still produce as much as it wants and sell at pleasure through non-transparent channels. It's like having the cake and eating it too."

Gansler Vows 'All-Out Assault' On Bay Polluters (WP)

By Eric Rich

The Washington Post, January 3, 2007

Douglas F. Gansler, Montgomery County's longtime prosecutor, pledged an "all-out assault" on those who pollute the Chesapeake Bay as he was sworn into office yesterday as Maryland's first new attorney general in two decades.

In the Senate's marbled chamber in Annapolis, where the outgoing Republican governor administered the oath of office, Gansler, a Democrat, ticked off a list of the estuary's environmental woes. He cited swimming bans at Sandy Point State Park in Annapolis and declining oyster harvests, saying, "Some fish don't even know if they're boys or girls anymore -- it's gotten that bad.

"We're going to wage an all-out assault on those who pollute our air and water," Gansler said.

The pledges echoed campaign promises that helped carry Gansler to a comfortable victory in November in his bid to fill the seat left vacant by J. Joseph Curran Jr., a fellow Democrat who, after two decades as the state's chief legal officer, decided not to run for another term.

Gansler, 44, had been Montgomery state's attorney since 1998. He drew attention last year by winning convictions against John Allen Muhammad and Lee Boyd Malvo, the snipers who terrorized the region in 2002.

Despite the dire proclamations about the health of the bay, yesterday's ceremony in many respects had the feeling of a family affair. Gansler spoke of his wife, Laura, and their two sons, who, he jokingly said, did not understand the concept of spending $2 million to win a job that pays $125,000 a year.

The ceremony was emceed by Gansler's father, an undersecretary of defense in the Clinton administration, who shares his son's gift for ease with public speaking.

"Tell a joke," Gansler called out to his father as the crowd waited for Gov. Robert L. Ehrlich Jr. to arrive.

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Jacques S. Gansler did not exactly tell a joke, but laughter rippled across the chamber as he spoke of his efforts years ago at the Pentagon to start meetings on time. The elder Gansler spoke of close media scrutiny -- "abuse from the press," he called it -- and said public service is often not rewarding.

"I'm so pleased that my son's willing to take that kind of responsibility on," he said.

Ehrlich, who leaves office this month, arrived a moment later to administer the oath to Gansler. Afterward, Gansler and the governor shared a hug and patted each other on the back.

In his address, Gansler said he was "very, very, very honored" that Ehrlich participated in the ceremony. "I look forward to being your lawyer for the next two weeks," Gansler told the governor.

Gansler also paid tribute to Curran, whom he described as a "wonderful person" of uncommon popularity. "Nobody can serve 48 years in public service and be beloved as he is," Gansler told Curran.

Curran, who praised Gansler, said that he is not sure what he will do next but that he has been approached about leading the Injured Workers' Insurance Fund, a quasi-state agency whose director stepped down last week. "As one door shuts, another one opens," Curran said.

With its staff of 420 lawyers, the attorney general's office acts as the legal counsel to many institutions of state government. It also represents the government in all cases in state and federal appellate courts. In addition, it has the power to prosecute a range of criminal activity, including white-collar crimes, health-care fraud and multi-jurisdictional crimes.

Gansler has promised to take an "activist approach" to the job. In addition to standard fare such as consumer protection and antitrust matters, he said in an interview that he plans to push legislators to enact a racketeering law that would give state prosecutors powers similar to those that federal prosecutors have used to fight gangs.

He said he will also establish an antigang task force that could work with local state's attorneys on those cases, which generally involve multiple defendants and are resource-intensive.

On the environment, Gansler singled out coal-burning power plants, saying that they tend to be in less-affluent areas and are responsible for respiratory ailments that disproportionately affect African Americans.

In an approach that underscores his pledge to use the power of his office in innovative ways, Gansler said the prevalence of those ailments should be viewed as a civil rights issue, one that could presumably be addressed in court.

Gansler, whose election has also been seen as emblematic of the diffusion of political power once centralized in Baltimore, said he will move one division of the office, fewer than 20 lawyers, to a location not yet selected in the Washington suburbs.

As Costs Of Wildfires Grow, So Does A Question: Who Should Pay? (NYT)

By Kirk Johnson

The New York Times, January 3, 2007

DENVER, Jan. 2 — The steeply rising cost of preventing and suppressing wildfires, which burned more of the American landscape in 2006 than in any other year since at least 1960, is creating a rift between Washington and state and local governments over how the burden ought to be shouldered.

The scorched landscape adjoining a residential development near Los Angeles bears witness to a fire last month that gutted five houses.

A study issued in November by the inspector general's office of the United States Department of Agriculture, the parent agency of the Forest Service, said the nature of the wildfire threat was changing as private homes and communities pushed ever closer to the boundaries of once-remote public lands. Those communities and landowners, rather than federal taxpayers, should have to pay for more of their own fire protection, the report concluded.

States and local governments are gearing up to fight back in Congress, arguing that decades of federal mismanagement of national forests and open spaces, not development, created the threat and that little communities with few resources are neither responsible for it nor equipped to make a difference.

The pattern of wildfire distribution during the recently ended fire season, which charred more than 9.8 million acres, supports either side. According to federal statistics, more state, county and private lands burned than in any other year since 1997 — about half the total 2006 losses — primarily because of monstrous blazes in Oklahoma, in Texas and across the Upper Plains, regions where most property is privately owned.

That finding, though also driven by broader factors like drought and heat that have little to do with residential development in fire-prone areas, supports the federal contention that the government has had to shift an increasingly large share of its resources from the task of protecting its own forests to firefighting elsewhere.

In some places, though, the issue is more complex. In Stillwater County, Mont., north of Yellowstone National Park, for example, the small, long-established towns of Nye and Fishtail are bordered on two sides by national forest. In early July, the first

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of two huge fires erupted in the forest and roared into those communities, where 100,000 acres of mostly private land and 32 homes were burned. The blaze was the worst in the county's history, local officials say.

"The forest is very dry and primed for fires started by lightning, and when that occurs in a forest not managed as well as it could have been, it soon gets out of control and meets the community," said Ken Mesch, the Stillwater County disaster and emergency services coordinator. "If the federal government started pulling back money for fire suppression, they would be hanging us out to dry."

Federal land managers say protection of private land at the boundaries of public space — called the wildland-urban interface — is the fastest-growing component of the nation's firefighting budget. In 2003 and 2004, the inspector general's report estimated, the Forest Service spent at least half a billion dollars, and perhaps as much as a billion, protecting private property in such areas.

The trend is similar at the Interior Department, which oversees hundreds of millions of acres of public lands in the West through the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service. Fire prevention activities — controlled fires or thinning of burnable vegetation — have shifted there toward the interface lands, said Lynn Scarlett, deputy interior secretary.

Ms. Scarlett said that almost half the 1.1 million acres treated by the Interior Department for fire-risk reduction in 2006 were in interface zones, about double the proportion as recently as 2002. She said her department, too, was considering that it demand increased cost-sharing by state and local governments, though she emphasized that any outcome would have to be collaborative.

"One of the last things you want in an emergency is people squabbling over who's going to pay," she said.

The report from the Agriculture Department's inspector general said a major problem was simply the weight of accumulated assumptions: fire response in the West has long meant federal authorities' riding to the rescue, with no questions asked and no cost too great to bear.

"Public expectations and uncertainties about protection responsibilities," the report said, "compel the Forest Service to suppress fires aggressively and at great expense when private property is at risk, even when fires pose little threat to National Forest system land."

About 8.5 million homes were built at the wildland-urban interface within the interior West in the 1990s alone, according to the Forest Service. But state and local officials say they already pay their share to protect those communities and homeowners, partly because the residential growth has coincided with years of federal budget cuts. Arizona, for instance, now has 12 to 14 air tanker firefighting aircraft under contract, up from 2 to 4 in 2005, as a result of reduced federal spending on tankers, said Lori Faeth, a policy adviser to Gov. Janet Napolitano.

"Our forests are in the condition they are because of poor federal management," Ms. Faeth said. "They've put us in this position, and they have the responsibility to pay for it."

The Forest Service's director of fire and aviation management, Tom Harbour, said the agency would follow up on the inspector general's recommendations. "We're not going to walk away," Mr. Harbour said, "but we will engage in a vigorous debate with our partners about the right way to split the pie."

Still, money is only part of the issue, he said. Communities and developers in the West should be thinking in new ways as well, he said, including the use of fire-wise construction techniques and preparedness plans that involve residents in their own defense even before fires start.

Many land experts say hardly anyone is addressing the most tangled and emotional question raised by the debate: how much or how little voice federal land managers should have in land-use decisions.

"Thinking through in advance the fire implications of a new subdivision next to a national forest boundary — that doesn't happen," said James L. Caswell, administrator of the Idaho Office of Species Conservation.

Given the property rights issue and the tension between local governments and Washington that has shaped the West's culture for the last century, a system of planning that allows federal officials veto power would seem unlikely.

Mr. Caswell said better planning must be part of the solution. "A thousand houses next to a boundary could overwhelm all the other cost-control issues," he said.

"But," he added, "that's a very emotional topic, so it's really hard to deal with."

Hurricane Expert Mayfield Warns Of Potential Disaster (LAT)

By Carol J. Williams

The Los Angeles Times, January 3, 2007

DOJ_NMG_0110654

MIAMI, Florida — Frustrated with people and politicians who refuse to listen or learn, National Hurricane Center chief Max Mayfield ends his 34-year government career tomorrow in search of a new platform for getting his unwelcome message: Hurricane Katrina was nothing compared to The Big One yet to come.

Mayfield, 58, leaves his high-profile job with the National Weather Service more convinced than ever that U.S. residents of the Southeast are risking unprecedented tragedy by continuing to build vulnerable homes in the tropical storm zone and failing to plan escape routes.

He pointed to the 7 million coastal residents of southern Florida.

"We're eventually going to get a strong enough storm in a densely populated area to have a major disaster," he said. "I know people don't want to hear this, and I'm generally a very positive person, but we're setting ourselves up for this major disaster."

More than 1,300 deaths across the Gulf Coast were attributed to Hurricane Katrina, the worst human toll from a weather event in the United States since the 1920s.

But Mayfield warns that 10 times as many fatalities could occur in what he sees as an inevitable strike by a killer storm during the current highly active hurricane cycle, which is expected to last another 10 to 20 years.

His apocalyptic vision of tens of thousands dead and millions homeless is a different side of the persona he established as head of the hurricane center.

Mayfield attained national celebrity status during the tempestuous 2004 and 2005 seasons, appearing on network television with hourly updates as hurricanes Charley, Ivan, Frances and Wilma bore down on the Caribbean and the U.S. Southeast. His calm demeanor and avuncular sincerity endeared him to millions of TV viewers seeking survival guidance.

And he argues that his own dire predictions don't have to become reality.

The technology exists to build high-rise buildings capable of withstanding hurricane-force winds and tropical storm surge even more powerful than experienced in the past few years. Much of Hong Kong's architecture has been built to survive typhoons, and hotels and apartments built in Kobe, Japan, after a 1995 earthquake devastated the city are touted as indestructible, he said.

What is lacking in the United States is the political will to make and impose hard decisions on building codes and land use in the face of resistance from the influential building industry and a public still willing to gamble that the big one will never hit, he said.

"It's good for the tax base" to allow developers to put up buildings on the coastline, Mayfield said in explaining politicians' reluctance to deter housing projects that expose residents to storm risks.

"I don't want the builders to get mad at me," he said, "but the building industry strongly opposes improvement in building codes."

Consumers also have yet to demand sturdier construction, Mayfield added. A builder gets a better return on investment in upgraded carpet and appliances than for safety features above and beyond most states' minimal requirements, he said.

As a senior civil servant, Mayfield was prohibited from making job inquiries in the private sector while still in the government's employ. But he said on Tuesday, his last day in office, that he hopes to launch a second career as a consultant in emergency planning and disaster response. He has particular interest in a potential public-private initiative to mine natural disaster scenes for their educational value.

He envisions a natural disaster assessment service equivalent to the National Transportation Safety Board that probes the causes and consequences of aviation and other transport accidents.

Mayfield said he is also pondering collaboration with advocates of tougher building standards and land use regulations.

One particularly disturbing statistic he cites is that even after the devastating hurricane seasons of 2004 and 2005, fewer than 50 percent of those living in storm-prone areas make plans for evacuating in the event of an approaching hurricane.

While he has been critical off the Federal Emergency Management Agency in its response to Katrina's devastation of New Orleans, he warns against depending too heavily on the federal government after natural disasters.

"You don't want the federal government to be your first-responders," he said. "The government can't do everything for people and it shouldn't or else you create a culture of dependence."

Mayfield praises the Florida state government for a well-oiled disaster response program and steps toward improving building safety, in contrast with other states along the Gulf of Mexico that he says still have no statewide building standards.

At the hurricane center on the Florida International University campus, Mayfield will be succeeded by Bill Proenza, the National Weather Service's director for the southern region.

Though Mayfield's name and face recognition are the envy of some presidential hopefuls, he laughs out loud at the notion of running for office.

"Oh, good gosh, no! That is just not my thing," he says.

At the hurricane center on the Florida International University campus, Mayfield will be succeeded by Bill Proenza, the National Weather Service's director for the Southern region. Home to 77 million, the region has "the most active and severe weather in the world," according to the weather service's parent agency, the National Oceanic and Atmospheric Administration.

Proenza, 62, began his meteorological career at the Miami office as an intern in 1963. As director of 50 regional offices and 1,000 employees in the Southern region for the last eight years, he has long experience collaborating with the hurricane center staff on forecasts and tracking.

"That's why I don't have any problem walking out the door," said Mayfield, declaring himself fearful that the mild 2006 hurricane season left those in the storm zone ever more complacent.

Polar Bear Politics (WSJ)

The Wall Street Journal, January 3, 2007

Unless you've been hibernating for the winter, you have no doubt heard the many alarms about global warming. Now even the Bush Administration is getting into the act, at least judging from last week's decision by Interior Secretary Dirk Kempthorne to recommend that the majestic polar bear be listed as "threatened" under the Endangered Species Act. The closer you inspect this decision, however, the more it looks like the triumph of politics over science.

"We are concerned," said Mr. Kempthorne, that "the polar bears' habitat may literally be melting" due to warmer Arctic temperatures. However, when we called Interior spokesman Hugh Vickery for some elaboration, he was a lot less categorical, even a tad defensive. The "endangered" designation is based less on the actual number of bears in Alaska than on "projections into the future," Mr. Vickery said, adding that these "projection models" are "tricky business."

Apparently so, because there are in fact more polar bears in the world now than there were 40 years ago, as the nearby chart shows. The main threat to polar bears in recent decades has been from hunting, with estimates as low as 5,000 to 10,000 bears in the 1950s and 1960s. But thanks to conservation efforts, and some cross-border cooperation among the U.S., Canada and Russia, the best estimate today is that the polar bear population is 20,000 to 25,000.

It also turns out that most of the alarm over the polar bear's future stems from a single, peer-reviewed study, which found that the bear population had declined by some 250, or 25%, in Western Hudson Bay in the last decade. But the polar bear's range is far more extensive than Hudson Bay. A 2002 U.S. Geological Survey of wildlife in the Arctic Refuge Coastal Plain concluded that the ice bear populations "may now be near historic highs." One of the leading experts on the polar bear, Mitchell Taylor, the manager of wildlife resources for the Nunavut territory in Canada, has found that the Canadian polar bear population has actually increased by 25% -- to 15,000 from 12,000 over the past decade. * * *

Mr. Taylor tells us that in many parts of Canada, "polar bears are very abundant and productive. In some areas, they are overly abundant. I understand that people not living in the North generally have difficulty grasping the concept of too many polar bears, but those who live here have a pretty good grasp of what that is like." Those cuddly white bears are the Earth's largest land carnivores.

There is no doubt that higher temperatures threaten polar bear habitat by melting sea ice. Mr. Kempthorne also says he had little choice because the threshold for triggering a study under the Endangered Species Act is low. The Bush Administration was sued by the usual environmental suspects to make this decision, which means that Interior will now conduct a year-long review before any formal listing decision is made.

Nonetheless, the bears seem to have survived despite many other severe warming and cooling periods over the last few thousands of years. Polar bears are also protected from poaching and environmental damage by the Marine Mammal Protection Act, so there is little extra advantage to the bears themselves from an "endangered" classification.

All of which suggests that the real story here is a human one, namely about the politics of global warming. Once a plant or animal is listed under the Endangered Species Act, the government must also come up with an elaborate plan to protect its habitat. If the polar bear is endangered by warmer temperatures, then the environmentalist demand will be that the government do something to address that climate change. Faster than you can say Al Gore, this would lead to lawsuits and cries in Congress demanding federal mandates to reduce greenhouse gas emissions.

Think we're exaggerating? No sooner had Mr. Kempthorne announced his study than Kassie Siegel of something called the Center for Biological Diversity told the New York Times that "even this Administration" would not be able to "write this proposal without acknowledging that the primary threat to polar bears is global warming and without acknowledging the science of global warming." Her outfit was one of those who had sued the feds in the first place over the polar bears, notwithstanding its location in the frozen tundra of Arizona. But no matter. For want of a few hundred polar bears, the entire U.S. economy could be vulnerable to judicial dictation. * * *

With that much at stake, Mr. Kempthorne could have shown a stiffer backbone in resisting this political pressure. At the very least he now has an obligation to ensure that Interior's year-long study be based on real science and the actual polar bear

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population, rather than rely on computer projections. Any government decision to limit greenhouse gases deserves to be debated in the open, where the public can understand the consequences, not legislated by the back door via the Endangered Species Act.

A Light Bulb Goes On (NYT)

The New York Times, January 3, 2007

Bad habits can be hard to break. So it's great news that Wal-Mart is putting its considerable heft behind one of the easiest ways to reduce energy consumption and the production of global-warming gases: the corkscrew-shaped light bulbs of the future.

Light bulbs don't have tailpipes to remind us that their use adds to pollution. But more than half of the nation's electricity comes from coal-burning plants. Switching from familiar bulbs to longer-lasting, energy-saving compact fluorescent lamps makes sense economically and environmentally.

As Michael Barbaro reported in The Times yesterday, Wal-Mart is pushing to sell 100 million compact fluorescents a year. Because they use 75 percent less electricity, that would save customers $3 billion on their electricity bills and save the world from 20 million metric tons of greenhouse gases.

But it will also take a lot of work to persuade consumers to make the change. There's the strange shape and the general lack of familiarity, of course, but probably the biggest impediment is that while the bulbs are cheaper to use, they cost more to buy. Compact fluorescents are often eight times more expensive, but each one saves consumers $30 over its lifespan because they last longer and use less electricity. It's a quirk of our human brains that people generally have a hard time paying more for something today even if it's a better deal in the long run. That will take some work to overcome.

The poorest consumers — those who are behind on their bills and living paycheck to paycheck — may not be able to absorb the extra cost upfront. Every effort should be made to get the bulbs for those who need them most, including expanding programs to distribute them to recipients of energy-assistance programs for the poor.

FBI/DEA/ATF/USMS:

Defense Keys On 'Coercive Tactics' (TT)

Tampa Tribune, January 3, 2007

TAMPA - Scott Schweickert's defense is asking a judge to block the prosecution from introducing at trial Schweickert's statements about how he helped Steven Lorenzo drug, sexually torture and kill two men.

Defense attorney Pedro Amador argues in court papers that Schweickert's statements "were made as a result of coercive tactics employed by government agents."

Schweickert was not given a lawyer during several interviews, even though he "requested a lawyer from his first contact with law enforcement," Amador wrote.

Schweickert faces a federal trial next week on charges of conspiracy and drug facilitated crimes of violence. Lorenzo is serving 200 years in federal prison on charges he drugged and sexually tortured nine men, including the two victims authorities say Lorenzo and Schweickert killed: Jason Galehouse and Michael Wachholtz.

According to an arrest affidavit filed at the time of Schweickert's arrest in May 2005, Schweickert was interviewed by U.S. Drug Enforcement Administration Agent Scott A. Albrecht and other detectives on May 10 and 19 in 2005, after being advised of his Miranda rights.

According to the affidavit, Schweickert told investigators that he and Lorenzo met online and struck up a conversation about their mutual interest in dominant sexual activities. Although Schweickert said that a majority of the chats about violence, abduction and drug use were pure fantasy, he said some of the fantasies became reality in 2003.

That Dec. 19, Schweickert told detectives, he and Lorenzo met Galehouse at the nightclub 2606. Galehouse accompanied the two to Lorenzo's house. Later, Schweickert told detectives, he helped subdue a struggling Galehouse, who went limp and died. Schweickert told investigators he helped Lorenzo dismember and dispose of Galehouse's body.

The next night, Schweickert told detectives, he and Lorenzo returned to 2606, where they met Wachholtz, who also went with them to Lorenzo's house. Schweickert said he helped subdue Wachholtz while Lorenzo administered ether. During a struggle, Wachholtz died, and Schweickert helped dispose of the body, he said.

Amador wrote in his motion that Schweickert also was interrogated on Nov. 2, 2004, during a search of his Peru, Ill., home. According to the motion, Schweickert was handcuffed and questioned without his rights being read to him. During the interrogation, he was read his rights and then requested a lawyer.

The interrogation was stopped, and Schweickert was never provided a lawyer, Amador wrote.

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Schweickert was subpoenaed to testify before a grand jury in Tampa on May 10, 2005, Amador wrote. Upon arriving in Tampa, Schweickert requested a lawyer, Amador wrote, but was told he was not entitled to one. Before testifying, he was interrogated for several hours, Amador wrote.

After testifying, Schweickert was read his Miranda rights and did not request a lawyer "but had already been told he would not get one," according to the motion.

Schweickert did not request a lawyer when he was interrogated again on May 19, 2005, Amador wrote, even though he was read his Miranda warnings "because he was previously told by law enforcement that he was not entitled to a lawyer. He continued participating in the interrogation because of promises by law enforcement that he believed amounted to immunity."

Arizona Key Gateway For Pot (AR)

The Arizona Republic, January 2, 2007

Arizona, already the country's main entry point for illegal immigration, is gaining another dubious distinction: marijuana smuggling gateway.

The Border Patrol said agents seized over 331 tons (662,650 pounds) of marijuana worth $530 million last fiscal year, ending Sept. 30. That set a record for the fifth straight year. It nearly equaled the 350 tons seized in California, Texas and New Mexico combined.

Now, Arizona is on a pace to set a new record. Since Oct. 1, agents have seized over 106 tons, worth $170 million, nearly 20 tons more than the same period the previous year.

Marijuana seizures typically spike in late fall, after the harvest in Mexico, and a bumper crop this year means more pot to smuggle.

The record seizures indicate the Border Patrol, augmented by more agents, and National Guard troops, are doing a better job of stopping marijuana loads from getting through, officials said.

The size of some loads is staggering. On Dec. 6, agents seized an estimated $4.2 million worth of pot crammed inside two pickups in Nogales.

Arizona Sets Record For Pot Seizures Fifth Year In A Row (AP)

AP, January 3, 2007

PHOENIX -- Agents with the U.S. Border Patrol have seized a record amount of marijuana from smugglers along the Arizona-Mexico border for the fifth year in a row.

The agency said it has seized more than 331 tons of marijuana worth $530 million last fiscal year, ending Sept. 30.

The record amount nearly equaled the 350 tons seized in California, Texas and New Mexico combined.

Officials say Arizona is on pace to set another record this year. Since Oct. 1, agents have seized more than 106 tons of pot worth $170 million. That's nearly 20 tons more than the same period the previous year.

The record seizures indicate the beefed-up Border Patrol and National Guard troops are doing a better job of stopping marijuana loads from getting through, officials said.

Arizona is the busiest entry point for illegal immigrants along the 2,000-mile U.S.-Mexico border.

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Information from: The Arizona Republic

Arizona Sets Record For Pot Seizures Fifth Year In A Row (ADS)

Arizona Daily Star, January 2, 2007

PHOENIX - Agents with the U.S. Border Patrol have seized a record amount of marijuana from smugglers along the Arizona-Mexico border for the fifth year in a row.

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Arizona is the busiest entry point for illegal immigrants along the 2,000-mile U.S.-Mexico border.

Azusa Council Poised To Approve Ban On Pot Dispensaries (MERCN)

The San Jose Mercury News, January 3, 2007

AZUSA, Calif. - The city is poised to join several others across California in banning medical marijuana dispensaries.

The City Council planned to vote Tuesday on an ordinance designed to prohibit the so-called "pot clubs." Officials approved the new rule unanimously on its first reading last month.

Council member Keith Hanks said he understands that marijuana helps people who are sick, but the dispensaries can open up the possibility of abuse in the system.

"How do you become a legal possessor of marijuana and show that you only have it to distribute for helping people who are sick? How can the police enforce the marijuana control laws? They're put in a difficult position," he said.

But advocates for the clubs say regulating them is more effective than banning them.

"In many of the 27 cities and six counties (statewide) that have allowed dispensaries, they reduced crime and reduced complaints and helped patients," said Don Duncan, the Southern California coordinator for Americans for Safe Access.

If the ordinance is approved, Azusa would join several other cities that outlaw the dispensaries, including Pasadena, or have enacted moratoriums that prevent marijuana cooperatives from coming to town.

The measure reads, "Any business, operation or use that cannot be conducted or carried out without being in violation of state or federal law shall be prohibited."

In 1996, California voters approved Proposition 215, legalizing the drug for therapeutic use. In 2003, state legislation was approved allowing counties to issue identification cards to medical users to protect them from prosecution by local law enforcement.

The U.S. Supreme Court ruled in June that federal authorities could still seize and destroy marijuana stashes and arrest growers and consumers even in the 11 states that allow medical marijuana use.

Federal law prohibits any marijuana use.

This Is Your Brain On Drugs, Dad (NYT)

By Mike Males

The New York Times, January 3, 2007

WHEN releasing last week's Monitoring the Future survey on drug use, John P. Walters, the director of the Office of National Drug Control Policy, boasted that "broad" declines in teenage drug use promise "enormous beneficial consequences not only for our children now, but for the rest of their lives." Actually, anybody who has looked carefully at the report and other recent federal studies would see a dramatically different picture: skyrocketing illicit drug abuse and related deaths among teenagers and adults alike.

While Monitoring the Future, an annual study that depends on teenagers to self-report on their behavior, showed that drug use dropped sharply in the last decade, the National Center for Health Statistics has reported that teenage deaths from illicit drug abuse have tripled over the same period. This reverses 25 years of declining overdose fatalities among youths, suggesting that teenagers are now joining older generations in increased drug use.

What the Monitoring the Future report does have right is that teenagers remain the least part of America's burgeoning drug abuse crisis. Today, after 20 years, hundreds of billions of dollars, and millions of arrests and imprisonments in the war on drugs, America's rate of drug-related deaths, hospital emergencies, crime and social ills stand at record highs.

According to the Centers for Disease Control and Prevention, the number of Americans dying from the abuse of illegal drugs has leaped by 400 percent in the last two decades, reaching a record 28,000 in 2004. The F.B.I. reported that drug arrests reached an all-time high of 1.8 million in 2005. The Drug Abuse Warning Network, a federal agency that compiles statistics on hospital emergency cases caused by illicit drug abuse, says that number rose to 940,000 in 2004 — a huge increase over the last quarter century.

Why are so few Americans aware of these troubling trends? One reason is that today's drug abusers are simply the "wrong" group. As David Musto, a psychiatry professor at Yale and historian of drug abuse, points out, wars on drugs have traditionally depended on "linkage between a drug and a feared or rejected group within society." Today, however, the fastest-growing population of drug abusers is white, middle-aged Americans. This is a powerful mainstream constituency, and unlike with teenagers or urban minorities, it is hard for the government or the news media to present these drug users as a grave threat to the nation.

Among Americans in their 40s and 50s, deaths from illicit-drug overdoses have risen by 800 percent since 1980, including 300 percent in the last decade. In 2004, American hospital emergency rooms treated 400,000 patients between the ages 35 and 64 for abusing heroin, cocaine, methamphetamine, marijuana, hallucinogens and "club drugs" like ecstasy.

Equally surprising, graying baby boomers have become America's fastest-growing crime scourge. The F.B.I. reports that last year the number of Americans over the age of 40 arrested for violent and property felonies rose to 420,000, up from 170,000

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in 1980. Arrests for drug offenses among those over 40 rose to 360,000 last year, up from 22,000 in 1980. The Bureau of Justice Statistics found that 440,000 Americans ages 40 and older were incarcerated in 2005, triple the number in 1990.

Yet drug officials seem fixated on paper-and-pencil surveys of drug use by teens. In releasing its survey last week, the Office of Drug Control Policy trumpeted that "America's balanced strategy to reduce drug use is working." Representative Mark Souder, an Indiana Republican who has been a top supporter of federal antidrug efforts, says "the Bush administration is doing very well" on this front because "drug use, particularly among young people, is down."

But, some may say, don't teenage drug use rates predict future drug problems? To the contrary: 30 years of experience shows that fluctuations in the percentage of youths who report using drugs on surveys has almost nothing to do with the harm that drug abuse causes (addiction, disease, injury, death, crime, family and community distress), either in adolescence or later in life.

I compared teenage drug use trends reported annually by Monitoring the Future since the 1970s with trends for other behaviors and with federal crime, health and education statistics. In years in which a higher percentage of high school seniors told the survey takers they used illicit drugs, teenagers consistently reported and experienced lower rates of crime, murder, drug-related hospital emergencies and deaths, suicides, H.I.V. infection, school dropouts, delinquency, pregnancy, violence, theft in and outside of school, and fights with parents, employers and teachers.

The data also contradict Mr. Walters's claim that generations reporting lower rates of drug use enjoy "less addiction, less suffering, less crime, lower health costs and higher achievement." For example, baby boomers rarely used illegal drugs as youths.

In 1972, the University of Michigan researchers who carry out Monitoring the Future found that just 22 percent of high school seniors had ever used illegal drugs, compared to 48 percent of the class of 2005. Yet as that generation has aged, it has been afflicted by drug abuse and its related ills — overdoses, hospitalizations, drug-related crime — at far higher rates than those experienced by later generations at the same ages.

It's time to end the obsession with hyping teenage drug use. The meaningless surveys that policy makers now rely on should be replaced with a comprehensive "drug abuse index" that pulls together largely ignored data on drug-related deaths, hospital emergencies, crime, diseases and similar practical measures.

A good model is the California Department of Alcohol and Drug Programs' fledgling drug abuse index, which I helped compile and which aims to pinpoint which populations and areas are most harmed by drugs, both legal and illicit.

Few experts would have suspected that the biggest contributors to California's drug abuse, death and injury toll are educated, middle-aged women living in the Central Valley and rural areas, while the fastest-declining, lowest-risk populations are urban black and Latino teenagers. Yet the index found exactly that. These are the sorts of trends we need to understand if we are to design effective policies.

The United States' drug abuse crisis has exploded out of control. Scientifically designed strategies are urgently needed to target the manifest drug-caused damage that current policies are failing miserably to address.

Mexico Sends Troops,Police To Fight Drug Crime In Tijuana (AP)

AP, January 3, 2007

TIJUANA, Mexico (AP)--The Mexican government is sending more than 3,000 soldiers and federal police officers to fight drug gangs in the violent border city of Tijuana, the latest offensive by President Felipe Calderon who has vowed to crack down on organized crime.

The force, backed by 28 boats, 21 planes and nine helicopters, will hunt down suspected traffickers, patrol the coast and man checkpoints in a city that is a popular smuggling route for cocaine, methamphetamine and marijuana entering the United States, Interior Secretary Francisco Ramirez Acuna said in a news conference Tuesday in Mexico City.

"We will carry out all the necessary actions to retake every region of national territory," Ramirez Acuna said. "We will not allow any state to be a hostage of drug traffickers or organized crime."

Tijuana, across the border from San Diego, California, is one of the world's busiest border crossings. Last year, there were more than 300 killings in the city, most of which stemmed from fighting between rival drug gangs, investigators say.

Tijuana Mayor Jorge Hank Rhon welcomed the soldiers, saying he would like them to work hand-in-hand with city police who are establishing random security checkpoints.

Calderon took office in December after winning a close election on a law and order platform.

Last month, he sent 7,000 soldiers and federal police to his native state of Michoacan, which has been plagued by execution-style killings and beheadings as rival drug gangs fight over marijuana plantations and smuggling routes.

The troops have arrested more than 50 people, including several suspected leaders of the feuding cartels, and seized large quantities of gold, bulletproof vests, military equipment and shirts with federal and municipal police logos.

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Calderon is scheduled to make his first visit to the troops on Wednesday at a military base.

Calderon's predecessor, Vicente Fox, promised the "mother of all battles" against organized crime, sending in thousands of soldiers and federal police to some drug-embattled towns and arresting several major drug kingpins.

But the arrests appeared to spark more violence as gangsters battled to take over the smuggling routes of those killed or arrested.

ATF To Investigate Explosive Devices Found After PG Standoff (TEXGAZ)

By Terri Richardson, Texarkana Gazette

Texarkana (TX) Gazette, January 3, 2007

The investigation into explosive devices found in the home of a man who gave himself up after a four-hour, Texas-side standoff will be made by the federal Bureau of Alcohol, Tobacco, Firearms & Explosives.

"Components of explosive devices were found in the building. It is unknown at this time what the intent of (the homeowner) was regarding the explosive components," said Shawn Fitzgerald, spokesman for the Texarkana, Texas, Police Department.

Texas-side police have not released the man's name, but neighbors and co-workers identified him as Todd Gingrich, 43.

Police were dispatched to Gingrich's home at 5814 Larry Drive at 12:37 a.m. Saturday to provide assistance to thwart a possible suicide. They were notified that he allegedly had access to a large number of weapons.

Family members said the collection included automatic and semi-automatic weapons, so the Metro SWAT Team was activated to negotiate with Gingrich.

Negotiators attempted to contact Gingrich over the next four hours, but were unsuccessful.

Fortunately, at 4:50 a.m., officers were able to take Gingrich into custody without injury after he reportedly became ill and exited the building on his own.

"No directed threats were made toward the Texarkana, Texas, police nor the Metro SWAT Team members during the incident," Fitzgerald said.

Criminal charges are not being sought by police because the only person clearly threatened during the standoff was Gingrich.

Though the layout of weapons found inside the game room and other indications make the scene appear otherwise, there is no proof that any police officers were clearly threatened.

Though the layout of weapons found inside the game room and other indications make the scene appear otherwise, there is no proof that any police officers were clearly threatened.

"A large cache of weapons was discovered in the building where the victim had been staying during the incident, but it is unknown at this time what the reason or intent was regarding the weapons," said Fitzgerald.

The Dallas Bureau of the ATF was contacted and responded to the scene. The ATF confiscated all weapons and devices, and the case has since been turned over to that agency, police said.

ATF may pursue criminal charges following a psychological evaluation.

"The primary concern of the police is to make sure he does not do himself bodily harm and to keep everyone else safe," Fitzgerald said.

Neighbors and co-workers verified the identity of Gingrich, a chemical specialist at Cooper Tire & Rubber whom they perceived as peculiar.

One co-worker at Cooper Tire & Rubber who has interacted with him on the job said Gingrich is reclusive.

"He was very secluded. He did not talk to anybody. I took him to be a bit of a recluse. He ate by himself and wouldn't talk to you in the hallway. I just took him to be a real peculiar fellow," the co-worker said.

Only a handful of neighbors notified by police chose to evacuate the area. Others who attempted to get into the neighborhood during the standoff were stopped at a secure perimeter maintained by officers.

"They had the roadblock in front of my house and wouldn't let anyone in or out. My dad had people visiting and they couldn't leave. The cops said under no circumstances, no one in or out," said Michael Riley, who lives on Sidney Drive, one street over from Larry Drive.

Riley said they previously lived across the street from Gingrich and described him as odd and antisocial.

"Last week we were walking by and he just went into his garage and stared. It was really weird," said Riley's brother, Neil Riley.

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TAX:

Democrats To Target Oil And Gas Industry In Early Hours (HILL)

By Jim Snyder

The Hill, January 3, 2007

Before adjourning last month, the Republican-led Congress gave oil and gas companies a parting gift: wider access to oil and gas drilling in the Gulf of Mexico.

What a difference a few weeks and a new majority make.

Among the first items Democrats want to pass are measures that at least some oil and gas companies oppose, such as a measure to repeal certain tax breaks included in a broad energy bill passed in 2005 and a bill to collect royalties on existing drilling leases.

Provisions that could cost the industry even more money, such as one imposing a windfall-profit tax, could follow in the Democratic-led Congress, although some of the harsher measures may strain caucus unity.

"People are very concerned, and concerned on a lot of levels," said one lobbyist at a major oil company.

Democrats could try as early as this week, though most likely next week, to force companies that signed leases in 1998 and 1999 to renegotiate those contracts so they pay royalties on oil produced in the Gulf when per-barrel prices pass a set threshold.

What appears to be an Interior Department error meant that the threshold typical of such contracts wasn't included in the leases signed during those two years. The error has left billions of dollars in royalties uncollected by the federal government.

Democrats are also considering repealing a manufacturing tax break that oil and gas companies now are able to claim, as well as other tax measures adopted in the broad energy bill adopted in 2005.

Democrats would use the additional revenues to pay for a new fund for conservation and development of renewable energy sources.

Political party affiliation doesn't necessarily determine how a member may view an oil and gas issue, so bills the industry opposes will not necessarily pass, particularly with President Bush, a former oil man, still in the White House. But the industry is much closer to Republicans in general than to Democrats, as evidenced in the ratios of PAC contributions.

Shortly after Democrats won majorities in the House and Senate in November, oil and gas lobbyists began preparing anew for the reintroduction of bills originally prompted by record industry profits and soaring gasoline prices. Some Republicans have supported these measures as well.

The industry is in the midst, for example, of a $100 million public relations and grassroots lobbying campaign to boost its sagging public image.

Lobbyists meanwhile have reiterated in Hill meetings their argument that bills that cut too deeply into corporate profits will drive companies to explore and drill in areas outside the United States, thereby raising this country's dependence on foreign oil.

That argument has bipartisan appeal, particularly in areas of the country where local economies are heavily reliant on the oil and gas industry. Staff aides from Democratic "oil-patch" offices have met leadership aides in the weeks leading up to the holiday break to discuss which measures are acceptable.

Oil and gas-friendly members plan to support the measure to force companies to renegotiate leases, which also has some support among Republican members, and the development of an alternative energy and conservation fund. Several companies have agreed to pay royalties in the future.

The Democrats' bill would forbid companies from future Gulf production contracts.

But some members will likely balk at the windfall-profits tax or another measure under consideration that would increase taxes on the industry by changing the accounting rules for oil inventories. Each approach would likely cost the industry billions of dollars.

Lobbyists said aides to the oil-patch members have sought assurances that what they might view as punitive measures are limited to the initial batch of bills contemplated to start the session, which would leave out profit and inventory tax changes.

But these members who support the oil and gas industry have apparently been unable to get that assurance from leadership offices, one lobbyist said.

Oil and gas companies are not united in their views. The major oil companies do not support certain tax breaks in the 2005 energy act, for example, and seem willing to accept the general parameters of the Democrats' early legislation. This, the companies calculate, will allow them to draw a line in the sand and oppose more financially onerous provisions later.

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Drew Hammill, a spokesman for Speaker-designate Nancy Pelosi (D-Calif.), said Democrats have not decided on the exact oil and gas provisions that will be included in their package for the 100-hour legislative push.

But Democrats are intent on setting up the energy reserve for renewable energy and conservation, repealing certain tax breaks, and forcing oil companies to renegotiate the 1998 and 1999 Gulf leases. The total revenues will amount to billions of dollars, Hammill said, although the exact figure depends on which breaks Democrats decide ultimately to target.

CONGRESS-ADMINISTRATION:

What The Congress Can Do For America (WSJ)

By George W. Bush

The Wall Street Journal, January 3, 2007

Tomorrow, members of the 110th Congress will take their oaths of office here in Washington. I will have the privilege of working with them for the next two years -- one quarter of my presidency, plenty of time to accomplish important things for the American people.

Together, we have a chance to serve the American people by solving the complex problems that many don't expect us to tackle, let alone solve, in the partisan environment of today's Washington. To do that, however, we can't play politics as usual. Democrats will control the House and Senate, and therefore we share the responsibility for what we achieve.

In the days and weeks since the November elections, I have been encouraged by the productive meetings I've had with many of the new leaders in Congress from both parties. I am hopeful we can find common ground without compromising our principles.

I believe we share many of the same goals for the people we serve -- and with good will and hard effort, we can find practical ways to advance the American Dream and keep our nation safe.

My principles are no secret. I have campaigned on them in my races for governor and in two presidential contests, and I have worked hard during my presidency to translate these principles into sound policy.

I believe that when America is willing to use her influence abroad, the American people are safer and the world is more secure. I believe that wealth does not come from government. It comes from the hard work of America's workers, entrepreneurs and small businesses. I believe government closest to the people is more responsive and accountable. I believe government plays an important role in helping those who can't help themselves. Yet we must always remember that when people are hurting, they need a caring person, not a government bureaucracy.

These are all common-sense principles, and they provide the basis for how I will approach governing with the new Congress. We've proved it can be done: When our nation was attacked, Republicans and Democrats came together to pass the Patriot Act and reform our intelligence agencies. When our economy was struggling, we worked together to pass tax relief that has helped our economy grow, create jobs, and raise the standard of living for the American people. When we saw that our public schools were failing our children, we came together to pass the No Child Left Behind Act, insisting on high standards, accountability and better options for parents.

The outcome of the elections has changed the balance of power in Congress, yet the priorities for keeping our country safe and prosperous go beyond party labels.

Our priorities begin with defeating the terrorists who killed thousands of innocent Americans on September 11, 2001 -- and who are working hard to attack us again. These terrorists are part of a broader extremist movement that is now doing everything it can to defeat us in Iraq.

In the days ahead, I will be addressing our nation about a new strategy to help the Iraqi people gain control of the security situation and hasten the day when the Iraqi government gains full control over its affairs. Ultimately, Iraqis must resolve the most pressing issues facing them. We can't do it for them.

But we can help Iraq defeat the extremists inside and outside of Iraq -- and we can help provide the necessary breathing space for this young government to meet its responsibilities. If democracy fails and the extremists prevail in Iraq, America's enemies will be stronger, more lethal, and emboldened by our defeat. Leaders in both parties understand the stakes in this struggle. We now have the opportunity to build a bipartisan consensus to fight and win the war.

America's priorities also include keeping our economy strong. The elections have not reversed the laws of economics. It is a fact that economies do best when you reward hard work by allowing people to keep more of what they have earned. And we have seen that businesses can expand and hire more workers when they have more money to invest -- and since August 2003, America's employers have added more than seven million new jobs.

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It is also a fact that our tax cuts have fueled robust economic growth and record revenues. Because revenues have grown and we've done a better job of holding the line on domestic spending, we met our goal of cutting the deficit in half three years ahead of schedule. By continuing these policies, we can balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent. In early February, I will submit a budget that does exactly that. The bottom line is tax relief and spending restraint are good for the American worker, good for the American taxpayer, and good for the federal budget. Now is not the time to raise taxes on the American people.

By balancing the budget through pro-growth economic policies and spending restraint, we are better positioned to tackle the longer term fiscal challenge facing our country: reforming entitlements -- Social Security, Medicare and Medicaid -- so future generations can benefit from these vital programs without bankrupting our country.

One important message I took away from the election is that people want to end the secretive process by which Washington insiders are able to slip into legislation billions of dollars of pork-barrel projects that have never been reviewed or voted on by Congress. I'm glad Senator Robert Byrd and Congressman Dave Obey -- the Democrats who will lead the appropriations process in the new Congress -- heard that message, too, and have indicated they will refrain from including additional earmarks in the continuing resolution for this fiscal year.

But we can and should do more. It's time Congress give the president a line-item veto. And today I will announce my own proposal to end this dead-of-the-night process and substantially cut the earmarks passed each year.

The strength of our economy also requires us to address some of the biggest issues facing the American people -- greater energy security, comprehensive immigration reform, and affordable health care. While progress has been made in each of these areas, we must do more. I look forward to working with Congress on these difficult issues. * * *

Our Founders believed in the wisdom of the American people to choose their leaders and provided for the concept of divided and effective government. The majority party in Congress gets to pass the bills it wants. The minority party, especially where the margins are close, has a strong say in the form bills take. And the Constitution leaves it to the president to use his judgment whether they should be signed into law.

That gives us a clear challenge and an opportunity. If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate. If a different approach is taken, the next two years can be fruitful ones for our nation. We can show the American people that Republicans and Democrats can come together to find ways to help make America a more secure, prosperous and hopeful society. And we will show our enemies that the open debate they believe is a fatal weakness is the great strength that has allowed democracies to flourish and succeed.

To the new members of the 110th Congress, I offer my welcome -- and my congratulations. The American people have entrusted us with public office at a momentous time for our nation. Let them say of these next two years: We used our time well.

Bush Remains Resolute On Tax Cuts (WSJ)

By John D. Mckinnon

The Wall Street Journal, January 3, 2007

WASHINGTON -- As Democrats prepare to take control of Congress, President Bush sent a strong signal of his continued opposition to tax increases.

In an op-ed in today's editions of The Wall Street Journal, Mr. Bush contends that his deep tax cuts have kept the economy strong while shrinking projected deficits. "The bottom line is tax relief and spending restraint are good for the American worker, good for the American taxpayer, and good for the federal budget," Mr. Bush writes. "Now is not the time to raise taxes on the American people."

He also writes -- for the first time, but with few details -- that the budget he sends Congress next month would "balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent."

Mr. Bush's comments reflect his administration's reliance on tax cuts as both an economic elixir and a political weapon. During the 2006 congressional campaign, as Republican scandals and the Iraq war increasingly dominated the debate, the White House leaned heavily on tax cuts as an antidote for bad news.

QUESTION OF THE DAY

· Which party is likely to be more responsible with taxpayers' money?1

BUSH OP-ED

· Commentary: What the Congress Can Do for America2

"The main reason for our growing economy is that we cut taxes," Mr. Bush said in his last weekly radio address before the election, broadcast live from a Colorado coffee shop, where he met with small-business owners. "Entrepreneurs like the ones I'm having breakfast with this morning have put that money to good use. They expanded their businesses, and they're creating jobs in their communities."

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He also frequently attacked Democrats on the campaign trail -- including incoming Speaker Nancy Pelosi -- for claiming to support tax cuts while voting against many of his.

Mr. Bush's tax-cutting rhetoric, though, wasn't enough to save Republicans from what the president later termed a "thumpin'." And as he begins the final two years of his presidency, the impact of his arguments might again be muted.

Comments Sure to Resonate

Democratic House leaders have made it clear they aren't interested in any broad frontal assault on Mr. Bush's income-tax cuts, which for the most part are scheduled to last until 2010. Some Democrats have even signaled that they would like to find a tax cut of their own to pass, perhaps a longer-term fix for the alternative minimum tax.

Still, Mr. Bush's comments are sure to resonate on Capitol Hill in coming weeks, as the new Democratic majorities consider long-term budget resolutions that either don't balance the budget or allow at least some of Mr. Bush's tax cuts to expire down the road.

Ms. Pelosi and other Democrats have even discussed the possibility of raising income taxes for people above a certain level, perhaps $250,000. They also face pressure to reach a deal to restore the federal estate tax at some level after 2010.

Bringing the federal deficit to zero by 2012, while making permanent the tax cuts that are set to expire in 2009 and 2010, would require more restraint on spending than either the White House or Congress has shown of late. The last official White House budget forecast, issued in July, extended through fiscal 2011 and showed a $127 billion deficit that year. Since then, a continued surge in tax receipts has improved the outlook somewhat. The Congressional Budget Office's August 2006 baseline forecast -- which assumes the expiration of current tax cuts -- projected a 2012 deficit of $54 billion. By then, Mr. Bush will have been long out of office.

Still, he is sure to continue to challenge Democrats in coming months on spending -- especially so-called earmarks, special-interest projects in lawmaker's districts. He also will be tempted to veto spending bills, which so far he has failed to do.

Theme of Federalism

While praising Democrats' efforts to limit earmarks, he promised to announce a permanent fix of his own today. More broadly, Mr. Bush sounded the theme of federalism, suggesting that "government closest to the people is more responsive and accountable" than Washington.

A senior aide to Mr. Bush said the president wasn't firing a fiscal shot across the bow at Democrats, but was simply "articulating a long-held view that tax relief has worked." He added that Americans "want their leaders in Washington to cut wasteful spending. The president's budget will do just that."

Mr. Bush sought to set a tone of bipartisan cooperation in the op-ed piece, saying he was hopeful he can "find common ground" with Democrats, mentioning affordable health care, energy and immigration reform as possible areas of agreement.

Bush Warns Against Merely Political Bills (WP/AP)

The Washington Post, January 3, 2007

President Bush, facing a Democratic-controlled Congress for the first time, is urging lawmakers to work with his administration and warning that "political statements" in the form of legislation would result in a stalemate.

"Together, we have a chance to serve the American people by solving the complex problems that many don't expect us to tackle, let alone solve, in the partisan environment of today's Washington," Bush wrote in a guest column for today's Wall Street Journal. "To do that, however, we can't play politics as usual. Democrats will control the House and Senate, and therefore we share the responsibility for what we achieve."

Bush, while sounding a tone of bipartisanship on the eve of the new session of Congress that begins Thursday, repeated long-held positions on the war in Iraq, tax cuts and other issues often criticized by Democrats. He has vetoed only one bill, but he reminded readers that the Constitution calls on the president to use his judgment in deciding which bills to sign into law.

"If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate," Bush wrote. "If a different approach is taken, the next two years can be fruitful ones for our nation. We can show the American people that Republicans and Democrats can come together to find ways to help make America a more secure, prosperous and hopeful society."

Bush planned to meet with his Cabinet today to discuss domestic priorities and to court about a dozen members of Congress, Democrats and Republicans, at a social reception tonight. The schedule represents Bush's official return to work after a Christmas vacation at his Texas ranch.

Dems To Inherit Agenda Dominated By War (AP)

By Anne Flaherty

AP, January 3, 2007

DOJ_NMG_0110665

Now the majority party, Democrats will inherit an agenda dominated by the war in Iraq when the new Congress convenes Thursday, increasing their exposure to what has mostly been a politically damaging issue for Republicans.

In the weeks ahead, the new Democratic Congress will be confronted with President Bush's new plan for Iraq and a White House request that lawmakers authorize an estimated additional $100 billion to pay for the war.

Democrats also may be asked to support a plan lifting restrictions on reserve deployments to ease the strain on active-duty troops.

While Democrats may try to deflect as much attention as they can toward Bush — citing the president's ownership of the war and congressional limitations on foreign policy — they no doubt will find themselves playing a starring role in a debate that cost Republicans votes in the midterm elections last fall.

"They'll have to show they can govern and govern in a way that will help the executive branch resolve this," said James Thurber, director of American University's Center for Congressional and Presidential Studies.

But resolving Iraq won't be easy, and Democrats run the risk of going too far in criticizing the president. Recent polls show Americans remain frustrated with Bush's handling of the war, but don't think Democrats have offered much of an alternative.

"They will be in the majority, and they will be blamed if they try to block the president from implementing an exit strategy," Thurber said.

The president is thought to be considering a plan to increase the number of forces in Iraq. But the specifics of how many troops will be added to the existing 140,000 force and for how long are not known.

Bush said last week he planned to engage lawmakers before making his announcement later this month. Congressional leaders planned to attend a White House reception expected at midweek.

Foreshadowing the debate to come, Democrats swiftly rallied against the notion of sending more troops, saying Iraqis must take a stronger role in security matters.

"The Iraqis need to understand that the responsibility for the future of that country is theirs," Rep.-elect Jerry McNerney, D-Calif., said Saturday in the Democrats' weekly radio address.

"I have not heard from our military, clamoring for additional soldiers," Rep. Jim Marshall, D-Ga., said upon returning from a trip to Iraq with Gen. Peter Schoomaker, the Army chief of staff.

Marshall and Rep. Ike Skelton, D-Mo., who also visited Iraq during the Christmas holiday, reported that some progress was being made in Anbar province where Iraqi security forces and local leaders were collaborating to push out al-Qaida fighters. But, Skelton said, violence in Baghdad has accelerated and additional U.S. troops might not help.

"I will look carefully and with an open mind at any proposal the president may make, but my view remains that removing some number of American troops — however small — would send a more powerful message to our Iraqi partners than raising force levels," Skelton said.

The debate will play out in hearing rooms this month. Skelton and Sen. Carl Levin, D-Mich., who will head the Senate Armed Services Committee, have invited Defense Secretary Robert Gates to testify. Levin said he would like that hearing to take place Jan. 11.

Sen. Joseph Biden, D-Del., incoming chairman of the Senate Foreign Relations Committee, said Secretary of State Condoleezza Rice has promised to testify before his committee after Bush makes his announcement.

Democrats say they also want to hear from independent military experts and members of the Iraq Study Group.

The debate also will play out in Congress's review of the president's spending requests for the war. The Pentagon says it needs an additional $99.7 billion to fund the wars in Iraq and Afghanistan until the end of the current fiscal year in September. That request is expected to arrive on Capitol Hill in February.

Democrats are eyeing ways to attach conditions to war funds that won't hurt troops and may even attract Republican support.

John Podesta, former President Clinton's chief of staff and now president of the liberal Center for American Progress, recommends lawmakers demand in that spending bill that the president seek lawmakers' approval if troop levels exceed 150,000 in Iraq.

Democrats in 2007 may be confronted with another politically sensitive Iraq issue regarding whether to support increased involuntary call-ups of Guard and Reserve troops. In December, Schoomaker warned that the Army will break without adding more active-duty soldiers to the ranks and changing current mobilization policies backed by Pentagon civilians.

The issue of allowing lengthy involuntary deployments is a tricky one for lawmakers who want to reduce the pressure on active-duty forces but also hear from reservists that they too are facing serious hardships.

Biden and other Democrats agree that Iraq will dominate much of their work next year, but contend they must not be blamed for a war run ultimately by the president. "This is President Bush's war," Biden said.

But political experts say the public might not agree.

"When you're in the minority, you don't have to do much more than criticize the status quo that wasn't working," said Norman Ornstein, a scholar with the American Enterprise Institute. "When you're in the majority, people will look to you for leadership."

Activists On The Left Applying Pressure To Democratic Leaders (WP)

By Jonathan Weisman

The Washington Post, January 3, 2007

Democratic leaders set to take control of Congress tomorrow are facing mounting pressure from liberal activists to chart a more confrontational course on Iraq and the issues of human rights and civil liberties, with some even calling for the impeachment of President Bush.

The carefully calibrated legislative blitz that Democrats have devised for the first 100 hours of power has left some activists worried the passion that swept the party to power in November is already dissipating. A cluster of protesters will greet the new congressional leaders at the Capitol tomorrow. They will not be disgruntled conservatives wary of Democratic control, but liberals demanding a ban on torture, an end to warrantless domestic spying and a restoration of curbed civil liberties.

The protest will be followed by an evening forum calling for the president's impeachment, led by the Center for Constitutional Rights, antiwar activist Cindy Sheehan and a pro-impeachment group called World Can't Wait.

Those priorities will not be in evidence inside the Capitol, where the newly sworn-in Democratic Congress will immediately begin work on new ethics rules, the reinstitution of federal deficit controls and new policies designed to increase civility in House proceedings. In the coming weeks, Democrats plan to pass bills designed to raise the minimum wage, lower prescription drug costs for Medicare recipients and interest rates for student borrowers, bolster homeland security and boost alternative energy research.

Nowhere in the Democrats' consensus-driven agenda is legislation revisiting last year's establishment of military tribunals and suspending legal rights for suspected terrorists. Nor is there a revision of the civil liberties provisions of the USA Patriot Act, a measure curbing warrantless wiretapping by the National Security Agency or an aggressive confrontation of the president on his Iraq war policies.

To Democratic activists and some lawmakers, the agenda skirts the larger issues that damaged the president's approval ratings and torpedoed Republican control of Congress.

"We've been told for many years, 12 years now, 'Wait until we get in power. Then you'll see things change,' " said Debra Sweet, national director of World Can't Wait, a pro-impeachment group helping to organize the protest. "We'll give them a couple of months or a few weeks to see what they come up with, but if they don't do something very decisive around the war and these other issues, I think there will be trouble."

"If the first 100 hours is going to be characterized by an increase in the minimum wage and improved health and education benefits for Americans, that's fine," said Rep. Dennis Kucinich (D-Ohio), a liberal firebrand who ran for president in 2004 and has announced for 2008. "But then let's talk about the second hundred hours, because we cannot let this war be lost. We cannot abandon the troops in the field to temporizing."

To most Democratic lawmakers, such activism presents a quandary. House Republican leaders spent years trying to placate their conservative base with agendas built around opposition to same-sex marriage, antiabortion votes and tax cuts, said Sen.-elect Benjamin L. Cardin (D-Md.). The partisan tone enraged Democrats and ultimately alienated moderates and independents, who swept the GOP from power in November after a dozen years in control.

"The Democrats have to be careful not to fall into these traps that I think paralyzed the Republicans," Cardin said.

But Democratic lawmakers -- especially the freshmen who capitalized on voter discontent -- said their core supporters' anger is real and must be acknowledged.

"Those people protesting on Thursday care deeply about their country," said Carol Shea-Porter of New Hampshire, an incoming House freshman who ran as an ardent opponent of Bush and the war. "I think we do need to pay attention. People are begging us to remember the Constitution, what made this country great."

One lawmaker, who spoke on the condition of anonymity for fear of alienating such voters, said wherever he goes, he hears from activists calling for Bush's impeachment. Cutting off funding for the Iraq war comes in a close second.

"For most progressive activists, there is generally speaking, an open mind but also a real fear that the 110th [Congress] will not be as aggressive as many of us want it to be," said Ralph G. Neas, president of the liberal People for the American Way. "On the other hand, there is a lot of pragmatism as we go into the 2008 election season. There's this high-wire act for everybody, not only for the House and Senate leadership but for the progressive community, too."

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The high-wire act will be on display almost as soon as the new Congress is sworn in. The first motion from the House floor will be a parliamentary inquiry from Rep. Rush D. Holt (D-N.J.) on the disputed election to replace retired Rep. Katherine Harris (R-Fla.). In November's balloting, Republican Vern Buchanan beat Democrat Christine Jennings by 369 votes.

But more than 18,000 ballots that day did not record a vote in the closely contested race, an "undervote" rate of nearly 15 percent, mainly from the Democrat's stronghold of Sarasota County. An academic study, commissioned by the company that made the electronic voting machines, found "that there is essentially a 100 percent chance that Jennings would have won" had Sarasota voters cast their votes with different machines and ballots.

Holt's inquiry will make clear that Buchanan's swearing-in tomorrow should not prejudice or compromise a House investigation or ongoing legal challenges to his election. But that falls well short of activist demands that the seat be left vacant, or even that the House simply seat Jennings.

Holt said he is willing to take the heat for that decision.

"There are some Democrats who say we should seize that seat any way we can," he acknowledged. "But if in a heavy-handed way, we just say we've got the votes and we're going to throw out Vern Buchanan, we would undermine the principle we say we are fighting for."

Will Dems Deliver? (USAT)

By Mario M. Cuomo

USA Today, January 3, 2007

Will Dems deliver? Americans are looking for dramatic ideas and courageous leadership. The party's congressional agenda doesn't seem to rise to the challenge. As JFK did, its leaders need to boldly step forward.

By Mario M. Cuomo

In 1962, President Kennedy succeeded in captivating Americans by explaining the advantages of being the first country to reach the moon and the dangers of allowing another nation to beat us there. As a result, we did beat the Russians to the moon, and every year for the past four decades, we have invested billions of dollars in space exploration with little political or public opposition and produced brilliant success.

(Illustration by Keith Simmons, USA TODAY)

Kennedy's call to arms is frequently cited when we go in search of examples of bold vision and daring leadership in our nation's recent history, probably because there are so few comparable moments and far too many other examples when our nation's leaders have taken the easier path rather than the right, but more difficult, one.

For the first time after six years of GOP rule, the Democrats will take the reins of Congress. Voters clearly want to see what Democrats can do, that Republicans have not. This gives Democrats the chance not only to control Congress but also to elect a president in 2008.

After years of chaos in Iraq, which has led to neglect of many critical domestic issues, voters are looking for dramatic ideas and courageous leadership to deal with the nation's most difficult challenges. Will Democratic leaders step forward with big ideas and seize the opportunity they have been given?

A 'light list'

So far, the Democratic agenda for the 110th Congress, which opens Thursday, offers a laudable but light list of issues, such as increasing the minimum wage, greater stem cell availability, job training benefits and adopting ethics reforms. I doubt that kind of agenda would be enough to keep control of the Congress, let alone to win the next presidency.

As Kennedy did, prospective Democratic presidential candidates, and the party's leaders in Congress, need to confront the most difficult questions of the day. Here are just a few of the most daunting:

War on terrorism. Not only are we losing control in Iraq, we have lost momentum in the war on terror. Clear evidence of that fact can be seen in Afghanistan and scattered throughout the world. Our ability to re-energize that effort goes beyond enhancing Iraq's military force and police power to injecting economic and social aid into the country and the region to combat the kind of poverty and desperation that invites jihadism.

Economic divide. Our economy continues to be wonderfully rewarding for high-level corporate executives and big stockholders but not for millions of American workers who are falling behind, often, in part, because of a lack of higher education. Further down the ladder, we have more poor citizens than we had five years ago, and about 13 million of these poor Americans are children deemed to be at risk of poverty, illiteracy and abuse.

Despite President Bush's best efforts, many more children are being left behind. Poor children in unstable families require special assistance. Mentors, after-school programs, smaller class sizes, well-trained, adequately paid teachers and longer school years are all essential. So is accountability as featured by No Child Left Behind, but that program requires funds yet to be delivered. Resources to provide higher education in the form of Pell grants and tax deductibility for tuition are also needed.

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Energy crisis. We should make the all-out effort on conservation and new forms of energy the same kind of big idea that Kennedy made of the space program. It would provide better jobs, a cleaner environment and freedom from foreign oil. We must develop all useful alternative sources — wind, water, ethanol, clean coal and battery-driven automobiles. We should also take a fresh look at nuclear energy that uses uranium, a fuel that is available, less expensive and cleaner than fossil fuels, which produce dangerous emissions.

Great ideas, you say, but how would we pay for all of this? Well, it can be done. In fact, it has been done in the not-so-distant past. In 1980, Ronald Reagan promised that by the magic of supply side economics, he could cut taxes and increase spending while still producing a balanced budget in three years. George H.W. Bush, then one of Reagan's presidential opponents, called the idea "voodoo economics," and he was right: It was a costly blunder that led to a runaway federal debt.

Don't fear taxes

How did they deal with the problem? Presidents Reagan, Bush and Clinton all raised taxes on the wealthiest taxpayers. After those raises, we had a balanced budget and a potential surplus of more than $5 trillion.

The way to reduce our debt and start providing needed federal investments is by cutting other spending and mitigating President Bush's huge tax cuts. Not the part of the tax cuts that go to the struggling middle class because they will put the money back into the economy by buying things. Instead, I'd repeal the part that goes to the 1.5% who represent the wealthiest taxpayers, and that would provide several hundred billion dollars over a decade.

Spending cuts should be made by reducing Social Security and Medicare benefits for those rich enough not to be injured by any reductions. And we should return to the pay-as-you-go budgeting that was so successful in the '90s.

So the resources are available to finance the investments we need, if we have the intelligence and the boldness to make a new agenda clear to the American people.

Which of our leading Democrats will be the first to do so?

Mario M. Cuomo, former three-term governor of New York, practices law with the international firm of Willkie Farr & Gallagher.

Democrats Pressed To Show Progress In First 100 Hours (USAT)

By Deborah Barfield Berry

USA Today, January 3, 2007

WASHINGTON — Democratic leaders will be pressed in coming weeks to move their legislative agenda and show voters they made the right choice in November to shift control of Congress.

"Democrats have an urgent need to show they can make a difference," said Hugh Price, a senior fellow at the Brookings Institution, adding that Democrats have to "demonstrate to voters that by putting them in charge of Congress that's not a continuation of business as usual."

Rep. Nancy Pelosi, the incoming speaker of the House, has vowed to push six key measures during the first 100 legislative hours of the 110th Congress, which begins Thursday.

During the campaign, Democrats touted an agenda that would increase the minimum wage and fund stem cell research. It also included repealing tax breaks for oil companies, cutting interest rates for college student loans, adopting remaining recommendations of the 9/11 Commission and eliminating a ban on government negotiations for lower drug costs.

"It is about the issues that are relevant to the American people's lives," Pelosi, D-Calif., said. "It is a new direction. It is what they sent us here to do, and we will do it first and foremost by making this the most honest and open Congress in a spirit of integrity, civility and bipartisanship and in a way that is fiscally sound."

In a separate move, lawmakers are expected to vote as soon as this week on a measure that outlines rules for the House, including changes to how representatives interact with lobbyists.

"We need to honor those promises right out of the gate," said Kristie Greco, a spokeswoman for Rep. Jim Clyburn, D-S.C., the incoming majority whip. "The American people obviously want a change. We have the momentum."

Political experts, however, question whether the agenda can be accomplished in 100 legislative hours, which could take several weeks. And while several agenda items are not controversial, some will face strong opposition from the administration, experts say.

For example, President Bush would likely veto a stem cell research bill if comes back to his desk, said Thomas Mann, also a senior fellow at Brookings and co-author of The Broken Branch: How Congress Is Failing America and How To Get It Back on Track. The stem cell research bill is the only measure Bush has vetoed in six years.

Mann said any change in Medicare drug price negotiations also could be a veto target.

Still, Mann said, "It is a pretty modest agenda, mostly enjoying broad support among Democrats and some among Republicans."

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The expedited process — bypassing committees and hearings — may open Democrats up to the same criticism they launched at Republicans, said Michael Franc, an analyst at the Heritage Foundation.

"The irony is that the only way to make all these bills happen ... is to establish legislative marshal order," Franc said.

But Pelosi said the issues are not new to Congress and that many House committees have already held hearings on many of the topics.

Democrats Plan First 100 Hours, Give Or Take A Speech (NYT)

By Carl Hulse

The New York Times, January 3, 2007

WASHINGTON, Jan. 2 — House Democrats intend to kick off their new regime with a 100-hour legislative blitz that would allow them to post a series of quick victories before President Bush even delivers his State of the Union address toward the end of this month.

But don't pull out that stopwatch to begin the countdown just yet.

Even as Democrats filtered back to Capitol Hill on Tuesday in anticipation of the opening of the 110th Congress on Thursday, there was a bit of confusion about just when the 100 hours would officially begin. Would it be as soon as the new Congress was sworn in and began voting on internal rules changes? Or when the House takes up its first actual legislation next Tuesday?

And since it is 100 hours of strictly legislative activity, the clock would be on pause when House members give their customary one-minute speeches at the start of each day and during the "special orders" at night when members reserve floor time to carry on about their favorite issues for the C-Span audience.

And next Monday is out since the House, despite Democratic pledges of a disciplined five-day work schedule, will not be in session. The day off was scheduled to allow freshman lawmakers time to return from an orientation session — and others to attend the college football national championship game.

At the same time, House Republicans, forced to the Congressional sidelines for the first time in 12 years, were growing increasingly agitated about the Democratic timetable. They said that the rush by Democrats to force through legislation on national security, the minimum wage, student loan costs and energy without a full slate of hearings — and with limits on the ability of Republicans to offer alternatives — undercut the pledges of Democrats to run things in a more transparent, collegial way than the Republicans had when they were in power.

Democrats eventually decided Tuesday that the 100-hour timer would be started next Tuesday, when the House is scheduled to take up H.R. 1, a measure enacting recommendations from the bipartisan Sept. 11 commission that never made it out of the Republican-controlled Congress.

And they brushed aside complaints from the Republicans, saying Democrats campaigned specifically on this initial flurry of legislation, much of which has been considered, run through committee and ultimately rejected by Republicans in the past.

"These are deliverable," Brendan Daly, a spokesman for the incoming House speaker, Nancy Pelosi, said of the 100-hour topics. "These are things we said we would do if we are in charge and would make a direct impact on Americans' lives."

Under the current Democratic schedule, the Sept. 11 measure would be followed by a vote on increasing the federal minimum wage to $7.25 over two years. Next would come legislation expanding embryonic stem cell research that was vetoed last year by Mr. Bush. Democrats would then move to eliminate a prohibition on federal officials' negotiating with pharmaceutical companies for lower prices for those enrolled in the Medicare drug program.

After that, Democrats are planning to take up a proposal to cut the interest rate on federally subsidized student loans to 3.4 percent from 6.8 percent. Lastly, Democrats hope to wind up on Jan. 18 with legislation that seeks to make sure that oil companies pay adequate royalties on disputed leases, rolls back some industry subsidies from a recent energy bill and creates a renewable energy reserve to try to spur investment in new technologies and conservation.

Before getting to those bills, House Democrats said they would move immediately upon taking control Thursday to pass broad ethics rules including a ban on gifts and meals from lobbyists and restrictions on travel provided by outside groups. On Friday, they will vote on disclosure of earmarks and new budget rules to prohibit deficit spending.

The leadership plans to allow some of the party's freshmen to sponsor changes so they can begin building a record and reputation to defend their seats in 2008.

The pace of activity is to be much slower in the Senate, and passage of any of the legislation by the House does not guarantee that it will be sent to the White House, given the Senate's thin 51-49 Democratic majority.

Leading Senate Republicans have indicated that they could support the minimum wage increase, for instance, only if it is tied to tax relief for small businesses. As a result, that measure is likely to either stall or be changed, leading to negotiations with the House.

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The Senate plans to convene Thursday and swear in its new members. But both parties plan to hold retreats on Friday, and aides said the only legislation that could come up for a vote this week would be a resolution honoring former President Gerald R. Ford.

House Republicans, who were not known for giving Democrats much say on legislation when they ran the House, began an orchestrated campaign on Tuesday to pressure Democrats to allow full committee review of the 100-hour legislation.

"As we both know, homeland security is far too important an issue to play politics with, and any new homeland security measure should be given the review and oversight it deserves," Representative Peter T. King of New York, the top Republican on the Homeland Security Committee, wrote to Representative Bennie Thompson of Mississippi, the incoming Democratic chairman.

Democrats said the legislation at issue had already been vetted and in many cases voted on in the past. They said Republicans would be given their chance once the 100 hours had elapsed. "After that, we will go back through regular order," said Mr. Daly, Ms. Pelosi's spokesman.

Dems Finalize New Rules (HILL)

By Jonathan E. Kaplan And Jackie Kucinich

The Hill, January 3, 2007

House Democrats hurried yesterday to put the finishing touches on ethics reforms that would ban lawmakers and staffers from accepting trips, gifts and meals from lobbyists and prevent the new majority from holding votes open to change the outcome.

Democrats will adopt and then amend the House Rules package tomorrow to ban all travel paid for by lobbyists or organizations that employ lobbyists, require the ethics committee to pre-approve travel paid for by outside groups, enact a total gift ban, and require lawmakers to pay the market cost of flying on a corporate jet, said Democratic staffers and officials with government watchdog groups.

And, because they feel they lost the 2003 Medicare prescription drug benefit vote because GOP leaders held it open for three hours, during which they flipped opponents into the "yes" column, Democrats will include a provision in the rules to prevent any sort of repetition, said aides to incoming Speaker Nancy Pelosi (D-Calif.).

Democrats also will eliminate the practices of changing conference reports after members have signed them and excluding elected members from conference committees.

Until now, Democrats have not had to propose specifics or explain how they would work in practice. The biggest challenge for the new majority has been translating political rhetoric into tightly drafted legal language without loopholes, said Democratic aides. The concern is that language could be exploited for loopholes or yield unintended consequences.

New House rules could take eight weeks or longer to go into effect because the ethics committee (the Committee on Standards of Official Conduct) might be required to clarify and interpret issues, such as how to define a lobbyist and how a pre-approval requirement for travel would function.

State and local government agencies and some foundations, such as AIPAC and the Aspen Institute, want to be exempted from the new rules.

"We're interested in the basic bans on paying for travel, bans on gifts and entertainment and making sure there are no loopholes in the provisions," said Fred Wertheimer, the president of Democracy 21, a campaign-finance watchdog group.

Senior Democratic staffers, who returned to work on a day when the federal government was closed to mourn the death of former President Gerald Ford, planned to make the proposed rules changes public this afternoon at a press conference. Some aides who have jumped from the campaign trail into Congress have, as yet, no computers and only limited access to telephones.

Leadership aides plan today to brief chiefs of staff and press secretaries working for rank-and-file lawmakers.

Meanwhile, GOP Reps. Tom Price (Ga.), Eric Cantor (Va.), and Patrick McHenry (N.C.) plan to introduce a resolution next week modeled on legislation that Pelosi introduced in 2004.

Pelosi's "Minority Bill of Rights" demanded that legislation move through the committee process before reaching the House floor and urged GOP leaders to give lawmakers 24 hours to review legislation before it is considered and voted on by subcommittees or on the House floor.

McHenry expressed concern that excluding Republicans from the legislative process would set a bad precedent. GOP Reps. Buck McKeon (Calif.), Peter King (N.Y.) and Jim McCrery (La.) yesterday urged the Democrats who will chair their committees to conduct hearings on proposals that Democrats will consider in the first 100 legislative hours.

Democrats justified excluding Republicans by saying that the bills had already been discussed in the 109th Congress.

"It is a choice between leading with integrity and leading by force," McHenry said. "To say they are advocating [fairness] is ludicrous on its face by their opening hours of action."

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Democrats and political observers rejected the GOP proposal, noting that the Republican majority never considered Pelosi's legislation.

"I think they risk being laughed out of town," said Rep. Louise Slaughter (D-N.Y.), the incoming chairwoman of the Rules Committee.

Norm Ornstein, a congressional scholar with the American Enterprise Institute, added, "I don't blame them in the slightest for picking it up and introducing it, but the chutzpah is quite remarkable."

Some of Pelosi's proposed changes will be included in the Democratic rules package, said Stacey Bernards, a spokeswoman for Majority Leader-elect Steny Hoyer (D-Md.).

Democrats complained vociferously about the House GOP's tactics during the past four years, such as preventing Democrats from offering amendments on the House floor, excluding them from conference committees, and holding votes open for much longer than the traditional 15 minutes.

In response to real and perceived legislative slights, Democratic candidates campaigned against a Republican "culture of corruption" and promised to tighten ethics rules, in part to put distance between lawmakers and lobbyists. Revising ethics rules may prove central to retaining their majority in the House in 2008.

"I think the most important thing we can do to ensure their reelection is to follow through on the commitments the Democrats … made to those voters," Rep. Chris Van Hollen (D-Md.), chairman of the Democratic Congressional Campaign Committee, told C-SPAN's "Newsmakers" program last week.

Democratic leaders plan to pair three freshman members with more senior lawmakers to lead the debate on the House floor on Thursday and Friday. Rep. Zack Space (D-Ohio), who won the seat vacated by former Rep. Bob Ney (R), will lead debate over new trip and gift rules. Ney has pleaded guilty to crimes stemming from the scandal surrounding Jack Abramoff, the convicted former GOP lobbyist.

The other two freshman Democratic lawmakers who are to play leading roles in the debate have not been chosen, but Democratic leaders are considering Reps. Chris Carney (D-Pa.), Jerry McNerney (D-Calif.) and Kirsten Gillibrand (D-N.Y.), said a senior Democratic aide. They each defeated a lawmaker ensnared in ethics controversies.

In addition to revising ethics rules, the Democratic majority on Friday will debate and vote on procedural and budgetary reforms — measures to ensure that members have 24 hours to review legislation, earmark reforms and pay-as-you-go requirements — said senior Democratic aides.

Time spent debating changes to the rules package will not count against Pelosi's 100-hour legislative blitzkrieg, set to begin the week of Jan. 8 and last approximately 10 legislative days, ending when President Bush delivers his State of the Union address on Jan. 23.

Grassroots Lobby Girds For Battle (HILL)

By Elana Schor

The Hill, January 3, 2007

As the new Democratic Congress prepares to take up a package of lobbying and ethics rules changes, a coalition of nonprofits and communications firms is renewing the push against new grassroots lobbying disclosure rules and not ruling out a future court challenge to the provisions.

The Free Speech Coalition is now leading the fight against proposals for mandatory reporting by any group involved in paid efforts to stimulate grassroots communications — another term for the proverbial pleas to voters to "contact your congressman" on a particular issue. Led by conservative fixtures such as direct-mail guru Richard Viguerie and Free Congress Foundation chief Paul Weyrich, the coalition is pulling no punches.

"If they pass this, there would be a massive litigation effort, because this bill is much more expansive than the proponents are leading everybody to believe," predicted Mark Fitzgibbons, president of corporate and legal affairs at the Viguerie-led firm American Target Advertising.

Lawmakers supporting grassroots disclosure have aimed their calls for reform at so-called "astroturf" campaigns, funded by corporate interests but portrayed as genuine citizen drives. Sens. Joseph Lieberman (D-Conn.) and Carl Levin (D-Mich.) cited fake grassroots groups created by disgraced lobbyist Jack Abramoff during their successful bid to add new disclosure rules to last year's Senate ethics bill. Registration and reporting would shed sunlight on grassroots activities, not curtail them, the senators noted.

But the coalition contends that the new rules would provide a loophole for corporations that confine their grassroots communications to employees and shareholders. Though grassroots disclosure is backed by most leading government watchdog groups, all of which could be affected by the new reporting rules, the coalition has trained its fire on Ralph Nader-founded Public Citizen in a letter that will be forwarded to every member of the new Congress this week.

"This … is a coalition of groups that have a financial stake and are worried that their business might be impacted negatively," said Laura MacCleery, director of Public Citizen's Congress Watch division. MacCleery acknowledged the possibility of a lawsuit against the new rules but cautioned the coalition against considering a challenge before legislative language emerges.

The debate on last year's Senate lobbying bill elicited an equally fierce drive against the grassroots provision, mounted by an alliance called LobbySense that included as members senior officials at Americans for Tax Reform, Concerned Women for America and the Family Research Council. Fitzgibbons said LobbySense informed him of the likely resurgence of the grassroots debate, and that he expected the old and new coalitions to join forces in the coming months.

The timeframe for consideration of grassroots lobbying rules could differ sharply between the Senate and House, however. Senate Majority Leader Harry Reid (D-Nev.) plans to call up last year's Senate ethics bill, which contains Lieberman and Levin's grassroots provisions, as a starting point for debate next week.

But the House will take up only internal rules changes on lobbying and ethics this month, sending statutory changes such as the grassroots mandate through regular committee order, said Drew Hammill, a spokesman for House Speaker-designate Nancy Pelosi (D-Calif.).

"We have made an effort to address the concerns of some of these groups as we move along with this," Hammill said.

The conservative blogosphere has lent its heft to the Coalition's campaign against grassroots disclosure, along with past Federal Election Commission Chairman Brad Smith, who was appointed by former President Bill Clinton. Smith also predicted that the grassroots provisions would merit a court challenge if they become law.

"It's a disaster, generally, the notion that the government should be checking up on attempts by citizens to communicate with citizens," Smith said. He argued that lawmakers are seeking the identity of firms paying for constituent calls for purposes of retaliation: "Can you think of any other reason that members of Congress need to know who's running grassroots ads in their district?"

The Senate bill's grassroots language is similar to that in the House Democratic leadership lobbying reform bill that is serving as a model for this year's effort. The provisions would require grassroots lobbying firms to register and report to Congress quarterly, only on communications to more than 500 members of the general public, with exemptions for members of nonprofits as well as corporate employees and shareholders.

MacCleery also singled out the proposal's minimum of $25,000 in grassroots expenses to trigger reporting by the firms contracted for any issue campaign. "That's a substantial amount of money on a grassroots lobbying effort, particularly in the age of the Internet," she said.

As for the coalition's rhetorical combat with Public Citizen, MacCleery characterized the specter of a lawsuit against grassroots rules as an attempt to generate a false opposition to reform.

"It's almost like they're flacks," she added, "like they're good at creating the appearance of controversy where none exists."

Think Twice About Empowering An Office Of Independent Ethics (HILL)

By Lanny J. Davis

The Hill, January 3, 2007

The current congressional-reformer rage is to create an independent office that would investigate and file ethics charges. This is the "solution" to the problem of the inherent conflict of interest in members of Congress investigating their colleagues, much less members of their own party. Such an office, reformers argue, would be "above politics" and avoid that conflict.

Hmmmmm. Seems like déjà vu all over again.

Remember Watergate? In 1978, the same problem of public corruption and the inherent conflict of interest in the executive branch investigating itself led to a similar "above politics" office: the Office of the Special Prosecutor (a few years later called the Independent Counsel). The result: a constitutional monstrosity who couldn't be hired or fired by someone voters elected (in this case, the president); and when he or she abused power, there was no political accountability. Indeed, no accountability at all.

Between 1978 and 1999, when the independent counsel statute was allowed to die with the support of both parties, 25 independent counsels spent over $175 million. In the final analysis, very few public officials were convicted of serious crimes. But dozens of innocent men and women were smeared, with ruined reputations that could not be cleared. In the 1980s, Democrats used and abused the process, forcing the appointment of numerous independent counsels who caused such damage to innocent people. Then in the 1990s, it was the Republicans' turn to play "gotcha" and repeat the same abuses that they had accused the Democrats of in the 1980s (when they had tried to kill the statute).

Let us never forget Ronald Reagan's former Labor Secretary Raymond Donovan. At the behest of Democratic congressional leaders, he was investigated three times by an independent counsel and each time no charges were brought.

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Finally he was prosecuted by a Democratic, partisan district attorney in the Bronx, N.Y. When he was acquitted, he was asked how he felt. He asked: "[To] which office do I go to get my reputation back?"

So how to learn from the tragic mistake of the independent counsel experience while still overcoming inherent conflicts of interest and strengthening enforcement of congressional ethics? Some congressional reformers would argue that an independent office for congressional ethics would only be able to file the charges, leaving to the ethics committees the determination of innocence or guilt. But that was exactly the power the independent counsel had – to just file charges. And we all now know that the filing of charges itself can have a disastrous effect, even if the accused turns out to be innocent, with little or no consequence for the official who filed the charges.

So when the 110th Congress begins tomorrow, it might be a better idea to limit the independent congressional office to conducting professional investigations of charges filed by members of Congress with the respective ethics committees. That would build political accountability into all parts of the process. The member who files charges that turn out to be groundless would be subject to voter disapproval back home. If the ethics committee chooses to file charges, then there would be a fully transparent process to determine the truth, with due process safeguards available to the accused. If the committee chooses not to bring charges, so too would transparency rules apply — the committee would have to explain fully why the evidence did not support bringing a charge.

In all respects, the ultimate jury, the ultimate supreme court, would be the voters. Us. Not a perfect system. But better than the alternatives.

Lanny J. Davis is a regular contributor to The Hill's Pundits Blog. He is the author of "Scandal: How 'Gotcha' Politics is Destroying America" (Palgrave Macmillan, 2006).

Poll Shows Support For Democrats' Goals (AP)

By Darlene Superville

AP, January 3, 2007

Two of the Democrats' top goals — a higher minimum wage and federal funding of embryonic stem cell research — enjoy broad public support as the party takes control of Congress for the first time in a dozen years.

An overwhelming majority also supports making it easier for people to buy prescription drugs from other countries.

But the jury is out on incoming House Speaker Nancy Pelosi. Most people say they do not know enough yet to have an opinion of the California Democrat who will be the first woman in that office, an Associated Press-AOL News poll found.

The survey results come as the 110th Congress is set to convene at noon Thursday, with Democrats eager to keep their promises to pass several pieces of legislation in the first 100 hours of business, including the minimum wage increase and stem cell research funding. Voters, exasperated by investigations into the ethics of GOP lawmakers and unhappy with the situation in Iraq, toppled Republican majorities in the House and Senate last November.

Democrats will hold a 233-202 edge in the House and will control the Senate by 51-49.

A boost to the $5.15-an-hour federal minimum wage would be the first since 1997. Democratic leaders have proposed raising it in stages to $7.25 an hour. President Bush has said he supports the idea, along with help for small businesses.

Fully 80 percent of survey respondents favor an increase, too.

Support is strongest among Democrats, 91 percent, while 65 percent of Republicans back the idea. Women, men without college degrees and single women all are especially likely to favor a minimum wage hike.

Nearly seven of 10 adults, 69 percent, favor the government taking steps to make it easier for people to buy prescription drugs from other countries, where some medicines cost significantly less than in the U.S.

Importing prescription drugs to the United States is illegal, but the Food and Drug Administration generally does not bar individuals from bringing in small amounts for personal use. At the same time, the government has estimated that buying drugs from other countries would do little to influence what they cost at home.

Some 56 percent of adults support easing restrictions on using federal money to pay for research on embryonic stem cells. Supporters say such research could lead to treatments for everything from Parkinson's disease to spinal cord injuries. Bush and other opponents say the embryos from which the cells are extracted are human lives that should not be destroyed in the name of science.

Bush kept a promise in 2001 when he limited federally funded research to lines of embryonic stem cells that had been created by that time. Last summer, he used the first veto of his presidency to reject a bill that would have directed more federal dollars toward embryonic stem cell research.

Democrats have pledged to reverse that outcome, setting up a possible veto showdown with the president.

Achieving the Democrats' goals could help Pelosi raise her public profile.

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She is the first woman to lead a party caucus in either house of Congress — she was elected leader of the House Democrats in 2002 — and now will be the first female speaker, second in line to succeed the president.

Yet as much as the 10-term congresswoman has been in the news over the years and, more recently, since the Democratic election rout on Nov. 7, people say they just don't know her.

More than five in 10 adults, 55 percent, don't know enough yet about Pelosi to have an opinion of her. Those with opinions to share were split, with 22 percent viewing her favorably and 22 percent unfavorably.

The telephone survey of 1,004 adults was conducted Dec. 19-21 by Ipsos, an international public opinion research company. The margin of sampling error was plus or minus 3 percentage points.

Most Support 2 Of Dems' Top Goals, Poll Says (USAT)

USA Today, January 3, 2007

Americans overwhelmingly support two of the Democrats' top goals — increasing the minimum wage and making it easier to buy prescription drugs from other countries — as the party prepares to take control of Congress for the first time in a dozen years, an Associated Press-AOL Poll indicates.

When Congress reconvenes Thursday, Democrats will hold a 233-202 edge in the House and a 51-49 advantage in the Senate (two senators were elected as independents but will caucus with Democrats).

Party leaders want to boost the federal minimum wage — in stages — from $5.15 an hour to $7.25 an hour. President Bush has said he supports that idea. So do 80% of those polled by AP-AOL.

On prescription drugs, 69% favor making it easier to buy them from other countries — where they may cost significantly less.

The telephone survey of 1,004 adults was conducted Dec. 19-21 by Ipsos, an international public opinion research company. The margin of sampling error: +/-3 percentage points.

FBI notes alleged harsh treatment at Guantanamo

FBI agents and other employees deployed to the U.S. military's Guantanamo Bay prison complex witnessed or were told of more than two dozen incidents of harsh treatment of detainees, documents released Tuesday by the bureau show. They include one case in which an unidentified interrogator was rumored to have dressed as a priest and performed a mock baptism on a Muslim prisoner.

The incidents represent the results of an internal FBI survey of 493 agents or employees who were deployed to Guantanamo since the 2001 terrorist attacks. The FBI review concluded that none of its agents or employees was involved in the questionable treatment, much of which was outlined in news accounts that first appeared in 2004. —Kevin Johnson

Newspaper: Giuliani's plans for White House run leaked

In 140 candid pages that lay out his presidential campaign plans, former New York City mayor Rudy Giuliani and his aides include everything from how much money he needs to raise ($100 million this year) to the problems that could scuttle his bid (including being more "liberal" than most Republicans), the New York Daily News reported Tuesday (nydailynews.com).

The newspaper said it obtained the campaign plan from "a source sympathetic to one of Giuliani's rivals for the White House." It had apparently been left behind at a GOP campaign stop last year.

Giuliani spokeswoman Sunny Mindel told the Daily News that the person who leaked the plan must be worried about "Rudy's poll numbers in New Hampshire and Iowa." She called the leaking "suspicious activity." Giuliani has not formally entered the 2008 race, but notes in the plan show he began meeting with supporters last April, the newspaper reported.

Opposing View: Keep Cameras Focused (USAT)

By Donald Wolfensberger

USA Today, January 3, 2007

Opposing view: Keep cameras focused ‘Open House’ serves Americans; ‘open window’ serves Peeping Toms.

By Donald Wolfensberger

Granting C-SPAN free gazing rights on the House floor is a terrible idea. Incoming Speaker Nancy Pelosi is right to reject the request.

Such free-roaming lens-groping would defeat the original purpose of broadcasting House debates. According to the final Rules Committee report on the issue in February 1978, that purpose "is to provide a complete, uninterrupted, and accurate record of the official proceedings and business of the House — a kind of visual and audio parallel to the Congressional Record."

The report rejected network calls for allowing panning and reaction shots: "The broadcast media's view is attuned to news and dramatic values," and "the way in which they move and focus cameras and cover the proceedings will be conditioned to and colored by that view."

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The report concluded, however, that such news aspects of coverage must be subordinated "to the more fundamental need for a complete, uninterrupted, undistracted, unbiased, and completely accurate record of the official actions of the House."

The following June, the full House overwhelmingly affirmed that view by authorizing a House-operated broadcast system under the direction and control of the speaker and by rejecting a network pool arrangement. Speaker Thomas "Tip" O'Neill subsequently directed that the remotely controlled cameras in the galleries show only tight shots of the members speaking. O'Neill had a strong aversion to allowing any reaction shots that could bring ridicule on the House by showing inattentive members chatting, reading, or sleeping.

Today, viewers can get a sense of the overall chamber from wide-angle shots provided in between speakers and during voting periods. But there's a big difference between the "open House" we see on TV today and the kind of "open window" for TV Peeping Toms some would prefer.

The speaker's insistence on preserving the decorum and integrity of House proceedings is not an "anachronism." It is the very essence of a dignified public body.

Donald Wolfensberger is director of the Congress Project at the Woodrow Wilson International Center for Scholars and a former staff director of the House Rules Committee.

A Fairer House (WP)

The Washington Post, January 3, 2007

THE NEW Democratic House majority has an ambitious plan for its first 100 hours in power, from increasing the minimum wage to strengthening ethics rules to having the federal government negotiate prescription drug prices. Unfortunately, its plans don't include getting those provisions passed in the democratic fashion that the Democrats promised to adhere to once in the majority. When Republicans took over in 1995, they at least went through the motions of putting their "Contract With America" proposals through the normal committee process. Democrats under Speaker Nancy Pelosi (D-Calif.) have decided not to bother with that, nor to let Republicans offer amendments on the floor, nor even to put a GOP alternative up for a vote. This is exactly the kind of high-handed mistreatment that Democrats complained about, justifiably, when they were in the minority.

Democrats offer various rationales for their about-face. They say the streamlined process is necessary because they've pledged to accomplish so much in their first 100 legislative hours. But what makes living up to that self-imposed deadline -- which will stretch on for weeks, in any event -- more important than living up to their promise of procedural fairness? And why, even if that deadline is sacrosanct, couldn't Republicans at least be offered an opportunity to offer alternatives on the floor?

Democrats also argue that their proposals have been fully vetted and debated, but in fact many of them involve complex policy choices and some are new proposals. Democrats howled when Republicans moved unilaterally to change the rules governing the operations of the House ethics committee; why is it different for them to move unilaterally to change ethics rules? Questions such as whether the minimum wage increase should be combined with tax breaks for small businesses and whether the federal government should be the only party negotiating Medicare prescription prices ought to be put up for discussion and a vote. If that causes a fracture in the Democratic caucus, so be it.

Republicans, who were only too happy to strong-arm and ignore Democrats when the GOP was in the majority, are now, of course, moaning about being abused. In a nice bit of political theater, they plan to offer Ms. Pelosi's own "Minority Bill of Rights" from 2004, which would provide for, among other things, "open, full and fair debate consisting of a full amendment process."

Democrats say that they'll adhere to their previous promises once their first flurry of business is finished. We look forward to that. But if they don't reconsider, they will set an unfortunate precedent that fairness will be offered on sufferance, when the majority finds it convenient, and not as a matter of principle. That would not be a good start for the 110th Congress.

Pentagon Redefines 'Emergency' (WSJ)

By Jonathan Karp

The Wall Street Journal, January 3, 2007

Lockheed Martin Corp.'s new Joint Strike Fighter plane won't be ready to see action for years. But that didn't stop the Air Force from inserting two of the jets into the coming emergency-funding request for operations in Iraq.

The Pentagon's supplemental budgets traditionally pay for war costs such as personnel, equipment repairs and ammunition. But as the Joint Strike Fighter request shows, the coming supplemental is being used by the military services for more than replacing what has been lost in Iraq and Afghanistan. It is being used to acquire future weapons that normally would be funded through the regular Pentagon budget.

The fighter-jet request, which was confirmed by a senior Air Force official, is part of the Pentagon's proposed $99.7 billion war-fighting budget for the current fiscal year, which began Oct. 1. It comes on top of $70 billion in war funds already approved and the regular U.S. defense budget of $436.6 billion. The emergency supplemental budget has been cleared by the Pentagon

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and is awaiting approval by the Office of Management and Budget, which oversees funding requests for the White House. It is to be formally submitted to Congress after President Bush next month unveils the fiscal 2008 Pentagon budget request, which defense analysts expect to be nearly $470 billion.

An October directive from Deputy Defense Secretary Gordon England opened the floodgates by allowing the services to request emergency funds to replace equipment and upgrade to newer models for the "overall efforts related to the global war on terror," not just operations in Iraq and Afghanistan.

"It's a feeding frenzy," says an army official involved in budget planning. "Using the supplemental budget, we're now buying the military we wish we had," he says, referring to former Defense Secretary Donald Rumsfeld's 2004 quote about inadequate equipment for troops.

Each year, the president submits his federal budget request to Congress, which in turn makes changes and works to appropriate funds. Supplementals -- which aren't limited to defense spending and have been used for matters such as Hurricane Katrina relief -- move on a parallel track, but are targeted to specific areas. In recent years, they have been treated as emergency funds outside the budget entirely -- which has become a sore point in Congress.

Of the supplemental's total $99.7 billion, $34 billion is slated for weapons procurement. Much of the $47.6 billion for operations and maintenance also will be available to contractors to repair and modernize equipment they supplied. About half of the $9.75 billion slated for Iraqi and Afghan forces is likely to be used to buy weapons and equipment, says James McAleese, a defense consultant in McLean, Va.

About $21 billion in the supplemental is headed to the Army, and several companies stand to benefit. General Dynamics Corp. likely will snare business from $3.9 billion for armored vehicles such as its Abrams tank and $7.4 billion to buy radios. ITT Corp. and Harris Corp. likely will be the biggest beneficiaries of radio purchases. BAE Systems PLC will win work for its Bradley fighting vehicle, while Armor Holdings Inc., AM General LLC and Oshkosh Truck Corp. will divvy up the proposed $5.4 billion for trucks. Lockheed and Raytheon Co. are expected to gain from demand for short-range tactical missiles.

In another boost for combat-vehicle makers General Dynamics and BAE, the Army is requesting $3.67 billion to accelerate the reconfiguration of ground forces into smaller units -- a process normally funded through the regular budget.

Among Air Force requests is $62 million for ballistic missiles, an unusual supplemental-budget item because they are strategic assets that haven't been used in Iraq or antiterrorism operations. The Navy is requesting $3.04 billion for new and repaired aircraft, an amount that likely exceeds battle losses. The Navy appears to be using supplemental funds to secure money ahead of the fiscal 2008 budget, expected next month, when it will face pressure to cut aircraft purchases to free up billions of dollars for a new aircraft carrier.

Lockheed and Boeing Co. stand to gain from Air Force and Navy aircraft requests. The Air Force has budgeted for 17 Lockheed C-130 cargo planes. Boeing, which gained 10 C-17 cargo planes in the most recent supplemental budget, could receive fresh orders for its Navy F-18 fighter jet and V-22 tilt-rotor aircraft, which is made with Textron Inc.'s Bell Helicopter unit and has yet to be used in combat.

It is unclear whether new Defense Secretary Robert Gates will seek to change the supplemental budget, which awaits White House approval. The new largess is a turnaround from two years ago, when the Pentagon tried unsuccessfully to rein in weapons spending. Defense officials say they hope the prospect of defense-industry jobs will help ease passage in Congress. The coming Democratic leadership -- and many Republican members of Congress -- are wary of supplemental budgets because there is less room to review and change the funding. Even the Iraq Study Group, a bipartisan commission led by former Secretary of State James Baker and former Rep. Lee Hamilton, criticized this funding method, saying the war should be paid for through the main Pentagon budget.

"The latest supplemental budget is wildly out of synch with the political system, which wants more discipline and oversight," says Loren Thompson of the Washington-area Lexington Institute think tank.

An 'Honest,' 'Open' House, Where Cameras Can't Zoom Out (WP)

By Al Kamen

The Washington Post, January 3, 2007

The House of Representatives is often called "the People's House." So wouldn't it be nifty if the "people" could see what was going on in their own house?

But those watching on TV really can't. Only tight camera shots of lawmakers speaking on the floor -- or of the presiding officer in the chair -- are allowed. The camera is not permitted to pan the chamber. Incoming Speaker Nancy Pelosi (Calif.) had promised that the Democrats would have "the most honest, most open and most ethical Congress in history."

So Brian Lamb, the head of C-Span, which got the electronic eye into the House and Senate in the first place nearly three decades ago, thought this would be a great opportunity to improve coverage. (The GOP turned him down in 1985.)

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He wrote Pelosi asking for more cameras, saying the current system "does a disservice to the institution and to the public." For example, the fixed camera means "you can never get a reaction shot" during a debate, he told us, so it "takes out of the experience any soul" or sense of the give-and-take.

Not so, Pelosi said in a Dec. 22 letter to Lamb. "I believe the dignity and decorum of the United States House of Representatives are best preserved by maintaining the current system of televised proceedings," she wrote.

"Dignity"? "Decorum"? In a place that folks such as Jim Traficant, Duke Cunningham and Mark Foley used to call home? Okay, she's obviously joking, but still. . . . As The Who sang years ago: "Meet the new boss, same as the old boss."Wind Is Not the Only Alternative Natural Gas

Seems like almost every trade association and nonprofit sends out a new calendar this time of year. Our favorite is one from the American Wind Energy Association. "We hope you will enjoy this visual 'tour' of some of the wind energy products now operating in our country," an enclosed letter says.

One especially exciting picture appears to tout both wind energy and methane. Best to stay upwind if possible.Keep the Empty Seats Out of the Shot

There was a fine turnout yesterday at the National Cathedral for the funeral of former president Gerald R. Ford. Tickets were hard to come by, and latecomers were turned away. Even so, seems there were some empty seats.

Just before the service began, an usher approached a Loop colleague sitting in the cheap seats on the left, the seats where you really are better off watching the monitor if you want to see anything.

"Does anyone want to sit in the center section?" the usher asked. "We need 10 people" to fill in the crowd. So a group of people trooped to the rear of the center section, just in front of the Boy Scouts sitting in the last four rows, to watch from there.From Interior to Big Oil

Remember former interior secretary Gale Norton? She soon will be general counsel for a Royal Dutch Shell division in Denver that's focusing on oil shale exploration in the Rockies. House Democrats plan to investigate Norton's former agency, especially for its cozy relationship with the oil and gas industry.

Enviros naturally criticized Norton's hiring, with one even saying the move would "undermine" Shell's efforts to project an "image as a good environmental steward." Predictably, Rep. Ed Markey (D-Mass.), a senior member of the House Energy and Commerce Committee, said Shell's move was just another example of the "hand-in-glove relationship between Big Oil and the Bush administration's top Interior officials."

Well, maybe Greenpeace wasn't hiring.If Only She Had Some References for the Job

At the United Nations, where there is no U.S. ambassador, idle chatterers are talking about Victoria Nuland, now ambassador to NATO, as a possible choice to succeed John R. Bolton. Nuland, who is a career Foreign Service officer and is married to Robert Kagan, a contributor to the Washington Post op-ed page, was top foreign policy adviser to Vice President Cheney and before that an aide to Clinton confidante Strobe Talbott when he was deputy secretary of state. Well, the bases can't get more covered than that.GSA Earning a Few Admirers Out West

The GSA's fame has spread across the country. This just in from the Austin American-Statesman: "It will be little comfort to anyone who has ever undergone the torture of a building project to know that bigger doesn't mean better -- or easier. U.S. District Judge Lee Yeakel is learning a lot about government construction projects as he helps oversee the construction of the proposed federal courthouse. . . . He notes with a chuckle that he was advised that the U.S. General Services Administration -- the agency in charge of getting the project built -- has a motto: 'We're not happy until you're not happy.' "

Goodbyes Galore At State Department (WSJ)

By Neil King Jr., The Washington Wire

The Wall Street Journal.com, January 3, 2007

In yet another high-level departure from the State Department, Condoleezza Rice's energetic head of political-military relations, John Hillen, has told his colleagues he is leaving the administration this month. Hillen, a former Army officer and Gulf War veteran, served as the principal link between State and the Pentagon and was leading the administration's effort to build better security ties with Arab allies in the Persian Gulf in a bid to contain Iran's growing influence.

In an email to colleagues the day after Christmas, Hillen said that he and his family decided that it was best not "to commit to being in the administration until 2009." The note suggests that the White House has requested that all top appointees either commit to staying through the end of the administration, or leave as soon as possible. "It was clear that I need to commit more fully to some of the unique and immediate needs of my growing family and give Secretary Rice a chance to give a new [assistant secretary] a full two years to keep the momentum going," Hillen wrote in his email.

Beyond the Hillen departure, Rice has lost her deputy, Robert Zoellick, her United Nations ambassador, John Bolton, and her counselor, Philip Zelikow. No replacements for any of these posts have been announced.

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Lawmakers, Others Eager For Part D Enrollment Numbers (HILL)

By Jeffrey Young

The Hill, January 3, 2007

The sign-up period for prescription-drug coverage under Medicare Part D ended Sunday, and the Bush administration and observers of the program are eagerly waiting to see whether beneficiaries enrolled in plans best suited to their needs.

Encouraging elderly and disabled participants to reevaluate their 2006 plans, which changed in many cases, and compare them to other options on the market was the chief challenge during the second year of the program.

The Centers for Medicare and Medicaid Services (CMS), lawmakers, members of the health-insurance industry, and beneficiaries' advocates widely predicted that most people enrolled in Part D would stick with the coverage they selected during the inaugural enrollment period, between November 2005 and May 2006.

Numerous opinion polls conducted in 2006 indicated that the majority of Part D beneficiaries were generally satisfied with their drug coverage, despite complaining that the program was too complicated.

But the private insurers that provide the drug coverage made numerous alterations to their plans for 2007, including changing premiums, deductibles, cost-sharing obligations and the drugs they cover.

Moreover, with the massive task of establishing a brand-new program completed, the administration scaled back its education and outreach programs for the 2007 enrollment period.

Nevertheless, the administration has expressed confidence that beneficiaries were smart shoppers during the six-week sign-up period.

In a conference call with reporters last week, acting CMS Deputy Administrator Herb Kuhn pointed to the high volume of calls to Medicare's toll-free telephone hotline and of visits to Medicare's website as signs that beneficiaries were not simply succumbing to inertia, even if most of them did not elect to change plans.

According to CMS, the "Plan Finder" website, which allows beneficiaries to compare Part D options, received 30 million page views between Oct. 15 and Dec. 27. Five million calls were made to the hotline.

At the close of 2005 and again when the sign-up period ended in May 2006, CMS experienced a spike in online and telephone inquiries and in enrollment. A CMS spokesman said yesterday that figures regarding how many beneficiaries looked for information or signed up for plans during the final days of this year's enrollment period were not yet available.

An AARP lobbyist who is the group's national coordinator for health issues, Kirsten Sloan, said, "I think you'll find that most Medicare beneficiaries did shop around."

AARP conducted its own multifaceted outreach program, which ranged from waging a national advertising campaign to hosting small educational events with beneficiaries. "There are a myriad of ways to get information," Sloan, who praised CMS's efforts, said.

The AARP famously endorsed the bill that created Part D, to the consternation of many Democratic lawmakers. AARP's affiliated business operation co-sponsors a Part D plan with United Healthcare.

One critic of the program remains concerned that many beneficiaries did not realize that their benefits had changed, although he acknowledged that a final assessment is impossible until CMS releases its enrollment data.

"What portion of the Medicare population was aware of these changes? … We simply don't know," said Ron Pollack, president of the liberal healthcare advocacy group Families USA.

"Most people seemed unable to bear a whole new examination this year," said Medicare Rights Center President Robert Hayes, who has been a fierce detractor of Part D. Hayes predicted that many beneficiaries will get unwelcome surprises as they learn about changes to their benefits later in the year, after it's too late to change plans.

In addition to defending the quality of the benefits themselves, CMS and the health plans have had to answer for problems beneficiaries encountered when signing up for the program and accessing their benefits during the early months of Part D's first year.

These problems generated intense criticism from congressional Democrats and some advocacy groups.

Hayes offered faint praise for CMS's performance during the enrollment period of 2007. "Administratively, CMS is treading water competently," he said. Hayes believes that the structure of Part D is too complex to administer and too difficult for beneficiaries to use.

Although the process appears to have gone substantially more smoothly for the 2007 coverage period, it has not been without problems.

CMS has acknowledged the some health plans, including United Healthcare, took too long to provide beneficiaries with information about alterations to their coverage. Approximately 250,000 people who did not receive an "annual notice of change" document by Oct. 31 will have until Feb. 15 to choose a plan, CMS said last week.

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The availability of timely and accurate information on Part D plans, or the lack thereof, has been a recurrent theme in Democratic criticism of the program.

Incoming Senate Finance Committee Chairman Max Baucus (D-Mont.) was one of two Democrats who helped to write the bill that created Part D, but he frequently has expressed dissatisfaction with the administration's and the health plans' performance in disseminating information to beneficiaries.

The problems with the annual notices of change prompted strong words from Baucus. "It is unacceptable that a number of drug plans failed to uphold their fundamental responsibility to give this notice to Medicare beneficiaries," he said in a written statement provided by his spokeswoman.

"We need to make sure that folks are getting all of the information that they need to make decisions during the open enrollment period," Baucus said.

Baucus also reiterated his vow to pursue changes to Part D to make it "more consistent and simpler for seniors to use."

Clyburn Leads Southern Blacks' Ascent To Top Posts In Congress (WSJ)

By David Rogers

The Wall Street Journal, January 3, 2007

WASHINGTON -- In this time of change in Congress, Rep. James Clyburn, a minister's son from South Carolina, takes his place tomorrow as the House Majority Whip -- the No. 3 Democratic post and highest ever held by an African-American from a Southern district.

The 66-year-old Mr. Clyburn, who was 25 before the Voting Rights Act was enacted, symbolizes the rise of a set of Southern black lawmakers, shaped by the region and with a distinctive approach to politics separate from that of black leaders representing urban Northern districts.

Georgia Rep. John Lewis, a sharecropper's son who won national fame in the civil rights movement, will be chairman of a panel within the House tax-writing committee. Rep. Bennie Thompson, once a Mississippi alderman, becomes chairman of the Homeland Security Committee. Rep. Mel Watt moves up in the Financial Services panel important to a Charlotte banking industry just miles from where he grew up in poverty in North Carolina.

"We have come from a part of the country where it was legal for people to treat people differently because of their color," Mr. Thompson says. "In many instances you find a passion for making sure that our systems are fair and equitable. On the other hand you find a greater interest in community."

Their often rural roots and the black educational and religious institutions that sustained them through segregation still influence their politics. "It's like the turtle on the fence post: he didn't get there by himself," says Rep. Sanford Bishop (D., Ga.) "I come from a district that believes in God, country, work, family and guns, and not necessarily in that order. For rural blacks, a shotgun was just another tool on the farm and a way to protect you from the Klan."

Southern black lawmakers also tend to be more conservative than their Northern counterparts on social issues. Political necessity has required them to reach out to business and agricultural interests to gain white support. And growing up under segregation put a premium on personal relationships, with both blacks and whites, that can make them adept at building coalitions in the new Congress.

"I fish in a lot of ponds." Mr. Clyburn says, emphasizing his willingness to work with different factions. "I'm basically a manager. I've been managing something since I was 24 years old."

In Congress, that has meant fostering ties to departing Speaker Dennis Hastert (R., Ill.), with whom Mr. Clyburn worked on tax legislation in 2000 important to depressed rural areas. Even as he did so, Mr. Clyburn was confronting then-Sen. Jesse Helms (R., N.C.) by persuading a reluctant President Clinton to make a recess appointment of an African-American to the Fourth Circuit Court of Appeals.

Mr. Clyburn, one of 13 black freshmen elected to the House in 1992 from the South, is a strong labor Democrat. But he admires former Treasury Secretary Robert Rubin for "sticking to his guns" in a recent standoff with party liberals; in 2003, Mr. Clyburn himself broke with his party to support a ban on late-term abortions.

Mr. Clyburn has built upon a set of extended family relationships from the region -- and across racial lines. "I Too Am a Southerner" is the working title of a book he is writing about his life. He says racial injustice continues today in cases of white individuals manipulating property values for rural black homeowners. But this is also a man who has served on the board of a prominent South Carolina bank and maintains a friendship with a Washington oil lobbyist, whose white grandfather built a bowling alley for blacks in Charleston in the '60s and then hired Mr. Clyburn to teach black customers the game.

Segregation fostered its own competitiveness. "Your parents told you, you had to be 'twice as good' and that's simmering in all of us," says Elijah Rogers, a Clyburn friend from their years at South Carolina State, an historically black college in Orangeburg, S.C. "Still today we correct each other if there is a slip in grammar."

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Biblical verses are spliced into conversation: "Whither thou goest, I will go," Mr. Clyburn says, invoking Ruth's pledge to Naomi. After taking over the Democratic caucus chairmanship in the last Congress, Mr. Clyburn, an African Methodist Episcopal churchgoer, insisted on beginning party meetings with a prayer: "I was always taught: You lead by precept and example. ... I thought it would be sinful to lay out precepts if I were not going to be an example."

As Congress prepares to write a new farm bill this year, Mr. Clyburn plans to read a prayer for farm workers at an event tomorrow. And amid the outcry for ethics standards, he served on a special panel that investigated his friend, former Rep. Earl Hilliard, a black Alabama Democrat who lost his seat after being reprimanded for misusing campaign funds in support of private companies in which he or his family had an interest.

"It was one of the hardest things I ever had to do," says Mr. Clyburn, who remains friends with Mr. Hilliard. "I sat with him, just as I'm sitting with you, and I told him I'm sorry, you screwed up, and this is the best I can do."

That record could help him as Democrats try to move their own rules changes this week to address ethics and lobbying abuses. And on their agenda next week is a minimum-wage increase, a key issue for Mr. Clyburn's district, which includes many of the poorest communities in South Carolina.

The decade-long freeze at $5.15 an hour has made it harder for low-wage workers to qualify for the child tax credit, which was indexed to inflation in the same period. And he has little sympathy for Republican demands that Democrats must bring their bill -- seeking a $2.10 hourly increase -- through committee and not directly to the floor.

"Sometimes it's good to be smart, sometimes it's good to be symbolic," he says. "I think we ought to bring that bill straight to the floor. The old leadership refused to bring it to the floor and we're going to bring it."

Segregation's mark is clear in his protective reserve. "He is guarded.... Emotionally you never throw that off," said Rep. Barney Frank (D., Mass.).

"I wasn't born this way," Mr. Clyburn says. "I taught myself to be as reserved as I am in order to survive."

As a boy, Mr. Clyburn dreamed of being in politics, despite warnings from older blacks to keep his ambitions in check. The civil-rights movement thrust him forward in college, when he was arrested several times for demonstrations. In an early case, the late Rev. I. DeQuincey Newman, a mentor and South Carolina civil-rights activist, picked him to take the stand at the trial after Mr. Clyburn and other black students were arrested during an Orangeburg, S.C., demonstration.

It was common then for Southern newspapers to print the names of black student protesters on the front page, inviting retaliation against their families. Rev. Newman argued that in a white society the Clyburn family was safe from economic retribution: "Your daddy is a minister and he ain't preaching to no white people. Your mother is a beautician and she's fixing no white folks' hair. You're independent of the system. Nobody gets fired. So you're it."

Mr. Clyburn says, "It was my parents. It was because of them I was picked out of the crowd. Wherever it is you are, you don't get there on your own."

John West, an early progressive among South Carolina governors, tapped him to be the first black staffer to a sitting governor in modern times. Their friendship grew and Mr. Clyburn became the state's human rights commissioner soon after, a post he kept for more than 17 years.

He twice failed in statewide races, but his efforts in South Carolina's Sixth District helped to oust a conservative Democrat in the 1970s who had won until then by playing to white tobacco interests and ignoring the black population. And when lines were redrawn to create a majority black district in the early '90s, Mr. Clyburn won a crowded primary without a costly runoff.

And with Sen. Barack Obama (D., Ill), an African-American considering a presidential run in 2008, Mr. Clyburn's annual fish fry in April is a must-attend session because of South Carolina's early primary.

"Don't tell me things don't change," Mr. Lewis says. "Walk in my shoes; walk in Jim Clyburn's."

Ethics Panel Closes Conyers Probe (WT)

By S.a. Miller

The Washington Times, January 3, 2007

The Republican-led House ethics committee -- in possibly its last action before Democrats take over Congress -- closed the three-year investigation of Rep. John Conyers Jr. after he agreed to stop using staffers for campaign work and personal errands.

Mr. Conyers, a Michigan Democrat, acknowledged a "lack of clarity" in his dealing with the taxpayer-financed staffers, who reportedly worked on political campaigns and performed other nonofficial jobs, including baby-sitting Mr. Conyers' children and tutoring his wife.

The case against Mr. Conyers was closed without punitive action or a letter of reproval from the Committee on Standards of Conduct, the ethics panel, which is comprised of five Democrats and five Republicans.

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Some Republican lawmakers and congressional watchdogs say the "slap on the wrist" for Mr. Conyers raises doubts about new ethics rules that Speaker-designate Nancy Pelosi, California Democrat, promises for the first 100 hours of the 110th Congress that convenes tomorrow.

"It's a slap on the wrist, but the fact that they did anything is a big deal for [the ethics committee]," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington.

She did not expect the committee to be any tougher under Democratic control.

"It is always hard for the party in power to deal with congressional corruption," she said.

Last month, the ethics committee decided not to take action against Rep. Jim McDermott, despite finding that the Washington Democrat broke ethics rules in 1997 by giving reporters illegally taped telephone calls involving House leaders.

A Republican lawmaker familiar with both cases said Democrats on the committee blocked punitive action against their colleagues.

"It certainly brings into question the Democrats being strong on ethics," said the lawmaker, who did not want to be identified discussing ethics cases. "In this case [against Mr. Conyers], they are clearly not willing to sanction their own Democratic members."

Promises of ethics reforms were key to Democratic wins in the midterm elections that gave the party the majority in Congress, but ethical concerns have dogged House Democrats as they prepare to take leadership.

Mrs. Pelosi weathered criticism for backing Rep. John P. Murtha, Pennsylvania Democrat, in his ill-fated run for majority leader. Mr. Murtha was tainted by involvement in the Abscam scandal of the early 1980s.

Rep. Alan B. Mollohan, a West Virginia Democrat who stepped down from the ethics committee last year because he was the target of a federal corruption probe, is slated to head the subcommittee that oversees the Justice Department budget.

Mrs. Pelosi did not return a call seeking comment. House Democratic leaders will present the ethics legislation today.

Lawmaker To Take Seat Provisionally (WT)

By Jon Ward

The Washington Times, January 3, 2007

A Florida Republican who narrowly won a disputed election will take his place with the new House tomorrow, but Democrats will continue to fight in the courts for a new election.

Rep. Rush D. Holt, New Jersey Democrat, will stand on the chamber floor and ask House leaders to recognize a court challenge against Rep.-elect Vern Buchanan from Florida's 13th Congressional District.

"Mr. Holt's action will make clear that the swearing in of any member does not prejudice the legal case or the congressional investigations," said House Speaker Nancy Pelosi's spokeswoman, Jennifer Crider.

Mr. Holt has advocated that electronic voting machines be accompanied by a paper trail. The Florida election used electronic machines with no paper record.

Christine Jennings, who lost to Mr. Buchanan by 369 votes, is fighting in court the results of the race to replace Rep. Katherine Harris, the former secretary of state who played a decisive role in the 2000 presidential election, and has filed a notice of contest with the House Administration Committee.

Mrs. Jennings is appealing a judge's ruling last week that denied her access to the electronic voting machines used in Sarasota County. The court battle in Florida will drag on, likely for months.

About 18,000 ballots, out of a total of about 238,000, recorded no preference in the race between Mr. Buchanan and Mrs. Jennings.

Mrs. Jennings has said that the large number of "undervotes" is likely the result of computer malfunction.

"There are some very serious questions about what happened," Miss Crider said.

Mr. Buchanan has said that state tests verified the reliability of the voting machines.

"Mr. Buchanan believes that the machines performed perfectly," said Buchanan spokeswoman Sally Tibbets.

Republican leaders say the matter should be dropped.

"There is a time for politics, and there is a time for governing. The time for politics has passed," said Rep. Adam H. Putnam, Florida Republican, who chairs the House Republican Conference.

One Republican official, who was present at the recount performed in Florida, said there was "no question" that some votes were lost.

"But to the extent there were undervotes, there were just as many on the Republican side as there were on the Democrat side," the official said.

The House committee could begin an independent investigation by the end of this month, if the new chairman, Juanita Millender-McDonald, California Democrat, decides to pursue it.

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The committee does have the power to dismiss Mrs. Jennings' notice of contest, to declare the seat vacant, or to remove Mr. Buchanan and install Mrs. Jennings in his place, said George Shevlin, the Democrat staff director on the committee. The full House must approve any committee report.

Since 1933, House records show that only three out of 105 contested elections have gone in favor of the challenger.

Wage Bill Will Iron Out An Abramoff Wrinkle (HILL)

By Susan Crabtree

The Hill, January 3, 2007

House Democrats led by Education and the Workforce Committee Chairman George Miller (D-Calif.) are aiming to undo a controversial vestige of the Jack Abramoff era in the first 100 hours of the 110th Congress. Miller plans to include language raising wages in the Commonwealth of the Northern Mariana Islands in a broader bill increasing the U.S. minimum wage.

In the past few years as the scandal involving Abramoff has unfolded, former Majority Leader Tom DeLay (R-Texas) and Rep. John Doolittle (R-Calif.) have been scrutinized for their ties to Abramoff and their alleged efforts to block legislation aimed at raising labor and immigration standards in the islands.

The Commonwealth of the Northern Mariana Islands (CNMI) hired Abramoff in 1994 to work with GOP leaders to prevent the extension of the federal minimum-wage and immigration laws to the islands. The government canceled its lobbying contract with Abramoff in 2002 amid over-billing concerns.

The Marianas economy relies heavily on garment factories where laborers, many from China and the Philippines, are paid far less than the U.S. minimum wage to make clothing eligible to carry a "Made in the U.S." label.

Miller has been trying to extend U.S. federal minimum wage and immigration laws to the islands since 1996 and clashed repeatedly with DeLay on the issues. In the past, Miller also called on the then-GOP-controlled House Resources panel to investigate Abramoff's work for the islands, to no avail. Former Rep. Richard Pombo (R-Calif.) was then serving as chairman of the panel. He lost his reelection in November after a bruising race that highlighted his ties to Abramoff and DeLay.

Now that Democrats control the House and Senate, Miller finally may get his way. Last year, House Democrats attached to a spending bill an amendment that would have raised the minimum wage and extended it to the Marianas. That bill eventually stalled. The current language would increase gradually the islands' minimum wage from $3.05 an hour to the federal level, which is now $5.15 an hour but would increase to $7.25 if the umbrella U.S. minimum-wage hike passes.

"People are being exploited in the Marianas Islands and they deserve to have a minimum-wage increase," Miller's chief of staff, Daniel Weiss, said.

"The bottom line here is anyone who works under the American flag deserves to be paid a fair wage," incoming Speaker Nancy Pelosi's (D-Calif.) spokesman, Drew Hammill, said.

The CNMI government, however, strongly opposes any increase in wages, arguing that local businesses may shut down as a result. In late December, a spokesman for the islands' current governor, Benigno Fitial, told the Marianas Variety that a wage increase could cause business closures, higher unemployment, and decreased tax revenues.

Indeed, changes to international trade law that have eliminated or reduced quotas and duties from other textile-producing companies have taken a toll on the islands' garment industry, which faces increased competition from China and Vietnam. In late December a large garment factory employing more than 1,000 workers shut down, the 12th to close in last few years.

The value of CNMI shipments of garments to the U.S. dropped more than 16 percent between 2004 to 2005, to $677 million from about $807 million, down from a 1999-2000 peak of $1 billion, according to U.S. Department of Commerce data cited in a December Government Accountability Office report.

A Democratic aide blamed the islands' weakened garment industry on changes to international trade laws brought about by the World Trade Organization's actions, noting that Congress has "no jurisdiction" to change those laws. House Democrats can try to end "slave labor" practices and that's what they're trying to do, the aide said.

Fitial will have a difficult time fighting the wage increase. He has a long history with Abramoff, DeLay, and the islands' garment industry. He has called Abramoff a "close friend" and has long opposed Miller's efforts to raise labor and immigration standards on the islands. Fitial served in CNMI's House, where DeLay aides helped him win the speakership. He also has served as vice president of Tan Holdings, a family conglomerate that owns numerous clothing factories on the islands and one of the firms that made up the Saipan Garment Manufacturer's Association, an Abramoff client.

When Abramoff was scheduled for sentencing last year, Fitial was one of 260 people who wrote a letter asking the judge for leniency. In it, Fitial called Abramoff a "personal friend and political champion" of the "beleaguered" Pacific islands.

"He was a natural crusader and political activist, with great sympathy for our un-represented Commonwealth," Fitial wrote.

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In late December, a spokesman for the CNMI governor's office said it is looking for a strong lobbying voice in Washington to oppose the minimum wage hike. Dan Mattoon, a former aide to Rep. Dennis Hastert (R-Ill.), had represented the Saipan Garment Manufacturers Association in 2005, but that contract ended last year.

Now that Democrats are in control, the political tide has turned and the governor's office may have a hard time finding a firm willing to take on its agenda, especially considering the islands' history with Abramoff and the tough campaigns many of its champions in Congress faced last cycle.

Doolittle's Marianas record became an issue in his tough reelection campaign when his opponent attacked him for tolerating "forced abortion and sex slavery" by supporting Abramoff in his defense of the islands' garment industry. A former Doolittle aide, Kevin Ring, worked for Abramoff heading up the CNMI contract in 2001.

Doolittle defended himself, claiming that he had no knowledge of the abuses, and blasted his opponent for running a desperate, negative campaign. Doolittle won reelection by just three percentage points.

Doolittle's office was closed yesterday and his press secretary did not return a call for comment.

But It's Thomas Jefferson's Koran! (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 3, 2007

Rep.-elect Keith Ellison, the first Muslim elected to Congress, found himself under attack last month when he announced he'd take his oath of office on the Koran -- especially from Virginia Rep. Virgil Goode, who called it a threat to American values.

Yet the holy book at tomorrow's ceremony has an unassailably all-American provenance. We've learned that the new congressman -- in a savvy bit of political symbolism -- will hold the personal copy once owned by Thomas Jefferson.

"He wanted to use a Koran that was special," said Mark Dimunation, chief of the rare book and special collections division at the Library of Congress, who was contacted by the Minnesota Dem early in December. Dimunation, who grew up in Ellison's 5th District, was happy to help.

Jefferson's copy is an English translation by George Sale published in the 1750s; it survived the 1851 fire that destroyed most of Jefferson's collection and has his customary initialing on the pages. This isn't the first historic book used for swearing-in ceremonies -- the Library has allowed VIPs to use rare Bibles for inaugurations and other special occasions.

Ellison will take the official oath of office along with the other incoming members in the House chamber, then use the Koran in his individual, ceremonial oath with new Speaker Nancy Pelosi. "Keith is paying respect not only to the founding fathers' belief in religious freedom but the Constitution itself," said Ellison spokesman Rick Jauert.

One person unlikely to be swayed by the book's illustrious history is Goode, who released a letter two weeks ago objecting to Ellison's use of the Koran. "I believe that the overwhelming majority of voters in my district would prefer the use of the Bible," the Virginia Republican told Fox News, and then went on to warn about what he regards as the dangers of Muslims immigrating to the United States and Muslims gaining elective office.

Yeah, but what about a Koran that belonged to one of the greatest Virginians in history? Goode, who represents Jefferson's birthplace of Albemarle County, had no comment yesterday.Love, Etc.

Engaged: Waldorf's own Benji Madden, to Aussie starlet Sophie Monk, both 27. The Good Charlotte frontman (whose brother/band-mate Joel just split from Hilary Duff), proposed to his gal on Christmas Eve in Australia, his rep said. Monk, who appeared in "Date Movie" and "Click," visited Madden's home town in October and hasn't yet been quoted trash-talking Charles CountyHey, Isn't That...?

Redskins Clinton Portis and Ladell Betts toasting 2007 with an assortment of well-dressed ladies and lots of Veuve Clicquot in a reserved lounge at the new downtown restaurant Posh. Portis topped off his casual-chic look with hat and sunglasses, all the better to be picked out in the crowd.

Shimon Peres lunching at Teatro Goldoni yesterday after attending Gerald Ford's funeral. The former PM of Israel, with three dining partners and scads of security, lingered for 261/27 hours over white wine, steamed vegetables and grilled shrimp.Hey, Isn't That...?

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Sala's Choice (WP)

By Harold Meyerson

The Washington Post, January 3, 2007

Sala Galant Lipschultz Burton made two critical decisions during her lifetime, the full meaning of which could not have been apparent to her at the time she made them. The first, in the early 1950s, was to marry a young lawyer and Democratic activist named Phil Burton, who was to become the single most important member of the House of Representatives in the '60s and '70s.

As a leader of the California Young Democrats and a rising force in San Francisco politics, the young Phil Burton had already won a reputation for his political brilliance -- and for his explosive temper. Nobody worked harder for liberal causes. Nobody demanded more of his associates and staffers: If they didn't match his crazy hours, his ability to count votes or his understanding of the art of the deal, they'd be subjected to eruptions from the Burton volcano.

Throughout his career, in fact, the biggest obstacle to Burton's success was his rage. That he accomplished as much as he did was due in part to Sala. The late John Jacobs, whose 1995 biography of Burton, "A Rage for Justice," is one of the great political biographies of the past quarter-century, reported that Sala was Phil's confidante, co-strategist and champion, but that was only the beginning. "She cleaned up his messes," Jacobs wrote, "soothing and placating those he insulted or abused. She alone could intervene in a conversation to shut him up."

Phil Burton was first elected to the House in 1964. In his 19 years as a congressman -- he died of a ruptured aorta in 1983 -- he was responsible for the legislation that established Supplemental Security Income (SSI) for the aged, blind and disabled; created black-lung compensation for coal miners; increased the minimum wage; made strikers eligible for food stamps; greatly expanded the size and number of national parks; and abolished the House Un-American Activities Committee. More broadly, he broke the power of the old Dixiecrat barons in the House by subjecting committee chairmanships to secret ballot elections within the Democratic caucus. He engineered reapportionments of California that were greatly to his party's benefit, and he steered contributions to the Democratic candidates who needed them most.

When he died, Sala succeeded him in a special election. Just four years later, in January 1987, Sala herself lay dying of cancer. She asked Phil's brother, John Burton, who had represented an adjoining congressional district in San Francisco, to come to the hospital and told him that she wanted "Nancy" to succeed her. For a moment, John Burton was unsure which Nancy she was referring to, but as she explained to family and friends at her bedside, the woman in question was the former California Democratic Party chair Nancy Pelosi.

Pelosi had been associated with the Burtons since shortly after she and her husband had moved to San Francisco in the years when Phil's star was rising. The Pelosis had a large, attractive house, and the first thing she recalls Phil saying to her was, "We'll use this for fundraisers." But Phil's appreciation of Pelosi wasn't confined to her abilities as a hostess. He saw in her a commitment to progressive values and a clear political sense of how to turn those values into laws. When John stepped down from Congress in 1982, Phil asked Pelosi to stand for election to replace him, but she declined, saying her children were too young. Five years later, Sala, on her deathbed, evidently saw in Pelosi the same qualities that Phil had seen.

This time, her children older, Pelosi said yes, and in April she won a squeaker of a special election.

In the House, Pelosi has continually sought the counsel of another Burton protege, George Miller, whose district is right across the Bay from hers. Appointed early on to a seat on the Appropriations Committee, she demonstrated, says the committee's new chairman, Wisconsin's David Obey, that she was "operational" -- a Burton word meaning able to steer difficult measures to enactment.

When the Newt Gingrich Republicans swept to power in 1994, political almanac authors Michael Barone and Grant Ujifusa termed it "the collapse of the House that Phil Burton built." Nancy Pelosi, as smooth as Phil Burton was rough, is far more open to openness in the legislative process than her sometimes secretive mentor was. Politically, she understands the limits of the possible and that she can expand them only as far as the American people are willing to go. But she also knows that the American people want Congress to do any number of things that were stubbornly, and, in the end, suicidally resisted by the now-collapsed house that Newt Gingrich built.

The Burtonistas -- with different causes and methods for a new era, to be sure -- are back. Score two for you, Sala.

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OTHER NEWS:

A Final Farewell To President Ford (NYT)

By Scott Shane

The New York Times, January 3, 2007

WASHINGTON, Jan. 2 — In a soaring tribute to a modest man, Gerald R. Ford was remembered on Tuesday as bringing the ordinary virtues of decency, integrity and humility to mend a broken government after the pain of war and scandal.

Gerald R. Ford was remembered at his funeral Tuesday in Washington as bringing decency, integrity and humility to government. Betty Ford, lower left, was escorted by President Bush as three former presidents, George Bush, Bill Clinton and Jimmy Carter, looked on. Pages A14-15.

"Amid all the turmoil, Gerald Ford was a rock of stability," President Bush told the gathering of generations of Washington's powerful at Washington National Cathedral. "And when he put his hand on his family Bible to take the presidential oath of office, he brought grace to a moment of great doubt."

The cathedral's grand setting and the pomp of a state funeral provided a counterpoint for the unassuming character praised by the eulogists.

President Bush's father called Mr. Ford "a Norman Rockwell painting come to life"; Tom Brokaw, the former television anchor, described "Citizen Ford" as a "champion of Main Street values"; and Henry A. Kissinger said the man he served as secretary of state "had the virtues of small-town America."

When the cathedral's limestone arches echoed, it was with the drums and brass of Aaron Copland's "Fanfare for the Common Man," and the ushers directing the capacity crowd of 3,700 to their seats were uniformed Boy Scouts, a tribute to Mr. Ford's youthful achievement of the rank of Eagle Scout. Among the hymns was "Eternal Father, Strong to Save," known as the Navy Hymn, a particular favorite of Mr. Ford, who served in the Pacific during World War II.

President Bush, overseeing a deeply unpopular war in Iraq and perhaps pondering his own legacy, lauded Mr. Ford's "firm resolve" in sending the Marines to rescue the crew of the American merchant ship Mayagüez when it was seized by Cambodia. He suggested that some acts widely condemned during Mr. Ford's administration in the 1970s had come to look wiser in historical perspective, including his pardon for his immediate predecessor, Richard M. Nixon.

In addition, Mr. Bush noted that Mr. Ford was criticized for signing the Helsinki Accords, the 1975 agreement that ratified borders in Soviet-dominated Eastern Europe while also setting new standards for human rights.

"History has shown that document helped bring down the Soviet Union as courageous men and women behind the Iron Curtain used it to demand their God-given liberties," Mr. Bush said.

Mr. Ford's coffin arrived at the cathedral by motorcade from the Capitol, a final journey through the city where he served as 13-term congressman, vice president and finally president, the only person to hold the nation's top two offices without being elected to either.

After the 90-minute Episcopal funeral service, Mr. Ford's body was flown from Andrews Air Force Base outside Washington to his hometown, Grand Rapids, Mich., for a burial service on Wednesday in a plot beside the museum that bears his name.

In Washington, the Gothic cathedral where Mr. Ford helped dedicate the nave in 1976, became for the morning a crossroads of the capital's past and present, with Supreme Court justices and members of Congress in the south transept facing scores of foreign ambassadors and former foreign leaders in the north transept.

Across an aisle from the diplomats sat Mr. Ford's honorary pallbearers, including in the front row Mr. Kissinger; Donald H. Rumsfeld, who served as defense secretary to both Mr. Ford and the current President Bush; Alan Greenspan, the former Federal Reserve chief who was Mr. Ford's top economic adviser; James A. Baker III, who ran Mr. Ford's unsuccessful 1976 campaign for president; and Brent Scowcroft, Mr. Ford's national security adviser.

Facing the altar, where Mr. Ford's coffin, draped by a flag, sat, were Mr. Ford's widow, Betty, who was escorted in and out of the cathedral by President Bush, and the Ford children, Steve, Jack, Mike and Susan.

Across the nave from the Ford family sat President Bush and Laura Bush, and Vice President Dick Cheney, who served Mr. Ford as chief of staff, with his wife, Lynne; several current cabinet members and three former presidents — the elder Mr. Bush with his wife, Barbara; Jimmy Carter and his wife, Rosalynn; and Bill Clinton and his wife, Senator Hillary Rodham Clinton, and their daughter, Chelsea. With them was Nancy Reagan, the former first lady.

Like much of the outpouring of affection for Mr. Ford since he died at his home in Rancho Mirage, Calif., on Dec. 26 at the age of 93, the service focused on what President Bush called the "calm and healing" the former president brought to "one of the

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most divisive moments in our nation's history." Mr. Ford, the House minority leader, succeeded first Vice President Spiro T. Agnew and then President Nixon after both men were forced from office by scandal.

"Gerald Ford brought to the political arena no demons, no hidden agenda, no hit list or acts of vengeance," said Mr. Brokaw, who explained that Mr. Ford had asked him to address the funeral as a representative of the press corps. "He knew who he was, and he didn't require consultants or gurus to change him."

Mr. Kissinger in particular emphasized the substantive achievements of Mr. Ford in foreign policy, saying the "deserved commentary" on Mr. Ford's character "has sometimes obscured how sweeping and lasting were his achievements." In remarks perhaps intended to reflect on his own record as well as Mr. Ford's, he credited the former president with keeping ethnic conflicts in Cyprus and Lebanon from spiraling out of control, producing the first peace agreement between Israel and Egypt and presiding over "the final agony of Indochina with dignity and wisdom."

Historians, Mr. Kissinger added, will find "that the cold war could not have been won had not Gerald Ford emerged at a tragic period to restore equilibrium to America and confidence in its international role."

A few hours after the service, the plane carrying Mr. Ford's body circled over the University of Michigan football stadium, where he had been a standout center and linebacker, then landed at the airport named for him in Grand Rapids. The university's marching band, which arrived on a red-eye flight from California after the Rose Bowl game on Monday, solemnly played its fight song, "The Victors."

About 200 friends and local dignitaries invited by Mr. Ford's family attended the brief ceremony before the 13-mile motorcade to his presidential museum in downtown Grand Rapids, passing thousands of residents who lined the streets, some holding signs that said "Welcome home." Billboards around the city declared "Gerald 'Our' Ford: 1913-2006."

Despite a fierce, bitter wind blowing off the Grand River, Tim Micho waited with his video camera and 7-year-old daughter, Tessa, for two and a half hours to watch the motorcade pass by.

"She'll probably never get to see something like this again," Mr. Micho, 43, said. "It's so moving to see this many people out here to support him."

A single bagpiper played "Amazing Grace" as Betty Ford and the rest of the family made their way slowly behind the coffin into the museum, a geometric, glassy structure along the water. Inside, they held a brief service for family and honored guests, including former President Carter.

Like many along the streets in Grand Rapids, Gov. Jennifer M. Granholm spoke of Mr. Ford's deep roots in the region.

Here, Ms. Granholm said, Mr. Ford had learned from his family "some good Midwestern values like hard work and sportsmanship and integrity and honesty." Here, he had played high school football (with a few men, now frail, in attendance on Tuesday), had married and had been elected to Congress.

"Welcome home," Ms. Granholm said, "to the people that you reflected so well when you were in Washington."

Country Honors Ford (CHIT)

By William Neikirk

Chicago Tribune, January 3, 2007

WASHINGTON -- The last hurrahs of the nation's capital rang out Tuesday for Gerald R. Ford, honoring a common man with uncommon decency and humility who ran a brief but consequential presidency at a time of great political turmoil.

Eulogists from President Bush to former Secretary of State Henry Kissinger praised the nation's 38th president for using old-fashioned Midwestern qualities to cool the nation's Watergate passions.

But in their laudatory remarks at Washington's National Cathedral, there also appeared to be an undercurrent of unspoken regret that such values have become rarer in America's politics. Indeed, analysts have criticized a higher degree of nastiness and lack of authenticity in today's politics.

"Gerald Ford assumed the presidency when the nation needed a leader of character and humility, and we found it in the man from Grand Rapids," President Bush said in his eulogy, also citing Ford's "courage and common sense."

The president's father, former President George H.W. Bush, said: "As Americans, we generally eschew notions of the indispensable man, and yet during those traumatic times, few if any of our public leaders could have stepped into the breach and rekindled our national faith as did President Gerald R. Ford."

In some respects, Ford was different because he was an anomaly in the White House. He rose to power in Congress, where compromise is a way of life, and never aspired to be president. Only through the resignations of Vice President Spiro Agnew and then President Richard Nixon was he thrust into the office in 1974 during the middle of the Watergate scandal.

Former NBC television anchor Tom Brokaw said Ford came to office with "no demons, no hidden agendas, no hit lists, no acts of vengeance" that he implied other presidents might have had. Brokaw said Ford knew who he was and didn't require consultants or gurus to change him. And, he called Ford "the most underestimated" president.

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The senior Bush added, "To know Jerry was to know a Norman Rockwell painting come to life, an avuncular figure quick to smile, frequently with his pipe in his mouth."

The comments weren't always this kind when Ford was in office. There were questions about his qualifications, his intelligence and his inability to appear "presidential"—that is, imperialistic or official or regal. And, on television, he was lampooned for being a stumbler.

Yet, on this day, he was honored as a man with many achievements not generally recognized at the time, a man who presided over the end of the Vietnam era and played a big role in the international arena. The president had declared a national day of mourning. The government and the financial markets were closed.

Kissinger cited a number of Ford foreign-policy initiatives, including in the Middle East and in adoption of an international human-rights standard that he said helped bring about the demise of the former Soviet Union.

"Few [historians] will dispute that the Cold War could not have been won had not Gerald Ford emerged at a tragic period to restore equilibrium to America and confidence in its international role," Kissinger said.

The sun was bright but the wind was stiff as official Washington—and former Washington officials—paid their last tribute to Ford, who died a week ago Tuesday at the age of 93. Later in the day, his body was flown to his hometown of Grand Rapids, Mich., where he will be buried on Wednesday.

Tuesday's ceremony had some of the same pomp and circumstance common to state funerals of other fallen heads of state, but the Ford family—true to the late president's wishes—had trimmed some of the more elaborate touches here in Washington, such as a horse-drawn carriage and a military fly-over.

The cathedral was jammed with political VIPs, from former Presidents Bill Clinton, Jimmy Carter and George H.W. Bush (and their wives) to former First Lady Nancy Reagan. The late president's wife, Betty, sat in the front row with her family and fought back tears.

Clinton, sitting next to his wife Hillary, now a senator and likely presidential candidate, could be seen wiping away a tear during the ceremony.

Though there were many young people in the audience, the crowd included many political figures that Ford either appointed or influenced in their careers—Vice President Dick Cheney, former Defense Secretary Donald Rumsfeld, former Secretary of State James Baker, and former Federal Reserve Chairman Alan Greenspan.

For the most part it was a solemn service, but President Bush's father added a touch of humor that brought laughter to the audience, including Mrs. Ford and her family.

The senior Bush said he and Ford shared a love for golf and that Ford's play was suspect. Bush reported that Ford told friends that "I know I'm playing better golf because I'm hitting fewer spectators."

Bush said that Ford could laugh at those who mimicked him, and then added: "I remember that lesson well, since being able to laugh at yourself is essential in public life. I'd tell you more about that, but as [comedian and Bush mimic] Dana Carvey would say, 'Not gonna do it. Wouldn't be prudent.'"

At the ceremony, Ford's son, Jack, and his daughter, Susan Ford Bales, read scriptures from the Bible. It was a traditional Christian funeral with music provided by military bands and, in one case, by opera star Denyce Graves, who sang "The Lord's Prayer."

Ford's body was brought to Washington on Saturday from California, and there was a service Saturday night in the Capitol Rotunda. Thousands visited the Capitol to view the coffin over the holiday weekend.

On the way to the cathedral, the motorcade rolled down Pennsylvania Avenue to the White House, and then it passed by the vice president's residence on Massachusetts Avenue a short distance away.

It was a long Washington farewell for the man from Michigan. As he closed his eulogy, Brokaw said: "Farewell, Mr. President. Thank you, citizen Ford."

In State Funeral, A Farewell To Ford (WP)

By Peter Baker

The Washington Post, January 3, 2007

Gerald Rudolph Ford, the Boy Scout, football star and congressman thrust by history rather than ambition into the presidency at a fateful moment for his nation, was bidden farewell by Washington in a regal state funeral yesterday and taken home to Michigan for burial.

As cannons boomed and bells pealed and 10,650 organ pipes echoed through the cavernous Washington National Cathedral, Ford received a sendoff he could hardly have imagined as a young Midwestern boy abandoned by his father shortly after birth 93 years ago. A "Norman Rockwell painting come to life," as one successor put it, Ford was honored as a man of little pretense whose impact extended beyond his 895 days in office.

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"Gerald Ford assumed the presidency when the nation needed a leader of character and humility, and we found it in the man from Grand Rapids," President Bush told 3,772 heads of state, justices, lawmakers, military officers, Cabinet secretaries, diplomats and other mourners. "President Ford's time in office was brief, but history will long remember the courage and common sense that helped restore trust in the workings of our democracy."

Betty Ford, 88, endured the fifth straight day of official ceremony with grief playing out on her face, and yet the former first lady never lost her composure and even smiled wistfully as Bush recounted funny stories from the early days of her 58-year marriage. She and her family then headed to Andrews Air Force Base, boarded one of the presidential jets that serve as Air Force One and took her husband's body to Grand Rapids, Mich., where it will be interred today in a hillside tomb at his presidential museum as 21 aircraft fly overhead in a missing-man formation.

The day's events brought together all four living presidents and leaders of both parties for Washington's second state funeral in 2 1/2 years. Incoming House Speaker Nancy Pelosi (D-Calif.) shook hands and sat behind outgoing Speaker J. Dennis Hastert (R-Ill.), while former presidents Bill Clinton and George H.W. Bush cheerfully renewed their friendship. But as Democrats assume control of Congress tomorrow, the bipartisanship that many extolled in Ford appears little more than a testimonial to the past. Just minutes before Ford's casket was brought into the cathedral, the office of House Republican leader John A. Boehner (Ohio) e-mailed reporters a statement assailing Democrats for being partisan in their plans for the new Congress.

Ford knew what it was like to be in the minority. A lawyer who served in the Navy during World War II, the Republican was elected to the House in 1948 and over the course of a quarter-century rose to be minority leader in a chamber long dominated by Democrats. His greatest aspiration was to be speaker, but his fate changed when his party was engulfed by scandal.

President Richard M. Nixon appointed him vice president in 1973 to replace Spiro T. Agnew, who was forced from office by corruption allegations, and then on Aug. 9, 1974, Ford succeeded Nixon, who was forced from office by Watergate. In the process, Ford became the first commander in chief never to have been elected president or vice president.

His pardon of Nixon for any crimes he may have committed became Ford's signature decision, one that may have cost him the 1976 election but over time has come to be seen as an act of statesmanship that saved the nation the wrenching ordeal of putting a former president on trial. Ford's eventful presidency also saw the ignominious end of the Vietnam War, a stubborn recession at home, a Middle East cease-fire, a daring raid to rescue a merchant marine crew captured by Cambodians, and treaties with the Soviet Union.

"In recent days, the deserved commentary on Gerald Ford's character has sometimes obscured how sweeping and lasting were his achievements," former secretary of state Henry A. Kissinger said in a eulogy at the cathedral.

The state funeral was a classic Washington affair, soaked in power and pageantry even if not quite as elaborate as the one held for Ronald Reagan in June 2004. For two hours before it began, many of the men and women who have run the country for the past three decades flowed into the vaulted cathedral.

Boy Scouts stood at strategic points holding up signs reading "SS" and "Green" to indicate sections where guests were supposed to sit, according to a peculiar Washington hierarchy that distinguishes between political rock stars and the merely powerful. The south transept was for congressional leaders and Supreme Court justices, including John Paul Stevens, the oldest member of the court and Ford's only appointee. The north transept was for the diplomatic corps and the honorary pallbearers.

In front of the altar sat the honored guests: the Ford family and the former presidents. Before the service began, Jimmy Carter, sitting in the front row with his wife, Rosalynn, leaned back over his chair to chat with Clinton, as Chelsea Clinton talked with Secretary of State Condoleezza Rice. When the elder Bushes arrived, Barbara headed straight to her seat, while the 41st president stopped to shake hands with former Israeli prime minister Shimon Peres.

As Carter, Clinton and the elder Bush greeted one another, it served as a reminder that the world's most exclusive club has shrunk considerably in the past few years. Nancy Reagan, last at the cathedral to memorialize her own husband, arrived wearing dark glasses. When former NBC News anchor Tom Brokaw forgot to mention her as he greeted the first families in his eulogy, she whispered to Rosalynn Carter, then made a slight, sardonic wave in Brokaw's direction.

Ford's Washington farewell began at the Capitol, where his casket lay in state over the weekend. About 36,000 people came through the Rotunda to pay respects, a considerable showing but a fraction of the estimated 200,000 who showed up for Reagan. The casket, initially brought to the House doors to remember his time there, was moved yesterday morning to the Senate doors to mark his service as vice president and Senate president.

Draped in a flag and borne aloft by a nine-man military honor guard, the casket left the Capitol to a 21-gun salute, and the motorcade paused by the White House en route to the cathedral, where it was welcomed to the strains of "Hail to the Chief." As the organ played "America, the Beautiful," President Bush escorted Betty Ford down the center aisle, her eyes focused forward, never glancing at the crowd.

She stood in the front row amid her children, Susan, Jack, Michael and Steven, as the honorary pallbearers entered, including Vice President Cheney, former defense secretary Donald H. Rumsfeld, former national security adviser Brent

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Scowcroft, former Federal Reserve chairman Alan Greenspan and former secretary of state James A. Baker III, all Ford administration veterans. The honor guard brought in the casket and lay it on a catafalque before the pulpit.

Jack Ford recited a passage from Isaiah and Susan Ford Bales from James. Her voice quavered a bit as she read. The elder Bush lightened the atmosphere, telling stories illustrating the former president's less serious side. Ford, he said, understood the value of laughing at himself. Bush said he could elaborate but would not, then imitated comedian Dana Carvey imitating Bush: "Not gonna do it. Wouldn't be prudent."

Brokaw likewise mixed seriousness and humor, joking that some of Ford's 1970s-era jackets should be "eligible for a presidential pardon." But he praised him as "the most underestimated" president. "Gerald Ford brought to the political arena no demons, no hidden agenda, no hit list or acts of vengeance," Brokaw said. As he finished, he turned to the casket: "Farewell, Mr. President. Thank you, Citizen Ford."

In his homily, Ford's pastor from California, the Rev. Robert G. Certain, recalled that the former president shortly before his death raised with him the subject of the Episcopal Church schism over the consecration of a gay bishop and the blessings of same-sex unions. "He said that he did not think they should be divisive for anyone who lived by the great commandments and the great commission to love God and to love neighbor," Certain said.

After two hours, the casket was brought out of the cathedral and the bourdon bell tolled 38 times for the 38th president as the cortege made its way to Andrews for the final trip home. Accompanying the family was Jimmy Carter, who defeated Ford in 1976 but later grew to be a close friend. At Ford's request, Carter will speak at today's service.

In contrast to the Washington pomp, Ford's return to Grand Rapids took place on a more personal scale. The casket was greeted at Gerald R. Ford International Airport by the marching band from the University of Michigan, where Ford was a football star, playing the school's rousing fight song.

As thousands of Michigan residents lined the streets near the Gerald R. Ford Presidential Museum on a cold, windy afternoon, a sign in Beaner's Coffee read, "Gerald Our Ford." Outside the Gerald R. Ford Federal Building, a young fan wore a Michigan football jersey and draped a school flag over his shoulders in Ford's honor. Dozens of Boy Scouts from the Gerald R. Ford Council saluted as the hearse passed. Lines snaked out of the museum, where his casket was set for an all-night viewing.

"Michigan's president," he was called by the state's Democratic governor, Jennifer Granholm. A man of intellect and achievement, she said, "in a plain brown wrapper."

Staff writer Peter Slevin contributed to this report from Grand Rapids.

'Sincere' Ford Honored (WT)

By Joseph Curl

The Washington Times, January 3, 2007

The humble yet extraordinary life of Gerald R. Ford was heralded yesterday in a solemn and sometimes humorous service at the National Cathedral that brought together four presidents, dozens of Cabinet secretaries and lawmakers and some of the former president's friendly foes members of the Washington press corps.

With 3,000 mourners packed into the massive church, and strains of "Fanfare for the Common Man" still wafting in the air, eight U.S. service members carried a flag-draped casket down the long aisle, their crisp steps echoing in the silent nave. Betty Ford, 88, and her children, along with Ford grandchildren and great-grandchildren, looked on as the body of Mr. Ford, who died Dec. 26 at 93, passed by.

Throughout the 90-minute service, speakers praised the humility and constancy of the former president, who once said his lifelong ambition was to become speaker of the House, not president.

"When he thought that the nation needed to put Watergate behind us, he made the tough and decent decision to pardon President Nixon, even though that decision probably cost him the presidential election," President Bush said in his eulogy.

"In President Ford, the world saw the best of America, and America found a man whose character and leadership would bring calm and healing to one of the most divisive moments in our nation's history."

Other speakers recalled Mr. Ford's "sincerity, serenity and integrity," as former Secretary of State Henry Kissinger put it, but each returned to the theme that the humble Midwesterner nearly single-handedly saved the presidency by pardoning Mr. Nixon a month after he took office to end what he called "our national nightmare."

Former President George Bush said that just the swearing-in of Mr. Ford as president "instantly restored the honor of the Oval Office and helped America begin to turn the page on one of our saddest chapters."

"Jerry Ford's decency was the ideal remedy for the deception of Watergate. For this and for so much more, his presidency will be remembered as a time of healing in our land," the elder Mr. Bush said.

In his eulogy, Mr. Kissinger, who served under Mr. Ford, countered the notion that the man who held the office for just 29 months served only as a caretaker president with no real achievements in office. Mr. Kissinger said Mr. Ford quelled violence in

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Cyprus and Lebanon, presided stoically over the end of the Vietnam War and played a key role in the Cold War that ended 15 years after his presidency.

"Historians will debate for a long time over which president contributed most to victory in the Cold War. Few will dispute that the Cold War could not have been won had not Gerald Ford emerged at a tragic period to restore equilibrium to America and confidence in its international role," Mr. Kissinger said.

Mrs. Ford, who was married to the former president for 58 years, kept her eyes closed through most of the service, which included biblical readings, performances by the Armed Forces Chorus and the U.S. Marine Orchestra, and a homily by the Rev. Robert Certain, the rector at the Fords' California parish.

Former Presidents Jimmy Carter, who defeated Mr. Ford in the 1976 election, and Bill Clinton did not speak at the funeral. But former NBC News anchor Tom Brokaw was asked last year by Mr. Ford to deliver a eulogy. The newsman said the White House changed the day Mr. Nixon left.

"In Gerald Ford, the man he was in public, he was also that man in private. Gerald Ford brought to the political arena no demons, no hidden agenda, no hit list or acts of vengeance," Mr. Brokaw said. "We could be adversaries, but we were never his enemy, and that was a welcomed change in status from his predecessor's time."

In the crowd, reporter Bob Woodward of The Washington Post, whose coverage of the Watergate scandal helped bring down Mr. Nixon's presidency, nodded as, nearby, Sam Donaldson, former White House correspondent for ABC News, looked on.

In a moment of levity, Mr. Brokaw noted that Mr. Ford had the unfortunate fate to be president in the 1970s, when "we were all trapped in what passed for style with lapels out to here, white belts, plaid jackets."

"The rest of us have been able to destroy most of the evidence of our fashion meltdown, but presidents are not so lucky. Some of those jackets I think that they're eligible for a presidential pardon, or at least a digital touch-up," he said to laughter.

The elder Mr. Bush, 82, also broke up the crowd when he observed that Mr. Ford, a college football standout and avid sportsman, was parodied as a stumbling buffoon, especially by "Saturday Night Live" star Chevy Chase.

"On the lighter side, Jerry and I shared a common love of golf and also a reputation for suspect play before large crowds. 'I know I'm playing better golf,' President Ford once reported to friends, 'because I'm hitting fewer spectators,'" he said.

Among the attendees at yesterday's service were former Secretaries of State Colin L. Powell and James A. Baker III, former Vice President Al Gore, Supreme Court Justices John G. Roberts Jr. and Clarence Thomas, Nancy Reagan who mourned her husband, Ronald, at the cathedral in 2004 and former New York City Mayor Rudolph W. Giuliani. Vice President Dick Cheney, who was Mr. Ford's chief of staff, was one of the honorary pallbearers and, at the end of the ceremony, walked alone behind the casket as the service members carried it out of the cathedral.

Former Defense Secretary and Ford Chief of Staff Donald H. Rumsfeld and Bob Dole, Mr. Ford's 1976 running mate, also were in attendance.

Mr. Ford was the only former Eagle Scout to become president. Decorated Eagle Scouts served as ushers at the funeral.

The cathedral bells that had tolled 38 times as the 38th president's cortege arrived on a brisk day were silent as his hearse pulled away, en route to Andrews Air Force Base. Along the route, spectators stood by the road, some waving flags, others with their hands on their hearts, one woman holding a sign that said simply "Thank You."

At the base, the casket was lifted aboard a presidential Boeing 747 amid the strains of "Going Home" and flown to Grand Rapids, Mich., Mr. Ford's final resting place. The marching band from the University of Michigan his alma mater, where he played center on the football team that twice won national championships greeted the plane, which carried members of his family and others in the funeral party, including Mr. Carter and his wife, Rosalynn.

In Grand Rapids, which the Nebraska-born Mr. Ford adopted as his hometown and represented in Congress for a quarter century, Mr. Ford's presidential museum was opening its doors for an 18-hour public viewing, stretching overnight, before his burial this afternoon.

Former President Ford Remembered For His Decency (MCT)

By William Douglas

McClatchy Newspapers, January 3, 2007

WASHINGTON - Washington's political elite and ordinary citizens said goodbye to Gerald R. Ford on Tuesday at a final state funeral at Washington National Cathedral, fondly remembering the 38th president as a common man who guided the country through the uncommon times of Watergate and the end of the Vietnam War.

The service at the majestic cathedral highlighted a day of pageantry and poignancy, in which Washington's old guard, three former presidents and a host of foreign luminaries assembled to pay tribute to the humble Midwesterner who aspired to be speaker of the House of Representatives but wound up occupying the Oval Office instead.

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"In President Ford, the world saw the best of America, and America found a man whose character and leadership would bring calm and healing to one of the most divisive moments in our nation's history," President Bush told the 3,000 invitation-only mourners who packed the hilltop cathedral.

Eulogizing Ford, the current and former Presidents Bush and former Secretary of State Henry Kissinger spoke of a good man whose word was solid, whose politics were principled and whose heart was devoid of lust for power.

"In his understated way he did his duty as a leader, not as a performer playing to the gallery," Kissinger said. "Gerald Ford had the virtues of small-town America: sincerity, serenity and integrity."

Former President George H.W. Bush recalled Ford as "a Norman Rockwell painting come to life, an avuncular figure quick to smile, frequently with a pipe in his mouth," and someone with "a heart as big and open as the Midwest plains on which he was born."

He was one of several speakers who suggested that Ford's unassuming manner may have resulted in his being underappreciated, if not an underrated president. The elder Bush equated Ford's leadership after Richard Nixon's Watergate resignation as one of history's great presidential moments.

"History has a way of meshing man and moment," he said. "Just as President Lincoln's stubborn devotion to our Constitution kept the union together during the Civil War, and just as FDR's optimism was the perfect answer to the despair of the Great Depression, so, too, can we say that Jerry Ford's decency was the ideal remedy for the deception of Watergate."

Kissinger noted that Ford left office with a thick portfolio of international accomplishments, including the first political agreement between Israel and Egypt, helping to keep ethnic conflicts in Cyprus and Lebanon from igniting into a regional war and helping to establish the modern human-rights movement by backing the Helsinki Accords of 1975.

At the time, Ronald Reagan and other conservatives criticized that agreement as a land giveaway to the Soviet Union, despite a provision forcing Moscow to recognize human and religious rights.

"History has shown that it helped bring down the Soviet Union, as courageous men and women behind the Iron Curtain used it to demand their God-given liberties," the current President Bush said.

The elder Bush lightened the solemn service by recalling Ford's sense of humor and his approval of comedian Chevy Chase's stumbling, bumbling imitation of him on NBC's "Saturday Night Live," even though Ford was, in fact, a superb athlete.

Bush said Ford taught him to laugh at himself. The former president wanted to tell more but, breaking into an imitation of "Saturday Night Live" alum Dana Carvey imitating him, said, "Na gonna do it. Wouldn't be prudent."

If Ford was underappreciated in life, he's been viewed with reverence and purpose since his passing Dec. 26 at age 93. Thousands lined up to view his flag-draped casket as it lay in state at the Capitol Rotunda over the weekend.

In a solemn ceremony Tuesday, the casket was moved from the Capitol to a hearse as Army gunners fired a 21-gun salute and a military band played "Hail to the Chief." A slow motorcade left the Capitol and made a brief pass by the White House, which Ford occupied from Aug. 9, 1974, to Jan. 20, 1977.

The Right Rev. John Bryson Chane, the Episcopal bishop of Washington, greeted Ford's casket at the cathedral steps and said a prayer over it.

Inside, President Bush escorted a frail but stoic widow Betty Ford down the long central aisle to the front pew, which housed the rest of the Ford family.

All three living former presidents - the elder Bush, Jimmy Carter and Bill Clinton - attended the service, as did three former secretaries of state: Kissinger, Colin Powell and James A. Baker III. Former Republican New York Mayor Rudolph Giuliani and Sen. Hillary Rodham Clinton, D-N.Y. - each a possible presidential candidate - also attended.

Former Sen. Bob Dole, R-Kan., who was Ford's vice-presidential running mate in 1976, served as an honorary pallbearer, along with former Defense Secretary Donald H. Rumsfeld, Vice President Dick Cheney, former National Security Adviser Brent Scowcroft and members of Ford's Cabinet.

After the service, Ford's body was flown aboard a presidential 747 to Grand Rapids, Mich., where he was raised. His remains were moved to the Gerald Ford Presidential Museum, where they were to lie in repose for public viewing until Wednesday.

A private family funeral is scheduled for Wednesday, followed by private burial at the Ford museum.

Nation Honors Gerald R. Ford (LAT)

By Maura Reynolds And Richard B. Schmitt, Times Staff Writers

The Los Angeles Times, January 3, 2007

WASHINGTON — The nation's capital bade a stately farewell today to Gerald Rudolph Ford, the nation's 38th president, at a formal state funeral where he was lauded by the current president as "a good and decent man" whose affability cloaked a "firm resolve."

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"Gerald Ford assumed the presidency when the nation needed a leader of character and humility, and we found it in the man from Grand Rapids," President Bush told the august crowd in Washington's National Cathedral, gilded by former presidents and first ladies and serenaded by a half-dozen choirs and orchestras.

"President Ford's time in office was brief," Bush said, "but history will long remember the courage and common sense that helped restore trust in the workings of our democracy."

The funeral culminated four days of ceremonies in Washington that reflected the character and career of the man: the earnest Midwestern House member, the high-minded congressional leader and the accidental president who led the country through one of its most turbulent periods.

"History has a way of matching man and moment," said former President George H.W. Bush, comparing Ford to other presidents who ruled in dark times. "And just as President Lincoln's stubborn devotion to our Constitution kept the union together during the Civil War, and just as FDR's optimism was the perfect antidote to the despair of the Great Depression, so too can we say that Jerry Ford's decency was the ideal remedy for the deception of Watergate."

After the services at Washington's imposing National Cathedral, Ford's body was flown aboard Air Force One to his hometown of Grand Rapids, Mich., where his presidential library is located and where he will be buried Wednesday.

It was the second presidential funeral in less than three years for the nation's capital, which pulled out all the stops for a regal sendoff for Ronald Reagan in 2004.

By contrast, while Ford's funeral had all the military trappings accorded a former commander-in-chief — multiple 21-gun salutes, honor guards, military choruses — there were also notes of the ordinary. Ford's children greeted members of the public who came to pay their respects as their father lay in state in the Capitol Rotunda. Ford's casket was carried from the Capitol to the cathedral in a conventional hearse instead of a horse-drawn caisson. At Andrews Air Force Base, a troop of Boy Scouts, one in blue jeans, saluted to say goodbye.

And when Ford's casket was unloaded in Michigan, the marching band from the University of Michigan — where he had been a star football player — struck up a somber version of the Michigan fight song. As president, Ford had preferred that tune to the usual fanfare of "Hail to the Chief."

Former NBC anchorman Tom Brokaw, whom Ford had asked to deliver his eulogy, praised him for bringing "Main Street values" to the White House.

"Once there, he stayed true to form, never believing that he was suddenly wise and infallible because he drank his morning coffee from a cup with the presidential seal," Brokaw said.

The funeral for a transitional president came during another time of transition in the nation's capital, as political leaders prepared for this week's transfer of congressional power from Republicans to Democrats.

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Ford's Funeral Draws Array Of Politicians And Dignitaries (NYT)

By RACHEL L. SWARNS

The New York Times, January 3, 2007

WASHINGTON, Jan. 2 — Scores of politicians and dignitaries from across the political spectrum poured into Washington National Cathedral on a clear and blustery Tuesday to mourn President Gerald R. Ford at his funeral service here.

Skip to next paragraph President Bush, who escorted Mr. Ford's widow, Betty, into the church, addressed the invited guests. Three former presidents — Bill Clinton, George Bush and Jimmy Carter — also came to pay their final respects, accompanied by their wives, Senator Hillary Rodham Clinton, Democrat of New York; Barbara Bush; and Rosalynn Carter. Nancy Reagan, the widow of President Ronald Reagan, whose funeral was held in the cathedral in 2004, also attended the service.

The mourners included Shimon Peres, the former Israeli prime minister, and several members of Congress, including Representatives Nancy Pelosi of California, the incoming House speaker, and J. Dennis Hastert of Illinois, the outgoing speaker. John G. Roberts Jr., the chief justice of the United States, took his seat in the cavernous cathedral as did Mayor Michael R. Bloomberg of New York City. Adrian M. Fenty, who was sworn in as mayor of Washington on Tuesday morning, also attended.

For many former Ford administration officials, the service was a somber reunion. The honorary pallbearers included Vice President Dick Cheney and Donald H. Rumsfeld, former defense secretary, who both served as chief of staff to Mr. Ford; Henry A. Kissinger, former secretary of state; Brent Scowcroft, former national security adviser; and Alan Greenspan, who led Mr. Ford's council of economic advisers years before he became chairman of the Federal Reserve.

The prominent guests included:

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BUSH ADMINISTRATION OFFICIALS Secretary of State Condoleezza Rice; Secretary of Defense Robert M. Gates; Secretary of the Treasury Henry M. Paulson Jr.; Gen. Michael V. Hayden, director of the Central Intelligence Agency; Attorney General Alberto R. Gonzales; and Robert S. Mueller III, director of the Federal Bureau of Investigation.

SUPREME COURT JUSTICES Ruth Bader Ginsburg, Anthony M. Kennedy, John Paul Stevens and Clarence Thomas.

MEMBERS OF CONGRESS Senators Edward M. Kennedy, Democrat of Massachusetts; Jon Kyl, Republican of Arizona; Carl Levin, Democrat of Michigan; Richard G. Lugar, Republican of Indiana; Arlen Specter, Republican of Pennsylvania; and Representatives Steny H. Hoyer, incoming House majority leader and Democrat of Maryland; and John A. Boehner, incoming House minority leader and Republican of Ohio.

EX-LAWMAKERS George Allen, former senator, Republican of Virginia; Newt Gingrich, former Republican House speaker; Alan K. Simpson, former senator, Republican of Wyoming; and Fred Thompson, former senator, Republican of Tennessee.

EX-WHITE HOUSE OFFICIALS Colin L. Powell, former secretary of state; John R. Bolton, former United States ambassador to the United Nations; Madeleine K. Albright, former secretary of state; and Dan Quayle, former vice president.

OTHER DIGNITARIES Rudolph W. Giuliani, former mayor of New York; Vernon E. Jordan Jr., Washington lawyer and prominent Democrat; and Anthony A. Williams, former mayor of Washington.

Congress Says Goodbye To The Late President Gerald R. Ford (HILL)

By Jackie Kucinich And Kelly Mccormack

The Hill, January 3, 2007

Capitol Hill's memorial ceremonies for former President Gerald Ford ended yesterday as members of his family and many of Washington's elite silently watched his flag-draped casket being carried down the Senate steps.

Under clear skies on a cold, bright day, eight members of the honor guard slowly carried the coffin to the hearse down a line of official mourners, including Vice President Dick Cheney, former Secretaries of State James Baker and Henry Kissinger, former Defense Secretary Donald Rumsfeld and former Senate Majority Leader Bob Dole (R-Kan.).

Betty Ford and other family members huddled together against the wind, which whipped around the Capitol.

Before Ford's coffin was driven from Capitol Hill to the National Cathedral, the former president was given a 21-gun salute and the military band played "Hail to the Chief."

After the memorial service at the cathedral, Ford's body was driven to Andrews Air Force Base and then flown to Michigan for further ceremonies.

Ford's coffin had been on display to the public since Saturday evening after a ceremony in the Capitol Rotunda. The casket had arrived on Saturday to the sound of an artillery salute that sent slight tremors through building. The United States Army Band played "The Battle Hymn of the Republic."

Saturday's service was interrupted briefly when former Michigan Rep. William Broomfield (R) collapsed. He was treated by outgoing Senate Majority Leader Bill Frist (R-Tenn.) and the attending physician, and transported to George Washington Medical Center.

Outgoing Speaker Dennis Hastert (R-Ill.), Sen. Ted Stevens (R-Alaska) and Cheney recalled Ford in speeches at the service.

"In judgment, he was sober and serious, unafraid of decisions … calm and steady by nature … always the still point in the turning wheel," said Cheney, who served as Ford's chief of staff in the White House. "He answered courtesy with courtesy; he answered discourtesy with courtesy."

Rep. Vernon Ehlers (R-Mich.), talking to reporters, choked up as he recalled his interactions with the former president, whose congressional seat he now holds.

"He was exactly what we needed at the time of Watergate," Ehlers said. "People finally are starting to realize what he did for this country."

Ford represented his Michigan district for nearly 25 years, and for eight of them was minority leader, before being chosen by President Richard Nixon to replaced Vice President Spiro Agnew in 1973. The following year, in the aftermath of the Watergate scandal, Ford became president under the 25th Amendment to the Constitution.

Throughout his tenure in the House, Ford was well-liked and respected on both sides of the aisle. He "quickly became popular" because of his "positive outlook," according the House Historian's Office. "He was mostly soft-spoken, modest, and, as he described himself to be, 'a moderate in domestic affairs, an internationalist in foreign affairs and a conservative in fiscal policy.'"

Though he was asked to run for Senate and governor of Michigan in the 1950s, Ford declined because "his true ambition was to someday become Speaker of the House," the House Historian's Office said.

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In 1961 Ford became ranking member of the House Appropriations Committee's Defense Subcommittee and received the special award of "Congressman's Congressman" for his work on military budgets, the House Historian's Office said. The same year, Ford defeated Rep. Charles Hoeven (R-Iowa) to become chairman of the House Republican Conference.

In 1965 Ford narrowly defeated Rep. Charles Halleck (R-Ind.) to become minority leader.

Incoming House Appropriations Chairman David Obey (D-Wis.), who served with Ford in the early 1970s, remembered him as "a very decent human being who helped make the institution work and recognized that [working across the aisle] would make the country a better place.

"He didn't think it was a mortal sin to pass legislation from the other side of the aisle."

Stained Glass And Strained Egos (NYT)

By Maureen Dowd

The New York Times, January 3, 2007

Washington

It was a scene that Mary McCarthy could have written the devil out of: a funeral for a fine, bland fellow that filled everybody with unfine, unbland thoughts. The formal serenity of the service, disguised, but only barely, the virulent rivalries and envies and grudges and grievances that have roiled this group for many decades.

None of the eulogists noted the irony that the man who ushered out one long national nightmare had ushered in another, the one we're living in now. It was Gerald Ford, after all, who gave America the gift of Dick Cheney and Donald Rumsfeld — the gift that keeps on taking.

The two former Ford officials, who doomed Iraq to civil war and despoiled American values, were honorary pallbearers yesterday, as was that other slippery and solipsistic courtier, Henry Kissinger.

The Group was even more on edge because of a remarkable trellis of peppery opinions that had tumbled out of the man in the coffin, posthumously. The late president, hailed as the most understated and decent guy in the world, had given a series of interviews on the condition they be held until his death — a belated but bracing smackdown of many of his distinguished mourners.

It was impossible not to wonder what the luminaries were truly thinking, as they sat listening to fugues of Bach and Brahms and encomiums to the ordinary-guy leader.

Nancy Reagan's imperturbable expression behind her big square sunglasses did not disguise the gloating words visible in the bubble over her head: "And they call this a funeral?"

It could not compare, of course, to the incredible Princess of Wales treatment that her husband had for his state funeral. And Nancy, hypersensitive to any slights to her Ronnie, would not have been pleased with Mr. Ford's interview with Michael Beschloss published in Newsweek, in which he blamed Ronald Reagan for costing him the 1976 election by challenging his nomination and then failing to hit the trail for him.

It was good of Mr. Ford to bring 41 and 43 together in a solemn respite from their uneasy competition over Iraq.

"Told you so, you sons of guns — we were right to stop at Safwan and stay out of Baghdad," the father's bubble read, as he watched Rummy and Henry the K, both of whom had treated Poppy with such veiled contempt, as though he were a feather duster. "Those vicious Moktada-loving Shiites dancing around Saddam's dead body prove that Brent and I were right."

Lynne Cheney glared at Poppy as he gave his eulogy, knowing that he privately thinks that the vice president has destroyed not only Iraq and American foreign policy, but the Bush family name. Her storm cloud of a bubble is expurgated.

Hillary's bubble was full of mockery for another New Yorker in the National Cathedral: "You think you're so smart, Rudy, but you leave your entire presidential battle plan in a hotel room for your rivals to find? The victim role doesn't suit you." Condi's bubble was as opaquely dark as Hillary's was risibly light — drooping with the inchoate fear that her nearby erstwhile mentor, Brent Scowcroft, had been right about Iraq after all.

As Poppy spoke from the altar, praising Mr. Ford's generosity, he must have been mulling that his predecessor was ungenerous in spitting on him from the grave. Mr. Ford told Mr. Beschloss that Bush Sr. had sold out the party to the hard right and had taken a phony, pandering position on abortion.

Poppy had to have enjoyed watching Dr. K get up and lavish praise on his old boss, after Mr. Ford had sniggered to Bob Woodward that the "coy" Bavarian diva had "the thinnest skin of any public figure I ever knew."

W. graciously walked Betty Ford down the aisle, even as he must have curdled inside about her husband's telling Mr. Woodward that it had been "a big mistake" on the part of W., Dick Cheney and Rummy to justify the Iraq war with nonexistent W.M.D. "I just don't think we should go hellfire damnation around the globe freeing people, unless it is directly related to our own national security," he said.

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Ex-presidents weren't supposed to criticize sitting presidents. Adding insult to injury, Woodward himself was in the cathedral. How did he manage to get all these deathbed confessions, W. had to wonder. "Jeez," his bubble read, "does he have an interview with my old man in the can?"

Rummy's pop-up was as cocky as ever: "Golly, I've been gone three weeks and things are really looking up in Iraq."

James Baker's secret thoughts were as bright as his tie: "I tried to help you out, son, but you're too dang stubborn. Or 'resolute.' Stubolute. A clear case of TMC — too much Cheney."

Dick Cheney's bubble was trouble: "I'm surging, I'm surging, I'm surging."

The Respectful Eyes Of America (WP)

By Tom Shales

The Washington Post, January 3, 2007

Television can still rise to the occasion when the occasion warrants.

Yesterday's coverage of the funeral of former president Gerald Ford found network correspondents and technicians on their best behavior for the most part, the solemn beauty of the ceremony at Washington National Cathedral virtually forcing them to exercise restraint and good taste.

What might be called TV's networks of record -- ABC, CBS, NBC and cable's CNN -- covered the proceedings from early morning, following the casket from the Capitol, down the Senate steps, along Pennsylvania Avenue, past the White House and then to the cathedral, where "eulogizers," as CBS's Katie Couric called them, paid tribute to the well-liked 38th president.

As the big and more established networks conveyed a kind of official aura, NBC's quirky cable outfit MSNBC offered more flavorful and colorful, but still respectful, coverage. Chris Matthews, anchoring with Keith Olbermann, at one point told viewers -- as cameras scanned the famous faces of those gathered in the cathedral -- "These are Washington people. For better or for worse, this is the Establishment you're looking at right here. This is the A-list of the people who run this city."

Matthews dares to say what other people are thinking but refrain from saying -- for better or for worse.

Couric and many of her colleagues on the big networks committed the common error of talking over scenes that did not require any talking -- or, to the contrary, called for quiet. When the choir and band performed "America" and other patriotic songs, Katie and crew kept up fairly constant chatter. Over on NBC at the same time, presidential historian Michael Beschloss unfortunately was directed to yak away, ignoring the music in the cathedral.

ABC anchor Charles Gibson showed the most tact and discretion, limiting his remarks to things viewers actually might need to know. Gibson, of course, has more authority and experience behind him as anchor and correspondent than either Couric or NBC's Brian Williams. Not that Williams lacked for intelligent comments; he just perhaps made too many of them.

Incredibly, CBS cut away from the ceremony in the cathedral to show viewers excerpts from an interview that President Ford had given correspondent Phil Jones -- in 1984! Ford, discussing widespread protests erupting in the country when he took office, said he hoped "voices were lowered" under of his calming influence. Bob Schieffer then quoted the "voices lowered" remark -- while the chorus and orchestra played "America the Beautiful."

All this talk of lowered voices could lead a viewer to talk back to the correspondents and anchors: "Lower yours, for heaven's sake."

Worst of all was an NBC commentator who interrupted the choir singing "America the Beautiful" to repeat a story he'd read in the New York Times -- about the Fords' dog having pooped on a White House carpet. "There are so many stories like that," the reporter said -- and so many more opportune times to tell them.

The CBS coverage was marred by a director's or producer's insistence on dividing the screen up in boxes, with a large amount of space taken up by "The Death of a President," the title CBS gave its coverage. The network seemed to be waving its own flag in viewers' faces, while ABC tried to keep its logo and other extraneous material to a minimum.

The pictures, after all, were beautiful as the sun poured down on the city. The honor guard, lined up in two columns on the Senate steps, cast dramatic, striking shadows in the early-morning light. Later, the cathedral looked regal and imposing in a master shot of it sitting on a high point in the city.

Throughout the coverage, anchors and reporters marveled at the poise and stamina of Betty Ford, the president's widow, who had been through hours and hours of memorial activities even before the trip from the Capitol to the cathedral began. She entered the cathedral on the arm of President Bush and then sat among, and seemed supported by, her children -- son Steven on one side and daughter Susan on the other. It was a moving portrait of family solidarity.

One realized what a tremendous impression the Fords had made on the country in spite of the fact that Ford was in office a relatively short time after Nixon's resignation.

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Television was a presence at the event in more ways than one. Former president George H.W. Bush brought up the '70s lampooning of Ford on NBC's "Saturday Night Live," with Chevy Chase portraying him as physically bumbling even though Ford was, many commentators said, the most athletic president of his century.

Bush also did an impression of Dana Carvey doing an impression of him ("Not gonna do it, wouldn't be prudent"), a reminder of how influential "Saturday Night Live" has been in American pop culture. In the interest of propriety, though, it might have been better if the elder Bush had stuck to the topic of Ford and not mentioned his own experience with the show. He might also have mentioned that Ford took the ribbing so good-naturedly that he taped a "live from New York" opening in the Oval Office for use on the program.

The current president praised Ford for making an unpopular decision -- the pardon of Nixon -- and sticking to it. That was also a theme of Bush's most recent radio address. Some reporters saw it as Bush's thinly veiled attempt to compare his own unpopular pursuit of the Iraq war with Ford's action -- and a way of saying both men were courageously standing on principle.

The eulogy by former NBC anchor Tom Brokaw was not memorable. Brokaw said Ford asked him last year to be part of such a ceremony whenever it was held, although Brokaw said modestly that Ford made the request because "I think he wanted to be sure the White House press corps was represented" -- not because he thought Brokaw was a brilliant orator. Brokaw, who seemed to smirk throughout his remarks, ended with a banal "Farewell, Mr. President. Thank you, Citizen Ford."

Cameras kept panning the faces in the cathedral -- an auspicious assemblage that included former presidents Bill Clinton, Jimmy Carter and Bush and their first ladies. CBS relied too much on what might be called Coffin-Cam, long and steady shots of the flag-draped casket, which, after all, didn't do anything but sit there, as was to be expected. Viewers would rather have seen the faces of the famous and celebrated.

CBS coverage overall was disappointing, and ABC's was probably the best of the major networks.

On CNN, meanwhile, Wolf Blitzer took the strange step of interrupting the coverage to apologize for a goof made the previous day on his "Situation Room" show. According to a media-watchdog Web site, Blitzer said he "just wanted to make a correction" and continued: "We had a bad graphic. We were doing a piece on the hunt for Osama bin Laden in this new year, 2007. Unfortunately, instead of saying, 'Where is Osama?' it said, 'Where is Obama?' I'm going to be calling Sen. Barack Obama to make a personal apology."

Yes, you do that, Wolf.

If not all the speeches praising Ford were unusually eloquent, the music in the cathedral was. During the singing of "O God Our Help in Ages Past," a camera caught Betty Ford mouthing the word "beautiful" to her daughter. After the services, Matthews raved about Denyce Graves's singing of the Lord's Prayer. It was a breathtaking performance.

Chimes rang outside the cathedral, and Olbermann, Matthews's on-air partner, said gratuitously, "Ask not for whom the bell tolls." Matthews pronounced the ceremony "sublime" and said he thought President Bush's eulogy was better than his father's, an opinion not likely to be widely shared.

As Ford's body was taken to Andrews Air Force Base, the major broadcast networks signed off and rushed back to the cacophony of regularly scheduled commercial programming. Cable news networks stayed with the story.

It was a memorable morning, a national gathering by television, and a reminder that for all the talk about blogs and YouTube and MySpace, there are still moments and events that only the networks can adequately convey.

This, obviously, was one of them.

Widow, Children Face Grief Together (USAT)

By Jill Lawrence

USA Today, January 3, 2007

WASHINGTON — Her marriage was only three weeks old when she became a political wife. Fifty-eight years later, surrounded and strengthened by her family, former first lady Betty Ford performed one of her last official acts in that role.

Appearing fragile but stoic, Betty Ford, 88, blinked back tears and managed an occasional smile during a series of tributes Tuesday to her late husband, to her and to their enduring partnership.

President Bush said during an emotional memorial service at Washington National Cathedral that former president Gerald Ford was "still counting himself lucky to have Betty at his side."

Sitting between daughter Susan and son Steven at the cathedral, Betty Ford could be seen bowing her head or dabbing at her eyes with a handkerchief.

Before she headed to Grand Rapids, Mich., where the former president was to be buried, Betty seemed to break down briefly during a cannon salute at Andrews Air Force Base. Her military escort leaned over in concern and patted her arm.

The sisterhood of first ladies was out in force at the cathedral: Laura Bush, Barbara Bush, Hillary Rodham Clinton, Rosalind Carter, Nancy Reagan. Only Lady Bird Johnson was missing.

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Betty Ford is known for going public with her battles against breast cancer and addictions to alcohol and prescription drugs.

Tom Brokaw, a television journalist who covered the Ford White House for NBC, praised the Fords for drawing attention to problems that needed it.

"Was there a more supportive husband in America than when his beloved Betty began to speak out on issues that were not politically correct at the time?" he asked during the memorial service.

Many scenes Tuesday showed the closeness of the Ford family: Betty's smile as Susan whispered in her ear, and her sons' care as they escorted her in and out of cars and buildings. In a windy morning chill, the children and grandchildren clustered around her, forming a human wall of comfort and warmth as they waited for the late president's casket to be carried down the U.S. Capitol steps.

Sheila Weidenfeld, Betty Ford's former press secretary, told MSNBC her ex-boss "understands exactly what her duty is. … She's always been somewhat fragile. To be outside at her age in the weather is not the easiest thing, but you'd never know it looking at her. She is doing what she knows she wants to do and what she must do."

It wasn't all grim duty. Betty Ford grinned when Brokaw recalled the fashion "meltdowns" of the 1970s — "trousers so patterned that they would give you a migraine" and jackets that should be "eligible for a presidential pardon."

Bush evoked general laughter when he described Gerald Ford's "idea of a honeymoon" — driving his bride to Ann Arbor the day after their wedding for brunch before a Michigan-Northwestern game.

Bush also quoted Ford's tribute to Betty on the day he took the presidential oath of office: "I am indebted to no man and only to one woman, my dear wife."

A Final Public Service By A Steadfast First Lady (WP)

By Neely Tucker

The Washington Post, January 3, 2007

Betty Ford, observed in these days of national mourning:

Frail. Determined. Quiet. Tired.

She was 88 and clearly exhausted.

She was resting on the arm of the president of the United States when she emerged from the darkness of Washington National Cathedral into the weak January sunlight yesterday, following her husband's coffin. She did not speak during the service, except to turn to her daughter, Susan, and mouth the word "beautiful" after a moving rendition of "O God, Our Help in Ages Past." She was surrounded by family, including her three sons.

She will bury her husband today on a hillside back home in Michigan.

Then, three decades after leaving the White House, she will finally be relieved of the duties of being first lady, a job that comes with no description but endless expectations. The final duty is burying one's husband under the glare of public attention. This has become a de facto job requirement in the past century, when first ladies began to routinely outlive their husbands.

"This is a very frail woman, and by God, she's in charge," says Dick Capen, a longtime family friend, a newspaper publisher and diplomat who visited with Betty Ford at the family's private service in Palm Desert, Calif. "You could see it in her face. She's 88 years old, and she wasn't going to sit down. She's an incredible lady."

"She's been great," says Melvin Laird, the former congressman and defense secretary, and a close family friend for nearly half a century, speaking by phone from his Florida home. "Jerry always worried about her, but she was the one who really took over, really watched out for him."

Though Betty Ford has spoken no public word since her husband died (her statement announcing his death was a written release) she has nonetheless had a public role to play. First ladies leave the White House, but they never leave the job. They become the public face of the nation's grieving when their spouses die. Their role blends public duty and private emotion, but the public is expected to hold sway.

"When I reflect upon my Washington career I wonder how I ever faced it," Grace Coolidge observed late in life, after burying her husband. "There was a sense of detachment. This was I, and yet not I -- this was the wife of the president and she took precedence over me; my personal likes and dislikes must be subordinated to the consideration of those things which were required of her."

When Woodrow Wilson suffered a massive stroke in office, paralyzed but not yet dead, his wife, Edith, virtually took over. She refused to let people see him, becoming the intermediary through which the nation dealt with its president. It caused a crisis and a furor. She was unmoved: "I am not thinking of the country now, I am thinking of my husband."

This is understandable but not practical: The love of one's spouse must take second place to national need.

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It is the consensus among historians that Jacqueline Kennedy, in her bloodstained dress while Lyndon B. Johnson took the oath of office in Dallas, is the model image of this. She walked into the White House as the Queen of Camelot and walked out as a woman whose dignity helped hold together a shocked nation.

The Lincoln assassination a century earlier proves the point via an opposite example. Mary Todd Lincoln, already unstable of emotion and personality, dissolved after her husband was shot. She offered the nation no such grace note.

Since the Civil War, only three presidents have outlived their wives.

"The first lady is not a private person grieving, they're a public icon, and we look to them for strength and how to behave," says Myra Gutin, professor of communications at Rider University and author of "The President's Partner: The First Lady in the Twentieth Century."

She says it has left one constant:

"If they cry, it seems like they did it privately, not on the public stage," she says.

Betty Ford spent her last official weekend in Washington with her family at the Renaissance Mayflower Hotel, a few blocks from the White House. She walked, resting on arms of a family member, a military official, the vice president, the president. She kept her gaze level, her eyes steady. She attended services at the Capitol Rotunda, the cathedral, the landmarks of official Washington.

Her lips were pursed, save for offering a quiet smile to family or friends. She shed no public tears.

She was being strong; maybe for the nation, maybe for herself.

Then, yesterday afternoon, the plane lifted her and her family up into the bright blue sky, heading north, heading home.

One last funeral, and then no more.

Leaving the pages of history must sometimes be an answered prayer.

Remembering A Leader And The Party That Was (WP)

By Dan Balz And David S. Broder

The Washington Post, January 3, 2007

The honorary pallbearers who walked slowly up the aisle at Washington National Cathedral yesterday at the funeral of former president Gerald R. Ford were as familiar as when they served the 38th president, symbolizing continuity through four decades of Republican administrations.

The names included Cheney, Rumsfeld, Baker, Greenspan and Scowcroft, officials who have served multiple Republican presidents. But their presence masked a far different reality, which is that the Republican Party that spawned Ford and his brand of Midwestern conservatism barely exists today.

It was a tribute to Ford's character that the speakers at yesterday's funeral devoted their remarks largely to personal attributes -- honesty, integrity and modesty -- that they said helped stabilize the country after the traumas and divisions of the Watergate scandal and the end of the Nixon presidency.

But in sharp contrast to the commentary after the death of former president Ronald Reagan, there were no remembrances of Ford as an architect of modern conservatism or a force behind the GOP's ascendance. The Republican Party has turned away from Ford's conservatism, moving sharply to the right ideologically and to the South and West geographically.

The names ascribed to those changes include Reagan, Barry Goldwater, Newt Gingrich and George W. Bush. But not Ford. His passing served not only to highlight how the party has changed, but how he felt increasingly estranged from some elements of the party's new doctrine. Ford was long uncomfortable with the party's shift to the right on issues such as abortion and made that plain in many interviews. As is now known from an interview published posthumously, he also harbored great doubts about Bush's Iraq policies.

"It is a lot different party now," said Vin Weber, a former Republican House member from Minnesota. "I have enormous regard for Jerry Ford. He campaigned for me in my first election, and it made a great difference. But he was the last of the old order. When he picked [Nelson] Rockefeller [as vice president], it reverberated very strongly with younger Republicans as an effort to undo everything we'd worked for since Barry Goldwater."

As a World War II veteran, Ford came into politics as an internationalist. As a Midwesterner, he practiced a fiscal conservatism that was grounded in balancing budgets and controlling spending. The Bush administration has adopted a different model for dealing with the world, one that has relied on a go-it-alone strategy in the battle against terrorism, and for much of the past three decades, Republicans have embraced tax cuts over controlling spending as the foundation of their economic policy.

Gingrich believes that Vice President Cheney and former defense secretary Donald H. Rumsfeld, alumni of the Ford administration and now emblematic of the Bush administration's foreign policy, have changed because the world has changed. "Cheney and Rumsfeld have experienced a different world than Ford experienced and are genuinely frightened, and their policies are born out of this fear," he said. "They just don't know how to communicate to the country."

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No one would seem to represent a break with Ford's Republican Party more than Gingrich, whose brash style and disruptive tactics upset the GOP's old guard in the 1980s but ultimately helped usher in a Republican congressional majority in 1994.

Ironically, he attributes to Ford the model he and Weber and other young Turks used to help transform the party in the 1980s and 1990s. In his younger days, Ford was an insurgent who helped depose then-House Republican leader Charles Halleck. Rumsfeld was part of that younger, hard-charging cadre.

"We literally modeled the Conservative Opportunity Society after them," Gingrich said. "They were doing all sorts of things that irritated the old guard. . . . But in many ways, they represent a pre-Reagan, pre-Goldwater party."

Clarke Reed of Mississippi, the veteran party leader who at the 1976 Republican National Convention helped deliver his state's delegation to Ford over Reagan and preserve Ford's nomination, remarked yesterday that the party was then "just on the cusp of going Southern." Reagan's conservatism, he said, brought a new emphasis on social issues and religious values that was distinctly different from Ford's more moderate conservatism.

The midterm elections have brought a round of soul-searching among Republicans, who wonder whether they have become too conservative, too Southern, too indebted to the religious right. Ford's Republican Party may never return, but what replaced it has begun to show its limits.

Yesterday's tributes to Ford also served to underline that he will be forever tied to Richard M. Nixon -- first, as Nixon's choice to succeed the disgraced Spiro T. Agnew as vice president and then as Nixon's successor and the author of Nixon's controversial pardon.

In every eulogy to Ford's honesty, openness and trustworthiness, there was a contrast drawn with his predecessor. In some respects, they are the two sides of the Republican heritage. It carries over to the present day. Bush was helped to two terms in the White House in part by the public belief that he is a plain-spoken man. But Republicans paid a high price in November's elections for the "culture of corruption" in Congress, which the Democrats exploited.

Something else has been lost in the Republican Party, according to Kenneth M. Duberstein, who served in both the Ford and Reagan administrations: what he called "the sweet bipartisanship of Jerry Ford." That pattern "died in the last 12 years," and he sees little prospect of its reviving.

Words Show Iraq Fraying 'Code Of Silence' (USAT)

USA Today, January 3, 2007

WASHINGTON — The war in Iraq has fractured even the fraternity of presidents.

After they exit the Oval Office, presidents generally limit criticism of their successors, at least in public. When President Bush and predecessors Jimmy Carter, George H.W. Bush and Bill Clinton gathered Tuesday at the National Cathedral for President Gerald Ford's funeral, it was a show of solidarity and affection for one of the few who knew firsthand how difficult the job can be.

The three former presidents smiled and shook hands as they waited for the memorial to begin, their first time together since a similar farewell for President Reagan 2½ years ago.

The tradition of what historian Robert Dallek calls "a code of silence" among presidents has been strained by the escalating violence in Iraq, however. The war has divided the international community, the American public, members of Congress.

Ford joined that debate, albeit after his death.

He criticized Bush's justification for the war in an interview conducted in 2004 and released when he died last week, joining critiques by Clinton and Carter. Their views underscore Bush's isolation on the war as he prepares to address the nation as early as next week on a strategy to turn around the deteriorating security and political situation in Iraq.

Ford's death and accounts of his life have competed in newspapers and TV broadcasts with a grim milestone: the 3,000th U.S. death in Iraq.

Criticism by former presidents is rare, says Richard Shenkman, a historian at George Mason University and author of Presidential Ambition. Most ex-presidents, recalling their travails in office, are reluctant to add to the burdens of successors, he says.

"It's a fine line that they walk," he says, but one that sometimes has been crossed. Dallek says periods of national "difficulty and frustration" can prompt former presidents to speak out.

In July 2004, Ford told The Washington Post that he "very strongly" disagreed with Bush's justification for the war and would have pursued sanctions and negotiations rather than order an invasion. "I don't think I would have gone to war," Ford said in an interview with Bob Woodward.

The former president also faulted two former aides who became architects of Bush's Iraq strategy: Vice President Cheney, once Ford's White House chief of staff, and Donald Rumsfeld, who served as Defense secretary for Ford and the younger Bush.

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Clinton generally has tempered his public comments about Iraq, but in November he told students in Dubai that the United States made "a big mistake" by invading, in particular by underestimating the difficulty of uniting the country.

Carter has been the most outspoken. In a CNN interview in November, he predicted that the invasion of Iraq was "going to prove, I believe, to be one of the greatest blunders that American presidents have ever made."

White House spokesman Tony Snow declined to comment on the former presidents' remarks. "We're remembering Gerald Ford today," he said.

For one former president, there has been not a hint of disapproval.

The elder Bush has rejected criticism of his son. His remarks as one of four eulogists for Ford — the current president, former secretary of State Henry Kissinger and Tom Brokaw of NBC were the others — focused on Ford's character, not current events.

Even so, when he paid his respects on Monday to Ford in the Capitol Rotunda, the elder Bush was accompanied by two old friends, former secretary of State James Baker and former Wyoming senator Alan Simpson. Both are members of the Iraq Study Group, which last month issued a scathing report that recommended drawing down U.S. troops.

In some ways, the division over Iraq is reminiscent of the friction between Ford and Reagan when both sought the GOP presidential nomination in 1976.

Then-president Ford warned that Reagan's hard-line attitude toward the Soviet Union was dangerously provocative. Reagan, a challenger who would lose the nomination but win the presidency four years later, accused Ford of failing to take a tough enough stand against Moscow.

Kissinger's eulogy recalled those days with words that could apply to Iraq, although he didn't cite it directly. The former secretary of State — who in November told the BBC that military victory in Iraq was no longer possible — said Ford's "prudence and common sense kept ethnic conflicts in Cyprus and Lebanon from spiraling into regional war."

He praised Ford for persistence in pursuing diplomacy with the Soviet Union and in the Middle East.

The rift between Ford and Reagan over disputes on détente, the Panama Canal treaty and the Helsinki Accords "never completely healed," says Craig Shirley, author of a book on the 1976 campaign entitled Reagan's Revolution; The Untold Story of the Campaign That Started It All. Shirley, a Republican consultant, called the practice of presidents faulting one another relatively new and probably unwise.

"It's better for ex-presidents to remain silent and let history judge them."

The Ex-Presidents' Club Bids A Member Goodbye (NYT)

By Anne E. Kornblut And John M. Broder

The New York Times, January 3, 2007

WASHINGTON, Jan. 2 — In a moment of presidential empathy, former President George Bush recalled a skill he had learned from Gerald R. Ford: how to handle being ridiculed on "Saturday Night Live."

"I remember that lesson well, since being able to laugh at yourself is essential in public life," Mr. Bush said in his eulogy for Mr. Ford on Tuesday. "I'd tell you more about that, but as Dana Carvey would say: 'Not gonna do it. Wouldn't be prudent.' "

As the 82-year-old former president imitated his own impersonator, there were only three people in the audience who knew exactly how it felt to be ridiculed, as a sitting president, on late-night television. Former President Bill Clinton responded with a hearty laugh from his seat in the Washington National Cathedral, while former President Jimmy Carter, in a neighboring pew, looked on with a smile. Seated nearby was President Bush, who has been relentlessly skewered by TV comics as well.

With Mr. Ford's death last week, the group of living former presidents has shrunk to three, down from five in the early 1990s. Since 1994, Richard M. Nixon, Ronald Reagan and, now, Mr. Ford have left the stage, while Mr. Clinton has joined the ranks of former chief executives.

The dynamic among the former presidents is perpetually evolving, as people age, rivalries fade and former political opponents discover they share more similarities than differences.

The current club has at its core two presidents in different parties — Mr. Clinton, 60, and the elder Mr. Bush — who have become companions in traveling and fund-raising for causes around the world. The two at times appear more friendly than Mr. Bush is with his son, or than Mr. Clinton is with Mr. Carter, 82, a fellow Democrat. And on Tuesday it was Mr. Carter, not either of the Bushes, who accompanied Mr. Ford's coffin back to Grand Rapids, Mich., for burial.

Though Mr. Ford and Mr. Carter squared off in the 1976 election, they became friends after both were out of office. On a flight home from Cairo in 1981, after the funeral of the Egyptian leader Anwar el-Sadat, they found common ground discussing their presidential libraries.

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Similar kinship has grown between Mr. Clinton and the first President Bush, in contrast to the rocky relationship between Mr. Clinton and Mr. Carter. Though the two Southern Democrats are from similarly humble backgrounds, they have been at odds repeatedly over the years.

In 1993, Mr. Carter said he was “very disappointed” in the Clintons for sending their daughter, Chelsea, to private school rather than public school, as the Carters had done with their daughter, Amy. After the Monica Lewinsky scandal, Mr. Carter said he had been “deeply embarrassed by what occurred.” In more recent years, the Clinton-Carter relationship has had a tinge of rivalry, as both men have sought to become global statesmen.

The funeral also provided a stage for those thinking about the politics of tomorrow, as well as those of yesterday. Along with the three former presidents sat several of those who may aspire to the job, including Senator Hillary Rodham Clinton of New York, former Mayor Rudolph W. Giuliani of New York and Representative Dennis J. Kucinich of Ohio.

And it was a reminder that while the nation elects only the president, the White House becomes home to a whole family whose members have to cope with the spotlight. At the cathedral on Tuesday, Rosalynn Carter was seen talking intently with Nancy Reagan. One row behind them, Chelsea Clinton spoke animatedly with a fellow Stanford University alumna, Secretary of State Condoleezza Rice.

Tom Brokaw, the former NBC News anchor, said in his eulogy that when Mr. Ford brought his family to 1600 Pennsylvania Avenue, “he brought the humanity that comes with a family that seemed to be living right next door.”

For neighbors of the Fords in Alexandria, Va., from the 1950s until they moved into the White House in 1974, they were in fact the family next door, with four independent-minded children whose public indiscretions Mr. Ford sometimes had to confront.

His son Jack admitted in a newspaper interview in 1975 that he smoked marijuana and lived a rowdy bachelor’s life. His daughter, Susan Ford Bales, was a headstrong teenager when her father became president and was married for a time to a Secret Service agent who had been assigned to guard the family.

Mr. Ford and Ms. Bales, now middle-aged, walked hand in hand down the center aisle of the cathedral before the service, and each read a passage from the Bible.

Ms. Bales’s reading came from James 1:19-25, chosen by the family to help illuminate the former president’s humble approach to the bitter times in which he served.

“Therefore rid yourselves of all sordidness and rank growth of wickedness, and welcome with meekness the implanted word that has the power to save your souls,” Ms. Bales read. “But be doers of the word, and not merely hearers who deceive themselves.”

Ford 'The Best Of America' (USAT)

By Judy Keen And Bill Nichols

USA Today, January 3, 2007

GRAND RAPIDS, Mich. — Gerald Ford's hometown welcomed him back to his beloved Midwest for the last time Tuesday, hours after a final and affectionate farewell in the nation's capital.

Ford will be buried Wednesday on a hillside at his presidential museum, ending a week-long national tribute to the 38th president. Thousands of silent people lined the streets of this city of 194,000 to watch the passage of the hearse carrying Ford's body.

Thousands more lined up to pass by Ford's casket during visitation inside the museum through the night.

"He was quite a guy, quite a man," said Grand Rapids barber Jim Jazwinski, 70.

Former president Jimmy Carter, who defeated Ford in the 1976 election, will speak at a private service today.

Washington bid its own goodbye Tuesday with a stately funeral for Ford, a man President Bush called "one of America's most beloved leaders."

Ford, who died Dec. 26 at the age of 93, was remembered by Bush and other dignitaries as a plain-spoken son of the Midwest who calmed a divided nation in the wake of Richard Nixon's resignation in 1974.

"We are here today to say goodbye to a great man," Bush said in his eulogy under the soaring arches of the Washington National Cathedral. "In President Ford, the world saw the best of America."

More than 3,000 guests filled the majestic cathedral, including former presidents Carter, George H.W. Bush and Bill Clinton, as well as Cabinet members, members of Congress and justices of the Supreme Court.

Ford's widow, Betty, 88, sat stoically with the couple's four children, holding hands with daughter Susan Ford Bales. At one point, Ford whispered to her daughter, "Beautiful."

Speaker after speaker focused on a central theme: the innate decency and impeccable character embodied by Ford. He "was a Norman Rockwell painting come to life," former president Bush said. Ford had "a heart as big and open as the Midwest plains on which he was born," Bush said.

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Before the service, Ford's remains were placed outside the U.S. Senate chamber, and the casket was led down the steps of the Capitol, where Ford served as a House member before Nixon selected him to replace disgraced vice president Spiro Agnew in 1973.

Outside, hundreds of people spilled down the steps of the Russell Senate Office Building and lined Constitution Avenue to watch the funeral cortege.

Alan Gibby of California, in town for a son's wedding, remembered shaking Ford's hand when he was 18 years old. "It was one of the greatest days of my life," Gibby said. "I just had to come and pay my respects."

George W. Bush And The Media: Final Words And Last Laughs (WP)

By Dana Milbank

The Washington Post, January 3, 2007

What will be President Bush's chicken-head moment?

During yesterday's funeral services at the Washington National Cathedral for Gerald Ford, retired anchorman Tom Brokaw recalled how the press corps' affection for the late president could be seen in the acquisition, by New York Times reporter Jim Naughton, of a mock chicken head that had caught Ford's attention at a campaign rally. "Giddy from 20-hour days and an endless repetition of the same campaign speech, Naughton decided to wear that chicken head to a Ford news conference in Oregon, with the enthusiastic encouragement of the president and his chief of staff, Dick Cheney," Brokaw recalled.

"When the president called me last year and asked me if I would participate in these services," Brokaw continued, "I think he wanted to be sure that the White House press corps was represented: the writers, correspondents and producers, the cameramen, photographers, the technicians -- and the chicken."

For Bush, it must have been a jarring moment. The current president would probably have Hugo Chavez deliver his eulogy before he would bestow the honor on a member of the White House press corps.

Even if Bush were inclined to allow a journalist to orate, which contentious moment with the press would be recounted? Would it be when Bush, in Paris, called NBC's David Gregory "intercontinental" for asking the French president a question in French? Or when Bush attempted to leave a quarrelsome press conference in China but discovered the door was locked?

Equally tricky: Which reporter would be Bush's Brokaw? To help Bush choose, several current and former White House correspondents, though in no way encouraging the president to shuffle off this mortal coil, yesterday offered sample eulogies they would be willing to give many years from now.

Richard Wolffe of Newsweek invoked the days after Bush called Adam Clymer of the New York Times a "major league a-----" and Cheney replied, "Big time" -- all captured on the microphone at a campaign rally. "Halloween of 2000," Wolffe remembered. "Several of us obtained Bush masks and printed up a series of baseball shirts for a fictional team called the Major League A's. We lined up at the foot of his plane stairs like an honor guard and he posed for photos with us. Chuckled with his shoulders the whole way through."

A major league entry. But here's one from Clymer himself, who provided a touching footnote: "He made a cheerful video tribute for the Washington Press Club Foundation dinner in 2001, with Cheney echoing his every sentence with 'big time.' A couple of months later, he sent me a very gracious sympathy letter on the death of my mother."

One candidate unlikely to become a finalist for eulogy honors is Julie Mason of the Houston Chronicle, who recalled the president falling off his scooter in Kennebunkport. "Toward the end of his presidency, Bush fretted openly about how history would judge him. He needn't have worried. Patting his wife's bottom in church and dropping Barney on the tarmac were not the defining moments of his presidency. Falling off the Segway was."

Nor should Bob Kemper wait by the phone. The former Chicago Tribune reporter, now with the Atlanta Journal-Constitution, recalled Bush's visit to the British Embassy to see his sister-in-law perform in a play. "Obviously worried that a theater critic had infiltrated the travel pool, the White House banned the pool from the embassy and drove us instead to Cactus Cantina," Kemper eulogized. "The pool ate as it often does -- under armed supervision of the Secret Service, which, to ensure that no one snuck off and tried to see 'The Spider's Web,' required the entire pool to go to the Little Reporter's Room together under armed guard."

A likelier candidate, but still a dark horse, is Olivier Knox of Agence France-Presse. He offered a moving tribute about the time "a foreign journalist asked the president after a roundtable interview to autograph a copy of 'A Charge to Keep.' The president called out to the U.S. reporters sitting behind him, 'Why don't you folks ever ask me to do this?' One of them shot back: 'Maybe when it's in paperback, sir.' "

Judging from yesterday's entries, Bush's self-deprecation will play a role in any eventual funeral. James Rosen of Fox News remembered a White House Christmas party when the CIA leak scandal was at its height. Rosen introduced Bush to his

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father, a personal-injury trial lawyer of the variety Bush disparaged on every campaign stop. "I could probably use a good lawyer," Bush allowed.

Not bad. But probably the most promising chicken-head story was provided by Dick Keil, the former Bloomberg News reporter Bush called "Stretch." The 6-foot-5 Stretch recalled a 2001 news conference on the Bush ranch in Texas, when an unusually talkative Bush exhausted all questions and was finally asked what he had done that day. Recalled Keil: "He noted that he had begun his morning by spending some 'quality time with the first lady.' Following a dramatic pause for effect, he got that wry grin, and said, 'Usually, I go running.' "

Manufacturing Could Signal Trouble Ahead (WSJ)

By Justin Lahart

The Wall Street Journal, January 3, 2007

If manufacturers seem downbeat as the new year starts, it's partly because they were too upbeat at the beginning of the old one.

Gross domestic product grew at a 5.6% annual rate in the first quarter of 2006, slowed to 2% by the third quarter and is estimated to have slowed a bit more in the final three months of last year. The run from hot to cold means manufacturers produced more stuff than needed and are now suffering the consequences.

When the Institute for Supply Management releases its monthly report on manufacturing activity today, that unhappy message is likely to come out clearly. The ISM's manufacturing index -- based on surveys of purchasing managers -- dropped sharply through the fall and by November hit its lowest level in more than three years. At 49.5, the index had dipped into terrain that signals a manufacturing contraction and was lower than comparable indexes in other countries.

Economists polled by Dow Jones peg today's report for December's ISM at 50 -- essentially a "we're-still-on-vacation-here" forecast of no change.

Part of the problem is the housing slowdown and auto production cutbacks proved more severe in 2006 than manufacturers appear to have expected. That left them with more wallboard and windshields than needed. Even outside of housing and autos, companies seem to have expected stronger demand than they got as 2006 unfolded.

Some manufacturers also built up raw material inventories to beat price increases and when commodity prices dropped, the excess inventory turned into excess baggage.

Goldman Sachs economist Jan Hatzius notes inventories have been rising more than shipments, which could force companies to cut production even more to work down stockpiles.

Mr. Hatzius doesn't think this means a broader recession, but he says it probably does mean overall growth will remain sluggish in early 2007. That will keep interest rates low, but could lead to earnings disappointments, a perilous scenario for stock investors.

... And Dow Transports Could Confirm It

Dow Theory is an old market barometer many investors have forgotten. Ignoring it now might be a mistake.

The theory holds that the 30-stock Dow Jones Industrial Average, which includes stocks like International Business Machines and Alcoa, and the 20-stock Dow Jones Transportation Average, with stocks like FedEx and JetBlue, should move in tandem to confirm bull or bear markets. That means when industrials rise and transports don't, the market could falter.

Don't look now, but transport stocks have turned south as the industrials have hit records. The transportation average is off 6.6% since mid-November, thanks to slumping cargo traffic and disappointing earnings outlooks from companies like FedEx. The softness mirrors manufacturing weakness showing up in the monthly ISM reports.

Skeptics say Dow theory -- which traces back to this paper's co-founder, Charles Dow -- is passé because the economy has changed so much. Proponents say transport stocks still send important signals. In the late '90s the transports dipped long before the broader market meltdown.

Given the red flags waving in manufacturing, Mr. Dow's ideas might be worth a fresh look.

December Auto Sales Look Weak (WSJ)

By John D. Stoll

The Wall Street Journal, January 3, 2007

DETROIT -- As auto makers report December U.S. sales on Wednesday, a decline in fleet sales to rental agencies and significant weakness at Ford Motor Co. are expected to fuel an overall market pullback for the month. The slide may be a prelude to a difficult year ahead for car sales and domestic vehicle production.

Analysts forecast that December industry sales will slide as much as 6%, aided by what could be a double-digit percentage decline at Ford, despite heavy year-end sales incentives and an expected uptick in luxury car sales. Other domestic auto makers

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are seen posting nearly flat sales for the month, while recent sales gains are expected to continue for Asian auto makers such as Toyota Motor Corp. and Honda Motor Co.

Even with December's expected slide, full-year auto sales are seen reaching about 16.5 million vehicles in 2006. While the result is down more than 2% from the 16.9 million sold in 2005, the volume still represents historically strong demand, according to trade publication Ward's Automotive Reports, which tracks U.S. auto sales.

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But demand for new light vehicles may hit headwinds this year amid a continued housing market slump, and as U.S. auto makers back away from unprofitable practices that helped pump up demand in prior years. Ford and General Motors Corp., for example, have both laid out plans to reduce fleet sales and lessen their reliance on incentives, such as discounts and rebates.

In a research note released to investors last week, Merrill Lynch auto analyst John Murphy forecasted that auto sales will sink to about 16 million vehicles in 2007, an outlook mirrored by many other auto analysts. Sales in the low 16 million range would represent the lowest annual sales tally of the decade.

"The slowdown in new vehicle sales observed in the past few months appears now likely to persist well into" 2007, Lehman Brothers Inc. auto analyst Brian Johnson said in a recent note to investors.

Comerica Bank Chief Economist Dana Johnson said that car sales in particular will be harder to produce in the first half of 2007. "Cars are a big ticket item and sometimes people take equity out of their houses to finance a down payment and there has been less of that available," the economist said.

Dana Johnson predicted that auto sales will speed up in the second half of the year as overall economic growth begins to rebound.

Merrill Lynch's Mr. Murphy said that the relative profitability of vehicle sales could also fade in 2007 as consumers continue to move away from sport-utility vehicles and pickups in favor of more fuel-efficient passenger cars and crossover models. Light trucks rake in a higher profit margin for auto makers.

Comerica's Mr. Johnson said Detroit's auto makers may be able to better handle lower sales volumes in 2007 thanks to the severe job cuts that were executed in 2006. Ford and GM will dismiss as many as 72,000 hourly workers in the U.S. by September via recently staged accelerated attrition programs. DaimlerChrysler AG's Chrysler Group is expected to announce additional job cuts in February.

Mr. Johnson said fewer workers for the Big Three means it should be less costly to shut down or slow assembly lines. GM, Ford and Chrysler cut production in 2006 and cutbacks are expected to continue through at least the first half of 2007.

Lehman's Mr. Johnson estimates that 2007 North American auto production will fall 100,000 vehicles, or 7%, below 2006's "already low" level of 15.3 million vehicles. He said Big Three production will fall 5% in 2007, following a 7% decline last year, as Detroit's market share continues to fade.

The Big Economic Worry (WP)

By Robert J. Samuelson

The Washington Post, January 3, 2007

The start of a new year is a good time to take stock, and there are few better indicators of our long-term economic prospects -- and also our prospects for political and social peace -- than productivity. As anyone who's taken basic college economics should know, productivity is simply jargon for efficiency. It's also what most people think of as economic progress. The good news is that productivity has been growing strongly; the bad news is that it may be moving to a much slower path.

To see why that matters, consult a fascinating government report, "100 Years of U.S. Consumer Spending." A century ago, Americans spent 43 percent of their incomes on food and 14 percent on clothing. By 2002, those shares were 13 percent and 4 percent. Meanwhile, family incomes (after inflation) had exploded. Filling the spending gap are all the things we take for granted -- cars, TVs, travel, telephones, the Internet. Home ownership has zipped to almost 70 percent of households.

This triumph of mass consumption is usually credited to technological breakthroughs, from the assembly line to computer chips. But the whole process is also described as productivity improvement. In 1900, 41 percent of Americans worked on farms.

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If mechanization, new seeds and fertilizers hadn't meant that fewer people could produce more food, we'd still be paying two-fifths of our income to eat. Labor productivity is measured as output per hour worked. Whatever enables people to produce more in a given time (machinery, skills, organization) boosts productivity.

That in turn raises our incomes -- or gives us more leisure. It also promotes domestic tranquility by muffling the competition between government and personal spending. Slow productivity growth virtually ensures a collision between the heavy costs of retiring baby boomers -- mostly for Social Security and Medicare -- and younger workers' living standards. Higher taxes will bite deeply into sluggish incomes. The reason: What seem to be tiny productivity shifts have huge consequences.

Consider: In 2005, the U.S. economy produced $12.5 trillion of goods and services, or gross domestic product (GDP). Per capita income -- the average for individuals -- was $35,000. If productivity growth averages 2.5 percent a year, the economy reaches $34 trillion in 2035 (in constant 2005 dollars), estimates Moody's Economy.com. Per capita income rises to $73,000. Now, suppose productivity growth averages 1 percent annually. Then GDP in 2035 is only $23 trillion, and per capita income is $48,000. That $13,000 gain ($48,000 minus $35,000) may look large, but it occurs over three decades, and part of workers' gain would be taxed away to pay baby boomers' retirement costs. Typical take-home pay would rise less than 1 percent annually.

Unfortunately, productivity growth seems to be decreasing. In the past year it's been only 1.4 percent. By contrast, it averaged about 3 percent from 2000 to 2005. The fall-off partly reflects a mature business cycle. As the economy slows, so do productivity gains. But some long-term forecasts project that the poor performance will continue. In Moody's Economy.com's outlook, productivity growth averages 1.4 percent a year from 2005 to 2035. The main reason: stunted business investment in new machinery, technologies and buildings, says chief economist Mark Zandi.

"We don't save much as a nation, and we've gotten away with it so far because overseas investors have been willing to finance our investment," he says. But he doubts that will continue. As global investors shift to other markets, big federal budget deficits will compete increasingly with private companies for credit. Higher interest rates will crowd out some business investment. Productivity will suffer.

Maybe. But Federal Reserve Chairman Ben Bernanke has suggested that the post-1995 trend (2.5 percent or higher) might persist for years. In truth, economists have a dismal record in anticipating and explaining productivity shifts. A big slowdown in the early 1970s remains a mystery. Productivity gains averaged 1.5 percent for a bit more than two decades, down from about 2.5 percent in the 1950s and 1960s. The post-1995 rebound was first attributed to computers and the Internet. But its continuation after 2000 -- when high-tech investment peaked -- suggests that other forces contributed. It's unclear what they were.

The great frustration is that something so critical is also so elusive. Productivity ultimately encompasses a society's entire economic culture: its technologies, management, workers' skills and motivation, schools, entrepreneurial spirit, work ethic, ambition and risk-taking, the competitive pressure on companies, government policies, financial markets. Everything counts -- and connects with everything else.

Therein lies a caution to the Democratic Congress and the Bush administration. Although government can't easily dictate higher productivity, its policies may perversely favor lower productivity. What's politically expedient today -- a dubious tax break, a lazy budget deficit, an expensive regulation -- may be economically corrosive tomorrow. Don't ditch the future.

Best Of The Law Blog As Two Firms Look To Tie Up, Some Partners Head For Exits (WSJ)

By Peter Lattman

The Wall Street Journal, January 3, 2007

Dewey or Don't We?

Two major law firms have been talking marriage, but partners are leaving before the firms reach the altar. Dewey Ballantine has lost at least nine partners since the news last fall of its plans to merge with San Francisco's Orrick, Herrington & Sutcliffe. A defection this week is a biggie: Michael Aiello, a top Dewey mergers-and-acquisitions partner and a member of the management committee, joined Weil, Gotshal & Manges. Already, the Dewey-Orrick merger vote had been postponed as the two sides attempt to iron out differences on management authority and other topics.

Read more about law, business and the business of law at WSJ.com's Law Blog2, updated every business day.

Orrick has wanted to join forces with Dewey in large part because of Dewey's strong M&A practice, but in December, Jack Bodner, another former Dewey M&A partner, left for Covington & Burling in New York. Messrs. Aiello and Bodner were considered two of the top deputies to Morton Pierce, the head of Dewey's M&A practice.

Also in December, Pierre Hubert, a former IP litigation partner in Dewey's Austin, Texas, office, left for McKool Smith, a Texas-based firm.

A Dewey spokesman wished all of the departing lawyers well.

Ford's Legal Legacy

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Based on the past week's tributes, the late President Ford won't be best known for his legacy to the law, but perhaps he should be.

At a 2005 symposium, Mr. Ford sent a letter saying, "I am prepared to allow history's judgment of my term in office to rest (if necessary, exclusively) on my nomination 30 years ago of Justice John Paul Stevens to the U.S. Supreme Court." While Justice Stevens has, in recent years, perhaps been the court's most consistently liberal justice, Mr. Ford vouched for his old friend's approach to the law, endorsing his views on a variety of issues, from the "secular character" of the Constitution's religion clauses to securing procedural safeguards for criminal defendants.

Edward Levi (right), President Ford's attorney general, with his predecessor, William Saxbe.

The selection of Justice Stevens was pressed by Edward Levi, whom Mr. Ford tapped to be U.S. attorney general in 1975. Today, the appointment of Mr. Levi, who also served as president of the University of Chicago, is widely viewed as helping to restore the reputation of the Justice Department after form President's Nixon's attorney general, John Mitchell, was convicted of perjury and other crimes.

In 2000, Mr. Ford eulogized, "With each passing year it becomes more and more self-evident -- Ed Levi is the attorney general against whom all others are measured."

Milberg Weiss Gets a Zinger

Last month U.S. Magistrate Judge Steven Pepe in Detroit ruled that plaintiffs firm Milberg Weiss & Bershad shouldn't be appointed lead counsel in a suit involving Ford Motor. In light of the May indictment of Milberg Weiss on kickback charges, which was followed by a slew of attorney departures, the judge questioned whether the firm would have the resources to devote to the case.

The opinion wasn't the first to rule that Milberg Weiss might not be the best choice to serve as lead counsel for plaintiffs. But it was perhaps the most pointed.

Judge Pepe chastised Milberg lawyer Lori Feldman for saying the attorneys litigating the case hadn't been accused of wrongdoing but failing to note that an indicted former partner was listed on the complaint.

"We are bewildered as to why the opinion is so cutting," said Ms. Feldman, who noted that the former partner was on leave when Milberg sought to be appointed lead counsel. "We don't want anything to happen to this firm....It's not a mausoleum. We're able to work." But, she added, "if we continue to get decisions like this, it'll be tough."

The Apprentice, Esq.

When the latest installment of "The Apprentice" debuts Sunday night on NBC, it will have a distinctly legal flavor. Of the 18 candidates competing for a job in the Trump Organization, six are practicing lawyers, including one from the firm of class-action lawyer William Lerach.

"Why so many lawyers?" we asked Mr. Trump.

"A lot of it has to do with lawyers' high levels of education and the fact that many of them are intelligent," he said. "Now, I'm not saying all lawyers are intelligent because I've seen many lawyers that aren't."

Leaked Giuliani Memo Details Goals, Hurdles (WP)

By Chris Cillizza

The Washington Post, January 3, 2007

Former New York mayor Rudolph W. Giuliani (R) has been exploring a run for president for just over a month, but the planning behind a national candidacy has been going on much longer, according to an internal strategy memo.

The 140-page document, which was leaked to the New York Daily News by a rival 2008 campaign, provides a broad look at Giuliani's prospects for the Republican nomination -- including the potential hurdles of his stormy personal life and his association with disgraced former New York City police commissioner Bernard B. Kerik. "All will come out -- in worst light," says the document as quoted by the Daily News.

The memo also details a fundraising plan for Giuliani that includes raising $100 million this year, including $25 million in the first three months alone, according to the Daily News. At present, Giuliani finds himself slightly behind Sen. John McCain (R-Ariz.) and Massachusetts Gov. Mitt Romney (R) in the race for commitments from key donors who can contribute their own money and also harvest thousands more from their well-heeled friends.

Sunny Mindel, a spokeswoman for Giuliani, alleged that the memo was obtained through a series of "political dirty tricks." According to Mindel, a staffer's bag containing the document was lost during one of Giuliani's campaign trips this fall after being removed from a private plane. The bag was returned several days later after "repeated requests" by Giuliani's staff. "Because our staffer had custody of this document at all times except for this one occasion, it is clear that the document was removed from the luggage and photocopied," Mindel said.

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Polling continues to show Giuliani running at or near the front of the 2008 Republican field -- a result of the national name recognition he carries from his handling of the aftermath of the Sept. 11, 2001, terrorist attacks. Despite those surveys, many within the party are skeptical that Giuliani's liberal social positions will withstand the scrutiny of conservative primary and caucus voters.Romney to File Campaign Papers

Speaking of Romney, he'll let one of the least well-kept secrets of the 2008 campaign out of the bag today when he formally registers a presidential exploratory committee with the Federal Election Commission.

The filing of the paperwork is largely formulaic, as Romney has long been expected to run for president and has been putting into place a national organization to prepare for such a bid. Romney's latest hire is Carolyn Weyforth, who most recently served as press secretary for outgoing Senate Majority Leader Bill Frist (R-Tenn.). Weyforth will be Romney's deputy communications director.

Romney will spend much of today preparing to hand over power to Gov.-elect Deval Patrick (D), who will be sworn in tomorrow, and is scheduled to make the "lone walk" -- the ceremonial departing descent down the steps of the Massachusetts State House -- this evening.

On Jan. 8, Romney will begin his exploratory committee in earnest with a fundraiser in Boston to benefit his presidential aspirations.

Among Republicans, Sen. Sam Brownback (Kan.), Rep. Duncan Hunter (Calif.), former governors Tommy G. Thompson (Wis.) and James S. Gilmore III (Va.), as well as McCain and Giuliani, have established exploratory organizations.

Political Paper Stolen, Giuliani Camp Says (NYT)

By Patrick Healy

The New York Times, January 3, 2007

Advisers to former Mayor Rudolph W. Giuliani said yesterday that someone infiltrated the Giuliani camp last fall and stole a document about his presidential prospects and political liabilities. It was then leaked, they said, as a “dirty trick” to embarrass Mr. Giuliani and highlight such headaches as his controversial former aide, Bernard B. Kerik, and one of his ex-wives, Donna Hanover.

The Daily News was given the 140-page document recently by someone “sympathetic to one of Giuliani’s rivals for the White House,” The News said in an article published yesterday. According to the article, the document proposes a $100 million fund-raising effort for 2007, names an array of potential donors, and warns that Mr. Giuliani might face “insurmountable” problems, including questions about Mr. Kerik and Ms. Hanover.

Mr. Giuliani is expected to decide over the next few months whether to run for president, his advisers say, and he has already formed an exploratory committee to raise money.

A Giuliani spokeswoman, Sunny Mindel, said yesterday that the document belonged to a staff member and did not reflect official strategy, but “simply someone’s ideas which were committed to paper over three months ago.” Ms. Mindel said the document was apparently stolen from a piece of luggage during a Giuliani political trip last fall, then photocopied and replaced in the luggage. Ms. Mindel said she did not know if her office would seek a criminal investigation of the alleged theft.

The public disclosure of the document is potentially damaging for Mr. Giuliani, not least because since 9/11, he has built a business as a private consultant on security issues while creating an image as a political leader capable of combating terrorism. Indeed, an adviser to one of his possible rivals in 2008, Senator John McCain of Arizona, half-joked yesterday that it was interesting that Mr. Giuliani’s businesses included security consulting.

“I’m surprised that something like that would ever leave the custody of a campaign, and that such raw and frank information would be around the countryside,” said the McCain adviser, John Weaver. “That said, a lot of the information was predictable.”

The document outlines a fund-raising effort to bring in at least $25 million by the end of March, and to spend more than $21 million this year. The News said it included notations that named Mr. Giuliani’s chief fund-raiser, Anne Dickerson, and a senior political aide, Anthony Carbonetti; Ms. Mindel would not say to whom the document belonged.

Among the sections that appear outdated are the prospective donor lists. The document proposed New Jersey fund-raisers Lewis M. Eisenberg and Larry Bathgate, financier Henry R. Kravis, and FedEx executive Fred Smith. The first three men were named last month as leaders of Mr. McCain’s fund-raising operation, and Mr. Smith is expected to join the roster shortly.

Assessing the document, which includes printed text, handwriting and spreadsheets, The News drew the conclusion that Mr. Giuliani appeared torn between seeking the White House and continuing his business endeavors, which include consulting on leadership and security issues, a law practice and an investment concern.

One page in the document, according to The News, says Mr. Giuliani might “drop out” of the race as a result of “insurmountable” personal and political concerns.

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On that page was a list of bullet points that seem to highlight those concerns: Mr. Giuliani's consulting practice; his former police commissioner, Mr. Kerik, who has struggled with personal and professional controversies; Ms. Hanover, with whom he had a stormy breakup; his third and current wife, Judith Nathan Giuliani; and "social issues" — apparently a reference to his support for abortion rights, gay civil unions, and gun control, some or all of which are opposed by many Republican voters.

"All will come out — in worst light," the document stated. "$100 million against us on this stuff," it continued, apparently a reference to likely efforts by Giuliani opponents to draw public attention to his liabilities.

It also suggests that Mr. Giuliani would categorize and honor his donors with terms from baseball. While President Bush referred to his best financial supporters as "Rangers" and "Pioneers," Mr. Giuliani would call them "Team Captains," "MVPs," "All-Stars," and "Sluggers." He would focus his fund-raising operations in New York, Washington, and California, the document indicates.

Ms. Mindel called the document "very outdated," but at least some of the ideas reflect current strategy discussions in the Giuliani camp, according to Republican Party figures who are familiar with the discussions and who spoke to The New York Times recently on condition of anonymity. Specifically, these Republicans say, Giuliani advisers believe that he is broadly popular enough to be able to raise money quickly for a presidential bid, and that he would need more than $100 million by the end of 2007.

According to Giuliani advisers, the document was a notebook compiled by one staff member whose luggage was not immediately located after a private plane flight last fall. They said it was not an official dossier that all Giuliani political aides shared.

"Voters are sick and tired of dirty tricks," Ms. Mindel said. Referring to the document, she added: "It's about as relevant today as a grocery list written in early October — in pencil."

Romney Eyes 2008 Bid, Sets Sights On Conservative Base (WT)

By Stephen Dinan

The Washington Times, January 3, 2007

Massachusetts Gov. Mitt Romney, who today will file papers forming a committee to explore a run for president in 2008, has spent recent months moving steadily to try to occupy the conservative ground in the Republican presidential field.

His entry into the ranks of Republicans officially exploring a run for the presidency underscores the strange nature of the field at this point [-] there is no candidate able to claim the position of the clear conservative standard-bearer, so all of the candidates think they can win a sizable chunk of those all-important primary voters.

"The case that he's going to make is that Mitt Romney has a record of governing that demonstrates an extraordinary level of accomplishment that will lead the country toward success," said a Romney aide familiar with the governor's decision to announce the exploratory committee.

With the first presidential caucuses and primaries scheduled for 12 months from now, Mr. Romney and the other potential candidates are staking out political positions and trying to show their prowess for fundraising and organization.

It's a rough-and-tumble game that was underscored this week by a report in the New York Daily News of internal documents from Rudolph W. Giuliani, the former New York mayor who formed an exploratory committee for the Republican nomination in November.

The 140-page dossier lists fundraisers Mr. Giuliani hoped to recruit to his presidential bid, but many of them have already been snatched up by his rivals for the nomination -- chiefly Sen. John McCain, the Arizona Republican whom many analysts say is the man to beat.

The newspaper said it received the document from a source "sympathetic" to one of Mr. Giuliani's rivals, though the paper didn't say which one. In it, Mr. Giuliani's team sets a goal of raising $100 million to $125 million in 2007, and $25 million to $30 million of that during the next three months.

Mr. Romney will take the first step to gauge how much he can raise when he holds his first finance event next week. He has asked his top supporters to bring their lists of contacts and they will hunker down in the Westin Boston Waterfront hotel Sunday night and Monday morning to begin making their fundraising pitch.

John C. Fortier, a research fellow at the American Enterprise Institute, said the mantle of the conservative candidate is open after other Republicans, particularly Sens. George Allen of Virginia and Bill Frist of Tennessee, saw their chances collapse with November's election results.

"In a normal field, I think there would also be a more traditional Republican candidate. Looking at the field now, there is not a strong candidate in that role," Mr. Fortier said.

He said that has left an opening for Mr. Romney, who early in his governorship seemed to stake out moderate positions but moved toward the conservative side later in his single term.

"There's a lot of mystery here because he's got a lot of ways he could go, but politically the place to go in the Republican field is to the right of McCain, to the more traditional part of the Republican Party," Mr. Fortier said.

In trying to win those voters, Mr. McCain has shed his 2000 campaign image of the maverick opposed to President Bush. Instead he has recruited many of the operatives and fundraisers that helped Mr. Bush win election in 2000 and 2004.

For his part, Mr. Giuliani has the star power to earn him an audience with conservatives, even though he is seen as a pro-choice, anti-gun-rights candidate.

Mr. Romney, whose Democratic successor will be sworn in tomorrow , took steps in the final days to shore up his credentials as tough on illegal immigration. He signed an agreement with U.S. Immigration and Customs Enforcement giving state troopers trained for the job the ability to enforce federal immigration laws.

He also gave interviews to National Review Online and Human Events last month in which he tried to clarify his positions on abortion and his position on marriage and civil unions.

National political polls of Republicans and Republican-leaning voters put Mr. McCain and Mr. Giuliani well ahead of the rest of the candidates.

A Gallup poll taken Dec. 11 to 14 showed Mr. McCain and Mr. Giuliani at 28 percent each, and Mr. Romney in fourth at 4 percent, also trailing Condoleezza Rice. An NBC/Wall Street Journal poll put Mr. Romney fourth behind Mr. McCain, Mr. Giuliani and former House Speaker Newt Gingrich.

Political analysts say Mr. Romney's experience as a governor is an asset because voters in recent years have seemed to prefer candidates with executive experience.

He is not the first governor to enter the Republican contest -- former Virginia Gov. James S. Gilmore III announced last month he has formed an exploratory committee -- but Mr. Romney is well ahead of Mr. Gilmore in organizing and fundraising.

Another governor, Arkansas' Mike Huckabee, is considering a run.

Mr. Huckabee told the Associated Press that if he runs, he would appeal to "true conservatives for whom conservatism doesn't mean they're angry at everybody."

"I would be the kind of Republican who doesn't scare the living daylights out of people who are in the center or slightly to the left," he said.

Effect Of Obama's Candor Remains To Be Seen (WP)

By Lois Romano

The Washington Post, January 3, 2007

Long before the national media spotlight began to shine on every twist and turn of his life's journey, Barack Obama had this to say about himself: "Junkie. Pothead. That's where I'd been headed: the final, fatal role of the young would-be black man. . . . I got high [to] push questions of who I was out of my mind."

The Democratic senator from Illinois and likely presidential candidate offered the confession in a memoir written 11 years ago, not long after he graduated from law school and well before he contemplated life on the national stage. At the time, 20,000 copies were printed and the book seemed destined for the remainders stacks.

Today, Obama, 45, is near the top of polls on potential Democratic presidential contenders, and "Dreams From My Father: A Story of Race and Inheritance" has regularly been on the bestseller lists, with 800,000 copies in print. Taken along with his latest bestseller, "The Audacity of Hope: Thoughts on Reclaiming the American Dream," Obama has become a genuine publishing phenomenon.

Obama's revelations were not an issue during his Senate campaign two years ago. But now his open narrative of early, bad choices, including drug use starting in high school and ending in college, as well as his tortured search for racial identity, are sure to receive new scrutiny.

As a potential candidate, Obama has presented himself as a fresh voice offering a politics of hope. Many say he offers something new in American politics: an African American with a less-than-traditional name who has so far demonstrated broad appeal. What remains to be seen is whether the candor he offered in his early memoir will be greeted with a new-style acceptance by voters.

It was not so long ago that such blunt admissions would have led to a candidate's undoing, and there is uneasiness in Democratic circles that "Dreams From My Father" will provide a blueprint for negative attacks.

Two decades ago, Judge Douglas H. Ginsburg of the U.S. Court of Appeals for the District of Columbia Circuit was forced to withdraw as a nominee for the Supreme Court after reports surfaced that he had used marijuana while he was a law professor. As a presidential candidate, Bill Clinton thought marijuana use could be enough of a liability in 1992 that he felt compelled to say he had not inhaled. And President Bush has managed to deflect endless gossip about his past by acknowledging that he had an "irresponsible" youth but offering no details.

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Through his book, Obama has become the first potential presidential contender to admit trying cocaine.

"I believe what the country is looking for is someone who is open, honest and candid about themselves rather than someone who seems endlessly driven by polls or focus groups," said Robert Gibbs, Obama's spokesman. Gibbs said yesterday that Obama was not available for an interview.

Presidential aspirants tend to write more sanitized books for use as campaign tools. "Faith of My Fathers" by Sen. John McCain (R-Ariz.) depicts his family's history of military service. Sen. Hillary Rodham Clinton (D-N.Y.) has reissued "It Takes a Village," which offers her views about child-rearing in contemporary society. In fact, Obama's latest book, "Audacity of Hope," lays out his policy positions.

But "Dreams From My Father" is not like that. Obama wrote the highly personal book when he was in his early 30s, after being approached by a publisher when he became the first black person elected editor of the Harvard Law Review.

"This is not the kind of book you would ever expect a politician to write," said GOP consultant Alex Vogel. "Anyone who has a career in politics has to be concerned with what's in their past, but there is no question that Americans have an appetite for redemption."

In fact, Bush himself has been a beneficiary of those sympathies. He has suffered little criticism from his conservative base after acknowledging that he drank too much in the past and is now a teetotaler.

Obama's partisan opponents and experts said it is too early to know whether the admissions will be a liability because the public seems to be enthusiastically embracing his openness at this point. What's more, they note that it is better for a politician to disclose his own transgressions, rather than be put on the defensive by revelations.

A senior Republican strategist who will be advising a GOP presidential candidate in 2008 said he did not see anything in the book that would be a "disqualifier," but he cautioned that Obama has not yet gone through an intense vetting process and that a problem could arise if there is more to his story than he has chosen to share. The strategist, who spoke on the condition of anonymity, also suggested that there will be high tolerance for marijuana use among voters because many baby boomers probably tried the drug in the '60s.

"Who's going to cast that first stone?" asked Anita Dunn, a veteran Democratic political consultant, who has advised Obama's political committee.

Rhodes Cook, a independent political analyst, said that Democratic primary voters, who are typically more liberal, would be more understanding of his drug use -- "and if he makes it to a general election, it will be old news."

Obama's supporters said his admissions in the book could work to his advantage.

"I think it will be received as refreshing," said Sen. Richard J. Durbin, Obama's fellow Democrat from Illinois. "If you compare similar books, many of us in the political business tend to have selective memories."

Obama writes extensively about his struggle to come to terms with being a black man whose African father returned to Kenya when he was 2, leaving him to be raised by his white Kansas-born mother and grandparents in Hawaii. He describes an identity crisis arising from his realization that his life was shaped by both a loving white family and a world that saw in him the negative stereotypes frequently ascribed to young black men. He recounts a search of self that took him from high school in Hawaii to Columbia University, and then to the streets of Chicago as a community organizer.

"We were always playing on the white man's court . . . by the white man's rules," he writes. "If the principal, or the coach, or a teacher . . . wanted to spit in your face, he could, because he had the power and you didn't. . . . The only thing you could choose was withdrawal into a smaller and smaller coil of rage.

"And the final irony: should you refuse this defeat and lash out at your captors . . . they would have a name for that too. Paranoid. Militant."

Obama has not expressed any regrets for his candor. In a preface to the new edition, he says that he would tell the same story today "even if certain passages have proven to be inconvenient politically."

In the book, Obama acknowledges that he used cocaine as a high school student but rejected heroin. "Pot had helped, and booze; maybe a little blow when you could afford it. Not smack, though," he says.

In an interview during his Senate race two years ago, Obama said he admitted using drugs because he thought it was important for "young people who are already in circumstances that are far more difficult than mine to know that you can make mistakes and still recover.

"I think that, at this stage, my life is an open book, literally and figuratively," he said. "Voters can make a judgment as to whether dumb things that I did when I was a teenager are relevant to the work that I've done since that time."

Barack Obama Can Be Whatever He Wants To Be (HILL)

The Hill, January 3, 2007

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Those who deride Sen. Barack Obama's (D-Ill.) lack of experience and criticize the broad generalities and banalities that festoon his best-selling book miss the key point: His inexperience is an asset because he enters national politics as a blank canvas on which he can paint whatever he chooses. With only two years in the Senate, he is less like a politician running for president than like a general — think Eisenhower in 1952 or even the abortive candidacy of Colin Powell in 1995 — or a businessman, like Ross Perot in 1992.

It's not that he doesn't have a record. It's that the record doesn't really matter because it is so short. His Senate tenure is so abbreviated that he can be whatever he says he is, not just as a political contrivance to get elected, but genuinely to articulate a philosophy and make it his guiding principle both while seeking office and serving in it. He's that virginal.

So far, Obama seems very conscious that his liberal, party-line voting record is not a good foundation for his national ambitions. He seems aware that the country wants more of a post-partisan, embodying the consensus to which Americans have come over these recent dangerous and bitter years.

American politics alternates between periods in which we welcome partisan debate and those in which we demand consensus and conclusion. Confronted by new issues we turn to the left and to the right and ask each side to develop its ideas and flesh out its alternative for our consideration. During these times, moderates and synthesizers are doomed to defeat since they seem to ignore the problem, while polarizing figures take over. But once the debate has run its course, we make our collective national decisions and are no longer in the mood for unending debate. We want our will to be done by our elected officials with no more quarreling or sniping.

Obama has the opportunity to embody the emerging consensus, a broad national agreement reached from observation of trial and error over the past half decade. The bloody futility of our efforts to build a nation in Iraq have left us still committed to aggressive efforts to hunt down terrorists but determined to extricate ourselves from the mire. The effectiveness of our homeland security efforts and our concomitant horror at instances of mistaken imprisonment and unnecessarily intrusive government investigations have led us to demand a balance between aggressive investigation and protection of civil liberties. We want terrorists caught, interrogated, and locked up, but not tortured or sadistically humiliated.

Obama's book reflects an intuitive grasp of this emerging consensus even if his voting record does not signal his agreement with it.

But if the Illinois senator decides to articulate this synthesis, the question will be whether he can find sufficient traction on the center-left to give his candidacy viability. He will have to compete for that ground with Sen. Hillary Rodham Clinton (D-N.Y.), but her reputation for strident advocacy and take-no-prisoners partisanship will likely give him an edge in going after Bill Clinton's former constituents among the New Democrats. And Obama enjoys an ethnic and demographic base that can augment his converts among moderate white Democrats.

John Edwards, for all of the eloquence of his announcement statement, is ultimately running on the issue of national poverty against a woman and an African-American. That's not going to work. His campaign might have gained traction against another field of candidates, but it is unlikely that he can get it on track against these two particular opponents.

So we wait for Barack Obama to define himself. If he runs to the left, he will be a worthy successor to Jesse Jackson and Al Sharpton. If he runs to the center, he might be a successor to Bill Clinton and George W. Bush. He might just make it to the White House.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To sign up to get all of Dick Morris' and Eileen McGann's columns for free by email, go to www.dickmorris.com.

The Audacity Of Nope (WP)

By Ruth Marcus

The Washington Post, January 3, 2007

The setting: Late January, outside a Chicago housing project where Sen. Barack Obama once worked as an organizer. The will-he, won't-he debate about the Illinois Democrat has reached a fever pitch.

In the grip of Obama-mania, the networks are poised to break into live programming to cover the announcement. Flanked by his wife and two young daughters, the 45-year-old Obama steps to the microphone.

"My fellow Americans. There's been a lot of talk about whether I'll be a presidential candidate in 2008 -- some of it encouraged by me. I've made my decision, and I won't be running."

Boos and yells of "No!" from the crowd. Obama raises his hands to quiet them.

"Please. I understand your disappointment. To tell you the truth, a part of me is disappointed, too.

"Now that I've gotten the headline out of the way, and let these folks file their leads" -- here Obama gestures to a throng of reporters --"let me tell you a little bit about my thinking.

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"First, I have to say how overwhelmed I have been by the reaction of people like you, who had faith enough in me to urge me to run, and faith enough in the American people to believe that I could win. You made it awfully tempting."

Obama flashes a wide smile, pauses. Shouts of "Give in!" and "You can still change your mind!" from the crowd.

"I could tell you the usual: that I decided not to run because I wanted to spend more time with my wonderful wife and children -- that I wanted to be there for my daughters in a way that my father never was for me.

"That would be true, but it wouldn't be the whole story.

"The truth is I don't feel ready" -- another smile and pause-- "right now."

Shouts of "2012! 2012!"

"Of course, no one, deep inside his or -- another smile-- her soul, truly feels ready to be president, and no one truly can be completely prepared for the job. I've spent my life -- as a community organizer, as a civil rights lawyer, as a state senator, in the United States Senate -- working for the same goals that would motivate me as president.

"But the question I kept coming back to was this: Would I be the best president I could be if I were elected in 2008? Or would I be a better president if I waited and learned and served and ran at some point down the road?"

Shouts of "2012! 2012!"

"Maybe that point will come; maybe it won't. In the meantime, I can promise you this: I will work my heart out for you, for the Democratic Party and for whoever is the Democratic nominee in 2008."

Shouts of "Obama! Obama!"

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Let me acknowledge: This isn't the speech I expect Obama to give. Every indication is that he's planning to run. But this, or something like it, is the speech that I'd love to hear.

This is against professional interest: A Democratic race with Obama would be a lot more interesting. And Obama isn't any less experienced than, say, John Edwards was four years ago, after a career as a trial lawyer and just a few more years of experience in the Senate than the Illinois Democrat has now.

But I do think that Obama would be a better candidate, and ultimately a better president, in 2012 or 2016 than in 2008. He will have learned more -- about the world, about domestic policy, about how to maneuver successfully in Washington.

Yes, more years in the Senate offer more chances for individual votes to be deployed against him in 30-second TV ads, but they also offer the opportunity that Obama hasn't yet had: to set out and achieve legislative goals. Teaming up with Tom Coburn (R-Okla.) to bring transparency to government spending through a searchable database is nice, but it's no platform for a presidential campaign.

The main argument for Obama to run in 2008 involves the shelf-life theory of politics: that the Obama magic might fade, that an opportunity this good might never present itself again. Maybe, but I think that Obama has more promise than that, more staying power and more self-knowledge.

"My attitude about something like the presidency is that you don't want to just be the president," he told Men's Vogue. "You want to be a great president."

If so, Obama should ask himself: Wouldn't he be more likely to achieve that goal if he had the self-confidence -- the audacity, really -- to choose to sit it out in 2008?

Four Speeches To Set Priorities For Governor's Second Term (LAT)

By Peter Nicholas, Times Staff Writer

The Los Angeles Times, January 3, 2007

Schwarzenegger's focus in the next week will be on infrastructure, healthcare insurance and the environment.

SACRAMENTO — Over the next seven days, Gov. Arnold Schwarzenegger, new crutches close at hand, will give a series of speeches that lay out his policy ambitions for the next four years: broader access to healthcare coverage, cleaner skies and improved roads.

The governor, still recovering from a broken right leg suffered in a holiday skiing accident, will deliver his inaugural address outlining a long-term vision for California when he is sworn in for a second term Friday. He is also expected on Monday to put forward his plan for revamping the state's healthcare system.

The next day, he will make his annual State of the State speech, and his budget proposal is scheduled the day after.

In these four speeches, Schwarzenegger will offer his most concrete proposals yet for insuring the millions of Californians who lack healthcare coverage, the centerpiece of his 2007 agenda. But he also hopes to establish a legacy as a builder on a par with former Gov. Pat Brown.

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Schwarzenegger wants to trigger another round of public construction, on top of the $43-billon bond program that voters approved in the November election. He will try to resurrect pieces of the construction package that he rolled out a year ago when he initially released his infrastructure plan: new prisons, courts and water storage. The Legislature said no to those projects.

"The governor proposed a series of infrastructure improvements last year, some of which were acted upon, some not," said his communications director, Adam Mendelsohn. "We still have water storage issues that need to be addressed. We still have a great deal of transportation issues that need to be addressed."

Normally an icon of fitness, Schwarzenegger begins his new term in the early phase of a convalescence expected to last two months. He had surgery on his broken right leg Dec. 26 and was released Saturday from St. John's Health Center in Santa Monica.

The governor said then in a statement that he was "feeling good" and planned to "tackle important issues like making healthcare more affordable, investing in and improving our infrastructure and protecting our environment."

Hoping to assuage concerns of Republican lawmakers worried about the state's mounting debt, Schwarzenegger wants private industry to pick up part of the construction tab through partnerships with government.

For example, business groups eager to speed the flow of goods might cover the costs of new roads if the state, in turn, gets the projects built more quickly.

And prisons would be a huge investment. The governor has already announced that he wants to ease rampant overcrowding by adding 78,000 new beds, at a cost of $10.9 billion.

After halting attempts to cast himself as a reformer, Schwarzenegger is determined to reinvent himself as a champion of spacious new freeways suited to a swelling population. For inspiration, he has been reading speeches that Brown gave as governor in the 1960s.

California added college campuses, built thousands of miles of freeway and expanded its water storage capacity on Brown's watch.

None of what Schwarzenegger is planning would be easy to pull off. The state's financial picture is grim.

Though unexpected revenues have shrunk the record shortfalls that California faced under former Gov. Gray Davis, the state still spends more than it takes in. It is estimated that when the new fiscal year begins July 1, the deficit will be $5.5 billion.

Aggressive borrowing in the Schwarzenegger era has also boosted California's debt. By 2009 the state will have borrowed so much that 8.4% of the budget will go toward paying off debt. Wall Street experts say the figure should not exceed 6%.

Elizabeth Hill, the Legislature's nonpartisan budget analyst, wrote in a November report: "California should be running projected operating surpluses instead of deficits."

And the governor confronts a dicey political climate.

His fellow Republicans want him to cut the deficit. They also say they will oppose any plan that saddles business with new healthcare costs or drains the state budget to cover millions of the uninsured.

"We have to be very cautious and go slow," said Michael Villines (R-Clovis), leader of the Assembly's Republicans.

Though Democrats control the Legislature, Schwarzenegger must win support from his fellow Republicans to reach the two-thirds majority needed to pass the state budget.

As the governor ingratiated himself with Democratic leaders last year, many Republicans stewed silently, aware that open insurrection might undermine his reelection prospects. Now that the race is over, the fissures are more visible. Assemblyman George Plescia of San Diego was ousted as GOP leader two days after the election, in part because Republicans wanted someone in the job who would stand up forcefully to the governor.

"Republican attitudes toward him are hardening," said Mike Schroeder, former chairman of the state Republican Party. "In many respects, the Assembly and Senate Republican caucuses are going to become the opposition party" to the governor.

Senate leader Don Perata (D-Oakland) predicted that Republican "restiveness" would be Schwarzenegger's biggest challenge.

"It will not be the Democrats; it will be how to corral the Republicans," he said.

As a guide to Schwarzenegger's intentions, the State of the State speech has proved prophetic. In his 2005 address, the governor took a combative tone, warning the Legislature that if he didn't get his way, he would take his proposals directly to voters in a special election. That is how events played out, but his appeal to voters failed.

Last year, a humbled Schwarzenegger gave a speech spelling out his intent to collaborate more with legislators.

What followed was widely seen as a productive legislative session in which Schwarzenegger signed bills raising the minimum wage, tamping down greenhouse gas emissions and offering discounted medicine.

This year, aides said, Schwarzenegger will cleave to a similar script. In his appearances during the next week, he'll promise to work in a bipartisan way, they said.

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Apart from all the brick-and-mortar projects, he'll urge development of new energy sources, including bio-fuels, staking out a centrist path in an effort to reconcile business development and environmental protection.

"If things go well for him in the next term," said Daniel Mitchell, professor of management and public policy at UCLA, "that would give him a strong place to run for senator."

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Times staff writer Evan Halper contributed to this report.

Schwarzenegger's Gay Marriage Misstep (LAT)

The Los Angeles Times, January 3, 2007

IT COULD have been different. If Gov. Arnold Schwarzenegger had signed a bill in 2005 legalizing same-sex marriage instead of vetoing it, the California Supreme Court would have been spared the task of deciding, as it probably will this year, whether a voter-approved ban violates the state Constitution's guarantee of equal protection under the law.

But Schwarzenegger said he had to respect Proposition 22, approved in 2000, which states: "Only marriage between a man and a woman is valid or recognized in California." Whether committed same-sex couples will be relieved of second-class status now depends on the state Supreme Court. And as Superior Court Judge Richard A. Kramer's ruling notes, the state Constitution trumps any ballot question and entitles same-sex couples to what he called "the last step in the equation: the right to marriage itself."

In other states, including Massachusetts, courts have focused on the "incidents" of marriage — such as joint ownership of property, shared custody and survivors' benefits. Kramer, however, placed the emphasis where it should be: on the word "marriage."

There's the rub for many Californians who are otherwise willing to accept domestic partnerships or civil unions. Political operatives have a term for this position: ABM, or "anything but marriage." The fixation on the M-word is more emotional than logical, and no doubt reflects the fact that the word "marriage" refers to both a civil partnership and a religious rite.

The M-word certainly makes the politics more difficult. Massachusetts is the only state where same-sex civil marriage is legal — and even there, the Legislature took the first step Tuesday toward allowing a popular vote on a constitutional amendment banning it. At the federal level, Congress enacted the Defense of Marriage Act in 1996, defining marriage as between a man and a woman and saying that states need not recognize same-sex marriages contracted elsewhere. Forty-five states prohibit same-sex marriage in their laws or constitutions; seven passed anti-gay-marriage referendums in November.

Given the political appeal of ABM, it's remarkable — and praiseworthy — that California legislators voted to extend to same-sex couples both the symbolic and practical advantages of marriage. But Schwarzenegger's veto requires the state Supreme Court to consider the different question of whether ABM is constitutional.

This procedural history gives lie to the claims of opponents of same-sex marriage who insist that it is the invention of "activist judges." It should also guide the state Supreme Court to a decision to adopt Kramer's view that California's previous acknowledgment of same-sex unions "points to the conclusion that there is no rational state interest in denying them the rites of marriage as well."

Jay P. Lefkowitz? (WP)

By Amy Goldstein

The Washington Post, January 3, 2007

During his first summer in the White House, a month before the Sept. 11, 2001, terrorist attacks that would shape his presidency, President Bush went on prime-time television to announce that he would allow federal money to pay for a limited amount of research on stem cells from human embryos.

The architect of that policy, navigating ethically and politically treacherous terrain, was a litigator named Jay P. Lefkowitz who was working as general counsel in the White House's Office of Management and Budget. Eight months later, Bush would promote Lefkowitz to deputy assistant to the president overseeing domestic policy. Many White House watchers expected that the cerebral neoconservative, whose judgment the president so clearly trusted, would rise further still.

Instead, Lefkowitz decamped from the White House -- and Washington -- in 2003. And although he is reluctant to discuss it, he has twice since then declined to return to top West Wing jobs.

Lefkowitz moved his family to New York, his wife's home town, where they enrolled their three children in a yeshiva, an intensive Jewish school, and became heavily involved in the Orthodox community.

He went back to his old law firm, Kirkland & Ellis, where he has a partnership and an eclectic mix of cases. He has been representing a large generic-drug manufacturer in lawsuits against the Food and Drug Administration (he beat the government

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twice); a criminal defendant in a massive tax-shelter fraud case the Justice Department is bringing against the accounting firm KPMG; and corporations such as Verizon and General Motors in commercial litigation.

"I am as engaged right now in the litigation that I'm involved in as I was when I was dealing with immigration issues or stem cell issues or helping to set up the 9/11 Victim Compensation Fund," Lefkowitz said.

He has had to weigh his two worlds. "He's at least twice been approached and asked to go back," said a former administration official who knows Lefkowitz and is close to the White House. The first time would have been as deputy chief of staff after Joshua B. Bolten moved from that job to budget director. The official, who spoke about personnel matters on the condition of anonymity, said the second would have been another senior West Wing position after Bolten became Bush's chief of staff last spring.

Lefkowitz still has a part-time role in government -- and the president's ear. He said he was in Jerusalem during Passover in the spring of 2004 when his cellphone rang. It was Secretary of State Condoleezza Rice, asking whether he would be interested in becoming the president's special envoy on human rights in North Korea.

Devoting about one-fifth of his prodigious working hours to the task, he reports to Rice but has, he said, met with Bush "several times."

After The Rip Van Winkle Years (NYT)

The New York Times, January 3, 2007

The mood at Eliot Spitzer's Jan. 1 inauguration was exuberant, and that was hardly surprising. Few politicians are offered the opportunity that greets Mr. Spitzer as he becomes New York's 54th governor.

Mr. Spitzer, who has built his career on reform, is arriving in a state capital that desperately needs it. The comptroller was forced to resign after pleading guilty to a felony. The Senate majority leader is being investigated by the F.B.I. for his outside consulting work. Another state senator is charged with stealing state money, and it took a state judge to force legislators to reveal how they spend hundreds of millions of dollars a year in taxpayer money.

New York's government has slipped from a beacon for other states into a cautionary tale. So when Mr. Spitzer spoke of change in his inaugural address — an end to government "that works for those who hold office, not those who put them there" — he hit precisely the right note. With a passion and energy that Albany has not seen in years, this governor has promised to wake what he has labeled the "Rip van Winkle" government of the last decade.

Mr. Spitzer started on the right foot by issuing five executive orders to upgrade the ethics of the executive branch with rules that should go without saying, but in Albany never do — like not using state property or personnel for personal use, and not taking gifts from people who do business with the state.

By cleaning his own house first, Mr. Spitzer will have the moral high ground as he does battle to get New York's recalcitrant lawmakers to do the same. After years of mostly dozing off, they require a long list: redistricting reform, campaign finance reform, ethics reform, and budget reform, including more sunlight on how $114 billion a year is being spent.

Getting reform through the Legislature will be hard enough, but Mr. Spitzer faces equally tough challenges in dealing with budget deficits and education needs and keeping the state's high taxes in check. In his inaugural address, he pointedly said that he does not believe in "government as a heavy hand that can cure all our ills," a sign that some of his Democratic allies might not have as much clout as they are expecting.

Mr. Spitzer began setting his new tone on day one, with his "people's inauguration." The official swearing-in was outdoors, public invited. He threw open the governor's mansion for the first time since most people waiting in line could remember. Instead of a fancy ball for fat-cat contributors, he spent the night of his inauguration at a free concert by James Taylor and other crowd favorites.

For the first time in years, we see a figure poised to rattle Albany's do-little establishment, to air out a dark, closed government and to try to convert New York's Legislature to the higher purposes of public service. New Yorkers can only hope Mr. Spitzer makes it all happen.

Keep The Steel Rising (WSJ)

By Brian M. Carney

The Wall Street Journal, January 3, 2007

Eliot Spitzer has been telling us for -- well, it seems like forever -- that "on Day 1, everything changes." Here's one thing that shouldn't: the Ground Zero rebuilding plan.

The current master plan for those 16 acres in lower Manhattan isn't perfect. In fact, it's real far from perfect. It barely qualifies as OK. But it has this virtue -- it exists. And it is being built. Slowly, haltingly, yes. But after far too long, things are

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happening downtown. Beams are reaching skyward, or at least aspiring to reach ground level from the bottom of the pit 70 feet below. Buildings have been designed, street grids have been laid -- on paper, anyway.

Mr. Spitzer, the new governor of New York, says he intends to take a "fresh look" at Ground Zero and the Freedom Tower. I say, look all you want, guv. Come down here and stare at the site. I'll even offer to join him under the scaffolding that hangs over that alley formerly known as Liberty Street. Come look. Just don't do anything to slow reconstruction down here.

Along with thousands of other New Yorkers, I walk past Ground Zero every work day, and I look at it all the time. This has given me time to reflect, and I've decided that New Orleans Mayor Ray Nagin was right -- it's a hole in the ground. No question about it. Only rebuilding can change that sorry fact.

I don't particularly like the Freedom Tower. Its design is uninspiring. The economic case for it is dubious at best. I have moral reservations about trying to force public-sector employees to work in a building that no private-sector firm will touch with a 10-foot pole. But as a view from my office window, it would sure beat a hole in the ground.

I'm confident I'm not alone in this. Tourists may flock to the fences that gird Ground Zero, but I don't detect a sizable constituency for holey-ness down here. People whose lives are affected by the mess downtown just want things to stop getting worse and start getting better. Which means building something.

The trouble is that, while everyone's in favor of building something, a lot of people differ on what should be built, and where, and so on. It's time we moved beyond that. The plan we've got is the only one we've got, and any alternative is likely to anger as many people who are now content as to content those now angry.

The real act of leadership here would be to declare that we're moving forward, that this scar in the fabric of Manhattan is going to be repaired. So, look all you want, Mr. Spitzer. But keep the concrete mixers mixing and the steel rising. New Yorkers have waited too long as it is.

Mr. Carney is a member of The Wall Street Journal's Editorial Board.

Pat Robertson Predicts 'Mass Killing' (AP)

AP, January 3, 2007

In what has become an annual tradition of prognostications, religious broadcaster Pat Robertson said Tuesday God has told him that a terrorist attack on the United States would result in "mass killing" late in 2007.

"I'm not necessarily saying it's going to be nuclear," he said during his news-and-talk television show "The 700 Club" on the Christian Broadcasting Network. "The Lord didn't say nuclear. But I do believe it will be something like that."

Robertson said God told him during a recent prayer retreat that major cities and possibly millions of people will be affected by the attack, which should take place sometime after September.

Robertson said God also told him that the U.S. only feigns friendship with Israel and that U.S. policies are pushing Israel toward "national suicide."

Robertson suggested in January 2006 that God punished then-Israeli Prime Minister Ariel Sharon with a stroke for ceding Israeli-controlled land to the Palestinians.

The broadcaster predicted in January 2004 that President Bush would easily win re-election. Bush won 51 percent of the vote that fall, beating Democratic Sen. John Kerry of Massachusetts.

In 2005, Robertson predicted that Bush would have victory after victory in his second term. He said Social Security reform proposals would be approved and Bush would nominate conservative judges to federal courts.

Lawmakers confirmed Bush's 2005 nominations of John Roberts and Samuel Alito to the Supreme Court. But the president's Social Security initiative was stalled.

"I have a relatively good track record," he said. "Sometimes I miss."

In May, Robertson said God told him that storms and possibly a tsunami were to crash into America's coastline in 2006. Even though the U.S. was not hit with a tsunami, Robertson on Tuesday cited last spring's heavy rains and flooding in New England as partly fulfilling the prediction.

Iranian Leader Scorns U.N. Sanctions (AP)

AP, January 3, 2007

President Mahmoud Ahmadinejad scorned U.N Security Council sanctions imposed against Iran, telling a crowd Tuesday that Iran had humiliated the United States in the past and would do so again.

Speaking in the southwestern provincial capital of Ahvaz, Ahmadinejad said the Security Council's resolution last month was invalid and had left the world body's reputation in tatters.

The council voted unanimously to bar all countries from selling materials and technology to Iran that could contribute to its nuclear and missile programs. It also froze the assets of 10 Iranian companies and 12 individuals related to those programs.

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"Let the world know that from the Iranian nation's point of view, this resolution has no validity," Ahmadinejad said.

He said the United States was the main power behind the resolution, and warned Washington: "I want you to know that the Iranian nation has humiliated you many times, and it will humiliate you in future."

The U.S. has led the drive to stop Iran from enriching uranium — a process that produces the material for either nuclear reactors or bombs. Iran denies that it seeks to build atomic weapons, saying its nuclear program is limited to the generation of electricity.

Ahmadinejad said the sanctions were not important but were part of a campaign of psychological warfare against Iran that was designed to provoke dissent within the country.

Recalling the West's support for Iraq, then ruled by Saddam Hussein, during its eight-year war with Iran in the 1980s, he said: "If all the powers that supported Saddam in his war against Iran were to regroup and confront Iran again, Iranians would deliver a historic slap in their face."

Ahmadinejad said Iran had done everything it could to prove that its nuclear program is peaceful, but the West — in the name of opposing nuclear weapons — was trying to thwart Iran's development.

"We have tried all legal, wise and logical ways to convince these corrupt and selfish powers," he said.

While Ahmadinejad has repeatedly attacked the Security Council resolution, he has avoided any public comment on the results of Dec. 15 municipal elections, in which his political allies were heavily defeated.

The polls were seen as an electoral test of Ahmadinejad's presidency, and the success of his opponents suggested that voters want him to pay more attention to domestic issues rather than foreign policy.

Some people in the crowd in Ahvaz on Tuesday tried to remind the president of the need to address domestic problems. State television showed a placard carried by one spectator that read: "Inflation, unemployment, insecurity, drug addiction have desiccated the tree of the revolution."

Inflation is officially at 12 percent but thought to be much higher, and an estimated 3 million people are unemployed.

Russia Anti-aircraft Weapons Sales To Syria, Iran On Schedule (AFP)

AFP, January 3, 2007

Controversial Russian contracts to sell anti-aircraft weapons to Syria and Iran are being fulfilled on schedule Russian officials said.

At least half of the 29 Tor-M1 missile systems bought by Iran for 1.4 billion dollars (1.06 billion euros) had been delivered, state-run ITAR-TASS quoted an unnamed source at the defence ministry as saying Tuesday.

"We are actively carrying out deliveries of the system to Iran. At least 50 percent of the contract has been delivered," the official was quoted as saying.

The air defence systems are being stationed around Iran's civilian nuclear sites, according to ITAR-TASS.

The United States, which is leading international pressure against Iran's nuclear programme, strongly resisted the contract and imposed sanctions against Russian jetmaker Sukhoi and arms exporter Rosoboronexport.

Meanwhile, Interfax news agency quoted Valery Kashin, head of weapons maker Engineering Design Bureau, as saying that Russia met all its commitments in 2006 under the contract to supply Syria with the Strelets anti-aircraft system. He gave no details.

Israel spoke out against the 2005 deal, claiming that Syria would pass on the system, which fires Igla ground-to-air rockets, to Hezbollah guerrillas in Lebanon.

Details about the quantity and cost of the Strelets contract have not been made public.

Troops May Leave Somalia 'in Weeks' (FT)

By Andrew England

Financial Times, January 3, 2007

Ethiopian troops could be pulled out of Somalia "within a few weeks", Meles Zenawi, Ethiopia's prime minister, said on Tuesday, adding that the victors of Somalia's two-week war were now "mopping up remnants" of the country's former Islamist leaders.

Addis Ababa, which backs Somalia's weak transitional government, launched an offensive on December 24 against the Islamist movement which has controlled much of the country's south since June.

After Ethiopia sent in thousands of troops, supported by tanks and fighter jets, the Islamists retreated rapidly and on Monday fled Kismayo port, their last stronghold.

But despite promises of a swift withdrawal, doubts remain about when Mr Meles would be willing or able to pull back his troops.

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Ethiopia is believed to have had troops in Somalia for months before it announced its military presence in December and Ali Mohamed Gedi, the Somali prime minister, on Tuesday said the forces should stay for months until the country had been pacified.

Ethiopia faces a painful dilemma: if it withdraws too quickly it could leave a security vacuum in an often threatening neighbour that has endured 15 years of chaos and violence.

However, the longer the troops stay, the more likely the Ethiopians could be seen as an occupation force or become embroiled in a guerrilla war with the remaining Islamist forces.

Some observers said that while Addis Ababa had legitimate security concerns, it had broken international protocols by invading Somalia. But Washington, which also accused the Islamist movement of including al-Qaeda suspects, is believed to have given tacit support to Ethiopia to mount its offensive.

The military operation will also be a drain on Ethiopia's meagre resources. The country maintains one of Africa's largest armies, estimated by an Ethiopian analyst to be about 150,000 troops, down from a figure of up to 300,000 during its 1998-2000 border war with Eritrea.

But the impoverished country of 77m people is dependent on donor funding and Mr Meles' government has agreed to keep military spending at a flat cash rate of 3bn birr ($355m, €269m, £181m) a year in recent years.

Aid donors will be monitoring to see if there has been any rise in defence spending. "We will be looking very carefully to see if Somalia has had an impact," said one western diplomat in Addis Ababa. "If it has, we will take a very serious view of that."

Regardless of the aid advantages of a swift withdrawal from Somalia, it is likely to take weeks before a peacekeeping mission could deploy and fill any security vacuum.

Diplomats and the Somali government have called for an African-led operation, but it is unclear who would finance or contribute troops to the mission.

An official with the cash-strapped African Union, which is already overstretched providing peacekeeping troops in Sudan's Darfur region, told the Financial Times the organisation was still internally discussing proposals.

Ethiopian Premier Says His Troops Won't Stay In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, January 3, 2007

ADDIS ABABA, Ethiopia, Jan. 2 — Prime Minister Meles Zenawi of Ethiopia said Tuesday that his country, one of the poorest in the world, could not afford to keep troops in Somalia much longer and that it was ill equipped to play the role of peacekeeper there.

Two hours after he spoke, two Ethiopian soldiers were gunned down in an ambush in southern Somalia in one of the first strikes of an anticipated anti-Ethiopian guerrilla campaign.

According to residents in Jilib, about 250 miles southwest of Mogadishu, Somalia's capital, a fighter for the Islamist forces, who were routed last week by Ethiopian-led troops, had shot two Ethiopian soldiers while they were crossing a bridge. Witnesses said the fighter then dashed into town and was quickly surrounded by Ethiopian troops, who killed him.

"It was a suicide mission," said Mohammed Subiye, a farmer in Jilib.

The Islamist forces, which in the span of one week went from ruling much of Somalia to fleeing into the bush, have vowed to fight a guerrilla insurgency against the Ethiopians, whom they consider infidel invaders.

But Mr. Meles said he did not plan to have his troops to remain in Somalia for much longer, possibly only a few more weeks. The troops were dispatched to neutralize the rising regional threat posed by the Islamists, he said, and now international peacekeepers are needed to bring order to a country that has been synonymous with anarchy for 15 years.

"We don't have the money to take this burden individually," Mr. Meles said during a speech to Ethiopia's Parliament.

Diplomats in the region are hurrying to cobble together an African peacekeeping solution, but despite murmurs of commitment from several countries, including Uganda, South Africa and Nigeria, a force has yet to materialize.

Somalia is far from stable, with many heavy weapons still in the hands of warlords, and the country's turmoil is likely to dissuade many nations from volunteering troops.

On Tuesday, Ali Mohammed Gedi, Somalia's transitional prime minister, reiterated his plea for the nation's many gunmen to turn in their weapons. But few seemed to be listening. The collection points across Mogadishu remained empty, and many young men defiantly vowed to keep their guns.

Meanwhile, the remnants of the once-fierce Islamist army continued to flee south from Kismayo, the port city 100 miles from the Kenyan border that had been a final stronghold until the Islamist military definitively collapsed there on Monday.

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Kenyan authorities said 10 fighters were apprehended on Monday as they tried to slip through the border disguised as refugees. Eight had Eritrean passports while two had Canadian passports, said Alfred Mutua, a spokesman for the Kenyan government. All of them were carrying briefcases packed with cash.

"They definitely didn't look like refugees," Mr. Mutua said.

Mr. Mutua said that the suspects remained in Kenyan custody and that they would probably be returned to Somalia to face charges under the transitional government, though it has not yet set up a justice system.

The Islamists tried to improve their military prospects by calling for a global jihad against Ethiopia, a country with a long Christian history. But in the end, American officials said, only a few hundred foreign fighters answered the call, the bulk of them from Eritrea, Ethiopia's archenemy.

Still, the Islamists were widely believed to have been sheltering several wanted terrorists, and American officials said they were hoping to use the swift collapse of the Islamist forces as an opportunity to capture men they have been chasing for years.

Ships from the Fifth Fleet of the United States Navy, based in Bahrain, have increased patrols off Somalia's coast to prevent any suspects from escaping.

"Yes, we have a presence out there," said Lt. Denise Garcia, a spokeswoman for the Fifth Fleet.

So far, though, no suspects have been apprehended.

Somalia continues to be a work in progress. The country's transitional president, Abdullahi Yusuf Ahmed, has yet to set foot in the capital, and only a select few officials of the transitional government have returned to it. Many of them seem to be pulling in wildly different directions.

On Tuesday, Hussein Mohammed Aideed, the interior minister and son of a notorious warlord, announced that he would like to erase the 1,000-mile long border between Somalia and Ethiopia.

"We should unite, just like the Europeans," Mr. Aideed said at a news conference. "One money. One passport. One security."

Many Somalis consider Ethiopia a historic enemy and were appalled by the suggestion.

"All I can say is that the interior minister is entitled to his opinion," said Abdirahman Dinari, the spokesman for the transitional government. "But he does not speak on behalf of the government."

Ethiopian Troops Leave Security In Mogadishu To City's Residents (WP)

By Stephanie McCrummen

The Washington Post, January 3, 2007

MOGADISHU, Somalia, Jan. 2 -- The sandy road from airstrip K-50 is littered with the remnants of roadblocks, heaps of pushed-aside stones left over from when warlords balkanized this coastal capital, and rusted metal gates where Islamic militias took charge from the warlords.

On Tuesday, clusters of Ethiopian troops were here and there on the road into the city, leaning against gray crumbling walls or passing in trucks along wasted yellow cornfields still sopping from recent floods.

Within the city's borders, the Ethiopian troops who chased out the country's Islamic Courts movement on behalf of Somalia's weak transitional government were hardly visible.

Six days after the transitional government took hold, very little security was evident beyond that which Somalis have grown accustomed to providing for themselves: roving pickup trucks filled with armed teenagers, and AK-47-toting militiamen who guard the city block by block, and clan by clan.

It was the first day after Prime Minister Ali Mohamed Gedi demanded that thousands of former Islamic fighters and citizens in general surrender their weapons or be forcibly disarmed. But with the ability of Gedi's government to provide security in doubt, almost no one complied.

Only a few spectators showed up at the points the government had set up to collect guns.

In an interview, the country's interior minister, Hussein Farah Aideed, said lawmakers would return this week to their town of exile, Baidoa, to approve Gedi's declaration of martial law and a plan to allow 90 days -- instead of Gedi's original timeline of three days -- to disarm militias.

In what amounted to an appeal for outside help, Aideed also conceded that the transitional government was weak. "We have a symbolic government. Ministries we don't have, a military we don't have," he said, sitting in shirt and tie inside a house fortified with his personal set of guards slinging assault rifles. "We're limited."

Aideed is the son of Mohamed Farah Aideed, a Somali warlord targeted by U.S. military forces in a failed raid in 1993 that led to the deaths of 18 American soldiers.

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In a densely populated neighborhood of Mogadishu, people still walk past the rusted parts of the U.S. Black Hawk helicopters shot down in that incident. They buy mangoes next to the rusted-out shells of tanks. They go about life in a city of salty air and bombed-out buildings and the leftover grace of old Italian arches.

On Tuesday, Ethiopian Prime Minister Meles Zenawi reiterated that he would withdraw his troops soon, while Gedi appealed to the 53-country African Union to accelerate efforts to deploy troops to Somalia.

Perhaps thousands of militiamen who fought for the vanquished Islamic Courts movement have melted back into the city's maze-like neighborhoods, each now controlled by clans and sub-clans and sub-sub-clans. There is lingering tension around the city that nothing is settled yet, and fears remain that the Islamic fighters could reemerge in a guerrilla-style war against the government that ousted them.

Aideed said the most hardened fighters had fled south with their leaders along the coast toward the Kenyan border, where they were being pursued by Ethiopian troops. The group is thought to include three suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania, and the U.S. Navy was patrolling Somalia's coast to help prevent escapes by sea.

The fighters have vanished into an area thick with mangrove forests, and Aideed said that finding them would be difficult even for the best-trained soldiers.

On Monday, Kenyan authorities arrested 10 foreigners suspected of being Islamic fighters as they attempted to slip across the border.

Kenyan President Mwai Kibaki said in a statement that his country would not provide refuge to people seeking to undermine regional stability.

Some analysts have said, however, that for political reasons, Kenyan authorities might give refuge to certain members of the Islamic movement in an effort to avoid trouble with their own substantial population of Somalis who might be sympathetic to the exiled fighters.

Somali Disarmament Begins Slowly (LAT)

By Edmund Sanders

The Los Angeles Times, January 3, 2007

MOGADISHU, Somalia — A government-mandated disarmament program here got under way Tuesday without much of a bang.

At one designated weapons drop-off point in the Somali capital, bored-looking Ethiopian soldiers mulled about with little to do. A second collection site, nestled atop a bluff overlooking the Indian Ocean, closed early because "no one showed up," according to a Somali government soldier.

The disarmament program is the first major test of Somalia's transitional government since its troops and Ethiopian allies defeated Islamic fighters and seized control of this capital, a city so awash with guns that most government officials were previously afraid to even visit.

Prime Minister Ali Mohammed Gedi on Monday set a three-day deadline for gun collection, threatening to use force after that to pacify the city.

But if Tuesday's turnout was any indication, the government is facing a steep challenge in convincing Mogadishu residents to part with their weapons. The campaign is also reigniting long-standing clan rivalries and distrust, which are certain to play a big part in the nation's turnaround.

Ever since the government announced the disarmament program, the streets have been abuzz with debate over whether it will succeed. Though most support disarmament in theory, those with guns call it a Catch-22 situation: The government wants to round up weapons before dispatching more soldiers in the capital, while residents don't want to give up their guns until they're assured that troops can keep the peace.

The presence of Ethiopian soldiers, who helped chase off the Islamists, only complicate the issue. The two nations have a history of warfare and many Somalis fear that the Ethiopians are attempting to occupy their country.

"I will never give my gun to the Ethiopians," said one young man, who like many did not want to be identified for fear that the government might come and take his gun. "They are the enemy."

Others cited financial considerations. Assault rifles and machine guns in Mogadishu range from several hundred dollars to several thousand, representing the largest single asset many families own. For thousands of young men, carrying a gun and working as a militia member or security guard are the only job prospects available. But the government is not offering cash in exchange for the guns.

As a result, prices for weapons at Mogadishu's gun market plummeted in recent days as gun owners rush to sell their weapons rather than give them away to the government. AK-47 assault rifles dropped from $300 to $120.

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Last June, the Islamic courts became the first local authority to sharply reduce the number of arms in the Mogadishu in nearly 16 years. Rather than collecting the weapons themselves, the courts set up regional, clan-based authorities to collect guns from their fellow clansmen.

But when Islamists fled Mogadishu a week ago, they opened their weapons stockpiles to the public, once again flooding the city with guns.

The current disarmament campaign is sparking familiar clan distrust. Most residents in Mogadishu are members of the Hawiye clan, considered Somalia's largest. But many Hawiye subclans, including the subclans of several warlords and Islamist leaders, are deeply skeptical of the transitional government. They say it's unfair to disarm Mogadishu without also collecting the guns from the rest of Somalia. Hawiye fear they will become vulnerable to attacks by other clans.

"I'm keeping my gun," said a 33-year-old former Islamic court official. "They should disarm the entire country at the same time."

He and other Hawiye also complained that President Abdullahi Yusuf is a member of the Darod, another major clan based originally in the north. Darod and Hawiye began fighting over control of Mogadishu after the 1991 fall of military dictator Mohamed Siad Barre. In the end, many Darod were killed or driven out of their homes. Now Hawiye in Mogadishu fear Yusuf, who has spoken disparagingly about their clan in the past, will use the disarmament program to take retribution.

"He's trying to favor his own people," said the former Islamic court official.

Clan experts say the government must first demonstrate that it is neutral before clan rivals will trust it.

"The only language the government can use to unite the clans of Somalia is to restore peace and order through justice and equality," said Sharif Mohamed Ali, an elder with the small Ashraf clan, which in the past has avoided the clan wars.

Somalia Tense After Islamists Vanish (CSM)

By Rob Crilly

The Christian Science Monitor, January 3, 2007

MOGADISHU, SOMALIA

For six months Somalia's Islamists used freelance warlord Mohamed Qanyare Afrah's home as one of their bases as they took over much of the country. They used his many battlewagons and held meetings in his living room.

Last week, they fled an onslaught led by troops from neighboring Ethiopia with Somalian government forces.

Mr. Qanyare is grateful but only up to a point. "What I say is Ethiopia should not interfere in Somalian politics," he says. "They can stay as long as they are fighting Al Qaeda - that is a problem for the entire region. But if they try to become involved in our politics then we will oppose them."

Ethiopia's preemptive offensive signals the opening of a new front in the global struggle against Islamist militants. And the speed of the Islamists' retreat is reminiscent of how insurgencies began in both Iraq and Afghanistan, say analysts. Now, victory may hinge upon whether warlords like Qanyare support occupying Ethiopian forces or the Islamists.

For now Qanyare says his opposition to Ethiopians would be political.

But his armored personnel carrier sits in silent threat outside his door. At his gate, a young boy holds a machine gun.

And 50 of his "technicals" - pickup trucks mounted with heavy-caliber machine guns - sit around the corner from the whitewashed house, six miles from Somalia's capital, Mogadishu. Bitter rivalry with Ethiopia

Ethiopian forces are not popular in this battle-scarred land. Many in Mogadishu see them as an invading force rather than a liberating power. This is due to a longstanding, bitter rivalry between Ethiopia - a country with a large Christian population - and mostly Muslim Somalia. The countries fought two wars in the last 45 years, and Somalia still lays claim to territories in Ethiopia.

Diplomats want an international peacekeeping force to replace Ethiopian troops.

But for now, Prime Minister Ali Mohamed Gedi is reliant on Ethiopia's tanks and artillery to keep his fractious nation in line.

They propelled his meager government forces across Somalia and into the capital, which the Islamists held for more than six months, raising fears that an African Taliban would seek to make the Horn of Africa a haven for Al Qaeda.

Some analysts warn that Mr. Gedi is not doing enough to prepare for the Ethiopians' withdrawal - promised in a matter of weeks.

They warn that without the Ethiopians, his feeble government will be left trying to fill a political vacuum that could let in the return of the warlords and clan militias who held Somalia in anarchy for 15 years - or even allow the Islamists to rise again.

Already Mogadishu has returned to the fear and lawlessness it knew before the Union of Islamic Courts (UIC) imposed its version of order.

Tuesday, Gedi told journalists his foreign allies would not leave before their work was done.

"The Ethiopians will leave when we have cleared our territory of terrorists and when we have pacified our capital," he said.

That will take "a week, or weeks, or months, not more."

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So far he is pursuing a two-pronged strategy to promote peace.

He has asked the African Union to send peacekeepers and has declared a three-day amnesty for gun owners to give up their firearms.

There were no takers at the Villa Baidoa Tuesday - an old presidential villa designated as one of two collection centers.

"We haven't even taken a pistol," said a Somalian government soldier.

In a city where AK-47s cost $150, most families and businesses rely on one for protection.

Arabey Ma'Alim Abdulle, who coordinates security in the donkey-clogged streets that make up Bakaara market, says he only needed a torch and a nightstick when the Islamists were in power.

Now he has no intention of giving up his gun.

Matt Bryden, consultant to the International Crisis Group, says Gedi's government is following the wrong strategy.

"It should be concentrating on winning over the Hawiye clan - the main support base for the [Islamists] - by bringing them into some sort of government of national reconciliation," he says.

"You have a state of confrontation between the Hawiye and the government and that's where a settlement has to be pursued," he said. "That means some sort of settlement that makes the Hawiye feel like they are part of the government."

That would mean Gedi - himself a Hawiye but largely despised by his kinsmen as a weak and ineffectual leader - losing his position, which is not on the table, added Mr. Bryden. Ethiopian troops keep a low profile

Tuesday, Somalia's Ethiopian guardians kept a low profile in Mogadishu.

Two tanks guarded the airport runway and a contingent of soldiers was at the port.

The main Ethiopian firepower is based in Afgooye, about 10 miles from Mogadishu, or has followed the Islamists south.

In the south, they managed to rout the Islamist forces, forcing them out of their main stronghold of Kismayo. From there the Islamists have disappeared into the forests of Ras Kaambooni, close to the Kenyan border.

Hussein Aideed, deputy prime minister, admits the government now faces a tough challenge. "To clear [the Islamists] will take a long time. It will not be days this time, but maybe three or four months," he says.

Meanwhile, in parts of Mogadishu, Somalis are reverting to the lives they lived before Islamic law was imposed. Western music has returned to the Global Dancehall, where Somalis welcomed the new year.

When the Islamists were in control, staff were forced to play traditional music and keep the volume down.

Still, freedom to party won't erase the worries Somalis have about a return to anarchy now that the Islamists are gone. "As a businessman, I want stability," shouts Mustafa Haji Abdullahi, the 22-year-old chief operating officer of Telcom Somalia, above a blaring hit by US rapper 50 Cent. "I'm already back to paying bribes."

Now everyone is waiting to see whether the government can consolidate its position or whether it would disintegrate under the pressure of Somalia's bloody history.

"All it would take is for one Ethiopian soldier to make a mistake, to shoot someone, to be accused of rape, and then it is all over," says Mr. Abdullahi. "We would be in for another 16 years of mayhem."

Ethiopia Will Keep Troops In Somalia (USAT)

USA Today, January 3, 2007

Ethiopia said Tuesday that its troops will stay in Somalia for a few more weeks to help the government, but the Islamists they ousted in a brief war vowed to "rise from the ashes." The Islamists, who fled their last stronghold on Monday after a two-week conflict, said they refused a government offer to surrender. "If the world thinks we are dead, they should know we are alive," Islamist spokesman Abdirahim Ali Mudey said.

In Mogadishu, where the interim government set up gun-collection points at the start of a drive to disarm the nation, Somali Prime Minister Ali Mohamed Gedi said Tuesday that Ethiopian troops will leave "when they clear terrorists and pacify Somalia. It will be weeks and months, not more."

Bombing ends Basque peace talks in Spain

The peace process to halt Spain's Basque separatist conflict ended with the weekend car bombing at Madrid's international airport, Interior Minister Alfredo Perez Rubalcaba said. "There is no process. It has been broken, it is over, it has been liquidated. ETA ended it with the bomb it set off in Madrid," he said of the militant group blamed for the explosion. Prime Minister Jose Luis Rodriguez Zapatero had said Saturday that he was suspending — but not canceling — plans to negotiate with ETA, which in March had declared a cease-fire it called permanent. Saturday's blast leveled a five-story parking lot, injuring 26 people and leaving two people missing and feared dead amid tons of rubble.

Former Jerusalem mayor Kollek dies

Teddy Kollek, the mayor who presided over Jerusalem's reunification in 1967, died Tuesday. He was 95.

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When Kollek took office in 1965, Jerusalem was divided between Israeli and Jordanian rule. In the 1967 Six Day War, Israel seized and annexed the Arab eastern part of the city. Over his nearly three decades in office, Kollek solidified Israel's hold over east Jerusalem, but also tried to reach out to its Arabs. "Teddy Kollek was the builder of the new Jerusalem after the Six Day War," said Israeli Prime Minister Ehud Olmert, the man who eventually ousted Kollek in the 1993 mayoral race. The Jerusalem Foundation, a charity founded by Kollek, said he died of natural causes.

Peru lobbies U.S. for free-trade deal

Peruvian President Alan Garcia stressed his country's desire for a free-trade agreement in a meeting Tuesday with a delegation of U.S. senators, but he received a mixed response along party lines.

Incoming Senate Majority Leader Harry Reid, D-Nev., said he had "fallen in love with the people of Peru." He did not refer to prospects for ratification in Congress, however, amid his party's concerns about the lack of protection for Peruvian workers in the pact signed by Peru and the Bush administration last April.

Sen. Bob Bennett, R-Utah, was supportive, urging that Peru become a "major trading partner."

Meeting To Tackle Somalia's Need For Peacekeepers (WP)

By Karen Deyoung

The Washington Post, January 3, 2007

Rapidly unfolding events in Somalia have opened a window of opportunity to establish a viable government there, according to the Bush administration and its European and African allies. But there is little optimism that the international political will and resources needed to exploit it will emerge before the window slams shut.

Diplomats from the United States and other nations in the Somalia Contact Group will meet today in Brussels to examine ways to quickly install an all-African peacekeeping force. The peacekeepers would replace Ethiopian troops whose lightning invasion ousted Islamic fundamentalist forces last week from Mogadishu. Also under discussion is an effort to persuade cooperative elements of the newly ensconced Transitional Federal Government to open unity talks with certain moderate leaders of the fundamentalist forces, which have been driven from southern Somalia.

The contact group -- which includes U.S., European and African representatives -- has discussed the need for African peacekeepers and a unity government for some time with little progress. Today's meeting of the six-month-old group will open with new urgency for action.

"The situation on the ground has changed dramatically, possibly for the better," said a European diplomat whose government is closely involved in the issue and who spoke on the condition of anonymity when discussing the sensitive negotiations. "The name of the game is how to make sure that the government establishes itself" to survive without Ethiopian military occupation, he said. "Somalis don't like the idea of Ethiopian troops manning the capital.

"On the other hand, if the Ethiopians withdraw all of a sudden," he said, "what's going to happen? There's a fine balance between maintaining and consolidating the government" and allowing feuding warlords on all sides of Somalia's political divide to reactivate their militias.

Ethiopian Prime Minister Meles Zenawi said yesterday that his troops will stay "for a few weeks," but he called on "the international community to deploy a peacekeeping force in Somalia without delay to avoid a vacuum and the resurgence of extremists and terrorists."

The Bush administration also sees the current upheaval as an opportunity to capture three senior al-Qaeda operatives who it says have been sheltered by a faction of the Somali Islamic fundamentalists. U.S. Navy ships have been dispatched from neighboring Djibouti to patrol the East African coastline for a possible escape as the fundamentalists and their militias have been pushed south to the Kenyan border. A senior U.S. counterterrorism official said that he had seen no intelligence to support earlier reports that legions of foreign fighters landed in Mogadishu last week to support the fundamentalists.

The official declined to comment on whether U.S. military personnel, sent to northern Kenya in recent months on humanitarian missions, are operating on the ground with Kenyan forces lining the 420-mile frontier. "That gets into some operational stuff," said the official, who spoke on the condition of anonymity because the subject involves intelligence. "Clearly, we've got an embassy there, and very robust and very good relations with the Kenyans."

Any solution to Somalia's decades of chaos rests on untangling and soothing complicated domestic and regional enmities, as well as mustering broader cooperation and resources at a time of profound international war-weariness.

A plan to send African peacekeepers, approved last month by the African Union and the U.N. Security Council, has foundered on a lack of volunteers and resources to support them. "I wish I could be optimistic, but Somalia is tough, and everybody in the neighborhood knows it's tough," the counterterrorism official said.

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Although Uganda has tentatively offered troops, it has balked over the uncertainty and danger of the mission, as well as over the lack of logistical support and airlift that only the United States is seen as able to supply. "We don't want to take the lead" in providing such support, the counterterrorism official said, "but we're willing to contribute."

One option on the table in Brussels, the European diplomat said, is to use an existing agreement between the European Union and NATO that "provides for military operations carried out by the E.U. using NATO assets." That provision would allow the utilization of U.S. airlift and intelligence -- which technically would be twice-removed -- under NATO and E.U. auspices. "We don't know if this can be done through NATO," the diplomat acknowledged. "I haven't seen many ideas yet on paper. This has happened so quickly over the holidays."

U.S. and European officials estimated that the situation is unlikely to remain stable for more than a few weeks.

Establishing a unity government is likely to prove difficult. In addition to their political differences, the transitional government in Mogadishu and the Islamic forces now on the run are separately backed by militias belonging to Somalia's two most powerful clans -- the Darod and the Hawiye. No government is likely to survive for long without representation from both, as well as from a bewildering array of divided sub-clans on each side.

As the fundamentalists were routed over the past week, many Hawiye militia groups abandoned them, at least temporarily, to wait and see which way the wind would blow.

"We think of the [Islamic] Courts as a broad spectrum of political actors in varying degrees of fundamentalism," the U.S. official said. "Those leaders who have allied themselves by choice with al-Qaeda are of concern to us. But we're not looking at the Courts as some grand enemy or threat. There are lots of variations.

"We would not be averse to some members of the Islamic Courts if they can cut a deal with the transitional government and be part of that," the official added.

Opportunity In Somalia (WT)

By Vicki Huddleston

The Washington Times, January 3, 2007

Somalia has been a failed state since 1995, when the United Nations and the United States withdrew their humanitarian mission, leaving the warring clans to sort things out for themselves. For more than a decade, both Democratic and Republican administrations have written off Somalia, raising it only as a warning against U.S. military intervention in Africa. Is it any surprise then that this ungovernable and lawless state became the breeding ground for a conflict that pitted radical Islam against Ethiopia, and ultimately the West?

The overriding objective of the Supreme Islamic Courts Council since it seized Mogadishu six months ago has been to expand into neighboring Ethiopia, Kenya and Djibouti. As the Islamists overran southern Somalia, they indoctrinated school children and pressed them into the militant "al Shebab," whose ruthless leaders were growing increasingly close to al Qaeda. Their end goal was to form a Muslim caliphate in Greater Somalia under whose banner their reach would extend throughout the Horn and into central and southern Africa.

Some claimed that this was a proxy war between Ethiopia and Eritrea. Others even claimed that it was a proxy war with the United States using Ethiopia as its pawn. To believe this is to ignore the fact that the Islamic Courts' objective was to replace Somalia's secular government in Baidoa so that they could claim to rule all of Somalia. Ethiopia, alone among Somalia's neighbors, responded to the Transitional Federal Government's appeal for help.

While there were competing motives for this conflict, it is certainly not — as the Islamists claim — an instance of Ethiopian aggression with the tacit blessing of the United States. Ethiopia, along with the African Union and the international community, pressed both sides for dialogue. But the Islamic Courts — covertly funded and armed by Eritrea and supporters of a radical Islamic state in the Horn of Africa — declared a jihad on Ethiopia and attacked the Transitional Federal Government. Eritrea hoped to use the conflict in Somalia to destabilize its archenemy Ethiopia, while Islamists hoped to upset the delicate balance between Ethiopia's 75 million evenly divided Orthodox Christian and Muslims.

Some in the West argued that clan rivalry would defeat the Islamic Courts, but each victory brought them more support, both outside and inside Somalia. Others pointed out that the Islamists had imposed order on chaotic Mogadishu, ignoring the fact that they had done so at gun-point. The Arab League had increasingly sided with the Islamists, and many warned that if Ethiopia intervened on behalf of the Transitional Government it would fuel a wider war.

They were all wrong. Ethiopia's and the Somali government's surprisingly easy victories have given Somalia — and the West — a second chance to get things right. We cannot afford to lose this opportunity.

Here is what we need to do: First, international relief agencies should enhance shipments of food into the towns and villages now under the Transitional Government's control. Second, the African Union, with logistic help from the United States and European Union, should immediately deploy peacekeepers to reinforce the government. Third, the region under the

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auspices of the Intergovernmental Authority on Development should prepare for a transition to a broad based government that excludes the Islamic militants but includes the moderates from all of Somalia's clans.

A window has been opened, and before the Islamists close it by disrupting efforts to stabilize Mogadishu, we should take the lead in bringing together the international community in a concerted and sustained effort to turn Somalia into a viable state. The United Nations has approved an African peacekeeping mission. Let's get those forces on the ground now. Their presence will dampen the Islamists bravado and allow Ethiopia to withdraw.

Strong U.S. leadership will prevent Somalia from becoming a haven for al Qaeda terrorism in Africa.

Ambassador Vicki Huddleston, retired, just completed 14 months as acting ambassador in Addis Ababa.

North Korea's Foreign Minister Dies (AP)

AP, January 3, 2007

Paek Nam Sun, North Korea's foreign minister and the country's top diplomat for nearly 10 years, has died at the age of 78, official media reported Wednesday.

North Korean leader Kim Jong Il expressed his condolences, the North's Korean Central News Agency reported. The one-sentence dispatch did not elaborate on when or how Paek died.

Paek has been the North's premier diplomat since 1998. News reports have said he was suffering from an unknown illness. It was unclear who would succeed him.

His most recent overseas trip was to Malaysia and Singapore in July.

Paek's death was not expected to change North Korea's foreign policy because the North's Foreign Ministry usually implements policies that have been crafted by the ruling Korean Workers' Party. Power is heavily concentrated in Kim's hands, and state officers stray from the official line at their peril.

His death came as tensions remain high on the Korean peninsula following the North's Oct. 9 nuclear test. North Korea held nuclear negotiations with the United States and other regional powers last month, but no progress was made.

Paek graduated from the prestigious Kim Il Sung University in Pyongyang, and later took part in Red Cross talks with South Korea in the 1970s. Diplomatic involvement with South Korea, the North's wealthy neighbor and former battlefield foe, has always been a key to career advancement for North Korean officials.

Paek was also ambassador to Poland.

Paek's career is the story of an elite loyalist who rose steadily through the government layers over the decades. He was born in 1929 in North Hamgyong, a province on the Chinese and Russian borders that is home to a coal mine notorious for forced labor as well as a key missile base.

Israeli Admits Big Errors In Lebanon War, But Won't Resign (NYT)

By Steven Erlanger

The New York Times, January 3, 2007

JERUSALEM, Jan. 2 — The Israeli chief of staff, Lt. Gen. Dan Halutz, conceded Tuesday that the military had made serious errors during last summer's war against Hezbollah in Lebanon but said he would not resign his post.

General Halutz said Israel had badly damaged Hezbollah in southern Lebanon and killed "hundreds of terrorists." But he said Israel was "not successful in reducing the short-range rocket fire on Israel's north until the cease-fire," which came after 34 days of fighting.

Critics of General Halutz and of the Israeli government of Prime Minister Ehud Olmert have said the military relied too heavily on air power and delayed too long sending in ground troops in the numbers needed to push back the Hezbollah fighters and supporters who were firing Katyusha rockets into Israel.

Critics have also said that the military should be led by a ground forces commander — General Halutz spent his career in the air force — and that reserves were not called up in time, were badly trained and equipped, and often faced contradictory orders.

"We attacked the Katyushas, but unsuccessfully," General Halutz said.

He spoke Tuesday at a Tel Aviv news conference summing up the army's own investigation of its behavior during the war.

He said he would stay on "to correct what can be corrected," and said to resign now would be "running away." He said Mr. Olmert and Defense Minister Amir Peretz had not asked him to go. "I have not heard my superiors calling on me to resign," he said. "If they do, I will respond."

He suggested that discipline had broken down to some degree. "There were cases in which officers did not carry out their assignments, and cases in which officers objected on moral grounds to their orders," he said, an apparent reference to resistance against attacking south Lebanese towns and villages.

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He said that these instances of refusal "ran counter to the army's basic values" and that a senior officer was suspended as a result.

During the war, as criticism mounted, General Halutz effectively demoted the commander of the northern front, Maj. Gen. Udi Adam, putting the deputy chief of staff, Maj. Gen. Moshe Kaplinski, alongside him. General Adam later quit the army.

Previously, General Halutz has said the army fired some cluster munitions, with the "bomblets" placed in artillery shells, into southern Lebanon in contradiction of his orders that they be aimed only at specific targets.

The United States is investigating whether the Israelis used cluster munitions made and paid for in America in ways that contravene American regulations for the weapons' use.

General Halutz implicitly criticized Mr. Olmert for setting as a goal of the war the release of two Israeli soldiers captured by Hezbollah in a cross-border raid on July 12, an act that set off the fighting.

The Winograd committee, which is led by a retired judge, Eliyahu Winograd, and was appointed by the government, is still investigating the conflict and its outcome.

General Halutz said that if the committee called for his resignation, "of course" he would comply. Defense Minister Amir Peretz has made the same pledge.

The war ended with a cease-fire on Aug. 14, after a United Nations Security Council resolution mandated an enlarged and strengthened international peacekeeping force in southern Lebanon and supervision of Lebanon's seacoast and border with Syria to prevent the rearming of Hezbollah.

The fighting left more than 1,000 people dead on both sides. Israel says more than 500 of the dead were Hezbollah fighters, but Hezbollah disputes that.

Israel counted 159 fatalities, including 39 civilians who were killed by the more than 4,000 rockets Hezbollah fired into Israel.

In Gaza on Tuesday, Palestinian security forces were searching for a Peruvian photographer for Agence France-Presse, Jaime Razuri, 50, a day after his abduction.

The Palestinian Authority president, Mahmoud Abbas, said he was hopeful. "We're sure he will soon be released," Mr. Abbas told a delegation from the news agency and French and Peruvian diplomats. "In past incidents of this kind, hostages have been freed after one or two days."

In the latest in a string of foreigner abductions, several unmasked gunmen abducted Mr. Razuri in the center of Gaza City on Monday as he was returning from an assignment with an interpreter and a driver.

Separately, warring Hamas and Fatah factions returned 14 fighters kidnapped on Monday after mediation from representatives of Islamic Jihad, Palestinian officials said.

The violence resumed Monday when Hamas gunmen shot at a brother of a senior Fatah militant in the northern Gaza Strip, violating an earlier deal for a general truce.

Israel Could Abandon Own Missiles For US System (AFP)

AFP, January 3, 2007

Israel is considering halting the development of a new generation of its Arrow defense missiles due to the high costs involved in favour of US-made missiles.

Following negotiations in recent months, Israeli leaders will make a final decision on whether to phase out the Arrow, or Hetz, missiles and opt instead for the US-made THAAD missile defense system in the coming year, the Haaretz newspaper reported Tuesday.

The THAAD missile, made by Lockheed Martin, could be delivered to Israel in 2009, according to sources in Washington quoted by the newspaper.

But the US missile defense system still has to resolve a number of technological bugs, the daily added.

For the time being, Israel is still developing Arrow missiles and is due to carry out a new test.

The last test, in December 2005, intercepted a missile similar to Iran's Shihab-3, which is capable of reaching Israel, public radio reported.

The Arrow project began in 1988, with 80 percent US backing, as part of former US president Ronald Regan's "Star Wars" project that was officially abandoned in 1993.

Since 1991, Arrow development costs have been split equally between Israel and the United States.

U.N. To Probe Sudan Abuse Allegations (AP)

By Matt Moore

AP, January 3, 2007

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The United Nations will investigate a report of allegations of sexual abuse and child rape by peacekeepers operating in southern Sudan, a key U.N. official said Tuesday.

Jane Holl Lute, the U.N. assistant secretary-general who oversees peacekeeping operations, said the allegations, reported by British newspaper The Daily Telegraph, if shown to be true would not be tolerated.

"There could be truth. These environments are ones in which it is difficult to ascertain the truth. I do not believe these are new allegations. Nevertheless, we will treat them as seriously as we treat all other allegations," she told The Associated Press at U.N. headquarters in New York.

The Daily Telegraph, citing an internal UNICEF report along with interviews with more than 20 alleged abuse victims, reported that several children, some as young as 12, had been sexually abused by U.N. peacekeepers and civilian workers.

The paper said that the alleged abuse began two years ago when the U.N. Mission in Southern Sudan, known as UNMIS, arrived to help maintain peace in the region after a more than two-decade civil war.

"The first indications of sexual exploitation emerged within months of the U.N. force's arrival and The Daily Telegraph has seen a draft of an internal report compiled by the U.N. children's agency UNICEF in July 2005 detailing the problem," the paper reported on its Web site. "Evidence suggests that UNMIS staff may already be involved in sexual exploitation."

Lute said she has spoken with the force commander and chief of staff in the U.N. mission in southern Sudan "and I know they are very well briefed on what U.N. policy is and have taken steps to implement that policy across the board in that mission."

"But we don't have the facts yet in this case, and we need to ascertain the facts and follow it through to appropriate resolution and take action if necessary," she said. "We won't be complacent and there will be no impunity to the full extent of the U.N.'s authority."

U.N. policy prohibits all U.N. staff from engaging in sexual exploitation, abuse or prostitution.

Lute, who served in the U.S. Army for 16 years, stressed that the U.N. has instituted a series of measures in terms of training, clarifying standards and reinforcing messages against sexual abuse.

But she said vigilance on this matter has to be "a constant factor of life when you're rotating through 200,000 troops in as diverse environments as we do."

UN Staff 'must Help Restore Trust' (FT)

By Mark Turner

Financial Times, January 3, 2007

Ban Ki-moon, the eighth United Nations secretary-general, arrived for his first day at work on Tuesday with a tough appeal for staff to embrace change and restore trust in the organisation.

In a brief appearance before reporters he vowed to give the crisis in the Sudanese Darfur region top priority and said, to questions on the execution of Saddam Hussein, that capital punishment was an issue for each state to decide on.

That appeared a step back from the UN's traditional opposition to the death penalty.

But his core message was delivered to a closed meeting of UN staff. He praised their professionalism, but warned that the UN's "sense of pride is not to be taken for granted; it must be earned. We are all here for reasons greater than our own personal advancement or national interest."

Over recent years, he noted, the UN secretariat had faced harsh, sometimes unfair, criticism and "staff morale has plummeted". But some of the criticisms, he said, "warrant our urgent attention" and "we must take bold steps to dispel them".

Mr Ban promised to build a more mobile staff, which moved between headquarters and field posts – addressing the fact that many UN officials, on reaching New York and Geneva, remain in place for years, while field positions often go unfilled.

"We have to show the international community we are ready and eager to change," Mr Ban said. "I ask senior managers to co-operate fully in my efforts to change the working culture."

Stephen Kisimbira, a UN staff representative, told Mr Ban that he expected a revamp of the UN's internal justice system, and "a fundamental change in the mindset of senior management".

There was a sense of anticipation at the UN's New York headquarters as officials wondered what the future had in store.

As a first step, Mr Ban announced two appointments over the holiday period, both well received.

His chief of staff will be Vijay Nambiar, a veteran Indian diplomat who acted as adviser to Kofi Annan, the last secretary-general. His spokeswoman will be Michele Montas, a respected Haitian journalist.

Ban Faces 'Daunting' U.N. Agenda (WT)

By Betsy Pisik

The Washington Times, January 3, 2007

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NEW YORK -- U.N. Secretary-General Ban Ki-moon, on his first official day of work yesterday, said he would soon get started on a "daunting" plateful of international affairs, including Sudan, the Middle East and North Korea.

"The crisis situation in Darfur is very high on my agenda," he told reporters, noting that he will meet today with Jan Eliasson, the U.N. special envoy to Darfur.

Mr. Ban, of South Korea, also said he expects to meet with Sudanese President Omar Bashir at the African Union summit in Addis Ababa, Ethiopia, at the end of the month.

Mr. Ban -- pronounced "Bahn Ghee-moon," an aide clarified -- placed an emphasis on meeting and perhaps reassuring the staff yesterday.

"We are all here for reasons greater than our own personal advancement or our national interests," the eighth secretary-general told hundreds of staff members at a morning meeting. "Extraordinary expectations are placed upon us, and we must strive to live up to them."

He told them that new times call for "new leadership, at all levels in the organization."

Mr. Ban pledged to pursue predecessor Kofi Annan's stalled reform suggestions, some of which were more popular with the staff than others.

Later, Mr. Ban tucked into the $3.50 beef stir-fry at the U.N. cafeteria, waving to passers-by and fellow diners.

Before the secretary-general can tackle global issues, he will need to put his own staff in place, as well as make senior appointments throughout the organization. About two dozen department heads will have to be replaced or renewed by the end of February, when most contracts expire.

Mr. Ban named Vijay Nambiar, India's former U.N. ambassador, as his chief of staff over the weekend. Mr. Nambiar was hired as an adviser by Mr. Annan in March, and accompanied him on his 15-day diplomatic tour of the Middle East to cool the ground after Israel's war with Hezbollah militants in Lebanon.

Michele Montas, a former radio journalist who has chronicled political corruption and unrest in her native Haiti, was appointed Mr. Ban's spokeswoman. The former head of U.N. Radio's French language service, Mrs. Montas will field questions at the daily U.N. briefing, making her one of the most visible faces of the new administration.

Mrs. Montas said yesterday that Mr. Ban expects to name the new heads of U.N. management and humanitarian affairs by the end of the week.

Alicia Barcena, a former chief of staff to Mr. Annan and a Mexican native, is expected to take over the U.N. Department of Administration and Management, which has been vacant since Christopher Burnham left in late November.

Mr. Ban, a career officer in South Korea's Foreign Ministry, has said he will appoint a woman from the developing world as deputy secretary-general.

Sen. Reid Meets Peruvian Leader On Trade (AP)

By Rick Vecchio

AP, January 3, 2007

Incoming U.S. Senate Majority Leader Harry Reid said Tuesday he had fallen in love with Peru during a short visit, but made no pronouncements on a key issue facing the two nations, free trade.

In a meeting with the bipartisan senate delegation led by Reid, President Alan Garcia stressed Peru's desire for a free trade pact.

Republicans have largely supported the free trade deal signed last April as a step in advancing commerce within the Western Hemisphere, while Democrats have expressed reservations about its ratification over what they see as a lack of protection for Peruvian workers. The administration has completed similar agreements with several other Latin nations.

"I want to tell these senators that we indeed think of a free trade agreement as something to benefit all Peruvians, not only one group with economic means," Garcia said in a public meeting with the senators and his Cabinet. "We want small businesses to also benefit."

Garcia's comments did draw support from Republican Sen. Robert Bennett of Utah.

"We would like to do whatever we can to see that Peru, and all of Latin America, becomes a major trading partner with the United States," he said.

Reid didn't comment publicly on the plan, but he spoke glowingly of the Andean nation.

"After having spent three days in this wonderful country I leave Peru understanding the government of Peru better than I did when I came here," Reid told reporters.

"Having fallen in love with the people of Peru," Reid said he had experienced something he "thought would never occur traveling to another country.

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"Being in the midst of the great Andes mountains has been a spiritual experience for me," he said, without elaborating or taking questions. "President Garcia, Viva el Peru!"

Peru was the last stop in a three-nation Andean tour by the senate delegation, which also included incoming Majority Whip Richard Durbin, D-Ill.; Ken Salazar, D-Colo.; Kent Conrad, D-N.D.; and Judd Gregg, R-N.H.

They met last week with Bolivia's leftist President Evo Morales and with Ecuador's leftist President-elect Rafael Correa to discuss international trade and anti-drug efforts, among other topics.

Merkel In Drive For Europe-US Trade Talks (FT)

By Bertrand Benoit And Quentin Peel

Financial Times, January 3, 2007

Angela Merkel, German chancellor, will this month launch a sweeping initiative for the harmonisation of US and European legislation to boost investment flows and trade between the world's largest economic blocs.

Initial talks will review financial market regulations, including delisting rules, which many US-listed European companies feel are too cumbersome, as well as intellectual property law. Ms Merkel is also seeking mutual recognition of technical standards for products such as cars.

In her first interview with an international newspaper since becoming chancellor, Ms Merkel told the Financial Times she would make achieving a "transatlantic economic partnership" central to Germany's presidency of the European Union, which began this week.

Her ambition is to create a single transatlantic market for investors, with common rules and standards on issues such as intellectual property and financial regulation. However, her initiative may face opposition from a more protectionist US and other EU member states.

Ms Merkel expressed optimism that talks would also begin in the next six months on a new strategic partnership with Russia but warned Moscow that relations must be based on reciprocity. If Russia restricted foreign investment in its strategic companies, she said, it should be no surprise if EU countries took similar measures against Russian investors.

She also spelt out her determination to revive the EU constitutional treaty after the No votes in French and Dutch referendums.

Ms Merkel, who also holds the chair of the Group of Eight industrialised nations for 2007, is underlining the importance she attaches to restoring transatlantic ties by flying to Washington on Thursday to meet George W. Bush, US president.

"Our economic systems are based on the same values," said Ms Merkel. "We have learnt how to combine the Anglo-Saxon and Continental European legal systems, which are very different from one another . . . think transatlantic co-operation will be more straightforward in many areas than might appear at first glance."

Ms Merkel's initiative marks the EU's first attempt to achieve a transatlantic single market since a similar move by the European Commission in 1998 petered out because of French opposition. Formal negotiations on drafting the partnership should start at the EU-US summit in May, she said.

Matthias Wissmann, chairman of the German parliament's Europe Committee, estimates that the integration of US and EU financial markets alone could be achieved by 2015 and would cut trading costs on both sides by 60 per cent and the cost of equity capital by 9 per cent.

Ms Merkel stressed that tariffs and customs duties were not part of her plan.

Yuan's Ascent Begins To Pinch Chinese Exporters (WSJ)

By James T. Areddy

The Wall Street Journal, January 3, 2007

SHANGHAI -- The Chinese currency's rising value has started to pinch an increasing number of businesses here, eroding already thin profit margins, forcing them to reduce expenses and sometimes costing them business.

The tightly controlled Chinese yuan has crept up 6% since July 2005, when the government loosened its link to the U.S. dollar. Its gains against the dollar are modest compared with the sharper run-ups of other currencies, such as the euro. But the pace of the upswing has been unusually fast for China, where until recently companies had almost no experience with currency fluctuations against the dollar.

The yuan's 3%-plus rise against the dollar last year represented an even sharper change than the Japanese yen's 1.4% decline against the U.S. currency. Expectations that the yuan will strengthen further in 2007 have sent companies scrambling to find ways to protect themselves.

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The stronger yuan is reducing the profit Zhenhua Port Machinery Co. earns on its big shipping-container cranes when they are sold in dollars. To cushion the blow, Zhenhua is raising prices, changing sales terms and looking for efficiencies in its manufacturing processes. The yuan "revaluation obviously hit us," says Wang Jue, board secretary of the Shanghai company.

Zhejiang Dongyang Haisen Trading Co., a maker of beverage containers in eastern China, says the yuan move has entirely erased its 2% or 3% profit margin on basic products. For now, the company is offering a newer, pricier line of products for export orders, says sales manager Zhang Shengquan. "What we hope is that the appreciation [of the yuan] could slow down a bit," Mr. Zhang says.

On the whole, the Chinese government seems to be comfortable with the pace of the yuan's rise. The central bank said last week that the exchange rate has moved "in an orderly way within a reasonable range."

The new foreign-exchange pressure on exporters is likely to lead them and their allies in the Chinese government to argue against a rapid increase in the yuan's value, while others, including those worried about the inflationary side effects of restraining the yuan or political pressures in the U.S., push for a faster rise.

The yuan's gains haven't been nearly enough to blunt international criticism of Beijing's exchange-rate policy. U.S. politicians and others argue that China keeps the yuan artificially weak in order to give its exporters an unfair advantage in world markets, a tactic they blame for America's soaring trade surplus with China.

For China, the need to sustain its rapid economic growth takes precedence over exchange-rate concerns. Beijing recognizes the need to let market forces influence the yuan, but its policy makers view the shift as a complex undertaking. Few things can more easily jostle an economy than abrupt changes in the value of its currency.

As the yuan continues to edge up, so will China's export prices, says Edward Leung, chief economist of the Hong Kong Trade Development Council, a government-funded industry group. Manufacturing costs in China already face rising labor and materials expenses, he says. Further gains by the yuan will leave exporters with little choice but to charge more.

U.S. companies that have extensive operations in China are also feeling the effects. In a regulatory filing, Measurement Specialties Inc., an instrument maker based in Hampton, Va., said in November that the yuan's rise has "resulted in lower margins since a large portion of our products is manufactured in our China facility."

Opponents Of New Kosovo Must Be Stopped (FT)

By Joseph Biden

Financial Times, January 3, 2007

Years of hand-wringing and chest-thumping over the future status of Kosovo may finally be drawing to a close. In the next few months, adroit diplomacy to secure Kosovo's independence could yield a victory for Muslim democracy, a better future for south-east Europe and validation for the judicious use of American power.

But along with the potential for triumph in Kosovo, there is a growing risk that Serbia and Russia will conspire to seize defeat from the jaws of victory. Extremists in Belgrade and Moscow are – for very different reasons – hoping to use Russia's United Nations Security Council veto to quash Kosovo's bid for independence. If they succeed, the Balkans will emerge as another source of bad news in a world already crowded with crises.

During the seven years since Nato ended Slobodan Milosevic's reign of terror in Kosovo, a UN-backed administration has largely succeeded in bringing stability to the province. However, Kosovo's people are justifiably tired of a status quo marked by uncertainty and economic privation. These two intertwined problems will continue so long as the debate over the province's future remains unresolved. Its ambiguous status is also leading to stagnation in Serbia.

Nationalist politicians in Belgrade have embraced the fight against Kosovo's independence to divert public attention from their own failures and Serbia's stalled bid for European Union membership. The actions of Vojislav Kostunica, Serbia's prime minister, have been particularly disappointing. In addition to refusing international requests to call for the arrest of war crimes fugitives Ratko Mladic and Radovan Karadzic, Mr Kostunica has rejected every attempt at compromise on Kosovo. Serbia's moral authority on the issue hit a new low in October when the 1.5m ethnic Albanian residents of the province were denied the right to vote in a deeply flawed constitutional referendum that declared Kosovo an integral part of Serbia.

To their great credit, the people of Serbia have proved more realistic about Kosovo than their elected leaders. Opinion polls show that many Serbs foresee that the province will gain independence. Ethnic Albanians in Kosovo, meanwhile, overwhelmingly expect to sever ties with Serbia. With citizens on both sides of the issue ready to finish the debate and move on to more constructive challenges, leaders who block a solution will do so at their peril.

Historically, trouble in the Balkans is almost always the result of false expectations. On the whole, the citizens of south-east Europe are mentally prepared for an independent Kosovo.

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If Belgrade postpones a settlement it will reopen the issue for many Serbs previously resigned to Kosovo's independence and further inflame frustrations among the region's ethnic Albanians. The result could be a return of the mob violence that shook Kosovo in March 2004.

A Russian effort to delay a deal on Kosovo would be in keeping with the Kremlin's habit of fostering weak, subservient governments in formerly communist states. Moscow has apparently reached the conclusion that impoverished, unstable regimes are easier targets for manipulation than prosperous, independent countries. It has made extensive, public use of oil and gas diplomacy to undermine the budding democracies of eastern Europe. Less attention has focused on the Kremlin's quiet efforts to exacerbate territorial conflicts in Georgia, Moldova and Azerbaijan. Serbia could become the latest victim of this strategy.

Kosovo is not ready for full sovereignty. Even after independence, Nato and the international community will need to provide security guarantees for Kosovo's minorities and strengthen its economy and institutions. But it is time to grant the province independence. The longer the status debate continues, the further Kosovo and Serbia will fall behind other rapidly progressing former Yugoslav republics such as Croatia and Slovenia.

Success in Kosovo, if realised, will have implications far beyond the Balkans. A responsible Russian approach to the issue could demonstrate the Kremlin's commitment to global order at a time when its credibility is in tatters. The people of Kosovo – already the most pro-American in the Islamic world – will provide a much-needed example of a successful US-Muslim partnership. Stability in south-east Europe would be a welcome bit of good news and offer hope in a season of tremendous foreign policy challenges.

The writer is the incoming Democratic chairman of the US Senate foreign relations committee

A New Beginning For Turkmenistan (WP)

By Nurmuhammet Hanamov

The Washington Post, January 3, 2007

Last week Turkmenistan buried its brutal dictator, Saparmurad Niyazov. His ruthless reign spanned two decades, during which time his policies became increasingly irrational and unpredictable. The long list of Niyazov's crimes against our people includes: banning all political parties except his own and jailing his opponents; preventing thousands of "disloyal" citizens from traveling abroad; persecuting religious and ethnic minorities; outlawing opera; and shutting down regional hospitals, firing thousands of doctors and nurses. Under Niyazov, Turkmenistan became a corridor for heroin trafficking from Afghanistan to the West and gained for itself one of the highest heroin addiction rates in the world.

Above all, Niyazov was a selfish and kleptocratic despot, stashing billions in proceeds from the sale of the country's enormous natural gas resources in personal accounts in Western banks. He used this money to fuel his outlandish personality cult, building opulent palaces and golden statues of himself even as his people were deprived of basic necessities and suffer one of the world's lowest life expectancy rates. The West's indifference was striking compared with the relentless criticism by the United States and the European Union against the more benign regime of Alexander Lukashenko, president of gas-poor Belarus.

With Niyazov gone, the West has a historic second chance to help our country make a peaceful transition to democracy. Turkmenistan's interim rulers have unfortunately pledged to continue Niyazov's policies (even ordering new statues of him), and their efforts to grab power amount to a coup d'?tat. The former health minister -- under the de facto control of Niyazov's Presidential Guard -- has arrested the speaker of Parliament, who constitutionally is next in the line of succession. He has sealed the country's borders and, using other unconstitutional measures, has set the stage for his own unchallenged victory in presidential elections scheduled for Feb. 11.

The United States must send a clear message to Niyazov's holdouts in the "interim government" in Ashgabat: that they will not have its support unless they agree to hold free and fair elections -- ones that allow all citizens of Turkmenistan, including exiled opposition leaders and political prisoners, to take part.

We know that the United States has tried to help the people of Turkmenistan in recent years, and thanks to American educational exchange programs, there is a thriving community of bright Turkmen students and intellectuals who are living in Western countries and are ready to return and help rebuild their country. This community is largely held together by the efforts of Khudaiberdy Orazov, a former chairman of the National Bank and an accomplished and energetic leader who was forced into exile several years ago. He was unanimously nominated to be a candidate in the February presidential elections by a broad coalition of opposition groups inside and outside of Turkmenistan. According to a recent poll, Orazov's candidacy would have the support of a majority of Turkmen voters. Until Orazov and other opposition candidates are allowed to contest the February elections, the United States and the European Union must refrain from recognizing the junta in Ashgabat and freeze all personal accounts of Niyazov and his cronies abroad. We hope that members of Congress and other government officials will visit Turkmenistan soon to personally deliver that message.

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We must rebuild our country, and with the help of our friends and neighbors we can do it in an open and transparent way. Priorities for a democratically elected government during the initial post-Niyazov reconstruction must be to release all political prisoners, conduct open tenders and allow Western companies to bid for a stake in developing Turkmenistan's oil and gas fields; to consider new ways of getting our gas and oil to Western markets; to restore private property that Niyazov confiscated from Turkmen citizens; and to create a reconstruction fund using Niyazov's personal bank accounts and proceeds from the sale of oil and gas to revive the health-care and education systems.

The United States is spending billions of dollars trying to turn Afghanistan and Iraq -- both deep in the throes of civil war -- into democratic nations while all but abandoning their peaceful post-Soviet neighbors to the north. Turkmenistan is ready for a new beginning, and the West must finally step up to the plate. To do otherwise would waste a historic opportunity and allow yet another case of popular discontent with an illegitimate government to become an anti-Western lost cause.

The writer is the founding chairman of the Republican Party of Turkmenistan in exile. Before announcing his opposition to President Saparmurad Niyazov's regime and going into exile in 2002, Hanamov served as Turkmenistan's ambassador to Turkey and Israel and chairman of Turkmenistan's State Planning Committee.

Now It's Belarus's Turn (NYT)

The New York Times, January 3, 2007

A year after Russia put the gas squeeze on Ukraine, it was Belarus's turn. Unlike Ukraine, Belarus blinked two minutes before the Jan. 1 deadline and Russia had its booty: a 50 percent share of Belarus's pipeline network and a more than doubling of the price Belarus will now pay for Russian gas.

There was no global outcry this time. President Aleksandr Lukashenko, the utterly Soviet boss of Belarus, has no friends in the West. But this latest squeeze is another warning that the Kremlin will let nothing — personal loyalty, contracts, the law — halt its drive to reimpose state control on Russia's energy sector. It is also another reminder that the West, a big consumer of Russian energy, remains vulnerable to President Vladimir Putin's whims.

The Belarus deal came less than two weeks after Royal Dutch Shell gave in to the Kremlin's pressure and sold a controlling share in the Sakhalin-2 oil and gas project to Gazprom, Russia's state gas monopoly. Moscow is now leaning on the British-Russian joint venture, TNK-BP, to give Gazprom a large and possibly controlling stake.

A year ago, when the democratic revolutions in Georgia and Ukraine were seen as serious threats to the Kremlin's influence, Mr. Putin was eager to prop up Mr. Lukashenko. But once Mr. Lukashenko successfully stole the March presidential election, the new gas bill arrived in Minsk. That included half ownership for the Kremlin of Beltransgaz, the state pipeline operator that not only fuels Belarus but also supplies a fifth of Europe's gas.

Russia's European customers could increase their leverage — and possibly improve the Kremlin's behavior — if they negotiated jointly with Gazprom, rather than scurrying to cut separate deals. Western companies and governments also need to warn Moscow that its leverage has limits. Russia will need the expertise and capital of foreign companies if it wants to keep developing its natural resources. No one wants to do business with a bully.

More Gas Blackmail (WSJ)

The Wall Street Journal, January 3, 2007

The new year did not begin, as many had feared, with Russia's Gazprom again turning off taps that lead eventually to natural gas customers in Western Europe. At the last moment, Belarus acquiesced to the Kremlin's demands to double gas prices and cede control over the Belarusan gas-transit network, thereby avoiding the shut-off that hit Ukraine on January 1, 2006.

The bullying of Minsk this year also didn't elicit a hue and cry in the West as did last year's gas war with Kiev. Part of this is cynical self-interest: Europe gets only a fifth of its gas through Belarus compared with four-fifths through Ukraine. But this latest rendition of Moscow's spigot shakedown carries a blueprint for its strategy toward the rest of the Continent, and Europe's leaders ignore it at their peril.

This dispute was also less overtly political. Whereas the Kremlin was blatantly punishing the West-leaning democrats of Ukraine's "Orange Revolution," Belarus appeared to be a strictly economic case because its president, Alexander Lukashenko, is a Russian puppet. That's not entirely true, however.

Russia made Mr. Lukashenko's re-election possible last year, and Gazprom came to collect for that favor in the form of a new contract. His stubbornness amounted to political insubordination. The West might not have wanted to stick up for "Europe's last dictator," but leaving him out to dry only entrenches the Russians in Belarus. They will be far more difficult to expel from Minsk than Mr. Lukashenko ever could be.

As for the future, the key to the Belarus compromise was the 50% stake that Gazprom won in Beltransgaz, Belarus's gas-pipeline monopoly. Gazprom has been transparent about its aim to own the pipes that connect its gas fields to its customers.

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This is one of the main reasons Moscow refuses to ratify the International Energy Charter, which requires free access to pipeline networks, and why it is lobbying hard against European Union plans to liberalize its gas market. As part of that reform, the EU would likely prohibit gas suppliers from owning pipelines, and vice versa.

Gazprom is thus scurrying to build and buy enough pipelines inside the EU to strengthen its leverage. It already owns 50% minus one share in Wingas, a joint venture with BASF's Wintershall AG unit that, according to Gazprom, owns 2,000 kilometers of pipe in Germany as well as Europe's largest underground gas storage site. Moscow must figure that, if it can consolidate enough, the Europeans won't have the backbone to force Gazprom out. Given Brussels' timid reaction to Paris's shotgun marriage of Gaz de France and Suez, the Kremlin might be right.

This type of monopoly power is worrying enough in companies and countries where the state has a large influence in the energy sector: Think of France's GdF and EdF. It's even worse when the state is the company, as in Russia today, and explicitly bars certain foreign investments while changing investment terms on a whim. European customers who want to know how they might be treated by a vertically integrated Gazprom might ask Royal Dutch Shell CEO Jeroen van der Veer; late last month he was all but forced to cede control of his Sakhalin-2 oil project to the Russian gas giant.

Gazprom's monopoly status also undercuts claims by the company and Kremlin -- pardon the redundancy -- that the situation in Belarus was merely a matter of introducing "market pricing" to the former Soviet republic. The same line was trotted out in the disputes with Ukraine, Azerbaijan, Moldova and Georgia. Just so we're clear, there is no proper market price for this gas. Gazprom has no competitors that could offer to fill the pipelines to Belarus with Russian gas at a lower price. But never mind. Let the advocates of Kremlin capitalism answer this: Since when does "market" economics entail the forced sale of one firm's assets to another, particularly when those assets weren't for sale in the first place?

It's hard to remember now, but before its Ukrainian blackmail last year Gazprom had a decent reputation for reliability. So much for that. All the more reason for Brussels to expedite its plans for gas-market liberalization. We'll get an idea of how European policy makers size up the threat from Russia on Thursday, when the EU's Gas Coordination Group meets, and next week when the European Commission unveils its energy sector review. No news on the liberalization front will be bad news.

The Squeeze On Belarus (WP)

The Washington Post, January 3, 2007

EUROPE narrowly averted another energy supply crisis this week when Russia and Belarus struck a last-minute deal, preventing a threatened Russian cutoff of natural gas supplies. Since Russian gas flows through Belarus to Poland and Western Europe, a disruption could have affected consumers far beyond Belarus, as happened a year ago when Russia turned off the tap to Ukraine. The source of the dispute was the same in both cases: Russia's demand that its neighbors pay vastly increased prices for gas and turn over controlling stakes in pipelines that carry gas to the rest of Europe. Belarus, like Ukraine, claimed that Moscow's commercial hardball was politically motivated, while the Kremlin argued that it was merely ending subsidies that were a legacy of the Soviet Union.

In fact both sides are telling the truth -- but it's the political ramifications that should concern Western governments. As executives of the Kremlin-controlled Gazprom company asserted, the price to be paid by Belarus -- $100 per thousand cubic meters of gas in 2007 -- is still one of the better deals Russia offers, even if it is far more than the previous rate of $46. But Belarus obtained the discount only by agreeing to sell a controlling interest in the transit line, thereby advancing Russia's disturbing campaign to monopolize energy supplies to Europe.

Belarusan President Alexander Lukashenko is widely known as Europe's last dictator. What's less well known is that he has been resisting pressure from Russia to annex his country. Mr. Lukashenko signed a deal with Russian President Vladimir Putin several years ago under which the two countries would merge; by its terms Belarus was to adopt the Russian ruble and turn over the gas pipeline. But Mr. Lukashenko, who once dreamed that the union would propel him toward becoming leader of both countries, changed his mind when he realized he was on his way to becoming a provincial governor. He has resisted yielding the pipeline or abandoning his country's sovereignty.

Mr. Putin is consequently using "market pricing" to extract what he wants from Belarus. "We are being threatened with economic sanctions and isolation again," Mr. Lukashenko said in a New Year's address. "The reason is simple: It is our desire to be independent." He went on to denounce "anti-Belarusan sentiments" in Russia that "are dealing a blow to our century-old friendship."

Mr. Lukashenko's disillusionment with Russia might make him wish for better relations with the West. But as the European Union recently reiterated, that would require steps to democratize his country, something the strongman has shown no inclination to do. Still, Mr. Lukashenko's assertion of Belarusan sovereignty and independence could open the way to reform. If Belarus is really to survive in the center of Europe independent from Russia, it will inevitably have to accept far greater change than simply paying the market price for gas.

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Sinn Fein And The Cops (LAT)

The Los Angeles Times, January 3, 2007

IN MOST societies, it isn't news when a major political party accepts the legitimacy of the police force. But the leader of the political wing of the Irish Republican Army made not just news but history last week by doing just that. Sinn Fein leader Gerry Adams said he would ask a party conference to approve a motion supporting the "police services" in both Northern Ireland and the predominantly Catholic Irish Republic.

A recognition by Sinn Fein of the new Police Service of Northern Ireland — a replacement for the Royal Ulster Constabulary long distrusted by Catholics — would be a momentous step. It would add the final piece to the jigsaw puzzle of a new arrangement in which the North's pro-British Protestant majority shares power with the Catholic minority.

If power sharing is revived, credit will belong not only to Northern Ireland's erstwhile enemies but to the United States. Abandoning this country's traditional hands-off policy, President Clinton committed his administration to the search for a solution to "the Troubles," which killed more than 3,000 people. The result was the 1998 Good Friday Agreement negotiated by Clinton's envoy, former Sen. George J. Mitchell, which called for an "inclusive" government in Belfast.

Still, even as savvy a salesman as Clinton would have failed had not successive British and Irish governments worked together, often over the heads of their supposed surrogates in Northern Ireland. Both governments combined toughness toward terrorism with an openness to negotiations and creative thinking. (Alas, there is no equivalent of the Dublin-London axis to induce Israelis and Palestinians to settle their differences.)

In 1994, in a gesture to Northern Ireland's Catholics, Britain announced that it had no "selfish" interest in ruling the North against the wishes of a majority of the population. Four years later, as recommended by the Good Friday Agreement, the Irish Republic addressed a long-standing Protestant grievance by amending its constitution to renounce any claim to govern the North.

The effect of these and other concessions was to fudge the question of whether Northern Ireland was eternally part of Ireland or eternally subject to the British crown. The answer: It's neither. The North will remain linked to Britain until a majority decides otherwise, but meanwhile both London and Dublin will take care that the Protestant majority shares power — including police power — with a long-marginalized Catholic minority. And the guns will remain silent.

It's an untidy compromise, but eminently preferable to three decades of civil strife and political deadlock. Too bad it comes to late for those who didn't survive the Troubles.

DOJ_NMG_0110735

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From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 03, 2007 8:19 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Tuesday, January 02, 2007
Attachments:	agnb070102.pdf; agnb070102.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 2, 2007 7:45 AM EST

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TERRORISM NEWS:

Uncertainties About Guantanamo Detainees' Rights Remain. U.S. News and World Report (1/2, Sullivan, 2.03M) reports that "despite two trips to the Supreme Court, questions about the rights and status of about 400 men held" at Guantanamo Bay "are not much closer to being answered than they were when the first detainees arrived. And so the coming months will see renewed challenges to the facility in both the courts and the new Democratic Congress." President Bush signed the Military Commissions Act in October, "and the administration hopes the legislation provides a constitutional framework for holding war crimes trials for the worst detainees–including 14 'high value' detainees whom Bush transferred to Guantánamo Bay from previously secret CIA prisons." Critics "say the framework is rife with problems," and "things could change with a new Democratic Congress, especially through an effort in the Senate by incoming Judiciary Committee Chairman Patrick Leahy to restore habeas corpus rights to detainees."

HOMELAND RESPONSE:

Counterterror Advances Said To Have Led To Attack-Free Year In West. The Washington Times/AP (1/2, Haven) reports that though would-be terrorists "had no shortage of murderous ideas in 2006," including "a plot to blow up tunnels and flood New York City's financial district," and "another to bring down packed commuter airliners flying out of London," it was the first year since the September 11, 2001, attacks that "closed without a major attack in the West. In a wide-ranging analysis, security and intelligence leaders around the world told the Associated Press" that the success was the result of "greater human and technological resources, tougher counterterrorism laws, a deeper understanding of the homegrown nature of the threat and the hard lessons learned from past failures." However, "they also cautioned against complacency, saying another attack is inevitable."

Homeland Security Wants Tighter Controls On European Travelers. Newsweek (1/2, 3.12M) reports in its "Periscope" column, "For more than 15 years, British and most other Western European visitors have been allowed to stay in the United States for up to three months without

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needing to apply for visas. But Homeland Security officials are now accelerating efforts to tighten entry controls on people from these and other friendly countries, including Australia and Japan, NEWSWEEK has learned." The move "follows revelations that European-born Muslims — particularly disgruntled young Brits — have been visiting Pakistan to attend terrorist training camps."

DHS Moving To Increase Visa Restrictions On Friendly Countries. In its "Periscope" column Newsweek (1/8, Hosenball, 3.12M) reports DHS officials "are now accelerating efforts to tighten entry controls on people from" visa-waiver countries, as well as "other friendly countries, including Australia and Japan, NEWSWEEK has learned. The move follows revelations that European-born Muslims—particularly disgruntled young Brits—have been visiting Pakistan to attend terrorist training camps. One proposal under consideration: requiring visitors who don't now need advanced visas to submit electronic visa applications to US authorities via the Internet at the time they purchase their tickets." DHS spokesman Jarrod Agen "said that Homeland Security Secretary Michael Chertoff has discussed proposed rule changes with congressional leaders but that no formal plan has been sent to Capitol Hill yet."

Major Changes In US Passport Rules Drawing Near. USA Today (1/2, 1A, Yu, 2.27M) reports on its front page, "Five years after the Sept. 11 terrorist attacks, the US government is on the verge of implementing security-inspired changes to passports that will affect millions of international travelers." A requirement for air travelers to and from Canada, Mexico and the Caribbean to carry a passport starting Jan. 23 and the introduction of new electronic passports for US citizens this spring "represent the most significant changes in border control in years, as federal officials try to bring the process of checking identification into the digital age."

TSA Says It Is Near Decision On Contract For ID Cards. The Washington Post (1/2, D2, Witte, 690K) reports "the Transportation Security Administration indicated last week" that it will award a contract "to provide a new identification card for transportation workers" early this year. Spokesman Darrin Kayser said the agency is "in the final stages of review of the contract, and we will be issuing an award in the coming weeks." The Post adds that the program "has met with repeated delays."

Security At Commercial Ports Said To Leave Room For Improvement. U.S. News and World Report (1/2, Marek, 2.03M) reports the US' "361 commercial ports…have gotten so little funding in the past five years that experts routinely call them the 'soft underbelly' of America. In recent months, a flare-up of public indignation over foreign ownership of U.S. port terminals has sparked some major improvements, but further progress is by no means assured, and a host of vulnerabilities remain. With 95 percent of America's imports arriving by sea, there's a lot at stake." There's been "a surge of activity on the port security front since February, when public anxiety was stoked by a proposed $6.8 billion business deal that would have given a firm run by the government of the United Arab Emirates leases to operate terminals in six U.S. ports." In September, Congress "passed the SAFE Ports Act, which mandates that DHS provide the 22 largest U.S. seaports with enough radiation detectors to scan all containers by 2008. The bill also eases the customs staffing crunch by using contractors to review trusted shippers."

WAR NEWS:

White House Signals Increased Troop Level Will Be Part Of New Iraq Strategy. The Wall Street Journal (1/2, A6, Dreazen, Jaffe, 2.04M) reports White House officials "say a troop 'surge' almost certainly will be the centerpiece of Mr. Bush's new strategy for Iraq to be unveiled mid-month. But while administration officials have gone to great lengths to emphasize that the extra troops will be in Iraq only temporarily, there is no clear definition of how long that might be." The debate over how long the new forces should remain in Iraq, the Journal writes, "stems from tension between the political and military aspects of the emerging proposal. Mr. Bush has staked his presidency on Iraq, and several White House aides say they believe he would be inclined to leave the extra troops there until improvement is evident. Senior commanders, by contrast, have expressed concern that leaving extra troops too long risks lasting damage to the US armed forces."

NBC Nightly News (12/31, story 3, 2:05, Siegenthaler, 9.87M) reported, "The President's plan for Iraq to be unveiled in a speech to the nation will likely call for a major troop increase," and "for the first time in his presidency, Congress will be controlled by Democrats -- an added challenge for a White House trying to advance agenda." Also, aides say that during his State of Union address the President "will acknowledge missteps and promote a hopeful vision for this country and Iraq."

The Financial Times (1/2, Luce) reports President Bush "is facing mounting opposition to plans to reinforce America's military presence in Iraq" from both Democrats and Republicans. In the recent days, "a number of prominent Republican senators, including Arlen Specter and Richard Lugar, the outgoing chairmen of the Senate judiciary and foreign relations committees, have voiced strong scepticism

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about an increase in troops." Meanwhile, the Bush administration "faces the likelihood of tough senate hearings throughout January that Joseph Biden, the new Democratic chairman of the foreign relations committee, plans to hold from next week."

The AP (1/1, Dunbar) reported that "two prominent Senate Republicans bucked the White House" Sunday, "expressing skepticism" about more US troops in Iraq. Sen. Richard Lugar "urged the President to consult with lawmakers before announcing a new strategy on Iraq that could call for additional troops in Iraq." If Bush were to act "without involving the new Democratic-controlled Congress," he can anticipate "a lot of hearings, a lot of study, a lot of criticism," Lugar said. Separately, Sen. Arlen Specter "also questioned the wisdom of sending in more troops, saying he has not seen an administration plan that would justify it."

In a piece appearing in the Washington Post, syndicated columnist Robert Novak wrote (1/1, A13) that President Bush and Sen. John McCain "will have trouble finding support from more than 12 of the 49 Republican senators when pressing for a surge of 30,000 troops," stressing that "what to do about Iraq poses not only a national policy crisis but profound political problems for the Republican Party." Novak says Republican leaders "around the country, anticipating that the 2006 election disaster would prompt an orderly disengagement from Iraq, are shocked that the president now appears ready to add troops." What is happening inside the Republican party, Novak continues, "is reflected by defection from support for his war policy after November's election by two Republican senators who face an uphill race for reelection in 2008: Gordon Smith of Oregon and Norm Coleman of Minnesota."

Administration Officials Say Iraq Policy Unraveled In 2006. In a 3,000-word, front page article, the New York Times (1/2, A1, Sanger, Gordon, Burns, 1.16M) reports Bush "began 2006 assuring the country that he had a 'strategy for victory in Iraq,'" but "ended the year closeted with his war cabinet on his ranch trying to devise a new strategy, because the existing one had collapsed." The Administration's "original plan…called for turning over responsibility for security to the Iraqis, shrinking the number of American bases and beginning the gradual withdrawal of American troops. But the plan collided with Iraq's ferocious unraveling, which took most of Mr. Bush's war council by surprise." In interviews in Washington and Baghdad, "senior officials said the White House, the Pentagon and the State Department had also failed to take seriously warnings, including some from its own ambassador in Baghdad, that sectarian violence could rip the country apart," and "left the president and his advisers constantly lagging a step or two behind events on the ground." In a recent interview with the Times, NSA Stephen Hadley acknowledged that "Iraqi forces were not able to hold neighborhoods, and the effort to build did not show up."

As Bush Debates New Course, US Death Toll Reaches 3,000. The AP (1/1, Jelinek) reported Monday that the number of American deaths in the Iraq war reached "the sobering milestone of 3,000 on Sunday even as the Bush administration sought to overhaul its strategy for an unpopular conflict that shows little sign of abating." The Washington Post (1/1, A1, Trejos, 690K) called it "a symbolic milestone at a time when the Bush administration is rethinking its strategy for the increasingly violent conflict." Meanwhile, public discontent over the war at home "has grown, evidenced by the fact that voters gave Democrats control of the new Congress." ABC World News (12/31, lead story, 2:40, Muir, 8.78M) reported, "President Bush is downplaying the significance of the milestone, but not the sacrifice of the fallen troops."

McClatchy (1/1, Youssef) reported Bush spokesman Scott Stanzel said Sunday that the United States "will be fighting violent jihadists for peace and security of the civilized world for years to come." He said Bush would see to it that the sacrifice of US troops "was not made in vain."

Iraq Says Over 16,000 Iraqis Killed In '06. The AP (1/2, Frayer) reports the Iraqi government Monday said 16,273 Iraqi "civilians, soldiers and police died violent deaths in 2006." Meanwhile, the AP said its own accounting, "gleaned from daily news reports from Baghdad, arrived at a total of 13,738 deaths."

Official Says US Failed "In Terms Of Working With Locals." In an interview with Fox Special Report (1/1, story 7, 6:00, Angle), Henry Crumpton, the outgoing ambassador at large for counter-terrorism at the State Department discussed "the next chapter in the war on terror and how far we've come." On the subject of Afghanistan, Crumpton said that "the foundation for success was rooted in intelligence, and the networks that were established back several years ago, in fact. And also, the leadership that we had in the field, some very senior officers deployed into Afghanistan." Asked to compare US efforts in Afghanistan to those in Iraq, Crumpton said, "There are some big differences between Iraq and Afghanistan," most notably, "the variety of different ethnic configurations inside Iraq makes it different. And so in many respects, it required, at least initially, a conventional military approach, whereas Afghanistan did not." Although the US conducted a "very successful [military] campaign," Crumpton said "capturing Baghdad, that's where I think we obviously fell short, in terms of working with locals."

Bush Readying New Plan For Iraq. U.S. News and World Report (1/2, Mulrine, 2.03M) reports after "making it clear that he has his own no-go zones (namely, opening a dialogue with Iran and Syria and considering a phased

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withdrawal of U.S. troops)," President Bush is "expected to release his new plan for Iraq within days. It will very likely include an economic package that will fund microloans for small businesses and jobs in neighborhoods that have been targeted by military strikes–elements of classic counterinsurgency strategy that weave economic and political incentives together with armed measures." But "much of the chatter" surrounds "a so-called surge of U.S. troops, enough to make the total force in Baghdad larger than at any time since the war began." Democrats are "arguing that anything like a surge ignores the message sent by voters in November's midterm elections."

Newsweek (1/2, 3.12M) reports the White House "insists it knows that simply adding more troops isn't the answer. The plan being considered is far more nuanced than what has been reported in the media, a senior aide to Bush, who would only discuss the talks in Crawford anonymously, told NEWSWEEK. He said it includes money for new jobs programs and reconstruction aid for Prime Minister Nuri al-Maliki, as well as efforts to further shore up his political base." Newsweek adds the "debate over tactics has intensified inside the Pentagon. Bush is now trying to sort through wildly conflicting advice." The Joint Chiefs of Staff "supports the conclusions of the Iraq Study Group that, rather than sending in a new influx of U.S. troops, American advisory teams embedded with Iraqi forces should be quadrupled so Iraqis can take control more quickly. Some hawks, led by two outside advisers, former Army vice chief of staff Gen. Jack Keane and military historian Frederick Kagan, are instead urging Bush to "win the battle of Baghdad" himself. They say he can't wait for the Iraqi government, Army or police to secure the country."

January Seen As Crucial Time For White House. U.S. News and World Report (1/2, 2.03M) reports some senior Republicans "are looking at the next four weeks as 'make it or break it' time for the White House." In early January, "the Democrats will take over Congress and signal how aggressively they will confront the administration on Iraq and a wide range of domestic issues." By mid-January, President Bush "will have delivered his high-stakes speech setting forth 'the way forward' in Iraq. Bush will then give his State of the Union address on January 23." A senior GOP adviser said, "Anything the president wants to do in the last two years of his term will be contingent on the reaction to his new course in Iraq. If he bombs when he gives the Iraq speech, the fat lady sings." US News adds White House officials, "however, argue that Democrats won't be able to escape responsibility for improving the situation in Iraq."

Sunni Protests Of Saddam Execution Seen As Sign Of Growing Defiance. NBC Nightly News (12/31, story 2, 3:30, Siegenthaler, 9.87M) reported a "cell phone video that captured" Saddam Hussein's "final conversation before he was hanged" hit the Internet Sunday. NBC (Engel) called the video's release "a major public relations blow for the US Administration and the Iraqi government which have been trying to show the world that Saddam Hussein received impartial justice." ABC World News (12/31, story 2, 2:20, Muir, 8.78M) reported the video "reveals an ugly picture."

NBC Nightly News (1/1, story 2, 3:20, Engel, 9.87M) said that with the release of the video, "so many in this part of the world are now saying that Saddam Hussein had a public execution. And it is backfiring on the US and Iraqi administrations" as "anger among Sunnis is growing." Similarly, the CBS Evening News (1/1, story 2, 2:40, Mitchell, 7.66M) reported that "as Sunni anger grows over Saddam Hussein's execution, we are now learning the US wanted it put off at least two weeks. Randall Pinkston on has the latest from Baghdad." CBS (Pinkston) added, "In the hours before" the execution, "the US Ambassador to Iraq reportedly tried but failed to delay the execution." Iraqi officials said "the Ambassador insisted Iraq's Prime Minister provide proper documents, including a signature from Iraq's President."

The New York Times/AP (1/2) says the demonstrations in Baghdad Monday suggest "that many Sunni Arabs may now more actively support the small number of Sunni militants fighting the country's Shiite-dominated government." Sunnis were "not only outraged by Saddam's hurried execution," but "many were also incensed by the unruly scene in the execution chamber, captured on video, in which Saddam was taunted." Similarly, the Washington Times/AP (1/2, Frayer) says the protest was "particularly significant because it signaled a widening expression of defiance among Sunnis."

Meanwhile, the Financial Times (1/2, Negus) reports the Iraqi government Monday launched an inquiry "into how guards filmed and taunted Saddam Hussein on the gallows, turning his execution into a televised spectacle that has inflamed sectarian anger." The events surrounding the execution "captured the extent to which the Shia radicals associated with" Moqtada al-Sadr "have imposed their agenda on the Iraqi state and its institutions, and the magnitude of the task facing" Maliki "as he tries to impose his authority on a deeply fractured and radicalised country."

The Christian Science Monitor (1/2, Murphy, 59K) reports that "peace is unlikely to follow" to Saddam's execution, and "while the US once believed Hussein's fall would help stabilize Iraq…that is no longer the case. What was once described as an insurgency largely made up of Baathist holdouts and some Sunni Islamist fighters, is now seen as a battle for power among Iraq's major sects." President Bush "reflected that view when he cautioned against too much optimism on Saturday." In contrast, USA

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Today (1/2, 4A, Jervis, 2.27M) says the "hasty execution" will "not hurt ongoing efforts to bridge ethnic rivalries and win backing for Iraq's fledgling government."

Saddam Legacy Lives On in Sectarian Conflict. The Christian Science Monitor (1/2, Blanford, 59K) reports Saddam Hussein "may be gone, but his legacy lives on in the ethnic and religious conflict undermining a nation that he held together through fear." While the "architects of the Iraq war hoped his ouster would help spread Western-style democracy in the region," it "remains to be seen whether the lesson of his life will be the end of brutal dictatorships in the region or whether current unrest in Iraq will bolster Middle Eastern autocrats and increase resistance to democratic reforms."

American Nurse Recalls Time Spend Caring For Saddam. The Washington Times/AP (1/2) reports a US military nurse who cared for Saddam Hussein in jail "said the deposed dictator saved bread crusts to feed birds and seldom complained to his captors, except when he had legitimate gripes." Master Sgt. Robert Ellis, who cared for the former Iraqi dictator from January 2004 to August 2005 at Camp Cropper, recalled his experiences with Saddam in an interview with the St. Louis Post-Dispatch.

Saddam's Execution Seen As Another US Misstep. In his Newsweek column (1/2), Fareed Zakaria says, "The saga of Saddam's end — his capture, trial and execution — is a sad metaphor for America's occupation of Iraq. What might have gone right went so wrong." The Bush Administration "dismissed the idea of trying Saddam under international law, or in a court with any broader legitimacy" and it "put Saddam's fate in the hands of the new Iraqi government, dominated by Shiite and Kurdish politicians who had been victims of his reign. As a result, Saddam's trial, which should have been the judgment of civilized society against a tyrant, is now seen by Iraq's Sunnis and much of the Arab world as a farce, reflecting only the victors' vengeance."

Newsweek (1/2, Dickey, 3.12M) reports President George W. Bush "was sleeping at 9 p.m. at his ranch in Crawford, Texas, when Saddam Hussein's body plunged through the trapdoor of a gallows in Kadhimiya Prison on the outskirts of Baghdad." But like the "war that overthrew him in 2003, the hanging of Saddam Hussein did not turn out as planned. Instead of a study in modern justice, the tyrant's end looked more like the result of a sectarian show trial. From Crawford, the only comment was a muted, written statement: no proclamation of 'mission accomplished,' just of 'an important milestone' after 'a difficult year for the Iraqi people and for our troops.' The best that could be said was that the trial was fairer than those Saddam gave his many enemies."

Saddam Played Central Role In Both Bushes' Presidency. In his Newsweek column (1/2), Howard Fineman says, "When the history is written, the saga of the Bushes and the Butcher of Baghdad will be a central thread of the family's story — and of America's at the millennium. It is not personal in the literal sense; neither President Bush ever met Saddam." But it is "'the Realists and the Neocons.' For both Bushes, dealing with Saddam became a way to measure presidential manhood -- and to express profoundly different views about the world."

Author Says Iraq Worse Off Than Three Years Ago. Author Mark Bowden writes in the Wall Street Journal (1/2, 2.04M), "I believe that in the long run people on this planet will embrace democracy and diversity, but we are not there yet. I still nurse hope that Iraqis will abandon blood feuds for compromise and a democratic future, but it appears to be a longer shot today than three years ago, and it was a bad bet then. Mr. Bush has staked his legacy on it. So, the tyrant is dead. We may have facilitated his bad end, but, sadly, violence, oppression and fear remain the time-tested ways of forging a nation state out of disparate parts."

WSJournal Says Execution Serves As Example To Dictators. In an editorial, the Wall Street Journal (1/2, A22, 2.04M) writes, "The debate over Iraq has become so poisonous that even the weekend death sentence for Saddam Hussein seems to have become morally controversial. So it's worth recalling that what happened early Saturday morning in Baghdad is that rare event -- justice for a tyrant after a fair and open trial." The world, it notes, "will have to endure future tyrants, but Saddam's hanging will have done some larger good if it gives even one of them pause to think he might suffer the same justice. Too often, faced with murderous dictators, the world's moralists demand that America 'do something' (Darfur, Bosnia) only to shrink from the reality of what that requires. In Iraq, President Bush did something. The 3,000 Americans who have given their lives in that noble mission have done so in a just cause that rid the world of a man who might have killed hundreds of thousands more."

Maliki's Shiite Alliances Seen As Undermining Ability To Unify Iraq. In a front page article, the Wall Street Journal (1/2, A1, Shishkin, 2.04M) reports that for Iraqi Prime Minister Nouri al-Maliki the execution of Saddam Hussein was "a crowning moment in a career defined by uncompromising hatred of everything Mr. Hussein had stood for. Now Mr. Maliki is supposed to rise above the sectarian chasm that has pitted Iraq's Sunni minority against his own Shiite branch of Islam. But as Iraq moves closer to full-scale civil war, a look at Mr. Maliki's history of Shiite activism suggests he is ill-prepared to be a true unifying figure." In a Dec. 24 interview, Maliki said, "The problem is that our Sunni brothers ruled Iraq for centuries because there was no democracy, no elections. Therefore, they feel that a right has been taken away from them." However, Maliki says he believes "reconciliation is still possible." But "another huge

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challenge facing Mr. Maliki is the rising power of Moqtada al-Sadr."

Iraqi Shiites Seek More Independence From American Backers. On its front page, the Washington Post (1/2, A1, Raghavan, 690K) reports Iraq's Shiites are "at a crossroads in their rise from oppression to power and in their relationship with the United States. In a nation riven by violence and competing visions, they feel as if they have been handed the keys to their house but never allowed to settle down. Bitter personality rifts have undermined their ability to govern. And they have yet to bridge the growing divide separating them from the Sunnis and further deepened by Hussein's execution on Saturday." As President Bush seeks a new strategy for Iraq, "many Shiites express deep mistrust of the United States and its intentions. In US efforts to engage Iraq's disaffected Sunnis, they perceive betrayal. And in US pressure to dismantle Shiite militias, they see an attempt to weaken their bulwark against Sunni insurgents." As a result, Shiite leaders "have begun to push harder for more independence from their American backers. Most recently, the government ignored US objections to hanging Hussein too hastily. He was executed four days after an appeals court upheld his death sentence."

Iraq Orders Closure Of TV Station. The AP (1/2, Torchia) reports, "The Iraqi government Monday ordered the closure of the Baghdad office of a Dubai-based television station whose newscaster wore black mourning clothes while reporting on the hanging of Hussein. A spokesman for the Interior Ministry said the Al-Sharqiya station, owned by a former chief of radio and television for Saddam, had incited violence and hatred in its coverage and had ignored warnings to stop. ... the order also followed criticism of the tone of Al-Sharqiya's coverage of Saturday's execution, which struck some as sympathetic to the ousted dictator."

US Raid Against Insurgents Kills 6 In Baghdad. The Washington Post (1/2, A10, Trejos, 690K) reports, "US forces killed six people during a raid on a suspected safe house of the insurgent group al-Qaeda in Iraq in the capital Monday morning, the military said." Saleh al-Mutlak, "a prominent Sunni member of parliament condemned the operation, saying that two of his buildings were destroyed and two of his bodyguards were killed in the attack. He said his bodyguards were not insurgents and questioned the point of the raid. ... In an e-mail response to written questions, the military disputed Mutlak's account, saying no civilians were killed or injured and that 'the terrorists killed were armed males firing at Coalition Forces.'"

The Los Angeles Times (1/2, Hennessy-Fiske, 850K) reports Mutlak also "charged that American forces and the Iraqi government were giving Shiite Muslim militias carte blanche while cracking down on Sunnis. He was still seething after watching videotape of Hussein's execution Saturday, at which guards taunted the deposed president with Shiite militia chants. Mutlak said he planned to meet with fellow Sunnis and members of various parliamentary blocs this week to discuss withdrawing from the government, which is led by Prime Minister Nouri Maliki, a Shiite."

IEDs Have Caused Over Third Of US Troop Deaths In Iraq. The Christian Science Monitor (1/2, Knickerbocker, 59K) reports, "Of the 3,000 American GIs lost in Iraq as of midday Sunday, more have been killed by roadside bombs -- improvised explosive devices (IEDs) -- than any other cause. More than by rifle fire, mortar attack, or car bomb. It's a danger that has bedeviled Pentagon war planners for months, one to which they've responded with a high-level task force headed by a retired four-star general, $6.7 billion in research and development, new high-tech equipment and vehicles, and - perhaps most important - intelligence efforts to get inside the decisionmaking of an insurgency that is sophisticated, if largely low-tech. If anything, the danger is increasing despite efforts to counter it." Improvised bomb attacks on US troops "now top 1,000 a month, four times the rate in 2004."

Roadside Bomb Changed Lives Of Survivors. USA Today (1/2, 6A, Zoroya reports in a human interest story on a March 6 IED explosion in Iraq: "The blast killed Pfc. Ricky Salas Jr. ... The blast that killed Salas left four other soldiers with wounds, physical or emotional, that may never heal." Among them is Spc. Jose Morales, who "suffered the worst injuries of those who survived. After nine months of convalescence, rehabilitation and physical therapy at Walter Reed Army Medical Center in Washington, D.C., he still struggles to walk with his prosthesis. ... Although some amputees remain in the Army, Morales is increasingly fearful he will be forced into medical retirement at age 25."

Salas' Family Traumatized By Loss. USA Today (1/2, 1A, Zoroya, 2.27M) reports, "At least 35% of [US casualties] died as Ricky Salas did: in IED explosions. In December, the deadliest month of 2006, at least 48 of 69 Army combat deaths were caused by roadside bombs. In all, 111 U.S. troops were killed last month. ... the Pentagon news release about Salas, 22, only hinted at the human cost of the March 6 explosion. No mention was made of the three other soldiers in the Humvee who were wounded in the blast. Also left unsaid were the stories of those the death toll fails to acknowledge: Salas' 22-year-old widow, the two small children she is left to raise alone, a mother emotionally adrift and a father who drowns his despair in alcohol."

US Urged To Allow More Iraqi Refugees To Enter America. In a front page article, the New York

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Times (1/2, A1, Tavernise, Worth, 1.16M) reports from Iraq, "With thousands of Iraqis desperately fleeing this country every day, advocates for refugees, and even some American officials, say there is an urgent need to allow more Iraqi refugees into the United States." State Department officials "say they are open to admitting larger numbers, but are limited by a cumbersome and poorly financed United Nations referral system." Meanwhile, Senator Edward Kennedy (D-MA), who is taking over the immigration, border security and refugee subcommittee, has planned hearings this month "on America's responsibility to help vulnerable Iraqis." Critics argue that the Bush administration has been "reluctant to create a significant refugee program because to do so would be tantamount to conceding failure in Iraq," adding that a "major change in policy could happen only as part of a broader White House shift on Iraq." The Times reports that State Department officials "say they are now open to increasing the number of refugee slots the administration formally requested for Iraqis in September." Assistant Secretary Ellen R. Sauerbrey "said the United States was hoping to identify the most vulnerable Iraqi refugees but was also dependent on the United Nations High Commissioner for Refugees to do that."

War Having Little Effect On "Much Of US." The Washington Post (1/2, A1, Tyson, White, 690K) reports in a front-page article on the impact of the death of Pfc. Ross McGinnis, who committed "a stunning act of self-sacrifice" by falling on a grenade. ... the casualties have rippled across the American psyche -- those close to the events have been profoundly moved, while those at some distance, the majority of Americans, have been largely unaffected. Concentric circles of loss spread outward, starting with grieving parents, spouses and children -- many so young they will not remember the father or mother who was killed in war. Families of the severely wounded face a future they never planned for and financial hardships they never imagined. In small towns, which supply much of the nation's fighting force, one death can send an entire community into mourning." An unnamed Special Forces veteran of Iraq says, "The fatal flaw was when right after September 11 the president asked everyone to go on with their lives. That set the stage for no one sacrificing." Also in the Washington Post (1/2, 690K), the parents of the late Spc. Ross McGinnis write about their grief: "Only time will take the edge off the knives that have wedged into our hearts."

Pop Music Said To Reflect War Fatigue. The New York Times (1/2, 1.16M) reports, "Beyond typical wartime attitudes of belligerence, protest and yearning for peace, in 2006 pop moved toward something different: a mood somewhere between resignation and a siege mentality. ... Unlike World War II, the current situation has brought little national unity; unlike the Vietnam era, ours has no appreciable domestic support for America's opponents. ... the current war has not inspired talk of generationwide rebellion (perhaps because there's no draft to pit young against old) or any colorful, psychedelically defiant counterculture. The war songs of the 21st century have been sober and earnest, pragmatic rather than fanciful."

CORPORATE SCANDALS:

Apple Options Probe Puts Two Former Officials In Spotlight. The Wall Street Journal (1/2, B11, Wingfield) reports, "Now that Apple Computer Inc. has disclosed further details of its internal probe into backdated stock options at the company, the spotlight is falling on two former executives implicated in the investigation, Fred Anderson and Nancy Heinen." The Journal continues, "While the Cupertino, Calif., company still hasn't publicly named the two former executives its investigation has blamed for improper options-granting practices, people familiar with the matter confirm the pair are Mr. Anderson, Apple's former chief financial officer, and Ms. Heinen, former general counsel and board secretary." The Journal adds, "Apple -- which cleared current management, including Chief Executive Steve Jobs, of wrongdoing on Friday -- has turned the results of its investigation over to the Justice Department and the Securities and Exchange Commission. Apple said in a filing Friday with the SEC that thousands of options grants between 1997 and 2002 were improperly dated. … Federal prosecutors are in the early stages of their examination of Apple's backdating practices, in a process that could take months." The Journal notes, "Within the clubby circles of Silicon Valley, Apple's allegations have caused a stir among people who know the former Apple executives. A person familiar with the matter says Apple may argue that, as financial chief, Mr. Anderson should have been responsible for proper accounting of backdated options. In Ms. Heinen's case, Apple believes it has evidence that Ms. Heinen, as board secretary, was aware of improper documentation that said a board meeting occurred in October 2001 to approve a big option grant to Mr. Jobs, when no such meeting occurred. … Until more specifics are known, associates of both executives say they are standing by them. Mr. Anderson also sits on the board of Internet auctioneer eBay Inc. and is chairman of its audit committee. Meg Whitman, eBay's CEO, said Mr. Anderson will remain in both positions despite the allegations in the Apple investigation."

NYTimes Urges More Action In Options Probes. The New York Times (1/2) editorializes, "The old year was certainly a boom one for American business, with record profits for companies and record bonuses on Wall Street. But

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in the background a major accounting scandal has quietly spread, now encompassing more than 120 companies. Fudging the grant date for stock options doesn't quite have the spotlight-grabbing immediacy of Enron's collapse, but it is still gaming the system at the expense of shareholders." The Times continues, "A study sponsored by Harvard Law School suggests that a large number of board members, instead of watching out for self-enriching tricks, were sharing in the lucre. As Eric Dash reported in The Times recently, the study found that board members at roughly 460 companies, around 1,400 outside directors, likely received stock options that were manipulated, unnaturally boosting their value. In other words, many directors saw their stock holdings goosed along with executives'. So much for independent oversight." The Times adds, "What is particularly disturbing is that the news of this malfeasance, far from leading to full-throated calls for investigation and punishment, has coincided with a broad-based effort from business advocates to roll back the stiffer regime of enforcement devised in the wake of Enron and WorldCom. … Some logical tweaks were needed. The Justice Department's prosecution tactics in corporate cases had become a little too aggressive, and small companies deserved a break on requirements under the Sarbanes-Oxley law — a reform inspired by the malfeasance of large, complicated companies. But the relaxation of a few miscalibrated, onerous provisions is where this effort should end."

State Regulators Question Banks' Perks To Hedge Fund Traders. The New York Times (1/2, 1.16M) reports on the "hedge fund hotel" run by "giant Swiss bank" UBS, in which Boston hedge fund traders are allowed to live, "as a temporary home, complete with receptionists, espresso machines and consultants to help manage their information systems. In return, the banks hope the hedge fund hotel guests may become big clients." Massachusetts secretary of state William F. Galvin has subpoenaed UBS and other banks in an investigation into whether the practice is at odds with the interests of investors. "While the state investigation is in a preliminary stage and may not lead to any specific charges, at its heart is a thorny issue that has dogged regulators for decades. Money managers, including mutual funds and hedge funds, often pay Wall Street with 'soft dollars,'" which "are controversial because clients pay for the higher commissions, while the services often benefit the manager the most. Higher commissions result in greater expenses for the fund and potentially lower returns for investors."

Shareholder Control Of Corporations Derided. In a op-ed in the Wall Street Journal (1/2, A23, 2.04M) titled, "The 'Corporate Democracy' Oxymoron," Henry G. Manne, Dean Emeritus of the George Mason University School of Law, writes, "They're back! Every 20 or 30 years shareholder democracy ideas come back in vogue, and their time seems to have arrived again -- with a vengeance. The SEC is huddling on whether to facilitate direct shareholder nomination of directors through a new interpretation of its shareholder proposal rule. … But, as has been demonstrated time and again, the modern corporation is a market creation, not a political one. Hardly any aspect of 'capitalism's greatest invention' cannot be explained by reference to the market forces that caused it to evolve as it has. Indeed, there is probably no aspect of modern state corporation laws, including limited liability, 'personhood' and perpetual existence, that could not have evolved (albeit a bit more expensively) in a purely contractual, common law milieu. So it is with the selection of managers."

NYTimes Defends Sarbanes-Oxley. The New York Times (1/2, 1.16M) editorializes on the "major accounting scandal" surrounding some 120 US companies, noting that "fudging the grant date for stock options doesn't quite have the spotlight-grabbing immediacy of Enron's collapse, but it is still gaming the system at the expense of shareholders." The Times notes that this scandal has emerged even as business leaders have worked to "roll back" new restrictions under the Sarbanes-Oxley law, and while acknowledging that some "logical tweaks were needed" in the new regime, concludes, "But the relaxation of a few miscalibrated, onerous provisions is where this effort should end."

CRIMINAL LAW:

Reporters Will Be Key Witnesses In CIA Leak Case. The AP (1/2, Apuzzo) reports, "Some journalists who made careers out of questioning government officials and bearing witness to history may soon find themselves answering questions from prosecutors as key witnesses in the CIA leak case." The AP continues, "Ten or more reporters from some of the most prominent news organizations could be called to testify in the perjury and obstruction case of former White House aide I. Lewis 'Scooter' Libby. It's rare enough for reporters to become witnesses. But the Libby case is even more unusual because journalists will be dueling witnesses – some called by the defense team, some by prosecutors. … 'It will be unprecedented and, as far as I'm concerned, horrifying,' Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said of the case, for which jury selection begins in two weeks." The AP adds, "Prosecutors want to show that Libby lied to investigators about his conversations with journalists

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regarding outed CIA officer Valerie Plame, and they are expected to rely on former New York Times reporter Judith Miller, Time magazine reporter Matthew Cooper and NBC Washington bureau chief Tim Russert to make their case. … Libby, the former top aide to Vice President Dick Cheney, has said he had no reason to lie and simply didn't remember those conversations. His attorneys have said they will call as many as seven unidentified journalists to testify about their conversations with Libby to bolster his case. … The Libby case has rankled news agencies for nearly three years, since Special Prosecutor Patrick Fitzgerald began subpoenaing journalists to testify before a grand jury. Fitzgerald said it was the only way he could thoroughly investigate whether any laws were broken."

DOJ Pushes For Access To Internet Records In Child Porn Probes. The Minneapolis Star Tribune (1/2, Reinan) reports, "The federal government wants your Internet provider to keep track of every website you visit. … For more than a year, the U.S. Justice Department has been in discussions with Internet companies and privacy rights advocates, trying to come up with a plan that would make it easier for investigators to check records of Web traffic." The Tribune continues, "The idea is to help law enforcement track down child pornographers. But some see it as another step toward total surveillance of citizens, joining warrantless wiretapping, secret scrutiny of library records and unfettered access to e-mail as another power that could be abused. … 'I don't think it's realistic to think that we would create this enormous honeypot of information and then say to the FBI, "You can only use it for this narrow purpose,"' said Leslie Harris, executive director of the Center for Democracy & Technology, a Washington, D.C.-based group that promotes free speech and privacy in communication. … 'We have an environment in which we're collecting more and more information on the personal lives of Americans, and our laws are completely inadequate to protect us.'" The Tribune adds, "So far, no concrete proposal has emerged, but U.S. Attorney General Alberto Gonzales has made it clear that he'd like to see quick action. … In September testimony before a Senate committee, Gonzales painted a graphic and disturbing picture of child pornography on the Web, which he called an urgent threat to children. The production and consumption of child pornography has exploded as the Internet makes it easier to exchange images, Gonzales said. … But federal agents and prosecutors are hampered in their investigations because Internet companies don't routinely keep records of their traffic, he told the committee. … Gonzales also pushed for Internet records tracking in an April speech at the National Center for Missing and Exploited Children."

Democrats Tie Violent Crime Spike To Decreased Federal Law Enforcement Funding. Newsweek (1/8, Isikoff, Murr) reports, "A recent surge in violent crime is creating anxiety at the Justice Department and posing potential political problems for the Bush administration. The 3.7 percent rise for the first six months of 2006, cited in a new FBI report, was greater than expected and included a 9.7 percent spike in robberies. (Minneapolis and Oakland, Calif., saw jumps of more than 30 percent.) Police groups say the surge comes at the same time the White House has drastically cut aid for state and local law enforcement programs. 'We don't have the support from Washington,' says Los Angeles Police Chief Bill Bratton. Government figures show the FBI has shifted agents off standard criminal cases to work counterterrorism; the bureau has 994 fewer criminal case agents than it did on September 11, 2001—an 18 percent drop. (A Justice Department rep says it's 'highly unlikely' the crime increase is tied to federal funding, but they've dispatched teams to investigate.) The numbers have caught the attention of top Democrats on Capitol Hill. 'If you look at the figures, they're pretty striking,' says one Democratic aide, who is not authorized to speak publicly about policy. In a recent letter to FBI Director Robert Mueller, Judiciary Committee member Sen. Dianne Feinstein called the crime increases 'alarming.'"

NYC Crime Rates Continues To Drop, But Homicides Increase. The New York Times (1/1, Buckley) reports, "In New York City, rapes, robberies and assaults, among other crimes, continued to decline last year, prompting the Police Department's top official to herald 2006 as a very good year. Homicides, however, climbed 10 percent in the city, reversing a much-hailed decrease. 'We'd like to see no homicides. The reality is we're going to have them,' said Police Commissioner Raymond W. Kelly. 'I think this is a very good year.' He called the increase in killings in 2006 all but negligible compared with 1990, a year with one of the highest homicide rates in recent history. That year, crack-fueled violence soared, and 2,262 people were killed. Last year there were 579 killings citywide as of Dec. 24, an increase of 52 homicides over the same period in 2005. Yet overall crime last year was down 5 percent. The number of reported rapes declined by 7.4 percent to 1,486, subway crime plunged 13 percent and auto theft fell 11.4 percent. The police said the year's jump in homicides was rooted largely in an unusually high number of 'reclassified' deaths, deaths linked to injuries incurred in months or years past. There were 38 reclassified homicides in New York last year, compared with 21 in 2005. … Myriad factors account for New York's continuing decline in crime overall, the police and criminologists say. They cited more effective policing, shifting drug patterns and the lowest unemployment rate in 30 years. Yet what is puzzling, one expert said, is that overall crime is dropping even as New

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York becomes an increasingly polarized city, with haves and have-nots often living side by side in luxury condominiums and public housing."

Houston Mayor Blames Katrina Evacuees For Murder Rate Jump. The AP (1/2) reports, "The number of murders last year in Houston hit a 12-year high and increased by 13.5 percent over 2005, figures the mayor attributes in part to the arrival of evacuees from Hurricane Katrina. Houston had 379 homicides in 2006. That was the most since 1994, when 419 murders were reported, police said. In 2005, the city had 334 homicides. Mayor Bill White pointed to Hurricane Katrina evacuees from New Orleans as one reason for the increase. 'We did have a surge in population from a city where the homicide rate is eight times the national average,' White said. Houston's population increased by 148,000 people in 2006, many of them Katrina evacuees, according to the city's planning department. The swelling population helped keep Houston's homicide rate relatively steady, rising from 16.33 victims per 100,000 residents in 2005 to 17.24 victims in 2006. Nationally, the murder rate increased by 1.4 percent last year, according to FBI figures. Some experts disagreed with White's characterization, pointing to national trends indicating rising rates of violent crime. … Other types of violent crime dropped in Houston in 2006, police said. Robberies, rapes, aggravated assaults, burglaries, thefts and stolen cars dropped between 2 percent and 9 percent when compared with 2005 statistics."

Columbus Sees Slight Decrease In Homicides. The Columbus (OH) Dispatch (1/2, Decker) reports, "Homicides in Ohio's other big cities jumped last year, but slayings in Columbus ebbed slightly." The Dispatch continues, "Columbus police say 2006 ended with 102 killings, two fewer than in 2005. There were 88 in 2004. … Lt. James S. Schrader, a homicide squad supervisor, said the unit had feared that 2006 would surpass the previous year's surge, but the slayings slowed as the year ended. … 'In the last two months, they've leveled off considerably,' he said." The Dispatch adds, "Meanwhile, killings in Cleveland and Cincinnati soared. .. Homicides in Cincinnati topped its 2005 total of 79 by early December. By yesterday, the number had risen to 85, the most victims since police started keeping reliable records in 1950. Cleveland homicides have risen from 78 in 2004 to 109 in 2005 to, as of Saturday, 119 in 2006, the deadliest year in a decade, according to FBI and local statistics. … Nationally, slayings climbed in other cities after a decade of relative peace following the crack-cocaine-driven slaughter of the late 1980s and early 1990s."

Homicides Increase In Seattle. The Seattle Post-Intelligencer (1/2, Castro, Gutierrez) reports, "The increasing number of homicides has ended a steady decline in violent crime that so many large American cities, including Seattle, enjoyed during the past decade. Nationally, the number of murders increased 1.4 percent over the same period in 2005, FBI statistics show. … Seattle, still one of the nation's safest cities, has not been immune to recent crime trends. Although 2006's final statistics weren't yet available, they were expected to show that Seattle's violent crime rate rose, perhaps 1 percent over 2005. In 2005, violent crimes jumped 8 percent over the previous year." The P-I adds, "Assaults involving firearms in Seattle, something Seattle police began tracking in 2004, have climbed 37 percent since then through the end of November. … Driving up this year's homicide rate was Kyle Huff's mass shooting at a Capitol Hill home in March that shocked the community. Four months later, another gunman forced his way into the Jewish Federation of Greater Seattle downtown office and shot six people, killing one. … Tose slain in Seattle this past year included a man stabbed to death by his sister's estranged husband, and a cabdriver caught in the cross fire when a woman in a brawl began shooting. … The oldest was 60. The youngest was 14. Three were beaten to death. Four were stabbed."

DC-Area Homicides Fall Sharply. The Washington Post (1/1, A01, Klein) reports, "Homicides dropped sharply in the Washington region in 2006, with the District reaching a 21-year low and Prince George's County showing a significant decrease after an alarming year of bloodshed." The Post continues, "The District recorded 167 killings -- a 15 percent drop from the 196 slayings in 2005. Prince George's had 134 killings last year, compared with a record 169 in 2005. … Overall, 417 homicides occurred in the Washington area last year, down by about 10 percent from 2005, when there were 462 killings. About half of the cases have been solved." The Post adds, "The decline comes as violence rises nationwide. Reports of homicides, assaults and other violent offenses rose by nearly 4 percent in the first six months of 2006, compared with the same period in 2005, according to a recent FBI report. … Crime analysts said the Washington area's drop most likely is tied to a variety of factors, including economic gentrification, population shifts, more effective policing strategies and the jailing of violent predators. They also warned that crime is still quite high in some parts of the region. … The national rate of killings for mid-size cities the size of Washington is about 14 per 100,000 people, according to FBI statistics. The rates of the region's urban areas are higher: 29 per 100,000 in the District and 15 per 100,000 in Prince George's."

Columnist Decries Black-On-Black Homicides. In his column for USA Today (1/2, 9A), DeWayne Wickham writes, "Kevin West's murder was the 260th homicide this year in Baltimore — a city in which virtually all of the murder victims and those arrested for murder are black. On the same day that he was gunned down, tens of thousands of demonstrators marched down Fifth Avenue in New York to protest the Nov. 25 killing of another black man. Sean Bell

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was felled by a hail of police gunfire moments after he and two friends left his bachelor party early on the morning of the day he was to have been married." Wickham continues, "Just why the cops fired on the unarmed men is unclear. Bell's death drew the scorn of civil rights leaders and black activists, many of whom took part in the march. West's killing has generated no such attention. … And that makes me made as hell." Wickham adds, "As troubling as it is that Bell's life might have been cut short by the unlawful actions of some rogue cops, it bothers me more that most of this nation's black murder victims are killed by other blacks. And despite this chilling fact, nowhere have tens of thousands of people taken to the streets recently to protest this carnage. Not in New York, or Baltimore, or Atlanta, or Detroit, or Chicago. Nowhere. … Of the country's 14,860 homicide victims in 2005, 7,125 were black, according to the FBI's Uniform Crime Report. And of the 3,289 cases that year in which a single black was killed by a single assailant, the FBI says, 91% of the killers were black. … Let me put this another way: The number of blacks killed in 2005 in this one homicide category alone approaches the total of all the blacks lynched in this country from 1882 to 1968, according to records maintained by Tuskegee University." Wickham concludes, "The ripple effects of black-on-black killings have turned many inner city neighborhoods into urban wastelands, chased businesses from those communities, fueled a growth in other crimes and sapped the resources of local governments. .. .As mad as black folks have a right to be over the killing of Sean Bell, we ought to be angry over the failure of black leaders to be equally outraged over the murder of Kevin West — and the thousands of blacks who are killed each year by other blacks."

Aryan Brotherhood Prosecution Relies On Inmate Informants. The Los Angeles Times (12/30, Mozingo) reports, "Thick neck twitching, eyes drifting out of sync, Clifford Eugene Smith is not the most credible of witnesses: He says he is a 'drug fiend,' estimates having murdered 'about' 20 inmates over the years and lies on the stand so often that he recently committed perjury about committing perjury. Yet for the second time this year, federal prosecutors called Smith, 53, to testify against members of his former prison gang, the Aryan Brotherhood. In this go-round, prosecutors charge that Robert 'Blinky' Griffin, 58, and John 'Youngster' Stinson, 52, ordered a series of murders in an effort to create a more powerful, disciplined criminal organization and to expand drug and extortion rackets. The case went to a jury in Los Angeles on Dec. 19. The obstacle for the government, as evidenced by Smith's volatile and often colorful testimony, is that the only people who can testify about the gang's inner workings are hulking, tattooed miscreants who might scare the jurors more than the defendants. By contrast, Stinson looked downright scholarly in court, typing on a laptop, thin and pale with a whitening goatee and tortoiseshell glasses. Griffin, in sweater vests and crisp white tennis shoes, chatted amiably with his two attorneys."

Granting Of Police Power To Security Firms Draws Criticism. The Washington Post (1/2, A4, Goldstein) reports from Raleigh, NC, "Kevin Watt crouched down to search the rusted Cadillac he had stopped for cruising the parking lot of a Raleigh apartment complex with a broken light. He pulled out two open Bud Light cans, an empty Corona bottle, rolling papers, a knife, a hammer, a stereo speaker, and a car radio with wires sprouting out. … 'Who's this belong to, man?' Watt asked the six young Latino men he had frisked and lined up behind the car. Five were too young to drink. None had a driver's license. One had under his hooded sweat shirt the tattoo of a Hispanic gang across his back. … A gang initiation, Watt thought." The Post continues, "With the sleeve patch on his black shirt, the 9mm gun on his hip and the blue light on his patrol car, he looked like an ordinary police officer as he stopped the car on a Friday night last month. Watt works, though, for a business called Capitol Special Police. It is one of dozens of private security companies given police powers by the state of North Carolina -- and part of a pattern across the United States in which public safety is shifting into private hands." The Post adds, "Private firms with outright police powers have been proliferating in some places -- and trying to expand their terrain. The 'company police agencies,' as businesses such as Capitol Special Police are called here, are lobbying the state legislature to broaden their jurisdiction, currently limited to the private property of those who hire them, to adjacent streets. Elsewhere -- including wealthy gated communities in South Florida and the Tri-Rail commuter trains between Miami and West Palm Beach -- private security patrols without police authority carry weapons, sometimes dress like SWAT teams and make citizen's arrests." The Post notes, "Private security guards have outnumbered police officers since the 1980s, predating the heightened concern about security brought on by the Sept. 11, 2001, attacks. What is new is that police forces, including the Durham Police Department here in North Carolina's Research Triangle, are increasingly turning to private companies for help. Moreover, private-sector security is expanding into spheres -- complex criminal investigations and patrols of downtown districts and residential neighborhoods -- that used to be the province of law enforcement agencies alone."

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CIVIL RIGHTS:

HUD, Baltimore To Pay $300,000 In Civil Rights Case Legal Fees. The Baltimore Sun (1/2, Siegel) reports, "The city and the federal government have agreed to pay nearly $300,000 to lawyers representing black Baltimore public housing residents - the latest installment of legal fees in a long-running civil rights case." The Sun continues, "The payments - $236,744 from the city and $53,427 from the federal government - are being made to the American Civil Liberties Union of Maryland and the private firm of Brown, Goldstein & Levy for monitoring a partial consent decree in the case during a two-year period from July 1, 2002, through June 30, 2004, according to court documents." The Sun adds, "City officials say this bill brings the total they have paid out in the case to the ACLU, Brown, Goldstein & Levy and another private firm no longer involved in the case to $1.5 million. … In addition, officials say they have paid $5.1 million since 1998 to the local firm of Whiteford, Taylor & Preston to defend the city against allegations of discrimination." The Sun notes, "LA spokesman for the Justice Department could not say how much the federal government has paid to plaintiffs' lawyers in the case, but court records indicate it is about $500,000. The Justice Department has used lawyers from its civil division to represent the U.S. Department of Housing and Urban Development. … Under the terms of the decree that allowed the old family public housing high-rises to be redeveloped as mixed-income communities, the city and the federal government agreed to provide some 2,200 units for public housing residents in mostly white middle-class areas of the city and the suburbs by the end of 2002."

Racial Tension Sparks Melee At California Prison. The Los Angeles Times (1/2, Mozingo) reports, "The weekend riot at Chino state prison erupted after two inmates — a Latino and an African American — began fighting in a recreation yard, and others, watching from surrounding dormitories, followed suit, clashing along racial lines that have racked the state prison system for decades, prison officials said Sunday. About 200 inmates took part in the 90-minute riot Saturday morning, out of the more than 1,000 inmates housed in the dorms where the fighting occurred, said prison spokesman Lt. Mark Hargrove. … Investigators have no information that the Mexican Mafia prison gang was behind the attack, or that it was meant to precipitate a race war in the prison system, Hargrove said. Wardens across the state were told to monitor activities closely, but only Chino was locked down. Of the 27 inmates taken to hospitals Saturday, 20 were released back to Chino. The prisoner thought to be the most seriously injured suffered a stab wound, a broken jaw and a laceration to the head, and was recovering in the prison hospital. Corrections officials said they had cleaned up much of the mess by Sunday. A majority of the windows in the five dorms were shattered, Hargrove said. 'They were throwing shards of glass,' he said. … Hargrove said prisoners are not normally separated by race in that facility — except after a riot like Saturday's. The facility is 27% black, 31% white, 39% Latino. Of the 27 injured, 24 were African American, including all seven of those still hospitalized."

Shalikashvili Calls For End To "Don't Ask, Don't Tell." In an op-ed in the New York Times (1/2, 1.16M), former Joint Chiefs Chairman John M. Shalikashvili writes that congress is considering legislation to repeal the US military's "don't ask, don't tell" policy regulating the service of gay personnel as part of the drive to increase the size of the armed forces. "The debate must be conducted with sensitivity, but it must also consider the evidence that has emerged over the last 14 years. When I was chairman of the Joint Chiefs of Staff, I supported the current policy because I believed that implementing a change in the rules at that time would have been too burdensome for our troops and commanders." However, "last year I held a number of meetings with gay soldiers and marines, including some with combat experience in Iraq, and an openly gay senior sailor who was serving effectively as a member of a nuclear submarine crew. These conversations showed me just how much the military has changed, and that gays and lesbians can be accepted by their peers." Shalikashvili notes his belief that the policy's repeal is inevitable, concluding that when it is lifted, "gay men and lesbians will no longer have to conceal who they are, and the military will no longer need to sacrifice those whose service it cannot afford to lose."

WPost Calls For Further Investigation Into FL13 Voting. The Washington Post (1/2, A16, 690K) editorializes on the troubled election to choose the replacement of former FL13 Rep. Katherine Harris (R), in which "a mere 369 votes decided the race in favor of" Vern Buchanan (R), and in which rival Christine Jennings (D) has filed suit contesting the result based on a number of irregularities attributed to electronic voting machines. The Post argues that it is understandable "that there is a tendency to want to move on. But it would be wrong to let such impatience decide the case." Jennings and her supporters "sought access to the voting machines' 'source code' so that an outside expert could conduct an independent review under strict conditions set by a court monitor. Unfortunately, a Florida judge denied the request last week, partly because the information is proprietary. More than a winning commercial formula is at stake here. Hopefully the appeals court will see that the public good would be well served by

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getting to the bottom of this case. If not, the dispute is headed for what probably will be a very ugly -- and ultimately unsatisfying -- outcome in the House of Representatives."

ANTITRUST:

FCC Commissioner Calls AT&T-BellSouth Deal "Breakthrough" For Consumers. USA Today (1/2, 7B, Cauley) reports, "The Federal Communications Commission's handling of the $85 billion AT&T-BellSouth merger sets a 'new baseline' for protecting the interests of consumers, FCC Commissioner Jonathan Adelstein said in an interview over the weekend." USA continues, "The FCC's approval of the merger on Friday allowed the deal to close immediately. To secure the FCC's blessing, AT&T agreed to a list of consumer-friendly concessions. Among them: For the next 30 months, AT&T agreed to sell 'naked' DSL — meaning consumers don't have to buy any other service from AT&T to get the DSL service — for just $19.95 a month. That's less than half the $44.95 that AT&T now charges." USA adds, "AT&T also agreed to a 'net neutrality' provision that will require the company to treat all broadband services, its own as well as rivals', equally for the next two years. That means AT&T can't favor its own traffic, in terms of transmission speed and quality. … In addition, AT&T agreed to sell some unused wireless spectrum. That could enable a new rival to enter the market, creating more options for consumers." USA notes, "Adelstein called the settlement a 'breakthrough' for consumers in that it establishes a new standard of behavior for the USA's communications giants. Big companies such as AT&T and Comcast 'have told the FCC that they can't live with a net neutrality provision in place,' Adelstein said. 'They can.' … The fact that AT&T agreed to such an aggressive net neutrality clause proves that, he said."

WSJournal Laments Inclusion Of "Net Neutrality" In AT&T-BellSouth Merger. The Wall Street Journal (1/2, A22, 2.04M) editorializes that AT&T CEO Edward Whitacre "was right" to call "Net neutrality" policies "nuts," and derides him for allowing "the two Democrats on the Federal Communications Commission" to require the adoption of such policies into the recent AT&T merger with BellSouth, continuing, "The more important question in this episode is political: Have we been watching a return of the Old Democratic habit of using rhetoric about 'equity' and 'justice' as a front for carrying water for certain business interests over others?" The Journal argues that "Internet users will benefit most from the rapid rollout of broadband, which requires letting companies get a return on their investment. Net neutrality is all about imposing price controls that shake down one corporate player for the benefit of another."

WSJournal Praises FCC For Easing Bells' Entry Into Cable TV Markets. In a companion piece, the Wall Street Journal (1/2, A22, 2.04M) editorializes "And speaking of the FCC (see above), we think it deserves full marks for its ruling last month that will make it easier for phone companies to enter the cable television business. The usual suspects are crying foul, but this is a decision that really will help millions of consumers who are currently paying cable rates dictated by anticompetitive video franchise agreements. For decades the incumbent cable TV providers enjoyed a virtual monopoly in most markets. Of late, the Bells have been attempting to crash this party with their own video offerings, but they're facing all kinds of barriers to entry." The Journal notes that municipalities are pressuring the phone companies to offer community perks in exchange for franchise approval, and "with some 30,000 local communities out there for the Bells to win over, all this nickel-and-diming adds up."

Tribe's Purchase Of Hard Rock Café Challenged. The Financial Times (1/2) reports, "The Seminole tribe's acquisition of the Hard Rock Cafe was plunged into controversy when Cordish, a US real estate developer, filed a lawsuit claiming it was shut out of the auction for the restaurant chain." The Times continues, "Cordish submitted documents to a Florida court late on Friday alleging that Hard Rock and Hamish Dodds, its chief executive, colluded with the Native American tribe to reduce competition in exchange for assurances that Mr Dodds would continue to run the company after the deal." The Times adds, "Baltimore-based Cordish said it had repeatedly expressed an interest in bidding but was denied access to Hard Rock's books for due diligence. The developer has already filed a suit against Merrill Lynch, the investment bank that ran the auction on behalf of Rank, the British gaming group that owns Hard Rock. … The move by Cordish comes as Rank shareholders prepare to meet next week to vote on the sale of Hard Rock for $965m." The Times notes, "The outcome is far from clear, after some analysts expressed disappointment with the price obtained in the deal. … Although it is common for shareholders to file suits against companies claiming that they might not have maximised value, it is far less common for a rival bidder to claim it was unfairly excluded from an auction."

ENVIRONMENT:

Arlington Begins Push To Curb Greenhouse Gas Emissions. The Washington Post (1/2, A1, Gowen, 690K) reports Arlington County, Va., "will buy more wind-generated electricity, give tax breaks for hybrid cars, require new public buildings to be green-certified and hand out

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energy-efficient light bulbs to residents as part of a major push toward reducing greenhouse gas emissions, county officials said yesterday. The county has reduced carbon dioxide and other emissions -- making its buildings more energy-efficient and adding hybrid vehicles to its fleets -- by a total of 2.6 percent since 2000, but must now sharply increase its efforts in order to reach its goal of a 10 percent reduction in the next five years, Arlington County Board Chairman Paul Ferguson (D) said yesterday." Ferguson "said he was inspired to launch the environmental initiative after seeing Al Gore's recent documentary, 'An Inconvenient Truth.'"

LATimes Backs Preservation Of Salton Lake. The Los Angeles Times (1/2, 850K) editorializes, "The Salton Sea is an accident of man and an insult to nature, an artificial lake so rank that its rotten-eggs odor often overwhelms its sparkle, an unnatural blunder with too much salt and too many dead fish. It must be saved. If only it were that easy. The lake, created in 1905 when a badly built canal diverted Colorado River water to a depression in the desert straddling Riverside and Imperial counties, is drying up and in danger of extinction. Yet if the Salton Sea were to dry up entirely, the ensuing dust storms would pollute the Coachella Valley air with toxins now underwater. The sea also is a habitat for an endangered species of fish and a vital stopping ground for 400 species of birds." The Times calls for the state to utilize the most inexpensive plan to preserve the lake.

FBI/DEA/ATF/USMS:

Colorado Meth-Related Arrests Said To Have Crushed Drug Ring. Calling it a top story for 2006, the Grand Junction (CO) Sentinel (12/31) reported local law enforcement agencies and the DEA "made a decisive blow against the methamphetamine epidemic when they arrested 31 local methamphetamine dealers and runners between January and March. The arrests effectively crushed western Colorado's largest meth distribution network to date, which by some estimates provided more than 70 percent of Mesa County's methamphetamine. … The ring's methamphetamine operation was credited with fueling, in part, the surging number of drug and property crimes that have plagued Grand Junction and its surrounding communities in recent years."

Washington State Marijuana Seizures Lead To More Than 340 Arrests. The AP (12/30) reported, "As 2006 draws to a close, drug-enforcement officials in Washington say they have destroyed more than 130,000 marijuana plants this year as part of a joint state and federal eradication effort. The federal Drug Enforcement Administration says that's nearly the same as last year, when a record 135,000 plants were destroyed. This year's seizures have led to more than 340 arrests and 190 weapons seizures." The Seattle Post-Intelligencer used the AP story.

Wyoming Meth Investigation Leads To 15 Guilty Pleas. The Wyoming Tribune (12/31) reported on a drug-ring investigation that it lists among last year's top stories. The Tribune wrote that law enforcement officials "arrested nine people in March in connection with the drug ring and were looking for three more people. The suspects…had apparently been running the drug ring since the previous June. They traveled to the Denver area to pick up methamphetamine and sold it from homes and hotel rooms in Cheyenne. … Fifteen suspects had pleaded guilty in May, July, August and September. Five more were awaiting jury trials."

In Kentucky, Seizure Indicates Possible Rise In Heroin Use. The AP (12/30) reported heroin "is re-emerging in the Louisville area, the result of Mexican drug-traffickers marketing to a new generation," according to federal authorities. Since July, a drug task force of federal and local police has confiscated more than two pounds of heroin with a street value of about $200,000, including two pounds recently in nearby Charlestown, Ind. Such amounts were unheard of in recent years, Tony King, resident agent in charge of the U.S. Drug Enforcement Administration office in Louisville, told The Courier-Journal." An annual National Drug Threat Assessment report "released in October said Mexican heroin circulating in western states was spreading east of the Mississippi."

The Louisville (KY) Courier-Journal (12/30) reported officials "say heroin cases are increasing in Southern Indiana and Northern and Central Kentucky. In Indianapolis, 12 defendants await trial in U.S. District Court on charges of participating in a major heroin distribution ring."

Medical Marijuana Debate Continues In California. In "26 memories of 2006," the Palm Springs Desert Sun (12/31) wrote that the "debate over legalized medicinal marijuana came to the valley's three dispensaries. Federal agents, armed with a warrant, searched a safe deposit box belonging to a Palm Desert medical marijuana dispensary in June, prompting accusations of harassment from the dispensary's owner. … A spokeswoman for the U.S. Drug Enforcement Administration's Los Angeles office declined to comment, citing an ongoing investigation."

Dispensary Sales Seen As High-Stakes Drug Dealing. The Los Angeles Times (1/1, Tempest) reported the federal drug agency, which "does not recognize California

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laws legalizing the sale of marijuana to patients with doctor's prescriptions, contends the amount of money involved proves that the medical marijuana trade is nothing more than high-stakes drug dealing, complete with the same high-rolling lifestyles. 'These people will tell you they are just interested in the terminally ill,' said Gordon Taylor, DEA special agent in charge of the California eastern federal district, 'but what they are really interested in is lining their pockets with illegal drug money. When you pull the mask off, you see that they are nothing more than common dope dealers.'"

Citing the Los Angeles Times story, the Washington Times/UPI (1/1) reported larger California marijuana dispensaries "claim they are being unfairly targeted by the U.S. Drug Enforcement Agency. Among them is Shon Squier, 34, of Hayward, Calif., whose major storefront operation was shut down last month by the DEA, which also froze bank accounts containing $1.5 million and confiscated several expensive cars, motorcycles and $200,000 in cash."

LATimes Retraces Racketeering, Ecstasy Investigation. The Los Angeles Times (12/29, Mozingo) reported on a racketeering case and wrote that confidential informants "told the Drug Enforcement Administration that Ecstasy traffickers used [Hal] Waknine's postal business to launder millions of dollars. In a single transaction, he allegedly received $11 million to launder," an affidavit by a DEA agent said. An informant "said Waknine also boasted of using his mother's company, Silhouette Paris in Studio City, 'to import MDMA [Ecstasy] in the shoulder pads of women's apparel.'" Waknine was "sentenced…to 10 years in federal prison, a year more than prosecutors were asking."

In Afghanistan, Private Militias Said To Take Orders From Drug Traffickers, Warlords. In Shahr-i-Safa, the Los Angeles Times (12/31, Watson) reported, "It is the hashish harvest season, and marijuana plants as big as Christmas trees are stacked by the thousands against mud-brick homes, curing in the sun. Villagers scrape the gooey resin, which is pressed into blocks and exported along the same routes that move the opium used to produce heroin, a big source of the insurgents' income. Hundreds of gunmen prowl the Ring Road in Helmand. They are members of private militias who take orders from local warlords and drug barons and operate illegal checkpoints, mostly to squeeze money from truck drivers."

FBI Investigating Pipe Bomb Found At Louisiana Church. The Baton Rouge Advocate (1/2) reports, "FBI crime scene investigators returned today to Erwinville Baptist Church to collect evidence from the pipe bomb that was safely detonated by officials outside the church Sunday night. FBI investigators collected debris and combed the area for evidence, West Baton Rouge Parish Sheriff Mike Cazes said. The debris will be sent to the FBI's crime lab in Quantico, Va. The pipe bomb was found by deputies outside the church, along La. 413, south of U.S. 190, at 5:19 p.m. Sunday, authorities have said. The pipe bomb was safely detonated by the Louisiana State Police's Hazardous Material Unit around 9 p.m. Sunday The FBI is handling the investigation, Cazes said."

Birnbaum Says NRA's Warnings Little More Than Fundraising Ploy. Columnist Jeffrey H. Birnbaum writes in the Washington Post (1/2, A15, 690K), "In lobbying, a threat is good for business, whether it's genuine or not," which "might help to explain the dire warnings being issued by the National Rifle Association as the Democrats prepare to take control of Congress this week." Birnbaum notes that the NRA "is displeased with the voting histories of Speaker-elect Nancy Pelosi (Calif.) and other top Democrats in the House and is putting them on notice that it won't tolerate passage of anti-gun measures. The only problem: No one expects gun legislation this year. … No matter. The NRA is on high alert, and its latest weapon is a pamphlet designed to send its members into fits of paranoid rage and to inspire them to open their wallets." A draft of the pamphlet "lashes out at such icons of the left as investor George Soros, Sen. Hillary Rodham Clinton (D-N.Y.) and Pelosi," depicting them "as part of 'a marching axis of adversaries far darker and more dangerous than gun owners have ever known.'" Peter Hamm, spokesman for the Brady Campaign to Prevent Gun Violence "also said he does not believe Congress will take up and pass major gun legislation anytime in the near future. Still, the pamphlet asserts that 'towering waves of this coming storm are already crashing on our doorsteps.' … So beware -- and make your checks payable to the NRA!"

TAX:

State Legislatures Aim To Lessen Property Tax Burden. The Washington Times (1/2, Hurt, 88K) reports, under the headline, "States With High Taxes Try To Tackle Burden," "Americans are paying more property taxes today than ever before, and several states, including New Jersey and New York, will attempt to lessen the growing burden on homeowners in upcoming legislative sessions." The Times notes that that "rocketing" property tax rates, "fueled by the rapid increase in residential home prices, are being closely watched by anti-tax advocacy groups such as Americans for Tax Reform."

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CONGRESS-ADMINISTRATION:

Democrats To Start Session With "Modest Issues," Shunning GOP Input. The Los Angeles Times (1/2, Levey, 850K) reports, "When Democrats take power on Capitol Hill this week, House leaders will kick off their legislative campaign with a lightning-fast 100-hour agenda. But there won't be a revolution." In "marked contrast to the Republicans who swept into the majority in 1994," incoming House Speaker Nancy "Pelosi and her legislative allies are not planning to amend the Constitution or eradicate federal agencies. Instead, their initial legislative foray will focus on modest, politically popular issues, including initiatives to expand stem cell research, lower prescription drug prices and tighten congressional ethics rules." The Times adds, "Pelosi's program is expected to receive a warm reception on Capitol Hill, even from some Republicans. Less clear is whether Democrats can follow up with solutions to the deeper problems that are troubling a restive public." Pelosi and the Democrats "plan no dramatic steps to influence the course of the war. Nor has the new majority detailed strategies to tackle other challenges that have confounded lawmakers for years, including rising healthcare costs and the financially imperiled Social Security system." The Times adds, "For now, the relatively safe 100-hour agenda may simply allow the Democrats to show they can accomplish something after a dozen years in the political wilderness."

The Washington Post (1/2, A1, Layton, Eilperin, 690K) says Democrats "are planning to largely sideline Republicans from the first burst of lawmaking." Instead of allowing Republicans "to fully participate in deliberations, as promised after the Democratic victory in the Nov. 7 midterm elections, Democrats now say they will use House rules to prevent the opposition from offering alternative measures, assuring speedy passage of the bills and allowing their party to trumpet early victories. … Democratic leaders say they are torn between giving Republicans a say in legislation and shutting them out to prevent them from derailing Democratic bills." House Republicans "have begun to complain that Democrats are backing away from their promise to work cooperatively. They are working on their own strategy for the first 100 hours, and part of it is built on the idea that they might be able to break the Democrats' slender majority by wooing away some conservative Democrats."

The Washington Times/AP (1/2) reports, "On the first day back, Democrats plan to change House rules on what members can accept from lobbyists. On the second day, they'll vote on other rules changes requiring that new spending or tax cuts be paid for and that pet projects tucked into larger bills be publicly disclosed. The new Democratic Senate, under Majority Leader Harry Reid of Nevada, will take a parallel if somewhat more leisurely track."

The AP (1/2, Abrams) reports that Linda Fowler, professor of government at Dartmouth College, "said that while some of the Democratic proposals could face a tough sell in the Senate, 'what the Democrats have done is quite reasonably recognize that they need some centrist positions that have fairly broad appeal.'" In the Senate, Majority Leader Harry Reid and Republican leader Mitch McConnell "have agreed to open the session with a joint caucus, a gesture aimed at establishing 'a new tone' and an attempt to 'produce real results next year,' said Reid."

The New York Times (1/2, Hulse, 1.16M) notes there are "divergent outlooks" within the Democratic caucus "over how best to fulfill the Democratic promise to clean up the House." These differences are "just one illustration of a friction that could develop in the new Congress as the party takes control after 12 years in exile. While most attention will be focused on the divide between Republicans and Democrats, members of the new majority have their own differing perspectives, corresponding largely to length of service, that could ultimately prove more crucial to their success or failure."

In the Washington Post (1/2, A17, 690K), E.J. Dionne writes, "The Democrats who take power in Congress on Thursday have been given an opportunity that has not come their party's way for a half-century: They can remake their own image -- and Congress's -- and they can begin to restore public confidence in government. … If Democrats don't seize this rare opportunity, their party will pay for a long time. Not only will they disillusion their own supporters, but, more important, the angry centrists of the Ross Perot stripe who voted the Republicans out last year will either go back to the GOP or seek other options." Dionne adds, "What the Democrats are talking about sounds good. What will matter is that the provisions they pass not contain loopholes that render them much less far-reaching than they seem."

Democrats Also Plan To Move On Medicare, Stem Cells. The New York Times (1/2, Pear, 1.16M) reports the new Congress "will return to some of the biggest battles of the last decade as House Democrats try to rush through legislation requiring the government to negotiate lower drug prices for Medicare beneficiaries and overturning President Bush's restrictions on embryonic stem cell research. … The Medicare proposal highlights the profound differences between Democrats and Republicans over the future of the nation's health care system, the proper role of government and the role of private markets in securing the best value for the huge sums spent on health care." The Times adds, "State officials say they wish Congress would focus on a more immediate problem: money for the Children's Health Insurance Program, which provides coverage for four million

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low-income children, is running out in more than a dozen states. … In debating the future of the children's health program, which has broad bipartisan support, Congress will take up proposals to cover some of the 46 million people who have no health insurance."

Yesterday, the New York Times/AP (1/1) reported that "millions of seniors… say they are happy with the" Medicare Part D benefit, "which cost the federal government about $30 billion in 2006." However, "the program affects seniors and the disabled differently, depending upon their income and health. There are many people who believe the program could be improved." The Times adds "The Bush administration estimates that the coverage saves the average beneficiary about $1,200. But many in Washington, particularly Democratic lawmakers, say the savings could be greater if the government were allowed to negotiate with drug manufacturers concerning the cost of medicine rather than leaving that chore to the plans."

WPost Derides GOP "Vandalism" On Spending Bills. The Washington Post (1/2, A16, 690K) editorializes, "They didn't quite trash the place on their way out, but congressional Republicans -- specifically, the Senate leadership under outgoing Majority Leader Bill Frist (R-Tenn.) -- engaged in the legislative equivalent of vandalism when it came to getting spending bills passed: They didn't. Of the measures needed to fund the government during fiscal 2007, now three months gone, the 109th Congress managed to approve only bills to pay for defense and homeland security spending. The rest of the government -- $463 billion in discretionary spending -- was left to run on autopilot." The Post adds, "Confronted with this abdication of responsibility, the incoming Democratic management…essentially" wrote off "the 2007 budget process and move on with a clean slate to 2008 -- a process that will begin in February, when Mr. Bush is to present his budget along with a whopper of an emergency spending bill to pay for operations in Iraq." The Democrats "have given themselves the clean slate they deserved. Their real test will come as they work to craft a 2008 budget that is both frugal and fair, not to mention finished on time."

Congress Not Expected To Address Federal Employee Issues In Coming Months. In its "Federal Diary" column, the Washington Post (1/2, Barr, 690K) reports, "Making decisions on government spending will be a big and early order of business for the new Congress, which returns this week. Most federal agencies are operating on an interim spending bill that expires Feb. 15. Key lawmakers have said they plan to put the government on a post-holiday diet that will stretch through September, and that could cause some headaches for federal employees." The Post adds "some agencies will have little choice but to curtail training, travel, hiring and the purchase of new equipment. It's possible that cash-strapped agencies might have to send workers home without pay for a few days, but the White House budget office hopes to be able to shift funding around to avoid furloughs and layoffs. … Although congressional aides were reluctant to make any predictions for the new year, it seems likely that the federal budget, the Iraq conflict, lobbying reform and completion of the 9/11 Commission recommendations will push many federal-employee issues to the sidelines in the opening months of the new Congress."

"Pelosi-Palooza" Tour To Precede New House Leader's Ascension To Power. The New York Times (1/2, Korblut, 1.16M) reports, "During her first 100 hours as House speaker, Nancy Pelosi has vowed, she will sweep an aggressive legislative agenda through the newly Democratic-controlled House. But first comes Pelosi-palooza. In a three-day stretch of whirlwind events beginning on Wednesday, Mrs. Pelosi will celebrate her heritage (at the Italian Embassy), her faith (in a Roman Catholic Mass), her education (at Trinity College), her childhood (in Baltimore) and her current home (in a tribute by the singer Tony Bennett, of 'I Left My Heart in San Francisco' fame)." She'll "embrace her status as the first female House speaker with a tea for women," "highlight her pull among Democrats with a $1,000-per-person fund-raising concert," and "will welcome visitors to the halls of Congress in an open-house tour." The Times notes, "The extended, carefully staged festivities are expected to dominate the occasion of Mrs. Pelosi's ascendance as the Democrats take control of Congress." Pelosi's backers "said she had every right -- an obligation, even -- to underscore her new role, given the historic nature of her rise to power. Thus the week is planned to project much more than an ordinary handoff of power in Congress. It is intended to leave a firm imprint of the new House leader's style and substance on the national consciousness, reminding voters that Mrs. Pelosi is both the first woman to take the job as well as a Catholic mother of five with Italian, blue-collar roots."

Bush, Former Presidents Pay Respects To Ford. The CBS Evening News (1/1, lead story, 2:30, Mitchell, 7.66M) reported, "The ceremony was simple, yet moving and uniquely American. Presidents along with ordinary Americans filing through the US Capitol, briefly paying respects to former President Gerald Ford. His body will lie in state in the Rotunda for one more night and tomorrow his flag-draped casket will be moved to the National Cathedral for the formal funeral service." CBS (Attkisson) added, "President Bush and the First Lady made their way to the Capitol, returning from their Texas ranch. They were followed former President Bush and his wife Barbara and one time Secretary of State James Baker, former President Clinton and Senator Hillary Clinton, Donald Rumsfeld, Defense Secretary to both Mr. Ford and Mr. Bush. Ford's

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body as brought here Saturday from California where he died at his desert home after a long illness."

The AP (1/2, Riechmann) reports "silence fell under the Capitol dome when the president walked toward the casket, illuminated by spotlights and guarded at each corner by members of the military honor guard. He and Mrs. Bush lowered their heads for a few moments, as if in prayer, then turned and walked away across the Rotunda's polished stone floor, which reflected the flag's red and white stripes." Bush, who "said nothing during his one-minute stop in the Rotunda, is to eulogize Ford on Tuesday at his funeral at the National Cathedral."

NBC Nightly News (1/1, lead story, 2:40, O'Donnell, 9.87M) reported, "In all the grandness of the Rotunda in all the public nature of this ceremony, there were also children who grieved for their grandfather, a family moved by a country's respect and a former First Lady, a beloved American woman who actually had done in her own public role before allowed the nation to see her sorrow-up close and share in her burden. Advisors say…Bush invited the Ford family back inside the White House. And for some of the grandchildren it was the first time they had ever been here."

The Los Angeles Times (1/2, Puzzanghera, 850K) notes "Bush declared Tuesday a national day of mourning as a funeral service will be held for Ford at Washington National Cathedral. Most federal offices, including the courts and postal offices, will be closed." Ford's body "will be flown to his hometown of Grand Rapids, Mich., for a final service and public viewing before burial at Gerald R. Ford Presidential Museum on Wednesday."

The Washington Times (1/2, Emerling, Cella, 88K) says "Mr. and Mrs. Bush joined thousands of mourners who braved steady rainfall and frigid temperatures yesterday to say a final goodbye to the 38th president of the United States." Similar stories, describing the scene at the Capitol yesterday, appear in USA Today (1/2, 3A, Page, Jackson, 2.27M) and the Washington Post (1/2, A3, Baker, Harris, 690K).

The New York Times (1/2, Swarns, 1.16M) reports Ford's "former cabinet secretaries and administration staff members will come together here once more, taking their seats in the black cars accompanying the funeral motorcade and in the pews of Washington National Cathedral. … For more than two decades, they had gathered at Mr. Ford's annual White House reunions, most of which were held in the nation's capital, where they chuckled over half-forgotten policy disputes and shook their heads sadly as their numbers dwindled and their host grew increasingly frail." The Times adds, "Even as their career paths and personal lives diverged, they kept in touch with Mr. Ford and with one another, reminiscing at dinner parties and lunches, and in long-distance phone calls. In mourning their president on Tuesday, the alumni of his administration will also be celebrating his life and the intimate circle he created."

The New York Times (1/2, Gay Stolberg, 1.16M) also reports that "of all the aging Washington power brokers who have re-emerged in the shadow of the death of former President Gerald R. Ford, there is one, Henry A. Kissinger, for whom the return to the spotlight may be as much curse as blessing." At a time "when the American public has soured on the war in Iraq -- indeed, at the precise moment the United States is recording the milestone of 3,000 American deaths there -- Mr. Kissinger's reappearance is stirring memories and rekindling debates about his role in managing another unpopular conflict, the Vietnam War." Kissinger, adds the Times, "continues to evoke the passions about Vietnam that Donald H. Rumsfeld, the former defense secretary, evokes today about Iraq."

The Wall Street Journal (1/2, A1, Adamy, 2.04M) reports from Grand Rapids that Ford "will be buried at the Gerald R. Ford Presidential Museum tomorrow, in the city where he spent most of his childhood and launched his political career. As a little boy, he lived in several homes, including at least one in affluent East Grand Rapids." However, "civic leaders made little effort to preserve any of his childhood homes, even though other former presidents have had theirs turned into museums or named historical landmarks. Over the years, some of…Ford's former homes were razed."

Ford Said To Have Deeply Affected Course Of US Politics. U.S. News and World Report (1/2, Cannon, 2.03M) reports that when he died last week, former President Ford "was remembered with almost universal respect and admiration as the man who did much to calm the nation after Watergate and the Vietnam War and to restore honesty and stability to the White House."

Newsweek (1/2, Thomas, 3.12M) reports one of the "more peculiar legacies of the Ford era is the attempt by both" Donald Rumsfeld and Vice President Dick Cheney "to restore the power of the presidency. They were ambitious young men who served as Ford's chiefs of staff at a time when Ford was trying to dismantle what historian Arthur M. Schlesinger Jr. has called 'the imperial presidency.'" Ford was "trying to create an atmosphere of openness and cooperation with Congress and the courts after Nixon's grandiose show of presidential power — from opéra bouffe uniforms for the White House guards to the shadowy Plumbers Unit. But Rumsfeld and Cheney felt that the Watergate reforms had gone overboard, and as members of the Bush war cabinet they have pushed hard to strengthen the executive."

U.S. News and World Report (1/2, Kelly, 2.03M) reports, "Congress, the press, and the Washington establishment had pilloried Richard Nixon – for reasons good and bad – and now were leaning on Ford. 'The feeling I had

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then, and I think it's been borne out by history,' Cheney told U.S. News last year, 'is that the balance shifted, if you will – that, in fact, the presidency was weakened.'"

In a Newsweek commentary (1/2), Vice President Cheney writes, "He was an unassuming man, our 38th president, and few have ever risen so high with so little guile or calculation. Even in the three decades since he left office, he was not the sort to ponder his legacy, to brood over his place in history."

In a Newsweek commentary (1/2), former President George H. W. Bush said, "Jerry Ford was decent, honorable, trustworthy, down-to-earth. That was his whole personality. I hope it will be his legacy."

In a Newsweek commentary (1/2), former President Clinton says, "After Gerald Ford left the White House, I was grateful for his counsel, for his occasional support on important national issues, for the respectful way in which he articulated his honest disagreements with my policies, for a few unforgettable golf games and for the partnership he forged with President Carter, which I have tried to emulate in my work with former president Bush."

In a Newsweek commentary (1/2), former Secretary of State Henry Kissinger said Ford "took over at perhaps the most perilous moment of domestic crisis since the Civil War, and he had neither the months of transition a new president normally has, nor the honeymoon a new president normally has. But he moved with calm and surefootedness into what could have been an overpowering experience."

In a U.S. News and World Report column (1/2), David Gergen says, "Why does Ford look so much better in the rearview mirror? Mostly, I suspect, because the personal qualities that he brought to public life seem so scarce these days. The simplicity of his burial reminds us again that Ford was, first and foremost, a humble man of the Midwest." Most "of all, Ford brought a forthright honesty to politics."

In his U.S. News and World Report column (1/2), Michael Barone says, "Ford was ridiculed as a bumbler though he was a gifted athlete and was dismissed as a lightweight though he entered the White House with a considerable command of foreign and domestic policy. He healed the nation and, more important, proved that it was possible to get America off its downward trajectory and heading upward again, as it did in the 1980s. Something to remember in these pessimistic times."

In Newsweek (1/2, 3.12M), historian Michael Beschloss says, "President for just 29 months, Ford changed the way we live, rescuing the White House from scandal, restoring a measure of confidence in politics and articulating a philosophy of robust executive power that influences President Bush even now. Ford's last two chiefs of staff, Vice President Dick Cheney and ex-Defense secretary Donald Rumsfeld — men whose understanding of executive power was shaped by their experience in Ford's White House — have been crucial figures in the Bush years."

More Commentary. Peggy Noonan writes in the Wall Street Journal (1/2, P10, 2.04M) that Ford "was a good man, and that's not nothing -- it's something. Gerald Ford fought for his country. He didn't indulge his angers and appetites. He seems to have thought, in the end, that such indulgence was for sissies -- it wasn't manly. He was sober-minded, solid, respecting and deserving of respect. And at that terrible time, after Watergate, he picked up the pieces and then threw himself on the grenade. We were lucky to have him. We were really lucky to have him. Rest in peace."

Jon Meacham, editor of Newsweek, writes in the Washington Post (1/2, A17, 690K), "During his most critical moments in the White House -- his assumption of power and the pardoning of Nixon -- Ford drew deeply on theological imagery. Everyone knows that Ford said 'My fellow Americans, our long national nightmare is over' on Aug. 9, 1974. Much less quoted, but perhaps more revealing given the pardon, is a sentence he spoke a moment later: '[T]here is a higher Power, by whatever name we honor Him, who ordains not only righteousness but love, not only justice but mercy.'" Meacham adds that "such an understanding, naturally, has hardly been unanimous, and many Americans are reasonably uncomfortable with the idea that our leaders think they are either communing with the divine or carrying out God's mission." But "time and again in the American experience…the culture has been more in line with [Abraham] Lincoln's -- and Ford's -- views on the question of religious expression and thought in the public sphere than it has been to that of strict separationists."

Chief Justice Urges Pay Increase For Judges.

The AP (1/2, Yost) reports, "Pay for federal judges is so inadequate that it threatens to undermine the judiciary's independence, Chief Justice John Roberts says in a year-end report critical of Congress. Issuing an eight-page message devoted exclusively to salaries, Roberts says the 678 full-time US District Court judges, the backbone of the federal judiciary, are paid about half that of deans and senior law professors at top schools." The issue of pay, says Roberts, "has now reached the level of a constitutional crisis."

Pilot Accidentally Flies Over Bush's Crawford Ranch.

The AP (1/1), in an article published on the New York Times' website, reports that the pilot of a small airplane inadvertently flew into restricted airspace over President Bush's ranch in Crawford, Texas, Sunday night, "causing the scrambling of F-16 fighter jets, an Air Force spokeswoman said. The jets used flares to get the attention of the pilot, who landed and was interviewed before being sent on his way,

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according to the North American Aerospace Defense Command and the Secret Service."

Congress Urged To Bolster US Merchant Fleet. In an op-ed in the New York Times (1/2, 1.16M), John Curtis Perry, director of the maritime studies program at the Fletcher School of Law and Diplomacy at Tufts University; Scott Borgerson, a recent graduate; and Rockford Weitz, a Ph.D. candidate there write, that the Safe Port Act signed by President Bush in October "is a vitally important and overdue step. But it ignores another major problem in maritime commerce: the phenomenal decline of American shipping. While it's true that the United States Navy still dominates the world ocean…American commercial shipping is but a puny remnant of its former self." The writers detail the decline oft the US merchant fleet since the 80s, blaming "an antiquated law that prevents American coastal shippers from buying ships made in other countries. By amending this law and, at the same time, encouraging the development of domestic coastal shipping, Congress could help restore America's status as a great and proud maritime nation."

Shuler Expects Pelosi Will Work With Blue Dogs. U.S. News and World Report (1/2, Knight, 2.03M) reports Washington is "buzzing with speculation about how incoming moderate freshman Democrats like Heath Shuler of North Carolina will change congressional dynamics." Shuler will join "the 'blue dogs,' a group of budget-cutting Democrats, mostly from southern states, whose ranks will swell from about 37 to 44 in the new Congress." Asked if he thought Speaker Nancy Pelosi "will work well with the blue dogs and other moderates," Shuler said, "I think she will. She realizes the importance of having that voice in the middle, that moderate Democrat. She has been very easy to work with so far, and I think she certainly realizes and understands how it works politically and realizes what happened this election cycle."

Congressional Committees Hiring Investigators. U.S. News and World Report (1/2, 2.03M) reports that as a "sign that the new Democratic majority plans to get tough, key congressional committees have begun hiring lawyer-investigators to probe the administration and its policies." The House Appropriations Committee, "where Iraq war critic Rep. John Murtha will be influential, is hiring investigators to look into the administration's war policies and spending in Iraq and Afghanistan. Rep. Henry Waxman, the incoming chairman of the House Government Reform Committee, who's been dogging the vice president's energy task force, is also hiring lawyers."

Foreign Investment Said To Be Solution To Social Security Crisis. In a Wall Street Journal (1/2, A23, 2.04M) op-ed, Discovery Institute senior fellow George Gilder asks, "Would conservatives please forget the Social Security 'problem'? As Peter Drucker once wrote in these pages, 'Don't solve problems, pursue opportunities.' When Republicans solve 'problems,' they feed their failures, starve their strengths, and fritter away their remaining power in political imbroglios and special interest pork-fests." Gilder writes that rather than worrying about the perception of a future collapse in the Social Security system, the problem would be better addressed by utilizing "the realities of productivity, technology, immigration and global trade and investment. The key is keeping the economy open to outside investors as our population ages and as the productive center of the global economy shifts toward Asia. As Michael Milken points out, the younger workers around the globe will use their increasing savings to buy the assets of American seniors as they grow older, thus offering liquidity to our retirees, sustaining U.S. asset prices, and expanding U.S. opportunities."

Goode Reaffirms Opposition To Ellison's Use Of Quran. In an op-ed in USA Today (1/2, A8, 2.27M) VA5 Rep. Virgil Goode (R) writes in defense of a letter he wrote criticizing MN5 Rep.-elect Keith Ellison (DFL) over his intention to use a Quran when he is sworn in to Congress. Goode clarifies his position that, as he wrote in the letter, 'If American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Quran,'" arguing that "that we were not attacked by a nation on 9/11; we were attacked by extremists who acted in the name of the Islamic religion. I believe that if we do not stop illegal immigration totally, reduce legal immigration and end diversity visas, we are leaving ourselves vulnerable to infiltration by those who want to mold the United States into the image of their religion, rather than working within the Judeo-Christian principles that have made us a beacon for freedom-loving persons around the world."

Meanwhile, a sharply-toned USA Today (1/2, A8, 2.27M) editorial counters, "Keith Ellison's election to the House, as the chamber's first Muslim, provides the United States with a grand opportunity to showcase its credentials as a nation of opportunity, equality and diversity. What a great story to tell the Muslim world. Five years after 9/11, voters in America's heartland elected Ellison, an African-American who grew up in Detroit and converted to Islam in college, to one of the nation's highest offices." However, the piece continues, America's "chance to shine was tarnished by a few ugly voices. The loudest belongs to [Goode] who used the occasion to take a crude swipe not only at Ellison and the

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Quran, but at all Muslims. The piece continues to praise Ellison's reservation on the issue and to pan Goode and others who subscribe to his position.

LATimes Criticizes Senators' Use Of Holds. The Los Angeles Times (1/2, 850K) editorializes against Senators' ability to use holds on legislation they oppose, noting that "the Senate can and should take action to prevent a single senator from imposing his prejudices on the entire body, noting that Kansas Sen. Sam Brownback's (R) "hold on Michigan Appeals Court Judge Janet Neff, who was nominated for a federal district judgeship, was an especially obnoxious use of the procedure. Brownback is fixated on the fact that Neff attended and spoke at a ceremony in 2002 at which the daughter of the judge's next-door neighbor exchanged (legally nonbinding) vows with another woman. … But if Brownback's use of the hold is wrong, so is its use by other senators. Reformers, led by Sens. Charles E. Grassley (R-Iowa) and Ron Wyden (D-Ore.), are proposing to do away with secret holds," and "Senate rules should be amended to abolish all holds, secret and open, so that no senator can usurp the right of the entire body to judge a nominee or a piece of legislation. The hold is defended as a form of 'senatorial courtesy,' but it's insulting to the people senators represent."

OTHER NEWS:

Economists Predict End Of Housing Slump, Continued GDP Growth. The Wall Street Journal (1/2, Whitehouse, 2.04M) reports, "The US economy is poised to shake off the housing slump and regain momentum by the end of this year, and the credit goes to techies, bankers, chefs and shoppers, according to a Wall Street Journal survey of economists. The panel of 60 economists who participated in the Journal's latest semiannual economic forecasting survey offered an optimistic outlook for 2007: The service sector should keep humming along as the recent weakness in housing and manufacturing abates and the Federal Reserve begins to reduce interest rates." That "would allow the economy to expand at a rate fast enough to keep investors happy, but slow enough to keep inflation at bay." The Journal adds, "Even so, economists haven't stopped worrying about what could happen if the current slowdowns in housing and manufacturing spread further -- a pattern that has characterized previous recessions. In another potentially ominous sign, they increasingly differ about the economy's trajectory."

The New York Times (1/2, De la Merced, 1.16M), however, says "Wall Street economists are looking at 2007 with some caution. They expect at least some slowdown in economic growth. And many worry that housing's slump will spread to other corners of the economy." The analysts surveyed by the Times "predicted that the Standard & Poor's 500-stock index, which closed 2006 at 1,418.30, would end 2007 at 1,440 to 1,570."

The CBS Evening News (1/1, story 8, 2:40, Mitchell, 7.66M) reported that "in his New Year's address, President Bush said the expanding US economy was one of the big success stories of 2006 and he predicts more success this year." CBS (Solrozano) showed Michael Levy, chief economist, Bank of America, saying, "Personal incomes are up, wages are rising a little faster than inflation and the consumers continue to be resilient, despite all the curveballs thrown at them." CBS added, "Curveballs like housing. In the first ten months of 2006, new building permits and housing starts went down by 6%. For most of the year there was worry over the housing bubble which at this point has sagged more than burst. Some expect a continued weak market through next year." Robert Brusca, economist, Fact & Opinion Economics: "Going into 2007, there's some people who still hold that view. They still think that housing has another shoe to drop. But as the year true to a close, the housing prices began to abate to some extent."

The Wall Street Journal (1/2, A2, Ford, Gerena-Morales, 2.04M) says that "for the past five years, US corporate profits have grown much faster than the overall economy, one of several reasons why US stock prices keep setting records. But many economists believe that the days of outsize profit growth are nearing an end. Corporate profits, as measured by the Commerce Department, have risen more than 12% a year since 2002, hitting a high of 19% in 2004. In the third quarter of 2006, profit growth was running at an annualized rate of 16%." But "the consensus forecast of economists polled by The Wall Street Journal calls for those gains to slow to the single digits this year and next, with pretax profits rising about 6%."

The Christian Science Monitor (1/2, Trumbull, 59K) reports "a healthy economy could allow American consumers to keep spending even as they borrow less and save more." There is "good news: For most households, this is a relatively benign climate for financial make-overs. Many borrowers have the opportunity to refinance their debt at low interest rates. Moreover, forecasters generally don't foresee a recession in 2007. A healthy economy could allow consumers to keep spending even as they borrow less and save more."

Speculation Surrounds Jeb Bush's Next Move. The New York Times (1/2, Goodnough, 1.16M) reports Gov. Jeb Bush is leaving office "as one of the most popular and prominent governors in state history," and despite his "abrasiveness and the plunging popularity of his brother the president, he has remained well liked -- or at least respected -

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- to the end, a feat in a state as ethnically and politically divided as Florida. A poll last month by Quinnipiac University found that 57 percent of Floridians feel he did a 'good' or 'great' job as governor." Bush "has adamantly ruled out a presidential campaign of his own next year, saying that he wants only to return to Miami with his wife, Columba, and their cat, Sugar. Yet rumors about his future have burst forth as regularly as exotic species in the Everglades." Similarly, the Financial Times (1/2, Ward) says "Bush's efforts to duck questions about his future seem unlikely to quash feverish speculation" about his future. While "his brother limps towards the end of his troubled presidency, the younger Mr Bush is leaving office on a high."

Democratic White House Hopefuls May Benefit From Committee Chairmanships. Under the headline, "Senate Panels To Provide Soapbox," the Washington Times (1/2, Bellantoni, 88K) reports, "Senate Democrats interested in White House bids will get tons of free publicity starting in January with new and prominent posts on key panels. Senators hoping to pontificate on Iraq, global warming or health care policy will enjoy multiple hearings -- some televised live -- and the amplified political microphone that comes with being in the majority party." The Times notes that Delaware Sen. Joseph Biden will chair the Foreign Relations Committee, Massachusetts Sen. John Kerry will chair the Small Business and Entrepreneurship Committee, and Connecticut Sen. Christopher J. Dodd will chair the Banking, Housing and Urban Affairs Committee."

The AP (1/2, Miga) also reports that Dodd "will become chairman of the Senate Banking Committee in Congress, giving him oversight of the nation's banking, financial services and insurance industries. The post will create new fundraising opportunities — a potential boost for a longshot prospect like Dodd who must prove he can raise the tens of million of dollars needed to stay competitive in the 2008 campaign. … A surge of Wall Street money could initially boost Dodd's prospects. But it could also undercut his efforts to cast himself as a champion of average working Americans."

McCain Seeks Proxy To Steer GOP Armed Services Staff During White House Bid. The Washington Times (1/2, Scarborough, 88K) reports that Arizona Sen. John McCain (R) will assume the top GOP spot on the Senate Armed Services Committee, when Virginia Sen. John Warner (R), the panel's current chairman, leaves the leadership post because of term limits. The Times notes that McCain is "widely expected to formally announce this year that he is seeking the Republican presidential nomination," and he is working to "piece together a minority committee staff that can operate while he is on the campaign trail." Former Senate staffers say one of the finalists for the key post of minority staff director is Michael V. Kostiw, who was an aide to former Rep. Porter J. Goss on the House Intelligence Committee." The Times lists a number of McCain's national security advisors, and concludes by noting that former Kansas Sen. Bob Dole (R) also served as his party's ranking member on the panel while running for President.

Clinton, Obama Voting Records Provide Contrast Entering Campaign. An analysis piece published on the front page of the Washington Post (1/2, A1, Murray, 690K) reports on the differences in the voting records of New York Sen. Hillary Clinton (D) and Illinois Sen. Barack Obama (D), and the impact these differences will have on the Senators' perceived competition for their party's nomination for the 2008 presidential election, leading off, "The attack ads practically write themselves: Hillary Clinton voted against ethanol! Barack Obama wants to increase taxes!" The Post notes that on 40 occasions, their votes differed, generating "a lot of material to mine, and even misrepresent." The Post notes that overall, the two voted alike on many issues during their joint tenure, but that differences can be perceived on such issues as "energy policy, congressional ethics and budget priorities, relations with Cuba, gun ownership, and whether a senator can hold a second job."

Voters' Desire For Change Boosts Obama. U.S. News and World Report (1/2, Walsh, 2.03M) reports Sen. Barack Obama "is expected to enter" the 2008 race, "and he plans to announce his decision in the next few weeks. But regardless of whether he runs, the intensity of Obama-mania suggests that the political and societal forces he represents -- particularly a desire for new ideas, new faces, and a less rancorous brand of discourse -- will shape the next election." Other Democratic "presidential wannabes are testing the same themes," but "so far, it is Obama who has ridden the desire for change the furthest and the fastest." Obama said, "I think there is a great hunger for change in the country -- and not just policy change. What I also think they are looking for is change in tone and a return to some notion of the common good and some sense of cooperation, of pragmatism over ideology. I'm a stand-in for that right now."

U.S. News and World Report (1/2, 2.03M) also runs excerpts of its interview with Sen. Obama. Asked to explain his opposition to the Iraq war, Obama said, "It's a classic example of ideology trumping reality. The country has now rejected that approach to governance." Obama said if he planned to "run a competitive race, I would get in in January."

Romney To Open Exploratory Committee After Ford Funeral. The AP (1/2, Johnson) reports that according to an unnamed "top aide," outgoing Massachusetts Gov. Mitt Romney (R) plans to file FEC paperwork to form a

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presidential exploratory committee by Wednesday this week, "but not until funeral services for former President Gerald R. Ford have concluded." Romney had intended to file on the first business day of the year, but deferred out of respect for Ford's passing. The piece continues to offer a brief biography of Romney's political career.

Spitzer Inaugurated Governor Of New York, Promises Ethics Reform. The New York Times (1/2, 1.16M) reports on the inauguration address of New York Gov. Eliot Spitzer (D), which served as "the beginning salvo in what many see as a gargantuan challenge Mr. Spitzer has set out for himself — to overhaul a state government paralyzed by gridlock and consumed by recurring scandals. Yet Mr. Spitzer's work began hours before the speech: He signed five executive orders before 9 a.m., including directives establishing new ethical guidelines for state workers, among them a ban on accepting almost any gifts, as well as new restrictions on lobbying and the use of state resources. He also barred elected officials or candidates from appearing in advertisements paid for by state entities, a frequent practice of Mr. Pataki."

Financing Of Gubernatorial Inaugural Events Draws Scrutiny. The Wall Street Journal (1/2, A8, Cooper, 2.04M) reports, "Chevron Corp. maxed out on its permissible yearly political contributions to California Gov. Arnold Schwarzenegger's re-election campaign with a single donation of $22,300 early in 2006. But that didn't stop" Chevron "from chipping in $50,000 to be a 'Gold Sponsor' of the governor's inaugural celebration," which will give "Chevron officials access to" Schwarzenegger "at two events for sponsors and an invitation-only black-tie ball." Thirty-six recently-elected governors will celebrate their wins "this month with parties ranging from modest to star-studded. Several will cost $1 million or more. Many inaugural events will be exclusive affairs, paid for by nonprofit committees that aren't subject to state campaign-donation limits or reporting requirements designed to contain influence on elected officials." The Journal notes, "In a few cases, such unregulated fund-raising has caused headaches for new governors, many of whom were elected on reform or populist platforms." Florida Gov.-elect (R) Charlie Crist (R) "canceled plans for a donors' ball when he was cited in the media for his no-limits donations drive." Meanwhile, Massachusetts Gov.-elect Deval Patrick (D) "has drawn criticism for planning a sprawling inaugural celebration that includes seven statewide events culminating in a outdoor swearing-in ceremony in downtown Boston on Thursday. Financing for the event is being handled by the Patrick/Murray Inauguration Committee, which allows donations of as much as $50,000."

States Moving To Regulate "Nontraditional" Mortgages. The Washington Post (1/2, D1, Downey, 690K) reports, "Nineteen states and the District of Columbia have moved quickly to warn state-regulated lenders about the hazards to consumers from nontraditional mortgages." The Post notes that federal banking officials in September "issued a sternly worded advisory" to such lenders, telling them that loans such as "interest-only mortgages and other arrangements where the borrower cuts monthly costs by paying back less than full interest and principal" should not be made to consumers who "may be unable to repay them. Within 24 hours of the federal guidance's release, six states had issued similar warnings to their own lenders, a notable flurry of activity in a field known for its slow-moving bureaucracies."

Buffett Donation Part Of "Exceptional Year" For Philanthropy. The Financial Times (1/1, Knight) reports on the $31 billion pledge made by Warren Buffett to the Bill and Melinda Gates Foundation, which was in excess of previous US spending records "by a huge margin." The Times, noting that the gift "is the biggest charitable donation in history. But even without Mr Buffett's largesse, it was an exceptional year for philanthropy with a record number of gifts of more than $100m. This year there were 14 gifts of $100m or more. In 1998 – the year that came closest to that number – there were 12, and last year, 10 donations of that size were made. 'It's not just the Bill Gates and the Warren Buffetts of the world who are giving; it's a lot of different people,' said Stacy Palmer, Chronicle editor." The Times continues to detail the gifts of other high-level donors in 2006.

NYTimes Praises City Charity. A New York Times (1/2, 1.16M) editorial titled, "Something To Tide You Over," lauds the charitable work of the UJA-Federation of New York, citing the example of the organization's aid to an elderly Jewish woman who immigrated to the US and whose Social Security benefits expired before she could attain her citizenship. The Times notes that the group is a beneficiary of the New York Times Neediest Cases Fund, and the its assistance was sufficient to support the woman until she was able to become a citizen.

New HIV Drug Shows Promise In Blocking Disease. The Los Angeles Times (1/1, Ricci, 850K) reports on the development of a new drug to combat HIV called an integrase inhibitor "that some researchers are calling 'truly phenomenal.'" "Newly published clinical studies showed that it, in combination with two existing drugs, reduced the virus to undetectable levels in nearly 100% of HIV patients taking a regimen for the first time. It had a similar effect on the virus in up to 72% of salvage therapy patients."

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The drug prevents the virus's self-replication by blocking its ability to merge with host cells.

Media Urged To "Treat Monica Lewinsky As A Lady." In a Washington Post (1/2, A17, 690K) column, Richard Cohen writes that principals in former President Clinton's impeachment proceedings "finally got to meet the storied Monica Lewinsky, they were floored by her. She was smart, personable and -- as the record makes clear -- dignified. This is more than can be said about some of the people who write about her. I will not name names. But in recent days, Lewinsky has been back in the news. In December she graduated with a master's degree in social psychology from the London School of Economics." Cohen continues to lament Lewinsky's reputation as "a girl toy, a trivial thing, a punch line," as well as the gender inequity applied by the media, concluding, "It would be nice if my colleagues in the media would resolve to treat Monica Lewinsky as a lady, to think of her as they would themselves, to remember their own youth and the things they did and to understand that from this day forward anyone who takes a cheap shot at Lewinsky has a moral and professional obligation to look in the mirror. To proceed otherwise is to miss the joke entirely. No longer is it Monica Lewinsky. It is now the people who write about her."

LATimes Praises Schwarzenegger For Attention To State Healthcare Reform. The Los Angeles Times (1/2, 850K) editorializes, "Gov. Arnold Schwarzenegger has set the bar so high in promising healthcare reform that it's tempting to suspect that he broke his leg on purpose, just for the photo-op in his hospital bed to drive home the high costs of healthcare." He "deserves credit for taking on the issue. We hope he won't take it the wrong way when we offer this hope for the unveiling of his proposal next week in his State of the State address: Break a leg."

WPost Hails Fenty's Inauguration. Under the headline, "Welcome, Mr. Mayor," the Washington Post (1/2, A16, 690K) editorializes, "Adrian M. Fenty will be sworn in today as the District's fifth mayor on a wave of hope and optimism so high even his closest advisers wonder how long it can last. Much depends on whether Mr. Fenty (D) is as adept at governing as he was at campaigning. The brash young politician who won the city's unquestionable support now must make good on his promises of progress. It is encouraging that Mr. Fenty has demonstrated sound judgment in the months since his victory in the September primary all but guaranteed his election. … Yet Mr. Fenty's biggest challenge -- the one that carries the most political peril for him and the greatest consequence for the city -- is tackling the abysmal state of the public schools. Despite some of the highest per-pupil school spending in the country, too many D.C students lack the basic skills critical for success, and too many school buildings are in awful shape. … Mr. Fenty is correct in his belief that the city will never truly prosper if its schools remain broken, and his resolve to do something about them should be applauded. But it's vital that he proceed carefully, mindful that even if he succeeds where his predecessor failed in a mayoral takeover of schools, reformed governance is no panacea for the educational ills of a dysfunctional system."

US, Europeans Adapt New Strategy To Increase Pressure On Tehran. The New York Times (1/2, A3, Cooper, Weisman, 1.16M) reports the United States and its allies in Europe, "in a tacit acknowledgment that sanctions imposed by the United Nations Security Council in late December are too weak to force Iran to abandon its nuclear ambitions, have embarked on a new strategy to increase the financial and psychological pressure." The plan involves using "the language of the resolution to help persuade foreign governments and financial institutions to cut ties with Iranian businesses, individuals in its nuclear and missile programs and, by extension, the Iranian Revolutionary Guard Corps," according to Stuart Levey, under secretary of the treasury for terrorism and financial intelligence. Bush administration officials "said envoys would soon head abroad to press officials of foreign governments and banks to interpret the Security Council resolution equally aggressively." The new strategy "builds on the Treasury Department's efforts over the past few months to get Western banks to scale back business with Iran or risk running afoul of American laws."

Iran Seeks To Gain Regional Influence. The Financial Times (1/2, Khalaf, Editor) reports that during a recent trip to Bahrain, Iranian Foreign Minister Manouchehr Mottaki "suggested Gulf stability was best achieved by removing American forces, well entrenched across the region, and setting up, with Tehran, a regional security alliance." The "call for more self-reliance in the Gulf has some appeal among ordinary Arabs, resentful of the US and frustrated by their own governments' over-dependence on American security. But official circles, in both the Gulf and the US, see his suggestions as a reflection of Iran's suspected ambition for regional superpower status."

US Unit "Works Quietly" Against Iranian Influence. In an article of 1,182 words, the Boston Globe (1/2, Stockman, 413K) reports on the Iran Syria Policy and Operations Group (ISOG): "For nearly a year, a select group of US officials has been quietly coordinating actions to counter the looming threat of a nuclear-armed Iran, including increasing the military capabilities of Arab allies such as Saudi Arabia, the United Arab Emirates, and Bahrain." Its actions

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"include covert assistance to Iranian dissidents and building international outrage toward Iran by publicizing its alleged role in a 1994 terrorist attack in Argentina, according to interviews with half a dozen White House, Pentagon, and State Department officials who are involved in the group's work. ... Its workings have been so secretive that several officials in the State Department's Near Eastern Affairs bureau said they were unaware it existed. ... ISOG was modeled after the Iraq Policy and Operations Group, set up in 2004 to shepherd information and coordinate US action in Iraq. ISOG has raised eyebrows within the State Department for hiring BearingPoint -- the same Washington-based private contracting firm used by the Iraq group -- to handle its administrative work, rather than State Department employees."

Ahmendinejad's Missteps Helping Rival Raise Profile. Newsweek (1/2, 3.12M) reports in its Periscope column, "Iranians are deserting the president they elected by a landslide in June 2005." Some of his "own supporters criticized his recent international gathering of Holocaust revisionists as harmful to Iran's national interests. And thanks to his economic flubs, Iranians are grumbling about inflation instead of reveling in an oil-boom windfall." The legislature "has stopped rubber-stamping the 50-year-old president's decisions, and the latest local elections cost him all but two of his allies on Tehran's 15-seat city council. The big winner: his pothole-filling, street-cleaning successor as mayor of Tehran, Mohammad Bagher Ghalibaf, 45." Iran's "next presidential vote isn't due until 2009, but Ghalibaf is already casting a shadow on Ahmadinejad's future."

Palestinian Factions Clash In Gaza. The Washington Post/AP (1/2, A11) reports violence erupted in the Gaza Strip Monday, "with warring Palestinian factions firing at each other and kidnapping rivals, and gunmen abducting a foreign news photographer." The clashes in the Jabalya refugee camp near Gaza City "broke a week-long pause in the violent confrontation between" Hamas and Fatah. Meanwhile, "gunmen in Gaza City abducted a photographer with the news service Agence France-Presse, which identified him as Jaime Razuri, 50, of Peru."

Israel Begins Easing Restrictions At West Bank Checkpoints. AFP (1/2) reports Israel has begun easing restrictions at checkpoints in the West Bank "as promised by Prime Minister Ehud Olmert at a summit with Palestinian president Mahmud Abbas last month." However, an Israeli military spokesman said roadblocks were "not being lifted altogether for the time being."

Bush, Olmert Resisting Overtures From Syria. U.S. News and World Report (1/2, Derfner, 2.03M) reports, "In recent weeks, Syrian President Bashar Assad has been peppering the international media with expressions of eagerness to talk peace with Israel." But "does he mean it? A succession of American politicians–Democratic Sens. John Kerry, Christopher Dodd, and Bill Nelson, as well as Republican Arlen Specter–have come away from recent meetings with Assad at least intrigued. Besides that, the bipartisan Iraq Study Group urged the Bush administration to try diplomatic means to persuade Syria to stop supporting Sunni insurgents in Iraq. None of this, however, appeals to President Bush, who considers Syria an auxiliary member of the 'axis of evil.' Or to" Israeli Prime Minister Ehud Olmert, "who insists that Assad validate any change of heart by first cutting off Iran and the terrorist groups like Hezbollah and Hamas."

Islamic Militants Flee From Last Somali Stronghold. The CBS Evening News (1/1, story 3, 0:20, Mitchell, 7.66M) reported, "Tonight Islamic militants are on the run in Somalia after government and Ethiopian forces overran their last stronghold in Kismayo. Thousands of militants retreated to the rugged border with Kenya. Government offered the militants amnesty if they surrender." The Washington Post (1/2, A10, McCrummen, 690K) reports, "Ethiopian forces backing Somalia's weak transitional government" Monday were "chasing the remnants of the Islamic militia along the Indian Ocean coast toward the Kenyan border about 100 miles to the south." In the "final stage of a dramatic power shift," the Islamic fighters "abandoned their heaviest weapons early Monday morning" with Ethiopian and government troops "in hot pursuit of key leaders, including three suspects in the 1998 bombings of the US embassies in Kenya and Tanzania." With "the most hard-core militiamen headed their way," Kenyan authorities Monday "tightened security along their border with Somalia." Meanwhile, Somali Prime Minister Ali Mohamed Gedi called for "the quick deployment to Somalia of a peacekeeping force from the 53-country African Union" to replace the Ethiopian troops "who are guarding the vulnerable new government but are also causing tensions among Somalis who consider them invaders."

The New York Times (1/2, Gettleman, 1.16M) reports that after Somalia's Islamist forces abandoned their final outpost Monday, the transitional government "moved aggressively to assert control, setting a three-day deadline for all weapons to be turned in and calling for international peacekeeping troops to be sent immediately." However, "Clan leaders were skeptical about whether he would succeed, and many Somalis seemed dead set against it." But "whatever lies ahead, encouraging or ominous, most Somalis seemed to agree that after a week of fast-moving events, the rough outlines of a new reality were emerging. For the first time since the former dictator, Mohamed Siad Barre, fled the country in 1991…there is a credible

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government based in Mogadishu…with serious outside support and no organized military threat from within." Meanwhile, the Los Angeles Times (1/2, Sanders, 850K) reports that "for the Islamists left behind in Somalia's long-troubled capital, the ordeal is not over. While top Islamic officials escaped south toward Kenya last week, thousands of employees, fighters and other court supporters remain trapped in Mogadishu, struggling to comprehend the new reality. Once part of the city's new elite, many have gone into hiding, fearful about retribution or worried that enemies might finger them as Islamic court collaborators."

The Financial Times (1/2, England) notes that a US official said Washington was "encouraging the government to enter into dialogue with 'all Somali parties of goodwill,' including moderates within the Islamist alliance, and was pushing for the deployment of an African-led peacekeeping force."

Bulgaria, Romania Join European Union. The AP (1/2, Hadjiyska) reports Bulgaria and Romania joined the European Union Monday, bringing the bloc's membership to 27 nations. The two nations "officially joined the EU at midnight to joyous fireworks celebrations that drew tens of thousands of New Year's Eve revelers to the two capitals of Sofia and Bucharest." The New York Times (1/2, Bilefsky, 1.16M) says their membership helped "to end geographic divisions left over from the cold war and extending the borders of the now 27-member bloc eastward to the Black Sea."

Zapatero Urged To Crack Down On ETA After Bombing. The Financial Times (1/2, Mulligan, Burnett) reports Spanish Prime Minister José Luis Rodriguez Zapatero is "under intense pressure" to "crack down heavily on ETA following a car bomb attack that ended a nine-month ceasefire and wrecked his government's controversial efforts to broker peace" with the group. Mariano Rajoy, head of the opposition Popular Party, called on Zapatero to act with "prudence and a sense of realism."

Gazprom, Belarus Reach Deal, Averting Threat To European Gas Supplies. The Financial Times (1/2, Ostrovsky) reports Gazprom "struck a five-year deal to supply gas to Belarus just minutes before a New Year deadline, narrowly avoiding a gas price war that threatened to disrupt supplies to Europe." The agreement "averted a shut-down of gas supplies to Belarus scheduled for 10am on January 1. The new contract doubles the price of gas for Belarus this year and gives Gazprom a 50 per cent stake in the country's pipeline network." The agreement "will phase out a multi-billion dollar gas subsidy to Belarus, which had allowed Alexander Lukashenko, the country's authoritarian president, to subsidise living standards." The "price increase and exemption from export duties gives Belarus more favourable terms than those offered to other former Soviet republics."

The Washington Post (1/2, D1, Mufson, 690K) reports, "Belarus looked headed for a cold New Year's Day until the former Soviet republic's prime minister walked into the offices of Russia's natural gas monopoly, Gazprom, just before a midnight deadline and agreed to most of Gazprom's terms for continued supplies. 'There was a tense atmosphere among the Belarusan delegation since we have agreed to and signed a contract whose conditions for the delivery of gas are not at all favorable,' Belarusan Prime Minister Sergei Sidorsky said." The "terms are similar to what Gazprom has been extracting from other neighboring former Soviet republics, such as Ukraine and Georgia. The Russian energy giant wants higher prices for its natural gas, and it is using its leverage as sole or principal supplier to get a share of other countries' domestic pipeline networks and transit lines to the West."

The Wall Street Journal (1/2, A4, Cullison, 2.04M) says, "The last-minute deal that sharply raises the price of Russian natural gas to Belarus highlights the success of a Kremlin energy policy that the West has denounced as bordering on blackmail. By showing that it is willing to cut off countries that won't accept rate increases, Russia has ended an era of cheap energy supplies to former Soviet republics." Relations "between Moscow and Minsk lately have been strained: Though putative allies, each blames the other for failing to follow through on plans to unite the two countries. Moscow is ending duty-free oil shipments to Belarus, a move that is expected to cost more than $1 billion in profits to the country's refining industry."

Thailand PM Blames Bangkok Blasts On Local Politics Rather Than Muslim Insurgency. The Wall Street Journal (1/2, Hookway, A10, 2.04M) reports that Thailand's Prime Minster Surayud Chulanont said that the synchronized New Year's Eve bombings in Bangkok "might have been connected to the September ouster of his predecessor, telecommunications tycoon Thaksin Shinawatra, in a bloodless coup. 'From the evidence we have gathered, there is a slim chance that it is related to the southern insurgency,' Gen. Surayud told a news conference. 'It is likely related to people who lost their political benefits.' The nine bombs exploded Sunday as revelers prepared to ring in the new year. Bangkok's city leaders canceled the celebrations after the first wave of bombings in the early evening. In total, police say the explosions wounded 38 people, including nine foreign tourists. Nobody has claimed responsibility." The Journal notes the impact the bombings could have on the investment and tourism sectors, and notes

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that some analysts have made comparisons to similar bombings attributed to Islamic factions.

Zapatista Rebels Celebrate Insurgency's 13th Anniversary. The AP (1/1), in an article published on the website of the New York Times, reports, "Thousands of Zapatista rebels celebrated the 13th anniversary of their brief uprising against the Mexican government on Monday, dancing, singing and holding discussions on improving the status of poor Indians in the southern state of Chiapas." The AP notes that Zapatista leader Subcommander Marcos lead the festivities commemorating the group's seizure of "San Cristóbal de las Casas and other Chiapas communities in the name of socialism and Indian rights on Jan. 1, 1994. A cease-fire ended fighting between rebel and government forces after a few days, and the two sides have since maintained an uneasy truce. Marcos, a professor-turned-guerrilla, has continued to champion a quieter social revolution from the jungles of Chiapas, issuing missives harshly critical of Mexico's politicians and government policies."

Bush Urged To Aid Displaced Diego Garcia Natives. In a Washington Post op-ed, American University anthropologist David Vine writes about the US military's forcible relocation of the native population of "Diego Garcia, an obscure British island in the middle of the Indian Ocean," between 1968 and 1973 to make way for the US Navy base there. The native people, called Chagossians, "received virtually no resettlement assistance and found themselves homeless, jobless and with little money," upon their relocation to Mauritania. "In 1975 The Post broke the story of the expulsion, finding the people living in 'abject poverty' as a result of what The Post's editorial page called an 'act of mass kidnapping.' When a single day of congressional hearings followed, the U.S. government denied all responsibility for the islanders." Vine concludes, "the time has come for the story of the Chagossians and Diego Garcia to see the light of day, and for Congress and the Bush administration finally to accept and act on the responsibility of the United States for a people's ongoing plight."

NYTimes Calls On Wolfowitz To Embrace Openness. Under the headline, 'Mr. Wolfowitz And The Bank,' the New York Times (1/2, 1.16M) editorializes, "When Paul Wolfowitz speaks publicly these days, he is usually making good sense. The head of the World Bank (formerly No. 2 at the Pentagon) has criticized Chinese banks for ignoring environmental and human rights standards when they lend to Africa, told the White House it needs to do more to alleviate African poverty, and has vowed that corrupt officials won't be allowed to siphon off money from projects that are supposed to benefit the poor. So why do so many people at the bank mistrust him? … Some of his critics will never forgive him for championing the disastrous Iraq war. But he has compounded their suspicions, surrounding himself with a tight group of former Bush administration officials who — true to their roots — have little patience for explaining themselves and even less for criticism." The Times praises Wolfowitz's work on debt relief for impoverished nations and fighting corruption, but concludes by suggesting "a more inclusive management style and a more diplomatic inner circle, and to articulate broader goals beyond stopping corruption. That way he would have the credibility to fight the good fight."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Democrats To Tackle Modest Proposals."
"Prince Is Out But Not Down."
"Russian Ex-Spies Put Skills To Work."
"For This Commute, Set It On Snooze Control."
"Rose Parade Shows Its Galactic Appeal."
"A New Reality In Somalia."

USA Today:
"Weather Eases Up As Travel Resumes."
"Travel To Canada, Mexico Is About To Change With New Passport Rules."
"Blast That Killed PFC. Salas Still Echoes Months Later."

New York Times:
"Spitzer Is Sworn And Begins Push On Ethics Rules."
"Few Iraqis Are Gaining U.S. Sanctuary."
"Chaos Overran Iraq Plan In '06, Bush Team Says."
"Banks' Leases To Hedge Funds Are Questioned."
"Power-Sipping Bulbs Get Backing From Wal-Mart."
"Lock The Library! Rowdy Students Are Taking Over."

Washington Post:
"Democrats To Start Without GOP Input."
"With Iraq War Come Layers of Loss."
"Arlington Takes On Global Warming."
"For Iraq's Shiites, a Dream Deferred Breeds Mistrust of U.S.."
"Fenty Set to Take Up City's Reins."
"Hello, Grisham -- So Long, Hemingway?"

Washington Times:
"Bush Pays respects To A Predecessor."
"Sunni Areas Erupt In Rage Over Saddam."
"Senate Panels To Supply Soapbox."
"Maryland Biotech Hit Its Stride In '06."
"Skill, Luck Credited For Terror-Free Year."

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"Pointiff-To-Be Helped Rescue Thousands Of Hungary's Jews."
"Football's Chaplains Help Faith Score The Extra Point."

Detroit Free Press:
"New Year's Bash."
"Public Viewing Tonight In Grand Rapids."
"Granholm State Will Overcome Challenges."

Atlanta Journal-Constitution:
"Mora Fired After Falcons Fail Again."
"Debate On Pay Gains Priority."
"A Herculean Try For Goddess."
"Bingo Drinkers, Risk Takers."

Houston Chronicle:
"Legislature Has Money, Options."
"Just FYI: Bad Bosses Can Do More Than Annoy."
"Service Combines Justice, Therapy."
"Phone Extortion Coming From Behind Bars In Mexico."

Story Lineup From Last Night's Network News:
ABC: Preempted By Football.
CBS: Gerald Ford; Hussein Execution Aftermath; Islamic Militant-Africa; Indonesian Plane Crash; Harsh Weather; Football Player Killed; Stock Market; Expanding US Economy; Poor People's Tax; Eating Too Much; Bobby Knight Wins Again; Those Lost In 2007.
NBC: Gerald Ford; Hussein Execution Aftermath; US Death Toll-Iraq; Harsh Weather; Killings In New Orleans; NFL Football Player Killed; Indonesian Plane Crash; Federal Judges Salaries; New Years-New Laws.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-American KIA; Saddam Execution-Sunni Demonstrators; President Ford's Funeral; Indonesia-Plane Crash; Kansas-Power Outages.
CBS: President Ford's Funeral; Saddam Execution-Sunni Demonstrators; Iraq Violence; Indonesia-Plane Crash; CO-Snowstorm; Investigation Into Shooting Of Pro Football Player; Houston Mayor Blames New Orleans Evacuees For Increase In Crime; Sago Mine Accident Investigation; Record Win For Basketball Coach Bobby Knight.
NPR: President Ford's Funeral; New U.N. Secretary General's First Day; Indonesia-Plane Crash; Czech Republic-Mild Temperatures; Saddam Execution-Sunni Demonstrators; NY-Anti-War Grandmothers Protest Iraq War.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — President and Mrs. Bush attend national funeral service for former President Gerald R. Ford. Washington National Cathedral.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: FUNERAL SEVICES FOR FORMER PRESIDENT GERALD R. FORD _ Highlights: 8:30 a.m. The casket is moved from the Rotunda to the U.S. Senate door for a period of repose. 9:15 a.m. Departure ceremony on the east steps of the US Senate. 9:30 a.m. Casket departs the Capitol rotunda. 10 a.m. Ford's casket arrives at Washington National Cathedral. 10:30 a.m. funeral services will begin. Washington National Cathedral. 11:30 a.m. Casket will leave the cathedral for trip to Grand Rapids, Mich. 12:15 p.m. Departure ceremony, Andrews AFB.

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DOJ_NMG_0110765

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 2, 2007 7:45 AM EST

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TERRORISM NEWS:

Uncertainties About Guantanamo Detainees' Rights Remain. U.S. News and World Report (1/2, Sullivan, 2.03M) reports that "despite two trips to the Supreme Court, questions about the rights and status of about 400 men held" at Guantanamo Bay "are not much closer to being answered than they were when the first detainees arrived. And so the coming months will see renewed challenges to the facility in both the courts and the new Democratic Congress." President Bush signed the Military Commissions Act in October, "and the administration hopes the legislation provides a constitutional framework for holding war crimes trials for the worst detainees–including 14 'high value' detainees whom Bush transferred to Guantánamo Bay from previously secret CIA prisons." Critics "say the framework is rife with problems," and "things could change with a new Democratic Congress, especially through an effort in the Senate by incoming Judiciary Committee Chairman Patrick Leahy to restore habeas corpus rights to detainees."

HOMELAND RESPONSE:

Counterterror Advances Said To Have Led To Attack-Free Year In West. The Washington Times/AP (1/2, Haven) reports that though would-be terrorists "had no shortage of murderous ideas in 2006," including "a plot to blow up tunnels and flood New York City's financial district," and "another to bring down packed commuter airliners flying out of London," it was the first year since the September 11, 2001, attacks that "closed without a major attack in the West. In a wide-ranging analysis, security and intelligence leaders around the world told the Associated Press" that the success was the result of "greater human and technological resources, tougher counterterrorism laws, a deeper understanding of the homegrown nature of the threat and the hard lessons learned from past failures." However, "they also cautioned against complacency, saying another attack is inevitable."

Homeland Security Wants Tighter Controls On European Travelers. Newsweek (1/2, 3.12M) reports in its "Periscope" column, "For more than 15 years, British and most other Western European visitors have been allowed to stay in the United States for up to three months without

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needing to apply for visas. But Homeland Security officials are now accelerating efforts to tighten entry controls on people from these and other friendly countries, including Australia and Japan, NEWSWEEK has learned." The move "follows revelations that European-born Muslims — particularly disgruntled young Brits — have been visiting Pakistan to attend terrorist training camps."

DHS Moving To Increase Visa Restrictions On Friendly Countries. In its "Periscope" column Newsweek (1/8, Hosenball, 3.12M) reports DHS officials "are now accelerating efforts to tighten entry controls on people from" visa-waiver countries, as well as "other friendly countries, including Australia and Japan, NEWSWEEK has learned. The move follows revelations that European-born Muslims—particularly disgruntled young Brits—have been visiting Pakistan to attend terrorist training camps. One proposal under consideration: requiring visitors who don't now need advanced visas to submit electronic visa applications to US authorities via the Internet at the time they purchase their tickets." DHS spokesman Jarrod Agen "said that Homeland Security Secretary Michael Chertoff has discussed proposed rule changes with congressional leaders but that no formal plan has been sent to Capitol Hill yet."

Major Changes In US Passport Rules Drawing Near. USA Today (1/2, 1A, Yu, 2.27M) reports on its front page, "Five years after the Sept. 11 terrorist attacks, the US government is on the verge of implementing security-inspired changes to passports that will affect millions of international travelers." A requirement for air travelers to and from Canada, Mexico and the Caribbean to carry a passport starting Jan. 23 and the introduction of new electronic passports for US citizens this spring "represent the most significant changes in border control in years, as federal officials try to bring the process of checking identification into the digital age."

TSA Says It Is Near Decision On Contract For ID Cards. The Washington Post (1/2, D2, Witte, 690K) reports "the Transportation Security Administration indicated last week" that it will award a contract "to provide a new identification card for transportation workers" early this year. Spokesman Darrin Kayser said the agency is "in the final stages of review of the contract, and we will be issuing an award in the coming weeks." The Post adds that the program "has met with repeated delays."

Security At Commercial Ports Said To Leave Room For Improvement. U.S. News and World Report (1/2, Marek, 2.03M) reports the US' "361 commercial ports…have gotten so little funding in the past five years that experts routinely call them the 'soft underbelly' of America. In recent months, a flare-up of public indignation over foreign ownership of U.S. port terminals has sparked some major improvements, but further progress is by no means assured, and a host of vulnerabilities remain. With 95 percent of America's imports arriving by sea, there's a lot at stake." There's been "a surge of activity on the port security front since February, when public anxiety was stoked by a proposed $6.8 billion business deal that would have given a firm run by the government of the United Arab Emirates leases to operate terminals in six U.S. ports." In September, Congress "passed the SAFE Ports Act, which mandates that DHS provide the 22 largest U.S. seaports with enough radiation detectors to scan all containers by 2008. The bill also eases the customs staffing crunch by using contractors to review trusted shippers."

WAR NEWS:

White House Signals Increased Troop Level Will Be Part Of New Iraq Strategy. The Wall Street Journal (1/2, A6, Dreazen, Jaffe, 2.04M) reports White House officials "say a troop 'surge' almost certainly will be the centerpiece of Mr. Bush's new strategy for Iraq to be unveiled mid-month. But while administration officials have gone to great lengths to emphasize that the extra troops will be in Iraq only temporarily, there is no clear definition of how long that might be." The debate over how long the new forces should remain in Iraq, the Journal writes, "stems from tension between the political and military aspects of the emerging proposal. Mr. Bush has staked his presidency on Iraq, and several White House aides say they believe he would be inclined to leave the extra troops there until improvement is evident. Senior commanders, by contrast, have expressed concern that leaving extra troops too long risks lasting damage to the US armed forces."

NBC Nightly News (12/31, story 3, 2:05, Siegenthaler, 9.87M) reported, "The President's plan for Iraq to be unveiled in a speech to the nation will likely call for a major troop increase," and "for the first time in his presidency, Congress will be controlled by Democrats -- an added challenge for a White House trying to advance agenda." Also, aides say that during his State of Union address the President "will acknowledge missteps and promote a hopeful vision for this country and Iraq."

The Financial Times (1/2, Luce) reports President Bush "is facing mounting opposition to plans to reinforce America's military presence in Iraq" from both Democrats and Republicans. In the recent days, "a number of prominent Republican senators, including Arlen Specter and Richard Lugar, the outgoing chairmen of the Senate judiciary and foreign relations committees, have voiced strong scepticism about an increase in troops." Meanwhile, the Bush

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administration "faces the likelihood of tough senate hearings throughout January that Joseph Biden, the new Democratic chairman of the foreign relations committee, plans to hold from next week."

The AP (1/1, Dunbar) reported that "two prominent Senate Republicans bucked the White House" Sunday, "expressing skepticism" about more US troops in Iraq. Sen. Richard Lugar "urged the President to consult with lawmakers before announcing a new strategy on Iraq that could call for additional troops in Iraq." If Bush were to act "without involving the new Democratic-controlled Congress," he can anticipate "a lot of hearings, a lot of study, a lot of criticism," Lugar said. Separately, Sen. Arlen Specter "also questioned the wisdom of sending in more troops, saying he has not seen an administration plan that would justify it."

In a piece appearing in the Washington Post, syndicated columnist Robert Novak wrote (1/1, A13) that President Bush and Sen. John McCain "will have trouble finding support from more than 12 of the 49 Republican senators when pressing for a surge of 30,000 troops," stressing that "what to do about Iraq poses not only a national policy crisis but profound political problems for the Republican Party." Novak says Republican leaders "around the country, anticipating that the 2006 election disaster would prompt an orderly disengagement from Iraq, are shocked that the president now appears ready to add troops." What is happening inside the Republican party, Novak continues, "is reflected by defection from support for his war policy after November's election by two Republican senators who face an uphill race for reelection in 2008: Gordon Smith of Oregon and Norm Coleman of Minnesota."

Administration Officials Say Iraq Policy Unraveled In 2006. In a 3,000-word, front page article, the New York Times (1/2, A1, Sanger, Gordon, Burns, 1.16M) reports Bush "began 2006 assuring the country that he had a 'strategy for victory in Iraq,'" but "ended the year closeted with his war cabinet on his ranch trying to devise a new strategy, because the existing one had collapsed." The Administration's "original plan…called for turning over responsibility for security to the Iraqis, shrinking the number of American bases and beginning the gradual withdrawal of American troops. But the plan collided with Iraq's ferocious unraveling, which took most of Mr. Bush's war council by surprise." In interviews in Washington and Baghdad, "senior officials said the White House, the Pentagon and the State Department had also failed to take seriously warnings, including some from its own ambassador in Baghdad, that sectarian violence could rip the country apart," and "left the president and his advisers constantly lagging a step or two behind events on the ground." In a recent interview with the Times, NSA Stephen Hadley acknowledged that "Iraqi forces were not able to hold neighborhoods, and the effort to build did not show up."

As Bush Debates New Course, US Death Toll Reaches 3,000. The AP (1/1, Jelinek) reported Monday that the number of American deaths in the Iraq war reached "the sobering milestone of 3,000 on Sunday even as the Bush administration sought to overhaul its strategy for an unpopular conflict that shows little sign of abating." The Washington Post (1/1, A1, Trejos, 690K) called it "a symbolic milestone at a time when the Bush administration is rethinking its strategy for the increasingly violent conflict." Meanwhile, public discontent over the war at home "has grown, evidenced by the fact that voters gave Democrats control of the new Congress." ABC World News (12/31, lead story, 2:40, Muir, 8.78M) reported, "President Bush is downplaying the significance of the milestone, but not the sacrifice of the fallen troops."

McClatchy (1/1, Youssef) reported Bush spokesman Scott Stanzel said Sunday that the United States "will be fighting violent jihadists for peace and security of the civilized world for years to come." He said Bush would see to it that the sacrifice of US troops "was not made in vain."

Iraq Says Over 16,000 Iraqis Killed In '06. The AP (1/2, Frayer) reports the Iraqi government Monday said 16,273 Iraqi "civilians, soldiers and police died violent deaths in 2006." Meanwhile, the AP said its own accounting, "gleaned from daily news reports from Baghdad, arrived at a total of 13,738 deaths."

Official Says US Failed "In Terms Of Working With Locals." In an interview with Fox Special Report (1/1, story 7, 6:00, Angle), Henry Crumpton, the outgoing ambassador at large for counter-terrorism at the State Department discussed "the next chapter in the war on terror and how far we've come." On the subject of Afghanistan, Crumpton said that "the foundation for success was rooted in intelligence, and the networks that were established back several years ago, in fact. And also, the leadership that we had in the field, some very senior officers deployed into Afghanistan." Asked to compare US efforts in Afghanistan to those in Iraq, Crumpton said, "There are some big differences between Iraq and Afghanistan," most notably, "the variety of different ethnic configurations inside Iraq makes it different. And so in many respects, it required, at least initially, a conventional military approach, whereas Afghanistan did not." Although the US conducted a "very successful [military] campaign," Crumpton said "capturing Baghdad, that's where I think we obviously fell short, in terms of working with locals."

Bush Readying New Plan For Iraq. U.S. News and World Report (1/2, Mulrine, 2.03M) reports after "making it clear that he has his own no-go zones (namely, opening a dialogue with Iran and Syria and considering a phased withdrawal of U.S. troops)," President Bush is "expected to release his new plan for Iraq within days. It will very likely include an economic package that will fund microloans for

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small businesses and jobs in neighborhoods that have been targeted by military strikes–elements of classic counterinsurgency strategy that weave economic and political incentives together with armed measures." But "much of the chatter" surrounds "a so-called surge of U.S. troops, enough to make the total force in Baghdad larger than at any time since the war began." Democrats are "arguing that anything like a surge ignores the message sent by voters in November's midterm elections."

Newsweek (1/2, 3.12M) reports the White House "insists it knows that simply adding more troops isn't the answer. The plan being considered is far more nuanced than what has been reported in the media, a senior aide to Bush, who would only discuss the talks in Crawford anonymously, told NEWSWEEK. He said it includes money for new jobs programs and reconstruction aid for Prime Minister Nuri al-Maliki, as well as efforts to further shore up his political base." Newsweek adds the "debate over tactics has intensified inside the Pentagon. Bush is now trying to sort through wildly conflicting advice." The Joint Chiefs of Staff "supports the conclusions of the Iraq Study Group that, rather than sending in a new influx of U.S. troops, American advisory teams embedded with Iraqi forces should be quadrupled so Iraqis can take control more quickly. Some hawks, led by two outside advisers, former Army vice chief of staff Gen. Jack Keane and military historian Frederick Kagan, are instead urging Bush to "win the battle of Baghdad" himself. They say he can't wait for the Iraqi government, Army or police to secure the country."

January Seen As Crucial Time For White House. U.S. News and World Report (1/2, 2.03M) reports some senior Republicans "are looking at the next four weeks as 'make it or break it' time for the White House." In early January, "the Democrats will take over Congress and signal how aggressively they will confront the administration on Iraq and a wide range of domestic issues." By mid-January, President Bush "will have delivered his high-stakes speech setting forth 'the way forward' in Iraq. Bush will then give his State of the Union address on January 23." A senior GOP adviser said, "Anything the president wants to do in the last two years of his term will be contingent on the reaction to his new course in Iraq. If he bombs when he gives the Iraq speech, the fat lady sings." US News adds White House officials, "however, argue that Democrats won't be able to escape responsibility for improving the situation in Iraq."

Sunni Protests Of Saddam Execution Seen As Sign Of Growing Defiance. NBC Nightly News (12/31, story 2, 3:30, Siegenthaler, 9.87M) reported a "cell phone video that captured" Saddam Hussein's "final conversation before he was hanged" hit the Internet Sunday. NBC (Engel) called the video's release "a major public relations blow for the US Administration and the Iraqi government which have been trying to show the world that Saddam Hussein received impartial justice." ABC World News (12/31, story 2, 2:20, Muir, 8.78M) reported the video "reveals an ugly picture."

NBC Nightly News (1/1, story 2, 3:20, Engel, 9.87M) said that with the release of the video, "so many in this part of the world are now saying that Saddam Hussein had a public execution. And it is backfiring on the US and Iraqi administrations" as "anger among Sunnis is growing." Similarly, the CBS Evening News (1/1, story 2, 2:40, Mitchell, 7.66M) reported that "as Sunni anger grows over Saddam Hussein's execution, we are now learning the US wanted it put off at least two weeks. Randall Pinkston on has the latest from Baghdad." CBS (Pinkston) added, "In the hours before" the execution, "the US Ambassador to Iraq reportedly tried but failed to delay the execution." Iraqi officials said "the Ambassador insisted Iraq's Prime Minister provide proper documents, including a signature from Iraq's President."

The New York Times/AP (1/2) says the demonstrations in Baghdad Monday suggest "that many Sunni Arabs may now more actively support the small number of Sunni militants fighting the country's Shiite-dominated government." Sunnis were "not only outraged by Saddam's hurried execution," but "many were also incensed by the unruly scene in the execution chamber, captured on video, in which Saddam was taunted." Similarly, the Washington Times/AP (1/2, Frayer) says the protest was "particularly significant because it signaled a widening expression of defiance among Sunnis."

Meanwhile, the Financial Times (1/2, Negus) reports the Iraqi government Monday launched an inquiry "into how guards filmed and taunted Saddam Hussein on the gallows, turning his execution into a televised spectacle that has inflamed sectarian anger." The events surrounding the execution "captured the extent to which the Shia radicals associated with" Moqtada al-Sadr "have imposed their agenda on the Iraqi state and its institutions, and the magnitude of the task facing" Maliki "as he tries to impose his authority on a deeply fractured and radicalised country."

The Christian Science Monitor (1/2, Murphy, 59K) reports that "peace is unlikely to follow" to Saddam's execution, and "while the US once believed Hussein's fall would help stabilize Iraq…that is no longer the case. What was once described as an insurgency largely made up of Baathist holdouts and some Sunni Islamist fighters, is now seen as a battle for power among Iraq's major sects." President Bush "reflected that view when he cautioned against too much optimism on Saturday." In contrast, USA Today (1/2, 4A, Jervis, 2.27M) says the "hasty execution" will "not hurt ongoing efforts to bridge ethnic rivalries and win backing for Iraq's fledgling government."

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Saddam Legacy Lives On in Sectarian Conflict. The Christian Science Monitor (1/2, Blanford, 59K) reports Saddam Hussein "may be gone, but his legacy lives on in the ethnic and religious conflict undermining a nation that he held together through fear." While the "architects of the Iraq war hoped his ouster would help spread Western-style democracy in the region," it "remains to be seen whether the lesson of his life will be the end of brutal dictatorships in the region or whether current unrest in Iraq will bolster Middle Eastern autocrats and increase resistance to democratic reforms."

American Nurse Recalls Time Spend Caring For Saddam. The Washington Times/AP (1/2) reports a US military nurse who cared for Saddam Hussein in jail "said the deposed dictator saved bread crusts to feed birds and seldom complained to his captors, except when he had legitimate gripes." Master Sgt. Robert Ellis, who cared for the former Iraqi dictator from January 2004 to August 2005 at Camp Cropper, recalled his experiences with Saddam in an interview with the St. Louis Post-Dispatch.

Saddam's Execution Seen As Another US Misstep. In his Newsweek column (1/2), Fareed Zakaria says, "The saga of Saddam's end — his capture, trial and execution — is a sad metaphor for America's occupation of Iraq. What might have gone right went so wrong." The Bush Administration "dismissed the idea of trying Saddam under international law, or in a court with any broader legitimacy" and it "put Saddam's fate in the hands of the new Iraqi government, dominated by Shiite and Kurdish politicians who had been victims of his reign. As a result, Saddam's trial, which should have been the judgment of civilized society against a tyrant, is now seen by Iraq's Sunnis and much of the Arab world as a farce, reflecting only the victors' vengeance."

Newsweek (1/2, Dickey, 3.12M) reports President George W. Bush "was sleeping at 9 p.m. at his ranch in Crawford, Texas, when Saddam Hussein's body plunged through the trapdoor of a gallows in Kadhimiya Prison on the outskirts of Baghdad." But like the "war that overthrew him in 2003, the hanging of Saddam Hussein did not turn out as planned. Instead of a study in modern justice, the tyrant's end looked more like the result of a sectarian show trial. From Crawford, the only comment was a muted, written statement: no proclamation of 'mission accomplished,' just of 'an important milestone' after 'a difficult year for the Iraqi people and for our troops.' The best that could be said was that the trial was fairer than those Saddam gave his many enemies."

Saddam Played Central Role In Both Bushes' Presidency. In his Newsweek column (1/2), Howard Fineman says, "When the history is written, the saga of the Bushes and the Butcher of Baghdad will be a central thread of the family's story — and of America's at the millennium. It is not personal in the literal sense; neither President Bush ever met Saddam." But it is "'the Realists and the Neocons.' For both Bushes, dealing with Saddam became a way to measure presidential manhood -- and to express profoundly different views about the world."

Author Says Iraq Worse Off Than Three Years Ago. Author Mark Bowden writes in the Wall Street Journal (1/2, 2.04M), "I believe that in the long run people on this planet will embrace democracy and diversity, but we are not there yet. I still nurse hope that Iraqis will abandon blood feuds for compromise and a democratic future, but it appears to be a longer shot today than three years ago, and it was a bad bet then. Mr. Bush has staked his legacy on it. So, the tyrant is dead. We may have facilitated his bad end, but, sadly, violence, oppression and fear remain the time-tested ways of forging a nation state out of disparate parts."

WSJournal Says Execution Serves As Example To Dictators. In an editorial, the Wall Street Journal (1/2, A22, 2.04M) writes, "The debate over Iraq has become so poisonous that even the weekend death sentence for Saddam Hussein seems to have become morally controversial. So it's worth recalling that what happened early Saturday morning in Baghdad is that rare event -- justice for a tyrant after a fair and open trial." The world, it notes, "will have to endure future tyrants, but Saddam's hanging will have done some larger good if it gives even one of them pause to think he might suffer the same justice. Too often, faced with murderous dictators, the world's moralists demand that America 'do something' (Darfur, Bosnia) only to shrink from the reality of what that requires. In Iraq, President Bush did something. The 3,000 Americans who have given their lives in that noble mission have done so in a just cause that rid the world of a man who might have killed hundreds of thousands more."

Maliki's Shiite Alliances Seen As Undermining Ability To Unify Iraq. In a front page article, the Wall Street Journal (1/2, A1, Shishkin, 2.04M) reports that for Iraqi Prime Minister Nouri al-Maliki the execution of Saddam Hussein was "a crowning moment in a career defined by uncompromising hatred of everything Mr. Hussein had stood for. Now Mr. Maliki is supposed to rise above the sectarian chasm that has pitted Iraq's Sunni minority against his own Shiite branch of Islam. But as Iraq moves closer to full-scale civil war, a look at Mr. Maliki's history of Shiite activism suggests he is ill-prepared to be a true unifying figure." In a Dec. 24 interview, Maliki said, "The problem is that our Sunni brothers ruled Iraq for centuries because there was no democracy, no elections. Therefore, they feel that a right has been taken away from them." However, Maliki says he believes "reconciliation is still possible." But "another huge challenge facing Mr. Maliki is the rising power of Moqtada al-Sadr."

Iraqi Shiites Seek More Independence From American Backers. On its front page, the Washington Post

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(1/2, A1, Raghavan, 690K) reports Iraq's Shiites are "at a crossroads in their rise from oppression to power and in their relationship with the United States. In a nation riven by violence and competing visions, they feel as if they have been handed the keys to their house but never allowed to settle down. Bitter personality rifts have undermined their ability to govern. And they have yet to bridge the growing divide separating them from the Sunnis and further deepened by Hussein's execution on Saturday." As President Bush seeks a new strategy for Iraq, "many Shiites express deep mistrust of the United States and its intentions. In US efforts to engage Iraq's disaffected Sunnis, they perceive betrayal. And in US pressure to dismantle Shiite militias, they see an attempt to weaken their bulwark against Sunni insurgents." As a result, Shiite leaders "have begun to push harder for more independence from their American backers. Most recently, the government ignored US objections to hanging Hussein too hastily. He was executed four days after an appeals court upheld his death sentence."

Iraq Orders Closure Of TV Station. The AP (1/2, Torchia) reports, "The Iraqi government Monday ordered the closure of the Baghdad office of a Dubai-based television station whose newscaster wore black mourning clothes while reporting on the hanging of Hussein. A spokesman for the Interior Ministry said the Al-Sharqiya station, owned by a former chief of radio and television for Saddam, had incited violence and hatred in its coverage and had ignored warnings to stop. ... the order also followed criticism of the tone of Al-Sharqiya's coverage of Saturday's execution, which struck some as sympathetic to the ousted dictator."

US Raid Against Insurgents Kills 6 In Baghdad. The Washington Post (1/2, A10, Trejos, 690K) reports, "US forces killed six people during a raid on a suspected safe house of the insurgent group al-Qaeda in Iraq in the capital Monday morning, the military said." Saleh al-Mutlak, "a prominent Sunni member of parliament condemned the operation, saying that two of his buildings were destroyed and two of his bodyguards were killed in the attack. He said his bodyguards were not insurgents and questioned the point of the raid. ... In an e-mail response to written questions, the military disputed Mutlak's account, saying no civilians were killed or injured and that 'the terrorists killed were armed males firing at Coalition Forces.'"

The Los Angeles Times (1/2, Hennessy-Fiske, 850K) reports Mutlak also "charged that American forces and the Iraqi government were giving Shiite Muslim militias carte blanche while cracking down on Sunnis. He was still seething after watching videotape of Hussein's execution Saturday, at which guards taunted the deposed president with Shiite militia chants. Mutlak said he planned to meet with fellow Sunnis and members of various parliamentary blocs this week to discuss withdrawing from the government, which is led by Prime Minister Nouri Maliki, a Shiite."

IEDs Have Caused Over Third Of US Troop Deaths In Iraq. The Christian Science Monitor (1/2, Knickerbocker, 59K) reports, "Of the 3,000 American GIs lost in Iraq as of midday Sunday, more have been killed by roadside bombs -- improvised explosive devices (IEDs) -- than any other cause. More than by rifle fire, mortar attack, or car bomb. It's a danger that has bedeviled Pentagon war planners for months, one to which they've responded with a high-level task force headed by a retired four-star general, $6.7 billion in research and development, new high-tech equipment and vehicles, and - perhaps most important - intelligence efforts to get inside the decisionmaking of an insurgency that is sophisticated, if largely low-tech. If anything, the danger is increasing despite efforts to counter it." Improvised bomb attacks on US troops "now top 1,000 a month, four times the rate in 2004."

Roadside Bomb Changed Lives Of Survivors. USA Today (1/2, 6A, Zoroya reports in a human interest story on a March 6 IED explosion in Iraq: "The blast killed Pfc. Ricky Salas Jr. ... The blast that killed Salas left four other soldiers with wounds, physical or emotional, that may never heal." Among them is Spc. Jose Morales, who "suffered the worst injuries of those who survived. After nine months of convalescence, rehabilitation and physical therapy at Walter Reed Army Medical Center in Washington, D.C., he still struggles to walk with his prosthesis. ... Although some amputees remain in the Army, Morales is increasingly fearful he will be forced into medical retirement at age 25."

Salas' Family Traumatized By Loss. USA Today (1/2, 1A, Zoroya, 2.27M) reports, "At least 35% of [US casualties] died as Ricky Salas did: in IED explosions. In December, the deadliest month of 2006, at least 48 of 69 Army combat deaths were caused by roadside bombs. In all, 111 U.S. troops were killed last month. ... the Pentagon news release about Salas, 22, only hinted at the human cost of the March 6 explosion. No mention was made of the three other soldiers in the Humvee who were wounded in the blast. Also left unsaid were the stories of those the death toll fails to acknowledge: Salas' 22-year-old widow, the two small children she is left to raise alone, a mother emotionally adrift and a father who drowns his despair in alcohol."

US Urged To Allow More Iraqi Refugees To Enter America. In a front page article, the New York Times (1/2, A1, Tavernise, Worth, 1.16M) reports from Iraq, "With thousands of Iraqis desperately fleeing this country every day, advocates for refugees, and even some American officials, say there is an urgent need to allow more Iraqi refugees into the United States." State Department officials

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"say they are open to admitting larger numbers, but are limited by a cumbersome and poorly financed United Nations referral system." Meanwhile, Senator Edward Kennedy (D-MA), who is taking over the immigration, border security and refugee subcommittee, has planned hearings this month "on America's responsibility to help vulnerable Iraqis." Critics argue that the Bush administration has been "reluctant to create a significant refugee program because to do so would be tantamount to conceding failure in Iraq," adding that a "major change in policy could happen only as part of a broader White House shift on Iraq." The Times reports that State Department officials "say they are now open to increasing the number of refugee slots the administration formally requested for Iraqis in September." Assistant Secretary Ellen R. Sauerbrey "said the United States was hoping to identify the most vulnerable Iraqi refugees but was also dependent on the United Nations High Commissioner for Refugees to do that."

War Having Little Effect On "Much Of US." The Washington Post (1/2, A1, Tyson, White, 690K) reports in a front-page article on the impact of the death of Pfc. Ross McGinnis, who committed "a stunning act of self-sacrifice" by falling on a grenade. ... the casualties have rippled across the American psyche -- those close to the events have been profoundly moved, while those at some distance, the majority of Americans, have been largely unaffected. Concentric circles of loss spread outward, starting with grieving parents, spouses and children -- many so young they will not remember the father or mother who was killed in war. Families of the severely wounded face a future they never planned for and financial hardships they never imagined. In small towns, which supply much of the nation's fighting force, one death can send an entire community into mourning." An unnamed Special Forces veteran of Iraq says, "The fatal flaw was when right after September 11 the president asked everyone to go on with their lives. That set the stage for no one sacrificing." Also in the Washington Post (1/2, 690K), the parents of the late Spc. Ross McGinnis write about their grief: "Only time will take the edge off the knives that have wedged into our hearts."

Pop Music Said To Reflect War Fatigue. The New York Times (1/2, 1.16M) reports, "Beyond typical wartime attitudes of belligerence, protest and yearning for peace, in 2006 pop moved toward something different: a mood somewhere between resignation and a siege mentality. ... Unlike World War II, the current situation has brought little national unity; unlike the Vietnam era, ours has no appreciable domestic support for America's opponents. ... the current war has not inspired talk of generationwide rebellion (perhaps because there's no draft to pit young against old) or any colorful, psychedelically defiant counterculture. The war songs of the 21st century have been sober and earnest, pragmatic rather than fanciful."

CORPORATE SCANDALS:

Apple Options Probe Puts Two Former Officials In Spotlight. The Wall Street Journal (1/2, B11, Wingfield) reports, "Now that Apple Computer Inc. has disclosed further details of its internal probe into backdated stock options at the company, the spotlight is falling on two former executives implicated in the investigation, Fred Anderson and Nancy Heinen." The Journal continues, "While the Cupertino, Calif., company still hasn't publicly named the two former executives its investigation has blamed for improper options-granting practices, people familiar with the matter confirm the pair are Mr. Anderson, Apple's former chief financial officer, and Ms. Heinen, former general counsel and board secretary." The Journal adds, "Apple -- which cleared current management, including Chief Executive Steve Jobs, of wrongdoing on Friday -- has turned the results of its investigation over to the Justice Department and the Securities and Exchange Commission. Apple said in a filing Friday with the SEC that thousands of options grants between 1997 and 2002 were improperly dated. … Federal prosecutors are in the early stages of their examination of Apple's backdating practices, in a process that could take months." The Journal notes, "Within the clubby circles of Silicon Valley, Apple's allegations have caused a stir among people who know the former Apple executives. A person familiar with the matter says Apple may argue that, as financial chief, Mr. Anderson should have been responsible for proper accounting of backdated options. In Ms. Heinen's case, Apple believes it has evidence that Ms. Heinen, as board secretary, was aware of improper documentation that said a board meeting occurred in October 2001 to approve a big option grant to Mr. Jobs, when no such meeting occurred. … Until more specifics are known, associates of both executives say they are standing by them. Mr. Anderson also sits on the board of Internet auctioneer eBay Inc. and is chairman of its audit committee. Meg Whitman, eBay's CEO, said Mr. Anderson will remain in both positions despite the allegations in the Apple investigation."

NYTimes Urges More Action In Options Probes. The New York Times (1/2) editorializes, "The old year was certainly a boom one for American business, with record profits for companies and record bonuses on Wall Street. But in the background a major accounting scandal has quietly spread, now encompassing more than 120 companies. Fudging the grant date for stock options doesn't quite have the spotlight-grabbing immediacy of Enron's collapse, but it is still gaming the system at the expense of shareholders." The Times continues, "A study sponsored by Harvard Law School

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suggests that a large number of board members, instead of watching out for self-enriching tricks, were sharing in the lucre. As Eric Dash reported in The Times recently, the study found that board members at roughly 460 companies, around 1,400 outside directors, likely received stock options that were manipulated, unnaturally boosting their value. In other words, many directors saw their stock holdings goosed along with executives'. So much for independent oversight." The Times adds, "What is particularly disturbing is that the news of this malfeasance, far from leading to full-throated calls for investigation and punishment, has coincided with a broad-based effort from business advocates to roll back the stiffer regime of enforcement devised in the wake of Enron and WorldCom. … Some logical tweaks were needed. The Justice Department's prosecution tactics in corporate cases had become a little too aggressive, and small companies deserved a break on requirements under the Sarbanes-Oxley law — a reform inspired by the malfeasance of large, complicated companies. But the relaxation of a few miscalibrated, onerous provisions is where this effort should end."

State Regulators Question Banks' Perks To Hedge Fund Traders. The New York Times (1/2, 1.16M) reports on the "hedge fund hotel" run by "giant Swiss bank" UBS, in which Boston hedge fund traders are allowed to live, "as a temporary home, complete with receptionists, espresso machines and consultants to help manage their information systems. In return, the banks hope the hedge fund hotel guests may become big clients." Massachusetts secretary of state William F. Galvin has subpoenaed UBS and other banks in an investigation into whether the practice is at odds with the interests of investors. "While the state investigation is in a preliminary stage and may not lead to any specific charges, at its heart is a thorny issue that has dogged regulators for decades. Money managers, including mutual funds and hedge funds, often pay Wall Street with 'soft dollars,'" which "are controversial because clients pay for the higher commissions, while the services often benefit the manager the most. Higher commissions result in greater expenses for the fund and potentially lower returns for investors."

Shareholder Control Of Corporations Derided. In a op-ed in the Wall Street Journal (1/2, A23, 2.04M) titled, "The 'Corporate Democracy' Oxymoron," Henry G. Manne, Dean Emeritus of the George Mason University School of Law, writes, "They're back! Every 20 or 30 years shareholder democracy ideas come back in vogue, and their time seems to have arrived again -- with a vengeance. The SEC is huddling on whether to facilitate direct shareholder nomination of directors through a new interpretation of its shareholder proposal rule. … But, as has been demonstrated time and again, the modern corporation is a market creation, not a political one. Hardly any aspect of 'capitalism's greatest invention' cannot be explained by reference to the market forces that caused it to evolve as it has. Indeed, there is probably no aspect of modern state corporation laws, including limited liability, 'personhood' and perpetual existence, that could not have evolved (albeit a bit more expensively) in a purely contractual, common law milieu. So it is with the selection of managers."

NYTimes Defends Sarbanes-Oxley. The New York Times (1/2, 1.16M) editorializes on the "major accounting scandal" surrounding some 120 US companies, noting that "fudging the grant date for stock options doesn't quite have the spotlight-grabbing immediacy of Enron's collapse, but it is still gaming the system at the expense of shareholders." The Times notes that this scandal has emerged even as business leaders have worked to "roll back" new restrictions under the Sarbanes-Oxley law, and while acknowledging that some "logical tweaks were needed" in the new regime, concludes, "But the relaxation of a few miscalibrated, onerous provisions is where this effort should end."

CRIMINAL LAW:

Reporters Will Be Key Witnesses In CIA Leak Case. The AP (1/2, Apuzzo) reports, "Some journalists who made careers out of questioning government officials and bearing witness to history may soon find themselves answering questions from prosecutors as key witnesses in the CIA leak case." The AP continues, "Ten or more reporters from some of the most prominent news organizations could be called to testify in the perjury and obstruction case of former White House aide I. Lewis 'Scooter' Libby. It's rare enough for reporters to become witnesses. But the Libby case is even more unusual because journalists will be dueling witnesses – some called by the defense team, some by prosecutors. … 'It will be unprecedented and, as far as I'm concerned, horrifying,' Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said of the case, for which jury selection begins in two weeks." The AP adds, "Prosecutors want to show that Libby lied to investigators about his conversations with journalists regarding outed CIA officer Valerie Plame, and they are expected to rely on former New York Times reporter Judith Miller, Time magazine reporter Matthew Cooper and NBC Washington bureau chief Tim Russert to make their case. … Libby, the former top aide to Vice President Dick Cheney, has said he had no reason to lie and simply didn't remember those conversations. His attorneys have said they will call as many as seven unidentified journalists to testify about their conversations with Libby to bolster his case. … The Libby

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case has rankled news agencies for nearly three years, since Special Prosecutor Patrick Fitzgerald began subpoenaing journalists to testify before a grand jury. Fitzgerald said it was the only way he could thoroughly investigate whether any laws were broken."

DOJ Pushes For Access To Internet Records In Child Porn Probes. The Minneapolis Star Tribune (1/2, Reinan) reports, "The federal government wants your Internet provider to keep track of every website you visit. … For more than a year, the U.S. Justice Department has been in discussions with Internet companies and privacy rights advocates, trying to come up with a plan that would make it easier for investigators to check records of Web traffic." The Tribune continues, "The idea is to help law enforcement track down child pornographers. But some see it as another step toward total surveillance of citizens, joining warrantless wiretapping, secret scrutiny of library records and unfettered access to e-mail as another power that could be abused. … 'I don't think it's realistic to think that we would create this enormous honeypot of information and then say to the FBI, "You can only use it for this narrow purpose,"' said Leslie Harris, executive director of the Center for Democracy & Technology, a Washington, D.C.-based group that promotes free speech and privacy in communication. … 'We have an environment in which we're collecting more and more information on the personal lives of Americans, and our laws are completely inadequate to protect us.'" The Tribune adds, "So far, no concrete proposal has emerged, but U.S. Attorney General Alberto Gonzales has made it clear that he'd like to see quick action. … In September testimony before a Senate committee, Gonzales painted a graphic and disturbing picture of child pornography on the Web, which he called an urgent threat to children. The production and consumption of child pornography has exploded as the Internet makes it easier to exchange images, Gonzales said. … But federal agents and prosecutors are hampered in their investigations because Internet companies don't routinely keep records of their traffic, he told the committee. … Gonzales also pushed for Internet records tracking in an April speech at the National Center for Missing and Exploited Children."

Democrats Tie Violent Crime Spike To Decreased Federal Law Enforcement Funding. Newsweek (1/8, Isikoff, Murr) reports, "A recent surge in violent crime is creating anxiety at the Justice Department and posing potential political problems for the Bush administration. The 3.7 percent rise for the first six months of 2006, cited in a new FBI report, was greater than expected and included a 9.7 percent spike in robberies. (Minneapolis and Oakland, Calif., saw jumps of more than 30 percent.) Police groups say the surge comes at the same time the White House has drastically cut aid for state and local law enforcement programs. 'We don't have the support from Washington,' says Los Angeles Police Chief Bill Bratton. Government figures show the FBI has shifted agents off standard criminal cases to work counterterrorism; the bureau has 994 fewer criminal case agents than it did on September 11, 2001—an 18 percent drop. (A Justice Department rep says it's 'highly unlikely' the crime increase is tied to federal funding, but they've dispatched teams to investigate.) The numbers have caught the attention of top Democrats on Capitol Hill. 'If you look at the figures, they're pretty striking,' says one Democratic aide, who is not authorized to speak publicly about policy. In a recent letter to FBI Director Robert Mueller, Judiciary Committee member Sen. Dianne Feinstein called the crime increases 'alarming.'"

NYC Crime Rates Continues To Drop, But Homicides Increase. The New York Times (1/1, Buckley) reports, "In New York City, rapes, robberies and assaults, among other crimes, continued to decline last year, prompting the Police Department's top official to herald 2006 as a very good year. Homicides, however, climbed 10 percent in the city, reversing a much-hailed decrease. 'We'd like to see no homicides. The reality is we're going to have them,' said Police Commissioner Raymond W. Kelly. 'I think this is a very good year.' He called the increase in killings in 2006 all but negligible compared with 1990, a year with one of the highest homicide rates in recent history. That year, crack-fueled violence soared, and 2,262 people were killed. Last year there were 579 killings citywide as of Dec. 24, an increase of 52 homicides over the same period in 2005. Yet overall crime last year was down 5 percent. The number of reported rapes declined by 7.4 percent to 1,486, subway crime plunged 13 percent and auto theft fell 11.4 percent. The police said the year's jump in homicides was rooted largely in an unusually high number of 'reclassified' deaths, deaths linked to injuries incurred in months or years past. There were 38 reclassified homicides in New York last year, compared with 21 in 2005. … Myriad factors account for New York's continuing decline in crime overall, the police and criminologists say. They cited more effective policing, shifting drug patterns and the lowest unemployment rate in 30 years. Yet what is puzzling, one expert said, is that overall crime is dropping even as New York becomes an increasingly polarized city, with haves and have-nots often living side by side in luxury condominiums and public housing."

Houston Mayor Blames Katrina Evacuees For Murder Rate Jump. The AP (1/2) reports, "The number of murders last year in Houston hit a 12-year high and increased by 13.5 percent over 2005, figures the mayor attributes in part to the arrival of evacuees from Hurricane Katrina. Houston had 379 homicides in 2006. That was the most since 1994, when 419 murders were reported, police said. In 2005, the city had 334 homicides. Mayor Bill White pointed to

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Hurricane Katrina evacuees from New Orleans as one reason for the increase. 'We did have a surge in population from a city where the homicide rate is eight times the national average,' White said. Houston's population increased by 148,000 people in 2006, many of them Katrina evacuees, according to the city's planning department. The swelling population helped keep Houston's homicide rate relatively steady, rising from 16.33 victims per 100,000 residents in 2005 to 17.24 victims in 2006. Nationally, the murder rate increased by 1.4 percent last year, according to FBI figures. Some experts disagreed with White's characterization, pointing to national trends indicating rising rates of violent crime. … Other types of violent crime dropped in Houston in 2006, police said. Robberies, rapes, aggravated assaults, burglaries, thefts and stolen cars dropped between 2 percent and 9 percent when compared with 2005 statistics."

Columbus Sees Slight Decrease In Homicides. The Columbus (OH) Dispatch (1/2, Decker) reports, "Homicides in Ohio's other big cities jumped last year, but slayings in Columbus ebbed slightly." The Dispatch continues, "Columbus police say 2006 ended with 102 killings, two fewer than in 2005. There were 88 in 2004. … Lt. James S. Schrader, a homicide squad supervisor, said the unit had feared that 2006 would surpass the previous year's surge, but the slayings slowed as the year ended. … 'In the last two months, they've leveled off considerably,' he said." The Dispatch adds, "Meanwhile, killings in Cleveland and Cincinnati soared. .. Homicides in Cincinnati topped its 2005 total of 79 by early December. By yesterday, the number had risen to 85, the most victims since police started keeping reliable records in 1950. Cleveland homicides have risen from 78 in 2004 to 109 in 2005 to, as of Saturday, 119 in 2006, the deadliest year in a decade, according to FBI and local statistics. … Nationally, slayings climbed in other cities after a decade of relative peace following the crack-cocaine-driven slaughter of the late 1980s and early 1990s."

Homicides Increase In Seattle. The Seattle Post-Intelligencer (1/2, Castro, Gutierrez) reports, "The increasing number of homicides has ended a steady decline in violent crime that so many large American cities, including Seattle, enjoyed during the past decade. Nationally, the number of murders increased 1.4 percent over the same period in 2005, FBI statistics show. … Seattle, still one of the nation's safest cities, has not been immune to recent crime trends. Although 2006's final statistics weren't yet available, they were expected to show that Seattle's violent crime rate rose, perhaps 1 percent over 2005. In 2005, violent crimes jumped 8 percent over the previous year." The P-I adds, "Assaults involving firearms in Seattle, something Seattle police began tracking in 2004, have climbed 37 percent since then through the end of November. … Driving up this year's homicide rate was Kyle Huff's mass shooting at a Capitol Hill home in March that shocked the community. Four months later, another gunman forced his way into the Jewish Federation of Greater Seattle downtown office and shot six people, killing one. … Tose slain in Seattle this past year included a man stabbed to death by his sister's estranged husband, and a cabdriver caught in the cross fire when a woman in a brawl began shooting. … The oldest was 60. The youngest was 14. Three were beaten to death. Four were stabbed."

DC-Area Homicides Fall Sharply. The Washington Post (1/1, A01, Klein) reports, "Homicides dropped sharply in the Washington region in 2006, with the District reaching a 21-year low and Prince George's County showing a significant decrease after an alarming year of bloodshed." The Post continues, "The District recorded 167 killings -- a 15 percent drop from the 196 slayings in 2005. Prince George's had 134 killings last year, compared with a record 169 in 2005. … Overall, 417 homicides occurred in the Washington area last year, down by about 10 percent from 2005, when there were 462 killings. About half of the cases have been solved." The Post adds, "The decline comes as violence rises nationwide. Reports of homicides, assaults and other violent offenses rose by nearly 4 percent in the first six months of 2006, compared with the same period in 2005, according to a recent FBI report. … Crime analysts said the Washington area's drop most likely is tied to a variety of factors, including economic gentrification, population shifts, more effective policing strategies and the jailing of violent predators. They also warned that crime is still quite high in some parts of the region. … The national rate of killings for mid-size cities the size of Washington is about 14 per 100,000 people, according to FBI statistics. The rates of the region's urban areas are higher: 29 per 100,000 in the District and 15 per 100,000 in Prince George's."

Columnist Decries Black-On-Black Homicides. In his column for USA Today (1/2, 9A), DeWayne Wickham writes, "Kevin West's murder was the 260th homicide this year in Baltimore — a city in which virtually all of the murder victims and those arrested for murder are black. On the same day that he was gunned down, tens of thousands of demonstrators marched down Fifth Avenue in New York to protest the Nov. 25 killing of another black man. Sean Bell was felled by a hail of police gunfire moments after he and two friends left his bachelor party early on the morning of the day he was to have been married." Wickham continues, "Just why the cops fired on the unarmed men is unclear. Bell's death drew the scorn of civil rights leaders and black activists, many of whom took part in the march. West's killing has generated no such attention. … And that makes me made as hell." Wickham adds, "As troubling as it is that Bell's life might have been cut short by the unlawful actions of some rogue cops, it bothers me more that most of this nation's black murder victims are killed by other blacks. And despite this chilling fact, nowhere have tens of thousands of people taken to the streets recently to protest this carnage. Not in New

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York, or Baltimore, or Atlanta, or Detroit, or Chicago. Nowhere. … Of the country's 14,860 homicide victims in 2005, 7,125 were black, according to the FBI's Uniform Crime Report. And of the 3,289 cases that year in which a single black was killed by a single assailant, the FBI says, 91% of the killers were black. … Let me put this another way: The number of blacks killed in 2005 in this one homicide category alone approaches the total of all the blacks lynched in this country from 1882 to 1968, according to records maintained by Tuskegee University." Wickham concludes, "The ripple effects of black-on-black killings have turned many inner city neighborhoods into urban wastelands, chased businesses from those communities, fueled a growth in other crimes and sapped the resources of local governments. .. .As mad as black folks have a right to be over the killing of Sean Bell, we ought to be angry over the failure of black leaders to be equally outraged over the murder of Kevin West — and the thousands of blacks who are killed each year by other blacks."

Aryan Brotherhood Prosecution Relies On Inmate Informants. The Los Angeles Times (12/30, Mozingo) reports, "Thick neck twitching, eyes drifting out of sync, Clifford Eugene Smith is not the most credible of witnesses: He says he is a 'drug fiend,' estimates having murdered 'about' 20 inmates over the years and lies on the stand so often that he recently committed perjury about committing perjury. Yet for the second time this year, federal prosecutors called Smith, 53, to testify against members of his former prison gang, the Aryan Brotherhood. In this go-round, prosecutors charge that Robert 'Blinky' Griffin, 58, and John 'Youngster' Stinson, 52, ordered a series of murders in an effort to create a more powerful, disciplined criminal organization and to expand drug and extortion rackets. The case went to a jury in Los Angeles on Dec. 19. The obstacle for the government, as evidenced by Smith's volatile and often colorful testimony, is that the only people who can testify about the gang's inner workings are hulking, tattooed miscreants who might scare the jurors more than the defendants. By contrast, Stinson looked downright scholarly in court, typing on a laptop, thin and pale with a whitening goatee and tortoiseshell glasses. Griffin, in sweater vests and crisp white tennis shoes, chatted amiably with his two attorneys."

Granting Of Police Power To Security Firms Draws Criticism. The Washington Post (1/2, A4, Goldstein) reports from Raleigh, NC, "Kevin Watt crouched down to search the rusted Cadillac he had stopped for cruising the parking lot of a Raleigh apartment complex with a broken light. He pulled out two open Bud Light cans, an empty Corona bottle, rolling papers, a knife, a hammer, a stereo speaker, and a car radio with wires sprouting out. … 'Who's this belong to, man?' Watt asked the six young Latino men he had frisked and lined up behind the car. Five were too young to drink. None had a driver's license. One had under his hooded sweat shirt the tattoo of a Hispanic gang across his back. … A gang initiation, Watt thought." The Post continues, "With the sleeve patch on his black shirt, the 9mm gun on his hip and the blue light on his patrol car, he looked like an ordinary police officer as he stopped the car on a Friday night last month. Watt works, though, for a business called Capitol Special Police. It is one of dozens of private security companies given police powers by the state of North Carolina -- and part of a pattern across the United States in which public safety is shifting into private hands." The Post adds, "Private firms with outright police powers have been proliferating in some places -- and trying to expand their terrain. The 'company police agencies,' as businesses such as Capitol Special Police are called here, are lobbying the state legislature to broaden their jurisdiction, currently limited to the private property of those who hire them, to adjacent streets. Elsewhere -- including wealthy gated communities in South Florida and the Tri-Rail commuter trains between Miami and West Palm Beach -- private security patrols without police authority carry weapons, sometimes dress like SWAT teams and make citizen's arrests." The Post notes, "Private security guards have outnumbered police officers since the 1980s, predating the heightened concern about security brought on by the Sept. 11, 2001, attacks. What is new is that police forces, including the Durham Police Department here in North Carolina's Research Triangle, are increasingly turning to private companies for help. Moreover, private-sector security is expanding into spheres -- complex criminal investigations and patrols of downtown districts and residential neighborhoods -- that used to be the province of law enforcement agencies alone."

CIVIL RIGHTS:

HUD, Baltimore To Pay $300,000 In Civil Rights Case Legal Fees. The Baltimore Sun (1/2, Siegel) reports, "The city and the federal government have agreed to pay nearly $300,000 to lawyers representing black Baltimore public housing residents - the latest installment of legal fees in a long-running civil rights case." The Sun continues, "The payments - $236,744 from the city and $53,427 from the federal government - are being made to the American Civil Liberties Union of Maryland and the private firm of Brown, Goldstein & Levy for monitoring a partial consent decree in the case during a two-year period from July 1, 2002, through June 30, 2004, according to court documents." The Sun adds, "City officials say this bill brings the total they have paid out in the case to the ACLU, Brown, Goldstein & Levy and

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another private firm no longer involved in the case to $1.5 million. … In addition, officials say they have paid $5.1 million since 1998 to the local firm of Whiteford, Taylor & Preston to defend the city against allegations of discrimination." The Sun notes, "LA spokesman for the Justice Department could not say how much the federal government has paid to plaintiffs' lawyers in the case, but court records indicate it is about $500,000. The Justice Department has used lawyers from its civil division to represent the U.S. Department of Housing and Urban Development. … Under the terms of the decree that allowed the old family public housing high-rises to be redeveloped as mixed-income communities, the city and the federal government agreed to provide some 2,200 units for public housing residents in mostly white middle-class areas of the city and the suburbs by the end of 2002."

Racial Tension Sparks Melee At California Prison. The Los Angeles Times (1/2, Mozingo) reports, "The weekend riot at Chino state prison erupted after two inmates — a Latino and an African American — began fighting in a recreation yard, and others, watching from surrounding dormitories, followed suit, clashing along racial lines that have racked the state prison system for decades, prison officials said Sunday. About 200 inmates took part in the 90-minute riot Saturday morning, out of the more than 1,000 inmates housed in the dorms where the fighting occurred, said prison spokesman Lt. Mark Hargrove. … Investigators have no information that the Mexican Mafia prison gang was behind the attack, or that it was meant to precipitate a race war in the prison system, Hargrove said. Wardens across the state were told to monitor activities closely, but only Chino was locked down. Of the 27 inmates taken to hospitals Saturday, 20 were released back to Chino. The prisoner thought to be the most seriously injured suffered a stab wound, a broken jaw and a laceration to the head, and was recovering in the prison hospital. Corrections officials said they had cleaned up much of the mess by Sunday. A majority of the windows in the five dorms were shattered, Hargrove said. 'They were throwing shards of glass,' he said. … Hargrove said prisoners are not normally separated by race in that facility — except after a riot like Saturday's. The facility is 27% black, 31% white, 39% Latino. Of the 27 injured, 24 were African American, including all seven of those still hospitalized."

Shalikashvili Calls For End To "Don't Ask, Don't Tell." In an op-ed in the New York Times (1/2, 1.16M), former Joint Chiefs Chairman John M. Shalikashvili writes that congress is considering legislation to repeal the US military's "don't ask, don't tell" policy regulating the service of gay personnel as part of the drive to increase the size of the armed forces. "The debate must be conducted with sensitivity, but it must also consider the evidence that has emerged over the last 14 years. When I was chairman of the Joint Chiefs of Staff, I supported the current policy because I believed that implementing a change in the rules at that time would have been too burdensome for our troops and commanders." However, "last year I held a number of meetings with gay soldiers and marines, including some with combat experience in Iraq, and an openly gay senior sailor who was serving effectively as a member of a nuclear submarine crew. These conversations showed me just how much the military has changed, and that gays and lesbians can be accepted by their peers." Shalikashvili notes his belief that the policy's repeal is inevitable, concluding that when it is lifted, "gay men and lesbians will no longer have to conceal who they are, and the military will no longer need to sacrifice those whose service it cannot afford to lose."

WPost Calls For Further Investigation Into FL13 Voting. The Washington Post (1/2, A16, 690K) editorializes on the troubled election to choose the replacement of former FL13 Rep. Katherine Harris (R), in which "a mere 369 votes decided the race in favor of" Vern Buchanan (R), and in which rival Christine Jennings (D) has filed suit contesting the result based on a number of irregularities attributed to electronic voting machines. The Post argues that it is understandable "that there is a tendency to want to move on. But it would be wrong to let such impatience decide the case." Jennings and her supporters "sought access to the voting machines' 'source code' so that an outside expert could conduct an independent review under strict conditions set by a court monitor. Unfortunately, a Florida judge denied the request last week, partly because the information is proprietary. More than a winning commercial formula is at stake here. Hopefully the appeals court will see that the public good would be well served by getting to the bottom of this case. If not, the dispute is headed for what probably will be a very ugly -- and ultimately unsatisfying -- outcome in the House of Representatives."

ANTITRUST:

FCC Commissioner Calls AT&T-BellSouth Deal "Breakthrough" For Consumers. USA Today (1/2, 7B, Cauley) reports, "The Federal Communications Commission's handling of the $85 billion AT&T-BellSouth merger sets a 'new baseline' for protecting the interests of consumers, FCC Commissioner Jonathan Adelstein said in an interview over the weekend." USA continues, "The FCC's approval of the merger on Friday allowed the deal to close immediately. To secure the FCC's blessing, AT&T agreed to a list of consumer-friendly concessions. Among them: For the next 30 months, AT&T agreed to sell 'naked' DSL — meaning

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consumers don't have to buy any other service from AT&T to get the DSL service — for just $19.95 a month. That's less than half the $44.95 that AT&T now charges." USA adds, "AT&T also agreed to a 'net neutrality' provision that will require the company to treat all broadband services, its own as well as rivals', equally for the next two years. That means AT&T can't favor its own traffic, in terms of transmission speed and quality. … In addition, AT&T agreed to sell some unused wireless spectrum. That could enable a new rival to enter the market, creating more options for consumers." USA notes, "Adelstein called the settlement a 'breakthrough' for consumers in that it establishes a new standard of behavior for the USA's communications giants. Big companies such as AT&T and Comcast 'have told the FCC that they can't live with a net neutrality provision in place,' Adelstein said. 'They can.' … The fact that AT&T agreed to such an aggressive net neutrality clause proves that, he said."

WSJournal Laments Inclusion Of "Net Neutrality" In AT&T-BellSouth Merger. The Wall Street Journal (1/2, A22, 2.04M) editorializes that AT&T CEO Edward Whitacre "was right" to call "Net neutrality" policies "nuts," and derides him for allowing "the two Democrats on the Federal Communications Commission" to require the adoption of such policies into the recent AT&T merger with BellSouth, continuing, "The more important question in this episode is political: Have we been watching a return of the Old Democratic habit of using rhetoric about 'equity' and 'justice' as a front for carrying water for certain business interests over others?" The Journal argues that "Internet users will benefit most from the rapid rollout of broadband, which requires letting companies get a return on their investment. Net neutrality is all about imposing price controls that shake down one corporate player for the benefit of another."

WSJournal Praises FCC For Easing Bells' Entry Into Cable TV Markets. In a companion piece, the Wall Street Journal (1/2, A22, 2.04M) editorializes "And speaking of the FCC (see above), we think it deserves full marks for its ruling last month that will make it easier for phone companies to enter the cable television business. The usual suspects are crying foul, but this is a decision that really will help millions of consumers who are currently paying cable rates dictated by anticompetitive video franchise agreements. For decades the incumbent cable TV providers enjoyed a virtual monopoly in most markets. Of late, the Bells have been attempting to crash this party with their own video offerings, but they're facing all kinds of barriers to entry." The Journal notes that municipalities are pressuring the phone companies to offer community perks in exchange for franchise approval, and "with some 30,000 local communities out there for the Bells to win over, all this nickel-and-diming adds up."

Tribe's Purchase Of Hard Rock Café Challenged. The Financial Times (1/2) reports, "The Seminole tribe's acquisition of the Hard Rock Cafe was plunged into controversy when Cordish, a US real estate developer, filed a lawsuit claiming it was shut out of the auction for the restaurant chain." The Times continues, "Cordish submitted documents to a Florida court late on Friday alleging that Hard Rock and Hamish Dodds, its chief executive, colluded with the Native American tribe to reduce competition in exchange for assurances that Mr Dodds would continue to run the company after the deal." The Times adds, "Baltimore-based Cordish said it had repeatedly expressed an interest in bidding but was denied access to Hard Rock's books for due diligence. The developer has already filed a suit against Merrill Lynch, the investment bank that ran the auction on behalf of Rank, the British gaming group that owns Hard Rock. … The move by Cordish comes as Rank shareholders prepare to meet next week to vote on the sale of Hard Rock for $965m." The Times notes, "The outcome is far from clear, after some analysts expressed disappointment with the price obtained in the deal. … Although it is common for shareholders to file suits against companies claiming that they might not have maximised value, it is far less common for a rival bidder to claim it was unfairly excluded from an auction."

ENVIRONMENT:

Arlington Begins Push To Curb Greenhouse Gas Emissions. The Washington Post (1/2, A1, Gowen, 690K) reports Arlington County, Va., "will buy more wind-generated electricity, give tax breaks for hybrid cars, require new public buildings to be green-certified and hand out energy-efficient light bulbs to residents as part of a major push toward reducing greenhouse gas emissions, county officials said yesterday. The county has reduced carbon dioxide and other emissions -- making its buildings more energy-efficient and adding hybrid vehicles to its fleets -- by a total of 2.6 percent since 2000, but must now sharply increase its efforts in order to reach its goal of a 10 percent reduction in the next five years, Arlington County Board Chairman Paul Ferguson (D) said yesterday." Ferguson "said he was inspired to launch the environmental initiative after seeing Al Gore's recent documentary, 'An Inconvenient Truth.'"

LATimes Backs Preservation Of Salton Lake. The Los Angeles Times (1/2, 850K) editorializes, "The Salton Sea is an accident of man and an insult to nature, an artificial lake so rank that its rotten-eggs odor often overwhelms its sparkle, an unnatural blunder with too much salt and too many dead fish. It must be saved. If only it were that easy. The lake, created in 1905 when a badly built canal diverted Colorado River water to a depression in the desert straddling

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Riverside and Imperial counties, is drying up and in danger of extinction. Yet if the Salton Sea were to dry up entirely, the ensuing dust storms would pollute the Coachella Valley air with toxins now underwater. The sea also is a habitat for an endangered species of fish and a vital stopping ground for 400 species of birds." The Times calls for the state to utilize the most inexpensive plan to preserve the lake.

FBI/DEA/ATF/USMS:

Colorado Meth-Related Arrests Said To Have Crushed Drug Ring. Calling it a top story for 2006, the Grand Junction (CO) Sentinel (12/31) reported local law enforcement agencies and the DEA "made a decisive blow against the methamphetamine epidemic when they arrested 31 local methamphetamine dealers and runners between January and March. The arrests effectively crushed western Colorado's largest meth distribution network to date, which by some estimates provided more than 70 percent of Mesa County's methamphetamine. … The ring's methamphetamine operation was credited with fueling, in part, the surging number of drug and property crimes that have plagued Grand Junction and its surrounding communities in recent years."

Washington State Marijuana Seizures Lead To More Than 340 Arrests. The AP (12/30) reported, "As 2006 draws to a close, drug-enforcement officials in Washington say they have destroyed more than 130,000 marijuana plants this year as part of a joint state and federal eradication effort. The federal Drug Enforcement Administration says that's nearly the same as last year, when a record 135,000 plants were destroyed. This year's seizures have led to more than 340 arrests and 190 weapons seizures." The Seattle Post-Intelligencer used the AP story.

Wyoming Meth Investigation Leads To 15 Guilty Pleas. The Wyoming Tribune (12/31) reported on a drug-ring investigation that it lists among last year's top stories. The Tribune wrote that law enforcement officials "arrested nine people in March in connection with the drug ring and were looking for three more people. The suspects…had apparently been running the drug ring since the previous June. They traveled to the Denver area to pick up methamphetamine and sold it from homes and hotel rooms in Cheyenne. … Fifteen suspects had pleaded guilty in May, July, August and September. Five more were awaiting jury trials."

In Kentucky, Seizure Indicates Possible Rise In Heroin Use. The AP (12/30) reported heroin "is re-emerging in the Louisville area, the result of Mexican drug-traffickers marketing to a new generation," according to federal authorities. Since July, a drug task force of federal and local police has confiscated more than two pounds of heroin with a street value of about $200,000, including two pounds recently in nearby Charlestown, Ind. Such amounts were unheard of in recent years, Tony King, resident agent in charge of the U.S. Drug Enforcement Administration office in Louisville, told The Courier-Journal." An annual National Drug Threat Assessment report "released in October said Mexican heroin circulating in western states was spreading east of the Mississippi."

The Louisville (KY) Courier-Journal (12/30) reported officials "say heroin cases are increasing in Southern Indiana and Northern and Central Kentucky. In Indianapolis, 12 defendants await trial in U.S. District Court on charges of participating in a major heroin distribution ring."

Medical Marijuana Debate Continues In California. In "26 memories of 2006," the Palm Springs Desert Sun (12/31) wrote that the "debate over legalized medicinal marijuana came to the valley's three dispensaries. Federal agents, armed with a warrant, searched a safe deposit box belonging to a Palm Desert medical marijuana dispensary in June, prompting accusations of harassment from the dispensary's owner. … A spokeswoman for the U.S. Drug Enforcement Administration's Los Angeles office declined to comment, citing an ongoing investigation."

Dispensary Sales Seen As High-Stakes Drug Dealing. The Los Angeles Times (1/1, Tempest) reported the federal drug agency, which "does not recognize California laws legalizing the sale of marijuana to patients with doctor's prescriptions, contends the amount of money involved proves that the medical marijuana trade is nothing more than high-stakes drug dealing, complete with the same high-rolling lifestyles. 'These people will tell you they are just interested in the terminally ill,' said Gordon Taylor, DEA special agent in charge of the California eastern federal district, 'but what they are really interested in is lining their pockets with illegal drug money. When you pull the mask off, you see that they are nothing more than common dope dealers.'"

Citing the Los Angeles Times story, the Washington Times/UPI (1/1) reported larger California marijuana dispensaries "claim they are being unfairly targeted by the U.S. Drug Enforcement Agency. Among them is Shon Squier, 34, of Hayward, Calif., whose major storefront operation was shut down last month by the DEA, which also froze bank accounts containing $1.5 million and confiscated several expensive cars, motorcycles and $200,000 in cash."

LATimes Retraces Racketeering, Ecstasy Investigation. The Los Angeles Times (12/29, Mozingo)

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reported on a racketeering case and wrote that confidential informants "told the Drug Enforcement Administration that Ecstasy traffickers used [Hal] Waknine's postal business to launder millions of dollars. In a single transaction, he allegedly received $11 million to launder," an affidavit by a DEA agent said. An informant "said Waknine also boasted of using his mother's company, Silhouette Paris in Studio City, 'to import MDMA [Ecstasy] in the shoulder pads of women's apparel.'" Waknine was "sentenced…to 10 years in federal prison, a year more than prosecutors were asking."

In Afghanistan, Private Militias Said To Take Orders From Drug Traffickers, Warlords. In Shahr-i-Safa, the Los Angeles Times (12/31, Watson) reported, "It is the hashish harvest season, and marijuana plants as big as Christmas trees are stacked by the thousands against mud-brick homes, curing in the sun. Villagers scrape the gooey resin, which is pressed into blocks and exported along the same routes that move the opium used to produce heroin, a big source of the insurgents' income. Hundreds of gunmen prowl the Ring Road in Helmand. They are members of private militias who take orders from local warlords and drug barons and operate illegal checkpoints, mostly to squeeze money from truck drivers."

FBI Investigating Pipe Bomb Found At Louisiana Church. The Baton Rouge Advocate (1/2) reports, "FBI crime scene investigators returned today to Erwinville Baptist Church to collect evidence from the pipe bomb that was safely detonated by officials outside the church Sunday night. FBI investigators collected debris and combed the area for evidence, West Baton Rouge Parish Sheriff Mike Cazes said. The debris will be sent to the FBI's crime lab in Quantico, Va. The pipe bomb was found by deputies outside the church, along La. 413, south of U.S. 190, at 5:19 p.m. Sunday, authorities have said. The pipe bomb was safely detonated by the Louisiana State Police's Hazardous Material Unit around 9 p.m. Sunday The FBI is handling the investigation, Cazes said."

Birnbaum Says NRA's Warnings Little More Than Fundraising Ploy. Columnist Jeffrey H. Birnbaum writes in the Washington Post (1/2, A15, 690K), "In lobbying, a threat is good for business, whether it's genuine or not," which "might help to explain the dire warnings being issued by the National Rifle Association as the Democrats prepare to take control of Congress this week." Birnbaum notes that the NRA "is displeased with the voting histories of Speaker-elect Nancy Pelosi (Calif.) and other top Democrats in the House and is putting them on notice that it won't tolerate passage of anti-gun measures. The only problem: No one expects gun legislation this year. … No matter. The NRA is on high alert, and its latest weapon is a pamphlet designed to send its members into fits of paranoid rage and to inspire them to open their wallets." A draft of the pamphlet "lashes out at such icons of the left as investor George Soros, Sen. Hillary Rodham Clinton (D-N.Y.) and Pelosi," depicting them "as part of 'a marching axis of adversaries far darker and more dangerous than gun owners have ever known.'" Peter Hamm, spokesman for the Brady Campaign to Prevent Gun Violence "also said he does not believe Congress will take up and pass major gun legislation anytime in the near future. Still, the pamphlet asserts that 'towering waves of this coming storm are already crashing on our doorsteps.' … So beware -- and make your checks payable to the NRA!"

TAX:

State Legislatures Aim To Lessen Property Tax Burden. The Washington Times (1/2, Hurt, 88K) reports, under the headline, "States With High Taxes Try To Tackle Burden," "Americans are paying more property taxes today than ever before, and several states, including New Jersey and New York, will attempt to lessen the growing burden on homeowners in upcoming legislative sessions." The Times notes that that "rocketing" property tax rates, "fueled by the rapid increase in residential home prices, are being closely watched by anti-tax advocacy groups such as Americans for Tax Reform."

CONGRESS-ADMINISTRATION:

Democrats To Start Session With "Modest Issues," Shunning GOP Input. The Los Angeles Times (1/2, Levey, 850K) reports, "When Democrats take power on Capitol Hill this week, House leaders will kick off their legislative campaign with a lightning-fast 100-hour agenda. But there won't be a revolution." In "marked contrast to the Republicans who swept into the majority in 1994," incoming House Speaker Nancy "Pelosi and her legislative allies are not planning to amend the Constitution or eradicate federal agencies. Instead, their initial legislative foray will focus on modest, politically popular issues, including initiatives to expand stem cell research, lower prescription drug prices and tighten congressional ethics rules." The Times adds, "Pelosi's program is expected to receive a warm reception on Capitol Hill, even from some Republicans. Less clear is whether Democrats can follow up with solutions to the deeper problems that are troubling a restive public." Pelosi and the Democrats "plan no dramatic steps to influence the course of the war. Nor has the new majority detailed strategies to tackle other challenges that have confounded

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lawmakers for years, including rising healthcare costs and the financially imperiled Social Security system." The Times adds, "For now, the relatively safe 100-hour agenda may simply allow the Democrats to show they can accomplish something after a dozen years in the political wilderness."

The Washington Post (1/2, A1, Layton, Eilperin, 690K) says Democrats "are planning to largely sideline Republicans from the first burst of lawmaking." Instead of allowing Republicans "to fully participate in deliberations, as promised after the Democratic victory in the Nov. 7 midterm elections, Democrats now say they will use House rules to prevent the opposition from offering alternative measures, assuring speedy passage of the bills and allowing their party to trumpet early victories. … Democratic leaders say they are torn between giving Republicans a say in legislation and shutting them out to prevent them from derailing Democratic bills." House Republicans "have begun to complain that Democrats are backing away from their promise to work cooperatively. They are working on their own strategy for the first 100 hours, and part of it is built on the idea that they might be able to break the Democrats' slender majority by wooing away some conservative Democrats."

The Washington Times/AP (1/2) reports, "On the first day back, Democrats plan to change House rules on what members can accept from lobbyists. On the second day, they'll vote on other rules changes requiring that new spending or tax cuts be paid for and that pet projects tucked into larger bills be publicly disclosed. The new Democratic Senate, under Majority Leader Harry Reid of Nevada, will take a parallel if somewhat more leisurely track."

The AP (1/2, Abrams) reports that Linda Fowler, professor of government at Dartmouth College, "said that while some of the Democratic proposals could face a tough sell in the Senate, 'what the Democrats have done is quite reasonably recognize that they need some centrist positions that have fairly broad appeal.'" In the Senate, Majority Leader Harry Reid and Republican leader Mitch McConnell "have agreed to open the session with a joint caucus, a gesture aimed at establishing 'a new tone' and an attempt to 'produce real results next year,' said Reid."

The New York Times (1/2, Hulse, 1.16M) notes there are "divergent outlooks" within the Democratic caucus "over how best to fulfill the Democratic promise to clean up the House." These differences are "just one illustration of a friction that could develop in the new Congress as the party takes control after 12 years in exile. While most attention will be focused on the divide between Republicans and Democrats, members of the new majority have their own differing perspectives, corresponding largely to length of service, that could ultimately prove more crucial to their success or failure."

In the Washington Post (1/2, A17, 690K), E.J. Dionne writes, "The Democrats who take power in Congress on Thursday have been given an opportunity that has not come their party's way for a half-century: They can remake their own image -- and Congress's -- and they can begin to restore public confidence in government. … If Democrats don't seize this rare opportunity, their party will pay for a long time. Not only will they disillusion their own supporters, but, more important, the angry centrists of the Ross Perot stripe who voted the Republicans out last year will either go back to the GOP or seek other options." Dionne adds, "What the Democrats are talking about sounds good. What will matter is that the provisions they pass not contain loopholes that render them much less far-reaching than they seem."

Democrats Also Plan To Move On Medicare, Stem Cells. The New York Times (1/2, Pear, 1.16M) reports the new Congress "will return to some of the biggest battles of the last decade as House Democrats try to rush through legislation requiring the government to negotiate lower drug prices for Medicare beneficiaries and overturning President Bush's restrictions on embryonic stem cell research. … The Medicare proposal highlights the profound differences between Democrats and Republicans over the future of the nation's health care system, the proper role of government and the role of private markets in securing the best value for the huge sums spent on health care." The Times adds, "State officials say they wish Congress would focus on a more immediate problem: money for the Children's Health Insurance Program, which provides coverage for four million low-income children, is running out in more than a dozen states. … In debating the future of the children's health program, which has broad bipartisan support, Congress will take up proposals to cover some of the 46 million people who have no health insurance."

Yesterday, the New York Times/AP (1/1) reported that "millions of seniors… say they are happy with the" Medicare Part D benefit, "which cost the federal government about $30 billion in 2006." However, "the program affects seniors and the disabled differently, depending upon their income and health. There are many people who believe the program could be improved." The Times adds "The Bush administration estimates that the coverage saves the average beneficiary about $1,200. But many in Washington, particularly Democratic lawmakers, say the savings could be greater if the government were allowed to negotiate with drug manufacturers concerning the cost of medicine rather than leaving that chore to the plans."

WPost Derides GOP "Vandalism" On Spending Bills. The Washington Post (1/2, A16, 690K) editorializes, "They didn't quite trash the place on their way out, but congressional Republicans -- specifically, the Senate leadership under outgoing Majority Leader Bill Frist (R-Tenn.) -- engaged in the legislative equivalent of vandalism when it came to getting spending bills passed: They didn't. Of the measures needed to fund the government during fiscal 2007,

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now three months gone, the 109th Congress managed to approve only bills to pay for defense and homeland security spending. The rest of the government -- $463 billion in discretionary spending -- was left to run on autopilot." The Post adds, "Confronted with this abdication of responsibility, the incoming Democratic management…essentially" wrote off "the 2007 budget process and move on with a clean slate to 2008 -- a process that will begin in February, when Mr. Bush is to present his budget along with a whopper of an emergency spending bill to pay for operations in Iraq." The Democrats "have given themselves the clean slate they deserved. Their real test will come as they work to craft a 2008 budget that is both frugal and fair, not to mention finished on time."

Congress Not Expected To Address Federal Employee Issues In Coming Months. In its "Federal Diary" column, the Washington Post (1/2, Barr, 690K) reports, "Making decisions on government spending will be a big and early order of business for the new Congress, which returns this week. Most federal agencies are operating on an interim spending bill that expires Feb. 15. Key lawmakers have said they plan to put the government on a post-holiday diet that will stretch through September, and that could cause some headaches for federal employees." The Post adds "some agencies will have little choice but to curtail training, travel, hiring and the purchase of new equipment. It's possible that cash-strapped agencies might have to send workers home without pay for a few days, but the White House budget office hopes to be able to shift funding around to avoid furloughs and layoffs. … Although congressional aides were reluctant to make any predictions for the new year, it seems likely that the federal budget, the Iraq conflict, lobbying reform and completion of the 9/11 Commission recommendations will push many federal-employee issues to the sidelines in the opening months of the new Congress."

"Pelosi-Palooza" Tour To Precede New House Leader's Ascension To Power. The New York Times (1/2, Korblut, 1.16M) reports, "During her first 100 hours as House speaker, Nancy Pelosi has vowed, she will sweep an aggressive legislative agenda through the newly Democratic-controlled House. But first comes Pelosi-palooza. In a three-day stretch of whirlwind events beginning on Wednesday, Mrs. Pelosi will celebrate her heritage (at the Italian Embassy), her faith (in a Roman Catholic Mass), her education (at Trinity College), her childhood (in Baltimore) and her current home (in a tribute by the singer Tony Bennett, of 'I Left My Heart in San Francisco' fame)." She'll "embrace her status as the first female House speaker with a tea for women," "highlight her pull among Democrats with a $1,000-per-person fund-raising concert," and "will welcome visitors to the halls of Congress in an open-house tour." The Times notes, "The extended, carefully staged festivities are expected to dominate the occasion of Mrs. Pelosi's ascendance as the Democrats take control of Congress." Pelosi's backers "said she had every right -- an obligation, even -- to underscore her new role, given the historic nature of her rise to power. Thus the week is planned to project much more than an ordinary handoff of power in Congress. It is intended to leave a firm imprint of the new House leader's style and substance on the national consciousness, reminding voters that Mrs. Pelosi is both the first woman to take the job as well as a Catholic mother of five with Italian, blue-collar roots."

Bush, Former Presidents Pay Respects To Ford. The CBS Evening News (1/1, lead story, 2:30, Mitchell, 7.66M) reported, "The ceremony was simple, yet moving and uniquely American. Presidents along with ordinary Americans filing through the US Capitol, briefly paying respects to former President Gerald Ford. His body will lie in state in the Rotunda for one more night and tomorrow his flag-draped casket will be moved to the National Cathedral for the formal funeral service." CBS (Attkisson) added, "President Bush and the First Lady made their way to the Capitol, returning from their Texas ranch. They were followed former President Bush and his wife Barbara and one time Secretary of State James Baker, former President Clinton and Senator Hillary Clinton, Donald Rumsfeld, Defense Secretary to both Mr. Ford and Mr. Bush. Ford's body as brought here Saturday from California where he died at his desert home after a long illness."

The AP (1/2, Riechmann) reports "silence fell under the Capitol dome when the president walked toward the casket, illuminated by spotlights and guarded at each corner by members of the military honor guard. He and Mrs. Bush lowered their heads for a few moments, as if in prayer, then turned and walked away across the Rotunda's polished stone floor, which reflected the flag's red and white stripes." Bush, who "said nothing during his one-minute stop in the Rotunda, is to eulogize Ford on Tuesday at his funeral at the National Cathedral."

NBC Nightly News (1/1, lead story, 2:40, O'Donnell, 9.87M) reported, "In all the grandness of the Rotunda in all the public nature of this ceremony, there were also children who grieved for their grandfather, a family moved by a country's respect and a former First Lady, a beloved American woman who actually had done in her own public role before allowed the nation to see her sorrow-up close and share in her burden. Advisors say…Bush invited the Ford family back inside the White House. And for some of the grandchildren it was the first time they had ever been here."

The Los Angeles Times (1/2, Puzzanghera, 850K) notes "Bush declared Tuesday a national day of mourning as a funeral service will be held for Ford at Washington National Cathedral. Most federal offices, including the courts and

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postal offices, will be closed." Ford's body "will be flown to his hometown of Grand Rapids, Mich., for a final service and public viewing before burial at Gerald R. Ford Presidential Museum on Wednesday."

The Washington Times (1/2, Emerling, Cella, 88K) says "Mr. and Mrs. Bush joined thousands of mourners who braved steady rainfall and frigid temperatures yesterday to say a final goodbye to the 38th president of the United States." Similar stories, describing the scene at the Capitol yesterday, appear in USA Today (1/2, 3A, Page, Jackson, 2.27M) and the Washington Post (1/2, A3, Baker, Harris, 690K).

The New York Times (1/2, Swarns, 1.16M) reports Ford's "former cabinet secretaries and administration staff members will come together here once more, taking their seats in the black cars accompanying the funeral motorcade and in the pews of Washington National Cathedral. … For more than two decades, they had gathered at Mr. Ford's annual White House reunions, most of which were held in the nation's capital, where they chuckled over half-forgotten policy disputes and shook their heads sadly as their numbers dwindled and their host grew increasingly frail." The Times adds, "Even as their career paths and personal lives diverged, they kept in touch with Mr. Ford and with one another, reminiscing at dinner parties and lunches, and in long-distance phone calls. In mourning their president on Tuesday, the alumni of his administration will also be celebrating his life and the intimate circle he created."

The New York Times (1/2, Gay Stolberg, 1.16M) also reports that "of all the aging Washington power brokers who have re-emerged in the shadow of the death of former President Gerald R. Ford, there is one, Henry A. Kissinger, for whom the return to the spotlight may be as much curse as blessing." At a time "when the American public has soured on the war in Iraq -- indeed, at the precise moment the United States is recording the milestone of 3,000 American deaths there -- Mr. Kissinger's reappearance is stirring memories and rekindling debates about his role in managing another unpopular conflict, the Vietnam War." Kissinger, adds the Times, "continues to evoke the passions about Vietnam that Donald H. Rumsfeld, the former defense secretary, evokes today about Iraq."

The Wall Street Journal (1/2, A1, Adamy, 2.04M) reports from Grand Rapids that Ford "will be buried at the Gerald R. Ford Presidential Museum tomorrow, in the city where he spent most of his childhood and launched his political career. As a little boy, he lived in several homes, including at least one in affluent East Grand Rapids." However, "civic leaders made little effort to preserve any of his childhood homes, even though other former presidents have had theirs turned into museums or named historical landmarks. Over the years, some of…Ford's former homes were razed."

Ford Said To Have Deeply Affected Course Of US Politics. U.S. News and World Report (1/2, Cannon, 2.03M) reports that when he died last week, former President Ford "was remembered with almost universal respect and admiration as the man who did much to calm the nation after Watergate and the Vietnam War and to restore honesty and stability to the White House."

Newsweek (1/2, Thomas, 3.12M) reports one of the "more peculiar legacies of the Ford era is the attempt by both" Donald Rumsfeld and Vice President Dick Cheney "to restore the power of the presidency. They were ambitious young men who served as Ford's chiefs of staff at a time when Ford was trying to dismantle what historian Arthur M. Schlesinger Jr. has called 'the imperial presidency.'" Ford was "trying to create an atmosphere of openness and cooperation with Congress and the courts after Nixon's grandiose show of presidential power — from opéra bouffe uniforms for the White House guards to the shadowy Plumbers Unit. But Rumsfeld and Cheney felt that the Watergate reforms had gone overboard, and as members of the Bush war cabinet they have pushed hard to strengthen the executive."

U.S. News and World Report (1/2, Kelly, 2.03M) reports, "Congress, the press, and the Washington establishment had pilloried Richard Nixon – for reasons good and bad – and now were leaning on Ford. 'The feeling I had then, and I think it's been borne out by history,' Cheney told U.S. News last year, 'is that the balance shifted, if you will – that, in fact, the presidency was weakened.'"

In a Newsweek commentary (1/2), Vice President Cheney writes, "He was an unassuming man, our 38th president, and few have ever risen so high with so little guile or calculation. Even in the three decades since he left office, he was not the sort to ponder his legacy, to brood over his place in history."

In a Newsweek commentary (1/2), former President George H. W. Bush said, "Jerry Ford was decent, honorable, trustworthy, down-to-earth. That was his whole personality. I hope it will be his legacy."

In a Newsweek commentary (1/2), former President Clinton says, "After Gerald Ford left the White House, I was grateful for his counsel, for his occasional support on important national issues, for the respectful way in which he articulated his honest disagreements with my policies, for a few unforgettable golf games and for the partnership he forged with President Carter, which I have tried to emulate in my work with former president Bush."

In a Newsweek commentary (1/2), former Secretary of State Henry Kissinger said Ford "took over at perhaps the most perilous moment of domestic crisis since the Civil War, and he had neither the months of transition a new president normally has, nor the honeymoon a new president normally has. But he moved with calm and surefootedness into what could have been an overpowering experience."

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In a U.S. News and World Report column (1/2), David Gergen says, "Why does Ford look so much better in the rearview mirror? Mostly, I suspect, because the personal qualities that he brought to public life seem so scarce these days. The simplicity of his burial reminds us again that Ford was, first and foremost, a humble man of the Midwest." Most "of all, Ford brought a forthright honesty to politics."

In his U.S. News and World Report column (1/2), Michael Barone says, "Ford was ridiculed as a bumbler though he was a gifted athlete and was dismissed as a lightweight though he entered the White House with a considerable command of foreign and domestic policy. He healed the nation and, more important, proved that it was possible to get America off its downward trajectory and heading upward again, as it did in the 1980s. Something to remember in these pessimistic times."

In Newsweek (1/2, 3.12M), historian Michael Beschloss says, "President for just 29 months, Ford changed the way we live, rescuing the White House from scandal, restoring a measure of confidence in politics and articulating a philosophy of robust executive power that influences President Bush even now. Ford's last two chiefs of staff, Vice President Dick Cheney and ex-Defense secretary Donald Rumsfeld — men whose understanding of executive power was shaped by their experience in Ford's White House — have been crucial figures in the Bush years."

More Commentary. Peggy Noonan writes in the Wall Street Journal (1/2, P10, 2.04M) that Ford "was a good man, and that's not nothing -- it's something. Gerald Ford fought for his country. He didn't indulge his angers and appetites. He seems to have thought, in the end, that such indulgence was for sissies -- it wasn't manly. He was sober-minded, solid, respecting and deserving of respect. And at that terrible time, after Watergate, he picked up the pieces and then threw himself on the grenade. We were lucky to have him. We were really lucky to have him. Rest in peace."

Jon Meacham, editor of Newsweek, writes in the Washington Post (1/2, A17, 690K), "During his most critical moments in the White House -- his assumption of power and the pardoning of Nixon -- Ford drew deeply on theological imagery. Everyone knows that Ford said 'My fellow Americans, our long national nightmare is over' on Aug. 9, 1974. Much less quoted, but perhaps more revealing given the pardon, is a sentence he spoke a moment later: '[T]here is a higher Power, by whatever name we honor Him, who ordains not only righteousness but love, not only justice but mercy.'" Meacham adds that "such an understanding, naturally, has hardly been unanimous, and many Americans are reasonably uncomfortable with the idea that our leaders think they are either communing with the divine or carrying out God's mission." But "time and again in the American experience…the culture has been more in line with [Abraham] Lincoln's -- and Ford's -- views on the question of religious expression and thought in the public sphere than it has been to that of strict separationists."

Chief Justice Urges Pay Increase For Judges. The AP (1/2, Yost) reports, "Pay for federal judges is so inadequate that it threatens to undermine the judiciary's independence, Chief Justice John Roberts says in a year-end report critical of Congress. Issuing an eight-page message devoted exclusively to salaries, Roberts says the 678 full-time US District Court judges, the backbone of the federal judiciary, are paid about half that of deans and senior law professors at top schools." The issue of pay, says Roberts, "has now reached the level of a constitutional crisis."

Pilot Accidentally Flies Over Bush's Crawford Ranch. The AP (1/1), in an article published on the New York Times' website, reports that the pilot of a small airplane inadvertently flew into restricted airspace over President Bush's ranch in Crawford, Texas, Sunday night, "causing the scrambling of F-16 fighter jets, an Air Force spokeswoman said. The jets used flares to get the attention of the pilot, who landed and was interviewed before being sent on his way, according to the North American Aerospace Defense Command and the Secret Service."

Congress Urged To Bolster US Merchant Fleet. In an op-ed in the New York Times (1/2, 1.16M), John Curtis Perry, director of the maritime studies program at the Fletcher School of Law and Diplomacy at Tufts University; Scott Borgerson, a recent graduate; and Rockford Weitz, a Ph.D. candidate there write, that the Safe Port Act signed by President Bush in October "is a vitally important and overdue step. But it ignores another major problem in maritime commerce: the phenomenal decline of American shipping. While it's true that the United States Navy still dominates the world ocean…American commercial shipping is but a puny remnant of its former self." The writers detail the decline oft the US merchant fleet since the 80s, blaming "an antiquated law that prevents American coastal shippers from buying ships made in other countries. By amending this law and, at the same time, encouraging the development of domestic coastal shipping, Congress could help restore America's status as a great and proud maritime nation."

Shuler Expects Pelosi Will Work With Blue Dogs. U.S. News and World Report (1/2, Knight, 2.03M) reports Washington is "buzzing with speculation about how incoming moderate freshman Democrats like Heath Shuler of North Carolina will change congressional dynamics." Shuler will join "the 'blue dogs,' a group of budget-cutting Democrats, mostly from southern states, whose ranks will swell from about 37 to 44 in the new Congress." Asked if he thought Speaker Nancy Pelosi "will work well with the blue dogs and

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other moderates," Shuler said, "I think she will. She realizes the importance of having that voice in the middle, that moderate Democrat. She has been very easy to work with so far, and I think she certainly realizes and understands how it works politically and realizes what happened this election cycle."

Congressional Committees Hiring Investigators. U.S. News and World Report (1/2, 2.03M) reports that as a "sign that the new Democratic majority plans to get tough, key congressional committees have begun hiring lawyer-investigators to probe the administration and its policies." The House Appropriations Committee, "where Iraq war critic Rep. John Murtha will be influential, is hiring investigators to look into the administration's war policies and spending in Iraq and Afghanistan. Rep. Henry Waxman, the incoming chairman of the House Government Reform Committee, who's been dogging the vice president's energy task force, is also hiring lawyers."

Foreign Investment Said To Be Solution To Social Security Crisis. In a Wall Street Journal (1/2, A23, 2.04M) op-ed, Discovery Institute senior fellow George Gilder asks, "Would conservatives please forget the Social Security 'problem'? As Peter Drucker once wrote in these pages, 'Don't solve problems, pursue opportunities.' When Republicans solve 'problems,' they feed their failures, starve their strengths, and fritter away their remaining power in political imbroglios and special interest pork-fests." Gilder writes that rather than worrying about the perception of a future collapse in the Social Security system, the problem would be better addressed by utilizing "the realities of productivity, technology, immigration and global trade and investment. The key is keeping the economy open to outside investors as our population ages and as the productive center of the global economy shifts toward Asia. As Michael Milken points out, the younger workers around the globe will use their increasing savings to buy the assets of American seniors as they grow older, thus offering liquidity to our retirees, sustaining U.S. asset prices, and expanding U.S. opportunities."

Goode Reaffirms Opposition To Ellison's Use Of Quran. In an op-ed in USA Today (1/2, A8, 2.27M) VA5 Rep. Virgil Goode (R) writes in defense of a letter he wrote criticizing MN5 Rep.-elect Keith Ellison (DFL) over his intention to use a Quran when he is sworn in to Congress. Goode clarifies his position that, as he wrote in the letter, 'If American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Quran,'" arguing that "that we were not attacked by a nation on 9/11; we were attacked by extremists who acted in the name of the Islamic religion. I believe that if we do not stop illegal immigration totally, reduce legal immigration and end diversity visas, we are leaving ourselves vulnerable to infiltration by those who want to mold the United States into the image of their religion, rather than working within the Judeo-Christian principles that have made us a beacon for freedom-loving persons around the world."

Meanwhile, a sharply-toned USA Today (1/2, A8, 2.27M) editorial counters, "Keith Ellison's election to the House, as the chamber's first Muslim, provides the United States with a grand opportunity to showcase its credentials as a nation of opportunity, equality and diversity. What a great story to tell the Muslim world. Five years after 9/11, voters in America's heartland elected Ellison, an African-American who grew up in Detroit and converted to Islam in college, to one of the nation's highest offices." However, the piece continues, America's "chance to shine was tarnished by a few ugly voices. The loudest belongs to [Goode] who used the occasion to take a crude swipe not only at Ellison and the Quran, but at all Muslims. The piece continues to praise Ellison's reservation on the issue and to pan Goode and others who subscribe to his position.

LATimes Criticizes Senators' Use Of Holds. The Los Angeles Times (1/2, 850K) editorializes against Senators' ability to use holds on legislation they oppose, noting that "the Senate can and should take action to prevent a single senator from imposing his prejudices on the entire body, noting that Kansas Sen. Sam Brownback's (R) "hold on Michigan Appeals Court Judge Janet Neff, who was nominated for a federal district judgeship, was an especially obnoxious use of the procedure. Brownback is fixated on the fact that Neff attended and spoke at a ceremony in 2002 at which the daughter of the judge's next-door neighbor exchanged (legally nonbinding) vows with another woman. … But if Brownback's use of the hold is wrong, so is its use by other senators. Reformers, led by Sens. Charles E. Grassley (R-Iowa) and Ron Wyden (D-Ore.), are proposing to do away with secret holds," and "Senate rules should be amended to abolish all holds, secret and open, so that no senator can usurp the right of the entire body to judge a nominee or a piece of legislation. The hold is defended as a form of 'senatorial courtesy,' but it's insulting to the people senators represent."

OTHER NEWS:

Economists Predict End Of Housing Slump, Continued GDP Growth. The Wall Street Journal (1/2, Whitehouse, 2.04M) reports, "The US economy is poised to shake off the housing slump and regain momentum by the

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end of this year, and the credit goes to techies, bankers, chefs and shoppers, according to a Wall Street Journal survey of economists. The panel of 60 economists who participated in the Journal's latest semiannual economic forecasting survey offered an optimistic outlook for 2007: The service sector should keep humming along as the recent weakness in housing and manufacturing abates and the Federal Reserve begins to reduce interest rates." That "would allow the economy to expand at a rate fast enough to keep investors happy, but slow enough to keep inflation at bay." The Journal adds, "Even so, economists haven't stopped worrying about what could happen if the current slowdowns in housing and manufacturing spread further -- a pattern that has characterized previous recessions. In another potentially ominous sign, they increasingly differ about the economy's trajectory."

The New York Times (1/2, De la Merced, 1.16M), however, says "Wall Street economists are looking at 2007 with some caution. They expect at least some slowdown in economic growth. And many worry that housing's slump will spread to other corners of the economy." The analysts surveyed by the Times "predicted that the Standard & Poor's 500-stock index, which closed 2006 at 1,418.30, would end 2007 at 1,440 to 1,570."

The CBS Evening News (1/1, story 8, 2:40, Mitchell, 7.66M) reported that "in his New Year's address, President Bush said the expanding US economy was one of the big success stories of 2006 and he predicts more success this year." CBS (Solrozano) showed Michael Levy, chief economist, Bank of America, saying, "Personal incomes are up, wages are rising a little faster than inflation and the consumers continue to be resilient, despite all the curveballs thrown at them." CBS added, "Curveballs like housing. In the first ten months of 2006, new building permits and housing starts went down by 6%. For most of the year there was worry over the housing bubble which at this point has sagged more than burst. Some expect a continued weak market through next year." Robert Brusca, economist, Fact & Opinion Economics: "Going into 2007, there's some people who still hold that view. They still think that housing has another shoe to drop. But as the year true to a close, the housing prices began to abate to some extent."

The Wall Street Journal (1/2, A2, Ford, Gerena-Morales, 2.04M) says that "for the past five years, US corporate profits have grown much faster than the overall economy, one of several reasons why US stock prices keep setting records. But many economists believe that the days of outsize profit growth are nearing an end. Corporate profits, as measured by the Commerce Department, have risen more than 12% a year since 2002, hitting a high of 19% in 2004. In the third quarter of 2006, profit growth was running at an annualized rate of 16%." But "the consensus forecast of economists polled by The Wall Street Journal calls for those gains to slow to the single digits this year and next, with pretax profits rising about 6%."

The Christian Science Monitor (1/2, Trumbull, 59K) reports "a healthy economy could allow American consumers to keep spending even as they borrow less and save more." There is "good news: For most households, this is a relatively benign climate for financial make-overs. Many borrowers have the opportunity to refinance their debt at low interest rates. Moreover, forecasters generally don't foresee a recession in 2007. A healthy economy could allow consumers to keep spending even as they borrow less and save more."

Speculation Surrounds Jeb Bush's Next Move. The New York Times (1/2, Goodnough, 1.16M) reports Gov. Jeb Bush is leaving office "as one of the most popular and prominent governors in state history," and despite his "abrasiveness and the plunging popularity of his brother the president, he has remained well liked -- or at least respected -- to the end, a feat in a state as ethnically and politically divided as Florida. A poll last month by Quinnipiac University found that 57 percent of Floridians feel he did a 'good' or 'great' job as governor." Bush "has adamantly ruled out a presidential campaign of his own next year, saying that he wants only to return to Miami with his wife, Columba, and their cat, Sugar. Yet rumors about his future have burst forth as regularly as exotic species in the Everglades." Similarly, the Financial Times (1/2, Ward) says "Bush's efforts to duck questions about his future seem unlikely to quash feverish speculation" about his future. While "his brother limps towards the end of his troubled presidency, the younger Mr Bush is leaving office on a high."

Democratic White House Hopefuls May Benefit From Committee Chairmanships. Under the headline, "Senate Panels To Provide Soapbox," the Washington Times (1/2, Bellantoni, 88K) reports, "Senate Democrats interested in White House bids will get tons of free publicity starting in January with new and prominent posts on key panels. Senators hoping to pontificate on Iraq, global warming or health care policy will enjoy multiple hearings -- some televised live -- and the amplified political microphone that comes with being in the majority party." The Times notes that Delaware Sen. Joseph Biden will chair the Foreign Relations Committee, Massachusetts Sen. John Kerry will chair the Small Business and Entrepreneurship Committee, and Connecticut Sen. Christopher J. Dodd will chair the Banking, Housing and Urban Affairs Committee."

The AP (1/2, Miga) also reports that Dodd "will become chairman of the Senate Banking Committee in Congress, giving him oversight of the nation's banking, financial services and insurance industries. The post will create new fundraising opportunities — a potential boost for a longshot prospect like Dodd who must prove he can raise the tens of million of

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dollars needed to stay competitive in the 2008 campaign. … A surge of Wall Street money could initially boost Dodd's prospects. But it could also undercut his efforts to cast himself as a champion of average working Americans."

McCain Seeks Proxy To Steer GOP Armed Services Staff During White House Bid. The Washington Times (1/2, Scarborough, 88K) reports that Arizona Sen. John McCain (R) will assume the top GOP spot on the Senate Armed Services Committee, when Virginia Sen. John Warner (R), the panel's current chairman, leaves the leadership post because of term limits. The Times notes that McCain is "widely expected to formally announce this year that he is seeking the Republican presidential nomination," and he is working to "piece together a minority committee staff that can operate while he is on the campaign trail." Former Senate staffers say one of the finalists for the key post of minority staff director is Michael V. Kostiw, who was an aide to former Rep. Porter J. Goss on the House Intelligence Committee." The Times lists a number of McCain's national security advisors, and concludes by noting that former Kansas Sen. Bob Dole (R) also served as his party's ranking member on the panel while running for President.

Clinton, Obama Voting Records Provide Contrast Entering Campaign. An analysis piece published on the front page of the Washington Post (1/2, A1, Murray, 690K) reports on the differences in the voting records of New York Sen. Hillary Clinton (D) and Illinois Sen. Barack Obama (D), and the impact these differences will have on the Senators' perceived competition for their party's nomination for the 2008 presidential election, leading off, "The attack ads practically write themselves: Hillary Clinton voted against ethanol! Barack Obama wants to increase taxes!" The Post notes that on 40 occasions, their votes differed, generating "a lot of material to mine, and even misrepresent." The Post notes that overall, the two voted alike on many issues during their joint tenure, but that differences can be perceived on such issues as "energy policy, congressional ethics and budget priorities, relations with Cuba, gun ownership, and whether a senator can hold a second job."

Voters' Desire For Change Boosts Obama. U.S. News and World Report (1/2, Walsh, 2.03M) reports Sen. Barack Obama "is expected to enter" the 2008 race, "and he plans to announce his decision in the next few weeks. But regardless of whether he runs, the intensity of Obama-mania suggests that the political and societal forces he represents -- particularly a desire for new ideas, new faces, and a less rancorous brand of discourse -- will shape the next election." Other Democratic "presidential wannabes are testing the same themes," but "so far, it is Obama who has ridden the desire for change the furthest and the fastest." Obama said, "I think there is a great hunger for change in the country -- and not just policy change. What I also think they are looking for is change in tone and a return to some notion of the common good and some sense of cooperation, of pragmatism over ideology. I'm a stand-in for that right now."

U.S. News and World Report (1/2, 2.03M) also runs excerpts of its interview with Sen. Obama. Asked to explain his opposition to the Iraq war, Obama said, "It's a classic example of ideology trumping reality. The country has now rejected that approach to governance." Obama said if he planned to "run a competitive race, I would get in in January."

Romney To Open Exploratory Committee After Ford Funeral. The AP (1/2, Johnson) reports that according to an unnamed "top aide," outgoing Massachusetts Gov. Mitt Romney (R) plans to file FEC paperwork to form a presidential exploratory committee by Wednesday this week, "but not until funeral services for former President Gerald R. Ford have concluded." Romney had intended to file on the first business day of the year, but deferred out of respect for Ford's passing. The piece continues to offer a brief biography of Romney's political career.

Spitzer Inaugurated Governor Of New York, Promises Ethics Reform. The New York Times (1/2, 1.16M) reports on the inauguration address of New York Gov. Eliot Spitzer (D), which served as "the beginning salvo in what many see as a gargantuan challenge Mr. Spitzer has set out for himself — to overhaul a state government paralyzed by gridlock and consumed by recurring scandals. Yet Mr. Spitzer's work began hours before the speech: He signed five executive orders before 9 a.m., including directives establishing new ethical guidelines for state workers, among them a ban on accepting almost any gifts, as well as new restrictions on lobbying and the use of state resources. He also barred elected officials or candidates from appearing in advertisements paid for by state entities, a frequent practice of Mr. Pataki."

Financing Of Gubernatorial Inaugural Events Draws Scrutiny. The Wall Street Journal (1/2, A8, Cooper, 2.04M) reports, "Chevron Corp. maxed out on its permissible yearly political contributions to California Gov. Arnold Schwarzenegger's re-election campaign with a single donation of $22,300 early in 2006. But that didn't stop" Chevron "from chipping in $50,000 to be a 'Gold Sponsor' of the governor's inaugural celebration," which will give "Chevron officials access to" Schwarzenegger "at two events for sponsors and an invitation-only black-tie ball." Thirty-six recently-elected governors will celebrate their wins "this month with parties ranging from modest to star-studded.

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Several will cost $1 million or more. Many inaugural events will be exclusive affairs, paid for by nonprofit committees that aren't subject to state campaign-donation limits or reporting requirements designed to contain influence on elected officials." The Journal notes, "In a few cases, such unregulated fund-raising has caused headaches for new governors, many of whom were elected on reform or populist platforms." Florida Gov.-elect (R) Charlie Crist (R) "canceled plans for a donors' ball when he was cited in the media for his no-limits donations drive." Meanwhile, Massachusetts Gov.-elect Deval Patrick (D) "has drawn criticism for planning a sprawling inaugural celebration that includes seven statewide events culminating in a outdoor swearing-in ceremony in downtown Boston on Thursday. Financing for the event is being handled by the Patrick/Murray Inauguration Committee, which allows donations of as much as $50,000."

States Moving To Regulate "Nontraditional" Mortgages. The Washington Post (1/2, D1, Downey, 690K) reports, "Nineteen states and the District of Columbia have moved quickly to warn state-regulated lenders about the hazards to consumers from nontraditional mortgages." The Post notes that federal banking officials in September "issued a sternly worded advisory" to such lenders, telling them that loans such as "interest-only mortgages and other arrangements where the borrower cuts monthly costs by paying back less than full interest and principal" should not be made to consumers who "may be unable to repay them. Within 24 hours of the federal guidance's release, six states had issued similar warnings to their own lenders, a notable flurry of activity in a field known for its slow-moving bureaucracies."

Buffett Donation Part Of "Exceptional Year" For Philanthropy. The Financial Times (1/1, Knight) reports on the $31 billion pledge made by Warren Buffett to the Bill and Melinda Gates Foundation, which was in excess of previous US spending records "by a huge margin." The Times, noting that the gift "is the biggest charitable donation in history. But even without Mr Buffett's largesse, it was an exceptional year for philanthropy with a record number of gifts of more than $100m. This year there were 14 gifts of $100m or more. In 1998 – the year that came closest to that number – there were 12, and last year, 10 donations of that size were made. 'It's not just the Bill Gates and the Warren Buffetts of the world who are giving; it's a lot of different people,' said Stacy Palmer, Chronicle editor." The Times continues to detail the gifts of other high-level donors in 2006.

NYTimes Praises City Charity. A New York Times (1/2, 1.16M) editorial titled, "Something To Tide You Over," lauds the charitable work of the UJA-Federation of New York, citing the example of the organization's aid to an elderly Jewish woman who immigrated to the US and whose Social Security benefits expired before she could attain her citizenship. The Times notes that the group is a beneficiary of the New York Times Neediest Cases Fund, and the its assistance was sufficient to support the woman until she was able to become a citizen.

New HIV Drug Shows Promise In Blocking Disease. The Los Angeles Times (1/1, Ricci, 850K) reports on the development of a new drug to combat HIV called an integrase inhibitor "that some researchers are calling 'truly phenomenal.'" "Newly published clinical studies showed that it, in combination with two existing drugs, reduced the virus to undetectable levels in nearly 100% of HIV patients taking a regimen for the first time. It had a similar effect on the virus in up to 72% of salvage therapy patients." The drug prevents the virus's self-replication by blocking its ability to merge with host cells.

Media Urged To "Treat Monica Lewinsky As A Lady." In a Washington Post (1/2, A17, 690K) column, Richard Cohen writes that principals in former President Clinton's impeachment proceedings "finally got to meet the storied Monica Lewinsky, they were floored by her. She was smart, personable and -- as the record makes clear -- dignified. This is more than can be said about some of the people who write about her. I will not name names. But in recent days, Lewinsky has been back in the news. In December she graduated with a master's degree in social psychology from the London School of Economics." Cohen continues to lament Lewinsky's reputation as "a girl toy, a trivial thing, a punch line," as well as the gender inequity applied by the media, concluding, "It would be nice if my colleagues in the media would resolve to treat Monica Lewinsky as a lady, to think of her as they would themselves, to remember their own youth and the things they did and to understand that from this day forward anyone who takes a cheap shot at Lewinsky has a moral and professional obligation to look in the mirror. To proceed otherwise is to miss the joke entirely. No longer is it Monica Lewinsky. It is now the people who write about her."

LATimes Praises Schwarzenegger For Attention To State Healthcare Reform. The Los Angeles Times (1/2, 850K) editorializes, "Gov. Arnold Schwarzenegger has set the bar so high in promising healthcare reform that it's tempting to suspect that he broke his leg on purpose, just for the photo-op in his hospital bed to drive home the high costs of healthcare." He "deserves credit for taking on the issue. We hope he won't take it the wrong way when we offer this hope for the unveiling of his proposal next week in his State of the State address: Break a leg."

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WPost Hails Fenty's Inauguration. Under the headline, "Welcome, Mr. Mayor," the Washington Post (1/2, A16, 690K) editorializes, "Adrian M. Fenty will be sworn in today as the District's fifth mayor on a wave of hope and optimism so high even his closest advisers wonder how long it can last. Much depends on whether Mr. Fenty (D) is as adept at governing as he was at campaigning. The brash young politician who won the city's unquestionable support now must make good on his promises of progress. It is encouraging that Mr. Fenty has demonstrated sound judgment in the months since his victory in the September primary all but guaranteed his election. … Yet Mr. Fenty's biggest challenge -- the one that carries the most political peril for him and the greatest consequence for the city -- is tackling the abysmal state of the public schools. Despite some of the highest per-pupil school spending in the country, too many D.C students lack the basic skills critical for success, and too many school buildings are in awful shape. … Mr. Fenty is correct in his belief that the city will never truly prosper if its schools remain broken, and his resolve to do something about them should be applauded. But it's vital that he proceed carefully, mindful that even if he succeeds where his predecessor failed in a mayoral takeover of schools, reformed governance is no panacea for the educational ills of a dysfunctional system."

US, Europeans Adapt New Strategy To Increase Pressure On Tehran. The New York Times (1/2, A3, Cooper, Weisman, 1.16M) reports the United States and its allies in Europe, "in a tacit acknowledgment that sanctions imposed by the United Nations Security Council in late December are too weak to force Iran to abandon its nuclear ambitions, have embarked on a new strategy to increase the financial and psychological pressure." The plan involves using "the language of the resolution to help persuade foreign governments and financial institutions to cut ties with Iranian businesses, individuals in its nuclear and missile programs and, by extension, the Iranian Revolutionary Guard Corps," according to Stuart Levey, under secretary of the treasury for terrorism and financial intelligence. Bush administration officials "said envoys would soon head abroad to press officials of foreign governments and banks to interpret the Security Council resolution equally aggressively." The new strategy "builds on the Treasury Department's efforts over the past few months to get Western banks to scale back business with Iran or risk running afoul of American laws."

Iran Seeks To Gain Regional Influence. The Financial Times (1/2, Khalaf, Editor) reports that during a recent trip to Bahrain, Iranian Foreign Minister Manouchehr Mottaki "suggested Gulf stability was best achieved by removing American forces, well entrenched across the region, and setting up, with Tehran, a regional security alliance." The "call for more self-reliance in the Gulf has some appeal among ordinary Arabs, resentful of the US and frustrated by their own governments' over-dependence on American security. But official circles, in both the Gulf and the US, see his suggestions as a reflection of Iran's suspected ambition for regional superpower status."

US Unit "Works Quietly" Against Iranian Influence. In an article of 1,182 words, the Boston Globe (1/2, Stockman, 413K) reports on the Iran Syria Policy and Operations Group (ISOG): "For nearly a year, a select group of US officials has been quietly coordinating actions to counter the looming threat of a nuclear-armed Iran, including increasing the military capabilities of Arab allies such as Saudi Arabia, the United Arab Emirates, and Bahrain." Its actions "include covert assistance to Iranian dissidents and building international outrage toward Iran by publicizing its alleged role in a 1994 terrorist attack in Argentina, according to interviews with half a dozen White House, Pentagon, and State Department officials who are involved in the group's work. ... Its workings have been so secretive that several officials in the State Department's Near Eastern Affairs bureau said they were unaware it existed. ... ISOG was modeled after the Iraq Policy and Operations Group, set up in 2004 to shepherd information and coordinate US action in Iraq. ISOG has raised eyebrows within the State Department for hiring BearingPoint -- the same Washington-based private contracting firm used by the Iraq group -- to handle its administrative work, rather than State Department employees."

Ahmendinejad's Missteps Helping Rival Raise Profile. Newsweek (1/2, 3.12M) reports in its Periscope column, "Iranians are deserting the president they elected by a landslide in June 2005." Some of his "own supporters criticized his recent international gathering of Holocaust revisionists as harmful to Iran's national interests. And thanks to his economic flubs, Iranians are grumbling about inflation instead of reveling in an oil-boom windfall." The legislature "has stopped rubber-stamping the 50-year-old president's decisions, and the latest local elections cost him all but two of his allies on Tehran's 15-seat city council. The big winner: his pothole-filling, street-cleaning successor as mayor of Tehran, Mohammad Bagher Ghalibaf, 45." Iran's "next presidential vote isn't due until 2009, but Ghalibaf is already casting a shadow on Ahmadinejad's future."

Palestinian Factions Clash In Gaza. The Washington Post/AP (1/2, A11) reports violence erupted in the Gaza Strip Monday, "with warring Palestinian factions firing at each other and kidnapping rivals, and gunmen abducting a foreign news photographer." The clashes in the Jabalya refugee camp near Gaza City "broke a week-long pause in the violent confrontation between" Hamas and Fatah. Meanwhile, "gunmen in Gaza City abducted a

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photographer with the news service Agence France-Presse, which identified him as Jaime Razuri, 50, of Peru."

Israel Begins Easing Restrictions At West Bank Checkpoints. AFP (1/2) reports Israel has begun easing restrictions at checkpoints in the West Bank "as promised by Prime Minister Ehud Olmert at a summit with Palestinian president Mahmud Abbas last month." However, an Israeli military spokesman said roadblocks were "not being lifted altogether for the time being."

Bush, Olmert Resisting Overtures From Syria. U.S. News and World Report (1/2, Derfner, 2.03M) reports, "In recent weeks, Syrian President Bashar Assad has been peppering the international media with expressions of eagerness to talk peace with Israel." But "does he mean it? A succession of American politicians–Democratic Sens. John Kerry, Christopher Dodd, and Bill Nelson, as well as Republican Arlen Specter–have come away from recent meetings with Assad at least intrigued. Besides that, the bipartisan Iraq Study Group urged the Bush administration to try diplomatic means to persuade Syria to stop supporting Sunni insurgents in Iraq. None of this, however, appeals to President Bush, who considers Syria an auxiliary member of the 'axis of evil.' Or to" Israeli Prime Minister Ehud Olmert, "who insists that Assad validate any change of heart by first cutting off Iran and the terrorist groups like Hezbollah and Hamas."

Islamic Militants Flee From Last Somali Stronghold. The CBS Evening News (1/1, story 3, 0:20, Mitchell, 7.66M) reported, "Tonight Islamic militants are on the run in Somalia after government and Ethiopian forces overran their last stronghold in Kismayo. Thousands of militants retreated to the rugged border with Kenya. Government offered the militants amnesty if they surrender." The Washington Post (1/2, A10, McCrummen, 690K) reports, "Ethiopian forces backing Somalia's weak transitional government" Monday were "chasing the remnants of the Islamic militia along the Indian Ocean coast toward the Kenyan border about 100 miles to the south." In the "final stage of a dramatic power shift," the Islamic fighters "abandoned their heaviest weapons early Monday morning" with Ethiopian and government troops "in hot pursuit of key leaders, including three suspects in the 1998 bombings of the US embassies in Kenya and Tanzania." With "the most hard-core militiamen headed their way," Kenyan authorities Monday "tightened security along their border with Somalia." Meanwhile, Somali Prime Minister Ali Mohamed Gedi called for "the quick deployment to Somalia of a peacekeeping force from the 53-country African Union" to replace the Ethiopian troops "who are guarding the vulnerable new government but are also causing tensions among Somalis who consider them invaders."

The New York Times (1/2, Gettleman, 1.16M) reports that after Somalia's Islamist forces abandoned their final outpost Monday, the transitional government "moved aggressively to assert control, setting a three-day deadline for all weapons to be turned in and calling for international peacekeeping troops to be sent immediately." However, "Clan leaders were skeptical about whether he would succeed, and many Somalis seemed dead set against it." But "whatever lies ahead, encouraging or ominous, most Somalis seemed to agree that after a week of fast-moving events, the rough outlines of a new reality were emerging. For the first time since the former dictator, Mohamed Siad Barre, fled the country in 1991…there is a credible government based in Mogadishu…with serious outside support and no organized military threat from within." Meanwhile, the Los Angeles Times (1/2, Sanders, 850K) reports that "for the Islamists left behind in Somalia's long-troubled capital, the ordeal is not over. While top Islamic officials escaped south toward Kenya last week, thousands of employees, fighters and other court supporters remain trapped in Mogadishu, struggling to comprehend the new reality. Once part of the city's new elite, many have gone into hiding, fearful about retribution or worried that enemies might finger them as Islamic court collaborators."

The Financial Times (1/2, England) notes that a US official said Washington was "encouraging the government to enter into dialogue with 'all Somali parties of goodwill,' including moderates within the Islamist alliance, and was pushing for the deployment of an African-led peacekeeping force."

Bulgaria, Romania Join European Union. The AP (1/2, Hadjiyska) reports Bulgaria and Romania joined the European Union Monday, bringing the bloc's membership to 27 nations. The two nations "officially joined the EU at midnight to joyous fireworks celebrations that drew tens of thousands of New Year's Eve revelers to the two capitals of Sofia and Bucharest." The New York Times (1/2, Bilefsky, 1.16M) says their membership helped "to end geographic divisions left over from the cold war and extending the borders of the now 27-member bloc eastward to the Black Sea."

Zapatero Urged To Crack Down On ETA After Bombing. The Financial Times (1/2, Mulligan, Burnett) reports Spanish Prime Minister José Luis Rodriguez Zapatero is "under intense pressure" to "crack down heavily on ETA following a car bomb attack that ended a nine-month ceasefire and wrecked his government's controversial efforts to broker peace" with the group. Mariano Rajoy, head of the opposition Popular Party, called on Zapatero to act with "prudence and a sense of realism."

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Gazprom, Belarus Reach Deal, Averting Threat To European Gas Supplies. The Financial Times (1/2, Ostrovsky) reports Gazprom "struck a five-year deal to supply gas to Belarus just minutes before a New Year deadline, narrowly avoiding a gas price war that threatened to disrupt supplies to Europe." The agreement "averted a shut-down of gas supplies to Belarus scheduled for 10am on January 1. The new contract doubles the price of gas for Belarus this year and gives Gazprom a 50 per cent stake in the country's pipeline network." The agreement "will phase out a multi-billion dollar gas subsidy to Belarus, which had allowed Alexander Lukashenko, the country's authoritarian president, to subsidise living standards." The "price increase and exemption from export duties gives Belarus more favourable terms than those offered to other former Soviet republics."

The Washington Post (1/2, D1, Mufson, 690K) reports, "Belarus looked headed for a cold New Year's Day until the former Soviet republic's prime minister walked into the offices of Russia's natural gas monopoly, Gazprom, just before a midnight deadline and agreed to most of Gazprom's terms for continued supplies. 'There was a tense atmosphere among the Belarusan delegation since we have agreed to and signed a contract whose conditions for the delivery of gas are not at all favorable,' Belarusan Prime Minister Sergei Sidorsky said." The "terms are similar to what Gazprom has been extracting from other neighboring former Soviet republics, such as Ukraine and Georgia. The Russian energy giant wants higher prices for its natural gas, and it is using its leverage as sole or principal supplier to get a share of other countries' domestic pipeline networks and transit lines to the West."

The Wall Street Journal (1/2, A4, Cullison, 2.04M) says, "The last-minute deal that sharply raises the price of Russian natural gas to Belarus highlights the success of a Kremlin energy policy that the West has denounced as bordering on blackmail. By showing that it is willing to cut off countries that won't accept rate increases, Russia has ended an era of cheap energy supplies to former Soviet republics." Relations "between Moscow and Minsk lately have been strained: Though putative allies, each blames the other for failing to follow through on plans to unite the two countries. Moscow is ending duty-free oil shipments to Belarus, a move that is expected to cost more than $1 billion in profits to the country's refining industry."

Thailand PM Blames Bangkok Blasts On Local Politics Rather Than Muslim Insurgency. The Wall Street Journal (1/2, Hookway, A10, 2.04M) reports that Thailand's Prime Minster Surayud Chulanont said that the synchronized New Year's Eve bombings in Bangkok "might have been connected to the September ouster of his predecessor, telecommunications tycoon Thaksin Shinawatra, in a bloodless coup. 'From the evidence we have gathered, there is a slim chance that it is related to the southern insurgency,' Gen. Surayud told a news conference. 'It is likely related to people who lost their political benefits.' The nine bombs exploded Sunday as revelers prepared to ring in the new year. Bangkok's city leaders canceled the celebrations after the first wave of bombings in the early evening. In total, police say the explosions wounded 38 people, including nine foreign tourists. Nobody has claimed responsibility." The Journal notes the impact the bombings could have on the investment and tourism sectors, and notes that some analysts have made comparisons to similar bombings attributed to Islamic factions.

Zapatista Rebels Celebrate Insurgency's 13th Anniversary. The AP (1/1), in an article published on the website of the New York Times, reports, "Thousands of Zapatista rebels celebrated the 13th anniversary of their brief uprising against the Mexican government on Monday, dancing, singing and holding discussions on improving the status of poor Indians in the southern state of Chiapas." The AP notes that Zapatista leader Subcommander Marcos lead the festivities commemorating the group's seizure of "San Cristóbal de las Casas and other Chiapas communities in the name of socialism and Indian rights on Jan. 1, 1994. A cease-fire ended fighting between rebel and government forces after a few days, and the two sides have since maintained an uneasy truce. Marcos, a professor-turned-guerrilla, has continued to champion a quieter social revolution from the jungles of Chiapas, issuing missives harshly critical of Mexico's politicians and government policies."

Bush Urged To Aid Displaced Diego Garcia Natives. In a Washington Post op-ed, American University anthropologist David Vine writes about the US military's forcible relocation of the native population of "Diego Garcia, an obscure British island in the middle of the Indian Ocean," between 1968 and 1973 to make way for the US Navy base there. The native people, called Chagossians, "received virtually no resettlement assistance and found themselves homeless, jobless and with little money," upon their relocation to Mauritania. "In 1975 The Post broke the story of the expulsion, finding the people living in 'abject poverty' as a result of what The Post's editorial page called an 'act of mass kidnapping.' When a single day of congressional hearings followed, the U.S. government denied all responsibility for the islanders." Vine concludes, "the time has come for the story of the Chagossians and Diego Garcia to see the light of day, and for Congress and the Bush administration finally to

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accept and act on the responsibility of the United States for a people's ongoing plight."

NYTimes Calls On Wolfowitz To Embrace Openness. Under the headline, 'Mr. Wolfowitz And The Bank,' the New York Times (1/2, 1.16M) editorializes, "When Paul Wolfowitz speaks publicly these days, he is usually making good sense. The head of the World Bank (formerly No. 2 at the Pentagon) has criticized Chinese banks for ignoring environmental and human rights standards when they lend to Africa, told the White House it needs to do more to alleviate African poverty, and has vowed that corrupt officials won't be allowed to siphon off money from projects that are supposed to benefit the poor. So why do so many people at the bank mistrust him? … Some of his critics will never forgive him for championing the disastrous Iraq war. But he has compounded their suspicions, surrounding himself with a tight group of former Bush administration officials who — true to their roots — have little patience for explaining themselves and even less for criticism." The Times praises Wolfowitz's work on debt relief for impoverished nations and fighting corruption, but concludes by suggesting "a more inclusive management style and a more diplomatic inner circle, and to articulate broader goals beyond stopping corruption. That way he would have the credibility to fight the good fight."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Democrats To Tackle Modest Proposals."
"Prince Is Out But Not Down."
"Russian Ex-Spies Put Skills To Work."
"For This Commute, Set It On Snooze Control."
"Rose Parade Shows Its Galactic Appeal."
"A New Reality In Somalia."

USA Today:
"Weather Eases Up As Travel Resumes."
"Travel To Canada, Mexico Is About To Change With New Passport Rules."
"Blast That Killed PFC. Salas Still Echoes Months Later."

New York Times:
"Spitzer Is Sworn And Begins Push On Ethics Rules."
"Few Iraqis Are Gaining U.S. Sanctuary."
"Chaos Overran Iraq Plan In '06, Bush Team Says."
"Banks' Leases To Hedge Funds Are Questioned."
"Power-Sipping Bulbs Get Backing From Wal-Mart."
"Lock The Library! Rowdy Students Are Taking Over."

Washington Post:
"Democrats To Start Without GOP Input."
"With Iraq War Come Layers of Loss."
"Arlington Takes On Global Warming."
"For Iraq's Shiites, a Dream Deferred Breeds Mistrust of U.S.."
"Fenty Set to Take Up City's Reins."
"Hello, Grisham -- So Long, Hemingway?"

Washington Times:
"Bush Pays respects To A Predecessor."
"Sunni Areas Erupt In Rage Over Saddam."
"Senate Panels To Supply Soapbox."
"Maryland Biotech Hit Its Stride In '06."
"Skill, Luck Credited For Terror-Free Year."
"Pointiff-To-Be Helped Rescue Thousands Of Hungary's Jews."
"Football's Chaplains Help Faith Score The Extra Point."

Detroit Free Press:
"New Year's Bash."
"Public Viewing Tonight In Grand Rapids."
"Granholm State Will Overcome Challenges."

Atlanta Journal-Constitution:
"Mora Fired After Falcons Fail Again."
"Debate On Pay Gains Priority."
"A Herculean Try For Goddess."
"Bingo Drinkers, Risk Takers."

Houston Chronicle:
"Legislature Has Money, Options."
"Just FYI: Bad Bosses Can Do More Than Annoy."
"Service Combines Justice, Therapy."
"Phone Extortion Coming From Behind Bars In Mexico."

Story Lineup From Last Night's Network News:
ABC: Preempted By Football.
CBS: Gerald Ford; Hussein Execution Aftermath; Islamic Militant-Africa; Indonesian Plane Crash; Harsh Weather; Football Player Killed; Stock Market; Expanding US Economy; Poor People's Tax; Eating Too Much; Bobby Knight Wins Again; Those Lost In 2007.
NBC: Gerald Ford; Hussein Execution Aftermath; US Death Toll-Iraq; Harsh Weather; Killings In New Orleans; NFL Football Player Killed; Indonesian Plane Crash; Federal Judges Salaries; New Years-New Laws.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-American KIA; Saddam Execution-Sunni Demonstrators; President Ford's Funeral; Indonesia-Plane Crash; Kansas-Power Outages.
CBS: President Ford's Funeral; Saddam Execution-Sunni Demonstrators; Iraq Violence; Indonesia-Plane Crash; CO-Snowstorm; Investigation Into Shooting Of Pro Football

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Player; Houston Mayor Blames New Orleans Evacuees For Increase In Crime; Sago Mine Accident Investigation; Record Win For Basketball Coach Bobby Knight.
NPR: President Ford's Funeral; New U.N. Secretary General's First Day; Indonesia-Plane Crash; Czech Republic-Mild Temperatures; Saddam Execution-Sunni Demonstrators; NY-Anti-War Grandmothers Protest Iraq War.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — President and Mrs. Bush attend national funeral service for former President Gerald R. Ford. Washington National Cathedral.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: FUNERAL SEVICES FOR FORMER PRESIDENT GERALD R. FORD _ Highlights: 8:30 a.m. The casket is moved from the Rotunda to the U.S. Senate door for a period of repose. 9:15 a.m. Departure ceremony on the east steps of the US Senate. 9:30 a.m. Casket departs the Capitol rotunda. 10 a.m. Ford's casket arrives at Washington National Cathedral. 10:30 a.m. funeral services will begin. Washington National Cathedral. 11:30 a.m. Casket will leave the cathedral for trip to Grand Rapids, Mich. 12:15 p.m. Departure ceremony, Andrews AFB.

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From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 03, 2007 8:19 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Tuesday, January 02, 2007
Attachments:	dojclips070102.pdf; dojclips070102.doc

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 2, 2007 7:45 AM EST

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TERRORISM NEWS:

Five Years And Counting In Cuba (USNEWS)

By Will Sullivan

U.S. News and World Report, January 2, 2007

Fawzi al-Odah was 25 and full of youthful confidence when he sent the first letter to his parents after being detained in Guantánamo Bay. "I will be established as innocent soon, and then I will return back to you," he insisted. But that was 2002, and this month al-Odah will celebrate his 30th birthday in Cuba.

On January 11, the U.S. naval base at Guantánamo Bay will mark five years since it opened its doors to some of the earliest government-designated "enemy combatants" in the war against terrorism. Since then, the facility has evolved from open-air cages into a complex rivaling any maximum-security prison. But despite two trips to the Supreme Court, questions about the rights and status of about 400 men held there are not much closer to being answered than they were when the first detainees arrived. And so the coming months will see renewed challenges to the facility in both the courts and the new Democratic Congress.

History. Many of Guantánamo Bay's legal ambiguities were supposed to have been resolved in September, when the White House and Congress haggled over legislation to address a Supreme Court ruling–a ruling that effectively tossed out the administration's previous plan to try some detainees in special military commissions. The result of that haggling was the Military Commissions Act, which specified the rules for the commissions, denied detainees the habeas corpus right to challenge their detentions in court, and defined acceptable interrogation methods.

President Bush signed the bill in October, and the administration hopes the legislation provides a constitutional framework for holding war crimes trials for the worst detainees–including 14 "high value" detainees whom Bush transferred to Guantánamo

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Bay from previously secret CIA prisons. If convicted, those detainees could be held even after the war on terrorism was thought to have ended. The Pentagon is seeking congressional funds for a courtroom compound at Guantánamo, where the trials would take place.

But the government acknowledges that only about a fifth of the detainees at Guantánamo will face a military commission. Some will be released–hundreds already have been–as the government accelerates efforts to pare down the population to the most serious threats. But those decisions are made by the military, and the administration contends that anyone deemed an enemy combatant can be held until hostilities end, with no access to the courts to challenge their detention.

Critics say the framework is rife with problems. A central irony: Because the most dangerous detainees will go before military commissions, they will have more access to the legal system than those whose detentions are more dubious.

Things could change with a new Democratic Congress, especially through an effort in the Senate by incoming Judiciary Committee Chairman Patrick Leahy to restore habeas corpus rights to detainees. When GOP Sen. Arlen Specter offered a similar amendment to the Military Commissions Act last year, it fell just three votes short of adoption. A batch of new Democrats would seemingly give the bill strong odds of passing, but Congress might have a hard time mustering the votes to overcome a possible presidential veto.

HOMELAND RESPONSE:

Skill, Luck Credited For Terror-free Year (WT/AP)

By Paul Haven

The Washington Times, January 2, 2007

MADRID -- Bombs left on commuter trains in a busy station in Germany, a plot to blow up tunnels and flood New York City's financial district, another to bring down packed commuter airliners flying out of London.

Islamic militants had no shortage of murderous ideas in 2006, but for the first time since the September 11, 2001, attacks, the year closed without a major attack in the West.

In a wide-ranging analysis, security and intelligence leaders around the world told the Associated Press that their success was a result of more than just luck.

Far greater human and technological resources, tougher counterterrorism laws, a deeper understanding of the homegrown nature of the threat and the hard lessons learned from past failures -- all these have all helped avert catastrophe, they said.

But they also cautioned against complacency, saying another attack is inevitable. A senior Spanish intelligence official who recently stepped down as head of a national counterterrorism unit warned that the absence of deadly attacks in 2006 does not mean the world should expect similar results in 2007.

Reinforcing the reality that high-casualty terrorism is still a threat, not only in the West, a bomb attack on trains in Bombay in July killed more than 200 people. India suspects Islamic organizations both at home and in neighboring Pakistan of being behind the bombings.

Muslim militants were not blamed for a Saturday car bombing at Madrid International Airport, which left 26 persons injured and two missing. The attack was thought to be the work of the Basque terrorist group ETA.

Anger among many Muslims is still high over the war in Iraq, the publication of cartoons of the prophet Muhammad, Israel's war against Hezbollah militants in Lebanon and remarks by Pope Benedict XVI that many Muslims considered insulting despite his explanation to the contrary.

"The fact that these threats have not materialized [in 2006] is not for a lack of trying by terror organizations," the Spanish official said. "It is because the counterterrorism fight in Europe and North America has been effective in detecting these aspiring terror groups early," before they could strike.

In Britain, an official familiar with the country's anti-terror policies said the July 7, 2005, bombings of London subways and a bus were a wake-up call, and that intelligence and security protections put in place since those attacks had helped thwart several new plots, including a foiled August scheme to target U.S.-bound jetliners with liquid explosives.

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While authorities have said little about how they stopped the carnage, they have acknowledged that some of the suspects were under surveillance for months, both in Britain and Pakistan.

"The extra resources we've devoted since the 7/7 attacks have helped us stop plans that had been in the works for years," said the government official, who spoke on the condition of anonymity owing to the sensitive nature of his work. "Our database is growing. We have more people on the ground. We are a lot more aware now."

MI5, the British domestic spy agency, has added hundreds of staff members in recent years, and Government Communications Headquarters, once home to World War II code breakers, has doubled its corps of analysts to 5,000 -- becoming Britain's largest intelligence agency.

Dame Eliza Manningham-Buller, the head of MI5, has said her agency had foiled five major plots since the 2005 bombings, and that her agents were tracking almost 30 terrorist plots involving 1,600 suspects.

Magnus Ranstorp, a terrorism expert at the Swedish National Defense College, said the absence of attacks on European soil in 2006 reflects a better understanding of how the terror networks operate -- and a little bit of luck.

"Authorities have started to organize much, much better now, and that is starting to show results," Mr. Ranstorp said. "We have much better insight into the networks now, because we have focused our resources on the right problems. I think the security agencies have this under better control than you might think, and know the lay of the land rather well."

Analysts and intelligence officials say the nature of the threat has changed dramatically since September 11, 2001, with concern largely focused on homegrown groups driven by local grievances, rather than professional terrorists trained by al Qaeda and with direct links to Osama bin Laden.

While these groups have the advantage of being small, they are often less sophisticated and easier to catch. Thousands of suspected radicals are under surveillance across Europe, making it harder for plots to emerge.

The closest call in 2006 may have come in Cologne, Germany, when two crude bombs on trains failed to detonate. The biggest threat was the London airliner plot. Lesser defined schemes against the Jewish Quarter in Prague, a church in Bologna, Italy, and the Milan, Italy, subway also failed.

In the United States and Canada, authorities uncovered plots -- some seemingly little more than fantasies -- to blow up the Sears Tower in Chicago, flood Lower Manhattan by blowing up tunnels under the Hudson River, and attack public buildings in Ontario.

Authorities in Morocco arrested at least 56 persons, among them soldiers, police and the wives of Royal Air Maroc pilots, over a purported plot to blow up foreign targets. Indonesia, one of the countries most frequently hit by Islamic radicals, enjoyed its first attack-free year since 1999.

Homeland Security: A Tighter Border Plan? (NSWK)

By Mark Hosenball

Newsweek, January 8, 2007

For more than 15 years, British and most other Western European visitors have been allowed to stay in the United States for up to three months without needing to apply for visas. But Homeland Security officials are now accelerating efforts to tighten entry controls on people from these and other friendly countries, including Australia and Japan, NEWSWEEK has learned. The move follows revelations that European-born Muslims—particularly disgruntled young Brits—have been visiting Pakistan to attend terrorist training camps. One proposal under consideration: requiring visitors who don't now need advanced visas to submit electronic visa applications to U.S. authorities via the Internet at the time they purchase their tickets.

Today, airlines flying to America from overseas must send copies of passenger lists to U.S. authorities as flights depart; officials in Washington then check passenger names against data banks prior to landing. But if foreign fliers have to fill out an Internet questionnaire when they book tickets, American agencies would have more time and raw information about U.S.-bound travelers. A Homeland Security spokesman said visa application data could also be entered into U.S. government data banks, though he said it was "too early" to discuss how long the information would be stored or who'd have access to it. The spokesman, Jarrod Agen, said that Homeland Security Secretary Michael Chertoff has discussed proposed rule changes with congressional leaders but that no formal plan has been sent to Capitol Hill yet.

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Travel To Canada, Mexico Is About To Change With New Passport Rules (USAT)

By Roger Yu

USA Today, January 2, 2007

Five years after the Sept. 11 terrorist attacks, the U.S. government is on the verge of implementing security-inspired changes to passports that will affect millions of international travelers.

On Jan. 23, air travelers to and from Canada, Mexico and the Caribbean will for the first time need a passport to cross the U.S. border. Starting in the spring, all U.S citizens applying for a passport will get an electronic version that's embedded with a "smart" chip designed to thwart forgery.

The new regulations represent the most significant changes in border control in years, as federal officials try to bring the process of checking identification into the digital age.

Many people heading to Canada, Mexico and the Caribbean now travel with just a driver's license for identification. Under the new rule, U.S. citizens traveling by air need a passport. Though a driver's license will no longer suffice, the government does leave some wiggle room. The Nexus Air card, issued under a USA-Canada cooperative program to prescreened travelers, is acceptable. The passport rule will apply to land and sea travelers no later than June 1, 2009.

For Americans who don't want to pay $97 for a passport, the State Department also plans by the end of 2007 to introduce a "passport card" that would work like a passport. The card, which costs $20 for adults, is good only for those traveling by land or sea to Canada, Mexico and the Caribbean.

The State Department issued 16 million passports in 2006, vs. 12 million in 2005, with the increase largely the result of the new rule. It's now issuing the "e-passport" in some areas of the country. Conversion from the old passport will be complete this spring.

The new passport looks like the traditional type, but its smart chip stores the traveler's photo and personal information. If the chip is broken or malfunctions, the holder can continue to use the document as a non-electronic passport or buy a new one. Traditional passports will remain valid until they expire.

Critics say that transmitting information wirelessly can compromise security, and important data could fall into the wrong hands. With proper equipment, someone could remotely intercept personal data, a practice called "skimming."

Ann Barrett, a top passport official at the State Department, says the department has responded by adding metallic anti-skimming material to the passport's cover. Other protections include encrypting the information.

Marc Rotenberg of the Electronic Privacy Information Center says the State Department should be given credit for responding to privacy concerns. But he says it still needs to add safeguards to the passport card.

Caleb Tiller, a spokesman for the National Business Travel Association, says the organization is satisfied with the changes. "The thing we were concerned about was balancing security and allowing free commerce and business travel," Tiller says. "As far as we can tell, they're striking that balance."

People applying for passports at the federal agencies in Denver, Boston, Washington and Miami now get the new e-passport. Those applying at 13 other agencies may still receive the traditional passport until this spring, when agencies will start issuing only the e-passport.

TSA Nears Decision On Contract For Government ID Cards (WP)

By Griff Witte

The Washington Post, January 2, 2007

Competition is heating up among contractors to supply the government with identity technology as one agency prepares to award a major contract and another readies a request for bids.

The field of competitors to provide a new identification card for transportation workers has been narrowing, and the Transportation Security Administration indicated last week that an award would be made early this year. The winner would be responsible for screening the backgrounds of about 750,000 workers at airports, seaports and other critical transportation facilities, and issuing them ID cards equipped with microchips.

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"We are in the final stages of review of the contract, and we will be issuing an award in the coming weeks," said Darrin Kayser, a spokesman for the TSA.

The program, one among several that are designed to update the government's identification standards in a bid to enhance security, has met with repeated delays. President Bush signed legislation mandating the new cards in 2002, and the Homeland Security Department initially said it would begin issuing them by the end of 2003.

Among the companies involved in competing for the work as either prime contractors or subcontractors are BearingPoint of McLean, Lockheed Martin of Bethesda and Maximus of Reston.

The General Services Administration, meanwhile, plans by Jan. 12 to issue a call for bids on work supplying identification cards to federal employees and contractors.

The new contract replaces a $104 million deal the GSA had with BearingPoint but pulled out of in November. At the time, GSA officials said that the decision, just two months into the contract, was unrelated to BearingPoint's performance but that the agency wanted to reopen the bidding to give the government more options and better prices.

Government agencies are up against a 2008 deadline to distribute new, standardized identification cards to about 8 million employees and contractors. Agencies can either choose the GSA's contractors or use their own program. BearingPoint had been developing cards for 38 agencies.

Bidding on the GSA contract is open to companies on a list of approved firms, known as a schedule. As of last week, the schedule included the names of 18 contractors. Washington area firms dominate the list.

Computer Sciences of El Segundo, Calif., is not on the GSA's list yet. Tim Ruggles, director of the firm's border and immigration center, said the company is hoping to join soon with a system it has developed using off-the-shelf technology that verifies identity using both biometric information, such as fingerprints and iris scans, and biographic information, such as addresses and age.

Computer Sciences is among the firms competing to produce the transportation worker credential, and it plans to vie for the GSA's business as well.

"It's a big opportunity," Ruggles said.

Closing The Door At The Ports (USNEWS)

By Angie C. Marek

U.S. News and World Report, January 8, 2007

ELIZABETH, N.J.–It didn't take too long after September 11 for Chief Kevin McCabe, the official overseeing screening in the sprawling Port of New York/New Jersey complex here, to realize that his job was about to become a lot more stressful. Within months, he was handed an intelligence tip that a container on the way to the port held a so-called dirty bomb made with radioactive material. On the day it arrived, McCabe's team isolated it from 8,000 other container boxes, fed it through a radiation detection machine and an X-ray imager, and then punched holes in its roof to sample the air inside. "It was full of colorful Arabian carpets," McCabe says today, "and that was it." Still, he says officials were "only minutes away" from shutting down the massive port complex.

McCabe's job isn't getting any easier. Nothing's happened yet, but many security analysts believe the smuggling of a nuclear weapon into the United States through a seaport is a very real possibility. The country's 361 commercial ports, meanwhile, have gotten so little funding in the past five years that experts routinely call them the "soft underbelly" of America. In recent months, a flare-up of public indignation over foreign ownership of U.S. port terminals has sparked some major improvements, but further progress is by no means assured, and a host of vulnerabilities remain. With 95 percent of America's imports arriving by sea, there's a lot at stake. "Bomb a seaport," says Joe Curto, an executive vice president of the Maher Terminals here, "and you'll feel it in Iowa supermarkets two days later."

Searching. By any measure, the security challenge is daunting. About 11 million containers arrive by sea each year; U.S. Customs and Border Protection officials closely inspect fewer than 10 percent of them. There have been improvements, though. Prior to 9/11, McCabe says, "every single port was on its own" trying to decide which containers to scrutinize most thoroughly. Customs has since created an automated targeting program that checks the manifests of shipments headed to the United States

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for anomalies that tag them as "high risk." The Department of Homeland Security has also scooped up 305 radiation monitors once used to detect contaminated scrap metal; today they scan about 83 percent of cargo after it arrives. On a recent morning in Elizabeth, trucks loaded with fresh containers waited in line to exit Maher Terminals. "The only way to drive out," Curto says, "is through those [machines]."

But "we're still pretty far from where we need to be," says Stephen Flynn, a port security expert with the Council on Foreign Relations. One reason: Major security initiatives are still in their infancy. A trusted-shipper program–in which companies boost security in exchange for less customs scrutiny–runs basically on the honor system. Overworked customs inspectors haven't visited about a third of the companies enjoying benefits, and Flynn says many inspectors "aren't exactly experts" in securing the dense network of factories, distribution centers, and couriers that can handle shipments. Staffing crunches have also undermined a separate program that places U.S. Customs officials in 48 foreign ports like Shanghai. A 2005 government study found that 28 percent of containers deemed risky enough for foreign inspections weren't even touched.

But there's been a surge of activity on the port security front since February, when public anxiety was stoked by a proposed $6.8 billion business deal that would have given a firm run by the government of the United Arab Emirates leases to operate terminals in six U.S. ports. The company later agreed to sell the U.S. assets, and American International Group said recently that it had reached a deal to buy them. But the controversy "breathed new life into port security ideas that had seemed dead as a doornail" for months, says a Capitol Hill staffer.

Reform. In September, Congress passed the SAFE Ports Act, which mandates that DHS provide the 22 largest U.S. seaports with enough radiation detectors to scan all containers by 2008. The bill also eases the customs staffing crunch by using contractors to review trusted shippers. "We're also finally giving the ports the money they so desperately need," says Sen. Susan Collins of Maine, a lead SAFE Ports author. The bill requires DHS to hand out $400 million in port grants in each of the next five fiscal years. Seaports have gotten about $800 million total since 9/11 despite U.S. Coast Guard estimates that $5.4 billion is needed just for basics like security cameras and protective fencing.

Most experts cite SAFE Ports as the most substantial piece of maritime legislation in years. But a new Congress will have its own ideas. Incoming House Speaker Nancy Pelosi has boasted that she has "even tougher proposals" than the 9/11 commission on port security and plans to push a measure early next year to "screen 100 percent of [maritime] containers long before they reach U.S. shores." Critics say such plans could cost billions. And since current scanning protocols, requiring both radiation and X-ray screening, can take up to 20 minutes per container, pursuing the initiative now could "create massive backlogs," Collins says. The SAFE Ports Act takes a different approach: It requires DHS to try 100 percent inspection in at least three foreign ports next year to learn more. DHS Chief Michael Chertoff said last month that he would launch trial runs in six countries, including Pakistan and Oman. The earliest tests begin in February.

Another issue that could resurface in the new Congress: what to do about America's 750,000 workers who require access to secured areas of U.S. ports. South Carolina Sen. Jim DeMint pushed this fall to have SAFE Ports ban a wide array of felons-including those guilty of rape, kidnapping, and robbery-from working in U.S. ports for seven years after their convictions. The final bill bars only those convicted of treason, espionage, sedition, or acts of terrorism. DeMint says that leaves open the possibility of bribery and smuggling "in a place with a lot of money flowing around, like seaports." A DHS study of New York and New Jersey suggested nearly half of the 9,000 truckers with access to the ports may have criminal records. So implementation of DeMint's proposed standard, almost identical to requirements for aviation screeners, "could be chaos for us," says Curto.

DHS is also running into major snags on an effort to install $1.15 billion worth of more modern, reliable radiation monitors at U.S. ports by 2011. Chertoff said this summer that DHS had "begun to order the first 80" machines and looked forward to "starting to deploy" equipment this autumn. U.S. News has learned, however, that while the machines are out in the field, they've yet to be turned on.

Many say DHS has been slowed by critical reports from the Government Accountability Office. Auditors blasted DHS in October for not including the results of some 7,000 tests on the new monitors in a cost-benefit analysis sent to Congress justifying their purchase. Several tests, according to GAO, found that the most reliable model of the machines now being deployed could detect disguised, highly enriched uranium only 53 percent of the time.

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Still, Vayl Oxford, DHS nuclear detection czar, stands by his work. "We tested [monitors] against some scenarios where we didn't expect them to find anything," he says. The department has obligated only $50 million of the $1.15 billion contract so far, and what Oxford calls "more definitive testing"-in concert with tweaking the machines-will be performed in the next few months. "We're on track," he says. "And I think this country will be a lot better off."

They certainly hope so in the Port Newark portion of the complex. On a recent afternoon there, it was clear why new machines, which are supposed to be able to distinguish between harmful and innocuous radiation, are so desperately needed. In a single hour, a row of 10 current-generation monitors was tripped by two shipments of granite from Italy, another one from India, and traces of radiation left over in one trucker's bloodstream from a heart stress test he took two weeks before. The newer machines are expected to save U.S. Customs 2.2 million work-hours each year by eliminating secondary inspections that must be done with unreliable hand-held nuclear detectors. Still, "I'm confident if a radiological device got in this place," McCabe says, "we'd find it." That's a lot of confidence for a man on the hot seat.

WAR NEWS:

Calibrating A Troop 'Surge' (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, January 2, 2007

WASHINGTON -- For the Bush administration, deploying tens of thousands of additional troops to Iraq may not be as tough a call as deciding when to bring them home.

White House officials say a troop "surge" almost certainly will be the centerpiece of Mr. Bush's new strategy for Iraq to be unveiled mid-month. But while administration officials have gone to great lengths to emphasize that the extra troops will be in Iraq only temporarily, there is no clear definition of how long that might be.

Several Democratic and Republican lawmakers who endorsed the increase say they want the extra troops in Iraq for just three to six months. Senior military commanders believe the extra forces can be sustained in Iraq for only six to 12 months before logistical and manpower strains become untenable. Gen. Peter Schoomaker, the Army's chief of staff, has told associates that 12 months is needed to ensure a substantive effect.

Echoing Gen. Schoomaker's concerns that Iraq's militias would simply wait out a three- or six-month surge and then resume their violence, a report by military historian Frederick Kagan argues that the troops should be in Iraq for at least 18 months. The U.S. has about 140,000 troops in Iraq, and the additional forces could total as many as 20,000.

The debate over how long the new forces should remain in Iraq stems from tension between the political and military aspects of the emerging proposal. Mr. Bush has staked his presidency on Iraq, and several White House aides say they believe he would be inclined to leave the extra troops there until improvement is evident. Senior commanders, by contrast, have expressed concern that leaving extra troops too long risks lasting damage to the U.S. armed forces.

Inside the White House, officials are weighing an array of questions about the increase, with a particular focus on how to integrate Iraqi security forces into any expanded U.S. operations in troubled areas such as Baghdad.

"There might be a need for an Iraqi surge alongside an American one," National Security Adviser Stephen Hadley says in an interview, cautioning that the administration hasn't yet decided to send new U.S. troops to Iraq. "We're still working on the mix of options."

The administration's high-level deliberations about the size and duration of any potential surge have taken on added significance because both opponents and supporters of the war agree that U.S. influence in Iraq is rapidly diminishing. As Iraq confronts a civil war and a faltering political process, adding more U.S. forces could well be the administration's final real opportunity to stabilize the country.

"If we surge and it doesn't work, it's hard to imagine what we do after that," Mr. Kagan says. "But we're already in a very bad spot, and if we don't do anything defeat is imminent."

Still, the military's concerns run deep.

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The long wars in Iraq and Afghanistan have already forced the Army to play a shell game with troops and equipment. To ensure that units in Iraq are fully staffed and equipped, the service has had to pull leadership and weaponry from returning units and rush them to units preparing to deploy. While that has put units heading to Iraq generally in good shape, it has left large Army brigades back home in disarray.

The shortages of leaders and equipment mean that the more troops the Army sends to Iraq now, the fewer that will be available late this year or early in 2008 when the extra troops have to start returning home.

"The Army says it can surge for somewhere on the order of a year," says Daniel Goure, a defense analyst at the Lexington Institute who has been briefed by senior Army officials on the service's strains. "But if that happens a year from now it won't be able to sustain even the current troop levels of 140,000."

If violence worsens over the next year, military commanders could face the task of stabilizing a chaotic country with far fewer troops than they have had during the past 3½ years of the conflict. To mitigate this risk, Gen. Schoomaker has insisted that with a surge the Army must be given more latitude to call up reservists for duty in Iraq.

Under current Pentagon rules, reservists can be called up only for 24 months of cumulative service in Iraq and Afghanistan. Since 2001 the Pentagon has burned through the vast majority of those part-time soldiers. Gen. Schoomaker wants to be able to call up reservists for a second 12-month tour.

Even with wider access to the reserves, Army officials have said there will be a drop in the number of troops available for Iraq duty in late 2007 and 2008. Many reserve units, which typically leave their equipment in Iraq for those who are arriving, are in an even worse state than the active forces. Some National Guard units have only about 40% of their equipment, senior Army officials say. They estimate it could take as much as $35 billion in additional spending over the next three years just to get those units back up to speed.

Army officials also worry that if conditions in Iraq don't improve, they will face political pressure to keep the additional troops in the country longer than a standard one-year deployment. That could damage morale and make it far tougher to retain and recruit troops. Already, the service missed its recruiting goals in 2005 and hit its numbers in 2006 only by lowering standards. To meet its retention goals, it shelled out more than $500 million in additional bonuses.

Army officials have warned that an exodus of experienced sergeants and officers, already weary from multiple deployments, could break the force. Gen. Richard Cody, the Army's vice chief of staff, has said the prospect of such an exodus is what "keeps him up at night."

Rising Opposition To US Troop Increase (FT)

By Edward Luce

Financial Times, January 2, 2007

George W. Bush is facing mounting opposition to plans to reinforce America's military presence in Iraq, as he prepares to unveil his administration's new strategy for dealing with a conflict that has now claimed the lives of 3,000 US soldiers.

The US president is expected to announce a "new way forward in Iraq" sometime before his annual State of the Union address to Congress in late January.

According to a spate of leaks to the US media, Mr Bush is looking at a proposal to increase the number of US troops by between 20,000 and 30,000 as a short-term boost to the existing 140,000 level, with the aim of stabilising the violence in Baghdad and surrounding provinces.

But criticism of the planned "surge" in US forces is growing from within his own party as the death toll of US troops in Iraq rises. The figure last month passed the toll from the September 11 attacks and at the weekend independent groups confirmed the death of the 3,000th US soldier in the country.

In the past two days, a number of prominent Republican senators, including Arlen Specter and Richard Lugar, the outgoing chairmen of the Senate judiciary and foreign relations committees, have voiced strong scepticism about an increase in troops.

Although Mr Bush could expect the support of John McCain, the 2008 presidential hopeful, and Lindsey Graham, another Republican senator, the Republican tide appears to be moving against boosting troop levels. A number of Republicans have pointed out that Nuri al-Maliki, the Iraqi prime minister, is also opposed to a beefed-up US military presence.

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Mr Bush is also likely to face implacable opposition to any increase in US troop levels from the Democratic party, which controls both houses of the new US Congress that commences on Thursday.

Meanwhile, the Bush administration faces the likelihood of tough senate hearings throughout January that Joseph Biden, the new Democratic chairman of the foreign relations committee, plans to hold from next week.

Democratic leaders have also hinted that they could use their control over the budget process to make life difficult for the Bush administration if it chooses to step up the US military presence in Iraq. This would require higher funding than the estimated $110bn (€83bn, £56bn) the war will have cost in the fiscal year ending in April.

Mr Bush is also expected to push for more funding to expand the overstretched US army, which senior generals have warned is close to breaking point. However, any permanent increase in size would take years to come on stream.

Lugar: Bush, Congress Should Discuss War (AP)

By John Dunbar, Associated Press Writer

AP, January 1, 2007

Two prominent Senate Republicans bucked the White House on Sunday, expressing skepticism about more U.S. troops in Iraq and support for greater dialogue with Iran, Syria and others in the region.

Sen. Richard Lugar, the outgoing chairman of the Senate Foreign Relations Committee, urged the president to consult with lawmakers before announcing a new strategy on Iraq that could call for additional troops in Iraq.

If Bush were to act with without involving the new Democratic-controlled Congress, he can anticipate "a lot of hearings, a lot of study, a lot of criticism," Lugar said.

Bush is expected to deliver his Iraq policy speech — laying out his plan to improve security, assist the Iraqis in reaching a political reconciliation between warring sects and help with reconstruction — before his State of the Union address on Jan. 23.

Sen. Arlen Specter, just back from a trip to the region, also questioned the wisdom of sending in more troops, saying he has not seen an administration plan that would justify it. "If there is a road map to victory, then I would be prepared to listen to what the president has to say about more troops," he said.

The Pennsylvania Republican described the situation in the Mideast as the most serious he has seen in his 26 years in the Senate.

Specter expressed support for the Iraq Study Group's recommendations that the U.S. engage Syria, Iran and others in negotiations on Iraq's future.

Lugar suggested his committee, which Sen. Joe Biden, D-Del., will lead beginning in January, hold a "retreat" to discuss Iraq, even before Bush's expected upcoming address to the nation.

Lugar said the U.S. should not rule out conversations with Iran and Syria, as well as Jordan, Saudi Arabia and Turkey, regarding the instability in the region.

The Indiana senator appeared frustrated that the president has not done more to consult Congress on Iraq policy.

"In the past, the administration has been inclined not to disregard Congress, but to not take Congress very seriously," he said.

When asked whether he would support Bush's plan for a "surge" of more troops into the country, Lugar said "I don't know whether I do or not."

He said the U.S. should have a clear policy on what those troops are required to do. "The administration needs to identify precisely where the battle lines are - who is it we combat. I haven't seen such lines," Lugar said.

Lugar also questioned whether a move to train Iraqis might "lead to Iraqis who are better prepared for civil war against each other."

He said if Bush reaches out to Congress about his plans, hearings before the committee could become "well-informed, sophisticated situations" rather than a "lynching party."

In a partisan flip, Connecticut Sen. Joe Lieberman, the Democrat turned independent, said he supports an expected recommendation by the White House for more troops in Iraq and argued against dialogue with Syria.

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When asked if he could support sending another "20,000 to 30,000" troops, Lieberman said, "I can and I hope it's exactly what President Bush does."

Specter recently visited Syria and spoke with President Bashar Assad, despite admonitions from the White House against the trip.

Specter said Assad told him that he was "prepared to work with the United States on tightening the border to impede insurgents" and also that Syria would be willing to host an "international conference" in an attempt to bring peace to the region.

"I respect what the administration is doing, but there are others of us who have been in the region who have studied it intently and have some useful suggestions to make," Specter said.

Lieberman accused Syria of allowing al-Qaida to cross its borders and kill American troops and of having a hand in recent assassinations in Lebanon.

Meantime, two Democratic presidential hopefuls affirmed their opposition to additional U.S. troops in Iraq.

Iowa Gov. Tom Vilsack said the U.S. should not make a "big mistake even bigger by suggesting a surge of troops in some way, shape or form is going to make Iraq safer or better."

Former North Carolina senator John Edwards, described the troop-increase idea as the "McCain doctrine" — after a chief advocate, Sen. John McCain — and said he believes the Arizona Republican is "dead wrong."

Lugar and Vilsack were on "Fox News Sunday," Edwards appeared on ABC's "This Week" while Lieberman and Specter spoke on "Late Edition" on CNN.

A 'Surge' Faces Trouble In The Senate (WP)

By Robert D. Novak

The Washington Post, January 2, 2007

Sen. John McCain, leading a blue-ribbon congressional delegation to Baghdad before Christmas, collected evidence that a "surge" of more U.S. troops is needed in Iraq. But not all his colleagues who accompanied him were convinced. What's more, he will find himself among a dwindling minority inside the Senate Republican caucus when Congress reconvenes this week.

President Bush and McCain, the front-runner for the party's 2008 presidential nomination, will have trouble finding support from more than 12 of the 49 Republican senators when pressing for a surge of 30,000 troops. "It's Alice in Wonderland," Sen. Chuck Hagel, second-ranking Republican on the Foreign Relations Committee, told me in describing the proposal. "I'm absolutely opposed to sending any more troops to Iraq. It is folly."

What to do about Iraq poses not only a national policy crisis but profound political problems for the Republican Party. Disenchantment with George W. Bush within the GOP runs deep. Republican leaders around the country, anticipating that the 2006 election disaster would prompt an orderly disengagement from Iraq, are shocked that the president now appears ready to add troops.

The recent McCain congressional delegation was composed of sophisticated lawmakers who have made many previous visits to Iraq. They do not minimize the severity of sectarian civil war. They left their meeting with Prime Minister Nouri al-Maliki doubting any "sense of urgency" after advising him that he must disarm the militias. They recognize that the national police, corrupt and riddled with radicals, constitutes an unmitigated disaster.

McCain has long called for more troops in Iraq. He was supported within the delegation by his ally Sen. Lindsey Graham (S.C.) and by Sen. Joseph Lieberman, the only Democrat on the delegation (though he now calls himself an "Independent Democrat" after losing the Democratic nomination in Connecticut and being elected with Republican votes). But Sen. John Thune (S.D.) calls his support for the surge "conditional." Sen. Susan Collins (Maine) returned from Baghdad opposing more troops. Rep. Mark Kirk of Illinois, the only House member on the trip, is described as skeptical.

How big and how long should a surge be? The 7,000 or 8,000 troops that were first mentioned now have grown to at least 30,000. Congressional advocates talk privately about an infusion of manpower ending about halfway through this year. But retired general Jack Keane, who has become a leading advocate of additional troops, wrote in The Post last week: "Increasing troop levels in Baghdad for three to six months would virtually ensure defeat."

DOJ_NMG_0110807

I checked with prominent Republicans around the country and found them confused and disturbed about the surge. They incorrectly assumed that the presence of Republican stalwart James Baker as co-chairman of the Iraq Study Group meant it was Bush-inspired (when it really was a bipartisan creation of Congress). Why, they ask, is the president casting aside the commission's recommendations and calling for more troops?

Even in Mississippi, the reddest of red states, where Bush's approval rating has just inched above 50 percent, Republicans see no public support for more troops. What is happening inside the president's party is reflected by defection from support for his war policy after November's election by two Republican senators who face an uphill race for reelection in 2008: Gordon Smith of Oregon and Norm Coleman of Minnesota. Coleman announced his opposition to the idea after returning from a trip to Iraq that preceded McCain's.

Among Democrats, Lieberman stands alone. Delaware Sen. Joseph Biden, as Foreign Relations Committee chairman, will lead the rest of the Democrats not only to oppose a surge but to block it. Bush enters a new world of a Democratic majority where he must share the stage.

Just as the president is ready to address the nation on Iraq, Biden next week begins three weeks of hearings on the war. On the committee, Biden and Democrats Christopher Dodd (Conn.), John Kerry (Mass.), Russell Feingold (Wis.) and Barack Obama (Ill.) will compete for intensity in criticizing a troop surge. But on the Republican side of the committee, no less probing scrutiny of Bush's proposals will come from Chuck Hagel.

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Chaos Overran Iraq Plan In '06, Bush Team Says (NYT)

By David E. Sanger, Michael R. Gordon And John F. Burns

The New York Times, January 2, 2007

This article is by David E. Sanger, Michael R. Gordon and John F. Burns.

WASHINGTON, Dec. 31 — President Bush began 2006 assuring the country that he had a "strategy for victory in Iraq." He ended the year closeted with his war cabinet on his ranch trying to devise a new strategy, because the existing one had collapsed.

The original plan, championed by Gen. George W. Casey Jr., the top commander in Baghdad, and backed by Donald H. Rumsfeld, then the defense secretary, called for turning over responsibility for security to the Iraqis, shrinking the number of American bases and beginning the gradual withdrawal of American troops. But the plan collided with Iraq's ferocious unraveling, which took most of Mr. Bush's war council by surprise.

In interviews in Washington and Baghdad, senior officials said the White House, the Pentagon and the State Department had also failed to take seriously warnings, including some from its own ambassador in Baghdad, that sectarian violence could rip the country apart and turn Mr. Bush's promise to "clear, hold and build" Iraqi neighborhoods and towns into an empty slogan.

This left the president and his advisers constantly lagging a step or two behind events on the ground.

"We could not clear and hold," Stephen J. Hadley, the president's national security adviser, acknowledged in a recent interview, in a frank admission of how American strategy had crumbled. "Iraqi forces were not able to hold neighborhoods, and the effort to build did not show up. The sectarian violence continued to mount, so we did not make the progress on security we had hoped. We did not bring the moderate Sunnis off the fence, as we had hoped. The Shia lost patience, and began to see the militias as their protectors."

Over the past 12 months, as optimism collided with reality, Mr. Bush increasingly found himself uneasy with General Casey's strategy. And now, as the image of Saddam Hussein at the gallows recedes, Mr. Bush seems all but certain not only to reverse the strategy that General Casey championed, but also to accelerate the general's departure from Iraq, according to senior military officials.

General Casey repeatedly argued that his plan offered the best prospect for reducing the perception that the United States remained an occupier — and it was a path he thought matched Mr. Bush's wishes. Earlier in the year, it had.

But as Baghdad spun further out of control, some of the president's advisers now say, Mr. Bush grew concerned that General Casey, among others, had become more fixated on withdrawal than victory.

Now, having ousted Mr. Rumsfeld, Mr. Bush sees a chance to bring in a new commander as he announces a new strategy, senior military officials say. General Casey was scheduled to shift out of Iraq in the summer. But now it appears that it may happen in February or March.

By mid-September, Mr. Bush was disappointed with the results in Iraq and signed off on a complete review of Iraq strategy — a review centered in Washington, not in Baghdad. Whatever form the new strategy takes, it seems almost certain to include a "surge" in forces, something that General Casey insisted earlier this year he did not need and which might even be counterproductive.

In a telephone interview on Friday, General Casey continued to caution against a lengthy expansion in the American military role. "The longer we in the U.S. forces continue to bear the main burden of Iraq's security, it lengthens the time that the government of Iraq has to take the hard decisions about reconciliation and dealing with the militias," he said. "And the other thing is that they can continue to blame us for all of Iraq's problems, which are at base their problems."

Yet if Mr. Bush does send in more American forces, historians may well ask why it took him so long. Some Bush officials argue that the administration erred by refusing to send in a bigger force in 2003, or by sufficiently bolstering it when the insurgency began to take hold.

This year, decisions on a new strategy were clearly slowed by political calculations. Many of Mr. Bush's advisers say their timetable for completing an Iraq review had been based in part on a judgment that for Mr. Bush to have voiced doubts about his strategy before the midterm elections in November would have been politically catastrophic.

Mr. Bush came to worry that it was not just his critics and Democrats in Congress who were looking for what he dismissed last month as a strategy of "graceful exit." Visiting the Pentagon a few weeks ago for a classified briefing on Iraq with his generals, Mr. Bush made it clear that he was not interested in any ideas that would simply allow American forces to stabilize the violence. Gen. James T. Conway, the Marine commandant, later told marines about the president's message.

"What I want to hear from you is how we're going to win," he quoted the president as warning his commanders, "not how we're going to leave."

Sectarian Killings Escalate

When 2006 began, the United States military did not have a systematic means of tabulating sectarian attacks in Iraq. The Sunni-led insurgency was the focus of Mr. Bush's statements, and its destruction the focus of American military strategy.

The Bush administration was jolted on Feb. 22 when Al Qaeda blew up the Askariya Mosque in Samarra, a carefully plotted effort to fan sectarian passions, prompt Shiite retaliation and make Iraq ungovernable.

The day of the explosion, Shiites in Sadr City poured into the streets carrying banners and flags. Men, some dressed in black, the traditional dress for the Shiite militia in the area, piled into open back trucks, carrying weapons and shouting slogans of loyalty to Shiite saints. In Baghdad, Zalmay Khalilzad, the American ambassador to Iraq, went to Prime Minister Ibrahim al-Jaafari to insist that the Iraqi government impose a 24-hour nationwide curfew. Mr. Jaafari, a member of the Shiite Dawa Party, was not persuaded.

"You've been here six months, and all of a sudden you know my country better than I do," Mr. Jaafari replied, according to an official who witnessed the exchange. But even some Iraqi leaders, including the current national security adviser, Mowaffak al-Rubaie, echoed Mr. Khalilzad's advice. "I remember saying to him: 'this is going to be the trigger of an all-out civil war,' " Mr. Rubaie said.

Mr. Jaafari insisted that he had a plan, which involved closing the Sunni television stations in the country, though as the violence grew he belatedly imposed a curfew that evening. It was the beginning of a debilitating pattern. The Shiite-dominated government did too little to protect Sunni citizens. Shiite militias took matters into their own hands. And the American military struggled to hold the city together with overstretched units.

It was clear that the retaliation was highly organized. Sunnis in the eastern portion of Baghdad, in an area called Rusafa, reported that Shiites in SUV's were pulling up, knocking on doors, and seeking specific people. Bodies surfaced in sewers and garbage heaps days later.

When the killing abated, President Bush and his top aides declared that the worst had passed. Both Sunnis and Shiites had "looked into the abyss and did not like what they saw," the president said.

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Renegade militias were a concern but "not a major long-term problem as long as the Iraqi armed forces and the Iraqi police continue to be loyal to the central government, as they have been," Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, said in a March 5 appearance on the NBC News program "Meet the Press."

Sectarian-inspired executions, however, rose from almost 200 in January to more than 700 in March, and continued upward, according to the Pentagon.

Even as the violence grew, General Casey, the top American commander in Iraq, appeared confident. He had served as a senior aide for the Joint Chiefs of Staff at the Pentagon, where he gained the confidence of Mr. Rumsfeld before being sent to Baghdad in 2004. At 58, the four-star general reported directly to the defense secretary.

Mr. Rumsfeld had mused publicly that history showed that it could take a decade or so to defeat an insurgency. He was eager to turn over responsibility for the war to the Iraqis and to reduce the American footprint in Iraq as quickly as possible.

General Casey and Gen. John P. Abizaid, head of the United States Central Command, appeared to be like-minded. During the summer of 2005, General Casey had forecast "fairly significant reductions" in American troops by the summer of 2006, an assessment that the commander said reflected "feelers" from Sunni insurgents that they might be willing to negotiate and lay down their arms.

Some of General Casey's aides have said that in developing troop withdrawal plans they were cognizant that the Bush administration had not taken any steps to expand the American military presence despite a persistent insurgency, and seemed to have little appetite for substantially expanding the war effort.

No Wish to Stay Indefinitely

For his part, General Casey said that his plan was aimed at showing Iraqis that the United States did not want to perpetuate its role as an occupier indefinitely, and stressed that he was following a strategy to match the "convoluted" political and military situation in Iraq, and not seeking to advance his career with plans that suited the Bush administration's political agenda.

"I have worked very hard to ask for what I need, for what I thought I needed to accomplish the mission," he said Friday. "It's always been my view that a heavy and sustained American military presence was not going to solve the problems in Iraq over the long term."

By late 2005, the White House accepted the main tenets of the hand-over strategy. "Casey and Abizaid had what seemed like a plausible plan at the time," Mr. Hadley recalled. "It was well thought out, and after the elections in January looked like the direction we were headed in."

President Bush promoted the strategy in a speech to cheering midshipmen at the United States Naval Academy in Annapolis, Md., on Nov. 30, 2005: "We will continue to shift from providing security and conducting operations against the enemy nationwide to conducting more specialized operations targeted at the most dangerous terrorists. We will increasingly move out of Iraqi cities, reduce the number of bases from which we operate, and conduct fewer patrols and convoys."

Yet not everybody at the Pentagon shared General's Casey's confidence. The Defense Intelligence Agency had briefed the White House in early 2006 that the insurgency was winning in Iraq, according to a former military officer. The briefing, which chronicled the steady rise in the number of attacks, prompted a counter-briefing from General Casey's intelligence chief, who prepared an analysis tracing the positive trends in Iraq.

Data gathered by General Casey's own command, which showed a steady increase in weekly attacks and civilian casualties, lent support to the Defense Intelligence Agency assessment.

At the State Department, skepticism about General Casey's strategy ran deep. Philip D. Zelikow, the counselor to Secretary of State Condoleezza Rice until he resigned in December, went to Iraq in late 2005, and returned with a recommendation that the first part of 2006 be devoted to a big push — military, economic and political — to boost the soon-to-be-formed Iraqi government. His approach contradicted the commitment to reductions.

Still, the general was reluctant to abandon his basic strategy. According to a senior administration official, General Casey told the White House in April, May and June of 2006 that the American military was having success against Al Qaeda of Mesopotamia and the Sunni-based insurgency, and that sectarian violence could be managed.

Calls for a Review of Strategy

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By May 2006, uneasy officials at the State Department and the National Security Council argued for a review of Iraq strategy. A meeting was convened at Camp David to consider those approaches, according to participants in the session, but Mr. Bush left early for a secret visit to Baghdad, where he reviewed the war plans with General Casey and Mr. Maliki, and met with the American pilot whose plane's missiles killed Iraq's Al Qaeda leader, Abu Musab al-Zarqawi. He returned to Washington in a buoyant mood.

The visit meant that the reconsideration of strategy was not as thorough as some officials hoped.

Later in June, General Casey flew to Washington to give briefings on the latest version of his troop reduction plan at the Pentagon and White House. The number of American combat brigades, which then totaled 14, would be reduced by two in September and might shrink to 10 by December, if conditions allowed. If the Iraqis continued to assume more responsibility for their security, there would be only five or six combat brigades in Iraq by December 2007.

Yet already President Bush was signaling to top aides that he wanted to re-evaluate how to keep stability before proceeding with troop withdrawals. His caution matched a growing unease among American field commanders in Iraq, and officers on the streets of Baghdad, who said they were surprised by General Casey's continued advocacy of withdrawals and consolidating bases. They said that American forces should be focusing on a greater counterinsurgency effort, which would require that a substantial number of troops be dispersed to protect that population against insurgent and militia attacks.

Events overtook the White House. In early August, the United States was forced to reverse course and add troops in Baghdad. On reflection, Mr. Hadley said, "Finally the patience of the Shia had worn thin," and, "By the time the unity government took over the cycle of sectarian violence had begun. And they and we have not been able to get ahead of it."

The administration's summer strategy seemed simple: American and Iraqi forces would clear selected neighborhoods of insurgents and militia leaders, hold them with the Iraqi police, and win over the population with job-creating reconstruction programs.

But carrying out the strategy proved maddeningly difficult. The American troop commitment was modest at best. With the addition of roughly 7,000 troops the American military force assigned to carry out the operation in Baghdad was brought to some 15,000. (During one discussion of the operation in August, President Bush asked General Casey whether he had sufficient troops to secure Baghdad; the general assured him that he did.)

The Iraqis never delivered four of the six Iraqi Army battalions that they had committed to the effort. Some of the Iraqi police units proved to be so infiltrated by Shiite militias that they had to be pulled off duty for retraining.

Weaknesses in the Iraqi Forces

In the Sunni stronghold of Dora, in southwestern Baghdad, American troops were forced to clear thousands of homes twice: the Iraqi security forces who moved in behind them were too few, and too little dedicated to the task, to keep the insurgents from returning.

In neighborhoods like Baya, the Shiite-dominated Iraqi National Police set up menacing checkpoints on the routes Sunnis used to seek medical attention or buy fuel.

"They were trying to dominate the Sunni population and terrorize them to the point that they would leave Baghdad or leave the neighborhood," recalled Lt. Col. James Danna, who had led the Second Battalion, Sixth Infantry Regiment, which oversaw those areas. He said that like the first Baghdad security operation, the second also failed. As the American elections approached, White House officials say, they believed it would amount to political suicide to announce a broad reassessment of Iraq strategy. But they recognized that unless they began such a review, they would be forced to accept the conclusions of the final report of the Iraq Study Group — headed by James A. Baker III, the former Republican secretary of state, and Lee H. Hamilton, the former Democratic congressman.

The effort started in September, around the time Mr. Bush decided to oust Mr. Rumsfeld. In the days before the election, Mr. Bush suggested during an interview that Mr. Rumsfeld could stay until the end of his term — a deliberately misleading statement that Mr. Bush said later was necessitated by the political season. Similarly, it was days after the election that the White House revealed that a major Iraq review was under way.

In public, Mr. Bush continues to insist that he and Mr. Maliki share the same vision. In private, one of his former aides said, "he questions whether Maliki has the will or the power" to make good on any commitments.

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American military officers have also wondered if the Shiite-dominated Iraqi government and the Americans share the same vision. Were the Iraqis not pulling their weight because they did not have the capability to provide security and proceed with reconstruction? Or did the Iraqi authorities have a sectarian agenda?

As security efforts in Baghdad faltered, a confidential briefing on possible "end states" in Iraq was prepared by officials under the command of Lt. Gen. Peter W. Chiarielli, who until a few weeks ago led the day-to-day operations in Iraq. It suggested the dark vision of a divided nation that haunts the administration.

Unless the United States persuaded the Iraqi government to change course, those who prepared the briefing foresaw an Iraq run by a relatively weak central government, which would include a largely autonomous nine-province Shiite region in the south and a Shiite-dominated Baghdad. The Kurds would retain their autonomy in the north. The Sunnis would essentially be relegated to the western Anbar Province and other enclaves.

The briefing posed a question: was this an outcome the United States could live with? If so, what could the United States do to minimize the bloodshed? If not, what should be done to alter this course?

Mr. Bush still insists on talking about victory, even if his own advisers differ about how to define it. "It's a word the American people understand," he told members of the Iraq Study Group who came to see him at the White House in November, according to two commission members who attended. "And if I start to change it, it will look like I'm beginning to change my policy."

Bush Mulls Plan As U.S. Toll Hits 3,000 (AP)

By Pauline Jelinek, Associated Press Writer

AP, January 1, 2007

American deaths in the Iraq war reached the sobering milestone of 3,000 on Sunday even as the Bush administration sought to overhaul its strategy for an unpopular conflict that shows little sign of abating.

The latest death came during one of the most violent periods during which the Pentagon says hate and revenge killings between Iraq's sects are now a bigger security problem than ever.

The death of a Texas soldier, announced Sunday by the Pentagon, raised the number of U.S. military deaths in Iraq to at least 3,000, according to an Associated Press count, since the war began in March 2003.

President Bush is struggling to salvage a military campaign that, more than three-and-a-half years after U.S. forces overran the country, has scant support from the American public. In large part because of that discontent, voters gave Democrats control of the new Congress that convenes this week. Democrats have pledged to focus on the war and Bush's conduct of it.

Three thousand deaths are tiny compared with casualties in other protracted wars America has fought in the last century. There were 58,000 Americans killed in the Vietnam War, 36,000 in the Korean conflict, 405,000 in World War II and 116,000 in World War I, according to Defense Department figures.

Even so, the steadily mounting toll underscores the relentless violence that the massive U.S. investment in lives and money — surpassing $350 billion — has yet to tame, and may in fact still be getting worse.

A Pentagon report on Iraq said in December that the conflict now is more a struggle between Sunni and Shiite armed groups "fighting for religious, political and economic influence," with the insurgency and foreign terrorist campaigns "a backdrop."

From mid-August to mid-November, the weekly average number of attacks in the country increased 22 percent from the previous three months. The worst violence was in Baghdad and in the western province of Anbar, long the focus of activity by Sunni insurgents, said a December report.

Though U.S.-led coalition forces remained the target of the majority of attacks, the overwhelming majority of casualties were suffered by Iraqis, the report said.

The American death toll was at 1,000 in September of 2004 and 2,000 by October 2005.

Bush told an end-of-the-year press conference that the deaths distress him.

"The most painful aspect of the presidency is the fact that I know my decisions have caused young men and women to lose their lives," Bush said.

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Asked about the 3,000 figure, deputy White House press secretary Scott Stanzel said Sunday that the president "will ensure their sacrifice was not made in vain."

"We will be fighting violent jihadists for peace and security of the civilized world for years to come. The brave men and women of the U.S. military are fighting extremists in order to stop them from attacking on our soil again," Stanzel said.

Sen. Edward Kennedy, D-Mass., called the figure a "tragic milestone" and said the government owes its troops "a new policy that is worthy of their heroism and brings them safely home."

In a statement Bush released Sunday to wish the troops and all Americans a happy new year, the president said the nation depends on the men and women in the armed services and are mindful of their dedication and sacrifice.

"Last year, America continued its mission to fight and win the war on terror and promote liberty as an alternative to tyranny and despair," Bush said in the statement released from his ranch in Crawford, Texas, where he and first lady Laura Bush are spending New Year's Eve with friends.

"In the New Year, we will remain on the offensive against the enemies of freedom, advance the security of our country, and work toward a free and unified Iraq," he said. "Defeating terrorists and extremists is the challenge of our time, and we will answer history's call with confidence and fight for liberty without wavering."

In an interview on Dec. 21 with The Associated Press, Secretary of State Condoleezza Rice said the war was "worth the investment" in American lives and dollars.

In his strategy reassessment, Bush has consulted Iraqis, his uniformed and civilian advisers, an outside bipartisan panel that studied the failing war, and other defense and foreign policy experts. New Defense Secretary Robert Gates journeyed to Iraq in his first week on the job in December to confer with American commanders and Iraqi leaders.

Among the president's options was a proposal to quickly add thousands of U.S. troops to the 140,000 already in Iraq to try to control escalating violence in Baghdad and elsewhere.

Others believe too much blood and money already have been sacrificed. Democrats have wanted Bush to move toward a phased drawdown of forces, while the bipartisan Iraq Study Group recommended removing most U.S. combat forces by early 2008 while shifting the U.S. role to advising and supporting Iraqi units.

Having launched the war against the advice of a number of nations, the Bush administration never got a huge international contribution of troops, meaning foreign forces helping the Iraqis are overwhelmingly American.

The death toll shows it. As of late December, the British military has reported 127 deaths in the war so far; Italy, 33; Ukraine, 18; Poland, 18; Bulgaria, 13; Spain, 11; and Denmark, six. Several other countries have had five or less.

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On the Net:

Defense Department: http://www.defenselink.mil

U.S. Toll In Iraq Reaches 3,000 (WP)

By Nancy Trejos, Washington Post Staff Writer

The Washington Post, January 1, 2007

Deaths in December Most in Two Years

BAGHDAD, Dec. 31 -- The number of U.S. service members killed in Iraq since the war began in 2003 reached 3,000 on Sunday, a symbolic milestone at a time when the Bush administration is rethinking its strategy for the increasingly violent conflict.

As the year drew to a close, the U.S. military announced that a soldier was killed Saturday by a roadside bomb while on patrol in a southeastern neighborhood of Baghdad. Two soldiers were injured in the attack. Their names were not released.

The Defense Department also announced that Spec. Dustin R. Donica, 22, of Spring, Tex., was killed by small-arms fire Thursday in Baghdad.

According to the Associated Press and the independent Web site iCasualties.org, both of which keep counts of war fatalities, the deaths raised the American toll to at least 3,000.

DOJ_NMG_0110813

Reaching that threshold has significance at a time when President Bush is considering a change in strategy that could include sending in more troops. The 140,000 U.S. troops currently in Iraq have not been able to reduce the daily violence caused by an aggressive insurgency in the western province of Anbar and an increasingly bitter sectarian conflict in Baghdad.

"What you see is the U.S. deeply involved in this fight against an insurrection and increasingly trying to bring order to a low-level civil war," Anthony H. Cordesman, an analyst for the Center for Strategic and International Studies, said by telephone in Washington. "There's no way you can do that with 140,000 troops in a country of 27 million without having casualties."

He added: "This pace of casualties is likely to go on until we can change or find a new approach."

The bipartisan Iraq Study Group recommended that the focus of U.S. troops in Iraq be shifted from combat to training Iraqi soldiers and police officers, and that most combat brigades be withdrawn by early 2008.

The most recent deaths happened during a particularly costly month of the war. With 111 fatalities, according to iCasualties.org, December was not only the deadliest month of 2006 for U.S. troops, but the deadliest in two years.

Most of December's deaths occurred in Anbar province, and most were the result of improvised explosive devices, or IEDs, according to a Washington Post analysis of the data. But insurgents have found other ways to attack troops, among them sniper fire.

The number of service members who have been wounded has continued to climb as well. More than 22,000 troops have been injured so far, according to the latest Defense Department data.

A Pentagon report in December gave a grim assessment of the war, acknowledging that violence soared to its highest level this fall, with anti-U.S. fighters achieving "strategic success" by unleashing a spiral of sectarian killings by Sunni Arab and Shiite Muslim death squads. According to the report, the violence had reached record highs, with 959 attacks per week.

In the United States, public discontent over the war has grown, evidenced by the fact that voters gave Democrats control of the new Congress. Many media outlets and pundits have pointed out that the military death toll in Iraq now exceeds the number of people killed in the Sept. 11, 2001, attacks, which Bush has often cited as justification for the war.

White House spokesman Scott Stanzel said Bush "believes that every life is precious and grieves for each one that is lost."

"He will ensure their sacrifice was not made in vain," Stanzel said. "The war on terror will be a long struggle. We will be fighting violent jihadists for peace and security of the civilized world for years to come."

Military leaders played down the significance of reaching 3,000 deaths.

"We don't count that way, because each one is important to us," said Lt. Col. Christopher C. Garver, a U.S. military spokesman in Baghdad. "Number 2,999 means the same to us as number 3,000. It's an arbitrary number that doesn't mean anything to us."

The Defense Department count of Americans killed in Iraq stood at 2,986 as of Sunday, said a Pentagon spokesman, Lt. Col. Mark Ballesteros. The Pentagon's official count often lags because it does not include a fatality in its official tally until 24 hours after notifying next of kin. The U.S. military in Iraq issues news releases with names withheld before deaths are officially counted.

"Let's set aside discussion of numbers," Ballesteros said. "Every loss is regretted, each loss has a value, significance and importance unto itself, regardless of what number anyone would assign."

Each death, he said, "is felt individually by that person's family and friends. It's particularly difficult during the holidays."

Staff writers Michael Abramowitz in Crawford, Tex., and Elizabeth Williamson in Washington contributed to this report.

U.S. Announces Death Of 3,000th American Soldier (MCT)

By Nancy A. Youssef

McClatchy Newspapers, January 1, 2007

BAGHDAD, Iraq — Saddam Hussein, the deposed dictator hanged Saturday for the murder of 148 fellow citizens, was buried at sunrise in his hometown Sunday, not far from the graves of his two sons. Hours later, on the final day of 2006, the U.S. military announced the death of the 3,000th American soldier to die in Iraq.

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The death of Spc. Dustin Donica, 22, of Spring, Texas, by small arms fire Thursday in Baghdad, brought the December toll to 111, the deadliest month of the year for U.S. troops. Donica was assigned to a parachute infantry regiment at Fort Richardson, Alaska.

The milestone was reached at a time when President Bush is considering an overhaul of American policy in Iraq - a review that could result in tens of thousands more U.S. troops serving in this strife-torn country.

Bush spokesman Scott Stanzel said that the United States "will be fighting violent jihadists for peace and security of the civilized world for years to come." He said Bush would see to it that the sacrifice of U.S. troops "was not made in vain."

Saddam's burial in his hometown of al Awja, near the northern city of Tikrit, drew about 100 people for a dawn service. The flag draped over his body was that from his regime. The flag's inscribed words, "God is Great," were written in his own hand, not in formal script as it now appears on the official Iraqi flag.

Officials at the province, who took control of Saddam's body from the Iraqi government, said they were grateful the body was treated in an Islamic way. And, on a national television station, they thanked American officials for providing a helicopter to take the body to the burial site.

Meanwhile, on a quiet day marked by the observance of the religious festival of Eid, Iraqis were transfixed by a video that showed Saddam's final moments. Some said the video showed a composed Saddam killed by a Shiite government settling personal scores, not an example of justice; others said it was a fair end for a man who tortured and brutalized innocent Iraqis for more than two decades.

The latest video disputed some initial accounts of what happened in the seconds before execution. Captured on a cell phone camera, it appeared on several Web sites, and picked up where the government-released video released Saturday had cut off - after the tightening of the noose. Not every word spoken was audible.

Five executioners wearing black ski masks surrounded Saddam, who wore a long black coat. As they put the rope around his neck, Saddam called out, "O God."

After tightening the noose, men - both the executioners and witnesses - chanted part of a common Shiite Muslim saying, followed by Muqtada al-Sadr's name, the firebrand cleric who leads one of the most powerful militias in Iraq, the Mahdi Army.

"God's prayer upon the (Prophet) and his family ... May God bring closer his release (referring to the 12th Imam, who Shiites believe will appear again) and curse his enemy. Muqtada, Muqtada Muqtada!" the men chanted in unison, their voices more powerful with each passing word.

It appears more dialogue occurred here, but the words are not clear. Saddam is next heard saying: "Thank God. Is this manhood?"

Someone in the room snapped at Saddam: "Go to hell."

"The hell that is Iraq?" Saddam said.

Another voice then shouted the name Mohammed Bakir Sadr, a relative of Muqtada and the intellectual brains behind the Dawa Party, one of the fiercest Saddam opposition parties. Prime Minister Nouri al Maliki is a member of the party, and thousands of people were either exiled or killed for being suspected members.

Another man appealed for calm: "I beg you no. This man is being executed."

But the crowd became more emboldened. Saddam then began reciting one of the most important Islamic sayings, the Shadada, which Muslims say to prove their faith: "I testify there is no god but God and (Prophet) Muhammad is the messenger of God." As he repeated it, and reached the word "Muhammad," the shaft opened from under him. The picture goes dark, breaking only for flashes from cameras photographing Saddam dead, his eyes open, his body dangling.

The witnesses erupted.

"The tyrant has fallen," one man said as others debated how long Saddam should be kept on the rope.

The Iraqi Special Tribunal convicted Saddam and two co-defendants on Nov. 5, charging that they ordered the execution of 148 people after an unsuccessful assassination attempt against the dictator in Dujail in 1982. Last week an appeals court upheld the conviction; under Iraqi law, Saddam had to be executed within 30 days.

On Saleh al Din channel, based in Saddam's hometown province, music designated for mourning and recitations of the Koran played all day.

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16,273 Deaths Reported In Iraq In 2006 (AP)

By Lauren Frayer

AP, January 2, 2007

As enraged crowds protested the hanging of Saddam Hussein across Iraq's Sunni heartland Monday, government officials reported that 16,273 Iraqi civilians, soldiers and police died violent deaths in 2006, a figure larger than an independent Associated Press count for the year by more than 2,500.

The tabulation by the Iraqi ministries of Health, Defense and Interior, showed that 14,298 civilians, 1,348 police and 627 soldiers were killed in the violence that raged in the country last year.

The Associated Press accounting, gleaned from daily news reports from Baghdad, arrived at a total of 13,738 deaths. The United Nations has said as many as 100 Iraqis die violently each day, which translates into 36,500 deaths annually.

In Samarra, a mob broke the locks off a bomb-damaged Shiite shrine and marched through carrying a mock coffin and photo of the dictator.

The demonstration in the Golden Dome, shattered in a bombing by Sunni extremists 10 months ago, suggests that many Sunni Arabs may now more actively support the small number of Sunni militants fighting the country's Shiite-dominated government. The Feb. 22 bombing of the shrine triggered the current cycle of retaliatory attacks between Sunnis and Shiia, in the form of daily bombings, kidnappings and murders.

Monday's protest came on a day that saw the U.S. military kill six Iraqis during a raid on the offices of a prominent Sunni political figure, who was suspected of giving al-Qaida in Iraq fighters sanctuary.

Until Saddam's execution Saturday, most Sunnis sympathized with militants but avoided taking a direct role in the sectarian conflict — despite attacks by Shiite militia that have killed thousands of Sunnis or driven them from their homes. The current Sunni protests, which appear to be building, could signal a spreading militancy.

Sunnis were not only outraged by Saddam's hurried execution, just four days after an appeals court upheld his conviction and sentence. Many were also incensed by the unruly scene in the execution chamber, captured on video, in which Saddam was taunted with chants of "Muqtada, Muqtada, Muqtada."

The chants referred to Muqtada al-Sadr, a firebrand Shiite cleric who runs one of Iraq's most violent religious militias. He is a major power behind the government of Shiite Prime Minister Nouri al-Maliki.

Many Sunnis are also upset that Saddam was put to death the day that Sunni celebrations began for Eid al-Adha, a major Muslim festival. The judge who first presided over the case that resulted in Saddam's death sentence said the former dictator's execution at the start of Eid was illegal according to Iraqi law, and contradicted Islamic custom.

The law states that "no verdict should implemented during the official holidays or religious festivals," said Judge Rizgar Mohammed Amin, a Kurd.

Rizgar presided over Saddam's trial on charges he killed 148 Shiite men and boys in Dujail, north of Baghdad, in a botched assassination attempt in 1982. The judge was removed from the case after Shiite complaints that he was too lenient.

In a Sunni neighborhood in northern Baghdad, hundreds of demonstrators mourned the executed leader. Some praised the Baath Party, the outlawed nationalist group that under Saddam cemented Sunni Arab dominance of Iraq.

"The Baath party and Baathists still exist in Iraq, and nobody can marginalize it," said Samir al-Obaidi, 48, who attended a Saddam memorial in the Azamiyah neighborhood.

In Dor, 77 miles north of Baghdad, hundreds more took to the streets to attend the dedication of a giant mosaic of Saddam. Children carried toy guns and men fired real weapons into the air.

Mourners at a mosque in Saddam's hometown of Tikrit slaughtered sheep as a sacrifice. The mosque's walls were lined with condolence cards from tribes in southern Iraq and Jordan who were unable to travel to the memorial.

Saddam's eldest daughter briefly attended a protest Monday in Jordan — her first public appearance since her father was hanged.

"God bless you, and I thank you for honoring Saddam, the martyr," said Raghad Saddam Hussein, according to two witnesses. She addressed members of the Professional Associations — an umbrella group of unions representing doctors, engineers and lawyers — in the group's office parking lot in west Amman.

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In the midst of the protests, U.S. forces continued operations in Iraq.

Six Iraqis were killed in a U.S.-led raid on the Baghdad offices of a top Sunni politician, Saleh al-Mutlaq. The U.S. military and Iraqi police said they suspected the offices were being used as an al-Qaida safe house.

Al-Mutlaq is a senior member of the National Dialogue Front, which holds 11 of the 275 seats in Iraq's parliament.

U.S. forces said they took on heavy fire from automatic weapons and rocket-propelled grenades as they sought to enter the building. Ground troops were backed by helicopters that "engaged the enemy with precision point target machine gun fire," the military said.

It was unclear whether the deaths resulted from the ground assault or fire from U.S. helicopters.

Associated Press Television News footage showed masses of rubble in the area and what appeared to be a long smear of blood where a body had been dragged across the floor of one of the buildings.

Walls were pitted with what appeared to be bullet and shrapnel holes.

The U.S. death toll, meanwhile, climbed to at least 3,002 by the final day of 2006 as the American military reported the deaths of two more soldiers in an explosion Sunday in Diyala Province, northeast of the capital. With the announcement, the Associated Press count of fatalities showed that at least 113 U.S. service members died in December. That makes it bloodiest month of 2006.

Iraqi authorities Monday reported that 16,273 Iraqis — including 14,298 civilians, 1,348 police and 627 soldiers — died violent deaths in 2006. The total exceeds the Associated Press count by more than 2,500.

On the first day of the New Year, Iraqi Police reported finding the 40 handcuffed, blindfolded and bullet-riddled bodies in Baghdad. A police official, who refused to be named out of security fears, said 15 of the bodies were discovered in the mainly industrial Sheik Omar district of northern Baghdad.

An Iraqi worker for the Algerian Embassy in Baghdad was shot to death, police said.

Also Monday, the Iraqi government raided and sealed the offices of a privately owned television station, charging it had incited violence and hatred in its programming. In its coverage of the execution of Saddam over the weekend, a newscaster had worn black mourning clothes.

The satellite television channel Al-Sharqiya, which broadcasts from Dubai, remained on the air late Monday. The station is owned by Saad al-Bazzaz, a one-time chief of radio and television for Saddam.

Under Fire (USNEWS)

By Anna Mulrine

U.S. News and World Report, January 2, 2007

December drew to a close as the deadliest month in two years for American soldiers in Iraq. At his ranch in Crawford, Texas, President Bush gathered his national security team–including new Defense Secretary Bob Gates–to draw up what may well be a last-chance strategy to turn back the tide of chaos. It couldn't have lightened the mood any that morning to glance at the Washington Post's front page: "Ford Disagreed With Bush About Invading Iraq." Former President Gerald Ford, who died last week at age 93, criticized Bush's rationale for the war in a posthumously published July 2004 interview with the Post's Bob Woodward. Said Ford, "I don't think I would have gone to war."

For a current president who famously doesn't like to look back, Ford's delayed critique may mean little, but it raises the stakes a bit higher for Bush's effort to sell the American people on whatever he decides to do next in Iraq. With concern growing almost daily about U.S. soldiers and marines facing hostile fire and increasingly powerful roadside bombs, caught in the middle of what looks to many like an Iraqi civil war, Bush faces the most daunting challenge of his presidency. In urban Baghdad–not just in the insurgent badlands of Al Anbar province–some streets are so regularly booby-trapped with roadside bombs that they are treated as no-go zones for U.S. patrols.

After making it clear that he has his own no-go zones (namely, opening a dialogue with Iran and Syria and considering a phased withdrawal of U.S. troops), Bush is expected to release his new plan for Iraq within days. It will very likely include an economic package that will fund microloans for small businesses and jobs in neighborhoods that have been targeted by military strikes–elements of classic counterinsurgency strategy that weave economic and political incentives together with armed

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measures. But much of the chatter–and the real political stakes–surround a so-called surge of U.S. troops, enough to make the total force in Baghdad larger than at any time since the war began. That would, the thinking goes, improve security in the city of some 6 million and give the Iraqi government more time to take charge if it can. But it would be hard to pull off. "The big question," says one U.S. commander at Baghdad headquarters, "is what do they want us to do with these troops, exactly, that we're not doing already?"

Wordplay. In Washington, the word surge is increasingly accompanied by something akin to virtual quotation marks. It's more politically palatable than "escalation," with its echoes of Vietnam, and carries the implication of limited duration, or an ebb. But new troops will be on the ground for a while. In a widely circulated PowerPoint presentation, Frederick Kagan, a neoconservative military historian at the American Enterprise Institute, touts the benefits of a surge in a "plan for success," adding that a minimum of 30,000 troops should be sent to the country for "18 months or so." "That's not a surge," says one military official. "It's a troop increase, plain and simple."

'Surge' Strategy (NSWK)

By Michael Hastings, Michael Hirsh And Richard Wolffe

Newsweek, January 2, 2007

Jan. 8, 2007 - He was caught just like a rat." Those were the simple, happy words of Ray Odierno three years ago, after units of his Fourth Infantry Division cornered Saddam Hussein in Tikrit. The hulking general went on to declare that the capture was a "major operational and psychological defeat" for the insurgents, who had been "brought to their knees." It was a heady moment, but as it turned out that's all it was—a moment. On Dec. 14, 2006, three years and a day after Saddam was hauled out of his hole, Lt. Gen. Odierno returned to take day-to-day command of Coalition forces in Iraq. His mood since then has been far more sober. "You now have different groups ... trying to vie for power within Iraq," Odierno told NEWSWEEK in an interview last week from his headquarters at Camp Victory near Baghdad. "That's what makes this extremely more complex than this has been in the past. It's not simply Sunni insurgents or Al Qaeda that we're fighting anymore—fighting is the wrong term—we're trying to influence [Iraqis] to operate within the confines of the government."

The words sound odd coming from a traditional Army warrior known for his kick-in-the-door tactics. But Odierno's transition from certainty to complexity—and from fighting to "influencing"—mirrors the journey made by the U.S. military as a whole. After weeks of intensive discussions, President George W. Bush is expected to announce his new Iraq strategy as early as next week. Most of the debate has centered on whether to "surge" 20,000 or more U.S. troops into the Baghdad area in an effort to succeed, at long last, in securing the Iraqi capital. The question is whether those forces are the right tool for the job at hand—can any number of U.S. troops stop what has become a Sunni-Shiite civil war?—not to mention whether they're even available.

Odierno knows very well that success requires more-subtle tactics than the ones he was once criticized for. An internal Army report in December 2003 concluded that Odierno's Fourth I.D. had indiscriminately rounded up so many military-age Iraqis that prisons like Abu Ghraib overflowed. Odierno rejects the accusation of overaggressiveness, calling it "anecdotal" and adding: "We executed more [reconstruction] projects than anyone else. All that has been forgotten." But he concedes that "a lot has changed since the last time I left" and that he's learned much about fighting an insurgency.

The White House insists it knows that simply adding more troops isn't the answer. The plan being considered is far more nuanced than what has been reported in the media, a senior aide to Bush, who would only discuss the talks in Crawford anonymously, told NEWSWEEK. He said it includes money for new jobs programs and reconstruction aid for Prime Minister Nuri al-Maliki, as well as efforts to further shore up his political base. "We know the counterinsurgency plan is clear, hold and build," says the source. "We have to talk about surging troops and surging resources as being equally important."

Even so, the debate over tactics has intensified inside the Pentagon. Bush is now trying to sort through wildly conflicting advice. His Joint Chiefs of Staff supports the conclusions of the Iraq Study Group that, rather than sending in a new influx of U.S. troops, American advisory teams embedded with Iraqi forces should be quadrupled so Iraqis can take control more quickly. Some hawks, led by two outside advisers, former Army vice chief of staff Gen. Jack Keane and military historian Frederick Kagan, are instead urging Bush to "win the battle of Baghdad" himself. They say he can't wait for the Iraqi government, Army or police to secure the country.

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U.S. Army officials fret they don't have the forces or equipment for the kind of long deployment (perhaps 18 months or more) that would be required. According to a former senior Army official who would describe the internal discussions only if he was not identified, "Keane told the president: 'Don't you dare let Army and Marine Corps tell you they can't do it.' Soon afterward, Gen. Richard Cody, the vice chief of staff of the Army, called Keane in and gave him the actual figures on readiness, telling him: 'Look, here's the status of these brigades today. It's not doable'." Keane did not respond to several calls asking for comment, but the senior White House aide denies that the Pentagon is resisting any surge plan. "The military leadership is committed to doing what is required to be successful," he says.

Kagan worries Bush will end up splitting the difference and decide on a smaller, short-term offensive. That, Kagan says, would be disastrous, repeating the failure of Operation Forward Together in Baghdad last summer and fall, which he blames on too few U.S. troops (about 8,000). By putting the onus for stabilizing Baghdad on U.S. forces again, a troop surge would also reverse the policy of the soon-to-depart overall commander in Iraq, Gen. George Casey, who is Odierno's boss. "This is the antithesis of the strategy Casey's been pursuing for two years, which is more and more Iraqi control," says Kagan. Maybe the only certainty any longer is that Odierno's new mission is sure to be a lot harder than finding Saddam Hussein.

White House Week (USNEWS)

U.S. News and World Report, January 2, 2007

Bush's Big Act: If He Bombs, Does the Fat Lady Sing?

Some senior Republicans are looking at the next four weeks as "make it or break it" time for the White House. In early January, the Democrats will take over Congress and signal how aggressively they will confront the administration on Iraq and a wide range of domestic issues. By mid-January, President Bush will have delivered his high-stakes speech setting forth "the way forward" in Iraq. Bush will then give his State of the Union address on January 23. "Anything the president wants to do in the last two years of his term will be contingent on the reaction to his new course in Iraq," says a senior GOP adviser. "If he bombs when he gives the Iraq speech, the fat lady sings." White House officials, however, argue that Democrats won't be able to escape responsibility for improving the situation in Iraq. "The Democrats are going to own this policy, too," a senior White House official says.

Like Bill Clinton, a Person of the People

Nancy Pelosi plans to celebrate becoming the first-ever female speaker of the House with an elaborate parade of events linking her heritage in blue-collar Baltimore and Italian-Catholic roots to her new and history-making post. As aides describe the run-up to her January 4 swearing-in, it will be similar to the weeklong trip former President Bill Clinton took to Washington. Pelosi's week will culminate with a concert and a "people's house" celebration, where plain folks can meet her and the rest of the new Democratic leadership in the Cannon House Office Building.

And So, Let the Investigations Begin

As a sign that the new Democratic majority plans to get tough, key congressional committees have begun hiring lawyer-investigators to probe the administration and its policies. The House Appropriations Committee, where Iraq war critic Rep. John Murtha will be influential, is hiring investigators to look into the administration's war policies and spending in Iraq and Afghanistan. Rep. Henry Waxman, the incoming chairman of the House Government Reform Committee, who's been dogging the vice president's energy task force, is also hiring lawyers. In the Senate, officials said similar hirings were underway in a speeded-up effort to have people in place for the start of the new Congress, especially the planned early-January hearings into the war and military spending that are set to begin January 8.

Better Be Ready to Take the Big Hit

Concerned about potential vulnerabilities to terrorist attacks, the incoming chairman of the House Science Committee, Rep. Bart Gordon of Tennessee, is pressing the Nuclear Regulatory Commission to require more stringent designs in any new nuclear reactors. The NRC, he notes in a letter, has not licensed a new plant since 1978, but it has approved a design for two new plants, while many other reactors are in planning stages. The NRC, responding, says its staff is developing new rules requiring companies "to assess specific security features that could be incorporated into the facility design ... to enhance security

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effectiveness." But one NRC commissioner, Gregory Jaczko, says that's not enough: The commission, he says, should require that "any new plants be designed and built to successfully withstand commercial aircraft crashes and large fires and explosions."

With Kenneth T. Walsh, Paul Bedard and Edward T. Pound

Angry Protests In Iraq Suggest Sunni Arab Shift To Militants (NYT)

The New York Times, January 2, 2007

BAGHDAD, Jan. 1 (AP) — Enraged crowds protested the hanging of Saddam Hussein across Iraq's Sunni heartland on Monday, as a mob in Samarra broke the locks off a bomb-damaged Shiite shrine and marched through carrying a mock coffin and a photo of the executed dictator.

Skip to next paragraph

The Reach of War

Go to Complete Coverage » The demonstration at the Golden Dome shrine, shattered in a bombing by Sunni extremists 10 months ago, suggests that many Sunni Arabs may now more actively support the small number of Sunni militants fighting the country's Shiite-dominated government. The Feb. 22 bombing of the shrine set off the current cycle of retaliatory attacks between Sunnis and Shiites.

The Sunni protests, which appeared to be building, could signal a spreading militancy. Sunnis were outraged by Mr. Hussein's hurried hanging on Saturday, just four days after an appeals court upheld his conviction and sentence, and many were incensed by the unruly scene in the execution chamber, captured on a cellphone, in which Mr. Hussein was taunted with chants of "Moktada! Moktada! Moktada!" — the name of the Shiite cleric who runs one of Iraq's most violent militias.

Many Sunnis are also upset that Mr. Hussein was put to death during the Id al-Adha holiday.

In a Sunni neighborhood in northern Baghdad, hundreds of demonstrators mourned Mr. Hussein. Some praised the ousted Baath Party, which Mr. Hussein rode to power.

In Ad Dwar, about 80 miles north of Baghdad, hundreds more took to the streets to attend the dedication of a giant mosaic of Mr. Hussein. Children carried toy guns, and men fired weapons into the air.

Mourners at a mosque in Mr. Hussein's hometown, Tikrit, slaughtered sheep as a sacrifice for their former leader. The mosque's walls were lined with condolence cards from tribes in southern Iraq and Jordan who could not travel to the memorial.

Mr. Hussein's eldest daughter, Raghad, briefly attended a protest on Monday in Jordan, where she sought refuge after the American invasion in 2003. It was her first public appearance since her father was hanged.

"God bless you, and I thank you for honoring Saddam, the martyr," she said, according to two witnesses. She addressed members of the Professional Associations, an umbrella group of unions representing doctors, engineers and lawyers, in the group's office parking lot.

In the midst of the protests, American forces continued operations in Iraq. Six Iraqis were killed in an American-led raid on the Baghdad offices of a top Sunni politician, Saleh Mutlaq, a former member of the Baath Party. The United States military and Iraqi police said they suspected that the offices were being used as a safe house by Al Qaeda. Mr. Mutlaq is a senior member of the National Dialogue Front, which holds 11 of the 275 seats in Parliament.

American forces said they took heavy fire from automatic weapons and rocket-propelled grenades as they tried to enter the building. Ground troops were backed by helicopters that "engaged the enemy with precision-point target machine gun fire," the military said.

It was unclear whether the deaths resulted from the ground assault or fire from American helicopters.

Meanwhile, the American military reported the deaths of two more soldiers in an explosion on Sunday in Diyala Province, northeast of the capital, bringing the list of American military fatalities in Iraq to 3,002. With the announcement, The Associated Press count of fatalities showed that at least 113 American service members died in December, making it the bloodiest month of 2006.

Iraqi authorities reported that 16,273 Iraqis —among them 14,298 civilians, 1,348 policemen and 627 soldiers — died violent deaths in 2006. The total exceeds The A. P. count by more than 2,500.

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The police reported finding the bodies of 40 handcuffed, blindfolded and bullet-riddled bodies in Baghdad on Monday. A police official said 15 of the bodies were discovered in the mainly industrial Sheik Omar District of northern Baghdad.

An Iraqi worker for the Algerian Embassy in Baghdad was shot to death, the police said.

Also on Monday, the government raided and sealed the offices of a privately owned television station, charging that it had incited violence and hatred in its programming. In its coverage of the execution of Mr. Hussein over the weekend, a newscaster wore black mourning clothes.

Sunni Areas Erupt In Rage Over Saddam (WT/AP)

By Lauren Frayer, Associated Press

The Washington Times, January 2, 2007

BAGHDAD -- Rage over the hanging of Saddam Hussein spilled into the streets in many parts of the Sunni Muslim heartland yesterday, especially in Samarra, where a mob of protesters broke the locks of the badly damaged Shi'ite Golden Mosque and marched through carrying a mock coffin and photo of the executed former Iraqi dictator.

Sunni extremists had blown apart the glistening dome on the Shi'ite holy place 10 months earlier, setting in motion the sectarian slaughter that now grips the troubled land.

The U.S. death toll climbed to at least 3,002 by the final day of 2006 as the American military reported the deaths of two soldiers in an explosion Sunday in Diyala province, northeast of the capital.

The Samarra protest was particularly significant because it signaled a widening expression of defiance among Sunnis, the minority Muslim sect in Iraq that had enjoyed special status and power under Saddam and had oppressed the now-ascendant Shi'ite majority for centuries.

Until Saddam was executed, excluding a few days of protests after his death sentence was handed down Nov. 5, the broader Sunni population had sought a low profile in the sectarian conflict that had seen thousands of them killed or driven from their homes by Shi'ite militia forces since the Samarra bombing Feb. 22.

The Sunnis were angered not only by Saddam's hurried execution, just four days after an appeals court upheld his conviction and sentence, but also by the unruly and undignified manner in which the hanging was carried out.

A clandestine video of the hanging showed Saddam was taunted by some present at the execution with chants of "Muqtada, Muqtada, Muqtada" in the last moments of his life.

The chants were a reference to anti-American Shi'ite cleric Muqtada al-Sadr, who runs one of the deadliest religious militias in Iraq and is a major power behind the government of Shi'ite Prime Minister Nouri al-Maliki, who had pushed for Saddam to be hanged before the year was out.

Iraq's government said yesterday that it would investigate the video and the taunts at the execution.

Saddam was put to death on the eve of the Shi'ite celebration of the Eid al-Adha, the major Muslim festival marking the end of the hajj pilgrimage to Mecca and a remembrance of Abraham's willingness to sacrifice his son, now symbolized by the slaughtering of sheep.

The first judge in the so-called Dujail trial, Rizgar Mohammed Amin, said Saddam's execution during Eid was illegal according to Iraqi law. Sunni Muslim festivities marking the holiday began on the day that Saddam was hanged.

Judge Amin, a Kurd, was removed as chief judge in the case after Shi'ite complaints that he was too lenient. He was replaced last January by Judge Raouf Rasheed Abdel-Rahman.

Judge Amin said: "The implementation of Saddam's execution during Eid al-Adha is illegal according to Chapter 9 of the tribunal law. Article 27 states that nobody, even the president (Jalal Talabani), may change rulings by the tribunal and the implementation of the sentence should not happen until 30 days after publication that the appeals court has upheld the tribunal verdict.

"The hanging during the Eid al-Adha period [also] contradicts Iraqi and Islamic custom.

"Article 290 of the criminal code of 1971 states that no verdict should be implemented during the official holidays or religious festivals," he said.

Iraq's 1971 legal code was largely used in the Saddam trial.

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"The Ba'ath Party and Ba'athists still exist in Iraq, and nobody can marginalize it," said Samir al-Obaidi, 48, who attended a Saddam memorial in the Azamiyah neighborhood.

In Dor, 77 miles north of Baghdad, hundreds more took to the streets to inaugurate a giant mosaic of Saddam. Children carried toy guns, and men fired into the air.

Mourners at a mosque in Tikrit, near Saddam's hometown, slaughtered sheep as a sacrifice for their former leader. The mosque's walls were lined with condolence cards from tribes in southern Iraq and Jordan who were unable to travel to the memorial.

Saddam's eldest daughter briefly attended a protest yesterday in Amman, Jordan -- her first public appearance since her father was hanged.

Raghad Saddam Hussein stopped in at the demonstration staged by the Professional Associations, a body that groups unions for doctors, engineers and lawyers, in its office parking lot in west Amman.

"God bless you, and I thank you for honoring Saddam, the martyr," two witnesses recalled Mrs. Hussein as telling the protesters, who included a junior Cabinet minister, on her arrival. She left a minute later.

Also, U.S. forces killed six persons in a raid on the Baghdad offices of a top Sunni politician, Saleh al-Mutlaq, on suspicion it was being used as an al Qaeda safe house, the military and Iraqi police said.

The U.S. military took on heavy fire from automatic weapons and rocket-propelled grenades as they sought to enter the building. Mr. al-Mutlaq is a senior member of the National Dialogue Front, which holds 11 of the 275 seats in Iraq's parliament.

Police reported finding 40 handcuffed, blindfolded and bullet-riddled bodies in Baghdad on the first day of the new year.

Iraq To Probe Filming Of Saddam Hanging (FT)

By Steve Negus

Financial Times, January 2, 2007

The Iraqi government launched an inquiry on Monday into how guards filmed and taunted Saddam Hussein on the gallows, turning his execution into a televised spectacle that has inflamed sectarian anger.

Many in Iraq were transfixed by the footage, apparently shot on a videophone.

With Saddam executed, Iraqi Prime Minister Nuri al-Maliki now faces the job of trying to impose state authority upon a shattered society that is on the verge of sectarian civil war. The run-up to Mr Saddam's death illustrates how difficult that task will be.

As the noose was tightened around the deposed president's neck, several in the chamber began to chant a slogan affiliated with the radical Shia Sadrist movement, whose founder, the Ayatollah Mohammed Sadeq al-Sadr, was assassinated by presumed agents of Saddam in 1999.

Despite pleas from one unidentified voice in the room to allow Saddam a dignified end, the chanting of the name of the ayatollah's son and the movement's new leader built up to a crescendo – "Moqtada! Moqtada! Moqtada!"

The moment captured the extent to which the Shia radicals associated with the Sadrs have imposed their agenda on the Iraqi state and its institutions, and the magnitude of the task facing Nuri al-Maliki, the Iraqi prime minister, as he tries to impose his authority on a deeply fractured and radicalised country.

Further emphasising the splits within Iraqi society was the pilgrimage of hundreds of mourners to Saddam's tomb in the town of Awja, where he was born in 1937. Mr Maliki's government appears to have rejected initial plans to bury the former leader in an unmarked grave, and Saddam's body was flown to the town in a US helicopter.

Much of the confusion that reportedly surrounded Saddam's last hours is probably down to the uneasy relationship between Mr Maliki and the Sadrists, who are one of the key parties in his ruling coalition but whose militias are also blamed for a large share of the sectarian killing.

Saddam's swift execution has been a central demand of the Sadrist movement ever since his capture in December 2003. Rushing the former president to the gallows may have afforded the prime minister a rare opportunity to look decisive in front of his core constituency.

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The Sadrists control 30 seats in the 275-member parliament, which makes them one of the three largest forces in Mr Maliki's Shia-led coalition but belies their true strength as what is almost certainly Iraq's largest mass movement.

Although Mr Maliki, a member of the Shia Islamist al-Dawa party, has received Sadrist support in the past, recently their relationship has been strained, with the radicals accusing Mr Maliki of bowing to US pressure to reach out to the Sunni. The Sadrists, who control three main ministries, announced last month they were boycotting Iraq's government in protest at Mr Maliki's decision to meet US President George W. Bush in Jordan.

The execution may allow Mr Maliki a window of political opportunity. For the Sadrists, as for many other Shia, Saddam's hanging represents a point of no return for the old Sunni-dominated political order, and evidence that his former ruling Ba'ath party, which has a strong role in the insurgency, can no longer dictate events.

Iraq will now see what Mr Maliki does with this opportunity. Mr Maliki has suggested he would attempt early in the new year to disarm Shia militias, of whom the Sadrists' Mahdi Army is by far the largest. The government has also said it would consider allowing members of the former ruling Ba'ath party, purged from public life in 2003, to be rehabilitated.

But Shia leaders have been under pressure from the US and others to reach out to the Sunni for well over a year, but have consistently put off key decisions. It is not yet clear whether the swift execution of Saddam has given Mr Maliki the political capital he needs to take steps that will almost certainly be criticised by the Sadrists, if he even wants to do so at all.

Era Ends As Saddam Hussein Is Put To Death (CSM)

By Dan Murphy

The Christian Science Monitor, January 2, 2007

Saddam Hussein, the former Iraqi dictator who got his start in politics as an assassin and who never lost that brutal approach as he led Iraq for more than 30 years, was led to the gallows by a group of burly men in balaclavas and executed early Saturday morning.

Hussein was executed for the only crime for which he's been convicted: the 1982 murder of more than 200 people from the village of Dujail. Many Iraqis, though, particularly the Shiites and Kurds who lost hundreds of thousands to his bloody regime, saw his death as justice for the broader crimes of his rule.

Yet peace is unlikely to follow, analysts say. Hussein still has the power to arouse fierce passions among Iraqis. His death was cheered by millions of Iraqis, setting off wild celebrations in the Shiite quarters of Baghdad and other cities. Many Sunnis, however, saw it as a national humiliation - a proud Arab leader put to death at the hands of a government the United States helped to install - and were angered by the fact that the execution took place on Eid al-Adha, Islam's most important holiday.

Still, the demise of the man who led bloody wars against Iran and the United States, and whose police state was famously called the "republic of fear" by one dissident, may now be oddly irrelevant to Iraq's future, as the country's broad sectarian violence has moved far beyond camps of Hussein supporters and opponents.

While the US once believed Hussein's fall would help stabilize Iraq - his capture in a dim spider hole three years ago set off celebrations in US military command centers "akin to VE day," one US military intelligence officer recalls - that is no longer the case. What was once described as an insurgency largely made up of Baathist holdouts and some Sunni Islamist fighters, is now seen as a battle for power among Iraq's major sects.

President Bush reflected that view when he cautioned against too much optimism on Saturday.

"Bringing Saddam Hussein to justice will not end the violence in Iraq," Mr. Bush said in a statement. "But it is an important milestone on Iraq's course to becoming a democracy."

Since Hussein's capture and trial, tens of thousands of Iraqis have been killed in the deepening civil conflict, and sectarian militias have mushroomed throughout the country. Shiite death squads allied to some of Iraq's major political parties have been particularly active in Baghdad and Basra, the country's second largest city, and have used torture techniques to rival those of Hussein's feared secret police.

Last Monday, for instance, British forces raided and then destroyed the serious crimes unit in Basra, which they said was a base of operations for a Shiite militia. They found more than 100 prisoners there, many of whom had been tortured with electric shocks, burned with cigarettes, or shot in the knees.

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Before Hussein's execution, US and Iraqi forces braced for a possible surge in violence. About 70 people were killed around Iraq following his death, most by two suicide car bombs, one in the Shiite town of Kufa, the other in Baghdad, a level of violence that has been fairly common in recent months.

The move to execute Hussein was swift. He was on trial facing charges of genocide against Iraq's Kurds, and at least four other trials were expected to follow. While US advisers to the court had said that they expected that the execution would be delayed to allow the justice process to go forward for his other crimes, Iraqi Prime Minister Nouri al-Maliki, a Shiite Islamist whose popularity has flagged as Iraq's violence has deepened and unemployment has surged, grew determined to see Hussein killed without further delay.

Ahead of the execution, Mr. Maliki said the swift carrying out of the sentence underscored his government's commitment to protecting "human rights."

Michael Scharf, a legal scholar at Case Western University in Cleveland, Ohio, and expert in war-crimes tribunals who has provided legal advice to the judges who tried Hussein, former Yugoslav leader Slobodan Milosevic, and other dictators, says that he is "saddened" that Hussein won't face further charges.

But, he says, he understands why the Iraqi government made the decision. "In a way, it cheapens his crimes. It's like treating Saddam as if he were Al Capone. Crimes against humanity are a very serious charge, but there is a hierarchy of evil, and at the top of that pyramid is genocide."

Hussein's execution was held in a former torture facility of Hussein's in the Shiite neighborhood of Khadimiya, another piece of symbolism designed to appeal to Iraq's Shiite majority. State television showed the noose being put around Hussein's neck, and later displayed footage of his body. Celebratory gunfire - Iraqis call it "happy fire" - broke out, particularly in Sadr City, the stronghold of militant cleric and Shiite militia leader Moqtada al-Sadr, who US officers now say is among the greatest threats to peace and stability.

In a statement, Maliki said that the carrying out of Hussein's sentence provided a "lesson" to dictators around the world. He said it was wrong to view him as a Sunni Arab, or to blame Sunni Iraqis in general for Hussein's crimes.

"The tyrant represented nothing but his own evil soul," the statement reads.

Many observers note that Hussein's foreign wars, and the international sanctions that followed his 1991 attempt to annex Kuwait, drove the economy into the ground. But he is also remembered by many Iraqi Sunni Arabs and some Shiites as presiding over an unprecedented era of prosperity. He came to power amid the region's oil boom, and his Arab Socialist Republic, as he called it, poured much of that wealth into health and literacy programs that left the country with the best university system in the region and its largest middle class.

Hussein was also a popular figure in the broader Middle East, where state-controlled media almost never reported his crimes. Instead, he was seen as a rare Arab leader willing to stand up to the US, and who took a strong stand in the Israeli-Palestinian conflict, giving thousands of dollars to the families of Palestinians killed in attacks on Israel.

Most Arab regimes, close to the US but mindful of the popularity of the ousted dictator among their people, have avoided comment on the execution so far, though Libyan dictator Muammar Qaddafi declared three days of national mourning. In contrast, Iran, which lost hundreds of thousands of its citizens in the war with Iraq in the 1980s, hailed the execution as an act of justice.

Few doubt that Hussein was responsible for mass murder and the routine torture of political opponents and even one-time friends - he ordered the executions of a number of the men who helped him seize power in 1968, his two sons-in-law, and was alleged to have personally murdered opponents in the Baath Party during his rise to power.

But the fairness of his trial was criticized by international human rights organization. Human Rights Watch charged in a report last month that his trial was "deeply flawed" and damaged the rule of law in Iraq. Among the group's concerns was the violence against the court - three defense lawyers were assassinated in the course of the trial -as well as what it alleged was government interference in the workings of the court, and "demonstrated bias" of the presiding judge, an ethnic Kurd who lost family members when Hussein's government attacked the Kurdish village of Halabja with sarin nerve gas.

Mr. Scharf disputed the criticisms of Human Rights Watch and others. He says that he would give the tribunal a "low passing grade" and agrees with Maliki that it does send a message to dictators.

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"We are really entering this new period where dictators can't count on a comfortable retirement," he says. "With [Chilean dictator Augusto] Pinochet dying under house arrest, Milosevic dying in custody, and now this. I tell the critics they should read the 298-page judgment against Saddam - the largest war-crimes judgment since Nuremberg - before going any further."

Scharf says that the government decided the cost of allowing Hussein to live to face further charges was greater than ending his life now. "Early on, there was a feeling that people would want him around to face justice in these other cases," he says, "but [their view is that] he's been not only a continuing disruptive influence in court but actually inciting violence outside of it."

Saddam's Execution Unlikely To Hurt Reconciliation (USAT)

By Rick Jervis

USA Today, January 2, 2007

BAGHDAD — The hasty execution of Saddam Hussein, which some Iraqis criticized for its sectarian overtones, will not hurt ongoing efforts to bridge ethnic rivalries and win backing for Iraq's fledgling government, political leaders said Monday.

Videos of the execution angered some Iraqis because guards were heard shouting Shiite slogans as Saddam was about to be hanged. Saddam was a Sunni Muslim.

"This government is on its way out," said Falah Hussein al-Ubeidi, 32, a Shiite government worker. "They have lost a lot among their voters. I now regret ever voting for those monsters."

Iraqi political leaders say the handling of Saturday's execution will not hurt reconciliation efforts aimed at getting Iraq's factions together to help curb violence and steer some militant groups into the political process.

The execution was widely viewed in the form of a government-released video and another clip taken by someone in the chamber with a cellphone.

During the execution, some of the guards chanted the name of Muqtada al-Sadr, an anti-American Shiite cleric whose militia is engaged in violence against Sunnis, the cellphone video showed. The guards also cursed Saddam just before he was hanged.

There were a number of Sunni protests around Iraq on Monday.

Sunni and Shiite leaders have been trying to keep the country from collapsing further into factional violence. Some say the reaction to Saddam's execution shouldn't hurt those efforts.

"Everybody — Sunni and Shiite — was against Saddam," said Ayad al-Samarrai, deputy chairman of the Iraqi Islamic Party, a Sunni group. "I don't think it will have an effect on the reconciliation process at all."

Saddam was sentenced to death Nov. 5 for his role in the killing of 148 Shiites in Dujail in 1982.

Mahmoud Othman, a leading Kurdish lawmaker and member of the national reconciliation committee, said the timing of the execution was poorly planned. It was held on the first day Sunni Arabs observe the Eid al-Adha holiday and just four days after the appeals section of the Iraqi High Tribunal confirmed Saddam's death sentence.

The execution also sidestepped an Iraqi law requiring the signatures of the president and two vice-presidents and another law prohibiting executions on holidays.

Othman said the outcome — Saddam put to death by hanging — was expected and won't stall reconciliation efforts.

"If this happened two years ago, even one year ago, it would be different," Othman said. "But now, with so much happening, it's just not that important."

Saddam, 69, was hanged just after 6 a.m. Saturday at the site of the deposed government's military intelligence headquarters in northwest Baghdad. His body was later flown to his home village of Ouja, north of Baghdad, in a U.S. military helicopter and buried by local tribesmen and relatives.

Al-Maliki pressed to quickly carry out the execution out of fear that pressure from the Sunni community, Arab countries and international groups would delay the execution or even force officials to commute the sentence, said lawmaker al-Askari, who witnessed the execution.

"They thought: 'The faster we could do it, the better,' " he said of the prime minister's office.

Reconciliation efforts have been slow, but progress has been made. Al-Maliki, a Shiite, recently promised to review the program that bars ranking members of Saddam's former ruling Baath Party from government positions.

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A Dictator's Mideast Legacy (CSM)

By Nicholas Blanford

The Christian Science Monitor, January 2, 2007

BEIRUT, LEBANON

The execution of Saddam Hussein was a subdued finale for a man whose merciless rule shaped the course of Middle East history for a quarter century.

Mr. Hussein may be gone, but his legacy lives on in the ethnic and religious conflict undermining a nation that he held together through fear. His attacks on nearby countries - Iran, Kuwait, and Israel - won widespread condemnation and, ultimately, little reward.

While the architects of the Iraq war hoped his ouster would help spread Western-style democracy in the region, violence in Iraq has grown so bad that recent polls say most Iraqis believe life was better under Hussein.

It remains to be seen whether the lesson of his life will be the end of brutal dictatorships in the region or whether current unrest in Iraq will bolster Middle Eastern autocrats and increase resistance to democratic reforms.

"The downfall of Saddam and its aftershocks only empowered the regimes of the Middle East," says Sami Moubayed, a Syrian political analyst. "Leaders can now say 'Look to Iraq. This is what the Americans will bring.' By failing in Iraq, the Americans actually did democracy a great disservice."

While democracy may have yet to flower in the Arab world, the seeds have been sown, other analysts say, with the Hussein experience in Iraq serving as a stark warning of the consequences should the long-term reform effort falter or fail.

"I do believe that the Middle East is coming to a conclusion and learning from the Saddam lesson," says Shafeeq Ghabra, a Kuwaiti professor of politics and president of Jusoor Arabiya Leadership and Consultancy Company.

"Yet the learning is not as quick and fast as one would like. It will take time for the region to understand that era and go beyond it to an era of pluralism and development where people can express themselves without fear," he says.

Hussein's ambition and sense of self-destiny combined with impulsive and vengeful acts propelled Iraq into a series of disasters that has left an indelible mark on the region.

"He was a catalyst, he made things happen and usually they were not positive and constructive, but he constantly kept the Middle East in a state of turmoil," says Gary Sick, executive director of the GULF 2000 project and professor of international affairs at Columbia University in New York.

Hussein's rise to absolute power began in 1968 when he participated in a bloodless coup that saw his cousin Ahmad al-Hassan al-Bakr become president. In the 1970s, Hussein, who gradually came to overshadow the president, led an economic modernization program, funded by the proceeds of the 1973 oil boom.

He also helped forge a sense of national unity rooted in Baath Party ideology, overcoming Iraq's diverse ethnic and sectarian composition. "He was able to bring to Iraq a sense of development for a period.... Then it was all destroyed year after year with adventurous decisions," says Professor Ghabra.

Hussein pushed aside the ailing Bakr and became president in 1979, the same year that Shah Mohammad Reza Pahlavi was toppled in neighboring Iran by the Islamic revolution that brought Ayatollah Ruhollah Khomeini to power.

The rise of a militant Shiite theocracy in Iran alarmed the Sunni Arab states. Hussein, fearing Khomeini's influence over Iraq's restless Shiites and tacitly backed by his Sunni Gulf neighbors, invaded Iran in 1980, setting in motion a devastating eight-year war that cost hundreds of thousands of lives.

Hussein intended to smash the disorganized fledgling Islamic regime in Iran, an act that would confirm his leadership of the Arab world and earn the gratitude of his neighbors. But the war was to have the unintended consequence of strengthening Mr. Khomeini's rule.

"It forced the Islamic revolution to get out of its zealous craziness and begin to organize itself and pull itself together," says Professor Sick, an Iran specialist. "In a way, Saddam stabilized the Iranian revolution and kept the mullahs in power."

The conflict also triggered an alliance between Iran and Iraq's archenemy, Syria, which was ruled by a rival branch of the Baath Party. The Iranian-Syrian relationship has proved enduring, and in the past year has further strengthened to become one of the region's most significant geo-strategic alignments.

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When the Gulf War ended in 1988, the Iraqi economy was in ruins with some $75 billion owed to Iraq's Arab nation backers. Relations between Iraq and Kuwait steadily deteriorated over the next two years with the latter's refusal to forgive the war debt and cut oil production to raise revenues for Iraq.

A bitter Hussein sent his war-weary army into Kuwait in 1990, triggering a fresh convulsion in the Middle East. The US assembled a coalition of Arab and European allies to remove Iraqi forces from Kuwait. This Gulf war also marked the beginning of a prolonged US military deployment in Saudi Arabia, which would later be used by Osama bin Laden to partly justify his anti-American actions, culminating in 9/11.

The UN sanctions against Iraq during the 1990s, the most severe ever against any country, devastated an already weakened economy, but failed to bring down Hussein's regime.

Although the 2003 invasion of Iraq finally ended Hussein's tyrannical rule, its aftermath has turned Iraq into a byword of sectarian violence.

Although Hussein is dismissed by most Arabs as a tyrant who ran a regime of unmitigated brutality and greed, some regard him as a champion of Arab steadfastness against American "imperialism" and Israeli aggression.

The mock funerals in the West Bank Sunday testified to Hussein's lingering support among Palestinians. Hussein adopted the Palestinian cause as a cornerstone of his foreign policy, dispensing millions of dollars to armed Palestinian groups. Analysts say Hussein manipulated the plight of the Palestinians to curry popularity and burnish his Arabist credentials. "You can't judge the Palestinians by their reaction [to Hussein's death]," says Sateh Noureddine, columnist with Lebanon's As-Safir newspaper. "They are a desperate people looking for any sign of support from anyone. Saddam was a tyrant, and there was nothing positive from his era."

Saddam's Sensitive Side (WT/AP)

The Washington Times, January 2, 2007

ST. LOUIS (AP) -- A military nurse who cared for Saddam Hussein in jail said the deposed dictator saved bread crusts to feed birds and seldom complained to his captors, except when he had legitimate gripes.

Master Sgt. Robert Ellis cared for the former Iraqi dictator from January 2004 to August 2005 at Camp Cropper, the compound near Baghdad where "high-value detainees" were held.

Sgt. Ellis, 56, an operating room nurse in the St. Louis suburb of St. Charles, said he was ordered to do whatever was needed to keep Saddam alive.

"That was my job: to keep him alive and healthy, so they could kill him at a later date," he told the St. Louis Post-Dispatch. Saddam was hanged Saturday.

Sgt. Ellis checked on Saddam twice a day and wrote a daily report on his physical and emotional condition.

Saddam told Sgt. Ellis that cigars and coffee kept his blood pressure down, and it seemed to work. Saddam would insist that Sgt. Ellis smoke with him.

Sgt. Ellis said Saddam did not complain much, and, when he did, his complaint was usually legitimate. "He had very good coping skills," Sgt. Ellis said.

Saddam shared with Sgt. Ellis memories of happier times when his children were young. Sgt. Ellis said the former dictator recalled telling the youngsters bedtime stories and giving his daughter half a Tums tablet when she had a stomachache.

When he was allowed short visits outside, Saddam would feed the birds bread crusts saved from his meals. He also watered a dusty plot of weeds.

"He said he was a farmer when he was young, and he never forgot where he came from," Sgt. Ellis said.

When Sgt. Ellis told Saddam that he had to leave for America because his brother was dying, Saddam hugged him and said he would be Sgt. Ellis' brother.

"I was there to help him, and he respected that," Sgt. Ellis said.

Saddam reportedly never discussed dying and expressed no regrets about his rule.

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"He said everything he did was for Iraq," Sgt. Ellis said. "One day when I went to see him, he asked why we invaded. Well, he made gestures like shooting a machine gun, and asked why soldiers came and shot up the place. He said the laws in Iraq were fair and the weapons inspectors didn't find anything.

"I said, 'That's politics. We soldiers don't get caught up in that sort of thing.' "

Vengeance Of The Victors (NSWK)

By Fareed Zakaria

Newsweek, January 2, 2007

Jan. 8, 2007 issue - The saga of Saddam's end—his capture, trial and execution—is a sad metaphor for America's occupation of Iraq. What might have gone right went so wrong. It is worth remembering that Saddam Hussein was not your run-of-the-mill dictator. He created one of the most brutal, corrupt and violent regimes in modern history, something akin to Stalin's Soviet Union, Mao's China or Kim Jong Il's North Korea. Whatever the strategic wisdom for the United States, deposing him began as something unquestionably good for Iraq.

But soon the Bush administration dismissed the idea of trying Saddam under international law, or in a court with any broader legitimacy. This is the administration, after all, that could see little advantage to a United Nations mandate for its own invasion and occupation. It put Saddam's fate in the hands of the new Iraqi government, dominated by Shiite and Kurdish politicians who had been victims of his reign. As a result, Saddam's trial, which should have been the judgment of civilized society against a tyrant, is now seen by Iraq's Sunnis and much of the Arab world as a farce, reflecting only the victors' vengeance.

This was not inevitable. Most Iraqis were happy to see Saddam out of power. In the months after the American invasion, support for the Coalition Provisional Authority topped 70 percent. This was so even among Iraq's Sunni Arabs. In the first months of the insurgency, only 14 percent of them approved of attacks on U.S. troops. (That number today is 70 percent.) The rebellious area in those early months was not (Sunni) Fallujah but (Shiite) Najaf.

But during those crucial first months, Washington disbanded the Iraqi Army, fired 50,000 bureaucrats and shut down the government-owned enterprises that employed most Iraqis. In effect, the United States dismantled the Iraqi state, leaving a deep security vacuum, administrative chaos and soaring unemployment. That state was dominated by Iraq's Sunni elites, who read this not as just a regime change but a revolution in which they had become the new underclass. For them, the new Iraq looked like a new dictatorship.

Why Washington made such profound moves with such little forethought remains one of the many puzzles of the Bush administration's foreign policy. Some of the decision making was motivated by ideology: Baathism equaled fascism, so every school teacher who joined the Baath Party to get a job was seen as a closet Nazi; state-owned enterprises were bad, the new Iraq needed a flat tax, etc. Some of it was influenced by Shiite exiles who wanted to take total control of the new Iraq. Some of it simply reflected the bizarre combination of ignorance and naivete that has marked the policies of Bush's "tough guys."

The administration has never fully understood the sectarian nature of its policies, which were less "nation building" than they were "nation busting" in their effects. It kept insisting that it was building a national army and police force when it was blatantly obvious (even to columnists) that the forces were overwhelmingly Shiite and Kurdish, mostly drawn from militias with stronger loyalties to political parties than to the state. The answer to these fundamentally political objections was technocratic: more training. But a stronger Shiite Army made—makes—the Sunni populace more insecure and willing to support the insurgency.

Iraq's Sunnis are not the good guys in this story. They have mostly behaved like self-defeating thugs. The minority of Sunnis who support Al Qaeda have been truly barbarous. The point, however, is not their vices but our stupidity. We summarily deposed not just Saddam Hussein but a centuries-old ruling elite and then were stunned that they reacted poorly. In contrast, on coming into power in South Africa, Nelson Mandela did not fire a single white bureaucrat or soldier—and not because he thought that they had been kind to his people. He correctly saw the strategy as the way to prevent an Afrikaner rebellion.

It has now become fashionable among Washington neoconservatives to blame the Iraqis for everything that has happened to their country. "We have given the Iraqis a republic and they do not appear able to keep it," laments Charles Krauthammer. Others invoke anthropologists to explain the terrible dysfunctions of Iraqi culture. There may be some truth to all these claims—

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Iraq is a tough place—but the Bush administration is not quite so blameless. It thoughtlessly engineered a political and social revolution as intense as the French or Iranian one and then seemed surprised that Iraq could not digest it happily, peaceably and quickly. We did not give them a republic. We gave them a civil war.

Death Of A Tyrant (NSWK)

By Christopher Dickey

Newsweek, January 2, 2007

Jan. 8, 2007 issue - President George W. Bush was sleeping at 9 p.m. at his ranch in Crawford, Texas, when Saddam Hussein's body plunged through the trapdoor of a gallows in Kadhimiya Prison on the outskirts of Baghdad. It was dawn in the Iraqi capital, and the 69-year-old Butcher of Baghdad wore no blindfold. He had carried a Qur'an for the last few steps before his death, looking uncertain, even afraid, according to one of the witnesses close to him, but mouthing words of defiance. He sneered at Shiite guards—the warlord Moqtada al-Sadr's men, by one account. He praised God and, as he neared the gallows, proclaimed, "Iraq without me is nothing."

Like the war that overthrew him in 2003, the hanging of Saddam Hussein did not turn out as planned. Instead of a study in modern justice, the tyrant's end looked more like the result of a sectarian show trial. From Crawford, the only comment was a muted, written statement: no proclamation of "mission accomplished," just of "an important milestone" after "a difficult year for the Iraqi people and for our troops." The best that could be said was that the trial was fairer than those Saddam gave his many enemies.

Saddam Hussein's savage totalitarian rule lasted more than three decades. Torture and murder were his métiers, both practiced without evident remorse or the slightest regret. (Telling a joke about Saddam was a capital crime in his Iraq.) His arrogance led him to disastrous misjudgments. He launched a war against Iran that lasted eight years, and one against Kuwait that ended with his humiliating defeat in Desert Storm. He dreamed of imposing himself on the region with weapons of mass destruction, and acted as though he had them even when he didn't. He kept his distance from Al Qaeda, but aided and abetted many other terrorist groups. And he annihilated would-be rebels—along with their extended families—killing tens of thousands of Shiites and Kurds with guns, bombs, chemical weapons: whatever worked. If the evil that men do lives after them, then Saddam Hussein will long endure.

But the much more complicated question for now and for the future concerns the "good" he achieved, which may well have been interred with his regime. At a terrible cost, but with ruthless efficacy, he kept Iraq unified and provided a critical balance of power against Iran. If the Middle East is to be stabilized, and American long-term interests protected, those goals are still critically important.

So as Bush searches for ways to extricate the United States from the increasingly unpopular war in Iraq, which has now cost almost 3,000 American lives and drains more than $2 billion a week from U.S. coffers, little is gained from Saddam's demise. The challenge was not how to eliminate him: he ceased to be a factor when he was dragged out of a "spider hole" three years ago. The problem remains how to replace him.

Bush and his national-security team no longer talk about transforming the Middle East, merely about strengthening the current Iraqi government so it can sustain itself without the backing of 140,000 U.S. troops. According to a senior Bush aide who declined to be named while discussing internal deliberations, the administration's new strategy for doing so, likely to be announced next week, will involve three pillars: a temporary surge of more troops, more money for jobs and reconstruction, and an attempt to broaden political support for plodding Prime Minister Nuri al-Maliki.

But the confusion that surrounded Saddam's execution suggests just how complicated the task will be, and how little care Maliki takes to disguise the sectarian leanings of his Shiite-dominated government. After Saddam's last appeal was rejected, Maliki reportedly told the families of some of his victims that any hesitation about hanging him would be insulting. "Our respect for human rights requires us to execute him," Maliki said, "and there will be no review or delay in carrying out the sentence." As one of Maliki's top aides told NEWSWEEK privately, the prime minister's "vision for reconciliation doesn't include those who would support Saddam Hussein in any way."

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Instead of working for the broad sense of healing other societies emerging from repression and war have sought, the Maliki government took a proprietary view of the suffering Saddam inflicted—as if only its supporters had felt his cruelty. During a deeply flawed trial, judges deemed too lenient were fired or pressured to resign, and three of Saddam's defense lawyers were murdered. He was finally hanged for ordering the killing of 148 Shiite men and boys in the town of Dujail in 1982 after members of Maliki's Dawa Party, which was then a clandestine terrorist organization, tried to assassinate him. The Kurds still want their day in court: Saddam massacred tens of thousands of them in a genocidal campaign that included an infamous poison-gas attack on the town of Halabjah in 1988. His fellow Sunnis and Baath Party rivals, slaughtered on his orders and even by his own hand, are not even the subject of a court case.

Washington has never had a very deep understanding of Iraq's leaders. The Bush administration was so focused on the threat that Saddam's weapons of mass destruction might pose that it brushed aside the idea he might be bluffing. (Saddam's motivation? The threat of poison gas and biological agents could deter rebels and keep Iran at bay.) The Americans vastly overestimated the support exiled politicians would receive after returning to Iraq. They also underestimated the influence of religious leaders like Ayatollah Ali al-Sistani, and failed to understand how sectarian Iraq's politics would become once elections were held.

After Saddam's brutally effective tyranny, any democracy might look feckless. But there has been such chaos since the dictator's fall that it's now common to hear Iraqis yearn for the order imposed by his strong-arm rule. Even some Americans share that sentiment. "I feel like we should let Saddam out of jail and say, 'Sorry, we didn't realize you were so brutal because you had to be'," a member of a U.S. Special Operations unit told NEWSWEEK after a hard day's fighting in Fallujah in 2004. (The soldier said he was under orders not to give his name.) "It's going to take someone either exceptionally cruel or exceptionally intelligent to rule this country."

That's a little too facile. While the U.S.-led invasion was the catalyst, the core problems in Iraq are ones Saddam helped to create. He violently despised and suppressed all authority but his own; it's little wonder that the leaders who followed could not approach his stature. Born to an impoverished mother in a rural village near the town of Tikrit in 1937, he never knew his father and was raised by an uncle who served in the Iraqi Army. He was rejected by the military academy, and slipped into the violent and conspiratorial politics of the Arab-nationalist Baath Party. At the age of 22, he took part in a failed attempt to murder the then President Abdel Karim Kassem in the streets of Baghdad. By the time the Baath Party seized power in 1968, Saddam was its rising star, effectively ruling the country from his position as vice president.

In 1979, at the age of 42, he took the top job for himself and quickly moved to eliminate all opposition. At a Baath Party congress, he charged dozens of rivals with treason. One by one they were forced to leave the hall and face immediate execution. They screamed and shouted, pleaded and cried. Slightly bored, he sat behind a desk on the stage sipping a glass of water and smoking Cuban cigars. Then he had a video of the meeting distributed throughout the Arab world to show what happened to anyone who might even think about challenging his rule.

The 1979 Iranian revolution led by Ayatollah Khomeini gave Saddam an opening to the West. Few U.S. officials had illusions about his murderous regime, but Washington was fixated on the threat posed by Tehran. U.S. diplomats were being held hostage. Khomeini was preaching jihad, and "Shiite fundamentalism" seemed to threaten the whole region. So, few objections were raised when Saddam set about murdering Shiite leaders inside Iraq who might, or might not, sympathize with the mullahs in Iran. Then his decision to invade the Islamic Republic looked like a good way to weaken Tehran.

In 1983, President Ronald Reagan sent Donald Rumsfeld as a special envoy to Baghdad to forge a working alliance with Saddam. By the mid-1980s, U.S. satellite intelligence was helping the Iraqis focus chemical-weapon attacks on Iranian troops. So strong was Washington's "tilt" toward Saddam that in 1987, when one of his jet fighters launched a missile strike on a U.S. frigate in the Persian Gulf, killing 37 sailors, the United States accepted his excuses and responded by stepping up pressure on his enemies in Iran.

Though the Iran-Iraq War ended in stalemate in 1988, the West's support emboldened Saddam. He asserted his power and influence all over the region, convinced that the United States would back his play. He hunted down enemies in neighboring states. He stepped up support for Palestinian leader Yasir Arafat, who was often resident in Baghdad. As Saddam pressed his

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secret program to develop atomic weapons, he publicly threatened to incinerate Israel. Still, by 1990, high-level U.S. delegations coveting lucrative commercial agreements were regular visitors to Baghdad.

His mistake was to invade the oil-rich emirate of Kuwait, which he claimed should have been part of Iraq all along. His envoys said he'd gotten the nod from Washington. But his new conquest put Saddam in a position to threaten Saudi Arabia and dominate the world oil market. When he refused to pull back, the administration of President George H.W. Bush forged an international coalition of Western powers and Arab countries to demolish his forces in 1991's Desert Storm.

Inside Iraq, however, neither the hundreds of thousands killed fighting Iran nor the crushing defeat in Kuwait fazed Saddam. When the Kurds rose up against him in the late 1980s, he used chemical weapons against them. When they tried to revolt again in 1991, just the threat that such horrors would be unleashed sent them fleeing from their homes by the hundreds of thousands. In southern Iraq, Shiites encouraged by the Bush 41 administration and helped by Iran attacked the remnants of Saddam's armed forces after Desert Storm. Saddam's response: mass murder. The U.S.-led coalition stood back. Saddam hung on.

But the foundations of the modern nation he had tried to build began to crumble under the pressure of sanctions and international isolation. By the time the United States invaded in 2003, Iraq's economy and institutions, including its armed forces, were fragile shells of what they'd been 15 years before. Shia and Kurdish leaders, many of them already in exile, started cultivating policymakers in Washington, even as they lost touch with Iraqis on the ground. In Baghdad, Saddam adopted a new religiosity, playing to Sunni fundamentalists. The already poor Shia grew poorer and more disenfranchised; the political culture grew more corrupt.

When George W. Bush decided to eliminate Saddam once and for all in 2003, Bush personalized the war, and for understandable reasons. Saddam was a useful symbol—a seeming madman. Hadn't he tried to kill Bush's retired father on a visit to Kuwait in 1993? And Saddam so dominated Iraq that it was much easier to sell the threat when you could put his sinister face on it. But that also led to the misconception that removing him would solve all problems—the notion that all Iraqis wanted was "freedom," even though for generations under totalitarian rule they had no clear idea what that meant. Because so many Iraqis hated Saddam, Washington wrongly figured they would welcome invading Americans. Instead, the U.S.-led occupation opened the way for multiple insurgencies.

The moment when Saddam Hussein's capture could be hailed as a turning point in the conflict is long past. Having focused the world's attention on the evil of this one man, the Bush administration treated him as a kind of totem, declaring new victories when his statue was pulled down by U.S. Marines in Baghdad, when he was dragged out of the hole where he was hiding several months later, when he was put on trial and when he was convicted. But the execution? A "milestone" on a long and dangerous road.

Here, then, is the tragedy of America's involvement in Iraq, now and in the future: what Saddam achieved for his country came at a terrible cost, and of the countless problems he created and perpetuated, his death solves none.

With Michael Hastings and Scott Johnson in Baghdad, Richard Wolffe in Washington and Babak Dehghanpisheh

The Bushes' Saddam Drama (NSWK)

By Howard Fineman

Newsweek, January 2, 2007

Jan. 8, 2007 issue - Evil was on the loose in the world, President George W. Bush had told the country, and on his first Thanksgiving in office—November 2001—he was on his way to Fort Campbell in Kentucky to dine with newly trained troops heading out to fight the (evil) Taliban in Afghanistan. In the conference room aboard Air Force One, we talked about evil. "Is Saddam evil?" I asked. Glancing across the table at his aides, he demurred. I asked again; again, a demurral. We went on to other topics. Several exchanges later, Bush interrupted an answer to blurt out a declaration: "By the way, Saddam is evil!"

When the history is written, the saga of the Bushes and the Butcher of Baghdad will be a central thread of the family's story—and of America's at the millennium. It is not personal in the literal sense; neither President Bush ever met Saddam. True, intelligence sources (not all of them necessarily reliable) said Saddam tried to have Bush 41 killed in 1993. And in 2002, drumming up support for the approaching second gulf war, Bush Two called Saddam the "guy who tried to kill my dad." Still, there is no evidence that the Bushes loathed Saddam, and I am told that Dad remains skeptical about the purported

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assassination plot. "It's not like 'the Hatfields and McCoys'," says a family friend who doesn't want to risk his relationship being quoted by name.

But it is "the Realists and the Neocons." For both Bushes, dealing with Saddam became a way to measure presidential manhood—and to express profoundly different views about the world.

For Bush One, manhood meant a hard-boiled (critics said cynical) restraint. He always made it his business to know all things geopolitical, long before—and certainly after—he took over as head of the CIA. As Ronald Reagan's vice president, he hewed to the CIA view of Saddam, which was that, as sadistic as he was, he had his uses as a counterweight to fundamentalist Iran. When Saddam turned bellicose in 1989, Saudi friends advised the new president to ignore him. Only when Saddam invaded Kuwait did Bush crank up the rhetoric—branding him "another Hitler"—but that was not really Bush One's style. When advisers told him to tone down the apocalyptic language, he did, even as he shrewdly led the Coalition forces that ousted Saddam from Kuwait.

The Hitler reference stuck, however, and it had consequences. Scholars say that it diminished Bush One, and hurt his popularity among conservatives. If Saddam indeed was another Hitler, should Bush not have gone to Baghdad to take him out? That was an argument the Neocons made throughout the '90s, and made to Bush Two as he went through his precampaign tutorials in Austin in 1999. That, together with the younger Bush's evangelical Christian faith, made Saddam an inviting target. Bush Two had little understanding of the nuances of the Middle East, which his father had spent a lifetime learning, and Bush Two had a lack of interest bordering on contempt for diplomatic nuance. He viewed it as a lack of will, of confidence, of power.

That was his father's game. He would play another.

Those close to the family say there is little evidence that father and son have ever had a detailed discussion about the Iraq war—either before it began or since. When Bush Two visited his father in Kennebunkport, Maine, at the start of the 2000 campaign, he said that if he did not win, he would have a lot more time to go fishing with his dad. Father and son may yet get their chance for fishing trips. They will both be relieved that Saddam is gone, but I bet that the subject won't come up.

So, Saddam Is Dead . . . (WSJ)

By Mark Bowden

The Wall Street Journal, January 2, 2007

Now that they have hanged Saddam Hussein, perhaps we can begin to appreciate the irony and the lessons of his demise.

Any nation is, at heart, an idea. Once people started organizing themselves in groups larger than their own blood lines, they had to invent reasons for considering themselves part of something bigger -- tribes, city states, feudal kingdoms, nations, empires. Language, customs, religion, ideology and geographic proximity have all served. The idea of a state that accepts as equal citizens people from all corners of the globe, a nation founded on abstract principles, is a relative newcomer. We have been trying to get the people inhabiting a large swath of land between and on both sides of the Tigris and Euphrates to embrace the concept. It is an ongoing struggle with less-than-encouraging results.

One of our better allies in promoting this idea was none other than Saddam, who may have died the last true believer in a multiethnic, nonsectarian Iraq. He made his idea of Iraq real by ruthlessly suppressing dissent, particularly with the Shiite majority, by enforcing obedience from Sunnis and the Kurds, and by resisting (or co-opting) the vision of Islamist radicals. American leaders wrestling with Moqtada al-Sadr and his ilk have doubtlessly found themselves admiring the dictator's success, if not his methods.

The old tyrant had long been out of touch with his country, locked behind the high walls of his palaces, protected by body doubles and flattering liars, moving from secret bed to secret bed. The hand-written letter he purportedly released from prison last week, when it became apparent he was to be executed, showed once more how disconnected he was. He addressed the Iraqi people as one, and encouraged them to rise up against the American occupiers. "Do not trust those who speak of Shias and Sunnis," he wrote. Except for the part about attacking Americans, it might have been written by one of the Pentagon's propaganda contractors.

In fact, no one who cares about the idea of Iraq is rooting for the U.S. to depart any time soon. Saddam could be excused, perhaps, because he had lived in a fantasy world for years. Those who advocate it here are transparently heedless of its

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consequences in Iraq, the operative notion being to avoid shedding more American blood for a cause deemed hopeless or unworthy or both. Unless something dramatic happens soon to alter the sorry trends, it will eventually be the policy of our country.

Saddam had long since ceased to be the beloved figure he believed himself to be. In this stubborn insurgency there has been little evidence of him as a rallying point. His death did not provoke violent recriminations or even much angry rhetoric. Once he was toppled, once deprived of his vicious state apparatus, he ceased to be relevant. Just as the resistance never stopped or even slowed after his capture, the deaths of his sons or the arrests or killings of the other leading Baathist figures on the notorious U.S. military deck of cards, it will not be affected by his death. Saddam was bigger than the bloody divisions that now preoccupy his people. None of the various murderous factions are fighting for his vision of a greater Iraq. The Sunnis are fighting to resist Shiite domination, the Shiites to rid themselves of Sunni oppression, and the Islamists just to frustrate the democratic vision of the U.S.

We Americans consistently underestimate the deep hatreds that divide people. Our political system is designed to wrestle peacefully with the divisions of race, class, ethnicity, religion and competing ideological or geographical interests, and has generally worked as intended -- the Civil War being the one glaring exception. Generations have struggled to live up to ideals of tolerance and diversity. When we look out at the world, we tend to see millions longing to get past the blood feuds, to be, in short, more like us. George Bush and the neocon intellectuals who led us into Iraq are just the latest in a long line of evangelical Americanists. No matter how many times history slaps us in the face, the dream persists.

Nine years ago, in the epilogue to "Black Hawk Down," I quoted an unnamed State Department official (he was Michael Sheehan, ambassador for counter-terrorism) as follows: "The idea used to be that terrible countries were terrible because good, decent, innocent people were being oppressed by evil, thuggish leaders. Somalia changed that. Here you have a country where just about everybody is caught up in the fighting. You stop an old lady on the street and ask her if she wants peace, and she will say, 'Yes, of course, I pray for it daily.' All the things you would expect her to say. Then ask her if she would be willing for her clan to share power with another to have that peace, and she'll say, 'With those murderers and thieves? I'd die first.' People in these countries . . . don't want peace. They want victory. They want power. Men, women, old, and young. Somalia was the experience that taught us that people in these places bear much of the responsibility for things being the way they are. The hatred and killing continues because they want it to. Or because they don't want peace enough to stop it."

The statement is too harsh, as Mr. Sheehan himself agrees (he was at that point a veteran of Somalia, Rwanda and Bosnia). Any effort to characterize millions with the expression "these people" is unfair and wrong. But there is a principle here struggling to emerge: Before a state can exist where there are deep-rooted, competing interests, there must be some broadly accepted concept of a nation strong enough to at least compete with parochial interests. There must be some generally accepted idea of a nation.

Mr. Sheehan was wrong about one thing. Somalia didn't change anything. Substitute Iraq for Somalia in the quote, and the observation is as accurate today as then. Maybe we need to better appreciate that our nation remains an exception. I believe that in the long run people on this planet will embrace democracy and diversity, but we are not there yet. I still nurse hope that Iraqis will abandon blood feuds for compromise and a democratic future, but it appears to be a longer shot today than three years ago, and it was a bad bet then. Mr. Bush has staked his legacy on it.

So, the tyrant is dead. We may have facilitated his bad end, but, sadly, violence, oppression and fear remain the time-tested ways of forging a nation state out of disparate parts. Until Mr. Sheehan's doctrine is no longer true, the way of the world will remain Saddam's.

Mr. Bowden is the author, inter alia, of "Black Hawk Down" (Atlantic, 1999).

Justice For A Tyrant (WSJ)

The Wall Street Journal, January 2, 2007

The debate over Iraq has become so poisonous that even the weekend death sentence for Saddam Hussein seems to have become morally controversial. So it's worth recalling that what happened early Saturday morning in Baghdad is that rare event -- justice for a tyrant after a fair and open trial.

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Most of the world's dictator-killers escape such a reckoning. Stalin and Mao died in their own beds. Hitler escaped the hangman by committing suicide, while Nicolae Ceausescu was shot by a vengeful mob after a perfunctory trial. Idi Amin and Pol Pot were ousted from power but lived into old age without punishment. Slobodan Milosevic made it to trial but died before a verdict could be rendered. Others -- Castro, Kim Jong Il -- live on in power, terrorizing their countrymen to this day.

Saddam may not have been history's worst murderer, but he was an accomplished one. He began as a Baath Party assassin, rose after a 1968 coup to become Iraq's feared vice president and intelligence chief, and consolidated his power in 1979 with a videotaped purge of his enemies, nearly 500 of whom were soon dead.

There followed the invasion of Iran, the gassing of the Kurds, the looting of Kuwait, more slaughter of Kurds and Shiites, an attempt on the life of a former U.S. President, and support for international terrorism. The precise number of Saddam's victims is impossible to know. But add the Iraqi estimate of 400,000 bodies found in mass graves to the casualties during his wars with Iran, Kuwait and the U.S.-led coalition, and his death total may equal two million.

There would surely have been more. Never mind that no stockpiles of chemical weapons were found in Iraq after 2003. Saddam was the only living national leader to have ordered the use of chemical weapons -- twice. Were he still in power today, does anyone doubt he would be racing with Iran to obtain a nuclear bomb?

Saddam's trial had its critics, just as Nuremberg did in its time. But the dictator received far more due process than his own victims ever did. He was able to play to the cameras of al Jazeera, giving the illusion to his former allies in the insurgency that he might return. He could denounce his Iraqi judges as American stooges, though the U.S. studiously left his fate to Iraqis and even protected Saddam in captivity from vengeful ill-treatment. What the dictator could not do is gainsay the evidence of his guilt, which ran to thousands of exhibits and pages of testimony and would have included hundreds of witnesses had the other cases against him gone forward.

His hanging will not end the violence in Iraq, but it is important for that country's future nonetheless. It will reassure majority Shiites that Saddam's day is finally past, making it easier for the moderates among them to compromise with Sunnis on the shape of their government. The anti-Saddam taunts of a few of his executioners were tasteless, but they also show the catharsis his death represents.

Perhaps the more important effect will be on the psychology of Iraq's Sunnis. Many of them actually did believe that Saddam might return to power, just as Saddam told them he would in his televised trial proceedings. And they continued to believe that Saddam could punish "traitors," like a mafia don, from his jail cell. As Shiite leader Ayad Jamal al-Deen remarked, "The death of this man will help to release many Baathists from Saddam's mafia."

The world will have to endure future tyrants, but Saddam's hanging will have done some larger good if it gives even one of them pause to think he might suffer the same justice. Too often, faced with murderous dictators, the world's moralists demand that America "do something" (Darfur, Bosnia) only to shrink from the reality of what that requires. In Iraq, President Bush did something. The 3,000 Americans who have given their lives in that noble mission have done so in a just cause that rid the world of a man who might have killed hundreds of thousands more.

Iraqi Leader's Past Of Shiite Activism Undermines Pledge To Heal Rifts (WSJ)

By Philip Shishkin

The Wall Street Journal, January 2, 2007

BAGHDAD, Iraq -- His only son was getting married on Friday, but the Iraqi prime minister couldn't stay long at the wedding. Nouri al-Maliki greeted the guests and then quickly left to make sure that when the sun rose over Baghdad again, his arch-nemesis Saddam Hussein would be dead.

Mr. Maliki wanted to leave nothing to chance. His mind raced through several scenarios, however improbable, that might have derailed the execution, says a close adviser who spoke with him. What if the Americans struck a secret deal sparing Mr. Hussein's life in exchange for a halt to attacks against U.S. troops? What if the former dictator's lawyers succeeded in blocking his hanging through U.S. courts? And finally, what if insurgents abducted a group of schoolchildren and threatened to kill them unless the hanging was canceled?

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Mr. Maliki hurriedly gathered final signatures for the execution to proceed, dismissing U.S. suggestions that he delay it for 15 days. By the time Mr. Maliki awoke for dawn prayers on Saturday, Mr. Hussein was dead, his disfigured corpse displayed on television with rope marks on the neck.

For the 56-year-old Mr. Maliki, it was a crowning moment in a career defined by uncompromising hatred of everything Mr. Hussein had stood for. Now Mr. Maliki is supposed to rise above the sectarian chasm that has pitted Iraq's Sunni minority against his own Shiite branch of Islam. But as Iraq moves closer to full-scale civil war, a look at Mr. Maliki's history of Shiite activism suggests he is ill-prepared to be a true unifying figure. On his watch, Iraq has become further polarized along sectarian lines, significantly complicating the U.S. efforts to reduce the violence. (See related article.1)

Things here started spinning out of control long before Mr. Maliki took office, and fissures have been hardening among political factions with narrow sectarian interests, sharply limiting Mr. Maliki's room to maneuver. "He's got the world's most difficult job," says Zalmay Khalilzad, the U.S. ambassador to Iraq.

In a Dec. 24 interview, Mr. Maliki admitted he's exhausted, and would much rather serve his country without holding high office. "I wish I could be done with it," he says.

As the violence rages on, Mr. Maliki feels frustrated by his failings and by the gulf of mistrust that has opened between him and ordinary Iraqis, say his associates and colleagues. When his heavily armed convoy moves through Baghdad disrupting traffic, Mr. Maliki gets annoyed because it reminds him of Mr. Hussein's old motorcades.

Born near Babylon, Mr. Maliki studied religion and Arabic poetry. In the 1960s he joined the Dawa party, a moderate Shiite Islamist group whose members were targeted for torture and executions by Mr. Hussein's regime. Like many of his party colleagues, Mr. Maliki changed his first name -- from Nouri to Jawad, in his case -- to make it harder for authorities to identify him and his family.

Mr. Maliki briefly lived in the marshes of southern Iraq, hiding in crude shacks made of reeds and organizing resistance, says Hassan al-Sunaid, a longtime friend of the prime minister. Once, a Dawa camp came under attack by government forces. One member was killed and four were wounded. When Mr. Maliki arrived on the scene and was briefed on the casualties, he told supporters not to be depressed because all five could have perished. "We just gained four people," Mr. Sunaid recalls Mr. Maliki as saying. In 1979, Mr. Maliki moved to Syria, where he coordinated Iraqi opposition meetings and published a Dawa newspaper.

In 1982, Dawa helped organize a botched assassination attempt against Mr. Hussein, who responded by executing some 150 Shiite civilians. That massacre earned the former dictator his death penalty.

Following the 2003 U.S.-led invasion, Mr. Maliki returned to Baghdad and became one of the most enthusiastic enforcers of Washington's sweeping program to purge Iraq's institutions of Baath party members. Many, though not all, were Sunnis. That decision is now widely viewed as a mistake because it antagonized many Sunnis, particularly in the military, and pushed them into the insurgency.

Mr. Maliki's zeal for the program surprised even those who shared his distaste for the Baath party. Mithal al-Alusi, a former Sunni exile who worked under Mr. Maliki on the de-Baathification commission, says he once wanted to clear the names of some 400 low-level Baathists, who were forced to join the party under Saddam to keep their jobs. Facing objections from Mr. Maliki and some others, Mr. Alusi says he leaked the list to an Iraqi newspaper, after which the commission's hand was forced and the names were cleared. "Maliki was very upset about it," recalls Mr. Alusi. "He's allergic to Baathists." Mr. Maliki was concerned that these Baathists hadn't submitted proper applications for clearance, says Sami al-Askari, his friend and adviser.

Mr. Maliki and his close associates believe the Shiites finally assumed the rightful positions of leadership in Iraq, after decades under repressive Sunni rule. "The problem is that our Sunni brothers ruled Iraq for centuries because there was no democracy, no elections," Mr. Maliki said in the interview. "Therefore, they feel that a right has been taken away from them."

The Sunni-Shia split dates to the battles at the dawn of Islam over who should succeed the Prophet Muhammed as the leader of the Muslim world. Eventually, the Sunnis gained the upper hand throughout most of the Middle East, with the notable exception of Iraq's neighbor Iran.

Preserving the new Iraq as a Shia-controlled state is an indispensable ideological consideration for the latest crop of Shiite leaders, who still recall a missed opportunity back in 1920. After an armed uprising against the British colonial rule back then, Shiite sheiks withdrew from politics and paved the way for the ascendancy of the Sunni minority that lasted until 2003.

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"The current leaders learned that lesson very well," says Sadiq al-Rikabi, the prime minister's political adviser. Mr. Maliki has a personal connection to the events of 1920: His grandfather was a cleric who took part in the uprising, wrote national-liberation poetry and was detained by the British several times. Mr. Maliki went on to write his master's thesis on his forebear, whose verses he can recite from memory.

After 2003, the Sunnis themselves withdrew from politics and allowed the Shiites and Kurds to form a government without them. Security forces took on a Shiite tint, and Sunnis began to complain of sectarian death squads allegedly operating with the complicity of the interior ministry.

From his seat in parliament, Mr. Maliki was lobbying for more Shiite influence in the relatively nonsectarian Iraqi army.

In 2005, he approached the Sunni minister of defense with a request to hire more senior Shiite officers -- a move that many Sunnis now cast as sectarian meddling. In the end, the defense minister ignored the request, according to people familiar with the episode.

The Sunnis ended their boycott of politics in December 2005 and won seats in the new parliament, though the Shiites still maintained a majority. Banding together with ethnic Kurds, the Sunnis engineered the ouster of the Shiite prime minister, Ibrahim al-Jaafari, whom they viewed as inefficient. As a senior Dawa official, Mr. Maliki emerged as the Shiite coalition's second choice for prime minister, though most Iraqis didn't know anything about him. Mr. Maliki never coveted the post and decided to take it only after his Shiite colleagues spent days persuading him to step in, he and others involved in the selection say. "That decision for me was heavier than a mountain," Mr. Maliki recalls, stooping his shoulders under its imaginary weight.

Upon taking office, Mr. Maliki surrounded himself with trusted Shiite advisers, most of whom hail from the same exile underground that shaped him. Then he pledged to reach out to the Sunni insurgent groups and former Baathists, the very people he worked hard to isolate before becoming prime minister. "Yes, he was very tough against Baathists, but now he's ready for dialogue with some of them," says Mr. al-Askari. "Some people were surprised by this."

Even Ansar al-Sunna, one of the toughest insurgent groups in the country, has been approached and has sent in a list of "requirements for negotiation," says Mowaffak al-Rubaie, the prime minister's national security adviser. Yet, there are no signs that reconciliation is working. In early December, Ansar al-Sunna plastered several Baghdad universities with leaflets attacking Mr. Maliki's government and blaming it for killing Sunnis.

"This reconciliation came very late, three years late or at least two," says Mahmoud Othman, a veteran Kurdish politician. The Kurds, most of whom live in their peaceful northern region, have largely sat out the conflict between Iraq's Sunni and Shiite Arabs.

The prime minister says reconciliation is still possible. "It is not only about slogans; it is a matter of will," he says, adding that he's working on establishing a retirement plan for some former Baathists and senior officers of the old army.

Another huge challenge facing Mr. Maliki is the rising power of Moqtada al-Sadr, a Shiite strongman whose parliamentary votes were critical for his nomination as prime minister. Mr. Sadr's militia, the Mehdi army, is accused of conducting sectarian attacks against Sunnis and driving them out of mixed neighborhoods in Baghdad. (Mr. Sadr's advisers deny this.) In February, three months before Mr. Maliki ascended to Iraq's top post, Sunni insurgents destroyed a landmark Shiite shrine in Samarra, and the Mehdi army quickly emerged as a vigilante Shiite self-defense force and one of the most intractable players in the escalating violence. Mr. Maliki promised to tackle militias, but instead he has chosen to seek a political accommodation with Mr. Sadr, fearful that direct military action would alienate him.

In October, Mr. Maliki told the U.S. military to remove roadblocks surrounding Sadr City, a massive Shiite district of Baghdad that serves as a base of operations for the Mehdi army. The checkpoints had gone up just a week earlier to facilitate the search for a kidnapped American soldier of Iraqi descent who was reportedly held somewhere in the sprawling slum of some two million residents.

Shiites "thought it was a big victory," says Lt. Col. Steve Miska, a U.S. Army officer stationed in Baghdad. "The prime minister forced the coalition to stand down." The Sunnis were baffled by the decision, interpreting it as Mr. Maliki's coddling of the Mehdi army. "The roadblocks were put in to destroy the gangsters," says Saleem Abdullah of the Iraqi Islamic Party, one of the biggest Sunni political organizations. "When they were lifted, that plan was ruined."

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Mr. Maliki thought the roadblocks were simply ineffective, snarling traffic and disrupting daily lives of the mostly poor Sadr City residents. "He felt that people are suffocating there," says Mr. Rubaie, his national-security adviser. "And these are the same measures Saddam used against the Shia in that slum."

Mr. Maliki has also blocked some American efforts to arrest Mehdi army operatives. Once, he was given a list of 10 people whom the U.S. military wanted to detain in Sadr City. The prime minister vetoed arresting one person because that would be politically sensitive, Mr. Rubaie recalls. Mr. Maliki, he adds, is committed to wiping out the rogue Mehdi army forces who are involved in sectarian attacks, but he wants to engage moderate elements in dialogue.

Mr. Maliki says the rise of the Shiite militias was a natural defensive reaction to the Samarra shrine bombing, but they have since become a danger to the integrity of the state. "We will continue confronting them with force and we'll work on winning over some militiamen to our side," he says.

Many Sunni leaders, though, suspect a conspiracy: "Maliki knows that the Mehdi army can destroy Sunnis, that's why he doesn't disarm them," says Adnan al-Dulaimi, a hard-line Sunni member of parliament. Last year, a guard on Mr. Dulaimi's private-security detail was detained by the Americans on suspicion of plotting bombing attacks. Though Mr. Dulaimi himself wasn't implicated, the Shiites pounced on the arrest as a sign of some Sunni politicians' complicity in terrorism.

That underlies a broader Shiite perception that the decision to share power with the Sunnis after 2005 elections may have been a mistake because the Sunni insurgency has only grown stronger. In late November, several car bombs killed more than 200 Shiites inside Sadr City, the bloodiest attack since the U.S.-led invasion. When Mr. Maliki recently went for a visit there, his convoy was pelted with rocks.

His allies and some opponents describe him as a man with a common touch and none of the haughtiness that often comes with high office. His days begin at the crack of dawn when he wakes up to pray, and they often last past midnight. To unwind, he reads Arabic poetry and can recite many verses from memory, including his own grandfather's work. He writes his own poems, but these days, he says, "only very little because I don't have time." He's been known to personally grab and wipe a dusty chair for a visitor, and he's vetoed government appointments at the slightest hint of corruption in a candidate.

In the recent interview, Mr. Maliki sat under a huge Iraqi flag and reminisced about his life, shaped by the fight against Mr. Hussein. "I'm still fighting Baathists," he said, quickly adding: "But not all Baathists, only those who have the attitude of Saddam."

For Iraq's Shiites, A Dream Deferred Breeds Mistrust Of U.S. (WP)

By Sudarsan Raghavan

The Washington Post, January 2, 2007

BAGHDAD -- As a dull winter sun nibbled away at the chilly morning, Hussein Lefta stood beside the Rahman Mosque. Before him, Shiite Muslim worshipers passed through an emerald green gate and shuffled across a stone-covered field. Behind him the giant gray shrine rose above Mansour, a mainly Sunni Arab neighborhood that was once home to the elite of the late Iraqi president Saddam Hussein.

Built to proclaim Hussein's glory, the mosque is one of the most visible symbols of his fall. Thousands of oppressed Shiites took control of the unfinished building following the U.S.-led invasion. On that day in April 2003, Shiites say, their history was reshaped, their politics reborn and their faith reinvigorated .

Lefta, 42, was among the many Shiites who thanked the Americans for their freedom. He dreamed that his community, Iraq's majority, would exert the political influence the Sunnis had long denied it.

Today, the mosque is still incomplete, as are Lefta's dreams.

"The Americans are afraid the Shia will take over Iraq," he explained.

Iraq's Shiites are at a crossroads in their rise from oppression to power and in their relationship with the United States. In a nation riven by violence and competing visions, they feel as if they have been handed the keys to their house but never allowed to settle down. Bitter personality rifts have undermined their ability to govern. And they have yet to bridge the growing divide separating them from the Sunnis and further deepened by Hussein's execution on Saturday.

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As President Bush seeks a new strategy for Iraq, many Shiites express deep mistrust of the United States and its intentions. In U.S. efforts to engage Iraq's disaffected Sunnis, they perceive betrayal. And in U.S. pressure to dismantle Shiite militias, they see an attempt to weaken their bulwark against Sunni insurgents.

Against this backdrop, Shiite leaders have begun to push harder for more independence from their American backers. Most recently, the government ignored U.S. objections to hanging Hussein too hastily. He was executed four days after an appeals court upheld his death sentence.

Casting a shadow over discussions with Shiites such as Lefta is a despairing sense, inspired by centuries of oppression and suspicion of outsiders, that their community is handcuffed, effectively prevented from shaping its future.

Lefta's friend Wisam al-Taieb, 27, a gaunt Oil Ministry worker with dark, intense eyes, stood next to him at the mosque.

"What future?" Taieb demanded. "Now the Shia are suffering from a campaign of genocide. The Americans are in total control of our security forces. Our elected government does not have the power to move a single military unit. How do you expect me not to be pessimistic?"Shifting Attitudes

Under Hussein's government, Lefta, a tall man with a soft gaze, was among the millions of Shiites who were marginalized. He studied French in college, hoping to work for the government. But the jobs he sought always went to the Sunni elite, the favored class since the Ottoman Empire colonized Iraq. Today, Lefta doesn't speak a word of French.

Following the U.S. invasion, he was among the first Shiites to take over what was then known as the Grand Saddam Mosque, a majestic shrine with the appearance of a spaceship. They renamed it the Rahman -- or Merciful -- Mosque.

Around them, the Americans demolished the old order of Sunni domination. The occupation administration of L. Paul Bremer purged Sunnis from the army and outlawed Hussein's Baath Party while trying to restore the rights of Shiites and Kurds, the groups most oppressed under Hussein.

Still, educated men such as Lefta felt uneasy as they watched their fellow Shiites embrace the United States. He recalled the U.S. failure to support Shiites in their 1991 rebellion against Hussein. After the Americans toppled Hussein, Lefta said, "We were watching carefully what the new days would bring and what the future was hiding."

Ali Adeeb, a silver-haired, gray-suited Shiite lawmaker, has seen the shift in his community's attitude toward the United States. He pointed to the February 2006 bombing of a revered Shiite shrine in Samarra. "Before Samarra, when the Shiites used to be slaughtered they kept silent," Adeeb said. "Afterward, they exploded."

Shiite militias attacked Sunni mosques. Sunni leaders have accused Shiite death squads of hundreds of killings. "The Sunnis started to ask for rescue from the Americans, especially now that they have joined the political process and have become close to the Americans," Adeeb said. "This is when the doubts about the Americans began."

U.S. Ambassador Zalmay Khalilzad declared the Shiite militias the most significant threat to Iraq's stability, replacing the Sunni insurgency and al-Qaeda. Frustrated by the Shiite government's inability to govern and bring security, U.S. officials began pressuring Prime Minister Nouri al-Maliki to dismantle the militias. They zeroed in on the Mahdi Army of radical cleric Moqtada al-Sadr, upon whom Maliki depends for power.

"They are attacking people at mosques, at stadiums," Lefta said, referring to the Sunni insurgents. "But the Americans overlook that. They concentrate on the militias. The militias are merely a reaction to the violence."'A Wrong Reading'

Where Bremer alienated the Sunnis, an action now seen as having fueled the insurgency, Khalilzad sought to integrate them into Iraq's political process, a strategy that many U.S. officials hoped could lead to a way out of Iraq.

The ambassador has met with Sunni leaders from Saudi Arabia, Egypt, Jordan and other states to enlist their support in isolating the Sunni insurgents. In November 2005, after U.S. soldiers found Sunnis being tortured in a secret prison run by the Shiite-controlled Interior Ministry, Khalilzad rebuked the Iraqi government.

Shiite politicians and analysts say Khalilzad is backing the Sunnis to limit the power of Shiites in the government. They say the United States and its allies, concerned about the growing influence of neighboring Iran's Shiite theocracy, will never allow an independent Shiite government, much less a religious one, to fully blossom in Iraq.

"We know the U.S. is under great pressure from Arabic and Islamic countries, who are Sunni," said Ridha Jawad Taqi, a member of parliament with the Supreme Council for the Islamic Revolution in Iraq, a Shiite party with strong ties to Tehran. "They fear the growing power of the Shia inside Iraq."

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"The Americans have a wrong reading of Iraq," said Hasan Suneid, a member of the Shiite Dawa party and a close aide to Maliki. "And who is responsible for this reading? It is the diplomatic channel, that is, Khalilzad."

Suneid, an owlish civil engineer and poet who favors dark, crumpled Western suits, is among the many Shiite former exiles who owe their current positions to the U.S. toppling of Hussein. He now sees Khalilzad trying to engage Sunni insurgents and former Baathists. "I don't mind if the Americans are talking with our enemies," Suneid said. "But they should not change their strategy."

"Who are the secularists?" demanded Adeeb, the Shiite lawmaker, his eyes tightening. "The secularists are the Baath Party."

"It means the base of their thinking is not stable," he continued, referring to the Americans. "They are going to lose the Shiites. And they won't win the Sunnis back, because they attacked them at the beginning. So now both sides will lose confidence in the United States."

Michael McClellan, chief spokesman at the U.S. Embassy in Baghdad, said Khalilzad was aware of the Shiites' concerns but said it had not affected his ability to work with Maliki and other Shiite leaders.

"These issues often require compromises by the parties involved, and sometimes they do not like that," McClellan said in an e-mail. "This is true of both Sunnis and Shiites, but we do not favor one group over another."Another Turning Point

From his wallet, Baghdad shop owner Abdul Amir Ali pulled out two yellowing black-and-white passport photos of his brothers. In the 1980s, Hussein ordered their executions, along with more than 100 other men from the northern town of Dujail, in retribution for an attempt on his life. One brother was 20, the other 23.

When Hussein was sentenced in November to death by hanging, Ali felt his loyalty to the Maliki government deepen. Like many Shiites, he had rejoiced when U.S.-led forces invaded Iraq -- "I behaved like a crazy man," he recalled. And he knows that without the fall of Hussein, he would have never seen justice for his brothers.

Seated in his shop, in the affluent, mostly Shiite neighborhood of Karrada, Ali and his brother Usama expressed concern that U.S. officials were pushing the government to allow thousands of purged Baathists who did not commit atrocities to resume their old jobs.

"This is a big mistake," said Usama Ali, 30, a stocky, bald man with a scratchy voice. "Saddam's people should not be allowed to participate in the political process."

The U.S. pressures and growing mistrust have emboldened Shiite leaders. They are demanding more autonomy and control over Iraq's mostly Shiite security forces, as well as urging U.S. forces to fight Sunni insurgents instead of Shiite militias, which are forging Shiite enclaves across Baghdad.

That worries Sunni leaders. "The U.S. needs to send a clear message: We will act toward Iraqis in a fair and equal way," said Ayad al-Sammarae, a prominent Sunni politician. "We can't punish one criminal and forgive another."

In October, in the government's strongest assertion of sovereignty yet, Maliki ordered U.S. forces to lift a blockade of Sadr City, the huge Shiite slum in Baghdad. For everyday Shiites, it was another turning point in their relationship with their liberators. "This is the first time he has stood up to the occupiers," Abdul Amir Ali said with pride. "It was like a victory for us when the Americans obeyed Maliki."

Still, Lefta feels "a second betrayal" coming. "The Shiite people dream of democracy, real democracy," he said, as men filed toward the Rahman Mosque's prayer hall. "But what is taking place is exactly the opposite. The Americans want to guarantee the minority at the expense of the majority."

Along the tall wall encircling the mosque compound, posters of Shiite politicians from the most recent U.S.-backed election predominate, save for one lone patch. There, squeezed between the Shiites, are images of two Sunni politicians, their faces obscured, their posters torn.

Iraq Orders Closure Of TV Station Office (AP)

By Christopher Torchia

AP, January 2, 2007

DOJ_NMG_0110839

The Iraqi government Monday ordered the closure of the Baghdad office of a Dubai-based television station whose newscaster wore black mourning clothes while reporting on the hanging of Hussein.

A spokesman for the Interior Ministry said the Al-Sharqiya station, owned by a former chief of radio and television for Saddam, had incited violence and hatred in its coverage and had ignored warnings to stop.

Brigadier Abdul-Karim Khalaf, the spokesman, said the order was issued after an allegedly false report by the news channel about the abduction of three Sunni Arab female students from a university.

But the order also followed criticism of the tone of Al-Sharqiya's coverage of Saturday's execution, which struck some as sympathetic to the ousted dictator.

In contrast to state-run television reports that described Saddam as a "tyrant" and "criminal," a newscaster on Al-Sharqiya — which means "The Eastern One" — referred to him Sunday as "president."

Iraq's government is dominated by the country's Shiite Muslim majority. Al-Sharqiya is sometimes mocked by critics as "Al-Baathiya" for its alleged sympathies for Saddam's outlawed Baath Party, which had helped Iraq's Sunni minority rule the country.

Shiite and Sunni are now locked in a sectarian war that has claimed thousands of lives.

It's not clear how the closure might effect Al-Sharqiya, which broadcasts to Iraq from Dubai by satellite.

Al-Sharqiya reported Monday night that its offices in Baghdad were raided and sealed by Iraqi authorities. But the station said those offices were vacated three months ago in response to attacks on staff.

Al-Sharqiya remained on the air Monday, broadcasting video of a protest against Saddam's execution that was staged by the Professional Associations — an umbrella group of unions representing doctors, engineers and lawyers — at the group's offices in Amman, Jordan.

Saddam's eldest daughter, Raghad, briefly attended the demonstration in her first public appearance since his execution.

State-run Al-Iraqiya may have referred to the controversy over Al-Sharqiya's coverage, when it criticized reporting on Saddam's death by rival Iraqi and regional Arab television stations.

"The execution of Saddam unveiled the many masks of those who don't like to see a strong, civilized and developed Iraq," an Al-Iraqiya newscaster said Monday. "The male and female news readers of some Arab and Iraqi satellite channels rushed to their cupboards to wear their black clothes, announcing their sorrow about the joy of Iraqis."

Newscasters on the influential Al-Jazeera satellite channel also wore black in the aftermath of Saddam's hanging.

The government did not specifically cite the controversy over Al-Sharqiya's coverage of Saddam's execution in explaining the closure.

"We had sent many warnings to the channel previously, but it insisted on circulating false news that provoked violence and hatred," said Khalaf, the interior ministry spokesman.

On Nov. 30, the Interior Ministry said it had formed a special unit to monitor news coverage and vowed to take legal action against journalists who failed to correct stories the ministry deemed to be incorrect. The ministry runs the Iraqi national police and a separate paramilitary force.

The purpose of the monitoring unit, Khalaf said at the time, was to find "fabricated and false news that hurts and gives the Iraqis a wrong picture that the security situation is very bad, when the facts are totally different."

Al-Sharqiya's programming includes a number of Iraqi soap operas. Its owner, Saad al-Bazzaz, fled Iraq years before Saddam's fall and returned after the regime collapsed.

Prominent employees of Al-Sharqiya have fallen victim to Iraq's violence. Those slain include correspondent Ahmed al-Rasheed, and Walid Hassan, a famous comedian who was shot while driving in western Baghdad.

Hassan had performed in a comedy series called "Caricature," which mocked coalition forces and Iraqi governments since the U.S.-led invasion of Iraq.

6 Killed In U.S. Raid Targeting Insurgents (WP)

By Nancy Trejos

The Washington Post, January 2, 2007

DOJ_NMG_0110840

BAGHDAD, Jan. 1 -- U.S. forces killed six people during a raid on a suspected safe house of the insurgent group al-Qaeda in Iraq in the capital Monday morning, the military said.

A prominent Sunni member of parliament condemned the operation, saying that two of his buildings were destroyed and two of his bodyguards were killed in the attack. He said his bodyguards were not insurgents and questioned the point of the raid.

"Where is al-Qaeda, and where is the insurgency here?" Saleh al-Mutlak, head of the Sunni-led Iraqi National Dialogue Front, said in a telephone interview.

As troops approached the suspected safe house, people in nearby buildings, including one owned by Mutlak, attacked them with automatic weapons and hand grenades, the military said.

According to a military statement, the troops fired back, killing two suspects. Several armed men then fled into a nearby building and fired at them from the roof.

Under fire from several directions, the troops killed four more suspects and detained one, the military said. Two buildings erupted in flames during the battle, it said.

Mutlak said the destroyed buildings housed the offices of his Iraqi National Dialogue Front, a coalition of political parties that has called for an end to the presence of foreign troops. Although it is led by a Sunni, it also includes Kurds, Assyrians and politicians from other ethnic groups. Its members hold 11 of the 275 seats in parliament.

"They came to the office of the Iraqi Front, which is part of the government, part of the political process," Mutlak said. "We don't believe in violence. Why would they do that?"

Mutlak said the troops had no reason to shoot at his building and that his bodyguards fired back only to protect themselves, thinking they were being attacked by militiamen.

He also said the four other people killed were civilians, not insurgents.

In an e-mail response to written questions, the military disputed Mutlak's account, saying no civilians were killed or injured and that "the terrorists killed were armed males firing at Coalition Forces."

Mutlak, who was not at the building during the raid, said he received frantic calls from his guards early in the morning. He said he called the U.S. Embassy and left several messages but did not receive a response.

"I'm a member of parliament, and they don't even call me," he said.

Lou Fintor, a spokesman for the U.S. Embassy in Baghdad, said, "We're aware of the reports, and we're looking into them."

In Auja, the home village of ousted president Saddam Hussein, mourners continued to pay respects. Hussein was buried there Sunday, a day after his execution by hanging in Baghdad.

Following the execution, the Interior Ministry ordered the closure of the Baghdad office of al-Sharqiya television, accusing the independent channel of fomenting violence, according to two other Iraqi television stations. The channel's office in Dubai remained open, allowing it to continue broadcasting. Many Iraqis say Sharqiya's coverage reflects the views of Sunnis.

Also Monday, a day after the number of American service members killed since the start of the war reached 3,000, the military announced the deaths of two more soldiers.

The two Task Force Lightning soldiers, assigned to 3rd Brigade Combat Team, 1st Cavalry Division, were killed Sunday after an explosion in Diyala province, northeast of Baghdad. Two other soldiers were wounded in the attack.

The latest deaths, occurring on the final day of 2006, brought to 113 the number of U.S. troops killed in December, according to iCasualties.org, an independent Web site that counts war fatalities. The death toll for December was the highest of the year and the highest since November 2004.

Iraqi Politician's Office Is Hit In U.S. Raid (LAT)

By Molly Hennessy-fiske, Times Staff Writer

The Los Angeles Times, January 2, 2007

Sunni Arab leader says six civilians died, but Army cites gun attack.

BAGHDAD — U.S. forces attacked the office of a Sunni Arab lawmaker in the Iraqi capital Monday morning while conducting a raid on a suspected Al Qaeda safe house next door. Six people were killed.

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Saleh Mutlak, a member of the Iraqi National Dialogue Council, a Sunni slate that includes former members of Saddam Hussein's Baath Party, was not in his office in the Jadriya neighborhood at the time. But he spoke with witnesses and said that the troops killed six civilians: two of his bodyguards, a couple next door and their two children.

Troops came under such heavy fire from guns and grenades as they approached the two buildings that they called in warplanes to attack the target with machine guns, according to a U.S. military statement. Two suspected militants were killed as Americans approached and four more during the raid, the statement said, adding that one person was detained.

U.S. Army spokesman Lt. Col. Christopher Garver said Mutlak's office was not targeted, and that troops returned fire only after people in the building started shooting at them.

"They jumped in on a fight that was not targeted at them initially," he said of Mutlak's staff.

Garver could not provide the ages of those killed because troops did not enter the buildings or recover the bodies.

"Everyone who was shot was engaged in trying to shoot us," Garver said.

Television footage of the site showed stone buildings with walls blasted off, twisted metal gates and entrances blocked by rubble.

Mutlak, who was in Dubai, United Arab Emirates, said his staff had called him from the office at 3 a.m. to say militia members were firing on them. Moments later, they called again to say their attackers were U.S. troops. The lawmaker immediately called the U.S. Embassy in Baghdad, but got voicemail. He left a message, but said he still had not heard back by Monday night.

The U.S. Embassy was investigating the incident, spokesman Lou Fintor said late in the day.

"This has got to stop," Mutlak said. "We cannot stand it anymore. How can they bomb my office? I am in complete dialogue with them.

"They didn't even call to apologize," he said.

Mutlak said Al Qaeda fighters were responsible for the death of his brother, Taha, who was kidnapped and shot last spring, and that his party opposed sectarian militias. His office has been searched by the Iraqi Defense Ministry and attacked by Shiite militias.

"This is a disaster," Mutlak said of the raid. "If my guards are considered Al Qaeda, we are in trouble."

The Sunni politician charged that American forces and the Iraqi government were giving Shiite Muslim militias carte blanche while cracking down on Sunnis. He was still seething after watching videotape of Hussein's execution Saturday, at which guards taunted the deposed president with Shiite militia chants.

Mutlak said he planned to meet with fellow Sunnis and members of various parliamentary blocs this week to discuss withdrawing from the government, which is led by Prime Minister Nouri Maliki, a Shiite.

"Participating in the parliament with all that's happening now would be a shame on me, to be part of this history," he said.

The Muslim Scholars Assn., a hard-line Sunni group, released a statement Monday condemning Hussein's execution as "vulgar" and orchestrated by American "invaders and some of their allies."

"The whole thing is political and not taking into consideration the interests of the Iraqi masses," the statement said. "We are looking forward to the day when our people and not the invader execute and bring about justice for those who kill our people, rob our resources, violate our rights and sell our sovereignty."

More moderate Sunni politicians also said they were upset by the way the country's leaders handled the execution.

Ala Maki, a member of the Iraqi Islamic Party slate whom Hussein jailed and almost executed, said the former president's hanging was rushed and poorly timed and that Maliki should compensate by cracking down on Shiite militias.

Some Shiite politicians acknowledged that the crowd at Hussein's execution had been larger than expected and had gotten out of hand.

Only seven people were supposed to attend the hanging at the former military intelligence headquarters in Baghdad, but more police and guards showed up, swelling the crowd, according to Abbas Bayati, a Shiite politician with close ties to Maliki. He said some in the crowd had "spontaneously released" sectarian chants, to the dismay of organizers, but that overall the execution had gone smoothly.

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"We can't say it was 100% the way it was planned," he said. "By the end, the law was implemented, and that's what's important. The state cannot control the small details 100%."

Bayati said the guards would be held accountable for their conduct.

Hussein's exiled daughter, Raghad, on Monday joined supporters of the former president at a protest in Amman, Jordan, Iraqi television networks reported. She was unable to travel to Iraq, where she is wanted by authorities.

Similar protests were held Monday in Baghdad's mostly Sunni Adhamiya neighborhood and Hussein's hometown of Tikrit, drawing several hundred people.

Meanwhile, 40 unidentified bodies were recovered in Baghdad during a 24-hour period that ended late Monday.

Near the northern city of Mosul, a visitor to the prison in Badush incited a riot during which police killed an inmate, said Lt. Col. Ali Mahmood, the warden.

Ibrahim Abdullah, 44, coach of the Iraqi wheelchair basketball team and a father of three, was killed in a drive-by shooting in west Baghdad, said Saif Maliki, a member of the Sports Journalists Guild.

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Times staff writer Saif Hameed and a special correspondent in Baghdad contributed to this report.

Relentless Toll To US Troops Of Roadside Bombs (CSM)

By Brad Knickerbocker

The Christian Science Monitor, January 2, 2007

Almost every day, Sgt. First Class Joel Jacobs comes to the Third Infantry Division's "Warriors' Walk" at Fort Stewart, Ga. Among the eastern redbud trees - each commemorating one of the more than 300 division soldiers killed in Iraq - it's a chance for him to honor his fallen comrades.

Over New Year's, with the number of US service men and women who've died in Iraq at the 3,000 mark, the rest of the nation had occasion to pause and reflect on the war's toll.

Like many, Sergeant Jacobs greets the news of American casualties with sorrow and resolve. He retired from the Army a few months ago, and you might think the prosthetic leg would slow him down. But asked how he's doing, this 21-year veteran who faced danger in Haiti, Bosnia, Afghanistan, and Iraq says , "I'm absolutely fine, sir."

"When you come home, you remember the ultimate sacrifices some of your fellow soldiers have made," he says of his regular walk.

Of the 3,000 American GIs lost in Iraq as of midday Sunday, more have been killed by roadside bombs - improvised explosive devices (IEDs) - than any other cause. More than by rifle fire, mortar attack, or car bomb.

It's a danger that has bedeviled Pentagon war planners for months, one to which they've responded with a high-level task force headed by a retired four-star general, $6.7 billion in research and development, new high-tech equipment and vehicles, and - perhaps most important - intelligence efforts to get inside the decisionmaking of an insurgency that is sophisticated, if largely low-tech.

If anything, the danger is increasing despite efforts to counter it.

IEDs are "the enemy's most effective weapon," Army Gen. John Abizaid, commander of all US forces in the Middle East, told the Senate Armed Services committee last March. "They are the perfect asymmetric weapon - cheap, effective, and anonymous."

Improvised bomb attacks on US troops now top 1,000 a month, four times the rate in 2004. Insurgents have become more sophisticated in their bombmaking, placement, and means of detonation. The British military has determined that there are enough stocks of illegal explosives to continue the same level of attack for years without resupply, reports DefenseNews.com.

Since the beginning of the war in March 2003, IEDs have accounted for about 45 percent of all US fatalities from hostile causes. And that percentage is increasing. Of 100 recent hostile fatalities, IEDs caused 67. December saw the highest number of Americans killed overall in Iraq in two years.

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"Buried explosives are easy to plant and hard to find," says military analyst Loren Thompson of the Lexington Institute think tank. "They can be built and detonated using a range of readily available items, making them an attractive tool."

The IED problem extends beyond Iraq. IED attacks in Afghanistan doubled from 2005 to 2006. They are, as Army Vice Chief of Staff Gen. Richard Cody called them, "the poor man's cruise missile."

IEDs are not a new phenomenon in war. Sergeant Jacobs encountered one in Somalia in 1993. But the scale of their use in Iraq is unique.

"Perversely, the IED problem is a result of the difficulty the enemy has in attacking American troops by other means," says John Pike, head of the a military news and policy website GlobalSecurity.org.

The US military is in the midst of a big push to counter and defend against the roadside bombs, spending more than $3 billion this year on the effort. This includes new ways to jam remote-control devices used to detonate IEDs and robots to disarm or blow them up without hurting anybody. But radio frequency jamming is difficult, because it can interfere with coalition communications systems such as those used to operate aerial drones. And soldiers have to find roadside bombs before they can disable or destroy them.

From the infantryman's point of view, the most important things coming to the troops are fire-resistant uniform materials, heavier body armor, and especially tougher vehicles to replace the relatively venerable - and vulnerable - Humvees.

Many soldiers, and their parents, have written ardent fan letters about the new "Cougar" and "Buffalo" vehicles - "Humvees on steroids," they've been called.

"I have seen these things take a hit from an IED and keep driving without a problem," Air Force Staff Sgt. J. Adam Burke, an explosive ordnance disposal technician, wrote to Force Protection, Inc. the South Carolina company that produces the vehicles.

But so far only about 300 are in the combat zone, and troops on the ground could use thousands more.

Those tasked with countering roadside bombs also have been drawing on the experience of wounded veterans who've survived the blast of an IED. Twenty-two soldiers at Walter Reed Army Medical Center have joined the "Operation Warfighter" program to work with military and civilian officials trying to reduce the threat of IEDs.

Besides the 3,000 US military fatalities in Iraq (perhaps more than that if those who died sometime after being evacuated from the war zone are included), the number of troops wounded due to hostile action now approaches 23,000 - about half of those from IEDs. In addition, some 24,000 have had to be evacuated due to accidents and illness. Sergeant Jacobs lost his right leg when it was crushed by a concrete barrier in what he calls a "freak accident" involving his truck convoy.

The percentage of those wounded who die has dropped to about 10 percent in Iraq, an all-time low in the history of warfare. By contrast, the figure was 30 percent in World War II and 24 percent in Vietnam.

Without improvements in soldiers' protective gear, battlefield treatment, and quick transportation to field hospitals, the number of US troops killed in Iraq might well have been more than twice what it is today.

That accounts for what could be seen as the relatively low figure for combat fatalities due to hostile action, distressing as it is. It also means, as the Government Accountability Office reported this year, that "many of them are returning home with severe disabilities, including traumatic brain injuries and missing limbs."

Those in harm's way in Iraq got a break the other day.

Iraqi children playing outside the gate of Forward Operating Base Marez reported a suspicious device to soldiers from the Second Battalion, Seventh Cavalry Regiment. It turned out to be an IED, which an explosive ordnance disposal team destroyed.

Civil affairs soldiers rewarded the children with toys, candy, and soccer balls. In the end, it may be that this kind of intelligence information from Iraqis themselves will be the most important weapon in countering deadly roadside bombs.

These days the Army's Third Infantry Division is preparing to deploy to Iraq for the third time. In about two weeks they'll be going to Anbar Province, one of the most dangerous parts of Iraq.

At night, lights shine on each of the Eastern Redbud trees at the division's "Warriors' Walk" at Fort Stewart, where it's hoped that no more trees will have to be planted. Like the Vietnam Memorial in Washington, personal mementos have been placed on the ground by family members, friends, and fellow soldiers.

"It's a good way to remember," says Jacobs. "But it's also a harsh reminder sometimes too."

DOJ_NMG_0110844

Roadside Bomb Changed Lives Of The Survivors, Some Still In Iraq (USAT)

By Gregg Zoroya

USA Today, January 2, 2007

The long shrapnel scar on the face of 1st Lt. Charles Bies marks the day last March when his life changed forever.

Shortly before midnight March 6, the Humvee he was riding in snapped a tripwire and detonated a roadside bomb outside Tal Afar, Iraq. The improvised explosive device, or IED, was planted by insurgents.

The blast killed Pfc. Ricky Salas Jr., the man next to Bies. Like hundreds of other IED attacks in Iraq that end in death, it changed countless other lives as well. For every soldier or Marine killed by a roadside bomb in Iraq and Afghanistan, 10 are hurt. The weapons have killed more than a thousand troops and wounded 11,200 in Iraq and Afghanistan.

The blast that killed Salas left four other soldiers with wounds, physical or emotional, that may never heal.

It severed the left leg of Army Spc. Jose "Jay" Morales, 24, whose dream since childhood was to be a soldier and whose pregnant wife had known him for less than a year before he went to war.

Army Spc. Nicholas "Nick" Helfferich, 22, was manning a machine gun in the Humvee's turret when the blast threw him into the air. It smashed his pelvis and ribs, damaged a lung and his liver, and permanently crippled his spine. "My whole body was just like ringing," he recalls.

The vehicle flipped over, trapping Bies inside the wreckage. He says his life today is neatly divided into two emotional chapters: one before the bomb, and one after.

Sgt. Martin Duculan found himself pinned under Morales and Salas. Though the blast left no visible wounds, it is seared in his memory. "I know how to control my emotions," he said in a recent e-mail from Iraq, where he remains in combat in Ramadi. "But I cannot control a few tears that roll down my cheek when I tell this story."

The list of the 3,000 troops who have died in Iraq since the war began doesn't account for the other casualties, those who barely escaped death and must live with the physical and emotional scars of war. This is the story of the soldiers who survived the IED that killed Ricky Salas.

In the moments after the explosion, Staff Sgt. Jason Snell, 31, of Bethlehem, Pa., directed rescue efforts as soldiers from two tanks rushed to give aid. Salas was dead in the Humvee. Morales lay bleeding atop Duculan. Pinned inside the wreckage, Bies could barely move. Helfferich writhed in pain on the ground nearby.

Soldiers tended to Helfferich and pulled Morales and Duculan and the body of Salas from the Humvee. Snell ordered that chains be attached to a tank to right the vehicle and free Bies.

"The whole time this was going on, I wanted to scream, throw up and run away. But I was the person in charge. I couldn't let my soldiers see me falter," Snell says. "I still smell the blood to this day."

Duculan walked away, uninjured but shaken. A medical evacuation helicopter arrived in minutes to carry Morales, Helfferich and Bies — and Salas' body — to the nearest hospital.

Within hours, Morales was placed on a medical evacuation flight leaving Iraq. Bies was flown out a day later and Helfferich within several days.

Before heading to a hospital in Germany, Morales gently pulled an attending nurse's hand to his lips and kissed it gratefully. His voice dry and hoarse, he motioned for a piece of paper and scrawled a note: "I don't want to leave my platoon."

Morales of Port Washington, N.Y., suffered the worst injuries of those who survived. After nine months of convalescence, rehabilitation and physical therapy at Walter Reed Army Medical Center in Washington, D.C., he still struggles to walk with his prosthesis. "It's very hard because my stump and my leg are very short," he says.

A greater worry, he says, is the financial future facing him, his wife, Jennifer, and their 8-month-old son, Jayden. Although some amputees remain in the Army, Morales is increasingly fearful he will be forced into medical retirement at age 25. "I'm running out of ideas," he says with urgency. "I'm running out of ways to try and figure out about how I'm going to support my family."

He has received $50,000 in a military insurance payout for the loss of his leg. His Army income is less than $20,000 a year.

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If her husband is medically retired, Jennifer Morales says she is uncertain what the Department of Veterans Affairs or military retirement could provide. She says it could be as little as $15,000 to $20,000 per year. Jose Morales knows the VA offers vocational training. But he says he has no plans yet because his focus has always been the Army.

His mother, Lucila Lopez-Torrez, brought him to the USA from his native El Salvador at age 13. She cleaned houses on Long Island to support her only child. Morales joined the U.S. Army in 2000. He hopes to be granted citizenship soon, a process that could be expedited because of his service.

"I'll tell you I'm more American than the people down in the street," he said from his hospital bed at Walter Reed Army Medical Center in Washington last spring.

Lopez-Torrez, 44, says the stress of seeing her son maimed by war has led to insomnia, high blood pressure, depression and, finally, hospitalization several weeks ago for what she feared was a heart attack. She had collapsed while cleaning someone's house. When it happened, she says, the owner called an ambulance. Doctors told her it wasn't a heart attack but severe anxiety. "My son has changed," she says. "He's not the boy who laughed like he used to. He's hurting a lot."

In November, Jennifer Morales, 22, suffered several days of facial paralysis from Bells palsy brought on by stress, doctors told her. "I looked into the mirror and my face was like hanging down," she recalls.

Life is so different now, she says. They married on Dec. 16, 2005, and her husband left for war three weeks later. They had never lived together. Today, they share a suite of apartments for wounded soldiers, and their families at the Walter Reed medical center and are scheduled to move to a military rehabilitation center in Texas this month.

Jennifer Morales says when they go to a shopping mall, she notices how people stare and children turn to their parents to ask what happened to that man in the wheelchair.

"Even in this (residence) house, the women who have husbands with arms and legs ask me how it is, 'Isn't it weird for you to have sexual contact with your husband?' Stuff like that," Jennifer says. "That hurts. Those are stupid questions."

Scott Helfferich, 51, a park police officer from Westmoreland County outside Pittsburgh, saw his oldest boy, Nicholas, learn to walk again several weeks after the blast.

"I just remember his throwing the crutches down and saying, 'I don't need these damn things.' And then it became very emotional for our family," the father says. "He looked at me and he smiled. And it was the first time in a while that I had actually seen him smile."

Helfferich, who is still in the Army, has not healed. He suffers chronic back pain and discomfort in his pelvis and fears it may never go away. He awaits word of a medical retirement from the military. Helfferich dreams of opening a bar and grill in his native Latrobe, Pa., though he is not sure how he will pay for it. He may go to college.

Once a proud body builder whose idol was Arnold Schwarzenegger, Helfferich now lives a more sedentary life and misses the body that defined him before the blast.

"I used to be really ripped. You don't know what you have until it's gone," he says. "(The blast) changed my life, because I realized that people were trying to kill me and they didn't. But they hurt me for the rest of life. They got the best of me. I'm going to be suffering the rest of my life. But I'm not going to let that bring me down."

Duculan and Bies remain in combat in Iraq. "The memories of that event will be with me the rest of my life," Duculan says.

Their year of duty in Iraq was to end this month, But it was extended because of the Army's need for additional combat troops. Last year, their unit was shifted from Tal Afar to Ramadi, where the fighting is more intense. The platoon may come home in February or March.

Bies, who survived a second roadside bomb blast Oct. 7, relived that night outside Tal Afar in nightmares for months. In waking moments, he second-guessed himself.

"You start playing 'what if' with yourself: 'What if we'd left an hour earlier or if we'd left an hour later?' " Bies says in a phone interview from Iraq. " 'What if we'd done something different that night?' … You could call it survivor's guilt."

In his second IED experience, Bies and five other soldiers fled a burning armored vehicle and raced to safety under gunfire. That is a good war story, Bies says.

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By contrast, the first blast, the one that killed Ricky Salas, was profound. "I measure my life in two parts, and it was before this and after it," Bies says. "All of the sudden, you grow up and you're not invincible any more. You're 24. You're in Iraq. And something like that happens. It makes you realize, 'Hey, I may not live to see 25 or 26.'"

Blast That Killed Pfc. Salas Still Echoes Months Later (USAT)

By Gregg Zoroya

USA Today, January 2, 2007

The roadside bomb that killed Pfc. Ricky Salas Jr. last year lay buried along a deserted stretch of highway outside Tal Afar, Iraq.

The Pentagon announced the death in a three-paragraph news release, blaming it on an "improvised explosive device" or IED, the acronym for the weapon that has claimed the lives of more U.S. troops than any other used by Iraqi insurgents.

The Associated Press reported Sunday that the number of Americans killed since the war in Iraq began — U.S. troops and seven Pentagon civilian workers — reached 3,000. At least 35% of them died as Ricky Salas did: in IED explosions. In December, the deadliest month of 2006, at least 48 of 69 Army combat deaths were caused by roadside bombs.

In all, 111 U.S. troops were killed last month.

IEDs can be made from a variety of explosives. In Iraq, insurgents sometimes use ammunition that was looted from Iraqi military facilities in the months after the U.S. invasion. Detonators can be wired to the bomb, activated by pressure from a vehicle that rolls over it or triggered remotely by an electronic signal.

A military task force established in 2003 continues to look for ways to combat the devices, and the Pentagon has spent billions of dollars on devices that jam electronic signals. It has also added armor to vehicles to defend against explosions and trains troops from the early weeks of enlistment on how to spot IEDs.

Brig. Gen. Dan Allyn, a deputy director for the task force, says one in five bomb attacks causes casualties. When that happens, he says, several people can be killed or wounded at once.

Like the death announcements for the hundreds who died before and after him, the Pentagon news release about Salas, 22, only hinted at the human cost of the March 6 explosion.

No mention was made of the three other soldiers in the Humvee who were wounded in the blast. Also left unsaid were the stories of those the death toll fails to acknowledge: Salas' 22-year-old widow, the two small children she is left to raise alone, a mother emotionally adrift and a father who drowns his despair in alcohol.

Salas hoped that by enlisting, he could support his young family in Roswell, N.M. His death — because of the benefits his wife, April Baca-Salas, subsequently received — made that possible.

"The plan Ricky had for us to live our lives, to have a new house, to be able to support our kids — he's made that. But it's not the way I wanted it," says Baca-Salas. "I wish I didn't have a penny to my name and had my husband."

The explosion of that IED extended beyond the borders of Iraq and touched other lives. The stories of those closest to Salas speak to the other casualties of war — the mothers and fathers, the children and the spouses of the 3,000 killed since fighting began.

The mission that killed Salas was routine. The five soldiers in the Humvee were part of the Army's 1st Armored Division and Charlie Company platoon, commanded by 1st Lt. Charles Bies, 24, of Palm Coast, Fla., who rode in the front passenger seat next to Salas. Salas didn't need to go. He volunteered for the patrol.

After a long day of trying to clear highways of roadside bombs on March 6, the soldiers followed an Abrams tank back to their fortified outpost in a village outside Tal Afar, Bies recalls. It was almost midnight.

Bies says they drove about 10 mph and swapped stories about being chewed out by superior officers, all the while searching the darkness with flashlights for booby traps.

They missed one.

The bomb blew off the entire left side of the Humvee. Bies says he could hear Salas scream. Soldiers on the scene say Salas died quickly. He was pronounced dead at a military hospital March 7.

Hours after his death, a police officer stopped Baca-Salas, 22, outside a Home Depot in Roswell.

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Two members of the New Mexico Army National Guard had stopped at her parents' home earlier that day to give Baca-Salas the news. When she wasn't there, they asked local police to assist in gently directing her to go back home.

Instead, Baca-Salas demanded answers. "I just started screaming at him and yelling," she recalls.

"Oh my God! Is it my husband?" she recalls asking the officer. "He's in Iraq," she told them. "Is he OK?

"Ms. Salas, I don't know," the officer told her. "Please go home. I'll follow you."

Arriving home minutes later, she saw the Army casualty officers and fainted on the driveway. Police officers rushed to distract the two children still in the car: Jordan, who will turn 4 on Jan. 11, and Jarrod, now 22 months old.

Baca-Salas had hated her husband's decision in 2005 to join the Army. Even so, she supported him. She says he wanted a chance for his children to see the world, something Ricky Salas Jr. had never experience growing up in West Texas.

He also wanted financial security.

"All he was doing was trying to better himself," Baca-Salas says.

He succeeded for his family. A rush by Congress in 2005 to increase death benefits for those killed in combat resulted in families receiving $500,000 in benefits.

In addition, the state of New Mexico waives state college tuition for the children of those killed in war.

Baca-Salas is buying a home and setting up investment accounts for Jordan and Jarrod. She's also financing her education to become a massage therapist.

The money is a salve, she says, but it is not a cure.

She is reminded of her husband everywhere: at the Home Depot, where police found her the day he died; in the telephone that never carries his voice; on the computer that never displays his e-mail; in the features of his son and the personality of his daughter, who has the same mischievous streak.

Jordan, who has many memories of her father, tells people he is an angel now. "He has big wings," she says.

Baca-Salas, however, remains hurt and angry at everyone and everything, including the husband she lost.

"I'm very mad at Ricky," she says. "I have these two kids that aren't going to know him.

"And no matter what I tell them, it's not the same.

"It's ugly to hear my daughter say her daddy's got big wings. It's hard to take my kids to the cemetery on his birthday."

The Army required a closed coffin for Salas' rosary and funeral Mass. His mother, Brenda Robertson, of Lubbock, Texas, understood that the blast damage was catastrophic. But without a viewing, it seemed as though her son had simply vanished, she said.

"There's no closure because we can't see him," says Robertson, 43. "We don't know."

That's why she requested his autopsy report.

When it arrived by Federal Express six weeks after his death, it carried a warning that was hard to miss: "It is STRONGLY RECOMMENDED that you read this in the presence of people that can provide you with emotional support."

She was alone but read it anyway.

The report listed 55 wounds to her son's body: smashed and broken bones, torn body parts, pulverized organs. When she saw mention of a tattoo on his left arm she put the report down. She knew her son had a tattoo there that read "Salas" in Chinese characters.

"Rick always said he was going to keep me under his wing," Robertson says listlessly.

With the death of her son, who was posthumously promoted to the rank of specialist, Brenda Robertson's life went into a tailspin.

Ricky Salas Jr. was the second of five children and the oldest of four sons of Robertson and her ex-husband, Ricky Salas Sr.

As "Little Ricky" grew to manhood, married and had a family, his mother relied on him as a steady presence in what she concedes was an unsettled life of moving from one job or residence to another.

For years, Ricky pushed her to enroll in college and study bilingual education.

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"He said I'd have a better life and a better future," she recalls. Robertson says she studied at Clovis Community College in Clovis, N.M., for two semesters, working steadily in a campus clerical job. But when her son died, she mourned for weeks and let the education and job slip away.

Now unemployed, she lives with her daughter in Lubbock, recently moving from a three-bedroom trailer that belongs to her ex-husband. A few times, she has found solace in spending time with Jordan and Jarrod, her grandchildren. "I just couldn't deal with it," she says of her son's death. "It's been real hard for me to get back on track."

Her ex-husband, 44, is a former construction worker disabled by a car accident in 2002. He lives on Social Security. His oldest son would always call, even from Iraq, to talk about conditions there. When Ricky Jr., died, the father says he turned increasingly to alcohol.

"Drinking my problems away," he says, "but they don't go away."

These days, there are no calls from Iraq, and Salas often sits in his trailer in Lubbock, staring at the pictures of his son.

"I'm proud. But I've lost the words about how I feel for him doing that," he says of his son's decision to volunteer for the patrol that killed him. "It's a big loss. I don't wish this even on my worst enemy."

Few Iraqis Are Gaining U.S. Sanctuary (NYT)

By Sabrina Tavernise And Robert F. Worth

The New York Times, January 2, 2007

BAGHDAD, Jan. 1 — With thousands of Iraqis desperately fleeing this country every day, advocates for refugees, and even some American officials, say there is an urgent need to allow more Iraqi refugees into the United States.

Until recently the Bush administration had planned to resettle just 500 Iraqis this year, a mere fraction of the tens of thousands of Iraqis who are now believed to be fleeing their country each month. State Department officials say they are open to admitting larger numbers, but are limited by a cumbersome and poorly financed United Nations referral system.

“We’re not even meeting our basic obligation to the Iraqis who’ve been imperiled because they worked for the U.S. government,” said Kirk W. Johnson, who worked for the United States Agency for International Development in Falluja in 2005. “We could not have functioned without their hard work, and it’s shameful that we’ve nothing to offer them in their bleakest hour.”

Senator Edward M. Kennedy, a Massachusetts Democrat who is taking over the immigration, border security and refugee subcommittee, plans hearings this month on America’s responsibility to help vulnerable Iraqis. An estimated 1.8 million Iraqis are living outside Iraq. The pace of the exodus has quickened significantly in the past nine months.

Some critics say the Bush administration has been reluctant to create a significant refugee program because to do so would be tantamount to conceding failure in Iraq. They say a major change in policy could happen only as part of a broader White House shift on Iraq.

“I don’t know of anyone inside the administration who sees this as a priority area,” said Lavinia Limón, president of the United States Committee for Refugees and Immigrants, a nongovernmental refugee resettlement agency based in Washington. “If you think you’re winning, you think they’re going to go back soon.”

For Iraqis, a tie to the United States is a life-threatening liability, particularly in harder-line Sunni neighborhoods. In 2003, Laith, an Army interpreter who would allow only his first name to be used, got a note threatening his family if he did not quit his job. His neighborhood, Adhamiya, was full of Baath Party loyalists. A month later, his father opened the door to a stranger, who shot him dead.

Laith’s mother begged him to stop working, but his salary, $700 a month at the time, supported the entire family. Then someone threw a sound grenade at the house. Graffiti appeared on a wall in ugly black paint accusing Laith of selling information about insurgents to the military. Laith and his family moved out of the house. Soon after, it was broken into and photographs of him with American soldiers were found in a family photo album.

“They know me,” he said, sitting in one of Baghdad’s hotels, because his family would not allow a Western reporter inside the house. “They know when I come and go.”

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Many Iraqis who worked for Americans have already fled the capital or the country, and many plead for help or asylum on a daily basis. Of some 40 nationalities seeking asylum in European countries in the first half of 2006, Iraqis ranked first with more than 8,100 applications, according to the United Nations.

Remarkably few apply for refugee status in the United States, mainly because most Iraqis, even those who have worked for the United States government here, simply assume that getting American status is all but impossible. Iraqis cannot apply directly for refugee status in the American Embassy in Baghdad.

Another interpreter, Amar, who did not want his full name used, went to at least 10 embassies during a trip to Jordan last fall, but found only blank faces. He counts his sacrifice for America in bones and skin. He is missing a finger, an eye and part of his skull, after a large bomb exploded next to his Humvee last year. He has received two threats to his life. Two bodyguards accompany him everywhere. He stays in three different houses to confuse potential attackers.

"They said they have nothing for Iraqis," said Amar, sitting in a small house in western Baghdad. "We feel just like stupid trash."

Until recently, the administration did not appear to understand the gravity of the problem. State Department officials say they are now open to increasing the number of refugee slots the administration formally requested for Iraqis in September. That request already allows for as many as 20,000 more refugees from unspecified countries.

But advocates for refugees say that such an increase is unlikely if no special measures are taken, namely designating Iraqis as a group in peril and formalizing a system for receiving them.

Ellen R. Sauerbrey, the assistant secretary of state for population, refugees and migration, said the United States was hoping to identify the most vulnerable Iraqi refugees but was also dependent on the United Nations High Commissioner for Refugees to do that.

Officials at the United Nations refugee branch acknowledge that they have moved slowly in identifying refugees, largely because of procedural obstacles and lack of money. The agency's budget for Syria last year was $700,000, less than one dollar for each Iraqi refugee in that country. The United Nations High Commissioner for Refugees said in October that its Iraq program was $9 million short and that some employees were going without salaries.

The State Department spent $35 million on Iraqi refugees in Iraq and the region in 2006. The United States spends approximately $8 billion a month on the war.

But there is no legal requirement for the United States to rely on the United Nations. It has run its own programs in the past, notably in Southeast Asia. Hundreds of thousands of Vietnamese were ultimately resettled in the United States after the American withdrawal from Vietnam in 1975. In that instance, a number of aid groups in neighboring countries divided the work of interviewing and assessing refugees, a system Ms. Limón and many other advocates for refugees are pushing for Iraqis today.

The United States has even run similar programs in Iraq, helping to resettle about 40,000 Iraqi refugees in the United States and other countries after a failed uprising against Saddam Hussein in 1991. In 1996, about 6,500 Iraqis who had links to an American-sponsored coup attempt against Mr. Hussein were granted asylum.

The Bush administration suspended resettlement of Iraqi refugees after the Sept. 11 attacks, and it did not resume until April 2005, after the process had begun for other Arab countries. A total of 198 Iraqis were resettled in the United States as refugees in the fiscal year of 2005, and 202 in 2006, but most were in the pipeline before the 2003 invasion, and few of the cases address the increasingly dire situation for Iraqis today.

Iraqis who work with the military often have to live separately from their families, to avoid putting them in danger. One 25-year-old interpreter left home when his parents in Mosul, in northern Iraq, learned of his work. Now in Baghdad, he has been back home rarely.

Laith lives with an aunt, away from his wife, in an area where no one knows him. After a visit to his parents several months ago, a stranger asked about his 8-year-old brother at a boys' school. The family fears that it was the early stages of a kidnapping.

"I bring a lot of troubles when I go to visit my family," he said, smoking a cigarette.

Congress approved one program last year to help get special immigrant status for Iraqi interpreters who have worked for the United States military. Laith has tried to apply. The law, which also applies to Afghan interpreters, is capped at 50 a year. Laith

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was told he needed a senior officer to vouch for him, but he has not worked with one recently, and the one he had worked with is now back in the United States.

Getting such letters, Laith said, has become increasing difficult, because the interpreters for the most senior American officers now tend to be Arabic speakers hired from the United States, not from Iraq.

The State Department has made it clear that it is deeply concerned about the fate of Iraq's religious minorities, including Christians. Officials at the department say that any refugee program must also be geared to those vulnerable groups.

As many as 100,000 exiled Iraqi Christians have relatives in the United States and would want to resettle there if given the chance, said Joseph T. Kassab, the executive director of the Chaldean Federation of America, a Michigan-based umbrella group that represents Iraqi Christians. Mr. Kassab said his group's estimates were based on questionnaires devised by University of Michigan professors and filled out by several thousand Iraqi Christian refugees in Syria, Jordan and Lebanon in recent months.

State Department officials and some advocates for refugees agree that the United States is not likely to begin resettling large numbers of Iraqis anytime soon. New counterterrorism laws after Sept. 11 have slowed immigration, particularly from countries in the Middle East, and Iraqi applications would be bogged down by those security issues.

A State Department refugee official said that any American resettlement effort would deal with only a small part of the overall refugee problem in the region.

Ms. Limón agreed, saying, "We'll have trouble with the few thousand who work in the Green Zone."

A quicker way to help would be to increase financing to countries that are accepting Iraqis — Jordan, Syria and Lebanon — and press those governments to improve their treatment of Iraqis by allowing them to work and travel, officials and advocates said.

That would be a real service for Iraqis in Jordan, who speak of rude and sometimes abusive treatment. Jordanians often do not allow Iraqis to bring in suitcases, travelers said, and have been known to turn away young men, forcing families to continue on without them.

"Put yourself in my shoes," said an Iraqi working in an American Army base who spent eight hours in the January cold last year with his wife and infant at the Jordanian border. "You take your family to another country and they interview you like you are a terrorist."

A residency permit is required, and Iraqis must deposit 50,000 Jordanian dinars — about $70,000 — in a bank without drawing on it for a year to obtain one. The worker, who wanted to be identified only as Abu Hussein, eventually moved his family back to Iraq, to the south, because he could not afford to stay in Jordan.

"The Americans are in control of this country," he said, talking about Jordan. "Why don't they become angry at how they are treating us?"

Abu Hussein is lucky: He lives on the Army base where he works. Laith does not have that luxury. He pays $400 to two guards and a driver to bring him to Baghdad from an American base near Beiji. Insurgents pay taxi drivers near the base to call them when they see a single man with a large overnight bag, he said. Once a cab driver recognized his face.

"I worked for three years, I lost a lot of things," he said, his voice urgent. "It's supposed to be some respect for me."

With Iraq War Come Layers Of Loss (WP)

By Ann Scott Tyson And Josh White

The Washington Post, January 2, 2007

"Grenade!"

Manning a .50-caliber machine gun in the turret of a Humvee, Pfc. Ross McGinnis could see the insurgent on a rooftop fling a hand grenade at his vehicle. He shouted and tried to deflect it, but it fell inside. Four of his buddies were down there.

What followed was a stunning act of self-sacrifice. McGinnis, a 19-year-old from rural Pennsylvania and the youngest soldier in his unit, threw himself backward onto the grenade, absorbing the blast with his body. He was killed instantly. The others escaped serious injury.

With the death toll for U.S. service members in Iraq past the 3,000 mark, McGinnis's heroism, on Dec. 4, stands as one extreme in the vast spectrum of how Americans are experiencing the Iraq war.

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Like an emotional manifestation of the laws of physics, the casualties have rippled across the American psyche -- those close to the events have been profoundly moved, while those at some distance, the majority of Americans, have been largely unaffected. Concentric circles of loss spread outward, starting with grieving parents, spouses and children -- many so young they will not remember the father or mother who was killed in war. Families of the severely wounded face a future they never planned for and financial hardships they never imagined. In small towns, which supply much of the nation's fighting force, one death can send an entire community into mourning. Tens of thousands of U.S. troops continue to brave the war zone, while their friends, families and sweethearts worry at home.

At a Pentagon service to mark the fifth anniversary of the Sept. 11 attacks, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said that more than 1.3 million troops had been deployed to support the wars in Iraq and Afghanistan. That is almost one in every 230 Americans.

In a USA Today-Gallup poll in October, 11 percent of respondents said they had a close friend, family member or co-worker who was wounded or killed in the Iraq war; an additional 43 percent had a friend, relative or colleague who had served in it.

For much of the rest of the country, the reverberations of the conflict are limited to headlines and television images of explosions or discussions about Iraq policy. The nation's war dead are returned to the United States privately, their flag-draped coffins shielded from cameras.

"The fatal flaw was when right after September 11 the president asked everyone to go on with their lives. That set the stage for no one sacrificing," said a Special Forces team sergeant who recently served in Iraq. "That's why they aren't behind it, because they don't have a stake in this war. They aren't losing or gaining anything. If you don't see it, smell it, feel it, how are you connected?"'We Will Meet Again'

In the Humvee in Baghdad's Adhamiyah district that afternoon, Sgt. 1st Class Cedric Thomas, the platoon sergeant, heard Ross McGinnis's warning and shouted back: "Where?"

"The grenade is in the truck," McGinnis yelled. Then he ducked down and backward, pinning the device between his body and the radio mount just before it went off.

"He had time to jump out of the truck. He chose not to," Thomas said, according to official military accounts of the incident. McGinnis's action saved Thomas and three other soldiers from "certain serious injury or death."

That evening, two Army officers in dress uniforms rang the doorbell at the McGinnis home in Knox, Pa.

"At that moment, I felt as if I had slipped off the edge of a cliff and there was nothing to grab onto," wrote McGinnis's father, Tom, in a statement provided to The Washington Post. "If only my life could have ended just a moment before this."

The following morning, news of the death of the lanky 6-foot-tall amateur mechanic rippled through the small community of 1,200, where his high school graduating class had 86 students. McGinnis, who was promoted posthumously to specialist and recommended for the Medal of Honor, was the first soldier from the town to die in Iraq.

"It was such a shock," said Vicky Walters, the high school assistant principal, who had known McGinnis since he was a baby. "We're grief-stricken. We were some of the ones who were insulated." About 7 percent of high school graduates in Knox, in western Pennsylvania, join the military.

McGinnis joined the Army at 17, before graduating in spring 2005. That fall, he came back to school in his uniform. It was the last time Walters would see him. "He just beamed," she said, choking up.

McGinnis's father, reflecting on his family's loss, wrote that his son went to war not to die but "to fight and win and come home to us and marry and grow old and have children and grandchildren."

"But die he did, and his mother, dad and sisters must face that fact and go on without him, believing that someday we will meet again." (Tom McGinnis's full statement can be read at http://www.washingtonpost.com.)'Home to a Different Life'

Christopher and Brandon Adams can't grasp what has happened. "They don't understand why Daddy talks that way, why Daddy can't play, why Daddy can't throw a football for them," Summer Adams said from her living room in Miramar, Fla.

Her husband, John, a Florida National Guardsman, was severely disabled in August 2003 by a roadside bomb in Ramadi, the capital of Iraq's Sunni insurgent stronghold of Anbar province. He is one of more than 22,000 service members who have been wounded in Iraq.

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After the phone call telling her he had been injured, she waited three frantic days to find out where he was, she said, a complaint heard from families of others wounded early in the war. When she arrived at the intensive-care unit at Walter Reed Army Medical Center in Washington, she still had no idea about the extent of his injuries. "I guess we are supposed to receive the shock when we reach the hospital," she said.

John, who experienced severe trauma from a quarter-size piece of shrapnel lodged in his brain, lay heavily bandaged "with tubes everywhere," she said. After briefly acknowledging his wife, he fell into a long coma.

Months later, the couple were able to return to Florida, but their challenges had only begun. "We came home to a different life. Nothing was the same anymore," said Summer. John's speech was barely understandable, and though he eventually was able to walk again, he would pass out from vertigo if he looked up.

On Christmas Eve a year ago, the couple arrived at Summer's mother's house for dinner as some neighbors were setting off firecrackers. John wouldn't get out of the van. "He couldn't take the noise," Summer said.

With children who are 5 and 7, she has been unable to return to work as a claims supervisor for an insurance company and had to ask for help from the Red Cross to pay the mortgage and water bill. Army administrative problems left the family without pay and health insurance for the children for months at a time.

"I looked for whoever could help me, or I got on the phone and started yelling," Summer said. "As hard as it gets and frustrating -- and I scream -- you just have to keep going."

John, 40, said he feels frustrated, too, but recognizes that many other wounded troops are even worse off. "There are so many people like me," he said, his words slurred. "People need to know.""Working Our Way Out of It'

With a long scar on his face, metal holding his jaw together and more reconstructive surgery ahead, 23-year-old Sgt. Doug Szczepanski Jr. often finds people staring at him on the street. "Sometimes I'll make up stories and tell them it was a shark attack, or a skateboarding incident," he said. "Then when I tell them the truth, they'll look at me all weird and say, 'What? You got blown up in Iraq?' They don't know what to say."

Szczepanski was wounded in September 2005 when a suicide bomber exploded an Opel sedan packed with artillery rounds next to his convoy north of Baghdad.

"I was scanning to the left and it came up to us really quick," Szczepanski said. The blast blew his face open down to the collarbone, blinding him in the left eye and nearly severing his right ear. Shrapnel pierced his head and his upper body was covered with second- and third-degree burns.

His parents saw him six days later, when he was transferred to the hospital at Fort Sam Houston in Texas. "He was unrecognizable, he was so swelled up and burned," his father, Doug Sr., said in a phone interview from their home in Bay City, Mich. "You first see your child like that and you're so confused. You don't know if you should cry, sit down, throw up. We just wanted to get on the airplane and go back home and pretend none of this happened."

But relying heavily on their faith, the family persevered.

Szczepanski's mother, Amy, closed her business as a home child-care provider to care for her son, losing about $1,300 a month in income. "We probably would have lost our home without help," she said. "We're still working our way out of it." A survey this year by the nonprofit Coalition to Salute America's Heroes, which has helped the Szczepanskis and the Adamses, showed that more than half of families of the seriously wounded experience a drop in their standard of living.

Szczepanski has given up his goal of becoming a police officer like his father, but because he was spared brain injury -- "a miracle," his mother says -- he plans to obtain a degree in criminal justice and pursue a job in that field.'I'm Willing to Give My Life'

Sgt. Matthew Boone, 26, of Anderson, Ind., is serving his second tour in Iraq now; he thinks he will probably be back for a third. He also has served in Afghanistan and the Horn of Africa since 2001, when he joined one of the most deployed units in the Army, the 2nd Brigade, 10th Mountain Division.

"It has put into perspective what is really important, and that's my family," Boone said in October at a base outside Baghdad. "But I'm willing to give my life for this."

Still, "it's rough," he said. "You miss your kids' first this, first that." His youngest son, Marcus, is 3. More than half of U.S. troops deployed overseas are married, according to Pentagon statistics.

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The members of the 2-10 Mountain take pride in their many deployments. 1st Sgt. David Schumacher, 37, of Watertown, N.Y., has been to Iraq three times and has deployed a total of eight times, going back to his tour in Somalia.

"I love what I do," Schumacher said in a recent interview in Yusufiyah, Iraq. "This is what I signed up for. But I'd like to let my family enjoy me for more than a few months at a time."

Maj. Mitchell Watkins, 40, of Vonore, Tenn., has had seven operational deployments in his career and is on his third tour in Iraq, now as the executive officer of the 3rd Squadron, 4th Cavalry Regiment, based in Tall Afar. Watkins said that each combat death is intensely tragic -- he lost one of his closest friends during his last tour -- but that what the troops have given for their country should never be forgotten.

"I willfully continue to serve here because I believe that our sacrifice is still appreciated by many Iraqis who desire to truly be free, and by the people at home who are supporting us," Watkins said in November. "Having lost two close personal friends here in this war and almost 3,000 comrades, I understand the sacrifice this presents to my family, but I have no regrets."Hitting Home

After paying tribute to President Gerald R. Ford as he lay in state over the weekend, Katy Dotson, a high school teacher from West Milford, N.J., said she struggles with the number of American lives that have been lost in the Iraq war. Dotson, 24, said she recently sat in on a colleague's current-events class and was struck to see how little the students knew about the conflict and its victims.

"Most Americans don't understand that people are numbers and numbers are people," she said. They grasp the gravity of the situation only when tragedy strikes close to home. "We had one young man die from our town," she said. "It was a very big deal. The post office was renamed after him."

Statement From Parents Of SPC Ross A. McGinnis, December 23, 2006 (WP)

The Washington Post, January 2, 2007

Statement from parents of SPC Ross A. McGinnis, December 23, 2006

When the doorbell rang Monday evening December 4th, about 9:30, I wondered who would be visiting at this hour of the evening. But when I walked up to the door and saw two US Army officers standing on the patio at the bottom of the steps, I knew instantly what was happening. This is the only way the Army tells the next of kin that a soldier has died.

At that moment, I felt as if I had slipped off the edge of a cliff and there was nothing to grab onto; just a second beyond safety, falling into hell. If only my life could have ended just a moment before this so that I would not have to hear the words they were about to say. If only I could blink myself awake from this horrible dream. But it wasn't a dream.

As the officers made their way into our living room, I rushed back into our bedroom and told my wife Romayne to get up; we had company. And they were going to tell us that Ross is dead. I knew of no other way to say it.

We rushed back out to meet the officers, and then the appointed spokesperson recited the standard message that Private First Class Ross A. McGinnis had been killed in action in Baghdad, Iraq, that day. They could tell us nothing more except that Army regulations required that the family be notified within 4 hours of the event. They offered their sympathy and support, and the Chaplain prayed for our strength in the days to come, and then they left us alone in shock, grief and disbelief.

In the days that followed, we were informed of the details of his death. The entire world probably knows those details now, since there was so much excitement about his heroic deed. Hundreds of family, friends and acquaintances offered us their words of prayer and comfort. But only time will take the edge off the knives that have wedged into our hearts.

Ross did not become OUR hero by dying to save his fellow soldiers from a grenade. He was a hero to us long before he died, because he was willing to risk his life to protect the ideals of freedom and justice that America represents. He has been recommended for the Medal of Honor, and many think that he deserves to get it without the typical 2 years that Congress has required of late. We, his parents, are in no hurry to have our son bestowed with this medal. That is not why he gave his life. The lives of four men who were his Army brothers outweighed the value of his one life. It was just a matter of simple kindergarten arithmetic. Four means more than one.

It didn't matter to Ross that he could have escaped the situation without a scratch. Nobody would have questioned such a reflex reaction. What mattered to him were the four men placed in his care on a moment's notice. One moment he was

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responsible for defending the rear of the convoy from enemy fire; the next moment he held the lives of four of his friends in his hands.

The choice for Ross was simple, but simple does not mean easy. His straightforward answer to a simple but difficult choice should stand as a shining example for the rest of us. We all face simple choices, but how often do we choose to make a sacrifice to get the right answer? The right choice sometimes requires honor.

Our Bible tells us that God gave up his only son to die for us so that we may live. But Romayne and I are not gods. We can't see the future, and we didn't give our son to die, knowing that he will live again. We gave him to fight and win and come home to us and marry and grow old and have children and grandchildren. But die he did, and his mother, dad and sisters must face that fact and go on without him, believing that someday we will meet again. Heaven is beyond our imagination and so we must wait to see what it's like.

God bless everybody that has comforted us in our time of grief. But we must not forget the men and women who are still putting their lives on the line; we must keep them in our prayers and keep reminding them with gifts and letters that they are loved and that we want them to return safely to their families.

Pop Music And The War: The Sound Of Resignation (NYT)

By Jon Pareles

The New York Times, January 2, 2007

"I was a lover, before this war." Those are the first words sung on TV on the Radio's "Return to Cookie Mountain," one of the most widely praised albums of 2006. Whatever the line means within the band's cryptic lyrics, it could also apply to the past year's popular music. Thoughts of romance, vice and comfort still dominated the charts and the airwaves. But amid the entertainment, songwriters — including some aiming for the Top 10 — were also grappling with a war that wouldn't go away.

Pop's political consciousness rises in every election year, and much as it became clear in November that voters are tired of war, music in 2006 also reflected battle fatigue. Beyond typical wartime attitudes of belligerence, protest and yearning for peace, in 2006 pop moved toward something different: a mood somewhere between resignation and a siege mentality.

Songs that touched on the war in 2006 were suffused with the mournful and resentful knowledge that — as Neil Young titled the album he made and rush-released in the spring — we are "Living With War," and will be for some time. Awareness of the war throbs like a chronic headache behind more pleasant distractions.

The cultural response to war in Iraq and the war on terrorism — one protracted, the other possibly endless — doesn't have an exact historical parallel. Unlike World War II, the current situation has brought little national unity; unlike the Vietnam era, ours has no appreciable domestic support for America's opponents. Iraq may be turning into a quagmire and civil war like Vietnam, but the current war has not inspired talk of generationwide rebellion (perhaps because there's no draft to pit young against old) or any colorful, psychedelically defiant counterculture. The war songs of the 21st century have been sober and earnest, pragmatic rather than fanciful.

Immediate responses to 9/11 and to the invasion of Iraq arrived along familiar lines. There was anger and saber-rattling at first, particularly in country music; the Dixie Chicks' career was upended in 2003 when Natalie Maines disparaged the president on the eve of the Iraq invasion. There were folky protest songs about weapons and oil profiteering, like "The Price of Oil" by Billy Bragg; in a 21st-century touch, there were denunciations of news media complicity from songwriters as varied as Merle Haggard, Nellie McKay and the punk-rock band Anti-Flag.

Rappers, who were already slinging war metaphors for everything from rhyme battles to tales of drug-dealing crime soldiers, soon exploited the multitude of rhymes for Iraq, while some, like Eminem and OutKast, also bluntly attacked the president and the war.

In 2006 songwriters who usually stick to love songs found themselves paying attention to the war as well. "A new year, a new enemy/Another soldier gone to war," John Legend sings in "Coming Home," the song that ends his 2006 album, "Once Again." It's a soldier's letter home, wondering if his girlfriend still cares. "It seems the wars will never end, but we'll make it home again," Mr. Legend croons, more wishful than confident.

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John Mayer starts his 2006 album, "Continuum," with "Waiting on the World to Change," a pop-soul ballad defining his generation as one that feels passive because it's helpless: "If we had the power to bring our neighbors home from war," he sings, "They would never have missed a Christmas/No more ribbons on the door." The best he and they can do, he muses, doubtless to the disgust of more activist types, is to wait until "our generation is gonna rule the population."

There is more rage in the guitar onslaught of albums like Pearl Jam's politically charged, self-titled 2006 album. Contemplating the death of a soldier in "World Wide Suicide," the song lashes out at a president "writing checks that others pay," but ends up wondering, "What does it mean when a war has taken over?" And in "Army Reserve," a wife and child wait: "She tells herself and everybody else/Father is risking his life for our freedoms." The righteousness of old protest songs has been replaced by sorrow and malaise.

After three years of war, bluster has toned down, even in country music. Merle Haggard, a populist who has always been skeptical of the war in Iraq, tersely insists, "Let's get out of Iraq, get back on the track, and let's rebuild America first," on his most recent solo album, "Chicago Wind." In another song on the album, Toby Keith, whose "Courtesy of the Red, White and Blue (The Angry American)" was one of country's most bellicose war songs in 2002, joins Mr. Haggard for a duet, suggesting a reconsideration.

Like the electorate, all pop can agree on across political lines is sympathy for the troops. Bruce Springsteen's "We Shall Overcome: The Seeger Sessions" included an old song, "Mrs. McGrath," about a soldier crippled in battle; the album's expanded edition added an updated version of a blunt Pete Seeger song from 1966, "Bring 'Em Home."

On the hawkish side, the country singer Darryl Worley had a 2003 hit, "Have You Forgotten?," that justified the Iraq invasion as a reaction to 9/11. Now, he has a current Top 20 country hit that reiterates his support for the war but concentrates on its human cost, describing a returned soldier's post-traumatic stress in "I Just Came Back From a War."

In a song called "Bullet," the rapper Rhymefest portrays a soldier who enlisted as a way to get scholarship money for college and dies "with a face full of hollowtips." Even as cozy a singer as Norah Jones starts her next album, due this month, with "Thinking About You," a song about a lover killed in combat.

There were plenty of other songs directly about the war in 2006. But beyond topicality, the war also seeped into popular music more obliquely. The year's best-selling country album, "Me and My Gang," by Rascal Flatts, includes "Ellsworth," a song about "Grandma" and her dead husband, a veteran who left behind "his medals/A cigar box of letters." Gnarls Barkley's ubiquitous hit single, "Crazy," is about self-destructive insanity: "You really think you're in control? Well, I think you're crazy."

Thoughts of mortality fill albums like "The Black Parade," by My Chemical Romance, and "Decemberunderground," by A.F.I. War isn't the only factor behind all the foreboding in current popular music, but it's certainly one.

The 2000s are not the late 1960s, culturally or ideologically, but the musical repercussions of the Vietnam War may hint at what comes next. As that war dragged on, the delirious late 1960s gave way to not only the sodden early 1970s of technique-obsessed rock and self-absorbed singer-songwriters, but also to a flowering of socially conscious, musically innovative soul, the music that John Legend and John Mayer now deliberately invoke. It's as if this wartime era has simply skipped the giddy phase — which didn't, in the end, turn bombers into butterflies — and gone directly to the brooding. The end of the Vietnam War in 1975 was quickly followed by the rejuvenating energy of punk and hip-hop; there's no telling what disengagement from Iraq might spark.

Music and the other arts, unlike journalism, don't echo the news. They can be counterweights and compensations, the fantasies that work out, rather than the facts that don't. In the weeks before Christmas, I started noticing that nearly every time I wandered into a store or heard holiday music from a radio, John Lennon's "Happy Xmas (War Is Over)" — that chiming, purposefully optimistic song with the somber undercurrent — was on the playlist. When even Muzak programmers are facing up to life during wartime, pop is no escape.

CORPORATE SCANDALS:

Apple Probe Spotlights Two (WSJ)

By Nick Wingfield

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The Wall Street Journal, January 2, 2007

Now that Apple Computer Inc. has disclosed further details of its internal probe into backdated stock options at the company, the spotlight is falling on two former executives implicated in the investigation, Fred Anderson and Nancy Heinen.

While the Cupertino, Calif., company still hasn't publicly named the two former executives its investigation has blamed for improper options-granting practices, people familiar with the matter confirm the pair are Mr. Anderson, Apple's former chief financial officer, and Ms. Heinen, former general counsel and board secretary.

FURTHER READING

• Jobs Helped Pick 'Favorable' Dates for Option Grants1

12/30/06

• Law Blog: Roundup of iLawsuits2

• Jobs Knew About Options Backdating3

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• Options Scorecard: Companies under scrutiny4

• Perfect Payday: Complete coverage5

Apple -- which cleared current management, including Chief Executive Steve Jobs, of wrongdoing on Friday -- has turned the results of its investigation over to the Justice Department and the Securities and Exchange Commission. Apple said in a filing Friday with the SEC that thousands of options grants between 1997 and 2002 were improperly dated.

Federal prosecutors are in the early stages of their examination of Apple's backdating practices, in a process that could take months.

An Apple spokesman had no comment. Attorneys for Mr. Anderson and Ms. Heinen say their clients did nothing wrong.

"As CFO, Fred did not play any day-to-day role in the granting, reporting and accounting of stock options and he was not involved in any knowing manipulation of the process," said Jerome Roth, Mr. Anderson's attorney.

"We absolutely deny that she did anything that could be called intentional misconduct," said Cristina Arguedas, Ms. Heinen's attorney.

Within the clubby circles of Silicon Valley, Apple's allegations have caused a stir among people who know the former Apple executives. A person familiar with the matter says Apple may argue that, as financial chief, Mr. Anderson should have been responsible for proper accounting of backdated options. In Ms. Heinen's case, Apple believes it has evidence that Ms. Heinen, as board secretary, was aware of improper documentation that said a board meeting occurred in October 2001 to approve a big option grant to Mr. Jobs, when no such meeting occurred.

Until more specifics are known, associates of both executives say they are standing by them. Mr. Anderson also sits on the board of Internet auctioneer eBay Inc. and is chairman of its audit committee. Meg Whitman, eBay's CEO, said Mr. Anderson will remain in both positions despite the allegations in the Apple investigation. "He is smart, with the highest degree of integrity and ethics," Ms. Whitman said in an interview.

Mr. Anderson, 62 years old, joined Apple in 1996 at a time when the company was in financial distress. He was one of the few senior executives at the company to survive a purge of old management when Mr. Jobs returned to Apple in the late 1990s. Mr. Anderson is credited with helping to improve the company's financial standing. Mr. Jobs asked Mr. Anderson to join Apple's board after he left the financial chief job in 2004.

After Apple found preliminary evidence of irregularities in past option grants last year, Mr. Anderson spent considerable time at the company's headquarters helping an independent investigative team comb through company records to more closely examine past options grants, people familiar with the matter say. It shocked him when Apple's lawyers later indicated to him that he might become a target of the investigation, these people say. As a result, Mr. Anderson resigned from Apple's board in October.

Ms. Heinen was one of Mr. Jobs's longest-serving lieutenants, working for him in the 1990s as general counsel at NeXT Software Inc., the company Mr. Jobs sold to Apple in 1996. Ms. Heinen joined Apple as a senior vice president and general counsel in 1997 and helped oversee a law department at Apple of about 100 people, including roughly 40 attorneys.

Rich Gray, a friend of Ms. Heinen's who worked with her at a small Silicon Valley law firm two decades ago, said he found it hard to believe she did anything wrong at Apple. "She's very smart and she has tremendous personal integrity," said Mr. Gray, a senior vice president and general counsel at Internet marketing company Claria Corp. "I just don't see it happening."

Ms. Heinen left Apple before the company's disclosure of stock-option irregularities. People familiar with the matter say her departure was unrelated to options backdating, though they declined to discuss the reasons in greater detail.

According to Thomson Financial Insider Analysis, Ms. Heinen sold Apple shares valued at $85 million throughout her tenure at the company, while Mr. Anderson sold shares valued at $76 million.

Editorial: Holding The Line (NYT)

The New York Times, January 2, 2007

The old year was certainly a boom one for American business, with record profits for companies and record bonuses on Wall Street. But in the background a major accounting scandal has quietly spread, now encompassing more than 120 companies. Fudging the grant date for stock options doesn't quite have the spotlight-grabbing immediacy of Enron's collapse, but it is still gaming the system at the expense of shareholders.

A study sponsored by Harvard Law School suggests that a large number of board members, instead of watching out for self-enriching tricks, were sharing in the lucre. As Eric Dash reported in The Times recently, the study found that board members at roughly 460 companies, around 1,400 outside directors, likely received stock options that were manipulated, unnaturally boosting their value. In other words, many directors saw their stock holdings goosed along with executives'. So much for independent oversight.

What is particularly disturbing is that the news of this malfeasance, far from leading to full-throated calls for investigation and punishment, has coincided with a broad-based effort from business advocates to roll back the stiffer regime of enforcement devised in the wake of Enron and WorldCom.

There is no legislative push to loosen laws and reverse rule changes precisely because there is little support for it among voters at a time when executive pay is skyrocketing and traders are bemoaning the fact that the Ferrari dealer is fresh out of quarter-million-dollar cars.

Some logical tweaks were needed. The Justice Department's prosecution tactics in corporate cases had become a little too aggressive, and small companies deserved a break on requirements under the Sarbanes-Oxley law — a reform inspired by the malfeasance of large, complicated companies. But the relaxation of a few miscalibrated, onerous provisions is where this effort should end.

Banks' Leases To Hedge Funds Are Questioned (NYT)

By Jenny Anderson

The New York Times, January 2, 2007

Inside a Philip Johnson-designed office tower in Boston's financial district, UBS, the giant Swiss bank, is running a "hedge fund hotel."

Like a few other big investment banks, UBS leases space to ambitious young hedge fund traders as a temporary home, complete with receptionists, espresso machines and consultants to help manage their information systems.

In return, the banks hope the hedge fund hotel guests may become big clients.

Some regulators, however, are growing concerned about the relationship between the banks and their hedge fund hotel guests, looking at whether the banks might be using the real estate relationship as a way to entice hedge funds to do business with them, possibly at the expense of their investors.

William F. Galvin, the Massachusetts secretary of state, has subpoenaed UBS and is examining other banks with hedge fund hotels in Boston to determine how they are charging for their services. He is looking at whether hedge funds are paying higher than normal trading fees to banks to compensate them for the office space and failing to disclose this expense to investors.

"It's a conflict of interest issue," Mr. Galvin said.

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UBS, which declined to comment, is the leader in this business, with 400,000 square feet of hedge fund hotels in a number of cities. Bear Stearns is also active, with space for rent in New York, Boston, San Francisco and Los Angeles.

While the state investigation is in a preliminary stage and may not lead to any specific charges, at its heart is a thorny issue that has dogged regulators for decades. Money managers, including mutual funds and hedge funds, often pay Wall Street with "soft dollars" — inflated commissions that include the cost of trading (typically 1 to 2 cents a share) plus an additional few cents a share that can be directed to pay for research and other services.

Soft dollars are controversial because clients pay for the higher commissions, while the services often benefit the manager the most. Higher commissions result in greater expenses for the fund and potentially lower returns for investors.

In the late 1990s, the Securities and Exchange Commission cracked down on the use of soft dollars by mutual funds, concerned that investors were being duped into paying for services enjoyed by the manager.

Massachusetts is now investigating whether hedge funds are improperly using soft dollars to pay for space in these hotels and failing to disclose to investors that they are covering a major expense.

"It's the same soft dollar question," Mr. Galvin said in an interview. "What kind of quid pro quo might be in the placement of an order? What's the relationship between the entities?"

As hedge funds have exploded, so, too, have the fortunes of Wall Street, which earns billions of dollars a year in fees executing trades and lending money to hedge fund clients. Hedge funds typically trade more than other Wall Street clients and they trade exotic, high-margin products, like complex derivatives.

Because hedge funds have become such important customers, there are concerns that they may be receiving tips about pending mergers, for example, or other yet-to-be-disclosed news that could affect a stock price. Trading ahead of public disclosure would give a fund an advantage; while it generally would be illegal, it is often hard for regulators to detect or prove.

Trading and the soft dollars used to pay for it are only one part of the business Wall Street does with hedge funds. The main business of servicing hedge funds is called prime brokerage. It includes financing trades; finding and lending stock to allow hedge funds to short stocks (betting that their price will fall); structuring derivatives; and executing swaps. It can also include hedge fund hotels — securing real estate, receptionists and information technology and even managing, say, the risk of trading currencies in Asia.

The global prime brokerage business generates $8 billion to $10 billion a year, according to an estimate by the Vodia Group, a consulting firm for the financial services industry. The business is highly profitable, with a return on equity — a measure of how efficiently the bank reinvests its capital — of a healthy 15 to 20 percent. In 2006, Goldman Sachs made $2 billion directly servicing hedge funds, 22 percent more than the previous year.

Prime brokerage is only the tip of the iceberg when it comes to the fees that hedge funds generate for Wall Street firms: billions of additional dollars come from trading for these funds. Credit Suisse estimates that investment banks made $25 billion in revenue from hedge funds in 2004, $19 billion of which came from sales and trading and the rest from prime brokerage.

Hedge funds now control half the volume traded on the New York and London Stock Exchanges, according to Credit Suisse.

In markets like convertible arbitrage, hedge funds control 70 percent of the trading. (In convertible arbitrage, an investor buys a bond that can be converted into stock and then sells that stock short, betting that its price will fall because of the sale of convertible bonds.)

"Hedge funds generate about 30 to 35 percent of the equity commission volume of the major Wall Street firms," said Brad Hintz, a securities analyst with Sanford C. Bernstein & Company, a respected Wall Street research firm that manages money for wealthy individuals and institutions. But that is only part of the equation.

"Because a hedge fund has broad investment guidelines — it is not constrained like a mutual fund to invest in certain stocks or certain sectors — it allows the hedge fund to really go after some of the more financially attractive products the Street offers," Mr. Hintz said.

In the United States, Goldman Sachs, Morgan Stanley and Bear Stearns lead the pack in prime brokerage, collectively controlling about 75 percent of the market, according to Sanford C. Bernstein, a unit of AllianceBernstein.

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But neither Goldman nor Morgan Stanley run significant hedge fund hotel operations. (Goldman inherited a small business from Spear, Leeds & Kellogg, which it bought in 2000.)

Bear Stearns' hedge fund hotel clients tend to be small. Bear is unusual because it accepts only "hard dollar" arrangements, rather then venturing into the murky area of soft dollars.

Bank of America exited the hedge fund hotel business 18 months ago because of a lack of demand.

Lehman Brothers and Credit Suisse have been building their prime brokerage businesses. Lehman has space that it leases to a select group of clients, but it is not a major player in hotel space. Credit Suisse prefers to cater to a small number of institutional-quality hedge funds that are expanding into high-margin products like structured derivatives and reinsurance.

Jefferies, a bank that caters to midmarket clients, recruited a significant part of Bank of America's prime brokerage team to build its business. Glen Dailey, head of prime brokerage, said the hedge fund hotel business was too expensive to build at Bank of America.

"It took a lot of resources, especially tech support," Mr. Dailey said. "Clients would call because there wasn't coffee or hot water. In the end, we felt like the client service group was spending 80 percent of its time on the real estate."

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The 'Corporate Democracy' Oxymoron (WSJ)

By Henry G. Manne

The Wall Street Journal, January 2, 2007

They're back! Every 20 or 30 years shareholder democracy ideas come back in vogue, and their time seems to have arrived again -- with a vengeance.

The SEC is huddling on whether to facilitate direct shareholder nomination of directors through a new interpretation of its shareholder proposal rule. A prominent professor at Harvard Law School, Lucian Bebchuk, proposes, among other democratizing moves, amending state corporation laws to encourage contested elections for board members. There is ongoing controversy about whether mutual funds are making sufficient disclosure to investors of how they vote on various portfolio corporate matters. And European corporate governance circles are in a dither because the EU failed in a recent directive to qualify the usual one-share-one-vote rule with something approaching one-shareholder-one-vote. The list could be expanded considerably.

There is absolutely nothing new in any of this discussion. The real world has not changed in any significant way, and our knowledge of corporate governance has not been revolutionized by some intellectual breakthrough. Furthermore, the provenance of the "corporate democracy" oxymoron has long been understood. The idea results from the inappropriate conflation of political ideals with market institutions. Its persistence can only be attributed to the intelligentsia's far greater comfort and familiarity with political models and events than with knowledge and appreciation of how markets function.

But, as has been demonstrated time and again, the modern corporation is a market creation, not a political one. Hardly any aspect of "capitalism's greatest invention" cannot be explained by reference to the market forces that caused it to evolve as it has. Indeed, there is probably no aspect of modern state corporation laws, including limited liability, "personhood" and perpetual existence, that could not have evolved (albeit a bit more expensively) in a purely contractual, common law milieu. So it is with the selection of managers.

Multi-owner businesses with no single controlling shareholder have always had to select managers (here including the board of directors) to avoid the prohibitive costs and inconveniences of personal consultation and group decision making by large numbers of equity owners. Some sort of voting mechanism to select the central management was the most obvious and the cheapest solution, though other devices were feasible. Consideration of how a non-voting device might operate helps to reveal the practical essence of corporate voting and its radical difference from political voting.

Suppose, hypothetically, that all shares or interests in a new corporate venture were, in current parlance, non-voting. A provision in the charter or bylaws would then have to provide for some external mechanism -- perhaps a court, an independent trustee or a private commission of some sort -- to canvas all shareholders and determine who had sufficient shares to allow them to control the company and thus eventually to name the managers.

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There would not be a vote. Rather the requisite number of share owners would simply "prove" to the outside agency their right to control the business. That shareholder or group of shareholders could then use any system they wanted to make the personal selection of managers after their control was certified. Of course, in practice it would be more efficient for the shareowners to designate their candidates in advance and use an election model to determine the outcome. But that is not crucial to this illustration. The critical determination is not the identification of the managers but rather of the holders of the controlling number of shares. From time to time, depending on the period or conditions established by the incorporators or applicable laws, this certification process would be conducted anew.

This little mental exercise illustrates that the selection of managers in corporations is ultimately a function of majority shareholding, not of any political-type shareholder election process. It should also demonstrate the fatuousness of any ideal of shareholder democracy. It was probably most nearly approximated by the pre-New Deal era of "banker control" of corporations, which, by all accounts, worked fairly well. And it is the de facto system in any corporation which has a control block of shares held by a single shareholder or cohesive group.

Public voting in corporations, which has so confused the public on the issue, is merely a cheap way of determining who holds the requisite number of shares and only incidentally who shall be the managers. If we had never used the word "voting" in corporation law, there is a good chance that many critics would never have thought up the idea of shareholder democracy on their own, since the principal overt evidence of an overlap with the political process would then be missing.

Corporate voting is not about reallocating resources, as is inevitably involved in political elections, nor is it about making actual managerial decisions, as in New England town meetings. There is no room in this scenario for contested elections or nominations to be made willy-nilly by the shareholders. Both of these ideas are part and parcel of the political version of elections. It is hard not to agree with Professor Stephen Bainbridge of UCLA Law School that, if either of these ideas had any real merit, we would have seen them tried and adopted in the real corporate world. We do not.

Also it now becomes clear why an unfettered market in corporate control (with whatever private provisions for managing changes of control are prescribed in the articles or bylaws) is so desirable in a large corporate system. This is actually a market for votes, since votes are the indicia used for control, and the votes and control move into the hands of those who, because they are best able to profit from them, are willing to pay the most for them. That is how efficient markets function. Thus the system of buying and selling votes, including the payment of premium prices for voting shares needed for control, works very well to settle the election issue.

It ill behooves corporate democrats like Professor Bebchuk to deride this system as not satisfactorily monitoring managers when he knows full well that regulatory interferences are mainly responsible for poor performance in the market for corporate control and, for that matter, for much of the steep escalation in executive compensation in recent years. That they would then propose intricate regulatory provisions for more shareholder democracy is evidence of the mindset that causes the problems. (No matter though; the hedge funds -- if we can just leave them alone -- have found ways around those market restraints, even to the point of creating a separate market for votes.)

Corporate voting, as an integral part of the control designation process, is premised on the not-illogical view that shareholders are interested exclusively in maximizing their return on investment and not in social causes, political movements or the reallocation of wealth. Some shareholders may put these interests above profit maximization -- but the laws of corporate governance should not countenance interference by those activists with the contractually established expectations of the vast number of investors.

Why do they always concern themselves with successful businesses instead of founding their own? Perhaps many of the advocates of shareholder democracy actually have a hidden agenda, most usually either a greater degree of government control over private enterprises, or more power to unions via their control of pension funds. Neither has proved beneficial to the investing public or is consistent with a vigorous and innovative public economy.

The hidden agenda of many corporate democrats is even more apparent when they argue that large corporations are indeed like small republics and should, therefore, like all governments, be democratized or constitutionalized. This is usually no more than an assertion that the large size of an otherwise private enterprise is sufficient to convert what would otherwise be a private ordering into something suffused with a public interest -- in other words, an argument for more socialism. The very

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success of a private concern becomes the reason for destroying its privateness -- a neat rhetorical trick if it was not so patently absurd. * * *

Sometimes this argument is made a bit more logical by saying that large size necessarily means that external costs will be visited on the rest of society. This is the basis for the currently popular claim that so-called "stakeholders" should have a real voice in how the corporation conducts its affairs. But even if there are occasional costly externalities associated with corporate activities, rearranging corporate governance, which is obviously functioning adequately for investors now, is an irresponsible and costly way to solve that real political problem.

We need corporate activists today more than ever, but we need them to lobby and argue for repeal of our many costly and ill-serving bits of corporate regulation. They might start with Sarbanes-Oxley, then go back in time to cover the Williams Act and state anti-takeover provisions, the Investment Company Act of 1940, the Securities and Exchange Act of 1934 and the Securities Act of 1933. I know this is pie-in-the-sky idealism, but it does not change the fact that, on balance, the world would be a far better place without these laws or anything like them.

Mr. Manne is Dean Emeritus of the George Mason University School of Law.

CRIMINAL LAW:

In CIA Leak Case, Reporters Will Be Key Witnesses (AP)

By Matt Apuzzo, Associated Press

AP, January 2, 2007

WASHINGTON – Some journalists who made careers out of questioning government officials and bearing witness to history may soon find themselves answering questions from prosecutors as key witnesses in the CIA leak case.

Ten or more reporters from some of the most prominent news organizations could be called to testify in the perjury and obstruction case of former White House aide I. Lewis "Scooter" Libby. It's rare enough for reporters to become witnesses. But the Libby case is even more unusual because journalists will be dueling witnesses – some called by the defense team, some by prosecutors.

"It will be unprecedented and, as far as I'm concerned, horrifying," Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said of the case, for which jury selection begins in two weeks.

Prosecutors want to show that Libby lied to investigators about his conversations with journalists regarding outed CIA officer Valerie Plame, and they are expected to rely on former New York Times reporter Judith Miller, Time magazine reporter Matthew Cooper and NBC Washington bureau chief Tim Russert to make their case.

Libby, the former top aide to Vice President Dick Cheney, has said he had no reason to lie and simply didn't remember those conversations. His attorneys have said they will call as many as seven unidentified journalists to testify about their conversations with Libby to bolster his case.

The Libby case has rankled news agencies for nearly three years, since Special Prosecutor Patrick Fitzgerald began subpoenaing journalists to testify before a grand jury. Fitzgerald said it was the only way he could thoroughly investigate whether any laws were broken.

After a lengthy court fight that included an 85-day jail term for Miller, Fitzgerald won cooperation from journalists. When Libby was indicted, it was clear reporters would be key witnesses.

That puts them in the awkward position of aiding a criminal investigation, something journalism groups say erodes the wall between the government and an independent press.

Plame's identity was first revealed by syndicated columnist Robert Novak. She believes she was outed as retribution for her husband's criticism of the Bush administration's prewar intelligence on Iraq.

Jurors likely won't hear much about the leak itself because the original source, former Deputy Secretary of State Richard Armitage, has already confirmed his role and Libby is not charged with the leak. But the trial is certain to renew questions about whether the administration used reporters to drum up support for the war.

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Roy Peter Clark, a scholar at the Poynter Institute, a school and resource center for working journalists, said he worries about the fallout from the trial. If it's perceived that reporters grant anonymity to officials engaged in political gamesmanship, prosecutors might be more likely to subpoena them in cases where anonymity was granted in serious issues of public importance.

"This case, it's magnified by the fact that it's in Washington and the status of the players," Clark said. "It's a bizarre and I'd say dangerous case."

Justice Department policies require prosecutors to exhaust other remedies before sending subpoenas to reporters, and each decision is reviewed by the attorney general, although U.S. investigators and prosecutors occasionally have violated these rules. In the past 15 years, only 13 media subpoenas have been granted involving confidential sources, Deputy Attorney General Paul J. McNulty told Congress in September.

"This record reflects restraint," he said. "We have recognized the media's right and obligation to report broadly on issues of public controversy and, absent extraordinary circumstances, have committed to shielding the media from all forms of compulsory process."

Libby's attorneys have not publicly named the reporters they expect to be defense witnesses. Two reporters have said they will fight subpoenas, but defense attorney William Jeffress said he expects that will be resolved before trial. Because Libby is calling them to testify about his own conversations with reporters, Jeffress said there should be no confidentiality concerns.

President Bush did not include Libby on his list of pre-Christmas pardons, and the Justice Department said he does not have a pending pardon application on file.

Feds Push For Internet Records (MINNST)

By John Reinan, Star Tribune

Minneapolis Star Tribune, January 2, 2007

The Justice Department says it wants to use Web-surfing data to fight child pornography. Critics say it's an invasion of privacy.

The federal government wants your Internet provider to keep track of every website you visit.

For more than a year, the U.S. Justice Department has been in discussions with Internet companies and privacy rights advocates, trying to come up with a plan that would make it easier for investigators to check records of Web traffic.

The idea is to help law enforcement track down child pornographers. But some see it as another step toward total surveillance of citizens, joining warrantless wiretapping, secret scrutiny of library records and unfettered access to e-mail as another power that could be abused.

"I don't think it's realistic to think that we would create this enormous honeypot of information and then say to the FBI, 'You can only use it for this narrow purpose,' " said Leslie Harris, executive director of the Center for Democracy & Technology, a Washington, D.C.-based group that promotes free speech and privacy in communication.

"We have an environment in which we're collecting more and more information on the personal lives of Americans, and our laws are completely inadequate to protect us."

So far, no concrete proposal has emerged, but U.S. Attorney General Alberto Gonzales has made it clear that he'd like to see quick action.

In September testimony before a Senate committee, Gonzales painted a graphic and disturbing picture of child pornography on the Web, which he called an urgent threat to children. The production and consumption of child pornography has exploded as the Internet makes it easier to exchange images, Gonzales said.

But federal agents and prosecutors are hampered in their investigations because Internet companies don't routinely keep records of their traffic, he told the committee.

Gonzales also pushed for Internet records tracking in an April speech at the National Center for Missing and Exploited Children.

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"Privacy rights must always be accommodated and protected as we conduct our investigations," he said. "[But] the investigation and prosecution of child predators depends critically on the availability of evidence that is often in the hands of Internet service providers.

"This evidence will be available for us to use only if the providers retain the records for a reasonable amount of time," he said. "Unfortunately, the failure of some Internet service providers to keep records has hampered our ability to conduct investigations in this area."

The Wild West of the Web

Internet service providers typically keep records of Web traffic only for short periods, usually 30 to 90 days, as a way to trace technical glitches. Many ISPs, along with privacy advocates, say that it's already easy for government agents to get the information they need to investigate crimes.

The FBI, without a court order, can send a letter to any Internet provider ordering it to maintain records for an investigation, said Kevin Bankston, an attorney for the Electronic Frontier Foundation, a San Francisco-based group that promotes free speech and privacy on the Web.

"There's been no showing that mass surveillance of all Internet users, mandated by the government, is necessary for law enforcement," Bankston said. "If this passes, there would be a chilling effect on free speech if everyone knew that everything they did on the Internet could be tracked back to them."

The government has offered differing rationales for its data-retention plan, said Harris, the privacy advocate.

"I've been in discussions at the Department of Justice where someone would say, 'We want this for child protection. And someone else would say 'National security,' and someone else would say, 'Computer crimes,' " Harris said. "We're operating in the wild, wild West here."

There are questions about what records would be kept, said David McClure, president of the U.S. Internet Industry Association, a Virginia-based group that represents about 800 small and medium-sized ISPs.

Is it a log of every website a user visits? Is it the actual content of e-mails and other Internet communications? Nobody in the government has offered specifics, McClure said.

"When we go to them for specifics, they start shuffling and hemming and hawing, and the issue goes away until the attorney general gives another speech," he said.

'This is all being driven by a political need, not a law enforcement need."

Congress could act soon

Kathleen Blomquist, a Department of Justice spokeswoman, would not comment on specific proposals for Internet records tracking.

"Because Attorney General Gonzales considers the protection of America's children to be a top priority of the Department of Justice, we are continuing to closely study the issue," she said.

Comcast Cable Communications, the Twin Cities' leading Internet service provider, said it does not retain information on the Web-surfing habits of individual customers unless ordered to by a court, a company official testified to Congress in June.

Mary Beth Schubert, a Comcast spokeswoman in St. Paul, said the company wouldn't comment further until a bill is introduced in Congress. That could happen in the upcoming session, where several lawmakers have promised to introduce legislation on data retention.

Crime: Losing The Street War (NSWK)

Newsweek, January 2, 2007

A recent surge in violent crime is creating anxiety at the Justice Department and posing potential political problems for the Bush administration. The 3.7 percent rise for the first six months of 2006, cited in a new FBI report, was greater than expected and included a 9.7 percent spike in robberies. (Minneapolis and Oakland, Calif., saw jumps of more than 30 percent.) Police groups say the surge comes at the same time the White House has drastically cut aid for state and local law enforcement programs. "We don't have the support from Washington," says Los Angeles Police Chief Bill Bratton.

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Government figures show the FBI has shifted agents off standard criminal cases to work counterterrorism; the bureau has 994 fewer criminal case agents than it did on September 11, 2001—an 18 percent drop. (A Justice Department rep says it's "highly unlikely" the crime increase is tied to federal funding, but they've dispatched teams to investigate.) The numbers have caught the attention of top Democrats on Capitol Hill. "If you look at the figures, they're pretty striking," says one Democratic aide, who is not authorized to speak publicly about policy. In a recent letter to FBI Director Robert Mueller, Judiciary Committee member Sen. Dianne Feinstein called the crime increases "alarming."

Homicides Up In New York; Other Crimes Keep Falling (NYT)

By Cara Buckley

The New York Times, January 1, 2007

In New York City, rapes, robberies and assaults, among other crimes, continued to decline last year, prompting the Police Department's top official to herald 2006 as a very good year. Homicides, however, climbed 10 percent in the city, reversing a much-hailed decrease.

"We'd like to see no homicides. The reality is we're going to have them," said Police Commissioner Raymond W. Kelly. "I think this is a very good year."

He called the increase in killings in 2006 all but negligible compared with 1990, a year with one of the highest homicide rates in recent history. That year, crack-fueled violence soared, and 2,262 people were killed.

Last year there were 579 killings citywide as of Dec. 24, an increase of 52 homicides over the same period in 2005. Yet overall crime last year was down 5 percent. The number of reported rapes declined by 7.4 percent to 1,486, subway crime plunged 13 percent and auto theft fell 11.4 percent.

The police said the year's jump in homicides was rooted largely in an unusually high number of "reclassified" deaths, deaths linked to injuries incurred in months or years past. There were 38 reclassified homicides in New York last year, compared with 21 in 2005.

New York's overall fall in crime also contrasts with an increase nationwide. According to a report by the F.B.I., violent crime across the country rose 3.7 percent during the first half of the year. Dallas remained the country's most violent city, with 3,985 crimes per 100,000 people, according to the midyear report, while New York ranked 10th with 1,1,87 per 100,000.

Myriad factors account for New York's continuing decline in crime overall, the police and criminologists say. They cited more effective policing, shifting drug patterns and the lowest unemployment rate in 30 years.

Yet what is puzzling, one expert said, is that overall crime is dropping even as New York becomes an increasingly polarized city, with haves and have-nots often living side by side in luxury condominiums and public housing.

"Within a few blocks, people are living worlds apart," said Andrew Karmen, a sociology professor at John Jay College of Criminal Justice and the author of "New York Murder Mystery: The True Story Behind the Crime Crash of the 1990s."

"In theory, that should make the poor more dissatisfied and drive people to commit crimes," he said. "But that doesn't seem to be happening in New York."

One possible explanation, Dr. Karmen said, is that the city is largely populated by immigrants, many of whom are driven by a determination to succeed.

"I think they still maintain a positive outlook and faith in the American dream," he said. "But if it doesn't deliver, attitudes could change."

It has proven difficult to root out violent crime in the city's toughest corners.

One of the city's most perilous neighborhoods is in the 75th Precinct in Brooklyn, which includes East New York. There the number of slayings last year was virtually unchanged from 2005 at 28, and 3,239 crimes were reported.

Public housing projects have a disproportionate number of crimes. While 5 percent of New York's eight million residents live in public housing, Commissioner Kelly said, 16 percent of the city's homicides take place there.

The Police Department plans to tackle that seemingly intractable problem by redeploying personnel from other areas and opening police substations in the most troubled housing complexes, Commissioner Kelly said.

Both homicide victims and suspects tend to have links to crime already, he said.

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Of those arrested last year in homicides, 95 percent had criminal histories; 75 percent of the people killed did.

Such figures point to the department's need to continue expanding its homicide, shooting and crime databases, Mr. Kelly said.

"The more information we have, the greater the potential we have to prevent crimes," he said.

New York's rebirth as a safer-than-average large city since the 1990s has coincided with an increase in tourism here.

According to city officials, about 44 million people visited last year on business or pleasure.

"One overarching reason why people are coming here, in a city that was attacked five years ago, it's because they have a sense of comfort as far as security is concerned," Mr. Kelly said.

The department is continuing to pour more resources into community policing, forging bonds between its officials and local leaders, especially those from new immigrant communities.

Yet in neighborhoods where homicide rates climbed, residents seem divided about whether this recent and heightened focus was improving their lives.

Allah B, the director of the Allah in Mecca Youth Center in Harlem, commended officers in its precinct, the 28th, for holding local forums and listening to community concerns.

Even though slayings in the precinct more than doubled, to 11, last year, he said the increased connection between residents and the police fostered a greater sense of ease.

Yet a longtime resident of the St. Nicholas Homes in Harlem said police efforts to rout out criminals were having a divisive effect in her neighborhood.

"They caused a lot of trouble trying to play one person against the other," said the woman, who would give only her first name, Keisha. She said people in the neighborhood also felt harassed and persecuted by the police, and that such impressions heightened the tension and stress in the community.

Still, despite a slight increase in the number of homicides in her neighborhood, she said the streets felt far less violent than in previous years.

The sense that New Yorkers are increasingly inhabiting two different realities seems particularly strong in places like Fort Greene, Brooklyn, home to a thriving cafe scene and crime-plagued public housing complexes.

Eleven homicides were recorded in the neighborhood last year, compared with none in 2005.

Strolling along a stretch of DeKalb Avenue by Fort Greene Park late last week, Cheryl Pickett, 36, said she had no idea that murders had risen so sharply in the area.

Ms. Pickett, who has lived in Fort Greene for five years, said her perception of the neighborhood had not changed. She still thinks of it as a safe, child-friendly place with charming shops and bars.

"When things happen, it's really surprising," Ms. Pickett said. "This year seems no different than last."

Mayor: Evacuees Increased Murders (AP)

AP, January 1, 2007

HOUSTON -- The number of murders last year in Houston hit a 12-year high and increased by 13.5 percent over 2005, figures the mayor attributes in part to the arrival of evacuees from Hurricane Katrina.

Houston had 379 homicides in 2006. That was the most since 1994, when 419 murders were reported, police said. In 2005, the city had 334 homicides.

Mayor Bill White pointed to Hurricane Katrina evacuees from New Orleans as one reason for the increase.

"We did have a surge in population from a city where the homicide rate is eight times the national average," White said.

Houston's population increased by 148,000 people in 2006, many of them Katrina evacuees, according to the city's planning department.

The swelling population helped keep Houston's homicide rate relatively steady, rising from 16.33 victims per 100,000 residents in 2005 to 17.24 victims in 2006. Nationally, the murder rate increased by 1.4 percent last year, according to FBI figures.

Some experts disagreed with White's characterization, pointing to national trends indicating rising rates of violent crime.

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"It's not as if Houston's unique," said Jim Lynch, a criminology professor at the John Jay College of Criminal Justice in New York. "There are other cities experiencing this."

Other types of violent crime dropped in Houston in 2006, police said. Robberies, rapes, aggravated assaults, burglaries, thefts and stolen cars dropped between 2 percent and 9 percent when compared with 2005 statistics.

Lower Homicide Rate In 2006 Still Means 102 Died (COLDISP)

By Theodore Decker

Columbus (OH) Dispatch, January 2, 2007

Homicides in Ohio's other big cities jumped last year, but slayings in Columbus ebbed slightly.

Columbus police say 2006 ended with 102 killings, two fewer than in 2005. There were 88 in 2004.

Lt. James S. Schrader, a homicide squad supervisor, said the unit had feared that 2006 would surpass the previous year's surge, but the slayings slowed as the year ended.

"In the last two months, they've leveled off considerably," he said.

Meanwhile, killings in Cleveland and Cincinnati soared.

Homicides in Cincinnati topped its 2005 total of 79 by early December. By yesterday, the number had risen to 85, the most victims since police started keeping reliable records in 1950. Cleveland homicides have risen from 78 in 2004 to 109 in 2005 to, as of Saturday, 119 in 2006, the deadliest year in a decade, according to FBI and local statistics.

Nationally, slayings climbed in other cities after a decade of relative peace following the crack-cocaine-driven slaughter of the late 1980s and early 1990s.

"In 2006, American law enforcement finds itself once again facing a tipping point in violence on its streets, and it is spreading from city to city," a national organization of police officials said in an October study.

"While the nation has understandably focused on homeland security, it must recognize that there is a gathering storm of violent crime that threatens to erode the considerable crime reductions of the past," the Police Executive Research Forum study said.

Columbus' 2006 death toll began on Jan. 4, when two men were slain during a Franklinton robbery.

Among the victims who followed were a high-school sports star killed as he tried to defuse an argument, a mother slain along with her three children, and a 14-year-old shot to death after his friends hurled eggs at a passing SUV.

Not included are six people fatally shot by police and a shooting by a robbery victim that was deemed self-defense.

Fifty-two of last year's victims were black men; 23 were white men. Eightyone homicides involved guns.

"A large percentage are drug-related in one way or another, paybacks or ripoffs," Schrader said.

Police consider 59 percent of the killings solved, the same as in 2005. It would be higher if detectives weren't saddled with unwilling witnesses who clam up for a host of reasons, Schrader said.

"It's fear, it's lack of cooperation, it's implicating themselves in illegal activity."

Alfred Blumstein, director of the National Consortium on Violence Research in Pittsburgh, said those are common problems.

"In many of these settings, police don't have any information or credibility in the communities," he said.

Criminologists warn not to read too much into one year's statistics, and Blumstein said he saw little in Columbus that suggested a marked turn for the worse.

"Eighty-eight isn't that dramatically different from a hundred," he said. "That may well be the condition that Columbus could see for the next few years.

"If it were a real spurt, say you had gone to 130, then I'd look to see what kind of connectedness there is," he said, such as gang wars, a growing drug trade or an influx of prison parolees reclaiming turf.

Columbus' surge from 2004 to 2005 led the Justice Department to include it in a pending study of violent-crime trends, spokesman Brian Roehrkasse said.

The department has surveyed local officials in the 18 selected cities and now is combing through the information for better crime-fighting strategies, he said. The findings likely won't be released for several months.

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Homicides also climbed in Toledo and Dayton in 2006.

Through yesterday, Toledo had 34 slayings, compared with 28 reported to the FBI in 2005. Also through Saturday, Dayton police had logged 42 homicides, up from 34 in 2005.

"Murders are probably the least suppressible type of crime," said Toledo Police Capt. Ray Carroll.

Although some of Toledo's victims were truly blameless, most were involved in dangerous or illegal behavior that contributed to their deaths, Carroll said. And as in Columbus, his detectives are frustrated by a lack of cooperation.

Too often, he said, "You're dealing with other dirt nuggets who might be witnesses or involved."

Information from the Associated Press was included in this story.

Homicides On Rise In Seattle (SEAPI)

By Hector Castro And Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, January 2, 2007

Shootings account for many deaths

Death came to Joaquin Tavares on a January evening in 2006.

· A violent year leaves a lasting wound among family, friends

Like so many other killings in Seattle last year, his was random, it was brutal, and it came at the point of a gun. A tenant angry over his eviction from an apartment blasted Tavares with a shotgun, even though Tavares had nothing to do with it.

"It was so horrible," said his sister, Alma Tavares. "I couldn't do anything after Joaquin died."

Tavares was one of 29 homicides reported in Seattle in 2006, and one of 21 killed by a firearm. Two of those shootings were ruled as justifiable and in self-defense.

Last year marked the city's highest number of homicides in three years and reflected an upward trend in violent crime nationwide that police chiefs and criminologists are trying to interpret.

Karen Ducey / P-I

Brenda Lee holds a picture of her son Jared Dahl-Lee at her South Seattle home. Dahl-Lee, 26, was driving on Rainier Avenue South on Sept. 21 when he was shot dead after a confrontation with another motorist.

The increasing number of homicides has ended a steady decline in violent crime that so many large American cities, including Seattle, enjoyed during the past decade. Nationally, the number of murders increased 1.4 percent over the same period in 2005, FBI statistics show.

Seattle, still one of the nation's safest cities, has not been immune to recent crime trends. Although 2006's final statistics weren't yet available, they were expected to show that Seattle's violent crime rate rose, perhaps 1 percent over 2005. In 2005, violent crimes jumped 8 percent over the previous year.

Assaults involving firearms in Seattle, something Seattle police began tracking in 2004, have climbed 37 percent since then through the end of November.

Driving up this year's homicide rate was Kyle Huff's mass shooting at a Capitol Hill home in March that shocked the community. Four months later, another gunman forced his way into the Jewish Federation of Greater Seattle downtown office and shot six people, killing one.

Those slain in Seattle this past year included a man stabbed to death by his sister's estranged husband, and a cabdriver caught in the cross fire when a woman in a brawl began shooting.

The oldest was 60. The youngest was 14. Three were beaten to death. Four were stabbed.

One man was shot by police, and another was killed in self-defense by a man he'd accosted near Westlake Center.

"There's not a pattern," Seattle police Chief Gil Kerlikowske said of Seattle's crime rate. "It's a little bit of everything."

Tavares, 43, was Seattle's first homicide victim in 2006. An artist and musician, Tavares was shot five times with a shotgun, allegedly by a man evicted from the building where Tavares had spent the night.

"I don't think he was crazy," Alma Tavares said of her brother's killer. "He was just mad at everybody. There was no reason to kill."

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While some of the increased violence came from a surge in gang activity and some was tied to a more active city nightlife, there was no consistent pattern, Kerlikowske said.

"It wasn't like we could go out and find the one particular group of people that are kind of responsible for this," Kerlikowske said. "It's just this general swing toward increased violence."

Gary Boulden, a Seattle police victim advocate, said the crimes that involved multiple victims were particularly difficult.

"After Capitol Hill, after the Jewish Federation shooting, I'm ready for this year to end," he said.

It was just two years ago that Seattle saw only 24 homicides -- its lowest homicide rate in 40 years.

It didn't last.

"Everybody had decided this problem was solved. A lot of cities feel to their regret that they took their eye off the ball," said David Kennedy, director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice in New York.

He assigns part of the responsibility for the recent increase in violent crime falls on city and federal officials, who fell into a sense of complacency after crime rates dropped during the 1990s.

Mike Urban / P-I

Paramedics aid a victim after a gunman went on a rampage at the Jewish Federation of Greater Seattle on July 28. Pamela Jean Waechter, 58, was killed, and five others were wounded.

Then came 9/11, and the federal government shifted resources from domestic crime fighting, which it had bolstered during crime waves in the 1980s and 1990s, to thwarting terrorism. In addition, local law enforcement budgets shrank and funding dried up for social programs aimed at improving disadvantaged neighborhoods, he said.

What troubles police officials in cities across the country is that the numbers are climbing at all.

"The general trend is the wrong way," Kerlikowske said. "And we're not hearing much of a response from the Justice Department."

But spikes in crime rates, whether up or down, are mostly attributable to groups of young men who are repeat offenders. They often live in the nation's poorest or most dangerous neighborhoods and are a small part of the overall population.

"These guys in these neighborhoods watch each other very carefully. When the streets pick up, these guys and these groups react to that," Kennedy said. "They'll be on edge and they carry weapons more often and they will use them more often. Often they will be acutely more conscious about whether they are respected.

"What that means is there is more violence, and when there is more violence, everybody gets a little more pumped up."

These groups aren't necessarily part of larger, organized street gangs, nor are they necessarily conscious of territory, leadership, or discipline, he said.

"They feed on themselves and when they get going, they can run for a long time unless something acts to interrupt that cycle."

In Seattle, Kerlikowske said the Police Department has spent time and money to combat the problem, including paying $3 million in overtime pay, the equivalent of placing another 30 officers on the streets.

Shifting assignments and recent hires also boosted the number of patrol officers. "I think we had more boots on the ground," Kerlikowske said.

This allowed commanders of the city's five precincts to focus on hot spots for trouble in their communities.

Even so, the cry for more police officers was never louder than in 2006. The result was a decision by the City Council to hire an additional 31 officers, something Kerlikowske is pleased to see.

"Now, we just have to put them on the street," he said.

The department has 1,277 sworn officers, of whom fewer than 100 are on patrol at any given time.

In 2006, Kerlikowske, like other big-city chiefs, kept up a steady effort to combat gun crime.

In October, the chief joined with several police chiefs nationwide to advocate against a proposed law in Congress that, had it passed, would have prevented the federal Bureau of Alcohol, Tobacco, Firearms and Explosives from disclosing crime gun data to local police departments, which use the information to trace weapons to previous owners, sellers and dealers.

"You can't be just satisfied with arresting the perpetrator of a violent crime and not looking at the instrument," Kerlikowske said.

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Just last month, the ATF's Seattle field division opened a data center to track where guns used in local crimes are coming from. Seattle police also hired an analyst to look for patterns in the histories of the firearms used.

"If more guns are showing up in the hands of police that are recovered from a crime, that are sold from one particular location, you want to probe more deeply into that place," Kerlikowske said.

"This was a tough year on this community," he said, adding later, "I don't have a crystal ball for this next year."

But even if the murder rate remains the same, or even drops, one murder is still too many, said Boulden, the victim advocate.

"Every homicide just tears families apart," he said.

GUN DEATHS: THE 21 WHO DIED

In 2006, 29 people died in violent crimes in Seattle. Also, one man was shot to death by police; another man was killed in self-defense. These 21 were killed by gunfire:

Joaquin Tavares, 43, was shot five times with a shotgun Jan. 12 in a building at 3706 Airport Way S. The man accused of killing him was reportedly angry over his eviction from the building, but did not know Tavares. He is awaiting trial for second-degree murder.

Chayta Saechow, 26, died Feb. 2 at 3934 S. Eddy St. Neighbors reported gunfire at the home just after 10 p.m. and officers found Saechow dead inside. The case remains open.

Jeremy Robert Martin, 26; Suzanne Michelle Thorne, 15; Jason Travers, 32; Justin Grant Schwartz, 22; Melissa Lynn Moore, 14, and Christopher M. Williamson, 21, all died March 25, shot to death that morning at a Capitol Hill home where they had gathered after a rave. Gunman Kyle Huff, 25, then shot himself to death.

Francisco R. Green, 23, was shot just after 3 a.m. April 22 on Yesler Way near Occidental Avenue South in what police said was a gang-related shooting. A suspect is awaiting trial on charges of second-degree murder and assault.

Rhys Joseph Poc, 18, was shot and killed by Seattle police shortly after 8 p.m. April 25, after pointing a revolver at officers confronting him on a side street just off Broadway. His death was ruled justified.

Michael S. Phillips, 47, died May 30 after being shot multiple times as he sat in his SUV in the 900 block of 22nd Avenue South near Judkins Park in the Central District. The suspect is being held in Youth Detention Services awaiting trial for second-degree murder. He reportedly had intended to buy drugs from Phillips.

Brandon Jeremy Clement, 24, was shot once in the chest June 3 and found dead on Eighth Avenue South in the International District. No arrests.

Hugo Rabanales-Aguilar, 21, was shot June 16 in the 1700 block of 14th Avenue South. No arrests.

Juan Hernandez Alba, 40, was found just before midnight June 26, shot to death at 14th Avenue South and South Donovan Street. The case remains open.

Berhane F. Haile, 39, a taxi driver, was shot in the neck and killed about 2:30 a.m. July 12 in the 400 block of 12th Avenue. A woman involved in a nearby melee had pulled out a gun and began shooting, striking Haile and one other man, who was wounded. The case remains open.

Pamela Jean Waechter, 58, was shot and killed July 28 when Naveed Haq allegedly forced his way into the Jewish Federation of Greater Seattle building on Third Avenue and began shooting, wounding five other women. He is awaiting trial for murder, attempted murder, burglary, kidnapping and malicious harassment.

Edward Michael Costello Jr., 60, died Aug. 16 when he was shot multiple times in a parked car on Port of Seattle property under the West Seattle bridge. No arrests.

Justice DeShaun White, 25, died Aug. 31 after being shot multiple times as he sat in a parked car about 2 a.m. in the 300 block of East Harrison Street. No arrests.

Jared Leroy Dahl-Lee, 26, was driving along Rainier Avenue South on Sept. 21 when he was shot after a confrontation with another motorist. No arrests.

Daniel Allen Cullotti, 25, was shot to death Oct. 7 by a 52-year-old man he attacked near Fourth Avenue and Pine Street. Investigators found the gunman had acted in self-defense.

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Robert N. Samson, 53, was found shot in front of his West Seattle home Dec. 11. Police later arrested a 24-year-old Skyway man they believe stole marijuana from Samson, then shot him. The suspect is awaiting trial for first-degree murder.

P-I reporter Hector Castro can be reached at 206-903-5396 or hectorcastro@seattlepi.com.

Washington Region's Homicides Fall Sharply (WP)

By Allison Klein, Washington Post Staff Writer

The Washington Post, January 1, 2007

Local Decline Defies National Upswing

Homicides dropped sharply in the Washington region in 2006, with the District reaching a 21-year low and Prince George's County showing a significant decrease after an alarming year of bloodshed.

The District recorded 167 killings -- a 15 percent drop from the 196 slayings in 2005. Prince George's had 134 killings last year, compared with a record 169 in 2005.

Overall, 417 homicides occurred in the Washington area last year, down by about 10 percent from 2005, when there were 462 killings. About half of the cases have been solved.

The decline comes as violence rises nationwide. Reports of homicides, assaults and other violent offenses rose by nearly 4 percent in the first six months of 2006, compared with the same period in 2005, according to a recent FBI report.

Crime analysts said the Washington area's drop most likely is tied to a variety of factors, including economic gentrification, population shifts, more effective policing strategies and the jailing of violent predators. They also warned that crime is still quite high in some parts of the region.

The national rate of killings for mid-size cities the size of Washington is about 14 per 100,000 people, according to FBI statistics. The rates of the region's urban areas are higher: 29 per 100,000 in the District and 15 per 100,000 in Prince George's.

"It's always good news when it's down," said Brian Forst, a professor of criminal justice at American University. "But down from very high does not mean low."

A Washington Post count combines preliminary statistics from municipal, state and county police departments within the boundaries of a county. The totals showed 202 homicides in eight Maryland counties, down from 217 the previous year, and 48 in five Virginia jurisdictions, down from 49 in 2005. The District had 196 homicides in 2005.

Last year marked the third consecutive year that the District has recorded fewer than 200 homicides -- a far cry from the bloodshed of the late 1980s and early 1990s, during the crack cocaine epidemic; in 1991, the city had 489 killings. The number of homicides last year is the second lowest since 1966.

"For a change, we're going against the trend in a positive way," said Charles H. Ramsey, who stepped down last week after nearly nine years as D.C. police chief.

Ramsey attributed some of the drop to better officer deployment, the meticulous tracking of crime and the department's efforts to keep closer tabs on ex-offenders.

Eric H. Holder Jr., a former U.S. attorney who became second in command at the Justice Department, said some of the community-based programs that were launched in the District in the 1990s are paying dividends.

"It's the notion that you get men involved in the lives of their kids, that you have after-school activities, that you work on the kinds of things that tend to breed crime -- poor educational systems, a lack of jobs," said Holder, now a lawyer in private practice. "You've got to be smart when you fight crime, not only tough."

Others pointed out that demographics are working in favor of cutting crime in the District and Prince George's. In the District, the number of men 18 to 24 -- the cohort responsible for a large proportion of crime -- dropped by 51 percent between 2000 and 2005, according to census data. In Prince George's, the number dropped by 3 percent in the same period, the data show.

Chuck Wexler, executive director of the Police Executive Research Forum, said Ramsey's declaration of a "crime emergency" in the summer also had a significant effect. The move gave Ramsey the authority to shift officers' schedules when homicides and robberies were surging. Soon after that, the numbers went down.

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The city got more than $10 million for overtime patrols, put up neighborhood surveillance cameras and installed in some areas technology that senses gunfire and sends a signal to police.

"They put a substantial amount of resources into that and turned it around," Wexler said.

He also suggested that a drop in killings in Prince George's was inevitable because the county had a record high the previous year. The 2006 numbers are closer to what the county recorded in 2003, when 128 people were slain.

"It wouldn't be fair to say that's not progress, but it was so high in 2005, it had to come down the next year," Wexler said.

Prince George's Police Chief Melvin C. High had a much different take: "We're seeing the fruits of groundwork we laid more than a year ago with a series of crime-fighting initiatives. With our decrease in crime, county residents know we're a safer community and that crime is trending counter to a nationwide surge reported by the FBI."

Those efforts included targeting high-crime areas, deploying specialized teams and making key arrests, High said.

Other categories of crime also dropped in the District and Prince George's. Robberies dropped by 5 percent, assaults were down slightly and car thefts fell by 9 percent in the District. In Prince George's, carjackings were down by about 40 percent.

More than two-thirds of the region's homicides last year took place in the District and Prince George's, reflecting longstanding patterns. Police in other jurisdictions typically spend much of their time dealing with less serious violent crimes and property offenses.

The District's totals were the lowest since 1985, when 147 homicides were recorded. About 23 of the 167 killings were drug-related, and the same number stemmed from robberies, police said. Arguments led to at least 42 homicides, and the others were tied to retaliation, domestic disputes, gang rivalries and other motivations.

The District's victims included 17-year-old Cynthia Gray, gunned down in August after sheltering her baby godson from bullets on a Southeast Washington street; Alan Senitt, 27, an aspiring politician who was fatally stabbed in July during a robbery in Georgetown; and Chris Crowder, 44, a community activist who used a wheelchair and was shot in July in a park near the Washington Convention Center.

Many of the homicides in Prince George's involved young men who were shot in communities inside the Capital Beltway. Several killings of young Latino men also occurred in the Langley Park and Hyattsville areas, and some of those are believed to have been committed by members of the Mara Salvatrucha gang, known as MS-13, police said.

In Montgomery County, 20 homicides occurred in 2006, up from 19 the previous year. Nearly half of those killings were domestic incidents, police said. Authorities there also said they are dealing with gang crime and noted that at least three of the year's slayings involved gang members.

The biggest jump in homicides in Maryland was in Anne Arundel County, with 26 killings, compared with 16 in 2005. The victims there included talent agent Richard Preston Shaw, 56, shot inside his Hanover business in July; dentist Albert Woonho Ro, 51, who died of blunt force trauma in his Glen Burnie office in September; and Jay Steven Fayne, 52, owner of a loan business, fatally shot at his Severna Park home in October. The three cases remain unsolved.

In Virginia, Prince William County reported 15 killings, up from 13 in 2005. Police there have noted an increase in street robberies against Hispanics. In September, two day laborers -- one black, one Hispanic -- were killed nine days apart. One was Gordon Harris, 49, who had been a day laborer for two decades; the other was Serafin Alvarez Negrete, 32, who had come from Mexico a year earlier.

Loudoun and Arlington counties remained about steady with four homicides each, and Alexandria had five. Alexandria's cases included the February shooting of Aaron Brown, 18, by an off-duty city police officer outside a pancake house. Prosecutors determined that the officer acted in self-defense when he fired six shots at a moving Jeep, one of which struck Brown, a first-year student at Northern Virginia Community College.

Slayings in Fairfax County dipped from 23 to 20. But Fairfax had one of the region's most shocking crimes: In May, two police officers were shot to death in the line of duty, a first for the county. Detective Vicky O. Armel and Officer Michael E. Garbarino were slain outside the Sully District station by Michael W. Kennedy. Kennedy, 18, was then killed by other officers.

Still, with a population of more than 1 million, Fairfax maintained one of the lowest homicide rates in the country among large jurisdictions -- two per 100,000 residents.

DOJ_NMG_0110872

Staff writers Ruben Castaneda, Tom Jackman, Jennifer Lenhart, Ernesto LondoÃ±o, Raymond McCaffrey, Dan Morse, Amit R. Paley, Candace Rondeaux, Jamie Stockwell and Theresa Vargas and staff researcher Karl Evanzz contributed to this report.

Where's The Outrage Over Black-on-black Killings? (USAT)

By Dewayne Wickham

USA Today, January 2, 2007

BALTIMORE — A couple of days before Christmas, I phoned Patricia West, an old friend I hadn't spoken to in years. It was a call I didn't want to make — the kind of call no one should ever have to place.

It was a brief conversation, a few minutes of aimless chatter that quickly went from awkward laughter to muffled crying. I called her to say how devastated I was to hear that her son had been killed. His death was reported in the final paragraph of a short crime story in The (Baltimore) Sun that gave the bare facts of his demise.

"The other homicide victim, Kevin West, 39, of the 9000 block of Meadow Heights Road in Randallstown, was found fatally shot shortly after 8 a.m. Saturday by officers investigating reported gunfire in the 2800 block of Virginia Ave., police said."

Kevin West's murder was the 260th homicide this year in Baltimore — a city in which virtually all of the murder victims and those arrested for murder are black. On the same day that he was gunned down, tens of thousands of demonstrators marched down Fifth Avenue in New York to protest the Nov. 25 killing of another black man. Sean Bell was felled by a hail of police gunfire moments after he and two friends left his bachelor party early on the morning of the day he was to have been married.

Just why the cops fired on the unarmed men is unclear. Bell's death drew the scorn of civil rights leaders and black activists, many of whom took part in the march. West's killing has generated no such attention.

And that makes me made as hell.

As troubling as it is that Bell's life might have been cut short by the unlawful actions of some rogue cops, it bothers me more that most of this nation's black murder victims are killed by other blacks. And despite this chilling fact, nowhere have tens of thousands of people taken to the streets recently to protest this carnage. Not in New York, or Baltimore, or Atlanta, or Detroit, or Chicago. Nowhere.

Of the country's 14,860 homicide victims in 2005, 7,125 were black, according to the FBI's Uniform Crime Report. And of the 3,289 cases that year in which a single black was killed by a single assailant, the FBI says, 91% of the killers were black.

Let me put this another way: The number of blacks killed in 2005 in this one homicide category alone approaches the total of all the blacks lynched in this country from 1882 to 1968, according to records maintained by Tuskegee University.

So why aren't black leaders taking up this fight? Why do so many turn out to decry the death of one black man at the hands of some cops, but no mass rallies take on the deaths of thousands of blacks who are slaughtered by other blacks?

"I think it's because we know it's our fault, and we're constantly looking for someone else to blame," says Baltimore City Police Commissioner Leonard Hamm, who, like me, grew up in Cherry Hill, a poor black neighborhood on the city's south side.

Hamm says most black leaders are afraid to address this issue, afraid to confront the apathy, fear and indifference that allow many poor black neighborhoods to become killing fields.

He could be right.

But whatever the reason, it's time for black leaders — activists, preachers, educators, politicians, business and community leaders — to say enough is enough.

It's time for them to be as aggressive, and as demanding, in combating the black murder rate as they are in fighting for an increase in minimum wage or an expansion in health care.

The ripple effects of black-on-black killings have turned many inner city neighborhoods into urban wastelands, chased businesses from those communities, fueled a growth in other crimes and sapped the resources of local governments.

As mad as black folks have a right to be over the killing of Sean Bell, we ought to be angry over the failure of black leaders to be equally outraged over the murder of Kevin West — and the thousands of blacks who are killed each year by other blacks.

DeWayne Wickham writes weekly for USA TODAY.

The Private Arm Of The Law (WP)

DOJ_NMG_0110873

By Amy Goldstein

The Washington Post, January 2, 2007

RALEIGH, N.C. -- Kevin Watt crouched down to search the rusted Cadillac he had stopped for cruising the parking lot of a Raleigh apartment complex with a broken light. He pulled out two open Bud Light cans, an empty Corona bottle, rolling papers, a knife, a hammer, a stereo speaker, and a car radio with wires sprouting out.

"Who's this belong to, man?" Watt asked the six young Latino men he had frisked and lined up behind the car. Five were too young to drink. None had a driver's license. One had under his hooded sweat shirt the tattoo of a Hispanic gang across his back.

A gang initiation, Watt thought.

With the sleeve patch on his black shirt, the 9mm gun on his hip and the blue light on his patrol car, he looked like an ordinary police officer as he stopped the car on a Friday night last month. Watt works, though, for a business called Capitol Special Police. It is one of dozens of private security companies given police powers by the state of North Carolina -- and part of a pattern across the United States in which public safety is shifting into private hands.

Private firms with outright police powers have been proliferating in some places -- and trying to expand their terrain. The "company police agencies," as businesses such as Capitol Special Police are called here, are lobbying the state legislature to broaden their jurisdiction, currently limited to the private property of those who hire them, to adjacent streets. Elsewhere -- including wealthy gated communities in South Florida and the Tri-Rail commuter trains between Miami and West Palm Beach -- private security patrols without police authority carry weapons, sometimes dress like SWAT teams and make citizen's arrests.

Private security guards have outnumbered police officers since the 1980s, predating the heightened concern about security brought on by the Sept. 11, 2001, attacks. What is new is that police forces, including the Durham Police Department here in North Carolina's Research Triangle, are increasingly turning to private companies for help. Moreover, private-sector security is expanding into spheres -- complex criminal investigations and patrols of downtown districts and residential neighborhoods -- that used to be the province of law enforcement agencies alone.

The more than 1 million contract security officers, and an equal number of guards estimated to work directly for U.S. corporations, dwarf the nearly 700,000 sworn law enforcement officers in the United States. The enormous Wackenhut Corp. guards the Liberty Bell in Philadelphia and screens visitors to the Statue of Liberty.

"You can see the public police becoming like the public health system," said Thomas M. Seamon, a former deputy police commissioner for Philadelphia who is president of Hallcrest Systems Inc., a leading security consultant. "It's basically, the government provides a certain base level. If you want more than that, you pay for it yourself."

The trend is triggering debate over whether the privatization of public safety is wise. Some police and many security officials say communities benefit from the extra eyes and ears. Yet civil libertarians, academics, tenants rights organizations and even a trade group that represents the nation's large security firms say some private security officers are not adequately trained or regulated. Ten states in the South and West do not regulate them at all.

Some warn, too, that the constitutional safeguards that cover police questioning and searches do not apply in the private sector. In Boston, tenants groups have complained that "special police," hired by property managers to keep low-income apartment complexes orderly, were overstepping their bounds, arresting young men who lived there for trespassing.

In 2005, three of the private officers were charged with assault after they approached a man talking on a cellphone outside his front door. They asked for identification and, when he refused, followed him inside and beat him in front of his wife and three children.

Lisa Thurau-Gray, director of the Juvenile Justice Center at Suffolk University Law School in Boston, said private police "are focusing on the priority of their employer, rather than the priority of public safety and individual rights." But Boston police Sgt. Raymond Mosher, who oversees licensing of special police, says such instances are rare.

Private police officers "do some tremendously good things," Mosher said, recalling one who chased down a teenager running with a loaded gun.

In Durham, after shootings on city buses, the transit authority hired Wackenhut Corp. police to work in the main terminal in tandem with city police officers stationed on buses.

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"There is a limit to the amount of law enforcement you can expect taxpayers to support," said Ron Hodge, Durham's deputy police chief, who said some of his requests for additional officers have been turned down in recent years. Although, as in most cities, some Durham police work privately while they are off-duty, Hodge said the demand for off-duty police outstrips the supply.

In one of the country's most ambitious collaborations, the Minneapolis Police Department three years ago started a project called "SafeZone" with private security officers downtown, estimated to outnumber the police there 13 to 1. Target Corp. and other local companies paid for a wireless video camera system in downtown office buildings that is shared with the police. The police department created a shared radio frequency. So far, the department has trained 600 security officers on elements of an arrest, how to write incident reports and how to testify in court.

When a bank was robbed in the fall, a police dispatcher broadcast the suspect's description over the radio. Within five minutes, a security officer spotted the man, bag of cash in hand, and helped arrest him.

Private police officers work across the Washington area, although their numbers have not been growing sharply. According to the D.C. police department, any private security employee who is armed must be licensed as a "special police" officer with arrest powers; the city has more than 4,000 of them, including at universities and some hospitals. Maryland and Virginia, which have different criteria, each have several hundred private police, according to law enforcement and regulatory officials.

In Virginia, the Wintergreen Resort has a private police department with 11 sworn officers. They include an investigator who last year helped solve a string of break-ins along the Appalachian Trail, identifying the burglar with images from the department's video camera when he drove out of the resort with a stolen car.

The Virginia Department of Criminal Justice Services is also trying to foster closer ties between security companies without police powers and the police and sheriff's departments. The agency has begun training and certifying "Private Crime Prevention Practitioners" and soon plans to send security companies e-mails with unclassified homeland security threats and crime alerts.

Maryland has no similar collaboration, according to the Maryland State Police, which licenses security officers. The District is strengthening its supervision of security and private police, with new requirements for training and background checks having been adopted by the D.C. Council.

Some of the most sophisticated private security operations have expanded in part because of shrinking local and federal resources. The nation's largest bank, Bank of America, hired Chris Swecker as its corporate security executive last year when he retired as assistant director of the FBI. Even as identity theft and other fraud schemes have been booming, Swecker said, fewer federal investigators are devoted to solving such crimes, and many U.S. attorney's offices will not prosecute them unless their value reaches $100,000.

As a result, he said, federal officials now ask the bank's own investigators to do the work, including a three-year probe that helped police and the FBI piece together an identity-theft ring that defrauded 800 bank customers of $11 million.

In North Carolina, the state Department of Justice requires company police to go through the same basic training as public officers. They have full police powers on the property they are hired to protect.

Capitol Special Police's owner, Roy G. Taylor, was chief of three small nearby police departments and held state law enforcement jobs before starting the company in 2002. As Hispanic gangs were increasing, he said, "I saw a niche." The company has eight officers, some of whom are part time while working for area police departments.

They have used batons and pepper spray but have not fired a service weapon, Taylor said. Once, in an apartment complex where they worked in nearby Carrboro, Capt. Nicole Howard, Taylor's wife, dressed in plain clothes to attract a convicted rapist who had been peering in windows and stalking women. Then she arrested him for trespassing.

Today, charging $35 per hour, the firm has contracts with four apartment complexes, a bowling alley, two shopping centers and a pair of private nightclubs. A few weeks ago, two of the Taylors' employees, Capt. Kenny Mangum and Officer Matt Saylors, walked over to a car at the nightclub Black Tie to warn the men inside not to loiter in the parking lot. Catching a whiff of marijuana, they found seven rocks of crack cocaine in the ashtray and two handguns under the seat of the driver, who was a convicted felon. They called the Raleigh police to handle the arrest.

Because they are part of a private company, Taylor and his officers are mindful that customers are billed for the time they spend testifying in court.

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"I try to make arrests only when absolutely necessary," said Watt, the officer who stopped the six men with the open beer cans. The company's marked patrol cars, he said, do not have radios to call for backup help or computers to check immediately for outstanding warrants or criminal records.

After satisfying himself that the six young men, lined up nervously and shivering in the cold night air, had no drugs, Watt let them go.

CIVIL RIGHTS:

High Cost Of Housing Suit (BSUN)

By Eric Siegel, Sun Reporter

The Baltimore Sun, January 2, 2007

City, HUD agree to pay $300,000 in legal fees in civil rights case

The city and the federal government have agreed to pay nearly $300,000 to lawyers representing black Baltimore public housing residents - the latest installment of legal fees in a long-running civil rights case.

The payments - $236,744 from the city and $53,427 from the federal government - are being made to the American Civil Liberties Union of Maryland and the private firm of Brown, Goldstein & Levy for monitoring a partial consent decree in the case during a two-year period from July 1, 2002, through June 30, 2004, according to court documents.

City officials say this bill brings the total they have paid out in the case to the ACLU, Brown, Goldstein & Levy and another private firm no longer involved in the case to $1.5 million.

In addition, officials say they have paid $5.1 million since 1998 to the local firm of Whiteford, Taylor & Preston to defend the city against allegations of discrimination.

A spokesman for the Justice Department could not say how much the federal government has paid to plaintiffs' lawyers in the case, but court records indicate it is about $500,000. The Justice Department has used lawyers from its civil division to represent the U.S. Department of Housing and Urban Development.

"It's almost unfathomable that you could spend that much money and not produce one housing unit," city Housing Commissioner Paul T. Graziano said of the money the city has paid to lawyers in the case. "It's also disturbing that it will continue indefinitely."

Graziano said the city could have created 40 new affordable housing units or renovated and made disabled-accessible 100 apartments for the money it has spent in legal fees in the case.

But Andrew D. Freeman, an attorney for Brown, Goldstein & Levy, said the fees paid to lawyers for public housing residents was necessitated by the city's lethargy in complying with the terms of the partial consent decree that was negotiated in 1996.

Under the terms of the decree that allowed the old family public housing high-rises to be redeveloped as mixed-income communities, the city and the federal government agreed to provide some 2,200 units for public housing residents in mostly white middle-class areas of the city and the suburbs by the end of 2002.

By that time, however, just 68 units had been provided, Freeman said. As of this past summer, about 800 units had been provided through a combination of special housing vouchers and renovated construction - "still a long way short," Freeman said.

"If the city had spent that much money to comply with the partial consent decree, there wouldn't be the need for all the lawyers," Freeman said.

Federal law allows plaintiffs who prevail in civil rights cases against government entities to recover legal fees and expenses. Plaintiffs are generally considered to have prevailed in cases in which consent decrees are negotiated, even if there are no admissions of wrongdoing by the government.

The legal fees stem from a lawsuit filed in January 1995 by the ACLU on behalf of black city public housing residents against the city, its public housing agency and HUD.

The lawsuit charged that the city and the federal government had unlawfully perpetuated the segregated system of public housing they had set up in the 1930s and 1940s. The suit alleged that their failure had consigned public housing residents to live in the city's most distressed neighborhoods.

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In January 2005, U.S. District Court Judge Marvin J. Garbis ruled that HUD had violated fair housing laws by not taking a regional approach to provide opportunities for black public housing residents to live outside poor, segregated neighborhoods.

Garbis absolved the city and its housing authority of wrongdoing.

In March, Garbis heard two weeks of testimony in the second phase of the trial designed to craft a remedy for HUD's violation.

Lawyers for public housing residents asked Garbis to order the federal housing agency to provide 6,750 special housing vouchers and new and rehabilitated units over 10 years, mostly in well-off suburbs of the city. Lawyers for HUD countered that Garbis did not have the authority to order the creation of new housing and said the plaintiffs' proposal was "plagued with problems."

Garbis, who heard both phases of the trial without a jury, has yet to issue a remedy ruling.

Freeman said he expects HUD to appeal any remedy ruling by Garbis - as well as his finding of liability - to the U.S. 4th Circuit Court of Appeals.

If Garbis' decisions are upheld, the ACLU and Freeman's firm could ask the court to order the federal government to pay legal fees for the trial phases of the case as well as the monitoring of the consent decree.

Asked how much those fees might be, Freeman said: "A lot."

"Everything about this case has been strenuously contested by the United States and required a lot of legal work to overcome," Freeman said.

In addition to the nearly $300,000 that is being paid in the latest installment of fees, lawyers for public housing residents are seeking $170,688 from the city and federal government related to the enforcement of the partial consent decree, according to documents filed last month.

The documents also say that payments to lawyers for public housing residents for monitoring the partial consent decree will be at rates of at least $337.50 an hour for lawyers and $110 an hour for paralegals.

In a 2001 decision granting initial payment of legal fees to lawyers for public housing residents, U.S. Magistrate Judge Paul W. Grimm acknowledged that the "requirement to pay a substantial attorney's fee award means that the funds must come from other agencies and programs."

But he added that "without the ability to award attorney's fees to parties that successfully have brought civil rights litigation against government agencies, these lawsuits simply will not be filed, and illegal discrimination will not be exposed and stopped."

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Chino Prison Remains Locked Down (LAT)

By Joe Mozingo, Times Staff Writer.

The Los Angeles Times, January 2, 2007

Officials assess security after a brawl involving 200 inmates leaves seven hospitalized. The racial riot doesn't appear to be gang related.

The weekend riot at Chino state prison erupted after two inmates — a Latino and an African American — began fighting in a recreation yard, and others, watching from surrounding dormitories, followed suit, clashing along racial lines that have racked the state prison system for decades, prison officials said Sunday.

About 200 inmates took part in the 90-minute riot Saturday morning, out of the more than 1,000 inmates housed in the dorms where the fighting occurred, said prison spokesman Lt. Mark Hargrove.

"We believe it was just a spontaneous thing that occurred after the fight on the yard," he said. The prison, on 2,500 acres of land abutting the Chino Hills in Riverside County, remained on lockdown Sunday as officials assessed security.

Investigators have no information that the Mexican Mafia prison gang was behind the attack, or that it was meant to precipitate a race war in the prison system, Hargrove said. Wardens across the state were told to monitor activities closely, but only Chino was locked down.

Of the 27 inmates taken to hospitals Saturday, 20 were released back to Chino. The prisoner thought to be the most seriously injured suffered a stab wound, a broken jaw and a laceration to the head, and was recovering in the prison hospital.

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Corrections officials said they had cleaned up much of the mess by Sunday. A majority of the windows in the five dorms were shattered, Hargrove said.

"They were throwing shards of glass," he said.

Guards also discovered that inmates had fashioned six weapons from the glass — pointed pieces partially wrapped in cloth for a handle.

Experts have warned that the severe overcrowding in the state's prison system heightens the racial tensions. Built in 1941 for 3,160 inmates, the California Institute for Men in Chino now holds more than twice that.

The medium-security facility where the riot occurred — Reception Center West — has 1,381 prisoners in five dormitories.

Hargrove said prisoners are not normally separated by race in that facility — except after a riot like Saturday's. The facility is 27% black, 31% white, 39% Latino.

Of the 27 injured, 24 were African American, including all seven of those still hospitalized.

Officials said the riot did not have the markings of prison gang activity, particularly since it occurred during visiting hours. "That's how they get their contraband," Hargrove said. "They don't disrupt visiting hours."

Racial violence has beset the California prison system since the 1970s, when gangs like the Mexican Mafia, the Black Guerrilla Family and the Aryan Brotherhood fought for power. Last month in Chino, officers put down a fight between 60 black and Latino inmates in an eating area.

In September 2005, a clash between 270 black and Latino prisoners there left one critically injured. That January, a guard was stabbed to death.

In recent years, racial fighting has also erupted in the Los Angeles County jail system. In February, more than 2,000 inmates at the Pitchess Detention Center in Castaic went on a rampage that left one dead and 50 injured. A black inmate was killed in Men's Central Jail downtown in a racially motivated fight the next week.

And at Pitchess in July, 16 inmates received minor injuries in two brief fights between 1,600 black and Latino inmates.

Gov. Arnold Schwarzenegger has proposed spending $10.9 billion to add 78,000 beds to state prisons and county jails.

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Second Thoughts On Gays In The Military (NYT)

By JOHN M. SHALIKASHVILI

The New York Times, January 2, 2007

TWO weeks ago, President Bush called for a long-term plan to increase the size of the armed forces. As our leaders consider various options for carrying out Mr. Bush's vision, one issue likely to generate fierce debate is "don't ask, don't tell," the policy that bars openly gay service members from the military. Indeed, leaders in the new Congress are planning to re-introduce a bill to repeal the policy next year.

As was the case in 1993 — the last time the American people thoroughly debated the question of whether openly gay men and lesbians should serve in the military — the issue will give rise to passionate feelings on both sides. The debate must be conducted with sensitivity, but it must also consider the evidence that has emerged over the last 14 years.

When I was chairman of the Joint Chiefs of Staff, I supported the current policy because I believed that implementing a change in the rules at that time would have been too burdensome for our troops and commanders. I still believe that to have been true. The concern among many in the military was that given the longstanding view that homosexuality was incompatible with service, letting people who were openly gay serve would lower morale, harm recruitment and undermine unit cohesion.

In the early 1990s, large numbers of military personnel were opposed to letting openly gay men and lesbians serve. President Bill Clinton, who promised to lift the ban during his campaign, was overwhelmed by the strength of the opposition, which threatened to overturn any executive action he might take. The compromise that came to be known as "don't ask, don't tell" was thus a useful speed bump that allowed temperatures to cool for a period of time while the culture continued to evolve.

The question before us now is whether enough time has gone by to give this policy serious reconsideration. Much evidence suggests that it has.

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Last year I held a number of meetings with gay soldiers and marines, including some with combat experience in Iraq, and an openly gay senior sailor who was serving effectively as a member of a nuclear submarine crew. These conversations showed me just how much the military has changed, and that gays and lesbians can be accepted by their peers.

This perception is supported by a new Zogby poll of more than 500 service members returning from Afghanistan and Iraq, three quarters of whom said they were comfortable interacting with gay people. And 24 foreign nations, including Israel, Britain and other allies in the fight against terrorism, let gays serve openly, with none reporting morale or recruitment problems.

I now believe that if gay men and lesbians served openly in the United States military, they would not undermine the efficacy of the armed forces. Our military has been stretched thin by our deployments in the Middle East, and we must welcome the service of any American who is willing and able to do the job.

But if America is ready for a military policy of nondiscrimination based on sexual orientation, the timing of the change should be carefully considered. As the 110th Congress opens for business, some of its most urgent priorities, like developing a more effective strategy in Iraq, share widespread support that spans political affiliations. Addressing such issues could help heal the divisions that cleave our country. Fighting early in this Congress to lift the ban on openly gay service members is not likely to add to that healing, and it risks alienating people whose support is needed to get this country on the right track.

By taking a measured, prudent approach to change, political and military leaders can focus on solving the nation's most pressing problems while remaining genuinely open to the eventual and inevitable lifting of the ban. When that day comes, gay men and lesbians will no longer have to conceal who they are, and the military will no longer need to sacrifice those whose service it cannot afford to lose.

Finding The Source (WP)

The Washington Post, January 2, 2007

IT SEEMS AS though the midterm elections were held longer ago than November. So it's understandable -- particularly with the start of a new year -- that there is a tendency to want to move on. But it would be wrong to let such impatience decide the case of the disputed election for Florida's 13th Congressional District seat.

A mere 369 votes decided the race in favor of Republican Vern Buchanan, but there was an unusually high number of undervotes, or instances in which no vote was recorded. Reviews thus far suggest a poorly designed ballot as one possible culprit, but there also were troubling voter reports of machine malfunctions. While post-election tests revealed no equipment problems, there has been no definitive finding, and suspicions have arisen about this hotly contested race. It's also fast become part of the national debate on whether electronic voting can be trusted.

Christine Jennings, the losing Democratic candidate, and a group of Florida voters went to court with a simple request that could have cleared up the mystery. They sought access to the voting machines' "source code" so that an outside expert could conduct an independent review under strict conditions set by a court monitor. Unfortunately, a Florida judge denied the request last week, partly because the information is proprietary.

More than a winning commercial formula is at stake here. Hopefully the appeals court will see that the public good would be well served by getting to the bottom of this case. If not, the dispute is headed for what probably will be a very ugly -- and ultimately unsatisfying -- outcome in the House of Representatives.

ANTITRUST:

AT& T-BellSouth Deal Called 'Breakthrough' For Consumers (USAT)

By Leslie Cauley

USA Today, January 2, 2007

The Federal Communications Commission's handling of the $85 billion AT&T-BellSouth merger sets a "new baseline" for protecting the interests of consumers, FCC Commissioner Jonathan Adelstein said in an interview over the weekend.

The FCC's approval of the merger on Friday allowed the deal to close immediately. To secure the FCC's blessing, AT&T agreed to a list of consumer-friendly concessions. Among them: For the next 30 months, AT&T agreed to sell "naked" DSL —

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meaning consumers don't have to buy any other service from AT&T to get the DSL service — for just $19.95 a month. That's less than half the $44.95 that AT&T now charges.

AT&T also agreed to a "net neutrality" provision that will require the company to treat all broadband services, its own as well as rivals', equally for the next two years. That means AT&T can't favor its own traffic, in terms of transmission speed and quality.

In addition, AT&T agreed to sell some unused wireless spectrum. That could enable a new rival to enter the market, creating more options for consumers.

Adelstein called the settlement a "breakthrough" for consumers in that it establishes a new standard of behavior for the USA's communications giants. Big companies such as AT&T and Comcast "have told the FCC that they can't live with a net neutrality provision in place," Adelstein said. "They can."

The fact that AT&T agreed to such an aggressive net neutrality clause proves that, he said.

Though the settlement applies only to AT&T, other companies will be hard-pressed to ignore it, says Gene Kimmelman, public policy director of Consumers Union. "There will be enormous scrutiny of any company that does not live by these standards."

The concession on naked DSL is significant, Kimmelman says, because it will permit consumers to buy DSL and phone services from different companies without being financially penalized. Right now, he notes, AT&T charges as much for naked DSL as it does for DSL and phone combined.

The terms of the settlement were opposed by FCC Chairman Kevin Martin. A Republican, Martin had favored approving the deal with no conditions. He was joined by the FCC's other Republican, setting up a 2-2 deadlock with Adelstein and the other Democratic commissioner, Michael Copps.

The lesson? "If you hang tough and stand up for consumers, you can win," Adelstein says.

Martin had initially hoped to break the FCC's 2-2 deadlock by securing the vote of Robert McDowell, the FCC's third Republican. McDowell had essentially recused himself from voting because a trade group he used to work for had opposed the merger. But that plan ran aground last month when McDowell, freed up to vote by the FCC's general counsel, refused to vote, citing the same ethics conflict.

Adelstein, who was criticized by AT&T for holding up the transaction, says he would have been willing to give AT&T "the exact same deal" a month earlier, if AT&T had offered it. Instead, AT&T declared an impasse and pinned its hopes on a McDowell vote.

The final terms of the $85 billion transaction, the largest telecommunications deal in U.S. history, underscored the key role of the FCC. The agency is charged by Congress with looking out for the interests of consumers, Adelstein noted.

He says companies that approach the FCC in the future looking for merger approvals should keep in mind that "our job is to look out for the public interest, not the interests of the companies we oversee."

Net Discrimination (WSJ)

The Wall Street Journal, January 2, 2007

The two Democrats on the Federal Communications Commission finally let the AT&T-BellSouth merger proceed last week, though not without some major political rent-seeking. AT&T CEO Edward Whitacre had to agree to follow "Net neutrality" mandates for two years -- after having once said that such a policy would be "nuts."

He was right the first time. But that's a matter between him and his shareholders, and perhaps Mr. Whitacre anticipates that after two years he will be able to return to charging market prices for the use of his broadband pipeline. He'd better hope that the policy precedent set by his merger concession doesn't become a battering ram for Congress to make Net neutrality permanent. In the meantime, he gets full control of Cingular Wireless, which is where much of the telecom action now is.

The more important question in this episode is political: Have we been watching a return of the Old Democratic habit of using rhetoric about "equity" and "justice" as a front for carrying water for certain business interests over others?

Net neutrality travels under the euphemism of "nondiscrimination," which sounds very nice. But what it really means in practice is that the government dictates what AT&T and other Internet access companies can charge users of their pipelines. So there's "discrimination," all right -- against the companies that have invested billions to lay that pipe.

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The beneficiaries of this discrimination are Google, Microsoft, Yahoo and other very rich Web businesses, which have loaded up on Beltway lobbyists to have these mandates imposed. Democrats are taking the PAC money and running interference. The Democratic Commissioners -- Jonathan Adelstein and Michael Copps -- were able to extort this concession from AT&T because one of the three GOP Commissioners recused himself from voting on the merger under pressure from Democrats on Capitol Hill. It was a nasty game of bad cop-worse cop, and it is probably a portent of things to come.

The one thing no one should be deceived about is that this ambush has anything to do with "consumers." Internet users will benefit most from the rapid rollout of broadband, which requires letting companies get a return on their investment. Net neutrality is all about imposing price controls that shake down one corporate player for the benefit of another.

Franchise Freedom (WSJ)

The Wall Street Journal, January 2, 2007

And speaking of the FCC (see above), we think it deserves full marks for its ruling last month that will make it easier for phone companies to enter the cable television business. The usual suspects are crying foul, but this is a decision that really will help millions of consumers who are currently paying cable rates dictated by anticompetitive video franchise agreements.

For decades the incumbent cable TV providers enjoyed a virtual monopoly in most markets. Of late, the Bells have been attempting to crash this party with their own video offerings, but they're facing all kinds of barriers to entry. At the behest of the cable industry, county commissions, city governments and other so-called local franchising authorities have slow-rolled approval or made unrelated demands -- such as the construction of a public swimming pool, parking garage or in-kind cash payments -- a condition for allowing phone companies to offer cable.

With some 30,000 local communities out there for the Bells to win over, all this nickel-and-diming adds up. So do all the delays. Verizon reports that, of its franchise negotiations currently pending, more than half have been ongoing for at least 18 months and more than 80% have lasted at least a year.

The FCC's action is an attempt to streamline this process and eliminate the shake-downs that municipalities have been using to circumvent the 5% franchise fee cap. Under the new rules, states and local authorities must complete negotiations within 90 days. They also won't be allowed to impose "unreasonable" build-out requirements, such as demanding that phone companies offer their services everywhere that cable firms do within months of being granted a franchise agreement. We'd just as soon see such requirements scrapped altogether -- after all, the Bells are entering a competitive market with no guarantee of success -- but this is a step in the right direction.

In places where traditional cable providers do face competition from phone companies, rates are falling. According to FCC Chairman Kevin Martin, studies by his agency as well as the Government Accounting Office have "concluded that the average monthly cable rate is significantly lower only in areas with another wire-based competitor."

In the wake of the FCC's party-line 3-2 ruling, in which the agency's two Democrats dissented, the cable lobby is complaining that phone companies are receiving preferential treatment. Democratic Commissioner Jonathan Adelstein told reporters that the decision "undermines" local authority, by which he means poaching by thousands of local politicians.

In fact, it's the local franchising authorities who have been undermining competition by protecting incumbents. And the cable industry's complaints are unpersuasive at best. Cable companies have marched right into the telephony market, making it more competitive, without facing the regulatory hurdles they want kept in place to prevent video competition from the Bells. Far from playing favorites, the new FCC rules aim to make the telecom playing field more level. They were long overdue.

Lawsuit Filed Over Hard Rock Auction (FT)

By James Politi

Financial Times, January 2, 2007

The Seminole tribe's acquisition of the Hard Rock Cafe was plunged into controversy when Cordish, a US real estate developer, filed a lawsuit claiming it was shut out of the auction for the restaurant chain.

Cordish submitted documents to a Florida court late on Friday alleging that Hard Rock and Hamish Dodds, its chief executive, colluded with the Native American tribe to reduce competition in exchange for assurances that Mr Dodds would continue to run the company after the deal.

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Baltimore-based Cordish said it had repeatedly expressed an interest in bidding but was denied access to Hard Rock's books for due diligence. The developer has already filed a suit against Merrill Lynch, the investment bank that ran the auction on behalf of Rank, the British gaming group that owns Hard Rock.

The move by Cordish comes as Rank shareholders prepare to meet next week to vote on the sale of Hard Rock for $965m.

The outcome is far from clear, after some analysts expressed disappointment with the price obtained in the deal.

Rank shares have fallen nearly 15 per cent since the transaction was announced in early December.

A spokesman for both Hard Rock and Mr Dodds declined to comment on the litigation. A spokesman for the Seminole tribe also declined to comment.

At the time the deal was announced, Ian Burke, Rank chief executive, said: "We have maximised the value of Hard Rock through this disposal following a thorough strategic review and competitive auction."

According to people familiar with the matter, the Seminole bid won the auction ahead of Permira, Apollo and TDR Capital, three private equity groups also involved in the process.

Although it is common for shareholders to file suits against companies claiming that they might not have maximised value, it is far less common for a rival bidder to claim it was unfairly excluded from an auction.

ENVIRONMENT:

Arlington Takes On Global Warming (WP)

By Annie Gowen

The Washington Post, January 2, 2007

Arlington County will buy more wind-generated electricity, give tax breaks for hybrid cars, require new public buildings to be green-certified and hand out energy-efficient light bulbs to residents as part of a major push toward reducing greenhouse gas emissions, county officials said yesterday.

The county has reduced carbon dioxide and other emissions -- making its buildings more energy-efficient and adding hybrid vehicles to its fleets -- by a total of 2.6 percent since 2000, but must now sharply increase its efforts in order to reach its goal of a 10 percent reduction in the next five years, Arlington County Board Chairman Paul Ferguson (D) said yesterday.

Ferguson, who has served on the board since 1996, was elected chairman yesterday during the county's traditional New Year's Day meeting, which tends to be a largely ceremonial event and holiday gathering for local politicos.

Board member Walter Tejada (D) was elected the board's vice chairman.

The county's move won quick praise from local environmentalists.

Mike Tidwell, director of the Chesapeake Climate Action Network, said that such a comprehensive push to reduce emissions was unusual for the region and a first in Northern Virginia. Tidwell noted, however, that other jurisdictions are also making strides; Montgomery County already buys far more wind power than Arlington.

"It's a fantastic initiative that leads through example," said Tidwell, whose nonprofit organization tracks such efforts across the region. "It's a good start and a positive start. They're doing a lot of the right things."

Ferguson, who previously served as chairman in 1999 and 2003, said he was inspired to launch the environmental initiative after seeing Al Gore's recent documentary, "An Inconvenient Truth."

"Our climate is changing, and that change is causing harm," Ferguson said. "The question is, what can each of us do to slow the trend and eventually reverse it?"

The board's plan calls for the county to increase the amount of wind power it buys from 3 percent to 5 percent and to give residents who buy hybrid cars a break on their personal property taxes, an unusual perk for a Virginia locality.

The county will refit one or two county buildings with solar technology and require all new major public buildings to be green-certified. Officials said the county will plant 1,200 trees this year and hand out 2,000 fluorescent light bulbs at local fairs and other events. They'll pay for 20 Arlingtonians to get energy-efficiency audits of their houses.

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What this will cost is unknown. Ferguson has launched his plan in a year when Arlington will be stretched financially. Like other jurisdictions in Northern Virginia, the county is expecting a budget shortfall next fiscal year because of a decline in revenue growth caused by the downturn in housing values.

Arlington's revenue gap is about $20 million.

"We are going to face a difficult budget," Ferguson said of the coming year. "We have had a flattening in the real estate market . . . we will not be able to do everything."

But he said the environmental initiative will not be costly. He estimated it would entail about $5 million in upgrades to municipal buildings, which he said will be recouped in lower utility costs. Other costs -- such as for the energy audits and light bulbs -- will be less than $100,000, he predicted.

The county of about 200,000 has long considered itself eco-friendly, from the macro perspective (a "smart growth" strategy that clusters development around Metro stations, encouraging use of public transit) to the micro (an obsession with the county's "tree canopy").

As newly elected board vice chairman, Tejada, one of the few elected Latino officials in the state, said that in the coming year he would spearhead new efforts to reach out to immigrant communities. Those include more voter registration drives and a series of citizenship workshops aimed at legal permanent residents who might want to become citizens but who feel intimidated by the process, Tejada said.

Saving Salton Sea (LAT)

The Los Angeles Times, January 2, 2007

THE SALTON SEA is an accident of man and an insult to nature, an artificial lake so rank that its rotten-eggs odor often overwhelms its sparkle, an unnatural blunder with too much salt and too many dead fish. It must be saved.

If only it were that easy. The lake, created in 1905 when a badly built canal diverted Colorado River water to a depression in the desert straddling Riverside and Imperial counties, is drying up and in danger of extinction. Yet if the Salton Sea were to dry up entirely, the ensuing dust storms would pollute the Coachella Valley air with toxins now underwater. The sea also is a habitat for an endangered species of fish and a vital stopping ground for 400 species of birds.

California soon must decide what to do about the accidental lake. In 10 years, it will lose half its inflow when more Colorado River water is shifted from agricultural to urban areas. The state is required to come up with options to save the Salton Sea, and it offers 10 possible solutions in a recent report, ranging from very expensive to ludicrously expensive. Even the "no action" option costs close to $1 billion because the state is required by law to protect air quality and provide a way for the endangered desert pupfish to get from one river to another. Other options cost almost $6 billion.

The higher-priced choices are the dreams of some local boosters, who long for a deep-water lake to boost property values and support a once-thriving tourism industry. This would require building a dam or huge berm, which would cost a fortune and carry a steep environmental price, including quarrying a nearby mountain. California taxpayers don't have spare billions to lavish on a man-made water park in the desert, and the state has a responsibility not to create new environmental messes in the process of fixing old ones.

Both environmentalists and Imperial Valley farmers have more reasonable, less costly proposals. They include simple dirt berms and shallow wetlands that keep most dust at bay, take care of the pupfish and provide the birds with a habitat.

The state should stick to the least expensive plan that will take care of environmental needs. (The public can comment until Jan. 16 by sending an e-mail to saltonseacomments@water.ca.gov.) If local interests want a recreational lake, they can design an environmentally sound berm — and support a local bond to pay for it.

FBI/DEA/ATF/USMS:

War On Meth, No. 2 Story Of '06 (GJS)

Grand Junction Sentinel, December 31, 2006

Local law enforcement agencies and the Drug Enforcement Administration made a decisive blow against the methamphetamine epidemic when they arrested 31 local methamphetamine dealers and runners between January and March.

The arrests effectively crushed western Colorado's largest meth distribution network to date, which by some estimates provided more than 70 percent of Mesa County's methamphetamine.

The toppling of the ring was voted the No. 2 local news story of 2006 by Daily Sentinel staffers.

The ring, described by DEA Agent Tom Gorman and other members of the Western Colorado Joint Drug Task Force as a "sophisticated" operation, trafficked methamphetamine from around the region.

The ring's methamphetamine operation was credited with fueling, in part, the surging number of drug and property crimes that have plagued Grand Junction and its surrounding communities in recent years.

At the meth ring leader's sentencing hearing, Chief District Judge David Bottger told 45-year-old Stephen Parsons he was amazed by the evidence of how expansive the Grand Junction man's criminal network was.

"It seems clear to me that Mr. Parsons was the head of the largest and most extensive methamphetamine sales and distribution business I've ever seen in Mesa County," Bottger said.

Parsons was sentenced to 24 years in a Colorado prison in October.

And on the heels of Parsons, a number of other meth ring members have received similarly long sentences, including:

Ashley King, who was involved in a shootout with sheriff's deputies last winter, was sentenced in November to 17 years in prison for her role as a meth ring dealer.

Eric "Sky" Redman, 30, an alleged drug enforcer who shot himself in the hand while he was being wiretapped by the drug task force, received 15 years in prison in November.

Tammy Bauer, 34, who trucked pounds of methamphetamine to Grand Junction from Arizona, received a 12-year prison sentence in October for her role in enabling the meth ring.

Crystal Plumlee, 21, who worked as a dealer for Parsons in addition to her own clients, was sentenced to 12 years in prison in October after pleading guilty to conspiracy to distribute a controlled substance.

But just as the meth ring bust proved a highpoint for local law enforcement, it proved a burden on the local court system.

Methamphetamine, according to Mesa County prosecutors and judges, has placed extreme pressure on the court system. From 1990 to 2005, when methamphetamine transitioned from a niche drug to the most widespread, dangerous drug on the Western Slope, the number of felony cases in the court system quadrupled while the number of judges remained the same.

Fueled by the county's meth epidemic, the number of Mesa County felony cases exploded from 506 cases in 1990 to 2,223 cases last year.

The surging, meth-fueled caseload has outpaced the county's population growth by a factor of 10, according an analysis of figures obtained from the Mesa County District Attorney's Office and the U.S. Census Bureau.

In other words, while the county's population grew by 32 percent from 1990 to 2005, the number of felony cases has risen 339 percent.

Bottger said this fall that the meth-fueled, rising caseload has made court time an elusive reality, forcing civil cases and other non-criminal cases off the docket.

The result, he said, has been that civil plaintiffs and even some criminal defendants have opted to strike a deal with each other or prosecutors instead of awaiting their day in court.

"I like to think that we've maintained a high standard of justice by adding some new judicial officers and by working hard," Bottger said, "but I don't know to what extent litigants' ability to get court time has forced them to compromise on cases they might not otherwise want to compromise on."

In that sense, Bottger said, "justice delayed is justice diminished."

But as a burden upon the legal system, Mesa County's top prosecutor said the widespread coverage of the meth ring in the media — from the bust through the end of the year — has proven the biggest coup against the methamphetamine epidemic.

Mesa County District Attorney Pete Hautzinger said the toppling of the ring was far and away the most significant strike local law enforcement made against methamphetamine trafficking.

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But beyond cutting off the local supply of the drug for the subsequent three months, Hautzinger said the bust's media coverage provided the county with a powerful tool in prevent other meth casualties.

"When we make a bust like that, (local media) throwing 31 mug shots on the front page of the newspaper helps with the prevention and intervention prongs" of our efforts, Hautzinger said.

In addition to the day-one coverage, Hautzinger said he hoped the continued coverage of the suspects from the case and their stories has helped discourage others from embarking down the path to methamphetamine addiction.

That, Hautzinger said, will be lasting impact of local law enforcement's efforts. Even as other dealers rush in to fill the methamphetamine supply "vacuum," perhaps a few people will think twice before mainlining the drug.

More Than 130,000 Pot Plants Destroyed In Washington This Year (AP)

AP, December 30, 2006

TACOMA, Wash. - As 2006 draws to a close, drug-enforcement officials in Washington say they have destroyed more than 130,000 marijuana plants this year as part of a joint state and federal eradication effort.

AP photo

Marijuana plants growing in an illegal operation.

The federal Drug Enforcement Administration says that's nearly the same as last year, when a record 135,000 plants were destroyed.

This year's seizures have led to more than 340 arrests and 190 weapons seizures.

Officials attribute the number of destroyed plants both to outdoor growers who frequently use public lands, and to drug traffickers moving their indoor growing operations from Canada to Washington as they try to avoid tightened border security.

Agents say growers have dammed streams, clear-cut forest lands, used large quantities of insecticide and killed wildlife to aid outdoor drug-growing operations.

Hard Year For Smokers, Dog Lovers (WT)

Wyoming Tribune, December 31, 2006

2006 was a great year for fans of clean air, a sad year for dog lovers and a year that marked some significant events in the Cheyenne area.

Among them was the breakup of a methamphetamine ring and the discovery that a trash-to-energy proposal for the city of Cheyenne was perhaps not what it had seemed to be.

The Wyoming Tribune-Eagle newsroom staff reviewed the year in news, and this is the list that resulted.

Voting took place in mid-December, so the back-to-back snowstorms that dumped more than 20 inches of snow, snarled pre-holiday activities and broke a December snowfall record that had stood since 1913 was not on the list to consider.

1: Smoking ban clears

the air in Cheyenne

Months after the Cheyenne City Council put a citywide smoking ban in place, the city's population is still split on the matter.

Cheyenne Mayor Jack Spiker said recently that he's convinced in a year the health of Cheyenne residents will be improved thanks to the ban.

"We'll be able to measure the benefit in fewer heart attacks," Spiker said, "but I am sure some people would disagree."

When city officials launched the smoking ban proposal, they weren't the first body in the region to do so. Laramie had already instituted a ban, and a statewide ban was being discussed in Colorado. A statewide smoking ban had been considered briefly by Wyoming lawmakers in 1999, but the idea was dismissed.

That didn't save city officials from a firestorm of criticism from smokers and those who serve them; they claimed a smoking ban would harm their business or cause them to close completely.

Even so, city elected officials approved the ban in June but delayed the effective date until mid-August to allow opponents time to gather signatures to put the ban to a citywide vote.

Rich Gibbs, of the political action committee Cheyenne Coalition for Citizens Rights, said he supported the ballot initiative because it would give city residents a chance to decide on what kind of laws they wanted to live by.

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"This isn't about smoking. It isn't about economics," he said.

At least 2,767 signatures were required to be submitted by the end of June to the Cheyenne City Clerk's Office. That number is 10 percent of the city residents who are registered to vote. In all, 3,403 signatures were collected, but only 1,876 belonged to verified city voters.

Business owners were convinced their business would fall off after the ban. The results of a study to be released in late 2007 that may confirm their beliefs, but a study done by the Wyoming Survey and Analysis Center at the University of Wyoming and commissioned by the Substance Abuse Division of the state Department of Health completed after Laramie officials banned smoking in public places showed no economic impact.

The ban caused at least one business to change direction. The owners of the Outlaw Saloon and Rockin' Rodeo decided to consolidate operations to the Rockin' Rodeo location on South Greeley Highway, which is outside city limits, and rename that establishment the Outlaw Saloon.

"Business has been good," co-owner Suzy Hein said at the end of the year. "I was nervous about closing the Outlaw on East Lincolnway because we'd been there so long."

Hein said she still doesn't like the ban because people should be able to choose what they want, especially in a nightclub.

"You have to be 21 to get into a nightclub. You are an adult, and you have the right to choose whether you will smoke. Some places had already gone smoke-free," Hein said. "Now we don't have that choice in Cheyenne."

2: Illness at Cheyenne Animal Shelter ends the lives of 42 dogs

At first the reports in early May were of an unspecified respiratory illness at the Cheyenne Animal Shelter.

Then the verdict came in: the highly contagious canine influenza was racing through the county pound and nearly all the dogs showed signs of infection. Shelter officials debated, and the decision was made to euthanize 42 stray dogs staying at the shelter.

That released a firestorm of debate and second-guessing that rocked Cheyenne and drew comments from surrounding states.

"If people want to blame me for the decision, that's fine," shelter director Allen Cohen said at the time. He had started his job only days before.

"I did the best I could with the information I had at the time and the support of the veterinary community that came to our meeting," Cohen said.

Canine influenza is a highly contagious disease with two forms - mild and severe. The mild form comes with a cough that can last 10 to 30 days. The severe form can result in high fevers and a pneumonia infection. The mortality rate of the disease, according to the American Veterinary Medical Association, is low, between 5 percent and 8 percent.

The early concerns were containing the influenza at the shelter and stopping infection of dogs in the community.

The decision to put the dogs down prompted the Concerned Citizens for the Humane Treatment of Animals to offer up a slate of suggestions to the publicly funded animal shelter, among them bringing back a membership system that would allow those who had paid their dues to elect shelter board members and developing a plan to deal with disease outbreaks in the shelter.

Russ Mead, a representative from Utah's Best Friends Animal Society, a large no-kill shelter with members nationwide, said his group was using Cheyenne's decision to urge other shelters to develop procedures to deal with dog flu that doesn't involve putting animals down.

"We don't want killing an entire shelter population to be known as the Cheyenne solution," Mead said.

3: Trash-to-energy plan runs out of fuel

When Michael Spitzauer proposed demonstrating his trash-to-energy technology in Cheyenne, city officials were elated. Turning trash to something usable would mean that something valuable could come from refuse, and it could mean that Cheyenne could delay building a landfill with a price tag that is big and expected to only get bigger.

Spitzauer and his company, Green Power, brought a mobile trash conversion unit on a flatbed truck in June to Cheyenne, and city officials watched as trash was dumped in one end and diesel came out the other a mere three minutes later.

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But questions about Spitzauer's past called a halt to the city's plan to sign a contract with the native Austrian. Under the deal, the city would have provided land and trash for the venture that Spitzauer said could transform the energy landscape.

An investigation by the Wyoming Tribune-Eagle showed that Spitzauer had a criminal past in his home country and was embroiled in a bankruptcy dispute with a separate company.

Court papers dating back more than five years show that Spitzauer had lied on his immigration form. The lie: that he had never been convicted of a crime. Spitzauer had served three years of a six-year fraud sentence in Austria. And after he was here, court papers also showed that prosecutors in Austria were trying to extradite him to answer questions in other fraud allegations. That attempt was eventually dropped.

Spitzauer denied serving the prison sentence in Austria, attributing the idea to a bad translation of court documents, but his own attorney admitted in court that Spitzauer had served the time.

While he said he had financing, the investment bank that had been backing him withdrew its support even before Spitzauer held his Cheyenne demonstration.

City officials put the decision to sign the contract on hold in late June, and Spitzauer withdrew his proposal from consideration.

4: Car chase breaks meth ring

A high-speed chase through west Cheyenne neighborhoods was unusual enough, but the one that started around 11 a.m. Jan. 20 would turn into so much more.

The people in the car had been under surveillance for drug activity. A traffic stop at West Lincolnway and Snyder Avenue for a minor traffic infraction, however, sparked the chase. It ranged north to Richardson Court, then reversed itself toward south Cheyenne. Along the way, gunshots were exchanged between people in the fleeing vehicle and a Laramie County sheriff's deputy.

The car chase turned to a foot chase and that turned into a four-hour standoff at a Hynds Avenue home in south Cheyenne before a teargas canister flushed a suspect, who was wounded in the leg and was armed with a .38-caliber handgun and an ounce of methamphetamine.

In all, four people were arrested that day. Among them was James Sali, who was arrested on suspicion of attempted first-degree murder.

The two men and one woman who had been with Sali had not been arrested, and Sali was being held on $500,000 bail.

By the end of March, the story had taken a turn. Sali was among those arrested for their roles in a drug ring that regularly ferried meth, guns and cash between Cheyenne and Denver.

"You're looking at a well-organized group that was prepared to defend themselves as Sali did," U.S. Drug Enforcement Administration public information officer Suzanne Halonen said.

Law enforcement officials arrested nine people in March in connection with the drug ring and were looking for three more people.

The suspects, Sali among them, had apparently been running the drug ring since the previous June. They traveled to the Denver area to pick up methamphetamine and sold it from homes and hotel rooms in Cheyenne. Some of the drug was sold within 1,000 feet of Alta Vista Elementary.

By May, the number of indictments issued in the case reached 18; by October, 21. At that point, Sali had seven counts pending against him, and he faces two counts of attempted first-degree murder of two Laramie County sheriff's deputies during the Jan. 20 chase.

Fifteen suspects had pleaded guilty in May, July, August and September. Five more were awaiting jury trials.

5: Lawmakers approve Hathaway Scholarship, roll out program

Wyoming voters enshrined a revolutionary education initiative in the Wyoming Constitution when they approved Amendment C by a nearly 3 to 1 margin.

By doing that, voters decided that the endowment that funds the Hathaway Scholarship Program shall not be spent for other purposes.

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That was the latest victory for advocates of higher education in Wyoming. Under the program, eligible high-school graduates across the state are able to tap a state-funded scholarship fund to help them pay for their educations at the University of Wyoming or the state's network of community colleges.

State lawmakers created the program in 2005, along with a trust fund whose income would pay for the scholarships. Originally envisioned to kick off in several years, the program got a jumpstart when Gov. Dave Freudenthal and state legislators decided to ramp-up filling the trust fund. The program's start date also was moved up to 2006.

"This is a beneficial, wonderful thing for the state," Patty Johnson said. She's among the state residents who were tracking the progress of the program. "It gives students something to strive for, and hopefully, it's a way to keep people in the state. It's one of the finest things I have heard of that we can use our money for."

For the past several years, Wyoming state government coffers have been filled with revenue from the energy industry, and lawmakers and state elected officials have been trying to figure out how to share that wealth with the state's residents.

That prompted a slew of questions of who would qualify for the program and how they would do it. The Education Merit Scholarship Committee pitched a list of specific requirements that students would have to meet to qualify for the Hathaway money. On the list are math, language arts, science, social studies and foreign language. Students entering the ninth grade in 2007 would have to meet these standards.

The scholarship committee also wants qualification tied to performance on Wyoming's statewide assessment test to be included. Both of these provisions are part of a draft bill that lawmakers will consider when the Legislature convenes Jan. 9.

6: A thousand votes return Barbara Cubin to U.S. House for a seventh term

When Rep. Barbara Cubin, R-Wyo., announced her bid for a seventh term representing Wyoming in the U.S. House of Representatives in June, she came out swinging against Democratic challenger Gary Trauner, accusing him of supporting "Hillarycare"-style health care and labeling him with liberal epithets.

By that time, Trauner, a Wilson businessman, had been knocking on doors across the state, introducing himself and asking for votes.

While Cubin had a primary challenger in retired Navy officer Bill Winney of Cheyenne, she seemed to reserve her money for the post-primary face-off with Trauner. Indeed, Cubin did win the Republican primary, but she lost in Laramie County and a couple of others.

Cubin's media campaign - as well as ads run on her behalf by the National Republican Congressional Committee - painted Trauner as an outsider whose ideas were wrong for Wyoming; several also touched on the fact that he was not a native Wyomingite. The ads, with their negative tone, focused on Trauner and did not address what Cubin had done for the state, nor what she promised to do.

For his part, Trauner did not engage in negative campaigning.

After polls closed on Election Day, Trauner carried a narrow lead over Cubin as votes were counted. He took most of the large-population counties in the state; he won Laramie County by a 70-30 margin.

But Cubin's conservative base stepped up for her; support for the incumbent representative was high in the more rural counties of the state, and that was enough to carry her to her narrowest victory in years.

The outcome of the race wasn't immediately apparent on Election Day. Some delays in reporting votes from part of Carbon County raised some doubt about the outcome. And the narrow margin raised questions about whether a recount would take place. Under Wyoming law, a recount is triggered when the difference in the number of votes between contenders is less that 1 percent of the total votes earned by the top vote-getter.

When the results were canvassed, the margin was wider than 1 percent, and Trauner declined to seek a recount.

7: Pipeline rupture kills one

The race to build natural-gas pipelines to export Wyoming and Colorado gas to power-hungry markets in the East turned deadly in November when a crew member working on the Rockies Express Pipeline on the Duck Creek Ranch south and west of Cheyenne apparently struck an existing pipeline operated by El Paso Corp. subsidiary Wyoming Interstate Co. with his bulldozer.

Around 9:30 a.m. Nov. 12, a Saturday, a fireball so large it could be seen more than 50 miles away in Colorado erupted from the break.

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"It was wa-a-a-y above the power lines," Tyson Twitchell, son of ranch manager Frank Twitchell, said. "I've never seen a flame like that before. It was at least 300 feet high. At least."

The bulldozer driver, Bobby Ray Owens Jr., who worked for Associated Pipeline Contractors, was killed in the explosion. He had been grading a roadway at the explosion site.

The Rockies Express Pipeline, being built by Kinder Morgan, is one of several gas transmission pipelines that crosses southeast Wyoming. The Wyoming Interstate pipeline that was breached had been in place for about two decades.

While the fireball was knocked down in about an hour, public safety officials were on the site all day, waiting for the temperature of the ground around the explosion site to drop to safe levels. Initial reports said the crew working on site with Owens was missing, but the seven crew members were accounted for later in the day.

El Paso Corp. rerouted natural gas around the site of the rupture. Natural-gas service to the Cheyenne area was not interrupted.

The explosion is under investigation by the U.S. Department of Transportation's Office of Pipeline Safety.

8: Murder and attempted suicide shine light on troubled marriage

Most people in Laramie County would never have known about the lives and troubled marriage of Willard and Lynaya Brown. That changed in the early hours of Aug. 15 when Cheyenne police say Willard Brown, 34, killed his 27-year-old wife, Lynaya, and tried to kill himself.

Lynaya Brown had called 911 at 1:12 a.m. to report a disturbance at the couple's east Cheyenne home. She said he had tackled her and was headed to the garage, where he kept his guns.

The dispatcher heard a scream and a loud noise. The call ended abruptly. When police arrived three minutes later, they found Lynaya Brown shot in the chest and Willard Brown lying in the garage, his face bleeding.

Lynaya was declared dead at the scene, and Willard was taken to the local hospital, where he was treated. He later was arrested and taken to a locked-down medical facility in Colorado.

Records show the couple had filed for divorce, citing irreconcilable differences, only about three weeks earlier.

An investigator's statement said Willard Brown had said he was sorry for killing his wife on the night of the shooting.

Brown pleaded not guilty in September. At Brown's preliminary hearing, his attorney said Brown's action was not premeditated; rather it was an act of passion driven by his belief that his wife was having affairs.

Brown's premeditated murder trial was scheduled for Dec. 21, but it has been postponed.

9: City Councilman Pete Laybourn relies on private investigator to protect his image

The strained relationship between Cheyenne City Councilman Pete Laybourn and his fellow elected city officials took a turn for the strange in May when Laybourn hired a private investigator to disprove allegations against Laybourn that the councilman termed false and malicious.

Two memos seem to have sparked Laybourn's ire: one in March 2005 from city attorney Mike Basom to Laybourn, which cites the councilman's "propensity to verbally attack staff" following an incident at a social event where Laybourn encountered assistant city attorney Claudia Angelos. Angelos later recounted a conversation during which she said Laybourn said he wanted to "utterly destroy" the city attorney's office.

In March, Mayor Jack Spiker sent a memo to City Council members that warned that Laybourn might be undermining city employees' ability to do their jobs. "Particularly troubling is the fact that (Laybourn) has made it his practice to bully and attack staff with increasing frequency," Spiker wrote.

In a column printed in the Wyoming Tribune-Eagle in early June, Laybourn recounted the findings of his investigator, former Fort Collins, Colo., police officer Frank Russell. Among them was the fact that no one interviewed could provide specifics about the date, time or location. And no official complaints about Laybourn's behavior were on file.

"Although not the darling of his peers, the evidence presented would not meet any legal standard of probable cause, let alone proof beyond a reasonable doubt," Laybourn wrote of Russell's report.

But the City Council was not content to let the matter rest there. In the middle of June, a divided City Council voted to censure Laybourn for his behavior, which included hiring the investigator. Also cited were Laybourn's use of city stationery for personal benefit, and using the city emblem without its trademark symbol in an advertisement he ran without permission.

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A censure is a disciplinary action without much weight.

Laybourn voted against the censure, as did his fellow Ward 1 representatives, Councilwoman Judy Case and Councilman Jimmy Valdez, and Councilman Don Pierson. Pierson said he didn't condone Laybourn's actions, but the discipline should have been handled differently.

10: Food gets sales tax holiday for two years

What will Laramie County residents do with a little extra change in their pockets? They have two years to figure that out.

Early in 2006, lawmakers agreed to lift the sales tax on food bought at grocery stores in Wyoming for two years. The holiday took effect on July 1.

The vote by state lawmakers came after repeated attempts, led by Rep. Ann Robinson, D-Casper, over a decade to lift the tax. Wyoming is one of only a few states that was charging sales tax on food. Many consider it an extremely regressive tax because it affects people with low incomes more.

"I would say this is the highlight of my legislative career," Robinson said at the time of the vote.

Not all food that's bought in grocery stores is subject to the holiday. Anything that's intended for immediate consumption is still taxed. But grocery items bought for later consumption are now tax-free.

Lifting the tax poses a more complicated problem - plugging the revenue shortfall to cities, towns and counties that depend on sales tax revenue to help pay their bills. The fourth penny of the statewide sales tax is distributed to municipalities. Fifth- and sixth-penny sales taxes are voted on at the county level and generate revenue to pay for local infrastructure and specific projects such as water treatment plants or county jails.

State lawmakers set aside $46.6 million to help make up for the losses to local governments. But state Revenue Department projections show that that amount may only cover a year.

LARRY BRINLEE/WTE Brian Wilkerson talks against the smoking ban while having a cup of coffee at the Luxury Diner on June 22 in Cheyenne. Wilkerson signed the petition, which failed to get enough signatures, to get the issue to the election.

Agent: Heroin Arrest May Point Increased Use In Region (AP)

AP, December 30, 2006

LOUISVILLE, Ky. - Heroin is re-emerging in the Louisville area, the result of Mexican drug-traffickers marketing to a new generation, federal authorities said.

Since July, a drug task force of federal and local police has confiscated more than two pounds of heroin with a street value of about $200,000, including two pounds recently in nearby Charlestown, Ind.

Such amounts were unheard of in recent years, Tony King, resident agent in charge of the U.S. Drug Enforcement Administration office in Louisville, told The Courier-Journal.

While Louisville police and health officials haven't seen a noticeable surge in the drug's use, King said the recent confiscations could foreshadow problems.

An annual National Drug Threat Assessment report released in October said Mexican heroin circulating in western states was spreading east of the Mississippi. It said abusers of opiates prescribed as painkillers, such as OxyContin, might be switching to heroin, as efforts to curb prescription-drug abuse take hold.

"Heroin took a back stage for a while," King said, "but now it's being marketed again to a new generation."

Before this year, heroin in the Louisville area "had all but disappeared," King said. The local drug task force didn't handle a single heroin trafficking case in 2005, he said. But this fall, three illegal Mexican immigrants were indicted on federal charges of participating in a heroin distribution conspiracy that carry a possible life sentence and deportation.

Seized in those arrests was "black tar heroin," so named because it looks like hot asphalt, said King, adding that it can be injected or smoked.

Janice Cunningham, a substance abuse supervisor for the Louisville Health Department, said its methadone clinic, where heroin addicts are treated, has not seen an increase in clients. But she noted an increase in younger heroin users - those 21 to 28 years old. The median age of the 186 addicts being treated at the clinic is 41, two years younger than in 2004, she said.

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Across Kentucky, 274 people received treatment for heroin use in a state center in the year that ended Sept. 30, compared with 218 the previous year.

Information from: The Courier-Journal

Heroin Is Returning To Area, Officials Say (LCJ)

By Kay Stewart, The Courier-Journal

Louisville Courier-Journal, January 2, 2007

Task force seized 3 pounds since July

Heroin is re-emerging in the Louisville area, the result of Mexican drug-traffickers marketing to a new generation, federal law-enforcement officials say.

Since July, a drug task force of federal and local police has confiscated more than 3 pounds of heroin with a street value of about $200,000, including 2 pounds recently in nearby Charlestown, Ind.

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Before this year, heroin in the Louisville area "had all but disappeared," King said. The local drug task force didn't handle a single heroin trafficking case in 2005, he said.

But this fall, three illegal Mexican immigrants, Omar Robles-Munguia, 28; Francisco Rodriguez-Lopez, 32; and Rogelio Garcia-Mendez, 34; all of Louisville, were indicted on federal charges of participating in a heroin distribution conspiracy that carry a possible life sentence and deportation.

Seized in those arrests was "black tar heroin," so named because it looks like hot asphalt, said King, adding that it can be injected or smoked.

An undercover officer arranged to purchase more than a pound of heroin for about $54,000 from Robles-Munguia in six transactions from July through October, according to affidavits.

Affidavits said undercover officers also observed the sale of small amounts to customers throughout the city.

In one undercover buy, two suspects stored heroin in small balloons they spit out of their mouths, an affidavit said. Each dose was selling for $20, King said. In other buys, larger quantities, wrapped in balls of black tape, were handed to officers.

The three were arrested Oct. 13 at The Summit shopping center in eastern Jefferson County during an undercover buy, according to the affidavits, after one of them complained about a van -- the DEA surveillance vehicle -- parked nearby.

In another Louisville case, Alejandro Robels-Gomez, 31, an illegal immigrant from Mexico who lived in Indianapolis, pleaded guilty Nov. 28 in U.S. District Court to heroin trafficking.

He faces five to 40 years in prison and deportation. Chief U.S. District Judge John Heyburn III has scheduled sentencing for March 6.

Robels-Gomez admitted possessing with the intent to distribute more than 50 grams of heroin with a street value of about $5,000 Aug. 12.

Lab results determined the heroin was 69 percent pure, Assistant U.S. Attorney Robert Kilmartin said. Regional problem

Officials say heroin cases are increasing in Southern Indiana and Northern and Central Kentucky.

In Indianapolis, 12 defendants await trial in U.S. District Court on charges of participating in a major heroin distribution ring.

John Dowd, chief of the drug prosecution unit for the U.S. attorney's office in Southern Indiana, said it has prosecuted several heroin cases in the past three or four years.

"We probably hadn't done two or three heroin cases in the six or eight years before these most recent ones," he said.

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On Nov. 21, 10 people from Clarksville, Ind., and two from Louisville were among 13 people facing federal charges of being involved in a drug ring stretching from Chicago to Atlanta. Officers found 2 pounds of heroin in a car trunk in Charlestown.

Most of the heroin seized in Charlestown was white powder labeled "China White," a type usually injected or snorted and imported from South America, the Middle East and eastern Asia, King said.

Dowd said the suspects, about half of whom are illegal immigrants from Mexico, already had been indicted under seal at the time of their arrests on drug-trafficking charges relating to cocaine and methamphetamine.

Jim Liles, director of the Northern Kentucky Drug Strike Force, composed of local law enforcement officers who police four counties, said they've seized more than 9 ounces of heroin this year, "more than in the last five years total."

Sgt. Ken Holstein of the Covington Police Department said arrested street prostitutes have had needle marks and had been using "not only crack but heroin. It is definitely back. There is no doubt." No synthetic reported

Capt. Don Burbrink of Louisville Metro Police narcotics, said its officers have seized amounts totaling less than a pound in the past year, mostly from individuals who had it for personal use.

There has been no report in the Louisville area of heroin containing fentanyl, a powerful synthetic opiate blamed for more than 100 deaths last year and earlier this year in several cities, including Chicago and Detroit, King said.

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But she noted an increase in younger heroin users -- those 21 to 28 years old. The median age of the 186 addicts being treated at the clinic is 41, two years younger than in 2004, she said.

Across Kentucky, 274 people received treatment for heroin use in a state center in the year that ended Sept. 30, compared with 218 the previous year.

Reporter Kay Stewart can be reached at (502) 582-4114.

26 Memories Of 2006 (DS)

The Desert Sun, December 31, 2006

We'll remember a president's visit in April and the sorrowful passing of another in December. We celebrated La Quinta's miraculous football comeback and mourned the tragic death of a Col. Mitchell Paige Middle School student. We cheered Tony Bennett, Madonna, Arnold Schwarzenegger, Nordstrom, Miss Teen USA the first day of schoo and James Cain, who managed to swim swam 11 miles across the Salton Sea. On the last day of the year, we reflect on 26 memories from 2006 that will be hard to forget.

We say goodbye to a national leader, local friend Residents across the valley and the globe bid farewell to 93-year-old former President Gerald R. Ford, who died on Dec. 26 at his home in Rancho Mirage.

Many valley residents said they'll remember Ford's sincerity and integrity, his desire to help with valley fundraising efforts, as well as his achievement to demonstrate to a nation rocked by the Watergate scandal and Vietnam War that the office of the presidency was still worthy of respect.

"He was a down-to-earth gentleman. He carried himself that way on and off the (golf) course," said John Foster, board member and president of the 2007 Bob Hope Chrysler Classic.

Madonna rocks Coachella stage Madonna was queen of the Coachella Valley Music and Arts Festival, helping to set a two-day attendance record in May.

The "Queen of Pop" emerged out of a disco ball with an ensemble of spacemen-like dancers in a black outfit and shades. She opened with her dance hit "Hung Up," which she sang to open the Grammy Awards in 2006.

'Amazing' evening with Tony Bennett Tony Bennett's singing magic was enough to sell out the 1,127-seat McCallum Theatre a month in advance of the Dec. 3 performance at ticket prices of $450 and $500 for the black-tie dinner/show package.

"Amazing," said Eve Fromberg of Rancho Mirage. "The people around me are a little older than me, but Tony Bennett is a star for my generation, and that's why they want to do duets with him.

"For him to come to our theater shows the growth of this theater and the growth of our valley. He's a once in a lifetime performer, like Sinatra."

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Students join in national protest About 20,000 students skipped school in the valley as they supported a national day of immigrant protest over several days.

On May 2 at Thomas Jefferson Middle School in Indio, nearly 490 students stayed home, and roughly 260 attended. Instead of about 30 students finishing up a physical education class on the athletic field, about a dozen did.

Similar scenarios occurred across the valley.

School officials attributed the absences to the national "Day Without an Immigrant" boycott designed to illustrate how much the United States depends on immigrants.

"Across our district, we saw a significant impact on student attendance," said Jon Gaffney, assistant superintendent for personnel services at Desert Sands Unified School District.

Church asked to dim lights on cross The brightly lit cross on the hill at St. Margaret's Episcopal Church in Palm Desert garnered the spotlight when some residents began complaining.

It's an almost universal symbol of hope and spirituality, but the cross lit with 39 13-watt compact fluorescent bulbs on Highway 74 also has raised concerns about light pollution.

Some people who have complained to city officials contend it's too bright - especially in Palm Desert, where hillside lighting is a touchy and at times intensely debated subject.

"It's right smack dab in the middle of my view. ... It looks like a beer sign," said Stephen Thewlis, who lives near Cahuilla Hills Park. "A lot of people find solace in it, but for me it's a huge eyesore."

"It isn't too bright. ... It's a feature," said Brenda Osborne, who sees the cross as a beloved community landmark.. "We know we're home when we come back from anywhere."

The Lodge holds a garage sale Everything had to go during a liquidation sale at The Lodge at Rancho Mirage to make way for the new Ritz-Carlton Rancho Mirage.

Bedding, televisions and even bathroom sinks were among items sold to make way for a $330 million expansion project that is taking place on nearly 40 acres in the lower foothills of the Santa Rosa Mountains.

Not even the chandeliers went untouched. Travis Erwin of Indian Wells bought two for her daughter, who had her wedding reception at the hilltop hotel about 14 years ago.

"It's a lot of nostalgia. She was excited when I told her I was buying them," Erwin said.

Swimmer takes Salton Sea plunge James Cain did it - swam 11 miles across the Salton Sea and into the arms of his wife, Sally, on Aug. 13.

"God, I wonder what I was thinking," Cain said. "That was a long way."

About a dozen people - mostly curious tourists - applauded the 47-year-old Phoenix man after he emerged from the murky, smelly sea at Johnson's Landing.

Medical marijuana debate heats up at home Medicine or menace? The debate over legalized medicinal marijuana came to the valley's three dispensaries. Federal agents, armed with a warrant, searched a safe deposit box belonging to a Palm Desert medical marijuana dispensary in June, prompting accusations of harassment from the dispensary's owner.

"I don't have anything to hide," said Stacy Hochanadel, owner and operator of CannaHelp in Palm Desert. "I understand the nature of investigating, but rather than doing this behind my back, why don't they just ask me what they want to know?" he said.

A spokeswoman for the U.S. Drug Enforcement Administration's Los Angeles office declined to comment, citing an ongoing investigation.

Teen's suicide note raises Internet concerns Safety on the Internet at social networking sites such as MySpace.com and at sites like YouTube was of increasing concern to many valley parents.

At Col. Mitchell Paige Middle School in December, for example, parents gathered to discuss concerns that were heightened after Joshua Austin, a 15-year-old Palm Springs High School Student, committed suicide in November after posting a note to his friends on MySpace.

"All of a sudden, the parents here were just getting really alarmed," said Mitchell Paige Principal Derrick Lawson.

FBI Special Agent Mark Hunter of Palm Springs, who tracks online predators of prepubescent children, told parents at the meeting: "You've got to take control. An excuse is not 'I don't know anything about computers.' You've got to learn or you've got to get it out of the house."

Miss Teen USA contest comes to the desert Are you Miss Tennessee? Fifty-one young, attractive women fanned out across Palm Springs in August to introduce themselves and the city to the nation.

Out of all contestants in the Miss Teen USA 2006 competition from around the United States and the District of Columbia, Katie Blair, 18, of Billings, Mont., came away with the diamond and pearl Mikomoto crown.

When Blair walked off the stage and saw her reflection, she said, "It makes me feel like a beauty queen."

The televised event returned to the valley after a one-year stint in Baton Rouge, La.

Winning season for La Quinta During an amazing final six seconds, the La Quinta High School Blackhawks sandwiched an onside kick with two touchdowns for a 31-30 victory over Bloomington in the second round of the CIF-Southern Section football playoffs on Dec. 2.

The victory a gave La Quinta a measure of confidence to beat Silverado High School 23-21.

"If we can score twice in six seconds, we can score any time," said quarterback Ryan Woods, who threw the game-winning pass last week.

But when La Quinta High's football team stepped on to the field as the underdog against J.W. North High School in the CIF-Southern Section Eastern Division championship game, they lost 26-10.

KC Chiefs pick a local Jeff Webb, a 2001 graduate of La Quinta High School, broke down in tears on April 30 when the Kansas City Chiefs selected him in the sixth round of the NFL Draft.

"For real?" Webb said upon learning the news. "I made it?"

Webb became the third player from the valley, along with Ed White and George Thomas, to be drafted by an NFL team.

Webb then called his father, Jeffrey Smith, from the parking lot and let him in on the good news.

"I made the 53-man roster," Webb said. "Can you believe that?"

The Who rock Tennis Garden Pete Townshend and Roger Daltrey proved at the Indian Wells Tennis Garden on Nov. 12 that the legendary British rock band The Who is still a vital force in pop culture.

In the second major concert of the season at the Tennis Garden, the new, augmented Who mixed pieces and fragments of their latest concept album with classic Who hits such as "Who Are You" and "Behind Blue Eyes."

Governor’s got love for valley During a whirlwind trip to Palm Springs on July 29, a confident Gov. Arnold Schwarzenegger touted his record and exclaimed, "I love Palm Springs."

The governor shook hands with voters and stopped by Peabody's Cafe, The Desert Sun and Mizell Senior Center, one of many stops that would help ensure his victory over Democratic challenger State Treasurer Phil Angelides.

Nordstrom coming our way Local shoppers' longtime dreams for highly touted doting customer service, great shoes and high-end fashions will likely come true when the fast-growing Coachella Valley gets its first Nordstrom department store in spring 2009.

The Seattle based-retailer, which started as a shoe store in 1901 and grew into one of the industry's premier luxury brands with a reputation for personalized customer service, announced plans in February for a two-story, 149,000-square-foot store. It will be built on the north end of Westfield Palm Desert, replacing one of the buildings that now houses Macy's.

"What I love about Nordstrom is customer service. I never thought Nordstrom would come here," said Liz Burnach of Palm Desert. "If they come here, I pity the other stores. I'm happy they're coming. I think it would be nice if they upscale the mall."

Even the president visits President George Bush arrived on April 23 and raised nearly $2 million at a Republican Party fundraiser, when he announced, "Our message to the American people is, don't fear the future, because we intend to shape the future."

The visit was the first time since 1995 - when Bill Clinton played a round of golf at the Bob Hope Chrysler Classic - that a sitting president has visited the desert. Bush visited with former President Gerald R. Ford and first lady Betty Ford at their Rancho Mirage home.

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Twentynine Palms Marine dies saving others For bravery under fire, and for saving two comrades from the 3rd Battalion, 7th Marine Regiment, Twentynine Palms, Marine Cpl. Jason Dunham was awarded the prestigious Medal of Honor on Nov. 11.

During an April 2004 battle in Iraq, near the Syrian border, an insurgent threw a hand grenade, and Dunham took one look and immediately threw his helmet on top, a book about the Marine later revealed.

The injuries Dunham sustained cost him his own life.

Tribe's gaming deal held up by Legislature A bid by the Agua Caliente Band of Cahuilla Indians of Palm Springs to more than double the number of slot machines in the tribe's casinos to 5,000 cleared the state senate but was rejected at the last minute by the state Legislature.

The tribe negotiated the revised gambling agreement with Gov. Arnold Schwarzenegger, who said the deal, at its maturity, would funnel $81.9 million a year from the gaming interest to California's General Fund.

Garcia in trouble over comments State Assemblywoman Bonnie Garcia, R-Cathedral City, came under fire when, on Sept. 10, she was asked about Gov. Arnold Schwarzenegger by students in a La Quinta High School class. Here remark, "I wouldn't kick him out of my bed," garnered plenty of attention, particularly from her election opponent, Palm Desert Democrat Steve Clute.

Clute launched a multimedia ad blitz highlighting Garcia's alleged Oct. 10 comment.

"With sex scandals rocking the country, people (are) sick and tired of this behavior ..." says a narrator on the 30-second TV spot, as newspaper articles on former Florida Rep. Mark Foley are displayed.

Garcia responded, "When you can't talk about the issues, you do exactly what Mr. Clute is doing, which is running a dirty campaign and using his friends in organized labor to fund it," she said.

Home sellers, builders offer free bonuses In August, Coachella Valley home sellers and builders began offering everything from European-made Hippo golf clubs to a Kia Rio car and free spas as incentives to catch the attention of potential buyers.

It was a far cry from a year earlier, when buyers often were on waiting lists to tap a relatively tight supply of homes. By mid-December 2006, however, there were more than 8,000 homes and condos on the market in the valley.

Deadly fire rages through Pioneertown In July, the deadly Sawtooth Complex fire charred 70,000 acres of hillsides and desert terrain, destroying some 60 homes and structures in the Pioneertown area. Stories of loss, survival and nightmares and dreams realized have played out in recent months.

Only days before Christmas, for instance, three generations of the Wilson family gathered back at the scene of their tragedy, where they're rebuilding and recovering.

"We're starting all over from absolutely nothing," Nicole Wilson said. "Everything from since my parents were married is gone - pictures, sentimental memory stuff."

Esperanza blaze leaves 5 firefighters dead The Esperanza wildfire in October killed a five-member U.S. Forest Service crew.

The Idyllwild-based fire-fighting team was working on a ridge above two steep gullies, protecting an octagonal home and an unattached garage, according to a "Green Sheet" report released in November.

Winds topping 40 mph, almost perfectly aligned with the direction and slope of the gullies, contributed to the fast-running fire front that "overwhelmed" the crew, the report states.

Battle with anorexia draws compassion To passers-by in Palm Springs and Cathedral City, Darlene Rockey is the skinny lady in the running shorts, the one seen walking endlessly with a stiff-legged limp.

So a July 2 article about Rockey, a 5-foot-2-inch tall Palm Springs woman who weighs about 62 pounds and suffers from anorexia nervosa, caught the attention of Desert Sun readers.

Rockey walks at least 17 miles a day as part of a grueling exercise regime and was featured on the Dr. Phil television show.

College of the Desert campus growing Those in the east valley must have felt they were coming into their own on Aug. 19 when officials unveiled a plan to turn about 100 acres of barren land into the long-awaited East Valley Center campus for College of the Desert, where students could earn associate degrees and learn high-tech and green building skills.

The donated land is east of Buchanan Street between Avenues 62 and 60 in an unincorporated area near Coachella. The school will grow from its current outpost at the Riverside County Workforce Development Center in Indio, which offers about 68

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courses, to a fully accredited part of COD. Long-range plans include a balanced mix of academic and vocational courses, comprehensive student services and community facilities such as meeting spaces and soccer fields.

High temps break records By Sept. 13, Palm Springs had recorded 117 days with temperatures above 100 degrees. Palm Springs temperatures broke four record highs in July.

On July 20, for instance, the mercury eked up to 120, eclipsing the 118-degree record set in 1978. The hotter-than-normal summer sent electric bills soaring for many valley residents.

Palm Springs resident Barbara Stebbins paid nearly $1,300 in electricity bills over two months - $93 in May, then $593 in June.

"What are you going to do? Say, 'I'm sorry I'm not going to pay the bill?' "

Students return to school excited, uncertain Some 44,000 students arrived for the first day of classes on Sept. 5, and Eric Reed Jr. was one who came with a mix of excitement and uncertainty.

"We told him second grade was going to be a little more advanced, a little harder this year, with more math and writing," said Karen Reed, his mother.

Eric's parents, Eric Sr. and Karen Reed, made the transition a little easier by escorting him to school and hanging out awhile to ensure he got off to a good start in teacher Nancy Howell's second-grade classroom at John Adams Elementary School in La Quinta.

Parents, students, teachers and administrators quickly got into the rhythm of another academic year as Coachella Valley and Desert Sands unified school districts opened their doors for the 2006-07 school year.

DEA Targets Larger Marijuana Providers (LAT)

By Rone Tempest, Times Staff Writer

The Los Angeles Times, January 1, 2007

The federal agency sees big profits for medical dispensaries as a sign of illegal high-stakes drug dealing. Advocates say the raids are unfair.

HAYWARD, CALIF. — Until federal drug agents arrested him last month, Shon Squier was one of Hayward's most successful and generous young businessmen.

Customers lined up outside his downtown storefront, particularly on Mondays, when he offered free samples to the first 50 visitors. Business was so good that Squier, a former construction worker, was able to donate more than $100,000 to local charities.

But Squier's success as a dynamic medical marijuana entrepreneur was also his downfall. Federal drug agents raided his home and business, arresting Squier and his store manager, freezing bank accounts containing $1.5 million and confiscating several expensive cars, motorcycles and $200,000 in cash.

Medical marijuana advocates claim the raid constitutes unfair, selective enforcement by the Drug Enforcement Administration of the estimated 170 medical marijuana dispensaries in the state, including 85 in the San Francisco Bay Area.

Just down the street, another medical marijuana dispensary, not as big or as flashy as Squier's, was left untouched by the DEA agents in the Dec. 11 raid.

The federal drug agency, which does not recognize California laws legalizing the sale of marijuana to patients with doctor's prescriptions, contends the amount of money involved proves that the medical marijuana trade is nothing more than high-stakes drug dealing, complete with the same high-rolling lifestyles.

"These people will tell you they are just interested in the terminally ill," said Gordon Taylor, DEA special agent in charge of the California eastern federal district, "but what they are really interested in is lining their pockets with illegal drug money. When you pull the mask off, you see that they are nothing more than common dope dealers."

California's two medical marijuana laws, Proposition 215, approved by voters in 1996, and Senate Bill 420, passed in 2003, are not clear about how much money proprietors can take out of their businesses. One section of SB 420 states that medical marijuana caregivers should be allowed "reasonable compensation" for their services. Another section states that distribution should be done on a nonprofit basis.

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"The legislation is about as clear as mud the way that they wrote it," said Joe Elford, lawyer for Americans for Safe Access, a pro-medical marijuana group. "The dispensaries are legal under state law because they are cooperatives and collectives. It is my best guess in terms of what the Legislature intended is that they shouldn't be operating to make a profit."

With the proliferation of medical marijuana dispensaries of all sizes across the state, the DEA and Internal Revenue Service have recently concentrated their investigations on young, high-profile operators like Squier, 34, and Luke Scarmazzo, 26, co-owner of a Modesto dispensary.

Scarmazzo got the attention of the DEA earlier in the year, when he produced a rap video that showed him counting stacks of hundred dollar bills, blowing billows of smoke at the camera and flipping off federal agents.

The Scarmazzo video, featuring the background sound of a pump shotgun racking a round, includes actors posing as members of the Modesto City Council. Online at http://www.krazmusic.com , it includes the refrain:

I'm in business, man.

I mean business, man.

Let me handle my business, damn.

Federal prosecutors showed it at Scarmazzo's bond hearing to demonstrate his criminal intent in order to deny him bail.

But Fresno lawyer Anthony P. Capozzi, who represents Scarmazzo, said the effort backfired.

"Let me tell you, the whole courtroom was swaying to the music," Capozzi said. Scarmazzo was released on a $400,000 bond and his 2007 Mercedes-Benz, confiscated by federal agents, was returned to him.

Taylor, the DEA agent, said that between January and June of this year, Scarmazzo, who has a previous felony conviction, and his associates recorded $3.4 million in sales of marijuana products with brand names that included "911," "AK47" and "Train Wreck." Scarmazzo and his California Healthcare Collective co-owner, Ricardo Ruiz Montes, also 26, are charged in federal court with money laundering and "operating a continuing criminal enterprise." The last charge, one of the most severe under federal drug laws, carries a sentence of 20 years to life in prison.

Here in Hayward, Squier and his business manager, Valerie Lynn Herschel, 23, are charged with the illegal manufacture and distribution of marijuana, a federal "controlled substance." Federal agents confiscated hundreds of plants, brownies, cookies and other products containing marijuana from Squier's business, Local Patients Cooperative.

"I only gave the people what they wanted — easy, safe access to medical marijuana," said the slightly built Squier, cuddling his pet Chihuahua in his former office, which was stripped bare by federal agents.

He described his business as a responsible enterprise that paid federal and state payroll taxes for 60 employees, contributed to the Hayward High School football team and gave discounts to Hayward residents, veterans and customers in wheelchairs.

Squier said that he served about 75 customers a day and had 70,000 individual patients in his books. The success of his business allowed him to buy a $1.5-million home in the Hayward Hills overlooking San Francisco Bay, a Hummer and a late-model Mercedes.

Half a block down Foothill Boulevard, Tom Lemos, 45, continues to operate his much lower-volume Hayward Patients Resource Center.

Whereas Squier and Scarmazzo flaunted their wealth, Lemos, who claims to have 3,000 to 4,000 regular customers, emphasizes his modest lifestyle.

"I live in a rental apartment and I drive an '86 Isuzu with 245,000 miles on it," Lemos said.

Appearing before the Hayward City Council on Dec. 19 to ask for a renewal of his agreement to operate in the city, Lemos opened his remarks by stating: "I don't live in a large house."

Compared to his "small, homey" medical cannabis operation, Lemos said, Squier's high-volume Local Patients Cooperative down the street was a "Wal-Pot."

After hearing Lemos' presentation and testimony from several of his patients, the City Council agreed to extend his agreement for 90 days, suggesting that he would be granted a longer-term permit if he moved from the downtown area to a more remote location, away from schools and the general public.

Even before the federal bust, the city had informed Squier that its agreement with him would be terminated.

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Similarly, after Scarmazzo began operating in Modesto, the City Council passed an ordinance banning additional cannabis cooperatives, and the city had on several occasions attempted to halt Scarmazzo's operation.

The raids on both the Hayward and Modesto operations support what medical marijuana advocates contend is an unwritten practice by the DEA of being more likely to crack down on an operation that has lost local government support.

After the U.S. Supreme Court ruled last year that federal laws banning marijuana sales take precedence over those in California and other states permitting the sales, the DEA was empowered to arrest patients and operators at any one of the dispensaries that started up after passage of Proposition 215.

Instead of going after everyone, however, the federal agency appears to concentrate on the larger and higher-profile operations.

Medical marijuana advocates contend it is unfair of the DEA to cite examples like Squier and Scarmazzo to represent the typical dispensary operators.

"Most operators are not wealthy individuals," said Elford, the Americans for Safe Access lawyer. "As far as we can tell, the majority of dispensary operators are simply people who are interested in providing safe, affordable and reliable medicine to the people who need it and are not in it for the profit."

The "big fish" strategy enrages Oakland lawyer James Anthony, who represents Scarmazzo in civil matters.

"Why does the DEA suddenly concern themselves with how successful a medical cannabis collective is?" he asked. "Are they saying that if these guys had led monkish lives, then they would have left them alone? Are they judging Donald Trump on his lifestyle?"

Medical Marijuana Groups Claim DEA Unfair (WT)

The Washington Times/UPI, January 1, 2007

Larger California dispensaries of medical marijuana claim they are being unfairly targeted by the U.S. Drug Enforcement Agency.

Among them is Shon Squier, 34, of Hayward, Calif., whose major storefront operation was shut down last month by the DEA, which also froze bank accounts containing $1.5 million and confiscated several expensive cars, motorcycles and $200,000 in cash, the Los Angeles Times reported Monday.

Further down the street, a much smaller operation wasn't touched, leading Squier to allege he is being unfairly targeted for being successful, the Times said.

California's two medical marijuana laws, Proposition 215, approved by voters in 1996, and Senate Bill 420, passed in 2003, are not clear about how much money proprietors of the estimated 170 medical marijuana outlets in the state can make.

The DEA does not recognize California laws legalizing the sale of marijuana to patients with doctor's prescriptions, and special agent Gordon Taylor said the businesses have nothing to do with compassion for the terminally ill.

"When you pull the mask off, you see that they are nothing more than common dope dealers," Taylor told the Times.

Racketeer Loses His Swagger (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, December 29, 2006

HAI Waknine shambled into the Beverly Hills Lamborghini showroom.

The owner, Victor Keuylian, sensed trouble. Keuylian and his son were late on paying off a $950,000 loan that Waknine had brokered with an Israeli businessman.

"What do you want, Hai?" he asked, according to a later telephone conversation recounting the incident that was caught on a federal wiretap.

Waknine pointed to a $175,000 Ferrari in the luxury European car dealership.

"I want this one over here. I want to take this car and use it for half a day."

"Hai, the cars over here are for sale," Keuylian said. "Nobody's supposed to drive them."

"No, I want this car. Get the car out."

Reluctantly, Keuylian let him take it, and got it back later with 100 more miles on the odometer. Waknine was unappeased.

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Two days later he left a message on the home answering machine of Keuylian's son, Viken: "Vic, if you don't have the money tonight, it's going to double tomorrow…. Tomorrow we are coming to your shop, and we are going to take $2 million."

Keuylian called the police. As it turned out, the police were already listening on wiretaps.

Los Angeles police had been pursuing Waknine for 14 years, since he was a student at Grant High School in the San Fernando Valley. At various times, they charged him with threatening witnesses, kidnapping for ransom, assault with a firearm and grand theft auto.

All the investigations collapsed when witnesses refused to testify or left the country, and Waknine grew wealthier every year. He owned a 3,154-square-foot town house on the sand in Marina del Rey, a brand-new home in the Hollywood Hills, a vacation house on Acapulco Bay and investment properties around Southern California, Las Vegas and Miami.

But in 2003, at the time of Keuylian's call, organized crime detectives thought they had a good case building. Working with federal drug agents and foreign police who were investigating Israeli organized crime and Ecstasy trafficking, they had wiretaps on phones in Los Angeles, Las Vegas, Miami, Mexico, Spain, Belgium and Israel.

From the wires and informants they began amassing fresh evidence of Waknine's connections to an Israeli crime syndicate called the Jerusalem Group and his alleged involvement in drug trafficking, money laundering and extortion, according to court documents. And this time, none of it depended on skittish witnesses.

"Yesterday, I got all kinds of threats at my office in California: 'I will kill your wife, I will kill your son, I will kill you,' " Keuylian complained about Waknine to another Israeli involved in the deal over a wiretap in April 2003.

In another wiretap, he described Waknine's foray into the showroom.

"If he wants to be a jerk with me," he said. "I'm more than ready to be a jerk with him…. This lowlife immoral person, Hai, came over and threatened me and all of my family."

Waknine first came to the attention of authorities as a student at Grant High in March 1989. A popular teacher named Hal Arthur was shot to death outside his Sherman Oaks home, and at least 10 students suspected Waknine; he had a bellicose reputation and, they thought, a beef with the teacher.

He was 16 at the time, a pudgy upper-middle-class Van Nuys kid, born in Israel, who wore jewelry and fancy clothes and drove a BMW. One of the students told police that Waknine took karate lessons from an instructor who taught him "how to shoot guns and kill people."

Detectives questioned Waknine for six hours but let him go after he passed a polygraph test. "There is no evidence to connect the kid to this case," Det. Mel Arnold told the news media.

The killing remains unsolved. But organized crime detectives who have followed Waknine for years say the incident gave him an ominous reputation he would later play to his advantage.

Waknine dropped out of high school and became a full-time "wheeler-dealer," in the words of his younger brother, Assaf Waknine, interviewed by telephone. "He'd buy five cars here, sell five cars there."

In the mid-1990s, Waknine brokered a business arrangement between a wealthy uncle and a real estate investor named Judah Hertz, whose holdings included the International Jewelry Center on South Hill Street, across from Pershing Square. Waknine rented several offices in the building and opened a postal business called Global Parcel Service on the bottom floor.

Around this time, according to police, several of his friends were becoming the country's biggest importers of the club drug Ecstasy. They flaunted their Italian cars and Versace suits in the hippest clubs of Beverly Hills and Hollywood.

One of his friends, Jacob "Cookie" Orgad, an Israeli who was also in business with Hertz, had taken over a Las Vegas-based network that transported cocaine from California to the East Coast for Pablo Escobar's Colombian cartel, according to a report by Nevada gaming investigators.

As Ecstasy became popular, Orgad began smuggling the aspirin-size pills, which cost pennies to make and sold for upward of $25, into Los Angeles from Europe, according to police.

Confidential informants told the Drug Enforcement Administration that Ecstasy traffickers used Waknine's postal business to launder millions of dollars. In a single transaction, he allegedly received $11 million to launder, an affidavit by DEA Special Agent Deanne L. Reuter said.

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According to Reuter, an informant said Waknine also boasted of using his mother's company, Silhouette Paris in Studio City, "to import MDMA [Ecstasy] in the shoulder pads of women's apparel."

Waknine was living the high life, according to both his brother and two Los Angeles Police Department detectives, who requested anonymity because they are still investigating Israeli organized crime in Los Angeles.

He would play $10,000 hands in Vegas without pause, drop $5,000 on Cristal Champagne and designer vodka at clubs such as Les Deux, Café Maurice and Bar One, and party with celebrities and rappers, strippers and Russian blonds.

His hangdog face, nervous tic and rolls of flab did not diminish his violent reputation.

"There was an instance where someone flipped Hai off at a club," said one of the organized crime detectives, who was undercover at the time. "A Japanese guy driving a Ferrari, he wasn't the coolest guy in the world.

"Hai assessed him a $25,000 fine." The guy paid, fearing the consequences of refusing, the detective said.

In the Jewelry District and in Israeli pockets of the San Fernando Valley, Waknine became known as a go-to guy to collect on a loan, resolve a dispute or fix a problem.

In 2000, insurance broker Jimmy Altman learned that firsthand when Waknine called his office in Encino. Altman, it turned out, was somebody's problem.

He was dating a divorcee, and her former husband wasn't happy about it, according to court documents. Waknine asked Altman to meet him at Tempo Restaurant, a hip Israeli hangout on Ventura Boulevard where Waknine regularly held court.

"If I were you, I'd stay away from Tammy," Waknine warned Altman, according to a description of their encounter in the court papers.

Altman dropped the relationship, but days later two bullets spider-cracked the front windows of his home, the court papers said. Waknine called again and demanded $75,000. "If you don't pay me, I'll hurt you."

Altman filed a police report, but stopped cooperating with detectives when Waknine took out a $1-million policy with him.

Yet police were closing in on Waknine's circle.

Assaf, Waknine's brother, had been sent to prison in New York after pleading guilty in 1997 to participating in an elaborate scheme to rack up $125,000 per day on bogus American Express cards.

In 2001, Waknine's friends in the Ecstasy trade went down. Alex Maimon and Louis Ziskin were convicted of smuggling 700 pounds of Ecstasy into Southern California via FedEx. Orgad pleaded guilty to drug charges for hiring strippers and models to carry millions of Ecstasy tablets from Paris to Los Angeles. Tamer Ibrahim was on the run for shipping 1,100 pounds of Ecstasy — worth more than $40 million — through LAX hidden in a shipment of colored pencils and notebooks.

Waknine was still untouched.

That same year, Gabriel Benharosh, another alleged member of the Jerusalem Group, fled to the United States. He brought with him cash that an Israeli bank official had embezzled to pay off her brother's gambling debt to the Israeli mob. The embezzlement crashed the bank and caused a scandal in Israel, and Benharosh needed to hide the money.

Waknine introduced him to Keuylian, the Beverly Hills Lamborghini dealer, and Eli Hadad, a Miami real estate developer, to launder the money.

Benharosh lent $520,000 to Hadad in May 2002, and $950,000 to Keuylian in May 2003.

When both borrowers could not pay Benharosh back in time, Waknine went to work.

In August 2003, a wiretap caught Waknine on the phone to Benharosh, talking about Hadad: "On Tuesday I'm taking the house from him, my bro," Waknine said.

"Finally you do what I tell you," Benharosh replied. "I want to hear that he and his wife and kids are on the street, sleeping in the street."

Both men managed to pay Benharosh back. The Keuylians sold some Ferraris; one went to singer Rod Stewart. Hadad took out a third mortgage on his home.

They thought they were done with Waknine. Instead they were subpoenaed to testify before a grand jury.

In April 2004, Waknine, Benharosh and three others were indicted on 16 counts, including conspiracy to commit extortion and conspiracy to commit money laundering, based largely on the extensive wiretaps. A State Department narcotics report described Waknine and Benharosh as a "money laundering cell" and "principal targets" in a crime organization run by an Israeli

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mobster named Itzhak Abergil, whom the department listed as one of the 40 biggest importers of illegal drugs into the United States.

In December, the grand jury added the more serious offense of racketeering.

Benharosh ultimately cut a deal to testify against Waknine. Assistant U.S. Atty. Thomas P. Sleisenger said the more serious U.S. crimes were committed by Waknine.

"Our interest here in Los Angeles has always been Waknine," he said. "This guy has been the thorn in the side of law enforcement for years."

Waknine's trial began this June in the courtroom of U.S. District Judge Manuel Real. Some days the gallery took on the cast of a Hollywood club, filled with blond, shiny-haired women and men in tight black designer T-shirts.

After four days of testimony, Waknine pleaded guilty to a single count of racketeering, catching prosecutors by surprise.

He went home to await sentencing, which made detectives and agents who had worked for years to put him in prison nervous. Would he really give up his lavish lifestyle when he probably had money stashed in accounts all over the world?

In August, U.S. marshals hauled Waknine into court in manacles after an informant said he planned to flee to meet his brother Assaf, who had been released from prison, in Mexico. Waknine, who had been free on bond, told officials he was afraid someone was after him.

Real was unmoved. "He should be protected in custody and be here for sentencing. He'll live until that time at least."

His family and friends left the courtroom in tears.

On Sept. 11, Waknine shuffled into the courtroom shackled to other inmates. At the dais, he twitched and tugged at his jail pants to keep them up, before meekly mumbling a plea for leniency.

Without looking up from his paperwork, Real sentenced him to 10 years in federal prison, a year more than prosecutors were asking. Waknine was taken to the Metropolitan Detention Center to begin his sentence. His lawyers filed a notice of intent to appeal the extra year of the sentence.

On Dec. 11, Waknine jangled into court again for a restitution hearing. Prosecutors recommended he pay a total of $406,000 to his victims. Waknine's attorney told the judge he agreed with the government.

"The government is not the one to make the order. I am," Real snapped.

The judge made some calculations and ordered Waknine to pay $646,000.

1,373 Miles Into The Heart Of Afghanistan (LAT)

By Paul Watson, Times Staff Writer

The Los Angeles Times, December 31, 2006

The Ring Road is meant to link the nation and connect its major cities. But traveling the route is no Sunday drive.

Shahr-i-Safa, Afghanistan — AS a hair-thin line on a map, Afghanistan's national Ring Road looks easy enough to conquer.

But tell war-hardened Afghans that you're going to travel its entire 1,373-mile length unarmed, facing winter and a raging insurgency, and they look at you like you're completely mad.

Five years after the fall of the Taliban, it shouldn't be such a challenge.

Rebuilding the two-lane highway that connects Afghanistan's major cities has been a centerpiece of the U.S.-led effort to transform the nation. It is so important that Afghanistan's president, Hamid Karzai, said that President Bush once demanded daily updates on the roadwork from Kabul south to Kandahar, the seat of power under Taliban rule.

U.S. grants have paid for rebuilding a third of the road, according to Afghan government figures. Japan, Saudi Arabia and Iran are responsible for repairing other sections, a rare case in which Washington and Tehran are working toward the same goal. Officially, the $1.05-billion project is almost finished.

But as with many things in Afghanistan, there is a chasm between the rhetoric and reality.

Some of the best stretches of the road are among the Taliban's favorite killing grounds. This fall, Canadian troops led the biggest ground battle in the North Atlantic Treaty Organization's 57-year history, in part to regain control of a stretch of highway west of Kandahar. The NATO offensive cleared the insurgents, but guerrillas and highway robbers still prey on travelers in many other places.

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About 40% of the road isn't finished. Some sections are nothing more than muddy tracks through the country's lawless Wild West, where you can drive for hours without seeing another vehicle fishtailing and backsliding through the muck along with you.

The only way to understand the condition of the road and grasp what it says about Afghanistan is to drive it.

The trip took my interpreter, driver and me seven days, inching along slippery edges of steep cliffs, wandering in the wilderness without road signs, suffering two flat tires, a ruptured radiator and a spinout on mountain ice.

On the way, we managed to avoid a Taliban ambush, a potential kidnapper or highway robber, a suicide bomber and a gunman who fired close enough to take off one of our heads.

Getting ready

I KNEW some of the Ring Road all too well. I traveled it for weeks in the early Taliban era a decade ago, when years of war and neglect already had reduced the highway to patches of broken asphalt connected by dirt, rocks and ruts. A trip that would take a few hours on a proper road was days of torture, the speedometer straining to break 10 mph as the vehicle crawled over shell craters and pond-sized potholes.

This time, I would be leaving from Kabul with interpreter Wesal Zaman and driver Zyarat Gul. A quiet and calm man, Gul had gotten us home safely from other terrible places.

Before starting out, we visited three experts at the Economics Ministry to find out what we were in for.

Sayed Arif Nazif, the ministry's director of design, told us that the building of the road began in the mid-1970s. The United States helped, but most of the money came from the Soviet Union and Arab countries.

Farmers used the road to get their produce to market. Afghanistan became the world's largest exporter of dried grapes, apples and other fruit. It also sent an assortment of nuts.

"In those days, in terms of our roads, we were much more advanced than neighboring countries," Nazif said. "But because of the wars and other problems, all our roads were destroyed."

Soviet troops and tanks poured down the Ring Road to invade Afghanistan in the dead of night on Dec. 25, 1979, setting off a decades-long tailspin from which Afghans are still trying to recover.

The rebuilding of the road is supposed to help revive the economy and break down ethnic differences by allowing Afghans to travel more freely. Although dried fruit exports are 20% of what they were before the wars, reconstruction is showing benefits, Nazif said. This year, the repaved road allowed farmers to get fresh pomegranates, grapes and apples to Kabul's airport, and the first few flights delivered the produce to wealthy Persian Gulf states.

I had a more pressing question: "How long do you think it would take to drive the whole Ring Road?"

Nazif shifted in his seat. "Take the length of 1,373 miles, and divide by an average speed of 50 miles an hour," he said.

"That sounds like we could do it in maybe four days," I replied, trying to do some quick mental math. Nazif smiled and nodded, but we both knew Afghanistan was a lot more complicated than that.

Before we started, we took some precautions that are prudent for any trip into the countryside: We loaded the car with two spare tires, a shovel, bottled water and snacks. And we made one rule: If Gul, an ethnic Pashtun like most of the Taliban, saw anything on the horizon or felt anything he didn't like, he should turn around without pausing to ask us.

A small victory

AS the Ring Road begins a steady climb out of Kabul on a 27-mile section rebuilt by the Taliban, the horizon is bright white with towering snow-covered mountains. The road is as smooth as any in the United States. But the government can't afford to keep it plowed, so it was covered with packed snow and ice that brought long lines of heavy transports to a halt on the highlands near Ghazni.

We were less than six hours into the journey near Shahr-i-Safa when we saw the first signs of Taliban activity.

Four insurgents armed with AK-47s and rocket-propelled grenades had ridden two motorcycles to a hill overlooking a stretch of the highway near Qalat. About 3 p.m., they opened fire on a civilian truck taking supplies to an Afghan military base, a common guerrilla tactic.

Normally, insurgents carry out swift attacks and make a getaway into the desert. But this time a pickup carrying half a dozen Afghan national army troops happened by. They pinned the guerrillas down from behind and called in a second unit to attack from the front.

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We reached the scene about half an hour after the battle ended. Jubilant Afghan troops were smiling and joking next to three Taliban corpses, like scavengers enjoying quality roadkill. One of the dead men lay on his back with his knees bent, as if he might jump up at any moment. But the bullet hole in his neck left no doubt his war was over.

The fourth fighter escaped, so the victory wasn't complete, said Afghan army Maj. Atullah Maiwandwal.

It was a battle too small to make the news, let alone change the course of a war. But the major and his men had achieved something significant: Without U.S. military advisors or foreign backup, they defended a piece of highway rebuilt with a $237-million U.S. grant, the sort of gradual progress that often gets lost amid the noise of suicide bombings and other insurgent attacks.

"Where are your bodyguards?" one soldier asked, stunned that we were traveling the highway without weapons.

We explained that we preferred to travel unencumbered by armed escorts. So as night fell, we rushed off to Kandahar, which has been staggering under a wave of suicide bombings. The governor gave us beds in his guest house.

Early the next morning, we headed west into Helmand province, the scene of fierce fighting this year between NATO forces and the Taliban.

A large billboard on the edge of Kandahar declared that the highway was being rebuilt as a gift of the Japanese people.

Actually, the 70 miles of road that Japan pledged $76 million to fix is the same bumpy, cracked surface that it has been for years. The area is too dangerous for road crews.

It is the hashish harvest season, and marijuana plants as big as Christmas trees are stacked by the thousands against mud-brick homes, curing in the sun. Villagers scrape the gooey resin, which is pressed into blocks and exported along the same routes that move the opium used to produce heroin, a big source of the insurgents' income.

Hundreds of gunmen prowl the Ring Road in Helmand. They are members of private militias who take orders from local warlords and drug barons and operate illegal checkpoints, mostly to squeeze money from truck drivers.

As one longtime resident of Lashkar Gah, the provincial capital, told us, "They are loyal to the government until 4 o'clock in the afternoon, and then until the next morning they're enemies."

As we neared the Lashkar Gah turnoff, in an area where we were told that kidnappers had abducted two German journalists, our driver broke our one rule.

The broken rule

GUL slowed for a speed bump, and instead of accelerating when a militiaman jumped up with an AK-47, he stopped. Gul opened the driver's window, apparently weighing the comparative risks of getting shot and getting kidnapped. The gunman stuck his head in, saw me in the back seat and smiled like a dog sniffing fresh meat.

"Get us out of here!" I shouted at Gul, and he hesitated. "Get moving!"

Gul hit the gas. The barrel of the gunman's rifle clunked off the rear side of the car. Not daring to look back, I tensed for the shot that didn't come.

In Lashkar Gah, we stopped at a construction agency funded by the United States Agency for International Development, or USAID, where we previously had met cook Khudai Nazar. At 64, he is old enough to remember what is possible with peace, and young enough to believe he might live to see it again.

We asked what he remembered of the Ring Road of his childhood. He sent his son for an opaque plastic sandwich bag stuffed with browning reference letters and old photographs.

They tell of a more innocent age, from the late 1940s to the 1970s, when American workers and their families lived in Helmand. They were building a dam, a power plant, irrigation canals and other development projects in the Afghan desert.

In one black-and-white photograph, Nazar is 12 years old and standing on a lush lawn surrounded by a white picket fence with his new bicycle, a gift from Rose and Don Wonderly of Portland, Ore.

"The first time I met with her, I didn't understand English," recalled Nazar, who speaks with an American accent. "American people always like children, and they didn't have any. She said come every day to my house and I'm gonna teach you English."

Within a few days, Rose was giving the boy new clothes and encouraging other American families to leave him some of their hand-me-downs. The Wonderlys left in 1960.

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By the time the Soviets invaded in 1979, Nazar had worked for a string of other Americans: George Belissary promoted the servant to a warehouse job; JoAnn and Ronald Thompson of Sacramento praised his bread-baking skills; Jack and Maxine Smith wrote of their fondness for his pastries and good humor.

The Smiths had to flee the Soviet occupation after 17 months in Afghanistan, and in her last words to him, Nazar said, Maxine urged him to take his wife and their 10 children to Pakistan.

"She said, 'Just send me a message and I'll have a house waiting for you — everything,' " Nazar said wistfully. It was clear in his breaking voice that he wished he could have left. But he never found enough money, or will, to turn his back on the land of his birth.

Nazar bid us farewell with the hope that some of his long-lost American friends might try to reach him, maybe even risk a visit.

Three hours after we left Lashkar Gah, a suicide bomber walked into the well-guarded compound of the provincial governor, a few blocks from where we'd visited Nazar, and blew himself up in the parking lot, killing eight people.

The Wild West

HEADING north toward Herat, we drove for several hours past mountains weathered so smooth they seemed molded from clay. We reached Herat that night, putting us more than halfway along the Ring Road at the end of our second day.

Swift progress made us overconfident. We talked about being back in Kabul in a day or so. We marveled at the traffic lights operating at all the main intersections in Herat, the only major city to escape the destruction of Afghanistan's wars.

The pleasure was short-lived. The next morning, 35 miles northeast of Herat, the highway abruptly ended. We didn't see asphalt again for three days.

Iran was supposed to complete 70 miles of paved road from Herat into Badghis province, but its contractors suddenly stopped work, said Gov. Mohammed Naseem Tokhi. Some say the money ran out; others cite unspecified problems between Iran and the rest of the international community, Tokhi said. He has received no official explanation.

The Afghan national government hasn't even been able to find a country willing to fund construction of the road through the rest of the province.

Entering Badghis was like driving back into biblical times. Ours was the only internal-combustion engine running for miles. Most people were walking or riding donkeys. The gray smoke of cooking fires seeped through the black fabric of nomads' low-slung tents.

The province's people, many of whom are Pashtuns, have long felt cut off from the rest of the country. Now they are largely missing out on billions of dollars in international aid, and that makes Badghis an ideal recruiting ground for insurgents. Grinding poverty and poor health have left even moderates angry with Karzai's government and its foreign backers.

Prolonged drought followed by devastating floods last month left three-quarters of the province's people without enough food, Tokhi said. The only roads into the province are so bad that relief agencies are having a tough time reaching people. Many could die during the winter, he said.

In the frontier town of Bala Murghab, a Ring Road bridge is a dangerously unstable span covered with metal sheets laid by people who salvaged them from a derelict factory. The 200,000 residents of the surrounding area have no electricity, and their water is so bad that diarrhea is a main killer.

Smoldering rage exploded this fall when gunmen stormed the district commissioner's new headquarters, a three-story yellow brick building built by USAID. They blasted a rocket-propelled grenade through the guardhouse and fired assault rifles at offices and police cars, shattering most of the main building's windows. The district commissioner fled for his life. Three foreign workers at a U.S.-based agency's compound escaped by hiding in their garden as rampaging mobs looted the buildings.

When the aid agency shut its office, townspeople persuaded its Afghan supervisor, Ghalam Seddiq, to become mayor. Slipping another prayer bead along a string as he talked to us, Seddiq said the attackers wanted to stop the aid agency's education programs and prevent children from learning, a Taliban priority.

The center of town is a ramshackle bazaar, where merchants glared as we drove along muddy streets. A large padlock sealed the front doors of the only hotel. The elderly caretaker said it was too dangerous to stay there, but the new district commissioner ordered the hotel to open for us.

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In this Afghan version of a Wild West town, Abdul Jalil Sekandari is the deputy sheriff.

Guarded by a young man with an AK-47 slung over his shoulder, Sekandari dropped by our hotel room that night. By the glow of an oil lamp, he griped about the government and foreign aid, personally guaranteed our safety and invited us to spend the night with him in the police station. We thought our odds were better in the hotel.

Good riddance

WE rode out of town at first light. We weren't far into the countryside when a man in a Taliban-style black turban lurking near a disabled Soviet tank leveled his Kalashnikov rifle and took a potshot at us. We heard the loud hiss-snap of a bullet passing close by, but he didn't fire again. It must have been a good-riddance round.

Soon even the dirt road disappeared into a labyrinth of mud tracks that crisscrossed broad valleys. We fishtailed and churned our way through dense fog, along tire ruts at least 2 feet deep. The four-wheel-drive car jerked and bucked like a rodeo bull.

There were no road signs, and no other vehicles. So the only thing to do was ask directions from a shepherd or a farmer working the sodden earth with a wooden plow pulled by his donkey.

"Does this road go to Maimana?" we asked an old man at one crossroads.

"Yes. But others prefer that way," he replied, nodding toward a dirt road heading in the opposite direction.

When we pulled in for a rest in Maimana, a pool of green fluid spilled out of a hole in the radiator, which a mechanic pounded shut the next morning.

We finally returned to paved highway at Andkhoi, a dust-blown place near the border with Turkmenistan, where for centuries tribal weavers have produced some of Afghanistan's best carpets.

Mohammed Ikram, a dealer representing more than 400 female weavers, was at the roadside, squatting in the dirt to measure a carpet in a floral design of red, blue and yellow. It would go to Pakistan, where a trader would pay about $210 a yard, attach a "Made in Pakistan" label and export it to the United States or Europe for hundreds of dollars in profit, Ikram said.

If Afghanistan could have peace and security, traders would follow the Ring Road straight to Andkhoi, he imagined. "And if tourists come here, then we will all be rich," Ikram said, smiling.

Paved highway awaited us on the other side of town, so we pressed on south to Mazar-i-Sharif, chattering about how good it would feel to have hot water and lights.

Come back later

MAZAR-I-SHARIF means Tomb of the Exalted. It is home to one of the holiest sites in Islam. Some Shiites believe it is the final burial place of Hazrat Ali, the prophet Muhammad's cousin and son-in-law, who was assassinated and first buried near Baghdad in the 7th century. Blood is still being spilled over the schism that followed, but not in Afghanistan.

Robbers are the biggest threat on the roads around Mazar. Andkhoi's carpet traders say they are regularly fleeced by gunmen demanding illegal road taxes.

After a night of comfort in Mazar, it was an easy drive to the Salang Tunnel, a 1.7-mile passage at 11,034 feet built by the Soviets through the Hindu Kush mountains on the route south to Kabul.

In winter, howling blizzards pummel the Salang's peaks. Avalanches, asphyxiation and plunges off cliffs have killed dozens of travelers.

As we headed up the pass, we recalled another trip a few weeks earlier when Gul skidded on black ice in the tunnel. The wheels hit the edge of a concrete walkway so hard that the front axle broke. He was elected to walk through a blizzard to a public works outpost a mile down the mountain. It was the middle of the night and deathly cold. A few workers huddled around a small wood stove.

"Is anyone hurt?" one asked when Gul asked for help.

"No."

"Are there any women?"

"No."

"Are you stuck in the middle of the road?"

"No."

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"Then go back to your car and come back in the morning."

This time, we made it through the tunnel and most of the Salang Pass without problems. The sky was ice blue, the road mostly clear. It seemed too easy for the end to such a hard journey.

Just then, Gul put the car into a 360-degree spin. A snow bank kept us from going over the edge.

We sat silently for a few seconds, staring up at the meandering Ring Road to see whether that was the worst that would happen — or whether fate was about to catch up with us in the form of a sliding truck.

Our luck held. There wasn't anyone close enough to harm us.

The car, with every bolt, spring and cable caked in mud, creaked and shimmied its way down the Shomali plains, and in a few hours we were overlooking Kabul, sprawled out across a plateau and shrouded in brown smog. The capital hadn't had a suicide bombing for days. The only thing left to worry about was traffic.

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(INFOBOX BELOW)

Treacherous journey

Despite more than $1 billion in construction aid, the primary roadway connecting Afghanistan's main cities is incomplete and beset with problems. Here is a look at what happened during a seven-day drive over its entire 1,373-mile length:

1. Taliban fighters attack a civilian truck. Afghan army troops engage guerrillas, killing three.

2. A suicide bomber blows himself up at compound of the provincial governor in the capital of Helmand province.

3. The highway abruptly ends, and the journey must continue on dirt roads and mud tracks. In neighboring countryside, a man takes a potshot at passing reporters. The radiator springs a leak.

4. Asphalt roadway begins again, but soon the journey reaches the treacherous Salang Tunnel, a 1.7-mile passage through the Hindu Kush mountains at 11,034 feet.

Sources: ESRI, TeleAtlas, USGS

FBI Investigating Pipe Bomb Attempt (BRADV)

Baton Rouge Advocate, January 1, 2007

PORT ALLEN — FBI crime scene investigators returned today to Erwinville Baptist Church to collect evidence from the pipe bomb that was safely detonated by officials outside the church Sunday night.

FBI investigators collected debris and combed the area for evidence, West Baton Rouge Parish Sheriff Mike Cazes said. The debris will be sent to the FBI's crime lab in Quantico, Va.

The pipe bomb was found by deputies outside the church, along La. 413, south of U.S. 190, at 5:19 p.m. Sunday, authorities have said. The pipe bomb was safely detonated by the Louisiana State Police's Hazardous Material Unit around 9 p.m. Sunday

The FBI is handling the investigation, Cazes said.

No one answered the church's phone tonight.

NRA Sounds Alarm Of Not-So-Imminent Threat (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 2, 2007

In lobbying, a threat is good for business, whether it's genuine or not.

This might help to explain the dire warnings being issued by the National Rifle Association as the Democrats prepare to take control of Congress this week.

"The new leadership could be one of the most unfriendly to the National Rifle Association," declared Andrew Arulanandam, spokesman for the NRA. "If there's an effort to pursue gun control, we will mount an active defense."

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The famously combative lobby, with 4 million members, is displeased with the voting histories of House Speaker-elect Nancy Pelosi (Calif.) and other top Democrats in the House and is putting them on notice that it won't tolerate passage of anti-gun measures.

The only problem: No one expects gun legislation this year.

True, a few Democrats would love to take a potshot at the NRA. But its $20 million in political firepower has long discouraged any such effort. It helped to snuff out the presidential hopes of Democrat Al Gore in 2000 and to elect dozens, mostly Republicans, to Congress.

Besides, one of the NRA's biggest backers is a Democrat, Rep. John D. Dingell (Mich.), who was instrumental in blocking the last major attempt at gun control in 1999 and will reclaim the chairmanship of the House Energy and Commerce Committee this week.

No matter. The NRA is on high alert, and its latest weapon is a pamphlet designed to send its members into fits of paranoid rage and to inspire them to open their wallets.

A draft of the 27-page document, which was provided to The Washington Post by a source outside the NRA, lashes out at such icons of the left as investor George Soros, Sen. Hillary Rodham Clinton (D-N.Y.) and Pelosi. They are depicted as part of "a marching axis of adversaries far darker and more dangerous than gun owners have ever known."

Few places are less likely to be burgled than the Fairfax County headquarters of the NRA. But Arulanandam claimed that someone recently stole a "working draft" of the pamphlet, called "Freedom in Peril."

The document is filled with sinister-looking caricatures of supposedly anti-gun figures such as filmmaker Michael Moore, comedian Rosie O'Donnell, New York City Mayor Michael R. Bloomberg (R) and CBS News anchor Katie Couric. One chapter attacks Democratic lawmakers such as Sens. John F. Kerry and Edward M. Kennedy of Massachusetts and derides them as a "Gang of Opportunists." Other NRA enemies are "One-World Extremists," "Animal Rights Terrorists" (such as People for the Ethical Treatment of Animals) and "Illegal Alien Gangs."

"America, by its free and independent nature, is a breeding ground and safe haven for violent, illegal criminal gangs," the "Gang" chapter states. "And as always, it is the lawful who will take the fall."

Clinton, the Democratic front-runner for president in 2008, and Soros, a major backer of Democratic-leaning political organizations, are singled out for extra opprobrium. "Clinton views America as the great experiment, not for freedom, but for her own political ambitions," the pamphlet states.

Soros is described as "the Hungarian-born billionaire bankroller of a globalist jihad against firearm freedom" who has been "trying to revoke the Bill of Rights through his checkbook."

Veteran NRA-watchers have seen such rhetoric before. "This is vintage NRA fear tactics from an organization that knows how to use them to energize a base of supporters who have an unhealthy terror that the forces of government will take their guns away," said Peter Hamm, spokesman for the Brady Campaign to Prevent Gun Violence. "It's both ugly and untrue."

Hamm also said he does not believe Congress will take up and pass major gun legislation anytime in the near future. Still, the pamphlet asserts that "towering waves of this coming storm are already crashing on our doorsteps."

The opening essay, titled "The Coming Confrontation," is signed by (and is situated next to gallant drawings of) two of the NRA's staffers, Wayne LaPierre and Chris W. Cox.

"It's inevitable that terrorists will infest America for generations to come. It's also inevitable that an anti-gun president will occupy the White House, and anti-gun forces will control the U.S. House and Senate," they write. "Unless we are well-financed to face that moment, the final disarmament of law-abiding Americans will occur beneath the shroud of anti-terrorism legislation."

So beware -- and make your checks payable to the NRA!Stop That Spin

House Democrats boast that their proposed ethics legislation will ban travel provided by lobbying organizations to lawmakers. Don't believe it.

Maneuvering by the American Israel Public Affairs Committee and others has opened a gaping loophole in the bill. Lobbies such as AIPAC and the U.S. Chamber of Commerce have their own nonprofit foundations, which will still be allowed to underwrite congressional junkets under the new rules.

Watch for more lobbying groups to set up their own "non-lobbying" foundation affiliates as a result.

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TAX:

States With High Taxes Try To Tackle Burden (WT)

By Charles Hurt

The Washington Times, January 2, 2007

Americans are paying more property taxes today than ever before, and several states, including New Jersey and New York, will attempt to lessen the growing burden on homeowners in upcoming legislative sessions.

"In the past five years, the increase in property-tax collections has been nearly double the growth in personal income," wrote economist Gerald Prante, who conducted a recent study of real-estate taxes nationwide.

"What the future has in store for property taxes will largely be a function of housing prices, but local governments can stem the rising tax bills in the process by lowering the rates and not merely spending the windfall revenue."

The rate collected through property taxes rose just 2 percent from 1994 to 2000, according to the study. Since 2000, that amount has shot up 27 percent.

The rocketing rates, fueled by the rapid increase in residential home prices, are being closely watched by anti-tax advocacy groups such as Americans for Tax Reform.

"Too often, tax-and-spenders try to lower property tax taxes by tossing more money to the bloating local governments," said the group's president, Grover Norquist. "However, instead of leaving the taxpayers alone, big spenders blow through the state money and come knocking on residents' doors for even more."

Mr. Norquist says he will be watching closely and has never been afraid to campaign against politicians who don't act aggressively enough to curb taxes and spending.

He pointed to the "property tax revolution" of the 1980s when the states of Massachusetts and New Jersey attempted to rein in out-of-control property taxes that had tested the patience of property owners.

In Massachusetts, lawmakers set about capping local spending increases. In New Jersey, lawmakers tried shifting the tax burden from property owners to state workers with an income tax.

Today, according to figures provided by ATR, the burden on Massachusetts property owners has fallen by 7.5 percent. New Jersey property taxes, meanwhile, have increased 36 percent above the rate of inflation.

"As experience in Massachusetts demonstrates, property-taxes reform must address the root problem -- out-of-control spending," Mr. Norquist said. "Rather than shuffling taxpayers' dollars around and leaving the back door open for big spenders to sneak in more tax hikes, lawmakers should make sure that any reform includes taxpayer protections."

CONGRESS-ADMINISTRATION:

Democrats To Stick With Popular Basics In Congress Agenda (LAT)

By Noam N. Levey

The Los Angeles Times, January 2, 2007

WASHINGTON — When Democrats take power on Capitol Hill this week, House leaders will kick off their legislative campaign with a lightning-fast 100-hour agenda.

But there won't be a revolution.

In marked contrast to the Republicans who swept into the majority in 1994, incoming House Speaker Nancy Pelosi and her legislative allies are not planning to amend the Constitution or eradicate federal agencies.

Instead, their initial legislative foray will focus on modest, politically popular issues, including initiatives to expand stem cell research, lower prescription drug prices and tighten congressional ethics rules.

Pelosi's program is expected to receive a warm reception on Capitol Hill, even from some Republicans. Less clear is whether Democrats can follow up with solutions to the deeper problems that are troubling a restive public.

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Polls show that most Americans are looking to Congress, rather than the president, for leadership, particularly on resolving the war in Iraq.

Yet Pelosi and the Democrats plan no dramatic steps to influence the course of the war. Nor has the new majority detailed strategies to tackle other challenges that have confounded lawmakers for years, including rising healthcare costs and the financially imperiled Social Security system.

For now, the relatively safe 100-hour agenda may simply allow the Democrats to show they can accomplish something after a dozen years in the political wilderness.

"One of the things the public is definitely looking for is results," said veteran strategist Peter Fenn, who helped several Democratic candidates unseat Republicans in part by campaigning against the "do-nothing" record of the previous GOP-led Congress.

But finding a majority on Capitol Hill to agree on even small measures can be challenging.

Democrats will hold just a one-vote advantage in the Senate, where rules allow the minority party to stall, slow and amend legislation.

At the same time, ideological divisions between the parties are wider than they were a generation ago, when moderates in both caucuses wielded greater influence.

It also remains unclear how the president and the new Congress will work together. Though Bush and Democratic congressional leaders have pronounced themselves committed to compromise, they are coming off six years of fiercely partisan government.

And taking on a president, even a weakened one, is never easy for Congress. When Republicans challenged President Clinton over the budget after taking power in 1995, they were blamed after the federal government was forced to shut down during the faceoff.

"It's not going to be a cakewalk," said incoming Senate Majority Leader Harry Reid, D-Nev. "Just because you say you want to be bipartisan doesn't mean they're going to fall all over themselves to work with you."

But the rapid-fire agenda that Pelosi has crafted to kick off Democratic rule carefully hits issues with broad popular appeal that may be hard for many Republicans to oppose.

Pelosi's proposed House ethics package -- which would ban many gifts from lobbyists and identify members who insert earmarks into bills for spending on their pet projects -- comes after scandals that voters blamed on Republicans. The GOP never passed comprehensive ethics legislation, to the chagrin of many of the party's own members.

House Democrats are also talking about reinstating rules that would require any new tax cuts or spending increases to be offset by other cuts, a measure designed to reduce future budget deficits -- another issue that opinion polls show Americans are concerned about.

At the close of the last legislative session, some Republican lawmakers decried the spending excesses of their own party, which has presided over record budget deficits despite its platform of fiscal restraint.

Democrats plan to liberalize federal funding for stem cell research, a popular initiative that was approved by bipartisan majorities in both chambers of Congress before the president vetoed it in July.

And they are pledging to repeal a law passed in 2003 that prohibited the federal government from using its purchasing power to negotiate lower drug prices for Medicare recipients, a top concern of senior citizens.

That proposal, too, earlier won bipartisan support when the Senate voted in March to support the idea in concept.

Some of the 100-hour issues are so popular that opposition appears to have melted away.

Representatives of the business community for a decade had been engaged in a struggle with organized labor to blunt any raise in the minimum wage. Yet now they say they see little chance of stopping the Democratic push to increase it from $5.15 an hour to $7.25 an hour.

It is uncertain whether Republican insistence on some tax relief for small businesses could hang up the measure. But few expect major battles.

"There's not much desire to start a fight on it. It's not winnable," said one business lobbyist. "The White House doesn't appear to have a lot of fight in them ... (and) I don't think weakened Republican minorities are going to want to fight."

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Even some oil executives have said they don't need all of the tax breaks that the federal government has granted the industry in recent years. House Democrats have promised to repeal a number of them.

Twelve years ago, the House Republican caucus that Newt Gingrich led into the majority set a very different tone, filling its agenda with a number of highly contentious issues that touched off bruising battles with the minority party.

In its "Contract With America," the GOP pledged to place term limits on lawmakers, slash taxes, cut welfare benefits and curtail the rights of death row inmates to appeal their sentences.

Gingrich also made no secret of his plans to roll over Clinton.

"Republicans did something that was very foolish by essentially claiming that the president was irrelevant," said Rutgers University congressional scholar Ross K. Baker. Baker noted that Clinton deftly outmaneuvered them, and Republicans lost seats in the next election.

"However the Democratic leaders feel about President Bush," Baker said, "no one in any position of authority has proclaimed that President Bush is irrelevant."

Once Democrats move beyond the popular items in their first 100 hours, however, their challenges will mount.

Americans overwhelmingly want Congress and the White House to address the war in Iraq first. In a recent Gallup poll, 69 percent said the war should be the top priority, compared with 16 percent who pointed to the economy, which was second.

By contrast, the items on the 100-hour agenda ranked far down on the list.

House and Senate Democrats have planned a series of oversight hearings in January to focus attention on the war. And several senior Democrats have pledged to fight any proposal to send more troops to Iraq.

But the new majority has indicated it will shy away from asserting its real power to shape the war: using its budgetary authority to restrict spending.

"We will have oversight," Pelosi said recently. "We will not cut off funding."

Equally uncertain is the fate of healthcare reform, another legislative quandary that has increased in urgency as the number of uninsured Americans nears 47 million.

Last month, Sen. Ron Wyden, D-Ore., unveiled an ambitious proposal for universal health insurance, but neither Pelosi nor Reid has promised to revisit the controversial issue. And without Bush's support, the prospects for such a far-reaching plan are slim.

Democratic leaders have reached out to the White House to discuss Social Security, the long-term solvency of which is a major challenge confronting the federal government.

Incoming House Ways and Means Chairman Charles B. Rangel, D-N.Y., recently had lunch with Treasury Secretary Henry M. Paulson Jr., who is taking the lead for the administration on economic issues.

In a recent interview, Rangel said both sides had reason to compromise. "We have two years to prove that the voters were right, and the president has two years to prove that he's not a lame duck," he said.

Democrats To Start Without GOP Input (WP)

By Lyndsey Layton And Juliet Eilperin

The Washington Post, January 2, 2007

As they prepare to take control of Congress this week and face up to campaign pledges to restore bipartisanship and openness, Democrats are planning to largely sideline Republicans from the first burst of lawmaking.

House Democrats intend to pass a raft of popular measures as part of their well-publicized plan for the first 100 hours. They include tightening ethics rules for lawmakers, raising the minimum wage, allowing more research on stem cells and cutting interest rates on student loans.

But instead of allowing Republicans to fully participate in deliberations, as promised after the Democratic victory in the Nov. 7 midterm elections, Democrats now say they will use House rules to prevent the opposition from offering alternative measures, assuring speedy passage of the bills and allowing their party to trumpet early victories.

Nancy Pelosi, the Californian who will become House speaker, and Steny H. Hoyer of Maryland, who will become majority leader, finalized the strategy over the holiday recess in a flurry of conference calls and meetings with other party leaders. A few

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Democrats, worried that the party would be criticized for reneging on an important pledge, argued unsuccessfully that they should grant the Republicans greater latitude when the Congress convenes on Thursday.

The episode illustrates the dilemma facing the new party in power. The Democrats must demonstrate that they can break legislative gridlock and govern after 12 years in the minority, while honoring their pledge to make the 110th Congress a civil era in which Democrats and Republicans work together to solve the nation's problems. Yet in attempting to pass laws key to their prospects for winning reelection and expanding their majority, the Democrats may have to resort to some of the same tough tactics Republicans used the past several years.

Democratic leaders say they are torn between giving Republicans a say in legislation and shutting them out to prevent them from derailing Democratic bills.

"There is a going to be a tension there," said Rep. Chris Van Hollen (Md.), the new chairman of the Democratic Congressional Campaign Committee. "My sense is there's going to be a testing period to gauge to what extent the Republicans want to join us in a constructive effort or whether they intend to be disruptive. It's going to be a work in progress."

House Republicans have begun to complain that Democrats are backing away from their promise to work cooperatively. They are working on their own strategy for the first 100 hours, and part of it is built on the idea that they might be able to break the Democrats' slender majority by wooing away some conservative Democrats.

Democrats intend to introduce their first bills within hours of taking the oath of office on Thursday. The first legislation will focus on the behavior of lawmakers, banning travel on corporate jets and gifts from lobbyists and requiring lawmakers to attach their names to special spending directives and to certify that such earmarks would not financially benefit the lawmaker or the lawmaker's spouse. That bill is aimed at bringing legislative transparency that Democrats said was lacking under Republican rule.

Democratic leaders said they are not going to allow Republican input into the ethics package and other early legislation, because several of the bills have already been debated and dissected, including the proposal to raise the minimum wage, which passed the House Appropriations Committee in the 109th Congress, said Brendan Daly, a spokesman for Pelosi.

"We've talked about these things for more than a year," he said. "The members and the public know what we're voting on. So in the first 100 hours, we're going to pass these bills."

But because the details of the Democratic proposals have not been released, some language could be new. Daly said Democrats are still committed to sharing power with the minority down the line. "The test is not the first 100 hours," he said. "The test is the first six months or the first year. We will do what we promised to do."

For clues about how the Democrats will operate, the spotlight is on the House, where the new 16-seat majority will hold absolute power over the way the chamber operates. Most of the early legislative action is expected to stem from the House.

"It's in the nature of the House of Representatives for the majority party to be dominant and control the agenda and limit as much as possible the influence of the minority," said Ross K. Baker, a political scientist at Rutgers University. "It's almost counter to the essence of the place for the majority and minority to share responsibility for legislation."

In the Senate, by contrast, the Democrats will have less control over business because of their razor-thin 51-to-49-seat margin and because individual senators wield substantial power. Senate Democrats will allow Republicans to make amendments to all their initiatives, starting with the first measure -- ethics and lobbying reform, said Jim Manley, spokesman for the incoming majority leader, Harry M. Reid (D-Nev.).

Those same Democrats, who campaigned on a pledge of more openness in government, will kick off the new Congress with a closed meeting of all senators in the Capitol. Manley said the point of the meeting is to figure out ways both parties can work together.

In the House, Louise M. Slaughter (D-N.Y.), who will chair the Rules Committee, said she intends to bring openness to a committee that used to meet in the middle of the night. In the new Congress, the panel -- which sets the terms of debate on the House floor -- will convene at 10 a.m. before a roomful of reporters.

"It's going to be open," Slaughter said of the process. "Everybody will have an opportunity to participate."

At the same time, she added, the majority would grant Republicans every possible chance to alter legislation once it reaches the floor. "We intend to allow some of their amendments, not all of them," Slaughter said.

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For several reasons, House Democrats are assiduously trying to avoid some of the heavy-handed tactics they resented under GOP rule. They say they want to prove to voters they are setting a new tone on Capitol Hill. But they are also convinced that Republicans lost the midterms in part because they were perceived as arrogant and divisive.

"We're going to make an impression one way or the other," said one Democratic leadership aide. "If it's not positive, we'll be out in two years."

House Republicans say their strategy will be to offer alternative bills that would be attractive to the conservative "Blue Dog" Democrats, with an eye toward fracturing the Democratic coalition. They hope to force some tough votes for Democrats from conservative districts who will soon begin campaigning for 2008 reelection and will have to defend their records.

"We'll capitalize on every opportunity we have," said one GOP leadership aide, adding that Republicans were preparing alternatives to the Democrats' plans to raise the minimum wage, reduce the interest on student loans, and reduce the profits of big oil and energy companies.

Several Blue Dog Democrats said they do not think Republicans can pick up much support from their group.

"If they've got ideas that will make our legislation better, we ought to consider that," said Rep. Allen Boyd Jr. (D-Fla.), leader of the Blue Dogs. "But if their idea is to try to split a group off to gain power, that's what they've been doing for the past six years, and it's all wrong."

To keep her sometimes-fractious coalition together, Pelosi has been distributing the spoils of victory across the ideological spectrum, trying to make sure that no group within the Democratic Party feels alienated.

Blue Dogs picked up some plum committee assignments, with Jim Matheson (Utah) landing a spot on Energy and Commerce and A.B. "Ben" Chandler (Ky.) getting an Appropriations seat. At the same time, members of Black and Hispanic caucuses obtained spots on these panels, as Ciro Rodriguez (Tex.) was given a seat on Appropriations and Artur Davis (Ala.) took the place of Democrat William J. Jefferson (La.) on Ways and Means.

Democrats acknowledge that if they appear too extreme in blocking the opposing party, their party is sure to come under fire from the Republicans, who are already charging they are being left out of the legislative process.

"If you're talking about 100 hours, you're talking about no obstruction whatsoever, no amendments offered other than those approved by the majority," said Rutgers's Baker. "I would like to think after 100 hours are over, the Democrats will adhere to their promise to make the system a little more equitable. But experience tells me it's really going to be casting against type."

"The temptations to rule the roost with an iron hand are very, very strong," he added. "It would take a majority party of uncommon sensitivity and a firm sense of its own agenda to open up the process in any significant degree to minority. But hope springs eternal."

Rules Changes Set As Democrats Retake Reins (WT/AP)

The Washington Times, January 2, 2007

ASSOCIATED PRESS

Democrats savoring a return from the political wilderness are ready to move quickly this week to take the levers of power in a Congress that has been run by Republicans the last 12 years.

On Thursday, Rep. Nancy Pelosi of California will take the gavel as the first female speaker in the history of the House, and immediately undertake a 100 legislative-hour march to quickly put the Democratic stamp on the new Congress.

Before President Bush arrives on Capitol Hill on Jan. 23 for his State of the Union address, House Democrats intend to update ethics rules, raise the minimum wage, implement 9/11 commission recommendations, cut subsidies to the oil industry, promote stem-cell research and make college educations and prescription drugs more affordable.

"Democrats are prepared to govern and ready to lead," Mrs. Pelosi said.

On the first day back, Democrats plan to change House rules on what members can accept from lobbyists. On the second day, they'll vote on other rules changes requiring that new spending or tax cuts be paid for and that pet projects tucked into larger bills be publicly disclosed.

The new Democratic Senate, under Majority Leader Harry Reid of Nevada, will take a parallel if somewhat more leisurely track.

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The first week or 10 days of business will be devoted to ethics and lobbying reform that stalled in the last Congress, including a proposal to ban lawmakers from accepting gifts and travel from lobbyists and one making it more difficult for former members who become lobbyists to solicit their former colleagues.

All of this is reminiscent of January 1995, when Republicans kept the House in past midnight on their first day in power after 40 years of Democratic rule. "This will be the busiest day on opening day in congressional history," new Speaker Newt Gingrich, Georgia Republican, boasted at the time.

Like the 100 hours of the Democratic agenda, Mr. Gingrich gave the House 100 days to vote on the far-broader Contract with America. In the end, Republicans did achieve some of the goals of that political treatise, such as cutting taxes, reforming welfare and fighting crime. Others, such as product-liability bills and constitutional amendments to limit the terms of lawmakers and balance the budget, ultimately failed.

Mrs. Pelosi, like her Republican colleagues a dozen years ago, is also promising a more benevolent majority, saying the new House rules will state plainly that the minority will get a chance to offer amendments, read legislation before it gets voted on and participate in House-Senate negotiations. She is working with new Minority Leader John A. Boehner, Ohio Republican, on the idea of setting up an independent panel to investigate ethics issues.

In the Senate, where Democrats hold a fragile 51-49 majority, Mr. Reid and Republican leader Mitch McConnell of Kentucky have agreed to open the session with a joint caucus, a gesture aimed at establishing "a new tone" and an attempt to "produce real results," Mr. Reid said.

It's not clear how long this bipartisan spirit will last. Mr. Boehner has already complained that Democrats, in hustling through their 100-hour agenda, are backtracking on their promise of a more open Congress.

And while Mr. Bush has given qualified support to the Democratic push for an increase in the minimum wage and applauded their efforts to curtail pet projects or earmarks, a vote to boost federal support of embryonic stem-cell research could provoke an early showdown with the White House. Similar legislation passed by the Republican-led Congress led to the only veto thus far of the Bush presidency.

Democrats are also certain to hit hard on a new Iraq policy, expected to be announced by Mr. Bush in January, that may increase U.S. forces in Iraq.

The House and Senate Armed Services committees, under Rep. Ike Skelton, Missouri Democrat, and Sen. Carl Levin, Michigan Democrat, are gearing up for hearings at which new Defense Secretary Robert M. Gates and others will likely face tough questions on the conduct of the war.

Dems Eager To Put Stamp On New Congress (AP)

By Jim Abrams

AP, January 2, 2007

Democrats savoring a return from political wilderness are ready to move quickly this week to take the levers of power in a Congress that has been run by Republicans the last 12 years.

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The new Democratic Senate, under Majority Leader Harry Reid of Nevada, will take a parallel if somewhat more leisurely track.

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The first week or week-and-a-half of business will be devoted to ethics and lobbying reform that stalled in the last Congress, including a proposal to ban lawmakers from accepting gifts and travel from lobbyists and one making it more difficult for former members who become lobbyists to solicit their former colleagues.

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Democrats may have more success because they have taken a less ambitious approach, said Sarah Binder, a political scientist at George Washington University and analyst for the liberal-oriented Brookings Institution think tank. They realize that their newfound majority is not so much a demand for liberal policy as a referendum on the Bush administration, she said. "I'm really struck by how pragmatic the new Democratic majority appears to be with such a limited agenda," Binder said.

Linda Fowler, professor of government at Dartmouth College, said that while some of the Democratic proposals could face a tough sell in the Senate, "what the Democrats have done is quite reasonably recognize that they need some centrist positions that have fairly broad appeal."

Pelosi, like her GOP colleagues a dozen years ago, is also promising a more benevolent majority, saying the new House rules will state plainly that the minority will get a chance to offer amendments, read legislation before it gets voted on and participate in House-Senate negotiations. She is working with new minority leader John Boehner, R-Ohio, on the idea of setting up an independent panel to investigate ethics issues.

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And while Bush has given qualified support to the Democratic push for an increase in the minimum wage and applauded their efforts to curtail pet projects or earmarks, a vote to boost federal support of stem cell research could provoke an early showdown with the White House. Similar legislation passed by the GOP-led Congress led to the only veto of the Bush presidency.

Democrats are also certain to hit hard on a new Iraq policy, expected to be announced by Bush in January, that may increase U.S. forces in Iraq.

The House and Senate Armed Services committees, under Rep. Ike Skelton, D-Mo., and Sen. Carl Levin, D-Mich., respectively, are gearing up for hearings at which new Defense Secretary Robert Gates and others will likely face tough questions on the conduct of the war, contracting practices and a soon-to-be-announced request for $100 billion in new money to fight the wars in Iraq and Afghanistan.

As New Congress Nears, House Democrats Could Be Headed For Own Divide (NYT)

By Carl Hulse

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — Representative John D. Dingell, a Michigan Democrat who with more than 50 years' tenure is the senior member of the House, is not so sure about the idea of creating an independent group to enforce ethics rules.

George Miller, a House veteran entering his 17th term, is a close ally of Nancy Pelosi, the incoming speaker.

But Gabrielle Giffords, a brand-new House Democrat from Arizona, considers it a no-brainer. Of the longstanding approach in which lawmakers are seated on the ethics committee to police their peers, Representative-elect Giffords said, "It is like having the fox guard the henhouse."

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Those divergent outlooks over how best to fulfill the Democratic promise to clean up the House are just one illustration of a friction that could develop in the new Congress as the party takes control after 12 years in exile. While most attention will be focused on the divide between Republicans and Democrats, members of the new majority have their own differing perspectives, corresponding largely to length of service, that could ultimately prove more crucial to their success or failure.

Of 233 Democrats who will be sworn in on Thursday, 147 — 63 percent — have been elected since Republicans won control of the House in 1994, and have never served in the majority. Those whose service predates the 1994 revolution, on the other hand, number only 86, or 37 percent. But it is this core of senior Democrats, Mr. Dingell among them, who will lead 20 of the 21 major committees and so exercise concentrated legislative power.

The differences in tenure tend to manifest themselves geographically as well. The makeup of the senior membership has a more urban flavor, while those more recently elected tend to come from the suburbs and exurbs. These newer members have faced tougher electoral opposition than their older counterparts, who in many cases represent overwhelmingly safe Democratic districts; a majority of new chairmen have traditional liberal roots.

Lawmakers, senior aides and analysts say the institutional gulf is not necessarily problematic and could even prove beneficial if Democratic leaders are able to harness the experience and skill of the chairmen to the enthusiasm and drive for reform exhibited by the newcomers.

But they worry that it could become a distraction if the "old bulls," as they are sometimes called, believe that less seasoned lawmakers are demanding too much too fast or if the newer members see the veterans as representative of Congressional inertia.

"The guys who have been there for a while and built up seniority saw an abuse of the system, so they know firsthand why it has to change," said Representative Rahm Emanuel of Illinois, who will be chairman of the Democratic caucus. "The new members ran on an agenda of why it has to be changed.

"If managed correctly, you have the experience and energy to make changes. If not managed correctly, it has the potential to be a fault line."

Leading House Democrats say the long-tenured members and those sent to Congress in recent elections broadly agree on a desire to move ahead on social programs, ethics, energy, national security and fiscal responsibility. The differences, they say, are subtler. Do issues studied in the previous Congress, for instance, need a full further examination in committee, in deference to the new chairmen? Is there need for a separate commission to scrutinize war contracting, or should this too be the province of the committees?

In any event, it is clear that the lower classmen, particularly the large and celebrated group of 30 freshmen, want to move quickly.

"The new class coming in and some of the other newer members are absolutely committed to delivering on the agenda we talked about during the election," said Representative Chris Van Hollen of Maryland, who will lead the House Democratic campaign effort for 2008. "Now that we are in power, we want to make sure that we are changing direction in Washington, and that means following through not just on the big print but the fine print, a break with business as usual."

Representative-elect Ed Perlmutter, Democrat of Colorado, agreed.

"I don't think the chairs are not looking to be aggressive," Mr. Perlmutter said, "but I do see in this freshman class a real desire to make changes and move things along quickly, because I think that was the direction we were given by our voters."

Senior Democrats say that as the lawmakers who endured minority status for so long, they are the ones most painfully aware of a need for new direction. Their stake in holding on to a majority, they say, means protecting and advancing the careers of new lawmakers, who in many cases were elected with fund-raising and other help from senior Democrats.

"It is not like we are just now meeting for the first time," said Representative Barney Frank, Democrat of Massachusetts, who will be chairman of the House Financial Services Committee and can tick off the names of junior committee members he has worked with, as well as several freshmen he personally supported. "We all campaigned for these guys."

Kate Phillips and The Times's politics staff report on the latest political news from around the nation.

More Politics NewsMr. Dingell said an urge to remake the House was hardly anything new.

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"This is a normal phenomenon which occurs in this place every two years," he said, "and I have seen no class come in that could be described as different. We all come here just dying to do something. But the smart ones of us know how to get it done by working within the system. I have no fears they are out to burn the place down."

But Norman Ornstein, a longtime Congressional observer at the American Enterprise Institute, said he saw competing drives among members of the new majority.

"You have a significant number of Democrats who think the major change is that the whip is now in their hands and it is the Republicans taking the lash," Mr. Ornstein said. "A number of others want to keep the spigots running, but just into their own pockets. Those who genuinely want to change the House — the way it operates, the culture of Washington — have their work cut out for them."

The Democrats' leader, Representative Nancy Pelosi of California, the incoming speaker, has been in the House since 1987 but has never been chairwoman of a committee, and so in some respects her role may be that of an outsider free to pursue transformation. In one of her first tests, however, some seven weeks ago, many of those headed for chairmanships opposed her push to install Representative John P. Murtha of Pennsylvania as majority leader. Instead, they backed Representative Steny H. Hoyer of Maryland, at least partly because they saw him as a check on Mrs. Pelosi's power. Mr. Hoyer went on to win.

Mrs. Pelosi has told allies that while she respects the authority of the new chairmen, she will not allow them to dominate the party agenda or stall legislative initiatives that have broad support. And she has already indicated that she does not intend to send the party's early legislative initiatives back through the committee process, but will instead bring a minimum-wage increase and energy and health bills, among others, straight to the floor.

Democrats senior and junior say they are watching to see whether their ideals merge or collide. But they view party differences as just another factor they will have to take into account as they assume control.

"I think people understand it is a little bit of a bump and we have to deal with it," Mr. Frank said.

Michael Arcuri, a moderate Democrat from upstate New York who won a Republican-held seat in November, said the combination of exuberance and experience should prove an advantage for the party.

"If we strike the balance between the two," Mr. Arcuri said, "we are going to accomplish some pretty incredible things."

The New Crowd's First Test (WP)

By E. J. Dionne Jr.

The Washington Post, January 2, 2007

This time it's going to be different.

Whenever a new crowd displaces an old guard, the promise is always the same. The fresh managers swear they understand what the tired bunch they're replacing did wrong and vow to make all things new.

The Democrats who take power in Congress on Thursday have been given an opportunity that has not come their party's way for a half-century: They can remake their own image -- and Congress's -- and they can begin to restore public confidence in government.

While control of the Senate has flip-flopped between the parties since 1980, the House has stayed in one party's hands for long periods. Democrats controlled the House for 40 years after 1954, Republicans for the past 12. The 2006 election marked the first time since that 1954 contest that both houses switched from the Republicans to the Democrats.

This allows the new Democratic majority, in principle at least, to come in with no commitments to doing business as it was done in the immediate past.

If Democrats don't seize this rare opportunity, their party will pay for a long time. Not only will they disillusion their own supporters, but, more important, the angry centrists of the Ross Perot stripe who voted the Republicans out last year will either go back to the GOP or seek other options.

The first opportunity in the House will come on the very first day, when a package of reforms comes up for a vote. The Senate will take its own steps soon after. At stake initially are new ethics and lobbying rules. Over time House and Senate leaders will have to prove their commitment to bringing more democracy to the way Congress is run. A country that claims a mission to democracy and transparent government in the rest of the world needs to get its own institutions in order.

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The new congressional leadership seems to recognize how important it is to get ethics and lobbying reform right. In the House, incoming Speaker Nancy Pelosi and Majority Leader Steny Hoyer have sent members strongly worded proposals that would, among other things, ban gifts from lobbyists, lobbyist-paid travel and the use of company planes.

Congress will also consider a series of important lobbying reforms, many of them designed to strengthen inadequate disclosure requirements so the public knows who is doing what. One of my favorite ideas, from the veteran reformer Fred Wertheimer, would call upon lobbyists and lobbying organizations to disclose the earmarks they have lobbied for and the sponsors of those earmarks in the reports they are required to file with Congress.

The new Congress is already talking about requiring members to disclose their sponsorship of earmarks, those special little (or not so little) spending projects and tax breaks inserted into various bills with almost no public attention. But such disclosure does not tell citizens all they need to know, such as which lobbyists and which interest groups are pushing which special programs.

Fiscal conservatives who claim they can't stand those earmarks should rally to this idea. The best way to stop unjustified earmarks is to shed as much light as possible on their purpose and provenance.

What the Democrats are talking about sounds good. What will matter is that the provisions they pass not contain loopholes that render them much less far-reaching than they seem.

Members of Congress can legitimately ask for reasonable rules so they are not caught up unintentionally or unfairly in violations. But much will depend on the definition of "reasonable." Passing rules that don't rein in the corruption that became so obvious in the last Congress will be worse than passing nothing, because the hypocrisy will be obvious.

And any Democrats who think this anti-corruption talk is just a fad should consult a memo written two weeks after November's elections by Rep. Rahm Emanuel, the incoming chairman of the Democratic caucus and the House's shrewdest electoral tactician.

Emanuel counted eight districts the Democrats won largely because of corruption issues. The Democrats, he said, need to be the reformers they said they'd be. "Failing to deliver on this promise," he added, "would be devastating to our standing with the public, and certainly jeopardize some of our marginal seats."

President Bush briefly claimed back in 2000 to be "a reformer with results." This time, the voters who mattered in 2006 expect reform to be one of the results of the ballots they cast for Democrats.

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Power Shift In Congress Revives Health Debate (NYT)

By Robert Pear

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — Within days of convening, the new Congress will return to some of the biggest battles of the last decade as House Democrats try to rush through legislation requiring the government to negotiate lower drug prices for Medicare beneficiaries and overturning President Bush's restrictions on embryonic stem cell research.

The Medicare proposal highlights the profound differences between Democrats and Republicans over the future of the nation's health care system, the proper role of government and the role of private markets in securing the best value for the huge sums spent on health care.

State officials say they wish Congress would focus on a more immediate problem: money for the Children's Health Insurance Program, which provides coverage for four million low-income children, is running out in more than a dozen states.

Dr. Rhonda M. Medows, commissioner of the Georgia Department of Community Health, said, "Our program will run out of federal money in March, and all 260,000 children in the program will lose their health care coverage if Congress fails to act."

In debating the future of the children's health program, which has broad bipartisan support, Congress will take up proposals to cover some of the 46 million people who have no health insurance.

Dr. Mark B. McClellan, former administrator of the Centers for Medicare and Medicaid Services, said, "Congress should consider expanding the Children's Health Insurance Program to low-income adults." Many Democrats agree. But even modest proposals may collide with Democratic efforts to restore fiscal discipline and to reduce the federal budget deficit.

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Congress convenes on Thursday. Representative Nancy Pelosi, the California Democrat who is in line to be speaker, has said the House will, in its first 100 hours, vote on bills to authorize drug price negotiations under Medicare and to expand federal financing of stem cell research.

Representative Tom Allen, Democrat of Maine, said he was "giddy" at the prospect of being able to legislate on health care after toiling for 10 years in the minority. "People in Maine find it incomprehensible that the Medicare law has a provision that forbids negotiation of lower prices," said Mr. Allen, who introduced a bill to give beneficiaries access to drug discounts negotiated by the government in 1998.

By adding a drug benefit to Medicare in 2003, Congress authorized the biggest expansion of the program since its creation in 1965. The drug benefit, unlike most Medicare benefits, is delivered entirely by private insurers subsidized by the government. The insurers negotiate with drug manufacturers to obtain discounts, often in return for promoting the use of particular drugs. The 2003 law prohibits the government from interfering in those negotiations and stipulates that Medicare cannot establish a list of preferred drugs.

Most Democrats want to repeal the ban on price negotiations. Wendell E. Primus, an aide to Ms. Pelosi, said the Democratic proposal would require the secretary of health and human services to negotiate, but would not specify how.

"It will be very simple language," Mr. Primus said. "We do not think that Congress needs to hammer out all the details. There are a lot of smart people in the administration, including the secretary, who can look at how we're buying drugs — the Medicaid program, the Department of Defense, vaccines, et cetera — and figure out the best way of negotiating better prices with drug companies."

Republicans said they welcomed the opportunity to debate the issue. The House Republican leader, Representative John A. Boehner of Ohio, said the Democrats' proposal would "take a wrecking ball to a popular program that has cut drug costs for consumers through competition." Such competition, he said, "has kept prices lower than anyone expected."

Administration officials suggested that Mr. Bush would veto a bill calling for price negotiations. Democrats could then exploit the issue in the 2008 campaign, as they did in the midterm elections.

Under a bill introduced in 2005 by several House Democrats, Medicare would offer a government-run drug plan, in addition to all the plans offered by private insurance companies, and federal officials would negotiate with drug manufacturers on the prices of drugs covered by the government plan.

But aides to Ms. Pelosi said House Democratic leaders now wanted to go further. Under their proposal, the government would negotiate on behalf of all people in Medicare drug plans, more than 22.5 million people.

Skip to next paragraph House Democrats assume that if the government negotiates lower drug prices, the savings will automatically be passed on to beneficiaries in the form of lower premiums. But they could not immediately say how they would guarantee that result. In the absence of detailed instructions from Congress, lower drug prices could mean lower costs and higher profits for the insurers that operate Medicare drug plans.

Michael O. Leavitt, the secretary of health and human services, said he did not want the power to negotiate. "I don't believe I can do a better job than an efficient market," Mr. Leavitt said in an interview.

Leslie V. Norwalk, acting administrator of the Centers for Medicare and Medicaid Services, said that under the Democrats' proposal her agency would have to "hire hundreds of people to negotiate prices for 4,500 different drugs." And Ms. Norwalk said the agency would be besieged by lobbyists seeking higher Medicare payments for specific drugs. That, she said, is "how Washington really works."

Senator Max Baucus, the Montana Democrat who is in line to become chairman of the Finance Committee, helped shape the 2003 law. In March, he voted against a proposal to authorize drug price negotiations. But Mr. Baucus, who is up for re-election in 2008, said he had an open mind and would hold hearings on the idea.

Kate Leone, an aide to the Senate Democratic leader, Harry Reid of Nevada, said Senate Democrats had the same legislative priorities as House Democrats, but were not committed to the 100-hour schedule.

Mr. Primus said the new Congress would also "give the president another chance to veto a stem cell bill," like the one he vetoed in July.

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In campaign commercials in 2006, Democrats and some Republicans boasted of their support for embryonic stem cell research as a way to find treatments for a wide range of diseases. Advocates of such research say that, despite gains in the elections, they still do not have the votes to override a veto. They are working with Senate allies on a plan to attach the stem cell bill to unrelated legislation that Mr. Bush would feel obliged to sign.

Lawmakers are also likely to wrestle with these issues:

¶Many Democrats will try to reduce Medicare payments to managed care plans. They contend such plans are overpaid by about 10 percent. Insurers intend to fight back, with support from the Bush administration, Republican lawmakers and beneficiaries who see the plans as a way to obtain extra benefits at an affordable cost.

¶Congress faces a huge challenge in devising a new formula to pay doctors for treating Medicare patients. Under the current formula, doctors' fees would be cut more than 4 percent a year for the next decade. Lawmakers are determined to avert such cuts, but see no easy way to pay the cost.

¶Democrats have drafted legislation to speed the approval of safe, low-cost versions of expensive biotechnology drugs, which account for a growing share of spending on pharmaceuticals.

People who pay for health care, including state officials, employers and insurers, support such legislation as a way to slow spending on biotech drugs, which can cost more than $10,000 a year. Biotech companies argue that their products, made from living organisms, are so complex that they cannot be exactly duplicated by generic drug manufacturers. As a result, they say, a "copy" would rarely be interchangeable with the original.

The Food and Drug Administration has approved thousands of generic drugs deemed equivalent to traditional brand-name medicines. But the agency is unsure of its legal authority to approve such versions of biotech drugs.

Millions Save Money On Medicare Program (NYT)

The New York Times, January 2, 2007

WASHINGTON (AP) -- At first, Ruth Goundry wasn't sure about participating in the new Medicare drug benefit. It was too confusing, she said. But in the end, she gave it a try. She's glad she did.

As the program's first year draws to a close, Goundry estimates that she saved about $150 a month on her five medicines, compared with what she was spending before Medicare Part D began.

"I would say I'm very impressed with the whole thing. I have no complaints," said Goundry, a resident of Chesapeake Beach, Md. "It's meant a tremendous savings. I know other people who are saved by it. I mean that. They don't hardly pay anything.''

Goundry is like millions of seniors who say they are happy with the benefit, which cost the federal government about $30 billion in 2006.

But the program affects seniors and the disabled differently, depending upon their income and health. There are many people who believe the program could be improved.

Just down the street, at the Chesapeake Care Pharmacy, Wesley Copeland is not so impressed.

In August, he began picking up all the cost of his medicine -- about $300 a month. Plus, he had to continue paying his monthly premium of $38. That gap in coverage is called the doughnut hole.

"We've got a lot of people in my neighborhood who are seniors like me on retirement. We have to stretch pennies, so when it gets to that doughnut hole, we have to scramble like hell to keep going," Copeland said.

Goundry and Copeland represent the millions of stories surrounding the addition of a drug benefit to Medicare this past year. The drug coverage has often been described as the biggest change in Medicare in the program' 40 years.

Under the program, seniors and the disabled enroll in a private plan. They pay a monthly premium to the plan. The government also pays the plan.

The Bush administration estimates that the coverage saves the average beneficiary about $1,200. But many in Washington, particularly Democratic lawmakers, say the savings could be greater if the government were allowed to negotiate with drug manufacturers concerning the cost of medicine rather than leaving that chore to the plans.

Overall, about 22.5 million people enrolled in private plans during the programs first year. Nearly 7 million more people get their medicine through their employer, and those employers get a tax credit for providing that coverage.

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That total of nearly 30 million getting coverage through Part D is much less than was originally projected. However, analysts also didn't realize that so many seniors had insurance coverage for their medicine through other programs.

The Bush administration acknowledges the program got off to a rough start as hundreds of thousands of people showed up in pharmacy computers as not being enrolled in a plan.

Beverly Dillon, a pharmacy technician in Chesapeake Beach, said that in the program's early weeks, her store advanced about 75 to 100 patients medicine to help them get by.

"We would not let patients go without their medication," she said.

The state of Maryland also stepped in to pick up the cost of medicine for poor beneficiaries, she noted. Most other states did as well.

"January and February were absolutely crazy," she said. "I would say that around March, or late February, things started to calm down."

She said many seniors are still confused about the program. To prove her point, a customer came into the store to get a refill. Dillon noted that she was in a Part D plan, but the customer was insistent that she was not and that she had coverage through another program. Dillon relented, not wanting to upset her.

Dillon said most customers who did not have insurance coverage prior to the past year are saving money. She has noticed that the checks they write to the pharmacy now are much smaller.

"There's definitely a significant savings," she said. "(But) the program just got off to such a bad start in the beginning, it just has not been smooth."

Dillon is bracing for some rough spots in the coming weeks too. That's because some seniors are switching plans. Others have been automatically enrolled in new plans.

Herb Kuhn, deputy administrator at the Centers for Medicare and Medicaid Services, said that he believes the federal government learned many lessons from the past year that will make this year's startup run more smoothly.

"We have a much more sophisticated and built up infrastructure from a year ago," Kuhn said.

Kuhn said his biggest concern going into the new year are those beneficiaries who waited until the final days of the open-enrollment period to change drug plans. He said seniors should bring to the pharmacy any kind of identification or acknowledgment letter from their plan that would show proof of membership.

Overall, Kuhn said that 2006 was a good year for beneficiaries.

"We believe it's been a very positive year for Part D," he said. "As a result of the new program, beneficiaries are living better. They're saving money."

A Clean Fiscal Slate (WP)

The Washington Post, January 2, 2007

THEY DIDN'T quite trash the place on their way out, but congressional Republicans -- specifically, the Senate leadership under outgoing Majority Leader Bill Frist (R-Tenn.) -- engaged in the legislative equivalent of vandalism when it came to getting spending bills passed: They didn't. Of the measures needed to fund the government during fiscal 2007, now three months gone, the 109th Congress managed to approve only bills to pay for defense and homeland security spending. The rest of the government -- $463 billion in discretionary spending -- was left to run on autopilot.

Confronted with this abdication of responsibility, the incoming Democratic management faced an unpleasant choice. It could take the time to clean up this fiscal year's mess, a time-consuming process that would inevitably have led to fights over earmarks and spending levels, along with filibuster threats from Senate Republicans and possible vetoes from President Bush. Or it could essentially write off the 2007 budget process and move on with a clean slate to 2008 -- a process that will begin in February, when Mr. Bush is to present his budget along with a whopper of an emergency spending bill to pay for operations in Iraq.

Democrats chose the latter course, and under the circumstances, it's hard to fault them. The new appropriations committee chairmen, Sen. Robert C. Byrd (D-W.Va.) and Rep. David R. Obey (D-Wis.), announced that they would move to fund the remainder of the fiscal year under a continuing resolution, limiting domestic appropriations to 2006 levels. "While the results

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will be far from ideal, this path provides the best way to dispose of the unfinished business quickly, and allow governors, state and local officials, and families to finally plan for the coming year with some knowledge of what the federal government is funding," they said in a joint statement.

The boldest part of the Democrats' plan is to strip earmarks out of the spending measures -- although, as their statement noted, such projects will be eligible for reconsideration in 2008 and those earmarks that were included in previous spending bills and are slated for renewal this year won't be affected. Still, this earmark shock therapy could prove valuable, like quitting smoking by going cold turkey; the 2008 process, the chairmen promised, will be conducted under "new standards for transparency and accountability."

The Democrats have given themselves the clean slate they deserved. Their real test will come as they work to craft a 2008 budget that is both frugal and fair, not to mention finished on time.

New Leaders' Decisions Could Significantly Affect The Government Workforce (WP)

By Stephen Barr

The Washington Post, January 2, 2007

Making decisions on government spending will be a big and early order of business for the new Congress, which returns this week.

Most federal agencies are operating on an interim spending bill that expires Feb. 15. Key lawmakers have said they plan to put the government on a post-holiday diet that will stretch through September, and that could cause some headaches for federal employees.

Because most agencies will not get budget increases to fully offset pay raises, higher rents and other overhead costs, some agencies will have little choice but to curtail training, travel, hiring and the purchase of new equipment. It's possible that cash-strapped agencies might have to send workers home without pay for a few days, but the White House budget office hopes to be able to shift funding around to avoid furloughs and layoffs.

The funding crunch will not affect President Bush's executive order, issued in late December, providing an average 2.2 percent pay raise for federal employees. Government retirees also will see their monthly pension checks increase this month, by 2.3 percent or 3.3 percent, depending on their retirement system.

Although congressional aides were reluctant to make any predictions for the new year, it seems likely that the federal budget, the Iraq conflict, lobbying reform and completion of the 9/11 Commission recommendations will push many federal-employee issues to the sidelines in the opening months of the new Congress.

Key lawmakers have signaled that they are taking a wait-and-see attitude on the administration's efforts to install pay-for-performance systems at the Defense and Homeland Security departments.

Federal unions have challenged proposals to curb collective bargaining at the Defense Department, and a federal appeals panel will probably issue a ruling by spring. Unions prevailed in court on proposed workplace changes at the Homeland Security Department, which will report to a federal judge no later than July 17 on next steps for the personnel system.

The Bush administration, though, may propose a few changes to laws that affect federal employees.

Officials said the administration will again ask Congress to rewrite laws so federal employees can switch to part-time work late in their careers without taking a pension reduction and to allow agencies to bring back federal retirees without salary offsets so the rehired annuitants can collect a full paycheck and a full pension. Those efforts began last year but did not get any traction on Capitol Hill.

Linda M. Springer, director of the Office of Personnel Management, is also interested in exploring whether a program could be created to offer short-term disability insurance to federal employees. Such a program could help the government recruit employees and might be a way to provide maternity benefits, easing complaints from younger federal employees who would like the government to offer paid parental leave to care for newborns and adoptions.

Congress will also be reorganizing committees and realigning members who serve on those panels.

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Rep. Henry A. Waxman (D-Calif.), the new chairman of the House Government Reform Committee, has announced plans for five subcommittees, two fewer than in the last Congress. Waxman plans to create a federal workforce, post office and District of Columbia subcommittee and a government management, organization and procurement subcommittee.

Aides have been working on areas of jurisdiction, but one said the federal workforce subcommittee would likely oversee the implementation of pay-for-performance systems at the Defense and Homeland Security departments, while the government management subcommittee would track the president's policy initiatives, such as outsourcing, e-gov and other parts of the presidential management agenda.

House Democratic leaders have made some committee assignments.

Rep. C.A. Dutch Ruppersberger (D-Md.) will take the seat on the House Appropriations Committee being vacated by Rep. Steny H. Hoyer (D-Md.), the new House majority leader. Hoyer has played the leading role in efforts to raise federal salaries, and an aide to Ruppersberger said his boss will also seek to improve federal pay and benefits.

Ruppersberger's district expects to pick up 60,000 new jobs as part of the military's Base Realignment and Closure process, primarily at Fort Meade and the Aberdeen Proving Ground. He also represents employees who work at the National Security Agency and at the Coast Guard Yard at Curtis Bay.

Rep. Chris Van Hollen (D-Md.), an advocate for federal employees, is joining the Ways and Means Committee, which has jurisdiction over tax policy, Social Security, Medicare and trade issues.

The National Active and Retired Federal Employees Association hopes that the Ways and Means Committee, which will be chaired by Rep. Charles B. Rangel (D-N.Y.), will show more interest in modifying laws that frustrate many federal retirees, such as the offset and windfall elimination provisions in Social Security law. Federal retirees also are campaigning for statutory changes that would permit them to pay their health insurance premiums with pre-tax annuities, similar to the tax break provided federal employees.

Sen. Joseph I. Lieberman (D-Conn.) will be chairman of the Senate Homeland Security and Governmental Affairs Committee, which oversees federal employee issues. An agenda has not been set, but some aides expect the committee will pay close attention to contracting problems, including instances of waste and fraud at the Defense and Homeland Security departments.

Lieberman will be joined by senators with a strong interest in federal employee issues, including Daniel K. Akaka (D-Hawaii), Thomas R. Carper (D-Del.), Carl M. Levin (D-Mich.), Susan Collins (R-Maine), George V. Voinovich (R-Ohio) and John W. Warner (R-Va.). Akaka plans to review the federal employees health insurance program and how it sets premiums, an aide said.

A Party, With Pelosi Front And Center (NYT)

By ANNE E. KORNBLUT

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — During her first 100 hours as House speaker, Nancy Pelosi has vowed, she will sweep an aggressive legislative agenda through the newly Democratic-controlled House.

Kate Phillips and The Times's politics staff report on the latest political news from around the nation.

More Politics NewsBut first comes Pelosi-palooza.

In a three-day stretch of whirlwind events beginning on Wednesday, Mrs. Pelosi will celebrate her heritage (at the Italian Embassy), her faith (in a Roman Catholic Mass), her education (at Trinity College), her childhood (in Baltimore) and her current home (in a tribute by the singer Tony Bennett, of "I Left My Heart in San Francisco" fame).

She will embrace her status as the first female House speaker with a tea for women. She will highlight her pull among Democrats with a $1,000-per-person fund-raising concert. And she will welcome visitors to the halls of Congress in an open-house tour.

In the midst of it all, when the new Congress opens on Thursday, Mrs. Pelosi will be sworn in to her new post and plans to get to work on the House floor right away.

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The extended, carefully staged festivities are expected to dominate the occasion of Mrs. Pelosi's ascendance as the Democrats take control of Congress. Although Senate Democrats are also ushering in a new majority this week, their leaders have arranged much more low-key events intended to celebrate their incoming freshmen rather than Harry Reid, the Nevada senator who will be the new majority leader.

Supporters of Mrs. Pelosi said she had every right — an obligation, even — to underscore her new role, given the historic nature of her rise to power. Thus the week is planned to project much more than an ordinary handoff of power in Congress. It is intended to leave a firm imprint of the new House leader's style and substance on the national consciousness, reminding voters that Mrs. Pelosi is both the first woman to take the job as well as a Catholic mother of five with Italian, blue-collar roots.

"It is an introduction of her to the country — and certainly who she is, as an outgrowth of her family, her growing up in Baltimore, where she went to school, and the values and the roots she had in that community," said Representative George Miller, Democrat of California and a close Pelosi ally.

In other words, she is not the liberal extremist her detractors have tried to depict (one Republican advertisement during the midterm election cycle warned that "liberal Democrat Nancy Pelosi" would embrace illegal immigrants and reward them with welfare, ominously asking, "How do we stop her?").

Yet a number of Mrs. Pelosi's supporters said the aim was not simply to define the new House speaker in mainstream political terms. They said she valued style and flourish — previously embodied in her fashionable clothes and her habit of taking Ghirardelli chocolates to meetings — and recognized that an inauguration with flair could help capture the national imagination.

At the same time, part of her power is derived from her vast network of wealthy donors, including California celebrities, who appreciate a lavish thank-you.

Representative Anna G. Eshoo, a California Democrat who has been a friend of Mrs. Pelosi for decades, said, "It will be done elegantly, because she's so tasteful."

"It will have some feminine touches to it, obviously," Ms. Eshoo said. "But more than anything else, it is just highly celebratory, because there are so many firsts that are interwoven into her ascendancy."

Some Republicans have privately complained that Mrs. Pelosi is drawing too much attention to herself and failing to recognize that the week is not about her. Yet past House speakers have often been defined by their strong personalities and individual styles, and Democrats, by and large, said they were glad to see Mrs. Pelosi unabashedly seizing the spotlight.

"I think what she's doing is perfectly appropriate, because she is making history," said Senator Charles E. Schumer of New York, who led the Democratic victory in the Senate.

Many of the week's gatherings are ostensibly devoted to others, as well. The first event, a Mass at Trinity University, where Mrs. Pelosi graduated in 1962, is "in remembrance of the children of Darfur and Katrina," according to a schedule released by her office. A tea that afternoon at the Mellon Auditorium will include a tribute to Ann W. Richards, the late governor of Texas (whose young granddaughter will speak, as will Mrs. Pelosi's). A prayer service at St. Peter's Catholic Church on Thursday is in "honor of U.S. men and women in uniform."

On Thursday, after her swearing in, Mrs. Pelosi will sponsor a concert at the National Building Museum (the performers Carole King and Wyclef Jean are expected to attend, along with Mr. Bennett). The next day, she plans to open up Congress for a "people's House reception" for the public. That afternoon, the departing mayor of Baltimore and governor-elect of Maryland, Martin O'Malley, will dedicate a city street to Mrs. Pelosi.

The Baltimore ceremony had been originally scheduled as the kickoff event on Tuesday, but it was moved in honor of the national day of mourning for former President Gerald R. Ford.

More Articles in National »

Bushes Pay Respects To Ford In Capitol (AP)

By Deb Riechmann

AP, January 2, 2007

President Bush on Monday bowed his head in silence before the flag-draped casket of Gerald R. Ford — a man the president said used a calm, steady hand to guide the nation after the tumultuous Watergate years.

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On a rainy, gloomy afternoon, Bush and first lady Laura Bush joined thousands of other mourners in paying their respects to the 38th president lying in state at the Capitol.

Silence fell under the Capitol dome when the president walked toward the casket, illuminated by spotlights and guarded at each corner by members of the military honor guard. He and Mrs. Bush lowered their heads for a few moments, as if in prayer, then turned and walked away across the Rotunda's polished stone floor, which reflected the flag's red and white stripes.

Bush, who said nothing during his one-minute stop in the Rotunda, is to eulogize Ford on Tuesday at his funeral at the National Cathedral. After he died last Tuesday, Bush called him a "true gentleman" and recounted how Ford stepped into the Oval Office after President Nixon resigned in disgrace after the Watergate scandal.

"President Ford was a great American who gave many years of dedicated service to our country," Bush said in a statement released after his death. "On Aug. 9, 1974, after a long career in the House of Representatives and service as vice president, he assumed the presidency in an hour of national turmoil and division.

"With his quiet integrity, common sense and kind instincts, President Ford helped heal our land and restore public confidence in the presidency."

Bush visited the casket, his first public event of the new year, after returning from a weeklong stay at his Texas ranch. Afterward, the Bushes drove to Blair House, across the street from the White House, to visit for a half-hour with Ford's widow, former first lady Betty Ford. The Bushes then walked down Pennsylvania Avenue back to the Executive Mansion.

Bush visited the Capitol, where a changing military guard kept a watchful vigil throughout the night, on the third day of mourning there for Ford, who died at 93.

Shortly before the three-day public viewing ended, Mrs. Ford returned to the Capitol and sat in the Rotunda for about 20 minutes with her three sons and daughter and their spouses. She clutched the hand of her son Michael. Her son Steven helped her up when she walked over to the casket, touching it one last time.

Among the other dignitaries to pay their respects Monday were Bush's father, former President George H.W. Bush, and his wife, Barbara; former President Bill Clinton and former first lady, Sen. Hillary Rodham Clinton, D-N.Y.; Rep. Nancy Pelosi, D-Calif., who this week becomes the first woman speaker of the House; Sen. Edward Kennedy, D-Mass.; former Defense Secretary Donald H. Rumsfeld; and Vice President Dan Quayle.

Members of Ford's family greeted mourners who came to the Capitol on New Year's Day wearing parkas, packing umbrellas and clutching snack sacks.

Karen Olson, 53, of Herndon, Va., said the rain couldn't dampen her determination to see Ford. Her mother, who's now deceased, was on his staff, she said.

"I wanted to come pay my respects. He was a big part of my life," said Olson, who was among the people lined up before 9 a.m. EST to enter the Capitol building. "I have a lot of ties to his family."

"The few times that I met him, he was just really nice," she said.

Both of Olson's parents have passed away.

"I kind of felt like I wanted to be there for them," she said. "There's just an emotional connection there."

Kirk Scofield, 44, and his wife, Mary Scofield, 50, of Sterling, Va., lined up early too. Mary, who said she had "six hours of food" in her backpack, expected a long wait, though they had been in line less than an hour. "She looks like she's ready to go camping," Kirk joked.

Inside the Rotunda, Ford's daughter and son handed remembrance cards to some of the visitors.

The blue cards had the presidential, vice presidential and House of Representatives seals and a biography of Ford on one side. On the other was a photograph of the former president in the Oval Office, his head bowed.

The message on the card: "The family of Gerald R. Ford deeply appreciates your prayers and many kindnesses as together we celebrate and honor the life of a devoted husband, father, grandfather and great-grandfather and the 38th president of the United States."

Michael Gerald Ford, the former president's son, shook 8-year-old Christopher Witkowski's hand and gave him a blue remembrance card. "My father would have wanted you to have this," he told Christopher, from Alexandria, Va. Ford's sister, Susan Ford Bales, stood nearby, greeting others who had come to pay their respects.

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Two of the former president's grandchildren, Heather Vance and Tyne Vance Berlanga, embraced after they were overcome with emotion at the casket.

Ford was appointed vice president by Nixon to replace Spiro Agnew, who resigned in a bribery scandal stemming from his days as Maryland governor. After Nixon resigned in disgrace, Ford assumed the presidency for 2 - 1/2 years. A month after taking office, Ford pardoned Nixon for any Watergate crimes he might have committed — a move that political analysts say was perhaps the main reason he lost the 1976 election to Jimmy Carter.

"At a time that the nation was under a lot of pressure, a lot of fire, he stood up for the things that he thought were right at the time," Edna Reeves, 61, of Oxon Hill, Md., said as she walked to the Capitol in the rain. "Much blessings to him for knowing compassion enough to pardon President Nixon. I think that was beautiful. You see he didn't think of himself, he thought about the nation."

Solemn Moments At Capitol (LAT)

By Jim Puzzanghera

The Los Angeles Times, January 2, 2007

WASHINGTON — President Bush, joining thousands of average Americans who started the New Year by saying goodbye to an old president, stopped Monday at the U.S. Capitol after returning from his Texas ranch to pay his respects to Gerald R. Ford.

Wearing a dark suit and gray tie, Bush was joined by First Lady Laura Bush and a small contingent of White House aides that included Chief of Staff Joshua B. Bolten and Deputy Chief of Staff Karl Rove. Shortly after 3 p.m., Bush and his wife walked into the Rotunda, where Ford's body lay in state. They paused for about 10 seconds at the flag-draped casket, hands clasped and heads bowed, before walking out.

Most mourners — a mix of young and old, in their Sunday best or simply sweatshirts and blue jeans — spent a minute or two slowly circling the casket and its military honor guard.

Monday was the second and final day of public viewing for Ford, 93, who died last week at his home in Rancho Mirage, Calif. He had lived longer than any former president and was the 32nd person to lay in honor under the Capitol dome. Ford's casket rested on the same wooden bier used for Abraham Lincoln in 1865.

Bush declared today a national day of mourning as a funeral service will be held for Ford at Washington National Cathedral. Most federal offices, including the courts and post offices, will be closed.

Ford's body will be flown to his hometown of Grand Rapids, Mich., for a final service and public viewing before burial at the Gerald R. Ford Presidential Library and Museum on Wednesday.

Bush will deliver the eulogy at today's service. After paying his brief respects at the Capitol on Monday, Bush visited with former First Lady Betty Ford and her family for about 30 minutes at Blair House, across from the White House. Bush's father, former President George H.W. Bush, his wife, Barbara, and former Secretary of State James A. Baker III also joined them.

Betty Ford returned to the Capitol Rotunda about 5:30 p.m., shortly before the scheduled end of public viewing, along with her four children and their spouses. They sat in chairs in front of the casket for about eight minutes, with Betty Ford holding hands with sons Michael and Steven.

Then she walked to the casket, placed her hand on the American flag that covered the coffin, and bowed her head for about two minutes as her family gathered around her. She whispered a couple of words, then returned to her seat before being escorted out.

Michael and his sister, Susan Ford Bales, greeted mourners in the Rotunda on Monday morning. Five of his granddaughters performed the same service briefly later in the afternoon.

Bush was one of several dignitaries to pay respects to Ford on Monday as many officials returned to the nation's capital following the holidays.

Incoming House Speaker Nancy Pelosi (D-San Francisco), accompanied by her husband, Paul, crossed herself in front of the casket earlier Monday afternoon. Former President Bush, accompanied by his wife, Baker and former Sen. Alan K. Simpson (R-Wyo.), visited shortly after the president. And former President Clinton and his wife, Sen. Hillary Rodham Clinton (D-N.Y.), arrived in the late afternoon.

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At the Rose Bowl in Pasadena, flags flew at half-staff in honor of Ford and the crowd paused for a moment of silence before the game. Ford played on two national championship football teams in 1932 and 1933 at the University of Michigan, which faced USC on Monday.

Michigan players also honored Ford. They wore stickers on their helmets with Ford's number, 48, which the university retired in 1994, and the word "Bo" for their legendary former coach, Bo Schembechler, who died in November.

Outside the Capitol in Washington, the crowd started small as New Year's Day dawned cold and rainy. But more people — from babies in strollers to senior citizens in wheelchairs — showed up throughout the day as the rain stopped.

One mourner, Glynn A. Crooks, vice chairman of the Shakopee Mdewakanton Sioux Community of Minnesota, came in full headdress and Native American attire "to pay respects to President Ford."

John Ciccone, 58, of Bethesda, Md., waited about 90 minutes with his wife, Christiane, and their 11-year-old twins, Alexander and Max, to honor a president who helped put the trauma of Watergate behind America.

"I remember the rancor and the bitterness that occurred at that time and when Gerald Ford came in there was a different tone," said Ciccone. "He really was a profoundly decent man, and we needed a man like that at that time."

Bush Pays Respects To A Predecessor (WT)

By Gary Emerling And Matthew Cella

The Washington Times, January 2, 2007

President Bush and first lady Laura Bush paid their respects to Gerald R. Ford yesterday, the final day the former president's body lay in state in the U.S. Capitol Rotunda.

Mr. and Mrs. Bush stood before Mr. Ford's closed flag-draped casket with their heads bowed in a brief but solemn tribute yesterday afternoon after returning to Washington from their ranch in Texas.

Afterward, the Bush motorcade took the president to Blair House, across the street from the White House, where the Bushes visited former first lady Betty Ford for a half hour and then walked back to the Executive Mansion.

Mr. and Mrs. Bush joined thousands of mourners who braved steady rainfall and frigid temperatures yesterday to say a final goodbye to the 38th president of the United States.

"I wanted my children to see and be part of history," said Trisha Mellott, who drove six hours from Canfield, Ohio, with her 11-year-old son and 10-year-old daughter to see Mr. Ford's casket. "We are proud to be Americans, so I wanted them to experience this."

Mr. Ford's body had been lying in state since Saturday, four days after he died at his home in Rancho Mirage, Calif., at 93.

State funeral services for Mr. Ford, the country's only unelected president, who took office in 1974 in the aftermath of Richard M. Nixon's Watergate scandal, will be held today at the Washington National Cathedral.

Mr. Bush will deliver the funeral eulogy. Mr. Ford will be buried tomorrow near his presidential museum in Grand Rapids, Mich.

As light rain fell throughout yesterday morning, thousands lined up outside the Capitol clad in rainwear and toting umbrellas to pay respects to a president that many remembered as a kind and genuine person.

"It's an experience of a lifetime," said Lynn Yowaiski, 59, of Lexington Park, Md., who came with her husband and best friend to the public viewing. "Plus, I liked him. I always felt like he was telling the truth."

Carol Hooker, a teacher from Landover Hills, said she felt a personal connection with the former president after sending him a tongue-in-cheek letter years ago and finding out from a White House staffer that Mr. Ford and his Cabinet got a much-needed laugh from the correspondence.

Mrs. Hooker, 54, said she admired Mr. Ford so much that her family bought a Ford Fairmont station wagon and named it Gerald "Our" Ford.

"He was somebody that was genuinely kind," said Mrs. Hooker, standing in line without an umbrella and with rain clouding her glasses.

Inside the Rotunda, Mr. Ford's daughter, Susan Ford Bales, and son Michael Gerald Ford stood near the casket greeting mourners and handing remembrance cards to some of the visitors.

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The blue cards had the presidential, vice presidential and House of Representatives seals and Mr. Ford's biography on one side.

On the other was a photograph of the former president in the Oval Office, his head bowed.

The message on the card read "The family of Gerald R. Ford deeply appreciates your prayers and many kindnesses as together we celebrate and honor the life of a devoted husband, father, grandfather and great-grandfather and the 38th president of the United States."

Michael Ford shook 8-year-old Christopher Witkowski's hand and gave him one of the cards.

"My father would have wanted you to have this," he told Christopher, of Alexandria.

Mr. Bush declared today a National Day of Mourning to honor Mr. Ford.

Federal and D.C. government offices will be closed today.

The funeral procession is scheduled to begin at 9:15 a.m. at the Capitol and end at 10 a.m. at the Washington National Cathedral.

Mr. Ford's remains then will be taken to Andrews Air Force Base in a procession scheduled to begin at 11:30 a.m. Street closures for the processions will begin at 7 a.m., and some parking restrictions will be in effect, too.

D.C. officials said they are ready for the added stress the service and closures could place on the city.

Barbara Childs-Pair, the head of the District's Emergency Management Agency, said she has "great working relationships" with federal agencies such as the U.S. Capitol Police and the U.S. Secret Service, which will coordinate with local officials today.

"We have been actually planning for a state funeral for the last six months," she said. "We've done a template, so all of the planning efforts, all of the players have been involved over several months."

Today also will mark the first day on the job for the new D.C. police chief and the new D.C. fire chief.

Incoming Police Chief Cathy L. Lanier ran the Metropolitan Police Department's Homeland Security Division and before that spent four years directing its Special Operations Division.

"Remember, the agency heads are changing, but the folks who really do the planning work, the logistical work, are still there," Mrs. Childs-Pair said. "So it's like clockwork at this point. We have a template from [the 2004 funeral of President] Reagan, lessons learned."

Interim Fire Chief Brian K. Lee also is familiar with large-scale events. He was named to the department's top job last week after spending six months as a battalion chief in the fire department's Special Operations Division.

"We're no strangers to state funerals. We're no strangers to national protests. We're no strangers to big events. We do that very well," Chief Lee said. "Between the fire/EMS coordinated with the police and all the federal agencies, we will, as always, be 100 percent prepared."

Thousands Say Farewell To Ford (USAT)

By Susan Page And David Jackson

USA Today, January 2, 2007

WASHINGTON — The flag-draped casket of Gerald Rudolph Ford, the low-key Michigan congressman who unexpectedly became the nation's 38th president, stood in a pool of light in the center of the Capitol Rotunda on Monday as the nation's highest officials and thousands of ordinary Americans dropped by to pay their respects.

President Bush, who will eulogize Ford at a memorial service this morning, came to the Capitol after returning to Washington from a week at his Texas ranch. He stood for a moment in silence with his wife, Laura, their heads bowed, as the clatter of camera shutters reverberated through the domed space.

On a rainy New Year's Day, former president George H.W. Bush also visited, accompanied by former secretary of State James Baker. Former president Bill Clinton and New York Sen. Hillary Rodham Clinton came by, as did the incoming House speaker, Nancy Pelosi.

So did Joyce Rigsby, 40, of suburban Glen Burnie, Md. She drove in with Ginny Hemsley of Atlanta, a friend who was visiting for the holidays. The two walked slowly around the Rotunda where the casket had been placed on the bier used for presidents from Abraham Lincoln to Ronald Reagan. A military honor guard stood vigil.

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"What a tough job to be thrown into," Rigsby said of Ford's accession to the presidency after Richard Nixon resigned amid the Watergate scandal. "He did the best he could with a situation he didn't ask for."

Hemsley, 38, called Ford's presidency and his election bid in 1976 her "first real political memory."

Looking back, she said, "it seems really important to me that we had someone to take over who was a real decent person with a lot of integrity and respect for the office."

A memorial service at the National Cathedral is set for this morning. Then Ford's body will be flown to his childhood home of Grand Rapids, Mich., for services Wednesday at Grace Episcopal Church, which he attended as a boy and where he was married as a young man. He is to be buried on a hillside at the Gerald R. Ford Presidential Museum.

Ford died at home in California last week at age 93.

He was born Leslie King Jr., but his parents separated soon after his birth, and he took his stepfather's name. He was a star football player at the University of Michigan, and the Rose Bowl began Monday with a moment of silence in his memory before the Wolverines faced the University of Southern California Trojans.

After graduating from Yale Law School and serving aboard an aircraft carrier during World War II, Ford was elected to Congress and re-elected a dozen times. His hopes of becoming House speaker never realized, Ford was planning to retire when Nixon chose him to replace the disgraced vice president, Spiro Agnew.

Less than a year later, Nixon stepped down. Ford became the only person in U.S. history to serve as president without having been elected president or vice president. He lost the election in 1976 to Jimmy Carter.

The services for Ford lacked some of the ceremonial trappings and the enormous crowds seen during former president Ronald Reagan's state funeral in 2004.

After going to the Rotunda, President Bush and Laura Bush met with Ford's widow, Betty, at Blair House, a government guest house for VIPs. The elder President Bush, who served in Ford's administration as CIA director, and his wife, Barbara, joined them.

Ford's son, Michael, and daughter, Susan Ford Bales, stood near the casket early Monday to shake hands with those who visited.

They gave out "remembrance cards" featuring a photo of their father and the presidential, vice presidential and House of Representatives seals. The card called Ford "a devoted husband, father, grandfather and great-grandfather and the 38th president of the United States."

Later, four of Ford's grandchildren stood to the side and thanked those who visited. Betty Ford, 88 and frail, and her children returned to say a final goodbye at 5:30 p.m.

"He bailed us out at a bad time for the country," said retired Navy commander Douglas Wallace, 50, who drove an hour from Annapolis, Md., to pay his respects.

"He was underappreciated during his life," his wife, retired Navy captain Sharon Wallace, 50, said of Ford. "So it's nice that he's being appreciated in his death."

Current, Former Presidents Pay Their Respects To Ford (WP)

By Peter Baker And Hamil R. Harris

The Washington Post, January 2, 2007

President Bush opened the new year on a somber note yesterday, returning from his Texas holiday break to pay tribute to former president Gerald R. Ford and to contemplate what has gone wrong in a war that has claimed more American lives than the attacks of Sept. 11, 2001.

With his wife, Laura, clutching his arm, Bush silently marched into the Rotunda of the Capitol and up to the flag-covered casket holding the remains of the 38th president. The Bushes held hands and bowed their heads for about a minute, then turned and left without a word, heading in their motorcade to Blair House to offer condolences to former first lady Betty Ford.

The grim start to 2007 reflected grim times as the U.S. military death toll in Iraq passed 3,000 and the videotaped execution of Saddam Hussein continued to roil a country already riven by sectarian strife. This week alone, Bush will deliver a eulogy for a

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fellow Republican president today, endure the installation of an opposition Congress on Thursday, and try to draft a new strategy for a war he once had thought would be winding down in success by now.

In a written holiday message, Bush expressed hope that the new year will turn things around. "In the New Year, we will remain on the offensive against the enemies of freedom, advance the security of our country, and work toward a free and unified Iraq," he said. "Defeating terrorists and extremists is the challenge of our time and we will answer history's call with confidence and fight for liberty without wavering."

For the day, though, Ford remained the focus as Washington wrapped up its second full day of mourning the man lying in state in the Rotunda. Former presidents Bill Clinton and George H.W. Bush joined a succession of other dignitaries as well as thousands of residents, tourists and others who made their way to the Capitol on a drizzly, dreary day. Two of Ford's children greeted some mourners and gave out commemorative cards, while several grandchildren touched his coffin to say their goodbyes.

The rest of the Ford family made an emotional final trip to the Rotunda yesterday evening to pay respects again. Betty Ford approached the casket and knelt before it, clasping her hands on top of it and bowing her head for several long minutes as her sons rubbed her back in support. Her face was etched with the pain of the moment, yet she remained stoic as she finally stood and walked back to a row of seats set aside for relatives.

The memorials to Ford extended to the other coast: Players on the football team of his alma mater, the University of Michigan, wore stickers on their helmets honoring him during yesterday's Rose Bowl in Pasadena, Calif. The stickers said "Bo 48" -- the first a reference to Bo Schembechler, the legendary Michigan football coach who died in November, and the second representing Ford's number when he was a star player in the 1930s.

The ceremonies will continue today with a service at Washington National Cathedral, where much of the country's past and present political elite will remember the unlikely president who took over the White House after the scandal of Watergate and put an end to the U.S. involvement in Vietnam.

The casket will be taken first to the closed Senate doors in a nod to his time as vice president -- who serves as president of the upper chamber -- and then loaded into a motorcade. The cathedral's Bourdon Bell will ring out 38 times as the cortege carrying the 38th president travels from the Capitol. It is scheduled to arrive at 10 a.m.

The Right Rev. John Bryson Chane, the Episcopal bishop of Washington, will lead the officiating clergy through a service that will include readings by two of the former president's children, Jack Ford and Susan Ford Bales, and eulogies by the president and his father, former secretary of state Henry A. Kissinger, and former NBC News anchor Tom Brokaw. Opera singer Denyce Graves, the U.S. Marine Orchestra, the Armed Forces Chorus, and the Cathedral Choirs of Men, Boys and Girls will perform.

It will be the third presidential state funeral at the 114-year-old cathedral, following Ronald Reagan's in 2004 and Dwight D. Eisenhower's in 1969. The cathedral also hosted the burial of Woodrow Wilson, the only president buried in Washington. Ford was on hand in 1976 when the cathedral's nave and west rose window were dedicated.

After today's service, Ford is to be flown to his childhood home town of Grand Rapids, Mich. There he will be interred in a hillside tomb at his presidential museum as a 21-aircraft flyover in missing-man formation jets up the Grand River.

Bush's trip to the Capitol yesterday was his first participation in the six-day Ford funeral events. The president made comments to cameras the day after Ford's death at 93 last week but did not cut short a stay at his Crawford, Tex., ranch.

The White House has maintained a studied silence about Ford's posthumously disclosed criticism of Bush's decision to invade Iraq in 2003. In an interview with The Washington Post's Bob Woodward embargoed until after his death, Ford said Bush and his team -- including two former Ford chiefs of staff, Vice President Cheney and then-Defense Secretary Donald H. Rumsfeld -- made a mistake in how they justified the war and said he would not have ordered the attack. Cheney made no mention of the matter in a tribute speech at the Capitol on Saturday night.

Bush went to the Capitol shortly after landing back at Andrews Air Force Base yesterday, along with aides Joshua B. Bolten, Karl Rove and Joel D. Kaplan. The Bushes walked briskly to the coffin at 3:06 p.m. and paused beside the honor guard. As he did at Reagan's casket in 2004, Bush looked up after a few moments. He blinked and turned to the first lady and appeared to say "Okay." The couple turned and left.

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Ten minutes later, George H.W. Bush appeared with Barbara Bush, as well as former secretary of state James A. Baker III and former senator Alan K. Simpson (R-Wyo.) and their wives. The Bushes and Bakers then went to Blair House to visit Betty Ford.

Clinton and Sen. Hillary Rodham Clinton (D-N.Y.) went to the Rotunda later in the afternoon, and House Speaker-designate Nancy Pelosi (D-Calif.) went earlier along with her husband, Paul, and Rep. Anna G. Eshoo (D-Calif.). Pelosi crossed herself in front of the coffin. Other elder statesmen who paid respects included Sen. Pete V. Domenici (R-N.M.). and former senator Lowell P. Weicker Jr. (R-Conn.).

Members of the public, sometimes decked out in slickers and boots, waited in the rain for nearly an hour to get in, and some were allowed to witness the presidential visits. "I didn't expect him to walk in," said Melissa Koenig, 28, who saw former president Bush. The Michigan native once met Ford in Grand Rapids and said she wanted to pay respects.

Kathy Fredickson of Bethesda said she felt fortunate to be present. "I came for all of my family members who could not come."

Susan Ford Bales and brother Michael Gerald Ford greeted some mourners and gave them cream-colored cards with the seals of the president, vice president and House of Representatives. The cards were embossed: "In final tribute from a grateful nation. The lying in state of President Gerald R. Ford."

One of the most poignant moments of the day came around 3:30 p.m. when some of Ford's grandchildren were escorted into the Rotunda. Becca Ford Cook, Sarah Ford Goodfellow, Hannah Ford, Heather Vance and Tyne Vance Berlanga slipped inside the velvet rope and placed their hands on the coffin.

"He was a president by accident, but he did a lot of wonderful things," said Barbara Feiner, 57, of St. Louis, who came with her husband, Tom. Feiner said Ford's legacy extended beyond healing the country and pardoning Richard M. Nixon: "He was the right guy for that time. He handled Watergate, I thought, even though I didn't agree with his decision at the time."

Staff writers Eric M. Weiss and Michael Abramowitz contributed to this report.

At Ford Funeral, Echo Of Reunions Past (NYT)

By RACHEL L. SWARNS

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — On the morning of President Gerald R. Ford's funeral, his former cabinet secretaries and administration staff members will come together here once more, taking their seats in the black cars accompanying the funeral motorcade and in the pews of Washington National Cathedral.

Former President Bill Clinton and Senator Hillary Rodham Clinton were among those at the Capitol Monday to pay respects to Mr. Ford. More Photos >

For more than two decades, they had gathered at Mr. Ford's annual White House reunions, most of which were held in the nation's capital, where they chuckled over half-forgotten policy disputes and shook their heads sadly as their numbers dwindled and their host grew increasingly frail.

Even as their career paths and personal lives diverged, they kept in touch with Mr. Ford and with one another, reminiscing at dinner parties and lunches, and in long-distance phone calls. In mourning their president on Tuesday, the alumni of his administration will also be celebrating his life and the intimate circle he created.

"We've stayed together," said Brent Scowcroft, who served as national security adviser to Mr. Ford. "There is a sense of community."

In many ways, Tuesday's funeral will highlight those ties. Henry A. Kissinger, Mr. Ford's secretary of state, cut short his vacation to the Dominican Republic to attend the Washington solemnities, which began Saturday. Robert E. Barrett, Mr. Ford's military attaché, flew in from his home in Florida. Carla A. Hills, his housing secretary, and William T. Coleman Jr., his transportation secretary, who both still work in Washington, will join them as honorary pallbearers.

The funeral will also reunite several officials who gained prominence in Washington after Mr. Ford left office, including Vice President Dick Cheney, who served as Mr. Ford's chief of staff; Alan Greenspan, who was chairman of Mr. Ford's council of

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economic advisers years before he became chairman of the Federal Reserve; and Mr. Scowcroft, who also served as national security adviser to President George Bush. They, too, will be pallbearers.

Ron Nessen, who was Mr. Ford's press secretary and who will attend the ceremony at the cathedral, said Mr. Ford's White House team had bonded so deeply because members had served during "an extraordinary time in American history."

It was the mid-1970s, and Mr. Ford, unexpectedly thrust into the presidency, had scrambled to assemble a team that would guide a nation reeling from Watergate, from President Richard M. Nixon's resignation and pardon, from the winding down of the Vietnam War, and from gas lines and soaring inflation.

"It was a shared experience, an amazing shared experience," Mr. Nessen said, "and that's what keeps people in touch with each other."

"People are going to share a lot of their memories," Mr. Nessen said of the Tuesday reunion. "And we'll be thinking of the more personal moments, the more personal conversations, the thoughtful things he did as a man, not just as president."

Mr. Nessen and others said they particularly enjoyed swapping memories of how Mr. Ford had treated people, regardless of their station in life, with dignity and respect, and how he had never taken on airs.

He described the day when Mr. Ford's dog, Liberty, made a mess on the carpet in the Oval Office and a Navy steward had scrambled to clean it. The president stopped him.

" 'I'll do that,' " Mr. Nessen recalled Mr. Ford saying. " 'No man should have to clean up after another man's dog.' "

Mr. Ford's energy secretary, Frank G. Zarb, remembered the time when Mr. Ford had been ready to make an announcement to the White House press corps but then realized he did not have any cufflinks handy.

"He got two paperclips," Mr. Zarb recalled. "And he said, 'Let's go. We have more important things to do.' "

Mr. Coleman, the former transportation secretary, who said he had seen Mr. Ford four or five times a year, said he had relished the former president's warmth and humor, and his love of family and sports. The last time they spoke, about three months ago, they had talked football, he said.

"Michigan had just defeated Michigan State," Mr. Coleman said. "We had a good time." (As a young man, Mr. Ford played football for the University of Michigan at Ann Arbor.)

Of course, some of Mr. Ford's officials also clashed, and memories of those battles sometimes rankled. But for the most part, those rivalries faded over time, said Robert Orben, a speechwriter for Mr. Ford.

"We're old now, and life has mellowed us," Mr. Orben said. "Some old tensions get put away. There's a sense of camaraderie that continues."

Many officials held fast to that sense of closeness, particularly as Mr. Ford began to age and weaken.

At one recent reunion, Mr. Ford and his wife, Betty, sat on stools because they no longer had the energy to stand and shake hands with the scores of well-wishers. And at last year's gathering, Mr. Ford did not show up at all. Instead, he sent his regards via videotape. It was the first time he had missed a reunion.

Mr. Ford had been in and out of the hospital since January 2006, most recently in October for tests at the Eisenhower Medical Center in Rancho Mirage, Calif. Mr. Scowcroft, who said he had spoken to Mr. Ford several times a year, said he could hear the difference in Mr. Ford's voice when they chatted last summer.

"He sounded tired," Mr. Scowcroft said. "There wasn't the same kind of vibrancy in his voice."

Mr. Ford was 93 when he died last week. It is unclear whether the annual reunions will continue without him. But his administration officials said he would continue to inspire them.

"There will be sadness, but there will also be gladness that will relate to his legacy, to his service to the country," said John O. Marsh Jr., an honorary pallbearer who served as a Virginia congressman before becoming a top aide to Mr. Ford.

"Hopefully," Mr. Marsh said, "it will renew our own spirit of commitment to public service."

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Kissinger's Appearance Revives Memories Of Vietnam Era (NYT)

By Sheryl Gay Stolberg

The New York Times, January 2, 2007

DOJ_NMG_0110931

WASHINGTON, Jan. 1 — Of all the aging Washington power brokers who have re-emerged in the shadow of the death of former President Gerald R. Ford, there is one, Henry A. Kissinger, for whom the return to the spotlight may be as much curse as blessing.

At Funeral, a Gathering to Echo Reunions Past (January 2, 2007) At 83, Mr. Kissinger, former secretary of state to Presidents Ford and Richard M. Nixon and sometime adviser to the current occupant of the White House, remains a towering figure in international relations. He is expected to be among a select few, including President Bush, to eulogize Mr. Ford on Tuesday at services at the Washington National Cathedral.

But at a time when the American public has soured on the war in Iraq — indeed, at the precise moment the United States is recording the milestone of 3,000 American deaths there — Mr. Kissinger's reappearance is stirring memories and rekindling debates about his role in managing another unpopular conflict, the Vietnam War.

"Henry is certainly one of the most complex characters in recent American history, and he is someone who has, I think, justifiably been in the spotlight both for extraordinary brilliance and competence and at the same time clear defects," said David Rothkopf, a former managing director of Mr. Kissinger's consulting firm and the author of "Running the World," about the National Security Council. "One of the interesting dimensions of Gerald Ford's demise is the pictures it has brought back into the paper of Ford with Rumsfeld, Ford with Cheney, Ford with Henry.

"It's forgotten that all of these people came together first 30 years ago dealing with Vietnam, dealing with a divided nation."

Yet of all those former Ford advisers, only Mr. Kissinger continues to evoke the passions about Vietnam that Donald H. Rumsfeld, the former defense secretary, evokes today about Iraq. This year, the White House press secretary, Tony Snow, confirmed that Mr. Kissinger had been quietly advising President Bush about Iraq in private meetings in the Oval Office. Mr. Kissinger, Mr. Snow said, "supports the overall thrust and direction of the administration policy" in Iraq.

Given Mr. Kissinger's firsthand experience in the anguishing decisions about withdrawal from Vietnam, the disclosure sparked the inevitable Iraq-Vietnam comparisons that Mr. Bush has assiduously sought to avoid. Now, Mr. Ford's funeral is raising those comparisons anew.

Aaron David Miller, a scholar at the Woodrow Wilson International Center who recently interviewed Mr. Kissinger for a book about American policy in the Middle East, describes Mr. Kissinger as "the bête noire of the Vietnam antiwar crowd," an image that he says cannot be avoided as the Ford and Nixon presidencies are revisited this week.

"Here's Kissinger back in the limelight," Mr. Miller said, "with a lot of his luggage coming along with him."

Some of that luggage includes bags from Watergate. In 1969, as national security adviser to Mr. Nixon, Mr. Kissinger played a role in wiretapping the telephone of an aide, Morton H. Halperin, who was suspected of leaking classified information to reporters. Mr. Halperin sued. In 1992, Mr. Kissinger issued a formal apology.

"That was the price for my ending the lawsuit," said Mr. Halperin, who became a civil liberties advocate and today is a leading opponent of the Bush administration's domestic wiretapping. "Every time there was an event in the lawsuit, it would remind people of his role in wiretapping. He prefers to be remembered for other things."

Mr. Kissinger is, of course, remembered not only for Vietnam, but also as being an architect of détente with the Soviet Union and the winner of the Nobel Peace Prize. But slipped into the flattering tributes to Mr. Ford over the last week have been some unflattering depictions of Mr. Kissinger, including some from Mr. Ford himself.

There was some tension in the relationship. Mr. Kissinger was named secretary of state in 1973 by Mr. Nixon, all the while keeping his post as national security adviser. It was an unusual arrangement, one that allowed Mr. Kissinger to centralize his power over foreign policy while Mr. Nixon was preoccupied with Watergate. In 1975, Mr. Ford ended it, stripping Mr. Kissinger of the national security adviser title.

Mr. Kissinger balked. " 'Mr. President, the press will misunderstand this,' " Mr. Ford said, recounting Mr. Kissinger's reaction to Bob Woodward of The Washington Post in interviews published last week.

The interviews painted Mr. Kissinger as a bit of a management challenge for Mr. Ford, high impact, but high maintenance as well.

Mr. Ford called Mr. Kissinger a "super secretary of state" but cast him as overly confident — "Henry in his mind never made a mistake" — and overly sensitive to press criticism, so much that he routinely threatened to resign over it.

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"Henry publicly was a gruff, hard-nosed German-born diplomat," Mr. Ford was quoted as saying, "but he had the thinnest skin of any public figure I ever knew."

In a retrospective in Newsweek online, Mr. Kissinger had kind words for Mr. Ford, saying he "moved with calm and sure-footedness" to reassure the nation during what could have been a constitutional crisis.

But he also described how the former president relied on him, saying, "After Nixon told Ford of the decision to resign, Ford's first call was to me."

Mr. Rothkopf, who worked with Mr. Kissinger and interviewed Mr. Ford for his book, said Mr. Kissinger often said that "Ford was underestimated, that he was much more intelligent and much more capable than people gave him credit for." Mr. Ford, he added, believed diminishing Mr. Kissinger's role was his "most important contribution" to the foreign policy bureaucracy.

"What he was trying to do was restore Henry to the role of an adviser, not 'the' adviser," Mr. Rothkopf said. "I think he had a sense that the national security system called for giving the president a range of views, and what had happened was that Nixon sank into the depths and Henry assumed greater power, that there was far too much judgment and power in the hands of one person who wasn't the president."

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In Grand Rapids, Fixer-Upper Leads To Unusual Bond (WSJ)

By Janet Adamy

The Wall Street Journal, January 2, 2007

GRAND RAPIDS, Mich. -- Growing up here some 85 years ago, Gerald R. Ford lived in six different homes. Tim England and Rob Kent bought one of them in 1991 for $63,500.

The couple didn't really care that the 38th president had once lived there. They could only afford a fixer-upper and picked this one for its winding stairway. But as they renovated and saved a historic home that Grand Rapids wasn't willing to preserve, they forged an unusual bond with President Ford that lasted more than a decade. 1

"It started out as buying our own home," says Mr. England, 46 years old, who is a chef. Then, "our families merged."

President Ford will be buried at the Gerald R. Ford Presidential Museum tomorrow, in the city where he spent most of his childhood and launched his political career. As a little boy, he lived in several homes, including at least one in affluent East Grand Rapids. Grand Rapids was a furniture-manufacturing hub and President Ford's father was a successful salesman for a wood-finishing company.

But in 1921, the Ford family suffered a financial setback, and a bank foreclosed on their home. They rented the three-story house at 649 Union Ave., in what was then a working-class neighborhood on Grand Rapids' southeast side.

Mr. Ford, then 8 years old, rose at 6 each morning to remove ashes from the furnace and shovel in the day's supply of coal, he recalled in his 1979 autobiography, "A Time to Heal." At South High School, he played center on the football team and lost an election for senior-class president. When he was 17, his parents scraped together enough money to move back to East Grand Rapids. Mr. Ford eventually left to attend the University of Michigan, but later returned to represent the area in Congress for almost 25 years.

After he became president in 1974, upon the resignation of Richard M. Nixon, Grand Rapids named buildings and the airport to honor him. His museum became a major attraction of the city's downtown.

But civic leaders made little effort to preserve any of his childhood homes, even though other former presidents have had theirs turned into museums or named historical landmarks. Over the years, some of President Ford's former homes were razed.

In the late 1980s, the house at 649 Union was barely standing. Racial tensions during the late 1960s drove longtime residents out of the neighborhood, which became infested with crime. Police officers routinely busted drug dealers "no more than two houses, 80 feet, from the Ford home," says George Heartwell, now the mayor of Grand Rapids. The nearby corner was "one of the worst in Grand Rapids," he says. Civic leaders talked about restoring the vacant, boarded-up home but never followed through.

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Even the former president, who settled in Rancho Mirage, Calif., after losing the 1976 presidential election, didn't push for its preservation. He didn't want public money spent on the project, says Elaine Didier, director of the Gerald R. Ford Presidential Library and Museum. In 1991, the city auctioned off the house for $3,000.

The buyers, acquaintances of Messrs. England and Kent, offered to sell it to them after doing some repairs. Inspecting the house with a flashlight, the two men, who have been together for almost 20 years, saw that there was no ceiling in the dining room and the top floor was filled with birds. "It was pretty rank," recalls Mr. Kent, 46, who does sales for a specialty food store.

After moving in, Messrs. Kent and England painted walls and did a lot of patching. They replaced all 36 windows and the three outside doors. They scoured yard sales for antique clocks, lamps, chairs and bookcases to give the house a vintage feel. Mr. England bought an old chandelier and restored each of its 500 crystals by hand. The two men planted a garden in the barren backyard. The restoration, and others like it, helped improve the neighborhood.

Then in 1992, a letter arrived from President Ford out of the blue. "Mrs. Ford and I are very pleased and honored that you have done such a wonderful restoration of my family home," he wrote. Excited that the former president had taken an interest, the two men tried to have the house designated as a historical landmark and sought public funds to help with the restoration.

But they weren't eligible for most public funding because the house was privately owned, Mr. England says. The Ford museum, the clearinghouse for most of President Ford's affairs in the city, wasn't interested in helping. Ms. Didier, the museum and library director, says her organization or Mr. Ford's foundation "wouldn't give money to a private home." Messrs. England and Kent continued restoring the house with their own money.

In the fall of 1994, a Secret Service official left a message on their answering machine. Mr. Ford was planning to visit Grand Rapids and wanted to see his old home. A few days later, former first lady Betty Ford walked up the steps and extended her hand to Mr. England. "You will never know what this means to my Jerry," Mr. England recalls her saying.

As Mr. Ford entered the house, "he turned into a child," Mr. England recalls. He pointed to a spot in the foyer where the Ford family piano once sat. Mr. England pulled out pocket doors tucked into a foyer wall to show President Ford they were still there. Walking through the kitchen, the president remembered how his family had eaten at a small table, Mr. England says.

The former president climbed the stairs to his second-floor bedroom, then to the third floor, where he and his three half-brothers would retreat when his parents had company. Then he darted into the backyard to see the carriage house where he and his pals used to play penny-ante poker. Inside, Mr. Ford had his foot on the ladder to climb to the second floor when a Secret Service agent advised him against it.

Later in 1994, the house was declared a national and state historic site. At a dedication ceremony the following year, the former president stood on the front porch and, before a crowd of local dignitaries, thanked Messrs. England and Kent. "I have such wonderful memories," he said, recalling how the police used to close the sloped street in the winter so children could sled.

After that, the Fords began sending Christmas cards to the two men, sometimes including photographs of family weddings. Messrs. England and Kent filled their foyer with campaign memorabilia and a framed letter from the Fords. Each July 14, Mr. Ford's birthday, the men hang an enormous American flag across the front porch.

In 2005, the men called Mr. Ford's office on his birthday to ask his assistant to pass on their good wishes. To their surprise, Mr. Ford jumped on the line and struck up a conversation. He thanked them for recently repainting the outside of the house, Mr. England recalls.

Just past midnight on Wednesday morning, after Messrs. England and Kent went to bed, a friend called and told them to turn on their television. Watching the report of Mr. Ford's death, Mr. England says he felt sick to his stomach. A few minutes later, a local news crew pulled up in front of the home in the darkness. Mr. England went outside and pleaded with them to wait before they started shooting. He brought out the big American flag and draped it over the front porch. Then he told them they could start their cameras.

Gerald R. Ford 1913-2006 (USNEWS)

By Angie Cannon

U.S. News and World Report, January 2, 2007

DOJ_NMG_0110934

He was called the accidental president, a straight arrow from Michigan who served for only 29 months. Gerald R. Ford wasn't a politician consumed by ambition. In fact, he never campaigned for the presidency or vice presidency and once said that all he ever wanted to be was speaker of the House.

He accomplished a little more than that. When he died last week in Rancho Mirage, Calif., Ford was remembered with almost universal respect and admiration as the man who did much to calm the nation after Watergate and the Vietnam War and to restore honesty and stability to the White House. He set in motion some important changes in dealing with the Soviet Union and in reforming a troubled economy–decisions that three decades later were applauded. Even his most controversial call–a pre-emptive pardon of Richard Nixon–was viewed in hindsight as the right thing to do.

On Oct. 12, 1973, Richard Nixon picked him as vice president, a confirmable choice, when Spiro Agnew had to step down because of a corruption investigation. At his swearing-in, Ford tried to keep expectations low when he famously joked: "I am a Ford, not a Lincoln."

Ford was center stage for some of the most dramatic moments in American history. On Aug. 8, 1974, Ford met with Nixon at 11 a.m., and the president told him: "I have made the decision to resign. It's in the best interest of the country." He said quietly, "Jerry, I know you'll do a good job." Nixon later wrote that "Ford's eyes filled with tears–and mine did as well–as we lingered for a moment at the door."

Straight talk. The rushed inauguration was to be in the East Room, and Ford sent an Air Force jet to bring Chief Justice Warren Burger home from a conference in the Netherlands. On the morning of August 9, Nixon emotionally said farewell to his staff. Ford and his wife, Betty, stayed one floor below, waiting to walk the Nixons to the waiting helicopter. "The moment was terribly painful for all of us," Ford wrote in his autobiography, A Time to Heal. "We were trying to put up the bravest, strongest front. Standing by the helicopter's door, we wished the Nixons happiness and good health. The president grabbed my elbow and held it for a split second longer than necessary, as if to say, 'Good luck.' The moment had come. Then, he uttered the words. 'Goodbye, Mr. President,' he said, and put out his hand." After he was sworn in, Ford gave what he called "not an inaugural address, not a fireside chat, not a campaign speech, just a little straight talk among friends."

He noted that he did not gain the office by any "secret promises." He said: "I am indebted to no man and only to one woman." He also said: "I believe that truth is the glue that holds government together, not only our government but civilization itself. That bond, though strained, is unbroken at home and abroad." He is most famously remembered for saying, "My fellow Americans, our long national nightmare is over. Our Constitution works. Our great republic is a government of laws and not of men. Here, the people rule."

The 38th President: More Than Met The Eye (NSWK)

By Evan Thomas

Newsweek, January 2, 2007

Jan. 8, 2007 issue - On the morning of Sunday, Sept. 8, 1974, after he had been president for about a month, Gerald Ford took communion at St. John's Episcopal Church on Lafayette Square, across from the White House. He prayed alone in the presidential pew. On the way out the church door, he sloughed off reporters who were badgering him about his plans for the day—"You'll find out soon enough," he said. Back in the Oval Office, he telephoned Sen. Barry Goldwater, the fabled conservative, to tell him he was pardoning Richard Nixon for whatever crimes the disgraced president might have committed in office. Goldwater, whose voice had been critical in forcing Nixon's resignation, was dumbfounded. "It doesn't make any sense," he protested. Ford answered, "The public has the right to know that, in the eyes of the president, Nixon is clear." Goldwater responded: "He may be clear in your eyes, but he's not clear in mine."

Next, Ford called his old congressional adversary, the then House Majority Leader Thomas P. (Tip) O'Neill, and told him that he intended to pardon Nixon. "I'm telling you right now," O'Neill said, "this will cost you the election. I hope it's not part of any deal."

"No," Ford replied calmly, "there's no deal."

"Then why the hell are you doing it?" O'Neill asked.

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Ford answered that Nixon was a "sick man" and that his daughter Julie "keeps calling me because her father is so depressed." O'Neill was unpersuaded, but Ford seemed determined. A few minutes later that Sunday morning, the president went on national television to announce his decision. Ford's own aides had been dubious about the pardon and had tried to argue with him. But Ford moved—quickly, at first secretly, then decisively—to cut off any criminal prosecution of his predecessor. Ford had experienced no trouble sleeping the night before—"Once I determine to move, I seldom, if ever, fret," he recalled in his memoirs. After announcing the pardon, Ford recorded, he felt "an unbelievable lifting of a burden from my shoulders." He went off to play golf.

O'Neill's warning was not wrong. The public hammering Ford took for pardoning Nixon probably did cost him the election in 1976. "Jail Ford!" screamed angry crowds, who widely assumed (not altogether without reason) that Nixon had wrangled a deal. Most news-papers in the righteous post-Watergate era gravely editorialized against Ford's action. His own press secretary, Jerry terHorst, quit in disgust.

Yet, more than three decades later, Ford's decision has been largely vindicated. The conventional wisdom has shifted: pardoning Nixon was the farsighted thing to do. It spared the nation an ordeal of recrimination and allowed the healing to begin.

In the first hours and days after his death last week at 93, Gerald R. Ford Jr. was eulogized as a model of common-sense leadership, a plain-spoken Everyman who followed his own conscience. He was seen as a real-life Jimmy Stewart figure, a regular guy whose heartland decency shamed the Washington pols. His reputed willingness to reach across the aisle was held up, explicitly and implicitly, as a reproach to the current chief executive.

As president, Ford was mocked, especially on "Saturday Night Live," for tripping over his own feet and getting tangled up in his own words. In contrast to the darkly complex "Tricky Dick," the image of Ford as a genial, trusting, slightly naive stumblebum was somehow comforting. But it was largely a fiction. Ford was probably the best athlete ever to occupy the Oval Office; he was a graceful dancer and a smoothly expert skier. More important, he was hardly "Mr. Smith Goes to Washington." In reality, he was a quintessential pol who spent more time cutting deals than shaping lofty visions.

Ford was a politician in the best sense: he understood how to use power to serve the public interest. He was also a decent man. But he was a complex one, whose motivations have remained well hidden, obscured to this day by his skillful legacy-polishing in retirement. Ford's morality and character had been forged not just by the Main Street virtues of Depression-era Middle America, but by the bitter, carefully concealed personal experiences that often shape and drive (and sometimes twist) great leaders. Ford was far from the oaf Chevy Chase made him out to be, and his presidency, though it lasted less than 900 days, was no mere stop-gap. Ford had a way of showing up and doing surprising things at critical moments in history, with repercussions—some intended, some accidental—that echo today.

Gerald R. Ford Jr. was born Leslie Lynch King Jr. His real father was a handsome, wealthy, blond-haired wife-beater who first struck his bride on the first night of their honeymoon for smiling at a stranger in the elevator. Later, Leslie King Sr. held a knife over his wife as she lay in bed with her newborn baby; she then fled to Grand Rapids, Mich., and married a paint salesman named Gerald Ford, who gave her baby boy his name. At 16, young Jerry, by then a high-school football hero, was tending a lunch counter when Leslie King Sr. sauntered in. "I'm your father," he announced. "I'd like to take you to lunch." King was passing through town on his way to pick up an expensive new car, a Lincoln. King asked Ford if he would like to move back to live with his true father in Wyoming.

"It was a hell of a shock," Ford later recalled. He went to lunch, but was shaking with resentment. "Nothing could erase the image I gained of my real father that day—a carefree, well-to-do man who really didn't give a damn about the hopes and dreams of his son." In bed that night, Ford wept "tears of anger." He tried to remember verses from Proverbs his mother had taught him: Trust in the Lord with all thine heart, and lean not unto thine own understanding. In all thy ways acknowledge Him, and He shall direct thy paths.

These words were to become a sacred talisman for Ford. He said them to himself right after he had nearly been swept off the deck of a carrier as a naval officer during a Pacific typhoon in World War II, and he said them to himself the night before he was sworn in as president of the United States. The passage suggests a comforting submission to God's will, and no doubt Ford found solace in it. But the real message he took from the shock of seeing his delinquent father was not at all passive: it was to keep moving along those "paths," to not look back, to not brood, but to act—without remorse or regret.

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As a young man Ford became adept at productively channeling his anger. As a center and linebacker at the University of Michigan, he was a ferocious blocker and tackler. He was tough enough to be offered contracts by the Green Bay Packers and Detroit Lions, but pro-football money was small in those days; he decided his ambition was better served by attending Yale Law School.

Ford finished in the top third of an accomplished class that included future Supreme Court justices and a secretary of State. But he found his calling working for Republican Wendell Willkie in the 1940 presidential race. Ford discovered, he later recalled, that "I liked politics, everything about it." He meant not just glad-handing on the stump but wheeling and dealing in the back room.

Blond, big-shouldered—a hale fellow—Ford struck some sophisticates, including his prewar girlfriend, Phyllis Brown, a New York model from a fancy prep school, as a little slow-witted. "Jerry had an innate awareness that was deceptive," Brown later told former Ford aide James Cannon, author of "Time and Chance," a 1994 account of Ford's ascension to the presidency (written with access to Ford's papers). "Actually, it was a cunning side. People would be talking and thinking, 'Dumb Jerry the football coach is not getting it.' But that was part of the cunning. He was listening, mulling it over and thinking it through, and then he would come up with the right answer. He was smart—not clever, not quick, but smart."

Ford learned how to keep secrets. After the war, running for Congress, he proposed marriage to a beautiful divorcée and former professional dancer named Betty Warren. He told her they had to keep their engagement a secret, and that he couldn't say why. The reason: his political advisers had convinced him that marrying a divorcée would cost him votes among conservatives. The couple was married after the Republican primary.

Ford entered congress in 1949, just two years after a wave of young World War II veterans, including John F. Kennedy and Richard Nixon, who understood that America would have to stay on the world stage to contain communism and spread freedom. But Ford was happy to take a less lofty assignment on the Public Works Committee. He understood that Public Works was the place to learn to make pork-barrel deals. When a seat on the Appropriations Committee came open, Ford went for it. "Appropriations was where the power was," he later wrote. "I said to myself, 'That's going to be my specialty—how the government spends money'."

Ford was intensely ambitious: his goal was to become Speaker of the House. To curry favor and votes, he was a relentless fund-raiser for the party coffers, traveling some 200 nights a year. He rarely saw his young family. "I was resentful of Jerry's being gone so much," Betty later said. "I was feeling terribly neglected ... The loneliness, the being left to yourself at night, is what makes marriages crack, makes liquor more attractive." Their marriage did not crack—Ford always counted on his smart and outspoken wife for political advice—but Betty did begin to drink more and more (and ultimately became dependent on painkillers for a stiff neck). "I'd have my five o'clock drink at a neighbor's house," she recalled. "Or even by myself, while talking on the phone with a neighbor. I'd have another while I was fixing dinner, and then, when the kids were in bed, I'd build myself a nightcap."

Though he may not have played the sort of mean-spirited hardball that characterized the GOP-controlled House under Majority Leader Tom DeLay in recent years, Ford was a down-the-line party man. As minority leader in the 1960s, he tangled with President Lyndon Johnson, attacking the president for not doing more to win in Vietnam and for wasting taxpayer money on social-welfare programs. Johnson called Ford "dumb" and cracked, "Jerry played football too many times without a helmet."

Ford was a close ally and admirer of Nixon's from their days together in the House Chowder and Marching Society, a band of hard-charging GOP congressmen who voted, logrolled and played together. As the GOP House leader after Nixon's election in 1968, Ford faithfully did the bidding of Nixon's attorney general, John Mitchell, by leading a clumsy attempt to impeach Supreme Court Justice William O. Douglas. Ford attacked Douglas as "senile" and for allowing his writings to be published in a "pornographic magazine" called Avant Garde. The impeachment effort collapsed after a couple of weeks; Ford later admitted the whole thing had been a "mistake."

When the first flames of Watergate began to singe the White House, Ford remained loyal. At Nixon's urging, Ford was instrumental in making sure that the House Banking and Currency Committee did not investigate the source of freshly printed $100 bills that turned up on the Watergate burglars. He was rewarded when Vice President Spiro Agnew pleaded no contest to accepting payoffs and was forced to resign in October 1973. Recognizing that Ford was the safest bet for congressional confirmation, Nixon chose him to replace Agnew.

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As the Watergate scandal deepened, Ford had to walk a fine line between supporting the president and not going down with him. He was careful never to ask Nixon if he was guilty of covering up the Watergate break-in. But the vice president's suspicions were growing. His way of dealing with them in the spring of 1974 was to get out of town. "He deliberately fled Washington, very deliberately," recalls Ford's former House speechwriter and close aide Bob Hartmann. "He just told me to accept every invitation he possibly could. His travel itinerary was nearly continuous. He was not being devious. On the other hand, he was nobody's fool." In his public appearances, Ford began to "zig-zag—to be intentionally inconsistent in his comments," writes former Ford adviser James Cannon. "One day the tilt would be favorable: Nixon is innocent of an impeachable offense, he would say. The next day he would tilt against him."

Ford's deft balancing act during Nixon's fall drew little attention as investigators and reporters stalked bigger game. Sympathetic White House aides protected Ford by distancing him from the scandals, deleting his remarks from the edited transcripts of meetings or marking them "unintelligible." But Ford and Nixon were heading toward a high-stakes drama that is one of the most intriguing—and still somewhat murky—acts in the whole Shakespearean tragedy.

Without ever explicitly acknowledging what they were doing, Ford and Nixon began a private dance concerning the delicate question of whether Ford might pardon Nixon if the president stepped down and Ford took his place. Neither man could be seen participating in such a crude transaction. That does not mean, however, that there weren't some clever machinations and manipulations—on both sides.

The go-between in this shadow play was former Army general Alexander Haig, Nixon's chief of staff. Haig had been acting as a kind of regent, running the government while Nixon withdrew to the White House residence to brood while listening to "Victory at Sea" before roaring fires. At once scheming, dutiful and imperious, Haig was trying to protect the president—but, at the same time, get Nixon out of office before the president could be impeached in the House and convicted by the Senate. And if Nixon could be persuaded to resign, Haig wanted to insulate him from being prosecuted in the courts. Hence the call Ford received shortly after 8 on the morning of Aug. 1, 1974.

Haig wanted to know if he could come to Ford's office at the Old Executive Office Building. "It's urgent," said Haig. "I want to alert you that things are deteriorating. The whole ball game may be over. You'd better start thinking about a change in your life." That was not all Haig wanted to tell Ford. But according to Ford's memoirs, "A Time to Heal," Haig seemed reluctant to talk in front of Bob Hartmann, who was also in the room.

Haig decided to come back in the afternoon. This time he caught Ford alone in his office. Haig explained that the White House was turning over a tape recording—later known as the "smoking gun" tape—to the courts. On the tape, Nixon could be heard obstructing justice by trying to get the CIA to head off an FBI investigation of the Watergate break-in. Haig began to lay out various options before he got to the ones that mattered. He had brought two pieces of paper with him. Nixon's chief of staff explained to Ford that the president could resign and be pardoned by his successor. One piece of paper summarized a president's authority to grant such a pardon; the other was an actual pardon form.

"Al," Ford said, "I need some time to think about this." As Haig left, Ford sat back, he later recalled, and thought to himself, "I am about to become president. It's going to happen."

Hartmann came into the veep's office, and Ford told him that Nixon would resign if Ford would pardon him. Hartmann burst out, "Jesus! What did you tell him?" "I didn't tell him anything," Ford responded. "I told him I needed time to think about it." "You what?" Hartmann asked. "That's almost the worst answer Haig could take back to the White House. You told Haig you are willing to entertain the idea of a pardon if he resigns—that's probably all Haig and Nixon want to know."

Ford told Hartmann that he was overreacting. That night, as he lay in bed with Betty, Ford pondered what to do. In his memoirs, he wrote that Haig called him at 1 a.m. to tell him that "nothing had changed" and that the situation "remained fluid." Ford recalled that he told Haig, "I've talked with Betty, and we're prepared, but we can't get involved in the White House decision making process." But according to Barry Werth's "31 Days," the most authoritative retelling of Ford's roller-coaster first month in office, Ford told a different story to his aides the next morning. According to Hartmann, Ford told him: "Betty and I talked it over last night ... We felt we were ready. This just has to stop; it's tearing the country to pieces. I decided to go ahead and get it over with, so I called Al Haig and told them they should do whatever they decided to do, it was all right with me." Aghast that Haig and Nixon might interpret Ford's words as a signal that a pardon would follow a resignation, his aides—including Hartmann, John Marsh

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and Bryce Harlow—implored the vice president to call Haig right away. Ford should tell the president's chief of staff, unambiguously, that nothing they had discussed should be construed as a deal. Ford agreed and made the call, reading from notecards.

In later years, Haig would deny that he had offered Ford any kind of deal, denials he publicly repeated last week. Ford, for his part, professed a kind of wounded innocence. In 1997 he told Washington Post reporter Bob Woodward: "Well, I guess I was naive. I was naive that anybody would offer a deal because all my political life people never came to me, 'I'm going to give you a political donation. I expect something in return.' People never came to me that way, because they knew damn well I wouldn't be part of it." In any case, "it never became a deal because I never accepted," said Ford. The fact that he did agree to pardon Nixon 31 days after assuming the presidency, Ford always insisted, was unrelated to his discussions with Haig before Nixon resigned.

It may well be that in his political life Ford had never been approached with such a naked blandishment. But his personal history contains, at the very least, a foreshadowing of his decision to end what he called "the long national nightmare" of Watergate with a presidential pardon. In 1937, when Ford was at Yale, his delinquent father turned up again—this time with a quid pro quo. For years, Leslie King had been embroiled with Ford's mother regarding unpaid alimony and child-support payments. Now King was offering Ford a deal: if he would get his mother to back off her legal claims, King would make sure his son was not forgotten in his will. Ford was cool to his father's approach, but ultimately worked out a settlement that won his mother $4,000. She sent her son a check for more than $2,000, which he promptly returned to her. "I was simply acting as a peacemaker," Ford testified in a 1939 court proceeding.

Duke history professor Peter Wood has speculated that when Ford pardoned Nixon, he was re-enacting the drama of trying to bring peace between his mother and father. This interpretation may be stretching the bounds of psychohistory. Still, Ford's language, when he announced the pardon that September Sunday in 1974, does suggest that he was obeying what Wood calls "a submerged but controlling personal logic." Ford told the nation: "My conscience tells me clearly and certainly that I cannot continue to prolong the bad dreams that continue to reopen a chapter that is closed ... My conscience tells me it is my duty to not merely proclaim domestic tranquillity but to use every means that I have to ensure it."

The Nixon pardon did go a long way to ensure "domestic tranquillity" in the American family. But Ford quickly found himself ensnared in a web of problems, from an energy crisis to high inflation to the final collapse of South Vietnam. Ford has sometimes been portrayed as a feckless leader. His whip inflation now buttons made him seem like a small-town booster trying to use bromides to beat back the worst recession since the Depression.

But Ford was not afraid to make tough decisions. He vetoed 66 bills sent him by the Democratic-controlled Congress, and he ruthlessly unloaded anyone who did not meet his needs—starting with Haig. Secretary of State Henry Kissinger gave up his title as national-security adviser, opening the way for Brent Scowcroft. Ford fired Defense Secretary James Schlesinger. He dumped his vice president, Nelson Rockefeller, from the GOP ticket in 1976. (And though it pained him to be portrayed as the first American president to lose a war, he did not try to intervene when Saigon finally fell in May 1975.)

Battered by bad news and public discontent over the Nixon pardon, Ford began the 1976 campaign 25 points behind the Democratic nominee, Jimmy Carter. But partly by getting rid of his campaign manager, Rogers Morton, and replacing him with James A. Baker, an emerging force in national politics, Ford almost caught Carter in the last days of the campaign.

Ford was not done with politics. Though he burned with anger at Ronald Reagan for mounting a costly and diverting primary challenge for the Republican nomination in 1976, he nearly agreed to be Reagan's running mate in 1980. Reagan balked only when Ford insisted on being given enough power to be a virtual "co-president."

In retirement, Ford's principal cause was his pocketbook and his place in history. He had always liked to be around prosperous men since he was a scholarship boy invited to join the DKE house at Michigan. Going on as many as eight corporate boards and charging many thousands of dollars for speeches and corporate receptions (the latter now common practice among former presidents), he maintained houses on a golf course in Rancho Mirage, Calif., and at the foot of the ski slopes in Colorado. Over the years, he entertained a parade of visiting journalists and historians to make sure his story was properly told. Knowing that history is largely written by moderates and centrists, he made himself one, too, deploring the rightward swing of the Republican Party. In a July 2004 conversation with Bob Woodward, published last week, Ford said, "I don't think I would have gone to war" in

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Iraq. He criticized both Vice President Dick Cheney and former Defense secretary Donald Rumsfeld for "making a big mistake in justifying going into the war in Iraq."

One of the more peculiar legacies of the Ford era is the attempt by both Rumsfeld and Cheney to restore the power of the presidency. They were ambitious young men who served as Ford's chiefs of staff at a time when Ford was trying to dismantle what historian Arthur M. Schlesinger Jr. has called "the imperial presidency." Ford was trying to create an atmosphere of openness and cooperation with Congress and the courts after Nixon's grandiose show of presidential power—from opéra bouffe uniforms for the White House guards to the shadowy Plumbers Unit. But Rumsfeld and Cheney felt that the Watergate reforms had gone overboard, and as members of the Bush war cabinet they have pushed hard to strengthen the executive.

Ford may or may not have been wise enough to resist falling into the trap of hubris that seems to have overcome the Bush White House. His suggestion that he would have been against invading Iraq must be considered in light of his strongly held position as a congressman attacking the Johnson administration during the Vietnam War: that the United States military should press harder against the communists, not back off. At the same time, Ford's record as president suggests that he would have been far more willing than Bush to change his mind and reverse course if he saw the war turning into a quagmire. He was always moving forward and not looking back. He knew when to cut his losses, and he was not afraid of taking chances to bring peace—whether to his family or to his country.

Presidents And Protégés (USNEWS)

By Brian Kelly

U.S. News and World Report, January 2, 2007

Washington may not have a soul, but it does have a memory. For all the talk of what a cold, transient place it can be, there are rituals that remind us that this vast government rests on a sense of permanence and continuity. In a place like Washington, the past matters. A lot.

The funeral and eulogies for Gerald R. Ford at the National Cathedral this week have as much to do with 1975 as 2006. Ford will be mourned by a roomful of people whose views of the world were shaped by those crucial years in the wake of Watergate and the collapse of South Vietnam.

In particular, Ford and a couple of eager young aides named Donald Rumsfeld and Dick Cheney set about to rebuild a staggered White House. Congress, the press, and the Washington establishment had pilloried Richard Nixon–for reasons good and bad–and now were leaning on Ford. "The feeling I had then, and I think it's been borne out by history," Cheney told U.S. News last year, "is that the balance shifted, if you will–that, in fact, the presidency was weakened."

They all felt that the office of the president needed to be much stronger–as it was intended to be. Ford tried to push back. On domestic issues, he brought out the veto pen and killed a record 66 bills that mostly raised spending and taxes.

But on Vietnam and other national security issues–such as intelligence gathering, committing U.S. forces, and confronting the Soviet Union–he mostly gave in. Cheney and Rumsfeld never forgot.

In Memoriam (NSWK)

By Dick Cheney

Newsweek, January 2, 2007

'Confidence in His Bearing'

He was an unassuming man, our 38th president, and few have ever risen so high with so little guile or calculation. Even in the three decades since he left office, he was not the sort to ponder his legacy, to brood over his place in history. Jerry Ford was always a striver—never working an angle, just working. He was a believer in the saying that in life you make your own luck. The achievements added up all his life, yet he was known to boast about only one. I heard it once or twice myself—he said he was never luckier than when he stepped out of Grace Episcopal Church in Grand Rapids, Mich., with a beautiful girl named Betty as his bride.

He was modest and manful; there was confidence and courage in his bearing. In judgment, he was sober and serious, unafraid of decisions, calm and steady by nature, always the still point in the turning wheel. He assumed power without assuming airs; he knew how to treat people. He answered courtesy with courtesy; he answered discourtesy with courtesy.

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This president's hardest decision was also among his first. And in September of 1974, Gerald Ford was almost alone in understanding that there can be no healing without pardon. The consensus holds that this decision cost him an election. That is very likely so. The criticism was fierce. But President Ford had larger concerns at heart. And it is far from the worst fate that a man should be remembered for his capacity to forgive.

He was not just a cheerful and pleasant man—although these virtues are rare enough at the commanding heights. He was not just a nice guy, the next-door neighbor whose luck landed him in the White House. It was this man, Gerald R. Ford, who led our republic safely through a crisis that could have turned to catastrophe. We will never know what further unravelings, what greater malevolence, might have come in that time of furies turned loose and hearts turned cold. But we do know this: America was spared the worst. And this was the doing of an American president. For all the grief that never came, for all the wounds that were never inflicted, the people of the United States will forever stand in debt to the good man and faithful servant we mourn.

In Memoriam (NSWK)

By George Herbert Walker Bush

Newsweek, January 2, 2007

'He Gave Us A New Day'

I got to know Jerry Ford when I was running for the Senate down here in Texas in 1964. I lost that one, and then he campaigned actively for me in my House race in '66, which I won. When I got to Washington, he helped me get a seat on Ways and Means, which was a very great assignment for a freshman, and we became friends. He was well respected by people of different opinions, was perceived as a guy who was a conservative fellow but who could get along with people.

In 1974, he had to pick a vice president, and I was considered one of the two names he might go with. One day—I'll never forget it—Barbara and I were sitting on the front steps in Maine with the TV on in the background, and they said, "Well, he's coming in now, he's coming in now to announce his choice." The telephone rang, and it was Jerry Ford, very courteous and thoughtful, and he said, "George, it was a very close decision I had to make, but I am going with Nelson Rockefeller"—which was kind of expected. I will never forget the kindness and the courtesy.

Watergate was just the worst. Bob Strauss used to call me when I was head of the Republican National Committee every time another shoe would drop, every time there was a new revelation. He said, "George, your job reminds me of making love to a gorilla." And I said, "Why, Bob?" And he said, "Because you can't stop until the gorilla wants to." And that's exactly the way it was, and of course Bob was loving it because he was the Democratic chairman.

Like Ford, I was going around talking about Nixon, saying, "Give the guy a chance, don't go on rumors," and then suddenly, in the summer of '74, this last shoe [a June 1972 tape revealing that Nixon ordered the cover-up] dropped, and it was very clear that Nixon could not survive. We had a final cabinet meeting in early August, and there was a kind of unreality to it, because he said, "OK, today we're going to talk about the economy," and everybody was quietly looking at each other and saying, "What the hell is going on here?" But when Ford became president, all of that changed instantly—he gave us a new day, and we all felt that, all over the country.

As president, Ford asked me to become director of the CIA, and my friends all advised me that the CIA was a political dead end: do not do this, do not take the CIA job. There were stories that Don Rumsfeld [then Ford's chief of staff] was kind of the Machiavellian behind the scenes pulling strings. There was a lot of speculation as to whether Rummy had masterminded this so he could have a better shot at maybe being president someday. But Ford personally denied that to me, incidentally, and he said that's just not fair, that's not true. He told me that in the Oval Office.

I was surprised and disappointed that Reagan challenged Ford in '76. I thought Ford was doing a good job and was entitled to the nomination. So I was surprised, and I was surprised at how well Reagan did—I was underestimating him at the time.

In Detroit in 1980, it looked for a time like Reagan and Ford were going to run together. I was out of it, but then Reagan called me. Apparently they had been very serious about a Reagan-Ford ticket, but I honestly think—and not because I was the beneficiary of this—that it would have been a disaster to have what would have appeared to have been a co-presidency.

Jerry Ford was decent, honorable, trustworthy, down-to-earth. That was his whole personality. I hope it will be his legacy.

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In Memoriam (NSWK)

By Bill Clinton

Newsweek, January 2, 2007

'I was grateful for his counsel'

Thirty-two years ago, when President Ford took the oath of office, I was running for Congress in Arkansas. When he pardoned President Nixon on Sept. 8, just two months before the November election, it was an unpopular decision that many did not agree with, including me. It was also a stroke of luck for my campaign. I hit the pardon hard, the campaign took off and I almost won an election that shouldn't have been close.

Twenty-five years later, in 1999, President Ford was awarded both the Presidential Medal of Freedom and the Congressional Gold Medal. At the Medal of Freedom ceremony, I thanked him for his lifelong opposition to racial discrimination, from his time on the Michigan football team to his support for affirmative action during my presidency; for helping to heal our nation as president, ending both the long nightmares of Watergate and Vietnam, and for signing the Helsinki Treaty on Human Rights, which sent a signal of hope to oppressed people the world over and hastened the demise of communism.

At the Congressional Gold Medal ceremony, I was able to say something publicly about Ford that needed to be said by a Democratic president: "When you made your healing decisions ... it was easy for us to criticize you, because we were caught up in the moment. You didn't get caught up in the moment, and you were right."

After Gerald Ford left the White House, I was grateful for his counsel, for his occasional support on important national issues, for the respectful way in which he articulated his honest disagreements with my policies, for a few unforgettable golf games and for the partnership he forged with President Carter, which I have tried to emulate in my work with former president Bush.

All presidents serve in particular moments of history with unique challenges, but all are bound to advance America's eternal mission to form a more perfect union. With dignity, candor and strength, Gerald Ford met his test, lifting burdens from our shoulders, getting the country moving forward again. He deserved the long, good life God gave him, and will always deserve the gratitude of all his fellow citizens. America is better for his service.

Nancy Reagan

Former First Lady

'Always the gentleman'

I will forever recall the most exciting convention of them all, in 1976. The nomination process went right down to the wire. Ronnie's supporters were very enthusiastic, but in the end Jerry was finally nominated. Jerry was very gracious and asked Ronnie to come down to the stage, adding, "Bring Nancy, too!"

At first Ronnie refused, but Jerry wouldn't take no for an answer, and insisted. All the way down to the stage Ronnie kept asking, "What will I say?" and I kept thinking, I sure hope he thinks of something! And of course he did.

That was so typical of Jerry—always the gentleman. While Ronnie and Jerry may have run against each other for office, that was just politics. On a personal level, we all had great respect for one another and enjoyed a very good friendship.

Brent Scowcroft

National-Security Adviser

'He had no hang-ups'

Ford liked to get all his advisers around and liked to sit there and listen to them arguing with each other. He had no hang-ups. He had no preconceived notions that he had to fit the facts into.

I remember the last days of Vietnam. The Senate Foreign Relations Committee came down en masse and met with the president. Unanimously, they asked him to withdraw the troops now. He refused. He kept the troops in until the last possible minute so we could pull out as many Vietnamese in jeopardy as possible. It was one of the most courageous moves I'd ever seen.

Stuart Spencer

Campaign Adviser

'Ford's family was first'

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One of our end-of-the-day meetings stands out in my memory. It was sometime in 1976. I was sitting across from Jerry in the Oval Office. It started out normally enough—talking about campaign items. But he quickly changed the topic. He was in a mood, it seems, where all he wanted to talk about was his kids. The only problem was that Henry Kissinger was waiting outside with some important international issues. But Jerry just kept going, and I thought, Well, I guess this is what is most important to him. He finished up, eventually, so I left and Kissinger went in. Looking back, that moment showed me what Gerald Ford's priorities were. His family was first. That impressed me.

James Cannon

Aide, Biographer

'His greatest regret ... '

I once asked him what was his greatest regret in life. He thought for a moment and said, "Well, I wanted to play more football as a sophomore and junior, but one year ahead of me, Michigan also had an All-American center, Chuck Bernard. I was the better offensive center, but Chuck was 25 pounds heavier and better on defense. And in those days a coach played one guy. So that was my great regret." "But, Mr. President," I said, "what about losing the election in '76?" He laughed and said, "Oh, well, that too."

In Memoriam (NSWK)

By Henry Kissinger

Newsweek, January 2, 2007

'He Moved With Calm'

I first met President Ford in the mid-1960s, when I was a professor at Harvard. I was conducting a defense-policy seminar. It was customary to invite people from Washington, and I invited President Ford, then a congressman, to come and talk about the appropriations process. We stayed in loose touch afterward. When I came to Washington in 1969, I had contact with him in the normal course of White House consultations, and we always had a friendly but not close relationship. Then, when he became vice president, we had a warm relationship, and I would brief him. (Nixon always wanted to be sure that he knew when briefings took place with both Agnew and Ford.)

After Nixon told Ford of the decision to resign, Ford's first call was to me. He invited me to continue in office and asked what I thought needed to be done immediately. I told him that from the foreign-policy point of view, it was important that he establish himself immediately to be in charge, and he therefore needed to see all the ambassadors accredited to Washington in the first three or four days (some of them in groups), and letters had to go to the major countries. This was necessary so that the world's governments could have a first-hand report of a president fully in command. It was a formidable assignment, and he did not blink an eye.

The overall task he faced in the White House in the early days was infinitely harder than that of a normal president. He took over at perhaps the most perilous moment of domestic crisis since the Civil War, and he had neither the months of transition a new president normally has, nor the honeymoon a new president normally has. But he moved with calm and surefootedness into what could have been an overpowering experience. He took over in the middle of a Greek-Turkish crisis over Cyprus, a group of Arab foreign ministers were literally on their way to Washington for previously scheduled meetings, and we were amidst continuing negotiations over nuclear weapons with the Soviet Union. He never showed stress, he never lost his temper, he never showed anxiety. He was a man of extraordinary good sense. He did not pretend to be a great student of foreign policy, but he had great experience in the negotiations that are conducted in the Congress, and he knew a lot about defense planning. His attitude was that he was blessed to be of service to his country.

His presidency was about restoring a degree of hope and civility to American politics. His 29 months in office also resulted in major achievements. The European security conference laid the basis from which the East European satellites were finally overthrown, and there was the first political agreement between Israel and Egypt, one that was achieved through the very active engagement of President Ford. The establishment of majority rule in southern Africa was also achieved by American leadership in the Ford years.

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The great contribution of President Ford was that he managed to strike a balance between the American temptation toward perfectionism and the absolute, and the temptation to abandon everything because one cannot have the perfect and the absolute. He brought about an approach that I believe is essential to the conduct of a continuing foreign policy that works toward the maximum one can achieve but does not go beyond what the American people can sustain or what the international community can comprehend. Another essential factor was the warm personal relations between President Ford and the European allies, relations that lasted all their lives. Confidence in America is an important element for international order, and President Ford supplied that to a wonderful degree.

A Good President (USNEWS)

By David Gergen

U.S. News and World Report, January 2, 2007

The historian Arthur Schlesinger Jr. pointed out some years ago that presidential reputations move in cycles, rising and falling as we look back with fresh eyes. Thomas Jefferson has toppled from his pedestal, thanks to modern DNA tests, while John Adams has risen, thanks to David McCullough. John F. Kennedy maintains his popularity among the public but has slipped among historians, while Ronald Reagan continues to climb among both.

But if there is any reputation that has been wholly transformed, surely it is that of Gerald Ford. His pardon of Richard Nixon a month after taking office not only ignited a firestorm but turned him into a target of criticism and merciless ridicule. On its cover, for example, New York magazine ran a fake photo of Bozo the Clown sitting in the Oval Office with a headline, "Ladies and Gentlemen, the President of the United States." Inside, journalist Richard Reeves wrote: "It is not a question of saying the emperor has no clothes–there is a question of whether there is an emperor." A year later, echoing the sentiment of the times, Reeves wrote a book arguing that "Ford is slow. He is also unimaginative and not very articulate." On Saturday Night Live, Chevy Chase made a name for himself by depicting Ford as a hopeless buffoon.

Yet, even before he died and the nation began its mourning, Ford began a long-overdue renaissance. The Kennedy Library, in a decision cherished by Ford, gave him its Profile in Courage Award for the pardon. Richard Reeves manfully recanted, writing a piece in American Heritage entitled "I'm Sorry, Mr. President." Historian Edmund Morris concluded: "Gerald Ford was our most underrated president."

Why does Ford look so much better in the rearview mirror? Mostly, I suspect, because the personal qualities that he brought to public life seem so scarce these days. The simplicity of his burial reminds us again that Ford was, first and foremost, a humble man of the Midwest. When Richard Nixon was president, every chair around the cabinet table was the same height save one–Nixon's, which had a back 3 inches higher. The day after Ford's inauguration, I slipped into the Cabinet Room and saw that every single chair, including the president's, was the same height. Not for him the arrogance of power we see so much of these days.

Ford also searched for the best people to help him and insisted they give him their unvarnished views. Over time, he built one of the best cabinets in contemporary history, and as they debated in front of him, Ford engaged in what Warren Bennis calls "deep listening" before he made the call. While conservative by inclination, Ford was guided less by ideology than by a pragmatic judgment of what was best for the nation. He vetoed big spending bills, but he also granted amnesty for draft dodgers and pursued détente with Moscow. It's revealing but no real surprise to learn now that he opposed the war in Iraq. This was a man who was healthy in both body and spirit.

A man to trust. But most of all, Ford brought a forthright honesty to politics. In his two dozen years in Congress, he built up trust on both sides of the aisle, so that when Nixon wanted John Connally to replace Spiro Agnew in the vice presidency, Democratic leaders Mike Mansfield and Carl Albert persuaded him instead to choose Ford–the man they trusted. As he testified to the Congress before taking office, Ford believed, "Truth is the glue that holds government together, not only government but civilization itself."

Bob Hartmann, who had served Ford well for years on Capitol Hill, remembers accompanying him into the Cabinet Room hours after his inauguration for an important ritual: selecting portraits of three former presidents to display on the walls. Nixon had

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chosen Teddy Roosevelt, Woodrow Wilson, and Dwight Eisenhower–men who had inspired his own dreams. Pondering for a moment, Ford decided to keep Ike and to replace TR with Lincoln.

"The other might be a Democrat," Hartmann suggested. "How about Andy Jackson?" "No. Harry Truman," Ford answered, remembering how Truman, too, had been drawn to the White House by fate and how he had fared. Searching for words, Hartmann told his friend, "You are going to be a great president." "Thanks, Bob," Ford responded. "I don't know about that. But I want to be a good president."

And so he was–good in the best sense of the word.

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Jerry Ford In History (USNEWS)

By Michael Barone

U.S. News and World Report, January 2, 2007

Gerald Ford, who died last week at age 93, lived longer than any other president and survived after leaving office longer than any other president but Herbert Hoover. So we've had time to reflect on where he and his presidency stand in history. As commentators have been reminding us, Ford healed the wounds of Watergate and provided steady leadership in difficult times. But there is more to be said.

Ford came to office when the postwar consensus on foreign and economic policy was in ruins. The nation seemed on a downward trajectory at home and abroad. By dint of hard work and with the help of top-flight appointees, he helped to steer us toward a different course. This despite the fact that he was very much part of the postwar consensus himself. He was elected to Congress in 1948, defeating an isolationist Republican incumbent: This was a victory for the bipartisan Cold War policies of President Harry Truman and of Republican Sen. Arthur Vandenberg, who, like Ford, was from Grand Rapids.

In the House, Ford served on the Defense Appropriations Subcommittee and specialized in defense and foreign policy, mostly supporting the Truman, Eisenhower, Kennedy, and Johnson administrations at a time when politics tended to stop at the water's edge. On domestic policy, Ford took a standard Republican line, favoring less spending than Democrats but declining to challenge New Deal programs. He supported some limits on labor unions but basically accepted the postwar consensus that big decisions should be hammered out by big government, big business, and big labor.

Loyalist. In 1973, Ford was thinking about retiring from Congress: He might have gone on to play golf in Rancho Mirage, Calif., and ski in Vail, Colo., entirely out of the public eye. History had other ideas. When Vice President Spiro Agnew was pushed to resign, Richard Nixon needed to appoint a loyalist who could be confirmed by a Democratic Congress: Ford filled the bill. When Nixon was forced to resign, Ford was suddenly president. The postwar consensus was gone. Since 1968, there had been fierce debate about Vietnam; most Democrats wanted to slash defense spending, while conservatives grumbled about Nixon's détente with the Soviet Union and opening to China. Nixon's Keynesian economic policies and the oil shock of 1973 produced a sharp recession and high inflation-stagflation. Experts told Americans that the days of low-inflation growth were over and that America was in retreat in the world. The trajectory would be ever downward.

Ford did not succeed in turning that around instantly. But he put into place policies that in time directed those trajectories upward. His negotiations with the Soviet Union and our European allies produced the Helsinki Accords, which ratified the status quo in Eastern Europe but also contained human-rights provisions that in the 1980s helped to delegitimize the Soviet empire. Ford was forced to accept the Communist victory in Vietnam (because Congress would not fund aid promised to our allies) but was able to respond vigorously to the attack on the Mayagüez. At home, he moved toward policies to tamp down inflation and to start the deregulation of transportation and communications, which vastly increased the productivity and resilience of the American economy.

Politically, Ford was written off as a failure. He nearly lost the 1976 Republican nomination to Ronald Reagan, and he lost the general election to Jimmy Carter. The Reagan challenge-and Ford's own dumping of Vice President Nelson Rockefeller-showed that the Republican Party was shifting to the right, away from the postwar consensus. But Ford's rally in the general election, from 25 points behind in the polls to only a 50 to 48 percent defeat, showed that the Republican Party had greater residual strength in the wake of the collapse of the postwar consensus than most people thought.

Ford was ridiculed as a bumbler though he was a gifted athlete and was dismissed as a lightweight though he entered the White House with a considerable command of foreign and domestic policy. He healed the nation and, more important, proved that it was possible to get America off its downward trajectory and heading upward again, as it did in the 1980s. Something to remember in these pessimistic times.

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Ford's Long Shadow (NSWK)

By Michael Beschloss

Newsweek, January 2, 2007

Jan. 8, 2007 issue - He was a larger figure than you might have thought. Many familiar personalities—politicians, movie stars, newscasters—are smaller in fact than they are on television or in photographs. In his 1970s-modern desert house in Rancho Mirage, Calif., or his mountainside ski retreat in Beaver Creek, Colo., however, Gerald Ford was striking: lean, muscular and imposing into his 90s.

Before he died last week at 93, Ford had also become an imposing figure in American history. The 38th president, who will be mourned at services this week in Washington and Michigan, helped shape America in two different centuries. He was a product of the Depression, a World War II Navy hero, a cold-war leader in the House and vice president and president at a time when America was struggling to get past an unpopular war in Vietnam and the Watergate scandal of Richard Nixon.

For a reminder of what a difference it made that Jerry Ford became president in August 1974, think of this: if Congress had let Nixon nominate his first choice for vice president after Spiro Agnew's resignation in disgrace, ex-Texas governor John Connally would have been the 38th president. That same month, Connally was indicted for perjury and obstruction of justice in a separate scandal. (He was later acquitted.) Would faith in our system have survived after we watched a president and vice president quit, only to see a new president indicted as he was sworn in?

The student of history can detect Gerald Ford's influence on America from Watergate to Iraq, from the presidencies of Richard Nixon to George W. Bush. President for just 29 months, Ford changed the way we live, rescuing the White House from scandal, restoring a measure of confidence in politics and articulating a philosophy of robust executive power that influences President Bush even now. Ford's last two chiefs of staff, Vice President Dick Cheney and ex-Defense secretary Donald Rumsfeld—men whose understanding of executive power was shaped by their experience in Ford's White House—have been crucial figures in the Bush years.

Ford's most controversial decision, of course, was to pardon Nixon for any crimes he might have committed in his White House years. In that dark September 1974, there were charges of secret deals, and complaints that Ford had foreclosed the possibility that justice would be done. Yet as the years passed, more Americans came to see the pardon as an act of unusual statesmanship. "I was hurt by the lack of understanding of what I did," Ford told NEWSWEEK's Jon Meacham in 2004. "In retrospect, I look back and I understand it, but boy, at the time, as you know, I caught unshirted hell. That so many people came to see my reasoning, and agree with it, makes me feel pretty good."

Ford had reason to glow: in the space of 30 years, he completed the journey from historical footnote and mid-1970s punch line to statesman. As he grew older, he also increasingly moved to the center. He was privately critical of Bush's Iraq war and was also surprised by Cheney's growing hawkishness. He has been quoted criticizing President Bush's Iraq war, and marveled to friends that Cheney had grown so much more hawkish.

In September 1995, at the suggestion of NEWSWEEK's then editor, the late Maynard Parker, I called on President Ford one afternoon in Beaver Creek for a conversation about his life and career. Our ground rules were that I would divulge nothing about our talk until after his death, which would allow him to speak more freely than normal. Reminded of these, Ford replied in lawyerly fashion: "I accept."

In hindsight, what stands out most from our talk was Ford's frustration that the Republican Party had lurched so far to the right. "If I'd been elected in '76," he told me flatly, "the party wouldn't be as far right as it is at the present time … I sure hope it comes back to the center." Ford went on to complain about the 1992 GOP convention in Houston, where Pat Buchanan—who had challenged President George H.W. Bush for that year's party nomination—demanded that conservatives "take back our culture."

Ford told me, "My wife and I are moderate Republicans. We felt uncomfortable at the last [1992] convention. And … unless things change, we'll feel uncomfortable in the next one—if we go." (They went.) Ford lamented that George H.W. Bush had not reversed their party's rightward movement: "I was disappointed that George didn't fight a little harder against the hard right." Asked to reply to the remark last week, the senior Bush said: "He never told me that, but that's not surprising. He was a much more moderate guy in his later years."

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In Beaver Creek, Ford reminded me that he and Betty were "pro-choice." He criticized Bush Senior's public avowal that he had come to oppose abortion rights. "I know damn well that he and Barbara are pro-choice," Ford told me. "Why didn't they get up and say it? That really disappointed me more than anything." Ford's comment, Bush says, was off the mark. "That's wrong," he says of Ford's suggestion that Bush was secretly pro-choice. (Barbara Bush wrote about her own pro-choice views in her 1994 memoir.)

Bush 41 was not the only Republican successor Ford criticized in our talk. He complained that Ronald Reagan had cost him the 1976 election by challenging his nomination. Ford told me that in the spring of 1976, "we thought we would have a tough time [winning] anyhow, and then to get diverted for six months or more in a very rigorous [primary] campaign—it made it difficult to be president and campaign simultaneously."

Ford said that during his fall campaign against Jimmy Carter, "the only time [Reagan] appeared with me … was when … we had a nice, vigorous rally [at a fund-raising dinner] in Los Angeles … He made no other campaign appearances on my behalf … I never understood that. If he had made an appearance in Ohio … Louisiana and Mississippi, we would have won, I'm sure." Ford added: "I never asked him about it. There was no point … I can't imagine him wanting Jimmy Carter to be president. What went through his mind, I don't know." (In fairness to Reagan, the ex-California governor did make TV spots for the Ford-Dole ticket that fall.)

Despite what he considered to be Reagan's damage to his candidacy, Ford campaigned enthusiastically when Reagan was nominated against Jimmy Carter in 1980. "I felt that Carter had been so mediocre on domestic policy that we had to have a change," Ford told me. Foreign policy, too: Ford speculated that he and Secretary of State Henry Kissinger "could have gotten the shah to handle his problems differently" to prevent Iran's turn to Islamic fundamentalism.

After Reagan's election, Ford was disappointed that, despite his contribution to the victory, the 40th president didn't consult him "as much as I would have expected he would." In our talk, Ford inveighed against Reagan's budget deficits: "With all his pronouncements about needing to balance the federal budget, his eight years were about as bad as any in the history of the country." Still, he conceded that as president, Reagan "did a much better job than I expected."

Ford knew the best-known act of his own presidency would be Nixon's pardon. He insisted to me he had no second thoughts: "I felt so strongly that I had to get this damn thing off my desk." He admitted that "sure, I would have appreciated it" if, in return, Nixon had made a stronger statement confessing guilt for Watergate offenses, which would have helped shield Ford from the firestorm the pardon created.

In our conversation, Ford said he suspected that the reason Nixon had refused to sign such a confession was that Alexander Haig, the chief of staff he had inherited from Nixon, had tipped off his exiled old boss that Ford was going to pardon him. (Haig strongly denies this.) Ford said he was "shocked and saddened" when he discovered years later (from James Cannon's 1994 book "Time and Chance") "what the role of Al Haig turned out to be. At the time, I had no idea. I assumed he was totally loyal to me … I'm sure what Haig apparently transmitted to Nixon convinced Nixon that he didn't have to make an outright admission of guilt."

Historians will treat Ford kindly. A tough-minded politician, he was a decent man who came to symbolize an American longing for bipartisanship and courage. We may marvel that Ford could remain so good-hearted amid such a toxic political environment. In our talk, Ford recalled that when he was vice president during Watergate, his "old friend" Nixon kept offering him his private "personal assurance" that there was nothing to worry about. "'Of course, Jerry, I had nothing to do with it! I was so preoccupied with foreign-policy decisions—the Soviets, China'."

The 38th president looked directly at me and asked, "Wouldn't you believe him?"

Michael Beschloss is an award-winning historian of the presidency and the author of several books, including "The Conquerors: Roosevelt, Truman and the Destruction of Hitler's Germany, 1941-1945."

Ford Without Tears (WSJ)

By Peggy Noonan

The Wall Street Journal, January 2, 2007

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One of the greatest things about Gerald Ford as a former president was that he didn't say much. He had no need for the spotlight. He was modest in the old-fashioned way of stepping aside and not getting in the way of the new guy.

He kept a lot to himself. This was in part because he had a self to leave it to.

It must have taken some effort. The man who replaced him, Jimmy Carter, was a kind of non-Ford, offering personal goodness as his main calling card. He carried his own garment bag. He was not imperial. He was awfully proud of his humility. The man who followed him, Ronald Reagan, differed from Ford not so much characterologically as politically, and his success might have grated on his old foe. But it doesn't seem to have. Ford seemed happy when things turned out well for America. That was apparently his primary interest.

He seemed lacking in vanity. There is no evidence that he was obsessed with his legacy. He didn't worry and fret about whether history would fully capture and proclaim his excellence, and because of this he didn't always have to run around proving he was right. He just did his best and kept walking. What a grown-up thing to do. Former, current and future presidents would do well to ponder this approach. History would treat them more kindly. The legacy of a man who spends his time worrying about his legacy is always: He worried about his legacy.

Now we know Ford was not silent but discreet. He granted an interview with Bob Woodward in July 2004, to be released posthumously, in which he shared his views. Mr. Woodward reports Ford told him he would not have gone to war in Iraq based on the public information available at the time. "I don't think I would have ordered the Iraq war. I would have maximized our effort through sanctions, through restrictions, whatever, to find another answer."

This is the authentic voice of the American foreign-policy establishment, and it reminds me, among other things, that establishments are not all bad. They rise for a reason. One is an ability to apprehend reality.

By speaking posthumously, Ford gave his words greater weight. He did not insert himself into the current debate, and because he wasn't in the fight he had nothing to gain or lose, no position to defend or attack. And so he could tell the truth as he saw it.

It is not clear who will speak at his funeral, but it is now unfortunately common practice for politicians to see every eulogy as an opportunity. Invited to reflect on biography, they tend to smuggle in as much autobiography as they can, and advance their personal agendas. If Bill Clinton speaks, one suspects he will laud Ford's personal tolerance. The text: This was a man who did not judge others. The subtext: He wouldn't have voted to impeach me! If George W. Bush speaks he will likely laud Ford as an exemplar of the old bipartisanship. In this way he will attempt to confer the bipartisan mantle on himself. And so on. I don't suppose this is terribly harmful, but it often gives short shrift to the departed. Still, Gerald Ford, a practical man who enjoyed the hit and tackle of politics, would have understood. Would have chuckled, in fact.

There are three points about Ford that I'm not sure can ever be sufficiently appreciated.

The first is that when he pardoned Richard Nixon, he threw himself on a grenade to protect the country from shame, from going too far. It was an act of deep political courage, and it was shocking. Almost everyone in the country hated it, including me. But Ford was right. Richard Nixon had been ruined, forced to resign, run out of town on a rail. There was nothing to be gained -- nothing -- by his being broken on the dock. What was then the new left would never forgive Ford. They should thank him on their knees that he deprived history of proof that what they called their idealism was not untinged by sadism.

Second, Ford's personal dignity -- his plain Midwestern rectitude, his old-style, pipe-smoking American normality, and his characterological absence of bile, spite and malice -- helped the nation over and through the great tearing of the fabric that was Watergate. This is often referred to, and yet it is hard to communicate what a relief it was. Whether right or wrong, hopeless or wise, a normal man was in charge. This was a balm, a real gift to the country.

Third, he did not understand, and so was undone by, the rise of the modern conservative movement. He did not understand the prairie fire signaled by the California tax revolt, and did not see it roaring east. He did not fully understand how offended the American public was by endless government spending and expanding federal power. He did not see the growing estrangement between Republicans on the ground and a leadership they saw as tax collectors for the welfare state. He did not fully appreciate the public desire for a fresher, more candid attitude toward the Soviet Union, and communism in general. He was not at all alive to what would prove to be deep national qualms about abortion. He was not aware of its ability to alarm, to waken the sleepy Evangelicals of the South and the urban ethnics of the North, who'd previously been content to go with the Democratic flow. Ford

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was oblivious to this. He thought in his own stolid way that abortion was pretty much an extension of the new feminist movement, which he supported. How could a gallant fella not?

In all this he proved that it is not enough in politics to be good. You have to have vision. You have to be able to see. If you can't, they can tell, and they'll retire you.

Which Republicans almost did in the great Ford-Reagan primary of 1976, and the electorate did later that fall.

And yet. This must be said and should be said. He was a good man, and that's not nothing -- it's something. Gerald Ford fought for his country. He didn't indulge his angers and appetites. He seems to have thought, in the end, that such indulgence was for sissies -- it wasn't manly. He was sober-minded, solid, respecting and deserving of respect. And at that terrible time, after Watergate, he picked up the pieces and then threw himself on the grenade.

We were lucky to have him. We were really lucky to have him. Rest in peace.

The Quality Of His Mercy (WP)

By Jon Meacham

The Washington Post, January 2, 2007

In history's light, the defining hour of Gerald Ford's presidency came at 11 o'clock on the morning of Sunday, Sept. 8, 1974, when he announced his pardon of Richard Nixon. The country has already heard much about Ford's role in healing the nation after Watergate and will undoubtedly hear more such reflections this morning when his life is commemorated at the Washington National Cathedral. It is fitting that these words will echo through the great nave, for Ford was, in a quiet, unnoticed way, an important figure in America's public religion.

During his most critical moments in the White House -- his assumption of power and the pardoning of Nixon -- Ford drew deeply on theological imagery. Everyone knows that Ford said "My fellow Americans, our long national nightmare is over" on Aug. 9, 1974. Much less quoted, but perhaps more revealing given the pardon, is a sentence he spoke a moment later: "[T]here is a higher Power, by whatever name we honor Him, who ordains not only righteousness but love, not only justice but mercy."

There were many reasons for the pardon that came a month later, but Ford also framed the decision in religious terms, terms that go far beyond routine political rhetoric. "I have promised to uphold the Constitution, to do what is right as God gives me to see the right, and to do the very best that I can for America," Ford said that September Sunday. As God gives me to see the right: The phrase echoes Lincoln's Second Inaugural, itself a piece of American scripture.

Then Ford explicitly spoke of the "higher power" he had mentioned when he was sworn in. "The Constitution is the supreme law of our land, and it governs our actions as citizens. Only the laws of God, which govern our consciences, are superior to it." In a New Testament allusion ("Then Peter opened his mouth, and said, Of a truth I perceive that God is no respecter of persons: But in every nation he that feareth Him, and worketh righteousness, is accepted with Him"), Ford said: "I deeply believe in equal justice for all Americans, whatever their station or former station. The law, whether human or divine, is no respecter of persons; but the law is a respecter of reality." The reality, Ford thought, was that a trial of the former president would most likely be unfair, drawn out and destructive. And finally: "I do believe, with all my heart and mind and spirit, that I, not as president but as a humble servant of God, will receive justice without mercy if I fail to show mercy."

This is an extraordinary thing to say: Ford was linking his own fate beyond time to his actions within time. The idea that God punishes or rewards us, individually or collectively, for what we do on Earth, either in our own lives or in the life of the nation, is rooted in the American story. Abigail Adams believed a dysentery epidemic in Boston might be divine punishment for slavery; even Thomas Jefferson, whose religious ideas were, to say the least, unorthodox (he once took a razor to the Gospels, excising miraculous details he found implausible), believed there was a connection between the nation's conduct and the supernatural. Reflecting on slavery, he once said: "I tremble for my country when I reflect that God is just, that his justice cannot sleep forever."

Such an understanding, naturally, has hardly been unanimous, and many Americans are reasonably uncomfortable with the idea that our leaders think they are either communing with the divine or carrying out God's mission. "Religion and government are certainly very different things, instituted for different ends," said the Founding-era politician John Dickinson, "the design of one being to promote our temporal happiness; the design of the other to procure the favor of God, and thereby the salvation of our souls. While these are kept distinct and apart, the peace and welfare of society is preserved, and the ends of both are answered.

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By mixing them together, feuds, animosities and persecutions have been raised, which have deluged the world in blood, and disgraced human nature."

Time and again in the American experience, however, the culture has been more in line with Lincoln's -- and Ford's -- views on the question of religious expression and thought in the public sphere than it has been to that of strict separationists. Guarding against excessive religious influence in our public affairs is an unending task, and the virtues of justice and merc y are universal (or should be).

"I am charged with being a preacher," Theodore Roosevelt once said. "Well, I suppose I am. I have such a bully pulpit." In his quiet way, Gerald Ford used that pulpit more than most, and his essential message -- of forgiveness and grace -- is one worth remembering today, and in years to come.

The writer is editor of Newsweek and the author of "American Gospel: God, the Founding Fathers, and the Making of a Nation." He is co-moderator of On Faith, an online conversation on religion athttp://newsweek.washingtonpost.com/onfaith.

Chief Justice Calls For Judges' Pay Hike (AP)

By Pete Yost

AP, January 2, 2007

Pay for federal judges is so inadequate that it threatens to undermine the judiciary's independence, Chief Justice John Roberts says in a year-end report critical of Congress.

Issuing an eight-page message devoted exclusively to salaries, Roberts says the 678 full-time U.S. District Court judges, the backbone of the federal judiciary, are paid about half that of deans and senior law professors at top schools.

In the 1950s, 65 percent of U.S. District Court judges came from the practicing bar and 35 percent came from the public sector. Today the situation is reversed, Roberts said, with 60 percent from the public sector and less than 40 percent from private practice.

Federal district court judges are paid $165,200 annually; appeals court judges make $175,100; associate justices of the Supreme Court earn $203,000; the chief justice gets $212,100.

Thirty-eight judges have left the federal bench in the past six years and 17 in the past two years.

The issue of pay, says Roberts, "has now reached the level of a constitutional crisis."

"Inadequate compensation directly threatens the viability of life tenure, and if tenure in office is made uncertain, the strength and independence judges need to uphold the rule of law — even when it is unpopular to do so — will be seriously eroded," Roberts wrote.

Legislation languished in Congress in 2006 that would have provided a 16 percent increase in federal judges' salaries. The bill was introduced by Democratic Sens. Dianne Feinstein of California, Patrick Leahy of Vermont and John Kerry of Massachusetts.

Leahy, incoming chairman of the Senate Judiciary Committee, said Roberts "is right that the issue of judicial compensation relations to the issue of the independence of the judiciary." Leahy said the chief justice "has tackled a touchy but timely topic that has been a chronic sticking point between the judicial and legislative branches."

Over the past 16 years, Congress has provided the judiciary occasional cost-of-living adjustments, but Roberts said the absence of salary increases is "grievously unfair."

Leahy pledged "to do what I can to convince Congress to fairly evaluate this issue and the chief's arguments so that we can see what solutions may be possible."

It is the first time in the two-decade history of year-end reports by Roberts and his predecessor, the late William Rehnquist, that the chief justice's message has focused entirely on a single subject.

Roberts said the judiciary will not properly serve its constitutional role if it is restricted to people so wealthy that they can afford to be indifferent to the level of judicial compensation, or to people for whom the ju dicial salary represents a pay increase.

There are "very good judges" in both of those categories, said Roberts, but a judiciary drawn more and more from only those categories "would not be the sort of judiciary on which we have historically depended to protect the rule of law in this country."

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"It changes the nature of the federal judiciary when judges are no longer drawn primarily from among the best lawyers in the practicing bar," Roberts wrote.

The number of cases filed in the Supreme Court increased for the court's 2005 term, according to an appendix to the report. Supreme Court case filings rose by more than 1,000 to 8,521 from the previous term. Appeals court filings dropped by 3 percent to 66,618 in 2006 compared with 2005.

In federal district courts, the number of criminal cases filed in 2006 declined by 4 percent to 66,860 cases and 88,216 defendants, due to changing priorities directing more resources to combating terrorism.

The civil caseload rose 2 percent to 259,541.

Excluding a jump in asbestos-related cases which totaled 18,179, the civil caseload fell by 4 percent.

Pilot Errs Over Bush Ranch (NYT)

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 (AP) — A small plane twice strayed into restricted airspace over President Bush's ranch in Crawford, Tex., on Sunday night, the authorities said Monday. The violation was inadvertent, a spokeswoman for the Federal Aviation Administration said.

The propeller plane wandered into restricted airspace around 11:30 p.m. local time Sunday, causing the scrambling of F-16 fighter jets, an Air Force spokeswoman said.

The jets used flares to get the attention of the pilot, who landed and was interviewed before being sent on his way, according to the North American Aerospace Defense Command and the Secret Service.

The Deep Blue Highway (NYT)

By JOHN CURTIS PERRY, SCOTT BORGERSON And ROCKFORD WEITZ

The New York Times, January 2, 2007

Medford, Mass.

IN October President Bush signed the Safe Port Act, authorizing an investment of $6.7 billion to tighten security at American ports. This is a vitally important and overdue step. But it ignores another major problem in maritime commerce: the phenomenal decline of American shipping.

While it's true that the United States Navy still dominates the world ocean — its total tonnage equals the combined tonnage of the next 17 smaller navies — American commercial shipping is but a puny remnant of its former self.

In 1948, more than a third of the world's merchant fleet flew the stars and stripes; today that figure is down to 2 percent. Half a century ago, America built more ships than any other nation, and New York City could boast that it was the world's busiest seaport. Sliding from the top since the 1980s, New York now barely ranks among the top 20.

The only American port now on the top-10 list is Los Angeles-Long Beach, an indication of how much maritime trade has shifted from the North Atlantic to the North Pacific.

A major factor in the decline of American shipping has been an antiquated law that prevents American coastal shippers from buying ships made in other countries. By amending this law and, at the same time, encouraging the development of domestic coastal shipping, Congress could help restore America's status as a great and proud maritime nation.

The slump in American shipping is especially surprising when you consider that it was American entrepreneurs who, in the mid-20th century, revolutionized oceanic transport by creating both the standard-size steel shipping container and the supership capable of transporting 50 times as much cargo as a World War II-era merchant ship could.

Shipping has always been the most economically efficient way to carry goods from place to place; it requires no investment in highways or rails, and thanks to the relatively frictionless ease with which ships move across water, fuel costs per ton are low. The arrival of containerized shipping pushed transport costs even lower, swelling world trade and expanding global wealth.

The export-driven economies of Pacific Asia built much of their enormous success upon the new maritime technologies. The United States did not. The Merchant Marine Acts of the 1920s and '30s are one reason why.

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Intended to protect the domestic shipbuilding industry, the acts decreed that the only ships allowed to call on two or more consecutive American ports would be those built in the United States, owned by American companies, flying the American flag and operated by American crews.

At the time, the United States still had a large merchant marine. But the acts' restrictions handicapped coastal shipping within American waters, opening the way for the growth of the trucking and freight-rail industries.

To revive the maritime trade, Congress should give shipping companies as much choice in buying ships as their land-based rivals have when buying trucks and train cars.

Freed from the restraints of the Merchant Marine Acts, commercial shippers could not only begin to resume their position in global trade but also handle much more of the freight that moves within our borders. Before railroads and highways were developed, a network of water transportation routes connected America's port cities and towns. Today coastal shipping handles only 2 percent of domestic freight, even though coastal counties hold more than half of the nation's population.

The trucks that carry nearly a third of our cargo clog the highways. That is one reason why Americans now lose at least 3.7 billion hours and 2.3 billion gallons of fuel each year sitting in traffic. Ships could take on a larger share of this freight — and even some of the passengers now traveling by highway and rail — and carry it at lower cost.

Congress could further encourage domestic shipping by improving port facilities, just as it maintains interstate highways. And it could invest in developing ship propulsion technologies — to increase still further maritime savings in fuel costs and to reduce greenhouse gas emissions.

Americans are rightfully concerned about security, but part of protecting the nation is generating a strong economy. Revitalized coastal shipping could shorten our morning commutes as it begins to rejuvenate America's wider maritime economy.

The 'Blue Dog' Factor (USNEWS)

By Danielle Knight

U.S. News and World Report, January 2, 2007

Washington is buzzing with speculation about how incoming moderate freshman Democrats like Heath Shuler of North Carolina will change congressional dynamics. The ex-NFL quarterback will be a member of the "blue dogs," a group of budget-cutting Democrats, mostly from southern states, whose ranks will swell from about 37 to 44 in the new Congress. Shuler defeated eight-term Republican incumbent Rep. Charles Taylor in part because Shuler vowed to fight against special interests. He is also a proud Christian who opposes abortion and loves to hunt. But the 35-year-old strongly favors increasing the minimum wage and protecting the environment, and he opposes privatizing Social Security. Shuler spoke with U.S. News about his role in the 110th Congress.

Why did you join the blue dogs?

We are $9 trillion in debt. It is really unacceptable the way this administration and this past Congress have run our government. We have to find a much better way to balance our budget and use tax dollars much more wisely.

Why is the number of moderate Democrats, like the blue dogs, increasing?

In my conservative district, the people in the middle started to speak out. We've had extremes to the right and extremes to the left doing a lot of talking for the rest of the country, and I think most of the people are in the middle. With this election, you started to see working Americans and working families, the middle class, speak out. A lot more people voted on the issues, and fewer people really voted a straight ticket.

Do you think House Speaker Nancy Pelosi will work well with the blue dogs and other moderates?

I think she will. She realizes the importance of having that voice in the middle, that moderate Democrat. She has been very easy to work with so far, and I think she certainly realizes and understands how it works politically and realizes what happened this election cycle.

In your campaign, you criticized your opponent's use of earmarks. Will you push for limits on so-called pork-barrel spending?

We certainly need to have checks and balances on our spending. There has to be oversight on earmarks to make sure that it is beneficial for a great number of people in the district. And if we don't have the money, then we don't need to spend the money.

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Blue dogs aside, what will you prioritize?

We are striving to bring better jobs to the district, keep our families together here in western North Carolina, and stop outsourcing our jobs. We've lost 78 percent of the textile industries in North Carolina. It's certainly going to be a priority of mine to bring high-quality jobs to the United States and make sure trade agreements are fair to families.

Jobs leaving North Carolina was one thing that led you to politics, right?

There was a factory in Haywood County that had closed down, and I watched a single mom, who had just lost her job because of the effect of the North American Free Trade Agreement, ask how she would raise her two children. I wanted to do what I could to help through my foundation. But as I spoke more about it and asked what I could do to help, people said, 'Heath, you must run for office.'

Economics Is Not For Actuaries (WSJ)

By George Gilder

The Wall Street Journal, January 2, 2007

Would conservatives please forget the Social Security "problem"? As Peter Drucker once wrote in these pages, "Don't solve problems, pursue opportunities." When Republicans solve "problems," they feed their failures, starve their strengths, and fritter away their remaining power in political imbroglios and special interest pork-fests.

Nothing good is going to come from political haggling over some hypothetical Social Security crisis decades in the future, when our economy will be vastly different and hugely more productive. From the completion of a worldwide fiber-optic broadband Internet to cornucopian energy and medical advances, the global economy is engaged in a siege of accelerating innovation that will unify it and enrich it increasingly as time passes. But no legislative reshuffling of taxes and spending today will enhance the economy's ability to support medical care, housing and transport for the aged in the future. That will depend not on actuarial trumpery but on the realities of productivity, technology, immigration and global trade and investment.

The key is keeping the economy open to outside investors as our population ages and as the productive center of the global economy shifts toward Asia. As Michael Milken points out, the younger workers around the globe will use their increasing savings to buy the assets of American seniors as they grow older, thus offering liquidity to our retirees, sustaining U.S. asset prices, and expanding U.S. opportunities.

Social Security can become a crisis only if we try to stop this process by insulating our aging middle class baby-boomers from the world economy -- if we raise tax rates and regulations, bash China, debauch the dollar and cripple the GOP and our defenses with delusionary spending cuts. Yet that sums up the likely grand compact, doesn't it? Higher tax rates in some covert form or other, some jerrybuilt pension scheme full of government regulations on our financial markets, new subsidies and protections for the "middle class" so-called victims of trade, and gimcrack spending cuts that end up focusing on defense.

Instead we should take the offensive. Lower tax rates will yield the additional revenues and borrowing power we need to sustain social programs for the aged for decades to come. As a pay-as-you-go transfer scheme, Social Security is currently working fine. But we have to stop driving aged workers out of employment through implicit Social Security taxes on their incomes. As a key first step, we need to reduce the payroll tax by at least a third -- at least to the degree we are pretending to build up "reserves" for the future. Lower payroll taxes will mean more jobs and income for Americans of all ages, and build up the real capabilities as opposed to the mere accounting balances of the U.S. economy. Ideally, as part of a flat tax program, we should eliminate the payroll tax altogether. Make the Democrats explain why they oppose that, not continue to posture on spending cuts, which always turn out to focus on defense. In a dangerous world, we will need more defense and spending will likely have to rise.

Bad economic policies like Europe's subsidized sloth on welfare would obviously erode our ability to supply goods and services to coming generations. Under such conditions we will have to inflate away the liabilities by debauching the currency in one way or another. Such an outcome may be unappetizing, but no conceivable compact with the Democrats today can save us from the inexorable costs of socialism tomorrow. Indeed, a compact with the Democrats will tend to cripple the necessary Republican resistance.

If we lower our tax rates on payrolls and incomes, however, we will discover that this economy in future decades can easily sustain scores of trillions of dollars of additional debt as necessary -- the entire $45 trillion of alleged social and healthcare

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liabilities. Investor king Ken Fisher's new book, "The Only Three Questions That Count," shows that the U.S. already commands a steadily growing, world-leading resource of some $110 trillion of assets, generating $13 trillion in GDP -- a 12% yield compared to long-term interest rates near 6%. Following the Bush tax-rate reductions on capital gains and dividends, we are already running an all-governmental surplus. Our corporations are laden with cash. Our current debt-asset ratio is suboptimally conservative.

Now we need to extend tax cuts to incomes and payrolls. The only thing that matters is pursuing the opportunities of global economic growth. Focus on that. Let Democrat accountant-economists grouse about the problem of debt and push for increases in taxes on middle-class workers.

Mr. Gilder is a senior fellow at the Discovery Institute and editor of the Gilder Technology Report.

Save Judeo-Christian Values (USAT)

By Virgil Goode

USA Today, January 2, 2007

A letter I sent in early December was written in response to hundreds of e-mails from constituents upset about Rep.-elect Keith Ellison's decision to use the Quran in connection with his congressional swearing-in. Their communications followed media reports that Ellison, a Minnesota Democrat, had said that he would swear on the Quran. He repeated that at a gathering of Muslims in Detroit on Dec. 26.

My letter did not call for a religious test for prospective members of Congress, as some have charged. Americans have the right to elect any person of their choosing to represent them. I indicated to my constituents that I did not subscribe to the Quran in any way, and I intended to use the Bible in connection with my swearing-in. I also stated that the Ten Commandments and "In God We Trust" are on the wall of my office, and I have no intention of displaying the Quran in my office. That is my choice, and I stand by my position and do not apologize for it.

My letter also stated, "If American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Quran."

Immigration is arguably the most important issue facing the country today. At least 12 million immigrants are here illegally. And diversity visas, a program initiated in 1990 to grant visas to people from countries that had low U.S. immigration at that time, are bringing in 50,000 a year from various parts of the world, including the Middle East.

Let us remember that we were not attacked by a nation on 9/11; we were attacked by extremists who acted in the name of the Islamic religion. I believe that if we do not stop illegal immigration totally, reduce legal immigration and end diversity visas, we are leaving ourselves vulnerable to infiltration by those who want to mold the United States into the image of their religion, rather than working within the Judeo-Christian principles that have made us a beacon for freedom-loving persons around the world.

Rep. Virgil Goode is a Republican from Virginia's 5th congressional district.

Ugly Voices Tarnish Debut Of Congress' First Muslim (USAT)

USA Today, January 2, 2007

Keith Ellison's election to the House, as the chamber's first Muslim, provides the United States with a grand opportunity to showcase its credentials as a nation of opportunity, equality and diversity.

What a great story to tell the Muslim world. Five years after 9/11, voters in America's heartland elected Ellison, an African-American who grew up in Detroit and converted to Islam in college, to one of the nation's highest offices. The 43-year-old Democrat took 56% of the vote in his Minneapolis-area district.

Ellison upped the chance to polish America's image for religious tolerance, as well, when he said he'd use Islam's holy book, the Quran, at his ceremonial swearing-in this week.

That's when the chance to shine was tarnished by a few ugly voices. The loudest belongs to Rep. Virgil Goode, R-Va., who used the occasion to take a crude swipe not only at Ellison and the Quran, but at all Muslims.

In a letter to a constituent that later leaked out publicly and reeks with bigotry, Goode railed that "if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the" Quran. Goode expressed "fear" that in the next century "we will have many more Muslims" in the USA.

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Goode's pinched prescription? Essentially to shut the nation's doors: Stop illegal immigration, reduce legal immigration and end a program designed to draw people from countries with otherwise low U.S. immigration rates.

Other critics of Ellison's desire to carry the Quran, a holy book meaningful to him, ranted that the Bible and only the Bible is the basis of America's values.

They couldn't be more wrong about the essence of the nation's values. Nor could Goode about what the nation has to fear.

They're even wrong on their facts.

As Goode, who is starting his sixth term, surely knows, House members are officially sworn in without any religious book. They simply raise their hands in a mass ceremony in the chamber. In unofficial ceremonies later, they re-enact the oath, often with a Bible, for commemorative photos.

Some Jewish members and others have chosen holy books other than the Bible. Even presidents have strayed from using the Bible when taking the oath of office.

In 1825, John Quincy Adams reportedly used a law volume. News accounts say Theodore Roosevelt used no Bible in taking his first oath of office, in 1901. It's Ellison's constitutional right to choose a book that's meaningful to him.

Tolerance and religious freedom are at America's heart. So is the nation's embrace of people from all countries and cultures.

Several million Muslims live in the USA. It is to the nation's credit that one of them will join Congress this week. And if Goode is worried about Muslim immigrants, he's about 260 years too late in Ellison's case. Ellison traces his ancestors to Louisiana in 1742.

Goode and other critics could learn something from the man whose actions they've vilified. Asked about the controversy on CNN last month, Ellison refused to be drawn into a battle over different holy texts.

"Let's focus on the text that binds us together," Ellison said. "That's the Constitution. That's a great document."

Amen.

Letting Go Of Holds (LAT)

The Los Angeles Times, January 2, 2007

SEN. SAM BROWNBACK (R-Kan.), one of Congress' conservative culture warriors, opposes one of President Bush's judicial nominees because she dared to attend a same-sex commitment ceremony in 2002. Whether they want to enable the senator's bigotry is a question for Kansans and, eventually perhaps, the rest of us (Brownback is a possible 2008 presidential candidate). But the Senate can and should take action to prevent a single senator from imposing his prejudices on the entire body.

A senator can frustrate the will of the Senate by using a "hold," which allows any senator to block a vote on a nominee or piece of legislation. The practice is indefensible even when asserted on behalf of a worthy cause, and even when a senator is open, as Brownback was, about his obstructionism. Rooted in tradition and Senate rules that often require unanimous consent for business to proceed, the hold undermines the principle of majority rule even more than its procedural kissing cousin, the filibuster.

Brownback's hold on Michigan Appeals Court Judge Janet Neff, who was nominated for a federal district judgeship, was an especially obnoxious use of the procedure. Brownback is fixated on the fact that Neff attended and spoke at a ceremony in 2002 at which the daughter of the judge's next-door neighbor exchanged (legally nonbinding) vows with another woman.

Even after saying that he will drop the hold that has stalled action on Neff's confirmation, Brownback still wants to question Neff, absurdly enough, about the ceremony to test his concern that she wouldn't be impartial in cases involving the legality of same-sex marriage. He has, however, dropped his much-ridiculed suggestion that Neff promise to recuse herself from such cases as a condition of being confirmed.

But if Brownback's use of the hold is wrong, so is its use by other senators. Reformers, led by Sens. Charles E. Grassley (R-Iowa) and Ron Wyden (D-Ore.), are proposing to do away with secret holds, which were supposed to end under an agreement between Democratic and Republican leaders in 1999. The theory behind requiring senators to admit they were placing holds was that they would be embarrassed into giving them up. But, far from being shamed, senators have trumpeted their holds in

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press releases, as Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.) did last year when they placed a hold that delayed the confirmation of the chairman of the Food and Drug Administration. That hold was designed to pressure the FDA into approving the over-the-counter sale of the Plan B emergency contraceptive.

Senate rules should be amended to abolish all holds, secret and open, so that no senator can usurp the right of the entire body to judge a nominee or a piece of legislation. The hold is defended as a form of "senatorial courtesy," but it's insulting to the people senators represent.

OTHER NEWS:

Economy Poised For '07 Rebound, Forecasters Say (WSJ)

By Mark Whitehouse

The Wall Street Journal, January 2, 2007

The U.S. economy is poised to shake off the housing slump and regain momentum by the end of this year, and the credit goes to techies, bankers, chefs and shoppers, according to a Wall Street Journal survey of economists.

The panel of 60 economists who participated in the Journal's latest semiannual economic forecasting survey offered an optimistic outlook for 2007: The service sector should keep humming along as the recent weakness in housing and manufacturing abates and the Federal Reserve begins to reduce interest rates. That would allow the economy to expand at a rate fast enough to keep investors happy, but slow enough to keep inflation at bay.

Even so, economists haven't stopped worrying about what could happen if the current slowdowns in housing and manufacturing spread further -- a pattern that has characterized previous recessions. In another potentially ominous sign, they increasingly differ about the economy's trajectory.

On average, the economists predict that inflation-adjusted gross domestic product, a broad measure of economic activity, will grow at an annualized rate of 2.3% in the first half of 2007 and 2.8% in the second half. That's up from a sluggish 2% in the third quarter of 2006, but still far below the robust annual growth rates of 3.2% for 2005 and 4.1% for early 2006.

"As long as you don't think the labor market is going to collapse or financial conditions are going to change, then you're starting to have the conditions for better growth down the road," says Bruce Kasman, head of economic research at J.P. Morgan Chase & Co. in New York.

The rapid expansion of technology companies such as Google Inc. and the huge bonuses lavished on New York investment bankers are just a couple of signs of the service sector's strength. Across the country, restaurants, hospitals, software makers and consulting firms are growing and hiring. All told, service businesses, which make up about 80% of the nation's economy, added 1.1 million jobs from May through November.

"We've been extremely busy," says Anthony Kolton, president and chief executive of Logical Information Machines, a Chicago company that provides research software to hedge funds, trading firms and investment banks. "There's a lot of money out there, and people have to put it to work."

The upbeat attitude in services contrasts sharply with the recent pain in the housing and manufacturing sectors. Builders have been slashing prices and production as they attempt to get rid of a large backlog of unsold homes. Despite a rise in November, new-home construction was down 30% from its January peak.

Housing-related industries shed 145,000 jobs from May though November, according to Zoltan Pozsar, an economist at Moody's Economy.com. Falling home values have also left people with less power to extract cash from their homes through home-equity loans and refinancings, a factor that many economists expect to take a bite out of consumer spending.

Along with slumping auto sales, the drop in housing activity has affected all kinds of manufacturers, from drywall factories to furniture makers. The Institute for Supply Management, a purchasing managers' trade group, said that its index of manufacturing activity for November fell to 49.5, the lowest point since April 2003. (Any number below 50 indicates contraction.) By contrast, the ISM's index of service-sector activity for the same month rose.

"It's really two very different economies, depending on whether you're looking at the goods or service industries," says J.P. Morgan's Mr. Kasman.

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The bottom line is that the strength in services will help to keep the job market relatively healthy. In the consensus scenario, nonfarm businesses will add about 100,000 jobs a month in 2007. That should be strong enough to slowly lift wages, but not to keep the unemployment rate from creeping up to 4.9% from 4.5% in November.

The economists surveyed expect year-to-year inflation to decline to 1.7% in May from 2.0% in November. As a result, they expect the Fed to shift its focus from fighting inflation to helping the economy grow, lowering short-term interest rates to 4.75% by the end of 2007 from the current 5.25%.

That's a big change from six months ago, when forecasters saw the Fed's battle with inflation as the greatest challenge facing the economy. "The Fed was hoping to slow the economy down enough to take the wind out of inflation without triggering a recession," says Nariman Behravesh, chief economist at consulting firm Global Insight in Waltham, Mass. "So far it looks like it has succeeded."

Most forecasters expect 2007 to be a good -- not great -- year for the economy. While six in 10 said they think the worst of the housing downturn's impact on the broader economy had passed, they still see a deeper housing slump as the biggest risk looming over the economy. That concern was reflected in the odds they placed on a recession in the next 12 months, which rose to 27% from 20% in June.

More so than in recent surveys, forecasters differ on the economic outlook. One measure of their disagreement -- the standard deviation of their forecasts for inflation-adjusted GDP for the coming half year -- widened to about 0.7 percentage point in December, up from a 20-year low of 0.5 percentage point in June. Each of the past two recessions have been preceded by sharp increases in the deviation measure -- to levels greater than one.

Ian Shepherdson, chief U.S. economist at consulting firm High Frequency Economics and one of the survey's most pessimistic forecasters, places the odds of a recession at one in two. He believes that home construction still has a long way to fall before it levels off with demand, and that the Fed's rate increases, which helped push corporate borrowing costs upward by about a full percentage point between fall 2005 and spring 2006, have yet to take their full toll on business activity. Mr. Shepherdson expects real GDP to grow at an annual rate of 0.5% in the first half of 2007 and 2.25% in the second half.

"It's going to be worse than the consensus expects," he says. "My guess is that we'll probably avoid a recession, but by the skin of our teeth."

Most other forecasters believe the economy will prove more resilient. For one, stronger growth abroad should help boost U.S. exports: More than three out of four forecasters pointed to Asia as the biggest contributor to global growth in 2007.

Beyond that, money remains easy to borrow despite the Fed's efforts to raise interest rates. Global investors' appetite for U.S. bonds has helped fuel a boom in mergers and acquisitions, and low long-term interest rates have kept mortgages accessible for potential home buyers. Even people with shaky credit, whose tendency to default has proved greater than many investors expected, still have access to money.

"We've had a remarkably benign credit environment," says Richard Berner, chief U.S. economist at Morgan Stanley in New York. "That's partly a tribute to our flexible and resilient capital markets, but I think it's also just plain good luck."

To some extent, the hit U.S. manufacturing has taken in recent years has made the sector's outlook less consequential today because there just aren't as many American manufacturing jobs left to lose, says Ed Leamer, head of the forecasting center at the University of California's Anderson School of Management. Manufacturing has been shedding jobs since the recession of 2001.

"There's no fat to trim," says Mr. Leamer. "And without the trimming of fat in manufacturing, you just can't get the job loss that can add up to a recession."

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Economists Cautiously Optimistic About 2007 (NYT)

By MICHAEL J. De La MERCED

The New York Times, January 2, 2007

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By the end of 2006, Wall Street had every reason to celebrate. A second-half rally propelled the stock market to its best year since 2003. Companies reported strong profits, and some, like oil producers and investment banks, had record-shattering earnings.

Yet the year had a more precarious beginning. Worries were rampant that a slowdown in housing would hurt the overall economy and that the Federal Reserve would raise interest rates and stall growth. But the economy proved resilient, withstanding a housing slump. The Fed halted its campaign for higher interest rates. Profits accelerated, and there was a huge wave of mergers and acquisitions.

Nonetheless, Wall Street economists are looking at 2007 with some caution. They expect at least some slowdown in economic growth. And many worry that housing's slump will spread to other corners of the economy.

The analysts surveyed predicted that the Standard & Poor's 500-stock index, which closed 2006 at 1,418.30, would end 2007 at 1,440 to 1,570.

Richard Bernstein

Chief Investment Strategist

Merrill Lynch

Though concerns mount that the world is suffering from global warming, Richard Bernstein is content to call himself a "bipolar bear." While he foresees returns rising 12 percent over the coming year — and the S.& P. hitting 1,570 by the end of the year — Mr. Bernstein expects increased volatility. That is in large part because the Fed will not ease, or lower rates, in January, he says.

"As the uncertainty about the Fed easing has gone up, you've found that the market has become choppier," he said.

Mr. Bernstein cautioned that he expected growth in gross domestic product to be a full percentage point below other estimates, citing in part a "money illusion" over the growth in the Dow and even in energy prices.

Investors should watch earnings carefully, he said. "There's sort of an embedded assumption that earnings will be going great forever."

Mr. Bernstein recommends a mix of 50 percent stocks, 30 percent bonds and 20 percent cash for investors' portfolios. Among sectors to watch, Mr. Bernstein rated telecommunications as a growth sector, aided by increasing attractiveness in European and Asian companies. "It's one of our turnaround sectors," he said.

He is bearish on energy and commodities, citing their cyclical nature.

Abby Joseph Cohen

Chief Investment Strategist

Goldman Sachs

The coming year looks to be reasonable, if a little slow, said Abby Joseph Cohen, long one of Wall Street's optimists.

"We are assuming profit growth is in the process of deceleration," she said. "Especially in the case of energy companies, we expect that they will show gains for 2007, but they will not show as much of a boost as in previous years."

Still, Ms. Cohen said, her team's research indicates that the S.& P. is underpriced, pointing to a 12-month target of 1,550. Buoyed by the Fed's halt in raising interest rates, merger activity should keep rolling, but with more of a focus on international expansion.

With the slowdown in housing, the economy will rotate toward discretionary consumer services, like travel, restaurants and entertainment, she said. Large-capitalization industrials and information technology may also see favorable growth. Over all, Ms. Cohen said, the economy should run well, with no real bumps in the way.

David Bianco

Chief U.S. Equity Strategist

UBS Investment Research

David Bianco remembers a scary moment from last summer, as he and others feared that the Fed might tighten interest rates. Since then, the stock market has recovered and that forward momentum should carry over into 2007, he said.

"We'll continue to see P/E expansion," Mr. Bianco said of price-to-earnings ratios, "mostly driven by everybody's fears of a weakening economy not taking place."

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Like Ms. Cohen, Mr. Bianco said that he sees the S.& P. as relatively undervalued. Despite the flurry of merger activity in 2006, he believes that the S.& P. has been using less than half of its debt capacity, something he expects to be corrected.

Housing will continue to slow and prices will fall further, taking consumer-related spending and industries like autos along with it, he said.

Abhijit Chakrabortti

Chief U.S. and Global Equity Strategist

J. P. Morgan Chase

Last year can be summed up in one phrase, according to Abhijit Chakrabortti: Value killed growth.

"If you had that the S.& P. would be up for the year, you would have said that tech, industrials and health care would kill value stocks," he said. "But telecoms and utilities were the big winners."

Coming off a surprisingly good 2006, however, Mr. Chakrabortti is distinctly bearish. He sees slower growth in the United States compared with Asia and Europe. Volatility will pick up as earnings slow down, he added, and the dollar will weaken.

The Fed will hold steady, Mr. Chakrabortti said, but other central banks will tighten.

He predicts the S.& P. will rise to 1,440 — the low end of targets among the analysts surveyed.

"I very much suspect that there will be a time when a 1,440 valuation looks good," he said. "The market will be disappointed with the Fed, and we'll see a significant correction sometime in the first half."

Ethan S. Harris

Chief U.S. Economist

Lehman Brothers

Ethan S. Harris said he was less surprised than most by the resilience of the stock market last year. He expects 2007 to be a growth year, albeit one without the boom that marked the last half of 2006.

"There's still room for the market to rally," he said. To that end, he staked an S.& P. price target of 1,570, thanks in large part to the economy shrugging off the housing slump.

But he also said he did not expect a completely rosy economic picture. Alone among economists surveyed, Mr. Harris talked about the possibility of "a very mild version of stagflation." Moreover, he gave recession a 20 percent chance to appear in 2007.

Mr. Bianco said that he expects the Fed to cut interest rates in March, setting a fairly steady metronome for slowing but solid growth and a target S.& P. of 1,500 by year-end.

Profits Likely To Slow In '07 (WSJ)

By Constance Mitchell Ford And Rafael Gerena-morales

The Wall Street Journal, January 2, 2007

NEW YORK -- For the past five years, U.S. corporate profits have grown much faster than the overall economy, one of several reasons why U.S. stock prices keep setting records. But many economists believe that the days of outsize profit growth are nearing an end.

Corporate profits, as measured by the Commerce Department, have risen more than 12% a year since 2002, hitting a high of 19% in 2004. In the third quarter of 2006, profit growth was running at an annualized rate of 16%. But the consensus forecast of economists polled by The Wall Street Journal calls for those gains to slow to the single digits this year and next, with pretax profits rising about 6%.

IN SUMMARY

• The News: Corporate profits are expected to rise about 6%, slowing from the double-digit growth of the past five years.

• What's at Stake: Slower U.S. growth is expected to damp sales across the economy.

• The Bottom Line: Some economists believe single-digit profit growth still leaves room for stocks to rise.

That estimate is for profits across the entire economy, from multinational conglomerates to mom-and-pop businesses. By contrast, profit figures tracked by Wall Street tend to focus mainly on large public companies.

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But the trends are similar. Thomson Financial, for example, expects growth in earnings per share for companies in the Standard & Poor's 500-stock index to slip below 10% in 2007. If that forecast is on the mark, it would be the first year of single-digit growth for the S&P 500 since 2002.

"Some of the hot air is coming out of corporate profits," says Maria Fiorini Ramirez, president of MFR Inc. in New York, which is forecasting economywide profit growth of 4% in 2007. "The better years are behind us, and the leaner years are ahead of us."

Among S&P 500 companies, the energy sector's profit is estimated to have grown 21% in 2006 but profits are expected to rise only 1% in 2007, according to Thomson, which surveys Wall Street analysts.

And the profit-growth forecast for the materials sector, which includes metals and chemicals companies and whose profit growth for 2006 is estimated at 28%, has tumbled to 3% for 2007.

There are several reasons why economists expect profits to be leaner in the years ahead. First and foremost, they are expecting growth to slow in response to weakness in the manufacturing sector and in housing, which will damp sales across the entire economy. Most economists are forecasting that the economy, as measured by gross domestic product, before adjustment for inflation, will expand between 4% and 5% this year after growing 6.9% in 2004 and 6.3% in 2005. Nominal growth in GDP for 2006 is expected to be about 6%.

But even if GDP weren't expected to slow, economists would still be looking for profit growth to ease for the same reason that "trees don't grow to the sky," says Jan Hatzius, an economist at Goldman Sachs Group Inc. Put another way, profits can't continue to outpace the overall economy by such large measures for a sustained period. Historically, annual growth rates for GDP and corporate profits have been about the same, between 6% and 7%. Eventually, say economists, the relationship between GDP and profits should return to its historical norm.

"If corporate profits grew persistently faster than nominal GDP, all of the income in the economy would eventually accrue to shareholders, and none to workers. However, there are economic forces that ensure that this doesn't happen," says Mr. Hatzius, who forecasts corporate profit growth of 1.6% in 2007, one of the lowest forecasts among the 60 economists who participated in The Wall Street Journal's economic forecasting survey.

Those forces include rising wage growth. Average hourly earnings, after barely moving for years, have rebounded in recent months and were up 4.1% in November from a year earlier. Average weekly earnings were up 4.4%. Benefits costs are also on the rise.

At the same time, companies are finding it more difficult to raise prices to recoup their higher compensation costs. In fact, some companies are starting to reduce prices to keep consumers spending. "Price discounts are seen all across the retail space -- cars, furniture, electronics, clothing -- and now have spillover to housing as well," says Joseph Carson, chief economist at AllianceBernstein. Such trends, he says, mean that "margin expansion is over." Mr. Carson is forecasting profit growth of 3% for 2007.

There are other pressures on profit margins as well: Energy prices and prices for goods such as chemicals, plastics and metals, are likely to remain elevated amid healthy global demand, taking a bigger bite out of proceeds from sales. And slowing productivity gains in the U.S. could limit the ability of American companies to curb costs. That all translates into less for the bottom line.

So far, the stock market's performance doesn't hint of any slowing of profits. The Dow Jones Industrial Average gained 16% last year, its best performance since 2003.

Of course, 6% growth in profits -- the consensus estimate for 2007 -- isn't so bad when compared with historical growth rates. And in fact, some economists believe that single-digit profit growth still leaves room for stock prices to move higher.

Gail Fosler, chief economist at the Conference Board, a nonprofit business research group, expects profit growth of just 4% in 2007. Nevertheless, she expects stocks to continue to perform well. In recent years, foreign stock markets, including those in Europe and Japan, have recorded big gains that have outpaced the U.S. market's performance. As a result, she says, U.S. stocks have become "a good value" relative to stocks of companies in other nations.

Why Consumers May Show More Discipline In 2007 (CSM)

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By Mark Trumbull

The Christian Science Monitor, January 2, 2007

After the usual binge of holiday spending, Americans may want to make a resolution of fiscal prudence for the new year: "I will repair my household finances."

This isn't just advice from financial gurus during an era of record household debt. For many families, fiscal discipline is being imposed by the slowdown in the US housing market. Indeed, the number of homes in foreclosure is rising, as many owners fail to meet their mortgage payments.

But there is good news: For most households, this is a relatively benign climate for financial make-overs.

Many borrowers have the opportunity to refinance their debt at low interest rates. Moreover, forecasters generally don't foresee a recession in 2007. A healthy economy could allow consumers to keep spending even as they borrow less and save more.

"I do think that the savings rate will turn firmly positive by [the end of 2007]," says Mark Zandi of Moody's Economy.com, a forecasting firm in West Chester, Pa. But "there is a significant amount of financial stress in 2007."

Some economists, in fact, believe a recession is likely as faltering home prices put a squeeze on family wealth. But the more common forecast is that the housing slump won't cause an outright downturn in the economy.

Members of the National Association for Business Economics, surveyed in November, generally believe the housing market will hit bottom sometime in 2007.

"It looks like the housing decline is in its last phase," says Peter Kretzmer, an economist at Bank of America in New York.

In any scenario, how homeowners grapple with their debts will be a central feature of the 2007 economy.

Consumer spending accounts for about two-thirds of US economic activity. The more people have to scramble to cover their debt payments, the more they may have to curb other spending.

The challenges are greatest, some analysts say, for young households - people who bought homes near the peak of the real estate boom - and for those with lower incomes who stretched to get credit.

For years, amid a nationwide housing boom, people took out bigger and bigger mortgages, and their property values rose just as fast. Rising home values made people feel wealthier, and Mr. Zandi reckons that this "wealth effect" made people spend more than they otherwise would. The nation's personal-saving rate, the difference between Americans' disposable income and their spending, has been negative since the summer of 2005 - the first time since the Great Depression.

Since then, Americans have essentially been dipping into their savings, or sometimes using credit cards, to spend more than they earn.

There's no guarantee that the saving rate will get back into positive territory in 2007. But some economists see signs that households are adjusting their behavior.

In the late summer of 2005, households borrowed an amount equal to 14.6 percent of their disposable income - the highest level in any quarter since World War II, according to Paul Kasriel, an economist at the Northern Trust Corp. in Chicago.

A year later, American borrowing totaled just 8.8 percent of disposable income in the third quarter, lower than any three-month period since the recession of 2001.

People aren't as eager to take out big mortgages when houses have stopped rising in value every month.

Still, households remain highly leveraged. US mortgage debts now total about 46 percent of all US home values. That percentage has more than doubled since the 1950s. "Homeownership is now much more precarious," says Tamara Draut of Demos, an advocacy group in New York worried by America's high consumer debt levels.

Some 45 percent of first-time buyers in 2005 took home loans with no down payment, Ms. Draut says. That means that, should they need to sell the home, they have very little cushion to repay their loan.

In general, home prices rise over time. But for now, prices have been heading down in dozens of cities.

Meanwhile, many homeowners will see their mortgage payments jump sharply in the next year or so, as adjustable-rate mortgages ratchet upward from low introductory rates.

That explains why foreclosures are on the rise: Many owners can't afford the higher mortgage payments, and they can't sell the home for what they paid.

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The number of foreclosures was up 43 percent in the third quarter of 2006, compared with the same period the year before, according to Demos.

What can homeowners and other borrowers do to keep their balance sheets in order? Experts say some of the best steps are tried and true: Develop a budget, set aside some savings each month, and don't buy a home costlier than you can really afford.

"There is no substitute for having an emergency savings cushion," says Greg McBride, senior financial analyst at Bankrate.com in North Palm Beach, Fla.

Also, people with adjustable-rate loans, which are often resetting at rates of 7 percent or higher, might want to refinance at lower fixed rates. In addition, Mr. McBride says, "have a plan of attack" to repay high-cost debt such as credit-card bills.

Again, now may be an opportune time. People who get paid every two weeks may have gotten a third paycheck in December, McBride says. They might use that - or a year-end bonus - to pay down debts.

Financial advisers also offer this reminder: Debt can be a good thing if used wisely - such as a path to owning a home.

"Democratization" of credit, with new types of loans available to more people, has generally been a positive force in recent years, Zandi says. "This probably has allowed ... for a more stable economy," he says. But it also leaves many people vulnerable if interest rates rise substantially, or if housing prices falter.

Jeb Bush Ponders Future, Not Knowing What It Holds (NYT)

By Abby Goodnough

The New York Times, January 2, 2007

MIAMI, Jan. 1 — When the same old irksome question popped up recently at one of his final public events here, Gov. Jeb Bush, addressing Spanish-speaking reporters, gave an atypically dramatic Governor Bush with his father, former President George Bush, last week in Boca Grande, Fla.

His words set off round-the-world buzz, with The Daily Telegraph of London going so far as to call them “a recognition by the Bush family that their dynastic reign in American politics is drawing to a close.”

But in fact, the question lives on. Mr. Bush’s spokeswoman said last week that he made the comment jokingly, and when asked about it later in an e-mail message, Mr. Bush himself replied, “I was misunderstood by a reporter.”

He did not elaborate, leaving the world to know only this much: Half his life after he arrived in Miami as a 27-year-old real estate salesman, Governor Bush returns here this week without the title before his name and, he insists, without knowing what his future holds.

“We’re in the preface of the new book in my life and I just don’t know yet,” he told reporters last month in Tallahassee, a day after his official portrait, with a Bible and a BlackBerry in the background, was unveiled at the Governor’s Mansion. “I’m going to take some time off, hopefully do a little fishing, golfing, resting, reading, exercising. And I’ve got to make a living, so I’ll figure it out probably in January.”

Florida, too, has some readjusting to do. After eight years in office, Mr. Bush, 53, is leaving as one of the most popular and prominent governors in state history, not least because of his relationship to President Bush (brother) and former President George Bush (son). Succeeding him is Attorney General Charlie Crist, who is Republican like Mr. Bush but otherwise starkly different.

Despite the wishful prodding of admirers, Mr. Bush has adamantly ruled out a presidential campaign of his own next year, saying that he wants only to return to Miami with his wife, Columba, and their cat, Sugar. Yet rumors about his future have burst forth as regularly as exotic species in the Everglades — among them that he would be the next commissioner of the National Football League, run for Senate or become Senator John McCain’s running mate if Mr. McCain won the Republican nomination for president in 2008.

“The presidency is out of the question at this point because of Bush fatigue,” said Peter Schweizer, a fellow at the Hoover Institution at Stanford who wrote “The Bushes: A Dynasty” with his wife, Rochelle. “But the vice presidential slot is something that’s very much in play. He’s a successful governor of an important state, he helps shore up relations with the social conservatives and he has the Bush money machine.”

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One of Mr. Bush's former chiefs of staff has gone to work for Mr. McCain's exploratory committee, but several other former aides have signed up with Gov. Mitt Romney of Massachusetts, another probable Republican contender.

"Jeb is a policy-driven guy," Mr. Schweizer said. "If he can be a vice president that plays some kind of a policy role as Cheney has, as Gore did in the Clinton administration, then Jeb Bush will be interested."

Many assume that for now — at least partly at the urging of his wife, described as shy and eager to be out of the public eye — Mr. Bush will return to the private sector. He reported a net worth of $1.4 million in 2005, down from $2.4 million in 1998.

He was a partner in a major real estate development firm here until his first, unsuccessful run for governor in 1994, but Mr. Schweizer predicted that Mr. Bush might now seek out work involving the bioscience industry or the Latin American economy, both of which "he seems particularly animated by."

All indications notwithstanding, ardent admirers like Grover Norquist, the president of Americans for Tax Reform, are not giving up on the prospect of Mr. Bush jumping into the presidential race next year, especially if Senator Hillary Rodham Clinton of New York becomes the Democratic candidate.

"He could step in later than anybody else," Mr. Norquist said. "You can run for president with the last name of Bush, even though there is and will be Bush fatigue, in a year that you're likely to be running against someone whose last name is Clinton."

For the time being, Mr. Bush bought a car, a Chrysler 300C, and rented a $5,500-per-month, 3,949-square-foot condominium in Segovia Tower, a luxury building overlooking a golf course in lush Coral Gables.

"I have no idea what I will be doing next," he wrote by e-mail from Boca Chica, Fla., where he was vacationing with his parents. "My priorities are to hang out with my beloved wife (until she can't take it anymore! :)), work out every day and figure out what I will do next with my life."

As for the continued speculation, he wrote: "I am flattered that all sorts of people are interested in what I am going to do and many have offered advice as well. That will all subside soon."

Small signs suggest, however, that he will have a hard time giving up executive powers. He told reporters that while buying furniture recently, he had to stifle the urge to tell the store owner a better way of doing business — a trait his adversaries say they will not miss.

"Bush was the type that if you did not agree with him, he really didn't have time for you," said State Senator Frederica Wilson, Democrat of Miami. "He wanted you to rubber stamp every idea he had, and he wouldn't listen to reason."

Skip to next paragraph

Blog

The Caucus

Kate Phillips and The Times's politics staff report on the latest political news from around the nation.

More Politics NewsWhile Mr. Bush is internationally famous, Mr. Crist, who will be sworn in as governor on Tuesday, is a stranger to all outside Florida and, but for his native Tampa Bay region, not particularly well known within the state either. While Mr. Bush was ideologically driven, often making enemies in pursuit of "big, hairy, audacious goals" and divisive social policies, Mr. Crist seems above all a pleaser, avoiding firm opinions and promising to be "the people's governor."

Yet despite Mr. Bush's abrasiveness and the plunging popularity of his brother the president, he has remained well liked — or at least respected — to the end, a feat in a state as ethnically and politically divided as Florida. A poll last month by Quinnipiac University found that 57 percent of Floridians feel he did a "good" or "great" job as governor, compared with only 10 percent who said he had done a "bad" job.

Howard Simon, executive director of the American Civil Liberties Union of Florida, said the poll results reflected approval of Mr. Bush's persona more than of his policies. Mr. Simon pointed out that two major education initiatives during the governor's tenure — a costly effort to lower class size and another to provide universal prekindergarten classes — were passed by public referendum, over the governor's objections.

"It needs to be said that the personal appeal and likeability of Jeb Bush has led the press and the public to overlook the extremism of many of his policies," he said.

Several of Mr. Bush's pet initiatives in fact failed, including a school voucher program that the Florida Supreme Court found unconstitutional.

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But Mr. Bush pushed through $19.3 billion in tax cuts, put an unprecedented emphasis on standardized testing in public schools, privatized thousands of government jobs and ended affirmative action in public university admissions. He also persuaded the Scripps Research Institute and other bioscience research groups to open laboratories in Florida, which he says will make the state economy less dependent on tourism and create more high-paying jobs.

And he has appointed more than a third of the state's judges, assuring that his socially and fiscally conservative beliefs will continue to hold some sway.

While others have emoted about Mr. Bush's departure — including his father, who wept as he described his second son's "decency" and "honor" in a speech in Tallahassee last month — he has characteristically avoided introspection. Asked last month what he would miss most about the Governor's Mansion, he cited its beauty, its staff — and its towels.

"Fresh towels — all you want," he said. "Here, although I've been trained to do otherwise, it's just any time I want I can have many towels."

Bush The Younger Reticent On Future As Florida Term Ends (FT)

By Andrew Ward

Financial Times, January 2, 2007

When Jeb Bush was asked recently how he planned to spend his first day after stepping down as governor of Florida, he reeled off a checklist of things he wanted to do: "I hope to wake up. Work out. Maybe read the local paper. Sports page probably. Hang out with my wife."

About his longer-term plans, Mr Bush was more reticent. "I'm going to try to take some time off to reflect on what I should be doing and not rush into the next thing," he said.

However, Mr Bush's efforts to duck questions about his future seem unlikely to quash feverish speculation about what that "next thing" might be.

The 53-year-old brother of President George W. Bush finishes his second and final term as governor of the Sunshine State today when Charlie Crist, his Republican successor, is inaugurated in Tallahassee.

While his brother limps towards the end of his troubled presidency, the younger Mr Bush is leaving office on a high. A recent poll showed his approval rating at 63 per cent.

Praised for his hands-on leadership style, steady economic stewardship and deft handling of several hurricanes, Mr Bush is described by David Colburn, professor of history at the University of Florida, as "perhaps the most influential governor in state history".

Mr Bush has already rejected opportunities to jump straight into another big job, including Republican pressure for him to run for the Senate and an offer to become commissioner of the National Football League.

Friends say his priority is to make money, having seen his personal wealth shrink from $2.4m (£1.22m) to $1.4m during his eight years on the Florida governor's $130,000-a-year salary, according to public disclosures.

Few people, however, believe Mr Bush has permanently finished with politics. Although he has ruled out running for president in 2008, some analysts believe he could yet be persuaded to join the Republican ticket as nominee for vice-president.

Peter Schweizer, co-author of The Bushes: Portrait of a Dynasty, says Mr Bush has three main attractions as a vice-presidential candidate.

First, he would improve the Republicans' chances of winning Florida, likely once again to be a crucial battleground state.

Second, he would bring the formidable fundraising power and political machinery of the Bush family.

Third, his solid record of social and fiscal conservatism would reassure grass roots Republicans if a more moderate candidate, such as John McCain, heads the ticket.

Mr Bush has cut taxes, vetoed spending bills and led the ill-fated fight to save Terri Schiavo, the brain-damaged woman whose case became a cause célèbre for the Christian right before her death in 2005.

"If you asked most Americans, they would have the opposite impression but Jeb is more conservative than his brother," says Mr Schweizer.

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But great as his appeal may be to many Republicans, most analysts believe 2008 is too soon to ask the broader US electorate to vote for another Bush, even as vice-president.

"America has had its fill of Bushes," says Larry Sabato, professor of politics at the University of Virginia. "I don't think [the vice-presidential nomination] will be offered to Jeb and, if it were, I don't think he would accept. Unlike Hillary [Clinton], he's smart enough to understand that American voters don't like dynasties."

Polls show that the rest of the country does not share Florida's enthusiasm for Mr Bush, with only 28 per cent of US voters expressing a favourable opinion of him and 45 per cent voicing an unfavourable opinion in a recent survey.

Mr Bush started his working life with Texas Commerce Bank, now part of JPMorgan Chase, for whom he spent two years setting up its operation in Venezuela. His family eventually settled in Florida, where Mr Bush became a partner in a real estate development company and dabbled in entrepreneurial ventures, ranging from part ownership of a football team to exporting water pumps to Nigeria, with mixed success.

History could have turned out differently had Mr Bush not lost his first run for the Florida governorship in 1994, the same year his brother was elected governor of Texas.

"The overwhelming consensus was that Jeb was going to win and George W. was going to lose," recalls Mr Schweizer. "Had that happened, it's safe to assume Jeb would have ended up running for president rather than his brother."

Asked by Spanish-language reporters last month about his political future, Mr Bush replied: "No tengo futuro. (I have no future.)" But in an earlier interview he indicated his ambitions were not yet fulfilled.

"I hope there's more to remember than the first 53 years of my life," he said. "There's stuff to do. I don't know what it'll be but Ihope to be remembered by a larger body of experiences than what I've had sofar."

Senate Panels To Supply Soapbox (WT)

By Christina Bellantoni

The Washington Times, January 2, 2007

Senate Democrats interested in White House bids will get tons of free publicity starting in January with new and prominent posts on key panels.

Senators hoping to pontificate on Iraq, global warming or health care policy will enjoy multiple hearings -- some televised live -- and the amplified political microphone that comes with being in the majority party.

Among the five Democratic senators who are widely expected to seek their party's presidential nomination, three will hold chairmanships when the 110th Congress opens Thursday.

Sen. Joseph R. Biden Jr. of Delaware will assume the most prominent post of the bunch as incoming chairman of the Foreign Relations Committee. Already, the presidential aspirant has promised three weeks of hearings on the Iraq war, complete with testimony from Secretary of State Condoleezza Rice and new Defense Secretary Robert M. Gates.

Mr. Biden last month announced he will fight President Bush if he proposes sending a surge of troops to Iraq, calling such a move "escalation."

Sen. John Kerry of Massachusetts will be chairman of the Small Business and Entrepreneurship Committee, and Sen. Christopher J. Dodd of Connecticut will lead the Banking, Housing and Urban Affairs Committee.

Mr. Kerry said a lack of health insurance for small-business workers is one of the country's greatest challenges and said his committee will look at the tax code for small firms as well as loans for minority, female and veteran entrepreneurs.

"Small businesses are the heart of the American economy and the place where American dreams rise and fall every day," said Mr. Kerry, the 2004 Democratic presidential nominee, who is considering a second try for the White House.

Mr. Dodd's panel is tasked with oversight of the country's largest financial-services companies and government agencies such as the Federal Reserve Board and Department of Housing and Urban Development.

The committee also will examine foreign investment in the United States in the aftermath of the Dubai ports debacle and will look at strengthening the country's rails, ports and roads systems against terrorism, Mr. Dodd said.

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Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois, who have not yet said officially whether they intend to run for president, do not have enough seniority to lead a Senate panel. But chances are they will have plenty to say, as each will hold posts on major committees.

Mrs. Clinton, the former first lady just elected to a second Senate term, sits on the Armed Services Committee, which also examines war policy. Mrs. Clinton's Web site includes video links to her grilling Mr. Gates before his confirmation and her questioning of the Iraq Study Group.

Mrs. Clinton has the opportunity to square off with fellow Armed Services member Sen. John McCain of Arizona, the presumed Republican front-runner for his party's presidential nomination.

The two disagree on Iraq policy, with Mr. McCain calling for more troops and Mrs. Clinton saying she cannot support such a plan unless it helps end the sectarian violence in Iraq.

Mrs. Clinton also is a member of the Environment and Public Works Committee, giving her an opportunity to showcase her environmental platform during what are expected to be in-depth hearings on global warming.

On that panel, Mrs. Clinton will be chairman of the Superfund and waste management subcommittee.

Mrs. Clinton, Mr. Obama and Mr. Dodd all will sit at the dais of the Health, Education, Labor and Pensions (HELP) Committee.

Mr. Obama, a former state senator first elected to the Senate in 2004, assumes a fourth committee post in the coming session. He dropped his spot on the environment panel and added the HELP panel and the Homeland Security and Governmental Affairs Committee, which deals with terrorism matters and governmental oversight.

"I hope to address the growing health care crisis in our country and focus on legislation that will help working families adjust to the ever-changing global economy," Mr. Obama said when announcing the post.

He is already a member of Mr. Biden's Foreign Relations panel and of the Veterans' Affairs Committee.

Mr. Biden will have his hands full. Counting himself, there are four Democratic presidential hopefuls on his committee, in addition to Republican Sen. Chuck Hagel of Nebraska, who is reported to be considering running for president.

Foreign Relations Committee members Mr. Dodd, Mr. Kerry and Mr. Obama will get the opportunity to pepper administration officials with questions on Iraq and influence war policy during hearings that are likely to receive extensive television coverage.

Dodd Well-positioned For White House Bid (AP)

By Andrew Miga

AP, January 2, 2007

WASHINGTON — The White House isn't the only prestigious address on Sen. Christopher Dodd's mind as he nears a decision on whether he'll plunge into a crowded field of Democratic presidential contenders.

Wall Street also looms large. The Connecticut senator will become chairman of the Senate Banking Committee in Congress, giving him oversight of the nation's banking, financial services and insurance industries. The post will create new fundraising opportunities — a potential boost for a longshot prospect like Dodd who must prove he can raise the tens of million of dollars needed to stay competitive in the 2008 campaign.

"Any time you are chairman of a committee that oversees, arguably, the wealthiest sector of society, that's a significant opportunity to raise some real dough," said Chris Lehane, a Democratic strategist from several presidential campaigns. "But it's potentially a double-edged sword."

The senator has accepted millions of dollars in contributions from Wall Street interests during his 25 years in the Senate, but his new chairmanship, plus his White House ambitions, have upped the ante.

"It's a tightrope walk when you're the chairman of a committee that regulates the industry that gives the most money to politics, in general," said Massie Ritsch, communications director of the Center for Responsive Politics, a nonpartisan watchdog group. "It has to be tempting to take a lot of money from this industry, because they want to give it so much."

A surge of Wall Street money could initially boost Dodd's prospects. But it could also undercut his efforts to cast himself as a champion of average working Americans.

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"One of the first places people look is where your campaign cash comes from, and if it came from an industry that you regulate, you're going to have to answer questions about potential conflicts of interest and being too cozy with Big Business," said Ritsch.

A campaign spokeswoman for Dodd, whose state is home to big insurance companies, said he would be the same independent voice on the banking panel he's always been. The senator will follow the letter of the law on fundraising, and conduct himself as "a thoughtful and independent chairman who listens to all sides of an issue and enacts public policy that is in the best interest of the American people," spokeswoman Beneva Schulte said.

Dodd, 62, is prepping for a White House bid that even he acknowledges is a longshot.

Amid the Democratic pack of potential candidates dominated by heavyweights like New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama, raising enough money to compete will be one of Dodd's most pressing challenges.

Dodd refused to divulge his current fundraising totals. But at the end of September, he had about $1.8 million in his Senate campaign account. His political action committee's cash balance was $167,526 in November.

Dodd's numbers are eclipsed by potential rivals Clinton and Massachusetts Sen. John Kerry, the 2004 Democratic presidential nominee, who each have about $14 million in campaign funds.

Candidates will need to raise $50 million by the end of the primary season, said Steve Grossman, a veteran party fundraiser and former Democratic National Committee chairman.

"There's not a whole lot of oxygen left in the room when you get beyond the two presumptive front-runners," Grossman said of Clinton and Obama.

If Dodd jumps into the race, he needs to show fundraising muscle soon, said Grossman.

"How quickly Dodd can get to $10 million is important," said Grossman. "March matters. March is about momentum ... The process unfolds so quickly. Chris Dodd has to be able to see a clear path to $10 million by June."

Beyond Wall Street, Dodd, a former national party chairman, has a national network of supporters, including many in the Jewish community, that he can build on, said Grossman.

Veteran Democratic strategist Bill Carrick predicted Dodd would have enough cash. "But you gotta catch on, that's really the trick for Dodd," Carrick said.

Dodd is a familiar figure in the financial world, having served on the banking panel for 25 years. He also has been a strong consumer advocate on lending issues, said Travis Plunkett, legislative director of the Consumer Federation of America, a nonprofit advocacy group. The federation, however, has disagreed with Dodd on some securities and insurance issues.

Securities and investment industry interests have given $2.18 million to Dodd since 1989, according to the Center for Responsive Politics. It was the most money Dodd got from any industry. Insurance industry sources gave $1.08 million, the center's statistics showed, while commercial bank interests gave $553,719.

McCain Likely To Run From Atop Defense Panel (WT)

By Rowan Scarborough

The Washington Times, January 2, 2007

Sen. John McCain is set this week to assume the senior Republican spot on the Armed Services Committee as he sets the stage for a presidential run while serving as his party's top Senate spokesman on defense issues.

Republicans lost control of the budget- and policy-making committee in the November elections. Chairman John W. Warner, Virginia Republican, hands the gavel to Sen. Carl Levin, Michigan Democrat. Because of term limits, he then relinquishes the ranking Republican position to Mr. McCain of Arizona.

Mr. McCain is widely expected to formally announce this year that he is seeking the Republican presidential nomination. His staff and outside advisers have been working in recent weeks to piece together a minority committee staff that can operate while he is on the campaign trial.

Former Senate staffers say one of the finalists for the key post of minority staff director is Michael V. Kostiw, who was an aide to former Rep. Porter J. Goss on the House Intelligence Committee. Mr. Kostiw has worked as an Army Reserve intelligence

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officer, a CIA clandestine officer and an oil company executive. He worked for Mr. Goss when the former congressman headed the CIA.

"If they ask me, I'll do it," Mr. Kostiw said in an interview. "I've known [Mr. McCain] for a long time. I think he is a great American."

Mr. Kostiw still works for the CIA on a contract basis.

Charles Abell, Mr. Warner's staff director, is moving on, as is the normal shift when a new senator assumes control of a committee staff.

Former staffers say Mr. McCain's search team has used the word "adult" to describe the kind of staff director they were seeking -- someone who could be trusted to carry out assignments while Mr. McCain addressed presidential politics outside Washington.

Republicans meet Thursday to pick ranking committee members. Mr. McCain's spokeswoman did not return a phone message last week.

Mr. McCain, a former Navy fighter pilot held captive in North Vietnam, relies on an inner circle of aides and friends to advise him on national security issues.

One is James F. McGovern, who, like Mr. McCain, is a former Navy fighter pilot and Annapolis graduate. The two worked together when Mr. McGovern was staff director of the Senate Armed Services Committee in the 1980s. He later became undersecretary of the Air Force.

Mr. McGovern played a role in finding candidates for the staff director's job. Former Senate aides say the list was long. Some were eliminated; at least one was said to take himself out of consideration.

Another McCain adviser is retired Navy Adm. Charles Larson, a classmate of Mr. McCain's at the Naval Academy.

But his closest confidant is his chief of staff, Mark Salter, with whom he has written four books, including the 1999 best-seller, "Faith of My Fathers: A Family Memoir."

There is a precedent for a senator holding a leadership post and running for president: Former Sen. Bob Dole, then the majority leader, captured the Republican nomination in 1996. He resigned from the Senate before the fall campaign.

Clinton-Obama Differences Clear In Senate Votes (WP)

By Shailagh Murray

The Washington Post, January 2, 2007

The attack ads practically write themselves: Hillary Clinton voted against ethanol! Barack Obama wants to increase taxes!

Such are the perils of running for president as a senator. The two front-runners for the 2008 Democratic nomination are newcomers to the chamber. But in the two years that Clinton and Obama have overlapped, they have taken opposite sides at least 40 times. That's a lot of material to mine, and even misrepresent.

Of the eight senators pondering presidential runs, Clinton (N.Y.), who is completing her first Senate term, and Obama (Ill.), sworn in two years ago, have the briefest voting histories. The Senate has held 645 roll-call votes during their shared tenure, and more than 90 percent of the time the two senators stood with other Democrats. They opposed John G. Roberts Jr.'s nomination as chief justice, supported increased funding for embryonic stem cell research and backed the same nonbinding measure that urged President Bush to plan for a gradual troop withdrawal from Iraq.

But other votes reveal important differences between the Democratic rivals that distinguish them as they prepare to launch their anticipated candidacies. The areas of dispute include energy policy, congressional ethics and budget priorities, relations with Cuba, gun ownership, and whether a senator can hold a second job.

In corn-growing Iowa, the first stop in the presidential nominating process, Clinton will have to explain the ethanol vote she cast on June 15, 2005. The senator recently softened her stance, but she is on record opposing a large federal boost for the grain-based fuel.

And Obama voted to increase taxes when he opposed a package of business breaks that included the extension of middle-class provisions. Clinton voted for the tax bill -- before she voted against it, as did Obama, in the legislation's final form.

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As Sen. John F. Kerry (D-Mass.) and former senator Robert J. Dole (R-Kan.) discovered in previous campaigns, the Congressional Record is a minefield for White House contenders, a catalogue of provincial concerns, convoluted logic and compromised principles.

"A senator is called upon to vote on almost everything," said former senator Thomas A. Daschle (D-S.D.), who recently decided against a 2008 bid. Legislative records become "an inviting target for any political opponent," he said, because so few votes speak for themselves, much less reflect a lawmaker's true ideals. The Senate's unofficial motto: Don't let the perfect be the enemy of the good. That's hard to explain in a debate, Daschle noted.

One of the sharpest substantive divides is over ethanol, an issue of particular potency in Iowa. The vote in question was an effort to block a proposed amendment to the 2005 energy bill that would have established an ethanol mandate for refineries. "If there were ever an onerous, anti-competitive, anti-free-market provision, this is it," said Sen. Charles E. Schumer (D-N.Y.), who led the effort and who warned that non-farming states could face spikes in gasoline prices because of supply limitations. Clinton at the time was campaigning for reelection and was one of 28 senators to support her colleague's failed bid.

At the time, New York had no ethanol industry. Iowa has more ethanol plants than any other state. "If someone voted or has a position against ethanol, it will be used by their opponents and it will be another issue they need to overcome" with voters in the Iowa caucuses, said Steffen Schmidt, a professor of political science at Iowa State University.

Over the past year, Clinton has warmed to ethanol. Buffalo has decided to build a big ethanol plant, making the issue a home-state concern. In May, Clinton said current ethanol production is "a long way from helping us deal with our gas problems" and added: "We need to be moving on a much faster track."

Obama voted for the ethanol mandate. "As a senator from a corn-growing state, Obama will have no problem on the ethanol issue and can tout his credentials on this score with a clear conscience," said Peverill Squire, who teaches politics at the University of Iowa.

The two Democrats differed on other energy-related issues. In August, Clinton supported a bill to expand oil and gas production in the Gulf of Mexico, while Obama voted against it. During the 2005 energy debate, Obama backed an increase in vehicle fuel-efficiency standards, which Clinton opposed. Clinton voted against the energy bill itself because it was stuffed with oil industry incentives. But Obama supported the legislation because it included language that would double ethanol demand by 2012.

Another fault line is spending. Obama sided with fiscal conservatives on several high-profile measures to strip funding for pet projects, including a widely criticized Pentagon travel system and the relocation of a railroad line along the Mississippi Gulf Coast that was part of a Hurricane Katrina redevelopment project. Clinton voted in favor of the projects.

One budget-related vote with broader political implications would have stripped funding for TV Marti, which beams television programming to Cuba, though the Cuban government jams the signal. Critics in Congress complain that the United States has spent almost $200 million on the failed effort and have targeted the program year after year.

Obama twice voted to cut off TV Marti funding, while Clinton supported maintaining it. Those votes will have resonance in Florida, which is a key primary state and may reschedule its 2008 primary date from March to February.

Obama spokesman Robert Gibbs said the senator's opposition to TV Marti was primarily about cost. But within Florida's large Cuban exile population, one of the most powerful voting blocs in the state, Clinton's and Obama's stances ally them with distinct groups: the older hard-liners and a younger, more progressive group of second-generation Cuban Americans and more recent immigrants whose numbers are growing. Clinton "is going with the status quo," said Sergio Bendixen, a Miami-based pollster who specializes in Hispanic voters. Obama, he said, "is with the position of change."

The senators differed on a July 13 vote that would prohibit the confiscation of legally held guns during natural disasters -- a response to seizures by law enforcement officials in the New Orleans area after Hurricane Katrina. Obama voted to ban confiscations; Clinton was one of 16 senators opposing the restrictions.

In late 2005, Obama allied with Republicans to support creating an exception to Senate rules to allow Sen. Tom Coburn (R-Okla.) to continue practicing medicine on a not-for-profit basis. Clinton opposed the change, an aide explained, because she believes that senators should not have a second source of income. Gibbs said that Obama, as an author of two best-selling books, was sympathetic to Coburn's request.

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In several instances, Clinton and Obama voted against measures that they supported in principle, because the bills were not strong enough. Clinton opposed a restructuring plan for the Federal Emergency Management Agency that Obama and 86 other senators backed, because it did not restore the Cabinet-level status that FEMA had attained under President Bill Clinton, her husband. One of Obama's chief interests in the Senate has been ethics reform, but he was one of eight senators to oppose a bill aimed at tightening lobbyist rules because it was not strong enough. Clinton supported the initiative.

"You're voting for so many things that can be misconstrued," said Steve Elmendorf, a Democratic lobbyist and former campaign adviser to presidential candidates Richard A. Gephardt (D-Mo.), a House member for nearly 30 years, and Kerry, a four-term senator. "It's great if you're the opposition."

Talkin' 'Bout My New Generation (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, January 2, 2007

Barack Obama has spent the past two weeks in splendid seclusion, far away from the campaign trail, in Hawaii. The Illinois senator caught up on family news with his grandmother and sister, who live on Oahu, played golf with pals, and, if the past is any guide, engaged in some fierce Scrabble. This is the way Obama has spent Christmas for many years.

But this time, there's been a big difference. Topic A was a momentous one–deciding, after talking with his wife, Michelle, relatives, friends, and advisers, whether to run for president in 2008. He is expected to enter the race, and he plans to announce his decision in the next few weeks.

But regardless of whether he runs, the intensity of Obama-mania suggests that the political and societal forces he represents–particularly a desire for new ideas, new faces, and a less rancorous brand of discourse–will shape the next election. Other Democratic presidential wannabes are testing the same themes, including former North Carolina Sen. John Edwards, who announced last week, and Iowa Gov. Tom Vilsack. But so far, it is Obama who has ridden the desire for change the furthest and the fastest. The 45-year-old freshman senator has come within striking distance of Hillary Rodham Clinton in the national polls for the Democratic nomination, is running even with her in New Hampshire, site of the first primary, and has quickly developed a reputation as one of the most charismatic politicians in years.

"I think there is a great hunger for change in the country–and not just policy change," Obama told U.S. News. "What I also think they are looking for is change in tone and a return to some notion of the common good and some sense of cooperation, of pragmatism over ideology. I'm a stand-in for that right now."

Comparisons. In his new book, The Audacity of Hope, Obama makes a rather audacious comparison–indirectly raising the prospect that he has a generational appeal reminiscent of John F. Kennedy's in 1960 and signaling that he is ready to capitalize on baby boomer fatigue. "The politics of today suffers from a case of arrested development," Obama writes. "In the back-and-forth between [President Bill] Clinton and [former House Speaker Newt] Gingrich, and in the elections of 2000 and 2004, I sometimes felt as if I were watching the psychodrama of the baby boom generation–a tale rooted in old grudges and revenge plots hatched on a handful of college campuses long ago–played out on the national stage. The victories that the Sixties generation brought about–the admission of minorities and women into full citizenship, the strengthening of individual liberties, and the healthy willingness to question authority–have made America a far better place for all its citizens. But what has been lost in the process, and has yet to be replaced, are those shared assumptions–that quality of trust and fellow feeling–that bring us together as Americans."

One of his objectives, it seems, is to set himself apart from Hillary Clinton. "Hillary Clinton is very much a creature of the 1960s and the 1970s, when she came of age," says Boston University historian Julian Zelizer. Obama seems to be trying to pigeonhole her as a politician stuck in the past.

'A Great Hunger For Change' (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, January 2, 2007

Amid his deliberations on whether to run for president, Illinois Sen. Barack Obama talked by phone with U.S. News Chief White House Correspondent Kenneth T. Walsh. He discussed politics, policy, and what he might bring to the presidential race,

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and he said the excitement he's generating is linked to a pervasive desire for a new politics of hope, reconciliation, and fresh ideas. Excerpts:

What are you learning about the mood of Americans during your travels around the country? I think there is a great hunger for change in the country–and not just policy change. ... What I also think they are looking for is change in tone and a return to some notion of the common good and some sense of cooperation, of pragmatism over ideology. I'm a stand-in for that right now. I'm not the only one. There's Deval Patrick in Massachusetts, Brian Schweitzer in Montana, Eliot Spitzer in New York [all Democratic governors]. ... There is something new that is out there, but it hasn't fully expressed itself.

How much of the current ferment is due to "baby boomer fatigue"? There is a weariness with the ideological battles and cultural wars of the past. Too much of our policy is framed in terms of the debates of the Sixties.

What's gone wrong with the Bush presidency? This has been the most ideological administration in my lifetime, even more so than the Reagan administration. The Reagan administration, despite the rhetoric, could be pragmatic.

You have strongly opposed the war in Iraq. Why? It's a classic example of ideology trumping reality. The country has now rejected that approach to governance.

How do you explain Bush's failure so far to win congressional approval for overhauling Social Security? The Bush administration insisted on privatization as the only approach to reform and put it forward as the only [alternative], and as a result we have nothing.

If you run for president, you will be subject to attacks on your background and views, even though you are calling for a more positive brand of politics. How do you react to that prospect? I have confidence in the American people, and if I have the opportunity to speak to them, they will look beyond the negative. ... When I came to Chicago 20 years ago, I didn't know a single person. I didn't come from a political family. Now I'm in the U.S. Senate. Chicago is considered a tough political town, and I succeeded.

The biggest question among politicians and pundits is, will you run for president? What's your timing? If I want to run a competitive race, I would get in in January.

Romney To Submit Paperwork For 2008 Bid (AP)

By Glen Johnson

AP, January 2, 2007

Gov. Mitt Romney this week will submit the necessary paperwork to form a presidential exploratory committee, but not until funeral services for former President Gerald R. Ford have concluded, according to a top aide familiar with his plans.

Romney will file by Wednesday with the Federal Election Commission, the aide said, a registration that will allow the Massachusetts governor to raise and spend money in pursuit of the 2008 GOP nomination.

Romney, like Ford, is from Michigan. Sen. John McCain, R-Ariz., and former New York Mayor Rudy Giuliani, have already taken the same step.

Romney ended a 10-day vacation at his home in Utah on Monday, and he had intended to file his paperwork on Tuesday, the first business day of the new year. But Ford's death on Dec. 26 triggered a mourning period that will close federal offices and the U.S. Postal Service on Tuesday, and the former president will be buried Wednesday in Grand Rapids, Mich.

"We want to be very, very respectful of that," said the Romney aide, who spoke on the condition of anonymity pending the creation of the presidential committee.

Ford's death overshadowed last week's presidential announcement by former Sen. John Edwards of North Carolina, who declared he would seek the Democratic nomination.

While the committee filing will be labeled "exploratory," it will declare Romney as an official presidential candidate and commit him to the same fundraising and reporting rules he will have to follow when, as is expected, he transitions to a formal presidential campaign committee.

A formal announcement is expected sometime later this year, although Romney is planning a major fundraising event in Boston on Jan. 8 to propel his candidacy.

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Romney aides believe the governor, the son of George Romney, a 1968 presidential candidate and the former governor of Michigan, can find a following as a youthful alternative to McCain and a more conservative candidate than Giuliani.

If successful, Romney would become the first Mormon elected president.

The 59-year-old is a former venture capitalist who made hundreds of millions of dollars at Bain Capital helping start such companies as Staples, the office-supply giant. He took over the 2002 Olympic Winter Games in Salt Lake City following a bid-rigging scandal that was an embarrassment to Utah, the United States and the International Olympic Committee.

In 2002, he returned to Massachusetts and won a four-year term as governor, his first and only stint in elective office. He unsuccessfully challenged Sen. Edward M. Kennedy, D-Mass., for the U.S. Senate in 1994.

At 5 p.m. Wednesday, Romney will take the "lone walk" down the 31 steps of the Massachusetts Statehouse, a ceremonial departure reserved for presidents, heads of state and departing governors. On Thursday, Democrat Deval Patrick will be sworn in, the first black governor in the state's history and only the second elected in the nation since Reconstruction.

Romney will not attend the ceremony, instead settling into his new campaign headquarters in the city's North End. Aides began moving into the building on Monday, another sign of the impending campaign.

The governor plans to base his campaign out of Massachusetts primarily for logistical reasons, rather than Michigan, his birth state and host to a key early presidential primary, or Utah, a power base in the politically important Mountain West.

Aides say the governor relishes returning to his wife, Ann, and his Belmont home after a stretch of campaign travel. Basing the campaign in Boston also allows him easy access to political consultants in Washington and financial backers in New York.

In addition, it will allow him easier access to New Hampshire, which holds the first presidential primary, and will allow him to stay either in Massachusetts or a second vacation home in the Granite State.

Spitzer Is Sworn And Begins Push On Ethics Rules (NYT)

By Danny Hakim

The New York Times, January 2, 2007

ALBANY, Jan. 1 — Eliot Spitzer ended 12 years of Republican rule here on Monday with a blunt critique of the past and a call to “end the politics of cynicism and division in our state.”

With his predecessor, George E. Pataki, gamely looking on, Governor Spitzer said in his 20-minute inaugural address that New York, “like Rip Van Winkle,” had “slept through much of the past decade.” He pledged to undertake reforms “substantial in size and historic in scope” and hinted at some of the contentious battles to come, including his plans to reshape state Medicaid and ethics policies.

The speech was the beginning salvo in what many see as a gargantuan challenge Mr. Spitzer has set out for himself — to overhaul a state government paralyzed by gridlock and consumed by recurring scandals.

Yet Mr. Spitzer’s work began hours before the speech: He signed five executive orders before 9 a.m., including directives establishing new ethical guidelines for state workers, among them a ban on accepting almost any gifts, as well as new restrictions on lobbying and the use of state resources. He also barred elected officials or candidates from appearing in advertisements paid for by state entities, a frequent practice of Mr. Pataki.

In his speech, Mr. Spitzer, 47, laid out what he said were “two overarching objectives”: making the government “ethical and wise,” and rebuilding the economy. He has said that addressing the struggling upstate economy would be a particular priority, but acknowledged the difficulty in reviving regions like the Buffalo area that have seen an exodus of manufacturing jobs.

The speech capped a whirlwind day in which the new governor took the official oath of office at midnight and, after sleeping about three hours, arose for a two-mile run through a chilly Albany rain. The rain stopped before the inauguration, though temperatures stayed in the 40s. After his 1 p.m. address, he revived an Albany tradition by opening the Executive Mansion to the public, and he and his wife, Silda Wall Spitzer, received 1,200 well-wishers. The inaugural speech was itself a break with tradition in that it was held outdoors, with Mr. Spitzer clad in a suit but no overcoat for the hourlong ceremony.

The change of leadership seemed to electrify a capital that has had Mr. Pataki as its governor for the last 12 years. Democrats were elated at the prospect of being at the seat of power for the first time since Mario M. Cuomo was voted out of office in 1994, while Republicans feared that Mr. Spitzer’s ascension could weaken their already tenuous hold on the State

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Senate, their only redoubt of power. Lobbyists, gathering for the legislative session that begins this week, worried about how the new power structure would affect their work.

Hovering over the inauguration was the fallout from the ethical scandals that have enveloped Albany. Only three of the four statewide officials elected in November took their oaths, because the comptroller, Alan G. Hevesi, resigned late last month and pleaded guilty to a felony after admitting to using state workers to chauffeur and act as companions for his ailing wife.

One of Mr. Spitzer's executive orders, prohibiting the use of state property, including vehicles, computers and telephones, for nonofficial business, seemed aimed at curbing such behavior. The order said that individuals authorized by their agency to use a vehicle for personal purposes "shall keep records of such use, and the value of such personal use shall be calculated and reported as personal income."

In his address, Mr. Spitzer said, "Over the last decade, we have seen what can happen when our government stands still in the face of great challenge."

"Today is the day when all of that changes," he added.

His pointed attacks on Albany's problems ruffled some Republican feathers.

Asked about the Rip Van Winkle line specifically, the Senate majority leader, Joseph L. Bruno, now the state's top Republican, said, "I don't agree with that."

"I think history will judge the last 12 years, with this governor that's exiting, to have been one of the most productive 12 years for the people of New York State," he said. "And history will judge that — not rhetoric."

Mr. Bruno and Assembly Speaker Sheldon Silver, a Democrat, have essentially been running the state with Mr. Pataki for the last decade. Mr. Silver, for his part, said he took no offense, adding, "I think it was very clear that his references were to the prior administration."

The new governor began the new year at the Executive Mansion, where he was sworn in at midnight by Judge Robert W. Sweet of Federal District Court in Manhattan. Mr. Spitzer was once a clerk for Judge Sweet, who also swore him in later at the public inauguration.

Most of the major political figures in the state were present at the afternoon ceremony, including Mayor Michael R. Bloomberg and much of the state's Congressional delegation. Senator Hillary Rodham Clinton was in Washington attending memorial services for former President Gerald R. Ford. After Mr. Spitzer's speech, Judy Collins sang "This Little Light of Mine," a song that had been used in one of Mr. Spitzer's political ads during the campaign.

Further symbolizing the return of Democratic rule was the swearing-in of Andrew M. Cuomo as attorney general to replace Mr. Spitzer. His father, the former governor, was by his side. David A. Paterson was sworn in as lieutenant governor, the first African-American to hold the post.

The new attorney general signaled that he, too, would begin moving to confront the ethical challenges in the capital, as Mr. Cuomo planned meetings Tuesday with the Albany Country district attorney, P. David Soares, who prosecuted Mr. Hevesi, and David Grandeau, the head of the state's Lobbying Commission.

All in all, it was a day characterized by a rush of activity in a capital where Mr. Pataki had been increasingly invisible.

In signing his executive orders, Mr. Spitzer said he was fulfilling a promise "that one of the first acts I would take as governor, officially, was to put in place a series of ethics guidelines and strictures that would begin the process of restoring government to what it should be, which is responsive, open, transparent, available to the public.

"I am hoping that others in other branches will join me in this," he added.

Mr. Spitzer prohibited nepotism in hiring and contracting, and barred former state workers from lobbying the agency or authority where they worked for two years after their departure. State employment officials were also barred from asking job candidates about their party affiliation.

Mr. Spitzer also prohibited state workers from making contributions to the campaigns of the governor or lieutenant governor, or affiliated political action committees.

He signed the orders on a desk once used by Theodore Roosevelt, in a room of the mansion known as the History Room, which also displays a wheelchair used by Franklin D. Roosevelt.

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After Mr. Spitzer finished and had answered some questions, he strode out of the room, but he and his wife quickly came back after his dogs Jesse, a bichon frisé, and James, a wheaten terrier, bolted in and began barking at reporters, one of several appearances the dogs made throughout the day.

In his inaugural address, attempting to outline his political philosophy, Mr. Spitzer called for New York to "embrace a progressive vision of government once more, one that upholds the values of individuality and community; of entrepreneurship and opportunity; of responsibility and fairness."

"No one any longer believes in government as a heavy hand that can cure all our ills," he said, "but rather we see it as a lean and responsive force that can make possible the pursuit of prosperity and opportunity for all, by softening life's blows, leveling its playing field and making possible the pursuit of happiness that is our God-given right."

Inaugural Options: To Go Populist Or Plush? (WSJ)

By Christopher Cooper

The Wall Street Journal, January 2, 2007

Chevron Corp. maxed out on its permissible yearly political contributions to California Gov. Arnold Schwarzenegger's re-election campaign with a single donation of $22,300 early in 2006.

But that didn't stop the big oil company from chipping in $50,000 to be a "Gold Sponsor" of the governor's inaugural celebration. The contribution, one of the five largest that the inaugural committee received, gives Chevron officials access to the Republican governor at two events for sponsors and an invitation-only black-tie ball.

IN SUMMARY

• The Situation: Some governors fund inaugural festivities with money raised outside campaign-finance restrictions.

• What It Means: Events are often bankrolled by the same people and groups that finance political campaigns.

• What's at Stake: Unregulated donations may increase special interests' access to and influence on elected officials.

Thirty-six states elected governors in 2006 -- victories that will be celebrated this month with parties ranging from modest to star-studded. Several will cost $1 million or more. Many inaugural events will be exclusive affairs, paid for by nonprofit committees that aren't subject to state campaign-donation limits or reporting requirements designed to contain influence on elected officials. In essence, they are parties bankrolled by private groups that often solicit donations from the same people and entities that fund the campaigns.

In California, Chevron's sponsorship comes as the Schwarzenegger administration is promulgating rules to regulate greenhouse gases and weighing an ambitious alternative-energy package -- two issues with big implications for Chevron's bottom line. But the San Ramon, Calif., company doesn't consider the inaugural gift a political contribution, a spokesman says. Indeed, such a large contribution would be illegal under California's campaign-finance laws.

In a few cases, such unregulated fund-raising has caused headaches for new governors, many of whom were elected on reform or populist platforms. In Florida, governor-elect Charlie Crist, a Republican, canceled plans for a donors' ball when he was cited in the media for his no-limits donations drive. "A glitzy black-tie gig didn't sound right to me," Mr. Crist says. With state residents facing an insurance crisis and spiraling property-tax increases, he says, scaling back "is the right thing to do."

Mr. Crist, who initially received several large donations for his inaugural, including $100,000 from a longtime friend, returned much of that money and imposed a $10,000 limit on contributions -- still a hefty sum beyond the means of most private citizens. But even that didn't stop one Florida corporation from skirting at least the intent of Mr. Crist's directive. Closely held U.S. Sugar Corp., which had $40,000 of its $50,000 donation returned, re-topped the inaugural kitty by contributing $20,000 more through a pair of wholly owned subsidiaries. A spokeswoman for Mr. Crist says the extra donations were permitted because such contributions would be allowed under Florida's campaign-finance law.

Mr. Crist says donors shouldn't expect anything special from him. "A thank-you note and good government," he says. "They'll be disappointed if they're expecting anything else."

In Arkansas, governor-elect Mike Beebe, a Democrat, is walking a fine line between populism and exclusivity. Corporate sponsorships for inauguration festivities range between $2,000 and $25,000 -- and Mr. Beebe promises to list every sponsor in

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the event program. In addition, he plans a series of public events held under the banner of the state's Democratic Party, with ticket prices ranging from $25 to $100. Money left over after costs are covered will be turned over to the party.

But in Massachusetts, incoming Democratic Gov. Deval Patrick has drawn criticism for planning a sprawling inaugural celebration that includes seven statewide events culminating in a outdoor swearing-in ceremony in downtown Boston on Thursday. Financing for the event is being handled by the Patrick/Murray Inauguration Committee, which allows donations of as much as $50,000. Local newspapers and good-government organizations have faulted the governor-elect for allowing such large donations, declining to disclose contributors, and choosing fund-raisers with ties to state contracting.

Mr. Patrick has said he won't accept donations from gun makers, tobacco interests, casino operators and contractors connected to the troubled "Big Dig" tunnel project in Boston. But as the Boston Globe recently reported, much of the fund-raising for the events is being conducted by lobbyists whose clients include Big Dig contractors and others who do business with the state.

A spokeswoman for Mr. Patrick, Cindi Roy, says the governor-elect makes a distinction between those who are raising money and donors who may have business before the state, and is striving to raise at least half the money from ordinary citizens. She says Mr. Patrick intends to disclose the donors, though probably not until after the inaugural. "He has pledged to run this government in an open and transparent way, and that means the inauguration, too," Ms. Roy says.

In some states, leftover campaign funds help to pay for inauguration parties. Mr. Patrick considered but rejected that method. Campaign contributors "shouldn't be asked to fund a celebration that they should have the right to participate in," Ms. Roy says.

New York's incoming Democratic governor, Eliot Spitzer, decided that using leftover campaign money for his Jan. 1 inaugural in Albany would avoid controversy. The multievent celebration, estimated to cost about $1.5 million, included an oath-taking in Albany and an open-house at the governor's mansion but no private events.

Mr. Spitzer decided early on that raising money outside New York's campaign-finance laws was a bad idea, his spokeswoman says. "By avoiding inaugural fund-raising, we remove any perception that donations were made to curry favor with the incoming administration," spokeswoman Christine Anderson said via email. By using campaign money, "it will all be reported on our next [campaign disclosure], meaning the public/press can see every dollar spent."

During his campaign, Mr. Spitzer -- New York's former attorney general -- returned checks from 93 contributors who offered a total of $250,368. Many came from companies and individuals who have tangled with his office in the past, are under criminal investigation or are presumed to be connected to a continuing probe, state records showed.

In California, only one of Mr. Schwarzenegger's six inaugural events will be free and open to the public. While the governor isn't required to disclose inaugural sponsors, his office did so voluntarily. "Gold" and "silver" tiers include 31 individuals and companies that contributed at least $15,000 each. The administration has no plans to provide a full breakout of donations, but says it has raised at least $640,000 so far.

Spokesman Adam Mendelsohn says no sponsor should expect special consideration. "The governor makes decisions based on what's in the best interest of the people," he says.

States Swift To Warn Mortgage Lenders (WP)

By Kirstin Downey

The Washington Post, January 2, 2007

Nineteen states and the District of Columbia have moved quickly to warn state-regulated lenders about the hazards to consumers from nontraditional mortgages.

Tens of thousands of state-licensed lenders and mortgage brokers are affected by the advisories, also known as a "guidance." Such loans include interest-only mortgages and other arrangements where the borrower cuts monthly costs by paying back less than full interest and principal.

The states are following closely behind federal banking regulators, who issued a sternly worded advisory in late September to the lenders they supervise, telling them they should not make these loans to borrowers who may be unable to repay them.

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Within 24 hours of the federal guidance's release, six states had issued similar warnings to their own lenders, a notable flurry of activity in a field known for its slow-moving bureaucracies.

"They were ready for this; they wanted it," said Mike Stevens, senior vice president for regulatory affairs at the Conference of State Bank Supervisors, who said it was the fastest state-by-state regulatory rollout he had ever seen. "We had a national need to do this."

In the District, the guidance covers about 1,200 licensed mortgage brokers and lenders. It was adopted Dec. 5.

"We see a need to protect consumers who were not too savvy," said Lily Qi, a spokeswoman for the D.C. Department of Insurance, Securities and Banking. "They didn't understand what they signed when they signed on the bottom line. Some companies can be very aggressive in their marketing, and it can be misleading."

Officials in Maryland and Virginia are considering introducing the new lending guidelines.

Edward Joseph Face, Virginia's commissioner of financial institutions, said he was hopeful the state corporation commission would decide on some version of it within the next month. In Virginia, such a guidance would affect about 2,800 mortgage lenders and brokers.

"I don't think we've ever seen this many adjustable interest-only loans on the books in all of history," Face said. "I am concerned. . . . There are so many out there, and when the rates start adjusting, it's not clear that borrowers will have prepared themselves."

Nontraditional loans, also known as exotic mortgages and which were once marketed to the wealthy as a cash-management tool, have expanded to the mass market because they allow borrowers to pay only the interest on a loan, or a partial monthly payment, without paying down the principal. In 2003, just 10.6 percent of new loans tracked by First American LoanPerformance, a San Francisco-based real estate information service, were nontraditional mortgages, but during the first nine months of 2006, about 34.1 percent of all borrowers used these loans to buy or refinance homes. In the Washington area, where housing prices have skyrocketed in the past five years, about 47.7 percent of loans originated in 2006 were nontraditional, compared with 10.7 percent in 2003.

These loans became popular because they let borrowers stretch to afford homes. The concern is that some borrowers may not fully understand they face payment "resets," or upward adjustments after a set period, often three to five years.

Regulators have noted that many consumers are unaware that their payments could double or even triple when they reset. At a recent Consumer Bankers Association conference, some lenders marketing fixed-rate loans to borrowers with nontraditional mortgages said that 30 to 50 percent of the borrowers seemed unaware of the resets looming.

Many economists now say the surge in these loans contributed to the real estate boom of the last few years. Regions that had the highest rates of nontraditional lending were also those areas where housing prices rose most quickly.

Regulators and consumer activists also say these loans increase the risk of foreclosure, particularly if monthly payments jump at a time when home prices are stagnant, making it more difficult to sell homes or refinance into other loans.

The Conference of State Bank Supervisors put out a model set of guidelines based on the federal guidance. It spells out that lenders must take into account whether borrowers will be able to afford to pay when the loans reset and must explain the loans more explicitly.

The warnings vary by state, as does the universe of mortgage lenders covered by each state. Some state regulators have proposed the guidance but are awaiting final approval. The federal guidance covers institutions that have federal deposit insurance; these state warnings will encompass lenders who do not also accept deposits. In Kentucky, the guidance covers about 525 enterprises, including mortgage brokers and lenders; in Indiana, it covers 350 licensed second-mortgage brokers; in Connecticut, it covers more than 3,800 licensed mortgage companies; in Iowa, it covers 342 state-chartered banks, 110 loan companies and 737 mortgage brokers or lenders.

Many federally supervised lenders opposed the federal government's decision to issue a guidance on nontraditional lending, saying that they thought it was overly prescriptive and that restrictions might block consumers from receiving loans. They also expressed concerns that they would be subject to federal restrictions while state-regulated lenders would be unaffected.

"The idea is to get as much consistency as possible out there for all the players," said Mark Tarpey, division supervisor for consumer credit for the Indiana Department of Financial Institutions.

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Charity Pledges Smash All US Records (FT)

By Rebecca Knight In Boston

Financial Times, January 2, 2007

Warren Buffett's historic $31bn (€23.5bn) donation to the Gates Foundation made 2006 a banner year for US charitable giving, smashing previous records by a huge margin.

According to figures from the Chronicle of Philanthropy, the top 15 charitable gifts and pledges in the US weighed in at $35bn. By contrast, the largest 15 gifts of 2005 and 2004 totalled $2bn and $4.4bn respectively, according to the Chronicle, which has compiled an annual list of the largest announced gifts and pledges by individuals since 1997.

Mr Buffett accounted for the overwhelming bulk of that sum with his $31bn pledge to the Bill and Melinda Gates Foundation. Mr Buffett's gift – which will help the foundation pursue its goal of curing the world's 20 leading fatal diseases – is the biggest charitable donation in history.

But even without Mr Buffett's largesse, it was an exceptional year for philanthropy with a record number of gifts of more than $100m. This year there were 14 gifts of $100m or more. In 1998 – the year that came closest to that number – there were 12, and last year, 10 donations of that size were made. "It's not just the Bill Gates and the Warren Buffetts of the world who are giving; it's a lot of different people," said Stacy Palmer, Chronicle editor.

People who made money in real estate and financial services dominate this year's list. The second and third largest gifts were by donors who profited from the sale of Golden West Financial Corporation to the Wachovia Corporation.

Herbert and Marion Sandler, co-chief executive officers of Golden West Financial Corporation, gave $1.3bn to their family foundation, which supports basic science research at the University of San Francisco. Bernard Osher, co-founder of Golden West Financial Corporation, gave $723.2m to his eponymous foundation that awards scholarships and grants to students in California's San Francisco and Alameda Counties and the State of Maine.

Fourth on the list was Jim Joseph, a California real estate developer, who left a $500m bequest to his foundation that provides educational programmes for Jewish youth; and fifth was David Rockefeller, retired chairman of Chase Manhattan Bank, who gave $225m to the foundation he and his brothers formed.

Nine of the biggest gifts this year went to foundations.

Four of the largest went to universities. Philip Knight, chairman of Nike, pledged $105m to his alma mater, Stanford University Graduate School of Business, for a new management centre campus and Ronald Stanton, chairman of Transammonia, pledged $100m to Yeshiva University in New York.

Something To Tide You Over (NYT)

The New York Times, January 2, 2007

As a Jewish woman, Alexandra Ovsyannikova faced daily hurdles and prejudice in her native Uzbekistan. In 1999, she was granted refugee status and came to America to join her daughter. After the minimum five-year waiting period, Ms. Ovsyannikova applied to become a citizen. She passed her test and was told she would be mailed an invitation to take the oath of citizenship. Months passed, but no letter came.

Ms. Ovsyannikova wrote to several New York City and state representatives. "I am such a small person," she said through a translator, pulling out a chubby stack of envelopes, "but they wrote letters [back] to me!" She also filed a lawsuit to speed up the process.

Ms. Ovsyannikova is an older woman with numerous health problems. She depends on Social Security to get by. While she waited for months, her benefits expired and she fell behind on her bills and rent. The UJA-Federation of New York, a beneficiary of The New York Times Neediest Cases Fund, worked with the Marks Jewish Community House of Bensonhurst to help Ms. Ovsyannikova with clothing and food.

Finally, after a year of waiting, her invitation came. She is now an American citizen.

All the money you donate to The Neediest Cases Fund goes to one of seven charities: the Children's Aid Society; the Brooklyn Bureau of Community Service; Catholic Charities of the Archdiocese of New York; Catholic Charities, Diocese of

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Brooklyn and Queens; the Community Service Society of New York; the Federation of Protestant Welfare Agencies; and the UJA-Federation of New York.

To donate, please send your checks to The New York Times Neediest Cases Fund, 4 Chase Metrotech Center, 7th Floor East, Lockbox 5193, Brooklyn, N.Y. 11245. You may also call (800) 381-0075 and use a credit card, or you may donate online at

Study: New Drug May Help Reduce HIV (LAT)

By James Ricci

The Los Angeles Times, January 2, 2007

2006 was destined to be the year Warren Ratcliffe lost his desperate race to survive AIDS, and the year Mark McClelland appeared, finally, poised to win his.

The two Bay Area men were among an estimated 40,000 Americans whose illness could not be controlled by modern HIV drugs because they'd developed a bedeviling resistance to them. Known as "salvage therapy" patients, they had only one hope: that a complicated and ever-changing witch's brew of existing medications, aimed at stalling the famously mutational virus, would keep them alive long enough for entirely new drugs to arrive via the pharmaceutical research pipeline.

In 2006 just such a drug — one that some researchers are calling "truly phenomenal" — did come along, in time, doctors hope, to save the 45-year-old McClelland but too late for Ratcliffe, who was overtaken by AIDS-related cancer and died April 27 at age 58.

The new drug, called an integrase inhibitor, was a highlight of the summer's annual international AIDS conference in Toronto. Newly published clinical studies showed that it, in combination with two existing drugs, reduced the virus to undetectable levels in nearly 100% of HIV patients taking a regimen for the first time.

It had a similar effect on the virus in up to 72% of salvage therapy patients.

"They tested it on some people who were in deep, deep salvage therapy, and even those people did remarkably well," said Dr. Steven Deeks, a UC-San Francisco salvage therapy authority who treated Ratcliffe and still treats McClelland. "It seems to be a truly phenomenal drug that everyone is sort of a little bit in awe of right now and is changing the whole way we think about the management of these patients."

The drug essentially prevents the virus from integrating its DNA with that of a host's cells, thus short-circuiting its ability to replicate itself.

Mark McClelland had several friends in salvage therapy who were part of the integrase inhibitor studies. "They all did extremely well," he said.

The knowledge of how they fared was immensely encouraging to him. And his own recent negative experience propelled him in the same direction. In October, he came down with a fungal infection that took advantage of his lowered immune defenses. "It was semi-serious but treatable," he said. "Getting sick hit me emotionally, however. I was just coasting along, and it was an opportunistic infection, and I hadn't had one of those in 11 years, and that was tough and gave me some renewed determination."

What was more, McClelland's count of infection fighting T-cells, a principal indicator of immune system compromise, hit zero. "It wasn't too different from four, which I've hit before, but there's something about hitting zero that was a little upsetting."

Warren Ratcliffe could not be included in the clinical studies of the integrase inhibitor. Kaposi's sarcoma, the early AIDS epidemic's portentous and deadly calling card was overwhelming him. "Warren really couldn't qualify for the drug because his Kaposi's was progressing, and because he had pretty significant side effects from the chemotherapy," Deeks said. "Mark is doing well, however, and I'm trying to get him on the integrase inhibitor right now. We're trying to get as many people in our research cohort as possible on this."

The new drug is on track for FDA approval by mid-2007, but its manufacturer, Merck & Co., is making it available sooner to patients in desperate straits.

Ratcliffe and McClelland were featured last January in a Times article about their unlucky subgroup and the obscure corner of AIDS treatment it occupies.

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Like most others in their category, they had the misfortune of being diagnosed with HIV when single-drug treatment, called monotherapy, was the only help available. With monotherapy, the virus had to mutate past only one drug, which made a patient resistant to that medication and all others of its type.

Multi-drug therapy, which became available a decade ago, usually presents HIV with too many obstacles for it to mutate past. It became the gold standard of treatment, suppressing the virus and allowing patients to live normal lives.

The multi-drug "cocktail" failed to work for monotherapy veterans like Ratcliffe and McClelland because in them, the virus had already become resistant to one of its components and was more likely to resist other drugs in the mix, as well.

Ratcliffe's deterioration and death having come just as a potentially saving drug was becoming available has inflicted an added measure of pain on Alex Kazan, his domestic partner of 10 years and friend of 25. "Watching him go was pretty difficult, because he was such a wonderful, caring person," Kazan said. "You wonder why he couldn't have been spared. I thought I'd grow old with him, but he just didn't hit the right part of the wave, I guess."

Suffering from effects of the disease and the toxicity of the pharmacist's catalog of medications he took over the years was a constant theme in Ratcliffe's life. It, too, had a special poignancy for the 55-year-old Kazan, himself a veteran of monotherapy, albeit one whom multi-drug therapy has kept in good heath.

"I guess there was always a little bit of guilt that I was doing better than he was," he said. "But he was always excited about me doing better. He probably wouldn't have gone through all the heroics, in terms of all the therapies, if it wasn't for me. He took care of me. He fought so hard and rarely complained."

In late March, his once-fit body reduced to boniness by chemotherapy, Ratcliff admitted himself to a hospital because of a persistent, intense headache. Over the next month, infections appeared in his brain and, knowing the end was near, he decided to die at home.

"They thought he'd make it another eight or nine weeks, but he made it only five days," Kazan recalled.

At a memorial service held July 15, the day before Ratcliffe would have turned 59, the 150 people in attendance heard the Mississippi native and Navy veteran of the Vietnam War memorialized as a homebody, a perfectionist, an expert cook and gardener, a man who looked after elderly friends, remained close to his four siblings and was especially kind to children.

"Before he died, he sat down his goddaughter, and other kids he knew, and told them that after he was gone, they had to go on living," Kazan said. "And he sat me down, too, and said that I had to go on. I'm not sure I have. Not yet."

It is in the hope of preventing further such loss that Deeks and other researchers have such profound interest in the new AIDS drug, especially in combination with other new drugs they hope to have available by the end of this year.

His recent infection convinced McClelland that he has to begin taking the new integrase inhibitor — probably in combination with two other new drugs — sooner rather than later, probably beginning in February. He's had promising medicine regimes before, and all of them ended up disappointments, "but this seems to be so much better than anything that's come before," he said.

"It could be the Holy Grail or just give me the next five years, which would be fine with me."

For surviving salvage therapy patients like McClelland, Deeks said, "2007 may change everything. We're shooting for lifelong undetectable viral loads, and once we achieve that, the immune system rebuilds itself. That's what we're shooting for with Mark, and everyone like him."

Fairness For Lewinsky (WP)

By Richard Cohen

The Washington Post, January 2, 2007

In the various books I've read about the Bill Clinton impeachment scandal -- a scandal because of what was done and a scandal because the president was impeached for it -- the same story is told over and over again. When the prosecutors or lawyers or whoever finally got to meet the storied Monica Lewinsky, they were floored by her. She was smart, personable and -- as the record makes clear -- dignified. This is more than can be said about some of the people who write about her.

I will not name names. But in recent days, Lewinsky has been back in the news. In December she graduated with a master's degree in social psychology from the London School of Economics. Her thesis was titled "In Search of the Impartial

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Juror: An Exploration of the Third Person Effect and Pre-Trial Publicity." Her thesis might well have been called "In Search of the Impartial Journalist," because she was immediately the subject of more poke-in-the-ribs stories about you know what. The Post, a better paper than it was that day, called her "dumb-but-smart." It was more than could be said for that piece.

It does not take a Freudian to appreciate why Lewinsky chose the topic she did. She is a victim of publicity, and her life has been a trial -- enough to floor almost anyone. But in Lewinsky's case, she took a bad situation and made something good of it. That hardly makes her "dumb-but-smart," but rather once young -- and now older and incomparably wiser. An approximation of this befalls us all, but before we got to become wise and prudent in all things we were probably irresponsible, outrageous and wild -- in other words, young.

Fortunately for me -- and probably this applies to you as well -- my outrageous deeds are known to only a few, and some of those people, after a lifetime of bad marriages and poor investments, have probably forgotten them. In Lewinsky's case, her youthful indiscretion has been forgotten by no one. On the contrary, it's recorded for the ages, in House and Senate proceedings, in the files of the creepy special prosecutor, in the databases of newspapers, in presidential histories and the musty joke files of second-rate comics.

She is a branded woman, not an adulterer but something even worse -- a girl toy, a trivial thing, a punch line. Yet she did what so many women at that age would do. She seduced (or so she thought) an older man. She fantasized that he would leave his wife for her. Here was her crime: She was a girl besotted. It happens even to Republicans.

But she is now a woman with a master's degree from a prestigious school and is going to be 34 come July. Her clock ticks, her life ebbs. Where is the man for her? Where is the guy brave enough, strong enough, admirable enough to take her as his wife, to suffer the slings and arrows of her outrageous fortune -- to say to the world (for it would be the entire world) that he loves this woman who will always be an asterisk in American history. I hope there is such a guy out there. It would be nice. It would be fair.

It would be nice, too, and fair, also, if Lewinsky were treated by the media as it would treat a man. What's astounding is the level of sexism applied to her, as if the wave of the women's movement broke over a new generation of journalists and not a drop fell on any of them. Where, pray tell, is the man who is remembered just for sex? Where is the guy who is the constant joke for something he did in his sexually wanton youth? Maybe here and there some preacher, but in those cases the real subject matter is not sex but hypocrisy. Other than those, no names come to mind.

This is the year 2007, brand new and full of promise. It would be nice if my colleagues in the media would resolve to treat Monica Lewinsky as a lady, to think of her as they would themselves, to remember their own youth and the things they did and to understand that from this day forward anyone who takes a cheap shot at Lewinsky has a moral and professional obligation to look in the mirror. To proceed otherwise is to miss the joke entirely. No longer is it Monica Lewinsky. It is now the people who write about her.

Ready For Its Checkup (LAT)

The Los Angeles Times, January 2, 2007

GOV. ARNOLD Schwarzenegger has set the bar so high in promising healthcare reform that it's tempting to suspect that he broke his leg on purpose, just for the photo-op in his hospital bed to drive home the high costs of healthcare. Upon reelection eight weeks ago, the governor vowed to cut the number of California's uninsured in half. Since then, he has refused to retrench, hinting instead at plans to cover pretty much everyone in the state.

Schwarzenegger is right in noting that the current system needs improvement. Six million Californians are uninsured. Many of them want coverage but can't get it — because they can't afford it, don't know where to find it or are ineligible for it. Everyone ends up paying for them because they seek treatment in emergency rooms, adding to the state's budget burden or to an estimated 10% "hidden tax" added to the insurance premiums of those who do have coverage.

Meanwhile, the health problems of the uninsured become everyone's in the form of communicable diseases and lost productivity. Some of the uninsured are healthy and simply choose not to spend their money on insurance. But everyone pays for their care when they get injured or fall ill.

In working through the options, Schwarzenegger would be wise to steer clear of new mandates on employers to provide health insurance for workers and their families. Voluntary employer-provided insurance is the most successful current way to

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distribute healthcare. But employer mandates would fail to reach many of the targeted uninsured, who are at best only marginally and transiently employed.

Other options are more intriguing. If every Californian were required to carry health insurance, either through work, the open market or (for those who need assistance) a government-subsidized program, patients would have an incentive to seek less costly preventive care. But insurance alone is not healthcare, and individual mandates can't by themselves stem costs.

Other solutions appear too utopian. A plan that provides healthcare to everyone in the state would be spectacularly costly. But so is having 6 million people without health insurance. And although it may cost more in the long run to leave illegal immigrants uninsured, insuring them would be an ambitious undertaking.

No health plan will be perfect because no health plan can simultaneously control costs, harness the power of the market and guarantee top-level treatment for everyone in the state. In the end, the cure for California's health problems probably should be found in Washington. But for the moment, the states are producing the most interesting and sweeping healthcare plans, and California can lead the way. Schwarzenegger deserves credit for taking on the issue. We hope he won't take it the wrong way when we offer this hope for the unveiling of his proposal next week in his State of the State address:

Break a leg.

Welcome, Mr. Mayor (WP)

The Washington Post, January 2, 2007

ADRIAN M. FENTY will be sworn in today as the District's fifth mayor on a wave of hope and optimism so high even his closest advisers wonder how long it can last. Much depends on whether Mr. Fenty (D) is as adept at governing as he was at campaigning. The brash young politician who won the city's unquestionable support now must make good on his promises of progress.

It is encouraging that Mr. Fenty has demonstrated sound judgment in the months since his victory in the September primary all but guaranteed his election. Foremost has been his selection of able, experienced people to the top jobs in his administration. It's to his credit that he didn't wait for his victory in the general election to announce that he would reappoint Natwar M. Gandhi as the District's chief financial officer, thus reassuring a jittery business community that a change in the city's political leadership won't mean a relapse into fiscal irresponsibility. Likewise, Mr. Fenty's artful recruitment of the very able Dan Tangherlini to serve as city administrator underscores his seriousness about improving the day-to-day performance of city agencies.

It is too soon to judge Mr. Fenty's other appointees, many of whom are interim holdovers from the administration of outgoing Mayor Anthony A. Williams (D). Mr. Fenty made a campaign promise to bring in fresh blood, but his cautious approach makes sense given the complexity of D.C. government and the big learning curve he faces. Nonetheless, Mr. Fenty would do well to make a priority of putting a permanent team in place.

After all, many bedeviling issues require action. Some projects started in the Williams administration -- from the construction of the baseball stadium to fixing the libraries to building new housing communities -- need to be completed. Costly problems such as the city's shortfall in Medicaid reimbursements have persisted too long without remedy. And far too many people who live on the margins -- from the mentally retarded to the homeless -- have been given short shrift and shouldn't have to wait any longer for government help.

Yet Mr. Fenty's biggest challenge -- the one that carries the most political peril for him and the greatest consequence for the city -- is tackling the abysmal state of the public schools. Despite some of the highest per-pupil school spending in the country, too many D.C students lack the basic skills critical for success, and too many school buildings are in awful shape. The result is a system that is being abandoned by parents who have the wherewithal to get their children into charter or private schools. Mr. Fenty is correct in his belief that the city will never truly prosper if its schools remain broken, and his resolve to do something about them should be applauded. But it's vital that he proceed carefully, mindful that even if he succeeds where his predecessor failed in a mayoral takeover of schools, reformed governance is no panacea for the educational ills of a dysfunctional system.

Mr. Fenty commissioned an outside consultant to assess what has been successful in other public school systems, and that could be a useful guide as he works with the D.C. Council on reform. Incoming council Chairman Vincent C. Gray (D) is

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reorganizing the committee system so education becomes the responsibility for all council members meeting as a committee of the whole. It's a welcome move that highlights education as a priority.

The best chance of winning approval for any school improvement plan is likely to come in the honeymoon days of Mr. Fenty's administration, but he must not seek a political victory at the expense of developing a plan that actually has a chance of working. Mr. Fenty, in running for office, appealed to voters' impatience for change. Now, as mayor, he'll need patience to achieve it.

West Tries A New Tack To Block Iran's Nuclear Agenda (NYT)

By Helene Cooper And Steven R. Weisman

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — The United States and its allies in Europe, in a tacit acknowledgment that sanctions imposed by the United Nations Security Council in late December are too weak to force Iran to abandon its nuclear ambitions, have embarked on a new strategy to increase the financial and psychological pressure.

The plan is to use the language of the resolution to help persuade foreign governments and financial institutions to cut ties with Iranian businesses, individuals in its nuclear and missile programs and, by extension, the Iranian Revolutionary Guard Corps, said Stuart Levey, under secretary of the treasury for terrorism and financial intelligence.

The Guard and its military wing are identified as a power base for President Mahmoud Ahmadinejad.

Under his administration, American officials said, the Guard has moved increasingly into commercial operations, earning profits and extending its influence in Iran in areas involving big government contracts — including building airports and other infrastructure, oil production and the providing of cellphones.

Bush administration officials, who asked not to be identified because they were discussing diplomatic plans, said envoys would soon head abroad to press officials of foreign governments and banks to interpret the Security Council resolution equally aggressively.

The new strategy builds on the Treasury Department's efforts over the past few months to get Western banks to scale back business with Iran or risk running afoul of American laws. In 2006, the European banks Credit Suisse First Boston and UBS said they would not do any new business with Iran.

It is hard to assess how deeply the financial actions may cut, since the most willing parties to the effort — the United States and Europe — have few business dealings with Iran. The United States does have laws that give it considerable leeway to impose financial restrictions on banks and companies doing business in Iran, while European law does not.

That said, Britain is also backing the new push, as is France, although to a lesser extent. Germany, with far more business interests in Iran, is not quite as eager. Japan is not a member of the Security Council, and the country is heavily dependent on the Persian Gulf for oil. But Japanese government officials have recently indicated their willingness to limit some of their business dealings with Iran.

Last month, the Japan Bank for International Cooperation announced that it would not issue any new loans for Iranian projects until Iran resolved the nuclear impasse with the West. In addition, Japan has reduced its stake in an initial $2 billion deal to develop Iran's largest onshore oil field at Azadegan to 10 percent from the originally agreed 75 percent, citing concern about Iran's nuclear program.

While United States officials have discussed what they are trying to do with their Russian and Chinese counterparts, the belief is that they have gone about as far as they are willing to go with the Security Council resolution that passed Dec. 23. Russia fought to keep certain entities off the list and to keep the list as narrow as possible.

Mr. Levey noted that the resolution cited three people as off limits to outside commercial transactions, and, in another section, prohibited transactions with agencies "owned or controlled" by them. The three, he said, are Maj. Gen. Yahya Rahim Safavi, commander of the Iranian Revolutionary Guard Corps; Gen. Hosein Salimi, who is in charge of the air force branch of the corps; and Ahmad Vahid Dastjerdi, who runs the Aerospace Industries Organization.

Thus, an effort to bar future foreign commercial or government involvement, including bank transactions, affecting missile programs and the Iranian Revolutionary Guard is authorized by the resolution, Mr. Levey said.

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"This resolution will be a big step forward in getting governments and financial institutions to pay more attention to Iran's use of deceptive financial practices to facilitate its dangerous conduct and to stop doing business with the I.R.G.C.," Mr. Levey said, referring to the Revolutionary Guard.

The resolution says that "all states" will "take the necessary measures" to bar "financial assistance" and "financial resources or services" related to nuclear and ballistic missile programs. The resolution's appendix cites several government and private groups and 12 people as involved in those programs; interrupting foreign involvement with those groups and individuals is also part of the new campaign.

But American officials have no figures on the value of international business done with those cited in the resolution.

The United States and European officials said they had also begun trying maneuvers aimed at undermining the self-assurance of Iranian officials, especially those who travel abroad.

The recent arrests of four Iranian diplomats by American troops in Iraq, the officials said, played into that strategy. Pentagon officials said the Iranians were suspected of transferring improvised explosive devices from Iran to Iraq. Iran complained loudly that the men were diplomats and that their arrest violated accepted diplomatic rules. The diplomats, two of whom American officials said were probably members of the Revolutionary Guard, were eventually released.

But their arrests are "precisely the type of thing that will chip away at their confidence," one European official said. Most of the Western officials spoke on the condition of anonymity because they were not authorized to speak publicly about the issue.

Even before the new effort began, the slowdown in international business was already emerging as a problem for Iran, which has vast oil fields but relatively little refining capacity. It imports 43 percent of its gasoline, according to the Institute for the Analysis of Global Security, a Washington-based nonprofit group that follows energy issues.

In a rare acknowledgment of difficulty, the Iranian oil minister, Kazem Vaziri-Hamaneh, told the ministry's news agency, Shana, recently that Iran was encountering obstacles in financing oil projects. "Currently, overseas banks and financiers have decreased their cooperation," Mr. Vaziri-Hamaneh told the agency.

Iran is already seeking to secure gasoline imports from its allies, including Venezuela, and shifting some dependency from gasoline to natural gas.

"Definitely, the Iranian economy is suffering a great deal as a result of the economic punishment," said Gal Luft, the executive director of the Institute for the Analysis of Global Security. But he added that Mr. Ahmadinejad "is not just sitting on his hands and waiting."

The new strategy comes in part because few believe that the sanctions resolution that passed Dec. 23 has the muscle to sway Iran to abandon its nuclear ambitions, which it insists are focused on energy production, not weapons. The road to sanctions was a tortuous one, filled with wrangling between the United States, which pushed for tough measures, and Russia, which advocated weaker measures.

United States and European officials said they might still try to include tougher sanctions through the United Nations in the months ahead. But they say the West will need to use other measures as well.

Specifically, the United States will press France, Germany, Italy and other European countries to halt credits that encourage doing business in Iran. The German Ministry of Economics, in a credit program called Hermes, says on a Web site that Iran is among "risky markets, which are also growth markets," identified for such credits.

Iran Lays Down A Challenge To Arab Leaders (FT)

By Roula Khalaf, Middle East Editor

Financial Times, January 2, 2007

On a recent trip to Bahrain, a self-assured Manouchehr Mottaki, Iran's foreign minister, professed to have the answer to the Gulf's troubles.

Speaking to a largely Arab and western audience, he suggested Gulf stability was best achieved by removing American forces, well entrenched across the region, and setting up, with Tehran, a regional security alliance.

The call for more self-reliance in the Gulf has some appeal among ordinary Arabs, resentful of the US and frustrated by their own governments' over-dependence on American security.

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But official circles, in both the Gulf and the US, see his suggestions as a reflection of Iran's suspected ambition for regional superpower status.

"It's amusing," says one American official. "Iran is saying, 'Get rid of foreign forces and take us as the regional power.'"

The events of the past year have underlined Iran's growing influence in the Middle East and its determination to become a nuclear power. But they have also reinforced the perception of Shia Iran as the biggest strategic threat to Washington's Sunni allies in the Gulf, home to two-thirds of the world's oil reserves.

Tehran's regional strategy has been to back militant groups that confront Israel, positioning itself as a stronger defender of Arab and Palestinian rights than its Arab neighbours.

This approach worked remarkably well in the summer, when the Iranian-backed Hizbollah group in Lebanon stood its ground against a month-long Israeli offensive. Arab leaders who had criticised Hizbollah's kidnapping of two Israeli soldiers, the act that sparked the war, emerged from the conflict weakened while Iran was emboldened.

What now alarms the Sunni Arab regimes most, however, is that an American failure to rescue Iraq from sectarian conflict could shift the balance of power in the region even more in favour of Iran.

Arab leaders largely back the minority Sunni in Iraq. Iranian officials say they support the central Iraqi government, dominated by the Shia majority. But according to senior Iraqi officials, Tehran's strategy is more complex, and involves support for individual Shia groups, with the apparent aim of building separate links to Tehran.

Arab officials say Iran's resurgence should not be exaggerated: its pursuit of a nuclear programme will bring greater international isolation, and this carries economic costs that will gradually become more apparent. But the Arab Gulf states have yet to formulate a coherent or common approach to address the perceived Iranian challenge.

Reluctant to throw their lot even more decisively behind a weakened and seemingly confused America, most are also worried about a potential dialogue between Washington and Tehran, fearing it could affect their own interests.

Saudi Arabia has been holding its own bilateral talks with senior Iranian officials but people close to its government say little progress has been made on easing regional tensions.

In an unusually bold move the Arab Gulf states announced this month they would study the possible development of nuclear technology, insisting – as Iran does – that the purpose would be energy production, not atomic weapons. Seen as a message to Tehran, the announcement also raised concerns about proliferation in the region.

The US, for its part, has been seeking to underline that its commitment to the Gulf is unwavering, whatever happens in Iraq.

Washington has launched a security initiative designed to strengthen security and defence ties with the Arab Gulf states, while the US has increased its naval presence in the region.

But Washington's ultimate ambition to create a multi-lateral security system has received a cool response. Wary of each other, the Arab countries prefer to focus on deepening their bilateral defence ties with the US.

"The Gulf knows it needs to beef up its defences. But for the set-up that the US wants, which is to deal with the region as one institution, Gulf countries need to have a different relationship between each other," says one senior Arab official.

US officials acknowledge that some of the smaller Gulf states are also weighing their military relationship with the US against the risk of alienating Tehran.

The Bush administration has been particularly concerned about gas-rich Qatar, where the US maintains its largest military base in the region.

One US official says Washington has been seeking explanations from the Qatari government about recent decisions at the UN and the Arab League that have appeared more supportive of Iran's regional interests rather than those of the pro-western Arab states.

Arab regimes, meanwhile, have been pleading with Washington to press for progress on the Palestinian-Israeli conflict, hoping moves towards the creation of a viable Palestinian state will help tip the strategic balance in the region back in their favour.

Some Iraqi officials argue that the Arab states' best strategy to check Iran's influence is to build bridges with Iraq's Shia majority.

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"The Shia in Iraq are Arabs [not Persians] and they feel the Arabs have rejected them," says an Iraqi official. "What the Arabs should do is embrace the Shia government of Iraq and try to make it a counterbalance to Iran."

Officials in Baghdad say this message, regularly relayed to Arab rulers, is only now starting to sink in.

US Unit Works Quietly To Counter Iran's Sway (BOS)

By Farah Stockman, Globe Staff

The Boston Globe, January 2, 2007

Backs dissidents, nearby nations

WASHINGTON -- For nearly a year, a select group of US officials has been quietly coordinating actions to counter the looming threat of a nuclear-armed Iran, including increasing the military capabilities of Arab allies such as Saudi Arabia, the United Arab Emirates, and Bahrain.

The group, known as the Iran Syria Policy and Operations Group, or ISOG, is also coordinating a host of other actions, which include covert assistance to Iranian dissidents and building international outrage toward Iran by publicizing its alleged role in a 1994 terrorist attack in Argentina, according to interviews with half a dozen White House, Pentagon, and State Department officials who are involved in the group's work.

Pentagon officials involved with the group intend to ask Congress as early as February to increase funding for transfers of military hardware to allies in the Persian Gulf and to accelerate plans for joint military activities. The request, which is still being formulated, is expected to include but not be limited to more advanced-missile defense systems and early-warning radar to detect and prevent Iranian missile strikes.

"There is the perception in the Gulf that Iran is really on the rise," said Emile El-Hokayem, research fellow at the Stimpson Center, a Washington-based think tank. "Washington wants to prepare for a potential show down."

The existence of ISOG reflects an intensification of the Bush administration's planning on Iran. Syria, which has linked itself to Iran through military pacts, is a lesser focus for the group. Its workings have been so secretive that several officials in the State Department's Near Eastern Affairs bureau said they were unaware it existed.

The United States has repeatedly said its policy is not to overthrow the Iranian regime, but one former US official who attended a meeting during ISOG's initial phase eight months ago said in an interview that he got the impression that regime change was a key goal of many of the meetings' participants.

He said that some of the intelligence reports ordered by members of the group were so highly classified that they were accessible to less than a dozen people in the US government, suggesting that some of the group's activities were far from routine.

But interviews with half a dozen current White House, Pentagon, and State Department officials indicated that ISOG's aims are more modest. Several said that as much as they would like to see the regimes in Tehran and Damascus go, ongoing military activities in Iraq and Afghanistan have limited their range of options. The main goal now, they said, is Cold War style "containment" of Iran in the hopes that Iranians one day will opt to change their own government.

The officials, who spoke on the condition of anonymity because they were not authorized to speak about the topic to the press, described ISOG as an inter agency clearinghouse for ideas and strategies to roll back the influence of Iran. Senior officials of the State Department, White House, CIA, Treasury Department, and other agencies meet weekly to report their day-to-day operations.

"It's really more operational, to provide a forum for ongoing interagency group discussions on Iran and Syria, share ideas, and follow things up week after week," said Kate Starr , a National Security Council spokeswoman.

ISOG's work, which focuses on isolating and containing Iran, is consistent with the administration's refusal to reach out diplomatically to Iran and Syria, as the Iraq Study Group has recommended.

"Iran is the key to everything at the strategic level -- the biggest problem we have faced in a long time," said a senior State Department official involved in ISOG, citing Iran's negative impact on Lebanon, Israel, Iraq, Afghanistan, Israel, and the Palestinian territories. "These are all things they are doing because they sense weakness [on the part of the United States]. The best thing for us to project is strength, not 'please talk to us.' "

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ISOG was modeled after the Iraq Policy and Operations Group, set up in 2004 to shepherd information and coordinate US action in Iraq. ISOG has raised eyebrows within the State Department for hiring BearingPoint -- the same Washington-based private contracting firm used by the Iraq group -- to handle its administrative work, rather than State Department employees.

Some lower level State Department officials saw the decision to outsource responsibility for scheduling meetings, record keeping, and distributing reports as an effort to circumvent the normal diplomatic machinery and provide extra secrecy for the group.

But State Department spokesman Sean McCormack said BearingPoint was hired for its experience and good work on Iraq. He said that about a dozen BearingPoint contractors work out of the Iraq Policy and Operations Group office on the sixth floor of the State Department, and that a few of them have begun working on the Iran and Syria group.

ISOG is led by a steering committee with two leading hawks on Middle East policy as chairmen: James F. Jeffrey, prinicipal deputy assistant secretary of state for Near Eastern Affairs, who once headed Iraq policy, and Elliott Abrams, deputy national security adviser for "Global Democracy Strategy." Michael Doran, a Middle East specialist at the White House, steps in when Abrams is away. Elizabeth Cheney, the vice president's daughter, who was the former deputy assistant secretary of state for Near Eastern Affairs, served as cochairwoman before she took a maternity leave earlier this year.

ISOG is made of five main "pillars," or working groups. The military group explores ways to bolster Arab defenses and create more military cooperation between the Persian Gulf states. The initiative was set into motion in May , when John Hillen, assistant secretary of state for political and military affairs, traveled to the region on his first of a series of trips to the Gulf.

In October, Hillen and Assistant Secretary of Defense Peter W. Rodman, along with National Security Council staff and others, traveled to Oman, the United Arab Emirates, and Bahrain to discuss ways to beef up the military capabilities of those countries.

US officials also conducted the first naval training exercises in the Persian Gulf designed to intercept weapons shipments to and from Iran, with participation from Bahrain, Qatar, and the United Arab Emirates.

A second working group deals with "democracy outreach," focusing on the State Department's effort to provide secret financial assistance to dissidents and reformist organizations inside Iran and Syria. It also seeks ways to use scientific exchanges and human rights conferences to learn more about what is happening inside Iran, officials said.

US financing of pro democracy activities in Iran is expected to double in 2008, according to the senior State Department official. In 2006, $85 million was allocated for such programs.

A third working group focuses on finances and the Treasury Department's efforts to beef up bilateral restrictions on money transfers to and from Iranian banks. A fourth group focuses on Iran's "special relationships" with Iraq, Lebanon, Afghanistan, and terrorist organizations. That group has closely followed Iran's alleged role in a 1994 bombing of a Jewish center in Argentina.

A fifth working group coordinates media outreach to the people of Iran, Syria, and the region.

Iran: A Brewing Battle Of Heavyweights In Tehran (NSWK)

By Maziar Bahari

Newsweek, January 2, 2007

Jan. 8, 2006 issue - Iranians are deserting the president they elected by a landslide in June 2005. Not only did university students heckle Mahmoud Ahmadinejad with chants of "Death to the dictator!" during a speech last month in Tehran, state-run TV had the temerity to report it. Some of his own supporters criticized his recent international gathering of Holocaust revisionists as harmful to Iran's national interests. And thanks to his economic flubs, Iranians are grumbling about inflation instead of reveling in an oil-boom windfall. Iranian TV reported that news, too, and when Ahmadinejad complained about the story, the network's director (a former ally) replied: "We just tell the truth." The legislature has stopped rubber-stamping the 50-year-old president's decisions, and the latest local elections cost him all but two of his allies on Tehran's 15-seat city council. The big winner: his pothole-filling, street-cleaning successor as mayor of Tehran, Mohammad Bagher Ghalibaf, 45.

Iran's next presidential vote isn't due until 2009, but Ghalibaf is already casting a shadow on Ahmadinejad's future. The main difference between the two rivals is not so much substance as style. Both men are religious conservatives with almost identical political agendas and economic programs—and both of them voice a deep mistrust of America. But where

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Ahmadinejad is confrontational and "showboaty," Ghalibaf is a pragmatist with a reputation for getting things done. The president spent much of his previous career as a junior bureaucrat, while the mayor's résumé lists one overachievement after another. The son of a truck driver, Ghalibaf became a Revolutionary Guards commander at 22. He earned a Ph.D. in geopolitics while training as a pilot after the Iran-Iraq War. He led the Revolutionary Guards Air Force and then the country's security forces.

As top cop he won yet more fans. In 2003 he did something virtually unheard of: he quelled a student protest without bloodshed by holding talks with student leaders and ordering his men not to use batons or guns in dispersing the crowds. He showed a rare sense of compassion in other ways, as well, OK'ing a needle-exchange program for addicts and setting up a meeting for prostitutes to discuss alternatives to their profession. He was the conservative front runner in 2005 until he reached out to moderates and lost his base. "It was interesting to see Mr. Ghalibaf become more reformist than the reformists themselves," recalls sociologist Hamidreza Jalaeipour. "In the meantime, Ahmadinejad found who were the real hard-liners and gave them a voice." For now, Ghalibaf is making sure Tehran's trash gets picked up—and doing a fine job, too—while he waits for 2009. He's not a man who makes the same mistake twice.

Palestinians Clash; Photographer Seized (WP/AP)

Associated Press

The Washington Post, January 2, 2007

GAZA CITY, Jan. 1 -- Violence erupted in the Gaza Strip on Monday, with warring Palestinian factions firing at each other and kidnapping rivals, and gunmen abducting a foreign news photographer.

The clashes in the Jabalya refugee camp near Gaza City broke a week-long pause in the violent confrontation between the radical Islamic group Hamas, which controls the government ministries, and the Fatah movement of Palestinian Authority President Mahmoud Abbas. In the past few weeks, 17 people have been killed, leading to fears of civil war.

At least two people were wounded in the gunfire Monday, security officials said, and between three and 11 Fatah and Hamas activists were reported kidnapped.

Before sundown Monday, gunmen in Gaza City abducted a photographer with the news service Agence France-Presse, which identified him as Jaime Razuri, 50, of Peru. An AFP reporter said the photographer was returning from an assignment in Gaza and was abducted at gunpoint as he got out of his car with his driver.

Palestinian security officials said Razuri was standing at an intersection when about five masked men approached him, pushed him into a car and sped away.

Israel Begins Promised Easing Of West Bank Controls (AFP)

AFP, January 2, 2007

Israel has begun easing restrictions at checkpoints in the occupied West Bank as promised by Prime Minister Ehud Olmert at a summit with Palestinian president Mahmud Abbas last month.

An Israeli military spokesman said roadblocks were not being lifted altogether for the time being.

"These measures mainly concern an easing of severe checks at various crossing points and not, at this stage, the removal of military barriers," the spokesman said Monday.

Palestinian chief negotiator Saeb Erakat told AFP that Olmert promised Israel would begin lifting restrictions on some checkpoints Monday in a telephone call to Abbas the previous day.

But Erakat said that it was not possible to say if anything had changed yet.

"We observe what Israel does and we will judge what we will see with our eyes, not what we hear from them," he told AFP.

AFP correspondents in the West Bank said there was little movement through checkpoints due to the Islamic Eid al-Adha feast.

However, security officials and witnesses in Nablus said that it was easier to pass through controls on Monday than beforehand.

The Israeli prime minister vowed to take "immediate and concrete steps" to improve humanitarian conditions for the Palestinians after his December 23 talks with Abbas -- the two men's first meeting in six months.

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Defence Minister Amir Peretz later told parliament's foreign affairs and defence committee that Israel would dismantle 59 of the 400 or so roadblocks in the West Bank in two phases -- 24 at first, and the rest later.

Palestinians travelling across the West Bank are forced daily to run the gauntlet of dozens of checkpoints erected by the Israeli army to control the movement of militants.

Looking Down The Road To Damascus (USNEWS)

By Larry Derfner

U.S. News and World Report, January 2, 2007

JERUSALEM–Could it be that Syria now offers a rare glimmer of hope amid the barren prospects for progress in the Middle East? That question, easily dismissed as wishful thinking, suddenly is a red-hot topic from Jerusalem to Washington.

The doubters have plenty of evidence on their side. A hard-line nationalist police state that prides itself on defiance of the United States and Israel, Syria helps America's enemies in Iraq, as well as Israel's enemies in Lebanon, the West Bank, and Gaza–and allies itself with the West's nemesis, Iran, its neighbor to the east. Yet in recent weeks, Syrian President Bashar Assad has been peppering the international media with expressions of eagerness to talk peace with Israel. "Make an attempt. Call our bluff," he challenged Israeli Prime Minister Ehud Olmert in a recent interview with the Italian daily La Repubblica.

Does he mean it? A succession of American politicians–Democratic Sens. John Kerry, Christopher Dodd, and Bill Nelson, as well as Republican Arlen Specter–have come away from recent meetings with Assad at least intrigued. Besides that, the bipartisan Iraq Study Group urged the Bush administration to try diplomatic means to persuade Syria to stop supporting Sunni insurgents in Iraq. None of this, however, appeals to President Bush, who considers Syria an auxiliary member of the "axis of evil." Or to Olmert, who insists that Assad validate any change of heart by first cutting off Iran and the terrorist groups like Hezbollah and Hamas.

Linchpin. The general assumption in Israel is that Olmert may be simply taking his cue from Bush. But that may not wash with many Israelis. Just as political pressure is building in Washington to force Bush to make an opening to Syria, political and military players in Israel are trying to do the same thing to Olmert. While the American sentiment grows out of Iraq-war frustration, Israeli sentiment is driven by the general bleakness of peace prospects in the region. The push for talks with Assad is coming from Olmert's main coalition partner, the Labor Party; the dovish Meretz party; the media; and, most critically, influential members of the military-intelligence establishment.

The idea is to flip Syria from being the linchpin that connects the Iran-terrorist axis to being a wedge that divides and isolates its component parts. The hope is that peace with Israel will bring Syria to break ties with Iran, stop being the middleman for Iranian arms transfers to Hezbollah guerrillas in Lebanon, and expel the leaders of Hamas and Islamic Jihad from Damascus.

History. If this all sounds too good to be true, it may well be. Assad's father, Hafez, negotiated via U.S. mediators throughout the 1990s with five consecutive Israeli prime ministers, and nothing came of it. While Bashar Assad would like some distance from Iran and wouldn't mind being delinked from the axis of evil, he's not about to enlist in the war on terrorism, says Tel Aviv University Prof. Eyal Zisser, a leading Israeli expert on Syria. "If Assad signs a peace treaty with Israel, that doesn't mean he's going to send the Iranian ambassador home the same day," says Zisser. Likewise, Assad might downgrade his relations with terrorist organizations but wouldn't end them, he says, noting: "I think these issues can be discussed in peace negotiations, but I really doubt whether anything dramatic can be achieved."

Somali Islamic Fighters Flee Toward Kenya (WP)

By Stephanie McCrummen

The Washington Post, January 2, 2007

NAIROBI, Jan. 1 -- Ethiopian forces backing Somalia's weak transitional government have taken over Kismaayo, the last stronghold of the country's Islamic movement, and on Monday were chasing the remnants of the Islamic militia along the Indian Ocean coast toward the Kenyan border about 100 miles to the south.

In the final stage of a dramatic power shift in the fragile Horn of Africa nation, the Islamic fighters abandoned their heaviest weapons early Monday morning and took off for villages in the forest, with Ethiopian and government troops in hot pursuit of key leaders, including three suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

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"Our forces have captured Kismaayo," Somali Prime Minister Ali Mohamed Gedi told reporters in Mogadishu, where Ethiopian forces installed his secular, internationally recognized government just days ago. "The warlord era in Somalia is now over."

Gedi has given fighters loyal to the Islamic movement, which was organized under an umbrella group called the Council of Islamic Courts, three days to disarm, and promised amnesty for those who do. Government officials said that in Kismaayo, hundreds of fighters had turned over their weapons Monday and were returning to their clans.

With the most hard-core militiamen headed their way, Kenyan authorities on Monday tightened security along their border with Somalia, which extends for more than 420 miles. Many of the large number of Somali refugees in Kenya may be sympathetic to the Islamic leaders, and analysts say it would be easy for the fighters to melt into the local population.

Kenyan and Somali government officials have said that if they capture the three embassy bombing suspects, they will hand them over to the U.S. government. Meanwhile, some analysts speculated that the Kenyan government, which has pushed the Somali transitional government to include the more moderate leaders of the Islamic Courts movement, might allow those leaders to take refuge in Kenya.

On Monday, Gedi called for the quick deployment to Somalia of a peacekeeping force from the 53-country African Union. That force would in theory replace the Ethiopian troops who are guarding the vulnerable new government but are also causing tensions among Somalis who consider them invaders.

Abdikarin Farah, the Somali ambassador to Ethiopia, said that a long-standing request for U.S. military assistance was also on the table.

"We are pursuing that request, and I won't be surprised if that comes to light," said Farah, speaking from Addis Ababa, the Ethiopian capital. "We have very close coordination and are in touch with the Americans, and obviously we will continue that kind of contact."

Though Ethiopian troops have been stoned by protesters in Mogadishu in recent days, Farah said that longtime animosities between Ethiopia and Somalia are "history" now.

Ethiopian Prime Minister Meles Zenawi has said that he will not withdraw troops until he has ferreted out certain Islamic leaders. Farah said that the government would not ask the Ethiopians to leave until the security situation in the country improves.

"The next step is the difficult one and the long one," he said. "To build the country, and to go forward."

Gedi, the prime minister, continued to meet with clan and religious leaders in the battle-scarred capital of Mogadishu on Monday, as he attempts to establish a viable government in a country of warring clans and sub-clans that has been without any central authority for more than 15 years.

The transitional government was cobbled together more than two years ago in a series of negotiations in Kenya. Regional diplomats contend that even more than the government's leaders, its institutions and structure, designed to include Somalia's complex clan interests, represent the best hope for establishing a viable central government in the country.

The Council of Islamic Courts, which began as a group of local clerics, had come to power in June even as the transitional government was taking hold, and a power struggle ensued.

Ordinary Somalis, who tend to be moderate in their religious views, generally embraced the Islamic movement, following years of thuggish rule by warlords who set up roadblocks, extorted bribes and generally terrorized the population.

But Meles, the Ethiopian prime minister, was uncomfortable with the prospect of an unfriendly government on his border and backed the transitional government. According to the United Nations, Ethiopia had thousands of troops inside Somalia for months before the recent offensive, protecting the nascent government. The government has denied the claim.

In a resolution authorizing military action, the Ethiopian government accused the Islamic movement of supporting ethnic Somali secessionist groups inside Ethiopia, a charge the movement denied.

Both Ethiopia and the United States accused the Islamic leaders of close collaboration with al-Qaeda, a claim that many regional analysts said was exaggerated. For their part, the Islamic leaders had declared holy war on Ethiopian troops.

During the exchange of rhetoric, the Islamic movement managed to get the capital's main airport and port running after years of closure by clan fighting, and established efficient systems of administration that must now be replaced by the transitional government.

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In Kismaayo on Monday, the vast challenges were immediately evident, as the port city drifted into the sort of chaos that has long defined Somalia. Local clan militias snatched up weapons left behind by the Islamic fighters and went on a looting spree.

Meanwhile, Somalia's ports and airports remained closed on Monday, and the price of food and other necessities of daily life began to skyrocket. In Mogadishu, some businessmen were growing impatient.

"There are no commercial flights, no commercial vessels can come in," said one Somali businessman who did not want to be identified because of the precarious political situation. "People are asking why don't they open the ports. The food prices are going high."

After 15 Years, Someone's In Charge In Somalia, If Barely (NYT)

By Jeffrey Gettleman

The New York Times, January 2, 2007

ADDIS ABABA, Ethiopia, Jan. 1 — After Somalia's Islamist forces abandoned their final outpost on Monday, the transitional government moved aggressively to assert control, setting a three-day deadline for all weapons to be turned in and calling for international peacekeeping troops to be sent immediately.

Somalia was already a place where military-grade weaponry was casually flaunted on its streets, but the Islamists' swift collapse has created such a surplus of guns that the average price of a Kalashnikov assault rifle, one of the world's most popular killing machines, has dropped to $15.

Ali Mohammed Gedi, the former veterinarian who is the transitional prime minister, said at his daily news conference that he would not tolerate the situation and gave instructions for turning in the weapons.

"Individuals or groups of people who have trucks mounted with antiaircraft guns, known as 'technicals,' should bring those battlewagons to Mogadishu's old port," he said.

Clan leaders were skeptical about whether he would succeed, and many Somalis seemed dead set against it. "They're trying to neuter us," said Muhammad Duudo, an unemployed car mechanic. "And it's not going to happen. Just wait until the full moon passes and the darkness comes."

Whatever lies ahead, encouraging or ominous, most Somalis seemed to agree that after a week of fast-moving events, the rough outlines of a new reality were emerging. For the first time since the former dictator, Mohamed Siad Barre, fled the country in 1991, casting Somalia into 15 years of anarchy, there is a credible government based in Mogadishu, the capital, with serious outside support and no organized military threat from within.

True, countless gunmen still roam the streets, heavily armed warlords still command authority and the seeds of a possible guerrilla movement may be taking root.

But so far no major force has emerged to challenge the authority of the transitional government. The only rival, the Islamists, lost their last conventional military battle on Monday. The Islamists had steadily lost ground since Dec. 24, when Ethiopia unleashed a punishing series of airstrikes and pushed ground troops deep into Somali territory.

Ethiopian officials justified their intervention in Somalia's messy, violent internal politics by saying the Islamist movement was a regional threat with terrorist connections and ambitions to invade their country. Ethiopia commands one of the most powerful militaries in Africa, and within days of its entrance into the war, Burhakaba, a pivotal inland town, fell from Islamist control — then Jowhar, another key town, and then Mogadishu, the Islamists' former stronghold.

By Sunday, the last remnants of the Islamist forces, which just a few weeks ago controlled a large swath of Somalia, were cornered in Kismayo, a port city on the south Somali coast. Thousands of Ethiopian and transitional government troops were closing in on them, and on Sunday night, the Ethiopians began pounding away with heavy artillery.

At the same time, Kismayo clan elders were pleading with the Islamists to leave. The elders said the Islamists did not stand a chance, and they were worried that their city was about to be flattened. Clan elders in Mogadishu similarly decided last week that the Islamists were a losing cause and pulled their troops and weapons out of the movement.

As in Mogadishu, the Islamists in Kismayo, after many fiery speeches about fighting to the death, simply fled. By Monday morning, many of the Islamists' fighters in Kismayo had shed their uniforms and melted back into the population while others headed south toward a thickly forested area along the Kenyan border.

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"I can't tell you how happy people were that they disappeared," said Adam Ragay, a businessman in Kismayo.

As soon as the Islamists left, looters rushed into the streets and smashed up stores and ran away with televisions and cellphones. But by midafternoon, the brief burst of anarchy was over and transitional government troops had arrived on the outskirts of town.

Residents of Kismayo said the remaining Islamists were heading toward Ras Kamboni, a small town in an isolated area on the Kenyan border that the Islamists had used before as a hide-out. Ethiopian intelligence officials say operatives of Al Qaeda, invited by the Islamists, planned the 1998 attacks on American Embassies in Kenya and Tanzania from Ras Kamboni.

Kenyan officials say they have increased border security to keep the Islamists from escaping. "Anyone who ventures to enter Kenya will have to go through a very serious vetting process," Alfred N. Mutua, a Kenyan spokesman, said in a statement on Monday.

Mr. Gedi has acknowledged that he needs a lot of outside help. Security in Mogadishu is still uncertain, with just a light presence of soldiers.

Mogadishu's ports and airport remain closed, strangling the flow of goods and sending prices for rice, sugar, oil and gasoline through the roof. The schools remain closed.

One of the Islamists' first steps after beginning their ill-fated attack on the transitional government was to close all schools to funnel more teenagers to the front. Their move backfired both militarily and politically after countless teenage soldiers were summarily mowed down by better-trained Ethiopian troops.

Abdi Sallah, a pharmacist in Mogadishu, said he thought that the new government was heading in the right direction but that it needed to step gingerly. "So, we ask all the militia to turn in their weapons and then what happens?" he said. "Do they become part of a national army or do they become unemployed? Have these guys thought all this through?"

Last Islamist Stronghold Falls In Somalia (FT)

By Andrew England

Financial Times, January 2, 2007

Somali government forces backed by Ethiopian troops entered the southern port of Kismayo on Monday and began taking control of the last major stronghold of the Islamist movement that has controlled much of southern Somalia since the summer.

The Islamists, who have fled all their frontline positions in the face of a rapid Ethiopia-led offensive, were reportedly moving south towards Somalia's border with Kenya. Despite their retreat during the last week, Islamist leaders have vowed to continue their fight, leading to concerns they may launch a guerrilla campaign that could attract foreign militants.

The Islamist movement was created out of an alliance of Islamic courts and included conservatives and militant hardliners.

Both Addis Ababa – which is believed to have received tacit US support for its offensive - and Washington accused the alliance of harbouring and including al-Qaeda terrorists, including suspects wanted in connection with the 1998 US embassy bombings in Nairobi and Dar es Salaam, as well as the 2002 attack on an Israeli-owned hotel in Kenya.

The courts denied the allegations and were welcomed by many for bringing a semblance of order to areas under its control. However, they also created resentment for their harsh interpretation of the Koran and a hardline military wing within the alliance, which was known as the Shabaab, was thought to include extremists.

It was unclear what had happened to the Shabaab militia.

A US official said Washington was encouraging the government to enter into dialogue with "all Somali parties of goodwill," including moderates within the Islamist alliance, and was pushing for the deployment of an African-led peacekeeping force.

A Ugandan military spokesman said it would be ready to deploy 1,000 peacekeeping troops within days under the aegis of the Inter-Governmental Authority on Development, an east African development organisation. But it is unclear who would finance or who else would contribute troops to any peacekeeping mission, and IGAD has formulated no firm plans for such a force.

The last such international mission to Somalia ended in humiliation. Led by the US and UN, the force finally withdrew from the country in March 1995 following bloody fighting with Somali militias.

The US, which describes Somalia as a potential haven for terrorists, has around 1,500 troops and personnel deployed in neighbouring Djibouti as part of its war on terror. The US official said the force had not had a military role on the ground in

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Somalia, but added that Washington regarded it as its right to pursue al-Qaida suspects wherever they were. He said the task force would continue to monitor the region for the movement of terror suspects.

"We continue to go after those responsible for the 1998 bombings," the US official said. "If we have indications that al-Qaida suspects are leaving Somalia we will pursue them."

The courts alliance came to prominence after seizing Mogadishu from a group of US-backed warlords in June. They then increased their area of influence to much of southern Somalia, while the transitional government, weak and divided, was restricted to the central town of Baidoa.

But with vital support from Ethiopia, which deployed thousands of troops, backed by tanks and fighter jets, government forces were able to enter Mogadishu last week as the Islamist fled south.

The administration, which was unpopular among many Somalis and had been ineffective since its establishment two years ago, still faces immense challenges if it is to bring stability to a country torn apart by 15 years of rule by warlords, clan divisions and violence. The impoverished Muslim nation is awash with weapons, has a crumbling infrastructure and more than a dozen attempts to form an effective central government have failed.

If the transitional administration is to succeed, it will have to be willing to negotiate and broaden its base of support, particularly from among the Hawiye clan that has dominated Mogadishu since 1991 and provided a significant support to the courts alliance, analysts say.

Ali Mohamed Gedi, the prime minister, repeated calls for the deployment of an African Union peacekeeping force to be deployed and has said that while the Islamists leaders and foreign jihadists will be pursued, the movement's rank and file fighters would be granted amnesty if they gave themselves up.

Mr Gedi has also said warlords and clan militias should hand over their weapons, but that poses huge challenges as guns have provided clans and faction leaders with power, control and the means to run extortion rackets.

Bulgaria, Romania Join European Union (AP)

By Nevyana Hadjiyska

AP, January 2, 2007

Bulgaria and Romania — two former communist nations from one of the poorest corners of Europe — joined the European Union on Monday to bring the bloc's membership to 27 nations.

The two, which bring 30 million new members to the union, officially joined the EU at midnight to joyous fireworks celebrations that drew tens of thousands of New Year's Eve revelers to the two capitals of Sofia and Bucharest.

"This is a day of historical justice, because Bulgarians have always been Europeans in spirit and identity," Bulgarian President Georgi Parvanov told about 2,000 people who attended an elaborate membership ceremony Monday in front of the St. Sophia church.

In Bucharest, Romanian President Traian Basescu hailed the end of the difficult journey to membership that began in 1995.

"It was hard, but we arrived at the end of the road. It is the road of our future. It is the road of our joy," Basescu said.

Bulgarian officials removed customs barriers at 15 border crossing with Greece and Romania within hours of EU membership. But controls at Bulgaria's borders with Turkey, Serbia and Macedonia were strengthened in a sign of the pressure on the new members to pursue reforms needed to meet bloc standards.

In Sofia, many wore ribbons in support of five Bulgarian nurses sentenced to death in Libya on charges they intentionally infected more than 400 Libyan children with HIV, despite evidence the children were infected before the medical workers began working at the hospital.

EU Enlargement Commissioner Olli Rehn and EU parliament president Josep Borrell voiced solidarity with the nurses.

"You are not alone. The EU is with you," Rehn said in Sofia.

Bulgaria and Romania threw off communism in 1989, applied for EU membership in 1995 and began accession talks in 2000. Negotiations ended two years ago, and the European Commission declared in September that both could join.

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But the two impoverished countries are still struggling to establish Western-style legal and political institutions. Under restrictions adopted by the EU, both must report every six months to show progress in reforms — or risk losing part of their economic aid.

Bulgaria mothballed two Russian-made reactors at its only nuclear plant in the waning hours Sunday, ceding to an EU request over safety.

Despite lingering problems with corruption and judicial reforms, both countries recently have had strong economic growth. Still, salaries remain low by western European standards. In Bulgaria, the average monthly wage is $235, while the average Romanian earns about $400 monthly.

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Associated Press writer Alison Mutler in Bucharest, Romania, contributed to this story.

Romania And Bulgaria Celebrate Entry Into European Union (NYT)

By Dan Bilefsky

The New York Times, January 2, 2007

BRUSSELS, Jan. 1 — Romania and Bulgaria joined the European Union on Monday, helping to end geographic divisions left over from the cold war and extending the borders of the now 27-member bloc eastward to the Black Sea.

In Bucharest, Romania, President Traian Basescu said Sunday night that the entry into the European Union signaled the end of a painful 17-year process. “We arrived in Europe, welcome to Europe,” he said to rapturous applause from a crowd in University Square. “This is an enormous chance for new generations.”

In Sofia, the Bulgarian capital, revelers gathered in Battenberg Square. Fireworks filled the sky over the building where the Communist Party once had its headquarters. “We are home!” said a headline in the Bulgarian newspaper Trud.

Romania and Bulgaria, now the European Union’s poorest members, hope that membership will help them raise their per capita wealth, which is one-third of the Union average. Their accession, the second wave of enlargement into formerly Communist Eastern Europe, will also give the Union a stable political and economic anchor in an unstable region.

Romania, with a population of about 22 million, becomes the European Union’s seventh largest member. Bulgaria has a population of 7.7 million.

For Romania, which suffered one of Eastern Europe’s most brutal Communist dictatorships under Nicolae Ceausescu before he was overthrown in 1989, being moored to the European Union is an important symbolic final break with a difficult past. For Bulgaria, whose history is marked by conflicts with the Ottoman Empire and Soviet occupation, European membership is also viewed as a source of economic and democratic stability.

The European Union has been experiencing expansion fatigue, though, after the bloc’s enlargement in May 2004 to 25 countries from 15. With the latest additions, the Union has a population of nearly 489 million.

Some members, like France, are concerned that the addition of member nations with much lower per capita incomes, the European Union will become economically overburdened, institutionally unwieldy and ultimately unmanageable. They fear that expansion will diminish their power while paralyzing the European Union’s decision-making process.

Wariness about the future shape of the Union was reflected in French and Dutch rejections of a proposed European constitution in referendums in 2005. Since then, there have been calls across the bloc for a slowing of the pace of enlargement.

Such ambivalence, stoked by fears of immigration and Europe’s lackluster economic performance, has been most prominently expressed in opposition to admitting Turkey, which is Muslim. It has also cast a shadow over the admission of Romania and Bulgaria, which have been criticized for corruption that has lingered since Communist times.

Some countries, though, led by Britain, with the enthusiastic backing of the United States, have supported further expansion because the promise of membership has helped accelerate economic and political change in Europe, ranging from the arrest of war criminals in Croatia to the liberalization of Turkey’s banking industry.

The cautious approach to further expansion was reflected in the tough conditions imposed on Romania and Bulgaria for entry.

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Even now that they are in the Union, the two countries will be subject to unprecedented safeguards devised to keep them from backtracking. They include the power by the European Commission, the union's executive, to suspend some of the rights that come with membership, like generous economic aid.

The commission has also threatened to suspend recognition of arrest warrants and decisions made by Bulgarian courts if the country does not improve its judicial system.

Romania expects to receive as much as $ 2.2 billion in the first year after entry, while Bulgaria would be entitled to $873 million.

The European Union has been grappling with fears that westward migration from its poorer members in the east risks undermining the bloc's social standards.

At the time of the last enlargement, in May 2004, the European Commission estimated that the number of migrants throughout the bloc would total 70,000 to 150,000 a year. But Britain alone is estimated to have received up to 600,000 in the past three years.

Britain, Sweden and Ireland, which opened their doors to European Union newcomers in 2004, have already signaled that they are less inclined to do so now. Romanians and Bulgarians may also face obstacles in labor markets in Hungary, Slovakia and the Czech Republic, which are themselves confronting restrictions by countries further west.

At a recent meeting in Brussels, European leaders toughened their tone on enlargement but stopped short of setting new hurdles to expansion. They reaffirmed backing for the eventual membership of Turkey, Albania, Bosnia, Croatia, Macedonia, Montenegro and Serbia.

More Articles in International »

Eta Crackdown Urged On Zapatero (FT)

By Mark Mulligan And Victoria Burnett

Financial Times, January 2, 2007

José Luis Rodriguez Zapatero, Spanish prime minister, was under intense pressure on Monday to crack down heavily on Eta following a car bomb attack that ended a nine-month ceasefire and wrecked his government's controversial efforts to broker peace with the Basque separatist group group.

Mariano Rajoy, head of the opposition Popular Party, called on Mr Zapatero to act with "prudence and a sense of realism".

"The response to the attack cannot be simply to suspend a process that never should have begun in the first place," he said.

The Association of Victims of Terrorism said the prime minister should "apologise to the Spanish people" for allegedly allowing Eta the opportunity to regroup.

The calls came as Spanish police on Monday scoured the rubble left by Saturday's car bomb attack on Madrid's Barajas airport. Two Ecuadorian men were missing, believed dead, after an estimated 500kg of dynamite destroyed a multi-storey car park. The deaths, if confirmed, would mark the first fatalities caused by Eta in three and a half years.

Mr Zapatero's critics seized on the government's complete surprise at the bombing as evidence of his naivety in dealing with Eta. Less than 24 hours before the bombing, the prime minister voiced optimism about the peace process he launched in June.

The government held secret talks in December with Eta leaders and came away confident that the ceasefire would hold.

"Eta knew how to play with what can only be described as an unfathomably stupid government," Carlos Martinez Gorriaran, head of a terrorist victims' support group, wrote.

Analysts predicted that the government, which suspended the peace process on Saturday, would begin a sweep against Eta operatives and sympathisers. French authorities might also step up activity against the group, which claims France's Basque-speaking regions as part of a separate homeland.

"I would expect significant arrests in the next few weeks, in an attempt to restore people's confidence in the government's willingness and ability to apply the law," said Charles Powell, history professor at the San Pablo CEU university in Madrid.

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Mr Zapatero also needs to mend fences with France, where security officials have insisted Eta remained active despite the ceasefire. Eta members stole the van used in Saturday's bombing in southern France and in October carried off a heist of 350 firearms there.

Analysts believe Mr Zapatero is unlikely to declare the peace process over as this would represent a victory for his right-wing opponents. Instead the prime minister may now invoke the ups and downs of the Northern Ireland peace process as a precedent for keeping negotiations alive.

But analysts said it was unlikely Eta and its outlawed political wing, Batasuna, could offer the kind of guarantees needed to justify resuming talks.

Belarus Caves In To Assure Gas Supply (FT)

By Arkady Ostrovsky

Financial Times, January 2, 2007

Gazprom, the Russian gas company, struck a five-year deal to supply gas to Belarus just minutes before a New Year deadline, narrowly avoiding a gas price war that threatened to disrupt supplies to Europe.

The agreement, signed at two minutes to midnight on New Year's eve, just as Vladimir Putin, Russia's president, made his New Year address, averted a shut-down of gas supplies to Belarus scheduled for 10am on January 1.

The new contract doubles the price of gas for Belarus this year and gives Gazprom a 50 per cent stake in the country's pipeline network.

Under the terms of the deal, gas prices will rise steadily over the next five years bringing them in line with European countries by 2011.

The deal will phase out a multi-billion dollar gas subsidy to Belarus, which had allowed Alexander Lukashenko, the country's authoritarian president, to subsidise living standards. Gazprom has been trying to bring gas prices to all former Soviet republics more into line with European levels.

The price increase and exemption from export duties gives Belarus more favourable terms than those offered to other former Soviet republics.

Belarus agreed to pay $100 per thousand cubic metres of gas this year compared with $46 last year, while Gazprom agreed to pay $2.5bn in cash for a 50 per cent stake in Beltrangaz, the distribution and pipeline network.

Gazprom had wanted Belarus to pay $105 for gas of which $30 would be in Beltrangaz shares. Sergei Kupiyanov of Gazprom, said the company was satisfied with the deal.

By comparison, Georgia, which has been in a state of cold-war with Russia, will this year pay $235 per 1,000 cu m of gas.

"The terms which have been fixed [with Belarus] in this agreement are the best which exist on the territory of the former Soviet Union," Alexei Miller, the chief executive of Gazprom, said.

Sergei Sidorski, Belarus's prime minister, said the doubling of the price was "very difficult, almost unbearable" for the Belarus' economy.

"The Belarussian side, in a difficult atmosphere on the eve of the new year, signed an agreement on unfortunate terms," Mr Sidorsky was quoted as saying.

Mr Lukashenko, last week said: "Belarus won't bow to Gazprom's blackmail. If they keep putting pressure on us, we will go down into the bunkers, but we will not surrender." Mr Lukashenko had pledged not to give up -control over the country's pipelines.

Gazprom had threatened to turn off supplies to Belarus on January 1, if it did not agree on a new price. The threat echoed Russia's stand-off with Ukraine which resulted in the shutting down of gas supplies to Ukraine and disruption to other European countries.

While only 20 per cent of Russian gas is exported through Belarus, several European Union member states, including Poland, Lithuania and Germany would have felt the repercussions as Belarus warned it would halt transit if Russia acted on its threat.

Under a new deal, Belarus will double the tariffs for Russia's gas transits. The agreement marks a new phase in Russia's relationship with Belarus.

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The two countries have been close allies, but the Kremlin became increasingly annoyed with Mr Lukashenko's failure to deliver on promises of closer integration.

Belarus Deal Signals Russia's Growing Clout (WP)

By Steven Mufson

The Washington Post, January 2, 2007

Belarus looked headed for a cold New Year's Day until the former Soviet republic's prime minister walked into the offices of Russia's natural gas monopoly, Gazprom, just before a midnight deadline and agreed to most of Gazprom's terms for continued supplies.

"There was a tense atmosphere among the Belarusan delegation since we have agreed to and signed a contract whose conditions for the delivery of gas are not at all favorable," Belarusan Prime Minister Sergei Sidorsky said at a news conference at Gazprom's headquarters late Sunday night.

Under the agreement, Belarus will pay more than twice its current price for natural gas for its 10 million people and -- to keep from paying an even higher price -- will sell Gazprom a 50 percent interest in its gas pipeline network. The terms are similar to what Gazprom has been extracting from other neighboring former Soviet republics, such as Ukraine and Georgia. The Russian energy giant wants higher prices for its natural gas, and it is using its leverage as sole or principal supplier to get a share of other countries' domestic pipeline networks and transit lines to the West.

"[Russian President Vladimir] Putin's mission has been to regain the energy assets and export infrastructure that [former Russian President Boris] Yeltsin lost when the Soviet Union broke apart," said Michael Lelyveld, a senior analyst on Russia at PFC Energy, a Washington consulting group.

The new deal is the latest instance of Gazprom playing hardball with its neighbors. Exactly a year ago, it cut off supplies to Ukraine, which had a newly elected West-leaning government, in what was widely seen as politically inspired move. That crisis ended when Ukraine agreed to a sharp price increase, to $95 per thousand cubic meters, while the price to Belarus remained at $47. Recently, Ukraine agreed to another hefty price increase to $130, but it kept the price well below Western European levels of $230 by giving Gazprom a stake in its pipeline system.

Now that Gazprom has treated the authoritarian, pro-Moscow government of Belarus in a similar way, it lends some credibility to Gazprom's claim to have not political but commercial motives, namely the end of heavily subsidized gas prices that date to when its neighbors were all Soviet states. Belarus will now pay $100 per thousand cubic meters, with prices rising to market levels by 2011. A portion of that price will be paid in shares of the national pipeline company.

"There have been absolutely no political demands from the Kremlin, only financial ones," said Jonathan Stern, director of gas research at the Oxford Institute for Energy Studies. Stern said that though this year's gas price in Belarus will be half that paid by Georgia, the differential may be more a reflection of the bargaining power Belarus had over the transit line to the rest of Europe than a political distinction between the pro-Moscow Belarus and the pro-West Georgia. Gazprom originally sought a price of $230 per thousand cubic meters from Belarus, then demanded $105; the implied price, $2.5 billion, it will pay for the Belarusan pipeline system is also more than it originally offered.

Still, in Western Europe, Gazprom's brinkmanship has raised alarms about its power and expansionism. Western Europe is heavily dependent on Russian natural gas supplies, which account for a quarter of Europe's needs and 40 percent of its imports. That share is expected to rise over the next 15 years, according to an analysis by Deutsche Bank Securities.

About 80 percent of the Russian gas crosses Ukraine, and the rest crosses Belarus. Both price disputes threatened to cut off or curtail those supplies; Belarus threatened to siphon the gas it needs from supplies destined for other countries, and a year ago, Gazprom's two-day cutoff to Ukraine crimped supplies elsewhere. That has spurred talk about Europe's energy security and its need for supply diversification.

"All of a sudden, Russian supplies, which seemed so reliable during the Cold War, seem unreliable," said Stephen O'Sullivan, emerging-markets oil and gas analyst for Deutsche Bank. He said that is driving Europe to look at nuclear power and liquefied natural gas imports from other countries. Even though the Belarus dispute was settled before supplies were disrupted,

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O'Sullivan says: "It gives more momentum to a search for alternatives to Russia . . . You never know what might happen down the line."

In addition, Gazprom has been trying to use its leverage as the biggest supplier of natural gas to Europe and its control over access to oil and gas exploration prospects in Russia to acquire stakes in pipeline networks in countries such as Italy, France and Germany. But those countries have been reluctant to put their private firms under the control of a state-owned company, especially because Russia strictly limits foreign acquisitions within its borders.

"Putin has told the Europeans that Russia's strategy is only aimed at enhancing their mutual energy security, but it's really all about expanding Russian power," Lelyveld said. "The assertive tactics may frighten the Europeans, but in the near term, there's very little they can do to reduce reliance on Russia."

The new agreement with Belarus, which is set to last four years, will alleviate some of Europe's concerns about supply interruptions. "The brinkmanship aspect is significant for Europe, but now that everything seems settled -- at least for the moment -- people will relax again," Stern said. "This four-year deal means that we should not be going through this again next year."

But as long as the state-owned Gazprom controls Russia's natural gas supplies and most of the exploration prospects in Russia, and with high energy prices pumping cash into its coffers, the company will remain powerful. It controls about a quarter of global gas output and reserves.

Last month, Gazprom used that power to pry its way into Royal Dutch Shell Group's oil and gas exploration and production project on Sakhalin Island, off Russia's east coast. Threatened with delays for environmental reasons, the project got the go-ahead the day Shell and its Japanese partners agreed to halve their share in the project, delay cost recovery and sell Gazprom a controlling interest.

One area in which Gazprom has been barred from using its muscle is domestic Russian gas prices. Those prices are rising but remain far below market levels. Domestic sales account for 70 percent of Gazprom's gas volume but only 30 percent of its revenue, according to a Deutsche Bank analysis. Raising Russian prices to global levels and domestic efficiency measures could cut Russia's consumption by an amount equal to a fifth of Europe's imports, enabling Gazprom to expand its exports or decrease its reliance on Central Asian nations, such as Turkmenistan, for a portion of its supplies. But the Russian government recently said that domestic gas prices would remain subsidized for at least the next five years.

Belarus Yields To Russia (WSJ)

By Alan Cullison

The Wall Street Journal, January 2, 2007

MOSCOW -- The last-minute deal that sharply raises the price of Russian natural gas to Belarus highlights the success of a Kremlin energy policy that the West has denounced as bordering on blackmail. By showing that it is willing to cut off countries that won't accept rate increases, Russia has ended an era of cheap energy supplies to former Soviet republics.

Russia's natural-gas monopoly and its largest company, OAO Gazprom, announced the agreement early yesterday, hours before the company said it would shut down supplies to Belarus. The agreement more than doubles the price of gas to Belarus, to $100 per 1,300 cubic yards from $47. Moscow also said it would acquire a 50% stake in the Belarus gas-transit monopoly, Beltransgaz, an asset Minsk for years has refused to surrender.

The agreement, announced as the Russian capital celebrated the New Year, also will gradually step up the price of gas for Belarus toward levels that Europe pays, near $300, in coming years. It follows months of negotiations in which officials from Moscow threatened to cut off gas to Belarus in midwinter and officials from Minsk threatened to disrupt Russian gas supplies to Europe.

Ultimately, the Belarus side flinched and agreed to pay a touch less than the $105 per 1,300 cubic yards the Russians were demanding. "The Belarussian side, in a difficult atmosphere on the eve of the new year, signed an agreement on unfortunate terms," Agence France-Presse quoted Belarus Prime Minister Sergei Sidorsky as saying.

The agreement caps a year of rate increases for states of the former Soviet Union that its neighbors and the West have called politically motivated.

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Russia cut off gas to Ukraine last Jan. 1 when negotiations with Kiev failed, a move that was denounced by European countries, which saw their supplies flowing through Ukraine disrupted. Afterward, Vice President Dick Cheney accused Russia of using energy as an instrument of intimidation and blackmail. Europe started stockpiling gas as a hedge against future disruptions and exploring alternative suppliers.

Gazprom said it is just trying to put its relations with neighbors on a market-oriented footing and end subsidized energy supplies to the countries of the former Soviet Union. Though Russia was hurt by criticism of the Ukrainian cutoff, its eventual agreement with Kiev nearly doubled prices for gas last year and raised them to $130 for 2007. Moscow also has sharply raised prices for Azerbaijan, Georgia and Moldova.

"The Russians put up with a lot of damage to their reputation after Ukraine, but now they have their customers in line," said Jonathan Stern, head of gas research at the Oxford Institute for Energy Studies. "Every [customer] knows Russia will not let them off the hook easily."

Until recently, Belarus had been an exception. Led by its autocratic president, Alexander Lukashenko, Belarus for years had benefited from the comparatively inexpensive supply of natural gas, a support to its state-managed economy. It is Russia's second-largest consumer of natural gas among former Soviet states, and last year, Minsk paid $47 per 1,300 cubic yards -- roughly the price of gas for users inside Russia.

But relations between Moscow and Minsk lately have been strained: Though putative allies, each blames the other for failing to follow through on plans to unite the two countries. Moscow is ending duty-free oil shipments to Belarus, a move that is expected to cost more than $1 billion in profits to the country's refining industry. Last week, Russian officials warned that Belarus would face a shut-off of natural-gas deliveries at 10 a.m. yesterday if it didn't agree to higher natural-gas prices. Belarus, in turn, threatened to disrupt pipelines on its territory that carry more than 20% of Gazprom's exports to Europe.

Belarus had hoped European countries would panic at the prospect of another gas cutoff and put pressure on Russia to make a quick deal with Minsk, said Chris Weafer, chief strategist at Alfa Bank in Moscow. But none wanted to do any favors for Mr. Lukashenko, widely regarded as Europe's last dictator, he said. Many had stockpiled gas supplies to last for several weeks in case of a cutoff.

Belarus "played a game of chicken with Moscow, and they saw that Moscow would not blink," said Mr. Weafer.

Mr. Weafer said Belarus has managed to soften the blow of the rate increase by agreeing to sell off a portion of Beltransgaz, thus giving Belarus nominally lower gas prices than its neighbors. But he expects Gazprom to push for total control of the transportation company in coming years.

"Russia will have control of that company by the end of the decade, that's for sure," he said. "Belarus doesn't have much choice. What are they going to do? Go without gas?"

Thailand's Leader Blames Local Politics For Bombings (WSJ)

By James Hookway

The Wall Street Journal, January 2, 2007

BANGKOK, Thailand -- With Thailand's tourism industry bracing for the impact of deadly bombings in Bangkok on New Year's Eve, the country's military-installed prime minister suggested that domestic politics rather than a Muslim insurgency was behind the blasts, which killed three people and triggered panic in parts of the capital.

Prime Minister Surayud Chulanont told reporters yesterday that the synchronized blasts might have been connected to the September ouster of his predecessor, telecommunications tycoon Thaksin Shinawatra, in a bloodless coup.

"From the evidence we have gathered, there is a slim chance that it is related to the southern insurgency," Gen. Surayud told a news conference. "It is likely related to people who lost their political benefits."

The nine bombs exploded Sunday as revelers prepared to ring in the new year. Bangkok's city leaders canceled the celebrations after the first wave of bombings in the early evening. In total, police say the explosions wounded 38 people, including nine foreign tourists. Nobody has claimed responsibility.

The blasts cap a volatile 2006 in Thailand. It saw a military coup and a deepening insurgency in the Muslim-dominated south of the country, in which more than 1,900 people have been killed in the past 2½ years. If investigators conclude that

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Thaksin supporters planted the bombs, it could suggest continuing instability and complicate the military's promised goal of restoring democratic civilian rule. If authorities conclude that Muslim insurgents orchestrated the blasts, it would be the first time they have struck Bangkok -- marking a significant escalation.

Stock analysts, meanwhile, worried that Thai share prices, already hammered by foreign selling following the introduction of capital controls last month, would continue falling when trading resumes tomorrow. Today is a holiday in Thailand.

Mr. Thaksin's lawyer, Noppadol Patama, said Mr. Thaksin was in China and had no involvement in the bombings. "Thaksin was elected by the people, and even during the time of conflict, he has refrained from using violence," the Associated Press quoted the lawyer as saying. "It is very unlikely that a politician who was elected by the people will resort to violence."

Thai investigators said they are still trying to piece together evidence to lead them to those behind the bomb plot. The devices were relatively small, made from ammonium nitrate and used digital watches as detonators, police officials said.

The size of the bombs, as well as the coordinated manner in which they exploded, resembled recent bombings in Thailand's deep south, say security analysts -- though Muslim insurgents tend to use cellular phones to detonate bombs rather than timers, as were used in Sunday's blasts. The insurgents are trying to drive Buddhist Thais from the three mostly Muslim southern provinces, where the bloody conflict has largely played out.

The culprits in Sunday's bombings picked a vulnerable target: tourism. New Year's celebrations in downtown Bangkok are a mainstay of Thailand's tourism industry, which generates more than $12 billion a year. Normally, tens of thousands of people cram the streets to listen to bands and watch fireworks.

Gen. Surayud said Sunday's bombs were designed to create the impression that Thailand is politically unstable and that the military-installed government isn't fully in control.

Thailand's armed forces have accused Mr. Thaksin of corruption and of insulting Thailand's revered King Bhumibol Adulyadej. The coup followed months of demonstrations against Mr. Thaksin in Bangkok.

Yet Mr. Thaksin, twice elected in a landslide, remains popular in rural Thailand, where he is lauded for policies such as offering farmers low-cost loans. Over the past few months, several schools in the northeast have been torched, apparently to protest Mr. Thaksin's ouster.

In recent years, Thailand's tourism industry has been hit by the spread in Asia of severe acute respiratory syndrome and by the devastating December 2004 Indian Ocean tsunami, which wiped out or damaged many resorts.

Many travel agents said it was too soon to tell whether there would be a rash of cancellations because of the bombings. But it appears foreign tourists spending New Year in the Thai capital were largely undaunted. Yesterday, large crowds descended on some of Bangkok's main attractions, such as the Grand Palace and the Temple of Dawn.

Zapatistas Celebrate 13th Anniversary Of Uprising (NYT/AP)

Associated Press

The New York Times, January 2, 2007

OVENTIC, Mexico, Jan. 1 (AP) — Thousands of Zapatista rebels celebrated the 13th anniversary of their brief uprising against the Mexican government on Monday, dancing, singing and holding discussions on improving the status of poor Indians in the southern state of Chiapas.

The ceremonies, which attracted hundreds of foreigners from many countries, began Sunday night under the stewardship of the group's leader, Subcommander Marcos. Participants saluted the Mexican and Zapatista flags, and held a large dance in the Zapatista community of Oventic, 460 miles southeast of Mexico City.

The Zapatistas seized the main city of San Cristóbal de las Casas and other Chiapas communities in the name of socialism and Indian rights on Jan. 1, 1994. A cease-fire ended fighting between rebel and government forces after a few days, and the two sides have since maintained an uneasy truce.

Marcos, a professor-turned-guerrilla, has continued to champion a quieter social revolution from the jungles of Chiapas, issuing missives harshly critical of Mexico's politicians and government policies.

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Speaking in Tzotzil, a Mayan language spoken in Chiapas, he recalled on Sunday night how the movement was founded to end the isolation and misery of the Indians. It was the first time in many years that Marcos had attended anniversary celebrations. He was escorted by several other ski-masked members of the movement.

On last year's anniversary, Marcos began a nationwide tour in an attempt to forge a national leftist movement. But his talks and tour appearances did not draw large crowds, and he was criticized for straying from his principal cause of fighting for Indian rights after expressing support for violent antigovernment protests by unrelated groups.

Island Of Injustice (WP)

By David Vine

The Washington Post, January 2, 2007

Forty years ago, on Dec. 30, 1966, at the U.S. Embassy in London, representatives of the U.S. and British governments met, as one participant later put it, "under the cover of darkness" to sign an "exchange of notes" giving the United States the right to create what was to become a major military base on Diego Garcia, an obscure British island in the middle of the Indian Ocean. In doing so they made provision for "those administrative measures" necessary to forcibly deport the entire native population of the island and the surrounding Chagos Archipelago.

While Diego Garcia has gained some attention as a key launch pad for the wars in Iraq and Afghanistan, few know about the expulsion of nearly 2,000 people, called Chagossians, that was eventually carried out between 1968 and 1973 to create the base.

Despite the anonymity, the facts are not in doubt: Beginning in 1960, U.S. officials initiated secret conversations with the British government and eventually secured British agreement to provide "exclusive control" of the island "without local inhabitants." The governments finalized the deal with their Dec. 30 exchange of notes, in effect creating a treaty but circumventing congressional and parliamentary oversight. A separate secret agreement provided for $14 million in undisclosed U.S. payments to deport the Chagossians and turn Diego Garcia into a military colony.

With the financial and diplomatic details ensured, beginning in 1968, islanders leaving Chagos for vacations or medical treatment on the island of Mauritius were barred by the British from returning and thus marooned 1,200 miles from their homes. The British soon began restricting supplies for the islands, and by the turn of the decade, more Chagossians were leaving as food and medicines dwindled.

In 1971 the U.S. Navy began construction on Diego Garcia and ordered the British to complete the removals. First British agents and U.S. soldiers on Diego Garcia herded the Chagossians' pet dogs into sealed sheds and gassed and burned them in front of their traumatized owners awaiting deportation. Then, between 1971 and 1973, British agents forced the islanders to board overcrowded cargo ships and left them on the docks in Mauritius and the Seychelles.

Upon arrival, Chagossians received virtually no resettlement assistance and found themselves homeless, jobless and with little money. In 1975 The Post broke the story of the expulsion, finding the people living in "abject poverty" as a result of what The Post's editorial page called an "act of mass kidnapping."

When a single day of congressional hearings followed, the U.S. government denied all responsibility for the islanders.

After years of protests and strikes, the British government, in 1978 and 1982, paid Chagossians some compensation. It totaled less than $6,000 per recipient. Many used the money to pay off large debts accrued since the expulsion, and for most, conditions improved only marginally. After living with the islanders over four periods between 2001 and 2004, I found that as a group, Chagossians -- now numbering more than 5,000 -- have been severely and chronically impoverished by the expulsion.

I came to document the expulsion's effects after being asked to serve as an expert witness in lawsuits brought against the U.S. and British governments. The suits are demanding the right of return, proper financial compensation and the right to work on the base.

In Britain, the High Court in London has twice -- in 2000 and 2006 -- ruled the islanders' expulsion illegal under U.K. law. In February the group will return to the court to contest the British government's appeal of the latest ruling; another victory could finally open the way for a return to Chagos.

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By contrast, a federal district court and an appeals court have dismissed the U.S. lawsuit, with judges unwilling to overrule the executive on what one judge called the "improper misplacement of the plaintiffs," an act held to be a matter of foreign and military policy. During the 1975 House hearings, Lee Hamilton, then a member of Congress and now co-chairman of the Iraq Study Group, asked a State Department representative if the government had any legal or moral responsibility for the people. The representative replied, "We have no legal responsibility. Moral responsibility is a term, sir, that I find difficult to assess."

Forty years almost to the day after the signing of the initial Diego Garcia agreement, there should be no difficulty in assessing the responsibility of the United States: The U.S. government developed the idea for a base on Diego Garcia, demanded the removal of the islanders, paid the British for the deportations and gave the orders to complete the removals.

While almost no attention has been paid to the Chagossians since The Post's 1975 report, the time has come for the story of the Chagossians and Diego Garcia to see the light of day, and for Congress and the Bush administration finally to accept and act on the responsibility of the United States for a people's ongoing plight.

The writer is public anthropologist in residence at American University.

Mr. Wolfowitz And The Bank (NYT)

The New York Times, January 2, 2007

When Paul Wolfowitz speaks publicly these days, he is usually making good sense. The head of the World Bank (formerly No. 2 at the Pentagon) has criticized Chinese banks for ignoring environmental and human rights standards when they lend to Africa, told the White House it needs to do more to alleviate African poverty, and has vowed that corrupt officials won't be allowed to siphon off money from projects that are supposed to benefit the poor.

So why do so many people at the bank mistrust him — including many of the leading shareholders? At last fall's annual meeting, European ministers insisted that the bank's board would oversee Mr. Wolfowitz's anticorruption program, to ensure that no country was punished arbitrarily.

That is not a vote of confidence and not a healthy state of affairs. Mr. Wolfowitz needs to figure out how to earn more than just the Bush administration's trust.

Some of his critics will never forgive him for championing the disastrous Iraq war. But he has compounded their suspicions, surrounding himself with a tight group of former Bush administration officials who — true to their roots — have little patience for explaining themselves and even less for criticism.

Mr. Wolfowitz and his aides did an especially poor job explaining their decisions to suspend or delay hundreds of millions of dollars in loans because of alleged corruption, feeding fears that they were settling scores. When Hilary Benn, Britain's top aid official, publicly questioned bank policies, an unidentified senior bank official dismissed Mr. Benn to The Financial Times as "an ambitious political climber." That's no way to win friends or donors. Mr. Wolfowitz wrote to the paper to say that was not his view and has since visited London to patch things up, but relations remain cool.

Mr. Wolfowitz has yet to outline a broader vision for the bank, which might inspire his staff and rally international support. There are certainly a host of issues that need his leadership. The bank needs to give more of a voice to less wealthy and poor countries. It needs to find new ways to mobilize private sector financing. And it needs to get more deeply — and more systematically — involved in addressing global challenges like epidemics, sustainable energy and post-conflict reconstruction.

Mr. Wolfowitz deserves praise for championing debt relief for the world's poorest countries. And he is right that the bank needs to do a lot more to fight corruption, which can cripple any development effort. To be heard on these subjects, Mr. Wolfowitz will have to work harder to earn the trust of his staff, his shareholders and everyone who cares about development. He needs a more inclusive management style and a more diplomatic inner circle, and to articulate broader goals beyond stopping corruption. That way he would have the credibility to fight the good fight.

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TERRORISM NEWS:

Five Years And Counting In Cuba (USNEWS)

By Will Sullivan
U.S. News and World Report, January 2, 2007

Fawzi al-Odah was 25 and full of youthful confidence when he sent the first letter to his parents after being detained in Guantánamo Bay. "I will be established as innocent soon, and then I will return back to you," he insisted. But that was 2002, and this month al-Odah will celebrate his 30th birthday in Cuba.

On January 11, the U.S. naval base at Guantánamo Bay will mark five years since it opened its doors to some of the earliest government-designated "enemy combatants" in the war against terrorism. Since then, the facility has evolved from open-air cages into a complex rivaling any maximum-security prison. But despite two trips to the Supreme Court, questions about the rights and status of about 400 men held there are not much closer to being answered than they were when the first detainees arrived. And so the coming months will see renewed challenges to the facility in both the courts and the new Democratic Congress.

History. Many of Guantánamo Bay's legal ambiguities were supposed to have been resolved in September, when the White House and Congress haggled over legislation to address a Supreme Court ruling–a ruling that effectively tossed out the administration's previous plan to try some detainees in special military commissions. The result of that haggling was the Military Commissions Act, which specified the rules for the commissions, denied detainees the habeas corpus right to challenge their detentions in court, and defined acceptable interrogation methods.

President Bush signed the bill in October, and the administration hopes the legislation provides a constitutional framework for holding war crimes trials for the worst detainees–including 14 "high value" detainees whom Bush transferred to Guantánamo Bay from previously secret CIA prisons. If convicted, those detainees could be held even after the war on terrorism was thought to have ended. The Pentagon is seeking congressional funds for a courtroom compound at Guantánamo, where the trials would take place.

But the government acknowledges that only about a fifth of the detainees at Guantánamo will face a military commission. Some will be released–hundreds already have been–as the government accelerates efforts to pare down the population to the most serious threats. But those decisions are made by the military, and the administration contends that anyone deemed an enemy combatant can be held until hostilities end, with no access to the courts to challenge their detention.

Critics say the framework is rife with problems. A central irony: Because the most dangerous detainees will go before military commissions, they will have more access to the legal system than those whose detentions are more dubious.

Things could change with a new Democratic Congress, especially through an effort in the Senate by incoming Judiciary Committee Chairman Patrick Leahy to restore habeas corpus rights to detainees. When GOP Sen. Arlen Specter offered a similar amendment to the Military Commissions Act last year, it fell just three votes short of adoption. A batch of new Democrats would seemingly give the bill strong odds of passing, but Congress might have a hard time mustering the votes to overcome a possible presidential veto.

HOMELAND RESPONSE:

Skill, Luck Credited For Terror-free Year (WT/AP)

By Paul Haven
The Washington Times, January 2, 2007

MADRID -- Bombs left on commuter trains in a busy station in Germany, a plot to blow up tunnels and flood New York City's financial district, another to bring down packed commuter airliners flying out of London.

DOJ_NMG_0111005

Islamic militants had no shortage of murderous ideas in 2006, but for the first time since the September 11, 2001, attacks, the year closed without a major attack in the West.

In a wide-ranging analysis, security and intelligence leaders around the world told the Associated Press that their success was a result of more than just luck.

Far greater human and technological resources, tougher counterterrorism laws, a deeper understanding of the homegrown nature of the threat and the hard lessons learned from past failures -- all these have all helped avert catastrophe, they said.

But they also cautioned against complacency, saying another attack is inevitable. A senior Spanish intelligence official who recently stepped down as head of a national counterterrorism unit warned that the absence of deadly attacks in 2006 does not mean the world should expect similar results in 2007.

Reinforcing the reality that high-casualty terrorism is still a threat, not only in the West, a bomb attack on trains in Bombay in July killed more than 200 people. India suspects Islamic organizations both at home and in neighboring Pakistan of being behind the bombings.

Muslim militants were not blamed for a Saturday car bombing at Madrid International Airport, which left 26 persons injured and two missing. The attack was thought to be the work of the Basque terrorist group ETA.

Anger among many Muslims is still high over the war in Iraq, the publication of cartoons of the prophet Muhammad, Israel's war against Hezbollah militants in Lebanon and remarks by Pope Benedict XVI that many Muslims considered insulting despite his explanation to the contrary.

"The fact that these threats have not materialized [in 2006] is not for a lack of trying by terror organizations," the Spanish official said. "It is because the counterterrorism fight in Europe and North America has been effective in detecting these aspiring terror groups early," before they could strike.

In Britain, an official familiar with the country's anti-terror policies said the July 7, 2005, bombings of London subways and a bus were a wake-up call, and that intelligence and security protections put in place since those attacks had helped thwart several new plots, including a foiled August scheme to target U.S.-bound jetliners with liquid explosives.

While authorities have said little about how they stopped the carnage, they have acknowledged that some of the suspects were under surveillance for months, both in Britain and Pakistan.

"The extra resources we've devoted since the 7/7 attacks have helped us stop plans that had been in the works for years," said the government official, who spoke on the condition of anonymity owing to the sensitive nature of his work. "Our database is growing. We have more people on the ground. We are a lot more aware now."

MI5, the British domestic spy agency, has added hundreds of staff members in recent years, and Government Communications Headquarters, once home to World War II code breakers, has doubled its corps of analysts to 5,000 -- becoming Britain's largest intelligence agency.

Dame Eliza Manningham-Buller, the head of MI5, has said her agency had foiled five major plots since the 2005 bombings, and that her agents were tracking almost 30 terrorist plots involving 1,600 suspects.

Magnus Ranstorp, a terrorism expert at the Swedish National Defense College, said the absence of attacks on European soil in 2006 reflects a better understanding of how the terror networks operate -- and a little bit of luck.

"Authorities have started to organize much, much better now, and that is starting to show results," Mr. Ranstorp said. "We have much better insight into the networks now, because we have focused our resources on the right problems. I think the security agencies have this under better control than you might think, and know the lay of the land rather well."

Analysts and intelligence officials say the nature of the threat has changed dramatically since September 11, 2001, with concern largely focused on homegrown groups driven by local grievances, rather than professional terrorists trained by al Qaeda and with direct links to Osama bin Laden.

While these groups have the advantage of being small, they are often less sophisticated and easier to catch. Thousands of suspected radicals are under surveillance across Europe, making it harder for plots to emerge.

The closest call in 2006 may have come in Cologne, Germany, when two crude bombs on trains failed to detonate. The biggest threat was the London airliner plot. Lesser defined schemes against the Jewish Quarter in Prague, a church in Bologna, Italy, and the Milan, Italy, subway also failed.

In the United States and Canada, authorities uncovered plots -- some seemingly little more than fantasies -- to blow up the Sears Tower in Chicago, flood Lower Manhattan by blowing up tunnels under the Hudson River, and attack public buildings in Ontario.

Authorities in Morocco arrested at least 56 persons, among them soldiers, police and the wives of Royal Air Maroc pilots, over a purported plot to blow up foreign targets. Indonesia, one of the countries most frequently hit by Islamic radicals, enjoyed its first attack-free year since 1999.

DOJ_NMG_0111006

Homeland Security: A Tighter Border Plan? (NSWK)

By Mark Hosenball

Newsweek, January 8, 2007

For more than 15 years, British and most other Western European visitors have been allowed to stay in the United States for up to three months without needing to apply for visas. But Homeland Security officials are now accelerating efforts to tighten entry controls on people from these and other friendly countries, including Australia and Japan, NEWSWEEK has learned. The move follows revelations that European-born Muslims—particularly disgruntled young Brits—have been visiting Pakistan to attend terrorist training camps. One proposal under consideration: requiring visitors who don't now need advanced visas to submit electronic visa applications to U.S. authorities via the Internet at the time they purchase their tickets.

Today, airlines flying to America from overseas must send copies of passenger lists to U.S. authorities as flights depart; officials in Washington then check passenger names against data banks prior to landing. But if foreign fliers have to fill out an Internet questionnaire when they book tickets, American agencies would have more time and raw information about U.S.-bound travelers. A Homeland Security spokesman said visa application data could also be entered into U.S. government data banks, though he said it was "too early" to discuss how long the information would be stored or who'd have access to it. The spokesman, Jarrod Agen, said that Homeland Security Secretary Michael Chertoff has discussed proposed rule changes with congressional leaders but that no formal plan has been sent to Capitol Hill yet.

Travel To Canada, Mexico Is About To Change With New Passport Rules (USAT)

By Roger Yu

USA Today, January 2, 2007

Five years after the Sept. 11 terrorist attacks, the U.S. government is on the verge of implementing security-inspired changes to passports that will affect millions of international travelers.

On Jan. 23, air travelers to and from Canada, Mexico and the Caribbean will for the first time need a passport to cross the U.S. border. Starting in the spring, all U.S citizens applying for a passport will get an electronic version that's embedded with a "smart" chip designed to thwart forgery.

The new regulations represent the most significant changes in border control in years, as federal officials try to bring the process of checking identification into the digital age.

Many people heading to Canada, Mexico and the Caribbean now travel with just a driver's license for identification. Under the new rule, U.S. citizens traveling by air need a passport. Though a driver's license will no longer suffice, the government does leave some wiggle room. The Nexus Air card, issued under a USA-Canada cooperative program to prescreened travelers, is acceptable. The passport rule will apply to land and sea travelers no later than June 1, 2009.

For Americans who don't want to pay $97 for a passport, the State Department also plans by the end of 2007 to introduce a "passport card" that would work like a passport. The card, which costs $20 for adults, is good only for those traveling by land or sea to Canada, Mexico and the Caribbean.

The State Department issued 16 million passports in 2006, vs. 12 million in 2005, with the increase largely the result of the new rule. It's now issuing the "e-passport" in some areas of the country. Conversion from the old passport will be complete this spring.

The new passport looks like the traditional type, but its smart chip stores the traveler's photo and personal information. If the chip is broken or malfunctions, the holder can continue to use the document as a non-electronic passport or buy a new one. Traditional passports will remain valid until they expire.

Critics say that transmitting information wirelessly can compromise security, and important data could fall into the wrong hands. With proper equipment, someone could remotely intercept personal data, a practice called "skimming."

Ann Barrett, a top passport official at the State Department, says the department has responded by adding metallic anti-skimming material to the passport's cover. Other protections include encrypting the information.

Marc Rotenberg of the Electronic Privacy Information Center says the State Department should be given credit for responding to privacy concerns. But he says it still needs to add safeguards to the passport card.

Caleb Tiller, a spokesman for the National Business Travel Association, says the organization is satisfied with the changes. "The thing we were concerned about was balancing security and allowing free commerce and business travel," Tiller says. "As far as we can tell, they're striking that balance."

People applying for passports at the federal agencies in Denver, Boston, Washington and Miami now get the new e-passport. Those applying at 13 other agencies may still receive the traditional passport until this spring, when agencies will start issuing only the e-passport.

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TSA Nears Decision On Contract For Government ID Cards (WP)

By Griff Witte

The Washington Post, January 2, 2007

Competition is heating up among contractors to supply the government with identity technology as one agency prepares to award a major contract and another readies a request for bids.

The field of competitors to provide a new identification card for transportation workers has been narrowing, and the Transportation Security Administration indicated last week that an award would be made early this year. The winner would be responsible for screening the backgrounds of about 750,000 workers at airports, seaports and other critical transportation facilities, and issuing them ID cards equipped with microchips.

"We are in the final stages of review of the contract, and we will be issuing an award in the coming weeks," said Darrin Kayser, a spokesman for the TSA.

The program, one among several that are designed to update the government's identification standards in a bid to enhance security, has met with repeated delays. President Bush signed legislation mandating the new cards in 2002, and the Homeland Security Department initially said it would begin issuing them by the end of 2003.

Among the companies involved in competing for the work as either prime contractors or subcontractors are BearingPoint of McLean, Lockheed Martin of Bethesda and Maximus of Reston.

The General Services Administration, meanwhile, plans by Jan. 12 to issue a call for bids on work supplying identification cards to federal employees and contractors.

The new contract replaces a $104 million deal the GSA had with BearingPoint but pulled out of in November. At the time, GSA officials said that the decision, just two months into the contract, was unrelated to BearingPoint's performance but that the agency wanted to reopen the bidding to give the government more options and better prices.

Government agencies are up against a 2008 deadline to distribute new, standardized identification cards to about 8 million employees and contractors. Agencies can either choose the GSA's contractors or use their own program. BearingPoint had been developing cards for 38 agencies.

Bidding on the GSA contract is open to companies on a list of approved firms, known as a schedule. As of last week, the schedule included the names of 18 contractors. Washington area firms dominate the list.

Computer Sciences of El Segundo, Calif., is not on the GSA's list yet. Tim Ruggles, director of the firm's border and immigration center, said the company is hoping to join soon with a system it has developed using off-the-shelf technology that verifies identity using both biometric information, such as fingerprints and iris scans, and biographic information, such as addresses and age.

Computer Sciences is among the firms competing to produce the transportation worker credential, and it plans to vie for the GSA's business as well.

"It's a big opportunity," Ruggles said.

Closing The Door At The Ports (USNEWS)

By Angie C. Marek

U.S. News and World Report, January 8, 2007

ELIZABETH, N.J.–It didn't take too long after September 11 for Chief Kevin McCabe, the official overseeing screening in the sprawling Port of New York/New Jersey complex here, to realize that his job was about to become a lot more stressful. Within months, he was handed an intelligence tip that a container on the way to the port held a so-called dirty bomb made with radioactive material. On the day it arrived, McCabe's team isolated it from 8,000 other container boxes, fed it through a radiation detection machine and an X-ray imager, and then punched holes in its roof to sample the air inside. "It was full of colorful Arabian carpets," McCabe says today, "and that was it." Still, he says officials were "only minutes away" from shutting down the massive port complex.

McCabe's job isn't getting any easier. Nothing's happened yet, but many security analysts believe the smuggling of a nuclear weapon into the United States through a seaport is a very real possibility. The country's 361 commercial ports, meanwhile, have gotten so little funding in the past five years that experts routinely call them the "soft underbelly" of America. In recent months, a flare-up of public indignation over foreign ownership of U.S. port terminals has sparked some major improvements, but further progress is by no means assured, and a host of vulnerabilities remain. With 95 percent of America's imports arriving by sea, there's a lot at stake. "Bomb a seaport," says Joe Curto, an executive vice president of the Maher Terminals here, "and you'll feel it in Iowa supermarkets two days later."

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Searching. By any measure, the security challenge is daunting. About 11 million containers arrive by sea each year; U.S. Customs and Border Protection officials closely inspect fewer than 10 percent of them. There have been improvements, though. Prior to 9/11, McCabe says, "every single port was on its own" trying to decide which containers to scrutinize most thoroughly. Customs has since created an automated targeting program that checks the manifests of shipments headed to the United States for anomalies that tag them as "high risk." The Department of Homeland Security has also scooped up 305 radiation monitors once used to detect contaminated scrap metal; today they scan about 83 percent of cargo after it arrives. On a recent morning in Elizabeth, trucks loaded with fresh containers waited in line to exit Maher Terminals. "The only way to drive out," Curto says, "is through those [machines]."

But "we're still pretty far from where we need to be," says Stephen Flynn, a port security expert with the Council on Foreign Relations. One reason: Major security initiatives are still in their infancy. A trusted-shipper program–in which companies boost security in exchange for less customs scrutiny–runs basically on the honor system. Overworked customs inspectors haven't visited about a third of the companies enjoying benefits, and Flynn says many inspectors "aren't exactly experts" in securing the dense network of factories, distribution centers, and couriers that can handle shipments. Staffing crunches have also undermined a separate program that places U.S. Customs officials in 48 foreign ports like Shanghai. A 2005 government study found that 28 percent of containers deemed risky enough for foreign inspections weren't even touched.

But there's been a surge of activity on the port security front since February, when public anxiety was stoked by a proposed $6.8 billion business deal that would have given a firm run by the government of the United Arab Emirates leases to operate terminals in six U.S. ports. The company later agreed to sell the U.S. assets, and American International Group said recently that it had reached a deal to buy them. But the controversy "breathed new life into port security ideas that had seemed dead as a doornail" for months, says a Capitol Hill staffer.

Reform. In September, Congress passed the SAFE Ports Act, which mandates that DHS provide the 22 largest U.S. seaports with enough radiation detectors to scan all containers by 2008. The bill also eases the customs staffing crunch by using contractors to review trusted shippers. "We're also finally giving the ports the money they so desperately need," says Sen. Susan Collins of Maine, a lead SAFE Ports author. The bill requires DHS to hand out $400 million in port grants in each of the next five fiscal years. Seaports have gotten about $800 million total since 9/11 despite U.S. Coast Guard estimates that $5.4 billion is needed just for basics like security cameras and protective fencing.

Most experts cite SAFE Ports as the most substantial piece of maritime legislation in years. But a new Congress will have its own ideas. Incoming House Speaker Nancy Pelosi has boasted that she has "even tougher proposals" than the 9/11 commission on port security and plans to push a measure early next year to "screen 100 percent of [maritime] containers long before they reach U.S. shores." Critics say such plans could cost billions. And since current scanning protocols, requiring both radiation and X-ray screening, can take up to 20 minutes per container, pursuing the initiative now could "create massive backlogs," Collins says. The SAFE Ports Act takes a different approach: It requires DHS to try 100 percent inspection in at least three foreign ports next year to learn more. DHS Chief Michael Chertoff said last month that he would launch trial runs in six countries, including Pakistan and Oman. The earliest tests begin in February.

Another issue that could resurface in the new Congress: what to do about America's 750,000 workers who require access to secured areas of U.S. ports. South Carolina Sen. Jim DeMint pushed this fall to have SAFE Ports ban a wide array of felons-including those guilty of rape, kidnapping, and robbery-from working in U.S. ports for seven years after their convictions. The final bill bars only those convicted of treason, espionage, sedition, or acts of terrorism. DeMint says that leaves open the possibility of bribery and smuggling "in a place with a lot of money flowing around, like seaports." A DHS study of New York and New Jersey suggested nearly half of the 9,000 truckers with access to the ports may have criminal records. So implementation of DeMint's proposed standard, almost identical to requirements for aviation screeners, "could be chaos for us," says Curto.

DHS is also running into major snags on an effort to install $1.15 billion worth of more modern, reliable radiation monitors at U.S. ports by 2011. Chertoff said this summer that DHS had "begun to order the first 80" machines and looked forward to "starting to deploy" equipment this autumn. U.S. News has learned, however, that while the machines are out in the field, they've yet to be turned on.

Many say DHS has been slowed by critical reports from the Government Accountability Office. Auditors blasted DHS in October for not including the results of some 7,000 tests on the new monitors in a cost-benefit analysis sent to Congress justifying their purchase. Several tests, according to GAO, found that the most reliable model of the machines now being deployed could detect disguised, highly enriched uranium only 53 percent of the time.

Still, Vayl Oxford, DHS nuclear detection czar, stands by his work. "We tested [monitors] against some scenarios where we didn't expect them to find anything," he says. The department has obligated only $50 million of the $1.15 billion contract so far, and what Oxford calls "more definitive testing"-in concert with tweaking the machines-will be performed in the next few months. "We're on track," he says. "And I think this country will be a lot better off."

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They certainly hope so in the Port Newark portion of the complex. On a recent afternoon there, it was clear why new machines, which are supposed to be able to distinguish between harmful and innocuous radiation, are so desperately needed. In a single hour, a row of 10 current-generation monitors was tripped by two shipments of granite from Italy, another one from India, and traces of radiation left over in one trucker's bloodstream from a heart stress test he took two weeks before. The newer machines are expected to save U.S. Customs 2.2 million work-hours each year by eliminating secondary inspections that must be done with unreliable hand-held nuclear detectors. Still, "I'm confident if a radiological device got in this place," McCabe says, "we'd find it." That's a lot of confidence for a man on the hot seat.

WAR NEWS:

Calibrating A Troop 'Surge' (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, January 2, 2007

WASHINGTON -- For the Bush administration, deploying tens of thousands of additional troops to Iraq may not be as tough a call as deciding when to bring them home.

White House officials say a troop "surge" almost certainly will be the centerpiece of Mr. Bush's new strategy for Iraq to be unveiled mid-month. But while administration officials have gone to great lengths to emphasize that the extra troops will be in Iraq only temporarily, there is no clear definition of how long that might be.

Several Democratic and Republican lawmakers who endorsed the increase say they want the extra troops in Iraq for just three to six months. Senior military commanders believe the extra forces can be sustained in Iraq for only six to 12 months before logistical and manpower strains become untenable. Gen. Peter Schoomaker, the Army's chief of staff, has told associates that 12 months is needed to ensure a substantive effect.

Echoing Gen. Schoomaker's concerns that Iraq's militias would simply wait out a three- or six-month surge and then resume their violence, a report by military historian Frederick Kagan argues that the troops should be in Iraq for at least 18 months. The U.S. has about 140,000 troops in Iraq, and the additional forces could total as many as 20,000.

The debate over how long the new forces should remain in Iraq stems from tension between the political and military aspects of the emerging proposal. Mr. Bush has staked his presidency on Iraq, and several White House aides say they believe he would be inclined to leave the extra troops there until improvement is evident. Senior commanders, by contrast, have expressed concern that leaving extra troops too long risks lasting damage to the U.S. armed forces.

Inside the White House, officials are weighing an array of questions about the increase, with a particular focus on how to integrate Iraqi security forces into any expanded U.S. operations in troubled areas such as Baghdad.

"There might be a need for an Iraqi surge alongside an American one," National Security Adviser Stephen Hadley says in an interview, cautioning that the administration hasn't yet decided to send new U.S. troops to Iraq. "We're still working on the mix of options."

The administration's high-level deliberations about the size and duration of any potential surge have taken on added significance because both opponents and supporters of the war agree that U.S. influence in Iraq is rapidly diminishing. As Iraq confronts a civil war and a faltering political process, adding more U.S. forces could well be the administration's final real opportunity to stabilize the country.

"If we surge and it doesn't work, it's hard to imagine what we do after that," Mr. Kagan says. "But we're already in a very bad spot, and if we don't do anything defeat is imminent."

Still, the military's concerns run deep.

The long wars in Iraq and Afghanistan have already forced the Army to play a shell game with troops and equipment. To ensure that units in Iraq are fully staffed and equipped, the service has had to pull leadership and weaponry from returning units and rush them to units preparing to deploy. While that has put units heading to Iraq generally in good shape, it has left large Army brigades back home in disarray.

The shortages of leaders and equipment mean that the more troops the Army sends to Iraq now, the fewer that will be available late this year or early in 2008 when the extra troops have to start returning home.

"The Army says it can surge for somewhere on the order of a year," says Daniel Goure, a defense analyst at the Lexington Institute who has been briefed by senior Army officials on the service's strains. "But if that happens a year from now it won't be able to sustain even the current troop levels of 140,000."

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If violence worsens over the next year, military commanders could face the task of stabilizing a chaotic country with far fewer troops than they have had during the past 3½ years of the conflict. To mitigate this risk, Gen. Schoomaker has insisted that with a surge the Army must be given more latitude to call up reservists for duty in Iraq.

Under current Pentagon rules, reservists can be called up only for 24 months of cumulative service in Iraq and Afghanistan. Since 2001 the Pentagon has burned through the vast majority of those part-time soldiers. Gen. Schoomaker wants to be able to call up reservists for a second 12-month tour.

Even with wider access to the reserves, Army officials have said there will be a drop in the number of troops available for Iraq duty in late 2007 and 2008. Many reserve units, which typically leave their equipment in Iraq for those who are arriving, are in an even worse state than the active forces. Some National Guard units have only about 40% of their equipment, senior Army officials say. They estimate it could take as much as $35 billion in additional spending over the next three years just to get those units back up to speed.

Army officials also worry that if conditions in Iraq don't improve, they will face political pressure to keep the additional troops in the country longer than a standard one-year deployment. That could damage morale and make it far tougher to retain and recruit troops. Already, the service missed its recruiting goals in 2005 and hit its numbers in 2006 only by lowering standards. To meet its retention goals, it shelled out more than $500 million in additional bonuses.

Army officials have warned that an exodus of experienced sergeants and officers, already weary from multiple deployments, could break the force. Gen. Richard Cody, the Army's vice chief of staff, has said the prospect of such an exodus is what "keeps him up at night."

Rising Opposition To US Troop Increase (FT)

By Edward Luce

Financial Times, January 2, 2007

George W. Bush is facing mounting opposition to plans to reinforce America's military presence in Iraq, as he prepares to unveil his administration's new strategy for dealing with a conflict that has now claimed the lives of 3,000 US soldiers.

The US president is expected to announce a "new way forward in Iraq" sometime before his annual State of the Union address to Congress in late January.

According to a spate of leaks to the US media, Mr Bush is looking at a proposal to increase the number of US troops by between 20,000 and 30,000 as a short-term boost to the existing 140,000 level, with the aim of stabilising the violence in Baghdad and surrounding provinces.

But criticism of the planned "surge" in US forces is growing from within his own party as the death toll of US troops in Iraq rises. The figure last month passed the toll from the September 11 attacks and at the weekend independent groups confirmed the death of the 3,000th US soldier in the country.

In the past two days, a number of prominent Republican senators, including Arlen Specter and Richard Lugar, the outgoing chairmen of the Senate judiciary and foreign relations committees, have voiced strong scepticism about an increase in troops.

Although Mr Bush could expect the support of John McCain, the 2008 presidential hopeful, and Lindsey Graham, another Republican senator, the Republican tide appears to be moving against boosting troop levels. A number of Republicans have pointed out that Nuri al-Maliki, the Iraqi prime minister, is also opposed to a beefed-up US military presence.

Mr Bush is also likely to face implacable opposition to any increase in US troop levels from the Democratic party, which controls both houses of the new US Congress that commences on Thursday.

Meanwhile, the Bush administration faces the likelihood of tough senate hearings throughout January that Joseph Biden, the new Democratic chairman of the foreign relations committee, plans to hold from next week.

Democratic leaders have also hinted that they could use their control over the budget process to make life difficult for the Bush administration if it chooses to step up the US military presence in Iraq. This would require higher funding than the estimated $110bn (€83bn, £56bn) the war will have cost in the fiscal year ending in April.

Mr Bush is also expected to push for more funding to expand the overstretched US army, which senior generals have warned is close to breaking point. However, any permanent increase in size would take years to come on stream.

Lugar: Bush, Congress Should Discuss War (AP)

By John Dunbar, Associated Press Writer

AP, January 1, 2007

Two prominent Senate Republicans bucked the White House on Sunday, expressing skepticism about more U.S. troops in Iraq and support for greater dialogue with Iran, Syria and others in the region.

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Sen. Richard Lugar, the outgoing chairman of the Senate Foreign Relations Committee, urged the president to consult with lawmakers before announcing a new strategy on Iraq that could call for additional troops in Iraq.

If Bush were to act with without involving the new Democratic-controlled Congress, he can anticipate "a lot of hearings, a lot of study, a lot of criticism," Lugar said.

Bush is expected to deliver his Iraq policy speech — laying out his plan to improve security, assist the Iraqis in reaching a political reconciliation between warring sects and help with reconstruction — before his State of the Union address on Jan. 23.

Sen. Arlen Specter, just back from a trip to the region, also questioned the wisdom of sending in more troops, saying he has not seen an administration plan that would justify it. "If there is a road map to victory, then I would be prepared to listen to what the president has to say about more troops," he said.

The Pennsylvania Republican described the situation in the Mideast as the most serious he has seen in his 26 years in the Senate.

Specter expressed support for the Iraq Study Group's recommendations that the U.S. engage Syria, Iran and others in negotiations on Iraq's future.

Lugar suggested his committee, which Sen. Joe Biden, D-Del., will lead beginning in January, hold a "retreat" to discuss Iraq, even before Bush's expected upcoming address to the nation.

Lugar said the U.S. should not rule out conversations with Iran and Syria, as well as Jordan, Saudi Arabia and Turkey, regarding the instability in the region.

The Indiana senator appeared frustrated that the president has not done more to consult Congress on Iraq policy.

"In the past, the administration has been inclined not to disregard Congress, but to not take Congress very seriously," he said.

When asked whether he would support Bush's plan for a "surge" of more troops into the country, Lugar said "I don't know whether I do or not."

He said the U.S. should have a clear policy on what those troops are required to do. "The administration needs to identify precisely where the battle lines are - who is it we combat. I haven't seen such lines," Lugar said.

Lugar also questioned whether a move to train Iraqis might "lead to Iraqis who are better prepared for civil war against each other."

He said if Bush reaches out to Congress about his plans, hearings before the committee could become "well-informed, sophisticated situations" rather than a "lynching party."

In a partisan flip, Connecticut Sen. Joe Lieberman, the Democrat turned independent, said he supports an expected recommendation by the White House for more troops in Iraq and argued against dialogue with Syria.

When asked if he could support sending another "20,000 to 30,000" troops, Lieberman said, "I can and I hope it's exactly what President Bush does."

Specter recently visited Syria and spoke with President Bashar Assad, despite admonitions from the White House against the trip.

Specter said Assad told him that he was "prepared to work with the United States on tightening the border to impede insurgents" and also that Syria would be willing to host an "international conference" in an attempt to bring peace to the region.

"I respect what the administration is doing, but there are others of us who have been in the region who have studied it intently and have some useful suggestions to make," Specter said.

Lieberman accused Syria of allowing al-Qaida to cross its borders and kill American troops and of having a hand in recent assassinations in Lebanon.

Meantime, two Democratic presidential hopefuls affirmed their opposition to additional U.S. troops in Iraq.

Iowa Gov. Tom Vilsack said the U.S. should not make a "big mistake even bigger by suggesting a surge of troops in some way, shape or form is going to make Iraq safer or better."

Former North Carolina senator John Edwards, described the troop-increase idea as the "McCain doctrine" — after a chief advocate, Sen. John McCain — and said he believes the Arizona Republican is "dead wrong."

Lugar and Vilsack were on "Fox News Sunday," Edwards appeared on ABC's "This Week" while Lieberman and Specter spoke on "Late Edition" on CNN.

A 'Surge' Faces Trouble In The Senate (WP)

By Robert D. Novak

The Washington Post, January 2, 2007

DOJ_NMG_0111012

Sen. John McCain, leading a blue-ribbon congressional delegation to Baghdad before Christmas, collected evidence that a "surge" of more U.S. troops is needed in Iraq. But not all his colleagues who accompanied him were convinced. What's more, he will find himself among a dwindling minority inside the Senate Republican caucus when Congress reconvenes this week.

President Bush and McCain, the front-runner for the party's 2008 presidential nomination, will have trouble finding support from more than 12 of the 49 Republican senators when pressing for a surge of 30,000 troops. "It's Alice in Wonderland," Sen. Chuck Hagel, second-ranking Republican on the Foreign Relations Committee, told me in describing the proposal. "I'm absolutely opposed to sending any more troops to Iraq. It is folly."

What to do about Iraq poses not only a national policy crisis but profound political problems for the Republican Party. Disenchantment with George W. Bush within the GOP runs deep. Republican leaders around the country, anticipating that the 2006 election disaster would prompt an orderly disengagement from Iraq, are shocked that the president now appears ready to add troops.

The recent McCain congressional delegation was composed of sophisticated lawmakers who have made many previous visits to Iraq. They do not minimize the severity of sectarian civil war. They left their meeting with Prime Minister Nouri al-Maliki doubting any "sense of urgency" after advising him that he must disarm the militias. They recognize that the national police, corrupt and riddled with radicals, constitutes an unmitigated disaster.

McCain has long called for more troops in Iraq. He was supported within the delegation by his ally Sen. Lindsey Graham (S.C.) and by Sen. Joseph Lieberman, the only Democrat on the delegation (though he now calls himself an "Independent Democrat" after losing the Democratic nomination in Connecticut and being elected with Republican votes). But Sen. John Thune (S.D.) calls his support for the surge "conditional." Sen. Susan Collins (Maine) returned from Baghdad opposing more troops. Rep. Mark Kirk of Illinois, the only House member on the trip, is described as skeptical.

How big and how long should a surge be? The 7,000 or 8,000 troops that were first mentioned now have grown to at least 30,000. Congressional advocates talk privately about an infusion of manpower ending about halfway through this year. But retired general Jack Keane, who has become a leading advocate of additional troops, wrote in The Post last week: "Increasing troop levels in Baghdad for three to six months would virtually ensure defeat."

I checked with prominent Republicans around the country and found them confused and disturbed about the surge. They incorrectly assumed that the presence of Republican stalwart James Baker as co-chairman of the Iraq Study Group meant it was Bush-inspired (when it really was a bipartisan creation of Congress). Why, they ask, is the president casting aside the commission's recommendations and calling for more troops?

Even in Mississippi, the reddest of red states, where Bush's approval rating has just inched above 50 percent, Republicans see no public support for more troops. What is happening inside the president's party is reflected by defection from support for his war policy after November's election by two Republican senators who face an uphill race for reelection in 2008: Gordon Smith of Oregon and Norm Coleman of Minnesota. Coleman announced his opposition to the idea after returning from a trip to Iraq that preceded McCain's.

Among Democrats, Lieberman stands alone. Delaware Sen. Joseph Biden, as Foreign Relations Committee chairman, will lead the rest of the Democrats not only to oppose a surge but to block it. Bush enters a new world of a Democratic majority where he must share the stage.

Just as the president is ready to address the nation on Iraq, Biden next week begins three weeks of hearings on the war. On the committee, Biden and Democrats Christopher Dodd (Conn.), John Kerry (Mass.), Russell Feingold (Wis.) and Barack Obama (Ill.) will compete for intensity in criticizing a troop surge. But on the Republican side of the committee, no less probing scrutiny of Bush's proposals will come from Chuck Hagel.

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Chaos Overran Iraq Plan In ’06, Bush Team Says (NYT)

By David E. Sanger, Michael R. Gordon And John F. Burns

The New York Times, January 2, 2007

This article is by David E. Sanger, Michael R. Gordon and John F. Burns.

WASHINGTON, Dec. 31 — President Bush began 2006 assuring the country that he had a “strategy for victory in Iraq.” He ended the year closeted with his war cabinet on his ranch trying to devise a new strategy, because the existing one had collapsed.

The original plan, championed by Gen. George W. Casey Jr., the top commander in Baghdad, and backed by Donald H. Rumsfeld, then the defense secretary, called for turning over responsibility for security to the Iraqis, shrinking the number of American bases and beginning the gradual withdrawal of American troops. But the plan collided with Iraq’s ferocious unraveling, which took most of Mr. Bush’s war council by surprise.

In interviews in Washington and Baghdad, senior officials said the White House, the Pentagon and the State Department had also failed to take seriously warnings, including some from its own ambassador in Baghdad, that sectarian violence could rip the country apart and turn Mr. Bush's promise to "clear, hold and build" Iraqi neighborhoods and towns into an empty slogan.

This left the president and his advisers constantly lagging a step or two behind events on the ground.

"We could not clear and hold," Stephen J. Hadley, the president's national security adviser, acknowledged in a recent interview, in a frank admission of how American strategy had crumbled. "Iraqi forces were not able to hold neighborhoods, and the effort to build did not show up. The sectarian violence continued to mount, so we did not make the progress on security we had hoped. We did not bring the moderate Sunnis off the fence, as we had hoped. The Shia lost patience, and began to see the militias as their protectors."

Over the past 12 months, as optimism collided with reality, Mr. Bush increasingly found himself uneasy with General Casey's strategy. And now, as the image of Saddam Hussein at the gallows recedes, Mr. Bush seems all but certain not only to reverse the strategy that General Casey championed, but also to accelerate the general's departure from Iraq, according to senior military officials.

General Casey repeatedly argued that his plan offered the best prospect for reducing the perception that the United States remained an occupier — and it was a path he thought matched Mr. Bush's wishes. Earlier in the year, it had.

But as Baghdad spun further out of control, some of the president's advisers now say, Mr. Bush grew concerned that General Casey, among others, had become more fixated on withdrawal than victory.

Now, having ousted Mr. Rumsfeld, Mr. Bush sees a chance to bring in a new commander as he announces a new strategy, senior military officials say. General Casey was scheduled to shift out of Iraq in the summer. But now it appears that it may happen in February or March.

By mid-September, Mr. Bush was disappointed with the results in Iraq and signed off on a complete review of Iraq strategy — a review centered in Washington, not in Baghdad. Whatever form the new strategy takes, it seems almost certain to include a "surge" in forces, something that General Casey insisted earlier this year he did not need and which might even be counterproductive.

In a telephone interview on Friday, General Casey continued to caution against a lengthy expansion in the American military role. "The longer we in the U.S. forces continue to bear the main burden of Iraq's security, it lengthens the time that the government of Iraq has to take the hard decisions about reconciliation and dealing with the militias," he said. "And the other thing is that they can continue to blame us for all of Iraq's problems, which are at base their problems."

Yet if Mr. Bush does send in more American forces, historians may well ask why it took him so long. Some Bush officials argue that the administration erred by refusing to send in a bigger force in 2003, or by sufficiently bolstering it when the insurgency began to take hold.

This year, decisions on a new strategy were clearly slowed by political calculations. Many of Mr. Bush's advisers say their timetable for completing an Iraq review had been based in part on a judgment that for Mr. Bush to have voiced doubts about his strategy before the midterm elections in November would have been politically catastrophic.

Mr. Bush came to worry that it was not just his critics and Democrats in Congress who were looking for what he dismissed last month as a strategy of "graceful exit." Visiting the Pentagon a few weeks ago for a classified briefing on Iraq with his generals, Mr. Bush made it clear that he was not interested in any ideas that would simply allow American forces to stabilize the violence. Gen. James T. Conway, the Marine commandant, later told marines about the president's message.

"What I want to hear from you is how we're going to win," he quoted the president as warning his commanders, "not how we're going to leave."

Sectarian Killings Escalate

When 2006 began, the United States military did not have a systematic means of tabulating sectarian attacks in Iraq. The Sunni-led insurgency was the focus of Mr. Bush's statements, and its destruction the focus of American military strategy.

The Bush administration was jolted on Feb. 22 when Al Qaeda blew up the Askariya Mosque in Samarra, a carefully plotted effort to fan sectarian passions, prompt Shiite retaliation and make Iraq ungovernable.

The day of the explosion, Shiites in Sadr City poured into the streets carrying banners and flags. Men, some dressed in black, the traditional dress for the Shiite militia in the area, piled into open back trucks, carrying weapons and shouting slogans of loyalty to Shiite saints. In Baghdad, Zalmay Khalilzad, the American ambassador to Iraq, went to Prime Minister Ibrahim al-Jaafari to insist that the Iraqi government impose a 24-hour nationwide curfew. Mr. Jaafari, a member of the Shiite Dawa Party, was not persuaded.

"You've been here six months, and all of a sudden you know my country better than I do," Mr. Jaafari replied, according to an official who witnessed the exchange. But even some Iraqi leaders, including the current national security adviser, Mowaffak

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al-Rubaie, echoed Mr. Khalilzad's advice. "I remember saying to him: 'this is going to be the trigger of an all-out civil war,' " Mr. Rubaie said.

Mr. Jaafari insisted that he had a plan, which involved closing the Sunni television stations in the country, though as the violence grew he belatedly imposed a curfew that evening. It was the beginning of a debilitating pattern. The Shiite-dominated government did too little to protect Sunni citizens. Shiite militias took matters into their own hands. And the American military struggled to hold the city together with overstretched units.

It was clear that the retaliation was highly organized. Sunnis in the eastern portion of Baghdad, in an area called Rusafa, reported that Shiites in SUV's were pulling up, knocking on doors, and seeking specific people. Bodies surfaced in sewers and garbage heaps days later.

When the killing abated, President Bush and his top aides declared that the worst had passed. Both Sunnis and Shiites had "looked into the abyss and did not like what they saw," the president said.

Renegade militias were a concern but "not a major long-term problem as long as the Iraqi armed forces and the Iraqi police continue to be loyal to the central government, as they have been," Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, said in a March 5 appearance on the NBC News program "Meet the Press."

Sectarian-inspired executions, however, rose from almost 200 in January to more than 700 in March, and continued upward, according to the Pentagon.

Even as the violence grew, General Casey, the top American commander in Iraq, appeared confident. He had served as a senior aide for the Joint Chiefs of Staff at the Pentagon, where he gained the confidence of Mr. Rumsfeld before being sent to Baghdad in 2004. At 58, the four-star general reported directly to the defense secretary.

Mr. Rumsfeld had mused publicly that history showed that it could take a decade or so to defeat an insurgency. He was eager to turn over responsibility for the war to the Iraqis and to reduce the American footprint in Iraq as quickly as possible.

General Casey and Gen. John P. Abizaid, head of the United States Central Command, appeared to be like-minded. During the summer of 2005, General Casey had forecast "fairly significant reductions" in American troops by the summer of 2006, an assessment that the commander said reflected "feelers" from Sunni insurgents that they might be willing to negotiate and lay down their arms.

Some of General Casey's aides have said that in developing troop withdrawal plans they were cognizant that the Bush administration had not taken any steps to expand the American military presence despite a persistent insurgency, and seemed to have little appetite for substantially expanding the war effort.

No Wish to Stay Indefinitely

For his part, General Casey said that his plan was aimed at showing Iraqis that the United States did not want to perpetuate its role as an occupier indefinitely, and stressed that he was following a strategy to match the "convoluted" political and military situation in Iraq, and not seeking to advance his career with plans that suited the Bush administration's political agenda.

"I have worked very hard to ask for what I need, for what I thought I needed to accomplish the mission," he said Friday. "It's always been my view that a heavy and sustained American military presence was not going to solve the problems in Iraq over the long term."

By late 2005, the White House accepted the main tenets of the hand-over strategy. "Casey and Abizaid had what seemed like a plausible plan at the time," Mr. Hadley recalled. "It was well thought out, and after the elections in January looked like the direction we were headed in."

President Bush promoted the strategy in a speech to cheering midshipmen at the United States Naval Academy in Annapolis, Md., on Nov. 30, 2005: "We will continue to shift from providing security and conducting operations against the enemy nationwide to conducting more specialized operations targeted at the most dangerous terrorists. We will increasingly move out of Iraqi cities, reduce the number of bases from which we operate, and conduct fewer patrols and convoys."

Yet not everybody at the Pentagon shared General's Casey's confidence. The Defense Intelligence Agency had briefed the White House in early 2006 that the insurgency was winning in Iraq, according to a former military officer. The briefing, which chronicled the steady rise in the number of attacks, prompted a counter-briefing from General Casey's intelligence chief, who prepared an analysis tracing the positive trends in Iraq.

Data gathered by General Casey's own command, which showed a steady increase in weekly attacks and civilian casualties, lent support to the Defense Intelligence Agency assessment.

At the State Department, skepticism about General Casey's strategy ran deep. Philip D. Zelikow, the counselor to Secretary of State Condoleezza Rice until he resigned in December, went to Iraq in late 2005, and returned with a recommendation that the first part of 2006 be devoted to a big push — military, economic and political — to boost the soon-to-be-formed Iraqi government. His approach contradicted the commitment to reductions.

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Still, the general was reluctant to abandon his basic strategy. According to a senior administration official, General Casey told the White House in April, May and June of 2006 that the American military was having success against Al Qaeda of Mesopotamia and the Sunni-based insurgency, and that sectarian violence could be managed.

Calls for a Review of Strategy

By May 2006, uneasy officials at the State Department and the National Security Council argued for a review of Iraq strategy. A meeting was convened at Camp David to consider those approaches, according to participants in the session, but Mr. Bush left early for a secret visit to Baghdad, where he reviewed the war plans with General Casey and Mr. Maliki, and met with the American pilot whose plane's missiles killed Iraq's Al Qaeda leader, Abu Musab al-Zarqawi. He returned to Washington in a buoyant mood.

The visit meant that the reconsideration of strategy was not as thorough as some officials hoped.

Later in June, General Casey flew to Washington to give briefings on the latest version of his troop reduction plan at the Pentagon and White House. The number of American combat brigades, which then totaled 14, would be reduced by two in September and might shrink to 10 by December, if conditions allowed. If the Iraqis continued to assume more responsibility for their security, there would be only five or six combat brigades in Iraq by December 2007.

Yet already President Bush was signaling to top aides that he wanted to re-evaluate how to keep stability before proceeding with troop withdrawals. His caution matched a growing unease among American field commanders in Iraq, and officers on the streets of Baghdad, who said they were surprised by General Casey's continued advocacy of withdrawals and consolidating bases. They said that American forces should be focusing on a greater counterinsurgency effort, which would require that a substantial number of troops be dispersed to protect that population against insurgent and militia attacks.

Events overtook the White House. In early August, the United States was forced to reverse course and add troops in Baghdad. On reflection, Mr. Hadley said, "Finally the patience of the Shia had worn thin," and, "By the time the unity government took over the cycle of sectarian violence had begun. And they and we have not been able to get ahead of it ."

The administration's summer strategy seemed simple: American and Iraqi forces would clear selected neighborhoods of insurgents and militia leaders, hold them with the Iraqi police, and win over the population with job-creating reconstruction programs.

But carrying out the strategy proved maddeningly difficult. The American troop commitment was modest at best. With the addition of roughly 7,000 troops the American military force assigned to carry out the operation in Baghdad was brought to some 15,000. (During one discussion of the operation in August, President Bush asked General Casey whether he had sufficient troops to secure Baghdad; the general assured him that he did.)

The Iraqis never delivered four of the six Iraqi Army battalions that they had committed to the effort. Some of the Iraqi police units proved to be so infiltrated by Shiite militias that they had to be pulled off duty for retraining.

Weaknesses in the Iraqi Forces

In the Sunni stronghold of Dora, in southwestern Baghdad, American troops were forced to clear thousands of homes twice: the Iraqi security forces who moved in behind them were too few, and too little dedicated to the task, to keep the insurgents from returning.

In neighborhoods like Baya, the Shiite-dominated Iraqi National Police set up menacing checkpoints on the routes Sunnis used to seek medical attention or buy fuel.

"They were trying to dominate the Sunni population and terrorize them to the point that they would leave Baghdad or leave the neighborhood," recalled Lt. Col. James Danna, who had led the Second Battalion, Sixth Infantry Regiment, which oversaw those areas. He said that like the first Baghdad security operation, the second also failed. As the American elections approached, White House officials say, they believed it would amount to political suicide to announce a broad reassessment of Iraq strategy. But they recognized that unless they began such a review, they would be forced to accept the conclusions of the final report of the Iraq Study Group — headed by James A. Baker III, the former Republican secretary of state, and Lee H. Hamilton, the former Democratic congressman.

The effort started in September, around the time Mr. Bush decided to oust Mr. Rumsfeld. In the days before the election, Mr. Bush suggested during an interview that Mr. Rumsfeld could stay until the end of his term — a deliberately misleading statement that Mr. Bush said later was necessitated by the political season. Similarly, it was days after the election that the White House revealed that a major Iraq review was under way.

In public, Mr. Bush continues to insist that he and Mr. Maliki share the same vision. In private, one of his former aides said, "he questions whether Maliki has the will or the power" to make good on any commitments.

American military officers have also wondered if the Shiite-dominated Iraqi government and the Americans share the same vision. Were the Iraqis not pulling their weight because they did not have the capability to provide security and proceed with reconstruction? Or did the Iraqi authorities have a sectarian agenda?

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As security efforts in Baghdad faltered, a confidential briefing on possible “end states” in Iraq was prepared by officials under the command of Lt. Gen. Peter W. Chiarielli, who until a few weeks ago led the day-to-day operations in Iraq. It suggested the dark vision of a divided nation that haunts the administration.

Unless the United States persuaded the Iraqi government to change course, those who prepared the briefing foresaw an Iraq run by a relatively weak central government, which would include a largely autonomous nine-province Shiite region in the south and a Shiite-dominated Baghdad. The Kurds would retain their autonomy in the north. The Sunnis would essentially be relegated to the western Anbar Province and other enclaves.

The briefing posed a question: was this an outcome the United States could live with? If so, what could the United States do to minimize the bloodshed? If not, what should be done to alter this course?

Mr. Bush still insists on talking about victory, even if his own advisers differ about how to define it. “It’s a word the American people understand,” he told members of the Iraq Study Group who came to see him at the White House in November, according to two commission members who attended. “And if I start to change it, it will look like I’m beginning to change my policy.”

Bush Mulls Plan As U.S. Toll Hits 3,000 (AP)

By Pauline Jelinek, Associated Press Writer

AP, January 1, 2007

American deaths in the Iraq war reached the sobering milestone of 3,000 on Sunday even as the Bush administration sought to overhaul its strategy for an unpopular conflict that shows little sign of abating.

The latest death came during one of the most violent periods during which the Pentagon says hate and revenge killings between Iraq's sects are now a bigger security problem than ever.

The death of a Texas soldier, announced Sunday by the Pentagon, raised the number of U.S. military deaths in Iraq to at least 3,000, according to an Associated Press count, since the war began in March 2003.

President Bush is struggling to salvage a military campaign that, more than three-and-a-half years after U.S. forces overran the country, has scant support from the American public. In large part because of that discontent, voters gave Democrats control of the new Congress that convenes this week. Democrats have pledged to focus on the war and Bush's conduct of it.

Three thousand deaths are tiny compared with casualties in other protracted wars America has fought in the last century. There were 58,000 Americans killed in the Vietnam War, 36,000 in the Korean conflict, 405,000 in World War II and 116,000 in World War I, according to Defense Department figures.

Even so, the steadily mounting toll underscores the relentless violence that the massive U.S. investment in lives and money — surpassing $350 billion — has yet to tame, and may in fact still be getting worse.

A Pentagon report on Iraq said in December that the conflict now is more a struggle between Sunni and Shiite armed groups "fighting for religious, political and economic influence," with the insurgency and foreign terrorist campaigns "a backdrop."

From mid-August to mid-November, the weekly average number of attacks in the country increased 22 percent from the previous three months. The worst violence was in Baghdad and in the western province of Anbar, long the focus of activity by Sunni insurgents, said a December report.

Though U.S.-led coalition forces remained the target of the majority of attacks, the overwhelming majority of casualties were suffered by Iraqis, the report said.

The American death toll was at 1,000 in September of 2004 and 2,000 by October 2005.

Bush told an end-of-the-year press conference that the deaths distress him.

"The most painful aspect of the presidency is the fact that I know my decisions have caused young men and women to lose their lives," Bush said.

Asked about the 3,000 figure, deputy White House press secretary Scott Stanzel said Sunday that the president "will ensure their sacrifice was not made in vain."

"We will be fighting violent jihadists for peace and security of the civilized world for years to come. The brave men and women of the U.S. military are fighting extremists in order to stop them from attacking on our soil again," Stanzel said.

Sen. Edward Kennedy, D-Mass., called the figure a "tragic milestone" and said the government owes its troops "a new policy that is worthy of their heroism and brings them safely home."

In a statement Bush released Sunday to wish the troops and all Americans a happy new year, the president said the nation depends on the men and women in the armed services and are mindful of their dedication and sacrifice.

"Last year, America continued its mission to fight and win the war on terror and promote liberty as an alternative to tyranny and despair," Bush said in the statement released from his ranch in Crawford, Texas, where he and first lady Laura Bush are spending New Year's Eve with friends.

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"In the New Year, we will remain on the offensive against the enemies of freedom, advance the security of our country, and work toward a free and unified Iraq," he said. "Defeating terrorists and extremists is the challenge of our time, and we will answer history's call with confidence and fight for liberty without wavering."

In an interview on Dec. 21 with The Associated Press, Secretary of State Condoleezza Rice said the war was "worth the investment" in American lives and dollars.

In his strategy reassessment, Bush has consulted Iraqis, his uniformed and civilian advisers, an outside bipartisan panel that studied the failing war, and other defense and foreign policy experts. New Defense Secretary Robert Gates journeyed to Iraq in his first week on the job in December to confer with American commanders and Iraqi leaders.

Among the president's options was a proposal to quickly add thousands of U.S. troops to the 140,000 already in Iraq to try to control escalating violence in Baghdad and elsewhere.

Others believe too much blood and money already have been sacrificed. Democrats have wanted Bush to move toward a phased drawdown of forces, while the bipartisan Iraq Study Group recommended removing most U.S. combat forces by early 2008 while shifting the U.S. role to advising and supporting Iraqi units.

Having launched the war against the advice of a number of nations, the Bush administration never got a huge international contribution of troops, meaning foreign forces helping the Iraqis are overwhelmingly American.

The death toll shows it. As of late December, the British military has reported 127 deaths in the war so far; Italy, 33; Ukraine, 18; Poland, 18; Bulgaria, 13; Spain, 11; and Denmark, six. Several other countries have had five or less.

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On the Net:

Defense Department: http://www.defenselink.mil

U.S. Toll In Iraq Reaches 3,000 (WP)

By Nancy Trejos, Washington Post Staff Writer

The Washington Post, January 1, 2007

Deaths in December Most in Two Years

BAGHDAD, Dec. 31 -- The number of U.S. service members killed in Iraq since the war began in 2003 reached 3,000 on Sunday, a symbolic milestone at a time when the Bush administration is rethinking its strategy for the increasingly violent conflict.

As the year drew to a close, the U.S. military announced that a soldier was killed Saturday by a roadside bomb while on patrol in a southeastern neighborhood of Baghdad. Two soldiers were injured in the attack. Their names were not released.

The Defense Department also announced that Spec. Dustin R. Donica, 22, of Spring, Tex., was killed by small-arms fire Thursday in Baghdad.

According to the Associated Press and the independent Web site iCasualties.org, both of which keep counts of war fatalities, the deaths raised the American toll to at least 3,000.

Reaching that threshold has significance at a time when President Bush is considering a change in strategy that could include sending in more troops. The 140,000 U.S. troops currently in Iraq have not been able to reduce the daily violence caused by an aggressive insurgency in the western province of Anbar and an increasingly bitter sectarian conflict in Baghdad.

"What you see is the U.S. deeply involved in this fight against an insurrection and increasingly trying to bring order to a low-level civil war," Anthony H. Cordesman, an analyst for the Center for Strategic and International Studies, said by telephone in Washington. "There's no way you can do that with 140,000 troops in a country of 27 million without having casualties."

He added: "This pace of casualties is likely to go on until we can change or find a new approach."

The bipartisan Iraq Study Group recommended that the focus of U.S. troops in Iraq be shifted from combat to training Iraqi soldiers and police officers, and that most combat brigades be withdrawn by early 2008.

The most recent deaths happened during a particularly costly month of the war. With 111 fatalities, according to iCasualties.org, December was not only the deadliest month of 2006 for U.S. troops, but the deadliest in two years.

Most of December's deaths occurred in Anbar province, and most were the result of improvised explosive devices, or IEDs, according to a Washington Post analysis of the data. But insurgents have found other ways to attack troops, among them sniper fire.

The number of service members who have been wounded has continued to climb as well. More than 22,000 troops have been injured so far, according to the latest Defense Department data.

A Pentagon report in December gave a grim assessment of the war, acknowledging that violence soared to its highest level this fall, with anti-U.S. fighters achieving "strategic success" by unleashing a spiral of sectarian killings by Sunni Arab and Shiite Muslim death squads. According to the report, the violence had reached record highs, with 959 attacks per week.

DOJ_NMG_0111018

In the United States, public discontent over the war has grown, evidenced by the fact that voters gave Democrats control of the new Congress. Many media outlets and pundits have pointed out that the military death toll in Iraq now exceeds the number of people killed in the Sept. 11, 2001, attacks, which Bush has often cited as justification for the war.

White House spokesman Scott Stanzel said Bush "believes that every life is precious and grieves for each one that is lost."

"He will ensure their sacrifice was not made in vain," Stanzel said. "The war on terror will be a long struggle. We will be fighting violent jihadists for peace and security of the civilized world for years to come."

Military leaders played down the significance of reaching 3,000 deaths.

"We don't count that way, because each one is important to us," said Lt. Col. Christopher C. Garver, a U.S. military spokesman in Baghdad. "Number 2,999 means the same to us as number 3,000. It's an arbitrary number that doesn't mean anything to us."

The Defense Department count of Americans killed in Iraq stood at 2,986 as of Sunday, said a Pentagon spokesman, Lt. Col. Mark Ballesteros. The Pentagon's official count often lags because it does not include a fatality in its official tally until 24 hours after notifying next of kin. The U.S. military in Iraq issues news releases with names withheld before deaths are officially counted.

"Let's set aside discussion of numbers," Ballesteros said. "Every loss is regretted, each loss has a value, significance and importance unto itself, regardless of what number anyone would assign."

Each death, he said, "is felt individually by that person's family and friends. It's particularly difficult during the holidays."

Staff writers Michael Abramowitz in Crawford, Tex., and Elizabeth Williamson in Washington contributed to this report.

U.S. Announces Death Of 3,000th American Soldier (MCT)

By Nancy A. Youssef

McClatchy Newspapers, January 1, 2007

BAGHDAD, Iraq — Saddam Hussein, the deposed dictator hanged Saturday for the murder of 148 fellow citizens, was buried at sunrise in his hometown Sunday, not far from the graves of his two sons. Hours later, on the final day of 2006, the U.S. military announced the death of the 3,000th American soldier to die in Iraq.

The death of Spc. Dustin Donica, 22, of Spring, Texas, by small arms fire Thursday in Baghdad, brought the December toll to 111, the deadliest month of the year for U.S. troops. Donica was assigned to a parachute infantry regiment at Fort Richardson, Alaska.

The milestone was reached at a time when President Bush is considering an overhaul of American policy in Iraq - a review that could result in tens of thousands more U.S. troops serving in this strife-torn country.

Bush spokesman Scott Stanzel said that the United States "will be fighting violent jihadists for peace and security of the civilized world for years to come." He said Bush would see to it that the sacrifice of U.S. troops "was not made in vain."

Saddam's burial in his hometown of al Awja, near the northern city of Tikrit, drew about 100 people for a dawn service. The flag draped over his body was that from his regime. The flag's inscribed words, "God is Great," were written in his own hand, not in formal script as it now appears on the official Iraqi flag.

Officials at the province, who took control of Saddam's body from the Iraqi government, said they were grateful the body was treated in an Islamic way. And, on a national television station, they thanked American officials for providing a helicopter to take the body to the burial site.

Meanwhile, on a quiet day marked by the observance of the religious festival of Eid, Iraqis were transfixed by a video that showed Saddam's final moments. Some said the video showed a composed Saddam killed by a Shiite government settling personal scores, not an example of justice; others said it was a fair end for a man who tortured and brutalized innocent Iraqis for more than two decades.

The latest video disputed some initial accounts of what happened in the seconds before execution. Captured on a cell phone camera, it appeared on several Web sites, and picked up where the government-released video released Saturday had cut off - after the tightening of the noose. Not every word spoken was audible.

Five executioners wearing black ski masks surrounded Saddam, who wore a long black coat. As they put the rope around his neck, Saddam called out, "O God."

After tightening the noose, men - both the executioners and witnesses - chanted part of a common Shiite Muslim saying, followed by Muqtada al-Sadr's name, the firebrand cleric who leads one of the most powerful militias in Iraq, the Mahdi Army.

"God's prayer upon the (Prophet) and his family ... May God bring closer his release (referring to the 12th Imam, who Shiites believe will appear again) and curse his enemy. Muqtada, Muqtada Muqtada!" the men chanted in unison, their voices more powerful with each passing word.

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It appears more dialogue occurred here, but the words are not clear. Saddam is next heard saying: "Thank God. Is this manhood?"

Someone in the room snapped at Saddam: "Go to hell."

"The hell that is Iraq?" Saddam said.

Another voice then shouted the name Mohammed Bakir Sadr, a relative of Muqtada and the intellectual brains behind the Dawa Party, one of the fiercest Saddam opposition parties. Prime Minister Nouri al Maliki is a member of the party, and thousands of people were either exiled or killed for being suspected members.

Another man appealed for calm: "I beg you no. This man is being executed."

But the crowd became more emboldened. Saddam then began reciting one of the most important Islamic sayings, the Shadada, which Muslims say to prove their faith: "I testify there is no god but God and (Prophet) Muhammad is the messenger of God." As he repeated it, and reached the word "Muhammad," the shaft opened from under him. The picture goes dark, breaking only for flashes from cameras photographing Saddam dead, his eyes open, his body dangling.

The witnesses erupted.

"The tyrant has fallen," one man said as others debated how long Saddam should be kept on the rope.

The Iraqi Special Tribunal convicted Saddam and two co-defendants on Nov. 5, charging that they ordered the execution of 148 people after an unsuccessful assassination attempt against the dictator in Dujail in 1982. Last week an appeals court upheld the conviction; under Iraqi law, Saddam had to be executed within 30 days.

On Saleh al Din channel, based in Saddam's hometown province, music designated for mourning and recitations of the Koran played all day.

16,273 Deaths Reported In Iraq In 2006 (AP)

By Lauren Frayer

AP, January 2, 2007

As enraged crowds protested the hanging of Saddam Hussein across Iraq's Sunni heartland Monday, government officials reported that 16,273 Iraqi civilians, soldiers and police died violent deaths in 2006, a figure larger than an independent Associated Press count for the year by more than 2,500.

The tabulation by the Iraqi ministries of Health, Defense and Interior, showed that 14,298 civilians, 1,348 police and 627 soldiers were killed in the violence that raged in the country last year.

The Associated Press accounting, gleaned from daily news reports from Baghdad, arrived at a total of 13,738 deaths. The United Nations has said as many as 100 Iraqis die violently each day, which translates into 36,500 deaths annually.

In Samarra, a mob broke the locks off a bomb-damaged Shiite shrine and marched through carrying a mock coffin and photo of the dictator.

The demonstration in the Golden Dome, shattered in a bombing by Sunni extremists 10 months ago, suggests that many Sunni Arabs may now more actively support the small number of Sunni militants fighting the country's Shiite-dominated government. The Feb. 22 bombing of the shrine triggered the current cycle of retaliatory attacks between Sunnis and Shiia, in the form of daily bombings, kidnappings and murders.

Monday's protest came on a day that saw the U.S. military kill six Iraqis during a raid on the offices of a prominent Sunni political figure, who was suspected of giving al-Qaida in Iraq fighters sanctuary.

Until Saddam's execution Saturday, most Sunnis sympathized with militants but avoided taking a direct role in the sectarian conflict — despite attacks by Shiite militia that have killed thousands of Sunnis or driven them from their homes. The current Sunni protests, which appear to be building, could signal a spreading militancy.

Sunnis were not only outraged by Saddam's hurried execution, just four days after an appeals court upheld his conviction and sentence. Many were also incensed by the unruly scene in the execution chamber, captured on video, in which Saddam was taunted with chants of "Muqtada, Muqtada, Muqtada."

The chants referred to Muqtada al-Sadr, a firebrand Shiite cleric who runs one of Iraq's most violent religious militias. He is a major power behind the government of Shiite Prime Minister Nouri al-Maliki.

Many Sunnis are also upset that Saddam was put to death the day that Sunni celebrations began for Eid al-Adha, a major Muslim festival. The judge who first presided over the case that resulted in Saddam's death sentence said the former dictator's execution at the start of Eid was illegal according to Iraqi law, and contradicted Islamic custom.

The law states that "no verdict should implemented during the official holidays or religious festivals," said Judge Rizgar Mohammed Amin, a Kurd.

Rizgar presided over Saddam's trial on charges he killed 148 Shiite men and boys in Dujail, north of Baghdad, in a botched assassination attempt in 1982. The judge was removed from the case after Shiite complaints that he was too lenient.

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In a Sunni neighborhood in northern Baghdad, hundreds of demonstrators mourned the executed leader. Some praised the Baath Party, the outlawed nationalist group that under Saddam cemented Sunni Arab dominance of Iraq.

"The Baath party and Baathists still exist in Iraq, and nobody can marginalize it," said Samir al-Obaidi, 48, who attended a Saddam memorial in the Azamiyah neighborhood.

In Dor, 77 miles north of Baghdad, hundreds more took to the streets to attend the dedication of a giant mosaic of Saddam. Children carried toy guns and men fired real weapons into the air.

Mourners at a mosque in Saddam's hometown of Tikrit slaughtered sheep as a sacrifice. The mosque's walls were lined with condolence cards from tribes in southern Iraq and Jordan who were unable to travel to the memorial.

Saddam's eldest daughter briefly attended a protest Monday in Jordan — her first public appearance since her father was hanged.

"God bless you, and I thank you for honoring Saddam, the martyr," said Raghad Saddam Hussein, according to two witnesses. She addressed members of the Professional Associations — an umbrella group of unions representing doctors, engineers and lawyers — in the group's office parking lot in west Amman.

In the midst of the protests, U.S. forces continued operations in Iraq.

Six Iraqis were killed in a U.S.-led raid on the Baghdad offices of a top Sunni politician, Saleh al-Mutlaq. The U.S. military and Iraqi police said they suspected the offices were being used as an al-Qaida safe house.

Al-Mutlaq is a senior member of the National Dialogue Front, which holds 11 of the 275 seats in Iraq's parliament.

U.S. forces said they took on heavy fire from automatic weapons and rocket-propelled grenades as they sought to enter the building. Ground troops were backed by helicopters that "engaged the enemy with precision point target machine gun fire," the military said.

It was unclear whether the deaths resulted from the ground assault or fire from U.S. helicopters.

Associated Press Television News footage showed masses of rubble in the area and what appeared to be a long smear of blood where a body had been dragged across the floor of one of the buildings.

Walls were pitted with what appeared to be bullet and shrapnel holes.

The U.S. death toll, meanwhile, climbed to at least 3,002 by the final day of 2006 as the American military reported the deaths of two more soldiers in an explosion Sunday in Diyala Province, northeast of the capital. With the announcement, the Associated Press count of fatalities showed that at least 113 U.S. service members died in December. That makes it bloodiest month of 2006.

Iraqi authorities Monday reported that 16,273 Iraqis — including 14,298 civilians, 1,348 police and 627 soldiers — died violent deaths in 2006. The total exceeds the Associated Press count by more than 2,500.

On the first day of the New Year, Iraqi Police reported finding the 40 handcuffed, blindfolded and bullet-riddled bodies in Baghdad. A police official, who refused to be named out of security fears, said 15 of the bodies were discovered in the mainly industrial Sheik Omar district of northern Baghdad.

An Iraqi worker for the Algerian Embassy in Baghdad was shot to death, police said.

Also Monday, the Iraqi government raided and sealed the offices of a privately owned television station, charging it had incited violence and hatred in its programming. In its coverage of the execution of Saddam over the weekend, a newscaster had worn black mourning clothes.

The satellite television channel Al-Sharqiya, which broadcasts from Dubai, remained on the air late Monday. The station is owned by Saad al-Bazzaz, a one-time chief of radio and television for Saddam.

Under Fire (USNEWS)

By Anna Mulrine

U.S. News and World Report, January 2, 2007

December drew to a close as the deadliest month in two years for American soldiers in Iraq. At his ranch in Crawford, Texas, President Bush gathered his national security team–including new Defense Secretary Bob Gates–to draw up what may well be a last-chance strategy to turn back the tide of chaos. It couldn't have lightened the mood any that morning to glance at the Washington Post's front page: "Ford Disagreed With Bush About Invading Iraq." Former President Gerald Ford, who died last week at age 93, criticized Bush's rationale for the war in a posthumously published July 2004 interview with the Post's Bob Woodward. Said Ford, "I don't think I would have gone to war."

For a current president who famously doesn't like to look back, Ford's delayed critique may mean little, but it raises the stakes a bit higher for Bush's effort to sell the American people on whatever he decides to do next in Iraq. With concern growing almost daily about U.S. soldiers and marines facing hostile fire and increasingly powerful roadside bombs, caught in the middle of what looks to many like an Iraqi civil war, Bush faces the most daunting challenge of his presidency. In urban Baghdad–not

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just in the insurgent badlands of Al Anbar province–some streets are so regularly booby-trapped with roadside bombs that they are treated as no-go zones for U.S. patrols.

After making it clear that he has his own no-go zones (namely, opening a dialogue with Iran and Syria and considering a phased withdrawal of U.S. troops), Bush is expected to release his new plan for Iraq within days. It will very likely include an economic package that will fund microloans for small businesses and jobs in neighborhoods that have been targeted by military strikes–elements of classic counterinsurgency strategy that weave economic and political incentives together with armed measures. But much of the chatter–and the real political stakes–surround a so-called surge of U.S. troops, enough to make the total force in Baghdad larger than at any time since the war began. That would, the thinking goes, improve security in the city of some 6 million and give the Iraqi government more time to take charge if it can. But it would be hard to pull off. "The big question," says one U.S. commander at Baghdad headquarters, "is what do they want us to do with these troops, exactly, that we're not doing already?"

Wordplay. In Washington, the word surge is increasingly accompanied by something akin to virtual quotation marks. It's more politically palatable than "escalation," with its echoes of Vietnam, and carries the implication of limited duration, or an ebb. But new troops will be on the ground for a while. In a widely circulated PowerPoint presentation, Frederick Kagan, a neoconservative military historian at the American Enterprise Institute, touts the benefits of a surge in a "plan for success," adding that a minimum of 30,000 troops should be sent to the country for "18 months or so." "That's not a surge," says one military official. "It's a troop increase, plain and simple."

'Surge' Strategy (NSWK)

By Michael Hastings, Michael Hirsh And Richard Wolffe

Newsweek, January 2, 2007

Jan. 8, 2007 - He was caught just like a rat." Those were the simple, happy words of Ray Odierno three years ago, after units of his Fourth Infantry Division cornered Saddam Hussein in Tikrit. The hulking general went on to declare that the capture was a "major operational and psychological defeat" for the insurgents, who had been "brought to their knees." It was a heady moment, but as it turned out that's all it was—a moment. On Dec. 14, 2006, three years and a day after Saddam was hauled out of his hole, Lt. Gen. Odierno returned to take day-to-day command of Coalition forces in Iraq. His mood since then has been far more sober. "You now have different groups ... trying to vie for power within Iraq," Odierno told NEWSWEEK in an interview last week from his headquarters at Camp Victory near Baghdad. "That's what makes this extremely more complex than this has been in the past. It's not simply Sunni insurgents or Al Qaeda that we're fighting anymore—fighting is the wrong term—we're trying to influence [Iraqis] to operate within the confines of the government."

The words sound odd coming from a traditional Army warrior known for his kick-in-the-door tactics. But Odierno's transition from certainty to complexity—and from fighting to "influencing"—mirrors the journey made by the U.S. military as a whole. After weeks of intensive discussions, President George W. Bush is expected to announce his new Iraq strategy as early as next week. Most of the debate has centered on whether to "surge" 20,000 or more U.S. troops into the Baghdad area in an effort to succeed, at long last, in securing the Iraqi capital. The question is whether those forces are the right tool for the job at hand—can any number of U.S. troops stop what has become a Sunni-Shiite civil war?—not to mention whether they're even available.

Odierno knows very well that success requires more-subtle tactics than the ones he was once criticized for. An internal Army report in December 2003 concluded that Odierno's Fourth I.D. had indiscriminately rounded up so many military-age Iraqis that prisons like Abu Ghraib overflowed. Odierno rejects the accusation of overaggressiveness, calling it "anecdotal" and adding: "We executed more [reconstruction] projects than anyone else. All that has been forgotten." But he concedes that "a lot has changed since the last time I left" and that he's learned much about fighting an insurgency.

The White House insists it knows that simply adding more troops isn't the answer. The plan being considered is far more nuanced than what has been reported in the media, a senior aide to Bush, who would only discuss the talks in Crawford anonymously, told NEWSWEEK. He said it includes money for new jobs programs and reconstruction aid for Prime Minister Nuri al-Maliki, as well as efforts to further shore up his political base. "We know the counterinsurgency plan is clear, hold and build," says the source. "We have to talk about surging troops and surging resources as being equally important."

Even so, the debate over tactics has intensified inside the Pentagon. Bush is now trying to sort through wildly conflicting advice. His Joint Chiefs of Staff supports the conclusions of the Iraq Study Group that, rather than sending in a new influx of U.S. troops, American advisory teams embedded with Iraqi forces should be quadrupled so Iraqis can take control more quickly. Some hawks, led by two outside advisers, former Army vice chief of staff Gen. Jack Keane and military historian Frederick Kagan, are instead urging Bush to "win the battle of Baghdad" himself. They say he can't wait for the Iraqi government, Army or police to secure the country.

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U.S. Army officials fret they don't have the forces or equipment for the kind of long deployment (perhaps 18 months or more) that would be required. According to a former senior Army official who would describe the internal discussions only if he was not identified, "Keane told the president: 'Don't you dare let Army and Marine Corps tell you they can't do it.' Soon afterward, Gen. Richard Cody, the vice chief of staff of the Army, called Keane in and gave him the actual figures on readiness, telling him: 'Look, here's the status of these brigades today. It's not doable'." Keane did not respond to several calls asking for comment, but the senior White House aide denies that the Pentagon is resisting any surge plan. "The military leadership is committed to doing what is required to be successful," he says.

Kagan worries Bush will end up splitting the difference and decide on a smaller, short-term offensive. That, Kagan says, would be disastrous, repeating the failure of Operation Forward Together in Baghdad last summer and fall, which he blames on too few U.S. troops (about 8,000). By putting the onus for stabilizing Baghdad on U.S. forces again, a troop surge would also reverse the policy of the soon-to-depart overall commander in Iraq, Gen. George Casey, who is Odierno's boss. "This is the antithesis of the strategy Casey's been pursuing for two years, which is more and more Iraqi control," says Kagan. Maybe the only certainty any longer is that Odierno's new mission is sure to be a lot harder than finding Saddam Hussein.

White House Week (USNEWS)

U.S. News and World Report, January 2, 2007

Bush's Big Act: If He Bombs, Does the Fat Lady Sing?

Some senior Republicans are looking at the next four weeks as "make it or break it" time for the White House. In early January, the Democrats will take over Congress and signal how aggressively they will confront the administration on Iraq and a wide range of domestic issues. By mid-January, President Bush will have delivered his high-stakes speech setting forth "the way forward" in Iraq. Bush will then give his State of the Union address on January 23. "Anything the president wants to do in the last two years of his term will be contingent on the reaction to his new course in Iraq," says a senior GOP adviser. "If he bombs when he gives the Iraq speech, the fat lady sings." White House officials, however, argue that Democrats won't be able to escape responsibility for improving the situation in Iraq. "The Democrats are going to own this policy, too," a senior White House official says.

Like Bill Clinton, a Person of the People

Nancy Pelosi plans to celebrate becoming the first-ever female speaker of the House with an elaborate parade of events linking her heritage in blue-collar Baltimore and Italian-Catholic roots to her new and history-making post. As aides describe the run-up to her January 4 swearing-in, it will be similar to the weeklong trip former President Bill Clinton took to Washington. Pelosi's week will culminate with a concert and a "people's house" celebration, where plain folks can meet her and the rest of the new Democratic leadership in the Cannon House Office Building.

And So, Let the Investigations Begin

As a sign that the new Democratic majority plans to get tough, key congressional committees have begun hiring lawyer-investigators to probe the administration and its policies. The House Appropriations Committee, where Iraq war critic Rep. John Murtha will be influential, is hiring investigators to look into the administration's war policies and spending in Iraq and Afghanistan. Rep. Henry Waxman, the incoming chairman of the House Government Reform Committee, who's been dogging the vice president's energy task force, is also hiring lawyers. In the Senate, officials said similar hirings were underway in a speeded-up effort to have people in place for the start of the new Congress, especially the planned early-January hearings into the war and military spending that are set to begin January 8.

Better Be Ready to Take the Big Hit

Concerned about potential vulnerabilities to terrorist attacks, the incoming chairman of the House Science Committee, Rep. Bart Gordon of Tennessee, is pressing the Nuclear Regulatory Commission to require more stringent designs in any new nuclear reactors. The NRC, he notes in a letter, has not licensed a new plant since 1978, but it has approved a design for two new plants, while many other reactors are in planning stages. The NRC, responding, says its staff is developing new rules requiring companies "to assess specific security features that could be incorporated into the facility design ... to enhance security effectiveness." But one NRC commissioner, Gregory Jaczko, says that's not enough: The commission, he says, should require that "any new plants be designed and built to successfully withstand commercial aircraft crashes and large fires and explosions."

With Kenneth T. Walsh, Paul Bedard and Edward T. Pound

Angry Protests In Iraq Suggest Sunni Arab Shift To Militants (NYT)

The New York Times, January 2, 2007

DOJ_NMG_0111023

BAGHDAD, Jan. 1 (AP) — Enraged crowds protested the hanging of Saddam Hussein across Iraq's Sunni heartland on Monday, as a mob in Samarra broke the locks off a bomb-damaged Shiite shrine and marched through carrying a mock coffin and a photo of the executed dictator.

Skip to next paragraph

The Reach of War

Go to Complete Coverage » The demonstration at the Golden Dome shrine, shattered in a bombing by Sunni extremists 10 months ago, suggests that many Sunni Arabs may now more actively support the small number of Sunni militants fighting the country's Shiite-dominated government. The Feb. 22 bombing of the shrine set off the current cycle of retaliatory attacks between Sunnis and Shiites.

The Sunni protests, which appeared to be building, could signal a spreading militancy. Sunnis were outraged by Mr. Hussein's hurried hanging on Saturday, just four days after an appeals court upheld his conviction and sentence, and many were incensed by the unruly scene in the execution chamber, captured on a cellphone, in which Mr. Hussein was taunted with chants of "Moktada! Moktada! Moktada!" — the name of the Shiite cleric who runs one of Iraq's most violent militias.

Many Sunnis are also upset that Mr. Hussein was put to death during the Id al-Adha holiday.

In a Sunni neighborhood in northern Baghdad, hundreds of demonstrators mourned Mr. Hussein. Some praised the ousted Baath Party, which Mr. Hussein rode to power.

In Ad Dwar, about 80 miles north of Baghdad, hundreds more took to the streets to attend the dedication of a giant mosaic of Mr. Hussein. Children carried toy guns, and men fired weapons into the air.

Mourners at a mosque in Mr. Hussein's hometown, Tikrit, slaughtered sheep as a sacrifice for their former leader. The mosque's walls were lined with condolence cards from tribes in southern Iraq and Jordan who could not travel to the memorial.

Mr. Hussein's eldest daughter, Raghad, briefly attended a protest on Monday in Jordan, where she sought refuge after the American invasion in 2003. It was her first public appearance since her father was hanged.

"God bless you, and I thank you for honoring Saddam, the martyr," she said, according to two witnesses. She addressed members of the Professional Associations, an umbrella group of unions representing doctors, engineers and lawyers, in the group's office parking lot.

In the midst of the protests, American forces continued operations in Iraq. Six Iraqis were killed in an American-led raid on the Baghdad offices of a top Sunni politician, Saleh Mutlaq, a former member of the Baath Party. The United States military and Iraqi police said they suspected that the offices were being used as a safe house by Al Qaeda. Mr. Mutlaq is a senior member of the National Dialogue Front, which holds 11 of the 275 seats in Parliament.

American forces said they took heavy fire from automatic weapons and rocket-propelled grenades as they tried to enter the building. Ground troops were backed by helicopters that "engaged the enemy with precision-point target machine gun fire," the military said.

It was unclear whether the deaths resulted from the ground assault or fire from American helicopters.

Meanwhile, the American military reported the deaths of two more soldiers in an explosion on Sunday in Diyala Province, northeast of the capital, bringing the list of American military fatalities in Iraq to 3,002. With the announcement, The Associated Press count of fatalities showed that at least 113 American service members died in December, making it the bloodiest month of 2006.

Iraqi authorities reported that 16,273 Iraqis —among them 14,298 civilians, 1,348 policemen and 627 soldiers — died violent deaths in 2006. The total exceeds The A. P. count by more than 2,500.

The police reported finding the bodies of 40 handcuffed, blindfolded and bullet-riddled bodies in Baghdad on Monday. A police official said 15 of the bodies were discovered in the mainly industrial Sheik Omar District of northern Baghdad.

An Iraqi worker for the Algerian Embassy in Baghdad was shot to death, the police said.

Also on Monday, the government raided and sealed the offices of a privately owned television station, charging that it had incited violence and hatred in its programming. In its coverage of the execution of Mr. Hussein over the weekend, a newscaster wore black mourning clothes.

Sunni Areas Erupt In Rage Over Saddam (WT/AP)

By Lauren Frayer, Associated Press

The Washington Times, January 2, 2007

BAGHDAD -- Rage over the hanging of Saddam Hussein spilled into the streets in many parts of the Sunni Muslim heartland yesterday, especially in Samarra, where a mob of protesters broke the locks of the badly damaged Shi'ite Golden Mosque and marched through carrying a mock coffin and photo of the executed former Iraqi dictator.

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Sunni extremists had blown apart the glistening dome on the Shi'ite holy place 10 months earlier, setting in motion the sectarian slaughter that now grips the troubled land.

The U.S. death toll climbed to at least 3,002 by the final day of 2006 as the American military reported the deaths of two soldiers in an explosion Sunday in Diyala province, northeast of the capital.

The Samarra protest was particularly significant because it signaled a widening expression of defiance among Sunnis, the minority Muslim sect in Iraq that had enjoyed special status and power under Saddam and had oppressed the now-ascendant Shi'ite majority for centuries.

Until Saddam was executed, excluding a few days of protests after his death sentence was handed down Nov. 5, the broader Sunni population had sought a low profile in the sectarian conflict that had seen thousands of them killed or driven from their homes by Shi'ite militia forces since the Samarra bombing Feb. 22.

The Sunnis were angered not only by Saddam's hurried execution, just four days after an appeals court upheld his conviction and sentence, but also by the unruly and undignified manner in which the hanging was carried out.

A clandestine video of the hanging showed Saddam was taunted by some present at the execution with chants of "Muqtada, Muqtada, Muqtada" in the last moments of his life.

The chants were a reference to anti-American Shi'ite cleric Muqtada al-Sadr, who runs one of the deadliest religious militias in Iraq and is a major power behind the government of Shi'ite Prime Minister Nouri al-Maliki, who had pushed for Saddam to be hanged before the year was out.

Iraq's government said yesterday that it would investigate the video and the taunts at the execution.

Saddam was put to death on the eve of the Shi'ite celebration of the Eid al-Adha, the major Muslim festival marking the end of the hajj pilgrimage to Mecca and a remembrance of Abraham's willingness to sacrifice his son, now symbolized by the slaughtering of sheep.

The first judge in the so-called Dujail trial, Rizgar Mohammed Amin, said Saddam's execution during Eid was illegal according to Iraqi law. Sunni Muslim festivities marking the holiday began on the day that Saddam was hanged.

Judge Amin, a Kurd, was removed as chief judge in the case after Shi'ite complaints that he was too lenient. He was replaced last January by Judge Raouf Rasheed Abdel-Rahman.

Judge Amin said: "The implementation of Saddam's execution during Eid al-Adha is illegal according to Chapter 9 of the tribunal law. Article 27 states that nobody, even the president (Jalal Talabani), may change rulings by the tribunal and the implementation of the sentence should not happen until 30 days after publication that the appeals court has upheld the tribunal verdict.

"The hanging during the Eid al-Adha period [also] contradicts Iraqi and Islamic custom.

"Article 290 of the criminal code of 1971 states that no verdict should be implemented during the official holidays or religious festivals," he said.

Iraq's 1971 legal code was largely used in the Saddam trial.

"The Ba'ath Party and Ba'athists still exist in Iraq, and nobody can marginalize it," said Samir al-Obaidi, 48, who attended a Saddam memorial in the Azamiyah neighborhood.

In Dor, 77 miles north of Baghdad, hundreds more took to the streets to inaugurate a giant mosaic of Saddam. Children carried toy guns, and men fired into the air.

Mourners at a mosque in Tikrit, near Saddam's hometown, slaughtered sheep as a sacrifice for their former leader. The mosque's walls were lined with condolence cards from tribes in southern Iraq and Jordan who were unable to travel to the memorial.

Saddam's eldest daughter briefly attended a protest yesterday in Amman, Jordan -- her first public appearance since her father was hanged.

Raghad Saddam Hussein stopped in at the demonstration staged by the Professional Associations, a body that groups unions for doctors, engineers and lawyers, in its office parking lot in west Amman.

"God bless you, and I thank you for honoring Saddam, the martyr," two witnesses recalled Mrs. Hussein as telling the protesters, who included a junior Cabinet minister, on her arrival. She left a minute later.

Also, U.S. forces killed six persons in a raid on the Baghdad offices of a top Sunni politician, Saleh al-Mutlaq, on suspicion it was being used as an al Qaeda safe house, the military and Iraqi police said.

The U.S. military took on heavy fire from automatic weapons and rocket-propelled grenades as they sought to enter the building. Mr. al-Mutlaq is a senior member of the National Dialogue Front, which holds 11 of the 275 seats in Iraq's parliament.

Police reported finding 40 handcuffed, blindfolded and bullet-riddled bodies in Baghdad on the first day of the new year.

Iraq To Probe Filming Of Saddam Hanging (FT)

By Steve Negus

Financial Times, January 2, 2007

The Iraqi government launched an inquiry on Monday into how guards filmed and taunted Saddam Hussein on the gallows, turning his execution into a televised spectacle that has inflamed sectarian anger.

Many in Iraq were transfixed by the footage, apparently shot on a videophone.

With Saddam executed, Iraqi Prime Minister Nuri al-Maliki now faces the job of trying to impose state authority upon a shattered society that is on the verge of sectarian civil war. The run-up to Mr Saddam's death illustrates how difficult that task will be.

As the noose was tightened around the deposed president's neck, several in the chamber began to chant a slogan affiliated with the radical Shia Sadrist movement, whose founder, the Ayatollah Mohammed Sadeq al-Sadr, was assassinated by presumed agents of Saddam in 1999.

Despite pleas from one unidentified voice in the room to allow Saddam a dignified end, the chanting of the name of the ayatollah's son and the movement's new leader built up to a crescendo – "Moqtada! Moqtada! Moqtada!"

The moment captured the extent to which the Shia radicals associated with the Sadrs have imposed their agenda on the Iraqi state and its institutions, and the magnitude of the task facing Nuri al-Maliki, the Iraqi prime minister, as he tries to impose his authority on a deeply fractured and radicalised country.

Further emphasising the splits within Iraqi society was the pilgrimage of hundreds of mourners to Saddam's tomb in the town of Awja, where he was born in 1937. Mr Maliki's government appears to have rejected initial plans to bury the former leader in an unmarked grave, and Saddam's body was flown to the town in a US helicopter.

Much of the confusion that reportedly surrounded Saddam's last hours is probably down to the uneasy relationship between Mr Maliki and the Sadrists, who are one of the key parties in his ruling coalition but whose militias are also blamed for a large share of the sectarian killing.

Saddam's swift execution has been a central demand of the Sadrist movement ever since his capture in December 2003. Rushing the former president to the gallows may have afforded the prime minister a rare opportunity to look decisive in front of his core constituency.

The Sadrists control 30 seats in the 275-member parliament, which makes them one of the three largest forces in Mr Maliki's Shia-led coalition but belies their true strength as what is almost certainly Iraq's largest mass movement.

Although Mr Maliki, a member of the Shia Islamist al-Dawa party, has received Sadrist support in the past, recently their relationship has been strained, with the radicals accusing Mr Maliki of bowing to US pressure to reach out to the Sunni. The Sadrists, who control three main ministries, announced last month they were boycotting Iraq's government in protest at Mr Maliki's decision to meet US President George W. Bush in Jordan.

The execution may allow Mr Maliki a window of political opportunity. For the Sadrists, as for many other Shia, Saddam's hanging represents a point of no return for the old Sunni-dominated political order, and evidence that his former ruling Ba'ath party, which has a strong role in the insurgency, can no longer dictate events.

Iraq will now see what Mr Maliki does with this opportunity. Mr Maliki has suggested he would attempt early in the new year to disarm Shia militias, of whom the Sadrists' Mahdi Army is by far the largest. The government has also said it would consider allowing members of the former ruling Ba'ath party, purged from public life in 2003, to be rehabilitated.

But Shia leaders have been under pressure from the US and others to reach out to the Sunni for well over a year, but have consistently put off key decisions. It is not yet clear whether the swift execution of Saddam has given Mr Maliki the political capital he needs to take steps that will almost certainly be criticised by the Sadrists, if he even wants to do so at all.

Era Ends As Saddam Hussein Is Put To Death (CSM)

By Dan Murphy

The Christian Science Monitor, January 2, 2007

Saddam Hussein, the former Iraqi dictator who got his start in politics as an assassin and who never lost that brutal approach as he led Iraq for more than 30 years, was led to the gallows by a group of burly men in balaclavas and executed early Saturday morning.

Hussein was executed for the only crime for which he's been convicted: the 1982 murder of more than 200 people from the village of Dujail. Many Iraqis, though, particularly the Shiites and Kurds who lost hundreds of thousands to his bloody regime, saw his death as justice for the broader crimes of his rule.

Yet peace is unlikely to follow, analysts say. Hussein still has the power to arouse fierce passions among Iraqis. His death was cheered by millions of Iraqis, setting off wild celebrations in the Shiite quarters of Baghdad and other cities. Many Sunnis,

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however, saw it as a national humiliation - a proud Arab leader put to death at the hands of a government the United States helped to install - and were angered by the fact that the execution took place on Eid al-Adha, Islam's most important holiday.

Still, the demise of the man who led bloody wars against Iran and the United States, and whose police state was famously called the "republic of fear" by one dissident, may now be oddly irrelevant to Iraq's future, as the country's broad sectarian violence has moved far beyond camps of Hussein supporters and opponents.

While the US once believed Hussein's fall would help stabilize Iraq - his capture in a dim spider hole three years ago set off celebrations in US military command centers "akin to VE day," one US military intelligence officer recalls - that is no longer the case. What was once described as an insurgency largely made up of Baathist holdouts and some Sunni Islamist fighters, is now seen as a battle for power among Iraq's major sects.

President Bush reflected that view when he cautioned against too much optimism on Saturday.

"Bringing Saddam Hussein to justice will not end the violence in Iraq," Mr. Bush said in a statement. "But it is an important milestone on Iraq's course to becoming a democracy."

Since Hussein's capture and trial, tens of thousands of Iraqis have been killed in the deepening civil conflict, and sectarian militias have mushroomed throughout the country. Shiite death squads allied to some of Iraq's major political parties have been particularly active in Baghdad and Basra, the country's second largest city, and have used torture techniques to rival those of Hussein's feared secret police.

Last Monday, for instance, British forces raided and then destroyed the serious crimes unit in Basra, which they said was a base of operations for a Shiite militia. They found more than 100 prisoners there, many of whom had been tortured with electric shocks, burned with cigarettes, or shot in the knees.

Before Hussein's execution, US and Iraqi forces braced for a possible surge in violence. About 70 people were killed around Iraq following his death, most by two suicide car bombs, one in the Shiite town of Kufa, the other in Baghdad, a level of violence that has been fairly common in recent months.

The move to execute Hussein was swift. He was on trial facing charges of genocide against Iraq's Kurds, and at least four other trials were expected to follow. While US advisers to the court had said that they expected that the execution would be delayed to allow the justice process to go forward for his other crimes, Iraqi Prime Minister Nouri al-Maliki, a Shiite Islamist whose popularity has flagged as Iraq's violence has deepened and unemployment has surged, grew determined to see Hussein killed without further delay.

Ahead of the execution, Mr. Maliki said the swift carrying out of the sentence underscored his government's commitment to protecting "human rights."

Michael Scharf, a legal scholar at Case Western University in Cleveland, Ohio, and expert in war-crimes tribunals who has provided legal advice to the judges who tried Hussein, former Yugoslav leader Slobodan Milosevic, and other dictators, says that he is "saddened" that Hussein won't face further charges.

But, he says, he understands why the Iraqi government made the decision. "In a way, it cheapens his crimes. It's like treating Saddam as if he were Al Capone. Crimes against humanity are a very serious charge, but there is a hierarchy of evil, and at the top of that pyramid is genocide."

Hussein's execution was held in a former torture facility of Hussein's in the Shiite neighborhood of Khadimiya, another piece of symbolism designed to appeal to Iraq's Shiite majority. State television showed the noose being put around Hussein's neck, and later displayed footage of his body. Celebratory gunfire - Iraqis call it "happy fire" - broke out, particularly in Sadr City, the stronghold of militant cleric and Shiite militia leader Moqtada al-Sadr, who US officers now say is among the greatest threats to peace and stability.

In a statement, Maliki said that the carrying out of Hussein's sentence provided a "lesson" to dictators around the world. He said it was wrong to view him as a Sunni Arab, or to blame Sunni Iraqis in general for Hussein's crimes.

"The tyrant represented nothing but his own evil soul," the statement reads.

Many observers note that Hussein's foreign wars, and the international sanctions that followed his 1991 attempt to annex Kuwait, drove the economy into the ground. But he is also remembered by many Iraqi Sunni Arabs and some Shiites as presiding over an unprecedented era of prosperity. He came to power amid the region's oil boom, and his Arab Socialist Republic, as he called it, poured much of that wealth into health and literacy programs that left the country with the best university system in the region and its largest middle class.

Hussein was also a popular figure in the broader Middle East, where state-controlled media almost never reported his crimes. Instead, he was seen as a rare Arab leader willing to stand up to the US, and who took a strong stand in the Israeli-Palestinian conflict, giving thousands of dollars to the families of Palestinians killed in attacks on Israel.

Most Arab regimes, close to the US but mindful of the popularity of the ousted dictator among their people, have avoided comment on the execution so far, though Libyan dictator Muammar Qaddafi declared three days of national mourning. In

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contrast, Iran, which lost hundreds of thousands of its citizens in the war with Iraq in the 1980s, hailed the execution as an act of justice.

Few doubt that Hussein was responsible for mass murder and the routine torture of political opponents and even one-time friends - he ordered the executions of a number of the men who helped him seize power in 1968, his two sons-in-law, and was alleged to have personally murdered opponents in the Baath Party during his rise to power.

But the fairness of his trial was criticized by international human rights organization. Human Rights Watch charged in a report last month that his trial was "deeply flawed" and damaged the rule of law in Iraq. Among the group's concerns was the violence against the court - three defense lawyers were assassinated in the course of the trial -as well as what it alleged was government interference in the workings of the court, and "demonstrated bias" of the presiding judge, an ethnic Kurd who lost family members when Hussein's government attacked the Kurdish village of Halabja with sarin nerve gas.

Mr. Scharf disputed the criticisms of Human Rights Watch and others. He says that he would give the tribunal a "low passing grade" and agrees with Maliki that it does send a message to dictators.

"We are really entering this new period where dictators can't count on a comfortable retirement," he says. "With [Chilean dictator Augusto] Pinochet dying under house arrest, Milosevic dying in custody, and now this. I tell the critics they should read the 298-page judgment against Saddam - the largest war-crimes judgment since Nuremberg - before going any further."

Scharf says that the government decided the cost of allowing Hussein to live to face further charges was greater than ending his life now. "Early on, there was a feeling that people would want him around to face justice in these other cases," he says, "but [their view is that] he's been not only a continuing disruptive influence in court but actually inciting violence outside of it."

Saddam's Execution Unlikely To Hurt Reconciliation (USAT)

By Rick Jervis

USA Today, January 2, 2007

BAGHDAD — The hasty execution of Saddam Hussein, which some Iraqis criticized for its sectarian overtones, will not hurt ongoing efforts to bridge ethnic rivalries and win backing for Iraq's fledgling government, political leaders said Monday.

Videos of the execution angered some Iraqis because guards were heard shouting Shiite slogans as Saddam was about to be hanged. Saddam was a Sunni Muslim.

"This government is on its way out," said Falah Hussein al-Ubeidi, 32, a Shiite government worker. "They have lost a lot among their voters. I now regret ever voting for those monsters."

Iraqi political leaders say the handling of Saturday's execution will not hurt reconciliation efforts aimed at getting Iraq's factions together to help curb violence and steer some militant groups into the political process.

The execution was widely viewed in the form of a government-released video and another clip taken by someone in the chamber with a cellphone.

During the execution, some of the guards chanted the name of Muqtada al-Sadr, an anti-American Shiite cleric whose militia is engaged in violence against Sunnis, the cellphone video showed. The guards also cursed Saddam just before he was hanged.

There were a number of Sunni protests around Iraq on Monday.

Sunni and Shiite leaders have been trying to keep the country from collapsing further into factional violence. Some say the reaction to Saddam's execution shouldn't hurt those efforts.

"Everybody — Sunni and Shiite — was against Saddam," said Ayad al-Samarrai, deputy chairman of the Iraqi Islamic Party, a Sunni group. "I don't think it will have an effect on the reconciliation process at all."

Saddam was sentenced to death Nov. 5 for his role in the killing of 148 Shiites in Dujail in 1982.

Mahmoud Othman, a leading Kurdish lawmaker and member of the national reconciliation committee, said the timing of the execution was poorly planned. It was held on the first day Sunni Arabs observe the Eid al-Adha holiday and just four days after the appeals section of the Iraqi High Tribunal confirmed Saddam's death sentence.

The execution also sidestepped an Iraqi law requiring the signatures of the president and two vice-presidents and another law prohibiting executions on holidays.

Othman said the outcome — Saddam put to death by hanging — was expected and won't stall reconciliation efforts.

"If this happened two years ago, even one year ago, it would be different," Othman said. "But now, with so much happening, it's just not that important."

Saddam, 69, was hanged just after 6 a.m. Saturday at the site of the deposed government's military intelligence headquarters in northwest Baghdad. His body was later flown to his home village of Ouja, north of Baghdad, in a U.S. military helicopter and buried by local tribesmen and relatives.

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Al-Maliki pressed to quickly carry out the execution out of fear that pressure from the Sunni community, Arab countries and international groups would delay the execution or even force officials to commute the sentence, said lawmaker al-Askari, who witnessed the execution.

"They thought: 'The faster we could do it, the better,' " he said of the prime minister's office.

Reconciliation efforts have been slow, but progress has been made. Al-Maliki, a Shiite, recently promised to review the program that bars ranking members of Saddam's former ruling Baath Party from government positions.

A Dictator's Mideast Legacy (CSM)

By Nicholas Blanford

The Christian Science Monitor, January 2, 2007

BEIRUT, LEBANON

The execution of Saddam Hussein was a subdued finale for a man whose merciless rule shaped the course of Middle East history for a quarter century.

Mr. Hussein may be gone, but his legacy lives on in the ethnic and religious conflict undermining a nation that he held together through fear. His attacks on nearby countries - Iran, Kuwait, and Israel - won widespread condemnation and, ultimately, little reward.

While the architects of the Iraq war hoped his ouster would help spread Western-style democracy in the region, violence in Iraq has grown so bad that recent polls say most Iraqis believe life was better under Hussein.

It remains to be seen whether the lesson of his life will be the end of brutal dictatorships in the region or whether current unrest in Iraq will bolster Middle Eastern autocrats and increase resistance to democratic reforms.

"The downfall of Saddam and its aftershocks only empowered the regimes of the Middle East," says Sami Moubayed, a Syrian political analyst. "Leaders can now say 'Look to Iraq. This is what the Americans will bring.' By failing in Iraq, the Americans actually did democracy a great disservice."

While democracy may have yet to flower in the Arab world, the seeds have been sown, other analysts say, with the Hussein experience in Iraq serving as a stark warning of the consequences should the long-term reform effort falter or fail.

"I do believe that the Middle East is coming to a conclusion and learning from the Saddam lesson," says Shafeeq Ghabra, a Kuwaiti professor of politics and president of Jusoor Arabiya Leadership and Consultancy Company.

"Yet the learning is not as quick and fast as one would like. It will take time for the region to understand that era and go beyond it to an era of pluralism and development where people can express themselves without fear," he says.

Hussein's ambition and sense of self-destiny combined with impulsive and vengeful acts propelled Iraq into a series of disasters that has left an indelible mark on the region.

"He was a catalyst, he made things happen and usually they were not positive and constructive, but he constantly kept the Middle East in a state of turmoil," says Gary Sick, executive director of the GULF 2000 project and professor of international affairs at Columbia University in New York.

Hussein's rise to absolute power began in 1968 when he participated in a bloodless coup that saw his cousin Ahmad al-Hassan al-Bakr become president. In the 1970s, Hussein, who gradually came to overshadow the president, led an economic modernization program, funded by the proceeds of the 1973 oil boom.

He also helped forge a sense of national unity rooted in Baath Party ideology, overcoming Iraq's diverse ethnic and sectarian composition. "He was able to bring to Iraq a sense of development for a period.... Then it was all destroyed year after year with adventurous decisions," says Professor Ghabra.

Hussein pushed aside the ailing Bakr and became president in 1979, the same year that Shah Mohammad Reza Pahlavi was toppled in neighboring Iran by the Islamic revolution that brought Ayatollah Ruhollah Khomeini to power.

The rise of a militant Shiite theocracy in Iran alarmed the Sunni Arab states. Hussein, fearing Khomeini's influence over Iraq's restless Shiites and tacitly backed by his Sunni Gulf neighbors, invaded Iran in 1980, setting in motion a devastating eight-year war that cost hundreds of thousands of lives.

Hussein intended to smash the disorganized fledgling Islamic regime in Iran, an act that would confirm his leadership of the Arab world and earn the gratitude of his neighbors. But the war was to have the unintended consequence of strengthening Mr. Khomeini's rule.

"It forced the Islamic revolution to get out of its zealous craziness and begin to organize itself and pull itself together," says Professor Sick, an Iran specialist. "In a way, Saddam stabilized the Iranian revolution and kept the mullahs in power."

The conflict also triggered an alliance between Iran and Iraq's archenemy, Syria, which was ruled by a rival branch of the Baath Party. The Iranian-Syrian relationship has proved enduring, and in the past year has further strengthened to become one of the region's most significant geo-strategic alignments.

When the Gulf War ended in 1988, the Iraqi economy was in ruins with some $75 billion owed to Iraq's Arab nation backers. Relations between Iraq and Kuwait steadily deteriorated over the next two years with the latter's refusal to forgive the war debt and cut oil production to raise revenues for Iraq.

A bitter Hussein sent his war-weary army into Kuwait in 1990, triggering a fresh convulsion in the Middle East. The US assembled a coalition of Arab and European allies to remove Iraqi forces from Kuwait. This Gulf war also marked the beginning of a prolonged US military deployment in Saudi Arabia, which would later be used by Osama bin Laden to partly justify his anti-American actions, culminating in 9/11.

The UN sanctions against Iraq during the 1990s, the most severe ever against any country, devastated an already weakened economy, but failed to bring down Hussein's regime.

Although the 2003 invasion of Iraq finally ended Hussein's tyrannical rule, its aftermath has turned Iraq into a byword of sectarian violence.

Although Hussein is dismissed by most Arabs as a tyrant who ran a regime of unmitigated brutality and greed, some regard him as a champion of Arab steadfastness against American "imperialism" and Israeli aggression.

The mock funerals in the West Bank Sunday testified to Hussein's lingering support among Palestinians. Hussein adopted the Palestinian cause as a cornerstone of his foreign policy, dispensing millions of dollars to armed Palestinian groups. Analysts say Hussein manipulated the plight of the Palestinians to curry popularity and burnish his Arabist credentials. "You can't judge the Palestinians by their reaction [to Hussein's death]," says Sateh Noureddine, columnist with Lebanon's As-Safir newspaper. "They are a desperate people looking for any sign of support from anyone. Saddam was a tyrant, and there was nothing positive from his era."

Saddam's Sensitive Side (WT/AP)

The Washington Times, January 2, 2007

ST. LOUIS (AP) -- A military nurse who cared for Saddam Hussein in jail said the deposed dictator saved bread crusts to feed birds and seldom complained to his captors, except when he had legitimate gripes.

Master Sgt. Robert Ellis cared for the former Iraqi dictator from January 2004 to August 2005 at Camp Cropper, the compound near Baghdad where "high-value detainees" were held.

Sgt. Ellis, 56, an operating room nurse in the St. Louis suburb of St. Charles, said he was ordered to do whatever was needed to keep Saddam alive.

"That was my job: to keep him alive and healthy, so they could kill him at a later date," he told the St. Louis Post-Dispatch. Saddam was hanged Saturday.

Sgt. Ellis checked on Saddam twice a day and wrote a daily report on his physical and emotional condition.

Saddam told Sgt. Ellis that cigars and coffee kept his blood pressure down, and it seemed to work. Saddam would insist that Sgt. Ellis smoke with him.

Sgt. Ellis said Saddam did not complain much, and, when he did, his complaint was usually legitimate. "He had very good coping skills," Sgt. Ellis said.

Saddam shared with Sgt. Ellis memories of happier times when his children were young. Sgt. Ellis said the former dictator recalled telling the youngsters bedtime stories and giving his daughter half a Tums tablet when she had a stomachache.

When he was allowed short visits outside, Saddam would feed the birds bread crusts saved from his meals. He also watered a dusty plot of weeds.

"He said he was a farmer when he was young, and he never forgot where he came from," Sgt. Ellis said.

When Sgt. Ellis told Saddam that he had to leave for America because his brother was dying, Saddam hugged him and said he would be Sgt. Ellis' brother.

"I was there to help him, and he respected that," Sgt. Ellis said.

Saddam reportedly never discussed dying and expressed no regrets about his rule.

"He said everything he did was for Iraq," Sgt. Ellis said. "One day when I went to see him, he asked why we invaded. Well, he made gestures like shooting a machine gun, and asked why soldiers came and shot up the place. He said the laws in Iraq were fair and the weapons inspectors didn't find anything.

"I said, 'That's politics. We soldiers don't get caught up in that sort of thing.' "

Vengeance Of The Victors (NSWK)

By Fareed Zakaria

Newsweek, January 2, 2007

DOJ_NMG_0111030

Jan. 8, 2007 issue - The saga of Saddam's end—his capture, trial and execution—is a sad metaphor for America's occupation of Iraq. What might have gone right went so wrong. It is worth remembering that Saddam Hussein was not your run-of-the-mill dictator. He created one of the most brutal, corrupt and violent regimes in modern history, something akin to Stalin's Soviet Union, Mao's China or Kim Jong Il's North Korea. Whatever the strategic wisdom for the United States, deposing him began as something unquestionably good for Iraq.

But soon the Bush administration dismissed the idea of trying Saddam under international law, or in a court with any broader legitimacy. This is the administration, after all, that could see little advantage to a United Nations mandate for its own invasion and occupation. It put Saddam's fate in the hands of the new Iraqi government, dominated by Shiite and Kurdish politicians who had been victims of his reign. As a result, Saddam's trial, which should have been the judgment of civilized society against a tyrant, is now seen by Iraq's Sunnis and much of the Arab world as a farce, reflecting only the victors' vengeance.

This was not inevitable. Most Iraqis were happy to see Saddam out of power. In the months after the American invasion, support for the Coalition Provisional Authority topped 70 percent. This was so even among Iraq's Sunni Arabs. In the first months of the insurgency, only 14 percent of them approved of attacks on U.S. troops. (That number today is 70 percent.) The rebellious area in those early months was not (Sunni) Fallujah but (Shiite) Najaf.

But during those crucial first months, Washington disbanded the Iraqi Army, fired 50,000 bureaucrats and shut down the government-owned enterprises that employed most Iraqis. In effect, the United States dismantled the Iraqi state, leaving a deep security vacuum, administrative chaos and soaring unemployment. That state was dominated by Iraq's Sunni elites, who read this not as just a regime change but a revolution in which they had become the new underclass. For them, the new Iraq looked like a new dictatorship.

Why Washington made such profound moves with such little forethought remains one of the many puzzles of the Bush administration's foreign policy. Some of the decision making was motivated by ideology: Baathism equaled fascism, so every school teacher who joined the Baath Party to get a job was seen as a closet Nazi; state-owned enterprises were bad, the new Iraq needed a flat tax, etc. Some of it was influenced by Shiite exiles who wanted to take total control of the new Iraq. Some of it simply reflected the bizarre combination of ignorance and naivete that has marked the policies of Bush's "tough guys."

The administration has never fully understood the sectarian nature of its policies, which were less "nation building" than they were "nation busting" in their effects. It kept insisting that it was building a national army and police force when it was blatantly obvious (even to columnists) that the forces were overwhelmingly Shiite and Kurdish, mostly drawn from militias with stronger loyalties to political parties than to the state. The answer to these fundamentally political objections was technocratic: more training. But a stronger Shiite Army made—makes—the Sunni populace more insecure and willing to support the insurgency.

Iraq's Sunnis are not the good guys in this story. They have mostly behaved like self-defeating thugs. The minority of Sunnis who support Al Qaeda have been truly barbarous. The point, however, is not their vices but our stupidity. We summarily deposed not just Saddam Hussein but a centuries-old ruling elite and then were stunned that they reacted poorly. In contrast, on coming into power in South Africa, Nelson Mandela did not fire a single white bureaucrat or soldier—and not because he thought that they had been kind to his people. He correctly saw the strategy as the way to prevent an Afrikaner rebellion.

It has now become fashionable among Washington neoconservatives to blame the Iraqis for everything that has happened to their country. "We have given the Iraqis a republic and they do not appear able to keep it," laments Charles Krauthammer. Others invoke anthropologists to explain the terrible dysfunctions of Iraqi culture. There may be some truth to all these claims—Iraq is a tough place—but the Bush administration is not quite so blameless. It thoughtlessly engineered a political and social revolution as intense as the French or Iranian one and then seemed surprised that Iraq could not digest it happily, peaceably and quickly. We did not give them a republic. We gave them a civil war.

Death Of A Tyrant (NSWK)

By Christopher Dickey

Newsweek, January 2, 2007

Jan. 8, 2007 issue - President George W. Bush was sleeping at 9 p.m. at his ranch in Crawford, Texas, when Saddam Hussein's body plunged through the trapdoor of a gallows in Kadhimiya Prison on the outskirts of Baghdad. It was dawn in the Iraqi capital, and the 69-year-old Butcher of Baghdad wore no blindfold. He had carried a Qur'an for the last few steps before his death, looking uncertain, even afraid, according to one of the witnesses close to him, but mouthing words of defiance. He sneered at Shiite guards—the warlord Moqtada al-Sadr's men, by one account. He praised God and, as he neared the gallows, proclaimed, "Iraq without me is nothing."

DOJ_NMG_0111031

Like the war that overthrew him in 2003, the hanging of Saddam Hussein did not turn out as planned. Instead of a study in modern justice, the tyrant's end looked more like the result of a sectarian show trial. From Crawford, the only comment was a muted, written statement: no proclamation of "mission accomplished," just of "an important milestone" after "a difficult year for the Iraqi people and for our troops." The best that could be said was that the trial was fairer than those Saddam gave his many enemies.

Saddam Hussein's savage totalitarian rule lasted more than three decades. Torture and murder were his métiers, both practiced without evident remorse or the slightest regret. (Telling a joke about Saddam was a capital crime in his Iraq.) His arrogance led him to disastrous misjudgments. He launched a war against Iran that lasted eight years, and one against Kuwait that ended with his humiliating defeat in Desert Storm. He dreamed of imposing himself on the region with weapons of mass destruction, and acted as though he had them even when he didn't. He kept his distance from Al Qaeda, but aided and abetted many other terrorist groups. And he annihilated would-be rebels—along with their extended families—killing tens of thousands of Shiites and Kurds with guns, bombs, chemical weapons: whatever worked. If the evil that men do lives after them, then Saddam Hussein will long endure.

But the much more complicated question for now and for the future concerns the "good" he achieved, which may well have been interred with his regime. At a terrible cost, but with ruthless efficacy, he kept Iraq unified and provided a critical balance of power against Iran. If the Middle East is to be stabilized, and American long-term interests protected, those goals are still critically important.

So as Bush searches for ways to extricate the United States from the increasingly unpopular war in Iraq, which has now cost almost 3,000 American lives and drains more than $2 billion a week from U.S. coffers, little is gained from Saddam's demise. The challenge was not how to eliminate him: he ceased to be a factor when he was dragged out of a "spider hole" three years ago. The problem remains how to replace him.

Bush and his national-security team no longer talk about transforming the Middle East, merely about strengthening the current Iraqi government so it can sustain itself without the backing of 140,000 U.S. troops. According to a senior Bush aide who declined to be named while discussing internal deliberations, the administration's new strategy for doing so, likely to be announced next week, will involve three pillars: a temporary surge of more troops, more money for jobs and reconstruction, and an attempt to broaden political support for plodding Prime Minister Nuri al-Maliki.

But the confusion that surrounded Saddam's execution suggests just how complicated the task will be, and how little care Maliki takes to disguise the sectarian leanings of his Shiite-dominated government. After Saddam's last appeal was rejected, Maliki reportedly told the families of some of his victims that any hesitation about hanging him would be insulting. "Our respect for human rights requires us to execute him," Maliki said, "and there will be no review or delay in carrying out the sentence." As one of Maliki's top aides told NEWSWEEK privately, the prime minister's "vision for reconciliation doesn't include those who would support Saddam Hussein in any way."

Instead of working for the broad sense of healing other societies emerging from repression and war have sought, the Maliki government took a proprietary view of the suffering Saddam inflicted—as if only its supporters had felt his cruelty. During a deeply flawed trial, judges deemed too lenient were fired or pressured to resign, and three of Saddam's defense lawyers were murdered. He was finally hanged for ordering the killing of 148 Shiite men and boys in the town of Dujail in 1982 after members of Maliki's Dawa Party, which was then a clandestine terrorist organization, tried to assassinate him. The Kurds still want their day in court: Saddam massacred tens of thousands of them in a genocidal campaign that included an infamous poison-gas attack on the town of Halabjah in 1988. His fellow Sunnis and Baath Party rivals, slaughtered on his orders and even by his own hand, are not even the subject of a court case.

Washington has never had a very deep understanding of Iraq's leaders. The Bush administration was so focused on the threat that Saddam's weapons of mass destruction might pose that it brushed aside the idea he might be bluffing. (Saddam's motivation? The threat of poison gas and biological agents could deter rebels and keep Iran at bay.) The Americans vastly overestimated the support exiled politicians would receive after returning to Iraq. They also underestimated the influence of religious leaders like Ayatollah Ali al-Sistani, and failed to understand how sectarian Iraq's politics would become once elections were held.

After Saddam's brutally effective tyranny, any democracy might look feckless. But there has been such chaos since the dictator's fall that it's now common to hear Iraqis yearn for the order imposed by his strong-arm rule. Even some Americans share that sentiment. "I feel like we should let Saddam out of jail and say, 'Sorry, we didn't realize you were so brutal because you had to be'," a member of a U.S. Special Operations unit told NEWSWEEK after a hard day's fighting in Fallujah in 2004. (The soldier said he was under orders not to give his name.) "It's going to take someone either exceptionally cruel or exceptionally intelligent to rule this country."

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That's a little too facile. While the U.S.-led invasion was the catalyst, the core problems in Iraq are ones Saddam helped to create. He violently despised and suppressed all authority but his own; it's little wonder that the leaders who followed could not approach his stature. Born to an impoverished mother in a rural village near the town of Tikrit in 1937, he never knew his father and was raised by an uncle who served in the Iraqi Army. He was rejected by the military academy, and slipped into the violent and conspiratorial politics of the Arab-nationalist Baath Party. At the age of 22, he took part in a failed attempt to murder the then President Abdel Karim Kassem in the streets of Baghdad. By the time the Baath Party seized power in 1968, Saddam was its rising star, effectively ruling the country from his position as vice president.

In 1979, at the age of 42, he took the top job for himself and quickly moved to eliminate all opposition. At a Baath Party congress, he charged dozens of rivals with treason. One by one they were forced to leave the hall and face immediate execution. They screamed and shouted, pleaded and cried. Slightly bored, he sat behind a desk on the stage sipping a glass of water and smoking Cuban cigars. Then he had a video of the meeting distributed throughout the Arab world to show what happened to anyone who might even think about challenging his rule.

The 1979 Iranian revolution led by Ayatollah Khomeini gave Saddam an opening to the West. Few U.S. officials had illusions about his murderous regime, but Washington was fixated on the threat posed by Tehran. U.S. diplomats were being held hostage. Khomeini was preaching jihad, and "Shiite fundamentalism" seemed to threaten the whole region. So, few objections were raised when Saddam set about murdering Shiite leaders inside Iraq who might, or might not, sympathize with the mullahs in Iran. Then his decision to invade the Islamic Republic looked like a good way to weaken Tehran.

In 1983, President Ronald Reagan sent Donald Rumsfeld as a special envoy to Baghdad to forge a working alliance with Saddam. By the mid-1980s, U.S. satellite intelligence was helping the Iraqis focus chemical-weapon attacks on Iranian troops. So strong was Washington's "tilt" toward Saddam that in 1987, when one of his jet fighters launched a missile strike on a U.S. frigate in the Persian Gulf, killing 37 sailors, the United States accepted his excuses and responded by stepping up pressure on his enemies in Iran.

Though the Iran-Iraq War ended in stalemate in 1988, the West's support emboldened Saddam. He asserted his power and influence all over the region, convinced that the United States would back his play. He hunted down enemies in neighboring states. He stepped up support for Palestinian leader Yasir Arafat, who was often resident in Baghdad. As Saddam pressed his secret program to develop atomic weapons, he publicly threatened to incinerate Israel. Still, by 1990, high-level U.S. delegations coveting lucrative commercial agreements were regular visitors to Baghdad.

His mistake was to invade the oil-rich emirate of Kuwait, which he claimed should have been part of Iraq all along. His envoys said he'd gotten the nod from Washington. But his new conquest put Saddam in a position to threaten Saudi Arabia and dominate the world oil market. When he refused to pull back, the administration of President George H.W. Bush forged an international coalition of Western powers and Arab countries to demolish his forces in 1991's Desert Storm.

Inside Iraq, however, neither the hundreds of thousands killed fighting Iran nor the crushing defeat in Kuwait fazed Saddam. When the Kurds rose up against him in the late 1980s, he used chemical weapons against them. When they tried to revolt again in 1991, just the threat that such horrors would be unleashed sent them fleeing from their homes by the hundreds of thousands. In southern Iraq, Shiites encouraged by the Bush 41 administration and helped by Iran attacked the remnants of Saddam's armed forces after Desert Storm. Saddam's response: mass murder. The U.S.-led coalition stood back. Saddam hung on.

But the foundations of the modern nation he had tried to build began to crumble under the pressure of sanctions and international isolation. By the time the United States invaded in 2003, Iraq's economy and institutions, including its armed forces, were fragile shells of what they'd been 15 years before. Shia and Kurdish leaders, many of them already in exile, started cultivating policymakers in Washington, even as they lost touch with Iraqis on the ground. In Baghdad, Saddam adopted a new religiosity, playing to Sunni fundamentalists. The already poor Shia grew poorer and more disenfranchised; the political culture grew more corrupt.

When George W. Bush decided to eliminate Saddam once and for all in 2003, Bush personalized the war, and for understandable reasons. Saddam was a useful symbol—a seeming madman. Hadn't he tried to kill Bush's retired father on a visit to Kuwait in 1993? And Saddam so dominated Iraq that it was much easier to sell the threat when you could put his sinister face on it. But that also led to the misconception that removing him would solve all problems—the notion that all Iraqis wanted was "freedom," even though for generations under totalitarian rule they had no clear idea what that meant. Because so many Iraqis hated Saddam, Washington wrongly figured they would welcome invading Americans. Instead, the U.S.-led occupation opened the way for multiple insurgencies.

The moment when Saddam Hussein's capture could be hailed as a turning point in the conflict is long past. Having focused the world's attention on the evil of this one man, the Bush administration treated him as a kind of totem, declaring new victories when his statue was pulled down by U.S. Marines in Baghdad, when he was dragged out of the hole where he was hiding

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several months later, when he was put on trial and when he was convicted. But the execution? A "milestone" on a long and dangerous road.

Here, then, is the tragedy of America's involvement in Iraq, now and in the future: what Saddam achieved for his country came at a terrible cost, and of the countless problems he created and perpetuated, his death solves none.

With Michael Hastings and Scott Johnson in Baghdad, Richard Wolffe in Washington and Babak Dehghanpisheh

The Bushes' Saddam Drama (NSWK)

By Howard Fineman

Newsweek, January 2, 2007

Jan. 8, 2007 issue - Evil was on the loose in the world, President George W. Bush had told the country, and on his first Thanksgiving in office—November 2001—he was on his way to Fort Campbell in Kentucky to dine with newly trained troops heading out to fight the (evil) Taliban in Afghanistan. In the conference room aboard Air Force One, we talked about evil. "Is Saddam evil?" I asked. Glancing across the table at his aides, he demurred. I asked again; again, a demurral. We went on to other topics. Several exchanges later, Bush interrupted an answer to blurt out a declaration: "By the way, Saddam is evil!"

When the history is written, the saga of the Bushes and the Butcher of Baghdad will be a central thread of the family's story—and of America's at the millennium. It is not personal in the literal sense; neither President Bush ever met Saddam. True, intelligence sources (not all of them necessarily reliable) said Saddam tried to have Bush 41 killed in 1993. And in 2002, drumming up support for the approaching second gulf war, Bush Two called Saddam the "guy who tried to kill my dad." Still, there is no evidence that the Bushes loathed Saddam, and I am told that Dad remains skeptical about the purported assassination plot. "It's not like 'the Hatfields and McCoys'," says a family friend who doesn't want to risk his relationship being quoted by name.

But it is "the Realists and the Neocons." For both Bushes, dealing with Saddam became a way to measure presidential manhood—and to express profoundly different views about the world.

For Bush One, manhood meant a hard-boiled (critics said cynical) restraint. He always made it his business to know all things geopolitical, long before—and certainly after—he took over as head of the CIA. As Ronald Reagan's vice president, he hewed to the CIA view of Saddam, which was that, as sadistic as he was, he had his uses as a counterweight to fundamentalist Iran. When Saddam turned bellicose in 1989, Saudi friends advised the new president to ignore him. Only when Saddam invaded Kuwait did Bush crank up the rhetoric—branding him "another Hitler"—but that was not really Bush One's style. When advisers told him to tone down the apocalyptic language, he did, even as he shrewdly led the Coalition forces that ousted Saddam from Kuwait.

The Hitler reference stuck, however, and it had consequences. Scholars say that it diminished Bush One, and hurt his popularity among conservatives. If Saddam indeed was another Hitler, should Bush not have gone to Baghdad to take him out? That was an argument the Neocons made throughout the '90s, and made to Bush Two as he went through his precampaign tutorials in Austin in 1999. That, together with the younger Bush's evangelical Christian faith, made Saddam an inviting target. Bush Two had little understanding of the nuances of the Middle East, which his father had spent a lifetime learning, and Bush Two had a lack of interest bordering on contempt for diplomatic nuance. He viewed it as a lack of will, of confidence, of power.

That was his father's game. He would play another.

Those close to the family say there is little evidence that father and son have ever had a detailed discussion about the Iraq war—either before it began or since. When Bush Two visited his father in Kennebunkport, Maine, at the start of the 2000 campaign, he said that if he did not win, he would have a lot more time to go fishing with his dad. Father and son may yet get their chance for fishing trips. They will both be relieved that Saddam is gone, but I bet that the subject won't come up.

So, Saddam Is Dead . . . (WSJ)

By Mark Bowden

The Wall Street Journal, January 2, 2007

Now that they have hanged Saddam Hussein, perhaps we can begin to appreciate the irony and the lessons of his demise.

Any nation is, at heart, an idea. Once people started organizing themselves in groups larger than their own blood lines, they had to invent reasons for considering themselves part of something bigger -- tribes, city states, feudal kingdoms, nations, empires. Language, customs, religion, ideology and geographic proximity have all served. The idea of a state that accepts as equal citizens people from all corners of the globe, a nation founded on abstract principles, is a relative newcomer. We have been trying to get the people inhabiting a large swath of land between and on both sides of the Tigris and Euphrates to embrace the concept. It is an ongoing struggle with less-than-encouraging results.

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One of our better allies in promoting this idea was none other than Saddam, who may have died the last true believer in a multiethnic, nonsectarian Iraq. He made his idea of Iraq real by ruthlessly suppressing dissent, particularly with the Shiite majority, by enforcing obedience from Sunnis and the Kurds, and by resisting (or co-opting) the vision of Islamist radicals. American leaders wrestling with Moqtada al-Sadr and his ilk have doubtlessly found themselves admiring the dictator's success, if not his methods.

The old tyrant had long been out of touch with his country, locked behind the high walls of his palaces, protected by body doubles and flattering liars, moving from secret bed to secret bed. The hand-written letter he purportedly released from prison last week, when it became apparent he was to be executed, showed once more how disconnected he was. He addressed the Iraqi people as one, and encouraged them to rise up against the American occupiers. "Do not trust those who speak of Shias and Sunnis," he wrote. Except for the part about attacking Americans, it might have been written by one of the Pentagon's propaganda contractors.

In fact, no one who cares about the idea of Iraq is rooting for the U.S. to depart any time soon. Saddam could be excused, perhaps, because he had lived in a fantasy world for years. Those who advocate it here are transparently heedless of its consequences in Iraq, the operative notion being to avoid shedding more American blood for a cause deemed hopeless or unworthy or both. Unless something dramatic happens soon to alter the sorry trends, it will eventually be the policy of our country.

Saddam had long since ceased to be the beloved figure he believed himself to be. In this stubborn insurgency there has been little evidence of him as a rallying point. His death did not provoke violent recriminations or even much angry rhetoric. Once he was toppled, once deprived of his vicious state apparatus, he ceased to be relevant. Just as the resistance never stopped or even slowed after his capture, the deaths of his sons or the arrests or killings of the other leading Baathist figures on the notorious U.S. military deck of cards, it will not be affected by his death. Saddam was bigger than the bloody divisions that now preoccupy his people. None of the various murderous factions are fighting for his vision of a greater Iraq. The Sunnis are fighting to resist Shiite domination, the Shiites to rid themselves of Sunni oppression, and the Islamists just to frustrate the democratic vision of the U.S.

We Americans consistently underestimate the deep hatreds that divide people. Our political system is designed to wrestle peacefully with the divisions of race, class, ethnicity, religion and competing ideological or geographical interests, and has generally worked as intended -- the Civil War being the one glaring exception. Generations have struggled to live up to ideals of tolerance and diversity. When we look out at the world, we tend to see millions longing to get past the blood feuds, to be, in short, more like us. George Bush and the neocon intellectuals who led us into Iraq are just the latest in a long line of evangelical Americanists. No matter how many times history slaps us in the face, the dream persists.

Nine years ago, in the epilogue to "Black Hawk Down," I quoted an unnamed State Department official (he was Michael Sheehan, ambassador for counter-terrorism) as follows: "The idea used to be that terrible countries were terrible because good, decent, innocent people were being oppressed by evil, thuggish leaders. Somalia changed that. Here you have a country where just about everybody is caught up in the fighting. You stop an old lady on the street and ask her if she wants peace, and she will say, 'Yes, of course, I pray for it daily.' All the things you would expect her to say. Then ask her if she would be willing for her clan to share power with another to have that peace, and she'll say, 'With those murderers and thieves? I'd die first.' People in these countries . . . don't want peace. They want victory. They want power. Men, women, old, and young. Somalia was the experience that taught us that people in these places bear much of the responsibility for things being the way they are. The hatred and killing continues because they want it to. Or because they don't want peace enough to stop it."

The statement is too harsh, as Mr. Sheehan himself agrees (he was at that point a veteran of Somalia, Rwanda and Bosnia). Any effort to characterize millions with the expression "these people" is unfair and wrong. But there is a principle here struggling to emerge: Before a state can exist where there are deep-rooted, competing interests, there must be some broadly accepted concept of a nation strong enough to at least compete with parochial interests. There must be some generally accepted idea of a nation.

Mr. Sheehan was wrong about one thing. Somalia didn't change anything. Substitute Iraq for Somalia in the quote, and the observation is as accurate today as then. Maybe we need to better appreciate that our nation remains an exception. I believe that in the long run people on this planet will embrace democracy and diversity, but we are not there yet. I still nurse hope that Iraqis will abandon blood feuds for compromise and a democratic future, but it appears to be a longer shot today than three years ago, and it was a bad bet then. Mr. Bush has staked his legacy on it.

So, the tyrant is dead. We may have facilitated his bad end, but, sadly, violence, oppression and fear remain the time-tested ways of forging a nation state out of disparate parts. Until Mr. Sheehan's doctrine is no longer true, the way of the world will remain Saddam's.

Mr. Bowden is the author, inter alia, of "Black Hawk Down" (Atlantic, 1999).

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Justice For A Tyrant (WSJ)

The Wall Street Journal, January 2, 2007

The debate over Iraq has become so poisonous that even the weekend death sentence for Saddam Hussein seems to have become morally controversial. So it's worth recalling that what happened early Saturday morning in Baghdad is that rare event -- justice for a tyrant after a fair and open trial.

Most of the world's dictator-killers escape such a reckoning. Stalin and Mao died in their own beds. Hitler escaped the hangman by committing suicide, while Nicolae Ceausescu was shot by a vengeful mob after a perfunctory trial. Idi Amin and Pol Pot were ousted from power but lived into old age without punishment. Slobodan Milosevic made it to trial but died before a verdict could be rendered. Others -- Castro, Kim Jong Il -- live on in power, terrorizing their countrymen to this day.

Saddam may not have been history's worst murderer, but he was an accomplished one. He began as a Baath Party assassin, rose after a 1968 coup to become Iraq's feared vice president and intelligence chief, and consolidated his power in 1979 with a videotaped purge of his enemies, nearly 500 of whom were soon dead.

There followed the invasion of Iran, the gassing of the Kurds, the looting of Kuwait, more slaughter of Kurds and Shiites, an attempt on the life of a former U.S. President, and support for international terrorism. The precise number of Saddam's victims is impossible to know. But add the Iraqi estimate of 400,000 bodies found in mass graves to the casualties during his wars with Iran, Kuwait and the U.S.-led coalition, and his death total may equal two million.

There would surely have been more. Never mind that no stockpiles of chemical weapons were found in Iraq after 2003. Saddam was the only living national leader to have ordered the use of chemical weapons -- twice. Were he still in power today, does anyone doubt he would be racing with Iran to obtain a nuclear bomb?

Saddam's trial had its critics, just as Nuremberg did in its time. But the dictator received far more due process than his own victims ever did. He was able to play to the cameras of al Jazeera, giving the illusion to his former allies in the insurgency that he might return. He could denounce his Iraqi judges as American stooges, though the U.S. studiously left his fate to Iraqis and even protected Saddam in captivity from vengeful ill-treatment. What the dictator could not do is gainsay the evidence of his guilt, which ran to thousands of exhibits and pages of testimony and would have included hundreds of witnesses had the other cases against him gone forward.

His hanging will not end the violence in Iraq, but it is important for that country's future nonetheless. It will reassure majority Shiites that Saddam's day is finally past, making it easier for the moderates among them to compromise with Sunnis on the shape of their government. The anti-Saddam taunts of a few of his executioners were tasteless, but they also show the catharsis his death represents.

Perhaps the more important effect will be on the psychology of Iraq's Sunnis. Many of them actually did believe that Saddam might return to power, just as Saddam told them he would in his televised trial proceedings. And they continued to believe that Saddam could punish "traitors," like a mafia don, from his jail cell. As Shiite leader Ayad Jamal al-Deen remarked, "The death of this man will help to release many Baathists from Saddam's mafia."

The world will have to endure future tyrants, but Saddam's hanging will have done some larger good if it gives even one of them pause to think he might suffer the same justice. Too often, faced with murderous dictators, the world's moralists demand that America "do something" (Darfur, Bosnia) only to shrink from the reality of what that requires. In Iraq, President Bush did something. The 3,000 Americans who have given their lives in that noble mission have done so in a just cause that rid the world of a man who might have killed hundreds of thousands more.

Iraqi Leader's Past Of Shiite Activism Undermines Pledge To Heal Rifts (WSJ)

By Philip Shishkin

The Wall Street Journal, January 2, 2007

BAGHDAD, Iraq -- His only son was getting married on Friday, but the Iraqi prime minister couldn't stay long at the wedding. Nouri al-Maliki greeted the guests and then quickly left to make sure that when the sun rose over Baghdad again, his arch-nemesis Saddam Hussein would be dead.

Mr. Maliki wanted to leave nothing to chance. His mind raced through several scenarios, however improbable, that might have derailed the execution, says a close adviser who spoke with him. What if the Americans struck a secret deal sparing Mr. Hussein's life in exchange for a halt to attacks against U.S. troops? What if the former dictator's lawyers succeeded in blocking his hanging through U.S. courts? And finally, what if insurgents abducted a group of schoolchildren and threatened to kill them unless the hanging was canceled?

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Mr. Maliki hurriedly gathered final signatures for the execution to proceed, dismissing U.S. suggestions that he delay it for 15 days. By the time Mr. Maliki awoke for dawn prayers on Saturday, Mr. Hussein was dead, his disfigured corpse displayed on television with rope marks on the neck.

For the 56-year-old Mr. Maliki, it was a crowning moment in a career defined by uncompromising hatred of everything Mr. Hussein had stood for. Now Mr. Maliki is supposed to rise above the sectarian chasm that has pitted Iraq's Sunni minority against his own Shiite branch of Islam. But as Iraq moves closer to full-scale civil war, a look at Mr. Maliki's history of Shiite activism suggests he is ill-prepared to be a true unifying figure. On his watch, Iraq has become further polarized along sectarian lines, significantly complicating the U.S. efforts to reduce the violence. (See related article.1)

Things here started spinning out of control long before Mr. Maliki took office, and fissures have been hardening among political factions with narrow sectarian interests, sharply limiting Mr. Maliki's room to maneuver. "He's got the world's most difficult job," says Zalmay Khalilzad, the U.S. ambassador to Iraq.

In a Dec. 24 interview, Mr. Maliki admitted he's exhausted, and would much rather serve his country without holding high office. "I wish I could be done with it," he says.

As the violence rages on, Mr. Maliki feels frustrated by his failings and by the gulf of mistrust that has opened between him and ordinary Iraqis, say his associates and colleagues. When his heavily armed convoy moves through Baghdad disrupting traffic, Mr. Maliki gets annoyed because it reminds him of Mr. Hussein's old motorcades.

Born near Babylon, Mr. Maliki studied religion and Arabic poetry. In the 1960s he joined the Dawa party, a moderate Shiite Islamist group whose members were targeted for torture and executions by Mr. Hussein's regime. Like many of his party colleagues, Mr. Maliki changed his first name -- from Nouri to Jawad, in his case -- to make it harder for authorities to identify him and his family.

Mr. Maliki briefly lived in the marshes of southern Iraq, hiding in crude shacks made of reeds and organizing resistance, says Hassan al-Sunaid, a longtime friend of the prime minister. Once, a Dawa camp came under attack by government forces. One member was killed and four were wounded. When Mr. Maliki arrived on the scene and was briefed on the casualties, he told supporters not to be depressed because all five could have perished. "We just gained four people," Mr. Sunaid recalls Mr. Maliki as saying. In 1979, Mr. Maliki moved to Syria, where he coordinated Iraqi opposition meetings and published a Dawa newspaper.

In 1982, Dawa helped organize a botched assassination attempt against Mr. Hussein, who responded by executing some 150 Shiite civilians. That massacre earned the former dictator his death penalty.

Following the 2003 U.S.-led invasion, Mr. Maliki returned to Baghdad and became one of the most enthusiastic enforcers of Washington's sweeping program to purge Iraq's institutions of Baath party members. Many, though not all, were Sunnis. That decision is now widely viewed as a mistake because it antagonized many Sunnis, particularly in the military, and pushed them into the insurgency.

Mr. Maliki's zeal for the program surprised even those who shared his distaste for the Baath party. Mithal al-Alusi, a former Sunni exile who worked under Mr. Maliki on the de-Baathification commission, says he once wanted to clear the names of some 400 low-level Baathists, who were forced to join the party under Saddam to keep their jobs. Facing objections from Mr. Maliki and some others, Mr. Alusi says he leaked the list to an Iraqi newspaper, after which the commission's hand was forced and the names were cleared. "Maliki was very upset about it," recalls Mr. Alusi. "He's allergic to Baathists." Mr. Maliki was concerned that these Baathists hadn't submitted proper applications for clearance, says Sami al-Askari, his friend and adviser.

Mr. Maliki and his close associates believe the Shiites finally assumed the rightful positions of leadership in Iraq, after decades under repressive Sunni rule. "The problem is that our Sunni brothers ruled Iraq for centuries because there was no democracy, no elections," Mr. Maliki said in the interview. "Therefore, they feel that a right has been taken away from them."

The Sunni-Shia split dates to the battles at the dawn of Islam over who should succeed the Prophet Muhammed as the leader of the Muslim world. Eventually, the Sunnis gained the upper hand throughout most of the Middle East, with the notable exception of Iraq's neighbor Iran.

Preserving the new Iraq as a Shia-controlled state is an indispensable ideological consideration for the latest crop of Shiite leaders, who still recall a missed opportunity back in 1920. After an armed uprising against the British colonial rule back then, Shiite sheiks withdrew from politics and paved the way for the ascendancy of the Sunni minority that lasted until 2003.

"The current leaders learned that lesson very well," says Sadiq al-Rikabi, the prime minister's political adviser. Mr. Maliki has a personal connection to the events of 1920: His grandfather was a cleric who took part in the uprising, wrote national-liberation poetry and was detained by the British several times. Mr. Maliki went on to write his master's thesis on his forebear, whose verses he can recite from memory.

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After 2003, the Sunnis themselves withdrew from politics and allowed the Shiites and Kurds to form a government without them. Security forces took on a Shiite tint, and Sunnis began to complain of sectarian death squads allegedly operating with the complicity of the interior ministry.

From his seat in parliament, Mr. Maliki was lobbying for more Shiite influence in the relatively nonsectarian Iraqi army.

In 2005, he approached the Sunni minister of defense with a request to hire more senior Shiite officers -- a move that many Sunnis now cast as sectarian meddling. In the end, the defense minister ignored the request, according to people familiar with the episode.

The Sunnis ended their boycott of politics in December 2005 and won seats in the new parliament, though the Shiites still maintained a majority. Banding together with ethnic Kurds, the Sunnis engineered the ouster of the Shiite prime minister, Ibrahim al-Jaafari, whom they viewed as inefficient. As a senior Dawa official, Mr. Maliki emerged as the Shiite coalition's second choice for prime minister, though most Iraqis didn't know anything about him. Mr. Maliki never coveted the post and decided to take it only after his Shiite colleagues spent days persuading him to step in, he and others involved in the selection say. "That decision for me was heavier than a mountain," Mr. Maliki recalls, stooping his shoulders under its imaginary weight.

Upon taking office, Mr. Maliki surrounded himself with trusted Shiite advisers, most of whom hail from the same exile underground that shaped him. Then he pledged to reach out to the Sunni insurgent groups and former Baathists, the very people he worked hard to isolate before becoming prime minister. "Yes, he was very tough against Baathists, but now he's ready for dialogue with some of them," says Mr. al-Askari. "Some people were surprised by this."

Even Ansar al-Sunna, one of the toughest insurgent groups in the country, has been approached and has sent in a list of "requirements for negotiation," says Mowaffak al-Rubaie, the prime minister's national security adviser. Yet, there are no signs that reconciliation is working. In early December, Ansar al-Sunna plastered several Baghdad universities with leaflets attacking Mr. Maliki's government and blaming it for killing Sunnis.

"This reconciliation came very late, three years late or at least two," says Mahmoud Othman, a veteran Kurdish politician. The Kurds, most of whom live in their peaceful northern region, have largely sat out the conflict between Iraq's Sunni and Shiite Arabs.

The prime minister says reconciliation is still possible. "It is not only about slogans; it is a matter of will," he says, adding that he's working on establishing a retirement plan for some former Baathists and senior officers of the old army.

Another huge challenge facing Mr. Maliki is the rising power of Moqtada al-Sadr, a Shiite strongman whose parliamentary votes were critical for his nomination as prime minister. Mr. Sadr's militia, the Mehdi army, is accused of conducting sectarian attacks against Sunnis and driving them out of mixed neighborhoods in Baghdad. (Mr. Sadr's advisers deny this.) In February, three months before Mr. Maliki ascended to Iraq's top post, Sunni insurgents destroyed a landmark Shiite shrine in Samarra, and the Mehdi army quickly emerged as a vigilante Shiite self-defense force and one of the most intractable players in the escalating violence. Mr. Maliki promised to tackle militias, but instead he has chosen to seek a political accommodation with Mr. Sadr, fearful that direct military action would alienate him.

In October, Mr. Maliki told the U.S. military to remove roadblocks surrounding Sadr City, a massive Shiite district of Baghdad that serves as a base of operations for the Mehdi army. The checkpoints had gone up just a week earlier to facilitate the search for a kidnapped American soldier of Iraqi descent who was reportedly held somewhere in the sprawling slum of some two million residents.

Shiites "thought it was a big victory," says Lt. Col. Steve Miska, a U.S. Army officer stationed in Baghdad. "The prime minister forced the coalition to stand down." The Sunnis were baffled by the decision, interpreting it as Mr. Maliki's coddling of the Mehdi army. "The roadblocks were put in to destroy the gangsters," says Saleem Abdullah of the Iraqi Islamic Party, one of the biggest Sunni political organizations. "When they were lifted, that plan was ruined."

Mr. Maliki thought the roadblocks were simply ineffective, snarling traffic and disrupting daily lives of the mostly poor Sadr City residents. "He felt that people are suffocating there," says Mr. Rubaie, his national-security adviser. "And these are the same measures Saddam used against the Shia in that slum."

Mr. Maliki has also blocked some American efforts to arrest Mehdi army operatives. Once, he was given a list of 10 people whom the U.S. military wanted to detain in Sadr City. The prime minister vetoed arresting one person because that would be politically sensitive, Mr. Rubaie recalls. Mr. Maliki, he adds, is committed to wiping out the rogue Mehdi army forces who are involved in sectarian attacks, but he wants to engage moderate elements in dialogue.

Mr. Maliki says the rise of the Shiite militias was a natural defensive reaction to the Samarra shrine bombing, but they have since become a danger to the integrity of the state. "We will continue confronting them with force and we'll work on winning over some militiamen to our side," he says.

Many Sunni leaders, though, suspect a conspiracy: "Maliki knows that the Mehdi army can destroy Sunnis, that's why he doesn't disarm them," says Adnan al-Dulaimi, a hard-line Sunni member of parliament. Last year, a guard on Mr. Dulaimi's

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private-security detail was detained by the Americans on suspicion of plotting bombing attacks. Though Mr. Dulaimi himself wasn't implicated, the Shiites pounced on the arrest as a sign of some Sunni politicians' complicity in terrorism.

That underlies a broader Shiite perception that the decision to share power with the Sunnis after 2005 elections may have been a mistake because the Sunni insurgency has only grown stronger. In late November, several car bombs killed more than 200 Shiites inside Sadr City, the bloodiest attack since the U.S.-led invasion. When Mr. Maliki recently went for a visit there, his convoy was pelted with rocks.

His allies and some opponents describe him as a man with a common touch and none of the haughtiness that often comes with high office. His days begin at the crack of dawn when he wakes up to pray, and they often last past midnight. To unwind, he reads Arabic poetry and can recite many verses from memory, including his own grandfather's work. He writes his own poems, but these days, he says, "only very little because I don't have time." He's been known to personally grab and wipe a dusty chair for a visitor, and he's vetoed government appointments at the slightest hint of corruption in a candidate.

In the recent interview, Mr. Maliki sat under a huge Iraqi flag and reminisced about his life, shaped by the fight against Mr. Hussein. "I'm still fighting Baathists," he said, quickly adding: "But not all Baathists, only those who have the attitude of Saddam."

For Iraq's Shiites, A Dream Deferred Breeds Mistrust Of U.S. (WP)

By Sudarsan Raghavan

The Washington Post, January 2, 2007

BAGHDAD -- As a dull winter sun nibbled away at the chilly morning, Hussein Lefta stood beside the Rahman Mosque. Before him, Shiite Muslim worshipers passed through an emerald green gate and shuffled across a stone-covered field. Behind him the giant gray shrine rose above Mansour, a mainly Sunni Arab neighborhood that was once home to the elite of the late Iraqi president Saddam Hussein.

Built to proclaim Hussein's glory, the mosque is one of the most visible symbols of his fall. Thousands of oppressed Shiites took control of the unfinished building following the U.S.-led invasion. On that day in April 2003, Shiites say, their history was reshaped, their politics reborn and their faith reinvigorated .

Lefta, 42, was among the many Shiites who thanked the Americans for their freedom. He dreamed that his community, Iraq's majority, would exert the political influence the Sunnis had long denied it.

Today, the mosque is still incomplete, as are Lefta's dreams.

"The Americans are afraid the Shia will take over Iraq," he explained.

Iraq's Shiites are at a crossroads in their rise from oppression to power and in their relationship with the United States. In a nation riven by violence and competing visions, they feel as if they have been handed the keys to their house but never allowed to settle down. Bitter personality rifts have undermined their ability to govern. And they have yet to bridge the growing divide separating them from the Sunnis and further deepened by Hussein's execution on Saturday.

As President Bush seeks a new strategy for Iraq, many Shiites express deep mistrust of the United States and its intentions. In U.S. efforts to engage Iraq's disaffected Sunnis, they perceive betrayal. And in U.S. pressure to dismantle Shiite militias, they see an attempt to weaken their bulwark against Sunni insurgents.

Against this backdrop, Shiite leaders have begun to push harder for more independence from their American backers. Most recently, the government ignored U.S. objections to hanging Hussein too hastily. He was executed four days after an appeals court upheld his death sentence.

Casting a shadow over discussions with Shiites such as Lefta is a despairing sense, inspired by centuries of oppression and suspicion of outsiders, that their community is handcuffed, effectively prevented from shaping its future.

Lefta's friend Wisam al-Taieb, 27, a gaunt Oil Ministry worker with dark, intense eyes, stood next to him at the mosque.

"What future?" Taieb demanded. "Now the Shia are suffering from a campaign of genocide. The Americans are in total control of our security forces. Our elected government does not have the power to move a single military unit. How do you expect me not to be pessimistic?"Shifting Attitudes

Under Hussein's government, Lefta, a tall man with a soft gaze, was among the millions of Shiites who were marginalized. He studied French in college, hoping to work for the government. But the jobs he sought always went to the Sunni elite, the favored class since the Ottoman Empire colonized Iraq. Today, Lefta doesn't speak a word of French.

Following the U.S. invasion, he was among the first Shiites to take over what was then known as the Grand Saddam Mosque, a majestic shrine with the appearance of a spaceship. They renamed it the Rahman -- or Merciful -- Mosque.

Around them, the Americans demolished the old order of Sunni domination. The occupation administration of L. Paul Bremer purged Sunnis from the army and outlawed Hussein's Baath Party while trying to restore the rights of Shiites and Kurds, the groups most oppressed under Hussein.

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Still, educated men such as Lefta felt uneasy as they watched their fellow Shiites embrace the United States. He recalled the U.S. failure to support Shiites in their 1991 rebellion against Hussein. After the Americans toppled Hussein, Lefta said, "We were watching carefully what the new days would bring and what the future was hiding."

Ali Adeeb, a silver-haired, gray-suited Shiite lawmaker, has seen the shift in his community's attitude toward the United States. He pointed to the February 2006 bombing of a revered Shiite shrine in Samarra. "Before Samarra, when the Shiites used to be slaughtered they kept silent," Adeeb said. "Afterward, they exploded."

Shiite militias attacked Sunni mosques. Sunni leaders have accused Shiite death squads of hundreds of killings. "The Sunnis started to ask for rescue from the Americans, especially now that they have joined the political process and have become close to the Americans," Adeeb said. "This is when the doubts about the Americans began."

U.S. Ambassador Zalmay Khalilzad declared the Shiite militias the most significant threat to Iraq's stability, replacing the Sunni insurgency and al-Qaeda. Frustrated by the Shiite government's inability to govern and bring security, U.S. officials began pressuring Prime Minister Nouri al-Maliki to dismantle the militias. They zeroed in on the Mahdi Army of radical cleric Moqtada al-Sadr, upon whom Maliki depends for power.

"They are attacking people at mosques, at stadiums," Lefta said, referring to the Sunni insurgents. "But the Americans overlook that. They concentrate on the militias. The militias are merely a reaction to the violence."'A Wrong Reading'

Where Bremer alienated the Sunnis, an action now seen as having fueled the insurgency, Khalilzad sought to integrate them into Iraq's political process, a strategy that many U.S. officials hoped could lead to a way out of Iraq.

The ambassador has met with Sunni leaders from Saudi Arabia, Egypt, Jordan and other states to enlist their support in isolating the Sunni insurgents. In November 2005, after U.S. soldiers found Sunnis being tortured in a secret prison run by the Shiite-controlled Interior Ministry, Khalilzad rebuked the Iraqi government.

Shiite politicians and analysts say Khalilzad is backing the Sunnis to limit the power of Shiites in the government. They say the United States and its allies, concerned about the growing influence of neighboring Iran's Shiite theocracy, will never allow an independent Shiite government, much less a religious one, to fully blossom in Iraq.

"We know the U.S. is under great pressure from Arabic and Islamic countries, who are Sunni," said Ridha Jawad Taqi, a member of parliament with the Supreme Council for the Islamic Revolution in Iraq, a Shiite party with strong ties to Tehran. "They fear the growing power of the Shia inside Iraq."

"The Americans have a wrong reading of Iraq," said Hasan Suneid, a member of the Shiite Dawa party and a close aide to Maliki. "And who is responsible for this reading? It is the diplomatic channel, that is, Khalilzad."

Suneid, an owlish civil engineer and poet who favors dark, crumpled Western suits, is among the many Shiite former exiles who owe their current positions to the U.S. toppling of Hussein. He now sees Khalilzad trying to engage Sunni insurgents and former Baathists. "I don't mind if the Americans are talking with our enemies," Suneid said. "But they should not change their strategy."

"Who are the secularists?" demanded Adeeb, the Shiite lawmaker, his eyes tightening. "The secularists are the Baath Party."

"It means the base of their thinking is not stable," he continued, referring to the Americans. "They are going to lose the Shiites. And they won't win the Sunnis back, because they attacked them at the beginning. So now both sides will lose confidence in the United States."

Michael McClellan, chief spokesman at the U.S. Embassy in Baghdad, said Khalilzad was aware of the Shiites' concerns but said it had not affected his ability to work with Maliki and other Shiite leaders.

"These issues often require compromises by the parties involved, and sometimes they do not like that," McClellan said in an e-mail. "This is true of both Sunnis and Shiites, but we do not favor one group over another."Another Turning Point

From his wallet, Baghdad shop owner Abdul Amir Ali pulled out two yellowing black-and-white passport photos of his brothers. In the 1980s, Hussein ordered their executions, along with more than 100 other men from the northern town of Dujail, in retribution for an attempt on his life. One brother was 20, the other 23.

When Hussein was sentenced in November to death by hanging, Ali felt his loyalty to the Maliki government deepen. Like many Shiites, he had rejoiced when U.S.-led forces invaded Iraq -- "I behaved like a crazy man," he recalled. And he knows that without the fall of Hussein, he would have never seen justice for his brothers.

Seated in his shop, in the affluent, mostly Shiite neighborhood of Karrada, Ali and his brother Usama expressed concern that U.S. officials were pushing the government to allow thousands of purged Baathists who did not commit atrocities to resume their old jobs.

"This is a big mistake," said Usama Ali, 30, a stocky, bald man with a scratchy voice. "Saddam's people should not be allowed to participate in the political process."

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The U.S. pressures and growing mistrust have emboldened Shiite leaders. They are demanding more autonomy and control over Iraq's mostly Shiite security forces, as well as urging U.S. forces to fight Sunni insurgents instead of Shiite militias, which are forging Shiite enclaves across Baghdad.

That worries Sunni leaders. "The U.S. needs to send a clear message: We will act toward Iraqis in a fair and equal way," said Ayad al-Sammarae, a prominent Sunni politician. "We can't punish one criminal and forgive another."

In October, in the government's strongest assertion of sovereignty yet, Maliki ordered U.S. forces to lift a blockade of Sadr City, the huge Shiite slum in Baghdad. For everyday Shiites, it was another turning point in their relationship with their liberators. "This is the first time he has stood up to the occupiers," Abdul Amir Ali said with pride. "It was like a victory for us when the Americans obeyed Maliki."

Still, Lefta feels "a second betrayal" coming. "The Shiite people dream of democracy, real democracy," he said, as men filed toward the Rahman Mosque's prayer hall. "But what is taking place is exactly the opposite. The Americans want to guarantee the minority at the expense of the majority."

Along the tall wall encircling the mosque compound, posters of Shiite politicians from the most recent U.S.-backed election predominate, save for one lone patch. There, squeezed between the Shiites, are images of two Sunni politicians, their faces obscured, their posters torn.

Iraq Orders Closure Of TV Station Office (AP)

By Christopher Torchia

AP, January 2, 2007

The Iraqi government Monday ordered the closure of the Baghdad office of a Dubai-based television station whose newscaster wore black mourning clothes while reporting on the hanging of Hussein.

A spokesman for the Interior Ministry said the Al-Sharqiya station, owned by a former chief of radio and television for Saddam, had incited violence and hatred in its coverage and had ignored warnings to stop.

Brigadier Abdul-Karim Khalaf, the spokesman, said the order was issued after an allegedly false report by the news channel about the abduction of three Sunni Arab female students from a university.

But the order also followed criticism of the tone of Al-Sharqiya's coverage of Saturday's execution, which struck some as sympathetic to the ousted dictator.

In contrast to state-run television reports that described Saddam as a "tyrant" and "criminal," a newscaster on Al-Sharqiya — which means "The Eastern One" — referred to him Sunday as "president."

Iraq's government is dominated by the country's Shiite Muslim majority. Al-Sharqiya is sometimes mocked by critics as "Al-Baathiya" for its alleged sympathies for Saddam's outlawed Baath Party, which had helped Iraq's Sunni minority rule the country.

Shiite and Sunni are now locked in a sectarian war that has claimed thousands of lives.

It's not clear how the closure might effect Al-Sharqiya, which broadcasts to Iraq from Dubai by satellite.

Al-Sharqiya reported Monday night that its offices in Baghdad were raided and sealed by Iraqi authorities. But the station said those offices were vacated three months ago in response to attacks on staff.

Al-Sharqiya remained on the air Monday, broadcasting video of a protest against Saddam's execution that was staged by the Professional Associations — an umbrella group of unions representing doctors, engineers and lawyers — at the group's offices in Amman, Jordan.

Saddam's eldest daughter, Raghad, briefly attended the demonstration in her first public appearance since his execution.

State-run Al-Iraqiya may have referred to the controversy over Al-Sharqiya's coverage, when it criticized reporting on Saddam's death by rival Iraqi and regional Arab television stations.

"The execution of Saddam unveiled the many masks of those who don't like to see a strong, civilized and developed Iraq," an Al-Iraqiya newscaster said Monday. "The male and female news readers of some Arab and Iraqi satellite channels rushed to their cupboards to wear their black clothes, announcing their sorrow about the joy of Iraqis."

Newscasters on the influential Al-Jazeera satellite channel also wore black in the aftermath of Saddam's hanging.

The government did not specifically cite the controversy over Al-Sharqiya's coverage of Saddam's execution in explaining the closure.

"We had sent many warnings to the channel previously, but it insisted on circulating false news that provoked violence and hatred," said Khalaf, the interior ministry spokesman.

On Nov. 30, the Interior Ministry said it had formed a special unit to monitor news coverage and vowed to take legal action against journalists who failed to correct stories the ministry deemed to be incorrect. The ministry runs the Iraqi national police and a separate paramilitary force.

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The purpose of the monitoring unit, Khalaf said at the time, was to find "fabricated and false news that hurts and gives the Iraqis a wrong picture that the security situation is very bad, when the facts are totally different."

Al-Sharqiya's programming includes a number of Iraqi soap operas. Its owner, Saad al-Bazzaz, fled Iraq years before Saddam's fall and returned after the regime collapsed.

Prominent employees of Al-Sharqiya have fallen victim to Iraq's violence. Those slain include correspondent Ahmed al-Rasheed, and Walid Hassan, a famous comedian who was shot while driving in western Baghdad.

Hassan had performed in a comedy series called "Caricature," which mocked coalition forces and Iraqi governments since the U.S.-led invasion of Iraq.

6 Killed In U.S. Raid Targeting Insurgents (WP)

By Nancy Trejos

The Washington Post, January 2, 2007

BAGHDAD, Jan. 1 -- U.S. forces killed six people during a raid on a suspected safe house of the insurgent group al-Qaeda in Iraq in the capital Monday morning, the military said.

A prominent Sunni member of parliament condemned the operation, saying that two of his buildings were destroyed and two of his bodyguards were killed in the attack. He said his bodyguards were not insurgents and questioned the point of the raid.

"Where is al-Qaeda, and where is the insurgency here?" Saleh al-Mutlak, head of the Sunni-led Iraqi National Dialogue Front, said in a telephone interview.

As troops approached the suspected safe house, people in nearby buildings, including one owned by Mutlak, attacked them with automatic weapons and hand grenades, the military said.

According to a military statement, the troops fired back, killing two suspects. Several armed men then fled into a nearby building and fired at them from the roof.

Under fire from several directions, the troops killed four more suspects and detained one, the military said. Two buildings erupted in flames during the battle, it said.

Mutlak said the destroyed buildings housed the offices of his Iraqi National Dialogue Front, a coalition of political parties that has called for an end to the presence of foreign troops. Although it is led by a Sunni, it also includes Kurds, Assyrians and politicians from other ethnic groups. Its members hold 11 of the 275 seats in parliament.

"They came to the office of the Iraqi Front, which is part of the government, part of the political process," Mutlak said. "We don't believe in violence. Why would they do that?"

Mutlak said the troops had no reason to shoot at his building and that his bodyguards fired back only to protect themselves, thinking they were being attacked by militiamen.

He also said the four other people killed were civilians, not insurgents.

In an e-mail response to written questions, the military disputed Mutlak's account, saying no civilians were killed or injured and that "the terrorists killed were armed males firing at Coalition Forces."

Mutlak, who was not at the building during the raid, said he received frantic calls from his guards early in the morning. He said he called the U.S. Embassy and left several messages but did not receive a response.

"I'm a member of parliament, and they don't even call me," he said.

Lou Fintor, a spokesman for the U.S. Embassy in Baghdad, said, "We're aware of the reports, and we're looking into them."

In Auja, the home village of ousted president Saddam Hussein, mourners continued to pay respects. Hussein was buried there Sunday, a day after his execution by hanging in Baghdad.

Following the execution, the Interior Ministry ordered the closure of the Baghdad office of al-Sharqiya television, accusing the independent channel of fomenting violence, according to two other Iraqi television stations. The channel's office in Dubai remained open, allowing it to continue broadcasting. Many Iraqis say Sharqiya's coverage reflects the views of Sunnis.

Also Monday, a day after the number of American service members killed since the start of the war reached 3,000, the military announced the deaths of two more soldiers.

The two Task Force Lightning soldiers, assigned to 3rd Brigade Combat Team, 1st Cavalry Division, were killed Sunday after an explosion in Diyala province, northeast of Baghdad. Two other soldiers were wounded in the attack.

The latest deaths, occurring on the final day of 2006, brought to 113 the number of U.S. troops killed in December, according to iCasualties.org, an independent Web site that counts war fatalities. The death toll for December was the highest of the year and the highest since November 2004.

Iraqi Politician's Office Is Hit In U.S. Raid (LAT)

By Molly Hennessy-fiske, Times Staff Writer

DOJ_NMG_0111042

The Los Angeles Times, January 2, 2007

Sunni Arab leader says six civilians died, but Army cites gun attack.

BAGHDAD — U.S. forces attacked the office of a Sunni Arab lawmaker in the Iraqi capital Monday morning while conducting a raid on a suspected Al Qaeda safe house next door. Six people were killed.

Saleh Mutlak, a member of the Iraqi National Dialogue Council, a Sunni slate that includes former members of Saddam Hussein's Baath Party, was not in his office in the Jadriya neighborhood at the time. But he spoke with witnesses and said that the troops killed six civilians: two of his bodyguards, a couple next door and their two children.

Troops came under such heavy fire from guns and grenades as they approached the two buildings that they called in warplanes to attack the target with machine guns, according to a U.S. military statement. Two suspected militants were killed as Americans approached and four more during the raid, the statement said, adding that one person was detained.

U.S. Army spokesman Lt. Col. Christopher Garver said Mutlak's office was not targeted, and that troops returned fire only after people in the building started shooting at them.

"They jumped in on a fight that was not targeted at them initially," he said of Mutlak's staff.

Garver could not provide the ages of those killed because troops did not enter the buildings or recover the bodies.

"Everyone who was shot was engaged in trying to shoot us," Garver said.

Television footage of the site showed stone buildings with walls blasted off, twisted metal gates and entrances blocked by rubble.

Mutlak, who was in Dubai, United Arab Emirates, said his staff had called him from the office at 3 a.m. to say militia members were firing on them. Moments later, they called again to say their attackers were U.S. troops. The lawmaker immediately called the U.S. Embassy in Baghdad, but got voicemail. He left a message, but said he still had not heard back by Monday night.

The U.S. Embassy was investigating the incident, spokesman Lou Fintor said late in the day.

"This has got to stop," Mutlak said. "We cannot stand it anymore. How can they bomb my office? I am in complete dialogue with them.

"They didn't even call to apologize," he said.

Mutlak said Al Qaeda fighters were responsible for the death of his brother, Taha, who was kidnapped and shot last spring, and that his party opposed sectarian militias. His office has been searched by the Iraqi Defense Ministry and attacked by Shiite militias.

"This is a disaster," Mutlak said of the raid. "If my guards are considered Al Qaeda, we are in trouble."

The Sunni politician charged that American forces and the Iraqi government were giving Shiite Muslim militias carte blanche while cracking down on Sunnis. He was still seething after watching videotape of Hussein's execution Saturday, at which guards taunted the deposed president with Shiite militia chants.

Mutlak said he planned to meet with fellow Sunnis and members of various parliamentary blocs this week to discuss withdrawing from the government, which is led by Prime Minister Nouri Maliki, a Shiite.

"Participating in the parliament with all that's happening now would be a shame on me, to be part of this history," he said.

The Muslim Scholars Assn., a hard-line Sunni group, released a statement Monday condemning Hussein's execution as "vulgar" and orchestrated by American "invaders and some of their allies."

"The whole thing is political and not taking into consideration the interests of the Iraqi masses," the statement said. "We are looking forward to the day when our people and not the invader execute and bring about justice for those who kill our people, rob our resources, violate our rights and sell our sovereignty."

More moderate Sunni politicians also said they were upset by the way the country's leaders handled the execution.

Ala Maki, a member of the Iraqi Islamic Party slate whom Hussein jailed and almost executed, said the former president's hanging was rushed and poorly timed and that Maliki should compensate by cracking down on Shiite militias.

Some Shiite politicians acknowledged that the crowd at Hussein's execution had been larger than expected and had gotten out of hand.

Only seven people were supposed to attend the hanging at the former military intelligence headquarters in Baghdad, but more police and guards showed up, swelling the crowd, according to Abbas Bayati, a Shiite politician with close ties to Maliki. He said some in the crowd had "spontaneously released" sectarian chants, to the dismay of organizers, but that overall the execution had gone smoothly.

"We can't say it was 100% the way it was planned," he said. "By the end, the law was implemented, and that's what's important. The state cannot control the small details 100%."

Bayati said the guards would be held accountable for their conduct.

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Hussein's exiled daughter, Raghad, on Monday joined supporters of the former president at a protest in Amman, Jordan, Iraqi television networks reported. She was unable to travel to Iraq, where she is wanted by authorities.

Similar protests were held Monday in Baghdad's mostly Sunni Adhamiya neighborhood and Hussein's hometown of Tikrit, drawing several hundred people.

Meanwhile, 40 unidentified bodies were recovered in Baghdad during a 24-hour period that ended late Monday.

Near the northern city of Mosul, a visitor to the prison in Badush incited a riot during which police killed an inmate, said Lt. Col. Ali Mahmood, the warden.

Ibrahim Abdullah, 44, coach of the Iraqi wheelchair basketball team and a father of three, was killed in a drive-by shooting in west Baghdad, said Saif Maliki, a member of the Sports Journalists Guild.

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Times staff writer Saif Hameed and a special correspondent in Baghdad contributed to this report.

Relentless Toll To US Troops Of Roadside Bombs (CSM)

By Brad Knickerbocker

The Christian Science Monitor, January 2, 2007

Almost every day, Sgt. First Class Joel Jacobs comes to the Third Infantry Division's "Warriors' Walk" at Fort Stewart, Ga. Among the eastern redbud trees - each commemorating one of the more than 300 division soldiers killed in Iraq - it's a chance for him to honor his fallen comrades.

Over New Year's, with the number of US service men and women who've died in Iraq at the 3,000 mark, the rest of the nation had occasion to pause and reflect on the war's toll.

Like many, Sergeant Jacobs greets the news of American casualties with sorrow and resolve. He retired from the Army a few months ago, and you might think the prosthetic leg would slow him down. But asked how he's doing, this 21-year veteran who faced danger in Haiti, Bosnia, Afghanistan, and Iraq says , "I'm absolutely fine, sir."

"When you come home, you remember the ultimate sacrifices some of your fellow soldiers have made," he says of his regular walk.

Of the 3,000 American GIs lost in Iraq as of midday Sunday, more have been killed by roadside bombs - improvised explosive devices (IEDs) - than any other cause. More than by rifle fire, mortar attack, or car bomb.

It's a danger that has bedeviled Pentagon war planners for months, one to which they've responded with a high-level task force headed by a retired four-star general, $6.7 billion in research and development, new high-tech equipment and vehicles, and - perhaps most important - intelligence efforts to get inside the decisionmaking of an insurgency that is sophisticated, if largely low-tech.

If anything, the danger is increasing despite efforts to counter it.

IEDs are "the enemy's most effective weapon," Army Gen. John Abizaid, commander of all US forces in the Middle East, told the Senate Armed Services committee last March. "They are the perfect asymmetric weapon - cheap, effective, and anonymous."

Improvised bomb attacks on US troops now top 1,000 a month, four times the rate in 2004. Insurgents have become more sophisticated in their bombmaking, placement, and means of detonation. The British military has determined that there are enough stocks of illegal explosives to continue the same level of attack for years without resupply, reports DefenseNews.com.

Since the beginning of the war in March 2003, IEDs have accounted for about 45 percent of all US fatalities from hostile causes. And that percentage is increasing. Of 100 recent hostile fatalities, IEDs caused 67. December saw the highest number of Americans killed overall in Iraq in two years.

"Buried explosives are easy to plant and hard to find," says military analyst Loren Thompson of the Lexington Institute think tank. "They can be built and detonated using a range of readily available items, making them an attractive tool."

The IED problem extends beyond Iraq. IED attacks in Afghanistan doubled from 2005 to 2006. They are, as Army Vice Chief of Staff Gen. Richard Cody called them, "the poor man's cruise missile."

IEDs are not a new phenomenon in war. Sergeant Jacobs encountered one in Somalia in 1993. But the scale of their use in Iraq is unique.

"Perversely, the IED problem is a result of the difficulty the enemy has in attacking American troops by other means," says John Pike, head of the a military news and policy website GlobalSecurity.org.

The US military is in the midst of a big push to counter and defend against the roadside bombs, spending more than $3 billion this year on the effort. This includes new ways to jam remote-control devices used to detonate IEDs and robots to disarm or blow them up without hurting anybody. But radio frequency jamming is difficult, because it can interfere with coalition

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communications systems such as those used to operate aerial drones. And soldiers have to find roadside bombs before they can disable or destroy them.

From the infantryman's point of view, the most important things coming to the troops are fire-resistant uniform materials, heavier body armor, and especially tougher vehicles to replace the relatively venerable - and vulnerable - Humvees.

Many soldiers, and their parents, have written ardent fan letters about the new "Cougar" and "Buffalo" vehicles - "Humvees on steroids," they've been called.

"I have seen these things take a hit from an IED and keep driving without a problem," Air Force Staff Sgt. J. Adam Burke, an explosive ordnance disposal technician, wrote to Force Protection, Inc. the South Carolina company that produces the vehicles.

But so far only about 300 are in the combat zone, and troops on the ground could use thousands more.

Those tasked with countering roadside bombs also have been drawing on the experience of wounded veterans who've survived the blast of an IED. Twenty-two soldiers at Walter Reed Army Medical Center have joined the "Operation Warfighter" program to work with military and civilian officials trying to reduce the threat of IEDs.

Besides the 3,000 US military fatalities in Iraq (perhaps more than that if those who died sometime after being evacuated from the war zone are included), the number of troops wounded due to hostile action now approaches 23,000 - about half of those from IEDs. In addition, some 24,000 have had to be evacuated due to accidents and illness. Sergeant Jacobs lost his right leg when it was crushed by a concrete barrier in what he calls a "freak accident" involving his truck convoy.

The percentage of those wounded who die has dropped to about 10 percent in Iraq, an all-time low in the history of warfare. By contrast, the figure was 30 percent in World War II and 24 percent in Vietnam.

Without improvements in soldiers' protective gear, battlefield treatment, and quick transportation to field hospitals, the number of US troops killed in Iraq might well have been more than twice what it is today.

That accounts for what could be seen as the relatively low figure for combat fatalities due to hostile action, distressing as it is. It also means, as the Government Accountability Office reported this year, that "many of them are returning home with severe disabilities, including traumatic brain injuries and missing limbs."

Those in harm's way in Iraq got a break the other day.

Iraqi children playing outside the gate of Forward Operating Base Marez reported a suspicious device to soldiers from the Second Battalion, Seventh Cavalry Regiment. It turned out to be an IED, which an explosive ordnance disposal team destroyed.

Civil affairs soldiers rewarded the children with toys, candy, and soccer balls. In the end, it may be that this kind of intelligence information from Iraqis themselves will be the most important weapon in countering deadly roadside bombs.

These days the Army's Third Infantry Division is preparing to deploy to Iraq for the third time. In about two weeks they'll be going to Anbar Province, one of the most dangerous parts of Iraq.

At night, lights shine on each of the Eastern Redbud trees at the division's "Warriors' Walk" at Fort Stewart, where it's hoped that no more trees will have to be planted. Like the Vietnam Memorial in Washington, personal mementos have been placed on the ground by family members, friends, and fellow soldiers.

"It's a good way to remember," says Jacobs. "But it's also a harsh reminder sometimes too."

Roadside Bomb Changed Lives Of The Survivors, Some Still In Iraq (USAT)

By Gregg Zoroya

USA Today, January 2, 2007

The long shrapnel scar on the face of 1st Lt. Charles Bies marks the day last March when his life changed forever.

Shortly before midnight March 6, the Humvee he was riding in snapped a tripwire and detonated a roadside bomb outside Tal Afar, Iraq. The improvised explosive device, or IED, was planted by insurgents.

The blast killed Pfc. Ricky Salas Jr., the man next to Bies. Like hundreds of other IED attacks in Iraq that end in death, it changed countless other lives as well. For every soldier or Marine killed by a roadside bomb in Iraq and Afghanistan, 10 are hurt. The weapons have killed more than a thousand troops and wounded 11,200 in Iraq and Afghanistan.

The blast that killed Salas left four other soldiers with wounds, physical or emotional, that may never heal.

It severed the left leg of Army Spc. Jose "Jay" Morales, 24, whose dream since childhood was to be a soldier and whose pregnant wife had known him for less than a year before he went to war.

Army Spc. Nicholas "Nick" Helfferich, 22, was manning a machine gun in the Humvee's turret when the blast threw him into the air. It smashed his pelvis and ribs, damaged a lung and his liver, and permanently crippled his spine. "My whole body was just like ringing," he recalls.

The vehicle flipped over, trapping Bies inside the wreckage. He says his life today is neatly divided into two emotional chapters: one before the bomb, and one after.

Sgt. Martin Duculan found himself pinned under Morales and Salas. Though the blast left no visible wounds, it is seared in his memory. "I know how to control my emotions," he said in a recent e-mail from Iraq, where he remains in combat in Ramadi. "But I cannot control a few tears that roll down my cheek when I tell this story."

The list of the 3,000 troops who have died in Iraq since the war began doesn't account for the other casualties, those who barely escaped death and must live with the physical and emotional scars of war. This is the story of the soldiers who survived the IED that killed Ricky Salas.

In the moments after the explosion, Staff Sgt. Jason Snell, 31, of Bethlehem, Pa., directed rescue efforts as soldiers from two tanks rushed to give aid. Salas was dead in the Humvee. Morales lay bleeding atop Duculan. Pinned inside the wreckage, Bies could barely move. Helfferich writhed in pain on the ground nearby.

Soldiers tended to Helfferich and pulled Morales and Duculan and the body of Salas from the Humvee. Snell ordered that chains be attached to a tank to right the vehicle and free Bies.

"The whole time this was going on, I wanted to scream, throw up and run away. But I was the person in charge. I couldn't let my soldiers see me falter," Snell says. "I still smell the blood to this day."

Duculan walked away, uninjured but shaken. A medical evacuation helicopter arrived in minutes to carry Morales, Helfferich and Bies — and Salas' body — to the nearest hospital.

Within hours, Morales was placed on a medical evacuation flight leaving Iraq. Bies was flown out a day later and Helfferich within several days.

Before heading to a hospital in Germany, Morales gently pulled an attending nurse's hand to his lips and kissed it gratefully. His voice dry and hoarse, he motioned for a piece of paper and scrawled a note: "I don't want to leave my platoon."

Morales of Port Washington, N.Y., suffered the worst injuries of those who survived. After nine months of convalescence, rehabilitation and physical therapy at Walter Reed Army Medical Center in Washington, D.C., he still struggles to walk with his prosthesis. "It's very hard because my stump and my leg are very short," he says.

A greater worry, he says, is the financial future facing him, his wife, Jennifer, and their 8-month-old son, Jayden. Although some amputees remain in the Army, Morales is increasingly fearful he will be forced into medical retirement at age 25. "I'm running out of ideas," he says with urgency. "I'm running out of ways to try and figure out about how I'm going to support my family."

He has received $50,000 in a military insurance payout for the loss of his leg. His Army income is less than $20,000 a year.

If her husband is medically retired, Jennifer Morales says she is uncertain what the Department of Veterans Affairs or military retirement could provide. She says it could be as little as $15,000 to $20,000 per year. Jose Morales knows the VA offers vocational training. But he says he has no plans yet because his focus has always been the Army.

His mother, Lucila Lopez-Torrez, brought him to the USA from his native El Salvador at age 13. She cleaned houses on Long Island to support her only child. Morales joined the U.S. Army in 2000. He hopes to be granted citizenship soon, a process that could be expedited because of his service.

"I'll tell you I'm more American than the people down in the street," he said from his hospital bed at Walter Reed Army Medical Center in Washington last spring.

Lopez-Torrez, 44, says the stress of seeing her son maimed by war has led to insomnia, high blood pressure, depression and, finally, hospitalization several weeks ago for what she feared was a heart attack. She had collapsed while cleaning someone's house. When it happened, she says, the owner called an ambulance. Doctors told her it wasn't a heart attack but severe anxiety. "My son has changed," she says. "He's not the boy who laughed like he used to. He's hurting a lot."

In November, Jennifer Morales, 22, suffered several days of facial paralysis from Bells palsy brought on by stress, doctors told her. "I looked into the mirror and my face was like hanging down," she recalls.

Life is so different now, she says. They married on Dec. 16, 2005, and her husband left for war three weeks later. They had never lived together. Today, they share a suite of apartments for wounded soldiers, and their families at the Walter Reed medical center and are scheduled to move to a military rehabilitation center in Texas this month.

Jennifer Morales says when they go to a shopping mall, she notices how people stare and children turn to their parents to ask what happened to that man in the wheelchair.

"Even in this (residence) house, the women who have husbands with arms and legs ask me how it is, 'Isn't it weird for you to have sexual contact with your husband?' Stuff like that," Jennifer says. "That hurts. Those are stupid questions."

Scott Helfferich, 51, a park police officer from Westmoreland County outside Pittsburgh, saw his oldest boy, Nicholas, learn to walk again several weeks after the blast.

"I just remember his throwing the crutches down and saying, 'I don't need these damn things.' And then it became very emotional for our family," the father says. "He looked at me and he smiled. And it was the first time in a while that I had actually seen him smile."

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Helfferich, who is still in the Army, has not healed. He suffers chronic back pain and discomfort in his pelvis and fears it may never go away. He awaits word of a medical retirement from the military. Helfferich dreams of opening a bar and grill in his native Latrobe, Pa., though he is not sure how he will pay for it. He may go to college.

Once a proud body builder whose idol was Arnold Schwarzenegger, Helfferich now lives a more sedentary life and misses the body that defined him before the blast.

"I used to be really ripped. You don't know what you have until it's gone," he says. "(The blast) changed my life, because I realized that people were trying to kill me and they didn't. But they hurt me for the rest of life. They got the best of me. I'm going to be suffering the rest of my life. But I'm not going to let that bring me down."

Duculan and Bies remain in combat in Iraq. "The memories of that event will be with me the rest of my life," Duculan says.

Their year of duty in Iraq was to end this month, But it was extended because of the Army's need for additional combat troops. Last year, their unit was shifted from Tal Afar to Ramadi, where the fighting is more intense. The platoon may come home in February or March.

Bies, who survived a second roadside bomb blast Oct. 7, relived that night outside Tal Afar in nightmares for months. In waking moments, he second-guessed himself.

"You start playing 'what if' with yourself: 'What if we'd left an hour earlier or if we'd left an hour later?' " Bies says in a phone interview from Iraq. " 'What if we'd done something different that night?' … You could call it survivor's guilt."

In his second IED experience, Bies and five other soldiers fled a burning armored vehicle and raced to safety under gunfire. That is a good war story, Bies says.

By contrast, the first blast, the one that killed Ricky Salas, was profound. "I measure my life in two parts, and it was before this and after it," Bies says. "All of the sudden, you grow up and you're not invincible any more. You're 24. You're in Iraq. And something like that happens. It makes you realize, 'Hey, I may not live to see 25 or 26.'"

Blast That Killed Pfc. Salas Still Echoes Months Later (USAT)

By Gregg Zoroya

USA Today, January 2, 2007

The roadside bomb that killed Pfc. Ricky Salas Jr. last year lay buried along a deserted stretch of highway outside Tal Afar, Iraq.

The Pentagon announced the death in a three-paragraph news release, blaming it on an "improvised explosive device" or IED, the acronym for the weapon that has claimed the lives of more U.S. troops than any other used by Iraqi insurgents.

The Associated Press reported Sunday that the number of Americans killed since the war in Iraq began — U.S. troops and seven Pentagon civilian workers — reached 3,000. At least 35% of them died as Ricky Salas did: in IED explosions. In December, the deadliest month of 2006, at least 48 of 69 Army combat deaths were caused by roadside bombs.

In all, 111 U.S. troops were killed last month.

IEDs can be made from a variety of explosives. In Iraq, insurgents sometimes use ammunition that was looted from Iraqi military facilities in the months after the U.S. invasion. Detonators can be wired to the bomb, activated by pressure from a vehicle that rolls over it or triggered remotely by an electronic signal.

A military task force established in 2003 continues to look for ways to combat the devices, and the Pentagon has spent billions of dollars on devices that jam electronic signals. It has also added armor to vehicles to defend against explosions and trains troops from the early weeks of enlistment on how to spot IEDs.

Brig. Gen. Dan Allyn, a deputy director for the task force, says one in five bomb attacks causes casualties. When that happens, he says, several people can be killed or wounded at once.

Like the death announcements for the hundreds who died before and after him, the Pentagon news release about Salas, 22, only hinted at the human cost of the March 6 explosion.

No mention was made of the three other soldiers in the Humvee who were wounded in the blast. Also left unsaid were the stories of those the death toll fails to acknowledge: Salas' 22-year-old widow, the two small children she is left to raise alone, a mother emotionally adrift and a father who drowns his despair in alcohol.

Salas hoped that by enlisting, he could support his young family in Roswell, N.M. His death — because of the benefits his wife, April Baca-Salas, subsequently received — made that possible.

"The plan Ricky had for us to live our lives, to have a new house, to be able to support our kids — he's made that. But it's not the way I wanted it," says Baca-Salas. "I wish I didn't have a penny to my name and had my husband."

The explosion of that IED extended beyond the borders of Iraq and touched other lives. The stories of those closest to Salas speak to the other casualties of war — the mothers and fathers, the children and the spouses of the 3,000 killed since fighting began.

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The mission that killed Salas was routine. The five soldiers in the Humvee were part of the Army's 1st Armored Division and Charlie Company platoon, commanded by 1st Lt. Charles Bies, 24, of Palm Coast, Fla., who rode in the front passenger seat next to Salas. Salas didn't need to go. He volunteered for the patrol.

After a long day of trying to clear highways of roadside bombs on March 6, the soldiers followed an Abrams tank back to their fortified outpost in a village outside Tal Afar, Bies recalls. It was almost midnight.

Bies says they drove about 10 mph and swapped stories about being chewed out by superior officers, all the while searching the darkness with flashlights for booby traps.

They missed one.

The bomb blew off the entire left side of the Humvee. Bies says he could hear Salas scream. Soldiers on the scene say Salas died quickly. He was pronounced dead at a military hospital March 7.

Hours after his death, a police officer stopped Baca-Salas, 22, outside a Home Depot in Roswell.

Two members of the New Mexico Army National Guard had stopped at her parents' home earlier that day to give Baca-Salas the news. When she wasn't there, they asked local police to assist in gently directing her to go back home.

Instead, Baca-Salas demanded answers. "I just started screaming at him and yelling," she recalls.

"Oh my God! Is it my husband?" she recalls asking the officer. "He's in Iraq," she told them. "Is he OK?

"Ms. Salas, I don't know," the officer told her. "Please go home. I'll follow you."

Arriving home minutes later, she saw the Army casualty officers and fainted on the driveway. Police officers rushed to distract the two children still in the car: Jordan, who will turn 4 on Jan. 11, and Jarrod, now 22 months old.

Baca-Salas had hated her husband's decision in 2005 to join the Army. Even so, she supported him. She says he wanted a chance for his children to see the world, something Ricky Salas Jr. had never experience growing up in West Texas.

He also wanted financial security.

"All he was doing was trying to better himself," Baca-Salas says.

He succeeded for his family. A rush by Congress in 2005 to increase death benefits for those killed in combat resulted in families receiving $500,000 in benefits.

In addition, the state of New Mexico waives state college tuition for the children of those killed in war.

Baca-Salas is buying a home and setting up investment accounts for Jordan and Jarrod. She's also financing her education to become a massage therapist.

The money is a salve, she says, but it is not a cure.

She is reminded of her husband everywhere: at the Home Depot, where police found her the day he died; in the telephone that never carries his voice; on the computer that never displays his e-mail; in the features of his son and the personality of his daughter, who has the same mischievous streak.

Jordan, who has many memories of her father, tells people he is an angel now. "He has big wings," she says.

Baca-Salas, however, remains hurt and angry at everyone and everything, including the husband she lost.

"I'm very mad at Ricky," she says. "I have these two kids that aren't going to know him.

"And no matter what I tell them, it's not the same.

"It's ugly to hear my daughter say her daddy's got big wings. It's hard to take my kids to the cemetery on his birthday."

The Army required a closed coffin for Salas' rosary and funeral Mass. His mother, Brenda Robertson, of Lubbock, Texas, understood that the blast damage was catastrophic. But without a viewing, it seemed as though her son had simply vanished, she said.

"There's no closure because we can't see him," says Robertson, 43. "We don't know."

That's why she requested his autopsy report.

When it arrived by Federal Express six weeks after his death, it carried a warning that was hard to miss: "It is STRONGLY RECOMMENDED that you read this in the presence of people that can provide you with emotional support."

She was alone but read it anyway.

The report listed 55 wounds to her son's body: smashed and broken bones, torn body parts, pulverized organs. When she saw mention of a tattoo on his left arm she put the report down. She knew her son had a tattoo there that read "Salas" in Chinese characters.

"Rick always said he was going to keep me under his wing," Robertson says listlessly.

With the death of her son, who was posthumously promoted to the rank of specialist, Brenda Robertson's life went into a tailspin.

Ricky Salas Jr. was the second of five children and the oldest of four sons of Robertson and her ex-husband, Ricky Salas Sr.

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As "Little Ricky" grew to manhood, married and had a family, his mother relied on him as a steady presence in what she concedes was an unsettled life of moving from one job or residence to another.

For years, Ricky pushed her to enroll in college and study bilingual education.

"He said I'd have a better life and a better future," she recalls. Robertson says she studied at Clovis Community College in Clovis, N.M., for two semesters, working steadily in a campus clerical job. But when her son died, she mourned for weeks and let the education and job slip away.

Now unemployed, she lives with her daughter in Lubbock, recently moving from a three-bedroom trailer that belongs to her ex-husband. A few times, she has found solace in spending time with Jordan and Jarrod, her grandchildren. "I just couldn't deal with it," she says of her son's death. "It's been real hard for me to get back on track."

Her ex-husband, 44, is a former construction worker disabled by a car accident in 2002. He lives on Social Security. His oldest son would always call, even from Iraq, to talk about conditions there. When Ricky Jr., died, the father says he turned increasingly to alcohol.

"Drinking my problems away," he says, "but they don't go away."

These days, there are no calls from Iraq, and Salas often sits in his trailer in Lubbock, staring at the pictures of his son.

"I'm proud. But I've lost the words about how I feel for him doing that," he says of his son's decision to volunteer for the patrol that killed him. "It's a big loss. I don't wish this even on my worst enemy."

Few Iraqis Are Gaining U.S. Sanctuary (NYT)

By Sabrina Tavernise And Robert F. Worth

The New York Times, January 2, 2007

BAGHDAD, Jan. 1 — With thousands of Iraqis desperately fleeing this country every day, advocates for refugees, and even some American officials, say there is an urgent need to allow more Iraqi refugees into the United States.

Until recently the Bush administration had planned to resettle just 500 Iraqis this year, a mere fraction of the tens of thousands of Iraqis who are now believed to be fleeing their country each month. State Department officials say they are open to admitting larger numbers, but are limited by a cumbersome and poorly financed United Nations referral system.

“We’re not even meeting our basic obligation to the Iraqis who’ve been imperiled because they worked for the U.S. government,” said Kirk W. Johnson, who worked for the United States Agency for International Development in Falluja in 2005. “We could not have functioned without their hard work, and it’s shameful that we’ve nothing to offer them in their bleakest hour.”

Senator Edward M. Kennedy, a Massachusetts Democrat who is taking over the immigration, border security and refugee subcommittee, plans hearings this month on America’s responsibility to help vulnerable Iraqis. An estimated 1.8 million Iraqis are living outside Iraq. The pace of the exodus has quickened significantly in the past nine months.

Some critics say the Bush administration has been reluctant to create a significant refugee program because to do so would be tantamount to conceding failure in Iraq. They say a major change in policy could happen only as part of a broader White House shift on Iraq.

“I don’t know of anyone inside the administration who sees this as a priority area,” said Lavinia Limón, president of the United States Committee for Refugees and Immigrants, a nongovernmental refugee resettlement agency based in Washington. “If you think you’re winning, you think they’re going to go back soon.”

For Iraqis, a tie to the United States is a life-threatening liability, particularly in harder-line Sunni neighborhoods. In 2003, Laith, an Army interpreter who would allow only his first name to be used, got a note threatening his family if he did not quit his job. His neighborhood, Adhamiya, was full of Baath Party loyalists. A month later, his father opened the door to a stranger, who shot him dead.

Laith’s mother begged him to stop working, but his salary, $700 a month at the time, supported the entire family. Then someone threw a sound grenade at the house. Graffiti appeared on a wall in ugly black paint accusing Laith of selling information about insurgents to the military. Laith and his family moved out of the house. Soon after, it was broken into and photographs of him with American soldiers were found in a family photo album.

“They know me,” he said, sitting in one of Baghdad’s hotels, because his family would not allow a Western reporter inside the house. “They know when I come and go.”

Many Iraqis who worked for Americans have already fled the capital or the country, and many plead for help or asylum on a daily basis. Of some 40 nationalities seeking asylum in European countries in the first half of 2006, Iraqis ranked first with more than 8,100 applications, according to the United Nations.

Remarkably few apply for refugee status in the United States, mainly because most Iraqis, even those who have worked for the United States government here, simply assume that getting American status is all but impossible. Iraqis cannot apply directly for refugee status in the American Embassy in Baghdad.

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Another interpreter, Amar, who did not want his full name used, went to at least 10 embassies during a trip to Jordan last fall, but found only blank faces. He counts his sacrifice for America in bones and skin. He is missing a finger, an eye and part of his skull, after a large bomb exploded next to his Humvee last year. He has received two threats to his life. Two bodyguards accompany him everywhere. He stays in three different houses to confuse potential attackers.

"They said they have nothing for Iraqis," said Amar, sitting in a small house in western Baghdad. "We feel just like stupid trash."

Until recently, the administration did not appear to understand the gravity of the problem. State Department officials say they are now open to increasing the number of refugee slots the administration formally requested for Iraqis in September. That request already allows for as many as 20,000 more refugees from unspecified countries.

But advocates for refugees say that such an increase is unlikely if no special measures are taken, namely designating Iraqis as a group in peril and formalizing a system for receiving them.

Ellen R. Sauerbrey, the assistant secretary of state for population, refugees and migration, said the United States was hoping to identify the most vulnerable Iraqi refugees but was also dependent on the United Nations High Commissioner for Refugees to do that.

Officials at the United Nations refugee branch acknowledge that they have moved slowly in identifying refugees, largely because of procedural obstacles and lack of money. The agency's budget for Syria last year was $700,000, less than one dollar for each Iraqi refugee in that country. The United Nations High Commissioner for Refugees said in October that its Iraq program was $9 million short and that some employees were going without salaries.

The State Department spent $35 million on Iraqi refugees in Iraq and the region in 2006. The United States spends approximately $8 billion a month on the war.

But there is no legal requirement for the United States to rely on the United Nations. It has run its own programs in the past, notably in Southeast Asia. Hundreds of thousands of Vietnamese were ultimately resettled in the United States after the American withdrawal from Vietnam in 1975. In that instance, a number of aid groups in neighboring countries divided the work of interviewing and assessing refugees, a system Ms. Limón and many other advocates for refugees are pushing for Iraqis today.

The United States has even run similar programs in Iraq, helping to resettle about 40,000 Iraqi refugees in the United States and other countries after a failed uprising against Saddam Hussein in 1991. In 1996, about 6,500 Iraqis who had links to an American-sponsored coup attempt against Mr. Hussein were granted asylum.

The Bush administration suspended resettlement of Iraqi refugees after the Sept. 11 attacks, and it did not resume until April 2005, after the process had begun for other Arab countries. A total of 198 Iraqis were resettled in the United States as refugees in the fiscal year of 2005, and 202 in 2006, but most were in the pipeline before the 2003 invasion, and few of the cases address the increasingly dire situation for Iraqis today.

Iraqis who work with the military often have to live separately from their families, to avoid putting them in danger. One 25-year-old interpreter left home when his parents in Mosul, in northern Iraq, learned of his work. Now in Baghdad, he has been back home rarely.

Laith lives with an aunt, away from his wife, in an area where no one knows him. After a visit to his parents several months ago, a stranger asked about his 8-year-old brother at a boys' school. The family fears that it was the early stages of a kidnapping.

"I bring a lot of troubles when I go to visit my family," he said, smoking a cigarette.

Congress approved one program last year to help get special immigrant status for Iraqi interpreters who have worked for the United States military. Laith has tried to apply. The law, which also applies to Afghan interpreters, is capped at 50 a year. Laith was told he needed a senior officer to vouch for him, but he has not worked with one recently, and the one he had worked with is now back in the United States.

Getting such letters, Laith said, has become increasing difficult, because the interpreters for the most senior American officers now tend to be Arabic speakers hired from the United States, not from Iraq.

The State Department has made it clear that it is deeply concerned about the fate of Iraq's religious minorities, including Christians. Officials at the department say that any refugee program must also be geared to those vulnerable groups.

As many as 100,000 exiled Iraqi Christians have relatives in the United States and would want to resettle there if given the chance, said Joseph T. Kassab, the executive director of the Chaldean Federation of America, a Michigan-based umbrella group that represents Iraqi Christians. Mr. Kassab said his group's estimates were based on questionnaires devised by University of Michigan professors and filled out by several thousand Iraqi Christian refugees in Syria, Jordan and Lebanon in recent months.

State Department officials and some advocates for refugees agree that the United States is not likely to begin resettling large numbers of Iraqis anytime soon. New counterterrorism laws after Sept. 11 have slowed immigration, particularly from countries in the Middle East, and Iraqi applications would be bogged down by those security issues.

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A State Department refugee official said that any American resettlement effort would deal with only a small part of the overall refugee problem in the region.

Ms. Limón agreed, saying, “We’ll have trouble with the few thousand who work in the Green Zone.”

A quicker way to help would be to increase financing to countries that are accepting Iraqis — Jordan, Syria and Lebanon — and press those governments to improve their treatment of Iraqis by allowing them to work and travel, officials and advocates said.

That would be a real service for Iraqis in Jordan, who speak of rude and sometimes abusive treatment. Jordanians often do not allow Iraqis to bring in suitcases, travelers said, and have been known to turn away young men, forcing families to continue on without them.

“Put yourself in my shoes,” said an Iraqi working in an American Army base who spent eight hours in the January cold last year with his wife and infant at the Jordanian border. “You take your family to another country and they interview you like you are a terrorist.”

A residency permit is required, and Iraqis must deposit 50,000 Jordanian dinars — about $70,000 — in a bank without drawing on it for a year to obtain one. The worker, who wanted to be identified only as Abu Hussein, eventually moved his family back to Iraq, to the south, because he could not afford to stay in Jordan.

“The Americans are in control of this country,” he said, talking about Jordan. “Why don’t they become angry at how they are treating us?”

Abu Hussein is lucky: He lives on the Army base where he works. Laith does not have that luxury. He pays $400 to two guards and a driver to bring him to Baghdad from an American base near Beiji. Insurgents pay taxi drivers near the base to call them when they see a single man with a large overnight bag, he said. Once a cab driver recognized his face.

“I worked for three years, I lost a lot of things,” he said, his voice urgent. “It’s supposed to be some respect for me.”

With Iraq War Come Layers Of Loss (WP)

By Ann Scott Tyson And Josh White

The Washington Post, January 2, 2007

"Grenade!"

Manning a .50-caliber machine gun in the turret of a Humvee, Pfc. Ross McGinnis could see the insurgent on a rooftop fling a hand grenade at his vehicle. He shouted and tried to deflect it, but it fell inside. Four of his buddies were down there.

What followed was a stunning act of self-sacrifice. McGinnis, a 19-year-old from rural Pennsylvania and the youngest soldier in his unit, threw himself backward onto the grenade, absorbing the blast with his body. He was killed instantly. The others escaped serious injury.

With the death toll for U.S. service members in Iraq past the 3,000 mark, McGinnis's heroism, on Dec. 4, stands as one extreme in the vast spectrum of how Americans are experiencing the Iraq war.

Like an emotional manifestation of the laws of physics, the casualties have rippled across the American psyche -- those close to the events have been profoundly moved, while those at some distance, the majority of Americans, have been largely unaffected. Concentric circles of loss spread outward, starting with grieving parents, spouses and children -- many so young they will not remember the father or mother who was killed in war. Families of the severely wounded face a future they never planned for and financial hardships they never imagined. In small towns, which supply much of the nation's fighting force, one death can send an entire community into mourning. Tens of thousands of U.S. troops continue to brave the war zone, while their friends, families and sweethearts worry at home.

At a Pentagon service to mark the fifth anniversary of the Sept. 11 attacks, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said that more than 1.3 million troops had been deployed to support the wars in Iraq and Afghanistan. That is almost one in every 230 Americans.

In a USA Today-Gallup poll in October, 11 percent of respondents said they had a close friend, family member or co-worker who was wounded or killed in the Iraq war; an additional 43 percent had a friend, relative or colleague who had served in it.

For much of the rest of the country, the reverberations of the conflict are limited to headlines and television images of explosions or discussions about Iraq policy. The nation's war dead are returned to the United States privately, their flag-draped coffins shielded from cameras.

"The fatal flaw was when right after September 11 the president asked everyone to go on with their lives. That set the stage for no one sacrificing," said a Special Forces team sergeant who recently served in Iraq. "That's why they aren't behind it, because they don't have a stake in this war. They aren't losing or gaining anything. If you don't see it, smell it, feel it, how are you connected?""We Will Meet Again'

In the Humvee in Baghdad's Adhamiyah district that afternoon, Sgt. 1st Class Cedric Thomas, the platoon sergeant, heard Ross McGinnis's warning and shouted back: "Where?"

"The grenade is in the truck," McGinnis yelled. Then he ducked down and backward, pinning the device between his body and the radio mount just before it went off.

"He had time to jump out of the truck. He chose not to," Thomas said, according to official military accounts of the incident. McGinnis's action saved Thomas and three other soldiers from "certain serious injury or death."

That evening, two Army officers in dress uniforms rang the doorbell at the McGinnis home in Knox, Pa.

"At that moment, I felt as if I had slipped off the edge of a cliff and there was nothing to grab onto," wrote McGinnis's father, Tom, in a statement provided to The Washington Post. "If only my life could have ended just a moment before this."

The following morning, news of the death of the lanky 6-foot-tall amateur mechanic rippled through the small community of 1,200, where his high school graduating class had 86 students. McGinnis, who was promoted posthumously to specialist and recommended for the Medal of Honor, was the first soldier from the town to die in Iraq.

"It was such a shock," said Vicky Walters, the high school assistant principal, who had known McGinnis since he was a baby. "We're grief-stricken. We were some of the ones who were insulated." About 7 percent of high school graduates in Knox, in western Pennsylvania, join the military.

McGinnis joined the Army at 17, before graduating in spring 2005. That fall, he came back to school in his uniform. It was the last time Walters would see him. "He just beamed," she said, choking up.

McGinnis's father, reflecting on his family's loss, wrote that his son went to war not to die but "to fight and win and come home to us and marry and grow old and have children and grandchildren."

"But die he did, and his mother, dad and sisters must face that fact and go on without him, believing that someday we will meet again." (Tom McGinnis's full statement can be read at http://www.washingtonpost.com.)'Home to a Different Life'

Christopher and Brandon Adams can't grasp what has happened. "They don't understand why Daddy talks that way, why Daddy can't play, why Daddy can't throw a football for them," Summer Adams said from her living room in Miramar, Fla.

Her husband, John, a Florida National Guardsman, was severely disabled in August 2003 by a roadside bomb in Ramadi, the capital of Iraq's Sunni insurgent stronghold of Anbar province. He is one of more than 22,000 service members who have been wounded in Iraq.

After the phone call telling her he had been injured, she waited three frantic days to find out where he was, she said, a complaint heard from families of others wounded early in the war. When she arrived at the intensive-care unit at Walter Reed Army Medical Center in Washington, she still had no idea about the extent of his injuries. "I guess we are supposed to receive the shock when we reach the hospital," she said.

John, who experienced severe trauma from a quarter-size piece of shrapnel lodged in his brain, lay heavily bandaged "with tubes everywhere," she said. After briefly acknowledging his wife, he fell into a long coma.

Months later, the couple were able to return to Florida, but their challenges had only begun. "We came home to a different life. Nothing was the same anymore," said Summer. John's speech was barely understandable, and though he eventually was able to walk again, he would pass out from vertigo if he looked up.

On Christmas Eve a year ago, the couple arrived at Summer's mother's house for dinner as some neighbors were setting off firecrackers. John wouldn't get out of the van. "He couldn't take the noise," Summer said.

With children who are 5 and 7, she has been unable to return to work as a claims supervisor for an insurance company and had to ask for help from the Red Cross to pay the mortgage and water bill. Army administrative problems left the family without pay and health insurance for the children for months at a time.

"I looked for whoever could help me, or I got on the phone and started yelling," Summer said. "As hard as it gets and frustrating -- and I scream -- you just have to keep going."

John, 40, said he feels frustrated, too, but recognizes that many other wounded troops are even worse off. "There are so many people like me," he said, his words slurred. "People need to know."'Working Our Way Out of It'

With a long scar on his face, metal holding his jaw together and more reconstructive surgery ahead, 23-year-old Sgt. Doug Szczepanski Jr. often finds people staring at him on the street. "Sometimes I'll make up stories and tell them it was a shark attack, or a skateboarding incident," he said. "Then when I tell them the truth, they'll look at me all weird and say, 'What? You got blown up in Iraq?' They don't know what to say."

Szczepanski was wounded in September 2005 when a suicide bomber exploded an Opel sedan packed with artillery rounds next to his convoy north of Baghdad.

"I was scanning to the left and it came up to us really quick," Szczepanski said. The blast blew his face open down to the collarbone, blinding him in the left eye and nearly severing his right ear. Shrapnel pierced his head and his upper body was covered with second- and third-degree burns.

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His parents saw him six days later, when he was transferred to the hospital at Fort Sam Houston in Texas. "He was unrecognizable, he was so swelled up and burned," his father, Doug Sr., said in a phone interview from their home in Bay City, Mich. "You first see your child like that and you're so confused. You don't know if you should cry, sit down, throw up. We just wanted to get on the airplane and go back home and pretend none of this happened."

But relying heavily on their faith, the family persevered.

Szczepanski's mother, Amy, closed her business as a home child-care provider to care for her son, losing about $1,300 a month in income. "We probably would have lost our home without help," she said. "We're still working our way out of it." A survey this year by the nonprofit Coalition to Salute America's Heroes, which has helped the Szczepanskis and the Adamses, showed that more than half of families of the seriously wounded experience a drop in their standard of living.

Szczepanski has given up his goal of becoming a police officer like his father, but because he was spared brain injury -- "a miracle," his mother says -- he plans to obtain a degree in criminal justice and pursue a job in that field.'I'm Willing to Give My Life'

Sgt. Matthew Boone, 26, of Anderson, Ind., is serving his second tour in Iraq now; he thinks he will probably be back for a third. He also has served in Afghanistan and the Horn of Africa since 2001, when he joined one of the most deployed units in the Army, the 2nd Brigade, 10th Mountain Division.

"It has put into perspective what is really important, and that's my family," Boone said in October at a base outside Baghdad. "But I'm willing to give my life for this."

Still, "it's rough," he said. "You miss your kids' first this, first that." His youngest son, Marcus, is 3. More than half of U.S. troops deployed overseas are married, according to Pentagon statistics.

The members of the 2-10 Mountain take pride in their many deployments. 1st Sgt. David Schumacher, 37, of Watertown, N.Y., has been to Iraq three times and has deployed a total of eight times, going back to his tour in Somalia.

"I love what I do," Schumacher said in a recent interview in Yusufiyah, Iraq. "This is what I signed up for. But I'd like to let my family enjoy me for more than a few months at a time."

Maj. Mitchell Watkins, 40, of Vonore, Tenn., has had seven operational deployments in his career and is on his third tour in Iraq, now as the executive officer of the 3rd Squadron, 4th Cavalry Regiment, based in Tall Afar. Watkins said that each combat death is intensely tragic -- he lost one of his closest friends during his last tour -- but that what the troops have given for their country should never be forgotten.

"I willfully continue to serve here because I believe that our sacrifice is still appreciated by many Iraqis who desire to truly be free, and by the people at home who are supporting us," Watkins said in November. "Having lost two close personal friends here in this war and almost 3,000 comrades, I understand the sacrifice this presents to my family, but I have no regrets."Hitting Home

After paying tribute to President Gerald R. Ford as he lay in state over the weekend, Katy Dotson, a high school teacher from West Milford, N.J., said she struggles with the number of American lives that have been lost in the Iraq war. Dotson, 24, said she recently sat in on a colleague's current-events class and was struck to see how little the students knew about the conflict and its victims.

"Most Americans don't understand that people are numbers and numbers are people," she said. They grasp the gravity of the situation only when tragedy strikes close to home. "We had one young man die from our town," she said. "It was a very big deal. The post office was renamed after him."

Statement From Parents Of SPC Ross A. McGinnis, December 23, 2006 (WP)

The Washington Post, January 2, 2007

Statement from parents of SPC Ross A. McGinnis, December 23, 2006

When the doorbell rang Monday evening December 4th, about 9:30, I wondered who would be visiting at this hour of the evening. But when I walked up to the door and saw two US Army officers standing on the patio at the bottom of the steps, I knew instantly what was happening. This is the only way the Army tells the next of kin that a soldier has died.

At that moment, I felt as if I had slipped off the edge of a cliff and there was nothing to grab onto; just a second beyond safety, falling into hell. If only my life could have ended just a moment before this so that I would not have to hear the words they were about to say. If only I could blink myself awake from this horrible dream. But it wasn't a dream.

As the officers made their way into our living room, I rushed back into our bedroom and told my wife Romayne to get up; we had company. And they were going to tell us that Ross is dead. I knew of no other way to say it.

We rushed back out to meet the officers, and then the appointed spokesperson recited the standard message that Private First Class Ross A. McGinnis had been killed in action in Baghdad, Iraq, that day. They could tell us nothing more except that

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Army regulations required that the family be notified within 4 hours of the event. They offered their sympathy and support, and the Chaplain prayed for our strength in the days to come, and then they left us alone in shock, grief and disbelief.

In the days that followed, we were informed of the details of his death. The entire world probably knows those details now, since there was so much excitement about his heroic deed. Hundreds of family, friends and acquaintances offered us their words of prayer and comfort. But only time will take the edge off the knives that have wedged into our hearts.

Ross did not become OUR hero by dying to save his fellow soldiers from a grenade. He was a hero to us long before he died, because he was willing to risk his life to protect the ideals of freedom and justice that America represents. He has been recommended for the Medal of Honor, and many think that he deserves to get it without the typical 2 years that Congress has required of late. We, his parents, are in no hurry to have our son bestowed with this medal. That is not why he gave his life. The lives of four men who were his Army brothers outweighed the value of his one life. It was just a matter of simple kindergarten arithmetic. Four means more than one.

It didn't matter to Ross that he could have escaped the situation without a scratch. Nobody would have questioned such a reflex reaction. What mattered to him were the four men placed in his care on a moment's notice. One moment he was responsible for defending the rear of the convoy from enemy fire; the next moment he held the lives of four of his friends in his hands.

The choice for Ross was simple, but simple does not mean easy. His straightforward answer to a simple but difficult choice should stand as a shining example for the rest of us. We all face simple choices, but how often do we choose to make a sacrifice to get the right answer? The right choice sometimes requires honor.

Our Bible tells us that God gave up his only son to die for us so that we may live. But Romayne and I are not gods. We can't see the future, and we didn't give our son to die, knowing that he will live again. We gave him to fight and win and come home to us and marry and grow old and have children and grandchildren. But die he did, and his mother, dad and sisters must face that fact and go on without him, believing that someday we will meet again. Heaven is beyond our imagination and so we must wait to see what it's like.

God bless everybody that has comforted us in our time of grief. But we must not forget the men and women who are still putting their lives on the line; we must keep them in our prayers and keep reminding them with gifts and letters that they are loved and that we want them to return safely to their families.

Pop Music And The War: The Sound Of Resignation (NYT)

By Jon Pareles

The New York Times, January 2, 2007

"I was a lover, before this war." Those are the first words sung on TV on the Radio's "Return to Cookie Mountain," one of the most widely praised albums of 2006. Whatever the line means within the band's cryptic lyrics, it could also apply to the past year's popular music. Thoughts of romance, vice and comfort still dominated the charts and the airwaves. But amid the entertainment, songwriters — including some aiming for the Top 10 — were also grappling with a war that wouldn't go away.

Pop's political consciousness rises in every election year, and much as it became clear in November that voters are tired of war, music in 2006 also reflected battle fatigue. Beyond typical wartime attitudes of belligerence, protest and yearning for peace, in 2006 pop moved toward something different: a mood somewhere between resignation and a siege mentality.

Songs that touched on the war in 2006 were suffused with the mournful and resentful knowledge that — as Neil Young titled the album he made and rush-released in the spring — we are "Living With War," and will be for some time. Awareness of the war throbs like a chronic headache behind more pleasant distractions.

The cultural response to war in Iraq and the war on terrorism — one protracted, the other possibly endless — doesn't have an exact historical parallel. Unlike World War II, the current situation has brought little national unity; unlike the Vietnam era, ours has no appreciable domestic support for America's opponents. Iraq may be turning into a quagmire and civil war like Vietnam, but the current war has not inspired talk of generationwide rebellion (perhaps because there's no draft to pit young against old) or any colorful, psychedelically defiant counterculture. The war songs of the 21st century have been sober and earnest, pragmatic rather than fanciful.

Immediate responses to 9/11 and to the invasion of Iraq arrived along familiar lines. There was anger and saber-rattling at first, particularly in country music; the Dixie Chicks' career was upended in 2003 when Natalie Maines disparaged the president on the eve of the Iraq invasion. There were folky protest songs about weapons and oil profiteering, like "The Price of Oil" by Billy Bragg; in a 21st-century touch, there were denunciations of news media complicity from songwriters as varied as Merle Haggard, Nellie McKay and the punk-rock band Anti-Flag.

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Rappers, who were already slinging war metaphors for everything from rhyme battles to tales of drug-dealing crime soldiers, soon exploited the multitude of rhymes for Iraq, while some, like Eminem and OutKast, also bluntly attacked the president and the war.

In 2006 songwriters who usually stick to love songs found themselves paying attention to the war as well. "A new year, a new enemy/Another soldier gone to war," John Legend sings in "Coming Home," the song that ends his 2006 album, "Once Again." It's a soldier's letter home, wondering if his girlfriend still cares. "It seems the wars will never end, but we'll make it home again," Mr. Legend croons, more wishful than confident.

John Mayer starts his 2006 album, "Continuum," with "Waiting on the World to Change," a pop-soul ballad defining his generation as one that feels passive because it's helpless: "If we had the power to bring our neighbors home from war," he sings, "They would never have missed a Christmas/No more ribbons on the door." The best he and they can do, he muses, doubtless to the disgust of more activist types, is to wait until "our generation is gonna rule the population."

There is more rage in the guitar onslaught of albums like Pearl Jam's politically charged, self-titled 2006 album. Contemplating the death of a soldier in "World Wide Suicide," the song lashes out at a president "writing checks that others pay," but ends up wondering, "What does it mean when a war has taken over?" And in "Army Reserve," a wife and child wait: "She tells herself and everybody else/Father is risking his life for our freedoms." The righteousness of old protest songs has been replaced by sorrow and malaise.

After three years of war, bluster has toned down, even in country music. Merle Haggard, a populist who has always been skeptical of the war in Iraq, tersely insists, "Let's get out of Iraq, get back on the track, and let's rebuild America first," on his most recent solo album, "Chicago Wind." In another song on the album, Toby Keith, whose "Courtesy of the Red, White and Blue (The Angry American)" was one of country's most bellicose war songs in 2002, joins Mr. Haggard for a duet, suggesting a reconsideration.

Like the electorate, all pop can agree on across political lines is sympathy for the troops. Bruce Springsteen's "We Shall Overcome: The Seeger Sessions" included an old song, "Mrs. McGrath," about a soldier crippled in battle; the album's expanded edition added an updated version of a blunt Pete Seeger song from 1966, "Bring 'Em Home."

On the hawkish side, the country singer Darryl Worley had a 2003 hit, "Have You Forgotten?," that justified the Iraq invasion as a reaction to 9/11. Now, he has a current Top 20 country hit that reiterates his support for the war but concentrates on its human cost, describing a returned soldier's post-traumatic stress in "I Just Came Back From a War."

In a song called "Bullet," the rapper Rhymefest portrays a soldier who enlisted as a way to get scholarship money for college and dies "with a face full of hollowtips." Even as cozy a singer as Norah Jones starts her next album, due this month, with "Thinking About You," a song about a lover killed in combat.

There were plenty of other songs directly about the war in 2006. But beyond topicality, the war also seeped into popular music more obliquely. The year's best-selling country album, "Me and My Gang," by Rascal Flatts, includes "Ellsworth," a song about "Grandma" and her dead husband, a veteran who left behind "his medals/A cigar box of letters." Gnarls Barkley's ubiquitous hit single, "Crazy," is about self-destructive insanity: "You really think you're in control? Well, I think you're crazy."

Thoughts of mortality fill albums like "The Black Parade," by My Chemical Romance, and "Decemberunderground," by A.F.I. War isn't the only factor behind all the foreboding in current popular music, but it's certainly one.

The 2000s are not the late 1960s, culturally or ideologically, but the musical repercussions of the Vietnam War may hint at what comes next. As that war dragged on, the delirious late 1960s gave way to not only the sodden early 1970s of technique-obsessed rock and self-absorbed singer-songwriters, but also to a flowering of socially conscious, musically innovative soul, the music that John Legend and John Mayer now deliberately invoke. It's as if this wartime era has simply skipped the giddy phase — which didn't, in the end, turn bombers into butterflies — and gone directly to the brooding. The end of the Vietnam War in 1975 was quickly followed by the rejuvenating energy of punk and hip-hop; there's no telling what disengagement from Iraq might spark.

Music and the other arts, unlike journalism, don't echo the news. They can be counterweights and compensations, the fantasies that work out, rather than the facts that don't. In the weeks before Christmas, I started noticing that nearly every time I wandered into a store or heard holiday music from a radio, John Lennon's "Happy Xmas (War Is Over)" — that chiming, purposefully optimistic song with the somber undercurrent — was on the playlist. When even Muzak programmers are facing up to life during wartime, pop is no escape.

CORPORATE SCANDALS:

Apple Probe Spotlights Two (WSJ)

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By Nick Wingfield

The Wall Street Journal, January 2, 2007

Now that Apple Computer Inc. has disclosed further details of its internal probe into backdated stock options at the company, the spotlight is falling on two former executives implicated in the investigation, Fred Anderson and Nancy Heinen.

While the Cupertino, Calif., company still hasn't publicly named the two former executives its investigation has blamed for improper options-granting practices, people familiar with the matter confirm the pair are Mr. Anderson, Apple's former chief financial officer, and Ms. Heinen, former general counsel and board secretary.

FURTHER READING

· Jobs Helped Pick 'Favorable' Dates for Option Grants1

12/30/06

· Law Blog: Roundup of iLawsuits2

· Jobs Knew About Options Backdating3

10/05/06

· Options Scorecard: Companies under scrutiny4

· Perfect Payday: Complete coverage5

Apple -- which cleared current management, including Chief Executive Steve Jobs, of wrongdoing on Friday -- has turned the results of its investigation over to the Justice Department and the Securities and Exchange Commission. Apple said in a filing Friday with the SEC that thousands of options grants between 1997 and 2002 were improperly dated.

Federal prosecutors are in the early stages of their examination of Apple's backdating practices, in a process that could take months.

An Apple spokesman had no comment. Attorneys for Mr. Anderson and Ms. Heinen say their clients did nothing wrong.

"As CFO, Fred did not play any day-to-day role in the granting, reporting and accounting of stock options and he was not involved in any knowing manipulation of the process," said Jerome Roth, Mr. Anderson's attorney.

"We absolutely deny that she did anything that could be called intentional misconduct," said Cristina Arguedas, Ms. Heinen's attorney.

Within the clubby circles of Silicon Valley, Apple's allegations have caused a stir among people who know the former Apple executives. A person familiar with the matter says Apple may argue that, as financial chief, Mr. Anderson should have been responsible for proper accounting of backdated options. In Ms. Heinen's case, Apple believes it has evidence that Ms. Heinen, as board secretary, was aware of improper documentation that said a board meeting occurred in October 2001 to approve a big option grant to Mr. Jobs, when no such meeting occurred.

Until more specifics are known, associates of both executives say they are standing by them. Mr. Anderson also sits on the board of Internet auctioneer eBay Inc. and is chairman of its audit committee. Meg Whitman, eBay's CEO, said Mr. Anderson will remain in both positions despite the allegations in the Apple investigation. "He is smart, with the highest degree of integrity and ethics," Ms. Whitman said in an interview.

Mr. Anderson, 62 years old, joined Apple in 1996 at a time when the company was in financial distress. He was one of the few senior executives at the company to survive a purge of old management when Mr. Jobs returned to Apple in the late 1990s. Mr. Anderson is credited with helping to improve the company's financial standing. Mr. Jobs asked Mr. Anderson to join Apple's board after he left the financial chief job in 2004.

After Apple found preliminary evidence of irregularities in past option grants last year, Mr. Anderson spent considerable time at the company's headquarters helping an independent investigative team comb through company records to more closely examine past options grants, people familiar with the matter say. It shocked him when Apple's lawyers later indicated to him that he might become a target of the investigation, these people say. As a result, Mr. Anderson resigned from Apple's board in October.

Ms. Heinen was one of Mr. Jobs's longest-serving lieutenants, working for him in the 1990s as general counsel at NeXT Software Inc., the company Mr. Jobs sold to Apple in 1996. Ms. Heinen joined Apple as a senior vice president and general counsel in 1997 and helped oversee a law department at Apple of about 100 people, including roughly 40 attorneys.

Rich Gray, a friend of Ms. Heinen's who worked with her at a small Silicon Valley law firm two decades ago, said he found it hard to believe she did anything wrong at Apple. "She's very smart and she has tremendous personal integrity," said Mr. Gray, a senior vice president and general counsel at Internet marketing company Claria Corp. "I just don't see it happening."

Ms. Heinen left Apple before the company's disclosure of stock-option irregularities. People familiar with the matter say her departure was unrelated to options backdating, though they declined to discuss the reasons in greater detail.

According to Thomson Financial Insider Analysis, Ms. Heinen sold Apple shares valued at $85 million throughout her tenure at the company, while Mr. Anderson sold shares valued at $76 million.

Editorial: Holding The Line (NYT)

The New York Times, January 2, 2007

The old year was certainly a boom one for American business, with record profits for companies and record bonuses on Wall Street. But in the background a major accounting scandal has quietly spread, now encompassing more than 120 companies. Fudging the grant date for stock options doesn't quite have the spotlight-grabbing immediacy of Enron's collapse, but it is still gaming the system at the expense of shareholders.

A study sponsored by Harvard Law School suggests that a large number of board members, instead of watching out for self-enriching tricks, were sharing in the lucre. As Eric Dash reported in The Times recently, the study found that board members at roughly 460 companies, around 1,400 outside directors, likely received stock options that were manipulated, unnaturally boosting their value. In other words, many directors saw their stock holdings goosed along with executives'. So much for independent oversight.

What is particularly disturbing is that the news of this malfeasance, far from leading to full-throated calls for investigation and punishment, has coincided with a broad-based effort from business advocates to roll back the stiffer regime of enforcement devised in the wake of Enron and WorldCom.

There is no legislative push to loosen laws and reverse rule changes precisely because there is little support for it among voters at a time when executive pay is skyrocketing and traders are bemoaning the fact that the Ferrari dealer is fresh out of quarter-million-dollar cars.

Some logical tweaks were needed. The Justice Department's prosecution tactics in corporate cases had become a little too aggressive, and small companies deserved a break on requirements under the Sarbanes-Oxley law — a reform inspired by the malfeasance of large, complicated companies. But the relaxation of a few miscalibrated, onerous provisions is where this effort should end.

Banks' Leases To Hedge Funds Are Questioned (NYT)

By Jenny Anderson

The New York Times, January 2, 2007

Inside a Philip Johnson-designed office tower in Boston's financial district, UBS, the giant Swiss bank, is running a "hedge fund hotel."

Like a few other big investment banks, UBS leases space to ambitious young hedge fund traders as a temporary home, complete with receptionists, espresso machines and consultants to help manage their information systems.

In return, the banks hope the hedge fund hotel guests may become big clients.

Some regulators, however, are growing concerned about the relationship between the banks and their hedge fund hotel guests, looking at whether the banks might be using the real estate relationship as a way to entice hedge funds to do business with them, possibly at the expense of their investors.

William F. Galvin, the Massachusetts secretary of state, has subpoenaed UBS and is examining other banks with hedge fund hotels in Boston to determine how they are charging for their services. He is looking at whether hedge funds are paying higher than normal trading fees to banks to compensate them for the office space and failing to disclose this expense to investors.

"It's a conflict of interest issue," Mr. Galvin said.

UBS, which declined to comment, is the leader in this business, with 400,000 square feet of hedge fund hotels in a number of cities. Bear Stearns is also active, with space for rent in New York, Boston, San Francisco and Los Angeles.

While the state investigation is in a preliminary stage and may not lead to any specific charges, at its heart is a thorny issue that has dogged regulators for decades. Money managers, including mutual funds and hedge funds, often pay Wall Street with "soft dollars" — inflated commissions that include the cost of trading (typically 1 to 2 cents a share) plus an additional few cents a share that can be directed to pay for research and other services.

Soft dollars are controversial because clients pay for the higher commissions, while the services often benefit the manager the most. Higher commissions result in greater expenses for the fund and potentially lower returns for investors.

In the late 1990s, the Securities and Exchange Commission cracked down on the use of soft dollars by mutual funds, concerned that investors were being duped into paying for services enjoyed by the manager.

Massachusetts is now investigating whether hedge funds are improperly using soft dollars to pay for space in these hotels and failing to disclose to investors that they are covering a major expense.

"It's the same soft dollar question," Mr. Galvin said in an interview. "What kind of quid pro quo might be in the placement of an order? What's the relationship between the entities?"

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As hedge funds have exploded, so, too, have the fortunes of Wall Street, which earns billions of dollars a year in fees executing trades and lending money to hedge fund clients. Hedge funds typically trade more than other Wall Street clients and they trade exotic, high-margin products, like complex derivatives.

Because hedge funds have become such important customers, there are concerns that they may be receiving tips about pending mergers, for example, or other yet-to-be-disclosed news that could affect a stock price. Trading ahead of public disclosure would give a fund an advantage; while it generally would be illegal, it is often hard for regulators to detect or prove.

Trading and the soft dollars used to pay for it are only one part of the business Wall Street does with hedge funds. The main business of servicing hedge funds is called prime brokerage. It includes financing trades; finding and lending stock to allow hedge funds to short stocks (betting that their price will fall); structuring derivatives; and executing swaps. It can also include hedge fund hotels — securing real estate, receptionists and information technology and even managing, say, the risk of trading currencies in Asia.

The global prime brokerage business generates $8 billion to $10 billion a year, according to an estimate by the Vodia Group, a consulting firm for the financial services industry. The business is highly profitable, with a return on equity — a measure of how efficiently the bank reinvests its capital — of a healthy 15 to 20 percent. In 2006, Goldman Sachs made $2 billion directly servicing hedge funds, 22 percent more than the previous year.

Prime brokerage is only the tip of the iceberg when it comes to the fees that hedge funds generate for Wall Street firms: billions of additional dollars come from trading for these funds. Credit Suisse estimates that investment banks made $25 billion in revenue from hedge funds in 2004, $19 billion of which came from sales and trading and the rest from prime brokerage.

Hedge funds now control half the volume traded on the New York and London Stock Exchanges, according to Credit Suisse.

In markets like convertible arbitrage, hedge funds control 70 percent of the trading. (In convertible arbitrage, an investor buys a bond that can be converted into stock and then sells that stock short, betting that its price will fall because of the sale of convertible bonds.)

"Hedge funds generate about 30 to 35 percent of the equity commission volume of the major Wall Street firms," said Brad Hintz, a securities analyst with Sanford C. Bernstein & Company, a respected Wall Street research firm that manages money for wealthy individuals and institutions. But that is only part of the equation.

"Because a hedge fund has broad investment guidelines — it is not constrained like a mutual fund to invest in certain stocks or certain sectors — it allows the hedge fund to really go after some of the more financially attractive products the Street offers," Mr. Hintz said.

In the United States, Goldman Sachs, Morgan Stanley and Bear Stearns lead the pack in prime brokerage, collectively controlling about 75 percent of the market, according to Sanford C. Bernstein, a unit of AllianceBernstein.

But neither Goldman nor Morgan Stanley run significant hedge fund hotel operations. (Goldman inherited a small business from Spear, Leeds & Kellogg, which it bought in 2000.)

Bear Stearns' hedge fund hotel clients tend to be small. Bear is unusual because it accepts only "hard dollar" arrangements, rather then venturing into the murky area of soft dollars.

Bank of America exited the hedge fund hotel business 18 months ago because of a lack of demand.

Lehman Brothers and Credit Suisse have been building their prime brokerage businesses. Lehman has space that it leases to a select group of clients, but it is not a major player in hotel space. Credit Suisse prefers to cater to a small number of institutional-quality hedge funds that are expanding into high-margin products like structured derivatives and reinsurance.

Jefferies, a bank that caters to midmarket clients, recruited a significant part of Bank of America's prime brokerage team to build its business. Glen Dailey, head of prime brokerage, said the hedge fund hotel business was too expensive to build at Bank of America.

"It took a lot of resources, especially tech support," Mr. Dailey said. "Clients would call because there wasn't coffee or hot water. In the end, we felt like the client service group was spending 80 percent of its time on the real estate."

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The 'Corporate Democracy' Oxymoron (WSJ)

By Henry G. Manne

The Wall Street Journal, January 2, 2007

They're back! Every 20 or 30 years shareholder democracy ideas come back in vogue, and their time seems to have arrived again -- with a vengeance.

The SEC is huddling on whether to facilitate direct shareholder nomination of directors through a new interpretation of its shareholder proposal rule. A prominent professor at Harvard Law School, Lucian Bebchuk, proposes, among other

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democratizing moves, amending state corporation laws to encourage contested elections for board members. There is ongoing controversy about whether mutual funds are making sufficient disclosure to investors of how they vote on various portfolio corporate matters. And European corporate governance circles are in a dither because the EU failed in a recent directive to qualify the usual one-share-one-vote rule with something approaching one-shareholder-one-vote. The list could be expanded considerably.

There is absolutely nothing new in any of this discussion. The real world has not changed in any significant way, and our knowledge of corporate governance has not been revolutionized by some intellectual breakthrough. Furthermore, the provenance of the "corporate democracy" oxymoron has long been understood. The idea results from the inappropriate conflation of political ideals with market institutions. Its persistence can only be attributed to the intelligentsia's far greater comfort and familiarity with political models and events than with knowledge and appreciation of how markets function.

But, as has been demonstrated time and again, the modern corporation is a market creation, not a political one. Hardly any aspect of "capitalism's greatest invention" cannot be explained by reference to the market forces that caused it to evolve as it has. Indeed, there is probably no aspect of modern state corporation laws, including limited liability, "personhood" and perpetual existence, that could not have evolved (albeit a bit more expensively) in a purely contractual, common law milieu. So it is with the selection of managers.

Multi-owner businesses with no single controlling shareholder have always had to select managers (here including the board of directors) to avoid the prohibitive costs and inconveniences of personal consultation and group decision making by large numbers of equity owners. Some sort of voting mechanism to select the central management was the most obvious and the cheapest solution, though other devices were feasible. Consideration of how a non-voting device might operate helps to reveal the practical essence of corporate voting and its radical difference from political voting.

Suppose, hypothetically, that all shares or interests in a new corporate venture were, in current parlance, non-voting. A provision in the charter or bylaws would then have to provide for some external mechanism -- perhaps a court, an independent trustee or a private commission of some sort -- to canvas all shareholders and determine who had sufficient shares to allow them to control the company and thus eventually to name the managers.

There would not be a vote. Rather the requisite number of share owners would simply "prove" to the outside agency their right to control the business. That shareholder or group of shareholders could then use any system they wanted to make the personal selection of managers after their control was certified. Of course, in practice it would be more efficient for the shareowners to designate their candidates in advance and use an election model to determine the outcome. But that is not crucial to this illustration. The critical determination is not the identification of the managers but rather of the holders of the controlling number of shares. From time to time, depending on the period or conditions established by the incorporators or applicable laws, this certification process would be conducted anew.

This little mental exercise illustrates that the selection of managers in corporations is ultimately a function of majority shareholding, not of any political-type shareholder election process. It should also demonstrate the fatuousness of any ideal of shareholder democracy. It was probably most nearly approximated by the pre-New Deal era of "banker control" of corporations, which, by all accounts, worked fairly well. And it is the de facto system in any corporation which has a control block of shares held by a single shareholder or cohesive group.

Public voting in corporations, which has so confused the public on the issue, is merely a cheap way of determining who holds the requisite number of shares and only incidentally who shall be the managers. If we had never used the word "voting" in corporation law, there is a good chance that many critics would never have thought up the idea of shareholder democracy on their own, since the principal overt evidence of an overlap with the political process would then be missing.

Corporate voting is not about reallocating resources, as is inevitably involved in political elections, nor is it about making actual managerial decisions, as in New England town meetings. There is no room in this scenario for contested elections or nominations to be made willy-nilly by the shareholders. Both of these ideas are part and parcel of the political version of elections. It is hard not to agree with Professor Stephen Bainbridge of UCLA Law School that, if either of these ideas had any real merit, we would have seen them tried and adopted in the real corporate world. We do not.

Also it now becomes clear why an unfettered market in corporate control (with whatever private provisions for managing changes of control are prescribed in the articles or bylaws) is so desirable in a large corporate system. This is actually a market for votes, since votes are the indicia used for control, and the votes and control move into the hands of those who, because they are best able to profit from them, are willing to pay the most for them. That is how efficient markets function. Thus the system of buying and selling votes, including the payment of premium prices for voting shares needed for control, works very well to settle the election issue.

It ill behooves corporate democrats like Professor Bebchuk to deride this system as not satisfactorily monitoring managers when he knows full well that regulatory interferences are mainly responsible for poor performance in the market for corporate

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control and, for that matter, for much of the steep escalation in executive compensation in recent years. That they would then propose intricate regulatory provisions for more shareholder democracy is evidence of the mindset that causes the problems. (No matter though; the hedge funds -- if we can just leave them alone -- have found ways around those market restraints, even to the point of creating a separate market for votes.)

Corporate voting, as an integral part of the control designation process, is premised on the not-illogical view that shareholders are interested exclusively in maximizing their return on investment and not in social causes, political movements or the reallocation of wealth. Some shareholders may put these interests above profit maximization -- but the laws of corporate governance should not countenance interference by those activists with the contractually established expectations of the vast number of investors.

Why do they always concern themselves with successful businesses instead of founding their own? Perhaps many of the advocates of shareholder democracy actually have a hidden agenda, most usually either a greater degree of government control over private enterprises, or more power to unions via their control of pension funds. Neither has proved beneficial to the investing public or is consistent with a vigorous and innovative public economy.

The hidden agenda of many corporate democrats is even more apparent when they argue that large corporations are indeed like small republics and should, therefore, like all governments, be democratized or constitutionalized. This is usually no more than an assertion that the large size of an otherwise private enterprise is sufficient to convert what would otherwise be a private ordering into something suffused with a public interest -- in other words, an argument for more socialism. The very success of a private concern becomes the reason for destroying its privateness -- a neat rhetorical trick if it was not so patently absurd. * * *

Sometimes this argument is made a bit more logical by saying that large size necessarily means that external costs will be visited on the rest of society. This is the basis for the currently popular claim that so-called "stakeholders" should have a real voice in how the corporation conducts its affairs. But even if there are occasional costly externalities associated with corporate activities, rearranging corporate governance, which is obviously functioning adequately for investors now, is an irresponsible and costly way to solve that real political problem.

We need corporate activists today more than ever, but we need them to lobby and argue for repeal of our many costly and ill-serving bits of corporate regulation. They might start with Sarbanes-Oxley, then go back in time to cover the Williams Act and state anti-takeover provisions, the Investment Company Act of 1940, the Securities and Exchange Act of 1934 and the Securities Act of 1933. I know this is pie-in-the-sky idealism, but it does not change the fact that, on balance, the world would be a far better place without these laws or anything like them.

Mr. Manne is Dean Emeritus of the George Mason University School of Law.

CRIMINAL LAW:

In CIA Leak Case, Reporters Will Be Key Witnesses (AP)

By Matt Apuzzo, Associated Press

AP, January 2, 2007

WASHINGTON – Some journalists who made careers out of questioning government officials and bearing witness to history may soon find themselves answering questions from prosecutors as key witnesses in the CIA leak case.

Ten or more reporters from some of the most prominent news organizations could be called to testify in the perjury and obstruction case of former White House aide I. Lewis “Scooter” Libby. It's rare enough for reporters to become witnesses. But the Libby case is even more unusual because journalists will be dueling witnesses – some called by the defense team, some by prosecutors.

“It will be unprecedented and, as far as I'm concerned, horrifying,” Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said of the case, for which jury selection begins in two weeks.

Prosecutors want to show that Libby lied to investigators about his conversations with journalists regarding outed CIA officer Valerie Plame, and they are expected to rely on former New York Times reporter Judith Miller, Time magazine reporter Matthew Cooper and NBC Washington bureau chief Tim Russert to make their case.

Libby, the former top aide to Vice President Dick Cheney, has said he had no reason to lie and simply didn't remember those conversations. His attorneys have said they will call as many as seven unidentified journalists to testify about their conversations with Libby to bolster his case.

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The Libby case has rankled news agencies for nearly three years, since Special Prosecutor Patrick Fitzgerald began subpoenaing journalists to testify before a grand jury. Fitzgerald said it was the only way he could thoroughly investigate whether any laws were broken.

After a lengthy court fight that included an 85-day jail term for Miller, Fitzgerald won cooperation from journalists. When Libby was indicted, it was clear reporters would be key witnesses.

That puts them in the awkward position of aiding a criminal investigation, something journalism groups say erodes the wall between the government and an independent press.

Plame's identity was first revealed by syndicated columnist Robert Novak. She believes she was outed as retribution for her husband's criticism of the Bush administration's prewar intelligence on Iraq.

Jurors likely won't hear much about the leak itself because the original source, former Deputy Secretary of State Richard Armitage, has already confirmed his role and Libby is not charged with the leak. But the trial is certain to renew questions about whether the administration used reporters to drum up support for the war.

Roy Peter Clark, a scholar at the Poynter Institute, a school and resource center for working journalists, said he worries about the fallout from the trial. If it's perceived that reporters grant anonymity to officials engaged in political gamesmanship, prosecutors might be more likely to subpoena them in cases where anonymity was granted in serious issues of public importance.

“This case, it's magnified by the fact that it's in Washington and the status of the players,” Clark said. “It's a bizarre and I'd say dangerous case.”

Justice Department policies require prosecutors to exhaust other remedies before sending subpoenas to reporters, and each decision is reviewed by the attorney general, although U.S. investigators and prosecutors occasionally have violated these rules. In the past 15 years, only 13 media subpoenas have been granted involving confidential sources, Deputy Attorney General Paul J. McNulty told Congress in September.

“This record reflects restraint,” he said. “We have recognized the media's right and obligation to report broadly on issues of public controversy and, absent extraordinary circumstances, have committed to shielding the media from all forms of compulsory process.”

Libby's attorneys have not publicly named the reporters they expect to be defense witnesses. Two reporters have said they will fight subpoenas, but defense attorney William Jeffress said he expects that will be resolved before trial. Because Libby is calling them to testify about his own conversations with reporters, Jeffress said there should be no confidentiality concerns.

President Bush did not include Libby on his list of pre-Christmas pardons, and the Justice Department said he does not have a pending pardon application on file.

Feds Push For Internet Records (MINNST)

By John Reinan, Star Tribune

Minneapolis Star Tribune, January 2, 2007

The Justice Department says it wants to use Web-surfing data to fight child pornography. Critics say it's an invasion of privacy.

The federal government wants your Internet provider to keep track of every website you visit.

For more than a year, the U.S. Justice Department has been in discussions with Internet companies and privacy rights advocates, trying to come up with a plan that would make it easier for investigators to check records of Web traffic.

The idea is to help law enforcement track down child pornographers. But some see it as another step toward total surveillance of citizens, joining warrantless wiretapping, secret scrutiny of library records and unfettered access to e-mail as another power that could be abused.

"I don't think it's realistic to think that we would create this enormous honeypot of information and then say to the FBI, 'You can only use it for this narrow purpose,' " said Leslie Harris, executive director of the Center for Democracy & Technology, a Washington, D.C.-based group that promotes free speech and privacy in communication.

"We have an environment in which we're collecting more and more information on the personal lives of Americans, and our laws are completely inadequate to protect us."

So far, no concrete proposal has emerged, but U.S. Attorney General Alberto Gonzales has made it clear that he'd like to see quick action.

In September testimony before a Senate committee, Gonzales painted a graphic and disturbing picture of child pornography on the Web, which he called an urgent threat to children. The production and consumption of child pornography has exploded as the Internet makes it easier to exchange images, Gonzales said.

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But federal agents and prosecutors are hampered in their investigations because Internet companies don't routinely keep records of their traffic, he told the committee.

Gonzales also pushed for Internet records tracking in an April speech at the National Center for Missing and Exploited Children.

"Privacy rights must always be accommodated and protected as we conduct our investigations," he said. "[But] the investigation and prosecution of child predators depends critically on the availability of evidence that is often in the hands of Internet service providers.

"This evidence will be available for us to use only if the providers retain the records for a reasonable amount of time," he said. "Unfortunately, the failure of some Internet service providers to keep records has hampered our ability to conduct investigations in this area."

The Wild West of the Web

Internet service providers typically keep records of Web traffic only for short periods, usually 30 to 90 days, as a way to trace technical glitches. Many ISPs, along with privacy advocates, say that it's already easy for government agents to get the information they need to investigate crimes.

The FBI, without a court order, can send a letter to any Internet provider ordering it to maintain records for an investigation, said Kevin Bankston, an attorney for the Electronic Frontier Foundation, a San Francisco-based group that promotes free speech and privacy on the Web.

"There's been no showing that mass surveillance of all Internet users, mandated by the government, is necessary for law enforcement," Bankston said. "If this passes, there would be a chilling effect on free speech if everyone knew that everything they did on the Internet could be tracked back to them."

The government has offered differing rationales for its data-retention plan, said Harris, the privacy advocate.

"I've been in discussions at the Department of Justice where someone would say, 'We want this for child protection. And someone else would say 'National security,' and someone else would say, 'Computer crimes,' " Harris said. "We're operating in the wild, wild West here."

There are questions about what records would be kept, said David McClure, president of the U.S. Internet Industry Association, a Virginia-based group that represents about 800 small and medium-sized ISPs.

Is it a log of every website a user visits? Is it the actual content of e-mails and other Internet communications? Nobody in the government has offered specifics, McClure said.

"When we go to them for specifics, they start shuffling and hemming and hawing, and the issue goes away until the attorney general gives another speech," he said.

'This is all being driven by a political need, not a law enforcement need."

Congress could act soon

Kathleen Blomquist, a Department of Justice spokeswoman, would not comment on specific proposals for Internet records tracking.

"Because Attorney General Gonzales considers the protection of America's children to be a top priority of the Department of Justice, we are continuing to closely study the issue," she said.

Comcast Cable Communications, the Twin Cities' leading Internet service provider, said it does not retain information on the Web-surfing habits of individual customers unless ordered to by a court, a company official testified to Congress in June.

Mary Beth Schubert, a Comcast spokeswoman in St. Paul, said the company wouldn't comment further until a bill is introduced in Congress. That could happen in the upcoming session, where several lawmakers have promised to introduce legislation on data retention.

Crime: Losing The Street War (NSWK)

Newsweek, January 2, 2007

A recent surge in violent crime is creating anxiety at the Justice Department and posing potential political problems for the Bush administration. The 3.7 percent rise for the first six months of 2006, cited in a new FBI report, was greater than expected and included a 9.7 percent spike in robberies. (Minneapolis and Oakland, Calif., saw jumps of more than 30 percent.) Police groups say the surge comes at the same time the White House has drastically cut aid for state and local law enforcement programs. "We don't have the support from Washington," says Los Angeles Police Chief Bill Bratton.

Government figures show the FBI has shifted agents off standard criminal cases to work counterterrorism; the bureau has 994 fewer criminal case agents than it did on September 11, 2001—an 18 percent drop. (A Justice Department rep says it's "highly unlikely" the crime increase is tied to federal funding, but they've dispatched teams to investigate.) The numbers have caught the attention of top Democrats on Capitol Hill. "If you look at the figures, they're pretty striking," says one Democratic aide,

who is not authorized to speak publicly about policy. In a recent letter to FBI Director Robert Mueller, Judiciary Committee member Sen. Dianne Feinstein called the crime increases "alarming."

Homicides Up In New York; Other Crimes Keep Falling (NYT)

By Cara Buckley

The New York Times, January 1, 2007

In New York City, rapes, robberies and assaults, among other crimes, continued to decline last year, prompting the Police Department's top official to herald 2006 as a very good year. Homicides, however, climbed 10 percent in the city, reversing a much-hailed decrease.

"We'd like to see no homicides. The reality is we're going to have them," said Police Commissioner Raymond W. Kelly. "I think this is a very good year."

He called the increase in killings in 2006 all but negligible compared with 1990, a year with one of the highest homicide rates in recent history. That year, crack-fueled violence soared, and 2,262 people were killed.

Last year there were 579 killings citywide as of Dec. 24, an increase of 52 homicides over the same period in 2005. Yet overall crime last year was down 5 percent. The number of reported rapes declined by 7.4 percent to 1,486, subway crime plunged 13 percent and auto theft fell 11.4 percent.

The police said the year's jump in homicides was rooted largely in an unusually high number of "reclassified" deaths, deaths linked to injuries incurred in months or years past. There were 38 reclassified homicides in New York last year, compared with 21 in 2005.

New York's overall fall in crime also contrasts with an increase nationwide. According to a report by the F.B.I., violent crime across the country rose 3.7 percent during the first half of the year. Dallas remained the country's most violent city, with 3,985 crimes per 100,000 people, according to the midyear report, while New York ranked 10th with 1,1,87 per 100,000.

Myriad factors account for New York's continuing decline in crime overall, the police and criminologists say. They cited more effective policing, shifting drug patterns and the lowest unemployment rate in 30 years.

Yet what is puzzling, one expert said, is that overall crime is dropping even as New York becomes an increasingly polarized city, with haves and have-nots often living side by side in luxury condominiums and public housing.

"Within a few blocks, people are living worlds apart," said Andrew Karmen, a sociology professor at John Jay College of Criminal Justice and the author of "New York Murder Mystery: The True Story Behind the Crime Crash of the 1990s."

"In theory, that should make the poor more dissatisfied and drive people to commit crimes," he said. "But that doesn't seem to be happening in New York."

One possible explanation, Dr. Karmen said, is that the city is largely populated by immigrants, many of whom are driven by a determination to succeed.

"I think they still maintain a positive outlook and faith in the American dream," he said. "But if it doesn't deliver, attitudes could change."

It has proven difficult to root out violent crime in the city's toughest corners.

One of the city's most perilous neighborhoods is in the 75th Precinct in Brooklyn, which includes East New York. There the number of slayings last year was virtually unchanged from 2005 at 28, and 3,239 crimes were reported.

Public housing projects have a disproportionate number of crimes. While 5 percent of New York's eight million residents live in public housing, Commissioner Kelly said, 16 percent of the city's homicides take place there.

The Police Department plans to tackle that seemingly intractable problem by redeploying personnel from other areas and opening police substations in the most troubled housing complexes, Commissioner Kelly said.

Both homicide victims and suspects tend to have links to crime already, he said.

Of those arrested last year in homicides, 95 percent had criminal histories; 75 percent of the people killed did.

Such figures point to the department's need to continue expanding its homicide, shooting and crime databases, Mr. Kelly said.

"The more information we have, the greater the potential we have to prevent crimes," he said.

New York's rebirth as a safer-than-average large city since the 1990s has coincided with an increase in tourism here.

According to city officials, about 44 million people visited last year on business or pleasure.

"One overarching reason why people are coming here, in a city that was attacked five years ago, it's because they have a sense of comfort as far as security is concerned," Mr. Kelly said.

The department is continuing to pour more resources into community policing, forging bonds between its officials and local leaders, especially those from new immigrant communities.

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Yet in neighborhoods where homicide rates climbed, residents seem divided about whether this recent and heightened focus was improving their lives.

Allah B, the director of the Allah in Mecca Youth Center in Harlem, commended officers in its precinct, the 28th, for holding local forums and listening to community concerns.

Even though slayings in the precinct more than doubled, to 11, last year, he said the increased connection between residents and the police fostered a greater sense of ease.

Yet a longtime resident of the St. Nicholas Homes in Harlem said police efforts to rout out criminals were having a divisive effect in her neighborhood.

“They caused a lot of trouble trying to play one person against the other,” said the woman, who would give only her first name, Keisha. She said people in the neighborhood also felt harassed and persecuted by the police, and that such impressions heightened the tension and stress in the community.

Still, despite a slight increase in the number of homicides in her neighborhood, she said the streets felt far less violent than in previous years.

The sense that New Yorkers are increasingly inhabiting two different realities seems particularly strong in places like Fort Greene, Brooklyn, home to a thriving cafe scene and crime-plagued public housing complexes.

Eleven homicides were recorded in the neighborhood last year, compared with none in 2005.

Strolling along a stretch of DeKalb Avenue by Fort Greene Park late last week, Cheryl Pickett, 36, said she had no idea that murders had risen so sharply in the area.

Ms. Pickett, who has lived in Fort Greene for five years, said her perception of the neighborhood had not changed. She still thinks of it as a safe, child-friendly place with charming shops and bars.

“When things happen, it’s really surprising,” Ms. Pickett said. “This year seems no different than last.”

Mayor: Evacuees Increased Murders (AP)

AP, January 1, 2007

HOUSTON -- The number of murders last year in Houston hit a 12-year high and increased by 13.5 percent over 2005, figures the mayor attributes in part to the arrival of evacuees from Hurricane Katrina.

Houston had 379 homicides in 2006. That was the most since 1994, when 419 murders were reported, police said. In 2005, the city had 334 homicides.

Mayor Bill White pointed to Hurricane Katrina evacuees from New Orleans as one reason for the increase.

"We did have a surge in population from a city where the homicide rate is eight times the national average," White said.

Houston's population increased by 148,000 people in 2006, many of them Katrina evacuees, according to the city's planning department.

The swelling population helped keep Houston's homicide rate relatively steady, rising from 16.33 victims per 100,000 residents in 2005 to 17.24 victims in 2006. Nationally, the murder rate increased by 1.4 percent last year, according to FBI figures.

Some experts disagreed with White's characterization, pointing to national trends indicating rising rates of violent crime.

"It's not as if Houston's unique," said Jim Lynch, a criminology professor at the John Jay College of Criminal Justice in New York. "There are other cities experiencing this."

Other types of violent crime dropped in Houston in 2006, police said. Robberies, rapes, aggravated assaults, burglaries, thefts and stolen cars dropped between 2 percent and 9 percent when compared with 2005 statistics.

Lower Homicide Rate In 2006 Still Means 102 Died (COLDISP)

By Theodore Decker

Columbus (OH) Dispatch, January 2, 2007

Homicides in Ohio’s other big cities jumped last year, but slayings in Columbus ebbed slightly.

Columbus police say 2006 ended with 102 killings, two fewer than in 2005. There were 88 in 2004.

Lt. James S. Schrader, a homicide squad supervisor, said the unit had feared that 2006 would surpass the previous year’s surge, but the slayings slowed as the year ended.

"In the last two months, they’ve leveled off considerably," he said.

Meanwhile, killings in Cleveland and Cincinnati soared.

Homicides in Cincinnati topped its 2005 total of 79 by early December. By yesterday, the number had risen to 85, the most victims since police started keeping reliable records in 1950. Cleveland homicides have risen from 78 in 2004 to 109 in 2005 to, as of Saturday, 119 in 2006, the deadliest year in a decade, according to FBI and local statistics.

Nationally, slayings climbed in other cities after a decade of relative peace following the crack-cocaine-driven slaughter of the late 1980s and early 1990s.

"In 2006, American law enforcement finds itself once again facing a tipping point in violence on its streets, and it is spreading from city to city," a national organization of police officials said in an October study.

"While the nation has understandably focused on homeland security, it must recognize that there is a gathering storm of violent crime that threatens to erode the considerable crime reductions of the past," the Police Executive Research Forum study said.

Columbus' 2006 death toll began on Jan. 4, when two men were slain during a Franklinton robbery.

Among the victims who followed were a high-school sports star killed as he tried to defuse an argument, a mother slain along with her three children, and a 14-year-old shot to death after his friends hurled eggs at a passing SUV.

Not included are six people fatally shot by police and a shooting by a robbery victim that was deemed self-defense.

Fifty-two of last year's victims were black men; 23 were white men. Eightyone homicides involved guns.

"A large percentage are drug-related in one way or another, paybacks or ripoffs," Schrader said.

Police consider 59 percent of the killings solved, the same as in 2005. It would be higher if detectives weren't saddled with unwilling witnesses who clam up for a host of reasons, Schrader said.

"It's fear, it's lack of cooperation, it's implicating themselves in illegal activity."

Alfred Blumstein, director of the National Consortium on Violence Research in Pittsburgh, said those are common problems.

"In many of these settings, police don't have any information or credibility in the communities," he said.

Criminologists warn not to read too much into one year's statistics, and Blumstein said he saw little in Columbus that suggested a marked turn for the worse.

"Eighty-eight isn't that dramatically different from a hundred," he said. "That may well be the condition that Columbus could see for the next few years.

"If it were a real spurt, say you had gone to 130, then I'd look to see what kind of connectedness there is," he said, such as gang wars, a growing drug trade or an influx of prison parolees reclaiming turf.

Columbus' surge from 2004 to 2005 led the Justice Department to include it in a pending study of violent-crime trends, spokesman Brian Roehrkasse said.

The department has surveyed local officials in the 18 selected cities and now is combing through the information for better crime-fighting strategies, he said. The findings likely won't be released for several months.

Homicides also climbed in Toledo and Dayton in 2006.

Through yesterday, Toledo had 34 slayings, compared with 28 reported to the FBI in 2005. Also through Saturday, Dayton police had logged 42 homicides, up from 34 in 2005.

"Murders are probably the least suppressible type of crime," said Toledo Police Capt. Ray Carroll.

Although some of Toledo's victims were truly blameless, most were involved in dangerous or illegal behavior that contributed to their deaths, Carroll said. And as in Columbus, his detectives are frustrated by a lack of cooperation.

Too often, he said, "You're dealing with other dirt nuggets who might be witnesses or involved."

Information from the Associated Press was included in this story.

Homicides On Rise In Seattle (SEAPI)

By Hector Castro And Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, January 2, 2007

Shootings account for many deaths

Death came to Joaquin Tavares on a January evening in 2006.

· A violent year leaves a lasting wound among family, friends

Like so many other killings in Seattle last year, his was random, it was brutal, and it came at the point of a gun. A tenant angry over his eviction from an apartment blasted Tavares with a shotgun, even though Tavares had nothing to do with it.

"It was so horrible," said his sister, Alma Tavares. "I couldn't do anything after Joaquin died."

Tavares was one of 29 homicides reported in Seattle in 2006, and one of 21 killed by a firearm. Two of those shootings were ruled as justifiable and in self-defense.

Last year marked the city's highest number of homicides in three years and reflected an upward trend in violent crime nationwide that police chiefs and criminologists are trying to interpret.

Karen Ducey / P-I

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Brenda Lee holds a picture of her son Jared Dahl-Lee at her South Seattle home. Dahl-Lee, 26, was driving on Rainier Avenue South on Sept. 21 when he was shot dead after a confrontation with another motorist.

The increasing number of homicides has ended a steady decline in violent crime that so many large American cities, including Seattle, enjoyed during the past decade. Nationally, the number of murders increased 1.4 percent over the same period in 2005, FBI statistics show.

Seattle, still one of the nation's safest cities, has not been immune to recent crime trends. Although 2006's final statistics weren't yet available, they were expected to show that Seattle's violent crime rate rose, perhaps 1 percent over 2005. In 2005, violent crimes jumped 8 percent over the previous year.

Assaults involving firearms in Seattle, something Seattle police began tracking in 2004, have climbed 37 percent since then through the end of November.

Driving up this year's homicide rate was Kyle Huff's mass shooting at a Capitol Hill home in March that shocked the community. Four months later, another gunman forced his way into the Jewish Federation of Greater Seattle downtown office and shot six people, killing one.

Those slain in Seattle this past year included a man stabbed to death by his sister's estranged husband, and a cabdriver caught in the cross fire when a woman in a brawl began shooting.

The oldest was 60. The youngest was 14. Three were beaten to death. Four were stabbed.

One man was shot by police, and another was killed in self-defense by a man he'd accosted near Westlake Center.

"There's not a pattern," Seattle police Chief Gil Kerlikowske said of Seattle's crime rate. "It's a little bit of everything."

Tavares, 43, was Seattle's first homicide victim in 2006. An artist and musician, Tavares was shot five times with a shotgun, allegedly by a man evicted from the building where Tavares had spent the night.

"I don't think he was crazy," Alma Tavares said of her brother's killer. "He was just mad at everybody. There was no reason to kill."

While some of the increased violence came from a surge in gang activity and some was tied to a more active city nightlife, there was no consistent pattern, Kerlikowske said.

"It wasn't like we could go out and find the one particular group of people that are kind of responsible for this," Kerlikowske said. "It's just this general swing toward increased violence."

Gary Boulden, a Seattle police victim advocate, said the crimes that involved multiple victims were particularly difficult.

"After Capitol Hill, after the Jewish Federation shooting, I'm ready for this year to end," he said.

It was just two years ago that Seattle saw only 24 homicides -- its lowest homicide rate in 40 years.

It didn't last.

"Everybody had decided this problem was solved. A lot of cities feel to their regret that they took their eye off the ball," said David Kennedy, director of the Center for Crime Prevention and Control at John Jay College of Criminal Justice in New York.

He assigns part of the responsibility for the recent increase in violent crime falls on city and federal officials, who fell into a sense of complacency after crime rates dropped during the 1990s.

Mike Urban / P-I

Paramedics aid a victim after a gunman went on a rampage at the Jewish Federation of Greater Seattle on July 28. Pamela Jean Waechter, 58, was killed, and five others were wounded.

Then came 9/11, and the federal government shifted resources from domestic crime fighting, which it had bolstered during crime waves in the 1980s and 1990s, to thwarting terrorism. In addition, local law enforcement budgets shrank and funding dried up for social programs aimed at improving disadvantaged neighborhoods, he said.

What troubles police officials in cities across the country is that the numbers are climbing at all.

"The general trend is the wrong way," Kerlikowske said. "And we're not hearing much of a response from the Justice Department."

But spikes in crime rates, whether up or down, are mostly attributable to groups of young men who are repeat offenders. They often live in the nation's poorest or most dangerous neighborhoods and are a small part of the overall population.

"These guys in these neighborhoods watch each other very carefully. When the streets pick up, these guys and these groups react to that," Kennedy said. "They'll be on edge and they carry weapons more often and they will use them more often. Often they will be acutely more conscious about whether they are respected.

"What that means is there is more violence, and when there is more violence, everybody gets a little more pumped up."

These groups aren't necessarily part of larger, organized street gangs, nor are they necessarily conscious of territory, leadership, or discipline, he said.

"They feed on themselves and when they get going, they can run for a long time unless something acts to interrupt that cycle."

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In Seattle, Kerlikowske said the Police Department has spent time and money to combat the problem, including paying $3 million in overtime pay, the equivalent of placing another 30 officers on the streets.

Shifting assignments and recent hires also boosted the number of patrol officers. "I think we had more boots on the ground," Kerlikowske said.

This allowed commanders of the city's five precincts to focus on hot spots for trouble in their communities.

Even so, the cry for more police officers was never louder than in 2006. The result was a decision by the City Council to hire an additional 31 officers, something Kerlikowske is pleased to see.

"Now, we just have to put them on the street," he said.

The department has 1,277 sworn officers, of whom fewer than 100 are on patrol at any given time.

In 2006, Kerlikowske, like other big-city chiefs, kept up a steady effort to combat gun crime.

In October, the chief joined with several police chiefs nationwide to advocate against a proposed law in Congress that, had it passed, would have prevented the federal Bureau of Alcohol, Tobacco, Firearms and Explosives from disclosing crime gun data to local police departments, which use the information to trace weapons to previous owners, sellers and dealers.

"You can't be just satisfied with arresting the perpetrator of a violent crime and not looking at the instrument," Kerlikowske said.

Just last month, the ATF's Seattle field division opened a data center to track where guns used in local crimes are coming from. Seattle police also hired an analyst to look for patterns in the histories of the firearms used.

"If more guns are showing up in the hands of police that are recovered from a crime, that are sold from one particular location, you want to probe more deeply into that place," Kerlikowske said.

"This was a tough year on this community," he said, adding later, "I don't have a crystal ball for this next year."

But even if the murder rate remains the same, or even drops, one murder is still too many, said Boulden, the victim advocate.

"Every homicide just tears families apart," he said.

GUN DEATHS: THE 21 WHO DIED

In 2006, 29 people died in violent crimes in Seattle. Also, one man was shot to death by police; another man was killed in self-defense. These 21 were killed by gunfire:

Joaquin Tavares, 43, was shot five times with a shotgun Jan. 12 in a building at 3706 Airport Way S. The man accused of killing him was reportedly angry over his eviction from the building, but did not know Tavares. He is awaiting trial for second-degree murder.

Chayta Saechow, 26, died Feb. 2 at 3934 S. Eddy St. Neighbors reported gunfire at the home just after 10 p.m. and officers found Saechow dead inside. The case remains open.

Jeremy Robert Martin, 26; Suzanne Michelle Thorne, 15; Jason Travers, 32; Justin Grant Schwartz, 22; Melissa Lynn Moore, 14, and Christopher M. Williamson, 21, all died March 25, shot to death that morning at a Capitol Hill home where they had gathered after a rave. Gunman Kyle Huff, 25, then shot himself to death.

Francisco R. Green, 23, was shot just after 3 a.m. April 22 on Yesler Way near Occidental Avenue South in what police said was a gang-related shooting. A suspect is awaiting trial on charges of second-degree murder and assault.

Rhys Joseph Poc, 18, was shot and killed by Seattle police shortly after 8 p.m. April 25, after pointing a revolver at officers confronting him on a side street just off Broadway. His death was ruled justified.

Michael S. Phillips, 47, died May 30 after being shot multiple times as he sat in his SUV in the 900 block of 22nd Avenue South near Judkins Park in the Central District. The suspect is being held in Youth Detention Services awaiting trial for second-degree murder. He reportedly had intended to buy drugs from Phillips.

Brandon Jeremy Clement, 24, was shot once in the chest June 3 and found dead on Eighth Avenue South in the International District. No arrests.

Hugo Rabanales-Aguilar, 21, was shot June 16 in the 1700 block of 14th Avenue South. No arrests.

Juan Hernandez Alba, 40, was found just before midnight June 26, shot to death at 14th Avenue South and South Donovan Street. The case remains open.

Berhane F. Haile, 39, a taxi driver, was shot in the neck and killed about 2:30 a.m. July 12 in the 400 block of 12th Avenue. A woman involved in a nearby melee had pulled out a gun and began shooting, striking Haile and one other man, who was wounded. The case remains open.

Pamela Jean Waechter, 58, was shot and killed July 28 when Naveed Haq allegedly forced his way into the Jewish Federation of Greater Seattle building on Third Avenue and began shooting, wounding five other women. He is awaiting trial for murder, attempted murder, burglary, kidnapping and malicious harassment.

DOJ_NMG_0111067

Edward Michael Costello Jr., 60, died Aug. 16 when he was shot multiple times in a parked car on Port of Seattle property under the West Seattle bridge. No arrests.

Justice DeShaun White, 25, died Aug. 31 after being shot multiple times as he sat in a parked car about 2 a.m. in the 300 block of East Harrison Street. No arrests.

Jared Leroy Dahl-Lee, 26, was driving along Rainier Avenue South on Sept. 21 when he was shot after a confrontation with another motorist. No arrests.

Daniel Allen Cullotti, 25, was shot to death Oct. 7 by a 52-year-old man he attacked near Fourth Avenue and Pine Street. Investigators found the gunman had acted in self-defense.

Robert N. Samson, 53, was found shot in front of his West Seattle home Dec. 11. Police later arrested a 24-year-old Skyway man they believe stole marijuana from Samson, then shot him. The suspect is awaiting trial for first-degree murder.

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Washington Region's Homicides Fall Sharply (WP)

By Allison Klein, Washington Post Staff Writer

The Washington Post, January 1, 2007

Local Decline Defies National Upswing

Homicides dropped sharply in the Washington region in 2006, with the District reaching a 21-year low and Prince George's County showing a significant decrease after an alarming year of bloodshed.

The District recorded 167 killings -- a 15 percent drop from the 196 slayings in 2005. Prince George's had 134 killings last year, compared with a record 169 in 2005.

Overall, 417 homicides occurred in the Washington area last year, down by about 10 percent from 2005, when there were 462 killings. About half of the cases have been solved.

The decline comes as violence rises nationwide. Reports of homicides, assaults and other violent offenses rose by nearly 4 percent in the first six months of 2006, compared with the same period in 2005, according to a recent FBI report.

Crime analysts said the Washington area's drop most likely is tied to a variety of factors, including economic gentrification, population shifts, more effective policing strategies and the jailing of violent predators. They also warned that crime is still quite high in some parts of the region.

The national rate of killings for mid-size cities the size of Washington is about 14 per 100,000 people, according to FBI statistics. The rates of the region's urban areas are higher: 29 per 100,000 in the District and 15 per 100,000 in Prince George's.

"It's always good news when it's down," said Brian Forst, a professor of criminal justice at American University. "But down from very high does not mean low."

A Washington Post count combines preliminary statistics from municipal, state and county police departments within the boundaries of a county. The totals showed 202 homicides in eight Maryland counties, down from 217 the previous year, and 48 in five Virginia jurisdictions, down from 49 in 2005. The District had 196 homicides in 2005.

Last year marked the third consecutive year that the District has recorded fewer than 200 homicides -- a far cry from the bloodshed of the late 1980s and early 1990s, during the crack cocaine epidemic; in 1991, the city had 489 killings. The number of homicides last year is the second lowest since 1966.

"For a change, we're going against the trend in a positive way," said Charles H. Ramsey, who stepped down last week after nearly nine years as D.C. police chief.

Ramsey attributed some of the drop to better officer deployment, the meticulous tracking of crime and the department's efforts to keep closer tabs on ex-offenders.

Eric H. Holder Jr., a former U.S. attorney who became second in command at the Justice Department, said some of the community-based programs that were launched in the District in the 1990s are paying dividends.

"It's the notion that you get men involved in the lives of their kids, that you have after-school activities, that you work on the kinds of things that tend to breed crime -- poor educational systems, a lack of jobs," said Holder, now a lawyer in private practice. "You've got to be smart when you fight crime, not only tough."

Others pointed out that demographics are working in favor of cutting crime in the District and Prince George's. In the District, the number of men 18 to 24 -- the cohort responsible for a large proportion of crime -- dropped by 51 percent between 2000 and 2005, according to census data. In Prince George's, the number dropped by 3 percent in the same period, the data show.

Chuck Wexler, executive director of the Police Executive Research Forum, said Ramsey's declaration of a "crime emergency" in the summer also had a significant effect. The move gave Ramsey the authority to shift officers' schedules when homicides and robberies were surging. Soon after that, the numbers went down.

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The city got more than $10 million for overtime patrols, put up neighborhood surveillance cameras and installed in some areas technology that senses gunfire and sends a signal to police.

"They put a substantial amount of resources into that and turned it around," Wexler said.

He also suggested that a drop in killings in Prince George's was inevitable because the county had a record high the previous year. The 2006 numbers are closer to what the county recorded in 2003, when 128 people were slain.

"It wouldn't be fair to say that's not progress, but it was so high in 2005, it had to come down the next year," Wexler said.

Prince George's Police Chief Melvin C. High had a much different take: "We're seeing the fruits of groundwork we laid more than a year ago with a series of crime-fighting initiatives. With our decrease in crime, county residents know we're a safer community and that crime is trending counter to a nationwide surge reported by the FBI."

Those efforts included targeting high-crime areas, deploying specialized teams and making key arrests, High said.

Other categories of crime also dropped in the District and Prince George's. Robberies dropped by 5 percent, assaults were down slightly and car thefts fell by 9 percent in the District. In Prince George's, carjackings were down by about 40 percent.

More than two-thirds of the region's homicides last year took place in the District and Prince George's, reflecting longstanding patterns. Police in other jurisdictions typically spend much of their time dealing with less serious violent crimes and property offenses.

The District's totals were the lowest since 1985, when 147 homicides were recorded. About 23 of the 167 killings were drug-related, and the same number stemmed from robberies, police said. Arguments led to at least 42 homicides, and the others were tied to retaliation, domestic disputes, gang rivalries and other motivations.

The District's victims included 17-year-old Cynthia Gray, gunned down in August after sheltering her baby godson from bullets on a Southeast Washington street; Alan Senitt, 27, an aspiring politician who was fatally stabbed in July during a robbery in Georgetown; and Chris Crowder, 44, a community activist who used a wheelchair and was shot in July in a park near the Washington Convention Center.

Many of the homicides in Prince George's involved young men who were shot in communities inside the Capital Beltway. Several killings of young Latino men also occurred in the Langley Park and Hyattsville areas, and some of those are believed to have been committed by members of the Mara Salvatrucha gang, known as MS-13, police said.

In Montgomery County, 20 homicides occurred in 2006, up from 19 the previous year. Nearly half of those killings were domestic incidents, police said. Authorities there also said they are dealing with gang crime and noted that at least three of the year's slayings involved gang members.

The biggest jump in homicides in Maryland was in Anne Arundel County, with 26 killings, compared with 16 in 2005. The victims there included talent agent Richard Preston Shaw, 56, shot inside his Hanover business in July; dentist Albert Woonho Ro, 51, who died of blunt force trauma in his Glen Burnie office in September; and Jay Steven Fayne, 52, owner of a loan business, fatally shot at his Severna Park home in October. The three cases remain unsolved.

In Virginia, Prince William County reported 15 killings, up from 13 in 2005. Police there have noted an increase in street robberies against Hispanics. In September, two day laborers -- one black, one Hispanic -- were killed nine days apart. One was Gordon Harris, 49, who had been a day laborer for two decades; the other was Serafin Alvarez Negrete, 32, who had come from Mexico a year earlier.

Loudoun and Arlington counties remained about steady with four homicides each, and Alexandria had five. Alexandria's cases included the February shooting of Aaron Brown, 18, by an off-duty city police officer outside a pancake house. Prosecutors determined that the officer acted in self-defense when he fired six shots at a moving Jeep, one of which struck Brown, a first-year student at Northern Virginia Community College.

Slayings in Fairfax County dipped from 23 to 20. But Fairfax had one of the region's most shocking crimes: In May, two police officers were shot to death in the line of duty, a first for the county. Detective Vicky O. Armel and Officer Michael E. Garbarino were slain outside the Sully District station by Michael W. Kennedy. Kennedy, 18, was then killed by other officers.

Still, with a population of more than 1 million, Fairfax maintained one of the lowest homicide rates in the country among large jurisdictions -- two per 100,000 residents.

Staff writers Ruben Castaneda, Tom Jackman, Jennifer Lenhart, Ernesto LondoÃ±o, Raymond McCaffrey, Dan Morse, Amit R. Paley, Candace Rondeaux, Jamie Stockwell and Theresa Vargas and staff researcher Karl Evanzz contributed to this report.

Where's The Outrage Over Black-on-black Killings? (USAT)

By Dewayne Wickham

USA Today, January 2, 2007

DOJ_NMG_0111069

BALTIMORE — A couple of days before Christmas, I phoned Patricia West, an old friend I hadn't spoken to in years. It was a call I didn't want to make — the kind of call no one should ever have to place.

It was a brief conversation, a few minutes of aimless chatter that quickly went from awkward laughter to muffled crying. I called her to say how devastated I was to hear that her son had been killed. His death was reported in the final paragraph of a short crime story in The (Baltimore) Sun that gave the bare facts of his demise.

"The other homicide victim, Kevin West, 39, of the 9000 block of Meadow Heights Road in Randallstown, was found fatally shot shortly after 8 a.m. Saturday by officers investigating reported gunfire in the 2800 block of Virginia Ave., police said."

Kevin West's murder was the 260th homicide this year in Baltimore — a city in which virtually all of the murder victims and those arrested for murder are black. On the same day that he was gunned down, tens of thousands of demonstrators marched down Fifth Avenue in New York to protest the Nov. 25 killing of another black man. Sean Bell was felled by a hail of police gunfire moments after he and two friends left his bachelor party early on the morning of the day he was to have been married.

Just why the cops fired on the unarmed men is unclear. Bell's death drew the scorn of civil rights leaders and black activists, many of whom took part in the march. West's killing has generated no such attention.

And that makes me made as hell.

As troubling as it is that Bell's life might have been cut short by the unlawful actions of some rogue cops, it bothers me more that most of this nation's black murder victims are killed by other blacks. And despite this chilling fact, nowhere have tens of thousands of people taken to the streets recently to protest this carnage. Not in New York, or Baltimore, or Atlanta, or Detroit, or Chicago. Nowhere.

Of the country's 14,860 homicide victims in 2005, 7,125 were black, according to the FBI's Uniform Crime Report. And of the 3,289 cases that year in which a single black was killed by a single assailant, the FBI says, 91% of the killers were black.

Let me put this another way: The number of blacks killed in 2005 in this one homicide category alone approaches the total of all the blacks lynched in this country from 1882 to 1968, according to records maintained by Tuskegee University.

So why aren't black leaders taking up this fight? Why do so many turn out to decry the death of one black man at the hands of some cops, but no mass rallies take on the deaths of thousands of blacks who are slaughtered by other blacks?

"I think it's because we know it's our fault, and we're constantly looking for someone else to blame," says Baltimore City Police Commissioner Leonard Hamm, who, like me, grew up in Cherry Hill, a poor black neighborhood on the city's south side.

Hamm says most black leaders are afraid to address this issue, afraid to confront the apathy, fear and indifference that allow many poor black neighborhoods to become killing fields.

He could be right.

But whatever the reason, it's time for black leaders — activists, preachers, educators, politicians, business and community leaders — to say enough is enough.

It's time for them to be as aggressive, and as demanding, in combating the black murder rate as they are in fighting for an increase in minimum wage or an expansion in health care.

The ripple effects of black-on-black killings have turned many inner city neighborhoods into urban wastelands, chased businesses from those communities, fueled a growth in other crimes and sapped the resources of local governments.

As mad as black folks have a right to be over the killing of Sean Bell, we ought to be angry over the failure of black leaders to be equally outraged over the murder of Kevin West — and the thousands of blacks who are killed each year by other blacks.

DeWayne Wickham writes weekly for USA TODAY.

The Private Arm Of The Law (WP)

By Amy Goldstein

The Washington Post, January 2, 2007

RALEIGH, N.C. -- Kevin Watt crouched down to search the rusted Cadillac he had stopped for cruising the parking lot of a Raleigh apartment complex with a broken light. He pulled out two open Bud Light cans, an empty Corona bottle, rolling papers, a knife, a hammer, a stereo speaker, and a car radio with wires sprouting out.

"Who's this belong to, man?" Watt asked the six young Latino men he had frisked and lined up behind the car. Five were too young to drink. None had a driver's license. One had under his hooded sweat shirt the tattoo of a Hispanic gang across his back.

A gang initiation, Watt thought.

With the sleeve patch on his black shirt, the 9mm gun on his hip and the blue light on his patrol car, he looked like an ordinary police officer as he stopped the car on a Friday night last month. Watt works, though, for a business called Capitol Special Police. It is one of dozens of private security companies given police powers by the state of North Carolina -- and part of a pattern across the United States in which public safety is shifting into private hands.

Private firms with outright police powers have been proliferating in some places -- and trying to expand their terrain. The "company police agencies," as businesses such as Capitol Special Police are called here, are lobbying the state legislature to broaden their jurisdiction, currently limited to the private property of those who hire them, to adjacent streets. Elsewhere -- including wealthy gated communities in South Florida and the Tri-Rail commuter trains between Miami and West Palm Beach -- private security patrols without police authority carry weapons, sometimes dress like SWAT teams and make citizen's arrests.

Private security guards have outnumbered police officers since the 1980s, predating the heightened concern about security brought on by the Sept. 11, 2001, attacks. What is new is that police forces, including the Durham Police Department here in North Carolina's Research Triangle, are increasingly turning to private companies for help. Moreover, private-sector security is expanding into spheres -- complex criminal investigations and patrols of downtown districts and residential neighborhoods -- that used to be the province of law enforcement agencies alone.

The more than 1 million contract security officers, and an equal number of guards estimated to work directly for U.S. corporations, dwarf the nearly 700,000 sworn law enforcement officers in the United States. The enormous Wackenhut Corp. guards the Liberty Bell in Philadelphia and screens visitors to the Statue of Liberty.

"You can see the public police becoming like the public health system," said Thomas M. Seamon, a former deputy police commissioner for Philadelphia who is president of Hallcrest Systems Inc., a leading security consultant. "It's basically, the government provides a certain base level. If you want more than that, you pay for it yourself."

The trend is triggering debate over whether the privatization of public safety is wise. Some police and many security officials say communities benefit from the extra eyes and ears. Yet civil libertarians, academics, tenants rights organizations and even a trade group that represents the nation's large security firms say some private security officers are not adequately trained or regulated. Ten states in the South and West do not regulate them at all.

Some warn, too, that the constitutional safeguards that cover police questioning and searches do not apply in the private sector. In Boston, tenants groups have complained that "special police," hired by property managers to keep low-income apartment complexes orderly, were overstepping their bounds, arresting young men who lived there for trespassing.

In 2005, three of the private officers were charged with assault after they approached a man talking on a cellphone outside his front door. They asked for identification and, when he refused, followed him inside and beat him in front of his wife and three children.

Lisa Thurau-Gray, director of the Juvenile Justice Center at Suffolk University Law School in Boston, said private police "are focusing on the priority of their employer, rather than the priority of public safety and individual rights." But Boston police Sgt. Raymond Mosher, who oversees licensing of special police, says such instances are rare.

Private police officers "do some tremendously good things," Mosher said, recalling one who chased down a teenager running with a loaded gun.

In Durham, after shootings on city buses, the transit authority hired Wackenhut Corp. police to work in the main terminal in tandem with city police officers stationed on buses.

"There is a limit to the amount of law enforcement you can expect taxpayers to support," said Ron Hodge, Durham's deputy police chief, who said some of his requests for additional officers have been turned down in recent years. Although, as in most cities, some Durham police work privately while they are off-duty, Hodge said the demand for off-duty police outstrips the supply.

In one of the country's most ambitious collaborations, the Minneapolis Police Department three years ago started a project called "SafeZone" with private security officers downtown, estimated to outnumber the police there 13 to 1. Target Corp. and other local companies paid for a wireless video camera system in downtown office buildings that is shared with the police. The police department created a shared radio frequency. So far, the department has trained 600 security officers on elements of an arrest, how to write incident reports and how to testify in court.

When a bank was robbed in the fall, a police dispatcher broadcast the suspect's description over the radio. Within five minutes, a security officer spotted the man, bag of cash in hand, and helped arrest him.

Private police officers work across the Washington area, although their numbers have not been growing sharply. According to the D.C. police department, any private security employee who is armed must be licensed as a "special police" officer with arrest powers; the city has more than 4,000 of them, including at universities and some hospitals. Maryland and Virginia, which have different criteria, each have several hundred private police, according to law enforcement and regulatory officials.

In Virginia, the Wintergreen Resort has a private police department with 11 sworn officers. They include an investigator who last year helped solve a string of break-ins along the Appalachian Trail, identifying the burglar with images from the department's video camera when he drove out of the resort with a stolen car.

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The Virginia Department of Criminal Justice Services is also trying to foster closer ties between security companies without police powers and the police and sheriff's departments. The agency has begun training and certifying "Private Crime Prevention Practitioners" and soon plans to send security companies e-mails with unclassified homeland security threats and crime alerts.

Maryland has no similar collaboration, according to the Maryland State Police, which licenses security officers. The District is strengthening its supervision of security and private police, with new requirements for training and background checks having been adopted by the D.C. Council.

Some of the most sophisticated private security operations have expanded in part because of shrinking local and federal resources. The nation's largest bank, Bank of America, hired Chris Swecker as its corporate security executive last year when he retired as assistant director of the FBI. Even as identity theft and other fraud schemes have been booming, Swecker said, fewer federal investigators are devoted to solving such crimes, and many U.S. attorney's offices will not prosecute them unless their value reaches $100,000.

As a result, he said, federal officials now ask the bank's own investigators to do the work, including a three-year probe that helped police and the FBI piece together an identity-theft ring that defrauded 800 bank customers of $11 million.

In North Carolina, the state Department of Justice requires company police to go through the same basic training as public officers. They have full police powers on the property they are hired to protect.

Capitol Special Police's owner, Roy G. Taylor, was chief of three small nearby police departments and held state law enforcement jobs before starting the company in 2002. As Hispanic gangs were increasing, he said, "I saw a niche." The company has eight officers, some of whom are part time while working for area police departments.

They have used batons and pepper spray but have not fired a service weapon, Taylor said. Once, in an apartment complex where they worked in nearby Carrboro, Capt. Nicole Howard, Taylor's wife, dressed in plain clothes to attract a convicted rapist who had been peering in windows and stalking women. Then she arrested him for trespassing.

Today, charging $35 per hour, the firm has contracts with four apartment complexes, a bowling alley, two shopping centers and a pair of private nightclubs. A few weeks ago, two of the Taylors' employees, Capt. Kenny Mangum and Officer Matt Saylors, walked over to a car at the nightclub Black Tie to warn the men inside not to loiter in the parking lot. Catching a whiff of marijuana, they found seven rocks of crack cocaine in the ashtray and two handguns under the seat of the driver, who was a convicted felon. They called the Raleigh police to handle the arrest.

Because they are part of a private company, Taylor and his officers are mindful that customers are billed for the time they spend testifying in court.

"I try to make arrests only when absolutely necessary," said Watt, the officer who stopped the six men with the open beer cans. The company's marked patrol cars, he said, do not have radios to call for backup help or computers to check immediately for outstanding warrants or criminal records.

After satisfying himself that the six young men, lined up nervously and shivering in the cold night air, had no drugs, Watt let them go.

CIVIL RIGHTS:

High Cost Of Housing Suit (BSUN)

By Eric Siegel, Sun Reporter

The Baltimore Sun, January 2, 2007

City, HUD agree to pay $300,000 in legal fees in civil rights case

The city and the federal government have agreed to pay nearly $300,000 to lawyers representing black Baltimore public housing residents - the latest installment of legal fees in a long-running civil rights case.

The payments - $236,744 from the city and $53,427 from the federal government - are being made to the American Civil Liberties Union of Maryland and the private firm of Brown, Goldstein & Levy for monitoring a partial consent decree in the case during a two-year period from July 1, 2002, through June 30, 2004, according to court documents.

City officials say this bill brings the total they have paid out in the case to the ACLU, Brown, Goldstein & Levy and another private firm no longer involved in the case to $1.5 million.

In addition, officials say they have paid $5.1 million since 1998 to the local firm of Whiteford, Taylor & Preston to defend the city against allegations of discrimination.

A spokesman for the Justice Department could not say how much the federal government has paid to plaintiffs' lawyers in the case, but court records indicate it is about $500,000. The Justice Department has used lawyers from its civil division to represent the U.S. Department of Housing and Urban Development.

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"It's almost unfathomable that you could spend that much money and not produce one housing unit," city Housing Commissioner Paul T. Graziano said of the money the city has paid to lawyers in the case. "It's also disturbing that it will continue indefinitely."

Graziano said the city could have created 40 new affordable housing units or renovated and made disabled-accessible 100 apartments for the money it has spent in legal fees in the case.

But Andrew D. Freeman, an attorney for Brown, Goldstein & Levy, said the fees paid to lawyers for public housing residents was necessitated by the city's lethargy in complying with the terms of the partial consent decree that was negotiated in 1996.

Under the terms of the decree that allowed the old family public housing high-rises to be redeveloped as mixed-income communities, the city and the federal government agreed to provide some 2,200 units for public housing residents in mostly white middle-class areas of the city and the suburbs by the end of 2002.

By that time, however, just 68 units had been provided, Freeman said. As of this past summer, about 800 units had been provided through a combination of special housing vouchers and renovated construction - "still a long way short," Freeman said.

"If the city had spent that much money to comply with the partial consent decree, there wouldn't be the need for all the lawyers," Freeman said.

Federal law allows plaintiffs who prevail in civil rights cases against government entities to recover legal fees and expenses. Plaintiffs are generally considered to have prevailed in cases in which consent decrees are negotiated, even if there are no admissions of wrongdoing by the government.

The legal fees stem from a lawsuit filed in January 1995 by the ACLU on behalf of black city public housing residents against the city, its public housing agency and HUD.

The lawsuit charged that the city and the federal government had unlawfully perpetuated the segregated system of public housing they had set up in the 1930s and 1940s. The suit alleged that their failure had consigned public housing residents to live in the city's most distressed neighborhoods.

In January 2005, U.S. District Court Judge Marvin J. Garbis ruled that HUD had violated fair housing laws by not taking a regional approach to provide opportunities for black public housing residents to live outside poor, segregated neighborhoods.

Garbis absolved the city and its housing authority of wrongdoing.

In March, Garbis heard two weeks of testimony in the second phase of the trial designed to craft a remedy for HUD's violation.

Lawyers for public housing residents asked Garbis to order the federal housing agency to provide 6,750 special housing vouchers and new and rehabilitated units over 10 years, mostly in well-off suburbs of the city. Lawyers for HUD countered that Garbis did not have the authority to order the creation of new housing and said the plaintiffs' proposal was "plagued with problems."

Garbis, who heard both phases of the trial without a jury, has yet to issue a remedy ruling.

Freeman said he expects HUD to appeal any remedy ruling by Garbis - as well as his finding of liability - to the U.S. 4th Circuit Court of Appeals.

If Garbis' decisions are upheld, the ACLU and Freeman's firm could ask the court to order the federal government to pay legal fees for the trial phases of the case as well as the monitoring of the consent decree.

Asked how much those fees might be, Freeman said: "A lot."

"Everything about this case has been strenuously contested by the United States and required a lot of legal work to overcome," Freeman said.

In addition to the nearly $300,000 that is being paid in the latest installment of fees, lawyers for public housing residents are seeking $170,688 from the city and federal government related to the enforcement of the partial consent decree, according to documents filed last month.

The documents also say that payments to lawyers for public housing residents for monitoring the partial consent decree will be at rates of at least $337.50 an hour for lawyers and $110 an hour for paralegals.

In a 2001 decision granting initial payment of legal fees to lawyers for public housing residents, U.S. Magistrate Judge Paul W. Grimm acknowledged that the "requirement to pay a substantial attorney's fee award means that the funds must come from other agencies and programs."

But he added that "without the ability to award attorney's fees to parties that successfully have brought civil rights litigation against government agencies, these lawsuits simply will not be filed, and illegal discrimination will not be exposed and stopped."

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Chino Prison Remains Locked Down (LAT)

By Joe Mozingo, Times Staff Writer.

The Los Angeles Times, January 2, 2007

Officials assess security after a brawl involving 200 inmates leaves seven hospitalized. The racial riot doesn't appear to be gang related.

The weekend riot at Chino state prison erupted after two inmates — a Latino and an African American — began fighting in a recreation yard, and others, watching from surrounding dormitories, followed suit, clashing along racial lines that have racked the state prison system for decades, prison officials said Sunday.

About 200 inmates took part in the 90-minute riot Saturday morning, out of the more than 1,000 inmates housed in the dorms where the fighting occurred, said prison spokesman Lt. Mark Hargrove.

"We believe it was just a spontaneous thing that occurred after the fight on the yard," he said. The prison, on 2,500 acres of land abutting the Chino Hills in Riverside County, remained on lockdown Sunday as officials assessed security.

Investigators have no information that the Mexican Mafia prison gang was behind the attack, or that it was meant to precipitate a race war in the prison system, Hargrove said. Wardens across the state were told to monitor activities closely, but only Chino was locked down.

Of the 27 inmates taken to hospitals Saturday, 20 were released back to Chino. The prisoner thought to be the most seriously injured suffered a stab wound, a broken jaw and a laceration to the head, and was recovering in the prison hospital.

Corrections officials said they had cleaned up much of the mess by Sunday. A majority of the windows in the five dorms were shattered, Hargrove said.

"They were throwing shards of glass," he said.

Guards also discovered that inmates had fashioned six weapons from the glass — pointed pieces partially wrapped in cloth for a handle.

Experts have warned that the severe overcrowding in the state's prison system heightens the racial tensions. Built in 1941 for 3,160 inmates, the California Institute for Men in Chino now holds more than twice that.

The medium-security facility where the riot occurred — Reception Center West — has 1,381 prisoners in five dormitories.

Hargrove said prisoners are not normally separated by race in that facility — except after a riot like Saturday's. The facility is 27% black, 31% white, 39% Latino.

Of the 27 injured, 24 were African American, including all seven of those still hospitalized.

Officials said the riot did not have the markings of prison gang activity, particularly since it occurred during visiting hours. "That's how they get their contraband," Hargrove said. "They don't disrupt visiting hours."

Racial violence has beset the California prison system since the 1970s, when gangs like the Mexican Mafia, the Black Guerrilla Family and the Aryan Brotherhood fought for power. Last month in Chino, officers put down a fight between 60 black and Latino inmates in an eating area.

In September 2005, a clash between 270 black and Latino prisoners there left one critically injured. That January, a guard was stabbed to death.

In recent years, racial fighting has also erupted in the Los Angeles County jail system. In February, more than 2,000 inmates at the Pitchess Detention Center in Castaic went on a rampage that left one dead and 50 injured. A black inmate was killed in Men's Central Jail downtown in a racially motivated fight the next week.

And at Pitchess in July, 16 inmates received minor injuries in two brief fights between 1,600 black and Latino inmates.

Gov. Arnold Schwarzenegger has proposed spending $10.9 billion to add 78,000 beds to state prisons and county jails.

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Second Thoughts On Gays In The Military (NYT)

By JOHN M. SHALIKASHVILI

The New York Times, January 2, 2007

TWO weeks ago, President Bush called for a long-term plan to increase the size of the armed forces. As our leaders consider various options for carrying out Mr. Bush's vision, one issue likely to generate fierce debate is "don't ask, don't tell," the policy that bars openly gay service members from the military. Indeed, leaders in the new Congress are planning to re-introduce a bill to repeal the policy next year.

As was the case in 1993 — the last time the American people thoroughly debated the question of whether openly gay men and lesbians should serve in the military — the issue will give rise to passionate feelings on both sides. The debate must be conducted with sensitivity, but it must also consider the evidence that has emerged over the last 14 years.

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When I was chairman of the Joint Chiefs of Staff, I supported the current policy because I believed that implementing a change in the rules at that time would have been too burdensome for our troops and commanders. I still believe that to have been true. The concern among many in the military was that given the longstanding view that homosexuality was incompatible with service, letting people who were openly gay serve would lower morale, harm recruitment and undermine unit cohesion.

In the early 1990s, large numbers of military personnel were opposed to letting openly gay men and lesbians serve. President Bill Clinton, who promised to lift the ban during his campaign, was overwhelmed by the strength of the opposition, which threatened to overturn any executive action he might take. The compromise that came to be known as "don't ask, don't tell" was thus a useful speed bump that allowed temperatures to cool for a period of time while the culture continued to evolve.

The question before us now is whether enough time has gone by to give this policy serious reconsideration. Much evidence suggests that it has.

Last year I held a number of meetings with gay soldiers and marines, including some with combat experience in Iraq, and an openly gay senior sailor who was serving effectively as a member of a nuclear submarine crew. These conversations showed me just how much the military has changed, and that gays and lesbians can be accepted by their peers.

This perception is supported by a new Zogby poll of more than 500 service members returning from Afghanistan and Iraq, three quarters of whom said they were comfortable interacting with gay people. And 24 foreign nations, including Israel, Britain and other allies in the fight against terrorism, let gays serve openly, with none reporting morale or recruitment problems.

I now believe that if gay men and lesbians served openly in the United States military, they would not undermine the efficacy of the armed forces. Our military has been stretched thin by our deployments in the Middle East, and we must welcome the service of any American who is willing and able to do the job.

But if America is ready for a military policy of nondiscrimination based on sexual orientation, the timing of the change should be carefully considered. As the 110th Congress opens for business, some of its most urgent priorities, like developing a more effective strategy in Iraq, share widespread support that spans political affiliations. Addressing such issues could help heal the divisions that cleave our country. Fighting early in this Congress to lift the ban on openly gay service members is not likely to add to that healing, and it risks alienating people whose support is needed to get this country on the right track.

By taking a measured, prudent approach to change, political and military leaders can focus on solving the nation's most pressing problems while remaining genuinely open to the eventual and inevitable lifting of the ban. When that day comes, gay men and lesbians will no longer have to conceal who they are, and the military will no longer need to sacrifice those whose service it cannot afford to lose.

Finding The Source (WP)

The Washington Post, January 2, 2007

IT SEEMS AS though the midterm elections were held longer ago than November. So it's understandable -- particularly with the start of a new year -- that there is a tendency to want to move on. But it would be wrong to let such impatience decide the case of the disputed election for Florida's 13th Congressional District seat.

A mere 369 votes decided the race in favor of Republican Vern Buchanan, but there was an unusually high number of undervotes, or instances in which no vote was recorded. Reviews thus far suggest a poorly designed ballot as one possible culprit, but there also were troubling voter reports of machine malfunctions. While post-election tests revealed no equipment problems, there has been no definitive finding, and suspicions have arisen about this hotly contested race. It's also fast become part of the national debate on whether electronic voting can be trusted.

Christine Jennings, the losing Democratic candidate, and a group of Florida voters went to court with a simple request that could have cleared up the mystery. They sought access to the voting machines' "source code" so that an outside expert could conduct an independent review under strict conditions set by a court monitor. Unfortunately, a Florida judge denied the request last week, partly because the information is proprietary.

More than a winning commercial formula is at stake here. Hopefully the appeals court will see that the public good would be well served by getting to the bottom of this case. If not, the dispute is headed for what probably will be a very ugly -- and ultimately unsatisfying -- outcome in the House of Representatives.

ANTITRUST:

AT& T-BellSouth Deal Called 'Breakthrough' For Consumers (USAT)

By Leslie Cauley

USA Today, January 2, 2007

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The Federal Communications Commission's handling of the $85 billion AT&T-BellSouth merger sets a "new baseline" for protecting the interests of consumers, FCC Commissioner Jonathan Adelstein said in an interview over the weekend.

The FCC's approval of the merger on Friday allowed the deal to close immediately. To secure the FCC's blessing, AT&T agreed to a list of consumer-friendly concessions. Among them: For the next 30 months, AT&T agreed to sell "naked" DSL — meaning consumers don't have to buy any other service from AT&T to get the DSL service — for just $19.95 a month. That's less than half the $44.95 that AT&T now charges.

AT&T also agreed to a "net neutrality" provision that will require the company to treat all broadband services, its own as well as rivals', equally for the next two years. That means AT&T can't favor its own traffic, in terms of transmission speed and quality.

In addition, AT&T agreed to sell some unused wireless spectrum. That could enable a new rival to enter the market, creating more options for consumers.

Adelstein called the settlement a "breakthrough" for consumers in that it establishes a new standard of behavior for the USA's communications giants. Big companies such as AT&T and Comcast "have told the FCC that they can't live with a net neutrality provision in place," Adelstein said. "They can."

The fact that AT&T agreed to such an aggressive net neutrality clause proves that, he said.

Though the settlement applies only to AT&T, other companies will be hard-pressed to ignore it, says Gene Kimmelman, public policy director of Consumers Union. "There will be enormous scrutiny of any company that does not live by these standards."

The concession on naked DSL is significant, Kimmelman says, because it will permit consumers to buy DSL and phone services from different companies without being financially penalized. Right now, he notes, AT&T charges as much for naked DSL as it does for DSL and phone combined.

The terms of the settlement were opposed by FCC Chairman Kevin Martin. A Republican, Martin had favored approving the deal with no conditions. He was joined by the FCC's other Republican, setting up a 2-2 deadlock with Adelstein and the other Democratic commissioner, Michael Copps.

The lesson? "If you hang tough and stand up for consumers, you can win," Adelstein says.

Martin had initially hoped to break the FCC's 2-2 deadlock by securing the vote of Robert McDowell, the FCC's third Republican. McDowell had essentially recused himself from voting because a trade group he used to work for had opposed the merger. But that plan ran aground last month when McDowell, freed up to vote by the FCC's general counsel, refused to vote, citing the same ethics conflict.

Adelstein, who was criticized by AT&T for holding up the transaction, says he would have been willing to give AT&T "the exact same deal" a month earlier, if AT&T had offered it. Instead, AT&T declared an impasse and pinned its hopes on a McDowell vote.

The final terms of the $85 billion transaction, the largest telecommunications deal in U.S. history, underscored the key role of the FCC. The agency is charged by Congress with looking out for the interests of consumers, Adelstein noted.

He says companies that approach the FCC in the future looking for merger approvals should keep in mind that "our job is to look out for the public interest, not the interests of the companies we oversee."

Net Discrimination (WSJ)

The Wall Street Journal, January 2, 2007

The two Democrats on the Federal Communications Commission finally let the AT&T-BellSouth merger proceed last week, though not without some major political rent-seeking. AT&T CEO Edward Whitacre had to agree to follow "Net neutrality" mandates for two years -- after having once said that such a policy would be "nuts."

He was right the first time. But that's a matter between him and his shareholders, and perhaps Mr. Whitacre anticipates that after two years he will be able to return to charging market prices for the use of his broadband pipeline. He'd better hope that the policy precedent set by his merger concession doesn't become a battering ram for Congress to make Net neutrality permanent. In the meantime, he gets full control of Cingular Wireless, which is where much of the telecom action now is.

The more important question in this episode is political: Have we been watching a return of the Old Democratic habit of using rhetoric about "equity" and "justice" as a front for carrying water for certain business interests over others?

Net neutrality travels under the euphemism of "nondiscrimination," which sounds very nice. But what it really means in practice is that the government dictates what AT&T and other Internet access companies can charge users of their pipelines. So there's "discrimination," all right -- against the companies that have invested billions to lay that pipe.

The beneficiaries of this discrimination are Google, Microsoft, Yahoo and other very rich Web businesses, which have loaded up on Beltway lobbyists to have these mandates imposed. Democrats are taking the PAC money and running

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interference. The Democratic Commissioners -- Jonathan Adelstein and Michael Copps -- were able to extort this concession from AT&T because one of the three GOP Commissioners recused himself from voting on the merger under pressure from Democrats on Capitol Hill. It was a nasty game of bad cop-worse cop, and it is probably a portent of things to come.

The one thing no one should be deceived about is that this ambush has anything to do with "consumers." Internet users will benefit most from the rapid rollout of broadband, which requires letting companies get a return on their investment. Net neutrality is all about imposing price controls that shake down one corporate player for the benefit of another.

Franchise Freedom (WSJ)

The Wall Street Journal, January 2, 2007

And speaking of the FCC (see above), we think it deserves full marks for its ruling last month that will make it easier for phone companies to enter the cable television business. The usual suspects are crying foul, but this is a decision that really will help millions of consumers who are currently paying cable rates dictated by anticompetitive video franchise agreements.

For decades the incumbent cable TV providers enjoyed a virtual monopoly in most markets. Of late, the Bells have been attempting to crash this party with their own video offerings, but they're facing all kinds of barriers to entry. At the behest of the cable industry, county commissions, city governments and other so-called local franchising authorities have slow-rolled approval or made unrelated demands -- such as the construction of a public swimming pool, parking garage or in-kind cash payments -- a condition for allowing phone companies to offer cable.

With some 30,000 local communities out there for the Bells to win over, all this nickel-and-diming adds up. So do all the delays. Verizon reports that, of its franchise negotiations currently pending, more than half have been ongoing for at least 18 months and more than 80% have lasted at least a year.

The FCC's action is an attempt to streamline this process and eliminate the shake-downs that municipalities have been using to circumvent the 5% franchise fee cap. Under the new rules, states and local authorities must complete negotiations within 90 days. They also won't be allowed to impose "unreasonable" build-out requirements, such as demanding that phone companies offer their services everywhere that cable firms do within months of being granted a franchise agreement. We'd just as soon see such requirements scrapped altogether -- after all, the Bells are entering a competitive market with no guarantee of success -- but this is a step in the right direction.

In places where traditional cable providers do face competition from phone companies, rates are falling. According to FCC Chairman Kevin Martin, studies by his agency as well as the Government Accounting Office have "concluded that the average monthly cable rate is significantly lower only in areas with another wire-based competitor."

In the wake of the FCC's party-line 3-2 ruling, in which the agency's two Democrats dissented, the cable lobby is complaining that phone companies are receiving preferential treatment. Democratic Commissioner Jonathan Adelstein told reporters that the decision "undermines" local authority, by which he means poaching by thousands of local politicians.

In fact, it's the local franchising authorities who have been undermining competition by protecting incumbents. And the cable industry's complaints are unpersuasive at best. Cable companies have marched right into the telephony market, making it more competitive, without facing the regulatory hurdles they want kept in place to prevent video competition from the Bells. Far from playing favorites, the new FCC rules aim to make the telecom playing field more level. They were long overdue.

Lawsuit Filed Over Hard Rock Auction (FT)

By James Politi

Financial Times, January 2, 2007

The Seminole tribe's acquisition of the Hard Rock Cafe was plunged into controversy when Cordish, a US real estate developer, filed a lawsuit claiming it was shut out of the auction for the restaurant chain.

Cordish submitted documents to a Florida court late on Friday alleging that Hard Rock and Hamish Dodds, its chief executive, colluded with the Native American tribe to reduce competition in exchange for assurances that Mr Dodds would continue to run the company after the deal.

Baltimore-based Cordish said it had repeatedly expressed an interest in bidding but was denied access to Hard Rock's books for due diligence. The developer has already filed a suit against Merrill Lynch, the investment bank that ran the auction on behalf of Rank, the British gaming group that owns Hard Rock.

The move by Cordish comes as Rank shareholders prepare to meet next week to vote on the sale of Hard Rock for $965m.

The outcome is far from clear, after some analysts expressed disappointment with the price obtained in the deal.

Rank shares have fallen nearly 15 per cent since the transaction was announced in early December.

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A spokesman for both Hard Rock and Mr Dodds declined to comment on the litigation. A spokesman for the Seminole tribe also declined to comment.

At the time the deal was announced, Ian Burke, Rank chief executive, said: "We have maximised the value of Hard Rock through this disposal following a thorough strategic review and competitive auction."

According to people familiar with the matter, the Seminole bid won the auction ahead of Permira, Apollo and TDR Capital, three private equity groups also involved in the process.

Although it is common for shareholders to file suits against companies claiming that they might not have maximised value, it is far less common for a rival bidder to claim it was unfairly excluded from an auction.

ENVIRONMENT:

Arlington Takes On Global Warming (WP)

By Annie Gowen

The Washington Post, January 2, 2007

Arlington County will buy more wind-generated electricity, give tax breaks for hybrid cars, require new public buildings to be green-certified and hand out energy-efficient light bulbs to residents as part of a major push toward reducing greenhouse gas emissions, county officials said yesterday.

The county has reduced carbon dioxide and other emissions -- making its buildings more energy-efficient and adding hybrid vehicles to its fleets -- by a total of 2.6 percent since 2000, but must now sharply increase its efforts in order to reach its goal of a 10 percent reduction in the next five years, Arlington County Board Chairman Paul Ferguson (D) said yesterday.

Ferguson, who has served on the board since 1996, was elected chairman yesterday during the county's traditional New Year's Day meeting, which tends to be a largely ceremonial event and holiday gathering for local politicos.

Board member Walter Tejada (D) was elected the board's vice chairman.

The county's move won quick praise from local environmentalists.

Mike Tidwell, director of the Chesapeake Climate Action Network, said that such a comprehensive push to reduce emissions was unusual for the region and a first in Northern Virginia. Tidwell noted, however, that other jurisdictions are also making strides; Montgomery County already buys far more wind power than Arlington.

"It's a fantastic initiative that leads through example," said Tidwell, whose nonprofit organization tracks such efforts across the region. "It's a good start and a positive start. They're doing a lot of the right things."

Ferguson, who previously served as chairman in 1999 and 2003, said he was inspired to launch the environmental initiative after seeing Al Gore's recent documentary, "An Inconvenient Truth."

"Our climate is changing, and that change is causing harm," Ferguson said. "The question is, what can each of us do to slow the trend and eventually reverse it?"

The board's plan calls for the county to increase the amount of wind power it buys from 3 percent to 5 percent and to give residents who buy hybrid cars a break on their personal property taxes, an unusual perk for a Virginia locality.

The county will refit one or two county buildings with solar technology and require all new major public buildings to be green-certified. Officials said the county will plant 1,200 trees this year and hand out 2,000 fluorescent light bulbs at local fairs and other events. They'll pay for 20 Arlingtonians to get energy-efficiency audits of their houses.

What this will cost is unknown. Ferguson has launched his plan in a year when Arlington will be stretched financially. Like other jurisdictions in Northern Virginia, the county is expecting a budget shortfall next fiscal year because of a decline in revenue growth caused by the downturn in housing values.

Arlington's revenue gap is about $20 million.

"We are going to face a difficult budget," Ferguson said of the coming year. "We have had a flattening in the real estate market . . . we will not be able to do everything."

But he said the environmental initiative will not be costly. He estimated it would entail about $5 million in upgrades to municipal buildings, which he said will be recouped in lower utility costs. Other costs -- such as for the energy audits and light bulbs -- will be less than $100,000, he predicted.

The county of about 200,000 has long considered itself eco-friendly, from the macro perspective (a "smart growth" strategy that clusters development around Metro stations, encouraging use of public transit) to the micro (an obsession with the county's "tree canopy").

As newly elected board vice chairman, Tejada, one of the few elected Latino officials in the state, said that in the coming year he would spearhead new efforts to reach out to immigrant communities. Those include more voter registration drives and a

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series of citizenship workshops aimed at legal permanent residents who might want to become citizens but who feel intimidated by the process, Tejada said.

Saving Salton Sea (LAT)

The Los Angeles Times, January 2, 2007

THE SALTON SEA is an accident of man and an insult to nature, an artificial lake so rank that its rotten-eggs odor often overwhelms its sparkle, an unnatural blunder with too much salt and too many dead fish. It must be saved.

If only it were that easy. The lake, created in 1905 when a badly built canal diverted Colorado River water to a depression in the desert straddling Riverside and Imperial counties, is drying up and in danger of extinction. Yet if the Salton Sea were to dry up entirely, the ensuing dust storms would pollute the Coachella Valley air with toxins now underwater. The sea also is a habitat for an endangered species of fish and a vital stopping ground for 400 species of birds.

California soon must decide what to do about the accidental lake. In 10 years, it will lose half its inflow when more Colorado River water is shifted from agricultural to urban areas. The state is required to come up with options to save the Salton Sea, and it offers 10 possible solutions in a recent report, ranging from very expensive to ludicrously expensive. Even the "no action" option costs close to $1 billion because the state is required by law to protect air quality and provide a way for the endangered desert pupfish to get from one river to another. Other options cost almost $6 billion.

The higher-priced choices are the dreams of some local boosters, who long for a deep-water lake to boost property values and support a once-thriving tourism industry. This would require building a dam or huge berm, which would cost a fortune and carry a steep environmental price, including quarrying a nearby mountain. California taxpayers don't have spare billions to lavish on a man-made water park in the desert, and the state has a responsibility not to create new environmental messes in the process of fixing old ones.

Both environmentalists and Imperial Valley farmers have more reasonable, less costly proposals. They include simple dirt berms and shallow wetlands that keep most dust at bay, take care of the pupfish and provide the birds with a habitat.

The state should stick to the least expensive plan that will take care of environmental needs. (The public can comment until Jan. 16 by sending an e-mail to saltonseacomments@water.ca.gov.) If local interests want a recreational lake, they can design an environmentally sound berm — and support a local bond to pay for it.

FBI/DEA/ATF/USMS:

War On Meth, No. 2 Story Of '06 (GJS)

Grand Junction Sentinel, December 31, 2006

Local law enforcement agencies and the Drug Enforcement Administration made a decisive blow against the methamphetamine epidemic when they arrested 31 local methamphetamine dealers and runners between January and March.

The arrests effectively crushed western Colorado's largest meth distribution network to date, which by some estimates provided more than 70 percent of Mesa County's methamphetamine.

The toppling of the ring was voted the No. 2 local news story of 2006 by Daily Sentinel staffers.

The ring, described by DEA Agent Tom Gorman and other members of the Western Colorado Joint Drug Task Force as a "sophisticated" operation, trafficked methamphetamine from around the region.

The ring's methamphetamine operation was credited with fueling, in part, the surging number of drug and property crimes that have plagued Grand Junction and its surrounding communities in recent years.

At the meth ring leader's sentencing hearing, Chief District Judge David Bottger told 45-year-old Stephen Parsons he was amazed by the evidence of how expansive the Grand Junction man's criminal network was.

"It seems clear to me that Mr. Parsons was the head of the largest and most extensive methamphetamine sales and distribution business I've ever seen in Mesa County," Bottger said.

Parsons was sentenced to 24 years in a Colorado prison in October.

And on the heels of Parsons, a number of other meth ring members have received similarly long sentences, including:

Ashley King, who was involved in a shootout with sheriff's deputies last winter, was sentenced in November to 17 years in prison for her role as a meth ring dealer.

Eric "Sky" Redman, 30, an alleged drug enforcer who shot himself in the hand while he was being wiretapped by the drug task force, received 15 years in prison in November.

Tammy Bauer, 34, who trucked pounds of methamphetamine to Grand Junction from Arizona, received a 12-year prison sentence in October for her role in enabling the meth ring.

Crystal Plumlee, 21, who worked as a dealer for Parsons in addition to her own clients, was sentenced to 12 years in prison in October after pleading guilty to conspiracy to distribute a controlled substance.

But just as the meth ring bust proved a highpoint for local law enforcement, it proved a burden on the local court system.

Methamphetamine, according to Mesa County prosecutors and judges, has placed extreme pressure on the court system. From 1990 to 2005, when methamphetamine transitioned from a niche drug to the most widespread, dangerous drug on the Western Slope, the number of felony cases in the court system quadrupled while the number of judges remained the same.

Fueled by the county's meth epidemic, the number of Mesa County felony cases exploded from 506 cases in 1990 to 2,223 cases last year.

The surging, meth-fueled caseload has outpaced the county's population growth by a factor of 10, according an analysis of figures obtained from the Mesa County District Attorney's Office and the U.S. Census Bureau.

In other words, while the county's population grew by 32 percent from 1990 to 2005, the number of felony cases has risen 339 percent.

Bottger said this fall that the meth-fueled, rising caseload has made court time an elusive reality, forcing civil cases and other non-criminal cases off the docket.

The result, he said, has been that civil plaintiffs and even some criminal defendants have opted to strike a deal with each other or prosecutors instead of awaiting their day in court.

"I like to think that we've maintained a high standard of justice by adding some new judicial officers and by working hard," Bottger said, "but I don't know to what extent litigants' ability to get court time has forced them to compromise on cases they might not otherwise want to compromise on."

In that sense, Bottger said, "justice delayed is justice diminished."

But as a burden upon the legal system, Mesa County's top prosecutor said the widespread coverage of the meth ring in the media — from the bust through the end of the year — has proven the biggest coup against the methamphetamine epidemic.

Mesa County District Attorney Pete Hautzinger said the toppling of the ring was far and away the most significant strike local law enforcement made against methamphetamine trafficking.

But beyond cutting off the local supply of the drug for the subsequent three months, Hautzinger said the bust's media coverage provided the county with a powerful tool in prevent other meth casualties.

"When we make a bust like that, (local media) throwing 31 mug shots on the front page of the newspaper helps with the prevention and intervention prongs" of our efforts, Hautzinger said.

In addition to the day-one coverage, Hautzinger said he hoped the continued coverage of the suspects from the case and their stories has helped discourage others from embarking down the path to methamphetamine addiction.

That, Hautzinger said, will be lasting impact of local law enforcement's efforts. Even as other dealers rush in to fill the methamphetamine supply "vacuum," perhaps a few people will think twice before mainlining the drug.

More Than 130,000 Pot Plants Destroyed In Washington This Year (AP)

AP, December 30, 2006

TACOMA, Wash. - As 2006 draws to a close, drug-enforcement officials in Washington say they have destroyed more than 130,000 marijuana plants this year as part of a joint state and federal eradication effort.

AP photo

Marijuana plants growing in an illegal operation.

The federal Drug Enforcement Administration says that's nearly the same as last year, when a record 135,000 plants were destroyed.

This year's seizures have led to more than 340 arrests and 190 weapons seizures.

Officials attribute the number of destroyed plants both to outdoor growers who frequently use public lands, and to drug traffickers moving their indoor growing operations from Canada to Washington as they try to avoid tightened border security.

Agents say growers have dammed streams, clear-cut forest lands, used large quantities of insecticide and killed wildlife to aid outdoor drug-growing operations.

Hard Year For Smokers, Dog Lovers (WT)

Wyoming Tribune, December 31, 2006

2006 was a great year for fans of clean air, a sad year for dog lovers and a year that marked some significant events in the Cheyenne area.

Among them was the breakup of a methamphetamine ring and the discovery that a trash-to-energy proposal for the city of Cheyenne was perhaps not what it had seemed to be.

The Wyoming Tribune-Eagle newsroom staff reviewed the year in news, and this is the list that resulted.

Voting took place in mid-December, so the back-to-back snowstorms that dumped more than 20 inches of snow, snarled pre-holiday activities and broke a December snowfall record that had stood since 1913 was not on the list to consider.

1: Smoking ban clears

the air in Cheyenne

Months after the Cheyenne City Council put a citywide smoking ban in place, the city's population is still split on the matter.

Cheyenne Mayor Jack Spiker said recently that he's convinced in a year the health of Cheyenne residents will be improved thanks to the ban.

"We'll be able to measure the benefit in fewer heart attacks," Spiker said, "but I am sure some people would disagree."

When city officials launched the smoking ban proposal, they weren't the first body in the region to do so. Laramie had already instituted a ban, and a statewide ban was being discussed in Colorado. A statewide smoking ban had been considered briefly by Wyoming lawmakers in 1999, but the idea was dismissed.

That didn't save city officials from a firestorm of criticism from smokers and those who serve them; they claimed a smoking ban would harm their business or cause them to close completely.

Even so, city elected officials approved the ban in June but delayed the effective date until mid-August to allow opponents time to gather signatures to put the ban to a citywide vote.

Rich Gibbs, of the political action committee Cheyenne Coalition for Citizens Rights, said he supported the ballot initiative because it would give city residents a chance to decide on what kind of laws they wanted to live by.

"This isn't about smoking. It isn't about economics," he said.

At least 2,767 signatures were required to be submitted by the end of June to the Cheyenne City Clerk's Office. That number is 10 percent of the city residents who are registered to vote. In all, 3,403 signatures were collected, but only 1,876 belonged to verified city voters.

Business owners were convinced their business would fall off after the ban. The results of a study to be released in late 2007 that may confirm their beliefs, but a study done by the Wyoming Survey and Analysis Center at the University of Wyoming and commissioned by the Substance Abuse Division of the state Department of Health completed after Laramie officials banned smoking in public places showed no economic impact.

The ban caused at least one business to change direction. The owners of the Outlaw Saloon and Rockin' Rodeo decided to consolidate operations to the Rockin' Rodeo location on South Greeley Highway, which is outside city limits, and rename that establishment the Outlaw Saloon.

"Business has been good," co-owner Suzy Hein said at the end of the year. "I was nervous about closing the Outlaw on East Lincolnway because we'd been there so long."

Hein said she still doesn't like the ban because people should be able to choose what they want, especially in a nightclub.

"You have to be 21 to get into a nightclub. You are an adult, and you have the right to choose whether you will smoke. Some places had already gone smoke-free," Hein said. "Now we don't have that choice in Cheyenne."

2: Illness at Cheyenne Animal Shelter ends the lives of 42 dogs

At first the reports in early May were of an unspecified respiratory illness at the Cheyenne Animal Shelter.

Then the verdict came in: the highly contagious canine influenza was racing through the county pound and nearly all the dogs showed signs of infection. Shelter officials debated, and the decision was made to euthanize 42 stray dogs staying at the shelter.

That released a firestorm of debate and second-guessing that rocked Cheyenne and drew comments from surrounding states.

"If people want to blame me for the decision, that's fine," shelter director Allen Cohen said at the time. He had started his job only days before.

"I did the best I could with the information I had at the time and the support of the veterinary community that came to our meeting," Cohen said.

Canine influenza is a highly contagious disease with two forms - mild and severe. The mild form comes with a cough that can last 10 to 30 days. The severe form can result in high fevers and a pneumonia infection. The mortality rate of the disease, according to the American Veterinary Medical Association, is low, between 5 percent and 8 percent.

The early concerns were containing the influenza at the shelter and stopping infection of dogs in the community.

The decision to put the dogs down prompted the Concerned Citizens for the Humane Treatment of Animals to offer up a slate of suggestions to the publicly funded animal shelter, among them bringing back a membership system that would allow those who had paid their dues to elect shelter board members and developing a plan to deal with disease outbreaks in the shelter.

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Russ Mead, a representative from Utah's Best Friends Animal Society, a large no-kill shelter with members nationwide, said his group was using Cheyenne's decision to urge other shelters to develop procedures to deal with dog flu that doesn't involve putting animals down.

"We don't want killing an entire shelter population to be known as the Cheyenne solution," Mead said.

3: Trash-to-energy plan runs out of fuel

When Michael Spitzauer proposed demonstrating his trash-to-energy technology in Cheyenne, city officials were elated. Turning trash to something usable would mean that something valuable could come from refuse, and it could mean that Cheyenne could delay building a landfill with a price tag that is big and expected to only get bigger.

Spitzauer and his company, Green Power, brought a mobile trash conversion unit on a flatbed truck in June to Cheyenne, and city officials watched as trash was dumped in one end and diesel came out the other a mere three minutes later.

But questions about Spitzauer's past called a halt to the city's plan to sign a contract with the native Austrian. Under the deal, the city would have provided land and trash for the venture that Spitzauer said could transform the energy landscape.

An investigation by the Wyoming Tribune-Eagle showed that Spitzauer had a criminal past in his home country and was embroiled in a bankruptcy dispute with a separate company.

Court papers dating back more than five years show that Spitzauer had lied on his immigration form. The lie: that he had never been convicted of a crime. Spitzauer had served three years of a six-year fraud sentence in Austria. And after he was here, court papers also showed that prosecutors in Austria were trying to extradite him to answer questions in other fraud allegations. That attempt was eventually dropped.

Spitzauer denied serving the prison sentence in Austria, attributing the idea to a bad translation of court documents, but his own attorney admitted in court that Spitzauer had served the time.

While he said he had financing, the investment bank that had been backing him withdrew its support even before Spitzauer held his Cheyenne demonstration.

City officials put the decision to sign the contract on hold in late June, and Spitzauer withdrew his proposal from consideration.

4: Car chase breaks meth ring

A high-speed chase through west Cheyenne neighborhoods was unusual enough, but the one that started around 11 a.m. Jan. 20 would turn into so much more.

The people in the car had been under surveillance for drug activity. A traffic stop at West Lincolnway and Snyder Avenue for a minor traffic infraction, however, sparked the chase. It ranged north to Richardson Court, then reversed itself toward south Cheyenne. Along the way, gunshots were exchanged between people in the fleeing vehicle and a Laramie County sheriff's deputy.

The car chase turned to a foot chase and that turned into a four-hour standoff at a Hynds Avenue home in south Cheyenne before a teargas canister flushed a suspect, who was wounded in the leg and was armed with a .38-caliber handgun and an ounce of methamphetamine.

In all, four people were arrested that day. Among them was James Sali, who was arrested on suspicion of attempted first-degree murder.

The two men and one woman who had been with Sali had not been arrested, and Sali was being held on $500,000 bail.

By the end of March, the story had taken a turn. Sali was among those arrested for their roles in a drug ring that regularly ferried meth, guns and cash between Cheyenne and Denver.

"You're looking at a well-organized group that was prepared to defend themselves as Sali did," U.S. Drug Enforcement Administration public information officer Suzanne Halonen said.

Law enforcement officials arrested nine people in March in connection with the drug ring and were looking for three more people.

The suspects, Sali among them, had apparently been running the drug ring since the previous June. They traveled to the Denver area to pick up methamphetamine and sold it from homes and hotel rooms in Cheyenne. Some of the drug was sold within 1,000 feet of Alta Vista Elementary.

By May, the number of indictments issued in the case reached 18; by October, 21. At that point, Sali had seven counts pending against him, and he faces two counts of attempted first-degree murder of two Laramie County sheriff's deputies during the Jan. 20 chase.

Fifteen suspects had pleaded guilty in May, July, August and September. Five more were awaiting jury trials.

5: Lawmakers approve Hathaway Scholarship, roll out program

Wyoming voters enshrined a revolutionary education initiative in the Wyoming Constitution when they approved Amendment C by a nearly 3 to 1 margin.

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By doing that, voters decided that the endowment that funds the Hathaway Scholarship Program shall not be spent for other purposes.

That was the latest victory for advocates of higher education in Wyoming. Under the program, eligible high-school graduates across the state are able to tap a state-funded scholarship fund to help them pay for their educations at the University of Wyoming or the state's network of community colleges.

State lawmakers created the program in 2005, along with a trust fund whose income would pay for the scholarships. Originally envisioned to kick off in several years, the program got a jumpstart when Gov. Dave Freudenthal and state legislators decided to ramp-up filling the trust fund. The program's start date also was moved up to 2006.

"This is a beneficial, wonderful thing for the state," Patty Johnson said. She's among the state residents who were tracking the progress of the program. "It gives students something to strive for, and hopefully, it's a way to keep people in the state. It's one of the finest things I have heard of that we can use our money for."

For the past several years, Wyoming state government coffers have been filled with revenue from the energy industry, and lawmakers and state elected officials have been trying to figure out how to share that wealth with the state's residents.

That prompted a slew of questions of who would qualify for the program and how they would do it. The Education Merit Scholarship Committee pitched a list of specific requirements that students would have to meet to qualify for the Hathaway money. On the list are math, language arts, science, social studies and foreign language. Students entering the ninth grade in 2007 would have to meet these standards.

The scholarship committee also wants qualification tied to performance on Wyoming's statewide assessment test to be included. Both of these provisions are part of a draft bill that lawmakers will consider when the Legislature convenes Jan. 9.

6: A thousand votes return Barbara Cubin to U.S. House for a seventh term

When Rep. Barbara Cubin, R-Wyo., announced her bid for a seventh term representing Wyoming in the U.S. House of Representatives in June, she came out swinging against Democratic challenger Gary Trauner, accusing him of supporting "Hillarycare"-style health care and labeling him with liberal epithets.

By that time, Trauner, a Wilson businessman, had been knocking on doors across the state, introducing himself and asking for votes.

While Cubin had a primary challenger in retired Navy officer Bill Winney of Cheyenne, she seemed to reserve her money for the post-primary face-off with Trauner. Indeed, Cubin did win the Republican primary, but she lost in Laramie County and a couple of others.

Cubin's media campaign - as well as ads run on her behalf by the National Republican Congressional Committee - painted Trauner as an outsider whose ideas were wrong for Wyoming; several also touched on the fact that he was not a native Wyomingite. The ads, with their negative tone, focused on Trauner and did not address what Cubin had done for the state, nor what she promised to do.

For his part, Trauner did not engage in negative campaigning.

After polls closed on Election Day, Trauner carried a narrow lead over Cubin as votes were counted. He took most of the large-population counties in the state; he won Laramie County by a 70-30 margin.

But Cubin's conservative base stepped up for her; support for the incumbent representative was high in the more rural counties of the state, and that was enough to carry her to her narrowest victory in years.

The outcome of the race wasn't immediately apparent on Election Day. Some delays in reporting votes from part of Carbon County raised some doubt about the outcome. And the narrow margin raised questions about whether a recount would take place. Under Wyoming law, a recount is triggered when the difference in the number of votes between contenders is less that 1 percent of the total votes earned by the top vote-getter.

When the results were canvassed, the margin was wider than 1 percent, and Trauner declined to seek a recount.

7: Pipeline rupture kills one

The race to build natural-gas pipelines to export Wyoming and Colorado gas to power-hungry markets in the East turned deadly in November when a crew member working on the Rockies Express Pipeline on the Duck Creek Ranch south and west of Cheyenne apparently struck an existing pipeline operated by El Paso Corp. subsidiary Wyoming Interstate Co. with his bulldozer.

Around 9:30 a.m. Nov. 12, a Saturday, a fireball so large it could be seen more than 50 miles away in Colorado erupted from the break.

"It was wa-a-a-y above the power lines," Tyson Twitchell, son of ranch manager Frank Twitchell, said. "I've never seen a flame like that before. It was at least 300 feet high. At least."

The bulldozer driver, Bobby Ray Owens Jr., who worked for Associated Pipeline Contractors, was killed in the explosion. He had been grading a roadway at the explosion site.

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The Rockies Express Pipeline, being built by Kinder Morgan, is one of several gas transmission pipelines that crosses southeast Wyoming. The Wyoming Interstate pipeline that was breached had been in place for about two decades.

While the fireball was knocked down in about an hour, public safety officials were on the site all day, waiting for the temperature of the ground around the explosion site to drop to safe levels. Initial reports said the crew working on site with Owens was missing, but the seven crew members were accounted for later in the day.

El Paso Corp. rerouted natural gas around the site of the rupture. Natural-gas service to the Cheyenne area was not interrupted.

The explosion is under investigation by the U.S. Department of Transportation's Office of Pipeline Safety.

8: Murder and attempted suicide shine light on troubled marriage

Most people in Laramie County would never have known about the lives and troubled marriage of Willard and Lynaya Brown. That changed in the early hours of Aug. 15 when Cheyenne police say Willard Brown, 34, killed his 27-year-old wife, Lynaya, and tried to kill himself.

Lynaya Brown had called 911 at 1:12 a.m. to report a disturbance at the couple's east Cheyenne home. She said he had tackled her and was headed to the garage, where he kept his guns.

The dispatcher heard a scream and a loud noise. The call ended abruptly. When police arrived three minutes later, they found Lynaya Brown shot in the chest and Willard Brown lying in the garage, his face bleeding.

Lynaya was declared dead at the scene, and Willard was taken to the local hospital, where he was treated. He later was arrested and taken to a locked-down medical facility in Colorado.

Records show the couple had filed for divorce, citing irreconcilable differences, only about three weeks earlier.

An investigator's statement said Willard Brown had said he was sorry for killing his wife on the night of the shooting.

Brown pleaded not guilty in September. At Brown's preliminary hearing, his attorney said Brown's action was not premeditated; rather it was an act of passion driven by his belief that his wife was having affairs.

Brown's premeditated murder trial was scheduled for Dec. 21, but it has been postponed.

9: City Councilman Pete Laybourn relies on private investigator to protect his image

The strained relationship between Cheyenne City Councilman Pete Laybourn and his fellow elected city officials took a turn for the strange in May when Laybourn hired a private investigator to disprove allegations against Laybourn that the councilman termed false and malicious.

Two memos seem to have sparked Laybourn's ire: one in March 2005 from city attorney Mike Basom to Laybourn, which cites the councilman's "propensity to verbally attack staff" following an incident at a social event where Laybourn encountered assistant city attorney Claudia Angelos. Angelos later recounted a conversation during which she said Laybourn said he wanted to "utterly destroy" the city attorney's office.

In March, Mayor Jack Spiker sent a memo to City Council members that warned that Laybourn might be undermining city employees' ability to do their jobs. "Particularly troubling is the fact that (Laybourn) has made it his practice to bully and attack staff with increasing frequency," Spiker wrote.

In a column printed in the Wyoming Tribune-Eagle in early June, Laybourn recounted the findings of his investigator, former Fort Collins, Colo., police officer Frank Russell. Among them was the fact that no one interviewed could provide specifics about the date, time or location. And no official complaints about Laybourn's behavior were on file.

"Although not the darling of his peers, the evidence presented would not meet any legal standard of probable cause, let alone proof beyond a reasonable doubt," Laybourn wrote of Russell's report.

But the City Council was not content to let the matter rest there. In the middle of June, a divided City Council voted to censure Laybourn for his behavior, which included hiring the investigator. Also cited were Laybourn's use of city stationery for personal benefit, and using the city emblem without its trademark symbol in an advertisement he ran without permission.

A censure is a disciplinary action without much weight.

Laybourn voted against the censure, as did his fellow Ward 1 representatives, Councilwoman Judy Case and Councilman Jimmy Valdez, and Councilman Don Pierson. Pierson said he didn't condone Laybourn's actions, but the discipline should have been handled differently.

10: Food gets sales tax holiday for two years

What will Laramie County residents do with a little extra change in their pockets? They have two years to figure that out.

Early in 2006, lawmakers agreed to lift the sales tax on food bought at grocery stores in Wyoming for two years. The holiday took effect on July 1.

The vote by state lawmakers came after repeated attempts, led by Rep. Ann Robinson, D-Casper, over a decade to lift the tax. Wyoming is one of only a few states that was charging sales tax on food. Many consider it an extremely regressive tax because it affects people with low incomes more.

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"I would say this is the highlight of my legislative career," Robinson said at the time of the vote.

Not all food that's bought in grocery stores is subject to the holiday. Anything that's intended for immediate consumption is still taxed. But grocery items bought for later consumption are now tax-free.

Lifting the tax poses a more complicated problem - plugging the revenue shortfall to cities, towns and counties that depend on sales tax revenue to help pay their bills. The fourth penny of the statewide sales tax is distributed to municipalities. Fifth- and sixth-penny sales taxes are voted on at the county level and generate revenue to pay for local infrastructure and specific projects such as water treatment plants or county jails.

State lawmakers set aside $46.6 million to help make up for the losses to local governments. But state Revenue Department projections show that that amount may only cover a year.

LARRY BRINLEE/WTE Brian Wilkerson talks against the smoking ban while having a cup of coffee at the Luxury Diner on June 22 in Cheyenne. Wilkerson signed the petition, which failed to get enough signatures, to get the issue to the election.

Agent: Heroin Arrest May Point Increased Use In Region (AP)

AP, December 30, 2006

LOUISVILLE, Ky. - Heroin is re-emerging in the Louisville area, the result of Mexican drug-traffickers marketing to a new generation, federal authorities said.

Since July, a drug task force of federal and local police has confiscated more than two pounds of heroin with a street value of about $200,000, including two pounds recently in nearby Charlestown, Ind.

Such amounts were unheard of in recent years, Tony King, resident agent in charge of the U.S. Drug Enforcement Administration office in Louisville, told The Courier-Journal.

While Louisville police and health officials haven't seen a noticeable surge in the drug's use, King said the recent confiscations could foreshadow problems.

An annual National Drug Threat Assessment report released in October said Mexican heroin circulating in western states was spreading east of the Mississippi. It said abusers of opiates prescribed as painkillers, such as OxyContin, might be switching to heroin, as efforts to curb prescription-drug abuse take hold.

"Heroin took a back stage for a while," King said, "but now it's being marketed again to a new generation."

Before this year, heroin in the Louisville area "had all but disappeared," King said. The local drug task force didn't handle a single heroin trafficking case in 2005, he said. But this fall, three illegal Mexican immigrants were indicted on federal charges of participating in a heroin distribution conspiracy that carry a possible life sentence and deportation.

Seized in those arrests was "black tar heroin," so named because it looks like hot asphalt, said King, adding that it can be injected or smoked.

Janice Cunningham, a substance abuse supervisor for the Louisville Health Department, said its methadone clinic, where heroin addicts are treated, has not seen an increase in clients. But she noted an increase in younger heroin users - those 21 to 28 years old. The median age of the 186 addicts being treated at the clinic is 41, two years younger than in 2004, she said.

Across Kentucky, 274 people received treatment for heroin use in a state center in the year that ended Sept. 30, compared with 218 the previous year.

Information from: The Courier-Journal

Heroin Is Returning To Area, Officials Say (LCJ)

By Kay Stewart, The Courier-Journal

Louisville Courier-Journal, January 2, 2007

Task force seized 3 pounds since July

Heroin is re-emerging in the Louisville area, the result of Mexican drug-traffickers marketing to a new generation, federal law-enforcement officials say.

Since July, a drug task force of federal and local police has confiscated more than 3 pounds of heroin with a street value of about $200,000, including 2 pounds recently in nearby Charlestown, Ind.

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"Heroin took a backstage for a while," King said, "but now it's being marketed again to a new generation."

Before this year, heroin in the Louisville area "had all but disappeared," King said. The local drug task force didn't handle a single heroin trafficking case in 2005, he said.

But this fall, three illegal Mexican immigrants, Omar Robles-Munguia, 28; Francisco Rodriguez-Lopez, 32; and Rogelio Garcia-Mendez, 34; all of Louisville, were indicted on federal charges of participating in a heroin distribution conspiracy that carry a possible life sentence and deportation.

Seized in those arrests was "black tar heroin," so named because it looks like hot asphalt, said King, adding that it can be injected or smoked.

An undercover officer arranged to purchase more than a pound of heroin for about $54,000 from Robles-Munguia in six transactions from July through October, according to affidavits.

Affidavits said undercover officers also observed the sale of small amounts to customers throughout the city.

In one undercover buy, two suspects stored heroin in small balloons they spit out of their mouths, an affidavit said. Each dose was selling for $20, King said. In other buys, larger quantities, wrapped in balls of black tape, were handed to officers.

The three were arrested Oct. 13 at The Summit shopping center in eastern Jefferson County during an undercover buy, according to the affidavits, after one of them complained about a van -- the DEA surveillance vehicle -- parked nearby.

In another Louisville case, Alejandro Robels-Gomez, 31, an illegal immigrant from Mexico who lived in Indianapolis, pleaded guilty Nov. 28 in U.S. District Court to heroin trafficking.

He faces five to 40 years in prison and deportation. Chief U.S. District Judge John Heyburn III has scheduled sentencing for March 6.

Robels-Gomez admitted possessing with the intent to distribute more than 50 grams of heroin with a street value of about $5,000 Aug. 12.

Lab results determined the heroin was 69 percent pure, Assistant U.S. Attorney Robert Kilmartin said. Regional problem

Officials say heroin cases are increasing in Southern Indiana and Northern and Central Kentucky.

In Indianapolis, 12 defendants await trial in U.S. District Court on charges of participating in a major heroin distribution ring.

John Dowd, chief of the drug prosecution unit for the U.S. attorney's office in Southern Indiana, said it has prosecuted several heroin cases in the past three or four years.

"We probably hadn't done two or three heroin cases in the six or eight years before these most recent ones," he said.

On Nov. 21, 10 people from Clarksville, Ind., and two from Louisville were among 13 people facing federal charges of being involved in a drug ring stretching from Chicago to Atlanta. Officers found 2 pounds of heroin in a car trunk in Charlestown.

Most of the heroin seized in Charlestown was white powder labeled "China White," a type usually injected or snorted and imported from South America, the Middle East and eastern Asia, King said.

Dowd said the suspects, about half of whom are illegal immigrants from Mexico, already had been indicted under seal at the time of their arrests on drug-trafficking charges relating to cocaine and methamphetamine.

Jim Liles, director of the Northern Kentucky Drug Strike Force, composed of local law enforcement officers who police four counties, said they've seized more than 9 ounces of heroin this year, "more than in the last five years total."

Sgt. Ken Holstein of the Covington Police Department said arrested street prostitutes have had needle marks and had been using "not only crack but heroin. It is definitely back. There is no doubt." No synthetic reported

Capt. Don Burbrink of Louisville Metro Police narcotics, said its officers have seized amounts totaling less than a pound in the past year, mostly from individuals who had it for personal use.

There has been no report in the Louisville area of heroin containing fentanyl, a powerful synthetic opiate blamed for more than 100 deaths last year and earlier this year in several cities, including Chicago and Detroit, King said.

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But she noted an increase in younger heroin users -- those 21 to 28 years old. The median age of the 186 addicts being treated at the clinic is 41, two years younger than in 2004, she said.

Across Kentucky, 274 people received treatment for heroin use in a state center in the year that ended Sept. 30, compared with 218 the previous year.

Reporter Kay Stewart can be reached at (502) 582-4114.

26 Memories Of 2006 (DS)

The Desert Sun, December 31, 2006

We'll remember a president's visit in April and the sorrowful passing of another in December. We celebrated La Quinta's miraculous football comeback and mourned the tragic death of a Col. Mitchell Paige Middle School student. We cheered Tony

Bennett, Madonna, Arnold Schwarzenegger, Nordstrom, Miss Teen USA the first day of schoo and James Cain, who managed to swim swam 11 miles across the Salton Sea. On the last day of the year, we reflect on 26 memories from 2006 that will be hard to forget.

We say goodbye to a national leader, local friend Residents across the valley and the globe bid farewell to 93-year-old former President Gerald R. Ford, who died on Dec. 26 at his home in Rancho Mirage.

Many valley residents said they'll remember Ford's sincerity and integrity, his desire to help with valley fundraising efforts, as well as his achievement to demonstrate to a nation rocked by the Watergate scandal and Vietnam War that the office of the presidency was still worthy of respect.

"He was a down-to-earth gentleman. He carried himself that way on and off the (golf) course," said John Foster, board member and president of the 2007 Bob Hope Chrysler Classic.

Madonna rocks Coachella stage Madonna was queen of the Coachella Valley Music and Arts Festival, helping to set a two-day attendance record in May.

The "Queen of Pop" emerged out of a disco ball with an ensemble of spacemen-like dancers in a black outfit and shades. She opened with her dance hit "Hung Up," which she sang to open the Grammy Awards in 2006.

'Amazing' evening with Tony Bennett Tony Bennett's singing magic was enough to sell out the 1,127-seat McCallum Theatre a month in advance of the Dec. 3 performance at ticket prices of $450 and $500 for the black-tie dinner/show package.

"Amazing," said Eve Fromberg of Rancho Mirage. "The people around me are a little older than me, but Tony Bennett is a star for my generation, and that's why they want to do duets with him.

"For him to come to our theater shows the growth of this theater and the growth of our valley. He's a once in a lifetime performer, like Sinatra."

Students join in national protest About 20,000 students skipped school in the valley as they supported a national day of immigrant protest over several days.

On May 2 at Thomas Jefferson Middle School in Indio, nearly 490 students stayed home, and roughly 260 attended. Instead of about 30 students finishing up a physical education class on the athletic field, about a dozen did.

Similar scenarios occurred across the valley.

School officials attributed the absences to the national "Day Without an Immigrant" boycott designed to illustrate how much the United States depends on immigrants.

"Across our district, we saw a significant impact on student attendance," said Jon Gaffney, assistant superintendent for personnel services at Desert Sands Unified School District.

Church asked to dim lights on cross The brightly lit cross on the hill at St. Margaret's Episcopal Church in Palm Desert garnered the spotlight when some residents began complaining.

It's an almost universal symbol of hope and spirituality, but the cross lit with 39 13-watt compact fluorescent bulbs on Highway 74 also has raised concerns about light pollution.

Some people who have complained to city officials contend it's too bright - especially in Palm Desert, where hillside lighting is a touchy and at times intensely debated subject.

"It's right smack dab in the middle of my view. ... It looks like a beer sign," said Stephen Thewlis, who lives near Cahuilla Hills Park. "A lot of people find solace in it, but for me it's a huge eyesore."

"It isn't too bright. ... It's a feature," said Brenda Osborne, who sees the cross as a beloved community landmark.. "We know we're home when we come back from anywhere."

The Lodge holds a garage sale Everything had to go during a liquidation sale at The Lodge at Rancho Mirage to make way for the new Ritz-Carlton Rancho Mirage.

Bedding, televisions and even bathroom sinks were among items sold to make way for a $330 million expansion project that is taking place on nearly 40 acres in the lower foothills of the Santa Rosa Mountains.

Not even the chandeliers went untouched. Travis Erwin of Indian Wells bought two for her daughter, who had her wedding reception at the hilltop hotel about 14 years ago.

"It's a lot of nostalgia. She was excited when I told her I was buying them," Erwin said.

Swimmer takes Salton Sea plunge James Cain did it - swam 11 miles across the Salton Sea and into the arms of his wife, Sally, on Aug. 13.

"God, I wonder what I was thinking," Cain said. "That was a long way."

About a dozen people - mostly curious tourists - applauded the 47-year-old Phoenix man after he emerged from the murky, smelly sea at Johnson's Landing.

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Medical marijuana debate heats up at home Medicine or menace? The debate over legalized medicinal marijuana came to the valley's three dispensaries. Federal agents, armed with a warrant, searched a safe deposit box belonging to a Palm Desert medical marijuana dispensary in June, prompting accusations of harassment from the dispensary's owner.

"I don't have anything to hide," said Stacy Hochanadel, owner and operator of CannaHelp in Palm Desert. "I understand the nature of investigating, but rather than doing this behind my back, why don't they just ask me what they want to know?" he said.

A spokeswoman for the U.S. Drug Enforcement Administration's Los Angeles office declined to comment, citing an ongoing investigation.

Teen's suicide note raises Internet concerns Safety on the Internet at social networking sites such as MySpace.com and at sites like YouTube was of increasing concern to many valley parents.

At Col. Mitchell Paige Middle School in December, for example, parents gathered to discuss concerns that were heightened after Joshua Austin, a 15-year-old Palm Springs High School Student, committed suicide in November after posting a note to his friends on MySpace.

"All of a sudden, the parents here were just getting really alarmed," said Mitchell Paige Principal Derrick Lawson.

FBI Special Agent Mark Hunter of Palm Springs, who tracks online predators of prepubescent children, told parents at the meeting: "You've got to take control. An excuse is not 'I don't know anything about computers.' You've got to learn or you've got to get it out of the house."

Miss Teen USA contest comes to the desert Are you Miss Tennessee? Fifty-one young, attractive women fanned out across Palm Springs in August to introduce themselves and the city to the nation.

Out of all contestants in the Miss Teen USA 2006 competition from around the United States and the District of Columbia, Katie Blair, 18, of Billings, Mont., came away with the diamond and pearl Mikomoto crown.

When Blair walked off the stage and saw her reflection, she said, "It makes me feel like a beauty queen."

The televised event returned to the valley after a one-year stint in Baton Rouge, La.

Winning season for La Quinta During an amazing final six seconds, the La Quinta High School Blackhawks sandwiched an onside kick with two touchdowns for a 31-30 victory over Bloomington in the second round of the CIF-Southern Section football playoffs on Dec. 2.

The victory a gave La Quinta a measure of confidence to beat Silverado High School 23-21.

"If we can score twice in six seconds, we can score any time," said quarterback Ryan Woods, who threw the game-winning pass last week.

But when La Quinta High's football team stepped on to the field as the underdog against J.W. North High School in the CIF-Southern Section Eastern Division championship game, they lost 26-10.

KC Chiefs pick a local Jeff Webb, a 2001 graduate of La Quinta High School, broke down in tears on April 30 when the Kansas City Chiefs selected him in the sixth round of the NFL Draft.

"For real?" Webb said upon learning the news. "I made it?"

Webb became the third player from the valley, along with Ed White and George Thomas, to be drafted by an NFL team.

Webb then called his father, Jeffrey Smith, from the parking lot and let him in on the good news.

"I made the 53-man roster," Webb said. "Can you believe that?"

The Who rock Tennis Garden Pete Townshend and Roger Daltrey proved at the Indian Wells Tennis Garden on Nov. 12 that the legendary British rock band The Who is still a vital force in pop culture.

In the second major concert of the season at the Tennis Garden, the new, augmented Who mixed pieces and fragments of their latest concept album with classic Who hits such as "Who Are You" and "Behind Blue Eyes."

Governor's got love for valley During a whirlwind trip to Palm Springs on July 29, a confident Gov. Arnold Schwarzenegger touted his record and exclaimed, "I love Palm Springs."

The governor shook hands with voters and stopped by Peabody's Cafe, The Desert Sun and Mizell Senior Center, one of many stops that would help ensure his victory over Democratic challenger State Treasurer Phil Angelides.

Nordstrom coming our way Local shoppers' longtime dreams for highly touted doting customer service, great shoes and high-end fashions will likely come true when the fast-growing Coachella Valley gets its first Nordstrom department store in spring 2009.

The Seattle based-retailer, which started as a shoe store in 1901 and grew into one of the industry's premier luxury brands with a reputation for personalized customer service, announced plans in February for a two-story, 149,000-square-foot store. It will be built on the north end of Westfield Palm Desert, replacing one of the buildings that now houses Macy's.

"What I love about Nordstrom is customer service. I never thought Nordstrom would come here," said Liz Burnach of Palm Desert. "If they come here, I pity the other stores. I'm happy they're coming. I think it would be nice if they upscale the mall."

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Even the president visits President George Bush arrived on April 23 and raised nearly $2 million at a Republican Party fundraiser, when he announced, "Our message to the American people is, don't fear the future, because we intend to shape the future."

The visit was the first time since 1995 - when Bill Clinton played a round of golf at the Bob Hope Chrysler Classic - that a sitting president has visited the desert. Bush visited with former President Gerald R. Ford and first lady Betty Ford at their Rancho Mirage home.

Twentynine Palms Marine dies saving others For bravery under fire, and for saving two comrades from the 3rd Battalion, 7th Marine Regiment, Twentynine Palms, Marine Cpl. Jason Dunham was awarded the prestigious Medal of Honor on Nov. 11.

During an April 2004 battle in Iraq, near the Syrian border, an insurgent threw a hand grenade, and Dunham took one look and immediately threw his helmet on top, a book about the Marine later revealed.

The injuries Dunham sustained cost him his own life.

Tribe's gaming deal held up by Legislature A bid by the Agua Caliente Band of Cahuilla Indians of Palm Springs to more than double the number of slot machines in the tribe's casinos to 5,000 cleared the state senate but was rejected at the last minute by the state Legislature.

The tribe negotiated the revised gambling agreement with Gov. Arnold Schwarzenegger, who said the deal, at its maturity, would funnel $81.9 million a year from the gaming interest to California's General Fund.

Garcia in trouble over comments State Assemblywoman Bonnie Garcia, R-Cathedral City, came under fire when, on Sept. 10, she was asked about Gov. Arnold Schwarzenegger by students in a La Quinta High School class. Here remark, "I wouldn't kick him out of my bed," garnered plenty of attention, particularly from her election opponent, Palm Desert Democrat Steve Clute.

Clute launched a multimedia ad blitz highlighting Garcia's alleged Oct. 10 comment.

"With sex scandals rocking the country, people (are) sick and tired of this behavior ..." says a narrator on the 30-second TV spot, as newspaper articles on former Florida Rep. Mark Foley are displayed.

Garcia responded, "When you can't talk about the issues, you do exactly what Mr. Clute is doing, which is running a dirty campaign and using his friends in organized labor to fund it," she said.

Home sellers, builders offer free bonuses In August, Coachella Valley home sellers and builders began offering everything from European-made Hippo golf clubs to a Kia Rio car and free spas as incentives to catch the attention of potential buyers.

It was a far cry from a year earlier, when buyers often were on waiting lists to tap a relatively tight supply of homes. By mid-December 2006, however, there were more than 8,000 homes and condos on the market in the valley.

Deadly fire rages through Pioneertown In July, the deadly Sawtooth Complex fire charred 70,000 acres of hillsides and desert terrain, destroying some 60 homes and structures in the Pioneertown area. Stories of loss, survival and nightmares and dreams realized have played out in recent months.

Only days before Christmas, for instance, three generations of the Wilson family gathered back at the scene of their tragedy, where they're rebuilding and recovering.

"We're starting all over from absolutely nothing," Nicole Wilson said. "Everything from since my parents were married is gone - pictures, sentimental memory stuff."

Esperanza blaze leaves 5 firefighters dead The Esperanza wildfire in October killed a five-member U.S. Forest Service crew.

The Idyllwild-based fire-fighting team was working on a ridge above two steep gullies, protecting an octagonal home and an unattached garage, according to a "Green Sheet" report released in November.

Winds topping 40 mph, almost perfectly aligned with the direction and slope of the gullies, contributed to the fast-running fire front that "overwhelmed" the crew, the report states.

Battle with anorexia draws compassion To passers-by in Palm Springs and Cathedral City, Darlene Rockey is the skinny lady in the running shorts, the one seen walking endlessly with a stiff-legged limp.

So a July 2 article about Rockey, a 5-foot-2-inch tall Palm Springs woman who weighs about 62 pounds and suffers from anorexia nervosa, caught the attention of Desert Sun readers.

Rockey walks at least 17 miles a day as part of a grueling exercise regime and was featured on the Dr. Phil television show.

College of the Desert campus growing Those in the east valley must have felt they were coming into their own on Aug. 19 when officials unveiled a plan to turn about 100 acres of barren land into the long-awaited East Valley Center campus for College of the Desert, where students could earn associate degrees and learn high-tech and green building skills.

The donated land is east of Buchanan Street between Avenues 62 and 60 in an unincorporated area near Coachella. The school will grow from its current outpost at the Riverside County Workforce Development Center in Indio, which offers about 68

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courses, to a fully accredited part of COD. Long-range plans include a balanced mix of academic and vocational courses, comprehensive student services and community facilities such as meeting spaces and soccer fields.

High temps break records By Sept. 13, Palm Springs had recorded 117 days with temperatures above 100 degrees. Palm Springs temperatures broke four record highs in July.

On July 20, for instance, the mercury eked up to 120, eclipsing the 118-degree record set in 1978. The hotter-than-normal summer sent electric bills soaring for many valley residents.

Palm Springs resident Barbara Stebbins paid nearly $1,300 in electricity bills over two months - $93 in May, then $593 in June.

"What are you going to do? Say, 'I'm sorry I'm not going to pay the bill?' "

Students return to school excited, uncertain Some 44,000 students arrived for the first day of classes on Sept. 5, and Eric Reed Jr. was one who came with a mix of excitement and uncertainty.

"We told him second grade was going to be a little more advanced, a little harder this year, with more math and writing," said Karen Reed, his mother.

Eric's parents, Eric Sr. and Karen Reed, made the transition a little easier by escorting him to school and hanging out awhile to ensure he got off to a good start in teacher Nancy Howell's second-grade classroom at John Adams Elementary School in La Quinta.

Parents, students, teachers and administrators quickly got into the rhythm of another academic year as Coachella Valley and Desert Sands unified school districts opened their doors for the 2006-07 school year.

DEA Targets Larger Marijuana Providers (LAT)

By Rone Tempest, Times Staff Writer

The Los Angeles Times, January 1, 2007

The federal agency sees big profits for medical dispensaries as a sign of illegal high-stakes drug dealing. Advocates say the raids are unfair.

HAYWARD, CALIF. — Until federal drug agents arrested him last month, Shon Squier was one of Hayward's most successful and generous young businessmen.

Customers lined up outside his downtown storefront, particularly on Mondays, when he offered free samples to the first 50 visitors. Business was so good that Squier, a former construction worker, was able to donate more than $100,000 to local charities.

But Squier's success as a dynamic medical marijuana entrepreneur was also his downfall. Federal drug agents raided his home and business, arresting Squier and his store manager, freezing bank accounts containing $1.5 million and confiscating several expensive cars, motorcycles and $200,000 in cash.

Medical marijuana advocates claim the raid constitutes unfair, selective enforcement by the Drug Enforcement Administration of the estimated 170 medical marijuana dispensaries in the state, including 85 in the San Francisco Bay Area.

Just down the street, another medical marijuana dispensary, not as big or as flashy as Squier's, was left untouched by the DEA agents in the Dec. 11 raid.

The federal drug agency, which does not recognize California laws legalizing the sale of marijuana to patients with doctor's prescriptions, contends the amount of money involved proves that the medical marijuana trade is nothing more than high-stakes drug dealing, complete with the same high-rolling lifestyles.

"These people will tell you they are just interested in the terminally ill," said Gordon Taylor, DEA special agent in charge of the California eastern federal district, "but what they are really interested in is lining their pockets with illegal drug money. When you pull the mask off, you see that they are nothing more than common dope dealers."

California's two medical marijuana laws, Proposition 215, approved by voters in 1996, and Senate Bill 420, passed in 2003, are not clear about how much money proprietors can take out of their businesses. One section of SB 420 states that medical marijuana caregivers should be allowed "reasonable compensation" for their services. Another section states that distribution should be done on a nonprofit basis.

"The legislation is about as clear as mud the way that they wrote it," said Joe Elford, lawyer for Americans for Safe Access, a pro-medical marijuana group. "The dispensaries are legal under state law because they are cooperatives and collectives. It is my best guess in terms of what the Legislature intended is that they shouldn't be operating to make a profit."

With the proliferation of medical marijuana dispensaries of all sizes across the state, the DEA and Internal Revenue Service have recently concentrated their investigations on young, high-profile operators like Squier, 34, and Luke Scarmazzo, 26, co-owner of a Modesto dispensary.

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Scarmazzo got the attention of the DEA earlier in the year, when he produced a rap video that showed him counting stacks of hundred dollar bills, blowing billows of smoke at the camera and flipping off federal agents.

The Scarmazzo video, featuring the background sound of a pump shotgun racking a round, includes actors posing as members of the Modesto City Council. Online at http://www.krazmusic.com , it includes the refrain:

I'm in business, man.

I mean business, man.

Let me handle my business, damn.

Federal prosecutors showed it at Scarmazzo's bond hearing to demonstrate his criminal intent in order to deny him bail.

But Fresno lawyer Anthony P. Capozzi, who represents Scarmazzo, said the effort backfired.

"Let me tell you, the whole courtroom was swaying to the music," Capozzi said. Scarmazzo was released on a $400,000 bond and his 2007 Mercedes-Benz, confiscated by federal agents, was returned to him.

Taylor, the DEA agent, said that between January and June of this year, Scarmazzo, who has a previous felony conviction, and his associates recorded $3.4 million in sales of marijuana products with brand names that included "911," "AK47" and "Train Wreck." Scarmazzo and his California Healthcare Collective co-owner, Ricardo Ruiz Montes, also 26, are charged in federal court with money laundering and "operating a continuing criminal enterprise." The last charge, one of the most severe under federal drug laws, carries a sentence of 20 years to life in prison.

Here in Hayward, Squier and his business manager, Valerie Lynn Herschel, 23, are charged with the illegal manufacture and distribution of marijuana, a federal "controlled substance." Federal agents confiscated hundreds of plants, brownies, cookies and other products containing marijuana from Squier's business, Local Patients Cooperative.

"I only gave the people what they wanted — easy, safe access to medical marijuana," said the slightly built Squier, cuddling his pet Chihuahua in his former office, which was stripped bare by federal agents.

He described his business as a responsible enterprise that paid federal and state payroll taxes for 60 employees, contributed to the Hayward High School football team and gave discounts to Hayward residents, veterans and customers in wheelchairs.

Squier said that he served about 75 customers a day and had 70,000 individual patients in his books. The success of his business allowed him to buy a $1.5-million home in the Hayward Hills overlooking San Francisco Bay, a Hummer and a late-model Mercedes.

Half a block down Foothill Boulevard, Tom Lemos, 45, continues to operate his much lower-volume Hayward Patients Resource Center.

Whereas Squier and Scarmazzo flaunted their wealth, Lemos, who claims to have 3,000 to 4,000 regular customers, emphasizes his modest lifestyle.

"I live in a rental apartment and I drive an '86 Isuzu with 245,000 miles on it," Lemos said.

Appearing before the Hayward City Council on Dec. 19 to ask for a renewal of his agreement to operate in the city, Lemos opened his remarks by stating: "I don't live in a large house."

Compared to his "small, homey" medical cannabis operation, Lemos said, Squier's high-volume Local Patients Cooperative down the street was a "Wal-Pot."

After hearing Lemos' presentation and testimony from several of his patients, the City Council agreed to extend his agreement for 90 days, suggesting that he would be granted a longer-term permit if he moved from the downtown area to a more remote location, away from schools and the general public.

Even before the federal bust, the city had informed Squier that its agreement with him would be terminated.

Similarly, after Scarmazzo began operating in Modesto, the City Council passed an ordinance banning additional cannabis cooperatives, and the city had on several occasions attempted to halt Scarmazzo's operation.

The raids on both the Hayward and Modesto operations support what medical marijuana advocates contend is an unwritten practice by the DEA of being more likely to crack down on an operation that has lost local government support.

After the U.S. Supreme Court ruled last year that federal laws banning marijuana sales take precedence over those in California and other states permitting the sales, the DEA was empowered to arrest patients and operators at any one of the dispensaries that started up after passage of Proposition 215.

Instead of going after everyone, however, the federal agency appears to concentrate on the larger and higher-profile operations.

Medical marijuana advocates contend it is unfair of the DEA to cite examples like Squier and Scarmazzo to represent the typical dispensary operators.

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"Most operators are not wealthy individuals," said Elford, the Americans for Safe Access lawyer. "As far as we can tell, the majority of dispensary operators are simply people who are interested in providing safe, affordable and reliable medicine to the people who need it and are not in it for the profit."

The "big fish" strategy enrages Oakland lawyer James Anthony, who represents Scarmazzo in civil matters.

"Why does the DEA suddenly concern themselves with how successful a medical cannabis collective is?" he asked. "Are they saying that if these guys had led monkish lives, then they would have left them alone? Are they judging Donald Trump on his lifestyle?"

Medical Marijuana Groups Claim DEA Unfair (WT)

The Washington Times/UPI, January 1, 2007

Larger California dispensaries of medical marijuana claim they are being unfairly targeted by the U.S. Drug Enforcement Agency.

Among them is Shon Squier, 34, of Hayward, Calif., whose major storefront operation was shut down last month by the DEA, which also froze bank accounts containing $1.5 million and confiscated several expensive cars, motorcycles and $200,000 in cash, the Los Angeles Times reported Monday.

Further down the street, a much smaller operation wasn't touched, leading Squier to allege he is being unfairly targeted for being successful, the Times said.

California's two medical marijuana laws, Proposition 215, approved by voters in 1996, and Senate Bill 420, passed in 2003, are not clear about how much money proprietors of the estimated 170 medical marijuana outlets in the state can make.

The DEA does not recognize California laws legalizing the sale of marijuana to patients with doctor's prescriptions, and special agent Gordon Taylor said the businesses have nothing to do with compassion for the terminally ill.

"When you pull the mask off, you see that they are nothing more than common dope dealers," Taylor told the Times.

Racketeer Loses His Swagger (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, December 29, 2006

HAI Waknine shambled into the Beverly Hills Lamborghini showroom.

The owner, Victor Keuylian, sensed trouble. Keuylian and his son were late on paying off a $950,000 loan that Waknine had brokered with an Israeli businessman.

"What do you want, Hai?" he asked, according to a later telephone conversation recounting the incident that was caught on a federal wiretap.

Waknine pointed to a $175,000 Ferrari in the luxury European car dealership.

"I want this one over here. I want to take this car and use it for half a day."

"Hai, the cars over here are for sale," Keuylian said. "Nobody's supposed to drive them."

"No, I want this car. Get the car out."

Reluctantly, Keuylian let him take it, and got it back later with 100 more miles on the odometer. Waknine was unappeased.

Two days later he left a message on the home answering machine of Keuylian's son, Viken: "Vic, if you don't have the money tonight, it's going to double tomorrow…. Tomorrow we are coming to your shop, and we are going to take $2 million."

Keuylian called the police. As it turned out, the police were already listening on wiretaps.

Los Angeles police had been pursuing Waknine for 14 years, since he was a student at Grant High School in the San Fernando Valley. At various times, they charged him with threatening witnesses, kidnapping for ransom, assault with a firearm and grand theft auto.

All the investigations collapsed when witnesses refused to testify or left the country, and Waknine grew wealthier every year. He owned a 3,154-square-foot town house on the sand in Marina del Rey, a brand-new home in the Hollywood Hills, a vacation house on Acapulco Bay and investment properties around Southern California, Las Vegas and Miami.

But in 2003, at the time of Keuylian's call, organized crime detectives thought they had a good case building. Working with federal drug agents and foreign police who were investigating Israeli organized crime and Ecstasy trafficking, they had wiretaps on phones in Los Angeles, Las Vegas, Miami, Mexico, Spain, Belgium and Israel.

From the wires and informants they began amassing fresh evidence of Waknine's connections to an Israeli crime syndicate called the Jerusalem Group and his alleged involvement in drug trafficking, money laundering and extortion, according to court documents. And this time, none of it depended on skittish witnesses.

"Yesterday, I got all kinds of threats at my office in California: 'I will kill your wife, I will kill your son, I will kill you,' " Keuylian complained about Waknine to another Israeli involved in the deal over a wiretap in April 2003.

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In another wiretap, he described Waknine's foray into the showroom.

"If he wants to be a jerk with me," he said. "I'm more than ready to be a jerk with him…. This lowlife immoral person, Hai, came over and threatened me and all of my family."

Waknine first came to the attention of authorities as a student at Grant High in March 1989. A popular teacher named Hal Arthur was shot to death outside his Sherman Oaks home, and at least 10 students suspected Waknine; he had a bellicose reputation and, they thought, a beef with the teacher.

He was 16 at the time, a pudgy upper-middle-class Van Nuys kid, born in Israel, who wore jewelry and fancy clothes and drove a BMW. One of the students told police that Waknine took karate lessons from an instructor who taught him "how to shoot guns and kill people."

Detectives questioned Waknine for six hours but let him go after he passed a polygraph test. "There is no evidence to connect the kid to this case," Det. Mel Arnold told the news media.

The killing remains unsolved. But organized crime detectives who have followed Waknine for years say the incident gave him an ominous reputation he would later play to his advantage.

Waknine dropped out of high school and became a full-time "wheeler-dealer," in the words of his younger brother, Assaf Waknine, interviewed by telephone. "He'd buy five cars here, sell five cars there."

In the mid-1990s, Waknine brokered a business arrangement between a wealthy uncle and a real estate investor named Judah Hertz, whose holdings included the International Jewelry Center on South Hill Street, across from Pershing Square. Waknine rented several offices in the building and opened a postal business called Global Parcel Service on the bottom floor.

Around this time, according to police, several of his friends were becoming the country's biggest importers of the club drug Ecstasy. They flaunted their Italian cars and Versace suits in the hippest clubs of Beverly Hills and Hollywood.

One of his friends, Jacob "Cookie" Orgad, an Israeli who was also in business with Hertz, had taken over a Las Vegas-based network that transported cocaine from California to the East Coast for Pablo Escobar's Colombian cartel, according to a report by Nevada gaming investigators.

As Ecstasy became popular, Orgad began smuggling the aspirin-size pills, which cost pennies to make and sold for upward of $25, into Los Angeles from Europe, according to police.

Confidential informants told the Drug Enforcement Administration that Ecstasy traffickers used Waknine's postal business to launder millions of dollars. In a single transaction, he allegedly received $11 million to launder, an affidavit by DEA Special Agent Deanne L. Reuter said.

According to Reuter, an informant said Waknine also boasted of using his mother's company, Silhouette Paris in Studio City, "to import MDMA [Ecstasy] in the shoulder pads of women's apparel."

Waknine was living the high life, according to both his brother and two Los Angeles Police Department detectives, who requested anonymity because they are still investigating Israeli organized crime in Los Angeles.

He would play $10,000 hands in Vegas without pause, drop $5,000 on Cristal Champagne and designer vodka at clubs such as Les Deux, Café Maurice and Bar One, and party with celebrities and rappers, strippers and Russian blonds.

His hangdog face, nervous tic and rolls of flab did not diminish his violent reputation.

"There was an instance where someone flipped Hai off at a club," said one of the organized crime detectives, who was undercover at the time. "A Japanese guy driving a Ferrari, he wasn't the coolest guy in the world.

"Hai assessed him a $25,000 fine." The guy paid, fearing the consequences of refusing, the detective said.

In the Jewelry District and in Israeli pockets of the San Fernando Valley, Waknine became known as a go-to guy to collect on a loan, resolve a dispute or fix a problem.

In 2000, insurance broker Jimmy Altman learned that firsthand when Waknine called his office in Encino. Altman, it turned out, was somebody's problem.

He was dating a divorcee, and her former husband wasn't happy about it, according to court documents. Waknine asked Altman to meet him at Tempo Restaurant, a hip Israeli hangout on Ventura Boulevard where Waknine regularly held court.

"If I were you, I'd stay away from Tammy," Waknine warned Altman, according to a description of their encounter in the court papers.

Altman dropped the relationship, but days later two bullets spider-cracked the front windows of his home, the court papers said. Waknine called again and demanded $75,000. "If you don't pay me, I'll hurt you."

Altman filed a police report, but stopped cooperating with detectives when Waknine took out a $1-million policy with him.

Yet police were closing in on Waknine's circle.

Assaf, Waknine's brother, had been sent to prison in New York after pleading guilty in 1997 to participating in an elaborate scheme to rack up $125,000 per day on bogus American Express cards.

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In 2001, Waknine's friends in the Ecstasy trade went down. Alex Maimon and Louis Ziskin were convicted of smuggling 700 pounds of Ecstasy into Southern California via FedEx. Orgad pleaded guilty to drug charges for hiring strippers and models to carry millions of Ecstasy tablets from Paris to Los Angeles. Tamer Ibrahim was on the run for shipping 1,100 pounds of Ecstasy — worth more than $40 million — through LAX hidden in a shipment of colored pencils and notebooks.

Waknine was still untouched.

That same year, Gabriel Benharosh, another alleged member of the Jerusalem Group, fled to the United States. He brought with him cash that an Israeli bank official had embezzled to pay off her brother's gambling debt to the Israeli mob. The embezzlement crashed the bank and caused a scandal in Israel, and Benharosh needed to hide the money.

Waknine introduced him to Keuylian, the Beverly Hills Lamborghini dealer, and Eli Hadad, a Miami real estate developer, to launder the money.

Benharosh lent $520,000 to Hadad in May 2002, and $950,000 to Keuylian in May 2003.

When both borrowers could not pay Benharosh back in time, Waknine went to work.

In August 2003, a wiretap caught Waknine on the phone to Benharosh, talking about Hadad: "On Tuesday I'm taking the house from him, my bro," Waknine said.

"Finally you do what I tell you," Benharosh replied. "I want to hear that he and his wife and kids are on the street, sleeping in the street."

Both men managed to pay Benharosh back. The Keuylians sold some Ferraris; one went to singer Rod Stewart. Hadad took out a third mortgage on his home.

They thought they were done with Waknine. Instead they were subpoenaed to testify before a grand jury.

In April 2004, Waknine, Benharosh and three others were indicted on 16 counts, including conspiracy to commit extortion and conspiracy to commit money laundering, based largely on the extensive wiretaps. A State Department narcotics report described Waknine and Benharosh as a "money laundering cell" and "principal targets" in a crime organization run by an Israeli mobster named Itzhak Abergil, whom the department listed as one of the 40 biggest importers of illegal drugs into the United States.

In December, the grand jury added the more serious offense of racketeering.

Benharosh ultimately cut a deal to testify against Waknine. Assistant U.S. Atty. Thomas P. Sleisenger said the more serious U.S. crimes were committed by Waknine.

"Our interest here in Los Angeles has always been Waknine," he said. "This guy has been the thorn in the side of law enforcement for years."

Waknine's trial began this June in the courtroom of U.S. District Judge Manuel Real. Some days the gallery took on the cast of a Hollywood club, filled with blond, shiny-haired women and men in tight black designer T-shirts.

After four days of testimony, Waknine pleaded guilty to a single count of racketeering, catching prosecutors by surprise.

He went home to await sentencing, which made detectives and agents who had worked for years to put him in prison nervous. Would he really give up his lavish lifestyle when he probably had money stashed in accounts all over the world?

In August, U.S. marshals hauled Waknine into court in manacles after an informant said he planned to flee to meet his brother Assaf, who had been released from prison, in Mexico. Waknine, who had been free on bond, told officials he was afraid someone was after him.

Real was unmoved. "He should be protected in custody and be here for sentencing. He'll live until that time at least."

His family and friends left the courtroom in tears.

On Sept. 11, Waknine shuffled into the courtroom shackled to other inmates. At the dais, he twitched and tugged at his jail pants to keep them up, before meekly mumbling a plea for leniency.

Without looking up from his paperwork, Real sentenced him to 10 years in federal prison, a year more than prosecutors were asking. Waknine was taken to the Metropolitan Detention Center to begin his sentence. His lawyers filed a notice of intent to appeal the extra year of the sentence.

On Dec. 11, Waknine jangled into court again for a restitution hearing. Prosecutors recommended he pay a total of $406,000 to his victims. Waknine's attorney told the judge he agreed with the government.

"The government is not the one to make the order. I am," Real snapped.

The judge made some calculations and ordered Waknine to pay $646,000.

1,373 Miles Into The Heart Of Afghanistan (LAT)

By Paul Watson, Times Staff Writer

The Los Angeles Times, December 31, 2006

The Ring Road is meant to link the nation and connect its major cities. But traveling the route is no Sunday drive.

Shahr-i-Safa, Afghanistan — AS a hair-thin line on a map, Afghanistan's national Ring Road looks easy enough to conquer.

But tell war-hardened Afghans that you're going to travel its entire 1,373-mile length unarmed, facing winter and a raging insurgency, and they look at you like you're completely mad.

Five years after the fall of the Taliban, it shouldn't be such a challenge.

Rebuilding the two-lane highway that connects Afghanistan's major cities has been a centerpiece of the U.S.-led effort to transform the nation. It is so important that Afghanistan's president, Hamid Karzai, said that President Bush once demanded daily updates on the roadwork from Kabul south to Kandahar, the seat of power under Taliban rule.

U.S. grants have paid for rebuilding a third of the road, according to Afghan government figures. Japan, Saudi Arabia and Iran are responsible for repairing other sections, a rare case in which Washington and Tehran are working toward the same goal. Officially, the $1.05-billion project is almost finished.

But as with many things in Afghanistan, there is a chasm between the rhetoric and reality.

Some of the best stretches of the road are among the Taliban's favorite killing grounds. This fall, Canadian troops led the biggest ground battle in the North Atlantic Treaty Organization's 57-year history, in part to regain control of a stretch of highway west of Kandahar. The NATO offensive cleared the insurgents, but guerrillas and highway robbers still prey on travelers in many other places.

About 40% of the road isn't finished. Some sections are nothing more than muddy tracks through the country's lawless Wild West, where you can drive for hours without seeing another vehicle fishtailing and backsliding through the muck along with you.

The only way to understand the condition of the road and grasp what it says about Afghanistan is to drive it.

The trip took my interpreter, driver and me seven days, inching along slippery edges of steep cliffs, wandering in the wilderness without road signs, suffering two flat tires, a ruptured radiator and a spinout on mountain ice.

On the way, we managed to avoid a Taliban ambush, a potential kidnapper or highway robber, a suicide bomber and a gunman who fired close enough to take off one of our heads.

Getting ready

I KNEW some of the Ring Road all too well. I traveled it for weeks in the early Taliban era a decade ago, when years of war and neglect already had reduced the highway to patches of broken asphalt connected by dirt, rocks and ruts. A trip that would take a few hours on a proper road was days of torture, the speedometer straining to break 10 mph as the vehicle crawled over shell craters and pond-sized potholes.

This time, I would be leaving from Kabul with interpreter Wesal Zaman and driver Zyarat Gul. A quiet and calm man, Gul had gotten us home safely from other terrible places.

Before starting out, we visited three experts at the Economics Ministry to find out what we were in for.

Sayed Arif Nazif, the ministry's director of design, told us that the building of the road began in the mid-1970s. The United States helped, but most of the money came from the Soviet Union and Arab countries.

Farmers used the road to get their produce to market. Afghanistan became the world's largest exporter of dried grapes, apples and other fruit. It also sent an assortment of nuts.

"In those days, in terms of our roads, we were much more advanced than neighboring countries," Nazif said. "But because of the wars and other problems, all our roads were destroyed."

Soviet troops and tanks poured down the Ring Road to invade Afghanistan in the dead of night on Dec. 25, 1979, setting off a decades-long tailspin from which Afghans are still trying to recover.

The rebuilding of the road is supposed to help revive the economy and break down ethnic differences by allowing Afghans to travel more freely. Although dried fruit exports are 20% of what they were before the wars, reconstruction is showing benefits, Nazif said. This year, the repaved road allowed farmers to get fresh pomegranates, grapes and apples to Kabul's airport, and the first few flights delivered the produce to wealthy Persian Gulf states.

I had a more pressing question: "How long do you think it would take to drive the whole Ring Road?"

Nazif shifted in his seat. "Take the length of 1,373 miles, and divide by an average speed of 50 miles an hour," he said.

"That sounds like we could do it in maybe four days," I replied, trying to do some quick mental math. Nazif smiled and nodded, but we both knew Afghanistan was a lot more complicated than that.

Before we started, we took some precautions that are prudent for any trip into the countryside: We loaded the car with two spare tires, a shovel, bottled water and snacks. And we made one rule: If Gul, an ethnic Pashtun like most of the Taliban, saw anything on the horizon or felt anything he didn't like, he should turn around without pausing to ask us.

A small victory

AS the Ring Road begins a steady climb out of Kabul on a 27-mile section rebuilt by the Taliban, the horizon is bright white with towering snow-covered mountains. The road is as smooth as any in the United States. But the government can't afford to

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keep it plowed, so it was covered with packed snow and ice that brought long lines of heavy transports to a halt on the highlands near Ghazni.

We were less than six hours into the journey near Shahr-i-Safa when we saw the first signs of Taliban activity.

Four insurgents armed with AK-47s and rocket-propelled grenades had ridden two motorcycles to a hill overlooking a stretch of the highway near Qalat. About 3 p.m., they opened fire on a civilian truck taking supplies to an Afghan military base, a common guerrilla tactic.

Normally, insurgents carry out swift attacks and make a getaway into the desert. But this time a pickup carrying half a dozen Afghan national army troops happened by. They pinned the guerrillas down from behind and called in a second unit to attack from the front.

We reached the scene about half an hour after the battle ended. Jubilant Afghan troops were smiling and joking next to three Taliban corpses, like scavengers enjoying quality roadkill. One of the dead men lay on his back with his knees bent, as if he might jump up at any moment. But the bullet hole in his neck left no doubt his war was over.

The fourth fighter escaped, so the victory wasn't complete, said Afghan army Maj. Atullah Maiwandwal.

It was a battle too small to make the news, let alone change the course of a war. But the major and his men had achieved something significant: Without U.S. military advisors or foreign backup, they defended a piece of highway rebuilt with a $237-million U.S. grant, the sort of gradual progress that often gets lost amid the noise of suicide bombings and other insurgent attacks.

"Where are your bodyguards?" one soldier asked, stunned that we were traveling the highway without weapons.

We explained that we preferred to travel unencumbered by armed escorts. So as night fell, we rushed off to Kandahar, which has been staggering under a wave of suicide bombings. The governor gave us beds in his guest house.

Early the next morning, we headed west into Helmand province, the scene of fierce fighting this year between NATO forces and the Taliban.

A large billboard on the edge of Kandahar declared that the highway was being rebuilt as a gift of the Japanese people.

Actually, the 70 miles of road that Japan pledged $76 million to fix is the same bumpy, cracked surface that it has been for years. The area is too dangerous for road crews.

It is the hashish harvest season, and marijuana plants as big as Christmas trees are stacked by the thousands against mud-brick homes, curing in the sun. Villagers scrape the gooey resin, which is pressed into blocks and exported along the same routes that move the opium used to produce heroin, a big source of the insurgents' income.

Hundreds of gunmen prowl the Ring Road in Helmand. They are members of private militias who take orders from local warlords and drug barons and operate illegal checkpoints, mostly to squeeze money from truck drivers.

As one longtime resident of Lashkar Gah, the provincial capital, told us, "They are loyal to the government until 4 o'clock in the afternoon, and then until the next morning they're enemies."

As we neared the Lashkar Gah turnoff, in an area where we were told that kidnappers had abducted two German journalists, our driver broke our one rule.

The broken rule

GUL slowed for a speed bump, and instead of accelerating when a militiaman jumped up with an AK-47, he stopped. Gul opened the driver's window, apparently weighing the comparative risks of getting shot and getting kidnapped. The gunman stuck his head in, saw me in the back seat and smiled like a dog sniffing fresh meat.

"Get us out of here!" I shouted at Gul, and he hesitated. "Get moving!"

Gul hit the gas. The barrel of the gunman's rifle clunked off the rear side of the car. Not daring to look back, I tensed for the shot that didn't come.

In Lashkar Gah, we stopped at a construction agency funded by the United States Agency for International Development, or USAID, where we previously had met cook Khudai Nazar. At 64, he is old enough to remember what is possible with peace, and young enough to believe he might live to see it again.

We asked what he remembered of the Ring Road of his childhood. He sent his son for an opaque plastic sandwich bag stuffed with browning reference letters and old photographs.

They tell of a more innocent age, from the late 1940s to the 1970s, when American workers and their families lived in Helmand. They were building a dam, a power plant, irrigation canals and other development projects in the Afghan desert.

In one black-and-white photograph, Nazar is 12 years old and standing on a lush lawn surrounded by a white picket fence with his new bicycle, a gift from Rose and Don Wonderly of Portland, Ore.

"The first time I met with her, I didn't understand English," recalled Nazar, who speaks with an American accent. "American people always like children, and they didn't have any. She said come every day to my house and I'm gonna teach you English."

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Within a few days, Rose was giving the boy new clothes and encouraging other American families to leave him some of their hand-me-downs. The Wonderlys left in 1960.

By the time the Soviets invaded in 1979, Nazar had worked for a string of other Americans: George Belissary promoted the servant to a warehouse job; JoAnn and Ronald Thompson of Sacramento praised his bread-baking skills; Jack and Maxine Smith wrote of their fondness for his pastries and good humor.

The Smiths had to flee the Soviet occupation after 17 months in Afghanistan, and in her last words to him, Nazar said, Maxine urged him to take his wife and their 10 children to Pakistan.

"She said, 'Just send me a message and I'll have a house waiting for you — everything,' " Nazar said wistfully. It was clear in his breaking voice that he wished he could have left. But he never found enough money, or will, to turn his back on the land of his birth.

Nazar bid us farewell with the hope that some of his long-lost American friends might try to reach him, maybe even risk a visit.

Three hours after we left Lashkar Gah, a suicide bomber walked into the well-guarded compound of the provincial governor, a few blocks from where we'd visited Nazar, and blew himself up in the parking lot, killing eight people.

The Wild West

HEADING north toward Herat, we drove for several hours past mountains weathered so smooth they seemed molded from clay. We reached Herat that night, putting us more than halfway along the Ring Road at the end of our second day.

Swift progress made us overconfident. We talked about being back in Kabul in a day or so. We marveled at the traffic lights operating at all the main intersections in Herat, the only major city to escape the destruction of Afghanistan's wars.

The pleasure was short-lived. The next morning, 35 miles northeast of Herat, the highway abruptly ended. We didn't see asphalt again for three days.

Iran was supposed to complete 70 miles of paved road from Herat into Badghis province, but its contractors suddenly stopped work, said Gov. Mohammed Naseem Tokhi. Some say the money ran out; others cite unspecified problems between Iran and the rest of the international community, Tokhi said. He has received no official explanation.

The Afghan national government hasn't even been able to find a country willing to fund construction of the road through the rest of the province.

Entering Badghis was like driving back into biblical times. Ours was the only internal-combustion engine running for miles. Most people were walking or riding donkeys. The gray smoke of cooking fires seeped through the black fabric of nomads' low-slung tents.

The province's people, many of whom are Pashtuns, have long felt cut off from the rest of the country. Now they are largely missing out on billions of dollars in international aid, and that makes Badghis an ideal recruiting ground for insurgents. Grinding poverty and poor health have left even moderates angry with Karzai's government and its foreign backers.

Prolonged drought followed by devastating floods last month left three-quarters of the province's people without enough food, Tokhi said. The only roads into the province are so bad that relief agencies are having a tough time reaching people. Many could die during the winter, he said.

In the frontier town of Bala Murghab, a Ring Road bridge is a dangerously unstable span covered with metal sheets laid by people who salvaged them from a derelict factory. The 200,000 residents of the surrounding area have no electricity, and their water is so bad that diarrhea is a main killer.

Smoldering rage exploded this fall when gunmen stormed the district commissioner's new headquarters, a three-story yellow brick building built by USAID. They blasted a rocket-propelled grenade through the guardhouse and fired assault rifles at offices and police cars, shattering most of the main building's windows. The district commissioner fled for his life. Three foreign workers at a U.S.-based agency's compound escaped by hiding in their garden as rampaging mobs looted the buildings.

When the aid agency shut its office, townspeople persuaded its Afghan supervisor, Ghalam Seddiq, to become mayor. Slipping another prayer bead along a string as he talked to us, Seddiq said the attackers wanted to stop the aid agency's education programs and prevent children from learning, a Taliban priority.

The center of town is a ramshackle bazaar, where merchants glared as we drove along muddy streets. A large padlock sealed the front doors of the only hotel. The elderly caretaker said it was too dangerous to stay there, but the new district commissioner ordered the hotel to open for us.

In this Afghan version of a Wild West town, Abdul Jalil Sekandari is the deputy sheriff.

Guarded by a young man with an AK-47 slung over his shoulder, Sekandari dropped by our hotel room that night. By the glow of an oil lamp, he griped about the government and foreign aid, personally guaranteed our safety and invited us to spend the night with him in the police station. We thought our odds were better in the hotel.

Good riddance

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WE rode out of town at first light. We weren't far into the countryside when a man in a Taliban-style black turban lurking near a disabled Soviet tank leveled his Kalashnikov rifle and took a potshot at us. We heard the loud hiss-snap of a bullet passing close by, but he didn't fire again. It must have been a good-riddance round.

Soon even the dirt road disappeared into a labyrinth of mud tracks that crisscrossed broad valleys. We fishtailed and churned our way through dense fog, along tire ruts at least 2 feet deep. The four-wheel-drive car jerked and bucked like a rodeo bull.

There were no road signs, and no other vehicles. So the only thing to do was ask directions from a shepherd or a farmer working the sodden earth with a wooden plow pulled by his donkey.

"Does this road go to Maimana?" we asked an old man at one crossroads.

"Yes. But others prefer that way," he replied, nodding toward a dirt road heading in the opposite direction.

When we pulled in for a rest in Maimana, a pool of green fluid spilled out of a hole in the radiator, which a mechanic pounded shut the next morning.

We finally returned to paved highway at Andkhoi, a dust-blown place near the border with Turkmenistan, where for centuries tribal weavers have produced some of Afghanistan's best carpets.

Mohammed Ikram, a dealer representing more than 400 female weavers, was at the roadside, squatting in the dirt to measure a carpet in a floral design of red, blue and yellow. It would go to Pakistan, where a trader would pay about $210 a yard, attach a "Made in Pakistan" label and export it to the United States or Europe for hundreds of dollars in profit, Ikram said.

If Afghanistan could have peace and security, traders would follow the Ring Road straight to Andkhoi, he imagined. "And if tourists come here, then we will all be rich," Ikram said, smiling.

Paved highway awaited us on the other side of town, so we pressed on south to Mazar-i-Sharif, chattering about how good it would feel to have hot water and lights.

Come back later

MAZAR-I-SHARIF means Tomb of the Exalted. It is home to one of the holiest sites in Islam. Some Shiites believe it is the final burial place of Hazrat Ali, the prophet Muhammad's cousin and son-in-law, who was assassinated and first buried near Baghdad in the 7th century. Blood is still being spilled over the schism that followed, but not in Afghanistan.

Robbers are the biggest threat on the roads around Mazar. Andkhoi's carpet traders say they are regularly fleeced by gunmen demanding illegal road taxes.

After a night of comfort in Mazar, it was an easy drive to the Salang Tunnel, a 1.7-mile passage at 11,034 feet built by the Soviets through the Hindu Kush mountains on the route south to Kabul.

In winter, howling blizzards pummel the Salang's peaks. Avalanches, asphyxiation and plunges off cliffs have killed dozens of travelers.

As we headed up the pass, we recalled another trip a few weeks earlier when Gul skidded on black ice in the tunnel. The wheels hit the edge of a concrete walkway so hard that the front axle broke. He was elected to walk through a blizzard to a public works outpost a mile down the mountain. It was the middle of the night and deathly cold. A few workers huddled around a small wood stove.

"Is anyone hurt?" one asked when Gul asked for help.

"No."

"Are there any women?"

"No."

"Are you stuck in the middle of the road?"

"No."

"Then go back to your car and come back in the morning."

This time, we made it through the tunnel and most of the Salang Pass without problems. The sky was ice blue, the road mostly clear. It seemed too easy for the end to such a hard journey.

Just then, Gul put the car into a 360-degree spin. A snow bank kept us from going over the edge.

We sat silently for a few seconds, staring up at the meandering Ring Road to see whether that was the worst that would happen — or whether fate was about to catch up with us in the form of a sliding truck.

Our luck held. There wasn't anyone close enough to harm us.

The car, with every bolt, spring and cable caked in mud, creaked and shimmied its way down the Shomali plains, and in a few hours we were overlooking Kabul, sprawled out across a plateau and shrouded in brown smog. The capital hadn't had a suicide bombing for days. The only thing left to worry about was traffic.

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(INFOBOX BELOW)

Treacherous journey

Despite more than $1 billion in construction aid, the primary roadway connecting Afghanistan's main cities is incomplete and beset with problems. Here is a look at what happened during a seven-day drive over its entire 1,373-mile length:

1. Taliban fighters attack a civilian truck. Afghan army troops engage guerrillas, killing three.

2. A suicide bomber blows himself up at compound of the provincial governor in the capital of Helmand province.

3. The highway abruptly ends, and the journey must continue on dirt roads and mud tracks. In neighboring countryside, a man takes a potshot at passing reporters. The radiator springs a leak.

4. Asphalt roadway begins again, but soon the journey reaches the treacherous Salang Tunnel, a 1.7-mile passage through the Hindu Kush mountains at 11,034 feet.

Sources: ESRI, TeleAtlas, USGS

FBI Investigating Pipe Bomb Attempt (BRADV)

Baton Rouge Advocate, January 1, 2007

PORT ALLEN — FBI crime scene investigators returned today to Erwinville Baptist Church to collect evidence from the pipe bomb that was safely detonated by officials outside the church Sunday night.

FBI investigators collected debris and combed the area for evidence, West Baton Rouge Parish Sheriff Mike Cazes said. The debris will be sent to the FBI's crime lab in Quantico, Va.

The pipe bomb was found by deputies outside the church, along La. 413, south of U.S. 190, at 5:19 p.m. Sunday, authorities have said. The pipe bomb was safely detonated by the Louisiana State Police's Hazardous Material Unit around 9 p.m. Sunday

The FBI is handling the investigation, Cazes said.

No one answered the church's phone tonight.

NRA Sounds Alarm Of Not-So-Imminent Threat (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 2, 2007

In lobbying, a threat is good for business, whether it's genuine or not.

This might help to explain the dire warnings being issued by the National Rifle Association as the Democrats prepare to take control of Congress this week.

"The new leadership could be one of the most unfriendly to the National Rifle Association," declared Andrew Arulanandam, spokesman for the NRA. "If there's an effort to pursue gun control, we will mount an active defense."

The famously combative lobby, with 4 million members, is displeased with the voting histories of House Speaker-elect Nancy Pelosi (Calif.) and other top Democrats in the House and is putting them on notice that it won't tolerate passage of anti-gun measures.

The only problem: No one expects gun legislation this year.

True, a few Democrats would love to take a potshot at the NRA. But its $20 million in political firepower has long discouraged any such effort. It helped to snuff out the presidential hopes of Democrat Al Gore in 2000 and to elect dozens, mostly Republicans, to Congress.

Besides, one of the NRA's biggest backers is a Democrat, Rep. John D. Dingell (Mich.), who was instrumental in blocking the last major attempt at gun control in 1999 and will reclaim the chairmanship of the House Energy and Commerce Committee this week.

No matter. The NRA is on high alert, and its latest weapon is a pamphlet designed to send its members into fits of paranoid rage and to inspire them to open their wallets.

A draft of the 27-page document, which was provided to The Washington Post by a source outside the NRA, lashes out at such icons of the left as investor George Soros, Sen. Hillary Rodham Clinton (D-N.Y.) and Pelosi. They are depicted as part of "a marching axis of adversaries far darker and more dangerous than gun owners have ever known."

Few places are less likely to be burgled than the Fairfax County headquarters of the NRA. But Arulanandam claimed that someone recently stole a "working draft" of the pamphlet, called "Freedom in Peril."

The document is filled with sinister-looking caricatures of supposedly anti-gun figures such as filmmaker Michael Moore, comedian Rosie O'Donnell, New York City Mayor Michael R. Bloomberg (R) and CBS News anchor Katie Couric. One chapter

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attacks Democratic lawmakers such as Sens. John F. Kerry and Edward M. Kennedy of Massachusetts and derides them as a "Gang of Opportunists." Other NRA enemies are "One-World Extremists," "Animal Rights Terrorists" (such as People for the Ethical Treatment of Animals) and "Illegal Alien Gangs."

"America, by its free and independent nature, is a breeding ground and safe haven for violent, illegal criminal gangs," the "Gang" chapter states. "And as always, it is the lawful who will take the fall."

Clinton, the Democratic front-runner for president in 2008, and Soros, a major backer of Democratic-leaning political organizations, are singled out for extra opprobrium. "Clinton views America as the great experiment, not for freedom, but for her own political ambitions," the pamphlet states.

Soros is described as "the Hungarian-born billionaire bankroller of a globalist jihad against firearm freedom" who has been "trying to revoke the Bill of Rights through his checkbook."

Veteran NRA-watchers have seen such rhetoric before. "This is vintage NRA fear tactics from an organization that knows how to use them to energize a base of supporters who have an unhealthy terror that the forces of government will take their guns away," said Peter Hamm, spokesman for the Brady Campaign to Prevent Gun Violence. "It's both ugly and untrue."

Hamm also said he does not believe Congress will take up and pass major gun legislation anytime in the near future. Still, the pamphlet asserts that "towering waves of this coming storm are already crashing on our doorsteps."

The opening essay, titled "The Coming Confrontation," is signed by (and is situated next to gallant drawings of) two of the NRA's staffers, Wayne LaPierre and Chris W. Cox.

"It's inevitable that terrorists will infest America for generations to come. It's also inevitable that an anti-gun president will occupy the White House, and anti-gun forces will control the U.S. House and Senate," they write. "Unless we are well-financed to face that moment, the final disarmament of law-abiding Americans will occur beneath the shroud of anti-terrorism legislation."

So beware -- and make your checks payable to the NRA!Stop That Spin

House Democrats boast that their proposed ethics legislation will ban travel provided by lobbying organizations to lawmakers. Don't believe it.

Maneuvering by the American Israel Public Affairs Committee and others has opened a gaping loophole in the bill. Lobbies such as AIPAC and the U.S. Chamber of Commerce have their own nonprofit foundations, which will still be allowed to underwrite congressional junkets under the new rules.

Watch for more lobbying groups to set up their own "non-lobbying" foundation affiliates as a result.

TAX:

States With High Taxes Try To Tackle Burden (WT)

By Charles Hurt

The Washington Times, January 2, 2007

Americans are paying more property taxes today than ever before, and several states, including New Jersey and New York, will attempt to lessen the growing burden on homeowners in upcoming legislative sessions.

"In the past five years, the increase in property-tax collections has been nearly double the growth in personal income," wrote economist Gerald Prante, who conducted a recent study of real-estate taxes nationwide.

"What the future has in store for property taxes will largely be a function of housing prices, but local governments can stem the rising tax bills in the process by lowering the rates and not merely spending the windfall revenue."

The rate collected through property taxes rose just 2 percent from 1994 to 2000, according to the study. Since 2000, that amount has shot up 27 percent.

The rocketing rates, fueled by the rapid increase in residential home prices, are being closely watched by anti-tax advocacy groups such as Americans for Tax Reform.

"Too often, tax-and-spenders try to lower property tax taxes by tossing more money to the bloating local governments," said the group's president, Grover Norquist. "However, instead of leaving the taxpayers alone, big spenders blow through the state money and come knocking on residents' doors for even more."

Mr. Norquist says he will be watching closely and has never been afraid to campaign against politicians who don't act aggressively enough to curb taxes and spending.

He pointed to the "property tax revolution" of the 1980s when the states of Massachusetts and New Jersey attempted to rein in out-of-control property taxes that had tested the patience of property owners.

In Massachusetts, lawmakers set about capping local spending increases. In New Jersey, lawmakers tried shifting the tax burden from property owners to state workers with an income tax.

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Today, according to figures provided by ATR, the burden on Massachusetts property owners has fallen by 7.5 percent. New Jersey property taxes, meanwhile, have increased 36 percent above the rate of inflation.

"As experience in Massachusetts demonstrates, property-taxes reform must address the root problem -- out-of-control spending," Mr. Norquist said. "Rather than shuffling taxpayers' dollars around and leaving the back door open for big spenders to sneak in more tax hikes, lawmakers should make sure that any reform includes taxpayer protections."

CONGRESS-ADMINISTRATION:

Democrats To Stick With Popular Basics In Congress Agenda (LAT)

By Noam N. Levey

The Los Angeles Times, January 2, 2007

WASHINGTON — When Democrats take power on Capitol Hill this week, House leaders will kick off their legislative campaign with a lightning-fast 100-hour agenda.

But there won't be a revolution.

In marked contrast to the Republicans who swept into the majority in 1994, incoming House Speaker Nancy Pelosi and her legislative allies are not planning to amend the Constitution or eradicate federal agencies.

Instead, their initial legislative foray will focus on modest, politically popular issues, including initiatives to expand stem cell research, lower prescription drug prices and tighten congressional ethics rules.

Pelosi's program is expected to receive a warm reception on Capitol Hill, even from some Republicans. Less clear is whether Democrats can follow up with solutions to the deeper problems that are troubling a restive public.

Polls show that most Americans are looking to Congress, rather than the president, for leadership, particularly on resolving the war in Iraq.

Yet Pelosi and the Democrats plan no dramatic steps to influence the course of the war. Nor has the new majority detailed strategies to tackle other challenges that have confounded lawmakers for years, including rising healthcare costs and the financially imperiled Social Security system.

For now, the relatively safe 100-hour agenda may simply allow the Democrats to show they can accomplish something after a dozen years in the political wilderness.

"One of the things the public is definitely looking for is results," said veteran strategist Peter Fenn, who helped several Democratic candidates unseat Republicans in part by campaigning against the "do-nothing" record of the previous GOP-led Congress.

But finding a majority on Capitol Hill to agree on even small measures can be challenging.

Democrats will hold just a one-vote advantage in the Senate, where rules allow the minority party to stall, slow and amend legislation.

At the same time, ideological divisions between the parties are wider than they were a generation ago, when moderates in both caucuses wielded greater influence.

It also remains unclear how the president and the new Congress will work together. Though Bush and Democratic congressional leaders have pronounced themselves committed to compromise, they are coming off six years of fiercely partisan government.

And taking on a president, even a weakened one, is never easy for Congress. When Republicans challenged President Clinton over the budget after taking power in 1995, they were blamed after the federal government was forced to shut down during the faceoff.

"It's not going to be a cakewalk," said incoming Senate Majority Leader Harry Reid, D-Nev. "Just because you say you want to be bipartisan doesn't mean they're going to fall all over themselves to work with you."

But the rapid-fire agenda that Pelosi has crafted to kick off Democratic rule carefully hits issues with broad popular appeal that may be hard for many Republicans to oppose.

Pelosi's proposed House ethics package -- which would ban many gifts from lobbyists and identify members who insert earmarks into bills for spending on their pet projects -- comes after scandals that voters blamed on Republicans. The GOP never passed comprehensive ethics legislation, to the chagrin of many of the party's own members.

House Democrats are also talking about reinstating rules that would require any new tax cuts or spending increases to be offset by other cuts, a measure designed to reduce future budget deficits -- another issue that opinion polls show Americans are concerned about.

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At the close of the last legislative session, some Republican lawmakers decried the spending excesses of their own party, which has presided over record budget deficits despite its platform of fiscal restraint.

Democrats plan to liberalize federal funding for stem cell research, a popular initiative that was approved by bipartisan majorities in both chambers of Congress before the president vetoed it in July.

And they are pledging to repeal a law passed in 2003 that prohibited the federal government from using its purchasing power to negotiate lower drug prices for Medicare recipients, a top concern of senior citizens.

That proposal, too, earlier won bipartisan support when the Senate voted in March to support the idea in concept.

Some of the 100-hour issues are so popular that opposition appears to have melted away.

Representatives of the business community for a decade had been engaged in a struggle with organized labor to blunt any raise in the minimum wage. Yet now they say they see little chance of stopping the Democratic push to increase it from $5.15 an hour to $7.25 an hour.

It is uncertain whether Republican insistence on some tax relief for small businesses could hang up the measure. But few expect major battles.

"There's not much desire to start a fight on it. It's not winnable," said one business lobbyist. "The White House doesn't appear to have a lot of fight in them ... (and) I don't think weakened Republican minorities are going to want to fight."

Even some oil executives have said they don't need all of the tax breaks that the federal government has granted the industry in recent years. House Democrats have promised to repeal a number of them.

Twelve years ago, the House Republican caucus that Newt Gingrich led into the majority set a very different tone, filling its agenda with a number of highly contentious issues that touched off bruising battles with the minority party.

In its "Contract With America," the GOP pledged to place term limits on lawmakers, slash taxes, cut welfare benefits and curtail the rights of death row inmates to appeal their sentences.

Gingrich also made no secret of his plans to roll over Clinton.

"Republicans did something that was very foolish by essentially claiming that the president was irrelevant," said Rutgers University congressional scholar Ross K. Baker. Baker noted that Clinton deftly outmaneuvered them, and Republicans lost seats in the next election.

"However the Democratic leaders feel about President Bush," Baker said, "no one in any position of authority has proclaimed that President Bush is irrelevant."

Once Democrats move beyond the popular items in their first 100 hours, however, their challenges will mount.

Americans overwhelmingly want Congress and the White House to address the war in Iraq first. In a recent Gallup poll, 69 percent said the war should be the top priority, compared with 16 percent who pointed to the economy, which was second.

By contrast, the items on the 100-hour agenda ranked far down on the list.

House and Senate Democrats have planned a series of oversight hearings in January to focus attention on the war. And several senior Democrats have pledged to fight any proposal to send more troops to Iraq.

But the new majority has indicated it will shy away from asserting its real power to shape the war: using its budgetary authority to restrict spending.

"We will have oversight," Pelosi said recently. "We will not cut off funding."

Equally uncertain is the fate of healthcare reform, another legislative quandary that has increased in urgency as the number of uninsured Americans nears 47 million.

Last month, Sen. Ron Wyden, D-Ore., unveiled an ambitious proposal for universal health insurance, but neither Pelosi nor Reid has promised to revisit the controversial issue. And without Bush's support, the prospects for such a far-reaching plan are slim.

Democratic leaders have reached out to the White House to discuss Social Security, the long-term solvency of which is a major challenge confronting the federal government.

Incoming House Ways and Means Chairman Charles B. Rangel, D-N.Y., recently had lunch with Treasury Secretary Henry M. Paulson Jr., who is taking the lead for the administration on economic issues.

In a recent interview, Rangel said both sides had reason to compromise. "We have two years to prove that the voters were right, and the president has two years to prove that he's not a lame duck," he said.

Democrats To Start Without GOP Input (WP)

By Lyndsey Layton And Juliet Eilperin

The Washington Post, January 2, 2007

As they prepare to take control of Congress this week and face up to campaign pledges to restore bipartisanship and openness, Democrats are planning to largely sideline Republicans from the first burst of lawmaking.

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House Democrats intend to pass a raft of popular measures as part of their well-publicized plan for the first 100 hours. They include tightening ethics rules for lawmakers, raising the minimum wage, allowing more research on stem cells and cutting interest rates on student loans.

But instead of allowing Republicans to fully participate in deliberations, as promised after the Democratic victory in the Nov. 7 midterm elections, Democrats now say they will use House rules to prevent the opposition from offering alternative measures, assuring speedy passage of the bills and allowing their party to trumpet early victories.

Nancy Pelosi, the Californian who will become House speaker, and Steny H. Hoyer of Maryland, who will become majority leader, finalized the strategy over the holiday recess in a flurry of conference calls and meetings with other party leaders. A few Democrats, worried that the party would be criticized for reneging on an important pledge, argued unsuccessfully that they should grant the Republicans greater latitude when the Congress convenes on Thursday.

The episode illustrates the dilemma facing the new party in power. The Democrats must demonstrate that they can break legislative gridlock and govern after 12 years in the minority, while honoring their pledge to make the 110th Congress a civil era in which Democrats and Republicans work together to solve the nation's problems. Yet in attempting to pass laws key to their prospects for winning reelection and expanding their majority, the Democrats may have to resort to some of the same tough tactics Republicans used the past several years.

Democratic leaders say they are torn between giving Republicans a say in legislation and shutting them out to prevent them from derailing Democratic bills.

"There is a going to be a tension there," said Rep. Chris Van Hollen (Md.), the new chairman of the Democratic Congressional Campaign Committee. "My sense is there's going to be a testing period to gauge to what extent the Republicans want to join us in a constructive effort or whether they intend to be disruptive. It's going to be a work in progress."

House Republicans have begun to complain that Democrats are backing away from their promise to work cooperatively. They are working on their own strategy for the first 100 hours, and part of it is built on the idea that they might be able to break the Democrats' slender majority by wooing away some conservative Democrats.

Democrats intend to introduce their first bills within hours of taking the oath of office on Thursday. The first legislation will focus on the behavior of lawmakers, banning travel on corporate jets and gifts from lobbyists and requiring lawmakers to attach their names to special spending directives and to certify that such earmarks would not financially benefit the lawmaker or the lawmaker's spouse. That bill is aimed at bringing legislative transparency that Democrats said was lacking under Republican rule.

Democratic leaders said they are not going to allow Republican input into the ethics package and other early legislation, because several of the bills have already been debated and dissected, including the proposal to raise the minimum wage, which passed the House Appropriations Committee in the 109th Congress, said Brendan Daly, a spokesman for Pelosi.

"We've talked about these things for more than a year," he said. "The members and the public know what we're voting on. So in the first 100 hours, we're going to pass these bills."

But because the details of the Democratic proposals have not been released, some language could be new. Daly said Democrats are still committed to sharing power with the minority down the line. "The test is not the first 100 hours," he said. "The test is the first six months or the first year. We will do what we promised to do."

For clues about how the Democrats will operate, the spotlight is on the House, where the new 16-seat majority will hold absolute power over the way the chamber operates. Most of the early legislative action is expected to stem from the House.

"It's in the nature of the House of Representatives for the majority party to be dominant and control the agenda and limit as much as possible the influence of the minority," said Ross K. Baker, a political scientist at Rutgers University. "It's almost counter to the essence of the place for the majority and minority to share responsibility for legislation."

In the Senate, by contrast, the Democrats will have less control over business because of their razor-thin 51-to-49-seat margin and because individual senators wield substantial power. Senate Democrats will allow Republicans to make amendments to all their initiatives, starting with the first measure -- ethics and lobbying reform, said Jim Manley, spokesman for the incoming majority leader, Harry M. Reid (D-Nev.).

Those same Democrats, who campaigned on a pledge of more openness in government, will kick off the new Congress with a closed meeting of all senators in the Capitol. Manley said the point of the meeting is to figure out ways both parties can work together.

In the House, Louise M. Slaughter (D-N.Y.), who will chair the Rules Committee, said she intends to bring openness to a committee that used to meet in the middle of the night. In the new Congress, the panel -- which sets the terms of debate on the House floor -- will convene at 10 a.m. before a roomful of reporters.

"It's going to be open," Slaughter said of the process. "Everybody will have an opportunity to participate."

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At the same time, she added, the majority would grant Republicans every possible chance to alter legislation once it reaches the floor. "We intend to allow some of their amendments, not all of them," Slaughter said.

For several reasons, House Democrats are assiduously trying to avoid some of the heavy-handed tactics they resented under GOP rule. They say they want to prove to voters they are setting a new tone on Capitol Hill. But they are also convinced that Republicans lost the midterms in part because they were perceived as arrogant and divisive.

"We're going to make an impression one way or the other," said one Democratic leadership aide. "If it's not positive, we'll be out in two years."

House Republicans say their strategy will be to offer alternative bills that would be attractive to the conservative "Blue Dog" Democrats, with an eye toward fracturing the Democratic coalition. They hope to force some tough votes for Democrats from conservative districts who will soon begin campaigning for 2008 reelection and will have to defend their records.

"We'll capitalize on every opportunity we have," said one GOP leadership aide, adding that Republicans were preparing alternatives to the Democrats' plans to raise the minimum wage, reduce the interest on student loans, and reduce the profits of big oil and energy companies.

Several Blue Dog Democrats said they do not think Republicans can pick up much support from their group.

"If they've got ideas that will make our legislation better, we ought to consider that," said Rep. Allen Boyd Jr. (D-Fla.), leader of the Blue Dogs. "But if their idea is to try to split a group off to gain power, that's what they've been doing for the past six years, and it's all wrong."

To keep her sometimes-fractious coalition together, Pelosi has been distributing the spoils of victory across the ideological spectrum, trying to make sure that no group within the Democratic Party feels alienated.

Blue Dogs picked up some plum committee assignments, with Jim Matheson (Utah) landing a spot on Energy and Commerce and A.B. "Ben" Chandler (Ky.) getting an Appropriations seat. At the same time, members of Black and Hispanic caucuses obtained spots on these panels, as Ciro Rodriguez (Tex.) was given a seat on Appropriations and Artur Davis (Ala.) took the place of Democrat William J. Jefferson (La.) on Ways and Means.

Democrats acknowledge that if they appear too extreme in blocking the opposing party, their party is sure to come under fire from the Republicans, who are already charging they are being left out of the legislative process.

"If you're talking about 100 hours, you're talking about no obstruction whatsoever, no amendments offered other than those approved by the majority," said Rutgers's Baker. "I would like to think after 100 hours are over, the Democrats will adhere to their promise to make the system a little more equitable. But experience tells me it's really going to be casting against type."

"The temptations to rule the roost with an iron hand are very, very strong," he added. "It would take a majority party of uncommon sensitivity and a firm sense of its own agenda to open up the process in any significant degree to minority. But hope springs eternal."

Rules Changes Set As Democrats Retake Reins (WT/AP)

The Washington Times, January 2, 2007

ASSOCIATED PRESS

Democrats savoring a return from the political wilderness are ready to move quickly this week to take the levers of power in a Congress that has been run by Republicans the last 12 years.

On Thursday, Rep. Nancy Pelosi of California will take the gavel as the first female speaker in the history of the House, and immediately undertake a 100 legislative-hour march to quickly put the Democratic stamp on the new Congress.

Before President Bush arrives on Capitol Hill on Jan. 23 for his State of the Union address, House Democrats intend to update ethics rules, raise the minimum wage, implement 9/11 commission recommendations, cut subsidies to the oil industry, promote stem-cell research and make college educations and prescription drugs more affordable.

"Democrats are prepared to govern and ready to lead," Mrs. Pelosi said.

On the first day back, Democrats plan to change House rules on what members can accept from lobbyists. On the second day, they'll vote on other rules changes requiring that new spending or tax cuts be paid for and that pet projects tucked into larger bills be publicly disclosed.

The new Democratic Senate, under Majority Leader Harry Reid of Nevada, will take a parallel if somewhat more leisurely track.

The first week or 10 days of business will be devoted to ethics and lobbying reform that stalled in the last Congress, including a proposal to ban lawmakers from accepting gifts and travel from lobbyists and one making it more difficult for former members who become lobbyists to solicit their former colleagues.

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All of this is reminiscent of January 1995, when Republicans kept the House in past midnight on their first day in power after 40 years of Democratic rule. "This will be the busiest day on opening day in congressional history," new Speaker Newt Gingrich, Georgia Republican, boasted at the time.

Like the 100 hours of the Democratic agenda, Mr. Gingrich gave the House 100 days to vote on the far-broader Contract with America. In the end, Republicans did achieve some of the goals of that political treatise, such as cutting taxes, reforming welfare and fighting crime. Others, such as product-liability bills and constitutional amendments to limit the terms of lawmakers and balance the budget, ultimately failed.

Mrs. Pelosi, like her Republican colleagues a dozen years ago, is also promising a more benevolent majority, saying the new House rules will state plainly that the minority will get a chance to offer amendments, read legislation before it gets voted on and participate in House-Senate negotiations. She is working with new Minority Leader John A. Boehner, Ohio Republican, on the idea of setting up an independent panel to investigate ethics issues.

In the Senate, where Democrats hold a fragile 51-49 majority, Mr. Reid and Republican leader Mitch McConnell of Kentucky have agreed to open the session with a joint caucus, a gesture aimed at establishing "a new tone" and an attempt to "produce real results," Mr. Reid said.

It's not clear how long this bipartisan spirit will last. Mr. Boehner has already complained that Democrats, in hustling through their 100-hour agenda, are backtracking on their promise of a more open Congress.

And while Mr. Bush has given qualified support to the Democratic push for an increase in the minimum wage and applauded their efforts to curtail pet projects or earmarks, a vote to boost federal support of embryonic stem-cell research could provoke an early showdown with the White House. Similar legislation passed by the Republican-led Congress led to the only veto thus far of the Bush presidency.

Democrats are also certain to hit hard on a new Iraq policy, expected to be announced by Mr. Bush in January, that may increase U.S. forces in Iraq.

The House and Senate Armed Services committees, under Rep. Ike Skelton, Missouri Democrat, and Sen. Carl Levin, Michigan Democrat, are gearing up for hearings at which new Defense Secretary Robert M. Gates and others will likely face tough questions on the conduct of the war.

Dems Eager To Put Stamp On New Congress (AP)

By Jim Abrams

AP, January 2, 2007

Democrats savoring a return from political wilderness are ready to move quickly this week to take the levers of power in a Congress that has been run by Republicans the last 12 years.

On Thursday, Nancy Pelosi will take the gavel as the first woman speaker in the history of the House, and immediately launch a 100 legislative-hour march to quickly put the Democratic stamp on the new Congress.

Before President Bush arrives on Capitol Hill on Jan. 23 for his State of the Union address, House Democrats intend to update ethics rules, raise the minimum wage, implement 9/11 Commission recommendations, cut subsidies to the oil industry, promote stem cell research and make college educations and prescription drugs more affordable.

"Democrats are prepared to govern and ready to lead," said Pelosi, a Californian.

On the first day back, Democrats plan to change House rules on what members can accept from lobbyists. On the second day they'll vote on other rules changes requiring that new spending or tax cuts be paid for and that pet projects tucked into larger bills be publicly disclosed.

The new Democratic Senate, under Majority Leader Harry Reid of Nevada, will take a parallel if somewhat more leisurely track.

The first week or week-and-a-half of business will be devoted to ethics and lobbying reform that stalled in the last Congress, including a proposal to ban lawmakers from accepting gifts and travel from lobbyists and one making it more difficult for former members who become lobbyists to solicit their former colleagues.

All of this is reminiscent of January 1995, when Republicans kept the House in past midnight on their first day in power after 40 years of Democratic rule. "This will be the busiest day on opening day in congressional history," new Speaker Newt Gingrich, R-Ga., boasted at the time.

Like the 100 hours of the Democratic agenda, Gingrich gave the House 100 days to vote on the far-broader Contract with America. In the end, Republicans did achieve some of the goals of that political treatise, such as cutting taxes, reforming welfare and fighting crime. Others, such as product liability bills and constitutional amendments to limit the terms of lawmakers and balance the budget ultimately failed.

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Democrats may have more success because they have taken a less ambitious approach, said Sarah Binder, a political scientist at George Washington University and analyst for the liberal-oriented Brookings Institution think tank. They realize that their newfound majority is not so much a demand for liberal policy as a referendum on the Bush administration, she said. "I'm really struck by how pragmatic the new Democratic majority appears to be with such a limited agenda," Binder said.

Linda Fowler, professor of government at Dartmouth College, said that while some of the Democratic proposals could face a tough sell in the Senate, "what the Democrats have done is quite reasonably recognize that they need some centrist positions that have fairly broad appeal."

Pelosi, like her GOP colleagues a dozen years ago, is also promising a more benevolent majority, saying the new House rules will state plainly that the minority will get a chance to offer amendments, read legislation before it gets voted on and participate in House-Senate negotiations. She is working with new minority leader John Boehner, R-Ohio, on the idea of setting up an independent panel to investigate ethics issues.

In the Senate, where Democrats hold a fragile 51-49 majority, Reid and Republican leader Mitch McConnell of Kentucky have agreed to open the session with a joint caucus, a gesture aimed at establishing "a new tone" and an attempt to "produce real results next year," said Reid.

It's not clear how long this bipartisan spirit will last. Boehner has already complained that Democrats, in hustling through their 100-hour agenda, are backtracking on their promise of a more open Congress.

And while Bush has given qualified support to the Democratic push for an increase in the minimum wage and applauded their efforts to curtail pet projects or earmarks, a vote to boost federal support of stem cell research could provoke an early showdown with the White House. Similar legislation passed by the GOP-led Congress led to the only veto of the Bush presidency.

Democrats are also certain to hit hard on a new Iraq policy, expected to be announced by Bush in January, that may increase U.S. forces in Iraq.

The House and Senate Armed Services committees, under Rep. Ike Skelton, D-Mo., and Sen. Carl Levin, D-Mich., respectively, are gearing up for hearings at which new Defense Secretary Robert Gates and others will likely face tough questions on the conduct of the war, contracting practices and a soon-to-be-announced request for $100 billion in new money to fight the wars in Iraq and Afghanistan.

As New Congress Nears, House Democrats Could Be Headed For Own Divide (NYT)

By Carl Hulse

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — Representative John D. Dingell, a Michigan Democrat who with more than 50 years' tenure is the senior member of the House, is not so sure about the idea of creating an independent group to enforce ethics rules.

George Miller, a House veteran entering his 17th term, is a close ally of Nancy Pelosi, the incoming speaker.

But Gabrielle Giffords, a brand-new House Democrat from Arizona, considers it a no-brainer. Of the longstanding approach in which lawmakers are seated on the ethics committee to police their peers, Representative-elect Giffords said, "It is like having the fox guard the henhouse."

Those divergent outlooks over how best to fulfill the Democratic promise to clean up the House are just one illustration of a friction that could develop in the new Congress as the party takes control after 12 years in exile. While most attention will be focused on the divide between Republicans and Democrats, members of the new majority have their own differing perspectives, corresponding largely to length of service, that could ultimately prove more crucial to their success or failure.

Of 233 Democrats who will be sworn in on Thursday, 147 — 63 percent — have been elected since Republicans won control of the House in 1994, and have never served in the majority. Those whose service predates the 1994 revolution, on the other hand, number only 86, or 37 percent. But it is this core of senior Democrats, Mr. Dingell among them, who will lead 20 of the 21 major committees and so exercise concentrated legislative power.

The differences in tenure tend to manifest themselves geographically as well. The makeup of the senior membership has a more urban flavor, while those more recently elected tend to come from the suburbs and exurbs. These newer members have faced tougher electoral opposition than their older counterparts, who in many cases represent overwhelmingly safe Democratic districts; a majority of new chairmen have traditional liberal roots.

Lawmakers, senior aides and analysts say the institutional gulf is not necessarily problematic and could even prove beneficial if Democratic leaders are able to harness the experience and skill of the chairmen to the enthusiasm and drive for reform exhibited by the newcomers.

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But they worry that it could become a distraction if the “old bulls,” as they are sometimes called, believe that less seasoned lawmakers are demanding too much too fast or if the newer members see the veterans as representative of Congressional inertia.

“The guys who have been there for a while and built up seniority saw an abuse of the system, so they know firsthand why it has to change,” said Representative Rahm Emanuel of Illinois, who will be chairman of the Democratic caucus. “The new members ran on an agenda of why it has to be changed.

“If managed correctly, you have the experience and energy to make changes. If not managed correctly, it has the potential to be a fault line.”

Leading House Democrats say the long-tenured members and those sent to Congress in recent elections broadly agree on a desire to move ahead on social programs, ethics, energy, national security and fiscal responsibility. The differences, they say, are subtler. Do issues studied in the previous Congress, for instance, need a full further examination in committee, in deference to the new chairmen? Is there need for a separate commission to scrutinize war contracting, or should this too be the province of the committees?

In any event, it is clear that the lower classmen, particularly the large and celebrated group of 30 freshmen, want to move quickly.

“The new class coming in and some of the other newer members are absolutely committed to delivering on the agenda we talked about during the election,” said Representative Chris Van Hollen of Maryland, who will lead the House Democratic campaign effort for 2008. “Now that we are in power, we want to make sure that we are changing direction in Washington, and that means following through not just on the big print but the fine print, a break with business as usual.”

Representative-elect Ed Perlmutter, Democrat of Colorado, agreed.

“I don’t think the chairs are not looking to be aggressive,” Mr. Perlmutter said, “but I do see in this freshman class a real desire to make changes and move things along quickly, because I think that was the direction we were given by our voters.”

Senior Democrats say that as the lawmakers who endured minority status for so long, they are the ones most painfully aware of a need for new direction. Their stake in holding on to a majority, they say, means protecting and advancing the careers of new lawmakers, who in many cases were elected with fund-raising and other help from senior Democrats.

“It is not like we are just now meeting for the first time,” said Representative Barney Frank, Democrat of Massachusetts, who will be chairman of the House Financial Services Committee and can tick off the names of junior committee members he has worked with, as well as several freshmen he personally supported. “We all campaigned for these guys.”

Kate Phillips and The Times's politics staff report on the latest political news from around the nation.

More Politics NewsMr. Dingell said an urge to remake the House was hardly anything new.

“This is a normal phenomenon which occurs in this place every two years,” he said, “and I have seen no class come in that could be described as different. We all come here just dying to do something. But the smart ones of us know how to get it done by working within the system. I have no fears they are out to burn the place down.”

But Norman Ornstein, a longtime Congressional observer at the American Enterprise Institute, said he saw competing drives among members of the new majority.

“You have a significant number of Democrats who think the major change is that the whip is now in their hands and it is the Republicans taking the lash,” Mr. Ornstein said. “A number of others want to keep the spigots running, but just into their own pockets. Those who genuinely want to change the House — the way it operates, the culture of Washington — have their work cut out for them.”

The Democrats’ leader, Representative Nancy Pelosi of California, the incoming speaker, has been in the House since 1987 but has never been chairwoman of a committee, and so in some respects her role may be that of an outsider free to pursue transformation. In one of her first tests, however, some seven weeks ago, many of those headed for chairmanships opposed her push to install Representative John P. Murtha of Pennsylvania as majority leader. Instead, they backed Representative Steny H. Hoyer of Maryland, at least partly because they saw him as a check on Mrs. Pelosi’s power. Mr. Hoyer went on to win.

Mrs. Pelosi has told allies that while she respects the authority of the new chairmen, she will not allow them to dominate the party agenda or stall legislative initiatives that have broad support. And she has already indicated that she does not intend to send the party’s early legislative initiatives back through the committee process, but will instead bring a minimum-wage increase and energy and health bills, among others, straight to the floor.

Democrats senior and junior say they are watching to see whether their ideals merge or collide. But they view party differences as just another factor they will have to take into account as they assume control.

“I think people understand it is a little bit of a bump and we have to deal with it,” Mr. Frank said.

Michael Arcuri, a moderate Democrat from upstate New York who won a Republican-held seat in November, said the combination of exuberance and experience should prove an advantage for the party.

"If we strike the balance between the two," Mr. Arcuri said, "we are going to accomplish some pretty incredible things."

The New Crowd's First Test (WP)

By E. J. Dionne Jr.

The Washington Post, January 2, 2007

This time it's going to be different.

Whenever a new crowd displaces an old guard, the promise is always the same. The fresh managers swear they understand what the tired bunch they're replacing did wrong and vow to make all things new.

The Democrats who take power in Congress on Thursday have been given an opportunity that has not come their party's way for a half-century: They can remake their own image -- and Congress's -- and they can begin to restore public confidence in government.

While control of the Senate has flip-flopped between the parties since 1980, the House has stayed in one party's hands for long periods. Democrats controlled the House for 40 years after 1954, Republicans for the past 12. The 2006 election marked the first time since that 1954 contest that both houses switched from the Republicans to the Democrats.

This allows the new Democratic majority, in principle at least, to come in with no commitments to doing business as it was done in the immediate past.

If Democrats don't seize this rare opportunity, their party will pay for a long time. Not only will they disillusion their own supporters, but, more important, the angry centrists of the Ross Perot stripe who voted the Republicans out last year will either go back to the GOP or seek other options.

The first opportunity in the House will come on the very first day, when a package of reforms comes up for a vote. The Senate will take its own steps soon after. At stake initially are new ethics and lobbying rules. Over time House and Senate leaders will have to prove their commitment to bringing more democracy to the way Congress is run. A country that claims a mission to democracy and transparent government in the rest of the world needs to get its own institutions in order.

The new congressional leadership seems to recognize how important it is to get ethics and lobbying reform right. In the House, incoming Speaker Nancy Pelosi and Majority Leader Steny Hoyer have sent members strongly worded proposals that would, among other things, ban gifts from lobbyists, lobbyist-paid travel and the use of company planes.

Congress will also consider a series of important lobbying reforms, many of them designed to strengthen inadequate disclosure requirements so the public knows who is doing what. One of my favorite ideas, from the veteran reformer Fred Wertheimer, would call upon lobbyists and lobbying organizations to disclose the earmarks they have lobbied for and the sponsors of those earmarks in the reports they are required to file with Congress.

The new Congress is already talking about requiring members to disclose their sponsorship of earmarks, those special little (or not so little) spending projects and tax breaks inserted into various bills with almost no public attention. But such disclosure does not tell citizens all they need to know, such as which lobbyists and which interest groups are pushing which special programs.

Fiscal conservatives who claim they can't stand those earmarks should rally to this idea. The best way to stop unjustified earmarks is to shed as much light as possible on their purpose and provenance.

What the Democrats are talking about sounds good. What will matter is that the provisions they pass not contain loopholes that render them much less far-reaching than they seem.

Members of Congress can legitimately ask for reasonable rules so they are not caught up unintentionally or unfairly in violations. But much will depend on the definition of "reasonable." Passing rules that don't rein in the corruption that became so obvious in the last Congress will be worse than passing nothing, because the hypocrisy will be obvious.

And any Democrats who think this anti-corruption talk is just a fad should consult a memo written two weeks after November's elections by Rep. Rahm Emanuel, the incoming chairman of the Democratic caucus and the House's shrewdest electoral tactician.

Emanuel counted eight districts the Democrats won largely because of corruption issues. The Democrats, he said, need to be the reformers they said they'd be. "Failing to deliver on this promise," he added, "would be devastating to our standing with the public, and certainly jeopardize some of our marginal seats."

President Bush briefly claimed back in 2000 to be "a reformer with results." This time, the voters who mattered in 2006 expect reform to be one of the results of the ballots they cast for Democrats.

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Power Shift In Congress Revives Health Debate (NYT)

By Robert Pear

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The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — Within days of convening, the new Congress will return to some of the biggest battles of the last decade as House Democrats try to rush through legislation requiring the government to negotiate lower drug prices for Medicare beneficiaries and overturning President Bush's restrictions on embryonic stem cell research.

The Medicare proposal highlights the profound differences between Democrats and Republicans over the future of the nation's health care system, the proper role of government and the role of private markets in securing the best value for the huge sums spent on health care.

State officials say they wish Congress would focus on a more immediate problem: money for the Children's Health Insurance Program, which provides coverage for four million low-income children, is running out in more than a dozen states.

Dr. Rhonda M. Medows, commissioner of the Georgia Department of Community Health, said, "Our program will run out of federal money in March, and all 260,000 children in the program will lose their health care coverage if Congress fails to act."

In debating the future of the children's health program, which has broad bipartisan support, Congress will take up proposals to cover some of the 46 million people who have no health insurance.

Dr. Mark B. McClellan, former administrator of the Centers for Medicare and Medicaid Services, said, "Congress should consider expanding the Children's Health Insurance Program to low-income adults." Many Democrats agree. But even modest proposals may collide with Democratic efforts to restore fiscal discipline and to reduce the federal budget deficit.

Congress convenes on Thursday. Representative Nancy Pelosi, the California Democrat who is in line to be speaker, has said the House will, in its first 100 hours, vote on bills to authorize drug price negotiations under Medicare and to expand federal financing of stem cell research.

Representative Tom Allen, Democrat of Maine, said he was "giddy" at the prospect of being able to legislate on health care after toiling for 10 years in the minority. "People in Maine find it incomprehensible that the Medicare law has a provision that forbids negotiation of lower prices," said Mr. Allen, who introduced a bill to give beneficiaries access to drug discounts negotiated by the government in 1998.

By adding a drug benefit to Medicare in 2003, Congress authorized the biggest expansion of the program since its creation in 1965. The drug benefit, unlike most Medicare benefits, is delivered entirely by private insurers subsidized by the government. The insurers negotiate with drug manufacturers to obtain discounts, often in return for promoting the use of particular drugs. The 2003 law prohibits the government from interfering in those negotiations and stipulates that Medicare cannot establish a list of preferred drugs.

Most Democrats want to repeal the ban on price negotiations. Wendell E. Primus, an aide to Ms. Pelosi, said the Democratic proposal would require the secretary of health and human services to negotiate, but would not specify how.

"It will be very simple language," Mr. Primus said. "We do not think that Congress needs to hammer out all the details. There are a lot of smart people in the administration, including the secretary, who can look at how we're buying drugs — the Medicaid program, the Department of Defense, vaccines, et cetera — and figure out the best way of negotiating better prices with drug companies."

Republicans said they welcomed the opportunity to debate the issue. The House Republican leader, Representative John A. Boehner of Ohio, said the Democrats' proposal would "take a wrecking ball to a popular program that has cut drug costs for consumers through competition." Such competition, he said, "has kept prices lower than anyone expected."

Administration officials suggested that Mr. Bush would veto a bill calling for price negotiations. Democrats could then exploit the issue in the 2008 campaign, as they did in the midterm elections.

Under a bill introduced in 2005 by several House Democrats, Medicare would offer a government-run drug plan, in addition to all the plans offered by private insurance companies, and federal officials would negotiate with drug manufacturers on the prices of drugs covered by the government plan.

But aides to Ms. Pelosi said House Democratic leaders now wanted to go further. Under their proposal, the government would negotiate on behalf of all people in Medicare drug plans, more than 22.5 million people.

Skip to next paragraph House Democrats assume that if the government negotiates lower drug prices, the savings will automatically be passed on to beneficiaries in the form of lower premiums. But they could not immediately say how they would guarantee that result. In the absence of detailed instructions from Congress, lower drug prices could mean lower costs and higher profits for the insurers that operate Medicare drug plans.

Michael O. Leavitt, the secretary of health and human services, said he did not want the power to negotiate. "I don't believe I can do a better job than an efficient market," Mr. Leavitt said in an interview.

Leslie V. Norwalk, acting administrator of the Centers for Medicare and Medicaid Services, said that under the Democrats' proposal her agency would have to "hire hundreds of people to negotiate prices for 4,500 different drugs." And Ms. Norwalk said

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the agency would be besieged by lobbyists seeking higher Medicare payments for specific drugs. That, she said, is "how Washington really works."

Senator Max Baucus, the Montana Democrat who is in line to become chairman of the Finance Committee, helped shape the 2003 law. In March, he voted against a proposal to authorize drug price negotiations. But Mr. Baucus, who is up for re-election in 2008, said he had an open mind and would hold hearings on the idea.

Kate Leone, an aide to the Senate Democratic leader, Harry Reid of Nevada, said Senate Democrats had the same legislative priorities as House Democrats, but were not committed to the 100-hour schedule.

Mr. Primus said the new Congress would also "give the president another chance to veto a stem cell bill," like the one he vetoed in July.

In campaign commercials in 2006, Democrats and some Republicans boasted of their support for embryonic stem cell research as a way to find treatments for a wide range of diseases. Advocates of such research say that, despite gains in the elections, they still do not have the votes to override a veto. They are working with Senate allies on a plan to attach the stem cell bill to unrelated legislation that Mr. Bush would feel obliged to sign.

Lawmakers are also likely to wrestle with these issues:

¶Many Democrats will try to reduce Medicare payments to managed care plans. They contend such plans are overpaid by about 10 percent. Insurers intend to fight back, with support from the Bush administration, Republican lawmakers and beneficiaries who see the plans as a way to obtain extra benefits at an affordable cost.

¶Congress faces a huge challenge in devising a new formula to pay doctors for treating Medicare patients. Under the current formula, doctors' fees would be cut more than 4 percent a year for the next decade. Lawmakers are determined to avert such cuts, but see no easy way to pay the cost.

¶Democrats have drafted legislation to speed the approval of safe, low-cost versions of expensive biotechnology drugs, which account for a growing share of spending on pharmaceuticals.

People who pay for health care, including state officials, employers and insurers, support such legislation as a way to slow spending on biotech drugs, which can cost more than $10,000 a year. Biotech companies argue that their products, made from living organisms, are so complex that they cannot be exactly duplicated by generic drug manufacturers. As a result, they say, a "copy" would rarely be interchangeable with the original.

The Food and Drug Administration has approved thousands of generic drugs deemed equivalent to traditional brand-name medicines. But the agency is unsure of its legal authority to approve such versions of biotech drugs.

Millions Save Money On Medicare Program (NYT)

The New York Times, January 2, 2007

WASHINGTON (AP) -- At first, Ruth Goundry wasn't sure about participating in the new Medicare drug benefit. It was too confusing, she said. But in the end, she gave it a try. She's glad she did.

As the program's first year draws to a close, Goundry estimates that she saved about $150 a month on her five medicines, compared with what she was spending before Medicare Part D began.

"I would say I'm very impressed with the whole thing. I have no complaints," said Goundry, a resident of Chesapeake Beach, Md. "It's meant a tremendous savings. I know other people who are saved by it. I mean that. They don't hardly pay anything."

Goundry is like millions of seniors who say they are happy with the benefit, which cost the federal government about $30 billion in 2006.

But the program affects seniors and the disabled differently, depending upon their income and health. There are many people who believe the program could be improved.

Just down the street, at the Chesapeake Care Pharmacy, Wesley Copeland is not so impressed.

In August, he began picking up all the cost of his medicine -- about $300 a month. Plus, he had to continue paying his monthly premium of $38. That gap in coverage is called the doughnut hole.

"We've got a lot of people in my neighborhood who are seniors like me on retirement. We have to stretch pennies, so when it gets to that doughnut hole, we have to scramble like hell to keep going," Copeland said.

Goundry and Copeland represent the millions of stories surrounding the addition of a drug benefit to Medicare this past year. The drug coverage has often been described as the biggest change in Medicare in the program' 40 years.

Under the program, seniors and the disabled enroll in a private plan. They pay a monthly premium to the plan. The government also pays the plan.

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The Bush administration estimates that the coverage saves the average beneficiary about $1,200. But many in Washington, particularly Democratic lawmakers, say the savings could be greater if the government were allowed to negotiate with drug manufacturers concerning the cost of medicine rather than leaving that chore to the plans.

Overall, about 22.5 million people enrolled in private plans during the programs first year. Nearly 7 million more people get their medicine through their employer, and those employers get a tax credit for providing that coverage.

That total of nearly 30 million getting coverage through Part D is much less than was originally projected. However, analysts also didn't realize that so many seniors had insurance coverage for their medicine through other programs.

The Bush administration acknowledges the program got off to a rough start as hundreds of thousands of people showed up in pharmacy computers as not being enrolled in a plan.

Beverly Dillon, a pharmacy technician in Chesapeake Beach, said that in the program's early weeks, her store advanced about 75 to 100 patients medicine to help them get by.

"We would not let patients go without their medication," she said.

The state of Maryland also stepped in to pick up the cost of medicine for poor beneficiaries, she noted. Most other states did as well.

"January and February were absolutely crazy," she said. "I would say that around March, or late February, things started to calm down."

She said many seniors are still confused about the program. To prove her point, a customer came into the store to get a refill. Dillon noted that she was in a Part D plan, but the customer was insistent that she was not and that she had coverage through another program. Dillon relented, not wanting to upset her.

Dillon said most customers who did not have insurance coverage prior to the past year are saving money. She has noticed that the checks they write to the pharmacy now are much smaller.

"There's definitely a significant savings," she said. "(But) the program just got off to such a bad start in the beginning, it just has not been smooth."

Dillon is bracing for some rough spots in the coming weeks too. That's because some seniors are switching plans. Others have been automatically enrolled in new plans.

Herb Kuhn, deputy administrator at the Centers for Medicare and Medicaid Services, said that he believes the federal government learned many lessons from the past year that will make this year's startup run more smoothly.

"We have a much more sophisticated and built up infrastructure from a year ago," Kuhn said.

Kuhn said his biggest concern going into the new year are those beneficiaries who waited until the final days of the open-enrollment period to change drug plans. He said seniors should bring to the pharmacy any kind of identification or acknowledgment letter from their plan that would show proof of membership.

Overall, Kuhn said that 2006 was a good year for beneficiaries.

"We believe it's been a very positive year for Part D," he said. "As a result of the new program, beneficiaries are living better. They're saving money."

A Clean Fiscal Slate (WP)

The Washington Post, January 2, 2007

THEY DIDN'T quite trash the place on their way out, but congressional Republicans -- specifically, the Senate leadership under outgoing Majority Leader Bill Frist (R-Tenn.) -- engaged in the legislative equivalent of vandalism when it came to getting spending bills passed: They didn't. Of the measures needed to fund the government during fiscal 2007, now three months gone, the 109th Congress managed to approve only bills to pay for defense and homeland security spending. The rest of the government -- $463 billion in discretionary spending -- was left to run on autopilot.

Confronted with this abdication of responsibility, the incoming Democratic management faced an unpleasant choice. It could take the time to clean up this fiscal year's mess, a time-consuming process that would inevitably have led to fights over earmarks and spending levels, along with filibuster threats from Senate Republicans and possible vetoes from President Bush. Or it could essentially write off the 2007 budget process and move on with a clean slate to 2008 -- a process that will begin in February, when Mr. Bush is to present his budget along with a whopper of an emergency spending bill to pay for operations in Iraq.

Democrats chose the latter course, and under the circumstances, it's hard to fault them. The new appropriations committee chairmen, Sen. Robert C. Byrd (D-W.Va.) and Rep. David R. Obey (D-Wis.), announced that they would move to fund the remainder of the fiscal year under a continuing resolution, limiting domestic appropriations to 2006 levels. "While the results will be far from ideal, this path provides the best way to dispose of the unfinished business quickly, and allow governors, state and

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local officials, and families to finally plan for the coming year with some knowledge of what the federal government is funding," they said in a joint statement.

The boldest part of the Democrats' plan is to strip earmarks out of the spending measures -- although, as their statement noted, such projects will be eligible for reconsideration in 2008 and those earmarks that were included in previous spending bills and are slated for renewal this year won't be affected. Still, this earmark shock therapy could prove valuable, like quitting smoking by going cold turkey; the 2008 process, the chairmen promised, will be conducted under "new standards for transparency and accountability."

The Democrats have given themselves the clean slate they deserved. Their real test will come as they work to craft a 2008 budget that is both frugal and fair, not to mention finished on time.

New Leaders' Decisions Could Significantly Affect The Government Workforce (WP)

By Stephen Barr

The Washington Post, January 2, 2007

Making decisions on government spending will be a big and early order of business for the new Congress, which returns this week.

Most federal agencies are operating on an interim spending bill that expires Feb. 15. Key lawmakers have said they plan to put the government on a post-holiday diet that will stretch through September, and that could cause some headaches for federal employees.

Because most agencies will not get budget increases to fully offset pay raises, higher rents and other overhead costs, some agencies will have little choice but to curtail training, travel, hiring and the purchase of new equipment. It's possible that cash-strapped agencies might have to send workers home without pay for a few days, but the White House budget office hopes to be able to shift funding around to avoid furloughs and layoffs.

The funding crunch will not affect President Bush's executive order, issued in late December, providing an average 2.2 percent pay raise for federal employees. Government retirees also will see their monthly pension checks increase this month, by 2.3 percent or 3.3 percent, depending on their retirement system.

Although congressional aides were reluctant to make any predictions for the new year, it seems likely that the federal budget, the Iraq conflict, lobbying reform and completion of the 9/11 Commission recommendations will push many federal-employee issues to the sidelines in the opening months of the new Congress.

Key lawmakers have signaled that they are taking a wait-and-see attitude on the administration's efforts to install pay-for-performance systems at the Defense and Homeland Security departments.

Federal unions have challenged proposals to curb collective bargaining at the Defense Department, and a federal appeals panel will probably issue a ruling by spring. Unions prevailed in court on proposed workplace changes at the Homeland Security Department, which will report to a federal judge no later than July 17 on next steps for the personnel system.

The Bush administration, though, may propose a few changes to laws that affect federal employees.

Officials said the administration will again ask Congress to rewrite laws so federal employees can switch to part-time work late in their careers without taking a pension reduction and to allow agencies to bring back federal retirees without salary offsets so the rehired annuitants can collect a full paycheck and a full pension. Those efforts began last year but did not get any traction on Capitol Hill.

Linda M. Springer, director of the Office of Personnel Management, is also interested in exploring whether a program could be created to offer short-term disability insurance to federal employees. Such a program could help the government recruit employees and might be a way to provide maternity benefits, easing complaints from younger federal employees who would like the government to offer paid parental leave to care for newborns and adoptions.

Congress will also be reorganizing committees and realigning members who serve on those panels.

Rep. Henry A. Waxman (D-Calif.), the new chairman of the House Government Reform Committee, has announced plans for five subcommittees, two fewer than in the last Congress. Waxman plans to create a federal workforce, post office and District of Columbia subcommittee and a government management, organization and procurement subcommittee.

Aides have been working on areas of jurisdiction, but one said the federal workforce subcommittee would likely oversee the implementation of pay-for-performance systems at the Defense and Homeland Security departments, while the government management subcommittee would track the president's policy initiatives, such as outsourcing, e-gov and other parts of the presidential management agenda.

House Democratic leaders have made some committee assignments.

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Rep. C.A. Dutch Ruppersberger (D-Md.) will take the seat on the House Appropriations Committee being vacated by Rep. Steny H. Hoyer (D-Md.), the new House majority leader. Hoyer has played the leading role in efforts to raise federal salaries, and an aide to Ruppersberger said his boss will also seek to improve federal pay and benefits.

Ruppersberger's district expects to pick up 60,000 new jobs as part of the military's Base Realignment and Closure process, primarily at Fort Meade and the Aberdeen Proving Ground. He also represents employees who work at the National Security Agency and at the Coast Guard Yard at Curtis Bay.

Rep. Chris Van Hollen (D-Md.), an advocate for federal employees, is joining the Ways and Means Committee, which has jurisdiction over tax policy, Social Security, Medicare and trade issues.

The National Active and Retired Federal Employees Association hopes that the Ways and Means Committee, which will be chaired by Rep. Charles B. Rangel (D-N.Y.), will show more interest in modifying laws that frustrate many federal retirees, such as the offset and windfall elimination provisions in Social Security law. Federal retirees also are campaigning for statutory changes that would permit them to pay their health insurance premiums with pre-tax annuities, similar to the tax break provided federal employees.

Sen. Joseph I. Lieberman (D-Conn.) will be chairman of the Senate Homeland Security and Governmental Affairs Committee, which oversees federal employee issues. An agenda has not been set, but some aides expect the committee will pay close attention to contracting problems, including instances of waste and fraud at the Defense and Homeland Security departments.

Lieberman will be joined by senators with a strong interest in federal employee issues, including Daniel K. Akaka (D-Hawaii), Thomas R. Carper (D-Del.), Carl M. Levin (D-Mich.), Susan Collins (R-Maine), George V. Voinovich (R-Ohio) and John W. Warner (R-Va.). Akaka plans to review the federal employees health insurance program and how it sets premiums, an aide said.

A Party, With Pelosi Front And Center (NYT)

By ANNE E. KORNBLUT

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — During her first 100 hours as House speaker, Nancy Pelosi has vowed, she will sweep an aggressive legislative agenda through the newly Democratic-controlled House.

Kate Phillips and The Times's politics staff report on the latest political news from around the nation.

More Politics NewsBut first comes Pelosi-palooza.

In a three-day stretch of whirlwind events beginning on Wednesday, Mrs. Pelosi will celebrate her heritage (at the Italian Embassy), her faith (in a Roman Catholic Mass), her education (at Trinity College), her childhood (in Baltimore) and her current home (in a tribute by the singer Tony Bennett, of “I Left My Heart in San Francisco” fame).

She will embrace her status as the first female House speaker with a tea for women. She will highlight her pull among Democrats with a $1,000-per-person fund-raising concert. And she will welcome visitors to the halls of Congress in an open-house tour.

In the midst of it all, when the new Congress opens on Thursday, Mrs. Pelosi will be sworn in to her new post and plans to get to work on the House floor right away.

The extended, carefully staged festivities are expected to dominate the occasion of Mrs. Pelosi’s ascendance as the Democrats take control of Congress. Although Senate Democrats are also ushering in a new majority this week, their leaders have arranged much more low-key events intended to celebrate their incoming freshmen rather than Harry Reid, the Nevada senator who will be the new majority leader.

Supporters of Mrs. Pelosi said she had every right — an obligation, even — to underscore her new role, given the historic nature of her rise to power. Thus the week is planned to project much more than an ordinary handoff of power in Congress. It is intended to leave a firm imprint of the new House leader’s style and substance on the national consciousness, reminding voters that Mrs. Pelosi is both the first woman to take the job as well as a Catholic mother of five with Italian, blue-collar roots.

“It is an introduction of her to the country — and certainly who she is, as an outgrowth of her family, her growing up in Baltimore, where she went to school, and the values and the roots she had in that community,” said Representative George Miller, Democrat of California and a close Pelosi ally.

In other words, she is not the liberal extremist her detractors have tried to depict (one Republican advertisement during the midterm election cycle warned that “liberal Democrat Nancy Pelosi” would embrace illegal immigrants and reward them with welfare, ominously asking, “How do we stop her?”).

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Yet a number of Mrs. Pelosi's supporters said the aim was not simply to define the new House speaker in mainstream political terms. They said she valued style and flourish — previously embodied in her fashionable clothes and her habit of taking Ghirardelli chocolates to meetings — and recognized that an inauguration with flair could help capture the national imagination.

At the same time, part of her power is derived from her vast network of wealthy donors, including California celebrities, who appreciate a lavish thank-you.

Representative Anna G. Eshoo, a California Democrat who has been a friend of Mrs. Pelosi for decades, said, "It will be done elegantly, because she's so tasteful."

"It will have some feminine touches to it, obviously," Ms. Eshoo said. "But more than anything else, it is just highly celebratory, because there are so many firsts that are interwoven into her ascendancy."

Some Republicans have privately complained that Mrs. Pelosi is drawing too much attention to herself and failing to recognize that the week is not about her. Yet past House speakers have often been defined by their strong personalities and individual styles, and Democrats, by and large, said they were glad to see Mrs. Pelosi unabashedly seizing the spotlight.

"I think what she's doing is perfectly appropriate, because she is making history," said Senator Charles E. Schumer of New York, who led the Democratic victory in the Senate.

Many of the week's gatherings are ostensibly devoted to others, as well. The first event, a Mass at Trinity University, where Mrs. Pelosi graduated in 1962, is "in remembrance of the children of Darfur and Katrina," according to a schedule released by her office. A tea that afternoon at the Mellon Auditorium will include a tribute to Ann W. Richards, the late governor of Texas (whose young granddaughter will speak, as will Mrs. Pelosi's). A prayer service at St. Peter's Catholic Church on Thursday is in "honor of U.S. men and women in uniform."

On Thursday, after her swearing in, Mrs. Pelosi will sponsor a concert at the National Building Museum (the performers Carole King and Wyclef Jean are expected to attend, along with Mr. Bennett). The next day, she plans to open up Congress for a "people's House reception" for the public. That afternoon, the departing mayor of Baltimore and governor-elect of Maryland, Martin O'Malley, will dedicate a city street to Mrs. Pelosi.

The Baltimore ceremony had been originally scheduled as the kickoff event on Tuesday, but it was moved in honor of the national day of mourning for former President Gerald R. Ford.

More Articles in National »

Bushes Pay Respects To Ford In Capitol (AP)

By Deb Riechmann

AP, January 2, 2007

President Bush on Monday bowed his head in silence before the flag-draped casket of Gerald R. Ford — a man the president said used a calm, steady hand to guide the nation after the tumultuous Watergate years.

On a rainy, gloomy afternoon, Bush and first lady Laura Bush joined thousands of other mourners in paying their respects to the 38th president lying in state at the Capitol.

Silence fell under the Capitol dome when the president walked toward the casket, illuminated by spotlights and guarded at each corner by members of the military honor guard. He and Mrs. Bush lowered their heads for a few moments, as if in prayer, then turned and walked away across the Rotunda's polished stone floor, which reflected the flag's red and white stripes.

Bush, who said nothing during his one-minute stop in the Rotunda, is to eulogize Ford on Tuesday at his funeral at the National Cathedral. After he died last Tuesday, Bush called him a "true gentleman" and recounted how Ford stepped into the Oval Office after President Nixon resigned in disgrace after the Watergate scandal.

"President Ford was a great American who gave many years of dedicated service to our country," Bush said in a statement released after his death. "On Aug. 9, 1974, after a long career in the House of Representatives and service as vice president, he assumed the presidency in an hour of national turmoil and division.

"With his quiet integrity, common sense and kind instincts, President Ford helped heal our land and restore public confidence in the presidency."

Bush visited the casket, his first public event of the new year, after returning from a weeklong stay at his Texas ranch. Afterward, the Bushes drove to Blair House, across the street from the White House, to visit for a half-hour with Ford's widow, former first lady Betty Ford. The Bushes then walked down Pennsylvania Avenue back to the Executive Mansion.

Bush visited the Capitol, where a changing military guard kept a watchful vigil throughout the night, on the third day of mourning there for Ford, who died at 93.

Shortly before the three-day public viewing ended, Mrs. Ford returned to the Capitol and sat in the Rotunda for about 20 minutes with her three sons and daughter and their spouses. She clutched the hand of her son Michael. Her son Steven helped her up when she walked over to the casket, touching it one last time.

Among the other dignitaries to pay their respects Monday were Bush's father, former President George H.W. Bush, and his wife, Barbara; former President Bill Clinton and former first lady, Sen. Hillary Rodham Clinton, D-N.Y.; Rep. Nancy Pelosi, D-Calif., who this week becomes the first woman speaker of the House; Sen. Edward Kennedy, D-Mass.; former Defense Secretary Donald H. Rumsfeld; and Vice President Dan Quayle.

Members of Ford's family greeted mourners who came to the Capitol on New Year's Day wearing parkas, packing umbrellas and clutching snack sacks.

Karen Olson, 53, of Herndon, Va., said the rain couldn't dampen her determination to see Ford. Her mother, who's now deceased, was on his staff, she said.

"I wanted to come pay my respects. He was a big part of my life," said Olson, who was among the people lined up before 9 a.m. EST to enter the Capitol building. "I have a lot of ties to his family."

"The few times that I met him, he was just really nice," she said.

Both of Olson's parents have passed away.

"I kind of felt like I wanted to be there for them," she said. "There's just an emotional connection there."

Kirk Scofield, 44, and his wife, Mary Scofield, 50, of Sterling, Va., lined up early too. Mary, who said she had "six hours of food" in her backpack, expected a long wait, though they had been in line less than an hour. "She looks like she's ready to go camping," Kirk joked.

Inside the Rotunda, Ford's daughter and son handed remembrance cards to some of the visitors.

The blue cards had the presidential, vice presidential and House of Representatives seals and a biography of Ford on one side. On the other was a photograph of the former president in the Oval Office, his head bowed.

The message on the card: "The family of Gerald R. Ford deeply appreciates your prayers and many kindnesses as together we celebrate and honor the life of a devoted husband, father, grandfather and great-grandfather and the 38th president of the United States."

Michael Gerald Ford, the former president's son, shook 8-year-old Christopher Witkowski's hand and gave him a blue remembrance card. "My father would have wanted you to have this," he told Christopher, from Alexandria, Va. Ford's sister, Susan Ford Bales, stood nearby, greeting others who had come to pay their respects.

Two of the former president's grandchildren, Heather Vance and Tyne Vance Berlanga, embraced after they were overcome with emotion at the casket.

Ford was appointed vice president by Nixon to replace Spiro Agnew, who resigned in a bribery scandal stemming from his days as Maryland governor. After Nixon resigned in disgrace, Ford assumed the presidency for 2- 1/2 years. A month after taking office, Ford pardoned Nixon for any Watergate crimes he might have committed — a move that political analysts say was perhaps the main reason he lost the 1976 election to Jimmy Carter.

"At a time that the nation was under a lot of pressure, a lot of fire, he stood up for the things that he thought were right at the time," Edna Reeves, 61, of Oxon Hill, Md., said as she walked to the Capitol in the rain. "Much blessings to him for knowing compassion enough to pardon President Nixon. I think that was beautiful. You see he didn't think of himself, he thought about the nation."

Solemn Moments At Capitol (LAT)

By Jim Puzzanghera

The Los Angeles Times, January 2, 2007

WASHINGTON — President Bush, joining thousands of average Americans who started the New Year by saying goodbye to an old president, stopped Monday at the U.S. Capitol after returning from his Texas ranch to pay his respects to Gerald R. Ford.

Wearing a dark suit and gray tie, Bush was joined by First Lady Laura Bush and a small contingent of White House aides that included Chief of Staff Joshua B. Bolten and Deputy Chief of Staff Karl Rove. Shortly after 3 p.m., Bush and his wife walked into the Rotunda, where Ford's body lay in state. They paused for about 10 seconds at the flag-draped casket, hands clasped and heads bowed, before walking out.

Most mourners — a mix of young and old, in their Sunday best or simply sweatshirts and blue jeans — spent a minute or two slowly circling the casket and its military honor guard.

Monday was the second and final day of public viewing for Ford, 93, who died last week at his home in Rancho Mirage, Calif. He had lived longer than any former president and was the 32nd person to lay in honor under the Capitol dome. Ford's casket rested on the same wooden bier used for Abraham Lincoln in 1865.

Bush declared today a national day of mourning as a funeral service will be held for Ford at Washington National Cathedral. Most federal offices, including the courts and post offices, will be closed.

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Ford's body will be flown to his hometown of Grand Rapids, Mich., for a final service and public viewing before burial at the Gerald R. Ford Presidential Library and Museum on Wednesday.

Bush will deliver the eulogy at today's service. After paying his brief respects at the Capitol on Monday, Bush visited with former First Lady Betty Ford and her family for about 30 minutes at Blair House, across from the White House. Bush's father, former President George H.W. Bush, his wife, Barbara, and former Secretary of State James A. Baker III also joined them.

Betty Ford returned to the Capitol Rotunda about 5:30 p.m., shortly before the scheduled end of public viewing, along with her four children and their spouses. They sat in chairs in front of the casket for about eight minutes, with Betty Ford holding hands with sons Michael and Steven.

Then she walked to the casket, placed her hand on the American flag that covered the coffin, and bowed her head for about two minutes as her family gathered around her. She whispered a couple of words, then returned to her seat before being escorted out.

Michael and his sister, Susan Ford Bales, greeted mourners in the Rotunda on Monday morning. Five of his granddaughters performed the same service briefly later in the afternoon.

Bush was one of several dignitaries to pay respects to Ford on Monday as many officials returned to the nation's capital following the holidays.

Incoming House Speaker Nancy Pelosi (D-San Francisco), accompanied by her husband, Paul, crossed herself in front of the casket earlier Monday afternoon. Former President Bush, accompanied by his wife, Baker and former Sen. Alan K. Simpson (R-Wyo.), visited shortly after the president. And former President Clinton and his wife, Sen. Hillary Rodham Clinton (D-N.Y.), arrived in the late afternoon.

At the Rose Bowl in Pasadena, flags flew at half-staff in honor of Ford and the crowd paused for a moment of silence before the game. Ford played on two national championship football teams in 1932 and 1933 at the University of Michigan, which faced USC on Monday.

Michigan players also honored Ford. They wore stickers on their helmets with Ford's number, 48, which the university retired in 1994, and the word "Bo" for their legendary former coach, Bo Schembechler, who died in November.

Outside the Capitol in Washington, the crowd started small as New Year's Day dawned cold and rainy. But more people — from babies in strollers to senior citizens in wheelchairs — showed up throughout the day as the rain stopped.

One mourner, Glynn A. Crooks, vice chairman of the Shakopee Mdewakanton Sioux Community of Minnesota, came in full headdress and Native American attire "to pay respects to President Ford."

John Ciccone, 58, of Bethesda, Md., waited about 90 minutes with his wife, Christiane, and their 11-year-old twins, Alexander and Max, to honor a president who helped put the trauma of Watergate behind America.

"I remember the rancor and the bitterness that occurred at that time and when Gerald Ford came in there was a different tone," said Ciccone. "He really was a profoundly decent man, and we needed a man like that at that time."

Bush Pays Respects To A Predecessor (WT)

By Gary Emerling And Matthew Cella

The Washington Times, January 2, 2007

President Bush and first lady Laura Bush paid their respects to Gerald R. Ford yesterday, the final day the former president's body lay in state in the U.S. Capitol Rotunda.

Mr. and Mrs. Bush stood before Mr. Ford's closed flag-draped casket with their heads bowed in a brief but solemn tribute yesterday afternoon after returning to Washington from their ranch in Texas.

Afterward, the Bush motorcade took the president to Blair House, across the street from the White House, where the Bushes visited former first lady Betty Ford for a half hour and then walked back to the Executive Mansion.

Mr. and Mrs. Bush joined thousands of mourners who braved steady rainfall and frigid temperatures yesterday to say a final goodbye to the 38th president of the United States.

"I wanted my children to see and be part of history," said Trisha Mellott, who drove six hours from Canfield, Ohio, with her 11-year-old son and 10-year-old daughter to see Mr. Ford's casket. "We are proud to be Americans, so I wanted them to experience this."

Mr. Ford's body had been lying in state since Saturday, four days after he died at his home in Rancho Mirage, Calif., at 93.

State funeral services for Mr. Ford, the country's only unelected president, who took office in 1974 in the aftermath of Richard M. Nixon's Watergate scandal, will be held today at the Washington National Cathedral.

Mr. Bush will deliver the funeral eulogy. Mr. Ford will be buried tomorrow near his presidential museum in Grand Rapids, Mich.

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As light rain fell throughout yesterday morning, thousands lined up outside the Capitol clad in rainwear and toting umbrellas to pay respects to a president that many remembered as a kind and genuine person.

"It's an experience of a lifetime," said Lynn Yowaiski, 59, of Lexington Park, Md., who came with her husband and best friend to the public viewing. "Plus, I liked him. I always felt like he was telling the truth."

Carol Hooker, a teacher from Landover Hills, said she felt a personal connection with the former president after sending him a tongue-in-cheek letter years ago and finding out from a White House staffer that Mr. Ford and his Cabinet got a much-needed laugh from the correspondence.

Mrs. Hooker, 54, said she admired Mr. Ford so much that her family bought a Ford Fairmont station wagon and named it Gerald "Our" Ford.

"He was somebody that was genuinely kind," said Mrs. Hooker, standing in line without an umbrella and with rain clouding her glasses.

Inside the Rotunda, Mr. Ford's daughter, Susan Ford Bales, and son Michael Gerald Ford stood near the casket greeting mourners and handing remembrance cards to some of the visitors.

The blue cards had the presidential, vice presidential and House of Representatives seals and Mr. Ford's biography on one side.

On the other was a photograph of the former president in the Oval Office, his head bowed.

The message on the card read "The family of Gerald R. Ford deeply appreciates your prayers and many kindnesses as together we celebrate and honor the life of a devoted husband, father, grandfather and great-grandfather and the 38th president of the United States."

Michael Ford shook 8-year-old Christopher Witkowski's hand and gave him one of the cards.

"My father would have wanted you to have this," he told Christopher, of Alexandria.

Mr. Bush declared today a National Day of Mourning to honor Mr. Ford.

Federal and D.C. government offices will be closed today.

The funeral procession is scheduled to begin at 9:15 a.m. at the Capitol and end at 10 a.m. at the Washington National Cathedral.

Mr. Ford's remains then will be taken to Andrews Air Force Base in a procession scheduled to begin at 11:30 a.m. Street closures for the processions will begin at 7 a.m., and some parking restrictions will be in effect, too.

D.C. officials said they are ready for the added stress the service and closures could place on the city.

Barbara Childs-Pair, the head of the District's Emergency Management Agency, said she has "great working relationships" with federal agencies such as the U.S. Capitol Police and the U.S. Secret Service, which will coordinate with local officials today.

"We have been actually planning for a state funeral for the last six months," she said. "We've done a template, so all of the planning efforts, all of the players have been involved over several months."

Today also will mark the first day on the job for the new D.C. police chief and the new D.C. fire chief.

Incoming Police Chief Cathy L. Lanier ran the Metropolitan Police Department's Homeland Security Division and before that spent four years directing its Special Operations Division.

"Remember, the agency heads are changing, but the folks who really do the planning work, the logistical work, are still there," Mrs. Childs-Pair said. "So it's like clockwork at this point. We have a template from [the 2004 funeral of President] Reagan, lessons learned."

Interim Fire Chief Brian K. Lee also is familiar with large-scale events. He was named to the department's top job last week after spending six months as a battalion chief in the fire department's Special Operations Division.

"We're no strangers to state funerals. We're no strangers to national protests. We're no strangers to big events. We do that very well," Chief Lee said. "Between the fire/EMS coordinated with the police and all the federal agencies, we will, as always, be 100 percent prepared."

Thousands Say Farewell To Ford (USAT)

By Susan Page And David Jackson

USA Today, January 2, 2007

WASHINGTON — The flag-draped casket of Gerald Rudolph Ford, the low-key Michigan congressman who unexpectedly became the nation's 38th president, stood in a pool of light in the center of the Capitol Rotunda on Monday as the nation's highest officials and thousands of ordinary Americans dropped by to pay their respects.

President Bush, who will eulogize Ford at a memorial service this morning, came to the Capitol after returning to Washington from a week at his Texas ranch. He stood for a moment in silence with his wife, Laura, their heads bowed, as the clatter of camera shutters reverberated through the domed space.

On a rainy New Year's Day, former president George H.W. Bush also visited, accompanied by former secretary of State James Baker. Former president Bill Clinton and New York Sen. Hillary Rodham Clinton came by, as did the incoming House speaker, Nancy Pelosi.

So did Joyce Rigsby, 40, of suburban Glen Burnie, Md. She drove in with Ginny Hemsley of Atlanta, a friend who was visiting for the holidays. The two walked slowly around the Rotunda where the casket had been placed on the bier used for presidents from Abraham Lincoln to Ronald Reagan. A military honor guard stood vigil.

"What a tough job to be thrown into," Rigsby said of Ford's accession to the presidency after Richard Nixon resigned amid the Watergate scandal. "He did the best he could with a situation he didn't ask for."

Hemsley, 38, called Ford's presidency and his election bid in 1976 her "first real political memory."

Looking back, she said, "it seems really important to me that we had someone to take over who was a real decent person with a lot of integrity and respect for the office."

A memorial service at the National Cathedral is set for this morning. Then Ford's body will be flown to his childhood home of Grand Rapids, Mich., for services Wednesday at Grace Episcopal Church, which he attended as a boy and where he was married as a young man. He is to be buried on a hillside at the Gerald R. Ford Presidential Museum.

Ford died at home in California last week at age 93.

He was born Leslie King Jr., but his parents separated soon after his birth, and he took his stepfather's name. He was a star football player at the University of Michigan, and the Rose Bowl began Monday with a moment of silence in his memory before the Wolverines faced the University of Southern California Trojans.

After graduating from Yale Law School and serving aboard an aircraft carrier during World War II, Ford was elected to Congress and re-elected a dozen times. His hopes of becoming House speaker never realized, Ford was planning to retire when Nixon chose him to replace the disgraced vice president, Spiro Agnew.

Less than a year later, Nixon stepped down. Ford became the only person in U.S. history to serve as president without having been elected president or vice president. He lost the election in 1976 to Jimmy Carter.

The services for Ford lacked some of the ceremonial trappings and the enormous crowds seen during former president Ronald Reagan's state funeral in 2004.

After going to the Rotunda, President Bush and Laura Bush met with Ford's widow, Betty, at Blair House, a government guest house for VIPs. The elder President Bush, who served in Ford's administration as CIA director, and his wife, Barbara, joined them.

Ford's son, Michael, and daughter, Susan Ford Bales, stood near the casket early Monday to shake hands with those who visited.

They gave out "remembrance cards" featuring a photo of their father and the presidential, vice presidential and House of Representatives seals. The card called Ford "a devoted husband, father, grandfather and great-grandfather and the 38th president of the United States."

Later, four of Ford's grandchildren stood to the side and thanked those who visited. Betty Ford, 88 and frail, and her children returned to say a final goodbye at 5:30 p.m.

"He bailed us out at a bad time for the country," said retired Navy commander Douglas Wallace, 50, who drove an hour from Annapolis, Md., to pay his respects.

"He was underappreciated during his life," his wife, retired Navy captain Sharon Wallace, 50, said of Ford. "So it's nice that he's being appreciated in his death."

Current, Former Presidents Pay Their Respects To Ford (WP)

By Peter Baker And Hamil R. Harris

The Washington Post, January 2, 2007

President Bush opened the new year on a somber note yesterday, returning from his Texas holiday break to pay tribute to former president Gerald R. Ford and to contemplate what has gone wrong in a war that has claimed more American lives than the attacks of Sept. 11, 2001.

With his wife, Laura, clutching his arm, Bush silently marched into the Rotunda of the Capitol and up to the flag-covered casket holding the remains of the 38th president. The Bushes held hands and bowed their heads for about a minute, then turned and left without a word, heading in their motorcade to Blair House to offer condolences to former first lady Betty Ford.

The grim start to 2007 reflected grim times as the U.S. military death toll in Iraq passed 3,000 and the videotaped execution of Saddam Hussein continued to roil a country already riven by sectarian strife. This week alone, Bush will deliver a eulogy for a fellow Republican president today, endure the installation of an opposition Congress on Thursday, and try to draft a new strategy for a war he once had thought would be winding down in success by now.

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In a written holiday message, Bush expressed hope that the new year will turn things around. "In the New Year, we will remain on the offensive against the enemies of freedom, advance the security of our country, and work toward a free and unified Iraq," he said. "Defeating terrorists and extremists is the challenge of our time and we will answer history's call with confidence and fight for liberty without wavering."

For the day, though, Ford remained the focus as Washington wrapped up its second full day of mourning the man lying in state in the Rotunda. Former presidents Bill Clinton and George H.W. Bush joined a succession of other dignitaries as well as thousands of residents, tourists and others who made their way to the Capitol on a drizzly, dreary day. Two of Ford's children greeted some mourners and gave out commemorative cards, while several grandchildren touched his coffin to say their goodbyes.

The rest of the Ford family made an emotional final trip to the Rotunda yesterday evening to pay respects again. Betty Ford approached the casket and knelt before it, clasping her hands on top of it and bowing her head for several long minutes as her sons rubbed her back in support. Her face was etched with the pain of the moment, yet she remained stoic as she finally stood and walked back to a row of seats set aside for relatives.

The memorials to Ford extended to the other coast: Players on the football team of his alma mater, the University of Michigan, wore stickers on their helmets honoring him during yesterday's Rose Bowl in Pasadena, Calif. The stickers said "Bo 48" -- the first a reference to Bo Schembechler, the legendary Michigan football coach who died in November, and the second representing Ford's number when he was a star player in the 1930s.

The ceremonies will continue today with a service at Washington National Cathedral, where much of the country's past and present political elite will remember the unlikely president who took over the White House after the scandal of Watergate and put an end to the U.S. involvement in Vietnam.

The casket will be taken first to the closed Senate doors in a nod to his time as vice president -- who serves as president of the upper chamber -- and then loaded into a motorcade. The cathedral's Bourdon Bell will ring out 38 times as the cortege carrying the 38th president travels from the Capitol. It is scheduled to arrive at 10 a.m.

The Right Rev. John Bryson Chane, the Episcopal bishop of Washington, will lead the officiating clergy through a service that will include readings by two of the former president's children, Jack Ford and Susan Ford Bales, and eulogies by the president and his father, former secretary of state Henry A. Kissinger, and former NBC News anchor Tom Brokaw. Opera singer Denyce Graves, the U.S. Marine Orchestra, the Armed Forces Chorus, and the Cathedral Choirs of Men, Boys and Girls will perform.

It will be the third presidential state funeral at the 114-year-old cathedral, following Ronald Reagan's in 2004 and Dwight D. Eisenhower's in 1969. The cathedral also hosted the burial of Woodrow Wilson, the only president buried in Washington. Ford was on hand in 1976 when the cathedral's nave and west rose window were dedicated.

After today's service, Ford is to be flown to his childhood home town of Grand Rapids, Mich. There he will be interred in a hillside tomb at his presidential museum as a 21-aircraft flyover in missing-man formation jets up the Grand River.

Bush's trip to the Capitol yesterday was his first participation in the six-day Ford funeral events. The president made comments to cameras the day after Ford's death at 93 last week but did not cut short a stay at his Crawford, Tex., ranch.

The White House has maintained a studied silence about Ford's posthumously disclosed criticism of Bush's decision to invade Iraq in 2003. In an interview with The Washington Post's Bob Woodward embargoed until after his death, Ford said Bush and his team -- including two former Ford chiefs of staff, Vice President Cheney and then-Defense Secretary Donald H. Rumsfeld -- made a mistake in how they justified the war and said he would not have ordered the attack. Cheney made no mention of the matter in a tribute speech at the Capitol on Saturday night.

Bush went to the Capitol shortly after landing back at Andrews Air Force Base yesterday, along with aides Joshua B. Bolten, Karl Rove and Joel D. Kaplan. The Bushes walked briskly to the coffin at 3:06 p.m. and paused beside the honor guard. As he did at Reagan's casket in 2004, Bush looked up after a few moments. He blinked and turned to the first lady and appeared to say "Okay." The couple turned and left.

Ten minutes later, George H.W. Bush appeared with Barbara Bush, as well as former secretary of state James A. Baker III and former senator Alan K. Simpson (R-Wyo.) and their wives. The Bushes and Bakers then went to Blair House to visit Betty Ford.

Clinton and Sen. Hillary Rodham Clinton (D-N.Y.) went to the Rotunda later in the afternoon, and House Speaker-designate Nancy Pelosi (D-Calif.) went earlier along with her husband, Paul, and Rep. Anna G. Eshoo (D-Calif.). Pelosi crossed herself in front of the coffin. Other elder statesmen who paid respects included Sen. Pete V. Domenici (R-N.M.). and former senator Lowell P. Weicker Jr. (R-Conn.).

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Members of the public, sometimes decked out in slickers and boots, waited in the rain for nearly an hour to get in, and some were allowed to witness the presidential visits. "I didn't expect him to walk in," said Melissa Koenig, 28, who saw former president Bush. The Michigan native once met Ford in Grand Rapids and said she wanted to pay respects.

Kathy Fredickson of Bethesda said she felt fortunate to be present. "I came for all of my family members who could not come."

Susan Ford Bales and brother Michael Gerald Ford greeted some mourners and gave them cream-colored cards with the seals of the president, vice president and House of Representatives. The cards were embossed: "In final tribute from a grateful nation. The lying in state of President Gerald R. Ford."

One of the most poignant moments of the day came around 3:30 p.m. when some of Ford's grandchildren were escorted into the Rotunda. Becca Ford Cook, Sarah Ford Goodfellow, Hannah Ford, Heather Vance and Tyne Vance Berlanga slipped inside the velvet rope and placed their hands on the coffin.

"He was a president by accident, but he did a lot of wonderful things," said Barbara Feiner, 57, of St. Louis, who came with her husband, Tom. Feiner said Ford's legacy extended beyond healing the country and pardoning Richard M. Nixon: "He was the right guy for that time. He handled Watergate, I thought, even though I didn't agree with his decision at the time."

Staff writers Eric M. Weiss and Michael Abramowitz contributed to this report.

At Ford Funeral, Echo Of Reunions Past (NYT)

By RACHEL L. SWARNS

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — On the morning of President Gerald R. Ford's funeral, his former cabinet secretaries and administration staff members will come together here once more, taking their seats in the black cars accompanying the funeral motorcade and in the pews of Washington National Cathedral.

Former President Bill Clinton and Senator Hillary Rodham Clinton were among those at the Capitol Monday to pay respects to Mr. Ford. More Photos >

For more than two decades, they had gathered at Mr. Ford's annual White House reunions, most of which were held in the nation's capital, where they chuckled over half-forgotten policy disputes and shook their heads sadly as their numbers dwindled and their host grew increasingly frail.

Even as their career paths and personal lives diverged, they kept in touch with Mr. Ford and with one another, reminiscing at dinner parties and lunches, and in long-distance phone calls. In mourning their president on Tuesday, the alumni of his administration will also be celebrating his life and the intimate circle he created.

"We've stayed together," said Brent Scowcroft, who served as national security adviser to Mr. Ford. "There is a sense of community."

In many ways, Tuesday's funeral will highlight those ties. Henry A. Kissinger, Mr. Ford's secretary of state, cut short his vacation to the Dominican Republic to attend the Washington solemnities, which began Saturday. Robert E. Barrett, Mr. Ford's military attaché, flew in from his home in Florida. Carla A. Hills, his housing secretary, and William T. Coleman Jr., his transportation secretary, who both still work in Washington, will join them as honorary pallbearers.

The funeral will also reunite several officials who gained prominence in Washington after Mr. Ford left office, including Vice President Dick Cheney, who served as Mr. Ford's chief of staff; Alan Greenspan, who was chairman of Mr. Ford's council of economic advisers years before he became chairman of the Federal Reserve; and Mr. Scowcroft, who also served as national security adviser to President George Bush. They, too, will be pallbearers.

Ron Nessen, who was Mr. Ford's press secretary and who will attend the ceremony at the cathedral, said Mr. Ford's White House team had bonded so deeply because members had served during "an extraordinary time in American history."

It was the mid-1970s, and Mr. Ford, unexpectedly thrust into the presidency, had scrambled to assemble a team that would guide a nation reeling from Watergate, from President Richard M. Nixon's resignation and pardon, from the winding down of the Vietnam War, and from gas lines and soaring inflation.

"It was a shared experience, an amazing shared experience," Mr. Nessen said, "and that's what keeps people in touch with each other."

"People are going to share a lot of their memories," Mr. Nessen said of the Tuesday reunion. "And we'll be thinking of the more personal moments, the more personal conversations, the thoughtful things he did as a man, not just as president."

Mr. Nessen and others said they particularly enjoyed swapping memories of how Mr. Ford had treated people, regardless of their station in life, with dignity and respect, and how he had never taken on airs.

He described the day when Mr. Ford's dog, Liberty, made a mess on the carpet in the Oval Office and a Navy steward had scrambled to clean it. The president stopped him.

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" 'I'll do that,' " Mr. Nessen recalled Mr. Ford saying. " 'No man should have to clean up after another man's dog.' "

Mr. Ford's energy secretary, Frank G. Zarb, remembered the time when Mr. Ford had been ready to make an announcement to the White House press corps but then realized he did not have any cufflinks handy.

"He got two paperclips," Mr. Zarb recalled. "And he said, 'Let's go. We have more important things to do.' "

Mr. Coleman, the former transportation secretary, who said he had seen Mr. Ford four or five times a year, said he had relished the former president's warmth and humor, and his love of family and sports. The last time they spoke, about three months ago, they had talked football, he said.

"Michigan had just defeated Michigan State," Mr. Coleman said. "We had a good time." (As a young man, Mr. Ford played football for the University of Michigan at Ann Arbor.)

Of course, some of Mr. Ford's officials also clashed, and memories of those battles sometimes rankled. But for the most part, those rivalries faded over time, said Robert Orben, a speechwriter for Mr. Ford.

"We're old now, and life has mellowed us," Mr. Orben said. "Some old tensions get put away. There's a sense of camaraderie that continues."

Many officials held fast to that sense of closeness, particularly as Mr. Ford began to age and weaken.

At one recent reunion, Mr. Ford and his wife, Betty, sat on stools because they no longer had the energy to stand and shake hands with the scores of well-wishers. And at last year's gathering, Mr. Ford did not show up at all. Instead, he sent his regards via videotape. It was the first time he had missed a reunion.

Mr. Ford had been in and out of the hospital since January 2006, most recently in October for tests at the Eisenhower Medical Center in Rancho Mirage, Calif. Mr. Scowcroft, who said he had spoken to Mr. Ford several times a year, said he could hear the difference in Mr. Ford's voice when they chatted last summer.

"He sounded tired," Mr. Scowcroft said. "There wasn't the same kind of vibrancy in his voice."

Mr. Ford was 93 when he died last week. It is unclear whether the annual reunions will continue without him. But his administration officials said he would continue to inspire them.

"There will be sadness, but there will also be gladness that will relate to his legacy, to his service to the country," said John O. Marsh Jr., an honorary pallbearer who served as a Virginia congressman before becoming a top aide to Mr. Ford.

"Hopefully," Mr. Marsh said, "it will renew our own spirit of commitment to public service."

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Kissinger's Appearance Revives Memories Of Vietnam Era (NYT)

By Sheryl Gay Stolberg

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — Of all the aging Washington power brokers who have re-emerged in the shadow of the death of former President Gerald R. Ford, there is one, Henry A. Kissinger, for whom the return to the spotlight may be as much curse as blessing.

At Funeral, a Gathering to Echo Reunions Past (January 2, 2007) At 83, Mr. Kissinger, former secretary of state to Presidents Ford and Richard M. Nixon and sometime adviser to the current occupant of the White House, remains a towering figure in international relations. He is expected to be among a select few, including President Bush, to eulogize Mr. Ford on Tuesday at services at the Washington National Cathedral.

But at a time when the American public has soured on the war in Iraq — indeed, at the precise moment the United States is recording the milestone of 3,000 American deaths there — Mr. Kissinger's reappearance is stirring memories and rekindling debates about his role in managing another unpopular conflict, the Vietnam War.

"Henry is certainly one of the most complex characters in recent American history, and he is someone who has, I think, justifiably been in the spotlight both for extraordinary brilliance and competence and at the same time clear defects," said David Rothkopf, a former managing director of Mr. Kissinger's consulting firm and the author of "Running the World," about the National Security Council. "One of the interesting dimensions of Gerald Ford's demise is the pictures it has brought back into the paper of Ford with Rumsfeld, Ford with Cheney, Ford with Henry.

"It's forgotten that all of these people came together first 30 years ago dealing with Vietnam, dealing with a divided nation."

Yet of all those former Ford advisers, only Mr. Kissinger continues to evoke the passions about Vietnam that Donald H. Rumsfeld, the former defense secretary, evokes today about Iraq. This year, the White House press secretary, Tony Snow, confirmed that Mr. Kissinger had been quietly advising President Bush about Iraq in private meetings in the Oval Office. Mr. Kissinger, Mr. Snow said, "supports the overall thrust and direction of the administration policy" in Iraq.

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Given Mr. Kissinger's firsthand experience in the anguishing decisions about withdrawal from Vietnam, the disclosure sparked the inevitable Iraq-Vietnam comparisons that Mr. Bush has assiduously sought to avoid. Now, Mr. Ford's funeral is raising those comparisons anew.

Aaron David Miller, a scholar at the Woodrow Wilson International Center who recently interviewed Mr. Kissinger for a book about American policy in the Middle East, describes Mr. Kissinger as "the bête noire of the Vietnam antiwar crowd," an image that he says cannot be avoided as the Ford and Nixon presidencies are revisited this week.

"Here's Kissinger back in the limelight," Mr. Miller said, "with a lot of his luggage coming along with him."

Some of that luggage includes bags from Watergate. In 1969, as national security adviser to Mr. Nixon, Mr. Kissinger played a role in wiretapping the telephone of an aide, Morton H. Halperin, who was suspected of leaking classified information to reporters. Mr. Halperin sued. In 1992, Mr. Kissinger issued a formal apology.

"That was the price for my ending the lawsuit," said Mr. Halperin, who became a civil liberties advocate and today is a leading opponent of the Bush administration's domestic wiretapping. "Every time there was an event in the lawsuit, it would remind people of his role in wiretapping. He prefers to be remembered for other things."

Mr. Kissinger is, of course, remembered not only for Vietnam, but also as being an architect of détente with the Soviet Union and the winner of the Nobel Peace Prize. But slipped into the flattering tributes to Mr. Ford over the last week have been some unflattering depictions of Mr. Kissinger, including some from Mr. Ford himself.

There was some tension in the relationship. Mr. Kissinger was named secretary of state in 1973 by Mr. Nixon, all the while keeping his post as national security adviser. It was an unusual arrangement, one that allowed Mr. Kissinger to centralize his power over foreign policy while Mr. Nixon was preoccupied with Watergate. In 1975, Mr. Ford ended it, stripping Mr. Kissinger of the national security adviser title.

Mr. Kissinger balked. " 'Mr. President, the press will misunderstand this,' " Mr. Ford said, recounting Mr. Kissinger's reaction to Bob Woodward of The Washington Post in interviews published last week.

The interviews painted Mr. Kissinger as a bit of a management challenge for Mr. Ford, high impact, but high maintenance as well.

Mr. Ford called Mr. Kissinger a "super secretary of state" but cast him as overly confident — "Henry in his mind never made a mistake" — and overly sensitive to press criticism, so much that he routinely threatened to resign over it.

"Henry publicly was a gruff, hard-nosed German-born diplomat," Mr. Ford was quoted as saying, "but he had the thinnest skin of any public figure I ever knew."

In a retrospective in Newsweek online, Mr. Kissinger had kind words for Mr. Ford, saying he "moved with calm and sure-footedness" to reassure the nation during what could have been a constitutional crisis.

But he also described how the former president relied on him, saying, "After Nixon told Ford of the decision to resign, Ford's first call was to me."

Mr. Rothkopf, who worked with Mr. Kissinger and interviewed Mr. Ford for his book, said Mr. Kissinger often said that "Ford was underestimated, that he was much more intelligent and much more capable than people gave him credit for." Mr. Ford, he added, believed diminishing Mr. Kissinger's role was his "most important contribution" to the foreign policy bureaucracy.

"What he was trying to do was restore Henry to the role of an adviser, not 'the' adviser," Mr. Rothkopf said. "I think he had a sense that the national security system called for giving the president a range of views, and what had happened was that Nixon sank into the depths and Henry assumed greater power, that there was far too much judgment and power in the hands of one person who wasn't the president."

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In Grand Rapids, Fixer-Upper Leads To Unusual Bond (WSJ)

By Janet Adamy

The Wall Street Journal, January 2, 2007

GRAND RAPIDS, Mich. -- Growing up here some 85 years ago, Gerald R. Ford lived in six different homes. Tim England and Rob Kent bought one of them in 1991 for $63,500.

The couple didn't really care that the 38th president had once lived there. They could only afford a fixer-upper and picked this one for its winding stairway. But as they renovated and saved a historic home that Grand Rapids wasn't willing to preserve, they forged an unusual bond with President Ford that lasted more than a decade. 1

"It started out as buying our own home," says Mr. England, 46 years old, who is a chef. Then, "our families merged."

President Ford will be buried at the Gerald R. Ford Presidential Museum tomorrow, in the city where he spent most of his childhood and launched his political career. As a little boy, he lived in several homes, including at least one in affluent East Grand

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Rapids. Grand Rapids was a furniture-manufacturing hub and President Ford's father was a successful salesman for a wood-finishing company.

But in 1921, the Ford family suffered a financial setback, and a bank foreclosed on their home. They rented the three-story house at 649 Union Ave., in what was then a working-class neighborhood on Grand Rapids' southeast side.

Mr. Ford, then 8 years old, rose at 6 each morning to remove ashes from the furnace and shovel in the day's supply of coal, he recalled in his 1979 autobiography, "A Time to Heal." At South High School, he played center on the football team and lost an election for senior-class president. When he was 17, his parents scraped together enough money to move back to East Grand Rapids. Mr. Ford eventually left to attend the University of Michigan, but later returned to represent the area in Congress for almost 25 years.

After he became president in 1974, upon the resignation of Richard M. Nixon, Grand Rapids named buildings and the airport to honor him. His museum became a major attraction of the city's downtown.

But civic leaders made little effort to preserve any of his childhood homes, even though other former presidents have had theirs turned into museums or named historical landmarks. Over the years, some of President Ford's former homes were razed.

In the late 1980s, the house at 649 Union was barely standing. Racial tensions during the late 1960s drove longtime residents out of the neighborhood, which became infested with crime. Police officers routinely busted drug dealers "no more than two houses, 80 feet, from the Ford home," says George Heartwell, now the mayor of Grand Rapids. The nearby corner was "one of the worst in Grand Rapids," he says. Civic leaders talked about restoring the vacant, boarded-up home but never followed through.

Even the former president, who settled in Rancho Mirage, Calif., after losing the 1976 presidential election, didn't push for its preservation. He didn't want public money spent on the project, says Elaine Didier, director of the Gerald R. Ford Presidential Library and Museum. In 1991, the city auctioned off the house for $3,000.

The buyers, acquaintances of Messrs. England and Kent, offered to sell it to them after doing some repairs. Inspecting the house with a flashlight, the two men, who have been together for almost 20 years, saw that there was no ceiling in the dining room and the top floor was filled with birds. "It was pretty rank," recalls Mr. Kent, 46, who does sales for a specialty food store.

After moving in, Messrs. Kent and England painted walls and did a lot of patching. They replaced all 36 windows and the three outside doors. They scoured yard sales for antique clocks, lamps, chairs and bookcases to give the house a vintage feel. Mr. England bought an old chandelier and restored each of its 500 crystals by hand. The two men planted a garden in the barren backyard. The restoration, and others like it, helped improve the neighborhood.

Then in 1992, a letter arrived from President Ford out of the blue. "Mrs. Ford and I are very pleased and honored that you have done such a wonderful restoration of my family home," he wrote. Excited that the former president had taken an interest, the two men tried to have the house designated as a historical landmark and sought public funds to help with the restoration.

But they weren't eligible for most public funding because the house was privately owned, Mr. England says. The Ford museum, the clearinghouse for most of President Ford's affairs in the city, wasn't interested in helping. Ms. Didier, the museum and library director, says her organization or Mr. Ford's foundation "wouldn't give money to a private home." Messrs. England and Kent continued restoring the house with their own money.

In the fall of 1994, a Secret Service official left a message on their answering machine. Mr. Ford was planning to visit Grand Rapids and wanted to see his old home. A few days later, former first lady Betty Ford walked up the steps and extended her hand to Mr. England. "You will never know what this means to my Jerry," Mr. England recalls her saying.

As Mr. Ford entered the house, "he turned into a child," Mr. England recalls. He pointed to a spot in the foyer where the Ford family piano once sat. Mr. England pulled out pocket doors tucked into a foyer wall to show President Ford they were still there. Walking through the kitchen, the president remembered how his family had eaten at a small table, Mr. England says.

The former president climbed the stairs to his second-floor bedroom, then to the third floor, where he and his three half-brothers would retreat when his parents had company. Then he darted into the backyard to see the carriage house where he and his pals used to play penny-ante poker. Inside, Mr. Ford had his foot on the ladder to climb to the second floor when a Secret Service agent advised him against it.

Later in 1994, the house was declared a national and state historic site. At a dedication ceremony the following year, the former president stood on the front porch and, before a crowd of local dignitaries, thanked Messrs. England and Kent. "I have such wonderful memories," he said, recalling how the police used to close the sloped street in the winter so children could sled.

After that, the Fords began sending Christmas cards to the two men, sometimes including photographs of family weddings. Messrs. England and Kent filled their foyer with campaign memorabilia and a framed letter from the Fords. Each July 14, Mr. Ford's birthday, the men hang an enormous American flag across the front porch.

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In 2005, the men called Mr. Ford's office on his birthday to ask his assistant to pass on their good wishes. To their surprise, Mr. Ford jumped on the line and struck up a conversation. He thanked them for recently repainting the outside of the house, Mr. England recalls.

Just past midnight on Wednesday morning, after Messrs. England and Kent went to bed, a friend called and told them to turn on their television. Watching the report of Mr. Ford's death, Mr. England says he felt sick to his stomach. A few minutes later, a local news crew pulled up in front of the home in the darkness. Mr. England went outside and pleaded with them to wait before they started shooting. He brought out the big American flag and draped it over the front porch. Then he told them they could start their cameras.

Gerald R. Ford 1913-2006 (USNEWS)

By Angie Cannon

U.S. News and World Report, January 2, 2007

He was called the accidental president, a straight arrow from Michigan who served for only 29 months. Gerald R. Ford wasn't a politician consumed by ambition. In fact, he never campaigned for the presidency or vice presidency and once said that all he ever wanted to be was speaker of the House.

He accomplished a little more than that. When he died last week in Rancho Mirage, Calif., Ford was remembered with almost universal respect and admiration as the man who did much to calm the nation after Watergate and the Vietnam War and to restore honesty and stability to the White House. He set in motion some important changes in dealing with the Soviet Union and in reforming a troubled economy–decisions that three decades later were applauded. Even his most controversial call–a pre-emptive pardon of Richard Nixon–was viewed in hindsight as the right thing to do.

On Oct. 12, 1973, Richard Nixon picked him as vice president, a confirmable choice, when Spiro Agnew had to step down because of a corruption investigation. At his swearing-in, Ford tried to keep expectations low when he famously joked: "I am a Ford, not a Lincoln."

Ford was center stage for some of the most dramatic moments in American history. On Aug. 8, 1974, Ford met with Nixon at 11 a.m., and the president told him: "I have made the decision to resign. It's in the best interest of the country." He said quietly, "Jerry, I know you'll do a good job." Nixon later wrote that "Ford's eyes filled with tears–and mine did as well–as we lingered for a moment at the door."

Straight talk. The rushed inauguration was to be in the East Room, and Ford sent an Air Force jet to bring Chief Justice Warren Burger home from a conference in the Netherlands. On the morning of August 9, Nixon emotionally said farewell to his staff. Ford and his wife, Betty, stayed one floor below, waiting to walk the Nixons to the waiting helicopter. "The moment was terribly painful for all of us," Ford wrote in his autobiography, A Time to Heal. "We were trying to put up the bravest, strongest front. Standing by the helicopter's door, we wished the Nixons happiness and good health. The president grabbed my elbow and held it for a split second longer than necessary, as if to say, 'Good luck.' The moment had come. Then, he uttered the words. 'Goodbye, Mr. President,' he said, and put out his hand." After he was sworn in, Ford gave what he called "not an inaugural address, not a fireside chat, not a campaign speech, just a little straight talk among friends."

He noted that he did not gain the office by any "secret promises." He said: "I am indebted to no man and only to one woman." He also said: "I believe that truth is the glue that holds government together, not only our government but civilization itself. That bond, though strained, is unbroken at home and abroad." He is most famously remembered for saying, "My fellow Americans, our long national nightmare is over. Our Constitution works. Our great republic is a government of laws and not of men. Here, the people rule."

The 38th President: More Than Met The Eye (NSWK)

By Evan Thomas

Newsweek, January 2, 2007

Jan. 8, 2007 issue - On the morning of Sunday, Sept. 8, 1974, after he had been president for about a month, Gerald Ford took communion at St. John's Episcopal Church on Lafayette Square, across from the White House. He prayed alone in the presidential pew. On the way out the church door, he sloughed off reporters who were badgering him about his plans for the day—"You'll find out soon enough," he said. Back in the Oval Office, he telephoned Sen. Barry Goldwater, the fabled conservative, to tell him he was pardoning Richard Nixon for whatever crimes the disgraced president might have committed in office. Goldwater, whose voice had been critical in forcing Nixon's resignation, was dumbfounded. "It doesn't make any sense," he protested. Ford answered, "The public has the right to know that, in the eyes of the president, Nixon is clear." Goldwater responded: "He may be clear in your eyes, but he's not clear in mine."

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Next, Ford called his old congressional adversary, the then House Majority Leader Thomas P. (Tip) O'Neill, and told him that he intended to pardon Nixon. "I'm telling you right now," O'Neill said, "this will cost you the election. I hope it's not part of any deal."

"No," Ford replied calmly, "there's no deal."

"Then why the hell are you doing it?" O'Neill asked.

Ford answered that Nixon was a "sick man" and that his daughter Julie "keeps calling me because her father is so depressed." O'Neill was unpersuaded, but Ford seemed determined. A few minutes later that Sunday morning, the president went on national television to announce his decision. Ford's own aides had been dubious about the pardon and had tried to argue with him. But Ford moved—quickly, at first secretly, then decisively—to cut off any criminal prosecution of his predecessor. Ford had experienced no trouble sleeping the night before—"Once I determine to move, I seldom, if ever, fret," he recalled in his memoirs. After announcing the pardon, Ford recorded, he felt "an unbelievable lifting of a burden from my shoulders." He went off to play golf.

O'Neill's warning was not wrong. The public hammering Ford took for pardoning Nixon probably did cost him the election in 1976. "Jail Ford!" screamed angry crowds, who widely assumed (not altogether without reason) that Nixon had wrangled a deal. Most news-papers in the righteous post-Watergate era gravely editorialized against Ford's action. His own press secretary, Jerry terHorst, quit in disgust.

Yet, more than three decades later, Ford's decision has been largely vindicated. The conventional wisdom has shifted: pardoning Nixon was the farsighted thing to do. It spared the nation an ordeal of recrimination and allowed the healing to begin.

In the first hours and days after his death last week at 93, Gerald R. Ford Jr. was eulogized as a model of common-sense leadership, a plain-spoken Everyman who followed his own conscience. He was seen as a real-life Jimmy Stewart figure, a regular guy whose heartland decency shamed the Washington pols. His reputed willingness to reach across the aisle was held up, explicitly and implicitly, as a reproach to the current chief executive.

As president, Ford was mocked, especially on "Saturday Night Live," for tripping over his own feet and getting tangled up in his own words. In contrast to the darkly complex "Tricky Dick," the image of Ford as a genial, trusting, slightly naive stumblebum was somehow comforting. But it was largely a fiction. Ford was probably the best athlete ever to occupy the Oval Office; he was a graceful dancer and a smoothly expert skier. More important, he was hardly "Mr. Smith Goes to Washington." In reality, he was a quintessential pol who spent more time cutting deals than shaping lofty visions.

Ford was a politician in the best sense: he understood how to use power to serve the public interest. He was also a decent man. But he was a complex one, whose motivations have remained well hidden, obscured to this day by his skillful legacy-polishing in retirement. Ford's morality and character had been forged not just by the Main Street virtues of Depression-era Middle America, but by the bitter, carefully concealed personal experiences that often shape and drive (and sometimes twist) great leaders. Ford was far from the oaf Chevy Chase made him out to be, and his presidency, though it lasted less than 900 days, was no mere stop-gap. Ford had a way of showing up and doing surprising things at critical moments in history, with repercussions—some intended, some accidental—that echo today.

Gerald R. Ford Jr. was born Leslie Lynch King Jr. His real father was a handsome, wealthy, blond-haired wife-beater who first struck his bride on the first night of their honeymoon for smiling at a stranger in the elevator. Later, Leslie King Sr. held a knife over his wife as she lay in bed with her newborn baby; she then fled to Grand Rapids, Mich., and married a paint salesman named Gerald Ford, who gave her baby boy his name. At 16, young Jerry, by then a high-school football hero, was tending a lunch counter when Leslie King Sr. sauntered in. "I'm your father," he announced. "I'd like to take you to lunch." King was passing through town on his way to pick up an expensive new car, a Lincoln. King asked Ford if he would like to move back to live with his true father in Wyoming.

"It was a hell of a shock," Ford later recalled. He went to lunch, but was shaking with resentment. "Nothing could erase the image I gained of my real father that day—a carefree, well-to-do man who really didn't give a damn about the hopes and dreams of his son." In bed that night, Ford wept "tears of anger." He tried to remember verses from Proverbs his mother had taught him: Trust in the Lord with all thine heart, and lean not unto thine own understanding. In all thy ways acknowledge Him, and He shall direct thy paths.

These words were to become a sacred talisman for Ford. He said them to himself right after he had nearly been swept off the deck of a carrier as a naval officer during a Pacific typhoon in World War II, and he said them to himself the night before he was sworn in as president of the United States. The passage suggests a comforting submission to God's will, and no doubt Ford found solace in it. But the real message he took from the shock of seeing his delinquent father was not at all passive: it was to keep moving along those "paths," to not look back, to not brood, but to act—without remorse or regret.

As a young man Ford became adept at productively channeling his anger. As a center and linebacker at the University of Michigan, he was a ferocious blocker and tackler. He was tough enough to be offered contracts by the Green Bay Packers and

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Detroit Lions, but pro-football money was small in those days; he decided his ambition was better served by attending Yale Law School.

Ford finished in the top third of an accomplished class that included future Supreme Court justices and a secretary of State. But he found his calling working for Republican Wendell Willkie in the 1940 presidential race. Ford discovered, he later recalled, that "I liked politics, everything about it." He meant not just glad-handing on the stump but wheeling and dealing in the back room.

Blond, big-shouldered—a hale fellow—Ford struck some sophisticates, including his prewar girlfriend, Phyllis Brown, a New York model from a fancy prep school, as a little slow-witted. "Jerry had an innate awareness that was deceptive," Brown later told former Ford aide James Cannon, author of "Time and Chance," a 1994 account of Ford's ascension to the presidency (written with access to Ford's papers). "Actually, it was a cunning side. People would be talking and thinking, 'Dumb Jerry the football coach is not getting it.' But that was part of the cunning. He was listening, mulling it over and thinking it through, and then he would come up with the right answer. He was smart—not clever, not quick, but smart."

Ford learned how to keep secrets. After the war, running for Congress, he proposed marriage to a beautiful divorcée and former professional dancer named Betty Warren. He told her they had to keep their engagement a secret, and that he couldn't say why. The reason: his political advisers had convinced him that marrying a divorcée would cost him votes among conservatives. The couple was married after the Republican primary.

Ford entered congress in 1949, just two years after a wave of young World War II veterans, including John F. Kennedy and Richard Nixon, who understood that America would have to stay on the world stage to contain communism and spread freedom. But Ford was happy to take a less lofty assignment on the Public Works Committee. He understood that Public Works was the place to learn to make pork-barrel deals. When a seat on the Appropriations Committee came open, Ford went for it. "Appropriations was where the power was," he later wrote. "I said to myself, 'That's going to be my specialty—how the government spends money'."

Ford was intensely ambitious: his goal was to become Speaker of the House. To curry favor and votes, he was a relentless fund-raiser for the party coffers, traveling some 200 nights a year. He rarely saw his young family. "I was resentful of Jerry's being gone so much," Betty later said. "I was feeling terribly neglected ... The loneliness, the being left to yourself at night, is what makes marriages crack, makes liquor more attractive." Their marriage did not crack—Ford always counted on his smart and outspoken wife for political advice—but Betty did begin to drink more and more (and ultimately became dependent on painkillers for a stiff neck). "I'd have my five o'clock drink at a neighbor's house," she recalled. "Or even by myself, while talking on the phone with a neighbor. I'd have another while I was fixing dinner, and then, when the kids were in bed, I'd build myself a nightcap."

Though he may not have played the sort of mean-spirited hardball that characterized the GOP-controlled House under Majority Leader Tom DeLay in recent years, Ford was a down-the-line party man. As minority leader in the 1960s, he tangled with President Lyndon Johnson, attacking the president for not doing more to win in Vietnam and for wasting taxpayer money on social-welfare programs. Johnson called Ford "dumb" and cracked, "Jerry played football too many times without a helmet."

Ford was a close ally and admirer of Nixon's from their days together in the House Chowder and Marching Society, a band of hard-charging GOP congressmen who voted, logrolled and played together. As the GOP House leader after Nixon's election in 1968, Ford faithfully did the bidding of Nixon's attorney general, John Mitchell, by leading a clumsy attempt to impeach Supreme Court Justice William O. Douglas. Ford attacked Douglas as "senile" and for allowing his writings to be published in a "pornographic magazine" called Avant Garde. The impeachment effort collapsed after a couple of weeks; Ford later admitted the whole thing had been a "mistake."

When the first flames of Watergate began to singe the White House, Ford remained loyal. At Nixon's urging, Ford was instrumental in making sure that the House Banking and Currency Committee did not investigate the source of freshly printed $100 bills that turned up on the Watergate burglars. He was rewarded when Vice President Spiro Agnew pleaded no contest to accepting payoffs and was forced to resign in October 1973. Recognizing that Ford was the safest bet for congressional confirmation, Nixon chose him to replace Agnew.

As the Watergate scandal deepened, Ford had to walk a fine line between supporting the president and not going down with him. He was careful never to ask Nixon if he was guilty of covering up the Watergate break-in. But the vice president's suspicions were growing. His way of dealing with them in the spring of 1974 was to get out of town. "He deliberately fled Washington, very deliberately," recalls Ford's former House speechwriter and close aide Bob Hartmann. "He just told me to accept every invitation he possibly could. His travel itinerary was nearly continuous. He was not being devious. On the other hand, he was nobody's fool." In his public appearances, Ford began to "zig-zag—to be intentionally inconsistent in his comments," writes former Ford adviser James Cannon. "One day the tilt would be favorable: Nixon is innocent of an impeachable offense, he would say. The next day he would tilt against him."

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Ford's deft balancing act during Nixon's fall drew little attention as investigators and reporters stalked bigger game. Sympathetic White House aides protected Ford by distancing him from the scandals, deleting his remarks from the edited transcripts of meetings or marking them "unintelligible." But Ford and Nixon were heading toward a high-stakes drama that is one of the most intriguing—and still somewhat murky—acts in the whole Shakespearean tragedy.

Without ever explicitly acknowledging what they were doing, Ford and Nixon began a private dance concerning the delicate question of whether Ford might pardon Nixon if the president stepped down and Ford took his place. Neither man could be seen participating in such a crude transaction. That does not mean, however, that there weren't some clever machinations and manipulations—on both sides.

The go-between in this shadow play was former Army general Alexander Haig, Nixon's chief of staff. Haig had been acting as a kind of regent, running the government while Nixon withdrew to the White House residence to brood while listening to "Victory at Sea" before roaring fires. At once scheming, dutiful and imperious, Haig was trying to protect the president—but, at the same time, get Nixon out of office before the president could be impeached in the House and convicted by the Senate. And if Nixon could be persuaded to resign, Haig wanted to insulate him from being prosecuted in the courts. Hence the call Ford received shortly after 8 on the morning of Aug. 1, 1974.

Haig wanted to know if he could come to Ford's office at the Old Executive Office Building. "It's urgent," said Haig. "I want to alert you that things are deteriorating. The whole ball game may be over. You'd better start thinking about a change in your life." That was not all Haig wanted to tell Ford. But according to Ford's memoirs, "A Time to Heal," Haig seemed reluctant to talk in front of Bob Hartmann, who was also in the room.

Haig decided to come back in the afternoon. This time he caught Ford alone in his office. Haig explained that the White House was turning over a tape recording—later known as the "smoking gun" tape—to the courts. On the tape, Nixon could be heard obstructing justice by trying to get the CIA to head off an FBI investigation of the Watergate break-in. Haig began to lay out various options before he got to the ones that mattered. He had brought two pieces of paper with him. Nixon's chief of staff explained to Ford that the president could resign and be pardoned by his successor. One piece of paper summarized a president's authority to grant such a pardon; the other was an actual pardon form.

"Al," Ford said, "I need some time to think about this." As Haig left, Ford sat back, he later recalled, and thought to himself, "I am about to become president. It's going to happen."

Hartmann came into the veep's office, and Ford told him that Nixon would resign if Ford would pardon him. Hartmann burst out, "Jesus! What did you tell him?" "I didn't tell him anything," Ford responded. "I told him I needed time to think about it." "You what?" Hartmann asked. "That's almost the worst answer Haig could take back to the White House. You told Haig you are willing to entertain the idea of a pardon if he resigns—that's probably all Haig and Nixon want to know."

Ford told Hartmann that he was overreacting. That night, as he lay in bed with Betty, Ford pondered what to do. In his memoirs, he wrote that Haig called him at 1 a.m. to tell him that "nothing had changed" and that the situation "remained fluid." Ford recalled that he told Haig, "I've talked with Betty, and we're prepared, but we can't get involved in the White House decision making process." But according to Barry Werth's "31 Days," the most authoritative retelling of Ford's roller-coaster first month in office, Ford told a different story to his aides the next morning. According to Hartmann, Ford told him: "Betty and I talked it over last night ... We felt we were ready. This just has to stop; it's tearing the country to pieces. I decided to go ahead and get it over with, so I called Al Haig and told them they should do whatever they decided to do, it was all right with me." Aghast that Haig and Nixon might interpret Ford's words as a signal that a pardon would follow a resignation, his aides—including Hartmann, John Marsh and Bryce Harlow—implored the vice president to call Haig right away. Ford should tell the president's chief of staff, unambiguously, that nothing they had discussed should be construed as a deal. Ford agreed and made the call, reading from notecards.

In later years, Haig would deny that he had offered Ford any kind of deal, denials he publicly repeated last week. Ford, for his part, professed a kind of wounded innocence. In 1997 he told Washington Post reporter Bob Woodward: "Well, I guess I was naive. I was naive that anybody would offer a deal because all my political life people never came to me, 'I'm going to give you a political donation. I expect something in return.' People never came to me that way, because they knew damn well I wouldn't be part of it." In any case, "it never became a deal because I never accepted," said Ford. The fact that he did agree to pardon Nixon 31 days after assuming the presidency, Ford always insisted, was unrelated to his discussions with Haig before Nixon resigned.

It may well be that in his political life Ford had never been approached with such a naked blandishment. But his personal history contains, at the very least, a foreshadowing of his decision to end what he called "the long national nightmare" of Watergate with a presidential pardon. In 1937, when Ford was at Yale, his delinquent father turned up again—this time with a quid pro quo. For years, Leslie King had been embroiled with Ford's mother regarding unpaid alimony and child-support payments. Now King was offering Ford a deal: if he would get his mother to back off her legal claims, King would make sure his son was not forgotten in his will. Ford was cool to his father's approach, but ultimately worked out a settlement that won his

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mother $4,000. She sent her son a check for more than $2,000, which he promptly returned to her. "I was simply acting as a peacemaker," Ford testified in a 1939 court proceeding.

Duke history professor Peter Wood has speculated that when Ford pardoned Nixon, he was re-enacting the drama of trying to bring peace between his mother and father. This interpretation may be stretching the bounds of psychohistory. Still, Ford's language, when he announced the pardon that September Sunday in 1974, does suggest that he was obeying what Wood calls "a submerged but controlling personal logic." Ford told the nation: "My conscience tells me clearly and certainly that I cannot continue to prolong the bad dreams that continue to reopen a chapter that is closed ... My conscience tells me it is my duty to not merely proclaim domestic tranquillity but to use every means that I have to ensure it."

The Nixon pardon did go a long way to ensure "domestic tranquillity" in the American family. But Ford quickly found himself ensnared in a web of problems, from an energy crisis to high inflation to the final collapse of South Vietnam. Ford has sometimes been portrayed as a feckless leader. His whip inflation now buttons made him seem like a small-town booster trying to use bromides to beat back the worst recession since the Depression.

But Ford was not afraid to make tough decisions. He vetoed 66 bills sent him by the Democratic-controlled Congress, and he ruthlessly unloaded anyone who did not meet his needs—starting with Haig. Secretary of State Henry Kissinger gave up his title as national-security adviser, opening the way for Brent Scowcroft. Ford fired Defense Secretary James Schlesinger. He dumped his vice president, Nelson Rockefeller, from the GOP ticket in 1976. (And though it pained him to be portrayed as the first American president to lose a war, he did not try to intervene when Saigon finally fell in May 1975.)

Battered by bad news and public discontent over the Nixon pardon, Ford began the 1976 campaign 25 points behind the Democratic nominee, Jimmy Carter. But partly by getting rid of his campaign manager, Rogers Morton, and replacing him with James A. Baker, an emerging force in national politics, Ford almost caught Carter in the last days of the campaign.

Ford was not done with politics. Though he burned with anger at Ronald Reagan for mounting a costly and diverting primary challenge for the Republican nomination in 1976, he nearly agreed to be Reagan's running mate in 1980. Reagan balked only when Ford insisted on being given enough power to be a virtual "co-president."

In retirement, Ford's principal cause was his pocketbook and his place in history. He had always liked to be around prosperous men since he was a scholarship boy invited to join the DKE house at Michigan. Going on as many as eight corporate boards and charging many thousands of dollars for speeches and corporate receptions (the latter now common practice among former presidents), he maintained houses on a golf course in Rancho Mirage, Calif., and at the foot of the ski slopes in Colorado. Over the years, he entertained a parade of visiting journalists and historians to make sure his story was properly told. Knowing that history is largely written by moderates and centrists, he made himself one, too, deploring the rightward swing of the Republican Party. In a July 2004 conversation with Bob Woodward, published last week, Ford said, "I don't think I would have gone to war" in Iraq. He criticized both Vice President Dick Cheney and former Defense secretary Donald Rumsfeld for "making a big mistake in justifying going into the war in Iraq."

One of the more peculiar legacies of the Ford era is the attempt by both Rumsfeld and Cheney to restore the power of the presidency. They were ambitious young men who served as Ford's chiefs of staff at a time when Ford was trying to dismantle what historian Arthur M. Schlesinger Jr. has called "the imperial presidency." Ford was trying to create an atmosphere of openness and cooperation with Congress and the courts after Nixon's grandiose show of presidential power—from opéra bouffe uniforms for the White House guards to the shadowy Plumbers Unit. But Rumsfeld and Cheney felt that the Watergate reforms had gone overboard, and as members of the Bush war cabinet they have pushed hard to strengthen the executive.

Ford may or may not have been wise enough to resist falling into the trap of hubris that seems to have overcome the Bush White House. His suggestion that he would have been against invading Iraq must be considered in light of his strongly held position as a congressman attacking the Johnson administration during the Vietnam War: that the United States military should press harder against the communists, not back off. At the same time, Ford's record as president suggests that he would have been far more willing than Bush to change his mind and reverse course if he saw the war turning into a quagmire. He was always moving forward and not looking back. He knew when to cut his losses, and he was not afraid of taking chances to bring peace—whether to his family or to his country.

Presidents And Protégés (USNEWS)

By Brian Kelly

U.S. News and World Report, January 2, 2007

Washington may not have a soul, but it does have a memory. For all the talk of what a cold, transient place it can be, there are rituals that remind us that this vast government rests on a sense of permanence and continuity. In a place like Washington, the past matters. A lot.

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The funeral and eulogies for Gerald R. Ford at the National Cathedral this week have as much to do with 1975 as 2006. Ford will be mourned by a roomful of people whose views of the world were shaped by those crucial years in the wake of Watergate and the collapse of South Vietnam.

In particular, Ford and a couple of eager young aides named Donald Rumsfeld and Dick Cheney set about to rebuild a staggered White House. Congress, the press, and the Washington establishment had pilloried Richard Nixon–for reasons good and bad–and now were leaning on Ford. "The feeling I had then, and I think it's been borne out by history," Cheney told U.S. News last year, "is that the balance shifted, if you will–that, in fact, the presidency was weakened."

They all felt that the office of the president needed to be much stronger–as it was intended to be. Ford tried to push back. On domestic issues, he brought out the veto pen and killed a record 66 bills that mostly raised spending and taxes.

But on Vietnam and other national security issues–such as intelligence gathering, committing U.S. forces, and confronting the Soviet Union–he mostly gave in. Cheney and Rumsfeld never forgot.

In Memoriam (NSWK)

By Dick Cheney

Newsweek, January 2, 2007

'Confidence in His Bearing'

He was an unassuming man, our 38th president, and few have ever risen so high with so little guile or calculation. Even in the three decades since he left office, he was not the sort to ponder his legacy, to brood over his place in history. Jerry Ford was always a striver—never working an angle, just working. He was a believer in the saying that in life you make your own luck. The achievements added up all his life, yet he was known to boast about only one. I heard it once or twice myself—he said he was never luckier than when he stepped out of Grace Episcopal Church in Grand Rapids, Mich., with a beautiful girl named Betty as his bride.

He was modest and manful; there was confidence and courage in his bearing. In judgment, he was sober and serious, unafraid of decisions, calm and steady by nature, always the still point in the turning wheel. He assumed power without assuming airs; he knew how to treat people. He answered courtesy with courtesy; he answered discourtesy with courtesy.

This president's hardest decision was also among his first. And in September of 1974, Gerald Ford was almost alone in understanding that there can be no healing without pardon. The consensus holds that this decision cost him an election. That is very likely so. The criticism was fierce. But President Ford had larger concerns at heart. And it is far from the worst fate that a man should be remembered for his capacity to forgive.

He was not just a cheerful and pleasant man—although these virtues are rare enough at the commanding heights. He was not just a nice guy, the next-door neighbor whose luck landed him in the White House. It was this man, Gerald R. Ford, who led our republic safely through a crisis that could have turned to catastrophe. We will never know what further unravelings, what greater malevolence, might have come in that time of furies turned loose and hearts turned cold. But we do know this: America was spared the worst. And this was the doing of an American president. For all the grief that never came, for all the wounds that were never inflicted, the people of the United States will forever stand in debt to the good man and faithful servant we mourn.

In Memoriam (NSWK)

By George Herbert Walker Bush

Newsweek, January 2, 2007

'He Gave Us A New Day'

I got to know Jerry Ford when I was running for the Senate down here in Texas in 1964. I lost that one, and then he campaigned actively for me in my House race in '66, which I won. When I got to Washington, he helped me get a seat on Ways and Means, which was a very great assignment for a freshman, and we became friends. He was well respected by people of different opinions, was perceived as a guy who was a conservative fellow but who could get along with people.

In 1974, he had to pick a vice president, and I was considered one of the two names he might go with. One day—I'll never forget it—Barbara and I were sitting on the front steps in Maine with the TV on in the background, and they said, "Well, he's coming in now, he's coming in now to announce his choice." The telephone rang, and it was Jerry Ford, very courteous and thoughtful, and he said, "George, it was a very close decision I had to make, but I am going with Nelson Rockefeller"—which was kind of expected. I will never forget the kindness and the courtesy.

Watergate was just the worst. Bob Strauss used to call me when I was head of the Republican National Committee every time another shoe would drop, every time there was a new revelation. He said, "George, your job reminds me of making love to a gorilla." And I said, "Why, Bob?" And he said, "Because you can't stop until the gorilla wants to." And that's exactly the way it was, and of course Bob was loving it because he was the Democratic chairman.

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Like Ford, I was going around talking about Nixon, saying, "Give the guy a chance, don't go on rumors," and then suddenly, in the summer of '74, this last shoe [a June 1972 tape revealing that Nixon ordered the cover-up] dropped, and it was very clear that Nixon could not survive. We had a final cabinet meeting in early August, and there was a kind of unreality to it, because he said, "OK, today we're going to talk about the economy," and everybody was quietly looking at each other and saying, "What the hell is going on here?" But when Ford became president, all of that changed instantly—he gave us a new day, and we all felt that, all over the country.

As president, Ford asked me to become director of the CIA, and my friends all advised me that the CIA was a political dead end: do not do this, do not take the CIA job. There were stories that Don Rumsfeld [then Ford's chief of staff] was kind of the Machiavellian behind the scenes pulling strings. There was a lot of speculation as to whether Rummy had masterminded this so he could have a better shot at maybe being president someday. But Ford personally denied that to me, incidentally, and he said that's just not fair, that's not true. He told me that in the Oval Office.

I was surprised and disappointed that Reagan challenged Ford in '76. I thought Ford was doing a good job and was entitled to the nomination. So I was surprised, and I was surprised at how well Reagan did—I was underestimating him at the time.

In Detroit in 1980, it looked for a time like Reagan and Ford were going to run together. I was out of it, but then Reagan called me. Apparently they had been very serious about a Reagan-Ford ticket, but I honestly think—and not because I was the beneficiary of this—that it would have been a disaster to have what would have appeared to have been a co-presidency.

Jerry Ford was decent, honorable, trustworthy, down-to-earth. That was his whole personality. I hope it will be his legacy.

In Memoriam (NSWK)

By Bill Clinton

Newsweek, January 2, 2007

'I was grateful for his counsel'

Thirty-two years ago, when President Ford took the oath of office, I was running for Congress in Arkansas. When he pardoned President Nixon on Sept. 8, just two months before the November election, it was an unpopular decision that many did not agree with, including me. It was also a stroke of luck for my campaign. I hit the pardon hard, the campaign took off and I almost won an election that shouldn't have been close.

Twenty-five years later, in 1999, President Ford was awarded both the Presidential Medal of Freedom and the Congressional Gold Medal. At the Medal of Freedom ceremony, I thanked him for his lifelong opposition to racial discrimination, from his time on the Michigan football team to his support for affirmative action during my presidency; for helping to heal our nation as president, ending both the long nightmares of Watergate and Vietnam, and for signing the Helsinki Treaty on Human Rights, which sent a signal of hope to oppressed people the world over and hastened the demise of communism.

At the Congressional Gold Medal ceremony, I was able to say something publicly about Ford that needed to be said by a Democratic president: "When you made your healing decisions ... it was easy for us to criticize you, because we were caught up in the moment. You didn't get caught up in the moment, and you were right."

After Gerald Ford left the White House, I was grateful for his counsel, for his occasional support on important national issues, for the respectful way in which he articulated his honest disagreements with my policies, for a few unforgettable golf games and for the partnership he forged with President Carter, which I have tried to emulate in my work with former president Bush.

All presidents serve in particular moments of history with unique challenges, but all are bound to advance America's eternal mission to form a more perfect union. With dignity, candor and strength, Gerald Ford met his test, lifting burdens from our shoulders, getting the country moving forward again. He deserved the long, good life God gave him, and will always deserve the gratitude of all his fellow citizens. America is better for his service.

Nancy Reagan

Former First Lady

'Always the gentleman'

I will forever recall the most exciting convention of them all, in 1976. The nomination process went right down to the wire. Ronnie's supporters were very enthusiastic, but in the end Jerry was finally nominated. Jerry was very gracious and asked Ronnie to come down to the stage, adding, "Bring Nancy, too!"

At first Ronnie refused, but Jerry wouldn't take no for an answer, and insisted. All the way down to the stage Ronnie kept asking, "What will I say?" and I kept thinking, I sure hope he thinks of something! And of course he did.

That was so typical of Jerry—always the gentleman. While Ronnie and Jerry may have run against each other for office, that was just politics. On a personal level, we all had great respect for one another and enjoyed a very good friendship.

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Brent Scowcroft
National-Security Adviser
'He had no hang-ups'

Ford liked to get all his advisers around and liked to sit there and listen to them arguing with each other. He had no hang-ups. He had no preconceived notions that he had to fit the facts into.

I remember the last days of Vietnam. The Senate Foreign Relations Committee came down en masse and met with the president. Unanimously, they asked him to withdraw the troops now. He refused. He kept the troops in until the last possible minute so we could pull out as many Vietnamese in jeopardy as possible. It was one of the most courageous moves I'd ever seen.

Stuart Spencer
Campaign Adviser
'Ford's family was first'

One of our end-of-the-day meetings stands out in my memory. It was sometime in 1976. I was sitting across from Jerry in the Oval Office. It started out normally enough—talking about campaign items. But he quickly changed the topic. He was in a mood, it seems, where all he wanted to talk about was his kids. The only problem was that Henry Kissinger was waiting outside with some important international issues. But Jerry just kept going, and I thought, Well, I guess this is what is most important to him. He finished up, eventually, so I left and Kissinger went in. Looking back, that moment showed me what Gerald Ford's priorities were. His family was first. That impressed me.

James Cannon
Aide, Biographer
'His greatest regret ... '

I once asked him what was his greatest regret in life. He thought for a moment and said, "Well, I wanted to play more football as a sophomore and junior, but one year ahead of me, Michigan also had an All-American center, Chuck Bernard. I was the better offensive center, but Chuck was 25 pounds heavier and better on defense. And in those days a coach played one guy. So that was my great regret." "But, Mr. President," I said, "what about losing the election in '76?" He laughed and said, "Oh, well, that too."

In Memoriam (NSWK)

By Henry Kissinger
Newsweek, January 2, 2007
'He Moved With Calm'

I first met President Ford in the mid-1960s, when I was a professor at Harvard. I was conducting a defense-policy seminar. It was customary to invite people from Washington, and I invited President Ford, then a congressman, to come and talk about the appropriations process. We stayed in loose touch afterward. When I came to Washington in 1969, I had contact with him in the normal course of White House consultations, and we always had a friendly but not close relationship. Then, when he became vice president, we had a warm relationship, and I would brief him. (Nixon always wanted to be sure that he knew when briefings took place with both Agnew and Ford.)

After Nixon told Ford of the decision to resign, Ford's first call was to me. He invited me to continue in office and asked what I thought needed to be done immediately. I told him that from the foreign-policy point of view, it was important that he establish himself immediately to be in charge, and he therefore needed to see all the ambassadors accredited to Washington in the first three or four days (some of them in groups), and letters had to go to the major countries. This was necessary so that the world's governments could have a first-hand report of a president fully in command. It was a formidable assignment, and he did not blink an eye.

The overall task he faced in the White House in the early days was infinitely harder than that of a normal president. He took over at perhaps the most perilous moment of domestic crisis since the Civil War, and he had neither the months of transition a new president normally has, nor the honeymoon a new president normally has. But he moved with calm and surefootedness into what could have been an overpowering experience. He took over in the middle of a Greek-Turkish crisis over Cyprus, a group of Arab foreign ministers were literally on their way to Washington for previously scheduled meetings, and we were amidst continuing negotiations over nuclear weapons with the Soviet Union. He never showed stress, he never lost his temper, he never showed anxiety. He was a man of extraordinary good sense. He did not pretend to be a great student of foreign policy, but he had great experience in the negotiations that are conducted in the Congress, and he knew a lot about defense planning. His attitude was that he was blessed to be of service to his country.

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His presidency was about restoring a degree of hope and civility to American politics. His 29 months in office also resulted in major achievements. The European security conference laid the basis from which the East European satellites were finally overthrown, and there was the first political agreement between Israel and Egypt, one that was achieved through the very active engagement of President Ford. The establishment of majority rule in southern Africa was also achieved by American leadership in the Ford years.

The great contribution of President Ford was that he managed to strike a balance between the American temptation toward perfectionism and the absolute, and the temptation to abandon everything because one cannot have the perfect and the absolute. He brought about an approach that I believe is essential to the conduct of a continuing foreign policy that works toward the maximum one can achieve but does not go beyond what the American people can sustain or what the international community can comprehend. Another essential factor was the warm personal relations between President Ford and the European allies, relations that lasted all their lives. Confidence in America is an important element for international order, and President Ford supplied that to a wonderful degree.

A Good President (USNEWS)

By David Gergen

U.S. News and World Report, January 2, 2007

The historian Arthur Schlesinger Jr. pointed out some years ago that presidential reputations move in cycles, rising and falling as we look back with fresh eyes. Thomas Jefferson has toppled from his pedestal, thanks to modern DNA tests, while John Adams has risen, thanks to David McCullough. John F. Kennedy maintains his popularity among the public but has slipped among historians, while Ronald Reagan continues to climb among both.

But if there is any reputation that has been wholly transformed, surely it is that of Gerald Ford. His pardon of Richard Nixon a month after taking office not only ignited a firestorm but turned him into a target of criticism and merciless ridicule. On its cover, for example, New York magazine ran a fake photo of Bozo the Clown sitting in the Oval Office with a headline, "Ladies and Gentlemen, the President of the United States." Inside, journalist Richard Reeves wrote: "It is not a question of saying the emperor has no clothes–there is a question of whether there is an emperor." A year later, echoing the sentiment of the times, Reeves wrote a book arguing that "Ford is slow. He is also unimaginative and not very articulate." On Saturday Night Live, Chevy Chase made a name for himself by depicting Ford as a hopeless buffoon.

Yet, even before he died and the nation began its mourning, Ford began a long-overdue renaissance. The Kennedy Library, in a decision cherished by Ford, gave him its Profile in Courage Award for the pardon. Richard Reeves manfully recanted, writing a piece in American Heritage entitled "I'm Sorry, Mr. President." Historian Edmund Morris concluded: "Gerald Ford was our most underrated president."

Why does Ford look so much better in the rearview mirror? Mostly, I suspect, because the personal qualities that he brought to public life seem so scarce these days. The simplicity of his burial reminds us again that Ford was, first and foremost, a humble man of the Midwest. When Richard Nixon was president, every chair around the cabinet table was the same height save one–Nixon's, which had a back 3 inches higher. The day after Ford's inauguration, I slipped into the Cabinet Room and saw that every single chair, including the president's, was the same height. Not for him the arrogance of power we see so much of these days.

Ford also searched for the best people to help him and insisted they give him their unvarnished views. Over time, he built one of the best cabinets in contemporary history, and as they debated in front of him, Ford engaged in what Warren Bennis calls "deep listening" before he made the call. While conservative by inclination, Ford was guided less by ideology than by a pragmatic judgment of what was best for the nation. He vetoed big spending bills, but he also granted amnesty for draft dodgers and pursued détente with Moscow. It's revealing but no real surprise to learn now that he opposed the war in Iraq. This was a man who was healthy in both body and spirit.

A man to trust. But most of all, Ford brought a forthright honesty to politics. In his two dozen years in Congress, he built up trust on both sides of the aisle, so that when Nixon wanted John Connally to replace Spiro Agnew in the vice presidency, Democratic leaders Mike Mansfield and Carl Albert persuaded him instead to choose Ford–the man they trusted. As he testified to the Congress before taking office, Ford believed, "Truth is the glue that holds government together, not only government but civilization itself."

Bob Hartmann, who had served Ford well for years on Capitol Hill, remembers accompanying him into the Cabinet Room hours after his inauguration for an important ritual: selecting portraits of three former presidents to display on the walls. Nixon had chosen Teddy Roosevelt, Woodrow Wilson, and Dwight Eisenhower–men who had inspired his own dreams. Pondering for a moment, Ford decided to keep Ike and to replace TR with Lincoln.

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"The other might be a Democrat," Hartmann suggested. "How about Andy Jackson?" "No. Harry Truman," Ford answered, remembering how Truman, too, had been drawn to the White House by fate and how he had fared. Searching for words, Hartmann told his friend, "You are going to be a great president." "Thanks, Bob," Ford responded. "I don't know about that. But I want to be a good president."

And so he was–good in the best sense of the word.

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Jerry Ford In History (USNEWS)

By Michael Barone

U.S. News and World Report, January 2, 2007

Gerald Ford, who died last week at age 93, lived longer than any other president and survived after leaving office longer than any other president but Herbert Hoover. So we've had time to reflect on where he and his presidency stand in history. As commentators have been reminding us, Ford healed the wounds of Watergate and provided steady leadership in difficult times. But there is more to be said.

Ford came to office when the postwar consensus on foreign and economic policy was in ruins. The nation seemed on a downward trajectory at home and abroad. By dint of hard work and with the help of top-flight appointees, he helped to steer us toward a different course. This despite the fact that he was very much part of the postwar consensus himself. He was elected to Congress in 1948, defeating an isolationist Republican incumbent: This was a victory for the bipartisan Cold War policies of President Harry Truman and of Republican Sen. Arthur Vandenberg, who, like Ford, was from Grand Rapids.

In the House, Ford served on the Defense Appropriations Subcommittee and specialized in defense and foreign policy, mostly supporting the Truman, Eisenhower, Kennedy, and Johnson administrations at a time when politics tended to stop at the water's edge. On domestic policy, Ford took a standard Republican line, favoring less spending than Democrats but declining to challenge New Deal programs. He supported some limits on labor unions but basically accepted the postwar consensus that big decisions should be hammered out by big government, big business, and big labor.

Loyalist. In 1973, Ford was thinking about retiring from Congress: He might have gone on to play golf in Rancho Mirage, Calif., and ski in Vail, Colo., entirely out of the public eye. History had other ideas. When Vice President Spiro Agnew was pushed to resign, Richard Nixon needed to appoint a loyalist who could be confirmed by a Democratic Congress: Ford filled the bill. When Nixon was forced to resign, Ford was suddenly president. The postwar consensus was gone. Since 1968, there had been fierce debate about Vietnam; most Democrats wanted to slash defense spending, while conservatives grumbled about Nixon's détente with the Soviet Union and opening to China. Nixon's Keynesian economic policies and the oil shock of 1973 produced a sharp recession and high inflation-stagflation. Experts told Americans that the days of low-inflation growth were over and that America was in retreat in the world. The trajectory would be ever downward.

Ford did not succeed in turning that around instantly. But he put into place policies that in time directed those trajectories upward. His negotiations with the Soviet Union and our European allies produced the Helsinki Accords, which ratified the status quo in Eastern Europe but also contained human-rights provisions that in the 1980s helped to delegitimize the Soviet empire. Ford was forced to accept the Communist victory in Vietnam (because Congress would not fund aid promised to our allies) but was able to respond vigorously to the attack on the Mayagüez. At home, he moved toward policies to tamp down inflation and to start the deregulation of transportation and communications, which vastly increased the productivity and resilience of the American economy.

Politically, Ford was written off as a failure. He nearly lost the 1976 Republican nomination to Ronald Reagan, and he lost the general election to Jimmy Carter. The Reagan challenge-and Ford's own dumping of Vice President Nelson Rockefeller-showed that the Republican Party was shifting to the right, away from the postwar consensus. But Ford's rally in the general election, from 25 points behind in the polls to only a 50 to 48 percent defeat, showed that the Republican Party had greater residual strength in the wake of the collapse of the postwar consensus than most people thought.

Ford was ridiculed as a bumbler though he was a gifted athlete and was dismissed as a lightweight though he entered the White House with a considerable command of foreign and domestic policy. He healed the nation and, more important, proved that it was possible to get America off its downward trajectory and heading upward again, as it did in the 1980s. Something to remember in these pessimistic times.

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Ford's Long Shadow (NSWK)

By Michael Beschloss

Newsweek, January 2, 2007

Jan. 8, 2007 issue - He was a larger figure than you might have thought. Many familiar personalities—politicians, movie stars, newscasters—are smaller in fact than they are on television or in photographs. In his 1970s-modern desert house in Rancho Mirage, Calif., or his mountainside ski retreat in Beaver Creek, Colo., however, Gerald Ford was striking: lean, muscular and imposing into his 90s.

Before he died last week at 93, Ford had also become an imposing figure in American history. The 38th president, who will be mourned at services this week in Washington and Michigan, helped shape America in two different centuries. He was a product of the Depression, a World War II Navy hero, a cold-war leader in the House and vice president and president at a time when America was struggling to get past an unpopular war in Vietnam and the Watergate scandal of Richard Nixon.

For a reminder of what a difference it made that Jerry Ford became president in August 1974, think of this: if Congress had let Nixon nominate his first choice for vice president after Spiro Agnew's resignation in disgrace, ex-Texas governor John Connally would have been the 38th president. That same month, Connally was indicted for perjury and obstruction of justice in a

separate scandal. (He was later acquitted.) Would faith in our system have survived after we watched a president and vice president quit, only to see a new president indicted as he was sworn in?

The student of history can detect Gerald Ford's influence on America from Watergate to Iraq, from the presidencies of Richard Nixon to George W. Bush. President for just 29 months, Ford changed the way we live, rescuing the White House from scandal, restoring a measure of confidence in politics and articulating a philosophy of robust executive power that influences President Bush even now. Ford's last two chiefs of staff, Vice President Dick Cheney and ex-Defense secretary Donald Rumsfeld—men whose understanding of executive power was shaped by their experience in Ford's White House—have been crucial figures in the Bush years.

Ford's most controversial decision, of course, was to pardon Nixon for any crimes he might have committed in his White House years. In that dark September 1974, there were charges of secret deals, and complaints that Ford had foreclosed the possibility that justice would be done. Yet as the years passed, more Americans came to see the pardon as an act of unusual statesmanship. "I was hurt by the lack of understanding of what I did," Ford told NEWSWEEK's Jon Meacham in 2004. "In retrospect, I look back and I understand it, but boy, at the time, as you know, I caught unshirted hell. That so many people came to see my reasoning, and agree with it, makes me feel pretty good."

Ford had reason to glow: in the space of 30 years, he completed the journey from historical footnote and mid-1970s punch line to statesman. As he grew older, he also increasingly moved to the center. He was privately critical of Bush's Iraq war and was also surprised by Cheney's growing hawkishness. He has been quoted criticizing President Bush's Iraq war, and marveled to friends that Cheney had grown so much more hawkish.

In September 1995, at the suggestion of NEWSWEEK's then editor, the late Maynard Parker, I called on President Ford one afternoon in Beaver Creek for a conversation about his life and career. Our ground rules were that I would divulge nothing about our talk until after his death, which would allow him to speak more freely than normal. Reminded of these, Ford replied in lawyerly fashion: "I accept."

In hindsight, what stands out most from our talk was Ford's frustration that the Republican Party had lurched so far to the right. "If I'd been elected in '76," he told me flatly, "the party wouldn't be as far right as it is at the present time … I sure hope it comes back to the center." Ford went on to complain about the 1992 GOP convention in Houston, where Pat Buchanan—who had challenged President George H.W. Bush for that year's party nomination—demanded that conservatives "take back our culture."

Ford told me, "My wife and I are moderate Republicans. We felt uncomfortable at the last [1992] convention. And … unless things change, we'll feel uncomfortable in the next one—if we go." (They went.) Ford lamented that George H.W. Bush had not reversed their party's rightward movement: "I was disappointed that George didn't fight a little harder against the hard right." Asked to reply to the remark last week, the senior Bush said: "He never told me that, but that's not surprising. He was a much more moderate guy in his later years."

In Beaver Creek, Ford reminded me that he and Betty were "pro-choice." He criticized Bush Senior's public avowal that he had come to oppose abortion rights. "I know damn well that he and Barbara are pro-choice," Ford told me. "Why didn't they get up and say it? That really disappointed me more than anything." Ford's comment, Bush says, was off the mark. "That's wrong," he says of Ford's suggestion that Bush was secretly pro-choice. (Barbara Bush wrote about her own pro-choice views in her 1994 memoir.)

Bush 41 was not the only Republican successor Ford criticized in our talk. He complained that Ronald Reagan had cost him the 1976 election by challenging his nomination. Ford told me that in the spring of 1976, "we thought we would have a tough time [winning] anyhow, and then to get diverted for six months or more in a very rigorous [primary] campaign—it made it difficult to be president and campaign simultaneously."

Ford said that during his fall campaign against Jimmy Carter, "the only time [Reagan] appeared with me … was when … we had a nice, vigorous rally [at a fund-raising dinner] in Los Angeles … He made no other campaign appearances on my behalf … I never understood that. If he had made an appearance in Ohio … Louisiana and Mississippi, we would have won, I'm sure." Ford added: "I never asked him about it. There was no point … I can't imagine him wanting Jimmy Carter to be president. What went through his mind, I don't know." (In fairness to Reagan, the ex-California governor did make TV spots for the Ford-Dole ticket that fall.)

Despite what he considered to be Reagan's damage to his candidacy, Ford campaigned enthusiastically when Reagan was nominated against Jimmy Carter in 1980. "I felt that Carter had been so mediocre on domestic policy that we had to have a change," Ford told me. Foreign policy, too: Ford speculated that he and Secretary of State Henry Kissinger "could have gotten the shah to handle his problems differently" to prevent Iran's turn to Islamic fundamentalism.

After Reagan's election, Ford was disappointed that, despite his contribution to the victory, the 40th president didn't consult him "as much as I would have expected he would." In our talk, Ford inveighed against Reagan's budget deficits: "With all his

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pronouncements about needing to balance the federal budget, his eight years were about as bad as any in the history of the country." Still, he conceded that as president, Reagan "did a much better job than I expected."

Ford knew the best-known act of his own presidency would be Nixon's pardon. He insisted to me he had no second thoughts: "I felt so strongly that I had to get this damn thing off my desk." He admitted that "sure, I would have appreciated it" if, in return, Nixon had made a stronger statement confessing guilt for Watergate offenses, which would have helped shield Ford from the firestorm the pardon created.

In our conversation, Ford said he suspected that the reason Nixon had refused to sign such a confession was that Alexander Haig, the chief of staff he had inherited from Nixon, had tipped off his exiled old boss that Ford was going to pardon him. (Haig strongly denies this.) Ford said he was "shocked and saddened" when he discovered years later (from James Cannon's 1994 book "Time and Chance") "what the role of Al Haig turned out to be. At the time, I had no idea. I assumed he was totally loyal to me … I'm sure what Haig apparently transmitted to Nixon convinced Nixon that he didn't have to make an outright admission of guilt."

Historians will treat Ford kindly. A tough-minded politician, he was a decent man who came to symbolize an American longing for bipartisanship and courage. We may marvel that Ford could remain so good-hearted amid such a toxic political environment. In our talk, Ford recalled that when he was vice president during Watergate, his "old friend" Nixon kept offering him his private "personal assurance" that there was nothing to worry about. "'Of course, Jerry, I had nothing to do with it! I was so preoccupied with foreign-policy decisions—the Soviets, China'."

The 38th president looked directly at me and asked, "Wouldn't you believe him?"

Michael Beschloss is an award-winning historian of the presidency and the author of several books, including “The Conquerors: Roosevelt, Truman and the Destruction of Hitler's Germany, 1941-1945.”

Ford Without Tears (WSJ)

By Peggy Noonan

The Wall Street Journal, January 2, 2007

One of the greatest things about Gerald Ford as a former president was that he didn't say much. He had no need for the spotlight. He was modest in the old-fashioned way of stepping aside and not getting in the way of the new guy.

He kept a lot to himself. This was in part because he had a self to leave it to.

It must have taken some effort. The man who replaced him, Jimmy Carter, was a kind of non-Ford, offering personal goodness as his main calling card. He carried his own garment bag. He was not imperial. He was awfully proud of his humility. The man who followed him, Ronald Reagan, differed from Ford not so much characterologically as politically, and his success might have grated on his old foe. But it doesn't seem to have. Ford seemed happy when things turned out well for America. That was apparently his primary interest.

He seemed lacking in vanity. There is no evidence that he was obsessed with his legacy. He didn't worry and fret about whether history would fully capture and proclaim his excellence, and because of this he didn't always have to run around proving he was right. He just did his best and kept walking. What a grown-up thing to do. Former, current and future presidents would do well to ponder this approach. History would treat them more kindly. The legacy of a man who spends his time worrying about his legacy is always: He worried about his legacy.

Now we know Ford was not silent but discreet. He granted an interview with Bob Woodward in July 2004, to be released posthumously, in which he shared his views. Mr. Woodward reports Ford told him he would not have gone to war in Iraq based on the public information available at the time. "I don't think I would have ordered the Iraq war. I would have maximized our effort through sanctions, through restrictions, whatever, to find another answer."

This is the authentic voice of the American foreign-policy establishment, and it reminds me, among other things, that establishments are not all bad. They rise for a reason. One is an ability to apprehend reality.

By speaking posthumously, Ford gave his words greater weight. He did not insert himself into the current debate, and because he wasn't in the fight he had nothing to gain or lose, no position to defend or attack. And so he could tell the truth as he saw it.

It is not clear who will speak at his funeral, but it is now unfortunately common practice for politicians to see every eulogy as an opportunity. Invited to reflect on biography, they tend to smuggle in as much autobiography as they can, and advance their personal agendas. If Bill Clinton speaks, one suspects he will laud Ford's personal tolerance. The text: This was a man who did not judge others. The subtext: He wouldn't have voted to impeach me! If George W. Bush speaks he will likely laud Ford as an exemplar of the old bipartisanship. In this way he will attempt to confer the bipartisan mantle on himself. And so on. I don't suppose this is terribly harmful, but it often gives short shrift to the departed. Still, Gerald Ford, a practical man who enjoyed the hit and tackle of politics, would have understood. Would have chuckled, in fact.

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There are three points about Ford that I'm not sure can ever be sufficiently appreciated.

The first is that when he pardoned Richard Nixon, he threw himself on a grenade to protect the country from shame, from going too far. It was an act of deep political courage, and it was shocking. Almost everyone in the country hated it, including me. But Ford was right. Richard Nixon had been ruined, forced to resign, run out of town on a rail. There was nothing to be gained -- nothing -- by his being broken on the dock. What was then the new left would never forgive Ford. They should thank him on their knees that he deprived history of proof that what they called their idealism was not untinged by sadism.

Second, Ford's personal dignity -- his plain Midwestern rectitude, his old-style, pipe-smoking American normality, and his characterological absence of bile, spite and malice -- helped the nation over and through the great tearing of the fabric that was Watergate. This is often referred to, and yet it is hard to communicate what a relief it was. Whether right or wrong, hopeless or wise, a normal man was in charge. This was a balm, a real gift to the country.

Third, he did not understand, and so was undone by, the rise of the modern conservative movement. He did not understand the prairie fire signaled by the California tax revolt, and did not see it roaring east. He did not fully understand how offended the American public was by endless government spending and expanding federal power. He did not see the growing estrangement between Republicans on the ground and a leadership they saw as tax collectors for the welfare state. He did not fully appreciate the public desire for a fresher, more candid attitude toward the Soviet Union, and communism in general. He was not at all alive to what would prove to be deep national qualms about abortion. He was not aware of its ability to alarm, to waken the sleepy Evangelicals of the South and the urban ethnics of the North, who'd previously been content to go with the Democratic flow. Ford was oblivious to this. He thought in his own stolid way that abortion was pretty much an extension of the new feminist movement, which he supported. How could a gallant fella not?

In all this he proved that it is not enough in politics to be good. You have to have vision. You have to be able to see. If you can't, they can tell, and they'll retire you.

Which Republicans almost did in the great Ford-Reagan primary of 1976, and the electorate did later that fall.

And yet. This must be said and should be said. He was a good man, and that's not nothing -- it's something. Gerald Ford fought for his country. He didn't indulge his angers and appetites. He seems to have thought, in the end, that such indulgence was for sissies -- it wasn't manly. He was sober-minded, solid, respecting and deserving of respect. And at that terrible time, after Watergate, he picked up the pieces and then threw himself on the grenade.

We were lucky to have him. We were really lucky to have him. Rest in peace.

The Quality Of His Mercy (WP)

By Jon Meacham

The Washington Post, January 2, 2007

In history's light, the defining hour of Gerald Ford's presidency came at 11 o'clock on the morning of Sunday, Sept. 8, 1974, when he announced his pardon of Richard Nixon. The country has already heard much about Ford's role in healing the nation after Watergate and will undoubtedly hear more such reflections this morning when his life is commemorated at the Washington National Cathedral. It is fitting that these words will echo through the great nave, for Ford was, in a quiet, unnoticed way, an important figure in America's public religion.

During his most critical moments in the White House -- his assumption of power and the pardoning of Nixon -- Ford drew deeply on theological imagery. Everyone knows that Ford said "My fellow Americans, our long national nightmare is over" on Aug. 9, 1974. Much less quoted, but perhaps more revealing given the pardon, is a sentence he spoke a moment later: "[T]here is a higher Power, by whatever name we honor Him, who ordains not only righteousness but love, not only justice but mercy."

There were many reasons for the pardon that came a month later, but Ford also framed the decision in religious terms, terms that go far beyond routine political rhetoric. "I have promised to uphold the Constitution, to do what is right as God gives me to see the right, and to do the very best that I can for America," Ford said that September Sunday. As God gives me to see the right: The phrase echoes Lincoln's Second Inaugural, itself a piece of American scripture.

Then Ford explicitly spoke of the "higher power" he had mentioned when he was sworn in. "The Constitution is the supreme law of our land, and it governs our actions as citizens. Only the laws of God, which govern our consciences, are superior to it." In a New Testament allusion ("Then Peter opened his mouth, and said, Of a truth I perceive that God is no respecter of persons: But in every nation he that feareth Him, and worketh righteousness, is accepted with Him"), Ford said: "I deeply believe in equal justice for all Americans, whatever their station or former station. The law, whether human or divine, is no respecter of persons; but the law is a respecter of reality." The reality, Ford thought, was that a trial of the former president would most likely be unfair, drawn out and destructive. And finally: "I do believe, with all my heart and mind and spirit, that I, not as president but as a humble servant of God, will receive justice without mercy if I fail to show mercy."

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This is an extraordinary thing to say: Ford was linking his own fate beyond time to his actions within time. The idea that God punishes or rewards us, individually or collectively, for what we do on Earth, either in our own lives or in the life of the nation, is rooted in the American story. Abigail Adams believed a dysentery epidemic in Boston might be divine punishment for slavery; even Thomas Jefferson, whose religious ideas were, to say the least, unorthodox (he once took a razor to the Gospels, excising miraculous details he found implausible), believed there was a connection between the nation's conduct and the supernatural. Reflecting on slavery, he once said: "I tremble for my country when I reflect that God is just, that his justice cannot sleep forever."

Such an understanding, naturally, has hardly been unanimous, and many Americans are reasonably uncomfortable with the idea that our leaders think they are either communing with the divine or carrying out God's mission. "Religion and government are certainly very different things, instituted for different ends," said the Founding-era politician John Dickinson, "the design of one being to promote our temporal happiness; the design of the other to procure the favor of God, and thereby the salvation of our souls. While these are kept distinct and apart, the peace and welfare of society is preserved, and the ends of both are answered. By mixing them together, feuds, animosities and persecutions have been raised, which have deluged the world in blood, and disgraced human nature."

Time and again in the American experience, however, the culture has been more in line with Lincoln's -- and Ford's -- views on the question of religious expression and thought in the public sphere than it has been to that of strict separationists. Guarding against excessive religious influence in our public affairs is an unending task, and the virtues of justice and mercy are universal (or should be).

"I am charged with being a preacher," Theodore Roosevelt once said. "Well, I suppose I am. I have such a bully pulpit." In his quiet way, Gerald Ford used that pulpit more than most, and his essential message -- of forgiveness and grace -- is one worth remembering today, and in years to come.

The writer is editor of Newsweek and the author of "American Gospel: God, the Founding Fathers, and the Making of a Nation." He is co-moderator of On Faith, an online conversation on religion athttp://newsweek.washingtonpost.com/onfaith.

Chief Justice Calls For Judges' Pay Hike (AP)

By Pete Yost

AP, January 2, 2007

Pay for federal judges is so inadequate that it threatens to undermine the judiciary's independence, Chief Justice John Roberts says in a year-end report critical of Congress.

Issuing an eight-page message devoted exclusively to salaries, Roberts says the 678 full-time U.S. District Court judges, the backbone of the federal judiciary, are paid about half that of deans and senior law professors at top schools.

In the 1950s, 65 percent of U.S. District Court judges came from the practicing bar and 35 percent came from the public sector. Today the situation is reversed, Roberts said, with 60 percent from the public sector and less than 40 percent from private practice.

Federal district court judges are paid $165,200 annually; appeals court judges make $175,100; associate justices of the Supreme Court earn $203,000; the chief justice gets $212,100.

Thirty-eight judges have left the federal bench in the past six years and 17 in the past two years.

The issue of pay, says Roberts, "has now reached the level of a constitutional crisis."

"Inadequate compensation directly threatens the viability of life tenure, and if tenure in office is made uncertain, the strength and independence judges need to uphold the rule of law — even when it is unpopular to do so — will be seriously eroded," Roberts wrote.

Legislation languished in Congress in 2006 that would have provided a 16 percent increase in federal judges' salaries. The bill was introduced by Democratic Sens. Dianne Feinstein of California, Patrick Leahy of Vermont and John Kerry of Massachusetts.

Leahy, incoming chairman of the Senate Judiciary Committee, said Roberts "is right that the issue of judicial compensation relations to the issue of the independence of the judiciary." Leahy said the chief justice "has tackled a touchy but timely topic that has been a chronic sticking point between the judicial and legislative branches."

Over the past 16 years, Congress has provided the judiciary occasional cost-of-living adjustments, but Roberts said the absence of salary increases is "grievously unfair."

Leahy pledged "to do what I can to convince Congress to fairly evaluate this issue and the chief's arguments so that we can see what solutions may be possible."

It is the first time in the two-decade history of year-end reports by Roberts and his predecessor, the late William Rehnquist, that the chief justice's message has focused entirely on a single subject.

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Roberts said the judiciary will not properly serve its constitutional role if it is restricted to people so wealthy that they can afford to be indifferent to the level of judicial compensation, or to people for whom the judicial salary represents a pay increase.

There are "very good judges" in both of those categories, said Roberts, but a judiciary drawn more and more from only those categories "would not be the sort of judiciary on which we have historically depended to protect the rule of law in this country."

"It changes the nature of the federal judiciary when judges are no longer drawn primarily from among the best lawyers in the practicing bar," Roberts wrote.

The number of cases filed in the Supreme Court increased for the court's 2005 term, according to an appendix to the report. Supreme Court case filings rose by more than 1,000 to 8,521 from the previous term. Appeals court filings dropped by 3 percent to 66,618 in 2006 compared with 2005.

In federal district courts, the number of criminal cases filed in 2006 declined by 4 percent to 66,860 cases and 88,216 defendants, due to changing priorities directing more resources to combating terrorism.

The civil caseload rose 2 percent to 259,541.

Excluding a jump in asbestos-related cases which totaled 18,179, the civil caseload fell by 4 percent.

Pilot Errs Over Bush Ranch (NYT)

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 (AP) — A small plane twice strayed into restricted airspace over President Bush's ranch in Crawford, Tex., on Sunday night, the authorities said Monday. The violation was inadvertent, a spokeswoman for the Federal Aviation Administration said.

The propeller plane wandered into restricted airspace around 11:30 p.m. local time Sunday, causing the scrambling of F-16 fighter jets, an Air Force spokeswoman said.

The jets used flares to get the attention of the pilot, who landed and was interviewed before being sent on his way, according to the North American Aerospace Defense Command and the Secret Service.

The Deep Blue Highway (NYT)

By JOHN CURTIS PERRY, SCOTT BORGERSON And ROCKFORD WEITZ

The New York Times, January 2, 2007

Medford, Mass.

IN October President Bush signed the Safe Port Act, authorizing an investment of $6.7 billion to tighten security at American ports. This is a vitally important and overdue step. But it ignores another major problem in maritime commerce: the phenomenal decline of American shipping.

While it's true that the United States Navy still dominates the world ocean — its total tonnage equals the combined tonnage of the next 17 smaller navies — American commercial shipping is but a puny remnant of its former self.

In 1948, more than a third of the world's merchant fleet flew the stars and stripes; today that figure is down to 2 percent. Half a century ago, America built more ships than any other nation, and New York City could boast that it was the world's busiest seaport. Sliding from the top since the 1980s, New York now barely ranks among the top 20.

The only American port now on the top-10 list is Los Angeles-Long Beach, an indication of how much maritime trade has shifted from the North Atlantic to the North Pacific.

A major factor in the decline of American shipping has been an antiquated law that prevents American coastal shippers from buying ships made in other countries. By amending this law and, at the same time, encouraging the development of domestic coastal shipping, Congress could help restore America's status as a great and proud maritime nation.

The slump in American shipping is especially surprising when you consider that it was American entrepreneurs who, in the mid-20th century, revolutionized oceanic transport by creating both the standard-size steel shipping container and the supership capable of transporting 50 times as much cargo as a World War II-era merchant ship could.

Shipping has always been the most economically efficient way to carry goods from place to place; it requires no investment in highways or rails, and thanks to the relatively frictionless ease with which ships move across water, fuel costs per ton are low. The arrival of containerized shipping pushed transport costs even lower, swelling world trade and expanding global wealth.

The export-driven economies of Pacific Asia built much of their enormous success upon the new maritime technologies. The United States did not. The Merchant Marine Acts of the 1920s and '30s are one reason why.

Intended to protect the domestic shipbuilding industry, the acts decreed that the only ships allowed to call on two or more consecutive American ports would be those built in the United States, owned by American companies, flying the American flag and operated by American crews.

At the time, the United States still had a large merchant marine. But the acts' restrictions handicapped coastal shipping within American waters, opening the way for the growth of the trucking and freight-rail industries.

To revive the maritime trade, Congress should give shipping companies as much choice in buying ships as their land-based rivals have when buying trucks and train cars.

Freed from the restraints of the Merchant Marine Acts, commercial shippers could not only begin to resume their position in global trade but also handle much more of the freight that moves within our borders. Before railroads and highways were developed, a network of water transportation routes connected America's port cities and towns. Today coastal shipping handles only 2 percent of domestic freight, even though coastal counties hold more than half of the nation's population.

The trucks that carry nearly a third of our cargo clog the highways. That is one reason why Americans now lose at least 3.7 billion hours and 2.3 billion gallons of fuel each year sitting in traffic. Ships could take on a larger share of this freight — and even some of the passengers now traveling by highway and rail — and carry it at lower cost.

Congress could further encourage domestic shipping by improving port facilities, just as it maintains interstate highways. And it could invest in developing ship propulsion technologies — to increase still further maritime savings in fuel costs and to reduce greenhouse gas emissions.

Americans are rightfully concerned about security, but part of protecting the nation is generating a strong economy. Revitalized coastal shipping could shorten our morning commutes as it begins to rejuvenate America's wider maritime economy.

The 'Blue Dog' Factor (USNEWS)

By Danielle Knight

U.S. News and World Report, January 2, 2007

Washington is buzzing with speculation about how incoming moderate freshman Democrats like Heath Shuler of North Carolina will change congressional dynamics. The ex-NFL quarterback will be a member of the "blue dogs," a group of budget-cutting Democrats, mostly from southern states, whose ranks will swell from about 37 to 44 in the new Congress. Shuler defeated eight-term Republican incumbent Rep. Charles Taylor in part because Shuler vowed to fight against special interests. He is also a proud Christian who opposes abortion and loves to hunt. But the 35-year-old strongly favors increasing the minimum wage and protecting the environment, and he opposes privatizing Social Security. Shuler spoke with U.S. News about his role in the 110th Congress.

Why did you join the blue dogs?

We are $9 trillion in debt. It is really unacceptable the way this administration and this past Congress have run our government. We have to find a much better way to balance our budget and use tax dollars much more wisely.

Why is the number of moderate Democrats, like the blue dogs, increasing?

In my conservative district, the people in the middle started to speak out. We've had extremes to the right and extremes to the left doing a lot of talking for the rest of the country, and I think most of the people are in the middle. With this election, you started to see working Americans and working families, the middle class, speak out. A lot more people voted on the issues, and fewer people really voted a straight ticket.

Do you think House Speaker Nancy Pelosi will work well with the blue dogs and other moderates?

I think she will. She realizes the importance of having that voice in the middle, that moderate Democrat. She has been very easy to work with so far, and I think she certainly realizes and understands how it works politically and realizes what happened this election cycle.

In your campaign, you criticized your opponent's use of earmarks. Will you push for limits on so-called pork-barrel spending?

We certainly need to have checks and balances on our spending. There has to be oversight on earmarks to make sure that it is beneficial for a great number of people in the district. And if we don't have the money, then we don't need to spend the money.

Blue dogs aside, what will you prioritize?

We are striving to bring better jobs to the district, keep our families together here in western North Carolina, and stop outsourcing our jobs. We've lost 78 percent of the textile industries in North Carolina. It's certainly going to be a priority of mine to bring high-quality jobs to the United States and make sure trade agreements are fair to families.

Jobs leaving North Carolina was one thing that led you to politics, right?

There was a factory in Haywood County that had closed down, and I watched a single mom, who had just lost her job because of the effect of the North American Free Trade Agreement, ask how she would raise her two children. I wanted to do what I could to help through my foundation. But as I spoke more about it and asked what I could do to help, people said, 'Heath, you must run for office.'

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Economics Is Not For Actuaries (WSJ)

By George Gilder

The Wall Street Journal, January 2, 2007

Would conservatives please forget the Social Security "problem"? As Peter Drucker once wrote in these pages, "Don't solve problems, pursue opportunities." When Republicans solve "problems," they feed their failures, starve their strengths, and fritter away their remaining power in political imbroglios and special interest pork-fests.

Nothing good is going to come from political haggling over some hypothetical Social Security crisis decades in the future, when our economy will be vastly different and hugely more productive. From the completion of a worldwide fiber-optic broadband Internet to cornucopian energy and medical advances, the global economy is engaged in a siege of accelerating innovation that will unify it and enrich it increasingly as time passes. But no legislative reshuffling of taxes and spending today will enhance the economy's ability to support medical care, housing and transport for the aged in the future. That will depend not on actuarial trumpery but on the realities of productivity, technology, immigration and global trade and investment.

The key is keeping the economy open to outside investors as our population ages and as the productive center of the global economy shifts toward Asia. As Michael Milken points out, the younger workers around the globe will use their increasing savings to buy the assets of American seniors as they grow older, thus offering liquidity to our retirees, sustaining U.S. asset prices, and expanding U.S. opportunities.

Social Security can become a crisis only if we try to stop this process by insulating our aging middle class baby-boomers from the world economy -- if we raise tax rates and regulations, bash China, debauch the dollar and cripple the GOP and our defenses with delusionary spending cuts. Yet that sums up the likely grand compact, doesn't it? Higher tax rates in some covert form or other, some jerrybuilt pension scheme full of government regulations on our financial markets, new subsidies and protections for the "middle class" so-called victims of trade, and gimcrack spending cuts that end up focusing on defense.

Instead we should take the offensive. Lower tax rates will yield the additional revenues and borrowing power we need to sustain social programs for the aged for decades to come. As a pay-as-you-go transfer scheme, Social Security is currently working fine. But we have to stop driving aged workers out of employment through implicit Social Security taxes on their incomes. As a key first step, we need to reduce the payroll tax by at least a third -- at least to the degree we are pretending to build up "reserves" for the future. Lower payroll taxes will mean more jobs and income for Americans of all ages, and build up the real capabilities as opposed to the mere accounting balances of the U.S. economy. Ideally, as part of a flat tax program, we should eliminate the payroll tax altogether. Make the Democrats explain why they oppose that, not continue to posture on spending cuts, which always turn out to focus on defense. In a dangerous world, we will need more defense and spending will likely have to rise.

Bad economic policies like Europe's subsidized sloth on welfare would obviously erode our ability to supply goods and services to coming generations. Under such conditions we will have to inflate away the liabilities by debauching the currency in one way or another. Such an outcome may be unappetizing, but no conceivable compact with the Democrats today can save us from the inexorable costs of socialism tomorrow. Indeed, a compact with the Democrats will tend to cripple the necessary Republican resistance.

If we lower our tax rates on payrolls and incomes, however, we will discover that this economy in future decades can easily sustain scores of trillions of dollars of additional debt as necessary -- the entire $45 trillion of alleged social and healthcare liabilities. Investor king Ken Fisher's new book, "The Only Three Questions That Count," shows that the U.S. already commands a steadily growing, world-leading resource of some $110 trillion of assets, generating $13 trillion in GDP -- a 12% yield compared to long-term interest rates near 6%. Following the Bush tax-rate reductions on capital gains and dividends, we are already running an all-governmental surplus. Our corporations are laden with cash. Our current debt-asset ratio is suboptimally conservative.

Now we need to extend tax cuts to incomes and payrolls. The only thing that matters is pursuing the opportunities of global economic growth. Focus on that. Let Democrat accountant-economists grouse about the problem of debt and push for increases in taxes on middle-class workers.

Mr. Gilder is a senior fellow at the Discovery Institute and editor of the Gilder Technology Report.

Save Judeo-Christian Values (USAT)

By Virgil Goode

USA Today, January 2, 2007

A letter I sent in early December was written in response to hundreds of e-mails from constituents upset about Rep.-elect Keith Ellison's decision to use the Quran in connection with his congressional swearing-in. Their communications followed media

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reports that Ellison, a Minnesota Democrat, had said that he would swear on the Quran. He repeated that at a gathering of Muslims in Detroit on Dec. 26.

My letter did not call for a religious test for prospective members of Congress, as some have charged. Americans have the right to elect any person of their choosing to represent them. I indicated to my constituents that I did not subscribe to the Quran in any way, and I intended to use the Bible in connection with my swearing-in. I also stated that the Ten Commandments and "In God We Trust" are on the wall of my office, and I have no intention of displaying the Quran in my office. That is my choice, and I stand by my position and do not apologize for it.

My letter also stated, "If American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the Quran."

Immigration is arguably the most important issue facing the country today. At least 12 million immigrants are here illegally. And diversity visas, a program initiated in 1990 to grant visas to people from countries that had low U.S. immigration at that time, are bringing in 50,000 a year from various parts of the world, including the Middle East.

Let us remember that we were not attacked by a nation on 9/11; we were attacked by extremists who acted in the name of the Islamic religion. I believe that if we do not stop illegal immigration totally, reduce legal immigration and end diversity visas, we are leaving ourselves vulnerable to infiltration by those who want to mold the United States into the image of their religion, rather than working within the Judeo-Christian principles that have made us a beacon for freedom-loving persons around the world.

Rep. Virgil Goode is a Republican from Virginia's 5th congressional district.

Ugly Voices Tarnish Debut Of Congress' First Muslim (USAT)

USA Today, January 2, 2007

Keith Ellison's election to the House, as the chamber's first Muslim, provides the United States with a grand opportunity to showcase its credentials as a nation of opportunity, equality and diversity.

What a great story to tell the Muslim world. Five years after 9/11, voters in America's heartland elected Ellison, an African-American who grew up in Detroit and converted to Islam in college, to one of the nation's highest offices. The 43-year-old Democrat took 56% of the vote in his Minneapolis-area district.

Ellison upped the chance to polish America's image for religious tolerance, as well, when he said he'd use Islam's holy book, the Quran, at his ceremonial swearing-in this week.

That's when the chance to shine was tarnished by a few ugly voices. The loudest belongs to Rep. Virgil Goode, R-Va., who used the occasion to take a crude swipe not only at Ellison and the Quran, but at all Muslims.

In a letter to a constituent that later leaked out publicly and reeks with bigotry, Goode railed that "if American citizens don't wake up and adopt the Virgil Goode position on immigration there will likely be many more Muslims elected to office and demanding the use of the" Quran. Goode expressed "fear" that in the next century "we will have many more Muslims" in the USA.

Goode's pinched prescription? Essentially to shut the nation's doors: Stop illegal immigration, reduce legal immigration and end a program designed to draw people from countries with otherwise low U.S. immigration rates.

Other critics of Ellison's desire to carry the Quran, a holy book meaningful to him, ranted that the Bible and only the Bible is the basis of America's values.

They couldn't be more wrong about the essence of the nation's values. Nor could Goode about what the nation has to fear.

They're even wrong on their facts.

As Goode, who is starting his sixth term, surely knows, House members are officially sworn in without any religious book. They simply raise their hands in a mass ceremony in the chamber. In unofficial ceremonies later, they re-enact the oath, often with a Bible, for commemorative photos.

Some Jewish members and others have chosen holy books other than the Bible. Even presidents have strayed from using the Bible when taking the oath of office.

In 1825, John Quincy Adams reportedly used a law volume. News accounts say Theodore Roosevelt used no Bible in taking his first oath of office, in 1901. It's Ellison's constitutional right to choose a book that's meaningful to him.

Tolerance and religious freedom are at America's heart. So is the nation's embrace of people from all countries and cultures.

Several million Muslims live in the USA. It is to the nation's credit that one of them will join Congress this week. And if Goode is worried about Muslim immigrants, he's about 260 years too late in Ellison's case. Ellison traces his ancestors to Louisiana in 1742.

Goode and other critics could learn something from the man whose actions they've vilified. Asked about the controversy on CNN last month, Ellison refused to be drawn into a battle over different holy texts.

"Let's focus on the text that binds us together," Ellison said. "That's the Constitution. That's a great document."

Amen.

Letting Go Of Holds (LAT)

The Los Angeles Times, January 2, 2007

SEN. SAM BROWNBACK (R-Kan.), one of Congress' conservative culture warriors, opposes one of President Bush's judicial nominees because she dared to attend a same-sex commitment ceremony in 2002. Whether they want to enable the senator's bigotry is a question for Kansans and, eventually perhaps, the rest of us (Brownback is a possible 2008 presidential candidate). But the Senate can and should take action to prevent a single senator from imposing his prejudices on the entire body.

A senator can frustrate the will of the Senate by using a "hold," which allows any senator to block a vote on a nominee or piece of legislation. The practice is indefensible even when asserted on behalf of a worthy cause, and even when a senator is open, as Brownback was, about his obstructionism. Rooted in tradition and Senate rules that often require unanimous consent for business to proceed, the hold undermines the principle of majority rule even more than its procedural kissing cousin, the filibuster.

Brownback's hold on Michigan Appeals Court Judge Janet Neff, who was nominated for a federal district judgeship, was an especially obnoxious use of the procedure. Brownback is fixated on the fact that Neff attended and spoke at a ceremony in 2002 at which the daughter of the judge's next-door neighbor exchanged (legally nonbinding) vows with another woman.

Even after saying that he will drop the hold that has stalled action on Neff's confirmation, Brownback still wants to question Neff, absurdly enough, about the ceremony to test his concern that she wouldn't be impartial in cases involving the legality of same-sex marriage. He has, however, dropped his much-ridiculed suggestion that Neff promise to recuse herself from such cases as a condition of being confirmed.

But if Brownback's use of the hold is wrong, so is its use by other senators. Reformers, led by Sens. Charles E. Grassley (R-Iowa) and Ron Wyden (D-Ore.), are proposing to do away with secret holds, which were supposed to end under an agreement between Democratic and Republican leaders in 1999. The theory behind requiring senators to admit they were placing holds was that they would be embarrassed into giving them up. But, far from being shamed, senators have trumpeted their holds in press releases, as Sens. Hillary Rodham Clinton (D-N.Y.) and Patty Murray (D-Wash.) did last year when they placed a hold that delayed the confirmation of the chairman of the Food and Drug Administration. That hold was designed to pressure the FDA into approving the over-the-counter sale of the Plan B emergency contraceptive.

Senate rules should be amended to abolish all holds, secret and open, so that no senator can usurp the right of the entire body to judge a nominee or a piece of legislation. The hold is defended as a form of "senatorial courtesy," but it's insulting to the people senators represent.

OTHER NEWS:

Economy Poised For '07 Rebound, Forecasters Say (WSJ)

By Mark Whitehouse

The Wall Street Journal, January 2, 2007

The U.S. economy is poised to shake off the housing slump and regain momentum by the end of this year, and the credit goes to techies, bankers, chefs and shoppers, according to a Wall Street Journal survey of economists.

The panel of 60 economists who participated in the Journal's latest semiannual economic forecasting survey offered an optimistic outlook for 2007: The service sector should keep humming along as the recent weakness in housing and manufacturing abates and the Federal Reserve begins to reduce interest rates. That would allow the economy to expand at a rate fast enough to keep investors happy, but slow enough to keep inflation at bay.

Even so, economists haven't stopped worrying about what could happen if the current slowdowns in housing and manufacturing spread further -- a pattern that has characterized previous recessions. In another potentially ominous sign, they increasingly differ about the economy's trajectory.

On average, the economists predict that inflation-adjusted gross domestic product, a broad measure of economic activity, will grow at an annualized rate of 2.3% in the first half of 2007 and 2.8% in the second half. That's up from a sluggish 2% in the third quarter of 2006, but still far below the robust annual growth rates of 3.2% for 2005 and 4.1% for early 2006.

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"As long as you don't think the labor market is going to collapse or financial conditions are going to change, then you're starting to have the conditions for better growth down the road," says Bruce Kasman, head of economic research at J.P. Morgan Chase & Co. in New York.

The rapid expansion of technology companies such as Google Inc. and the huge bonuses lavished on New York investment bankers are just a couple of signs of the service sector's strength. Across the country, restaurants, hospitals, software makers and consulting firms are growing and hiring. All told, service businesses, which make up about 80% of the nation's economy, added 1.1 million jobs from May through November.

"We've been extremely busy," says Anthony Kolton, president and chief executive of Logical Information Machines, a Chicago company that provides research software to hedge funds, trading firms and investment banks. "There's a lot of money out there, and people have to put it to work."

The upbeat attitude in services contrasts sharply with the recent pain in the housing and manufacturing sectors. Builders have been slashing prices and production as they attempt to get rid of a large backlog of unsold homes. Despite a rise in November, new-home construction was down 30% from its January peak.

Housing-related industries shed 145,000 jobs from May though November, according to Zoltan Pozsar, an economist at Moody's Economy.com. Falling home values have also left people with less power to extract cash from their homes through home-equity loans and refinancings, a factor that many economists expect to take a bite out of consumer spending.

Along with slumping auto sales, the drop in housing activity has affected all kinds of manufacturers, from drywall factories to furniture makers. The Institute for Supply Management, a purchasing managers' trade group, said that its index of manufacturing activity for November fell to 49.5, the lowest point since April 2003. (Any number below 50 indicates contraction.) By contrast, the ISM's index of service-sector activity for the same month rose.

"It's really two very different economies, depending on whether you're looking at the goods or service industries," says J.P. Morgan's Mr. Kasman.

The bottom line is that the strength in services will help to keep the job market relatively healthy. In the consensus scenario, nonfarm businesses will add about 100,000 jobs a month in 2007. That should be strong enough to slowly lift wages, but not to keep the unemployment rate from creeping up to 4.9% from 4.5% in November.

The economists surveyed expect year-to-year inflation to decline to 1.7% in May from 2.0% in November. As a result, they expect the Fed to shift its focus from fighting inflation to helping the economy grow, lowering short-term interest rates to 4.75% by the end of 2007 from the current 5.25%.

That's a big change from six months ago, when forecasters saw the Fed's battle with inflation as the greatest challenge facing the economy. "The Fed was hoping to slow the economy down enough to take the wind out of inflation without triggering a recession," says Nariman Behravesh, chief economist at consulting firm Global Insight in Waltham, Mass. "So far it looks like it has succeeded."

Most forecasters expect 2007 to be a good -- not great -- year for the economy. While six in 10 said they think the worst of the housing downturn's impact on the broader economy had passed, they still see a deeper housing slump as the biggest risk looming over the economy. That concern was reflected in the odds they placed on a recession in the next 12 months, which rose to 27% from 20% in June.

More so than in recent surveys, forecasters differ on the economic outlook. One measure of their disagreement -- the standard deviation of their forecasts for inflation-adjusted GDP for the coming half year -- widened to about 0.7 percentage point in December, up from a 20-year low of 0.5 percentage point in June. Each of the past two recessions have been preceded by sharp increases in the deviation measure -- to levels greater than one.

Ian Shepherdson, chief U.S. economist at consulting firm High Frequency Economics and one of the survey's most pessimistic forecasters, places the odds of a recession at one in two. He believes that home construction still has a long way to fall before it levels off with demand, and that the Fed's rate increases, which helped push corporate borrowing costs upward by about a full percentage point between fall 2005 and spring 2006, have yet to take their full toll on business activity. Mr. Shepherdson expects real GDP to grow at an annual rate of 0.5% in the first half of 2007 and 2.25% in the second half.

"It's going to be worse than the consensus expects," he says. "My guess is that we'll probably avoid a recession, but by the skin of our teeth."

Most other forecasters believe the economy will prove more resilient. For one, stronger growth abroad should help boost U.S. exports: More than three out of four forecasters pointed to Asia as the biggest contributor to global growth in 2007.

Beyond that, money remains easy to borrow despite the Fed's efforts to raise interest rates. Global investors' appetite for U.S. bonds has helped fuel a boom in mergers and acquisitions, and low long-term interest rates have kept mortgages accessible for potential home buyers. Even people with shaky credit, whose tendency to default has proved greater than many investors expected, still have access to money.

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"We've had a remarkably benign credit environment," says Richard Berner, chief U.S. economist at Morgan Stanley in New York. "That's partly a tribute to our flexible and resilient capital markets, but I think it's also just plain good luck."

To some extent, the hit U.S. manufacturing has taken in recent years has made the sector's outlook less consequential today because there just aren't as many American manufacturing jobs left to lose, says Ed Leamer, head of the forecasting center at the University of California's Anderson School of Management. Manufacturing has been shedding jobs since the recession of 2001.

"There's no fat to trim," says Mr. Leamer. "And without the trimming of fat in manufacturing, you just can't get the job loss that can add up to a recession."

Write to Mark Whitehouse at mark.whitehouse@wsj.com8

Economists Cautiously Optimistic About 2007 (NYT)

By MICHAEL J. De La MERCED

The New York Times, January 2, 2007

By the end of 2006, Wall Street had every reason to celebrate. A second-half rally propelled the stock market to its best year since 2003. Companies reported strong profits, and some, like oil producers and investment banks, had record-shattering earnings.

Yet the year had a more precarious beginning. Worries were rampant that a slowdown in housing would hurt the overall economy and that the Federal Reserve would raise interest rates and stall growth. But the economy proved resilient, withstanding a housing slump. The Fed halted its campaign for higher interest rates. Profits accelerated, and there was a huge wave of mergers and acquisitions.

Nonetheless, Wall Street economists are looking at 2007 with some caution. They expect at least some slowdown in economic growth. And many worry that housing's slump will spread to other corners of the economy.

The analysts surveyed predicted that the Standard & Poor's 500-stock index, which closed 2006 at 1,418.30, would end 2007 at 1,440 to 1,570.

Richard Bernstein

Chief Investment Strategist

Merrill Lynch

Though concerns mount that the world is suffering from global warming, Richard Bernstein is content to call himself a "bipolar bear." While he foresees returns rising 12 percent over the coming year — and the S.& P. hitting 1,570 by the end of the year — Mr. Bernstein expects increased volatility. That is in large part because the Fed will not ease, or lower rates, in January, he says.

"As the uncertainty about the Fed easing has gone up, you've found that the market has become choppier," he said.

Mr. Bernstein cautioned that he expected growth in gross domestic product to be a full percentage point below other estimates, citing in part a "money illusion" over the growth in the Dow and even in energy prices.

Investors should watch earnings carefully, he said. "There's sort of an embedded assumption that earnings will be going great forever."

Mr. Bernstein recommends a mix of 50 percent stocks, 30 percent bonds and 20 percent cash for investors' portfolios. Among sectors to watch, Mr. Bernstein rated telecommunications as a growth sector, aided by increasing attractiveness in European and Asian companies. "It's one of our turnaround sectors," he said.

He is bearish on energy and commodities, citing their cyclical nature.

Abby Joseph Cohen

Chief Investment Strategist

Goldman Sachs

The coming year looks to be reasonable, if a little slow, said Abby Joseph Cohen, long one of Wall Street's optimists.

"We are assuming profit growth is in the process of deceleration," she said. "Especially in the case of energy companies, we expect that they will show gains for 2007, but they will not show as much of a boost as in previous years."

Still, Ms. Cohen said, her team's research indicates that the S.& P. is underpriced, pointing to a 12-month target of 1,550. Buoyed by the Fed's halt in raising interest rates, merger activity should keep rolling, but with more of a focus on international expansion.

With the slowdown in housing, the economy will rotate toward discretionary consumer services, like travel, restaurants and entertainment, she said. Large-capitalization industrials and information technology may also see favorable growth. Over all, Ms. Cohen said, the economy should run well, with no real bumps in the way.

David Bianco

Chief U.S. Equity Strategist
UBS Investment Research

David Bianco remembers a scary moment from last summer, as he and others feared that the Fed might tighten interest rates. Since then, the stock market has recovered and that forward momentum should carry over into 2007, he said.

"We'll continue to see P/E expansion," Mr. Bianco said of price-to-earnings ratios, "mostly driven by everybody's fears of a weakening economy not taking place."

Like Ms. Cohen, Mr. Bianco said that he sees the S.& P. as relatively undervalued. Despite the flurry of merger activity in 2006, he believes that the S.& P. has been using less than half of its debt capacity, something he expects to be corrected.

Housing will continue to slow and prices will fall further, taking consumer-related spending and industries like autos along with it, he said.

Abhijit Chakrabortti
Chief U.S. and Global Equity Strategist
J. P. Morgan Chase

Last year can be summed up in one phrase, according to Abhijit Chakrabortti: Value killed growth.

"If you had that the S.& P. would be up for the year, you would have said that tech, industrials and health care would kill value stocks," he said. "But telecoms and utilities were the big winners."

Coming off a surprisingly good 2006, however, Mr. Chakrabortti is distinctly bearish. He sees slower growth in the United States compared with Asia and Europe. Volatility will pick up as earnings slow down, he added, and the dollar will weaken.

The Fed will hold steady, Mr. Chakrabortti said, but other central banks will tighten.

He predicts the S.& P. will rise to 1,440 — the low end of targets among the analysts surveyed.

"I very much suspect that there will be a time when a 1,440 valuation looks good," he said. "The market will be disappointed with the Fed, and we'll see a significant correction sometime in the first half."

Ethan S. Harris
Chief U.S. Economist
Lehman Brothers

Ethan S. Harris said he was less surprised than most by the resilience of the stock market last year. He expects 2007 to be a growth year, albeit one without the boom that marked the last half of 2006.

"There's still room for the market to rally," he said. To that end, he staked an S.& P. price target of 1,570, thanks in large part to the economy shrugging off the housing slump.

But he also said he did not expect a completely rosy economic picture. Alone among economists surveyed, Mr. Harris talked about the possibility of "a very mild version of stagflation." Moreover, he gave recession a 20 percent chance to appear in 2007.

Mr. Bianco said that he expects the Fed to cut interest rates in March, setting a fairly steady metronome for slowing but solid growth and a target S.& P. of 1,500 by year-end.

Profits Likely To Slow In '07 (WSJ)

By Constance Mitchell Ford And Rafael Gerena-morales
The Wall Street Journal, January 2, 2007

NEW YORK -- For the past five years, U.S. corporate profits have grown much faster than the overall economy, one of several reasons why U.S. stock prices keep setting records. But many economists believe that the days of outsize profit growth are nearing an end.

Corporate profits, as measured by the Commerce Department, have risen more than 12% a year since 2002, hitting a high of 19% in 2004. In the third quarter of 2006, profit growth was running at an annualized rate of 16%. But the consensus forecast of economists polled by The Wall Street Journal calls for those gains to slow to the single digits this year and next, with pretax profits rising about 6%.

IN SUMMARY

· The News: Corporate profits are expected to rise about 6%, slowing from the double-digit growth of the past five years.
· What's at Stake: Slower U.S. growth is expected to damp sales across the economy.
· The Bottom Line: Some economists believe single-digit profit growth still leaves room for stocks to rise.

That estimate is for profits across the entire economy, from multinational conglomerates to mom-and-pop businesses. By contrast, profit figures tracked by Wall Street tend to focus mainly on large public companies.

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But the trends are similar. Thomson Financial, for example, expects growth in earnings per share for companies in the Standard & Poor's 500-stock index to slip below 10% in 2007. If that forecast is on the mark, it would be the first year of single-digit growth for the S&P 500 since 2002.

"Some of the hot air is coming out of corporate profits," says Maria Fiorini Ramirez, president of MFR Inc. in New York, which is forecasting economywide profit growth of 4% in 2007. "The better years are behind us, and the leaner years are ahead of us."

Among S&P 500 companies, the energy sector's profit is estimated to have grown 21% in 2006 but profits are expected to rise only 1% in 2007, according to Thomson, which surveys Wall Street analysts.

And the profit-growth forecast for the materials sector, which includes metals and chemicals companies and whose profit growth for 2006 is estimated at 28%, has tumbled to 3% for 2007.

There are several reasons why economists expect profits to be leaner in the years ahead. First and foremost, they are expecting growth to slow in response to weakness in the manufacturing sector and in housing, which will damp sales across the entire economy. Most economists are forecasting that the economy, as measured by gross domestic product, before adjustment for inflation, will expand between 4% and 5% this year after growing 6.9% in 2004 and 6.3% in 2005. Nominal growth in GDP for 2006 is expected to be about 6%.

But even if GDP weren't expected to slow, economists would still be looking for profit growth to ease for the same reason that "trees don't grow to the sky," says Jan Hatzius, an economist at Goldman Sachs Group Inc. Put another way, profits can't continue to outpace the overall economy by such large measures for a sustained period. Historically, annual growth rates for GDP and corporate profits have been about the same, between 6% and 7%. Eventually, say economists, the relationship between GDP and profits should return to its historical norm.

"If corporate profits grew persistently faster than nominal GDP, all of the income in the economy would eventually accrue to shareholders, and none to workers. However, there are economic forces that ensure that this doesn't happen," says Mr. Hatzius, who forecasts corporate profit growth of 1.6% in 2007, one of the lowest forecasts among the 60 economists who participated in The Wall Street Journal's economic forecasting survey.

Those forces include rising wage growth. Average hourly earnings, after barely moving for years, have rebounded in recent months and were up 4.1% in November from a year earlier. Average weekly earnings were up 4.4%. Benefits costs are also on the rise.

At the same time, companies are finding it more difficult to raise prices to recoup their higher compensation costs. In fact, some companies are starting to reduce prices to keep consumers spending. "Price discounts are seen all across the retail space -- cars, furniture, electronics, clothing -- and now have spillover to housing as well," says Joseph Carson, chief economist at AllianceBernstein. Such trends, he says, mean that "margin expansion is over." Mr. Carson is forecasting profit growth of 3% for 2007.

There are other pressures on profit margins as well: Energy prices and prices for goods such as chemicals, plastics and metals, are likely to remain elevated amid healthy global demand, taking a bigger bite out of proceeds from sales. And slowing productivity gains in the U.S. could limit the ability of American companies to curb costs. That all translates into less for the bottom line.

So far, the stock market's performance doesn't hint of any slowing of profits. The Dow Jones Industrial Average gained 16% last year, its best performance since 2003.

Of course, 6% growth in profits -- the consensus estimate for 2007 -- isn't so bad when compared with historical growth rates. And in fact, some economists believe that single-digit profit growth still leaves room for stock prices to move higher.

Gail Fosler, chief economist at the Conference Board, a nonprofit business research group, expects profit growth of just 4% in 2007. Nevertheless, she expects stocks to continue to perform well. In recent years, foreign stock markets, including those in Europe and Japan, have recorded big gains that have outpaced the U.S. market's performance. As a result, she says, U.S. stocks have become "a good value" relative to stocks of companies in other nations.

Why Consumers May Show More Discipline In 2007 (CSM)

By Mark Trumbull

The Christian Science Monitor, January 2, 2007

After the usual binge of holiday spending, Americans may want to make a resolution of fiscal prudence for the new year: "I will repair my household finances."

This isn't just advice from financial gurus during an era of record household debt. For many families, fiscal discipline is being imposed by the slowdown in the US housing market. Indeed, the number of homes in foreclosure is rising, as many owners fail to meet their mortgage payments.

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But there is good news: For most households, this is a relatively benign climate for financial make-overs.

Many borrowers have the opportunity to refinance their debt at low interest rates. Moreover, forecasters generally don't foresee a recession in 2007. A healthy economy could allow consumers to keep spending even as they borrow less and save more.

"I do think that the savings rate will turn firmly positive by [the end of 2007]," says Mark Zandi of Moody's Economy.com, a forecasting firm in West Chester, Pa. But "there is a significant amount of financial stress in 2007."

Some economists, in fact, believe a recession is likely as faltering home prices put a squeeze on family wealth. But the more common forecast is that the housing slump won't cause an outright downturn in the economy.

Members of the National Association for Business Economics, surveyed in November, generally believe the housing market will hit bottom sometime in 2007.

"It looks like the housing decline is in its last phase," says Peter Kretzmer, an economist at Bank of America in New York.

In any scenario, how homeowners grapple with their debts will be a central feature of the 2007 economy.

Consumer spending accounts for about two-thirds of US economic activity. The more people have to scramble to cover their debt payments, the more they may have to curb other spending.

The challenges are greatest, some analysts say, for young households - people who bought homes near the peak of the real estate boom - and for those with lower incomes who stretched to get credit.

For years, amid a nationwide housing boom, people took out bigger and bigger mortgages, and their property values rose just as fast. Rising home values made people feel wealthier, and Mr. Zandi reckons that this "wealth effect" made people spend more than they otherwise would. The nation's personal-saving rate, the difference between Americans' disposable income and their spending, has been negative since the summer of 2005 - the first time since the Great Depression.

Since then, Americans have essentially been dipping into their savings, or sometimes using credit cards, to spend more than they earn.

There's no guarantee that the saving rate will get back into positive territory in 2007. But some economists see signs that households are adjusting their behavior.

In the late summer of 2005, households borrowed an amount equal to 14.6 percent of their disposable income - the highest level in any quarter since World War II, according to Paul Kasriel, an economist at the Northern Trust Corp. in Chicago.

A year later, American borrowing totaled just 8.8 percent of disposable income in the third quarter, lower than any three-month period since the recession of 2001.

People aren't as eager to take out big mortgages when houses have stopped rising in value every month.

Still, households remain highly leveraged. US mortgage debts now total about 46 percent of all US home values. That percentage has more than doubled since the 1950s. "Homeownership is now much more precarious," says Tamara Draut of Demos, an advocacy group in New York worried by America's high consumer debt levels.

Some 45 percent of first-time buyers in 2005 took home loans with no down payment, Ms. Draut says. That means that, should they need to sell the home, they have very little cushion to repay their loan.

In general, home prices rise over time. But for now, prices have been heading down in dozens of cities.

Meanwhile, many homeowners will see their mortgage payments jump sharply in the next year or so, as adjustable-rate mortgages ratchet upward from low introductory rates.

That explains why foreclosures are on the rise: Many owners can't afford the higher mortgage payments, and they can't sell the home for what they paid.

The number of foreclosures was up 43 percent in the third quarter of 2006, compared with the same period the year before, according to Demos.

What can homeowners and other borrowers do to keep their balance sheets in order? Experts say some of the best steps are tried and true: Develop a budget, set aside some savings each month, and don't buy a home costlier than you can really afford.

"There is no substitute for having an emergency savings cushion," says Greg McBride, senior financial analyst at Bankrate.com in North Palm Beach, Fla.

Also, people with adjustable-rate loans, which are often resetting at rates of 7 percent or higher, might want to refinance at lower fixed rates. In addition, Mr. McBride says, "have a plan of attack" to repay high-cost debt such as credit-card bills.

Again, now may be an opportune time. People who get paid every two weeks may have gotten a third paycheck in December, McBride says. They might use that - or a year-end bonus - to pay down debts.

Financial advisers also offer this reminder: Debt can be a good thing if used wisely - such as a path to owning a home.

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"Democratization" of credit, with new types of loans available to more people, has generally been a positive force in recent years, Zandi says. "This probably has allowed ... for a more stable economy," he says. But it also leaves many people vulnerable if interest rates rise substantially, or if housing prices falter.

Jeb Bush Ponders Future, Not Knowing What It Holds (NYT)

By Abby Goodnough

The New York Times, January 2, 2007

MIAMI, Jan. 1 — When the same old irksome question popped up recently at one of his final public events here, Gov. Jeb Bush, addressing Spanish-speaking reporters, gave an atypically dramatic Governor Bush with his father, former President George Bush, last week in Boca Grande, Fla.

His words set off round-the-world buzz, with The Daily Telegraph of London going so far as to call them "a recognition by the Bush family that their dynastic reign in American politics is drawing to a close."

But in fact, the question lives on. Mr. Bush's spokeswoman said last week that he made the comment jokingly, and when asked about it later in an e-mail message, Mr. Bush himself replied, "I was misunderstood by a reporter."

He did not elaborate, leaving the world to know only this much: Half his life after he arrived in Miami as a 27-year-old real estate salesman, Governor Bush returns here this week without the title before his name and, he insists, without knowing what his future holds.

"We're in the preface of the new book in my life and I just don't know yet," he told reporters last month in Tallahassee, a day after his official portrait, with a Bible and a BlackBerry in the background, was unveiled at the Governor's Mansion. "I'm going to take some time off, hopefully do a little fishing, golfing, resting, reading, exercising. And I've got to make a living, so I'll figure it out probably in January."

Florida, too, has some readjusting to do. After eight years in office, Mr. Bush, 53, is leaving as one of the most popular and prominent governors in state history, not least because of his relationship to President Bush (brother) and former President George Bush (son). Succeeding him is Attorney General Charlie Crist, who is Republican like Mr. Bush but otherwise starkly different.

Despite the wishful prodding of admirers, Mr. Bush has adamantly ruled out a presidential campaign of his own next year, saying that he wants only to return to Miami with his wife, Columba, and their cat, Sugar. Yet rumors about his future have burst forth as regularly as exotic species in the Everglades — among them that he would be the next commissioner of the National Football League, run for Senate or become Senator John McCain's running mate if Mr. McCain won the Republican nomination for president in 2008.

"The presidency is out of the question at this point because of Bush fatigue," said Peter Schweizer, a fellow at the Hoover Institution at Stanford who wrote "The Bushes: A Dynasty" with his wife, Rochelle. "But the vice presidential slot is something that's very much in play. He's a successful governor of an important state, he helps shore up relations with the social conservatives and he has the Bush money machine."

One of Mr. Bush's former chiefs of staff has gone to work for Mr. McCain's exploratory committee, but several other former aides have signed up with Gov. Mitt Romney of Massachusetts, another probable Republican contender.

"Jeb is a policy-driven guy," Mr. Schweizer said. "If he can be a vice president that plays some kind of a policy role as Cheney has, as Gore did in the Clinton administration, then Jeb Bush will be interested."

Many assume that for now — at least partly at the urging of his wife, described as shy and eager to be out of the public eye — Mr. Bush will return to the private sector. He reported a net worth of $1.4 million in 2005, down from $2.4 million in 1998.

He was a partner in a major real estate development firm here until his first, unsuccessful run for governor in 1994, but Mr. Schweizer predicted that Mr. Bush might now seek out work involving the bioscience industry or the Latin American economy, both of which "he seems particularly animated by."

All indications notwithstanding, ardent admirers like Grover Norquist, the president of Americans for Tax Reform, are not giving up on the prospect of Mr. Bush jumping into the presidential race next year, especially if Senator Hillary Rodham Clinton of New York becomes the Democratic candidate.

"He could step in later than anybody else," Mr. Norquist said. "You can run for president with the last name of Bush, even though there is and will be Bush fatigue, in a year that you're likely to be running against someone whose last name is Clinton."

For the time being, Mr. Bush bought a car, a Chrysler 300C, and rented a $5,500-per-month, 3,949-square-foot condominium in Segovia Tower, a luxury building overlooking a golf course in lush Coral Gables.

"I have no idea what I will be doing next," he wrote by e-mail from Boca Chica, Fla., where he was vacationing with his parents. "My priorities are to hang out with my beloved wife (until she can't take it anymore! :)), work out every day and figure out what I will do next with my life."

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As for the continued speculation, he wrote: “I am flattered that all sorts of people are interested in what I am going to do and many have offered advice as well. That will all subside soon.”

Small signs suggest, however, that he will have a hard time giving up executive powers. He told reporters that while buying furniture recently, he had to stifle the urge to tell the store owner a better way of doing business — a trait his adversaries say they will not miss.

“Bush was the type that if you did not agree with him, he really didn’t have time for you,” said State Senator Frederica Wilson, Democrat of Miami. “He wanted you to rubber stamp every idea he had, and he wouldn’t listen to reason.”

Skip to next paragraph

Blog

The Caucus

Kate Phillips and The Times's politics staff report on the latest political news from around the nation.

More Politics NewsWhile Mr. Bush is internationally famous, Mr. Crist, who will be sworn in as governor on Tuesday, is a stranger to all outside Florida and, but for his native Tampa Bay region, not particularly well known within the state either. While Mr. Bush was ideologically driven, often making enemies in pursuit of “big, hairy, audacious goals” and divisive social policies, Mr. Crist seems above all a pleaser, avoiding firm opinions and promising to be “the people’s governor.”

Yet despite Mr. Bush’s abrasiveness and the plunging popularity of his brother the president, he has remained well liked — or at least respected — to the end, a feat in a state as ethnically and politically divided as Florida. A poll last month by Quinnipiac University found that 57 percent of Floridians feel he did a “good” or “great” job as governor, compared with only 10 percent who said he had done a “bad” job.

Howard Simon, executive director of the American Civil Liberties Union of Florida, said the poll results reflected approval of Mr. Bush’s persona more than of his policies. Mr. Simon pointed out that two major education initiatives during the governor’s tenure — a costly effort to lower class size and another to provide universal prekindergarten classes — were passed by public referendum, over the governor’s objections.

“It needs to be said that the personal appeal and likeability of Jeb Bush has led the press and the public to overlook the extremism of many of his policies,” he said.

Several of Mr. Bush’s pet initiatives in fact failed, including a school voucher program that the Florida Supreme Court found unconstitutional.

But Mr. Bush pushed through $19.3 billion in tax cuts, put an unprecedented emphasis on standardized testing in public schools, privatized thousands of government jobs and ended affirmative action in public university admissions. He also persuaded the Scripps Research Institute and other bioscience research groups to open laboratories in Florida, which he says will make the state economy less dependent on tourism and create more high-paying jobs.

And he has appointed more than a third of the state’s judges, assuring that his socially and fiscally conservative beliefs will continue to hold some sway.

While others have emoted about Mr. Bush’s departure — including his father, who wept as he described his second son’s “decency” and “honor” in a speech in Tallahassee last month — he has characteristically avoided introspection. Asked last month what he would miss most about the Governor’s Mansion, he cited its beauty, its staff — and its towels.

“Fresh towels — all you want,” he said. “Here, although I’ve been trained to do otherwise, it’s just any time I want I can have many towels.”

Bush The Younger Reticent On Future As Florida Term Ends (FT)

By Andrew Ward

Financial Times, January 2, 2007

When Jeb Bush was asked recently how he planned to spend his first day after stepping down as governor of Florida, he reeled off a checklist of things he wanted to do: "I hope to wake up. Work out. Maybe read the local paper. Sports page probably. Hang out with my wife."

About his longer-term plans, Mr Bush was more reticent. "I'm going to try to take some time off to reflect on what I should be doing and not rush into the next thing," he said.

However, Mr Bush's efforts to duck questions about his future seem unlikely to quash feverish speculation about what that "next thing" might be.

The 53-year-old brother of President George W. Bush finishes his second and final term as governor of the Sunshine State today when Charlie Crist, his Republican successor, is inaugurated in Tallahassee.

While his brother limps towards the end of his troubled presidency, the younger Mr Bush is leaving office on a high. A recent poll showed his approval rating at 63 per cent.

Praised for his hands-on leadership style, steady economic stewardship and deft handling of several hurricanes, Mr Bush is described by David Colburn, professor of history at the University of Florida, as "perhaps the most influential governor in state history".

Mr Bush has already rejected opportunities to jump straight into another big job, including Republican pressure for him to run for the Senate and an offer to become commissioner of the National Football League.

Friends say his priority is to make money, having seen his personal wealth shrink from $2.4m (£1.22m) to $1.4m during his eight years on the Florida governor's $130,000-a-year salary, according to public disclosures.

Few people, however, believe Mr Bush has permanently finished with politics. Although he has ruled out running for president in 2008, some analysts believe he could yet be persuaded to join the Republican ticket as nominee for vice-president.

Peter Schweizer, co-author of The Bushes: Portrait of a Dynasty, says Mr Bush has three main attractions as a vice-presidential candidate.

First, he would improve the Republicans' chances of winning Florida, likely once again to be a crucial battleground state.

Second, he would bring the formidable fundraising power and political machinery of the Bush family.

Third, his solid record of social and fiscal conservatism would reassure grass roots Republicans if a more moderate candidate, such as John McCain, heads the ticket.

Mr Bush has cut taxes, vetoed spending bills and led the ill-fated fight to save Terri Schiavo, the brain-damaged woman whose case became a cause célèbre for the Christian right before her death in 2005.

"If you asked most Americans, they would have the opposite impression but Jeb is more conservative than his brother," says Mr Schweizer.

But great as his appeal may be to many Republicans, most analysts believe 2008 is too soon to ask the broader US electorate to vote for another Bush, even as vice-president.

"America has had its fill of Bushes," says Larry Sabato, professor of politics at the University of Virginia. "I don't think [the vice-presidential nomination] will be offered to Jeb and, if it were, I don't think he would accept. Unlike Hillary [Clinton], he's smart enough to understand that American voters don't like dynasties."

Polls show that the rest of the country does not share Florida's enthusiasm for Mr Bush, with only 28 per cent of US voters expressing a favourable opinion of him and 45 per cent voicing an unfavourable opinion in a recent survey.

Mr Bush started his working life with Texas Commerce Bank, now part of JPMorgan Chase, for whom he spent two years setting up its operation in Venezuela. His family eventually settled in Florida, where Mr Bush became a partner in a real estate development company and dabbled in entrepreneurial ventures, ranging from part ownership of a football team to exporting water pumps to Nigeria, with mixed success.

History could have turned out differently had Mr Bush not lost his first run for the Florida governorship in 1994, the same year his brother was elected governor of Texas.

"The overwhelming consensus was that Jeb was going to win and George W. was going to lose," recalls Mr Schweizer. "Had that happened, it's safe to assume Jeb would have ended up running for president rather than his brother."

Asked by Spanish-language reporters last month about his political future, Mr Bush replied: "No tengo futuro. (I have no future.)" But in an earlier interview he indicated his ambitions were not yet fulfilled.

"I hope there's more to remember than the first 53 years of my life," he said. "There's stuff to do. I don't know what it'll be but Ihope to be remembered by a larger body of experiences than what I've had sofar."

Senate Panels To Supply Soapbox (WT)

By Christina Bellantoni

The Washington Times, January 2, 2007

Senate Democrats interested in White House bids will get tons of free publicity starting in January with new and prominent posts on key panels.

Senators hoping to pontificate on Iraq, global warming or health care policy will enjoy multiple hearings -- some televised live -- and the amplified political microphone that comes with being in the majority party.

Among the five Democratic senators who are widely expected to seek their party's presidential nomination, three will hold chairmanships when the 110th Congress opens Thursday.

Sen. Joseph R. Biden Jr. of Delaware will assume the most prominent post of the bunch as incoming chairman of the Foreign Relations Committee. Already, the presidential aspirant has promised three weeks of hearings on the Iraq war, complete with testimony from Secretary of State Condoleezza Rice and new Defense Secretary Robert M. Gates.

Mr. Biden last month announced he will fight President Bush if he proposes sending a surge of troops to Iraq, calling such a move "escalation."

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Sen. John Kerry of Massachusetts will be chairman of the Small Business and Entrepreneurship Committee, and Sen. Christopher J. Dodd of Connecticut will lead the Banking, Housing and Urban Affairs Committee.

Mr. Kerry said a lack of health insurance for small-business workers is one of the country's greatest challenges and said his committee will look at the tax code for small firms as well as loans for minority, female and veteran entrepreneurs.

"Small businesses are the heart of the American economy and the place where American dreams rise and fall every day," said Mr. Kerry, the 2004 Democratic presidential nominee, who is considering a second try for the White House.

Mr. Dodd's panel is tasked with oversight of the country's largest financial-services companies and government agencies such as the Federal Reserve Board and Department of Housing and Urban Development.

The committee also will examine foreign investment in the United States in the aftermath of the Dubai ports debacle and will look at strengthening the country's rails, ports and roads systems against terrorism, Mr. Dodd said.

Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois, who have not yet said officially whether they intend to run for president, do not have enough seniority to lead a Senate panel. But chances are they will have plenty to say, as each will hold posts on major committees.

Mrs. Clinton, the former first lady just elected to a second Senate term, sits on the Armed Services Committee, which also examines war policy. Mrs. Clinton's Web site includes video links to her grilling Mr. Gates before his confirmation and her questioning of the Iraq Study Group.

Mrs. Clinton has the opportunity to square off with fellow Armed Services member Sen. John McCain of Arizona, the presumed Republican front-runner for his party's presidential nomination.

The two disagree on Iraq policy, with Mr. McCain calling for more troops and Mrs. Clinton saying she cannot support such a plan unless it helps end the sectarian violence in Iraq.

Mrs. Clinton also is a member of the Environment and Public Works Committee, giving her an opportunity to showcase her environmental platform during what are expected to be in-depth hearings on global warming.

On that panel, Mrs. Clinton will be chairman of the Superfund and waste management subcommittee.

Mrs. Clinton, Mr. Obama and Mr. Dodd all will sit at the dais of the Health, Education, Labor and Pensions (HELP) Committee.

Mr. Obama, a former state senator first elected to the Senate in 2004, assumes a fourth committee post in the coming session. He dropped his spot on the environment panel and added the HELP panel and the Homeland Security and Governmental Affairs Committee, which deals with terrorism matters and governmental oversight.

"I hope to address the growing health care crisis in our country and focus on legislation that will help working families adjust to the ever-changing global economy," Mr. Obama said when announcing the post.

He is already a member of Mr. Biden's Foreign Relations panel and of the Veterans' Affairs Committee.

Mr. Biden will have his hands full. Counting himself, there are four Democratic presidential hopefuls on his committee, in addition to Republican Sen. Chuck Hagel of Nebraska, who is reported to be considering running for president.

Foreign Relations Committee members Mr. Dodd, Mr. Kerry and Mr. Obama will get the opportunity to pepper administration officials with questions on Iraq and influence war policy during hearings that are likely to receive extensive television coverage.

Dodd Well-positioned For White House Bid (AP)

By Andrew Miga

AP, January 2, 2007

WASHINGTON — The White House isn't the only prestigious address on Sen. Christopher Dodd's mind as he nears a decision on whether he'll plunge into a crowded field of Democratic presidential contenders.

Wall Street also looms large. The Connecticut senator will become chairman of the Senate Banking Committee in Congress, giving him oversight of the nation's banking, financial services and insurance industries. The post will create new fundraising opportunities — a potential boost for a longshot prospect like Dodd who must prove he can raise the tens of million of dollars needed to stay competitive in the 2008 campaign.

"Any time you are chairman of a committee that oversees, arguably, the wealthiest sector of society, that's a significant opportunity to raise some real dough," said Chris Lehane, a Democratic strategist from several presidential campaigns. "But it's potentially a double-edged sword."

The senator has accepted millions of dollars in contributions from Wall Street interests during his 25 years in the Senate, but his new chairmanship, plus his White House ambitions, have upped the ante.

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"It's a tightrope walk when you're the chairman of a committee that regulates the industry that gives the most money to politics, in general," said Massie Ritsch, communications director of the Center for Responsive Politics, a nonpartisan watchdog group. "It has to be tempting to take a lot of money from this industry, because they want to give it so much."

A surge of Wall Street money could initially boost Dodd's prospects. But it could also undercut his efforts to cast himself as a champion of average working Americans.

"One of the first places people look is where your campaign cash comes from, and if it came from an industry that you regulate, you're going to have to answer questions about potential conflicts of interest and being too cozy with Big Business," said Ritsch.

A campaign spokeswoman for Dodd, whose state is home to big insurance companies, said he would be the same independent voice on the banking panel he's always been. The senator will follow the letter of the law on fundraising, and conduct himself as "a thoughtful and independent chairman who listens to all sides of an issue and enacts public policy that is in the best interest of the American people," spokeswoman Beneva Schulte said.

Dodd, 62, is prepping for a White House bid that even he acknowledges is a longshot.

Amid the Democratic pack of potential candidates dominated by heavyweights like New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama, raising enough money to compete will be one of Dodd's most pressing challenges.

Dodd refused to divulge his current fundraising totals. But at the end of September, he had about $1.8 million in his Senate campaign account. His political action committee's cash balance was $167,526 in November.

Dodd's numbers are eclipsed by potential rivals Clinton and Massachusetts Sen. John Kerry, the 2004 Democratic presidential nominee, who each have about $14 million in campaign funds.

Candidates will need to raise $50 million by the end of the primary season, said Steve Grossman, a veteran party fundraiser and former Democratic National Committee chairman.

"There's not a whole lot of oxygen left in the room when you get beyond the two presumptive front-runners," Grossman said of Clinton and Obama.

If Dodd jumps into the race, he needs to show fundraising muscle soon, said Grossman.

"How quickly Dodd can get to $10 million is important," said Grossman. "March matters. March is about momentum ... The process unfolds so quickly. Chris Dodd has to be able to see a clear path to $10 million by June."

Beyond Wall Street, Dodd, a former national party chairman, has a national network of supporters, including many in the Jewish community, that he can build on, said Grossman.

Veteran Democratic strategist Bill Carrick predicted Dodd would have enough cash. "But you gotta catch on, that's really the trick for Dodd," Carrick said.

Dodd is a familiar figure in the financial world, having served on the banking panel for 25 years. He also has been a strong consumer advocate on lending issues, said Travis Plunkett, legislative director of the Consumer Federation of America, a nonprofit advocacy group. The federation, however, has disagreed with Dodd on some securities and insurance issues.

Securities and investment industry interests have given $2.18 million to Dodd since 1989, according to the Center for Responsive Politics. It was the most money Dodd got from any industry. Insurance industry sources gave $1.08 million, the center's statistics showed, while commercial bank interests gave $553,719.

McCain Likely To Run From Atop Defense Panel (WT)

By Rowan Scarborough

The Washington Times, January 2, 2007

Sen. John McCain is set this week to assume the senior Republican spot on the Armed Services Committee as he sets the stage for a presidential run while serving as his party's top Senate spokesman on defense issues.

Republicans lost control of the budget- and policy-making committee in the November elections. Chairman John W. Warner, Virginia Republican, hands the gavel to Sen. Carl Levin, Michigan Democrat. Because of term limits, he then relinquishes the ranking Republican position to Mr. McCain of Arizona.

Mr. McCain is widely expected to formally announce this year that he is seeking the Republican presidential nomination. His staff and outside advisers have been working in recent weeks to piece together a minority committee staff that can operate while he is on the campaign trial.

Former Senate staffers say one of the finalists for the key post of minority staff director is Michael V. Kostiw, who was an aide to former Rep. Porter J. Goss on the House Intelligence Committee. Mr. Kostiw has worked as an Army Reserve intelligence officer, a CIA clandestine officer and an oil company executive. He worked for Mr. Goss when the former congressman headed the CIA.

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"If they ask me, I'll do it," Mr. Kostiw said in an interview. "I've known [Mr. McCain] for a long time. I think he is a great American."

Mr. Kostiw still works for the CIA on a contract basis.

Charles Abell, Mr. Warner's staff director, is moving on, as is the normal shift when a new senator assumes control of a committee staff.

Former staffers say Mr. McCain's search team has used the word "adult" to describe the kind of staff director they were seeking -- someone who could be trusted to carry out assignments while Mr. McCain addressed presidential politics outside Washington.

Republicans meet Thursday to pick ranking committee members. Mr. McCain's spokeswoman did not return a phone message last week.

Mr. McCain, a former Navy fighter pilot held captive in North Vietnam, relies on an inner circle of aides and friends to advise him on national security issues.

One is James F. McGovern, who, like Mr. McCain, is a former Navy fighter pilot and Annapolis graduate. The two worked together when Mr. McGovern was staff director of the Senate Armed Services Committee in the 1980s. He later became undersecretary of the Air Force.

Mr. McGovern played a role in finding candidates for the staff director's job. Former Senate aides say the list was long. Some were eliminated; at least one was said to take himself out of consideration.

Another McCain adviser is retired Navy Adm. Charles Larson, a classmate of Mr. McCain's at the Naval Academy.

But his closest confidant is his chief of staff, Mark Salter, with whom he has written four books, including the 1999 best-seller, "Faith of My Fathers: A Family Memoir."

There is a precedent for a senator holding a leadership post and running for president: Former Sen. Bob Dole, then the majority leader, captured the Republican nomination in 1996. He resigned from the Senate before the fall campaign.

Clinton-Obama Differences Clear In Senate Votes (WP)

By Shailagh Murray

The Washington Post, January 2, 2007

The attack ads practically write themselves: Hillary Clinton voted against ethanol! Barack Obama wants to increase taxes!

Such are the perils of running for president as a senator. The two front-runners for the 2008 Democratic nomination are newcomers to the chamber. But in the two years that Clinton and Obama have overlapped, they have taken opposite sides at least 40 times. That's a lot of material to mine, and even misrepresent.

Of the eight senators pondering presidential runs, Clinton (N.Y.), who is completing her first Senate term, and Obama (Ill.), sworn in two years ago, have the briefest voting histories. The Senate has held 645 roll-call votes during their shared tenure, and more than 90 percent of the time the two senators stood with other Democrats. They opposed John G. Roberts Jr.'s nomination as chief justice, supported increased funding for embryonic stem cell research and backed the same nonbinding measure that urged President Bush to plan for a gradual troop withdrawal from Iraq.

But other votes reveal important differences between the Democratic rivals that distinguish them as they prepare to launch their anticipated candidacies. The areas of dispute include energy policy, congressional ethics and budget priorities, relations with Cuba, gun ownership, and whether a senator can hold a second job.

In corn-growing Iowa, the first stop in the presidential nominating process, Clinton will have to explain the ethanol vote she cast on June 15, 2005. The senator recently softened her stance, but she is on record opposing a large federal boost for the grain-based fuel.

And Obama voted to increase taxes when he opposed a package of business breaks that included the extension of middle-class provisions. Clinton voted for the tax bill -- before she voted against it, as did Obama, in the legislation's final form.

As Sen. John F. Kerry (D-Mass.) and former senator Robert J. Dole (R-Kan.) discovered in previous campaigns, the Congressional Record is a minefield for White House contenders, a catalogue of provincial concerns, convoluted logic and compromised principles.

"A senator is called upon to vote on almost everything," said former senator Thomas A. Daschle (D-S.D.), who recently decided against a 2008 bid. Legislative records become "an inviting target for any political opponent," he said, because so few votes speak for themselves, much less reflect a lawmaker's true ideals. The Senate's unofficial motto: Don't let the perfect be the enemy of the good. That's hard to explain in a debate, Daschle noted.

One of the sharpest substantive divides is over ethanol, an issue of particular potency in Iowa. The vote in question was an effort to block a proposed amendment to the 2005 energy bill that would have established an ethanol mandate for refineries. "If there were ever an onerous, anti-competitive, anti-free-market provision, this is it," said Sen. Charles E. Schumer (D-N.Y.), who

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led the effort and who warned that non-farming states could face spikes in gasoline prices because of supply limitations. Clinton at the time was campaigning for reelection and was one of 28 senators to support her colleague's failed bid.

At the time, New York had no ethanol industry. Iowa has more ethanol plants than any other state. "If someone voted or has a position against ethanol, it will be used by their opponents and it will be another issue they need to overcome" with voters in the Iowa caucuses, said Steffen Schmidt, a professor of political science at Iowa State University.

Over the past year, Clinton has warmed to ethanol. Buffalo has decided to build a big ethanol plant, making the issue a home-state concern. In May, Clinton said current ethanol production is "a long way from helping us deal with our gas problems" and added: "We need to be moving on a much faster track."

Obama voted for the ethanol mandate. "As a senator from a corn-growing state, Obama will have no problem on the ethanol issue and can tout his credentials on this score with a clear conscience," said Peverill Squire, who teaches politics at the University of Iowa.

The two Democrats differed on other energy-related issues. In August, Clinton supported a bill to expand oil and gas production in the Gulf of Mexico, while Obama voted against it. During the 2005 energy debate, Obama backed an increase in vehicle fuel-efficiency standards, which Clinton opposed. Clinton voted against the energy bill itself because it was stuffed with oil industry incentives. But Obama supported the legislation because it included language that would double ethanol demand by 2012.

Another fault line is spending. Obama sided with fiscal conservatives on several high-profile measures to strip funding for pet projects, including a widely criticized Pentagon travel system and the relocation of a railroad line along the Mississippi Gulf Coast that was part of a Hurricane Katrina redevelopment project. Clinton voted in favor of the projects.

One budget-related vote with broader political implications would have stripped funding for TV Marti, which beams television programming to Cuba, though the Cuban government jams the signal. Critics in Congress complain that the United States has spent almost $200 million on the failed effort and have targeted the program year after year.

Obama twice voted to cut off TV Marti funding, while Clinton supported maintaining it. Those votes will have resonance in Florida, which is a key primary state and may reschedule its 2008 primary date from March to February.

Obama spokesman Robert Gibbs said the senator's opposition to TV Marti was primarily about cost. But within Florida's large Cuban exile population, one of the most powerful voting blocs in the state, Clinton's and Obama's stances ally them with distinct groups: the older hard-liners and a younger, more progressive group of second-generation Cuban Americans and more recent immigrants whose numbers are growing. Clinton "is going with the status quo," said Sergio Bendixen, a Miami-based pollster who specializes in Hispanic voters. Obama, he said, "is with the position of change."

The senators differed on a July 13 vote that would prohibit the confiscation of legally held guns during natural disasters -- a response to seizures by law enforcement officials in the New Orleans area after Hurricane Katrina. Obama voted to ban confiscations; Clinton was one of 16 senators opposing the restrictions.

In late 2005, Obama allied with Republicans to support creating an exception to Senate rules to allow Sen. Tom Coburn (R-Okla.) to continue practicing medicine on a not-for-profit basis. Clinton opposed the change, an aide explained, because she believes that senators should not have a second source of income. Gibbs said that Obama, as an author of two best-selling books, was sympathetic to Coburn's request.

In several instances, Clinton and Obama voted against measures that they supported in principle, because the bills were not strong enough. Clinton opposed a restructuring plan for the Federal Emergency Management Agency that Obama and 86 other senators backed, because it did not restore the Cabinet-level status that FEMA had attained under President Bill Clinton, her husband. One of Obama's chief interests in the Senate has been ethics reform, but he was one of eight senators to oppose a bill aimed at tightening lobbyist rules because it was not strong enough. Clinton supported the initiative.

"You're voting for so many things that can be misconstrued," said Steve Elmendorf, a Democratic lobbyist and former campaign adviser to presidential candidates Richard A. Gephardt (D-Mo.), a House member for nearly 30 years, and Kerry, a four-term senator. "It's great if you're the opposition."

Talkin' 'Bout My New Generation (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, January 2, 2007

Barack Obama has spent the past two weeks in splendid seclusion, far away from the campaign trail, in Hawaii. The Illinois senator caught up on family news with his grandmother and sister, who live on Oahu, played golf with pals, and, if the past is any guide, engaged in some fierce Scrabble. This is the way Obama has spent Christmas for many years.

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But this time, there's been a big difference. Topic A was a momentous one–deciding, after talking with his wife, Michelle, relatives, friends, and advisers, whether to run for president in 2008. He is expected to enter the race, and he plans to announce his decision in the next few weeks.

But regardless of whether he runs, the intensity of Obama-mania suggests that the political and societal forces he represents–particularly a desire for new ideas, new faces, and a less rancorous brand of discourse–will shape the next election. Other Democratic presidential wannabes are testing the same themes, including former North Carolina Sen. John Edwards, who announced last week, and Iowa Gov. Tom Vilsack. But so far, it is Obama who has ridden the desire for change the furthest and the fastest. The 45-year-old freshman senator has come within striking distance of Hillary Rodham Clinton in the national polls for the Democratic nomination, is running even with her in New Hampshire, site of the first primary, and has quickly developed a reputation as one of the most charismatic politicians in years.

"I think there is a great hunger for change in the country–and not just policy change," Obama told U.S. News. "What I also think they are looking for is change in tone and a return to some notion of the common good and some sense of cooperation, of pragmatism over ideology. I'm a stand-in for that right now."

Comparisons. In his new book, The Audacity of Hope, Obama makes a rather audacious comparison–indirectly raising the prospect that he has a generational appeal reminiscent of John F. Kennedy's in 1960 and signaling that he is ready to capitalize on baby boomer fatigue. "The politics of today suffers from a case of arrested development," Obama writes. "In the back-and-forth between [President Bill] Clinton and [former House Speaker Newt] Gingrich, and in the elections of 2000 and 2004, I sometimes felt as if I were watching the psychodrama of the baby boom generation–a tale rooted in old grudges and revenge plots hatched on a handful of college campuses long ago–played out on the national stage. The victories that the Sixties generation brought about–the admission of minorities and women into full citizenship, the strengthening of individual liberties, and the healthy willingness to question authority–have made America a far better place for all its citizens. But what has been lost in the process, and has yet to be replaced, are those shared assumptions–that quality of trust and fellow feeling–that bring us together as Americans."

One of his objectives, it seems, is to set himself apart from Hillary Clinton. "Hillary Clinton is very much a creature of the 1960s and the 1970s, when she came of age," says Boston University historian Julian Zelizer. Obama seems to be trying to pigeonhole her as a politician stuck in the past.

'A Great Hunger For Change' (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, January 2, 2007

Amid his deliberations on whether to run for president, Illinois Sen. Barack Obama talked by phone with U.S. News Chief White House Correspondent Kenneth T. Walsh. He discussed politics, policy, and what he might bring to the presidential race, and he said the excitement he's generating is linked to a pervasive desire for a new politics of hope, reconciliation, and fresh ideas. Excerpts:

What are you learning about the mood of Americans during your travels around the country? I think there is a great hunger for change in the country–and not just policy change. ... What I also think they are looking for is change in tone and a return to some notion of the common good and some sense of cooperation, of pragmatism over ideology. I'm a stand-in for that right now. I'm not the only one. There's Deval Patrick in Massachusetts, Brian Schweitzer in Montana, Eliot Spitzer in New York [all Democratic governors]. ... There is something new that is out there, but it hasn't fully expressed itself.

How much of the current ferment is due to "baby boomer fatigue"? There is a weariness with the ideological battles and cultural wars of the past. Too much of our policy is framed in terms of the debates of the Sixties.

What's gone wrong with the Bush presidency? This has been the most ideological administration in my lifetime, even more so than the Reagan administration. The Reagan administration, despite the rhetoric, could be pragmatic.

You have strongly opposed the war in Iraq. Why? It's a classic example of ideology trumping reality. The country has now rejected that approach to governance.

How do you explain Bush's failure so far to win congressional approval for overhauling Social Security? The Bush administration insisted on privatization as the only approach to reform and put it forward as the only [alternative], and as a result we have nothing.

If you run for president, you will be subject to attacks on your background and views, even though you are calling for a more positive brand of politics. How do you react to that prospect? I have confidence in the American people, and if I have the opportunity to speak to them, they will look beyond the negative. ... When I came to Chicago 20 years ago, I didn't know a single person. I didn't come from a political family. Now I'm in the U.S. Senate. Chicago is considered a tough political town, and I succeeded.

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The biggest question among politicians and pundits is, will you run for president? What's your timing? If I want to run a competitive race, I would get in in January.

Romney To Submit Paperwork For 2008 Bid (AP)

By Glen Johnson

AP, January 2, 2007

Gov. Mitt Romney this week will submit the necessary paperwork to form a presidential exploratory committee, but not until funeral services for former President Gerald R. Ford have concluded, according to a top aide familiar with his plans.

Romney will file by Wednesday with the Federal Election Commission, the aide said, a registration that will allow the Massachusetts governor to raise and spend money in pursuit of the 2008 GOP nomination.

Romney, like Ford, is from Michigan. Sen. John McCain, R-Ariz., and former New York Mayor Rudy Giuliani, have already taken the same step.

Romney ended a 10-day vacation at his home in Utah on Monday, and he had intended to file his paperwork on Tuesday, the first business day of the new year. But Ford's death on Dec. 26 triggered a mourning period that will close federal offices and the U.S. Postal Service on Tuesday, and the former president will be buried Wednesday in Grand Rapids, Mich.

"We want to be very, very respectful of that," said the Romney aide, who spoke on the condition of anonymity pending the creation of the presidential committee.

Ford's death overshadowed last week's presidential announcement by former Sen. John Edwards of North Carolina, who declared he would seek the Democratic nomination.

While the committee filing will be labeled "exploratory," it will declare Romney as an official presidential candidate and commit him to the same fundraising and reporting rules he will have to follow when, as is expected, he transitions to a formal presidential campaign committee.

A formal announcement is expected sometime later this year, although Romney is planning a major fundraising event in Boston on Jan. 8 to propel his candidacy.

Romney aides believe the governor, the son of George Romney, a 1968 presidential candidate and the former governor of Michigan, can find a following as a youthful alternative to McCain and a more conservative candidate than Giuliani.

If successful, Romney would become the first Mormon elected president.

The 59-year-old is a former venture capitalist who made hundreds of millions of dollars at Bain Capital helping start such companies as Staples, the office-supply giant. He took over the 2002 Olympic Winter Games in Salt Lake City following a bid-rigging scandal that was an embarrassment to Utah, the United States and the International Olympic Committee.

In 2002, he returned to Massachusetts and won a four-year term as governor, his first and only stint in elective office. He unsuccessfully challenged Sen. Edward M. Kennedy, D-Mass., for the U.S. Senate in 1994.

At 5 p.m. Wednesday, Romney will take the "lone walk" down the 31 steps of the Massachusetts Statehouse, a ceremonial departure reserved for presidents, heads of state and departing governors. On Thursday, Democrat Deval Patrick will be sworn in, the first black governor in the state's history and only the second elected in the nation since Reconstruction.

Romney will not attend the ceremony, instead settling into his new campaign headquarters in the city's North End. Aides began moving into the building on Monday, another sign of the impending campaign.

The governor plans to base his campaign out of Massachusetts primarily for logistical reasons, rather than Michigan, his birth state and host to a key early presidential primary, or Utah, a power base in the politically important Mountain West.

Aides say the governor relishes returning to his wife, Ann, and his Belmont home after a stretch of campaign travel. Basing the campaign in Boston also allows him easy access to political consultants in Washington and financial backers in New York.

In addition, it will allow him easier access to New Hampshire, which holds the first presidential primary, and will allow him to stay either in Massachusetts or a second vacation home in the Granite State.

Spitzer Is Sworn And Begins Push On Ethics Rules (NYT)

By Danny Hakim

The New York Times, January 2, 2007

ALBANY, Jan. 1 — Eliot Spitzer ended 12 years of Republican rule here on Monday with a blunt critique of the past and a call to “end the politics of cynicism and division in our state.”

With his predecessor, George E. Pataki, gamely looking on, Governor Spitzer said in his 20-minute inaugural address that New York, “like Rip Van Winkle,” had “slept through much of the past decade.” He pledged to undertake reforms “substantial in size and historic in scope” and hinted at some of the contentious battles to come, including his plans to reshape state Medicaid and ethics policies.

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The speech was the beginning salvo in what many see as a gargantuan challenge Mr. Spitzer has set out for himself — to overhaul a state government paralyzed by gridlock and consumed by recurring scandals.

Yet Mr. Spitzer's work began hours before the speech: He signed five executive orders before 9 a.m., including directives establishing new ethical guidelines for state workers, among them a ban on accepting almost any gifts, as well as new restrictions on lobbying and the use of state resources. He also barred elected officials or candidates from appearing in advertisements paid for by state entities, a frequent practice of Mr. Pataki.

In his speech, Mr. Spitzer, 47, laid out what he said were "two overarching objectives": making the government "ethical and wise," and rebuilding the economy. He has said that addressing the struggling upstate economy would be a particular priority, but acknowledged the difficulty in reviving regions like the Buffalo area that have seen an exodus of manufacturing jobs.

The speech capped a whirlwind day in which the new governor took the official oath of office at midnight and, after sleeping about three hours, arose for a two-mile run through a chilly Albany rain. The rain stopped before the inauguration, though temperatures stayed in the 40s. After his 1 p.m. address, he revived an Albany tradition by opening the Executive Mansion to the public, and he and his wife, Silda Wall Spitzer, received 1,200 well-wishers. The inaugural speech was itself a break with tradition in that it was held outdoors, with Mr. Spitzer clad in a suit but no overcoat for the hourlong ceremony.

The change of leadership seemed to electrify a capital that has had Mr. Pataki as its governor for the last 12 years. Democrats were elated at the prospect of being at the seat of power for the first time since Mario M. Cuomo was voted out of office in 1994, while Republicans feared that Mr. Spitzer's ascension could weaken their already tenuous hold on the State Senate, their only redoubt of power. Lobbyists, gathering for the legislative session that begins this week, worried about how the new power structure would affect their work.

Hovering over the inauguration was the fallout from the ethical scandals that have enveloped Albany. Only three of the four statewide officials elected in November took their oaths, because the comptroller, Alan G. Hevesi, resigned late last month and pleaded guilty to a felony after admitting to using state workers to chauffeur and act as companions for his ailing wife.

One of Mr. Spitzer's executive orders, prohibiting the use of state property, including vehicles, computers and telephones, for nonofficial business, seemed aimed at curbing such behavior. The order said that individuals authorized by their agency to use a vehicle for personal purposes "shall keep records of such use, and the value of such personal use shall be calculated and reported as personal income."

In his address, Mr. Spitzer said, "Over the last decade, we have seen what can happen when our government stands still in the face of great challenge."

"Today is the day when all of that changes," he added.

His pointed attacks on Albany's problems ruffled some Republican feathers.

Asked about the Rip Van Winkle line specifically, the Senate majority leader, Joseph L. Bruno, now the state's top Republican, said, "I don't agree with that."

"I think history will judge the last 12 years, with this governor that's exiting, to have been one of the most productive 12 years for the people of New York State," he said. "And history will judge that — not rhetoric."

Mr. Bruno and Assembly Speaker Sheldon Silver, a Democrat, have essentially been running the state with Mr. Pataki for the last decade. Mr. Silver, for his part, said he took no offense, adding, "I think it was very clear that his references were to the prior administration."

The new governor began the new year at the Executive Mansion, where he was sworn in at midnight by Judge Robert W. Sweet of Federal District Court in Manhattan. Mr. Spitzer was once a clerk for Judge Sweet, who also swore him in later at the public inauguration.

Most of the major political figures in the state were present at the afternoon ceremony, including Mayor Michael R. Bloomberg and much of the state's Congressional delegation. Senator Hillary Rodham Clinton was in Washington attending memorial services for former President Gerald R. Ford. After Mr. Spitzer's speech, Judy Collins sang "This Little Light of Mine," a song that had been used in one of Mr. Spitzer's political ads during the campaign.

Further symbolizing the return of Democratic rule was the swearing-in of Andrew M. Cuomo as attorney general to replace Mr. Spitzer. His father, the former governor, was by his side. David A. Paterson was sworn in as lieutenant governor, the first African-American to hold the post.

The new attorney general signaled that he, too, would begin moving to confront the ethical challenges in the capital, as Mr. Cuomo planned meetings Tuesday with the Albany Country district attorney, P. David Soares, who prosecuted Mr. Hevesi, and David Grandeau, the head of the state's Lobbying Commission.

All in all, it was a day characterized by a rush of activity in a capital where Mr. Pataki had been increasingly invisible.

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In signing his executive orders, Mr. Spitzer said he was fulfilling a promise "that one of the first acts I would take as governor, officially, was to put in place a series of ethics guidelines and strictures that would begin the process of restoring government to what it should be, which is responsive, open, transparent, available to the public.

"I am hoping that others in other branches will join me in this," he added.

Mr. Spitzer prohibited nepotism in hiring and contracting, and barred former state workers from lobbying the agency or authority where they worked for two years after their departure. State employment officials were also barred from asking job candidates about their party affiliation.

Mr. Spitzer also prohibited state workers from making contributions to the campaigns of the governor or lieutenant governor, or affiliated political action committees.

He signed the orders on a desk once used by Theodore Roosevelt, in a room of the mansion known as the History Room, which also displays a wheelchair used by Franklin D. Roosevelt.

After Mr. Spitzer finished and had answered some questions, he strode out of the room, but he and his wife quickly came back after his dogs Jesse, a bichon frisé, and James, a wheaten terrier, bolted in and began barking at reporters, one of several appearances the dogs made throughout the day.

In his inaugural address, attempting to outline his political philosophy, Mr. Spitzer called for New York to "embrace a progressive vision of government once more, one that upholds the values of individuality and community; of entrepreneurship and opportunity; of responsibility and fairness."

"No one any longer believes in government as a heavy hand that can cure all our ills," he said, "but rather we see it as a lean and responsive force that can make possible the pursuit of prosperity and opportunity for all, by softening life's blows, leveling its playing field and making possible the pursuit of happiness that is our God-given right."

Inaugural Options: To Go Populist Or Plush? (WSJ)

By Christopher Cooper

The Wall Street Journal, January 2, 2007

Chevron Corp. maxed out on its permissible yearly political contributions to California Gov. Arnold Schwarzenegger's re-election campaign with a single donation of $22,300 early in 2006.

But that didn't stop the big oil company from chipping in $50,000 to be a "Gold Sponsor" of the governor's inaugural celebration. The contribution, one of the five largest that the inaugural committee received, gives Chevron officials access to the Republican governor at two events for sponsors and an invitation-only black-tie ball.

IN SUMMARY

· The Situation: Some governors fund inaugural festivities with money raised outside campaign-finance restrictions.

· What It Means: Events are often bankrolled by the same people and groups that finance political campaigns.

· What's at Stake: Unregulated donations may increase special interests' access to and influence on elected officials.

Thirty-six states elected governors in 2006 -- victories that will be celebrated this month with parties ranging from modest to star-studded. Several will cost $1 million or more. Many inaugural events will be exclusive affairs, paid for by nonprofit committees that aren't subject to state campaign-donation limits or reporting requirements designed to contain influence on elected officials. In essence, they are parties bankrolled by private groups that often solicit donations from the same people and entities that fund the campaigns.

In California, Chevron's sponsorship comes as the Schwarzenegger administration is promulgating rules to regulate greenhouse gases and weighing an ambitious alternative-energy package -- two issues with big implications for Chevron's bottom line. But the San Ramon, Calif., company doesn't consider the inaugural gift a political contribution, a spokesman says. Indeed, such a large contribution would be illegal under California's campaign-finance laws.

In a few cases, such unregulated fund-raising has caused headaches for new governors, many of whom were elected on reform or populist platforms. In Florida, governor-elect Charlie Crist, a Republican, canceled plans for a donors' ball when he was cited in the media for his no-limits donations drive. "A glitzy black-tie gig didn't sound right to me," Mr. Crist says. With state residents facing an insurance crisis and spiraling property-tax increases, he says, scaling back "is the right thing to do."

Mr. Crist, who initially received several large donations for his inaugural, including $100,000 from a longtime friend, returned much of that money and imposed a $10,000 limit on contributions -- still a hefty sum beyond the means of most private citizens. But even that didn't stop one Florida corporation from skirting at least the intent of Mr. Crist's directive. Closely held U.S. Sugar Corp., which had $40,000 of its $50,000 donation returned, re-topped the inaugural kitty by contributing $20,000 more through a pair of wholly owned subsidiaries. A spokeswoman for Mr. Crist says the extra donations were permitted because such contributions would be allowed under Florida's campaign-finance law.

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Mr. Crist says donors shouldn't expect anything special from him. "A thank-you note and good government," he says. "They'll be disappointed if they're expecting anything else."

In Arkansas, governor-elect Mike Beebe, a Democrat, is walking a fine line between populism and exclusivity. Corporate sponsorships for inauguration festivities range between $2,000 and $25,000 -- and Mr. Beebe promises to list every sponsor in the event program. In addition, he plans a series of public events held under the banner of the state's Democratic Party, with ticket prices ranging from $25 to $100. Money left over after costs are covered will be turned over to the party.

But in Massachusetts, incoming Democratic Gov. Deval Patrick has drawn criticism for planning a sprawling inaugural celebration that includes seven statewide events culminating in a outdoor swearing-in ceremony in downtown Boston on Thursday. Financing for the event is being handled by the Patrick/Murray Inauguration Committee, which allows donations of as much as $50,000. Local newspapers and good-government organizations have faulted the governor-elect for allowing such large donations, declining to disclose contributors, and choosing fund-raisers with ties to state contracting.

Mr. Patrick has said he won't accept donations from gun makers, tobacco interests, casino operators and contractors connected to the troubled "Big Dig" tunnel project in Boston. But as the Boston Globe recently reported, much of the fund-raising for the events is being conducted by lobbyists whose clients include Big Dig contractors and others who do business with the state.

A spokeswoman for Mr. Patrick, Cindi Roy, says the governor-elect makes a distinction between those who are raising money and donors who may have business before the state, and is striving to raise at least half the money from ordinary citizens. She says Mr. Patrick intends to disclose the donors, though probably not until after the inaugural. "He has pledged to run this government in an open and transparent way, and that means the inauguration, too," Ms. Roy says.

In some states, leftover campaign funds help to pay for inauguration parties. Mr. Patrick considered but rejected that method. Campaign contributors "shouldn't be asked to fund a celebration that they should have the right to participate in," Ms. Roy says.

New York's incoming Democratic governor, Eliot Spitzer, decided that using leftover campaign money for his Jan. 1 inaugural in Albany would avoid controversy. The multievent celebration, estimated to cost about $1.5 million, included an oath-taking in Albany and an open-house at the governor's mansion but no private events.

Mr. Spitzer decided early on that raising money outside New York's campaign-finance laws was a bad idea, his spokeswoman says. "By avoiding inaugural fund-raising, we remove any perception that donations were made to curry favor with the incoming administration," spokeswoman Christine Anderson said via email. By using campaign money, "it will all be reported on our next [campaign disclosure], meaning the public/press can see every dollar spent."

During his campaign, Mr. Spitzer -- New York's former attorney general -- returned checks from 93 contributors who offered a total of $250,368. Many came from companies and individuals who have tangled with his office in the past, are under criminal investigation or are presumed to be connected to a continuing probe, state records showed.

In California, only one of Mr. Schwarzenegger's six inaugural events will be free and open to the public. While the governor isn't required to disclose inaugural sponsors, his office did so voluntarily. "Gold" and "silver" tiers include 31 individuals and companies that contributed at least $15,000 each. The administration has no plans to provide a full breakout of donations, but says it has raised at least $640,000 so far.

Spokesman Adam Mendelsohn says no sponsor should expect special consideration. "The governor makes decisions based on what's in the best interest of the people," he says.

States Swift To Warn Mortgage Lenders (WP)

By Kirstin Downey

The Washington Post, January 2, 2007

Nineteen states and the District of Columbia have moved quickly to warn state-regulated lenders about the hazards to consumers from nontraditional mortgages.

Tens of thousands of state-licensed lenders and mortgage brokers are affected by the advisories, also known as a "guidance." Such loans include interest-only mortgages and other arrangements where the borrower cuts monthly costs by paying back less than full interest and principal.

The states are following closely behind federal banking regulators, who issued a sternly worded advisory in late September to the lenders they supervise, telling them they should not make these loans to borrowers who may be unable to repay them. Within 24 hours of the federal guidance's release, six states had issued similar warnings to their own lenders, a notable flurry of activity in a field known for its slow-moving bureaucracies.

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"They were ready for this; they wanted it," said Mike Stevens, senior vice president for regulatory affairs at the Conference of State Bank Supervisors, who said it was the fastest state-by-state regulatory rollout he had ever seen. "We had a national need to do this."

In the District, the guidance covers about 1,200 licensed mortgage brokers and lenders. It was adopted Dec. 5.

"We see a need to protect consumers who were not too savvy," said Lily Qi, a spokeswoman for the D.C. Department of Insurance, Securities and Banking. "They didn't understand what they signed when they signed on the bottom line. Some companies can be very aggressive in their marketing, and it can be misleading."

Officials in Maryland and Virginia are considering introducing the new lending guidelines.

Edward Joseph Face, Virginia's commissioner of financial institutions, said he was hopeful the state corporation commission would decide on some version of it within the next month. In Virginia, such a guidance would affect about 2,800 mortgage lenders and brokers.

"I don't think we've ever seen this many adjustable interest-only loans on the books in all of history," Face said. "I am concerned. . . . There are so many out there, and when the rates start adjusting, it's not clear that borrowers will have prepared themselves."

Nontraditional loans, also known as exotic mortgages and which were once marketed to the wealthy as a cash-management tool, have expanded to the mass market because they allow borrowers to pay only the interest on a loan, or a partial monthly payment, without paying down the principal. In 2003, just 10.6 percent of new loans tracked by First American LoanPerformance, a San Francisco-based real estate information service, were nontraditional mortgages, but during the first nine months of 2006, about 34.1 percent of all borrowers used these loans to buy or refinance homes. In the Washington area, where housing prices have skyrocketed in the past five years, about 47.7 percent of loans originated in 2006 were nontraditional, compared with 10.7 percent in 2003.

These loans became popular because they let borrowers stretch to afford homes. The concern is that some borrowers may not fully understand they face payment "resets," or upward adjustments after a set period, often three to five years.

Regulators have noted that many consumers are unaware that their payments could double or even triple when they reset. At a recent Consumer Bankers Association conference, some lenders marketing fixed-rate loans to borrowers with nontraditional mortgages said that 30 to 50 percent of the borrowers seemed unaware of the resets looming.

Many economists now say the surge in these loans contributed to the real estate boom of the last few years. Regions that had the highest rates of nontraditional lending were also those areas where housing prices rose most quickly.

Regulators and consumer activists also say these loans increase the risk of foreclosure, particularly if monthly payments jump at a time when home prices are stagnant, making it more difficult to sell homes or refinance into other loans.

The Conference of State Bank Supervisors put out a model set of guidelines based on the federal guidance. It spells out that lenders must take into account whether borrowers will be able to afford to pay when the loans reset and must explain the loans more explicitly.

The warnings vary by state, as does the universe of mortgage lenders covered by each state. Some state regulators have proposed the guidance but are awaiting final approval. The federal guidance covers institutions that have federal deposit insurance; these state warnings will encompass lenders who do not also accept deposits. In Kentucky, the guidance covers about 525 enterprises, including mortgage brokers and lenders; in Indiana, it covers 350 licensed second-mortgage brokers; in Connecticut, it covers more than 3,800 licensed mortgage companies; in Iowa, it covers 342 state-chartered banks, 110 loan companies and 737 mortgage brokers or lenders.

Many federally supervised lenders opposed the federal government's decision to issue a guidance on nontraditional lending, saying that they thought it was overly prescriptive and that restrictions might block consumers from receiving loans. They also expressed concerns that they would be subject to federal restrictions while state-regulated lenders would be unaffected.

"The idea is to get as much consistency as possible out there for all the players," said Mark Tarpey, division supervisor for consumer credit for the Indiana Department of Financial Institutions.

Charity Pledges Smash All US Records (FT)

By Rebecca Knight In Boston

Financial Times, January 2, 2007

Warren Buffett's historic $31bn (€23.5bn) donation to the Gates Foundation made 2006 a banner year for US charitable giving, smashing previous records by a huge margin.

According to figures from the Chronicle of Philanthropy, the top 15 charitable gifts and pledges in the US weighed in at $35bn. By contrast, the largest 15 gifts of 2005 and 2004 totalled $2bn and $4.4bn respectively, according to the Chronicle, which has compiled an annual list of the largest announced gifts and pledges by individuals since 1997.

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Mr Buffett accounted for the overwhelming bulk of that sum with his $31bn pledge to the Bill and Melinda Gates Foundation. Mr Buffett's gift – which will help the foundation pursue its goal of curing the world's 20 leading fatal diseases – is the biggest charitable donation in history.

But even without Mr Buffett's largesse, it was an exceptional year for philanthropy with a record number of gifts of more than $100m. This year there were 14 gifts of $100m or more. In 1998 – the year that came closest to that number – there were 12, and last year, 10 donations of that size were made. "It's not just the Bill Gates and the Warren Buffetts of the world who are giving; it's a lot of different people," said Stacy Palmer, Chronicle editor.

People who made money in real estate and financial services dominate this year's list. The second and third largest gifts were by donors who profited from the sale of Golden West Financial Corporation to the Wachovia Corporation.

Herbert and Marion Sandler, co-chief executive officers of Golden West Financial Corporation, gave $1.3bn to their family foundation, which supports basic science research at the University of San Francisco. Bernard Osher, co-founder of Golden West Financial Corporation, gave $723.2m to his eponymous foundation that awards scholarships and grants to students in California's San Francisco and Alameda Counties and the State of Maine.

Fourth on the list was Jim Joseph, a California real estate developer, who left a $500m bequest to his foundation that provides educational programmes for Jewish youth; and fifth was David Rockefeller, retired chairman of Chase Manhattan Bank, who gave $225m to the foundation he and his brothers formed.

Nine of the biggest gifts this year went to foundations.

Four of the largest went to universities. Philip Knight, chairman of Nike, pledged $105m to his alma mater, Stanford University Graduate School of Business, for a new management centre campus and Ronald Stanton, chairman of Transammonia, pledged $100m to Yeshiva University in New York.

Something To Tide You Over (NYT)

The New York Times, January 2, 2007

As a Jewish woman, Alexandra Ovsyannikova faced daily hurdles and prejudice in her native Uzbekistan. In 1999, she was granted refugee status and came to America to join her daughter. After the minimum five-year waiting period, Ms. Ovsyannikova applied to become a citizen. She passed her test and was told she would be mailed an invitation to take the oath of citizenship. Months passed, but no letter came.

Ms. Ovsyannikova wrote to several New York City and state representatives. "I am such a small person," she said through a translator, pulling out a chubby stack of envelopes, "but they wrote letters [back] to me!" She also filed a lawsuit to speed up the process.

Ms. Ovsyannikova is an older woman with numerous health problems. She depends on Social Security to get by. While she waited for months, her benefits expired and she fell behind on her bills and rent. The UJA-Federation of New York, a beneficiary of The New York Times Neediest Cases Fund, worked with the Marks Jewish Community House of Bensonhurst to help Ms. Ovsyannikova with clothing and food.

Finally, after a year of waiting, her invitation came. She is now an American citizen.

All the money you donate to The Neediest Cases Fund goes to one of seven charities: the Children's Aid Society; the Brooklyn Bureau of Community Service; Catholic Charities of the Archdiocese of New York; Catholic Charities, Diocese of Brooklyn and Queens; the Community Service Society of New York; the Federation of Protestant Welfare Agencies; and the UJA-Federation of New York.

To donate, please send your checks to The New York Times Neediest Cases Fund, 4 Chase Metrotech Center, 7th Floor East, Lockbox 5193, Brooklyn, N.Y. 11245. You may also call (800) 381-0075 and use a credit card, or you may donate online at

Study: New Drug May Help Reduce HIV (LAT)

By James Ricci

The Los Angeles Times, January 2, 2007

2006 was destined to be the year Warren Ratcliffe lost his desperate race to survive AIDS, and the year Mark McClelland appeared, finally, poised to win his.

The two Bay Area men were among an estimated 40,000 Americans whose illness could not be controlled by modern HIV drugs because they'd developed a bedeviling resistance to them. Known as "salvage therapy" patients, they had only one hope: that a complicated and ever-changing witch's brew of existing medications, aimed at stalling the famously mutational virus, would keep them alive long enough for entirely new drugs to arrive via the pharmaceutical research pipeline.

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In 2006 just such a drug — one that some researchers are calling "truly phenomenal" — did come along, in time, doctors hope, to save the 45-year-old McClelland but too late for Ratcliffe, who was overtaken by AIDS-related cancer and died April 27 at age 58.

The new drug, called an integrase inhibitor, was a highlight of the summer's annual international AIDS conference in Toronto. Newly published clinical studies showed that it, in combination with two existing drugs, reduced the virus to undetectable levels in nearly 100% of HIV patients taking a regimen for the first time.

It had a similar effect on the virus in up to 72% of salvage therapy patients.

"They tested it on some people who were in deep, deep salvage therapy, and even those people did remarkably well," said Dr. Steven Deeks, a UC-San Francisco salvage therapy authority who treated Ratcliffe and still treats McClelland. "It seems to be a truly phenomenal drug that everyone is sort of a little bit in awe of right now and is changing the whole way we think about the management of these patients."

The drug essentially prevents the virus from integrating its DNA with that of a host's cells, thus short-circuiting its ability to replicate itself.

Mark McClelland had several friends in salvage therapy who were part of the integrase inhibitor studies. "They all did extremely well," he said.

The knowledge of how they fared was immensely encouraging to him. And his own recent negative experience propelled him in the same direction. In October, he came down with a fungal infection that took advantage of his lowered immune defenses. "It was semi-serious but treatable," he said. "Getting sick hit me emotionally, however. I was just coasting along, and it was an opportunistic infection, and I hadn't had one of those in 11 years, and that was tough and gave me some renewed determination."

What was more, McClelland's count of infection fighting T-cells, a principal indicator of immune system compromise, hit zero. "It wasn't too different from four, which I've hit before, but there's something about hitting zero that was a little upsetting."

Warren Ratcliffe could not be included in the clinical studies of the integrase inhibitor. Kaposi's sarcoma, the early AIDS epidemic's portentous and deadly calling card was overwhelming him. "Warren really couldn't qualify for the drug because his Kaposi's was progressing, and because he had pretty significant side effects from the chemotherapy," Deeks said. "Mark is doing well, however, and I'm trying to get him on the integrase inhibitor right now. We're trying to get as many people in our research cohort as possible on this."

The new drug is on track for FDA approval by mid-2007, but its manufacturer, Merck & Co., is making it available sooner to patients in desperate straits.

Ratcliffe and McClelland were featured last January in a Times article about their unlucky subgroup and the obscure corner of AIDS treatment it occupies.

Like most others in their category, they had the misfortune of being diagnosed with HIV when single-drug treatment, called monotherapy, was the only help available. With monotherapy, the virus had to mutate past only one drug, which made a patient resistant to that medication and all others of its type.

Multi-drug therapy, which became available a decade ago, usually presents HIV with too many obstacles for it to mutate past. It became the gold standard of treatment, suppressing the virus and allowing patients to live normal lives.

The multi-drug "cocktail" failed to work for monotherapy veterans like Ratcliffe and McClelland because in them, the virus had already become resistant to one of its components and was more likely to resist other drugs in the mix, as well.

Ratcliffe's deterioration and death having come just as a potentially saving drug was becoming available has inflicted an added measure of pain on Alex Kazan, his domestic partner of 10 years and friend of 25. "Watching him go was pretty difficult, because he was such a wonderful, caring person," Kazan said. "You wonder why he couldn't have been spared. I thought I'd grow old with him, but he just didn't hit the right part of the wave, I guess."

Suffering from effects of the disease and the toxicity of the pharmacist's catalog of medications he took over the years was a constant theme in Ratcliffe's life. It, too, had a special poignancy for the 55-year-old Kazan, himself a veteran of monotherapy, albeit one whom multi-drug therapy has kept in good heath.

"I guess there was always a little bit of guilt that I was doing better than he was," he said. "But he was always excited about me doing better. He probably wouldn't have gone through all the heroics, in terms of all the therapies, if it wasn't for me. He took care of me. He fought so hard and rarely complained."

In late March, his once-fit body reduced to boniness by chemotherapy, Ratcliff admitted himself to a hospital because of a persistent, intense headache. Over the next month, infections appeared in his brain and, knowing the end was near, he decided to die at home.

"They thought he'd make it another eight or nine weeks, but he made it only five days," Kazan recalled.

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At a memorial service held July 15, the day before Ratcliffe would have turned 59, the 150 people in attendance heard the Mississippi native and Navy veteran of the Vietnam War memorialized as a homebody, a perfectionist, an expert cook and gardener, a man who looked after elderly friends, remained close to his four siblings and was especially kind to children.

"Before he died, he sat down his goddaughter, and other kids he knew, and told them that after he was gone, they had to go on living," Kazan said. "And he sat me down, too, and said that I had to go on. I'm not sure I have. Not yet."

It is in the hope of preventing further such loss that Deeks and other researchers have such profound interest in the new AIDS drug, especially in combination with other new drugs they hope to have available by the end of this year.

His recent infection convinced McClelland that he has to begin taking the new integrase inhibitor — probably in combination with two other new drugs — sooner rather than later, probably beginning in February. He's had promising medicine regimes before, and all of them ended up disappointments, "but this seems to be so much better than anything that's come before," he said.

"It could be the Holy Grail or just give me the next five years, which would be fine with me."

For surviving salvage therapy patients like McClelland, Deeks said, "2007 may change everything. We're shooting for lifelong undetectable viral loads, and once we achieve that, the immune system rebuilds itself. That's what we're shooting for with Mark, and everyone like him."

Fairness For Lewinsky (WP)

By Richard Cohen

The Washington Post, January 2, 2007

In the various books I've read about the Bill Clinton impeachment scandal -- a scandal because of what was done and a scandal because the president was impeached for it -- the same story is told over and over again. When the prosecutors or lawyers or whoever finally got to meet the storied Monica Lewinsky, they were floored by her. She was smart, personable and -- as the record makes clear -- dignified. This is more than can be said about some of the people who write about her.

I will not name names. But in recent days, Lewinsky has been back in the news. In December she graduated with a master's degree in social psychology from the London School of Economics. Her thesis was titled "In Search of the Impartial Juror: An Exploration of the Third Person Effect and Pre-Trial Publicity." Her thesis might well have been called "In Search of the Impartial Journalist," because she was immediately the subject of more poke-in-the-ribs stories about you know what. The Post, a better paper than it was that day, called her "dumb-but-smart." It was more than could be said for that piece.

It does not take a Freudian to appreciate why Lewinsky chose the topic she did. She is a victim of publicity, and her life has been a trial -- enough to floor almost anyone. But in Lewinsky's case, she took a bad situation and made something good of it. That hardly makes her "dumb-but-smart," but rather once young -- and now older and incomparably wiser. An approximation of this befalls us all, but before we got to become wise and prudent in all things we were probably irresponsible, outrageous and wild -- in other words, young.

Fortunately for me -- and probably this applies to you as well -- my outrageous deeds are known to only a few, and some of those people, after a lifetime of bad marriages and poor investments, have probably forgotten them. In Lewinsky's case, her youthful indiscretion has been forgotten by no one. On the contrary, it's recorded for the ages, in House and Senate proceedings, in the files of the creepy special prosecutor, in the databases of newspapers, in presidential histories and the musty joke files of second-rate comics.

She is a branded woman, not an adulterer but something even worse -- a girl toy, a trivial thing, a punch line. Yet she did what so many women at that age would do. She seduced (or so she thought) an older man. She fantasized that he would leave his wife for her. Here was her crime: She was a girl besotted. It happens even to Republicans.

But she is now a woman with a master's degree from a prestigious school and is going to be 34 come July. Her clock ticks, her life ebbs. Where is the man for her? Where is the guy brave enough, strong enough, admirable enough to take her as his wife, to suffer the slings and arrows of her outrageous fortune -- to say to the world (for it would be the entire world) that he loves this woman who will always be an asterisk in American history. I hope there is such a guy out there. It would be nice. It would be fair.

It would be nice, too, and fair, also, if Lewinsky were treated by the media as it would treat a man. What's astounding is the level of sexism applied to her, as if the wave of the women's movement broke over a new generation of journalists and not a drop fell on any of them. Where, pray tell, is the man who is remembered just for sex? Where is the guy who is the constant joke for something he did in his sexually wanton youth? Maybe here and there some preacher, but in those cases the real subject matter is not sex but hypocrisy. Other than those, no names come to mind.

This is the year 2007, brand new and full of promise. It would be nice if my colleagues in the media would resolve to treat Monica Lewinsky as a lady, to think of her as they would themselves, to remember their own youth and the things they did and to

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understand that from this day forward anyone who takes a cheap shot at Lewinsky has a moral and professional obligation to look in the mirror. To proceed otherwise is to miss the joke entirely. No longer is it Monica Lewinsky. It is now the people who write about her.

Ready For Its Checkup (LAT)

The Los Angeles Times, January 2, 2007

GOV. ARNOLD Schwarzenegger has set the bar so high in promising healthcare reform that it's tempting to suspect that he broke his leg on purpose, just for the photo-op in his hospital bed to drive home the high costs of healthcare. Upon reelection eight weeks ago, the governor vowed to cut the number of California's uninsured in half. Since then, he has refused to retrench, hinting instead at plans to cover pretty much everyone in the state.

Schwarzenegger is right in noting that the current system needs improvement. Six million Californians are uninsured. Many of them want coverage but can't get it — because they can't afford it, don't know where to find it or are ineligible for it. Everyone ends up paying for them because they seek treatment in emergency rooms, adding to the state's budget burden or to an estimated 10% "hidden tax" added to the insurance premiums of those who do have coverage.

Meanwhile, the health problems of the uninsured become everyone's in the form of communicable diseases and lost productivity. Some of the uninsured are healthy and simply choose not to spend their money on insurance. But everyone pays for their care when they get injured or fall ill.

In working through the options, Schwarzenegger would be wise to steer clear of new mandates on employers to provide health insurance for workers and their families. Voluntary employer-provided insurance is the most successful current way to distribute healthcare. But employer mandates would fail to reach many of the targeted uninsured, who are at best only marginally and transiently employed.

Other options are more intriguing. If every Californian were required to carry health insurance, either through work, the open market or (for those who need assistance) a government-subsidized program, patients would have an incentive to seek less costly preventive care. But insurance alone is not healthcare, and individual mandates can't by themselves stem costs.

Other solutions appear too utopian. A plan that provides healthcare to everyone in the state would be spectacularly costly. But so is having 6 million people without health insurance. And although it may cost more in the long run to leave illegal immigrants uninsured, insuring them would be an ambitious undertaking.

No health plan will be perfect because no health plan can simultaneously control costs, harness the power of the market and guarantee top-level treatment for everyone in the state. In the end, the cure for California's health problems probably should be found in Washington. But for the moment, the states are producing the most interesting and sweeping healthcare plans, and California can lead the way. Schwarzenegger deserves credit for taking on the issue. We hope he won't take it the wrong way when we offer this hope for the unveiling of his proposal next week in his State of the State address:

Break a leg.

Welcome, Mr. Mayor (WP)

The Washington Post, January 2, 2007

ADRIAN M. FENTY will be sworn in today as the District's fifth mayor on a wave of hope and optimism so high even his closest advisers wonder how long it can last. Much depends on whether Mr. Fenty (D) is as adept at governing as he was at campaigning. The brash young politician who won the city's unquestionable support now must make good on his promises of progress.

It is encouraging that Mr. Fenty has demonstrated sound judgment in the months since his victory in the September primary all but guaranteed his election. Foremost has been his selection of able, experienced people to the top jobs in his administration. It's to his credit that he didn't wait for his victory in the general election to announce that he would reappoint Natwar M. Gandhi as the District's chief financial officer, thus reassuring a jittery business community that a change in the city's political leadership won't mean a relapse into fiscal irresponsibility. Likewise, Mr. Fenty's artful recruitment of the very able Dan Tangherlini to serve as city administrator underscores his seriousness about improving the day-to-day performance of city agencies.

It is too soon to judge Mr. Fenty's other appointees, many of whom are interim holdovers from the administration of outgoing Mayor Anthony A. Williams (D). Mr. Fenty made a campaign promise to bring in fresh blood, but his cautious approach makes sense given the complexity of D.C. government and the big learning curve he faces. Nonetheless, Mr. Fenty would do well to make a priority of putting a permanent team in place.

After all, many bedeviling issues require action. Some projects started in the Williams administration -- from the construction of the baseball stadium to fixing the libraries to building new housing communities -- need to be completed. Costly

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problems such as the city's shortfall in Medicaid reimbursements have persisted too long without remedy. And far too many people who live on the margins -- from the mentally retarded to the homeless -- have been given short shrift and shouldn't have to wait any longer for government help.

Yet Mr. Fenty's biggest challenge -- the one that carries the most political peril for him and the greatest consequence for the city -- is tackling the abysmal state of the public schools. Despite some of the highest per-pupil school spending in the country, too many D.C students lack the basic skills critical for success, and too many school buildings are in awful shape. The result is a system that is being abandoned by parents who have the wherewithal to get their children into charter or private schools. Mr. Fenty is correct in his belief that the city will never truly prosper if its schools remain broken, and his resolve to do something about them should be applauded. But it's vital that he proceed carefully, mindful that even if he succeeds where his predecessor failed in a mayoral takeover of schools, reformed governance is no panacea for the educational ills of a dysfunctional system.

Mr. Fenty commissioned an outside consultant to assess what has been successful in other public school systems, and that could be a useful guide as he works with the D.C. Council on reform. Incoming council Chairman Vincent C. Gray (D) is reorganizing the committee system so education becomes the responsibility for all council members meeting as a committee of the whole. It's a welcome move that highlights education as a priority.

The best chance of winning approval for any school improvement plan is likely to come in the honeymoon days of Mr. Fenty's administration, but he must not seek a political victory at the expense of developing a plan that actually has a chance of working. Mr. Fenty, in running for office, appealed to voters' impatience for change. Now, as mayor, he'll need patience to achieve it.

West Tries A New Tack To Block Iran's Nuclear Agenda (NYT)

By Helene Cooper And Steven R. Weisman

The New York Times, January 2, 2007

WASHINGTON, Jan. 1 — The United States and its allies in Europe, in a tacit acknowledgment that sanctions imposed by the United Nations Security Council in late December are too weak to force Iran to abandon its nuclear ambitions, have embarked on a new strategy to increase the financial and psychological pressure.

The plan is to use the language of the resolution to help persuade foreign governments and financial institutions to cut ties with Iranian businesses, individuals in its nuclear and missile programs and, by extension, the Iranian Revolutionary Guard Corps, said Stuart Levey, under secretary of the treasury for terrorism and financial intelligence.

The Guard and its military wing are identified as a power base for President Mahmoud Ahmadinejad.

Under his administration, American officials said, the Guard has moved increasingly into commercial operations, earning profits and extending its influence in Iran in areas involving big government contracts — including building airports and other infrastructure, oil production and the providing of cellphones.

Bush administration officials, who asked not to be identified because they were discussing diplomatic plans, said envoys would soon head abroad to press officials of foreign governments and banks to interpret the Security Council resolution equally aggressively.

The new strategy builds on the Treasury Department's efforts over the past few months to get Western banks to scale back business with Iran or risk running afoul of American laws. In 2006, the European banks Credit Suisse First Boston and UBS said they would not do any new business with Iran.

It is hard to assess how deeply the financial actions may cut, since the most willing parties to the effort — the United States and Europe — have few business dealings with Iran. The United States does have laws that give it considerable leeway to impose financial restrictions on banks and companies doing business in Iran, while European law does not.

That said, Britain is also backing the new push, as is France, although to a lesser extent. Germany, with far more business interests in Iran, is not quite as eager. Japan is not a member of the Security Council, and the country is heavily dependent on the Persian Gulf for oil. But Japanese government officials have recently indicated their willingness to limit some of their business dealings with Iran.

Last month, the Japan Bank for International Cooperation announced that it would not issue any new loans for Iranian projects until Iran resolved the nuclear impasse with the West. In addition, Japan has reduced its stake in an initial $2 billion deal to develop Iran's largest onshore oil field at Azadegan to 10 percent from the originally agreed 75 percent, citing concern about Iran's nuclear program.

While United States officials have discussed what they are trying to do with their Russian and Chinese counterparts, the belief is that they have gone about as far as they are willing to go with the Security Council resolution that passed Dec. 23. Russia fought to keep certain entities off the list and to keep the list as narrow as possible.

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Mr. Levey noted that the resolution cited three people as off limits to outside commercial transactions, and, in another section, prohibited transactions with agencies "owned or controlled" by them. The three, he said, are Maj. Gen. Yahya Rahim Safavi, commander of the Iranian Revolutionary Guard Corps; Gen. Hosein Salimi, who is in charge of the air force branch of the corps; and Ahmad Vahid Dastjerdi, who runs the Aerospace Industries Organization.

Thus, an effort to bar future foreign commercial or government involvement, including bank transactions, affecting missile programs and the Iranian Revolutionary Guard is authorized by the resolution, Mr. Levey said.

"This resolution will be a big step forward in getting governments and financial institutions to pay more attention to Iran's use of deceptive financial practices to facilitate its dangerous conduct and to stop doing business with the I.R.G.C.," Mr. Levey said, referring to the Revolutionary Guard.

The resolution says that "all states" will "take the necessary measures" to bar "financial assistance" and "financial resources or services" related to nuclear and ballistic missile programs. The resolution's appendix cites several government and private groups and 12 people as involved in those programs; interrupting foreign involvement with those groups and individuals is also part of the new campaign.

But American officials have no figures on the value of international business done with those cited in the resolution.

The United States and European officials said they had also begun trying maneuvers aimed at undermining the self-assurance of Iranian officials, especially those who travel abroad.

The recent arrests of four Iranian diplomats by American troops in Iraq, the officials said, played into that strategy. Pentagon officials said the Iranians were suspected of transferring improvised explosive devices from Iran to Iraq. Iran complained loudly that the men were diplomats and that their arrest violated accepted diplomatic rules. The diplomats, two of whom American officials said were probably members of the Revolutionary Guard, were eventually released.

But their arrests are "precisely the type of thing that will chip away at their confidence," one European official said. Most of the Western officials spoke on the condition of anonymity because they were not authorized to speak publicly about the issue.

Even before the new effort began, the slowdown in international business was already emerging as a problem for Iran, which has vast oil fields but relatively little refining capacity. It imports 43 percent of its gasoline, according to the Institute for the Analysis of Global Security, a Washington-based nonprofit group that follows energy issues.

In a rare acknowledgment of difficulty, the Iranian oil minister, Kazem Vaziri-Hamaneh, told the ministry's news agency, Shana, recently that Iran was encountering obstacles in financing oil projects. "Currently, overseas banks and financiers have decreased their cooperation," Mr. Vaziri-Hamaneh told the agency.

Iran is already seeking to secure gasoline imports from its allies, including Venezuela, and shifting some dependency from gasoline to natural gas.

"Definitely, the Iranian economy is suffering a great deal as a result of the economic punishment," said Gal Luft, the executive director of the Institute for the Analysis of Global Security. But he added that Mr. Ahmadinejad "is not just sitting on his hands and waiting."

The new strategy comes in part because few believe that the sanctions resolution that passed Dec. 23 has the muscle to sway Iran to abandon its nuclear ambitions, which it insists are focused on energy production, not weapons. The road to sanctions was a tortuous one, filled with wrangling between the United States, which pushed for tough measures, and Russia, which advocated weaker measures.

United States and European officials said they might still try to include tougher sanctions through the United Nations in the months ahead. But they say the West will need to use other measures as well.

Specifically, the United States will press France, Germany, Italy and other European countries to halt credits that encourage doing business in Iran. The German Ministry of Economics, in a credit program called Hermes, says on a Web site that Iran is among "risky markets, which are also growth markets," identified for such credits.

Iran Lays Down A Challenge To Arab Leaders (FT)

By Roula Khalaf, Middle East Editor

Financial Times, January 2, 2007

On a recent trip to Bahrain, a self-assured Manouchehr Mottaki, Iran's foreign minister, professed to have the answer to the Gulf's troubles.

Speaking to a largely Arab and western audience, he suggested Gulf stability was best achieved by removing American forces, well entrenched across the region, and setting up, with Tehran, a regional security alliance.

The call for more self-reliance in the Gulf has some appeal among ordinary Arabs, resentful of the US and frustrated by their own governments' over-dependence on American security.

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But official circles, in both the Gulf and the US, see his suggestions as a reflection of Iran's suspected ambition for regional superpower status.

"It's amusing," says one American official. "Iran is saying, 'Get rid of foreign forces and take us as the regional power.'"

The events of the past year have underlined Iran's growing influence in the Middle East and its determination to become a nuclear power. But they have also reinforced the perception of Shia Iran as the biggest strategic threat to Washington's Sunni allies in the Gulf, home to two-thirds of the world's oil reserves.

Tehran's regional strategy has been to back militant groups that confront Israel, positioning itself as a stronger defender of Arab and Palestinian rights than its Arab neighbours.

This approach worked remarkably well in the summer, when the Iranian-backed Hizbollah group in Lebanon stood its ground against a month-long Israeli offensive. Arab leaders who had criticised Hizbollah's kidnapping of two Israeli soldiers, the act that sparked the war, emerged from the conflict weakened while Iran was emboldened.

What now alarms the Sunni Arab regimes most, however, is that an American failure to rescue Iraq from sectarian conflict could shift the balance of power in the region even more in favour of Iran.

Arab leaders largely back the minority Sunni in Iraq. Iranian officials say they support the central Iraqi government, dominated by the Shia majority. But according to senior Iraqi officials, Tehran's strategy is more complex, and involves support for individual Shia groups, with the apparent aim of building separate links to Tehran.

Arab officials say Iran's resurgence should not be exaggerated: its pursuit of a nuclear programme will bring greater international isolation, and this carries economic costs that will gradually become more apparent. But the Arab Gulf states have yet to formulate a coherent or common approach to address the perceived Iranian challenge.

Reluctant to throw their lot even more decisively behind a weakened and seemingly confused America, most are also worried about a potential dialogue between Washington and Tehran, fearing it could affect their own interests.

Saudi Arabia has been holding its own bilateral talks with senior Iranian officials but people close to its government say little progress has been made on easing regional tensions.

In an unusually bold move the Arab Gulf states announced this month they would study the possible development of nuclear technology, insisting – as Iran does – that the purpose would be energy production, not atomic weapons. Seen as a message to Tehran, the announcement also raised concerns about proliferation in the region.

The US, for its part, has been seeking to underline that its commitment to the Gulf is unwavering, whatever happens in Iraq.

Washington has launched a security initiative designed to strengthen security and defence ties with the Arab Gulf states, while the US has increased its naval presence in the region.

But Washington's ultimate ambition to create a multi-lateral security system has received a cool response. Wary of each other, the Arab countries prefer to focus on deepening their bilateral defence ties with the US.

"The Gulf knows it needs to beef up its defences. But for the set-up that the US wants, which is to deal with the region as one institution, Gulf countries need to have a different relationship between each other," says one senior Arab official.

US officials acknowledge that some of the smaller Gulf states are also weighing their military relationship with the US against the risk of alienating Tehran.

The Bush administration has been particularly concerned about gas-rich Qatar, where the US maintains its largest military base in the region.

One US official says Washington has been seeking explanations from the Qatari government about recent decisions at the UN and the Arab League that have appeared more supportive of Iran's regional interests rather than those of the pro-western Arab states.

Arab regimes, meanwhile, have been pleading with Washington to press for progress on the Palestinian-Israeli conflict, hoping moves towards the creation of a viable Palestinian state will help tip the strategic balance in the region back in their favour.

Some Iraqi officials argue that the Arab states' best strategy to check Iran's influence is to build bridges with Iraq's Shia majority.

"The Shia in Iraq are Arabs [not Persians] and they feel the Arabs have rejected them," says an Iraqi official. "What the Arabs should do is embrace the Shia government of Iraq and try to make it a counterbalance to Iran."

Officials in Baghdad say this message, regularly relayed to Arab rulers, is only now starting to sink in.

US Unit Works Quietly To Counter Iran's Sway (BOS)

By Farah Stockman, Globe Staff

The Boston Globe, January 2, 2007

DOJ_NMG_0111168

Backs dissidents, nearby nations

WASHINGTON -- For nearly a year, a select group of US officials has been quietly coordinating actions to counter the looming threat of a nuclear-armed Iran, including increasing the military capabilities of Arab allies such as Saudi Arabia, the United Arab Emirates, and Bahrain.

The group, known as the Iran Syria Policy and Operations Group, or ISOG, is also coordinating a host of other actions, which include covert assistance to Iranian dissidents and building international outrage toward Iran by publicizing its alleged role in a 1994 terrorist attack in Argentina, according to interviews with half a dozen White House, Pentagon, and State Department officials who are involved in the group's work.

Pentagon officials involved with the group intend to ask Congress as early as February to increase funding for transfers of military hardware to allies in the Persian Gulf and to accelerate plans for joint military activities. The request, which is still being formulated, is expected to include but not be limited to more advanced-missile defense systems and early-warning radar to detect and prevent Iranian missile strikes.

"There is the perception in the Gulf that Iran is really on the rise," said Emile El-Hokayem, research fellow at the Stimpson Center, a Washington-based think tank. "Washington wants to prepare for a potential show down."

The existence of ISOG reflects an intensification of the Bush administration's planning on Iran. Syria, which has linked itself to Iran through military pacts, is a lesser focus for the group. Its workings have been so secretive that several officials in the State Department's Near Eastern Affairs bureau said they were unaware it existed.

The United States has repeatedly said its policy is not to overthrow the Iranian regime, but one former US official who attended a meeting during ISOG's initial phase eight months ago said in an interview that he got the impression that regime change was a key goal of many of the meetings' participants.

He said that some of the intelligence reports ordered by members of the group were so highly classified that they were accessible to less than a dozen people in the US government, suggesting that some of the group's activities were far from routine.

But interviews with half a dozen current White House, Pentagon, and State Department officials indicated that ISOG's aims are more modest. Several said that as much as they would like to see the regimes in Tehran and Damascus go, ongoing military activities in Iraq and Afghanistan have limited their range of options. The main goal now, they said, is Cold War style "containment" of Iran in the hopes that Iranians one day will opt to change their own government.

The officials, who spoke on the condition of anonymity because they were not authorized to speak about the topic to the press, described ISOG as an inter agency clearinghouse for ideas and strategies to roll back the influence of Iran. Senior officials of the State Department, White House, CIA, Treasury Department, and other agencies meet weekly to report their day-to-day operations.

"It's really more operational, to provide a forum for ongoing interagency group discussions on Iran and Syria, share ideas, and follow things up week after week," said Kate Starr , a National Security Council spokeswoman.

ISOG's work, which focuses on isolating and containing Iran, is consistent with the administration's refusal to reach out diplomatically to Iran and Syria, as the Iraq Study Group has recommended.

"Iran is the key to everything at the strategic level -- the biggest problem we have faced in a long time," said a senior State Department official involved in ISOG, citing Iran's negative impact on Lebanon, Israel, Iraq, Afghanistan, Israel, and the Palestinian territories. "These are all things they are doing because they sense weakness [on the part of the United States]. The best thing for us to project is strength, not 'please talk to us.' "

ISOG was modeled after the Iraq Policy and Operations Group, set up in 2004 to shepherd information and coordinate US action in Iraq. ISOG has raised eyebrows within the State Department for hiring BearingPoint -- the same Washington-based private contracting firm used by the Iraq group -- to handle its administrative work, rather than State Department employees.

Some lower level State Department officials saw the decision to outsource responsibility for scheduling meetings, record keeping, and distributing reports as an effort to circumvent the normal diplomatic machinery and provide extra secrecy for the group.

But State Department spokesman Sean McCormack said BearingPoint was hired for its experience and good work on Iraq. He said that about a dozen BearingPoint contractors work out of the Iraq Policy and Operations Group office on the sixth floor of the State Department, and that a few of them have begun working on the Iran and Syria group.

ISOG is led by a steering committee with two leading hawks on Middle East policy as chairmen: James F. Jeffrey, prinicipal deputy assistant secretary of state for Near Eastern Affairs, who once headed Iraq policy, and Elliott Abrams, deputy national security adviser for "Global Democracy Strategy." Michael Doran, a Middle East specialist at the White House, steps in when Abrams is away. Elizabeth Cheney, the vice president's daughter, who was the former deputy assistant secretary of state for Near Eastern Affairs, served as cochairwoman before she took a maternity leave earlier this year.

ISOG is made of five main "pillars," or working groups. The military group explores ways to bolster Arab defenses and create more military cooperation between the Persian Gulf states. The initiative was set into motion in May , when John Hillen, assistant secretary of state for political and military affairs, traveled to the region on his first of a series of trips to the Gulf.

In October, Hillen and Assistant Secretary of Defense Peter W. Rodman, along with National Security Council staff and others, traveled to Oman, the United Arab Emirates, and Bahrain to discuss ways to beef up the military capabilities of those countries.

US officials also conducted the first naval training exercises in the Persian Gulf designed to intercept weapons shipments to and from Iran, with participation from Bahrain, Qatar, and the United Arab Emirates.

A second working group deals with "democracy outreach," focusing on the State Department's effort to provide secret financial assistance to dissidents and reformist organizations inside Iran and Syria. It also seeks ways to use scientific exchanges and human rights conferences to learn more about what is happening inside Iran, officials said.

US financing of pro democracy activities in Iran is expected to double in 2008, according to the senior State Department official. In 2006, $85 million was allocated for such programs.

A third working group focuses on finances and the Treasury Department's efforts to beef up bilateral restrictions on money transfers to and from Iranian banks. A fourth group focuses on Iran's "special relationships" with Iraq, Lebanon, Afghanistan, and terrorist organizations. That group has closely followed Iran's alleged role in a 1994 bombing of a Jewish center in Argentina.

A fifth working group coordinates media outreach to the people of Iran, Syria, and the region.

Iran: A Brewing Battle Of Heavyweights In Tehran (NSWK)

By Maziar Bahari

Newsweek, January 2, 2007

Jan. 8, 2006 issue - Iranians are deserting the president they elected by a landslide in June 2005. Not only did university students heckle Mahmoud Ahmadinejad with chants of "Death to the dictator!" during a speech last month in Tehran, state-run TV had the temerity to report it. Some of his own supporters criticized his recent international gathering of Holocaust revisionists as harmful to Iran's national interests. And thanks to his economic flubs, Iranians are grumbling about inflation instead of reveling in an oil-boom windfall. Iranian TV reported that news, too, and when Ahmadinejad complained about the story, the network's director (a former ally) replied: "We just tell the truth." The legislature has stopped rubber-stamping the 50-year-old president's decisions, and the latest local elections cost him all but two of his allies on Tehran's 15-seat city council. The big winner: his pothole-filling, street-cleaning successor as mayor of Tehran, Mohammad Bagher Ghalibaf, 45.

Iran's next presidential vote isn't due until 2009, but Ghalibaf is already casting a shadow on Ahmadinejad's future. The main difference between the two rivals is not so much substance as style. Both men are religious conservatives with almost identical political agendas and economic programs—and both of them voice a deep mistrust of America. But where Ahmadinejad is confrontational and "showboaty," Ghalibaf is a pragmatist with a reputation for getting things done. The president spent much of his previous career as a junior bureaucrat, while the mayor's résumé lists one overachievement after another. The son of a truck driver, Ghalibaf became a Revolutionary Guards commander at 22. He earned a Ph.D. in geopolitics while training as a pilot after the Iran-Iraq War. He led the Revolutionary Guards Air Force and then the country's security forces.

As top cop he won yet more fans. In 2003 he did something virtually unheard of: he quelled a student protest without bloodshed by holding talks with student leaders and ordering his men not to use batons or guns in dispersing the crowds. He showed a rare sense of compassion in other ways, as well, OK'ing a needle-exchange program for addicts and setting up a meeting for prostitutes to discuss alternatives to their profession. He was the conservative front runner in 2005 until he reached out to moderates and lost his base. "It was interesting to see Mr. Ghalibaf become more reformist than the reformists themselves," recalls sociologist Hamidreza Jalaeipour. "In the meantime, Ahmadinejad found who were the real hard-liners and gave them a voice." For now, Ghalibaf is making sure Tehran's trash gets picked up—and doing a fine job, too—while he waits for 2009. He's not a man who makes the same mistake twice.

Palestinians Clash; Photographer Seized (WP/AP)

Associated Press

The Washington Post, January 2, 2007

GAZA CITY, Jan. 1 -- Violence erupted in the Gaza Strip on Monday, with warring Palestinian factions firing at each other and kidnapping rivals, and gunmen abducting a foreign news photographer.

The clashes in the Jabalya refugee camp near Gaza City broke a week-long pause in the violent confrontation between the radical Islamic group Hamas, which controls the government ministries, and the Fatah movement of Palestinian Authority President Mahmoud Abbas. In the past few weeks, 17 people have been killed, leading to fears of civil war.

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At least two people were wounded in the gunfire Monday, security officials said, and between three and 11 Fatah and Hamas activists were reported kidnapped.

Before sundown Monday, gunmen in Gaza City abducted a photographer with the news service Agence France-Presse, which identified him as Jaime Razuri, 50, of Peru. An AFP reporter said the photographer was returning from an assignment in Gaza and was abducted at gunpoint as he got out of his car with his driver.

Palestinian security officials said Razuri was standing at an intersection when about five masked men approached him, pushed him into a car and sped away.

Israel Begins Promised Easing Of West Bank Controls (AFP)

AFP, January 2, 2007

Israel has begun easing restrictions at checkpoints in the occupied West Bank as promised by Prime Minister Ehud Olmert at a summit with Palestinian president Mahmud Abbas last month.

An Israeli military spokesman said roadblocks were not being lifted altogether for the time being.

"These measures mainly concern an easing of severe checks at various crossing points and not, at this stage, the removal of military barriers," the spokesman said Monday.

Palestinian chief negotiator Saeb Erakat told AFP that Olmert promised Israel would begin lifting restrictions on some checkpoints Monday in a telephone call to Abbas the previous day.

But Erakat said that it was not possible to say if anything had changed yet.

"We observe what Israel does and we will judge what we will see with our eyes, not what we hear from them," he told AFP.

AFP correspondents in the West Bank said there was little movement through checkpoints due to the Islamic Eid al-Adha feast.

However, security officials and witnesses in Nablus said that it was easier to pass through controls on Monday than beforehand.

The Israeli prime minister vowed to take "immediate and concrete steps" to improve humanitarian conditions for the Palestinians after his December 23 talks with Abbas -- the two men's first meeting in six months.

Defence Minister Amir Peretz later told parliament's foreign affairs and defence committee that Israel would dismantle 59 of the 400 or so roadblocks in the West Bank in two phases -- 24 at first, and the rest later.

Palestinians travelling across the West Bank are forced daily to run the gauntlet of dozens of checkpoints erected by the Israeli army to control the movement of militants.

Looking Down The Road To Damascus (USNEWS)

By Larry Derfner

U.S. News and World Report, January 2, 2007

JERUSALEM–Could it be that Syria now offers a rare glimmer of hope amid the barren prospects for progress in the Middle East? That question, easily dismissed as wishful thinking, suddenly is a red-hot topic from Jerusalem to Washington.

The doubters have plenty of evidence on their side. A hard-line nationalist police state that prides itself on defiance of the United States and Israel, Syria helps America's enemies in Iraq, as well as Israel's enemies in Lebanon, the West Bank, and Gaza–and allies itself with the West's nemesis, Iran, its neighbor to the east. Yet in recent weeks, Syrian President Bashar Assad has been peppering the international media with expressions of eagerness to talk peace with Israel. "Make an attempt. Call our bluff," he challenged Israeli Prime Minister Ehud Olmert in a recent interview with the Italian daily La Repubblica.

Does he mean it? A succession of American politicians–Democratic Sens. John Kerry, Christopher Dodd, and Bill Nelson, as well as Republican Arlen Specter–have come away from recent meetings with Assad at least intrigued. Besides that, the bipartisan Iraq Study Group urged the Bush administration to try diplomatic means to persuade Syria to stop supporting Sunni insurgents in Iraq. None of this, however, appeals to President Bush, who considers Syria an auxiliary member of the "axis of evil." Or to Olmert, who insists that Assad validate any change of heart by first cutting off Iran and the terrorist groups like Hezbollah and Hamas.

Linchpin. The general assumption in Israel is that Olmert may be simply taking his cue from Bush. But that may not wash with many Israelis. Just as political pressure is building in Washington to force Bush to make an opening to Syria, political and military players in Israel are trying to do the same thing to Olmert. While the American sentiment grows out of Iraq-war frustration, Israeli sentiment is driven by the general bleakness of peace prospects in the region. The push for talks with Assad is coming from Olmert's main coalition partner, the Labor Party; the dovish Meretz party; the media; and, most critically, influential members of the military-intelligence establishment.

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The idea is to flip Syria from being the linchpin that connects the Iran-terrorist axis to being a wedge that divides and isolates its component parts. The hope is that peace with Israel will bring Syria to break ties with Iran, stop being the middleman for Iranian arms transfers to Hezbollah guerrillas in Lebanon, and expel the leaders of Hamas and Islamic Jihad from Damascus.

History. If this all sounds too good to be true, it may well be. Assad's father, Hafez, negotiated via U.S. mediators throughout the 1990s with five consecutive Israeli prime ministers, and nothing came of it. While Bashar Assad would like some distance from Iran and wouldn't mind being delinked from the axis of evil, he's not about to enlist in the war on terrorism, says Tel Aviv University Prof. Eyal Zisser, a leading Israeli expert on Syria. "If Assad signs a peace treaty with Israel, that doesn't mean he's going to send the Iranian ambassador home the same day," says Zisser. Likewise, Assad might downgrade his relations with terrorist organizations but wouldn't end them, he says, noting: "I think these issues can be discussed in peace negotiations, but I really doubt whether anything dramatic can be achieved."

Somali Islamic Fighters Flee Toward Kenya (WP)

By Stephanie McCrummen

The Washington Post, January 2, 2007

NAIROBI, Jan. 1 -- Ethiopian forces backing Somalia's weak transitional government have taken over Kismaayo, the last stronghold of the country's Islamic movement, and on Monday were chasing the remnants of the Islamic militia along the Indian Ocean coast toward the Kenyan border about 100 miles to the south.

In the final stage of a dramatic power shift in the fragile Horn of Africa nation, the Islamic fighters abandoned their heaviest weapons early Monday morning and took off for villages in the forest, with Ethiopian and government troops in hot pursuit of key leaders, including three suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

"Our forces have captured Kismaayo," Somali Prime Minister Ali Mohamed Gedi told reporters in Mogadishu, where Ethiopian forces installed his secular, internationally recognized government just days ago. "The warlord era in Somalia is now over."

Gedi has given fighters loyal to the Islamic movement, which was organized under an umbrella group called the Council of Islamic Courts, three days to disarm, and promised amnesty for those who do. Government officials said that in Kismaayo, hundreds of fighters had turned over their weapons Monday and were returning to their clans.

With the most hard-core militiamen headed their way, Kenyan authorities on Monday tightened security along their border with Somalia, which extends for more than 420 miles. Many of the large number of Somali refugees in Kenya may be sympathetic to the Islamic leaders, and analysts say it would be easy for the fighters to melt into the local population.

Kenyan and Somali government officials have said that if they capture the three embassy bombing suspects, they will hand them over to the U.S. government. Meanwhile, some analysts speculated that the Kenyan government, which has pushed the Somali transitional government to include the more moderate leaders of the Islamic Courts movement, might allow those leaders to take refuge in Kenya.

On Monday, Gedi called for the quick deployment to Somalia of a peacekeeping force from the 53-country African Union. That force would in theory replace the Ethiopian troops who are guarding the vulnerable new government but are also causing tensions among Somalis who consider them invaders.

Abdikarin Farah, the Somali ambassador to Ethiopia, said that a long-standing request for U.S. military assistance was also on the table.

"We are pursuing that request, and I won't be surprised if that comes to light," said Farah, speaking from Addis Ababa, the Ethiopian capital. "We have very close coordination and are in touch with the Americans, and obviously we will continue that kind of contact."

Though Ethiopian troops have been stoned by protesters in Mogadishu in recent days, Farah said that longtime animosities between Ethiopia and Somalia are "history" now.

Ethiopian Prime Minister Meles Zenawi has said that he will not withdraw troops until he has ferreted out certain Islamic leaders. Farah said that the government would not ask the Ethiopians to leave until the security situation in the country improves.

"The next step is the difficult one and the long one," he said. "To build the country, and to go forward."

Gedi, the prime minister, continued to meet with clan and religious leaders in the battle-scarred capital of Mogadishu on Monday, as he attempts to establish a viable government in a country of warring clans and sub-clans that has been without any central authority for more than 15 years.

The transitional government was cobbled together more than two years ago in a series of negotiations in Kenya. Regional diplomats contend that even more than the government's leaders, its institutions and structure, designed to include Somalia's complex clan interests, represent the best hope for establishing a viable central government in the country.

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The Council of Islamic Courts, which began as a group of local clerics, had come to power in June even as the transitional government was taking hold, and a power struggle ensued.

Ordinary Somalis, who tend to be moderate in their religious views, generally embraced the Islamic movement, following years of thuggish rule by warlords who set up roadblocks, extorted bribes and generally terrorized the population.

But Meles, the Ethiopian prime minister, was uncomfortable with the prospect of an unfriendly government on his border and backed the transitional government. According to the United Nations, Ethiopia had thousands of troops inside Somalia for months before the recent offensive, protecting the nascent government. The government has denied the claim.

In a resolution authorizing military action, the Ethiopian government accused the Islamic movement of supporting ethnic Somali secessionist groups inside Ethiopia, a charge the movement denied.

Both Ethiopia and the United States accused the Islamic leaders of close collaboration with al-Qaeda, a claim that many regional analysts said was exaggerated. For their part, the Islamic leaders had declared holy war on Ethiopian troops.

During the exchange of rhetoric, the Islamic movement managed to get the capital's main airport and port running after years of closure by clan fighting, and established efficient systems of administration that must now be replaced by the transitional government.

In Kismaayo on Monday, the vast challenges were immediately evident, as the port city drifted into the sort of chaos that has long defined Somalia. Local clan militias snatched up weapons left behind by the Islamic fighters and went on a looting spree.

Meanwhile, Somalia's ports and airports remained closed on Monday, and the price of food and other necessities of daily life began to skyrocket. In Mogadishu, some businessmen were growing impatient.

"There are no commercial flights, no commercial vessels can come in," said one Somali businessman who did not want to be identified because of the precarious political situation. "People are asking why don't they open the ports. The food prices are going high."

After 15 Years, Someone's In Charge In Somalia, If Barely (NYT)

By Jeffrey Gettleman

The New York Times, January 2, 2007

ADDIS ABABA, Ethiopia, Jan. 1 — After Somalia's Islamist forces abandoned their final outpost on Monday, the transitional government moved aggressively to assert control, setting a three-day deadline for all weapons to be turned in and calling for international peacekeeping troops to be sent immediately.

Somalia was already a place where military-grade weaponry was casually flaunted on its streets, but the Islamists' swift collapse has created such a surplus of guns that the average price of a Kalashnikov assault rifle, one of the world's most popular killing machines, has dropped to $15.

Ali Mohammed Gedi, the former veterinarian who is the transitional prime minister, said at his daily news conference that he would not tolerate the situation and gave instructions for turning in the weapons.

"Individuals or groups of people who have trucks mounted with antiaircraft guns, known as 'technicals,' should bring those battlewagons to Mogadishu's old port," he said.

Clan leaders were skeptical about whether he would succeed, and many Somalis seemed dead set against it. "They're trying to neuter us," said Muhammad Duudo, an unemployed car mechanic. "And it's not going to happen. Just wait until the full moon passes and the darkness comes."

Whatever lies ahead, encouraging or ominous, most Somalis seemed to agree that after a week of fast-moving events, the rough outlines of a new reality were emerging. For the first time since the former dictator, Mohamed Siad Barre, fled the country in 1991, casting Somalia into 15 years of anarchy, there is a credible government based in Mogadishu, the capital, with serious outside support and no organized military threat from within.

True, countless gunmen still roam the streets, heavily armed warlords still command authority and the seeds of a possible guerrilla movement may be taking root.

But so far no major force has emerged to challenge the authority of the transitional government. The only rival, the Islamists, lost their last conventional military battle on Monday. The Islamists had steadily lost ground since Dec. 24, when Ethiopia unleashed a punishing series of airstrikes and pushed ground troops deep into Somali territory.

Ethiopian officials justified their intervention in Somalia's messy, violent internal politics by saying the Islamist movement was a regional threat with terrorist connections and ambitions to invade their country. Ethiopia commands one of the most powerful militaries in Africa, and within days of its entrance into the war, Burhakaba, a pivotal inland town, fell from Islamist control — then Jowhar, another key town, and then Mogadishu, the Islamists' former stronghold.

By Sunday, the last remnants of the Islamist forces, which just a few weeks ago controlled a large swath of Somalia, were cornered in Kismayo, a port city on the south Somali coast. Thousands of Ethiopian and transitional government troops were closing in on them, and on Sunday night, the Ethiopians began pounding away with heavy artillery.

At the same time, Kismayo clan elders were pleading with the Islamists to leave. The elders said the Islamists did not stand a chance, and they were worried that their city was about to be flattened. Clan elders in Mogadishu similarly decided last week that the Islamists were a losing cause and pulled their troops and weapons out of the movement.

As in Mogadishu, the Islamists in Kismayo, after many fiery speeches about fighting to the death, simply fled. By Monday morning, many of the Islamists' fighters in Kismayo had shed their uniforms and melted back into the population while others headed south toward a thickly forested area along the Kenyan border.

"I can't tell you how happy people were that they disappeared," said Adam Ragay, a businessman in Kismayo.

As soon as the Islamists left, looters rushed into the streets and smashed up stores and ran away with televisions and cellphones. But by midafternoon, the brief burst of anarchy was over and transitional government troops had arrived on the outskirts of town.

Residents of Kismayo said the remaining Islamists were heading toward Ras Kamboni, a small town in an isolated area on the Kenyan border that the Islamists had used before as a hide-out. Ethiopian intelligence officials say operatives of Al Qaeda, invited by the Islamists, planned the 1998 attacks on American Embassies in Kenya and Tanzania from Ras Kamboni.

Kenyan officials say they have increased border security to keep the Islamists from escaping. "Anyone who ventures to enter Kenya will have to go through a very serious vetting process," Alfred N. Mutua, a Kenyan spokesman, said in a statement on Monday.

Mr. Gedi has acknowledged that he needs a lot of outside help. Security in Mogadishu is still uncertain, with just a light presence of soldiers.

Mogadishu's ports and airport remain closed, strangling the flow of goods and sending prices for rice, sugar, oil and gasoline through the roof. The schools remain closed.

One of the Islamists' first steps after beginning their ill-fated attack on the transitional government was to close all schools to funnel more teenagers to the front. Their move backfired both militarily and politically after countless teenage soldiers were summarily mowed down by better-trained Ethiopian troops.

Abdi Sallah, a pharmacist in Mogadishu, said he thought that the new government was heading in the right direction but that it needed to step gingerly. "So, we ask all the militia to turn in their weapons and then what happens?" he said. "Do they become part of a national army or do they become unemployed? Have these guys thought all this through?"

Last Islamist Stronghold Falls In Somalia (FT)

By Andrew England

Financial Times, January 2, 2007

Somali government forces backed by Ethiopian troops entered the southern port of Kismayo on Monday and began taking control of the last major stronghold of the Islamist movement that has controlled much of southern Somalia since the summer.

The Islamists, who have fled all their frontline positions in the face of a rapid Ethiopia-led offensive, were reportedly moving south towards Somalia's border with Kenya. Despite their retreat during the last week, Islamist leaders have vowed to continue their fight, leading to concerns they may launch a guerrilla campaign that could attract foreign militants.

The Islamist movement was created out of an alliance of Islamic courts and included conservatives and militant hardliners.

Both Addis Ababa – which is believed to have received tacit US support for its offensive - and Washington accused the alliance of harbouring and including al-Qaeda terrorists, including suspects wanted in connection with the 1998 US embassy bombings in Nairobi and Dar es Salaam, as well as the 2002 attack on an Israeli-owned hotel in Kenya.

The courts denied the allegations and were welcomed by many for bringing a semblance of order to areas under its control. However, they also created resentment for their harsh interpretation of the Koran and a hardline military wing within the alliance, which was known as the Shabaab, was thought to include extremists.

It was unclear what had happened to the Shabaab militia.

A US official said Washington was encouraging the government to enter into dialogue with "all Somali parties of goodwill," including moderates within the Islamist alliance, and was pushing for the deployment of an African-led peacekeeping force.

A Ugandan military spokesman said it would be ready to deploy 1,000 peacekeeping troops within days under the aegis of the Inter-Governmental Authority on Development, an east African development organisation. But it is unclear who would finance or who else would contribute troops to any peacekeeping mission, and IGAD has formulated no firm plans for such a force.

The last such international mission to Somalia ended in humiliation. Led by the US and UN, the force finally withdrew from the country in March 1995 following bloody fighting with Somali militias.

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The US, which describes Somalia as a potential haven for terrorists, has around 1,500 troops and personnel deployed in neighbouring Djibouti as part of its war on terror. The US official said the force had not had a military role on the ground in Somalia, but added that Washington regarded it as its right to pursue al-Qaida suspects wherever they were. He said the task force would continue to monitor the region for the movement of terror suspects.

"We continue to go after those responsible for the 1998 bombings," the US official said. "If we have indications that al-Qaida suspects are leaving Somalia we will pursue them."

The courts alliance came to prominence after seizing Mogadishu from a group of US-backed warlords in June. They then increased their area of influence to much of southern Somalia, while the transitional government, weak and divided, was restricted to the central town of Baidoa.

But with vital support from Ethiopia, which deployed thousands of troops, backed by tanks and fighter jets, government forces were able to enter Mogadishu last week as the Islamist fled south.

The administration, which was unpopular among many Somalis and had been ineffective since its establishment two years ago, still faces immense challenges if it is to bring stability to a country torn apart by 15 years of rule by warlords, clan divisions and violence. The impoverished Muslim nation is awash with weapons, has a crumbling infrastructure and more than a dozen attempts to form an effective central government have failed.

If the transitional administration is to succeed, it will have to be willing to negotiate and broaden its base of support, particularly from among the Hawiye clan that has dominated Mogadishu since 1991 and provided a significant support to the courts alliance, analysts say.

Ali Mohamed Gedi, the prime minister, repeated calls for the deployment of an African Union peacekeeping force to be deployed and has said that while the Islamists leaders and foreign jihadists will be pursued, the movement's rank and file fighters would be granted amnesty if they gave themselves up.

Mr Gedi has also said warlords and clan militias should hand over their weapons, but that poses huge challenges as guns have provided clans and faction leaders with power, control and the means to run extortion rackets.

Bulgaria, Romania Join European Union (AP)

By Nevyana Hadjiyska

AP, January 2, 2007

Bulgaria and Romania — two former communist nations from one of the poorest corners of Europe — joined the European Union on Monday to bring the bloc's membership to 27 nations.

The two, which bring 30 million new members to the union, officially joined the EU at midnight to joyous fireworks celebrations that drew tens of thousands of New Year's Eve revelers to the two capitals of Sofia and Bucharest.

"This is a day of historical justice, because Bulgarians have always been Europeans in spirit and identity," Bulgarian President Georgi Parvanov told about 2,000 people who attended an elaborate membership ceremony Monday in front of the St. Sophia church.

In Bucharest, Romanian President Traian Basescu hailed the end of the difficult journey to membership that began in 1995.

"It was hard, but we arrived at the end of the road. It is the road of our future. It is the road of our joy," Basescu said.

Bulgarian officials removed customs barriers at 15 border crossing with Greece and Romania within hours of EU membership. But controls at Bulgaria's borders with Turkey, Serbia and Macedonia were strengthened in a sign of the pressure on the new members to pursue reforms needed to meet bloc standards.

In Sofia, many wore ribbons in support of five Bulgarian nurses sentenced to death in Libya on charges they intentionally infected more than 400 Libyan children with HIV, despite evidence the children were infected before the medical workers began working at the hospital.

EU Enlargement Commissioner Olli Rehn and EU parliament president Josep Borrell voiced solidarity with the nurses.

"You are not alone. The EU is with you," Rehn said in Sofia.

Bulgaria and Romania threw off communism in 1989, applied for EU membership in 1995 and began accession talks in 2000. Negotiations ended two years ago, and the European Commission declared in September that both could join.

But the two impoverished countries are still struggling to establish Western-style legal and political institutions. Under restrictions adopted by the EU, both must report every six months to show progress in reforms — or risk losing part of their economic aid.

Bulgaria mothballed two Russian-made reactors at its only nuclear plant in the waning hours Sunday, ceding to an EU request over safety.

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Despite lingering problems with corruption and judicial reforms, both countries recently have had strong economic growth. Still, salaries remain low by western European standards. In Bulgaria, the average monthly wage is $235, while the average Romanian earns about $400 monthly.

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Associated Press writer Alison Mutler in Bucharest, Romania, contributed to this story.

Romania And Bulgaria Celebrate Entry Into European Union (NYT)

By Dan Bilefsky

The New York Times, January 2, 2007

BRUSSELS, Jan. 1 — Romania and Bulgaria joined the European Union on Monday, helping to end geographic divisions left over from the cold war and extending the borders of the now 27-member bloc eastward to the Black Sea.

In Bucharest, Romania, President Traian Basescu said Sunday night that the entry into the European Union signaled the end of a painful 17-year process. "We arrived in Europe, welcome to Europe," he said to rapturous applause from a crowd in University Square. "This is an enormous chance for new generations."

In Sofia, the Bulgarian capital, revelers gathered in Battenberg Square. Fireworks filled the sky over the building where the Communist Party once had its headquarters. "We are home!" said a headline in the Bulgarian newspaper Trud.

Romania and Bulgaria, now the European Union's poorest members, hope that membership will help them raise their per capita wealth, which is one-third of the Union average. Their accession, the second wave of enlargement into formerly Communist Eastern Europe, will also give the Union a stable political and economic anchor in an unstable region.

Romania, with a population of about 22 million, becomes the European Union's seventh largest member. Bulgaria has a population of 7.7 million.

For Romania, which suffered one of Eastern Europe's most brutal Communist dictatorships under Nicolae Ceausescu before he was overthrown in 1989, being moored to the European Union is an important symbolic final break with a difficult past. For Bulgaria, whose history is marked by conflicts with the Ottoman Empire and Soviet occupation, European membership is also viewed as a source of economic and democratic stability.

The European Union has been experiencing expansion fatigue, though, after the bloc's enlargement in May 2004 to 25 countries from 15. With the latest additions, the Union has a population of nearly 489 million.

Some members, like France, are concerned that the addition of member nations with much lower per capita incomes, the European Union will become economically overburdened, institutionally unwieldy and ultimately unmanageable. They fear that expansion will diminish their power while paralyzing the European Union's decision-making process.

Wariness about the future shape of the Union was reflected in French and Dutch rejections of a proposed European constitution in referendums in 2005. Since then, there have been calls across the bloc for a slowing of the pace of enlargement.

Such ambivalence, stoked by fears of immigration and Europe's lackluster economic performance, has been most prominently expressed in opposition to admitting Turkey, which is Muslim. It has also cast a shadow over the admission of Romania and Bulgaria, which have been criticized for corruption that has lingered since Communist times.

Some countries, though, led by Britain, with the enthusiastic backing of the United States, have supported further expansion because the promise of membership has helped accelerate economic and political change in Europe, ranging from the arrest of war criminals in Croatia to the liberalization of Turkey's banking industry.

The cautious approach to further expansion was reflected in the tough conditions imposed on Romania and Bulgaria for entry.

Even now that they are in the Union, the two countries will be subject to unprecedented safeguards devised to keep them from backtracking. They include the power by the European Commission, the union's executive, to suspend some of the rights that come with membership, like generous economic aid.

The commission has also threatened to suspend recognition of arrest warrants and decisions made by Bulgarian courts if the country does not improve its judicial system.

Romania expects to receive as much as $ 2.2 billion in the first year after entry, while Bulgaria would be entitled to $873 million.

The European Union has been grappling with fears that westward migration from its poorer members in the east risks undermining the bloc's social standards.

At the time of the last enlargement, in May 2004, the European Commission estimated that the number of migrants throughout the bloc would total 70,000 to 150,000 a year. But Britain alone is estimated to have received up to 600,000 in the past three years.

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Britain, Sweden and Ireland, which opened their doors to European Union newcomers in 2004, have already signaled that they are less inclined to do so now. Romanians and Bulgarians may also face obstacles in labor markets in Hungary, Slovakia and the Czech Republic, which are themselves confronting restrictions by countries further west.

At a recent meeting in Brussels, European leaders toughened their tone on enlargement but stopped short of setting new hurdles to expansion. They reaffirmed backing for the eventual membership of Turkey, Albania, Bosnia, Croatia, Macedonia, Montenegro and Serbia.

More Articles in International »

Eta Crackdown Urged On Zapatero (FT)

By Mark Mulligan And Victoria Burnett

Financial Times, January 2, 2007

José Luis Rodriguez Zapatero, Spanish prime minister, was under intense pressure on Monday to crack down heavily on Eta following a car bomb attack that ended a nine-month ceasefire and wrecked his government's controversial efforts to broker peace with the Basque separatist group group.

Mariano Rajoy, head of the opposition Popular Party, called on Mr Zapatero to act with "prudence and a sense of realism".

"The response to the attack cannot be simply to suspend a process that never should have begun in the first place," he said.

The Association of Victims of Terrorism said the prime minister should "apologise to the Spanish people" for allegedly allowing Eta the opportunity to regroup.

The calls came as Spanish police on Monday scoured the rubble left by Saturday's car bomb attack on Madrid's Barajas airport. Two Ecuadorian men were missing, believed dead, after an estimated 500kg of dynamite destroyed a multi-storey car park. The deaths, if confirmed, would mark the first fatalities caused by Eta in three and a half years.

Mr Zapatero's critics seized on the government's complete surprise at the bombing as evidence of his naivety in dealing with Eta. Less than 24 hours before the bombing, the prime minister voiced optimism about the peace process he launched in June.

The government held secret talks in December with Eta leaders and came away confident that the ceasefire would hold.

"Eta knew how to play with what can only be described as an unfathomably stupid government," Carlos Martinez Gorriaran, head of a terrorist victims' support group, wrote.

Analysts predicted that the government, which suspended the peace process on Saturday, would begin a sweep against Eta operatives and sympathisers. French authorities might also step up activity against the group, which claims France's Basque-speaking regions as part of a separate homeland.

"I would expect significant arrests in the next few weeks, in an attempt to restore people's confidence in the government's willingness and ability to apply the law," said Charles Powell, history professor at the San Pablo CEU university in Madrid.

Mr Zapatero also needs to mend fences with France, where security officials have insisted Eta remained active despite the ceasefire. Eta members stole the van used in Saturday's bombing in southern France and in October carried off a heist of 350 firearms there.

Analysts believe Mr Zapatero is unlikely to declare the peace process over as this would represent a victory for his right-wing opponents. Instead the prime minister may now invoke the ups and downs of the Northern Ireland peace process as a precedent for keeping negotiations alive.

But analysts said it was unlikely Eta and its outlawed political wing, Batasuna, could offer the kind of guarantees needed to justify resuming talks.

Belarus Caves In To Assure Gas Supply (FT)

By Arkady Ostrovsky

Financial Times, January 2, 2007

Gazprom, the Russian gas company, struck a five-year deal to supply gas to Belarus just minutes before a New Year deadline, narrowly avoiding a gas price war that threatened to disrupt supplies to Europe.

The agreement, signed at two minutes to midnight on New Year's eve, just as Vladimir Putin, Russia's president, made his New Year address, averted a shut-down of gas supplies to Belarus scheduled for 10am on January 1.

The new contract doubles the price of gas for Belarus this year and gives Gazprom a 50 per cent stake in the country's pipeline network.

Under the terms of the deal, gas prices will rise steadily over the next five years bringing them in line with European countries by 2011.

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The deal will phase out a multi-billion dollar gas subsidy to Belarus, which had allowed Alexander Lukashenko, the country's authoritarian president, to subsidise living standards. Gazprom has been trying to bring gas prices to all former Soviet republics more into line with European levels.

The price increase and exemption from export duties gives Belarus more favourable terms than those offered to other former Soviet republics.

Belarus agreed to pay $100 per thousand cubic metres of gas this year compared with $46 last year, while Gazprom agreed to pay $2.5bn in cash for a 50 per cent stake in Beltrangaz, the distribution and pipeline network.

Gazprom had wanted Belarus to pay $105 for gas of which $30 would be in Beltrangaz shares. Sergei Kupiyanov of Gazprom, said the company was satisfied with the deal.

By comparison, Georgia, which has been in a state of cold-war with Russia, will this year pay $235 per 1,000 cu m of gas.

"The terms which have been fixed [with Belarus] in this agreement are the best which exist on the territory of the former Soviet Union," Alexei Miller, the chief executive of Gazprom, said.

Sergei Sidorski, Belarus's prime minister, said the doubling of the price was "very difficult, almost unbearable" for the Belarus' economy.

"The Belarussian side, in a difficult atmosphere on the eve of the new year, signed an agreement on unfortunate terms," Mr Sidorsky was quoted as saying.

Mr Lukashenko, last week said: "Belarus won't bow to Gazprom's blackmail. If they keep putting pressure on us, we will go down into the bunkers, but we will not surrender." Mr Lukashenko had pledged not to give up -control over the country's pipelines.

Gazprom had threatened to turn off supplies to Belarus on January 1, if it did not agree on a new price. The threat echoed Russia's stand-off with Ukraine which resulted in the shutting down of gas supplies to Ukraine and disruption to other European countries.

While only 20 per cent of Russian gas is exported through Belarus, several European Union member states, including Poland, Lithuania and Germany would have felt the repercussions as Belarus warned it would halt transit if Russia acted on its threat.

Under a new deal, Belarus will double the tariffs for Russia's gas transits. The agreement marks a new phase in Russia's relationship with Belarus.

The two countries have been close allies, but the Kremlin became increasingly annoyed with Mr Lukashenko's failure to deliver on promises of closer integration.

Belarus Deal Signals Russia's Growing Clout (WP)

By Steven Mufson

The Washington Post, January 2, 2007

Belarus looked headed for a cold New Year's Day until the former Soviet republic's prime minister walked into the offices of Russia's natural gas monopoly, Gazprom, just before a midnight deadline and agreed to most of Gazprom's terms for continued supplies.

"There was a tense atmosphere among the Belarusan delegation since we have agreed to and signed a contract whose conditions for the delivery of gas are not at all favorable," Belarusan Prime Minister Sergei Sidorsky said at a news conference at Gazprom's headquarters late Sunday night.

Under the agreement, Belarus will pay more than twice its current price for natural gas for its 10 million people and -- to keep from paying an even higher price -- will sell Gazprom a 50 percent interest in its gas pipeline network. The terms are similar to what Gazprom has been extracting from other neighboring former Soviet republics, such as Ukraine and Georgia. The Russian energy giant wants higher prices for its natural gas, and it is using its leverage as sole or principal supplier to get a share of other countries' domestic pipeline networks and transit lines to the West.

"[Russian President Vladimir] Putin's mission has been to regain the energy assets and export infrastructure that [former Russian President Boris] Yeltsin lost when the Soviet Union broke apart," said Michael Lelyveld, a senior analyst on Russia at PFC Energy, a Washington consulting group.

The new deal is the latest instance of Gazprom playing hardball with its neighbors. Exactly a year ago, it cut off supplies to Ukraine, which had a newly elected West-leaning government, in what was widely seen as politically inspired move. That crisis ended when Ukraine agreed to a sharp price increase, to $95 per thousand cubic meters, while the price to Belarus remained at $47. Recently, Ukraine agreed to another hefty price increase to $130, but it kept the price well below Western European levels of $230 by giving Gazprom a stake in its pipeline system.

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Now that Gazprom has treated the authoritarian, pro-Moscow government of Belarus in a similar way, it lends some credibility to Gazprom's claim to have not political but commercial motives, namely the end of heavily subsidized gas prices that date to when its neighbors were all Soviet states. Belarus will now pay $100 per thousand cubic meters, with prices rising to market levels by 2011. A portion of that price will be paid in shares of the national pipeline company.

"There have been absolutely no political demands from the Kremlin, only financial ones," said Jonathan Stern, director of gas research at the Oxford Institute for Energy Studies. Stern said that though this year's gas price in Belarus will be half that paid by Georgia, the differential may be more a reflection of the bargaining power Belarus had over the transit line to the rest of Europe than a political distinction between the pro-Moscow Belarus and the pro-West Georgia. Gazprom originally sought a price of $230 per thousand cubic meters from Belarus, then demanded $105; the implied price, $2.5 billion, it will pay for the Belarusan pipeline system is also more than it originally offered.

Still, in Western Europe, Gazprom's brinkmanship has raised alarms about its power and expansionism. Western Europe is heavily dependent on Russian natural gas supplies, which account for a quarter of Europe's needs and 40 percent of its imports. That share is expected to rise over the next 15 years, according to an analysis by Deutsche Bank Securities.

About 80 percent of the Russian gas crosses Ukraine, and the rest crosses Belarus. Both price disputes threatened to cut off or curtail those supplies; Belarus threatened to siphon the gas it needs from supplies destined for other countries, and a year ago, Gazprom's two-day cutoff to Ukraine crimped supplies elsewhere. That has spurred talk about Europe's energy security and its need for supply diversification.

"All of a sudden, Russian supplies, which seemed so reliable during the Cold War, seem unreliable," said Stephen O'Sullivan, emerging-markets oil and gas analyst for Deutsche Bank. He said that is driving Europe to look at nuclear power and liquefied natural gas imports from other countries. Even though the Belarus dispute was settled before supplies were disrupted, O'Sullivan says: "It gives more momentum to a search for alternatives to Russia . . . You never know what might happen down the line."

In addition, Gazprom has been trying to use its leverage as the biggest supplier of natural gas to Europe and its control over access to oil and gas exploration prospects in Russia to acquire stakes in pipeline networks in countries such as Italy, France and Germany. But those countries have been reluctant to put their private firms under the control of a state-owned company, especially because Russia strictly limits foreign acquisitions within its borders.

"Putin has told the Europeans that Russia's strategy is only aimed at enhancing their mutual energy security, but it's really all about expanding Russian power," Lelyveld said. "The assertive tactics may frighten the Europeans, but in the near term, there's very little they can do to reduce reliance on Russia."

The new agreement with Belarus, which is set to last four years, will alleviate some of Europe's concerns about supply interruptions. "The brinkmanship aspect is significant for Europe, but now that everything seems settled -- at least for the moment -- people will relax again," Stern said. "This four-year deal means that we should not be going through this again next year."

But as long as the state-owned Gazprom controls Russia's natural gas supplies and most of the exploration prospects in Russia, and with high energy prices pumping cash into its coffers, the company will remain powerful. It controls about a quarter of global gas output and reserves.

Last month, Gazprom used that power to pry its way into Royal Dutch Shell Group's oil and gas exploration and production project on Sakhalin Island, off Russia's east coast. Threatened with delays for environmental reasons, the project got the go-ahead the day Shell and its Japanese partners agreed to halve their share in the project, delay cost recovery and sell Gazprom a controlling interest.

One area in which Gazprom has been barred from using its muscle is domestic Russian gas prices. Those prices are rising but remain far below market levels. Domestic sales account for 70 percent of Gazprom's gas volume but only 30 percent of its revenue, according to a Deutsche Bank analysis. Raising Russian prices to global levels and domestic efficiency measures could cut Russia's consumption by an amount equal to a fifth of Europe's imports, enabling Gazprom to expand its exports or decrease its reliance on Central Asian nations, such as Turkmenistan, for a portion of its supplies. But the Russian government recently said that domestic gas prices would remain subsidized for at least the next five years.

Belarus Yields To Russia (WSJ)

By Alan Cullison

The Wall Street Journal, January 2, 2007

MOSCOW -- The last-minute deal that sharply raises the price of Russian natural gas to Belarus highlights the success of a Kremlin energy policy that the West has denounced as bordering on blackmail. By showing that it is willing to cut off countries that won't accept rate increases, Russia has ended an era of cheap energy supplies to former Soviet republics.

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Russia's natural-gas monopoly and its largest company, OAO Gazprom, announced the agreement early yesterday, hours before the company said it would shut down supplies to Belarus. The agreement more than doubles the price of gas to Belarus, to $100 per 1,300 cubic yards from $47. Moscow also said it would acquire a 50% stake in the Belarus gas-transit monopoly, Beltransgaz, an asset Minsk for years has refused to surrender.

The agreement, announced as the Russian capital celebrated the New Year, also will gradually step up the price of gas for Belarus toward levels that Europe pays, near $300, in coming years. It follows months of negotiations in which officials from Moscow threatened to cut off gas to Belarus in midwinter and officials from Minsk threatened to disrupt Russian gas supplies to Europe.

Ultimately, the Belarus side flinched and agreed to pay a touch less than the $105 per 1,300 cubic yards the Russians were demanding. "The Belarussian side, in a difficult atmosphere on the eve of the new year, signed an agreement on unfortunate terms," Agence France-Presse quoted Belarus Prime Minister Sergei Sidorsky as saying.

The agreement caps a year of rate increases for states of the former Soviet Union that its neighbors and the West have called politically motivated.

Russia cut off gas to Ukraine last Jan. 1 when negotiations with Kiev failed, a move that was denounced by European countries, which saw their supplies flowing through Ukraine disrupted. Afterward, Vice President Dick Cheney accused Russia of using energy as an instrument of intimidation and blackmail. Europe started stockpiling gas as a hedge against future disruptions and exploring alternative suppliers.

Gazprom said it is just trying to put its relations with neighbors on a market-oriented footing and end subsidized energy supplies to the countries of the former Soviet Union. Though Russia was hurt by criticism of the Ukrainian cutoff, its eventual agreement with Kiev nearly doubled prices for gas last year and raised them to $130 for 2007. Moscow also has sharply raised prices for Azerbaijan, Georgia and Moldova.

"The Russians put up with a lot of damage to their reputation after Ukraine, but now they have their customers in line," said Jonathan Stern, head of gas research at the Oxford Institute for Energy Studies. "Every [customer] knows Russia will not let them off the hook easily."

Until recently, Belarus had been an exception. Led by its autocratic president, Alexander Lukashenko, Belarus for years had benefited from the comparatively inexpensive supply of natural gas, a support to its state-managed economy. It is Russia's second-largest consumer of natural gas among former Soviet states, and last year, Minsk paid $47 per 1,300 cubic yards -- roughly the price of gas for users inside Russia.

But relations between Moscow and Minsk lately have been strained: Though putative allies, each blames the other for failing to follow through on plans to unite the two countries. Moscow is ending duty-free oil shipments to Belarus, a move that is expected to cost more than $1 billion in profits to the country's refining industry. Last week, Russian officials warned that Belarus would face a shut-off of natural-gas deliveries at 10 a.m. yesterday if it didn't agree to higher natural-gas prices. Belarus, in turn, threatened to disrupt pipelines on its territory that carry more than 20% of Gazprom's exports to Europe.

Belarus had hoped European countries would panic at the prospect of another gas cutoff and put pressure on Russia to make a quick deal with Minsk, said Chris Weafer, chief strategist at Alfa Bank in Moscow. But none wanted to do any favors for Mr. Lukashenko, widely regarded as Europe's last dictator, he said. Many had stockpiled gas supplies to last for several weeks in case of a cutoff.

Belarus "played a game of chicken with Moscow, and they saw that Moscow would not blink," said Mr. Weafer.

Mr. Weafer said Belarus has managed to soften the blow of the rate increase by agreeing to sell off a portion of Beltransgaz, thus giving Belarus nominally lower gas prices than its neighbors. But he expects Gazprom to push for total control of the transportation company in coming years.

"Russia will have control of that company by the end of the decade, that's for sure," he said. "Belarus doesn't have much choice. What are they going to do? Go without gas?"

Thailand's Leader Blames Local Politics For Bombings (WSJ)

By James Hookway

The Wall Street Journal, January 2, 2007

BANGKOK, Thailand -- With Thailand's tourism industry bracing for the impact of deadly bombings in Bangkok on New Year's Eve, the country's military-installed prime minister suggested that domestic politics rather than a Muslim insurgency was behind the blasts, which killed three people and triggered panic in parts of the capital.

Prime Minister Surayud Chulanont told reporters yesterday that the synchronized blasts might have been connected to the September ouster of his predecessor, telecommunications tycoon Thaksin Shinawatra, in a bloodless coup.

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"From the evidence we have gathered, there is a slim chance that it is related to the southern insurgency," Gen. Surayud told a news conference. "It is likely related to people who lost their political benefits."

The nine bombs exploded Sunday as revelers prepared to ring in the new year. Bangkok's city leaders canceled the celebrations after the first wave of bombings in the early evening. In total, police say the explosions wounded 38 people, including nine foreign tourists. Nobody has claimed responsibility.

The blasts cap a volatile 2006 in Thailand. It saw a military coup and a deepening insurgency in the Muslim-dominated south of the country, in which more than 1,900 people have been killed in the past 2½ years. If investigators conclude that Thaksin supporters planted the bombs, it could suggest continuing instability and complicate the military's promised goal of restoring democratic civilian rule. If authorities conclude that Muslim insurgents orchestrated the blasts, it would be the first time they have struck Bangkok -- marking a significant escalation.

Stock analysts, meanwhile, worried that Thai share prices, already hammered by foreign selling following the introduction of capital controls last month, would continue falling when trading resumes tomorrow. Today is a holiday in Thailand.

Mr. Thaksin's lawyer, Noppadol Patama, said Mr. Thaksin was in China and had no involvement in the bombings. "Thaksin was elected by the people, and even during the time of conflict, he has refrained from using violence," the Associated Press quoted the lawyer as saying. "It is very unlikely that a politician who was elected by the people will resort to violence."

Thai investigators said they are still trying to piece together evidence to lead them to those behind the bomb plot. The devices were relatively small, made from ammonium nitrate and used digital watches as detonators, police officials said.

The size of the bombs, as well as the coordinated manner in which they exploded, resembled recent bombings in Thailand's deep south, say security analysts -- though Muslim insurgents tend to use cellular phones to detonate bombs rather than timers, as were used in Sunday's blasts. The insurgents are trying to drive Buddhist Thais from the three mostly Muslim southern provinces, where the bloody conflict has largely played out.

The culprits in Sunday's bombings picked a vulnerable target: tourism. New Year's celebrations in downtown Bangkok are a mainstay of Thailand's tourism industry, which generates more than $12 billion a year. Normally, tens of thousands of people cram the streets to listen to bands and watch fireworks.

Gen. Surayud said Sunday's bombs were designed to create the impression that Thailand is politically unstable and that the military-installed government isn't fully in control.

Thailand's armed forces have accused Mr. Thaksin of corruption and of insulting Thailand's revered King Bhumibol Adulyadej. The coup followed months of demonstrations against Mr. Thaksin in Bangkok.

Yet Mr. Thaksin, twice elected in a landslide, remains popular in rural Thailand, where he is lauded for policies such as offering farmers low-cost loans. Over the past few months, several schools in the northeast have been torched, apparently to protest Mr. Thaksin's ouster.

In recent years, Thailand's tourism industry has been hit by the spread in Asia of severe acute respiratory syndrome and by the devastating December 2004 Indian Ocean tsunami, which wiped out or damaged many resorts.

Many travel agents said it was too soon to tell whether there would be a rash of cancellations because of the bombings. But it appears foreign tourists spending New Year in the Thai capital were largely undaunted. Yesterday, large crowds descended on some of Bangkok's main attractions, such as the Grand Palace and the Temple of Dawn.

Zapatistas Celebrate 13th Anniversary Of Uprising (NYT/AP)

Associated Press

The New York Times, January 2, 2007

OVENTIC, Mexico, Jan. 1 (AP) — Thousands of Zapatista rebels celebrated the 13th anniversary of their brief uprising against the Mexican government on Monday, dancing, singing and holding discussions on improving the status of poor Indians in the southern state of Chiapas.

The ceremonies, which attracted hundreds of foreigners from many countries, began Sunday night under the stewardship of the group's leader, Subcommander Marcos. Participants saluted the Mexican and Zapatista flags, and held a large dance in the Zapatista community of Oventic, 460 miles southeast of Mexico City.

The Zapatistas seized the main city of San Cristóbal de las Casas and other Chiapas communities in the name of socialism and Indian rights on Jan. 1, 1994. A cease-fire ended fighting between rebel and government forces after a few days, and the two sides have since maintained an uneasy truce.

Marcos, a professor-turned-guerrilla, has continued to champion a quieter social revolution from the jungles of Chiapas, issuing missives harshly critical of Mexico's politicians and government policies.

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Speaking in Tzotzil, a Mayan language spoken in Chiapas, he recalled on Sunday night how the movement was founded to end the isolation and misery of the Indians. It was the first time in many years that Marcos had attended anniversary celebrations. He was escorted by several other ski-masked members of the movement.

On last year's anniversary, Marcos began a nationwide tour in an attempt to forge a national leftist movement. But his talks and tour appearances did not draw large crowds, and he was criticized for straying from his principal cause of fighting for Indian rights after expressing support for violent antigovernment protests by unrelated groups.

Island Of Injustice (WP)

By David Vine

The Washington Post, January 2, 2007

Forty years ago, on Dec. 30, 1966, at the U.S. Embassy in London, representatives of the U.S. and British governments met, as one participant later put it, "under the cover of darkness" to sign an "exchange of notes" giving the United States the right to create what was to become a major military base on Diego Garcia, an obscure British island in the middle of the Indian Ocean. In doing so they made provision for "those administrative measures" necessary to forcibly deport the entire native population of the island and the surrounding Chagos Archipelago.

While Diego Garcia has gained some attention as a key launch pad for the wars in Iraq and Afghanistan, few know about the expulsion of nearly 2,000 people, called Chagossians, that was eventually carried out between 1968 and 1973 to create the base.

Despite the anonymity, the facts are not in doubt: Beginning in 1960, U.S. officials initiated secret conversations with the British government and eventually secured British agreement to provide "exclusive control" of the island "without local inhabitants." The governments finalized the deal with their Dec. 30 exchange of notes, in effect creating a treaty but circumventing congressional and parliamentary oversight. A separate secret agreement provided for $14 million in undisclosed U.S. payments to deport the Chagossians and turn Diego Garcia into a military colony.

With the financial and diplomatic details ensured, beginning in 1968, islanders leaving Chagos for vacations or medical treatment on the island of Mauritius were barred by the British from returning and thus marooned 1,200 miles from their homes. The British soon began restricting supplies for the islands, and by the turn of the decade, more Chagossians were leaving as food and medicines dwindled.

In 1971 the U.S. Navy began construction on Diego Garcia and ordered the British to complete the removals. First British agents and U.S. soldiers on Diego Garcia herded the Chagossians' pet dogs into sealed sheds and gassed and burned them in front of their traumatized owners awaiting deportation. Then, between 1971 and 1973, British agents forced the islanders to board overcrowded cargo ships and left them on the docks in Mauritius and the Seychelles.

Upon arrival, Chagossians received virtually no resettlement assistance and found themselves homeless, jobless and with little money. In 1975 The Post broke the story of the expulsion, finding the people living in "abject poverty" as a result of what The Post's editorial page called an "act of mass kidnapping."

When a single day of congressional hearings followed, the U.S. government denied all responsibility for the islanders.

After years of protests and strikes, the British government, in 1978 and 1982, paid Chagossians some compensation. It totaled less than $6,000 per recipient. Many used the money to pay off large debts accrued since the expulsion, and for most, conditions improved only marginally. After living with the islanders over four periods between 2001 and 2004, I found that as a group, Chagossians -- now numbering more than 5,000 -- have been severely and chronically impoverished by the expulsion.

I came to document the expulsion's effects after being asked to serve as an expert witness in lawsuits brought against the U.S. and British governments. The suits are demanding the right of return, proper financial compensation and the right to work on the base.

In Britain, the High Court in London has twice -- in 2000 and 2006 -- ruled the islanders' expulsion illegal under U.K. law. In February the group will return to the court to contest the British government's appeal of the latest ruling; another victory could finally open the way for a return to Chagos.

By contrast, a federal district court and an appeals court have dismissed the U.S. lawsuit, with judges unwilling to overrule the executive on what one judge called the "improper misplacement of the plaintiffs," an act held to be a matter of foreign and military policy. During the 1975 House hearings, Lee Hamilton, then a member of Congress and now co-chairman of the Iraq Study Group, asked a State Department representative if the government had any legal or moral responsibility for the people. The representative replied, "We have no legal responsibility. Moral responsibility is a term, sir, that I find difficult to assess."

Forty years almost to the day after the signing of the initial Diego Garcia agreement, there should be no difficulty in assessing the responsibility of the United States: The U.S. government developed the idea for a base on Diego Garcia, demanded the removal of the islanders, paid the British for the deportations and gave the orders to complete the removals.

While almost no attention has been paid to the Chagossians since The Post's 1975 report, the time has come for the story of the Chagossians and Diego Garcia to see the light of day, and for Congress and the Bush administration finally to accept and act on the responsibility of the United States for a people's ongoing plight.

The writer is public anthropologist in residence at American University.

Mr. Wolfowitz And The Bank (NYT)

The New York Times, January 2, 2007

When Paul Wolfowitz speaks publicly these days, he is usually making good sense. The head of the World Bank (formerly No. 2 at the Pentagon) has criticized Chinese banks for ignoring environmental and human rights standards when they lend to Africa, told the White House it needs to do more to alleviate African poverty, and has vowed that corrupt officials won't be allowed to siphon off money from projects that are supposed to benefit the poor.

So why do so many people at the bank mistrust him — including many of the leading shareholders? At last fall's annual meeting, European ministers insisted that the bank's board would oversee Mr. Wolfowitz's anticorruption program, to ensure that no country was punished arbitrarily.

That is not a vote of confidence and not a healthy state of affairs. Mr. Wolfowitz needs to figure out how to earn more than just the Bush administration's trust.

Some of his critics will never forgive him for championing the disastrous Iraq war. But he has compounded their suspicions, surrounding himself with a tight group of former Bush administration officials who — true to their roots — have little patience for explaining themselves and even less for criticism.

Mr. Wolfowitz and his aides did an especially poor job explaining their decisions to suspend or delay hundreds of millions of dollars in loans because of alleged corruption, feeding fears that they were settling scores. When Hilary Benn, Britain's top aid official, publicly questioned bank policies, an unidentified senior bank official dismissed Mr. Benn to The Financial Times as "an ambitious political climber." That's no way to win friends or donors. Mr. Wolfowitz wrote to the paper to say that was not his view and has since visited London to patch things up, but relations remain cool.

Mr. Wolfowitz has yet to outline a broader vision for the bank, which might inspire his staff and rally international support. There are certainly a host of issues that need his leadership. The bank needs to give more of a voice to less wealthy and poor countries. It needs to find new ways to mobilize private sector financing. And it needs to get more deeply — and more systematically — involved in addressing global challenges like epidemics, sustainable energy and post-conflict reconstruction.

Mr. Wolfowitz deserves praise for championing debt relief for the world's poorest countries. And he is right that the bank needs to do a lot more to fight corruption, which can cripple any development effort. To be heard on these subjects, Mr. Wolfowitz will have to work harder to earn the trust of his staff, his shareholders and everyone who cares about development. He needs a more inclusive management style and a more diplomatic inner circle, and to articulate broader goals beyond stopping corruption. That way he would have the credibility to fight the good fight.

DOJ_NMG_0111183

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DATE: SUNDAY, DECEMBER 31, 2006 7:45 AM EST

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TERRORISM NEWS:

Al-Zawahri Encourages Islamic Militants To Continue Fighting Worldwide. The AP (12/30) reported that on Saturday a 15-minute audiotaped message by the deputy leader of al-Qaeda was released on a Islamic insurgent website and "accused moderate Arab leaders of being traitors for cooperating with the United States." During the tape, Ayman al-Zawahri "wished the Palestinian people a happy Eid al-Adha but lashed out at Palestinian president Mahmoud Abbas and his Fatah movement" and "urged Muslims in Somalia, Chechnya, Indonesia, the Philippines and Algeria to keep on fighting the "infidels and crusaders." The AP added that al-Zawahri stated that "those who had sold Palestine, the secular traitors, can not be your brothers. Do not recognize their legitimacy" and "do not sign with them the documents that will make you lose Palestine." The AP pointed out that Al-Zawahri "did not mention Saddam Hussein's execution in the tape, suggesting it was made before the ousted leader's hanging on Saturday."

Critics Have Due Process Concerns About Guantanamo Review Boards. The New York Times (12/31, A1, Golden, 1.16M) reports that amid emerging questions and concerns about the legal authority to detain and hold Guantanamo detainees, "a law passed by Congress and signed by President Bush in October" that "prohibits them from challenging their detention or treatment by writs of habeas corpus in the federal courts. Instead, they may only petition a single federal appeals court to examine whether the review boards followed the military's own procedures in reviewing their status as 'enemy combatants.'" Yet "an examination of the Guantánamo review boards by The New York Times suggests that they have often fallen short, not only as a source of due process…but also as a forum to resolve questions about what the detainees have done and the threats they may pose." The Times points out that limitations include "a continuing shortage of information about many detainees," yet "military officials emphasize that the boards are an administrative forum and were never intended to replicate judicial standards of fairness" and "offer prisoners a viable opportunity to rebut the government's evidence."

HOMELAND RESPONSE:

State Intelligence Centers Opening Up Nationwide To Collect Terror Data. The Washington Post (12/31, A3, Sheridan, Hsu, 690K) reports that "frustrated by poor federal cooperation, U.S. states and cities are building their own network of intelligence centers led by police to help detect and disrupt terrorist plots. The new 'fusion centers' are now operating in 37 states, including Virginia and Maryland, and another covers the Washington area, according to the Department of Homeland Security. The centers, which have received $380 million in federal support since the 2001 terrorist attacks, pool and analyze information from local, state and federal law enforcement officials. The emerging 'network of networks' marks a new era of opportunity for law enforcement" since "police are

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hungry for federal intelligence in an age of homegrown terrorism and more sophisticated crime" while "federal law enforcement officials could benefit from a potential army of tipsters." The Post points out that the model of "intelligence-led policing" has fueled some "fears of overzealousness such as that associated with police 'red squads' that spied on civil rights and peace activists decades ago" while "the centers also face practical obstacles…including a shortage of money, skilled analysts, and proven relationships with the FBI and Homeland Security."

Columnist Counts Down "Top 10 Civil Liberties Nightmares Of 2006." In her Washington Post (12/31, B2, 690K) column, Dahlia Lithwick counts down her "top 10 civil liberties nightmares of 2006." They include the "Attempt to Get Death Penalty for Zacarias Moussaoui," the detentions at Guantanamo Bay, "Government Snooping," "Extraordinary Rendition," "Abuse of Jose Padilla," and "The Military Commissions Act of 2006."

Army Corps Of Engineers' New Orleans Levees Study Critiqued. The Los Angeles Times (12/31, Vartabedian, 850K) reports, "When the Army Corps of Engineers admitted in June that design flaws in the New Orleans levee system had caused most of the flooding during Hurricane Katrina, it seemingly left little to argue about. But the fight wasn't over. The Corps is now engaged in an effort to predict how New Orleans would fare in the next big hurricane, and is once again being second-guessed by some of the nation's top civil engineers. The National Research Council complains that the Corps' official investigation into the levee failures reaches premature conclusions, glosses over problems, and fails in its most important task: giving the public the information it needs to make informed decisions about living in New Orleans. The Corps' analysis will play a major role in determining the city's future — including whether more than 200,000 former residents could rebuild abandoned neighborhoods and whether insurers can provide coverage at an affordable rate."

WAR NEWS:

Details, Video Of Saddam Execution Emerge As Ex-Dictator Buried In Town Of Birth. All three broadcast network newscasts were preempted Saturday evening as coverage of the funeral services for President Gerald R. Ford continued. This morning's newspapers are dominated by Ford coverage as well as coverage of the aftermath of the Saturday execution of Saddam Hussein. The Hussein stories generally focus on the latest details of the actual event, as well as world reaction and Hussein's Sunday morning burial in a family plot in Ouja, the town where he was born.

The New York Times (12/31, Burns, 1.16M) reports on its front page that "after nearly three decades of living with the brutal repression of Saddam Hussein and the violent aftermath of his overthrow by American troops, Iraq responded with a mixture of rejoicing, violence and muted reflection on Saturday to the news that their former dictator had been hanged in one of the grimmest of his own execution chambers." Iraqis "spent much of the day crowding around television sets to watch mesmerizing replays of a videotape that showed the 69-year-old Mr. Hussein being led to the gallows at dawn by five masked executioners, and having a noose fashioned from a thick rope of yellow hemp lowered around his neck." While "he seemed almost unnaturally calm and cooperative," the videotape "offered only a partial sense of how Mr. Hussein went to his death, according to accounts given later by some of the 25 people who attended the execution." Those witnesses say Hussein "spent much of his last half-hour…in querulous and at times irascible exchanges with the Shiite guards and executioners assigned to hang him and with some of the Shiite witnesses." The New York Times (12/31, Santora, 1.16M) says in a second front-page story that Hussein "never bowed his head, until his neck snapped. His last words were equally defiant. 'Down with the traitors, the Americans, the spies and the Persians.'"

The Los Angeles Times (12/31, Gold, 850K) says "a video of the hanging, which was apparently shot on a cellphone," surfaced online quickly, "underscoring how quickly controversial images rocket through cyberspace, whether or not there have been attempts to control them. The jerky images show the noose being placed around Hussein's neck and angry shouts exchanged between him and those in attendance. Hussein can be seen falling through the trapdoor as it opens, but the actual hanging is not visible. Moments later, the camera pans in and shows his face." The Washington Post (12/31, D1, Kennicott, 690K) writes about the "viral video" dissemination of the footage, calling it "the first great Shakespearean death scene of the YouTube generation."

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In a New York Times (12/31, WK1, Burns, 1.16M) "Week in Review" piece, John F. Burns writes, "Saddam's death was to be a miserable and lonely one, as stark and undignified as Iraq's new rulers can devise." The Washington Post (12/31, Raghavan, 690K) reports on its front page that just before he died, "Hussein said, 'Ya Allah,' preparing himself for the platform he stood on to open up. Suddenly, witnesses recalled, the room erupted in Shiite religious chants as the Shiite Muslims in the audience seized the moment they had long sought. One man yelled, 'Moqtada, Moqtada, Moqtada,' unveiling his loyalty to radical anti-American cleric Moqtada al-Sadr. Hussein smiled, the witnesses said, and asked sarcastically, 'Moqtada?'"

The Washington Times (12/31, Frayer, 88K) reports on its front page that in Sadr City, "victims of Saddam's three decades of autocratic rule took to the streets celebrating, dancing, beating drums and hanging Saddam in effigy. Celebratory gunfire erupted in other Shi'ite neighborhoods across the country. Outside the Sunni insurgent stronghold of Ramadi, west of the capital, loyalists marched with Saddam pictures and waved Iraqi flags." Another New York Times (12/31, Tavernise, 1.16M) front-page report says "for Shiites, long oppressed, it was a moment of intense release," but Sunnis "were skeptical. After three years of grinding violence and abuses by the Shiite government security forces, trust has all but fallen away, and few feel genuinely represented by the government. Most, in fact, are afraid of it."

The Washington Post (12/31, A21, Trejos, 690K) reports that for some Iraqis, "he might as well have died three years ago." Most "once feared Hussein," but "three years later, Iraqis are still a terrorized people. Now, instead of Hussein, they fear the car bombs that maim and kill every day, the kidnappers who snatch people off the streets in broad daylight, the mortar shells that fall on residential neighborhoods . And they fear each other, as Shiite Muslims fight Sunni Arabs in what is spiraling into a civil war."

The New York Times (12/31, A11, Simons, 1.16M) says Hussein "was the first former leader to be tried by a domestic court for crimes against humanity -- a crime enshrined in international law -- and put to death for it." His execution "stands out because the new international legal institutions, like the International Criminal Court and the temporary tribunals that are trying war crimes cases in the former Yugoslavia, Rwanda and Sierra Leone, do not impose the death penalty."

Hussein Buried In Family Plot. The AP (12/31) reports, "Saddam was buried shortly before dawn Sunday in a family plot in the cemetery in Ouja, the town of his birth. Few were present for the internment near Tikrit, 130 kilometers (80 miles) north of Baghdad." He "was buried near the graves of his sons Uday and Qusay in the main town cemetery. The sons and a grandson were killed in a gunbattle with the American forces in Mosul in July 2003." BBC.com (12/31) says the ceremony was "sparsely attended."

"Chief Nemesis Of The Bush Family" Now Gone. Examining Hussein's impact on the presidencies of both the elder and the younger George Bush, the Washington Post (12/31, A21, Baker, 690K) writes that "the day after he ordered a cease-fire and brought the Persian Gulf War to a close, President George H.W. Bush ruminated about the status quo he had left behind in Iraq. 'Still no feeling of euphoria,' he dictated to his diary Feb. 28, 1991. Saddam Hussein, he recognized, remained a threat. 'He's got to go,' Bush concluded. It took nearly 16 years, but he's finally gone. And with Hussein's execution in Baghdad, so is the chief nemesis of the Bush family, a man who bedeviled father-and-son presidents and in different ways dominated both of their administrations. The long, tortured arc of the Bush-Hussein relationship that shaped recent U.S. history finally came to a close with the snap of a noose."

BBC.com (12/30, Frei) writes that "when Saddam Hussein looked in disbelief at the over-sized noose that was fitted by masked volunteers around his neck, the man who helped to put it there by invading Iraq and toppling the dictator was soundly asleep at his ranch in Texas. It was only nine o'clock in the evening in Crawford but George Bush was already embedded in the land of nod, with orders not to be woken until the morning. The blithe indifference of deep slumber was the final snub to the dead man who once described himself as 'Salahadin II', 'the Redeemer of all the Arabs' and 'the Lion of Baghdad.'"

World Leaders Offer Cautious Reactions. The New York Times (12/31, A12, Cowell, 1.16M) reports, "Western politicians sought a cautious balance on Saturday between revulsion at his record, support for his executioners and concern at the use of a capital penalty they largely shun in their own countries," as "religious leaders -- Christian and Muslim -- used stronger and more critical language in response to the news of Mr. Hussein's execution."

The Los Angeles Times (12/31, Wilkinson, Murphy, 850K) reports that while "the death penalty is anathema

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across Europe, and opposition to the execution of Saddam Hussein was nearly unanimous among its leaders Saturday," many "were torn between those strongly held beliefs and revulsion for the former Iraqi dictator's record of atrocities." A spokesman for Pope Benedict XVI said "the execution 'is tragic news…that risks feeding the spirit of revenge and sowing new violence,'" and "several European leaders, spanning the political spectrum, questioned whether justice was served by Hussein's execution and said it could bring further bloodshed."

Mixed Reactions Among Iraqi Americans. The Washington Post (12/31, A21, Hernandez, 690K) reports that among Iraqi Americans, "the emotions that accompanied Hussein's execution were complex, ranging from jubilant to relieved to disappointed," with most pleased he is gone, but some fearing the quick carrying out of the death sentence will, as one said, "give the impression that this was vengeance" and not justice. The Houston Chronicle (12/31, Viren, Carroll, 530K) reports on similar mixed reactions among Iraqis living in the Houston area. One man said, "Some were happy. Some were not."

Some Arabs Displeased By Execution. The New York Times (12/31, A13, Fattah, 1.16M) reports that even Arabs "who celebrated America's embrace of the rule of law" in Iraq felt the quick execution "left a bitter taste of stolen justice. Even Mr. Hussein's staunchest enemies expressed a sense of bitterness at the end." BBC.com (12/30, Pannell) says news of Hussein's death "has been greeted with a mixture of surprise and anger in some quarters -- and notable silence in others." The Los Angeles Times (12/31, Zavis, 850K) writes that many Kurds are conflicted as well, pleased by Hussein's death but upset that he will not be brought to justice for atrocities against their people.

Newsday (12/31, Bazzi) says the "timing and drama" surrounding the execution "makes it likely that he will become a martyr for Sunni nationalists fighting U.S. forces and the new Iraqi government." But as the Minneapolis Star Tribune (12/31, 395K) reports, Iraqi government leaders "sought to tell a different story, saying Saddam's trip to the gallows should become a turning point in Iraq's strife. Referring to leaders of the Sunni insurgency, Prime Minister Nouri al-Maliki said in a statement, 'Saddam's execution puts an end to all their pathetic gambles on a return to dictatorship.'"

Division That Captured Hussein Surprised By Quick Execution. The New York Times (12/31, A14, Blumenthal, 1.16M) reports on the Fourth Infantry Division, which captured Hussein in 2003. Now back in Killeen, Texas, "the soldiers of Fort Hood had better things to do than to count down a dictator's final minutes. … As word spread, soldiers in sweatshirts and turned-around ball caps seemed surprised that the sentence would be carried out so quickly, wondering aloud whether it would be shown on television."

US Television News Kept "Overnight Death Watch." The New York Times (12/31, A14, Stanley, 1.16M) writes, "Of course American television was going to show Saddam Hussein's execution. In a medium that feeds on immediacy, it was just a question of not having to wait too long to see it. And the coverage of the Iraqi dictator's last moments turned out to be an enervating, overnight death watch."

More Commentary. In his Washington Post (12/31, B7, 690K) column, Jim Hoagland writes, "Dictators die harder than most of us. Having wielded unlimited power in life, they seem to be sustained by a stubborn belief in their ability to stare down death, too. In his final moments yesterday, Saddam Hussein refused the offer of a hood to cover his eyes. Such defiance lends a particularly morbid quality to the last days of dictators such as Hussein and the now-infirm Fidel Castro. They follow in the reluctant footsteps of Spain's Francisco Franco and of many other tyrants-in-extremis before el rais Saddam and el jefe Fidel were confronted, respectively, with a hangman's rope and the withering ravages of disease. … I suspect that Hussein preferred to go out in a grim finale that will be portrayed by his disciples as victor's justice than to waste away, in solitude and yet under the public's watchful gaze, as Castro is doing in Havana."

In a Los Angeles Times (12/31, 850K) op-ed, journalist Christopher Hitchens writes, "Almost every transfer of power in Baghdad for the last half a century has been accompanied by the killing of the previous incumbents. British-backed Prime Minister Nuri Said was dragged through the streets and torn to shreds in 1958; his remains were then dug up and run over by cars. I remember as a boy seeing one of his replacements, the pro-communist Abdul Karim Qassim, on television, his head lolling after the attentions of a Baathist firing squad. The most lurid of all these moments, in this most bitter and harsh society, came with the sadistic video that Hussein himself made of the purge of his party after his seizure of power. Nobody who has seen that footage -- of terrified men dragged by goons from the room, while the survivors weep with fear and relief and Hussein indulges in a luxurious cigar -- is likely to forget it. And this atrocity was only

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the curtain raiser to further orgies of mass murder and torture of which we have unimpeachable evidence from the regime's own archives."

At Least 68 Die In Iraq Bombings; Six US Service Members Killed. The AP (12/30) reports, "Bombings killed at least 68 people in Iraq on Saturday, including one planted on a minibus that exploded in a fish market in a mostly Shiite town south of Baghdad. ... Despite concerns about a spike in unrest, Saturday's violence was not unusually high and there was no indication it was related to the execution. The U.S. military also announced the deaths of three Marines and three soldiers, making December the year's deadliest month for U.S. troops in Iraq, with 109 service members killed.

CNN.com (12/30) reports "at least 75 dead," stating that the UK "announced its 127th death in the war," caused by a roadside bombing in Basra. One bomb in Kufa killed at least 30; CNN.com adds, "Kufa is part of the key southern province of Najaf. U.S. troops handed security control of the area to Iraqi troops and police last week. The transfer is considered the most significant so far because of Najaf's religious importance."

Shiite Hostages' Kin Fear Reprisal Killings After Saddam Execution. The Washington Times/London Sunday Telegraph (12/31, Hussein) reports, "The families of hundreds of Shi'ite men snatched off the streets by Sunni extremists are waiting to hear their fate after kidnappers threatened to kill them if the execution of Saddam Hussein went ahead. As many as 450 men are thought to have been seized by Sunni militants during the past two months as hostages against the execution. ... The seizures went on for two months before Iraqi army units moved into the area and shut down the checkpoints."

Soldiers Doubt Any Impact Of Execution On Deployment Length. The AP (12/30, Hurst), in an article primarily about Saddam Hussein's last words, reports on the pessimism of some US soldiers in Iraq. Quoted are "members of the Army's 2nd Battalion, 17th Field Artillery Regiment, on patrol in an overwhelmingly Shiite neighborhood in eastern Baghdad," who "said the execution wouldn't get them home any faster — and therefore didn't make much difference."

US Appears Accustomed To Servicewomen's Deaths. The Washington Post (12/31, A18, George, 690K) reports on a memorial wall at Fort Lee, Virginia, that lists "soldiers who have died in the combat zones of Iraq and Afghanistan: PFC Lori Piestewa, CPT Kimberly Hampton, SPC Lizbeth Robles, SGT Jessica Housby… All 59 are women. They are casualties in a conflict that has seen women serving in larger numbers than before, in a wider array of jobs, amid violence that heeds no front line. ... In all, 62 service women from all branches have died in Iraq, about two-thirds of them in hostile fire. By comparison, in World War II, historians say, 16 women were killed in action. In Vietnam, one woman's life was claimed by enemy fire; in the Persian Gulf War, five. Most previous female casualties were nurses. Now the female dead include military police, truck drivers, intelligence analysts, helicopter pilots, medics, mechanics, media escorts and kitchen managers. At least 13 left behind children." However, rather than causing a "public outcry" predicted by experts, the deaths "appear to have melded into the nation's experience of war."

LAPD Officers Return From Military Duty In Iraq. The Los Angeles Times (12/31, McGreevy, 850K) reports on Los Angeles police officers who served in Iraq, saying "dozens of LAPD officers who have returned to the sometimes dangerous streets of Los Angeles after being deployed as military reservists to the meaner streets of Iraq. ... Experts estimate that more than 500 peace officers in California have been called to active military duty since the Sept. 11 terrorist attacks."

Eikenberry Predicts More Fighting In Afghanistan. The AP (12/30, Straziuso) reports, "The outgoing U.S. commander in Afghanistan predicted more fighting this spring and summer and said Taliban militants would try to overrun towns to 'unhinge the Afghan people's morale.' Lt. Gen. Karl Eikenberry also said the recent killing of a high-level Taliban commander shows that fugitives such as Osama bin Laden and Mullah Omar will one day slip up, and that the U.S. will strike." However, he "said none of the Taliban's efforts would provide "a significant military challenge" for U.S., NATO and Afghan forces, which he said have improved greatly in the last year."

Ring Road Shows Challenges Of Afghanistan. In a story exceeding 3,400 words, the Los Angeles Times (12/31, Watson, 850K) reports on Afghanistan's Ring Road: "tell war-hardened Afghans that

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you're going to travel its entire 1,373-mile length unarmed, facing winter and a raging insurgency, and they look at you like you're completely mad. Five years after the fall of the Taliban, it shouldn't be such a challenge. Rebuilding the two-lane highway that connects Afghanistan's major cities has been a centerpiece of the U.S.-led effort to transform the nation. ... But as with many things in Afghanistan, there is a chasm between the rhetoric and reality. Some of the best stretches of the road are among the Taliban's favorite killing grounds. ... About 40% of the road isn't finished." The Times describes a journey along the road: "On the way, we managed to avoid a Taliban ambush, a potential kidnapper or highway robber, a suicide bomber and a gunman who fired close enough to take off one of our heads."

Scholars Oppose Growth Of Army. In an op-ed for the Washington Post (12/31, B7, 690K), Woodrow Wilson International Center scholars Gordon Adams and John Diamond write about proposals to permanently increase the Army, "This proposal is a bad idea. It is irrelevant to the stresses the Army is experiencing in Iraq. It would build enormous long-term costs into the defense budget, and it presumes a role in the world for the U.S. military that the voters emphatically opposed in November." Instead, Adams and Diamond suggest, "A program of troop reductions and phased redeployment from Iraq would in effect increase the size of the Army by relieving the force of a burdensome, costly and unproductive mission. There will be opportunities to retrain and reequip to redress the shortcomings in armor and tactics so neglected by the Rumsfeld Pentagon."

CRIMINAL LAW:

Texas Program Aimed At Catching Internet Predators Seen As Model. The Houston Chronicle (12/31, Pape) reports, "Sugar Land's Internet safety program is being hailed as a 'best practice' by the U.S. Conference of Mayors, as well as being featured as a model during a recent U.S. Department of Justice summit in Washington, D.C." The Chronicle continues, "Mayor David Wallace was invited to present his city's 'Keep Kids E-Safe' initiative to more than 1,000 mayors from across the nation, as well as to justice department personnel looking for ways to combat the increasing problem of cyberpredators. … The program has received national attention as an innovative cross-sector collaboration involving all levels of government, nonprofit organizations and the business community, city officials said. Keep Kids E-Safe utilizes education, enforcement and prevention to help parents, families and communities protect children from online predators." The Chronicle adds, "Wallace said that he first realized how serious the problem was after seeing an undercover investigation conducted by NBC's Dateline news magazine more than a year ago. … Wallace talked to members of the Mayor's Youth Advisory Council to see if they would be interested in taking on a possible project. The 125-member council is a city-sponsored teen group that provides government leaders insight into the development of programs and services impacting young people."

WPost Describes Death Penalty As "A Creature Of…The South, And Texas." The Washington Post (12/31, B6, 690K) editorializes, "2006 saw the fewest executions in the United States in a decade, 53. The use of capital punishment has been dropping since 1999, when 98 people were executed. The number of new death sentences is also falling precipitously, according to data from the Death Penalty Information Center, and the number of people on death row is dropping off as well. At least for now, capital punishment remains in retreat. Perhaps the most striking indicator of this retreat is the degree to which executions are becoming a local phenomenon. While the preponderance of states have a death penalty, very few use it as a routine feature of their criminal justice systems. This year, 14 states carried out executions, but only six of them -- Texas, Ohio, North Carolina, Florida, Oklahoma and Virginia -- carried out more than one. Together, these states accounted for 85 percent of executions this year. All by itself, Texas, which executed 24 people, accumulated 45 percent. Over the previous three years, the leading six states for executions accounted for between 70 and 83 percent of executions annually. The less the death penalty gets used, the more it becomes a creature of its heartland: the South, and Texas especially."

Broder Revisits Column On Rove And Plame. The Washington Post's David Broder (12/31, B7) writes a "column that drew great protest was one in which I took my colleagues in the media to task for their treatment of Karl Rove in the Valerie Plame leak investigation. When the special prosecutor announced that he was not charging Rove with anything, I reviewed some of the many articles that had

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accused the White House aide of masterminding the 'outing' of Plame and said that an apology was in order. The e-mail and letter writers argued that the simple fact that Rove had escaped prosecution did not mean that he was innocent of using his position to harass and frustrate critics of the administration. … But I still believe that there is an important cautionary tale for the media in the Rove-Plame story. Too many of us got way ahead of the facts and let our suspicions grow into assumptions and assertions for which we had no evidence."

CIVIL RIGHTS:

DOJ Finds Problems At Delaware Prisons. The Wilmington (DE) News Journal (12/31, Williams, Parra) reports, "Delaware Correctional Center near Smyrna is among the Delaware prisons looking at major changes in inmate health care after an investigation by the U.S. Department of Justice found the prison system guilty of civil rights violations." The Journal continues, "It's been more than a year since a coalition of concerned citizens, lawmakers and clergy marched on the governor's mansion and knelt in prayer asking for better health care for inmates in Delaware's prisons. They were galvanized by horrific conditions outlined in a series of stories in The News Journal, the first of which appeared in late September 2005 -- a series Correction Commissioner Stan Taylor charged was 'sloppy reporting' in a five-page response the newspaper published." The Journal adds, "On Friday, following a nine-month investigation, the U.S. Department of Justice announced that federal investigators found "substantial civil rights violations" inside four Delaware prisons. For example, the report noted, flesh-eating bacteria inside Gander Hill prison went undiagnosed and untreated, placing "inmates and staff at risk of acquiring the infection and passing it to others in the community." … Taylor and Attorney General Carl Danberg signed an 87-point agreement with the federal government that calls for sweeping changes in Delaware's penal institutions. The state promised to correct the deficiencies and 'meet generally accepted professional standards.' However, the state did not admit to violating any inmate's civil rights or breaking any other federal law. … Federal prison regulators identified a host of problems inside prisons, including inadequate screening and health assessments, inadequate treatment of inmates with infectious diseases, inadequate treatment of inmates with serious mental illness, and deficiencies in the state's suicide-prevention measures. … They found substantial civil rights violations at Baylor Women's Correctional Institution, Young Correctional Institution, the Delaware Correctional Center and the Sussex Correctional Institution."

Increased Scrutiny Of DOJ Is On Rights Groups' Agenda. The Detroit Free Press/Gannett (12/31, Berry) reports, "With Democrats taking control of Congress on Monday, civil rights groups will be pressing for an aggressive agenda that includes a ban on racial profiling, an overhaul in some election practices and stepped up oversight of the Justice Department." Gannett continues, "Because of last month's vote in Michigan, civil rights advocates also may urge Congress to take a stand on affirmative action, depending on the outcome of several cases before the U.S. Supreme Court. … Advocates are concerned about the potential national implications of Michigan's Proposal 2 initiative approved in November that bans racial preferences in state hiring and university admissions. … 'We will be looking to see if there is any role for Congress to play,' said John Britton, chief counsel for the Lawyers' Committee for Civil Rights Under Law." Gannett adds, "Advocates say civil rights issues are more likely to have a platform and encounter less resistance than in the Republican-controlled Congress, especially with members of the Congressional Black Caucus heading powerful committees, including Rep. John Conyers of Detroit on the Judiciary Committee. … But experts caution that civil rights issues must compete with other Democratic priorities, such as high college costs, minimum wage increases and accessible health care. … 'Congress is going to have a lot on its plate. ... It's going to be a bit of a climb uphill' for some civil rights issues, said Hugh Price, a senior fellow with the Brookings Institution and former president of the National Urban League."

Kennedy's Opinion Expected To Determine Outcome Of SCOTUS Abortion Cases. The New York Times (12/31, WK2, Greenhouse, 1.16M) reports, "The coming months will be a testing time for the young Roberts court, including decisions due by early summer on abortion, school integration and environmental policy, with an unusually large emphasis on cases of significance to the business community. Chief Justice John G. Roberts Jr. has spoken often of the virtues of a court that speaks modestly and

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unanimously. Those goals may well prove elusive. The court's conservative bloc reached out to hear challenges to voluntary integration plans put in place by the public school systems of Louisville, Ky., and Seattle, which had been upheld by lower courts. … The Nov. 8 arguments in two cases on the constitutionality of the federal Partial-Birth Abortion Ban Act of 2003 did not provide such a clear basis for prediction. Instead, they served to showcase Justice Anthony M. Kennedy's position at the center of a court that is closely divided in cases that Justice Antonin Scalia has described as battles in the culture war." Justice Kennedy "did not tip his hand during the abortion arguments. But enough other justices tipped theirs to make clear that the first federal statute ever to make an abortion procedure a crime will stand or fall depending on Justice Kennedy's opinion."

Will Predicts SCOTUS Will Hear McCain-Feingold Challenge. In his column for the Washington Post (12/31, B7, 690K) George Will writes, "A three-judge federal court recently tugged a thread that may begin the unraveling of the fabric of murky laws and regulations that traduce the First Amendment by suppressing political speech. Divided 2 to 1, the court held -- unremarkably, you might think -- that issue advocacy ads can run during an election campaign, when they matter most. This decision will strike zealous (there is no other kind) advocates of ever-tighter regulation of political speech (campaign finance 'reformers') as ominous. Why? Because it partially emancipates millions of Americans who incorporate thousands of groups to advocate their causes, groups such as the American Civil Liberties Union and the National Rifle Association. And Wisconsin Right to Life. … The Wisconsin Right to Life case is probably heading for the Supreme Court. There, Justice Samuel Alito occupies the chair that Sandra Day O'Connor occupied when she voted with the majority in the 5 to 4 ruling that upheld McCain-Feingold."

ANTITRUST:

States Take Closer Look At Airline Takeover. The Salt Lake Tribune (12/31) reports, "Utah Attorney General Mark Shurtleff isn't opposed to US Airways' hostile bid for Delta Air Lines - yet. … But that could change in the coming weeks. The top law enforcement officer in Utah, who waged an antitrust fight against Microsoft Corp. a few years back, has teamed up with attorneys general in a dozen other states to investigate the impact of a Delta buyout on airline competition and ticket prices. … 'It looks like and smells like a classic redundant merger, which often is anti-competitive and sometimes does violate antitrust laws. If we conclude that it is, then we can possibly bring an action to stop it,' Shurtleff said last week." The Tribune continues, "In most cases, states have authority to challenge corporate mergers. The airline industry, however, is the one area where states are powerless to approve or reject mergers out of hand. That power is the sole right of the U.S. Department of Justice, said Jim Dick, an attorney who worked in the antitrust division of the Justice Department and whose private practice involves antitrust work in the airline industry. … 'The states don't have a role. What they can do, though, is have an investigation and present their findings to the Justice Department, which is very likely to give them serious consideration,' said Dick, who works in Washington, D.C., for the Cleveland-based law firm of Squires Sanders and Dempsey." The Tribune adds, "The investigation, already two weeks old, is a race against time. Delta, which has spurned the offer, is plowing forward with its plan to exit bankruptcy as a free-standing airline before next summer. The No. 3 U.S. carrier has set a meeting Feb. 7 with a federal judge to show why the plan contains enough information for creditors to vote on it. … At the same time, US Airways continues to assert that its $8.4 billion offer provides more value to creditors than Delta's stand-alone plan. US Airways contends that the merger could be completed in the first half of 2007 and should be done while Delta is in bankruptcy. And spokesman Philip Gee says his Tempe, Ariz.-based airline believes its offer to buy Atlanta-based Delta will pass antitrust review. … 'That is based on a thorough city-pair-by-city pair analysis, the type the Department of Justice will perform,' Gee said."

FBI/DEA/ATF/USMS:

Bruno Defends Himself As FBI Investigates His Business Dealings. The New York Times (12/31, Cooper) reports New York's State Senate President Joseph L. Bruno "finds himself on the defensive as never before. The F.B.I. is investigating his business ties, newspapers are exploring his financial relationships with people seeking help from the state, some Republicans are grumbling that he is tarnishing their troubled party, and for the first time, a member of his conference, Senator John J. Bonacic, a Hudson Valley Republican, is calling on Mr. Bruno to step down." Bruno "bristled at news reports that the federal

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government was investigating his decision to award a $500,000 member item grant — the type that goes to individual lawmakers' pet projects — to Evident Technologies, a company with a former director, Jared Abbruzzese, who had business dealings with Mr. Bruno. Mr. Bruno said that the state gave aid to Evident before he did, and that the money was intended to keep the company from moving out of state. ;It gets me a little bit excited, because they all want to moan and groan and point to Evident,' he said in his office. 'Evident is one of the most worthwhile projects to be funded that I have funded. Now the fact that a friend of mine, it turns out, that I had a financial relationship with — too damn bad. What am I, a second-class citizen? Is he a second-class citizen? We vetted that through the whole process, O.K.?'

FBI Accused Of Failing To Follow Additional Leads Related To Oklahoma City Bombing. The Pittsburgh Post-Gazette's Jack Kelly (12/31) wrote, "The House International Relations committee issued a report last week criticizing the FBI's investigation of the 1995 bombing of the federal building in Oklahoma City. The FBI failed to pursue credible information that Timothy McVeigh and Terry Nichols had help, the committee said. The FBI shouldn't have abandoned its search for John Doe No. 2, the committee said. Jayna Davis, then a reporter for a television station in Oklahoma City, said she found at least 20 witnesses who identified Hussain al-Hussaini, a former Iraqi soldier, as the man they saw with Timothy McVeigh. And the FBI should have investigated more thoroughly contacts between Mr. McVeigh and Andreas Strassmeir, a German national who was a paramilitary instructor at Elohim City, a neo-Nazi compound near the Arkansas border, the committee said. The FBI says its investigation was exhaustive, but the discovery just two years ago of a large cache of explosives in a house in which Mr. Nichols lived (and which the FBI had searched) casts some doubt on that claim. Investigative reporter Peter Lance has just completed his third book describing FBI blunders (or worse) in the war on terror. … If what Mr. Lance says is true -- if only a small fraction of what Mr. Lance says is true -- the best that can be said of the FBI is that it has been grossly negligent. A story in the New York Sun Wednesday also does not inspire confidence in the bureau. According to an FBI court filing, the files in 22 of 94 investigations into leaks of classified information are missing. 'Knowing what I know, I can confidently say that until the investigative responsibilities for terrorism are removed from the FBI, I won't feel safe,' said former FBI agent Robert Wright in June 2001. Reading Mr. Lance's book won't make him feel any safer." This column also appeared in the Toledo Blade (OH) (12/31).

CONGRESS-ADMINISTRATION:

House Ethics Committee Warns Conyers On Use Of Staff. RollCall.com (12/30, Davis) reports, "The House ethics committee concluded its three-year inquiry into incoming Judiciary Chairman John Conyers on Friday, voting to take no punitive action against the Michigan Democrat but warning him not to use Congressional staff for any campaign or personal purposes in the future. The inquiry was self-initiated by the ethics panel following news reports in December 2003 that Conyers had on multiple occasions demanded his Congressional staff do both political work outside of their official duties as well as personal errands and favors for the lawmaker and his wife, such as babysitting and tutoring his children."

The Hill (12/30, Kaplan, Kucinich) reports on its web site, "The top Republican and Democratic members on the ethics panel, Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), said in a statement that Conyers acknowledged a 'lack of clarity' in communicating what was expected of his official staff and that he accepted responsibility for his actions. '[Conyers] agreed to take a number of additional, significant steps to ensure that his office complies with all rules and standards regarding campaign and personal work by congressional staff,' they stated. 'We have concluded that this matter should be resolved through the issuance of this public statement.' The finding by the ethics panel could spark debate, and perhaps eclipse, the first week of the incoming-Democratic majority's plans to change the House ethics rules, as well as raise questions about Conyers' standing to chair the Judiciary Committee."

LATimes Rates Bush's 2006 Performance. The Los Angeles Times (12/31, 850K) editorializes, "It's that time of year, when the drones of corporate America gather their No. 2 pencils and call over to human resources for all the personnel files. … Wat if our elected officials had to fit their year's accomplishments on the same kind of form with which millions of the rest of us are familiar? For President Bush, the results would not be encouraging." The Times is

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almost exclusively critical of the president, but rates his "Financial management" as "Exceeds expectations," noting, "Federal budget deficit is smaller than expected, though employee's insistence that this is a result of his tax cuts is unpersuasive. Also, after the election, indicated that he was open to fresh talks with Democrats about Social Security."

Kristof Offers Suggestions For Enhancing Bush's Legacy. The New York Times' Nicholas Kristof (12/31, WK9) offers "Ten Suggestions For Rescuing The Bush Legacy," writing, "Particularly after all the tributes to Gerald Ford in the last few days, President Bush may be pondering his own legacy and obituary. Sorry, Mr. Bush, but it doesn't look good right now, with your obit perhaps beginning something like this: 'George W. Bush, who achieved tremendous acclaim for his handling of the 9/11 terror attacks but left office vilified and disgraced, mired in the Iraq war and stalemated at home, his hard-line partisan tactics souring the electorate and crippling his beloved Republican Party for a generation, died. ...'But Mr. Bush, your plight isn't hopeless. In the holiday spirit, let me offer you 10 suggestions for what you can do in 2007 to try to rescue your legacy." The first suggestion is "seriously engage Iraq's nastier neighbors, including Iran and Syria, and renounce permanent military bases in Iraq."

NYTimes Suggests Areas Of Expansion For NCLB. The New York Times (12/31, WK7, 1.16M), in an editorial, writes, "The No Child Left Behind Act broke new ground when it required the states to educate impoverished children up to the same standards as their affluent counterparts, in exchange for federal aid. … The achievement gains have fallen far short of what Congress hoped for when it passed the landmark federal law — and also far short of what the country needs to keep pace with its economic rivals . In addition, student performance has flattened in recent years. … With the easy achievement gains already behind us, the next level of progress will require rigorous systemic change. The states, for example, will need to adopt rigorous examinations that track the federal test, the National Assessment of Educational Progress, more closely. They will have to crack down on state teachers colleges that turn out poor graduates, and devise ways — including differential pay — to persuade highly qualified teachers to work in failing schools that they have historically avoided. To move forward, the country must also find new ways to support and transform failing schools, beyond labeling them failures and presuming that the stigma will inspire better performance."

WPost Criticizes Pelosi's Decision On C-SPAN Access. The Washington Post (12/31, B6, 690K), in an editorial, writes, "Incoming House Speaker Nancy Pelosi (D-Calif.) pledged to run the 'most open' Congress in history. Unfortunately, that promise doesn't seem to extend to letting the American people see what's really happening on the House floor. In a letter released the Friday before Christmas, Ms. Pelosi delivered a lump of coal to C-SPAN, which had asked to be freed from the restrictive rules that -- since House proceedings first were televised in 1979 -- have kept the cameras under control of the House and limited footage to tight shots of the podium or the lawmaker who's speaking. Senate rules are similarly constraining. As C-SPAN's president, Brian Lamb, explained in his letter to Ms. Pelosi asking that the cable network's cameras be permitted in the chamber, 'This compromise was crafted long ago to convince wary members to allow congressional sessions to be televised, and in the ensuing years it has become an anachronism that does a disservice to the institution and to the public."

NYTimes Says Social Security Fix Must Include Benefit Cuts, Tax Increases. A New York Times (12/31, WK7, 1.16M) editorial today disputes the use of the Chilean retirement model as a template for changes to the US Social Security system. "The overarching problem for Chile — and the real lesson for the United States — is that private savings are not a substitute for a guaranteed core tier of old-age support." Calling the primary measure of success "whether the system as a whole provides basic dignity for all," the Times says "Chile's privatized system has failed and Social Security has succeeded." Social Security should combine "modest benefit cuts" with "modest tax increases." Achieving that goal "would require sacrifices from both political parties," because "tax increases must be a part of any plausible Social Security reform mix." If a tax increase is not considered, "severe benefit cuts become unavoidable." The Times concludes, "As the debate unfolds anew in 2007, another vital lesson to remember from the Chilean experience is that institutions, once dismantled, are not easily restored."

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OTHER NEWS:

Cheney Among Those Honoring Ford At Capitol. The Washington Post (12/31, A1, Ruane, 690K) reports, "Washington welcomed the body of former president Gerald R. Ford last evening. … It was attended by modest but somber crowds that lined the avenues of Alexandria, where the former president once lived. People also gathered in silence as his hearse, and the limousine bearing his wife, Betty, 88, paused beside the flickering fountains of the World War II Memorial. The cortege of about 40 vehicles then moved slowly along the broad and empty expanse of Constitution Avenue toward the gleaming dome of the Capitol, bright against the night sky." The Post notes, "President Bush did not attend last night's ceremonies. He and first lady Laura Bush plan to pay respects tomorrow, when they return to Washington from Texas. Bush also plans to speak at Ford's funeral Tuesday at Washington National Cathedral." The Washington Times (12/31, A1, Pfeiffer, 88K) reports, "It was noted repeatedly that Mr. Ford never aspired to be president, but served honorably after the Watergate scandal forced Richard M. Nixon to resign. 'President Ford proved as worthy of that office as any who had ever come before,' said Vice President Dick Cheney, who served as Mr. Ford's chief of staff. 'He assumed power without assuming airs; he knew how to treat people. He answered courtesy with courtesy; he answered discourtesy with courtesy.' Mr. Cheney also addressed the 38th president's decision to pardon Mr. Nixon, which was so divisive at the time that it probably cost him the 1976 election. 'It was this man, Gerald R. Ford, who led our republic safely though a crisis that could have turned to catastrophe,' he said. 'Gerald Ford was almost alone in understanding that there can be no healing without pardon.'" The AP (12/30, Woodward, Wilson) reports, "Ford's decision to pardon Nixon, so divisive at the time that it probably cost him the 1976 election, was dealt with squarely in his funeral services by his old chief of staff", Cheney. The New York Times (12/31, A19, Kornblut, 1.16M) reports, "Representative J. Dennis Hastert, the departing House speaker, recalled that 'in the summer of 1974, America didn't need a philosopher-king or a warrior-prince, an aloof aristocrat or a populist firebrand.' 'We needed a healer; we needed a rock,' Mr. Hastert said. 'We needed honesty, candor and courage. We needed Gerald Ford.'"

The AP (12/30) reports, "Hundreds of ordinary Americans lined up for a chance to view the closed, flag-draped casket of the 38th president late into the night and through the weekend. … The Washington portion of Ford's state funeral opened with a procession that took his casket from Maryland to Virginia and then over the Memorial Bridge -- dressed in flags and funeral bunting -- to the World War II memorial, past the White House without pausing and on to the U.S. Capitol for the first service and a lying in state that continues until Tuesday morning." The Washington Times (12/31, A1, Weber, 88K) reports, "hundreds…began standing in line long before the public viewing began after 8 p.m., and among the thousands who came to the region to mourn the death of the 38th president." The Los Angeles Times (12/31, Peterson, Schmitt, 850K) reports Ford "will be transported to Washington National Cathedral on Tuesday morning for a memorial service that will be attended by President Bush. The six days of funeral rites are scheduled to end Wednesday, when Ford will be buried in his boyhood home of Grand Rapids, Mich." The Detroit News (12/31, Trowbridge), Newsday (12/31, Abrams, Muskal), Bloomberg (12/30, Miller, Salant), and RollCall.com (12/30, Brotherton) were among other media outlets reporting on the ceremony at the Capitol.

Absence Of Bush And Other Top Officials Noted. The Washington Post (12/31, A1, Milbank, 690K) reports, "Everything was in place for Gerald R. Ford's state funeral last night -- everything, that is, but the statesmen. President Bush sent his regrets; he was cutting cedar and riding his bike on his ranch in Texas. Senate Majority Leader Harry Reid and his deputy, Richard Durbin, couldn't make it, either; they were on a trip to visit Incan ruins. Incoming House Speaker Nancy Pelosi took a pass, too -- as did nearly 500 of the 535 members of Congress. A 6-to-3 majority of the Supreme Court, including Ford's appointee, John Paul Stevens, ruled against attending. All the nation's governors were invited; few, if any, came. Apparently only two Cabinet members -- Attorney General Alberto Gonzales and Commerce Secretary Carlos Gutierrez -- accepted the invite. Congressional staffers and Ford family representatives scrambled to find sufficient greeters and honorary pallbearers to join Vice President Cheney and a score of former lawmakers and Ford administration officials."

Excerpts Of Ford Interview On Vietnam Published. The Washington Post (12/31, B1, Woodward, Parthemore, 690K) publishes excerpts from an interview Ford gave The Washington Post's Bob Woodward and Christine Parthemore

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in 2004 and 2005 in which "the former president revealed the depths of his disillusionment and frustration during the final years and months of the Vietnam War."

Ford Considered Choosing George H. W. Bush As His VP. The New York Times (12/31, A24, Roberts, 1.16M) reports Nelson Rockefeller "coveted the vice presidency in 1973, when Spiro T. Agnew resigned. Instead, President Nixon named Mr. Ford. … Among the prospective vice presidents Mr. Ford rejected was George H. W. Bush. Remembering the telephone call from Mr. Ford that August morning, Mr. Bush said modestly last week: 'I went on, and thanks to him, had wonderful assignments in life.'"

Ford Seen As Likely To Be Remembered For Nixon Pardon. The New York Times' David Kirkpatrick (12/31, WK1) writes, "Lyndon Johnson in 1973. Richard Nixon in 1994. Ronald Reagan in 2004. The last three former presidents to die dominated the world stage. They bent history to their will, for better or worse, and became the subjects of a crowded shelf of biographies. For the writers of memorials and obituaries, they were easy. Not so Gerald R. Ford, who served only 29 months, never won a national election, and was constricted by an overwhelmingly hostile Congress. He is remembered mainly for the pardon of his predecessor, an act that ultimately doomed his bid for re-election." The Los Angeles Times' Jonathan Chait (12/31) writes, "Ford's defeat in the 1976 presidential race may have been one of the worst things that ever happened to American liberalism. Liberals, of course, detested Ford for his pardon of Richard Nixon, and indeed the pardon was a pretty rotten act. In the light of history, however, Ford comes through as a far more innocuous figure. By the standard of his day, he was a conservative. But by the standard of our times, he's a raging moderate."

Betty Ford's Term As First Lady Remembered. The New York Times (12/31, A1, Steinhauer, 1.16M) reports, "It has been a while since America drew its face close to Betty Ford. But what the nation saw this week here in Southern California — an impossibly tiny face, lips pinched in grief and eyes blinking in the harsh midday sun — served as a poignant reminder of the woman whose reign as first lady, while brief and wholly unexpected, was among the most remarkable in modern history. … Thrown into the role of first lady during a period of deep distrust in government, she fulfilled the role of honest arbiter of American family life and of the modern woman, speaking candidly on just about any subject she was asked about, both shocking and delighting the country."

GOP Presidential Candidates Seen As Needing To Distance Themselves From Bush. The New York Times' Adam Nagourney (12/31, WK2, Nagourney) reports, "For Republican candidates, the problem is President Bush. … The trick for Republican candidates is to distance themselves from Mr. Bush without offending Republican loyalists on guard for anyone showing disrespect to the president, or offending Mr. Bush's own considerable corps of advisers and contributors, any one of whom could prove useful in 2008. Talking about spending is one way to create that distance. Senator John McCain of Arizona, for one, has made a point of criticizing the deficits during Republican rule in Washington. But will any of them aggressively distance themselves from Mr. Bush's Iraq policy? Could there be a spot in this cycle for an antiwar Republican? And could any echo the chord Barack Obama has struck on the Democratic side by promising an end to the brutal partisanship that has marked the Bush era, and campaign against Mr. Bush, however discreetly, on this ground?"

Clinton's Campaign Team Said To Be More Professional Than Husband's. The Los Angeles Times (12/31, Braun, 850K) reports Sen. Hillary Rodham Clinton "has spent much of the last month behind closed doors, putting the final touches on a presidential campaign-in-waiting. … Awaiting only her go-ahead — with a decision expected in January — the machine that Hillary built has the heft and advance billing of an election-year juggernaut. It is a high-stakes fusion of her political world and her husband's, two camps with markedly different styles and, at times, competing agendas and egos. The test, should she decide to run, will be getting the two cultures to work together. … Bill Clinton ran a loose and leaky ship during his two White House terms, and many in his old brain trust who are expected to return to the fold for a Hillary Clinton presidential campaign now have careers to tend and outside interests to promote. By contrast, 'Hillaryland' is a disciplined structure of her own design, a tight-knit realm populated by discreet, fiercely devoted aides who have been with the former first lady since her East Wing days, along with newer additions who serve on her Senate staff. Some wonder if her circle is too buffered." Patti Solis Doyle, "a Hillaryland stalwart who was Hillary Clinton's first hire as scheduler in 1992, is expected to be tapped as campaign manager. Doyle, 41, had key roles in both Senate campaigns, and most recently headed up

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Hillpac, the well-oiled fundraising arm that drummed up more than $50 million in donations for 2006.

Schwarzenegger Plans To Take His Campaign For Bipartisanship National. The San Francisco Chronicle (12/31, A1, Marinucci, 384K) reports Gov. Arnold Schwarzenegger "is intent on taking his message of bipartisan cooperation to the rest of the country as part of an ambitious effort aimed at shaping politics on both sides of the aisle. Schwarzenegger wants to press Republicans and Democrats for more 'action, action, action' -- with particular attention to appealing to the growing ranks of decline-to-state and independent voters increasingly turned off by partisan politics. For the California governor, the issues open to bipartisan solutions are as diverse as redistricting, health care and prison reform. But Schwarzenegger doesn't intend to stay within state boundaries as he addresses such matters, planning to make his case in states that will play center stage in presidential politics -- New Hampshire, Ohio and Iowa among them. … Political insiders on both sides of the aisle have speculated that the governor's 'big picture' approach means that he will have more influence as the 2008 presidential race begins in earnest; that means he could act either as an endorser or an active campaigner who could help swing delegate-rich California."

LATimes Notes Schwarzenegger's Successes In 2006. The Los Angeles Times (12/31, 850K) says in an editorial that Schwarzenegger's "year began with an apology and ended with a victory. In other words, it got better as it went along."

Pawlenty Moves Towards The Middle To Start Second Term. The Minneapolis Star Tribune (12/31, Lopez, 395K) reports, "After a brush with political death, a reinvigorated Gov. Tim Pawlenty begins his second term this week facing huge DFL majorities in the Legislature and acknowledging that compromise is no longer optional. Promising a change in agenda and tactics for the legislative session, which will convene Wednesday, Pawlenty has already advocated universal health coverage for Minnesotans, proposed free college tuition for the state's top students, and thrown his weight behind expansions of mass transit and greater reliance on renewable fuels."

Poll Finds Most Americans Maintain Optimistic Outlook. The Washington Times (12/31, A1, Benac, 88K) reports, "An Associated Press-AOL News poll finds that while most Americans said 2006 was a bad year for the country, three-fourths thought it had been a good one for them and their families. … Seventy-two percent of Americans feel good about what 2007 will bring for the country, and an even larger 89 percent are optimistic about the new year for themselves and their families, according to the poll. That fits with a long-term trend suggesting that Americans are generally an optimistic lot. Polling over recent decades is replete with optimism, and with a tendency for people to feel more positively about their own situations than that of the country overall."

December Employment Report Expected To Show Slight Improvement. The New York Times (12/31, BU6, DeAenlle, 1.16M) reports, "The December employment report arrives Friday. A Bloomberg News poll of economists estimates that 115,000 net new jobs were created, a subdued showing after the 132,000 in November."

WPost Notes Virginia GOP's Transportation Deal Talks. The Washington Post (12/31, B6, 690K) editorializes, "Finally, the grown-ups have seen fit to mediate in the spitting match that passes for fraternal relations within Virginia's Republican Party. Northern Virginia's two Republican congressmen, Reps. Thomas M. Davis III and Frank R. Wolf, along with the new state party chairman, Ed Gillespie, and Robert F. McDonnell, the attorney general, are trying to broker an intraparty deal on state funding for transportation. No doubt they have been moved to action by well-founded fear -- fear that voters have grown tired and testy at the ongoing spectacle of the GOP's civil war and fear that the party as a whole will be punished at the ballot box next fall for its contemptible failure to address the state's transportation mess."

Humorist Barry Reviews 2006. Humorist Dave Barry's annual review of the closing year appears in today's Washington Post Magazine (12/30, W18). The piece runs just over 5,000 words.

Bush Directs "Surprising" Tripling Of Aid To Africa. Under the headline, "Bush Has Quietly Tripled Aid To Africa," the Washington Post (12/31, A4, Fletcher, 690K) notes President Bush's "legacy is sure to be defined by his wielding of U.S. military power in Afghanistan and Iraq, but there is another, much softer and less-noticed effort by his

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administration in foreign affairs: a dramatic increase in U.S. aid to Africa." Bush "has tripled direct humanitarian and development aid to the world's most impoverished continent since taking office and recently vowed to double that increased amount by 2010 -- to nearly $9 billion." Currently, Sudan, Ethiopia, Egypt and Uganda "rank among the world's top 10 recipients in aid from the United States." Those increases "have surprised -- and pleased -- longtime supporters of assistance for Africa, who note that because Bush has received little support from African American voters, he has little obvious political incentive for his interest." The Post adds, "Although some activists criticize Bush for not doing more to end the ongoing genocide in the Darfur region of Sudan, others credit him for playing a role in ending deadly conflicts in Liberia, the Congo and other parts of Sudan. Meanwhile, Bush has overseen a steady rise in U.S. trade with Africa, which has doubled since 2001."

Somali, Ethiopian Troops Close In On Kismayo. In continued reporting on the Somali Interim Government's consolidation of power, the New York Times (12/31, Gettleman, 1.16M) notes, "A phalanx of Ethiopian tanks and armored personnel carriers chugged toward Kismayo, the last city occupied by Somalia's diminished Islamist movement, witnesses said Saturday, while the Islamists inside the city dug in and vowed never to surrender." While the Somali-Ethiopian force was "preparing to seize Kismayo," a key Islamic Courts leader "told his followers that the Islamist leadership was not finished." The Times adds, however, that international diplomats "said that they were talking to moderate representatives of the Islamic movement on Saturday, trying to persuade them to back down."

The Washington Post (12/31, A18, McCrummen, 690K) calls Kismayo "the last stronghold of the Islamic Courts movement," adding, "a major battle between the two sides seemed imminent." The Post reports, "Somalis are growing impatient with the presence of thousands of Ethiopian troops in their country, but Ethiopian Prime Minister Meles Zenawi, who has backed the interim Somali government now in power, has said his military will not pull out until it has captured the most 'extremist' leaders and 'international jihadists' within the Courts movement."

The Washington Times/AFP (12/31) adds the Somali-Ethiopian troops "marched on the last stronghold of the country's powerful Islamist movement yesterday, even as Prime Minister Ali Mohammed Gedi called for dialogue with Islamist leaders." Yesterday, Gedi "warned of serious reprisals if the Islamists followed through on threats to wage a guerrilla campaign." Deputy Prime Minister Mohamed Hussein Aidid "warned that the security situation in the capital, which has long been awash with arms, remained potentially volatile, with 'around 2,000' Islamists thought to have remained behind when the city was taken."

The Los Angeles Times (12/31, Sanders, 850K) notes, "Though most Islamist fighters fled Thursday when troops from Ethiopia and Somalia's transitional government advanced, so far the government is moving cautiously in finishing the pacification and occupation of the capital. Most government soldiers remain on the city outskirts. Only one government agency, the Interior Ministry, has moved back in." That "security vacuum has led to sporadic looting and rioting."

UN Peacekeepers Push Back On UN Request For Darfur Border Force. AFP (12/31) notes international peacekeeping officials within the UN "have rebuffed a call from the Security Council for a force to protect refugees in Chad." The report to the UNSC is quoted saying, "Conditions for an effective UN peacekeeping operation do not seem to be in place at this time. Unless all the parties were to agree to a ceasefire and engage in a dialogue...a UN force would be operating in the midst of continuing hostilities and have no clear exit strategy." AFP cites Financial Times reporting purporting that "the report reflects peacekeepers' concern that they are being asked to do too much around the world."

Castro Tells Cuba His Recovery Is Not "A Lost Battle." The AP (12/31, Snow) reports, "A statement attributed to Fidel Castro on the eve of the revolution's 48th anniversary assured Cubans Saturday that the ailing leader could still recover from his prolonged illness." The media-run message is quoted saying, "I am grateful to you for your affection and support. Regarding my recovery, I have always warned that it could be a prolonged process, but it is far from being a lost battle." The AP says this and similar recent efforts "seemed aimed at ensuring the world that he is recovering, five months after he underwent emergency intestinal surgery." BBC.com (12/31) says Castro told Cubans that "he is recovering slowly from his surgery." He "also thanked the Cuban people for their courage during his recuperation."

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A 2,400-word piece on the front page of today's Washington Times (12/31, A1, Hirsch, 88K) keys on US businesses' uncertain future in a post-Castro Cuba. President Bush's hard-line attitude toward Cuba has prompted businesses to pull back from exploring opportunities in the communist nation." Additional "factors hindering the potential of doing business there include the island's small population and poor investment climate, but Mr. Bush's strong stance is the overarching issue, according to government officials, businesses and longtime observers and analysts."

Madrid Ends ETA Talks After Fatal Airport Car Bombing. The AP (12/31, Roman) notes Madrid's decision to end "plans for peace talks" with ETA following yesterday morning's car bombing at the Madrid airport. That "blast left two people missing and 26 injured, most with damage to their ears from the shock wave." Prime Minister Jose Luis Rodriguez Zapatero "said the government would halt talks with ETA over the bombing. The group had agreed to stop attacks in its cease-fire declaration earlier this year that was seen as the greatest hope in a decade of a peaceful end to the conflict." ETA, which has not claimed responsibility for the attack, has "been warning for months that the peace process was faltering." The Washington Post/AP (12/31, A20)'s version of the AP story is headlined, "Madrid Blast Leaves 2 Missing, 26 Injured." Bloomberg (12/31, Smyth, Ben Sills) reports Madrid announced the shutdown of talks "after concluding [ETA] planted a truck bomb in Madrid's Barajas airport that destroyed a four-story parking structure and left two people presumed dead."

Bulgaria, Romania Will Join EU Tonight. AFP (12/31) reports Sofia and Bucharest "have braced for a double New Year's celebration, with both countries set to become the newest members of the European Union at the stroke of midnight. But with enlargement fatigue gripping large parts of the bloc, the EU's latest and poorest members are likely to be greeted more with a shrug than open arms." AFP adds polling "shows that at the eve of accession 63 percent of all Bulgarians and 69 percent of all Romanians think their eastern European states will largely benefit from EU membership." The "two newcomers will" join Greece as "the only Balkan nations in Europe's rich club, and will play a key role as representatives of a region ravaged by the wars in the former Yugoslavia." They "will be Europe's poorest members with gross domestic product per capita barely reaching one third of the European average," and "will contribute only one percent to the EU's" total GDP.

Russian Politics To Be Dominated By 2007 And 2008 Elections. In its "Week In Review," the New York Times (12/31, WK2, Myers, 1.16M) previews the Russian parliamentary elections scheduled for December. "Elections, even in a 'democracy' as managed as Russia's, have a way of surprising." President Vladimir Putin "is popular enough to ensure that whoever he supports will fare well, but corruption remains deeply rooted, as do poverty and crime and violence, any of which could be a catalyst for an electoral nyet." His "Kremlin is taking no chances," and has sponsored several key election law changes. "New laws against extremism have already been used to raid a political group led by the chess champion Garry Kasparov." Putin "critics said the restrictions would stifle what opposition remains, including what's left of the Communist Party and the old liberal democrats." For his part, Kasparov "says the Kremlin has obscured the seeds of discontent. And they are growing, he says, especially beyond the glow of Moscow's riches." The Times also notes the "maneuvering" ahead of the 2008 vote to replace Putin.

Kazakh Government Balances Pro-Russian Policies With Gulag Legacy. A piece in the New York Times (12/31, A6, Greenberg, 1.16M) explores changing Kazakh attitudes about the gulag system there. "The gulags once spread over the Kazakhstan steppe like a thick wreath. Eleven sprawling camps" were "built shortly after the creation of the Soviet Union" and "were partly emptied to provide soldiers and workers during World War II" before being closed after Stalin's death in 1953. Today, "a large percentage of people have parents or grandparents whose life trajectories were savagely rewired by deportation and imprisonment in the camps. But memories of the gulags are dying," and "for many" young Kazakhs, "the oppression the gulags stand for does not register." The Times adds, "Some of the reasons for a quick and collective forgetting are obvious." In addition to "growing affluence," the Times says "there are political aspects to a sidestepping of Kazakhstan's recent history, too, often born out of the government's determination to stay friendly with Russia." The Times continues, "With Kazakh nationalism having become mostly the purview of the anti-Russia opposition here, the

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government has had to use other avenues to promote a coherent national identity."

China's Hu Seeks To Bolster Navy, His Political Position. The Los Angeles Times (12/31, Magnier, Landsberg, 850K) notes Chinese President Hu Jintao's Wednesday speech calling for a "strong" navy. "In China, where symbolism often is as important as substance, the address was seen by analysts as serving two functions: to help build a policy consensus and signal [Hu's] near-complete grip on the political field before a key party congress next fall." Calling the Chinese navy "the country's weakest link," the Times says Beijing "is keen to bolster its weak third arm." Hu's "aim is to prevent Taiwan from declaring independence and to safeguard the seaborne trade, oil and other resources needed to power China's booming economy." Beijing's "growing military profile has raised eyebrows at the Pentagon, which fears an erosion of its military dominance in the Pacific and beyond." The Times adds, "Of significance in China's one-party state with its emphasis on political theater, analysts said, was Hu's choice of venues" and his "timing." The "notably careful leader's confident military tone Wednesday and his appearance in military green immediately after a purge of a key [ally of former President Jiang Zemin] in Shanghai suggests he faces no significant opposition across the Chinese political spectrum."

Japan's Abe Criticized For Not Addressing Key "Challenges." Under the headline, "The Buzz On Japan's New Premier: Too Old-school," the Los Angeles Times (12/31, Wallace, 850K) says Japanese Prime Minster Shinzo Abe is "already being mocked." The "developing perception" in Tokyo is "that Japan's youngest postwar prime minister may be an out-of-touch young fogey, more nostalgic for an old Japan than eager to usher in a new one." Some Japanese "contend that his government's focus on nationalist obsessions … is a distraction from the core economic and social issues that present far graver challenges to Japan. They also argue that Abe's government lacks discipline and coherence." The Times adds, "Suspicions that Abe lacks toughness — and control over his party — are contributing to his sudden slip in polls." Despite "a positive start" to his premiership, Abe "has stumbled on the domestic front."

Expanding Israeli Economy Said To Weather Crises. Noting Israel's "typically tumultuous year," the New York Times (12/31, A3, Myre, 1.16M) reports, "Despite the political turmoil and spasms of violence, Israel, it seems, has figured out how to keep its economy charging forward." This year marked "the country's third straight year of strong growth, with the economy expanding nearly 5 percent. The stock market has been hitting record highs; unemployment is at a 10-year low. Israel's central bank is lowering interest rates," and the shekel "is trading at 4.2 to the dollar, its strongest level in five years." However, "the economic tide is not lifting every Israeli boat," and almost 20 percent of Israelis now live below the poverty line. "Critics say this is because Israelis who are struggling economically have seen their benefits fall sharply, while they remain unemployed. The unemployment rate is at its lowest level in a decade, but still relatively high at 8.4 percent." The Times notes that "while the Israeli economy has been thriving, the Palestinian economy has moved in the opposite direction, contracting by an estimated 10 to 15 percent this year, according to the Palestine Monetary Authority." Continued conflict has "devastated" the economy of Palestine, as "Israeli security forces greatly increased the web of restrictions … to prevent attacks," creating "great hardships on Palestinian economic life."

On Eve Of Handover, Annan's Tenure Reviewed. An AP (12/30) analysis piece reviews UN Secretary-General Kofi Annan's decade in office. He is "leaving behind a global organization far more aggressively engaged in peacekeeping and fighting poverty — but struggling to restore its tarnished reputation." Three weeks ago, "Annan said he considered his top achievements the promotion of human rights, fighting to close the gap between extreme poverty and immense wealth, and the U.N.'s campaign to fight AIDS and other infectious diseases." The AP says his "first five-year term culminated in 2001 with the Nobel Peace Prize — shared with the United Nations ," but his "second five-year term was not without shadows," notably the Oil-for-Food scandal.

Under the headline, "Annan Focused On Human Element," the Los Angeles Times (12/31, Farley, 850K) adds Annan "has already begun reflecting on his achievements, frustrations and failures as a leader who embodies the world's ideals, and as a man who often could not escape his limitations to make those ideals a reality." Annan "was mostly an idealist. He would like to be remembered, he said this month, as the leader who pushed the world to agree to intervene to stop genocides, and to try to cut poverty in half.

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He sought to make the U.N. about people, not just geopolitics." He was elected in 1996 because "he did not have a political agenda or an overweening ego that could put him in conflict with the U.S. By the end of Annan's decade, however, he grew to be a quiet but compelling challenger to Washington."

WPost Says China, South Korea Hold Key To Containing North Korea. A Washington Post (12/31, B6, 690K) editorial says North Korean leader Kim Jong-il was "justified" in "calculating that" his regime "would not suffer severe consequences for its" nuclear test. His government's "ability to sustain its defiant posture is remarkable because, in contrast to the cases of India or Pakistan, the outside world has the ability to cripple the regime if it chooses." China and South Korea "could remove the lifelines they provide" to Kim if they decided "that stopping North Korea from producing more nuclear weapons was more important than preserving its dictatorship." Washington's "leverage" remains "limited," and Administration critics wrongly "presume that it's possible to change North Korean behavior without the collaboration of its prime benefactors." The Post says the Administration's "best option" is "to work with such allies as Japan to raise the economic pressure on North Korea as much as is possible. Diplomacy is best focused not on Pyongyang, but on Beijing… The aim need not be to bring down [Kim's] regime, only to convince it that its existence will be imperiled rather than secured by nuclear weapons."

Clarke Outlines National Security Issues Beyond Iraq. In a Washington Post (12/31, B1, 690K) op-ed, Richard Clarke criticizes continuing vacancies in "critical slots" in the Administration's national security team, including Deputy Secretary of State and Deputy Director of National Intelligence. "In the end, there are only 12 seats at the conference table in the White House Situation Room, and the key players' schedules mean that they can seldom meet there together in person or on secure video conference for more than about 10 hours each week. When issues don't receive first-tier consideration, they can slip by for months." Clarke identifies "seven key 'fires in the in-box' national security issues:" global warming, Russian "revanchism," Latin America's "leftist lurch," continued warfare in Africa, the US' "freeze" of arms control efforts, the rise in transnational crime, and the continued weakness of the Pakistani-Afghan border. While President Bush "contemplates sending even more U.S. forces into the Iraqi sinkhole," he "must also weigh the opportunity cost of taking his national security barons off all the other critical problems they should be addressing -- problems whose windows of opportunity are slamming shut, unheard over the wail of Baghdad sirens."

Lebanese Said To Be On Verge Of Repeating War's "Mistakes." In a Washington Post (12/31, B2, 690K) op-ed, reporter Lynn Maalouf notes, "Today, as the Lebanese people once again find themselves divided along political and sectarian lines, the question reverberates around the country: Are we about to be drawn into another civil war?" The "lessons" of the 1975-90 civil war "were never learned." In the eventual peace, "there was no victor, no vanquished. No reconciliation process was initiated. An amnesty law passed by the very people who had been fighting one another only weeks earlier exonerated them of war crimes." In 1990, "Lebanon slipped into a state of amnesia. Today, having turned the page on its civil war without achieving closure, it is a country in danger of repeating the past." With an "absence of documented history, Lebanese cling to conflicting narratives of the war and to their selective memories, passing them on to the younger generation."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times

"In Iraq, Mixed Feelings Over Saddam's Death."
"Farewell To A President."
"Healthy? Insurers Don't Buy It."
"Parade Floats Lead To Moving Vans."

New York Times:

"Hussein Video Grips Iraq; Attacks Go On."
"On The Gallows, Curses For U.S. And 'Traitors.'"
"Hussein Divides Iraq In His Death As He Did In Life."
"For Guantánamo Review Boards, Limits Abound."
"Back In View, A First Lady With Her Own Legacy."
"Homes Sell, And History Goes Private."

Washington Post:

"A Solemn Homecoming."
"In Hussein's Last Minutes, Jeers And A Cry For Calm."
"Many No-Shows At The Capitol."

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"Localities Operate Intelligence Centers To Pool Terror Data."
"In Or Out Of The Game?"

Washington Times:
"Shi'ite-Sunni Rift Laid Bare By Hanging."
"Ford's Final Visit To Capitol."
"Most Americans Say Life Is Good -- At Home."
"After Fidel, Business As Usual?"

Dallas Morning News:
"Mesquite Family Unable To Save Teen."
"Watkins Driven To Be DA."
"DMN Texan Of The Year: Roy Velez."
"Resolutions Easy To Make, Easier To Break."
"A Rocking, Reverent Goodbye To James Brown."
"Winning Pick: UT Turns Back Iowa."
"Vince: Better Than The Rest."
"Thieves Leave Autistic Kids Little For Holiday."
"Texans Clean Up After Tornadoes."

Houston Chronicle:
"Looking Back At 2006."
"State Funeral Thrusts Betty Ford Back In Spotlight."
"Death Casts Doubt On Lawyer's Role In Abuse Case."
"Protected View Of Texas Capitol Sparks Debate."
"Houston Iraqis Feel Joy, Gloom On Saddam's Death."
"Candidates For Texas House Speaker Lure Support."
"Saddam Buried Next To Sons In Town Of His Birth."
"Business Is Booming For Ethnic Food Suppliers."
"Vibes Positive For Texans In Last Game Of Season."

Story Lineup From Last Night's Network News:
ABC: Preempted for Ford funeral coverage.
CBS: Preempted for Ford funeral coverage.
NBC: Preempted for Ford funeral coverage.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House: PRESIDENT BUSH — No public schedule. In Crawford, Texas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: FUNERAL SEVICES FOR FORMER PRESIDENT GERALD R. FORD. Ford's body lies in state.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 31, 2006 7:45 AM EST

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TERRORISM NEWS:

Al-Zawahri Encourages Islamic Militants To Continue Fighting Worldwide. The AP (12/30) reported that on Saturday a 15-minute audiotaped message by the deputy leader of al-Qaeda was released on a Islamic insurgent website and "accused moderate Arab leaders of being traitors for cooperating with the United States." During the tape, Ayman al-Zawahri "wished the Palestinian people a happy Eid al-Adha but lashed out at Palestinian president Mahmoud Abbas and his Fatah movement" and "urged Muslims in Somalia, Chechnya, Indonesia, the Philippines and Algeria to keep on fighting the "infidels and crusaders." The AP added that al-Zawahri stated that "those who had sold Palestine, the secular traitors, can not be your brothers. Do not recognize their legitimacy" and "do not sign with them the documents that will make you lose Palestine." The AP pointed out that Al-Zawahri "did not mention Saddam Hussein's execution in the tape, suggesting it was made before the ousted leader's hanging on Saturday."

Critics Have Due Process Concerns About Guantanamo Review Boards. The New York Times (12/31, A1, Golden, 1.16M) reports that amid emerging questions and concerns about the legal authority to detain and hold Guantanamo detainees, "a law passed by Congress and signed by President Bush in October" that "prohibits them from challenging their detention or treatment by writs of habeas corpus in the federal courts. Instead, they may only petition a single federal appeals court to examine whether the review boards followed the military's own procedures in reviewing their status as 'enemy combatants.'" Yet "an examination of the Guantánamo review boards by The New York Times suggests that they have often fallen short, not only as a source of due process…but also as a forum to resolve questions about what the detainees have done and the threats they may pose." The Times points out that limitations include "a continuing shortage of information about many detainees," yet "military officials emphasize that the boards are an administrative forum and were never intended to replicate judicial standards of fairness" and "offer prisoners a viable opportunity to rebut the government's evidence."

HOMELAND RESPONSE:

State Intelligence Centers Opening Up Nationwide To Collect Terror Data. The Washington Post (12/31, A3, Sheridan, Hsu, 690K) reports that "frustrated by poor federal cooperation, U.S. states and cities are building their own network of intelligence centers led by police to help detect and disrupt terrorist plots. The new 'fusion centers' are now operating in 37 states, including Virginia and Maryland, and another covers the Washington area, according to the Department of Homeland Security. The centers, which have received $380 million in federal support since the 2001 terrorist attacks, pool and analyze information from local, state and federal law enforcement officials. The emerging 'network of networks' marks a new era of opportunity for law enforcement" since "police are hungry for federal intelligence in an age of homegrown terrorism and more sophisticated crime" while "federal law enforcement officials could benefit from a potential army of tipsters." The Post points out that the model of "intelligence-led policing" has fueled some "fears of overzealousness such as that associated with police 'red squads' that spied on civil rights and peace activists decades ago" while "the centers also face practical obstacles…including a shortage of money, skilled analysts, and proven relationships with the FBI and Homeland Security."

Columnist Counts Down "Top 10 Civil Liberties Nightmares Of 2006." In her Washington Post (12/31, B2, 690K) column, Dahlia Lithwick counts down her "top 10 civil liberties nightmares of 2006." They include the "Attempt to Get Death Penalty for Zacarias Moussaoui," the detentions at Guantanamo Bay, "Government Snooping," "Extraordinary Rendition," "Abuse of Jose Padilla," and "The Military Commissions Act of 2006."

Army Corps Of Engineers' New Orleans Levees Study Critiqued. The Los Angeles Times (12/31, Vartabedian, 850K) reports, "When the Army Corps of Engineers admitted in June that design flaws in the New Orleans levee system had caused most of the flooding during Hurricane Katrina, it seemingly left little to argue about. But the fight wasn't over. The Corps is now engaged in an effort

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to predict how New Orleans would fare in the next big hurricane, and is once again being second-guessed by some of the nation's top civil engineers. The National Research Council complains that the Corps' official investigation into the levee failures reaches premature conclusions, glosses over problems, and fails in its most important task: giving the public the information it needs to make informed decisions about living in New Orleans. The Corps' analysis will play a major role in determining the city's future — including whether more than 200,000 former residents could rebuild abandoned neighborhoods and whether insurers can provide coverage at an affordable rate."

WAR NEWS:

Details, Video Of Saddam Execution Emerge As Ex-Dictator Buried In Town Of Birth. All three broadcast network newscasts were preempted Saturday evening as coverage of the funeral services for President Gerald R. Ford continued. This morning's newspapers are dominated by Ford coverage as well as coverage of the aftermath of the Saturday execution of Saddam Hussein. The Hussein stories generally focus on the latest details of the actual event, as well as world reaction and Hussein's Sunday morning burial in a family plot in Ouja, the town where he was born.

The New York Times (12/31, Burns, 1.16M) reports on its front page that "after nearly three decades of living with the brutal repression of Saddam Hussein and the violent aftermath of his overthrow by American troops, Iraq responded with a mixture of rejoicing, violence and muted reflection on Saturday to the news that their former dictator had been hanged in one of the grimmest of his own execution chambers." Iraqis "spent much of the day crowding around television sets to watch mesmerizing replays of a videotape that showed the 69-year-old Mr. Hussein being led to the gallows at dawn by five masked executioners, and having a noose fashioned from a thick rope of yellow hemp lowered around his neck." While "he seemed almost unnaturally calm and cooperative," the videotape "offered only a partial sense of how Mr. Hussein went to his death, according to accounts given later by some of the 25 people who attended the execution." Those witnesses say Hussein "spent much of his last half-hour…in querulous and at times irascible exchanges with the Shiite guards and executioners assigned to hang him and with some of the Shiite witnesses." The New York Times (12/31, Santora, 1.16M) says in a second front-page story that Hussein "never bowed his head, until his neck snapped. His last words were equally defiant. 'Down with the traitors, the Americans, the spies and the Persians.'"

The Los Angeles Times (12/31, Gold, 850K) says "a video of the hanging, which was apparently shot on a cellphone," surfaced online quickly, "underscoring how quickly controversial images rocket through cyberspace, whether or not there have been attempts to control them. The jerky images show the noose being placed around Hussein's neck and angry shouts exchanged between him and those in attendance. Hussein can be seen falling through the trapdoor as it opens, but the actual hanging is not visible. Moments later, the camera pans in and shows his face." The Washington Post (12/31, D1, Kennicott, 690K) writes about the "viral video" dissemination of the footage, calling it "the first great Shakespearean death scene of the YouTube generation."

In a New York Times (12/31, WK1, Burns, 1.16M) "Week in Review" piece, John F. Burns writes, "Saddam's death was to be a miserable and lonely one, as stark and undignified as Iraq's new rulers can devise." The Washington Post (12/31, Raghavan, 690K) reports on its front page that just before he died, "Hussein said, 'Ya Allah,' preparing himself for the platform he stood on to open up. Suddenly, witnesses recalled, the room erupted in Shiite religious chants as the Shiite Muslims in the audience seized the moment they had long sought. One man yelled, 'Moqtada, Moqtada, Moqtada,' unveiling his loyalty to radical anti-American cleric Moqtada al-Sadr. Hussein smiled, the witnesses said, and asked sarcastically, 'Moqtada?'"

The Washington Times (12/31, Frayer, 88K) reports on its front page that in Sadr City, "victims of Saddam's three decades of autocratic rule took to the streets celebrating, dancing, beating drums and hanging Saddam in effigy. Celebratory gunfire erupted in other Shi'ite neighborhoods across the country. Outside the Sunni insurgent stronghold of Ramadi, west of the capital, loyalists marched with Saddam pictures and waved Iraqi flags." Another New York Times (12/31, Tavernise, 1.16M) front-page report says "for Shiites, long oppressed, it was a moment of intense release," but Sunnis "were skeptical. After three years of grinding violence and abuses by the Shiite government security forces, trust has all but fallen away, and few feel genuinely represented by the government. Most, in fact, are afraid of it."

The Washington Post (12/31, A21, Trejos, 690K) reports that for some Iraqis, "he might as well have died three years ago." Most "once feared Hussein," but "three years later, Iraqis are still a terrorized people. Now, instead of Hussein, they fear the car bombs that maim and kill every day, the kidnappers who snatch people off the streets in broad daylight, the mortar shells that fall on residential neighborhoods . And they fear each other, as Shiite Muslims fight Sunni Arabs in what is spiraling into a civil war."

The New York Times (12/31, A11, Simons, 1.16M) says Hussein "was the first former leader to be tried by a domestic court for crimes against humanity -- a crime enshrined in international law -- and put to death for it." His execution

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"stands out because the new international legal institutions, like the International Criminal Court and the temporary tribunals that are trying war crimes cases in the former Yugoslavia, Rwanda and Sierra Leone, do not impose the death penalty."

Hussein Buried In Family Plot. The AP (12/31) reports, "Saddam was buried shortly before dawn Sunday in a family plot in the cemetery in Ouja, the town of his birth. Few were present for the internment near Tikrit, 130 kilometers (80 miles) north of Baghdad." He "was buried near the graves of his sons Uday and Qusay in the main town cemetery. The sons and a grandson were killed in a gunbattle with the American forces in Mosul in July 2003." BBC.com (12/31) says the ceremony was "sparsely attended."

"Chief Nemesis Of The Bush Family" Now Gone. Examining Hussein's impact on the presidencies of both the elder and the younger George Bush, the Washington Post (12/31, A21, Baker, 690K) writes that "the day after he ordered a cease-fire and brought the Persian Gulf War to a close, President George H.W. Bush ruminated about the status quo he had left behind in Iraq. 'Still no feeling of euphoria,' he dictated to his diary Feb. 28, 1991. Saddam Hussein, he recognized, remained a threat. 'He's got to go,' Bush concluded. It took nearly 16 years, but he's finally gone. And with Hussein's execution in Baghdad, so is the chief nemesis of the Bush family, a man who bedeviled father-and-son presidents and in different ways dominated both of their administrations. The long, tortured arc of the Bush-Hussein relationship that shaped recent U.S. history finally came to a close with the snap of a noose."

BBC.com (12/30, Frei) writes that "when Saddam Hussein looked in disbelief at the over-sized noose that was fitted by masked volunteers around his neck, the man who helped to put it there by invading Iraq and toppling the dictator was soundly asleep at his ranch in Texas. It was only nine o'clock in the evening in Crawford but George Bush was already embedded in the land of nod, with orders not to be woken until the morning. The blithe indifference of deep slumber was the final snub to the dead man who once described himself as 'Salahadin II', 'the Redeemer of all the Arabs' and 'the Lion of Baghdad.'"

World Leaders Offer Cautious Reactions. The New York Times (12/31, A12, Cowell, 1.16M) reports, "Western politicians sought a cautious balance on Saturday between revulsion at his record, support for his executioners and concern at the use of a capital penalty they largely shun in their own countries," as "religious leaders -- Christian and Muslim -- used stronger and more critical language in response to the news of Mr. Hussein's execution."

The Los Angeles Times (12/31, Wilkinson, Murphy, 850K) reports that while "the death penalty is anathema across Europe, and opposition to the execution of Saddam Hussein was nearly unanimous among its leaders Saturday," many "were torn between those strongly held beliefs and revulsion for the former Iraqi dictator's record of atrocities." A spokesman for Pope Benedict XVI said "the execution 'is tragic news…that risks feeding the spirit of revenge and sowing new violence,'" and "several European leaders, spanning the political spectrum, questioned whether justice was served by Hussein's execution and said it could bring further bloodshed."

Mixed Reactions Among Iraqi Americans. The Washington Post (12/31, A21, Hernandez, 690K) reports that among Iraqi Americans, "the emotions that accompanied Hussein's execution were complex, ranging from jubilant to relieved to disappointed," with most pleased he is gone, but some fearing the quick carrying out of the death sentence will, as one said, "give the impression that this was vengeance" and not justice. The Houston Chronicle (12/31, Viren, Carroll, 530K) reports on similar mixed reactions among Iraqis living in the Houston area. One man said, "Some were happy. Some were not."

Some Arabs Displeased By Execution. The New York Times (12/31, A13, Fattah, 1.16M) reports that even Arabs "who celebrated America's embrace of the rule of law" in Iraq felt the quick execution "left a bitter taste of stolen justice. Even Mr. Hussein's staunchest enemies expressed a sense of bitterness at the end." BBC.com (12/30, Pannell) says news of Hussein's death "has been greeted with a mixture of surprise and anger in some quarters -- and notable silence in others." The Los Angeles Times (12/31, Zavis, 850K) writes that many Kurds are conflicted as well, pleased by Hussein's death but upset that he will not be brought to justice for atrocities against their people.

Newsday (12/31, Bazzi) says the "timing and drama" surrounding the execution "makes it likely that he will become a martyr for Sunni nationalists fighting U.S. forces and the new Iraqi government." But as the Minneapolis Star Tribune (12/31, 395K) reports, Iraqi government leaders "sought to tell a different story, saying Saddam's trip to the gallows should become a turning point in Iraq's strife. Referring to leaders of the Sunni insurgency, Prime Minister Nouri al-Maliki said in a statement, 'Saddam's execution puts an end to all their pathetic gambles on a return to dictatorship.'"

Division That Captured Hussein Surprised By Quick Execution. The New York Times (12/31, A14, Blumenthal, 1.16M) reports on the Fourth Infantry Division, which captured Hussein in 2003. Now back in Killeen, Texas, "the soldiers of Fort Hood had better things to do than to count down a dictator's final minutes. … As word spread, soldiers in sweatshirts and turned-around ball caps seemed surprised that the sentence would be carried out so quickly, wondering aloud whether it would be shown on television."

US Television News Kept "Overnight Death Watch." The New York Times (12/31, A14, Stanley, 1.16M) writes, "Of

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course American television was going to show Saddam Hussein's execution. In a medium that feeds on immediacy, it was just a question of not having to wait too long to see it. And the coverage of the Iraqi dictator's last moments turned out to be an enervating, overnight death watch."

More Commentary. In his Washington Post (12/31, B7, 690K) column, Jim Hoagland writes, "Dictators die harder than most of us. Having wielded unlimited power in life, they seem to be sustained by a stubborn belief in their ability to stare down death, too. In his final moments yesterday, Saddam Hussein refused the offer of a hood to cover his eyes. Such defiance lends a particularly morbid quality to the last days of dictators such as Hussein and the now-infirm Fidel Castro. They follow in the reluctant footsteps of Spain's Francisco Franco and of many other tyrants-in-extremis before el rais Saddam and el jefe Fidel were confronted, respectively, with a hangman's rope and the withering ravages of disease. … I suspect that Hussein preferred to go out in a grim finale that will be portrayed by his disciples as victor's justice than to waste away, in solitude and yet under the public's watchful gaze, as Castro is doing in Havana."

In a Los Angeles Times (12/31, 850K) op-ed, journalist Christopher Hitchens writes, "Almost every transfer of power in Baghdad for the last half a century has been accompanied by the killing of the previous incumbents. British-backed Prime Minister Nuri Said was dragged through the streets and torn to shreds in 1958; his remains were then dug up and run over by cars. I remember as a boy seeing one of his replacements, the pro-communist Abdul Karim Qassim, on television, his head lolling after the attentions of a Baathist firing squad. The most lurid of all these moments, in this most bitter and harsh society, came with the sadistic video that Hussein himself made of the purge of his party after his seizure of power. Nobody who has seen that footage -- of terrified men dragged by goons from the room, while the survivors weep with fear and relief and Hussein indulges in a luxurious cigar -- is likely to forget it. And this atrocity was only the curtain raiser to further orgies of mass murder and torture of which we have unimpeachable evidence from the regime's own archives."

At Least 68 Die In Iraq Bombings; Six US Service Members Killed. The AP (12/30) reports, "Bombings killed at least 68 people in Iraq on Saturday, including one planted on a minibus that exploded in a fish market in a mostly Shiite town south of Baghdad. ... Despite concerns about a spike in unrest, Saturday's violence was not unusually high and there was no indication it was related to the execution. The U.S. military also announced the deaths of three Marines and three soldiers, making December the year's deadliest month for U.S. troops in Iraq, with 109 service members killed.

CNN.com (12/30) reports "at least 75 dead," stating that the UK "announced its 127th death in the war," caused by a roadside bombing in Basra. One bomb in Kufa killed at least 30; CNN.com adds, "Kufa is part of the key southern province of Najaf. U.S. troops handed security control of the area to Iraqi troops and police last week. The transfer is considered the most significant so far because of Najaf's religious importance."

Shiite Hostages' Kin Fear Reprisal Killings After Saddam Execution. The Washington Times/London Sunday Telegraph (12/31, Hussein) reports, "The families of hundreds of Shi'ite men snatched off the streets by Sunni extremists are waiting to hear their fate after kidnappers threatened to kill them if the execution of Saddam Hussein went ahead. As many as 450 men are thought to have been seized by Sunni militants during the past two months as hostages against the execution. ... The seizures went on for two months before Iraqi army units moved into the area and shut down the checkpoints."

Soldiers Doubt Any Impact Of Execution On Deployment Length. The AP (12/30, Hurst), in an article primarily about Saddam Hussein's last words, reports on the pessimism of some US soldiers in Iraq. Quoted are "members of the Army's 2nd Battalion, 17th Field Artillery Regiment, on patrol in an overwhelmingly Shiite neighborhood in eastern Baghdad," who "said the execution wouldn't get them home any faster — and therefore didn't make much difference."

US Appears Accustomed To Servicewomen's Deaths. The Washington Post (12/31, A18, George, 690K) reports on a memorial wall at Fort Lee, Virginia, that lists "soldiers who have died in the combat zones of Iraq and Afghanistan: PFC Lori Piestewa, CPT Kimberly Hampton, SPC Lizbeth Robles, SGT Jessica Housby… All 59 are women. They are casualties in a conflict that has seen women serving in larger numbers than before, in a wider array of jobs, amid violence that heeds no front line. ... In all, 62 service women from all branches have died in Iraq, about two-thirds of them in hostile fire. By comparison, in World War II, historians say, 16 women were killed in action. In Vietnam, one woman's life was claimed by enemy fire; in the Persian Gulf War, five. Most previous female casualties were nurses. Now the female dead include military police, truck drivers, intelligence analysts, helicopter pilots, medics, mechanics, media escorts and kitchen managers. At least 13 left behind children." However, rather than causing a "public outcry" predicted by experts, the deaths "appear to have melded into the nation's experience of war."

LAPD Officers Return From Military Duty In Iraq. The Los Angeles Times (12/31, McGreevy, 850K)

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reports on Los Angeles police officers who served in Iraq, saying "dozens of LAPD officers who have returned to the sometimes dangerous streets of Los Angeles after being deployed as military reservists to the meaner streets of Iraq. ... Experts estimate that more than 500 peace officers in California have been called to active military duty since the Sept. 11 terrorist attacks."

Eikenberry Predicts More Fighting In Afghanistan. The AP (12/30, Straziuso) reports, "The outgoing U.S. commander in Afghanistan predicted more fighting this spring and summer and said Taliban militants would try to overrun towns to 'unhinge the Afghan people's morale.' Lt. Gen. Karl Eikenberry also said the recent killing of a high-level Taliban commander shows that fugitives such as Osama bin Laden and Mullah Omar will one day slip up, and that the U.S. will strike." However, he "said none of the Taliban's efforts would provide "a significant military challenge" for U.S., NATO and Afghan forces, which he said have improved greatly in the last year."

Ring Road Shows Challenges Of Afghanistan. In a story exceeding 3,400 words, the Los Angeles Times (12/31, Watson, 850K) reports on Afghanistan's Ring Road: "tell war-hardened Afghans that you're going to travel its entire 1,373-mile length unarmed, facing winter and a raging insurgency, and they look at you like you're completely mad. Five years after the fall of the Taliban, it shouldn't be such a challenge. Rebuilding the two-lane highway that connects Afghanistan's major cities has been a centerpiece of the U.S.-led effort to transform the nation. ... But as with many things in Afghanistan, there is a chasm between the rhetoric and reality. Some of the best stretches of the road are among the Taliban's favorite killing grounds. ... About 40% of the road isn't finished." The Times describes a journey along the road: "On the way, we managed to avoid a Taliban ambush, a potential kidnapper or highway robber, a suicide bomber and a gunman who fired close enough to take off one of our heads."

Scholars Oppose Growth Of Army. In an op-ed for the Washington Post (12/31, B7, 690K), Woodrow Wilson International Center scholars Gordon Adams and John Diamond write about proposals to permanently increase the Army, "This proposal is a bad idea. It is irrelevant to the stresses the Army is experiencing in Iraq. It would build enormous long-term costs into the defense budget, and it presumes a role in the world for the U.S. military that the voters emphatically opposed in November." Instead, Adams and Diamond suggest, "A program of troop reductions and phased redeployment from Iraq would in effect increase the size of the Army by relieving the force of a burdensome, costly and unproductive mission. There will be opportunities to retrain and reequip to redress the shortcomings in armor and tactics so neglected by the Rumsfeld Pentagon."

CRIMINAL LAW:

Texas Program Aimed At Catching Internet Predators Seen As Model. The Houston Chronicle (12/31, Pape) reports, "Sugar Land's Internet safety program is being hailed as a 'best practice' by the U.S. Conference of Mayors, as well as being featured as a model during a recent U.S. Department of Justice summit in Washington, D.C." The Chronicle continues, "Mayor David Wallace was invited to present his city's 'Keep Kids E-Safe' initiative to more than 1,000 mayors from across the nation, as well as to justice department personnel looking for ways to combat the increasing problem of cyberpredators. … The program has received national attention as an innovative cross-sector collaboration involving all levels of government, nonprofit organizations and the business community, city officials said. Keep Kids E-Safe utilizes education, enforcement and prevention to help parents, families and communities protect children from online predators." The Chronicle adds, "Wallace said that he first realized how serious the problem was after seeing an undercover investigation conducted by NBC's Dateline news magazine more than a year ago. … Wallace talked to members of the Mayor's Youth Advisory Council to see if they would be interested in taking on a possible project. The 125-member council is a city-sponsored teen group that provides government leaders insight into the development of programs and services impacting young people."

WPost Describes Death Penalty As "A Creature Of…The South, And Texas." The Washington Post (12/31, B6, 690K) editorializes, "2006 saw the fewest executions in the United States in a decade, 53. The use of capital punishment has been dropping since 1999, when 98 people were executed. The number of new death sentences is also falling precipitously, according to data from the Death Penalty Information Center, and the number of people on death row is dropping off as well. At least for now, capital punishment remains in retreat. Perhaps the most striking indicator of this retreat is the degree to which executions are becoming a local phenomenon. While the preponderance of states have a death penalty, very few use it as a routine feature of their criminal justice systems. This year, 14 states carried out executions, but only six of them -- Texas, Ohio, North Carolina, Florida, Oklahoma and Virginia -- carried out more than one. Together, these states accounted for 85 percent of executions this year. All by itself, Texas, which executed 24 people, accumulated 45 percent. Over the previous three years, the leading six states for executions accounted for between 70 and 83 percent of executions

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annually. The less the death penalty gets used, the more it becomes a creature of its heartland: the South, and Texas especially."

Broder Revisits Column On Rove And Plame. The Washington Post's David Broder (12/31, B7) writes a "column that drew great protest was one in which I took my colleagues in the media to task for their treatment of Karl Rove in the Valerie Plame leak investigation. When the special prosecutor announced that he was not charging Rove with anything, I reviewed some of the many articles that had accused the White House aide of masterminding the 'outing' of Plame and said that an apology was in order. The e-mail and letter writers argued that the simple fact that Rove had escaped prosecution did not mean that he was innocent of using his position to harass and frustrate critics of the administration. … But I still believe that there is an important cautionary tale for the media in the Rove-Plame story. Too many of us got way ahead of the facts and let our suspicions grow into assumptions and assertions for which we had no evidence."

CIVIL RIGHTS:

DOJ Finds Problems At Delaware Prisons. The Wilmington (DE) News Journal (12/31, Williams, Parra) reports, "Delaware Correctional Center near Smyrna is among the Delaware prisons looking at major changes in inmate health care after an investigation by the U.S. Department of Justice found the prison system guilty of civil rights violations." The Journal continues, "It's been more than a year since a coalition of concerned citizens, lawmakers and clergy marched on the governor's mansion and knelt in prayer asking for better health care for inmates in Delaware's prisons. They were galvanized by horrific conditions outlined in a series of stories in The News Journal, the first of which appeared in late September 2005 -- a series Correction Commissioner Stan Taylor charged was 'sloppy reporting' in a five-page response the newspaper published." The Journal adds, "On Friday, following a nine-month investigation, the U.S. Department of Justice announced that federal investigators found "substantial civil rights violations" inside four Delaware prisons. For example, the report noted, flesh-eating bacteria inside Gander Hill prison went undiagnosed and untreated, placing "inmates and staff at risk of acquiring the infection and passing it to others in the community." … Taylor and Attorney General Carl Danberg signed an 87-point agreement with the federal government that calls for sweeping changes in Delaware's penal institutions. The state promised to correct the deficiencies and 'meet generally accepted professional standards.' However, the state did not admit to violating any inmate's civil rights or breaking any other federal law. … Federal prison regulators identified a host of problems inside prisons, including inadequate screening and health assessments, inadequate treatment of inmates with infectious diseases, inadequate treatment of inmates with serious mental illness, and deficiencies in the state's suicide-prevention measures. … They found substantial civil rights violations at Baylor Women's Correctional Institution, Young Correctional Institution, the Delaware Correctional Center and the Sussex Correctional Institution."

Increased Scrutiny Of DOJ Is On Rights Groups' Agenda. The Detroit Free Press/Gannett (12/31, Berry) reports, "With Democrats taking control of Congress on Monday, civil rights groups will be pressing for an aggressive agenda that includes a ban on racial profiling, an overhaul in some election practices and stepped up oversight of the Justice Department." Gannett continues, "Because of last month's vote in Michigan, civil rights advocates also may urge Congress to take a stand on affirmative action, depending on the outcome of several cases before the U.S. Supreme Court. … Advocates are concerned about the potential national implications of Michigan's Proposal 2 initiative approved in November that bans racial preferences in state hiring and university admissions. … 'We will be looking to see if there is any role for Congress to play,' said John Britton, chief counsel for the Lawyers' Committee for Civil Rights Under Law." Gannett adds, "Advocates say civil rights issues are more likely to have a platform and encounter less resistance than in the Republican-controlled Congress, especially with members of the Congressional Black Caucus heading powerful committees, including Rep. John Conyers of Detroit on the Judiciary Committee. … But experts caution that civil rights issues must compete with other Democratic priorities, such as high college costs, minimum wage increases and accessible health care. … 'Congress is going to have a lot on its plate. ... It's going to be a bit of a climb uphill' for some civil rights issues, said Hugh Price, a senior fellow with the Brookings Institution and former president of the National Urban League."

Kennedy's Opinion Expected To Determine Outcome Of SCOTUS Abortion Cases. The New York Times (12/31, WK2, Greenhouse, 1.16M) reports, "The coming months will be a testing time for the young Roberts court, including decisions due by early summer on abortion, school integration and environmental policy, with an unusually large emphasis on cases of significance to the business community. Chief Justice John G. Roberts Jr. has spoken often of the virtues of a court that speaks modestly and unanimously. Those goals may well prove elusive. The

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court's conservative bloc reached out to hear challenges to voluntary integration plans put in place by the public school systems of Louisville, Ky., and Seattle, which had been upheld by lower courts. … The Nov. 8 arguments in two cases on the constitutionality of the federal Partial-Birth Abortion Ban Act of 2003 did not provide such a clear basis for prediction. Instead, they served to showcase Justice Anthony M. Kennedy's position at the center of a court that is closely divided in cases that Justice Antonin Scalia has described as battles in the culture war." Justice Kennedy "did not tip his hand during the abortion arguments. But enough other justices tipped theirs to make clear that the first federal statute ever to make an abortion procedure a crime will stand or fall depending on Justice Kennedy's opinion."

Will Predicts SCOTUS Will Hear McCain-Feingold Challenge. In his column for the Washington Post (12/31, B7, 690K) George Will writes, "A three-judge federal court recently tugged a thread that may begin the unraveling of the fabric of murky laws and regulations that traduce the First Amendment by suppressing political speech. Divided 2 to 1, the court held -- unremarkably, you might think -- that issue advocacy ads can run during an election campaign, when they matter most. This decision will strike zealous (there is no other kind) advocates of ever-tighter regulation of political speech (campaign finance 'reformers') as ominous. Why? Because it partially emancipates millions of Americans who incorporate thousands of groups to advocate their causes, groups such as the American Civil Liberties Union and the National Rifle Association. And Wisconsin Right to Life. … The Wisconsin Right to Life case is probably heading for the Supreme Court. There, Justice Samuel Alito occupies the chair that Sandra Day O'Connor occupied when she voted with the majority in the 5 to 4 ruling that upheld McCain-Feingold."

ANTITRUST:

States Take Closer Look At Airline Takeover. The Salt Lake Tribune (12/31) reports, "Utah Attorney General Mark Shurtleff isn't opposed to US Airways' hostile bid for Delta Air Lines - yet. … But that could change in the coming weeks. The top law enforcement officer in Utah, who waged an antitrust fight against Microsoft Corp. a few years back, has teamed up with attorneys general in a dozen other states to investigate the impact of a Delta buyout on airline competition and ticket prices. … 'It looks like and smells like a classic redundant merger, which often is anti-competitive and sometimes does violate antitrust laws. If we conclude that it is, then we can possibly bring an action to stop it,' Shurtleff said last week." The Tribune continues, "In most cases, states have authority to challenge corporate mergers. The airline industry, however, is the one area where states are powerless to approve or reject mergers out of hand. That power is the sole right of the U.S. Department of Justice, said Jim Dick, an attorney who worked in the antitrust division of the Justice Department and whose private practice involves antitrust work in the airline industry. … 'The states don't have a role. What they can do, though, is have an investigation and present their findings to the Justice Department, which is very likely to give them serious consideration,' said Dick, who works in Washington, D.C., for the Cleveland-based law firm of Squires Sanders and Dempsey." The Tribune adds, "The investigation, already two weeks old, is a race against time. Delta, which has spurned the offer, is plowing forward with its plan to exit bankruptcy as a free-standing airline before next summer. The No. 3 U.S. carrier has set a meeting Feb. 7 with a federal judge to show why the plan contains enough information for creditors to vote on it. … At the same time, US Airways continues to assert that its $8.4 billion offer provides more value to creditors than Delta's stand-alone plan. US Airways contends that the merger could be completed in the first half of 2007 and should be done while Delta is in bankruptcy. And spokesman Philip Gee says his Tempe, Ariz.-based airline believes its offer to buy Atlanta-based Delta will pass antitrust review. … 'That is based on a thorough city-pair-by-city pair analysis, the type the Department of Justice will perform,' Gee said."

FBI/DEA/ATF/USMS:

Bruno Defends Himself As FBI Investigates His Business Dealings. The New York Times (12/31, Cooper) reports New York's State Senate President Joseph L. Bruno "finds himself on the defensive as never before. The F.B.I. is investigating his business ties, newspapers are exploring his financial relationships with people seeking help from the state, some Republicans are grumbling that he is tarnishing their troubled party, and for the first time, a member of his conference, Senator John J. Bonacic, a Hudson Valley Republican, is calling on Mr. Bruno to step down." Bruno "bristled at news reports that the federal government was investigating his decision to award a $500,000 member item grant — the type that goes to individual lawmakers' pet projects — to Evident Technologies, a company with a former director, Jared Abbruzzese, who had business dealings with Mr. Bruno. Mr. Bruno said that the state gave aid to Evident before he did, and that the money was intended to keep the company from moving out of state. ;It gets me a little bit excited, because they all want to moan and groan and point to Evident,' he said in his office. 'Evident is one of the most worthwhile projects to be funded that I have funded. Now the fact that a friend of mine, it turns out, that I had a financial relationship with — too damn bad. What am I, a second-class

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citizen? Is he a second-class citizen? We vetted that through the whole process, O.K.?'

FBI Accused Of Failing To Follow Additional Leads Related To Oklahoma City Bombing. The Pittsburgh Post-Gazette's Jack Kelly (12/31) wrote, "The House International Relations committee issued a report last week criticizing the FBI's investigation of the 1995 bombing of the federal building in Oklahoma City. The FBI failed to pursue credible information that Timothy McVeigh and Terry Nichols had help, the committee said. The FBI shouldn't have abandoned its search for John Doe No. 2, the committee said. Jayna Davis, then a reporter for a television station in Oklahoma City, said she found at least 20 witnesses who identified Hussain al-Hussaini, a former Iraqi soldier, as the man they saw with Timothy McVeigh. And the FBI should have investigated more thoroughly contacts between Mr. McVeigh and Andreas Strassmeir, a German national who was a paramilitary instructor at Elohim City, a neo-Nazi compound near the Arkansas border, the committee said. The FBI says its investigation was exhaustive, but the discovery just two years ago of a large cache of explosives in a house in which Mr. Nichols lived (and which the FBI had searched) casts some doubt on that claim. Investigative reporter Peter Lance has just completed his third book describing FBI blunders (or worse) in the war on terror. … If what Mr. Lance says is true -- if only a small fraction of what Mr. Lance says is true -- the best that can be said of the FBI is that it has been grossly negligent. A story in the New York Sun Wednesday also does not inspire confidence in the bureau. According to an FBI court filing, the files in 22 of 94 investigations into leaks of classified information are missing. 'Knowing what I know, I can confidently say that until the investigative responsibilities for terrorism are removed from the FBI, I won't feel safe,' said former FBI agent Robert Wright in June 2001. Reading Mr. Lance's book won't make him feel any safer." This column also appeared in the Toledo Blade (OH) (12/31).

CONGRESS-ADMINISTRATION:

House Ethics Committee Warns Conyers On Use Of Staff. RollCall.com (12/30, Davis) reports, "The House ethics committee concluded its three-year inquiry into incoming Judiciary Chairman John Conyers on Friday, voting to take no punitive action against the Michigan Democrat but warning him not to use Congressional staff for any campaign or personal purposes in the future. The inquiry was self-initiated by the ethics panel following news reports in December 2003 that Conyers had on multiple occasions demanded his Congressional staff do both political work outside of their official duties as well as personal errands and favors for the lawmaker and his wife, such as babysitting and tutoring his children."

The Hill (12/30, Kaplan, Kucinich) reports on its web site, "The top Republican and Democratic members on the ethics panel, Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), said in a statement that Conyers acknowledged a 'lack of clarity' in communicating what was expected of his official staff and that he accepted responsibility for his actions. '[Conyers] agreed to take a number of additional, significant steps to ensure that his office complies with all rules and standards regarding campaign and personal work by congressional staff,' they stated. 'We have concluded that this matter should be resolved through the issuance of this public statement.' The finding by the ethics panel could spark debate, and perhaps eclipse, the first week of the incoming-Democratic majority's plans to change the House ethics rules, as well as raise questions about Conyers' standing to chair the Judiciary Committee."

LATimes Rates Bush's 2006 Performance. The Los Angeles Times (12/31, 850K) editorializes, "It's that time of year, when the drones of corporate America gather their No. 2 pencils and call over to human resources for all the personnel files. … Wat if our elected officials had to fit their year's accomplishments on the same kind of form with which millions of the rest of us are familiar? For President Bush, the results would not be encouraging." The Times is almost exclusively critical of the president, but rates his "Financial management" as "Exceeds expectations," noting, "Federal budget deficit is smaller than expected, though employee's insistence that this is a result of his tax cuts is unpersuasive. Also, after the election, indicated that he was open to fresh talks with Democrats about Social Security."

Kristof Offers Suggestions For Enhancing Bush's Legacy. The New York Times' Nicholas Kristof (12/31, WK9) offers "Ten Suggestions For Rescuing The Bush Legacy," writing, "Particularly after all the tributes to Gerald Ford in the last few days, President Bush may be pondering his own legacy and obituary. Sorry, Mr. Bush, but it doesn't look good right now, with your obit perhaps beginning something like this: 'George W. Bush, who achieved tremendous acclaim for his handling of the 9/11 terror attacks but left office vilified and disgraced, mired in the Iraq war and stalemated at home, his hard-line partisan tactics souring the electorate and crippling his beloved Republican Party for a generation, died. ...'But Mr. Bush, your plight isn't hopeless. In the holiday spirit, let me offer you 10 suggestions for what you can do in 2007 to try to rescue your legacy." The first suggestion is "seriously engage Iraq's nastier neighbors, including Iran and Syria, and renounce permanent military bases in Iraq."

NYTimes Suggests Areas Of Expansion For NCLB. The New York Times (12/31, WK7, 1.16M), in an

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editorial, writes, "The No Child Left Behind Act broke new ground when it required the states to educate impoverished children up to the same standards as their affluent counterparts, in exchange for federal aid. … The achievement gains have fallen far short of what Congress hoped for when it passed the landmark federal law — and also far short of what the country needs to keep pace with its economic rivals . In addition, student performance has flattened in recent years. … With the easy achievement gains already behind us, the next level of progress will require rigorous systemic change. The states, for example, will need to adopt rigorous examinations that track the federal test, the National Assessment of Educational Progress, more closely. They will have to crack down on state teachers colleges that turn out poor graduates, and devise ways — including differential pay — to persuade highly qualified teachers to work in failing schools that they have historically avoided. To move forward, the country must also find new ways to support and transform failing schools, beyond labeling them failures and presuming that the stigma will inspire better performance."

WPost Criticizes Pelosi's Decision On C-SPAN Access. The Washington Post (12/31, B6, 690K), in an editorial, writes, "Incoming House Speaker Nancy Pelosi (D-Calif.) pledged to run the 'most open' Congress in history. Unfortunately, that promise doesn't seem to extend to letting the American people see what's really happening on the House floor. In a letter released the Friday before Christmas, Ms. Pelosi delivered a lump of coal to C-SPAN, which had asked to be freed from the restrictive rules that -- since House proceedings first were televised in 1979 -- have kept the cameras under control of the House and limited footage to tight shots of the podium or the lawmaker who's speaking. Senate rules are similarly constraining. As C-SPAN's president, Brian Lamb, explained in his letter to Ms. Pelosi asking that the cable network's cameras be permitted in the chamber, 'This compromise was crafted long ago to convince wary members to allow congressional sessions to be televised, and in the ensuing years it has become an anachronism that does a disservice to the institution and to the public."

NYTimes Says Social Security Fix Must Include Benefit Cuts, Tax Increases. A New York Times (12/31, WK7, 1.16M) editorial today disputes the use of the Chilean retirement model as a template for changes to the US Social Security system. "The overarching problem for Chile — and the real lesson for the United States — is that private savings are not a substitute for a guaranteed core tier of old-age support." Calling the primary measure of success "whether the system as a whole provides basic dignity for all," the Times says "Chile's privatized system has failed and Social Security has succeeded." Social Security should combine "modest benefit cuts" with "modest tax increases." Achieving that goal "would require sacrifices from both political parties," because "tax increases must be a part of any plausible Social Security reform mix." If a tax increase is not considered, "severe benefit cuts become unavoidable." The Times concludes, "As the debate unfolds anew in 2007, another vital lesson to remember from the Chilean experience is that institutions, once dismantled, are not easily restored."

OTHER NEWS:

Cheney Among Those Honoring Ford At Capitol. The Washington Post (12/31, A1, Ruane, 690K) reports, "Washington welcomed the body of former president Gerald R. Ford last evening. … It was attended by modest but somber crowds that lined the avenues of Alexandria, where the former president once lived. People also gathered in silence as his hearse, and the limousine bearing his wife, Betty, 88, paused beside the flickering fountains of the World War II Memorial. The cortege of about 40 vehicles then moved slowly along the broad and empty expanse of Constitution Avenue toward the gleaming dome of the Capitol, bright against the night sky." The Post notes, "President Bush did not attend last night's ceremonies. He and first lady Laura Bush plan to pay respects tomorrow, when they return to Washington from Texas. Bush also plans to speak at Ford's funeral Tuesday at Washington National Cathedral." The Washington Times (12/31, A1, Pfeiffer, 88K) reports, "It was noted repeatedly that Mr. Ford never aspired to be president, but served honorably after the Watergate scandal forced Richard M. Nixon to resign. 'President Ford proved as worthy of that office as any who had ever come before,' said Vice President Dick Cheney, who served as Mr. Ford's chief of staff. 'He assumed power without assuming airs; he knew how to treat people. He answered courtesy with courtesy; he answered discourtesy with courtesy.' Mr. Cheney also addressed the 38th president's decision to pardon Mr. Nixon, which was so divisive at the time that it probably cost him the 1976 election. 'It was this man, Gerald R. Ford, who led our republic safely though a crisis that could have turned to catastrophe,' he said. 'Gerald Ford was almost alone in understanding that there can be no healing without pardon.'" The AP (12/30, Woodward, Wilson) reports, "Ford's decision to pardon Nixon, so divisive at the time that it probably cost him the 1976 election, was dealt with squarely in his funeral services by his old chief of staff", Cheney. The New York Times (12/31, A19, Kornblut, 1.16M) reports, "Representative J. Dennis Hastert, the departing House speaker, recalled that 'in the summer of 1974, America didn't need a philosopher-king or a warrior-prince, an aloof

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aristocrat or a populist firebrand.' 'We needed a healer; we needed a rock,' Mr. Hastert said. 'We needed honesty, candor and courage. We needed Gerald Ford.'"

The AP (12/30) reports, "Hundreds of ordinary Americans lined up for a chance to view the closed, flag-draped casket of the 38th president late into the night and through the weekend. … The Washington portion of Ford's state funeral opened with a procession that took his casket from Maryland to Virginia and then over the Memorial Bridge -- dressed in flags and funeral bunting -- to the World War II memorial, past the White House without pausing and on to the U.S. Capitol for the first service and a lying in state that continues until Tuesday morning." The Washington Times (12/31, A1, Weber, 88K) reports, "hundreds…began standing in line long before the public viewing began after 8 p.m., and among the thousands who came to the region to mourn the death of the 38th president." The Los Angeles Times (12/31, Peterson, Schmitt, 850K) reports Ford "will be transported to Washington National Cathedral on Tuesday morning for a memorial service that will be attended by President Bush. The six days of funeral rites are scheduled to end Wednesday, when Ford will be buried in his boyhood home of Grand Rapids, Mich." The Detroit News (12/31, Trowbridge), Newsday (12/31, Abrams, Muskal), Bloomberg (12/30, Miller, Salant), and RollCall.com (12/30, Brotherton) were among other media outlets reporting on the ceremony at the Capitol.

Absence Of Bush And Other Top Officials Noted. The Washington Post (12/31, A1, Milbank, 690K) reports, "Everything was in place for Gerald R. Ford's state funeral last night -- everything, that is, but the statesmen. President Bush sent his regrets; he was cutting cedar and riding his bike on his ranch in Texas. Senate Majority Leader Harry Reid and his deputy, Richard Durbin, couldn't make it, either; they were on a trip to visit Incan ruins. Incoming House Speaker Nancy Pelosi took a pass, too -- as did nearly 500 of the 535 members of Congress. A 6-to-3 majority of the Supreme Court, including Ford's appointee, John Paul Stevens, ruled against attending. All the nation's governors were invited; few, if any, came. Apparently only two Cabinet members -- Attorney General Alberto Gonzales and Commerce Secretary Carlos Gutierrez -- accepted the invite. Congressional staffers and Ford family representatives scrambled to find sufficient greeters and honorary pallbearers to join Vice President Cheney and a score of former lawmakers and Ford administration officials."

Excerpts Of Ford Interview On Vietnam Published. The Washington Post (12/31, B1, Woodward, Parthemore, 690K) publishes excerpts from an interview Ford gave The Washington Post's Bob Woodward and Christine Parthemore in 2004 and 2005 in which "the former president revealed the depths of his disillusionment and frustration during the final years and months of the Vietnam War."

Ford Considered Choosing George H. W. Bush As His VP. The New York Times (12/31, A24, Roberts, 1.16M) reports Nelson Rockefeller "coveted the vice presidency in 1973, when Spiro T. Agnew resigned. Instead, President Nixon named Mr. Ford. … Among the prospective vice presidents Mr. Ford rejected was George H. W. Bush. Remembering the telephone call from Mr. Ford that August morning, Mr. Bush said modestly last week: 'I went on, and thanks to him, had wonderful assignments in life.'"

Ford Seen As Likely To Be Remembered For Nixon Pardon. The New York Times' David Kirkpatrick (12/31, WK1) writes, "Lyndon Johnson in 1973. Richard Nixon in 1994. Ronald Reagan in 2004. The last three former presidents to die dominated the world stage. They bent history to their will, for better or worse, and became the subjects of a crowded shelf of biographies. For the writers of memorials and obituaries, they were easy. Not so Gerald R. Ford, who served only 29 months, never won a national election, and was constricted by an overwhelmingly hostile Congress. He is remembered mainly for the pardon of his predecessor, an act that ultimately doomed his bid for re-election." The Los Angeles Times' Jonathan Chait (12/31) writes, "Ford's defeat in the 1976 presidential race may have been one of the worst things that ever happened to American liberalism. Liberals, of course, detested Ford for his pardon of Richard Nixon, and indeed the pardon was a pretty rotten act. In the light of history, however, Ford comes through as a far more innocuous figure. By the standard of his day, he was a conservative. But by the standard of our times, he's a raging moderate."

Betty Ford's Term As First Lady Remembered. The New York Times (12/31, A1, Steinhauer, 1.16M) reports, "It has been a while since America drew its face close to Betty Ford. But what the nation saw this week here in Southern California — an impossibly tiny face, lips pinched in grief and eyes blinking in the harsh midday sun — served as a poignant reminder of the woman whose reign as first lady, while brief and wholly unexpected, was among the most remarkable in modern history. … Thrown into the role of first lady during a period of deep distrust in government, she fulfilled the role of honest arbiter of American family life and of the modern woman, speaking candidly on just about any subject she was asked about, both shocking and delighting the country."

GOP Presidential Candidates Seen As Needing To Distance Themselves From Bush. The New York Times' Adam Nagourney (12/31, WK2, Nagourney) reports, "For Republican candidates, the problem is President Bush. … The trick for Republican candidates is to distance themselves from Mr. Bush without offending Republican loyalists on guard for anyone showing disrespect to the president, or offending Mr. Bush's own considerable corps of

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advisers and contributors, any one of whom could prove useful in 2008. Talking about spending is one way to create that distance. Senator John McCain of Arizona, for one, has made a point of criticizing the deficits during Republican rule in Washington. But will any of them aggressively distance themselves from Mr. Bush's Iraq policy? Could there be a spot in this cycle for an antiwar Republican? And could any echo the chord Barack Obama has struck on the Democratic side by promising an end to the brutal partisanship that has marked the Bush era, and campaign against Mr. Bush, however discreetly, on this ground?"

Clinton's Campaign Team Said To Be More Professional Than Husband's. The Los Angeles Times (12/31, Braun, 850K) reports Sen. Hillary Rodham Clinton "has spent much of the last month behind closed doors, putting the final touches on a presidential campaign-in-waiting. … Awaiting only her go-ahead — with a decision expected in January — the machine that Hillary built has the heft and advance billing of an election-year juggernaut. It is a high-stakes fusion of her political world and her husband's, two camps with markedly different styles and, at times, competing agendas and egos. The test, should she decide to run, will be getting the two cultures to work together. … Bill Clinton ran a loose and leaky ship during his two White House terms, and many in his old brain trust who are expected to return to the fold for a Hillary Clinton presidential campaign now have careers to tend and outside interests to promote. By contrast, 'Hillaryland' is a disciplined structure of her own design, a tight-knit realm populated by discreet, fiercely devoted aides who have been with the former first lady since her East Wing days, along with newer additions who serve on her Senate staff. Some wonder if her circle is too buffered." Patti Solis Doyle, "a Hillaryland stalwart who was Hillary Clinton's first hire as scheduler in 1992, is expected to be tapped as campaign manager. Doyle, 41, had key roles in both Senate campaigns, and most recently headed up Hillpac, the well-oiled fundraising arm that drummed up more than $50 million in donations for 2006.

Schwarzenegger Plans To Take His Campaign For Bipartisanship National. The San Francisco Chronicle (12/31, A1, Marinucci, 384K) reports Gov. Arnold Schwarzenegger "is intent on taking his message of bipartisan cooperation to the rest of the country as part of an ambitious effort aimed at shaping politics on both sides of the aisle. Schwarzenegger wants to press Republicans and Democrats for more 'action, action, action' -- with particular attention to appealing to the growing ranks of decline-to-state and independent voters increasingly turned off by partisan politics. For the California governor, the issues open to bipartisan solutions are as diverse as redistricting, health care and prison reform. But Schwarzenegger doesn't intend to stay within state boundaries as he addresses such matters, planning to make his case in states that will play center stage in presidential politics -- New Hampshire, Ohio and Iowa among them. … Political insiders on both sides of the aisle have speculated that the governor's 'big picture' approach means that he will have more influence as the 2008 presidential race begins in earnest; that means he could act either as an endorser or an active campaigner who could help swing delegate-rich California."

LATimes Notes Schwarzenegger's Successes In 2006. The Los Angeles Times (12/31, 850K) says in an editorial that Schwarzenegger's "year began with an apology and ended with a victory. In other words, it got better as it went along."

Pawlenty Moves Towards The Middle To Start Second Term. The Minneapolis Star Tribune (12/31, Lopez, 395K) reports, "After a brush with political death, a reinvigorated Gov. Tim Pawlenty begins his second term this week facing huge DFL majorities in the Legislature and acknowledging that compromise is no longer optional. Promising a change in agenda and tactics for the legislative session, which will convene Wednesday, Pawlenty has already advocated universal health coverage for Minnesotans, proposed free college tuition for the state's top students, and thrown his weight behind expansions of mass transit and greater reliance on renewable fuels."

Poll Finds Most Americans Maintain Optimistic Outlook. The Washington Times (12/31, A1, Benac, 88K) reports, "An Associated Press-AOL News poll finds that while most Americans said 2006 was a bad year for the country, three-fourths thought it had been a good one for them and their families. … Seventy-two percent of Americans feel good about what 2007 will bring for the country, and an even larger 89 percent are optimistic about the new year for themselves and their families, according to the poll. That fits with a long-term trend suggesting that Americans are generally an optimistic lot. Polling over recent decades is replete with optimism, and with a tendency for people to feel more positively about their own situations than that of the country overall."

December Employment Report Expected To Show Slight Improvement. The New York Times (12/31, BU6, DeAenlle, 1.16M) reports, "The December employment report arrives Friday. A Bloomberg News poll of economists estimates that 115,000 net new jobs were created, a subdued showing after the 132,000 in November."

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WPost Notes Virginia GOP's Transportation Deal Talks. The Washington Post (12/31, B6, 690K) editorializes, "Finally, the grown-ups have seen fit to mediate in the spitting match that passes for fraternal relations within Virginia's Republican Party. Northern Virginia's two Republican congressmen, Reps. Thomas M. Davis III and Frank R. Wolf, along with the new state party chairman, Ed Gillespie, and Robert F. McDonnell, the attorney general, are trying to broker an intraparty deal on state funding for transportation. No doubt they have been moved to action by well-founded fear -- fear that voters have grown tired and testy at the ongoing spectacle of the GOP's civil war and fear that the party as a whole will be punished at the ballot box next fall for its contemptible failure to address the state's transportation mess."

Humorist Barry Reviews 2006. Humorist Dave Barry's annual review of the closing year appears in today's Washington Post Magazine (12/30, W18). The piece runs just over 5,000 words.

Bush Directs "Surprising" Tripling Of Aid To Africa. Under the headline, "Bush Has Quietly Tripled Aid To Africa," the Washington Post (12/31, A4, Fletcher, 690K) notes President Bush's "legacy is sure to be defined by his wielding of U.S. military power in Afghanistan and Iraq, but there is another, much softer and less-noticed effort by his administration in foreign affairs: a dramatic increase in U.S. aid to Africa." Bush "has tripled direct humanitarian and development aid to the world's most impoverished continent since taking office and recently vowed to double that increased amount by 2010 -- to nearly $9 billion." Currently, Sudan, Ethiopia, Egypt and Uganda "rank among the world's top 10 recipients in aid from the United States." Those increases "have surprised -- and pleased -- longtime supporters of assistance for Africa, who note that because Bush has received little support from African American voters, he has little obvious political incentive for his interest." The Post adds, "Although some activists criticize Bush for not doing more to end the ongoing genocide in the Darfur region of Sudan, others credit him for playing a role in ending deadly conflicts in Liberia, the Congo and other parts of Sudan. Meanwhile, Bush has overseen a steady rise in U.S. trade with Africa, which has doubled since 2001."

Somali, Ethiopian Troops Close In On Kismayo. In continued reporting on the Somali Interim Government's consolidation of power, the New York Times (12/31, Gettleman, 1.16M) notes, "A phalanx of Ethiopian tanks and armored personnel carriers chugged toward Kismayo, the last city occupied by Somalia's diminished Islamist movement, witnesses said Saturday, while the Islamists inside the city dug in and vowed never to surrender." While the Somali-Ethiopian force was "preparing to seize Kismayo," a key Islamic Courts leader "told his followers that the Islamist leadership was not finished." The Times adds, however, that international diplomats "said that they were talking to moderate representatives of the Islamic movement on Saturday, trying to persuade them to back down."

The Washington Post (12/31, A18, McCrummen, 690K) calls Kismayo "the last stronghold of the Islamic Courts movement," adding, "a major battle between the two sides seemed imminent." The Post reports, "Somalis are growing impatient with the presence of thousands of Ethiopian troops in their country, but Ethiopian Prime Minister Meles Zenawi, who has backed the interim Somali government now in power, has said his military will not pull out until it has captured the most 'extremist' leaders and 'international jihadists' within the Courts movement."

The Washington Times/AFP (12/31) adds the Somali-Ethiopian troops "marched on the last stronghold of the country's powerful Islamist movement yesterday, even as Prime Minister Ali Mohammed Gedi called for dialogue with Islamist leaders." Yesterday, Gedi "warned of serious reprisals if the Islamists followed through on threats to wage a guerrilla campaign." Deputy Prime Minister Mohamed Hussein Aidid "warned that the security situation in the capital, which has long been awash with arms, remained potentially volatile, with 'around 2,000' Islamists thought to have remained behind when the city was taken."

The Los Angeles Times (12/31, Sanders, 850K) notes, "Though most Islamist fighters fled Thursday when troops from Ethiopia and Somalia's transitional government advanced, so far the government is moving cautiously in finishing the pacification and occupation of the capital. Most government soldiers remain on the city outskirts. Only one government agency, the Interior Ministry, has moved back in." That "security vacuum has led to sporadic looting and rioting."

UN Peacekeepers Push Back On UN Request For Darfur Border Force. AFP (12/31) notes international peacekeeping officials within the UN "have rebuffed a call from the Security Council for a force to protect refugees in Chad." The report to the UNSC is quoted saying, "Conditions for an effective UN peacekeeping operation do not seem to be in place at this time. Unless all the parties were to agree to a ceasefire and engage in a dialogue...a UN force would be operating in the midst of continuing hostilities and have no clear exit strategy." AFP cites Financial Times reporting purporting that "the report reflects peacekeepers' concern that they are being asked to do too much around the world."

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Castro Tells Cuba His Recovery Is Not "A Lost Battle." The AP (12/31, Snow) reports, "A statement attributed to Fidel Castro on the eve of the revolution's 48th anniversary assured Cubans Saturday that the ailing leader could still recover from his prolonged illness." The media-run message is quoted saying, "I am grateful to you for your affection and support. Regarding my recovery, I have always warned that it could be a prolonged process, but it is far from being a lost battle." The AP says this and similar recent efforts "seemed aimed at ensuring the world that he is recovering, five months after he underwent emergency intestinal surgery." BBC.com (12/31) says Castro told Cubans that "he is recovering slowly from his surgery." He "also thanked the Cuban people for their courage during his recuperation."

A 2,400-word piece on the front page of today's Washington Times (12/31, A1, Hirsch, 88K) keys on US businesses' uncertain future in a post-Castro Cuba. President Bush's hard-line attitude toward Cuba has prompted businesses to pull back from exploring opportunities in the communist nation." Additional "factors hindering the potential of doing business there include the island's small population and poor investment climate, but Mr. Bush's strong stance is the overarching issue, according to government officials, businesses and longtime observers and analysts."

Madrid Ends ETA Talks After Fatal Airport Car Bombing. The AP (12/31, Roman) notes Madrid's decision to end "plans for peace talks" with ETA following yesterday morning's car bombing at the Madrid airport. That "blast left two people missing and 26 injured, most with damage to their ears from the shock wave." Prime Minister Jose Luis Rodriguez Zapatero "said the government would halt talks with ETA over the bombing. The group had agreed to stop attacks in its cease-fire declaration earlier this year that was seen as the greatest hope in a decade of a peaceful end to the conflict." ETA, which has not claimed responsibility for the attack, has "been warning for months that the peace process was faltering." The Washington Post/AP (12/31, A20)'s version of the AP story is headlined, "Madrid Blast Leaves 2 Missing, 26 Injured." Bloomberg (12/31, Smyth, Ben Sills) reports Madrid announced the shutdown of talks "after concluding [ETA] planted a truck bomb in Madrid's Barajas airport that destroyed a four-story parking structure and left two people presumed dead."

Bulgaria, Romania Will Join EU Tonight. AFP (12/31) reports Sofia and Bucharest "have braced for a double New Year's celebration, with both countries set to become the newest members of the European Union at the stroke of midnight. But with enlargement fatigue gripping large parts of the bloc, the EU's latest and poorest members are likely to be greeted more with a shrug than open arms." AFP adds polling "shows that at the eve of accession 63 percent of all Bulgarians and 69 percent of all Romanians think their eastern European states will largely benefit from EU membership." The "two newcomers will" join Greece as "the only Balkan nations in Europe's rich club, and will play a key role as representatives of a region ravaged by the wars in the former Yugoslavia." They "will be Europe's poorest members with gross domestic product per capita barely reaching one third of the European average," and "will contribute only one percent to the EU's" total GDP.

Russian Politics To Be Dominated By 2007 And 2008 Elections. In its "Week In Review," the New York Times (12/31, WK2, Myers, 1.16M) previews the Russian parliamentary elections scheduled for December. "Elections, even in a 'democracy' as managed as Russia's, have a way of surprising." President Vladimir Putin "is popular enough to ensure that whoever he supports will fare well, but corruption remains deeply rooted, as do poverty and crime and violence, any of which could be a catalyst for an electoral nyet." His "Kremlin is taking no chances," and has sponsored several key election law changes. "New laws against extremism have already been used to raid a political group led by the chess champion Garry Kasparov." Putin "critics said the restrictions would stifle what opposition remains, including what's left of the Communist Party and the old liberal democrats." For his part, Kasparov "says the Kremlin has obscured the seeds of discontent. And they are growing, he says, especially beyond the glow of Moscow's riches." The Times also notes the "maneuvering" ahead of the 2008 vote to replace Putin.

Kazakh Government Balances Pro-Russian Policies With Gulag Legacy. A piece in the New York Times (12/31, A6, Greenberg, 1.16M) explores changing Kazakh attitudes about the gulag system there. "The gulags once spread over the Kazakhstan steppe like a thick wreath. Eleven sprawling camps" were "built shortly after the creation of the Soviet Union" and "were partly emptied to provide soldiers and workers during World War II" before being closed after Stalin's death in 1953. Today, "a large percentage of people have parents or grandparents whose life trajectories were savagely rewired by deportation and imprisonment in the camps. But memories of the gulags are dying," and "for many" young Kazakhs, "the oppression the gulags stand for does not register." The Times adds, "Some of the reasons for a quick and collective forgetting are obvious." In addition to "growing affluence," the Times says "there are political aspects to a sidestepping of Kazakhstan's recent history, too, often born out of the government's

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determination to stay friendly with Russia." The Times continues, "With Kazakh nationalism having become mostly the purview of the anti-Russia opposition here, the government has had to use other avenues to promote a coherent national identity."

China's Hu Seeks To Bolster Navy, His Political Position. The Los Angeles Times (12/31, Magnier, Landsberg, 850K) notes Chinese President Hu Jintao's Wednesday speech calling for a "strong" navy. "In China, where symbolism often is as important as substance, the address was seen by analysts as serving two functions: to help build a policy consensus and signal [Hu's] near-complete grip on the political field before a key party congress next fall." Calling the Chinese navy "the country's weakest link," the Times says Beijing "is keen to bolster its weak third arm." Hu's "aim is to prevent Taiwan from declaring independence and to safeguard the seaborne trade, oil and other resources needed to power China's booming economy." Beijing's "growing military profile has raised eyebrows at the Pentagon, which fears an erosion of its military dominance in the Pacific and beyond." The Times adds, "Of significance in China's one-party state with its emphasis on political theater, analysts said, was Hu's choice of venues" and his "timing." The "notably careful leader's confident military tone Wednesday and his appearance in military green immediately after a purge of a key [ally of former President Jiang Zemin] in Shanghai suggests he faces no significant opposition across the Chinese political spectrum."

Japan's Abe Criticized For Not Addressing Key "Challenges." Under the headline, "The Buzz On Japan's New Premier: Too Old-school," the Los Angeles Times (12/31, Wallace, 850K) says Japanese Prime Minster Shinzo Abe is "already being mocked." The "developing perception" in Tokyo is "that Japan's youngest postwar prime minister may be an out-of-touch young fogey, more nostalgic for an old Japan than eager to usher in a new one." Some Japanese "contend that his government's focus on nationalist obsessions … is a distraction from the core economic and social issues that present far graver challenges to Japan. They also argue that Abe's government lacks discipline and coherence." The Times adds, "Suspicions that Abe lacks toughness — and control over his party — are contributing to his sudden slip in polls." Despite "a positive start" to his premiership, Abe "has stumbled on the domestic front."

Expanding Israeli Economy Said To Weather Crises. Noting Israel's "typically tumultuous year," the New York Times (12/31, A3, Myre, 1.16M) reports, "Despite the political turmoil and spasms of violence, Israel, it seems, has figured out how to keep its economy charging forward." This year marked "the country's third straight year of strong growth, with the economy expanding nearly 5 percent. The stock market has been hitting record highs; unemployment is at a 10-year low. Israel's central bank is lowering interest rates," and the shekel "is trading at 4.2 to the dollar, its strongest level in five years." However, "the economic tide is not lifting every Israeli boat," and almost 20 percent of Israelis now live below the poverty line. "Critics say this is because Israelis who are struggling economically have seen their benefits fall sharply, while they remain unemployed. The unemployment rate is at its lowest level in a decade, but still relatively high at 8.4 percent." The Times notes that "while the Israeli economy has been thriving, the Palestinian economy has moved in the opposite direction, contracting by an estimated 10 to 15 percent this year, according to the Palestine Monetary Authority." Continued conflict has "devastated" the economy of Palestine, as "Israeli security forces greatly increased the web of restrictions … to prevent attacks," creating "great hardships on Palestinian economic life."

On Eve Of Handover, Annan's Tenure Reviewed. An AP (12/30) analysis piece reviews UN Secretary-General Kofi Annan's decade in office. He is "leaving behind a global organization far more aggressively engaged in peacekeeping and fighting poverty — but struggling to restore its tarnished reputation." Three weeks ago, "Annan said he considered his top achievements the promotion of human rights, fighting to close the gap between extreme poverty and immense wealth, and the U.N.'s campaign to fight AIDS and other infectious diseases." The AP says his "first five-year term culminated in 2001 with the Nobel Peace Prize — shared with the United Nations ," but his "second five-year term was not without shadows," notably the Oil-for-Food scandal.

Under the headline, "Annan Focused On Human Element," the Los Angeles Times (12/31, Farley, 850K) adds Annan "has already begun reflecting on his achievements, frustrations and failures as a leader who embodies the world's ideals, and as a man who often could not escape his limitations to make those ideals a reality." Annan "was mostly an idealist. He would like to be remembered, he said this month, as the leader who pushed the world to agree to intervene to stop genocides, and to try to cut poverty in half. He sought to make the U.N. about people, not just geopolitics." He was elected in 1996 because "he did not have a political agenda or an overweening ego that could put him in conflict with the U.S. By the end of Annan's decade, however, he grew to be a quiet but compelling challenger to Washington."

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WPost Says China, South Korea Hold Key To Containing North Korea. A Washington Post (12/31, B6, 690K) editorial says North Korean leader Kim Jong-il was "justified" in "calculating that" his regime "would not suffer severe consequences for its" nuclear test. His government's "ability to sustain its defiant posture is remarkable because, in contrast to the cases of India or Pakistan, the outside world has the ability to cripple the regime if it chooses." China and South Korea "could remove the lifelines they provide" to Kim if they decided "that stopping North Korea from producing more nuclear weapons was more important than preserving its dictatorship." Washington's "leverage" remains "limited," and Administration critics wrongly "presume that it's possible to change North Korean behavior without the collaboration of its prime benefactors." The Post says the Administration's "best option" is "to work with such allies as Japan to raise the economic pressure on North Korea as much as is possible. Diplomacy is best focused not on Pyongyang, but on Beijing… The aim need not be to bring down [Kim's] regime, only to convince it that its existence will be imperiled rather than secured by nuclear weapons."

Clarke Outlines National Security Issues Beyond Iraq. In a Washington Post (12/31, B1, 690K) op-ed, Richard Clarke criticizes continuing vacancies in "critical slots" in the Administration's national security team, including Deputy Secretary of State and Deputy Director of National Intelligence. "In the end, there are only 12 seats at the conference table in the White House Situation Room, and the key players' schedules mean that they can seldom meet there together in person or on secure video conference for more than about 10 hours each week. When issues don't receive first-tier consideration, they can slip by for months." Clarke identifies "seven key 'fires in the in-box' national security issues:" global warming, Russian "revanchism," Latin America's "leftist lurch," continued warfare in Africa, the US' "freeze" of arms control efforts, the rise in transnational crime, and the continued weakness of the Pakistani-Afghan border. While President Bush "contemplates sending even more U.S. forces into the Iraqi sinkhole," he "must also weigh the opportunity cost of taking his national security barons off all the other critical problems they should be addressing -- problems whose windows of opportunity are slamming shut, unheard over the wail of Baghdad sirens."

Lebanese Said To Be On Verge Of Repeating War's "Mistakes." In a Washington Post (12/31, B2, 690K) op-ed, reporter Lynn Maalouf notes, "Today, as the Lebanese people once again find themselves divided along political and sectarian lines, the question reverberates around the country: Are we about to be drawn into another civil war?" The "lessons" of the 1975-90 civil war "were never learned." In the eventual peace, "there was no victor, no vanquished. No reconciliation process was initiated. An amnesty law passed by the very people who had been fighting one another only weeks earlier exonerated them of war crimes." In 1990, "Lebanon slipped into a state of amnesia. Today, having turned the page on its civil war without achieving closure, it is a country in danger of repeating the past." With an "absence of documented history, Lebanese cling to conflicting narratives of the war and to their selective memories, passing them on to the younger generation."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times
"In Iraq, Mixed Feelings Over Saddam's Death."
"Farewell To A President."
"Healthy? Insurers Don't Buy It."
"Parade Floats Lead To Moving Vans."

New York Times:
"Hussein Video Grips Iraq; Attacks Go On."
"On The Gallows, Curses For U.S. And 'Traitors.'"
"Hussein Divides Iraq In His Death As He Did In Life."
"For Guantánamo Review Boards, Limits Abound."
"Back In View, A First Lady With Her Own Legacy."
"Homes Sell, And History Goes Private."

Washington Post:
"A Solemn Homecoming."
"In Hussein's Last Minutes, Jeers And A Cry For Calm."
"Many No-Shows At The Capitol."
"Localities Operate Intelligence Centers To Pool Terror Data."
"In Or Out Of The Game?"

Washington Times:
"Shi'ite-Sunni Rift Laid Bare By Hanging."
"Ford's Final Visit To Capitol."
"Most Americans Say Life Is Good -- At Home."
"After Fidel, Business As Usual?"

Dallas Morning News:
"Mesquite Family Unable To Save Teen."
"Watkins Driven To Be DA."
"DMN Texan Of The Year: Roy Velez."
"Resolutions Easy To Make, Easier To Break."
"A Rocking, Reverent Goodbye To James Brown."
"Winning Pick: UT Turns Back Iowa."
"Vince: Better Than The Rest."
"Thieves Leave Autistic Kids Little For Holiday."
"Texans Clean Up After Tornadoes."

Houston Chronicle:
"Looking Back At 2006."

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"State Funeral Thrusts Betty Ford Back In Spotlight."
"Death Casts Doubt On Lawyer's Role In Abuse Case."
"Protected View Of Texas Capitol Sparks Debate."
"Houston Iraqis Feel Joy, Gloom On Saddam's Death."
"Candidates For Texas House Speaker Lure Support."
"Saddam Buried Next To Sons In Town Of His Birth."
"Business Is Booming For Ethnic Food Suppliers."
"Vibes Positive For Texans In Last Game Of Season."

Story Lineup From Last Night's Network News:
ABC: Preempted for Ford funeral coverage.
CBS: Preempted for Ford funeral coverage.
NBC: Preempted for Ford funeral coverage.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House: PRESIDENT BUSH — No public schedule. In Crawford, Texas.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: FUNERAL SEVICES FOR FORMER PRESIDENT GERALD R. FORD. Ford's body lies in state.

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Sent:	Wednesday, January 3, 2007 8:20 AM
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Subject:	Department of Justice News Clips for Sunday, December 31, 2006
Attachments:	dojclips061231.pdf; dojclips061231.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 31, 2006 7:45 AM EST

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DOJ_NMG_0111223

TERRORISM NEWS:

Deputy Leader Of Al-Qaeda Delivers Angry Holiday Greeting (AP)

AP, December 30, 2006

CAIRO (AP) — The deputy leader of al-Qaeda on Saturday accused moderate Arab leaders of being traitors for cooperating with the United States in an audiotaped greeting marking the most important Islamic holiday.

Ayman al-Zawahri's wished the Palestinian people a happy Eid al-Adha but lashed out at Palestinian president Mahmoud Abbas and his Fatah movement.

"Those who had sold Palestine, the secular traitors, can not be your brothers. Do not recognize their legitimacy. ... And don't sit with them ... and do not sign with them the documents that will make you lose Palestine," said al-Zawahri in the 15-minute audiotape posted on a website commonly used by Islamic insurgents.

Al-Zawahri did not mention Saddam Hussein's execution in the tape, suggesting it was made before the ousted leader's hanging on Saturday.

The tape could not immediately be verified, but a banner posted on the website said it came from al-Qaeda's media production house, al-Sahab.

The No. 2 al-Qaeda leader denounced U.S. ally Egyptian President Hosni Mubarak in an apparent reference to recent arrests and detentions of several members of the outlawed Muslim Brotherhood.

"I greet my brothers inside the prisons of Mubarak, the traitor," he said.

Al-Zawahri also extended his Eid greeting to Iraq, praising the leader of al-Qaeda in Iraq, Abu Omar al-Baghdadi, and urged Muslims in Somalia, Chechnya, Indonesia, the Philippines and Algeria to keep on fighting the "infidels and crusaders."

For Guantánamo Review Boards, Limits Abound (NYT)

By Tim Golden

The New York Times, December 31, 2006

GUANTÁNAMO BAY, Cuba — At one end of a converted trailer in the American military detention center here, a graying Pakistani businessman sat shackled before a review board of uniformed officers, pleading for his freedom.

The prisoner had seen just a brief summary of what officials said was a thick dossier of intelligence linking him to Al Qaeda. He had not seen his own legal papers since they were taken away in an unrelated investigation. He has lawyers working on his behalf in Washington, London and Pakistan, but here his only assistance came from an Army lieutenant colonel, who stumbled as he read the prisoner's handwritten statement.

As the hearing concluded, the detainee, who cannot be identified publicly under military rules, had a question. He is a citizen of Pakistan, he noted. He was arrested on a business trip to Thailand. On what authority or charges was he even being held?

"That question," a Marine colonel presiding over the panel answered, "is outside the limits of what this board is permitted to consider."

Under a law passed by Congress and signed by President Bush in October, this double-wide trailer may be as close to a courtroom as most Guantánamo prisoners ever get. The law prohibits them from challenging their detention or treatment by writs of habeas corpus in the federal courts. Instead, they may only petition a single federal appeals court to examine whether the review boards followed the military's own procedures in reviewing their status as "enemy combatants."

But an examination of the Guantánamo review boards by The New York Times suggests that they have often fallen short, not only as a source of due process for the hundreds of men held here, but also as a forum to resolve questions about what the detainees have done and the threats they may pose.

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Some limitations have long been evident. The prisoners have no right to a lawyer, or to see classified evidence, or even to know the identity of their accusers. What has been less visible, however, is what many officials describe as a continuing shortage of information about many detainees, including some who have been held on sketchy or disputed intelligence.

Behind the hearings that journalists are allowed to observe is a system that has at times been as long on government infighting and diplomatic maneuvering as it has been short on hard evidence. The result, current and former officials acknowledged, is that some detainees have been held for years on less compelling information, while a growing number of others for whom there was thought to be stronger evidence of militant activities have been released under secret arrangements between Washington and their home governments.

Military officials emphasize that the boards are an administrative forum and were never intended to replicate judicial standards of fairness. But they say the hearings offer prisoners a viable opportunity to rebut the government's evidence.

"At the end of the day, it's about giving the detainee the flexibility and freedom to present his case," said Capt. Philip L. Waddingham, a former Navy pilot who oversees the operations of the panels at Guantánamo.

Administration officials also emphasize that the reviews are more rigorous than the battlefield tribunals that have traditionally been used to determine the status of wartime prisoners under the 1949 Geneva Conventions.

But the Geneva tribunals were established to answer questions about the identities of soldiers and spies from regular armies. Sorting through the identities and past actions of suspected participants in a shadowy global terrorist network, military officials said, has proved far more complex.

To date, 377 Guantánamo detainees, nearly half of the 773 who have been held there, have been released or transferred to other governments. Of those, about 150 have been repatriated through the review process since mid-2004, officials said.

The administration's push to reduce the Guantánamo population is more evident in another statistic. The final arbiter of prisoner releases, Deputy Defense Secretary Gordon R. England, has overruled the panels' recommendations in more than 15 percent of the 237 cases he has decided so far this year, officials said. In virtually all of those, the boards had recommended continued detention.

Still, a recent study of the review process found that detainees arguing their innocence were routinely denied witnesses they tried to call, even when the witnesses were other prisoners at Guantánamo. Lawyers for the detainees complain that the government has made almost no effort to have the panels consider information they have gathered and has often blocked their attempts to learn the accusations against their clients.

"We have tried again and again to have a say in the process," said Barbara Olshansky, a lawyer who has coordinated much of the work of the detainees' lawyers for the Center for Constitutional Rights. "But we learned pretty early on that these were kangaroo courts."

Many of the detainees appear to have given up on the reviews as a way to win their freedom. In the latest round of annual hearings, which were completed this month, only 18 percent of the prisoners chose to attend.

Evolution of the Hearings

The review system at Guantánamo began operating in July 2004, more than two years after most detainees were imprisoned there. Officials said it was intended in part to deflect criticism that the prison had become a legal black hole. They also hoped it would resolve what had become a contentious struggle among national security agencies over which prisoners to hold and which to free.

Even before Mr. Bush decided in February 2002 that the United States would not observe the Geneva Conventions in fighting terrorism, Donald H. Rumsfeld, then the defense secretary, dismissed the idea of Geneva-style hearings for the detainees, maintaining that they would never be entitled to the prisoner-of-war status that such tribunals could grant them in other conflicts.

"There is no ambiguity in this case," Mr. Rumsfeld said.

Yet intelligence officers at Guantánamo found ambiguity everywhere. Many of the detainees had been captured by Afghan militias, Pakistani border guards and other surrogates, and some had been turned in for bounties, intelligence officials said. Information about their identities and actions was often vague and secondhand. Physical evidence, if any existed, was sometimes lost before reaching Cuba.

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Still, the detainees who were held on the weakest information tended not to be a priority for either intelligence officers or the military's criminal investigators.

"It wasn't the job of the intelligence community to verify their guilt or innocence," said Col. Brittain P. Mallow, a retired Army investigator who led a task force that gathered evidence for war crimes tribunals that are expected to prosecute about 50 to 70 of the remaining 396 detainees.

Faced with growing international criticism, the Bush administration moved in May 2004 to set up a kind of annual parole system, called Administrative Review Boards, to weigh each detainee's continuing threat and intelligence value. But before those hearings began, the Supreme Court called that June for a one-time review of all Guantánamo detainees using the sort of panels called for by Army regulations — and by the Geneva Conventions.

Those first panels, called Combatant Status Review Tribunals, or C.S.R.T.'s in military parlance, required three military officers to decide cases by majority vote, based on a "preponderance of the evidence." The boards were allowed to consider a wide range of intelligence, including statements obtained by coercion.

Midlevel officers were assigned to help the detainees prepare for their hearings. Military lawyers were not permitted to serve in that role, however, because of concern that limitations on that assistance might open the lawyers to charges of violating professional ethics rules.

Lawyers at the Defense and Justice Departments had another worry: that detainees found to be "not enemy combatants" might sue the government for wrongful imprisonment. Partly for that reason, officials said, the review office was instructed to use the phrase "no longer enemy combatants."

By the time the C.S.R.T. reviews got under way, intelligence agencies had confirmed that half a dozen detainees released from Guantánamo were fighting for the Taliban in Afghanistan. Such risks were raised frequently in government debates.

"It was sort of a mantra in the system: 'You have got to make sure that you don't release any of the wrong people,' " recalled Charles W. Moore Jr., a now-retired vice admiral who set up the review apparatus under Mr. England.

Reviewing Decisions

The early results of the hearings, in which officials said a surprising number of detainees were found not to be enemy combatants, only heightened the unease.

Internal critics, including the Defense Intelligence Agency, the Central Intelligence Agency and the Special Operations branch of the Pentagon, complained heatedly that the boards did not properly understand the intelligence they were assessing, said current and former officials who participated in the debates.

The critics were later allowed to provide further training to the panels. In the first round of annual reviews after the C.S.R.T.'s, officers with military intelligence backgrounds also took over the role, previously assigned to lawyers, of vetting evidence and presenting the government's case.

While some officials perceived an undue influence over the panels from intelligence agencies and their allies, others said those critics were mostly beaten back.

"The intelligence community wanted to derail the C.S.R.T. process and dictate the decisions, and that didn't happen," said one former senior official, who, like several others, would discuss the policy deliberations only on the condition of anonymity.

According to documents and interviews, the Pentagon office in charge of the reviews ordered the repetition of some C.S.R.T. boards that recommended the release of detainees. Defense Department officials would not discuss those cases in detail.

The largest number of repeated hearings appears to have involved some of the 22 Muslim detainees from western China who were part of the Uighur (pronounced WEE-gur) ethnic minority.

The Uighurs' sworn enemy was not the United States but the Communist government of China, which had long oppressed their people. The military accused the detainees of belonging to a separatist group that the Chinese authorities had persuaded Washington to list as a terrorist organization, but some experts on the region disputed that characterization of the group and the detainees denied any link to it.

The State Department, fearful that the men would be tortured if they were sent back to China, had already begun trying to place the Uighurs as refugees in Europe when their cases came for review at Guantánamo, officials said.

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"We were shocked that they even sent those guys before the C.S.R.T.'s," said one former national security official who worked on the matter. "They had already been identified for release."

Because the Uighurs told very similar stories, Pentagon officials were confounded when at least five of them were determined not to be enemy combatants and the rest properly held, officials said.

At least several of the Uighurs, including some found not to be enemy combatants, had their cases reviewed again, officials said. They described the impetus for doing so as "quality control." But available documents show that at least one of the detainees, whose case was reviewed again, was finally found to be an enemy combatant.

Five Uighur detainees were finally sent to Albania as refugees in May.

Some Aren't Revisited

Yet other cases in which questions arose were not revisited. One of those involved a Sudanese man, Adel Hassan Hamad, who was seized in Pakistan in 2002.

According to the unclassified summary of allegations in his first hearing, Mr. Hamad, who is now about 48, had worked for two nongovernmental organizations, or N.G.O.'s, with ties to Al Qaeda and had come into contact "with persons who had positions of responsibility in Al Qaeda." But the military presented no unclassified information that Mr. Hamad was anything but a hospital administrator and former teacher, or that he knew of his employers' purported ties.

As with all such cases, it is not possible to judge independently the evidence against Mr. Hamad because part of it is secret. But while two panel members found him to be rightfully detained, a third officer, an Army lawyer whose name was blacked out in the declassified document, objected strongly.

Even if the unclassified allegations were true — and Mr. Hamad said he knew nothing about Qaeda links — "a mere association with Al Qaeda does not qualify as a basis for enemy combatant status," the lawyer wrote in a formal dissent. The officer, who also studied the secret evidence, said the military was declaring Mr. Hamad an enemy combatant because some parts of the organization he worked for had allegedly supported "terrorist ideals and causes."

"To reach such a conclusion would provide for unconscionable results," he wrote. It might mean, he added, that "all physicians, nurses and aid workers employed by the alleged terrorist-connected N.G.O.'s would also be declared enemy combatants."

The panel's 2-to-1 decision was reviewed by two other military lawyers, each of whom tersely upheld its "legal sufficiency." One of them, Cmdr. James R. Crisfield Jr. of the Navy, described the Army officer's dissent as "articulate and thoughtful," but emphasized the review panels' modest standard of proof.

"Given the low evidentiary hurdle posed by a preponderance-of-evidence standard and the rebuttable presumption of genuineness and accuracy that attaches to government evidence, I believe that the test is satisfied in this case," Commander Crisfield wrote.

Despite the limited evidence against Mr. Hamad, documents from his first annual review show little further substance to the military's accusations. They noted that a brother of the Sept. 11 plotter Khalid Shaikh Mohammed was once a manager at one of the charities where Mr. Hamad worked. But the military was now asserting only that the group "may be affiliated with Osama bin Laden and Al Qaeda operations."

Two federal public defenders in Portland, Ore., who took Mr. Hamad's case last year said they had located about a dozen witnesses who corroborated parts of his account. Although much of that information has been filed as part of a habeas case in federal court, there is no sign yet that it has made any difference for Mr. Hamad.

"I don't think there was any substantive attempt by the military to find witnesses who could get to the bottom of this," said one of the lawyers, Patrick J. Ehlers. "There were hundreds of other people out there who worked for these groups. None of those people were arrested, and none of them were questioned."

Constraints on the System

Several officials who helped establish the review panels said they tried to create mechanisms that would let detainees present witnesses and evidence and allow the panels to gather new information.

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But some officials said those ambitions, however sincere, had often been undone by the speed of most reviews — often conducted in just hours — and the low priority assigned to the collection of information on the detainees by intelligence agencies and foreign governments. This year, three panels at Guantánamo handled as many as 13 or 14 cases a week, they said.

"There are real time constraints and real resource constraints," one retired military officer said. "They usually ended up without anything new, so the boards were just dusting off old files and trying to have a fair and impartial body look at that old information."

Captain Waddingham, the chief of the review office at Guantánamo, said the boards followed the recommendations of military intelligence officials 95 percent of the time. But both he and the overall head of the review program, Frank Sweigart, insisted that the panels were able to get new information when they needed it.

"We are always looking for supporting facts, and if we can't find them, we ask for them," Mr. Sweigart, a retired Navy captain, said in an interview. "There really is a lot of information out there for a number of them — especially for the detainees who are there today."

But other current and former officials described a system that was frequently inefficient in collecting information that might determine a prisoner's fate.

Some officials said military and civilian intelligence agencies gave little priority to requests for information from the panels, particularly when they involved time-consuming inquiries overseas. And though officials including Mr. England, the deputy defense secretary, have urged foreign governments to develop and pass on their own information about detainees from their countries, few of them did.

Officials said some governments, including those of Kuwait and Bahrain, had provided extensive files on their detainees. Partly out of diplomatic considerations, they said, the State Department pressed Mr. England to move up review hearings for at least several detainees from those two countries and, ultimately, to overrule review panel decisions and repatriate them.

On Nov. 3 last year, the Pentagon sent two Kuwaitis and three Bahrainis home from Guantánamo on Mr. England's approval, despite what two officials said had been negative rulings by the review panels in at least some of those cases.

But other releases are harder to explain. In one such case, lawyers for Nazar Chaman Gul, an Afghan prisoner, said they were mystified to learn of the repatriation on Dec. 16 of another Afghan, Mohammad Akhtiar, after his annual review.

Mr. Akhtiar had been accused of launching a rocket attack on an American military base in Afghanistan in early 2003. Declassified transcripts of Mr. Gul's hearings suggest that a major piece of incriminating evidence against him was that he was captured with Mr. Akhtiar at his home. (Another problem seemed to be that he was confused with another Afghan with the same name, who is also being held at Guantánamo.)

"Gul's greatest sin seemed to be his association with Mohammad Akhtiar," said a lawyer for Mr. Gul, Amy Baggio. "Unfathomably, Akhtiar is now home with his family while Nazar Gul is going on his fourth year in custody."

Lawyers say that detainees who have tried to use the review system to challenge the accusations against them have often been frustrated. According to a recent study of 102 unclassified C.S.R.T. files by the Seton Hall University law school, the military denied all requests by the detainees for witnesses who were not also being held at Guantánamo and denied requests for detainee witnesses 74 percent of the time.

Although a growing number of lawyers have begun to conduct their own investigations into accusations against their clients, a former military intelligence officer who has presided over dozens of review boards was dismissive of those contributions.

"As far as what the habeas lawyers have to say, for the most part it wouldn't factor in because they have made themselves not credible," said the officer, a Marine colonel who suggested that the lawyers took detainees' claims of innocence at face value.

The lawyers respond that the obstacles to their input in the process raise questions about the military's desire to learn everything it can about the detainees. More than a week after the hearing for the Pakistani businessman accused of ties to Al Qaeda, a Washington lawyer who had been trying to help him told a reporter that he had not even known the session had taken place.

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"There is no hint of any kind of due process in this," said the lawyer, Gaillard T. Hunt. "He's got no right to an investigation. But substantively, it really doesn't matter, because they can always just say they have this classified information that he can't see."

HOMELAND RESPONSE:

Localities Operate Intelligence Centers To Pool Terror Data (WP)

By Mary Beth Sheridan, Spencer S. Hsu

The Washington Post, December 31, 2006

Frustrated by poor federal cooperation, U.S. states and cities are building their own network of intelligence centers led by police to help detect and disrupt terrorist plots.

The new "fusion centers" are now operating in 37 states, including Virginia and Maryland, and another covers the Washington area, according to the Department of Homeland Security. The centers, which have received $380 million in federal support since the 2001 terrorist attacks, pool and analyze information from local, state and federal law enforcement officials.

The emerging "network of networks" marks a new era of opportunity for law enforcement, according to U.S. officials and homeland security experts. Police are hungry for federal intelligence in an age of homegrown terrorism and more sophisticated crime. For their part, federal law enforcement officials could benefit from a potential army of tipsters -- the 700,000 local and state police officers across the country, as well as private security guards and others being courted by the centers.

But the emerging model of "intelligence-led policing" faces risks on all sides. The centers are popping up with little federal leadership and training, raising fears of overzealousness such as that associated with police "red squads" that spied on civil rights and peace activists decades ago. The centers also face practical obstacles that could limit their effectiveness, including a shortage of money, skilled analysts, and proven relationships with the FBI and Homeland Security.

Still, the centers are emerging as a key element in a sometimes chaotic new domestic intelligence infrastructure, which also includes homeland security units in local police forces and 103 FBI-led terrorism task forces, triple the number that existed before the Sept. 11 attacks.

Fusion centers are becoming "part of the landscape for local government," said the incoming D.C. police chief, Cathy Lanier. But she warned that police are navigating a new patchwork of state and federal privacy laws that govern the sharing, collection and storage of information. "We're in a very precarious position right now," she said. "If we lose community support, that is going to be a big deal for local law enforcement."

Traditionally, police had little to do with counterterrorism. But after the 2001 attacks, it became obvious that al-Qaeda members had been preparing not only in far-off Afghan training camps but also in places such as a Gold's Gym in Greenbelt and flight schools in Florida. An unwitting Maryland state trooper stopped one of the future hijackers for speeding on Interstate 95.

"Police officers, deputies and troopers . . . they're going to be the ones that encounter a lot of these [suspicious] things on the road," said Virginia State Police Sgt. Lee Miller, who oversees the state's year-old fusion center in Richmond. "What we're trying to do is provide them the information they need to identify these different things."

The fusion centers range from small conference facilities to high-tech nerve centers with expensive communications networks. Some do investigations, while others focus on information-sharing -- passing tips to the FBI and scanning federal intelligence for developments of interest to local departments. Some have explored the use of controversial data-mining software in keeping with their respective state laws.

Maryland's three-year-old fusion center outside Baltimore offers a glimpse of the new intelligence world. Hidden behind a bolted door with no nameplate in a quiet office park, the Maryland Coordination and Analysis Center houses members of 23 local, state and federal agencies.

Harvey Eisenberg, an assistant U.S. attorney who helps oversee the center, said police and other government employees are being trained to phone its 24-hour "watch section" when they spot suspicious activity. Calls to the terrorism hotline advertised on the Capital Beltway (800-492-TIPS) are also answered by officers in the watch section.

"You need to educate cops, firefighters, health officials, transportation officials, sanitation workers, to understand the nature of the threat," Eisenberg said. "And not to become super-spies. . . . Constitutionally, they see something, they can report it."

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Officials say an incident on the Chesapeake Bay Bridge in 2004 shows the center's effectiveness. State transportation police stopped an SUV after a veiled passenger was seen videotaping the bridge in a suspicious manner. The officers called the fusion center, which discovered that the driver was an unindicted co-conspirator in a Chicago case involving Hamas, a U.S.-designated terrorist group.

Eisenberg contacted a prosecutor in Chicago, who quickly obtained an arrest warrant for the driver as a material witness in the Hamas case.

"The 9/11 commission's major criticism was that people didn't talk to each other," said Dennis R. Schrader, Maryland's director of homeland security. "Well, this is an example of how you had state, local and federal all working together. . . . It's really pretty unbelievable."

To some, though, the incident raised questions about what constitutes dangerous behavior.

The driver, Ismail Elbarasse, a U.S. citizen of Palestinian origin living in Annandale, was quickly released on bond, and the material-witness warrant eventually expired. He was not charged with a crime. His family said the veiled woman, Elbarasse's wife, was simply taping the bay while returning from the beach.

"It was regarded in the community as just a case of overreaction to seeing somebody in a head scarf videotaping," said Ibrahim Hooper of the Council on American-Islamic Relations.

Civil liberties advocates worry that the fledgling fusion centers could stray into monitoring people engaged in lawful activities, as some members of new police homeland security units have done. A Georgia homeland security officer, for example, was discovered photographing a protest by vegans at a HoneyBaked Ham store in 2003. Privacy advocates are also concerned about the vast amount of information some fusion centers collect -- and the sometimes vague limits on its use and storage.

"In Phoenix, we're talking about something like 250,000 police reports a year: names, addresses, contact information, business cards, tickets, all the kinds of information that is gathered and that can be of tremendous value at a national analytical level," said John L. Buchanan, Phoenix assistant police chief. He added, however, that "we've really got to be cognizant of the risk" of abuse.

"Fusion center" is a military coinage embraced by civilian homeland security authorities after Sept. 11, 2001. But turf fights involving the FBI, the Department of Homeland Security and national intelligence agencies, as well as local jurisdictions, have delayed the centers' development two years after Congress passed laws to change intelligence.

To streamline the unwieldy domestic intelligence structure, White House homeland security adviser Frances Fragos Townsend laid out a new U.S. road map for intelligence collection on Nov. 27. It urges that fusion centers be incorporated in a national Information Sharing Environment (ISE).

To support the centers' growing role, and to address complaints from states that they cannot pay for them alone, the White House is debating whether to increase funding for them in 2008 and to lift a ban on paying for personnel.

Federal officials emphasize that the centers will be led from the grass roots. Charles E. Allen, chief intelligence officer for the Homeland Security Department, said the centers will be "all hazards, all crime, all threats," targeted not just at terrorism but also at transnational gangs, immigrant smuggling and other threats.

Thomas E. McNamara, ISE manager under the director of national intelligence, said the centers will be state-driven and "primarily analytical."

Amid such assurances, it remains unclear just how much fusing of information is going on day to day.

Existing efforts are insufficient and to blame for "mixed and at times competing messages" from U.S. officials and limited contributions from state and local leaders, Townsend wrote.

For example, New York City leaders warned of "a specific threat" to the city's transit systems in October 2005, which federal officials simultaneously deemed "noncredible." Meanwhile, U.S. officials say information flowing from local and state agencies is often of limited use.

An April report by the National Governors Association found that dissatisfaction with federal information-sharing was growing among state homeland security directors, with 60 percent unhappy about the specificity of intelligence. In congressional hearings, state officials have complained about a lack of federal security clearances and about overlapping, outdated intelligence databases.

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In response, U.S. officials are vowing to speed background checks and to send Homeland Security intelligence officers to work at 18 state and local fusion centers in 2007 and 35 by 2008.

Rep. Bennie Thompson (D-Miss.), incoming chairman of the House Homeland Security Committee, would go further. He proposed a new law enforcement assistance program to make intelligence-led policing the 21st-century version of community-oriented policing, into which the federal government has poured $11.3 billion since 1994 to pay for 120,000 local officers.

"The federal government is not reaching out well enough to the intelligence needs of the cop on the beat," Thompson said. "We shouldn't need more blood spilled before we take action necessary to make Americans safer."

The 2006 Bill Of Wrongs (WP)

By Dahlia Lithwick

The Washington Post, December 31, 2006

I must confess that I love all those year-end lists of greatest movies and albums and lip glosses and tractors of the past 12 months -- it's reassuring that all human information can be wrestled into bundles of 10. In that spirit, herewith are my top 10 civil liberties nightmares of 2006.

10) Attempt to Get Death Penalty for Zacarias Moussaoui: Long after it was clear that the hapless Frenchman was neither the "20th hijacker" nor a key plotter in the attacks of 9/11, the government pressed to execute him as a "conspirator" in those attacks. Moussaoui's alleged participation? By failing to confess to what he may have known about the plot, which could have led the government to disrupt it, Moussaoui directly caused the deaths of thousands of people. This massive over-reading of the federal conspiracy laws would be laughable were the stakes not so high. Fortunately, a jury rejected the notion that Moussaoui could be executed for the crime of merely wishing there had been a real connection between himself and 9/11.

9) Guantanamo Bay: After the Supreme Court struck down the military tribunals planned to try hundreds of detainees on the U.S. base in Cuba, and after President Bush agreed that it may be a good idea to close down the prison, the worst public relations fiasco since the Japanese internment camps lives on. Prisoners once deemed "among the most dangerous, best-trained, vicious killers on the face of the Earth" are either quietly released or still awaiting trial. The lucky 75 to be tried there will be cheered to hear that the Pentagon has just announced plans to build a $125 million legal complex for the hearings. The government has now officially put more thought into the design of Guantanamo's court bathrooms than the charges against its prisoners.

8) Bashing the Media: Whether the Bush administration is reclassifying previously declassified documents, sidestepping the Freedom of Information Act, threatening journalists for leaks on dubious legal grounds or, most recently, using its subpoena power to try to wring secret documents from the American Civil Liberties Union, the administration has continued its "secrets at any price" campaign. Is this a constitutional crisis? Probably not. Infuriating? Definitely.

7) Slagging the Courts: It starts with the president's complaints about "activist judges" and evolves to congressional threats to appoint an inspector general to oversee federal judges. As public distrust of the bench is fueled, the stripping of courts' authority to hear whole classes of cases -- most recently any habeas corpus claims from Guantanamo detainees -- almost seems reasonable. Each tiny incursion into the independence of the judiciary seems justified. Until you realize that the courts are often the only places that will defend our shrinking civil liberties. This leads to . . .

6) The State Secrets Doctrine: The Bush administration's argument in court is that judges should dismiss entire lawsuits over many of the outrages detailed on this very list. Why? Because the outrageously illegal things are themselves matters of top-secret national security. The administration has raised this claim in relation to secret wiretapping and extraordinary renditions. A government privilege once used to sidestep civil claims has mushroomed into broad immunity for the administration's sometimes criminal behavior.

5) Government Snooping: Take your pick. There's the continued defense of the National Security Agency's warrantless eavesdropping program wherein the president breezily authorized spying on the phone calls of innocent citizens, in violation of the Foreign Intelligence Surveillance Act. The FBI's Talon database shows that the government has been spying on non-terrorist groups including Quakers, People for the Ethical Treatment of Animals, and Veterans for Peace. And that's just the stuff we know about.

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4) Extraordinary Rendition: So when does it start to become "ordinary" rendition? This government program has us shipping unindicted terrorism suspects abroad for interrogation/torture. Khalid El-Masri, a German citizen, was sent off to Afghanistan for such treatment and then released without charges, based on some government confusion about the small matter of his name. Canadian citizen Maher Arar claims he was tortured in Syria for a year, then released without charges. Although Arar was cleared by a Canadian commission, the government denies wrongdoing.

3) Abuse of Jose Padilla: First, he was "exploring a plan to build and explode a radiological dispersion device, or 'dirty bomb,' in the United States," according to then-Attorney General John D. Ashcroft. Then, he was planning to blow up apartments and, later, was part of a vague terrorism conspiracy to commit jihad in Bosnia and Chechnya. Always, he was a U.S. citizen. After 3 1/2 years in which he was denied the most basic legal rights, it has emerged that Padilla was either outright tortured or near-tortured and, according to experts, is too mentally damaged now to stand trial. The Bush administration supported his motion for a mental competency assessment, in hopes that such a motion would help prevent his torture claims from going to trial. As Yale Law School's Jack Balkin put it: "You can't believe Padilla when he says we tortured him because he's crazy from all the things we did to him."

2) The Military Commissions Act of 2006: This was the "compromise" legislation that gave Bush even more power than he initially had to detain and try so-called enemy combatants. He was effectively handed the authority to define for himself the parameters of interrogation and torture.

1) Hubris : Whenever the courts push back against the administration's unsupportable constitutional ideas -- ideas about "inherent powers" and a "unitary executive" or the "quaint" Geneva Conventions or the limitless presidential powers during wartime -- the Bush response is to repeat the same chorus louder: Every detainee is the worst of the worst, every action taken is legal, necessary and secret. No mistakes, no nuance, no regrets.

Did I miss anything? Let me know. In the meantime, here's wishing you a happy and freer New Year.

New Orleans Levee-risk Study Faulted (LAT)

By Ralph Vartabedian

The Los Angeles Times, December 31, 2006

When the Army Corps of Engineers admitted in June that design flaws in the New Orleans levee system had caused most of the flooding during Hurricane Katrina, it seemingly left little to argue about.

But the fight wasn't over. The Corps is now engaged in an effort to predict how New Orleans would fare in the next big hurricane, and is once again being second-guessed by some of the nation's top civil engineers.

The National Research Council complains that the Corps' official investigation into the levee failures reaches premature conclusions, glosses over problems, and fails in its most important task: giving the public the information it needs to make informed decisions about living in New Orleans.

The Corps' analysis will play a major role in determining the city's future — including whether more than 200,000 former residents could rebuild abandoned neighborhoods and whether insurers can provide coverage at an affordable rate.

The stakes are high, not only for the integrity of the levees around New Orleans but for similar levees that protect millions of Americans who live along vulnerable coastlines and rivers across the nation. Many were built on the same mucky foundations and with the same flawed engineering assumptions as the notorious failed 17th Street levee in New Orleans.

The suspect levees stretch from Florida's Lake Okeechobee to the rivers of California's Central Valley and the Sacramento-San Joaquin Delta, which has 2,300 miles of levees that protect cities and farmland.

The Corps' investigation is essential to understanding California's situation, said Les Harter, the levee chief at the California Department of Water Resources.

"The floodwalls in New Orleans were 15 years old, and they failed," Harter said. "Our levees are 100 years old. We estimate we have one-half the level of protection that New Orleans had."

The Corps is about six months behind schedule in issuing an all-important "risk analysis," a massive body of work that is intended to tell the public how likely New Orleans is to flood again from a big hurricane.

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The analysis is supposed to explain in precise detail how well specific sections of the city are protected against hurricanes, using evidence that hurricanes have intensified in recent years. The analysis would produce detailed maps.

Though the risk analysis has not been completed, the Corps did lay out the methodology it planned to use. Since then, the Corps' work has been scrutinized by two key groups, the National Research Council and the American Society of Civil Engineers.

Its methodology has prompted much of the criticism, along with the Corps' failure to say how confident it is in its assessment or to put the future risk in a historical context that New Orleans residents can understand, according to Richard Luettich, a member of the NRC review team and a professor at the University of North Carolina.

The research council, a quasi-federal organization that brings together the nation's top experts on various public policy issues, urged the Corps in an October report to incorporate the views of other federal agencies with expertise in hurricane assessment and flood protection, something it had failed to do.

The Corps says it has since done so.

Some of the criticism is "misleading," said Ed Link, a University of Maryland professor who is leading the Corps' investigation.

Link, who spent much of his career in the Corps, acknowledged that the risk analysis is well behind schedule and said his team had underestimated the difficulty. But he said the Corps always intended to give the public the information that the NRC says is missing.

Originally, the Corps planned to run 2,000 hurricane scenarios through supercomputers, using a simplified mathematical model to predict how those storms would affect New Orleans. The NRC told the Corps it should use a more sophisticated model that had been developed to analyze Hurricane Katrina.

The sophisticated model, applied to 2,000 possible hurricanes, would have taken too long. So the Corps has reduced the number of hurricane scenarios to 150 and hopes to complete that work by February.

"I think we are going to get better results," Link said.

Wayne Clough, chairman of the NRC review panel and president of the Georgia Institute of Technology, said he is waiting to see if the Corps will satisfy his panel's concerns.

"It is challenging for them," Clough said. "They have good people, and they are taking suggestions."

Perhaps the sharpest criticism has come from academicians led by two UC Berkeley engineering professors, Raymond Seed and Robert Bea. Since the early days after Katrina, Seed and Bea have dogged the Corps with their own technical investigation, financed with grants from the National Science Foundation.

Bea, a pioneer in engineering risk analysis for the petroleum industry and a member of the National Academy of Engineering, thinks the Corps is failing to account for the biggest risk of all: the potential for human error in the design, construction and maintenance of levees.

The Center for Catastrophic Risk Management, which Bea formed at Berkeley, has been developing ways to quantify the risk of human error in engineered systems. Bea says every major disaster involves human error, so it cannot be ignored.

"There are no natural disasters," he said. "There are only natural hazards and human hubris. When you combine hazard with hubris, then you get a disaster."

Link rejects Bea's approach: "We have characterized past human error. How we guess at future behavior, I don't know. There is not a body of knowledge and science in that area that would allow us to do that."

Seed, meanwhile, has sharply criticized the Corps' investigation for failing to put enough blame on water seepage under the foundation walls. Levee foundations across the nation, particularly in California, are more vulnerable to seepage than the Corps realizes, and its flawed New Orleans investigation will result in a dangerous complacency, Seed contends.

Link said, however, that analysis of the nearby soils does not support Seed's contention. The soil is not porous enough to make seepage a serious problem, he added.

While the Corps has struggled with its risk analysis, a private company recently published its own New Orleans risk assessment, with some potentially troubling findings for the city's future. The analysis was done by Risk Management Solutions of Newark, Calif., which provides catastrophic risk analysis for the insurance industry.

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The report found evidence that growing hurricane intensities, the tendency of land along the Gulf Coast to sink, and rising sea levels have raised the long-term threat to New Orleans.

In an examination of some neighborhoods, it found that the highest-risk areas could require insurance premiums of $14,000 per year, said Patricia Grossi, one of the report's authors.

The massive risks to the insurance industry were underscored in a court ruling late last month, in which federal Judge Stanwood R. Duval Jr. ruled that insurers might have to pay for much of Katrina's damage to homes. The insurers had thought they specifically excluded flood damage from coverage. But Duval said the policies excluded only natural floods, not those attributed to human error because the levees failed.

"An insured may reasonably expect overtopping of a levee, but on the other hand an insured may not reasonably expect that levees designed and certified by the United States Corps of Engineers would fail as a result of negligent design and construction as has been alleged," Duval wrote.

The ruling came as part of a massive consolidated civil case that names the Army Corps and insurers as defendants.

The ruling could provide coverage for about $20 billion of damage to homes caused by Katrina, said Joseph Bruno, an attorney for the plaintiffs.

Even now, the Corps is attempting to improve the levee system so that by 2010 it might fail on average only once every 100 years, a standard that seems weak to many experts.

"Is it acceptable to have the worst natural disaster in U.S. history occur over and over again?" asked David Daniel, president of the University of Texas at Dallas and the leader of the American Society of Civil Engineers team that is reviewing the Corps' Katrina investigation. "I don't think it is."

"Until the banking and insurance industries believe the risks are tolerable, you are not going to see much building going on in New Orleans," Daniel said. "They understand risk as well as anybody."

WAR NEWS:

Hussein Video Grips Iraq; Attacks Go On (NYT)

By John F. Burns

The New York Times, December 31, 2006

BAGHDAD, Dec. 30 — After nearly three decades of living with the brutal repression of Saddam Hussein and the violent aftermath of his overthrow by American troops, Iraq responded with a mixture of rejoicing, violence and muted reflection on Saturday to the news that their former dictator had been hanged in one of the grimmest of his own execution chambers.

This nation of 27 million people spent much of the day crowding around television sets to watch mesmerizing replays of a videotape that showed the 69-year-old Mr. Hussein being led to the gallows at dawn by five masked executioners, and having a noose fashioned from a thick rope of yellow hemp lowered around his neck. In the final moments shown on the videotape, he seemed almost unnaturally calm and cooperative.

The message seemed to be that he had lived his final moments with unflinching dignity and courage, reinforcing the legend of himself as the Arab world's strongman that he cultivated while in power. But the videotape, released by the government, offered only a partial sense of how Mr. Hussein went to his death, according to accounts given later by some of the 25 people who attended the execution, including senior officials of the new Shiite-led government.

In their telling, the ousted ruler, a Sunni, spent much of his last half-hour, after arriving at the execution block at the Khadimiyah prison in northern Baghdad, in querulous and at times irascible exchanges with the Shiite guards and executioners assigned to hang him and with some of the Shiite witnesses.

His bitter defiance, in the last moments of his life, was focused on his old enemies: the United States, Iran and their "spies," a word commonly used at the height of his tyranny to justify the merciless persecution of his domestic opponents.

The death sentence was to be carried out within 30 days of the rejection of his appeal, but the hanging was completed by the end of the fifth day, which took some officials in Washington by surprise and left some American legal officials, who have worked with the Iraqi court, uncomfortable.

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Within hours of the execution, at least 75 people were killed in nine bombing attacks of the kind that Sunni insurgents commonly carry out against Shiites. In the mainly Shiite districts of Hurriyah and Sayidah in Baghdad, separate sequences in which car bombs detonated in close succession caused at least 39 deaths. Two other car bombings hit Baghdad before nightfall, one outside a children's hospital in the Iskan neighborhood, and another that killed two people outside a mosque in the mainly Sunni district of Adhamiya, the Interior Ministry said.

Another vehicle bomb detonated in a popular fish market in the Shiite holy town of Kufa, 100 miles south of Baghdad, killing 34 people and wounding 38 others, the ministry said. In the Kufa attack, an angry mob set on the suspected bomber and beat him to death, the police said. Five more victims died in a suicide bombing in the northern city of Tal Afar, another center of violence between Sunnis and Shiites.

The United States military command announced six more combat deaths, bringing the number of American troops killed in December to 109, the deadliest month for American deaths since November 2004, according to [a news agency].

With bombing attacks a long-established feature of the struggle for power across Iraq, it was impossible to say whether the Saturday bombings were connected to the execution.

But statements by remnants of the ousted Baath Party, the political vehicle Mr. Hussein rode to power, had promised retaliation, in the form of a new wave of bombings, if the death sentence passed by an Iraqi court eight weeks ago was carried out.

American military commanders took the threat seriously enough to put troops in volatile areas on high alert. On Saturday, a statement on the party's Web site urged Iraqis to strike at the United States and Iran to avenge Mr. Hussein, but cautioned that they must avoid full civil war, Agence France-Presse reported.

From accounts given by witnesses, the hanging had strong sectarian overtones. Within minutes of arriving at the execution block from the American detention center near the airport, where he spent more than 1,000 days in solitary confinement, Mr. Hussein, who may have been the only Sunni present, argued with the guards and executioners.

The men who guided him to the gallows were drawn from the country's Shiite south, identifiable by their darker skins and accents. The Shiites of southern Iraq harbor a strong hatred for Mr. Hussein for his repression of uprisings there, a repression that killed tens of thousands of Shiites.

The execution block scenes offered a grim echo of the sectarian struggle now convulsing Iraq, as Sunni insurgents and Shiite death squads engage in a implacable cycle of revenge that has killed as many as 3,700 civilians a month this year, and prompted many Iraqis to say that the killings ushered in by the overthrow of Mr. Hussein are becoming as brutal, and numerous, as anything he inflicted.

Even the decision to hasten Mr. Hussein to the gallows took on a sectarian edge, as Iraq's new Shiite leaders presented the hanging as a message to Sunnis that their days as Iraq's rulers are gone forever.

The message was clear in a statement issued by Prime Minister Nuri Kamal al-Maliki, whose "national unity" government of Shiites, Sunnis and Kurds has splintered into ethnic factions, with the Shiite religious groups that swept last December's elections increasingly assertive of their majority rights.

The statement, which he signed before a battery of Iraqi television cameras, amounted to a warning to the Sunnis that their hopes of ever regaining power are lost. "Saddam's execution puts an end to all their pathetic gambles on a return to dictatorship," he said, referring to the former Baathists at the core of the Sunni insurgency. "I urge followers of the ousted regime to reconsider their stance, because the door is still open to anyone who has no innocent blood on his hands to help in rebuilding Iraq."

At his death, Mr. Hussein had ceased to be much of a major rallying point, even among diehard Sunnis, whose battles in the past three years have been less about restoring Mr. Hussein to power — a chimerical goal, considering that the former leader was America's most closely-guarded prisoner in Iraq — than about reversing the political transition from Sunni to Shiite rule.

Mr. Maliki short-circuited a bitter internal debate within the government over how quickly to send Mr. Hussein to the gallows by signing an order for the execution on Friday night, voiding a procedure that would have required the three-man presidency council — composed of a Kurd, a Sunni and Shiite — to all vote for the hanging.

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Mr. Hussein and two of his associates were sentenced to death on Nov. 5 for their roles in the persecution of the Shiite town of Dujail, where an alleged assassination attempt against Mr. Hussein in 1982 was followed by the execution of 148 Shiite men and teenage boys. After the three men's convictions, Mr. Maliki led the push for a hanging before the end of the year.

After the sentencing, American officials were confident that appeals might delay the hanging until the spring. But Mr. Maliki pressed for a speeded appeal process, and secured a confirmation of the death sentences within three weeks.

A senior Bush administration official, speaking on condition of anonymity, said Saturday that the Kurds had called for a delay, so the former Iraqi dictator could be prosecuted for crimes against them. But the official said there was no desire from the United States to seek a delay in the execution.

Administration officials said President Bush had gone to sleep before Mr. Hussein's hanging, but had been told it was imminent. He awoke Saturday at 4:40 a.m. Central Time, said a White House spokesman, David Almacy, and at 5:55 a.m. received a 10-minute telephone briefing about the execution from his national security adviser, Stephen J. Hadley. The president and Mr. Hadley discussed the execution and the worldwide reaction to it.

"The president remarked that he was pleased with the culmination of the Iraqi judicial process, and justice was done," Mr. Almacy said.

During the 1980s, the United States had supported Iraq under Mr. Hussein in its war with Iran.

Among Shiites elsewhere in Iraq, there were sporadic eruptions of joy at the hanging, marked by dancing in the streets and the firing of automatic weapons into the air, as the early morning radio and television bulletins carried word that Mr. Hussein was dead. But the more general mood, even among Shiites, was one of subdued reflection, as if millions of Iraqis had exhausted their emotional and psychological reserves during the long years of violence.

Apart from the bombings, the most palpable Sunni reaction to the hanging took the form of scattered protests, some of them violent, that swept through Tikrit, Mr. Hussein's hometown, and across Anbar Province, west of Baghdad, the principal heartland of the Sunni insurgency.

In one major insurgent stronghold, Ramadi, American troops were reported to have fired in the air to scatter demonstrators, who were marching through the streets hoisting portraits of Mr. Hussein and firing automatic weapons into the air. In Falluja, 30 miles west of Baghdad, witnesses said crowds of angry men took to the streets within 90 minutes of the hanging, attacking a police station and a courthouse and setting them ablaze.

Among those Iraqis who watched and re-watched the government's video of the hanging, there seemed to be a widespread view that Mr. Hussein accepted his fate, at the end, with a composure and courage at odds with the psychotic figure he cut during his 24 years in power. In that time, he ordered the killings of thousands of his fellow citizens, many of whom ended up in mass graves scattered across Iraq's oil-rich deserts.

Throughout Saturday, Iraqi government officials put out conflicting signals as to what they planned to do with Mr. Hussein's body. An official in the governor's office in Salahaddin, Mr. Hussein's home province, said in a telephone interview that a delegation led by the governor, Hamad Shegata, and including and the head of Mr. Hussein's Albu-Nasir tribe, Sheikh Ali Al-Nida, had traveled to Baghdad during the day to arrange the handover of the body for burial in Awja, near Tikrit, his hometown.

Late on Saturday, a [news agency] report quoting one of Mr. Hussein's defense lawyers in Amman, Jordan, and a Muslim cleric in Tikrit, said Sheikh Nida had taken possession of the body and returned north with it to Awja. Muslim tradition requires that burials be completed before dusk on the day of death.

But a political adviser to Prime Minister Maliki, Bassam al-Husseini, said there were no plans to hand over the body until the risk of violence over Mr. Hussein's hanging subsided, a period that he said could run for weeks or months.

In the meantime, he said, the body would be kept in "a secret place," where it would be secure against desecration by his enemies. "If we bury him in Tikrit, people will dig him up and tear the body apart," he said.

On The Gallows, Curses For U.S. And "Traitors" (NYT)

By Marc Santora

The New York Times, December 31, 2006

BAGHDAD, Dec. 30 — Saddam Hussein never bowed his head, until his neck snapped.

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His last words were equally defiant.

"Down with the traitors, the Americans, the spies and the Persians."

The final hour of Iraq's former ruler began about 5 a.m., when American troops escorted him from Camp Cropper, near the Baghdad airport, to Camp Justice, another American base at the heart of the city.

There, he was handed over to a newly trained unit of the Iraqi National Police, with whom he would later exchange curses. Iraq took full custody of Mr. Hussein at 5:30 a.m.

Two American helicopters flew 14 witnesses from the Green Zone to the execution site — a former headquarters of the Istikhbarat, the deposed government's much feared military intelligence outfit, now inside the American base.

Mr. Hussein was escorted into the room where the gallows, with its red railing, stood, greeted at the door by three masked executioners known as ashmawi. Several of the witnesses present — including Munkith al-Faroun, the deputy prosecutor for the court; Munir Haddad, the deputy chief judge for the Iraqi High Tribunal; and Sami al-Askari, a member of Parliament — described in detail how the execution unfolded and independently recounted what was said.

To protect himself from the bitter cold before dawn during the short trip, Mr. Hussein wore a 1940s-style wool cap, a scarf and a long black coat over a white collared shirt.

His executioners wore black ski masks, but Mr. Hussein could still see their deep brown skin and hear their dialects, distinct to the Shiite southern part of the country, where he had so brutally repressed two separate uprisings.

The small room had a foul odor. It was cold, had bad lighting and a sad, melancholic atmosphere. With the witnesses and 11 other people — including guards and the video crew — it was cramped.

Mr. Hussein's eyes darted about, trying to take in just who was going to put an end to him.

The executioners took his hat and his scarf.

Mr. Hussein, whose hands were bound in front of him, was taken to the judge's room next door. He followed each order he was given.

He sat down and the verdict, finding him guilty of crimes against humanity, was read aloud.

"Long live the nation!" Mr. Hussein shouted. "Long live the people! Long live the Palestinians!"

He continued shouting until the verdict was read in full, and then he composed himself again.

When he rose to be led back to the execution room at 6 a.m., he looked strong, confident and calm. Whatever apprehension he may have had only minutes earlier had faded.

The general prosecutor asked Mr. Hussein to whom he wanted to give his Koran. He said Bandar, the son of Awad al-Bandar, the former chief justice of the Revolutionary Court who was also to be executed soon.

The room was quiet as everyone began to pray, including Mr. Hussein. "Peace be upon Mohammed and his holy family."

Two guards added, "Supporting his son Moktada, Moktada, Moktada."

Mr. Hussein seemed a bit stunned, swinging his head in their direction.

They were talking about Moktada al-Sadr, the firebrand cleric whose militia is now committing some of the worst violence in the sectarian fighting; he is the son of a revered Shiite cleric, Muhammad Sadiq al-Sadr, whom many believe Mr. Hussein ordered murdered.

"Moktada?" he spat out, mixing sarcasm and disbelief.

Mowaffak al-Rubaie, Iraq's national security adviser, asked Mr. Hussein if he had any remorse or fear.

"No," he said bluntly. "I am a militant and I have no fear for myself. I have spent my life in jihad and fighting aggression. Anyone who takes this route should not be afraid."

Mr. Rubaie, standing shoulder to shoulder with Mr. Hussein, asked him about the killing of the elder Mr. Sadr.

They were standing so close to each other that others could not hear the exchange.

One of the guards, though, became angry. "You have destroyed us," the masked man yelled. "You have killed us. You have made us live in destitution."

Mr. Hussein was scornful: "I have saved you from destitution and misery and destroyed your enemies, the Persians and Americans."

The guard cursed him. "God damn you."

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Mr. Hussein replied, “God damn you.”

Two witnesses, apparently uninvolved in selecting the guards, exchanged a quiet joke, saying they gathered that the goal of disbanding the militias had yet to be accomplished.

The deputy prosecutor, Mr. Faroun, berated the guards, saying, “I will not accept any offense directed at him.”

Mr. Hussein was led up to the gallows without a struggle. His hands were unbound, put behind his back, then fastened again. He showed no remorse. He held his head high.

The executioners offered him a hood. He refused. They explained that the thick rope could cut through his neck and offered to use the scarf he had worn earlier to keep that from happening. Mr. Hussein accepted.

He stood on the high platform, with a deep hole beneath it.

He said a last prayer. Then, with his eyes wide open, no stutter or choke in his throat, he said his final words cursing the Americans and the Persians.

At 6:10 a.m., the trapdoor swung open. He seemed to fall a good distance, but he died swiftly. After just a minute, his body was still. His eyes still were open but he was dead. Despite the scarf, the rope cut a gash into his neck.

His body stayed hanging for another nine minutes as those in attendance broke out in prayer, praising the Prophet, at the death of a dictator.

TV Faced Dilemma On Hanging Coverage (LAT)

By Matea Gold

The Los Angeles Times, December 31, 2006

NEW YORK — American television channels and networks were initially spared the thorny decision of whether to air graphic footage of Saddam Hussein's execution after the Iraqi government declined to release video of the moments of his actual hanging early Saturday in Baghdad.

But hours later, a video of the hanging, which was apparently shot on a cellphone, surfaced on Arabic television channels and websites such as Google, underscoring how quickly controversial images rocket through cyberspace, whether or not there have been attempts to control them.

The jerky images show the noose being placed around Hussein's neck and angry shouts exchanged between him and those in attendance. Hussein can be seen falling through the trapdoor as it opens, but the actual hanging is not visible. Moments later, the camera pans in and shows his face.

For most of Saturday, American TV relied on a tape made available earlier that showed only the moments leading up to the hanging.

CNN and Fox News also aired a grainy video of his body, his head twisted at a sharp angle as his shrouded corpse lay on a stretcher.

ABC, CBS and NBC decided to show a still photo from that footage, apparently made with a cellphone camera.

Both videos were originally shown by Iraqi television stations, which aired them several hours after the execution.

As of Saturday evening here, no American broadcast network or cable channel had aired the more explicit parts of the newer video, although Fox News ran a truncated version it said had been taken from Al Jazeera, ending after the noose is placed around Hussein's neck. CBS News and CNN decided to air portions of the video before the trapdoor was released. ABC News said it would not use any of the newer video.

The origins of the newer video were not immediately clear, but its existence, and ready availability on the Internet, spotlighted the challenge that faces news organizations as Internet sites continue to supplant the traditional media as a source of information.

The possibility that video of the actual execution would be available had triggered intense discussions for the last two days among top executives at all the networks.

"It's a very delicate issue because it could be gruesome material, but at the same time, he was a gruesome leader," said David Rhodes, Fox News' vice president of news, before the cellphone video of the hanging surfaced.

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A cameraman from the Iraqi prime minister's office apparently filmed the entire execution, but the government did not release the footage of the actual hanging. TV executives said they continued to receive conflicting reports about whether the Iraqi government would eventually release video of the actual execution, but added that the additional element was not necessary to convey the significance of the event.

"I think that looking at his face prior to him being executed, it sends a pretty powerful message," said Bob Murphy, senior vice president at ABC News. "And then showing the conclusion of him afterward — that's a pretty complete story."

For Saddam's Page In History, A Final Link On YouTube (WP)

By Philip Kennicott

The Washington Post, December 31, 2006

When ABC broke into its Friday newsmagazine, "20/20," to announce that Saddam Hussein was finally dead, at the end of a rope, in the pre-dawn darkness of Baghdad, it interrupted a report on "viral video."

Viral video is the dizzying Web phenomenon in which news clips, homemade videos, naughty celebrities caught on cellphone cameras, and the best snippets culled from our endless, 500-channel, 24-hour Television Burlesque, are posted, downloaded and e-mailed from Manhattan to Bangalore and back again in the blink of an eye. ABC gathered a few lightweight social commentators to give gravitas to what was really just a shameless excuse to replay footage of horrendous car accidents, Jerry Springer-like brawls and people getting gunned down in Iraq.

And now we bring you news of Saddam Hussein's execution, video to follow. We hope. And it did follow. Americans woke up on the next to last day of a dismal year of chaos, civil war and general mayhem to find, with a few easy clicks of a mouse, what they were assured was "the final chapter" of the Iraqi dictator's sorry life. ABC got lucky to have it all go down while "20/20" was telling us about viral video, because here it was: The first great Shakespearean death scene of the YouTube generation.

Except that when the video arrived, no matter how many times you watched it, the images seemed to be neutral, gray, bizarre. Hussein offered nothing to his enemies, no meltdown or tears or panic. He looked ashen, dazed and exhausted, and he submitted to the placing of the noose with the affectless detachment of someone who has determined to get through an ordeal by checking out emotionally from the whole scene. Although video of his actual death wasn't immediately circulated, it seems Hussein approached his end bravely, so long as one understands that bravery is not a virtue in itself (like loyalty, bravery is only good if it is bravery in service of something good). But it was an awkward scene and everyone involved, including Hussein, seemed to want it over quickly.

It was odd to see him being touched and manipulated, especially as the news networks began showing footage of him from his days in power, in which there always seemed to be a space around him. Hussein's generals and other toadies kept their distance, reinforcing his prestige, and also his volatility. He was a big man, whose eyes were always moving, warily, which made him bristle with aggression even when laughing. But here he was in a small, cramped space, with too many people working to get him into position for the hanging.

His personal space had already been once and forever triumphantly violated with the dissemination of images of a wild-haired and filthy Hussein submitting to medical inspection after his capture. But it was odd to see that space violated again, one last time, especially as the news of the execution flowed seamlessly into the career retrospective and the endless commentary.

People who are important enough to live their lives in the constant glare of the camera don't really have "final chapters," because when it's all over, their images are endlessly reprocessed and remixed into a kind of permanent simultaneity, like the jumble of birth, death, miracles and martyrdom one finds on a complex altarpiece. The idea that Hussein had lived his "final chapter" was an excuse to play the whole drama over again, from beginning to end. And yet no matter how many times one watched it, from the black-and-white footage of a young thug on the rise, to the swaggering, khaki-green era we remember from the first Gulf War, to his years as a prisoner, disheveled at first, then somber in his black suits, no matter how many times the life was reenacted, a sense of finality never emerged.

For the obvious reason: Hussein's legacy is being lived out every day in Iraq and will continue to haunt his people for an indefinite bloody future. For as long as he was alive, Hussein was useful for an important American argument about the war. He was a bad guy; we captured him; he would face justice. This miniature narrative, contained within the broader one of a war gone

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terribly wrong, is losing its force. And with Hussein dead it will likely become almost entirely inert. Another video clip, easily found on the Web, showed Hussein dead, wrapped in a white cloth, with his face clearly visible. The camera lingered over the image for a strangely long time, as if to say, yes, he's still dead.

Saddam Hussein Is Still Dead is not a rallying cry. But the images of his execution and his body seem to point to a new era in the way images are used politically, what might be called a post-propaganda era. So many images that were supposed to have such profound impact on public perception -- the now infamous "Mission Accomplished" photo op or Abu Musab al-Zarqawi's bloody head tastefully framed for the cameras -- have failed to connect with the reality of either public opinion, or the facts on the ground. This image means progress, we're told, but there isn't any progress. This image is a final chapter, but the blood still flows. For a public media campaign to work, at least some of the politically calculated captions placed on images must, in the end, turn out to be true.

The current administration has attempted to construct a classic media argument in support of the war at a time when "the media" are dissolving and re-forming into something new, something in which the images we wish to see are more important than the images we are forced to see. Even before the execution video arrived, television people were publicly clucking about what they would or wouldn't show. It will be tasteful, they assured us. But their efforts at gatekeeping are now almost entirely irrelevant. The public will find exactly as much of the death of Hussein as it wants, and people will watch for as long as it holds any novelty or fascination. Taste is a collective worry, but in this new world of viral videos, you can construct your own war, personally tailored to your personal bloodlust. Saddam Hussein is dead, the video is out there. Enjoy.

Feared And Pitiless; Fearful And Pitiable (NYT)

By John F. Burns

The New York Times, December 31, 2006

NOBODY who experienced Iraq under the tyranny of Saddam Hussein could imagine, at the height of the terror he imposed on his countrymen, ever pitying him. Pitiless himself, he sent hundreds of thousands of his countrymen to miserable deaths, in the wars he started against Iran and Kuwait, in the torture chambers of his secret police, or on the gallows that became an industry at Abu Ghraib and other charnel houses across Iraq. Iraqis who were caught in his spider's web of evil, and survived, tell of countless tortures, of the psychopathic pleasure the former dictator appeared to take from inflicting suffering and death.

Yet there was a moment when I pitied him, and it came back to me after the nine Iraqi appeal judges upheld the death sentence against Saddam last week, setting off the countdown to his execution. As I write this, flying hurriedly back to Baghdad from an interrupted Christmas break, Saddam makes his own trip to the gallows with an indecent haste, without the mercy of family farewells and other spare acts of compassion that lend at least a pretense of civility to executions under law in kinder jurisdictions. From all we know of the preparations, Saddam's death was to be a miserable and lonely one, as stark and undignified as Iraq's new rulers can devise.

Many Iraqis, perhaps most, will spare no sympathies for him. However much he may have suffered in the end, they will say, it could never be enough to atone for a long dark night he imposed on his people. Still, there was that moment, on July 1, 2004, when Saddam became, for me, if only briefly, an object of compassion.

He had been brought to a makeshift courtroom in the grounds of a former presidential palace in Baghdad that became, as Camp Victory, the American military headquarters in Iraq. It was the first time he had appeared in public since his capture six months earlier in a coffin-like subterranean bolt-hole near his hometown of Tikrit when he emerged unkempt yet proclaiming himself to American soldiers who hauled him from his hiding place to be "Saddam Hussein, president of Iraq," and ready to negotiate with his captors.

We know, from accounts given by his Iraqi and American interrogators, that the old Saddam quickly reasserted himself, heaping contempt on the new generation of Iraqi leaders who were taken out to a detention center near Baghdad International Airport the next day to verify for themselves, and for the world, that the man the Americans had seized was indeed their former tormentor.

So when the day arrived for his first court appearance, starting the process that led over the next 30 months to his two trials for crimes against humanity, there seemed little doubt to me which Saddam would show up to face the charges — Saddam the

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indignant, Saddam the self-proclaimed champion of Iraqi and Pan-Arab nationalism, Saddam the self-anointed figurehead of the insurgency that was already, then, beginning to look like a nightmare for the invaders.

His American captors had flown Saddam and 11 of his top henchmen to Camp Victory by helicopter, and led them hooded and shackled at the waist and ankles to the threshold of the mosque annex that served as a courtroom. Only at the door to the court were the hoods and shackles removed, clattering to the floor a moment or two before the door opened to show Defendant No. 1, Saddam Hussein al-Majid, standing clasped at the elbow between two Iraqi guards.

From 20 feet away on an observer's bench, seated beside the late Peter Jennings of ABC News and Christiane Amanpour of CNN, I caught my first glimpse of the man who had become in my years of visiting Iraq under his rule, a figure of mythic brutality, a man so feared that the mention of his name would set the hard, unsmiling men assigned to visiting reporters as "minders" to shaking with fear, and on one occasion, in my experience, to abject weeping.

But this was not that Saddam. The man who stepped into the court had the demeanor of a condemned man, his eyes swiveling left, then right, his gait unsteady, his curious, lisping voice raised to a tenor that resonated fear. Quickly, he fixed his gaze on the handful of foreigners in the court, and I had my own moment of anxiety when it came to my mind that he was intent on remembering the faces of the non-Iraqis that were there to witness his humiliation, perhaps to get word through to his lawyers, and then on to the insurgents, that we were to be punished for our intrusion. It was only later, after I learned what he had been told before being taken from his cell to the court, that I understood that our presence meant something else to him entirely, that with foreigners present, he was not going to be summarily hanged or shot.

THE Americans who were his jailers in the first days after his capture — aboard an American aircraft carrier and then at a converted detention center known as Camp Cropper at the edge of Baghdad's airport — had chosen, on that summer day, to give Saddam a taste of the fear that he exhilarated in imposing on others. All he was told was that he was being taken "to face Iraqi justice." Small wonder, as the architect of a quarter-century of repression, that he should fear that he was about to suffer the torture and grisly death that he had inflicted on so many others.

At that instant, I felt sorry for him, as a man in distress and perhaps, too, as a once almighty figure reduced to ignominy. But the expression of that pity to the Iraqis present marked the distance between those, like me, who had taken the measure of Saddam's terror as a visitor, shielded from the worst of it by the minders and the claustrophobic world of closely guarded hotels and supervised Information Ministry trips, and Iraqis who lived through it with no shield.

That I could feel pity for him struck the Iraqis with whom I talked as evidence of a profound moral corruption. I came to understand how a Westerner used to the civilities of democracy and due process — even a reporter who thought he grasped the depths of Saddam's depravity — fell short of the Iraqis' sense, forged by years of brutality, of the power of his unmitigated evil.

After that initial encounter with Saddam, I saw him many times walking within 10 feet of my feet in the glass-walled press gallery in the courtroom at the former Baath Party headquarters, chosen as a venue for his trials by the Regime Crimes Liaison Office, the unit created by the United States Justice Department, to help Iraqi judges and lawyers create what became the Iraqi High Tribunal, the special court designated to try high-ranking members of the old regime. But the Saddam who dominated that courtroom was another figure — haughty, defiant, often beside himself with anger, but, above all, remorseless. If the death penalty held any fear for him, when it was handed down in November, for the killing of 148 men and teenage boys during a systematic persecution of the Shiite town of Dujail in 1982, he never showed it.

Almost the only chink in his prideful armor showed when he demanded at the Dujail trial that he be shot by firing squad, the privilege as he told it, due to him as the — still legitimate, as he claimed — commander in chief of Iraq's armed forces. That plea was quickly denied by the chief judge. It was a point never again raised by Saddam, who took, at the end, to proclaiming his eagerness to die as a "martyr" for Iraq, and his belief that this would earn his passage to paradise. But the plea to be spared hanging suggested that fear — of humiliation, if not of death — was a close companion during the 1,000-odd days he spent in solitary confinement in Camp Cropper.

Of other strains of humanity there was little sign. During the Dujail trial, and just as much during the Anfal trial that followed, at which Saddam and six other defendants were accused of murdering as many as 180,000 Kurds in the late 1980's, he showed no hint of remorse as survivors of the torture chambers and the desert internment camps and, in the case of the Anfal campaign, the chemical weapons attacks and the mass graves, told their pitiful stories. Head to one side, hand pressed to his head, fingers

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splayed, writing detailed notes on yellow legal pads, Saddam listened impassively to the accounts of women hung upside down to be beaten, of sons holding wet cloths to their faces and finding the twisted bodies of mothers and fathers and sisters and brothers heaped in an agony of death from mustard-gas attacks, and of young men who scrambled back to life from beneath the bloodied bodies of fellow villagers in remote pits scraped from the desert wadis of Iraq.

LIKE some ghastly accountant with an obsession for detail but no morsel of pity, Saddam limited his questions to peripheral issues: What were the precise geographic coordinates of the mass graves? How could a boy no more than 10 at the time recall so precisely the details of a chemical attack? Why should anyone credit the testimony of a man — brother to seven others who were executed after the alleged attack at Dujail — who admitted he belonged to Dawa, an Iran-backed religious party?

Not once did he avail himself of what seemed like the expedient response of a man who had pleaded not guilty to involvement in any of these crimes: an expression of sorrow for the victims, albeit coupled with renewed denials of his responsibility.

Like many another dictator before him, Saddam so sealed himself off from his own people, in his scores of palaces, and on his carefully staged, video-recorded walkabouts among crowds of ululating citizens, that he seemed never to grasp, even in the extremities of his last weeks, how hated he was by his people. In the courtroom, he insisted, repeatedly, that he remained Iraq's lawful president and thus immune to prosecution, even as the judges responded by calling him "ex-president" and ordering him to sit down. He was sustained in this make-believe world by his former acolytes, who would stand in the dark as he entered, greeting him with expressions of undying fealty.

Among the most insistent of these courtiers were two men who were scheduled to die with him on the gallows after their appeals in the Dujail case were denied, his half-brother, Barzan Ibrahim al-Tikriti and Awad al-Bandar, chief judge of the revolutionary court who passed the death sentences on the men and boys from Dujail, in a court hearing that lasted only hours with the dock too crowded for many of the condemned even to enter the court, and with no legal representation. This miserable precedent appeared to make no impact on Saddam and his fellow defendants, who protested at every opportunity during their own trials at the denial of what they claimed were their proper rights and comforts. The quality of the prison food — including American military rations known as meals-ready-to-eat — was one such issue; the quality of the cigarettes given to them another.

Saddam, prideful to the last, left much of the caviling over prison conditions to his erstwhile minions. And shortly before he was sentenced to death, he demonstrated, inadvertently, that in the shrunken world of his captivity he remained the leader who dare not be defied. An American official who worked closely with the Iraqi court told of watching on a closed-circuit relay as Saddam and other defendants in the Dujail trial waited one day in a holding room off the courtroom floor. At the time, Saddam had declared a hunger strike on his own and his associates' behalf in protest of the Dujail case continuing after the walkout of the defense lawyers, who had been replaced by counsel appointed by the court.

At one end of the room, visible on the surveillance cameras, was a table laid with food, including cellophane-wrapped oatmeal biscuits of the kind available in every American military canteen in Iraq. Thinking his fellow defendants were distracted, one of the accused, Taha Yassin Ramadan, a former vice president renowned even among Saddam's henchman for his brutality, slipped two pockets of biscuits into his pocket, only for Saddam to march on him demanding to know who gave him permission to eat. Mr. Ramadan, the American official said, denied he had taken anything from the table. "Empty your pockets, you betrayer!" Saddam demanded. Whereupon Mr. Ramadan lamely admitted his guilt and, with the sheepish deference born of two decades in Saddam's inner circle, returned the biscuits to his basket.

In Hussein's Last Minutes, Jeers And A Cry For Calm (WP)

By Sudarsan Raghavan

The Washington Post, December 31, 2006

BAGHDAD, Dec. 30 -- In the predawn hours Saturday, ousted president of Iraq Saddam Hussein stood calmly at the gallows, a thick yellow noose around his neck, ready to die with an orderliness that now eludes Iraq. Three executioners, men in black ski masks and leather jackets, stood behind him. Hussein said, "Ya Allah," preparing himself for the platform he stood on to open up.

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Suddenly, witnesses recalled, the room erupted in Shiite religious chants as the Shiite Muslims in the audience seized the moment they had long sought. One man yelled, "Moqtada, Moqtada, Moqtada," unveiling his loyalty to radical anti-American cleric Moqtada al-Sadr.

Hussein smiled, the witnesses said, and asked sarcastically, "Moqtada?"

In his final moments, shortly after the dawn call to prayer, Hussein, a Sunni Arab, came face to face with today's Iraq, which he had never met, having spent the past three years in U.S. custody. Since his capture, the Shiites his government violently repressed have come to power. They were the last people Hussein saw before his death.

"Go to hell," a voice yelled in response to Hussein's remark, according to a grainy videotape taken by a cellphone that was flashed on television networks Saturday night.

"Long live Muhammad Bakr Sadr," yelled another voice. Bakr Sadr was the uncle of Moqtada al-Sadr and founder of the Dawa party, of which Iraqi Prime Minister Nouri al-Maliki is a senior leader.

Then, Munqith al-Faroun, who prosecuted Hussein, yelled: "The man is facing execution. Please don't."

The room quieted.

According to accounts from five witnesses, as well as Iraqi and U.S. officials, Hussein, as he neared death, wore ironed black pants, an ivory white shirt and a black, luxurious topcoat. His shoes were polished to a shine. He dyed his hair black and trimmed his silver beard. He waited with dignity.

Hussein began to recite an Islamic prayer.'Come . . . at 3:30'

On Friday night, Maliki's office informed 14 men that they might get a phone call, officials said. Since Tuesday, when Iraq's highest court had upheld Hussein's death sentence, it was clear that his execution would arrive soon. The Maliki government had wanted to execute Hussein early Friday, U.S. and Iraqi officials said in interviews. But legal issues, security concerns and Iraq's political divide postponed the plan.

Shiite leaders, and some moderate Sunni Arabs, wanted to hang Hussein swiftly, fearing that any delay could inflame violence and deepen the nation's sectarian rifts. The Kurds wanted to execute Hussein at the end of the ongoing genocide trial, in which Hussein was charged with orchestrating the killings of tens of thousands of northern Kurds, many with chemical weapons. Other politicians worried about turning Hussein into a martyr if they executed him during the Islamic holiday of Eid al-Adha.

"Up to the last moment, the matter was being debated," said Mariam Rayis, a Maliki adviser.

But by late Friday, Hussein's execution papers were signed. Munir Haddad, a judge on Iraq's appeals court, received the call at 1:30 a.m. Saturday. A voice said, "Come to the prime minister's office at 3:30 in order to carry out the execution," Haddad recalled.

He arrived, along with Faroun, and joined the rest of the group of 14. They included the acting minister of justice, national security officials, members of parliament and several top Maliki advisers. About 5 a.m., they stepped into two U.S. military helicopters, seven in each. They flew 15 minutes to an Iraqi army base overlooking the Tigris River in Baghdad's Khadimiya neighborhood, Haddad said. It once housed Hussein's military intelligence service, where his opponents were executed.

About the same time, U.S. military officials took Hussein from his prison cell at Camp Cropper, near the Baghdad airport, and flew him to the Green Zone, the fortified enclave that houses the U.S. Embassy and senior Iraqi officials. There, they handed Hussein over to the Iraqis, U.S. officials said. The Iraqis then drove Hussein in an armored convoy to Khadimiya.The Hangmen Assemble

When the helicopters landed, Haddad, Faroun and the acting justice minister were rushed into a small, spare room with a desk, several chairs and a refrigerator. Ten minutes later, Hussein walked in. He wore a wool hat and sat down on a chair before Haddad, who was behind the desk. Hussein's hands were locked in front of him with plastic handcuffs.

"He seemed normal, not confused nor afraid," Haddad recalled.

Haddad, following Iraqi law, started to read to Hussein the verdict and the ruling by the appeals court. But as he read, Hussein shouted: "We are in Heaven, and our enemies are in Hell" and "Long live the people, long live jihad, and long live the nation."

Then he directed his anger at two enemies he went to war with during three decades of rule.

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"Down with the Persians and the Americans," Hussein said.

But Haddad kept going.

"He tried to raise his voice, but my voice was higher than his," Haddad said.

At the end of the reading, Hussein's hangmen arrived. Hussein met privately with a Sunni cleric for a few minutes.A Defense of His Reign

They took Hussein to a large room with no windows and a staircase leading to a tall, red gallows with a large pit at the bottom.

"It was very cold," Haddad said. "It had the stench of death."

Haddad and Faroun walked with Hussein and his hangmen to the steps of the gallows. Then one of the masked men, Haddad recalled, turned to Hussein and said:

"You have destroyed Iraq, impoverished its people and made us all like beggars while Iraq is one of the richest countries in the world."

Hussein replied: "I did not destroy Iraq. I made Iraq into a rich, powerful country."

Faroun stepped in and ordered the hangman to back away.

Hussein carried a dark green Koran in his clasped hands, witnesses said. At the steps to the gallows, he turned to Faroun and asked him to give the book to the son of his co-defendant Awad Haman Bander. Bander, like Hussein, was sentenced to death for the killings of 148 Shiite men and boys from the northern town of Dujail.

"What if I don't see him?" Faroun asked.

"Keep it until you meet with any of my family members," Faroun recalled Hussein saying.

Hussein took his hat off. The hangmen uncuffed his hands, then placed them behind his back and recuffed them. They also tied his legs together, witnesses said.

One Iraqi official asked him whether he was afraid, Haddad recalled.

"I am not afraid. I have chosen this path," Hussein replied.

Then the hangmen slowly helped him up the stairs.'He Is Finished'

The chief hangman offered Hussein a black hood and asked him to place it over his head, but he refused. The man explained that his death would be more painful. Hussein again refused, witness said. So the hangman folded the hood and wrapped it around Hussein's neck, like a neck warmer.

"He was shivering, and his face was pale," said one witness, who asked not to be identified because he feared for his safety. "I think up to the moment when they put the rope around his neck, he was not believing what was happening."

Faroun saw a different Hussein: "He was holding tight. He was not scared."

Hussein stepped onto the platform, helped by the hangmen.

As the Shiites chanted and proclaimed their loyalties to Sadr, who heads the Mahdi Army militia, which the United States is pressuring the Maliki government to dismantle, an Iraqi official turned to Haddad. "Now how are we going to disband the militia when we have such things?" the official asked.

After the outbursts, as Hussein recited his Islamic prayer for the second time, the chief hangman asked for silence. Then the floor of the gallows was opened.

"He died in a tenth of a second," Faroun said. "He did not move a leg or foot."

Hussein's body hung for about five minutes, witnesses said.

"Some of the people were shouting, 'May God pray on Muhammad and the descendants of Muhammad,' " Haddad said. "After that, the body was brought down, they placed a white cover and then laid him on the ground."

A doctor examined him and then turned to the 14 witnesses. "He is finished," he said, according to those who were there.

Hussein's body was loaded onto one of the helicopters and flown to the Green Zone, where an ambulance transported his body to an unknown destination.

Hussein's death was announced on Iraqi television at 6:10 a.m. One Iraqi witness immediately phoned Rayis and said: "The punishment has been carried out."

"I cried at the moment out of joy," she recalled.

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Shi'ite-Sunni Rift Laid Bare By Hanging (WT/AP)

By Lauren Frayer

The Washington Times, December 31, 2006

BAGHDAD -- As Iraqis awoke yesterday to television images of Saddam Hussein's neck twisted by a hangman's noose, Shi'ites cheered, Sunnis vowed revenge and at least 80 persons died from bombings and death squads -- not far from the daily average.

In Baghdad's Shi'ite neighborhood of Sadr City, victims of Saddam's three decades of autocratic rule took to the streets celebrating, dancing, beating drums and hanging Saddam in effigy.

Celebratory gunfire erupted in other Shi'ite neighborhoods across the country.

Outside the Sunni insurgent stronghold of Ramadi, west of the capital, loyalists marched with Saddam pictures and waved Iraqi flags.

Defying curfews, hundreds took to the streets vowing revenge in Samarra, north of Baghdad, and gunmen paraded and fired into the air in support of Saddam in Tikrit, his hometown.

"He's gone, but our problems continue. We brought problems on ourselves after Saddam because we began fighting Shi'ite on Sunni and Sunni on Shi'ite," said Haider Hamed, 34, a candy store owner in east Baghdad whose uncle was killed in one of Saddam's many brutal purges.

The U.S. military announced the deaths of three Marines and three soldiers, making December the year's deadliest month for U.S. troops in Iraq, with 109 service members killed.

There was no immediate sign of a feared Sunni uprising in retaliation for Saddam's execution.

But the London Sunday Telegraph reported that 400 to 500 Shi'ites had been kidnapped in the past two months and messages to relatives said they would be killed if Saddam died.

The responses within Iraq to Saddam's death echoed the larger reaction across the Middle East, with his enemies rejoicing and his defenders proclaiming him a martyr.

Iranians and Kuwaitis welcomed the death of the leader who led wars against each of their countries.

Some Arab governments denounced the timing of the 69-year-old former president's hanging just before the start of the most important holiday of the Islamic calendar, Eid al-Adha.

Libya announced a three-day official mourning period and canceled all celebrations for Eid.

In Baghdad, 12 bodies bearing signs of torture were found in various parts of the city, police said.

Two car bombs detonated one after another in a religiously mixed neighborhood of northwest Baghdad, killing 37 civilians and wounding 76, police said.

Thirty-one persons died and 58 were injured when a bomb planted on a minibus exploded in a fish market in Kufa, a mostly Shi'ite town south of Baghdad, said Issa Mohammed, director of the morgue in the neighboring town of Najaf.

The man blamed for parking the vehicle in Kufa, about 100 miles south of the Iraqi capital, was cornered and killed by a mob as he walked away from the explosion, police and witnesses said.

Shoppers had crowded into the market to buy supplies for the four-day Eid al-Adha

The new deaths announced by the U.S. military included three Marines and a soldier killed in combat in Iraq's volatile western Anbar province, and two soldiers killed by roadside bombs in Baghdad.

The total U.S. death toll in Iraq teetered on the brink of 3,000 at a crucial time, as President Bush seeks to craft a new Iraq policy in the new year. Mr. Bush issued a statement from his ranch in Crawford, Texas, warning of more challenges ahead for American troops.

"Many difficult choices and further sacrifices lie ahead," he said in the statement released Friday night. "Yet the safety and security of the American people require that we not relent in ensuring that Iraq's young democracy continues to progress."

Saddam was hanged early yesterdayafter his conviction last month for crimes against humanity in connection with the 1982 executions of 148 Shi'ites following a failed assassination attempt.

Saddam was buried shortly before sunrise today in a family plot next to the graves of his two sons, witnesses said.

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Those who saw the ceremony said only a few people were present for the burial in Ouja, a small town outside Tikrit, Saddam's power base 80 miles north of Baghdad.

Hussein Divides Iraq In His Death As He Did In Life (NYT)

By Sabrina Tavernise

The New York Times, December 31, 2006

BAGHDAD, Dec. 30 — Saddam Hussein was dead, but his legacy was more alive than ever.

As Iraqis across the country awoke to the news that the former dictator had been hanged, the bitter remains of his rule defined their responses.

For Shiites, long oppressed, it was a moment of intense release.

"This chapter of Iraqi history is over," said Mowaffak al-Rubaie, the national security adviser, speaking on national television early Saturday. "Let us forget it and live with each other."

Sunni Arabs were skeptical. After three years of grinding violence and abuses by the Shiite government security forces, trust has all but fallen away, and few feel genuinely represented by the government. Most, in fact, are afraid of it.

"I'm not part of their world," said Yusra Abdul Aziz, a teacher in the Sunni Arab enclave of Mansour. "They are not speaking about Iraq. They are speaking about themselves."

Their reactions showed just how far Iraqis have drifted apart in the three years since Mr. Hussein's capture. And while he has long faded from relevance in the life of every day Iraq, in many ways, the country is living the legacy that he built.

The new Iraq appears capable of inflicting only more of the abuse it suffered for so long, perpetuating it with overwhelming brutality. People disappear in the night. Bodies with drill holes surface in trash heaps. Government forces moonlight as killing squads.

As vicious as he was, Mr. Hussein also held the country firmly together. Beyond military control, there was a subtle social glue: Iraqis of all sects loved to hate Saddam together. Now that he is gone, Shiites are afraid to joke with Sunnis about him, and Sunnis feel they are being blamed for his crimes.

Ahmed Hillu, a 32-year-old tailor, whose suits hung on the walls of his narrow shop in Sadr City like a mute chorus, recalled watching from a hiding spot in an empty area in northeastern Baghdad as elite members of Mr. Hussein's government gunned down large groups of Shiite opposition members. He was 6 at the time.

That area, an old dam called Qasr Attash, is now one of the most common body-dumping grounds for Shiite militias.

Mr. Hussein spared almost no one in his murderous ways, but Shiites were particularly abused as a group. That systematic mistreatment seems to have left lasting scars that carry through to the current day, infusing neophyte leaders with an uncompromising and emotional approach to running things.

"When they put the rope on his neck, did he remember how many innocent people he killed?" said Husam Abdul Hussein Jasim, a watch store owner in Sadr City, whose wall was swinging with synchronized pendulums. "He's like a Satan."

Mr. Hillu, sitting behind a counter piled high with a television, plastic flowers and cellphone cards, said: "He didn't represent anything for me. He was just a death grip imposed on our neck."

Even though their oppressor had been hanged, Shiites in northeastern Baghdad were giving no parties. Blocks had none of their usual bustle. Even the office of the cleric Moktada al-Sadr was closed.

The response was markedly different than the reaction after the November verdict sentencing Mr. Hussein to death, when Silly String and sweets were plied in equal measure.

For some Iraqis, previous humiliations were enough to feel justice had been done. Smeisam, a teacher in the largely Shiite area of Binouk, said her mother, whose parents had been murdered by the government, said the moment of revenge came sweetly for her when she saw the footage of American soldiers pulling Mr. Hussein out of the spider hole near Tikrit in December 2003.

"It was when I saw him hidden just like a mouse," she said by telephone, while assembling ingredients for dolma, rice-stuffed grape leaves, for her family's holiday dinner.

Her husband, Mukaram, was completely unsentimental.

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"Truly I feel nothing," he said. "He executed so many people. Now it is his turn. For me he died when he was arrested, so he was not important at all."

Indeed, the violence left behind has taken on a life of its own. In Kufa, a Shiite holy city south of Baghdad, a bomb in a fish market killed 34 people on Saturday, Iraqi authorities said, and a mob on the scene killed a man suspected to be the bomber. In the Hurriya district of Baghdad, a series of car bombs killed 36 people.

Depressing new realities did not dampen the Shiites' joy, but they were still subdued in expressing it. Mr. Hillu, who lost two brothers to Mr. Hussein, said he brought boxes of cookies and chocolate to his neighbors in the morning, when he learned about the execution. A stranger brought free orange juice into his and other shops along his block.

Mr. Hussein's execution took place early on a day that for Sunni Arabs was the beginning of the Id al-Adha holiday. (Shiites will begin celebrating on Sunday.) Mr. Hillu said the death "adds some more taste."

If Shiites saw the hanging as a gift, most Sunnis were revolted that, in what appeared to be a violation of Iraqi law, the execution was scheduled on a holiday of forgiveness.

"Actually, I felt angry," Ms. Abdul Aziz said. "It's not a proper time. I assure you, those who are feeling that this is a good time and a good judgment, they are not Iraqis."

Others, namely Kurds, opposed the quick hanging. Now, Mr. Hussein will not testify in other important genocide cases, especially the trial over the Anfal military campaign against the Kurds, in which he is accused of unleashing mass killings and chemical attacks that killed tens of thousands of villagers.

"The truth of what happened in al-Anfal has been buried," said Abu Abdul Rahman, a 38-year-old Kurdish taxi driver. "What happened in al-Anfal? Who took part in it?"

Others were less bothered by the speed of his execution.

"I think it's too strong to say that I'm cheated," said Bakhtiyar Amin, a Kurd who is a former Iraqi minister of human rights. "He deserves what he got."

The suffering Mr. Hussein inflicted was almost inconceivable, and it caused entire population shifts — of equal intensity but in opposite directions to moves taking place today.

At a bakery down the block from Mr. Hillu's tailor shop, two Shiites, a man and his uncle, told their story of fighting against Mr. Hussein in the ill-fated Shiite uprising of 1991. In the southern city of Nasiriya, where they lived, they fought for 37 days, said Ali Muhammad, bouncing his nephew on his knee as workers holding large trays of cookies moved gracefully through the shop.

After it was over, 10 members of their family had been killed. Another eight, all members of the opposition Shiite Dawa Party, had been murdered by Mr. Hussein's henchmen. The family fled to Baghdad and began working in a bakery in Sadr City, then called Saddam City. Now families follow some of the same patterns, only this time in reverse.

The bakery smelled of sesame. Almost everyone was smiling.

"I feel like my mother delivered me for the first time," said Abdel Ali Jasim, Mr. Muhammad's 46-year-old uncle. "It's my birthday."

But that area is Shiite, insulated from the outside by Shiite militias that are much more effective than government forces, and are sometimes a part of them, too. Life there flows somewhat more easily than in Sunni areas.

Still, car bombs regularly intercede, shattering the calm. In response, Iraqis of both sects attempt to draw circles around the chaos in their own minds. As a result, they tend to generalize about the other, coming up with conspiracy theories, to make the violence easier to explain and accept.

"If we got rid of the terrorists, there would be no country better than Iraq," Mr. Jasim said. "It's the non-Iraqis that are against the Shiites."

Ms. Abdul Aziz, who refuses to state her sect, saying only that she is a Muslim, lives closer to the center of the war. Her area, Mansour, is one of the most heavily contested by the Shiite and Sunni militias now.

In September, her son Omar was shot and wounded, they think because of his name, which is Sunni. Her other son was detained by the police. She was able to secure his release because she spoke English and an American soldier agreed to help her find him. She has since moved one of them to Syria.

Mr. Hussein may be gone, but the fear that succeeded him is what defines her life today.

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“Where can I live, if Baghdad is divided?” she said in English. “In the Shiite sector or Sunni sector?”

“I have to run away. It’s not a place to live in anymore.”

Elation Gives Way To Dread Of Daily Life (WP)

By Nancy Trejos

The Washington Post, December 31, 2006

BAGHDAD, Dec. 30 -- Former Iraqi president Saddam Hussein had been dead no more than 11 hours, but to Um Noor, he might as well have died three years ago.

"We've forgotten about him," Noor said late Saturday afternoon, as she stood in the jeans store she owns in central Baghdad.

Like many Iraqis, Noor once feared Hussein, who rose to power 24 years ago by ruthlessly wiping out his enemies. When U.S. troops ousted him in 2003, many Iraqis believed their days of living in fear were over.

But three years later, Iraqis are still a terrorized people. Now, instead of Hussein, they fear the car bombs that maim and kill every day, the kidnappers who snatch people off the streets in broad daylight, the mortar shells that fall on residential neighborhoods. And they fear each other, as Shiite Muslims fight Sunni Arabs in what is spiraling into a civil war.

Despite an infusion of billions of dollars in reconstruction funds from the United States, they are watching their quality of life deteriorate. They spend hours each day with no electricity. They wait in long lines for fuel. And they pay higher prices for food while their salaries remain the same.

"Everything is worse," Noor said. "What did we gain from him being gone?"

The initial jubilation among many Iraqis following Hussein's execution Saturday morning gave way to the realization that his death would not bring an end to the daily violence that Iraqis now endure or improve the services they could once count on.

Noor, a petite 36-year-old, struggles to pay the $300 a month it costs to rent the space for her store in the Karrada district of Baghdad. By the time she buys fuel for the generator to light her shop, there is little money left to provide for her two daughters. She has fewer customers now, she said, because people cannot afford to buy jeans with rhinestones and bows that sell for $20 or more a pair.

"With all that we are facing, I have to face this," she said, eyeing her front door nervously. She was there alone and it was getting dark, almost time for her to lock up. She used to keep her shop open until midnight. Now she leaves by 6 p.m. to avoid Baghdad by night. "I'm a woman alone," she said.

Sameer Dawoud, 62, has owned an art gallery in Baghdad since 1984. People bought art back then. Now, they don't want to brave the streets to browse the works hanging on his walls. The frames on his paintings of the Tigris River and Arabian horses are dusty. Several nearby art galleries have been shuttered.

Dawoud said he does not expect Hussein's death to end the violence that keeps his customers away. "Whoever is playing on the field, he will continue playing," he said.

Many Iraqis said Hussein became irrelevant long ago, when U.S. troops found him hiding in a hole near his home town of Tikrit in December 2003. He emerged looking dirty and bewildered, erasing the image most Iraqis had of him as a figure bent on domination.

His persona diminished even more as he stood trial for the retaliatory killings of 148 Shiite men and boys from the town of Dujail in the 1980s. In ill-fitting suits, he was no longer scary-looking. As many Iraqis assumed he would be convicted, interest in his trial faded. They had new enemies: insurgents, militias, death squads, Americans, each other.

The sectarian divisions that had always existed in Iraqi society had begun tearing it apart. Hussein, a Sunni, and his Baath Party often oppressed Shiites and Kurds. In the new Iraq, Shiites, who make up the majority of the population, now wield more power, and Sunnis are waging a relentless insurgency.

Reaction to Hussein's execution early Saturday, the day Sunnis consider the beginning of the holy Eid al-Adha celebration, reflected that deep divide.

"There's no Eid," said Sami Mahmoud, 35, a store owner in Karrada. "This is a day for the Persians and not for the Arabs. God have mercy on his soul."

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Shiites, many of whom lost relatives during the Hussein era or were imprisoned for political dissent, called his execution an early gift. Their Eid celebration begins Sunday.

Hussein Abu Ali, 35, a civil servant, stayed up all night with his brothers and sisters, waiting for news of the execution. Hussein had banished them from Iraq when he was a child, he said. They moved to Iran and were allowed back in only after 2003.

The family cheered at the television images of masked men wrapping a noose around Hussein's neck.

"Now the head of the snake has been cut," Ali said.

Despite the tension, there was relative calm Saturday and no curfew, which the government often imposes in particularly violent times.

Shiites celebrated peacefully in the southern city of Najaf, albeit with gunshots in the air. There were minor clashes in Tikrit, as residents carried pictures of Hussein and banners that read: "You Shiites, you shall leave this city, and every home and every street."

Car bombs killed at least 45 people.

Just three hours after Hussein's death, an olive green minibus exploded in a crowded market in the Shiite southern city of Kufa, killing 34 civilians and wounding 58, said Munthir al-Ithary, the director of the Najaf Health Department. A mob beat and stoned the perpetrator after a shopkeeper spotted him trying to flee, said Kufa's mayor, Yusif al-Janaby.

In the Hurriyah neighborhood of Baghdad, two car bombs exploded within moments of each other, one near a market, the other near the bus terminal. They killed 11 people and wounded six, said an Interior Ministry official who spoke on condition of anonymity.

There's one thing Iraqis agree on, whatever their sect: Their day-to-day problems will probably not get better anytime soon.

"I believe that a return of peace and security is not feasible, and the Americans and the Iraqi government must try hard to find solutions for the catastrophic situation," said Sherzad Omar Fekky, an instructor at the University of Kirkuk.

Zahara Jasim, 24, sat inside a women's clothing store in Karrada rubbing her hands together by a space heater to stay warm. She said she was happy to see Hussein die. She blames him for the death of her father, who fought in the Iran-Iraq war of the 1980s.

But she doesn't blame him for her current problems. That, she said, is the Americans' fault.

"They haven't done anything," she said. "There's no oil. There's no kerosene. There's no electricity. If they really wanted to make things work, they would."

Adnan Mizher, 34, a former army officer from Diyala province, northeast of Baghdad, said his brother was executed by Hussein's government. Still, he said, life was better under Hussein. Prime Minister Nouri al-Maliki, he said, has done nothing for Iraqis.

"Today, there are killings, murder, kidnappings and displacement of people on sectarian grounds," he said. "Life under Saddam was much better than now. The hell of Saddam is better than the paradise that Maliki promised us."

Hussein's Case Won't Bolster International Human Rights Law, Experts Fear (NYT)

By Marlise Simons

The New York Times, December 31, 2006

PARIS, Dec. 30 — Saddam Hussein is one of the few modern leaders to have been tried and executed for his crimes and other abuses of power. Most dictators of the past century have died of natural causes at home or in comfortable exile — or at the hands of assassins.

But with trials of former leaders becoming more common in the past decade, there are other distinguishing features in the Hussein case: he was the first former leader to be tried by a domestic court for crimes against humanity — a crime enshrined in international law — and put to death for it.

His dawn hanging on Saturday further stands out because the new international legal institutions, like the International Criminal Court and the temporary tribunals that are trying war crimes cases in the former Yugoslavia, Rwanda and Sierra Leone, do not impose the death penalty.

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Despite this application of international law against Mr. Hussein, experts say, his conviction for crimes against humanity has not significantly reinforced efforts to apply concepts of international human rights law around the world. They argue that the trial has been too widely perceived, both in Iraq and abroad, as a chaotic and politicized process with many serious flaws carried out by inexperienced judges.

Although domestic courts are now trying cases that include violations of international human rights law, the credibility of the Baghdad tribunal was also questioned by some because it was organized by the United States. European countries that had been asked for help said they could not participate because they had abolished the death sentence.

Rights groups and some international lawyers have deplored the execution as hasty. Some said the execution, based on a comparatively small case involving the killing of 148 civilians, cut short Mr. Hussein's second and far weightier trial for genocide, the gravest charge.

"Such a rapid execution before the conclusion of the genocide trial is a serious legal setback and harms the credibility of the court," said Antoine Garapon, director of the Institute for Advanced Legal Studies in Paris. He and some other lawyers argued that even if others were to stand trial for genocide against the Kurds in 1988, the person deemed most responsible would never face judgment.

Many Kurds, in fact, say they have mixed feelings about his execution because it denies them the satisfaction of seeing Mr. Hussein face further evidence of genocide presented at the Kurdish trial, which was only a few weeks away from a conclusion.

"To execute such a criminal, a man who reveled in his atrocities, is an act of justice," Najmaldin Karim, president of the Washington Kurdish Institute and a former refugee from Mr. Hussein's repression, wrote in an Op-Ed article published Saturday in The New York Times. "Sadly, however, we have not had full justice. Saddam Hussein did not confront the full horror of his crimes."

Mr. Hussein is the second notorious dictator to escape a verdict on genocide charges. The other is Slobodan Milosevic, the former president of Serbia, who died of a heart attack in March in a United Nations cell during his trial at the war crimes tribunal in The Hague.

The best-known precedents for Mr. Hussein's execution are the post-World War II trials carried out by the victorious Allied powers: the hangings of the military and political leaders of Nazi Germany and the war crimes trials in Tokyo of Japan's wartime leadership.

At that time, as now, debates raged over whether the trials conducted by victorious forces were morally wrong or whether they were politically and psychologically indispensable. Some argued that those trials of the late 1940s did more harm than good and should never have taken place. Winston Churchill, Britain's wartime leader, had always urged that the Nazi leaders be executed, without trial.

But since then, the Nuremberg trials, more so than the widely criticized Tokyo trials, have come to be regarded as the crucial precedents for trials involving grave human rights violations, specifically for the creation of the first international tribunal, dealing with war crimes in the former Yugoslavia. "The Yugoslavia tribunal brought alive and gave meaning to criminal offenses that had been on the books for years, and led eventually to charges of crimes against humanity against Saddam Hussein," said Richard Dicker, director of Human Rights Watch's international justice program.

Benjamin B. Ferencz, a former prosecutor at Nuremberg, said on his Web site on Saturday: "Whether a remorseless mass killer should be sentenced to death is a difficult question. There can never be a balance between the lives of a few mass murderers and the lives of their countless victims. Humanitarian law has moved away from imposing death as a penalty. It should be left to Iraqi judges to decide what is most appropriate to bring peace and reconciliation to their war-ravaged country."

In only a few other cases in the past half century has a political leader been tried and put to death under his country's own laws. In 1979, the former Pakistani prime minister, Zulfikar Ali Bhutto, overthrown in a military coup, was executed for the murder of a political opponent after a much-criticized trial.

In December 1989, the ousted Romanian dictator, Nicolae Ceausescu, was executed after an anti-Communist uprising. But the rushed and secret trial preceding his killing by firing squad was widely seen as summary justice. Benito Mussolini was simply shot by Italian partisans in 1945 while trying to flee to Switzerland. Anastasio Somoza of Nicaragua was blown up in his car

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by Argentine guerrillas in 1980 while in exile in Paraguay. Laurent Kabila, the former Congo leader, was shot and killed by a palace guard.

Only occasionally have former dictators been brought to trial in circumstances widely recognized as fair. During trials of former members of Argentine military juntas in 1985, five of the nine defendants were given long sentences in a civilian court but were pardoned a few years later. The former Rwandan prime minister, Jean Kambanda, pleaded guilty to genocide and was sentenced to life in prison by the United Nations war-crimes tribunal for Rwanda.

Manuel Noriega of Panama was sentenced to 40 years in prison for drug trafficking by an American court but was never judged for human rights or other abuses.

More often, political leaders have escaped into exile and resisted extradition attempts. Jean-Claude Duvalier, the former president of Haiti, fled to France. Idi Amin of Uganda died in peace in Saudi Arabia. Pol Pot died in bed before the new Cambodian war crimes tribunal began its work. Fulgencio Batista fled Cuba and lived the rest of his life in Portugal, and Mobutu Sese Seko fled Zaire, now Congo, and died in Morocco.

Saddam Had Feisty Exchange At The Gallows (AP)

AP, December 31, 2006

BAGHDAD (AP) — Iraqis awoke to television images of a noose being slipped over Saddam Hussein's neck and his white-shrouded body, the pre-dawn work of black-hooded hangmen. They went to bed as new video emerged showing Saddam exchanging taunts with onlookers before the gallows floor dropped away and the former dictator swung from the rope.

Saddam was buried shortly before dawn Sunday in a family plot in the cemetery in Ouja, the town of his birth. Few were present for the internment near Tikrit, 130 kilometers (80 miles) north of Baghdad.

Saddam was captured in an underground hide-out near Ouja on Dec. 13, 2003, eight months after he fled Baghdad ahead of advancing American troops.

The former Iraqi leader was buried near the graves of his sons Uday and Qusay in the main town cemetery. The sons and a grandson were killed in a gunbattle with the American forces in Mosul in July 2003.

In Baghdad's Shiite neighborhood of Sadr City on Saturday, victims of his three decades of autocratic rule took to the streets on Saturday to celebrate, dancing, beating drums and hanging Saddam in effigy. Celebratory gunfire erupted across other Shiite neighborhoods in Baghdad and other predominantly Shiite regions of the country.

There was no sign of a feared Sunni uprising in retaliation for the execution, and the bloodshed from civil warfare was not far off the daily average — 92 from bombings and death squads.

Outside the Sunni insurgent stronghold of Ramadi, west of the capital, loyalists marched with Saddam pictures and waved Iraqi flags. Defying curfews, hundreds took to the streets vowing revenge in Samarra, north of Baghdad, and gunmen paraded and fired into the air in support of Saddam in Tikrit, his hometown.

Still, authorities imposed curfews sparingly in contrast to the several-day lockdown put in place after Saddam was sentenced to death Nov. 5.

By several accounts, Saddam was calm but scornful of his captors, engaging in a give-and-take with the crowd gathered to watch him die and insisting he was Iraq's savior, not its tyrant and scourge.

"He said we are going to heaven and our enemies will rot in hell and he also called for forgiveness and love among Iraqis but also stressed that the Iraqis should fight the Americans and the Persians," Munir Haddad, an appeals court judge who witnessed the hanging, told the British Broadcasting Corp.

Another witness, national security adviser Mowaffak al-Rubaie, told The New York Times that one of the guards shouted at Saddam: "You have destroyed us. You have killed us. You have made us live in destitution."

"I have saved you from destitution and misery and destroyed your enemies, the Persian and Americans," Saddam responded, al-Rubaie told the Times.

"God damn you," the guard said.

"God damn you," responded Saddam.

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New video, first broadcast by Al-Jazeera satellite television early Sunday, had sound of someone in the group praising the founder of the Shiite Dawa Party, who was executed in 1980 along with his sister by Saddam.

Saddam appeared to smile at those taunting him from below the gallows. He said they were not showing manhood.

Then Saddam began reciting the "Shahada," a Muslim prayer that says there is no god but God and Muhammad is his messenger, according to an unabridged copy of the same tape, apparently shot with a camera phone and posted on a website.

Saddam made it to midway through his second recitation of the verse. His last word was Muhammad.

The floor dropped out of the gallows.

"The tyrant has fallen," someone in the group of onlookers shouted. The video showed a close-up of Saddam's face as he swung from the rope.

Then came another voice: "Let him swing for three minutes."

The responses within Iraq to Saddam's death echoed the larger reaction across the Middle East, with his enemies rejoicing and his defenders proclaiming him a martyr. While Iranians and Kuwaitis welcomed the death of the leader who led wars against each of their countries, Iranian President Mahmoud Ahmadinejad said the execution prevented exposure of the secrets and crimes the former dictator committed during his brutal rule.

Some Arab governments denounced the timing the 69-year-old former president's hanging just before the start of the most important holiday of the Islamic calendar, Eid al-Adha. Libya announced a three-day official mourning period and canceled all celebrations for Eid.

Within Iraq and across the world, the airwaves were alive with pictures of Saddam in death, a bruise on his cheek, his neck elongated and twisted impossibly to the right — grisly proof that the man who had tormented and killed so many during a bloody quarter-century rule was truly dead.

But some Iraqis — like 34-year-old Haider Hamed, a candy store owner in east Baghdad — wondered what would really change with the execution of Saddam, who was just four months shy of his 70th birthday.

"He's gone, but our problems continue," said the Shiite Muslim, whose uncle was killed in one of Saddam's many brutal purges. "We brought problems on ourselves after Saddam because we began fighting Shiite on Sunni and Sunni on Shiite."

At least 80 Iraqis died in bombings and other attacks Saturday, and police said 12 more tortured bodies were found dumped in Baghdad. The U.S. military announced six more servicemembers — three soldiers and three Marines — were killed.

The execution took place on the penultimate day of the year's deadliest month for U.S. troops, with the toll reaching 109. At least 2,998 members of the U.S. military have died in Iraq since the war began in March 2003, according to an AP count.

Um Abdullah, a Sunni and teacher in Tikrit, 80 miles north of Baghdad, said she would wear black to mourn the city's favorite son.

"Saddam will be a hero in our eyes," she said. "I have five kids and I will teach them to take revenge on Americans."

Police blocked the entrances to Tikrit and said nobody was allowed to leave or enter the city for four days. Despite the security precaution, gunmen took into the streets, carrying pictures of Saddam, shooting into the air and calling for vengeance.

Security forces also set up roadblocks at the entrance to another Sunni stronghold, Samarra, and a curfew was imposed after about 500 went into the streets to protest the execution.

Among minority Sunnis there was deep anger, born not only of Saddam's execution but of the loss of their decades-long political and economic dominance that began with Saddam's ouster in the U.S. invasion nearly four years ago.

"The president, the leader, Saddam Hussein is a martyr and God will put him along with other martyrs," said Yahya al-Attawi, who led prayer at a towering Sunni mosque constructed by Saddam in Tikrit.

There were cheers at the cafeteria of a U.S. outpost in Baghdad as soldiers having breakfast learned Saddam had been hanged.

But members of the Army's 2nd Battalion, 17th Field Artillery Regiment, on patrol in an overwhelmingly Shiite neighborhood in eastern Baghdad, said the execution wouldn't get them home any faster — and therefore didn't make much difference.

"Nothing really changes," said Capt. Dave Eastburn, 30. "The militias run everything now, not Saddam."

Staff Sgt. David Earp, who also fought in 1991's Operation Desert Storm, said the execution worried him.

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"In my opinion, something big is going to happen," said Earp, of Colorado. "There will be a response. Probably not today because they know we are looking for one, but soon."

Saddam Is Buried In Home Village (BBC)

BBC.com, December 31, 2006

Former Iraqi President Saddam Hussein, hanged for crimes against humanity on Saturday, has been buried in the village where he was born 69 years ago.

In a sparsely attended ceremony in Awja, in the Tikrit region north of the capital, the former Iraqi leader was laid to rest in a family plot.

His sons Uday and Qusay, killed by US troops in 2003, are also buried there.

Earlier, his family said he would be buried in Ramadi - a Sunni insurgent stronghold - citing security concerns.

Just hours after his execution, Saddam Hussein's body was reportedly flown to Awja aboard a US aircraft and handed to clan leaders for burial.

"Saddam Hussein has been buried today at 0400 (0100 GMT) in a place that was constructed during his regime in the centre of Awja," said relative Musa Faraj, quoted by AFP news agency.

The BBC's John Simpson in Baghdad says the Iraqi government will not be worried that Saddam's grave may turn into a place of political pilgrimage.

Ministers here think that his practical influence in Iraq has been entirely finished by his execution, our correspondent says.

'Frightened and terrified'

The former president was sentenced to death by an Iraqi court on 5 November over the killings of 148 Shias from the town of Dujail in the 1980s.

Images of Saddam Hussein being taken to the gallows in a Baghdad building his intelligence services once used for executions were broadcast on state TV on Saturday. However the moment of his execution was not shown.

The hanging took place just days after he lost an appeal and hours after he was handed over from US custody.

Saddam Hussein's execution has closed a dark chapter in Iraq's history, Prime Minister Nouri Maliki said.

In a statement, the prime minister said: "Justice, in the name of the people, has carried out the death sentence against the criminal Saddam, who faced his fate like all tyrants, frightened and terrified during a hard day which he did not expect."

US President George W Bush hailed the execution as "an important milestone" on the road to building an Iraqi democracy, but warned it would not end the deadly violence there.

'Very broken'

A small group of Iraqis - including a representative of the prime minister - witnessed the execution at 0600 (0300GMT) on Saturday in a concrete-lined chamber in Khadimiya.

Iraqi National Security Adviser Mouwafak al-Rubaie told the BBC the former leader went to the gallows quietly: "He was saying some few slogans. He was very, very, very, broken."

However, new images of the execution apparently shot on a mobile phone and aired on some Arab television channels and internet sites, show a more defiant Saddam.

Unlike the official Iraqi videotape of his final moments, the new pictures are accompanied by the sound of Saddam Hussein responding to taunts from those present.

One of the onlookers is heard telling the former Iraqi leader that he destroyed Iraq and was going straight to hell.

Saddam Hussein appeared to smile at those taunting him from below the gallows. He said they were not showing manhood.

He is then heard citing verses from the Koran before the trapdoor opened.

Tikrit curfew

Hours after Saddam was executed, the bloodshed continued As news of Saddam Hussein's demise spread, there were jubilant scenes in the Baghdad Shia stronghold of Sadr City, with people dancing in the streets and sounding their car horns. Similar scenes were witnessed in the Basra and Najaf.

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But in Tikrit, where a curfew was imposed, the news sparked protests from supporters. Protests were also reported in Samarra and Ramadi.

Hours after the execution, at least 31 people died when a car bomb exploded at a market in the southern town of Kufa. Angry crowds killed a man who police said got out of the vehicle shortly before the bomb exploded.

Later in the day, at least 37 people died and 76 were injured in at least two blasts in the Hurriya district of Baghdad.

Conflicts Shaped Two Presidencies (WP)

By Peter Baker

The Washington Post, December 31, 2006

The day after he ordered a cease-fire and brought the Persian Gulf War to a close, President George H.W. Bush ruminated about the status quo he had left behind in Iraq. "Still no feeling of euphoria," he dictated to his diary Feb. 28, 1991. Saddam Hussein, he recognized, remained a threat. "He's got to go," Bush concluded.

It took nearly 16 years, but he's finally gone. And with Hussein's execution in Baghdad, so is the chief nemesis of the Bush family, a man who bedeviled father-and-son presidents and in different ways dominated both of their administrations. The long, tortured arc of the Bush-Hussein relationship that shaped recent U.S. history finally came to a close with the snap of a noose.

If there is a feeling of euphoria, or satisfaction, or perhaps just relief, neither Bush is expressing it publicly this weekend. President Bush went to bed Friday night without waiting for the execution and left it to an aide to release a statement praising the Iraqi people for "bringing Saddam Hussein to justice." His father remained silent. But Hussein's death removed only the man. The forces unleashed by the epic struggle remain as powerful and crippling as ever for two countries.

The timing of the execution, coming as the president searches for a new strategy to turn around a war he says the United States is not winning, could serve as a reminder of its origins. Bush has frequently cited Hussein's tyranny to justify his decision to invade Iraq. Within days, though, the death toll of U.S. troops will surely pass 3,000, a grim milestone that will trigger further national introspection. The cost of overthrowing Hussein and ending his reign of terror continues to mount, and few in Washington hold out faith that that will change anytime soon.

"The sacrifice has been worth it," Bush said at a year-end news conference nine days before the execution. A few moments later, he added: "I haven't questioned whether or not it was right to take Saddam Hussein out." He stopped himself. "I mean, I've questioned it -- I've come to the conclusion that it was the right decision."

Bush and other architects of the war have long maintained that it was nothing personal. "I personally never thought of it that way, nor did I think the president saw it that way," said Douglas J. Feith, the former undersecretary of defense who was a key player in going to war. "When Saddam was talked about, he was talked about as a threat to the United States, not as a personal problem of the Bush family."

Ron Kaufman, a White House aide to the first President Bush, said his ex-boss does not dwell on Hussein. "I'm sure like most Americans, he'll be glad the guy's gone," he said. "The world will be a better place now, a safer place. But I don't think he'll spend any more time thinking about it than you or I."

Yet the history of animosity between the Bushes and Hussein is hard to ignore. The relationship actually began as one of pragmatic friendship in the 1980s, when Hussein was at war with the main U.S. enemy in the region, Iran, and George H.W. Bush was vice president in an administration that offered him help. A 1992 New Yorker article suggested that Bush, through Arab intermediaries, advised Hussein to intensify the bombing of Iran.

Hussein soon became too much to handle. "People came to understand him as someone who was much less stable and someone who could not be trusted," said Craig Fuller, chief of staff to the elder Bush when he was vice president. Hussein's invasion of Kuwait in August 1990 proved a strategic miscalculation that put him and the Bushes forever on opposite sides.

The elder Bush wrongly assumed that Iraqis would overthrow Hussein, and his decision not to march to Baghdad after freeing Kuwait would haunt him and his son. An unbowed Hussein defied the international community, and in April 1993, when Bush went to Kuwait for a hero's welcome, a group of Iraqis crossed the border in what was called a thwarted attempt to kill him. President Bill Clinton launched 23 Tomahawk missiles against Iraqi targets in retaliation.

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Among those on that trip who could have been killed were Barbara Bush and Laura Bush. George W. Bush had stayed in Texas, where he was running the Texas Rangers baseball team and preparing to run for governor. Some later questioned the seriousness of the assassination attempt or its connections to Baghdad. But the incident clearly was a searing moment for the Bush family.

By the time the younger Bush ran for president, he appeared determined not to repeat the mistake he believed his father made with Hussein. "No one envisioned him still standing," the candidate told BBC in November 1999. "It's time to finish the task."

At a debate a couple of weeks later, Bush was more explicit. "If I found that in any way, shape, or form that he was developing weapons of mass destruction, I'd take him out," he said.

At Bush's first National Security Council meeting after taking office, he seemed to some aides to be ready to go. "From the very beginning, there was a conviction that Saddam Hussein was a bad person and that he needed to go," Paul O'Neill, Bush's first treasury secretary, later told CBS News. In Ron Suskind's book, "The Price of Loyalty," O'Neill was quoted as saying that Bush told aides to prepare to remove Hussein: "That was the tone of it, the president saying . . . 'Go find me a way to do this.' "

Others on the inside came to a similar conclusion. In a memo in March 2002, Peter Ricketts, a top British official, sounded skeptical of U.S. motivations: "For Iraq, 'regime change' does not stack up. It sounds like a grudge between Bush and Saddam."

That impression was fueled by both father and son that fall. "I hate Saddam Hussein, and I don't hate a lot of people," George H.W. Bush told CNN. "I don't hate easily, but I think he is -- as I say, his word is no good, and he is a brute. He has used poison gas on his own people. So, there's nothing redeeming about this man, and I have nothing but hatred in my heart for him."

Six days after that aired, his son mused about Hussein at a Texas fundraiser. "There's no doubt his hatred is mainly directed at us," he said. "There's no doubt he can't stand us. After all, this is the guy that tried to kill my dad at one time."

Bush later talked with then-Sen. Peter Fitzgerald (R-Ill.) aboard Air Force One about assassinating Hussein, saying he would repeal the executive order banning assassination of foreign leaders if intelligence gave him a clear shot. "The fact that he tried to kill my father and my wife shows the nature of the man," Bush told interviewers in March 2003. "And he not only tried to kill my father and wife, he's killed thousands of his own citizens." But he denied a vendetta. "Nah, no," he said. "I'm doing my job as the president, based upon the threats that face this country."

When Bush launched the invasion weeks later, he ordered it to start earlier than planned with a missile strike targeting Hussein. The Iraqi leader survived, but U.S. troops quickly toppled his government. Soldiers went to the Al Rashid Hotel and destroyed a mosaic, of the elder Bush's face over the slogan "Bush Is Criminal," that Hussein had laid in the lobby entrance so every guest would step on it.

Eight months later, other soldiers found Hussein in a "spider hole." "President Bush sends his regards," one soldier told the disheveled Iraqi leader.

Then-Defense Secretary Donald H. Rumsfeld delivered the news in Washington. "Mr. President, the first reports are not always accurate," he started cautiously.

"This sounds like it's going to be good news," Bush interrupted.

Rumsfeld said reports indicate "that we got Saddam Hussein."

"Well, that is good news."

Aides said the president made a point of not personalizing it. "I never heard him take any particular relish in Saddam's capture or the fate that obviously awaited him," said Matthew Scully, a former White House speechwriter who helped prepare Bush's remarks about Hussein's capture. "I remember vividly that the president's reaction that day was kind of businesslike. He always saw Saddam as part of the larger picture."

Still, in his White House study, the president keeps a memento -- the pistol taken from Hussein when he was captured. If there ever was a duel, it is now over.

A Bitter Family Saga Is At An End (BBC)

By Matt Frei

BBC.com, December 30, 2006

DOJ_NMG_0111255

When Saddam Hussein looked in disbelief at the over-sized noose that was fitted by masked volunteers around his neck, the man who helped to put it there by invading Iraq and toppling the dictator was soundly asleep at his ranch in Texas.

It was only nine o'clock in the evening in Crawford but George Bush was already embedded in the land of nod, with orders not to be woken until the morning.

The blithe indifference of deep slumber was the final snub to the dead man who once described himself as "Salahadin II", "the Redeemer of all the Arabs" and "the Lion of Baghdad".

Some might think that George Bush can't afford to sleep soundly these days with his approval ratings in the cellar and his policy towards Iraq in inertia.

But while the world stirred to comment, cyberspace buzzed with applause or condemnation and Cable television hyperventilated, George Bush soldiered on in sleep. He arose only at 4.40am, we are told, which is his usual time of rising.

One hour later he had a 10-minute conversation with his National Security adviser Stephen Hadley about the events in Baghdad.

Saddam Hussein tried to get George HW Bush assassinated Shortly thereafter the White House issued a pre-prepared written statement: "Today Saddam Hussein was executed after receiving a fair trial - the kind of justice he denied the victims of his brutal regime."

The statement, which will not be complemented by a presidential turn for the cameras, betrayed no hint of gloating or crowing. It went on to say that "bringing Saddam Hussein to justice will not end the violence in Iraq".

On one level, the hanging of Saddam Hussein is the end of a dramatic family saga that has pitted the Bushes of Texas against the Husseins of Tikrit.

Failed alliance

It is a saga that started with a tacit alliance.

When George HW Bush was vice president, Saddam Hussein was still seen as a potential partner thanks to his status as the enemy of America's enemy, Iran.

It was in 1983 that Donald Rumsfeld was dispatched to Baghdad as a friend of the Reagan administration to shake the hand of Saddam Hussein and offer America's help against the ayatollahs during the Iran Iraq War.

Alliance finally turned into animosity when Saddam Hussein invaded Kuwait and President Bush cobbled together an international alliance of Western and Arab states to remove him from Kuwait but not from power.

"The butcher of Baghdad" began to call President Bush "the viper" and George junior, "the son of the viper".

It was at that time that the famous Al Rashid hotel in Baghdad received an elaborate mosaic of President Bush "the criminal", which patrons were forced to stomp across on entering the lobby.

Two years later Saddam Hussein tried to get President Bush assassinated.

The White House has always maintained that personal grudges had nothing to do with the invasion of Iraq.

And yet in September 2002, as preparations for war were well under way, George Bush the younger told a Houston fundraiser: "This is after all the man who tried to kill my dad."

Mafia rule

The personal side of this bitter family saga is over.

But even from his unmarked grave, Saddam Hussein will continue to haunt the Bush administration and define the legacy of the 43rd president of the United States.

Saddam had always promised to lure, fight and defeat the Americans in the cities of Iraq.

No-one thought at the time that this would happen after he had already been deposed.

But his prophetic threat is becoming reality, triggering a multi-headed insurgence that no longer fights on his behalf, and a vortex of sectarian violence that makes a conventional civil war look organised and coherent.

The former Iraqi leader is likely to haunt the Bush administration

The brutal bloodletting, ethnic cleansing and vicious fragmentation, in which American troops now find themselves embroiled, is also a legacy of Saddam's regime.

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A quarter of a century of his mafia rule, in which tribal loyalties were lavishly rewarded and anything less was severely punished helped to rot the cohesion of a young and artificial country.

The extent to which Iraq is disintegrating has taken many Iraqis by surprise. It was grossly under-estimated by the officials who planned the occupation.

President Bush and his advisers have always liked to compare the birth pangs of Iraqi democracy to the emergence of a free Germany after the World War II.

Bloodletting

But what they were dealing with was not Germany 1945 but Germany in 1648 emerging from the feudal bloodbath of the 30 years war.

Another example would have been Yugoslavia in the 1990s.

So not even the few beleaguered optimists in the Bush camp, including the president himself, believe that the execution of Saddam Hussein will stem the bloodletting and allow America to plan for a graceful exit.

The sectarian violence in Iraq has reached its own alarming momentum, in which Saddam Hussein had been reduced to a walk-on part.

Nearly 3,000 US servicemen and women have already been killed

The White House may boast about the new rule of law but for many ordinary Iraqis justice comes in the form of death squads, torture gangs and rogue police road blocks.

These days the wrong identity card can get you executed. This is not the kind of justice that George Bush had in mind.

So now the noose has done its deed the Pentagon is, if anything, expecting a spike in the sectarian violence.

The US State Department has put its embassies on a security alert "to prepare for demonstrations and possible attacks".

And the American public, which had long expected the execution of Saddam Hussein is waiting with growing impatience to see how exactly the president will execute his heralded "new Iraq strategy".

More troops? More money? More hope? For American soldiers December 2006 proved to be the bloodiest month of a bloody year.

Sometime in the next 10 days 3,000 US servicemen and women will have been killed by a war that was declared "accomplished" in May 2003.

Saddam Hussein is dead. His legacy lives on.

Around The World, Unease And Criticism Of Penalty (NYT)

By Alan Cowell

The New York Times, December 31, 2006

LONDON, Dec. 30 — With gradations of unease rather than outrage inspired by the hanging of Saddam Hussein, Western politicians sought a cautious balance on Saturday between revulsion at his record, support for his executioners and concern at the use of a capital penalty they largely shun in their own countries.

But religious leaders — Christian and Muslim — used stronger and more critical language in response to the news of Mr. Hussein's execution, which greeted most Western Europeans on their breakfast time news shows and in some newspaper headlines two days before the New Year.

Perhaps the most delicately choreographed response came from Britain, whose prime minister, Tony Blair, took a lead as America's closest ally in toppling Mr. Hussein while his Labor Party prides itself on opposing the death penalty.

In a statement issued an hour after the execution, Margaret Beckett, the foreign secretary, said: "I welcome the fact that Saddam Hussein has been tried by an Iraqi court for at least some of the appalling crimes he committed against the Iraqi people. He has now been held to account."

However, she said, "the British government does not support the use of the death penalty, in Iraq or anywhere else. We advocate an end to the death penalty worldwide, regardless of the individual or the crime. We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation."

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Mr. Blair himself — who faced wide public opposition to the Iraq war, which has shaped his political legacy — refrained from commenting as he vacationed at the Miami waterfront home of Robin Gibb, a singer in the BeeGees. A spokesman for him said Ms. Beckett's statement had been issued on behalf of the entire government, including Mr. Blair.

The execution also revived the ideological divide between supporters and opponents of the 2003 invasion. Sir Menzies Campbell, leader of the opposition Liberal Democrats, which opposed the war, said: "Saddam Hussein's death does not vindicate in any way the ill-conceived and disastrous decision to invade Iraq. His execution does not make an illegal war legal any more than it will put an end to the violence and destruction."

Generally, said the columnist Tim Hames in The Times of London, the response to the execution would be different in Britain and Continental Europe from the reaction in the United States. "Even those of us who supported the invasion in 2003, and continue to do so today," he wrote, "will harbor within their ranks, like me, those who find the notion of this crime offensive."

"Mainstream middle-class sentiment in Europe now regards the death penalty as being as ethically tainted as the crimes that produced the sentence," he added.

Erkki Tuomioja, the foreign minister of Finland, which holds the rotating presidency of the European Union, said, "The European Union has a very consistent stand on opposing the death penalty and it should not have been applied in this case either — even though there is no doubt about Saddam Hussein's guilt over serious violations against human rights."

In an editorial, The Guardian newspaper in London took an even more unequivocal position, saying, "The death penalty is an unacceptably cruel and unusual punishment, even in Iraq."

The Vatican went so far as to call the execution "tragic" — echoing expressions of revulsion by Muslim leaders, both in the West and in the broader Islamic world.

"A capital punishment is always tragic news, a reason for sadness, even if it deals with a person who was guilty of grave crimes," said the Rev. Federico Lombardi, the Vatican spokesman. "The killing of the guilty party is not the way to reconstruct justice and reconcile society. On the contrary, there is a risk that it will feed a spirit of vendetta and sow new violence."

Muslim leaders in Britain offered a similar prognosis. Muhammad Abdul Bari, the secretary general of the Muslim Council of Britain, said in a statement, "No one can deny that Saddam should have faced justice for his crimes against the people of Iraq and also his invasion of Iran and Kuwait."

"However," he added, "the fact that his trial took place while Iraq is still under occupation by foreign forces may mean that his execution, on the blessed day of Id al-Adha, will be regarded as an insensitive and provocative act by the U.S.-backed Iraqi government and that far from contributing to a so-called healing process, it may serve to further intensify the sectarian divisions in Iraq."

In Russia, the Foreign Ministry strongly criticized the execution, expressing regret that Iraqi officials disregarded international appeals not to carry it out. A spokesman, Mikhail L. Kamynin, expressed concern that Mr. Hussein's execution would worsen already deathly tensions consuming Iraq.

"The situation in Iraq is developing negatively," Mr. Kamynin said in a statement. "The country is sinking into violence and is effectively on the brink of a wide-scale civil conflict."

Mr. Hussein's execution, he went on, "may further aggravate the military-political situation and increase ethnic and religious tensions."

President Vladimir V. Putin made no statement, but other political leaders reacted even more harshly than the Foreign Ministry did. A small group of protesters from the Liberal Democratic Party picketed outside the Iraqi Embassy in Moscow, while the party's leader, Vladimir V. Zhirinovsky, a vocal supporter of Mr. Hussein and his rule, called the execution "the crime of the 21st century."

Mr. Zhirinovsky's party was accused of profiting from the sale of Iraqi oil during the United Nations sanctions program. His remarks were shown on state television.

Gennadi A. Zyuganov, the Communist Party leader, suggested in remarks to Ekho Moskvy, a Moscow radio station, that the United States would be associated with the execution, even if Iraqis oversaw his trial and death sentence. "Unfortunately, Texan law prevailed," he said, "the rule of the strong, the evil and the unprincipled."

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Other nations, like India, voiced regret. The Indian foreign minister Pranab Mukherjee said: “We had already expressed the hope that the execution would not be carried out. We are disappointed that it has been. We hope that this unfortunate event will not affect the process of reconciliation, restoration of peace and normalcy in Iraq.”

In Israel, an old enemy of Mr. Hussein’s, leaders reacted calmly but with satisfaction at the execution.

Shimon Peres, the deputy prime minister, told Israeli public radio: “Saddam Hussein brought about his own demise. This was a man who caused a great deal of harm to his people and who was a major threat to Israel.”

Ephraim Sneh, the deputy defense minister, noted that Mr. Hussein had fired 39 Scud missiles “into the heart of Israel” during the Persian Gulf war in 1991. Mr. Hussein, he said, was “a man who paid some $20,000 to the families of suicide bombers in Israel during the most intense time of the intifada and who was preparing a nuclear weapon to use against us.”

In 1981, Israeli warplanes destroyed the Osirak nuclear reactor near Baghdad just before it was to go on line, after intelligence showed that Mr. Hussein was striving to build a nuclear weapon.

Israel also strongly supported the American-led invasion in 2003 that overthrew Mr. Hussein, who was considered a major threat to begin a tank invasion against Israel and had rejected the idea of peace with Israel.

Mr. Sneh also warned that the execution could lead to “a reinforcement of the Iranian influence in Iraq and a spilling over into Jordan and Israel of Iraqi terrorism.”

The radical Islamic Hamas movement, however, condemned the execution as a “political assassination” that “violates all international laws,” according to a spokesman, Fawzi Barhum, speaking to Agence France-Presse in Gaza. Hamas, which was supported by Mr. Hussein, does not accept Israel’s right to exist and has a legislative majority in the Palestinian legislature.

“Saddam Hussein was a prisoner of war,” Mr. Barhum said. He called the trial “unjust” and said the timing of the execution, a half-day before the start of the Muslim feast of Id al-Adha, was insulting. “The hanging took place on the day of the Id and this is a message to the Arab street — the Americans have launched threats to all the Arabs,” he said.

Europeans Denounce Hussein's Execution (LAT)

By Tracy Wilkinson, Kim Murphy

The Los Angeles Times, December 31, 2006

ROME — The death penalty is anathema across Europe, and opposition to the execution of Saddam Hussein was nearly unanimous among its leaders Saturday. At the same time, however, many were torn between those strongly held beliefs and revulsion for the former Iraqi dictator's record of atrocities.

Some of the strongest criticism came from the Vatican. The Roman Catholic Church teaches that all human life must be respected from conception until its "natural end."

The execution "is tragic news … that risks feeding the spirit of revenge and sowing new violence," said Pope Benedict XVI's spokesman, Father Federico Lombardi.

"Even though this is a person guilty of grave crimes," Lombardi told Vatican Radio on Saturday morning, the execution "is a motive for sadness."

"The killing of a guilty party is not the way to build justice nor to reconcile society."

The Vatican's top official for justice issues, Cardinal Renato Martino, said that Hussein was responsible for thousands of deaths but that executing him amounted to punishing "one crime with another crime." Speaking before the hanging, he said, "The death penalty is not a natural death, and no one, not even the state, can kill."

Several European leaders, spanning the political spectrum, questioned whether justice was served by Hussein's execution and said it could bring further bloodshed.

"We've already seen in the first hours the consequences, with a predictable increase in tension and violence," Italian Prime Minister Romano Prodi said from his home in Bologna.

Spain's center-left government and right-wing opposition, which rarely agree, condemned the hanging of Hussein as well as the late dictator's litany of abuses.

"The death penalty is not justice, it is vengeance, and so it was in this case," Gustavo de Aristegui, a senior official with the opposition Popular Party, told the Spanish news agency EFE. "But nobody will miss Saddam Hussein."

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In Britain, Foreign Secretary Margaret Beckett reiterated her nation's opposition to the death penalty but applauded the process of bringing the former Iraqi leader to trial.

"I welcome the fact that Saddam Hussein has been tried by an Iraqi court for at least some of the appalling crimes he committed against the Iraqi people. He has now been held to account," Beckett said.

"The British government does not support the use of the death penalty, in Iraq or anywhere else," she said. "We advocate an end to the death penalty worldwide, regardless of the individual or the crime. We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation."

But Menzies Campbell, leader of the opposition Liberal Democratic Party, said: "Saddam's death does not vindicate in any way the ill-conceived and disastrous decision to invade Iraq. His execution does not make an illegal war legal any more than it will put an end to the violence and destruction.

"Britain's interests will best be served by the withdrawal of our forces sooner rather than later."

France, which was a strong opponent of the 2003 U.S.-led invasion of Iraq, said Hussein's judgment and sentence were a matter for the Iraqi people.

In a statement, the Foreign Ministry said: "France, which advocates like all its European partners the universal abolition of the death penalty, takes note of Saddam Hussein's execution. That decision belongs to the Iraqi people and to the Iraqi sovereign authorities. France calls on all Iraqis to look forward and to work for reconciliation and national unity. More than ever the aim must be a return to the full sovereignty and stability of Iraq."

European politicians who are friendly to Washington stressed — carefully — their unease with the Hussein execution.

"We respect the decision, but it is known that the German government is opposed to capital punishment," German Chancellor Angela Merkel said.

"But on a day like this my thoughts are mostly on the many innocent victims of Saddam Hussein," she said.

Only in Poland, where a conservative government has remained an enthusiastic ally of the Bush administration, was there unequivocal support for the execution.

"Justice has been meted out to a criminal who murdered thousands of people in Iraq," President Lech Kaczynski's spokesman said, according to news agencies.

"This should serve as a warning to all those who would like to follow in Saddam Hussein's footsteps."

Many Who Fled Dictator Feel Jubilation, Relief (WP)

By Nelson Hernandez

The Washington Post, December 31, 2006

Ibrahim Mizouri's death vigil for Saddam Hussein began at six o'clock Friday night.

Forced to flee Iraq in the 1970s when Hussein's Baath Party rose to power, Mizouri sat at his home in Annandale, eager to hear the story of the dictator's final moments. For him, Hussein's hanging was an emotional catharsis, the final act in a drama that has affected Mizouri's life as it has thousands of Iraqis who have washed up on U.S. shores, seeking safety from a dictator known for his ruthlessness.

"I was glued to the TV channel, CNN and Fox, just changing when they have the commercials, to 4 o'clock in the morning," Mizouri said. "When I saw the pictures, I said then, 'It's enough.' "

Among Iraqi Americans, the emotions that accompanied Hussein's execution were complex, ranging from jubilant to relieved to disappointed.

In Dearborn, Mich., home to one of the largest concentrations of Middle Easterners in the United States, cheering crowds thanked God for Hussein's death, saying the dictator had finally met justice after killing thousands of Iraqi citizens with bombs, bullets and chemical weapons.

"This is our celebration of the death of Saddam," Imam Husham Al-Husainy, director of the Karbalaa Islamic Educational Center mosque in Dearborn, said while standing on top of a car, the Associated Press reported. "The gift of our New Year is the murder of Saddam Hussein. If you want to share the Iraqi people's happiness for the death of Saddam, raise your voice and your hands."

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Others, such as Mizouri, were relieved, saying that only Hussein's death could ensure that the dictator would not return to power.

"Everybody's happy because we know for sure, 100 percent, that he's not going to come back," Mizouri said. "Honestly, this should have happened the very first day."

Some said they felt that Hussein's trial for the killing of 148 Shiites in the town of Dujail in 1982 had been lacking the majesty and importance commensurate with the scale of his crimes, particularly the 1987-88 Anfal campaign that killed tens of thousands of Kurds in the north and the 1991 massacre of thousands of Shiites in the south. But they added that the execution was necessary in order to move on.

"I think this is something that definitely needed to be done," said Safa Alkateb, a business executive from McLean. "I think it's really the best that you can do in the country right now. I think, given the situation, it's very, very difficult to do something better."

Najmaldim Karim, a neurosurgeon and president of the Washington Kurdish Institute, said he was disappointed by the news and thought the execution had been rushed before Hussein could account for his repression of Shiites and Kurds.

"I think it will give the impression that this was vengeance," Karim said. "It was definitely a great injustice to the survivors and the families. . . . I think there are a lot of questions that we probably will never know."

Like many Iraqi Americans, Karim thought the execution would not make a difference in the daily suffering of those still in Iraq, living amid constant sectarian violence and instability.

"In the short run, it probably will increase the violence," Karim said. "In the long run, it will lead to more animosity among the Sunnis because they will see this as vengeance. I think it will polarize them even more, personally."

Ali Attar, a doctor from McLean, was more optimistic and happy to see Hussein gone. Attar was forced to leave Iraq in 1980 because of his father's political activity.

"I am very happy to see this day," Attar said. "Although my father passed away 15 years ago, I am sure that in his grave he feels very happy that justice is served. The message of the new Iraq is different than the old Iraq. He got a trial I believe he would never give to any of his opponents."

Saddam Hanging Brings Joy, Gloom To Houston Iraqis (HC)

By Sarah Viren, Susan Carroll

Houston Chronicle, December 31, 2006

Dr. Mahdi Al-Bassam learned of Saddam Hussein's execution from news accounts.

But the Iraqi-born Sugar Land cardiologist heard a key detail about the historic death from an Iraqi government friend, who saw the execution.

"He said there was fear in his eyes, but there was no remorse," Al-Bassam said. "Even in the end."

Al-Bassam fled Iraq in 1967 and settled in the Houston area in 1971. He had uncles and cousins killed under the former dictator's regime. Saddam, he said, "brutalized the entire nation," and most of the Iraqis he spoke to back home Saturday were elated by the news of his death.

"He raped the country of its riches, and he left them starving with a $200 billion debt to the world community," he said. "He literally — not figuratively — starved his own people. To me, that's unforgivable."

The execution, announced in the United States late Friday night and near dawn in Baghdad, was greeted by cheers and celebratory gunshots in some Iraqi neighborhoods and mourning in others.

On Saturday, at Droubi's Bakery and Deli in Southwest Houston, where Iraqis are common customers, owner A.J. Droubi said there had been a lot of execution talk as people trickled in for bags of pita, jars of olives or flaky sweets.

"Some were happy," he said. "Some were not."

Intisar Alhellou, a Syrian immigrant working behind the bakery counter, counted herself in the unhappy lot. Like Al-Bassam, she made many calls back home about the execution. Those she talked to, she said, were distraught that it occurred on Eid Al-Adha, a Muslim holiday she compared to Christmas.

"Everyone is sad for what is happening, everybody in the Middle East," she said. "If they had waited, it might be different."

Even Al-Bassam, who called Saddam "an animal," had misgivings about the execution.

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"Most of the Iraqi people want to see him gone, and I understand that," Al-Bassam said. "But he has done so much harm in this world, I think he should have been made to live, and acknowledge what he did and suffer what he has done."

He said he wanted Saddam tried for more crimes, including the killing of thousands of Kurds, draining the southern marshes and the many killings whose victims are still being found in mass graves. He's infuriated by broadcasts on some Arab TV stations that portray him as a hero or martyr.

"They say the execution is politically motivated," he said. "I think a lot of that would have been reduced and nullified if all the atrocities had been put on display."

In Houston, he said, there are few Iraqi immigrants to share this story. In the late 1990s, many Iraqis immigrated to the United States and the local population was close to 15,000, he said. But after the fall of Saddam's regime, most went back. He estimates the local Iraqi population near 3,000.

He worries that many non-Iraqis have already forgotten the horrors of Saddam Hussein.

"I think the world did not get to listen to the evidence of these tremendous atrocities," he said. "But in the end, he would have been sentenced to death for all of them. He would have been (hanged) the same way sooner or later."

For Arab Critics, Hussein's Execution Symbolizes The Victory Of Vengeance Over Justice (NYT)

By Hassan M. Fattah

The New York Times, December 31, 2006

BEIRUT, Lebanon, Dec. 30 — As daylight broke over the Arab world and news of Saddam Hussein's hanging spread over the airwaves and the Internet, the execution proved just as profound for what it did not change as for what it did.

Hezbollah's supporters in Beirut woke up on Saturday morning ready for another day of protests aimed at bringing down the United States-backed government of Fouad Siniora. Even in Iran, where the Foreign Ministry called the execution a "jubilation" for the thousands who lost family members in the Iran-Iraq war of the 1980s, officials pledged to continue pursuing their nuclear ambitions and denounced the United Nations Security Council's efforts to curb them, Iran's official news agency, IRNA, reported.

Throughout the Arab world, opposition movements are still on the run, many pro-democracy activists are either imprisoned or have simply given up, and the very targets of the American campaign to transform the Middle East, like Hezbollah, Iran and Syria, are more emboldened than ever.

Almost four years after United States troops entered Iraq with a broader foreign policy goal of ushering in a "new" Middle East, one built on democracy and rule of law, the execution of Mr. Hussein on one of the holiest days in Islam marked the unceremonious demise of that strategy, many Arab analysts said.

"If you compare the results to the objectives the U.S. claimed to realize, whether it was democracy or control of the region, their policies have evidently failed," said Nawaf Kabbara, professor of political science at Balamand University in Beirut. "They were not able to spread democracy, control anything or make any serious breakthrough. It is a failure on all levels."

For those Arabs who celebrated America's embrace of the rule of law, the quick execution, coming before the conclusion of other trials against Mr. Hussein for crimes against humanity, left a bitter taste of stolen justice. Even Mr. Hussein's staunchest enemies expressed a sense of bitterness at the end.

"It is evident that they were not after justice," said Hilal Khashan, a political science professor at the American University of Beirut. "It was a political decision, because as soon as they got a sentence on him they executed him. What mattered was his death rather than finding justice."

For those distrustful or disdainful of American intentions, the notion that the execution fell on Id al-Adha, one of the most sacred holidays of the year, seemed to symbolize the triumph of vengeance over justice.

"It looks like they just wanted to take revenge in a vulgar way; that was their gift to the Shia for the feast," said Khalid al-Dakhil, assistant professor of political sociology at King Saud University in Riyadh, Saudi Arabia, referring to Shiites, who were oppressed under Mr. Hussein and now control Iraq.

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"Bush and al-Maliki thought they could benefit from this, but this is going to backfire," he added, referring to President Bush and Prime Minister Nuri Kamal al-Maliki of Iraq. "Saddam's execution is going to feed sectarianism and contribute to more bloodshed."

Id al-Adha, the feast of the sacrifice, is ultimately a commemoration of the Prophet Abraham's willingness to sacrifice his son Ishmael for God; instead he slaughtered a goat, and Muslims today slaughter goats, sheep and even camels to re-enact the event. As the blood of slaughtered sheep stained the streets of many Arab cities on Saturday, however, many found it hard to ignore the analogy of Mr. Hussein himself as a sacrificial lamb.

"Executing the martyr Saddam Hussein on the first day of Adha in one of the holiest months of the year is meant to defy the feeling of Muslims, to invoke sectarian strife and to confirm that Bush's policy as vindictive and aggressive," said a statement by the union of the Islamist-dominated professional associations union in Amman, Jordan.

"The phony slogans about freedom and democracy are fake," the statement continued. "The professional associations mourn the death of the hero, the martyr Saddam Hussein, and stress that the day of liberating Iraq is near."

Even those who believed Mr. Hussein was guilty expressed doubts about his trial, and about whether Iraq's rebuilt justice system was really the kind of civil institution that could support a true democracy.

"Saddam Hussein was guilty a thousand times over, but still the Americans and the Iraqi government managed to run a shabby trial," said Jihad al-Khazen, a columnist and former editor of the pan-Arab newspapers Al Hayat and Asharq al Awsat. "If they organized a fair trial with international observers that could have served as a model for other countries. Instead they messed it up, and I think Saddam in the eyes of many people will now be seen as another martyr."

Many in the region seemed to view the execution as a harbinger of further sectarian conflict. This was the first time in modern history that a Sunni dictator had been executed by a Shiite, some analysts noted, a symbolic step that was widely expected to incur Sunni retribution throughout the region. American embassies throughout the region warned citizens on Saturday to avoid protests and be prepared for unrest.

No Arab Euphoria At Saddam Death (BBC)

By Ian Pannell

BBC.com, December 30, 2006

Although the news of Saddam Hussein's execution was widely anticipated in the region, it has been greeted with a mixture of surprise and anger in some quarters - and notable silence in others.

Some Palestinians are mourning Saddam Hussein's demise

For many ordinary people in the Arab world, Saddam Hussein was admired if not particularly loved.

He was an active and strident supporter of the Palestinian cause and many regarded him as a strong leader who dared to defy both America and Israel. Images of the former leader having the noose pulled around his neck will shock many.

Libya has declared three days of national mourning.

Lawmakers and members of the militant Palestinian group, Hamas, have condemned the execution, with one calling it "a political assassination" that "violated international laws".

There is little reason to think the execution will change much in a region that heads into 2007 in a precarious state.

Opposition to the US-led invasion of Iraq was almost unanimous in the region. So perhaps it was no surprise that his trial was also regarded as unfair, as an exercise in 'victor's justice'.

Many Arab governments and people saw the legal process as instigated and controlled by Washington.

Despite the insistence that the trial, verdict and now execution was a purely Iraqi affair, few in the Middle East will believe that.

'Victory for Iraqis'

Saudi Arabia said it was surprised and dismayed at the timing of the execution on the first day of the Muslim festival of Eid al-adha. There was also criticism at how quickly the trial was over amid accusations it had been politicised.

But for those who crossed swords with Saddam, his execution is welcome news.

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Iran fought a long and bloody war with Iraq that killed hundreds of thousands of people on both sides. The country's deputy foreign minister called it a "victory for Iraqis". Hamid Reza Asefi predicted it would lead to more violence in the short-term, but would ultimately benefit the country.

Official reaction in Kuwait has been muted

But the response from Kuwait, a country Saddam invaded in 1990, was more muted. The state-owned news agency reported the only official reaction which was that this was "a matter for Iraqis".

Most other governments in the region have remained completely silent. To be fair, this is the first day of Eid al-Adha, the most important holiday in the Islamic calendar. Even so, it seems many have chosen not to step onto what is widely regarded as extremely delicate territory.

There are real worries that the instability in Iraq will be made worse by Saddam's execution.

Sectarian tensions across the Middle East have risen since the US-led occupation and the fear is that this news could make that even worse.

However, while it is possible that the troubles of the region could be affected by a single event - the execution of Saddam Hussein is unlikely to be it.

There is violence and instability in Iraq, continuing tension between Israelis and Palestinians, a peace process that (at best) is at a stand-still and an ongoing political crisis in Lebanon.

The optimism many felt this time last year that real political change may finally start to trickle through the Middle East has all but vanished.

The execution of Saddam Hussein may prompt some reflection and probably plenty of analysis, but there is little reason to think it will change much in a region that heads into 2007 in a precarious state.

Kurdish Survivors' Feelings Conflicted (LAT)

By Alexandra Zavis

The Los Angeles Times, December 31, 2006

BAGHDAD — Sarchanar Mahmoud struggled to articulate the swell of emotions that washed over her when news of Saddam Hussein's death flashed across her television screen.

"There was an indescribable silence and conflicting feelings that I can't explain," said the pale, veiled woman, who still lives in the remote mountain town in northern Iraq where half her family died in a 1988 poison gas attack. "After this we came to and started talking."

Family members felt joy that they were finally rid of the fearsome dictator who had cast a long shadow over their lives. But there also was a sense of disappointment that Hussein would never face justice for what he had done to them.

In Hussein's final hours, calls for a stay of execution came from an unexpected source: survivors of some of the worst atrocities of his blood-soaked regime.

"We are happy that this tyrant's end has come," said Mahmoud, a 31-year-old court investigator in the Kurdish town of Halabja, where the gas attack took place. But "not in this sudden manner. We wished that the remaining cases would be settled first."

Hundreds of thousands were believed to have been tortured in Hussein's notorious jails, disappeared into mass graves or died in his wars and chemical attacks. But when Hussein was hanged at dawn in the capital on Saturday, it was for just one case: the killing of at least 148 men and boys in retribution for a 1982 assassination attempt in the Shiite Muslim town of Dujayl.

Officials with the special court convened to pass judgment on the former Iraqi president's decades-long regime say an ongoing trial dealing with a much wider case, the so-called Anfal campaign against Iraq's ethnic Kurdish minority that resulted in as many as 100,000 deaths, is due to resume Jan. 8. But without the chief defendant, many fear that interest will dwindle and that countless victims of other atrocities will never receive their day in court.

Larry Cox, executive director of Amnesty International USA, said the rush to execute Hussein days after an Iraqi appeals panel upheld the sentence "signifies justice denied for countless victims who endured unspeakable suffering during his regime."

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"It will doubtless have a devastating impact on other related trials, as the key witness who could most compellingly shed light on the chain of command will have been silenced," he said in a statement.

Hussein had sat impassively through hours of dramatic witness accounts, detailed forensic presentations and startling reenactment in the Anfal case, but was executed before taking the stand in his defense.

Mahmoud was 13 when Iraqi warplanes attacked the town where she lived with eight family members in a two-room home belonging to an elder brother.

For three days, she recalled, the members of the family cowered in the basement. When they emerged, they stepped into pandemonium.

"We went out to the streets and found the people shouting and screaming that there was chemical bombing going on and that we had to leave," she said. Homes were smashed and bloodied bodies lay in the streets.

The family was separated in the panic. Mahmoud, her mother and two younger siblings fled to a sister's home in a nearby village. There they were advised to douse themselves in water and climb onto the roof to avoid the heavy gas that gave them painful headaches and stomachaches and made them vomit.

"We remained on the roof until dawn, wet, frightened, with the airplanes hovering over our heads," she said. "Each time we kids heard a plane, we'd close our eyes thinking that if we did so, they wouldn't find us."

They eventually fled to neighboring Iran, where Mahmoud learned from other refugees that the elder brother whom they had lived with had died with his wife and three children in the gas attack.

The Halabja warfare featured prominently in Hussein's second trial, where he faced charges of genocide for his Anfal, or "spoils of war," campaign against Kurds living in the northern reaches of Iraq.

Mahmoud Othman, a Kurdish lawmaker, had urged the government to delay executing Hussein and top members of his regime at least until the conclusion of the Anfal trial. He wanted them to identify those responsible for the chemical weapons unleashed on Kurdish villagers, including the foreign companies and countries that supplied the parts to make them.

"A lot of secrets will go to the grave with Saddam and his group," he predicted. "If these trials continue without those people, what is the use?"

Under Iraqi law, all pending charges against Hussein will be dropped, and he will not be tried posthumously. But this does not affect charges against six others: Ali Hassan Majid, the northern military commander at the time; Sultan Hashim Ahmad Jabburi Tai, the campaign's military commander; Sabir Abdul Aziz Douri, director of military intelligence; Hussein Rashid Mohammed, another senior military officer; Taher Tawfiq Ani, governor of Nineveh province; and Farhan Mutlaq Jubouri, head of military intelligence in the region.

Raed Juhi, an investigative judge and spokesman for the Iraqi High Tribunal, said the Anfal trial and other cases, about a dozen in all, would continue.

The next scheduled to begin concerns the brutal crackdown that took place when Shiite Muslims and Kurdish fighters rebelled at the end of the 1991 Persian Gulf War, anticipating that the U.S. would support them.

Some survivors of the sweeping arrests and killings doubt the case will now make it to trial.

"Who is going to be tried now that there is no Saddam?" asked Mohammed Mousawi, a 58-year-old retired teacher in the southern Shiite city of Najaf.

Mousawi's brother went out to buy bread one day 15 years ago and never returned. Three other relatives disappeared about the same time. "We have no idea what happened to them," he said. "I suspect they are in one of the mass graves."

Human rights groups that have monitored Hussein's cases before the Iraqi High Tribunal say there is ample reason to fear that Iraq's government leaders might abandon the process.

"My sense from the start is that the whole undertaking seemed unnecessary to them, a waste of time and resources," said Richard Dicker, director of the International Justice Program at New York-based Human Rights Watch.

He cited the replacement of judges who appeared too lenient or sympathetic to Hussein, and a failure to provide sufficient security to defense attorneys, two of whom were killed.

The cursory way in which the court dispensed with Hussein's appeal and the speed with which he was sent to the gallows raised concern about political interference in the judicial system.

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"It looks like the trial is buckling to the political process," said Hanny Megally, who heads the International Center for Transitional Justice's Middle East and North Africa program.

"The fear is that after [the next trial], which focuses on Shia, they may say: 'Look, this is expensive, this is taking a long time, let's call it a day.'

"On the other side of the coin," he said, "maybe without the big shot in the courtroom, people will start to focus more on the violations and the complaints and those stories will come out more."

For some in the ongoing Kurdish case, it was enough to see Hussein hang.

Aisha, a 51-year-old Kurdish villager who gave only one name, will never forget the day she recently faced the late dictator in court and told him about her husband, who disappeared when their village was razed during the Anfal campaign.

"I thought that I would be able to face neither him nor this whole experience," she recalled from a small home in Irbil, "yet I found myself very strong and I faced him fiercely."

It does not matter to Aisha that Hussein was executed for crimes from the previous trial.

"We got our revenge against a criminal today," she said.

Timing Of Execution Could Fuel Divisions (NSDY)

By Mohamad Bazzi

Newsday, December 31, 2006

BEIRUT, Lebanon -- The timing and drama surrounding Saddam Hussein's execution makes it likely that he will become a martyr for Sunni nationalists fighting U.S. forces and the new Iraqi government.

By executing Hussein at the start of Eid Al-Adha, the holiest of Muslim holidays, the Shia-dominated Iraqi government made a strategic blunder: It further angered the Sunni minority that formed the core of his regime and now is driving the insurgency.

As news of Hussein's hanging spread Saturday across the Sunni-dominated Middle East, many Arabs criticized the timing -- even those who despised the dictator. Relations between Sunnis and Shias are already strained by the regional ascendance of Shia-led Iran, its growing influence on the Iraqi leadership and its involvement in other countries with large Shia communities, especially Lebanon.

"Holding this execution at the start of Eid is only going to make relations worse between Sunnis and Shias," said Nazem Jassour, an Iraqi political analyst. "There was no good reason why the execution could not be delayed until after Eid ... It's going to be perceived by Iraqi Sunnis as one more example of how the Shia government is trying to humiliate them." The Iraqi government did not explain why it decided to execute Hussein so quickly.

There were always serious risks to bringing Hussein to justice while Iraq faces a raging insurgency. Some Iraqis warned that any trial -- especially one that Sunnis perceived as being unfair and dominated by U.S. and Iraqi officials -- would further inflame sectarian tensions. In death, Hussein could be an even more potent symbol than Abu Musab al-Zarqawi, particularly for the nationalist strain of the insurgency. Al-Zarqawi was killed in a U.S. air strike in June, but members of his al-Qaida in Iraq still are carrying out suicide bombings against civilians and security forces.

Hussein's supporters were quick to declare him a martyr, and some vowed revenge against Prime Minister Nouri al-Maliki, who signed the death warrant.

"The president, the leader, Saddam Hussein is a martyr and God will place him in paradise along with other martyrs," Sheik Yahya al-Attawi said at a prayer service in a Sunni mosque built by Hussein in his home region of Tikrit, 80 miles north of Baghdad. "Do not grieve or complain because he has died the death of a holy warrior."

Many Arab rulers, including Hussein, usually pardon prisoners on the eve of Eid and delay any execution until well after the holiday. Exiled members of Hussein's Baath Party appeared on Arab satellite channel throughout the day and accused the Shia-led government -- especially al-Maliki's Dawa Party -- of being U.S. and Iranian puppets.

"Iraq will be ruled again by honorable people, not like it is today, by a group of spies who work for Bush," an Iraqi Baath member who goes by the nom de guerre Abu Mohammad told the Al-Arabiya channel.

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It has never been clear how much influence Hussein had on the course of the insurgency, and whether he was coordinating it in a concrete way beyond sending out audiotapes to Arab media. After his arrest three years ago, the insurgency gained momentum.

While insurgents include former Baath loyalists and ex-members of the Iraqi army and intelligence services, others are Islamic militants from Iraq or neighboring Arab countries. Those militants have little allegiance to Hussein and are motivated by a desire to destroy the Shias and drive foreign troops out of a storied Arab land.

In a statement issued after Hussein's execution, al-Maliki tried to reach out to Sunnis involved in attacks on U.S. troops but not in killing Iraqi civilians. "We strongly reject considering Saddam as a representative of any sect in Iraq because the tyrant only represented his evil soul," al-Maliki said. "The door is still open for those whose hands are not tainted with the blood of innocent people to take part in the political process and work on rebuilding Iraq."

But most attempts at national reconciliation have failed, and Sunnis are likely to reject new overtures by al-Maliki because of the way he handled Hussein's execution.

The Sunni-Shia struggle in Iraq is largely political. Sunnis had dominated the country since its independence in 1932, despite making up only a fifth of Iraq's population. Hussein's regime brutally repressed the Shias, who constitute 60 percent of the country's 25 million people.

Since early 2004, insurgents have targeted Shia mosques, wedding parties and religious ceremonies across Iraq. They also have relentlessly attacked the Shia-dominated police and army. Iraq's most revered Shia cleric, Grand Ayatollah Ali al-Sistani, long has urged his followers not to retaliate against Sunnis. But as attacks on Shia civilians mounted, Shia militias and vigilantes began to fight back last year with tit-for-tat killings.

Hussein's influence reached beyond Iraq -- especially to the Palestinian-Israeli conflict. In more than 30 years as Iraq's ruler, he showed mastery at the politics of symbolism in the Arab world, and few symbols are as potent to Arabs as the Palestinians killed or injured while fighting Israel.

After the second Palestinian uprising in 2000, Hussein began distributing payments of up to $25,000 to the family of each suicide bomber and $10,000 for each Palestinian killed in clashes with Israeli forces. In all, Hussein sent about $35 million until he was ousted by the U.S. invasion in 2003.

The Iraqi checks reinforced the mix of hard-line nationalists and Islamic militants who oppose negotiations with Israel. The payments also helped Hussein restore his prestige among Arabs as the one true pan-Arab leader who refused to make concessions to Israel and the West.

Signs of Hussein's popularity could be found throughout the Palestinian territories. Mourners in funeral processions often waved Iraqi flags and posters of Hussein. Young men shouted his name while throwing stones at Israeli soldiers, chanting "Oh Saddam, Oh Saddam, come and blow up Tel Aviv."

As Hussein stood on the gallows, among his last words reportedly were: "Palestine is Arab" -- a message to Arab masses that he was dying a martyr for the most persistent Arab cause.

After Saddam, Attacks Go On (MINNST)

Minneapolis Star Tribune, December 31, 2006

BAGHDAD - After nearly three decades living with the brutal repression of Saddam Hussein and the violent aftermath of his overthrow, most of Iraq responded with relative calm Saturday to his execution, played out again and again on television.

To many Iraqis, it was a mere footnote to the narrative that has been playing out on the streets. Saddam was dead, but car bombs still reaped their daily toll: At least 80 were killed.

His death would do little, they said, to rid Iraq's new problems: sectarianism, ethnic cleansing and the lack of services.

"Everybody knows who will be sad and who will be happy," shrugged Ahmed Saleh, a 40-year-old Shiite whose sect is supposed to wish the Sunni despot good riddance. But he could hardly care as he sat with a Sunni friend Saturday. "Nothing will change."

Capt. Dave Eastburn, 30, of Columbus, Ohio, agreed. "Nothing really changes," he said. "The militias run everything now, not Saddam."

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Government leaders sought to tell a different story, saying Saddam's trip to the gallows should become a turning point in Iraq's strife. Referring to leaders of the Sunni insurgency, Prime Minister Nouri al-Maliki said in a statement, "Saddam's execution puts an end to all their pathetic gambles on a return to dictatorship."

President Bush said the execution was a milestone on Iraq's road to democracy, but cautioned that it would not halt the bloodshed and political discord splitting the country. "Many difficult choices and further sacrifices lie ahead," he said in a somber statement released Friday night.

Other world leaders, however, used the occasion to express concerns about the death penalty and about the general course of events in Iraq.

In Italy, former Prime Minister Silvio Berlusconi, who had staunchly backed the U.S.-led war in Iraq and sent Italian troops to fight, called the hanging "a step backward in Iraq's difficult road toward full democracy."The civilization in the name of which my country decided to send Italian soldiers into Iraq envisioned overcoming the death penalty, even for a bloody dictator like Saddam," he said.

Some Arab governments denounced the timing the 69-year-old former president's hanging just before the start of the most important holiday of the Islamic calendar, Eid al-Adha. Libya announced a three-day official mourning period and canceled all celebrations for Eid.

Violence, like any other day

Despite concerns about a spike in unrest, Saturday's violence was not unusually high for Iraq, nor did it appear to be in retaliation for the execution.

The military reported the deaths of six more American troops, making December the deadliest month this year for U.S. forces in Iraq. At least 2,998 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an Associated Press count.

The new U.S. deaths included three Marines who died Thursday of wounds from fighting in western Anbar Province. A soldier also died in combat Friday in Anbar, and two others were killed by roadside bombs in separate incidents in Baghdad Friday, the military said.

In Baghdad on Saturday, 12 bodies bearing signs of torture were found in various parts of the city, police said.

Two car bombs detonated one after another in a religiously mixed neighborhood of northwest Baghdad, killing 37 civilians and wounding 76, police said.

Another 31 people died and 58 were injured when a bomb planted on a minibus exploded in a fish market in a mostly Shiite town south of Baghdad, said Issa Mohammed, director of the morgue in the neighboring town of Najaf.

A muted response

Across the country, the bitter remains of Saddam's rule defined Iraqis' responses to his death.

For Shiites, long oppressed, it was a moment of intense release.

"This chapter of Iraqi history is over," said Mowaffak al-Rubaie, Iraq's national security adviser, speaking on national television early Saturday. "Let us forget it and live with each other."

Sunni Arabs were skeptical. After three years of grinding violence and abuses by the Shiite government security forces, trust has all but fallen away, and few feel genuinely represented by the government. Most, in fact, are afraid of it.

"I'm not part of their world," said Yusra Abdul Aziz, a teacher in the Sunni Arab enclave of Mansour. "They are not speaking about Iraq. They are speaking about themselves."

Throughout the nation, larger crowds could be found in the more homogeneous cities. In the Shiite holy city of Najaf, police and residents danced side by side, chanting and singing in the streets. In Tikrit, a mostly Sunni city, angry crowds blocked main roads. But in communities immersed in civil strife, there was little response. In Baghdad, residents largely celebrated inside their homes or among friends at coffee shops.

Kurds opposed the quick hanging, the sentence resulting from just one case against Saddam: the killing of at least 148 men and boys in retribution for a 1982 assassination attempt in the Shiite town of Dujail. Now Saddam will not testify in the trial over the Anfal military campaign against the Kurds, in which he is accused of unleashing chemical attacks that killed tens of thousands of villagers.

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"The truth of what happened in al-Anfal has been buried," said Abu Abdul Rahman, a 38-year-old Kurdish taxi driver.

Division That Caught A Dictator Takes His Execution In Stride (NYT)

By Ralph Blumenthal

The New York Times, December 31, 2006

KILLEEN, Tex., Dec. 30 — They went to war to oust him, tracked him to his spider hole and battled the insurgency he left behind. But on Friday night, as Saddam Hussein faced the gallows in Baghdad, the soldiers of Fort Hood had better things to do than to count down a dictator's final minutes.

Three years and two weeks after troops of the Fourth Infantry Division celebrated their capture of Mr. Hussein by printing up T-shirts with his shaggy likeness and the boast, "We got him," the bars, restaurants and shopping malls of this central Texas city that supports the vast Army post were packed with troops and their families doing, it seemed, everything but following the death watch in Iraq.

Televisions flickered overhead to the clink of beer bottles, but the whoops of excitement were for football-game end runs and touchdown passes.

But around 9 p.m. local time, when news of the execution filtered out and some channels were switched to the news, Chad Story, an Army pilot, sat with his wife, Angela, in the Outback Steakhouse, and called it "great news."

"I just found out two seconds ago," he said, acknowledging that he had not realized how imminent the death had been.

But he said he did not expect much to change in Iraq. "They'll be no effect on the war, unfortunately," he added. Asked if he supported continued American involvement, he hesitated.

"Say yes," Mrs. Story prompted, "it's your job."

As word spread, soldiers in sweatshirts and turned-around ball caps seemed surprised that the sentence would be carried out so quickly, wondering aloud whether it would be shown on television.

Fort Hood, which is the largest active duty armored installation in the country — covering 340 square miles in central Texas halfway between Austin and Waco, and stretching 26 miles east to west with a population of 71,000, including 42,000 troops — was closed to news media interviews over the holidays, an Army spokesman said. But soldiers, many either just back from Iraq or about to go, were everywhere in and around Killeen.

Travis Fowler, a motor transportation specialist with two tours in Iraq, was at the A-1 Classic Tattoo parlor, watching his friend, Randy Rayburn, commemorate his graduation from basic training with his first tattoo, an inked tribute to his native Oklahoma. The proprietor, a heavily tattooed giant who said he went by the name Cowboy, bars television from his premises.

"It breaks my heart," Cowboy said. "I got a lot of tattoos that are not coming back."

At a Hooters restaurant, Pvt. James Jones, a combat engineer with orders to go to Iraq early in 2007, sat with his father, James, a Korea veteran; his mother, Tina; and other family members, aware, they said, that history was being made.

"He's caused misery for generations," Private Jones said. "I wish it would hurry up and happen."

He said it was lucky Mr. Hussein was not facing American justice. "Here you can appeal it for 20 years," he said.

Across the room, Christopher Patin, a paratrooper bound for Afghanistan, said he had been in Iraq when news of Mr. Hussein's capture crackled over the radio, stoking hopes that the war would be over soon. "It didn't work out as we planned," he said.

Still, he said he applauded the pending execution. "Justice will be served," he said.

Across Highway 190, which divides Killeen into parallel commercial strips, a 24-hour Wal-Mart was crowded with soldiers and their families, many thronging the television section with sets tuned not to news channels but to sports.

Specialist Kenneth Kirkland, back last month from fueling helicopters in Iraq, roamed the aisles with his wife, Traciee, who is a manager at Subway and was still wearing her employee nametag.

Fearful of what she called "so much horrific news," Mrs. Kirkland said, "I quit listening to the news when my husband was over there."

But now, she said, she was following events closely. "My God," she said, "they're finally going to kill him."

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At a table in Boston's Restaurant, Jerome Kyler, a building contractor who was visiting Killeen for the funeral of his father-in-law, a retired military officer, said the execution would shorten the war.

"He wasn't really a leader; he just had a lot of followers," Mr. Kyler said.

A relative, Anthony T. Craig Jr., a crane operator for the city of Killeen, was not so sure. "There's somebody following in his footsteps," Mr. Craig said.

Celebration in Michigan

DEARBORN, Mich., Dec. 30 — In this Detroit suburb that is home to the largest Iraqi community outside the Middle East, hundreds of people celebrated Mr. Hussein's death long into the early hours of Saturday morning, praising God as affording them revenge against the man whose regime killed many of their relatives. They expressed hope that the hanging would quell some of the violence in their homeland.

"The best gift for our happy new year is the murder of Saddam Hussein," Imam Husham al-Husainy, director of the Karbalaa Islamic Education Center, shouted from atop a parked car after news reports confirmed the execution.

Warren Avenue, a thoroughfare lined with Middle Eastern shops and eateries, was jammed with sport-utility vehicles and minivans, their drivers honking incessantly while passengers waved Iraqi and American flags through the windows.

Many gathered outside the Karbalaa center early in the evening had lost uncles, fathers and brothers to Mr. Hussein's Baathist regime.

Mr. Hussein's death, they said, keeps future generations of Iraqis from suffering as their families did.

"It's the biggest happy day in my whole life," 19-year-old Ahmed Alaboudi said. "We lost millions of people because of Saddam. But now our home is going to calm down, and everything is going to be O.K."

Many in the crowd of about 200 said there would be fewer insurgents with Mr. Hussein gone.

"They have nothing to fight for," said Diaa Tamimi, 38, who was arrested three times in Iraq because his uncle did not like Mr. Hussein. "Now I think they'll give up."

Mr. Husainy, the imam, said: "The world without Saddam is a much safer place. Even if he is behind bars, he still gives hope and support to his followers and to the terrorists."

The celebration — confined mostly to one parking lot — was smaller and more subdued than the demonstrations throughout Dearborn when Mr. Hussein was captured.

Reaction From Times Square

In Times Square, the news began appearing on the enormous television screens around 10:30 p.m. on Friday, but few of the tourists snapping pictures immediately noticed.

Pak Mark, 45, from White Plains, said: "I actually don't think he should die. He's a head of state. There's a lot of other people who have done a lot worse. There's a lot of atrocity that's done all over the world. Why only him?"

Pat Robertson, 52, who was visiting from Oxford, Miss., spent a year in Baghdad screening Iraqi police recruits. Ms. Robertson said the execution was a victory for fledgling democracy. "They did it themselves," she said. "I'm so proud of them."

Andy Sierra, 20, of Brooklyn, noted that Osama bin Laden was still at large.

"The U.S. should stop worrying about this whole execution and find bin Laden," Mr. Sierra said. "That's all we're hearing about: Saddam getting executed. Another group of soldiers are getting murdered every day and we're still worried about the same thing. We're not worrying about what else is out there."

An Overnight Death Watch, And Then Images Of The Hangman's Noose (NYT)

By Alessandra Stanley

The New York Times, December 31, 2006

Of course American television was going to show Saddam Hussein's execution. In a medium that feeds on immediacy, it was just a question of not having to wait too long to see it. And the coverage of the Iraqi dictator's last moments turned out to be an enervating, overnight death watch.

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When the first images of the hanging began trickling onto CNN and other cable news shows just before 4 a.m., the death looked oddly casual. Mr. Hussein, who refused a hood, wore a black overcoat and a calm, bland expression that made him look almost like a visiting dignitary on a factory tour.

Some news reports said the condemned man shouted "Allah-u akbar," Arabic for "God is great," on the gallows, but the camera showed Mr. Hussein being escorted by masked men into a shabby room, seemingly listening in a considering way as one of the guards gestured to his own neck as if to explain how the process works. The man slipped a black scarf around Mr. Hussein's neck, then the noose, and then the camera stopped.

It took another few hours for Fox, MSNBC and CNN to transmit Iraqi television's record of the aftermath: grainy, jumpy shots, possibly taken by a cellphone camera, of Mr. Hussein's body, lying wrapped in a sheet, his face uncovered and his neck, as a Fox anchor put it, "horribly twisted."

Throughout the night, cable news anchors repeatedly assured viewers that for deep-rooted cultural reasons, the Iraqi public would need to see a videotape of Saddam Hussein's execution — as if implying that left to their own devices, the anchors would prefer to just flash a photocopy of the death certificate.

For its own cultural reasons, American television needed to paint morbid curiosity and the competitiveness of live television as a duty executed soberly and reluctantly. "This need to show pictures, some of which are very gruesome, frankly, must be important" for the Iraqi government, the CNN overnight anchor, Stephen Frazier, told Ryan Chilcote, as the close-ups of Mr. Hussein's body crossed the screen. Mr. Frazier then asked the reporter to explain the "apparent bruising" on the dead man's face.

The Saturday morning shows were more subdued, trying to finesse the jarring contrast between scenes of American well-wishers lined up outside a church in Palm Desert, Calif., to pay their respects to former President Gerald R. Ford, and Iraqis dancing in the streets of Sadr City in Iraq — and Dearborn, Mich. — to celebrate Mr. Hussein's inglorious execution.

The networks mostly chose not to begin the day with the most lurid shots. On ABC's "Good Morning America," Terry McCarthy, a Baghdad-based reporter, said the network was not showing Iraqi images of Mr. Hussein's body because "we think they are a little too graphic to show on television."

The news that Mr. Hussein was indeed dead came late on Friday night, and anticlimactically after hour upon hour of creepy music, blood-colored graphics and montages of Mr. Hussein's most infamous moments, particularly his spider hole capture in 2003, when an American military camera recorded a hairy, befuddled Mr. Hussein being prodded and poked like a vagrant being searched for lice.

As the deadline loomed, and commentators filled time with pronouncements like "the clock is ticking on Saddam Hussein," even on-air personalities looked restless. After devoting his entire hour on CNN to the impending hanging, Larry King asked, "Is there something ghoulish about this?" Mr. King looked a little let down when he had to sign off before the execution, promising viewers, "It is really imminent now."

Shortly after 10 p.m., anchors announced that Iraqi news organizations were declaring Mr. Hussein dead, but there were no live images or sound bites to bolster those bulletins. Baghdad was still asleep, so reporters who stayed up all night to record the moment could not deliver an instant reaction.

CNN got around it by showing tape of Iraqi-Americans holding a rowdy outdoor demonstration in Dearborn, Mich. Iraqi state television apparently also felt the need to punctuate execution images with celebratory scenes: CNN reported that Iraqi state television was also showing images of Iraqi-Americans cheering in Dearborn. Those turned out to be images taken from the CNN signal.

Before the first pictures arrived, some anchors fretted on air about whether they could be shown. CNN's Anderson Cooper seemed most worried about the content, telling viewers that a decision over how much to show would be made "at the highest levels" of CNN. But Iraqi television did not show Mr. Hussein's death throes on Friday, so the ethical quandry was somewhat muted.

Fox was much less squeamish, pumping up the Friday night vigil with graphics that promised "The end is near!" and "Date with Death" and urging viewers to stay tuned to Fox News.

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All the networks tried to prepare viewers with long biographies of Mr. Hussein and his many crimes. CNN put together a report on the history of toppled leaders' executions, from Mussolini in 1945 to the deposed Afghan president, Najibullah, who was hanged from a Kabul traffic post by the Taliban in 1996. CNN even interviewed a forensic scientist who used a plastic medical school dummy, a rope wrapped around its neck, to explain that asphyxiation can be painless and quick.

But when the pictures arrived, there was no getting around the raw barbarity of the moment. On New York's ABC "Eyewitness News," the morning anchor, Michelle Charlesworth, turned to Jim Dolan and said, "Remind us of what kind of monster this man was."

What The Dictators Can't Stop (WP)

By Jim Hoagland

The Washington Post, December 31, 2006

Dictators die harder than most of us. Having wielded unlimited power in life, they seem to be sustained by a stubborn belief in their ability to stare down death, too. In his final moments yesterday, Saddam Hussein refused the offer of a hood to cover his eyes.

Such defiance lends a particularly morbid quality to the last days of dictators such as Hussein and the now-infirm Fidel Castro. They follow in the reluctant footsteps of Spain's Francisco Franco and of many other tyrants-in-extremis before el rais Saddam and el jefe Fidel were confronted, respectively, with a hangman's rope and the withering ravages of disease.

Survival is the dictator's primary occupation -- as well as his justification for ruthlessness. "His main contribution to life, finally, is fear; but fear such as thunder, cancer or madness may provoke," author William Kennedy wrote of the fictional caudillo that Gabriel GarcÃ-a MÃ¡rquez created in "The Autumn of the Patriarch." Facing death, the dictator is "the embodiment of egocentric evil unleashed," Kennedy continued in a masterful 1976 book review for the New York Times.

The year before, GarcÃ-a MÃ¡rquez was in Madrid, as was I, for Franco's 40 days and nights of dying, inch by inch. Moreover, meetings I had with Hussein around the same time and later with Castro instantly gave me the impression that neither intended to go into the night quietly -- or at all. They could not and would not let others pretend to command their people, nor would they allow history to tamper with the image they willed for themselves.

When he ruled Iraq, Hussein left nothing to chance. A visitor who might greet him had to wash his or her hands with a mysterious blue liquid and pass through a maze of metal detectors in his vast palace. Among the scores of guards and aides, only one was trusted to know which room Hussein would use to greet the visitor.

For years after that encounter, I published open letters to Hussein urging him to get out of the dictator business or at least to quit slaughtering his nation's Kurds, Shiites and Sunni dissidents. I can stop. The approach of the hangman's rope finally focused his mind on my point.

Or so it seemed in the farewell letter that Hussein's lawyers claim the deposed tyrant wrote. Released one day after Iraq's highest court upheld his death sentence last week, the letter urges Iraqis "not to hate, because hatred does not leave space for a person to be fair. . . ." Even U.S. troops should not be hated.

The lawyers would have us remember Hussein as a pious, forgiving ruler concerned about his people's welfare. They saw this as a useful legal tactic. But I doubt it is the way Hussein wanted us to remember him. On the witness stand in his two trials, he remained generally fierce and defiant, refusing to be anything other than a man whom others must fear or else.

Those who would blame all of Iraq's current evils on the American occupation are already busy airbrushing Hussein's image. But we cannot let death obscure his role in creating the inferno that is Iraq today. He leaves behind a country successfully recast in his own ferocious image to a degree far greater than I had imagined.

Before 2003, I believed that Iraqis were largely a people held hostage by Hussein, his murderous clan and the Baathist machine. But far more Iraqis turned out to be like Hussein -- ready to use torture and assassination in the pursuit of wealth and power -- than the world's best intelligence agencies had predicted, as David Kay's official analysis of the CIA failure to understand pre-invasion Iraq details. These Iraqis are Saddam Hussein's enduring legacy.

I suspect that Hussein preferred to go out in a grim finale that will be portrayed by his disciples as victor's justice than to waste away, in solitude and yet under the public's watchful gaze, as Castro is doing in Havana.

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Cuba's situation after Castro will not be as traumatic or bloody as Iraq, in large part because Castro did not feel it necessary to rule as harshly and sadistically as did Hussein. As GarcÃ-a MÃ¡rquez, Castro's friend, has written: "The Latin American reality is totally Rabelaisian." It misshapes Latin dictators in ways different than do the blood feuds of the Middle East.

But both dedicated their lives to what GarcÃ-a MÃ¡rquez calls "the solitary vice of power." Their deaths will lighten their crimes and responsibilities not a whit.

Keeping Faith With A Bloody Tradition (LAT)

By Christopher Hitchens

The Los Angeles Times, December 31, 2006

I WAS SITTING with President Jalal Talabani of Iraq earlier this month when Iraqi television was broadcasting the trial of Saddam Hussein. The hearings had shifted into their second phase, concerning the mass murder of Iraq's Kurdish minority in the 1980s, and video footage of gassing and shooting had been played in court, to ram home the anguished statements of numberless survivors.

There was something both satisfying and unsettling about the juxtaposition. It is fitting that Iraq's first-ever elected president is a Kurd, but I couldn't help noticing that he didn't much want to be drawn out on the subject. The party that he leads — the Patriotic Union of Kurdistan — is an affiliate of the Socialist International, which opposes the death penalty. In the grimmest days of the "Anfal" — Saddam Hussein's Koran-inspired name for the genocide — one of the Kurds' best friends was Danielle Mitterrand, wife of the late president of France, whose most lasting monument will be his abolition of the guillotine. It was she who had proposed to the Iraqi opposition that it should become the first Middle Eastern government to do away with capital punishment.

This did not happen, of course. Instead, the death penalty remains on the books in Iraq, and the execution of Hussein took place at dawn on Saturday. (It is probably not a coincidence that the verdict of the Iraqi appeals court against Hussein specifically stated that nobody — including the president of the country — had the right to commute the sentence of death).

It's too bad. There are a number of things that should cause qualms about both the trial and the sentence of Hussein. For instance, both were caught up in the sectarianism that now dominates everything in Iraq. To some, it is enough that Hussein was convicted of massacring the inhabitants of a Shiite village, Dujail, in 1982, and his hanging need not have anything specifically to do with his much larger and even crueler crimes against Kurdistan, Kuwait, Iran and the Iraqi people more generally.

Further, it's unclear what benefits his execution brings. I have heard of Shiite politicians who say that Hussein's death will help repress the Sunni insurgency by depriving it of a figurehead and rallying point and by destroying the chance of a Baathist restoration. This seems to me the most extreme foolishness and stupidity. There was no chance in any case of Hussein returning to power, and it seems just as likely, if not more so, that his execution will actually inflame violence rather than calm it. (While speaking of "execution," many of these same Shiite leaders are linked to death squads that murder their fellow Iraqis every single day and night.)

Almost every transfer of power in Baghdad for the last half a century has been accompanied by the killing of the previous incumbents. British-backed Prime Minister Nuri Said was dragged through the streets and torn to shreds in 1958; his remains were then dug up and run over by cars. I remember as a boy seeing one of his replacements, the pro-communist Abdul Karim Qassim, on television, his head lolling after the attentions of a Baathist firing squad.

The most lurid of all these moments, in this most bitter and harsh society, came with the sadistic video that Hussein himself made of the purge of his party after his seizure of power. Nobody who has seen that footage — of terrified men dragged by goons from the room, while the survivors weep with fear and relief and Hussein indulges in a luxurious cigar — is likely to forget it. And this atrocity was only the curtain raiser to further orgies of mass murder and torture of which we have unimpeachable evidence from the regime's own archives.

"After such knowledge," as T.S. Eliot asked in "Gerontion," "what forgiveness?"

Jonathan Randal, a former Washington Post correspondent, repeated this question in the title of one of the best books on the subject of the Kurds. For many Iraqis, nothing could possibly begin to cancel the recent past except an act of exemplary vengeance. And — to argue against myself further — for many other Iraqis, there could be no security or peace of mind while

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Hussein continued to breathe. It was rather the same with Nicolae Ceausescu in Romania, where citizens could not get the oppressor out of their minds and where a new start was not thinkable to many until he was certified as dead.

This, in essence, also was the psychological underlay of the Nuremburg war crimes trials: The beasts had to die, and to be seen to have died. One could not bear to live on the same planet as them, and the memory of their victims would be profaned if they were long outlived by their murderers.

It is for this combination of fear, insecurity and agony that some favored the execution of Hussein in public, or at least on television. Without this assurance (or perhaps, even with it) many citizens would have difficulty believing that the tyrant was actually gone. This moves us almost into the realm of exorcism — as if there were not enough "faith-based" horror in Iraq as things already stand.

But Iraq is not going to be free of beasts just because Hussein has gone through the trapdoor. And some of the beasts who still roam the country will be the ones applauding the loudest.

(In this connection, it might have been better for a certain Ginger Cruz, an official at the U.S. Embassy in Baghdad, to have kept quiet instead of loudly seconding a verdict that doesn't call for any comment from her. The Embassy should be concentrating on the job of combing the torturers and assassins out of the Iraqi police force that American taxpayers are subsidizing.)

Commenting on the killing of Nuri Said in 1958, that great student of Mesopotamia, Freya Stark, reflected on "the savagery for which Iraq in her long history has ever been notorious … the pendulum swing of murder, ancient and long familiar, which has made the pattern from the day when the first Ali was stabbed in Kufa, and probably long before. Even the massacre of the Prophet's family is no novelty on that soil."

It would have been no offense to justice if Hussein had been sentenced to spend the rest of his days in prison without the possibility of parole, but it would represent a break with that sanguinary tradition. And it might be no bad thing if Americans, especially those who supported the breaking of his death grip on Iraqi society, found ways of conveying their distaste for this rushed and vindictive — and partial — version of a process of reckoning that ought to have been sober, meticulous and untainted.

Bombs Kills 68, Wounds Dozens In Iraq (AP)

AP, December 30, 2006

BAGHDAD (AP) — Bombings killed at least 68 people in Iraq on Saturday, including one planted on a minibus that exploded in a fish market in a mostly Shiite town south of Baghdad.

The attacks came hours after Saddam Hussein was hanged in Baghdad for ordering the killings of 148 Shiites in the city of Dujail in 1982. Despite concerns about a spike in unrest, Saturday's violence was not unusually high and there was no indication it was related to the execution.

The U.S. military also announced the deaths of three Marines and three soldiers, making December the year's deadliest month for U.S. troops in Iraq, with 109 service members killed.

The bombing at the fish market in Kufa, a Shiite town about 100 miles south of the Iraqi capital, killed 31 people and wounded 58, said Issa Mohammed, director of the morgue in the neighboring town of Najaf. The man blamed for parking the vehicle was cornered and killed by a mob as he walked away from the explosion, police and witnesses said.

Shoppers had crowded into the market to buy supplies for the four-day Eid al-Adha festival, the most important holiday of the Islamic calendar for Shiites.

Television footage showed hundreds of men in traditional Arab headdresses swarming around the minibus' charred frame, toppled on its side in the street. Ambulances and fire trucks pulled up to the site, and a coffin was loaded on top of a car.

In northwest Baghdad, two parked cars exploded one after another, killing 37 civilians and wounding 76 in a mixed neighborhood of the Iraqi capital, police said.

The Marines died Thursday of wounds from fighting in western Anbar province, the U.S. military said. A soldier also died in combat Friday in Anbar, and two others were killed by roadside bombs in Baghdad, the military said.

Their deaths pushed the December death toll past the 105 U.S. service members killed in Iraq in October. At least 2,998 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an Associated Press count.

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Saddam was hanged early Saturday, after his conviction last month for crimes against humanity in connection with the Dujail killings. Curfews were enforced in Saddam's hometown of Tikrit and in Samarra, both in the predominantly Sunni Salahuddin province north of Baghdad.

Mostly peaceful demonstrations broke out in several towns across Iraq, with hundreds of people marching in the streets carrying Iraqi flags and banners. Despite the curfew, gunmen in Tikrit paraded with his picture and fired their weapons into the air, calling for vengeance.

Police said Iraqi troops arrested 39 suspects with "quantities of weapons" in Balaz Ruz, 45 miles northeast of Baghdad.

On Friday, a suicide bomber killed at least nine people near a Shiite mosque in Baghdad, and 32 tortured bodies were found across the country.

December was also shaping up to be one of the worst months for Iraqi civilian deaths since the AP began keeping track in May 2005.

Through Thursday, at least 2,139 Iraqis have been killed in war-related or sectarian violence, an average rate of about 76 people a day, according to the AP count. That compares to at least 2,184 killed in November at an average of about 70 a day, the worst month for Iraqi civilians deaths since May 2005. In October, AP counted at least 1,216 civilians killed.

The AP count includes civilians, government officials and police and security forces, and is considered a minimum based on AP reporting. The actual number is likely higher, as many killings go unreported.

Car Bombs Target Shiites In Iraq (CNN)

CNN.com, December 30, 2006

BAGHDAD, Iraq (CNN) -- Car bombs and a suicide bomber left at least 75 people dead and more than 100 wounded Saturday, the day former Iraqi leader Saddam Hussein was executed for crimes committed during his rule.

At least 66 people were killed in car bomb attacks on markets in a Shiite area of Baghdad and the southern Shiite town of Kufa.

Residents have been shopping for the Eid al-Adha Muslim holiday, which started Saturday for Sunnis and will start Sunday for Shiites.

The first attack targeted a local market in the historic town of Kufa, killing at least 30 civilians and wounding 45 others, an Iraqi Interior Ministry official said.

The second struck a busy market in Baghdad's northwestern district of Hurriyah, killing at least 36 people and wounding another 77, an Interior Ministry official said.

Three car bombs went off nearly simultaneously in that attack, two on a side street near a shopping area, and a third nearby, he said.

In three additional incidents, a car bomb killed a person and wounded four others near an amusement park south of Baghdad; another killed two people in western Baghdad; and a suicide bomber killed at least six in Tal Afar.

Kufa is part of the key southern province of Najaf. U.S. troops handed security control of the area to Iraqi troops and police last week. The transfer is considered the most significant so far because of Najaf's religious importance.

U.S. troops have remained in the province but are not in charge of conducting active patrols and are, according to U.S. military spokesman Maj. Gen. William Caldwell, only to be involved in operations when called on by authorities.

Two years ago, the U.S. military and Shiite cleric Muqtada al-Sadr's Mehdi Army militia fought in and around Najaf and Kufa.

Saturday's attacks followed the execution of former Iraqi dictator Saddam Hussein, a Sunni.

Some predicted the execution would exacerbate violence between Sunnis and Shiites in Iraq. Sunnis were a minority ethnic group that enjoyed protection and power during the Hussein regime. They battle, often violently with the majority Shiites, who were persecuted then and now dominate the Iraqi government.

In addition Saturday, the U.S. military announced the deaths of three more American soldiers. The casualties raised the number of American personnel killed in Iraq this month to 109, making December the deadliest month of 2006.

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A roadside bomb went off near a Multi-National Division-Baghdad patrol Friday, killing a soldier and wounding three others in southwest Baghdad, the U.S. military said in a written statement. The soldier was accompanying a top military leader to outlying areas to meet with troops at the time of the blast, the military said.

The death was the third U.S. casualty announced Saturday.

A roadside bomb also killed a U.S. soldier on combat security patrol in northwest Baghdad Friday, and another U.S. soldier was killed in combat in Anbar province, the military said.

The U.S. troop death toll for this year has reached 818 -- 2,991 since the war began.

Seven American civilian contractors of the military also have died in the conflict.

On Friday, the British Ministry of Defense announced its 127th death in the war. A roadside bomb killed a soldier, who belonged to the Duke of Lancaster's Regiment, 2nd Battalion, while on patrol in the southern Iraqi city of Basra.

Also Friday, a suicide bomber targeted a Shiite cleric north of Baghdad, killing him, his brother and seven others, authorities in Iraq said. The killings took place in the Diyala provincial town of Khalis.

The bomber had waited near the house of Sheik Kadhim Hameed Qassim, the sheik of Khalis Shiite Mosque, and self-detonated when the cleric, his security and family members arrived after Friday prayers, Diyala officials said.

The province, northeast of Baghdad, has seen much violence.

In addition to the 10 killed, including the suicide bomber, 15 others were wounded, the Iraqi Interior Ministry said.Other developments

Coalition forces killed six insurgents during a series of raids in Baghdad and northwest of the capital Friday, the U.S. military reported. Seventeen people were detained.

Two Iranian diplomats were released Friday after being detained in Iraq by the U.S. military for more than a week, according to IRNA, Iran's official news agency. The pair were seized during a raid in Baghdad on December 21, U.S. Maj. Gen. William Caldwell told reporters Wednesday.

Al Qaeda's No. 2 man, Ayman al-Zawahiri, discussed Iraq and Afghanistan and condemned Palestinian Authority President Mahmoud Abbas during an address to Muslims two days before the start of Eid al-Adha, an Islamic festival. An audiotape released on Islamist Web sites Friday marked the ninth released by al Qaeda in the last six months.

Shi'ite Hostages' Kin Fear Revenge Slayings (WT)

By Aqeel Hussein

The Washington Times, December 31, 2006

BAGHDAD -- The families of hundreds of Shi'ite men snatched off the streets by Sunni extremists are waiting to hear their fate after kidnappers threatened to kill them if the execution of Saddam Hussein went ahead.

As many as 450 men are thought to have been seized by Sunni militants during the past two months as hostages against the execution.

Iraqi security forces said the families of the men, most of whom worked for Shi'ite political parties, had been told they would be killed if Saddam was executed.

Col. Mahdi al Salamy, from the Interior Ministry, said hundreds of people had been reported missing over the past two months.

"We have many situations of Shi'ite people being disappeared and their bodies never being found," he said.

He said between 400 and 450 Shi'ite men were thought to have been kidnapped.

"We received many messages from families telling us that their sons were being held as hostages, waiting for Saddam to be executed," he said.

Most of the men were taken in the area around Latifiyah city, a Sunni stronghold 25 miles south of Baghdad. The Interior Ministry said the men were seized as they drove between the Shi'ite holy city of Najaf and Baghdad.

Gunmen set up fake checkpoints and ordered the men from their cars, seizing four or five hostages at a time. About 80 men were also taken from Taji city when gunmen stopped three buses and ordered off the men inside.

The seizures went on for two months before Iraqi army units moved into the area and shut down the checkpoints.

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Talking hours before Saddam's execution, relatives of the hostages said they were resigned to their fate.

Haider al Hachami said his brother, Kadri al Hachami, had been snatched a month ago as he drove from work in the Al Rashdia area of Baghdad to his home in the Shi'ite district of Al Shualaa.

He did not hold out any hope because his brother worked for the Supreme Council for the Islamic Revolution in Iraq (SCIRI), the main Shi'ite party in Iraq.

"One day after his kidnapping a gang rang and told me, 'Your brother was working with the SCIRI party and he is now held as a hostage with us and all of them will be executed if Saddam is killed,' " he said. "Anyway, he will be killed. If that is so, I prefer to kill Saddam Hussein because I have lost my brother. He is dead, because he is working for the SCIRI party."

Officials said the men were thought to have been taken by a group known as the 20th Revolution Brigade, the military wing of the Islamic Resistance Movement, which has previously been linked to the kidnapping of foreign workers in Iraq.

Haider al Hachami said his brother was 32 and married with three children.

"He did not come back home and after one day these people called and told us those things and no one called after that," he said. "They did not ask for anything, only for no execution of Saddam Hussein. And they told me to tell the SCIRI party that they would do this, with hundreds of other people."

Saddam Exchanged Taunts Before Hanging (AP)

By Steven R. Hurst, Associated Press Writer

AP, December 31, 2006

Iraqis awoke Saturday to television images of a noose being slipped over Saddam Hussein's neck and his white-shrouded body, the pre-dawn work of black-hooded hangmen. They went to bed as new video emerged showing Saddam exchanging taunts with onlookers before the gallows floor dropped away and the former dictator swung from the rope.

Saddam was buried shortly before sunrise Sunday in a family plot next to the graves of his two sons, witnesses said. Those who saw the ceremony said only a few people were present for the burial in Ouja, where Saddam was born.

In Baghdad's Shiite neighborhood of Sadr City, victims of his three decades of autocratic rule took to the streets Saturday to celebrate, dancing, beating drums and hanging Saddam in effigy. Celebratory gunfire erupted across other Shiite neighborhoods in Baghdad and other predominantly Shiite regions of the country.

There was no sign of a feared Sunni uprising in retaliation for the execution, and the bloodshed from civil warfare was not far off the daily average — 92 from bombings and death squads.

Outside the Sunni insurgent stronghold of Ramadi, west of the capital, loyalists marched with Saddam pictures and waved Iraqi flags. Defying curfews, hundreds took to the streets vowing revenge in Samarra, north of Baghdad, and gunmen paraded and fired into the air in support of Saddam in Tikrit, his hometown.

Still, authorities imposed curfews sparingly in contrast to the several-day lockdown put in place after Saddam was sentenced to death Nov. 5.

By several accounts, Saddam was calm but scornful of his captors, engaging in a give-and-take with the crowd gathered to watch him die and insisting he was Iraq's savior, not its tyrant and scourge.

"He said we are going to heaven and our enemies will rot in hell and he also called for forgiveness and love among Iraqis but also stressed that the Iraqis should fight the Americans and the Persians," Munir Haddad, an appeals court judge who witnessed the hanging, told the British Broadcasting Corp.

Another witness, national security adviser Mowaffak al-Rubaie, told The New York Times that one of the guards shouted at Saddam: "You have destroyed us. You have killed us. You have made us live in destitution."

"I have saved you from destitution and misery and destroyed your enemies, the Persian and Americans," Saddam responded, al-Rubaie told the Times.

"God damn you," the guard said.

"God damn you," responded Saddam.

New video, first broadcast by Al-Jazeera satellite television early Sunday, had sound of someone in the group praising the founder of the Shiite Dawa Party, who was executed in 1980 along with his sister by Saddam.

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Saddam appeared to smile at those taunting him from below the gallows. He said they were not showing manhood.

Then Saddam began reciting the "Shahada," a Muslim prayer that says there is no god but God and Muhammad is his messenger, according to an unabridged copy of the same tape, apparently shot with a camera phone and posted on a Web site.

Saddam made it to midway through his second recitation of the verse. His last word was Muhammad.

The floor dropped out of the gallows.

"The tyrant has fallen," someone in the group of onlookers shouted. The video showed a close-up of Saddam's face as he swung from the rope.

Then came another voice: "Let him swing for three minutes."

The responses within Iraq to Saddam's death echoed the larger reaction across the Middle East, with his enemies rejoicing and his defenders proclaiming him a martyr. While Iranians and Kuwaitis welcomed the death of the leader who led wars against each of their countries, Iranian President Mahmoud Ahmadinejad said the execution prevented exposure of the secrets and crimes the former dictator committed during his brutal rule.

Some Arab governments denounced the timing of the 69-year-old former president's hanging just before the start of the most important holiday of the Islamic calendar, Eid al-Adha. Libya announced a three-day official mourning period and canceled all celebrations for Eid.

Within Iraq and across the world, the airwaves were alive with pictures of Saddam in death, a bruise on his cheek, his neck elongated and twisted impossibly to the right — grisly proof that the man who had tormented and killed so many during a bloody quarter-century rule was truly dead.

But some Iraqis — like 34-year-old Haider Hamed, a candy store owner in east Baghdad — wondered what would really change with the execution of Saddam, who was just four months shy of his 70th birthday.

"He's gone, but our problems continue," said the Shiite Muslim, whose uncle was killed in one of Saddam's many brutal purges. "We brought problems on ourselves after Saddam because we began fighting Shiite on Sunni and Sunni on Shiite."

At least 80 Iraqis died in bombings and other attacks Saturday, and police said 12 more tortured bodies were found dumped in Baghdad. The U.S. military announced six more service members — three soldiers and three Marines — were killed.

The execution took place on the penultimate day of the year's deadliest month for U.S. troops, with the toll reaching 109. At least 2,998 members of the U.S. military have died in Iraq since the war began in March 2003, according to an AP count.

On Sunday, Saddam was interred near his sons Odai and Qusai in the main cemetery in Ouja, a small town outside Tikrit. The sons and a grandson were killed in a gunbattle with the American forces in Mosul in July 2003.

Iraqi government officials initially wanted to bury Saddam in secret in an unmarked grave to prevent the burial site from becoming a place of pilgrimage.

But the Tikrit burial was facilitated after negotiations in Baghdad between the government and U.S. officials and a delegation that included the governor of Salahuddin Province and the head of Saddam Hussein's Albu-Nassir clan, Al-Arabiya satellite television reported late Saturday.

Um Abdullah, a Sunni and teacher in Tikrit, 80 miles north of Baghdad, said she would wear black to mourn the city's favorite son.

"Saddam will be a hero in our eyes," she said. "I have five kids and I will teach them to take revenge on Americans."

Police blocked the entrances to Tikrit and said nobody was allowed to leave or enter the city for four days. Despite the security precaution, gunmen took into the streets, carrying pictures of Saddam, shooting into the air and calling for vengeance.

Security forces also set up roadblocks at the entrance to another Sunni stronghold, Samarra, and a curfew was imposed after about 500 went into the streets to protest the execution.

Among minority Sunnis there was deep anger, born not only of Saddam's execution but of the loss of their decades-long political and economic dominance that began with Saddam's ouster in the U.S. invasion nearly four years ago.

"The president, the leader, Saddam Hussein is a martyr and God will put him along with other martyrs," said Yahya al-Attawi, who led prayer at a towering Sunni mosque constructed by Saddam in Tikrit.

There were cheers at the cafeteria of a U.S. outpost in Baghdad as soldiers having breakfast learned Saddam had been hanged.

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But members of the Army's 2nd Battalion, 17th Field Artillery Regiment, on patrol in an overwhelmingly Shiite neighborhood in eastern Baghdad, said the execution wouldn't get them home any faster — and therefore didn't make much difference.

"Nothing really changes," said Capt. Dave Eastburn, 30, of Columbus, Ohio. "The militias run everything now, not Saddam ."

Staff Sgt. David Earp, who also fought in 1991's Operation Desert Storm, said the execution worried him.

"In my opinion, something big is going to happen," said Earp, of Colorado Springs, Colo. "There will be a response. Probably not today because they know we are looking for one, but soon."

U.S. Deaths In Iraq Mark Increased Presence (WP)

By Donna St. George

The Washington Post, December 31, 2006

FORT LEE, Va. -- In a little-known museum tucked away on the grounds of an Army post near Richmond, a memorial wall just inside the door quietly announces a profound change in the nation's fighting force.

Name upon name, the wall honors soldiers who have died in the combat zones of Iraq and Afghanistan: PFC Lori Piestewa, CPT Kimberly Hampton, SPC Lizbeth Robles, SGT Jessica Housby. . . . All 59 are women.

They are casualties in a conflict that has seen women serving in larger numbers than before, in a wider array of jobs, amid violence that heeds no front line.

As the U.S. death toll in the Iraq war approaches 3,000, the memorial at the U.S. Army Women's Museum is a solemn acknowledgment that women have quietly taken a place in the nation's procession of flag-draped coffins and military funerals.

In all, 62 service women from all branches have died in Iraq, about two-thirds of them in hostile fire. By comparison, in World War II, historians say, 16 women were killed in action. In Vietnam, one woman's life was claimed by enemy fire; in the Persian Gulf War, five.

Most previous female casualties were nurses. Now the female dead include military police, truck drivers, intelligence analysts, helicopter pilots, medics, mechanics, media escorts and kitchen managers. At least 13 left behind children. More than half were younger than 25.

It is a scenario that experts once predicted would lead to a public outcry against "women in body bags." Instead, the casualties appear to have melded into the nation's experience of war.

"I think people have come to the sensible conclusion that you can't say a woman's life is more valuable than a man's life," said retired Air Force Brig. Gen. Wilma Vaught, president of the Women in Military Service for America Memorial Foundation. "We don't want to lose any of them."

* * *Spec. Jessica Cawvey

In the museum where Jessica Cawvey and other women are honored, there is a large interactive screen near the memorial wall. With the touch of any name comes a face, a biography, sometimes a video clip -- life by life, soldier by soldier.

Cawvey's biography mentions how she joined the Illinois National Guard in hopes of making a better life for her young daughter, Sierra. She was a single mother, enlisting in summer 2001, when few people foresaw a long and violent war.

By the time her Guard unit was shipped overseas, Cawvey was an accounting student at Illinois State University, having graduated on the dean's list with a two-year degree from Parkland College, not far from her home town, Mahomet, Ill.

In Iraq, Cawvey, 21, worked in convoys in a transportation company. She was widely viewed, her mother said in an interview, as fun-loving and upbeat.

She was last home in July 2004, for her two-week break, which she had arranged to coincide with Sierra's sixth birthday. Her mother recalled that Cawvey "took her to the zoo, she took her to the aquarium, she took her everywhere she went."

Before Cawvey returned to finish her duty in Iraq, her daughter insisted that she pledge not to get killed, locking pinkies with her as a form of promise. Jessica Cawvey was wary about this, her mother recalled, but gave in .

Three months later, Cawvey was killed near Fallujah, her vehicle hit by a roadside bomb. "Mommy pinkie-sweared she wouldn't die," the girl told her grandmother.

"We had to explain it was not Mommy's fault, that she wanted to come home," said Kevin Cawvey, the soldier's father.Spec. Toccara Green

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Beside the narrative about Toccara Green, there is a photograph of her family members, taken shortly after her death, in front of their home in the Baltimore suburb of Rosedale. The first woman from Maryland to die in the war, Green was killed five days after she last saw them.

The 23-year-old soldier was part of a supply convoy Aug. 14, 2005, when a bomb went off during a refueling stop in Asad, in the turbulent Anbar province.

"Because she was not on the firing line, we never really thought something like that would happen to her," said her mother, Yvonne Green, "but as we and so many others have found out . . . those bombs are everywhere."

Women make up 11 percent of deployed U.S. forces in Iraq and Afghanistan. But because they do not serve in traditional "frontline" combat units -- infantry, artillery, armor, Special Forces -- their casualties are proportionately smaller, 2 percent of the lives lost.

Just days before she was killed, "Tee" had been home for a two-week break. She had enjoyed a big family cookout, skated at her favorite roller rink, prayed at her Baltimore church, joined her mom for shopping and her aunt for a movie.

Her older brother was a Marine, and her father was a Baltimore police detective, and it seemed natural, her mother said, that Green would wear a uniform, too. Although she had done a semester at Norfolk State, and then Morgan State, she gave up college for the Army. The military, she had decided, would be her career.

"Anyone who knew her would tell you that was her calling," her mother said. "It was just something that was in her. It was part of her like her right arm."Sgt. Amanda Pinson

Two photos of Amanda Pinson appear on the screen; she wears camouflage in one and a T-shirt that says "Angel" in the other. Pinson was killed by a mortar round outside a building on her post in Tikrit.

On that day in March, she was walking toward her fiance, a fellow soldier, to join him for lunch. She was wearing an engagement ring he had given her in Iraq.

Pinson was 21, a cryptologist from the St. Louis area who had been inspired by the Sept. 11 attacks to join the military. She worked in the intelligence unit for the Army's elite 101st Airborne.

"She was so strong," said her father, Tony Pinson. "She had so much heart, and she earned so much respect for her abilities. She was very hard-driven, working around the clock. You couldn't tell her she couldn't do something. She would prove you wrong."

On the day she was killed, her fiance was injured, but "she absorbed most of the impact," her father said. He said he thought that would have been her wish. Her fiance had two children from a previous marriage.

She was just starting out.1st Lt. Ashley Henderson Huff

It is her wedding day in this museum photograph, and Ashley Huff wears a jeweled tiara, her blue eyes looking out happily, all future and promise.

Near the photo, the display mentions Huff's love for the University of Georgia, where she graduated. The die-hard Bulldogs fan was a sorority girl and an ROTC standout.

Huff was killed in September by a suicide bomber in Mosul. She was 23.

Her mother, Janet Henderson, had not heard of the museum but finds solace in the idea of keeping her daughter's memory alive.

"I don't think the American public knows that there are young women, 23 years of age, working in Iraq and putting their lives on the line every day," Janet Henderson said. "They need to know that women like Ashley are doing so much there. She truly believed in her work and in protecting this country."

Huff led a unit of the military police in Irbil, and much of her work involved training Iraqi police. Her biggest project was a proposal for a police academy. "Ashley pushed and pushed and pushed until she got it approved," her mother said. "That was her biggest accomplishment."

Before her deployment, she had married her college sweetheart, Brian Huff. "We had a beautiful, beautiful wedding," her mother recalled. "We planned it for six months, we planned every detail, and it was a dream wedding, and she looked like a princess."

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She was looking forward to buying a house with her husband and starting a family, her mother said. One day, she hoped to work in politics or diplomatic affairs.

The last time they spoke, her daughter told her: " 'Mom, I'll be home soon, and we'll have the best Christmas,' " her mother recalled, crying softly as the holiday approached.Pfc. Hannah McKinney

She is standing with her new husband and young son in the photograph, and her family members say she wanted nothing more than to be back with them in the United States. But she never got the chance after Sept. 6, when she was run over in the pitch-black night in an accident that has been under Army investigation.

This is the story her mother tells by phone one recent day as McKinney's 2-year-old son scampers around, trying to hang candy canes on his grandmother's Christmas tree in Redlands, Calif. "Her son will never know his mom," Barbie Heavrin said.

McKinney was a single mother when she enlisted over her parents' objections, telling them: " 'The Army would never send a young mother, a single mother, to Iraq,' " her mother said.

Before she shipped out in 2005, McKinney married her fiance in a civil ceremony. The couple was planning a wedding around the Christmas holiday at Immanuel Baptist Church in Highland, Calif.

"We would have been preparing for that right now," her mother said. "We had a funeral at the church instead of a wedding."Sgt. Jennifer Hartman

The story about 21-year-old Jennifer Hartman mentions her roots in Pennsylvania and her enthusiasm for riding snowmobiles and ATVs. She is pictured in uniform and with her younger brother and sister.

Hartman was killed by a suicide car bomber Sept. 14, near her work site in a power plant in Baghdad. "She would have been back in Texas on Nov. 10," her mother said. "She would have been home for Christmas."

The oldest of three children, Hartman enlisted while she was in high school, drawn to the promise of college tuition benefits and aware that her family, with two daughters and a son, could not afford so much higher education.

Her mother, Bernice Hartman, said the Army recruiter promised them that she would not be sent to Iraq, saying the Army " 'would take someone off the street before they take your daughter.' " Bernice Hartman said the words had haunted them.

"We would have never signed," she said, her voice breaking.

Since Jennifer Hartman's death, her father has been unable to sleep. Bernice Hartman has so many questions, about how it happened, about the two soldiers who died with her. "It just seems like everything you want to know, they can't tell you," she said.

* * *

At the museum, Ron Bingham, who works with the collections, describes the memorial as an evolving tribute. It started with only the wall of names in 2004. When the interactive display of photographs and stories was added in 2005, it became much more, and now it expands all the time as more photographs and life details are gathered and as the toll of war grows.

Visitors often linger at the display. Sometimes they talk about the soldiers' lives. Sometimes they leave in tears.

"Every woman from a private to a general has an important story to tell," Bingham said. "The idea is to get as much information as possible to preserve their stories for future generations."

After Duty In Iraq, They're Back On The Beat (LAT)

By Patrick Mcgreevy

The Los Angeles Times, December 31, 2006

LAPD officers who have returned from reservist deployments find parallels and contrasts with their military service in the Mideast.

Ron Von Gober has had his share of close calls as a Los Angeles police detective, including the time a group of toughs patted him down during an undercover drug buy in Hollywood and discovered he was wearing a wire.

Surrounded, Von Gober pulled his gun and held the angry thugs at bay while he backed off and then ran to safety.

But Von Gober's closest brush with death happened far from the streets of L.A.

He was the gunner atop a Humvee on a highway outside Baghdad last year when a roadside bomb went off, sending shrapnel into one of his hands and leaving a spray of cuts across his head.

Evacuated from Iraq to an Army hospital in Germany, Von Gober recovered from his wounds and received the Purple Heart.

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Now he can be found back chasing criminals for an auto theft detail at the LAPD's Van Nuys Division.

The 50-year-old cop is one of dozens of LAPD officers who have returned to the sometimes dangerous streets of Los Angeles after being deployed as military reservists to the meaner streets of Iraq.

He also is one of five LAPD officers who are back on the job after being wounded in combat. Two others who were injured have not rejoined the force, and another, a helicopter pilot, chose to retire after a brief return.

Von Gober said his decision to come back to potentially dangerous duty with the LAPD was an easy one.

"We go out in the field every day and we really make a difference," he said. "I arrested someone this morning for auto theft. It feels good to be part of that."

Christopher Burke cites a similar motivation. A four-year LAPD veteran, he suffered wounds to his left leg and face July 31 when a roadside bomb hit his Humvee in Ramadi, Iraq, west of Baghdad.

Although he is still recuperating from the latest round of surgery, doctors expect the 27-year-old to make a full recovery, and Burke said he looks forward to returning to the LAPD.

"I still have it in me to have a career being a cop," Burke said. "I just like making things right. People who shouldn't be on the street — I want to be the person who takes them off the street."

That continued drive, seen in so many of those returning from the war, has admirers in and out of the department.

"They are extraordinary individuals," said Police Chief William J. Bratton. "It's a phenomenal commitment when you think of it."

Bratton was on hand recently for a ceremony at the Police Academy, where a Marine general gave Burke his Purple Heart.

Burke's fiancee and Von Gober's wife were supportive of their decisions both to go to war and to return to the police force.

"My wife was a police officer for 20 years," Von Gober said. "Her father was a cop. Her brother was a cop. She had her hands full with the two kids, but she was understanding."

Experts estimate that more than 500 peace officers in California have been called to active military duty since the Sept. 11 terrorist attacks.

Police agencies are required to let officers go to military service, even if they volunteer, and the LAPD keeps paying its officers' salaries — minus whatever they collect in military pay — and benefits.

The LAPD has received special recognition from the Department of Defense for its support of officer-soldiers; it is one of only a few agencies in the country to assign an officer full time to help employees make the transition back to police work from military service.

Military liaison Dennis Denoi, a police officer and former Marine, has smoothed the transition of more than 200 LAPD employees who are members of reserve and National Guard units called to active military duty, many to Iraq and Afghanistan.

Returning officers are given medical tests and refresher training. Psychological counseling is also available.

"They really took care of me," said Officer Brandon Valdez, a Marine Corps Reserve sergeant who suffered an arm injury when a roadside bomb exploded near his convoy.

Now a gang enforcement officer in the LAPD's Southeast Division, Valdez didn't leave behind violence when he left Iraq. Just months after his return, gang members opened fire on him from a passing car.

Valdez was not injured, and he brushes off the incident today.

"I just do my job," he said.

That job, policing a city that has had more than 450 homicides this year, is challenging enough. So why volunteer to go to a country where more than 2,000 people were killed just in October?

"I lost a few buddies, and the guilt was killing me," Burke said. "So I called up the Marines and said, 'The next unit to go — I want to go.' For me, personally, it was peace of mind."

Von Gober, who traded his .38-caliber police revolver for a heavy M-60 machine gun, said he volunteered to go to Iraq to be part of something historic and to fulfill his sense of adventure.

It didn't matter that he was teased by fellow soldiers for being a 50-year-old private.

For Jonathan Kirkpatrick, 39, an LAPD patrol sergeant who has 10 years with the department, joining the Marines followed in the footsteps of his father.

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He served more than five years in the military before joining the LAPD, only to be called up as a reservist.

Kirkpatrick's experience as a police officer helped him distinguish himself during his five months in the battle zone at the outset of the U.S.-led invasion of Iraq.

He received a Bronze Star, with a V for valor, for heroism during a battle with Iraqi forces in the town of Gharraf.

Kirkpatrick was credited with risking his life by leading a successful rescue after a U.S. artillery unit was pinned down and its company commander seriously wounded.

"We were the next unit back, and they told us to go get 'em, so we did," Kirkpatrick said recently as he prepared to begin his shift patrolling the streets of the North Hollywood Division.

Kirkpatrick sees some positive parallels between serving in the Marine Corps and wearing an LAPD badge that help explain why he has done both.

"There is a certain camaraderie," he said. "It's the people you work with. There is just something about working together in a challenging job."

Another similarity: There have been complaints that the U.S. did not send enough soldiers to Iraq to keep the peace, and complaints have been made here about the size of the LAPD.

"We are understaffed and undermanned here in the LAPD," Kirkpatrick said. "But you feel like you are really doing something together that is challenging. You are put to the test."

Some returning officers face adjustments.

Von Gober's foes these days are car thieves instead of insurgent bombers, but he now carries a backup gun and extra ammunition, a holdover from the days when he did not want to be caught short of firepower in Iraq.

In addition, Von Gober admits that he is irrationally vigilant whenever he drives under freeway overpasses while on the job in the San Fernando Valley.

One similarity Burke noticed centers on the danger to Iraqi civilians from insurgents if they are seen cooperating with American troops.

"If the gangbangers here see you talking to some innocent person, that can put them in danger," he said.

However, Burke said the similarities pretty much end there.

He said he has never fired his police firearm and never been shot at in Los Angeles, but exchanged fire with attackers many times in Iraq.

"People like to make comparisons between the war in Iraq and the war on the streets of Los Angeles," he said. "To the extent gangs are shooting at you instead of insurgents, it's similar.

"But in Los Angeles you don't have to worry on every street corner whether a bomb is going to go off or someone's going to shoot an RPG [rocket-propelled grenade] down at you."

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U.S. General Predicts Increased Fighting In Afghanistan (AP)

By Jason Straziuso

AP, December 30, 2006

CAMP SHARONA, Afghanistan — The outgoing U.S. commander in Afghanistan predicted more fighting this spring and summer and said Taliban militants would try to overrun towns to "unhinge the Afghan people's morale."

Lt. Gen. Karl Eikenberry also said the recent killing of a high-level Taliban commander shows that fugitives such as Osama bin Laden and Mullah Omar will one day slip up, and that the U.S. will strike.

Eikenberry, who is expected to rotate out of Afghanistan in late January, said he expected militants this spring to attack border security posts, to extend their use of suicide bombs and to mass in groups of 25 to 100 for assaults on towns that serve as seats of local government.

But Eikenberry said none of the Taliban's efforts would provide "a significant military challenge" for U.S., NATO and Afghan forces, which he said have improved greatly in the last year.

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"The capability exists for that array of allied and Afghan forces to dominate militarily wherever they move to," he told The Associated Press.

Eikenberry said that as he looks ahead to the spring and summer, "I anticipate higher levels of fighting."

When asked if that was in comparison to 2006, he said: "We should not be surprised by levels of fighting in parts of southern Afghanistan that rivaled what we saw last year."

Violence rose sharply in Afghanistan in 2006, killing an estimated 4,000 people, the deadliest year since the U.S.-led coalition swept the Taliban from power in 2001.

Militants launched a record 117 suicide attacks this year, about a six-fold increase over 2005, killing 206 Afghan civilians, 54 Afghan security personnel and 18 soldiers from NATO's International Security Assistance Force, said spokesman Maj. Dominic Whyte.

The number of U.S. troops killed in Afghanistan dropped slightly, from 93 in 2005 to 87 in 2006. But the number of casualties suffered by other NATO countries rose sharply.

On Friday, Eikenberry traveled to three U.S. bases in the rugged mountains of eastern Afghanistan to talk with commanders and meet the soldiers who must fend off attacks by Taliban militants entering from Pakistan.

Eikenberry said an "extraordinary amount of resources" from throughout the U.S. government — and including help from the Afghan and Pakistani governments — are being used to hunt down al-Qaida leader bin Laden and Taliban leader Omar, who are generally thought to be hiding in the mountainous region of the Pakistan-Afghan border.

He said the killing in a U.S. airstrike Dec. 19 of Mullah Akhtar Mohammad Osmani, regarded as one of three top associates of Omar, shows the U.S. is ready to strike.

"With that intensive effort that is out there, eventually opportunities will occur, and when those opportunities present themselves, as we demonstrated with Osmani, we're ready to strike," he said. "We continue the full-court press against them. One day they slip, one day they make a mistake, and we'll be there ready to strike."

Eikenberry is expected to rotate out of the country next month as Gen. Dan K. McNeil, a four-star U.S. general, prepares to take command of all NATO forces in Afghanistan.

1,373 Miles Into The Heart Of Afghanistan (LAT)

By Paul Watson

The Los Angeles Times, December 31, 2006

Shahr-i-Safa, Afghanistan — AS a hair-thin line on a map, Afghanistan's national Ring Road looks easy enough to conquer.

But tell war-hardened Afghans that you're going to travel its entire 1,373-mile length unarmed, facing winter and a raging insurgency, and they look at you like you're completely mad.

Five years after the fall of the Taliban, it shouldn't be such a challenge.

Rebuilding the two-lane highway that connects Afghanistan's major cities has been a centerpiece of the U.S.-led effort to transform the nation. It is so important that Afghanistan's president, Hamid Karzai, said that President Bush once demanded daily updates on the roadwork from Kabul south to Kandahar, the seat of power under Taliban rule.

U.S. grants have paid for rebuilding a third of the road, according to Afghan government figures. Japan, Saudi Arabia and Iran are responsible for repairing other sections, a rare case in which Washington and Tehran are working toward the same goal. Officially, the $1.05-billion project is almost finished.

But as with many things in Afghanistan, there is a chasm between the rhetoric and reality.

Some of the best stretches of the road are among the Taliban's favorite killing grounds. This fall, Canadian troops led the biggest ground battle in the North Atlantic Treaty Organization's 57-year history, in part to regain control of a stretch of highway west of Kandahar. The NATO offensive cleared the insurgents, but guerrillas and highway robbers still prey on travelers in many other places.

About 40% of the road isn't finished. Some sections are nothing more than muddy tracks through the country's lawless Wild West, where you can drive for hours without seeing another vehicle fishtailing and backsliding through the muck along with you.

The only way to understand the condition of the road and grasp what it says about Afghanistan is to drive it.

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The trip took my interpreter, driver and me seven days, inching along slippery edges of steep cliffs, wandering in the wilderness without road signs, suffering two flat tires, a ruptured radiator and a spinout on mountain ice.

On the way, we managed to avoid a Taliban ambush, a potential kidnapper or highway robber, a suicide bomber and a gunman who fired close enough to take off one of our heads.

Getting ready

I KNEW some of the Ring Road all too well. I traveled it for weeks in the early Taliban era a decade ago, when years of war and neglect already had reduced the highway to patches of broken asphalt connected by dirt, rocks and ruts. A trip that would take a few hours on a proper road was days of torture, the speedometer straining to break 10 mph as the vehicle crawled over shell craters and pond-sized potholes.

This time, I would be leaving from Kabul with interpreter Wesal Zaman and driver Zyarat Gul. A quiet and calm man, Gul had gotten us home safely from other terrible places.

Before starting out, we visited three experts at the Economics Ministry to find out what we were in for.

Sayed Arif Nazif, the ministry's director of design, told us that the building of the road began in the mid-1970s. The United States helped, but most of the money came from the Soviet Union and Arab countries.

Farmers used the road to get their produce to market. Afghanistan became the world's largest exporter of dried grapes, apples and other fruit. It also sent an assortment of nuts.

"In those days, in terms of our roads, we were much more advanced than neighboring countries," Nazif said. "But because of the wars and other problems, all our roads were destroyed."

Soviet troops and tanks poured down the Ring Road to invade Afghanistan in the dead of night on Dec. 25, 1979, setting off a decades-long tailspin from which Afghans are still trying to recover.

The rebuilding of the road is supposed to help revive the economy and break down ethnic differences by allowing Afghans to travel more freely. Although dried fruit exports are 20% of what they were before the wars, reconstruction is showing benefits, Nazif said. This year, the repaved road allowed farmers to get fresh pomegranates, grapes and apples to Kabul's airport, and the first few flights delivered the produce to wealthy Persian Gulf states.

I had a more pressing question: "How long do you think it would take to drive the whole Ring Road?"

Nazif shifted in his seat. "Take the length of 1,373 miles, and divide by an average speed of 50 miles an hour," he said.

"That sounds like we could do it in maybe four days," I replied, trying to do some quick mental math. Nazif smiled and nodded, but we both knew Afghanistan was a lot more complicated than that.

Before we started, we took some precautions that are prudent for any trip into the countryside: We loaded the car with two spare tires, a shovel, bottled water and snacks. And we made one rule: If Gul, an ethnic Pashtun like most of the Taliban, saw anything on the horizon or felt anything he didn't like, he should turn around without pausing to ask us.

A small victory

AS the Ring Road begins a steady climb out of Kabul on a 27-mile section rebuilt by the Taliban, the horizon is bright white with towering snow-covered mountains. The road is as smooth as any in the United States. But the government can't afford to keep it plowed, so it was covered with packed snow and ice that brought long lines of heavy transports to a halt on the highlands near Ghazni.

We were less than six hours into the journey near Shahr-i-Safa when we saw the first signs of Taliban activity.

Four insurgents armed with AK-47s and rocket-propelled grenades had ridden two motorcycles to a hill overlooking a stretch of the highway near Qalat. About 3 p.m., they opened fire on a civilian truck taking supplies to an Afghan military base, a common guerrilla tactic.

Normally, insurgents carry out swift attacks and make a getaway into the desert. But this time a pickup carrying half a dozen Afghan national army troops happened by. They pinned the guerrillas down from behind and called in a second unit to attack from the front.

We reached the scene about half an hour after the battle ended. Jubilant Afghan troops were smiling and joking next to three Taliban corpses, like scavengers enjoying quality roadkill. One of the dead men lay on his back with his knees bent, as if he might jump up at any moment. But the bullet hole in his neck left no doubt his war was over.

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The fourth fighter escaped, so the victory wasn't complete, said Afghan army Maj. Atullah Maiwandwal.

It was a battle too small to make the news, let alone change the course of a war. But the major and his men had achieved something significant: Without U.S. military advisors or foreign backup, they defended a piece of highway rebuilt with a $237-million U.S. grant, the sort of gradual progress that often gets lost amid the noise of suicide bombings and other insurgent attacks.

"Where are your bodyguards?" one soldier asked, stunned that we were traveling the highway without weapons.

We explained that we preferred to travel unencumbered by armed escorts. So as night fell, we rushed off to Kandahar, which has been staggering under a wave of suicide bombings. The governor gave us beds in his guest house.

Early the next morning, we headed west into Helmand province, the scene of fierce fighting this year between NATO forces and the Taliban.

A large billboard on the edge of Kandahar declared that the highway was being rebuilt as a gift of the Japanese people.

Actually, the 70 miles of road that Japan pledged $76 million to fix is the same bumpy, cracked surface that it has been for years. The area is too dangerous for road crews.

It is the hashish harvest season, and marijuana plants as big as Christmas trees are stacked by the thousands against mud-brick homes, curing in the sun. Villagers scrape the gooey resin, which is pressed into blocks and exported along the same routes that move the opium used to produce heroin, a big source of the insurgents' income.

Hundreds of gunmen prowl the Ring Road in Helmand. They are members of private militias who take orders from local warlords and drug barons and operate illegal checkpoints, mostly to squeeze money from truck drivers.

As one longtime resident of Lashkar Gah, the provincial capital, told us, "They are loyal to the government until 4 o'clock in the afternoon, and then until the next morning they're enemies."

As we neared the Lashkar Gah turnoff, in an area where we were told that kidnappers had abducted two German journalists, our driver broke our one rule.

The broken rule

GUL slowed for a speed bump, and instead of accelerating when a militiaman jumped up with an AK-47, he stopped. Gul opened the driver's window, apparently weighing the comparative risks of getting shot and getting kidnapped. The gunman stuck his head in, saw me in the back seat and smiled like a dog sniffing fresh meat.

"Get us out of here!" I shouted at Gul, and he hesitated. "Get moving!"

Gul hit the gas. The barrel of the gunman's rifle clunked off the rear side of the car. Not daring to look back, I tensed for the shot that didn't come.

In Lashkar Gah, we stopped at a construction agency funded by the United States Agency for International Development, or USAID, where we previously had met cook Khudai Nazar. At 64, he is old enough to remember what is possible with peace, and young enough to believe he might live to see it again.

We asked what he remembered of the Ring Road of his childhood. He sent his son for an opaque plastic sandwich bag stuffed with browning reference letters and old photographs.

They tell of a more innocent age, from the late 1940s to the 1970s, when American workers and their families lived in Helmand. They were building a dam, a power plant, irrigation canals and other development projects in the Afghan desert.

In one black-and-white photograph, Nazar is 12 years old and standing on a lush lawn surrounded by a white picket fence with his new bicycle, a gift from Rose and Don Wonderly of Portland, Ore.

"The first time I met with her, I didn't understand English," recalled Nazar, who speaks with an American accent. "American people always like children, and they didn't have any. She said come every day to my house and I'm gonna teach you English."

Within a few days, Rose was giving the boy new clothes and encouraging other American families to leave him some of their hand-me-downs. The Wonderlys left in 1960.

By the time the Soviets invaded in 1979, Nazar had worked for a string of other Americans: George Belissary promoted the servant to a warehouse job; JoAnn and Ronald Thompson of Sacramento praised his bread-baking skills; Jack and Maxine Smith wrote of their fondness for his pastries and good humor.

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The Smiths had to flee the Soviet occupation after 17 months in Afghanistan, and in her last words to him, Nazar said, Maxine urged him to take his wife and their 10 children to Pakistan.

"She said, 'Just send me a message and I'll have a house waiting for you — everything,' " Nazar said wistfully. It was clear in his breaking voice that he wished he could have left. But he never found enough money, or will, to turn his back on the land of his birth.

Nazar bid us farewell with the hope that some of his long-lost American friends might try to reach him, maybe even risk a visit.

Three hours after we left Lashkar Gah, a suicide bomber walked into the well-guarded compound of the provincial governor, a few blocks from where we'd visited Nazar, and blew himself up in the parking lot, killing eight people.

The Wild West

HEADING north toward Herat, we drove for several hours past mountains weathered so smooth they seemed molded from clay. We reached Herat that night, putting us more than halfway along the Ring Road at the end of our second day.

Swift progress made us overconfident. We talked about being back in Kabul in a day or so. We marveled at the traffic lights operating at all the main intersections in Herat, the only major city to escape the destruction of Afghanistan's wars.

The pleasure was short-lived. The next morning, 35 miles northeast of Herat, the highway abruptly ended. We didn't see asphalt again for three days.

Iran was supposed to complete 70 miles of paved road from Herat into Badghis province, but its contractors suddenly stopped work, said Gov. Mohammed Naseem Tokhi. Some say the money ran out; others cite unspecified problems between Iran and the rest of the international community, Tokhi said. He has received no official explanation.

The Afghan national government hasn't even been able to find a country willing to fund construction of the road through the rest of the province.

Entering Badghis was like driving back into biblical times. Ours was the only internal-combustion engine running for miles. Most people were walking or riding donkeys. The gray smoke of cooking fires seeped through the black fabric of nomads' low-slung tents.

The province's people, many of whom are Pashtuns, have long felt cut off from the rest of the country. Now they are largely missing out on billions of dollars in international aid, and that makes Badghis an ideal recruiting ground for insurgents. Grinding poverty and poor health have left even moderates angry with Karzai's government and its foreign backers.

Prolonged drought followed by devastating floods last month left three-quarters of the province's people without enough food, Tokhi said. The only roads into the province are so bad that relief agencies are having a tough time reaching people. Many could die during the winter, he said.

In the frontier town of Bala Murghab, a Ring Road bridge is a dangerously unstable span covered with metal sheets laid by people who salvaged them from a derelict factory. The 200,000 residents of the surrounding area have no electricity, and their water is so bad that diarrhea is a main killer.

Smoldering rage exploded this fall when gunmen stormed the district commissioner's new headquarters, a three-story yellow brick building built by USAID. They blasted a rocket-propelled grenade through the guardhouse and fired assault rifles at offices and police cars, shattering most of the main building's windows. The district commissioner fled for his life. Three foreign workers at a U.S.-based agency's compound escaped by hiding in their garden as rampaging mobs looted the buildings.

When the aid agency shut its office, townspeople persuaded its Afghan supervisor, Ghalam Seddiq, to become mayor. Slipping another prayer bead along a string as he talked to us, Seddiq said the attackers wanted to stop the aid agency's education programs and prevent children from learning, a Taliban priority.

The center of town is a ramshackle bazaar, where merchants glared as we drove along muddy streets. A large padlock sealed the front doors of the only hotel. The elderly caretaker said it was too dangerous to stay there, but the new district commissioner ordered the hotel to open for us.

In this Afghan version of a Wild West town, Abdul Jalil Sekandari is the deputy sheriff.

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Guarded by a young man with an AK-47 slung over his shoulder, Sekandari dropped by our hotel room that night. By the glow of an oil lamp, he griped about the government and foreign aid, personally guaranteed our safety and invited us to spend the night with him in the police station. We thought our odds were better in the hotel.

Good riddance

WE rode out of town at first light. We weren't far into the countryside when a man in a Taliban-style black turban lurking near a disabled Soviet tank leveled his Kalashnikov rifle and took a potshot at us. We heard the loud hiss-snap of a bullet passing close by, but he didn't fire again. It must have been a good-riddance round.

Soon even the dirt road disappeared into a labyrinth of mud tracks that crisscrossed broad valleys. We fishtailed and churned our way through dense fog, along tire ruts at least 2 feet deep. The four-wheel-drive car jerked and bucked like a rodeo bull.

There were no road signs, and no other vehicles. So the only thing to do was ask directions from a shepherd or a farmer working the sodden earth with a wooden plow pulled by his donkey.

"Does this road go to Maimana?" we asked an old man at one crossroads.

"Yes. But others prefer that way," he replied, nodding toward a dirt road heading in the opposite direction.

When we pulled in for a rest in Maimana, a pool of green fluid spilled out of a hole in the radiator, which a mechanic pounded shut the next morning.

We finally returned to paved highway at Andkhoi, a dust-blown place near the border with Turkmenistan, where for centuries tribal weavers have produced some of Afghanistan's best carpets.

Mohammed Ikram, a dealer representing more than 400 female weavers, was at the roadside, squatting in the dirt to measure a carpet in a floral design of red, blue and yellow. It would go to Pakistan, where a trader would pay about $210 a yard, attach a "Made in Pakistan" label and export it to the United States or Europe for hundreds of dollars in profit, Ikram said.

If Afghanistan could have peace and security, traders would follow the Ring Road straight to Andkhoi, he imagined. "And if tourists come here, then we will all be rich," Ikram said, smiling.

Paved highway awaited us on the other side of town, so we pressed on south to Mazar-i-Sharif, chattering about how good it would feel to have hot water and lights.

Come back later

MAZAR-I-SHARIF means Tomb of the Exalted. It is home to one of the holiest sites in Islam. Some Shiites believe it is the final burial place of Hazrat Ali, the prophet Muhammad's cousin and son-in-law, who was assassinated and first buried near Baghdad in the 7th century. Blood is still being spilled over the schism that followed, but not in Afghanistan.

Robbers are the biggest threat on the roads around Mazar. Andkhoi's carpet traders say they are regularly fleeced by gunmen demanding illegal road taxes.

After a night of comfort in Mazar, it was an easy drive to the Salang Tunnel, a 1.7-mile passage at 11,034 feet built by the Soviets through the Hindu Kush mountains on the route south to Kabul.

In winter, howling blizzards pummel the Salang's peaks. Avalanches, asphyxiation and plunges off cliffs have killed dozens of travelers.

As we headed up the pass, we recalled another trip a few weeks earlier when Gul skidded on black ice in the tunnel. The wheels hit the edge of a concrete walkway so hard that the front axle broke. He was elected to walk through a blizzard to a public works outpost a mile down the mountain. It was the middle of the night and deathly cold. A few workers huddled around a small wood stove.

"Is anyone hurt?" one asked when Gul asked for help.

"No."

"Are there any women?"

"No."

"Are you stuck in the middle of the road?"

"No."

"Then go back to your car and come back in the morning."

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This time, we made it through the tunnel and most of the Salang Pass without problems. The sky was ice blue, the road mostly clear. It seemed too easy for the end to such a hard journey.

Just then, Gul put the car into a 360-degree spin. A snow bank kept us from going over the edge.

We sat silently for a few seconds, staring up at the meandering Ring Road to see whether that was the worst that would happen — or whether fate was about to catch up with us in the form of a sliding truck.

Our luck held. There wasn't anyone close enough to harm us.

The car, with every bolt, spring and cable caked in mud, creaked and shimmied its way down the Shomali plains, and in a few hours we were overlooking Kabul, sprawled out across a plateau and shrouded in brown smog. The capital hadn't had a suicide bombing for days. The only thing left to worry about was traffic.

Don't Grow The Army (WP)

By Gordon Adams, John Diamond

The Washington Post, December 31, 2006

Army Chief of Staff Gen. Pete Schoomaker, The Post, the New York Times, and many Democrats and Republicans have converged over the past month in support of a serious expansion of the U.S. Army -- a permanent addition of 40,000 to 90,000 over the current ceiling of 507,000 troops.

This proposal is a bad idea. It is irrelevant to the stresses the Army is experiencing in Iraq. It would build enormous long-term costs into the defense budget, and it presumes a role in the world for the U.S. military that the voters emphatically opposed in November.

To be sure, the concept has a certain easy appeal, especially to Democrats. Calling for more forces and more defense spending puts forth a "strong-on-defense" posture as a buffer against the perpetual charge that Democrats are weak on national security.

And the call for more troops highlights the all-too-real damage done to the Army by the Bush administration's stubborn refusal to adjust course when it was clear the U.S. strategy in Iraq wasn't working. Expanding the Army, some would argue, would relieve the stress of repeated rotations to Iraq.

Moreover, urging an expanded Army has the political advantage of reiterating a key criticism about the Iraq mission: that President Bush and Defense Secretary Donald Rumsfeld belittled the prewar advice of Army Chief of Staff Eric Shinseki and didn't send enough troops to get the job done.

Finally, for some, enlarging the Army represents a vote for the troops over defense contractors, who convinced the administration that it could wage war without having to cancel Cold War-era weapons programs.

What the advocates fail to recognize is that enlarging the Army wouldn't solve the problems they claim it would solve, and it would create serious new problems. Plainly put, it is bad national security policy.

First, deciding to add to the Army today would do nothing to deal with the stress of Iraq. The hype about our Army is true: Our troops are the world's best. And it takes time to make them so. The lag time for recruitment, training and deployment means that new forces would be available far too late to ease the stresses now facing the Army in Iraq. Even on a fast track, it might be as long as five years before an additional combat-ready brigade would be ready to deploy there.

Second, from a budgetary perspective, the costs involved in any significant increase in the size of the Army are simply eye-popping. Recruiting, training, housing, paying, equipping and supporting two additional divisions would add nearly $80 billion to defense spending between now and 2015. Add to that the rapidly growing costs of providing health care and retirement pay -- perhaps $3 billion to $5 billion. Ultimately it is the size of the force that drives the entire defense budget. Adding to that size would increase budgets by tens of billions of dollars for years to come.

At a more fundamental level, proponents of enlarging the Army, particularly the Democrats, avoid the basic question of what the mission of this larger Army would be. Are the supporters of Army expansion, many of whom opposed the invasion of Iraq in the first place, now arguing that we need an Army to better carry out more Iraqs somewhere else in the world?

One of the few things all sides in the Iraq debate seem to agree on is that we want the Iraqis to take over security so we can bring our troops home as early as possible. Yet, supporters of expanding the Army appear to be creating an American force sized

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to better perform a global occupation and peacekeeping mission -- one deployed around the world to impose or restore order well into the future.

If this is about invading Iran, or carrying out a land war in China, as The Post has suggested, then maybe we need to have a national debate about that strategy, not slip it in sideways by expanding the Army without agreeing on the mission. The experience of Iraq has clearly dulled America's appetite for continuing in the role of designated global occupier and nation-builder.

Historically, our military's mission is to fight and win America's wars -- decisively, with overwhelming force -- not to invade and occupy distant territories to create empires or settle local conflicts that we can barely understand, let alone referee.

Iraq represents the latest sobering reminder of a lesson for Democrats and Republicans alike in the post-Cold War world: Even the world's only remaining superpower, with forces unmatched by any other military on the planet, is limited in what it can do with its troops.

Donald Rumsfeld used to say that only four of Iraq's 18 provinces were troubled, but he neglected to consider the implications of his own statement: That even 140,000 U.S. soldiers -- just about the largest force that the United States could sustain in Iraq over several years -- could not pacify part of one country. The world's lone superpower, spending more on defense than the next dozen nations combined, has all that it can handle -- indeed, more than it can handle -- trying to deal with unrest in part of a single country the size of California. At nearly half a trillion dollars and counting, our power, skill and money buy us a losing outcome in one small corner of the world.

The point is not to belittle the extreme difficulty of the mission facing our troops but to highlight it and come to grips with the limits even of formidable military power set amid hostile populations. Our enemies, well aware of the dominance of conventional American forces, cordially decline our invitation to fight on our terms, under the traditional rules of military force-on-force, with defined battlefields largely separated from populations.

Terrorism is not a political movement so much as a logical weapon of choice for political extremists facing a superpower. There will always be a military component to meeting this threat. But as administration spokesmen have testified, the primary role in this "long war" may well belong not to the military but to the State Department, foreign assistance agencies, and the Treasury and Justice departments, supported by the appropriate application of force (usually in small numbers and with Special Forces troops, not Army brigades). The Army does not need to grow to perform this mission; it needs to refocus.

The question the new Congress must deal with is one not of enlarging the Army but of redefining the armed forces' mission in today's world. Do we want an Army big enough to invade and occupy Iran or Syria? Or do we want a tailored, restructured force designed to play its role in the pursuit of terrorist organizations (along with other tools of statecraft) and with enough heft to play a part in peacekeeping operations, deter potential adversaries and decisively win intense but brief conventional conflicts? This strategic alternative is hardly an endorsement of the "Rumsfeld doctrine." The U.S. military as currently sized can still "go heavy" when needed. What it can't do is remain indefinitely bogged down in a static mission with inadequate body armor and no strategy.

A program of troop reductions and phased redeployment from Iraq would in effect increase the size of the Army by relieving the force of a burdensome, costly and unproductive mission. There will be opportunities to retrain and reequip to redress the shortcomings in armor and tactics so neglected by the Rumsfeld Pentagon. These are the issues the new Congress and the White House must deal with, not an elusive search for an irrelevant and costly capability for a mission that the nation does not want to pursue.

Gordon Adams is a fellow and John Diamond a public policy scholar at the Woodrow Wilson International Center for Scholars.

CRIMINAL LAW:

Sugar Land Program To Snag Internet Predators Recognized (HC)

By John Pape, Chronicle Correspondent

Houston Chronicle, December 31, 2006

Mayor provides initiative details in national forums

Sugar Land's Internet safety program is being hailed as a "best practice" by the U.S. Conference of Mayors, as well as being featured as a model during a recent U.S. Department of Justice summit in Washington, D.C.

Mayor David Wallace was invited to present his city's "Keep Kids E-Safe" initiative to more than 1,000 mayors from across the nation, as well as to justice department personnel looking for ways to combat the increasing problem of cyberpredators.

The program has received national attention as an innovative cross-sector collaboration involving all levels of government, nonprofit organizations and the business community, city officials said. Keep Kids E-Safe utilizes education, enforcement and prevention to help parents, families and communities protect children from online predators.

Wallace said that he first realized how serious the problem was after seeing an undercover investigation conducted by NBC's Dateline news magazine more than a year ago.

Wallace talked to members of the Mayor's Youth Advisory Council to see if they would be interested in taking on a possible project. The 125-member council is a city-sponsored teen group that provides government leaders insight into the development of programs and services impacting young people.

Through meetings with Sugar Land Police Chief Steve Griffith and representatives of the Texas Attorney General's Cyber Crimes Unit, the youth council formulated a plan for addressing Internet safety. The plan, Wallace said, consisted of three basic components.

Youths educated"The first step was to go into the seventh grades to help educate the students about the dangers of Internet predators. The information came from the youth advisory council members, so it was more of a peer-to-peer discussion than something coming from an adult," Wallace said.

The presentations were a partnership between the youth council, the Sugar Land Police Department, Fort Bend ISD, the Texas Attorney General's Office and the National Center for Missing and Exploited Children. More than 600 public and private middle school students attended the educational sessions.

The program also included a presentation by Wallace and a demonstration by the Cyber Crimes Unit that featured a 34-year-old detective posing online as a 13-year-old girl with blonde hair and blue eyes. Within 15 minutes of entering a chat room, the fictitious young girl was propositioned.

"That really got (the students') attention and led to a discussion of the fact that you don't know who you're communicating with," Wallace said.

After the presentations, students signed Internet safety pledges, which were then taken home to share with parents.

Sugar Land stingAfter the youth education phase of the program, Sugar Land Police worked with the Attorney General's Office to conduct a sting operation similar to that depicted in the Dateline program. Using numerous computer stations in what was dubbed the "Cyber Crime War Room," six agents from the Cyber Crimes Unit simultaneously held multiple chat room conversations with various individuals, Wallace said. Within minutes, agents posing online as young children were propositioned, engaged in conversations and received obscene photos.

"We had six detectives from the Attorney General's Office working with our police officers in the war room. When (the online investigators) gave a clue that they're 12 or 13, you literally see the predators start to swarm," Wallace said. "It was truly frightening."

During the two-week sting operation, detectives arrested three predators who came to the fictitious 13-year-old's "home," and collected evidence that led to warrants being issued for the arrest of 24 others.

"It was an eye-opening experience. It literally was within only a matter of minutes that the detectives posing as a young girl were propositioned," Wallace said.

Parents informedThe final component of the program involved parental education. Seminars were held for parents, presenting information designed to help them talk with their children and teens about Internet safety.

"It was critical that parents understand how their children can be at risk even from their own homes, especially those parents who think such things can never happen in Sugar Land. By having the sting operation, it allowed me to look parents in the eye and tell them, 'it has happened in Sugar Land,' " Wallace explained.

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The cost of the program to taxpayers was less than $2,000, Wallace added, making it affordable for almost any city to implement. The success of the effort led to it being featured as a "best practice" by the U.S. Conference of Mayors, as well as catching the attention of the U.S. Justice Department and Attorney General Alberto Gonzales.

"The (U.S.) Attorney General has made child protection a cornerstone of his agenda, and that led to the meeting with folks from the justice department and child protective services. We had about 800 people attend the meeting in Washington, and we provided over 700 packets of information on our program to them," Wallace said.

Wallace praised the assistance of Comcast Cable for providing a $25,000 grant to pay for several thousand of the informational kits. The materials include handouts, a CD containing PowerPoint presentations for both children and adults, and public service announcements.

"Comcast was good enough to also prepare the public service announcements. All of the materials can easily be personalized by other cities by adding that city's logo and adding an introductory message from the local mayor," Wallace said. "Although we did the legwork here in Sugar Land, the material can be used anywhere. If it protects a child from becoming the victim of an Internet predator, it's well worth the effort we put into it."

Continued operationsCapt. Gary Cox, head of the Sugar Land Police Department's investigative division, said that his department will continue working sting operations with agents from the Attorney General's Office. He hopes that some day the department will be able to develop its own cybercrime operation.

"This will be an ongoing effort. The Attorney General's Office was very willing to come down and work with us and were happy to help train our officers," Cox said. "Eventually, we'd like to develop the resources and manpower to have our own unit dedicated to cybercrime."

While the state officers worked the two-week sting, Cox rotated his staff of 12 investigators to take part so they could all learn the operation. The officers watched the techniques used to identify predators, as well as learned what was needed to make a case.

"It's not exactly like you see on TV. On TV they can lead people on more than we do," Cox explained.

The predators are typically quick to commit a violation with little encouragement, Cox said. During its last session, the state Legislature passed a law making online solicitation of a minor a felony, he said.

"Just making a solicitation or sending an obscene photo is, in itself, a violation of the solicitation of a minor statute. We get all the chat logs and that makes for a very clean case against an offender," Cox explained.

He emphasized that anyone convicted under the online solicitation law must, in addition to any sentence imposed, register as a sex offender.

Texas Attorney General Greg Abbott said statistics released last August showed that one of every seven children will receive a sexual solicitation while online.

The Year In Death (WP)

The Washington Post, December 31, 2006

THE YEAR 2006 saw the fewest executions in the United States in a decade, 53. The use of capital punishment has been dropping since 1999, when 98 people were executed. The number of new death sentences is also falling precipitously, according to data from the Death Penalty Information Center, and the number of people on death row is dropping off as well. At least for now, capital punishment remains in retreat.

Perhaps the most striking indicator of this retreat is the degree to which executions are becoming a local phenomenon. While the preponderance of states have a death penalty, very few use it as a routine feature of their criminal justice systems. This year, 14 states carried out executions, but only six of them -- Texas, Ohio, North Carolina, Florida, Oklahoma and Virginia -- carried out more than one. Together, these states accounted for 85 percent of executions this year. All by itself, Texas, which executed 24 people, accumulated 45 percent. Over the previous three years, the leading six states for executions accounted for between 70 and 83 percent of executions annually. The less the death penalty gets used, the more it becomes a creature of its heartland: the South, and Texas especially.

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Although 38 states and the federal government have the death penalty on their books, only 18 states have executed more than 10 people since the Supreme Court reinstated the death penalty in 1976. Many states with laws that permit capital punishment use it only rarely -- such as Maryland -- and some don't use it at all.

Now is a good time to push for repeal of death penalty laws in states outside the region truly committed to its use. Crime and murder rates, though increasing, remain low. Many Americans are rightly concerned by the rash of wrongful convictions, including those of death row inmates who have been exonerated. The death penalty's decline should be translated into policies that will prevent its easy re-emergence if circumstances change.

Pratfalls And Prophecies In 2006 (WP)

By David S. Broder

The Washington Post, December 31, 2006

The controversies of the year past -- Iraq, immigration, domestic surveillance and the rest, plus the political battles that climaxed in the Democratic victories in November -- all contributed to an exceptionally heavy load of reader-generated corrections and objections. Thanks to e-mail, many more of you are now contributing to this annual year-end "goofs" column, where I review (and repent) some of the judgments and misjudgments of the past year.

To start with the simplest, in an August piece about Ohio politics, I wrote that Ted Strickland was trying to become the first member of Congress since Rutherford B. Hayes to be elected governor of Ohio. Several of you pointed out that I had ignored two subsequent figures who moved from Congress to that governorship, James M. Cox and Frank B. Willis.

An interview with Bill Gates produced a wave of protests. The Microsoft billionaire was in Washington to lobby for an expansion of the H-1B visa program, which provides entry for foreign-born scientists and engineers offered jobs in the United States. Gates said that the limit on their numbers was hurting America's competitive position.

The letter writers, many of whom identified themselves as unemployed or underemployed people with similar skills, claimed that the H-1B workers were taking their jobs and working at lower wages. I waded through a mass of testimony and evidence, supplied by both sides in the controversy, without being able to resolve the issue. It will probably come up again when the next Congress tackles immigration reform, and this time, I promise I'll look at both sides before I write about it.

I had a similar experience when I wrote about Sen. Joe Biden's proposal for decentralizing the government of Iraq, allowing more authority for separate Shiite, Sunni and Kurdish regions. I commended the Biden proposal as a step forward from what was already, in May, a seriously stalemated and deteriorating situation in Iraq.

But after the column appeared, I received several communications from people with as much knowledge of Iraq as Biden possesses. They argued that such a step toward federalism had serious dangers. It would be difficult to apply in urban areas such as Baghdad, where ethnicities and sects are mixed, and it risked, the correspondents said, inviting other countries such as Iran and Turkey to spread their influence into a partitioned Iraq.

Those same objections have blocked adoption of the Biden plan, but meanwhile, Iraqis fleeing violence have increasingly separated themselves into Shiite or Sunni strongholds, leaving the situation even worse than if there had been an orderly and legal division of authority.

Another column that drew great protest was one in which I took my colleagues in the media to task for their treatment of Karl Rove in the Valerie Plame leak investigation. When the special prosecutor announced that he was not charging Rove with anything, I reviewed some of the many articles that had accused the White House aide of masterminding the "outing" of Plame and said that an apology was in order.

The e-mail and letter writers argued that the simple fact that Rove had escaped prosecution did not mean that he was innocent of using his position to harass and frustrate critics of the administration. He had, after all, confirmed Plame's identity to at least two reporters working on the story. Even if the original leak came from elsewhere, these letter writers said, Rove was no innocent.

But I still believe that there is an important cautionary tale for the media in the Rove-Plame story. Too many of us got way ahead of the facts and let our suspicions grow into assumptions and assertions for which we had no evidence. That tendency to

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get ahead of the story is rampant in the media just now, fed by the speedup of news delivery through the Internet and cable. Just look at the stories announcing -- in 2006 -- who are "serious" candidates for president in 2008.

Speaking of politics, I'm embarrassed to say that the one state I wrote about that I got wrong was Michigan, where I had spent enough time to have known better. I thought Gov. Jennifer Granholm was going to be sunk by unemployment in the auto industry, but she put on a great campaign and won.

On the other hand, I saw both stages of the Connecticut race correctly -- Joe Lieberman losing the primary but winning as an independent in November. And the downfall of the Republican Congress and rise of an independent breed of Democrats was forecast here from early March onward.

But a column about Hillary Rodham Clinton, touching lightly on the state of her marriage, drew lots of catcalls -- a tip-off that this subject will be a tough one to handle if she enters the presidential race. Bring on 2007.

CIVIL RIGHTS:

Groundbreaking Changes Due At Prisons (WILNJ)

By LEE WILLIAMS And ESTEBAN PARRA, The News Journal

Wilmington (DE) News Journal, December 31, 2006

Federal investigation requires Delaware to renovate prison health care

Delaware Correctional Center near Smyrna is among the Delaware prisons looking at major changes in inmate health care after an investigation by the U.S. Department of Justice found the prison system guilty of civil rights violations. News Journal file

Inmate Anthony Pierce died of a brain tumor.

It's been more than a year since a coalition of concerned citizens, lawmakers and clergy marched on the governor's mansion and knelt in prayer asking for better health care for inmates in Delaware's prisons. They were galvanized by horrific conditions outlined in a series of stories in The News Journal, the first of which appeared in late September 2005 -- a series Correction Commissioner Stan Taylor charged was "sloppy reporting" in a five-page response the newspaper published.

What's happened since will bring groundbreaking changes to Delaware's prison system:

• On Friday, following a nine-month investigation, the U.S. Department of Justice announced that federal investigators found "substantial civil rights violations" inside four Delaware prisons. For example, the report noted, flesh-eating bacteria inside Gander Hill prison went undiagnosed and untreated, placing "inmates and staff at risk of acquiring the infection and passing it to others in the community."

• Taylor and Attorney General Carl Danberg signed an 87-point agreement with the federal government that calls for sweeping changes in Delaware's penal institutions. The state promised to correct the deficiencies and "meet generally accepted professional standards." However, the state did not admit to violating any inmate's civil rights or breaking any other federal law.

• The 55-year-old Taylor, who's served the past 11 years as commissioner, announced this month that he will retire on Feb. 1. On Saturday a prison spokeswoman announced that Paul Howard, Taylor's longtime bureau chief of prisons, is retiring the same day. Prison spokeswoman Gail Minor Stallings said Howard's departure had nothing to do with the federal report that orders the state to completely renovate its prison health care system.

• Trial lawyers say the damning federal findings will serve as a road map for inmate lawsuits against the state.

• Senate Minority Leader Charles Copeland, R-West Farms, said Saturday the federal government might have taken a "wait and see" approach, if the state had reacted once concerns about inmate care were first raised by the newspaper, and by the citizen coalition he co-founded.

"If there had been a positive response from the state, the feds might have not felt the need to be the hammer," said Copeland, who estimates that changes ordered by the Justice Department will cost $20 million to $30 million more than the state already spends annually on prisons.

• House Majority Leader Wayne Smith, R-Clair Manor, said he was disturbed about the agreement being signed in secret. "I am troubled that we (lawmakers) were not consulted about something this important. By signing this, the governor and the

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attorney general have obligated the state to spending money without the General Assembly's consent -- and I think we should have learned about this from them, rather than from a reporter."

Copeland wasn't alone in suggesting that had state officials acknowledged serious problems existed, rather than denying their existence, the pain and suffering among inmates and their families -- as well as the final cost of taxpayer dollars -- would not have been as high.

Sen. Karen Peterson, D-Stanton, an early backer of the federal probe who wrote a letter in support of the investigation to U.S. Attorney General Alberto Gonzales, said it's not as though the state pleaded no-contest to the federal charges of poor inmate health care.

"It's worse than that," Peterson said. "They don't think they did anything wrong."

Peterson receives letters from inmates seeking help for their medical conditions nearly every day.

"I'm glad the federal government did a thorough investigation and has an action plan so the state is not violating the civil rights of the inmates," Peterson said. "We could have saved money if the state wasn't in a state of denial."

Federal prison regulators identified a host of problems inside prisons, including inadequate screening and health assessments, inadequate treatment of inmates with infectious diseases, inadequate treatment of inmates with serious mental illness, and deficiencies in the state's suicide-prevention measures.

They found substantial civil rights violations at Baylor Women's Correctional Institution, Young Correctional Institution, the Delaware Correctional Center and the Sussex Correctional Institution.

Inmate died from brain tumor

Dover lawyer Steve Hampton, who represents several inmates and their families including the young daughter of Anthony Pierce, who became known as "the brother with two heads" as an inmate at Sussex Correctional Institution. Pierce, who was profiled in a series of articles by The News Journal, was serving a 14-month sentence from an attempted burglary.

He died from a brain tumor after his condition was mishandled by prison medical staff. The state settled a wrongful death lawsuit in a confidential agreement last year.

"If the Pierce case didn't shock them and let them know something was wrong, what does it take?" Hampton asked. "If Taylor is still saying there were no civil rights violations, what does it take? It's still wrong."

In January of 2001, a prison doctor employed by a private medical contractor said the marble-size lump was most likely a cyst or an ingrown hair. Seven months later, when the growth had become like a second head, a prison doctor stabbed the bulging tumor five times with an 18-gauge needle, withdrawing a bloody fluid that he emptied into a trash can.

Michelle Thomas, who worked for the prison's medical contractor, held the hand of Pierce while the doctor removed the fluid. She was aghast and quit shortly thereafter.

"That boy was growing another head," Thomas recalled in an interview with The News Journal. "It was the most grotesque thing I have ever seen in my life. ... All of us who worked there will forever carry his death on our conscience."

Federal investigators cited the case of Anthony Pierce "as the most extreme example" of care denied in Delaware prisons.

Inaction

The federal investigation was prompted by a series of News Journal articles, information investigators built upon:

• AIDS-related inmate deaths: Nearly one in four inmates who died in Delaware prisons since 2000 died of AIDS-related causes. Federal investigators found care was especially poor for inmates with chronic diseases such as AIDS, hepatitis C, diabetes, asthma and hypertension.

• Suicides: The suicide rate inside Delaware prisons during 2001-2002 was double the national average.

As he was being booked into Gander Hill prison in November 2004, Christopher Barkes told the mental health screener he had attempted suicide before, while in Gander Hill, and that he was taking medication for depression. Rather than placing Barkes on suicide watch, they placed him alone in a cell, unsupervised. Barkes hung himself hours later.

In findings sent to Gov. Ruth Ann Minner, federal prison regulators noted that the "state's practices regarding suicide prevention substantially depart from generally accepted professional standards and expose inmates to significant risk of harm."

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• Lack of medication: Nearly every inmate interviewed by The News Journal complained that, if they managed to get drugs prescribed to them, they often didn't receive it. Federal investigators confirmed that at Gander Hill "inmates had not received their medication, or that the medication administration was undocumented."

Like Taylor, Minner initially attacked the series, stating through a spokesperson that "the Department of Correction would welcome an opportunity to provide a briefing on the inmate health care system and to correct the many factual errors in recent news articles about the level of care being provided to Delaware."

When the Justice Department first made inquiries into the state's prison system, Minner's legal counsel, Joseph C. Schoell, sent a letter to U.S. Attorney General Alberto Gonzales calling The News Journal's series "misleading."

In a written statement released Oct. 4, 2005, Minner said, "Like any program, there are areas we would like to improve, and the Commissioner has repeatedly said that. But to say the system is in crisis is not only wrong, but irresponsible."

Nearly two months later, while careful not to admit mistakes or confront a mounting toll of inmate deaths, Minner said it was time to determine whether inmates in Delaware were being treated "outside the parameters of acceptable medical practice."

She announced that Division of Public Health Director Dr. Jaime Rivera would start quarterly surveys of random inmate medical files to identify cases or procedures that may be below standard.

What effect the reviews had, if any, is not known.

Problems with staff denied

Ken Fields, spokesman for Correctional Medical Services, the Department of Correction's current health care provider, denied there are problems with CMS staff.

"In fact, to my knowledge, the consultants who have been retained by the Department of Justice have not even been to all of the facilities referenced in the news release," Fields said. "So, we are perplexed as to how they reached conclusions about the quality of care. In fact, in some cases, we walked away from our discussions with those involved with a distinctly different impression of what they found."

Fields said CMS has "strengthened the team of health care professionals meeting the needs of inmate patients ... added additional orientation and training for health care staff, and we have in place a new regional management team of highly qualified medical staff."

Sen. James T. Vaughn, D-Clayton, served as Department of Correction commissioner from 1976 to 1979, and chairs the Senate Adult and Juvenile Correction Committee.

When problems were first revealed, Vaughn blocked prison reform legislation from being heard in committee, even though every member of his committee wanted the legislation discussed.

Vaughn said he was inclined to wait until the federal government completed its investigation before debating state legislation that would overhaul medical services at the Department of Correction.

The reform bill he blocked, which had the support of minority and majority leaders in the Senate, would have required testing inmates for HIV/AIDS, hepatitis and tuberculosis, provided medical training to guards, and required Correctional Medical Services to deliver records of inmate deaths for review and made other records available to the state for audit.

"I think it would have been a good start," said Margaret Rose Henry, D-Wilmington East, who sponsored the blocked bill. "Prisons are too crowded, the inmates need screening when they come in and when they come out, or we're just perpetuating the problem in a larger society."

Vaughn did not respond to calls or e-mails Friday or Saturday.

Copeland compared the changes ordered in the settlement agreement to Henry's bill.

"That cost was estimated at $20 million to $30 million to implement," Copeland said. "Read through point-by-point what the Justice Department put together. Ultimately, it's the same."

Litigation

Although the state entered into the settlement agreement, it was careful to avoid admissions that could be used against it in litigation said Jeffrey K. Martin, a Wilmington attorney who has defended several inmates in federal court and complained about medical conditions in state prisons.

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"For the administration to deny that there are no civil right violations is mere posturing," Martin said. "If the state wants to brush this under the rug, one only needs to glance at this report to see numerous civil rights violations."

Martin said the U.S. Department of Justice's investigation points to overwhelming deficiencies that the state must now address.

"It's as if the prison system has to start all over," he said, adding that he hopes the DOC actually follows through with its agreement. He noted Delaware's prison system has not always kept its word, after problems have been pointed out to them.

Martin, who represented a prison counselor taken hostage by an inmate and sexually assaulted July 2004, said that incident pointed to many security failures, including doors being propped open. Despite these findings, Martin said he continues to hear about unaddressed safety issues.

"I know that doors continue to be chucked," he said, adding that he wonders how the findings will fair. "My concern is with compliance."

Although the report itself more than likely cannot be used in a courtroom, Martin said it "gives potential litigants a road map."

Martin said the settlement agreement will be reviewed by inmates, as well as their family members, in search of deficiencies relevant to health care administered by the prison system.

Karen Barkes, the wife of 37-year-old Chris Barkes, who committed suicide while in prison on a charge of loitering, said she hopes the settlement between Delaware and the U.S. Justice Department will be a wake-up call to state officials who have hesitated in the past to make changes.

"They know when Chris died that there was a problem with intake and how many people have died since," Karen Barkes said. "That prison administration has not wanted to look at the problems." Reporter Patrick Jackson contributed to this article.

Contact investigative reporter Lee Williams at 324-2362 or lwilliams@delawareonline.com.

Contact Esteban Parra at 324-2299 or eparra@delawareonline.com.

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Posted by: WBMJ!- Mon Jan 01, 2007 12:46 pm

As an ex-employee of Gander Hill Prison, I had personally reported medical infractions repeatedly to the current contracted medical provider Correctional Medical Services and their administration. The former on-site health administrator also attempted to bring serious infractions to both CMS and the Department of Corrections attention and was literally "thrown out" of the prison by the warden! Both DOC and CMS wish to turn deaf ears to any problem with appropriate medical treatment at Gander Hill because it saves both agencies money in the long run.

Yes, prisons are for human beings who are there allegedly for committing a crime and for their punishment. This punishment does not include the withholding or ignorance of their healthcare needs as provided for them under their Constitutional Rights. As per my source, it is my understanding Andre had "problems" recognized that CMS had a duty to act upon when he entered the prison system during his intake process and CMS should have ordered "screening" that may have stabilized the condition that led him to kill himself. Other employees who were ushered out the door by CMS and DOC brought similar issues forth in the past and were told repeatively "just do your job."

That's why I am not there anymore; my patients were already judged by a court and also by the God of their particular religious beliefs. It is not anyone's place to provide additional punishment by withholding medical treatment and causing additional anguish to the patient (and in Andre's case, his family)!

The Department of Justice just completed a report on their inspection of the Delaware prison system echoing the words, "appalling conditions." This report is available online at delawareonline.

This also came about the same time the NCCHC (a private agency which approves prison healthcare credentialing) approved Gander Hill in proper operation of its facility.

Rights Groups To Seek Action On Profiling, Elections (FREEP)

By Deborah Barfield Berry, Gannett News Service

Detroit Free Press, December 31, 2006

WASHINGTON -- With Democrats taking control of Congress on Monday, civil rights groups will be pressing for an aggressive agenda that includes a ban on racial profiling, an overhaul in some election practices and stepped up oversight of the Justice Department.

Because of last month's vote in Michigan, civil rights advocates also may urge Congress to take a stand on affirmative action, depending on the outcome of several cases before the U.S. Supreme Court.

Advocates are concerned about the potential national implications of Michigan's Proposal 2 initiative approved in November that bans racial preferences in state hiring and university admissions.

"We will be looking to see if there is any role for Congress to play," said John Britton, chief counsel for the Lawyers' Committee for Civil Rights Under Law.

Advocates say civil rights issues are more likely to have a platform and encounter less resistance than in the Republican-controlled Congress, especially with members of the Congressional Black Caucus heading powerful committees, including Rep. John Conyers of Detroit on the Judiciary Committee.

But experts caution that civil rights issues must compete with other Democratic priorities, such as high college costs, minimum wage increases and accessible health care.

"Congress is going to have a lot on its plate. ... It's going to be a bit of a climb uphill" for some civil rights issues, said Hugh Price, a senior fellow with the Brookings Institution and former president of the National Urban League.

Among the issues civil rights groups want Congress to address:

• More workplace protections for lesbian, gay and transgendered people.

• Voting rights for the District of Columbia.

• The disparity in arrests and sentencing of minorities.

"There's a real appetite on the hill to address some of the problems that have been lingering," said Caroline Fredrickson, Washington director of the American Civil Liberties Union. "I think Democrats were reluctant to push hard on those things knowing they would lose."

One measure, backed by the National Association for the Advancement of Colored People and other groups, would ban racial profiling by law enforcement officials and provide federal funding to retrain officers. The measure has failed for at least the past eight years under Republican rule.

Congress has been "in some cases hostile to the civil rights agenda and in some cases indifferent" Fredrickson said.

In what civil rights officials describe as one of the few victories last year, Congress renewed the Voting Rights Act.

But civil rights groups were disappointed last fall when the House approved a measure that would require voters to show photo identification when they go to the polls for federal elections in 2008 and to show ID that certifies their citizenship by 2010.

Republicans said it would help protect against voter fraud.

The Kennedy Factor On The Roberts Court (NYT)

By Linda Greenhouse

The New York Times, December 31, 2006

THE Supreme Court, having decided only four cases since the term began in October, has not exactly been living in the fast lane. But the pace is about to pick up.

The coming months will be a testing time for the young Roberts court, including decisions due by early summer on abortion, school integration and environmental policy, with an unusually large emphasis on cases of significance to the business community.

Chief Justice John G. Roberts Jr. has spoken often of the virtues of a court that speaks modestly and unanimously. Those goals may well prove elusive. The court's conservative bloc reached out to hear challenges to voluntary integration plans put in place by the public school systems of Louisville, Ky., and Seattle, which had been upheld by lower courts.

If the Dec. 4 arguments were any indication, a majority will overturn student assignment plans that seek to maintain racial balance in systems that struggled for years to achieve it. The outcome is likely to prove divisive both within the court and outside it.

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The Nov. 8 arguments in two cases on the constitutionality of the federal Partial-Birth Abortion Ban Act of 2003 did not provide such a clear basis for prediction. Instead, they served to showcase Justice Anthony M. Kennedy's position at the center of a court that is closely divided in cases that Justice Antonin Scalia has described as battles in the culture war. Before she retired a year ago, Justice Sandra Day O'Connor held that pivotal position.

Justice Kennedy did not tip his hand during the abortion arguments. But enough other justices tipped theirs to make clear that the first federal statute ever to make an abortion procedure a crime will stand or fall depending on Justice Kennedy's opinion.

As the term proceeds, the court will also have its say in its first brush with the issue of global climate change. But in this instance — a statutory rather than constitutional case — the court's word will not be the last. Whatever the justices decide about the Bush administration's refusal to regulate carbon dioxide in automobile emissions, the new Congress may well have something to say.

A Retreat On Rationing Free Speech? (WP)

By George F. Will

The Washington Post, December 31, 2006

A three-judge federal court recently tugged a thread that may begin the unraveling of the fabric of murky laws and regulations that traduce the First Amendment by suppressing political speech. Divided 2 to 1, the court held -- unremarkably, you might think -- that issue advocacy ads can run during an election campaign, when they matter most. This decision will strike zealous (there is no other kind) advocates of ever-tighter regulation of political speech (campaign finance "reformers") as ominous. Why? Because it partially emancipates millions of Americans who incorporate thousands of groups to advocate their causes, groups such as the American Civil Liberties Union and the National Rifle Association.

And Wisconsin Right to Life. It is another organization by which people assemble (see the First Amendment) to speak (see it again) in order to seek redress of grievances (the amendment, one more time). In 2004 Wisconsin Right to Life was distressed because Wisconsin's senators, Russ Feingold and Herb Kohl, were helping to block confirmation votes on some of President Bush's judicial nominees. It wanted to run ads urging people to "contact Senators Feingold and Kohl and tell them to oppose the filibuster."

But Feingold was running for reelection, and the McCain-Feingold "reform" makes it a crime for entities such as Wisconsin Right to Life to use their corporate funds to broadcast an "electioneering communication" within 30 days of a primary or 60 days of a general election. An "electioneering communication" is one that "refers to" a candidate for federal office.

Although in 2003 the Supreme Court upheld McCain-Feingold, the court said later that it would consider appeals against the law "as applied." The majority on the three-judge court, preserving the distinction between electioneering and grass-roots lobbying, held that Wisconsin Right to Life's ads were exempt from the McCain-Feingold election-eve blackouts of speech because the ads were not "coordinated" with a candidate's campaign and did not engage in "express advocacy" -- did not use the words "vote for" or "vote against" a candidate.

The dissenting judge wanted to examine the "intent" of the ads by examining their "context," looking for clues as to whether the group hoped to not only advocate an issue but influence an election. Imagine: Judges scouring the political landscape, searching for evidence (people's past opinions or associations; e-mails and other communications) that would empower them to rule that grass-roots lobbying about an issue is "really" the functional equivalent of electioneering (express advocacy).

Such a process would necessarily be so protracted that no challenged ad could be authorized in time for an election. Besides, Bob Bauer, a Democratic campaign lawyer, rightly warns that the prospect of such inquiries should "make a sensible citizen's blood run cold." An uncircumscribed inquiry into "intent" would become "an intrusive process" in which an organization's internal communications would be subpoenaed and political operatives and consultants would be "put under oath and questioned about what they meant and intended and thought."

The Wisconsin Right to Life case is probably heading for the Supreme Court. There, Justice Samuel Alito occupies the chair that Sandra Day O'Connor occupied when she voted with the majority in the 5 to 4 ruling that upheld McCain-Feingold.

Still, the reformers' zeal for regulating speech is undiminished. The Federal Election Commission recently fined some "527" groups (named for the tax code provision under which they organize) $630,000. Their offense? Issue advocacy in 2004

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that, "taken as a whole," could "only be interpreted by a reasonable person as containing the advocacy of the election or defeat" of a federal candidate. Editorial writers at The Post and the New York Times, ever eager to regulate political advocacy not done by newspaper editorial writers, approved, although the Times thought the fines insufficient, and although The Post, calling the current law "murky," thought the FEC should have enforced the murkiness quicker.

The Times no longer bothers to pretend that its rationale for speech regulation is fear of corruption or the appearance thereof. Rather, the Times justifies suppressing 527s on aesthetic grounds -- they are run by "hard-edged activists" and their ads are too negative. Presumably, suppressing 527s will elevate political discourse -- and, presumably, it is the government's business to enforce the elevation. The Post also is tellingly silent about the reformers' original corruption rationale for rationing political speech by restricting the political money that finances it. Instead, The Post says 527s wield "significant" -- by implication, excessive (relative to The Post's?) -- influence.

Bauer wonders why, absent a compelling government interest in combating corruption, unregulated speech resulting in influence should be a federal offense. When, as surely it will, the Supreme Court considers that question, it can begin undoing the damage it did at the time it affirmed McCain-Feingold and licensed government to ration political speech.

ANTITRUST:

States Scramble To Scrutinize Airline Takeover (SLT)

Salt Lake Tribune, December 31, 2006

Utah Attorney General Mark Shurtleff isn't opposed to US Airways' hostile bid for Delta Air Lines - yet.

But that could change in the coming weeks. The top law enforcement officer in Utah, who waged an antitrust fight against Microsoft Corp. a few years back, has teamed up with attorneys general in a dozen other states to investigate the impact of a Delta buyout on airline competition and ticket prices.

"It looks like and smells like a classic redundant merger, which often is anti-competitive and sometimes does violate antitrust laws. If we conclude that it is, then we can possibly bring an action to stop it," Shurtleff said last week.

In most cases, states have authority to challenge corporate mergers. The airline industry, however, is the one area where states are powerless to approve or reject mergers out of hand. That power is the sole right of the U.S. Department of Justice, said Jim Dick, an attorney who worked in the antitrust division of the Justice Department and whose private practice involves antitrust work in the airline industry.

"The states don't have a role. What they can do, though, is have an investigation and present their findings to the Justice Department, which is very likely to give them serious consideration," said Dick, who works in Washington, D.C., for the Cleveland-based law firm of Squires Sanders and Dempsey.

The investigation, already two weeks old, is a race against time. Delta, which has spurned the offer, is plowing forward with its plan to exit bankruptcy as a free-standing airline before next summer. The No. 3 U.S. carrier has set a meeting Feb. 7 with a federal judge to show why the plan contains enough information for creditors to vote on it.

At the same time, US Airways continues to assert that its $8.4 billion offer provides more value to creditors than Delta's stand-alone plan. US Airways contends that the merger could be completed in the first half of 2007 and should be done while Delta is in bankruptcy. And spokesman Philip Gee says his Tempe, Ariz.-based airline believes its offer to buy Atlanta-based Delta will pass antitrust review.

"That is based on a thorough city-pair-by-city pair analysis, the type the Department of Justice will perform," Gee said.

Justice Department officials did not respond to telephone calls seeking comment.

If the buyout succeeds, there could be far-reaching repercussions in Utah. Delta's westermost hub at Salt Lake City International Airport is a crucial piece of the local economy. In 2004, Delta shut its hub in Dallas and moved most of those operations to Salt Lake.

Since it filed for bankruptcy in September 2005, Delta has added more than 30 new nonstop routes from the airport. Today, the hub supplies 6,000 direct and indirect jobs. It plays a big role in efforts to recruit new employers. And it brings thousands of visitors who might not come here otherwise.

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US Airways has pledged to preserve the hub, but skeptics - including Shurtleff, the leadership of the Utah House and Senate, several Salt Lake County Council members and Ed Bastian, Delta's chief financial officer - doubt that is possible. A US Airways hub in Phoenix is just 700 miles south of Salt Lake. The company also has major airline operations in Las Vegas.

If the Salt Lake hub were closed or scaled back, "what you would expect out of that is fewer flights, fewer nonstops, fewer seats and, therefore, higher prices and poorer service," Shurtleff said.

Which states have joined with Utah to examine the merger is unclear. Representatives of the National Association of Attorneys General, which is coordinating the communication between state investigators, were unavailable last week. Florida has confirmed it's taking part. Shurtleff said he believes New York and Pennsylvania are on board, and the attorney general of Georgia has been approached. In Utah, the lead investigator is James Palmer, one of Shurtleff's top antitrust lawyers.

Shurtleff agrees that the authority to approve or reject the US Airways-Delta merger rests with federal regulators and not the states. But states do have the power to shape or at least block the merger through lawsuits.

Under federal law, states can file antitrust lawsuits in order to protect consumers, he said.

"These [mergers] have to be approved by the Department of Justice, but we are not bound by that. We often take action independent of the federal government on these antitrust issues," Shurtleff said.

Perhaps the classic example of states standing up for consumers is the role they played in the government's legal battle against Microsoft Corp. In 1998, the Justice Department and a group of states sued the software titan, alleging it illegally used its monopoly in computer operating systems to stop competitors from bringing their operating systems to the market.

Utah took part. After a federal appeals court upheld a lower court, which found that Microsoft abused its monopoly power, Microsoft and the department reached a settlement. Utah and several other states refused to go along, saying the terms didn't go far enough. Their intransigence forced Microsoft to make more concessions.

FBI/DEA/ATF/USMS:

His Omnipresence May Show His Clout, But Now Bruno Is On The Defensive (NYT)

By Michael Cooper

The New York Times, December 31, 2006

ALBANY, Dec. 29 — To get a sense of the celebrity and clout wielded around here by State Senator Joseph L. Bruno, the silver-maned Republican majority leader, consider this: One night last summer, minor league baseball fans who visited the Joseph L. Bruno Stadium across the river were given Joseph L. Bruno bobblehead dolls.

Over at the Albany International Airport, a bronze bust of Senator Bruno greets arrivals from the airport's observation deck. In Troy, people can catch performances at the Joseph L. Bruno black box theater. And at the public television station, WMHT, producers scurry about in the new Joseph L. Bruno Broadcast Operations Center. The area is full of projects and buildings for which Mr. Bruno secured state aid.

And his clout inside the Capitol building is even greater. For 12 years Mr. Bruno has been one of the three men who have effectively controlled state government, and he is poised to become the most important Republican official in New York State now that Gov. George E. Pataki is leaving office.

Mr. Bruno's ascension has a silver-lining aspect to it; he was simply the last man standing after Republicans were routed at the polls on Election Day, leaving them without a statewide office for the first time in decades. The State Senate is now the party's last, and shrinking, power base.

But at what should be his crowning moment, Mr. Bruno finds himself on the defensive as never before. The F.B.I. is investigating his business ties, newspapers are exploring his financial relationships with people seeking help from the state, some Republicans are grumbling that he is tarnishing their troubled party, and for the first time, a member of his conference, Senator John J. Bonacic, a Hudson Valley Republican, is calling on Mr. Bruno to step down.

Mr. Bruno, who was the light-heavyweight boxing champion of his Army regiment in Korea, and at 77 still weighs in at 173 to 175 pounds, is making it clear that he has plenty of fight left in him. He said during an interview on Friday that he fully expected

to be re-elected as temporary president of the Senate — the title that gives him vast power over the body — when the Senate convenes here on Wednesday.

"I have 33 votes in my conference, as I sit here, out of 34," he said.

And Mr. Bruno bristled at news reports that the federal government was investigating his decision to award a $500,000 member item grant — the type that goes to individual lawmakers' pet projects — to Evident Technologies, a company with a former director, Jared Abbruzzese, who had business dealings with Mr. Bruno. Mr. Bruno said that the state gave aid to Evident before he did, and that the money was intended to keep the company from moving out of state.

"It gets me a little bit excited, because they all want to moan and groan and point to Evident," he said in his office. "Evident is one of the most worthwhile projects to be funded that I have funded. Now the fact that a friend of mine, it turns out, that I had a financial relationship with — too damn bad. What am I, a second-class citizen? Is he a second-class citizen? We vetted that through the whole process, O.K.?"

"I'm getting crucified," he said. "And you know something? Tomorrow, if I had that situation to do over, I'd do exactly what I've done."

Mr. Bruno said he entered politics in large part to try to reverse the state government's hostility to business through taxes and regulations.

Although throughout his political career, Mr. Bruno has been dogged by questions of whether his public and private roles were in conflict — from the state contracts won by his telecommunications firm, Coradian, to how legislation he worked on could affect investors — he has never before been accused of wrongdoing.

"My attitude has been, you think I'm in a conflict, then you prove it, and if you're right I'll pay the consequences," he said in an interview in 1994, shortly after he ousted the former Senate majority leader, Ralph J. Marino, in a coup orchestrated in part by Governor Pataki and Senator Alfonse M. D'Amato.

"But I'm not going to ever back off because somebody alleges there's a conflict," he said, "because I have spent my life in business and government trying to prove that businesspeople can be effective in government."

Mr. Bruno grew up with seven siblings in a cold-water flat in Glens Falls, N.Y. His mother had a botched gallbladder operation at age 33, and seven operations later, too poor to afford proper care, died at 44. His father shoveled coal in a paper mill for 32 years, and, Mr. Bruno said, was too proud to accept welfare.

"My childhood was miserable, in plain English, except for the love of my mother and my father," he said. "My father always had a work ethic: you'd take nothing that didn't belong to you, take nothing that you didn't earn. Honesty was his byword."

Mr. Bruno took his first job when he was just 9, delivering pastries each morning to a nearby shirt factory. He was paid in day-old pastries, breakfast for his family.

He went on to put himself through college delivering ice, and afterward went into business selling frozen food in bulk to families as a way to persuade them to buy Amana freezers. He can still rattle off large parts of the pitch: "Frozen food is healthier for you than anything else, if it's flash frozen. You trap all the goodness in everything."

Then, after borrowing $5,000 with a partner, he started Coradian, the telephone company. In 1975 Mr. Bruno was elected to the State Senate, forgoing a race for Congress, he said, in large part so that he could stay active in business.

When Mr. Bruno became majority leader, he was widely regarded as a conservative choice. But over the years he has moved to the left, passing gay rights legislation that had long stalled in the Senate and overriding Governor Pataki's veto to increase the state's minimum wage to $7.15, which takes effect on Monday.

It is a measure of his political skills and his good personal relations that he has received support this month from some of the state's most liberal union leaders and from Conservative Party officials.

"I learned in my tenure that if you're not elected, you can't govern," he said, adding that he believed compromise was essential. "In this state, if you don't move to the center, and sometimes the left of center, you're not going to survive."

The Republicans lost a Senate seat in November, giving them a 34-to-28 majority, though they held power despite the Democratic onslaught in every other area. But Senator Michael A. L. Balboni, a Nassau County Republican, just announced that he is leaving to join the Spitzer administration, setting up the possibility that Republicans could lose another seat.

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Mr. Bruno said he did not think other senators would leave. “I think my members, most of them, want checks and balances, a bipartisan, two-party system,” he said.

Mr. Bruno continued as a top executive at Coradian until 1990, selling phone systems to state and local governments as well as to businesses. He said he believed his job as a state senator might have hurt his business more than it helped.

The company was sold in 1990 for $23 million, and Mr. Bruno started a consulting firm, Capital Business Consultants. The firm has been subpoenaed in the inquiry, as investigators try to discern whether his clients won assistance from the state.

“Everything I have done, we have done to the letter of the law,” Mr. Bruno said. He added that he had disclosed all the information the state required, and that he did not think it would be fair to clients who expected confidentiality to disclose their names now.

“We are a part-time Senate, a part-time Legislature,” he said. “Everybody here does something else, almost everybody, and I think that’s right, that’s the way it ought to be. Do you remember this from your civics class? We are a citizen Legislature. Citizens, farmers, lawyers, businesspeople, doctors, retirees, that’s what we are.”

Bumbling Against Terror (PPG)

By Jack Kelly, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, December 31, 2006

The FBI's record doesn't inspire confidence that we're being well protected

The House International Relations committee issued a report last week criticizing the FBI's investigation of the 1995 bombing of the federal building in Oklahoma City.

Jack Kelly is national security writer for the Post-Gazette and The Blade of Toledo, Ohio (jkelly@post-gazette.com, 412-263-1476).

The FBI failed to pursue credible information that Timothy McVeigh and Terry Nichols had help, the committee said.

The FBI shouldn't have abandoned its search for John Doe No. 2, the committee said. Jayna Davis, then a reporter for a television station in Oklahoma City, said she found at least 20 witnesses who identified Hussain al-Hussaini, a former Iraqi soldier, as the man they saw with Timothy McVeigh.

And the FBI should have investigated more thoroughly contacts between Mr. McVeigh and Andreas Strassmeir, a German national who was a paramilitary instructor at Elohim City, a neo-Nazi compound near the Arkansas border, the committee said.

The FBI says its investigation was exhaustive, but the discovery just two years ago of a large cache of explosives in a house in which Mr. Nichols lived (and which the FBI had searched) casts some doubt on that claim.

Investigative reporter Peter Lance has just completed his third book describing FBI blunders (or worse) in the war on terror.

In his first, "A Thousand Years for Revenge," Mr. Lance showed how the 1993 World Trade Center bombing could have been prevented were it not for negligence by senior FBI officials in New York, and how the FBI had been informed in 1995 of al-Qaida's plans to use airplanes to attack American landmarks.

In his second, "Cover Up," Mr. Lance described how the FBI ignored intelligence about al-Qaida provided by a young mobster, Gregory Scarpa Jr., in order to protect a corrupt FBI agent. (Former Special Agent Lindley DeVecchio was indicted last March on four counts of murder chiefly because of the information Mr. Lance provided in this book.)

Mr. Lance's third book, "Triple Cross," focuses mainly on how Ali Mohamed, one of Osama bin Laden's closest aides, bamboozled the FBI into thinking he was helping the bureau even as he was plotting multiple acts of mass terror.

Mr. Lance, who has won five Emmys, is a better reporter than he is a writer. Reading one of his books is like panning for gold: You've got to sift through a lot of silt to get to the nuggets. For me, the most valuable nuggets in "Triple Cross" are the additional details Mr. Lance provides on the scoops in his earlier books.

On July 17, 1996, TWA 800 disintegrated over Long Island Sound. The FBI and the National Transportation Safety Board concluded the crash was caused by the accidental explosion of the center wing fuel tank. What the 270 witnesses who thought they saw a surface-to-air missile streaking toward the aircraft before the explosion actually saw was a "zoom climb" by the damaged aircraft after its nose had been blown off, the FBI and NTSB said.

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Former airline pilot Ray Lahr considers this improbable: "Such a steep climb is much beyond the capabilities of the engines alone on a large transport aircraft," he said. Last month a federal judge in Los Angeles ordered the FBI and the NTSB to turn over to Mr. Lahr documents they'd been trying to keep from him. The case Mr. Lahr presented was sufficiently strong "to proceed based on his claim the government acted improperly," the judge said.

The most startling thing reported by Mr. Scarpa was that al-Qaida operative Ramzi Yousef, who was in a cell next to him in prison, claimed that he had arranged to have TWA 800 destroyed. Mr. Yousef was about to go on trial for plotting to blow up a dozen airliners in Asia and wanted a mistrial declared.

Minutes after TWA 800's destruction, Mr. Yousef made a brief telephone call in his native language of Baluch, according to Mr. Lance and Jack Cashill, who wrote a book about TWA 800. It was translated by the National Security Agency: "What had to be done has been done. TWA 800 (last two words unintelligible)."

If what Mr. Lance says is true -- if only a small fraction of what Mr. Lance says is true -- the best that can be said of the FBI is that it has been grossly negligent.

A story in the New York Sun Wednesday also does not inspire confidence in the bureau. According to an FBI court filing, the files in 22 of 94 investigations into leaks of classified information are missing.

"Knowing what I know, I can confidently say that until the investigative responsibilities for terrorism are removed from the FBI, I won't feel safe," said former FBI agent Robert Wright in June 2001. Reading Mr. Lance's book won't make him feel any safer.

Our Bumbling FBI (TOLB)

Toledo Blade (OH), December 31, 2006

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If what Mr. Lance says is true - if only a small fraction of what Mr. Lance says is true - the best that can be said of the FBI is that it has been grossly negligent.

A recent story in the New York Sun also does not inspire confidence in the bureau. According to an FBI court filing, the files in 22 of 94 investigations into leaks of classified information are missing.

"Knowing what I know, I can confidently say that until the investigative responsibilities for terrorism are removed from the FBI, I won't feel safe," said former FBI agent Robert Wright in June, 2001. Reading Mr. Lance's book won't make him feel any safer.

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CONGRESS-ADMINISTRATION:

Ethics Panel Concludes Conyers Inquiry With A Warning But No Punishment (RC)

By Susan Davis

RollCall.com, December 30, 2006

The House ethics committee concluded its three-year inquiry into incoming Judiciary Chairman John Conyers on Friday, voting to take no punitive action against the Michigan Democrat but warning him not to use Congressional staff for any campaign or personal purposes in the future.

The inquiry was self-initiated by the ethics panel following news reports in December 2003 that Conyers had on multiple occasions demanded his Congressional staff do both political work outside of their official duties as well as personal errands and favors for the lawmaker and his wife, such as babysitting and tutoring his children.

In a joint statement, ethics Chairman Doc Hastings (R-Wash.) and ranking member Howard Berman (D-Calif.) said Conyers had agreed to the terms set out by the panel to ensure that his office complies with House rules pertaining to Congressional staff. The committee further stated that Conyers cooperated with the investigation, providing documents and other information at the panel's request.

"In the course of providing information to the committee, Representative Conyers acknowledged what he characterized as a 'lack of clarity' in his communications with staff members regarding their official duties and responsibilities, and accepted responsibility for his actions," the committee said in a statement, "Representative Conyers also provided the committee with documents indicating that he had begun taking steps to provide clearer guidance to staff regarding the requirement that campaign work and official work be separate."

Conyers agreed to six conditions laid out by the panel, and if he abides by them the matter will remain closed.

He must prohibit his personal staff, other than his chief of staff, from performing any campaign-related work even if done on a voluntary basis, unless the employees takes paid leave from their Congressional duties. He must also inform his staff in writing of the terms of their Congressional or campaign work as well as distribute a memo to his staff that clarifies all House rules relating to their duties. Conyers must maintain a "detailed time-keeping system" as to his Congressional staffers' duties and require all of his staff to attend a briefing by an ethics committee counsel on House rules that pertain to campaign and non-

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official work on behalf of a Member of Congress. And Conyers' personal Congressional staff must hold annual meetings to discuss and explain House rules, with all new employees required to learn the rules as part of their orientation.

Conyers Accepts Responsibility For Possible Ethics Violations (HILL)

By Jonathan E. Kaplan, Jackie Kucinich

The Hill, December 30, 2006

Rep. John Conyers (D-Mich.) has "accepted responsibility" for possibly violating House rules by requiring his official staff to perform campaign-related work, according to a statement quietly released by the House ethics committee late Friday evening.

The top Republican and Democratic members on the ethics panel, Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), said in a statement that Conyers acknowledged a "lack of clarity" in communicating what was expected of his official staff and that he accepted responsibility for his actions.

"[Conyers] agreed to take a number of additional, significant steps to ensure that his office complies with all rules and standards regarding campaign and

personal work by congressional staff," they stated. "We have concluded that this matter should be resolved through the issuance of this public statement."

The finding by the ethics panel could spark debate, and perhaps eclipse, the first week of the incoming-Democratic majority's plans to change the House ethics rules, as well as raise questions about Conyers' standing to chair the Judiciary Committee.

On Dec. 14, Conyers sent a letter to his supporters from his campaign website announcing that he had been elected as chairman-designate of the House Judiciary Committee. Berman is the second-ranking Democrat on the panel.

A spokesman for incoming House Speaker Nancy Pelosi (D-Calif.) said Conyers will remain chairman of the Judiciary Committee.

The House ethics committee conditions that Conyers has agreed to must be complied with throughout the 110th Congress.

Conyers had alarmed Democrats, poised to recapture the House after 12 years in the minority, by indicating that he would begin impeachment proceedings against President Bush.

In May, a spokesman for Pelosi, said that she told her Democratic colleagues in a closed meeting, "that impeachment is off the table; she is not interested in pursuing it."

As House Republicans and Democrats prepare for former President Gerald Ford's funeral and the transfer of power set to take place next week, aides to Pelosi were not available for comment.

The ethics inquiry began in December, 2003 when former staff members complained to the ethics panel, formerly named the House Committee on Standards and Official Conduct, that Conyers had required his official staffers to work on campaigns, babysit his children, and run personal errands. Conyers subsequently hired Stanley Brand, a well-respected defense lawyer with a long track record of defending public officials implicated in corruption cases.

In 2003, Reps. Joel Hefley (R-Colo.) and Alan Mollohan (D-W.Va.) headed the ethics committee.

The Hill reported last March that two former Conyers' aides alleged that he repeatedly violated House ethics rules by requiring aides to work on local and state

campaigns, and babysit and chauffeur his children. Deanna Maher, a former deputy chief of staff in the Detroit office, and Sydney Rooks, a former legal counsel in his district office, shared numerous letters, memos, e-mails, handwritten notes and expense reports with The Hill.

They also sent the same materials to the House ethics panel, the FBI and the U.S. attorney's office. House rules allow the chairman and ranking member of the ethics panel to initiate informal inquiries into allegations of misconduct in the absence of a formal complaint.

Hastings and Berman said in their statement that Conyers provided information and documents to the panel. Committee staff also interviewed witnesses. They also said that Conyers agreed to take six steps to ensure that the matter remain closed. First, he agreed to prohibit his personal congressional staff, other than his chief of staff, from engaging in any voluntary

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campaign-related work in the 110th Congress unless that staff members takes a leave of absence and obtains prior approval from the wthics Committee.

He also must take several additional steps to make it abundantly clear to his government-paid aides that they need not work on campaigns to gain employment or stay employed in his office. In addition, he will have to maintain a detailed time-keeping system that he implemented during the course of the committee's inquiry.

"Provided that the above requirements are complied with, this matter will remain closed, and the Committee will take no further action on it," Hastings and Berman said.

The following is the text of the House ethics committee statement regarding Conyers:

December 29, 2006

Statement of Chairman Doc Hastings and Ranking Minority Member Howard L. Berman Regarding Representative John Conyers

The Chairman and Ranking Minority Member, pursuant to Committee Rule 18(a), initiated an informal inquiry in December 2003 into reports that members of the congressional staff of Representative John Conyers had performed campaign activity on official time and in some instances using official resources, and that some staff members may have been compelled to do campaign work or personal work for Representative Conyers. The assertions in the reports, if true, could implicate a number of laws and House rules applicable to Members, including: House Rule 23, clause 1 (requiring the conduct of a Member or employee to reflect creditably on the House of representatives); House Rule 23, clause 8 (requiring that congressional staff perform official duties commensurate with compensation); 31 U.S.C. § 1301(a) and corresponding regulations of the Committee on House Administration (providing that official funds may be used only for the purposes appropriated); and 18 U.S.C § 606 (prohibiting adverse personnel action or intimidation to secure a "contribution of money or other valuable thing" including services, for a political purpose). Committee Rule 18(a) permits the Committee, in the absence of a filed complaint, to consider "any information in its possession indicating that a Member, officer, or employee may have committed a violation of the Code of Official Conduct or any law, rule, regulation, or other standard of conduct . . ." The Chairman and Ranking Minority Member may jointly gather additional information concerning such a potential violation unless and until an investigative subcommittee is established. During the course of their inquiry, the Chairman and Ranking Member asked for and received information, including documents, from several sources, including Representative Conyers. Committee staff also interviewed witnesses regarding the allegations. In the course of providing information to the Committee, Representative Conyers acknowledged what he characterized as a "lack of clarity" in his communications with staff members regarding their official duties and responsibilities, and accepted responsibility for his actions. Representative Conyers also provided the Committee with documents indicating that he had begun taking steps to provide clearer guidance to staff regarding the requirement that campaign work and official work be separate. After reviewing the information gathered during the inquiry, and in light of Representative Conyers' cooperation with the inquiry, we have concluded that this matter should be resolved through the issuance of this public statement and the agreement by Representative Conyers to take a number of additional, significant steps to ensure that his office complies with all rules and standards regarding campaign and personal work by congressional staff. Representative Conyers has agreed to the following conditions:

1. Prohibiting his personal congressional staff (other than his Chief of Staff) from performing any campaign-related work, including work done on a voluntary basis, during the 110th Congress, unless the staff member takes a paid position on his campaign while on leave without pay status and obtains prior written approval from the Committee.

2. Informing staff members in writing of the prohibition set forth above against the voluntary performance of campaign work.

3. Distributing a memorandum to each member of his personal congressional staff which clearly sets forth all House rules concerning (1) the performance of campaign and other non-official work by congressional staff members and (2) the prohibition against the performance of any campaign-related work being conducted in either his congressional or district offices. Additionally, this memorandum will explicitly state that the performance of campaign or other non-official work by staff members may not be required as a condition of their employment.

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4. Directing that meetings of his personal congressional staff be held annually in which the House rules concerning staff participation in campaign activities are discussed and explained. In addition, a description of these rules will be made a part of the orientation for all new staff employees.

5. Continuing to maintain the detailed time-keeping system initiated by Rep. Conyers during the course of the Committee's inquiry.

6. Requiring that all members of his congressionalstaff attend a briefing conducted by Committee counsel on the application of, and compliance with, applicable House rules concerning the performance of campaign and other non-official work by congressional staff members.

Provided that the above requirements are complied with, this matter will remain closed, and the Committee will take no further action on it.

Job Evaluation: George W. Bush (LAT)

The Los Angeles Times, December 31, 2006

IT'S THAT TIME of year, when the drones of corporate America gather their No. 2 pencils and call over to human resources for all the personnel files. The dirty little secret (or maybe it's not so secret) is that managers resent these yearly job performance evaluations as much as employees do. But why let the private sector have all the fun? An election is a kind of evaluation, of course, but what if our elected officials had to fit their year's accomplishments on the same kind of form with which millions of the rest of us are familiar? For President Bush, the results would not be encouraging.

*

Knowledge of job: Below expectations. Despite describing himself as "the decider," employee often abdicated important decisions to others, as in his insistence that he could do nothing about prison conditions at Guantanamo Bay without judicial branch input.

*

Job effectiveness: Below expectations, even his own, and not just in his controversial and poorly planned takeover of despotic foreign operation (also see previous evaluations). Confirmation of favored candidate for a top-level judicial branch appointment was a major achievement. But failed to rally support in legislative branch and among own partisans for positions on which he was in the right, such as his call for comprehensive immigration reform.

*

Critical thinking skills: Meets expectations, which were low. Instead of building bridges to opponents within the legislative branch on foreign policy, he demonized them with this election-year rant: "The Democrat [sic] approach comes down to this: The terrorists win and America loses." Failed to dismiss key architect of war until after Republicans were routed in midterm elections.

*

Works well with others: Meets expectations. More successful at staking out common ground with headstrong allies of own party than at seeking out compromise with extra-party rivals who may actually be useful to policy goals. Needlessly provoked Democrats with renomination of partisan flame-thrower to major international body even after it was clear that nominee was unfit for the job. Unclear at the end of this performance period whether he will accept any advice from the bipartisan Iraq Study Group.

*

Financial management: Exceeds expectations. Federal budget deficit is smaller than expected, though employee's insistence that this is a result of his tax cuts is unpersuasive. Also, after the election, indicated that he was open to fresh talks with Democrats about Social Security.

*

Areas for improvement: New management in legislative branch will require considerable improvement in people skills, especially but not exclusively in identifying a "way forward" in Iraq. To borrow a phrase associated with one of employee's predecessors, present employee needs to adopt a "kinder, gentler" rhetorical style, one that acknowledges past mistakes and doesn't demonize those who think differently.

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Ten Suggestions For Rescuing The Bush Legacy (NYT)

By Nicholas D. Kristof

The New York Times, December 31, 2006

Particularly after all the tributes to Gerald Ford in the last few days, President Bush may be pondering his own legacy and obituary. Sorry, Mr. Bush, but it doesn't look good right now, with your obit perhaps beginning something like this:

"George W. Bush, who achieved tremendous acclaim for his handling of the 9/11 terror attacks but left office vilified and disgraced, mired in the Iraq war and stalemated at home, his hard-line partisan tactics souring the electorate and crippling his beloved Republican Party for a generation, died. ..."

But Mr. Bush, your plight isn't hopeless. In the holiday spirit, let me offer you 10 suggestions for what you can do in 2007 to try to rescue your legacy.

First, seriously engage Iraq's nastier neighbors, including Iran and Syria, and renounce permanent military bases in Iraq. None of that will solve the mess in Iraq. But these steps will suggest that you are belatedly trying to listen and are willing to give diplomacy a chance. They may also help at the margins: renouncing bases is a simple move that has no downside and will make it harder for Iraqi militants to argue that Americans are just out to steal Iraqi oil and grab military bases.

Second, start an intensive effort to bring peace to the Middle East. Work with King Abdullah of Saudi Arabia to flesh out his peace proposals. And vigorously back the Geneva Accord approach to an Israeli-Palestinian peace, since everybody knows that is what a final peace deal will look like. Frankly, it seems unlikely that peace is going to break out anytime soon in the Middle East, but there is a huge dividend for America's image if we at least try.

Third, confront the genocide in Darfur. President Bill Clinton has said that the biggest regret of his administration is not responding to the Rwandan genocide, and someday you — and your biographers — will rue your lame response to Darfur. For starters, how about inviting the leaders of Britain, France, China, Egypt and Saudi Arabia to travel with you to Darfur and Chad to see firsthand the women who have been mutilated and raped, the men whose eyes have been gouged out? Follow that up with a no-fly zone, an international force to prop up Chad and the Central African Republic, and a major push for an internal peace among Darfur tribes.

Fourth, encourage Dick Cheney to look pale in public. Then he can resign on health grounds, and you can appoint Condi Rice or Bob Gates to take his place. Mr. Cheney has been the single worst influence on your foreign policy, as well as the most polarizing figure in your administration. There's no better move you could make to signal a new beginning than to accept Mr. Cheney's resignation.

Fifth, revive the theme of compassionate conservatism by extending your excellent five-year AIDS program (while not being so squeamish about condoms in the future). And above all, work with Europe to promote incentives for business investment in Africa, modeled after the African Growth and Opportunity Act program. The best hope to raise Africa's standard of living is to nurture factories manufacturing clothing, shoes and toys for export.

Sixth, address climate change. Nobody expects you to be an Al Gore, but you sully America's image when you run away from any serious attempt to curb carbon emissions.

Seventh, put aside those thoughts of a military strike on Iranian nuclear sites, and make it clear to Israel that we oppose it conducting such an attack. A strike would set back Iran's nuclear programs by only five years or so, but it would consolidate hard-line rule there for at least 25 years.

Eighth, instead of giving up on Social Security, revive the reform proposals that President Clinton urged in 1999. That does mean bringing the budget back into black ink, which will mean phasing out some tax cuts for the wealthy.

Ninth, address our disgraceful inequities in health care. You could push for comprehensive coverage for children up to age 5 (as President Jimmy Carter tried to achieve a generation ago), and for almost zero cost you could mount a public health campaign to tackle obesity in children. Mike Huckabee, the Republican governor of Arkansas, has shown how state governments can fight diabetes and obesity, and you should take his approach nationwide.

Tenth, don't toss this newspaper to the floor and curse the press for your unpopularity. Instead, borrow from your playbook after you lost the New Hampshire primary in 2000 — grit your teeth, retool and steal ideas from your critics and rivals. It worked then, and it just might help in 2007.

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A New Year For School Reform (NYT)

The New York Times, December 31, 2006

The No Child Left Behind Act broke new ground when it required the states to educate impoverished children up to the same standards as their affluent counterparts, in exchange for federal aid. The law did not just drop out of the sky. It represented a deliberate attempt by Congress to ratify and accelerate the school reform effort that swept the country in the early 1990's, when the states began to embrace standards-based accountability systems that quickly showed promising results.

The achievement gains have fallen far short of what Congress hoped for when it passed the landmark federal law — and also far short of what the country needs to keep pace with its economic rivals. In addition, student performance has flattened in recent years. In many cases, that is because states that reaped all of the early, easy gains that are typically achieved by merely paying attention to a long-neglected problem failed to do the tougher work necessary to sustain their reforms.

Recent studies offer sobering news about the challenges that lie ahead. Happily, there is also encouraging news from the states that have stayed the course and continued to build rigorous, standards-based reforms.

The value of the standards movement itself was underscored this year in an analysis that was part of Education Week magazine's annual survey of student achievement. Analyzing student performance between 1992 and 2005, the study found clear signs of progress, especially in fourth-grade math performance, which had gone up nearly two grade levels since 1992. Black and Hispanic students, by the way, showed larger gains than their white counterparts over that same period. Had the scores of white students not risen at all, the progress by black and Hispanic students would have substantially erased the white-minority achievement gap.

The news was less heartening in reading performance, which inched up only about two points over the same time period. Even so, Education Week found that reading achievement for black, Hispanic and low-income fourth graders had risen at nearly three times the national average.

Low-income students still lag far behind their affluent counterparts. But the data in a subsequent study by the Fordham Foundation shows that states that commit to rigorous standards and accountability systems can make progress in this difficult area. The bad news is that only eight states even achieved what Fordham described as "moderate progress."

Those states are: Delaware, Florida, Massachusetts, New Jersey, New York, Texas, Washington and California. In California especially, statewide reforms (and, in Los Angeles, dynamic leadership by the former superintendent, Roy Romer) are clearly having an effect. These gains are tentative and will certainly evaporate if the states lose momentum. But they show that performance for low-income students can be nudged upward if states hew to rigorous reforms.

That bad news is that too few states are actually doing that.

With the easy achievement gains already behind us, the next level of progress will require rigorous systemic change. The states, for example, will need to adopt rigorous examinations that track the federal test, the National Assessment of Educational Progress, more closely. They will have to crack down on state teachers colleges that turn out poor graduates, and devise ways — including differential pay — to persuade highly qualified teachers to work in failing schools that they have historically avoided. To move forward, the country must also find new ways to support and transform failing schools, beyond labeling them failures and presuming that the stigma will inspire better performance.

These are difficult issues. But they are the ones that Congress needs to focus on as it moves toward reauthorizing No Child Left Behind.

Playing The Angles (WP)

The Washington Post, December 31, 2006

INCOMING HOUSE Speaker Nancy Pelosi (D-Calif.) pledged to run the "most open" Congress in history. Unfortunately, that promise doesn't seem to extend to letting the American people see what's really happening on the House floor. In a letter released the Friday before Christmas, Ms. Pelosi delivered a lump of coal to C-SPAN, which had asked to be freed from the restrictive rules that -- since House proceedings first were televised in 1979 -- have kept the cameras under control of the House and limited footage to tight shots of the podium or the lawmaker who's speaking. Senate rules are similarly constraining. As C-SPAN's president, Brian Lamb, explained in his letter to Ms. Pelosi asking that the cable network's cameras be permitted in the

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chamber, "This compromise was crafted long ago to convince wary members to allow congressional sessions to be televised, and in the ensuing years it has become an anachronism that does a disservice to the institution and to the public. . . . Rules and established practices prevent congressional cameras from taking individual reaction shots or from panning the chamber, leaving viewers with an incomplete picture of what's happening in the House of Representatives."

Through its years of televising floor proceedings, and its sober, unbiased coverage of congressional hearings and other events,

C-SPAN has demonstrated that it is both essential and responsible. There is no reason to prevent its cameras from operating freely in both the House and Senate. Ms. Pelosi, however, disagrees. "I believe that the dignity and decorum of the United States House of Representatives are best preserved by maintaining the current system of televised proceedings," she wrote to Mr. Lamb.

But why shouldn't those who want to see what's going on in the House -- it's the people's House, after all -- be able to have the same view as if they were in the chamber? What's to hide -- lawmakers orating to an empty House, or, to take one example, then-Majority Leader Tom DeLay buttonholing a balky member during the Medicare prescription drug vote in 2003?

C-SPAN may have better luck with another of its requests: to have immediate access to voting records. As Mr. Lamb explained in his letter, the House has had electronic voting for decades, but "official public release of individual votes is still delivered long after a vote has closed" -- often hours later. Ms. Pelosi said she had asked the House clerk to look into a change; it's hard to imagine that this can't be done.

And Now, A Word From Chile... (NYT)

The New York Times, December 31, 2006

Everyone who followed the debate about privatizing Social Security back in 2005 has vivid memories of the Chilean model. Sometimes it seemed impossible to get through any discussion of fixing Social Security without hearing a free-market paean to the way Chile had given its workers control over their own retirement investments, followed by a demand that the United States get on the same boat.

Therefore, it seems worthwhile to note that the Chileans are now bailing water.

The Chilean government recently announced that in 2007 it plans to pursue far-reaching reforms aimed at creating a larger government role in Chileans' old-age security. The reforms are urgently needed. It has been nearly a generation since the regime of Gen. Augusto Pinochet began to supplant Chile's government-supported retirement system with a plan for Chilean workers to save 10 percent of their salaries in private accounts. Today, roughly half of Chile's labor force has either not participated or has not accumulated enough to generate what the government considers a minimum payout of about $140 a month.

The overarching problem for Chile — and the real lesson for the United States — is that private savings are not a substitute for a guaranteed core tier of old-age support. The first measure of success of a retirement system is not how much certain individuals manage to sock away, but whether the system as a whole provides basic dignity for all. By that measure, Chile's privatized system has failed and Social Security has succeeded.

Social Security does need some changes to protect it over the long term. The best solution would involve a combination of modest benefit cuts and modest tax increases, which could be phased in gradually over decades and could guarantee a government benefit that replaces about 30 percent of preretirement income on average, compared with a replacement rate of about 35 percent today.

Getting there would require sacrifices from both political parties. Republicans would have to give up on their privatization efforts. And the Democrats would have to control their knee-jerk tendency to preface any discussion of Social Security with a pledge never to cut anyone's future retirement benefits. President Bush will also have to go further if there is to be any chance of progress while he is still in office. Tax increases must be a part of any plausible Social Security reform mix. Unfortunately, the president appears unalterably opposed even to something as overdue as raising the cap on earnings that are subject to Social Security tax.

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As long as tax increases are off the table, severe benefit cuts become unavoidable. If the gap in Social Security's finances were closed through benefit cuts only, the average worker's payout would equal only about 10 percent of preretirement earnings. Such bare-bones benefits would signal the end of Social Security, as surely as would privatization.

As the debate unfolds anew in 2007, another vital lesson to remember from the Chilean experience is that institutions, once dismantled, are not easily restored.

OTHER NEWS:

A Solemn Homecoming (WP)

By Michael E. Ruane

The Washington Post, December 31, 2006

To the strains of a Navy piper's farewell, the clank of sword scabbards and the bang of an artillery salute, Washington welcomed the body of former president Gerald R. Ford last evening.

The ceremonies began four days of services and tributes in the city he left three decades ago.

The journey of the president's body, from its arrival at Andrews Air Force Base about 5:15 p.m. to its installment in the Capitol Rotunda about two hours later, took place in the early evening darkness that was broken by floodlights, streetlights and simple holiday decorations.

It was attended by modest but somber crowds that lined the avenues of Alexandria, where the former president once lived. People also gathered in silence as his hearse, and the limousine bearing his wife, Betty, 88, paused beside the flickering fountains of the World War II Memorial. The cortege of about 40 vehicles then moved slowly along the broad and empty expanse of Constitution Avenue toward the gleaming dome of the Capitol, bright against the night sky. The casket bearing Ford's body was carried up the steps to the grand, columned east entrance of the House of Representatives.

The casket was placed on the same bier as the one used for Abraham Lincoln 141 years ago and Ronald Reagan 2 1/2 years ago.

In the ceremony that followed, Betty Ford looked composed as she sat between Vice President Cheney and House Speaker J. Dennis Hastert (R-Ill.). The service closed with the former first lady bowing her head over her husband's casket, her clasped hands on the flag that covered it. It was Washington's second presidential state funeral in 31 months and different from the more elaborate leave taking accorded Reagan. But there was elegance to last night's proceedings, as the former chieftains of 30 years ago, several using canes, stood by with younger mourners who said they knew little more than that the former president had been an honorable and decent man.

"It was this man, Gerald R. Ford, who led our republic safely through a crisis that could have turned to a catastrophe," said Cheney, among those who eulogized Ford at the service. "We do know this: America was spared the worst, and this was the doing of an American president. For all the grief that never came, for all the wounds that were never inflicted, the people of the United States will forever stand in debt to this faithful servant we mourn tonight."

U.S. Rep. Vernon J. Ehlers (R), who represents the Grand Rapids, Mich., district where Ford was a congressman decades ago, teared up as he said, "People are finally starting to realize what he did for this country and how special he was."

President Bush did not attend last night's ceremonies. He and first lady Laura Bush plan to pay respects tomorrow, when they return to Washington from Texas. Bush also plans to speak at Ford's funeral Tuesday at Washington National Cathedral.

Bush, in his weekly radio address yesterday, said: "Gerald Ford distinguished himself as a man of integrity and selfless dedication. He always put the needs of his country before his own, and did what he thought was right, even when those decisions were unpopular. Only years later would Americans come to fully appreciate the foresight and wisdom of this good man."

Ford served 25 years as a Republican congressman from Michigan before he became Richard Nixon's vice president in 1973, succeeding the disgraced Spiro T. Agnew. He became president in 1974 when Nixon resigned in the wake of the Watergate scandal. In one of his early acts as president, he issued a pardon absolving Nixon of any Watergate-related crimes.

He died Tuesday at age 93 at his home in California.

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"In the nation's darkest hour, Gerald Ford lived his finest moment. . . . He knew the road to national healing began with the courage to forgive," said Sen. Ted Stevens (R-Alaska), the Senate's president pro tem, who also spoke at the state funeral.

Outside the Capitol, hundreds of people waited to pay their respects. Some waited five hours or longer before getting into the Rotunda late in the night.

They included Becky Reese, 47, and her husband, Ralph, 48, of West Chester, Ohio, who prolonged a stay in Washington to attend the viewing. They were with their sons, Benjamin, 12, and Evan, 9. They planned to drive home as soon as they left the Rotunda last night.

Becky Reese sat on the ground with her back against the metal grates. Her children were huddled against her: "We decided this would be a once-in-a-lifetime opportunity." She said her children saw the services for former president Ronald Reagan on television and said they wanted to be on hand when Ford was honored.

Her husband said that Ford was the first presidential candidate he ever voted for, and he fondly recalled the Ford years as calmer than the presidencies before and after it. "There was just no real big news," he said. "You didn't have Iran. You didn't have Watergate. It was quiet. No news was good news."

As midnight approached, the crowd diminished, but people continued to come.

The day began with private services at Ford's church in California. Then his body was carried aboard an official presidential jumbo jet for the cross-country flight to Andrews Air Force Base.

The plane arrived in darkness, and Ford's flag-covered casket was carried from the aircraft to a black hearse by eight uniformed service members.

Black artillery pieces fired a 21-gun salute, belching smoke that drifted like fog across the tarmac, as a military band played "Hail to the Chief" and "America (My Country 'Tis of Thee)", which had been requested by the family.

Standing by in the evening chill were several dozen honorary pallbearers, including former secretaries of state Henry A. Kissinger and James A. Baker III, former defense secretary Donald Rumsfeld, former transportation secretary William T. Coleman Jr. and Cheney, who had once been Ford's chief of staff.

Once the music stopped, the quiet was broken only by a long roll of drums and the shouted orders of the military commanders.

Betty Ford, looking tiny on the arm of white-gloved Army Maj. Gen. Guy C. Swann 3d, watched as the casket was carried by and then took a seat in a limousine, where she could be seen wiping her face with a handkerchief.

The cortege left the air base at 5:53 p.m. and traveled via the Capital Beltway, which was briefly closed, to Alexandria, where the Fords lived when the former chief executive represented his Michigan district in the U.S. House.

Along Washington Street, a crowd of several hundred assembled around the intersection with King Street, and those who went to pay respects were joined by a throng of shoppers. Word spread through the crowd that Ford had once lived in Alexandria.

Sylvia Lukens, a 37-year resident of Alexandria, waited in the cold for about an hour to see the president who had once lived a few blocks from where the motorcade was passing. "I liked that Ford still had affection for this town," Lukens said. "Even when he entered the high echelons of power he stayed here. That says a lot about the man."

As the motorcade drove through, the crowd burst into soft applause. "He had no pretenses, that was what was so refreshing about the man," Lukens said.

The procession then made its way north, crossing Memorial Bridge over the Potomac River and heading for the World War II Memorial.

At the Ford family's request, the cortege paused on floodlit 17th Street before the twin stone arms of the Mall's World War II Memorial plaza.

Ford served as a navigator and gunnery officer on the aircraft carrier USS Monterey at the height of the war in the Pacific, and one of the memorial's 24 metal relief panels depicts a frenetic moment on the deck of a carrier, with a plane about to take off amid hurrying pilots and crew.

As the hearse stopped, Navy Chief Boatswain's Mate Carlos Ribbot, 41, stepped forward, saluted with his right hand and with his left raised a stainless steel boatswain's pipe hanging from an ornately braided rope lanyard around his neck.

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Ribbot, a native of Humacao, Puerto Rico, played the three long, solemn notes that constitute "piping the side," the Navy's traditional farewell.

As Ribbot piped, a group of 12 Eagle Scouts from local Boy Scout troops gave their three-fingered salute as they stood at attention in olive green pants and tan shirts, draped in merit badge sashes. Ford is the only president to have been an Eagle Scout, said Alan F. Lambert, scout executive of the National Capital Area Council.

One of the Scouts was Jeb James, 17, of Arlington County, a member of Troop 664 in Baileys Crossroads. "It's a pretty big honor," James said. "He's the only Eagle Scout to become president. . . . Didn't he fight in World War II, and he saved his boat? He played for Michigan, and was the MVP center for his team."

The cortege moved along Constitution Avenue and just before 7 p.m. wheeled slowly around a corner into the Capitol plaza, which was illuminated by floodlights.

American flags on the front fenders of the hearse barely fluttered in the evening stillness, as the hearse pulled up in front of the broad stone steps leading up to the House chamber. In two lines, flanking the path of the coffin, stood dignitaries and celebrated figures from Ford's past.

After cannon volleyed again in salute, Ford's casket was carried slowly up the steps to the House portico. At 7:43 p.m., with the coffin on the Lincoln bier, in the Rotunda, beneath the dome, the service began.

Ford joins a list of presidents who have lain in state beneath the Rotunda. It includes Reagan, Dwight D. Eisenhower, William H. Taft, Warren G. Harding, William McKinley Jr., James A. Garfield and Herbert Hoover.

Last night, after leaving the Rotunda, Joris Nieuwint, 28, from the Netherlands described the scene as impressive.

"It was very stately -- a huge room with a very big casket with a U.S. flag around it," he said. His wife, Dorien, 26, said people in line had been complaining about the cold while waiting. "Once you got in the room," she said, "everything was forgotten. Everyone was silent and respectful."

Ford's Final Visit To Capitol (WT)

By Eric Pfeiffer

The Washington Times, December 31, 2006

The nation paid tribute yesterday to Gerald R. Ford's legacy of service -- in the military, in Congress and as the president who helped to heal the country after the Vietnam War and Watergate.

"Tonight we say goodbye to a true gentleman, an exceptional leader and our good friend," Sen. Ted Stevens, Alaska Republican, said in the Capitol Rotunda, where the former president's body rested in a flag-draped casket. "In our nation's darkest hour, Gerald Ford lived his finest moment. He was the man the hour required."

It was noted repeatedly that Mr. Ford never aspired to be president, but served honorably after the Watergate scandal forced Richard M. Nixon to resign.

"President Ford proved as worthy of that office as any who had ever come before," said Vice President Dick Cheney, who served as Mr. Ford's chief of staff. "He assumed power without assuming airs; he knew how to treat people. He answered courtesy with courtesy; he answered discourtesy with courtesy."

Mr. Cheney also addressed the 38th president's decision to pardon Mr. Nixon, which was so divisive at the time that it probably cost him the 1976 election.

"It was this man, Gerald R. Ford, who led our republic safely though a crisis that could have turned to catastrophe," he said. "Gerald Ford was almost alone in understanding that there can be no healing without pardon."

Mr. Ford died Tuesday at age 93.

Yesterday evening, an aircraft from the White House fleet brought Mr. Ford's body to Andrews Air Force Base from services near his adopted California home.

In Washington, hundreds waited along the route the former president's motorcade took on its way to the Capitol -- through Alexandria, where he once lived; to the National World War II Memorial, in honor of his service in the Navy; and past the White House.

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Lights covered the arch at the World War II Memorial dedicated to the Pacific Theater, where Mr. Ford served aboard the USS. Monterrey. As the funeral motorcade paused at the memorial, a bos'n mate stepped forward to play "Piping Ashore," a piercing whistle heard for centuries to welcome officers aboard a ship and now to honor naval service. Mr. Ford's wife, Betty, was seen waving to the crowd from her vehicle.

The pageantry was muted, as Mr. Ford wanted, but the ritual unfolded according to traditions dating back to the mid-1800s.

A motorcade was arranged instead of the horse-drawn caisson familiar to Americans from the funerals of Presidents Ronald Reagan in 2004 and John Kennedy in 1963.

The military flyover that is also traditionally part of a state funeral in Washington will happen instead in Grand Rapids, Mich., where Mr. Ford's body will be entombed Wednesday on a hillside near his presidential museum.

In another departure from tradition, pallbearers placed Mr. Ford's casket outside the House chamber before it was taken to the Rotunda, where his body will lie until Tuesday morning. That honored Mr. Ford's 25 years of service in the House as a congressman from Michigan and minority leader. On Tuesday, Mr. Ford's body will rest briefly outside the Senate chamber, commemorating his service as vice president, which also made him Senate president.

During the Rotunda ceremony, House Speaker J. Dennis Hastert said the country "needed" the man whose ambitions were said to go no further than the post the Illinois Republican currently holds.

"In 1974, America didn't need a philosopher-king or a warrior-prince," Mr. Hastert said. "We needed a healer, we needed a rock, we needed honesty and candor and courage. We needed Gerald Ford."

The ceremony was interrupted when William Broomfield, 84, a former Michigan congressman who served with Mr. Ford in Congress, collapsed. He was attended by outgoing Sen. Bill Frist, a physician, before being taken out in a wheelchair. Mr. Frist, Tennessee Republican, later indicated that Mr. Broomfield was OK.

After the ceremony, Mrs. Ford walked to the casket with the aid of her son and rested her clasped hands briefly on top of it.

As the crowd followed her out of the Rotunda, the Rev. Barry C. Black, chaplain of the Senate, made one final reference to Mr. Ford's role in healing the nation.

"Accept our gratitude for his courage to decide based upon principles, for his pragmatic leadership during cynical times and for his long life of exemplary service," Mr. Black said.

Earlier yesterday, in Palm Desert, Calif., a 13-hour period of public viewing ended just as the sun rose over the resort community where Mr. Ford and his wife settled nearly 30 years ago. People waited up to three hours to pay their respects at St. Margaret's Episcopal Church.

Barbara Veith, 69, said Mr. Ford's "everyman" persona drew her to the viewing.

"There is something personal about his passing even though we didn't really know him," Miss Veith told the Associated Press. "He just kind of had an everyman quality to him though he was far from it. He was the president."

President Bush, who plans to attend the funeral service on Tuesday, praised Mr. Ford during his weekly radio address.

"In his 2½ years as President, Gerald Ford distinguished himself as a man of integrity and selfless dedication. He always put the needs of his country before his own, and did what he thought was right, even when those decisions were unpopular," Mr. Bush said. "Only years later would Americans come to fully appreciate the foresight and wisdom of this good man."

Cheney Hails Ford's Pardon Of Nixon (AP)

By Calvin Woodward, Jeff Wilson

AP, December 30, 2006

With the thunder of cannon and the whistle of a bos'n pipe, the nation's capital honored Gerald R. Ford's memory Saturday in funeral ceremonies recalling the touchstones of his life, from combat in the Pacific to a career he cherished in Congress to a presidency he did not seek.

Old colleagues, today's leaders and ordinary Americans remembered him as a man called to heal the country from the wounds of Watergate, the scandal that shattered Richard Nixon's presidency in 1974 and brought the even-keeled Ford to the Oval Office.

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Ford's decision to pardon Nixon, so divisive at the time that it probably cost him the 1976 election, was dealt with squarely in his funeral services by his old chief of staff, Vice President Dick Cheney.

"It was this man, Gerald R. Ford, who led our republic safely though a crisis that could have turned to catastrophe," said Cheney, speaking in the Capitol Rotunda where Ford's body rested in a flag-draped casket. "Gerald Ford was almost alone in understanding that there can be no healing without pardon."

Ford, In Final Journey, Returns To Washington (NYT)

By Anne E. Kornblut

The New York Times, December 31, 2006

WASHINGTON, Dec. 30 — After a slow journey past the touchstones of his political life, Gerald R. Ford was brought to a place of honor Saturday under the Capitol dome, where a crowd of dignitaries gathered to commemorate the man whose presidency encompassed one of the most tumultuous periods of American history.

Many of Mr. Ford's most prominent protégés came to mourn him, remembering the era of political unity, however brief, he oversaw after the Watergate scandal. Vice President Dick Cheney, who served as Mr. Ford's chief of staff and was an honorary pallbearer, said, "Few have ever risen so high with so little guile or calculation."

Representative J. Dennis Hastert, the departing House speaker, recalled that "in the summer of 1974, America didn't need a philosopher-king or a warrior-prince, an aloof aristocrat or a populist firebrand."

"We needed a healer; we needed a rock," Mr. Hastert said. "We needed honesty, candor and courage. We needed Gerald Ford."

Betty Ford, 88, the former first lady, stood silently during prayers for her husband of 58 years, her eyes downcast. Mrs. Ford appeared frail but poised, and at the ceremony's end moved forward and bowed her head, her hands lightly touching her husband's coffin.

President Bush did not cut short his vacation in Crawford for the weekend ceremony. He and his wife, Laura, are scheduled to return Monday to pay their respects as Mr. Ford lies in state in the Capitol, before the formal state funeral at the National Cathedral on Tuesday. In his weekly radio address, which was dedicated to the 38th president, Mr. Bush described him as "a great man who devoted the best years of his long life to public service."

"He always put the needs of his country before his own and did what he thought was right, even when those decisions were unpopular," Mr. Bush said. "Only years later would Americans come to fully appreciate the foresight and wisdom of this good man."

Also missing from Saturday's service was Donald H. Rumsfeld, the recently retired secretary of defense, who had served in that same capacity under Mr. Ford. Although he had been scheduled to be a pallbearer, Mr. Rumsfeld was kept away by a snow storm. Senator Harry Reid of Nevada, the incoming majority leader, traveling on an official trip to South America, also did not attend.

The ceremony was briefly interrupted when, after the opening prayers, a retired Michigan congressman collapsed. The congressman, William Broomfield, 84, was treated by medical attendants and by Senator Bill Frist of Tennessee, the departing majority leader, who is also a physician.

Understated to the end, Mr. Ford had requested a simple motorcade, rather than an elaborate horse-drawn caisson, to carry his remains to the Capitol. He had asked to return one last time, for a relatively simple service, to Congress — "my real home," as he called it when he spotted it below during his flight out of Washington in 1977.

But on a cloudless Saturday night, as military personnel carried his coffin up the Capitol steps, Mr. Ford was given the full pomp of a presidential funeral, only the third such service in three decades. After lying in state for three days, Mr. Ford's remains will be flown to Grand Rapids, Mich., for his burial next week.

Mr. Cheney praised his former boss for his "capacity to forgive" and for being "always a striver — never working an angle, just working." He noted that Mr. Ford had been treated more kindly in hindsight than when he was in office, after he pardoned former President Richard M. Nixon.

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"In politics, it can take a generation or more for a matter to settle, for tempers to cool," Mr. Cheney said. "The distance of time has clarified many things about Gerald Ford. And now death has done its part to reveal this man and the president for what he was."

Democrats and Republicans, many of whom worked alongside Mr. Ford in his decades in Congress, returned to honor a president who served the nation in a time of turmoil. So, too, did several members of the Supreme Court, including Chief Justice John G. Roberts Jr.

James A. Baker III, the former secretary of state and, most recently, a co-chairman of the Iraq Study Group, which issued recommendations for a new policy in Iraq, served as an honorary pallbearer. Senators Chuck Hagel, Republican of Nebraska; Carl Levin, Democrat of Michigan; and Mitch McConnell, Republican of Kentucky, stood in the forefront of the gathering in the Capitol.

The 747 carrying Mr. Ford's coffin from a private service in Palm Desert, Calif., landed just after sunset at Andrews Air Force Base outside Washington. Members of the Ford family filed solemnly down the steps to the tarmac, where they were met by a special honor guard.

Military personnel escorted Mrs. Ford to the waiting crowd of dignitaries. The group watched silently as uniformed soldiers lowered the coffin from the plane.

A 21-gun salute was fired under the klieg lights, and a military band played "My Country 'Tis of Thee." In the crowd were other honorary pallbearers, including Alan Greenspan, the former chairman of the Federal Reserve; Henry A. Kissinger, the former secretary of state; Bob Dole, the former Senate majority leader; and Brent Scowcroft, the former national security adviser.

An image of Mrs. Ford captured her solitary grief: seated alone in the back seat of a limousine, she wiped away a tear, then turned to gaze out the window into the darkness.

The motorcade then pulled away, carrying Mrs. Ford and her family on an emotional tour of the life she and her husband shared in Washington a quarter-century ago.

On an unseasonably warm winter night, people lined the streets of Alexandria, the Virginia suburb where the Fords lived during his 25 years in Congress, to wave to the motorcade. At the World War II Memorial on the National Mall, the procession paused in front of large clusters of veterans and Eagle Scouts — two groups to which Mr. Ford had belonged — as they stood in mourning.

From one end of the Mall to the other, historic monuments were flooded in light, providing a dramatic backdrop for the motorcade's winding journey toward the Capitol. A circle of flags around the Washington Monument flew at half-staff.

Kathy Kocharhook, 52, of Cupertino, Calif., said she and her 25-year-old son had extended their Christmas vacation in Washington to attend the memorial services. Ms. Kocharhook called Mr. Ford a "very decent man who gave a lot of service to the country" and recalled his healing effect on the country after the Watergate scandal and the resignation of Nixon.

"It was almost a sigh of relief that we could begin anew — a second life," she said. "We needed someone with honesty and decency and a sense of honor for the office they were holding, and Gerald Ford was a good man for that."

Nation Honors Ford At Capitol Rotunda (AP)

AP, December 30, 2006

WASHINGTON (AP) -- The nation honored Gerald R. Ford in funeral ceremonies Saturday that recalled the touchstones of his life, from combat in the Pacific to a career he cherished in Congress to a presidency he did not seek. He was remembered as the man called to heal the country from the trauma of Watergate.

Ford's decision to pardon Richard Nixon, so divisive at the time that it probably cost him the 1976 election, was dealt with squarely in his funeral services by his old chief of staff, Vice President Dick Cheney.

"It was this man, Gerald R. Ford, who led our republic safely though a crisis that could have turned to catastrophe," said Cheney, speaking in the Capitol Rotunda, where Ford's body rested. "Gerald Ford was almost alone in understanding that there can be no healing without pardon."

Hundreds of ordinary Americans lined up for a chance to view the closed, flag-draped casket of the 38th president late into the night and through the weekend. From teenagers in sweatshirts to mothers pushing infants in strollers, they flowed into the

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night in two steady streams along velvet ropes encircling the casket, pausing only for the periodic changing of the military guard standing watch.

The Washington portion of Ford's state funeral opened with a procession that took his casket from Maryland to Virginia and then over the Memorial Bridge -- dressed in flags and funeral bunting -- to the World War II memorial, past the White House without pausing and on to the U.S. Capitol for the first service and a lying in state that continues until Tuesday morning.Watergate a common theme

Although Ford's family planned the state funeral to emphasize Ford's long service in the House, Watergate quickly set the tone of the proceedings.

"In our nation's darkest hour, Gerald Ford lived his finest moment," Republican Sen. Ted Stevens of Alaska told the Rotunda service. "He was the man the hour required."

Said House Speaker Dennis Hastert: "In 1974, America didn't need a philosopher-king or a warrior-prince. We needed a healer, we needed a rock, we needed honesty and candor and courage. We needed Gerald Ford."

The Rotunda ceremony was interrupted when William Broomfield, 84, a former Michigan congressman who served with Ford in Congress, collapsed. He was laid out on the floor of the Rotunda, and attended to by Sen. Bill Frist, a physician, before being taken out on a wheelchair. Frist later indicated Broomfield was OK.

Lights bathed the granite arch of the memorial commemorating the Pacific theater as Ford's nighttime funeral procession, bearing his wife, Betty, and the casket of the 38th president, stopped there in tribute to his years as an ensign and gunnery officer. The other arch, representing the Atlantic theater, stood in darkness.

Mrs. Ford sat stoically in the line of gleaming limousines, clutching a tissue and dabbing her face on occasion, then walked slowly at the Capitol on the arm of her military escort, soon followed by the casket bearing her husband of 58 years. Another round of cannon fire rang out.

After the ceremony, Mrs. Ford walked to the casket with the aid of her son and rested her clasped hands briefly on top of it.

The pageantry was muted, as Ford wanted, but the ritual unfolded with regal touches and according to exacting traditions dating back to the mid-1800s.

In one departure from tradition, pallbearers placed his casket outside the House chamber before it was taken to the Rotunda to lie in state. That honored Ford's years of service in the House as a congressman from Michigan and minority leader.

Similarly, Ford's body will rest briefly outside the Senate chamber on Tuesday, commemorating his service as vice president, which also made him Senate president.Procession tours Washington

On the way to Capitol Hill, World War II veterans and Boy Scouts gathered by the memorial and saluted at the brief, poignant stop. Mrs. Ford waved through the window. A bos'n mate stepped forward to render "Piping Ashore," a piercing whistle heard for centuries to welcome officers aboard a ship and now to honor naval service.

The event, without words, recalled Ford's combat service aboard the aircraft carrier USS Monterey. In December 1944, when a typhoon struck the Third Fleet, Ford led the crew that battled a fire sparked by planes shaken loose in the storm, taking actions that some credited with saving the ship and many lives. He sought no award, and received none.

The Capitol commemorated a man whose highest ambition, never realized in an era of Democratic control of Congress, was to become House speaker.

History intervened; he became vice president when Spiro Agnew resigned in scandal, then president when Nixon left office in disgrace. "A funny thing happened to me on the way to becoming speaker," he once cracked.

In Palm Desert, California, a 13-hour period of public viewing ended just as the sun rose over the resort community where Ford and his wife settled nearly 30 years ago. People waited up to three hours to pay their respects at St. Margaret's Episcopal Church before an aircraft from the White House fleet flew Ford's remains and the funeral party to Washington.

The funeral procession to the Capitol lacked the full trappings, by the design of Ford and his family. A motorcade was arranged instead of the horse-drawn caisson most familiar to Americans from the funerals of Ronald Reagan in 2004 and John Kennedy in 1963.

Ford, a man of modest character whose short presidency lacked the historic drama of Kennedy's and Reagan's, also was mourned without the riderless horse customarily included in the procession.

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The thundering military flyover that is also part of a full-throttle state funeral in Washington will happen instead in Grand Rapids, Michigan, where Ford will be entombed Wednesday on a hillside near his presidential museum. Ford represented the city in the House for 25 years.

Ford died Tuesday at age 93. He became president when Nixon resigned in August 1974 and then was defeated by Jimmy Carter in the 1976 election.Hundreds pay tribute in California

Six days of national mourning began Friday with military honors and a simple family prayer service at St. Margaret's, where the Ford family has worshipped for many years. Mourners ranging from children to the elderly had walked through quickly and then reboarded their buses -- a process taking less than two minutes.

Barbara Veith, 69, said Ford's "everyman" persona drew her to the viewing.

"There is something personal about his passing even though we didn't really know him," Veith said. "He just kind of had an everyman quality to him though he was far from it -- he was the president."

During his weekly radio address on Saturday, President Bush called Ford a "courageous leader, a true gentleman and a loving father and husband."

"He always put the needs of his country before his own, and did what he thought was right, even when those decisions were unpopular," Bush said. "Only years later would Americans come to fully appreciate the foresight and wisdom of this good man."

When they return to Washington from their Texas vacation on Monday, Bush and first lady Laura Bush plan to pay their respects to Ford while he lies in state at the Capitol. On Tuesday, the president will speak at Ford's funeral at Washington National Cathedral before Ford's remains are taken to Grand Rapids.

Thousands Wait For Cortege To Be A Part Of U.S. History (WT)

By Joseph Weber

The Washington Times, December 31, 2006

A light fog was settling on the District late yesterday afternoon when Joe Callaghan began his nearly five-hour wait to see the casket of former President Gerald R. Ford lie in state inside the Rotunda of the U.S. Capitol.

"This is U.S. history, and I wanted to be a part of it," said Mr. Callaghan, 47, a Florida resident who was returning from Pennsylvania, where he was visiting family for the holidays. "President Ford was a good man. I'm not of the [Republican Party], but he was a good man."

Mr. Callaghan was one of hundreds who began standing in line long before the public viewing began after 8 p.m., and among the thousands who came to the region to mourn the death of the 38th president.

Mike Cole, 43, of Mansfield, Ohio, also was traveling in the region and changed plans so his family could witness history and pay their respects to Mr. Ford.

"I was a kid during Watergate and when Ford later became president, so I didn't know much about him at that time," said Mr. Cole, standing with his wife and two children at the National World War II Memorial hours before the motorcade arrived. "Now I look back and realize he did a good job. He brought some order to this country."

The Ford family requested the brief ceremony at the memorial, off 17th Street Northwest, to honor the president's service in the Navy during World War II.

Veterans and Boy Scouts saluted as they waited inside the memorial grounds, whose Pacific Theater arch was lighted to honor Mr. Ford's duty aboard the aircraft carrier USS Monterey.

Senior Chief Boatswain Mate Carlos Ribott, a U.S. Navy piper, played "Piping Ashore," a whistle traditionally used to welcome officers aboard ship and now to honor naval service.

The casket arrived at Andrews Air Force Base at about 5:30 p.m., then joined the awaiting motorcade, which traveled along the Capital Beltway, past the Ford family's former home in Alexandria, across the Memorial Bridge, into the District and past the war memorial before reaching the East Steps of the Capitol at about 7:15 p.m.

Mourners applauded the motorcade, trimmed in flags and bunting, throughout the procession. The route was most crowded along the final leg, on Constitution Avenue Northwest, with hundreds sitting on sidewalks and on the steps of such historic U.S. landmarks as the National Archives building and the Smithsonian Institution museums.

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Additional officers from the Metropolitan Police Department, the U.S. Capitol Police and other agencies were on duty yesterday, lining the motorcade route, other city streets and walking the Capitol grounds. However, no arrests or other problems were reported.

"He was my boss. He was the commander in chief," said Maj. Mike Conroy, who was commissioned in the Army in 1975. "He brought Midwestern values and common sense to the presidency at a time when the nation was hurting. I also admired his athleticism, including his football career at the University of Michigan and his low handicap in golf."

Maj. Conroy, 54, stood at the foot of Capitol Hill, along the procession route, where many people used their cell phones and cameras to take pictures of the motorcade of gleaming black limousines.

Among them was Micah Kauffman, 31, a missionary working with orphans in Romania who brought his camera.

"Ford was president when I was boy, the first one I remember," said Mr. Kauffman, a member of the Christian Aid Ministry. "I'm going to take these pictures back to show the children."

Mr. Ford, 93, died Tuesday night at his home in Rancho Mirage, Calif. He was honored Friday with prayer services at St. Margaret's Church in Palm Desert, Calif. The casket was flown from California yesterday morning.

The public viewing last night followed a ceremony in the House of Representatives, where Mr. Ford served for 24 years. The casket was then moved to the Rotunda. The public viewing continued until midnight. The viewings resume today and tomorrow from 9 a.m. until 6 p.m. The national funeral service is Tuesday and includes a ceremony at the Washington National Cathedral. Mr. Ford will be buried Wednesday in his hometown of Grand Rapids, Mich.

"I want my children to see this," said Mark Remington, 46, of Clifton, who stood along Constitution Avenue with his wife and six children, ages 2 to 12. "I want them to be part of history."

"Good Man, Faithful Servant" Honored (LAT)

By Jonathan Peterson, Richard B. Schmitt

The Los Angeles Times, December 31, 2006

WASHINGTON — In a day of somber ceremony, the body of Gerald R. Ford was flown Saturday from Palm Springs to Washington, where the former president was hailed for his role in helping heal the nation in the aftermath of the Watergate scandal.

A black-draped bier of rough pine used in funerals for Abraham Lincoln and other American dignitaries held the coffin of the 38th president, who will lie in state inside the Capitol until Tuesday.

Ford will be transported to Washington National Cathedral on Tuesday morning for a memorial service that will be attended by President Bush. The six days of funeral rites are scheduled to end Wednesday, when Ford will be buried in his boyhood home of Grand Rapids, Mich.

As the focus shifted Saturday from Ford's adopted home in the Coachella Valley to the nation's capital, the former president was fondly saluted by career politicians who, along with family members and longtime friends, attended the evening service in the Capitol Rotunda.

"In 1974, America didn't need a philosopher-king or a warrior-prince," said House Speaker J. Dennis Hastert (R-Ill.). "We needed a healer. We needed a rock. We needed honesty and candor and courage. We needed Gerald Ford."

At the evening service, speakers repeatedly described Ford as a man of decency who led a traumatized nation away from a divisive political crisis.

"He was not just a nice guy, the next-door neighbor whose luck landed him in the White House," said Vice President Dick Cheney in the main eulogy of the night. Cheney, who served as chief of staff to Ford, said his former boss "led our republic safely through a crisis that could have turned to catastrophe."

"For all the grief that never came, for all the wounds that were never inflicted, the people of the United States will forever stand in debt to the good man and faithful servant we mourn tonight," Cheney said.

The honorary pallbearers included longtime Republicans such as Cheney; James A. Baker III, who served as Ford's undersecretary of Commerce and went on to become secretary of State; Alan Greenspan, a top economic advisor to Ford who later became Federal Reserve chairman; and former Secretary of State Henry A. Kissinger. Former Defense Secretary Donald H.

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Rumsfeld also was scheduled to be a pallbearer but was unable to reach Washington from New Mexico because of bad weather.

The day's events, which featured patriotic music, military honors and touching moments of family privacy, bore the down-to-earth imprint of Ford, who took part in his own funeral planning and sought to play down some of the majestic trappings of a state funeral.

"He would not want it to be ostentatious," said William Brock, a Republican senator from Tennessee during Ford's presidency.

Before reaching the Capitol, Ford's hearse passed through the suburban neighborhood he lived in as a congressman and vice president, and paused for a moment of respect near the World War II Memorial.

Ford had declined a Washington military flyover and chose a standard hearse rather than a horse-drawn caisson for his trip to the Capitol. Those choices contrasted with those of some earlier presidents, such as Ronald Reagan and Lyndon B. Johnson, both of whom had military flyovers and horses at their state funerals.

In another unusual gesture, Ford had chosen to have his flag-draped coffin rest briefly outside the House chamber, where he served for a quarter-century as a congressman, including more than eight years as Republican leader.

After the stop at the House chamber, military pallbearers hoisted the coffin past onlookers lining the House's amphitheater-like Statuary Hall, past carved likenesses of George Washington and Thomas Jefferson, and carried the casket into the circular heart of the Capitol, the ornate Rotunda that features busts of presidents and explorers, wreathed panels and frescoed scenes of American history.

They then placed it on the 141-year-old bier, known as a catafalque, beneath the soaring Capitol dome.

Ford died Tuesday at age 93. President Nixon appointed him vice president after the resignation of Spiro T. Agnew, and he became an unelected president in 1974 when Nixon resigned during the Watergate scandal. Ford later pardoned Nixon, an act that enraged much of the country and may have doomed his prospects to be elected president.

On Saturday, however, his leadership was applauded. "In our nation's darkest hour, Gerald Ford lived his finest moment," said Republican Sen. Ted Stevens of Alaska.

At one point, as a Navy choir began a tribute to Ford, the ceremonies were interrupted when former Rep. William S. Broomfield (R-Mich.) collapsed. Broomfield, who was among the official greeters at the Capitol when the funeral procession arrived, was taken from the chamber. Among those tending to Broomfield was outgoing Senate Majority Leader Bill Frist, a physician.

The condition of the 84-year-old Broomfield, who served in the House for 36 years, was not immediately known, although he was believed to be receiving medical attention Saturday night.

The Rotunda resonated with hymns played by an Army brass ensemble as several hundred dignitaries filled the cavernous hall. The guests included senior Bush administration officials, three justices of the Supreme Court, the Joint Chiefs of Staff, and many past and present lawmakers.

After the benediction, Stevens, Hastert and Cheney placed wreaths of white lilies and roses at three points around the coffin, representing the executive branch and the two chambers of Congress in which Ford served. Betty Ford and the four Ford children approached the flag-draped casket; the former first lady placed her folded hands on the coffin for an extended moment before departing.

As the poignant ceremony came to an end, the U.S. Army Brass Quintet performed an old Shaker tune whose title seemed to fit with the theme of Ford's life: "Simple Gifts."

Earlier Saturday, several hundred people lined the perimeter of Palm Springs International Airport to bid goodbye to Ford, who had made the area his home after leaving the White House.

In Palm Springs, members of the Ford family stood, hands over their hearts, while a Marine band played. A 21-gun salute was performed by a Marine regiment out of Twentynine Palms.

Betty Ford, dressed in a black dress and dark sunglasses, was in a wheelchair as she boarded a jetliner from the White House fleet. The aircraft, which when used by President Bush is known as Air Force One, departed at 10:15 a.m.

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Though Ford had sought to avoid an excess of pomp, the day nonetheless brimmed with choreographed ceremony once the former president's body reached Washington at twilight.

As Ford's casket was lowered from the plane, the Air Force Band performed "Hail to the Chief," and a 21-gun salute rang out as dignitaries watched.

Nine pallbearers carried the late president from the aircraft to his hearse, and the 32-vehicle motorcade took him one last time through his old neighborhood of Alexandria, Va. Ford lived there in a time when vice presidents maintained private residences.

The funeral cortege paused along the National Mall at the World War II Memorial, where a granite arch in honor of the Pacific battleground glowed in brilliant light. Ford, a Navy ensign and gunnery officer, saw action aboard the aircraft carrier Monterey. A Navy piper played, and Betty Ford waved to the several hundreds onlookers, including veterans and Eagle Scouts, who had waited for the motorcade to arrive.

Shortly after 7 p.m., the cortege arrived at the Capitol, where a crowd of Washington officials was waiting on a clear, cool night.

Betty Ford, appearing stoical in her grief, stood with a white-gloved military escort as her late husband received another 21-gun salute. A band played "America the Beautiful" as eight military pallbearers carried the coffin up the 45 steps and into the House.

In his weekly radio address Saturday, Bush paid tribute to the former president, describing Ford as a "courageous leader, a true gentleman and a loving father and husband" who "displayed a decency, patriotism and courage that Americans will always admire."

State Funeral Honors Ford (DETN)

By Gordon Trowbridge

Detroit News, December 31, 2006

WASHINGTON -- Gerald Ford returned Saturday evening to the House that was his professional home, taking a final trip through the halls of the Congress in which he served for nearly three decades.

The motorcade transporting the deceased 38th president of the United States arrived at the U.S. Capitol's East Steps outside the House Saturday evening, greeted by more than a dozen former congressional colleagues. Already, the procession had moved through Alexandria, Va. -- the Ford family's Washington-area home while he served 13 terms in the House -- and past the World War II Memorial, where the convoy paused to honor his World War II service in the Navy.

But it was the House of Representatives, a beloved institution to Ford, that provided the center stage for Saturday's ceremonies in Washington, part of a three-day mourning period in the nation's capital. The man who turned down chances to run for Michigan governor and the Senate, who said his highest goal in politics was to become Speaker of the House, was carried up the Capitol's steps and through a corridor to the entrance to the House chamber, and paused there for several moments to mark his time as representative of Michigan's 5th Congressional District and his service as the Minority Leader of House Republicans, before moving on to the Capitol's ornate Rotunda.

Ford held a seat in the House from 1948 to 1974 -- when, as a disgraced Richard Nixon resigned the presidency, Ford assumed the nation's highest office in one of the most difficult periods in American political history.

"This is the opportunity for President Ford's colleagues, present and former, to honor him and also to reminisce on the remarkable career he had," said Rep. Vernon Ehlers, R-Grand Rapids, who now holds Ford's old House seat.

"Whenever I meet anybody around here, and they ask where I'm from, I tell them Grand Rapids, and they say, 'Oh, yeah, Jerry Ford's seat.' They still call it Jerry Ford's seat. That tells you something about him."

In a brief ceremony in the Rotunda, congressional leaders and Vice President Cheney eulogized Ford, praising his leadership during the crisis of Watergate and honoring the widow he left behind, former First Lady Betty Ford, who gained nationwide respect for her battles against breast cancer and drug dependency.

"The president was not a hard man to read," said Cheney, Ford's first White House chief of staff, as he turned to Betty Ford. "And nothing was more obvious to the friends than the source of his happiness. That was you."

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House Speaker Dennis Hastert remembered Ford as a midwestern everyman.

"He represented the strength of the middle america that forged him," said Hastert. "He never changed, even when power was thrust upon him."

Top officials greet motorcade

Among the ceremonial greeters for the arrival of the funeral procession: Rep. John Dingell, D-Dearborn, as well as former Michigan congressmen Guy Vander Jagt and William Broomfield. Also in the group were former Democratic House Speaker Tom Foley; former Rep. Lee Hamilton, who co-chaired the Iraq Study group; and current Rep. Charles Rangel of New York and Sen. Trent Lott of Mississippi.

A list including an old-lion liberal such as Rangle alongside the conservative Lott is indicative of Ford's consensus-building ways, Ehlers said. "He was always very good at putting together groups with varying ideas, and then proceeding to make his decisions using his best judgments," Ehlers said.

The honorary pall bearers accompanying the casket were a who's who of late 20th Century Washington: Vice President Cheney, who served in the Ford White House, as well as former secretaries of state Henry Kissinger and James Baker, former National Security Adviser Brent Scowcroft and former Chairman of the Federal Reserve Alan Greenspan. Former Defense Secretary Donald Rumsfeld, who also served Ford at the Pentagon, was listed before the ceremony as an honorary pall bearer, but was not among the group escorting the casket up the Capitol steps.

An Air Force 747 jet from the presidential fleet, which had carried Ford's remains from California on Saturday morning, touched down at Andrews Air Force Base, Md., outside Washington, just after sunset.

Ford's history noted

Once in downtown Washington, the procession halted in front of the World War II Memorial on the National Mall, where a group of Boy Scouts -- honoring Ford's status as an Eagle Scout -- and military veterans stood watch. A Navy bosun's mate performed the ceremony of piping Ford aboard -- an honor rendered to dignitaries as they arrive aboard ship. Also on hand were female graduates of the service academies, which opened to women during Ford's presidency.

After the funeral procession's arrival at the Capitol, it moved to the House chamber were it paused, flanked by portraits of founding fathers Thomas Jefferson and John Quincy Adams. From there, Ford's body was to be carried to the Capitol's ornate Rotunda, and placed on a pine catafalque -- a rough platform built to display the casket of President Abraham Lincoln and subsequently used for the 26 men to have lain in state in the Capitol.

In the Rotunda, as former first lady Betty Ford looked on, dignitaries including many members of the congressional leadership, Supreme Court Chief Justice John Roberts, the Joint Chiefs of Staff and members of the city's diplomatic corps attended a memorial service before the chamber was opened for public viewing.

On all minds were the difficult circumstances under which Ford assumed the presidency.

"When he took his oath of office as president, we were a people shaken by disbelief, wracked with cynicism and paralyzed by doubt," said Sen. Ted Stevens, R-Alaska, who spoke as president pro tem of the Senate. "In our nation's darkest hour, he lived his finest moment. He was the man the hour required."

Throughout the day, as a small army of protocol experts, press aides, police, military personnel and television technicians bustled about the Capitol finishing arrangements for the procession's arrival, tourists and mourners walked the Capitol grounds, many of whom made the trip specifically to honor Ford.

Washington is the second of a three-leg funeral journey that began in California Friday and will end when Ford's body is buried at his presidential museum in Grand Rapids on Wednesday. He will lie in state in the Capitol's ornate Rotunda until Tuesday morning, when he will receive a state funeral at the National Cathedral.

Before the flight to Washington, nearly 20,000 people visited St. Margaret's Episcopal Church in Palm Desert, Calif., to view the flag-draped mahogany coffin from late Friday afternoon to Saturday morning.

President Bush was not among the mourners in Washington on Saturday; he remained in Crawford, Texas, where he is expected to stay until Monday, when he will join mourners viewing Ford's remains at the Capitol. In his weekly Saturday radio address, Bush praised Ford's World War II service, his 13 terms in the House, and his assumption of the presidency amid the disarray of Watergate.

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"Providence gave us Gerald Ford's steady hand and calm leadership during a time of great division and turmoil," Bush said. "He guided America through a crisis of confidence, and helped our nation mend its wounds by restoring faith in our system of government."

Solemn Tribute For President Ford (NSDY)

By Jonathan Abrams, Michael Muskal

Newsday, December 31, 2006

The body of Gerald R. Ford arrived in Washington this evening as the official mourning for the 38th president shifted from the personal grief that marked the ceremonies in California to the more formal protocol of a state funeral.

Through each step of the obsequies, the ceremonies became more grandiose, the military presence larger and the guest list filled with more political celebrities, many of whom served in the relatively short Ford administration.

The six-day mourning period is less elaborate than that for Ronald Reagan in 2004. There has been no military flyover; gone was the symbolism of the riderless horse marking the passing of a leader.

Instead, there were several simple motorcades with a hearse, emphasizing the modesty of a man who became president through a series of accidents during a politically tempestuous period.

Several thousand people lined the route and greeted the arrival of the flag-draped body at the Capitol where Ford will lie in state in the Rotunda. A 21-gun salute was followed by "Hail to the Chief."

Then eight military pallbearers carried the casket up the east steps of the Capitol, past a double line of servicemen and civilian dignitaries from Ford's past, including honorary pallbearers Henry A. Kissinger, former secretary of State, Brent Scowcroft, former national security advisor, and Alan Greenspan, former head of the Federal Reserve.

Betty Ford, escorted and sometimes leaning on Maj. Gen. Guy Swan III, waited at the top of the 45 stairs. She followed the casket inside the Capitol as it moved through the building to the Rotunda. Along the way, it rested before the door to the House of Representatives where Ford served 25 years. He often said his political goal was to become Speaker, a job he never won.

Despite the New Year's holiday, the funeral drew an A-list crowd of Supreme Court justices, law-makers and religious leaders to the Rotunda. The coffin was placed on the same black catafalque built for Abraham Lincoln.

The Rev. Daniel P. Coughlin, House chaplain, gave the invocation and mentioned civility and reconciliation, themes that marked Ford's administration. Many commentators have noted both traits seem to be in short supply in the current, more rigid era.

The ceremony was briefly interrupted when an elderly man seemed to faint during a performance by the U.S. Navy Sea Chanters Chorus, singing "God Bless America" and the Navy hymn "Eternal Father Strong to Save."

The man, identified as a former congressman from Michigan, was treated by Sen. Bill Frist, a physician and then take by wheelchair outside the Rotunda.

Senate President Pro Tempore Ted Stevens (R-Alaska), House Speaker Dennis Hastert (R-Ill.), and Vice President Dick Cheney, who was Ford's chief of staff, briefly spoke before presenting wreaths that were placed by the coffin.

Retired Rear Adm. Barry C. Black, the Senate chaplain, gave the final benediction, before the family paid its respects. Betty Ford placed her clasped hands on the casket and bowed her head.

Ford will lie in repose Sunday and Monday. On Tuesday the body will be flown to Grand Rapids for burial at the Gerald R. Ford Museum on Wednesday.

Earlier, the plane carrying Ford and his family flew through the growing dusk and touched down at Andrews Air Force Base about 5:15 p.m., or 2:25 p.m. in Los Angeles.

Then in the dark, the family led by widow Betty Ford left the plane, known as Air Force One when the president is on board.

They watched as the flag-draped casket, carried by military pallbearers, brought the body from the plane for the arrival ceremony.

The Air Force Band performed "Hail to the Chief," and a 21-gun salute with 21 individual shots was fired. The second song, "My Country, 'Tis of Thee," also known as "America," was chosen by the family.

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Ford's body was greeted by nine of the honorary pallbearers, led by Cheney and Bob Dole, Ford's running-mate in their unsuccessful national campaign in 1976.

The 32-vehicle motorcade then traveled through Alexandria, Va., where the Fords once lived. The motorcade went past the World War II Memorial. There, he was piped ashore, a salute to Gerald Ford's Navy Service.

The ceremonies in Washington were more elaborate than the private simplicity of St. Margaret's Episcopal Church in Palm Desert, where the Ford family mourned Friday and today.

Thousands of people filed past the casket in St. Margaret's Episcopal during the night and early morning hours as the public paid its respects following a private ceremony for family and friends on Friday.

Ford died at home in nearby Rancho Mirage on Tuesday. The former congressman from Grand Rapids, Mich., who was appointed vice president and then elevated to the presidency amid the turmoil of the Watergate scandal, was 93.

Like its arrival on Friday, the departure of the coffin from the church at about 9 a.m. was more about simplicity than the ostentatious flourishes that mark the passing of the leader of a nation.

The flag-draped coffin was wheeled by two military pallbearers from the church down the aisle to the waiting hearse. An American flag was carried in front of the coffin; a presidential flag followed.

As it left the church, a military honor guard stood at attention as a Marine band from Twentynine Palms offered presidential honors, playing "Hail to the Chief."

There was a presenting of arms to salute the body, but there was no firing of weapons.

Betty Ford, 88, escorted by Maj. Gen. Swan and accompanied by her children stood nearby.

They entered waiting limousines and followed the hearse, with two small U.S. flags and a small presidential seal to Palm Springs International Airport. There a plane from the presidential fleet waited to take the casket and the family to Washington.

The tone changed by the time the body arrived at the airport. Hundreds of people crowded a grandstand near the airport to watch the brief departure ceremony.

To the sound of cannon firing a 21-gun salute, the body was carried by eight military pallbearers, representing different branches of the service. The notes of "America the Beautiful" played by the Marine band flowed through the air.

A frail-looking Betty Ford watched. She was gently held on one side by a military escort, but she also clutched the hand of her daughter, Susan, for added support. It was a scene repeated later at Andrews Air Force Base and in Washington.

President Bush remained at his ranch in Crawford, Texas, on Saturday. He will return to Washington on Monday.

In his weekly radio address, President Bush again eulogized Ford, calling him a "courageous leader, a true gentleman and a loving father and husband."

"Gerald Ford never lost the spirit that Americans grew to admire so much," Bush said.

President Ford Eulogized In U.S. Capitol As "Healer" (BLOOM)

By Kevin Miller, Jonathan D. Salant

Bloomberg, December 30, 2006

Dec. 30 (Bloomberg) -- President Gerald Ford was praised at his state funeral in the Capitol Rotunda as a man of courtesy and dignity whose qualities served the U.S. well to mend the wounds of the Watergate political scandal and the Vietnam War.

``We needed a healer, we needed a rock," House Speaker Dennis Hastert said in the eulogy in Washington. ``We needed honesty and character and courage. We needed Gerald Ford."

Hastert, an Illinois Republican, was joined by Vice President Dick Cheney and Senator Ted Stevens of Alaska, the Senate President Pro Tempore, in offering tributes before Ford's wife, Betty, their family and government officials. The speakers touched on whether the only man to become president without the vote of even a single American did so not by happenstance, but by Providence.

``His path to office was unlikely," Stevens said. ``History will show it was no accident."

The decision to pardon to Richard Nixon, whose resignation in August 1974 propelled Ford into the White House, likely cost Ford an election in his own right two years later, the speakers said. Yet history is showing that Ford made the right call, given that the U.S. was also trying to resolve rifts caused by the Vietnam War, Cheney said.

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``It's far from the worst fate that a man be remembered for his capacity to forgive," Cheney said, standing at a lectern with Nixon's daughter, Tricia Nixon Cox, among those seated behind him. Ford resolved ``a crisis that could have turned into a catastrophe."

Arrival in Washington

Ford's flag-draped casket arrived at Andrews Air Force Base outside Washington from California just after sunset. The casket was loaded into a hearse for a final trip to the nation's capital. En route, the motorcade passed through Alexandria, Virginia, where the Fords lived during his years in Congress, and then paused at the World War II Memorial on the Washington Mall. Ford served in the Navy during the conflict, reaching the rank of lieutenant commander.

At the Capitol, Ford's casket was carried up the steps leading to the House, recognizing his 24 years as a member of that body. Honorary pallbearers included Cheney, former Federal Reserve Chairman Alan Greenspan, former Treasury Secretary Paul O'Neill, former Secretaries of State Henry Kissinger and James Baker and former National Security Adviser Brent Scowcroft. All were also members of Ford's administration. Cheney served as Ford's chief of staff.

Sanford Weill

Another honorary pallbearer was former Citigroup Inc. Chairman Sanford Weill, a friend of Ford's who was a donor to the Gerald R. Ford School of Public Policy at the University of Michigan. Ford was a member of Citigroup's board.

The ceremony was briefly interrupted when former Representative William Bloomfield, a Michigan Republican and one of the officials assigned to greet the Ford family at the Capitol, collapsed in the audience and was taken to George Washington University Medical Center.

Ford's body will lie in state through Tuesday in the Capitol Rotunda, the same place where mourners paid tribute to President Ronald Reagan in June 2004, the last state funeral.

On Tuesday, his casket will first be taken to the Senate side of the Capitol to commemorate his tenure as vice president, the official who presides over the Senate. From there, a motorcade will take his remains to the National Cathedral for a memorial service. His body will then be flown for burial to Grand Rapids, Michigan, near his presidential museum.

American flags are being flown at half staff for 30 days.

Died at 93

Ford had lain in repose in Palm Desert, California, since Friday. He died Dec. 26 at age 93, the oldest ever ex-president, eclipsing Reagan, also 93 when he died in 2004.

He represented Michigan in the House from 1949 to 1973, rising to become minority leader. Nixon tapped him as vice president to replace Spiro Agnew, who resigned after facing bribery charges stemming from his tenure as governor of Maryland.

Nixon resigned in August 1974 rather than face impeachment because of his efforts to obstruct an investigation into Democratic Party headquarters at the Watergate complex in Washington. Ford then became the 38th U.S. president, the only occupant of the White House never elected as either president or vice president.

``Our long national nightmare is over," Ford declared as he assumed the office. ``I assume the presidency under extraordinary circumstances. This is an hour of history that troubles our minds and hurts our hearts."

The Nixon Pardon

Ford pardoned Nixon a month after taking office, an act that contributed to his defeat in 1976.

Calling Watergate ``an American tragedy," Ford said in a speech, ``It could go on and on and on, or someone must write the end to it. I have concluded that only I can do that, and if I can, I must."

Twenty-five years later, in 2001, Ford received the John F. Kennedy Profile in Courage Award for pardoning Nixon.

``People have finally started to realize what he did for this country," Representative Vernon Ehlers, a Michigan Republican, said as he waited for Ford's procession to arrive at the Capitol. Ehlers is from Grand Rapids, Michigan, the district Ford represented in Congress.

Election Loss

Before losing the presidency to Democrat Jimmy Carter, Ford fended off a primary challenge from Reagan. Four years later, Reagan was elected president and served two terms. In 1980, as Reagan prepared to accept the Republican presidential nomination, he held unsuccessful talks with Ford about having the former president join the ticket.

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In recent years, Ford was in declining health. He could no longer travel to Washington for the annual Gerald Ford awards for reporting on the presidency and defense. He was hospitalized as late as October. In August, he traveled to the Mayo Clinic in Rochester, Minnesota, for a pacemaker and for stents in his arteries to improve blood flow. He had a stroke while attending the 2000 Republican National Convention in Philadelphia.

``I never heard him utter and unkind word," Cheney said, who like many of the dignitaries in the room worked for Ford during his presidency from 1974-77. ``He answered courtesy with courtesy. He answered discourtesy, with courtesy."

"Everyman" Ford Honored In Rotunda (RC)

By Elizabeth Brotherton

RollCall.com, December 30, 2006

In a ceremony marked by solemn tributes and a bit of momentary chaos, former President Gerald Ford was honored Saturday night in the Capitol Rotunda as a man who restored faith in America's political system.

Senate President Pro Tem Ted Stevens (R-Alaska), outgoing Speaker Dennis Hastert (R-Ill.) and Vice President Cheney each spoke about Ford, reflecting on how the 38th president was able to reunite a wounded nation following the Watergate scandal and Vietnam War.

"While his path to office was unique, history will know Gerald Ford's presidency was no accident," Stevens said of the only president to never be elected either president or vice president.

He added: "History will know that in our hour of need, our nation sought him."

Ford, 93, died Tuesday at his home in Rancho Mirage, Calif.

Hastert recalled how even as a football player at the University of Michigan, Ford had a "big and solid" presence that reflected upon his solid convictions. Those convictions, Hastert said, gave Ford the ability to lead the United States following years of turmoil.

"He reminded us who we should be, and he helped us to heal," Hastert said.

"He never changed," Hastert later added. "Even when power was thrust upon him, he remained an everyman."

The three speakers also praised former first lady Betty Ford, who sat quietly near his casket.

Betty Ford "literally offered hope to millions of Americans," Stevens said, while Cheney called her the former president's "source of happiness."

The ceremony was briefly interrupted when former Rep. William Broomfield (R-Mich.) collapsed a few feet behind leaders such as Cheney and former Defense Secretary Donald Rumsfeld.

Capitol Police, medical personnel and several funeral attendees — including outgoing Senate Majority Leader and heart surgeon Bill Frist (R-Tenn.) — rushed to the 84-year-old's side.

Broomfield was wheeled out of the Rotunda and the ceremony resumed about five minutes later. His condition was not immediately known at press time.

Washington's Republican elite and an eclectic mix of other leaders attended the service, ranging from Chief Justice John Roberts to members of the Joint Chiefs of Staff to Washington, D.C., Mayor-elect Adrian Fenty (D), who postponed his inaugural activities to honor the official six-day mourning period of the late president.

As Ford's casket arrived at the Capitol, the blast of cannons boomed outside in a 21-round salute and guests walked into the service. The United States Army Brass Quintet played selections including "America the Beautiful" and "The Battle Hymn of the Republic."

House Chaplain Daniel Coughlin opened the service by reflecting on how Ford's strong convictions and faith helped move the nation into a positive direction.

"Mighty is the hand that could turn a page of history," Coughlin said.

At the conclusion of the service, Cheney escorted Betty Ford was to her late husband's casket. She paused briefly to touch the casket, leaned over it and left.

Cheney also was among the honorary pallbearers for the service. Others included Rumsfeld, former Secretary of State Henry Kissinger, former Sen. Bob Dole (R-Kan.) and Alan Greenspan, the former head of the Federal Reserve.

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Cheney, who served as Ford's chief of staff, said that while the decision to pardon former President Richard Nixon likely cost him re-election, it remained the right thing to do, and history will remember Ford for making the right decision.

Ford's body arrived by airplane in the Washington area early Saturday evening after a day of public viewing in Palm Desert, Calif. Upon arrival, the body was taken from Andrews Air Force base to the Capitol, pausing momentarily in front of the World War II Memorial to honor Ford's Navy service.

A number of national figures have lain in state in the Rotunda. Civil rights pioneer Rosa Parks was the most recent person to do so — her flag-draped casket sat in the Rotunda for two days in October 2005. The last president given the honor was former President Ronald Reagan, who laid in state for three days following his death in June 2004.

Visitors may view Ford's casket until midnight Saturday and from 9 a.m. to 6 p.m. on Sunday and Monday. A service at the National Cathedral is scheduled for Tuesday, when Ford's body then will be flown to be buried in Michigan.

The waiting area to view Ford's casket in the Rotunda is at Third Street and Maryland Avenue Southwest.

Cell phones and other electronic devices must be turned off in the Capitol, and no photography or other electronic recording will be allowed, according to an Architect of the Capitol press release.

Public and staff tours also are temporarily on hold, set to resume on Jan. 3. The 110th Congress is scheduled to open the following day.

At The Capitol, VIP Roll Call Has Many No-Shows (WP)

By Dana Milbank

The Washington Post, December 31, 2006

The military band drilled. Wreaths with white roses hung outside the House and Senate chambers. In the Capitol Rotunda rested the black velvet catafalque that once bore the remains of Abraham Lincoln.

Everything was in place for Gerald R. Ford's state funeral last night -- everything, that is, but the statesmen.

President Bush sent his regrets; he was cutting cedar and riding his bike on his ranch in Texas. Senate Majority Leader Harry Reid and his deputy, Richard Durbin, couldn't make it, either; they were on a trip to visit Incan ruins. Incoming House Speaker Nancy Pelosi took a pass, too -- as did nearly 500 of the 535 members of Congress.

A 6-to-3 majority of the Supreme Court, including Ford's appointee, John Paul Stevens, ruled against attending. All the nation's governors were invited; few, if any, came. Apparently only two Cabinet members -- Attorney General Alberto Gonzales and Commerce Secretary Carlos Gutierrez -- accepted the invite.

Congressional staffers and Ford family representatives scrambled to find sufficient greeters and honorary pallbearers to join Vice President Cheney and a score of former lawmakers and Ford administration officials. Organizers had to scratch one name they had circulated Friday as a pallbearer: Elford Albin Cederberg, the former Republican congressman from Michigan, died eight months ago.

Waiting in the Capitol crypt -- the holding place for lawmakers attending the rites for Ford -- Rep. James Sensenbrenner (R-Wis.) noted the absence of a quorum. There were only eight congressmen in the room, and a couple of them were watching the Texas-Iowa football game. "What's the score?" one called out.

"Everybody's got to deal with their own schedule," Sensenbrenner, who brought his wife and son to the funeral, said of his absent colleagues. But in his minority view, funerals "are important," he said. "When you're in an official position, it's one of the things that's the right thing to do."

The American people quickly outdid their representatives in respect for the departed president, as several hundred citizens lined up for a late-night public viewing of the casket. But the populace, too, was slow to rally. Capitol police erected barriers to contain thousands, but by mid-afternoon yesterday, only 20 people were in line -- providing a luxurious person-to-portable-toilet ratio of 1:1.

Ford, a onetime college football star, would have understood that New Year's weekend is a difficult time for a funeral. His 6:30 ceremony was tucked in between the 4:30 p.m. Alamo Bowl (Texas vs. Iowa) and the 8 p.m. Chick-Fil-A Bowl (Virginia Tech vs. Georgia). And it was just bad luck that the ceremony would fall on the same day as James Brown's funeral, a Redskins home game and the appearance of photos showing Saddam Hussein in the hangman's noose.

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The modest 38th president -- a "Ford, not a Lincoln" was his famous self-description -- probably would not have fretted about the attendance.

His family, reflecting his wishes, dispensed with the horse-drawn caisson, the military flyover and the round-the-clock viewing that accompanied Reagan's rites here in 2004. And high officials will have a chance to improve on their performance when a second ceremony is held for Ford on Tuesday at Washington National Cathedral. Certainly, though, official Washington could have done better by Ford last night.

Had the majority of America's leaders dragged themselves to the Capitol, they would have developed the inevitable lumps in the throat as they felt the percussive pounding of the cannon battery, heard the gentle strains of "America the Beautiful" and viewed the crisp steps of a military guard carrying the flag-draped casket. But, as it happened, there were only 77 chairs put out for mourners in the vast Rotunda; staffers were invited in to pad the crowd and make the room look less empty.

Bob Dole, Alan Greenspan, Henry Kissinger, Brent Scowcroft and other luminaries from the Ford orbit were there. Chuck Hagel, Bill Frist and Mitch McConnell were among about 10 senators visible in the crowd, and departing Speaker Dennis Hastert and outgoing Senate President Pro Tempore Ted Stevens offered workmanlike eulogies.

Cheney graciously overlooked his old boss's posthumously published view that the Bush administration had made a "big mistake" and should not have gone to war in Iraq. "He answered discourtesy with courtesy," Cheney told the mourners. Former defense secretary Donald Rumsfeld, an honorary pallbearer, was a no-show -- reportedly the victim of a delayed flight. And if pallbearer James A. Baker III was in attendance, he proved elusive to the cameras.

Democratic attendance was rather more sparse. The official greeters included Rep. John Dingell, former congressman Lee Hamilton and former speaker Tom Foley. Spied in the crowd were Sens. Chuck Schumer, Carl Levin and Byron Dorgan, and incoming House Majority Leader Steny Hoyer.

Conservatives were quick to condemn Reid and Durbin, who proceeded with four other senators on a trip to South America, knowing they would miss the rites in Washington. "He's the incoming Senate majority leader, for crying out loud, and he can't even show a little bit of respect?" commentator Mike Gallagher demanded on Fox News.

But the disregard was bipartisan. The White House sent out a press release from Crawford, Tex., detailing the logistics of last night's service, then added an asterisk: "Please note that President George W. Bush will not be attending this event." He will pay his respects when he comes back to Washington, then go to the other service on Tuesday. Aides pointed out that this was the same thing Bush did for Reagan's funeral, but Bush had a better excuse that time: He was hosting the G-8 summit of world leaders, not clearing brush on the ranch.

Instead, Bush phoned in a eulogy, using his usual Saturday radio address to proclaim Ford a man of "selfless dedication" and saying, "He always put the needs of his country before his own."

It was a rare trait in official Washington last night.

"No Point In Being Bitter" (WP)

By Bob Woodward, Christine Parthemore

The Washington Post, December 31, 2006

Upon becoming president in August 1974, Gerald R. Ford faced the task of ending a war -- a war not of his own making. In two wide-ranging interviews with Ford conducted in 2004 and 2005 by The Washington Post's Bob Woodward and Christine Parthemore, the former president revealed the depths of his disillusionment and frustration during the final years and months of the Vietnam War. The interviews, excerpted below, were granted on the condition that they not be made public until Ford's death.

***Bob Woodward : [Vietnam] is the big master problem you got handed.

Gerald R. Ford: My approach was, we inherited the problem with the job. It's my obligation on behalf of the country to try and solve the damn thing.

You know, there was a fundamental mistake made back after World War II, when the French had committed to support the Vietnamese. In fact, I went down to Saigon [in 1953]. . . . I wanted to find out why we're going to spend a lot of money in South Vietnam on behalf of the South Vietnamese. I was in Saigon, stayed at the ambassador's residence, and I went over to the French

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military headquarters, and boy, all these French generals and colonels were dressed up here out in Saigon and telling me how they were gonna win the war against the [North] Vietnamese.

Well, it sounded good on paper, and they ought to know more than I did. Well, in about six months the French got the hell kicked out of them in Dien Bien Phu. . . . The point is, we were on the wrong side of the locals. We made the same mistake that the French did, except we got deeper and deeper in the war. We could have avoided the whole darn Vietnam War if somebody in the Department of Defense or State had said, "Look here. Do we want to inherit the French mess?"

What do you think about Vietnam in retrospect? Digging very deeply, what was the mistake? I don't know that you ever looked at [Defense Secretary Robert S.] McNamara's book "In Retrospect," but he says we were wrong, terribly wrong.

I know, and that used to bother me, because if we were wrong, why did he participate? I used to sit in the Congress and hear him testify to support the [Lyndon B.] Johnson commitment of 250,000, or whatever it was, U.S. personnel, and he never backed off until he got out.*

* *How do you feel about it now? Ten years later, you were the president of the United States who had to eat that national humiliation.

It was a combination of following the recommendations of top people in the executive branch and the feeling that we got involved in this, we better finish it. So it was not a pleasant decision over that long 10-year period to try and rationalize it. I don't think I ever adequately did.

Did you ever, as president, during that period, particularly April '75 during the evacuation, wake up in the morning and say, "What happened here? How did I get dealt this mess? "

I couldn't help but wonder that, but we had a plan, or at least it was on paper a plan. . . . In retrospect, you wonder how unwise you were. In retrospect, if you could sit there and see in reality, I would hope you would do it differently, but we went along. And we finally had to concede that the South Vietnamese were inadequate to solve the problem.

But if you look at the memos internally in the Johnson administration, '65, '66, '67, they are saying to themselves: The South Vietnamese are corrupt, terrible. We bet on the wrong horse here.

Well, if that's the way they felt, why in the hell didn't they go to the public? They never related that to us.*

* *When [Richard M.] Nixon came in, in '69, and took over as president, took over the war, did you ever have any conversations with him or [Henry] Kissinger about what to do, or how to -- or your old friend [Melvin] Laird, who was defense secretary? . . . Even Nixon was saying we were gonna get out. He always said, "Peace with honor. "

He was obsessed with that phraseology.

What did it mean ?

That we had saved Vietnam from becoming communist. That was his goal, superficially, and that's what he kept emphasizing. And we're preventing the domino theory from taking place in Asia. Well, the domino theory never really materialized. . . . Nixon really believed that, that it won't take place if we stayed firm. . . .

I hope we never live through another era like that in American history. The answers were very evasive. The results were very disillusioning.*

* *What's the big lesson from all of this? What's the big lesson from the broadest history ?

Well, I've often thought about that, Bob, based on my 30 years in government in very difficult times. We have to assume that we are the most powerful nation in the world militarily, and that we have some obligations on behalf of democracies worldwide . But I don't think we can force democracy on people or a nation that aren't prepared for it. But that doesn't mean we should go to war to change their mind. We believe in democracy and we think it's the right policy. We had a standoff with the Soviet Union , but we never went to war with the Soviet Union for other good and sufficient reasons, economic and so forth. That ill-fated system failed. . . .

I'm often asked . . . does the president today have a tougher job than you and [Ronald] Reagan had about our enemies? I said I think Reagan and I and [Jimmy] Carter, we had a relatively simple problem. That sounds kind of silly, but we had one enemy. We knew what their military capabilities were. They knew generally what our capabilities were. And we had a standoff for 40 years. The present situation where you have these renegade governments on a global basis in this part of the world and that

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part of the world, they're a different kind of enemy. And I don't envy the present president, whoever it might be, having to combat that circumstance.

What did [Donald H.] Rumsfeld think of Vietnam? Do you recall any input from him ?

Don was never vocal in his support or criticism. . . . Don never got off the track, as far as I remember. He was not a critic . He just followed good, what his boss thought was good policy.*

* *You could have been very bitter about [Vietnam], and you weren't at all.

Well, I'm not a bitter person. . . . There's no point in being bitter about it. Just change the policy.I

tried to justify what happened. I tried to justify what we were doing about it. But I never -- the Vietnam War, in my opinion, should not have been in the '76 campaign. That was an event that took place and it was over. There should not be a place where they said, "You were wrong, you're responsible." We had plenty of other problems that had to be solved. You know, we ended Vietnam and I think reasonably successfully, but we had a terrible economic circumstance. We had high inflation, high interest rates, the economy was sluggish. I tell you, it was a mess.

But no bitterness ?

No, I don't carry grudges.

You said it was the saddest day of your presidency when all the helicopters were --

I did, when they left the embassy in Saigon. Oh, to see those helicopters go out, come back, go out and come back. We saved the lives of not only our U.S. military personnel, our U.S. civilian personnel, but on my personal orders, saved the lives of South Vietnamese who had supported us, contrary to [Defense Secretary] Jim Schlesinger, who wanted to let everybody go to hell.

You saved some lives. You could have saved more if there would have been more time.

That's right.

I think at one point Kissinger said, "If we had another week we could have saved 12,000 more."

Oh, at least I think, . . . Well, if you see pictures of that mob in the area of the embassy, you know there were a lot of people that never made it, and if they didn't make it they probably lost their lives under the North Vietnamese.

Serving As Ford's No. 2, Rockefeller Never Took His Eye Off Top Job (NYT)

By Sam Roberts

The New York Times, December 31, 2006

Without even trying, Gerald R. Ford more or less stumbled into the presidency in 1974 in the wake of the Watergate scandal. But the man who became his vice president through the same historical quirk not only always wanted the top job, but defined his professional life by it.

Nelson A. Rockefeller made a brief foray into presidential politics in 1960 after barely a year as governor of New York. He began a campaign to run, which he quickly abandoned when Richard M. Nixon surged. Mr. Rockefeller unsuccessfully sought the Republican nomination in 1964 and again in 1968. He coveted the vice presidency in 1973, when Spiro T. Agnew resigned. Instead, President Nixon named Mr. Ford.

After 15 years as governor, Mr. Rockefeller resigned later in 1973 to devote more time to his Commission on Critical Choices for Americans, which he created to set goals for the nation and to keep himself in the national limelight for a likely campaign to succeed Mr. Nixon.

Then, another seismic upheaval reshaped the political landscape. Mr. Nixon stepped down, and Mr. Ford recruited Mr. Rockefeller, who gambled on the vice presidency as his last best hope.

Among the prospective vice presidents Mr. Ford rejected was George H. W. Bush. Remembering the telephone call from Mr. Ford that August morning, Mr. Bush said modestly last week: "I went on, and thanks to him, had wonderful assignments in life."

Mr. Bush's later roles in government included as vice president and president. Mr. Rockefeller had to settle for a short-lived, appointive vice presidency.

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His younger brother, Laurance, once recalled a sermon by Harry Emerson Fosdick, whose brother managed John D. Rockefeller's philanthropy. It was titled "Life Is Making the Most of Second Best," and, Laurance said, "I believe life taught Nelson that sermon."

But as vice president, even with Mr. Ford intending to seek a full term in 1976, the 66-year-old Mr. Rockefeller harbored hopes that, somehow, he might finally fulfill his vision of becoming president.

"I'm a politician," he once explained. "That is my profession. Success in politics, real success, means only one thing in America."

Not long after Mr. Ford enlisted him, Mr. Rockefeller was asked whether he had accepted the vice presidency partly as a vehicle to the White House. After persistent questioning, he answered with the exasperation of a harried commuter racing to catch the last train: "What do you think I'm doing here?"

He was confirmed by the Senate, but only after he confronted what he said was the "myth" about his wealth (by today's standards, according to the holdings he disclosed to Congress, he would barely qualify as a billionaire).

"Would my family background somehow limit and blind me, so that I would not be able to see and serve the general good of all Americans?" he asked, then replied: "Poverty, too, can blind a man or a woman. Some never rise above the hungry resentments of early hardships."

The conventional wisdom was that the incandescent Mr. Rockefeller, known for declaring, "I never wanted to be vice president of anything," would quickly outshine Mr. Ford.

But Washington protocol doesn't give even larger-than-life vice presidents much latitude. Moreover, observers said that Mr. Rockefeller's ambitions to dominate domestic policy were sabotaged by Donald H. Rumsfeld, then the White House chief of staff, who recently resigned as President George W. Bush's defense secretary.

James M. Cannon, whom Mr. Rockefeller made executive director of the Domestic Council, said Mr. Rockefeller took the vice president's job "because it was his duty, but it was not a happy experience for him."

"He gave every indication he was not pleased by not being given a more important role."

And with all the political upheaval, one thing never changed. "Every movement needs a villain," said William Rusher, the publisher of National Review. "For the G.O.P. right, Nelson Rockefeller was it."

He failed to placate conservatives, but not for lack of trying. In 1975, he told the National Urban Coalition that as governor he had refused to criticize the Nixon administration's pursuit of the war in Vietnam because he did not want to jeopardize federal aid to New York.

He boasted that "we got the cheats off welfare" and "we cracked down on the dope pushers." In the South, he once favorably likened Mr. Ford to George Wallace, the Alabama governor who would seek the presidency again in 1976. "They are both dedicated Americans who believe in the basic values of this country," he said. "They happen to be of different parties and make slightly different appeals to people."

But within less than a year, Mr. Rockefeller was gone from the Republican ticket as Mr. Ford's running mate.

"He was unhappy — maybe there's a stronger word — that he was dumped from the ticket," Mr. Cannon recalled.

"Ford once said to me, 'I hope Nelson doesn't hold this against me,' " Richard M. Rosenbaum, a Rockefeller confidant and former Republican state chairman of New York, recalled the other day.

Mr. Rockefeller never complained publicly, though, both out of loyalty to Mr. Ford, whom he referred to as "the boss," and because some of his own supporters still harbored a slim hope that if the Republicans won in 1976, he might be rewarded with a cabinet post like secretary of state.

Short of a deadlock for the nomination between Mr. Ford and Ronald Reagan, though, forcing a move to a third alternative, the possibility of success by Nelson Rockefeller's definition appeared to be doomed.

A few days before the Super Tuesday primaries early in 1976, he debated into the night with Mr. Rosenbaum about whether his New York Republican delegation should endorse Mr. Ford. Mr. Rockefeller seemed uncertain, Mr. Rosenbaum recalled, as if he were also weighing the impact on his own political future. Finally, Mr. Rockefeller gave the go-ahead.

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Around that time, he repeated the lament that he made after the 1968 campaign that he had lost his ambition. (Bill Moyers replied at the time: "I believe Rocky when he says he's lost his ambition. I also believe he remembers where he put it.") But, this time, at least in political terms, he seemed to mean it.

"When you think about what went on after he left government service, he did some pretty interesting, some might say bizarre, things," Mr. Rosenbaum said.

He delivered an obscene gesture to protesters as he campaigned for Mr. Ford. In 1979, at age 70, he was found dead of a heart attack late one night in his Manhattan office where he was said to be working on an art book with a young woman on his staff.

Before that, he finally was able to rest his head in the White House, however briefly. On Jan. 19, 1977, his last night as vice president, Mr. Rockefeller, his wife, Happy, and their children were invited by Mr. Ford to stay over.

Moderate? Conservative? With Gerald Ford, Take Your Pick (NYT)

By David D. Kirkpatrick

The New York Times, December 31, 2006

LYNDON JOHNSON in 1973. Richard Nixon in 1994. Ronald Reagan in 2004.

The last three former presidents to die dominated the world stage. They bent history to their will, for better or worse, and became the subjects of a crowded shelf of biographies. For the writers of memorials and obituaries, they were easy.

Not so Gerald R. Ford, who served only 29 months, never won a national election, and was constricted by an overwhelmingly hostile Congress. He is remembered mainly for the pardon of his predecessor, an act that ultimately doomed his bid for re-election.

Yet the public ritual surrounding the death of a former president demands a period of public rumination, and partisans across the political spectrum have been finding substance to admire in Mr. Ford.

There are, of course, the common sentiments that he was a decent, humble, calming leader at a precarious time. But peering back at his modest and often overlooked legacy many have also found elements in concert with their own views, variously honoring him as an icon of moderate Republicanism, a conservative budget hawk, an accidental apostle of Reaganism, a critic of the Iraq war and a proponent of gay rights.

"You can pick and choose," said Richard Norton Smith, the historian and former director of the Gerald R. Ford Presidential Library and Museum. "The Ford presidency is a very good example of how history is argument without end, and the thing is, that we haven't had this argument until recently because we are so mesmerized by Nixon. Historians have always tended to look at the Ford presidency as a kind of coda, the un-expired Nixon term."

For those who never thought highly of him, the change in tone was striking. An online column last week in the left-leaning Nation magazine, which railed against Mr. Ford's pardon of former President Nixon, commended President Bush for being "appropriately respectful" toward Mr. Ford.

The column urged Mr. Bush to heed Mr. Ford's criticism of the Iraq war, made during a 2004 interview with Bob Woodward of The Washington Post reported after the former president's death. "I just don't think we should go hellfire damnation around the globe freeing people, unless it is directly related to our own national security," Mr. Ford was quoted as saying.

In television coverage of his death, the Iraq war comments soon received as much attention as anything he did in office. "He was atrocious at P.R. when he was president, but getting the Woodward interview released after his death was a pretty savvy P.R. move on Ford's part," said Franklin Foer, editor of The New Republic, who added that the magazine did not plan any Ford coverage because of a holiday printing schedule. "I don't exactly consider it the most momentous event in the history of the republic."

The conservative National Review has scorned Mr. Ford for 30 years as the wishy-washy establishment Republican who beat back Mr. Reagan's conservative 1976 primary challenge. Conservatives disdained Mr. Ford for what they considered his too tolerant approach to the Soviet Union and for naming Nelson Rockefeller as his vice president.

But on the National Review's Web site last week several conservatives stretched to admire their former bête noire. Some praised Mr. Ford for at least trying to veto 66 Democratic bills, even though the Democratic majority in Congress usually overrode

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them. Paul Kengor, a professor at Grove City College in Pennsylvania, credited Mr. Ford with "paving the way for Reagan" by "giving détente a chance, and thus an opportunity to show its true colors." And Lee Edwards, a scholar at the Heritage Foundation, thanked Mr. Ford for nominating Mr. Rockefeller because it infuriated conservatives into forming the New Right.

"It's like congratulating the Soviets for the Marshall Plan," Richard Brookhiser, a senior editor at the National Review, said in an interview. "In fairness to Ford," he added, looking for praise, "I have never seen him on a list of the worst presidents."

Socially moderate Republicans, in contrast, have embraced President Ford in death as the champion of their vision of the party. "Jerry believed this party was about a right to be left alone," said former Senator Alan Simpson of Wyoming, a friend of Mr. Ford's, arguing that the Republicans' losses in the last election sent a message to return to smaller government and stop emphasizing social issues like abortion restrictions.

After Mr. Ford died, Charles Francis, a friend of President Bush who founded a group to welcome gay voters in the Republican Party, circulated a private letter from Mr. Ford supporting gay rights. Mr. Ford eventually decided to join the group and publicly supported legally recognizing gay unions. The Log Cabin Republicans, a group of gay Republicans, called Mr. Ford "a great man" who will be remembered "for acting as a force for tolerance."

There was a time, shortly after President Bush's election in 2000, when some of his critics murmured that he was bringing back the Ford White House, noting the return of three prominent veterans of the Ford administration: Vice President Dick Cheney, former Defense Secretary Donald H. Rumsfeld, and former Treasury Secretary Paul H. O'Neill.

Six years ago, David Frum, a former Bush speech writer, leapt to the president's defense, arguing in The Weekly Standard that the administration's philosophy and personnel drew more heavily from the Reagan White House. "Ford was not a success in office," Mr. Frum wrote, repeating the columnist Nicholas von Hoffman's observation that Ford's destiny was "to vex generations of schoolchildren yet unborn with the question whether it was he or Martin Van Buren who fought the French and Indian War."

In an interview last week, however, Mr. Frum offered a more sympathetic appraisal, describing Mr. Ford as essentially a Reaganite in fiscal matters and noting that he appointed Alan Greenspan to head his Council of Economic Advisers. "It is very hard to be a great president when the opposition party has not only two-thirds of the votes in Congress but is on an ideological binge," Mr. Frum said.

The liberal American Prospect chose to highlight another influential Ford decision — his nomination of John Paul Stevens to the Supreme Court — when it posted an article on its Web site last week that its editor Harold Meyerson wrote last summer. Mr. Meyerson noted that it was Justice Stevens who wrote both the dissent in Bush v. Gore, the case that put Mr. Bush in the White House, and the majority opinion in Hamdan v. Rumsfeld, the case that rejected the Bush administration's use of military tribunals or torture to handle military detainees.

"Ford is one lucky former president, that Stevens, in his mid-80s, has emerged as the leading voice and most effective force in defense of the American democratic system," Mr. Meyerson wrote. "Instead of just having a forgettable presidency and bequeathing the nation two of the most dangerous thugs ever to hold high office," he continued, referring to Mr. Cheney and Mr. Rumsfeld, Mr. Ford's legacy "is at least self-negating."

Historians say it is misleading to judge President Ford by any of the standards of contemporary politics since he operated in a very different context, before the rise of supply-side arguments about tax cuts, social issues like abortion or gay rights, or the rise of radical Islamic terrorism. What is now called "moderate" was then called "establishment" in the Republic Party.

Mr. Smith, the former director of the Ford library and now head of the Abraham Lincoln Presidential Library and Museum, said President Ford was an old school limited-government conservative: "He didn't want government in the classroom, he didn't want it in the board room, and he didn't want it in the bedroom."

In some ways, Mr. Brookhiser of the National Review said, the efforts to memorialize the Ford presidency recall the challenges caricaturists once faced drawing his plain, handsome, even-featured face. "He was the hardest president for cartoonists."

When Ford Lost, So Did Dems (LAT)

By Jonathan Chait

The Los Angeles Times, December 31, 2006

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ONE OF THE funny things about politics is that people often have a very poor sense of which elections are important and which aren't. This fact hit me a few years ago when I was watching a "Saturday Night Live" episode from 1976. Jane Curtin was on as the host of "Weekend Update," and the joke was that SNL's feelings about the upcoming election could be summed up with a photo of Gerald Ford, defaced with horns and a mustache.

I was only 4 years old in 1976. Seeing this sketch more than 20 years after it first aired, what struck me was the overwhelming strangeness of it. Why would anybody work up a hatred of Ford? And when I thought about it further, it seemed to me that Ford's defeat in the 1976 presidential race may have been one of the worst things that ever happened to American liberalism.

Liberals, of course, detested Ford for his pardon of Richard Nixon, and indeed the pardon was a pretty rotten act. In the light of history, however, Ford comes through as a far more innocuous figure. By the standard of his day, he was a conservative. But by the standard of our times, he's a raging moderate.

In Ford's time, to be a conservative meant to be cautious and prudent. Ford opposed deficits, and he vetoed spending hikes and tax cuts alike. His recently released comments criticizing the Iraq war (made in a 2004 interview but embargoed until after his death) show how alien he found the current president's reckless foreign policy. In his post-presidential career, Ford emerged as a critic of the religious right and an advocate of political reforms, both of which placed him far to the left of today's GOP.

It was Ford's narrow loss to Jimmy Carter in 1976 that enabled the subsequent radicalization of the Republican Party. Carter was a mediocre president, and he came into office under terrible conditions — stagflation, an energy crisis, the wake of a losing war — under which no president could have succeeded. His inevitable failure paved the way for Americans to elect Ronald Reagan. And after Reagan, a new orthodoxy took hold in the Republican Party that celebrated deficit-financed tax cuts, ultra-nationalistic foreign policy and a cynical culture war.

If Ford had managed to win in 1976, it would have been Republicans who were saddled with the stagflation mess. And a Democrat probably would have won the presidency in 1980 and presided over the expansion that followed. (Stagflation was solved when the Arab oil embargo collapsed and the Federal Reserve induced a recession that crushed inflation.)

So we can now see that 1976 was a great year to let the other party win. With the passions of Watergate running high, the election seemed really important, but it probably had negative importance: Democrats lost by winning.

The same thing probably happened to Republicans two years ago. The 2004 elections seemed like a vital, titanic clash, one many people regarded as the most important of our lifetime. But imagine if John Kerry had won. He'd have presided over a mediocre economy and a war in Iraq for which conservatives would blame him. (Can anybody doubt they'd be saying that we were winning until Kerry screwed it up?) Democrats never would have taken back the House or the Senate in 2006. We'd be poised for another GOP sweep in 2008, and the Republicans would be far less chastised than they are today.

And the elections that people think don't matter often do. Moderates and liberals widely regarded the 2000 presidential campaign as a snoozer. Apathetic liberals held "shadow conventions" that year to highlight the stultifying timidity of the two major parties. The implicit premise of Ralph Nader's 2000 candidacy was that it was as good a year as any for liberals to make a protest statement and throw the election to a Republican. We now can see that the radicalism of George W. Bush, then half-concealed, along with the rallying effect of Sept. 11 made the 2000 election incredibly consequential.

So the 2000 election that so many people thought didn't matter turned out to be the most important election of our lifetime. And the next presidential election, which many said was the most important election of our lifetime, barely mattered at all, and may even have had negative importance — for the Republicans. I guess I ought to be thankful to Kerry for being such an awful candidate. If only Gerald Ford had been a slightly better politician….

Back In View, A First Lady With Her Own Legacy (NYT)

By Jennifer Steinhauer

The New York Times, December 31, 2006

PALM DESERT, Calif., Dec. 30 — It has been a while since America drew its face close to Betty Ford. But what the nation saw this week here in Southern California — an impossibly tiny face, lips pinched in grief and eyes blinking in the harsh midday

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sun — served as a poignant reminder of the woman whose reign as first lady, while brief and wholly unexpected, was among the most remarkable in modern history.

Former President Gerald R. Ford's death on Tuesday at the age of 93 thrust Mrs. Ford back into a public spotlight that she had largely avoided in recent years.

On Friday, with her children and other family members clustered about her, Mrs. Ford watched as her husband's coffin was carried by a military honor guard into St. Margaret's Episcopal Church here for a private prayer service. It was the beginning of six days of national mourning.

Mrs. Ford has taken pains to keep her husband's death as private an affair as possible for a former president — limiting the prayer service here to only the immediate family, followed by a visitation from a small group of invited friends and then a public viewing.

She has spent the last three decades living in a golf community and tending to her treatment center for alcohol and drugs. But her husband's death has served as a catalyst for an American trip back through the 1970s.

Thrown into the role of first lady during a period of deep distrust in government, she fulfilled the role of honest arbiter of American family life and of the modern woman, speaking candidly on just about any subject she was asked about, both shocking and delighting the country.

She was a product and a symbol of the cultural and political times — doing the Bump along the corridors of the White House, donning a mood ring, chatting on her CB radio with the handle First Mama — a housewife who argued passionately for equal rights for women, a mother of four who mused about drugs, abortion and premarital sex aloud and without regret.

Her candor about her battle with breast cancer, which led to unprecedented awareness among American women about detecting the disease, and her later commitment to alcohol and substance abuse treatment, stemming from her own abuse history, set the stage for widespread acknowledgment and advocacy that is commonplace today.

Given her impact on these crucial health issues and her influence over the modern East Wing, Mrs. Ford's effect on American culture may be far wider and more lasting than that of her husband, who served a mere 896 days, much of it spent trying to restore the dignity of the office of the president.

"I think that's true," said Carl Sferrazza Anthony, a presidential family historian and expert on first ladies. "The impact of her influence on the general public extended beyond her tenure in the White House. It was a situation of somebody coming along in history who, in simply being themselves, ends up crystallizing something that the nation at large is feeling."

Born Elizabeth Anne Bloomer in Chicago in 1918 and raised in Grand Rapids, Mich., Mrs. Ford was passionate about dance. Not long after she graduated from high school, she studied with Martha Graham in New York City, becoming a member of the Martha Graham Auxiliary Group. In 1941, back in Grand Rapids, she became a fashion coordinator for a department store and formed her own dance group.

After a brief marriage to a furniture salesman, she met Mr. Ford in 1947 and married him the next year, two weeks before he was elected to his first term in Congress. Together they raised four children: Michael Gerald, John Gardner, Steven Meigs and Susan Elizabeth. Her husband's political career, including eight years as House minority leader, and its attending absences often left her lonely and depressed, and she looked forward to private life.

But instead of becoming the wife of a retired congressman, as she expected, in 1974 she found herself first lady when Mr. Ford was sworn in as the 38th president, after the resignation of Richard M. Nixon.

"I went to their house in Virginia," said Sheila Weidenfeld, who served as Mrs. Ford's press secretary. "She came down in her robe. I think it was such a shock when you find out your husband is president, and the next day you had to have a dinner for King Hussein."

There was no learning curve, Ms. Weidenfeld said, nor preparation. "I remember saying to Betty Ford, 'Well, what would you like me to do?' And she said, 'I don't know, what am I supposed to do?' "

Her role was defined in part less than two months into Mr. Ford's presidency, when she discovered that she had breast cancer and then discussed her mastectomy openly in hopes of giving other women the tools to detect the disease early and treat it courageously. According to a 1987 article in The Journal of the National Archives, Mrs. Ford received 55,800 cards, or "92 cubic feet of material," in response to her openness.

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The next year, Mrs. Ford took it upon herself to champion the Equal Rights Amendment. She personally phoned legislators, held a slide show in the White House for staff members and gave speeches across the country about women's rights.

She talked about her support of abortion rights and mulled the idea that her children might have smoked marijuana.

Perhaps most infamously, she told Morley Safer in a "60 Minutes" interview that she would provide "counsel" to her daughter, Susan, then 18, if Susan were involved in a sexual relationship, or, in Mr. Safer's words, "having an affair."

"Her husband threw a pillow at her, jokingly, and said, 'You just lost me 10,000 votes,' " Ms. Weidenfeld said. "And Donald Rumsfeld said, 'No, 20,000.' Susan asked her later, 'What's an affair?' "

Ms. Weidenfeld said the times called for candor, and Mrs. Ford was able to provide it. "When Ford said this will be an open presidency, we thought, 'O.K., let's let the first lady open up.' "

While Mrs. Ford drew hundreds of angry letters, public opinion ended up on her side, with "Betty's Husband for President" buttons decorating the campaign trail.

"One day we had finished an event on the floor and we were going back upstairs," recalled Maria Downs, her social secretary at the time. "And I said, 'You don't seem yourself,' and she said, 'I'm all right. I would give my life to have Jerry have my poll numbers.' "

Mrs. Ford remained an accessible first lady, even as her days became consumed with details like choosing centerpieces for state dinners. She consulted with her aides while sitting at the edge of the bathtub, dabbing on her makeup; gave a twist to the scarves of staff members to give them a fashionable edge; and chatted about their furniture choices and children.

Her staff was also forced to tiptoe around late appointments and to scramble schedules stemming from Mrs. Ford's addiction to pain killers, which began when she was prescribed medication in 1964 for a pinched nerve. "She had to cancel events or couldn't leave the house sometimes," said Ms. Weidenfeld, who said she once asked the first lady's doctor to "lay off the pills."

In 1978, Mrs. Ford's family intervened in her drug and alcohol abuse, opening a new chapter in her life as a founder of a clinic in California. She described her recovery process in a 1987 book, "Betty: A Glad Awakening."

Until recently, Mrs. Ford, who is 88, continued to be in charge of her center in Rancho Mirage, and she has remained on the board after handing the helm to her daughter in 2005.

She continues to support treatment centers, attend charity events and speak about substance abuse and breast cancer awareness. Most of all, she enjoyed her expansive and close family, and her time with her husband, whom she remained enamored with through 58 years of marriage.

"Gerald Ford's father abused his mother, and she was a very strong woman and he was unthreatened by strong women," Mr. Anthony, the historian, said of the first couple. "You take that kind of a husband and you look at Betty Ford and you see part of what made her an unusual first lady was the context of her marriage."

Mrs. Ford's expressions of personal opinions, which several people who worked in the White House at the time say were never discouraged by the president, "were personally held opinions not suited for a political agenda," Mr. Anthony said.

"Even Eleanor Roosevelt, who did speak her mind, was much more politically savvy in terms of knowing what buttons would be pushed," he said. "Betty Ford inherited that role, and she already knew that it was not right for her to say things she didn't mean. In that act, she shattered a precedent and set up a new paradigm for first ladies."

Would-Be Presidents With Cold Shoulders (NYT)

By Adam Nagourney

The New York Times, December 31, 2006

THE campaign for president will dominate American politics in the coming year, and while Republicans and Democrats will no doubt be talking about very different things, they face a common strategic challenge: How do you deal with the folks back in Washington?

For Republican candidates, the problem is President Bush. They are in a different place from the one they were in just two years ago, when Mr. Bush was riding high and the big question was who, if anyone, would win the Bush mantle. It is hard to imagine, at least today, Republicans squabbling over who gets a moment on a stage with the president.

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The trick for Republican candidates is to distance themselves from Mr. Bush without offending Republican loyalists on guard for anyone showing disrespect to the president, or offending Mr. Bush's own considerable corps of advisers and contributors, any one of whom could prove useful in 2008. Talking about spending is one way to create that distance. Senator John McCain of Arizona, for one, has made a point of criticizing the deficits during Republican rule in Washington.

But will any of them aggressively distance themselves from Mr. Bush's Iraq policy? Could there be a spot in this cycle for an antiwar Republican? And could any echo the chord Barack Obama has struck on the Democratic side by promising an end to the brutal partisanship that has marked the Bush era, and campaign against Mr. Bush, however discreetly, on this ground?

Democrats have a different kind of problem as they try to figure out how closely to be associated with the new Democratic-controlled Congress. Democrats, led by Nancy Pelosi in the House and Harry Reid in the Senate, could take up bills — perhaps on taxes or spending in Iraq — that might not play so well for a presidential candidate.

Alternatively, Congressional Democrats might face a legislative breakdown and accomplish nothing at all — again not the kind of record a Democratic presidential candidate wants to be associated with. Complicating things is the fact that at least four of the prospective Democratic candidates are full-fledged members of Congress: Senators Obama of Illinois, Hillary Rodham Clinton of New York, Joseph R. Biden Jr. of Delaware and John Kerry of Massachusetts.

This Clinton Machine Is a Tighter Ship (LAT)

By Stephen Braun

The Los Angeles Times, December 31, 2006

WASHINGTON — Sen. Hillary Rodham Clinton has spent much of the last month behind closed doors, putting the final touches on a presidential campaign-in-waiting.

Her hectic schedule has been crammed with private lunches and phone conversations with elected officials and political operatives. She has sounded out Democratic Party officials from New York to Des Moines about her chances and hired a cadre of new campaign aides.

And she has made time for television interviews, re-releases of her books and delicately timed appearances with her high-wattage husband.

It is all part of a political organization that has been under construction since the turbulent Clinton White House years and was bolstered by two successful Senate campaigns. Awaiting only her go-ahead — with a decision expected in January — the machine that Hillary built has the heft and advance billing of an election-year juggernaut.

It is a high-stakes fusion of her political world and her husband's, two camps with markedly different styles and, at times, competing agendas and egos. The test, should she decide to run, will be getting the two cultures to work together.

"Her organization is much different than the old Clinton organization," said New York political consultant Hank Sheinkopf, who worked on President Clinton's 1996 reelection effort. "She has a whole loyal national network of her own. They're all hard, tough people. The trick she'll have is to find a way to blend them in and keep them together."

Bill Clinton ran a loose and leaky ship during his two White House terms, and many in his old brain trust who are expected to return to the fold for a Hillary Clinton presidential campaign now have careers to tend and outside interests to promote.

By contrast, "Hillaryland" is a disciplined structure of her own design, a tight-knit realm populated by discreet, fiercely devoted aides who have been with the former first lady since her East Wing days, along with newer additions who serve on her Senate staff. Some wonder if her circle is too buffered.

"The danger she faces," one longtime Clinton intimate said, "is the problem of insularity. You saw that at times in the Clinton White House. She tends to filter a lot through her most trusted people. That's an advantage when things are going well. But you can get closed off when things are falling apart."

Her machine would nonetheless be tested early. Recent polls in New Hampshire and Iowa show Clinton would have stiff competition from two potential Democratic rivals, Illinois Sen. Barack Obama and former vice presidential candidate John Edwards.

"The challenge she'll have in the primaries is building something that's lean and supple, an operation that can turn on a dime," said Democratic pollster Geoffrey D. Garin.

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Clinton's closest aide is, of course, her husband — "the best strategist of his generation," Sheinkopf says. But their dynamic would make for a unique campaign with its own risks and opportunities.

The former president will have to restrain the urge to grab the spotlight. "It's her campaign, not his," Sheinkopf said.

During recent appearances together, intimates say, the former president has had to work to rein in his impulse to play to the crowd. "You can see him champing at the bit," one said.

Hillary Clinton has warmed on the stump, but party leaders still worry that Bill Clinton's mastery of the stage muffles her presence by comparison. And a recent spate of news accounts of the Clintons' marriage and reversed political roles have dredged up unwelcome memories of the Monica S. Lewinsky affair and the impeachment crisis.

In her Senate run this year, the Clintons often deployed separately across New York, operating like complementary vaudeville troupers. While the senator concentrated on working-class communities upstate, pushing economic hardship issues to win over independents and suburban Republicans, the former president secured the Democratic base in New York, hobnobbing with East Side donors and barnstorming in Harlem and elsewhere in Manhattan. She easily won reelection, taking 67% of the vote.

Most Clinton loyalists insist the couple would be a magnetic duo. "He's the best campaign weapon any Democrat can have — and that includes his wife, who's superb in her own right," said John Catsimatidis, an influential New York supermarket chain owner who is a longtime Clinton donor.

After her husband, the senator depends most on her core staff. These aides dubbed their close-knit enclave Hillaryland after whimsical signs that sprouted inside the Little Rock transition office in 1992 to identify the camps working for Clinton, Vice President Al Gore and their spouses (the others were Clintonville, Goreville and Tipper Town). The self-mocking tag remained after the first lady's protectors circled the wagons during Whitewater, Travelgate and the impeachment.

Patti Solis Doyle, a Hillaryland stalwart who was Hillary Clinton's first hire as scheduler in 1992, is expected to be tapped as campaign manager. Doyle, 41, had key roles in both Senate campaigns, and most recently headed up Hillpac, the well-oiled fundraising arm that drummed up more than $50 million in donations for 2006.

Doyle has long been considered the senator's most reliable aide and confidant. She is among the few, one Hillarylander said, "who can talk tough to Hillary and get away with it." A selfless wunderkind from Chicago's hard-boiled political terrain who shuns publicity, Doyle won Clinton's lasting admiration by helping rejuvenate her flagging first election effort in 2000.

"Patti's there because she has the best working knowledge of Mrs. Clinton's history, her needs and her desires," said G. Neel Lattimore, a Children's Defense Fund communications strategist who was the first lady's press secretary. "She can get people in a room who are warring with each other to calm down and make the tough decisions."

Those skills might prove critical in blunting the sharp elbows sometimes thrown by the senator's troika of senior political strategists. Mark J. Penn, Mandy Grunwald and Harold M. Ickes all had integral stints during the Clinton administration and have since worked at close quarters in both of Hillary Clinton's Senate triumphs.

Directing overall strategy would fall to Penn, the centrist pollster who was a key player in Bill Clinton' 1996 reelection and now works as chief executive of the Burson-Marsteller public relations firm. Advertising decisions would be handled by Grunwald, who had a pivotal role shaping ads in Bill Clinton's first presidential run. Ickes, the acerbic son of Franklin Roosevelt's Interior secretary and a Clinton White House deputy chief of staff, would probably oversee the campaign's budget and relations with party officials and affiliated "527" committees, groups that can spend money on behalf of candidates or issues but cannot give it to their campaigns. Ickes also would delve into voter profiling, an interest he developed while running Catalist, a private database targeting firm.

Communications strategy in Clinton's Senate campaigns has been overseen by Howard Wolfson, a New York public relations veteran who is already handling campaign-related media for Clinton.

During Hillary Clinton's campaigns, these four aides have dominated a daily 7:30 a.m. conference call in which her political strategy was hammered out and her daily message crafted. "It's not for the faint of heart," one participant said. "Some of these guys hate each other's guts. But the principal finds it useful as long as it doesn't get too vicious."

There are dangers to blood-letting. Chaos within the presidential campaigns of Al Gore and Sen. John F. Kerry toppled campaign managers and left internal scars.

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"That won't happen with Patti because Hillary depends on her too much," one former trusted campaign aide said. "If there are casualties, they'd be lower down the food chain."

A slew of other Clinton familiars are expected to help out. High-profile Democratic consultant James Carville, who lauded the "power of Hillary" in a widely circulated article he and Penn wrote earlier this year, is expected to provide strategic advice. Howard G. Paster, who was Bill Clinton's chief congressional lobbyist and works with Penn as chairman of Burson-Marsteller's executive board, is said to be primed for a senior advisory role. Former Democratic National Committee chief and Clinton friend Terry McAuliffe is slated to line up top donors along with a new hire, campaign finance director Jonathan Mantz, a Democratic Party financial expert.

Hillary Clinton's heavy spending in the 2006 campaign — too heavy, some said — left her with a less-than-bountiful $14 million in the bank. But Ann Lewis, communications director for Hillpac, noted that more than $11 million of the $37 million outlay was used to build a massive national database — essential to mining millions more in small donations and profiling likely volunteers.

"The money we spent was well worth it," Lewis said.

Catsimatidis said he and other big donors on both coasts were already being approached to replenish the coffers. In New York, the effort revolves around venture capitalist Alan J. Patricof, Sen. Clinton's campaign chair and a longtime fundraiser for the couple. In California, key money players will probably be Susie Tompkins Buell, co-founder of the Esprit clothing company, billionaire Ron Burkle and entertainment chief Haim Saban, who recently hosted the Clintons at an annual Mideast policy forum he sponsors in Washington.

"She can raise whatever she needs," said Maurice Carroll, director of the Quinnipiac University Polling Institute.

For policy advice, Clinton would turn to John Podesta, who was her husband's White House chief of staff and now heads the Center for American Progress, a progressive think tank with strong connections to his former employers. "I talk to her from time to time on policy and issues," Podesta said. "There's no formal structure at this point."

Despite the center's "nonaligned" status, Sen. Clinton played a "formative" role in discussions that led to its creation, Podesta acknowledged recently.

New hires from Democratic party ranks also have been brought in, depriving rivals of some of the party's top talent. Phil Singer, communications director for the Democratic Senatorial Campaign Committee, would run Clinton's war room. Blogging whiz and former Kerry Internet aide Peter Daou would tackle Web-based opposition research. Karen Hicks, who was Howard Dean's New Hampshire primary field director, is set to run Clinton's early primaries. Burns Strider, who spearheaded religious outreach for the House Democratic caucus, has been hired to tap into the evangelical Christian movement.

Along with the professionals, Clinton aides expect a groundswell of women — political operatives, donors, volunteers — would flock to Hillary Clinton because she is a female presidential candidate.

"She wants people who work for her to want to be there out of a sense of mission, not just simply as professionals," said Lorraine Voles, Clinton's Senate communications director.

The mission, Voles said, "would be electing the first woman president. It's not the only thing that brings people in the door, but it's what would be on everyone's minds over the long run."

"That is," Voles added, "assuming she runs."

Schwarzenegger Looks Beyond California As Second Term Begins (SFC)

By Carla Marinucci

San Francisco Chronicle, December 31, 2006

Gov. Arnold Schwarzenegger -- whose eclectic resume as a bodybuilder, movie star and successful politician suggests a never-ending pursuit of the new challenge -- is preparing for the next one.

As he starts his second term, the Republican governor is intent on taking his message of bipartisan cooperation to the rest of the country as part of an ambitious effort aimed at shaping politics on both sides of the aisle.

Schwarzenegger wants to press Republicans and Democrats for more "action, action, action" -- with particular attention to appealing to the growing ranks of decline-to-state and independent voters increasingly turned off by partisan politics.

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For the California governor, the issues open to bipartisan solutions are as diverse as redistricting, health care and prison reform. But Schwarzenegger doesn't intend to stay within state boundaries as he addresses such matters, planning to make his case in states that will play center stage in presidential politics -- New Hampshire, Ohio and Iowa among them.

"He's always looking to build something: his body, his movie career, his business. And now he's looking to build on being the governor of California," said Karen Hanretty, a former state Republican Party spokeswoman and now a consultant and television commentator.

With an overwhelming victory last November that gave the GOP a bright spot in an otherwise dismal year across the nation, the governor may now be aiming to "supersize Arnold," Hanretty said -- trying "to elevate himself to the next level -- or maybe it's a question of elevating the stature of California."

No wonder Schwarzenegger, even as he was hobbled by a leg broken in a skiing accident, announced last week a "research and innovation initiative" to boost the economy in biotech, nanotech and "clean tech" areas.

Such moves, insiders said, keep California on the leading edge both politically and economically, and may help moderate the GOP's rigid conservatism demonstrated during the Bush presidency and the Republican control of Congress.

Schwarzenegger communications director Adam Mendelsohn said the governor's focus remains his home state.

"The governor is very passionate about public service and passionate about California," Mendelsohn said. "And nothing inspires the governor more than bringing the ideas of California to the forefront."

The governor, who formally begins his second term Friday, will shape his ambitious calender in 2007 with the same inner circle of advisers who handled his re-election campaign, including campaign manager Steve Schmidt and Matt David, who ran his campaign "war room," as well as Democratic chief of staff Susan Kennedy and Mendelsohn.

The question being asked by political observers watching the governor's attempt to expand his political profile: What's in it for him?

Schwarzenegger, in the past, has explained his political drives as a direct result of personal growth.

"In the beginning I was selfish: It was all about -- how do I build Arnold? How can I win the most Mr. Universe and Mr. Olympic contests? How can I get into the movies and get into business? I was thinking about myself," he once said. "As I grew up, got older, maybe wiser, I think your life is judged not by how much you have taken but by how much you give back."

But some skeptical Democrats say Schwarzenegger's motivation is about political ambition, noting he has hinted at a run for U.S. Senate in the future.

"I think it's about him; I don't think it's about his party," said Garry South, a former senior adviser to Schwarzenegger's predecessor, Democratic Gov. Gray Davis. "I have never gotten a sense Arnold stays up worrying about the future of the GOP."

Democratic strategist Chris Lehane, a former White House spokesman, said, "Arnold is always concerned, first and foremost, with the Arnold brand, and that is reinforced and amplified by exporting 'Arnoldism.'

"He tapped into something with the lesson from 2006: The American public recognizes that there are enormous issues facing the country and that (voters) reject the George W. Bush philosophy -- that one should govern to the base, by the base and for the base," Lehane said.

The challenge for the governor in trying to spread the gospel of "Arnoldism," Lehane said, is that "the Republican Party, no matter how you slice it, is still governed by its base. The Republican primary doesn't give you a ticket to play unless conservatives punch it first."

But Hanretty said the California governor has shown an uncanny knack for political timing.

Schwarzenegger's moves come during a noticeable "vacuum of leadership in the GOP."

"President Bush does not command respect from Republicans -- whether we're talking about grassroots or establishment Republicans," she said. With the party fresh from a midterm drubbing, "none of the Republican leadership is even very well known."

Clearly, "there is an opportunity right now for a Republican to stand out (on the national stage) ... because, who else is there?" she said.

But Bill Whalen, Hoover Institution research fellow, said the California governor is a unique political actor.

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"Arnold bipartisanship works in California because Arnold works for Arnold," Whalen said. "He's not necessarily working for anyone."

Still, political insiders on both sides of the aisle have speculated that the governor's "big picture" approach means that he will have more influence as the 2008 presidential race begins in earnest; that means he could act either as an endorser or an active campaigner who could help swing delegate-rich California.

But South scoffs at that idea.

"Look how powerful his own coattails were in 2006," when -- even as a landslide winner -- Democrats dominated statewide offices and didn't lose a legislative seat. And Schwarzenegger, who actively campaigned for some Assembly Republicans in 2004, was also unable to convince voters to follow his recommendations.

The lesson, South said: "Arnold's star power is not transferable to anybody. It is unique to himself. He has no coattails."

So on the national races, "he can have influence -- but the notion that he can power a GOP presidential candidate is silly," he said.

Mendelsohn, the governor's communications director, insisted his boss' plan for action in 2007 is simple.

"The governor believes that the more we do here in California, the more influence we'll have abroad."

Job Evaluation: Arnold Schwarzenegger (LAT)

The Los Angeles Times, December 31, 2006

GOV. ARNOLD Schwarzenegger's year began with an apology and ended with a victory. In other words, it got better as it went along. His performance evaluation reflects his progress in several important areas.

Knowledge of job: Meets expectations. Employee was recently rehired to four-year term and appears to have settled into job. Has become more comfortable with company culture and the bounds of his authority following a shaky start. Has also come to develop a much better knowledge of the organization's goals, has embraced them as his own and has begun to lead.

Job effectiveness: Exceeds expectations. With colleagues in other branches of organization, produced landmark legislation to reduce greenhouse gases, placed on ballot and persuaded voters to approve unprecedented infrastructure bond measures, brokered low-cost prescription drug plan, opened debate on housing and healthcare issues.

Critical thinking skills: Exceeds expectations. Perceives political problems, navigates them to achieve policy objectives. Previous position involved rote learning and heavily rehearsed behavior; employee's ability to improvise and respond to conditions is a welcome surprise.

Works well with others: Exceeds expectations. Employee was hired after severely criticizing performance of predecessor in position and colleagues-to-be, but he abandoned adversarial approach and developed close working relationships with other branch leaders to produce substantive programs. Rapport with Democratic Assembly Speaker Fabian Nuñez has become exemplar for those holding his position. Has developed strategic dialogue with private enterprise, labor and other experts to solve some of organization's deepest problems. Has demonstrated outstanding teamwork and consensus-building skills. Exhibits little of the egocentricity for which he was known in previous positions.

Financial management: Below expectations. Produced competent budget. Failed to reduce structural budget deficit of over $5 billion. Persists in troublesome campaign finance practices, such as raising money from donors while bills affecting their interests await his signature or veto.

Areas for improvement: Must work harder to effect many of the financial controls for which he was first hired. Employee has committed to solving state's healthcare, prisons, budget deficit, redistricting and immigration problems — tasks that should be expected to keep him occupied through the first fiscal quarter.

Different Climate, Different Pawlenty (MINNST)

By Patricia Lopez

Minneapolis Star Tribune, December 31, 2006

After a brush with political death, a reinvigorated Gov. Tim Pawlenty begins his second term this week facing huge DFL majorities in the Legislature and acknowledging that compromise is no longer optional.

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Promising a change in agenda and tactics for the legislative session, which will convene Wednesday, Pawlenty has already advocated universal health coverage for Minnesotans, proposed free college tuition for the state's top students, and thrown his weight behind expansions of mass transit and greater reliance on renewable fuels.

But he hasn't turned into Democratic-lite, Pawlenty added quickly in a recent interview. He remains committed to fiscal conservatism and wants to tie taxpayer money to results, shifting government from what he calls a "seniority culture to a performance culture."

But Pawlenty is pragmatic about the seismic shift November's election brought to the political landscape and the direction of his own party.

"There has to be a reconciliation of their perspective and my perspective," he said of the newly powerful DFL.

At 46, Pawlenty remains boyish, genial, optimistic. But he's less brash, less combative and just a tad grayer than he was in 2003. Back then, backed by a strong Republican House, he all but dared DFLers to cross him and bragged of getting "everything we wanted."

Four years' experience with budget crises, legislative gridlock, a state government shutdown and his near-loss in November have tempered Pawlenty's judgment and the sometimes wise-cracking style.

Confronted with nearly veto-proof DFL dominance in both legislative chambers, he is open about changing course and style. Dismissing opposing ideas as "profoundly stupid," as he once did, is out.

"Everybody grows and matures," Pawlenty said, relaxing in a wingback chair as dusk eased over his corner office at the Capitol. "I'm in a different place, a different stage of my life."

What's emerging is a conservative populist streak, an impatience with old-line, shrink-government Republican dogma.

Government has to be smarter, stronger, more daring about taking on entrenched interests -- including business interests -- to effect change, Pawlenty said.

Changing the brand

Charlie Weaver, Pawlenty's close friend, former chief of staff and now head of the Minnesota Business Partnership, said this kind of thinking isn't new for Pawlenty.

"He's never been as conservative as people have portrayed him," Weaver said. When Pawlenty was struggling to resolve a $4.5 billion projected deficit, Weaver said, "he'd say, 'I can't wait until the day when we dig ourselves out and we can do stuff.' The things he's talking about now reflect the kind of thinking he's noodled for years, how government can be better, smarter."

The public has tired, Pawlenty said, of a Republican message that says government is always the problem, never the solution.

"You can't just say 'no' to everything," he said. "Republicans have to have a positive vision for how you're going to improve schools, deal with the health care crisis, for how we're going to move energy policy. The challenge now is to figure out what is the Republican message that is empowering, that's populist, that's people-oriented."

Such talk leaves true conservative believers such as David Strom, head of the Minnesota Taxpayers League, feeling angry and betrayed.

Pawlenty has become, Strom said, "a Republican who's very bad for the brand. He's mushed it up. He's for all good things, whatever you think a good thing is. He's a triangulator who's positioning himself for VP."

That's VP as in vice president. Having survived the Democratic sweep of 2006, Pawlenty is back on pundits' short list of possible nationwide candidates, even though he demurs whenever the subject comes up, insisting that he intends to serve out his term. But his close alignment with Sen. John McCain, a top presidential contender, is unmistakable.

An unusual Republican

Larry Jacobs, head of the Center for the Study of Governance and Policy at the Humphrey Institute of Public Affairs at the University of Minnesota, has dubbed Pawlenty's thinking "progressive Republicanism," and said it could prove a winner.

"He'll still be spending consistently less than what Democrats want, tapping the brakes," Jacobs said. "But he also sees some pretty serious flaws in the private market: pharmaceuticals, the oil industry, HMOs. That's a huge departure from Republican orthodoxy."

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National political observer Norm Ornstein calls Pawlenty "a very unusual kind of Republican." But, he said, "there's a hunger for a different type of Republican right now."

A South St. Paul boy with blue-collar, meatpacking, truckdriving family roots, Pawlenty said that regular visits to his old hometown have convinced him that government needs to be more aggressive, not less.

Freed from a no-new-taxes pledge that defined his first term, Pawlenty enters his fifth legislative session as governor with a $2 billion projected surplus and a more finely honed set of goals.

Known for bouncing out ideas one after another, he said he'll confine his energies to just a few big ideas this time: serious changes in education, health care and renewable fuels.

The ideal? Teachers would get paid for performance, not years on the job. Health care providers would get paid for results, not procedures. Government would break the oil industry's stranglehold on innovation and make renewable fuels a priority. A statewide smoking ban would pass.

"My critics say, 'Let the market work, Pawlenty. You shouldn't be getting involved,' " he said. "Oh, really? Has anybody reviewed the federal tax code for the tax breaks we give to oil companies? Are we doing a true private market now? The answer is no."

Similarly, he said, government must "get in and drive" health care reform. Details will come out in his proposed budget, scheduled for Jan. 23. Included, he said, will be tax relief but no tax rebate checks.

Obliged by law to submit a tax rebate proposal for the projected surplus, Pawlenty said he nevertheless will make clear that "my preference is for tax relief, not a rebate."

DFLers are skeptical, but are willing to give Pawlenty pragmatism the benefit of the doubt.

"For now I'm going to take the governor at his word," said Senate Majority Leader Larry Pogemiller, DFL-Minneapolis. As former Senate tax chairman, Pogemiller has sat across the table from Pawlenty in budget negotiations for years, going back to Pawlenty's days as House majority leader. He remembers well Pawlenty's earlier posture as a budget hawk.

"How he'll do all this without spending more money is a good question, but we want to work with him," Pogemiller said. "We're waiting for the details."

Most Americans Say Life Is Good -- At Home (WT/AP)

By Nancy Benac

The Washington Times, December 31, 2006

The news from Iraq and national headlines may be grim, but in Greenville, N.C., John Given has a new baby and his first home. Life is good.

So, too, for Sandra Trowbridge in tiny Magnet Cove, Ark. The situation in Iraq makes her feel pessimistic about the state of the nation, but at home, at least, all is well. Even if nothing special has happened to her family, she says, "we still love each other," and that's enough.

And so it goes for most Americans. An Associated Press-AOL News poll finds that while most Americans said 2006 was a bad year for the country, three-fourths thought it had been a good one for them and their families.

"In a time of war, so little has been asked of us as citizens," said Mr. Given, who teaches ancient Greek at East Carolina University. "We haven't had to sacrifice anything. We've been allowed to live our lives very, very well."

Looking ahead, optimism reigns.

Seventy-two percent of Americans feel good about what 2007 will bring for the country, and an even larger 89 percent are optimistic about the new year for themselves and their families, according to the poll.

That fits with a long-term trend suggesting that Americans are generally an optimistic lot. Polling over recent decades is replete with optimism, and with a tendency for people to feel more positively about their own situations than that of the country overall.

Self-proclaimed optimists and pessimists think they understand why.

Krista Grueninger, communications director for Optimists International, a volunteer service organization based in St. Louis, says it's easier for people to be optimistic about their situation "because they feel they have more control over their own lives."

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"It kind of goes along with the American dream: If you really want something, you can go out and get it," she said.

Iowan Jack Duvall, who organized a tongue-in-cheek countervailing group called the Iowa City Benevolent & Loyal Order of Pessimists, says that when people look at the country, "it's easy to say, 'No, I'm not optimistic.' " But on a micro level, he says, "We insist on seeing our lives as having hope."

Pessimists aren't unhappy, he said, "they're just not disappointed as often as optimistic people are."

The current optimistic outlook among Americans does not extend to their assessments of the war in Iraq. Forty percent of those polled expect the situation there to get worse in 2007, and 31 percent see no change on the horizon. Just 27 percent expect the situation there to get better.

Eric Wolley, of Upper Marlboro, Md., paused to look ahead and back last week as he and his 8-year-old daughter, Iyana, took pictures outside the White House.

"For me, personally, financially, it was great," Mr. Wolley, a real estate agent, said of 2006. "Family and everybody's healthy, so everything's been going pretty good." But as for Iraq, he said, "I wish we could go in and get that figured out."

Among the one-quarter of Americans who felt pessimistic about what 2007 will bring for the country, Iraq was a recurrent theme, along with concern about poor political leadership.

"I don't really like the person running the show," one poll respondent said.

"Look at the servicemen that are dying over there," another said.

"I don't think our leaders are capable of fixing the problems," a third said.

Democrats were more likely than Republicans to have a negative view of the past year, and were less likely to feel optimistic looking forward.

The AP-AOL News poll of 1,000 adults was conducted by telephone Dec. 12-14 by Ipsos, an international public opinion research company. The margin of sampling error was plus or minus three percentage points.

January Effect May Take A Year Off (NYT)

By Condrad DeAenlle

The New York Times, December 31, 2006

JANUARY will begin in a few hours, but how about a January effect?

That term has been used to describe various phenomena in the month, including the relatively robust performance of shares of smaller companies or companies judged to be of poorer quality, based on factors like earnings consistency and dividend yield. It can also refer simply to strength in broad market averages, versus other months.

Henry H. McVey, a strategist at Morgan Stanley, has warned that the market rally investors are accustomed to enjoying as a year begins may already have come and gone. Action in the stock market “could be bumpy, including a pullback in January,” he said in a note to the bank’s clients.

“Returns have been positive for 6 straight months and 11 out of the last 12 months,” he noted. “Also, in recent years, it appears that fourth-quarter rallies have taken a lot of the steam out of the traditional January effect, and as such we would not be surprised to see a correction” in the first quarter.

Richard Bernstein, chief investment strategist at Merrill Lynch, finds an especially strong discrepancy in returns based on quality. Since 1987, stocks that Standard & Poor’s rates C and D have beaten returns of those rated A+ by 7.8 percentage points, on average, the first month each year.

Mr. Bernstein said in a research report that the performance of poor-quality stocks tends to diminish if they have displayed strength in the preceding year. Average returns were 20 points higher this year through Dec. 15 for C and D stocks than for those rated A+.

Mr. Bernstein added that while the January gap often narrows, it doesn’t vanish, so he suggests that investors willing to tolerate some risk look at these lower-rated companies. “Given the historical probability of C’s and D’s outperforming in the month of January, and the magnitude of that outperformance,” he said, “we think investors should seriously consider an overweight of low quality for the month of January to take advantage of this distinct seasonal pattern.”

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But he cautioned against letting those weaklings linger in portfolios. “As January progresses, we recommend investors sell lower-quality stocks into strength and again overweight higher-quality issues,” he said.

He says he is so convinced that C’s and D’s will spend the rest of the year living down to their ratings that he advises other investors to forget the January effect: “For medium- to longer-term investors, we suggest ignoring this possible trade and maintaining a strong overweight in higher-quality issues as our longer-term theme of focusing on quality remains intact.”

DATA WATCH The December employment report arrives Friday. A Bloomberg News poll of economists estimates that 115,000 net new jobs were created, a subdued showing after the 132,000 in November.

The Grown-Ups Step In (WP)

The Washington Post, December 31, 2006

FINALLY, THE grown-ups have seen fit to mediate in the spitting match that passes for fraternal relations within Virginia's Republican Party. Northern Virginia's two Republican congressmen, Reps. Thomas M. Davis III and Frank R. Wolf, along with the new state party chairman, Ed Gillespie, and Robert F. McDonnell, the attorney general, are trying to broker an intraparty deal on state funding for transportation. No doubt they have been moved to action by well-founded fear -- fear that voters have grown tired and testy at the ongoing spectacle of the GOP's civil war and fear that the party as a whole will be punished at the ballot box next fall for its contemptible failure to address the state's transportation mess. Whatever the motive for the intervention, here's the only way the mess will be solved: with taxes.

It's been 20 years since Virginia (with a Democratic governor and a Democrat-controlled state legislature) tapped a new funding source for its overstressed roads and rails. Since then, the state's population and economy have boomed, and traffic has mounted in key areas. Meanwhile, the legislature has come under the control of Republicans divided into Senate moderates, who grasp that roads require an adequate, stable, long-term source of revenue, and House fundamentalists, whose anti-tax zealotry has blocked any reasonable funding plan.

Billions in new revenue are needed to deal just with Northern Virginia's road mess and to ensure that maintenance costs do not deplete the state's entire road-building budget within the next few years. But the House has managed to propose only short-term, small-potatoes, gimmicky fixes designed more to provide political cover than deal with a generational problem. Gov. Timothy M. Kaine, a Democrat, has rightly rejected those and insisted on a long-term approach. The result: political gridlock to match that on Virginia's roads.

Now Republican leaders are looking at the ballot next November, and they don't like what they see. All 140 members of the state's General Assembly will be up for reelection, and plenty of voters may not take the trouble to sort the good Republicans from the bad -- that is, to distinguish between those who comprehend that new taxes are unavoidable and those whose allegiance is more to conservative Republican orthodoxy than to the everyday concerns of commuters. They're more likely just to vote against candidates with an R after their names and be done with it.

So party elders are knocking heads. So far, according to reporting by The Post's Michael D. Shear, there is little to show for their efforts.

No one likes higher taxes. But without them, the state's most populous and dynamic regions -- Northern Virginia and Hampton Roads -- will strangle on their own congestion. Let's hope the GOP grown-ups can sell a new year's resolution to the party's hard-liners -- preferably one that involves investing in the state's future before it's too late.

That Blasted Year (WP)

By Dave Barry

The Washington Post Magazine, December 30, 2006

IT WAS A MOMENTOUS YEAR, a year of events that will echo in the annals of history the way a dropped plate of calamari echoes in an Italian restaurant with a tile floor. Decades from now, our grandchildren will come to us and say, "Tell us, Grandpa or Grandma, as the case may be, what it was like to be alive in the year that Angelina Jolie, Tom Cruise, Brad Pitt, Britney Spears and Katie whats-hername all had babies, although not necessarily in those combinations." And we will smile wisely and emit a streamer of drool, because we will be very old and unable to hear them.

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And that will be a good thing, because there are many things about 2006 that we will not want to remember. This was the year in which the members of the United States Congress, who do not bother to read the actual bills they pass, spent weeks poring over instant messages sent by a pervert. This was the year in which the vice president of the United States shot a lawyer, which turned out to be totally legal in Texas. This was the year in which -- as clearly foretold in the Bible as a sign of the Apocalypse -- Howie Mandel wound up with a hit TV show.

Also, there were many pesky problems left over from 2005 that refused to go away in 2006, including Iraq, immigration, high gas prices, terrorism, global warming, avian flu, Iran, North Korea and Paris Hilton. Future generations are going to look back at this era and ask us how we could have allowed Paris Hilton to happen, and we are not going to have a good answer.[JANUARY]

. . . a month that dawns with petty partisan bickering in Washington, D.C., a place where many people view petty partisan bickering as honest, productive work -- like making furniture. The immediate cause of the bickering is the Republican ethics scandal involving lobbyist Jack Abramoff and House Majority Leader Tom DeLay, both of whom you can tell, just by looking at them, are guilty of something. The Democrats charge that the Republicans have created a Culture of Corruption and should be thrown out of office so the Democrats can return to power and run the scandal-free style of government for which they are so famous. The Republicans respond that the Democrats are soft on terrorism, soft on terrorism, soft on terrorism, soft on terrorism. Both sides issue news releases far into the night.

The other big focus of the bickering is the nomination of Samuel Alito to the Supreme Court. As always, the Senate Judiciary Committee hearings provide high-quality TV entertainment as the nation tunes in to see whether Sen. Edward M. Kennedy will be able to successfully remember the nominee's name. The bulk of the hearings are spent in the traditional manner, with Democrats trying to trick the nominee into revealing his views on abortion, and Republicans reminding the nominee that he does not have to reveal his views on abortion. The subsequent exchange of news releases is so intense that several government fax machines burst into flames.

In the War on Terror, Osama bin Laden, who may or may not be dead, nevertheless releases another audiotape, for the first time making it downloadable from iTunes. Bin Laden also starts a blog, in which he calls upon his followers to destroy the corrupt infidels and also to try to find out how a person, hypothetically, can get Chinese food delivered to a cave.

In the Middle East, Palestinian voters elect the militant Hamas party, which assumes control of government functions such as street repair, which Hamas decides to handle by firing rockets at potholes. Canada also holds elections, which are won by some Canadian, we assume.

In economic news, the big story is the retirement of Federal Reserve Board Chairman Alan Greenspan, who, after 19 years as the person most responsible for guiding the American economy, steps down, taking with him the thanks of a grateful nation and a suitcase containing $11 billion. But the financial news is not so good in . . .[FEBRUARY]

. . . when President Bush, delivering what is billed as a "major address on energy policy," reveals that the nation has an "addiction" to "foreign oil," which comes from "foreign countries" located "outside of the United States" that are getting this oil from "under the ground." To combat this problem, the president proposes the development of "new technology" in the form of "inventions" such as "a Lincoln Navigator that gets 827 miles per gallon," although he allows that this could take "time."

But this bold energy initiative does not get nearly as much attention as the administration's decision to allow a company owned by the United Arab Emirates to operate some U.S. seaports. This outrages Congress, which briefly ceases partisan bickering to demand that the White House return control of the ports, in the interest of national security, to Tony Soprano.

Speaking of guys who avoid the limelight: Vice President Dick Cheney, attempting to bring down a quail with a shotgun, shoots attorney Harry Whittington. Local authorities rule the shooting was an accident, noting that if the vice president were going to intentionally shoot somebody, it would be Nancy Pelosi. The quail is eventually tracked down and vaporized by an F-16.

Internationally, the big news comes from Denmark, center of a mounting furor over some cartoons, published the previous year in a Danish newspaper, that depict a prophet whom, in the interest of not offending anybody, we will refer to as Fohammed. This upsets several million of the prophet's followers, who request a formal apology from the newspaper, greater sensitivity to their religious beliefs and, where necessary, beheadings. Eventually everybody realizes that the whole darned thing was just a silly misunderstanding. That is all we are going to say about this.

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In sports, Super Bowl XVXXLMCMII takes place in Detroit, and by all accounts it's a big success for the Motor City, with huge crowds thronging to both of the restaurants. The Pittsburgh Steelers win a game featuring a controversial play in which an apparent Seattle Seahawk touchdown pass is called back after the Steeler defender -- in what is later ruled an accident -- is gunned down by Vice President Cheney.

But the big sporting event is the Winter Olympics, a glorious quadrennial celebration of world-class virtuoso athletic accomplishment in sports nobody has ever heard of. Surprise winners include Latvia in the 500-kilometer Modified Nordic Combined; the Republic of Irvingkahnistan in the 2,300-meter Slavic Personified; and U.S. skier Bode Miller in Most Nike Commercials Featuring a Competitor Who, in the Actual Competitions, Mainly Falls Down.[MARCH]

. . . the real-estate boom appears to be over, as the government reports that, so far in 2006, only one U.S. homeowner managed to sell his house, and he had to offer, as an incentive to the buyer, his wife. But the employment numbers remain strong, thanks to strong growth in the sector of people trying to get you to refinance your mortgage for, like, the sixth time. Meanwhile, as the average gasoline price creeps past $2.50, the Hummer company, having downsized from the massive Hummer to the somewhat smaller H2, and then to the even smaller H3, begins development of the H4, which the company says will be "a very rugged skateboard."

In the Academy Awards, the overwhelming favorite for best picture is "Brokeback Mountain," the story of two men who discover, while spending many isolated weeks together in the mountains, that they enjoy exchanging instant messages with Mark Foley. But, in a stunning upset, the Oscar for best picture instead goes to "Crash," a documentary about Bode Miller.

In other entertainment news, a book by two San Francisco Chronicle writers revives suspicions about possible steroid use by San Francisco Giants slugger Barry Bonds, alleging, with extensive documentation, that as recently as 10 years ago, Bonds was a woman.

In other science news, thrilled NASA astronomers, in what they describe as a "smashing, surprising" discovery, announce that they have found evidence of pockets of water beneath the surface of Enceladus, one of the moons of Saturn, which strongly suggests -- as has long been suspected -- that astronomers do not get out much.

In foreign news, Israeli voters give a parliamentary majority to acting Prime Minister Ehud Olmert because his name can be rearranged to spell "hot eel drum." Meanwhile in Paris, thousands of demonstrators take to the streets and shut down the city to demonstrate the fact that, hey, it's Paris. In the Middle East, tension mounts in response to mounting tension. We don't know specifically what is happening in Africa, but we know it is bad.[APRIL]

. . . Tom DeLay decides not to seek reelection to Congress, making the announcement via audio-tape from a cave somewhere in Pakistan. Republican leaders express relief over DeLay's decision and issue a statement pledging that there will be "no more Republican scandals, unless somebody finds out about Mark Foley."

Meanwhile in the Middle East, tension mounts still higher when Iranian President Mahmoud Ahmadinejad announces that Iran has successfully produced enriched uranium, although he claims that his nation plans to use it only for peaceful purposes, "such as cooking." In Iraq, there is good news and bad news for the Bush administration: The good news is that rival Iraqi leaders have finally agreed on a new prime minister. The bad news is that it is Nancy Pelosi.

Domestically, the national debate over illegal immigration heats up as thousands of demonstrators take to the streets of major U.S. cities, thus causing a total shutdown of Paris. Meanwhile the Mexican government, in what is widely viewed as a deliberate provocation, convenes in Milwaukee. But the big story is the price of gasoline, which continues its relentless climb toward an unprecedented $3 a gallon. Responding quickly, Congress, in a rare display of decisive bipartisan action, takes a recess, with both sides promising to resume bickering the instant they get back.[MAY]

. . . the National Oceanic and Atmospheric Administration, which has a budget of over $3 billion, predicts that the 2006 hurricane season will be worse than usual. This item will seem funnier later in the year. In related news, the voters of New Orleans reelect Ray Nagin as mayor, proving that Hurricane Katrina killed far more brain cells than was previously believed.

On the terrorism front, the Bush administration comes under heavy criticism following press reports that the National Security Agency has been collecting telephone records of millions of Americans. Responding to the outcry, President Bush assures the nation that "the government is not collecting personal information on any individual citizen," adding, "Warren H. Glompett of Boston, call your wife back immediately, because your dog has eaten your entire Viagra supply."

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In another controversial move, the president announces that he will use National Guard troops to stop illegal immigration. The initial troops are assigned to guard the border between Mexico and Arizona, with California, New Mexico and Texas being covered by Dick Cheney.

In Houston, former Enron executives Kenneth Lay and Jeffrey Skilling are convicted of fraud by a federal jury, which apparently is not persuaded by the defense's claim that Skilling and Lay could not have been responsible for the collapse of the $100 billion corporation because they were, quote, "both getting haircuts."

TRUE FACT: After the verdict, Lay says, "We believe God in fact is in control."

ANOTHER TRUE FACT: Less than two months later, Lay will die of heart failure.

In sports, Barbaro, the popular racehorse who won the Kentucky Derby, breaks his leg in the Preakness after a freak collision with Bode Miller. Barbaro is forced to retire, although his agent does not rule out future appearances on "Dancing With the Stars." Meanwhile the hottest show on TV is the much-hyped finale of "American Idol," which is won by crooner Taylor Hicks, who narrowly edges out Nancy Pelosi.[JUNE]

. . . the big sports story is the start of the World Cup tournament, with U.S. fans hopeful that our players have finally caught up with the rest of the world in soccer. The American team arrives in Italy brimming with confidence, only to be informed that the tournament is being held in Germany. Undaunted, the team boards a train for Geneva, with the coach promising that "we will score many touchdowns."

In politics, the debate over Iraq continues to heat up, with President Bush insisting that "we must stay the course, whatever it may or may not be," while the Democrats claim that they would bring the troops home "immediately," or "in about six months," or "maybe not for a long time," depending on which particular Democrat is speaking and what time of day it is. On a more positive note, U.S. troops kill Abu Musab al-Zarqawi, who is identified by intelligence experts as "a person with a really terrorist-sounding name." In another hopeful development in Iraq, the Sunnis and the Shiites agree to try to come up with a simple way for Americans to remember which one is which.

On the legal front, the U.S. Supreme Court rules that the Bush administration cannot try suspected terrorists in ad hoc military tribunals, after the court learns that the administration is interpreting "ad hoc" to mean "under water."

Dan Rather, who stopped anchoring the evening news in 2005, announces his retirement from CBS after a career spanning 44 years and several galaxies. Explaining his decision, Rather cites a desire to "explore other options" and "not keep getting maced by the CBS security guard."

On a happier note, the United States marks the 50th anniversary of the interstate highway system -- an engineering marvel consisting of 47,000 miles of high-speed roads connecting 157,000 Waffle Houses. A formal ceremony is planned, but it has to be canceled when Dad refuses to stop.[JULY]

. . . the Tour de France bicycle race is once again tainted by suspicions of doping when the winner, American Floyd Landis, is clocked ascending the Alps at over 200 mph. Landis denies that he uses illegal drugs, attributing his performance to, quote, "gears."

In other sports highlights, Italy defeats France in a World Cup final match that is marred by a violent head-butting incident involving Bode Miller. The U.S. team fares poorly in the World Cup, failing to win a single match; the players blame this on their inability to adjust to the "no hands" rule.

But the month's big story occurs in the Middle East, where violence flares along the Israel-Lebanon border in response to the fact that, because of terrible planning, the two countries are located right next to each other. In another troubling international development, rogue state North Korea test-fires seven ballistic missiles, including two believed to be potentially capable of reaching U.S. soil. World tension goes back down when the missiles, upon reaching an altitude of 200 feet, explode and spell "HAPPY BIRTHDAY." American military analysts caution that these missiles "could easily be modified to spell something more threatening."

In other rocket news, the troubled U.S. space program suffers yet another setback when the launch of the shuttle Discovery is delayed for several days by Transportation Security Administration screeners, who insist that the astronauts remove their shoes before they go through the metal detector. Finally, however, Discovery blasts off and flies a flawless mission, highlighted by scientific experiments proving that when you let go of things in space, they float around, same as last year.[AUGUST]

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. . . when the International Astronomical Union rules that Pluto will no longer be classified as a major planet, on the grounds that it is "less than half the size of James Gandolfini." A top U.S. law firm immediately files a class-action lawsuit on behalf of Pluto, as well as "anybody else who has been hurt by this ruling or has ever experienced neck pain."

In sports, a French medical laboratory burns to the ground after the catastrophic explosion of Floyd Landis's urine sample.

Fidel Castro is rumored to be seriously ill after publication of photographs showing worms crawling out of his eye sockets. Cuban authorities insist that the aging leader is merely recovering from surgery and that, for the time being, government operations are in the capable hands of Nancy Pelosi.

As the situation in Lebanon deteriorates, Secretary of State Condoleezza Rice warns that, if violence continues, the United States will have no choice but to dispatch Vice President Cheney to the region to hunt doves. Within minutes, a cease-fire breaks out, with both sides agreeing to resume fire at a mutually convenient future date.

Meanwhile, commercial air travel turns into a total nightmare. No, wait, it was already a total nightmare. But it turns into an even worse total nightmare after Britain uncovers a terrorist plot targeting international flights, which results in a whole new set of security rules, including a total ban on all gels and liquids, including spit, urine, heavy perspirers and lactating women. After days of chaos at the airports, the TSA issues a new directive stating that "passengers may carry small quantities of liquids on board, but only if they are inside clear, one-quart, sealable plastic bags." This leads to still more chaos, as many TSA employees interpret this to mean that the passengers must be inside the bags. Eventually the TSA issues a clarification stating that "if necessary, the bags can have air holes."

Elsewhere in the War on Terror, the Bush administration suffers a setback when a federal judge in Michigan rules that U.S. authorities cannot call up suspected terrorists and try to get them to switch long-distance carriers.

In crime news, a man in Thailand claims that he had something to do with the 1996 murder of JonBenet Ramsey. It quickly becomes clear that the man is an unstable creep whose story is totally unbelievable, so the cable TV shows drop it.

Ha-ha! Just kidding! The cable TV shows go into days of round-the-clock, All-JonBenet-All-the-Time Wallow Mode. Battalions of legal experts are called in, some of them so excited about the opportunity to revisit the JonBenet tragedy that additional janitors have to be brought to the studios to mop up puddles of expert weewee.

On the weather front, the until-now quiet hurricane season erupts in fearsome fury in the form of Tropical Storm Ernesto, which hurricane experts, using scientific computer models, predict could become a major storm and inflict devastation upon Texas, or possibly Florida or Connecticut. A state of near-panic sets in as millions of coastal residents jam gas stations, hardware stores and supermarkets, while many schools and businesses close. Tension mounts for days, until finally Ernesto slams into Florida with all the fury of a diseased fruit fly. Life slowly returns to normal for everyone except the ever-vigilant hurricane experts, who immediately begin scanning their scientific computer simulations for the next potentially deadly threat.[SEPTEMBER]

. . . Steve Irwin, of "Crocodile Hunter" fame, is fatally wounded while filming a new TV series-- in what biologists describe as a freak accident -- he collides with Bode Miller. Meanwhile, Americans -- already on edge because of concern over terrorism, avian flu, AIDS, nuclear escalation and global warming -- find themselves facing a deadly new menace: killer spinach. The lethal vegetable is removed from supermarket shelves by police SWAT teams; many units of innocent produce are harmed. Paris shuts down completely.

Speaking of vegetables, the U.S. Congress is rocked by yet another scandal with the publication of e-mails and instant messages sent to male pages by Congressman Mark Foley of Florida, in which he explicitly discusses acts of a sheepherding nature. As the scandal expands, House Republican leaders issue a statement claiming that they "are not aware of any so-called Congressman Mark Foley of Florida." Democrats cite Foley as another example of Republican corruption, declaring that they would never, ever, under any circumstances tolerate such behavior, unless it involved a consenting page.

In other political developments, the New York Times prints a leaked top-secret government report expressing doubts about the war in Iraq. The Bush administration holds a secret meeting to prepare a response, but within hours the Times prints leaked details of the meeting, including who went to the bathroom and why. The administration then attempts to take out the Times building with a missile, but the Times, using leaked launch codes, redirects the missile to The Washington Post. As the debate over Iraq heats up, President Bush pledges to "keep on continuing to stay the present course while at the same time not doing

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anything different." Democratic leaders declare that they have a "bold new plan" for Iraq, which they will reveal just as soon as the New York Times leaks it to them.

Abroad, Pope Benedict XVI gets in big trouble when he gives a speech suggesting that the Muslim religion has historically been linked to violence. Ha-ha! What a crazy idea! The pope soon sees that he has made a big mistake and apologizes several times.

Rumors about Fidel Castro's health continue to swirl following publication of a photograph showing Venezuelan President Hugo Chavez shaking Castro's hand. The rest of Castro's body is nowhere to be seen.[OCTOBER]

. . . North Korea conducts an underground nuclear test, which is especially troubling because the ground in question is located in Wyoming. This goes virtually unnoticed in Washington, where everybody continues to be obsessed with the growing body of instant messages generated by Mark Foley, who, despite his busy schedule as a lawmaker, apparently found time to attempt to become sheepherding buddies with pretty much every young male in North America.

In other political developments, Sen. Barack Obama, looking back on a career in the U.S. Senate that spans nearly 20 months, allows as how he might be ready to move on to the presidency. Obamamania sweeps the nation as millions of voters find themselves deeply impressed by Obama's views and the fact that he was on "Oprah." In a gracious gesture from a potential 2008 rival, Sen. Hillary Rodham Clinton sends Obama a good-luck card, which is stapled to the head of a horse.

Opponents of illegal Mexican immigration had cheered when Congress authorized the construction of a 700-mile fence. Their cheers quickly fade when they learn that, because of wording inserted at the last minute by Sens. Robert Byrd and Ted Stevens, 650 miles of the fence will be constructed in West Virginia and Alaska.

Vice President Dick Cheney again becomes the center of controversy when, while being interviewed on a radio show, he defends the interrogation technique known as "water-boarding" as a legitimate anti-terrorism tool, not torture. At first the host disagrees, but after several "commercial breaks," Cheney brings him around.

A strong earthquake shocks Hawaii, causing Paris to shut down completely.

In sports, a football game between the University of Miami and Florida International University is marred by violence, prompting both schools to seriously consider banning players from carrying handguns onto the field. In baseball, the New York Yankees, despite being clearly the best and most expensive team the world has ever seen, fail to even get into the World Series, leaving Yankee fans to spend yet another bitter off-season wondering why their team can't simply be awarded the championship and not have to play these stupid games against clearly inferior teams from dirtball cities that don't even have subways.[NOVEMBER]

. . . when Kerry's "joke" causes widespread outrage, prompting Kerry, with typical humility, to insist that it was obviously humorous and that anybody who disagrees is an idiot. Kerry is finally subdued by Democratic strategists armed with duct tape, but not before many political analysts see a tightening of the race to control Congress.

As the campaign lumbers to the finish line, the Republicans desperately hope that the voters will not notice that they -- once the party of small government -- have turned into the party of war-bungling, corruption-tolerating, pork-spewing power-lusting toads, while the Democrats desperately hope that the voters will not notice that they are still, basically, the Democrats. The actual voters, of course, are paying no attention, having given up on politics months ago because every time they turn on the TV all they see are political ads accusing pretty much every candidate on either side of being, at minimum, a child molester.

Thus nobody really knows what will happen as the voters go to the polls. In Florida, nobody knows anything even after the voting is over, because -- prepare to be shocked -- many electronic balloting machines malfunction. Voters in one district report that their machines, instead of displaying the candidates for Congress, showed "Star Wars: Episode IV." (By an overwhelming margin, this district elects Jabba the Hutt.) Nationwide, however, it eventually becomes clear that the Democrats have gained control of both houses of Congress. President Bush handles the defeat with surprisingly good humor, possibly because his staff has not told him about it. For their part, future House and Senate majority leaders Nancy Pelosi and Harry Reid issue a joint statement promising to "make every effort to find common ground with the president," adding, "We are clearly lying." Pelosi sets about the difficult task of trying to fill leadership posts with Democrats who have not been videotaped discussing bribes with federal undercover agents.

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The first major casualty of the GOP defeat is Defense Secretary Donald Rumsfeld, who, the day after the election, is invited to go quail-hunting with the vice president. He is never seen again. As Rumsfeld's replacement, the president nominates -- in what is widely seen as a change in direction on Iraq -- Barbra Streisand.

In other celebrity news, Michael Richards, a graduate of the Mel Gibson School of Standup, responds to a comedy-club heckler by unleashing a racist tirade so vile that even John Kerry realizes it is not funny. A chastened Richards apologizes for his behavior, citing, by way of explanation, the fact that he is a moron.

Speaking of which, O.J. Simpson is once again in the headlines when Fox TV announces that Simpson will be interviewed on a two-night special in conjunction with his new book, If I Did It, in which he will explain how, "hypothetically," he would have murdered Nicole Brown Simpson and Ronald Goldman. This idea is so sick, so disgusting, so utterly depraved that it would undoubtedly get huge ratings. But Fox, faced with withering criticism, is forced to cancel the project, which is the brainchild of publisher Judith Regan, about whom you could write a "hypothetical" book titled If Judith Regan Had the Moral Standards of a Tapeworm.

On the economic front, the holiday shopping season officially kicks off with "Black Friday," and retailers are pleased with the numbers: 2,038 shoppers hospitalized, up 37 percent from last year.

In other good news, with only a few days left in the virtually storm-free 2006 hurricane season and still no storms in sight, U.S. weather experts, citing new data, predict that the season will end up having been very mild. This forecast turns out to be right on the money, but the experts waste no time on self-congratulation, as they immediately begin making scientific predictions for next year's hurricane season, which, they warn, could be a bad one.[DECEMBER]

. . . gets off to a troubling start , with the worsening situation in Iraq worsening faster than ever. The nation's hopes for a solution are pinned on the Iraq Study Group, a presidentially appointed blue-ribbon panel consisting of five Republicans, five Democrats and the Wizard of Oz. In accordance with longstanding Washington tradition, the panel first formally leaks its report to the New York Times, then delivers it to the president, who turns it over to White House personnel specially trained in reading things.

In essence, the study group recommends a three-pronged approach, consisting of: 1) a gradual withdrawal of U.S. troops, but not on a fixed timetable; 2) intensified training of Iraqi troops; and 3) the physical relocation of Iraq, including buildings, to Greenland. Republican and Democratic leaders, after considering the report for the better part of a nanosecond, commence what is expected to be a minimum of two more years of bickering.

With the Iraq situation pretty much solved, the world's attention shifts to Iran and its suspected nuclear program, which becomes the subject of renewed concern after U.S. satellites detect a glowing 400-foot-high spider striding around Tehran. Iranian President Mahmoud Ahmadinejad insists that it is "a peaceful spider" that will be used "only for mail delivery." Shortly thereafter, North Korea -- in what many observers see as a deliberate provocation -- detonates a nuclear device inside the Lincoln Memorial.

Finally responding to these new threats to international stability, the five permanent members of the U.N. Security Council -- the United States, the United Kingdon, Russia, China and Google -- hold an emergency meeting in Paris, where, after heated debate, they vote to have a bottle of 1959 Chateau Margaux with their entree. Unfortunately, they cannot agree on a dessert wine, causing the city, which had just reopened, to shut down completely.

In other food news, New York City, having apparently solved all of its other problems, bans "trans fats." Hours later, police surround a Burger King in Brooklyn and fire 50 bullets into a man suspected of carrying a concealed Whopper. The medical examiner's office, after a thorough investigation, concludes that the man "definitely could have developed artery problems down the road."

Speaking of health problems, rumors that Fidel Castro is ailing gain new strength when, at an official state dinner in Havana, a waiter accidentally tips over the longtime Cuban leader's urn, spilling most of him on the floor.

In other deceased-Communist news, British police rule that the mysterious death of a former Russian spy in London was a murder, caused by the radioactive element polonium-210. New York immediately bans the element, forcing the closure of 70 percent of the city's Taco Bells.

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As the year, finally, nears its conclusion, Americans turn their attention to the holiday season, which they celebrate -- as generations have before them -- by frantically overbidding on eBay for the Sony PlayStation 3, of which Sony, anticipating the near-homicidal level of demand, manufactured an estimated 11 units. Millions of Americans also head "home for the holidays," making this one of the busiest air travel seasons ever. The always vigilant TSA responds by raising the Security Threat Level to "ultraviolet," which means that passengers may not board an airplane if they contain blood.

But despite the well-founded fear of terrorism, the seemingly unbreakable and escalating cycle of violence in the Middle East, the uncertain world economic future, the menace of global warming, the near-certainty that rogue states run by lunatics will soon have nuclear weapons, and the fact that America is confronting these dangers with a federal government sharply divided into two hostile parties unable to agree on anything except that the other side is scum, Americans face the new year with a remarkable lack of worry, and for a very good reason: They are busy drinking beer and watching football.

So, Happy New Year.

(Burp.)

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Bush Has Quietly Tripled Aid To Africa (WP)

By Michael A. Fletcher

The Washington Post, December 31, 2006

President Bush's legacy is sure to be defined by his wielding of U.S. military power in Afghanistan and Iraq, but there is another, much softer and less-noticed effort by his administration in foreign affairs: a dramatic increase in U.S. aid to Africa.

The president has tripled direct humanitarian and development aid to the world's most impoverished continent since taking office and recently vowed to double that increased amount by 2010 -- to nearly $9 billion.

The moves have surprised -- and pleased -- longtime supporters of assistance for Africa, who note that because Bush has received little support from African American voters, he has little obvious political incentive for his interest.

"I think the Bush administration deserves pretty high marks in terms of increasing aid to Africa," said Steve Radelet, a senior fellow at the Center for Global Development.

Bush has increased direct development and humanitarian aid to Africa to more than $4 billion a year from $1.4 billion in 2001, according to the Paris-based Organization for Economic Cooperation and Development. And four African nations -- Sudan, Ethiopia, Egypt and Uganda -- rank among the world's top 10 recipients in aid from the United States.

Beyond increasing aid to Africa, Bush has met with nearly three dozen African heads of state during his six years in office. He visited Africa in his first term, and aides say he hopes to make a return visit next year.

Although some activists criticize Bush for not doing more to end the ongoing genocide in the Darfur region of Sudan, others credit him for playing a role in ending deadly conflicts in Liberia, the Congo and other parts of Sudan. Meanwhile, Bush has overseen a steady rise in U.S. trade with Africa, which has doubled since 2001.

"He should be known for increasing -- doubling development assistance and tripling it to Africa after a period in which U.S. development assistance was essentially flat for decades," Secretary of State Condoleezza Rice said in a recent interview with the Associated Press. "He should be known for the largest single investment in AIDS and malaria, the biggest health investment of any government program ever."

To many longtime Africa supporters, all of this is surprising for a president who is often criticized as lacking curiosity about much of the world and who heads a political party traditionally skeptical of the efficacy of foreign aid.

But attacking African poverty has become a growing priority of some of the religious groups at the core of Bush's political base, and some lawmakers credit them with stoking the president's interest in the subject.

"The evangelical community raised the awareness of HIV and AIDS to the president," said Rep. Donald M. Payne (N.J.), the top-ranking Democrat on the House International Relations subcommittee on Africa. "When the Bush administration came in, HIV and AIDS were not an overwhelming priority. Now we have seen a total metamorphosis."

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Current and former White House aides and independent analysts say Bush's interest in Africa is rooted in the numerous humanitarian crises that continue to bedevil the continent, as well as in the growing importance of Africa in a world increasingly linked by economics and terrorist threats.

"I think there are two reinforcing trends here. One of them is the upside of foreign policy moralism," said Michael J. Gerson, a former Bush aide who was a persistent and persuasive advocate for Africa. "Another one is the growing strategic significance of Africa: the conflict with radical Islam; the problem of failed states and terrorism; and the growing importance of Africa on the resource side: oil."

Some advocates suspect that the Bush administration's interest in Africa is motivated more by business ambitions than altruism. Grants made by the Millennium Challenge Corp., a foreign aid program developed by Bush with the aim of rewarding poor countries that practice good governance, are also partially predicated on whether countries have open markets that allow widespread foreign investment.

"I know a lot of activist groups who believe that the president's stated commitment to Africa is, at best, a play on words," said Nii Akuetteh, executive director of Africa Action, a Washington-based advocacy organization. "First of all, much of the aid is emergency food or medical aid, rather than true development assistance. Then there are conditions that are attached where the emphasis is more on countries that open up their markets so American companies can go in and privatize things like water and electrical service or have access to certain resources."

Bush launched his $1.2 billion malaria initiative in June 2005 with the goal of reducing malaria-related deaths in 15 African countries by 50 percent. The disease kills more than 1 million people a year, most of them African children under age 5.

The malaria program complements the president's largest global health initiative, the $15 billion, five-year plan known as the President's Emergency Plan for AIDS Relief (PEPFAR). Under the program, about 800,000 Africans are receiving drugs that enable them to live longer with the disease and help to prevent mother-to-child transmission of the virus.

"We launched one of the most important initiatives in American history, as far as I'm concerned, and that is the Emergency Plan for AIDS Relief," Bush said at a recent conference on malaria.

PEPFAR, which often funds programs through religious organizations, has come under criticism for promoting faith-based ideology over science, emphasizing abstinence programs and giving inaccurate information about the effectiveness of condoms in preventing HIV transmission. Payne says such concerns have been allayed in recent years, and he and others credit PEPFAR with saving hundreds of thousands of lives.

The Bush administration's efforts in Africa have dovetailed with a rise in aid to Africa from private groups, including the Bill and Melinda Gates Foundation, as well as loan forgiveness from organizations such as the World Bank and stepped-up assistance from other countries, including Britain and France.

"I think [increasing aid to Africa] will be one of the things the president is most proud of when he leaves office," Gerson said. "It doesn't fit the preconception, the caricature that the president somehow has a preference for using the blunt instruments of force in international affairs when in fact on a variety of topics, the president has been a root-cause thinker in an unexpected way."

Somalia's Islamists Vow Never To Surrender (NYT)

By Jeffrey Gettleman

The New York Times, December 31, 2006

ADDIS ABABA, Ethiopia, Dec. 30 — A phalanx of Ethiopian tanks and armored personnel carriers chugged toward Kismayo, the last city occupied by Somalia's diminished Islamist movement, witnesses said Saturday, while the Islamists inside the city dug in and vowed never to surrender.

According to residents along Somalia's coast, the Ethiopian troops, with soldiers from Somalia's transitional government, were preparing to seize Kismayo, a port city near the Kenyan border.

Sheik Sharif Sheik Ahmed, a high-ranking cleric, emerged from a mosque in the city on Saturday, surrounded by gunmen, and told his followers that the Islamist leadership was not finished.

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"The Islamic courts are still alive and ready to fight against the enemy of God," Sheik Ahmed told residents of Kismayo in a speech on Saturday. "We left Mogadishu in order to prevent bloodshed in the capital, but that does not mean we lost the holy war against our enemy."

Sheik Ahmed called on Somalis to begin an anti-Ethiopian insurgency. Already, several masked gunmen have surfaced on Mogadishu's streets, suggesting a guerrilla movement may have begun.

Diplomats in Kenya, though, said that they were talking to moderate representatives of the Islamic movement on Saturday, trying to persuade them to back down. The Islamists are essentially cornered, hemmed in by the Indian Ocean, a sealed Kenyan border and thousands of troops headed their way. Their only route of escape may be to flee into the thickly forested area south of Kismayo, which Western intelligence officers suspect has been used before as a terrorist hide-out.

In Mogadishu, the presence of Ethiopian soldiers continued to spark scattered violence, with supporters of the Ethiopians battling street by street against the remaining Islamist partisans. Gunshots rang out, men and women battled with sticks and rocks and the thick black smoke of burning barricades lifted into the air.

Just two days ago, in a stunning reversal of fortune, Somalia's transitional government, with the muscle of the Ethiopian military, reclaimed Mogadishu from the Islamist movement that had ruled large swaths of Somalia. Despite the Islamists' repeated vows to fight to the death, their forces evaporated and Mogadishu fell without a shot. Many Somalis said Saturday that they hoped the same thing would happen in Kismayo.

More than a thousand people have been killed in fighting across the country since Dec. 20, and Somalia's leaders now face the daunting task of trying to piece together a country that has not had a functioning central government for 15 years.

Sheikhdon Salad Elmi, the director of a large hospital in the Medina neighborhood of Mogadishu, said the prospects for stability depended on how long the Ethiopian troops stayed. "I think it's naïve for them to go right now," Dr. Elmi said. "We need them for security. But they are very visible and most people don't like them. The longer they stay, the more resentment that will come."

Somalia has fought, and lost, two wars with Ethiopia, but never before have Ethiopian troops occupied the capital. On Saturday, some supporters of the Ethiopians waved pictures of Meles Zenawi, Ethiopia's prime minister. "It's very humiliating," Dr. Elmi said.

Ethiopian officials have said that they plan to withdraw troops in a matter of weeks but not before neutralizing the Islamists, who declared a holy war against Ethiopia, a country with a long Christian history and Somalia's larger and more powerful neighbor.

The Ethiopian military, with tacit American approval, unleashed a fierce attack against the Islamists last Sunday, bombarding their positions with jet fighters and pushing tanks deep into Somali territory.

Since then, the Islamists have been steadily on the run, their teenage troops no match for Ethiopia's well-equipped modern army.

Further Combat Looms In Somalia (WP)

By Stephanie McCrummen

The Washington Post, December 31, 2006

ADDIS ABABA, Ethiopia, Dec. 30 -- Somali government troops heavily backed by Ethiopian tanks and soldiers pushed Saturday toward Somalia's port city of Kismaayo, the last stronghold of the Islamic Courts movement swept from power in recent days.

A major battle between the two sides seemed imminent, as Ethiopian jets blew over towns near Kismaayo, and leaders of the Islamic movement rallied fighters who had retreated to the area in the face of Ethiopia's vastly superior military force.

The Islamic Courts movement is "ready to fight against the enemy of Allah," Sharif Ahmed, a leader of the group, told residents of Kismaayo, according to the Associated Press.

Somalis are growing impatient with the presence of thousands of Ethiopian troops in their country, but Ethiopian Prime Minister Meles Zenawi, who has backed the interim Somali government now in power, has said his military will not pull out until it has captured the most "extremist" leaders and "international jihadists" within the Courts movement.

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Meles has accused those leaders of supporting ethnic Somali separatist groups in Ethiopia, and both the United States and Ethiopia have accused the Islamic Courts fighters of sheltering terrorists, an allegation the movement has called propaganda.

The United States has denied giving Ethiopia the green light to invade Somalia but has steadfastly supported Ethiopia's right to self-defense, and Meles has characterized this war as defensive, not preemptive. Just days before the Ethiopian action, the U.S. assistant secretary of state for African affairs, Jendayi E. Frazer, accused the Islamic group of being "controlled" by an al-Qaeda cell, an allegation that regional analysts say was exaggerated and intended to justify Ethiopia's incursion.

The U.S. government, which has a substantial military presence up the coast in Djibouti, has said that four suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania could be among the 2,000 or so fighters who retreated in recent days to the Kismaayo area, which includes a vast forest ideal for hiding in and staging a guerrilla war.

The Islamic Courts movement came to power in June with the popular support of Somalis tired of the brutish rule of warlords who called themselves an "anti-terrorism coalition" and received financial backing from the CIA.

Somalis tend to adhere to a moderate version of Islam, and for many, supporting a movement that enforced Islamic law with varying degrees of severity was a pragmatic choice rather than a religious one.

It is perhaps a measure of that pragmatism that as the government asserted control of Mogadishu, the capital, on Friday, many of the Islamic fighters simply slipped off their uniforms, shaved their beards and went back to regular life, witnesses said.

Hundreds of Somalis greeted the formerly exiled Prime Minister Ali Mohamed Gedi, seemingly willing to give the secular government a chance if it means restoring order to their country, which has not had a central government since the warlords overthrew President Mohamed Siad Barre in 1991.

Elsewhere in the city Friday, hundreds of Somalis protested against Ethiopian troops in Mogadishu. The rallies continued on a smaller scale Saturday, witnesses said.

More than religious fervor, Somalis seem motivated by nationalism. Analysts say the presence of the Ethiopian troops could jeopardize the government, which was cobbled together by negotiators in Kenya nearly two years ago and has struggled against its image as a group of outsiders.

"If it happens that the Islamic extremists win out, I think moderate Somalis will be supportive under the banner of Somali nationalism, not religious extremism," said David Shinn, a former U.S. ambassador to Ethiopia.

By Saturday, Ethiopian and Somali government troops had reached the town of Jilib, about 80 miles north of Kismaayo, and were pushing ahead, according to Somalia's ambassador to Ethiopia, Abdikarin Farah. "Obviously," he said, "they are advancing."

Somali Forces Pursue Islamists (WT)

The Washington Times, December 31, 2006

MOGADISHU, Somalia (Agence France-Presse) -- Somali government forces marched on the last stronghold of the country's powerful Islamist movement yesterday, even as Prime Minister Ali Mohammed Gedi called for dialogue with Islamist leaders.

Residents said fighter jets, thought to be Ethiopian, were flying over Kismayo, about 300 miles south of the capital, prompting fears of attacks on the city.

"Our troops are moving towards Kismayo," Mr. Gedi told reporters.

Islamist fighters had regrouped in Kismayo after government forces backed by Ethiopian troops forced them to abandon the capital Mogadishu on Thursday, following 10 days of heavy fighting.

Witnesses told Agence France-Presse that they had seen a convoy of military vehicles heading in the direction of Kismayo and others said planes were flying over the city.

"Military jets are flying over the town. We cannot see them [because it is night], but they are flying low-level, they have not dropped any bomb yet," Farahan Jiis, a resident, said.

"We can hear the terrible sound they are making," added Leila Sheikh Aden.

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Earlier yesterday, Mr. Gedi had called on his government's Islamist rivals to "join us" and enter into a dialogue. At the same time he warned of serious reprisals if the Islamists followed through on threats to wage a guerrilla campaign.

The appeal for talks came as Deputy Prime Minister Mohamed Hussein Aidid warned that the security situation in the capital, which has long been awash with arms, remained potentially volatile, with "around 2,000" Islamists thought to have remained behind when the city was taken.

"Some are hiding in houses and some are armed," Mr. Aidid said. "There are mines, lots of weapons and many foreign fighters in the city."

A day of violence and looting after the Islamists abandoned Mogadishu triggered fears of a return to the bleak days when the capital was a battleground for feuding clan chiefs.

Somali President Abdullahi Yusuf Ahmed held talks with clan elders yesterday in Afgoye, west of Mogadishu, and later announced the nomination of a new mayor for the capital and the reinstatement of the city's police chief.

Somalia's transitional administration, which has international recognition, was set up in October 2004 in a bid to impose the rule of law in a nation where political institutions had become powerless.

Mr. Gedi's arrival in Mogadishu on Friday marked the first time the weak interim government has been in a position to exercise authority in the capital, which was under Islamist control for six months.

The city has witnessed several angry protests in the past two days against the presence of Ethiopian troops, with demonstrators hurling stones and burning tires in the streets.

Somalia fought wars against Ethiopia in 1964 and in 1977-78.

In Kismayo, senior Islamist leader Sheik Shariff Sheik Ahmed vowed that the movement would continue to wage war against the Ethiopian troops.

"I want to tell you that the Islamic courts are still alive and ready to fight against the enemy of Allah," Sheik Ahmed told residents in the port town.

Somalia Government Steps Gingerly Toward Its Capital (LAT)

By Edmund Sanders

The Los Angeles Times, December 31, 2006

MOGADISHU, SOMALIA — Leaders from Somalia's capital gathered Saturday where matters of importance are often debated and settled here: under the shade of a thorny aqab tree.

This one was at a bombed-out military barracks on the edge of Mogadishu, chosen because the guest of honor, President Abdullahi Yusuf, refuses to enter a notoriously dangerous city that until last week had been under the control of an Islamist alliance. "I will come to Mogadishu once everything is in place," he said.

Though most Islamist fighters fled Thursday when troops from Ethiopia and Somalia's transitional government advanced, so far the government is moving cautiously in finishing the pacification and occupation of the capital. Most government soldiers remain on the city outskirts. Only one government agency, the Interior Ministry, has moved back in.

The security vacuum has led to sporadic looting and rioting. Local leaders warned that the transitional government might lose control of the capital if it did not act quickly to solidify its victory.

"People are already hiding their guns underground," said Ibrahim Shawey, the former mayor of Mogadishu. "I urge the government to use force [to disarm the city], rather than negotiate."

Part of the delay is strategic, officials said, with government forces needed elsewhere in the country. On Saturday, thousands of Ethiopian-led troops were heading south to the last Islamist holdout in Kismayo, about 280 miles from Mogadishu. Town leaders there briefly drove the Islamists out last week, but the region was overwhelmed again by hard-line fighters after they fled the capital.

Leaders of the Islamic Courts Union, supported by an extremist faction known as Shabab and some suspected foreign fighters, are threatening to make a last stand against Ethiopian soldiers in the region.

"Islamic Court officials will not surrender," said the alliance's chairman, Sheik Sharif Sheik Ahmed. "We will defend ourselves and defeat the enemy." He issued similar threats in Mogadishu, only to abandon the capital without a fight.

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Prime Minister Ali Mohammed Gedi said Saturday that a battle was possible if the Islamists refused to give up or flee. "If remnants try to attack, bloodshed will take place," he said.

But the possible final showdown was sapping needed troops inside Mogadishu. Pacifying the capital will not be easy, Interior Minister Hussein Aidid said.

An estimated 2,000 armed opponents, including some Islamist fighters, are believed to be hiding in the city, and it is feared that Islamists may have left behind mines or booby traps.

Although the Islamic Courts Union collected the guns of militias and citizens at the beginning of its six-month reign, it redistributed them shortly before leaving the city. As a result, Mogadishu is once again awash in guns, particularly among two clans with a history of animosity toward the transitional government.

Many say they will keep their weapons. "I'll never give up my gun, either to the government or to the Ethiopians," said Iman Adan, 31, who worked at a high school before joining the Islamic Courts. "I'm ready to fight or die."

Government officials won't say how many troops are providing security inside the city.

Yusuf, who took a great deal of ribbing Saturday for his reluctance to enter Mogadishu, vowed to immediately implement a disarmament program, by force if necessary. Gedi predicted the guns would be collected within three weeks.

But both men said Mogadishu's leaders must share the responsibility by supporting the government, including the deployment of Ethiopian troops, and by controlling their children. In recent days, much of the anti-Ethiopia looting and rioting has involved teenagers.

"You must welcome the president not only by mouth, but by heart," said Gedi, who was targeted by assassins twice last year during visits to the capital. "In the past, you were welcoming me, but not working with me."

Peacekeepers Rebuff Chad Protection Force Proposal (AFP)

AFP, December 31, 2006

United Nations (UN) peacekeepers have rebuffed a call from the Security Council for a force to protect refugees in Chad, a report said.

The suggested force, which would also have policed the border with Sudan, was snubbed in a rare challenge to the security council, the Financial Times said, citing a UN peacekeeping department report which has yet to be released.

"Conditions for an effective UN peacekeeping operation do not seem to be in place at this time," it quoted the report as saying.

"Unless all the parties were to agree to a ceasefire and engage in a dialogue...a UN force would be operating in the midst of continuing hostilities and have no clear exit strategy."

The force was proposed in August in a resolution dealing with the regional consequences of the Darfur conflict.

The security council has also expressed concerns about attempts by rebel groups to seize power in Chad.

The report reflects peacekeepers' concern that they are being asked to do too much around the world, the FT said.

In October, Jean-Marie Guehenno, a senior UN peacekeeping official, described an "unprecedented" surge in the number and size of missions, for example in Lebanon and Sudan.

Castro Message Says He Could Recover (AP)

By Anita Snow, Associated Press Writer

AP, December 31, 2006

A statement attributed to Fidel Castro on the eve of the revolution's 48th anniversary assured Cubans Saturday that the ailing leader could still recover from his prolonged illness.

The message was read by a newscaster on state television and radio. Castro traditionally sends a message to Cuban citizens every New Year's Eve to mark the anniversary of the Jan. 1, 1959, revolution that brought him to power.

"I am grateful to you for your affection and support," read the message. "Regarding my recovery, I have always warned that it could be a prolonged process, but it is far from being a lost battle.

"I collaborate as a disciplined patient, attended by the...team of our doctors."

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Castro purportedly said he was still "in the loop" when it came to matters of state. "I have had exchanges with our closest comrades always when cooperation has been necessary on vitally important issues."

Earlier Saturday, Cuba's Communist Party daily reported that Castro telephoned the Chinese ambassador in Havana to wish President Hu Jintao a happy new year.

The government's release of the message and the news about his call to the Chinese ambassador seemed aimed at ensuring the world that he is recovering, five months after he underwent emergency intestinal surgery.

Because Castro's medical condition is shrouded in secrecy, it has been the subject of speculation and rumor.

Castro, 80, has not been seen in public since shortly before July 31 when he announced he was temporarily stepping aside while he recovered from his operation.

He has provisionally ceded power to his brother Raul, the 75-year-old defense minister.

Saturday's story said Castro called Chinese Ambassador Zhao Rongxian on Thursday evening and they discussed relations between their countries. The ambassador also transmitted his president's wishes for Castro's speedy recovery.

The island's official media has not commented on a Spanish surgeon's declarations earlier this week that Castro did not have cancer and was slowly recovering from a serious operation.

Jose Luis Garcia Sabrido, chief surgeon at Madrid's Gregorio Maranon Hospital, said he flew to Havana on Dec. 21 to see Castro and consult with the Cuban leader's medical team on how his treatment was progressing.

Castro's medical condition is a state secret, but Cuban authorities deny he suffers from terminal cancer, as U.S. intelligence officials have claimed. Cuban officials have nonetheless stopped insisting Castro will return to power.

Garcia Sabrido said Castro could resume the presidency if his recovery is "absolute."

Some doctors believe Castro may suffer from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In severe cases, emergency surgery may be required.

Castro Issues New Year's Message (BBC)

BBC.com, December 31, 2006

In his New Year message, ailing Cuban President Fidel Castro has said he is recovering slowly from his surgery.

"Concerning my recovery I always said it would be a long process," he said in the written message, read out by announcers on state-controlled media.

"But it is far from being a lost battle," he added.

The 80-year-old leader handed over control of the country to his brother Raul in July, when he underwent urgent intestinal surgery.

President Castro traditionally sends a message broadcast by state TV and radio to Cubans on New Year's Eve to mark the anniversary of the 1 January 1959 revolution that brought him to power.

"I have not stopped being in the loop on main events and information.

"I have had exchanges with our closest comrades always when co-operation has been necessary on vitally important issues," the statement read.

The president also thanked the Cuban people for their courage during his recuperation.

Speculation about President Castro's medical condition has been rife.

Although Mr Castro's health is a state secret, Cuban officials have said that he is not suffering from cancer or any terminal illness, and that he is recuperating.

After Fidel, Business As Usual? (WT)

By Steve Hirsch

The Washington Times, December 31, 2006

President Bush's hard-line attitude toward Cuba has prompted businesses to pull back from exploring opportunities in the communist nation.

That is not expected to change even as ailing, longtime dictator Fidel Castro lies in a hospital bed and his brother Raul runs the country.

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Other factors hindering the potential of doing business there include the island's small population and poor investment climate, but Mr. Bush's strong stance is the overarching issue, according to government officials, businesses and longtime observers and analysts.

The Cuban economic embargo, imposed in the early 1960s, allows cash sales only for food, medicine and medical equipment and restricts travel to the island.

During the Clinton administration, U.S. companies visited Cuba on trade missions and considered trade, investment and other business opportunities.

The Bush administration, however, has adopted a tougher approach, including a tightening last year of payment requirements on food exports to Cuba. That, business officials say, has played a major part in discouraging U.S. companies from exploring the Cuban market.

"If you look at the way the administration has tried to restrict food sales to Cuba, even though Congress passed a law permitting them, and at the roadblocks they've placed in the path of people and companies trying to visit Cuba, companies don't have to stare too hard at the tea leaves to get the message," National Foreign Trade Council President William A. Reinsch said.

"They just give up on trying to plan for business there. There has clearly been a chilling effect on opening doors to Cuba, and the result is that we will be unprepared when restrictions are finally lifted, which everybody knows will happen eventually," he said.

Bush backs embargo

The Bush administration has left little doubt where it stands on the embargo.

Mr. Bush said in 2002 that without political and economic reform, trade with Cuba "will merely enrich Fidel Castro and his cronies" and that the bar on U.S. financing for Cuban farm purchases would continue, saying that it "would just be a foreign-aid program in disguise, which would benefit the current regime."

Whenever the United States has shown interest in easing relations with Mr. Castro, "somehow it's always failed," Commerce Secretary Carlos Gutierrez said in a recent interview.

"You look back at history over the last 47 years and anytime that it looks like we're getting too friendly, they go to Angola, they shoot a plane down, they open up their jails ... and they let out a lot of very nasty people, not political prisoners," he said.

The administration believes that outside investment will not lead to political liberalization or democratization, stressed Caleb Charles McCarry, the administration's Cuba transition coordinator.

"Investing in the current economic and political structure in Cuba simply supports the regime, and does not support the aspirations of the Cuban people for genuine change that leads to political and economic freedom," he said.

Under current law, Cuba would have to establish a transition government that takes a number of steps toward democracy and "does not include" Mr. Castro or his brother Raul for the embargo to be lifted.

Raul Castro is now running the country while the Cuban leader is in the hospital, leading some observers to speculate that the post-Fidel Castro era has begun. Mr. Castro has not been seen in public since July.

However, even if Fidel Castro leaves office in the next five years, the Economist Intelligence Unit in London said in an October report that it "does not anticipate any sudden, radical alterations in the political system."

In addition, unless relations with Washington improve, the report said, Havana "will continue to limit dissent on the grounds of national security."

The report predicted continued hostile U.S.-Cuban relations and sanctions, regardless of Fidel Castro's presence, saying the sort of fundamental change in the relationship that could lead to liberalization "would require strong political will on both sides to overcome resistance based on ideology and vested interests, and there are no signs yet of any shift in the entrenched positions."

Hill could ease embargo

The election of Democratic House and Senate majorities for the next Congress could lead to efforts to ease the embargo. But without radical change in Cuba or a softened administration stance, those moves would be limited.

Earlier this month, a delegation of 10 members of Congress from both sides of the aisle visited Havana, the largest U.S. legislative mission to Cuba under Mr. Castro to date.

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Raul Castro invited the U.S. to talk about the two countries' relations, including topics such as the embargo, immigration, drug trafficking, capture of fugitives, the environment and oil exploration.

Rep. Jeff Flake, an Arizona Republican who has sponsored legislation to allow U.S. companies to work with Cuba to exploit oil reserves off its northern coast, said his bill would be more likely to get out of committee in the next Congress and predicted more proposals around the edges of the embargo, in such areas as banking regulation.

He is the Republican chairman of the Cuba Working Group, a bipartisan group of members of Congress who are pushing for changes in U.S. policy toward Cuba.

Rep. Bill Delahunt, Massachusetts Democrat and the probable chairman of the International Relations oversight and investigations subcommittee, plans hearings on U.S. democracy assistance for Cuba. Mr. Delahunt, who is the Democratic head of the Cuba Working Group, said Congress initially will focus on travel restrictions, although he criticized current overall Cuba policy.

"You'd have to be oblivious to the past 50 years not to conclude that this just hasn't worked. And now, we don't understand, I don't think, what's happening in Cuba, what the reality is in Cuba, and I think it hurts us if we want to have influence in Cuba as Fidel Castro passes from the scene," he said.

Rep. Charles B. Rangel, the New York Democrat who is expected to head the Ways and Means Committee, will continue to oppose the embargo through a Treasury appropriations amendment to bar funding of the enforcement of the embargo, according to his staff.

But any push to lift the embargo in the new Congress would not get to the floor for a vote, said Sen. Larry E. Craig, an Idaho Republican who sponsored the oil legislation in the Senate.

He cited both a reluctance in the Senate to take dramatic action until there is a change in Havana and strong backing for the embargo by the Bush administration.

Congress can have some influence on foreign-policy issues, he said, "but if the executive is hard over on an issue, and they are, clearly, on this issue, then it will be very difficult to do anything over the next two years."

Doing business tough

One U.S. official said the administration is not using its embargo enforcement to try to discourage American companies from considering the Cuban market, but to ensure a transition to "real democracy," including "real economic reform."

Mr. Reinsch, however, described the situation more ambiguously.

"We don't think -- or can't prove at any rate -- that the administration has overtly told companies to stay out of Cuba notwithstanding the laws permitting them to engage in certain activities there," he said.

"We do think that their actions have been deliberate and have sent clear signals to the business community that doing business with Cuba won't be worth the effort."

Others clearly say the administration's stance has tamped down business enthusiasm for Cuba.

In 1994, members of the U.S.-Cuba Trade and Economic Council came from a variety of industries, including pharmaceuticals, financial services, tourism, food, agriculture and retail, although legal trade was limited to health care products, said John S. Kavulich II, the group's senior policy adviser. By 2002 and 2003, he said, membership was largely in the food and agriculture industries.

Many businesses that have shown interest in Cuba would not comment for this article.

Cuba has bought more than $1.3 billion in U.S. farm products since late 2001, according to the Congressional Research Service, but even companies allowed to export to Cuba see the embargo as a hindrance.

The U.S. rice industry exports 150,000 to 200,000 metric tons to Cuba a year, but that should be more like 500,000, said Stuart E. Proctor Jr., president of the USA Rice Federation. Cuban officials have said the U.S. would be Cuba's top rice supplier if it weren't for the embargo, he said.

Mr. Proctor said U.S. regulations have made shipping rice to Cuba more difficult, raising questions for Cuban officials about America as a rice supplier.

"You've got to be a reliable supplier, and we're not, in the eyes of the Cubans," he said.

Investment possibilities

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Observers instead stress the potential for investment, where opportunities for U.S. companies remain, although companies coming from countries ranging from Israel to China to Britain are already working there.

Investors from other countries have moved into such industries as nickel mining, telecommunications, infrastructure and citrus production, Lexington Institute Cuba analyst Philip Peters said, although he added that Cuba is looking for partners in other areas.

Potential opportunities for American companies include energy, agriculture, tourism, biotechnology and information technology, Mr. Peters said.

The best initial opportunities will be those that generate hard currency, such as nickel mining, where there is still room for new foreign companies, as well as oil and hotels catering to foreigners, he said.

Some foreign oil companies have signed agreements with Cuba for oil and gas exploration along Cuba's northern coast, including Repsol of Spain, Sherritt International of Canada and Sinopac of China.

Executives from energy-related U.S. companies such as Exxon Mobil Corp., Caterpillar Inc. and Valero Energy Corp. met with Cuban officials in Mexico City earlier this year to discuss Cuban oil reserves, but are barred from exploring those reserves.

The U.S. Geological Survey has estimated there are between 1 trillion and 9.3 trillion barrels of undiscovered oil and between 1.9 trillion and 22 trillion cubic feet of undiscovered natural gas off Cuba's northern coast.

If the United States maintains its embargo, India, Spain and Canada could end up drilling for oil 51 miles off the U.S. coast, according to Kirby Jones, president of the U.S.-Cuba Trade Association.

"If you're a Floridian looking with binoculars away from Key West, if you're going to see an oil platform, I think you'd feel more comfortable if it was a U.S. platform than a Chinese platform," Mr. Flake said.

Mr. Jones says the post-Castro era already has arrived, describing the country as a sophisticated, growing business environment with 350 joint ventures operating and 500 to 600 foreign companies maintaining offices. He said that even in areas that are still open to Americans, opportunities become fewer each day.

Cuba, he said, is much different than it was in 1994, when the first joint venture was set up. Foreign partners already are operating in all the sectors of the Cuban economy where they are allowed -- those aside from defense, health care and education -- and he said many of them have invested hundreds of millions of dollars in the past 12 years.

Other hindrances

The U.S. embargo is not the only obstacle to business, though. Observers note that Cuba only has about 11 million people and they have limited access to hard currency. Vietnam, by contrast, has a population of more than 84 million and is not an island.

One agriculture industry official said his company's attention to the Cuban market "would not be enormous" if the embargo were lifted but the political situation didn't change. The official said U.S. companies in the agricultural sector would be interested in Cuban possibilities without the embargo, but that there would be no rush into Cuba as long as the economy is state-driven.

Another agriculture executive said there are appealing aspects to Cuba, including its proximity and the fact that it pays cash, but added it will always be a small part of the market, even without the U.S. embargo.

Outside of agriculture, opportunities for U.S. exports may be limited as well.

"There's reason to believe that over time the Cuban economy is going to do well and produce a consumer class for American goods, but not in the short term," according to lawyer Robert Muse, who has substantial experience in U.S. laws relating to Cuba.

"When the embargo's lifted, some U.S. companies will seek to export to Cuba, but it's going to be targeted exports. It's going to be luxury goods for the hotel trade, for example," he said.

Joint ventures aren't as numerous as they used to be for investors. Cuban authorities have cut back on the number of small foreign companies active in Cuba since 2003, but are interested in larger companies for major projects in such areas as mining and energy, according to the Economist Intelligence Unit.

In opening to outside investment, Mr. Muse said Mr. Castro "made a tactical accommodation with capitalism" during the 1990s, when the Soviet bloc trading arrangements expired and "Cuba needed serious foreign investment, it needed to, in the expression they used in Cuba at the time, reinsert itself into the world economy."

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It also needed some limited reform to alleviate serious shortages of food, consumer goods and services, according to the CIA's World Factbook.

"But that situation has bettered itself over time," Mr. Muse said, adding that Cuba is now more economically stable "and there's been a direct correlation between the lack of new investment going into Cuba and its financial health," he said.

Cuba has increased ties with China and Venezuela, which has helped Cuba's economy. "These relationships seem set to become more important" and will overshadow Cuban relations with Organization for Economic Cooperation and Development countries, according to the Economist Intelligence Unit.

Cuban authorities would not comment for this article, but others pointed to Cuban government policies as a barrier to investment.

The Economist Intelligence Unit described Cuba as "one of the world's least attractive foreign investment destinations" from 2001 through 2005. The situation is likely to improve only slightly through 2011 because of state domination of Cuba's economy and limited opportunities for private business, the report said.

Outside investment also has been hindered by outstanding claims on expropriated property and by U.S. sanctions, which increase costs of such activities as shipping and restrict the export market for Cuban products, the report said.

Cuba's inhospitable investment environment may mean that there are still opportunities for U.S. firms, should relations ease between the two countries.

Mr. Muse said Mr. Castro's "genuine distaste for international capitalism and the profit motive" probably has left much of the investment market relatively open, adding that "very little is foreclosed from American companies at the moment."

However, he added that in areas where there is room for only one foreign investor, primarily in raw materials, American companies could lose out.

Spain Suspends Plan For Talks With ETA (AP)

By Mar Roman, Associated Press Writer

AP, December 31, 2006

A powerful car bomb exploded at Madrid's international airport Saturday and Spain's government, blaming the Basque group ETA, suspended plans for peace talks with the separatists.

The blast left two people missing and 26 injured, most with damage to their ears from the shock wave.

Prime Minister Jose Luis Rodriguez Zapatero said the government would halt talks with ETA over the bombing. The group had agreed to stop attacks in its cease-fire declaration earlier this year that was seen as the greatest hope in a decade of a peaceful end to the conflict.

"The condition for dialogue was and is the unequivocal desire to abandon violence," said Zapatero, who cut short a family holiday after the bombing. "The very grave attack today by the terrorist band ETA is radically contrary to that desire."

Zapatero had insisted as recently as Friday that he was optimistic the cease-fire would lead to a permanent peace.

ETA did not claim responsibility for the bombing, but a man who placed a warning call before the attack said he was a representative of the group. Following previous attacks, the group has sometimes waited weeks to claim responsibility.

ETA and its political supporters have been warning for months that the peace process was faltering. They have complained that the government has made no gesture to reciprocate its call for a cease-fire, such as meeting a long-standing ETA demand for its prisoners to be moved to the Basque region of northwestern Spain from other parts of the country.

The group has also said that continued arrests of suspected members and court rulings against the movement have broken a government promise to relieve pressure on the pro-independence group. It is also angry that the government has refused to allow talks among Basque political parties on the region's future until ETA's outlawed political wing Batasuna renounces violence.

The head of ETA's political wing, Arnaldo Otegi, said Saturday after the attack that he did not consider the peace process dead.

"Not only is it not broken, but it more necessary than ever," he said.

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"What happened in Madrid, if it's confirmed ETA is behind it, doesn't take us back to the scenario that existed before March 24," he added, referring to the day ETA declared its cease-fire.

Otegi blamed the government for the recent breakdown in peace talks, saying it has not made any gestures to the separatist group.

The attack early Saturday, which occurred inside a multistory parking garage at the airport, halted some air traffic on one of the year's busiest travel days.

More than 1,000 pounds of explosives had been packed inside the car used in the bombing, Spanish media reported. The explosion sent a massive column of smoke into the air and collapsed part of the building, sending rubble crashing onto parked cars.

Two Ecuadorean men believed to have been sleeping inside two separate parked cars were missing in the rubble, officials said.

More than 800 people have died since the ETA took up arms in the late 1960s, but none since May 2003. The group had continued a series of low-level bombings until just before it declared the cease-fire in March.

The opposition Popular Party, which has strongly opposed Zapatero's stance on negotiations with ETA, urged the government to break contact with the group and work to defeat it.

"This attack means that ETA is a criminal organization that doesn't want peace" said Popular Party leader Mariano Rajoy.

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Associated Press Writer Harold Heckle contributed to this report.

Madrid Blast Leaves 2 Missing, 26 Injured (WP/AP)

The Washington Post, December 31, 2006

MADRID, Dec. 30 -- A powerful car bomb exploded in a parking lot at Madrid's international airport Saturday, leaving two people missing and 26 injured. Spain's government blamed the Basque group ETA and suspended plans for peace talks with the separatists.

The blast halted all air traffic on one of the year's busiest travel days and brought a fiery end to a nine-month-old ETA cease-fire and plans for talks that had spurred the greatest hopes in a decade of a peaceful end to the conflict.

"The condition for dialogue was and is the unequivocal desire to abandon violence," said Prime Minister JosÃ© Luis RodrÃ-guez Zapatero, who cut short a family vacation after the bombing. "The very grave attack today by the terrorist band ETA is radically contrary to that desire."

ETA did not assert responsibility for the bombing, but a man who placed a warning call before the attack said he was a representative of the group. Following previous attacks, the group has sometimes waited weeks to assert responsibility.

ETA and its political supporters have been warning for months that the peace process was faltering. They have complained that the government has made no gesture to reciprocate the group's call for a cease-fire, such as meeting a long-standing ETA demand for its prisoners to be moved to the Basque region of northwestern Spain from other parts of the country.

The group has also said that continued arrests of suspected members and court rulings against the movement have broken a government promise to relieve pressure on the pro-independence group. It is also angry that the government has refused to allow talks among Basque political parties on the region's future until ETA's outlawed political wing Batasuna renounces violence.

The head of ETA's political wing, Arnaldo Otegi, said Saturday after the attack that he did not consider the peace process dead.

"Not only is it not broken but it is more necessary than ever," he said.

"What happened in Madrid, if it's confirmed ETA is behind it, doesn't take us back to the scenario that existed before March 24," he added, referring to the day ETA's cease-fire took effect.

Two Ecuadoran men believed to have been sleeping inside a parked car were missing in the rubble, officials said.

More than 800 people have died since ETA took up arms in the 1960s, but none since May 2003. The group had continued a series of low-level bombings until just before it declared the cease-fire.

Spain Breaks Off ETA Talks After Madrid Airport Bomb (BLOOM)

By Sharon Smyth And Ben Sills

Bloomberg, December 31, 2006

Dec. 30 - Spain's government broke off talks with Basque terrorist group ETA after concluding it planted a truck bomb in Madrid's Barajas airport today that destroyed a four-story parking structure and left two people presumed dead.

``All initiatives for dialogue with ETA are suspended while ETA acts violently," Prime Minister Jose Luis Rodriguez Zapatero said hours afterward at a televised press conference in Madrid. ``The attack is incompatible with the cease-fire."

The bombing ruptured a ``permanent" cease-fire the separatist group announced in March that had persuaded Spain's Socialist Party-led government to begin talks in July. ETA had not killed in an attack in more than three-and-a-half years.

The reversal for Zapatero may weaken his chances for re- election in 2008. Opposition leader Mariano Rajoy has repeatedly denounced the terms of the ETA detente for being too favorable to a group that assassinated 800 people over the last 40 years.

Just yesterday the prime minister had said he expected progress in peace talks with ETA in the new year.

Zapatero, 46, was swept into office in an election upset three days after the March 2004 Islamic terrorist bombings of Madrid commuter trains that killed 191 people. He has since made the Basque peace process his first policy priority.

Today, he froze the talks, without entirely shutting the door, saying ``all initiatives aimed at moving forward this dialogue" are suspended.

Condition for Talks

``With violence there is no dialogue of any sort," the prime minister said. ``The essential condition" for talks was ``an unmistakable willingness to end violence. Until that condition is fulfilled, there will be no moves towards dialogue."

The government hasn't publicly described any progress made so far in negotiations.

Bomb disposal experts, not waiting for the device to detonate, triggered the explosion of the powerful truck bomb in a parking lot at Madrid airport's Terminal 4 at around 9 a.m. local time today. The decision followed three warning phone calls to authorities, the last of which claimed to be from ETA.

The terminal, a 6.1 billion euro ($8.1 billion) structure that opened only in February, had 575 flights scheduled today, and authorities suspended all for several hours while they cleared the site. Services at the other three terminals were unaffected, said the airport's operator AENA.

440 Pounds of Explosives

Terminal 4 is the base of Iberia Lineas Aereas de Espana SA, Spain's largest airline, and OneWorld alliance partners such as British Airways Plc. The massive building designed by Richard Rogers Partnership won the U.K.'s top architecture prize.

About 200 kilograms (440 pounds) of explosives were used in the blast, the largest charge employed by ETA in an attack in 15 years, Efe newswire reported, citing initial calculations of unidentified security officials. It damaged the terminal's arrivals lounge and destroyed several floors of the parking structure.

Two people are missing in the rubble, including a man who stayed in his car while his girlfriend went to meet a relative in the terminal.

Twenty-six people were treated for light injuries at the scene and five were later hospitalized, television station Antena 3 de Television reported.

``The information that we have leaves us with no shadow of a doubt that ETA is responsible," said Spanish Interior Minister Alfredo Perez Rubalcaba at a Madrid press conference. The explosives were ``extremely powerful," he said.

Batasuna Blames Government

Leaders of Batasuna, the separatist political party banned because of its links to ETA, have said that the peace process is blocked because the government has not delivered concessions that Batasuna say it was promised.

The leader of Batasuna, Arnaldo Otegi, today refrained from condemning the attack, and criticized the government for dragging its feet in negotiations.

``The process of resolving the Basque political conflict is not broken," Otegi said in a televised press conference. ``In no way does this return us to the situation before March 24," when ETA's cease-fire began.

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Bomb disposal experts were called in after three phone calls were made, the last of which claimed to be from ETA, warning about the bomb and giving the color, make and license plate number of the truck containing it, Rubalcaba said.

``This confirms what we already knew, that ETA is a criminal organization that doesn't want peace or the freedom of the Spanish people," opposition leader Mariano Rajoy said. Rajoy has demanded that the government break off all contact with the organization, according to a written statement.

ETA has been campaigning since the late 1960s for an independent state comprising the Basque-speaking provinces of northern Spain and southern France.

New Year Rings In EU Membership For Bulgaria, Romania (AFP)

AFP, December 31, 2006

Bulgaria and Romania have braced for a double New Year's celebration, with both countries set to become the newest members of the European Union at the stroke of midnight.

But with enlargement fatigue gripping large parts of the bloc, the EU's latest and poorest members are likely to be greeted more with a shrug than open arms.

And in Brussels, EU headquarters will be keeping a close eye on whether the two nations abide by their pledges to crack down on corruption and organised crime.

In Bulgaria, thousands of revellers were expected to flock to a gigantic rock and pop concert on Alexander Battenberg square in the capital, Sofia.

The show will be interrupted for speeches by President Georgi Parvanov, Prime Minister Sergei Stanichev and European Commission President Jose Manuel Barroso. But the partying is expected to continue long into the night.

A pyramid of light will illuminate the sky above Sofia, its five rays emanating from the city's Orthodox cathedral, its Armenian church, a synagogue, a church and a mosque.

The latest Eurobarometer poll published in December shows that at the eve of accession 63 percent of all Bulgarians and 69 percent of all Romanians think their eastern European states will largely benefit from EU membership.

This is above the European norm where the average approval of membership ranges around 54 percent.

Together with Greece, the two newcomers will be the only Balkan nations in Europe's rich club, and will play a key role as representatives of a region ravaged by the wars in the former Yugoslavia.

Political analyst Ivan Krastev of the Sofia-based Centre for Liberal Strategies told AFP that "with the accession of Bulgaria and Romania the region will receive a clear message that enlargement is not dead".

The two newcomers "will bolster the voices in Europe calling for the enlargement to continue and include countries like Macedonia and Serbia," he said.

"Otherwise the EU risks ending up with a ghetto on its borders," Krastev said.

And for Niculai Idu, from the European Institute of Romania think tank, "joining the EU will be a guarantee that Romania will continue to evolve in terms of democracy and a market economy."

EU leaders agreed December 15 in Brussels to put the lid on further enlargement of the bloc.

The decision has major repercussions for EU hopefuls in the Balkans such as Croatia, which is at the front of the queue and expected to join by 2010.

Bulgaria and Romania will be Europe's poorest members with gross domestic product per capita barely reaching one third of the European average, Eurostat statistics show.

The two will contribute only one percent to the EU's gross domestic product.

The gap between Bulgaria and Romania and the current EU members has raised fears of a sharp rise in prices after January 1 in the newcomers where average monthly salaries are about 200 euros (260 dollars).

Perhaps due to people fearing instant inflation, Bulgaria this month saw a 30 percent rise in purchases compared to the usual end of year holiday spending spree.

Romanian hypermarkets also reported higher sales towards the end of the year with French Carrefour posting a 45 percent rise in 2006 compared to 2005.

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Bulgaria and Romania will be subjected to unprecedented monitoring by Brussels, due to lagging reforms.

The fight against crime and rampant corruption, management of the European funds and food safety will be particularly placed under Brussels' magnifying glass.

Bulgaria will also have to carry out reforms to make its judiciary more efficient, with several notorious criminals managing to avoid imprisonment.

If progress is slow, the enthusiasm of the two newcomers risks being clouded by restrictions, including partial suspension of agricultural subsidies and non-recognition of the decisions of their courts in Europe.

Another problem is allowing borders to fall totally.

Fearing a flood of cheap labor, Spain, Britain, Denmark, Hungary, Ireland, France and Greece have announced restrictions on workers from the two incoming states.

A New Parliament, But Still All Putin? (NYT)

By Steven Lee Myers

The New York Times, December 31, 2006

RUSSIA heads into 2007 facing the question of whether President Vladimir V. Putin's centralization of power can ensure the smooth — and more important, credible — election of a new Parliament, now scheduled for December.

Elections, even in a "democracy" as managed as Russia's, have a way of surprising, as Ukraine showed after a fraudulent presidential election in 2004 led to mass protests. Mr. Putin is popular enough to ensure that whoever he supports will fare well, but corruption remains deeply rooted, as do poverty and crime and violence, any of which could be a catalyst for an electoral nyet.

The Kremlin is taking no chances. With Mr. Putin's blessing, the existing Parliament, or Duma, spent much of 2006 preparing for the elections by tightening laws. It abolished minimum turnout requirements and the option of voting "against all." New election rules also barred candidates from criticizing the authorities in office or even encouraging a vote against an opponent.

New laws against extremism have already been used to raid a political group led by the chess champion Garry Kasparov. When Mr. Kasparov led a rally of a few thousand protesters in Moscow this month, the police outnumbered them four to one.

Critics said the restrictions would stifle what opposition remains, including what's left of the Communist Party and the old liberal democrats. The Duma is already dominated by United Russia, a party with little identity except as a reflection of Mr. Putin's legislative will.

Liliya Shevtsova of the Moscow Carnegie Center said the Kremlin risked eliminating competition. "To have just one party with a constitutional majority," she said, "it starts to look like the Soviet Communist Party."

So in October, the Kremlin created an "opposition" party, cobbled from smaller parties. It is called Just Russia, and it, too, supports Mr. Putin. For the party's leader, Sergei M. Mironov, this is a familiar path. He ran in the 2004 election "against" Mr. Putin by urging voters to re-elect Mr. Putin.

With a Kremlin endorsement and coverage on state television, Just Russia could provide a foil for United Russia, and provide at least a modicum of interest to the stilted politics of Mr. Putin's second term, marked more than anything by an absence even of debate, let alone real competition.

Mr. Kasparov says the Kremlin has obscured the seeds of discontent. And they are growing, he says, especially beyond the glow of Moscow's riches.

A big question looming is who will replace Mr. Putin in 2008? The maneuvering expected in 2007 reflects a concern over whether the system he created could survive without him. "The big day is approaching," Mr. Kasparov said. "Uncertainty kills the system."

Politics, Economics And Time Bury Memories Of The Kazakh Gulag (NYT)

By Ilan Greenberg

The New York Times, December 31, 2006

DOJ_NMG_0111367

KARAGANDA, Kazakhstan — Maria Sadina hunched over fading pictures of her parents, ethnic Germans who were deported in 1941 from the Volga region in Russia to one of Karaganda's many gulag camps.

Ms. Sadina's father was imprisoned for praising the quality of a German-made tractor, and for a decade he worked as a slave laborer in the nearby coal mines. Her mother was sent to the Karaganda gulag simply for her German heritage.

They had married and reared their daughter, Ms. Sadina, in a two-room brick house so low to the ground that visitors must bend over to avoid hitting the ceiling. Ms. Sadina, now a grandmother, continues to live in the same house, the walls now appearing to crumble, tending the same garden her parents once harvested to survive.

She pointed to the neighbors' homes through her kitchen window. "These people are all children of the gulag," she said. "Nobody talks about it anymore. Nobody even wants to look at their pictures anymore."

The gulags once spread over the Kazakhstan steppe like a thick wreath. Eleven sprawling camps with names like Alzhir, a Russian acronym for the Akmolinsk Camp for Wives of Traitors of the Motherland, housed hundreds of thousands of prisoners and their families. The camps, built shortly after the creation of the Soviet Union, were partly emptied to provide soldiers and workers during World War II and were eventually closed, although not dismantled, after Stalin died in 1953.

In Kazakhstan today, a large percentage of people have parents or grandparents whose life trajectories were savagely rewired by deportation and imprisonment in the camps. But memories of the gulags are dying, fading like Ms. Sadina's photos.

"For younger generations the gulag is uninteresting," said Arest Savchak, a 61-year-old teacher whose parents and grandparents were exiled to Karaganda as political prisoners for the crime of supporting Ukrainian nationalism. "After the collapse of the Soviet Union, when we entered market economy, the values and the views of people have changed. Unless the gulag can be linked to the present time, it is meaningless."

For many Karaganda youngsters, the oppression the gulags stand for does not register. "This was just a village for miners," said Sasha Talabaev, 12, who was riding a bicycle through the heart of what was one of the gulags. Some of the reasons for a quick and collective forgetting are obvious. The memories, after all, are painful. And since the fall of the Soviet Union and Kazakhstan's independence in 1991, there are more pleasant things to focus on.

Growing affluence is one of them. The economy is growing at about 10 percent a year, and with the aid of oil, the country has developed a sophisticated middle class and has nurtured to maturation a regional banking center. Its once dour towns have metastasized into modern cities.

But there are political aspects to a sidestepping of Kazakhstan's recent history, too, often born out of the government's determination to stay friendly with Russia.

To sustain support for a pro-Russia foreign policy, "the Kazakhstan state has gone to great lengths to construct an ideology for its nation-state that glosses over its colonial and neo-colonial history with Russia," Sean R. Roberts, a researcher in Central Asia affairs at Georgetown University, wrote on Dec. 19 in his Web log about the region.

Although those efforts have not added up to a blanket ban on public remembrances of the gulags, the government has instead chosen to ignore the issue. And it has used its control of the education system to keep texts from dwelling on the topic.

In a more pointed example of control, the government forbade large-scale remembrances of a violent uprising in Almaty, the capital, that took place in December 1986. As many as 40,000 ethnic Kazakhs poured into Almaty's central square then to protest Mikhail S. Gorbachev's firing of the chief of the Kazakh Soviet state. Soviet security forces are estimated to have killed at least 200 protesters on the square.

The rebellion was a watershed for Kazakh identity. It resonated too strongly for the government to ignore this year, so in October, President Nursultan A. Nazarbayev quietly dedicated a statue to commemorate the event. But the gesture received little coverage in the Kazakh press, which is closely monitored and controlled by the government.

Opposition leaders and several thousand nationalists hoped to use the statue as a gathering point for an antigovernment rally on the anniversary, but the government moved swiftly to crush preparations for it.

With Kazakh nationalism having become mostly the purview of the anti-Russia opposition here, the government has had to use other avenues to promote a coherent national identity. That is no small challenge in this country of 17 million people who span 80 different ethnicities and nearly as many religions — a direct legacy of the Soviet Union's use of Kazakhstan as a holding pen for prisoners, dissidents and people who did not fit in the Russian mainstream.

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Popular culture has been one tool of choice, especially through the government-financed movie studio KazakhFilm, which has a near monopoly on the country's film industry. This year the studio released its biggest hit yet, a historical piece called "Nomad" that delved into distant history, telling the little-known story of an ancient battle to give an uplifting view of Kazakh identity. The film, a $34.5 million production, broke box-office records in Kazakhstan, grossing more than $1 million here and also doing well in Russia.

Despite the huge expense of such historical movies, KazakhFilm plans more. But the company's chief executive, Talgat Temenov, says that none will be set in the 20th century.

"The Kazakh people have a tragic history, but with a movie like 'Nomad,' people can feel a sense of pride," he said. "Film is an art and should not be a political tool, but at the same time we need to respect what history can do to people's psychology."

Steven A. Barnes, an assistant professor of history at George Mason University who has studied the gulags in Karaganda, insists that history's relevance to society is exactly why remembering Kazakhstan's painful gulag past is so important.

"In the post-Soviet space, the trip from remembering to forgetting has been remarkably swift," he said. "Perhaps such public forgetting would seem less problematic if not for the fact that it enables strong, authoritarian rule that clamps down on basic human rights like freedom of speech and the right of assembly."

Chinese Focus On Navy Leaves Big Political Wake (LAT)

By Mark Magnier, Mitchell Landsberg

The Los Angeles Times, December 31, 2006

BEIJING — President Hu Jintao's call last week for a strong Chinese navy won't threaten U.S. military dominance any time soon. But in China, where symbolism often is as important as substance, the address was seen by analysts as serving two functions: to help build a policy consensus and signal his near-complete grip on the political field before a key party congress next fall.

"This is very significant," said Ni Lexiong, a professor at the Shanghai Institute of Political Science and Law. "Though this does not mean immediate budget increases, it is a strong signal that lays out our future direction."

State media gave prominent play Thursday to comments by Hu a day earlier at a Communist Party meeting on the need for a powerful navy prepared "at any time" for military struggle.

"We should make sound preparations for military struggles and ensure that the forces can effectively carry out missions at any time," Hu reportedly said.

China's navy has been the country's weakest link under a military structure that has emphasized a homegrown manpower advantage for its army and borrowed Soviet technology for its air force. But even as it restructures, China is keen to bolster its weak third arm.

The aim is to prevent Taiwan from declaring independence and to safeguard the seaborne trade, oil and other resources needed to power China's booming economy. China has considered Taiwan a part of its territory since a split between the Nationalists and Communists in 1949 after protracted civil war.

China's growing military profile has raised eyebrows at the Pentagon, which fears an erosion of its military dominance in the Pacific and beyond.

"Previously, China did not have the capability to maintain anything but symbolic naval presence on the approaches to the mainland," the Defense Department said in its 2006 report "Military Power of the People's Republic of China." "The PLA [People's Liberation Army] navy, however, appears interested in expanding its presence through the Straits of Malacca and into the Indian Ocean."

Of significance in China's one-party state with its emphasis on political theater, analysts said, was Hu's choice of venues. Rather than addressing an audience from all major service branches, he chose a meeting of naval specialists, a signal that the navy can expect special treatment in the bureaucratic battle for attention and resources.

Also significant was the timing. The military has been an area of political weakness for Hu. The president's resume doesn't boast the years of military service many of his predecessors had. Nor did it help that ex-President Jiang Zemin held on to his last military post until late 2005, more than two years into Hu's administration.

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But the notably careful leader's confident military tone Wednesday and his appearance in military green immediately after a purge of a key Jiang loyalist in Shanghai suggests he faces no significant opposition across the Chinese political spectrum.

China has made no secret of its desire for a credible "blue water" navy, and its blistering economy, $1 trillion in foreign reserves and growing confidence place it in an increasingly strong position to fund its objective.

"It may be time for them to get their fair share," said Ralph A. Cossa, president of the Honolulu-based Pacific Forum CSIS, a think tank. "A lot of other sectors of modernization took priority."

In an 83-page defense white paper released Friday, China said it also would strengthen its air force to enhance its airstrike, missile defense and early-warning systems.

In March, China announced a 14% increase in overall military spending to $35 billion, the latest in a string of double-digit increases. Some U.S. defense analysts say the actual figure may be two or three times higher.

Beijing faces significant challenges before it can pose a military threat to the U.S., some analysts say. Politically it is also wary of any step that might appear too provocative to Washington under its "peaceful rise" strategy, given the importance of U.S. trade for domestic stability and development.

China's military spending, even at a higher figure, is still a fraction of U.S. levels. China's dream of acquiring a working aircraft carrier is years, perhaps decades, off. And it faces enormous challenges in revamping a labor-intensive, technologically challenged military into a modern, flexible fighting force.

In his comments Wednesday, Hu called for "strict management of the navy according to law."

Some analysts read this as a veiled reference to corruption in the ranks. This month, a military court handed down a life sentence to Vice Adm. Wang Shouye on embezzlement charges, according to Hong Kong's pro-mainland Wen Wei Po newspaper. He reportedly is the most senior Chinese military officer ever jailed for corruption.

"It's not only a reference to the vice admiral, but the corruption, irregularities and general lack of discipline," said Andrew Yang, a military analyst with Taiwan's Chinese Council of Advanced Policy Studies. Hu "plans to emphasize discipline and rule of law."

Beyond China's aircraft carrier plans, U.S. military planners are watching closely any steps Beijing takes to expand its deep-water anti-submarine capability, to develop large numbers of nuclear attack submarines or to increase open-water training.

Washington has also called on China repeatedly to be more forthcoming on its military budgets, plans and capabilities.

China first voiced a desire for an indigenous aircraft carrier in the late 1970s, according to Pentagon reports, before buying, in 1985, the carrier Melbourne from Australia. The hull was scrapped, but not before engineers studied the ship and built a replica of the flight deck for pilot training, the Defense Department said.

After the fall of the Berlin Wall, the Chinese purchased two Soviet carriers — the Minsk in 1998 and the Kiev in 2000 — which they turned into floating military theme parks after carefully studying their designs.

Some analysts say the Chinese could have an operational carrier by 2015; others say it probably won't be before 2020. A working carrier would require a huge increase in its military budget, analysts said, as well as overcoming significant technological hurdles and significantly upgrading the skill of its navy personnel.

"They're still far behind for the foreseeable future for the United States, and also for India," Yang said.

The Buzz On Japan's New Premier: Too Old-school (LAT)

By Bruce Wallace

The Los Angeles Times, December 31, 2006

TOKYO — Political honeymoons end sooner or later for almost every leader, but the danger for new Japanese Prime Minster Shinzo Abe is not just that his popularity is sliding three months into the job. It's that he's already being mocked.

Consider the view of Brutus magazine, a style bible for Tokyo men who care about being ahead of every trend, whether it's fad food or how to look cool at the gym. "Beautiful Country?" asked the cover of the magazine's December edition, invoking the political mantra Abe has used to sell his nationalist vision of a resurgent Japan.

Out of touch, Brutus scolded Abe.

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"Right now what the entire world is crazy about is cool Japan," the magazine cover line told Abe, referring to the elements of Japanese culture, from anime to architecture, that are now part of global chic.

The Brutus view sums up a developing perception here: that Japan's youngest postwar prime minister may be an out-of-touch young fogey, more nostalgic for an old Japan than eager to usher in a new one.

Critics contend that his government's focus on nationalist obsessions such as passing laws to enforce patriotism among schoolchildren is a distraction from the core economic and social issues that present far graver challenges to Japan.

They also argue that Abe's government lacks discipline and coherence. Since North Korea's nuclear weapons test Oct. 9, some senior government officials have repeatedly called for a debate on whether Japan needs its own nuclear option, in defiance of Abe's desire to shut down the chatter.

Suspicions that Abe lacks toughness — and control over his party — are contributing to his sudden slip in polls. A Jiji Press poll in mid-December put Abe's approval rating at 42%, a 9-percentage-point fall in a month.

He had been off to a positive start. Within days of taking office, Abe held summit meetings with the leaders of China and South Korea, ending the top-level diplomatic freeze sparked by the visits of his predecessor, Junichiro Koizumi, to Yasukuni Shrine, where Japanese war criminals are among the honored souls of the country's war dead.

But the prime minister has stumbled on the domestic front. Despite the markets' buzz about the long-last arrival of a Japanese recovery, the economy has yet to truly catch fire, largely because domestic consumption remains sluggish.

That hurts Abe, who is counting on consumer-led growth to help resolve Japan's massive public debt. The prime minister is eager to avoid any high-profile tax hikes ahead of crucial Upper House elections in July, which are being seen as a referendum on his leadership.

That leaves little room to maneuver. Abe is committed to continuing Koizumi's belt-tightening reforms that have cut public spending, notably transfers of cash to the towns and regions that form the Liberal Democratic Party base.

Koizumi used his populist skills to free himself from the calcified hand of the political machine that has ruled postwar Japan from its backrooms. His ability to build a public consensus for his policies gave him an independence that allowed him to hack away at the party's habit of showering its supportive constituencies with public money.

Koizumi was even able to chase the hard core of anti-reformers out of the party by successfully calling a death-or-glory election in which he ran his own reformist candidates against LDP "rebels" who opposed a key economic reform.

But Abe shocked many here by welcoming that old guard back into the party this fall. The move made him appear beholden to the LDP's old back-room chieftains and seem deaf to voters' call for a more modern approach to politics.

"When Abe brought the rebels back into the party, people got the impression he was retreating from the reform agenda," political analyst Takao Toshikawa said.

Even Abe's 2007 budget shows how he is being pulled between imperatives to slash the size of government and the political need to satisfy politicians clamoring for public funds.

Abe billed his first budget as a cost-cutting exercise that would eliminate annual budget deficits by 2011 or earlier, pledging to cut the number of bonds issued by 15.2% and lowering spending on public works projects by 3.5%.

Even so, rising welfare and medical costs associated with Japan's rapidly aging population meant the budget's overall spending rose by 4%. And in its less-noted supplemental budget for 2006, the Abe government chose to spend much of the $38.6-billion windfall from higher-than-expected tax revenue on public works projects, although some were labeled "disaster prevention programs."

"Koizumi reduced spending on public works and cut the allocation of taxes to local governments, but with local economies weakening, there has been mounting pressure within the LDP to restore some of the old subsidies," said Hiromichi Shirakawa, chief economist at Credit Suisse in Tokyo. "These extra tax revenues were funneled back into what you could call 'old Japan.' "

Amid Political Upheaval, Israeli Economy Stays Healthy (NYT)

By Greg Myre

The New York Times, December 31, 2006

DOJ_NMG_0111371

JERUSALEM, Dec. 26 — For Israel, it has been a typically tumultuous year: Ariel Sharon, then the prime minister, collapsed into a coma on Jan. 4, the radical Islamic group Hamas won Palestinian elections later that month, and Israel fought a monthlong war in Lebanon this summer.

But despite the political turmoil and spasms of violence, Israel, it seems, has figured out how to keep its economy charging forward.

It was the country's third straight year of strong growth, with the economy expanding nearly 5 percent. The stock market has been hitting record highs; unemployment is at a 10-year low. Israel's central bank is lowering interest rates to 4.5 percent on Jan. 1, putting them well below rates in the United States, an almost unprecedented development. The Israeli shekel is trading at 4.2 to the dollar, its strongest level in five years.

Further, Warren E. Buffett, the billionaire investor, paid $4 billion for an Israeli company, and Donald Trump is developing a 70-story luxury residential tower on the outskirts of Tel Aviv.

"Israelis look at the economy, and they've essentially been through these disturbances in the past, and they know the economy is pretty robust and it tends to come back," said Stanley Fischer, the governor of the Bank of Israel. "Things that happen here have a smaller impact on markets than I think they would abroad."

While the Israeli economy has been thriving, the Palestinian economy has moved in the opposite direction, contracting by an estimated 10 to 15 percent this year, according to the Palestine Monetary Authority.

For Israel, the business that best illustrates the economy's resilience this year is the company Mr. Buffett bought, Iscar Metalworking Company, a global leader in the manufacture of precision metal-cutting tools.

In May, Mr. Buffet bought 80 percent of the company, which has its headquarters on an isolated hilltop in northern Israel that offers a panoramic view of the nearby border with Lebanon.

Barely two months later, a cross-border raid by Hezbollah guerrillas ignited 34 days of fighting that pushed Israeli troops into Lebanon and drew heavy rocket barrages against northern Israel.

One rocket slammed into the Tefen Industrial Park, where Iscar is situated, causing minor damage to a building belonging to another company. Many more rockets crashed nearby during the weeks of war.

Many Iscar workers moved their families away from the border region, but the company maintained production, with only occasional slowdowns.

"It took us a brief time to adjust, but we didn't miss a single shipment," said Eitan Wertheimer, Iscar's chairman. "For our customers around the world, there was no war."

The northern city of Haifa came under almost daily rocket attacks, and ships stopped entering Haifa's port, the country's largest. Some exporters shipped their goods by air at much higher expense in order to meet deadlines.

The Tel Aviv Stock Exchange, which has been setting records throughout the year, seemingly shrugged off the war; it was slightly higher at the end of the conflict in August than before it started in July.

At the beginning of the year, Israel's economy was forecast to grow at around 5.5 percent, and will come in at about 4.8 percent, according to Mr. Fischer, who attributed the dip to the war.

The Palestinian economy, meanwhile, has been devastated. During the peace talks of the 1990s, the Israelis and Palestinians increased cooperation, and by 2000, both sides were growing rapidly and nearly 150,000 Palestinians entered Israel daily. Most were workers who accounted for a large slice of the Palestinian economy.

When the Palestinian uprising began in September of that year, both sides took an immediate economic hit, but for the Palestinians, the downward spiral has yet to end.

Israeli security forces greatly increased the web of restrictions in the Palestinian areas to prevent attacks, and the measures have also imposed great hardships on Palestinian economic life. The Palestinians grew increasingly dependent on aid as their access to Israel's economy dwindled. The problems worsened into crisis this year after Hamas came to power, and Israel began withholding Palestinian tax revenues and Western countries cut off direct aid to the Palestinian government.

The Palestinian per capita gross domestic product, which was about $1,800 annually at the beginning of the uprising, plummeted to $1,200 last year and continues to fall.

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For Israelis, per capita gross domestic product has risen over the last six years from a little over $15,000 a year to around $18,000, according to government figures.

Israel turned the corner on a two-year recession in 2003, and for the past three years the economy has expanded at 4.4 percent to 5.2 percent annually, with a similar forecast for next year. The growth comes from technology, service and other modern industries, and trade mostly with the United States, Europe and East Asia.

Plagued by hyperinflation in the 1980s, Israel has an inflation rate hovering around zero percent this year, and it has been averaging less than 1 percent annually for the past five years.

The economic tide is not lifting every Israeli boat, however. Despite the economic growth, the number of Israelis living below the poverty level has been edging up, from 18 percent in 2002 to more than 20 percent last year, according to the government's National Insurance Institute.

Critics say this is because Israelis who are struggling economically have seen their benefits fall sharply, while they remain unemployed. The unemployment rate is at its lowest level in a decade, but still relatively high at 8.4 percent.

Benjamin Netanyahu, who as finance minister pushed aggressive open-market policies from 2003 to 2005, was also widely criticized for cutting social programs in a country where couples often have many children and depend heavily on such subsidies.

"The basic problem is that economic growth has been very uneven," said Shlomo Swirski, the academic director of Adva, a research institute that focuses on the poor.

Job growth, he said, has been concentrated in sectors that require a high level of education. Economic growth has been greatest in Tel Aviv and surrounding areas, the economic hub of the country, while the less developed Galilee in the north and Negev Desert in the south have seen much less progress, Mr. Swirski added.

"We're looking at growth that is highly concentrated geographically, economically and socially," he said.

Economists note that many of the poor come from two groups, Israeli Arabs and ultra-Orthodox Jews, that have large families and low participation rates in the work force. Among Israeli Arabs, few women have formal jobs. Among the ultra-Orthodox, many men do not work.

"We still see a strong debate over income distribution," said David Levhari, an economics professor at Hebrew University. "But overall, I think we're looking at an economy that should continue to do pretty well."

Analysis: Annan To Leave Office Sunday, But Won't Leave U.N. Behind (AP)

AP, December 30, 2006

UNITED NATIONS (AP) — Kofi Annan steps down as U.N. secretary-general at midnight Sunday, leaving behind a global organization far more aggressively engaged in peacekeeping and fighting poverty — but struggling to restore its tarnished reputation.

Taking office six years after the collapse of the Soviet Union, Annan helped preside over a decade that saw the world unite against terrorism after the Sept. 11, 2001, attacks, then divide deeply over the U.S.-led war against Iraq which toppled Saddam Hussein.

At a Millennium Summit in September 2000, he spurred world leaders to adopt a blueprint to wage a global war on poverty and bring the United Nations into the 21st century.

Five years later, he called a follow-up summit to mark the U.N.'s 60th anniversary. Hoping to complete the bold changes, he sought to promote development, ensure international security and end human rights abuses. History's largest gathering of world leaders took a first step, but it fell far short.

Unlike the upbeat atmosphere at the dawn of the new millennium, the World Summit in 2005 took place after a year of almost daily attacks on the United Nations over allegations of corruption in the U.N. oil-for-food program in Iraq, bribery by U.N. purchasing officials, and widespread sexual abuse by U.N. peacekeepers.

World leaders agreed to create an internal ethics office but they did not give Annan the authority to make sweeping management changes. The major overhaul of the U.N.'s outdated management practices and operating procedures will be left to Annan's successor, Ban Ki-moon, who takes over on Jan. 1.

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In what was considered a major summit achievement, world leaders pledged to protect civilians from genocide, war crimes and ethnic cleansing — but before stepping down earlier this month U.N. humanitarian chief, Jan Egeland accused leaders of failure to translate their pledge into action, especially in Sudan's Darfur region, Iraq and the Palestinian-Israeli conflict.

The 2005 summit also approved a fund to promote democracy and a new Peacebuilding Commission to help countries make the difficult transition from war to peace, and it renewed a commitment to achieve the Millennium Development Goals including cutting extreme poverty by half and achieving universal primary education by 2015.

A new Human Rights Council was highly touted as a replacement for the discredited Human Rights Commission — but in its first year, the council disappointed Annan and human rights activists by following the commission's tradition of focusing its attacks on Israel and ignoring abuses elsewhere.

At a farewell news conference earlier this month, Annan said he considered his top achievements the promotion of human rights, fighting to close the gap between extreme poverty and immense wealth, and the U.N.'s campaign to fight AIDS and other infectious diseases.

"His greatest accomplishment was to set a framework that moved the U.N. from one century to the next — the response to mass atrocities, the central role of democracy, the importance of human rights, and a priority to development," said Lee Feinstein, a fellow at the Council on Foreign Relations.

Under Annan, U.N. peacekeeping has expanded with nearly 80,000 U.N. troops and international police currently deployed from Africa and the Mideast to Kosovo, Haiti and East Timor.

Annan's first five-year term culminated in 2001 with the Nobel Peace Prize — shared with the United Nations — for "their work for a better organized and more peaceful world." Annan himself was lauded for "bringing new life to the organization."

But Annan's second five-year term was not without shadows. An investigation led by former U.S. Federal Reserve chairman Paul Volcker blamed shoddy U.N. management and the world's most powerful nations for allowing corruption in the $64 billion oil-for-food program in Iraq to go on for years. Volcker's final report in October 2005 accused more than 2,200 companies from some 40 countries of colluding with Saddam Hussein's regime to bilk the humanitarian program in Iraq of $1.8 billion.

Annan was besieged with questions about his son's involvement with a company that won an oil-for-food contract, and U.S. Sen. Norm Coleman, a Minnesota Republican, called for his resignation.

Annan told reporters that one of his worst moments was the way oil-for-food "was exploited to undermine the organization."

Feinstein said that "Annan was perhaps the most pro-American secretary-general who nonetheless was never accepted by U.N. critics in the Congress."

"His greatest failings were clearly the failure to rein in the U.N. Secretariat and streamline management more broadly," Feinstein said.

Professor Edward Luck, director of the Center on International Organization at Columbia University's School of International and Public Affairs, said he thinks "historians are going to give Kofi Annan relatively high marks."

"He's certainly someone who aimed high and sometimes failed to achieve what his rhetoric promised," Luck said. "But he certainly did succeed in restoring the individual to the center of the U.N.'s agenda, both in terms of human security and human rights and the responsibility to protect."

Annan, 68, said he will maintain all those U.N. concerns — and many more — in his new life, likely to be divided between Switzerland and his native Ghana.

"You can take the man out of the U.N.," Annan told one recent farewell party, "but you can't take the U.N. out of the man."

Annan Focused On Human Element (LAT)

By Maggie Farley

The Los Angeles Times, December 31, 2006

UNITED NATIONS — Secretary-General Kofi Annan says that he will keep working until midnight tonight, when his 10-year tenure as the world's top diplomat officially ends. But he has already begun reflecting on his achievements, frustrations and failures as a leader who embodies the world's ideals, and as a man who often could not escape his limitations to make those ideals a reality.

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Although it is sometimes debated whether Annan, 68, was more "secretary" or "general," he was mostly an idealist. He would like to be remembered, he said this month, as the leader who pushed the world to agree to intervene to stop genocides, and to try to cut poverty in half. He sought to make the U.N. about people, not just geopolitics.

But he was often overwhelmed by the details of managing a gargantuan organization that kept the peace in 18 countries and once ran the entire economy of Iraq. His management lapses were blamed for the subversion of the $64-billion oil-for-food program in Iraq, as well as a wave of corruption scandals and sexual exploitation by peacekeepers under his watch.

Recognizing the need to update the 60-year-old institution, Annan proposed sweeping reforms that would make the U.N. better able to deal with the new threats and challenges of the 21st century. But he was stymied by a group of developing countries, which saw the changes as a loss of power, and by the U.S., which had its own vision of how to revamp the world body.

At a Security Council luncheon six weeks after he launched his reform plan, Annan jokingly apologized for not yet having finished the reorganization. Russian Ambassador Sergei V. Lavrov piped up and said, "Mr. Secretary-General, what are you complaining about? You have had more time than God!" Annan responded, "You are right, but God started with one great advantage — with a clean canvas, and without a Security Council and a General Assembly."

Annan, the son of a chieftain from Ghana, was christened "Anthony" but was known by the name Kofi, which means "born on Friday." He joined the bottom ranks of the U.N. in 1962 and didn't plan to stay longer than four years, he said. But he quietly rose through the institution to head the peacekeeping department. In December 1996, the Clinton administration pushed him as its candidate to replace Boutros-Boutros Ghali, the outspoken Egyptian secretary-general it deemed a liability to U.S. interests.

Annan was chosen because he was an African who knew the U.N. system, and had proved that he was pragmatic and effective and could work with the United States when he oversaw peacekeepers in Bosnia-Herzegovina and Haiti. But most important, he did not have a political agenda or an overweening ego that could put him in conflict with the U.S. By the end of Annan's decade, however, he grew to be a quiet but compelling challenger to Washington.

First, a honeymoon

Annan's first five years in the wood-paneled office at the top of the shimmering U.N. headquarters were a honeymoon of sorts. Annan's manner is gentle, and nonconfrontational, and he is so soft-spoken that he can hardly be heard without a microphone. When perturbed, his voice gets lower, not louder. When anxious, he clenches his jaw and twists his large gold ring. That demeanor gave him a kind of regal aloofness, and a gracious yet distant charm that served him well as a nonpartisan mediator, but sometimes made him seem to lack fire.

He and his Swedish wife, Nane, the elegant niece of Holocaust hero Raoul Wallenberg, traveled around the U.S. and the world, giving a human face to an otherwise impersonal institution and imparting Annan's belief that every person has equal rights, and that a government's duty is to protect them.

Annan introduced the doctrine of "humanitarian intervention" — that borders should not shield governments that cannot or will not protect their own people. The idea was born in part of his feelings of impotence and guilt as the head of peacekeeping during massacres in the Bosnian town of Srebrenica and in Rwanda that the U.N. did little to stop. Although some countries initially resisted, in 2005, 191 leaders endorsed "the responsibility to protect," something Annan considers one of his top achievements.

For championing human rights and development, and "for bringing new life to the organization," Annan and the U.N. won the Nobel Peace Prize in 2001. He became known as "a diplomatic rock star," and the spotlight seemed to shine on the U.N. as a central stage in world affairs.

But the second half of his tenure would be much darker.

Sept. 11

The Sept. 11 attacks made the Bush administration more determined to strengthen national security — but, Annan later argued, at the expense of multilateralism and human rights. In 2002, President Bush challenged the Security Council to confront Iraq or stand aside, and while the U.S. attempted for six months to gain the U.N.'s stamp of legitimacy for its long-planned invasion, it ended up going into Iraq without it.

Annan cited the failure to stop the Iraq war as the worst moment of his career.

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"I really did everything I could to try to see if we could stop it," he said, including desperate rounds of phone calls and meetings with every leader he could reach, with every proposal he could think of. In April 2003, weeks after the invasion began, Annan literally lost his voice.

He seemed to lose his nerve as well, taking weeks off with what was described as "a very bad cold," but what aides described later as a sort of depression or "paralysis of despair. " He returned, somewhat diminished but determined to make the U.N. the kind of institution that the U.S., or any other country, would find indispensable.

Washington went into Iraq without the U.N.'s blessing, but it also had to do without significant U.N. help in rebuilding the country, an essential piece of postwar planning that the administration had assumed the world body would take on. Annan did send a team of his best and brightest, including his close friend and diplomatic icon, Sergio Vieira de Mello. Another one of the most painful moments of his career came in August 2003, when the bombing of the U.N.'s headquarters in Baghdad killed 22 people — many of whom he had personally asked to go. De Mello was among those slain.

Those deaths "hit me as much as the loss of my twin sister," Annan said this month. His sister, Efua, died in 1991 after an illness.

Annan's career and the image of the U.N. would sustain another heavy blow in 2003 when revelations surfaced of payoffs and subversion of the oil-for-food program. Saddam Hussein had constructed a massive kickback scheme to siphon billions from the U.N.-run aid program; Security Council members, including the U.S., quietly allowed the diversions, considering it the cost of keeping weapons materials out of Hussein's hands.

An 18-month investigation led by former Federal Reserve Chairman Paul A. Volcker found that Annan was responsible for grave mismanagement, and charged several staff members with conflict of interest, but found "no evidence" of wrongdoing by Annan.

Yet the inquiry left questions unanswered about Annan's meetings with executives from Cotecna, a Swiss firm that employed his son Kojo and that won a $10-million contract three months after the company officials' last meeting with the secretary-general.

'Best place on Earth'

Annan will leave office with many of his reforms unfinished, with no magic words to help his successor, Ban Ki-moon, reconcile the divisions between the rich and poor nations, between Washington and its opponents, between ideals and reality.

Though Annan acknowledged that "SG" often seemed to stand for "scapegoat," he also said "it is the best place on Earth to be."

In his valedictory speech to the General Assembly in September, he said: "Together we have pushed some big rocks to the top of the mountain, even if others have slipped from our grasp and rolled back.... And while I look forward to resting my shoulder from those stubborn rocks in the next phase of my life, I know I shall miss the mountain."

North Korea's Pass (WP)

The Washington Post, December 31, 2006

NEARLY 12 WEEKS have passed since the North Korean dictatorship conducted what it said was a nuclear bomb test -- and made explicit the grave threat it poses to global security. At the time the regime of Kim Jong Il appeared to be calculating that it would not suffer severe consequences for its provocation and that the world would eventually accept it as a nuclear power, as India and Pakistan have been accepted. Sadly, that logic is beginning to look justified.

True, the U.N. Security Council passed a resolution on Oct. 14, five days after the test, that condemned the action and applied some sanctions. But China blocked the tougher sanctions proposals, and both Beijing and South Korea have resisted U.S. pressure to enforce the measures rigorously. Three weeks after the test the North agreed under apparent pressure from China to return to the "six-party" negotiations on its nuclear program. But when the talks finally took place earlier this month it turned out the only subject North Korea's representatives were authorized to discuss was unrelated U.S. banking sanctions. The talks ended without result, and no new session has been scheduled.

North Korea's ability to sustain its defiant posture is remarkable because, in contrast to the cases of India or Pakistan, the outside world has the ability to cripple the regime if it chooses. China provides 90 percent of North Korea's oil and most of its

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food; it also enforces inhumane border controls that prevent brutally repressed and frequently starving North Koreans from fleeing their country. South Korea provides most of the foreign investment in the North. If the two countries were to decide that stopping North Korea from producing more nuclear weapons was more important than preserving its dictatorship, they could remove the lifelines they provide Kim Jong Il. So far, they haven't.

The leverage of the United States is limited. Critics who insist that the Bush administration should conduct bilateral negotiations with Pyongyang not only ignore the extensive one-on-one talks that Ambassador Christopher R. Hill has held with North Korean officials, they also presume that it's possible to change North Korean behavior without the collaboration of its prime benefactors. Some argue that the administration should give up the financial sanctions that froze North Korean accounts in a Macao bank last year and that are now the focus of Pyongyang's demands. Yet it's hard to see why abandoning the scant nonmilitary leverage the United States does possess -- and easing the pressure on North Korea's dollar counterfeiting and drug trafficking -- would make the regime more likely to negotiate seriously about its weapons.

In fact the best option the Bush administration now has is to work with such allies as Japan to raise the economic pressure on North Korea as much as is possible. Diplomacy is best focused not on Pyongyang, but on Beijing -- which needs to be convinced that the stability it says it seeks in Asia, and in its relations with the United States, depends on its willingness to bring real pressure to bear on North Korea. The aim need not be to bring down the regime, only to convince it that its existence will be imperiled rather than secured by nuclear weapons.

While You Were At War... (WP)

By Richard A. Clarke

The Washington Post, December 31, 2006

In every administration, there are usually only about a dozen barons who can really initiate and manage meaningful changes in national security policy. For most of 2006, some of these critical slots in the Bush administration have been vacant, such as the deputy secretary of state (empty since Robert B. Zoellick left for investment bank Goldman Sachs) and the deputy director of national intelligence (with Gen. Michael V. Hayden now CIA director). And with the nation involved in a messy war spiraling toward a bad conclusion, the key deputies and Cabinet members and advisers are all focusing on one issue, at the expense of all others: Iraq.

National Security Council veteran Rand Beers has called this the "7-year-old's soccer syndrome" -- just like little kids playing soccer, everyone forgets their particular positions and responsibilities and runs like a herd after the ball.

In the end, there are only 12 seats at the conference table in the White House Situation Room, and the key players' schedules mean that they can seldom meet there together in person or on secure video conference for more than about 10 hours each week. When issues don't receive first-tier consideration, they can slip by for months. I learned this firsthand: In the early days of the Bush administration, I called for an urgent meeting to discuss the threat al-Qaeda posed to the United States. The Cabinet-level meeting eventually took place -- but not until Sept. 4, 2001.

Without the distraction of the Iraq war, the administration would have spent this past year -- indeed, every year since Sept. 11, 2001 -- focused on al-Qaeda. But beyond al-Qaeda and the broader struggle for peaceful coexistence with (and within) Islam, seven key "fires in the in-box" national security issues remain unattended, deteriorating and threatening, all while Washington's grown-up 7-year-olds play herd ball with Iraq.

Global warming: When the possibility of invading Iraq surfaced in 2001, senior Bush administration officials hadn't thought much about global warming, except to wonder whether it was caused by human activity or by sunspots. Today, the world's scientists and many national leaders worry that the world has passed the point of no return on global warming. If it has, then human damage to the ecosphere will cause more major cities to flood and make the planet significantly less conducive to human habitation -- all over the lifetime of a child now in kindergarten. British Prime Minister Tony Blair keeps trying to convince President Bush of the magnitude of the problem, but in every session between the two leaders Iraq squeezes out the time to discuss the pending planetary disaster.

Russian revanchism: When Russian President Vladimir Putin and Bush leave office in rapid succession in 2008 and 2009, it seems likely that Russia will be less of a democracy and less inclined to cooperate with Washington than it was six years ago,

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when Bush stared into the eyes and looked into the heart of the Russian leader. Given her extensive background in Soviet studies, Condoleezza Rice would have been a natural to work on key U.S.-Russian issues, first as national security adviser and now as secretary of state. But the focus on Iraq has precluded such efforts, even as the troubling issues multiply: Russian governors are no longer elected, but appointed; dissidents die mysteriously and probably at the hands of the new KGB; opposition media are suppressed; and corporate leaders are jailed or hounded out of the country.

Meanwhile, Moscow plays petro-politics by dramatically raising the cost of energy to former Soviet republics that do not toe the Kremlin's line, and by threatening to turn off the pipeline to European nations that don't cooperate. If Bush hoped that turning a blind eye to all this would help win Russian cooperation in Iraq and Iran, the strategy failed.

Latin America's leftist lurch: In the years before the Iraq war, U.S. presidents were welcomed at summits throughout Latin America and the Caribbean. Indeed, the attacks of Sept. 11 found then-Secretary of State Colin L. Powell in South America, visiting one area of the world where U.S. policies had worked. Friendly, democratic governments were in power in every nation in the hemisphere except Cuba. Formerly debt-ridden economies were implementing pro-market reforms, and the United States was welcomed as a partner. Washington seemed confident that if and when Fidel Castro died (there was always some doubt), even Cuba might join the democracy/free market club.

Today, Castro has been replaced, but not just by another Cuban dictator. The leader of the hemisphere's new anti-Yankee alliance is Hugo ChÃ¡vez, the democratically elected president of Venezuela. ChÃ¡vez's anti-U.S. campaign is supported by Cuban intelligence and Venezuelan oil money. By 2006, Venezuela and Cuba were not alone in their opposition to Washington; kindred spirits have been elected in Bolivia, Ecuador and Nicaragua. Having begun his administration pledging new cooperation with Mexico, Bush backtracked after Sept. 11, focusing instead on tightening immigration and border controls.

Africa at war: The genocide spilling from the Darfur region of Sudan into neighboring Chad has captured attention in the United States mainly because of (belated) media coverage and an aggressive advocacy campaign by concerned groups, but the prospects of Washington dealing with the problem seem slim. Darfur, however, is only one of a pox of conflicts that, together with HIV/AIDS, are depopulating parts of Africa and robbing it of potential wealth from mineral, oil and gas deposits. Wars have also raged in Chad, Congo, Liberia, Sierra Leone and Somalia. Were it not for the Iraq war, Washington may have acted to stop what the Bush administration admits is genocide in Darfur, or taken steps to prevent the chaos sweeping Somalia after a group affiliated with al-Qaeda took over the country and left Ethiopia no choice but to invade in hopes of preventing a more disastrous war. Unfortunately, even designating a small presence of U.S. Special Forces to lead a U.N.-approved peacekeeping force in Darfur appears beyond the capability of the badly stretched American military.

Arms control freeze: Once atop several administrations' national security agendas, international arms control has received little White House attention since the Bush administration decided early on to walk away from the Anti-Ballistic Missile Treaty. National security adviser Stephen J. Hadley has extensive government experience working on arms control and he began to focus on this turf in early 2001, when he was number two at the National Security Council. But after 9/11, Hadley has had little opportunity to advance international efforts to control biological weapons, nuclear testing and proliferation, or the threat of nuclear or radioactive terrorist weapons. For a long time, the White House outsourced dealing with Iran's nuclear weapons to the Europeans, just as the onus of stopping North Korea's nuclear development was placed on Asian nations. The sustained senior-level attention that is needed to stop two nuclear weapons programs at the same time has simply not been available -- because of Iraq.

Transnational crime: In a nationally televised address in 1989, President George H.W. Bush held aloft a bag of cocaine that had been sold near the White House and declared a "War on Drugs." That initiative was later enlarged to target the international criminal cartels engaged in human trafficking, gun and contraband smuggling, money laundering and cyber fraud. The momentum from these efforts produced international treaties to combat hidden global crime conglomerates, but the White House leadership necessary to coordinate dozens of U.S. agencies and mobilize other nations has dissipated. Moreover, the world's international crime cartels received a major shot in the arm with the occupation of Afghanistan by NATO forces. From relatively low levels of heroin production in 2001, Afghanistan's economy is now dependent upon the widespread cultivation of heroin that is flooding black markets in Europe and Asia. With most of the U.S. Army either in Iraq, heading to Iraq or returning from Iraq, insufficient U.S. forces were available to prevent the once-liberated Afghanistan from morphing into a narco-state.

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The Pakistani-Afghan border: Afghanistan increasingly receives the attention of senior U.S. policymakers, not because of the narcotics problem, but mainly because the once-defeated Taliban again threaten Afghan and coalition forces. However, if there is a solution, it lies on the other side of the Khyber Pass where a sanctuary has emerged, a Taliban-like state within a state in western Pakistan. Dealing with that problem is more than Washington has been willing or able to handle, for it involves the complex issue of who governs nuclear-armed Pakistan and how.

Thus far, Washington has accepted Gen. Pervez Musharraf's half-hearted measures for dealing with the nuclear proliferation network of A.Q. Khan, addressing the terrorist involvement of Pakistani intelligence and controlling the Taliban/al-Qaeda bases in Waziristan. Getting Pakistan to do more would require a major sustained effort by senior U.S. officials, including addressing the longstanding tensions with India. Because of Iraq, Washington's national security gurus do not have the hours in their days to manage that -- nor the troops needed to secure Afghanistan.

As the president contemplates sending even more U.S. forces into the Iraqi sinkhole, he should consider not only the thousands of fatalities, the tens of thousands of casualties and the hundreds of billions of dollars already lost. He must also weigh the opportunity cost of taking his national security barons off all the other critical problems they should be addressing -- problems whose windows of opportunity are slamming shut, unheard over the wail of Baghdad sirens.

Richard A. Clarke, former national coordinator for counterterrorism, is chairman of Good Harbor Consulting and author of "Against All Enemies" (Free Press) and "Breakpoint" (Putnam).

Lebanon's Wartime Memory Lapse (WP)

By Lynn Maalouf

The Washington Post, December 31, 2006

On a bridge overlooking downtown, a large poster of Maarouf Saad flutters in the winter night's breeze. Beneath the bridge, army tanks line a square, as they do other streets and crossroads around the capital. Except for the flamboyantly restored Ottoman-era buildings in the background, the atmosphere is disturbingly reminiscent of the time 30 years ago when Saad was killed -- and Lebanon became engulfed in a 15-year civil war.

Today, as the Lebanese people once again find themselves divided along political and sectarian lines, the question reverberates around the country: Are we about to be drawn into another civil war?

In February 1975, Saad, a former member of parliament and an advocate of Arab nationalism, was leading a fishermen's protest in the southern city of Sidon when he was fatally shot -- many believe by the army. His killing exposed the depth of the divide running across Lebanese society, separating a leftist, Arab nationalist, pro-Palestinian, largely Muslim community and the pro-Western Christian Maronites who were effectively running the state.

The war that erupted barely two months after Saad's death killed 100,000 people -- 90 percent of them civilians -- and left another 100,000 disabled. About one-fifth of the prewar population was displaced.

Yet the lessons from that war were never learned. In 1989, an inter-Lebanese treaty signed in the Saudi summer resort of Taef ended the fighting. There was no victor, no vanquished. No reconciliation process was initiated. An amnesty law passed by the very people who had been fighting one another only weeks earlier exonerated them of war crimes.

As a result, the same warlords still color today's politics, including Druze leader Walid Jumblatt, Speaker of Parliament Nabih Berri, the Christian leader Samir Geagea and Hezbollah leader Hasan Nasrallah. Meanwhile, the amnesty stifled the rights of victims -- there was no compensation for damages, no truth commissions, no interest in the fate of the roughly 17,000 who had disappeared.

Lebanon slipped into a state of amnesia. Today, having turned the page on its civil war without achieving closure, it is a country in danger of repeating the past.

On a sunny day last month, a handful of workers were painting the wooden shutters of a two-story white stone house in Beirut's southern suburbs. It is the home of Lokman and Monika Slim and their organization, Umam Documentation and Research, which aims to deal with the civil war's aftermath and with war memories.

Not far away, just off Resistance and Liberation Street, a tall concrete building was half-demolished by Israeli jets last summer. Shrapnel destroyed not only parts of the Slims' house, but also wiped out some of the couple's most valued items: war

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archives that they had collected over the past five years, including leaflets, books, magazines, newspapers, photographs and audio-visual materials.

"It's as if we will never have enough time to build archives in this country," says Monika, a tall, blond German and a former reporter who helped her husband found Umam in 2004.

In the absence of documented history, Lebanese cling to conflicting narratives of the war and to their selective memories, passing them on to the younger generation. Jad Chaaya, a weary-looking 23-year-old, is a member of the Lebanese Forces, a Christian party allied with the government. After the assassination of Prime Minister Rafik Hariri on Feb. 14, 2005, Chaaya spent 90 days in a tent in downtown Beirut with other protesters, demanding an investigation into Hariri's killing and the withdrawal of Syrian troops from Lebanon.

It was part of the Intifada of Independence, in which groups that had fought one another in the civil war camped side by side, voicing the same demands. Many hailed it as the beginning of national reconciliation.

But Chaaya has a different reading of that time. "All that Lebanese Forces people who were in that tent wanted was the release of Samir Geagea," he says. Geagea, the head of the Lebanese Forces, was imprisoned for 11 years on assassination charges before being released in July 2005, following the Syrian withdrawal. "In the end, each sect is just interested in its own cause," Chaaya says.

He is too young to remember the 1975 war. What he knows is that his family was forced to flee their house overnight in 1976 after Palestinian gunmen attacked their town of Damour. He says he inherited his sense of "Christian insecurity" from his father, and that is why he thinks Geagea is the only one who can protect his community today.

"I don't really know much about the war," Chaaya says. "They haven't been able to put a history book together. So who am I to know?"

In his home one street off the former Green Line, which split the capital into East and West Beirut during the civil war, Antoine Messarra remembers being part of a government-appointed committee in charge of setting up a new history program. "These history books, had they really been created, they would have created a unifying memory for all Lebanese," says the law and history professor, not without some bitterness.

In 2000, the Council of Ministers approved the history program, but the minister of education at the time stopped it because it did not suit the Syrian occupying authorities, Messarra says. Today, most history books stop at 1943 and cover only one region of the country.

"The people of my generation have a vivid memory of the war," Messarra says. "They have experienced it in their flesh. The generation that was born out of the conflict has no such memory." In the street outside sits a row of army tanks that have marked nighttime checkpoints for the past several weeks. In early December, street brawls erupted in various residential neighborhoods between pro- and anti-government supporters, resulting in the death of a young man.

"We never described to [the young generation] what barricades are," Messarra says, "the suffering that came from these barricades. A lot of people died at barricades. We should have transmitted that trauma to them."

Back in Ghobeiry, Lokman Slim scrolls through a poem in which a sheik from the Shiite group Amal curses Hezbollah during a notorious 1989 battle when the two groups fought each other. Today, Amal and Hezbollah stand together in opposition to the government.

"Did we ever get over the civil war?" Slim asks. He turns off his computer and steps into the garden, facing a tree known as fitna -- coincidentally, the Arabic word for strife. In the street, an elderly man pushes a vegetable cart alongside a wall covered with the pictures of young people killed during last summer's war.

"The Lebanese," Slim says, "never made any effort to build peace."

Lynn Maalouf is a special correspondent for The Washington Post in Beirut.

DOJ_NMG_0111380

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, DECEMBER 31, 2006 7:45 AM EST

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TERRORISM NEWS:

Deputy Leader Of Al-Qaeda Delivers Angry Holiday Greeting (AP)

AP, December 30, 2006

CAIRO (AP) — The deputy leader of al-Qaeda on Saturday accused moderate Arab leaders of being traitors for cooperating with the United States in an audiotaped greeting marking the most important Islamic holiday.

Ayman al-Zawahri's wished the Palestinian people a happy Eid al-Adha but lashed out at Palestinian president Mahmoud Abbas and his Fatah movement.

"Those who had sold Palestine, the secular traitors, can not be your brothers. Do not recognize their legitimacy. ... And don't sit with them ... and do not sign with them the documents that will make you lose Palestine," said al-Zawahri in the 15-minute audiotape posted on a website commonly used by Islamic insurgents.

Al-Zawahri did not mention Saddam Hussein's execution in the tape, suggesting it was made before the ousted leader's hanging on Saturday.

The tape could not immediately be verified, but a banner posted on the website said it came from al-Qaeda's media production house, al-Sahab.

The No. 2 al-Qaeda leader denounced U.S. ally Egyptian President Hosni Mubarak in an apparent reference to recent arrests and detentions of several members of the outlawed Muslim Brotherhood.

"I greet my brothers inside the prisons of Mubarak, the traitor," he said.

Al-Zawahri also extended his Eid greeting to Iraq, praising the leader of al-Qaeda in Iraq, Abu Omar al-Baghdadi, and urged Muslims in Somalia, Chechnya, Indonesia, the Philippines and Algeria to keep on fighting the "infidels and crusaders."

For Guantánamo Review Boards, Limits Abound (NYT)

By Tim Golden

The New York Times, December 31, 2006

GUANTÁNAMO BAY, Cuba — At one end of a converted trailer in the American military detention center here, a graying Pakistani businessman sat shackled before a review board of uniformed officers, pleading for his freedom.

The prisoner had seen just a brief summary of what officials said was a thick dossier of intelligence linking him to Al Qaeda. He had not seen his own legal papers since they were taken away in an unrelated investigation. He has lawyers working on his behalf in Washington, London and Pakistan, but here his only assistance came from an Army lieutenant colonel, who stumbled as he read the prisoner's handwritten statement.

As the hearing concluded, the detainee, who cannot be identified publicly under military rules, had a question. He is a citizen of Pakistan, he noted. He was arrested on a business trip to Thailand. On what authority or charges was he even being held?

"That question," a Marine colonel presiding over the panel answered, "is outside the limits of what this board is permitted to consider."

Under a law passed by Congress and signed by President Bush in October, this double-wide trailer may be as close to a courtroom as most Guantánamo prisoners ever get. The law prohibits them from challenging their detention or treatment by writs of habeas corpus in the federal courts. Instead, they may only petition a single federal appeals court to examine whether the review boards followed the military's own procedures in reviewing their status as "enemy combatants."

But an examination of the Guantánamo review boards by The New York Times suggests that they have often fallen short, not only as a source of due process for the hundreds of men held here, but also as a forum to resolve questions about what the detainees have done and the threats they may pose.

Some limitations have long been evident. The prisoners have no right to a lawyer, or to see classified evidence, or even to know the identity of their accusers. What has been less visible, however, is what many officials describe as a continuing shortage of information about many detainees, including some who have been held on sketchy or disputed intelligence.

Behind the hearings that journalists are allowed to observe is a system that has at times been as long on government infighting and diplomatic maneuvering as it has been short on hard evidence. The result, current and former officials acknowledged, is that some detainees have been held for years on less compelling information, while a growing number of others for whom there was thought to be stronger evidence of militant activities have been released under secret arrangements between Washington and their home governments.

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Military officials emphasize that the boards are an administrative forum and were never intended to replicate judicial standards of fairness. But they say the hearings offer prisoners a viable opportunity to rebut the government's evidence.

"At the end of the day, it's about giving the detainee the flexibility and freedom to present his case," said Capt. Philip L. Waddingham, a former Navy pilot who oversees the operations of the panels at Guantánamo.

Administration officials also emphasize that the reviews are more rigorous than the battlefield tribunals that have traditionally been used to determine the status of wartime prisoners under the 1949 Geneva Conventions.

But the Geneva tribunals were established to answer questions about the identities of soldiers and spies from regular armies. Sorting through the identities and past actions of suspected participants in a shadowy global terrorist network, military officials said, has proved far more complex.

To date, 377 Guantánamo detainees, nearly half of the 773 who have been held there, have been released or transferred to other governments. Of those, about 150 have been repatriated through the review process since mid-2004, officials said.

The administration's push to reduce the Guantánamo population is more evident in another statistic. The final arbiter of prisoner releases, Deputy Defense Secretary Gordon R. England, has overruled the panels' recommendations in more than 15 percent of the 237 cases he has decided so far this year, officials said. In virtually all of those, the boards had recommended continued detention.

Still, a recent study of the review process found that detainees arguing their innocence were routinely denied witnesses they tried to call, even when the witnesses were other prisoners at Guantánamo. Lawyers for the detainees complain that the government has made almost no effort to have the panels consider information they have gathered and has often blocked their attempts to learn the accusations against their clients.

"We have tried again and again to have a say in the process," said Barbara Olshansky, a lawyer who has coordinated much of the work of the detainees' lawyers for the Center for Constitutional Rights. "But we learned pretty early on that these were kangaroo courts."

Many of the detainees appear to have given up on the reviews as a way to win their freedom. In the latest round of annual hearings, which were completed this month, only 18 percent of the prisoners chose to attend.

Evolution of the Hearings

The review system at Guantánamo began operating in July 2004, more than two years after most detainees were imprisoned there. Officials said it was intended in part to deflect criticism that the prison had become a legal black hole. They also hoped it would resolve what had become a contentious struggle among national security agencies over which prisoners to hold and which to free.

Even before Mr. Bush decided in February 2002 that the United States would not observe the Geneva Conventions in fighting terrorism, Donald H. Rumsfeld, then the defense secretary, dismissed the idea of Geneva-style hearings for the detainees, maintaining that they would never be entitled to the prisoner-of-war status that such tribunals could grant them in other conflicts.

"There is no ambiguity in this case," Mr. Rumsfeld said.

Yet intelligence officers at Guantánamo found ambiguity everywhere. Many of the detainees had been captured by Afghan militias, Pakistani border guards and other surrogates, and some had been turned in for bounties, intelligence officials said. Information about their identities and actions was often vague and secondhand. Physical evidence, if any existed, was sometimes lost before reaching Cuba.

Still, the detainees who were held on the weakest information tended not to be a priority for either intelligence officers or the military's criminal investigators.

"It wasn't the job of the intelligence community to verify their guilt or innocence," said Col. Brittain P. Mallow, a retired Army investigator who led a task force that gathered evidence for war crimes tribunals that are expected to prosecute about 50 to 70 of the remaining 396 detainees.

Faced with growing international criticism, the Bush administration moved in May 2004 to set up a kind of annual parole system, called Administrative Review Boards, to weigh each detainee's continuing threat and intelligence value. But before those hearings began, the Supreme Court called that June for a one-time review of all Guantánamo detainees using the sort of panels called for by Army regulations — and by the Geneva Conventions.

Those first panels, called Combatant Status Review Tribunals, or C.S.R.T.'s in military parlance, required three military officers to decide cases by majority vote, based on a "preponderance of the evidence." The boards were allowed to consider a wide range of intelligence, including statements obtained by coercion.

Midlevel officers were assigned to help the detainees prepare for their hearings. Military lawyers were not permitted to serve in that role, however, because of concern that limitations on that assistance might open the lawyers to charges of violating professional ethics rules.

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Lawyers at the Defense and Justice Departments had another worry: that detainees found to be "not enemy combatants" might sue the government for wrongful imprisonment. Partly for that reason, officials said, the review office was instructed to use the phrase "no longer enemy combatants."

By the time the C.S.R.T. reviews got under way, intelligence agencies had confirmed that half a dozen detainees released from Guantánamo were fighting for the Taliban in Afghanistan. Such risks were raised frequently in government debates.

"It was sort of a mantra in the system: 'You have got to make sure that you don't release any of the wrong people,' " recalled Charles W. Moore Jr., a now-retired vice admiral who set up the review apparatus under Mr. England.

Reviewing Decisions

The early results of the hearings, in which officials said a surprising number of detainees were found not to be enemy combatants, only heightened the unease.

Internal critics, including the Defense Intelligence Agency, the Central Intelligence Agency and the Special Operations branch of the Pentagon, complained heatedly that the boards did not properly understand the intelligence they were assessing, said current and former officials who participated in the debates.

The critics were later allowed to provide further training to the panels. In the first round of annual reviews after the C.S.R.T.'s, officers with military intelligence backgrounds also took over the role, previously assigned to lawyers, of vetting evidence and presenting the government's case.

While some officials perceived an undue influence over the panels from intelligence agencies and their allies, others said those critics were mostly beaten back.

"The intelligence community wanted to derail the C.S.R.T. process and dictate the decisions, and that didn't happen," said one former senior official, who, like several others, would discuss the policy deliberations only on the condition of anonymity.

According to documents and interviews, the Pentagon office in charge of the reviews ordered the repetition of some C.S.R.T. boards that recommended the release of detainees. Defense Department officials would not discuss those cases in detail.

The largest number of repeated hearings appears to have involved some of the 22 Muslim detainees from western China who were part of the Uighur (pronounced WEE-gur) ethnic minority.

The Uighurs' sworn enemy was not the United States but the Communist government of China, which had long oppressed their people. The military accused the detainees of belonging to a separatist group that the Chinese authorities had persuaded Washington to list as a terrorist organization, but some experts on the region disputed that characterization of the group and the detainees denied any link to it.

The State Department, fearful that the men would be tortured if they were sent back to China, had already begun trying to place the Uighurs as refugees in Europe when their cases came for review at Guantánamo, officials said.

"We were shocked that they even sent those guys before the C.S.R.T.'s," said one former national security official who worked on the matter. "They had already been identified for release."

Because the Uighurs told very similar stories, Pentagon officials were confounded when at least five of them were determined not to be enemy combatants and the rest properly held, officials said.

At least several of the Uighurs, including some found not to be enemy combatants, had their cases reviewed again, officials said. They described the impetus for doing so as "quality control." But available documents show that at least one of the detainees, whose case was reviewed again, was finally found to be an enemy combatant.

Five Uighur detainees were finally sent to Albania as refugees in May.

Some Aren't Revisited

Yet other cases in which questions arose were not revisited. One of those involved a Sudanese man, Adel Hassan Hamad, who was seized in Pakistan in 2002.

According to the unclassified summary of allegations in his first hearing, Mr. Hamad, who is now about 48, had worked for two nongovernmental organizations, or N.G.O.'s, with ties to Al Qaeda and had come into contact "with persons who had positions of responsibility in Al Qaeda." But the military presented no unclassified information that Mr. Hamad was anything but a hospital administrator and former teacher, or that he knew of his employers' purported ties.

As with all such cases, it is not possible to judge independently the evidence against Mr. Hamad because part of it is secret. But while two panel members found him to be rightfully detained, a third officer, an Army lawyer whose name was blacked out in the declassified document, objected strongly.

Even if the unclassified allegations were true — and Mr. Hamad said he knew nothing about Qaeda links — "a mere association with Al Qaeda does not qualify as a basis for enemy combatant status," the lawyer wrote in a formal dissent. The officer, who also studied the secret evidence, said the military was declaring Mr. Hamad an enemy combatant because some parts of the organization he worked for had allegedly supported "terrorist ideals and causes."

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"To reach such a conclusion would provide for unconscionable results," he wrote. It might mean, he added, that "all physicians, nurses and aid workers employed by the alleged terrorist-connected N.G.O.'s would also be declared enemy combatants."

The panel's 2-to-1 decision was reviewed by two other military lawyers, each of whom tersely upheld its "legal sufficiency." One of them, Cmdr. James R. Crisfield Jr. of the Navy, described the Army officer's dissent as "articulate and thoughtful," but emphasized the review panels' modest standard of proof.

"Given the low evidentiary hurdle posed by a preponderance-of-evidence standard and the rebuttable presumption of genuineness and accuracy that attaches to government evidence, I believe that the test is satisfied in this case," Commander Crisfield wrote.

Despite the limited evidence against Mr. Hamad, documents from his first annual review show little further substance to the military's accusations. They noted that a brother of the Sept. 11 plotter Khalid Shaikh Mohammed was once a manager at one of the charities where Mr. Hamad worked. But the military was now asserting only that the group "may be affiliated with Osama bin Laden and Al Qaeda operations."

Two federal public defenders in Portland, Ore., who took Mr. Hamad's case last year said they had located about a dozen witnesses who corroborated parts of his account. Although much of that information has been filed as part of a habeas case in federal court, there is no sign yet that it has made any difference for Mr. Hamad.

"I don't think there was any substantive attempt by the military to find witnesses who could get to the bottom of this," said one of the lawyers, Patrick J. Ehlers. "There were hundreds of other people out there who worked for these groups. None of those people were arrested, and none of them were questioned."

Constraints on the System

Several officials who helped establish the review panels said they tried to create mechanisms that would let detainees present witnesses and evidence and allow the panels to gather new information.

But some officials said those ambitions, however sincere, had often been undone by the speed of most reviews — often conducted in just hours — and the low priority assigned to the collection of information on the detainees by intelligence agencies and foreign governments. This year, three panels at Guantánamo handled as many as 13 or 14 cases a week, they said.

"There are real time constraints and real resource constraints," one retired military officer said. "They usually ended up without anything new, so the boards were just dusting off old files and trying to have a fair and impartial body look at that old information."

Captain Waddingham, the chief of the review office at Guantánamo, said the boards followed the recommendations of military intelligence officials 95 percent of the time. But both he and the overall head of the review program, Frank Sweigart, insisted that the panels were able to get new information when they needed it.

"We are always looking for supporting facts, and if we can't find them, we ask for them," Mr. Sweigart, a retired Navy captain, said in an interview. "There really is a lot of information out there for a number of them — especially for the detainees who are there today."

But other current and former officials described a system that was frequently inefficient in collecting information that might determine a prisoner's fate.

Some officials said military and civilian intelligence agencies gave little priority to requests for information from the panels, particularly when they involved time-consuming inquiries overseas. And though officials including Mr. England, the deputy defense secretary, have urged foreign governments to develop and pass on their own information about detainees from their countries, few of them did.

Officials said some governments, including those of Kuwait and Bahrain, had provided extensive files on their detainees. Partly out of diplomatic considerations, they said, the State Department pressed Mr. England to move up review hearings for at least several detainees from those two countries and, ultimately, to overrule review panel decisions and repatriate them.

On Nov. 3 last year, the Pentagon sent two Kuwaitis and three Bahrainis home from Guantánamo on Mr. England's approval, despite what two officials said had been negative rulings by the review panels in at least some of those cases.

But other releases are harder to explain. In one such case, lawyers for Nazar Chaman Gul, an Afghan prisoner, said they were mystified to learn of the repatriation on Dec. 16 of another Afghan, Mohammad Akhtiar, after his annual review.

Mr. Akhtiar had been accused of launching a rocket attack on an American military base in Afghanistan in early 2003. Declassified transcripts of Mr. Gul's hearings suggest that a major piece of incriminating evidence against him was that he was captured with Mr. Akhtiar at his home. (Another problem seemed to be that he was confused with another Afghan with the same name, who is also being held at Guantánamo.)

"Gul's greatest sin seemed to be his association with Mohammad Akhtiar," said a lawyer for Mr. Gul, Amy Baggio. "Unfathomably, Akhtiar is now home with his family while Nazar Gul is going on his fourth year in custody."

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Lawyers say that detainees who have tried to use the review system to challenge the accusations against them have often been frustrated. According to a recent study of 102 unclassified C.S.R.T. files by the Seton Hall University law school, the military denied all requests by the detainees for witnesses who were not also being held at Guantánamo and denied requests for detainee witnesses 74 percent of the time.

Although a growing number of lawyers have begun to conduct their own investigations into accusations against their clients, a former military intelligence officer who has presided over dozens of review boards was dismissive of those contributions.

"As far as what the habeas lawyers have to say, for the most part it wouldn't factor in because they have made themselves not credible," said the officer, a Marine colonel who suggested that the lawyers took detainees' claims of innocence at face value.

The lawyers respond that the obstacles to their input in the process raise questions about the military's desire to learn everything it can about the detainees. More than a week after the hearing for the Pakistani businessman accused of ties to Al Qaeda, a Washington lawyer who had been trying to help him told a reporter that he had not even known the session had taken place.

"There is no hint of any kind of due process in this," said the lawyer, Gaillard T. Hunt. "He's got no right to an investigation. But substantively, it really doesn't matter, because they can always just say they have this classified information that he can't see."

HOMELAND RESPONSE:

Localities Operate Intelligence Centers To Pool Terror Data (WP)

By Mary Beth Sheridan, Spencer S. Hsu

The Washington Post, December 31, 2006

Frustrated by poor federal cooperation, U.S. states and cities are building their own network of intelligence centers led by police to help detect and disrupt terrorist plots.

The new "fusion centers" are now operating in 37 states, including Virginia and Maryland, and another covers the Washington area, according to the Department of Homeland Security. The centers, which have received $380 million in federal support since the 2001 terrorist attacks, pool and analyze information from local, state and federal law enforcement officials.

The emerging "network of networks" marks a new era of opportunity for law enforcement, according to U.S. officials and homeland security experts. Police are hungry for federal intelligence in an age of homegrown terrorism and more sophisticated crime. For their part, federal law enforcement officials could benefit from a potential army of tipsters -- the 700,000 local and state police officers across the country, as well as private security guards and others being courted by the centers.

But the emerging model of "intelligence-led policing" faces risks on all sides. The centers are popping up with little federal leadership and training, raising fears of overzealousness such as that associated with police "red squads" that spied on civil rights and peace activists decades ago. The centers also face practical obstacles that could limit their effectiveness, including a shortage of money, skilled analysts, and proven relationships with the FBI and Homeland Security.

Still, the centers are emerging as a key element in a sometimes chaotic new domestic intelligence infrastructure, which also includes homeland security units in local police forces and 103 FBI-led terrorism task forces, triple the number that existed before the Sept. 11 attacks.

Fusion centers are becoming "part of the landscape for local government," said the incoming D.C. police chief, Cathy Lanier. But she warned that police are navigating a new patchwork of state and federal privacy laws that govern the sharing, collection and storage of information. "We're in a very precarious position right now," she said. "If we lose community support, that is going to be a big deal for local law enforcement."

Traditionally, police had little to do with counterterrorism. But after the 2001 attacks, it became obvious that al-Qaeda members had been preparing not only in far-off Afghan training camps but also in places such as a Gold's Gym in Greenbelt and flight schools in Florida. An unwitting Maryland state trooper stopped one of the future hijackers for speeding on Interstate 95.

"Police officers, deputies and troopers . . . they're going to be the ones that encounter a lot of these [suspicious] things on the road," said Virginia State Police Sgt. Lee Miller, who oversees the state's year-old fusion center in Richmond. "What we're trying to do is provide them the information they need to identify these different things."

The fusion centers range from small conference facilities to high-tech nerve centers with expensive communications networks. Some do investigations, while others focus on information-sharing -- passing tips to the FBI and scanning federal intelligence for developments of interest to local departments. Some have explored the use of controversial data-mining software in keeping with their respective state laws.

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Maryland's three-year-old fusion center outside Baltimore offers a glimpse of the new intelligence world. Hidden behind a bolted door with no nameplate in a quiet office park, the Maryland Coordination and Analysis Center houses members of 23 local, state and federal agencies.

Harvey Eisenberg, an assistant U.S. attorney who helps oversee the center, said police and other government employees are being trained to phone its 24-hour "watch section" when they spot suspicious activity. Calls to the terrorism hotline advertised on the Capital Beltway (800-492-TIPS) are also answered by officers in the watch section.

"You need to educate cops, firefighters, health officials, transportation officials, sanitation workers, to understand the nature of the threat," Eisenberg said. "And not to become super-spies. . . . Constitutionally, they see something, they can report it."

Officials say an incident on the Chesapeake Bay Bridge in 2004 shows the center's effectiveness. State transportation police stopped an SUV after a veiled passenger was seen videotaping the bridge in a suspicious manner. The officers called the fusion center, which discovered that the driver was an unindicted co-conspirator in a Chicago case involving Hamas, a U.S.-designated terrorist group.

Eisenberg contacted a prosecutor in Chicago, who quickly obtained an arrest warrant for the driver as a material witness in the Hamas case.

"The 9/11 commission's major criticism was that people didn't talk to each other," said Dennis R. Schrader, Maryland's director of homeland security. "Well, this is an example of how you had state, local and federal all working together. . . . It's really pretty unbelievable."

To some, though, the incident raised questions about what constitutes dangerous behavior.

The driver, Ismail Elbarasse, a U.S. citizen of Palestinian origin living in Annandale, was quickly released on bond, and the material-witness warrant eventually expired. He was not charged with a crime. His family said the veiled woman, Elbarasse's wife, was simply taping the bay while returning from the beach.

"It was regarded in the community as just a case of overreaction to seeing somebody in a head scarf videotaping," said Ibrahim Hooper of the Council on American-Islamic Relations.

Civil liberties advocates worry that the fledgling fusion centers could stray into monitoring people engaged in lawful activities, as some members of new police homeland security units have done. A Georgia homeland security officer, for example, was discovered photographing a protest by vegans at a HoneyBaked Ham store in 2003. Privacy advocates are also concerned about the vast amount of information some fusion centers collect -- and the sometimes vague limits on its use and storage.

"In Phoenix, we're talking about something like 250,000 police reports a year: names, addresses, contact information, business cards, tickets, all the kinds of information that is gathered and that can be of tremendous value at a national analytical level," said John L. Buchanan, Phoenix assistant police chief. He added, however, that "we've really got to be cognizant of the risk" of abuse.

"Fusion center" is a military coinage embraced by civilian homeland security authorities after Sept. 11, 2001. But turf fights involving the FBI, the Department of Homeland Security and national intelligence agencies, as well as local jurisdictions, have delayed the centers' development two years after Congress passed laws to change intelligence.

To streamline the unwieldy domestic intelligence structure, White House homeland security adviser Frances Fragos Townsend laid out a new U.S. road map for intelligence collection on Nov. 27. It urges that fusion centers be incorporated in a national Information Sharing Environment (ISE).

To support the centers' growing role, and to address complaints from states that they cannot pay for them alone, the White House is debating whether to increase funding for them in 2008 and to lift a ban on paying for personnel.

Federal officials emphasize that the centers will be led from the grass roots. Charles E. Allen, chief intelligence officer for the Homeland Security Department, said the centers will be "all hazards, all crime, all threats," targeted not just at terrorism but also at transnational gangs, immigrant smuggling and other threats.

Thomas E. McNamara, ISE manager under the director of national intelligence, said the centers will be state-driven and "primarily analytical."

Amid such assurances, it remains unclear just how much fusing of information is going on day to day.

Existing efforts are insufficient and to blame for "mixed and at times competing messages" from U.S. officials and limited contributions from state and local leaders, Townsend wrote.

For example, New York City leaders warned of "a specific threat" to the city's transit systems in October 2005, which federal officials simultaneously deemed "noncredible." Meanwhile, U.S. officials say information flowing from local and state agencies is often of limited use.

An April report by the National Governors Association found that dissatisfaction with federal information-sharing was growing among state homeland security directors, with 60 percent unhappy about the specificity of intelligence. In congressional

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hearings, state officials have complained about a lack of federal security clearances and about overlapping, outdated intelligence databases.

In response, U.S. officials are vowing to speed background checks and to send Homeland Security intelligence officers to work at 18 state and local fusion centers in 2007 and 35 by 2008.

Rep. Bennie Thompson (D-Miss.), incoming chairman of the House Homeland Security Committee, would go further. He proposed a new law enforcement assistance program to make intelligence-led policing the 21st-century version of community-oriented policing, into which the federal government has poured $11.3 billion since 1994 to pay for 120,000 local officers.

"The federal government is not reaching out well enough to the intelligence needs of the cop on the beat," Thompson said. "We shouldn't need more blood spilled before we take action necessary to make Americans safer."

The 2006 Bill Of Wrongs (WP)

By Dahlia Lithwick

The Washington Post, December 31, 2006

I must confess that I love all those year-end lists of greatest movies and albums and lip glosses and tractors of the past 12 months -- it's reassuring that all human information can be wrestled into bundles of 10. In that spirit, herewith are my top 10 civil liberties nightmares of 2006.

10) Attempt to Get Death Penalty for Zacarias Moussaoui: Long after it was clear that the hapless Frenchman was neither the "20th hijacker" nor a key plotter in the attacks of 9/11, the government pressed to execute him as a "conspirator" in those attacks. Moussaoui's alleged participation? By failing to confess to what he may have known about the plot, which could have led the government to disrupt it, Moussaoui directly caused the deaths of thousands of people. This massive over-reading of the federal conspiracy laws would be laughable were the stakes not so high. Fortunately, a jury rejected the notion that Moussaoui could be executed for the crime of merely wishing there had been a real connection between himself and 9/11.

9) Guantanamo Bay: After the Supreme Court struck down the military tribunals planned to try hundreds of detainees on the U.S. base in Cuba, and after President Bush agreed that it may be a good idea to close down the prison, the worst public relations fiasco since the Japanese internment camps lives on. Prisoners once deemed "among the most dangerous, best-trained, vicious killers on the face of the Earth" are either quietly released or still awaiting trial. The lucky 75 to be tried there will be cheered to hear that the Pentagon has just announced plans to build a $125 million legal complex for the hearings. The government has now officially put more thought into the design of Guantanamo's court bathrooms than the charges against its prisoners.

8) Bashing the Media: Whether the Bush administration is reclassifying previously declassified documents, sidestepping the Freedom of Information Act, threatening journalists for leaks on dubious legal grounds or, most recently, using its subpoena power to try to wring secret documents from the American Civil Liberties Union, the administration has continued its "secrets at any price" campaign. Is this a constitutional crisis? Probably not. Infuriating? Definitely.

7) Slagging the Courts: It starts with the president's complaints about "activist judges" and evolves to congressional threats to appoint an inspector general to oversee federal judges. As public distrust of the bench is fueled, the stripping of courts' authority to hear whole classes of cases -- most recently any habeas corpus claims from Guantanamo detainees -- almost seems reasonable. Each tiny incursion into the independence of the judiciary seems justified. Until you realize that the courts are often the only places that will defend our shrinking civil liberties. This leads to . . .

6) The State Secrets Doctrine: The Bush administration's argument in court is that judges should dismiss entire lawsuits over many of the outrages detailed on this very list. Why? Because the outrageously illegal things are themselves matters of top-secret national security. The administration has raised this claim in relation to secret wiretapping and extraordinary renditions. A government privilege once used to sidestep civil claims has mushroomed into broad immunity for the administration's sometimes criminal behavior.

5) Government Snooping: Take your pick. There's the continued defense of the National Security Agency's warrantless eavesdropping program wherein the president breezily authorized spying on the phone calls of innocent citizens, in violation of the Foreign Intelligence Surveillance Act. The FBI's Talon database shows that the government has been spying on non-terrorist groups including Quakers, People for the Ethical Treatment of Animals, and Veterans for Peace. And that's just the stuff we know about.

4) Extraordinary Rendition: So when does it start to become "ordinary" rendition? This government program has us shipping unindicted terrorism suspects abroad for interrogation/torture. Khalid El-Masri, a German citizen, was sent off to Afghanistan for such treatment and then released without charges, based on some government confusion about the small matter of his name. Canadian citizen Maher Arar claims he was tortured in Syria for a year, then released without charges. Although Arar was cleared by a Canadian commission, the government denies wrongdoing.

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3) Abuse of Jose Padilla: First, he was "exploring a plan to build and explode a radiological dispersion device, or 'dirty bomb,' in the United States," according to then-Attorney General John D. Ashcroft. Then, he was planning to blow up apartments and, later, was part of a vague terrorism conspiracy to commit jihad in Bosnia and Chechnya. Always, he was a U.S. citizen. After 3 1/2 years in which he was denied the most basic legal rights, it has emerged that Padilla was either outright tortured or near-tortured and, according to experts, is too mentally damaged now to stand trial. The Bush administration supported his motion for a mental competency assessment, in hopes that such a motion would help prevent his torture claims from going to trial. As Yale Law School's Jack Balkin put it: "You can't believe Padilla when he says we tortured him because he's crazy from all the things we did to him."

2) The Military Commissions Act of 2006: This was the "compromise" legislation that gave Bush even more power than he initially had to detain and try so-called enemy combatants. He was effectively handed the authority to define for himself the parameters of interrogation and torture.

1) Hubris : Whenever the courts push back against the administration's unsupportable constitutional ideas -- ideas about "inherent powers" and a "unitary executive" or the "quaint" Geneva Conventions or the limitless presidential powers during wartime -- the Bush response is to repeat the same chorus louder: Every detainee is the worst of the worst, every action taken is legal, necessary and secret. No mistakes, no nuance, no regrets.

Did I miss anything? Let me know. In the meantime, here's wishing you a happy and freer New Year.

New Orleans Levee-risk Study Faulted (LAT)

By Ralph Vartabedian

The Los Angeles Times, December 31, 2006

When the Army Corps of Engineers admitted in June that design flaws in the New Orleans levee system had caused most of the flooding during Hurricane Katrina, it seemingly left little to argue about.

But the fight wasn't over. The Corps is now engaged in an effort to predict how New Orleans would fare in the next big hurricane, and is once again being second-guessed by some of the nation's top civil engineers.

The National Research Council complains that the Corps' official investigation into the levee failures reaches premature conclusions, glosses over problems, and fails in its most important task: giving the public the information it needs to make informed decisions about living in New Orleans.

The Corps' analysis will play a major role in determining the city's future — including whether more than 200,000 former residents could rebuild abandoned neighborhoods and whether insurers can provide coverage at an affordable rate.

The stakes are high, not only for the integrity of the levees around New Orleans but for similar levees that protect millions of Americans who live along vulnerable coastlines and rivers across the nation. Many were built on the same mucky foundations and with the same flawed engineering assumptions as the notorious failed 17th Street levee in New Orleans.

The suspect levees stretch from Florida's Lake Okeechobee to the rivers of California's Central Valley and the Sacramento-San Joaquin Delta, which has 2,300 miles of levees that protect cities and farmland.

The Corps' investigation is essential to understanding California's situation, said Les Harter, the levee chief at the California Department of Water Resources.

"The floodwalls in New Orleans were 15 years old, and they failed," Harter said. "Our levees are 100 years old. We estimate we have one-half the level of protection that New Orleans had."

The Corps is about six months behind schedule in issuing an all-important "risk analysis," a massive body of work that is intended to tell the public how likely New Orleans is to flood again from a big hurricane.

The analysis is supposed to explain in precise detail how well specific sections of the city are protected against hurricanes, using evidence that hurricanes have intensified in recent years. The analysis would produce detailed maps.

Though the risk analysis has not been completed, the Corps did lay out the methodology it planned to use. Since then, the Corps' work has been scrutinized by two key groups, the National Research Council and the American Society of Civil Engineers.

Its methodology has prompted much of the criticism, along with the Corps' failure to say how confident it is in its assessment or to put the future risk in a historical context that New Orleans residents can understand, according to Richard Luettich, a member of the NRC review team and a professor at the University of North Carolina.

The research council, a quasi-federal organization that brings together the nation's top experts on various public policy issues, urged the Corps in an October report to incorporate the views of other federal agencies with expertise in hurricane assessment and flood protection, something it had failed to do.

The Corps says it has since done so.

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Some of the criticism is "misleading," said Ed Link, a University of Maryland professor who is leading the Corps' investigation.

Link, who spent much of his career in the Corps, acknowledged that the risk analysis is well behind schedule and said his team had underestimated the difficulty. But he said the Corps always intended to give the public the information that the NRC says is missing.

Originally, the Corps planned to run 2,000 hurricane scenarios through supercomputers, using a simplified mathematical model to predict how those storms would affect New Orleans. The NRC told the Corps it should use a more sophisticated model that had been developed to analyze Hurricane Katrina.

The sophisticated model, applied to 2,000 possible hurricanes, would have taken too long. So the Corps has reduced the number of hurricane scenarios to 150 and hopes to complete that work by February.

"I think we are going to get better results," Link said.

Wayne Clough, chairman of the NRC review panel and president of the Georgia Institute of Technology, said he is waiting to see if the Corps will satisfy his panel's concerns.

"It is challenging for them," Clough said. "They have good people, and they are taking suggestions."

Perhaps the sharpest criticism has come from academicians led by two UC Berkeley engineering professors, Raymond Seed and Robert Bea. Since the early days after Katrina, Seed and Bea have dogged the Corps with their own technical investigation, financed with grants from the National Science Foundation.

Bea, a pioneer in engineering risk analysis for the petroleum industry and a member of the National Academy of Engineering, thinks the Corps is failing to account for the biggest risk of all: the potential for human error in the design, construction and maintenance of levees.

The Center for Catastrophic Risk Management, which Bea formed at Berkeley, has been developing ways to quantify the risk of human error in engineered systems. Bea says every major disaster involves human error, so it cannot be ignored.

"There are no natural disasters," he said. "There are only natural hazards and human hubris. When you combine hazard with hubris, then you get a disaster."

Link rejects Bea's approach: "We have characterized past human error. How we guess at future behavior, I don't know. There is not a body of knowledge and science in that area that would allow us to do that."

Seed, meanwhile, has sharply criticized the Corps' investigation for failing to put enough blame on water seepage under the foundation walls. Levee foundations across the nation, particularly in California, are more vulnerable to seepage than the Corps realizes, and its flawed New Orleans investigation will result in a dangerous complacency, Seed contends.

Link said, however, that analysis of the nearby soils does not support Seed's contention. The soil is not porous enough to make seepage a serious problem, he added.

While the Corps has struggled with its risk analysis, a private company recently published its own New Orleans risk assessment, with some potentially troubling findings for the city's future. The analysis was done by Risk Management Solutions of Newark, Calif., which provides catastrophic risk analysis for the insurance industry.

The report found evidence that growing hurricane intensities, the tendency of land along the Gulf Coast to sink, and rising sea levels have raised the long-term threat to New Orleans.

In an examination of some neighborhoods, it found that the highest-risk areas could require insurance premiums of $14,000 per year, said Patricia Grossi, one of the report's authors.

The massive risks to the insurance industry were underscored in a court ruling late last month, in which federal Judge Stanwood R. Duval Jr. ruled that insurers might have to pay for much of Katrina's damage to homes. The insurers had thought they specifically excluded flood damage from coverage. But Duval said the policies excluded only natural floods, not those attributed to human error because the levees failed.

"An insured may reasonably expect overtopping of a levee, but on the other hand an insured may not reasonably expect that levees designed and certified by the United States Corps of Engineers would fail as a result of negligent design and construction as has been alleged," Duval wrote.

The ruling came as part of a massive consolidated civil case that names the Army Corps and insurers as defendants.

The ruling could provide coverage for about $20 billion of damage to homes caused by Katrina, said Joseph Bruno, an attorney for the plaintiffs.

Even now, the Corps is attempting to improve the levee system so that by 2010 it might fail on average only once every 100 years, a standard that seems weak to many experts.

"Is it acceptable to have the worst natural disaster in U.S. history occur over and over again?" asked David Daniel, president of the University of Texas at Dallas and the leader of the American Society of Civil Engineers team that is reviewing the Corps' Katrina investigation. "I don't think it is."

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"Until the banking and insurance industries believe the risks are tolerable, you are not going to see much building going on in New Orleans," Daniel said. "They understand risk as well as anybody."

WAR NEWS:

Hussein Video Grips Iraq; Attacks Go On (NYT)

By John F. Burns

The New York Times, December 31, 2006

BAGHDAD, Dec. 30 — After nearly three decades of living with the brutal repression of Saddam Hussein and the violent aftermath of his overthrow by American troops, Iraq responded with a mixture of rejoicing, violence and muted reflection on Saturday to the news that their former dictator had been hanged in one of the grimmest of his own execution chambers.

This nation of 27 million people spent much of the day crowding around television sets to watch mesmerizing replays of a videotape that showed the 69-year-old Mr. Hussein being led to the gallows at dawn by five masked executioners, and having a noose fashioned from a thick rope of yellow hemp lowered around his neck. In the final moments shown on the videotape, he seemed almost unnaturally calm and cooperative.

The message seemed to be that he had lived his final moments with unflinching dignity and courage, reinforcing the legend of himself as the Arab world's strongman that he cultivated while in power. But the videotape, released by the government, offered only a partial sense of how Mr. Hussein went to his death, according to accounts given later by some of the 25 people who attended the execution, including senior officials of the new Shiite-led government.

In their telling, the ousted ruler, a Sunni, spent much of his last half-hour, after arriving at the execution block at the Khadimiyah prison in northern Baghdad, in querulous and at times irascible exchanges with the Shiite guards and executioners assigned to hang him and with some of the Shiite witnesses.

His bitter defiance, in the last moments of his life, was focused on his old enemies: the United States, Iran and their "spies," a word commonly used at the height of his tyranny to justify the merciless persecution of his domestic opponents.

The death sentence was to be carried out within 30 days of the rejection of his appeal, but the hanging was completed by the end of the fifth day, which took some officials in Washington by surprise and left some American legal officials, who have worked with the Iraqi court, uncomfortable.

Within hours of the execution, at least 75 people were killed in nine bombing attacks of the kind that Sunni insurgents commonly carry out against Shiites. In the mainly Shiite districts of Hurriyah and Sayidah in Baghdad, separate sequences in which car bombs detonated in close succession caused at least 39 deaths. Two other car bombings hit Baghdad before nightfall, one outside a children's hospital in the Iskan neighborhood, and another that killed two people outside a mosque in the mainly Sunni district of Adhamiya, the Interior Ministry said.

Another vehicle bomb detonated in a popular fish market in the Shiite holy town of Kufa, 100 miles south of Baghdad, killing 34 people and wounding 38 others, the ministry said. In the Kufa attack, an angry mob set on the suspected bomber and beat him to death, the police said. Five more victims died in a suicide bombing in the northern city of Tal Afar, another center of violence between Sunnis and Shiites.

The United States military command announced six more combat deaths, bringing the number of American troops killed in December to 109, the deadliest month for American deaths since November 2004, according to [a news agency].

With bombing attacks a long-established feature of the struggle for power across Iraq, it was impossible to say whether the Saturday bombings were connected to the execution.

But statements by remnants of the ousted Baath Party, the political vehicle Mr. Hussein rode to power, had promised retaliation, in the form of a new wave of bombings, if the death sentence passed by an Iraqi court eight weeks ago was carried out.

American military commanders took the threat seriously enough to put troops in volatile areas on high alert. On Saturday, a statement on the party's Web site urged Iraqis to strike at the United States and Iran to avenge Mr. Hussein, but cautioned that they must avoid full civil war, Agence France-Presse reported.

From accounts given by witnesses, the hanging had strong sectarian overtones. Within minutes of arriving at the execution block from the American detention center near the airport, where he spent more than 1,000 days in solitary confinement, Mr. Hussein, who may have been the only Sunni present, argued with the guards and executioners.

The men who guided him to the gallows were drawn from the country's Shiite south, identifiable by their darker skins and accents. The Shiites of southern Iraq harbor a strong hatred for Mr. Hussein for his repression of uprisings there, a repression that killed tens of thousands of Shiites.

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The execution block scenes offered a grim echo of the sectarian struggle now convulsing Iraq, as Sunni insurgents and Shiite death squads engage in a implacable cycle of revenge that has killed as many as 3,700 civilians a month this year, and prompted many Iraqis to say that the killings ushered in by the overthrow of Mr. Hussein are becoming as brutal, and numerous, as anything he inflicted.

Even the decision to hasten Mr. Hussein to the gallows took on a sectarian edge, as Iraq's new Shiite leaders presented the hanging as a message to Sunnis that their days as Iraq's rulers are gone forever.

The message was clear in a statement issued by Prime Minister Nuri Kamal al-Maliki, whose "national unity" government of Shiites, Sunnis and Kurds has splintered into ethnic factions, with the Shiite religious groups that swept last December's elections increasingly assertive of their majority rights.

The statement, which he signed before a battery of Iraqi television cameras, amounted to a warning to the Sunnis that their hopes of ever regaining power are lost. "Saddam's execution puts an end to all their pathetic gambles on a return to dictatorship," he said, referring to the former Baathists at the core of the Sunni insurgency. "I urge followers of the ousted regime to reconsider their stance, because the door is still open to anyone who has no innocent blood on his hands to help in rebuilding Iraq."

At his death, Mr. Hussein had ceased to be much of a major rallying point, even among diehard Sunnis, whose battles in the past three years have been less about restoring Mr. Hussein to power — a chimerical goal, considering that the former leader was America's most closely-guarded prisoner in Iraq — than about reversing the political transition from Sunni to Shiite rule.

Mr. Maliki short-circuited a bitter internal debate within the government over how quickly to send Mr. Hussein to the gallows by signing an order for the execution on Friday night, voiding a procedure that would have required the three-man presidency council — composed of a Kurd, a Sunni and Shiite — to all vote for the hanging.

Mr. Hussein and two of his associates were sentenced to death on Nov. 5 for their roles in the persecution of the Shiite town of Dujail, where an alleged assassination attempt against Mr. Hussein in 1982 was followed by the execution of 148 Shiite men and teenage boys. After the three men's convictions, Mr. Maliki led the push for a hanging before the end of the year.

After the sentencing, American officials were confident that appeals might delay the hanging until the spring. But Mr. Maliki pressed for a speeded appeal process, and secured a confirmation of the death sentences within three weeks.

A senior Bush administration official, speaking on condition of anonymity, said Saturday that the Kurds had called for a delay, so the former Iraqi dictator could be prosecuted for crimes against them. But the official said there was no desire from the United States to seek a delay in the execution.

Administration officials said President Bush had gone to sleep before Mr. Hussein's hanging, but had been told it was imminent. He awoke Saturday at 4:40 a.m. Central Time, said a White House spokesman, David Almacy, and at 5:55 a.m. received a 10-minute telephone briefing about the execution from his national security adviser, Stephen J. Hadley. The president and Mr. Hadley discussed the execution and the worldwide reaction to it.

"The president remarked that he was pleased with the culmination of the Iraqi judicial process, and justice was done," Mr. Almacy said.

During the 1980s, the United States had supported Iraq under Mr. Hussein in its war with Iran.

Among Shiites elsewhere in Iraq, there were sporadic eruptions of joy at the hanging, marked by dancing in the streets and the firing of automatic weapons into the air, as the early morning radio and television bulletins carried word that Mr. Hussein was dead. But the more general mood, even among Shiites, was one of subdued reflection, as if millions of Iraqis had exhausted their emotional and psychological reserves during the long years of violence.

Apart from the bombings, the most palpable Sunni reaction to the hanging took the form of scattered protests, some of them violent, that swept through Tikrit, Mr. Hussein's hometown, and across Anbar Province, west of Baghdad, the principal heartland of the Sunni insurgency.

In one major insurgent stronghold, Ramadi, American troops were reported to have fired in the air to scatter demonstrators, who were marching through the streets hoisting portraits of Mr. Hussein and firing automatic weapons into the air. In Falluja, 30 miles west of Baghdad, witnesses said crowds of angry men took to the streets within 90 minutes of the hanging, attacking a police station and a courthouse and setting them ablaze.

Among those Iraqis who watched and re-watched the government's video of the hanging, there seemed to be a widespread view that Mr. Hussein accepted his fate, at the end, with a composure and courage at odds with the psychotic figure he cut during his 24 years in power. In that time, he ordered the killings of thousands of his fellow citizens, many of whom ended up in mass graves scattered across Iraq's oil-rich deserts.

Throughout Saturday, Iraqi government officials put out conflicting signals as to what they planned to do with Mr. Hussein's body. An official in the governor's office in Salahaddin, Mr. Hussein's home province, said in a telephone interview that a

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delegation led by the governor, Hamad Shegata, and including and the head of Mr. Hussein's Albu-Nasir tribe, Sheikh Ali Al-Nida, had traveled to Baghdad during the day to arrange the handover of the body for burial in Awja, near Tikrit, his hometown.

Late on Saturday, a [news agency] report quoting one of Mr. Hussein's defense lawyers in Amman, Jordan, and a Muslim cleric in Tikrit, said Sheikh Nida had taken possession of the body and returned north with it to Awja. Muslim tradition requires that burials be completed before dusk on the day of death.

But a political adviser to Prime Minister Maliki, Bassam al-Husseini, said there were no plans to hand over the body until the risk of violence over Mr. Hussein's hanging subsided, a period that he said could run for weeks or months.

In the meantime, he said, the body would be kept in "a secret place," where it would be secure against desecration by his enemies. "If we bury him in Tikrit, people will dig him up and tear the body apart," he said.

On The Gallows, Curses For U.S. And "Traitors" (NYT)

By Marc Santora

The New York Times, December 31, 2006

BAGHDAD, Dec. 30 — Saddam Hussein never bowed his head, until his neck snapped.

His last words were equally defiant.

"Down with the traitors, the Americans, the spies and the Persians."

The final hour of Iraq's former ruler began about 5 a.m., when American troops escorted him from Camp Cropper, near the Baghdad airport, to Camp Justice, another American base at the heart of the city.

There, he was handed over to a newly trained unit of the Iraqi National Police, with whom he would later exchange curses. Iraq took full custody of Mr. Hussein at 5:30 a.m.

Two American helicopters flew 14 witnesses from the Green Zone to the execution site — a former headquarters of the Istikhbarat, the deposed government's much feared military intelligence outfit, now inside the American base.

Mr. Hussein was escorted into the room where the gallows, with its red railing, stood, greeted at the door by three masked executioners known as ashmawi. Several of the witnesses present — including Munkith al-Faroun, the deputy prosecutor for the court; Munir Haddad, the deputy chief judge for the Iraqi High Tribunal; and Sami al-Askari, a member of Parliament — described in detail how the execution unfolded and independently recounted what was said.

To protect himself from the bitter cold before dawn during the short trip, Mr. Hussein wore a 1940s-style wool cap, a scarf and a long black coat over a white collared shirt.

His executioners wore black ski masks, but Mr. Hussein could still see their deep brown skin and hear their dialects, distinct to the Shiite southern part of the country, where he had so brutally repressed two separate uprisings.

The small room had a foul odor. It was cold, had bad lighting and a sad, melancholic atmosphere. With the witnesses and 11 other people — including guards and the video crew — it was cramped.

Mr. Hussein's eyes darted about, trying to take in just who was going to put an end to him.

The executioners took his hat and his scarf.

Mr. Hussein, whose hands were bound in front of him, was taken to the judge's room next door. He followed each order he was given.

He sat down and the verdict, finding him guilty of crimes against humanity, was read aloud.

"Long live the nation!" Mr. Hussein shouted. "Long live the people! Long live the Palestinians!"

He continued shouting until the verdict was read in full, and then he composed himself again.

When he rose to be led back to the execution room at 6 a.m., he looked strong, confident and calm. Whatever apprehension he may have had only minutes earlier had faded.

The general prosecutor asked Mr. Hussein to whom he wanted to give his Koran. He said Bandar, the son of Awad al-Bandar, the former chief justice of the Revolutionary Court who was also to be executed soon.

The room was quiet as everyone began to pray, including Mr. Hussein. "Peace be upon Mohammed and his holy family."

Two guards added, "Supporting his son Moktada, Moktada, Moktada."

Mr. Hussein seemed a bit stunned, swinging his head in their direction.

They were talking about Moktada al-Sadr, the firebrand cleric whose militia is now committing some of the worst violence in the sectarian fighting; he is the son of a revered Shiite cleric, Muhammad Sadiq al-Sadr, whom many believe Mr. Hussein ordered murdered.

"Moktada?" he spat out, mixing sarcasm and disbelief.

Mowaffak al-Rubaie, Iraq's national security adviser, asked Mr. Hussein if he had any remorse or fear.

"No," he said bluntly. "I am a militant and I have no fear for myself. I have spent my life in jihad and fighting aggression. Anyone who takes this route should not be afraid."

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Mr. Rubaie, standing shoulder to shoulder with Mr. Hussein, asked him about the killing of the elder Mr. Sadr.

They were standing so close to each other that others could not hear the exchange.

One of the guards, though, became angry. “You have destroyed us,” the masked man yelled. “You have killed us. You have made us live in destitution.”

Mr. Hussein was scornful: “I have saved you from destitution and misery and destroyed your enemies, the Persians and Americans.”

The guard cursed him. “God damn you.”

Mr. Hussein replied, “God damn you.”

Two witnesses, apparently uninvolved in selecting the guards, exchanged a quiet joke, saying they gathered that the goal of disbanding the militias had yet to be accomplished.

The deputy prosecutor, Mr. Faroun, berated the guards, saying, “I will not accept any offense directed at him.”

Mr. Hussein was led up to the gallows without a struggle. His hands were unbound, put behind his back, then fastened again. He showed no remorse. He held his head high.

The executioners offered him a hood. He refused. They explained that the thick rope could cut through his neck and offered to use the scarf he had worn earlier to keep that from happening. Mr. Hussein accepted.

He stood on the high platform, with a deep hole beneath it.

He said a last prayer. Then, with his eyes wide open, no stutter or choke in his throat, he said his final words cursing the Americans and the Persians.

At 6:10 a.m., the trapdoor swung open. He seemed to fall a good distance, but he died swiftly. After just a minute, his body was still. His eyes still were open but he was dead. Despite the scarf, the rope cut a gash into his neck.

His body stayed hanging for another nine minutes as those in attendance broke out in prayer, praising the Prophet, at the death of a dictator.

TV Faced Dilemma On Hanging Coverage (LAT)

By Matea Gold

The Los Angeles Times, December 31, 2006

NEW YORK — American television channels and networks were initially spared the thorny decision of whether to air graphic footage of Saddam Hussein's execution after the Iraqi government declined to release video of the moments of his actual hanging early Saturday in Baghdad.

But hours later, a video of the hanging, which was apparently shot on a cellphone, surfaced on Arabic television channels and websites such as Google, underscoring how quickly controversial images rocket through cyberspace, whether or not there have been attempts to control them.

The jerky images show the noose being placed around Hussein's neck and angry shouts exchanged between him and those in attendance. Hussein can be seen falling through the trapdoor as it opens, but the actual hanging is not visible. Moments later, the camera pans in and shows his face.

For most of Saturday, American TV relied on a tape made available earlier that showed only the moments leading up to the hanging.

CNN and Fox News also aired a grainy video of his body, his head twisted at a sharp angle as his shrouded corpse lay on a stretcher.

ABC, CBS and NBC decided to show a still photo from that footage, apparently made with a cellphone camera.

Both videos were originally shown by Iraqi television stations, which aired them several hours after the execution.

As of Saturday evening here, no American broadcast network or cable channel had aired the more explicit parts of the newer video, although Fox News ran a truncated version it said had been taken from Al Jazeera, ending after the noose is placed around Hussein's neck. CBS News and CNN decided to air portions of the video before the trapdoor was released. ABC News said it would not use any of the newer video.

The origins of the newer video were not immediately clear, but its existence, and ready availability on the Internet, spotlighted the challenge that faces news organizations as Internet sites continue to supplant the traditional media as a source of information.

The possibility that video of the actual execution would be available had triggered intense discussions for the last two days among top executives at all the networks.

"It's a very delicate issue because it could be gruesome material, but at the same time, he was a gruesome leader," said David Rhodes, Fox News' vice president of news, before the cellphone video of the hanging surfaced.

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A cameraman from the Iraqi prime minister's office apparently filmed the entire execution, but the government did not release the footage of the actual hanging. TV executives said they continued to receive conflicting reports about whether the Iraqi government would eventually release video of the actual execution, but added that the additional element was not necessary to convey the significance of the event.

"I think that looking at his face prior to him being executed, it sends a pretty powerful message," said Bob Murphy, senior vice president at ABC News. "And then showing the conclusion of him afterward — that's a pretty complete story."

For Saddam's Page In History, A Final Link On YouTube (WP)

By Philip Kennicott

The Washington Post, December 31, 2006

When ABC broke into its Friday newsmagazine, "20/20," to announce that Saddam Hussein was finally dead, at the end of a rope, in the pre-dawn darkness of Baghdad, it interrupted a report on "viral video."

Viral video is the dizzying Web phenomenon in which news clips, homemade videos, naughty celebrities caught on cellphone cameras, and the best snippets culled from our endless, 500-channel, 24-hour Television Burlesque, are posted, downloaded and e-mailed from Manhattan to Bangalore and back again in the blink of an eye. ABC gathered a few lightweight social commentators to give gravitas to what was really just a shameless excuse to replay footage of horrendous car accidents, Jerry Springer-like brawls and people getting gunned down in Iraq.

And now we bring you news of Saddam Hussein's execution, video to follow. We hope. And it did follow. Americans woke up on the next to last day of a dismal year of chaos, civil war and general mayhem to find, with a few easy clicks of a mouse, what they were assured was "the final chapter" of the Iraqi dictator's sorry life. ABC got lucky to have it all go down while "20/20" was telling us about viral video, because here it was: The first great Shakespearean death scene of the YouTube generation.

Except that when the video arrived, no matter how many times you watched it, the images seemed to be neutral, gray, bizarre. Hussein offered nothing to his enemies, no meltdown or tears or panic. He looked ashen, dazed and exhausted, and he submitted to the placing of the noose with the affectless detachment of someone who has determined to get through an ordeal by checking out emotionally from the whole scene. Although video of his actual death wasn't immediately circulated, it seems Hussein approached his end bravely, so long as one understands that bravery is not a virtue in itself (like loyalty, bravery is only good if it is bravery in service of something good). But it was an awkward scene and everyone involved, including Hussein, seemed to want it over quickly.

It was odd to see him being touched and manipulated, especially as the news networks began showing footage of him from his days in power, in which there always seemed to be a space around him. Hussein's generals and other toadies kept their distance, reinforcing his prestige, and also his volatility. He was a big man, whose eyes were always moving, warily, which made him bristle with aggression even when laughing. But here he was in a small, cramped space, with too many people working to get him into position for the hanging.

His personal space had already been once and forever triumphantly violated with the dissemination of images of a wild-haired and filthy Hussein submitting to medical inspection after his capture. But it was odd to see that space violated again, one last time, especially as the news of the execution flowed seamlessly into the career retrospective and the endless commentary.

People who are important enough to live their lives in the constant glare of the camera don't really have "final chapters," because when it's all over, their images are endlessly reprocessed and remixed into a kind of permanent simultaneity, like the jumble of birth, death, miracles and martyrdom one finds on a complex altarpiece. The idea that Hussein had lived his "final chapter" was an excuse to play the whole drama over again, from beginning to end. And yet no matter how many times one watched it, from the black-and-white footage of a young thug on the rise, to the swaggering, khaki-green era we remember from the first Gulf War, to his years as a prisoner, disheveled at first, then somber in his black suits, no matter how many times the life was reenacted, a sense of finality never emerged.

For the obvious reason: Hussein's legacy is being lived out every day in Iraq and will continue to haunt his people for an indefinite bloody future. For as long as he was alive, Hussein was useful for an important American argument about the war. He was a bad guy; we captured him; he would face justice. This miniature narrative, contained within the broader one of a war gone terribly wrong, is losing its force. And with Hussein dead it will likely become almost entirely inert. Another video clip, easily found on the Web, showed Hussein dead, wrapped in a white cloth, with his face clearly visible. The camera lingered over the image for a strangely long time, as if to say, yes, he's still dead.

Saddam Hussein Is Still Dead is not a rallying cry. But the images of his execution and his body seem to point to a new era in the way images are used politically, what might be called a post-propaganda era. So many images that were supposed to have such profound impact on public perception -- the now infamous "Mission Accomplished" photo op or Abu Musab al-Zarqawi's bloody head tastefully framed for the cameras -- have failed to connect with the reality of either public opinion, or the

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facts on the ground. This image means progress, we're told, but there isn't any progress. This image is a final chapter, but the blood still flows. For a public media campaign to work, at least some of the politically calculated captions placed on images must, in the end, turn out to be true.

The current administration has attempted to construct a classic media argument in support of the war at a time when "the media" are dissolving and re-forming into something new, something in which the images we wish to see are more important than the images we are forced to see. Even before the execution video arrived, television people were publicly clucking about what they would or wouldn't show. It will be tasteful, they assured us. But their efforts at gatekeeping are now almost entirely irrelevant. The public will find exactly as much of the death of Hussein as it wants, and people will watch for as long as it holds any novelty or fascination. Taste is a collective worry, but in this new world of viral videos, you can construct your own war, personally tailored to your personal bloodlust. Saddam Hussein is dead, the video is out there. Enjoy.

Feared And Pitiless; Fearful And Pitiable (NYT)

By John F. Burns

The New York Times, December 31, 2006

NOBODY who experienced Iraq under the tyranny of Saddam Hussein could imagine, at the height of the terror he imposed on his countrymen, ever pitying him. Pitiless himself, he sent hundreds of thousands of his countrymen to miserable deaths, in the wars he started against Iran and Kuwait, in the torture chambers of his secret police, or on the gallows that became an industry at Abu Ghraib and other charnel houses across Iraq. Iraqis who were caught in his spider's web of evil, and survived, tell of countless tortures, of the psychopathic pleasure the former dictator appeared to take from inflicting suffering and death.

Yet there was a moment when I pitied him, and it came back to me after the nine Iraqi appeal judges upheld the death sentence against Saddam last week, setting off the countdown to his execution. As I write this, flying hurriedly back to Baghdad from an interrupted Christmas break, Saddam makes his own trip to the gallows with an indecent haste, without the mercy of family farewells and other spare acts of compassion that lend at least a pretense of civility to executions under law in kinder jurisdictions. From all we know of the preparations, Saddam's death was to be a miserable and lonely one, as stark and undignified as Iraq's new rulers can devise.

Many Iraqis, perhaps most, will spare no sympathies for him. However much he may have suffered in the end, they will say, it could never be enough to atone for a long dark night he imposed on his people. Still, there was that moment, on July 1, 2004, when Saddam became, for me, if only briefly, an object of compassion.

He had been brought to a makeshift courtroom in the grounds of a former presidential palace in Baghdad that became, as Camp Victory, the American military headquarters in Iraq. It was the first time he had appeared in public since his capture six months earlier in a coffin-like subterranean bolt-hole near his hometown of Tikrit when he emerged unkempt yet proclaiming himself to American soldiers who hauled him from his hiding place to be "Saddam Hussein, president of Iraq," and ready to negotiate with his captors.

We know, from accounts given by his Iraqi and American interrogators, that the old Saddam quickly reasserted himself, heaping contempt on the new generation of Iraqi leaders who were taken out to a detention center near Baghdad International Airport the next day to verify for themselves, and for the world, that the man the Americans had seized was indeed their former tormentor.

So when the day arrived for his first court appearance, starting the process that led over the next 30 months to his two trials for crimes against humanity, there seemed little doubt to me which Saddam would show up to face the charges — Saddam the indignant, Saddam the self-proclaimed champion of Iraqi and Pan-Arab nationalism, Saddam the self-anointed figurehead of the insurgency that was already, then, beginning to look like a nightmare for the invaders.

His American captors had flown Saddam and 11 of his top henchmen to Camp Victory by helicopter, and led them hooded and shackled at the waist and ankles to the threshold of the mosque annex that served as a courtroom. Only at the door to the court were the hoods and shackles removed, clattering to the floor a moment or two before the door opened to show Defendant No. 1, Saddam Hussein al-Majid, standing clasped at the elbow between two Iraqi guards.

From 20 feet away on an observer's bench, seated beside the late Peter Jennings of ABC News and Christiane Amanpour of CNN, I caught my first glimpse of the man who had become in my years of visiting Iraq under his rule, a figure of mythic brutality, a man so feared that the mention of his name would set the hard, unsmiling men assigned to visiting reporters as "minders" to shaking with fear, and on one occasion, in my experience, to abject weeping.

But this was not that Saddam. The man who stepped into the court had the demeanor of a condemned man, his eyes swiveling left, then right, his gait unsteady, his curious, lisping voice raised to a tenor that resonated fear. Quickly, he fixed his gaze on the handful of foreigners in the court, and I had my own moment of anxiety when it came to my mind that he was intent

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on remembering the faces of the non-Iraqis that were there to witness his humiliation, perhaps to get word through to his lawyers, and then on to the insurgents, that we were to be punished for our intrusion. It was only later, after I learned what he had been told before being taken from his cell to the court, that I understood that our presence meant something else to him entirely, that with foreigners present, he was not going to be summarily hanged or shot.

THE Americans who were his jailers in the first days after his capture — aboard an American aircraft carrier and then at a converted detention center known as Camp Cropper at the edge of Baghdad's airport — had chosen, on that summer day, to give Saddam a taste of the fear that he exhilarated in imposing on others. All he was told was that he was being taken "to face Iraqi justice." Small wonder, as the architect of a quarter-century of repression, that he should fear that he was about to suffer the torture and grisly death that he had inflicted on so many others.

At that instant, I felt sorry for him, as a man in distress and perhaps, too, as a once almighty figure reduced to ignominy. But the expression of that pity to the Iraqis present marked the distance between those, like me, who had taken the measure of Saddam's terror as a visitor, shielded from the worst of it by the minders and the claustrophobic world of closely guarded hotels and supervised Information Ministry trips, and Iraqis who lived through it with no shield.

That I could feel pity for him struck the Iraqis with whom I talked as evidence of a profound moral corruption. I came to understand how a Westerner used to the civilities of democracy and due process — even a reporter who thought he grasped the depths of Saddam's depravity — fell short of the Iraqis' sense, forged by years of brutality, of the power of his unmitigated evil.

After that initial encounter with Saddam, I saw him many times walking within 10 feet of my feet in the glass-walled press gallery in the courtroom at the former Baath Party headquarters, chosen as a venue for his trials by the Regime Crimes Liaison Office, the unit created by the United States Justice Department, to help Iraqi judges and lawyers create what became the Iraqi High Tribunal, the special court designated to try high-ranking members of the old regime. But the Saddam who dominated that courtroom was another figure — haughty, defiant, often beside himself with anger, but, above all, remorseless. If the death penalty held any fear for him, when it was handed down in November, for the killing of 148 men and teenage boys during a systematic persecution of the Shiite town of Dujail in 1982, he never showed it.

Almost the only chink in his prideful armor showed when he demanded at the Dujail trial that he be shot by firing squad, the privilege as he told it, due to him as the — still legitimate, as he claimed — commander in chief of Iraq's armed forces. That plea was quickly denied by the chief judge. It was a point never again raised by Saddam, who took, at the end, to proclaiming his eagerness to die as a "martyr" for Iraq, and his belief that this would earn his passage to paradise. But the plea to be spared hanging suggested that fear — of humiliation, if not of death — was a close companion during the 1,000-odd days he spent in solitary confinement in Camp Cropper.

Of other strains of humanity there was little sign. During the Dujail trial, and just as much during the Anfal trial that followed, at which Saddam and six other defendants were accused of murdering as many as 180,000 Kurds in the late 1980's, he showed no hint of remorse as survivors of the torture chambers and the desert internment camps and, in the case of the Anfal campaign, the chemical weapons attacks and the mass graves, told their pitiful stories. Head to one side, hand pressed to his head, fingers splayed, writing detailed notes on yellow legal pads, Saddam listened impassively to the accounts of women hung upside down to be beaten, of sons holding wet cloths to their faces and finding the twisted bodies of mothers and fathers and sisters and brothers heaped in an agony of death from mustard-gas attacks, and of young men who scrambled back to life from beneath the bloodied bodies of fellow villagers in remote pits scraped from the desert wadis of Iraq.

LIKE some ghastly accountant with an obsession for detail but no morsel of pity, Saddam limited his questions to peripheral issues: What were the precise geographic coordinates of the mass graves? How could a boy no more than 10 at the time recall so precisely the details of a chemical attack? Why should anyone credit the testimony of a man — brother to seven others who were executed after the alleged attack at Dujail — who admitted he belonged to Dawa, an Iran-backed religious party?

Not once did he avail himself of what seemed like the expedient response of a man who had pleaded not guilty to involvement in any of these crimes: an expression of sorrow for the victims, albeit coupled with renewed denials of his responsibility.

Like many another dictator before him, Saddam so sealed himself off from his own people, in his scores of palaces, and on his carefully staged, video-recorded walkabouts among crowds of ululating citizens, that he seemed never to grasp, even in the extremities of his last weeks, how hated he was by his people. In the courtroom, he insisted, repeatedly, that he remained Iraq's lawful president and thus immune to prosecution, even as the judges responded by calling him "ex-president" and ordering him to sit down. He was sustained in this make-believe world by his former acolytes, who would stand in the dark as he entered, greeting him with expressions of undying fealty.

Among the most insistent of these courtiers were two men who were scheduled to die with him on the gallows after their appeals in the Dujail case were denied, his half-brother, Barzan Ibrahim al-Tikriti and Awad al-Bandar, chief judge of the

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revolutionary court who passed the death sentences on the men and boys from Dujail, in a court hearing that lasted only hours with the dock too crowded for many of the condemned even to enter the court, and with no legal representation. This miserable precedent appeared to make no impact on Saddam and his fellow defendants, who protested at every opportunity during their own trials at the denial of what they claimed were their proper rights and comforts. The quality of the prison food — including American military rations known as meals-ready-to-eat — was one such issue; the quality of the cigarettes given to them another.

Saddam, prideful to the last, left much of the caviling over prison conditions to his erstwhile minions. And shortly before he was sentenced to death, he demonstrated, inadvertently, that in the shrunken world of his captivity he remained the leader who dare not be defied. An American official who worked closely with the Iraqi court told of watching on a closed-circuit relay as Saddam and other defendants in the Dujail trial waited one day in a holding room off the courtroom floor. At the time, Saddam had declared a hunger strike on his own and his associates' behalf in protest of the Dujail case continuing after the walkout of the defense lawyers, who had been replaced by counsel appointed by the court.

At one end of the room, visible on the surveillance cameras, was a table laid with food, including cellophane-wrapped oatmeal biscuits of the kind available in every American military canteen in Iraq. Thinking his fellow defendants were distracted, one of the accused, Taha Yassin Ramadan, a former vice president renowned even among Saddam's henchman for his brutality, slipped two pockets of biscuits into his pocket, only for Saddam to march on him demanding to know who gave him permission to eat. Mr. Ramadan, the American official said, denied he had taken anything from the table. "Empty your pockets, you betrayer!" Saddam demanded. Whereupon Mr. Ramadan lamely admitted his guilt and, with the sheepish deference born of two decades in Saddam's inner circle, returned the biscuits to his basket.

In Hussein's Last Minutes, Jeers And A Cry For Calm (WP)

By Sudarsan Raghavan

The Washington Post, December 31, 2006

BAGHDAD, Dec. 30 -- In the predawn hours Saturday, ousted president of Iraq Saddam Hussein stood calmly at the gallows, a thick yellow noose around his neck, ready to die with an orderliness that now eludes Iraq. Three executioners, men in black ski masks and leather jackets, stood behind him. Hussein said, "Ya Allah," preparing himself for the platform he stood on to open up.

Suddenly, witnesses recalled, the room erupted in Shiite religious chants as the Shiite Muslims in the audience seized the moment they had long sought. One man yelled, "Moqtada, Moqtada, Moqtada," unveiling his loyalty to radical anti-American cleric Moqtada al-Sadr.

Hussein smiled, the witnesses said, and asked sarcastically, "Moqtada?"

In his final moments, shortly after the dawn call to prayer, Hussein, a Sunni Arab, came face to face with today's Iraq, which he had never met, having spent the past three years in U.S. custody. Since his capture, the Shiites his government violently repressed have come to power. They were the last people Hussein saw before his death.

"Go to hell," a voice yelled in response to Hussein's remark, according to a grainy videotape taken by a cellphone that was flashed on television networks Saturday night.

"Long live Muhammad Bakr Sadr," yelled another voice. Bakr Sadr was the uncle of Moqtada al-Sadr and founder of the Dawa party, of which Iraqi Prime Minister Nouri al-Maliki is a senior leader.

Then, Munqith al-Faroun, who prosecuted Hussein, yelled: "The man is facing execution. Please don't."

The room quieted.

According to accounts from five witnesses, as well as Iraqi and U.S. officials, Hussein, as he neared death, wore ironed black pants, an ivory white shirt and a black, luxurious topcoat. His shoes were polished to a shine. He dyed his hair black and trimmed his silver beard. He waited with dignity.

Hussein began to recite an Islamic prayer.'Come . . . at 3:30'

On Friday night, Maliki's office informed 14 men that they might get a phone call, officials said. Since Tuesday, when Iraq's highest court had upheld Hussein's death sentence, it was clear that his execution would arrive soon. The Maliki government had wanted to execute Hussein early Friday, U.S. and Iraqi officials said in interviews. But legal issues, security concerns and Iraq's political divide postponed the plan.

Shiite leaders, and some moderate Sunni Arabs, wanted to hang Hussein swiftly, fearing that any delay could inflame violence and deepen the nation's sectarian rifts. The Kurds wanted to execute Hussein at the end of the ongoing genocide trial, in which Hussein was charged with orchestrating the killings of tens of thousands of northern Kurds, many with chemical weapons. Other politicians worried about turning Hussein into a martyr if they executed him during the Islamic holiday of Eid al-Adha.

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"Up to the last moment, the matter was being debated," said Mariam Rayis, a Maliki adviser.

But by late Friday, Hussein's execution papers were signed. Munir Haddad, a judge on Iraq's appeals court, received the call at 1:30 a.m. Saturday. A voice said, "Come to the prime minister's office at 3:30 in order to carry out the execution," Haddad recalled.

He arrived, along with Faroun, and joined the rest of the group of 14. They included the acting minister of justice, national security officials, members of parliament and several top Maliki advisers. About 5 a.m., they stepped into two U.S. military helicopters, seven in each. They flew 15 minutes to an Iraqi army base overlooking the Tigris River in Baghdad's Khadimiya neighborhood, Haddad said. It once housed Hussein's military intelligence service, where his opponents were executed.

About the same time, U.S. military officials took Hussein from his prison cell at Camp Cropper, near the Baghdad airport, and flew him to the Green Zone, the fortified enclave that houses the U.S. Embassy and senior Iraqi officials. There, they handed Hussein over to the Iraqis, U.S. officials said. The Iraqis then drove Hussein in an armored convoy to Khadimiya.The Hangmen Assemble

When the helicopters landed, Haddad, Faroun and the acting justice minister were rushed into a small, spare room with a desk, several chairs and a refrigerator. Ten minutes later, Hussein walked in. He wore a wool hat and sat down on a chair before Haddad, who was behind the desk. Hussein's hands were locked in front of him with plastic handcuffs.

"He seemed normal, not confused nor afraid," Haddad recalled.

Haddad, following Iraqi law, started to read to Hussein the verdict and the ruling by the appeals court. But as he read, Hussein shouted: "We are in Heaven, and our enemies are in Hell" and "Long live the people, long live jihad, and long live the nation."

Then he directed his anger at two enemies he went to war with during three decades of rule.

"Down with the Persians and the Americans," Hussein said.

But Haddad kept going.

"He tried to raise his voice, but my voice was higher than his," Haddad said.

At the end of the reading, Hussein's hangmen arrived. Hussein met privately with a Sunni cleric for a few minutes.A Defense of His Reign

They took Hussein to a large room with no windows and a staircase leading to a tall, red gallows with a large pit at the bottom.

"It was very cold," Haddad said. "It had the stench of death."

Haddad and Faroun walked with Hussein and his hangmen to the steps of the gallows. Then one of the masked men, Haddad recalled, turned to Hussein and said:

"You have destroyed Iraq, impoverished its people and made us all like beggars while Iraq is one of the richest countries in the world."

Hussein replied: "I did not destroy Iraq. I made Iraq into a rich, powerful country."

Faroun stepped in and ordered the hangman to back away.

Hussein carried a dark green Koran in his clasped hands, witnesses said. At the steps to the gallows, he turned to Faroun and asked him to give the book to the son of his co-defendant Awad Haman Bander. Bander, like Hussein, was sentenced to death for the killings of 148 Shiite men and boys from the northern town of Dujail.

"What if I don't see him?" Faroun asked.

"Keep it until you meet with any of my family members," Faroun recalled Hussein saying.

Hussein took his hat off. The hangmen uncuffed his hands, then placed them behind his back and recuffed them. They also tied his legs together, witnesses said.

One Iraqi official asked him whether he was afraid, Haddad recalled.

"I am not afraid. I have chosen this path," Hussein replied.

Then the hangmen slowly helped him up the stairs.'He Is Finished'

The chief hangman offered Hussein a black hood and asked him to place it over his head, but he refused. The man explained that his death would be more painful. Hussein again refused, witness said. So the hangman folded the hood and wrapped it around Hussein's neck, like a neck warmer.

"He was shivering, and his face was pale," said one witness, who asked not to be identified because he feared for his safety. "I think up to the moment when they put the rope around his neck, he was not believing what was happening."

Faroun saw a different Hussein: "He was holding tight. He was not scared."

Hussein stepped onto the platform, helped by the hangmen.

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As the Shiites chanted and proclaimed their loyalties to Sadr, who heads the Mahdi Army militia, which the United States is pressuring the Maliki government to dismantle, an Iraqi official turned to Haddad. "Now how are we going to disband the militia when we have such things?" the official asked.

After the outbursts, as Hussein recited his Islamic prayer for the second time, the chief hangman asked for silence. Then the floor of the gallows was opened.

"He died in a tenth of a second," Faroun said. "He did not move a leg or foot."

Hussein's body hung for about five minutes, witnesses said.

"Some of the people were shouting, 'May God pray on Muhammad and the descendants of Muhammad,' " Haddad said. "After that, the body was brought down, they placed a white cover and then laid him on the ground."

A doctor examined him and then turned to the 14 witnesses. "He is finished," he said, according to those who were there.

Hussein's body was loaded onto one of the helicopters and flown to the Green Zone, where an ambulance transported his body to an unknown destination.

Hussein's death was announced on Iraqi television at 6:10 a.m. One Iraqi witness immediately phoned Rayis and said: "The punishment has been carried out."

"I cried at the moment out of joy," she recalled.

Shi'ite-Sunni Rift Laid Bare By Hanging (WT/AP)

By Lauren Frayer

The Washington Times, December 31, 2006

BAGHDAD -- As Iraqis awoke yesterday to television images of Saddam Hussein's neck twisted by a hangman's noose, Shi'ites cheered, Sunnis vowed revenge and at least 80 persons died from bombings and death squads -- not far from the daily average.

In Baghdad's Shi'ite neighborhood of Sadr City, victims of Saddam's three decades of autocratic rule took to the streets celebrating, dancing, beating drums and hanging Saddam in effigy.

Celebratory gunfire erupted in other Shi'ite neighborhoods across the country.

Outside the Sunni insurgent stronghold of Ramadi, west of the capital, loyalists marched with Saddam pictures and waved Iraqi flags.

Defying curfews, hundreds took to the streets vowing revenge in Samarra, north of Baghdad, and gunmen paraded and fired into the air in support of Saddam in Tikrit, his hometown.

"He's gone, but our problems continue. We brought problems on ourselves after Saddam because we began fighting Shi'ite on Sunni and Sunni on Shi'ite," said Haider Hamed, 34, a candy store owner in east Baghdad whose uncle was killed in one of Saddam's many brutal purges.

The U.S. military announced the deaths of three Marines and three soldiers, making December the year's deadliest month for U.S. troops in Iraq, with 109 service members killed.

There was no immediate sign of a feared Sunni uprising in retaliation for Saddam's execution.

But the London Sunday Telegraph reported that 400 to 500 Shi'ites had been kidnapped in the past two months and messages to relatives said they would be killed if Saddam died.

The responses within Iraq to Saddam's death echoed the larger reaction across the Middle East, with his enemies rejoicing and his defenders proclaiming him a martyr.

Iranians and Kuwaitis welcomed the death of the leader who led wars against each of their countries.

Some Arab governments denounced the timing of the 69-year-old former president's hanging just before the start of the most important holiday of the Islamic calendar, Eid al-Adha.

Libya announced a three-day official mourning period and canceled all celebrations for Eid.

In Baghdad, 12 bodies bearing signs of torture were found in various parts of the city, police said.

Two car bombs detonated one after another in a religiously mixed neighborhood of northwest Baghdad, killing 37 civilians and wounding 76, police said.

Thirty-one persons died and 58 were injured when a bomb planted on a minibus exploded in a fish market in Kufa, a mostly Shi'ite town south of Baghdad, said Issa Mohammed, director of the morgue in the neighboring town of Najaf.

The man blamed for parking the vehicle in Kufa, about 100 miles south of the Iraqi capital, was cornered and killed by a mob as he walked away from the explosion, police and witnesses said.

Shoppers had crowded into the market to buy supplies for the four-day Eid al-Adha

The new deaths announced by the U.S. military included three Marines and a soldier killed in combat in Iraq's volatile western Anbar province, and two soldiers killed by roadside bombs in Baghdad.

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The total U.S. death toll in Iraq teetered on the brink of 3,000 at a crucial time, as President Bush seeks to craft a new Iraq policy in the new year. Mr. Bush issued a statement from his ranch in Crawford, Texas, warning of more challenges ahead for American troops.

"Many difficult choices and further sacrifices lie ahead," he said in the statement released Friday night. "Yet the safety and security of the American people require that we not relent in ensuring that Iraq's young democracy continues to progress."

Saddam was hanged early yesterdayafter his conviction last month for crimes against humanity in connection with the 1982 executions of 148 Shi'ites following a failed assassination attempt.

Saddam was buried shortly before sunrise today in a family plot next to the graves of his two sons, witnesses said.

Those who saw the ceremony said only a few people were present for the burial in Ouja, a small town outside Tikrit, Saddam's power base 80 miles north of Baghdad.

Hussein Divides Iraq In His Death As He Did In Life (NYT)

By Sabrina Tavernise

The New York Times, December 31, 2006

BAGHDAD, Dec. 30 — Saddam Hussein was dead, but his legacy was more alive than ever.

As Iraqis across the country awoke to the news that the former dictator had been hanged, the bitter remains of his rule defined their responses.

For Shiites, long oppressed, it was a moment of intense release.

“This chapter of Iraqi history is over,” said Mowaffak al-Rubaie, the national security adviser, speaking on national television early Saturday. “Let us forget it and live with each other.”

Sunni Arabs were skeptical. After three years of grinding violence and abuses by the Shiite government security forces, trust has all but fallen away, and few feel genuinely represented by the government. Most, in fact, are afraid of it.

“I’m not part of their world,” said Yusra Abdul Aziz, a teacher in the Sunni Arab enclave of Mansour. “They are not speaking about Iraq. They are speaking about themselves.”

Their reactions showed just how far Iraqis have drifted apart in the three years since Mr. Hussein’s capture. And while he has long faded from relevance in the life of every day Iraq, in many ways, the country is living the legacy that he built.

The new Iraq appears capable of inflicting only more of the abuse it suffered for so long, perpetuating it with overwhelming brutality. People disappear in the night. Bodies with drill holes surface in trash heaps. Government forces moonlight as killing squads.

As vicious as he was, Mr. Hussein also held the country firmly together. Beyond military control, there was a subtle social glue: Iraqis of all sects loved to hate Saddam together. Now that he is gone, Shiites are afraid to joke with Sunnis about him, and Sunnis feel they are being blamed for his crimes.

Ahmed Hillu, a 32-year-old tailor, whose suits hung on the walls of his narrow shop in Sadr City like a mute chorus, recalled watching from a hiding spot in an empty area in northeastern Baghdad as elite members of Mr. Hussein’s government gunned down large groups of Shiite opposition members. He was 6 at the time.

That area, an old dam called Qasr Attash, is now one of the most common body-dumping grounds for Shiite militias.

Mr. Hussein spared almost no one in his murderous ways, but Shiites were particularly abused as a group. That systematic mistreatment seems to have left lasting scars that carry through to the current day, infusing neophyte leaders with an uncompromising and emotional approach to running things.

“When they put the rope on his neck, did he remember how many innocent people he killed?” said Husam Abdul Hussein Jasim, a watch store owner in Sadr City, whose wall was swinging with synchronized pendulums. “He’s like a Satan.”

Mr. Hillu, sitting behind a counter piled high with a television, plastic flowers and cellphone cards, said: “He didn’t represent anything for me. He was just a death grip imposed on our neck.”

Even though their oppressor had been hanged, Shiites in northeastern Baghdad were giving no parties. Blocks had none of their usual bustle. Even the office of the cleric Moktada al-Sadr was closed.

The response was markedly different than the reaction after the November verdict sentencing Mr. Hussein to death, when Silly String and sweets were plied in equal measure.

For some Iraqis, previous humiliations were enough to feel justice had been done. Smeisam, a teacher in the largely Shiite area of Binouk, said her mother, whose parents had been murdered by the government, said the moment of revenge came sweetly for her when she saw the footage of American soldiers pulling Mr. Hussein out of the spider hole near Tikrit in December 2003.

“It was when I saw him hidden just like a mouse,” she said by telephone, while assembling ingredients for dolma, rice-stuffed grape leaves, for her family’s holiday dinner.

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Her husband, Mukaram, was completely unsentimental.

"Truly I feel nothing," he said. "He executed so many people. Now it is his turn. For me he died when he was arrested, so he was not important at all."

Indeed, the violence left behind has taken on a life of its own. In Kufa, a Shiite holy city south of Baghdad, a bomb in a fish market killed 34 people on Saturday, Iraqi authorities said, and a mob on the scene killed a man suspected to be the bomber. In the Hurriya district of Baghdad, a series of car bombs killed 36 people.

Depressing new realities did not dampen the Shiites' joy, but they were still subdued in expressing it. Mr. Hillu, who lost two brothers to Mr. Hussein, said he brought boxes of cookies and chocolate to his neighbors in the morning, when he learned about the execution. A stranger brought free orange juice into his and other shops along his block.

Mr. Hussein's execution took place early on a day that for Sunni Arabs was the beginning of the Id al-Adha holiday. (Shiites will begin celebrating on Sunday.) Mr. Hillu said the death "adds some more taste."

If Shiites saw the hanging as a gift, most Sunnis were revolted that, in what appeared to be a violation of Iraqi law, the execution was scheduled on a holiday of forgiveness.

"Actually, I felt angry," Ms. Abdul Aziz said. "It's not a proper time. I assure you, those who are feeling that this is a good time and a good judgment, they are not Iraqis."

Others, namely Kurds, opposed the quick hanging. Now, Mr. Hussein will not testify in other important genocide cases, especially the trial over the Anfal military campaign against the Kurds, in which he is accused of unleashing mass killings and chemical attacks that killed tens of thousands of villagers.

"The truth of what happened in al-Anfal has been buried," said Abu Abdul Rahman, a 38-year-old Kurdish taxi driver. "What happened in al-Anfal? Who took part in it?"

Others were less bothered by the speed of his execution.

"I think it's too strong to say that I'm cheated," said Bakhtiyar Amin, a Kurd who is a former Iraqi minister of human rights. "He deserves what he got."

The suffering Mr. Hussein inflicted was almost inconceivable, and it caused entire population shifts — of equal intensity but in opposite directions to moves taking place today.

At a bakery down the block from Mr. Hillu's tailor shop, two Shiites, a man and his uncle, told their story of fighting against Mr. Hussein in the ill-fated Shiite uprising of 1991. In the southern city of Nasiriya, where they lived, they fought for 37 days, said Ali Muhammad, bouncing his nephew on his knee as workers holding large trays of cookies moved gracefully through the shop.

After it was over, 10 members of their family had been killed. Another eight, all members of the opposition Shiite Dawa Party, had been murdered by Mr. Hussein's henchmen. The family fled to Baghdad and began working in a bakery in Sadr City, then called Saddam City. Now families follow some of the same patterns, only this time in reverse.

The bakery smelled of sesame. Almost everyone was smiling.

"I feel like my mother delivered me for the first time," said Abdel Ali Jasim, Mr. Muhammad's 46-year-old uncle. "It's my birthday."

But that area is Shiite, insulated from the outside by Shiite militias that are much more effective than government forces, and are sometimes a part of them, too. Life there flows somewhat more easily than in Sunni areas.

Still, car bombs regularly intercede, shattering the calm. In response, Iraqis of both sects attempt to draw circles around the chaos in their own minds. As a result, they tend to generalize about the other, coming up with conspiracy theories, to make the violence easier to explain and accept.

"If we got rid of the terrorists, there would be no country better than Iraq," Mr. Jasim said. "It's the non-Iraqis that are against the Shiites."

Ms. Abdul Aziz, who refuses to state her sect, saying only that she is a Muslim, lives closer to the center of the war. Her area, Mansour, is one of the most heavily contested by the Shiite and Sunni militias now.

In September, her son Omar was shot and wounded, they think because of his name, which is Sunni. Her other son was detained by the police. She was able to secure his release because she spoke English and an American soldier agreed to help her find him. She has since moved one of them to Syria.

Mr. Hussein may be gone, but the fear that succeeded him is what defines her life today.

"Where can I live, if Baghdad is divided?" she said in English. "In the Shiite sector or Sunni sector?"

"I have to run away. It's not a place to live in anymore."

Elation Gives Way To Dread Of Daily Life (WP)

By Nancy Trejos

The Washington Post, December 31, 2006

DOJ_NMG_0111403

BAGHDAD, Dec. 30 -- Former Iraqi president Saddam Hussein had been dead no more than 11 hours, but to Um Noor, he might as well have died three years ago.

"We've forgotten about him," Noor said late Saturday afternoon, as she stood in the jeans store she owns in central Baghdad.

Like many Iraqis, Noor once feared Hussein, who rose to power 24 years ago by ruthlessly wiping out his enemies. When U.S. troops ousted him in 2003, many Iraqis believed their days of living in fear were over.

But three years later, Iraqis are still a terrorized people. Now, instead of Hussein, they fear the car bombs that maim and kill every day, the kidnappers who snatch people off the streets in broad daylight, the mortar shells that fall on residential neighborhoods. And they fear each other, as Shiite Muslims fight Sunni Arabs in what is spiraling into a civil war.

Despite an infusion of billions of dollars in reconstruction funds from the United States, they are watching their quality of life deteriorate. They spend hours each day with no electricity. They wait in long lines for fuel. And they pay higher prices for food while their salaries remain the same.

"Everything is worse," Noor said. "What did we gain from him being gone?"

The initial jubilation among many Iraqis following Hussein's execution Saturday morning gave way to the realization that his death would not bring an end to the daily violence that Iraqis now endure or improve the services they could once count on.

Noor, a petite 36-year-old, struggles to pay the $300 a month it costs to rent the space for her store in the Karrada district of Baghdad. By the time she buys fuel for the generator to light her shop, there is little money left to provide for her two daughters. She has fewer customers now, she said, because people cannot afford to buy jeans with rhinestones and bows that sell for $20 or more a pair.

"With all that we are facing, I have to face this," she said, eyeing her front door nervously. She was there alone and it was getting dark, almost time for her to lock up. She used to keep her shop open until midnight. Now she leaves by 6 p.m. to avoid Baghdad by night. "I'm a woman alone," she said.

Sameer Dawoud, 62, has owned an art gallery in Baghdad since 1984. People bought art back then. Now, they don't want to brave the streets to browse the works hanging on his walls. The frames on his paintings of the Tigris River and Arabian horses are dusty. Several nearby art galleries have been shuttered.

Dawoud said he does not expect Hussein's death to end the violence that keeps his customers away. "Whoever is playing on the field, he will continue playing," he said.

Many Iraqis said Hussein became irrelevant long ago, when U.S. troops found him hiding in a hole near his home town of Tikrit in December 2003. He emerged looking dirty and bewildered, erasing the image most Iraqis had of him as a figure bent on domination.

His persona diminished even more as he stood trial for the retaliatory killings of 148 Shiite men and boys from the town of Dujail in the 1980s. In ill-fitting suits, he was no longer scary-looking. As many Iraqis assumed he would be convicted, interest in his trial faded. They had new enemies: insurgents, militias, death squads, Americans, each other.

The sectarian divisions that had always existed in Iraqi society had begun tearing it apart. Hussein, a Sunni, and his Baath Party often oppressed Shiites and Kurds. In the new Iraq, Shiites, who make up the majority of the population, now wield more power, and Sunnis are waging a relentless insurgency.

Reaction to Hussein's execution early Saturday, the day Sunnis consider the beginning of the holy Eid al-Adha celebration, reflected that deep divide.

"There's no Eid," said Sami Mahmoud, 35, a store owner in Karrada. "This is a day for the Persians and not for the Arabs. God have mercy on his soul."

Shiites, many of whom lost relatives during the Hussein era or were imprisoned for political dissent, called his execution an early gift. Their Eid celebration begins Sunday.

Hussein Abu Ali, 35, a civil servant, stayed up all night with his brothers and sisters, waiting for news of the execution. Hussein had banished them from Iraq when he was a child, he said. They moved to Iran and were allowed back in only after 2003.

The family cheered at the television images of masked men wrapping a noose around Hussein's neck.

"Now the head of the snake has been cut," Ali said.

Despite the tension, there was relative calm Saturday and no curfew, which the government often imposes in particularly violent times.

Shiites celebrated peacefully in the southern city of Najaf, albeit with gunshots in the air. There were minor clashes in Tikrit, as residents carried pictures of Hussein and banners that read: "You Shiites, you shall leave this city, and every home and every street."

Car bombs killed at least 45 people.

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Just three hours after Hussein's death, an olive green minibus exploded in a crowded market in the Shiite southern city of Kufa, killing 34 civilians and wounding 58, said Munthir al-Ithary, the director of the Najaf Health Department. A mob beat and stoned the perpetrator after a shopkeeper spotted him trying to flee, said Kufa's mayor, Yusif al-Janaby.

In the Hurriyah neighborhood of Baghdad, two car bombs exploded within moments of each other, one near a market, the other near the bus terminal. They killed 11 people and wounded six, said an Interior Ministry official who spoke on condition of anonymity.

There's one thing Iraqis agree on, whatever their sect: Their day-to-day problems will probably not get better anytime soon.

"I believe that a return of peace and security is not feasible, and the Americans and the Iraqi government must try hard to find solutions for the catastrophic situation," said Sherzad Omar Fekky, an instructor at the University of Kirkuk.

Zahara Jasim, 24, sat inside a women's clothing store in Karrada rubbing her hands together by a space heater to stay warm. She said she was happy to see Hussein die. She blames him for the death of her father, who fought in the Iran-Iraq war of the 1980s.

But she doesn't blame him for her current problems. That, she said, is the Americans' fault.

"They haven't done anything," she said. "There's no oil. There's no kerosene. There's no electricity. If they really wanted to make things work, they would."

Adnan Mizher, 34, a former army officer from Diyala province, northeast of Baghdad, said his brother was executed by Hussein's government. Still, he said, life was better under Hussein. Prime Minister Nouri al-Maliki, he said, has done nothing for Iraqis.

"Today, there are killings, murder, kidnappings and displacement of people on sectarian grounds," he said. "Life under Saddam was much better than now. The hell of Saddam is better than the paradise that Maliki promised us."

Hussein's Case Won't Bolster International Human Rights Law, Experts Fear (NYT)

By Marlise Simons

The New York Times, December 31, 2006

PARIS, Dec. 30 — Saddam Hussein is one of the few modern leaders to have been tried and executed for his crimes and other abuses of power. Most dictators of the past century have died of natural causes at home or in comfortable exile — or at the hands of assassins.

But with trials of former leaders becoming more common in the past decade, there are other distinguishing features in the Hussein case: he was the first former leader to be tried by a domestic court for crimes against humanity — a crime enshrined in international law — and put to death for it.

His dawn hanging on Saturday further stands out because the new international legal institutions, like the International Criminal Court and the temporary tribunals that are trying war crimes cases in the former Yugoslavia, Rwanda and Sierra Leone, do not impose the death penalty.

Despite this application of international law against Mr. Hussein, experts say, his conviction for crimes against humanity has not significantly reinforced efforts to apply concepts of international human rights law around the world. They argue that the trial has been too widely perceived, both in Iraq and abroad, as a chaotic and politicized process with many serious flaws carried out by inexperienced judges.

Although domestic courts are now trying cases that include violations of international human rights law, the credibility of the Baghdad tribunal was also questioned by some because it was organized by the United States. European countries that had been asked for help said they could not participate because they had abolished the death sentence.

Rights groups and some international lawyers have deplored the execution as hasty. Some said the execution, based on a comparatively small case involving the killing of 148 civilians, cut short Mr. Hussein's second and far weightier trial for genocide, the gravest charge.

"Such a rapid execution before the conclusion of the genocide trial is a serious legal setback and harms the credibility of the court," said Antoine Garapon, director of the Institute for Advanced Legal Studies in Paris. He and some other lawyers argued that even if others were to stand trial for genocide against the Kurds in 1988, the person deemed most responsible would never face judgment.

Many Kurds, in fact, say they have mixed feelings about his execution because it denies them the satisfaction of seeing Mr. Hussein face further evidence of genocide presented at the Kurdish trial, which was only a few weeks away from a conclusion.

"To execute such a criminal, a man who reveled in his atrocities, is an act of justice," Najmaldin Karim, president of the Washington Kurdish Institute and a former refugee from Mr. Hussein's repression, wrote in an Op-Ed article published Saturday in The New York Times. "Sadly, however, we have not had full justice. Saddam Hussein did not confront the full horror of his crimes."

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Mr. Hussein is the second notorious dictator to escape a verdict on genocide charges. The other is Slobodan Milosevic, the former president of Serbia, who died of a heart attack in March in a United Nations cell during his trial at the war crimes tribunal in The Hague.

The best-known precedents for Mr. Hussein's execution are the post-World War II trials carried out by the victorious Allied powers: the hangings of the military and political leaders of Nazi Germany and the war crimes trials in Tokyo of Japan's wartime leadership.

At that time, as now, debates raged over whether the trials conducted by victorious forces were morally wrong or whether they were politically and psychologically indispensable. Some argued that those trials of the late 1940s did more harm than good and should never have taken place. Winston Churchill, Britain's wartime leader, had always urged that the Nazi leaders be executed, without trial.

But since then, the Nuremberg trials, more so than the widely criticized Tokyo trials, have come to be regarded as the crucial precedents for trials involving grave human rights violations, specifically for the creation of the first international tribunal, dealing with war crimes in the former Yugoslavia. "The Yugoslavia tribunal brought alive and gave meaning to criminal offenses that had been on the books for years, and led eventually to charges of crimes against humanity against Saddam Hussein," said Richard Dicker, director of Human Rights Watch's international justice program.

Benjamin B. Ferencz, a former prosecutor at Nuremberg, said on his Web site on Saturday: "Whether a remorseless mass killer should be sentenced to death is a difficult question. There can never be a balance between the lives of a few mass murderers and the lives of their countless victims. Humanitarian law has moved away from imposing death as a penalty. It should be left to Iraqi judges to decide what is most appropriate to bring peace and reconciliation to their war-ravaged country."

In only a few other cases in the past half century has a political leader been tried and put to death under his country's own laws. In 1979, the former Pakistani prime minister, Zulfikar Ali Bhutto, overthrown in a military coup, was executed for the murder of a political opponent after a much-criticized trial.

In December 1989, the ousted Romanian dictator, Nicolae Ceausescu, was executed after an anti-Communist uprising. But the rushed and secret trial preceding his killing by firing squad was widely seen as summary justice. Benito Mussolini was simply shot by Italian partisans in 1945 while trying to flee to Switzerland. Anastasio Somoza of Nicaragua was blown up in his car by Argentine guerrillas in 1980 while in exile in Paraguay. Laurent Kabila, the former Congo leader, was shot and killed by a palace guard.

Only occasionally have former dictators been brought to trial in circumstances widely recognized as fair. During trials of former members of Argentine military juntas in 1985, five of the nine defendants were given long sentences in a civilian court but were pardoned a few years later. The former Rwandan prime minister, Jean Kambanda, pleaded guilty to genocide and was sentenced to life in prison by the United Nations war-crimes tribunal for Rwanda.

Manuel Noriega of Panama was sentenced to 40 years in prison for drug trafficking by an American court but was never judged for human rights or other abuses.

More often, political leaders have escaped into exile and resisted extradition attempts. Jean-Claude Duvalier, the former president of Haiti, fled to France. Idi Amin of Uganda died in peace in Saudi Arabia. Pol Pot died in bed before the new Cambodian war crimes tribunal began its work. Fulgencio Batista fled Cuba and lived the rest of his life in Portugal, and Mobutu Sese Seko fled Zaire, now Congo, and died in Morocco.

Saddam Had Feisty Exchange At The Gallows (AP)

AP, December 31, 2006

BAGHDAD (AP) — Iraqis awoke to television images of a noose being slipped over Saddam Hussein's neck and his white-shrouded body, the pre-dawn work of black-hooded hangmen. They went to bed as new video emerged showing Saddam exchanging taunts with onlookers before the gallows floor dropped away and the former dictator swung from the rope.

Saddam was buried shortly before dawn Sunday in a family plot in the cemetery in Ouja, the town of his birth. Few were present for the internment near Tikrit, 130 kilometers (80 miles) north of Baghdad.

Saddam was captured in an underground hide-out near Ouja on Dec. 13, 2003, eight months after he fled Baghdad ahead of advancing American troops.

The former Iraqi leader was buried near the graves of his sons Uday and Qusay in the main town cemetery. The sons and a grandson were killed in a gunbattle with the American forces in Mosul in July 2003.

In Baghdad's Shiite neighborhood of Sadr City on Saturday, victims of his three decades of autocratic rule took to the streets on Saturday to celebrate, dancing, beating drums and hanging Saddam in effigy. Celebratory gunfire erupted across other Shiite neighborhoods in Baghdad and other predominantly Shiite regions of the country.

DOJ_NMG_0111406

There was no sign of a feared Sunni uprising in retaliation for the execution, and the bloodshed from civil warfare was not far off the daily average — 92 from bombings and death squads.

Outside the Sunni insurgent stronghold of Ramadi, west of the capital, loyalists marched with Saddam pictures and waved Iraqi flags. Defying curfews, hundreds took to the streets vowing revenge in Samarra, north of Baghdad, and gunmen paraded and fired into the air in support of Saddam in Tikrit, his hometown.

Still, authorities imposed curfews sparingly in contrast to the several-day lockdown put in place after Saddam was sentenced to death Nov. 5.

By several accounts, Saddam was calm but scornful of his captors, engaging in a give-and-take with the crowd gathered to watch him die and insisting he was Iraq's savior, not its tyrant and scourge.

"He said we are going to heaven and our enemies will rot in hell and he also called for forgiveness and love among Iraqis but also stressed that the Iraqis should fight the Americans and the Persians," Munir Haddad, an appeals court judge who witnessed the hanging, told the British Broadcasting Corp.

Another witness, national security adviser Mowaffak al-Rubaie, told The New York Times that one of the guards shouted at Saddam: "You have destroyed us. You have killed us. You have made us live in destitution."

"I have saved you from destitution and misery and destroyed your enemies, the Persian and Americans," Saddam responded, al-Rubaie told the Times.

"God damn you," the guard said.

"God damn you," responded Saddam.

New video, first broadcast by Al-Jazeera satellite television early Sunday, had sound of someone in the group praising the founder of the Shiite Dawa Party, who was executed in 1980 along with his sister by Saddam.

Saddam appeared to smile at those taunting him from below the gallows. He said they were not showing manhood.

Then Saddam began reciting the "Shahada," a Muslim prayer that says there is no god but God and Muhammad is his messenger, according to an unabridged copy of the same tape, apparently shot with a camera phone and posted on a website.

Saddam made it to midway through his second recitation of the verse. His last word was Muhammad.

The floor dropped out of the gallows.

"The tyrant has fallen," someone in the group of onlookers shouted. The video showed a close-up of Saddam's face as he swung from the rope.

Then came another voice: "Let him swing for three minutes."

The responses within Iraq to Saddam's death echoed the larger reaction across the Middle East, with his enemies rejoicing and his defenders proclaiming him a martyr. While Iranians and Kuwaitis welcomed the death of the leader who led wars against each of their countries, Iranian President Mahmoud Ahmadinejad said the execution prevented exposure of the secrets and crimes the former dictator committed during his brutal rule.

Some Arab governments denounced the timing the 69-year-old former president's hanging just before the start of the most important holiday of the Islamic calendar, Eid al-Adha. Libya announced a three-day official mourning period and canceled all celebrations for Eid.

Within Iraq and across the world, the airwaves were alive with pictures of Saddam in death, a bruise on his cheek, his neck elongated and twisted impossibly to the right — grisly proof that the man who had tormented and killed so many during a bloody quarter-century rule was truly dead.

But some Iraqis — like 34-year-old Haider Hamed, a candy store owner in east Baghdad — wondered what would really change with the execution of Saddam, who was just four months shy of his 70th birthday.

"He's gone, but our problems continue," said the Shiite Muslim, whose uncle was killed in one of Saddam's many brutal purges. "We brought problems on ourselves after Saddam because we began fighting Shiite on Sunni and Sunni on Shiite."

At least 80 Iraqis died in bombings and other attacks Saturday, and police said 12 more tortured bodies were found dumped in Baghdad. The U.S. military announced six more servicemembers — three soldiers and three Marines — were killed.

The execution took place on the penultimate day of the year's deadliest month for U.S. troops, with the toll reaching 109. At least 2,998 members of the U.S. military have died in Iraq since the war began in March 2003, according to an AP count.

Um Abdullah, a Sunni and teacher in Tikrit, 80 miles north of Baghdad, said she would wear black to mourn the city's favorite son.

"Saddam will be a hero in our eyes," she said. "I have five kids and I will teach them to take revenge on Americans."

Police blocked the entrances to Tikrit and said nobody was allowed to leave or enter the city for four days. Despite the security precaution, gunmen took into the streets, carrying pictures of Saddam, shooting into the air and calling for vengeance.

Security forces also set up roadblocks at the entrance to another Sunni stronghold, Samarra, and a curfew was imposed after about 500 went into the streets to protest the execution.

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Among minority Sunnis there was deep anger, born not only of Saddam's execution but of the loss of their decades-long political and economic dominance that began with Saddam's ouster in the U.S. invasion nearly four years ago.

"The president, the leader, Saddam Hussein is a martyr and God will put him along with other martyrs," said Yahya al-Attawi, who led prayer at a towering Sunni mosque constructed by Saddam in Tikrit.

There were cheers at the cafeteria of a U.S. outpost in Baghdad as soldiers having breakfast learned Saddam had been hanged.

But members of the Army's 2nd Battalion, 17th Field Artillery Regiment, on patrol in an overwhelmingly Shiite neighborhood in eastern Baghdad, said the execution wouldn't get them home any faster — and therefore didn't make much difference.

"Nothing really changes," said Capt. Dave Eastburn, 30. "The militias run everything now, not Saddam."

Staff Sgt. David Earp, who also fought in 1991's Operation Desert Storm, said the execution worried him.

"In my opinion, something big is going to happen," said Earp, of Colorado. "There will be a response. Probably not today because they know we are looking for one, but soon."

Saddam Is Buried In Home Village (BBC)

BBC.com, December 31, 2006

Former Iraqi President Saddam Hussein, hanged for crimes against humanity on Saturday, has been buried in the village where he was born 69 years ago.

In a sparsely attended ceremony in Awja, in the Tikrit region north of the capital, the former Iraqi leader was laid to rest in a family plot.

His sons Uday and Qusay, killed by US troops in 2003, are also buried there.

Earlier, his family said he would be buried in Ramadi - a Sunni insurgent stronghold - citing security concerns.

Just hours after his execution, Saddam Hussein's body was reportedly flown to Awja aboard a US aircraft and handed to clan leaders for burial.

"Saddam Hussein has been buried today at 0400 (0100 GMT) in a place that was constructed during his regime in the centre of Awja," said relative Musa Faraj, quoted by AFP news agency.

The BBC's John Simpson in Baghdad says the Iraqi government will not be worried that Saddam's grave may turn into a place of political pilgrimage.

Ministers here think that his practical influence in Iraq has been entirely finished by his execution, our correspondent says.

'Frightened and terrified'

The former president was sentenced to death by an Iraqi court on 5 November over the killings of 148 Shias from the town of Dujail in the 1980s.

Images of Saddam Hussein being taken to the gallows in a Baghdad building his intelligence services once used for executions were broadcast on state TV on Saturday. However the moment of his execution was not shown.

The hanging took place just days after he lost an appeal and hours after he was handed over from US custody.

Saddam Hussein's execution has closed a dark chapter in Iraq's history, Prime Minister Nouri Maliki said.

In a statement, the prime minister said: "Justice, in the name of the people, has carried out the death sentence against the criminal Saddam, who faced his fate like all tyrants, frightened and terrified during a hard day which he did not expect."

US President George W Bush hailed the execution as "an important milestone" on the road to building an Iraqi democracy, but warned it would not end the deadly violence there.

'Very broken'

A small group of Iraqis - including a representative of the prime minister - witnessed the execution at 0600 (0300GMT) on Saturday in a concrete-lined chamber in Khadimiya.

Iraqi National Security Adviser Mouwafak al-Rubaie told the BBC the former leader went to the gallows quietly: "He was saying some few slogans. He was very, very, very, broken."

However, new images of the execution apparently shot on a mobile phone and aired on some Arab television channels and internet sites, show a more defiant Saddam.

Unlike the official Iraqi videotape of his final moments, the new pictures are accompanied by the sound of Saddam Hussein responding to taunts from those present.

One of the onlookers is heard telling the former Iraqi leader that he destroyed Iraq and was going straight to hell.

Saddam Hussein appeared to smile at those taunting him from below the gallows. He said they were not showing manhood.

He is then heard citing verses from the Koran before the trapdoor opened.

Tikrit curfew

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Hours after Saddam was executed, the bloodshed continued As news of Saddam Hussein's demise spread, there were jubilant scenes in the Baghdad Shia stronghold of Sadr City, with people dancing in the streets and sounding their car horns. Similar scenes were witnessed in the Basra and Najaf.

But in Tikrit, where a curfew was imposed, the news sparked protests from supporters. Protests were also reported in Samarra and Ramadi.

Hours after the execution, at least 31 people died when a car bomb exploded at a market in the southern town of Kufa. Angry crowds killed a man who police said got out of the vehicle shortly before the bomb exploded.

Later in the day, at least 37 people died and 76 were injured in at least two blasts in the Hurriya district of Baghdad.

Conflicts Shaped Two Presidencies (WP)

By Peter Baker

The Washington Post, December 31, 2006

The day after he ordered a cease-fire and brought the Persian Gulf War to a close, President George H.W. Bush ruminated about the status quo he had left behind in Iraq. "Still no feeling of euphoria," he dictated to his diary Feb. 28, 1991. Saddam Hussein, he recognized, remained a threat. "He's got to go," Bush concluded.

It took nearly 16 years, but he's finally gone. And with Hussein's execution in Baghdad, so is the chief nemesis of the Bush family, a man who bedeviled father-and-son presidents and in different ways dominated both of their administrations. The long, tortured arc of the Bush-Hussein relationship that shaped recent U.S. history finally came to a close with the snap of a noose.

If there is a feeling of euphoria, or satisfaction, or perhaps just relief, neither Bush is expressing it publicly this weekend. President Bush went to bed Friday night without waiting for the execution and left it to an aide to release a statement praising the Iraqi people for "bringing Saddam Hussein to justice." His father remained silent. But Hussein's death removed only the man. The forces unleashed by the epic struggle remain as powerful and crippling as ever for two countries.

The timing of the execution, coming as the president searches for a new strategy to turn around a war he says the United States is not winning, could serve as a reminder of its origins. Bush has frequently cited Hussein's tyranny to justify his decision to invade Iraq. Within days, though, the death toll of U.S. troops will surely pass 3,000, a grim milestone that will trigger further national introspection. The cost of overthrowing Hussein and ending his reign of terror continues to mount, and few in Washington hold out faith that that will change anytime soon.

"The sacrifice has been worth it," Bush said at a year-end news conference nine days before the execution. A few moments later, he added: "I haven't questioned whether or not it was right to take Saddam Hussein out." He stopped himself. "I mean, I've questioned it -- I've come to the conclusion that it was the right decision."

Bush and other architects of the war have long maintained that it was nothing personal. "I personally never thought of it that way, nor did I think the president saw it that way," said Douglas J. Feith, the former undersecretary of defense who was a key player in going to war. "When Saddam was talked about, he was talked about as a threat to the United States, not as a personal problem of the Bush family."

Ron Kaufman, a White House aide to the first President Bush, said his ex-boss does not dwell on Hussein. "I'm sure like most Americans, he'll be glad the guy's gone," he said. "The world will be a better place now, a safer place. But I don't think he'll spend any more time thinking about it than you or I."

Yet the history of animosity between the Bushes and Hussein is hard to ignore. The relationship actually began as one of pragmatic friendship in the 1980s, when Hussein was at war with the main U.S. enemy in the region, Iran, and George H.W. Bush was vice president in an administration that offered him help. A 1992 New Yorker article suggested that Bush, through Arab intermediaries, advised Hussein to intensify the bombing of Iran.

Hussein soon became too much to handle. "People came to understand him as someone who was much less stable and someone who could not be trusted," said Craig Fuller, chief of staff to the elder Bush when he was vice president. Hussein's invasion of Kuwait in August 1990 proved a strategic miscalculation that put him and the Bushes forever on opposite sides.

The elder Bush wrongly assumed that Iraqis would overthrow Hussein, and his decision not to march to Baghdad after freeing Kuwait would haunt him and his son. An unbowed Hussein defied the international community, and in April 1993, when Bush went to Kuwait for a hero's welcome, a group of Iraqis crossed the border in what was called a thwarted attempt to kill him. President Bill Clinton launched 23 Tomahawk missiles against Iraqi targets in retaliation.

Among those on that trip who could have been killed were Barbara Bush and Laura Bush. George W. Bush had stayed in Texas, where he was running the Texas Rangers baseball team and preparing to run for governor. Some later questioned the seriousness of the assassination attempt or its connections to Baghdad. But the incident clearly was a searing moment for the Bush family.

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By the time the younger Bush ran for president, he appeared determined not to repeat the mistake he believed his father made with Hussein. "No one envisioned him still standing," the candidate told BBC in November 1999. "It's time to finish the task."

At a debate a couple of weeks later, Bush was more explicit. "If I found that in any way, shape, or form that he was developing weapons of mass destruction, I'd take him out," he said.

At Bush's first National Security Council meeting after taking office, he seemed to some aides to be ready to go. "From the very beginning, there was a conviction that Saddam Hussein was a bad person and that he needed to go," Paul O'Neill, Bush's first treasury secretary, later told CBS News. In Ron Suskind's book, "The Price of Loyalty," O'Neill was quoted as saying that Bush told aides to prepare to remove Hussein: "That was the tone of it, the president saying . . . 'Go find me a way to do this.' "

Others on the inside came to a similar conclusion. In a memo in March 2002, Peter Ricketts, a top British official, sounded skeptical of U.S. motivations: "For Iraq, 'regime change' does not stack up. It sounds like a grudge between Bush and Saddam."

That impression was fueled by both father and son that fall. "I hate Saddam Hussein, and I don't hate a lot of people," George H.W. Bush told CNN. "I don't hate easily, but I think he is -- as I say, his word is no good, and he is a brute. He has used poison gas on his own people. So, there's nothing redeeming about this man, and I have nothing but hatred in my heart for him."

Six days after that aired, his son mused about Hussein at a Texas fundraiser. "There's no doubt his hatred is mainly directed at us," he said. "There's no doubt he can't stand us. After all, this is the guy that tried to kill my dad at one time."

Bush later talked with then-Sen. Peter Fitzgerald (R-Ill.) aboard Air Force One about assassinating Hussein, saying he would repeal the executive order banning assassination of foreign leaders if intelligence gave him a clear shot. "The fact that he tried to kill my father and my wife shows the nature of the man," Bush told interviewers in March 2003. "And he not only tried to kill my father and wife, he's killed thousands of his own citizens." But he denied a vendetta. "Nah, no," he said. "I'm doing my job as the president, based upon the threats that face this country."

When Bush launched the invasion weeks later, he ordered it to start earlier than planned with a missile strike targeting Hussein. The Iraqi leader survived, but U.S. troops quickly toppled his government. Soldiers went to the Al Rashid Hotel and destroyed a mosaic, of the elder Bush's face over the slogan "Bush Is Criminal," that Hussein had laid in the lobby entrance so every guest would step on it.

Eight months later, other soldiers found Hussein in a "spider hole." "President Bush sends his regards," one soldier told the disheveled Iraqi leader.

Then-Defense Secretary Donald H. Rumsfeld delivered the news in Washington. "Mr. President, the first reports are not always accurate," he started cautiously.

"This sounds like it's going to be good news," Bush interrupted.

Rumsfeld said reports indicate "that we got Saddam Hussein."

"Well, that is good news."

Aides said the president made a point of not personalizing it. "I never heard him take any particular relish in Saddam's capture or the fate that obviously awaited him," said Matthew Scully, a former White House speechwriter who helped prepare Bush's remarks about Hussein's capture. "I remember vividly that the president's reaction that day was kind of businesslike. He always saw Saddam as part of the larger picture."

Still, in his White House study, the president keeps a memento -- the pistol taken from Hussein when he was captured. If there ever was a duel, it is now over.

A Bitter Family Saga Is At An End (BBC)

By Matt Frei

BBC.com, December 30, 2006

When Saddam Hussein looked in disbelief at the over-sized noose that was fitted by masked volunteers around his neck, the man who helped to put it there by invading Iraq and toppling the dictator was soundly asleep at his ranch in Texas.

It was only nine o'clock in the evening in Crawford but George Bush was already embedded in the land of nod, with orders not to be woken until the morning.

The blithe indifference of deep slumber was the final snub to the dead man who once described himself as "Salahadin II", "the Redeemer of all the Arabs" and "the Lion of Baghdad".

Some might think that George Bush can't afford to sleep soundly these days with his approval ratings in the cellar and his policy towards Iraq in inertia.

But while the world stirred to comment, cyberspace buzzed with applause or condemnation and Cable television hyperventilated, George Bush soldiered on in sleep. He arose only at 4.40am, we are told, which is his usual time of rising.

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One hour later he had a 10-minute conversation with his National Security adviser Stephen Hadley about the events in Baghdad.

Saddam Hussein tried to get George HW Bush assassinated Shortly thereafter the White House issued a pre-prepared written statement: "Today Saddam Hussein was executed after receiving a fair trial - the kind of justice he denied the victims of his brutal regime."

The statement, which will not be complemented by a presidential turn for the cameras, betrayed no hint of gloating or crowing. It went on to say that "bringing Saddam Hussein to justice will not end the violence in Iraq".

On one level, the hanging of Saddam Hussein is the end of a dramatic family saga that has pitted the Bushes of Texas against the Husseins of Tikrit.

Failed alliance

It is a saga that started with a tacit alliance.

When George HW Bush was vice president, Saddam Hussein was still seen as a potential partner thanks to his status as the enemy of America's enemy, Iran.

It was in 1983 that Donald Rumsfeld was dispatched to Baghdad as a friend of the Reagan administration to shake the hand of Saddam Hussein and offer America's help against the ayatollahs during the Iran Iraq War.

Alliance finally turned into animosity when Saddam Hussein invaded Kuwait and President Bush cobbled together an international alliance of Western and Arab states to remove him from Kuwait but not from power.

"The butcher of Baghdad" began to call President Bush "the viper" and George junior, "the son of the viper".

It was at that time that the famous Al Rashid hotel in Baghdad received an elaborate mosaic of President Bush "the criminal", which patrons were forced to stomp across on entering the lobby.

Two years later Saddam Hussein tried to get President Bush assassinated.

The White House has always maintained that personal grudges had nothing to do with the invasion of Iraq.

And yet in September 2002, as preparations for war were well under way, George Bush the younger told a Houston fundraiser: "This is after all the man who tried to kill my dad."

Mafia rule

The personal side of this bitter family saga is over.

But even from his unmarked grave, Saddam Hussein will continue to haunt the Bush administration and define the legacy of the 43rd president of the United States.

Saddam had always promised to lure, fight and defeat the Americans in the cities of Iraq.

No-one thought at the time that this would happen after he had already been deposed.

But his prophetic threat is becoming reality, triggering a multi-headed insurgence that no longer fights on his behalf, and a vortex of sectarian violence that makes a conventional civil war look organised and coherent.

The former Iraqi leader is likely to haunt the Bush administration

The brutal bloodletting, ethnic cleansing and vicious fragmentation, in which American troops now find themselves embroiled, is also a legacy of Saddam's regime.

A quarter of a century of his mafia rule, in which tribal loyalties were lavishly rewarded and anything less was severely punished helped to rot the cohesion of a young and artificial country.

The extent to which Iraq is disintegrating has taken many Iraqis by surprise. It was grossly under-estimated by the officials who planned the occupation.

President Bush and his advisers have always liked to compare the birth pangs of Iraqi democracy to the emergence of a free Germany after the World War II.

Bloodletting

But what they were dealing with was not Germany 1945 but Germany in 1648 emerging from the feudal bloodbath of the 30 years war.

Another example would have been Yugoslavia in the 1990s.

So not even the few beleaguered optimists in the Bush camp, including the president himself, believe that the execution of Saddam Hussein will stem the bloodletting and allow America to plan for a graceful exit.

The sectarian violence in Iraq has reached its own alarming momentum, in which Saddam Hussein had been reduced to a walk-on part.

Nearly 3,000 US servicemen and women have already been killed

The White House may boast about the new rule of law but for many ordinary Iraqis justice comes in the form of death squads, torture gangs and rogue police road blocks.

These days the wrong identity card can get you executed. This is not the kind of justice that George Bush had in mind.

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So now the noose has done its deed the Pentagon is, if anything, expecting a spike in the sectarian violence.

The US State Department has put its embassies on a security alert "to prepare for demonstrations and possible attacks".

And the American public, which had long expected the execution of Saddam Hussein is waiting with growing impatience to see how exactly the president will execute his heralded "new Iraq strategy".

More troops? More money? More hope? For American soldiers December 2006 proved to be the bloodiest month of a bloody year.

Sometime in the next 10 days 3,000 US servicemen and women will have been killed by a war that was declared "accomplished" in May 2003.

Saddam Hussein is dead. His legacy lives on.

Around The World, Unease And Criticism Of Penalty (NYT)

By Alan Cowell

The New York Times, December 31, 2006

LONDON, Dec. 30 — With gradations of unease rather than outrage inspired by the hanging of Saddam Hussein, Western politicians sought a cautious balance on Saturday between revulsion at his record, support for his executioners and concern at the use of a capital penalty they largely shun in their own countries.

But religious leaders — Christian and Muslim — used stronger and more critical language in response to the news of Mr. Hussein's execution, which greeted most Western Europeans on their breakfast time news shows and in some newspaper headlines two days before the New Year.

Perhaps the most delicately choreographed response came from Britain, whose prime minister, Tony Blair, took a lead as America's closest ally in toppling Mr. Hussein while his Labor Party prides itself on opposing the death penalty.

In a statement issued an hour after the execution, Margaret Beckett, the foreign secretary, said: "I welcome the fact that Saddam Hussein has been tried by an Iraqi court for at least some of the appalling crimes he committed against the Iraqi people. He has now been held to account."

However, she said, "the British government does not support the use of the death penalty, in Iraq or anywhere else. We advocate an end to the death penalty worldwide, regardless of the individual or the crime. We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation."

Mr. Blair himself — who faced wide public opposition to the Iraq war, which has shaped his political legacy — refrained from commenting as he vacationed at the Miami waterfront home of Robin Gibb, a singer in the BeeGees. A spokesman for him said Ms. Beckett's statement had been issued on behalf of the entire government, including Mr. Blair.

The execution also revived the ideological divide between supporters and opponents of the 2003 invasion. Sir Menzies Campbell, leader of the opposition Liberal Democrats, which opposed the war, said: "Saddam Hussein's death does not vindicate in any way the ill-conceived and disastrous decision to invade Iraq. His execution does not make an illegal war legal any more than it will put an end to the violence and destruction."

Generally, said the columnist Tim Hames in The Times of London, the response to the execution would be different in Britain and Continental Europe from the reaction in the United States. "Even those of us who supported the invasion in 2003, and continue to do so today," he wrote, "will harbor within their ranks, like me, those who find the notion of this crime offensive."

"Mainstream middle-class sentiment in Europe now regards the death penalty as being as ethically tainted as the crimes that produced the sentence," he added.

Erkki Tuomioja, the foreign minister of Finland, which holds the rotating presidency of the European Union, said, "The European Union has a very consistent stand on opposing the death penalty and it should not have been applied in this case either — even though there is no doubt about Saddam Hussein's guilt over serious violations against human rights."

In an editorial, The Guardian newspaper in London took an even more unequivocal position, saying, "The death penalty is an unacceptably cruel and unusual punishment, even in Iraq."

The Vatican went so far as to call the execution "tragic" — echoing expressions of revulsion by Muslim leaders, both in the West and in the broader Islamic world.

"A capital punishment is always tragic news, a reason for sadness, even if it deals with a person who was guilty of grave crimes," said the Rev. Federico Lombardi, the Vatican spokesman. "The killing of the guilty party is not the way to reconstruct justice and reconcile society. On the contrary, there is a risk that it will feed a spirit of vendetta and sow new violence."

Muslim leaders in Britain offered a similar prognosis. Muhammad Abdul Bari, the secretary general of the Muslim Council of Britain, said in a statement, "No one can deny that Saddam should have faced justice for his crimes against the people of Iraq and also his invasion of Iran and Kuwait."

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"However," he added, "the fact that his trial took place while Iraq is still under occupation by foreign forces may mean that his execution, on the blessed day of Id al-Adha, will be regarded as an insensitive and provocative act by the U.S.-backed Iraqi government and that far from contributing to a so-called healing process, it may serve to further intensify the sectarian divisions in Iraq."

In Russia, the Foreign Ministry strongly criticized the execution, expressing regret that Iraqi officials disregarded international appeals not to carry it out. A spokesman, Mikhail L. Kamynin, expressed concern that Mr. Hussein's execution would worsen already deathly tensions consuming Iraq.

"The situation in Iraq is developing negatively," Mr. Kamynin said in a statement. "The country is sinking into violence and is effectively on the brink of a wide-scale civil conflict."

Mr. Hussein's execution, he went on, "may further aggravate the military-political situation and increase ethnic and religious tensions."

President Vladimir V. Putin made no statement, but other political leaders reacted even more harshly than the Foreign Ministry did. A small group of protesters from the Liberal Democratic Party picketed outside the Iraqi Embassy in Moscow, while the party's leader, Vladimir V. Zhirinovsky, a vocal supporter of Mr. Hussein and his rule, called the execution "the crime of the 21st century."

Mr. Zhirinovsky's party was accused of profiting from the sale of Iraqi oil during the United Nations sanctions program. His remarks were shown on state television.

Gennadi A. Zyuganov, the Communist Party leader, suggested in remarks to Ekho Moskvy, a Moscow radio station, that the United States would be associated with the execution, even if Iraqis oversaw his trial and death sentence. "Unfortunately, Texan law prevailed," he said, "the rule of the strong, the evil and the unprincipled."

Other nations, like India, voiced regret. The Indian foreign minister Pranab Mukherjee said: "We had already expressed the hope that the execution would not be carried out. We are disappointed that it has been. We hope that this unfortunate event will not affect the process of reconciliation, restoration of peace and normalcy in Iraq."

In Israel, an old enemy of Mr. Hussein's, leaders reacted calmly but with satisfaction at the execution.

Shimon Peres, the deputy prime minister, told Israeli public radio: "Saddam Hussein brought about his own demise. This was a man who caused a great deal of harm to his people and who was a major threat to Israel."

Ephraim Sneh, the deputy defense minister, noted that Mr. Hussein had fired 39 Scud missiles "into the heart of Israel" during the Persian Gulf war in 1991. Mr. Hussein, he said, was "a man who paid some $20,000 to the families of suicide bombers in Israel during the most intense time of the intifada and who was preparing a nuclear weapon to use against us."

In 1981, Israeli warplanes destroyed the Osirak nuclear reactor near Baghdad just before it was to go on line, after intelligence showed that Mr. Hussein was striving to build a nuclear weapon.

Israel also strongly supported the American-led invasion in 2003 that overthrew Mr. Hussein, who was considered a major threat to begin a tank invasion against Israel and had rejected the idea of peace with Israel.

Mr. Sneh also warned that the execution could lead to "a reinforcement of the Iranian influence in Iraq and a spilling over into Jordan and Israel of Iraqi terrorism."

The radical Islamic Hamas movement, however, condemned the execution as a "political assassination" that "violates all international laws," according to a spokesman, Fawzi Barhum, speaking to Agence France-Presse in Gaza. Hamas, which was supported by Mr. Hussein, does not accept Israel's right to exist and has a legislative majority in the Palestinian legislature.

"Saddam Hussein was a prisoner of war," Mr. Barhum said. He called the trial "unjust" and said the timing of the execution, a half-day before the start of the Muslim feast of Id al-Adha, was insulting. "The hanging took place on the day of the Id and this is a message to the Arab street — the Americans have launched threats to all the Arabs," he said.

Europeans Denounce Hussein's Execution (LAT)

By Tracy Wilkinson, Kim Murphy

The Los Angeles Times, December 31, 2006

ROME — The death penalty is anathema across Europe, and opposition to the execution of Saddam Hussein was nearly unanimous among its leaders Saturday. At the same time, however, many were torn between those strongly held beliefs and revulsion for the former Iraqi dictator's record of atrocities.

Some of the strongest criticism came from the Vatican. The Roman Catholic Church teaches that all human life must be respected from conception until its "natural end."

The execution "is tragic news … that risks feeding the spirit of revenge and sowing new violence," said Pope Benedict XVI's spokesman, Father Federico Lombardi.

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"Even though this is a person guilty of grave crimes," Lombardi told Vatican Radio on Saturday morning, the execution "is a motive for sadness."

"The killing of a guilty party is not the way to build justice nor to reconcile society."

The Vatican's top official for justice issues, Cardinal Renato Martino, said that Hussein was responsible for thousands of deaths but that executing him amounted to punishing "one crime with another crime." Speaking before the hanging, he said, "The death penalty is not a natural death, and no one, not even the state, can kill."

Several European leaders, spanning the political spectrum, questioned whether justice was served by Hussein's execution and said it could bring further bloodshed.

"We've already seen in the first hours the consequences, with a predictable increase in tension and violence," Italian Prime Minister Romano Prodi said from his home in Bologna.

Spain's center-left government and right-wing opposition, which rarely agree, condemned the hanging of Hussein as well as the late dictator's litany of abuses.

"The death penalty is not justice, it is vengeance, and so it was in this case," Gustavo de Aristegui, a senior official with the opposition Popular Party, told the Spanish news agency EFE. "But nobody will miss Saddam Hussein."

In Britain, Foreign Secretary Margaret Beckett reiterated her nation's opposition to the death penalty but applauded the process of bringing the former Iraqi leader to trial.

"I welcome the fact that Saddam Hussein has been tried by an Iraqi court for at least some of the appalling crimes he committed against the Iraqi people. He has now been held to account," Beckett said.

"The British government does not support the use of the death penalty, in Iraq or anywhere else," she said. "We advocate an end to the death penalty worldwide, regardless of the individual or the crime. We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation."

But Menzies Campbell, leader of the opposition Liberal Democratic Party, said: "Saddam's death does not vindicate in any way the ill-conceived and disastrous decision to invade Iraq. His execution does not make an illegal war legal any more than it will put an end to the violence and destruction.

"Britain's interests will best be served by the withdrawal of our forces sooner rather than later."

France, which was a strong opponent of the 2003 U.S.-led invasion of Iraq, said Hussein's judgment and sentence were a matter for the Iraqi people.

In a statement, the Foreign Ministry said: "France, which advocates like all its European partners the universal abolition of the death penalty, takes note of Saddam Hussein's execution. That decision belongs to the Iraqi people and to the Iraqi sovereign authorities. France calls on all Iraqis to look forward and to work for reconciliation and national unity. More than ever the aim must be a return to the full sovereignty and stability of Iraq."

European politicians who are friendly to Washington stressed — carefully — their unease with the Hussein execution.

"We respect the decision, but it is known that the German government is opposed to capital punishment," German Chancellor Angela Merkel said.

"But on a day like this my thoughts are mostly on the many innocent victims of Saddam Hussein," she said.

Only in Poland, where a conservative government has remained an enthusiastic ally of the Bush administration, was there unequivocal support for the execution.

"Justice has been meted out to a criminal who murdered thousands of people in Iraq," President Lech Kaczynski's spokesman said, according to news agencies.

"This should serve as a warning to all those who would like to follow in Saddam Hussein's footsteps."

Many Who Fled Dictator Feel Jubilation, Relief (WP)

By Nelson Hernandez

The Washington Post, December 31, 2006

Ibrahim Mizouri's death vigil for Saddam Hussein began at six o'clock Friday night.

Forced to flee Iraq in the 1970s when Hussein's Baath Party rose to power, Mizouri sat at his home in Annandale, eager to hear the story of the dictator's final moments. For him, Hussein's hanging was an emotional catharsis, the final act in a drama that has affected Mizouri's life as it has thousands of Iraqis who have washed up on U.S. shores, seeking safety from a dictator known for his ruthlessness.

"I was glued to the TV channel, CNN and Fox, just changing when they have the commercials, to 4 o'clock in the morning," Mizouri said. "When I saw the pictures, I said then, 'It's enough.' "

Among Iraqi Americans, the emotions that accompanied Hussein's execution were complex, ranging from jubilant to relieved to disappointed.

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In Dearborn, Mich., home to one of the largest concentrations of Middle Easterners in the United States, cheering crowds thanked God for Hussein's death, saying the dictator had finally met justice after killing thousands of Iraqi citizens with bombs, bullets and chemical weapons.

"This is our celebration of the death of Saddam," Imam Husham Al-Husainy, director of the Karbalaa Islamic Educational Center mosque in Dearborn, said while standing on top of a car, the Associated Press reported. "The gift of our New Year is the murder of Saddam Hussein. If you want to share the Iraqi people's happiness for the death of Saddam, raise your voice and your hands."

Others, such as Mizouri, were relieved, saying that only Hussein's death could ensure that the dictator would not return to power.

"Everybody's happy because we know for sure, 100 percent, that he's not going to come back," Mizouri said. "Honestly, this should have happened the very first day."

Some said they felt that Hussein's trial for the killing of 148 Shiites in the town of Dujail in 1982 had been lacking the majesty and importance commensurate with the scale of his crimes, particularly the 1987-88 Anfal campaign that killed tens of thousands of Kurds in the north and the 1991 massacre of thousands of Shiites in the south. But they added that the execution was necessary in order to move on.

"I think this is something that definitely needed to be done," said Safa Alkateb, a business executive from McLean. "I think it's really the best that you can do in the country right now. I think, given the situation, it's very, very difficult to do something better."

Najmaldim Karim, a neurosurgeon and president of the Washington Kurdish Institute, said he was disappointed by the news and thought the execution had been rushed before Hussein could account for his repression of Shiites and Kurds.

"I think it will give the impression that this was vengeance," Karim said. "It was definitely a great injustice to the survivors and the families. . . . I think there are a lot of questions that we probably will never know."

Like many Iraqi Americans, Karim thought the execution would not make a difference in the daily suffering of those still in Iraq, living amid constant sectarian violence and instability.

"In the short run, it probably will increase the violence," Karim said. "In the long run, it will lead to more animosity among the Sunnis because they will see this as vengeance. I think it will polarize them even more, personally."

Ali Attar, a doctor from McLean, was more optimistic and happy to see Hussein gone. Attar was forced to leave Iraq in 1980 because of his father's political activity.

"I am very happy to see this day," Attar said. "Although my father passed away 15 years ago, I am sure that in his grave he feels very happy that justice is served. The message of the new Iraq is different than the old Iraq. He got a trial I believe he would never give to any of his opponents."

Saddam Hanging Brings Joy, Gloom To Houston Iraqis (HC)

By Sarah Viren, Susan Carroll

Houston Chronicle, December 31, 2006

Dr. Mahdi Al-Bassam learned of Saddam Hussein's execution from news accounts.

But the Iraqi-born Sugar Land cardiologist heard a key detail about the historic death from an Iraqi government friend, who saw the execution.

"He said there was fear in his eyes, but there was no remorse," Al-Bassam said. "Even in the end."

Al-Bassam fled Iraq in 1967 and settled in the Houston area in 1971. He had uncles and cousins killed under the former dictator's regime. Saddam, he said, "brutalized the entire nation," and most of the Iraqis he spoke to back home Saturday were elated by the news of his death.

"He raped the country of its riches, and he left them starving with a $200 billion debt to the world community," he said. "He literally — not figuratively — starved his own people. To me, that's unforgivable."

The execution, announced in the United States late Friday night and near dawn in Baghdad, was greeted by cheers and celebratory gunshots in some Iraqi neighborhoods and mourning in others.

On Saturday, at Droubi's Bakery and Deli in Southwest Houston, where Iraqis are common customers, owner A.J. Droubi said there had been a lot of execution talk as people trickled in for bags of pita, jars of olives or flaky sweets.

"Some were happy," he said. "Some were not."

Intisar Alhellou, a Syrian immigrant working behind the bakery counter, counted herself in the unhappy lot. Like Al-Bassam, she made many calls back home about the execution. Those she talked to, she said, were distraught that it occurred on Eid Al-Adha, a Muslim holiday she compared to Christmas.

"Everyone is sad for what is happening, everybody in the Middle East," she said. "If they had waited, it might be different."

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Even Al-Bassam, who called Saddam "an animal," had misgivings about the execution.

"Most of the Iraqi people want to see him gone, and I understand that," Al-Bassam said. "But he has done so much harm in this world, I think he should have been made to live, and acknowledge what he did and suffer what he has done."

He said he wanted Saddam tried for more crimes, including the killing of thousands of Kurds, draining the southern marshes and the many killings whose victims are still being found in mass graves. He's infuriated by broadcasts on some Arab TV stations that portray him as a hero or martyr.

"They say the execution is politically motivated," he said. "I think a lot of that would have been reduced and nullified if all the atrocities had been put on display."

In Houston, he said, there are few Iraqi immigrants to share this story. In the late 1990s, many Iraqis immigrated to the United States and the local population was close to 15,000, he said. But after the fall of Saddam's regime, most went back. He estimates the local Iraqi population near 3,000.

He worries that many non-Iraqis have already forgotten the horrors of Saddam Hussein.

"I think the world did not get to listen to the evidence of these tremendous atrocities," he said. "But in the end, he would have been sentenced to death for all of them. He would have been (hanged) the same way sooner or later."

For Arab Critics, Hussein's Execution Symbolizes The Victory Of Vengeance Over Justice (NYT)

By Hassan M. Fattah

The New York Times, December 31, 2006

BEIRUT, Lebanon, Dec. 30 — As daylight broke over the Arab world and news of Saddam Hussein's hanging spread over the airwaves and the Internet, the execution proved just as profound for what it did not change as for what it did.

Hezbollah's supporters in Beirut woke up on Saturday morning ready for another day of protests aimed at bringing down the United States-backed government of Fouad Siniora. Even in Iran, where the Foreign Ministry called the execution a "jubilation" for the thousands who lost family members in the Iran-Iraq war of the 1980s, officials pledged to continue pursuing their nuclear ambitions and denounced the United Nations Security Council's efforts to curb them, Iran's official news agency, IRNA, reported.

Throughout the Arab world, opposition movements are still on the run, many pro-democracy activists are either imprisoned or have simply given up, and the very targets of the American campaign to transform the Middle East, like Hezbollah, Iran and Syria, are more emboldened than ever.

Almost four years after United States troops entered Iraq with a broader foreign policy goal of ushering in a "new" Middle East, one built on democracy and rule of law, the execution of Mr. Hussein on one of the holiest days in Islam marked the unceremonious demise of that strategy, many Arab analysts said.

"If you compare the results to the objectives the U.S. claimed to realize, whether it was democracy or control of the region, their policies have evidently failed," said Nawaf Kabbara, professor of political science at Balamand University in Beirut. "They were not able to spread democracy, control anything or make any serious breakthrough. It is a failure on all levels."

For those Arabs who celebrated America's embrace of the rule of law, the quick execution, coming before the conclusion of other trials against Mr. Hussein for crimes against humanity, left a bitter taste of stolen justice. Even Mr. Hussein's staunchest enemies expressed a sense of bitterness at the end.

"It is evident that they were not after justice," said Hilal Khashan, a political science professor at the American University of Beirut. "It was a political decision, because as soon as they got a sentence on him they executed him. What mattered was his death rather than finding justice."

For those distrustful or disdainful of American intentions, the notion that the execution fell on Id al-Adha, one of the most sacred holidays of the year, seemed to symbolize the triumph of vengeance over justice.

"It looks like they just wanted to take revenge in a vulgar way; that was their gift to the Shia for the feast," said Khalid al-Dakhil, assistant professor of political sociology at King Saud University in Riyadh, Saudi Arabia, referring to Shiites, who were oppressed under Mr. Hussein and now control Iraq.

"Bush and al-Maliki thought they could benefit from this, but this is going to backfire," he added, referring to President Bush and Prime Minister Nuri Kamal al-Maliki of Iraq. "Saddam's execution is going to feed sectarianism and contribute to more bloodshed."

Id al-Adha, the feast of the sacrifice, is ultimately a commemoration of the Prophet Abraham's willingness to sacrifice his son Ishmael for God; instead he slaughtered a goat, and Muslims today slaughter goats, sheep and even camels to re-enact the event. As the blood of slaughtered sheep stained the streets of many Arab cities on Saturday, however, many found it hard to ignore the analogy of Mr. Hussein himself as a sacrificial lamb.

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"Executing the martyr Saddam Hussein on the first day of Adha in one of the holiest months of the year is meant to defy the feeling of Muslims, to invoke sectarian strife and to confirm that Bush's policy as vindictive and aggressive," said a statement by the union of the Islamist-dominated professional associations union in Amman, Jordan.

"The phony slogans about freedom and democracy are fake," the statement continued. "The professional associations mourn the death of the hero, the martyr Saddam Hussein, and stress that the day of liberating Iraq is near."

Even those who believed Mr. Hussein was guilty expressed doubts about his trial, and about whether Iraq's rebuilt justice system was really the kind of civil institution that could support a true democracy.

"Saddam Hussein was guilty a thousand times over, but still the Americans and the Iraqi government managed to run a shabby trial," said Jihad al-Khazen, a columnist and former editor of the pan-Arab newspapers Al Hayat and Asharq al Awsat. "If they organized a fair trial with international observers that could have served as a model for other countries. Instead they messed it up, and I think Saddam in the eyes of many people will now be seen as another martyr."

Many in the region seemed to view the execution as a harbinger of further sectarian conflict. This was the first time in modern history that a Sunni dictator had been executed by a Shiite, some analysts noted, a symbolic step that was widely expected to incur Sunni retribution throughout the region. American embassies throughout the region warned citizens on Saturday to avoid protests and be prepared for unrest.

No Arab Euphoria At Saddam Death (BBC)

By Ian Pannell

BBC.com, December 30, 2006

Although the news of Saddam Hussein's execution was widely anticipated in the region, it has been greeted with a mixture of surprise and anger in some quarters - and notable silence in others.

Some Palestinians are mourning Saddam Hussein's demise

For many ordinary people in the Arab world, Saddam Hussein was admired if not particularly loved.

He was an active and strident supporter of the Palestinian cause and many regarded him as a strong leader who dared to defy both America and Israel. Images of the former leader having the noose pulled around his neck will shock many.

Libya has declared three days of national mourning.

Lawmakers and members of the militant Palestinian group, Hamas, have condemned the execution, with one calling it "a political assassination" that "violated international laws".

There is little reason to think the execution will change much in a region that heads into 2007 in a precarious state.

Opposition to the US-led invasion of Iraq was almost unanimous in the region. So perhaps it was no surprise that his trial was also regarded as unfair, as an exercise in 'victor's justice'.

Many Arab governments and people saw the legal process as instigated and controlled by Washington.

Despite the insistence that the trial, verdict and now execution was a purely Iraqi affair, few in the Middle East will believe that.

'Victory for Iraqis'

Saudi Arabia said it was surprised and dismayed at the timing of the execution on the first day of the Muslim festival of Eid al-adha. There was also criticism at how quickly the trial was over amid accusations it had been politicised.

But for those who crossed swords with Saddam, his execution is welcome news.

Iran fought a long and bloody war with Iraq that killed hundreds of thousands of people on both sides. The country's deputy foreign minister called it a "victory for Iraqis". Hamid Reza Asefi predicted it would lead to more violence in the short-term, but would ultimately benefit the country.

Official reaction in Kuwait has been muted

But the response from Kuwait, a country Saddam invaded in 1990, was more muted. The state-owned news agency reported the only official reaction which was that this was "a matter for Iraqis".

Most other governments in the region have remained completely silent. To be fair, this is the first day of Eid al-Adha, the most important holiday in the Islamic calendar. Even so, it seems many have chosen not to step onto what is widely regarded as extremely delicate territory.

There are real worries that the instability in Iraq will be made worse by Saddam's execution.

Sectarian tensions across the Middle East have risen since the US-led occupation and the fear is that this news could make that even worse.

However, while it is possible that the troubles of the region could be affected by a single event - the execution of Saddam Hussein is unlikely to be it.

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There is violence and instability in Iraq, continuing tension between Israelis and Palestinians, a peace process that (at best) is at a stand-still and an ongoing political crisis in Lebanon.

The optimism many felt this time last year that real political change may finally start to trickle through the Middle East has all but vanished.

The execution of Saddam Hussein may prompt some reflection and probably plenty of analysis, but there is little reason to think it will change much in a region that heads into 2007 in a precarious state.

Kurdish Survivors' Feelings Conflicted (LAT)

By Alexandra Zavis

The Los Angeles Times, December 31, 2006

BAGHDAD — Sarchanar Mahmoud struggled to articulate the swell of emotions that washed over her when news of Saddam Hussein's death flashed across her television screen.

"There was an indescribable silence and conflicting feelings that I can't explain," said the pale, veiled woman, who still lives in the remote mountain town in northern Iraq where half her family died in a 1988 poison gas attack. "After this we came to and started talking."

Family members felt joy that they were finally rid of the fearsome dictator who had cast a long shadow over their lives. But there also was a sense of disappointment that Hussein would never face justice for what he had done to them.

In Hussein's final hours, calls for a stay of execution came from an unexpected source: survivors of some of the worst atrocities of his blood-soaked regime.

"We are happy that this tyrant's end has come," said Mahmoud, a 31-year-old court investigator in the Kurdish town of Halabja, where the gas attack took place. But "not in this sudden manner. We wished that the remaining cases would be settled first."

Hundreds of thousands were believed to have been tortured in Hussein's notorious jails, disappeared into mass graves or died in his wars and chemical attacks. But when Hussein was hanged at dawn in the capital on Saturday, it was for just one case: the killing of at least 148 men and boys in retribution for a 1982 assassination attempt in the Shiite Muslim town of Dujayl.

Officials with the special court convened to pass judgment on the former Iraqi president's decades-long regime say an ongoing trial dealing with a much wider case, the so-called Anfal campaign against Iraq's ethnic Kurdish minority that resulted in as many as 100,000 deaths, is due to resume Jan. 8. But without the chief defendant, many fear that interest will dwindle and that countless victims of other atrocities will never receive their day in court.

Larry Cox, executive director of Amnesty International USA, said the rush to execute Hussein days after an Iraqi appeals panel upheld the sentence "signifies justice denied for countless victims who endured unspeakable suffering during his regime."

"It will doubtless have a devastating impact on other related trials, as the key witness who could most compellingly shed light on the chain of command will have been silenced," he said in a statement.

Hussein had sat impassively through hours of dramatic witness accounts, detailed forensic presentations and startling reenactment in the Anfal case, but was executed before taking the stand in his defense.

Mahmoud was 13 when Iraqi warplanes attacked the town where she lived with eight family members in a two-room home belonging to an elder brother.

For three days, she recalled, the members of the family cowered in the basement. When they emerged, they stepped into pandemonium.

"We went out to the streets and found the people shouting and screaming that there was chemical bombing going on and that we had to leave," she said. Homes were smashed and bloodied bodies lay in the streets.

The family was separated in the panic. Mahmoud, her mother and two younger siblings fled to a sister's home in a nearby village. There they were advised to douse themselves in water and climb onto the roof to avoid the heavy gas that gave them painful headaches and stomachaches and made them vomit.

"We remained on the roof until dawn, wet, frightened, with the airplanes hovering over our heads," she said. "Each time we kids heard a plane, we'd close our eyes thinking that if we did so, they wouldn't find us."

They eventually fled to neighboring Iran, where Mahmoud learned from other refugees that the elder brother whom they had lived with had died with his wife and three children in the gas attack.

The Halabja warfare featured prominently in Hussein's second trial, where he faced charges of genocide for his Anfal, or "spoils of war," campaign against Kurds living in the northern reaches of Iraq.

Mahmoud Othman, a Kurdish lawmaker, had urged the government to delay executing Hussein and top members of his regime at least until the conclusion of the Anfal trial. He wanted them to identify those responsible for the chemical weapons unleashed on Kurdish villagers, including the foreign companies and countries that supplied the parts to make them.

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"A lot of secrets will go to the grave with Saddam and his group," he predicted. "If these trials continue without those people, what is the use?"

Under Iraqi law, all pending charges against Hussein will be dropped, and he will not be tried posthumously. But this does not affect charges against six others: Ali Hassan Majid, the northern military commander at the time; Sultan Hashim Ahmad Jabburi Tai, the campaign's military commander; Sabir Abdul Aziz Douri, director of military intelligence; Hussein Rashid Mohammed, another senior military officer; Taher Tawfiq Ani, governor of Nineveh province; and Farhan Mutlaq Jubouri, head of military intelligence in the region.

Raed Juhi, an investigative judge and spokesman for the Iraqi High Tribunal, said the Anfal trial and other cases, about a dozen in all, would continue.

The next scheduled to begin concerns the brutal crackdown that took place when Shiite Muslims and Kurdish fighters rebelled at the end of the 1991 Persian Gulf War, anticipating that the U.S. would support them.

Some survivors of the sweeping arrests and killings doubt the case will now make it to trial.

"Who is going to be tried now that there is no Saddam?" asked Mohammed Mousawi, a 58-year-old retired teacher in the southern Shiite city of Najaf.

Mousawi's brother went out to buy bread one day 15 years ago and never returned. Three other relatives disappeared about the same time. "We have no idea what happened to them," he said. "I suspect they are in one of the mass graves."

Human rights groups that have monitored Hussein's cases before the Iraqi High Tribunal say there is ample reason to fear that Iraq's government leaders might abandon the process.

"My sense from the start is that the whole undertaking seemed unnecessary to them, a waste of time and resources," said Richard Dicker, director of the International Justice Program at New York-based Human Rights Watch.

He cited the replacement of judges who appeared too lenient or sympathetic to Hussein, and a failure to provide sufficient security to defense attorneys, two of whom were killed.

The cursory way in which the court dispensed with Hussein's appeal and the speed with which he was sent to the gallows raised concern about political interference in the judicial system.

"It looks like the trial is buckling to the political process," said Hanny Megally, who heads the International Center for Transitional Justice's Middle East and North Africa program.

"The fear is that after [the next trial], which focuses on Shia, they may say: 'Look, this is expensive, this is taking a long time, let's call it a day.'

"On the other side of the coin," he said, "maybe without the big shot in the courtroom, people will start to focus more on the violations and the complaints and those stories will come out more."

For some in the ongoing Kurdish case, it was enough to see Hussein hang.

Aisha, a 51-year-old Kurdish villager who gave only one name, will never forget the day she recently faced the late dictator in court and told him about her husband, who disappeared when their village was razed during the Anfal campaign.

"I thought that I would be able to face neither him nor this whole experience," she recalled from a small home in Irbil, "yet I found myself very strong and I faced him fiercely."

It does not matter to Aisha that Hussein was executed for crimes from the previous trial.

"We got our revenge against a criminal today," she said.

Timing Of Execution Could Fuel Divisions (NSDY)

By Mohamad Bazzi

Newsday, December 31, 2006

BEIRUT, Lebanon -- The timing and drama surrounding Saddam Hussein's execution makes it likely that he will become a martyr for Sunni nationalists fighting U.S. forces and the new Iraqi government.

By executing Hussein at the start of Eid Al-Adha, the holiest of Muslim holidays, the Shia-dominated Iraqi government made a strategic blunder: It further angered the Sunni minority that formed the core of his regime and now is driving the insurgency.

As news of Hussein's hanging spread Saturday across the Sunni-dominated Middle East, many Arabs criticized the timing -- even those who despised the dictator. Relations between Sunnis and Shias are already strained by the regional ascendance of Shia-led Iran, its growing influence on the Iraqi leadership and its involvement in other countries with large Shia communities, especially Lebanon.

"Holding this execution at the start of Eid is only going to make relations worse between Sunnis and Shias," said Nazem Jassour, an Iraqi political analyst. "There was no good reason why the execution could not be delayed until after Eid ... It's going

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to be perceived by Iraqi Sunnis as one more example of how the Shia government is trying to humiliate them." The Iraqi government did not explain why it decided to execute Hussein so quickly.

There were always serious risks to bringing Hussein to justice while Iraq faces a raging insurgency. Some Iraqis warned that any trial -- especially one that Sunnis perceived as being unfair and dominated by U.S. and Iraqi officials -- would further inflame sectarian tensions. In death, Hussein could be an even more potent symbol than Abu Musab al-Zarqawi, particularly for the nationalist strain of the insurgency. Al-Zarqawi was killed in a U.S. air strike in June, but members of his al-Qaida in Iraq still are carrying out suicide bombings against civilians and security forces.

Hussein's supporters were quick to declare him a martyr, and some vowed revenge against Prime Minister Nouri al-Maliki, who signed the death warrant.

"The president, the leader, Saddam Hussein is a martyr and God will place him in paradise along with other martyrs," Sheik Yahya al-Attawi said at a prayer service in a Sunni mosque built by Hussein in his home region of Tikrit, 80 miles north of Baghdad. "Do not grieve or complain because he has died the death of a holy warrior."

Many Arab rulers, including Hussein, usually pardon prisoners on the eve of Eid and delay any execution until well after the holiday. Exiled members of Hussein's Baath Party appeared on Arab satellite channel throughout the day and accused the Shia-led government -- especially al-Maliki's Dawa Party -- of being U.S. and Iranian puppets.

"Iraq will be ruled again by honorable people, not like it is today, by a group of spies who work for Bush," an Iraqi Baath member who goes by the nom de guerre Abu Mohammad told the Al-Arabiya channel.

It has never been clear how much influence Hussein had on the course of the insurgency, and whether he was coordinating it in a concrete way beyond sending out audiotapes to Arab media. After his arrest three years ago, the insurgency gained momentum.

While insurgents include former Baath loyalists and ex-members of the Iraqi army and intelligence services, others are Islamic militants from Iraq or neighboring Arab countries. Those militants have little allegiance to Hussein and are motivated by a desire to destroy the Shias and drive foreign troops out of a storied Arab land.

In a statement issued after Hussein's execution, al-Maliki tried to reach out to Sunnis involved in attacks on U.S. troops but not in killing Iraqi civilians. "We strongly reject considering Saddam as a representative of any sect in Iraq because the tyrant only represented his evil soul," al-Maliki said. "The door is still open for those whose hands are not tainted with the blood of innocent people to take part in the political process and work on rebuilding Iraq."

But most attempts at national reconciliation have failed, and Sunnis are likely to reject new overtures by al-Maliki because of the way he handled Hussein's execution.

The Sunni-Shia struggle in Iraq is largely political. Sunnis had dominated the country since its independence in 1932, despite making up only a fifth of Iraq's population. Hussein's regime brutally repressed the Shias, who constitute 60 percent of the country's 25 million people.

Since early 2004, insurgents have targeted Shia mosques, wedding parties and religious ceremonies across Iraq. They also have relentlessly attacked the Shia-dominated police and army. Iraq's most revered Shia cleric, Grand Ayatollah Ali al-Sistani, long has urged his followers not to retaliate against Sunnis. But as attacks on Shia civilians mounted, Shia militias and vigilantes began to fight back last year with tit-for-tat killings.

Hussein's influence reached beyond Iraq -- especially to the Palestinian-Israeli conflict. In more than 30 years as Iraq's ruler, he showed mastery at the politics of symbolism in the Arab world, and few symbols are as potent to Arabs as the Palestinians killed or injured while fighting Israel.

After the second Palestinian uprising in 2000, Hussein began distributing payments of up to $25,000 to the family of each suicide bomber and $10,000 for each Palestinian killed in clashes with Israeli forces. In all, Hussein sent about $35 million until he was ousted by the U.S. invasion in 2003.

The Iraqi checks reinforced the mix of hard-line nationalists and Islamic militants who oppose negotiations with Israel. The payments also helped Hussein restore his prestige among Arabs as the one true pan-Arab leader who refused to make concessions to Israel and the West.

Signs of Hussein's popularity could be found throughout the Palestinian territories. Mourners in funeral processions often waved Iraqi flags and posters of Hussein. Young men shouted his name while throwing stones at Israeli soldiers, chanting "Oh Saddam, Oh Saddam, come and blow up Tel Aviv."

As Hussein stood on the gallows, among his last words reportedly were: "Palestine is Arab" -- a message to Arab masses that he was dying a martyr for the most persistent Arab cause.

After Saddam, Attacks Go On (MINNST)

Minneapolis Star Tribune, December 31, 2006

DOJ_NMG_0111420

BAGHDAD - After nearly three decades living with the brutal repression of Saddam Hussein and the violent aftermath of his overthrow, most of Iraq responded with relative calm Saturday to his execution, played out again and again on television.

To many Iraqis, it was a mere footnote to the narrative that has been playing out on the streets. Saddam was dead, but car bombs still reaped their daily toll: At least 80 were killed.

His death would do little, they said, to rid Iraq's new problems: sectarianism, ethnic cleansing and the lack of services.

"Everybody knows who will be sad and who will be happy," shrugged Ahmed Saleh, a 40-year-old Shiite whose sect is supposed to wish the Sunni despot good riddance. But he could hardly care as he sat with a Sunni friend Saturday. "Nothing will change."

Capt. Dave Eastburn, 30, of Columbus, Ohio, agreed. "Nothing really changes," he said. "The militias run everything now, not Saddam."

Government leaders sought to tell a different story, saying Saddam's trip to the gallows should become a turning point in Iraq's strife. Referring to leaders of the Sunni insurgency, Prime Minister Nouri al-Maliki said in a statement, "Saddam's execution puts an end to all their pathetic gambles on a return to dictatorship."

President Bush said the execution was a milestone on Iraq's road to democracy, but cautioned that it would not halt the bloodshed and political discord splitting the country. "Many difficult choices and further sacrifices lie ahead," he said in a somber statement released Friday night.

Other world leaders, however, used the occasion to express concerns about the death penalty and about the general course of events in Iraq.

In Italy, former Prime Minister Silvio Berlusconi, who had staunchly backed the U.S.-led war in Iraq and sent Italian troops to fight, called the hanging "a step backward in Iraq's difficult road toward full democracy."The civilization in the name of which my country decided to send Italian soldiers into Iraq envisioned overcoming the death penalty, even for a bloody dictator like Saddam," he said.

Some Arab governments denounced the timing the 69-year-old former president's hanging just before the start of the most important holiday of the Islamic calendar, Eid al-Adha. Libya announced a three-day official mourning period and canceled all celebrations for Eid.

Violence, like any other day

Despite concerns about a spike in unrest, Saturday's violence was not unusually high for Iraq, nor did it appear to be in retaliation for the execution.

The military reported the deaths of six more American troops, making December the deadliest month this year for U.S. forces in Iraq. At least 2,998 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an Associated Press count.

The new U.S. deaths included three Marines who died Thursday of wounds from fighting in western Anbar Province. A soldier also died in combat Friday in Anbar, and two others were killed by roadside bombs in separate incidents in Baghdad Friday, the military said.

In Baghdad on Saturday, 12 bodies bearing signs of torture were found in various parts of the city, police said.

Two car bombs detonated one after another in a religiously mixed neighborhood of northwest Baghdad, killing 37 civilians and wounding 76, police said.

Another 31 people died and 58 were injured when a bomb planted on a minibus exploded in a fish market in a mostly Shiite town south of Baghdad, said Issa Mohammed, director of the morgue in the neighboring town of Najaf.

A muted response

Across the country, the bitter remains of Saddam's rule defined Iraqis' responses to his death.

For Shiites, long oppressed, it was a moment of intense release.

"This chapter of Iraqi history is over," said Mowaffak al-Rubaie, Iraq's national security adviser, speaking on national television early Saturday. "Let us forget it and live with each other."

Sunni Arabs were skeptical. After three years of grinding violence and abuses by the Shiite government security forces, trust has all but fallen away, and few feel genuinely represented by the government. Most, in fact, are afraid of it.

"I'm not part of their world," said Yusra Abdul Aziz, a teacher in the Sunni Arab enclave of Mansour. "They are not speaking about Iraq. They are speaking about themselves."

Throughout the nation, larger crowds could be found in the more homogeneous cities. In the Shiite holy city of Najaf, police and residents danced side by side, chanting and singing in the streets. In Tikrit, a mostly Sunni city, angry crowds blocked main roads. But in communities immersed in civil strife, there was little response. In Baghdad, residents largely celebrated inside their homes or among friends at coffee shops.

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Kurds opposed the quick hanging, the sentence resulting from just one case against Saddam: the killing of at least 148 men and boys in retribution for a 1982 assassination attempt in the Shiite town of Dujail. Now Saddam will not testify in the trial over the Anfal military campaign against the Kurds, in which he is accused of unleashing chemical attacks that killed tens of thousands of villagers.

"The truth of what happened in al-Anfal has been buried," said Abu Abdul Rahman, a 38-year-old Kurdish taxi driver.

Division That Caught A Dictator Takes His Execution In Stride (NYT)

By Ralph Blumenthal

The New York Times, December 31, 2006

KILLEEN, Tex., Dec. 30 — They went to war to oust him, tracked him to his spider hole and battled the insurgency he left behind. But on Friday night, as Saddam Hussein faced the gallows in Baghdad, the soldiers of Fort Hood had better things to do than to count down a dictator's final minutes.

Three years and two weeks after troops of the Fourth Infantry Division celebrated their capture of Mr. Hussein by printing up T-shirts with his shaggy likeness and the boast, "We got him," the bars, restaurants and shopping malls of this central Texas city that supports the vast Army post were packed with troops and their families doing, it seemed, everything but following the death watch in Iraq.

Televisions flickered overhead to the clink of beer bottles, but the whoops of excitement were for football-game end runs and touchdown passes.

But around 9 p.m. local time, when news of the execution filtered out and some channels were switched to the news, Chad Story, an Army pilot, sat with his wife, Angela, in the Outback Steakhouse, and called it "great news."

"I just found out two seconds ago," he said, acknowledging that he had not realized how imminent the death had been.

But he said he did not expect much to change in Iraq. "They'll be no effect on the war, unfortunately," he added. Asked if he supported continued American involvement, he hesitated.

"Say yes," Mrs. Story prompted, "it's your job."

As word spread, soldiers in sweatshirts and turned-around ball caps seemed surprised that the sentence would be carried out so quickly, wondering aloud whether it would be shown on television.

Fort Hood, which is the largest active duty armored installation in the country — covering 340 square miles in central Texas halfway between Austin and Waco, and stretching 26 miles east to west with a population of 71,000, including 42,000 troops — was closed to news media interviews over the holidays, an Army spokesman said. But soldiers, many either just back from Iraq or about to go, were everywhere in and around Killeen.

Travis Fowler, a motor transportation specialist with two tours in Iraq, was at the A-1 Classic Tattoo parlor, watching his friend, Randy Rayburn, commemorate his graduation from basic training with his first tattoo, an inked tribute to his native Oklahoma. The proprietor, a heavily tattooed giant who said he went by the name Cowboy, bars television from his premises.

"It breaks my heart," Cowboy said. "I got a lot of tattoos that are not coming back."

At a Hooters restaurant, Pvt. James Jones, a combat engineer with orders to go to Iraq early in 2007, sat with his father, James, a Korea veteran; his mother, Tina; and other family members, aware, they said, that history was being made.

"He's caused misery for generations," Private Jones said. "I wish it would hurry up and happen."

He said it was lucky Mr. Hussein was not facing American justice. "Here you can appeal it for 20 years," he said.

Across the room, Christopher Patin, a paratrooper bound for Afghanistan, said he had been in Iraq when news of Mr. Hussein's capture crackled over the radio, stoking hopes that the war would be over soon. "It didn't work out as we planned," he said.

Still, he said he applauded the pending execution. "Justice will be served," he said.

Across Highway 190, which divides Killeen into parallel commercial strips, a 24-hour Wal-Mart was crowded with soldiers and their families, many thronging the television section with sets tuned not to news channels but to sports.

Specialist Kenneth Kirkland, back last month from fueling helicopters in Iraq, roamed the aisles with his wife, Traciee, who is a manager at Subway and was still wearing her employee nametag.

Fearful of what she called "so much horrific news," Mrs. Kirkland said, "I quit listening to the news when my husband was over there."

But now, she said, she was following events closely. "My God," she said, "they're finally going to kill him."

At a table in Boston's Restaurant, Jerome Kyler, a building contractor who was visiting Killeen for the funeral of his father-in-law, a retired military officer, said the execution would shorten the war.

"He wasn't really a leader; he just had a lot of followers," Mr. Kyler said.

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A relative, Anthony T. Craig Jr., a crane operator for the city of Killeen, was not so sure. "There's somebody following in his footsteps," Mr. Craig said.

Celebration in Michigan

DEARBORN, Mich., Dec. 30 — In this Detroit suburb that is home to the largest Iraqi community outside the Middle East, hundreds of people celebrated Mr. Hussein's death long into the early hours of Saturday morning, praising God as affording them revenge against the man whose regime killed many of their relatives. They expressed hope that the hanging would quell some of the violence in their homeland.

"The best gift for our happy new year is the murder of Saddam Hussein," Imam Husham al-Husainy, director of the Karbalaa Islamic Education Center, shouted from atop a parked car after news reports confirmed the execution.

Warren Avenue, a thoroughfare lined with Middle Eastern shops and eateries, was jammed with sport-utility vehicles and minivans, their drivers honking incessantly while passengers waved Iraqi and American flags through the windows.

Many gathered outside the Karbalaa center early in the evening had lost uncles, fathers and brothers to Mr. Hussein's Baathist regime.

Mr. Hussein's death, they said, keeps future generations of Iraqis from suffering as their families did.

"It's the biggest happy day in my whole life," 19-year-old Ahmed Alaboudi said. "We lost millions of people because of Saddam. But now our home is going to calm down, and everything is going to be O.K."

Many in the crowd of about 200 said there would be fewer insurgents with Mr. Hussein gone.

"They have nothing to fight for," said Diaa Tamimi, 38, who was arrested three times in Iraq because his uncle did not like Mr. Hussein. "Now I think they'll give up."

Mr. Husainy, the imam, said: "The world without Saddam is a much safer place. Even if he is behind bars, he still gives hope and support to his followers and to the terrorists."

The celebration — confined mostly to one parking lot — was smaller and more subdued than the demonstrations throughout Dearborn when Mr. Hussein was captured.

Reaction From Times Square

In Times Square, the news began appearing on the enormous television screens around 10:30 p.m. on Friday, but few of the tourists snapping pictures immediately noticed.

Pak Mark, 45, from White Plains, said: "I actually don't think he should die. He's a head of state. There's a lot of other people who have done a lot worse. There's a lot of atrocity that's done all over the world. Why only him?"

Pat Robertson, 52, who was visiting from Oxford, Miss., spent a year in Baghdad screening Iraqi police recruits. Ms. Robertson said the execution was a victory for fledgling democracy. "They did it themselves," she said. "I'm so proud of them."

Andy Sierra, 20, of Brooklyn, noted that Osama bin Laden was still at large.

"The U.S. should stop worrying about this whole execution and find bin Laden," Mr. Sierra said. "That's all we're hearing about: Saddam getting executed. Another group of soldiers are getting murdered every day and we're still worried about the same thing. We're not worrying about what else is out there."

An Overnight Death Watch, And Then Images Of The Hangman's Noose (NYT)

By Alessandra Stanley

The New York Times, December 31, 2006

Of course American television was going to show Saddam Hussein's execution. In a medium that feeds on immediacy, it was just a question of not having to wait too long to see it. And the coverage of the Iraqi dictator's last moments turned out to be an enervating, overnight death watch.

When the first images of the hanging began trickling onto CNN and other cable news shows just before 4 a.m., the death looked oddly casual. Mr. Hussein, who refused a hood, wore a black overcoat and a calm, bland expression that made him look almost like a visiting dignitary on a factory tour.

Some news reports said the condemned man shouted "Allah-u akbar," Arabic for "God is great," on the gallows, but the camera showed Mr. Hussein being escorted by masked men into a shabby room, seemingly listening in a considering way as one of the guards gestured to his own neck as if to explain how the process works. The man slipped a black scarf around Mr. Hussein's neck, then the noose, and then the camera stopped.

It took another few hours for Fox, MSNBC and CNN to transmit Iraqi television's record of the aftermath: grainy, jumpy shots, possibly taken by a cellphone camera, of Mr. Hussein's body, lying wrapped in a sheet, his face uncovered and his neck, as a Fox anchor put it, "horribly twisted."

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Throughout the night, cable news anchors repeatedly assured viewers that for deep-rooted cultural reasons, the Iraqi public would need to see a videotape of Saddam Hussein's execution — as if implying that left to their own devices, the anchors would prefer to just flash a photocopy of the death certificate.

For its own cultural reasons, American television needed to paint morbid curiosity and the competitiveness of live television as a duty executed soberly and reluctantly. "This need to show pictures, some of which are very gruesome, frankly, must be important" for the Iraqi government, the CNN overnight anchor, Stephen Frazier, told Ryan Chilcote, as the close-ups of Mr. Hussein's body crossed the screen. Mr. Frazier then asked the reporter to explain the "apparent bruising" on the dead man's face.

The Saturday morning shows were more subdued, trying to finesse the jarring contrast between scenes of American well-wishers lined up outside a church in Palm Desert, Calif., to pay their respects to former President Gerald R. Ford, and Iraqis dancing in the streets of Sadr City in Iraq — and Dearborn, Mich. — to celebrate Mr. Hussein's inglorious execution.

The networks mostly chose not to begin the day with the most lurid shots. On ABC's "Good Morning America," Terry McCarthy, a Baghdad-based reporter, said the network was not showing Iraqi images of Mr. Hussein's body because "we think they are a little too graphic to show on television."

The news that Mr. Hussein was indeed dead came late on Friday night, and anticlimactically after hour upon hour of creepy music, blood-colored graphics and montages of Mr. Hussein's most infamous moments, particularly his spider hole capture in 2003, when an American military camera recorded a hairy, befuddled Mr. Hussein being prodded and poked like a vagrant being searched for lice.

As the deadline loomed, and commentators filled time with pronouncements like "the clock is ticking on Saddam Hussein," even on-air personalities looked restless. After devoting his entire hour on CNN to the impending hanging, Larry King asked, "Is there something ghoulish about this?" Mr. King looked a little let down when he had to sign off before the execution, promising viewers, "It is really imminent now."

Shortly after 10 p.m., anchors announced that Iraqi news organizations were declaring Mr. Hussein dead, but there were no live images or sound bites to bolster those bulletins. Baghdad was still asleep, so reporters who stayed up all night to record the moment could not deliver an instant reaction.

CNN got around it by showing tape of Iraqi-Americans holding a rowdy outdoor demonstration in Dearborn, Mich. Iraqi state television apparently also felt the need to punctuate execution images with celebratory scenes: CNN reported that Iraqi state television was also showing images of Iraqi-Americans cheering in Dearborn. Those turned out to be images taken from the CNN signal.

Before the first pictures arrived, some anchors fretted on air about whether they could be shown. CNN's Anderson Cooper seemed most worried about the content, telling viewers that a decision over how much to show would be made "at the highest levels" of CNN. But Iraqi television did not show Mr. Hussein's death throes on Friday, so the ethical quandry was somewhat muted.

Fox was much less squeamish, pumping up the Friday night vigil with graphics that promised "The end is near!" and "Date with Death" and urging viewers to stay tuned to Fox News.

All the networks tried to prepare viewers with long biographies of Mr. Hussein and his many crimes. CNN put together a report on the history of toppled leaders' executions, from Mussolini in 1945 to the deposed Afghan president, Najibullah, who was hanged from a Kabul traffic post by the Taliban in 1996. CNN even interviewed a forensic scientist who used a plastic medical school dummy, a rope wrapped around its neck, to explain that asphyxiation can be painless and quick.

But when the pictures arrived, there was no getting around the raw barbarity of the moment. On New York's ABC "Eyewitness News," the morning anchor, Michelle Charlesworth, turned to Jim Dolan and said, "Remind us of what kind of monster this man was."

What The Dictators Can't Stop (WP)

By Jim Hoagland

The Washington Post, December 31, 2006

Dictators die harder than most of us. Having wielded unlimited power in life, they seem to be sustained by a stubborn belief in their ability to stare down death, too. In his final moments yesterday, Saddam Hussein refused the offer of a hood to cover his eyes.

Such defiance lends a particularly morbid quality to the last days of dictators such as Hussein and the now-infirm Fidel Castro. They follow in the reluctant footsteps of Spain's Francisco Franco and of many other tyrants-in-extremis before el rais Saddam and el jefe Fidel were confronted, respectively, with a hangman's rope and the withering ravages of disease.

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Survival is the dictator's primary occupation -- as well as his justification for ruthlessness. "His main contribution to life, finally, is fear; but fear such as thunder, cancer or madness may provoke," author William Kennedy wrote of the fictional caudillo that Gabriel GarcÃ-a MÃ¡rquez created in "The Autumn of the Patriarch." Facing death, the dictator is "the embodiment of egocentric evil unleashed," Kennedy continued in a masterful 1976 book review for the New York Times.

The year before, GarcÃ-a MÃ¡rquez was in Madrid, as was I, for Franco's 40 days and nights of dying, inch by inch. Moreover, meetings I had with Hussein around the same time and later with Castro instantly gave me the impression that neither intended to go into the night quietly -- or at all. They could not and would not let others pretend to command their people, nor would they allow history to tamper with the image they willed for themselves.

When he ruled Iraq, Hussein left nothing to chance. A visitor who might greet him had to wash his or her hands with a mysterious blue liquid and pass through a maze of metal detectors in his vast palace. Among the scores of guards and aides, only one was trusted to know which room Hussein would use to greet the visitor.

For years after that encounter, I published open letters to Hussein urging him to get out of the dictator business or at least to quit slaughtering his nation's Kurds, Shiites and Sunni dissidents. I can stop. The approach of the hangman's rope finally focused his mind on my point.

Or so it seemed in the farewell letter that Hussein's lawyers claim the deposed tyrant wrote. Released one day after Iraq's highest court upheld his death sentence last week, the letter urges Iraqis "not to hate, because hatred does not leave space for a person to be fair. . . ." Even U.S. troops should not be hated.

The lawyers would have us remember Hussein as a pious, forgiving ruler concerned about his people's welfare. They saw this as a useful legal tactic. But I doubt it is the way Hussein wanted us to remember him. On the witness stand in his two trials, he remained generally fierce and defiant, refusing to be anything other than a man whom others must fear or else.

Those who would blame all of Iraq's current evils on the American occupation are already busy airbrushing Hussein's image. But we cannot let death obscure his role in creating the inferno that is Iraq today. He leaves behind a country successfully recast in his own ferocious image to a degree far greater than I had imagined.

Before 2003, I believed that Iraqis were largely a people held hostage by Hussein, his murderous clan and the Baathist machine. But far more Iraqis turned out to be like Hussein -- ready to use torture and assassination in the pursuit of wealth and power -- than the world's best intelligence agencies had predicted, as David Kay's official analysis of the CIA failure to understand pre-invasion Iraq details. These Iraqis are Saddam Hussein's enduring legacy.

I suspect that Hussein preferred to go out in a grim finale that will be portrayed by his disciples as victor's justice than to waste away, in solitude and yet under the public's watchful gaze, as Castro is doing in Havana.

Cuba's situation after Castro will not be as traumatic or bloody as Iraq, in large part because Castro did not feel it necessary to rule as harshly and sadistically as did Hussein. As GarcÃ-a MÃ¡rquez, Castro's friend, has written: "The Latin American reality is totally Rabelaisian." It misshapes Latin dictators in ways different than do the blood feuds of the Middle East.

But both dedicated their lives to what GarcÃ-a MÃ¡rquez calls "the solitary vice of power." Their deaths will lighten their crimes and responsibilities not a whit.

Keeping Faith With A Bloody Tradition (LAT)

By Christopher Hitchens

The Los Angeles Times, December 31, 2006

I WAS SITTING with President Jalal Talabani of Iraq earlier this month when Iraqi television was broadcasting the trial of Saddam Hussein. The hearings had shifted into their second phase, concerning the mass murder of Iraq's Kurdish minority in the 1980s, and video footage of gassing and shooting had been played in court, to ram home the anguished statements of numberless survivors.

There was something both satisfying and unsettling about the juxtaposition. It is fitting that Iraq's first-ever elected president is a Kurd, but I couldn't help noticing that he didn't much want to be drawn out on the subject. The party that he leads — the Patriotic Union of Kurdistan — is an affiliate of the Socialist International, which opposes the death penalty. In the grimmest days of the "Anfal" — Saddam Hussein's Koran-inspired name for the genocide — one of the Kurds' best friends was Danielle Mitterrand, wife of the late president of France, whose most lasting monument will be his abolition of the guillotine. It was she who had proposed to the Iraqi opposition that it should become the first Middle Eastern government to do away with capital punishment.

This did not happen, of course. Instead, the death penalty remains on the books in Iraq, and the execution of Hussein took place at dawn on Saturday. (It is probably not a coincidence that the verdict of the Iraqi appeals court against Hussein specifically stated that nobody — including the president of the country — had the right to commute the sentence of death).

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It's too bad. There are a number of things that should cause qualms about both the trial and the sentence of Hussein. For instance, both were caught up in the sectarianism that now dominates everything in Iraq. To some, it is enough that Hussein was convicted of massacring the inhabitants of a Shiite village, Dujail, in 1982, and his hanging need not have anything specifically to do with his much larger and even crueler crimes against Kurdistan, Kuwait, Iran and the Iraqi people more generally.

Further, it's unclear what benefits his execution brings. I have heard of Shiite politicians who say that Hussein's death will help repress the Sunni insurgency by depriving it of a figurehead and rallying point and by destroying the chance of a Baathist restoration. This seems to me the most extreme foolishness and stupidity. There was no chance in any case of Hussein returning to power, and it seems just as likely, if not more so, that his execution will actually inflame violence rather than calm it. (While speaking of "execution," many of these same Shiite leaders are linked to death squads that murder their fellow Iraqis every single day and night.)

Almost every transfer of power in Baghdad for the last half a century has been accompanied by the killing of the previous incumbents. British-backed Prime Minister Nuri Said was dragged through the streets and torn to shreds in 1958; his remains were then dug up and run over by cars. I remember as a boy seeing one of his replacements, the pro-communist Abdul Karim Qassim, on television, his head lolling after the attentions of a Baathist firing squad.

The most lurid of all these moments, in this most bitter and harsh society, came with the sadistic video that Hussein himself made of the purge of his party after his seizure of power. Nobody who has seen that footage — of terrified men dragged by goons from the room, while the survivors weep with fear and relief and Hussein indulges in a luxurious cigar — is likely to forget it. And this atrocity was only the curtain raiser to further orgies of mass murder and torture of which we have unimpeachable evidence from the regime's own archives.

"After such knowledge," as T.S. Eliot asked in "Gerontion," "what forgiveness?"

Jonathan Randal, a former Washington Post correspondent, repeated this question in the title of one of the best books on the subject of the Kurds. For many Iraqis, nothing could possibly begin to cancel the recent past except an act of exemplary vengeance. And — to argue against myself further — for many other Iraqis, there could be no security or peace of mind while Hussein continued to breathe. It was rather the same with Nicolae Ceausescu in Romania, where citizens could not get the oppressor out of their minds and where a new start was not thinkable to many until he was certified as dead.

This, in essence, also was the psychological underlay of the Nuremburg war crimes trials: The beasts had to die, and to be seen to have died. One could not bear to live on the same planet as them, and the memory of their victims would be profaned if they were long outlived by their murderers.

It is for this combination of fear, insecurity and agony that some favored the execution of Hussein in public, or at least on television. Without this assurance (or perhaps, even with it) many citizens would have difficulty believing that the tyrant was actually gone. This moves us almost into the realm of exorcism — as if there were not enough "faith-based" horror in Iraq as things already stand.

But Iraq is not going to be free of beasts just because Hussein has gone through the trapdoor. And some of the beasts who still roam the country will be the ones applauding the loudest.

(In this connection, it might have been better for a certain Ginger Cruz, an official at the U.S. Embassy in Baghdad, to have kept quiet instead of loudly seconding a verdict that doesn't call for any comment from her. The Embassy should be concentrating on the job of combing the torturers and assassins out of the Iraqi police force that American taxpayers are subsidizing.)

Commenting on the killing of Nuri Said in 1958, that great student of Mesopotamia, Freya Stark, reflected on "the savagery for which Iraq in her long history has ever been notorious … the pendulum swing of murder, ancient and long familiar, which has made the pattern from the day when the first Ali was stabbed in Kufa, and probably long before. Even the massacre of the Prophet's family is no novelty on that soil."

It would have been no offense to justice if Hussein had been sentenced to spend the rest of his days in prison without the possibility of parole, but it would represent a break with that sanguinary tradition. And it might be no bad thing if Americans, especially those who supported the breaking of his death grip on Iraqi society, found ways of conveying their distaste for this rushed and vindictive — and partial — version of a process of reckoning that ought to have been sober, meticulous and untainted.

Bombs Kills 68, Wounds Dozens In Iraq (AP)

AP, December 30, 2006

BAGHDAD (AP) — Bombings killed at least 68 people in Iraq on Saturday, including one planted on a minibus that exploded in a fish market in a mostly Shiite town south of Baghdad.

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The attacks came hours after Saddam Hussein was hanged in Baghdad for ordering the killings of 148 Shiites in the city of Dujail in 1982. Despite concerns about a spike in unrest, Saturday's violence was not unusually high and there was no indication it was related to the execution.

The U.S. military also announced the deaths of three Marines and three soldiers, making December the year's deadliest month for U.S. troops in Iraq, with 109 service members killed.

The bombing at the fish market in Kufa, a Shiite town about 100 miles south of the Iraqi capital, killed 31 people and wounded 58, said Issa Mohammed, director of the morgue in the neighboring town of Najaf. The man blamed for parking the vehicle was cornered and killed by a mob as he walked away from the explosion, police and witnesses said.

Shoppers had crowded into the market to buy supplies for the four-day Eid al-Adha festival, the most important holiday of the Islamic calendar for Shiites.

Television footage showed hundreds of men in traditional Arab headdresses swarming around the minibus' charred frame, toppled on its side in the street. Ambulances and fire trucks pulled up to the site, and a coffin was loaded on top of a car.

In northwest Baghdad, two parked cars exploded one after another, killing 37 civilians and wounding 76 in a mixed neighborhood of the Iraqi capital, police said.

The Marines died Thursday of wounds from fighting in western Anbar province, the U.S. military said. A soldier also died in combat Friday in Anbar, and two others were killed by roadside bombs in Baghdad, the military said.

Their deaths pushed the December death toll past the 105 U.S. service members killed in Iraq in October. At least 2,998 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an Associated Press count.

Saddam was hanged early Saturday, after his conviction last month for crimes against humanity in connection with the Dujail killings. Curfews were enforced in Saddam's hometown of Tikrit and in Samarra, both in the predominantly Sunni Salahuddin province north of Baghdad.

Mostly peaceful demonstrations broke out in several towns across Iraq, with hundreds of people marching in the streets carrying Iraqi flags and banners. Despite the curfew, gunmen in Tikrit paraded with his picture and fired their weapons into the air, calling for vengeance.

Police said Iraqi troops arrested 39 suspects with "quantities of weapons" in Balaz Ruz, 45 miles northeast of Baghdad.

On Friday, a suicide bomber killed at least nine people near a Shiite mosque in Baghdad, and 32 tortured bodies were found across the country.

December was also shaping up to be one of the worst months for Iraqi civilian deaths since the AP began keeping track in May 2005.

Through Thursday, at least 2,139 Iraqis have been killed in war-related or sectarian violence, an average rate of about 76 people a day, according to the AP count. That compares to at least 2,184 killed in November at an average of about 70 a day, the worst month for Iraqi civilians deaths since May 2005. In October, AP counted at least 1,216 civilians killed.

The AP count includes civilians, government officials and police and security forces, and is considered a minimum based on AP reporting. The actual number is likely higher, as many killings go unreported.

Car Bombs Target Shiites In Iraq (CNN)

CNN.com, December 30, 2006

BAGHDAD, Iraq (CNN) -- Car bombs and a suicide bomber left at least 75 people dead and more than 100 wounded Saturday, the day former Iraqi leader Saddam Hussein was executed for crimes committed during his rule.

At least 66 people were killed in car bomb attacks on markets in a Shiite area of Baghdad and the southern Shiite town of Kufa.

Residents have been shopping for the Eid al-Adha Muslim holiday, which started Saturday for Sunnis and will start Sunday for Shiites.

The first attack targeted a local market in the historic town of Kufa, killing at least 30 civilians and wounding 45 others, an Iraqi Interior Ministry official said.

The second struck a busy market in Baghdad's northwestern district of Hurriyah, killing at least 36 people and wounding another 77, an Interior Ministry official said.

Three car bombs went off nearly simultaneously in that attack, two on a side street near a shopping area, and a third nearby, he said.

In three additional incidents, a car bomb killed a person and wounded four others near an amusement park south of Baghdad; another killed two people in western Baghdad; and a suicide bomber killed at least six in Tal Afar.

Kufa is part of the key southern province of Najaf. U.S. troops handed security control of the area to Iraqi troops and police last week. The transfer is considered the most significant so far because of Najaf's religious importance.

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U.S. troops have remained in the province but are not in charge of conducting active patrols and are, according to U.S. military spokesman Maj. Gen. William Caldwell, only to be involved in operations when called on by authorities.

Two years ago, the U.S. military and Shiite cleric Muqtada al-Sadr's Mehdi Army militia fought in and around Najaf and Kufa.

Saturday's attacks followed the execution of former Iraqi dictator Saddam Hussein, a Sunni.

Some predicted the execution would exacerbate violence between Sunnis and Shiites in Iraq. Sunnis were a minority ethnic group that enjoyed protection and power during the Hussein regime. They battle, often violently with the majority Shiites, who were persecuted then and now dominate the Iraqi government.

In addition Saturday, the U.S. military announced the deaths of three more American soldiers. The casualties raised the number of American personnel killed in Iraq this month to 109, making December the deadliest month of 2006.

A roadside bomb went off near a Multi-National Division-Baghdad patrol Friday, killing a soldier and wounding three others in southwest Baghdad, the U.S. military said in a written statement. The soldier was accompanying a top military leader to outlying areas to meet with troops at the time of the blast, the military said.

The death was the third U.S. casualty announced Saturday.

A roadside bomb also killed a U.S. soldier on combat security patrol in northwest Baghdad Friday, and another U.S. soldier was killed in combat in Anbar province, the military said.

The U.S. troop death toll for this year has reached 818 -- 2,991 since the war began.

Seven American civilian contractors of the military also have died in the conflict.

On Friday, the British Ministry of Defense announced its 127th death in the war. A roadside bomb killed a soldier, who belonged to the Duke of Lancaster's Regiment, 2nd Battalion, while on patrol in the southern Iraqi city of Basra.

Also Friday, a suicide bomber targeted a Shiite cleric north of Baghdad, killing him, his brother and seven others, authorities in Iraq said. The killings took place in the Diyala provincial town of Khalis.

The bomber had waited near the house of Sheik Kadhim Hameed Qassim, the sheik of Khalis Shiite Mosque, and self-detonated when the cleric, his security and family members arrived after Friday prayers, Diyala officials said.

The province, northeast of Baghdad, has seen much violence.

In addition to the 10 killed, including the suicide bomber, 15 others were wounded, the Iraqi Interior Ministry said.Other developments

Coalition forces killed six insurgents during a series of raids in Baghdad and northwest of the capital Friday, the U.S. military reported. Seventeen people were detained.

Two Iranian diplomats were released Friday after being detained in Iraq by the U.S. military for more than a week, according to IRNA, Iran's official news agency. The pair were seized during a raid in Baghdad on December 21, U.S. Maj. Gen. William Caldwell told reporters Wednesday.

Al Qaeda's No. 2 man, Ayman al-Zawahiri, discussed Iraq and Afghanistan and condemned Palestinian Authority President Mahmoud Abbas during an address to Muslims two days before the start of Eid al-Adha, an Islamic festival. An audiotape released on Islamist Web sites Friday marked the ninth released by al Qaeda in the last six months.

Shi'ite Hostages' Kin Fear Revenge Slayings (WT)

By Aqeel Hussein

The Washington Times, December 31, 2006

BAGHDAD -- The families of hundreds of Shi'ite men snatched off the streets by Sunni extremists are waiting to hear their fate after kidnappers threatened to kill them if the execution of Saddam Hussein went ahead.

As many as 450 men are thought to have been seized by Sunni militants during the past two months as hostages against the execution.

Iraqi security forces said the families of the men, most of whom worked for Shi'ite political parties, had been told they would be killed if Saddam was executed.

Col. Mahdi al Salamy, from the Interior Ministry, said hundreds of people had been reported missing over the past two months.

"We have many situations of Shi'ite people being disappeared and their bodies never being found," he said.

He said between 400 and 450 Shi'ite men were thought to have been kidnapped.

"We received many messages from families telling us that their sons were being held as hostages, waiting for Saddam to be executed," he said.

Most of the men were taken in the area around Latifiyah city, a Sunni stronghold 25 miles south of Baghdad. The Interior Ministry said the men were seized as they drove between the Shi'ite holy city of Najaf and Baghdad.

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Gunmen set up fake checkpoints and ordered the men from their cars, seizing four or five hostages at a time. About 80 men were also taken from Taji city when gunmen stopped three buses and ordered off the men inside.

The seizures went on for two months before Iraqi army units moved into the area and shut down the checkpoints.

Talking hours before Saddam's execution, relatives of the hostages said they were resigned to their fate.

Haider al Hachami said his brother, Kadri al Hachami, had been snatched a month ago as he drove from work in the Al Rashdia area of Baghdad to his home in the Shi'ite district of Al Shualaa.

He did not hold out any hope because his brother worked for the Supreme Council for the Islamic Revolution in Iraq (SCIRI), the main Shi'ite party in Iraq.

"One day after his kidnapping a gang rang and told me, 'Your brother was working with the SCIRI party and he is now held as a hostage with us and all of them will be executed if Saddam is killed,' " he said. "Anyway, he will be killed. If that is so, I prefer to kill Saddam Hussein because I have lost my brother. He is dead, because he is working for the SCIRI party."

Officials said the men were thought to have been taken by a group known as the 20th Revolution Brigade, the military wing of the Islamic Resistance Movement, which has previously been linked to the kidnapping of foreign workers in Iraq.

Haider al Hachami said his brother was 32 and married with three children.

"He did not come back home and after one day these people called and told us those things and no one called after that," he said. "They did not ask for anything, only for no execution of Saddam Hussein. And they told me to tell the SCIRI party that they would do this, with hundreds of other people."

Saddam Exchanged Taunts Before Hanging (AP)

By Steven R. Hurst, Associated Press Writer

AP, December 31, 2006

Iraqis awoke Saturday to television images of a noose being slipped over Saddam Hussein's neck and his white-shrouded body, the pre-dawn work of black-hooded hangmen. They went to bed as new video emerged showing Saddam exchanging taunts with onlookers before the gallows floor dropped away and the former dictator swung from the rope.

Saddam was buried shortly before sunrise Sunday in a family plot next to the graves of his two sons, witnesses said. Those who saw the ceremony said only a few people were present for the burial in Ouja, where Saddam was born.

In Baghdad's Shiite neighborhood of Sadr City, victims of his three decades of autocratic rule took to the streets Saturday to celebrate, dancing, beating drums and hanging Saddam in effigy. Celebratory gunfire erupted across other Shiite neighborhoods in Baghdad and other predominantly Shiite regions of the country.

There was no sign of a feared Sunni uprising in retaliation for the execution, and the bloodshed from civil warfare was not far off the daily average — 92 from bombings and death squads.

Outside the Sunni insurgent stronghold of Ramadi, west of the capital, loyalists marched with Saddam pictures and waved Iraqi flags. Defying curfews, hundreds took to the streets vowing revenge in Samarra, north of Baghdad, and gunmen paraded and fired into the air in support of Saddam in Tikrit, his hometown.

Still, authorities imposed curfews sparingly in contrast to the several-day lockdown put in place after Saddam was sentenced to death Nov. 5.

By several accounts, Saddam was calm but scornful of his captors, engaging in a give-and-take with the crowd gathered to watch him die and insisting he was Iraq's savior, not its tyrant and scourge.

"He said we are going to heaven and our enemies will rot in hell and he also called for forgiveness and love among Iraqis but also stressed that the Iraqis should fight the Americans and the Persians," Munir Haddad, an appeals court judge who witnessed the hanging, told the British Broadcasting Corp.

Another witness, national security adviser Mowaffak al-Rubaie, told The New York Times that one of the guards shouted at Saddam: "You have destroyed us. You have killed us. You have made us live in destitution."

"I have saved you from destitution and misery and destroyed your enemies, the Persian and Americans," Saddam responded, al-Rubaie told the Times.

"God damn you," the guard said.

"God damn you," responded Saddam.

New video, first broadcast by Al-Jazeera satellite television early Sunday, had sound of someone in the group praising the founder of the Shiite Dawa Party, who was executed in 1980 along with his sister by Saddam.

Saddam appeared to smile at those taunting him from below the gallows. He said they were not showing manhood.

Then Saddam began reciting the "Shahada," a Muslim prayer that says there is no god but God and Muhammad is his messenger, according to an unabridged copy of the same tape, apparently shot with a camera phone and posted on a Web site.

Saddam made it to midway through his second recitation of the verse. His last word was Muhammad.

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The floor dropped out of the gallows.

"The tyrant has fallen," someone in the group of onlookers shouted. The video showed a close-up of Saddam's face as he swung from the rope.

Then came another voice: "Let him swing for three minutes."

The responses within Iraq to Saddam's death echoed the larger reaction across the Middle East, with his enemies rejoicing and his defenders proclaiming him a martyr. While Iranians and Kuwaitis welcomed the death of the leader who led wars against each of their countries, Iranian President Mahmoud Ahmadinejad said the execution prevented exposure of the secrets and crimes the former dictator committed during his brutal rule.

Some Arab governments denounced the timing of the 69-year-old former president's hanging just before the start of the most important holiday of the Islamic calendar, Eid al-Adha. Libya announced a three-day official mourning period and canceled all celebrations for Eid.

Within Iraq and across the world, the airwaves were alive with pictures of Saddam in death, a bruise on his cheek, his neck elongated and twisted impossibly to the right — grisly proof that the man who had tormented and killed so many during a bloody quarter-century rule was truly dead.

But some Iraqis — like 34-year-old Haider Hamed, a candy store owner in east Baghdad — wondered what would really change with the execution of Saddam, who was just four months shy of his 70th birthday.

"He's gone, but our problems continue," said the Shiite Muslim, whose uncle was killed in one of Saddam's many brutal purges. "We brought problems on ourselves after Saddam because we began fighting Shiite on Sunni and Sunni on Shiite."

At least 80 Iraqis died in bombings and other attacks Saturday, and police said 12 more tortured bodies were found dumped in Baghdad. The U.S. military announced six more service members — three soldiers and three Marines — were killed.

The execution took place on the penultimate day of the year's deadliest month for U.S. troops, with the toll reaching 109. At least 2,998 members of the U.S. military have died in Iraq since the war began in March 2003, according to an AP count.

On Sunday, Saddam was interred near his sons Odai and Qusai in the main cemetery in Ouja, a small town outside Tikrit. The sons and a grandson were killed in a gunbattle with the American forces in Mosul in July 2003.

Iraqi government officials initially wanted to bury Saddam in secret in an unmarked grave to prevent the burial site from becoming a place of pilgrimage.

But the Tikrit burial was facilitated after negotiations in Baghdad between the government and U.S. officials and a delegation that included the governor of Salahuddin Province and the head of Saddam Hussein's Albu-Nassir clan, Al-Arabiya satellite television reported late Saturday.

Um Abdullah, a Sunni and teacher in Tikrit, 80 miles north of Baghdad, said she would wear black to mourn the city's favorite son.

"Saddam will be a hero in our eyes," she said. "I have five kids and I will teach them to take revenge on Americans."

Police blocked the entrances to Tikrit and said nobody was allowed to leave or enter the city for four days. Despite the security precaution, gunmen took into the streets, carrying pictures of Saddam, shooting into the air and calling for vengeance.

Security forces also set up roadblocks at the entrance to another Sunni stronghold, Samarra, and a curfew was imposed after about 500 went into the streets to protest the execution.

Among minority Sunnis there was deep anger, born not only of Saddam's execution but of the loss of their decades-long political and economic dominance that began with Saddam's ouster in the U.S. invasion nearly four years ago.

"The president, the leader, Saddam Hussein is a martyr and God will put him along with other martyrs," said Yahya al-Attawi, who led prayer at a towering Sunni mosque constructed by Saddam in Tikrit.

There were cheers at the cafeteria of a U.S. outpost in Baghdad as soldiers having breakfast learned Saddam had been hanged.

But members of the Army's 2nd Battalion, 17th Field Artillery Regiment, on patrol in an overwhelmingly Shiite neighborhood in eastern Baghdad, said the execution wouldn't get them home any faster — and therefore didn't make much difference.

"Nothing really changes," said Capt. Dave Eastburn, 30, of Columbus, Ohio. "The militias run everything now, not Saddam."

Staff Sgt. David Earp, who also fought in 1991's Operation Desert Storm, said the execution worried him.

"In my opinion, something big is going to happen," said Earp, of Colorado Springs, Colo. "There will be a response. Probably not today because they know we are looking for one, but soon."

U.S. Deaths In Iraq Mark Increased Presence (WP)

By Donna St. George

The Washington Post, December 31, 2006

DOJ_NMG_0111430

FORT LEE, Va. -- In a little-known museum tucked away on the grounds of an Army post near Richmond, a memorial wall just inside the door quietly announces a profound change in the nation's fighting force.

Name upon name, the wall honors soldiers who have died in the combat zones of Iraq and Afghanistan: PFC Lori Piestewa, CPT Kimberly Hampton, SPC Lizbeth Robles, SGT Jessica Housby. . . . All 59 are women.

They are casualties in a conflict that has seen women serving in larger numbers than before, in a wider array of jobs, amid violence that heeds no front line.

As the U.S. death toll in the Iraq war approaches 3,000, the memorial at the U.S. Army Women's Museum is a solemn acknowledgment that women have quietly taken a place in the nation's procession of flag-draped coffins and military funerals.

In all, 62 service women from all branches have died in Iraq, about two-thirds of them in hostile fire. By comparison, in World War II, historians say, 16 women were killed in action. In Vietnam, one woman's life was claimed by enemy fire; in the Persian Gulf War, five.

Most previous female casualties were nurses. Now the female dead include military police, truck drivers, intelligence analysts, helicopter pilots, medics, mechanics, media escorts and kitchen managers. At least 13 left behind children. More than half were younger than 25.

It is a scenario that experts once predicted would lead to a public outcry against "women in body bags." Instead, the casualties appear to have melded into the nation's experience of war.

"I think people have come to the sensible conclusion that you can't say a woman's life is more valuable than a man's life," said retired Air Force Brig. Gen. Wilma Vaught, president of the Women in Military Service for America Memorial Foundation. "We don't want to lose any of them."

* * *Spec. Jessica Cawvey

In the museum where Jessica Cawvey and other women are honored, there is a large interactive screen near the memorial wall. With the touch of any name comes a face, a biography, sometimes a video clip -- life by life, soldier by soldier.

Cawvey's biography mentions how she joined the Illinois National Guard in hopes of making a better life for her young daughter, Sierra. She was a single mother, enlisting in summer 2001, when few people foresaw a long and violent war.

By the time her Guard unit was shipped overseas, Cawvey was an accounting student at Illinois State University, having graduated on the dean's list with a two-year degree from Parkland College, not far from her home town, Mahomet, Ill.

In Iraq, Cawvey, 21, worked in convoys in a transportation company. She was widely viewed, her mother said in an interview, as fun-loving and upbeat.

She was last home in July 2004, for her two-week break, which she had arranged to coincide with Sierra's sixth birthday. Her mother recalled that Cawvey "took her to the zoo, she took her to the aquarium, she took her everywhere she went."

Before Cawvey returned to finish her duty in Iraq, her daughter insisted that she pledge not to get killed, locking pinkies with her as a form of promise. Jessica Cawvey was wary about this, her mother recalled, but gave in .

Three months later, Cawvey was killed near Fallujah, her vehicle hit by a roadside bomb. "Mommy pinkie-sweared she wouldn't die," the girl told her grandmother.

"We had to explain it was not Mommy's fault, that she wanted to come home," said Kevin Cawvey, the soldier's father.Spec. Toccara Green

Beside the narrative about Toccara Green, there is a photograph of her family members, taken shortly after her death, in front of their home in the Baltimore suburb of Rosedale. The first woman from Maryland to die in the war, Green was killed five days after she last saw them.

The 23-year-old soldier was part of a supply convoy Aug. 14, 2005, when a bomb went off during a refueling stop in Asad, in the turbulent Anbar province.

"Because she was not on the firing line, we never really thought something like that would happen to her," said her mother, Yvonne Green, "but as we and so many others have found out . . . those bombs are everywhere."

Women make up 11 percent of deployed U.S. forces in Iraq and Afghanistan. But because they do not serve in traditional "frontline" combat units -- infantry, artillery, armor, Special Forces -- their casualties are proportionately smaller, 2 percent of the lives lost.

Just days before she was killed, "Tee" had been home for a two-week break. She had enjoyed a big family cookout, skated at her favorite roller rink, prayed at her Baltimore church, joined her mom for shopping and her aunt for a movie.

Her older brother was a Marine, and her father was a Baltimore police detective, and it seemed natural, her mother said, that Green would wear a uniform, too. Although she had done a semester at Norfolk State, and then Morgan State, she gave up college for the Army. The military, she had decided, would be her career.

"Anyone who knew her would tell you that was her calling," her mother said. "It was just something that was in her. It was part of her like her right arm."Sgt. Amanda Pinson

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Two photos of Amanda Pinson appear on the screen; she wears camouflage in one and a T-shirt that says "Angel" in the other. Pinson was killed by a mortar round outside a building on her post in Tikrit.

On that day in March, she was walking toward her fiance, a fellow soldier, to join him for lunch. She was wearing an engagement ring he had given her in Iraq.

Pinson was 21, a cryptologist from the St. Louis area who had been inspired by the Sept. 11 attacks to join the military. She worked in the intelligence unit for the Army's elite 101st Airborne.

"She was so strong," said her father, Tony Pinson. "She had so much heart, and she earned so much respect for her abilities. She was very hard-driven, working around the clock. You couldn't tell her she couldn't do something. She would prove you wrong."

On the day she was killed, her fiance was injured, but "she absorbed most of the impact," her father said. He said he thought that would have been her wish. Her fiance had two children from a previous marriage.

She was just starting out.1st Lt. Ashley Henderson Huff

It is her wedding day in this museum photograph, and Ashley Huff wears a jeweled tiara, her blue eyes looking out happily, all future and promise.

Near the photo, the display mentions Huff's love for the University of Georgia, where she graduated. The die-hard Bulldogs fan was a sorority girl and an ROTC standout.

Huff was killed in September by a suicide bomber in Mosul. She was 23.

Her mother, Janet Henderson, had not heard of the museum but finds solace in the idea of keeping her daughter's memory alive.

"I don't think the American public knows that there are young women, 23 years of age, working in Iraq and putting their lives on the line every day," Janet Henderson said. "They need to know that women like Ashley are doing so much there. She truly believed in her work and in protecting this country."

Huff led a unit of the military police in Irbil, and much of her work involved training Iraqi police. Her biggest project was a proposal for a police academy. "Ashley pushed and pushed and pushed until she got it approved," her mother said. "That was her biggest accomplishment."

Before her deployment, she had married her college sweetheart, Brian Huff. "We had a beautiful, beautiful wedding," her mother recalled. "We planned it for six months, we planned every detail, and it was a dream wedding, and she looked like a princess."

She was looking forward to buying a house with her husband and starting a family, her mother said. One day, she hoped to work in politics or diplomatic affairs.

The last time they spoke, her daughter told her: " 'Mom, I'll be home soon, and we'll have the best Christmas,' " her mother recalled, crying softly as the holiday approached.Pfc. Hannah McKinney

She is standing with her new husband and young son in the photograph, and her family members say she wanted nothing more than to be back with them in the United States. But she never got the chance after Sept. 6, when she was run over in the pitch-black night in an accident that has been under Army investigation.

This is the story her mother tells by phone one recent day as McKinney's 2-year-old son scampers around, trying to hang candy canes on his grandmother's Christmas tree in Redlands, Calif. "Her son will never know his mom," Barbie Heavrin said.

McKinney was a single mother when she enlisted over her parents' objections, telling them: " 'The Army would never send a young mother, a single mother, to Iraq,' " her mother said.

Before she shipped out in 2005, McKinney married her fiance in a civil ceremony. The couple was planning a wedding around the Christmas holiday at Immanuel Baptist Church in Highland, Calif.

"We would have been preparing for that right now," her mother said. "We had a funeral at the church instead of a wedding."Sgt. Jennifer Hartman

The story about 21-year-old Jennifer Hartman mentions her roots in Pennsylvania and her enthusiasm for riding snowmobiles and ATVs. She is pictured in uniform and with her younger brother and sister.

Hartman was killed by a suicide car bomber Sept. 14, near her work site in a power plant in Baghdad. "She would have been back in Texas on Nov. 10," her mother said. "She would have been home for Christmas."

The oldest of three children, Hartman enlisted while she was in high school, drawn to the promise of college tuition benefits and aware that her family, with two daughters and a son, could not afford so much higher education.

Her mother, Bernice Hartman, said the Army recruiter promised them that she would not be sent to Iraq, saying the Army " 'would take someone off the street before they take your daughter.' " Bernice Hartman said the words had haunted them.

"We would have never signed," she said, her voice breaking.

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Since Jennifer Hartman's death, her father has been unable to sleep. Bernice Hartman has so many questions, about how it happened, about the two soldiers who died with her. "It just seems like everything you want to know, they can't tell you," she said.

* * *

At the museum, Ron Bingham, who works with the collections, describes the memorial as an evolving tribute. It started with only the wall of names in 2004. When the interactive display of photographs and stories was added in 2005, it became much more, and now it expands all the time as more photographs and life details are gathered and as the toll of war grows.

Visitors often linger at the display. Sometimes they talk about the soldiers' lives. Sometimes they leave in tears.

"Every woman from a private to a general has an important story to tell," Bingham said. "The idea is to get as much information as possible to preserve their stories for future generations."

After Duty In Iraq, They're Back On The Beat (LAT)

By Patrick Mcgreevy

The Los Angeles Times, December 31, 2006

LAPD officers who have returned from reservist deployments find parallels and contrasts with their military service in the Mideast.

Ron Von Gober has had his share of close calls as a Los Angeles police detective, including the time a group of toughs patted him down during an undercover drug buy in Hollywood and discovered he was wearing a wire.

Surrounded, Von Gober pulled his gun and held the angry thugs at bay while he backed off and then ran to safety.

But Von Gober's closest brush with death happened far from the streets of L.A.

He was the gunner atop a Humvee on a highway outside Baghdad last year when a roadside bomb went off, sending shrapnel into one of his hands and leaving a spray of cuts across his head.

Evacuated from Iraq to an Army hospital in Germany, Von Gober recovered from his wounds and received the Purple Heart.

Now he can be found back chasing criminals for an auto theft detail at the LAPD's Van Nuys Division.

The 50-year-old cop is one of dozens of LAPD officers who have returned to the sometimes dangerous streets of Los Angeles after being deployed as military reservists to the meaner streets of Iraq.

He also is one of five LAPD officers who are back on the job after being wounded in combat. Two others who were injured have not rejoined the force, and another, a helicopter pilot, chose to retire after a brief return.

Von Gober said his decision to come back to potentially dangerous duty with the LAPD was an easy one.

"We go out in the field every day and we really make a difference," he said. "I arrested someone this morning for auto theft. It feels good to be part of that."

Christopher Burke cites a similar motivation. A four-year LAPD veteran, he suffered wounds to his left leg and face July 31 when a roadside bomb hit his Humvee in Ramadi, Iraq, west of Baghdad.

Although he is still recuperating from the latest round of surgery, doctors expect the 27-year-old to make a full recovery, and Burke said he looks forward to returning to the LAPD.

"I still have it in me to have a career being a cop," Burke said. "I just like making things right. People who shouldn't be on the street — I want to be the person who takes them off the street."

That continued drive, seen in so many of those returning from the war, has admirers in and out of the department.

"They are extraordinary individuals," said Police Chief William J. Bratton. "It's a phenomenal commitment when you think of it."

Bratton was on hand recently for a ceremony at the Police Academy, where a Marine general gave Burke his Purple Heart.

Burke's fiancee and Von Gober's wife were supportive of their decisions both to go to war and to return to the police force.

"My wife was a police officer for 20 years," Von Gober said. "Her father was a cop. Her brother was a cop. She had her hands full with the two kids, but she was understanding."

Experts estimate that more than 500 peace officers in California have been called to active military duty since the Sept. 11 terrorist attacks.

Police agencies are required to let officers go to military service, even if they volunteer, and the LAPD keeps paying its officers' salaries — minus whatever they collect in military pay — and benefits.

The LAPD has received special recognition from the Department of Defense for its support of officer-soldiers; it is one of only a few agencies in the country to assign an officer full time to help employees make the transition back to police work from military service.

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Military liaison Dennis Denoi, a police officer and former Marine, has smoothed the transition of more than 200 LAPD employees who are members of reserve and National Guard units called to active military duty, many to Iraq and Afghanistan.

Returning officers are given medical tests and refresher training. Psychological counseling is also available.

"They really took care of me," said Officer Brandon Valdez, a Marine Corps Reserve sergeant who suffered an arm injury when a roadside bomb exploded near his convoy.

Now a gang enforcement officer in the LAPD's Southeast Division, Valdez didn't leave behind violence when he left Iraq. Just months after his return, gang members opened fire on him from a passing car.

Valdez was not injured, and he brushes off the incident today.

"I just do my job," he said.

That job, policing a city that has had more than 450 homicides this year, is challenging enough. So why volunteer to go to a country where more than 2,000 people were killed just in October?

"I lost a few buddies, and the guilt was killing me," Burke said. "So I called up the Marines and said, 'The next unit to go — I want to go.' For me, personally, it was peace of mind."

Von Gober, who traded his .38-caliber police revolver for a heavy M-60 machine gun, said he volunteered to go to Iraq to be part of something historic and to fulfill his sense of adventure.

It didn't matter that he was teased by fellow soldiers for being a 50-year-old private.

For Jonathan Kirkpatrick, 39, an LAPD patrol sergeant who has 10 years with the department, joining the Marines followed in the footsteps of his father.

He served more than five years in the military before joining the LAPD, only to be called up as a reservist.

Kirkpatrick's experience as a police officer helped him distinguish himself during his five months in the battle zone at the outset of the U.S.-led invasion of Iraq.

He received a Bronze Star, with a V for valor, for heroism during a battle with Iraqi forces in the town of Gharraf.

Kirkpatrick was credited with risking his life by leading a successful rescue after a U.S. artillery unit was pinned down and its company commander seriously wounded.

"We were the next unit back, and they told us to go get 'em, so we did," Kirkpatrick said recently as he prepared to begin his shift patrolling the streets of the North Hollywood Division.

Kirkpatrick sees some positive parallels between serving in the Marine Corps and wearing an LAPD badge that help explain why he has done both.

"There is a certain camaraderie," he said. "It's the people you work with. There is just something about working together in a challenging job."

Another similarity: There have been complaints that the U.S. did not send enough soldiers to Iraq to keep the peace, and complaints have been made here about the size of the LAPD.

"We are understaffed and undermanned here in the LAPD," Kirkpatrick said. "But you feel like you are really doing something together that is challenging. You are put to the test."

Some returning officers face adjustments.

Von Gober's foes these days are car thieves instead of insurgent bombers, but he now carries a backup gun and extra ammunition, a holdover from the days when he did not want to be caught short of firepower in Iraq.

In addition, Von Gober admits that he is irrationally vigilant whenever he drives under freeway overpasses while on the job in the San Fernando Valley.

One similarity Burke noticed centers on the danger to Iraqi civilians from insurgents if they are seen cooperating with American troops.

"If the gangbangers here see you talking to some innocent person, that can put them in danger," he said.

However, Burke said the similarities pretty much end there.

He said he has never fired his police firearm and never been shot at in Los Angeles, but exchanged fire with attackers many times in Iraq.

"People like to make comparisons between the war in Iraq and the war on the streets of Los Angeles," he said. "To the extent gangs are shooting at you instead of insurgents, it's similar.

"But in Los Angeles you don't have to worry on every street corner whether a bomb is going to go off or someone's going to shoot an RPG [rocket-propelled grenade] down at you."

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U.S. General Predicts Increased Fighting In Afghanistan (AP)

By Jason Straziuso

DOJ_NMG_0111434

AP, December 30, 2006

CAMP SHARONA, Afghanistan — The outgoing U.S. commander in Afghanistan predicted more fighting this spring and summer and said Taliban militants would try to overrun towns to "unhinge the Afghan people's morale."

Lt. Gen. Karl Eikenberry also said the recent killing of a high-level Taliban commander shows that fugitives such as Osama bin Laden and Mullah Omar will one day slip up, and that the U.S. will strike.

Eikenberry, who is expected to rotate out of Afghanistan in late January, said he expected militants this spring to attack border security posts, to extend their use of suicide bombs and to mass in groups of 25 to 100 for assaults on towns that serve as seats of local government.

But Eikenberry said none of the Taliban's efforts would provide "a significant military challenge" for U.S., NATO and Afghan forces, which he said have improved greatly in the last year.

"The capability exists for that array of allied and Afghan forces to dominate militarily wherever they move to," he told The Associated Press.

Eikenberry said that as he looks ahead to the spring and summer, "I anticipate higher levels of fighting."

When asked if that was in comparison to 2006, he said: "We should not be surprised by levels of fighting in parts of southern Afghanistan that rivaled what we saw last year."

Violence rose sharply in Afghanistan in 2006, killing an estimated 4,000 people, the deadliest year since the U.S.-led coalition swept the Taliban from power in 2001.

Militants launched a record 117 suicide attacks this year, about a six-fold increase over 2005, killing 206 Afghan civilians, 54 Afghan security personnel and 18 soldiers from NATO's International Security Assistance Force, said spokesman Maj. Dominic Whyte.

The number of U.S. troops killed in Afghanistan dropped slightly, from 93 in 2005 to 87 in 2006. But the number of casualties suffered by other NATO countries rose sharply.

On Friday, Eikenberry traveled to three U.S. bases in the rugged mountains of eastern Afghanistan to talk with commanders and meet the soldiers who must fend off attacks by Taliban militants entering from Pakistan.

Eikenberry said an "extraordinary amount of resources" from throughout the U.S. government — and including help from the Afghan and Pakistani governments — are being used to hunt down al-Qaida leader bin Laden and Taliban leader Omar, who are generally thought to be hiding in the mountainous region of the Pakistan-Afghan border.

He said the killing in a U.S. airstrike Dec. 19 of Mullah Akhtar Mohammad Osmani, regarded as one of three top associates of Omar, shows the U.S. is ready to strike.

"With that intensive effort that is out there, eventually opportunities will occur, and when those opportunities present themselves, as we demonstrated with Osmani, we're ready to strike," he said. "We continue the full-court press against them. One day they slip, one day they make a mistake, and we'll be there ready to strike."

Eikenberry is expected to rotate out of the country next month as Gen. Dan K. McNeil, a four-star U.S. general, prepares to take command of all NATO forces in Afghanistan.

1,373 Miles Into The Heart Of Afghanistan (LAT)

By Paul Watson

The Los Angeles Times, December 31, 2006

Shahr-i-Safa, Afghanistan — AS a hair-thin line on a map, Afghanistan's national Ring Road looks easy enough to conquer.

But tell war-hardened Afghans that you're going to travel its entire 1,373-mile length unarmed, facing winter and a raging insurgency, and they look at you like you're completely mad.

Five years after the fall of the Taliban, it shouldn't be such a challenge.

Rebuilding the two-lane highway that connects Afghanistan's major cities has been a centerpiece of the U.S.-led effort to transform the nation. It is so important that Afghanistan's president, Hamid Karzai, said that President Bush once demanded daily updates on the roadwork from Kabul south to Kandahar, the seat of power under Taliban rule.

U.S. grants have paid for rebuilding a third of the road, according to Afghan government figures. Japan, Saudi Arabia and Iran are responsible for repairing other sections, a rare case in which Washington and Tehran are working toward the same goal. Officially, the $1.05-billion project is almost finished.

But as with many things in Afghanistan, there is a chasm between the rhetoric and reality.

Some of the best stretches of the road are among the Taliban's favorite killing grounds. This fall, Canadian troops led the biggest ground battle in the North Atlantic Treaty Organization's 57-year history, in part to regain control of a stretch of highway

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west of Kandahar. The NATO offensive cleared the insurgents, but guerrillas and highway robbers still prey on travelers in many other places.

About 40% of the road isn't finished. Some sections are nothing more than muddy tracks through the country's lawless Wild West, where you can drive for hours without seeing another vehicle fishtailing and backsliding through the muck along with you.

The only way to understand the condition of the road and grasp what it says about Afghanistan is to drive it.

The trip took my interpreter, driver and me seven days, inching along slippery edges of steep cliffs, wandering in the wilderness without road signs, suffering two flat tires, a ruptured radiator and a spinout on mountain ice.

On the way, we managed to avoid a Taliban ambush, a potential kidnapper or highway robber, a suicide bomber and a gunman who fired close enough to take off one of our heads.

Getting ready

I KNEW some of the Ring Road all too well. I traveled it for weeks in the early Taliban era a decade ago, when years of war and neglect already had reduced the highway to patches of broken asphalt connected by dirt, rocks and ruts. A trip that would take a few hours on a proper road was days of torture, the speedometer straining to break 10 mph as the vehicle crawled over shell craters and pond-sized potholes.

This time, I would be leaving from Kabul with interpreter Wesal Zaman and driver Zyarat Gul. A quiet and calm man, Gul had gotten us home safely from other terrible places.

Before starting out, we visited three experts at the Economics Ministry to find out what we were in for.

Sayed Arif Nazif, the ministry's director of design, told us that the building of the road began in the mid-1970s. The United States helped, but most of the money came from the Soviet Union and Arab countries.

Farmers used the road to get their produce to market. Afghanistan became the world's largest exporter of dried grapes, apples and other fruit. It also sent an assortment of nuts.

"In those days, in terms of our roads, we were much more advanced than neighboring countries," Nazif said. "But because of the wars and other problems, all our roads were destroyed."

Soviet troops and tanks poured down the Ring Road to invade Afghanistan in the dead of night on Dec. 25, 1979, setting off a decades-long tailspin from which Afghans are still trying to recover.

The rebuilding of the road is supposed to help revive the economy and break down ethnic differences by allowing Afghans to travel more freely. Although dried fruit exports are 20% of what they were before the wars, reconstruction is showing benefits, Nazif said. This year, the repaved road allowed farmers to get fresh pomegranates, grapes and apples to Kabul's airport, and the first few flights delivered the produce to wealthy Persian Gulf states.

I had a more pressing question: "How long do you think it would take to drive the whole Ring Road?"

Nazif shifted in his seat. "Take the length of 1,373 miles, and divide by an average speed of 50 miles an hour," he said.

"That sounds like we could do it in maybe four days," I replied, trying to do some quick mental math. Nazif smiled and nodded, but we both knew Afghanistan was a lot more complicated than that.

Before we started, we took some precautions that are prudent for any trip into the countryside: We loaded the car with two spare tires, a shovel, bottled water and snacks. And we made one rule: If Gul, an ethnic Pashtun like most of the Taliban, saw anything on the horizon or felt anything he didn't like, he should turn around without pausing to ask us.

A small victory

AS the Ring Road begins a steady climb out of Kabul on a 27-mile section rebuilt by the Taliban, the horizon is bright white with towering snow-covered mountains. The road is as smooth as any in the United States. But the government can't afford to keep it plowed, so it was covered with packed snow and ice that brought long lines of heavy transports to a halt on the highlands near Ghazni.

We were less than six hours into the journey near Shahr-i-Safa when we saw the first signs of Taliban activity.

Four insurgents armed with AK-47s and rocket-propelled grenades had ridden two motorcycles to a hill overlooking a stretch of the highway near Qalat. About 3 p.m., they opened fire on a civilian truck taking supplies to an Afghan military base, a common guerrilla tactic.

Normally, insurgents carry out swift attacks and make a getaway into the desert. But this time a pickup carrying half a dozen Afghan national army troops happened by. They pinned the guerrillas down from behind and called in a second unit to attack from the front.

We reached the scene about half an hour after the battle ended. Jubilant Afghan troops were smiling and joking next to three Taliban corpses, like scavengers enjoying quality roadkill. One of the dead men lay on his back with his knees bent, as if he might jump up at any moment. But the bullet hole in his neck left no doubt his war was over.

The fourth fighter escaped, so the victory wasn't complete, said Afghan army Maj. Atullah Maiwandwal.

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It was a battle too small to make the news, let alone change the course of a war. But the major and his men had achieved something significant: Without U.S. military advisors or foreign backup, they defended a piece of highway rebuilt with a $237-million U.S. grant, the sort of gradual progress that often gets lost amid the noise of suicide bombings and other insurgent attacks.

"Where are your bodyguards?" one soldier asked, stunned that we were traveling the highway without weapons.

We explained that we preferred to travel unencumbered by armed escorts. So as night fell, we rushed off to Kandahar, which has been staggering under a wave of suicide bombings. The governor gave us beds in his guest house.

Early the next morning, we headed west into Helmand province, the scene of fierce fighting this year between NATO forces and the Taliban.

A large billboard on the edge of Kandahar declared that the highway was being rebuilt as a gift of the Japanese people.

Actually, the 70 miles of road that Japan pledged $76 million to fix is the same bumpy, cracked surface that it has been for years. The area is too dangerous for road crews.

It is the hashish harvest season, and marijuana plants as big as Christmas trees are stacked by the thousands against mud-brick homes, curing in the sun. Villagers scrape the gooey resin, which is pressed into blocks and exported along the same routes that move the opium used to produce heroin, a big source of the insurgents' income.

Hundreds of gunmen prowl the Ring Road in Helmand. They are members of private militias who take orders from local warlords and drug barons and operate illegal checkpoints, mostly to squeeze money from truck drivers.

As one longtime resident of Lashkar Gah, the provincial capital, told us, "They are loyal to the government until 4 o'clock in the afternoon, and then until the next morning they're enemies."

As we neared the Lashkar Gah turnoff, in an area where we were told that kidnappers had abducted two German journalists, our driver broke our one rule.

The broken rule

GUL slowed for a speed bump, and instead of accelerating when a militiaman jumped up with an AK-47, he stopped. Gul opened the driver's window, apparently weighing the comparative risks of getting shot and getting kidnapped. The gunman stuck his head in, saw me in the back seat and smiled like a dog sniffing fresh meat.

"Get us out of here!" I shouted at Gul, and he hesitated. "Get moving!"

Gul hit the gas. The barrel of the gunman's rifle clunked off the rear side of the car. Not daring to look back, I tensed for the shot that didn't come.

In Lashkar Gah, we stopped at a construction agency funded by the United States Agency for International Development, or USAID, where we previously had met cook Khudai Nazar. At 64, he is old enough to remember what is possible with peace, and young enough to believe he might live to see it again.

We asked what he remembered of the Ring Road of his childhood. He sent his son for an opaque plastic sandwich bag stuffed with browning reference letters and old photographs.

They tell of a more innocent age, from the late 1940s to the 1970s, when American workers and their families lived in Helmand. They were building a dam, a power plant, irrigation canals and other development projects in the Afghan desert.

In one black-and-white photograph, Nazar is 12 years old and standing on a lush lawn surrounded by a white picket fence with his new bicycle, a gift from Rose and Don Wonderly of Portland, Ore.

"The first time I met with her, I didn't understand English," recalled Nazar, who speaks with an American accent. "American people always like children, and they didn't have any. She said come every day to my house and I'm gonna teach you English."

Within a few days, Rose was giving the boy new clothes and encouraging other American families to leave him some of their hand-me-downs. The Wonderlys left in 1960.

By the time the Soviets invaded in 1979, Nazar had worked for a string of other Americans: George Belissary promoted the servant to a warehouse job; JoAnn and Ronald Thompson of Sacramento praised his bread-baking skills; Jack and Maxine Smith wrote of their fondness for his pastries and good humor.

The Smiths had to flee the Soviet occupation after 17 months in Afghanistan, and in her last words to him, Nazar said, Maxine urged him to take his wife and their 10 children to Pakistan.

"She said, 'Just send me a message and I'll have a house waiting for you — everything,' " Nazar said wistfully. It was clear in his breaking voice that he wished he could have left. But he never found enough money, or will, to turn his back on the land of his birth.

Nazar bid us farewell with the hope that some of his long-lost American friends might try to reach him, maybe even risk a visit.

Three hours after we left Lashkar Gah, a suicide bomber walked into the well-guarded compound of the provincial governor, a few blocks from where we'd visited Nazar, and blew himself up in the parking lot, killing eight people.

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The Wild West

HEADING north toward Herat, we drove for several hours past mountains weathered so smooth they seemed molded from clay. We reached Herat that night, putting us more than halfway along the Ring Road at the end of our second day.

Swift progress made us overconfident. We talked about being back in Kabul in a day or so. We marveled at the traffic lights operating at all the main intersections in Herat, the only major city to escape the destruction of Afghanistan's wars.

The pleasure was short-lived. The next morning, 35 miles northeast of Herat, the highway abruptly ended. We didn't see asphalt again for three days.

Iran was supposed to complete 70 miles of paved road from Herat into Badghis province, but its contractors suddenly stopped work, said Gov. Mohammed Naseem Tokhi. Some say the money ran out; others cite unspecified problems between Iran and the rest of the international community, Tokhi said. He has received no official explanation.

The Afghan national government hasn't even been able to find a country willing to fund construction of the road through the rest of the province.

Entering Badghis was like driving back into biblical times. Ours was the only internal-combustion engine running for miles. Most people were walking or riding donkeys. The gray smoke of cooking fires seeped through the black fabric of nomads' low-slung tents.

The province's people, many of whom are Pashtuns, have long felt cut off from the rest of the country. Now they are largely missing out on billions of dollars in international aid, and that makes Badghis an ideal recruiting ground for insurgents. Grinding poverty and poor health have left even moderates angry with Karzai's government and its foreign backers.

Prolonged drought followed by devastating floods last month left three-quarters of the province's people without enough food, Tokhi said. The only roads into the province are so bad that relief agencies are having a tough time reaching people. Many could die during the winter, he said.

In the frontier town of Bala Murghab, a Ring Road bridge is a dangerously unstable span covered with metal sheets laid by people who salvaged them from a derelict factory. The 200,000 residents of the surrounding area have no electricity, and their water is so bad that diarrhea is a main killer.

Smoldering rage exploded this fall when gunmen stormed the district commissioner's new headquarters, a three-story yellow brick building built by USAID. They blasted a rocket-propelled grenade through the guardhouse and fired assault rifles at offices and police cars, shattering most of the main building's windows. The district commissioner fled for his life. Three foreign workers at a U.S.-based agency's compound escaped by hiding in their garden as rampaging mobs looted the buildings.

When the aid agency shut its office, townspeople persuaded its Afghan supervisor, Ghalam Seddiq, to become mayor. Slipping another prayer bead along a string as he talked to us, Seddiq said the attackers wanted to stop the aid agency's education programs and prevent children from learning, a Taliban priority.

The center of town is a ramshackle bazaar, where merchants glared as we drove along muddy streets. A large padlock sealed the front doors of the only hotel. The elderly caretaker said it was too dangerous to stay there, but the new district commissioner ordered the hotel to open for us.

In this Afghan version of a Wild West town, Abdul Jalil Sekandari is the deputy sheriff.

Guarded by a young man with an AK-47 slung over his shoulder, Sekandari dropped by our hotel room that night. By the glow of an oil lamp, he griped about the government and foreign aid, personally guaranteed our safety and invited us to spend the night with him in the police station. We thought our odds were better in the hotel.

Good riddance

WE rode out of town at first light. We weren't far into the countryside when a man in a Taliban-style black turban lurking near a disabled Soviet tank leveled his Kalashnikov rifle and took a potshot at us. We heard the loud hiss-snap of a bullet passing close by, but he didn't fire again. It must have been a good-riddance round.

Soon even the dirt road disappeared into a labyrinth of mud tracks that crisscrossed broad valleys. We fishtailed and churned our way through dense fog, along tire ruts at least 2 feet deep. The four-wheel-drive car jerked and bucked like a rodeo bull.

There were no road signs, and no other vehicles. So the only thing to do was ask directions from a shepherd or a farmer working the sodden earth with a wooden plow pulled by his donkey.

"Does this road go to Maimana?" we asked an old man at one crossroads.

"Yes. But others prefer that way," he replied, nodding toward a dirt road heading in the opposite direction.

When we pulled in for a rest in Maimana, a pool of green fluid spilled out of a hole in the radiator, which a mechanic pounded shut the next morning.

We finally returned to paved highway at Andkhoi, a dust-blown place near the border with Turkmenistan, where for centuries tribal weavers have produced some of Afghanistan's best carpets.

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Mohammed Ikram, a dealer representing more than 400 female weavers, was at the roadside, squatting in the dirt to measure a carpet in a floral design of red, blue and yellow. It would go to Pakistan, where a trader would pay about $210 a yard, attach a "Made in Pakistan" label and export it to the United States or Europe for hundreds of dollars in profit, Ikram said.

If Afghanistan could have peace and security, traders would follow the Ring Road straight to Andkhoi, he imagined. "And if tourists come here, then we will all be rich," Ikram said, smiling.

Paved highway awaited us on the other side of town, so we pressed on south to Mazar-i-Sharif, chattering about how good it would feel to have hot water and lights.

Come back later

MAZAR-I-SHARIF means Tomb of the Exalted. It is home to one of the holiest sites in Islam. Some Shiites believe it is the final burial place of Hazrat Ali, the prophet Muhammad's cousin and son-in-law, who was assassinated and first buried near Baghdad in the 7th century. Blood is still being spilled over the schism that followed, but not in Afghanistan.

Robbers are the biggest threat on the roads around Mazar. Andkhoi's carpet traders say they are regularly fleeced by gunmen demanding illegal road taxes.

After a night of comfort in Mazar, it was an easy drive to the Salang Tunnel, a 1.7-mile passage at 11,034 feet built by the Soviets through the Hindu Kush mountains on the route south to Kabul.

In winter, howling blizzards pummel the Salang's peaks. Avalanches, asphyxiation and plunges off cliffs have killed dozens of travelers.

As we headed up the pass, we recalled another trip a few weeks earlier when Gul skidded on black ice in the tunnel. The wheels hit the edge of a concrete walkway so hard that the front axle broke. He was elected to walk through a blizzard to a public works outpost a mile down the mountain. It was the middle of the night and deathly cold. A few workers huddled around a small wood stove.

"Is anyone hurt?" one asked when Gul asked for help.

"No."

"Are there any women?"

"No."

"Are you stuck in the middle of the road?"

"No."

"Then go back to your car and come back in the morning."

This time, we made it through the tunnel and most of the Salang Pass without problems. The sky was ice blue, the road mostly clear. It seemed too easy for the end to such a hard journey.

Just then, Gul put the car into a 360-degree spin. A snow bank kept us from going over the edge.

We sat silently for a few seconds, staring up at the meandering Ring Road to see whether that was the worst that would happen — or whether fate was about to catch up with us in the form of a sliding truck.

Our luck held. There wasn't anyone close enough to harm us.

The car, with every bolt, spring and cable caked in mud, creaked and shimmied its way down the Shomali plains, and in a few hours we were overlooking Kabul, sprawled out across a plateau and shrouded in brown smog. The capital hadn't had a suicide bombing for days. The only thing left to worry about was traffic.

Don't Grow The Army (WP)

By Gordon Adams, John Diamond

The Washington Post, December 31, 2006

Army Chief of Staff Gen. Pete Schoomaker, The Post, the New York Times, and many Democrats and Republicans have converged over the past month in support of a serious expansion of the U.S. Army -- a permanent addition of 40,000 to 90,000 over the current ceiling of 507,000 troops.

This proposal is a bad idea. It is irrelevant to the stresses the Army is experiencing in Iraq. It would build enormous long-term costs into the defense budget, and it presumes a role in the world for the U.S. military that the voters emphatically opposed in November.

To be sure, the concept has a certain easy appeal, especially to Democrats. Calling for more forces and more defense spending puts forth a "strong-on-defense" posture as a buffer against the perpetual charge that Democrats are weak on national security.

And the call for more troops highlights the all-too-real damage done to the Army by the Bush administration's stubborn refusal to adjust course when it was clear the U.S. strategy in Iraq wasn't working. Expanding the Army, some would argue, would relieve the stress of repeated rotations to Iraq.

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Moreover, urging an expanded Army has the political advantage of reiterating a key criticism about the Iraq mission: that President Bush and Defense Secretary Donald Rumsfeld belittled the prewar advice of Army Chief of Staff Eric Shinseki and didn't send enough troops to get the job done.

Finally, for some, enlarging the Army represents a vote for the troops over defense contractors, who convinced the administration that it could wage war without having to cancel Cold War-era weapons programs.

What the advocates fail to recognize is that enlarging the Army wouldn't solve the problems they claim it would solve, and it would create serious new problems. Plainly put, it is bad national security policy.

First, deciding to add to the Army today would do nothing to deal with the stress of Iraq. The hype about our Army is true: Our troops are the world's best. And it takes time to make them so. The lag time for recruitment, training and deployment means that new forces would be available far too late to ease the stresses now facing the Army in Iraq. Even on a fast track, it might be as long as five years before an additional combat-ready brigade would be ready to deploy there.

Second, from a budgetary perspective, the costs involved in any significant increase in the size of the Army are simply eye-popping. Recruiting, training, housing, paying, equipping and supporting two additional divisions would add nearly $80 billion to defense spending between now and 2015. Add to that the rapidly growing costs of providing health care and retirement pay -- perhaps $3 billion to $5 billion. Ultimately it is the size of the force that drives the entire defense budget. Adding to that size would increase budgets by tens of billions of dollars for years to come.

At a more fundamental level, proponents of enlarging the Army, particularly the Democrats, avoid the basic question of what the mission of this larger Army would be. Are the supporters of Army expansion, many of whom opposed the invasion of Iraq in the first place, now arguing that we need an Army to better carry out more Iraqs somewhere else in the world?

One of the few things all sides in the Iraq debate seem to agree on is that we want the Iraqis to take over security so we can bring our troops home as early as possible. Yet, supporters of expanding the Army appear to be creating an American force sized to better perform a global occupation and peacekeeping mission -- one deployed around the world to impose or restore order well into the future.

If this is about invading Iran, or carrying out a land war in China, as The Post has suggested, then maybe we need to have a national debate about that strategy, not slip it in sideways by expanding the Army without agreeing on the mission. The experience of Iraq has clearly dulled America's appetite for continuing in the role of designated global occupier and nation-builder.

Historically, our military's mission is to fight and win America's wars -- decisively, with overwhelming force -- not to invade and occupy distant territories to create empires or settle local conflicts that we can barely understand, let alone referee.

Iraq represents the latest sobering reminder of a lesson for Democrats and Republicans alike in the post-Cold War world: Even the world's only remaining superpower, with forces unmatched by any other military on the planet, is limited in what it can do with its troops.

Donald Rumsfeld used to say that only four of Iraq's 18 provinces were troubled, but he neglected to consider the implications of his own statement: That even 140,000 U.S. soldiers -- just about the largest force that the United States could sustain in Iraq over several years -- could not pacify part of one country. The world's lone superpower, spending more on defense than the next dozen nations combined, has all that it can handle -- indeed, more than it can handle -- trying to deal with unrest in part of a single country the size of California. At nearly half a trillion dollars and counting, our power, skill and money buy us a losing outcome in one small corner of the world.

The point is not to belittle the extreme difficulty of the mission facing our troops but to highlight it and come to grips with the limits even of formidable military power set amid hostile populations. Our enemies, well aware of the dominance of conventional American forces, cordially decline our invitation to fight on our terms, under the traditional rules of military force-on-force, with defined battlefields largely separated from populations.

Terrorism is not a political movement so much as a logical weapon of choice for political extremists facing a superpower. There will always be a military component to meeting this threat. But as administration spokesmen have testified, the primary role in this "long war" may well belong not to the military but to the State Department, foreign assistance agencies, and the Treasury and Justice departments, supported by the appropriate application of force (usually in small numbers and with Special Forces troops, not Army brigades). The Army does not need to grow to perform this mission; it needs to refocus.

The question the new Congress must deal with is one not of enlarging the Army but of redefining the armed forces' mission in today's world. Do we want an Army big enough to invade and occupy Iran or Syria? Or do we want a tailored, restructured force designed to play its role in the pursuit of terrorist organizations (along with other tools of statecraft) and with enough heft to play a part in peacekeeping operations, deter potential adversaries and decisively win intense but brief conventional conflicts? This strategic alternative is hardly an endorsement of the "Rumsfeld doctrine." The U.S. military as currently sized can still "go

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heavy" when needed. What it can't do is remain indefinitely bogged down in a static mission with inadequate body armor and no strategy.

A program of troop reductions and phased redeployment from Iraq would in effect increase the size of the Army by relieving the force of a burdensome, costly and unproductive mission. There will be opportunities to retrain and reequip to redress the shortcomings in armor and tactics so neglected by the Rumsfeld Pentagon. These are the issues the new Congress and the White House must deal with, not an elusive search for an irrelevant and costly capability for a mission that the nation does not want to pursue.

Gordon Adams is a fellow and John Diamond a public policy scholar at the Woodrow Wilson International Center for Scholars.

CRIMINAL LAW:

Sugar Land Program To Snag Internet Predators Recognized (HC)

By John Pape, Chronicle Correspondent

Houston Chronicle, December 31, 2006

Mayor provides initiative details in national forums

Sugar Land's Internet safety program is being hailed as a "best practice" by the U.S. Conference of Mayors, as well as being featured as a model during a recent U.S. Department of Justice summit in Washington, D.C.

Mayor David Wallace was invited to present his city's "Keep Kids E-Safe" initiative to more than 1,000 mayors from across the nation, as well as to justice department personnel looking for ways to combat the increasing problem of cyberpredators.

The program has received national attention as an innovative cross-sector collaboration involving all levels of government, nonprofit organizations and the business community, city officials said. Keep Kids E-Safe utilizes education, enforcement and prevention to help parents, families and communities protect children from online predators.

Wallace said that he first realized how serious the problem was after seeing an undercover investigation conducted by NBC's Dateline news magazine more than a year ago.

Wallace talked to members of the Mayor's Youth Advisory Council to see if they would be interested in taking on a possible project. The 125-member council is a city-sponsored teen group that provides government leaders insight into the development of programs and services impacting young people.

Through meetings with Sugar Land Police Chief Steve Griffith and representatives of the Texas Attorney General's Cyber Crimes Unit, the youth council formulated a plan for addressing Internet safety. The plan, Wallace said, consisted of three basic components.

Youths educated"The first step was to go into the seventh grades to help educate the students about the dangers of Internet predators. The information came from the youth advisory council members, so it was more of a peer-to-peer discussion than something coming from an adult," Wallace said.

The presentations were a partnership between the youth council, the Sugar Land Police Department, Fort Bend ISD, the Texas Attorney General's Office and the National Center for Missing and Exploited Children. More than 600 public and private middle school students attended the educational sessions.

The program also included a presentation by Wallace and a demonstration by the Cyber Crimes Unit that featured a 34-year-old detective posing online as a 13-year-old girl with blonde hair and blue eyes. Within 15 minutes of entering a chat room, the fictitious young girl was propositioned.

"That really got (the students') attention and led to a discussion of the fact that you don't know who you're communicating with," Wallace said.

After the presentations, students signed Internet safety pledges, which were then taken home to share with parents.

Sugar Land stingAfter the youth education phase of the program, Sugar Land Police worked with the Attorney General's Office to conduct a sting operation similar to that depicted in the Dateline program. Using numerous computer stations in what was dubbed the "Cyber Crime War Room," six agents from the Cyber Crimes Unit simultaneously held multiple chat room conversations with various individuals, Wallace said. Within minutes, agents posing online as young children were propositioned, engaged in conversations and received obscene photos.

"We had six detectives from the Attorney General's Office working with our police officers in the war room. When (the online investigators) gave a clue that they're 12 or 13, you literally see the predators start to swarm," Wallace said. "It was truly frightening."

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During the two-week sting operation, detectives arrested three predators who came to the fictitious 13-year-old's "home," and collected evidence that led to warrants being issued for the arrest of 24 others.

"It was an eye-opening experience. It literally was within only a matter of minutes that the detectives posing as a young girl were propositioned," Wallace said.

Parents informedThe final component of the program involved parental education. Seminars were held for parents, presenting information designed to help them talk with their children and teens about Internet safety.

"It was critical that parents understand how their children can be at risk even from their own homes, especially those parents who think such things can never happen in Sugar Land. By having the sting operation, it allowed me to look parents in the eye and tell them, 'it has happened in Sugar Land,' " Wallace explained.

The cost of the program to taxpayers was less than $2,000, Wallace added, making it affordable for almost any city to implement. The success of the effort led to it being featured as a "best practice" by the U.S. Conference of Mayors, as well as catching the attention of the U.S. Justice Department and Attorney General Alberto Gonzales.

"The (U.S.) Attorney General has made child protection a cornerstone of his agenda, and that led to the meeting with folks from the justice department and child protective services. We had about 800 people attend the meeting in Washington, and we provided over 700 packets of information on our program to them," Wallace said.

Wallace praised the assistance of Comcast Cable for providing a $25,000 grant to pay for several thousand of the informational kits. The materials include handouts, a CD containing PowerPoint presentations for both children and adults, and public service announcements.

"Comcast was good enough to also prepare the public service announcements. All of the materials can easily be personalized by other cities by adding that city's logo and adding an introductory message from the local mayor," Wallace said. "Although we did the legwork here in Sugar Land, the material can be used anywhere. If it protects a child from becoming the victim of an Internet predator, it's well worth the effort we put into it."

Continued operationsCapt. Gary Cox, head of the Sugar Land Police Department's investigative division, said that his department will continue working sting operations with agents from the Attorney General's Office. He hopes that some day the department will be able to develop its own cybercrime operation.

"This will be an ongoing effort. The Attorney General's Office was very willing to come down and work with us and were happy to help train our officers," Cox said. "Eventually, we'd like to develop the resources and manpower to have our own unit dedicated to cybercrime."

While the state officers worked the two-week sting, Cox rotated his staff of 12 investigators to take part so they could all learn the operation. The officers watched the techniques used to identify predators, as well as learned what was needed to make a case.

"It's not exactly like you see on TV. On TV they can lead people on more than we do," Cox explained.

The predators are typically quick to commit a violation with little encouragement, Cox said. During its last session, the state Legislature passed a law making online solicitation of a minor a felony, he said.

"Just making a solicitation or sending an obscene photo is, in itself, a violation of the solicitation of a minor statute. We get all the chat logs and that makes for a very clean case against an offender," Cox explained.

He emphasized that anyone convicted under the online solicitation law must, in addition to any sentence imposed, register as a sex offender.

Texas Attorney General Greg Abbott said statistics released last August showed that one of every seven children will receive a sexual solicitation while online.

The Year In Death (WP)

The Washington Post, December 31, 2006

THE YEAR 2006 saw the fewest executions in the United States in a decade, 53. The use of capital punishment has been dropping since 1999, when 98 people were executed. The number of new death sentences is also falling precipitously, according to data from the Death Penalty Information Center, and the number of people on death row is dropping off as well. At least for now, capital punishment remains in retreat.

Perhaps the most striking indicator of this retreat is the degree to which executions are becoming a local phenomenon. While the preponderance of states have a death penalty, very few use it as a routine feature of their criminal justice systems. This year, 14 states carried out executions, but only six of them -- Texas, Ohio, North Carolina, Florida, Oklahoma and Virginia -- carried out more than one. Together, these states accounted for 85 percent of executions this year. All by itself, Texas, which executed 24 people, accumulated 45 percent. Over the previous three years, the leading six states for executions accounted for

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between 70 and 83 percent of executions annually. The less the death penalty gets used, the more it becomes a creature of its heartland: the South, and Texas especially.

Although 38 states and the federal government have the death penalty on their books, only 18 states have executed more than 10 people since the Supreme Court reinstated the death penalty in 1976. Many states with laws that permit capital punishment use it only rarely -- such as Maryland -- and some don't use it at all.

Now is a good time to push for repeal of death penalty laws in states outside the region truly committed to its use. Crime and murder rates, though increasing, remain low. Many Americans are rightly concerned by the rash of wrongful convictions, including those of death row inmates who have been exonerated. The death penalty's decline should be translated into policies that will prevent its easy re-emergence if circumstances change.

Pratfalls And Prophecies In 2006 (WP)

By David S. Broder

The Washington Post, December 31, 2006

The controversies of the year past -- Iraq, immigration, domestic surveillance and the rest, plus the political battles that climaxed in the Democratic victories in November -- all contributed to an exceptionally heavy load of reader-generated corrections and objections. Thanks to e-mail, many more of you are now contributing to this annual year-end "goofs" column, where I review (and repent) some of the judgments and misjudgments of the past year.

To start with the simplest, in an August piece about Ohio politics, I wrote that Ted Strickland was trying to become the first member of Congress since Rutherford B. Hayes to be elected governor of Ohio. Several of you pointed out that I had ignored two subsequent figures who moved from Congress to that governorship, James M. Cox and Frank B. Willis.

An interview with Bill Gates produced a wave of protests. The Microsoft billionaire was in Washington to lobby for an expansion of the H-1B visa program, which provides entry for foreign-born scientists and engineers offered jobs in the United States. Gates said that the limit on their numbers was hurting America's competitive position.

The letter writers, many of whom identified themselves as unemployed or underemployed people with similar skills, claimed that the H-1B workers were taking their jobs and working at lower wages. I waded through a mass of testimony and evidence, supplied by both sides in the controversy, without being able to resolve the issue. It will probably come up again when the next Congress tackles immigration reform, and this time, I promise I'll look at both sides before I write about it.

I had a similar experience when I wrote about Sen. Joe Biden's proposal for decentralizing the government of Iraq, allowing more authority for separate Shiite, Sunni and Kurdish regions. I commended the Biden proposal as a step forward from what was already, in May, a seriously stalemated and deteriorating situation in Iraq.

But after the column appeared, I received several communications from people with as much knowledge of Iraq as Biden possesses. They argued that such a step toward federalism had serious dangers. It would be difficult to apply in urban areas such as Baghdad, where ethnicities and sects are mixed, and it risked, the correspondents said, inviting other countries such as Iran and Turkey to spread their influence into a partitioned Iraq.

Those same objections have blocked adoption of the Biden plan, but meanwhile, Iraqis fleeing violence have increasingly separated themselves into Shiite or Sunni strongholds, leaving the situation even worse than if there had been an orderly and legal division of authority.

Another column that drew great protest was one in which I took my colleagues in the media to task for their treatment of Karl Rove in the Valerie Plame leak investigation. When the special prosecutor announced that he was not charging Rove with anything, I reviewed some of the many articles that had accused the White House aide of masterminding the "outing" of Plame and said that an apology was in order.

The e-mail and letter writers argued that the simple fact that Rove had escaped prosecution did not mean that he was innocent of using his position to harass and frustrate critics of the administration. He had, after all, confirmed Plame's identity to at least two reporters working on the story. Even if the original leak came from elsewhere, these letter writers said, Rove was no innocent.

But I still believe that there is an important cautionary tale for the media in the Rove-Plame story. Too many of us got way ahead of the facts and let our suspicions grow into assumptions and assertions for which we had no evidence. That tendency to get ahead of the story is rampant in the media just now, fed by the speedup of news delivery through the Internet and cable. Just look at the stories announcing -- in 2006 -- who are "serious" candidates for president in 2008.

Speaking of politics, I'm embarrassed to say that the one state I wrote about that I got wrong was Michigan, where I had spent enough time to have known better. I thought Gov. Jennifer Granholm was going to be sunk by unemployment in the auto industry, but she put on a great campaign and won.

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On the other hand, I saw both stages of the Connecticut race correctly -- Joe Lieberman losing the primary but winning as an independent in November. And the downfall of the Republican Congress and rise of an independent breed of Democrats was forecast here from early March onward.

But a column about Hillary Rodham Clinton, touching lightly on the state of her marriage, drew lots of catcalls -- a tip-off that this subject will be a tough one to handle if she enters the presidential race. Bring on 2007.

CIVIL RIGHTS:

Groundbreaking Changes Due At Prisons (WILNJ)

By LEE WILLIAMS And ESTEBAN PARRA, The News Journal

Wilmington (DE) News Journal, December 31, 2006

Federal investigation requires Delaware to renovate prison health care

Delaware Correctional Center near Smyrna is among the Delaware prisons looking at major changes in inmate health care after an investigation by the U.S. Department of Justice found the prison system guilty of civil rights violations. News Journal file

Inmate Anthony Pierce died of a brain tumor.

It's been more than a year since a coalition of concerned citizens, lawmakers and clergy marched on the governor's mansion and knelt in prayer asking for better health care for inmates in Delaware's prisons. They were galvanized by horrific conditions outlined in a series of stories in The News Journal, the first of which appeared in late September 2005 -- a series Correction Commissioner Stan Taylor charged was "sloppy reporting" in a five-page response the newspaper published.

What's happened since will bring groundbreaking changes to Delaware's prison system:

· On Friday, following a nine-month investigation, the U.S. Department of Justice announced that federal investigators found "substantial civil rights violations" inside four Delaware prisons. For example, the report noted, flesh-eating bacteria inside Gander Hill prison went undiagnosed and untreated, placing "inmates and staff at risk of acquiring the infection and passing it to others in the community."

· Taylor and Attorney General Carl Danberg signed an 87-point agreement with the federal government that calls for sweeping changes in Delaware's penal institutions. The state promised to correct the deficiencies and "meet generally accepted professional standards." However, the state did not admit to violating any inmate's civil rights or breaking any other federal law.

· The 55-year-old Taylor, who's served the past 11 years as commissioner, announced this month that he will retire on Feb. 1. On Saturday a prison spokeswoman announced that Paul Howard, Taylor's longtime bureau chief of prisons, is retiring the same day. Prison spokeswoman Gail Minor Stallings said Howard's departure had nothing to do with the federal report that orders the state to completely renovate its prison health care system.

· Trial lawyers say the damning federal findings will serve as a road map for inmate lawsuits against the state.

· Senate Minority Leader Charles Copeland, R-West Farms, said Saturday the federal government might have taken a "wait and see" approach, if the state had reacted once concerns about inmate care were first raised by the newspaper, and by the citizen coalition he co-founded.

"If there had been a positive response from the state, the feds might have not felt the need to be the hammer," said Copeland, who estimates that changes ordered by the Justice Department will cost $20 million to $30 million more than the state already spends annually on prisons.

· House Majority Leader Wayne Smith, R-Clair Manor, said he was disturbed about the agreement being signed in secret. "I am troubled that we (lawmakers) were not consulted about something this important. By signing this, the governor and the attorney general have obligated the state to spending money without the General Assembly's consent -- and I think we should have learned about this from them, rather than from a reporter."

Copeland wasn't alone in suggesting that had state officials acknowledged serious problems existed, rather than denying their existence, the pain and suffering among inmates and their families -- as well as the final cost of taxpayer dollars -- would not have been as high.

Sen. Karen Peterson, D-Stanton, an early backer of the federal probe who wrote a letter in support of the investigation to U.S. Attorney General Alberto Gonzales, said it's not as though the state pleaded no-contest to the federal charges of poor inmate health care.

"It's worse than that," Peterson said. "They don't think they did anything wrong."

Peterson receives letters from inmates seeking help for their medical conditions nearly every day.

"I'm glad the federal government did a thorough investigation and has an action plan so the state is not violating the civil rights of the inmates," Peterson said. "We could have saved money if the state wasn't in a state of denial."

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Federal prison regulators identified a host of problems inside prisons, including inadequate screening and health assessments, inadequate treatment of inmates with infectious diseases, inadequate treatment of inmates with serious mental illness, and deficiencies in the state's suicide-prevention measures.

They found substantial civil rights violations at Baylor Women's Correctional Institution, Young Correctional Institution, the Delaware Correctional Center and the Sussex Correctional Institution.

Inmate died from brain tumor

Dover lawyer Steve Hampton, who represents several inmates and their families including the young daughter of Anthony Pierce, who became known as "the brother with two heads" as an inmate at Sussex Correctional Institution. Pierce, who was profiled in a series of articles by The News Journal, was serving a 14-month sentence from an attempted burglary.

He died from a brain tumor after his condition was mishandled by prison medical staff. The state settled a wrongful death lawsuit in a confidential agreement last year.

"If the Pierce case didn't shock them and let them know something was wrong, what does it take?" Hampton asked. "If Taylor is still saying there were no civil rights violations, what does it take? It's still wrong."

In January of 2001, a prison doctor employed by a private medical contractor said the marble-size lump was most likely a cyst or an ingrown hair. Seven months later, when the growth had become like a second head, a prison doctor stabbed the bulging tumor five times with an 18-gauge needle, withdrawing a bloody fluid that he emptied into a trash can.

Michelle Thomas, who worked for the prison's medical contractor, held the hand of Pierce while the doctor removed the fluid. She was aghast and quit shortly thereafter.

"That boy was growing another head," Thomas recalled in an interview with The News Journal. "It was the most grotesque thing I have ever seen in my life. ... All of us who worked there will forever carry his death on our conscience."

Federal investigators cited the case of Anthony Pierce "as the most extreme example" of care denied in Delaware prisons.

Inaction

The federal investigation was prompted by a series of News Journal articles, information investigators built upon:

· AIDS-related inmate deaths: Nearly one in four inmates who died in Delaware prisons since 2000 died of AIDS-related causes. Federal investigators found care was especially poor for inmates with chronic diseases such as AIDS, hepatitis C, diabetes, asthma and hypertension.

· Suicides: The suicide rate inside Delaware prisons during 2001-2002 was double the national average.

As he was being booked into Gander Hill prison in November 2004, Christopher Barkes told the mental health screener he had attempted suicide before, while in Gander Hill, and that he was taking medication for depression. Rather than placing Barkes on suicide watch, they placed him alone in a cell, unsupervised. Barkes hung himself hours later.

In findings sent to Gov. Ruth Ann Minner, federal prison regulators noted that the "state's practices regarding suicide prevention substantially depart from generally accepted professional standards and expose inmates to significant risk of harm."

· Lack of medication: Nearly every inmate interviewed by The News Journal complained that, if they managed to get drugs prescribed to them, they often didn't receive it. Federal investigators confirmed that at Gander Hill "inmates had not received their medication, or that the medication administration was undocumented."

Like Taylor, Minner initially attacked the series, stating through a spokesperson that "the Department of Correction would welcome an opportunity to provide a briefing on the inmate health care system and to correct the many factual errors in recent news articles about the level of care being provided to Delaware."

When the Justice Department first made inquiries into the state's prison system, Minner's legal counsel, Joseph C. Schoell, sent a letter to U.S. Attorney General Alberto Gonzales calling The News Journal's series "misleading."

In a written statement released Oct. 4, 2005, Minner said, "Like any program, there are areas we would like to improve, and the Commissioner has repeatedly said that. But to say the system is in crisis is not only wrong, but irresponsible."

Nearly two months later, while careful not to admit mistakes or confront a mounting toll of inmate deaths, Minner said it was time to determine whether inmates in Delaware were being treated "outside the parameters of acceptable medical practice."

She announced that Division of Public Health Director Dr. Jaime Rivera would start quarterly surveys of random inmate medical files to identify cases or procedures that may be below standard.

What effect the reviews had, if any, is not known.

Problems with staff denied

Ken Fields, spokesman for Correctional Medical Services, the Department of Correction's current health care provider, denied there are problems with CMS staff.

"In fact, to my knowledge, the consultants who have been retained by the Department of Justice have not even been to all of the facilities referenced in the news release," Fields said. "So, we are perplexed as to how they reached conclusions about the

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quality of care. In fact, in some cases, we walked away from our discussions with those involved with a distinctly different impression of what they found."

Fields said CMS has "strengthened the team of health care professionals meeting the needs of inmate patients ... added additional orientation and training for health care staff, and we have in place a new regional management team of highly qualified medical staff."

Sen. James T. Vaughn, D-Clayton, served as Department of Correction commissioner from 1976 to 1979, and chairs the Senate Adult and Juvenile Correction Committee.

When problems were first revealed, Vaughn blocked prison reform legislation from being heard in committee, even though every member of his committee wanted the legislation discussed.

Vaughn said he was inclined to wait until the federal government completed its investigation before debating state legislation that would overhaul medical services at the Department of Correction.

The reform bill he blocked, which had the support of minority and majority leaders in the Senate, would have required testing inmates for HIV/AIDS, hepatitis and tuberculosis, provided medical training to guards, and required Correctional Medical Services to deliver records of inmate deaths for review and made other records available to the state for audit.

"I think it would have been a good start," said Margaret Rose Henry, D-Wilmington East, who sponsored the blocked bill. "Prisons are too crowded, the inmates need screening when they come in and when they come out, or we're just perpetuating the problem in a larger society."

Vaughn did not respond to calls or e-mails Friday or Saturday.

Copeland compared the changes ordered in the settlement agreement to Henry's bill.

"That cost was estimated at $20 million to $30 million to implement," Copeland said. "Read through point-by-point what the Justice Department put together. Ultimately, it's the same."

Litigation

Although the state entered into the settlement agreement, it was careful to avoid admissions that could be used against it in litigation said Jeffrey K. Martin, a Wilmington attorney who has defended several inmates in federal court and complained about medical conditions in state prisons.

"For the administration to deny that there are no civil right violations is mere posturing," Martin said. "If the state wants to brush this under the rug, one only needs to glance at this report to see numerous civil rights violations."

Martin said the U.S. Department of Justice's investigation points to overwhelming deficiencies that the state must now address.

"It's as if the prison system has to start all over," he said, adding that he hopes the DOC actually follows through with its agreement. He noted Delaware's prison system has not always kept its word, after problems have been pointed out to them.

Martin, who represented a prison counselor taken hostage by an inmate and sexually assaulted July 2004, said that incident pointed to many security failures, including doors being propped open. Despite these findings, Martin said he continues to hear about unaddressed safety issues.

"I know that doors continue to be chucked," he said, adding that he wonders how the findings will fair. "My concern is with compliance."

Although the report itself more than likely cannot be used in a courtroom, Martin said it "gives potential litigants a road map."

Martin said the settlement agreement will be reviewed by inmates, as well as their family members, in search of deficiencies relevant to health care administered by the prison system.

Karen Barkes, the wife of 37-year-old Chris Barkes, who committed suicide while in prison on a charge of loitering, said she hopes the settlement between Delaware and the U.S. Justice Department will be a wake-up call to state officials who have hesitated in the past to make changes.

"They know when Chris died that there was a problem with intake and how many people have died since," Karen Barkes said. "That prison administration has not wanted to look at the problems." Reporter Patrick Jackson contributed to this article.

Contact investigative reporter Lee Williams at 324-2362 or lwilliams@delawareonline.com.

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Posted by: WBMJ!- Mon Jan 01, 2007 12:46 pm

As an ex-employee of Gander Hill Prison, I had personally reported medical infractions repeatedly to the current contracted medical provider Correctional Medical Services and their administration. The former on-site health administrator also attempted to bring serious infractions to both CMS and the Department of Corrections attention and was literally “thrown out” of the prison

by the warden! Both DOC and CMS wish to turn deaf ears to any problem with appropriate medical treatment at Gander Hill because it saves both agencies money in the long run.

Yes, prisons are for human beings who are there allegedly for committing a crime and for their punishment. This punishment does not include the withholding or ignorance of their healthcare needs as provided for them under their Constitutional Rights. As per my source, it is my understanding Andre had "problems" recognized that CMS had a duty to act upon when he entered the prison system during his intake process and CMS should have ordered "screening" that may have stabilized the condition that led him to kill himself. Other employees who were ushered out the door by CMS and DOC brought similar issues forth in the past and were told repeatively "just do your job."

That's why I am not there anymore; my patients were already judged by a court and also by the God of their particular religious beliefs. It is not anyone's place to provide additional punishment by withholding medical treatment and causing additional anguish to the patient (and in Andre's case, his family)!

The Department of Justice just completed a report on their inspection of the Delaware prison system echoing the words, "appalling conditions." This report is available online at delawareonline.

This also came about the same time the NCCHC (a private agency which approves prison healthcare credentialing) approved Gander Hill in proper operation of its facility.

Rights Groups To Seek Action On Profiling, Elections (FREEP)

By Deborah Barfield Berry, Gannett News Service

Detroit Free Press, December 31, 2006

WASHINGTON -- With Democrats taking control of Congress on Monday, civil rights groups will be pressing for an aggressive agenda that includes a ban on racial profiling, an overhaul in some election practices and stepped up oversight of the Justice Department.

Because of last month's vote in Michigan, civil rights advocates also may urge Congress to take a stand on affirmative action, depending on the outcome of several cases before the U.S. Supreme Court.

Advocates are concerned about the potential national implications of Michigan's Proposal 2 initiative approved in November that bans racial preferences in state hiring and university admissions.

"We will be looking to see if there is any role for Congress to play," said John Britton, chief counsel for the Lawyers' Committee for Civil Rights Under Law.

Advocates say civil rights issues are more likely to have a platform and encounter less resistance than in the Republican-controlled Congress, especially with members of the Congressional Black Caucus heading powerful committees, including Rep. John Conyers of Detroit on the Judiciary Committee.

But experts caution that civil rights issues must compete with other Democratic priorities, such as high college costs, minimum wage increases and accessible health care.

"Congress is going to have a lot on its plate. ... It's going to be a bit of a climb uphill" for some civil rights issues, said Hugh Price, a senior fellow with the Brookings Institution and former president of the National Urban League.

Among the issues civil rights groups want Congress to address:

· More workplace protections for lesbian, gay and transgendered people.

· Voting rights for the District of Columbia.

· The disparity in arrests and sentencing of minorities.

"There's a real appetite on the hill to address some of the problems that have been lingering," said Caroline Fredrickson, Washington director of the American Civil Liberties Union. "I think Democrats were reluctant to push hard on those things knowing they would lose."

One measure, backed by the National Association for the Advancement of Colored People and other groups, would ban racial profiling by law enforcement officials and provide federal funding to retrain officers. The measure has failed for at least the past eight years under Republican rule.

Congress has been "in some cases hostile to the civil rights agenda and in some cases indifferent" Fredrickson said.

In what civil rights officials describe as one of the few victories last year, Congress renewed the Voting Rights Act.

But civil rights groups were disappointed last fall when the House approved a measure that would require voters to show photo identification when they go to the polls for federal elections in 2008 and to show ID that certifies their citizenship by 2010.

Republicans said it would help protect against voter fraud.

The Kennedy Factor On The Roberts Court (NYT)

By Linda Greenhouse

The New York Times, December 31, 2006

THE Supreme Court, having decided only four cases since the term began in October, has not exactly been living in the fast lane. But the pace is about to pick up.

The coming months will be a testing time for the young Roberts court, including decisions due by early summer on abortion, school integration and environmental policy, with an unusually large emphasis on cases of significance to the business community.

Chief Justice John G. Roberts Jr. has spoken often of the virtues of a court that speaks modestly and unanimously. Those goals may well prove elusive. The court's conservative bloc reached out to hear challenges to voluntary integration plans put in place by the public school systems of Louisville, Ky., and Seattle, which had been upheld by lower courts.

If the Dec. 4 arguments were any indication, a majority will overturn student assignment plans that seek to maintain racial balance in systems that struggled for years to achieve it. The outcome is likely to prove divisive both within the court and outside it.

The Nov. 8 arguments in two cases on the constitutionality of the federal Partial-Birth Abortion Ban Act of 2003 did not provide such a clear basis for prediction. Instead, they served to showcase Justice Anthony M. Kennedy's position at the center of a court that is closely divided in cases that Justice Antonin Scalia has described as battles in the culture war. Before she retired a year ago, Justice Sandra Day O'Connor held that pivotal position.

Justice Kennedy did not tip his hand during the abortion arguments. But enough other justices tipped theirs to make clear that the first federal statute ever to make an abortion procedure a crime will stand or fall depending on Justice Kennedy's opinion.

As the term proceeds, the court will also have its say in its first brush with the issue of global climate change. But in this instance — a statutory rather than constitutional case — the court's word will not be the last. Whatever the justices decide about the Bush administration's refusal to regulate carbon dioxide in automobile emissions, the new Congress may well have something to say.

A Retreat On Rationing Free Speech? (WP)

By George F. Will

The Washington Post, December 31, 2006

A three-judge federal court recently tugged a thread that may begin the unraveling of the fabric of murky laws and regulations that traduce the First Amendment by suppressing political speech. Divided 2 to 1, the court held -- unremarkably, you might think -- that issue advocacy ads can run during an election campaign, when they matter most. This decision will strike zealous (there is no other kind) advocates of ever-tighter regulation of political speech (campaign finance "reformers") as ominous. Why? Because it partially emancipates millions of Americans who incorporate thousands of groups to advocate their causes, groups such as the American Civil Liberties Union and the National Rifle Association.

And Wisconsin Right to Life. It is another organization by which people assemble (see the First Amendment) to speak (see it again) in order to seek redress of grievances (the amendment, one more time). In 2004 Wisconsin Right to Life was distressed because Wisconsin's senators, Russ Feingold and Herb Kohl, were helping to block confirmation votes on some of President Bush's judicial nominees. It wanted to run ads urging people to "contact Senators Feingold and Kohl and tell them to oppose the filibuster."

But Feingold was running for reelection, and the McCain-Feingold "reform" makes it a crime for entities such as Wisconsin Right to Life to use their corporate funds to broadcast an "electioneering communication" within 30 days of a primary or 60 days of a general election. An "electioneering communication" is one that "refers to" a candidate for federal office.

Although in 2003 the Supreme Court upheld McCain-Feingold, the court said later that it would consider appeals against the law "as applied." The majority on the three-judge court, preserving the distinction between electioneering and grass-roots lobbying, held that Wisconsin Right to Life's ads were exempt from the McCain-Feingold election-eve blackouts of speech because the ads were not "coordinated" with a candidate's campaign and did not engage in "express advocacy" -- did not use the words "vote for" or "vote against" a candidate.

The dissenting judge wanted to examine the "intent" of the ads by examining their "context," looking for clues as to whether the group hoped to not only advocate an issue but influence an election. Imagine: Judges scouring the political landscape, searching for evidence (people's past opinions or associations; e-mails and other communications) that would empower them to rule that grass-roots lobbying about an issue is "really" the functional equivalent of electioneering (express advocacy).

Such a process would necessarily be so protracted that no challenged ad could be authorized in time for an election. Besides, Bob Bauer, a Democratic campaign lawyer, rightly warns that the prospect of such inquiries should "make a sensible citizen's blood run cold." An uncircumscribed inquiry into "intent" would become "an intrusive process" in which an organization's

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internal communications would be subpoenaed and political operatives and consultants would be "put under oath and questioned about what they meant and intended and thought."

The Wisconsin Right to Life case is probably heading for the Supreme Court. There, Justice Samuel Alito occupies the chair that Sandra Day O'Connor occupied when she voted with the majority in the 5 to 4 ruling that upheld McCain-Feingold.

Still, the reformers' zeal for regulating speech is undiminished. The Federal Election Commission recently fined some "527" groups (named for the tax code provision under which they organize) $630,000. Their offense? Issue advocacy in 2004 that, "taken as a whole," could "only be interpreted by a reasonable person as containing the advocacy of the election or defeat" of a federal candidate. Editorial writers at The Post and the New York Times, ever eager to regulate political advocacy not done by newspaper editorial writers, approved, although the Times thought the fines insufficient, and although The Post, calling the current law "murky," thought the FEC should have enforced the murkiness quicker.

The Times no longer bothers to pretend that its rationale for speech regulation is fear of corruption or the appearance thereof. Rather, the Times justifies suppressing 527s on aesthetic grounds -- they are run by "hard-edged activists" and their ads are too negative. Presumably, suppressing 527s will elevate political discourse -- and, presumably, it is the government's business to enforce the elevation. The Post also is tellingly silent about the reformers' original corruption rationale for rationing political speech by restricting the political money that finances it. Instead, The Post says 527s wield "significant" -- by implication, excessive (relative to The Post's?) -- influence.

Bauer wonders why, absent a compelling government interest in combating corruption, unregulated speech resulting in influence should be a federal offense. When, as surely it will, the Supreme Court considers that question, it can begin undoing the damage it did at the time it affirmed McCain-Feingold and licensed government to ration political speech.

ANTITRUST:

States Scramble To Scrutinize Airline Takeover (SLT)

Salt Lake Tribune, December 31, 2006

Utah Attorney General Mark Shurtleff isn't opposed to US Airways' hostile bid for Delta Air Lines - yet.

But that could change in the coming weeks. The top law enforcement officer in Utah, who waged an antitrust fight against Microsoft Corp. a few years back, has teamed up with attorneys general in a dozen other states to investigate the impact of a Delta buyout on airline competition and ticket prices.

"It looks like and smells like a classic redundant merger, which often is anti-competitive and sometimes does violate antitrust laws. If we conclude that it is, then we can possibly bring an action to stop it," Shurtleff said last week.

In most cases, states have authority to challenge corporate mergers. The airline industry, however, is the one area where states are powerless to approve or reject mergers out of hand. That power is the sole right of the U.S. Department of Justice, said Jim Dick, an attorney who worked in the antitrust division of the Justice Department and whose private practice involves antitrust work in the airline industry.

"The states don't have a role. What they can do, though, is have an investigation and present their findings to the Justice Department, which is very likely to give them serious consideration," said Dick, who works in Washington, D.C., for the Cleveland-based law firm of Squires Sanders and Dempsey.

The investigation, already two weeks old, is a race against time. Delta, which has spurned the offer, is plowing forward with its plan to exit bankruptcy as a free-standing airline before next summer. The No. 3 U.S. carrier has set a meeting Feb. 7 with a federal judge to show why the plan contains enough information for creditors to vote on it.

At the same time, US Airways continues to assert that its $8.4 billion offer provides more value to creditors than Delta's stand-alone plan. US Airways contends that the merger could be completed in the first half of 2007 and should be done while Delta is in bankruptcy. And spokesman Philip Gee says his Tempe, Ariz.-based airline believes its offer to buy Atlanta-based Delta will pass antitrust review.

"That is based on a thorough city-pair-by-city pair analysis, the type the Department of Justice will perform," Gee said.

Justice Department officials did not respond to telephone calls seeking comment.

If the buyout succeeds, there could be far-reaching repercussions in Utah. Delta's westermost hub at Salt Lake City International Airport is a crucial piece of the local economy. In 2004, Delta shut its hub in Dallas and moved most of those operations to Salt Lake.

Since it filed for bankruptcy in September 2005, Delta has added more than 30 new nonstop routes from the airport. Today, the hub supplies 6,000 direct and indirect jobs. It plays a big role in efforts to recruit new employers. And it brings thousands of visitors who might not come here otherwise.

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US Airways has pledged to preserve the hub, but skeptics - including Shurtleff, the leadership of the Utah House and Senate, several Salt Lake County Council members and Ed Bastian, Delta's chief financial officer - doubt that is possible. A US Airways hub in Phoenix is just 700 miles south of Salt Lake. The company also has major airline operations in Las Vegas.

If the Salt Lake hub were closed or scaled back, "what you would expect out of that is fewer flights, fewer nonstops, fewer seats and, therefore, higher prices and poorer service," Shurtleff said.

Which states have joined with Utah to examine the merger is unclear. Representatives of the National Association of Attorneys General, which is coordinating the communication between state investigators, were unavailable last week. Florida has confirmed it's taking part. Shurtleff said he believes New York and Pennsylvania are on board, and the attorney general of Georgia has been approached. In Utah, the lead investigator is James Palmer, one of Shurtleff's top antitrust lawyers.

Shurtleff agrees that the authority to approve or reject the US Airways-Delta merger rests with federal regulators and not the states. But states do have the power to shape or at least block the merger through lawsuits.

Under federal law, states can file antitrust lawsuits in order to protect consumers, he said.

"These [mergers] have to be approved by the Department of Justice, but we are not bound by that. We often take action independent of the federal government on these antitrust issues," Shurtleff said.

Perhaps the classic example of states standing up for consumers is the role they played in the government's legal battle against Microsoft Corp. In 1998, the Justice Department and a group of states sued the software titan, alleging it illegally used its monopoly in computer operating systems to stop competitors from bringing their operating systems to the market.

Utah took part. After a federal appeals court upheld a lower court, which found that Microsoft abused its monopoly power, Microsoft and the department reached a settlement. Utah and several other states refused to go along, saying the terms didn't go far enough. Their intransigence forced Microsoft to make more concessions.

FBI/DEA/ATF/USMS:

His Omnipresence May Show His Clout, But Now Bruno Is On The Defensive (NYT)

By Michael Cooper

The New York Times, December 31, 2006

ALBANY, Dec. 29 — To get a sense of the celebrity and clout wielded around here by State Senator Joseph L. Bruno, the silver-maned Republican majority leader, consider this: One night last summer, minor league baseball fans who visited the Joseph L. Bruno Stadium across the river were given Joseph L. Bruno bobblehead dolls.

Over at the Albany International Airport, a bronze bust of Senator Bruno greets arrivals from the airport's observation deck. In Troy, people can catch performances at the Joseph L. Bruno black box theater. And at the public television station, WMHT, producers scurry about in the new Joseph L. Bruno Broadcast Operations Center. The area is full of projects and buildings for which Mr. Bruno secured state aid.

And his clout inside the Capitol building is even greater. For 12 years Mr. Bruno has been one of the three men who have effectively controlled state government, and he is poised to become the most important Republican official in New York State now that Gov. George E. Pataki is leaving office.

Mr. Bruno's ascension has a silver-lining aspect to it; he was simply the last man standing after Republicans were routed at the polls on Election Day, leaving them without a statewide office for the first time in decades. The State Senate is now the party's last, and shrinking, power base.

But at what should be his crowning moment, Mr. Bruno finds himself on the defensive as never before. The F.B.I. is investigating his business ties, newspapers are exploring his financial relationships with people seeking help from the state, some Republicans are grumbling that he is tarnishing their troubled party, and for the first time, a member of his conference, Senator John J. Bonacic, a Hudson Valley Republican, is calling on Mr. Bruno to step down.

Mr. Bruno, who was the light-heavyweight boxing champion of his Army regiment in Korea, and at 77 still weighs in at 173 to 175 pounds, is making it clear that he has plenty of fight left in him. He said during an interview on Friday that he fully expected to be re-elected as temporary president of the Senate — the title that gives him vast power over the body — when the Senate convenes here on Wednesday.

"I have 33 votes in my conference, as I sit here, out of 34," he said.

And Mr. Bruno bristled at news reports that the federal government was investigating his decision to award a $500,000 member item grant — the type that goes to individual lawmakers' pet projects — to Evident Technologies, a company with a former director, Jared Abbruzzese, who had business dealings with Mr. Bruno. Mr. Bruno said that the state gave aid to Evident before he did, and that the money was intended to keep the company from moving out of state.

"It gets me a little bit excited, because they all want to moan and groan and point to Evident," he said in his office. "Evident is one of the most worthwhile projects to be funded that I have funded. Now the fact that a friend of mine, it turns out, that I had a financial relationship with — too damn bad. What am I, a second-class citizen? Is he a second-class citizen? We vetted that through the whole process, O.K.?"

"I'm getting crucified," he said. "And you know something? Tomorrow, if I had that situation to do over, I'd do exactly what I've done."

Mr. Bruno said he entered politics in large part to try to reverse the state government's hostility to business through taxes and regulations.

Although throughout his political career, Mr. Bruno has been dogged by questions of whether his public and private roles were in conflict — from the state contracts won by his telecommunications firm, Coradian, to how legislation he worked on could affect investors — he has never before been accused of wrongdoing.

"My attitude has been, you think I'm in a conflict, then you prove it, and if you're right I'll pay the consequences," he said in an interview in 1994, shortly after he ousted the former Senate majority leader, Ralph J. Marino, in a coup orchestrated in part by Governor Pataki and Senator Alfonse M. D'Amato.

"But I'm not going to ever back off because somebody alleges there's a conflict," he said, "because I have spent my life in business and government trying to prove that businesspeople can be effective in government."

Mr. Bruno grew up with seven siblings in a cold-water flat in Glens Falls, N.Y. His mother had a botched gallbladder operation at age 33, and seven operations later, too poor to afford proper care, died at 44. His father shoveled coal in a paper mill for 32 years, and, Mr. Bruno said, was too proud to accept welfare.

"My childhood was miserable, in plain English, except for the love of my mother and my father," he said. "My father always had a work ethic: you'd take nothing that didn't belong to you, take nothing that you didn't earn. Honesty was his byword."

Mr. Bruno took his first job when he was just 9, delivering pastries each morning to a nearby shirt factory. He was paid in day-old pastries, breakfast for his family.

He went on to put himself through college delivering ice, and afterward went into business selling frozen food in bulk to families as a way to persuade them to buy Amana freezers. He can still rattle off large parts of the pitch: "Frozen food is healthier for you than anything else, if it's flash frozen. You trap all the goodness in everything."

Then, after borrowing $5,000 with a partner, he started Coradian, the telephone company. In 1975 Mr. Bruno was elected to the State Senate, forgoing a race for Congress, he said, in large part so that he could stay active in business.

When Mr. Bruno became majority leader, he was widely regarded as a conservative choice. But over the years he has moved to the left, passing gay rights legislation that had long stalled in the Senate and overriding Governor Pataki's veto to increase the state's minimum wage to $7.15, which takes effect on Monday.

It is a measure of his political skills and his good personal relations that he has received support this month from some of the state's most liberal union leaders and from Conservative Party officials.

"I learned in my tenure that if you're not elected, you can't govern," he said, adding that he believed compromise was essential. "In this state, if you don't move to the center, and sometimes the left of center, you're not going to survive."

The Republicans lost a Senate seat in November, giving them a 34-to-28 majority, though they held power despite the Democratic onslaught in every other area. But Senator Michael A. L. Balboni, a Nassau County Republican, just announced that he is leaving to join the Spitzer administration, setting up the possibility that Republicans could lose another seat.

Mr. Bruno said he did not think other senators would leave. "I think my members, most of them, want checks and balances, a bipartisan, two-party system," he said.

Mr. Bruno continued as a top executive at Coradian until 1990, selling phone systems to state and local governments as well as to businesses. He said he believed his job as a state senator might have hurt his business more than it helped.

The company was sold in 1990 for $23 million, and Mr. Bruno started a consulting firm, Capital Business Consultants. The firm has been subpoenaed in the inquiry, as investigators try to discern whether his clients won assistance from the state.

"Everything I have done, we have done to the letter of the law," Mr. Bruno said. He added that he had disclosed all the information the state required, and that he did not think it would be fair to clients who expected confidentiality to disclose their names now.

"We are a part-time Senate, a part-time Legislature," he said. "Everybody here does something else, almost everybody, and I think that's right, that's the way it ought to be. Do you remember this from your civics class? We are a citizen Legislature. Citizens, farmers, lawyers, businesspeople, doctors, retirees, that's what we are."

Bumbling Against Terror (PPG)

By Jack Kelly, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, December 31, 2006

The FBI's record doesn't inspire confidence that we're being well protected

The House International Relations committee issued a report last week criticizing the FBI's investigation of the 1995 bombing of the federal building in Oklahoma City.

Jack Kelly is national security writer for the Post-Gazette and The Blade of Toledo, Ohio (jkelly@post-gazette.com, 412-263-1476).

The FBI failed to pursue credible information that Timothy McVeigh and Terry Nichols had help, the committee said.

The FBI shouldn't have abandoned its search for John Doe No. 2, the committee said. Jayna Davis, then a reporter for a television station in Oklahoma City, said she found at least 20 witnesses who identified Hussain al-Hussaini, a former Iraqi soldier, as the man they saw with Timothy McVeigh.

And the FBI should have investigated more thoroughly contacts between Mr. McVeigh and Andreas Strassmeir, a German national who was a paramilitary instructor at Elohim City, a neo-Nazi compound near the Arkansas border, the committee said.

The FBI says its investigation was exhaustive, but the discovery just two years ago of a large cache of explosives in a house in which Mr. Nichols lived (and which the FBI had searched) casts some doubt on that claim.

Investigative reporter Peter Lance has just completed his third book describing FBI blunders (or worse) in the war on terror.

In his first, "A Thousand Years for Revenge," Mr. Lance showed how the 1993 World Trade Center bombing could have been prevented were it not for negligence by senior FBI officials in New York, and how the FBI had been informed in 1995 of al-Qaida's plans to use airplanes to attack American landmarks.

In his second, "Cover Up," Mr. Lance described how the FBI ignored intelligence about al-Qaida provided by a young mobster, Gregory Scarpa Jr., in order to protect a corrupt FBI agent. (Former Special Agent Lindley DeVecchio was indicted last March on four counts of murder chiefly because of the information Mr. Lance provided in this book.)

Mr. Lance's third book, "Triple Cross," focuses mainly on how Ali Mohamed, one of Osama bin Laden's closest aides, bamboozled the FBI into thinking he was helping the bureau even as he was plotting multiple acts of mass terror.

Mr. Lance, who has won five Emmys, is a better reporter than he is a writer. Reading one of his books is like panning for gold: You've got to sift through a lot of silt to get to the nuggets. For me, the most valuable nuggets in "Triple Cross" are the additional details Mr. Lance provides on the scoops in his earlier books.

On July 17, 1996, TWA 800 disintegrated over Long Island Sound. The FBI and the National Transportation Safety Board concluded the crash was caused by the accidental explosion of the center wing fuel tank. What the 270 witnesses who thought they saw a surface-to-air missile streaking toward the aircraft before the explosion actually saw was a "zoom climb" by the damaged aircraft after its nose had been blown off, the FBI and NTSB said.

Former airline pilot Ray Lahr considers this improbable: "Such a steep climb is much beyond the capabilities of the engines alone on a large transport aircraft," he said. Last month a federal judge in Los Angeles ordered the FBI and the NTSB to turn over to Mr. Lahr documents they'd been trying to keep from him. The case Mr. Lahr presented was sufficiently strong "to proceed based on his claim the government acted improperly," the judge said.

The most startling thing reported by Mr. Scarpa was that al-Qaida operative Ramzi Yousef, who was in a cell next to him in prison, claimed that he had arranged to have TWA 800 destroyed. Mr. Yousef was about to go on trial for plotting to blow up a dozen airliners in Asia and wanted a mistrial declared.

Minutes after TWA 800's destruction, Mr. Yousef made a brief telephone call in his native language of Baluch, according to Mr. Lance and Jack Cashill, who wrote a book about TWA 800. It was translated by the National Security Agency: "What had to be done has been done. TWA 800 (last two words unintelligible)."

If what Mr. Lance says is true -- if only a small fraction of what Mr. Lance says is true -- the best that can be said of the FBI is that it has been grossly negligent.

A story in the New York Sun Wednesday also does not inspire confidence in the bureau. According to an FBI court filing, the files in 22 of 94 investigations into leaks of classified information are missing.

"Knowing what I know, I can confidently say that until the investigative responsibilities for terrorism are removed from the FBI, I won't feel safe," said former FBI agent Robert Wright in June 2001. Reading Mr. Lance's book won't make him feel any safer.

Our Bumbling FBI (TOLB)

Toledo Blade (OH), December 31, 2006

THE House International Relations committee issued a report last week criticizing the FBI's investigation of the 1995 bombing of the federal building in Oklahoma City.

The FBI failed to pursue credible information that Timothy McVeigh and Terry Nichols had help, the committee said.

The FBI shouldn't have abandoned its search for John Doe No. 2, the committee said. Jayna Davis, then a reporter for a television station in Oklahoma City, said she found at least 20 witnesses who identified Hussain al-Hussaini, a former Iraqi soldier, as the man they saw with Timothy McVeigh.

And the FBI should have investigated more thoroughly contacts between McVeigh and Andreas Strassmeir, a German national who was a paramilitary instructor at Elohim City, a neo-Nazi compound near the Arkansas border, the committee said.

The FBI says its investigation was exhaustive, but the discovery just two years ago of a large cache of explosives in a house in which Nichols lived (and which the FBI had searched) casts some doubt on that claim.

Investigative reporter Peter Lance has just completed his third book describing FBI blunders (or worse) in the war on terror.

In his first, A Thousand Years for Revenge, Mr. Lance showed how the 1993 World Trade Center bombing could have been prevented were it not for negligence by senior FBI officials in New York, and how the FBI had been informed in 1995 of al-Qaeda's plans to use airplanes to attack American landmarks.

In his second, Cover Up, Mr. Lance described how the FBI ignored intelligence about al-Qaeda provided by a young mobster, Gregory Scarpa, Jr., in order to protect a corrupt FBI agent. (Former Special Agent Lindley DeVecchio was indicted last March on four counts of murder chiefly because of the information Mr. Lance provided in this book.)

Mr. Lance's third book, Triple Cross, focuses mainly on how Ali Mohamed, one of Osama bin Laden's closest aides, bamboozled the FBI into thinking he was helping the bureau even as he was plotting multiple acts of mass terror.

Mr. Lance, who has won five Emmys, is a better reporter than he is a writer. Reading one of his books is like panning for gold: You've got to sift through a lot of silt to get to the nuggets. For me, the most valuable nuggets in Triple Cross are the additional details Mr. Lance provides on the scoops in his earlier books.

On July 17, 1996, TWA 800 disintegrated over Long Island Sound. The FBI and the National Transportation Safety Board concluded the crash was caused by the accidental explosion of the center wing fuel tank. What the 270 witnesses who thought they saw a surface-to-air missile streaking toward the aircraft before the explosion actually saw was a "zoom climb" by the damaged aircraft after its nose had been blown off, the FBI and NTSB said.

Former airline pilot Ray Lahr considers this improbable: "Such a steep climb is much beyond the capabilities of the engines alone on a large transport aircraft," he said. Last month a federal judge in Los Angeles ordered the FBI and the NTSB to turn over to Mr. Lahr documents they'd been trying to keep from him. The case Mr. Lahr presented was sufficiently strong "to proceed based on his claim the government acted improperly," the judge said.

The most startling thing reported by Scarpa was that al-Qaeda operative Ramzi Yousef, who was in a cell next to him in prison, claimed that he had arranged to have TWA 800 destroyed. Yousef was about to go on trial for plotting to blow up a dozen airliners in Asia and wanted a mistrial declared.

Minutes after TWA 800's destruction, Yousef made a brief telephone call in his native language of Baluch, according to Mr. Lance and Jack Cashill, who wrote a book about TWA 800. It was translated by the National Security Agency: "What had to be done has been done. TWA 800 (last two words unintelligible)."

If what Mr. Lance says is true - if only a small fraction of what Mr. Lance says is true - the best that can be said of the FBI is that it has been grossly negligent.

A recent story in the New York Sun also does not inspire confidence in the bureau. According to an FBI court filing, the files in 22 of 94 investigations into leaks of classified information are missing.

"Knowing what I know, I can confidently say that until the investigative responsibilities for terrorism are removed from the FBI, I won't feel safe," said former FBI agent Robert Wright in June, 2001. Reading Mr. Lance's book won't make him feel any safer.

Jack Kelly is national security writer for The Blade and the Pittsburgh Post-Gazette.

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CONGRESS-ADMINISTRATION:

Ethics Panel Concludes Conyers Inquiry With A Warning But No Punishment (RC)

By Susan Davis

RollCall.com, December 30, 2006

The House ethics committee concluded its three-year inquiry into incoming Judiciary Chairman John Conyers on Friday, voting to take no punitive action against the Michigan Democrat but warning him not to use Congressional staff for any campaign or personal purposes in the future.

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The inquiry was self-initiated by the ethics panel following news reports in December 2003 that Conyers had on multiple occasions demanded his Congressional staff do both political work outside of their official duties as well as personal errands and favors for the lawmaker and his wife, such as babysitting and tutoring his children.

In a joint statement, ethics Chairman Doc Hastings (R-Wash.) and ranking member Howard Berman (D-Calif.) said Conyers had agreed to the terms set out by the panel to ensure that his office complies with House rules pertaining to Congressional staff. The committee further stated that Conyers cooperated with the investigation, providing documents and other information at the panel's request.

"In the course of providing information to the committee, Representative Conyers acknowledged what he characterized as a 'lack of clarity' in his communications with staff members regarding their official duties and responsibilities, and accepted responsibility for his actions," the committee said in a statement, "Representative Conyers also provided the committee with documents indicating that he had begun taking steps to provide clearer guidance to staff regarding the requirement that campaign work and official work be separate."

Conyers agreed to six conditions laid out by the panel, and if he abides by them the matter will remain closed.

He must prohibit his personal staff, other than his chief of staff, from performing any campaign-related work even if done on a voluntary basis, unless the employees takes paid leave from their Congressional duties. He must also inform his staff in writing of the terms of their Congressional or campaign work as well as distribute a memo to his staff that clarifies all House rules relating to their duties. Conyers must maintain a "detailed time-keeping system" as to his Congressional staffers' duties and require all of his staff to attend a briefing by an ethics committee counsel on House rules that pertain to campaign and non-official work on behalf of a Member of Congress. And Conyers' personal Congressional staff must hold annual meetings to discuss and explain House rules, with all new employees required to learn the rules as part of their orientation.

Conyers Accepts Responsibility For Possible Ethics Violations (HILL)

By Jonathan E. Kaplan, Jackie Kucinich

The Hill, December 30, 2006

Rep. John Conyers (D-Mich.) has "accepted responsibility" for possibly violating House rules by requiring his official staff to perform campaign-related work, according to a statement quietly released by the House ethics committee late Friday evening.

The top Republican and Democratic members on the ethics panel, Reps. Doc Hastings (R-Wash.) and Howard Berman (D-Calif.), said in a statement that Conyers acknowledged a "lack of clarity" in communicating what was expected of his official staff and that he accepted responsibility for his actions.

"[Conyers] agreed to take a number of additional, significant steps to ensure that his office complies with all rules and standards regarding campaign and

personal work by congressional staff," they stated. "We have concluded that this matter should be resolved through the issuance of this public statement."

The finding by the ethics panel could spark debate, and perhaps eclipse, the first week of the incoming-Democratic majority's plans to change the House ethics rules, as well as raise questions about Conyers' standing to chair the Judiciary Committee.

On Dec. 14, Conyers sent a letter to his supporters from his campaign website announcing that he had been elected as chairman-designate of the House Judiciary Committee. Berman is the second-ranking Democrat on the panel.

A spokesman for incoming House Speaker Nancy Pelosi (D-Calif.) said Conyers will remain chairman of the Judiciary Committee.

The House ethics committee conditions that Conyers has agreed to must be complied with throughout the 110th Congress.

Conyers had alarmed Democrats, poised to recapture the House after 12 years in the minority, by indicating that he would begin impeachment proceedings against President Bush.

In May, a spokesman for Pelosi, said that she told her Democratic colleagues in a closed meeting, "that impeachment is off the table; she is not interested in pursuing it."

As House Republicans and Democrats prepare for former President Gerald Ford's funeral and the transfer of power set to take place next week, aides to Pelosi were not available for comment.

The ethics inquiry began in December, 2003 when former staff members complained to the ethics panel, formerly named the House Committee on Standards and Official Conduct, that Conyers had required his official staffers to work on campaigns, babysit his children, and run personal errands. Conyers subsequently hired Stanley Brand, a well-respected defense lawyer with a long track record of defending public officials implicated in corruption cases.

In 2003, Reps. Joel Hefley (R-Colo.) and Alan Mollohan (D-W.Va.) headed the ethics committee.

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The Hill reported last March that two former Conyers' aides alleged that he repeatedly violated House ethics rules by requiring aides to work on local and state

campaigns, and babysit and chauffeur his children. Deanna Maher, a former deputy chief of staff in the Detroit office, and Sydney Rooks, a former legal counsel in his district office, shared numerous letters, memos, e-mails, handwritten notes and expense reports with The Hill.

They also sent the same materials to the House ethics panel, the FBI and the U.S. attorney's office. House rules allow the chairman and ranking member of the ethics panel to initiate informal inquiries into allegations of misconduct in the absence of a formal complaint.

Hastings and Berman said in their statement that Conyers provided information and documents to the panel. Committee staff also interviewed witnesses. They also said that Conyers agreed to take six steps to ensure that the matter remain closed. First, he agreed to prohibit his personal congressional staff, other than his chief of staff, from engaging in any voluntary campaign-related work in the 110th Congress unless that staff members takes a leave of absence and obtains prior approval from the wthics Committee.

He also must take several additional steps to make it abundantly clear to his government-paid aides that they need not work on campaigns to gain employment or stay employed in his office. In addition, he will have to maintain a detailed time-keeping system that he implemented during the course of the committee's inquiry.

"Provided that the above requirements are complied with, this matter will remain closed, and the Committee will take no further action on it," Hastings and Berman said.

The following is the text of the House ethics committee statement regarding Conyers:

December 29, 2006

Statement of Chairman Doc Hastings and Ranking Minority Member Howard L. Berman Regarding Representative John Conyers

The Chairman and Ranking Minority Member, pursuant to Committee Rule 18(a), initiated an informal inquiry in December 2003 into reports that members of the congressional staff of Representative John Conyers had performed campaign activity on official time and in some instances using official resources, and that some staff members may have been compelled to do campaign work or personal work for Representative Conyers. The assertions in the reports, if true, could implicate a number of laws and House rules applicable to Members, including: House Rule 23, clause 1 (requiring the conduct of a Member or employee to reflect creditably on the House of representatives); House Rule 23, clause 8 (requiring that congressional staff perform official duties commensurate with compensation); 31 U.S.C. § 1301(a) and corresponding regulations of the Committee on House Administration (providing that official funds may be used only for the purposes appropriated); and 18 U.S.C § 606 (prohibiting adverse personnel action or intimidation to secure a "contribution of money or other valuable thing" including services, for a political purpose). Committee Rule 18(a) permits the Committee, in the absence of a filed complaint, to consider "any information in its possession indicating that a Member, officer, or employee may have committed a violation of the Code of Official Conduct or any law, rule, regulation, or other standard of conduct . . ." The Chairman and Ranking Minority Member may jointly gather additional information concerning such a potential violation unless and until an investigative subcommittee is established. During the course of their inquiry, the Chairman and Ranking Member asked for and received information, including documents, from several sources, including Representative Conyers. Committee staff also interviewed witnesses regarding the allegations. In the course of providing information to the Committee, Representative Conyers acknowledged what he characterized as a "lack of clarity" in his communications with staff members regarding their official duties and responsibilities, and accepted responsibility for his actions. Representative Conyers also provided the Committee with documents indicating that he had begun taking steps to provide clearer guidance to staff regarding the requirement that campaign work and official work be separate. After reviewing the information gathered during the inquiry, and in light of Representative Conyers' cooperation with the inquiry, we have concluded that this matter should be resolved through the issuance of this public statement and the agreement by Representative Conyers to take a number of additional, significant steps to ensure that his office complies with all rules and standards regarding campaign and personal work by congressional staff. Representative Conyers has agreed to the following conditions:

1. Prohibiting his personal congressional staff (other than his Chief of Staff) from performing any campaign-related work, including work done on a voluntary basis, during the 110th Congress, unless the staff member takes a paid position on his campaign while on leave without pay status and obtains prior written approval from the Committee.

2. Informing staff members in writing of the prohibition set forth above against the voluntary performance of campaign work.

3. Distributing a memorandum to each member of his personal congressional staff which clearly sets forth all House rules concerning (1) the performance of campaign and other non-official work by congressional staff members and (2) the prohibition against the performance of any campaign-related work being conducted in either his congressional or district offices. Additionally,

this memorandum will explicitly state that the performance of campaign or other non-official work by staff members may not be required as a condition of their employment.

4. Directing that meetings of his personal congressional staff be held annually in which the House rules concerning staff participation in campaign activities are discussed and explained. In addition, a description of these rules will be made a part of the orientation for all new staff employees.

5. Continuing to maintain the detailed time-keeping system initiated by Rep. Conyers during the course of the Committee's inquiry.

6. Requiring that all members of his congressionalstaff attend a briefing conducted by Committee counsel on the application of, and compliance with, applicable House rules concerning the performance of campaign and other non-official work by congressional staff members.

Provided that the above requirements are complied with, this matter will remain closed, and the Committee will take no further action on it.

Job Evaluation: George W. Bush (LAT)

The Los Angeles Times, December 31, 2006

IT'S THAT TIME of year, when the drones of corporate America gather their No. 2 pencils and call over to human resources for all the personnel files. The dirty little secret (or maybe it's not so secret) is that managers resent these yearly job performance evaluations as much as employees do. But why let the private sector have all the fun? An election is a kind of evaluation, of course, but what if our elected officials had to fit their year's accomplishments on the same kind of form with which millions of the rest of us are familiar? For President Bush, the results would not be encouraging.

*

Knowledge of job: Below expectations. Despite describing himself as "the decider," employee often abdicated important decisions to others, as in his insistence that he could do nothing about prison conditions at Guantanamo Bay without judicial branch input.

*

Job effectiveness: Below expectations, even his own, and not just in his controversial and poorly planned takeover of despotic foreign operation (also see previous evaluations). Confirmation of favored candidate for a top-level judicial branch appointment was a major achievement. But failed to rally support in legislative branch and among own partisans for positions on which he was in the right, such as his call for comprehensive immigration reform.

*

Critical thinking skills: Meets expectations, which were low. Instead of building bridges to opponents within the legislative branch on foreign policy, he demonized them with this election-year rant: "The Democrat [sic] approach comes down to this: The terrorists win and America loses." Failed to dismiss key architect of war until after Republicans were routed in midterm elections.

*

Works well with others: Meets expectations. More successful at staking out common ground with headstrong allies of own party than at seeking out compromise with extra-party rivals who may actually be useful to policy goals. Needlessly provoked Democrats with renomination of partisan flame-thrower to major international body even after it was clear that nominee was unfit for the job. Unclear at the end of this performance period whether he will accept any advice from the bipartisan Iraq Study Group.

*

Financial management: Exceeds expectations. Federal budget deficit is smaller than expected, though employee's insistence that this is a result of his tax cuts is unpersuasive. Also, after the election, indicated that he was open to fresh talks with Democrats about Social Security.

*

Areas for improvement: New management in legislative branch will require considerable improvement in people skills, especially but not exclusively in identifying a "way forward" in Iraq. To borrow a phrase associated with one of employee's predecessors, present employee needs to adopt a "kinder, gentler" rhetorical style, one that acknowledges past mistakes and doesn't demonize those who think differently.

Ten Suggestions For Rescuing The Bush Legacy (NYT)

By Nicholas D. Kristof

The New York Times, December 31, 2006

Particularly after all the tributes to Gerald Ford in the last few days, President Bush may be pondering his own legacy and obituary. Sorry, Mr. Bush, but it doesn't look good right now, with your obit perhaps beginning something like this:

"George W. Bush, who achieved tremendous acclaim for his handling of the 9/11 terror attacks but left office vilified and disgraced, mired in the Iraq war and stalemated at home, his hard-line partisan tactics souring the electorate and crippling his beloved Republican Party for a generation, died. ..."

But Mr. Bush, your plight isn't hopeless. In the holiday spirit, let me offer you 10 suggestions for what you can do in 2007 to try to rescue your legacy.

First, seriously engage Iraq's nastier neighbors, including Iran and Syria, and renounce permanent military bases in Iraq. None of that will solve the mess in Iraq. But these steps will suggest that you are belatedly trying to listen and are willing to give diplomacy a chance. They may also help at the margins: renouncing bases is a simple move that has no downside and will make it harder for Iraqi militants to argue that Americans are just out to steal Iraqi oil and grab military bases.

Second, start an intensive effort to bring peace to the Middle East. Work with King Abdullah of Saudi Arabia to flesh out his peace proposals. And vigorously back the Geneva Accord approach to an Israeli-Palestinian peace, since everybody knows that is what a final peace deal will look like. Frankly, it seems unlikely that peace is going to break out anytime soon in the Middle East, but there is a huge dividend for America's image if we at least try.

Third, confront the genocide in Darfur. President Bill Clinton has said that the biggest regret of his administration is not responding to the Rwandan genocide, and someday you — and your biographers — will rue your lame response to Darfur. For starters, how about inviting the leaders of Britain, France, China, Egypt and Saudi Arabia to travel with you to Darfur and Chad to see firsthand the women who have been mutilated and raped, the men whose eyes have been gouged out? Follow that up with a no-fly zone, an international force to prop up Chad and the Central African Republic, and a major push for an internal peace among Darfur tribes.

Fourth, encourage Dick Cheney to look pale in public. Then he can resign on health grounds, and you can appoint Condi Rice or Bob Gates to take his place. Mr. Cheney has been the single worst influence on your foreign policy, as well as the most polarizing figure in your administration. There's no better move you could make to signal a new beginning than to accept Mr. Cheney's resignation.

Fifth, revive the theme of compassionate conservatism by extending your excellent five-year AIDS program (while not being so squeamish about condoms in the future). And above all, work with Europe to promote incentives for business investment in Africa, modeled after the African Growth and Opportunity Act program. The best hope to raise Africa's standard of living is to nurture factories manufacturing clothing, shoes and toys for export.

Sixth, address climate change. Nobody expects you to be an Al Gore, but you sully America's image when you run away from any serious attempt to curb carbon emissions.

Seventh, put aside those thoughts of a military strike on Iranian nuclear sites, and make it clear to Israel that we oppose it conducting such an attack. A strike would set back Iran's nuclear programs by only five years or so, but it would consolidate hard-line rule there for at least 25 years.

Eighth, instead of giving up on Social Security, revive the reform proposals that President Clinton urged in 1999. That does mean bringing the budget back into black ink, which will mean phasing out some tax cuts for the wealthy.

Ninth, address our disgraceful inequities in health care. You could push for comprehensive coverage for children up to age 5 (as President Jimmy Carter tried to achieve a generation ago), and for almost zero cost you could mount a public health campaign to tackle obesity in children. Mike Huckabee, the Republican governor of Arkansas, has shown how state governments can fight diabetes and obesity, and you should take his approach nationwide.

Tenth, don't toss this newspaper to the floor and curse the press for your unpopularity. Instead, borrow from your playbook after you lost the New Hampshire primary in 2000 — grit your teeth, retool and steal ideas from your critics and rivals. It worked then, and it just might help in 2007.

A New Year For School Reform (NYT)

The New York Times, December 31, 2006

The No Child Left Behind Act broke new ground when it required the states to educate impoverished children up to the same standards as their affluent counterparts, in exchange for federal aid. The law did not just drop out of the sky. It represented a deliberate attempt by Congress to ratify and accelerate the school reform effort that swept the country in the early 1990's, when the states began to embrace standards-based accountability systems that quickly showed promising results.

The achievement gains have fallen far short of what Congress hoped for when it passed the landmark federal law — and also far short of what the country needs to keep pace with its economic rivals. In addition, student performance has flattened in recent years. In many cases, that is because states that reaped all of the early, easy gains that are typically achieved by merely paying attention to a long-neglected problem failed to do the tougher work necessary to sustain their reforms.

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Recent studies offer sobering news about the challenges that lie ahead. Happily, there is also encouraging news from the states that have stayed the course and continued to build rigorous, standards-based reforms.

The value of the standards movement itself was underscored this year in an analysis that was part of Education Week magazine's annual survey of student achievement. Analyzing student performance between 1992 and 2005, the study found clear signs of progress, especially in fourth-grade math performance, which had gone up nearly two grade levels since 1992. Black and Hispanic students, by the way, showed larger gains than their white counterparts over that same period. Had the scores of white students not risen at all, the progress by black and Hispanic students would have substantially erased the white-minority achievement gap.

The news was less heartening in reading performance, which inched up only about two points over the same time period. Even so, Education Week found that reading achievement for black, Hispanic and low-income fourth graders had risen at nearly three times the national average.

Low-income students still lag far behind their affluent counterparts. But the data in a subsequent study by the Fordham Foundation shows that states that commit to rigorous standards and accountability systems can make progress in this difficult area. The bad news is that only eight states even achieved what Fordham described as "moderate progress."

Those states are: Delaware, Florida, Massachusetts, New Jersey, New York, Texas, Washington and California. In California especially, statewide reforms (and, in Los Angeles, dynamic leadership by the former superintendent, Roy Romer) are clearly having an effect. These gains are tentative and will certainly evaporate if the states lose momentum. But they show that performance for low-income students can be nudged upward if states hew to rigorous reforms.

That bad news is that too few states are actually doing that.

With the easy achievement gains already behind us, the next level of progress will require rigorous systemic change. The states, for example, will need to adopt rigorous examinations that track the federal test, the National Assessment of Educational Progress, more closely. They will have to crack down on state teachers colleges that turn out poor graduates, and devise ways — including differential pay — to persuade highly qualified teachers to work in failing schools that they have historically avoided. To move forward, the country must also find new ways to support and transform failing schools, beyond labeling them failures and presuming that the stigma will inspire better performance.

These are difficult issues. But they are the ones that Congress needs to focus on as it moves toward reauthorizing No Child Left Behind.

Playing The Angles (WP)

The Washington Post, December 31, 2006

INCOMING HOUSE Speaker Nancy Pelosi (D-Calif.) pledged to run the "most open" Congress in history. Unfortunately, that promise doesn't seem to extend to letting the American people see what's really happening on the House floor. In a letter released the Friday before Christmas, Ms. Pelosi delivered a lump of coal to C-SPAN, which had asked to be freed from the restrictive rules that -- since House proceedings first were televised in 1979 -- have kept the cameras under control of the House and limited footage to tight shots of the podium or the lawmaker who's speaking. Senate rules are similarly constraining. As C-SPAN's president, Brian Lamb, explained in his letter to Ms. Pelosi asking that the cable network's cameras be permitted in the chamber, "This compromise was crafted long ago to convince wary members to allow congressional sessions to be televised, and in the ensuing years it has become an anachronism that does a disservice to the institution and to the public. . . . Rules and established practices prevent congressional cameras from taking individual reaction shots or from panning the chamber, leaving viewers with an incomplete picture of what's happening in the House of Representatives."

Through its years of televising floor proceedings, and its sober, unbiased coverage of congressional hearings and other events,

C-SPAN has demonstrated that it is both essential and responsible. There is no reason to prevent its cameras from operating freely in both the House and Senate. Ms. Pelosi, however, disagrees. "I believe that the dignity and decorum of the United States House of Representatives are best preserved by maintaining the current system of televised proceedings," she wrote to Mr. Lamb.

But why shouldn't those who want to see what's going on in the House -- it's the people's House, after all -- be able to have the same view as if they were in the chamber? What's to hide -- lawmakers orating to an empty House, or, to take one example, then-Majority Leader Tom DeLay buttonholing a balky member during the Medicare prescription drug vote in 2003?

C-SPAN may have better luck with another of its requests: to have immediate access to voting records. As Mr. Lamb explained in his letter, the House has had electronic voting for decades, but "official public release of individual votes is still delivered long after a vote has closed" -- often hours later. Ms. Pelosi said she had asked the House clerk to look into a change; it's hard to imagine that this can't be done.

DOJ_NMG_0111458

And Now, A Word From Chile... (NYT)

The New York Times, December 31, 2006

Everyone who followed the debate about privatizing Social Security back in 2005 has vivid memories of the Chilean model. Sometimes it seemed impossible to get through any discussion of fixing Social Security without hearing a free-market paean to the way Chile had given its workers control over their own retirement investments, followed by a demand that the United States get on the same boat.

Therefore, it seems worthwhile to note that the Chileans are now bailing water.

The Chilean government recently announced that in 2007 it plans to pursue far-reaching reforms aimed at creating a larger government role in Chileans' old-age security. The reforms are urgently needed. It has been nearly a generation since the regime of Gen. Augusto Pinochet began to supplant Chile's government-supported retirement system with a plan for Chilean workers to save 10 percent of their salaries in private accounts. Today, roughly half of Chile's labor force has either not participated or has not accumulated enough to generate what the government considers a minimum payout of about $140 a month.

The overarching problem for Chile — and the real lesson for the United States — is that private savings are not a substitute for a guaranteed core tier of old-age support. The first measure of success of a retirement system is not how much certain individuals manage to sock away, but whether the system as a whole provides basic dignity for all. By that measure, Chile's privatized system has failed and Social Security has succeeded.

Social Security does need some changes to protect it over the long term. The best solution would involve a combination of modest benefit cuts and modest tax increases, which could be phased in gradually over decades and could guarantee a government benefit that replaces about 30 percent of preretirement income on average, compared with a replacement rate of about 35 percent today.

Getting there would require sacrifices from both political parties. Republicans would have to give up on their privatization efforts. And the Democrats would have to control their knee-jerk tendency to preface any discussion of Social Security with a pledge never to cut anyone's future retirement benefits. President Bush will also have to go further if there is to be any chance of progress while he is still in office. Tax increases must be a part of any plausible Social Security reform mix. Unfortunately, the president appears unalterably opposed even to something as overdue as raising the cap on earnings that are subject to Social Security tax.

As long as tax increases are off the table, severe benefit cuts become unavoidable. If the gap in Social Security's finances were closed through benefit cuts only, the average worker's payout would equal only about 10 percent of preretirement earnings. Such bare-bones benefits would signal the end of Social Security, as surely as would privatization.

As the debate unfolds anew in 2007, another vital lesson to remember from the Chilean experience is that institutions, once dismantled, are not easily restored.

OTHER NEWS:

A Solemn Homecoming (WP)

By Michael E. Ruane

The Washington Post, December 31, 2006

To the strains of a Navy piper's farewell, the clank of sword scabbards and the bang of an artillery salute, Washington welcomed the body of former president Gerald R. Ford last evening.

The ceremonies began four days of services and tributes in the city he left three decades ago.

The journey of the president's body, from its arrival at Andrews Air Force Base about 5:15 p.m. to its installment in the Capitol Rotunda about two hours later, took place in the early evening darkness that was broken by floodlights, streetlights and simple holiday decorations.

It was attended by modest but somber crowds that lined the avenues of Alexandria, where the former president once lived. People also gathered in silence as his hearse, and the limousine bearing his wife, Betty, 88, paused beside the flickering fountains of the World War II Memorial. The cortege of about 40 vehicles then moved slowly along the broad and empty expanse of Constitution Avenue toward the gleaming dome of the Capitol, bright against the night sky. The casket bearing Ford's body was carried up the steps to the grand, columned east entrance of the House of Representatives.

The casket was placed on the same bier as the one used for Abraham Lincoln 141 years ago and Ronald Reagan 2 1/2 years ago.

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In the ceremony that followed, Betty Ford looked composed as she sat between Vice President Cheney and House Speaker J. Dennis Hastert (R-Ill.). The service closed with the former first lady bowing her head over her husband's casket, her clasped hands on the flag that covered it. It was Washington's second presidential state funeral in 31 months and different from the more elaborate leave taking accorded Reagan. But there was elegance to last night's proceedings, as the former chieftains of 30 years ago, several using canes, stood by with younger mourners who said they knew little more than that the former president had been an honorable and decent man.

"It was this man, Gerald R. Ford, who led our republic safely through a crisis that could have turned to a catastrophe," said Cheney, among those who eulogized Ford at the service. "We do know this: America was spared the worst, and this was the doing of an American president. For all the grief that never came, for all the wounds that were never inflicted, the people of the United States will forever stand in debt to this faithful servant we mourn tonight."

U.S. Rep. Vernon J. Ehlers (R), who represents the Grand Rapids, Mich., district where Ford was a congressman decades ago, teared up as he said, "People are finally starting to realize what he did for this country and how special he was."

President Bush did not attend last night's ceremonies. He and first lady Laura Bush plan to pay respects tomorrow, when they return to Washington from Texas. Bush also plans to speak at Ford's funeral Tuesday at Washington National Cathedral.

Bush, in his weekly radio address yesterday, said: "Gerald Ford distinguished himself as a man of integrity and selfless dedication. He always put the needs of his country before his own, and did what he thought was right, even when those decisions were unpopular. Only years later would Americans come to fully appreciate the foresight and wisdom of this good man."

Ford served 25 years as a Republican congressman from Michigan before he became Richard Nixon's vice president in 1973, succeeding the disgraced Spiro T. Agnew. He became president in 1974 when Nixon resigned in the wake of the Watergate scandal. In one of his early acts as president, he issued a pardon absolving Nixon of any Watergate-related crimes.

He died Tuesday at age 93 at his home in California.

"In the nation's darkest hour, Gerald Ford lived his finest moment. . . . He knew the road to national healing began with the courage to forgive," said Sen. Ted Stevens (R-Alaska), the Senate's president pro tem, who also spoke at the state funeral.

Outside the Capitol, hundreds of people waited to pay their respects. Some waited five hours or longer before getting into the Rotunda late in the night.

They included Becky Reese, 47, and her husband, Ralph, 48, of West Chester, Ohio, who prolonged a stay in Washington to attend the viewing. They were with their sons, Benjamin, 12, and Evan, 9. They planned to drive home as soon as they left the Rotunda last night.

Becky Reese sat on the ground with her back against the metal grates. Her children were huddled against her: "We decided this would be a once-in-a-lifetime opportunity." She said her children saw the services for former president Ronald Reagan on television and said they wanted to be on hand when Ford was honored.

Her husband said that Ford was the first presidential candidate he ever voted for, and he fondly recalled the Ford years as calmer than the presidencies before and after it. "There was just no real big news," he said. "You didn't have Iran. You didn't have Watergate. It was quiet. No news was good news."

As midnight approached, the crowd diminished, but people continued to come.

The day began with private services at Ford's church in California. Then his body was carried aboard an official presidential jumbo jet for the cross-country flight to Andrews Air Force Base.

The plane arrived in darkness, and Ford's flag-covered casket was carried from the aircraft to a black hearse by eight uniformed service members.

Black artillery pieces fired a 21-gun salute, belching smoke that drifted like fog across the tarmac, as a military band played "Hail to the Chief" and "America (My Country 'Tis of Thee)", which had been requested by the family.

Standing by in the evening chill were several dozen honorary pallbearers, including former secretaries of state Henry A. Kissinger and James A. Baker III, former defense secretary Donald Rumsfeld, former transportation secretary William T. Coleman Jr. and Cheney, who had once been Ford's chief of staff.

Once the music stopped, the quiet was broken only by a long roll of drums and the shouted orders of the military commanders.

Betty Ford, looking tiny on the arm of white-gloved Army Maj. Gen. Guy C. Swann 3d, watched as the casket was carried by and then took a seat in a limousine, where she could be seen wiping her face with a handkerchief.

The cortege left the air base at 5:53 p.m. and traveled via the Capital Beltway, which was briefly closed, to Alexandria, where the Fords lived when the former chief executive represented his Michigan district in the U.S. House.

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Along Washington Street, a crowd of several hundred assembled around the intersection with King Street, and those who went to pay respects were joined by a throng of shoppers. Word spread through the crowd that Ford had once lived in Alexandria.

Sylvia Lukens, a 37-year resident of Alexandria, waited in the cold for about an hour to see the president who had once lived a few blocks from where the motorcade was passing. "I liked that Ford still had affection for this town," Lukens said. "Even when he entered the high echelons of power he stayed here. That says a lot about the man."

As the motorcade drove through, the crowd burst into soft applause. "He had no pretenses, that was what was so refreshing about the man," Lukens said.

The procession then made its way north, crossing Memorial Bridge over the Potomac River and heading for the World War II Memorial.

At the Ford family's request, the cortege paused on floodlit 17th Street before the twin stone arms of the Mall's World War II Memorial plaza.

Ford served as a navigator and gunnery officer on the aircraft carrier USS Monterey at the height of the war in the Pacific, and one of the memorial's 24 metal relief panels depicts a frenetic moment on the deck of a carrier, with a plane about to take off amid hurrying pilots and crew.

As the hearse stopped, Navy Chief Boatswain's Mate Carlos Ribbot, 41, stepped forward, saluted with his right hand and with his left raised a stainless steel boatswain's pipe hanging from an ornately braided rope lanyard around his neck.

Ribbot, a native of Humacao, Puerto Rico, played the three long, solemn notes that constitute "piping the side," the Navy's traditional farewell.

As Ribbot piped, a group of 12 Eagle Scouts from local Boy Scout troops gave their three-fingered salute as they stood at attention in olive green pants and tan shirts, draped in merit badge sashes. Ford is the only president to have been an Eagle Scout, said Alan F. Lambert, scout executive of the National Capital Area Council.

One of the Scouts was Jeb James, 17, of Arlington County, a member of Troop 664 in Baileys Crossroads. "It's a pretty big honor," James said. "He's the only Eagle Scout to become president. . . . Didn't he fight in World War II, and he saved his boat? He played for Michigan, and was the MVP center for his team."

The cortege moved along Constitution Avenue and just before 7 p.m. wheeled slowly around a corner into the Capitol plaza, which was illuminated by floodlights.

American flags on the front fenders of the hearse barely fluttered in the evening stillness, as the hearse pulled up in front of the broad stone steps leading up to the House chamber. In two lines, flanking the path of the coffin, stood dignitaries and celebrated figures from Ford's past.

After cannon volleyed again in salute, Ford's casket was carried slowly up the steps to the House portico. At 7:43 p.m., with the coffin on the Lincoln bier, in the Rotunda, beneath the dome, the service began.

Ford joins a list of presidents who have lain in state beneath the Rotunda. It includes Reagan, Dwight D. Eisenhower, William H. Taft, Warren G. Harding, William McKinley Jr., James A. Garfield and Herbert Hoover.

Last night, after leaving the Rotunda, Joris Nieuwint, 28, from the Netherlands described the scene as impressive.

"It was very stately -- a huge room with a very big casket with a U.S. flag around it," he said. His wife, Dorien, 26, said people in line had been complaining about the cold while waiting. "Once you got in the room," she said, "everything was forgotten. Everyone was silent and respectful."

Ford's Final Visit To Capitol (WT)

By Eric Pfeiffer

The Washington Times, December 31, 2006

The nation paid tribute yesterday to Gerald R. Ford's legacy of service -- in the military, in Congress and as the president who helped to heal the country after the Vietnam War and Watergate.

"Tonight we say goodbye to a true gentleman, an exceptional leader and our good friend," Sen. Ted Stevens, Alaska Republican, said in the Capitol Rotunda, where the former president's body rested in a flag-draped casket. "In our nation's darkest hour, Gerald Ford lived his finest moment. He was the man the hour required."

It was noted repeatedly that Mr. Ford never aspired to be president, but served honorably after the Watergate scandal forced Richard M. Nixon to resign.

"President Ford proved as worthy of that office as any who had ever come before," said Vice President Dick Cheney, who served as Mr. Ford's chief of staff. "He assumed power without assuming airs; he knew how to treat people. He answered courtesy with courtesy; he answered discourtesy with courtesy."

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Mr. Cheney also addressed the 38th president's decision to pardon Mr. Nixon, which was so divisive at the time that it probably cost him the 1976 election.

"It was this man, Gerald R. Ford, who led our republic safely though a crisis that could have turned to catastrophe," he said. "Gerald Ford was almost alone in understanding that there can be no healing without pardon."

Mr. Ford died Tuesday at age 93.

Yesterday evening, an aircraft from the White House fleet brought Mr. Ford's body to Andrews Air Force Base from services near his adopted California home.

In Washington, hundreds waited along the route the former president's motorcade took on its way to the Capitol -- through Alexandria, where he once lived; to the National World War II Memorial, in honor of his service in the Navy; and past the White House.

Lights covered the arch at the World War II Memorial dedicated to the Pacific Theater, where Mr. Ford served aboard the USS. Monterrey. As the funeral motorcade paused at the memorial, a bos'n mate stepped forward to play "Piping Ashore," a piercing whistle heard for centuries to welcome officers aboard a ship and now to honor naval service. Mr. Ford's wife, Betty, was seen waving to the crowd from her vehicle.

The pageantry was muted, as Mr. Ford wanted, but the ritual unfolded according to traditions dating back to the mid-1800s.

A motorcade was arranged instead of the horse-drawn caisson familiar to Americans from the funerals of Presidents Ronald Reagan in 2004 and John Kennedy in 1963.

The military flyover that is also traditionally part of a state funeral in Washington will happen instead in Grand Rapids, Mich., where Mr. Ford's body will be entombed Wednesday on a hillside near his presidential museum.

In another departure from tradition, pallbearers placed Mr. Ford's casket outside the House chamber before it was taken to the Rotunda, where his body will lie until Tuesday morning. That honored Mr. Ford's 25 years of service in the House as a congressman from Michigan and minority leader. On Tuesday, Mr. Ford's body will rest briefly outside the Senate chamber, commemorating his service as vice president, which also made him Senate president.

During the Rotunda ceremony, House Speaker J. Dennis Hastert said the country "needed" the man whose ambitions were said to go no further than the post the Illinois Republican currently holds.

"In 1974, America didn't need a philosopher-king or a warrior-prince," Mr. Hastert said. "We needed a healer, we needed a rock, we needed honesty and candor and courage. We needed Gerald Ford."

The ceremony was interrupted when William Broomfield, 84, a former Michigan congressman who served with Mr. Ford in Congress, collapsed. He was attended by outgoing Sen. Bill Frist, a physician, before being taken out in a wheelchair. Mr. Frist, Tennessee Republican, later indicated that Mr. Broomfield was OK.

After the ceremony, Mrs. Ford walked to the casket with the aid of her son and rested her clasped hands briefly on top of it.

As the crowd followed her out of the Rotunda, the Rev. Barry C. Black, chaplain of the Senate, made one final reference to Mr. Ford's role in healing the nation.

"Accept our gratitude for his courage to decide based upon principles, for his pragmatic leadership during cynical times and for his long life of exemplary service," Mr. Black said.

Earlier yesterday, in Palm Desert, Calif., a 13-hour period of public viewing ended just as the sun rose over the resort community where Mr. Ford and his wife settled nearly 30 years ago. People waited up to three hours to pay their respects at St. Margaret's Episcopal Church.

Barbara Veith, 69, said Mr. Ford's "everyman" persona drew her to the viewing.

"There is something personal about his passing even though we didn't really know him," Miss Veith told the Associated Press. "He just kind of had an everyman quality to him though he was far from it. He was the president."

President Bush, who plans to attend the funeral service on Tuesday, praised Mr. Ford during his weekly radio address.

"In his 2½ years as President, Gerald Ford distinguished himself as a man of integrity and selfless dedication. He always put the needs of his country before his own, and did what he thought was right, even when those decisions were unpopular," Mr. Bush said. "Only years later would Americans come to fully appreciate the foresight and wisdom of this good man."

Cheney Hails Ford's Pardon Of Nixon (AP)

By Calvin Woodward, Jeff Wilson

AP, December 30, 2006

With the thunder of cannon and the whistle of a bos'n pipe, the nation's capital honored Gerald R. Ford's memory Saturday in funeral ceremonies recalling the touchstones of his life, from combat in the Pacific to a career he cherished in Congress to a presidency he did not seek.

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Old colleagues, today's leaders and ordinary Americans remembered him as a man called to heal the country from the wounds of Watergate, the scandal that shattered Richard Nixon's presidency in 1974 and brought the even-keeled Ford to the Oval Office.

Ford's decision to pardon Nixon, so divisive at the time that it probably cost him the 1976 election, was dealt with squarely in his funeral services by his old chief of staff, Vice President Dick Cheney.

"It was this man, Gerald R. Ford, who led our republic safely though a crisis that could have turned to catastrophe," said Cheney, speaking in the Capitol Rotunda where Ford's body rested in a flag-draped casket. "Gerald Ford was almost alone in understanding that there can be no healing without pardon."

Ford, In Final Journey, Returns To Washington (NYT)

By Anne E. Kornblut

The New York Times, December 31, 2006

WASHINGTON, Dec. 30 — After a slow journey past the touchstones of his political life, Gerald R. Ford was brought to a place of honor Saturday under the Capitol dome, where a crowd of dignitaries gathered to commemorate the man whose presidency encompassed one of the most tumultuous periods of American history.

Many of Mr. Ford's most prominent protégés came to mourn him, remembering the era of political unity, however brief, he oversaw after the Watergate scandal. Vice President Dick Cheney, who served as Mr. Ford's chief of staff and was an honorary pallbearer, said, "Few have ever risen so high with so little guile or calculation."

Representative J. Dennis Hastert, the departing House speaker, recalled that "in the summer of 1974, America didn't need a philosopher-king or a warrior-prince, an aloof aristocrat or a populist firebrand."

"We needed a healer; we needed a rock," Mr. Hastert said. "We needed honesty, candor and courage. We needed Gerald Ford."

Betty Ford, 88, the former first lady, stood silently during prayers for her husband of 58 years, her eyes downcast. Mrs. Ford appeared frail but poised, and at the ceremony's end moved forward and bowed her head, her hands lightly touching her husband's coffin.

President Bush did not cut short his vacation in Crawford for the weekend ceremony. He and his wife, Laura, are scheduled to return Monday to pay their respects as Mr. Ford lies in state in the Capitol, before the formal state funeral at the National Cathedral on Tuesday. In his weekly radio address, which was dedicated to the 38th president, Mr. Bush described him as "a great man who devoted the best years of his long life to public service."

"He always put the needs of his country before his own and did what he thought was right, even when those decisions were unpopular," Mr. Bush said. "Only years later would Americans come to fully appreciate the foresight and wisdom of this good man."

Also missing from Saturday's service was Donald H. Rumsfeld, the recently retired secretary of defense, who had served in that same capacity under Mr. Ford. Although he had been scheduled to be a pallbearer, Mr. Rumsfeld was kept away by a snow storm. Senator Harry Reid of Nevada, the incoming majority leader, traveling on an official trip to South America, also did not attend.

The ceremony was briefly interrupted when, after the opening prayers, a retired Michigan congressman collapsed. The congressman, William Broomfield, 84, was treated by medical attendants and by Senator Bill Frist of Tennessee, the departing majority leader, who is also a physician.

Understated to the end, Mr. Ford had requested a simple motorcade, rather than an elaborate horse-drawn caisson, to carry his remains to the Capitol. He had asked to return one last time, for a relatively simple service, to Congress — "my real home," as he called it when he spotted it below during his flight out of Washington in 1977.

But on a cloudless Saturday night, as military personnel carried his coffin up the Capitol steps, Mr. Ford was given the full pomp of a presidential funeral, only the third such service in three decades. After lying in state for three days, Mr. Ford's remains will be flown to Grand Rapids, Mich., for his burial next week.

Mr. Cheney praised his former boss for his "capacity to forgive" and for being "always a striver — never working an angle, just working." He noted that Mr. Ford had been treated more kindly in hindsight than when he was in office, after he pardoned former President Richard M. Nixon.

"In politics, it can take a generation or more for a matter to settle, for tempers to cool," Mr. Cheney said. "The distance of time has clarified many things about Gerald Ford. And now death has done its part to reveal this man and the president for what he was."

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Democrats and Republicans, many of whom worked alongside Mr. Ford in his decades in Congress, returned to honor a president who served the nation in a time of turmoil. So, too, did several members of the Supreme Court, including Chief Justice John G. Roberts Jr.

James A. Baker III, the former secretary of state and, most recently, a co-chairman of the Iraq Study Group, which issued recommendations for a new policy in Iraq, served as an honorary pallbearer. Senators Chuck Hagel, Republican of Nebraska; Carl Levin, Democrat of Michigan; and Mitch McConnell, Republican of Kentucky, stood in the forefront of the gathering in the Capitol.

The 747 carrying Mr. Ford's coffin from a private service in Palm Desert, Calif., landed just after sunset at Andrews Air Force Base outside Washington. Members of the Ford family filed solemnly down the steps to the tarmac, where they were met by a special honor guard.

Military personnel escorted Mrs. Ford to the waiting crowd of dignitaries. The group watched silently as uniformed soldiers lowered the coffin from the plane.

A 21-gun salute was fired under the klieg lights, and a military band played "My Country 'Tis of Thee." In the crowd were other honorary pallbearers, including Alan Greenspan, the former chairman of the Federal Reserve; Henry A. Kissinger, the former secretary of state; Bob Dole, the former Senate majority leader; and Brent Scowcroft, the former national security adviser.

An image of Mrs. Ford captured her solitary grief: seated alone in the back seat of a limousine, she wiped away a tear, then turned to gaze out the window into the darkness.

The motorcade then pulled away, carrying Mrs. Ford and her family on an emotional tour of the life she and her husband shared in Washington a quarter-century ago.

On an unseasonably warm winter night, people lined the streets of Alexandria, the Virginia suburb where the Fords lived during his 25 years in Congress, to wave to the motorcade. At the World War II Memorial on the National Mall, the procession paused in front of large clusters of veterans and Eagle Scouts — two groups to which Mr. Ford had belonged — as they stood in mourning.

From one end of the Mall to the other, historic monuments were flooded in light, providing a dramatic backdrop for the motorcade's winding journey toward the Capitol. A circle of flags around the Washington Monument flew at half-staff.

Kathy Kocharhook, 52, of Cupertino, Calif., said she and her 25-year-old son had extended their Christmas vacation in Washington to attend the memorial services. Ms. Kocharhook called Mr. Ford a "very decent man who gave a lot of service to the country" and recalled his healing effect on the country after the Watergate scandal and the resignation of Nixon.

"It was almost a sigh of relief that we could begin anew — a second life," she said. "We needed someone with honesty and decency and a sense of honor for the office they were holding, and Gerald Ford was a good man for that."

Nation Honors Ford At Capitol Rotunda (AP)

AP, December 30, 2006

WASHINGTON (AP) -- The nation honored Gerald R. Ford in funeral ceremonies Saturday that recalled the touchstones of his life, from combat in the Pacific to a career he cherished in Congress to a presidency he did not seek. He was remembered as the man called to heal the country from the trauma of Watergate.

Ford's decision to pardon Richard Nixon, so divisive at the time that it probably cost him the 1976 election, was dealt with squarely in his funeral services by his old chief of staff, Vice President Dick Cheney.

"It was this man, Gerald R. Ford, who led our republic safely though a crisis that could have turned to catastrophe," said Cheney, speaking in the Capitol Rotunda, where Ford's body rested. "Gerald Ford was almost alone in understanding that there can be no healing without pardon."

Hundreds of ordinary Americans lined up for a chance to view the closed, flag-draped casket of the 38th president late into the night and through the weekend. From teenagers in sweatshirts to mothers pushing infants in strollers, they flowed into the night in two steady streams along velvet ropes encircling the casket, pausing only for the periodic changing of the military guard standing watch.

The Washington portion of Ford's state funeral opened with a procession that took his casket from Maryland to Virginia and then over the Memorial Bridge -- dressed in flags and funeral bunting -- to the World War II memorial, past the White House without pausing and on to the U.S. Capitol for the first service and a lying in state that continues until Tuesday morning.Watergate a common theme

Although Ford's family planned the state funeral to emphasize Ford's long service in the House, Watergate quickly set the tone of the proceedings.

"In our nation's darkest hour, Gerald Ford lived his finest moment," Republican Sen. Ted Stevens of Alaska told the Rotunda service. "He was the man the hour required."

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Said House Speaker Dennis Hastert: "In 1974, America didn't need a philosopher-king or a warrior-prince. We needed a healer, we needed a rock, we needed honesty and candor and courage. We needed Gerald Ford."

The Rotunda ceremony was interrupted when William Broomfield, 84, a former Michigan congressman who served with Ford in Congress, collapsed. He was laid out on the floor of the Rotunda, and attended to by Sen. Bill Frist, a physician, before being taken out on a wheelchair. Frist later indicated Broomfield was OK.

Lights bathed the granite arch of the memorial commemorating the Pacific theater as Ford's nighttime funeral procession, bearing his wife, Betty, and the casket of the 38th president, stopped there in tribute to his years as an ensign and gunnery officer. The other arch, representing the Atlantic theater, stood in darkness.

Mrs. Ford sat stoically in the line of gleaming limousines, clutching a tissue and dabbing her face on occasion, then walked slowly at the Capitol on the arm of her military escort, soon followed by the casket bearing her husband of 58 years. Another round of cannon fire rang out.

After the ceremony, Mrs. Ford walked to the casket with the aid of her son and rested her clasped hands briefly on top of it.

The pageantry was muted, as Ford wanted, but the ritual unfolded with regal touches and according to exacting traditions dating back to the mid-1800s.

In one departure from tradition, pallbearers placed his casket outside the House chamber before it was taken to the Rotunda to lie in state. That honored Ford's years of service in the House as a congressman from Michigan and minority leader.

Similarly, Ford's body will rest briefly outside the Senate chamber on Tuesday, commemorating his service as vice president, which also made him Senate president.Procession tours Washington

On the way to Capitol Hill, World War II veterans and Boy Scouts gathered by the memorial and saluted at the brief, poignant stop. Mrs. Ford waved through the window. A bos'n mate stepped forward to render "Piping Ashore," a piercing whistle heard for centuries to welcome officers aboard a ship and now to honor naval service.

The event, without words, recalled Ford's combat service aboard the aircraft carrier USS Monterey. In December 1944, when a typhoon struck the Third Fleet, Ford led the crew that battled a fire sparked by planes shaken loose in the storm, taking actions that some credited with saving the ship and many lives. He sought no award, and received none.

The Capitol commemorated a man whose highest ambition, never realized in an era of Democratic control of Congress, was to become House speaker.

History intervened; he became vice president when Spiro Agnew resigned in scandal, then president when Nixon left office in disgrace. "A funny thing happened to me on the way to becoming speaker," he once cracked.

In Palm Desert, California, a 13-hour period of public viewing ended just as the sun rose over the resort community where Ford and his wife settled nearly 30 years ago. People waited up to three hours to pay their respects at St. Margaret's Episcopal Church before an aircraft from the White House fleet flew Ford's remains and the funeral party to Washington.

The funeral procession to the Capitol lacked the full trappings, by the design of Ford and his family. A motorcade was arranged instead of the horse-drawn caisson most familiar to Americans from the funerals of Ronald Reagan in 2004 and John Kennedy in 1963.

Ford, a man of modest character whose short presidency lacked the historic drama of Kennedy's and Reagan's, also was mourned without the riderless horse customarily included in the procession.

The thundering military flyover that is also part of a full-throttle state funeral in Washington will happen instead in Grand Rapids, Michigan, where Ford will be entombed Wednesday on a hillside near his presidential museum. Ford represented the city in the House for 25 years.

Ford died Tuesday at age 93. He became president when Nixon resigned in August 1974 and then was defeated by Jimmy Carter in the 1976 election.Hundreds pay tribute in California

Six days of national mourning began Friday with military honors and a simple family prayer service at St. Margaret's, where the Ford family has worshipped for many years. Mourners ranging from children to the elderly had walked through quickly and then reboarded their buses -- a process taking less than two minutes.

Barbara Veith, 69, said Ford's "everyman" persona drew her to the viewing.

"There is something personal about his passing even though we didn't really know him," Veith said. "He just kind of had an everyman quality to him though he was far from it -- he was the president."

During his weekly radio address on Saturday, President Bush called Ford a "courageous leader, a true gentleman and a loving father and husband."

"He always put the needs of his country before his own, and did what he thought was right, even when those decisions were unpopular," Bush said. "Only years later would Americans come to fully appreciate the foresight and wisdom of this good man."

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When they return to Washington from their Texas vacation on Monday, Bush and first lady Laura Bush plan to pay their respects to Ford while he lies in state at the Capitol. On Tuesday, the president will speak at Ford's funeral at Washington National Cathedral before Ford's remains are taken to Grand Rapids.

Thousands Wait For Cortege To Be A Part Of U.S. History (WT)

By Joseph Weber

The Washington Times, December 31, 2006

A light fog was settling on the District late yesterday afternoon when Joe Callaghan began his nearly five-hour wait to see the casket of former President Gerald R. Ford lie in state inside the Rotunda of the U.S. Capitol.

"This is U.S. history, and I wanted to be a part of it," said Mr. Callaghan, 47, a Florida resident who was returning from Pennsylvania, where he was visiting family for the holidays. "President Ford was a good man. I'm not of the [Republican Party], but he was a good man."

Mr. Callaghan was one of hundreds who began standing in line long before the public viewing began after 8 p.m., and among the thousands who came to the region to mourn the death of the 38th president.

Mike Cole, 43, of Mansfield, Ohio, also was traveling in the region and changed plans so his family could witness history and pay their respects to Mr. Ford.

"I was a kid during Watergate and when Ford later became president, so I didn't know much about him at that time," said Mr. Cole, standing with his wife and two children at the National World War II Memorial hours before the motorcade arrived. "Now I look back and realize he did a good job. He brought some order to this country."

The Ford family requested the brief ceremony at the memorial, off 17th Street Northwest, to honor the president's service in the Navy during World War II.

Veterans and Boy Scouts saluted as they waited inside the memorial grounds, whose Pacific Theater arch was lighted to honor Mr. Ford's duty aboard the aircraft carrier USS Monterey.

Senior Chief Boatswain Mate Carlos Ribott, a U.S. Navy piper, played "Piping Ashore," a whistle traditionally used to welcome officers aboard ship and now to honor naval service.

The casket arrived at Andrews Air Force Base at about 5:30 p.m., then joined the awaiting motorcade, which traveled along the Capital Beltway, past the Ford family's former home in Alexandria, across the Memorial Bridge, into the District and past the war memorial before reaching the East Steps of the Capitol at about 7:15 p.m.

Mourners applauded the motorcade, trimmed in flags and bunting, throughout the procession. The route was most crowded along the final leg, on Constitution Avenue Northwest, with hundreds sitting on sidewalks and on the steps of such historic U.S. landmarks as the National Archives building and the Smithsonian Institution museums.

Additional officers from the Metropolitan Police Department, the U.S. Capitol Police and other agencies were on duty yesterday, lining the motorcade route, other city streets and walking the Capitol grounds. However, no arrests or other problems were reported.

"He was my boss. He was the commander in chief," said Maj. Mike Conroy, who was commissioned in the Army in 1975. "He brought Midwestern values and common sense to the presidency at a time when the nation was hurting. I also admired his athleticism, including his football career at the University of Michigan and his low handicap in golf."

Maj. Conroy, 54, stood at the foot of Capitol Hill, along the procession route, where many people used their cell phones and cameras to take pictures of the motorcade of gleaming black limousines.

Among them was Micah Kauffman, 31, a missionary working with orphans in Romania who brought his camera.

"Ford was president when I was boy, the first one I remember," said Mr. Kauffman, a member of the Christian Aid Ministry. "I'm going to take these pictures back to show the children."

Mr. Ford, 93, died Tuesday night at his home in Rancho Mirage, Calif. He was honored Friday with prayer services at St. Margaret's Church in Palm Desert, Calif. The casket was flown from California yesterday morning.

The public viewing last night followed a ceremony in the House of Representatives, where Mr. Ford served for 24 years. The casket was then moved to the Rotunda. The public viewing continued until midnight. The viewings resume today and tomorrow from 9 a.m. until 6 p.m. The national funeral service is Tuesday and includes a ceremony at the Washington National Cathedral. Mr. Ford will be buried Wednesday in his hometown of Grand Rapids, Mich.

"I want my children to see this," said Mark Remington, 46, of Clifton, who stood along Constitution Avenue with his wife and six children, ages 2 to 12. "I want them to be part of history."

"Good Man, Faithful Servant" Honored (LAT)

By Jonathan Peterson, Richard B. Schmitt

The Los Angeles Times, December 31, 2006

WASHINGTON — In a day of somber ceremony, the body of Gerald R. Ford was flown Saturday from Palm Springs to Washington, where the former president was hailed for his role in helping heal the nation in the aftermath of the Watergate scandal.

A black-draped bier of rough pine used in funerals for Abraham Lincoln and other American dignitaries held the coffin of the 38th president, who will lie in state inside the Capitol until Tuesday.

Ford will be transported to Washington National Cathedral on Tuesday morning for a memorial service that will be attended by President Bush. The six days of funeral rites are scheduled to end Wednesday, when Ford will be buried in his boyhood home of Grand Rapids, Mich.

As the focus shifted Saturday from Ford's adopted home in the Coachella Valley to the nation's capital, the former president was fondly saluted by career politicians who, along with family members and longtime friends, attended the evening service in the Capitol Rotunda.

"In 1974, America didn't need a philosopher-king or a warrior-prince," said House Speaker J. Dennis Hastert (R-Ill.). "We needed a healer. We needed a rock. We needed honesty and candor and courage. We needed Gerald Ford."

At the evening service, speakers repeatedly described Ford as a man of decency who led a traumatized nation away from a divisive political crisis.

"He was not just a nice guy, the next-door neighbor whose luck landed him in the White House," said Vice President Dick Cheney in the main eulogy of the night. Cheney, who served as chief of staff to Ford, said his former boss "led our republic safely through a crisis that could have turned to catastrophe."

"For all the grief that never came, for all the wounds that were never inflicted, the people of the United States will forever stand in debt to the good man and faithful servant we mourn tonight," Cheney said.

The honorary pallbearers included longtime Republicans such as Cheney; James A. Baker III, who served as Ford's undersecretary of Commerce and went on to become secretary of State; Alan Greenspan, a top economic advisor to Ford who later became Federal Reserve chairman; and former Secretary of State Henry A. Kissinger. Former Defense Secretary Donald H. Rumsfeld also was scheduled to be a pallbearer but was unable to reach Washington from New Mexico because of bad weather.

The day's events, which featured patriotic music, military honors and touching moments of family privacy, bore the down-to-earth imprint of Ford, who took part in his own funeral planning and sought to play down some of the majestic trappings of a state funeral.

"He would not want it to be ostentatious," said William Brock, a Republican senator from Tennessee during Ford's presidency.

Before reaching the Capitol, Ford's hearse passed through the suburban neighborhood he lived in as a congressman and vice president, and paused for a moment of respect near the World War II Memorial.

Ford had declined a Washington military flyover and chose a standard hearse rather than a horse-drawn caisson for his trip to the Capitol. Those choices contrasted with those of some earlier presidents, such as Ronald Reagan and Lyndon B. Johnson, both of whom had military flyovers and horses at their state funerals.

In another unusual gesture, Ford had chosen to have his flag-draped coffin rest briefly outside the House chamber, where he served for a quarter-century as a congressman, including more than eight years as Republican leader.

After the stop at the House chamber, military pallbearers hoisted the coffin past onlookers lining the House's amphitheater-like Statuary Hall, past carved likenesses of George Washington and Thomas Jefferson, and carried the casket into the circular heart of the Capitol, the ornate Rotunda that features busts of presidents and explorers, wreathed panels and frescoed scenes of American history.

They then placed it on the 141-year-old bier, known as a catafalque, beneath the soaring Capitol dome.

Ford died Tuesday at age 93. President Nixon appointed him vice president after the resignation of Spiro T. Agnew, and he became an unelected president in 1974 when Nixon resigned during the Watergate scandal. Ford later pardoned Nixon, an act that enraged much of the country and may have doomed his prospects to be elected president.

On Saturday, however, his leadership was applauded. "In our nation's darkest hour, Gerald Ford lived his finest moment," said Republican Sen. Ted Stevens of Alaska.

At one point, as a Navy choir began a tribute to Ford, the ceremonies were interrupted when former Rep. William S. Broomfield (R-Mich.) collapsed. Broomfield, who was among the official greeters at the Capitol when the funeral procession arrived, was taken from the chamber. Among those tending to Broomfield was outgoing Senate Majority Leader Bill Frist, a physician.

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The condition of the 84-year-old Broomfield, who served in the House for 36 years, was not immediately known, although he was believed to be receiving medical attention Saturday night.

The Rotunda resonated with hymns played by an Army brass ensemble as several hundred dignitaries filled the cavernous hall. The guests included senior Bush administration officials, three justices of the Supreme Court, the Joint Chiefs of Staff, and many past and present lawmakers.

After the benediction, Stevens, Hastert and Cheney placed wreaths of white lilies and roses at three points around the coffin, representing the executive branch and the two chambers of Congress in which Ford served. Betty Ford and the four Ford children approached the flag-draped casket; the former first lady placed her folded hands on the coffin for an extended moment before departing.

As the poignant ceremony came to an end, the U.S. Army Brass Quintet performed an old Shaker tune whose title seemed to fit with the theme of Ford's life: "Simple Gifts."

Earlier Saturday, several hundred people lined the perimeter of Palm Springs International Airport to bid goodbye to Ford, who had made the area his home after leaving the White House.

In Palm Springs, members of the Ford family stood, hands over their hearts, while a Marine band played. A 21-gun salute was performed by a Marine regiment out of Twentynine Palms.

Betty Ford, dressed in a black dress and dark sunglasses, was in a wheelchair as she boarded a jetliner from the White House fleet. The aircraft, which when used by President Bush is known as Air Force One, departed at 10:15 a.m.

Though Ford had sought to avoid an excess of pomp, the day nonetheless brimmed with choreographed ceremony once the former president's body reached Washington at twilight.

As Ford's casket was lowered from the plane, the Air Force Band performed "Hail to the Chief," and a 21-gun salute rang out as dignitaries watched.

Nine pallbearers carried the late president from the aircraft to his hearse, and the 32-vehicle motorcade took him one last time through his old neighborhood of Alexandria, Va. Ford lived there in a time when vice presidents maintained private residences.

The funeral cortege paused along the National Mall at the World War II Memorial, where a granite arch in honor of the Pacific battleground glowed in brilliant light. Ford, a Navy ensign and gunnery officer, saw action aboard the aircraft carrier Monterey. A Navy piper played, and Betty Ford waved to the several hundreds onlookers, including veterans and Eagle Scouts, who had waited for the motorcade to arrive.

Shortly after 7 p.m., the cortege arrived at the Capitol, where a crowd of Washington officials was waiting on a clear, cool night.

Betty Ford, appearing stoical in her grief, stood with a white-gloved military escort as her late husband received another 21-gun salute. A band played "America the Beautiful" as eight military pallbearers carried the coffin up the 45 steps and into the House.

In his weekly radio address Saturday, Bush paid tribute to the former president, describing Ford as a "courageous leader, a true gentleman and a loving father and husband" who "displayed a decency, patriotism and courage that Americans will always admire."

State Funeral Honors Ford (DETN)

By Gordon Trowbridge

Detroit News, December 31, 2006

WASHINGTON -- Gerald Ford returned Saturday evening to the House that was his professional home, taking a final trip through the halls of the Congress in which he served for nearly three decades.

The motorcade transporting the deceased 38th president of the United States arrived at the U.S. Capitol's East Steps outside the House Saturday evening, greeted by more than a dozen former congressional colleagues. Already, the procession had moved through Alexandria, Va. -- the Ford family's Washington-area home while he served 13 terms in the House -- and past the World War II Memorial, where the convoy paused to honor his World War II service in the Navy.

But it was the House of Representatives, a beloved institution to Ford, that provided the center stage for Saturday's ceremonies in Washington, part of a three-day mourning period in the nation's capital. The man who turned down chances to run for Michigan governor and the Senate, who said his highest goal in politics was to become Speaker of the House, was carried up the Capitol's steps and through a corridor to the entrance to the House chamber, and paused there for several moments to mark his time as representative of Michigan's 5th Congressional District and his service as the Minority Leader of House Republicans, before moving on to the Capitol's ornate Rotunda.

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Ford held a seat in the House from 1948 to 1974 -- when, as a disgraced Richard Nixon resigned the presidency, Ford assumed the nation's highest office in one of the most difficult periods in American political history.

"This is the opportunity for President Ford's colleagues, present and former, to honor him and also to reminisce on the remarkable career he had," said Rep. Vernon Ehlers, R-Grand Rapids, who now holds Ford's old House seat.

"Whenever I meet anybody around here, and they ask where I'm from, I tell them Grand Rapids, and they say, 'Oh, yeah, Jerry Ford's seat.' They still call it Jerry Ford's seat. That tells you something about him."

In a brief ceremony in the Rotunda, congressional leaders and Vice President Cheney eulogized Ford, praising his leadership during the crisis of Watergate and honoring the widow he left behind, former First Lady Betty Ford, who gained nationwide respect for her battles against breast cancer and drug dependency.

"The president was not a hard man to read," said Cheney, Ford's first White House chief of staff, as he turned to Betty Ford. "And nothing was more obvious to the friends than the source of his happiness. That was you."

House Speaker Dennis Hastert remembered Ford as a midwestern everyman.

"He represented the strength of the middle america that forged him," said Hastert. "He never changed, even when power was thrust upon him."

Top officials greet motorcade

Among the ceremonial greeters for the arrival of the funeral procession: Rep. John Dingell, D-Dearborn, as well as former Michigan congressmen Guy Vander Jagt and William Broomfield. Also in the group were former Democratic House Speaker Tom Foley; former Rep. Lee Hamilton, who co-chaired the Iraq Study group; and current Rep. Charles Rangel of New York and Sen. Trent Lott of Mississippi.

A list including an old-lion liberal such as Rangle alongside the conservative Lott is indicative of Ford's consensus-building ways, Ehlers said. "He was always very good at putting together groups with varying ideas, and then proceeding to make his decisions using his best judgments," Ehlers said.

The honorary pall bearers accompanying the casket were a who's who of late 20th Century Washington: Vice President Cheney, who served in the Ford White House, as well as former secretaries of state Henry Kissinger and James Baker, former National Security Adviser Brent Scowcroft and former Chairman of the Federal Reserve Alan Greenspan. Former Defense Secretary Donald Rumsfeld, who also served Ford at the Pentagon, was listed before the ceremony as an honorary pall bearer, but was not among the group escorting the casket up the Capitol steps.

An Air Force 747 jet from the presidential fleet, which had carried Ford's remains from California on Saturday morning, touched down at Andrews Air Force Base, Md., outside Washington, just after sunset.

Ford's history noted

Once in downtown Washington, the procession halted in front of the World War II Memorial on the National Mall, where a group of Boy Scouts -- honoring Ford's status as an Eagle Scout -- and military veterans stood watch. A Navy bosun's mate performed the ceremony of piping Ford aboard -- an honor rendered to dignitaries as they arrive aboard ship. Also on hand were female graduates of the service academies, which opened to women during Ford's presidency.

After the funeral procession's arrival at the Capitol, it moved to the House chamber were it paused, flanked by portraits of founding fathers Thomas Jefferson and John Quincy Adams. From there, Ford's body was to be carried to the Capitol's ornate Rotunda, and placed on a pine catafalque -- a rough platform built to display the casket of President Abraham Lincoln and subsequently used for the 26 men to have lain in state in the Capitol.

In the Rotunda, as former first lady Betty Ford looked on, dignitaries including many members of the congressional leadership, Supreme Court Chief Justice John Roberts, the Joint Chiefs of Staff and members of the city's diplomatic corps attended a memorial service before the chamber was opened for public viewing.

On all minds were the difficult circumstances under which Ford assumed the presidency.

"When he took his oath of office as president, we were a people shaken by disbelief, wracked with cynicism and paralyzed by doubt," said Sen. Ted Stevens, R-Alaska, who spoke as president pro tem of the Senate. "In our nation's darkest hour, he lived his finest moment. He was the man the hour required."

Throughout the day, as a small army of protocol experts, press aides, police, military personnel and television technicians bustled about the Capitol finishing arrangements for the procession's arrival, tourists and mourners walked the Capitol grounds, many of whom made the trip specifically to honor Ford.

Washington is the second of a three-leg funeral journey that began in California Friday and will end when Ford's body is buried at his presidential museum in Grand Rapids on Wednesday. He will lie in state in the Capitol's ornate Rotunda until Tuesday morning, when he will receive a state funeral at the National Cathedral.

Before the flight to Washington, nearly 20,000 people visited St. Margaret's Episcopal Church in Palm Desert, Calif., to view the flag-draped mahogany coffin from late Friday afternoon to Saturday morning.

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President Bush was not among the mourners in Washington on Saturday; he remained in Crawford, Texas, where he is expected to stay until Monday, when he will join mourners viewing Ford's remains at the Capitol. In his weekly Saturday radio address, Bush praised Ford's World War II service, his 13 terms in the House, and his assumption of the presidency amid the disarray of Watergate.

"Providence gave us Gerald Ford's steady hand and calm leadership during a time of great division and turmoil," Bush said. "He guided America through a crisis of confidence, and helped our nation mend its wounds by restoring faith in our system of government."

Solemn Tribute For President Ford (NSDY)

By Jonathan Abrams, Michael Muskal

Newsday, December 31, 2006

The body of Gerald R. Ford arrived in Washington this evening as the official mourning for the 38th president shifted from the personal grief that marked the ceremonies in California to the more formal protocol of a state funeral.

Through each step of the obsequies, the ceremonies became more grandiose, the military presence larger and the guest list filled with more political celebrities, many of whom served in the relatively short Ford administration.

The six-day mourning period is less elaborate than that for Ronald Reagan in 2004. There has been no military flyover; gone was the symbolism of the riderless horse marking the passing of a leader.

Instead, there were several simple motorcades with a hearse, emphasizing the modesty of a man who became president through a series of accidents during a politically tempestuous period.

Several thousand people lined the route and greeted the arrival of the flag-draped body at the Capitol where Ford will lie in state in the Rotunda. A 21-gun salute was followed by "Hail to the Chief."

Then eight military pallbearers carried the casket up the east steps of the Capitol, past a double line of servicemen and civilian dignitaries from Ford's past, including honorary pallbearers Henry A. Kissinger, former secretary of State, Brent Scowcroft, former national security advisor, and Alan Greenspan, former head of the Federal Reserve.

Betty Ford, escorted and sometimes leaning on Maj. Gen. Guy Swan III, waited at the top of the 45 stairs. She followed the casket inside the Capitol as it moved through the building to the Rotunda. Along the way, it rested before the door to the House of Representatives where Ford served 25 years. He often said his political goal was to become Speaker, a job he never won.

Despite the New Year's holiday, the funeral drew an A-list crowd of Supreme Court justices, law-makers and religious leaders to the Rotunda. The coffin was placed on the same black catafalque built for Abraham Lincoln.

The Rev. Daniel P. Coughlin, House chaplain, gave the invocation and mentioned civility and reconciliation, themes that marked Ford's administration. Many commentators have noted both traits seem to be in short supply in the current, more rigid era.

The ceremony was briefly interrupted when an elderly man seemed to faint during a performance by the U.S. Navy Sea Chanters Chorus, singing "God Bless America" and the Navy hymn "Eternal Father Strong to Save."

The man, identified as a former congressman from Michigan, was treated by Sen. Bill Frist, a physician and then take by wheelchair outside the Rotunda.

Senate President Pro Tempore Ted Stevens (R-Alaska), House Speaker Dennis Hastert (R-Ill.), and Vice President Dick Cheney, who was Ford's chief of staff, briefly spoke before presenting wreaths that were placed by the coffin.

Retired Rear Adm. Barry C. Black, the Senate chaplain, gave the final benediction, before the family paid its respects. Betty Ford placed her clasped hands on the casket and bowed her head.

Ford will lie in repose Sunday and Monday. On Tuesday the body will be flown to Grand Rapids for burial at the Gerald R. Ford Museum on Wednesday.

Earlier, the plane carrying Ford and his family flew through the growing dusk and touched down at Andrews Air Force Base about 5:15 p.m., or 2:25 p.m. in Los Angeles.

Then in the dark, the family led by widow Betty Ford left the plane, known as Air Force One when the president is on board.

They watched as the flag-draped casket, carried by military pallbearers, brought the body from the plane for the arrival ceremony.

The Air Force Band performed "Hail to the Chief," and a 21-gun salute with 21 individual shots was fired. The second song, "My Country, 'Tis of Thee," also known as "America," was chosen by the family.

Ford's body was greeted by nine of the honorary pallbearers, led by Cheney and Bob Dole, Ford's running-mate in their unsuccessful national campaign in 1976.

The 32-vehicle motorcade then traveled through Alexandria, Va., where the Fords once lived. The motorcade went past the World War II Memorial. There, he was piped ashore, a salute to Gerald Ford's Navy Service.

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The ceremonies in Washington were more elaborate than the private simplicity of St. Margaret's Episcopal Church in Palm Desert, where the Ford family mourned Friday and today.

Thousands of people filed past the casket in St. Margaret's Episcopal during the night and early morning hours as the public paid its respects following a private ceremony for family and friends on Friday.

Ford died at home in nearby Rancho Mirage on Tuesday. The former congressman from Grand Rapids, Mich., who was appointed vice president and then elevated to the presidency amid the turmoil of the Watergate scandal, was 93.

Like its arrival on Friday, the departure of the coffin from the church at about 9 a.m. was more about simplicity than the ostentatious flourishes that mark the passing of the leader of a nation.

The flag-draped coffin was wheeled by two military pallbearers from the church down the aisle to the waiting hearse. An American flag was carried in front of the coffin; a presidential flag followed.

As it left the church, a military honor guard stood at attention as a Marine band from Twentynine Palms offered presidential honors, playing "Hail to the Chief."

There was a presenting of arms to salute the body, but there was no firing of weapons.

Betty Ford, 88, escorted by Maj. Gen. Swan and accompanied by her children stood nearby.

They entered waiting limousines and followed the hearse, with two small U.S. flags and a small presidential seal to Palm Springs International Airport. There a plane from the presidential fleet waited to take the casket and the family to Washington.

The tone changed by the time the body arrived at the airport. Hundreds of people crowded a grandstand near the airport to watch the brief departure ceremony.

To the sound of cannon firing a 21-gun salute, the body was carried by eight military pallbearers, representing different branches of the service. The notes of "America the Beautiful" played by the Marine band flowed through the air.

A frail-looking Betty Ford watched. She was gently held on one side by a military escort, but she also clutched the hand of her daughter, Susan, for added support. It was a scene repeated later at Andrews Air Force Base and in Washington.

President Bush remained at his ranch in Crawford, Texas, on Saturday. He will return to Washington on Monday.

In his weekly radio address, President Bush again eulogized Ford, calling him a "courageous leader, a true gentleman and a loving father and husband."

"Gerald Ford never lost the spirit that Americans grew to admire so much," Bush said.

President Ford Eulogized In U.S. Capitol As "Healer" (BLOOM)

By Kevin Miller, Jonathan D. Salant

Bloomberg, December 30, 2006

Dec. 30 (Bloomberg) -- President Gerald Ford was praised at his state funeral in the Capitol Rotunda as a man of courtesy and dignity whose qualities served the U.S. well to mend the wounds of the Watergate political scandal and the Vietnam War.

``We needed a healer, we needed a rock," House Speaker Dennis Hastert said in the eulogy in Washington. ``We needed honesty and character and courage. We needed Gerald Ford."

Hastert, an Illinois Republican, was joined by Vice President Dick Cheney and Senator Ted Stevens of Alaska, the Senate President Pro Tempore, in offering tributes before Ford's wife, Betty, their family and government officials. The speakers touched on whether the only man to become president without the vote of even a single American did so not by happenstance, but by Providence.

``His path to office was unlikely," Stevens said. ``History will show it was no accident."

The decision to pardon to Richard Nixon, whose resignation in August 1974 propelled Ford into the White House, likely cost Ford an election in his own right two years later, the speakers said. Yet history is showing that Ford made the right call, given that the U.S. was also trying to resolve rifts caused by the Vietnam War, Cheney said.

``It's far from the worst fate that a man be remembered for his capacity to forgive," Cheney said, standing at a lectern with Nixon's daughter, Tricia Nixon Cox, among those seated behind him. Ford resolved ``a crisis that could have turned into a catastrophe."

Arrival in Washington

Ford's flag-draped casket arrived at Andrews Air Force Base outside Washington from California just after sunset. The casket was loaded into a hearse for a final trip to the nation's capital. En route, the motorcade passed through Alexandria, Virginia, where the Fords lived during his years in Congress, and then paused at the World War II Memorial on the Washington Mall. Ford served in the Navy during the conflict, reaching the rank of lieutenant commander.

At the Capitol, Ford's casket was carried up the steps leading to the House, recognizing his 24 years as a member of that body. Honorary pallbearers included Cheney, former Federal Reserve Chairman Alan Greenspan, former Treasury Secretary

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Paul O'Neill, former Secretaries of State Henry Kissinger and James Baker and former National Security Adviser Brent Scowcroft. All were also members of Ford's administration. Cheney served as Ford's chief of staff.

Sanford Weill

Another honorary pallbearer was former Citigroup Inc. Chairman Sanford Weill, a friend of Ford's who was a donor to the Gerald R. Ford School of Public Policy at the University of Michigan. Ford was a member of Citigroup's board.

The ceremony was briefly interrupted when former Representative William Bloomfield, a Michigan Republican and one of the officials assigned to greet the Ford family at the Capitol, collapsed in the audience and was taken to George Washington University Medical Center.

Ford's body will lie in state through Tuesday in the Capitol Rotunda, the same place where mourners paid tribute to President Ronald Reagan in June 2004, the last state funeral.

On Tuesday, his casket will first be taken to the Senate side of the Capitol to commemorate his tenure as vice president, the official who presides over the Senate. From there, a motorcade will take his remains to the National Cathedral for a memorial service. His body will then be flown for burial to Grand Rapids, Michigan, near his presidential museum.

American flags are being flown at half staff for 30 days.

Died at 93

Ford had lain in repose in Palm Desert, California, since Friday. He died Dec. 26 at age 93, the oldest ever ex- president, eclipsing Reagan, also 93 when he died in 2004.

He represented Michigan in the House from 1949 to 1973, rising to become minority leader. Nixon tapped him as vice president to replace Spiro Agnew, who resigned after facing bribery charges stemming from his tenure as governor of Maryland.

Nixon resigned in August 1974 rather than face impeachment because of his efforts to obstruct an investigation into Democratic Party headquarters at the Watergate complex in Washington. Ford then became the 38th U.S. president, the only occupant of the White House never elected as either president or vice president.

``Our long national nightmare is over," Ford declared as he assumed the office. ``I assume the presidency under extraordinary circumstances. This is an hour of history that troubles our minds and hurts our hearts."

The Nixon Pardon

Ford pardoned Nixon a month after taking office, an act that contributed to his defeat in 1976.

Calling Watergate ``an American tragedy," Ford said in a speech, ``It could go on and on and on, or someone must write the end to it. I have concluded that only I can do that, and if I can, I must."

Twenty-five years later, in 2001, Ford received the John F. Kennedy Profile in Courage Award for pardoning Nixon.

``People have finally started to realize what he did for this country," Representative Vernon Ehlers, a Michigan Republican, said as he waited for Ford's procession to arrive at the Capitol. Ehlers is from Grand Rapids, Michigan, the district Ford represented in Congress.

Election Loss

Before losing the presidency to Democrat Jimmy Carter, Ford fended off a primary challenge from Reagan. Four years later, Reagan was elected president and served two terms. In 1980, as Reagan prepared to accept the Republican presidential nomination, he held unsuccessful talks with Ford about having the former president join the ticket.

In recent years, Ford was in declining health. He could no longer travel to Washington for the annual Gerald Ford awards for reporting on the presidency and defense. He was hospitalized as late as October. In August, he traveled to the Mayo Clinic in Rochester, Minnesota, for a pacemaker and for stents in his arteries to improve blood flow. He had a stroke while attending the 2000 Republican National Convention in Philadelphia.

``I never heard him utter and unkind word," Cheney said, who like many of the dignitaries in the room worked for Ford during his presidency from 1974-77. ``He answered courtesy with courtesy. He answered discourtesy, with courtesy."

"Everyman" Ford Honored In Rotunda (RC)

By Elizabeth Brotherton

RollCall.com, December 30, 2006

In a ceremony marked by solemn tributes and a bit of momentary chaos, former President Gerald Ford was honored Saturday night in the Capitol Rotunda as a man who restored faith in America's political system.

Senate President Pro Tem Ted Stevens (R-Alaska), outgoing Speaker Dennis Hastert (R-Ill.) and Vice President Cheney each spoke about Ford, reflecting on how the 38th president was able to reunite a wounded nation following the Watergate scandal and Vietnam War.

"While his path to office was unique, history will know Gerald Ford's presidency was no accident," Stevens said of the only president to never be elected either president or vice president.

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He added: “History will know that in our hour of need, our nation sought him.”

Ford, 93, died Tuesday at his home in Rancho Mirage, Calif.

Hastert recalled how even as a football player at the University of Michigan, Ford had a “big and solid” presence that reflected upon his solid convictions. Those convictions, Hastert said, gave Ford the ability to lead the United States following years of turmoil.

“He reminded us who we should be, and he helped us to heal,” Hastert said.

“He never changed,” Hastert later added. “Even when power was thrust upon him, he remained an everyman.”

The three speakers also praised former first lady Betty Ford, who sat quietly near his casket.

Betty Ford “literally offered hope to millions of Americans,” Stevens said, while Cheney called her the former president’s “source of happiness.”

The ceremony was briefly interrupted when former Rep. William Broomfield (R-Mich.) collapsed a few feet behind leaders such as Cheney and former Defense Secretary Donald Rumsfeld.

Capitol Police, medical personnel and several funeral attendees — including outgoing Senate Majority Leader and heart surgeon Bill Frist (R-Tenn.) — rushed to the 84-year-old’s side.

Broomfield was wheeled out of the Rotunda and the ceremony resumed about five minutes later. His condition was not immediately known at press time.

Washington’s Republican elite and an eclectic mix of other leaders attended the service, ranging from Chief Justice John Roberts to members of the Joint Chiefs of Staff to Washington, D.C., Mayor-elect Adrian Fenty (D), who postponed his inaugural activities to honor the official six-day mourning period of the late president.

As Ford’s casket arrived at the Capitol, the blast of cannons boomed outside in a 21-round salute and guests walked into the service. The United States Army Brass Quintet played selections including “America the Beautiful” and “The Battle Hymn of the Republic.”

House Chaplain Daniel Coughlin opened the service by reflecting on how Ford’s strong convictions and faith helped move the nation into a positive direction.

“Mighty is the hand that could turn a page of history,” Coughlin said.

At the conclusion of the service, Cheney escorted Betty Ford was to her late husband’s casket. She paused briefly to touch the casket, leaned over it and left.

Cheney also was among the honorary pallbearers for the service. Others included Rumsfeld, former Secretary of State Henry Kissinger, former Sen. Bob Dole (R-Kan.) and Alan Greenspan, the former head of the Federal Reserve.

Cheney, who served as Ford’s chief of staff, said that while the decision to pardon former President Richard Nixon likely cost him re-election, it remained the right thing to do, and history will remember Ford for making the right decision.

Ford’s body arrived by airplane in the Washington area early Saturday evening after a day of public viewing in Palm Desert, Calif. Upon arrival, the body was taken from Andrews Air Force base to the Capitol, pausing momentarily in front of the World War II Memorial to honor Ford’s Navy service.

A number of national figures have lain in state in the Rotunda. Civil rights pioneer Rosa Parks was the most recent person to do so — her flag-draped casket sat in the Rotunda for two days in October 2005. The last president given the honor was former President Ronald Reagan, who laid in state for three days following his death in June 2004.

Visitors may view Ford’s casket until midnight Saturday and from 9 a.m. to 6 p.m. on Sunday and Monday. A service at the National Cathedral is scheduled for Tuesday, when Ford’s body then will be flown to be buried in Michigan.

The waiting area to view Ford’s casket in the Rotunda is at Third Street and Maryland Avenue Southwest.

Cell phones and other electronic devices must be turned off in the Capitol, and no photography or other electronic recording will be allowed, according to an Architect of the Capitol press release.

Public and staff tours also are temporarily on hold, set to resume on Jan. 3. The 110th Congress is scheduled to open the following day.

At The Capitol, VIP Roll Call Has Many No-Shows (WP)

By Dana Milbank

The Washington Post, December 31, 2006

The military band drilled. Wreaths with white roses hung outside the House and Senate chambers. In the Capitol Rotunda rested the black velvet catafalque that once bore the remains of Abraham Lincoln.

Everything was in place for Gerald R. Ford's state funeral last night -- everything, that is, but the statesmen.

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President Bush sent his regrets; he was cutting cedar and riding his bike on his ranch in Texas. Senate Majority Leader Harry Reid and his deputy, Richard Durbin, couldn't make it, either; they were on a trip to visit Incan ruins. Incoming House Speaker Nancy Pelosi took a pass, too -- as did nearly 500 of the 535 members of Congress.

A 6-to-3 majority of the Supreme Court, including Ford's appointee, John Paul Stevens, ruled against attending. All the nation's governors were invited; few, if any, came. Apparently only two Cabinet members -- Attorney General Alberto Gonzales and Commerce Secretary Carlos Gutierrez -- accepted the invite.

Congressional staffers and Ford family representatives scrambled to find sufficient greeters and honorary pallbearers to join Vice President Cheney and a score of former lawmakers and Ford administration officials. Organizers had to scratch one name they had circulated Friday as a pallbearer: Elford Albin Cederberg, the former Republican congressman from Michigan, died eight months ago.

Waiting in the Capitol crypt -- the holding place for lawmakers attending the rites for Ford -- Rep. James Sensenbrenner (R-Wis.) noted the absence of a quorum. There were only eight congressmen in the room, and a couple of them were watching the Texas-Iowa football game. "What's the score?" one called out.

"Everybody's got to deal with their own schedule," Sensenbrenner, who brought his wife and son to the funeral, said of his absent colleagues. But in his minority view, funerals "are important," he said. "When you're in an official position, it's one of the things that's the right thing to do."

The American people quickly outdid their representatives in respect for the departed president, as several hundred citizens lined up for a late-night public viewing of the casket. But the populace, too, was slow to rally. Capitol police erected barriers to contain thousands, but by mid-afternoon yesterday, only 20 people were in line -- providing a luxurious person-to-portable-toilet ratio of 1:1.

Ford, a onetime college football star, would have understood that New Year's weekend is a difficult time for a funeral. His 6:30 ceremony was tucked in between the 4:30 p.m. Alamo Bowl (Texas vs. Iowa) and the 8 p.m. Chick-Fil-A Bowl (Virginia Tech vs. Georgia). And it was just bad luck that the ceremony would fall on the same day as James Brown's funeral, a Redskins home game and the appearance of photos showing Saddam Hussein in the hangman's noose.

The modest 38th president -- a "Ford, not a Lincoln" was his famous self-description -- probably would not have fretted about the attendance.

His family, reflecting his wishes, dispensed with the horse-drawn caisson, the military flyover and the round-the-clock viewing that accompanied Reagan's rites here in 2004. And high officials will have a chance to improve on their performance when a second ceremony is held for Ford on Tuesday at Washington National Cathedral. Certainly, though, official Washington could have done better by Ford last night.

Had the majority of America's leaders dragged themselves to the Capitol, they would have developed the inevitable lumps in the throat as they felt the percussive pounding of the cannon battery, heard the gentle strains of "America the Beautiful" and viewed the crisp steps of a military guard carrying the flag-draped casket. But, as it happened, there were only 77 chairs put out for mourners in the vast Rotunda; staffers were invited in to pad the crowd and make the room look less empty.

Bob Dole, Alan Greenspan, Henry Kissinger, Brent Scowcroft and other luminaries from the Ford orbit were there. Chuck Hagel, Bill Frist and Mitch McConnell were among about 10 senators visible in the crowd, and departing Speaker Dennis Hastert and outgoing Senate President Pro Tempore Ted Stevens offered workmanlike eulogies.

Cheney graciously overlooked his old boss's posthumously published view that the Bush administration had made a "big mistake" and should not have gone to war in Iraq. "He answered discourtesy with courtesy," Cheney told the mourners. Former defense secretary Donald Rumsfeld, an honorary pallbearer, was a no-show -- reportedly the victim of a delayed flight. And if pallbearer James A. Baker III was in attendance, he proved elusive to the cameras.

Democratic attendance was rather more sparse. The official greeters included Rep. John Dingell, former congressman Lee Hamilton and former speaker Tom Foley. Spied in the crowd were Sens. Chuck Schumer, Carl Levin and Byron Dorgan, and incoming House Majority Leader Steny Hoyer.

Conservatives were quick to condemn Reid and Durbin, who proceeded with four other senators on a trip to South America, knowing they would miss the rites in Washington. "He's the incoming Senate majority leader, for crying out loud, and he can't even show a little bit of respect?" commentator Mike Gallagher demanded on Fox News.

But the disregard was bipartisan. The White House sent out a press release from Crawford, Tex., detailing the logistics of last night's service, then added an asterisk: "Please note that President George W. Bush will not be attending this event." He will pay his respects when he comes back to Washington, then go to the other service on Tuesday. Aides pointed out that this was the same thing Bush did for Reagan's funeral, but Bush had a better excuse that time: He was hosting the G-8 summit of world leaders, not clearing brush on the ranch.

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Instead, Bush phoned in a eulogy, using his usual Saturday radio address to proclaim Ford a man of "selfless dedication" and saying, "He always put the needs of his country before his own."

It was a rare trait in official Washington last night.

"No Point In Being Bitter" (WP)

By Bob Woodward, Christine Parthemore

The Washington Post, December 31, 2006

Upon becoming president in August 1974, Gerald R. Ford faced the task of ending a war -- a war not of his own making. In two wide-ranging interviews with Ford conducted in 2004 and 2005 by The Washington Post's Bob Woodward and Christine Parthemore, the former president revealed the depths of his disillusionment and frustration during the final years and months of the Vietnam War. The interviews, excerpted below, were granted on the condition that they not be made public until Ford's death.

***Bob Woodward : [Vietnam] is the big master problem you got handed.

Gerald R. Ford: My approach was, we inherited the problem with the job. It's my obligation on behalf of the country to try and solve the damn thing.

You know, there was a fundamental mistake made back after World War II, when the French had committed to support the Vietnamese. In fact, I went down to Saigon [in 1953]. . . . I wanted to find out why we're going to spend a lot of money in South Vietnam on behalf of the South Vietnamese. I was in Saigon, stayed at the ambassador's residence, and I went over to the French military headquarters, and boy, all these French generals and colonels were dressed up here out in Saigon and telling me how they were gonna win the war against the [North] Vietnamese.

Well, it sounded good on paper, and they ought to know more than I did. Well, in about six months the French got the hell kicked out of them in Dien Bien Phu. . . . The point is, we were on the wrong side of the locals. We made the same mistake that the French did, except we got deeper and deeper in the war. We could have avoided the whole darn Vietnam War if somebody in the Department of Defense or State had said, "Look here. Do we want to inherit the French mess?"

What do you think about Vietnam in retrospect? Digging very deeply, what was the mistake? I don't know that you ever looked at [Defense Secretary Robert S.] McNamara's book "In Retrospect," but he says we were wrong, terribly wrong.

I know, and that used to bother me, because if we were wrong, why did he participate? I used to sit in the Congress and hear him testify to support the [Lyndon B.] Johnson commitment of 250,000, or whatever it was, U.S. personnel, and he never backed off until he got out.*

* *How do you feel about it now? Ten years later, you were the president of the United States who had to eat that national humiliation.

It was a combination of following the recommendations of top people in the executive branch and the feeling that we got involved in this, we better finish it. So it was not a pleasant decision over that long 10-year period to try and rationalize it. I don't think I ever adequately did.

Did you ever, as president, during that period, particularly April '75 during the evacuation, wake up in the morning and say, "What happened here? How did I get dealt this mess? "

I couldn't help but wonder that, but we had a plan, or at least it was on paper a plan. . . . In retrospect, you wonder how unwise you were. In retrospect, if you could sit there and see in reality, I would hope you would do it differently, but we went along. And we finally had to concede that the South Vietnamese were inadequate to solve the problem.

But if you look at the memos internally in the Johnson administration, '65, '66, '67, they are saying to themselves: The South Vietnamese are corrupt, terrible. We bet on the wrong horse here.

Well, if that's the way they felt, why in the hell didn't they go to the public? They never related that to us.*

* *When [Richard M.] Nixon came in, in '69, and took over as president, took over the war, did you ever have any conversations with him or [Henry] Kissinger about what to do, or how to -- or your old friend [Melvin] Laird, who was defense secretary? . . . Even Nixon was saying we were gonna get out. He always said, "Peace with honor. "

He was obsessed with that phraseology.

What did it mean ?

That we had saved Vietnam from becoming communist. That was his goal, superficially, and that's what he kept emphasizing. And we're preventing the domino theory from taking place in Asia. Well, the domino theory never really materialized. . . . Nixon really believed that, that it won't take place if we stayed firm. . . .

I hope we never live through another era like that in American history. The answers were very evasive. The results were very disillusioning.*

* *What's the big lesson from all of this? What's the big lesson from the broadest history ?

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Well, I've often thought about that, Bob, based on my 30 years in government in very difficult times. We have to assume that we are the most powerful nation in the world militarily, and that we have some obligations on behalf of democracies worldwide. But I don't think we can force democracy on people or a nation that aren't prepared for it. But that doesn't mean we should go to war to change their mind. We believe in democracy and we think it's the right policy. We had a standoff with the Soviet Union, but we never went to war with the Soviet Union for other good and sufficient reasons, economic and so forth. That ill-fated system failed. . . .

I'm often asked . . . does the president today have a tougher job than you and [Ronald] Reagan had about our enemies? I said I think Reagan and I and [Jimmy] Carter, we had a relatively simple problem. That sounds kind of silly, but we had one enemy. We knew what their military capabilities were. They knew generally what our capabilities were. And we had a standoff for 40 years. The present situation where you have these renegade governments on a global basis in this part of the world and that part of the world, they're a different kind of enemy. And I don't envy the present president, whoever it might be, having to combat that circumstance.

What did [Donald H.] Rumsfeld think of Vietnam? Do you recall any input from him ?

Don was never vocal in his support or criticism. . . . Don never got off the track, as far as I remember. He was not a critic. He just followed good, what his boss thought was good policy.*

* *You could have been very bitter about [Vietnam], and you weren't at all.

Well, I'm not a bitter person. . . . There's no point in being bitter about it. Just change the policy.I

tried to justify what happened. I tried to justify what we were doing about it. But I never -- the Vietnam War, in my opinion, should not have been in the '76 campaign. That was an event that took place and it was over. There should not be a place where they said, "You were wrong, you're responsible." We had plenty of other problems that had to be solved. You know, we ended Vietnam and I think reasonably successfully, but we had a terrible economic circumstance. We had high inflation, high interest rates, the economy was sluggish. I tell you, it was a mess.

But no bitterness ?

No, I don't carry grudges.

You said it was the saddest day of your presidency when all the helicopters were --

I did, when they left the embassy in Saigon. Oh, to see those helicopters go out, come back, go out and come back. We saved the lives of not only our U.S. military personnel, our U.S. civilian personnel, but on my personal orders, saved the lives of South Vietnamese who had supported us, contrary to [Defense Secretary] Jim Schlesinger, who wanted to let everybody go to hell.

You saved some lives. You could have saved more if there would have been more time.

That's right.

I think at one point Kissinger said, "If we had another week we could have saved 12,000 more."

Oh, at least I think, . . . Well, if you see pictures of that mob in the area of the embassy, you know there were a lot of people that never made it, and if they didn't make it they probably lost their lives under the North Vietnamese.

Serving As Ford's No. 2, Rockefeller Never Took His Eye Off Top Job (NYT)

By Sam Roberts

The New York Times, December 31, 2006

Without even trying, Gerald R. Ford more or less stumbled into the presidency in 1974 in the wake of the Watergate scandal. But the man who became his vice president through the same historical quirk not only always wanted the top job, but defined his professional life by it.

Nelson A. Rockefeller made a brief foray into presidential politics in 1960 after barely a year as governor of New York. He began a campaign to run, which he quickly abandoned when Richard M. Nixon surged. Mr. Rockefeller unsuccessfully sought the Republican nomination in 1964 and again in 1968. He coveted the vice presidency in 1973, when Spiro T. Agnew resigned. Instead, President Nixon named Mr. Ford.

After 15 years as governor, Mr. Rockefeller resigned later in 1973 to devote more time to his Commission on Critical Choices for Americans, which he created to set goals for the nation and to keep himself in the national limelight for a likely campaign to succeed Mr. Nixon.

Then, another seismic upheaval reshaped the political landscape. Mr. Nixon stepped down, and Mr. Ford recruited Mr. Rockefeller, who gambled on the vice presidency as his last best hope.

Among the prospective vice presidents Mr. Ford rejected was George H. W. Bush. Remembering the telephone call from Mr. Ford that August morning, Mr. Bush said modestly last week: "I went on, and thanks to him, had wonderful assignments in life."

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Mr. Bush's later roles in government included as vice president and president. Mr. Rockefeller had to settle for a short-lived, appointive vice presidency.

His younger brother, Laurance, once recalled a sermon by Harry Emerson Fosdick, whose brother managed John D. Rockefeller's philanthropy. It was titled "Life Is Making the Most of Second Best," and, Laurance said, "I believe life taught Nelson that sermon."

But as vice president, even with Mr. Ford intending to seek a full term in 1976, the 66-year-old Mr. Rockefeller harbored hopes that, somehow, he might finally fulfill his vision of becoming president.

"I'm a politician," he once explained. "That is my profession. Success in politics, real success, means only one thing in America."

Not long after Mr. Ford enlisted him, Mr. Rockefeller was asked whether he had accepted the vice presidency partly as a vehicle to the White House. After persistent questioning, he answered with the exasperation of a harried commuter racing to catch the last train: "What do you think I'm doing here?"

He was confirmed by the Senate, but only after he confronted what he said was the "myth" about his wealth (by today's standards, according to the holdings he disclosed to Congress, he would barely qualify as a billionaire).

"Would my family background somehow limit and blind me, so that I would not be able to see and serve the general good of all Americans?" he asked, then replied: "Poverty, too, can blind a man or a woman. Some never rise above the hungry resentments of early hardships."

The conventional wisdom was that the incandescent Mr. Rockefeller, known for declaring, "I never wanted to be vice president of anything," would quickly outshine Mr. Ford.

But Washington protocol doesn't give even larger-than-life vice presidents much latitude. Moreover, observers said that Mr. Rockefeller's ambitions to dominate domestic policy were sabotaged by Donald H. Rumsfeld, then the White House chief of staff, who recently resigned as President George W. Bush's defense secretary.

James M. Cannon, whom Mr. Rockefeller made executive director of the Domestic Council, said Mr. Rockefeller took the vice president's job "because it was his duty, but it was not a happy experience for him."

"He gave every indication he was not pleased by not being given a more important role."

And with all the political upheaval, one thing never changed. "Every movement needs a villain," said William Rusher, the publisher of National Review. "For the G.O.P. right, Nelson Rockefeller was it."

He failed to placate conservatives, but not for lack of trying. In 1975, he told the National Urban Coalition that as governor he had refused to criticize the Nixon administration's pursuit of the war in Vietnam because he did not want to jeopardize federal aid to New York.

He boasted that "we got the cheats off welfare" and "we cracked down on the dope pushers." In the South, he once favorably likened Mr. Ford to George Wallace, the Alabama governor who would seek the presidency again in 1976. "They are both dedicated Americans who believe in the basic values of this country," he said. "They happen to be of different parties and make slightly different appeals to people."

But within less than a year, Mr. Rockefeller was gone from the Republican ticket as Mr. Ford's running mate.

"He was unhappy — maybe there's a stronger word — that he was dumped from the ticket," Mr. Cannon recalled.

"Ford once said to me, 'I hope Nelson doesn't hold this against me,' " Richard M. Rosenbaum, a Rockefeller confidant and former Republican state chairman of New York, recalled the other day.

Mr. Rockefeller never complained publicly, though, both out of loyalty to Mr. Ford, whom he referred to as "the boss," and because some of his own supporters still harbored a slim hope that if the Republicans won in 1976, he might be rewarded with a cabinet post like secretary of state.

Short of a deadlock for the nomination between Mr. Ford and Ronald Reagan, though, forcing a move to a third alternative, the possibility of success by Nelson Rockefeller's definition appeared to be doomed.

A few days before the Super Tuesday primaries early in 1976, he debated into the night with Mr. Rosenbaum about whether his New York Republican delegation should endorse Mr. Ford. Mr. Rockefeller seemed uncertain, Mr. Rosenbaum recalled, as if he were also weighing the impact on his own political future. Finally, Mr. Rockefeller gave the go-ahead.

Around that time, he repeated the lament that he made after the 1968 campaign that he had lost his ambition. (Bill Moyers replied at the time: "I believe Rocky when he says he's lost his ambition. I also believe he remembers where he put it.") But, this time, at least in political terms, he seemed to mean it.

"When you think about what went on after he left government service, he did some pretty interesting, some might say bizarre, things," Mr. Rosenbaum said.

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He delivered an obscene gesture to protesters as he campaigned for Mr. Ford. In 1979, at age 70, he was found dead of a heart attack late one night in his Manhattan office where he was said to be working on an art book with a young woman on his staff.

Before that, he finally was able to rest his head in the White House, however briefly. On Jan. 19, 1977, his last night as vice president, Mr. Rockefeller, his wife, Happy, and their children were invited by Mr. Ford to stay over.

Moderate? Conservative? With Gerald Ford, Take Your Pick (NYT)

By David D. Kirkpatrick

The New York Times, December 31, 2006

LYNDON JOHNSON in 1973. Richard Nixon in 1994. Ronald Reagan in 2004.

The last three former presidents to die dominated the world stage. They bent history to their will, for better or worse, and became the subjects of a crowded shelf of biographies. For the writers of memorials and obituaries, they were easy.

Not so Gerald R. Ford, who served only 29 months, never won a national election, and was constricted by an overwhelmingly hostile Congress. He is remembered mainly for the pardon of his predecessor, an act that ultimately doomed his bid for re-election.

Yet the public ritual surrounding the death of a former president demands a period of public rumination, and partisans across the political spectrum have been finding substance to admire in Mr. Ford.

There are, of course, the common sentiments that he was a decent, humble, calming leader at a precarious time. But peering back at his modest and often overlooked legacy many have also found elements in concert with their own views, variously honoring him as an icon of moderate Republicanism, a conservative budget hawk, an accidental apostle of Reaganism, a critic of the Iraq war and a proponent of gay rights.

"You can pick and choose," said Richard Norton Smith, the historian and former director of the Gerald R. Ford Presidential Library and Museum. "The Ford presidency is a very good example of how history is argument without end, and the thing is, that we haven't had this argument until recently because we are so mesmerized by Nixon. Historians have always tended to look at the Ford presidency as a kind of coda, the un-expired Nixon term."

For those who never thought highly of him, the change in tone was striking. An online column last week in the left-leaning Nation magazine, which railed against Mr. Ford's pardon of former President Nixon, commended President Bush for being "appropriately respectful" toward Mr. Ford.

The column urged Mr. Bush to heed Mr. Ford's criticism of the Iraq war, made during a 2004 interview with Bob Woodward of The Washington Post reported after the former president's death. "I just don't think we should go hellfire damnation around the globe freeing people, unless it is directly related to our own national security," Mr. Ford was quoted as saying.

In television coverage of his death, the Iraq war comments soon received as much attention as anything he did in office. "He was atrocious at P.R. when he was president, but getting the Woodward interview released after his death was a pretty savvy P.R. move on Ford's part," said Franklin Foer, editor of The New Republic, who added that the magazine did not plan any Ford coverage because of a holiday printing schedule. "I don't exactly consider it the most momentous event in the history of the republic."

The conservative National Review has scorned Mr. Ford for 30 years as the wishy-washy establishment Republican who beat back Mr. Reagan's conservative 1976 primary challenge. Conservatives disdained Mr. Ford for what they considered his too tolerant approach to the Soviet Union and for naming Nelson Rockefeller as his vice president.

But on the National Review's Web site last week several conservatives stretched to admire their former bête noire. Some praised Mr. Ford for at least trying to veto 66 Democratic bills, even though the Democratic majority in Congress usually overrode them. Paul Kengor, a professor at Grove City College in Pennsylvania, credited Mr. Ford with "paving the way for Reagan" by "giving détente a chance, and thus an opportunity to show its true colors." And Lee Edwards, a scholar at the Heritage Foundation, thanked Mr. Ford for nominating Mr. Rockefeller because it infuriated conservatives into forming the New Right.

"It's like congratulating the Soviets for the Marshall Plan," Richard Brookhiser, a senior editor at the National Review, said in an interview. "In fairness to Ford," he added, looking for praise, "I have never seen him on a list of the worst presidents."

Socially moderate Republicans, in contrast, have embraced President Ford in death as the champion of their vision of the party. "Jerry believed this party was about a right to be left alone," said former Senator Alan Simpson of Wyoming, a friend of Mr. Ford's, arguing that the Republicans' losses in the last election sent a message to return to smaller government and stop emphasizing social issues like abortion restrictions.

After Mr. Ford died, Charles Francis, a friend of President Bush who founded a group to welcome gay voters in the Republican Party, circulated a private letter from Mr. Ford supporting gay rights. Mr. Ford eventually decided to join the group

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and publicly supported legally recognizing gay unions. The Log Cabin Republicans, a group of gay Republicans, called Mr. Ford "a great man" who will be remembered "for acting as a force for tolerance."

There was a time, shortly after President Bush's election in 2000, when some of his critics murmured that he was bringing back the Ford White House, noting the return of three prominent veterans of the Ford administration: Vice President Dick Cheney, former Defense Secretary Donald H. Rumsfeld, and former Treasury Secretary Paul H. O'Neill.

Six years ago, David Frum, a former Bush speech writer, leapt to the president's defense, arguing in The Weekly Standard that the administration's philosophy and personnel drew more heavily from the Reagan White House. "Ford was not a success in office," Mr. Frum wrote, repeating the columnist Nicholas von Hoffman's observation that Ford's destiny was "to vex generations of schoolchildren yet unborn with the question whether it was he or Martin Van Buren who fought the French and Indian War."

In an interview last week, however, Mr. Frum offered a more sympathetic appraisal, describing Mr. Ford as essentially a Reaganite in fiscal matters and noting that he appointed Alan Greenspan to head his Council of Economic Advisers. "It is very hard to be a great president when the opposition party has not only two-thirds of the votes in Congress but is on an ideological binge," Mr. Frum said.

The liberal American Prospect chose to highlight another influential Ford decision — his nomination of John Paul Stevens to the Supreme Court — when it posted an article on its Web site last week that its editor Harold Meyerson wrote last summer. Mr. Meyerson noted that it was Justice Stevens who wrote both the dissent in Bush v. Gore, the case that put Mr. Bush in the White House, and the majority opinion in Hamdan v. Rumsfeld, the case that rejected the Bush administration's use of military tribunals or torture to handle military detainees.

"Ford is one lucky former president, that Stevens, in his mid-80s, has emerged as the leading voice and most effective force in defense of the American democratic system," Mr. Meyerson wrote. "Instead of just having a forgettable presidency and bequeathing the nation two of the most dangerous thugs ever to hold high office," he continued, referring to Mr. Cheney and Mr. Rumsfeld, Mr. Ford's legacy "is at least self-negating."

Historians say it is misleading to judge President Ford by any of the standards of contemporary politics since he operated in a very different context, before the rise of supply-side arguments about tax cuts, social issues like abortion or gay rights, or the rise of radical Islamic terrorism. What is now called "moderate" was then called "establishment" in the Republic Party.

Mr. Smith, the former director of the Ford library and now head of the Abraham Lincoln Presidential Library and Museum, said President Ford was an old school limited-government conservative: "He didn't want government in the classroom, he didn't want it in the board room, and he didn't want it in the bedroom."

In some ways, Mr. Brookhiser of the National Review said, the efforts to memorialize the Ford presidency recall the challenges caricaturists once faced drawing his plain, handsome, even-featured face. "He was the hardest president for cartoonists."

When Ford Lost, So Did Dems (LAT)

By Jonathan Chait

The Los Angeles Times, December 31, 2006

ONE OF THE funny things about politics is that people often have a very poor sense of which elections are important and which aren't. This fact hit me a few years ago when I was watching a "Saturday Night Live" episode from 1976. Jane Curtin was on as the host of "Weekend Update," and the joke was that SNL's feelings about the upcoming election could be summed up with a photo of Gerald Ford, defaced with horns and a mustache.

I was only 4 years old in 1976. Seeing this sketch more than 20 years after it first aired, what struck me was the overwhelming strangeness of it. Why would anybody work up a hatred of Ford? And when I thought about it further, it seemed to me that Ford's defeat in the 1976 presidential race may have been one of the worst things that ever happened to American liberalism.

Liberals, of course, detested Ford for his pardon of Richard Nixon, and indeed the pardon was a pretty rotten act. In the light of history, however, Ford comes through as a far more innocuous figure. By the standard of his day, he was a conservative. But by the standard of our times, he's a raging moderate.

In Ford's time, to be a conservative meant to be cautious and prudent. Ford opposed deficits, and he vetoed spending hikes and tax cuts alike. His recently released comments criticizing the Iraq war (made in a 2004 interview but embargoed until after his death) show how alien he found the current president's reckless foreign policy. In his post-presidential career, Ford emerged as a critic of the religious right and an advocate of political reforms, both of which placed him far to the left of today's GOP.

It was Ford's narrow loss to Jimmy Carter in 1976 that enabled the subsequent radicalization of the Republican Party. Carter was a mediocre president, and he came into office under terrible conditions — stagflation, an energy crisis, the wake of a

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losing war — under which no president could have succeeded. His inevitable failure paved the way for Americans to elect Ronald Reagan. And after Reagan, a new orthodoxy took hold in the Republican Party that celebrated deficit-financed tax cuts, ultra-nationalistic foreign policy and a cynical culture war.

If Ford had managed to win in 1976, it would have been Republicans who were saddled with the stagflation mess. And a Democrat probably would have won the presidency in 1980 and presided over the expansion that followed. (Stagflation was solved when the Arab oil embargo collapsed and the Federal Reserve induced a recession that crushed inflation.)

So we can now see that 1976 was a great year to let the other party win. With the passions of Watergate running high, the election seemed really important, but it probably had negative importance: Democrats lost by winning.

The same thing probably happened to Republicans two years ago. The 2004 elections seemed like a vital, titanic clash, one many people regarded as the most important of our lifetime. But imagine if John Kerry had won. He'd have presided over a mediocre economy and a war in Iraq for which conservatives would blame him. (Can anybody doubt they'd be saying that we were winning until Kerry screwed it up?) Democrats never would have taken back the House or the Senate in 2006. We'd be poised for another GOP sweep in 2008, and the Republicans would be far less chastised than they are today.

And the elections that people think don't matter often do. Moderates and liberals widely regarded the 2000 presidential campaign as a snoozer. Apathetic liberals held "shadow conventions" that year to highlight the stultifying timidity of the two major parties. The implicit premise of Ralph Nader's 2000 candidacy was that it was as good a year as any for liberals to make a protest statement and throw the election to a Republican. We now can see that the radicalism of George W. Bush, then half-concealed, along with the rallying effect of Sept. 11 made the 2000 election incredibly consequential.

So the 2000 election that so many people thought didn't matter turned out to be the most important election of our lifetime. And the next presidential election, which many said was the most important election of our lifetime, barely mattered at all, and may even have had negative importance — for the Republicans. I guess I ought to be thankful to Kerry for being such an awful candidate. If only Gerald Ford had been a slightly better politician….

Back In View, A First Lady With Her Own Legacy (NYT)

By Jennifer Steinhauer

The New York Times, December 31, 2006

PALM DESERT, Calif., Dec. 30 — It has been a while since America drew its face close to Betty Ford. But what the nation saw this week here in Southern California — an impossibly tiny face, lips pinched in grief and eyes blinking in the harsh midday sun — served as a poignant reminder of the woman whose reign as first lady, while brief and wholly unexpected, was among the most remarkable in modern history.

Former President Gerald R. Ford's death on Tuesday at the age of 93 thrust Mrs. Ford back into a public spotlight that she had largely avoided in recent years.

On Friday, with her children and other family members clustered about her, Mrs. Ford watched as her husband's coffin was carried by a military honor guard into St. Margaret's Episcopal Church here for a private prayer service. It was the beginning of six days of national mourning.

Mrs. Ford has taken pains to keep her husband's death as private an affair as possible for a former president — limiting the prayer service here to only the immediate family, followed by a visitation from a small group of invited friends and then a public viewing.

She has spent the last three decades living in a golf community and tending to her treatment center for alcohol and drugs. But her husband's death has served as a catalyst for an American trip back through the 1970s.

Thrown into the role of first lady during a period of deep distrust in government, she fulfilled the role of honest arbiter of American family life and of the modern woman, speaking candidly on just about any subject she was asked about, both shocking and delighting the country.

She was a product and a symbol of the cultural and political times — doing the Bump along the corridors of the White House, donning a mood ring, chatting on her CB radio with the handle First Mama — a housewife who argued passionately for equal rights for women, a mother of four who mused about drugs, abortion and premarital sex aloud and without regret.

Her candor about her battle with breast cancer, which led to unprecedented awareness among American women about detecting the disease, and her later commitment to alcohol and substance abuse treatment, stemming from her own abuse history, set the stage for widespread acknowledgment and advocacy that is commonplace today.

Given her impact on these crucial health issues and her influence over the modern East Wing, Mrs. Ford's effect on American culture may be far wider and more lasting than that of her husband, who served a mere 896 days, much of it spent trying to restore the dignity of the office of the president.

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"I think that's true," said Carl Sferrazza Anthony, a presidential family historian and expert on first ladies. "The impact of her influence on the general public extended beyond her tenure in the White House. It was a situation of somebody coming along in history who, in simply being themselves, ends up crystallizing something that the nation at large is feeling."

Born Elizabeth Anne Bloomer in Chicago in 1918 and raised in Grand Rapids, Mich., Mrs. Ford was passionate about dance. Not long after she graduated from high school, she studied with Martha Graham in New York City, becoming a member of the Martha Graham Auxiliary Group. In 1941, back in Grand Rapids, she became a fashion coordinator for a department store and formed her own dance group.

After a brief marriage to a furniture salesman, she met Mr. Ford in 1947 and married him the next year, two weeks before he was elected to his first term in Congress. Together they raised four children: Michael Gerald, John Gardner, Steven Meigs and Susan Elizabeth. Her husband's political career, including eight years as House minority leader, and its attending absences often left her lonely and depressed, and she looked forward to private life.

But instead of becoming the wife of a retired congressman, as she expected, in 1974 she found herself first lady when Mr. Ford was sworn in as the 38th president, after the resignation of Richard M. Nixon.

"I went to their house in Virginia," said Sheila Weidenfeld, who served as Mrs. Ford's press secretary. "She came down in her robe. I think it was such a shock when you find out your husband is president, and the next day you had to have a dinner for King Hussein."

There was no learning curve, Ms. Weidenfeld said, nor preparation. "I remember saying to Betty Ford, 'Well, what would you like me to do?' And she said, 'I don't know, what am I supposed to do?' "

Her role was defined in part less than two months into Mr. Ford's presidency, when she discovered that she had breast cancer and then discussed her mastectomy openly in hopes of giving other women the tools to detect the disease early and treat it courageously. According to a 1987 article in The Journal of the National Archives, Mrs. Ford received 55,800 cards, or "92 cubic feet of material," in response to her openness.

The next year, Mrs. Ford took it upon herself to champion the Equal Rights Amendment. She personally phoned legislators, held a slide show in the White House for staff members and gave speeches across the country about women's rights.

She talked about her support of abortion rights and mulled the idea that her children might have smoked marijuana.

Perhaps most infamously, she told Morley Safer in a "60 Minutes" interview that she would provide "counsel" to her daughter, Susan, then 18, if Susan were involved in a sexual relationship, or, in Mr. Safer's words, "having an affair."

"Her husband threw a pillow at her, jokingly, and said, 'You just lost me 10,000 votes,' " Ms. Weidenfeld said. "And Donald Rumsfeld said, 'No, 20,000.' Susan asked her later, 'What's an affair?' "

Ms. Weidenfeld said the times called for candor, and Mrs. Ford was able to provide it. "When Ford said this will be an open presidency, we thought, 'O.K., let's let the first lady open up.' "

While Mrs. Ford drew hundreds of angry letters, public opinion ended up on her side, with "Betty's Husband for President" buttons decorating the campaign trail.

"One day we had finished an event on the floor and we were going back upstairs," recalled Maria Downs, her social secretary at the time. "And I said, 'You don't seem yourself,' and she said, 'I'm all right. I would give my life to have Jerry have my poll numbers.' "

Mrs. Ford remained an accessible first lady, even as her days became consumed with details like choosing centerpieces for state dinners. She consulted with her aides while sitting at the edge of the bathtub, dabbing on her makeup; gave a twist to the scarves of staff members to give them a fashionable edge; and chatted about their furniture choices and children.

Her staff was also forced to tiptoe around late appointments and to scramble schedules stemming from Mrs. Ford's addiction to pain killers, which began when she was prescribed medication in 1964 for a pinched nerve. "She had to cancel events or couldn't leave the house sometimes," said Ms. Weidenfeld, who said she once asked the first lady's doctor to "lay off the pills."

In 1978, Mrs. Ford's family intervened in her drug and alcohol abuse, opening a new chapter in her life as a founder of a clinic in California. She described her recovery process in a 1987 book, "Betty: A Glad Awakening."

Until recently, Mrs. Ford, who is 88, continued to be in charge of her center in Rancho Mirage, and she has remained on the board after handing the helm to her daughter in 2005.

She continues to support treatment centers, attend charity events and speak about substance abuse and breast cancer awareness. Most of all, she enjoyed her expansive and close family, and her time with her husband, whom she remained enamored with through 58 years of marriage.

"Gerald Ford's father abused his mother, and she was a very strong woman and he was unthreatened by strong women," Mr. Anthony, the historian, said of the first couple. "You take that kind of a husband and you look at Betty Ford and you see part of what made her an unusual first lady was the context of her marriage."

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Mrs. Ford's expressions of personal opinions, which several people who worked in the White House at the time say were never discouraged by the president, "were personally held opinions not suited for a political agenda," Mr. Anthony said.

"Even Eleanor Roosevelt, who did speak her mind, was much more politically savvy in terms of knowing what buttons would be pushed," he said. "Betty Ford inherited that role, and she already knew that it was not right for her to say things she didn't mean. In that act, she shattered a precedent and set up a new paradigm for first ladies."

Would-Be Presidents With Cold Shoulders (NYT)

By Adam Nagourney

The New York Times, December 31, 2006

THE campaign for president will dominate American politics in the coming year, and while Republicans and Democrats will no doubt be talking about very different things, they face a common strategic challenge: How do you deal with the folks back in Washington?

For Republican candidates, the problem is President Bush. They are in a different place from the one they were in just two years ago, when Mr. Bush was riding high and the big question was who, if anyone, would win the Bush mantle. It is hard to imagine, at least today, Republicans squabbling over who gets a moment on a stage with the president.

The trick for Republican candidates is to distance themselves from Mr. Bush without offending Republican loyalists on guard for anyone showing disrespect to the president, or offending Mr. Bush's own considerable corps of advisers and contributors, any one of whom could prove useful in 2008. Talking about spending is one way to create that distance. Senator John McCain of Arizona, for one, has made a point of criticizing the deficits during Republican rule in Washington.

But will any of them aggressively distance themselves from Mr. Bush's Iraq policy? Could there be a spot in this cycle for an antiwar Republican? And could any echo the chord Barack Obama has struck on the Democratic side by promising an end to the brutal partisanship that has marked the Bush era, and campaign against Mr. Bush, however discreetly, on this ground?

Democrats have a different kind of problem as they try to figure out how closely to be associated with the new Democratic-controlled Congress. Democrats, led by Nancy Pelosi in the House and Harry Reid in the Senate, could take up bills — perhaps on taxes or spending in Iraq — that might not play so well for a presidential candidate.

Alternatively, Congressional Democrats might face a legislative breakdown and accomplish nothing at all — again not the kind of record a Democratic presidential candidate wants to be associated with. Complicating things is the fact that at least four of the prospective Democratic candidates are full-fledged members of Congress: Senators Obama of Illinois, Hillary Rodham Clinton of New York, Joseph R. Biden Jr. of Delaware and John Kerry of Massachusetts.

This Clinton Machine Is a Tighter Ship (LAT)

By Stephen Braun

The Los Angeles Times, December 31, 2006

WASHINGTON — Sen. Hillary Rodham Clinton has spent much of the last month behind closed doors, putting the final touches on a presidential campaign-in-waiting.

Her hectic schedule has been crammed with private lunches and phone conversations with elected officials and political operatives. She has sounded out Democratic Party officials from New York to Des Moines about her chances and hired a cadre of new campaign aides.

And she has made time for television interviews, re-releases of her books and delicately timed appearances with her high-wattage husband.

It is all part of a political organization that has been under construction since the turbulent Clinton White House years and was bolstered by two successful Senate campaigns. Awaiting only her go-ahead — with a decision expected in January — the machine that Hillary built has the heft and advance billing of an election-year juggernaut.

It is a high-stakes fusion of her political world and her husband's, two camps with markedly different styles and, at times, competing agendas and egos. The test, should she decide to run, will be getting the two cultures to work together.

"Her organization is much different than the old Clinton organization," said New York political consultant Hank Sheinkopf, who worked on President Clinton's 1996 reelection effort. "She has a whole loyal national network of her own. They're all hard, tough people. The trick she'll have is to find a way to blend them in and keep them together."

Bill Clinton ran a loose and leaky ship during his two White House terms, and many in his old brain trust who are expected to return to the fold for a Hillary Clinton presidential campaign now have careers to tend and outside interests to promote.

By contrast, "Hillaryland" is a disciplined structure of her own design, a tight-knit realm populated by discreet, fiercely devoted aides who have been with the former first lady since her East Wing days, along with newer additions who serve on her Senate staff. Some wonder if her circle is too buffered.

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"The danger she faces," one longtime Clinton intimate said, "is the problem of insularity. You saw that at times in the Clinton White House. She tends to filter a lot through her most trusted people. That's an advantage when things are going well. But you can get closed off when things are falling apart."

Her machine would nonetheless be tested early. Recent polls in New Hampshire and Iowa show Clinton would have stiff competition from two potential Democratic rivals, Illinois Sen. Barack Obama and former vice presidential candidate John Edwards.

"The challenge she'll have in the primaries is building something that's lean and supple, an operation that can turn on a dime," said Democratic pollster Geoffrey D. Garin.

Clinton's closest aide is, of course, her husband — "the best strategist of his generation," Sheinkopf says. But their dynamic would make for a unique campaign with its own risks and opportunities.

The former president will have to restrain the urge to grab the spotlight. "It's her campaign, not his," Sheinkopf said.

During recent appearances together, intimates say, the former president has had to work to rein in his impulse to play to the crowd. "You can see him champing at the bit," one said.

Hillary Clinton has warmed on the stump, but party leaders still worry that Bill Clinton's mastery of the stage muffles her presence by comparison. And a recent spate of news accounts of the Clintons' marriage and reversed political roles have dredged up unwelcome memories of the Monica S. Lewinsky affair and the impeachment crisis.

In her Senate run this year, the Clintons often deployed separately across New York, operating like complementary vaudeville troupers. While the senator concentrated on working-class communities upstate, pushing economic hardship issues to win over independents and suburban Republicans, the former president secured the Democratic base in New York, hobnobbing with East Side donors and barnstorming in Harlem and elsewhere in Manhattan. She easily won reelection, taking 67% of the vote.

Most Clinton loyalists insist the couple would be a magnetic duo. "He's the best campaign weapon any Democrat can have — and that includes his wife, who's superb in her own right," said John Catsimatidis, an influential New York supermarket chain owner who is a longtime Clinton donor.

After her husband, the senator depends most on her core staff. These aides dubbed their close-knit enclave Hillaryland after whimsical signs that sprouted inside the Little Rock transition office in 1992 to identify the camps working for Clinton, Vice President Al Gore and their spouses (the others were Clintonville, Goreville and Tipper Town). The self-mocking tag remained after the first lady's protectors circled the wagons during Whitewater, Travelgate and the impeachment.

Patti Solis Doyle, a Hillaryland stalwart who was Hillary Clinton's first hire as scheduler in 1992, is expected to be tapped as campaign manager. Doyle, 41, had key roles in both Senate campaigns, and most recently headed up Hillpac, the well-oiled fundraising arm that drummed up more than $50 million in donations for 2006.

Doyle has long been considered the senator's most reliable aide and confidant. She is among the few, one Hillarylander said, "who can talk tough to Hillary and get away with it." A selfless wunderkind from Chicago's hard-boiled political terrain who shuns publicity, Doyle won Clinton's lasting admiration by helping rejuvenate her flagging first election effort in 2000.

"Patti's there because she has the best working knowledge of Mrs. Clinton's history, her needs and her desires," said G. Neel Lattimore, a Children's Defense Fund communications strategist who was the first lady's press secretary. "She can get people in a room who are warring with each other to calm down and make the tough decisions."

Those skills might prove critical in blunting the sharp elbows sometimes thrown by the senator's troika of senior political strategists. Mark J. Penn, Mandy Grunwald and Harold M. Ickes all had integral stints during the Clinton administration and have since worked at close quarters in both of Hillary Clinton's Senate triumphs.

Directing overall strategy would fall to Penn, the centrist pollster who was a key player in Bill Clinton' 1996 reelection and now works as chief executive of the Burson-Marsteller public relations firm. Advertising decisions would be handled by Grunwald, who had a pivotal role shaping ads in Bill Clinton's first presidential run. Ickes, the acerbic son of Franklin Roosevelt's Interior secretary and a Clinton White House deputy chief of staff, would probably oversee the campaign's budget and relations with party officials and affiliated "527" committees, groups that can spend money on behalf of candidates or issues but cannot give it to their campaigns. Ickes also would delve into voter profiling, an interest he developed while running Catalist, a private database targeting firm.

Communications strategy in Clinton's Senate campaigns has been overseen by Howard Wolfson, a New York public relations veteran who is already handling campaign-related media for Clinton.

During Hillary Clinton's campaigns, these four aides have dominated a daily 7:30 a.m. conference call in which her political strategy was hammered out and her daily message crafted. "It's not for the faint of heart," one participant said. "Some of these guys hate each other's guts. But the principal finds it useful as long as it doesn't get too vicious."

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There are dangers to blood-letting. Chaos within the presidential campaigns of Al Gore and Sen. John F. Kerry toppled campaign managers and left internal scars.

"That won't happen with Patti because Hillary depends on her too much," one former trusted campaign aide said. "If there are casualties, they'd be lower down the food chain."

A slew of other Clinton familiars are expected to help out. High-profile Democratic consultant James Carville, who lauded the "power of Hillary" in a widely circulated article he and Penn wrote earlier this year, is expected to provide strategic advice. Howard G. Paster, who was Bill Clinton's chief congressional lobbyist and works with Penn as chairman of Burson-Marsteller's executive board, is said to be primed for a senior advisory role. Former Democratic National Committee chief and Clinton friend Terry McAuliffe is slated to line up top donors along with a new hire, campaign finance director Jonathan Mantz, a Democratic Party financial expert.

Hillary Clinton's heavy spending in the 2006 campaign — too heavy, some said — left her with a less-than-bountiful $14 million in the bank. But Ann Lewis, communications director for Hillpac, noted that more than $11 million of the $37 million outlay was used to build a massive national database — essential to mining millions more in small donations and profiling likely volunteers.

"The money we spent was well worth it," Lewis said.

Catsimatidis said he and other big donors on both coasts were already being approached to replenish the coffers. In New York, the effort revolves around venture capitalist Alan J. Patricof, Sen. Clinton's campaign chair and a longtime fundraiser for the couple. In California, key money players will probably be Susie Tompkins Buell, co-founder of the Esprit clothing company, billionaire Ron Burkle and entertainment chief Haim Saban, who recently hosted the Clintons at an annual Mideast policy forum he sponsors in Washington.

"She can raise whatever she needs," said Maurice Carroll, director of the Quinnipiac University Polling Institute.

For policy advice, Clinton would turn to John Podesta, who was her husband's White House chief of staff and now heads the Center for American Progress, a progressive think tank with strong connections to his former employers. "I talk to her from time to time on policy and issues," Podesta said. "There's no formal structure at this point."

Despite the center's "nonaligned" status, Sen. Clinton played a "formative" role in discussions that led to its creation, Podesta acknowledged recently.

New hires from Democratic party ranks also have been brought in, depriving rivals of some of the party's top talent. Phil Singer, communications director for the Democratic Senatorial Campaign Committee, would run Clinton's war room. Blogging whiz and former Kerry Internet aide Peter Daou would tackle Web-based opposition research. Karen Hicks, who was Howard Dean's New Hampshire primary field director, is set to run Clinton's early primaries. Burns Strider, who spearheaded religious outreach for the House Democratic caucus, has been hired to tap into the evangelical Christian movement.

Along with the professionals, Clinton aides expect a groundswell of women — political operatives, donors, volunteers — would flock to Hillary Clinton because she is a female presidential candidate.

"She wants people who work for her to want to be there out of a sense of mission, not just simply as professionals," said Lorraine Voles, Clinton's Senate communications director.

The mission, Voles said, "would be electing the first woman president. It's not the only thing that brings people in the door, but it's what would be on everyone's minds over the long run."

"That is," Voles added, "assuming she runs."

Schwarzenegger Looks Beyond California As Second Term Begins (SFC)

By Carla Marinucci

San Francisco Chronicle, December 31, 2006

Gov. Arnold Schwarzenegger -- whose eclectic resume as a bodybuilder, movie star and successful politician suggests a never-ending pursuit of the new challenge -- is preparing for the next one.

As he starts his second term, the Republican governor is intent on taking his message of bipartisan cooperation to the rest of the country as part of an ambitious effort aimed at shaping politics on both sides of the aisle.

Schwarzenegger wants to press Republicans and Democrats for more "action, action, action" -- with particular attention to appealing to the growing ranks of decline-to-state and independent voters increasingly turned off by partisan politics.

For the California governor, the issues open to bipartisan solutions are as diverse as redistricting, health care and prison reform. But Schwarzenegger doesn't intend to stay within state boundaries as he addresses such matters, planning to make his case in states that will play center stage in presidential politics -- New Hampshire, Ohio and Iowa among them.

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"He's always looking to build something: his body, his movie career, his business. And now he's looking to build on being the governor of California," said Karen Hanretty, a former state Republican Party spokeswoman and now a consultant and television commentator.

With an overwhelming victory last November that gave the GOP a bright spot in an otherwise dismal year across the nation, the governor may now be aiming to "supersize Arnold," Hanretty said -- trying "to elevate himself to the next level -- or maybe it's a question of elevating the stature of California."

No wonder Schwarzenegger, even as he was hobbled by a leg broken in a skiing accident, announced last week a "research and innovation initiative" to boost the economy in biotech, nanotech and "clean tech" areas.

Such moves, insiders said, keep California on the leading edge both politically and economically, and may help moderate the GOP's rigid conservatism demonstrated during the Bush presidency and the Republican control of Congress.

Schwarzenegger communications director Adam Mendelsohn said the governor's focus remains his home state.

"The governor is very passionate about public service and passionate about California," Mendelsohn said. "And nothing inspires the governor more than bringing the ideas of California to the forefront."

The governor, who formally begins his second term Friday, will shape his ambitious calender in 2007 with the same inner circle of advisers who handled his re-election campaign, including campaign manager Steve Schmidt and Matt David, who ran his campaign "war room," as well as Democratic chief of staff Susan Kennedy and Mendelsohn.

The question being asked by political observers watching the governor's attempt to expand his political profile: What's in it for him?

Schwarzenegger, in the past, has explained his political drives as a direct result of personal growth.

"In the beginning I was selfish: It was all about -- how do I build Arnold? How can I win the most Mr. Universe and Mr. Olympic contests? How can I get into the movies and get into business? I was thinking about myself," he once said. "As I grew up, got older, maybe wiser, I think your life is judged not by how much you have taken but by how much you give back."

But some skeptical Democrats say Schwarzenegger's motivation is about political ambition, noting he has hinted at a run for U.S. Senate in the future.

"I think it's about him; I don't think it's about his party," said Garry South, a former senior adviser to Schwarzenegger's predecessor, Democratic Gov. Gray Davis. "I have never gotten a sense Arnold stays up worrying about the future of the GOP."

Democratic strategist Chris Lehane, a former White House spokesman, said, "Arnold is always concerned, first and foremost, with the Arnold brand, and that is reinforced and amplified by exporting 'Arnoldism.'

"He tapped into something with the lesson from 2006: The American public recognizes that there are enormous issues facing the country and that (voters) reject the George W. Bush philosophy -- that one should govern to the base, by the base and for the base," Lehane said.

The challenge for the governor in trying to spread the gospel of "Arnoldism," Lehane said, is that "the Republican Party, no matter how you slice it, is still governed by its base. The Republican primary doesn't give you a ticket to play unless conservatives punch it first."

But Hanretty said the California governor has shown an uncanny knack for political timing.

Schwarzenegger's moves come during a noticeable "vacuum of leadership in the GOP."

"President Bush does not command respect from Republicans -- whether we're talking about grassroots or establishment Republicans," she said. With the party fresh from a midterm drubbing, "none of the Republican leadership is even very well known."

Clearly, "there is an opportunity right now for a Republican to stand out (on the national stage) ... because, who else is there?" she said.

But Bill Whalen, Hoover Institution research fellow, said the California governor is a unique political actor.

"Arnold bipartisanship works in California because Arnold works for Arnold," Whalen said. "He's not necessarily working for anyone."

Still, political insiders on both sides of the aisle have speculated that the governor's "big picture" approach means that he will have more influence as the 2008 presidential race begins in earnest; that means he could act either as an endorser or an active campaigner who could help swing delegate-rich California.

But South scoffs at that idea.

"Look how powerful his own coattails were in 2006," when -- even as a landslide winner -- Democrats dominated statewide offices and didn't lose a legislative seat. And Schwarzenegger, who actively campaigned for some Assembly Republicans in 2004, was also unable to convince voters to follow his recommendations.

The lesson, South said: "Arnold's star power is not transferable to anybody. It is unique to himself. He has no coattails."

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So on the national races, "he can have influence -- but the notion that he can power a GOP presidential candidate is silly," he said.

Mendelsohn, the governor's communications director, insisted his boss' plan for action in 2007 is simple.

"The governor believes that the more we do here in California, the more influence we'll have abroad."

Job Evaluation: Arnold Schwarzenegger (LAT)

The Los Angeles Times, December 31, 2006

GOV. ARNOLD Schwarzenegger's year began with an apology and ended with a victory. In other words, it got better as it went along. His performance evaluation reflects his progress in several important areas.

Knowledge of job: Meets expectations. Employee was recently rehired to four-year term and appears to have settled into job. Has become more comfortable with company culture and the bounds of his authority following a shaky start. Has also come to develop a much better knowledge of the organization's goals, has embraced them as his own and has begun to lead.

Job effectiveness: Exceeds expectations. With colleagues in other branches of organization, produced landmark legislation to reduce greenhouse gases, placed on ballot and persuaded voters to approve unprecedented infrastructure bond measures, brokered low-cost prescription drug plan, opened debate on housing and healthcare issues.

Critical thinking skills: Exceeds expectations. Perceives political problems, navigates them to achieve policy objectives. Previous position involved rote learning and heavily rehearsed behavior; employee's ability to improvise and respond to conditions is a welcome surprise.

Works well with others: Exceeds expectations. Employee was hired after severely criticizing performance of predecessor in position and colleagues-to-be, but he abandoned adversarial approach and developed close working relationships with other branch leaders to produce substantive programs. Rapport with Democratic Assembly Speaker Fabian Nuñez has become exemplar for those holding his position. Has developed strategic dialogue with private enterprise, labor and other experts to solve some of organization's deepest problems. Has demonstrated outstanding teamwork and consensus-building skills. Exhibits little of the egocentricity for which he was known in previous positions.

Financial management: Below expectations. Produced competent budget. Failed to reduce structural budget deficit of over $5 billion. Persists in troublesome campaign finance practices, such as raising money from donors while bills affecting their interests await his signature or veto.

Areas for improvement: Must work harder to effect many of the financial controls for which he was first hired. Employee has committed to solving state's healthcare, prisons, budget deficit, redistricting and immigration problems — tasks that should be expected to keep him occupied through the first fiscal quarter.

Different Climate, Different Pawlenty (MINNST)

By Patricia Lopez

Minneapolis Star Tribune, December 31, 2006

After a brush with political death, a reinvigorated Gov. Tim Pawlenty begins his second term this week facing huge DFL majorities in the Legislature and acknowledging that compromise is no longer optional.

Promising a change in agenda and tactics for the legislative session, which will convene Wednesday, Pawlenty has already advocated universal health coverage for Minnesotans, proposed free college tuition for the state's top students, and thrown his weight behind expansions of mass transit and greater reliance on renewable fuels.

But he hasn't turned into Democratic-lite, Pawlenty added quickly in a recent interview. He remains committed to fiscal conservatism and wants to tie taxpayer money to results, shifting government from what he calls a "seniority culture to a performance culture."

But Pawlenty is pragmatic about the seismic shift November's election brought to the political landscape and the direction of his own party.

"There has to be a reconciliation of their perspective and my perspective," he said of the newly powerful DFL.

At 46, Pawlenty remains boyish, genial, optimistic. But he's less brash, less combative and just a tad grayer than he was in 2003. Back then, backed by a strong Republican House, he all but dared DFLers to cross him and bragged of getting "everything we wanted."

Four years' experience with budget crises, legislative gridlock, a state government shutdown and his near-loss in November have tempered Pawlenty's judgment and the sometimes wise-cracking style.

Confronted with nearly veto-proof DFL dominance in both legislative chambers, he is open about changing course and style. Dismissing opposing ideas as "profoundly stupid," as he once did, is out.

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"Everybody grows and matures," Pawlenty said, relaxing in a wingback chair as dusk eased over his corner office at the Capitol. "I'm in a different place, a different stage of my life."

What's emerging is a conservative populist streak, an impatience with old-line, shrink-government Republican dogma.

Government has to be smarter, stronger, more daring about taking on entrenched interests -- including business interests -- to effect change, Pawlenty said.

Changing the brand

Charlie Weaver, Pawlenty's close friend, former chief of staff and now head of the Minnesota Business Partnership, said this kind of thinking isn't new for Pawlenty.

"He's never been as conservative as people have portrayed him," Weaver said. When Pawlenty was struggling to resolve a $4.5 billion projected deficit, Weaver said, "he'd say, 'I can't wait until the day when we dig ourselves out and we can do stuff.' The things he's talking about now reflect the kind of thinking he's noodled for years, how government can be better, smarter."

The public has tired, Pawlenty said, of a Republican message that says government is always the problem, never the solution.

"You can't just say 'no' to everything," he said. "Republicans have to have a positive vision for how you're going to improve schools, deal with the health care crisis, for how we're going to move energy policy. The challenge now is to figure out what is the Republican message that is empowering, that's populist, that's people-oriented."

Such talk leaves true conservative believers such as David Strom, head of the Minnesota Taxpayers League, feeling angry and betrayed.

Pawlenty has become, Strom said, "a Republican who's very bad for the brand. He's mushed it up. He's for all good things, whatever you think a good thing is. He's a triangulator who's positioning himself for VP."

That's VP as in vice president. Having survived the Democratic sweep of 2006, Pawlenty is back on pundits' short list of possible nationwide candidates, even though he demurs whenever the subject comes up, insisting that he intends to serve out his term. But his close alignment with Sen. John McCain, a top presidential contender, is unmistakable.

An unusual Republican

Larry Jacobs, head of the Center for the Study of Governance and Policy at the Humphrey Institute of Public Affairs at the University of Minnesota, has dubbed Pawlenty's thinking "progressive Republicanism," and said it could prove a winner.

"He'll still be spending consistently less than what Democrats want, tapping the brakes," Jacobs said. "But he also sees some pretty serious flaws in the private market: pharmaceuticals, the oil industry, HMOs. That's a huge departure from Republican orthodoxy."

National political observer Norm Ornstein calls Pawlenty "a very unusual kind of Republican." But, he said, "there's a hunger for a different type of Republican right now."

A South St. Paul boy with blue-collar, meatpacking, truckdriving family roots, Pawlenty said that regular visits to his old hometown have convinced him that government needs to be more aggressive, not less.

Freed from a no-new-taxes pledge that defined his first term, Pawlenty enters his fifth legislative session as governor with a $2 billion projected surplus and a more finely honed set of goals.

Known for bouncing out ideas one after another, he said he'll confine his energies to just a few big ideas this time: serious changes in education, health care and renewable fuels.

The ideal? Teachers would get paid for performance, not years on the job. Health care providers would get paid for results, not procedures. Government would break the oil industry's stranglehold on innovation and make renewable fuels a priority. A statewide smoking ban would pass.

"My critics say, 'Let the market work, Pawlenty. You shouldn't be getting involved,' " he said. "Oh, really? Has anybody reviewed the federal tax code for the tax breaks we give to oil companies? Are we doing a true private market now? The answer is no."

Similarly, he said, government must "get in and drive" health care reform. Details will come out in his proposed budget, scheduled for Jan. 23. Included, he said, will be tax relief but no tax rebate checks.

Obliged by law to submit a tax rebate proposal for the projected surplus, Pawlenty said he nevertheless will make clear that "my preference is for tax relief, not a rebate."

DFLers are skeptical, but are willing to give Pawlenty pragmatism the benefit of the doubt.

"For now I'm going to take the governor at his word," said Senate Majority Leader Larry Pogemiller, DFL-Minneapolis. As former Senate tax chairman, Pogemiller has sat across the table from Pawlenty in budget negotiations for years, going back to Pawlenty's days as House majority leader. He remembers well Pawlenty's earlier posture as a budget hawk.

"How he'll do all this without spending more money is a good question, but we want to work with him," Pogemiller said. "We're waiting for the details."

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Most Americans Say Life Is Good -- At Home (WT/AP)

By Nancy Benac

The Washington Times, December 31, 2006

The news from Iraq and national headlines may be grim, but in Greenville, N.C., John Given has a new baby and his first home. Life is good.

So, too, for Sandra Trowbridge in tiny Magnet Cove, Ark. The situation in Iraq makes her feel pessimistic about the state of the nation, but at home, at least, all is well. Even if nothing special has happened to her family, she says, "we still love each other," and that's enough.

And so it goes for most Americans. An Associated Press-AOL News poll finds that while most Americans said 2006 was a bad year for the country, three-fourths thought it had been a good one for them and their families.

"In a time of war, so little has been asked of us as citizens," said Mr. Given, who teaches ancient Greek at East Carolina University. "We haven't had to sacrifice anything. We've been allowed to live our lives very, very well."

Looking ahead, optimism reigns.

Seventy-two percent of Americans feel good about what 2007 will bring for the country, and an even larger 89 percent are optimistic about the new year for themselves and their families, according to the poll.

That fits with a long-term trend suggesting that Americans are generally an optimistic lot. Polling over recent decades is replete with optimism, and with a tendency for people to feel more positively about their own situations than that of the country overall.

Self-proclaimed optimists and pessimists think they understand why.

Krista Grueninger, communications director for Optimists International, a volunteer service organization based in St. Louis, says it's easier for people to be optimistic about their situation "because they feel they have more control over their own lives."

"It kind of goes along with the American dream: If you really want something, you can go out and get it," she said.

Iowan Jack Duvall, who organized a tongue-in-cheek countervailing group called the Iowa City Benevolent & Loyal Order of Pessimists, says that when people look at the country, "it's easy to say, 'No, I'm not optimistic.' " But on a micro level, he says, "We insist on seeing our lives as having hope."

Pessimists aren't unhappy, he said, "they're just not disappointed as often as optimistic people are."

The current optimistic outlook among Americans does not extend to their assessments of the war in Iraq. Forty percent of those polled expect the situation there to get worse in 2007, and 31 percent see no change on the horizon. Just 27 percent expect the situation there to get better.

Eric Wolley, of Upper Marlboro, Md., paused to look ahead and back last week as he and his 8-year-old daughter, Iyana, took pictures outside the White House.

"For me, personally, financially, it was great," Mr. Wolley, a real estate agent, said of 2006. "Family and everybody's healthy, so everything's been going pretty good." But as for Iraq, he said, "I wish we could go in and get that figured out."

Among the one-quarter of Americans who felt pessimistic about what 2007 will bring for the country, Iraq was a recurrent theme, along with concern about poor political leadership.

"I don't really like the person running the show," one poll respondent said.

"Look at the servicemen that are dying over there," another said.

"I don't think our leaders are capable of fixing the problems," a third said.

Democrats were more likely than Republicans to have a negative view of the past year, and were less likely to feel optimistic looking forward.

The AP-AOL News poll of 1,000 adults was conducted by telephone Dec. 12-14 by Ipsos, an international public opinion research company. The margin of sampling error was plus or minus three percentage points.

January Effect May Take A Year Off (NYT)

By Condrad DeAenlle

The New York Times, December 31, 2006

JANUARY will begin in a few hours, but how about a January effect?

That term has been used to describe various phenomena in the month, including the relatively robust performance of shares of smaller companies or companies judged to be of poorer quality, based on factors like earnings consistency and dividend yield. It can also refer simply to strength in broad market averages, versus other months.

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Henry H. McVey, a strategist at Morgan Stanley, has warned that the market rally investors are accustomed to enjoying as a year begins may already have come and gone. Action in the stock market "could be bumpy, including a pullback in January," he said in a note to the bank's clients.

"Returns have been positive for 6 straight months and 11 out of the last 12 months," he noted. "Also, in recent years, it appears that fourth-quarter rallies have taken a lot of the steam out of the traditional January effect, and as such we would not be surprised to see a correction" in the first quarter.

Richard Bernstein, chief investment strategist at Merrill Lynch, finds an especially strong discrepancy in returns based on quality. Since 1987, stocks that Standard & Poor's rates C and D have beaten returns of those rated A+ by 7.8 percentage points, on average, the first month each year.

Mr. Bernstein said in a research report that the performance of poor-quality stocks tends to diminish if they have displayed strength in the preceding year. Average returns were 20 points higher this year through Dec. 15 for C and D stocks than for those rated A+.

Mr. Bernstein added that while the January gap often narrows, it doesn't vanish, so he suggests that investors willing to tolerate some risk look at these lower-rated companies. "Given the historical probability of C's and D's outperforming in the month of January, and the magnitude of that outperformance," he said, "we think investors should seriously consider an overweight of low quality for the month of January to take advantage of this distinct seasonal pattern."

But he cautioned against letting those weaklings linger in portfolios. "As January progresses, we recommend investors sell lower-quality stocks into strength and again overweight higher-quality issues," he said.

He says he is so convinced that C's and D's will spend the rest of the year living down to their ratings that he advises other investors to forget the January effect: "For medium- to longer-term investors, we suggest ignoring this possible trade and maintaining a strong overweight in higher-quality issues as our longer-term theme of focusing on quality remains intact."

DATA WATCH The December employment report arrives Friday. A Bloomberg News poll of economists estimates that 115,000 net new jobs were created, a subdued showing after the 132,000 in November.

The Grown-Ups Step In (WP)

The Washington Post, December 31, 2006

FINALLY, THE grown-ups have seen fit to mediate in the spitting match that passes for fraternal relations within Virginia's Republican Party. Northern Virginia's two Republican congressmen, Reps. Thomas M. Davis III and Frank R. Wolf, along with the new state party chairman, Ed Gillespie, and Robert F. McDonnell, the attorney general, are trying to broker an intraparty deal on state funding for transportation. No doubt they have been moved to action by well-founded fear -- fear that voters have grown tired and testy at the ongoing spectacle of the GOP's civil war and fear that the party as a whole will be punished at the ballot box next fall for its contemptible failure to address the state's transportation mess. Whatever the motive for the intervention, here's the only way the mess will be solved: with taxes.

It's been 20 years since Virginia (with a Democratic governor and a Democrat-controlled state legislature) tapped a new funding source for its overstressed roads and rails. Since then, the state's population and economy have boomed, and traffic has mounted in key areas. Meanwhile, the legislature has come under the control of Republicans divided into Senate moderates, who grasp that roads require an adequate, stable, long-term source of revenue, and House fundamentalists, whose anti-tax zealotry has blocked any reasonable funding plan.

Billions in new revenue are needed to deal just with Northern Virginia's road mess and to ensure that maintenance costs do not deplete the state's entire road-building budget within the next few years. But the House has managed to propose only short-term, small-potatoes, gimmicky fixes designed more to provide political cover than deal with a generational problem. Gov. Timothy M. Kaine, a Democrat, has rightly rejected those and insisted on a long-term approach. The result: political gridlock to match that on Virginia's roads.

Now Republican leaders are looking at the ballot next November, and they don't like what they see. All 140 members of the state's General Assembly will be up for reelection, and plenty of voters may not take the trouble to sort the good Republicans from the bad -- that is, to distinguish between those who comprehend that new taxes are unavoidable and those whose allegiance is more to conservative Republican orthodoxy than to the everyday concerns of commuters. They're more likely just to vote against candidates with an R after their names and be done with it.

So party elders are knocking heads. So far, according to reporting by The Post's Michael D. Shear, there is little to show for their efforts.

No one likes higher taxes. But without them, the state's most populous and dynamic regions -- Northern Virginia and Hampton Roads -- will strangle on their own congestion. Let's hope the GOP grown-ups can sell a new year's resolution to the party's hard-liners -- preferably one that involves investing in the state's future before it's too late.

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That Blasted Year (WP)

By Dave Barry

The Washington Post Magazine, December 30, 2006

IT WAS A MOMENTOUS YEAR, a year of events that will echo in the annals of history the way a dropped plate of calamari echoes in an Italian restaurant with a tile floor. Decades from now, our grandchildren will come to us and say, "Tell us, Grandpa or Grandma, as the case may be, what it was like to be alive in the year that Angelina Jolie, Tom Cruise, Brad Pitt, Britney Spears and Katie whats-hername all had babies, although not necessarily in those combinations." And we will smile wisely and emit a streamer of drool, because we will be very old and unable to hear them.

And that will be a good thing, because there are many things about 2006 that we will not want to remember. This was the year in which the members of the United States Congress, who do not bother to read the actual bills they pass, spent weeks poring over instant messages sent by a pervert. This was the year in which the vice president of the United States shot a lawyer, which turned out to be totally legal inTexas. This was the year in which -- as clearly foretold in the Bible as a sign of the Apocalypse -- Howie Mandel wound up with a hit TV show.

Also, there were many pesky problems left over from 2005 that refused to go away in 2006, including Iraq, immigration, high gas prices, terrorism, global warming, avian flu, Iran, North Korea and Paris Hilton. Future generations are going to look back at this era and ask us how we could have allowed Paris Hilton to happen, and we are not going to have a good answer.[JANUARY]

. . . a month that dawns with petty partisan bickering in Washington, D.C., a place where many people view petty partisan bickering as honest, productive work -- like making furniture. The immediate cause of the bickering is the Republican ethics scandal involving lobbyist Jack Abramoff and House Majority Leader Tom DeLay, both of whom you can tell, just by looking at them, are guilty of something. The Democrats charge that the Republicans have created a Culture of Corruption and should be thrown out of office so the Democrats can return to power and run the scandal-free style of government for which they are so famous. The Republicans respond that the Democrats are soft on terrorism, soft on terrorism, soft on terrorism, soft on terrorism. Both sides issue news releases far into the night.

The other big focus of the bickering is the nomination of Samuel Alito to the Supreme Court. As always, the Senate Judiciary Committee hearings provide high-quality TV entertainment as the nation tunes in to see whether Sen. Edward M. Kennedy will be able to successfully remember the nominee's name. The bulk of the hearings are spent in the traditional manner, with Democrats trying to trick the nominee into revealing his views on abortion, and Republicans reminding the nominee that he does not have to reveal his views on abortion. The subsequent exchange of news releases is so intense that several government fax machines burst into flames.

In the War on Terror, Osama bin Laden, who may or may not be dead, nevertheless releases another audiotape, for the first time making it downloadable from iTunes. Bin Laden also starts a blog, in which he calls upon his followers to destroy the corrupt infidels and also to try to find out how a person, hypothetically, can get Chinese food delivered to a cave.

In the Middle East, Palestinian voters elect the militant Hamas party, which assumes control of government functions such as street repair, which Hamas decides to handle by firing rockets at potholes. Canada also holds elections, which are won by some Canadian, we assume.

In economic news, the big story is the retirement of Federal Reserve Board Chairman Alan Greenspan, who, after 19 years as the person most responsible for guiding the American economy, steps down, taking with him the thanks of a grateful nation and a suitcase containing $11 billion. But the financial news is not so good in . . .[FEBRUARY]

. . . when President Bush, delivering what is billed as a "major address on energy policy," reveals that the nation has an "addiction" to "foreign oil," which comes from "foreign countries" located "outside of the United States" that are getting this oil from "under the ground." To combat this problem, the president proposes the development of "new technology" in the form of "inventions" such as "a Lincoln Navigator that gets 827 miles per gallon," although he allows that this could take "time."

But this bold energy initiative does not get nearly as much attention as the administration's decision to allow a company owned by the United Arab Emirates to operate some U.S. seaports. This outrages Congress, which briefly ceases partisan bickering to demand that the White House return control of the ports, in the interest of national security, to Tony Soprano.

Speaking of guys who avoid the limelight: Vice President Dick Cheney, attempting to bring down a quail with a shotgun, shoots attorney Harry Whittington. Local authorities rule the shooting was an accident, noting that if the vice president were going to intentionally shoot somebody, it would be Nancy Pelosi. The quail is eventually tracked down and vaporized by an F-16.

Internationally, the big news comes from Denmark, center of a mounting furor over some cartoons, published the previous year in a Danish newspaper, that depict a prophet whom, in the interest of not offending anybody, we will refer to as Fohammed. This upsets several million of the prophet's followers, who request a formal apology from the newspaper, greater sensitivity to

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their religious beliefs and, where necessary, beheadings. Eventually everybody realizes that the whole darned thing was just a silly misunderstanding. That is all we are going to say about this.

In sports, Super Bowl XVXXLMCMII takes place in Detroit, and by all accounts it's a big success for the Motor City, with huge crowds thronging to both of the restaurants. The Pittsburgh Steelers win a game featuring a controversial play in which an apparent Seattle Seahawk touchdown pass is called back after the Steeler defender -- in what is later ruled an accident -- is gunned down by Vice President Cheney.

But the big sporting event is the Winter Olympics, a glorious quadrennial celebration of world-class virtuoso athletic accomplishment in sports nobody has ever heard of. Surprise winners include Latvia in the 500-kilometer Modified Nordic Combined; the Republic of Irvingkahnistan in the 2,300-meter Slavic Personified; and U.S. skier Bode Miller in Most Nike Commercials Featuring a Competitor Who, in the Actual Competitions, Mainly Falls Down.[MARCH]

. . . the real-estate boom appears to be over, as the government reports that, so far in 2006, only one U.S. homeowner managed to sell his house, and he had to offer, as an incentive to the buyer, his wife. But the employment numbers remain strong, thanks to strong growth in the sector of people trying to get you to refinance your mortgage for, like, the sixth time. Meanwhile, as the average gasoline price creeps past $2.50, the Hummer company, having downsized from the massive Hummer to the somewhat smaller H2, and then to the even smaller H3, begins development of the H4, which the company says will be "a very rugged skateboard."

In the Academy Awards, the overwhelming favorite for best picture is "Brokeback Mountain," the story of two men who discover, while spending many isolated weeks together in the mountains, that they enjoy exchanging instant messages with Mark Foley. But, in a stunning upset, the Oscar for best picture instead goes to "Crash," a documentary about Bode Miller.

In other entertainment news, a book by two San Francisco Chronicle writers revives suspicions about possible steroid use by San Francisco Giants slugger Barry Bonds, alleging, with extensive documentation, that as recently as 10 years ago, Bonds was a woman.

In other science news, thrilled NASA astronomers, in what they describe as a "smashing, surprising" discovery, announce that they have found evidence of pockets of water beneath the surface of Enceladus, one of the moons of Saturn, which strongly suggests -- as has long been suspected -- that astronomers do not get out much.

In foreign news, Israeli voters give a parliamentary majority to acting Prime Minister Ehud Olmert because his name can be rearranged to spell "hot eel drum." Meanwhile in Paris, thousands of demonstrators take to the streets and shut down the city to demonstrate the fact that, hey, it's Paris. In the Middle East, tension mounts in response to mounting tension. We don't know specifically what is happening in Africa, but we know it is bad.[APRIL]

. . . Tom DeLay decides not to seek reelection to Congress, making the announcement via audio-tape from a cave somewhere in Pakistan. Republican leaders express relief over DeLay's decision and issue a statement pledging that there will be "no more Republican scandals, unless somebody finds out about Mark Foley."

Meanwhile in the Middle East, tension mounts still higher when Iranian President Mahmoud Ahmadinejad announces that Iran has successfully produced enriched uranium, although he claims that his nation plans to use it only for peaceful purposes, "such as cooking." In Iraq, there is good news and bad news for the Bush administration: The good news is that rival Iraqi leaders have finally agreed on a new prime minister. The bad news is that it is Nancy Pelosi.

Domestically, the national debate over illegal immigration heats up as thousands of demonstrators take to the streets of major U.S. cities, thus causing a total shutdown of Paris. Meanwhile the Mexican government, in what is widely viewed as a deliberate provocation, convenes in Milwaukee. But the big story is the price of gasoline, which continues its relentless climb toward an unprecedented $3 a gallon. Responding quickly, Congress, in a rare display of decisive bipartisan action, takes a recess, with both sides promising to resume bickering the instant they get back.[MAY]

. . . the National Oceanic and Atmospheric Administration, which has a budget of over $3 billion, predicts that the 2006 hurricane season will be worse than usual. This item will seem funnier later in the year. In related news, the voters of New Orleans reelect Ray Nagin as mayor, proving that Hurricane Katrina killed far more brain cells than was previously believed.

On the terrorism front, the Bush administration comes under heavy criticism following press reports that the National Security Agency has been collecting telephone records of millions of Americans. Responding to the outcry, President Bush assures the nation that "the government is not collecting personal information on any individual citizen," adding, "Warren H. Glompett of Boston, call your wife back immediately, because your dog has eaten your entire Viagra supply."

In another controversial move, the president announces that he will use National Guard troops to stop illegal immigration. The initial troops are assigned to guard the border between Mexico and Arizona, with California, New Mexico and Texas being covered by Dick Cheney.

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In Houston, former Enron executives Kenneth Lay and Jeffrey Skilling are convicted of fraud by a federal jury, which apparently is not persuaded by the defense's claim that Skilling and Lay could not have been responsible for the collapse of the $100 billion corporation because they were, quote, "both getting haircuts."

TRUE FACT: After the verdict, Lay says, "We believe God in fact is in control."

ANOTHER TRUE FACT: Less than two months later, Lay will die of heart failure.

In sports, Barbaro, the popular racehorse who won the Kentucky Derby, breaks his leg in the Preakness after a freak collision with Bode Miller. Barbaro is forced to retire, although his agent does not rule out future appearances on "Dancing With the Stars." Meanwhile the hottest show on TV is the much-hyped finale of "American Idol," which is won by crooner Taylor Hicks, who narrowly edges out Nancy Pelosi.[JUNE]

. . . the big sports story is the start of the World Cup tournament, with U.S. fans hopeful that our players have finally caught up with the rest of the world in soccer. The American team arrives in Italy brimming with confidence, only to be informed that the tournament is being held in Germany. Undaunted, the team boards a train for Geneva, with the coach promising that "we will score many touchdowns."

In politics, the debate over Iraq continues to heat up, with President Bush insisting that "we must stay the course, whatever it may or may not be," while the Democrats claim that they would bring the troops home "immediately," or "in about six months," or "maybe not for a long time," depending on which particular Democrat is speaking and what time of day it is. On a more positive note, U.S. troops kill Abu Musab al-Zarqawi, who is identified by intelligence experts as "a person with a really terrorist-sounding name." In another hopeful development in Iraq, the Sunnis and the Shiites agree to try to come up with a simple way for Americans to remember which one is which.

On the legal front, the U.S. Supreme Court rules that the Bush administration cannot try suspected terrorists in ad hoc military tribunals, after the court learns that the administration is interpreting "ad hoc" to mean "under water."

Dan Rather, who stopped anchoring the evening news in 2005, announces his retirement from CBS after a career spanning 44 years and several galaxies. Explaining his decision, Rather cites a desire to "explore other options" and "not keep getting maced by the CBS security guard."

On a happier note, the United States marks the 50th anniversary of the interstate highway system -- an engineering marvel consisting of 47,000 miles of high-speed roads connecting 157,000 Waffle Houses. A formal ceremony is planned, but it has to be canceled when Dad refuses to stop.[JULY]

. . . the Tour de France bicycle race is once again tainted by suspicions of doping when the winner, American Floyd Landis, is clocked ascending the Alps at over 200 mph. Landis denies that he uses illegal drugs, attributing his performance to, quote, "gears."

In other sports highlights, Italy defeats France in a World Cup final match that is marred by a violent head-butting incident involving Bode Miller. The U.S. team fares poorly in the World Cup, failing to win a single match; the players blame this on their inability to adjust to the "no hands" rule.

But the month's big story occurs in the Middle East, where violence flares along the Israel-Lebanon border in response to the fact that, because of terrible planning, the two countries are located right next to each other. In another troubling international development, rogue state North Korea test-fires seven ballistic missiles, including two believed to be potentially capable of reaching U.S. soil. World tension goes back down when the missiles, upon reaching an altitude of 200 feet, explode and spell "HAPPY BIRTHDAY." American military analysts caution that these missiles "could easily be modified to spell something more threatening."

In other rocket news, the troubled U.S. space program suffers yet another setback when the launch of the shuttle Discovery is delayed for several days by Transportation Security Administration screeners, who insist that the astronauts remove their shoes before they go through the metal detector. Finally, however, Discovery blasts off and flies a flawless mission, highlighted by scientific experiments proving that when you let go of things in space, they float around, same as last year.[AUGUST]

. . . when the International Astronomical Union rules that Pluto will no longer be classified as a major planet, on the grounds that it is "less than half the size of James Gandolfini." A top U.S. law firm immediately files a class-action lawsuit on behalf of Pluto, as well as "anybody else who has been hurt by this ruling or has ever experienced neck pain."

In sports, a French medical laboratory burns to the ground after the catastrophic explosion of Floyd Landis's urine sample.

Fidel Castro is rumored to be seriously ill after publication of photographs showing worms crawling out of his eye sockets. Cuban authorities insist that the aging leader is merely recovering from surgery and that, for the time being, government operations are in the capable hands of Nancy Pelosi.

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As the situation in Lebanon deteriorates, Secretary of State Condoleezza Rice warns that, if violence continues, the United States will have no choice but to dispatch Vice President Cheney to the region to hunt doves. Within minutes, a cease-fire breaks out, with both sides agreeing to resume fire at a mutually convenient future date.

Meanwhile, commercial air travel turns into a total nightmare. No, wait, it was already a total nightmare. But it turns into an even worse total nightmare after Britain uncovers a terrorist plot targeting international flights, which results in a whole new set of security rules, including a total ban on all gels and liquids, including spit, urine, heavy perspirers and lactating women. After days of chaos at the airports, the TSA issues a new directive stating that "passengers may carry small quantities of liquids on board, but only if they are inside clear, one-quart, sealable plastic bags." This leads to still more chaos, as many TSA employees interpret this to mean that the passengers must be inside the bags. Eventually the TSA issues a clarification stating that "if necessary, the bags can have air holes."

Elsewhere in the War on Terror, the Bush administration suffers a setback when a federal judge in Michigan rules that U.S. authorities cannot call up suspected terrorists and try to get them to switch long-distance carriers.

In crime news, a man in Thailand claims that he had something to do with the 1996 murder of JonBenet Ramsey. It quickly becomes clear that the man is an unstable creep whose story is totally unbelievable, so the cable TV shows drop it.

Ha-ha! Just kidding! The cable TV shows go into days of round-the-clock, All-JonBenet-All-the-Time Wallow Mode. Battalions of legal experts are called in, some of them so excited about the opportunity to revisit the JonBenet tragedy that additional janitors have to be brought to the studios to mop up puddles of expert weewee.

On the weather front, the until-now quiet hurricane season erupts in fearsome fury in the form of Tropical Storm Ernesto, which hurricane experts, using scientific computer models, predict could become a major storm and inflict devastation upon Texas, or possibly Florida or Connecticut. A state of near-panic sets in as millions of coastal residents jam gas stations, hardware stores and supermarkets, while many schools and businesses close. Tension mounts for days, until finally Ernesto slams into Florida with all the fury of a diseased fruit fly. Life slowly returns to normal for everyone except the ever-vigilant hurricane experts, who immediately begin scanning their scientific computer simulations for the next potentially deadly threat.[SEPTEMBER]

. . . Steve Irwin, of "Crocodile Hunter" fame, is fatally wounded while filming a new TV series-- in what biologists describe as a freak accident -- he collides with Bode Miller. Meanwhile, Americans -- already on edge because of concern over terrorism, avian flu, AIDS, nuclear escalation and global warming -- find themselves facing a deadly new menace: killer spinach. The lethal vegetable is removed from supermarket shelves by police SWAT teams; many units of innocent produce are harmed. Paris shuts down completely.

Speaking of vegetables, the U.S. Congress is rocked by yet another scandal with the publication of e-mails and instant messages sent to male pages by Congressman Mark Foley of Florida, in which he explicitly discusses acts of a sheepherding nature. As the scandal expands, House Republican leaders issue a statement claiming that they "are not aware of any so-called Congressman Mark Foley of Florida." Democrats cite Foley as another example of Republican corruption, declaring that they would never, ever, under any circumstances tolerate such behavior, unless it involved a consenting page.

In other political developments, the New York Times prints a leaked top-secret government report expressing doubts about the war in Iraq. The Bush administration holds a secret meeting to prepare a response, but within hours the Times prints leaked details of the meeting, including who went to the bathroom and why. The administration then attempts to take out the Times building with a missile, but the Times, using leaked launch codes, redirects the missile to The Washington Post. As the debate over Iraq heats up, President Bush pledges to "keep on continuing to stay the present course while at the same time not doing anything different." Democratic leaders declare that they have a "bold new plan" for Iraq, which they will reveal just as soon as the New York Times leaks it to them.

Abroad, Pope Benedict XVI gets in big trouble when he gives a speech suggesting that the Muslim religion has historically been linked to violence. Ha-ha! What a crazy idea! The pope soon sees that he has made a big mistake and apologizes several times.

Rumors about Fidel Castro's health continue to swirl following publication of a photograph showing Venezuelan President Hugo Chavez shaking Castro's hand. The rest of Castro's body is nowhere to be seen.[OCTOBER]

. . . North Korea conducts an underground nuclear test, which is especially troubling because the ground in question is located in Wyoming. This goes virtually unnoticed in Washington, where everybody continues to be obsessed with the growing body of instant messages generated by Mark Foley, who, despite his busy schedule as a lawmaker, apparently found time to attempt to become sheepherding buddies with pretty much every young male in North America.

In other political developments, Sen. Barack Obama, looking back on a career in the U.S. Senate that spans nearly 20 months, allows as how he might be ready to move on to the presidency. Obamamania sweeps the nation as millions of voters

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find themselves deeply impressed by Obama's views and the fact that he was on "Oprah." In a gracious gesture from a potential 2008 rival, Sen. Hillary Rodham Clinton sends Obama a good-luck card, which is stapled to the head of a horse.

Opponents of illegal Mexican immigration had cheered when Congress authorized the construction of a 700-mile fence. Their cheers quickly fade when they learn that, because of wording inserted at the last minute by Sens. Robert Byrd and Ted Stevens, 650 miles of the fence will be constructed in West Virginia and Alaska.

Vice President Dick Cheney again becomes the center of controversy when, while being interviewed on a radio show, he defends the interrogation technique known as "water-boarding" as a legitimate anti-terrorism tool, not torture. At first the host disagrees, but after several "commercial breaks," Cheney brings him around.

A strong earthquake shocks Hawaii, causing Paris to shut down completely.

In sports, a football game between the University of Miami and Florida International University is marred by violence, prompting both schools to seriously consider banning players from carrying handguns onto the field. In baseball, the New York Yankees, despite being clearly the best and most expensive team the world has ever seen, fail to even get into the World Series, leaving Yankee fans to spend yet another bitter off-season wondering why their team can't simply be awarded the championship and not have to play these stupid games against clearly inferior teams from dirtball cities that don't even have subways.[NOVEMBER]

. . . when Kerry's "joke" causes widespread outrage, prompting Kerry, with typical humility, to insist that it was obviously humorous and that anybody who disagrees is an idiot. Kerry is finally subdued by Democratic strategists armed with duct tape, but not before many political analysts see a tightening of the race to control Congress.

As the campaign lumbers to the finish line, the Republicans desperately hope that the voters will not notice that they -- once the party of small government -- have turned into the party of war-bungling, corruption-tolerating, pork-spewing power-lusting toads, while the Democrats desperately hope that the voters will not notice that they are still, basically, the Democrats. The actual voters, of course, are paying no attention, having given up on politics months ago because every time they turn on the TV all they see are political ads accusing pretty much every candidate on either side of being, at minimum, a child molester.

Thus nobody really knows what will happen as the voters go to the polls. In Florida, nobody knows anything even after the voting is over, because -- prepare to be shocked -- many electronic balloting machines malfunction. Voters in one district report that their machines, instead of displaying the candidates for Congress, showed "Star Wars: Episode IV." (By an overwhelming margin, this district elects Jabba the Hutt.) Nationwide, however, it eventually becomes clear that the Democrats have gained control of both houses of Congress. President Bush handles the defeat with surprisingly good humor, possibly because his staff has not told him about it. For their part, future House and Senate majority leaders Nancy Pelosi and Harry Reid issue a joint statement promising to "make every effort to find common ground with the president," adding, "We are clearly lying." Pelosi sets about the difficult task of trying to fill leadership posts with Democrats who have not been videotaped discussing bribes with federal undercover agents.

The first major casualty of the GOP defeat is Defense Secretary Donald Rumsfeld, who, the day after the election, is invited to go quail-hunting with the vice president. He is never seen again. As Rumsfeld's replacement, the president nominates -- in what is widely seen as a change in direction on Iraq -- Barbra Streisand.

In other celebrity news, Michael Richards, a graduate of the Mel Gibson School of Standup, responds to a comedy-club heckler by unleashing a racist tirade so vile that even John Kerry realizes it is not funny. A chastened Richards apologizes for his behavior, citing, by way of explanation, the fact that he is a moron.

Speaking of which, O.J. Simpson is once again in the headlines when Fox TV announces that Simpson will be interviewed on a two-night special in conjunction with his new book, If I Did It, in which he will explain how, "hypothetically," he would have murdered Nicole Brown Simpson and Ronald Goldman. This idea is so sick, so disgusting, so utterly depraved that it would undoubtedly get huge ratings. But Fox, faced with withering criticism, is forced to cancel the project, which is the brainchild of publisher Judith Regan, about whom you could write a "hypothetical" book titled If Judith Regan Had the Moral Standards of a Tapeworm.

On the economic front, the holiday shopping season officially kicks off with "Black Friday," and retailers are pleased with the numbers: 2,038 shoppers hospitalized, up 37 percent from last year.

In other good news, with only a few days left in the virtually storm-free 2006 hurricane season and still no storms in sight, U.S. weather experts, citing new data, predict that the season will end up having been very mild. This forecast turns out to be right on the money, but the experts waste no time on self-congratulation, as they immediately begin making scientific predictions for next year's hurricane season, which, they warn, could be a bad one.[DECEMBER]

. . . gets off to a troubling start , with the worsening situation in Iraq worsening faster than ever. The nation's hopes for a solution are pinned on the Iraq Study Group, a presidentially appointed blue-ribbon panel consisting of five Republicans, five Democrats and the Wizard of Oz. In accordance with longstanding Washington tradition, the panel first formally leaks its report to

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the New York Times, then delivers it to the president, who turns it over to White House personnel specially trained in reading things.

In essence, the study group recommends a three-pronged approach, consisting of: 1) a gradual withdrawal of U.S. troops, but not on a fixed timetable; 2) intensified training of Iraqi troops; and 3) the physical relocation of Iraq, including buildings, to Greenland. Republican and Democratic leaders, after considering the report for the better part of a nanosecond, commence what is expected to be a minimum of two more years of bickering.

With the Iraq situation pretty much solved, the world's attention shifts to Iran and its suspected nuclear program, which becomes the subject of renewed concern after U.S. satellites detect a glowing 400-foot-high spider striding around Tehran. Iranian President Mahmoud Ahmadinejad insists that it is "a peaceful spider" that will be used "only for mail delivery." Shortly thereafter, North Korea -- in what many observers see as a deliberate provocation -- detonates a nuclear device inside the Lincoln Memorial.

Finally responding to these new threats to international stability, the five permanent members of the U.N. Security Council -- the United States, the United Kingdon, Russia, China and Google -- hold an emergency meeting in Paris, where, after heated debate, they vote to have a bottle of 1959 Chateau Margaux with their entree. Unfortunately, they cannot agree on a dessert wine, causing the city, which had just reopened, to shut down completely.

In other food news, New York City, having apparently solved all of its other problems, bans "trans fats." Hours later, police surround a Burger King in Brooklyn and fire 50 bullets into a man suspected of carrying a concealed Whopper. The medical examiner's office, after a thorough investigation, concludes that the man "definitely could have developed artery problems down the road."

Speaking of health problems, rumors that Fidel Castro is ailing gain new strength when, at an official state dinner in Havana, a waiter accidentally tips over the longtime Cuban leader's urn, spilling most of him on the floor.

In other deceased-Communist news, British police rule that the mysterious death of a former Russian spy in London was a murder, caused by the radioactive element polonium-210. New York immediately bans the element, forcing the closure of 70 percent of the city's Taco Bells.

As the year, finally, nears its conclusion, Americans turn their attention to the holiday season, which they celebrate -- as generations have before them -- by frantically overbidding on eBay for the Sony PlayStation 3, of which Sony, anticipating the near-homicidal level of demand, manufactured an estimated 11 units. Millions of Americans also head "home for the holidays," making this one of the busiest air travel seasons ever. The always vigilant TSA responds by raising the Security Threat Level to "ultraviolet," which means that passengers may not board an airplane if they contain blood.

But despite the well-founded fear of terrorism, the seemingly unbreakable and escalating cycle of violence in the Middle East, the uncertain world economic future, the menace of global warming, the near-certainty that rogue states run by lunatics will soon have nuclear weapons, and the fact that America is confronting these dangers with a federal government sharply divided into two hostile parties unable to agree on anything except that the other side is scum, Americans face the new year with a remarkable lack of worry, and for a very good reason: They are busy drinking beer and watching football.

So, Happy New Year.

(Burp.)

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Bush Has Quietly Tripled Aid To Africa (WP)

By Michael A. Fletcher

The Washington Post, December 31, 2006

President Bush's legacy is sure to be defined by his wielding of U.S. military power in Afghanistan and Iraq, but there is another, much softer and less-noticed effort by his administration in foreign affairs: a dramatic increase in U.S. aid to Africa.

The president has tripled direct humanitarian and development aid to the world's most impoverished continent since taking office and recently vowed to double that increased amount by 2010 -- to nearly $9 billion.

The moves have surprised -- and pleased -- longtime supporters of assistance for Africa, who note that because Bush has received little support from African American voters, he has little obvious political incentive for his interest.

"I think the Bush administration deserves pretty high marks in terms of increasing aid to Africa," said Steve Radelet, a senior fellow at the Center for Global Development.

Bush has increased direct development and humanitarian aid to Africa to more than $4 billion a year from $1.4 billion in 2001, according to the Paris-based Organization for Economic Cooperation and Development. And four African nations -- Sudan, Ethiopia, Egypt and Uganda -- rank among the world's top 10 recipients in aid from the United States.

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Beyond increasing aid to Africa, Bush has met with nearly three dozen African heads of state during his six years in office. He visited Africa in his first term, and aides say he hopes to make a return visit next year.

Although some activists criticize Bush for not doing more to end the ongoing genocide in the Darfur region of Sudan, others credit him for playing a role in ending deadly conflicts in Liberia, the Congo and other parts of Sudan. Meanwhile, Bush has overseen a steady rise in U.S. trade with Africa, which has doubled since 2001.

"He should be known for increasing -- doubling development assistance and tripling it to Africa after a period in which U.S. development assistance was essentially flat for decades," Secretary of State Condoleezza Rice said in a recent interview with the Associated Press. "He should be known for the largest single investment in AIDS and malaria, the biggest health investment of any government program ever."

To many longtime Africa supporters, all of this is surprising for a president who is often criticized as lacking curiosity about much of the world and who heads a political party traditionally skeptical of the efficacy of foreign aid.

But attacking African poverty has become a growing priority of some of the religious groups at the core of Bush's political base, and some lawmakers credit them with stoking the president's interest in the subject.

"The evangelical community raised the awareness of HIV and AIDS to the president," said Rep. Donald M. Payne (N.J.), the top-ranking Democrat on the House International Relations subcommittee on Africa. "When the Bush administration came in, HIV and AIDS were not an overwhelming priority. Now we have seen a total metamorphosis."

Current and former White House aides and independent analysts say Bush's interest in Africa is rooted in the numerous humanitarian crises that continue to bedevil the continent, as well as in the growing importance of Africa in a world increasingly linked by economics and terrorist threats.

"I think there are two reinforcing trends here. One of them is the upside of foreign policy moralism," said Michael J. Gerson, a former Bush aide who was a persistent and persuasive advocate for Africa. "Another one is the growing strategic significance of Africa: the conflict with radical Islam; the problem of failed states and terrorism; and the growing importance of Africa on the resource side: oil."

Some advocates suspect that the Bush administration's interest in Africa is motivated more by business ambitions than altruism. Grants made by the Millennium Challenge Corp., a foreign aid program developed by Bush with the aim of rewarding poor countries that practice good governance, are also partially predicated on whether countries have open markets that allow widespread foreign investment.

"I know a lot of activist groups who believe that the president's stated commitment to Africa is, at best, a play on words," said Nii Akuetteh, executive director of Africa Action, a Washington-based advocacy organization. "First of all, much of the aid is emergency food or medical aid, rather than true development assistance. Then there are conditions that are attached where the emphasis is more on countries that open up their markets so American companies can go in and privatize things like water and electrical service or have access to certain resources."

Bush launched his $1.2 billion malaria initiative in June 2005 with the goal of reducing malaria-related deaths in 15 African countries by 50 percent. The disease kills more than 1 million people a year, most of them African children under age 5.

The malaria program complements the president's largest global health initiative, the $15 billion, five-year plan known as the President's Emergency Plan for AIDS Relief (PEPFAR). Under the program, about 800,000 Africans are receiving drugs that enable them to live longer with the disease and help to prevent mother-to-child transmission of the virus.

"We launched one of the most important initiatives in American history, as far as I'm concerned, and that is the Emergency Plan for AIDS Relief," Bush said at a recent conference on malaria.

PEPFAR, which often funds programs through religious organizations, has come under criticism for promoting faith-based ideology over science, emphasizing abstinence programs and giving inaccurate information about the effectiveness of condoms in preventing HIV transmission. Payne says such concerns have been allayed in recent years, and he and others credit PEPFAR with saving hundreds of thousands of lives.

The Bush administration's efforts in Africa have dovetailed with a rise in aid to Africa from private groups, including the Bill and Melinda Gates Foundation, as well as loan forgiveness from organizations such as the World Bank and stepped-up assistance from other countries, including Britain and France.

"I think [increasing aid to Africa] will be one of the things the president is most proud of when he leaves office," Gerson said. "It doesn't fit the preconception, the caricature that the president somehow has a preference for using the blunt instruments of force in international affairs when in fact on a variety of topics, the president has been a root-cause thinker in an unexpected way."

Somalia's Islamists Vow Never To Surrender (NYT)

By Jeffrey Gettleman

DOJ_NMG_0111496

The New York Times, December 31, 2006

ADDIS ABABA, Ethiopia, Dec. 30 — A phalanx of Ethiopian tanks and armored personnel carriers chugged toward Kismayo, the last city occupied by Somalia's diminished Islamist movement, witnesses said Saturday, while the Islamists inside the city dug in and vowed never to surrender.

According to residents along Somalia's coast, the Ethiopian troops, with soldiers from Somalia's transitional government, were preparing to seize Kismayo, a port city near the Kenyan border.

Sheik Sharif Sheik Ahmed, a high-ranking cleric, emerged from a mosque in the city on Saturday, surrounded by gunmen, and told his followers that the Islamist leadership was not finished.

"The Islamic courts are still alive and ready to fight against the enemy of God," Sheik Ahmed told residents of Kismayo in a speech on Saturday. "We left Mogadishu in order to prevent bloodshed in the capital, but that does not mean we lost the holy war against our enemy."

Sheik Ahmed called on Somalis to begin an anti-Ethiopian insurgency. Already, several masked gunmen have surfaced on Mogadishu's streets, suggesting a guerrilla movement may have begun.

Diplomats in Kenya, though, said that they were talking to moderate representatives of the Islamic movement on Saturday, trying to persuade them to back down. The Islamists are essentially cornered, hemmed in by the Indian Ocean, a sealed Kenyan border and thousands of troops headed their way. Their only route of escape may be to flee into the thickly forested area south of Kismayo, which Western intelligence officers suspect has been used before as a terrorist hide-out.

In Mogadishu, the presence of Ethiopian soldiers continued to spark scattered violence, with supporters of the Ethiopians battling street by street against the remaining Islamist partisans. Gunshots rang out, men and women battled with sticks and rocks and the thick black smoke of burning barricades lifted into the air.

Just two days ago, in a stunning reversal of fortune, Somalia's transitional government, with the muscle of the Ethiopian military, reclaimed Mogadishu from the Islamist movement that had ruled large swaths of Somalia. Despite the Islamists' repeated vows to fight to the death, their forces evaporated and Mogadishu fell without a shot. Many Somalis said Saturday that they hoped the same thing would happen in Kismayo.

More than a thousand people have been killed in fighting across the country since Dec. 20, and Somalia's leaders now face the daunting task of trying to piece together a country that has not had a functioning central government for 15 years.

Sheikhdon Salad Elmi, the director of a large hospital in the Medina neighborhood of Mogadishu, said the prospects for stability depended on how long the Ethiopian troops stayed. "I think it's naïve for them to go right now," Dr. Elmi said. "We need them for security. But they are very visible and most people don't like them. The longer they stay, the more resentment that will come."

Somalia has fought, and lost, two wars with Ethiopia, but never before have Ethiopian troops occupied the capital. On Saturday, some supporters of the Ethiopians waved pictures of Meles Zenawi, Ethiopia's prime minister. "It's very humiliating," Dr. Elmi said.

Ethiopian officials have said that they plan to withdraw troops in a matter of weeks but not before neutralizing the Islamists, who declared a holy war against Ethiopia, a country with a long Christian history and Somalia's larger and more powerful neighbor.

The Ethiopian military, with tacit American approval, unleashed a fierce attack against the Islamists last Sunday, bombarding their positions with jet fighters and pushing tanks deep into Somali territory.

Since then, the Islamists have been steadily on the run, their teenage troops no match for Ethiopia's well-equipped modern army.

Further Combat Looms In Somalia (WP)

By Stephanie McCrummen

The Washington Post, December 31, 2006

ADDIS ABABA, Ethiopia, Dec. 30 -- Somali government troops heavily backed by Ethiopian tanks and soldiers pushed Saturday toward Somalia's port city of Kismaayo, the last stronghold of the Islamic Courts movement swept from power in recent days.

A major battle between the two sides seemed imminent, as Ethiopian jets blew over towns near Kismaayo, and leaders of the Islamic movement rallied fighters who had retreated to the area in the face of Ethiopia's vastly superior military force.

The Islamic Courts movement is "ready to fight against the enemy of Allah," Sharif Ahmed, a leader of the group, told residents of Kismaayo, according to the Associated Press.

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Somalis are growing impatient with the presence of thousands of Ethiopian troops in their country, but Ethiopian Prime Minister Meles Zenawi, who has backed the interim Somali government now in power, has said his military will not pull out until it has captured the most "extremist" leaders and "international jihadists" within the Courts movement.

Meles has accused those leaders of supporting ethnic Somali separatist groups in Ethiopia, and both the United States and Ethiopia have accused the Islamic Courts fighters of sheltering terrorists, an allegation the movement has called propaganda.

The United States has denied giving Ethiopia the green light to invade Somalia but has steadfastly supported Ethiopia's right to self-defense, and Meles has characterized this war as defensive, not preemptive. Just days before the Ethiopian action, the U.S. assistant secretary of state for African affairs, Jendayi E. Frazer, accused the Islamic group of being "controlled" by an al-Qaeda cell, an allegation that regional analysts say was exaggerated and intended to justify Ethiopia's incursion.

The U.S. government, which has a substantial military presence up the coast in Djibouti, has said that four suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania could be among the 2,000 or so fighters who retreated in recent days to the Kismaayo area, which includes a vast forest ideal for hiding in and staging a guerrilla war.

The Islamic Courts movement came to power in June with the popular support of Somalis tired of the brutish rule of warlords who called themselves an "anti-terrorism coalition" and received financial backing from the CIA.

Somalis tend to adhere to a moderate version of Islam, and for many, supporting a movement that enforced Islamic law with varying degrees of severity was a pragmatic choice rather than a religious one.

It is perhaps a measure of that pragmatism that as the government asserted control of Mogadishu, the capital, on Friday, many of the Islamic fighters simply slipped off their uniforms, shaved their beards and went back to regular life, witnesses said.

Hundreds of Somalis greeted the formerly exiled Prime Minister Ali Mohamed Gedi, seemingly willing to give the secular government a chance if it means restoring order to their country, which has not had a central government since the warlords overthrew President Mohamed Siad Barre in 1991.

Elsewhere in the city Friday, hundreds of Somalis protested against Ethiopian troops in Mogadishu. The rallies continued on a smaller scale Saturday, witnesses said.

More than religious fervor, Somalis seem motivated by nationalism. Analysts say the presence of the Ethiopian troops could jeopardize the government, which was cobbled together by negotiators in Kenya nearly two years ago and has struggled against its image as a group of outsiders.

"If it happens that the Islamic extremists win out, I think moderate Somalis will be supportive under the banner of Somali nationalism, not religious extremism," said David Shinn, a former U.S. ambassador to Ethiopia.

By Saturday, Ethiopian and Somali government troops had reached the town of Jilib, about 80 miles north of Kismaayo, and were pushing ahead, according to Somalia's ambassador to Ethiopia, Abdikarin Farah. "Obviously," he said, "they are advancing."

Somali Forces Pursue Islamists (WT)

The Washington Times, December 31, 2006

MOGADISHU, Somalia (Agence France-Presse) -- Somali government forces marched on the last stronghold of the country's powerful Islamist movement yesterday, even as Prime Minister Ali Mohammed Gedi called for dialogue with Islamist leaders.

Residents said fighter jets, thought to be Ethiopian, were flying over Kismayo, about 300 miles south of the capital, prompting fears of attacks on the city.

"Our troops are moving towards Kismayo," Mr. Gedi told reporters.

Islamist fighters had regrouped in Kismayo after government forces backed by Ethiopian troops forced them to abandon the capital Mogadishu on Thursday, following 10 days of heavy fighting.

Witnesses told Agence France-Presse that they had seen a convoy of military vehicles heading in the direction of Kismayo and others said planes were flying over the city.

"Military jets are flying over the town. We cannot see them [because it is night], but they are flying low-level, they have not dropped any bomb yet," Farahan Jiis, a resident, said.

"We can hear the terrible sound they are making," added Leila Sheikh Aden.

Earlier yesterday, Mr. Gedi had called on his government's Islamist rivals to "join us" and enter into a dialogue. At the same time he warned of serious reprisals if the Islamists followed through on threats to wage a guerrilla campaign.

The appeal for talks came as Deputy Prime Minister Mohamed Hussein Aidid warned that the security situation in the capital, which has long been awash with arms, remained potentially volatile, with "around 2,000" Islamists thought to have remained behind when the city was taken.

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"Some are hiding in houses and some are armed," Mr. Aidid said. "There are mines, lots of weapons and many foreign fighters in the city."

A day of violence and looting after the Islamists abandoned Mogadishu triggered fears of a return to the bleak days when the capital was a battleground for feuding clan chiefs.

Somali President Abdullahi Yusuf Ahmed held talks with clan elders yesterday in Afgoye, west of Mogadishu, and later announced the nomination of a new mayor for the capital and the reinstatement of the city's police chief.

Somalia's transitional administration, which has international recognition, was set up in October 2004 in a bid to impose the rule of law in a nation where political institutions had become powerless.

Mr. Gedi's arrival in Mogadishu on Friday marked the first time the weak interim government has been in a position to exercise authority in the capital, which was under Islamist control for six months.

The city has witnessed several angry protests in the past two days against the presence of Ethiopian troops, with demonstrators hurling stones and burning tires in the streets.

Somalia fought wars against Ethiopia in 1964 and in 1977-78.

In Kismayo, senior Islamist leader Sheik Shariff Sheik Ahmed vowed that the movement would continue to wage war against the Ethiopian troops.

"I want to tell you that the Islamic courts are still alive and ready to fight against the enemy of Allah," Sheik Ahmed told residents in the port town.

Somalia Government Steps Gingerly Toward Its Capital (LAT)

By Edmund Sanders

The Los Angeles Times, December 31, 2006

MOGADISHU, SOMALIA — Leaders from Somalia's capital gathered Saturday where matters of importance are often debated and settled here: under the shade of a thorny aqab tree.

This one was at a bombed-out military barracks on the edge of Mogadishu, chosen because the guest of honor, President Abdullahi Yusuf, refuses to enter a notoriously dangerous city that until last week had been under the control of an Islamist alliance. "I will come to Mogadishu once everything is in place," he said.

Though most Islamist fighters fled Thursday when troops from Ethiopia and Somalia's transitional government advanced, so far the government is moving cautiously in finishing the pacification and occupation of the capital. Most government soldiers remain on the city outskirts. Only one government agency, the Interior Ministry, has moved back in.

The security vacuum has led to sporadic looting and rioting. Local leaders warned that the transitional government might lose control of the capital if it did not act quickly to solidify its victory.

"People are already hiding their guns underground," said Ibrahim Shawey, the former mayor of Mogadishu. "I urge the government to use force [to disarm the city], rather than negotiate."

Part of the delay is strategic, officials said, with government forces needed elsewhere in the country. On Saturday, thousands of Ethiopian-led troops were heading south to the last Islamist holdout in Kismayo, about 280 miles from Mogadishu. Town leaders there briefly drove the Islamists out last week, but the region was overwhelmed again by hard-line fighters after they fled the capital.

Leaders of the Islamic Courts Union, supported by an extremist faction known as Shabab and some suspected foreign fighters, are threatening to make a last stand against Ethiopian soldiers in the region.

"Islamic Court officials will not surrender," said the alliance's chairman, Sheik Sharif Sheik Ahmed. "We will defend ourselves and defeat the enemy." He issued similar threats in Mogadishu, only to abandon the capital without a fight.

Prime Minister Ali Mohammed Gedi said Saturday that a battle was possible if the Islamists refused to give up or flee. "If remnants try to attack, bloodshed will take place," he said.

But the possible final showdown was sapping needed troops inside Mogadishu. Pacifying the capital will not be easy, Interior Minister Hussein Aidid said.

An estimated 2,000 armed opponents, including some Islamist fighters, are believed to be hiding in the city, and it is feared that Islamists may have left behind mines or booby traps.

Although the Islamic Courts Union collected the guns of militias and citizens at the beginning of its six-month reign, it redistributed them shortly before leaving the city. As a result, Mogadishu is once again awash in guns, particularly among two clans with a history of animosity toward the transitional government.

Many say they will keep their weapons. "I'll never give up my gun, either to the government or to the Ethiopians," said Iman Adan, 31, who worked at a high school before joining the Islamic Courts. "I'm ready to fight or die."

Government officials won't say how many troops are providing security inside the city.

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Yusuf, who took a great deal of ribbing Saturday for his reluctance to enter Mogadishu, vowed to immediately implement a disarmament program, by force if necessary. Gedi predicted the guns would be collected within three weeks.

But both men said Mogadishu's leaders must share the responsibility by supporting the government, including the deployment of Ethiopian troops, and by controlling their children. In recent days, much of the anti-Ethiopia looting and rioting has involved teenagers.

"You must welcome the president not only by mouth, but by heart," said Gedi, who was targeted by assassins twice last year during visits to the capital. "In the past, you were welcoming me, but not working with me."

Peacekeepers Rebuff Chad Protection Force Proposal (AFP)

AFP, December 31, 2006

United Nations (UN) peacekeepers have rebuffed a call from the Security Council for a force to protect refugees in Chad, a report said.

The suggested force, which would also have policed the border with Sudan, was snubbed in a rare challenge to the security council, the Financial Times said, citing a UN peacekeeping department report which has yet to be released.

"Conditions for an effective UN peacekeeping operation do not seem to be in place at this time," it quoted the report as saying.

"Unless all the parties were to agree to a ceasefire and engage in a dialogue...a UN force would be operating in the midst of continuing hostilities and have no clear exit strategy."

The force was proposed in August in a resolution dealing with the regional consequences of the Darfur conflict.

The security council has also expressed concerns about attempts by rebel groups to seize power in Chad.

The report reflects peacekeepers' concern that they are being asked to do too much around the world, the FT said.

In October, Jean-Marie Guehenno, a senior UN peacekeeping official, described an "unprecedented" surge in the number and size of missions, for example in Lebanon and Sudan.

Castro Message Says He Could Recover (AP)

By Anita Snow, Associated Press Writer

AP, December 31, 2006

A statement attributed to Fidel Castro on the eve of the revolution's 48th anniversary assured Cubans Saturday that the ailing leader could still recover from his prolonged illness.

The message was read by a newscaster on state television and radio. Castro traditionally sends a message to Cuban citizens every New Year's Eve to mark the anniversary of the Jan. 1, 1959, revolution that brought him to power.

"I am grateful to you for your affection and support," read the message. "Regarding my recovery, I have always warned that it could be a prolonged process, but it is far from being a lost battle.

"I collaborate as a disciplined patient, attended by the...team of our doctors."

Castro purportedly said he was still "in the loop" when it came to matters of state. "I have had exchanges with our closest comrades always when cooperation has been necessary on vitally important issues."

Earlier Saturday, Cuba's Communist Party daily reported that Castro telephoned the Chinese ambassador in Havana to wish President Hu Jintao a happy new year.

The government's release of the message and the news about his call to the Chinese ambassador seemed aimed at ensuring the world that he is recovering, five months after he underwent emergency intestinal surgery.

Because Castro's medical condition is shrouded in secrecy, it has been the subject of speculation and rumor.

Castro, 80, has not been seen in public since shortly before July 31 when he announced he was temporarily stepping aside while he recovered from his operation.

He has provisionally ceded power to his brother Raul, the 75-year-old defense minister.

Saturday's story said Castro called Chinese Ambassador Zhao Rongxian on Thursday evening and they discussed relations between their countries. The ambassador also transmitted his president's wishes for Castro's speedy recovery.

The island's official media has not commented on a Spanish surgeon's declarations earlier this week that Castro did not have cancer and was slowly recovering from a serious operation.

Jose Luis Garcia Sabrido, chief surgeon at Madrid's Gregorio Maranon Hospital, said he flew to Havana on Dec. 21 to see Castro and consult with the Cuban leader's medical team on how his treatment was progressing.

Castro's medical condition is a state secret, but Cuban authorities deny he suffers from terminal cancer, as U.S. intelligence officials have claimed. Cuban officials have nonetheless stopped insisting Castro will return to power.

Garcia Sabrido said Castro could resume the presidency if his recovery is "absolute."

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Some doctors believe Castro may suffer from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In severe cases, emergency surgery may be required.

Castro Issues New Year's Message (BBC)

BBC.com, December 31, 2006

In his New Year message, ailing Cuban President Fidel Castro has said he is recovering slowly from his surgery.

"Concerning my recovery I always said it would be a long process," he said in the written message, read out by announcers on state-controlled media.

"But it is far from being a lost battle," he added.

The 80-year-old leader handed over control of the country to his brother Raul in July, when he underwent urgent intestinal surgery.

President Castro traditionally sends a message broadcast by state TV and radio to Cubans on New Year's Eve to mark the anniversary of the 1 January 1959 revolution that brought him to power.

"I have not stopped being in the loop on main events and information.

"I have had exchanges with our closest comrades always when co-operation has been necessary on vitally important issues," the statement read.

The president also thanked the Cuban people for their courage during his recuperation.

Speculation about President Castro's medical condition has been rife.

Although Mr Castro's health is a state secret, Cuban officials have said that he is not suffering from cancer or any terminal illness, and that he is recuperating.

After Fidel, Business As Usual? (WT)

By Steve Hirsch

The Washington Times, December 31, 2006

President Bush's hard-line attitude toward Cuba has prompted businesses to pull back from exploring opportunities in the communist nation.

That is not expected to change even as ailing, longtime dictator Fidel Castro lies in a hospital bed and his brother Raul runs the country.

Other factors hindering the potential of doing business there include the island's small population and poor investment climate, but Mr. Bush's strong stance is the overarching issue, according to government officials, businesses and longtime observers and analysts.

The Cuban economic embargo, imposed in the early 1960s, allows cash sales only for food, medicine and medical equipment and restricts travel to the island.

During the Clinton administration, U.S. companies visited Cuba on trade missions and considered trade, investment and other business opportunities.

The Bush administration, however, has adopted a tougher approach, including a tightening last year of payment requirements on food exports to Cuba. That, business officials say, has played a major part in discouraging U.S. companies from exploring the Cuban market.

"If you look at the way the administration has tried to restrict food sales to Cuba, even though Congress passed a law permitting them, and at the roadblocks they've placed in the path of people and companies trying to visit Cuba, companies don't have to stare too hard at the tea leaves to get the message," National Foreign Trade Council President William A. Reinsch said.

"They just give up on trying to plan for business there. There has clearly been a chilling effect on opening doors to Cuba, and the result is that we will be unprepared when restrictions are finally lifted, which everybody knows will happen eventually," he said.

Bush backs embargo

The Bush administration has left little doubt where it stands on the embargo.

Mr. Bush said in 2002 that without political and economic reform, trade with Cuba "will merely enrich Fidel Castro and his cronies" and that the bar on U.S. financing for Cuban farm purchases would continue, saying that it "would just be a foreign-aid program in disguise, which would benefit the current regime."

Whenever the United States has shown interest in easing relations with Mr. Castro, "somehow it's always failed," Commerce Secretary Carlos Gutierrez said in a recent interview.

"You look back at history over the last 47 years and anytime that it looks like we're getting too friendly, they go to Angola, they shoot a plane down, they open up their jails ... and they let out a lot of very nasty people, not political prisoners," he said.

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The administration believes that outside investment will not lead to political liberalization or democratization, stressed Caleb Charles McCarry, the administration's Cuba transition coordinator.

"Investing in the current economic and political structure in Cuba simply supports the regime, and does not support the aspirations of the Cuban people for genuine change that leads to political and economic freedom," he said.

Under current law, Cuba would have to establish a transition government that takes a number of steps toward democracy and "does not include" Mr. Castro or his brother Raul for the embargo to be lifted.

Raul Castro is now running the country while the Cuban leader is in the hospital, leading some observers to speculate that the post-Fidel Castro era has begun. Mr. Castro has not been seen in public since July.

However, even if Fidel Castro leaves office in the next five years, the Economist Intelligence Unit in London said in an October report that it "does not anticipate any sudden, radical alterations in the political system."

In addition, unless relations with Washington improve, the report said, Havana "will continue to limit dissent on the grounds of national security."

The report predicted continued hostile U.S.-Cuban relations and sanctions, regardless of Fidel Castro's presence, saying the sort of fundamental change in the relationship that could lead to liberalization "would require strong political will on both sides to overcome resistance based on ideology and vested interests, and there are no signs yet of any shift in the entrenched positions."

Hill could ease embargo

The election of Democratic House and Senate majorities for the next Congress could lead to efforts to ease the embargo. But without radical change in Cuba or a softened administration stance, those moves would be limited.

Earlier this month, a delegation of 10 members of Congress from both sides of the aisle visited Havana, the largest U.S. legislative mission to Cuba under Mr. Castro to date.

Raul Castro invited the U.S. to talk about the two countries' relations, including topics such as the embargo, immigration, drug trafficking, capture of fugitives, the environment and oil exploration.

Rep. Jeff Flake, an Arizona Republican who has sponsored legislation to allow U.S. companies to work with Cuba to exploit oil reserves off its northern coast, said his bill would be more likely to get out of committee in the next Congress and predicted more proposals around the edges of the embargo, in such areas as banking regulation.

He is the Republican chairman of the Cuba Working Group, a bipartisan group of members of Congress who are pushing for changes in U.S. policy toward Cuba.

Rep. Bill Delahunt, Massachusetts Democrat and the probable chairman of the International Relations oversight and investigations subcommittee, plans hearings on U.S. democracy assistance for Cuba. Mr. Delahunt, who is the Democratic head of the Cuba Working Group, said Congress initially will focus on travel restrictions, although he criticized current overall Cuba policy.

"You'd have to be oblivious to the past 50 years not to conclude that this just hasn't worked. And now, we don't understand, I don't think, what's happening in Cuba, what the reality is in Cuba, and I think it hurts us if we want to have influence in Cuba as Fidel Castro passes from the scene," he said.

Rep. Charles B. Rangel, the New York Democrat who is expected to head the Ways and Means Committee, will continue to oppose the embargo through a Treasury appropriations amendment to bar funding of the enforcement of the embargo, according to his staff.

But any push to lift the embargo in the new Congress would not get to the floor for a vote, said Sen. Larry E. Craig, an Idaho Republican who sponsored the oil legislation in the Senate.

He cited both a reluctance in the Senate to take dramatic action until there is a change in Havana and strong backing for the embargo by the Bush administration.

Congress can have some influence on foreign-policy issues, he said, "but if the executive is hard over on an issue, and they are, clearly, on this issue, then it will be very difficult to do anything over the next two years."

Doing business tough

One U.S. official said the administration is not using its embargo enforcement to try to discourage American companies from considering the Cuban market, but to ensure a transition to "real democracy," including "real economic reform."

Mr. Reinsch, however, described the situation more ambiguously.

"We don't think -- or can't prove at any rate -- that the administration has overtly told companies to stay out of Cuba notwithstanding the laws permitting them to engage in certain activities there," he said.

"We do think that their actions have been deliberate and have sent clear signals to the business community that doing business with Cuba won't be worth the effort."

Others clearly say the administration's stance has tamped down business enthusiasm for Cuba.

In 1994, members of the U.S.-Cuba Trade and Economic Council came from a variety of industries, including pharmaceuticals, financial services, tourism, food, agriculture and retail, although legal trade was limited to health care products, said John S. Kavulich II, the group's senior policy adviser. By 2002 and 2003, he said, membership was largely in the food and agriculture industries.

Many businesses that have shown interest in Cuba would not comment for this article.

Cuba has bought more than $1.3 billion in U.S. farm products since late 2001, according to the Congressional Research Service, but even companies allowed to export to Cuba see the embargo as a hindrance.

The U.S. rice industry exports 150,000 to 200,000 metric tons to Cuba a year, but that should be more like 500,000, said Stuart E. Proctor Jr., president of the USA Rice Federation. Cuban officials have said the U.S. would be Cuba's top rice supplier if it weren't for the embargo, he said.

Mr. Proctor said U.S. regulations have made shipping rice to Cuba more difficult, raising questions for Cuban officials about America as a rice supplier.

"You've got to be a reliable supplier, and we're not, in the eyes of the Cubans," he said.

Investment possibilities

Observers instead stress the potential for investment, where opportunities for U.S. companies remain, although companies coming from countries ranging from Israel to China to Britain are already working there.

Investors from other countries have moved into such industries as nickel mining, telecommunications, infrastructure and citrus production, Lexington Institute Cuba analyst Philip Peters said, although he added that Cuba is looking for partners in other areas.

Potential opportunities for American companies include energy, agriculture, tourism, biotechnology and information technology, Mr. Peters said.

The best initial opportunities will be those that generate hard currency, such as nickel mining, where there is still room for new foreign companies, as well as oil and hotels catering to foreigners, he said.

Some foreign oil companies have signed agreements with Cuba for oil and gas exploration along Cuba's northern coast, including Repsol of Spain, Sherritt International of Canada and Sinopac of China.

Executives from energy-related U.S. companies such as Exxon Mobil Corp., Caterpillar Inc. and Valero Energy Corp. met with Cuban officials in Mexico City earlier this year to discuss Cuban oil reserves, but are barred from exploring those reserves.

The U.S. Geological Survey has estimated there are between 1 trillion and 9.3 trillion barrels of undiscovered oil and between 1.9 trillion and 22 trillion cubic feet of undiscovered natural gas off Cuba's northern coast.

If the United States maintains its embargo, India, Spain and Canada could end up drilling for oil 51 miles off the U.S. coast, according to Kirby Jones, president of the U.S.-Cuba Trade Association.

"If you're a Floridian looking with binoculars away from Key West, if you're going to see an oil platform, I think you'd feel more comfortable if it was a U.S. platform than a Chinese platform," Mr. Flake said.

Mr. Jones says the post-Castro era already has arrived, describing the country as a sophisticated, growing business environment with 350 joint ventures operating and 500 to 600 foreign companies maintaining offices. He said that even in areas that are still open to Americans, opportunities become fewer each day.

Cuba, he said, is much different than it was in 1994, when the first joint venture was set up. Foreign partners already are operating in all the sectors of the Cuban economy where they are allowed -- those aside from defense, health care and education -- and he said many of them have invested hundreds of millions of dollars in the past 12 years.

Other hindrances

The U.S. embargo is not the only obstacle to business, though. Observers note that Cuba only has about 11 million people and they have limited access to hard currency. Vietnam, by contrast, has a population of more than 84 million and is not an island.

One agriculture industry official said his company's attention to the Cuban market "would not be enormous" if the embargo were lifted but the political situation didn't change. The official said U.S. companies in the agricultural sector would be interested in Cuban possibilities without the embargo, but that there would be no rush into Cuba as long as the economy is state-driven.

Another agriculture executive said there are appealing aspects to Cuba, including its proximity and the fact that it pays cash, but added it will always be a small part of the market, even without the U.S. embargo.

Outside of agriculture, opportunities for U.S. exports may be limited as well.

"There's reason to believe that over time the Cuban economy is going to do well and produce a consumer class for American goods, but not in the short term," according to lawyer Robert Muse, who has substantial experience in U.S. laws relating to Cuba.

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"When the embargo's lifted, some U.S. companies will seek to export to Cuba, but it's going to be targeted exports. It's going to be luxury goods for the hotel trade, for example," he said.

Joint ventures aren't as numerous as they used to be for investors. Cuban authorities have cut back on the number of small foreign companies active in Cuba since 2003, but are interested in larger companies for major projects in such areas as mining and energy, according to the Economist Intelligence Unit.

In opening to outside investment, Mr. Muse said Mr. Castro "made a tactical accommodation with capitalism" during the 1990s, when the Soviet bloc trading arrangements expired and "Cuba needed serious foreign investment, it needed to, in the expression they used in Cuba at the time, reinsert itself into the world economy."

It also needed some limited reform to alleviate serious shortages of food, consumer goods and services, according to the CIA's World Factbook.

"But that situation has bettered itself over time," Mr. Muse said, adding that Cuba is now more economically stable "and there's been a direct correlation between the lack of new investment going into Cuba and its financial health," he said.

Cuba has increased ties with China and Venezuela, which has helped Cuba's economy. "These relationships seem set to become more important" and will overshadow Cuban relations with Organization for Economic Cooperation and Development countries, according to the Economist Intelligence Unit.

Cuban authorities would not comment for this article, but others pointed to Cuban government policies as a barrier to investment.

The Economist Intelligence Unit described Cuba as "one of the world's least attractive foreign investment destinations" from 2001 through 2005. The situation is likely to improve only slightly through 2011 because of state domination of Cuba's economy and limited opportunities for private business, the report said.

Outside investment also has been hindered by outstanding claims on expropriated property and by U.S. sanctions, which increase costs of such activities as shipping and restrict the export market for Cuban products, the report said.

Cuba's inhospitable investment environment may mean that there are still opportunities for U.S. firms, should relations ease between the two countries.

Mr. Muse said Mr. Castro's "genuine distaste for international capitalism and the profit motive" probably has left much of the investment market relatively open, adding that "very little is foreclosed from American companies at the moment."

However, he added that in areas where there is room for only one foreign investor, primarily in raw materials, American companies could lose out.

Spain Suspends Plan For Talks With ETA (AP)

By Mar Roman, Associated Press Writer

AP, December 31, 2006

A powerful car bomb exploded at Madrid's international airport Saturday and Spain's government, blaming the Basque group ETA, suspended plans for peace talks with the separatists.

The blast left two people missing and 26 injured, most with damage to their ears from the shock wave.

Prime Minister Jose Luis Rodriguez Zapatero said the government would halt talks with ETA over the bombing. The group had agreed to stop attacks in its cease-fire declaration earlier this year that was seen as the greatest hope in a decade of a peaceful end to the conflict.

"The condition for dialogue was and is the unequivocal desire to abandon violence," said Zapatero, who cut short a family holiday after the bombing. "The very grave attack today by the terrorist band ETA is radically contrary to that desire."

Zapatero had insisted as recently as Friday that he was optimistic the cease-fire would lead to a permanent peace.

ETA did not claim responsibility for the bombing, but a man who placed a warning call before the attack said he was a representative of the group. Following previous attacks, the group has sometimes waited weeks to claim responsibility.

ETA and its political supporters have been warning for months that the peace process was faltering. They have complained that the government has made no gesture to reciprocate its call for a cease-fire, such as meeting a long-standing ETA demand for its prisoners to be moved to the Basque region of northwestern Spain from other parts of the country.

The group has also said that continued arrests of suspected members and court rulings against the movement have broken a government promise to relieve pressure on the pro-independence group. It is also angry that the government has refused to allow talks among Basque political parties on the region's future until ETA's outlawed political wing Batasuna renounces violence.

The head of ETA's political wing, Arnaldo Otegi, said Saturday after the attack that he did not consider the peace process dead.

"Not only is it not broken, but it more necessary than ever," he said.

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"What happened in Madrid, if it's confirmed ETA is behind it, doesn't take us back to the scenario that existed before March 24," he added, referring to the day ETA declared its cease-fire.

Otegi blamed the government for the recent breakdown in peace talks, saying it has not made any gestures to the separatist group.

The attack early Saturday, which occurred inside a multistory parking garage at the airport, halted some air traffic on one of the year's busiest travel days.

More than 1,000 pounds of explosives had been packed inside the car used in the bombing, Spanish media reported. The explosion sent a massive column of smoke into the air and collapsed part of the building, sending rubble crashing onto parked cars.

Two Ecuadorean men believed to have been sleeping inside two separate parked cars were missing in the rubble, officials said.

More than 800 people have died since the ETA took up arms in the late 1960s, but none since May 2003. The group had continued a series of low-level bombings until just before it declared the cease-fire in March.

The opposition Popular Party, which has strongly opposed Zapatero's stance on negotiations with ETA, urged the government to break contact with the group and work to defeat it.

"This attack means that ETA is a criminal organization that doesn't want peace" said Popular Party leader Mariano Rajoy.

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Associated Press Writer Harold Heckle contributed to this report.

Madrid Blast Leaves 2 Missing, 26 Injured (WP/AP)

The Washington Post, December 31, 2006

MADRID, Dec. 30 -- A powerful car bomb exploded in a parking lot at Madrid's international airport Saturday, leaving two people missing and 26 injured. Spain's government blamed the Basque group ETA and suspended plans for peace talks with the separatists.

The blast halted all air traffic on one of the year's busiest travel days and brought a fiery end to a nine-month-old ETA cease-fire and plans for talks that had spurred the greatest hopes in a decade of a peaceful end to the conflict.

"The condition for dialogue was and is the unequivocal desire to abandon violence," said Prime Minister JosÃ© Luis RodrÃ-guez Zapatero, who cut short a family vacation after the bombing. "The very grave attack today by the terrorist band ETA is radically contrary to that desire."

ETA did not assert responsibility for the bombing, but a man who placed a warning call before the attack said he was a representative of the group. Following previous attacks, the group has sometimes waited weeks to assert responsibility.

ETA and its political supporters have been warning for months that the peace process was faltering. They have complained that the government has made no gesture to reciprocate the group's call for a cease-fire, such as meeting a long-standing ETA demand for its prisoners to be moved to the Basque region of northwestern Spain from other parts of the country.

The group has also said that continued arrests of suspected members and court rulings against the movement have broken a government promise to relieve pressure on the pro-independence group. It is also angry that the government has refused to allow talks among Basque political parties on the region's future until ETA's outlawed political wing Batasuna renounces violence.

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"Not only is it not broken but it is more necessary than ever," he said.

"What happened in Madrid, if it's confirmed ETA is behind it, doesn't take us back to the scenario that existed before March 24," he added, referring to the day ETA's cease-fire took effect.

Two Ecuadoran men believed to have been sleeping inside a parked car were missing in the rubble, officials said.

More than 800 people have died since ETA took up arms in the 1960s, but none since May 2003. The group had continued a series of low-level bombings until just before it declared the cease-fire.

Spain Breaks Off ETA Talks After Madrid Airport Bomb (BLOOM)

By Sharon Smyth And Ben Sills

Bloomberg, December 31, 2006

Dec. 30 - Spain's government broke off talks with Basque terrorist group ETA after concluding it planted a truck bomb in Madrid's Barajas airport today that destroyed a four-story parking structure and left two people presumed dead.

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``All initiatives for dialogue with ETA are suspended while ETA acts violently,'' Prime Minister Jose Luis Rodriguez Zapatero said hours afterward at a televised press conference in Madrid. ``The attack is incompatible with the cease-fire.''

The bombing ruptured a ``permanent'' cease-fire the separatist group announced in March that had persuaded Spain's Socialist Party-led government to begin talks in July. ETA had not killed in an attack in more than three-and-a-half years.

The reversal for Zapatero may weaken his chances for re- election in 2008. Opposition leader Mariano Rajoy has repeatedly denounced the terms of the ETA detente for being too favorable to a group that assassinated 800 people over the last 40 years.

Just yesterday the prime minister had said he expected progress in peace talks with ETA in the new year.

Zapatero, 46, was swept into office in an election upset three days after the March 2004 Islamic terrorist bombings of Madrid commuter trains that killed 191 people. He has since made the Basque peace process his first policy priority.

Today, he froze the talks, without entirely shutting the door, saying ``all initiatives aimed at moving forward this dialogue'' are suspended.

Condition for Talks

``With violence there is no dialogue of any sort,'' the prime minister said. ``The essential condition'' for talks was ``an unmistakable willingness to end violence. Until that condition is fulfilled, there will be no moves towards dialogue.''

The government hasn't publicly described any progress made so far in negotiations.

Bomb disposal experts, not waiting for the device to detonate, triggered the explosion of the powerful truck bomb in a parking lot at Madrid airport's Terminal 4 at around 9 a.m. local time today. The decision followed three warning phone calls to authorities, the last of which claimed to be from ETA.

The terminal, a 6.1 billion euro ($8.1 billion) structure that opened only in February, had 575 flights scheduled today, and authorities suspended all for several hours while they cleared the site. Services at the other three terminals were unaffected, said the airport's operator AENA.

440 Pounds of Explosives

Terminal 4 is the base of Iberia Lineas Aereas de Espana SA, Spain's largest airline, and OneWorld alliance partners such as British Airways Plc. The massive building designed by Richard Rogers Partnership won the U.K.'s top architecture prize.

About 200 kilograms (440 pounds) of explosives were used in the blast, the largest charge employed by ETA in an attack in 15 years, Efe newswire reported, citing initial calculations of unidentified security officials. It damaged the terminal's arrivals lounge and destroyed several floors of the parking structure.

Two people are missing in the rubble, including a man who stayed in his car while his girlfriend went to meet a relative in the terminal.

Twenty-six people were treated for light injuries at the scene and five were later hospitalized, television station Antena 3 de Television reported.

``The information that we have leaves us with no shadow of a doubt that ETA is responsible,'' said Spanish Interior Minister Alfredo Perez Rubalcaba at a Madrid press conference. The explosives were ``extremely powerful,'' he said.

Batasuna Blames Government

Leaders of Batasuna, the separatist political party banned because of its links to ETA, have said that the peace process is blocked because the government has not delivered concessions that Batasuna say it was promised.

The leader of Batasuna, Arnaldo Otegi, today refrained from condemning the attack, and criticized the government for dragging its feet in negotiations.

``The process of resolving the Basque political conflict is not broken,'' Otegi said in a televised press conference. ``In no way does this return us to the situation before March 24,'' when ETA's cease-fire began.

Bomb disposal experts were called in after three phone calls were made, the last of which claimed to be from ETA, warning about the bomb and giving the color, make and license plate number of the truck containing it, Rubalcaba said.

``This confirms what we already knew, that ETA is a criminal organization that doesn't want peace or the freedom of the Spanish people,'' opposition leader Mariano Rajoy said. Rajoy has demanded that the government break off all contact with the organization, according to a written statement.

ETA has been campaigning since the late 1960s for an independent state comprising the Basque-speaking provinces of northern Spain and southern France.

New Year Rings In EU Membership For Bulgaria, Romania (AFP)

AFP, December 31, 2006

Bulgaria and Romania have braced for a double New Year's celebration, with both countries set to become the newest members of the European Union at the stroke of midnight.

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But with enlargement fatigue gripping large parts of the bloc, the EU's latest and poorest members are likely to be greeted more with a shrug than open arms.

And in Brussels, EU headquarters will be keeping a close eye on whether the two nations abide by their pledges to crack down on corruption and organised crime.

In Bulgaria, thousands of revellers were expected to flock to a gigantic rock and pop concert on Alexander Battenberg square in the capital, Sofia.

The show will be interrupted for speeches by President Georgi Parvanov, Prime Minister Sergei Stanichev and European Commission President Jose Manuel Barroso. But the partying is expected to continue long into the night.

A pyramid of light will illuminate the sky above Sofia, its five rays emanating from the city's Orthodox cathedral, its Armenian church, a synagogue, a church and a mosque.

The latest Eurobarometer poll published in December shows that at the eve of accession 63 percent of all Bulgarians and 69 percent of all Romanians think their eastern European states will largely benefit from EU membership.

This is above the European norm where the average approval of membership ranges around 54 percent.

Together with Greece, the two newcomers will be the only Balkan nations in Europe's rich club, and will play a key role as representatives of a region ravaged by the wars in the former Yugoslavia.

Political analyst Ivan Krastev of the Sofia-based Centre for Liberal Strategies told AFP that "with the accession of Bulgaria and Romania the region will receive a clear message that enlargement is not dead".

The two newcomers "will bolster the voices in Europe calling for the enlargement to continue and include countries like Macedonia and Serbia," he said.

"Otherwise the EU risks ending up with a ghetto on its borders," Krastev said.

And for Niculai Idu, from the European Institute of Romania think tank, "joining the EU will be a guarantee that Romania will continue to evolve in terms of democracy and a market economy."

EU leaders agreed December 15 in Brussels to put the lid on further enlargement of the bloc.

The decision has major repercussions for EU hopefuls in the Balkans such as Croatia, which is at the front of the queue and expected to join by 2010.

Bulgaria and Romania will be Europe's poorest members with gross domestic product per capita barely reaching one third of the European average, Eurostat statistics show.

The two will contribute only one percent to the EU's gross domestic product.

The gap between Bulgaria and Romania and the current EU members has raised fears of a sharp rise in prices after January 1 in the newcomers where average monthly salaries are about 200 euros (260 dollars).

Perhaps due to people fearing instant inflation, Bulgaria this month saw a 30 percent rise in purchases compared to the usual end of year holiday spending spree.

Romanian hypermarkets also reported higher sales towards the end of the year with French Carrefour posting a 45 percent rise in 2006 compared to 2005.

Bulgaria and Romania will be subjected to unprecedented monitoring by Brussels, due to lagging reforms.

The fight against crime and rampant corruption, management of the European funds and food safety will be particularly placed under Brussels' magnifying glass.

Bulgaria will also have to carry out reforms to make its judiciary more efficient, with several notorious criminals managing to avoid imprisonment.

If progress is slow, the enthusiasm of the two newcomers risks being clouded by restrictions, including partial suspension of agricultural subsidies and non-recognition of the decisions of their courts in Europe.

Another problem is allowing borders to fall totally.

Fearing a flood of cheap labor, Spain, Britain, Denmark, Hungary, Ireland, France and Greece have announced restrictions on workers from the two incoming states.

A New Parliament, But Still All Putin? (NYT)

By Steven Lee Myers

The New York Times, December 31, 2006

RUSSIA heads into 2007 facing the question of whether President Vladimir V. Putin's centralization of power can ensure the smooth — and more important, credible — election of a new Parliament, now scheduled for December.

Elections, even in a "democracy" as managed as Russia's, have a way of surprising, as Ukraine showed after a fraudulent presidential election in 2004 led to mass protests. Mr. Putin is popular enough to ensure that whoever he supports will fare well,

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but corruption remains deeply rooted, as do poverty and crime and violence, any of which could be a catalyst for an electoral nyet.

The Kremlin is taking no chances. With Mr. Putin's blessing, the existing Parliament, or Duma, spent much of 2006 preparing for the elections by tightening laws. It abolished minimum turnout requirements and the option of voting "against all." New election rules also barred candidates from criticizing the authorities in office or even encouraging a vote against an opponent.

New laws against extremism have already been used to raid a political group led by the chess champion Garry Kasparov. When Mr. Kasparov led a rally of a few thousand protesters in Moscow this month, the police outnumbered them four to one.

Critics said the restrictions would stifle what opposition remains, including what's left of the Communist Party and the old liberal democrats. The Duma is already dominated by United Russia, a party with little identity except as a reflection of Mr. Putin's legislative will.

Liliya Shevtsova of the Moscow Carnegie Center said the Kremlin risked eliminating competition. "To have just one party with a constitutional majority," she said, "it starts to look like the Soviet Communist Party."

So in October, the Kremlin created an "opposition" party, cobbled from smaller parties. It is called Just Russia, and it, too, supports Mr. Putin. For the party's leader, Sergei M. Mironov, this is a familiar path. He ran in the 2004 election "against" Mr. Putin by urging voters to re-elect Mr. Putin.

With a Kremlin endorsement and coverage on state television, Just Russia could provide a foil for United Russia, and provide at least a modicum of interest to the stilted politics of Mr. Putin's second term, marked more than anything by an absence even of debate, let alone real competition.

Mr. Kasparov says the Kremlin has obscured the seeds of discontent. And they are growing, he says, especially beyond the glow of Moscow's riches.

A big question looming is who will replace Mr. Putin in 2008? The maneuvering expected in 2007 reflects a concern over whether the system he created could survive without him. "The big day is approaching," Mr. Kasparov said. "Uncertainty kills the system."

Politics, Economics And Time Bury Memories Of The Kazakh Gulag (NYT)

By Ilan Greenberg

The New York Times, December 31, 2006

KARAGANDA, Kazakhstan — Maria Sadina hunched over fading pictures of her parents, ethnic Germans who were deported in 1941 from the Volga region in Russia to one of Karaganda's many gulag camps.

Ms. Sadina's father was imprisoned for praising the quality of a German-made tractor, and for a decade he worked as a slave laborer in the nearby coal mines. Her mother was sent to the Karaganda gulag simply for her German heritage.

They had married and reared their daughter, Ms. Sadina, in a two-room brick house so low to the ground that visitors must bend over to avoid hitting the ceiling. Ms. Sadina, now a grandmother, continues to live in the same house, the walls now appearing to crumble, tending the same garden her parents once harvested to survive.

She pointed to the neighbors' homes through her kitchen window. "These people are all children of the gulag," she said. "Nobody talks about it anymore. Nobody even wants to look at their pictures anymore."

The gulags once spread over the Kazakhstan steppe like a thick wreath. Eleven sprawling camps with names like Alzhir, a Russian acronym for the Akmolinsk Camp for Wives of Traitors of the Motherland, housed hundreds of thousands of prisoners and their families. The camps, built shortly after the creation of the Soviet Union, were partly emptied to provide soldiers and workers during World War II and were eventually closed, although not dismantled, after Stalin died in 1953.

In Kazakhstan today, a large percentage of people have parents or grandparents whose life trajectories were savagely rewired by deportation and imprisonment in the camps. But memories of the gulags are dying, fading like Ms. Sadina's photos.

"For younger generations the gulag is uninteresting," said Arest Savchak, a 61-year-old teacher whose parents and grandparents were exiled to Karaganda as political prisoners for the crime of supporting Ukrainian nationalism. "After the collapse of the Soviet Union, when we entered market economy, the values and the views of people have changed. Unless the gulag can be linked to the present time, it is meaningless."

For many Karaganda youngsters, the oppression the gulags stand for does not register. "This was just a village for miners," said Sasha Talabaev, 12, who was riding a bicycle through the heart of what was one of the gulags. Some of the reasons for a quick and collective forgetting are obvious. The memories, after all, are painful. And since the fall of the Soviet Union and Kazakhstan's independence in 1991, there are more pleasant things to focus on.

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Growing affluence is one of them. The economy is growing at about 10 percent a year, and with the aid of oil, the country has developed a sophisticated middle class and has nurtured to maturation a regional banking center. Its once dour towns have metastasized into modern cities.

But there are political aspects to a sidestepping of Kazakhstan's recent history, too, often born out of the government's determination to stay friendly with Russia.

To sustain support for a pro-Russia foreign policy, "the Kazakhstan state has gone to great lengths to construct an ideology for its nation-state that glosses over its colonial and neo-colonial history with Russia," Sean R. Roberts, a researcher in Central Asia affairs at Georgetown University, wrote on Dec. 19 in his Web log about the region.

Although those efforts have not added up to a blanket ban on public remembrances of the gulags, the government has instead chosen to ignore the issue. And it has used its control of the education system to keep texts from dwelling on the topic.

In a more pointed example of control, the government forbade large-scale remembrances of a violent uprising in Almaty, the capital, that took place in December 1986. As many as 40,000 ethnic Kazakhs poured into Almaty's central square then to protest Mikhail S. Gorbachev's firing of the chief of the Kazakh Soviet state. Soviet security forces are estimated to have killed at least 200 protesters on the square.

The rebellion was a watershed for Kazakh identity. It resonated too strongly for the government to ignore this year, so in October, President Nursultan A. Nazarbayev quietly dedicated a statue to commemorate the event. But the gesture received little coverage in the Kazakh press, which is closely monitored and controlled by the government.

Opposition leaders and several thousand nationalists hoped to use the statue as a gathering point for an antigovernment rally on the anniversary, but the government moved swiftly to crush preparations for it.

With Kazakh nationalism having become mostly the purview of the anti-Russia opposition here, the government has had to use other avenues to promote a coherent national identity. That is no small challenge in this country of 17 million people who span 80 different ethnicities and nearly as many religions — a direct legacy of the Soviet Union's use of Kazakhstan as a holding pen for prisoners, dissidents and people who did not fit in the Russian mainstream.

Popular culture has been one tool of choice, especially through the government-financed movie studio KazakhFilm, which has a near monopoly on the country's film industry. This year the studio released its biggest hit yet, a historical piece called "Nomad" that delved into distant history, telling the little-known story of an ancient battle to give an uplifting view of Kazakh identity. The film, a $34.5 million production, broke box-office records in Kazakhstan, grossing more than $1 million here and also doing well in Russia.

Despite the huge expense of such historical movies, KazakhFilm plans more. But the company's chief executive, Talgat Temenov, says that none will be set in the 20th century.

"The Kazakh people have a tragic history, but with a movie like 'Nomad,' people can feel a sense of pride," he said. "Film is an art and should not be a political tool, but at the same time we need to respect what history can do to people's psychology."

Steven A. Barnes, an assistant professor of history at George Mason University who has studied the gulags in Karaganda, insists that history's relevance to society is exactly why remembering Kazakhstan's painful gulag past is so important.

"In the post-Soviet space, the trip from remembering to forgetting has been remarkably swift," he said. "Perhaps such public forgetting would seem less problematic if not for the fact that it enables strong, authoritarian rule that clamps down on basic human rights like freedom of speech and the right of assembly."

Chinese Focus On Navy Leaves Big Political Wake (LAT)

By Mark Magnier, Mitchell Landsberg

The Los Angeles Times, December 31, 2006

BEIJING — President Hu Jintao's call last week for a strong Chinese navy won't threaten U.S. military dominance any time soon. But in China, where symbolism often is as important as substance, the address was seen by analysts as serving two functions: to help build a policy consensus and signal his near-complete grip on the political field before a key party congress next fall.

"This is very significant," said Ni Lexiong, a professor at the Shanghai Institute of Political Science and Law. "Though this does not mean immediate budget increases, it is a strong signal that lays out our future direction."

State media gave prominent play Thursday to comments by Hu a day earlier at a Communist Party meeting on the need for a powerful navy prepared "at any time" for military struggle.

"We should make sound preparations for military struggles and ensure that the forces can effectively carry out missions at any time," Hu reportedly said.

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China's navy has been the country's weakest link under a military structure that has emphasized a homegrown manpower advantage for its army and borrowed Soviet technology for its air force. But even as it restructures, China is keen to bolster its weak third arm.

The aim is to prevent Taiwan from declaring independence and to safeguard the seaborne trade, oil and other resources needed to power China's booming economy. China has considered Taiwan a part of its territory since a split between the Nationalists and Communists in 1949 after protracted civil war.

China's growing military profile has raised eyebrows at the Pentagon, which fears an erosion of its military dominance in the Pacific and beyond.

"Previously, China did not have the capability to maintain anything but symbolic naval presence on the approaches to the mainland," the Defense Department said in its 2006 report "Military Power of the People's Republic of China." "The PLA [People's Liberation Army] navy, however, appears interested in expanding its presence through the Straits of Malacca and into the Indian Ocean."

Of significance in China's one-party state with its emphasis on political theater, analysts said, was Hu's choice of venues. Rather than addressing an audience from all major service branches, he chose a meeting of naval specialists, a signal that the navy can expect special treatment in the bureaucratic battle for attention and resources.

Also significant was the timing. The military has been an area of political weakness for Hu. The president's resume doesn't boast the years of military service many of his predecessors had. Nor did it help that ex-President Jiang Zemin held on to his last military post until late 2005, more than two years into Hu's administration.

But the notably careful leader's confident military tone Wednesday and his appearance in military green immediately after a purge of a key Jiang loyalist in Shanghai suggests he faces no significant opposition across the Chinese political spectrum.

China has made no secret of its desire for a credible "blue water" navy, and its blistering economy, $1 trillion in foreign reserves and growing confidence place it in an increasingly strong position to fund its objective.

"It may be time for them to get their fair share," said Ralph A. Cossa, president of the Honolulu-based Pacific Forum CSIS, a think tank. "A lot of other sectors of modernization took priority."

In an 83-page defense white paper released Friday, China said it also would strengthen its air force to enhance its airstrike, missile defense and early-warning systems.

In March, China announced a 14% increase in overall military spending to $35 billion, the latest in a string of double-digit increases. Some U.S. defense analysts say the actual figure may be two or three times higher.

Beijing faces significant challenges before it can pose a military threat to the U.S., some analysts say. Politically it is also wary of any step that might appear too provocative to Washington under its "peaceful rise" strategy, given the importance of U.S. trade for domestic stability and development.

China's military spending, even at a higher figure, is still a fraction of U.S. levels. China's dream of acquiring a working aircraft carrier is years, perhaps decades, off. And it faces enormous challenges in revamping a labor-intensive, technologically challenged military into a modern, flexible fighting force.

In his comments Wednesday, Hu called for "strict management of the navy according to law."

Some analysts read this as a veiled reference to corruption in the ranks. This month, a military court handed down a life sentence to Vice Adm. Wang Shouye on embezzlement charges, according to Hong Kong's pro-mainland Wen Wei Po newspaper. He reportedly is the most senior Chinese military officer ever jailed for corruption.

"It's not only a reference to the vice admiral, but the corruption, irregularities and general lack of discipline," said Andrew Yang, a military analyst with Taiwan's Chinese Council of Advanced Policy Studies. Hu "plans to emphasize discipline and rule of law."

Beyond China's aircraft carrier plans, U.S. military planners are watching closely any steps Beijing takes to expand its deep-water anti-submarine capability, to develop large numbers of nuclear attack submarines or to increase open-water training.

Washington has also called on China repeatedly to be more forthcoming on its military budgets, plans and capabilities.

China first voiced a desire for an indigenous aircraft carrier in the late 1970s, according to Pentagon reports, before buying, in 1985, the carrier Melbourne from Australia. The hull was scrapped, but not before engineers studied the ship and built a replica of the flight deck for pilot training, the Defense Department said.

After the fall of the Berlin Wall, the Chinese purchased two Soviet carriers — the Minsk in 1998 and the Kiev in 2000 — which they turned into floating military theme parks after carefully studying their designs.

Some analysts say the Chinese could have an operational carrier by 2015; others say it probably won't be before 2020. A working carrier would require a huge increase in its military budget, analysts said, as well as overcoming significant technological hurdles and significantly upgrading the skill of its navy personnel.

"They're still far behind for the foreseeable future for the United States, and also for India," Yang said.

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The Buzz On Japan's New Premier: Too Old-school (LAT)

By Bruce Wallace

The Los Angeles Times, December 31, 2006

TOKYO — Political honeymoons end sooner or later for almost every leader, but the danger for new Japanese Prime Minster Shinzo Abe is not just that his popularity is sliding three months into the job. It's that he's already being mocked.

Consider the view of Brutus magazine, a style bible for Tokyo men who care about being ahead of every trend, whether it's fad food or how to look cool at the gym. "Beautiful Country?" asked the cover of the magazine's December edition, invoking the political mantra Abe has used to sell his nationalist vision of a resurgent Japan.

Out of touch, Brutus scolded Abe.

"Right now what the entire world is crazy about is cool Japan," the magazine cover line told Abe, referring to the elements of Japanese culture, from anime to architecture, that are now part of global chic.

The Brutus view sums up a developing perception here: that Japan's youngest postwar prime minister may be an out-of-touch young fogey, more nostalgic for an old Japan than eager to usher in a new one.

Critics contend that his government's focus on nationalist obsessions such as passing laws to enforce patriotism among schoolchildren is a distraction from the core economic and social issues that present far graver challenges to Japan.

They also argue that Abe's government lacks discipline and coherence. Since North Korea's nuclear weapons test Oct. 9, some senior government officials have repeatedly called for a debate on whether Japan needs its own nuclear option, in defiance of Abe's desire to shut down the chatter.

Suspicions that Abe lacks toughness — and control over his party — are contributing to his sudden slip in polls. A Jiji Press poll in mid-December put Abe's approval rating at 42%, a 9-percentage-point fall in a month.

He had been off to a positive start. Within days of taking office, Abe held summit meetings with the leaders of China and South Korea, ending the top-level diplomatic freeze sparked by the visits of his predecessor, Junichiro Koizumi, to Yasukuni Shrine, where Japanese war criminals are among the honored souls of the country's war dead.

But the prime minister has stumbled on the domestic front. Despite the markets' buzz about the long-last arrival of a Japanese recovery, the economy has yet to truly catch fire, largely because domestic consumption remains sluggish.

That hurts Abe, who is counting on consumer-led growth to help resolve Japan's massive public debt. The prime minister is eager to avoid any high-profile tax hikes ahead of crucial Upper House elections in July, which are being seen as a referendum on his leadership.

That leaves little room to maneuver. Abe is committed to continuing Koizumi's belt-tightening reforms that have cut public spending, notably transfers of cash to the towns and regions that form the Liberal Democratic Party base.

Koizumi used his populist skills to free himself from the calcified hand of the political machine that has ruled postwar Japan from its backrooms. His ability to build a public consensus for his policies gave him an independence that allowed him to hack away at the party's habit of showering its supportive constituencies with public money.

Koizumi was even able to chase the hard core of anti-reformers out of the party by successfully calling a death-or-glory election in which he ran his own reformist candidates against LDP "rebels" who opposed a key economic reform.

But Abe shocked many here by welcoming that old guard back into the party this fall. The move made him appear beholden to the LDP's old back-room chieftains and seem deaf to voters' call for a more modern approach to politics.

"When Abe brought the rebels back into the party, people got the impression he was retreating from the reform agenda," political analyst Takao Toshikawa said.

Even Abe's 2007 budget shows how he is being pulled between imperatives to slash the size of government and the political need to satisfy politicians clamoring for public funds.

Abe billed his first budget as a cost-cutting exercise that would eliminate annual budget deficits by 2011 or earlier, pledging to cut the number of bonds issued by 15.2% and lowering spending on public works projects by 3.5%.

Even so, rising welfare and medical costs associated with Japan's rapidly aging population meant the budget's overall spending rose by 4%. And in its less-noted supplemental budget for 2006, the Abe government chose to spend much of the $38.6-billion windfall from higher-than-expected tax revenue on public works projects, although some were labeled "disaster prevention programs."

"Koizumi reduced spending on public works and cut the allocation of taxes to local governments, but with local economies weakening, there has been mounting pressure within the LDP to restore some of the old subsidies," said Hiromichi Shirakawa, chief economist at Credit Suisse in Tokyo. "These extra tax revenues were funneled back into what you could call 'old Japan.' "

Amid Political Upheaval, Israeli Economy Stays Healthy (NYT)

DOJ_NMG_0111511

By Greg Myre

The New York Times, December 31, 2006

JERUSALEM, Dec. 26 — For Israel, it has been a typically tumultuous year: Ariel Sharon, then the prime minister, collapsed into a coma on Jan. 4, the radical Islamic group Hamas won Palestinian elections later that month, and Israel fought a monthlong war in Lebanon this summer.

But despite the political turmoil and spasms of violence, Israel, it seems, has figured out how to keep its economy charging forward.

It was the country's third straight year of strong growth, with the economy expanding nearly 5 percent. The stock market has been hitting record highs; unemployment is at a 10-year low. Israel's central bank is lowering interest rates to 4.5 percent on Jan. 1, putting them well below rates in the United States, an almost unprecedented development. The Israeli shekel is trading at 4.2 to the dollar, its strongest level in five years.

Further, Warren E. Buffett, the billionaire investor, paid $4 billion for an Israeli company, and Donald Trump is developing a 70-story luxury residential tower on the outskirts of Tel Aviv.

"Israelis look at the economy, and they've essentially been through these disturbances in the past, and they know the economy is pretty robust and it tends to come back," said Stanley Fischer, the governor of the Bank of Israel. "Things that happen here have a smaller impact on markets than I think they would abroad."

While the Israeli economy has been thriving, the Palestinian economy has moved in the opposite direction, contracting by an estimated 10 to 15 percent this year, according to the Palestine Monetary Authority.

For Israel, the business that best illustrates the economy's resilience this year is the company Mr. Buffett bought, Iscar Metalworking Company, a global leader in the manufacture of precision metal-cutting tools.

In May, Mr. Buffet bought 80 percent of the company, which has its headquarters on an isolated hilltop in northern Israel that offers a panoramic view of the nearby border with Lebanon.

Barely two months later, a cross-border raid by Hezbollah guerrillas ignited 34 days of fighting that pushed Israeli troops into Lebanon and drew heavy rocket barrages against northern Israel.

One rocket slammed into the Tefen Industrial Park, where Iscar is situated, causing minor damage to a building belonging to another company. Many more rockets crashed nearby during the weeks of war.

Many Iscar workers moved their families away from the border region, but the company maintained production, with only occasional slowdowns.

"It took us a brief time to adjust, but we didn't miss a single shipment," said Eitan Wertheimer, Iscar's chairman. "For our customers around the world, there was no war."

The northern city of Haifa came under almost daily rocket attacks, and ships stopped entering Haifa's port, the country's largest. Some exporters shipped their goods by air at much higher expense in order to meet deadlines.

The Tel Aviv Stock Exchange, which has been setting records throughout the year, seemingly shrugged off the war; it was slightly higher at the end of the conflict in August than before it started in July.

At the beginning of the year, Israel's economy was forecast to grow at around 5.5 percent, and will come in at about 4.8 percent, according to Mr. Fischer, who attributed the dip to the war.

The Palestinian economy, meanwhile, has been devastated. During the peace talks of the 1990s, the Israelis and Palestinians increased cooperation, and by 2000, both sides were growing rapidly and nearly 150,000 Palestinians entered Israel daily. Most were workers who accounted for a large slice of the Palestinian economy.

When the Palestinian uprising began in September of that year, both sides took an immediate economic hit, but for the Palestinians, the downward spiral has yet to end.

Israeli security forces greatly increased the web of restrictions in the Palestinian areas to prevent attacks, and the measures have also imposed great hardships on Palestinian economic life. The Palestinians grew increasingly dependent on aid as their access to Israel's economy dwindled. The problems worsened into crisis this year after Hamas came to power, and Israel began withholding Palestinian tax revenues and Western countries cut off direct aid to the Palestinian government.

The Palestinian per capita gross domestic product, which was about $1,800 annually at the beginning of the uprising, plummeted to $1,200 last year and continues to fall.

For Israelis, per capita gross domestic product has risen over the last six years from a little over $15,000 a year to around $18,000, according to government figures.

Israel turned the corner on a two-year recession in 2003, and for the past three years the economy has expanded at 4.4 percent to 5.2 percent annually, with a similar forecast for next year. The growth comes from technology, service and other modern industries, and trade mostly with the United States, Europe and East Asia.

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Plagued by hyperinflation in the 1980s, Israel has an inflation rate hovering around zero percent this year, and it has been averaging less than 1 percent annually for the past five years.

The economic tide is not lifting every Israeli boat, however. Despite the economic growth, the number of Israelis living below the poverty level has been edging up, from 18 percent in 2002 to more than 20 percent last year, according to the government's National Insurance Institute.

Critics say this is because Israelis who are struggling economically have seen their benefits fall sharply, while they remain unemployed. The unemployment rate is at its lowest level in a decade, but still relatively high at 8.4 percent.

Benjamin Netanyahu, who as finance minister pushed aggressive open-market policies from 2003 to 2005, was also widely criticized for cutting social programs in a country where couples often have many children and depend heavily on such subsidies.

"The basic problem is that economic growth has been very uneven," said Shlomo Swirski, the academic director of Adva, a research institute that focuses on the poor.

Job growth, he said, has been concentrated in sectors that require a high level of education. Economic growth has been greatest in Tel Aviv and surrounding areas, the economic hub of the country, while the less developed Galilee in the north and Negev Desert in the south have seen much less progress, Mr. Swirski added.

"We're looking at growth that is highly concentrated geographically, economically and socially," he said.

Economists note that many of the poor come from two groups, Israeli Arabs and ultra-Orthodox Jews, that have large families and low participation rates in the work force. Among Israeli Arabs, few women have formal jobs. Among the ultra-Orthodox, many men do not work.

"We still see a strong debate over income distribution," said David Levhari, an economics professor at Hebrew University. "But overall, I think we're looking at an economy that should continue to do pretty well."

Analysis: Annan To Leave Office Sunday, But Won't Leave U.N. Behind (AP)

AP, December 30, 2006

UNITED NATIONS (AP) — Kofi Annan steps down as U.N. secretary-general at midnight Sunday, leaving behind a global organization far more aggressively engaged in peacekeeping and fighting poverty — but struggling to restore its tarnished reputation.

Taking office six years after the collapse of the Soviet Union, Annan helped preside over a decade that saw the world unite against terrorism after the Sept. 11, 2001, attacks, then divide deeply over the U.S.-led war against Iraq which toppled Saddam Hussein.

At a Millennium Summit in September 2000, he spurred world leaders to adopt a blueprint to wage a global war on poverty and bring the United Nations into the 21st century.

Five years later, he called a follow-up summit to mark the U.N.'s 60th anniversary. Hoping to complete the bold changes, he sought to promote development, ensure international security and end human rights abuses. History's largest gathering of world leaders took a first step, but it fell far short.

Unlike the upbeat atmosphere at the dawn of the new millennium, the World Summit in 2005 took place after a year of almost daily attacks on the United Nations over allegations of corruption in the U.N. oil-for-food program in Iraq, bribery by U.N. purchasing officials, and widespread sexual abuse by U.N. peacekeepers.

World leaders agreed to create an internal ethics office but they did not give Annan the authority to make sweeping management changes. The major overhaul of the U.N.'s outdated management practices and operating procedures will be left to Annan's successor, Ban Ki-moon, who takes over on Jan. 1.

In what was considered a major summit achievement, world leaders pledged to protect civilians from genocide, war crimes and ethnic cleansing — but before stepping down earlier this month U.N. humanitarian chief, Jan Egeland accused leaders of failure to translate their pledge into action, especially in Sudan's Darfur region, Iraq and the Palestinian-Israeli conflict.

The 2005 summit also approved a fund to promote democracy and a new Peacebuilding Commission to help countries make the difficult transition from war to peace, and it renewed a commitment to achieve the Millennium Development Goals including cutting extreme poverty by half and achieving universal primary education by 2015.

A new Human Rights Council was highly touted as a replacement for the discredited Human Rights Commission — but in its first year, the council disappointed Annan and human rights activists by following the commission's tradition of focusing its attacks on Israel and ignoring abuses elsewhere.

At a farewell news conference earlier this month, Annan said he considered his top achievements the promotion of human rights, fighting to close the gap between extreme poverty and immense wealth, and the U.N.'s campaign to fight AIDS and other infectious diseases.

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"His greatest accomplishment was to set a framework that moved the U.N. from one century to the next — the response to mass atrocities, the central role of democracy, the importance of human rights, and a priority to development," said Lee Feinstein, a fellow at the Council on Foreign Relations.

Under Annan, U.N. peacekeeping has expanded with nearly 80,000 U.N. troops and international police currently deployed from Africa and the Mideast to Kosovo, Haiti and East Timor.

Annan's first five-year term culminated in 2001 with the Nobel Peace Prize — shared with the United Nations — for "their work for a better organized and more peaceful world." Annan himself was lauded for "bringing new life to the organization."

But Annan's second five-year term was not without shadows. An investigation led by former U.S. Federal Reserve chairman Paul Volcker blamed shoddy U.N. management and the world's most powerful nations for allowing corruption in the $64 billion oil-for-food program in Iraq to go on for years. Volcker's final report in October 2005 accused more than 2,200 companies from some 40 countries of colluding with Saddam Hussein's regime to bilk the humanitarian program in Iraq of $1.8 billion.

Annan was besieged with questions about his son's involvement with a company that won an oil-for-food contract, and U.S. Sen. Norm Coleman, a Minnesota Republican, called for his resignation.

Annan told reporters that one of his worst moments was the way oil-for-food "was exploited to undermine the organization."

Feinstein said that "Annan was perhaps the most pro-American secretary-general who nonetheless was never accepted by U.N. critics in the Congress."

"His greatest failings were clearly the failure to rein in the U.N. Secretariat and streamline management more broadly," Feinstein said.

Professor Edward Luck, director of the Center on International Organization at Columbia University's School of International and Public Affairs, said he thinks "historians are going to give Kofi Annan relatively high marks."

"He's certainly someone who aimed high and sometimes failed to achieve what his rhetoric promised," Luck said. "But he certainly did succeed in restoring the individual to the center of the U.N.'s agenda, both in terms of human security and human rights and the responsibility to protect."

Annan, 68, said he will maintain all those U.N. concerns — and many more — in his new life, likely to be divided between Switzerland and his native Ghana.

"You can take the man out of the U.N.," Annan told one recent farewell party, "but you can't take the U.N. out of the man."

Annan Focused On Human Element (LAT)

By Maggie Farley

The Los Angeles Times, December 31, 2006

UNITED NATIONS — Secretary-General Kofi Annan says that he will keep working until midnight tonight, when his 10-year tenure as the world's top diplomat officially ends. But he has already begun reflecting on his achievements, frustrations and failures as a leader who embodies the world's ideals, and as a man who often could not escape his limitations to make those ideals a reality.

Although it is sometimes debated whether Annan, 68, was more "secretary" or "general," he was mostly an idealist. He would like to be remembered, he said this month, as the leader who pushed the world to agree to intervene to stop genocides, and to try to cut poverty in half. He sought to make the U.N. about people, not just geopolitics.

But he was often overwhelmed by the details of managing a gargantuan organization that kept the peace in 18 countries and once ran the entire economy of Iraq. His management lapses were blamed for the subversion of the $64-billion oil-for-food program in Iraq, as well as a wave of corruption scandals and sexual exploitation by peacekeepers under his watch.

Recognizing the need to update the 60-year-old institution, Annan proposed sweeping reforms that would make the U.N. better able to deal with the new threats and challenges of the 21st century. But he was stymied by a group of developing countries, which saw the changes as a loss of power, and by the U.S., which had its own vision of how to revamp the world body.

At a Security Council luncheon six weeks after he launched his reform plan, Annan jokingly apologized for not yet having finished the reorganization. Russian Ambassador Sergei V. Lavrov piped up and said, "Mr. Secretary-General, what are you complaining about? You have had more time than God!" Annan responded, "You are right, but God started with one great advantage — with a clean canvas, and without a Security Council and a General Assembly."

Annan, the son of a chieftain from Ghana, was christened "Anthony" but was known by the name Kofi, which means "born on Friday." He joined the bottom ranks of the U.N. in 1962 and didn't plan to stay longer than four years, he said. But he quietly rose through the institution to head the peacekeeping department. In December 1996, the Clinton administration pushed him as its candidate to replace Boutros-Boutros Ghali, the outspoken Egyptian secretary-general it deemed a liability to U.S. interests.

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Annan was chosen because he was an African who knew the U.N. system, and had proved that he was pragmatic and effective and could work with the United States when he oversaw peacekeepers in Bosnia-Herzegovina and Haiti. But most important, he did not have a political agenda or an overweening ego that could put him in conflict with the U.S. By the end of Annan's decade, however, he grew to be a quiet but compelling challenger to Washington.

First, a honeymoon

Annan's first five years in the wood-paneled office at the top of the shimmering U.N. headquarters were a honeymoon of sorts. Annan's manner is gentle, and nonconfrontational, and he is so soft-spoken that he can hardly be heard without a microphone. When perturbed, his voice gets lower, not louder. When anxious, he clenches his jaw and twists his large gold ring. That demeanor gave him a kind of regal aloofness, and a gracious yet distant charm that served him well as a nonpartisan mediator, but sometimes made him seem to lack fire.

He and his Swedish wife, Nane, the elegant niece of Holocaust hero Raoul Wallenberg, traveled around the U.S. and the world, giving a human face to an otherwise impersonal institution and imparting Annan's belief that every person has equal rights, and that a government's duty is to protect them.

Annan introduced the doctrine of "humanitarian intervention" — that borders should not shield governments that cannot or will not protect their own people. The idea was born in part of his feelings of impotence and guilt as the head of peacekeeping during massacres in the Bosnian town of Srebrenica and in Rwanda that the U.N. did little to stop. Although some countries initially resisted, in 2005, 191 leaders endorsed "the responsibility to protect," something Annan considers one of his top achievements.

For championing human rights and development, and "for bringing new life to the organization," Annan and the U.N. won the Nobel Peace Prize in 2001. He became known as "a diplomatic rock star," and the spotlight seemed to shine on the U.N. as a central stage in world affairs.

But the second half of his tenure would be much darker.

Sept. 11

The Sept. 11 attacks made the Bush administration more determined to strengthen national security — but, Annan later argued, at the expense of multilateralism and human rights. In 2002, President Bush challenged the Security Council to confront Iraq or stand aside, and while the U.S. attempted for six months to gain the U.N.'s stamp of legitimacy for its long-planned invasion, it ended up going into Iraq without it.

Annan cited the failure to stop the Iraq war as the worst moment of his career.

"I really did everything I could to try to see if we could stop it," he said, including desperate rounds of phone calls and meetings with every leader he could reach, with every proposal he could think of. In April 2003, weeks after the invasion began, Annan literally lost his voice.

He seemed to lose his nerve as well, taking weeks off with what was described as "a very bad cold," but what aides described later as a sort of depression or "paralysis of despair. " He returned, somewhat diminished but determined to make the U.N. the kind of institution that the U.S., or any other country, would find indispensable.

Washington went into Iraq without the U.N.'s blessing, but it also had to do without significant U.N. help in rebuilding the country, an essential piece of postwar planning that the administration had assumed the world body would take on. Annan did send a team of his best and brightest, including his close friend and diplomatic icon, Sergio Vieira de Mello. Another one of the most painful moments of his career came in August 2003, when the bombing of the U.N.'s headquarters in Baghdad killed 22 people — many of whom he had personally asked to go. De Mello was among those slain.

Those deaths "hit me as much as the loss of my twin sister," Annan said this month. His sister, Efua, died in 1991 after an illness.

Annan's career and the image of the U.N. would sustain another heavy blow in 2003 when revelations surfaced of payoffs and subversion of the oil-for-food program. Saddam Hussein had constructed a massive kickback scheme to siphon billions from the U.N.-run aid program; Security Council members, including the U.S., quietly allowed the diversions, considering it the cost of keeping weapons materials out of Hussein's hands.

An 18-month investigation led by former Federal Reserve Chairman Paul A. Volcker found that Annan was responsible for grave mismanagement, and charged several staff members with conflict of interest, but found "no evidence" of wrongdoing by Annan.

Yet the inquiry left questions unanswered about Annan's meetings with executives from Cotecna, a Swiss firm that employed his son Kojo and that won a $10-million contract three months after the company officials' last meeting with the secretary-general.

'Best place on Earth'

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Annan will leave office with many of his reforms unfinished, with no magic words to help his successor, Ban Ki-moon, reconcile the divisions between the rich and poor nations, between Washington and its opponents, between ideals and reality.

Though Annan acknowledged that "SG" often seemed to stand for "scapegoat," he also said "it is the best place on Earth to be."

In his valedictory speech to the General Assembly in September, he said: "Together we have pushed some big rocks to the top of the mountain, even if others have slipped from our grasp and rolled back…. And while I look forward to resting my shoulder from those stubborn rocks in the next phase of my life, I know I shall miss the mountain."

North Korea's Pass (WP)

The Washington Post, December 31, 2006

NEARLY 12 WEEKS have passed since the North Korean dictatorship conducted what it said was a nuclear bomb test -- and made explicit the grave threat it poses to global security. At the time the regime of Kim Jong Il appeared to be calculating that it would not suffer severe consequences for its provocation and that the world would eventually accept it as a nuclear power, as India and Pakistan have been accepted. Sadly, that logic is beginning to look justified.

True, the U.N. Security Council passed a resolution on Oct. 14, five days after the test, that condemned the action and applied some sanctions. But China blocked the tougher sanctions proposals, and both Beijing and South Korea have resisted U.S. pressure to enforce the measures rigorously. Three weeks after the test the North agreed under apparent pressure from China to return to the "six-party" negotiations on its nuclear program. But when the talks finally took place earlier this month it turned out the only subject North Korea's representatives were authorized to discuss was unrelated U.S. banking sanctions. The talks ended without result, and no new session has been scheduled.

North Korea's ability to sustain its defiant posture is remarkable because, in contrast to the cases of India or Pakistan, the outside world has the ability to cripple the regime if it chooses. China provides 90 percent of North Korea's oil and most of its food; it also enforces inhumane border controls that prevent brutally repressed and frequently starving North Koreans from fleeing their country. South Korea provides most of the foreign investment in the North. If the two countries were to decide that stopping North Korea from producing more nuclear weapons was more important than preserving its dictatorship, they could remove the lifelines they provide Kim Jong Il. So far, they haven't.

The leverage of the United States is limited. Critics who insist that the Bush administration should conduct bilateral negotiations with Pyongyang not only ignore the extensive one-on-one talks that Ambassador Christopher R. Hill has held with North Korean officials, they also presume that it's possible to change North Korean behavior without the collaboration of its prime benefactors. Some argue that the administration should give up the financial sanctions that froze North Korean accounts in a Macao bank last year and that are now the focus of Pyongyang's demands. Yet it's hard to see why abandoning the scant nonmilitary leverage the United States does possess -- and easing the pressure on North Korea's dollar counterfeiting and drug trafficking -- would make the regime more likely to negotiate seriously about its weapons.

In fact the best option the Bush administration now has is to work with such allies as Japan to raise the economic pressure on North Korea as much as is possible. Diplomacy is best focused not on Pyongyang, but on Beijing -- which needs to be convinced that the stability it says it seeks in Asia, and in its relations with the United States, depends on its willingness to bring real pressure to bear on North Korea. The aim need not be to bring down the regime, only to convince it that its existence will be imperiled rather than secured by nuclear weapons.

While You Were At War... (WP)

By Richard A. Clarke

The Washington Post, December 31, 2006

In every administration, there are usually only about a dozen barons who can really initiate and manage meaningful changes in national security policy. For most of 2006, some of these critical slots in the Bush administration have been vacant, such as the deputy secretary of state (empty since Robert B. Zoellick left for investment bank Goldman Sachs) and the deputy director of national intelligence (with Gen. Michael V. Hayden now CIA director). And with the nation involved in a messy war spiraling toward a bad conclusion, the key deputies and Cabinet members and advisers are all focusing on one issue, at the expense of all others: Iraq.

National Security Council veteran Rand Beers has called this the "7-year-old's soccer syndrome" -- just like little kids playing soccer, everyone forgets their particular positions and responsibilities and runs like a herd after the ball.

In the end, there are only 12 seats at the conference table in the White House Situation Room, and the key players' schedules mean that they can seldom meet there together in person or on secure video conference for more than about 10 hours each week. When issues don't receive first-tier consideration, they can slip by for months. I learned this firsthand: In the

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early days of the Bush administration, I called for an urgent meeting to discuss the threat al-Qaeda posed to the United States. The Cabinet-level meeting eventually took place -- but not until Sept. 4, 2001.

Without the distraction of the Iraq war, the administration would have spent this past year -- indeed, every year since Sept. 11, 2001 -- focused on al-Qaeda. But beyond al-Qaeda and the broader struggle for peaceful coexistence with (and within) Islam, seven key "fires in the in-box" national security issues remain unattended, deteriorating and threatening, all while Washington's grown-up 7-year-olds play herd ball with Iraq.

Global warming: When the possibility of invading Iraq surfaced in 2001, senior Bush administration officials hadn't thought much about global warming, except to wonder whether it was caused by human activity or by sunspots. Today, the world's scientists and many national leaders worry that the world has passed the point of no return on global warming. If it has, then human damage to the ecosphere will cause more major cities to flood and make the planet significantly less conducive to human habitation -- all over the lifetime of a child now in kindergarten. British Prime Minister Tony Blair keeps trying to convince President Bush of the magnitude of the problem, but in every session between the two leaders Iraq squeezes out the time to discuss the pending planetary disaster.

Russian revanchism: When Russian President Vladimir Putin and Bush leave office in rapid succession in 2008 and 2009, it seems likely that Russia will be less of a democracy and less inclined to cooperate with Washington than it was six years ago, when Bush stared into the eyes and looked into the heart of the Russian leader. Given her extensive background in Soviet studies, Condoleezza Rice would have been a natural to work on key U.S.-Russian issues, first as national security adviser and now as secretary of state. But the focus on Iraq has precluded such efforts, even as the troubling issues multiply: Russian governors are no longer elected, but appointed; dissidents die mysteriously and probably at the hands of the new KGB; opposition media are suppressed; and corporate leaders are jailed or hounded out of the country.

Meanwhile, Moscow plays petro-politics by dramatically raising the cost of energy to former Soviet republics that do not toe the Kremlin's line, and by threatening to turn off the pipeline to European nations that don't cooperate. If Bush hoped that turning a blind eye to all this would help win Russian cooperation in Iraq and Iran, the strategy failed.

Latin America's leftist lurch: In the years before the Iraq war, U.S. presidents were welcomed at summits throughout Latin America and the Caribbean. Indeed, the attacks of Sept. 11 found then-Secretary of State Colin L. Powell in South America, visiting one area of the world where U.S. policies had worked. Friendly, democratic governments were in power in every nation in the hemisphere except Cuba. Formerly debt-ridden economies were implementing pro-market reforms, and the United States was welcomed as a partner. Washington seemed confident that if and when Fidel Castro died (there was always some doubt), even Cuba might join the democracy/free market club.

Today, Castro has been replaced, but not just by another Cuban dictator. The leader of the hemisphere's new anti-Yankee alliance is Hugo ChÃ¡vez, the democratically elected president of Venezuela. ChÃ¡vez's anti-U.S. campaign is supported by Cuban intelligence and Venezuelan oil money. By 2006, Venezuela and Cuba were not alone in their opposition to Washington; kindred spirits have been elected in Bolivia, Ecuador and Nicaragua. Having begun his administration pledging new cooperation with Mexico, Bush backtracked after Sept. 11, focusing instead on tightening immigration and border controls.

Africa at war: The genocide spilling from the Darfur region of Sudan into neighboring Chad has captured attention in the United States mainly because of (belated) media coverage and an aggressive advocacy campaign by concerned groups, but the prospects of Washington dealing with the problem seem slim. Darfur, however, is only one of a pox of conflicts that, together with HIV/AIDS, are depopulating parts of Africa and robbing it of potential wealth from mineral, oil and gas deposits. Wars have also raged in Chad, Congo, Liberia, Sierra Leone and Somalia. Were it not for the Iraq war, Washington may have acted to stop what the Bush administration admits is genocide in Darfur, or taken steps to prevent the chaos sweeping Somalia after a group affiliated with al-Qaeda took over the country and left Ethiopia no choice but to invade in hopes of preventing a more disastrous war. Unfortunately, even designating a small presence of U.S. Special Forces to lead a U.N.-approved peacekeeping force in Darfur appears beyond the capability of the badly stretched American military.

Arms control freeze: Once atop several administrations' national security agendas, international arms control has received little White House attention since the Bush administration decided early on to walk away from the Anti-Ballistic Missile Treaty. National security adviser Stephen J. Hadley has extensive government experience working on arms control and he began to focus on this turf in early 2001, when he was number two at the National Security Council. But after 9/11, Hadley has had little opportunity to advance international efforts to control biological weapons, nuclear testing and proliferation, or the threat of nuclear or radioactive terrorist weapons. For a long time, the White House outsourced dealing with Iran's nuclear weapons to the Europeans, just as the onus of stopping North Korea's nuclear development was placed on Asian nations. The sustained senior-level attention that is needed to stop two nuclear weapons programs at the same time has simply not been available -- because of Iraq.

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Transnational crime: In a nationally televised address in 1989, President George H.W. Bush held aloft a bag of cocaine that had been sold near the White House and declared a "War on Drugs." That initiative was later enlarged to target the international criminal cartels engaged in human trafficking, gun and contraband smuggling, money laundering and cyber fraud. The momentum from these efforts produced international treaties to combat hidden global crime conglomerates, but the White House leadership necessary to coordinate dozens of U.S. agencies and mobilize other nations has dissipated. Moreover, the world's international crime cartels received a major shot in the arm with the occupation of Afghanistan by NATO forces. From relatively low levels of heroin production in 2001, Afghanistan's economy is now dependent upon the widespread cultivation of heroin that is flooding black markets in Europe and Asia. With most of the U.S. Army either in Iraq, heading to Iraq or returning from Iraq, insufficient U.S. forces were available to prevent the once-liberated Afghanistan from morphing into a narco-state.

The Pakistani-Afghan border: Afghanistan increasingly receives the attention of senior U.S. policymakers, not because of the narcotics problem, but mainly because the once-defeated Taliban again threaten Afghan and coalition forces. However, if there is a solution, it lies on the other side of the Khyber Pass where a sanctuary has emerged, a Taliban-like state within a state in western Pakistan. Dealing with that problem is more than Washington has been willing or able to handle, for it involves the complex issue of who governs nuclear-armed Pakistan and how.

Thus far, Washington has accepted Gen. Pervez Musharraf's half-hearted measures for dealing with the nuclear proliferation network of A.Q. Khan, addressing the terrorist involvement of Pakistani intelligence and controlling the Taliban/al-Qaeda bases in Waziristan. Getting Pakistan to do more would require a major sustained effort by senior U.S. officials, including addressing the longstanding tensions with India. Because of Iraq, Washington's national security gurus do not have the hours in their days to manage that -- nor the troops needed to secure Afghanistan.

As the president contemplates sending even more U.S. forces into the Iraqi sinkhole, he should consider not only the thousands of fatalities, the tens of thousands of casualties and the hundreds of billions of dollars already lost. He must also weigh the opportunity cost of taking his national security barons off all the other critical problems they should be addressing -- problems whose windows of opportunity are slamming shut, unheard over the wail of Baghdad sirens.

Richard A. Clarke, former national coordinator for counterterrorism, is chairman of Good Harbor Consulting and author of "Against All Enemies" (Free Press) and "Breakpoint" (Putnam).

Lebanon's Wartime Memory Lapse (WP)

By Lynn Maalouf

The Washington Post, December 31, 2006

On a bridge overlooking downtown, a large poster of Maarouf Saad flutters in the winter night's breeze. Beneath the bridge, army tanks line a square, as they do other streets and crossroads around the capital. Except for the flamboyantly restored Ottoman-era buildings in the background, the atmosphere is disturbingly reminiscent of the time 30 years ago when Saad was killed -- and Lebanon became engulfed in a 15-year civil war.

Today, as the Lebanese people once again find themselves divided along political and sectarian lines, the question reverberates around the country: Are we about to be drawn into another civil war?

In February 1975, Saad, a former member of parliament and an advocate of Arab nationalism, was leading a fishermen's protest in the southern city of Sidon when he was fatally shot -- many believe by the army. His killing exposed the depth of the divide running across Lebanese society, separating a leftist, Arab nationalist, pro-Palestinian, largely Muslim community and the pro-Western Christian Maronites who were effectively running the state.

The war that erupted barely two months after Saad's death killed 100,000 people -- 90 percent of them civilians -- and left another 100,000 disabled. About one-fifth of the prewar population was displaced.

Yet the lessons from that war were never learned. In 1989, an inter-Lebanese treaty signed in the Saudi summer resort of Taef ended the fighting. There was no victor, no vanquished. No reconciliation process was initiated. An amnesty law passed by the very people who had been fighting one another only weeks earlier exonerated them of war crimes.

As a result, the same warlords still color today's politics, including Druze leader Walid Jumblatt, Speaker of Parliament Nabih Berri, the Christian leader Samir Geagea and Hezbollah leader Hasan Nasrallah. Meanwhile, the amnesty stifled the rights of victims -- there was no compensation for damages, no truth commissions, no interest in the fate of the roughly 17,000 who had disappeared.

Lebanon slipped into a state of amnesia. Today, having turned the page on its civil war without achieving closure, it is a country in danger of repeating the past.

On a sunny day last month, a handful of workers were painting the wooden shutters of a two-story white stone house in Beirut's southern suburbs. It is the home of Lokman and Monika Slim and their organization, Umam Documentation and Research, which aims to deal with the civil war's aftermath and with war memories.

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Not far away, just off Resistance and Liberation Street, a tall concrete building was half-demolished by Israeli jets last summer. Shrapnel destroyed not only parts of the Slims' house, but also wiped out some of the couple's most valued items: war archives that they had collected over the past five years, including leaflets, books, magazines, newspapers, photographs and audio-visual materials.

"It's as if we will never have enough time to build archives in this country," says Monika, a tall, blond German and a former reporter who helped her husband found Umam in 2004.

In the absence of documented history, Lebanese cling to conflicting narratives of the war and to their selective memories, passing them on to the younger generation. Jad Chaaya, a weary-looking 23-year-old, is a member of the Lebanese Forces, a Christian party allied with the government. After the assassination of Prime Minister Rafik Hariri on Feb. 14, 2005, Chaaya spent 90 days in a tent in downtown Beirut with other protesters, demanding an investigation into Hariri's killing and the withdrawal of Syrian troops from Lebanon.

It was part of the Intifada of Independence, in which groups that had fought one another in the civil war camped side by side, voicing the same demands. Many hailed it as the beginning of national reconciliation.

But Chaaya has a different reading of that time. "All that Lebanese Forces people who were in that tent wanted was the release of Samir Geagea," he says. Geagea, the head of the Lebanese Forces, was imprisoned for 11 years on assassination charges before being released in July 2005, following the Syrian withdrawal. "In the end, each sect is just interested in its own cause," Chaaya says.

He is too young to remember the 1975 war. What he knows is that his family was forced to flee their house overnight in 1976 after Palestinian gunmen attacked their town of Damour. He says he inherited his sense of "Christian insecurity" from his father, and that is why he thinks Geagea is the only one who can protect his community today.

"I don't really know much about the war," Chaaya says. "They haven't been able to put a history book together. So who am I to know?"

In his home one street off the former Green Line, which split the capital into East and West Beirut during the civil war, Antoine Messarra remembers being part of a government-appointed committee in charge of setting up a new history program. "These history books, had they really been created, they would have created a unifying memory for all Lebanese," says the law and history professor, not without some bitterness.

In 2000, the Council of Ministers approved the history program, but the minister of education at the time stopped it because it did not suit the Syrian occupying authorities, Messarra says. Today, most history books stop at 1943 and cover only one region of the country.

"The people of my generation have a vivid memory of the war," Messarra says. "They have experienced it in their flesh. The generation that was born out of the conflict has no such memory." In the street outside sits a row of army tanks that have marked nighttime checkpoints for the past several weeks. In early December, street brawls erupted in various residential neighborhoods between pro- and anti-government supporters, resulting in the death of a young man.

"We never described to [the young generation] what barricades are," Messarra says, "the suffering that came from these barricades. A lot of people died at barricades. We should have transmitted that trauma to them."

Back in Ghobeiry, Lokman Slim scrolls through a poem in which a sheik from the Shiite group Amal curses Hezbollah during a notorious 1989 battle when the two groups fought each other. Today, Amal and Hezbollah stand together in opposition to the government.

"Did we ever get over the civil war?" Slim asks. He turns off his computer and steps into the garden, facing a tree known as fitna -- coincidentally, the Arabic word for strife. In the street, an elderly man pushes a vegetable cart alongside a wall covered with the pictures of young people killed during last summer's war.

"The Lebanese," Slim says, "never made any effort to build peace."

Lynn Maalouf is a special correspondent for The Washington Post in Beirut.

DOJ_NMG_0111519

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 3, 2007 8:20 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, December 30, 2006
Attachments:	agnb061230.pdf; agnb061230.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 30, 2006 7:45 AM EST

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TERRORISM NEWS:

Antiterrorism Successes Seen As Some Of The Few 2006 Bright Spots For Bush. The Washington Times (12/30, A1, Dinan, 88K), in a front-page article titled "Bush Eager To Put '06 Behind," reports 2006 saw President Bush's "poll approval ratings fall to new lows, saw Congress back him off his veto threat on the Dubai ports deal and forced him to issue his first veto, on stem-cell research, ended with Democrats' winning outright control of Congress." The Times adds, "But he also won confirmation of a second justice to the Supreme Court and won congressional approval of detention and military trials for detainees in the war on terror. Just as important, the United States helped Britain foil another major terrorist plot to hijack airplanes this past summer, and the fifth full year since September 11 is about to expire without another successful terrorist attack on U.S. soil. At the same time, though, the situation in Iraq deteriorated, and the administration made only halting progress in using diplomacy to try to contain Iran's and North Korea's nuclear programs."

Circuit Court Panel Rejects Ex-Judges' Amicus Brief In Guantanamo Case. The New York Times (12/30, Liptak, 1.16M) reports, "A divided panel of the United States Court of Appeals for the District of Columbia Circuit, which will soon decide an important case concerning detainees at Guantánamo Bay, rejected a friend-of-the-court brief submitted in the case by the retired judges. Two former chief judges of the court were among those rebuffed. … The unsigned majority decision, for Judges David B. Sentelle and A. Raymond Randolph, said the brief violated a 1982 advisory opinion from a committee of the Judicial Conference of the United States, which is the administrative and policy-making body of the federal court system." However, "Judge Judith W.

DOJ_NMG_0111522

Rogers dissented," saying "the 1982 advisory opinion was meant to address situations in which former judges acting as lawyers are referred to by the honorific title 'Judge.'"

The Washington Times/AP (12/30) reports, "Seven federal judges from both political parties filed friend-of-the-court briefs in November urging the appeals court to declare key parts of the new law unconstitutional. They said the law, which sets up military commissions to hear terrorism cases, 'challenges the integrity of our judicial system' and effectively sanctions the use of torture." This AP story also appears in the Washington Post (12/30, A4, 690K).

WSJournal Pleased By Decision. The Wall Street Journal (12/30, A10, 2.04M) editorializes, "Undeniably, former Judges Abner Mikva, Patricia Wald, Shirley Hufstedler, et al., are trying to throw the full weight of their former eminence against the new Gitmo detainee law passed by Congress this fall. … [F]orgive us for thinking that these amici expected their criticism of the new detainee law signed by President Bush to be seen, even admired, as the views of the magnificent seven, not the merely mortal thoughts of law professors. … We see little reason why that endless roster of former judges, ambassadors, generals and the like shouldn't approach the bench as do the rest of us. These seven should feel free to refile their opinions, as Mr., Ms., or whatever."

HOMELAND RESPONSE:

Proposed Port Security System Encounters Technology Snags. The New York Times (12/30, Lipton, 1.16M) reports, "A Coast Guard plan to combat terrorism by creating the maritime equivalent of an air traffic control system in the coastal waters here, a test for a nationwide effort, has fallen far short of expectations." Initially tested in Miami's port, the system, which uses "long-range surveillance cameras, coastal radar and devices that automatically identify approaching vessels," has encountered difficulty: "[T]he radar, it turns out, confuses waves with boats. The cameras cover just a sliver of the harbor and coasts. And only a small fraction of vessels can be identified automatically." The Times adds, "A surveillance system similar to the one in Miami is supposed to be installed at as many as 35 ports. But given the challenges here, and the unwillingness of Congress to finance the still-unproven effort, the Coast Guard has delayed expanding the effort to other ports until at least 2014."

Crews To Excavate World Trade Center Service Road For Remains. The New York Times (12/30, Dunlap, 1.16M) reports, "Most of the service road along the western edge of the World Trade Center site will be excavated as part of the expanded search for human remains at ground zero, the Bloomberg administration said yesterday. The overall effort — searching buildings, excavating the block where St. Nicholas Greek Orthodox Church stood, investigating 595 manholes and other underground structures — may cost as much as $30 million, Deputy Mayor Edward Skyler said in a memorandum yesterday to Mayor Michael R. Bloomberg. … Four remains were recovered yesterday from the haul road, said Ellen Borakove, a spokeswoman for the office of the chief medical examiner. They are regarded as potentially human, pending further testing."

The AP (12/29, Kugler) reports, "In a memo to Mayor Michael Bloomberg about the search for remains, Deputy Mayor Ed Skyler said debris believed to be from the towers had been dug up from under a service road on the site's western edge and said more of the road would be excavated. Crews sifting through the material have reported finding computer parts, office carpet, electrical wires and steel from the building." The AP adds, "The renewed search for remains began in October after utility crews found bones in an abandoned manhole that had been paved over and forgotten along the western edge of the site."

WAR NEWS:

Saddam Hussein Is Dead, Executed By Nation He Once Ruled. Saddam Hussein al-Majid al-Tikriti, for a quarter-century the dictator of the Republic of Iraq, onetime master of the world's fourth-largest army, and twice the wartime foe of US-led coalitions, was executed by hanging at approximately 6:05 a.m. Baghdad time this morning, or 10:05 p.m. EST Friday night. He was 69 years old.

While the execution took place far too late for the network news broadcasts to cover it, speculation on the event dominated all television media throughout the day and evening Friday. Hussein's death receives saturation coverage in today's newspapers, with many running lengthy obituaries and multiple analyses in addition to front-page reports on the ex-dictator's demise. Headlines run from the understated (the Washington Post's "Saddam Hussein Put To

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Death," for example) to the emphatic ("Saddam Pays At The End Of A Rope" in the Washington Times; "Saddam Swings" in the New York Daily News).

The Washington Post (12/30, A1, Raghavan, 690K) reports Hussein "was hanged in the predawn hours of Saturday for crimes against humanity in the mass murder of Shiite men and boys in the 1980s, sent to the gallows by a government backed by the United States and led by Shiite Muslims who had been oppressed during his rule." In a statement, President Bush said Hussein "received 'the kind of justice he denied the victims of his brutal regime.' He added, 'Fair trials were unimaginable under Saddam Hussein's tyrannical rule. It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial. This would not have been possible without the Iraqi people's determination to create a society governed by the rule of law.'" After the execution, "celebratory gunfire broke out in Baghdad," and "Iraqis across the nation sent text messages to their relatives and friends as soon as they heard" Hussein was dead. The AP (12/29) and CNN.com (12/30) also cover Bush's statement.

The New York Times (12/30, A1, Santora, Glanz, 1.16M) says the "dictator who led Iraq through three decades of brutality, war and bombast before American forces chased him from his capital city and captured him in a filthy pit near his hometown" was put to death "just before dawn Saturday during the morning call to prayer." The "final stages" for Hussein "came with terrible swiftness after he lost the appeal, five days ago, of his death sentence."

Fox News (12/29, Van Susteren) reported, "It's still dark there. Dawn hasn't broken in Baghdad, so many people haven't awakened to the news that their former president is dead." Fox News (MacDougall) added, "Right. When we spoke to you the other night, a few nights ago, it was about half an hour later than now, and it was already pretty light here. So dawn comes very quickly. We've already had the first call to prayer of the morning. And there was some speculation -- we were doing it ourselves through the night -- that, in fact, Saddam would be allowed to pray that one last time around 5:30, 5:35 in the morning, and then be taken off to the gallows."

While the execution came several hours after US network news broadcasts signed off Friday night, the lead-up to the event still received substantial coverage. Between them, ABC, CBS, and NBC devoted nearly 17 minutes to the story, and all three led with it. ABC World News (12/29, lead story, 2:50, Gibson, 8.78M) opened by saying, "It is such an extraordinary transition: Less than four years ago, he was the absolute ruler of Iraq, holding power by terror and brutality. And now, he's going to die a death at the end of a rope." ABC (McCarthy) said Iraqi Prime Minister Nouri al-Maliki, "who spent part of the day visiting relatives of some who died under Saddam, was not hiding his enthusiasm for the hanging." NBC Nightly News (12/29, lead story, 3:35, Brown, 9.87M) reported the execution would "truly mark the end of his violent and repressive reign, but by no means the end of violence in Iraq. US military forces are on a heightened state of alert, ready for whatever the reaction." The CBS Evening News (12/29, lead story, 2:35, Couric, 7.66M) led with a report as well.

NBC Nightly News (12/29, story 2, 1:10, O'Donnell, 9.87M) reported, "President Bush knows all about the plans for the execution of Saddam Hussein. Advisors describe it saying he was briefed about the entire process as a part of his intelligence briefing. They won't talk about timing or specifics, partly because they want it to be viewed as the work of the Iraqi government, and as an example Iraq is forming a new judicial system but US officials are braced for the possibility that Saddam's death could cause more violence. Advisors responded saying extremists would use any excuse."

Celebrations Break Out After News Of Execution Announced. CNN (12/29, Cooper) reported, "We want to show you the streets in the United States right now in Dearborn, Michigan, a heavily Muslim community, where you see people waving Iraqi flags. Large crowds have already gathered in the streets. The mood is celebratory. … Al Arabiya reporting that the execution took place at 10:05 Eastern Time in the United States, at five minutes past 6 a.m., just dawn in Baghdad." The Seattle Times (12/30, 118K) says in "Baghdad's Shiite enclave of Sadr City, people danced in the streets while others fired guns in the air."

The AP (12/30) reports "dozens of Iraqi-Americans gathered late Friday at a Detroit-area mosque to celebrate reports that Saddam Hussein had been executed, cheering and crying as drivers honked horns in jubilation." The San Francisco Chronicle (12/30, A9, Kuruvila, 384K) reports Iraqi émigrés in the San Francisco area said Hussein's death was "long overdue," while the St. Louis Post-Dispatch (12/30, O'Neil, Sultan, 297K) says Iraqi natives living in that city called the execution "a just punishment." However, the Los Angeles Times (12/30, Khalil, 850K) reports Iraq's "push to hang

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Hussein this morning, when much of the Muslim world was celebrating Eid, drew criticism from Islamic leaders in the Middle East and America."

CNN (12/29, Raman) reported, "We're hearing from a witness who was at the execution who has just told CNN after the execution of Saddam Hussein, there was dancing around his body. Shia chants, as well, were being spoken in celebratory fashion. This has been confirmed now, as well, from the office of Iraq's prime minister. One can only imagine the emotions within that room as Saddam Hussein was executed."

MSNBC.com (12/30) reports, "Witnesses to the execution told NBC News' Richard Engel that they were cheering around the body of Saddam after the execution. NBC could hear cheers and celebrations in the background while talking to an official in the prime minister's office. 'This son of a bitch is lying under my feet. … I can't talk now because of all the cheers!' a witness said."

Just after the execution was confirmed, Iraqi Deputy Representative to the UN Faisal Al-Israbadi said on CNN (12/29, Cooper), "It's a very solemn moment for me. I can understand why some of my compatriots may be cheering. I mean, I have friends who -- particular people that I can think of who have lost 10, 15, 20 members of their family and more. But for me, it's a moment really of remembrance of the victims of Saddam Hussein. I understand that the nature of the news, there has been a tremendous focus on Saddam himself today. … This is a man who history will record is responsible for the deaths of two million Iraqis."

BBC.com (12/30) and Bloomberg (12/30, Morales, Mathewson) also report on the execution; NPR's All Things Considered (12/29) ran a report on Hussein's death sentence that ran over nine minutes.

Hussein Reportedly Looked Fearful As Execution Approached. Newsweek (12/30, Hastings, 3.12M) reports on its web site that Ali Al Massedy, the videographer who filmed the execution, said of Hussein, "I saw fear, he was afraid. … He was saying things about injustice, about resistance, about how these guys are terrorists." Ali added that on the way to the gallows, "Saddam said, 'Iraq without me is nothing.'" CNN.com (12/30) reports Iraqi National Security Adviser Mowaffak al-Rubaie, another witness, said, "He was a broken man. He was afraid. You could see fear in his face." Rubaie said that Hussein "carried with him a copy of the Quran and asked that it be given to 'a certain person.' Rubaie did not identify that person."

Hussein Warned Iraqis "Not To Trust The Iranian Coalition." AFP (12/30) reports Hussein climbed the gallows "calmly" and offered "a last defiant warning." Judge Moneer Haddad, who witnessed the execution, said, "He said 'I hope you will be united, and I warn you not to trust the Iranian coalition, because they are dangerous'. He said he was not afraid of anyone." Hussein's "taunt will be interpreted as a sideswipe at Prime Minister Nuri al-Maliki's Shiite-led ruling coalition, which many Iraqi Sunnis accuse of being a front for Iranian influence."

Hussein's Death Does Not End Problems For Bush. The New York Times (12/30, Zeleny, 1.16M) says Hussein's December 2003 capture "was a jubilant moment for the White House, hailed by President Bush in a televised address from the Cabinet Room," but the execution "seemed hardly to inspire the same sentiment." Over the past three years, Hussein "has gradually faded from view, save for his courtroom outbursts and writings from prison. The growing chaos and violence in Iraq has steadily overshadowed the torturous rule of Mr. Hussein. … Now, what could have been a triumphal bookend to the American invasion of Iraq has instead been dampened by the grim reality of conditions on the ground there." The Los Angeles Times (12/30, Richter, 850K) also days that while "many Iraqis and Americans have looked forward to the day when justice would catch up with Saddam Hussein," when it arrived, "it seemed to be much less than the historic turning point many once had anticipated. With Iraq beset by violence and turmoil, the dictator's demise no longer appeared to signal the beginning of new order."

The Chicago Tribune (12/30, Silva, 617K) runs an analysis headlined "Hussein's Death Does Not Alter Bush's Problems," saying the "hanging of the longtime Iraqi strongman does not alter the fundamental problems that Bush faces: Reclaiming public support in the U.S. for a war that a majority of Americans now oppose, and charting a convincing course for the victory that Bush vows to achieve before withdrawing U.S. forces."

Hussein attorney Najeeb Al Nuami appeared on Fox News (12/29, Van Susteren) immediately following reports that the execution had taken place. He said, "He was expected to be executed today as a gift for Mr. Bush and al Maliki, especially Mr. Bush. I hope he's happy now by this execution, but I think Saddam is winning party and Bush Administration are the losing party."

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Western Diplomats Oppose Death Penalty But Respect Iraq's Decision. CNN.com (12/30) samples reactions around the world, focusing on the diplomatic response. British Foreign Secretary Margaret Beckett said, "The British Government does not support the use of the death penalty, in Iraq or anywhere else. … We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation." The French Foreign Ministry said, "France, which like the rest of its European partners advocates the universal abolition of capital punishment, notes the execution of Saddam Hussein on Saturday. That decision was made by the people and the sovereign authorities of Iraq." Australian Foreign Minister Alexander Downer said that while "Australia opposed the death penalty, Saddam had faced justice and a fair trial and had been found guilty of crimes against humanity. 'The people of Iraq now know that their brutal dictator will never come back to lead them.'"

Hussein Was Reportedly Issued "Red Card" Like Those He Once Dealt. The Financial Times (12/30, Sevastopulo, Negus) reports that before he was taken to the gallows, Hussein "was reportedly handed a 'red card' signaling his imminent death -- a reminder of the red cards dealt to those he had condemned to death during his time in power." The Los Angeles Times (12/30, A1, Hennessy-Fiske, Moore, 850K) says Hussein's death warrant "was signed today by the nation's two vice presidents and execution witnesses gathered in the heavily fortified Green Zone for the execution." Hussein "was dressed in a red jumpsuit…which has been the custom for death row prisoners in Iraq since before Hussein came to power." Defense lawyer Najib Naimi said, "He was writing his biography. But I don't think he had a chance to complete it."

News Reports Stress Hussein's Brutality. Many reports on the hanging bluntly comment on Hussein's brutality in their leads. The Washington Times (12/30, A1, Torchia, Abdul-Zahra, 88K) says Hussein "ruled Iraq with remorseless brutality for a quarter-century. … The man who came to a grim end at the end of a rope had vexed three U.S. presidents." The Philadelphia Inquirer (12/30, Youssef, 385K) calls Hussein a "dictator who terrorized a nation for nearly a quarter-century." The Los Angeles Times (12/30, Daragahi, Lamb, 850K) says Hussein "ruled Iraq with ruthless force and led his people into three devastating wars while pursuing his goal of dominating the Arab world." Similarly, the Financial Times (12/30, Mallet) says Hussein "was responsible for bringing untold suffering to his country's people as he pursued a vain ambition to become the unchallenged leader of the Arab world." Gannett (12/30, Palmer) calls Hussein a "brutal dictator," while the Chicago Tribune (12/30, Madhani, 617K) calls him a "megalomaniac" who "earned the moniker Butcher of Baghdad by ruling with brute force, torture and cunning." The Boston Globe (12/30, Radin, 413K) says he was "ruthless in domestic affairs, reckless internationally, and flamboyant always." The New York Post (12/30, Lathem, Gittens, 631K) leads a story headlined "Saddam Is The King Of Swing" by saying "the Butcher of Baghdad is no more."

A Washington Post (12/30, A14, Partlow, 690K) report says the "autocratic Arab nationalist…led his nation into repeated wars." The man who "took power as a brutal young modernizer…cultivated a climate of fear in Iraq." The New York Times (12/30, Macfarquhar, 1.16M) calls Hussein a "defiant despot," saying the hanging "ended the life of one of the most brutal tyrants in recent history and negated the fiction that he himself maintained even as the gallows loomed -- that he remained president of Iraq." Another Washington Times (12/30, Behn, 88K) report says that "for those who met him, Saddam was both charming and intimidating, a ruthless ruler who had a vision of a modern, secular Arab nation." CNN.com (12/30) says Hussein's very name "conjures lengthy war, government autocracy and widespread cruelty," while BBC.com (12/30, Reynolds) states that he is "hated by many, mourned by few."

Hussein Moved From Poverty To Power. Newspapers also chart Hussein's rise from obscurity and poverty to the height of power. The Dallas Morning News (12/30, 500K) says the "most defiant Arab leader of his generation…was raised in abject poverty by an uncle who hated the West. His rise to power marked an impressive triumph over adversity. He was born in the dusty village of Tikrit, seemingly fated to a life of depravation." Newsday (12/30, Bazzi) says he "rose to power on a wave of nationalist, revolutionary sentiment sweeping the Middle East. … In a region filled with U.S.-allied dictators, many Arabs admired Hussein's willingness to challenge the world's sole superpower and his support for the Palestinians in their struggle with Israel." The Financial Times (12/30, Negus) runs a timeline of Hussein's life.

US Television Networks Played "Tense Waiting Game." The AP (12/29, Elber) says television networks "played a tense waiting game Friday as they ticked off the final hours of Saddam Hussein's life, replaying scenes from the

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former Iraqi dictator's reign as they waited for his death." The event itself "ended a day of TV reporting fraught with uncertainty and speculation about whether his execution was imminent." The Los Angeles Times (12/30, Brownfield, 850K) reports networks "used the prospect of footage to create an all-day 'Dead Man Walking' scenario, as day became night became the morning call for prayer in Baghdad."

Meanwhile, the New York Times (12/30, Carter, 1.16M) reports that while they waited, television news executives debated "how to handle any images of his execution that might be released." While there was "some question as to whether any video images would be issued, the network news divisions at ABC and CBS said that should the video become available, some visual documentation of Mr. Hussein's death might be broadcast, but no overly graphic images, and certainly not the complete execution. NBC News, however, indicated it might go further than its competitors. Steve Capus, the president of NBC News, said the network might show 'a wide shot of Saddam hanging.'"

US, Iraqi Officials Consider What To Do With Hussein's Body. The New York Times (12/30, Santora, 1.16M) reports that while the execution was "swift and unambiguous, it was much less clear on Saturday what would be done with his body. Privately, both American and Iraqi officials say that the subject has been raised at the highest levels, but no decisions have been made." The "most discussed options include sending his body out of the country to his family in Jordan, where two of his daughters live; burying him in a secret location never to be made public; burying him in a secret location but, after a period of time, having him disinterred and sent to his family or tribe; or sending him immediately to his hometown of Tikrit to be buried with members of his tribe." A "top Sunni politician even raised the prospect of holding a state funeral for Mr. Hussein. That idea, a Western official said, had very little chance of becoming reality."

More Commentary. The Los Angeles Times (12/30, 850K) editorializes, "Once upon a time, the death of Saddam Hussein would have been an epochal event for Iraq, the Middle East and the world. Now there is some question whether it will even matter in Baghdad." But "no one really expects Hussein's execution…to change much in Iraq. … Nor can Hussein's death be expected to be much of a factor in Washington. Some will claim that it vindicates one of the original purposes of the war. But President Bush's deliberations about the 'way forward' in Iraq will continue apace, as will debate about troop levels, diplomatic overtures and other strategies to allow the U.S. to leave Iraq but continue the war against terrorism. The curious irrelevance of Hussein to today's Iraq could hardly have been predicted five years ago. It would be a mistake, however, to forget his terrible relevance to Iraq's history."

In a Los Angeles Times (12/30, 850K) op-ed, commentator Andrew Cockburn writes that while Hussein's death "seems certain to boost sectarian bloodletting between Sunnis and Shiites in Iraq, he always posed as an Iraqi and Arab nationalist who could unite the rivalrous sects in his country -- an attribute that initially recommended him to Washington." Hussein "was for a period the prime example of the traditional U.S. means of control in the Middle East: quiet support for a repressive leader respectful of U.S. interests. That approach has now apparently been replaced by one that induces civil discord and breakdown (deliberately or otherwise), as evidenced by recent events in Iraq, Lebanon and Afghanistan. In his final hours, Saddam Hussein may have derived some satisfaction from the unpleasant surprises this change has produced for his former friends in Washington."

In a New York Times (12/30, 1.16M) op-ed, Najmaldin Karim writes, "My personal battle with Saddam Hussein -- which began in 1972 when I abandoned my medical career in Mosul, Iraq, and joined the Kurdish armed resistance -- is at an end. To execute such a criminal, a man who reveled in his atrocities, is an act of justice. The only issue for me is the timing -- executing him now is both too late and too early. Too late, because had Saddam Hussein been removed from the scene many years ago, many lives would have been saved. Killing Saddam now, however, for ordering the massacre at Dujail in 1982, means that he will not face justice for his greatest crimes."

Troops Braced For Post-Execution Violence In Iraq. ABC World News (12/29, story 2, 2:30, Karl, 8.78M) reported, "US forces are on high alert tonight. It's not that Saddam Hussein means much to insurgents anymore. Most experts say he doesn't. But officials fear his execution may be used as excuse for more attacks."

The AP (12/30, Baldor) reports, "The Pentagon said Friday that U.S. forces in Iraq are ready for any escalation of violence" associated with the execution of Saddam Hussein. DOD spokesman Bryan Whitman "wouldn't comment on

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troop movements to strengthen security for the execution, but he said the commanders in Iraq have the ability to move forces as they deem appropriate based on conditions on the ground."

Batiste, Reed Doubt Explosion Of Violence Likely. The CBS Evening News (12/29, story 3, 1:30, Couric, 7.66M) interviewed Gen. John Batiste, "a former commander of the US Army's 1st Infantry Division in Iraq, including Saddam's hometown of Tikrit," who "retired last year and then criticized the Pentagon's conduct of the war." Batiste said, "I'm not sure that his execution…will cause more violence in Iraq. But I think we can say with certainty that we won't see a decrease in violence until we have a couple of things happen. One is a unified United States strategy that fully employs all elements of our national power on all four cylinders. And the second would be the people of Iraq embrace change in their future together.

Sen. Jack Reed said on Fox News (12/29, Scott), "There's the possibility of a backlash, but, frankly, the situation of today with or without Saddam's execution has placed American forces in significant danger and significant proximity to violence. ... I think, at this juncture, Saddam is no longer a pivotal figure in Iraqi political life, and I think this will not cause a huge tipping point."

Iraq's Diversity Of Warring Groups Noted. In an analysis for UPI (12/29), Afghanistan veteran Lawrence Sellin writes, "If the situation in Iraq can be salvaged, it will not be done with troop surges alone or a single all-inclusive strategy applied uniformly across the country, but through the cumulative effect of a hundreds of tailored efforts, funded and executed bottom-up, city by city and region by region. ... The influence of Iraqi tribalism and the need to balance or leverage the differences between sub-groups in the ongoing stability and counterinsurgency operations in Iraq may still be underestimated. It is the product of lazy thinking to simply pigeon-hole Iraqis as Shiite, Sunni or Kurd."

December Is Deadliest Month Of 2006 For US Troops In Iraq. The AP (12/30, Frayer) reports, "Three more Marines and a soldier were killed in battle in Iraq, the military said Friday, making December the year's deadliest month for U.S. troops with the toll reaching 108. The Marines, all assigned to Regimental Combat Team 5, died Thursday of wounds from fighting in western Anbar province, the U.S. military said. The soldier was killed in Karmah Thursday by small arms fire. ... Their deaths pushed the toll past the 105 U.S. service members killed in October. At least 2,997 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an AP count." The AP adds about the civilian death toll, "Through Thursday, at least 2,139 Iraqis have been killed in war- related or sectarian violence, an average rate of about 76 people a day, according to an AP count." The Washington Post (12/30, A13, 690K) carries an abbreviated version of this article.

The Los Angeles Times (12/30, Moore, 850K) reports, "The Marine deaths reported Friday brought the number of U.S. military fatalities in Iraq since the March 2003 invasion to 2,996, icasualties.org said, with 816 of them occurring this year. Last year, 846 American service members died; in 2004, the figure was 848.

Pentagon Reviews Surge Plans. The AP (12/30, Baldor) reports, "Extending U.S. military units already in Iraq and moving troops from other locations, including Kuwait, are among options Pentagon planners are looking at if President Bush calls for an increase in troops on the battlefront. ... The most immediate and likely move would be to shift the 2nd Brigade, 82nd Airborne Division from Kuwait — where it is expected to deploy early next month — into Iraq, said the officials, who requested anonymity because no decisions have been made. ... Another much-discussed option would be extending Marine units already in Iraq. ... A surge in troops would probably be coupled with other political and economic changes. While in Iraq last week, Defense Secretary Robert Gates talked about the importance of rebuilding neighborhoods and other Iraqi facilities more quickly in regions that had been cleared by troops and deemed secure."

Pentagon To Request "Annual Record" In War Spending. The New York Times (12/30, Cloud, 1.16M) reports in a critical article, "The Pentagon is seeking nearly $100 billion for operations in Iraq, Afghanistan and elsewhere, a request that, if approved by Congress, would set an annual record for war-related spending. ... The request would push the total for the 2007 fiscal year to nearly $170 billion, 45 percent more than Congress provided for 2006. ... some experts questioned whether the services were exploiting the must-pass nature of the supplemental bill to seek money for other purposes like the modernization of aircraft rather than just wartime replacements."

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Pentagon Creates New Office To Oversee Contractors. UPI (12/29) reports the Defense Department "has created a new office to oversee major service contracts. The office will monitor contracts such as the $15 billion Halliburton one in Iraq."

Iranians' Detention, Expulsion Said To Worsen US-Iraqi Relations. The New York Times (12/30, Tavernise, Glanz, 1.16M) reports, "Under heavy American pressure, the Iraqi government ordered two Iranians who had been detained in an American military raid to leave the country, Iraqi officials said Friday, ending a bitter, nine-day political standoff." The Times says "the detention brought the increasingly strained relationship between the Iraqis who run this country and their American backers to one of its lowest ebbs." While Iraqi authorities "said Friday that it was clear that the men … had not been entirely forthcoming about what they were doing in Iraq," they "believed that the evidence against the men was mostly circumstantial and not as damning as the Americans had portrayed." The Times adds that "episode" has "deeply upset many Iraqi officials, who had been carefully building relations with Iran," and "demonstrated the deepening fissures between the Shiite-led Iraqi government and the United States."

The Washington Post (12/30, Raghavan, Wright, 690K) reports that the Iraqi decision "has angered U.S. military officials who say the operatives were seeking to foment instability here. ... Despite their frustration at the release of the Iranians, U.S. officials said a strong message has been sent to Iran that its operatives will be tracked down and that it will be held accountable for its activities in Iraq." The Post describes the alleged evidence against the men in more detail than does the Times, saying, "One of the commanders, identified by officials simply as Chizari, was the third-highest-ranking official of the Iranian Revolutionary Guards' al-Quds Brigade ... U.S. defense officials familiar with the raids said the captured Iranians had detailed weapons lists, documents pertaining to shipments of weapons into Iraq, organizational charts, telephone records and maps, among other sensitive intelligence information. Officials were particularly concerned by the fact that the Iranians had information about importing modern, specially shaped explosive charges," used in roadside bombs.

The Los Angeles Times (12/30, Moore, 850K) reports, "The military seized documents, maps, photographs and videos linking the two Iranians to illegal weapons shipments to armed groups in Iraq, Army Maj. Gen. William B. Caldwell IV said this week."

Poll Finds Plurality Of Troops Disapprove Of Bush's War Policy. In a piece for the AP (12/30), Military Times writer Robert Hodierne writes, "The American military, once a staunch supporter of President Bush and the Iraq war, has grown increasingly pessimistic about chances for victory. For the first time, more troops disapprove of the president's handling of the war than approve of it, according to the 2006 Military Times Poll. ... Only 35% of the military members polled this year said they approve of the way Bush is handling the war, and 42% said they disapprove. While approval of the president's war leadership has slumped, his overall approval remains high among the military. Just as telling, in this year's poll only 41% of the military said the U.S. should have gone to war in Iraq in the first place, down from 65% in 2003."

Kennedy Urges More Help For Iraqi Refugees. In an op-ed for the Washington Post (12/30, A21, 690K), Sen. Edward Kennedy writes, "Last year…America accepted only 202 Iraqi refugees, and next year we plan to accept approximately the same number. We and other nations of the world need to do far better. ... We need to do much more to help Iraqi refugees, especially those who have helped our troops. Our nation is spending $8 billion a month to wage the war in Iraq. Yet to meet the urgent humanitarian needs of the refugees who have fled the war, the State Department plans to spend only $20 million in the current fiscal year." Kennedy adds, "An essential first step could be to hold an international conference on the issue -- ideally sponsored by the countries in the region and the United Nations -- to begin to deal with the growing number and needs of Iraqi refugees and internally displaced persons. The United States should participate in the conference and provide substantial support for the refugees. Doing so would encourage other nations to address the crisis, help the refugees and displaced persons, and assist the countries shouldering the greatest burden."

Taliban Commander Vows Continued War Against US, Allies. The CBS Evening News (12/29, story 6, 2:55, Couric, 7.66M) reported, "Five years after US forces drove the Taliban into the mountains of Afghanistan, they're back on the attack and some say more dangerous

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than ever. Today their leader, Mullah Omar, vowed once again to force the US out of Afghanistan. And an even more ominous warning tonight from another Taliban terrorist in hiding." CBS (Logan): "He is the Taliban's most bloodthirsty commander, Mullah Dadullah. And there are few people in the world the US wants to capture more than him, seen here in an exclusive interview. … The one-legged leader promises to go beyond the battlefields of Afghanistan and hunt Americans down at home. 'Even if they go back to America, we will have to take revenge,' he said. 'America has humiliated our country and our people. We will never negotiate.' Mullah Dadullah is the military mastermind behind the bloodiest year ever for US forces in Afghanistan. His ultimate goal: to overthrow Afghanistan's pro-American government. And in spite of heavy casualties inflicted by US and NATO forces, Dadullah claims the Taliban's success has led to a surge in morale and strength in recent months."

CORPORATE SCANDALS:

Apple Report Clears Jobs Of Options Wrongdoing. The Wall Street Journal (12/30, A1, Wingfield, Stecklow, Forelle) reports, "Apple Computer Inc. acknowledged that it backdated stock options and that Steve Jobs recommended 'favorable' dates for some options awards. But the company said he was absolved of misconduct by a special internal investigation." The Journal continues, "Although the investigation found that CEO Steve Jobs was aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications. The Special Committee also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants." The Journal adds, "The approval for the grant was improperly recorded as occurring at a special Board meeting on October 19, 2001. Such a special Board meeting did not occur. There was no evidence, however, that any current member of management was aware of this irregularity. Read more2. … Directors and others close to the Apple probe defended Mr. Jobs, the company's iconic chief executive, even as it detailed his part in a widespread pattern of options irregularities between 1997 and 2002. But Mr. Jobs and Apple, still under federal scrutiny as part of a broad investigation of options backdating, are not yet out of the woods."

The Financial Times (12/30, Waters) reports, "News that the Apple chief executive had been more directly involved in the options irregularities than previously disclosed came as the company admitted that a fictitious board meeting had supposedly approved some of Mr Jobs' own stock options in 2001. The affair, reported earlier this week in the FT, led to Mr Jobs receiving benefits worth $20m that were not disclosed at the time, Apple reported." The Times adds, "Apple said it had understated its expenses in previous years by a total of $105m, reflecting 6,428 separate options grants made on 42 dates. Backdating involves setting the exercise price on stock options at an earlier date. … While Apple revealed in a regulatory filing in October that Mr Jobs had been aware of some of these cases, it amended that on Friday to say that he had been 'aware or recommended the selection of some favourable grant dates'. … Friday's statement that Mr Jobs did not 'appreciate the accounting implications' of the options backdating, was also a change from its assertion in October that he was 'unaware of the accounting implications'. It added he did not 'financially benefit' from backdated grants of which he was aware, a change from its earlier statement stating he did not 'benefit'."

The Washington Post (12/30, A1, Sipress, Johnson) reports, "Apple's board, which includes former vice president Al Gore, gave Jobs its full support. 'The board of directors is confident that the Company has corrected the problems that led to the restatement, and it has complete confidence in Steve Jobs and the senior management team,' said the statement by Gore and Jerome York, who heads Apple's audit and finance committee." The Post adds, "Wall Street also rallied around Jobs, who is more closely identified with and central to the success of his company than any other executive at a major technology firm. The stock rose nearly 5 percent, and many industry analysts said investors could return their attention to Apple's sound fundamentals, which include strong sales of iPods and Macintosh computers. … But white-collar crime experts said the action may signal more serious issues. … 'The acknowledgment of greater involvement by Mr. Jobs than previously disclosed can only cause the government to use an even finer toothed comb in its own review of Mr. Jobs's conduct,' Washington defense lawyer Barry Pollack said. 'The government may ultimately come to share the company's conclusion that Mr. Jobs was unaware that the options were not properly handled, but not before putting him under their own magnifying glass.'"

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The New York Times (12/30, Markoff, Dash) reports, "In its summary of the findings of a six-month internal investigation, Apple said it had found that 6,428 option grants, or 15 percent of the 42,000 options it awarded, had been improperly dated from 1997 to 2002. Those included grants made on 42 separate dates to senior executives, new hires and ordinary employees. … Investigators, led by a committee of outside directors and the law firm Quinn Emanuel Urquhart Oliver & Hedges, raised 'serious questions' about the actions of two former company officers who were involved in the accounting and reporting of stock options, Apple said. But they absolved Mr. Jobs by concluding that there had been "no misconduct" by Apple's current management team." The Times adds, "The report did offer a subtle shift in Apple's description of Mr. Jobs's role in the option process. In October the company said that Mr. Jobs was aware that favorable grant dates had been selected, but that he did not benefit from those grants and was unaware of the accounting implications. But in the report issued Friday, Apple acknowledged that Mr. Jobs 'was aware or recommended the selection of some favorable grant dates.'"

The San Francisco Chronicle (12/30, Page A - 1, Guynn) reports, "Despite the exoneration, uncertainty remains for Jobs, the chief executive officer, and the company. Apple noted that it had informed the U.S. Securities and Exchange Commission and the U.S. Attorney's Office of the results of its probe. Federal authorities are presumed to be weighing whether to take action against the company or any individuals. The SEC and the U.S. Attorney's Office declined to comment on the matter." The Chronicle adds, "Legal and corporate governance experts say federal authorities won't necessarily be swayed by the company's findings or by Jobs' prominence. … 'There is going to be a continuing level of uncertainty surrounding the company until or unless Jobs is exonerated by the SEC and others looking at this issue,' said Patrick McGurn, executive vice president of Institutional Shareholder Services, which advises investors on corporate governance issues. 'This was a major hurdle that the company has cleared for now, but it still has some obstacles in the road in front of it before it can put these issues behind it once and for all.'"

MetLife Unit Settles New York Commission Probe For $19 Million. The Wall Street Journal (12/30, B4, Bray, Kuykendall) reports, "MetLife Inc.'s life-insurance unit agreed to pay $19 million to settle allegations stemming from a New York state probe into the insurer's use of contingent commissions, which are offered by insurers to brokers who steer clients toward their company." The Journal continues, "The New York insurer agreed to pay $16.5 million in restitution to policyholders and $2.5 million in civil penalties, according to the state attorney general's office. MetLife will adopt a compensation structure that eliminates the payment of contingent commissions to its brokers for life, disability and group products, said Attorney General Eliot Spitzer, who will be inaugurated governor Monday. It will provide full disclosure of broker compensation to employers at every stage of the insurance purchasing and renewal process, he said." The Journal adds, "Mr. Spitzer has said that contingent commissions are little more than kickbacks to insurance agents and brokers who send business to the insurers and that the hidden costs have driven up insurance prices. The attorney general alleged in part that MetLife instructed its sales personnel to "leverage" override agreements with its brokers by informing those brokers how close they were to meeting certain targets for business provided to MetLife. Those targets would trigger additional compensation to the brokers. … The settlement makes MetLife at least the seventh insurer to pay a fine in Mr. Spitzer's two-year-old investigation into how insurers compensate brokers that bring them business. Earlier agreements involved Prudential Financial Inc., UnumProvident Corp., American International Group Inc., St. Paul Travelers Cos., Zurich Financial Services' Zurich American Insurance Co., and most recently Chubb Corp."

Wachovia Fund To Settle Civil Allegations. The Wall Street Journal/AP (12/30, B4) reports, "Evergreen Investments, the mutual-fund arm of Wachovia Corp., will pay a $4.2 million civil penalty to settle allegations that it violated rules involving the sale of its funds through brokers." The AP continues, "Under the agreement with the NASD, formerly known as the National Association of Securities Dealers, Wachovia neither admitted nor denied the allegations. Evergreen Chief Executive Dennis Ferro wrote to investors that it was in the interest of the company and its investors 'to resolve these matters and move forward.'" The AP adds, "The agreement said Evergreen had a revenue-sharing arrangement with brokerage affiliate Wachovia Securities from 2001 to 2003, and directed to Wachovia Securities $25.7 million in commissions generated from trades in Evergreen's investment portfolio. The sum was tied to the

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amount of Evergreen funds sold by Wachovia Securities. … Evergreen also sponsored a sales-recognition program for Wachovia Securities representatives who sold Evergreen funds during the same period. The 'Medallion Club,' as it was called, treated brokers to meetings at luxury resorts if they sold a certain amount of Evergreen funds. NASD rules prohibit the direction of brokerage commissions to another firm and noncash compensation for selling mutual funds."

CRIMINAL LAW:

FBI Alleges 96-Year-Old Man Is An Active Mafia Figure. The USA Today/AP (12/30, Anderson) reports, "Lucky Luciano, Meyer Lansky and Carlo Gambino are long gone. Murder Inc. is out of business. Las Vegas has been so cleaned up it resembles Disneyland. And Havana? Forget about it ever since Castro took over. But Albert 'Chinky' Facchiano, at 96, is still standing. And like Michael Corleone in The Godfather III, he is still very much involved in the family business, the FBI says. At an age when most people are long retired and happy just to be alive, the reputed mobster was indicted earlier this year in Florida and New York. He is accused, among other things, of trying to intimidate and possibly kill a witness against the powerful the Genovese family of New York in 2005. He is also accused of helping to run the rackets in Florida. … Facchiano, born in 1910, has been a 'made member' of the nation's largest and most powerful Mafia family for decades, but was a low-level figure, rising no higher than soldier, according to the FBI. His nickname is apparently a play on his last name.

Police Seek Clues In Two Virginia Attacks. The Washington Post (12/30, B1, Miroff) reports, "Fairfax County police said yesterday that they are investigating whether a Christmas Eve attack on a 62-year-old Springfield woman is related to the slayings of two elderly women in the area in the past five months." The Post continues, "Few details have been released about the incident Sunday, when a man forced his way into a home and stabbed a woman on the arm before fleeing. Police said the attack occurred less than two miles from the home where 74-year-old Marion J. Newman was robbed and beaten to death Nov. 21. … Police believe Newman's assailant also killed Marion B. Marshall, 72, in her home Aug. 14, two miles from Newman's home. Both women suffered blunt-force trauma injuries to the upper body." The Post adds, "The number of investigators and crime prevention officers working full time on the case has grown to 18, and police have developed a 'humongous' e-mail list to keep Springfield residents informed, said Lt. Richard J. Perez, a police spokesman. Fliers in English and Spanish are posted in the neighborhoods where the women were killed, and a $26,000 reward has been offered by the victims' families. … The slayings, and an increase in burglaries in some neighborhoods, are contributing to a climate of fear and frustration, some residents said. … Police believe that the slayings were crimes of opportunity, committed by someone with ties to the community who happened to see each woman alone and attacked her. There was no indication that the women knew each other, and Newman's diamond ring was the only item known to be stolen from either home."

NYTimes Argues Against Banishing Sexual Predators. The New York Times (12/30, 1.16M) editorializes, "Of all the places that sexual predators could end up after prison, the worst is out of sight, away from the scrutiny and treatment that could prevent them from committing new crimes. But communities around the country are taking that risk, with zoning laws that banish pedophiles to the literal edges of society. … As the areas off limits to sex offenders expand to encompass entire towns and cities, if not states, the places where they can live and work are shrinking fast. The unintended consequence is that offenders have been dispersed to rural nowhere zones, where they are much harder to track. In confined regions like Long Island, they have become concentrated in a handful of low-rent, few-questions-asked areas -- an unintended and unfair imposition on their wary neighbors."

CIVIL LAW:

DOJ Sues Over Alleged Small Business Fun Fraud. The Boston Globe/AP (12/30, Dale) reports, "Three investors, including a Connecticut attorney, are accused of defrauding a government program for small businesses out of $32 million, according to a lawsuit filed Friday by the U.S. Justice Department." The AP continues, "The government accuses the three defendants of cutting secret deals to hide their ownership stakes in a venture that received Small Business Administration funds. … The suit names Glastonbury-based attorney Daniel Beharry; John Torkelsen, who is in prison after pleading guilty to defrauding the agency;

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and Richard D. Propper, a physician from LaJolla, Calif. … They are accused of violating the False Claims Act, which allows the U.S. to seek treble damages plus penalties." The AP adds, "According to the lawsuit, the three defrauded the SBA's Small Business Investment Co. program by failing to disclose conflicts of interest and awarding themselves improper management fees. … Government lawyers say Torkelsen submitted an application for a firm called the Acorn Technology Fund, stating that he owned it with two other men. However, the application did not disclose that Acorn was also funded and controlled in part by Propper and Beharry, the suit states."

Bloomberg (12/30) reports, "The department said the alleged fraud is the biggest ever perpetrated against the U.S.' Small Business Investment Company Program, which gives small private fund managers equity capital and long-term loans to invest in developing companies. Also named in the suit were Richard Propper, a California investor, and Daniel Beharry, a Connecticut lawyer." Bloomberg continues, "The Acorn fund received $32 million from the small-business program. According to the suit, Torkelsen and the other two investors engaged in multiple secret transactions that hid their ownership and control of companies that the fund invested in, contrary to U.S. rules against self-dealing. … Main Street Bank, prior to its acquisition by Sovereign, provided 'false and misleading' information to the Small Business Administration on a form confirming the Acorn fund's account balances, according to court papers. Sovereign, based in Philadelphia, acquired Main Street Bancorp Inc. in 2002."

The Philadelphia Inquirer (12/30, Fernandez) reports, "Sovereign spokesman Ed Shultz said the transactions related to the case were made before Sovereign acquired Main Street Bank in 2002. 'There were no Sovereign employees involved,' he said." The Inquirer adds, "The suit was filed in the Eastern District of Pennsylvania under the False Claims Act, and seeks to have the defendents repay money fraudulently obtained from the SBA. The government has said the fraud was the largest in history in its Small Business Investment Company program, which attempts to seed small companies with money. … The suit is the latest legal action against Torkelsen, who has already pleaded guilty to making false statements to the SBA, and his Acorn Technology Fund L.P. in Bucks County, which received SBA money. … The complaint alleges that Torkelsen recruited Propper and Beharry as investors into the Acorn Technology Fund without telling the government, in violation of SBA rules."

CIVIL RIGHTS:

DOJ Asked To Probe Duke Lacrosse Prosecution. The Raleigh (NC) News & Observer (12/30) reports, "The latest flurry of news in the Duke lacrosse case prompted some concerned citizens to register a complaint with the U.S. Department of Justice on Friday, according to community activist Victoria Peterson, who said she helped pen the complaint with other, unnamed residents. … Officials with the Justice Department could not confirm Friday whether they had yet received the complaint." The N&O continues, "A statement distributed by Peterson alleges that the accuser's civil rights were violated when lacrosse players tossed racial epithets at her and another exotic dancer the night of the alleged assault. The complaint also contends that officials at Duke University have failed to prosecute several rapes reported on campus. … Peterson, an unsuccessful City Council candidate and political organizer, has been speaking publicly about the racial and political subtexts of the case since the allegations surfaced in March."

6th Circuit Backs Michigan Affirmative Action Ban. The Washington Post (12/30, A11, Martin, 690K) reports, "A federal appeals court ruled Friday that three Michigan universities should not have been given a six-month extension to comply with parts of a new state law banning some public affirmative action programs. Michigan voters in November approved Proposal 2, which bans the use of race and gender preferences in university admissions and in government hiring and contracting. The measure took effect Dec. 23, but U.S. District Judge David M. Lawson earlier this month provided an exception for admissions and financial aid decisions for incoming classes at the University of Michigan, Michigan State University and Wayne State University. A three-judge panel of the Cincinnati-based U.S. Court of Appeals for the 6th Circuit said federal law does not warrant providing an exception. Although Lawson allowed the schools until July 1 to comply with Proposal 2, the appellate ruling means they will be expected to comply immediately."

Ford's Support For Affirmative Action Noted. In an op-ed for the New York Times (12/30, 1.16M) Jeffrey Toobin, staff writer at The New Yorker and legal analyst for CNN, writes, "Gerald R. Ford kept his distance from political controversy after leaving office, but he retained a special interest in the workings of his alma mater. In 1999, the 86-

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year-old former varsity football star decided to make a public stand in support of affirmative action at the University of Michigan. He wrote an Op-Ed article on this page titled 'Inclusive America, Under Attack.' A pair of pending lawsuits, Mr. Ford wrote, would prohibit Michigan and other universities 'from even considering race as one of many factors weighed by admission counselors.' Such a move would condemn 'future college students to suffer the cultural and social impoverishment that afflicted my generation.'"

ANTITRUST:

FCC Approves AT&T-BellSouth Deal After Seven-Month Impasse. The Washington Post (12/30, Sipress, Goo, 690K) reports on its front page that the FCC "yesterday overcame a seven-month deadlock and approved AT&T's $85 billion purchase of BellSouth, creating a new corporate giant that will stand astride the telecommunications industry like none other in the generation since the old AT&T empire was broken up in 1984." The new AT&T, "unequaled in capital and geographic reach," could be a "tough adversary for cable companies by offering television service over the Internet, possibly lowering rates for customers in its service area." The Wall Street Journal (12/30, A3, Sharma, Boles, 2.04M), which does not put the story on its front page, says the FCC "approved the deal, the largest ever in U.S. telecommunications history, by a unanimous 4-0 vote, after AT&T offered a series of major concessions to pacify consumer groups and regulators."

The Chicago Tribune (12/30, Van) reports, "A compromise proposed by AT&T Inc. to win federal approval of its $85 billion acquisition of BellSouth Corp. signals how much the impending takeover of Congress by Democrats has shifted telecom's regulatory landscape." The Tribune continues, "The Federal Communications Commission approved the acquisition Friday upon reviewing the proposal submitted Thursday night by AT&T. The companies closed the deal Friday after winning the FCC's OK. … After opposing restrictions on its ability to prioritize Internet traffic it carries, AT&T agreed to 'maintain neutral network and neutral routing in its wireline broadband Internet access service' for two years." The Tribune adds, "The concept of preserving 'net neutrality' has been the paramount telecom issue for consumer advocates all year. … While specific Internet traffic abuses have been rare, activists fear that the economic interests of big telecom and cable companies that own Internet infrastructure will compel them to discriminate against smaller competitors whose Internet-based voice and video services undermine the cash cows operated by the giants. … For their part, large telecom carriers contend that they need flexibility to manage the trillions of bits and bytes that flow across their lines daily. Government restrictions intended to ward off potential anti-competitive moves could stifle technologic innovation, say executives at big telecom concerns."

NBC Nightly News (12/29, story 7, 0:10, Brown, 9.87M) reported, "On this last business day of the year, the federal government cleared the way for the biggest merger ever in the telecommunications industry. … AT&T had to make several major concessions to allow the deal to go through." The Financial Times (12/30, Taylor, Kirchgaessner) said the concessions "are seen as a significant climbdown by AT&T. It had wanted to complete the merger before the end of this year, but had been frustrated by the FCC." The New York Times (12/30, Bajaj, 1.16M) also reports on the approval.

LATimes Lauds AT&T's "Welcome Concession" On Net Neutrality. The Los Angeles Times (12/30, 850K) editorializes, "AT&T made a welcome concession to federal regulators this week that could help preserve the Internet's role as an engine for innovation and competition." The "reconstituted Ma Bell agreed Thursday to not offer for two years 'any service that privileges, degrades or prioritizes' any data transmitted over its broadband network. In other words, AT&T guaranteed what has come to be known as 'Net neutrality' — giving websites and services equal access to Internet users. The only exceptions are for AT&T's new TV service and the managed networks it sells to businesses."

Financial Services Firms Avail Themselves Of Patent Protections. The Financial Times (12/30, Wighton) reports, "The number of US patents issued for financial services has soared this year as banks have rushed to take advantage of a protection once seen as the preserve of technology and drug companies. Patents issued in the main US financial services category had risen more than threefold to 238 by the end of last week, with General Electric's finance arms heading the field with 11. Many financial companies have stepped up efforts to protect intellectual property in recent years. Innovations that would not have been tried previously are being pursued because they can now be patented."

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ENVIRONMENT:

DOJ Investigating Interior Official Over Oil Royalties. The New York Times (12/30, Andrews, 1.16M) reports the Justice Department "is investigating whether the director of a multibillion-dollar oil-trading program at the Interior Department has been paid as a consultant for oil companies hoping for contracts. The director of the program and three subordinates, all based in Denver, have been transferred to different jobs and have been ordered to cease all contacts with the oil industry until the investigation is completed some time next spring, according to officials involved. … If the allegations prove correct, they would constitute a major new blot on the Interior Department's much-criticized effort to properly collect royalties on vast amounts of oil and gas produced on land or in coastal waters. The Interior Department's Minerals Management Service, which oversees royalty collections, is now the target of multiple investigations by Congress and the Interior Department's inspector general." According to the Times, "At issue is the 'royalty in kind' program, a fast-growing program under which companies pay their royalties in the form oil or gas rather than in the traditional form of cash. … The most prominent figure in the inquiry is Gregory W. Smith, who was director of the royalty-in-kind program at the Minerals Management Service in Denver."

Woolsey Encourages Development Of "Plug-In" Hybrid Autos. In an op-ed for the Wall Street Journal (12/30, A10, 2.04M) former CIA Director James Woolsey writes, "If hybrid gasoline-electric cars are provided with advanced batteries (GM's announcement said its choice would be lithium-ion) having improved energy and power density -- variants of the ones in our computers and cell phones -- dozens of vehicle prototypes are now demonstrating that these 'plug-in hybrids' can more than double hybrids' overall (gasoline) mileage. With a plug-in, charging your car overnight from an ordinary 110-volt socket in your garage lets you drive 20 miles or more on the electricity stored in the topped-up battery before the car lapses into its normal hybrid mode. If you forget to charge or exceed 20 miles, no problem, you then just have a regular hybrid with the insurance of liquid fuel in the tank. And during those 20 all-electric miles you will be driving at a cost of between a penny and three cents a mile instead of the current 10-cent-a-mile cost of gasoline."

FBI/DEA/ATF/USMS:

FBI And Coast Guard Reportedly Contested Responsibility For Hijacked Ferry During Drill. The New York Times (12/30, Lipton) reported, "A Coast Guard plan to combat terrorism by creating the maritime equivalent of an air traffic control system in the coastal waters here, a test for a nationwide effort, has fallen far short of expectations. The Coast Guard installed long-range surveillance cameras, coastal radar and devices that automatically identify approaching vessels to help search out possible threats. But the radar, it turns out, confuses waves with boats. The cameras cover just a sliver of the harbor and coasts. And only a small fraction of vessels can be identified automatically. Officials acknowledge the limited progress that the Department of Homeland Security and the Coast Guard have made toward creating a viable defense here in Miami or at harbors nationwide against a maritime attack, despite the billions of dollars invested in port security since 2001." The Times goes on to report, "The Coast Guard is also still struggling to settle on an approach to gather all the data it and other federal agencies collect about potential maritime threats globally and nationally. But the commitment to work together has not always been honored by all the federal agencies. During a drill in which officials pretended that a ferry had been hijacked by terrorists, the Coast Guard and the Federal Bureau of Investigation competed for the right to take charge, a contest that became so intense that the Coast Guard players manipulated the war game to cut the F.B.I. out, government auditors say. 'Unless such differences over roles and authorities are resolved,' a Justice Department report issued this year said, 'the response to a maritime incident could be confused and potentially disastrous.'"

Nixon-Ford Tapes' Release Revives Controversy Over FBI Surveillance. The New Orleans Times-Picayune (12/30, Alpert) reports, "It must have seemed peculiar on that April day 35 years ago when Rep. Hale Boggs took to the floor of the House of Representatives and accused the FBI of spying on the government it was supposed to protect. History would prove that Boggs, a congressman from New Orleans and the House's second-most-powerful Democrat, was right about the extent of the

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FBI's secret surveillance. But on April 6, 1971, Boggs' comments drew a different reaction from President Nixon and his successor, Gerald Ford: They thought Boggs must have been drinking. Transcripts of the taped conversations between Nixon and then-House Minority Leader Ford resurfaced after Ford's death Tuesday. The Washington Post published a piece Friday by journalist Bob Woodward based on interviews with Ford about the friendship between Nixon and the man to whom he would hand the presidency. Nixon recorded his office conversations and Woodward drew on transcripts to show how the two men regularly engaged in political gossip. Lindy Boggs, who went on to win election to her husband's New Orleans House seat after he was killed in a 1972 plane crash, said that while Nixon and Ford might have had their doubts, her husband knew exactly what he was talking about when he made his surprising allegations of FBI abuses under Director J. Edgar Hoover. … Lindy Boggs, 90, said that a surveillance truck was regularly positioned near the Boggs' family home shortly before her husband leveled his criticism and that she had been told that the FBI was recording their phone conversations. 'These were not happy times for our family,' Lindy Boggs said Friday. 'We were told the FBI was monitoring our phone conversations and to draw running water between you and the telephone to wipe out the monitors.' Her recollection is supported by a former House colleague, Rep. Cornelius Gallagher, D-N.J., who said Friday that the House, under bipartisan leadership that included Ford and Boggs, had commissioned an investigation and discovered members' phones had indeed been tapped by the FBI. But he said the report was never released."

CONGRESS-ADMINISTRATION:

Tornado Warning Forces President And Mrs. Bush To Move To Shelter. The AP (12/29) reports President Bush and First Lady Laura Bush "were moved to an armored vehicle on their ranch Friday when a tornado warning was issued in central Texas, the White House said. The vehicle was driven to a tornado shelter on the ranch at 1:30 p.m. CT, and the president, the first lady and their two Scottish terriers, Barney and Miss Beazley, sat inside until the weather cleared, deputy White House press secretary Scott Stanzel said." The Washington Post (12/30, A3, 690K), the New York Times (12/30, 1.16M) and BBC.com (12/29) are among the other outlets carrying brief mentions of the tornado report.

All three broadcast networks also mentioned the tornado. ABC World News (12/29, story 6, 1:00, Gibson, 8.78M) reported, "There was some rough weather in central Texas today, and that led to some apprehension for President and Mr. Bush and the people who keep them safe." The CBS Evening News (12/29, story 10, 0:15, Couric, 7.66M) reported, "There was some wild weather in Texas today, when tornadoes swept through that state. The Secret Service had the President and Mrs. Bush ride out a tornado warning in an armored vehicle at their ranch in Crawford. The twisters, though, never made it to the ranch." NBC Nightly News (12/29, story 2, 1:10, O'Donnell, 9.87M) reported, "The President, First Lady and their two dogs were moved out of their house and placed in an armored vehicle and taken to a tornado shelter."

Bush Said To Have Had Full Schedule During Trip To Crawford. The Los Angeles Times (12/30, Gerstenzang, 850K) reports "this has been a different and strange holiday in which Bush has been unable to leave behind reminders of the problems he faces, at a low point in public opinion polls after another deadly year in Iraq. The intelligence briefing Friday included an update on the execution of Saddam Hussein. On Thursday, Bush met with his senior national security advisors at his office on the ranch to work on a new strategy to deal with the insurgency and sectarian violence in Iraq. There also were details to work out on his role in former President Ford's funeral and memorial services. And outside the property, as usual, were anti-war demonstrators."

Cheney Expected To Be Focus Of Attention In 2007. In the Financial Times (12/30), Caroline Daniel writes that Vice President Cheney "has forged a reputation as the most powerful but also least visible vice-president in recent history. In the next few weeks, however, he will be forced to fight some of his battles in the open - in the courtroom and on Capitol Hill. The first test will come in the criminal trial of his former chief of staff, Lewis 'Scooter' Libby. … The trial, due to begin in two weeks, is likely to set an ignominious precedent when Mr Cheney becomes the first vice-president to testify in a trial. Mr Cheney's legal team are also steeling themselves for the launch of legislative investigations by the new Democrat-controlled Congress. In 2004 the vice-president felt confident enough to dismiss questions from Patrick Leahy, then a powerless Democrat, with a lewd invitation for him to do something sexually impossible. Now, he faces political revenge: Mr Leahy, the

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incoming chairman of the judiciary committee, has said he will issue subpoenas to secure documents that show whether the Bush administration authorised torture as part of its 'war on terror'. He also vowed to look into no-bid Iraq contracts, including those awarded to Halliburton, a company the vice-president once ran."

Ford's Relationship With Cheney, Rumsfeld Examined. The New York Times (12/30, Shane, 1.16M) reports that both Vice President Cheney and former Defense Secretary Rumsfeld "have consciously sought to restore what they see as the constitutional powers of the presidency, which they believe were severely eroded under President Richard M. Nixon and President Ford. Some of their colleagues from three decades ago — evidently including Mr. Ford — have wondered if they have gone too far. … In all the intervening years, Mr. Ford maintained close and friendly relations with both his former chiefs of staff. When Mr. Bush selected Mr. Cheney as his running mate in 2000, Mr. Ford lauded the vice-presidential candidate in an Op-Ed article in The New York Times for 'a towering intelligence and probity, razor-sharp judgment and a seriousness of purpose that is the antithesis of modern political spin.' This year, when Mr. Rumsfeld came under fire from senior retired generals for his conduct of the war in Iraq, Mr. Ford issued a rare public statement defending his 'creativity, vision and courage' and rebuking his critics. But a private disillusionment appears to have been taking shape. In a 2004 interview with Bob Woodward, reported for the first time in The Washington Post this week, Mr. Ford singled out Mr. Rumsfeld and Mr. Cheney by name and sharply criticized the decision to go to war in Iraq."

Ninth Circuit Reportedly Investigating Federal Judge Appointed By Bush. The Los Angeles Times (12/30, Goodman, 850K) reports, "The U.S. 9th Circuit Court of Appeals in San Francisco has launched an investigation of a federal judge who awarded more than $4.8 million in judgments and fees without apparently disclosing his personal, political and business ties to those who benefited, two sources close to the inquiry told The Times. U.S. District Judge James C. Mahan of Las Vegas, a popular state judge who joined the federal bench in 2002 after his nomination by President Bush, was the subject of Times investigative reports in June. … On Mahan, the articles detailed how he awarded fees in a dozen state and federal cases to a former client and business associate who twice served as his judicial campaign treasurer and who was instrumental in getting him appointed to the bench."

Democrats Expected To Seek Expansion Of Health Coverage For Children. The Wall Street Journal (12/30, A4, Zhang, 2.04M) reports Congressional Democrats, "itching to expand health coverage, will likely start by tackling the most politically appealing group: uninsured children. … About 8.3 million children, or 11% of all children in the U.S., lack coverage. For Democrats, covering these youngsters has obvious appeal. It would allow lawmakers to champion solutions to problems of people who they say have been a low priority for Republicans. It also would be a step toward universal health coverage, an old and elusive goal of many in the party." The Journal notes, "Democrats have yet to offer specific proposals or to put a price tag on possible plans. But as with most health-care initiatives, any significant effort to extend and expand coverage will cost billions of dollars, and collide with budget realities, resistance from Republicans and Democrats' vow to be fiscally responsible."

Long-Term Elder-Care Costs Often Not Covered By Medicare. The New York Times (12/30, Gross, 1.16M) reports, "the legion of adult children — more than 15 million, according to various calculations — who take care of their aging parents, a responsibility that often includes paying for all or part of their housing, medical supplies and incidental expenses. Many costs are out of pocket and largely unnoticed: clothing, home repair, a cellular telephone. Adult children with the largest out-of-pocket expenses are those supervising care long distance, those who hire in-home help and those whose parents have too much money to qualify for government-subsidized Medicaid but not enough to pay for what could be a decade of frailty and dependence. The burden is compounded by ignorance, according to a study by AARP, released in mid-December, which found that most Americans have no idea how much long-term care costs and believe that Medicare pays for it, when it does not. … Costs are astronomical for long-term, low-tech care, the sort most often needed by those who linger with Alzheimer's disease or are too frail to get around on their own. Medicare is of almost no help."

WPost Urges Ethics Reforms In Wake Of Murtha Revelations. The New York Times (12/30, 1.16M) editorializes, "As the Democrats regain power in

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Congress next week they would be wise to look to one of their own — Representative John Murtha of Pennsylvania — for ironic inspiration in enacting the ethics reforms they promised voters. Even in the minority, Mr. Murtha made himself a legend at mastering the same quid pro quo culture that Democrats denounced in running against the Republicans' manipulations of Washington's money trough. His deliverance of masses of pork to favored campaign donors and lobbyists has been laid bare in a report by The Washington Post, detailing the sort of classic money churn that helped drive the Republicans from power. … Congressman Murtha's symbiotic prowess with defense contractors and power lobbyists was an open secret that drew no great attention until the incoming speaker, Nancy Pelosi, sought him as her majority leader. She was rebuffed by wiser colleagues. They must follow up that close call by striking at the heart of the easy-money culture that besmirches both sides of the aisle."

OTHER NEWS:

Dow Ends Year Up 16% In Best Performance Since 2003. The Wall Street Journal (12/30, Lahart, 2.04M) reports on its front page that, "driven by a splurge of deal-making, a halt in the Federal Reserve's campaign of raising interest rates and continued profit growth," the Dow "completed its best year since 2003, gaining 16%. And having sailed through the second half of the year, investors now have a tailwind to continue their run into 2007. The Dow closed yesterday at 12463.15, 1,745.65 points higher than where it started 2006. The market's gains, which were across the board and on every index, came in the second half -- at one point in July the Dow was down on the year. The second-half's steady march was virtually uninterrupted." The Wall Street Journal (12/30, B1, Anand, 2.04M) says the "surprisingly strong year" ended with a quiet Friday session. NBC Nightly News (12/29, story 5, 0:45, Brown, 9.87M) reported, "Stocks fell back a bit on this last trading day of the year, and a very good year it was."

The Washington Times (12/30, Bruno, 88K) runs a front-page report headlined "Stock Market Surged In 2006" that says that "by all accounts, 2006 ended up a very good year for stocks as bullish investors bounced back from a slumping housing market and the Federal Reserve's two-year campaign of interest-rate increases. The markets approached record levels in the spring, pulled back sharply in the summer, but found a clear direction in the fall to send the major indexes to multiyear highs." The Houston Chronicle (12/30, Patel, 530K) says the markets "had another bull year, making 2006 the fourth year in a row the three best-known indexes ended in positive territory. They pulled off greater returns than last, setting the stage for what investors expect will be a year of moderate growth in 2007." The AP (12/29) calls 2006 a "banner year" for stocks.

WSJournal Credits Derivatives For Providing Stability In US Markets. The Wall Street Journal (12/30, A10,, 2.04M), in an editorial, writes, "The Dow Jones Industrial Average closed yesterday near an all-time high, up 17% for the year. Long-term bond yields rose this year but remain remarkably low given the Federal Reserve's short-term rate ratchet to 5.25% from a low of 1%. Economic growth has slowed but remains solid. And by some measures financial market volatility is at lows not seen in a decade -- the Dow, for example, is still adding to its longest stretch (910 days) without a one-day decline of 2% or more since 1900. All of this stability naturally fills people with dread. It has led to a round of questioning about why, in an undeniably dangerous world, risk premiums seem to have drained out of whole classes of financial assets. Has Mr. Market become complacent, and so set himself up for a fall? What is everyone missing? … When it comes to the decline of risk premiums and financial stability, securitization and the use of derivatives have both played an unsung role."

Ford Mourning Underway After Understated California Services. The New York Times (12/30, Steinhauer, 1.16M) reports, "The first day of public mourning for former President Gerald R. Ford began Friday in this quiet desert community much the way his post-White House life did here 30 years ago — privately, absent of pomp, a small-town affair writ large by history more than family intent. The repose and prayer service here were the first of several events marking the life of the 38th president, which will include a state funeral in Washington and burial in Mr. Ford's hometown, Grand Rapids, Mich. Decidedly understated, the events here attracted more members of the news media than local mourners along the roadside outside the modest A-frame church, the Ford family's place of worship, where the coffin was placed."

The three broadcast networks gave a combined 18 and one-half minutes of coverage to the mourning for Ford and related stories. The CBS Evening News (12/29, story 4, 2:30,

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Couric, 7.66M) reported, "Six days of honors for America's 38th president began today with a prayer service in Palm Desert, California." ABC World News (12/29, story 3, 2:50, Rooney said, "The military honors belied what a simple affair it was for a man who did not stand on ceremony." NBC Nightly News (12/29, story 3, 2:40, Lewis, 9.87M) said, "President Ford lies in repose inside St. Margaret's church throughout tonight and into the morning. Thousands of people are expected to file past his casket. … Tomorrow the Ford family will accompany the casket to Washington D.C. And on Wednesday of next week Mr. Ford will be buried in Grand Rapids, Michigan."

The Los Angeles Times (12/30, Abrams, Ganga, 850K) reports, "Unlike past presidential obsequies, today's rites were marked by their simplicity. A hearse with two small flags and a tiny presidential seal carried the coffin. At the front of the church, a military honor guard, representing different military branches, stood at attention to receive the body. Former First Lady Ford, 88, her four grown children and several grandchildren moved to the front of the church as the body was carried with military precision into the church." The Washington Times (12/30, Wilson, 88K) reports, "The private family service was followed by a visitation for invited friends, including former Secretary of State George Shultz, former Rep. Jack Kemp and former California Gov. Pete Wilson." Rep. John Dingell said on CNN (12/29), "He was really a very simple, uncomplicated man. And during his time at the White House and also during his time in the Congress, was a man who was very friendly, very simple, very friendly." BBC.com (12/30) also describes the services.

The Washington Post (12/30, A1, Pomfret, Sheridan, 690K) reports, "As the quiet and simple service took place in California, a continent away, law enforcement agencies in Washington called in hundreds of officers to provide security for the second presidential funeral to take place in the nation's capital in three years. The authorities said that a section of the Inner Loop of the Capital Beltway, near the Suitland Parkway, will be shut down for a short time starting at about 5:30 p.m. on Saturday to allow the motorcade carrying Ford's casket to pass by. A number of streets in Alexandria and in Washington will also be temporarily closed." The Washington Post (12/30, A9, Ruane, 690K) reports, "There will be no military aircraft flyover tonight, officials said, unlike with Reagan's services, when a large flyover took place as the procession neared the Capitol. At the family's request, Ford's cortege is scheduled to make two special stops as it travels from Andrews Air Force Base, where it is set to arrive at 5:20 p.m., to the Capitol, where his body is to lie in state through Tuesday morning. The cortege will first pass through Alexandria, where Ford and his family lived as Washington suburbanites in a red-brick Colonial with a pool and a bay window. It will then pause at the World War II Memorial, on the Mall, in recognition of his Navy service during the war." The Washington Post (12/30, A8, Montes, 690K) reports on crowds attracted to the National Archives' exhibits on Ford.

ABC World News (12/29, story 4, 2:20, Gibson, 8.78M) and the CBS Evening News (12/29, story 5, 4:15, Couric, 7.66M) also ran reports on Ford's friendship with Richard Nixon, while NBC Nightly News (12/29, story 6, 3:00, Mitchell, 9.87M) previewed a 1995 interview with Ford that will be published for the first time in Newsweek next week, in which "the private Gerald Ford" was "critical of other Republicans -- Nixon, Reagan and the former President Bush."

Government Agencies, Stock Markets Will Observe Tuesday's Day Of Mourning. CNN.com (12/29) reports, "Ford's funeral service will be in Washington at the National Cathedral on Tuesday, which President Bush has designated as a day of mourning for Ford. Bush's order triggers the closure of all federal offices except those necessary for national security. Major U.S. stock exchanges also are expected to be closed Tuesday in Ford's honor. The U.S. Postal Service said it would suspend delivery that day." The Wall Street Journal (12/30, B2, Schroeder, 2.04M) reports, "It will be the longest closing of major U.S. stock markets since the Sept. 11, 2001, terrorist attacks shut down trading for six days, including a weekend. On Friday, the New York Stock Exchange joined the Nasdaq Stock Market in announcing it would close on Tuesday, in observance of a national day of mourning for former President Gerald Ford. Nasdaq had made its announcement on Thursday." The Washington Post (12/30, D1, 690K) and the New York Times (12/30, 1.16M) also note the markets' closings.

Ford Portrayed As Champion Of Vietnamese Refugees. In an op-ed for the Washington Post (12/30, A21, 690K) Quang X. Pham, who was born in Saigon and served as a Marine pilot in the Persian Gulf War, writes, "Ford became the savior to those lucky enough to escape the taking of Saigon by the North Vietnamese army. 'I pray no American president is ever again faced with this grave option,' Ford said at a public forum on the legacy of the Vietnam War 25 years later. 'I still grieve over those we were unable to rescue.' He added that he was thankful America was able to relocate

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130,000 Vietnamese refugees (less than 1 percent of South Vietnam's population) and that 'to do less would have added moral shame to humiliation.' … I am not aware of any other politicians, antiwar protesters, esteemed journalists or celebrities visiting Fort Chaffee, Ark., where my family was temporarily housed for two months. But Gerald Ford did."

Experience In 2004 Seen As Having Improved Edwards Campaign. The Washington Post (12/30, A3, Balz, 690K) reports, "With overflow crowds and his populist economic message and his Internet-friendly campaign organization, John Edwards signaled this week that, if he has anything to say about it, the race for the Democratic presidential nomination will be about more than just Sen. Hillary Rodham Clinton and Sen. Barack Obama." Edwards "begins his second campaign for the White House with the kind of self-confidence that comes only from having tried and failed once before. … There are also critical adjustments in his candidacy that position him to compete against Clinton and Obama, the party's two unannounced glamour candidates of the moment. Edwards will be able to run to the left of Clinton in a party whose base has shifted leftward during the Bush presidency. And this time, questions about lack of experience will go first to Obama."

Edwards Warns Against Adopting "McCain Doctrine" In Iraq. Sen. John Edwards said on MSNBC's Hardball (12/29, Matthews), "I think it is a mistake to escalate this war. I think it is a mistake to have this McCain Doctrine adopted as a policy by the United States. I think what it does is it sends a signal that we are going be there forever, or for a long time. It takes responsibility away from the Iraqis and there is no military solution to what is happening in Iraq, the only solution is a political solution." Edwards, on CNN's The Situation Room (12/29, Henry), "I believe an escalation of our presence in Iraq is a enormous mistake. I think this McCain Doctrine doesn't make any sense. There is no military solution to what's happening in Iraq. Everyone knows that. The only potential solution is a political solution. The Iraqis are going to have to decide whether they're actually going to have a representative government that includes everybody, including the Sunnis. And that's the only way to ultimately tamp down this violence."

Pro-Obama Group To Air Ads In Iowa. RollCall.com (12/29, Kane) reports, "As Sen. Barack Obama (D-Ill.) nears a decision on his presidential aspirations, an independent group of supporters is going back on the air to try to entice him into the 2008 White House campaign, this time with an ad campaign in the first-in-the-nation caucus state of Iowa. DraftObama.org, a political action committee founded by Democratic activists in the Washington, D.C., suburbs of Maryland and Virginia, has bought time on three major network affiliates in Iowa to air its 'Believe Again' ad, a 60-second spot that already has been shown on New Hampshire, Hawaii and D.C.-area TV stations."

Romney Considered Among "Top-Tier" GOP Presidential Candidates. The AP (12/30, Sidoti) reports, "When it comes to the presidency, the Republican Party has a long tradition of nominating the next guy in line. That's John McCain, and the failed GOP presidential aspirant of 2000 is positioning himself as the anointed 2008 nominee. Yet, a full year before the first primary contests, the Republican race is anything but wrapped up. The Arizona senator who once reveled in his reputation for bucking the party line is now running as the establishment candidate, but he faces serious challenges from Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani. … Regardless of who has the early edge, McCain, Romney and Giuliani make up the top tier of the crowded GOP presidential field that includes a cast of other lesser-known potential candidates, most of whom would be long-shots should they decide to formally enter the race."

Congressional Democrats Voice Objections To FL13 Vote. The New York Times (12/30, Zernike, 1.16M) reports Congressional Democrats "said Friday that they would open the new Congress by formally objecting to the election result in Florida's 13th District, in the hope that the Democrat who is contesting the narrow outcome there," Christine Jennings, "will ultimately take the place of the Republican," Vern Buchanan, "whom the state has certified as the winner. The move will not prevent…Buchanan from taking office with the rest of the 110th Congress next Thursday. But Democrats say that because the House is the final certifier of House election results, they want to make certain that Mr. Buchanan's swearing-in does not prejudice a legal challenge mounted by" Jennings. Rep. Rush Holt is quoted as saying, "No one who's in a disputed election like this should get too comfortable in the House of Representatives. … The evidence will show that a revote is necessary."

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RollCall.com (12/29, Duran) reports, "Despite Democrats' concerns over the election results, incoming Speaker Nancy Pelosi (D-Calif.) clearly did not want to open the first Democratic-led session in 12 years with an ugly House floor fight over whether Buchanan should be seated or not. The Florida secretary of state certified Buchanan as the winner Nov. 21. However, a majority of the House can refuse to seat any Member." On its web site, The Hill (12/29, Blake) reports, "Should Jennings's contentions be validated by the Florida courts, the House would have the power to remove Buchanan."

Kline Continues To Divide Kansas GOP. The Washington Post (12/30, A2, Slevin, 690K) reports, "Phill Kline is not one to slink away -- and the ideological wars inside the Kansas Republican Party show no sign of ending. The fiercely antiabortion Republican attorney general in Kansas lost his reelection bid in November when moderate Republicans voted in droves for Paul Morrison, a longtime Johnson County district attorney who became a Democrat in hopes of vanquishing Kline. Statewide, Kline got barely 4 in 10 votes. In Johnson County, the state's most populous county, his loss was more dramatic. That made it especially shocking after the election when Republican precinct leaders in the county chose Kline to finish the final two years of Morrison's term as prosecutor. Gov. Kathleen Sebelius (D), a vocal Kline foe, refused to sign his nomination papers, a ceremonial task, lambasting a 'small narrow group of partisan political operatives' for choosing him. … Kline's reincarnation as Johnson County prosecutor reveals the depth of the continuing Republican split in Kansas."

Schwarzenegger's Inauguration Festivities Described As "Lavish." The Los Angeles Times (12/30, Halper, 850K) reports, "construction firms, insurance companies, developers and other private donors — most with business in the governor's office — will pick up the tab of at least $1.4 million for a lavish party to kick off Gov. Arnold Schwarzenegger's second term. Schwarzenegger's inaugural committee Friday announced the plans for next Friday's celebration, along with a list of donors. Campaign finance watchdogs have called the whole affair unseemly. Unlike other donations from special interests with business before the state, contributions to the inaugural committee are not subject to legal limits. Nine donors contributed at least $50,000 each to the event, which earned them the designation of 'Gold Sponsor.' Half the $1.4 million raised came in during the last two weeks."

Spitzer Plans "Modest" Inauguration. The New York Times (12/30, Confessore, 1.16M) reports, "Twelve years ago, Gov. George E. Pataki took office with one of the most lavish inaugural parties in New York State history: three days of food and celebration for thousands of supporters, paid for with money raised by a private corporation established solely for that purpose. But the extravaganza blossomed into a two-year headache after Mr. Pataki broke a promise to open the corporation's books to the public, plunging his administration into its first scandal. … Governor-elect Eliot Spitzer is aiming for a happier beginning. Mr. Spitzer has planned a comparatively modest celebration for himself."

States' Minimum Wage Boosts Effective Monday. The Washington Post (12/30, A4, Tanner, 690K) reports, "Jan. 1 brings new laws in many states, offering both a glimpse of what is on the voters' minds and a preview of some of the issues Washington might take up. Many states take action long before Congress does. Effective Monday, seven states -- Arizona, California, Delaware, Massachusetts, New York, North Carolina and Pennsylvania -- will raise their minimum wage. The federal minimum is $5.15 an hour. The new wages go as high as $7.50 an hour. … States also dealt with immigration (nurses from other countries must have English-language proficiency to practice in South Carolina), eminent domain (Illinois requires local governments to pay more and meet a higher legal threshold before seizing private property) and campaign finance (North Carolina and Pennsylvania set stricter rules)."

DC Memorials Commemorating International Figures Draw Controversy. The New York Times (12/30, Barringer, 1.16M) reports that the National Park Service and the National Capital Planning Commission are "the agencies most responsible for monitoring the conception, creation and placement of new museums and commemorative works in the federal city. 'I think there's a heightened sensitivity to where we place these memorials and museums, and whom we venerate,' said the planning commission's chairman, John V. Cogbill III. … 'We view ourselves as a world city, so I think in that respect you want to embrace something that is not indigenous to our own culture.' The language of the Commemorative Works Act of 1986, which set out procedures for the creation of memorials

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on federal land here, is a little less inclusive than Mr. Cogbill is. It envisions commemorative works that evoke 'the memory of an individual, group, event or other significant element of American history.' In the two decades since Congress enacted that law, about 30 memorials have been approved, four of which did not conform to the provision about American history."

Somali Government Asserts Control, Imposes Martial Law. The CBS Evening News (12/29, story 7, 0:50, MacVicar, 7.66M) reported, "For the first time in 15 years, Somali forces appear to be in control of their capital, Mogadishu. Government forces, backed by heavily armed soldiers from neighboring Ethiopia, drove militia loyal to Islamist clerics from the capital they have controlled. There is the promise of stability here, but in this country, divided by clan loyalties and ruined by civil war, there is no certainty."

The Washington Post (12/30, A12, McCrummen, 690K) reports, "With Ethiopian tanks and soldiers guarding key sites in the exhausted Somali capital of Mogadishu, the country's long-exiled and long-powerless prime minister rolled into town Friday, promising that his government would establish order across the chaotic Horn of Africa nation in a matter of months." Despite Prime Minster Ali Mohamed Gedi's efforts, Somali protests against the Ethiopian forces raise "the question of how long Gedi's weak interim government can afford the protection of soldiers from a country that most Somalis consider an enemy or a proxy for the United States." The Post says "some analysts said that the Islamic militias' rapid retreat in the face of the Ethiopian offensive suggests that they were never the threat they were made out to be; others believe the Islamic fighters have faded back to wage a protracted guerrilla war, a scenario that has always been the most feared among regional leaders."

The Washington Times/AP (12/30, Neuhaus) notes Gedi "promised thousands of war-weary Somalis peace and stability yesterday as he formally took control of the battle-scarred capital." However, the AP adds, "the task facing Somalia's U.N.-backed, secular government is immense." The State Department "called for all Somalis to work for 'genuine national reconciliation' and reiterated support for an African peacekeeping force to be deployed in the country."

The Financial Times (12/30, England) reports Gedi "said the administration's priority was to restore law and order and begin the process of rebuilding the shattered country. But while his presence in the capital was symbolically important for the government, the challenges ahead are daunting as it seeks to impose its authority in a city awash with arms and beset by clan rivalries." BBC.com (12/29) cites experts saying Gedi's "arrival in Mogadishu marks the first time the country's transitional government has been in a position to exercise full authority in the capital."

Under the headline, "Somalis Split As Fighting Halts And Hint Of Insurgency Looms," the New York Times (12/30, Gettleman, 1.16M) adds, "Anti-Ethiopia riots erupted in Mogadishu … while masked gunmen emerged for the first time on the streets, a day after Ethiopian-backed troops captured the city from Islamist forces." The Times adds, "Mogadishu has plenty of gunmen, of every age and every clan, but gunmen hiding their identity is something new and may be a sign of a developing insurgency." Some experts believe "that if the Ethiopian troops … linger in the country too long and their intervention turns into a full-scale occupation, it will uncork a long and nasty guerilla war." For his part, Gedi "is wasting little time getting to work. He announced Friday that the transitional government … was imposing martial law for the next three months. He asked Mogadishu's various clan militias to turn in their weapons or face the consequences."

Chinese White Paper Pegs Military Buildup To Economic Development. The Wall Street Journal (12/30, A4, Fairclough, 2.04M) details the Chinese State Council's release of report claiming "China's rapid economic growth and its dependence on international trade are driving major shifts in the country's military strategy." The white paper "outlines steps that appear aimed at improving China's ability to use armed force far from its own shores in order to protect increasingly global interests." According to the Journal, the policy "says China is pursuing 'a road of peaceful development' but adds that the country's military strength should increase 'in step' with its expanding economy." The report "provides a window into Chinese strategic thinkers' view of the international security environment and their apparent distrust of the U.S. and its motives. The paper's authors say they don't expect any large-scale conflicts between major countries in the 'foreseeable future.' But they expressed dissatisfaction with what they termed 'hegemonism and power politics.'" A focus on the outward projection of power "is a departure for China's People's Liberation Army, which … has been focused for

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much of its existence on domestic threats, territorial defense and conflicts on its borders." The Journal adds, "China's growing military strength and questions about its intentions have touched off a debate among U.S. defense-policy makers."

The Washington Post (12/30, A17, Cody, 690K) notes Beijing "warned Friday that the military landscape in northeast Asia is getting 'more complicated and serious' because of North Korea's nuclear weapons program and tighter defense cooperation between Japan and the United States." The white paper "provided a rare glimpse into the strategic assessments that underlie decisions and priorities of the secretive Chinese military and the Communist Party's policymaking Central Military Commission." The Post says the report "was designed as a response to repeated complaints from the Bush administration that China has not explained the rationale behind its long-term military improvement program."

Under the headline, "China's Military Spending To Reach $36bn," the Financial Times (12/30, Yeh) reports the 15 percent annual military budget increase is "likely to heighten concerns over Beijing's military build-up." That enhanced spending "is aimed at modernising the 2.3m-strong People's Liberation Army (PLA) into a nimbler, more technologically-advanced entity, said a white paper released by the government yesterday."

Iranian UN Ambassador Pans Security Council Sanctions, Backs Cooperation. In an op-ed in the Los Angeles Times (12/30, 850K), Iranian Ambassador to the UN M. Javad Zarif questions the "urgency" of the recent UN Security Council resolution "against" his nation's "nuclear program." Tehran "has categorically rejected the development, stockpiling and use of nuclear weapons on both ideological and strategic grounds," and remains "committed to the Nuclear Nonproliferation Treaty." Zarif cites "alarmist assessments" from opponents of Iran's nuclear program, and says even thy "concede that there is no actual evidence that Iran is trying to build a nuclear weapon and that, even if it wanted to do so, it would not be capable of developing one before 2010 or 2015." The Security Council sought ony "to punish Iran for refusing to suspend its peaceful and legal uranium enrichment activities." Tehran "has proposed real alternatives to ensure that its civilian nuclear program will remain exclusively and indefinitely peaceful," adding, "Neither suspension nor sanctions can achieve the stated objective of ensuring nonproliferation because Iran has now been compelled to develop nuclear technology on its own." Zarif concludes, "Iran remains eager to dispel any doubts. It is not too late to reach an agreement on meaningful measures that can serve our common objective of limiting the proliferation of nuclear weapons."

Turkmen Opposition Given Little Chance Of Ousting Interim President. The New York Times (12/30, Chivers, 1.16M) reports Turkmen Republican Party leader Nurmuhkammed Khanomov "demanded Friday that" interim President Gurbanguly Berdymukhammedov "step down and allow for democratic elections in the authoritarian Central Asian nation. But there were signs of disorganization and discord in the opposition ranks." Khanomov's request "was almost certain to be ignored," and Berdymukhammedov and his allies "have been consolidating their hold on the country since the death of Saparmurat Niyazov, the Turkmen president, on Dec. 21." Niyazov's "death had been expected to set off a succession battle, but so far none has spilled into the public light," and, the Times adds, "the opposition has been marginalized by a combination of manipulation of the Constitution, amendments to election law and police action." Calling several government actions "manipulations," the Times notes the new election law bars "citizens who have lived outside of Turkmenistan in recent years from becoming candidates — a rule that blocked the best-known opposition figures from entering the race." One opposition leader "said that when the holiday season ended, the Turkmen people would be watching the United States closely. Washington has backed other democratic movements, he said, and publicly pushed for fair elections in several authoritarian states, including Belarus. He said he worried that because of Turkmenistan's energy reserves, it would not be treated the same way."

Russia, Belarus In Standoff Over Natural Gas. The New York Times (12/30, Kramer, 1.16M) reports Russian energy "monopoly" Gazprom is once again "in a dispute over prices and control of a pipeline in a neighboring country that is threatening the smooth flow of natural gas to Europe. But this time, the price increase was levied on a Russian ally, Belarus, a country whose foreign policy is aligned with Moscow in all but one important aspect: support for increasing cash flow at Gazprom." Belarus President Aleksandr Lukashenko "called Gazprom's position

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'blackmail' and said Belarussians would rather live in unheated dugouts than pay the higher price." Russian Deputy Prime Minister and Gazprom head Dmitri Medvedev "retorted that Belarus was 'blackmailing' Europe by threatening the transit pipelines that cross that country." The Times says Gazprom's "price increases have added to concerns about the reliability of the oil and natural gas flowing from Russia, which is a major supplier to Europe but has increasingly wielded its energy resources for political leverage." The Times notes some experts believe "that, beyond being merely a tool of Russian foreign policy, increasing the cash flow at Gazprom is an important, even central, tenet of Russian foreign policy in its own right. That interest may outweigh support for Belarus as a client state."

The Financial Times (12/30, Ostrovsky) notes Lukashenko "was on Friday defiant in the face of Russian threats to cut gas supplies to his country, just as his officials arrived in Moscow for last-minute talks aimed at resolving the dispute." Despite Minsk's claim "that the aim was to sign a contract," a Gazprom employee "said he was not feeling optimistic about a possible breakthrough in the dispute between the two countries."

Slovenia Will Join Euro Zone Monday. The Wall Street Journal (12/30, A4, Lagorce, 2.04M) notes Slovenia "on Monday will become the first former communist state to adopt the euro, in what Prime Minister Janez Jansa has called the 'biggest national achievement' since the country joined the European Union in 2004." The Journal calls the move "no small victory for" Slovenia. "It is alone among the 10-member European Union accession class of 2004 in having fulfilled the rigorous economic criteria needed to join Europe's Economic and Monetary Union." The Journal says adopting the euro "is expected to bring macroeconomic stability to the country, increase its exports and yield productivity gains." However, "by giving up its ability to fix its interest rates, Slovenia exposes itself to the risk of a house-price boom such as those experienced by Ireland and Portugal after they joined."

Sinn Fein Conference Will Consider Supporting Ulster Police. The AP (12/29, Pogatchnik) reports the leadership of Sinn Fein "voted Friday to convene an emergency conference and confront a pivotal issue in Northern Ireland peacemaking — whether the IRA-linked party should support the police." Noting "months of stalemate" in Protestant-Catholic negotiations, the AP adds Gerry Adams "said the conference would proceed only if the move received a sufficiently positive response from the Democratic Unionists, the major Protestant-backed party." Irish Prime Minister Bertie Ahern is quoted calling the Sinn Fein meeting "a defining moment in the peace process. A successful outcome is vital to the continuing success of this process." AFP (12/29, Bushe) notes the "landmark" and "watershed" meeting, and calls Sinn Fein's historic refusal to recognize the police force "the main obstacle" and "a major stumbling block to restoring the power-sharing government." Bloomberg (12/29, Nesbitt) reports Sinn Fein's decision to hold an intra-party vote is "paving the way for a revival of the region's parliament after it was suspended four years ago."

Bush Eliminates Jackson-Vanik Trade Limits For Vietnam. AFP (12/29) reports President Bush "signed a proclamation formally extending full US-Vietnam trade ties and made the former foe eligible for US military aid, key steps in normalizing relations." Noting Bush's lifting of key restrictions, Scott Stanzel is quoted saying Washington "welcomes Vietnam's progress in enacting free-market reforms, and looks forward to Vietnam becoming the 150th member of the World Trade Organization on January 11."

Convicted US Marine Remanded To US Custody In Philippines. The AP (12/29, Gomez) reports US Marine Lance Cpl. Daniel Smith, who has been "convicted of raping a Filipino woman, was whisked away from a Manila jail to the U.S. Embassy Friday, a spokesman said, almost a month after the U.S. and Philippine governments urged a local court to transfer him to American custody during his appeal." Spokesman Matt Lussenhop is quoted saying, "The government of the Philippines made a decision to transfer Lance Cpl. Daniel Smith back to U.S. custody, consistent with the terms of the" Visiting Forces Agreement.

Reid Seeks To "Strengthen Relations" With Ecuador. The AP (12/29, Valdivieso) carries comments from Ecuador by visiting Sen. Harry Reid "that the United States wants to strengthen relations with Ecuador's leftist President-elect Rafael Correa and respects his intention to not extend the U.S. military's use of a coastal base." Reid and five Senate colleagues "met for almost an hour with Correa, who takes office on Jan. 15, and expressed a desire to build

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better bilateral relations." Reid also "said President Bush supports an extension" of the Andean Trade Promotion and Drug Eradication Act."

Top Bangladeshi Women Politicians' Rivalry Said To Hamper Development. The Washington Times/AP (12/30, Rosenberg) reports, "For 15 years Bangladesh has been dominated by the revolving-door premiership of two women whose rivalry is among the most ferocious in the democratic world." The AP calls the relationship between Begum Khaleda Zia and Sheik Hasina Wajed "the stuff of political slapstick, except that this feud is rooted in the assassination of one woman's father and the other's husband, and the result today is anything but funny." Bangladeshis "will tell you the rivalry is the cause of all the country's problems of poverty and corruption." The Zia-Wajed "rivalry has done nothing to improve things. Bangladesh is deeply corrupt and, in many parts, barely governed, raising concerns about instability in this strategic Muslim country already contending with Islamist militancy." The AP adds, "As each serves a term and is replaced by the other, a well-worn pattern has emerged: one party wins the election, and the other spends the next five years doing its best to make the country ungovernable through strikes and protests."

Sub-Saharan Africa Faces Challenges Of Meeting Renewed Education Demand. A 1,839-word feature in the New York Times (12/30, Lafraniere, 1.16M) reports, "Finding places for millions of new students is one of sub-Saharan Africa's most overwhelming and gratifying missions. After two decades of sluggish growth in enrollment rates, the region's 45 countries find themselves with an embarrassment of eager schoolchildren." The Times says "wo trends have converged to produce such change: One is a new willingness by international donors and African governments to spend hundreds of millions of dollars more on basic education. That has fed a rising demand for education by the region's parents, who for perhaps the first time see a chance to give their children a future that they were denied." Despite the positive trend, the "challenges" of providing an adequate education "remain staggering. Foremost is a flood tide of school-age children in a region whose birth rate is nearly twice the world's average. … The region must absorb those newcomers while trying to lift itself from the subbasement of global education."

British Authorities Arrest Four Rwandan Nationals On Genocide Charges. The New York Times (12/30, Cowell, 1.16M) reports, "In a rare case evoking genocide in a distant land, four men accused of plotting or participating in the 1994 massacres of Rwanda's Tutsi minority appeared in a London court on Friday after their arrests overnight to face extradition proceedings." The suspects, who will be held until a court appearance next month, "were arrested under an unusual and previously secret memorandum of understanding between Britain and Rwanda that was supposed to prevent them from being executed if found guilty of crimes in their own country." British law forbids both their extradition to face a possible death penalty and their prosecution in the UK. The Times adds, "The four men … have denied the genocide charges and are expected to resist being sent to Rwanda, where rights groups like Amnesty International have raised questions about the quality of the judicial system."

Desmond Tutu's "Moral Leadership" Profiled. The Wall Street Journal (12/30, A10, 2.04M) runs an extensive interview by Tunku Varadarajan of Archbishop Desmond Tutu. "Among his many essential arts -- those of persuasion, rhetoric, theology and politics -- there is one that stands out over all others when I meet Desmond Tutu in the flesh at a hotel in midtown Manhattan: the art of laughter." However, the Journal says, his "jollity" is "that of a serious, even grave, man, and it is this jollity, this very African capacity for mirth in darkness, that set him apart from the dour, adamant Afrikaners with whom he locked horns over a lifetime." Tutu "looks like nothing more than a mischievous, if well-fed, lemur, whose eyes twinkle irrepressibly behind plus-size glasses." Calling Tutu "the best known priest in the world (give or take a pope)," the Journal says his "renown derives not so much from his theology as from his moral leadership of the anti-apartheid movement in South Africa."

Global Warming Faulted For Arctic Ice Shelf Break. ABC World News (12/29, story 5, 2:20, Gibson, 8.78M) reported, "An ancient and enormous ice shelf, equivalent in size to 11,000 football fields has broken free from Canada's Arctic region. It is the largest event of its kind to happen in that area in 30 years. But some scientists say it's only the beginning. They predict big changes for the Arctic, and they point to unusually warm temperatures as the cause." The CBS Evening News (12/29, story 9, 0:40, Solorzano,

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7.66M) said scientists are "blaming global warming" for the breaking off of the ice shelf, which "froze 3,000 years ago and is the size of 11,000 football fields." NBC Nightly News (12/29, story 8, 2:05, Brown, 9.87M) also had the story as a lead-in to a report on the impact of global warming, and the Washington Post (12/30, A18, Gillies, 690K) carries an AP item on the break.

NYTimes Says EU, Not Turkey, To Blame For Accession Slowdown. In an editorial today, the New York Times (12/30, 1.16M) says "strained relations between Turkey and Cyprus" for Istanbul's inability to push EU accession talks forward. "What is surprising — and dismaying — is that the union is treating this as primarily a legal problem. That's a distortion." The "problem is mainly political, and of the union's own making. The E.U. blundered when it allowed a divided Cyprus to join the union in 2004" instead of demanding reunification, as Turkey and the Turkish Cypriots wanted. The Times adds, "Opposition to Turkey fails the test of Europe's values of tolerance and political compromise. It is also a failure on Europeans' part to discern their own self-interest." Calling Turkey "an underutilized resource" in fostering Muslim-Christian dialogue, the Times concludes, "it's up to the European Union to mend the Cyprus divide and clear the way for a dispassionate recognition of Turkey's vital role in Europe."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Violence Marked His Rise, Rule And Fall."
"A Test Of Faith In Strangers."
"Hussein Executed -- And Iraq Braces."
"Soaring Tourism, Hidden Dollars."
"Apple Report Fails To End Stock-Option Controversy."
"A Quiet, Personal Farewell."

New York Times:

"Dictator Who Ruled Iraq With Violence Is Hanged For Crimes Against Humanity."
"Joy Of Capture Muted At End."
"The Defiant Despot Oppressed Iraq For More Than 30 Years."
"New Job Title For Druggists: Diabetes Coach."
"Crowds Of Pupils But Little Else In African Schools."
"Elder-Care Costs Deplete Savings Of A Generation."
"Failure To Navigate: Security Effort By Coast Guard Is Falling Short."
"No Pomp For A President In Repose."
"U.S. And Iraq Dispute Role Of Iranians But Free Them."
Somalis Split As Fighting Halts And Hint Of Insurgency Looms."
"Apple Panel On Options Backs Chief."
"U.S. Official Overseeing Oil Program Faces Inquiry."
"Coaches' Word Rarely As Good As The Next Job."

Washington Post:

"Saddam Hussein Is Put To Death."
"Washington Prepares For Farewell To Ford."
"AT&T Completes BellSouth Takeover."
"An Overwhelmed D.C. Agency Loses Count of AIDS Cases.
"Apple Admits Wrongdoing But Rallies Around Leader."

Washington Times:

"Saddam Pays At The End Of A Rope."
"Six Days Of Mourning Begin."
"Bush Eager To Put '06 Behind."
"BWI Airport Leads Use-It-Again Trend."

Detroit Free Press:

"Hussein Hanged."
"Dearborn Crowd Celebrates For Justice."

Dallas Morning News:

"Saddam Dies On The Gallows."
"Rain Pounds Area, But Tornadoes Stay Away."
"Passengers Stuck On Plane Over 8 Hours."
"AT&T Buyout OK'd."
"Arlington Murder Suspect Arrested In Mississippi."
"Ford's Funeral Begins With Simple Ceremony."
"2 Dead In FW accident."
"Blizzard Pounds Colorado, Heads For Texas."

Houston Chronicle:

"Official: Saddam 'Totally Surrendered.'"
"NewsWatch: White House - Bush's Statement."
"Pentagon: U.S. ready for any surge in violence in Iraq."
"Scientists: Climate Change Behind Ice-Shelf Break."
"T-Mac Finds Form, Helps Rockets Down Hawks."
"Islamic Association Dismisses Katy Pig Races."
"Lawyer: Suspect In Houston Pot Bust 'No Drug Lord.'"
"Ex-Councilman Reyes Freed From Halfway House."
"Houston Conventions Chief Quits, To Be Consultant."
"Three Best-Known Market Indexes End '06 In Black."

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"Underage New Year's Drinkers Face Stiff Penalties."

Story Lineup From Last Night's Network News:

ABC: The Execution Of Saddam Hussein; Security In Iraq-Hussein Execution; Mourning For Former President Ford; Ford/ Nixon Enduring Friendship; Artic Ice Shelf Melts/ Breaks Free Into Ocean; Tornado Scare On President's Texas Ranch; Colorado Snowstorm.

CBS: Execution Of Saddam Hussein; Other Executions In Baghdad; Analysis Of Iraqi Reaction To Hussein Execution; Death Of Former President Ford; Ford/ Nixon Friendship; Taliban Gaining Power In Afghanistan; Somalian Civil War; Snowstorm In Denver; Scientists Blame Global Warming For Melting Ice Shelf; Tornado Swept Through Texas; Mourning Former President Ford.

NBC: Execution Of Saddam Hussein; President Bush's View Of Iraqi Reaction/ Texas Tornado; Mourning For Former President Ford; Snowstorm In Denver; Wall Street Report; Interview With Revelations From Ford About His Successors; AT&T/ BellSouth Merger; Global Warming Weather Trends.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. In Crawford, Texas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: FUNERAL SEVICES FOR FORMER PRESIDENT GERALD R. FORD. 5:20 p.m. Ford's body arrives at Andrews Air Force Base, and will be taken to the Capitol. The motorcade will pause at the World War II Memorial. Note: Only credentialed media will have access to this ceremony. All media are required to have credentials and government-issued picture identification, such as a drivers license, to access the air base. Credentialed media will report to the West Gate at Andrews at 3 p.m. for security processing and shuttle service to ceremony location. The West Gate can be accessed from I-495 to Maryland exit 9, Allentown Road, Andrews AFB, State Route 337. Media are encouraged to take a taxi, limousine or carpool to the West Gate because parking is limited. Press pre-set time: 3-4:30 p.m. at West Gate Entrance. Doors open at 3 p.m. and close at 4:30 p.m. Credentialing: Joint Task Force-National. Phone: 202-685-4644/4645/6248. Fax: 202-685-1999. 6:30 p.m. Rotunda arrival ceremony, open to President Ford's immediate family, members and members-elect of the House and Senate, visiting heads of state and invited government officials. After the arrival ceremony, the Rotunda will open to the public until midnight. The public waiting area will be at the southwest corner of the Capitol grounds, across from the U.S. Botanic Garden. 7 p.m. State funeral begins in the Capitol Rotunda. 8:20 p.m. Ford's body lies in state.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 30, 2006 7:45 AM EST

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TERRORISM NEWS:

Antiterrorism Successes Seen As Some Of The Few 2006 Bright Spots For Bush. The Washington Times (12/30, A1, Dinan, 88K), in a front-page article titled "Bush Eager To Put '06 Behind," reports 2006 saw President Bush's "poll approval ratings fall to new lows, saw Congress back him off his veto threat on the Dubai ports deal and forced him to issue his first veto, on stem-cell research, ended with Democrats' winning outright control of Congress." The Times adds, "But he also won confirmation of a second justice to the Supreme Court and won congressional approval of detention and military trials for detainees in the war on terror. Just as important, the United States helped Britain foil another major terrorist plot to hijack airplanes this past summer, and the fifth full year since September 11 is about to expire without another successful terrorist attack on U.S. soil. At the same time, though, the situation in Iraq deteriorated, and the administration made only halting progress in using diplomacy to try to contain Iran's and North Korea's nuclear programs."

Circuit Court Panel Rejects Ex-Judges' Amicus Brief In Guantanamo Case. The New York Times (12/30, Liptak, 1.16M) reports, "A divided panel of the United States Court of Appeals for the District of Columbia Circuit, which will soon decide an important case concerning detainees at Guantánamo Bay, rejected a friend-of-the-court brief submitted in the case by the retired judges. Two former chief judges of the court were among those rebuffed. … The unsigned majority decision, for Judges David B. Sentelle and A. Raymond Randolph, said the brief violated a 1982 advisory opinion from a committee of the Judicial Conference of the United States, which is the administrative and policy-making body of the federal court system." However, "Judge Judith W. Rogers dissented," saying "the 1982 advisory opinion was meant to address situations in which former judges acting as lawyers are referred to by the honorific title 'Judge.'"

The Washington Times/AP (12/30) reports, "Seven federal judges from both political parties filed friend-of-the-court briefs in November urging the appeals court to declare key parts of the new law unconstitutional. They said the law, which sets up military commissions to hear terrorism cases, 'challenges the integrity of our judicial system' and effectively sanctions the use of torture." This AP story also appears in the Washington Post (12/30, A4, 690K).

WSJournal Pleased By Decision. The Wall Street Journal (12/30, A10, 2.04M) editorializes, "Undeniably, former Judges Abner Mikva, Patricia Wald, Shirley Hufstedler, et al., are trying to throw the full weight of their former eminence against the new Gitmo detainee law passed by Congress this fall. … [F]orgive us for thinking that these amici expected their criticism of the new detainee law signed by President Bush to be seen, even admired, as the views of the magnificent seven, not the merely mortal thoughts of law professors. … We see little reason why that endless roster of former judges, ambassadors, generals and the like shouldn't approach the bench as do the rest of us. These seven should feel free to refile their opinions, as Mr., Ms., or whatever."

HOMELAND RESPONSE:

Proposed Port Security System Encounters Technology Snags. The New York Times (12/30, Lipton, 1.16M) reports, "A Coast Guard plan to combat

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terrorism by creating the maritime equivalent of an air traffic control system in the coastal waters here, a test for a nationwide effort, has fallen far short of expectations." Initially tested in Miami's port, the system, which uses "long-range surveillance cameras, coastal radar and devices that automatically identify approaching vessels," has encountered difficulty: "[T]he radar, it turns out, confuses waves with boats. The cameras cover just a sliver of the harbor and coasts. And only a small fraction of vessels can be identified automatically." The Times adds, "A surveillance system similar to the one in Miami is supposed to be installed at as many as 35 ports. But given the challenges here, and the unwillingness of Congress to finance the still-unproven effort, the Coast Guard has delayed expanding the effort to other ports until at least 2014."

Crews To Excavate World Trade Center Service Road For Remains. The New York Times (12/30, Dunlap, 1.16M) reports, "Most of the service road along the western edge of the World Trade Center site will be excavated as part of the expanded search for human remains at ground zero, the Bloomberg administration said yesterday. The overall effort — searching buildings, excavating the block where St. Nicholas Greek Orthodox Church stood, investigating 595 manholes and other underground structures — may cost as much as $30 million, Deputy Mayor Edward Skyler said in a memorandum yesterday to Mayor Michael R. Bloomberg. … Four remains were recovered yesterday from the haul road, said Ellen Borakove, a spokeswoman for the office of the chief medical examiner. They are regarded as potentially human, pending further testing."

The AP (12/29, Kugler) reports, "In a memo to Mayor Michael Bloomberg about the search for remains, Deputy Mayor Ed Skyler said debris believed to be from the towers had been dug up from under a service road on the site's western edge and said more of the road would be excavated. Crews sifting through the material have reported finding computer parts, office carpet, electrical wires and steel from the building." The AP adds, "The renewed search for remains began in October after utility crews found bones in an abandoned manhole that had been paved over and forgotten along the western edge of the site."

WAR NEWS:

Saddam Hussein Is Dead, Executed By Nation He Once Ruled. Saddam Hussein al-Majid al-Tikriti, for a quarter-century the dictator of the Republic of Iraq, onetime master of the world's fourth-largest army, and twice the wartime foe of US-led coalitions, was executed by hanging at approximately 6:05 a.m. Baghdad time this morning, or 10:05 p.m. EST Friday night. He was 69 years old.

While the execution took place far too late for the network news broadcasts to cover it, speculation on the event dominated all television media throughout the day and evening Friday. Hussein's death receives saturation coverage in today's newspapers, with many running lengthy obituaries and multiple analyses in addition to front-page reports on the ex-dictator's demise. Headlines run from the understated (the Washington Post's "Saddam Hussein Put To Death," for example) to the emphatic ("Saddam Pays At The End Of A Rope" in the Washington Times; "Saddam Swings" in the New York Daily News).

The Washington Post (12/30, A1, Raghavan, 690K) reports Hussein "was hanged in the predawn hours of Saturday for crimes against humanity in the mass murder of Shiite men and boys in the 1980s, sent to the gallows by a government backed by the United States and led by Shiite Muslims who had been oppressed during his rule." In a statement, President Bush said Hussein "received 'the kind of justice he denied the victims of his brutal regime.' He added, 'Fair trials were unimaginable under Saddam Hussein's tyrannical rule. It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial. This would not have been possible without the Iraqi people's determination to create a society governed by the rule of law.'" After the execution, "celebratory gunfire broke out in Baghdad," and "Iraqis across the nation sent text messages to their relatives and friends as soon as they heard" Hussein was dead. The AP (12/29) and CNN.com (12/30) also cover Bush's statement.

The New York Times (12/30, A1, Santora, Glanz, 1.16M) says the "dictator who led Iraq through three decades of brutality, war and bombast before American forces chased him from his capital city and captured him in a filthy pit near his hometown" was put to death "just before dawn Saturday during the morning call to prayer." The "final stages" for Hussein "came with terrible swiftness after he lost the appeal, five days ago, of his death sentence."

Fox News (12/29, Van Susteren) reported, "It's still dark there. Dawn hasn't broken in Baghdad, so many people haven't awakened to the news that their former president is dead." Fox News (MacDougall) added, "Right. When we spoke to you the other night, a few nights ago, it was about half an hour later than now, and it was already pretty light here. So dawn comes very quickly. We've already had the first call to prayer of the morning. And there was some speculation -- we were doing it ourselves through the night -- that, in fact, Saddam would be allowed to pray that one last time around 5:30, 5:35 in the morning, and then be taken off to the gallows."

While the execution came several hours after US network news broadcasts signed off Friday night, the lead-up to the event still received substantial coverage. Between

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them, ABC, CBS, and NBC devoted nearly 17 minutes to the story, and all three led with it. ABC World News (12/29, lead story, 2:50, Gibson, 8.78M) opened by saying, "It is such an extraordinary transition: Less than four years ago, he was the absolute ruler of Iraq, holding power by terror and brutality. And now, he's going to die a death at the end of a rope." ABC (McCarthy) said Iraqi Prime Minister Nouri al-Maliki, "who spent part of the day visiting relatives of some who died under Saddam, was not hiding his enthusiasm for the hanging." NBC Nightly News (12/29, lead story, 3:35, Brown, 9.87M) reported the execution would "truly mark the end of his violent and repressive reign, but by no means the end of violence in Iraq. US military forces are on a heightened state of alert, ready for whatever the reaction." The CBS Evening News (12/29, lead story, 2:35, Couric, 7.66M) led with a report as well.

NBC Nightly News (12/29, story 2, 1:10, O'Donnell, 9.87M) reported, "President Bush knows all about the plans for the execution of Saddam Hussein. Advisors describe it saying he was briefed about the entire process as a part of his intelligence briefing. They won't talk about timing or specifics, partly because they want it to be viewed as the work of the Iraqi government, and as an example Iraq is forming a new judicial system but US officials are braced for the possibility that Saddam's death could cause more violence. Advisors responded saying extremists would use any excuse."

Celebrations Break Out After News Of Execution Announced. CNN (12/29, Cooper) reported, "We want to show you the streets in the United States right now in Dearborn, Michigan, a heavily Muslim community, where you see people waving Iraqi flags. Large crowds have already gathered in the streets. The mood is celebratory. … Al Arabiya reporting that the execution took place at 10:05 Eastern Time in the United States, at five minutes past 6 a.m., just dawn in Baghdad." The Seattle Times (12/30, 118K) says in "Baghdad's Shiite enclave of Sadr City, people danced in the streets while others fired guns in the air."

The AP (12/30) reports "dozens of Iraqi-Americans gathered late Friday at a Detroit-area mosque to celebrate reports that Saddam Hussein had been executed, cheering and crying as drivers honked horns in jubilation." The San Francisco Chronicle (12/30, A9, Kuruvila, 384K) reports Iraqi émigrés in the San Francisco area said Hussein's death was "long overdue," while the St. Louis Post-Dispatch (12/30, O'Neil, Sultan, 297K) says Iraqi natives living in that city called the execution "a just punishment." However, the Los Angeles Times (12/30, Khalil, 850K) reports Iraq's "push to hang Hussein this morning, when much of the Muslim world was celebrating Eid, drew criticism from Islamic leaders in the Middle East and America."

CNN (12/29, Raman) reported, "We're hearing from a witness who was at the execution who has just told CNN after the execution of Saddam Hussein, there was dancing around his body. Shia chants, as well, were being spoken in celebratory fashion. This has been confirmed now, as well, from the office of Iraq's prime minister. One can only imagine the emotions within that room as Saddam Hussein was executed."

MSNBC.com (12/30) reports, "Witnesses to the execution told NBC News' Richard Engel that they were cheering around the body of Saddam after the execution. NBC could hear cheers and celebrations in the background while talking to an official in the prime minister's office. 'This son of a bitch is lying under my feet. … I can't talk now because of all the cheers!' a witness said."

Just after the execution was confirmed, Iraqi Deputy Representative to the UN Faisal Al-Israbadi said on CNN (12/29, Cooper), "It's a very solemn moment for me. I can understand why some of my compatriots may be cheering. I mean, I have friends who -- particular people that I can think of who have lost 10, 15, 20 members of their family and more. But for me, it's a moment really of remembrance of the victims of Saddam Hussein. I understand that the nature of the news, there has been a tremendous focus on Saddam himself today. … This is a man who history will record is responsible for the deaths of two million Iraqis."

BBC.com (12/30) and Bloomberg (12/30, Morales, Mathewson) also report on the execution; NPR's All Things Considered (12/29) ran a report on Hussein's death sentence that ran over nine minutes.

Hussein Reportedly Looked Fearful As Execution Approached. Newsweek (12/30, Hastings, 3.12M) reports on its web site that Ali Al Massedy, the videographer who filmed the execution, said of Hussein, "I saw fear, he was afraid. … He was saying things about injustice, about resistance, about how these guys are terrorists." Ali added that on the way to the gallows, "Saddam said, 'Iraq without me is nothing.'" CNN.com (12/30) reports Iraqi National Security Adviser Mowaffak al-Rubaie, another witness, said, "He was a broken man. He was afraid. You could see fear in his face." Rubaie said that Hussein "carried with him a copy of the Quran and asked that it be given to 'a certain person.' Rubaie did not identify that person."

Hussein Warned Iraqis "Not To Trust The Iranian Coalition." AFP (12/30) reports Hussein climbed the gallows "calmly" and offered "a last defiant warning." Judge Moneer Haddad, who witnessed the execution, said, "He said 'I hope you will be united, and I warn you not to trust the Iranian coalition, because they are dangerous'. He said he was not afraid of anyone." Hussein's "taunt will be interpreted as a sideswipe at Prime Minister Nuri al-Maliki's Shiite-led ruling coalition, which many Iraqi Sunnis accuse of being a front for Iranian influence."

Hussein's Death Does Not End Problems For Bush. The New York Times (12/30, Zeleny, 1.16M) says Hussein's

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December 2003 capture "was a jubilant moment for the White House, hailed by President Bush in a televised address from the Cabinet Room," but the execution "seemed hardly to inspire the same sentiment." Over the past three years, Hussein "has gradually faded from view, save for his courtroom outbursts and writings from prison. The growing chaos and violence in Iraq has steadily overshadowed the torturous rule of Mr. Hussein. … Now, what could have been a triumphal bookend to the American invasion of Iraq has instead been dampened by the grim reality of conditions on the ground there." The Los Angeles Times (12/30, Richter, 850K) also days that while "many Iraqis and Americans have looked forward to the day when justice would catch up with Saddam Hussein," when it arrived, "it seemed to be much less than the historic turning point many once had anticipated. With Iraq beset by violence and turmoil, the dictator's demise no longer appeared to signal the beginning of new order."

The Chicago Tribune (12/30, Silva, 617K) runs an analysis headlined "Hussein's Death Does Not Alter Bush's Problems," saying the "hanging of the longtime Iraqi strongman does not alter the fundamental problems that Bush faces: Reclaiming public support in the U.S. for a war that a majority of Americans now oppose, and charting a convincing course for the victory that Bush vows to achieve before withdrawing U.S. forces."

Hussein attorney Najeeb Al Nuami appeared on Fox News (12/29, Van Susteren) immediately following reports that the execution had taken place. He said, "He was expected to be executed today as a gift for Mr. Bush and al Maliki, especially Mr. Bush. I hope he's happy now by this execution, but I think Saddam is winning party and Bush Administration are the losing party."

Western Diplomats Oppose Death Penalty But Respect Iraq's Decision. CNN.com (12/30) samples reactions around the world, focusing on the diplomatic response. British Foreign Secretary Margaret Beckett said, "The British Government does not support the use of the death penalty, in Iraq or anywhere else. … We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation." The French Foreign Ministry said, "France, which like the rest of its European partners advocates the universal abolition of capital punishment, notes the execution of Saddam Hussein on Saturday. That decision was made by the people and the sovereign authorities of Iraq." Australian Foreign Minister Alexander Downer said that while "Australia opposed the death penalty, Saddam had faced justice and a fair trial and had been found guilty of crimes against humanity. 'The people of Iraq now know that their brutal dictator will never come back to lead them.'"

Hussein Was Reportedly Issued "Red Card" Like Those He Once Dealt. The Financial Times (12/30, Sevastopulo, Negus) reports that before he was taken to the gallows, Hussein "was reportedly handed a 'red card' signaling his imminent death -- a reminder of the red cards dealt to those he had condemned to death during his time in power." The Los Angeles Times (12/30, A1, Hennessy-Fiske, Moore, 850K) says Hussein's death warrant "was signed today by the nation's two vice presidents and execution witnesses gathered in the heavily fortified Green Zone for the execution." Hussein "was dressed in a red jumpsuit…which has been the custom for death row prisoners in Iraq since before Hussein came to power." Defense lawyer Najib Naimi said, "He was writing his biography. But I don't think he had a chance to complete it."

News Reports Stress Hussein's Brutality. Many reports on the hanging bluntly comment on Hussein's brutality in their leads. The Washington Times (12/30, A1, Torchia, Abdul-Zahra, 88K) says Hussein "ruled Iraq with remorseless brutality for a quarter-century. … The man who came to a grim end at the end of a rope had vexed three U.S. presidents." The Philadelphia Inquirer (12/30, Youssef, 385K) calls Hussein a "dictator who terrorized a nation for nearly a quarter-century." The Los Angeles Times (12/30, Daragahi, Lamb, 850K) says Hussein "ruled Iraq with ruthless force and led his people into three devastating wars while pursuing his goal of dominating the Arab world." Similarly, the Financial Times (12/30, Mallet) says Hussein "was responsible for bringing untold suffering to his country's people as he pursued a vain ambition to become the unchallenged leader of the Arab world." Gannett (12/30, Palmer) calls Hussein a "brutal dictator," while the Chicago Tribune (12/30, Madhani, 617K) calls him a "megalomaniac" who "earned the moniker Butcher of Baghdad by ruling with brute force, torture and cunning." The Boston Globe (12/30, Radin, 413K) says he was "ruthless in domestic affairs, reckless internationally, and flamboyant always." The New York Post (12/30, Lathem, Gittens, 631K) leads a story headlined "Saddam Is The King Of Swing" by saying "the Butcher of Baghdad is no more."

A Washington Post (12/30, A14, Partlow, 690K) report says the "autocratic Arab nationalist…led his nation into repeated wars." The man who "took power as a brutal young modernizer…cultivated a climate of fear in Iraq." The New York Times (12/30, Macfarquhar, 1.16M) calls Hussein a "defiant despot," saying the hanging "ended the life of one of the most brutal tyrants in recent history and negated the fiction that he himself maintained even as the gallows loomed -- that he remained president of Iraq." Another Washington Times (12/30, Behn, 88K) report says that "for those who met him, Saddam was both charming and intimidating, a ruthless ruler who had a vision of a modern, secular Arab nation." CNN.com (12/30) says Hussein's very name "conjures lengthy war, government autocracy and widespread cruelty,"

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while BBC.com (12/30, Reynolds) states that he is "hated by many, mourned by few."

Hussein Moved From Poverty To Power. Newspapers also chart Hussein's rise from obscurity and poverty to the height of power. The Dallas Morning News (12/30, 500K) says the "most defiant Arab leader of his generation…was raised in abject poverty by an uncle who hated the West. His rise to power marked an impressive triumph over adversity. He was born in the dusty village of Tikrit, seemingly fated to a life of depravation." Newsday (12/30, Bazzi) says he "rose to power on a wave of nationalist, revolutionary sentiment sweeping the Middle East. … In a region filled with U.S.-allied dictators, many Arabs admired Hussein's willingness to challenge the world's sole superpower and his support for the Palestinians in their struggle with Israel." The Financial Times (12/30, Negus) runs a timeline of Hussein's life.

US Television Networks Played "Tense Waiting Game." The AP (12/29, Elber) says television networks "played a tense waiting game Friday as they ticked off the final hours of Saddam Hussein's life, replaying scenes from the former Iraqi dictator's reign as they waited for his death." The event itself "ended a day of TV reporting fraught with uncertainty and speculation about whether his execution was imminent." The Los Angeles Times (12/30, Brownfield, 850K) reports networks "used the prospect of footage to create an all-day 'Dead Man Walking' scenario, as day became night became the morning call for prayer in Baghdad."

Meanwhile, the New York Times (12/30, Carter, 1.16M) reports that while they waited, television news executives debated "how to handle any images of his execution that might be released." While there was "some question as to whether any video images would be issued, the network news divisions at ABC and CBS said that should the video become available, some visual documentation of Mr. Hussein's death might be broadcast, but no overly graphic images, and certainly not the complete execution. NBC News, however, indicated it might go further than its competitors. Steve Capus, the president of NBC News, said the network might show 'a wide shot of Saddam hanging.'"

US, Iraqi Officials Consider What To Do With Hussein's Body. The New York Times (12/30, Santora, 1.16M) reports that while the execution was "swift and unambiguous, it was much less clear on Saturday what would be done with his body. Privately, both American and Iraqi officials say that the subject has been raised at the highest levels, but no decisions have been made." The "most discussed options include sending his body out of the country to his family in Jordan, where two of his daughters live; burying him in a secret location never to be made public; burying him in a secret location but, after a period of time, having him disinterred and sent to his family or tribe; or sending him immediately to his hometown of Tikrit to be buried with members of his tribe." A "top Sunni politician even raised the prospect of holding a state funeral for Mr. Hussein. That idea, a Western official said, had very little chance of becoming reality."

More Commentary. The Los Angeles Times (12/30, 850K) editorializes, "Once upon a time, the death of Saddam Hussein would have been an epochal event for Iraq, the Middle East and the world. Now there is some question whether it will even matter in Baghdad." But "no one really expects Hussein's execution…to change much in Iraq. … Nor can Hussein's death be expected to be much of a factor in Washington. Some will claim that it vindicates one of the original purposes of the war. But President Bush's deliberations about the 'way forward' in Iraq will continue apace, as will debate about troop levels, diplomatic overtures and other strategies to allow the U.S. to leave Iraq but continue the war against terrorism. The curious irrelevance of Hussein to today's Iraq could hardly have been predicted five years ago. It would be a mistake, however, to forget his terrible relevance to Iraq's history."

In a Los Angeles Times (12/30, 850K) op-ed, commentator Andrew Cockburn writes that while Hussein's death "seems certain to boost sectarian bloodletting between Sunnis and Shiites in Iraq, he always posed as an Iraqi and Arab nationalist who could unite the rivalrous sects in his country -- an attribute that initially recommended him to Washington." Hussein "was for a period the prime example of the traditional U.S. means of control in the Middle East: quiet support for a repressive leader respectful of U.S. interests. That approach has now apparently been replaced by one that induces civil discord and breakdown (deliberately or otherwise), as evidenced by recent events in Iraq, Lebanon and Afghanistan. In his final hours, Saddam Hussein may have derived some satisfaction from the unpleasant surprises this change has produced for his former friends in Washington."

In a New York Times (12/30, 1.16M) op-ed, Najmaldin Karim writes, "My personal battle with Saddam Hussein -- which began in 1972 when I abandoned my medical career in Mosul, Iraq, and joined the Kurdish armed resistance -- is at an end. To execute such a criminal, a man who reveled in his atrocities, is an act of justice. The only issue for me is the timing -- executing him now is both too late and too early. Too late, because had Saddam Hussein been removed from the scene many years ago, many lives would have been saved. Killing Saddam now, however, for ordering the massacre at Dujail in 1982, means that he will not face justice for his greatest crimes."

Troops Braced For Post-Execution Violence In Iraq. ABC World News (12/29, story 2, 2:30, Karl, 8.78M) reported, "US forces are on high alert tonight. It's not that

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Saddam Hussein means much to insurgents anymore. Most experts say he doesn't. But officials fear his execution may be used as excuse for more attacks."

The AP (12/30, Baldor) reports, "The Pentagon said Friday that U.S. forces in Iraq are ready for any escalation of violence" associated with the execution of Saddam Hussein. DOD spokesman Bryan Whitman "wouldn't comment on troop movements to strengthen security for the execution, but he said the commanders in Iraq have the ability to move forces as they deem appropriate based on conditions on the ground."

Batiste, Reed Doubt Explosion Of Violence Likely. The CBS Evening News (12/29, story 3, 1:30, Couric, 7.66M) interviewed Gen. John Batiste, "a former commander of the US Army's 1st Infantry Division in Iraq, including Saddam's hometown of Tikrit," who "retired last year and then criticized the Pentagon's conduct of the war." Batiste said, "I'm not sure that his execution…will cause more violence in Iraq. But I think we can say with certainty that we won't see a decrease in violence until we have a couple of things happen. One is a unified United States strategy that fully employs all elements of our national power on all four cylinders. And the second would be the people of Iraq embrace change in their future together.

Sen. Jack Reed said on Fox News (12/29, Scott), "There's the possibility of a backlash, but, frankly, the situation of today with or without Saddam's execution has placed American forces in significant danger and significant proximity to violence. ... I think, at this juncture, Saddam is no longer a pivotal figure in Iraqi political life, and I think this will not cause a huge tipping point."

Iraq's Diversity Of Warring Groups Noted. In an analysis for UPI (12/29), Afghanistan veteran Lawrence Sellin writes, "If the situation in Iraq can be salvaged, it will not be done with troop surges alone or a single all-inclusive strategy applied uniformly across the country, but through the cumulative effect of a hundreds of tailored efforts, funded and executed bottom-up, city by city and region by region. ... The influence of Iraqi tribalism and the need to balance or leverage the differences between sub-groups in the ongoing stability and counterinsurgency operations in Iraq may still be underestimated. It is the product of lazy thinking to simply pigeon-hole Iraqis as Shiite, Sunni or Kurd."

December Is Deadliest Month Of 2006 For US Troops In Iraq. The AP (12/30, Frayer) reports, "Three more Marines and a soldier were killed in battle in Iraq, the military said Friday, making December the year's deadliest month for U.S. troops with the toll reaching 108. The Marines, all assigned to Regimental Combat Team 5, died Thursday of wounds from fighting in western Anbar province, the U.S. military said. The soldier was killed in Karmah Thursday by small arms fire. ... Their deaths pushed the toll past the 105 U.S. service members killed in October. At least 2,997 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an AP count." The AP adds about the civilian death toll, "Through Thursday, at least 2,139 Iraqis have been killed in war- related or sectarian violence, an average rate of about 76 people a day, according to an AP count." The Washington Post (12/30, A13, 690K) carries an abbreviated version of this article.

The Los Angeles Times (12/30, Moore, 850K) reports, "The Marine deaths reported Friday brought the number of U.S. military fatalities in Iraq since the March 2003 invasion to 2,996, icasualties.org said, with 816 of them occurring this year. Last year, 846 American service members died; in 2004, the figure was 848.

Pentagon Reviews Surge Plans. The AP (12/30, Baldor) reports, "Extending U.S. military units already in Iraq and moving troops from other locations, including Kuwait, are among options Pentagon planners are looking at if President Bush calls for an increase in troops on the battlefront. ... The most immediate and likely move would be to shift the 2nd Brigade, 82nd Airborne Division from Kuwait — where it is expected to deploy early next month — into Iraq, said the officials, who requested anonymity because no decisions have been made. ... Another much-discussed option would be extending Marine units already in Iraq. ... A surge in troops would probably be coupled with other political and economic changes. While in Iraq last week, Defense Secretary Robert Gates talked about the importance of rebuilding neighborhoods and other Iraqi facilities more quickly in regions that had been cleared by troops and deemed secure."

Pentagon To Request "Annual Record" In War Spending. The New York Times (12/30, Cloud, 1.16M) reports in a critical article, "The Pentagon is seeking nearly $100 billion for operations in Iraq, Afghanistan and elsewhere, a request that, if approved by Congress, would set an annual record for war-related spending. ... The request would push the total for the 2007 fiscal year to nearly $170 billion, 45 percent more than Congress provided for 2006. ... some experts questioned whether the services were exploiting the must-pass nature of the supplemental bill to seek money for other purposes like the modernization of aircraft rather than just wartime replacements."

Pentagon Creates New Office To Oversee Contractors. UPI (12/29) reports the Defense Department "has created a new office to oversee major service contracts. The office will monitor contracts such as the $15 billion Halliburton one in Iraq."

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Iranians' Detention, Expulsion Said To Worsen US-Iraqi Relations. The New York Times (12/30, Tavernise, Glanz, 1.16M) reports, "Under heavy American pressure, the Iraqi government ordered two Iranians who had been detained in an American military raid to leave the country, Iraqi officials said Friday, ending a bitter, nine-day political standoff." The Times says "the detention brought the increasingly strained relationship between the Iraqis who run this country and their American backers to one of its lowest ebbs." While Iraqi authorities "said Friday that it was clear that the men … had not been entirely forthcoming about what they were doing in Iraq," they "believed that the evidence against the men was mostly circumstantial and not as damning as the Americans had portrayed." The Times adds that "episode" has "deeply upset many Iraqi officials, who had been carefully building relations with Iran," and "demonstrated the deepening fissures between the Shiite-led Iraqi government and the United States."

The Washington Post (12/30, Raghavan, Wright, 690K) reports that the Iraqi decision "has angered U.S. military officials who say the operatives were seeking to foment instability here. ... Despite their frustration at the release of the Iranians, U.S. officials said a strong message has been sent to Iran that its operatives will be tracked down and that it will be held accountable for its activities in Iraq." The Post describes the alleged evidence against the men in more detail than does the Times, saying, "One of the commanders, identified by officials simply as Chizari, was the third-highest-ranking official of the Iranian Revolutionary Guards' al-Quds Brigade ... U.S. defense officials familiar with the raids said the captured Iranians had detailed weapons lists, documents pertaining to shipments of weapons into Iraq, organizational charts, telephone records and maps, among other sensitive intelligence information. Officials were particularly concerned by the fact that the Iranians had information about importing modern, specially shaped explosive charges," used in roadside bombs.

The Los Angeles Times (12/30, Moore, 850K) reports, "The military seized documents, maps, photographs and videos linking the two Iranians to illegal weapons shipments to armed groups in Iraq, Army Maj. Gen. William B. Caldwell IV said this week."

Poll Finds Plurality Of Troops Disapprove Of Bush's War Policy. In a piece for the AP (12/30), Military Times writer Robert Hodierne writes, "The American military, once a staunch supporter of President Bush and the Iraq war, has grown increasingly pessimistic about chances for victory. For the first time, more troops disapprove of the president's handling of the war than approve of it, according to the 2006 Military Times Poll. ... Only 35% of the military members polled this year said they approve of the way Bush is handling the war, and 42% said they disapprove. While approval of the president's war leadership has slumped, his overall approval remains high among the military. Just as telling, in this year's poll only 41% of the military said the U.S. should have gone to war in Iraq in the first place, down from 65% in 2003."

Kennedy Urges More Help For Iraqi Refugees. In an op-ed for the Washington Post (12/30, A21, 690K), Sen. Edward Kennedy writes, "Last year…America accepted only 202 Iraqi refugees, and next year we plan to accept approximately the same number. We and other nations of the world need to do far better. ... We need to do much more to help Iraqi refugees, especially those who have helped our troops. Our nation is spending $8 billion a month to wage the war in Iraq. Yet to meet the urgent humanitarian needs of the refugees who have fled the war, the State Department plans to spend only $20 million in the current fiscal year." Kennedy adds, "An essential first step could be to hold an international conference on the issue -- ideally sponsored by the countries in the region and the United Nations -- to begin to deal with the growing number and needs of Iraqi refugees and internally displaced persons. The United States should participate in the conference and provide substantial support for the refugees. Doing so would encourage other nations to address the crisis, help the refugees and displaced persons, and assist the countries shouldering the greatest burden."

Taliban Commander Vows Continued War Against US, Allies. The CBS Evening News (12/29, story 6, 2:55, Couric, 7.66M) reported, "Five years after US forces drove the Taliban into the mountains of Afghanistan, they're back on the attack and some say more dangerous than ever. Today their leader, Mullah Omar, vowed once again to force the US out of Afghanistan. And an even more ominous warning tonight from another Taliban terrorist in hiding." CBS (Logan): "He is the Taliban's most bloodthirsty commander, Mullah Dadullah. And there are few people in the world the US wants to capture more than him, seen here in an exclusive interview. … The one-legged leader promises to go beyond the battlefields of Afghanistan and hunt Americans down at home. 'Even if they go back to America, we will have to take revenge,' he said. 'America has humiliated our country and our people. We will never negotiate.' Mullah Dadullah is the military mastermind behind the bloodiest year ever for US forces in Afghanistan. His ultimate goal: to overthrow Afghanistan's pro-American government. And in spite of heavy casualties inflicted by US and NATO forces, Dadullah claims the Taliban's success has led to a surge in morale and strength in recent months."

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CORPORATE SCANDALS:

Apple Report Clears Jobs Of Options Wrongdoing. The Wall Street Journal (12/30, A1, Wingfield, Stecklow, Forelle) reports, "Apple Computer Inc. acknowledged that it backdated stock options and that Steve Jobs recommended 'favorable' dates for some options awards. But the company said he was absolved of misconduct by a special internal investigation." The Journal continues, "Although the investigation found that CEO Steve Jobs was aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications. The Special Committee also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants." The Journal adds, "The approval for the grant was improperly recorded as occurring at a special Board meeting on October 19, 2001. Such a special Board meeting did not occur. There was no evidence, however, that any current member of management was aware of this irregularity. Read more2. … Directors and others close to the Apple probe defended Mr. Jobs, the company's iconic chief executive, even as it detailed his part in a widespread pattern of options irregularities between 1997 and 2002. But Mr. Jobs and Apple, still under federal scrutiny as part of a broad investigation of options backdating, are not yet out of the woods."

The Financial Times (12/30, Waters) reports, "News that the Apple chief executive had been more directly involved in the options irregularities than previously disclosed came as the company admitted that a fictitious board meeting had supposedly approved some of Mr Jobs' own stock options in 2001. The affair, reported earlier this week in the FT, led to Mr Jobs receiving benefits worth $20m that were not disclosed at the time, Apple reported." The Times adds, "Apple said it had understated its expenses in previous years by a total of $105m, reflecting 6,428 separate options grants made on 42 dates. Backdating involves setting the exercise price on stock options at an earlier date. … While Apple revealed in a regulatory filing in October that Mr Jobs had been aware of some of these cases, it amended that on Friday to say that he had been 'aware or recommended the selection of some favourable grant dates'. … Friday's statement that Mr Jobs did not 'appreciate the accounting implications' of the options backdating, was also a change from its assertion in October that he was 'unaware of the accounting implications'. It added he did not 'financially benefit' from backdated grants of which he was aware, a change from its earlier statement stating he did not 'benefit'."

The Washington Post (12/30, A1, Sipress, Johnson) reports, "Apple's board, which includes former vice president Al Gore, gave Jobs its full support. 'The board of directors is confident that the Company has corrected the problems that led to the restatement, and it has complete confidence in Steve Jobs and the senior management team,' said the statement by Gore and Jerome York, who heads Apple's audit and finance committee." The Post adds, "Wall Street also rallied around Jobs, who is more closely identified with and central to the success of his company than any other executive at a major technology firm. The stock rose nearly 5 percent, and many industry analysts said investors could return their attention to Apple's sound fundamentals, which include strong sales of iPods and Macintosh computers. … But white-collar crime experts said the action may signal more serious issues. … 'The acknowledgment of greater involvement by Mr. Jobs than previously disclosed can only cause the government to use an even finer toothed comb in its own review of Mr. Jobs's conduct,' Washington defense lawyer Barry Pollack said. 'The government may ultimately come to share the company's conclusion that Mr. Jobs was unaware that the options were not properly handled, but not before putting him under their own magnifying glass.'"

The New York Times (12/30, Markoff, Dash) reports, "In its summary of the findings of a six-month internal investigation, Apple said it had found that 6,428 option grants, or 15 percent of the 42,000 options it awarded, had been improperly dated from 1997 to 2002. Those included grants made on 42 separate dates to senior executives, new hires and ordinary employees. … Investigators, led by a committee of outside directors and the law firm Quinn Emanuel Urquhart Oliver & Hedges, raised 'serious questions' about the actions of two former company officers who were involved in the accounting and reporting of stock options, Apple said. But they absolved Mr. Jobs by concluding that there had been "no misconduct" by Apple's current management team." The Times adds, "The report did offer a subtle shift in Apple's description of Mr. Jobs's role in the option process. In October the company said that Mr. Jobs was aware that favorable grant dates had been selected, but that he did not benefit from those grants and was unaware of the accounting implications. But in the report issued Friday, Apple acknowledged that Mr. Jobs 'was aware or recommended the selection of some favorable grant dates.'"

The San Francisco Chronicle (12/30, Page A - 1, Guynn) reports, "Despite the exoneration, uncertainty remains for Jobs, the chief executive officer, and the company. Apple noted that it had informed the U.S. Securities and Exchange Commission and the U.S. Attorney's Office of the results of its probe. Federal authorities are presumed to be weighing whether to take action against the company or any individuals. The SEC and the U.S. Attorney's Office declined to comment on the matter." The Chronicle adds,

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"Legal and corporate governance experts say federal authorities won't necessarily be swayed by the company's findings or by Jobs' prominence. … 'There is going to be a continuing level of uncertainty surrounding the company until or unless Jobs is exonerated by the SEC and others looking at this issue,' said Patrick McGurn, executive vice president of Institutional Shareholder Services, which advises investors on corporate governance issues. 'This was a major hurdle that the company has cleared for now, but it still has some obstacles in the road in front of it before it can put these issues behind it once and for all.'"

MetLife Unit Settles New York Commission Probe For $19 Million. The Wall Street Journal (12/30, B4, Bray, Kuykendall) reports, "MetLife Inc.'s life-insurance unit agreed to pay $19 million to settle allegations stemming from a New York state probe into the insurer's use of contingent commissions, which are offered by insurers to brokers who steer clients toward their company." The Journal continues, "The New York insurer agreed to pay $16.5 million in restitution to policyholders and $2.5 million in civil penalties, according to the state attorney general's office. MetLife will adopt a compensation structure that eliminates the payment of contingent commissions to its brokers for life, disability and group products, said Attorney General Eliot Spitzer, who will be inaugurated governor Monday. It will provide full disclosure of broker compensation to employers at every stage of the insurance purchasing and renewal process, he said." The Journal adds, "Mr. Spitzer has said that contingent commissions are little more than kickbacks to insurance agents and brokers who send business to the insurers and that the hidden costs have driven up insurance prices. The attorney general alleged in part that MetLife instructed its sales personnel to "leverage" override agreements with its brokers by informing those brokers how close they were to meeting certain targets for business provided to MetLife. Those targets would trigger additional compensation to the brokers. … The settlement makes MetLife at least the seventh insurer to pay a fine in Mr. Spitzer's two-year-old investigation into how insurers compensate brokers that bring them business. Earlier agreements involved Prudential Financial Inc., UnumProvident Corp., American International Group Inc., St. Paul Travelers Cos., Zurich Financial Services' Zurich American Insurance Co., and most recently Chubb Corp."

Wachovia Fund To Settle Civil Allegations. The Wall Street Journal/AP (12/30, B4) reports, "Evergreen Investments, the mutual-fund arm of Wachovia Corp., will pay a $4.2 million civil penalty to settle allegations that it violated rules involving the sale of its funds through brokers." The AP continues, "Under the agreement with the NASD, formerly known as the National Association of Securities Dealers, Wachovia neither admitted nor denied the allegations. Evergreen Chief Executive Dennis Ferro wrote to investors that it was in the interest of the company and its investors 'to resolve these matters and move forward.'" The AP adds, "The agreement said Evergreen had a revenue-sharing arrangement with brokerage affiliate Wachovia Securities from 2001 to 2003, and directed to Wachovia Securities $25.7 million in commissions generated from trades in Evergreen's investment portfolio. The sum was tied to the amount of Evergreen funds sold by Wachovia Securities. … Evergreen also sponsored a sales-recognition program for Wachovia Securities representatives who sold Evergreen funds during the same period. The 'Medallion Club,' as it was called, treated brokers to meetings at luxury resorts if they sold a certain amount of Evergreen funds. NASD rules prohibit the direction of brokerage commissions to another firm and noncash compensation for selling mutual funds."

CRIMINAL LAW:

FBI Alleges 96-Year-Old Man Is An Active Mafia Figure. The USA Today/AP (12/30, Anderson) reports, "Lucky Luciano, Meyer Lansky and Carlo Gambino are long gone. Murder Inc. is out of business. Las Vegas has been so cleaned up it resembles Disneyland. And Havana? Forget about it ever since Castro took over. But Albert 'Chinky' Facchiano, at 96, is still standing. And like Michael Corleone in The Godfather III, he is still very much involved in the family business, the FBI says. At an age when most people are long retired and happy just to be alive, the reputed mobster was indicted earlier this year in Florida and New York. He is accused, among other things, of trying to intimidate and possibly kill a witness against the powerful the Genovese family of New York in 2005. He is also accused of helping to run the rackets in Florida. … Facchiano, born in 1910, has been a 'made member' of the nation's largest and most powerful Mafia family for decades, but was a low-level figure, rising no higher than soldier, according to the FBI. His nickname is apparently a play on his last name.

Police Seek Clues In Two Virginia Attacks. The Washington Post (12/30, B1, Miroff) reports, "Fairfax County police said yesterday that they are investigating whether a Christmas Eve attack on a 62-year-old Springfield woman is related to the slayings of two elderly women in the area in the past five months." The Post continues, "Few details have been released about the incident Sunday, when a man forced his way into a home and stabbed a woman on the arm before fleeing. Police said the attack occurred less than two miles from the home where 74-year-old Marion J. Newman was robbed and beaten to death Nov. 21. … Police believe Newman's assailant also killed Marion B. Marshall, 72, in her

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home Aug. 14, two miles from Newman's home. Both women suffered blunt-force trauma injuries to the upper body." The Post adds, "The number of investigators and crime prevention officers working full time on the case has grown to 18, and police have developed a 'humongous' e-mail list to keep Springfield residents informed, said Lt. Richard J. Perez, a police spokesman. Fliers in English and Spanish are posted in the neighborhoods where the women were killed, and a $26,000 reward has been offered by the victims' families. … The slayings, and an increase in burglaries in some neighborhoods, are contributing to a climate of fear and frustration, some residents said. … Police believe that the slayings were crimes of opportunity, committed by someone with ties to the community who happened to see each woman alone and attacked her. There was no indication that the women knew each other, and Newman's diamond ring was the only item known to be stolen from either home."

NYTimes Argues Against Banishing Sexual Predators. The New York Times (12/30, 1.16M) editorializes, "Of all the places that sexual predators could end up after prison, the worst is out of sight, away from the scrutiny and treatment that could prevent them from committing new crimes. But communities around the country are taking that risk, with zoning laws that banish pedophiles to the literal edges of society. … As the areas off limits to sex offenders expand to encompass entire towns and cities, if not states, the places where they can live and work are shrinking fast. The unintended consequence is that offenders have been dispersed to rural nowhere zones, where they are much harder to track. In confined regions like Long Island, they have become concentrated in a handful of low-rent, few-questions-asked areas -- an unintended and unfair imposition on their wary neighbors."

CIVIL LAW:

DOJ Sues Over Alleged Small Business Fun Fraud. The Boston Globe/AP (12/30, Dale) reports, "Three investors, including a Connecticut attorney, are accused of defrauding a government program for small businesses out of $32 million, according to a lawsuit filed Friday by the U.S. Justice Department." The AP continues, "The government accuses the three defendants of cutting secret deals to hide their ownership stakes in a venture that received Small Business Administration funds. … The suit names Glastonbury-based attorney Daniel Beharry; John Torkelsen, who is in prison after pleading guilty to defrauding the agency; and Richard D. Propper, a physician from LaJolla, Calif. … They are accused of violating the False Claims Act, which allows the U.S. to seek treble damages plus penalties." The AP adds, "According to the lawsuit, the three defrauded the SBA's Small Business Investment Co. program by failing to disclose conflicts of interest and awarding themselves improper management fees. … Government lawyers say Torkelsen submitted an application for a firm called the Acorn Technology Fund, stating that he owned it with two other men. However, the application did not disclose that Acorn was also funded and controlled in part by Propper and Beharry, the suit states."

Bloomberg (12/30) reports, "The department said the alleged fraud is the biggest ever perpetrated against the U.S.' Small Business Investment Company Program, which gives small private fund managers equity capital and long-term loans to invest in developing companies. Also named in the suit were Richard Propper, a California investor, and Daniel Beharry, a Connecticut lawyer." Bloomberg continues, "The Acorn fund received $32 million from the small-business program. According to the suit, Torkelsen and the other two investors engaged in multiple secret transactions that hid their ownership and control of companies that the fund invested in, contrary to U.S. rules against self-dealing. … Main Street Bank, prior to its acquisition by Sovereign, provided 'false and misleading' information to the Small Business Administration on a form confirming the Acorn fund's account balances, according to court papers. Sovereign, based in Philadelphia, acquired Main Street Bancorp Inc. in 2002."

The Philadelphia Inquirer (12/30, Fernandez) reports, "Sovereign spokesman Ed Shultz said the transactions related to the case were made before Sovereign acquired Main Street Bank in 2002. 'There were no Sovereign employees involved,' he said." The Inquirer adds, "The suit was filed in the Eastern District of Pennsylvania under the False Claims Act, and seeks to have the defendents repay money fraudulently obtained from the SBA. The government has said the fraud was the largest in history in its Small Business Investment Company program, which attempts to seed small companies with money. … The suit is the latest legal action against Torkelsen, who has already pleaded guilty to making false statements to the SBA, and his Acorn Technology Fund L.P. in Bucks County, which received SBA money. … The complaint alleges that Torkelsen recruited Propper and Beharry as investors into the Acorn Technology Fund without telling the government, in violation of SBA rules."

CIVIL RIGHTS:

DOJ Asked To Probe Duke Lacrosse Prosecution. The Raleigh (NC) News & Observer (12/30) reports, "The latest flurry of news in the Duke lacrosse case prompted some concerned citizens to register a complaint with the U.S. Department of Justice on Friday, according to

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community activist Victoria Peterson, who said she helped pen the complaint with other, unnamed residents. … Officials with the Justice Department could not confirm Friday whether they had yet received the complaint." The N&O continues, "A statement distributed by Peterson alleges that the accuser's civil rights were violated when lacrosse players tossed racial epithets at her and another exotic dancer the night of the alleged assault. The complaint also contends that officials at Duke University have failed to prosecute several rapes reported on campus. … Peterson, an unsuccessful City Council candidate and political organizer, has been speaking publicly about the racial and political subtexts of the case since the allegations surfaced in March."

6th Circuit Backs Michigan Affirmative Action Ban. The Washington Post (12/30, A11, Martin, 690K) reports, "A federal appeals court ruled Friday that three Michigan universities should not have been given a six-month extension to comply with parts of a new state law banning some public affirmative action programs. Michigan voters in November approved Proposal 2, which bans the use of race and gender preferences in university admissions and in government hiring and contracting. The measure took effect Dec. 23, but U.S. District Judge David M. Lawson earlier this month provided an exception for admissions and financial aid decisions for incoming classes at the University of Michigan, Michigan State University and Wayne State University. A three-judge panel of the Cincinnati-based U.S. Court of Appeals for the 6th Circuit said federal law does not warrant providing an exception. Although Lawson allowed the schools until July 1 to comply with Proposal 2, the appellate ruling means they will be expected to comply immediately."

Ford's Support For Affirmative Action Noted. In an op-ed for the New York Times (12/30, 1.16M) Jeffrey Toobin, staff writer at The New Yorker and legal analyst for CNN, writes, "Gerald R. Ford kept his distance from political controversy after leaving office, but he retained a special interest in the workings of his alma mater. In 1999, the 86-year-old former varsity football star decided to make a public stand in support of affirmative action at the University of Michigan. He wrote an Op-Ed article on this page titled 'Inclusive America, Under Attack.' A pair of pending lawsuits, Mr. Ford wrote, would prohibit Michigan and other universities 'from even considering race as one of many factors weighed by admission counselors.' Such a move would condemn 'future college students to suffer the cultural and social impoverishment that afflicted my generation.'"

ANTITRUST:

FCC Approves AT&T-BellSouth Deal After Seven-Month Impasse. The Washington Post (12/30, Sipress, Goo, 690K) reports on its front page that the FCC "yesterday overcame a seven-month deadlock and approved AT&T's $85 billion purchase of BellSouth, creating a new corporate giant that will stand astride the telecommunications industry like none other in the generation since the old AT&T empire was broken up in 1984." The new AT&T, "unequaled in capital and geographic reach," could be a "tough adversary for cable companies by offering television service over the Internet, possibly lowering rates for customers in its service area." The Wall Street Journal (12/30, A3, Sharma, Boles, 2.04M), which does not put the story on its front page, says the FCC "approved the deal, the largest ever in U.S. telecommunications history, by a unanimous 4-0 vote, after AT&T offered a series of major concessions to pacify consumer groups and regulators."

The Chicago Tribune (12/30, Van) reports, "A compromise proposed by AT&T Inc. to win federal approval of its $85 billion acquisition of BellSouth Corp. signals how much the impending takeover of Congress by Democrats has shifted telecom's regulatory landscape." The Tribune continues, "The Federal Communications Commission approved the acquisition Friday upon reviewing the proposal submitted Thursday night by AT&T. The companies closed the deal Friday after winning the FCC's OK. … After opposing restrictions on its ability to prioritize Internet traffic it carries, AT&T agreed to 'maintain neutral network and neutral routing in its wireline broadband Internet access service' for two years." The Tribune adds, "The concept of preserving 'net neutrality' has been the paramount telecom issue for consumer advocates all year. … While specific Internet traffic abuses have been rare, activists fear that the economic interests of big telecom and cable companies that own Internet infrastructure will compel them to discriminate against smaller competitors whose Internet-based voice and video services undermine the cash cows operated by the giants. … For their part, large telecom carriers contend that they need flexibility to manage the trillions of bits and bytes that flow across their lines daily. Government restrictions intended to ward off potential anti-competitive moves could stifle technologic innovation, say executives at big telecom concerns."

NBC Nightly News (12/29, story 7, 0:10, Brown, 9.87M) reported, "On this last business day of the year, the federal government cleared the way for the biggest merger ever in the telecommunications industry. … AT&T had to make several major concessions to allow the deal to go through." The Financial Times (12/30, Taylor, Kirchgaessner) said the concessions "are seen as a significant climbdown by AT&T. It had wanted to complete the merger before the end of this year, but had been frustrated by the FCC." The New York Times (12/30, Bajaj, 1.16M) also reports on the approval.

LATimes Lauds AT&T's "Welcome Concession" On Net Neutrality. The Los Angeles Times (12/30, 850K)

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editorializes, "AT&T made a welcome concession to federal regulators this week that could help preserve the Internet's role as an engine for innovation and competition." The "reconstituted Ma Bell agreed Thursday to not offer for two years 'any service that privileges, degrades or prioritizes' any data transmitted over its broadband network. In other words, AT&T guaranteed what has come to be known as 'Net neutrality' — giving websites and services equal access to Internet users. The only exceptions are for AT&T's new TV service and the managed networks it sells to businesses."

Financial Services Firms Avail Themselves Of Patent Protections. The Financial Times (12/30, Wighton) reports, "The number of US patents issued for financial services has soared this year as banks have rushed to take advantage of a protection once seen as the preserve of technology and drug companies. Patents issued in the main US financial services category had risen more than threefold to 238 by the end of last week, with General Electric's finance arms heading the field with 11. Many financial companies have stepped up efforts to protect intellectual property in recent years. Innovations that would not have been tried previously are being pursued because they can now be patented."

ENVIRONMENT:

DOJ Investigating Interior Official Over Oil Royalties. The New York Times (12/30, Andrews, 1.16M) reports the Justice Department "is investigating whether the director of a multibillion-dollar oil-trading program at the Interior Department has been paid as a consultant for oil companies hoping for contracts. The director of the program and three subordinates, all based in Denver, have been transferred to different jobs and have been ordered to cease all contacts with the oil industry until the investigation is completed some time next spring, according to officials involved. … If the allegations prove correct, they would constitute a major new blot on the Interior Department's much-criticized effort to properly collect royalties on vast amounts of oil and gas produced on land or in coastal waters. The Interior Department's Minerals Management Service, which oversees royalty collections, is now the target of multiple investigations by Congress and the Interior Department's inspector general." According to the Times, "At issue is the 'royalty in kind' program, a fast-growing program under which companies pay their royalties in the form oil or gas rather than in the traditional form of cash. … The most prominent figure in the inquiry is Gregory W. Smith, who was director of the royalty-in-kind program at the Minerals Management Service in Denver."

Woolsey Encourages Development Of "Plug-In" Hybrid Autos. In an op-ed for the Wall Street Journal (12/30, A10, 2.04M) former CIA Director James Woolsey writes, "If hybrid gasoline-electric cars are provided with advanced batteries (GM's announcement said its choice would be lithium-ion) having improved energy and power density -- variants of the ones in our computers and cell phones -- dozens of vehicle prototypes are now demonstrating that these 'plug-in hybrids' can more than double hybrids' overall (gasoline) mileage. With a plug-in, charging your car overnight from an ordinary 110-volt socket in your garage lets you drive 20 miles or more on the electricity stored in the topped-up battery before the car lapses into its normal hybrid mode. If you forget to charge or exceed 20 miles, no problem, you then just have a regular hybrid with the insurance of liquid fuel in the tank. And during those 20 all-electric miles you will be driving at a cost of between a penny and three cents a mile instead of the current 10-cent-a-mile cost of gasoline."

FBI/DEA/ATF/USMS:

FBI And Coast Guard Reportedly Contested Responsibility For Hijacked Ferry During Drill. The New York Times (12/30, Lipton) reported, "A Coast Guard plan to combat terrorism by creating the maritime equivalent of an air traffic control system in the coastal waters here, a test for a nationwide effort, has fallen far short of expectations. The Coast Guard installed long-range surveillance cameras, coastal radar and devices that automatically identify approaching vessels to help search out possible threats. But the radar, it turns out, confuses waves with boats. The cameras cover just a sliver of the harbor and coasts. And only a small fraction of vessels can be identified automatically. Officials acknowledge the limited progress that the Department of Homeland Security and the Coast Guard have made toward creating a viable defense here in Miami or at harbors nationwide against a maritime attack, despite the billions of dollars invested in port security since 2001." The Times goes on to report, "The Coast Guard is also still struggling to settle on an approach to gather all the data it and other federal agencies collect about potential maritime threats globally and nationally. But the commitment to work together has not always been honored by all the federal agencies. During a drill in which officials pretended that a ferry had been hijacked by terrorists, the Coast Guard and the Federal Bureau of Investigation competed for the right to take charge, a contest that became so intense that the Coast Guard players manipulated the war game to cut the F.B.I. out, government auditors say. 'Unless such differences over roles and authorities are resolved,' a Justice Department report

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issued this year said, 'the response to a maritime incident could be confused and potentially disastrous.'"

Nixon-Ford Tapes' Release Revives Controversy Over FBI Surveillance. The New Orleans Times-Picayune (12/30, Alpert) reports, "It must have seemed peculiar on that April day 35 years ago when Rep. Hale Boggs took to the floor of the House of Representatives and accused the FBI of spying on the government it was supposed to protect. History would prove that Boggs, a congressman from New Orleans and the House's second-most-powerful Democrat, was right about the extent of the FBI's secret surveillance. But on April 6, 1971, Boggs' comments drew a different reaction from President Nixon and his successor, Gerald Ford: They thought Boggs must have been drinking. Transcripts of the taped conversations between Nixon and then-House Minority Leader Ford resurfaced after Ford's death Tuesday. The Washington Post published a piece Friday by journalist Bob Woodward based on interviews with Ford about the friendship between Nixon and the man to whom he would hand the presidency. Nixon recorded his office conversations and Woodward drew on transcripts to show how the two men regularly engaged in political gossip. Lindy Boggs, who went on to win election to her husband's New Orleans House seat after he was killed in a 1972 plane crash, said that while Nixon and Ford might have had their doubts, her husband knew exactly what he was talking about when he made his surprising allegations of FBI abuses under Director J. Edgar Hoover. … Lindy Boggs, 90, said that a surveillance truck was regularly positioned near the Boggs' family home shortly before her husband leveled his criticism and that she had been told that the FBI was recording their phone conversations. 'These were not happy times for our family,' Lindy Boggs said Friday. 'We were told the FBI was monitoring our phone conversations and to draw running water between you and the telephone to wipe out the monitors.' Her recollection is supported by a former House colleague, Rep. Cornelius Gallagher, D-N.J., who said Friday that the House, under bipartisan leadership that included Ford and Boggs, had commissioned an investigation and discovered members' phones had indeed been tapped by the FBI. But he said the report was never released."

CONGRESS-ADMINISTRATION:

Tornado Warning Forces President And Mrs. Bush To Move To Shelter. The AP (12/29) reports President Bush and First Lady Laura Bush "were moved to an armored vehicle on their ranch Friday when a tornado warning was issued in central Texas, the White House said. The vehicle was driven to a tornado shelter on the ranch at 1:30 p.m. CT, and the president, the first lady and their two Scottish terriers, Barney and Miss Beazley, sat inside until the weather cleared, deputy White House press secretary Scott Stanzel said." The Washington Post (12/30, A3, 690K), the New York Times (12/30, 1.16M) and BBC.com (12/29) are among the other outlets carrying brief mentions of the tornado report.

All three broadcast networks also mentioned the tornado. ABC World News (12/29, story 6, 1:00, Gibson, 8.78M) reported, "There was some rough weather in central Texas today, and that led to some apprehension for President and Mr. Bush and the people who keep them safe." The CBS Evening News (12/29, story 10, 0:15, Couric, 7.66M) reported, "There was some wild weather in Texas today, when tornadoes swept through that state. The Secret Service had the President and Mrs. Bush ride out a tornado warning in an armored vehicle at their ranch in Crawford. The twisters, though, never made it to the ranch." NBC Nightly News (12/29, story 2, 1:10, O'Donnell, 9.87M) reported, "The President, First Lady and their two dogs were moved out of their house and placed in an armored vehicle and taken to a tornado shelter."

Bush Said To Have Had Full Schedule During Trip To Crawford. The Los Angeles Times (12/30, Gerstenzang, 850K) reports "this has been a different and strange holiday in which Bush has been unable to leave behind reminders of the problems he faces, at a low point in public opinion polls after another deadly year in Iraq. The intelligence briefing Friday included an update on the execution of Saddam Hussein. On Thursday, Bush met with his senior national security advisors at his office on the ranch to work on a new strategy to deal with the insurgency and sectarian violence in Iraq. There also were details to work out on his role in former President Ford's funeral and memorial services. And outside the property, as usual, were anti-war demonstrators."

Cheney Expected To Be Focus Of Attention In 2007. In the Financial Times (12/30), Caroline Daniel writes that Vice President Cheney "has forged a reputation as the most powerful but also least visible vice-president in recent history. In the next few weeks, however, he will be forced to fight some of his battles in the open - in the courtroom and on Capitol Hill. The first test will come in the criminal trial of his former chief of staff, Lewis 'Scooter' Libby. … The trial, due to begin in two weeks, is likely to set an ignominious precedent when Mr Cheney becomes the first vice-president to testify in a trial. Mr Cheney's legal team are also steeling themselves for the launch of legislative investigations by the new Democrat-controlled Congress. In 2004 the vice-president felt confident enough to dismiss questions from Patrick Leahy, then a powerless Democrat, with a lewd invitation for him to do something sexually impossible. Now,

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he faces political revenge: Mr Leahy, the incoming chairman of the judiciary committee, has said he will issue subpoenas to secure documents that show whether the Bush administration authorised torture as part of its 'war on terror'. He also vowed to look into no-bid Iraq contracts, including those awarded to Halliburton, a company the vice-president once ran."

Ford's Relationship With Cheney, Rumsfeld Examined. The New York Times (12/30, Shane, 1.16M) reports that both Vice President Cheney and former Defense Secretary Rumsfeld "have consciously sought to restore what they see as the constitutional powers of the presidency, which they believe were severely eroded under President Richard M. Nixon and President Ford. Some of their colleagues from three decades ago — evidently including Mr. Ford — have wondered if they have gone too far. … In all the intervening years, Mr. Ford maintained close and friendly relations with both his former chiefs of staff. When Mr. Bush selected Mr. Cheney as his running mate in 2000, Mr. Ford lauded the vice-presidential candidate in an Op-Ed article in The New York Times for 'a towering intelligence and probity, razor-sharp judgment and a seriousness of purpose that is the antithesis of modern political spin.' This year, when Mr. Rumsfeld came under fire from senior retired generals for his conduct of the war in Iraq, Mr. Ford issued a rare public statement defending his 'creativity, vision and courage' and rebuking his critics. But a private disillusionment appears to have been taking shape. In a 2004 interview with Bob Woodward, reported for the first time in The Washington Post this week, Mr. Ford singled out Mr. Rumsfeld and Mr. Cheney by name and sharply criticized the decision to go to war in Iraq."

Ninth Circuit Reportedly Investigating Federal Judge Appointed By Bush. The Los Angeles Times (12/30, Goodman, 850K) reports, "The U.S. 9th Circuit Court of Appeals in San Francisco has launched an investigation of a federal judge who awarded more than $4.8 million in judgments and fees without apparently disclosing his personal, political and business ties to those who benefited, two sources close to the inquiry told The Times. U.S. District Judge James C. Mahan of Las Vegas, a popular state judge who joined the federal bench in 2002 after his nomination by President Bush, was the subject of Times investigative reports in June. … On Mahan, the articles detailed how he awarded fees in a dozen state and federal cases to a former client and business associate who twice served as his judicial campaign treasurer and who was instrumental in getting him appointed to the bench."

Democrats Expected To Seek Expansion Of Health Coverage For Children. The Wall Street Journal (12/30, A4, Zhang, 2.04M) reports Congressional Democrats, "itching to expand health coverage, will likely start by tackling the most politically appealing group: uninsured children. … About 8.3 million children, or 11% of all children in the U.S., lack coverage. For Democrats, covering these youngsters has obvious appeal. It would allow lawmakers to champion solutions to problems of people who they say have been a low priority for Republicans. It also would be a step toward universal health coverage, an old and elusive goal of many in the party." The Journal notes, "Democrats have yet to offer specific proposals or to put a price tag on possible plans. But as with most health-care initiatives, any significant effort to extend and expand coverage will cost billions of dollars, and collide with budget realities, resistance from Republicans and Democrats' vow to be fiscally responsible."

Long-Term Elder-Care Costs Often Not Covered By Medicare. The New York Times (12/30, Gross, 1.16M) reports, "the legion of adult children — more than 15 million, according to various calculations — who take care of their aging parents, a responsibility that often includes paying for all or part of their housing, medical supplies and incidental expenses. Many costs are out of pocket and largely unnoticed: clothing, home repair, a cellular telephone. Adult children with the largest out-of-pocket expenses are those supervising care long distance, those who hire in-home help and those whose parents have too much money to qualify for government-subsidized Medicaid but not enough to pay for what could be a decade of frailty and dependence. The burden is compounded by ignorance, according to a study by AARP, released in mid-December, which found that most Americans have no idea how much long-term care costs and believe that Medicare pays for it, when it does not. … Costs are astronomical for long-term, low-tech care, the sort most often needed by those who linger with Alzheimer's disease or are too frail to get around on their own. Medicare is of almost no help."

WPost Urges Ethics Reforms In Wake Of Murtha Revelations. The New York Times (12/30, 1.16M) editorializes, "As the Democrats regain power in Congress next week they would be wise to look to one of their own — Representative John Murtha of Pennsylvania — for ironic inspiration in enacting the ethics reforms they promised voters. Even in the minority, Mr. Murtha made himself a legend at mastering the same quid pro quo culture that Democrats denounced in running against the Republicans' manipulations of Washington's money trough. His deliverance of masses of pork to favored campaign donors and lobbyists has been laid bare in a report by The Washington Post, detailing the sort of classic money churn that helped drive the Republicans from power. …

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Congressman Murtha's symbiotic prowess with defense contractors and power lobbyists was an open secret that drew no great attention until the incoming speaker, Nancy Pelosi, sought him as her majority leader. She was rebuffed by wiser colleagues. They must follow up that close call by striking at the heart of the easy-money culture that besmirches both sides of the aisle."

OTHER NEWS:

Dow Ends Year Up 16% In Best Performance Since 2003. The Wall Street Journal (12/30, Lahart, 2.04M) reports on its front page that, "driven by a splurge of deal-making, a halt in the Federal Reserve's campaign of raising interest rates and continued profit growth," the Dow "completed its best year since 2003, gaining 16%. And having sailed through the second half of the year, investors now have a tailwind to continue their run into 2007. The Dow closed yesterday at 12463.15, 1,745.65 points higher than where it started 2006. The market's gains, which were across the board and on every index, came in the second half -- at one point in July the Dow was down on the year. The second-half's steady march was virtually uninterrupted." The Wall Street Journal (12/30, B1, Anand, 2.04M) says the "surprisingly strong year" ended with a quiet Friday session. NBC Nightly News (12/29, story 5, 0:45, Brown, 9.87M) reported, "Stocks fell back a bit on this last trading day of the year, and a very good year it was."

The Washington Times (12/30, Bruno, 88K) runs a front-page report headlined "Stock Market Surged In 2006" that says that "by all accounts, 2006 ended up a very good year for stocks as bullish investors bounced back from a slumping housing market and the Federal Reserve's two-year campaign of interest-rate increases. The markets approached record levels in the spring, pulled back sharply in the summer, but found a clear direction in the fall to send the major indexes to multiyear highs." The Houston Chronicle (12/30, Patel, 530K) says the markets "had another bull year, making 2006 the fourth year in a row the three best-known indexes ended in positive territory. They pulled off greater returns than last, setting the stage for what investors expect will be a year of moderate growth in 2007." The AP (12/29) calls 2006 a "banner year" for stocks.

WSJournal Credits Derivatives For Providing Stability In US Markets. The Wall Street Journal (12/30, A10,, 2.04M), in an editorial, writes, "The Dow Jones Industrial Average closed yesterday near an all-time high, up 17% for the year. Long-term bond yields rose this year but remain remarkably low given the Federal Reserve's short-term rate ratchet to 5.25% from a low of 1%. Economic growth has slowed but remains solid. And by some measures financial market volatility is at lows not seen in a decade -- the Dow, for example, is still adding to its longest stretch (910 days) without a one-day decline of 2% or more since 1900. All of this stability naturally fills people with dread. It has led to a round of questioning about why, in an undeniably dangerous world, risk premiums seem to have drained out of whole classes of financial assets. Has Mr. Market become complacent, and so set himself up for a fall? What is everyone missing? … When it comes to the decline of risk premiums and financial stability, securitization and the use of derivatives have both played an unsung role."

Ford Mourning Underway After Understated California Services. The New York Times (12/30, Steinhauer, 1.16M) reports, "The first day of public mourning for former President Gerald R. Ford began Friday in this quiet desert community much the way his post-White House life did here 30 years ago — privately, absent of pomp, a small-town affair writ large by history more than family intent. The repose and prayer service here were the first of several events marking the life of the 38th president, which will include a state funeral in Washington and burial in Mr. Ford's hometown, Grand Rapids, Mich. Decidedly understated, the events here attracted more members of the news media than local mourners along the roadside outside the modest A-frame church, the Ford family's place of worship, where the coffin was placed."

The three broadcast networks gave a combined 18 and one-half minutes of coverage to the mourning for Ford and related stories. The CBS Evening News (12/29, story 4, 2:30, Couric, 7.66M) reported, "Six days of honors for America's 38th president began today with a prayer service in Palm Desert, California." ABC World News (12/29, story 3, 2:50, Rooney said, "The military honors belied what a simple affair it was for a man who did not stand on ceremony." NBC Nightly News (12/29, story 3, 2:40, Lewis, 9.87M) said, "President Ford lies in repose inside St. Margaret's church throughout tonight and into the morning. Thousands of people are expected to file past his casket. … Tomorrow the Ford family will accompany the casket to Washington D.C. And on Wednesday of next week Mr. Ford will be buried in Grand Rapids, Michigan."

The Los Angeles Times (12/30, Abrams, Ganga, 850K) reports, "Unlike past presidential obsequies, today's rites were marked by their simplicity. A hearse with two small flags and a tiny presidential seal carried the coffin. At the front of the church, a military honor guard, representing different military branches, stood at attention to receive the body. Former First Lady Ford, 88, her four grown children and several grandchildren moved to the front of the church as the body was carried with military precision into the church." The Washington Times (12/30, Wilson, 88K) reports, "The private family service was followed by a visitation for invited

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friends, including former Secretary of State George Shultz, former Rep. Jack Kemp and former California Gov. Pete Wilson." Rep. John Dingell said on CNN (12/29), "He was really a very simple, uncomplicated man. And during his time at the White House and also during his time in the Congress, was a man who was very friendly, very simple, very friendly." BBC.com (12/30) also describes the services.

The Washington Post (12/30, A1, Pomfret, Sheridan, 690K) reports, "As the quiet and simple service took place in California, a continent away, law enforcement agencies in Washington called in hundreds of officers to provide security for the second presidential funeral to take place in the nation's capital in three years. The authorities said that a section of the Inner Loop of the Capital Beltway, near the Suitland Parkway, will be shut down for a short time starting at about 5:30 p.m. on Saturday to allow the motorcade carrying Ford's casket to pass by. A number of streets in Alexandria and in Washington will also be temporarily closed." The Washington Post (12/30, A9, Ruane, 690K) reports, "There will be no military aircraft flyover tonight, officials said, unlike with Reagan's services, when a large flyover took place as the procession neared the Capitol. At the family's request, Ford's cortege is scheduled to make two special stops as it travels from Andrews Air Force Base, where it is set to arrive at 5:20 p.m., to the Capitol, where his body is to lie in state through Tuesday morning. The cortege will first pass through Alexandria, where Ford and his family lived as Washington suburbanites in a red-brick Colonial with a pool and a bay window. It will then pause at the World War II Memorial, on the Mall, in recognition of his Navy service during the war." The Washington Post (12/30, A8, Montes, 690K) reports on crowds attracted to the National Archives' exhibits on Ford.

ABC World News (12/29, story 4, 2:20, Gibson, 8.78M) and the CBS Evening News (12/29, story 5, 4:15, Couric, 7.66M) also ran reports on Ford's friendship with Richard Nixon, while NBC Nightly News (12/29, story 6, 3:00, Mitchell, 9.87M) previewed a 1995 interview with Ford that will be published for the first time in Newsweek next week, in which "the private Gerald Ford" was "critical of other Republicans -- Nixon, Reagan and the former President Bush."

Government Agencies, Stock Markets Will Observe Tuesday's Day Of Mourning. CNN.com (12/29) reports, "Ford's funeral service will be in Washington at the National Cathedral on Tuesday, which President Bush has designated as a day of mourning for Ford. Bush's order triggers the closure of all federal offices except those necessary for national security. Major U.S. stock exchanges also are expected to be closed Tuesday in Ford's honor. The U.S. Postal Service said it would suspend delivery that day." The Wall Street Journal (12/30, B2, Schroeder, 2.04M) reports, "It will be the longest closing of major U.S. stock markets since the Sept. 11, 2001, terrorist attacks shut down trading for six days, including a weekend. On Friday, the New York Stock Exchange joined the Nasdaq Stock Market in announcing it would close on Tuesday, in observance of a national day of mourning for former President Gerald Ford. Nasdaq had made its announcement on Thursday." The Washington Post (12/30, D1, 690K) and the New York Times (12/30, 1.16M) also note the markets' closings.

Ford Portrayed As Champion Of Vietnamese Refugees. In an op-ed for the Washington Post (12/30, A21, 690K) Quang X. Pham, who was born in Saigon and served as a Marine pilot in the Persian Gulf War, writes, "Ford became the savior to those lucky enough to escape the taking of Saigon by the North Vietnamese army. 'I pray no American president is ever again faced with this grave option,' Ford said at a public forum on the legacy of the Vietnam War 25 years later. 'I still grieve over those we were unable to rescue.' He added that he was thankful America was able to relocate 130,000 Vietnamese refugees (less than 1 percent of South Vietnam's population) and that 'to do less would have added moral shame to humiliation.' … I am not aware of any other politicians, antiwar protesters, esteemed journalists or celebrities visiting Fort Chaffee, Ark., where my family was temporarily housed for two months. But Gerald Ford did."

Experience In 2004 Seen As Having Improved Edwards Campaign. The Washington Post (12/30, A3, Balz, 690K) reports, "With overflow crowds and his populist economic message and his Internet-friendly campaign organization, John Edwards signaled this week that, if he has anything to say about it, the race for the Democratic presidential nomination will be about more than just Sen. Hillary Rodham Clinton and Sen. Barack Obama." Edwards "begins his second campaign for the White House with the kind of self-confidence that comes only from having tried and failed once before. … There are also critical adjustments in his candidacy that position him to compete against Clinton and Obama, the party's two unannounced glamour candidates of the moment. Edwards will be able to run to the left of Clinton in a party whose base has shifted leftward during the Bush presidency. And this time, questions about lack of experience will go first to Obama."

Edwards Warns Against Adopting "McCain Doctrine" In Iraq. Sen. John Edwards said on MSNBC's Hardball (12/29, Matthews), "I think it is a mistake to escalate this war. I think it is a mistake to have this McCain Doctrine adopted as a policy by the United States. I think what it does is it sends a signal that we are going be there forever, or for a long time. It takes responsibility away from the Iraqis and there is no military solution to what is happening in Iraq, the only solution is a political solution." Edwards, on CNN's The Situation Room (12/29, Henry), "I believe an escalation of our presence in Iraq is a enormous mistake. I think this McCain

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Doctrine doesn't make any sense. There is no military solution to what's happening in Iraq. Everyone knows that. The only potential solution is a political solution. The Iraqis are going to have to decide whether they're actually going to have a representative government that includes everybody, including the Sunnis. And that's the only way to ultimately tamp down this violence."

Pro-Obama Group To Air Ads In Iowa. RollCall.com (12/29, Kane) reports, "As Sen. Barack Obama (D-Ill.) nears a decision on his presidential aspirations, an independent group of supporters is going back on the air to try to entice him into the 2008 White House campaign, this time with an ad campaign in the first-in-the-nation caucus state of Iowa. DraftObama.org, a political action committee founded by Democratic activists in the Washington, D.C., suburbs of Maryland and Virginia, has bought time on three major network affiliates in Iowa to air its 'Believe Again' ad, a 60-second spot that already has been shown on New Hampshire, Hawaii and D.C.-area TV stations."

Romney Considered Among "Top-Tier" GOP Presidential Candidates. The AP (12/30, Sidoti) reports, "When it comes to the presidency, the Republican Party has a long tradition of nominating the next guy in line. That's John McCain, and the failed GOP presidential aspirant of 2000 is positioning himself as the anointed 2008 nominee. Yet, a full year before the first primary contests, the Republican race is anything but wrapped up. The Arizona senator who once reveled in his reputation for bucking the party line is now running as the establishment candidate, but he faces serious challenges from Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani. … Regardless of who has the early edge, McCain, Romney and Giuliani make up the top tier of the crowded GOP presidential field that includes a cast of other lesser-known potential candidates, most of whom would be long-shots should they decide to formally enter the race."

Congressional Democrats Voice Objections To FL13 Vote. The New York Times (12/30, Zernike, 1.16M) reports Congressional Democrats "said Friday that they would open the new Congress by formally objecting to the election result in Florida's 13th District, in the hope that the Democrat who is contesting the narrow outcome there," Christine Jennings, "will ultimately take the place of the Republican," Vern Buchanan, "whom the state has certified as the winner. The move will not prevent…Buchanan from taking office with the rest of the 110th Congress next Thursday. But Democrats say that because the House is the final certifier of House election results, they want to make certain that Mr. Buchanan's swearing-in does not prejudice a legal challenge mounted by" Jennings. Rep. Rush Holt is quoted as saying, "No one who's in a disputed election like this should get too comfortable in the House of Representatives. … The evidence will show that a revote is necessary."

RollCall.com (12/29, Duran) reports, "Despite Democrats' concerns over the election results, incoming Speaker Nancy Pelosi (D-Calif.) clearly did not want to open the first Democratic-led session in 12 years with an ugly House floor fight over whether Buchanan should be seated or not. The Florida secretary of state certified Buchanan as the winner Nov. 21. However, a majority of the House can refuse to seat any Member." On its web site, The Hill (12/29, Blake) reports, "Should Jennings's contentions be validated by the Florida courts, the House would have the power to remove Buchanan."

Kline Continues To Divide Kansas GOP. The Washington Post (12/30, A2, Slevin, 690K) reports, "Phill Kline is not one to slink away -- and the ideological wars inside the Kansas Republican Party show no sign of ending. The fiercely antiabortion Republican attorney general in Kansas lost his reelection bid in November when moderate Republicans voted in droves for Paul Morrison, a longtime Johnson County district attorney who became a Democrat in hopes of vanquishing Kline. Statewide, Kline got barely 4 in 10 votes. In Johnson County, the state's most populous county, his loss was more dramatic. That made it especially shocking after the election when Republican precinct leaders in the county chose Kline to finish the final two years of Morrison's term as prosecutor. Gov. Kathleen Sebelius (D), a vocal Kline foe, refused to sign his nomination papers, a ceremonial task, lambasting a 'small narrow group of partisan political operatives' for choosing him. … Kline's reincarnation as Johnson County prosecutor reveals the depth of the continuing Republican split in Kansas."

Schwarzenegger's Inauguration Festivities Described As "Lavish." The Los Angeles Times (12/30, Halper, 850K) reports, "construction firms, insurance companies, developers and other private donors — most with business in the governor's office — will pick up the tab of at least $1.4 million for a lavish party to kick off Gov. Arnold Schwarzenegger's second term. Schwarzenegger's inaugural committee Friday announced the plans for next Friday's celebration, along with a list of donors. Campaign finance watchdogs have called the whole affair unseemly. Unlike other donations from special interests with business before the state, contributions to the inaugural committee are not subject to legal limits. Nine donors contributed at least $50,000 each to the event, which earned them the designation of 'Gold Sponsor.' Half the $1.4 million raised came in during the last two weeks."

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Spitzer Plans "Modest" Inauguration. The New York Times (12/30, Confessore, 1.16M) reports, "Twelve years ago, Gov. George E. Pataki took office with one of the most lavish inaugural parties in New York State history: three days of food and celebration for thousands of supporters, paid for with money raised by a private corporation established solely for that purpose. But the extravaganza blossomed into a two-year headache after Mr. Pataki broke a promise to open the corporation's books to the public, plunging his administration into its first scandal. … Governor-elect Eliot Spitzer is aiming for a happier beginning. Mr. Spitzer has planned a comparatively modest celebration for himself."

States' Minimum Wage Boosts Effective Monday. The Washington Post (12/30, A4, Tanner, 690K) reports, "Jan. 1 brings new laws in many states, offering both a glimpse of what is on the voters' minds and a preview of some of the issues Washington might take up. Many states take action long before Congress does. Effective Monday, seven states -- Arizona, California, Delaware, Massachusetts, New York, North Carolina and Pennsylvania -- will raise their minimum wage. The federal minimum is $5.15 an hour. The new wages go as high as $7.50 an hour. … States also dealt with immigration (nurses from other countries must have English-language proficiency to practice in South Carolina), eminent domain (Illinois requires local governments to pay more and meet a higher legal threshold before seizing private property) and campaign finance (North Carolina and Pennsylvania set stricter rules)."

DC Memorials Commemorating International Figures Draw Controversy. The New York Times (12/30, Barringer, 1.16M) reports that the National Park Service and the National Capital Planning Commission are "the agencies most responsible for monitoring the conception, creation and placement of new museums and commemorative works in the federal city. 'I think there's a heightened sensitivity to where we place these memorials and museums, and whom we venerate,' said the planning commission's chairman, John V. Cogbill III. … 'We view ourselves as a world city, so I think in that respect you want to embrace something that is not indigenous to our own culture.' The language of the Commemorative Works Act of 1986, which set out procedures for the creation of memorials on federal land here, is a little less inclusive than Mr. Cogbill is. It envisions commemorative works that evoke 'the memory of an individual, group, event or other significant element of American history.' In the two decades since Congress enacted that law, about 30 memorials have been approved, four of which did not conform to the provision about American history."

Somali Government Asserts Control, Imposes Martial Law. The CBS Evening News (12/29, story 7, 0:50, MacVicar, 7.66M) reported, "For the first time in 15 years, Somali forces appear to be in control of their capital, Mogadishu. Government forces, backed by heavily armed soldiers from neighboring Ethiopia, drove militia loyal to Islamist clerics from the capital they have controlled. There is the promise of stability here, but in this country, divided by clan loyalties and ruined by civil war, there is no certainty."

The Washington Post (12/30, A12, McCrummen, 690K) reports, "With Ethiopian tanks and soldiers guarding key sites in the exhausted Somali capital of Mogadishu, the country's long-exiled and long-powerless prime minister rolled into town Friday, promising that his government would establish order across the chaotic Horn of Africa nation in a matter of months." Despite Prime Minster Ali Mohamed Gedi's efforts, Somali protests against the Ethiopian forces raise "the question of how long Gedi's weak interim government can afford the protection of soldiers from a country that most Somalis consider an enemy or a proxy for the United States." The Post says "some analysts said that the Islamic militias' rapid retreat in the face of the Ethiopian offensive suggests that they were never the threat they were made out to be; others believe the Islamic fighters have faded back to wage a protracted guerrilla war, a scenario that has always been the most feared among regional leaders."

The Washington Times/AP (12/30, Neuhaus) notes Gedi "promised thousands of war-weary Somalis peace and stability yesterday as he formally took control of the battle-scarred capital." However, the AP adds, "the task facing Somalia's U.N.-backed, secular government is immense." The State Department "called for all Somalis to work for 'genuine national reconciliation' and reiterated support for an African peacekeeping force to be deployed in the country."

The Financial Times (12/30, England) reports Gedi "said the administration's priority was to restore law and order and begin the process of rebuilding the shattered country. But while his presence in the capital was symbolically important for the government, the challenges ahead are daunting as it seeks to impose its authority in a city awash with arms and beset by clan rivalries." BBC.com (12/29) cites experts saying Gedi's "arrival in Mogadishu marks the first time the country's transitional government has been in a position to exercise full authority in the capital."

Under the headline, "Somalis Split As Fighting Halts And Hint Of Insurgency Looms," the New York Times (12/30, Gettleman, 1.16M) adds, "Anti-Ethiopia riots erupted in Mogadishu … while masked gunmen emerged for the first time on the streets, a day after Ethiopian-backed troops captured the city from Islamist forces." The Times adds, "Mogadishu has plenty of gunmen, of every age and every clan, but gunmen hiding their identity is something new and

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may be a sign of a developing insurgency." Some experts believe "that if the Ethiopian troops … linger in the country too long and their intervention turns into a full-scale occupation, it will uncork a long and nasty guerilla war." For his part, Gedi "is wasting little time getting to work. He announced Friday that the transitional government … was imposing martial law for the next three months. He asked Mogadishu's various clan militias to turn in their weapons or face the consequences."

Chinese White Paper Pegs Military Buildup To Economic Development. The Wall Street Journal (12/30, A4, Fairclough, 2.04M) details the Chinese State Council's release of report claiming "China's rapid economic growth and its dependence on international trade are driving major shifts in the country's military strategy." The white paper "outlines steps that appear aimed at improving China's ability to use armed force far from its own shores in order to protect increasingly global interests." According to the Journal, the policy "says China is pursuing 'a road of peaceful development' but adds that the country's military strength should increase 'in step' with its expanding economy." The report "provides a window into Chinese strategic thinkers' view of the international security environment and their apparent distrust of the U.S. and its motives. The paper's authors say they don't expect any large-scale conflicts between major countries in the 'foreseeable future.' But they expressed dissatisfaction with what they termed 'hegemonism and power politics.'" A focus on the outward projection of power "is a departure for China's People's Liberation Army, which … has been focused for much of its existence on domestic threats, territorial defense and conflicts on its borders." The Journal adds, "China's growing military strength and questions about its intentions have touched off a debate among U.S. defense-policy makers."

The Washington Post (12/30, A17, Cody, 690K) notes Beijing "warned Friday that the military landscape in northeast Asia is getting 'more complicated and serious' because of North Korea's nuclear weapons program and tighter defense cooperation between Japan and the United States." The white paper "provided a rare glimpse into the strategic assessments that underlie decisions and priorities of the secretive Chinese military and the Communist Party's policymaking Central Military Commission." The Post says the report "was designed as a response to repeated complaints from the Bush administration that China has not explained the rationale behind its long-term military improvement program."

Under the headline, "China's Military Spending To Reach $36bn," the Financial Times (12/30, Yeh) reports the 15 percent annual military budget increase is "likely to heighten concerns over Beijing's military build-up." That enhanced spending "is aimed at modernising the 2.3m-strong People's Liberation Army (PLA) into a nimbler, more technologically-advanced entity, said a white paper released by the government yesterday."

Iranian UN Ambassador Pans Security Council Sanctions, Backs Cooperation. In an op-ed in the Los Angeles Times (12/30, 850K), Iranian Ambassador to the UN M. Javad Zarif questions the "urgency" of the recent UN Security Council resolution "against" his nation's "nuclear program." Tehran "has categorically rejected the development, stockpiling and use of nuclear weapons on both ideological and strategic grounds," and remains "committed to the Nuclear Nonproliferation Treaty." Zarif cites "alarmist assessments" from opponents of Iran's nuclear program, and says even thy "concede that there is no actual evidence that Iran is trying to build a nuclear weapon and that, even if it wanted to do so, it would not be capable of developing one before 2010 or 2015." The Security Council sought ony "to punish Iran for refusing to suspend its peaceful and legal uranium enrichment activities." Tehran "has proposed real alternatives to ensure that its civilian nuclear program will remain exclusively and indefinitely peaceful," adding, "Neither suspension nor sanctions can achieve the stated objective of ensuring nonproliferation because Iran has now been compelled to develop nuclear technology on its own." Zarif concludes, "Iran remains eager to dispel any doubts. It is not too late to reach an agreement on meaningful measures that can serve our common objective of limiting the proliferation of nuclear weapons."

Turkmen Opposition Given Little Chance Of Ousting Interim President. The New York Times (12/30, Chivers, 1.16M) reports Turkmen Republican Party leader Nurmuhkammed Khanomov "demanded Friday that" interim President Gurbanguly Berdymukhammedov "step down and allow for democratic elections in the authoritarian Central Asian nation. But there were signs of disorganization and discord in the opposition ranks." Khanomov's request "was almost certain to be ignored," and Berdymukhammedov and his allies "have been consolidating their hold on the country since the death of Saparmurat Niyazov, the Turkmen president, on Dec. 21." Niyazov's "death had been expected to set off a succession battle, but so far none has spilled into the public light," and, the Times adds, "the opposition has been marginalized by a combination of manipulation of the Constitution, amendments to election law and police action." Calling several government actions "manipulations," the Times notes the new election law bars "citizens who have lived outside of Turkmenistan in recent years from becoming candidates — a rule that blocked the best-known opposition figures from entering the race." One opposition leader "said

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that when the holiday season ended, the Turkmen people would be watching the United States closely. Washington has backed other democratic movements, he said, and publicly pushed for fair elections in several authoritarian states, including Belarus. He said he worried that because of Turkmenistan's energy reserves, it would not be treated the same way."

Russia, Belarus In Standoff Over Natural Gas. The New York Times (12/30, Kramer, 1.16M) reports Russian energy "monopoly" Gazprom is once again "in a dispute over prices and control of a pipeline in a neighboring country that is threatening the smooth flow of natural gas to Europe. But this time, the price increase was levied on a Russian ally, Belarus, a country whose foreign policy is aligned with Moscow in all but one important aspect: support for increasing cash flow at Gazprom." Belarus President Aleksandr Lukashenko "called Gazprom's position 'blackmail' and said Belarussians would rather live in unheated dugouts than pay the higher price." Russian Deputy Prime Minister and Gazprom head Dmitri Medvedev "retorted that Belarus was 'blackmailing' Europe by threatening the transit pipelines that cross that country." The Times says Gazprom's "price increases have added to concerns about the reliability of the oil and natural gas flowing from Russia, which is a major supplier to Europe but has increasingly wielded its energy resources for political leverage." The Times notes some experts believe "that, beyond being merely a tool of Russian foreign policy, increasing the cash flow at Gazprom is an important, even central, tenet of Russian foreign policy in its own right. That interest may outweigh support for Belarus as a client state."

The Financial Times (12/30, Ostrovsky) notes Lukashenko "was on Friday defiant in the face of Russian threats to cut gas supplies to his country, just as his officials arrived in Moscow for last-minute talks aimed at resolving the dispute." Despite Minsk's claim "that the aim was to sign a contract," a Gazprom employee "said he was not feeling optimistic about a possible breakthrough in the dispute between the two countries."

Slovenia Will Join Euro Zone Monday. The Wall Street Journal (12/30, A4, Lagorce, 2.04M) notes Slovenia "on Monday will become the first former communist state to adopt the euro, in what Prime Minister Janez Jansa has called the 'biggest national achievement' since the country joined the European Union in 2004." The Journal calls the move "no small victory for" Slovenia. "It is alone among the 10-member European Union accession class of 2004 in having fulfilled the rigorous economic criteria needed to join Europe's Economic and Monetary Union." The Journal says adopting the euro "is expected to bring macroeconomic stability to the country, increase its exports and yield productivity gains." However, "by giving up its ability to fix its interest rates, Slovenia exposes itself to the risk of a house-price boom such as those experienced by Ireland and Portugal after they joined."

Sinn Fein Conference Will Consider Supporting Ulster Police. The AP (12/29, Pogatchnik) reports the leadership of Sinn Fein "voted Friday to convene an emergency conference and confront a pivotal issue in Northern Ireland peacemaking — whether the IRA-linked party should support the police." Noting "months of stalemate" in Protestant-Catholic negotiations, the AP adds Gerry Adams "said the conference would proceed only if the move received a sufficiently positive response from the Democratic Unionists, the major Protestant-backed party." Irish Prime Minister Bertie Ahern is quoted calling the Sinn Fein meeting "a defining moment in the peace process. A successful outcome is vital to the continuing success of this process." AFP (12/29, Bushe) notes the "landmark" and "watershed" meeting, and calls Sinn Fein's historic refusal to recognize the police force "the main obstacle" and "a major stumbling block to restoring the power-sharing government." Bloomberg (12/29, Nesbitt) reports Sinn Fein's decision to hold an intra-party vote is "paving the way for a revival of the region's parliament after it was suspended four years ago."

Bush Eliminates Jackson-Vanik Trade Limits For Vietnam. AFP (12/29) reports President Bush "signed a proclamation formally extending full US-Vietnam trade ties and made the former foe eligible for US military aid, key steps in normalizing relations." Noting Bush's lifting of key restrictions, Scott Stanzel is quoted saying Washington "welcomes Vietnam's progress in enacting free-market reforms, and looks forward to Vietnam becoming the 150th member of the World Trade Organization on January 11."

Convicted US Marine Remanded To US Custody In Philippines. The AP (12/29, Gomez) reports US Marine Lance Cpl. Daniel Smith, who has been "convicted of raping a Filipino woman, was whisked away from a Manila jail to the U.S. Embassy Friday, a spokesman said, almost a month after the U.S. and Philippine governments urged a local court to transfer him to American custody during his appeal." Spokesman Matt Lussenhop is quoted saying, "The government of the Philippines made a decision to transfer Lance Cpl. Daniel Smith back to U.S. custody, consistent with the terms of the" Visiting Forces Agreement.

Reid Seeks To "Strengthen Relations" With Ecuador. The AP (12/29, Valdivieso) carries comments from Ecuador by visiting Sen. Harry Reid "that the United

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States wants to strengthen relations with Ecuador's leftist President-elect Rafael Correa and respects his intention to not extend the U.S. military's use of a coastal base." Reid and five Senate colleagues "met for almost an hour with Correa, who takes office on Jan. 15, and expressed a desire to build better bilateral relations." Reid also "said President Bush supports an extension" of the Andean Trade Promotion and Drug Eradication Act."

Top Bangladeshi Women Politicians' Rivalry Said To Hamper Development. The Washington Times/AP (12/30, Rosenberg) reports, "For 15 years Bangladesh has been dominated by the revolving-door premiership of two women whose rivalry is among the most ferocious in the democratic world." The AP calls the relationship between Begum Khaleda Zia and Sheik Hasina Wajed "the stuff of political slapstick, except that this feud is rooted in the assassination of one woman's father and the other's husband, and the result today is anything but funny." Bangladeshis "will tell you the rivalry is the cause of all the country's problems of poverty and corruption." The Zia-Wajed "rivalry has done nothing to improve things. Bangladesh is deeply corrupt and, in many parts, barely governed, raising concerns about instability in this strategic Muslim country already contending with Islamist militancy." The AP adds, "As each serves a term and is replaced by the other, a well-worn pattern has emerged: one party wins the election, and the other spends the next five years doing its best to make the country ungovernable through strikes and protests."

Sub-Saharan Africa Faces Challenges Of Meeting Renewed Education Demand. A 1,839-word feature in the New York Times (12/30, Lafraniere, 1.16M) reports, "Finding places for millions of new students is one of sub-Saharan Africa's most overwhelming and gratifying missions. After two decades of sluggish growth in enrollment rates, the region's 45 countries find themselves with an embarrassment of eager schoolchildren." The Times says "wo trends have converged to produce such change: One is a new willingness by international donors and African governments to spend hundreds of millions of dollars more on basic education. That has fed a rising demand for education by the region's parents, who for perhaps the first time see a chance to give their children a future that they were denied." Despite the positive trend, the "challenges" of providing an adequate education "remain staggering. Foremost is a flood tide of school-age children in a region whose birth rate is nearly twice the world's average. … The region must absorb those newcomers while trying to lift itself from the subbasement of global education."

British Authorities Arrest Four Rwandan Nationals On Genocide Charges. The New York Times (12/30, Cowell, 1.16M) reports, "In a rare case evoking genocide in a distant land, four men accused of plotting or participating in the 1994 massacres of Rwanda's Tutsi minority appeared in a London court on Friday after their arrests overnight to face extradition proceedings." The suspects, who will be held until a court appearance next month, "were arrested under an unusual and previously secret memorandum of understanding between Britain and Rwanda that was supposed to prevent them from being executed if found guilty of crimes in their own country." British law forbids both their extradition to face a possible death penalty and their prosecution in the UK. The Times adds, "The four men … have denied the genocide charges and are expected to resist being sent to Rwanda, where rights groups like Amnesty International have raised questions about the quality of the judicial system."

Desmond Tutu's "Moral Leadership" Profiled. The Wall Street Journal (12/30, A10, 2.04M) runs an extensive interview by Tunku Varadarajan of Archbishop Desmond Tutu. "Among his many essential arts -- those of persuasion, rhetoric, theology and politics -- there is one that stands out over all others when I meet Desmond Tutu in the flesh at a hotel in midtown Manhattan: the art of laughter." However, the Journal says, his "jollity" is "that of a serious, even grave, man, and it is this jollity, this very African capacity for mirth in darkness, that set him apart from the dour, adamant Afrikaners with whom he locked horns over a lifetime." Tutu "looks like nothing more than a mischievous, if well-fed, lemur, whose eyes twinkle irrepressibly behind plus-size glasses." Calling Tutu "the best known priest in the world (give or take a pope)," the Journal says his "renown derives not so much from his theology as from his moral leadership of the anti-apartheid movement in South Africa."

Global Warming Faulted For Arctic Ice Shelf Break. ABC World News (12/29, story 5, 2:20, Gibson, 8.78M) reported, "An ancient and enormous ice shelf, equivalent in size to 11,000 football fields has broken free from Canada's Arctic region. It is the largest event of its kind to happen in that area in 30 years. But some scientists say it's only the beginning. They predict big changes for the Arctic, and they point to unusually warm temperatures as the cause." The CBS Evening News (12/29, story 9, 0:40, Solorzano, 7.66M) said scientists are "blaming global warming" for the breaking off of the ice shelf, which "froze 3,000 years ago and is the size of 11,000 football fields." NBC Nightly News (12/29, story 8, 2:05, Brown, 9.87M) also had the story as a lead-in to a report on the impact of global

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warming, and the Washington Post (12/30, A18, Gillies, 690K) carries an AP item on the break.

NYTimes Says EU, Not Turkey, To Blame For Accession Slowdown. In an editorial today, the New York Times (12/30, 1.16M) says "strained relations between Turkey and Cyprus" for Istanbul's inability to push EU accession talks forward. "What is surprising — and dismaying — is that the union is treating this as primarily a legal problem. That's a distortion." The "problem is mainly political, and of the union's own making. The E.U. blundered when it allowed a divided Cyprus to join the union in 2004" instead of demanding reunification, as Turkey and the Turkish Cypriots wanted. The Times adds, "Opposition to Turkey fails the test of Europe's values of tolerance and political compromise. It is also a failure on Europeans' part to discern their own self-interest." Calling Turkey "an underutilized resource" in fostering Muslim-Christian dialogue, the Times concludes, "it's up to the European Union to mend the Cyprus divide and clear the way for a dispassionate recognition of Turkey's vital role in Europe."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Violence Marked His Rise, Rule And Fall."
"A Test Of Faith In Strangers."
"Hussein Executed -- And Iraq Braces."
"Soaring Tourism, Hidden Dollars."
"Apple Report Fails To End Stock-Option Controversy."
"A Quiet, Personal Farewell."

New York Times:
"Dictator Who Ruled Iraq With Violence Is Hanged For Crimes Against Humanity."
"Joy Of Capture Muted At End."
"The Defiant Despot Oppressed Iraq For More Than 30 Years."
"New Job Title For Druggists: Diabetes Coach."
"Crowds Of Pupils But Little Else In African Schools."
"Elder-Care Costs Deplete Savings Of A Generation."
"Failure To Navigate: Security Effort By Coast Guard Is Falling Short."
"No Pomp For A President In Repose."
"U.S. And Iraq Dispute Role Of Iranians But Free Them."
Somalis Split As Fighting Halts And Hint Of Insurgency Looms."
"Apple Panel On Options Backs Chief."
"U.S. Official Overseeing Oil Program Faces Inquiry."
"Coaches' Word Rarely As Good As The Next Job."

Washington Post:
"Saddam Hussein Is Put To Death."
"Washington Prepares For Farewell To Ford."
"AT&T Completes BellSouth Takeover."
"An Overwhelmed D.C. Agency Loses Count of AIDS Cases.
"Apple Admits Wrongdoing But Rallies Around Leader."

Washington Times:
"Saddam Pays At The End Of A Rope."
"Six Days Of Mourning Begin."
"Bush Eager To Put '06 Behind."
"BWI Airport Leads Use-It-Again Trend."

Detroit Free Press:
"Hussein Hanged."
"Dearborn Crowd Celebrates For Justice."

Dallas Morning News:
"Saddam Dies On The Gallows."
"Rain Pounds Area, But Tornadoes Stay Away."
"Passengers Stuck On Plane Over 8 Hours."
"AT&T Buyout OK'd."
"Arlington Murder Suspect Arrested In Mississippi."
"Ford's Funeral Begins With Simple Ceremony."
"2 Dead In FW accident."
"Blizzard Pounds Colorado, Heads For Texas."

Houston Chronicle:
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"NewsWatch: White House - Bush's Statement."
"Pentagon: U.S. ready for any surge in violence in Iraq."
"Scientists: Climate Change Behind Ice-Shelf Break."
"T-Mac Finds Form, Helps Rockets Down Hawks."
"Islamic Association Dismisses Katy Pig Races."
"Lawyer: Suspect In Houston Pot Bust 'No Drug Lord.'"
"Ex-Councilman Reyes Freed From Halfway House."
"Houston Conventions Chief Quits, To Be Consultant."
"Three Best-Known Market Indexes End '06 In Black."
"Underage New Year's Drinkers Face Stiff Penalties."

Story Lineup From Last Night's Network News:
ABC: The Execution Of Saddam Hussein; Security In Iraq- Hussein Execution; Mourning For Former President Ford; Ford/ Nixon Enduring Friendship; Artic Ice Shelf Melts/ Breaks Free Into Ocean; Tornado Scare On President's Texas Ranch; Colorado Snowstorm.
CBS: Execution Of Saddam Hussein; Other Executions In Baghdad; Analysis Of Iraqi Reaction To Hussein Execution; Death Of Former President Ford; Ford/ Nixon Friendship; Taliban Gaining Power In Afghanistan; Somalian Civil War; Snowstorm In Denver; Scientists Blame Global Warming For Melting Ice Shelf; Tornado Swept Through Texas; Mourning Former President Ford.
NBC: Execution Of Saddam Hussein; President Bush's View Of Iraqi Reaction/ Texas Tornado; Mourning For Former President Ford; Snowstorm In Denver; Wall Street Report;

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Interview With Revelations From Ford About His Successors; AT&T/ BellSouth Merger; Global Warming Weather Trends.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. In Crawford, Texas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: FUNERAL SEVICES FOR FORMER PRESIDENT GERALD R. FORD. 5:20 p.m. Ford's body arrives at Andrews Air Force Base, and will be taken to the Capitol. The motorcade will pause at the World War II Memorial. Note: Only credentialed media will have access to this ceremony. All media are required to have credentials and government-issued picture identification, such as a drivers license, to access the air base. Credentialed media will report to the West Gate at Andrews at 3 p.m. for security processing and shuttle service to ceremony location. The West Gate can be accessed from I-495 to Maryland exit 9, Allentown Road, Andrews AFB, State Route 337. Media are encouraged to take a taxi, limousine or carpool to the West Gate because parking is limited. Press pre-set time: 3-4:30 p.m. at West Gate Entrance. Doors open at 3 p.m. and close at 4:30 p.m. Credentialing: Joint Task Force-National. Phone: 202-685-4644/4645/6248. Fax: 202-685-1999. 6:30 p.m. Rotunda arrival ceremony, open to President Ford's immediate family, members and members-elect of the House and Senate, visiting heads of state and invited government officials. After the arrival ceremony, the Rotunda will open to the public until midnight. The public waiting area will be at the southwest corner of the Capitol grounds, across from the U.S. Botanic Garden. 7 p.m. State funeral begins in the Capitol Rotunda. 8:20 p.m. Ford's body lies in state.

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DOJ_NMG_0111571

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 30, 2006 7:45 AM EST

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TERRORISM NEWS:

Bush Eager To Put '06 Behind (WT)

By Stephen Dinan
The Washington Times, December 30, 2006

President Bush was so eager to be done with 2006 that he lopped off the final 10 days in his year-end press conference last week, answering one question as if it were already 2007 and he were already dealing with the new Democratic Congress.

The year that saw his poll approval ratings fall to new lows, saw Congress back him off his veto threat on the Dubai ports deal and forced him to issue his first veto, on stem-cell research, ended with Democrats' winning outright control of Congress.

But he also won confirmation of a second justice to the Supreme Court and won congressional approval of detention and military trials for detainees in the war on terror.

Just as important, the United States helped Britain foil another major terrorist plot to hijack airplanes this past summer, and the fifth full year since September 11 is about to expire without another successful terrorist attack on U.S. soil.

At the same time, though, the situation in Iraq deteriorated, and the administration made only halting progress in using diplomacy to try to contain Iran's and North Korea's nuclear programs.

Overall, it was a year of steps forward followed almost always by steps back, and vice versa, particularly on domestic matters:

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• On immigration, the president deployed thousands of National Guard troops to the border and signed the Secure Fence Act to build about 700 miles of wall along the U.S.-Mexico border, but his effort to win a broader immigration bill that included citizenship rights for most illegal aliens was stymied.

• On trade, the administration won passage of several smaller free-trade agreements -- with Bahrain and Oman -- but saw the Doha round of World Trade Organization talks break down over the summer.

• The Supreme Court ruled Mr. Bush did not have the unilateral authority to establish military commissions to try detainees in the war on terror, but in an election-season campaign-style push, the president wrangled the authority from Congress.

James Pfiffner, a professor at George Mason University who studies the presidency, said that represented a major victory for Mr. Bush and for the executive branch.

"No previous president has sought this type of power from Congress," Mr. Pfiffner said. "President Bush won another battle for executive power. Future court challenges may undermine part of this law, but in the meantime, President Bush can push his discretion to the limits with congressional approval."

Mr. Pfiffner said the congressional elections, in which the president's party lost control of both chambers and most of the candidates Mr. Bush campaigned for in the final days went down to defeat, is the biggest political setback for the president.

Looking back during his year-end press conference, Mr. Bush acknowledged it was "a difficult year for our troops and the Iraqi people," but said here at home the economy "continues to post strong gains."

Asked to look at his legacy, Mr. Bush did not find anything in 2006, and had to reach further back in his tenure, choosing to highlight 2003's overhaul of Medicare, 2001's No Child Left Behind education bill and the tax cuts of 2001 and 2003.

Mr. Bush had ended 2005 with approval ratings at about 45 percent, and with one December 2005 poll even putting him at the 50 percent mark.

And the new year began with some good news for the president when the Senate voted to confirm federal Judge Samuel A. Alito Jr. to the Supreme Court.

But as 2006 went on, he stumbled, losing a battle with his own party in Congress over transferring management of six U.S. ports from a British company to a state-run company from Dubai.

Congress also forced him into his first veto, on a measure to expand federal funding for embryonic stem-cell research. That veto was sustained by a vote in the House.

His approval ratings slid steadily toward 30 percent, with just one sustained uptick in September as he went on the offensive to win new tools in the war on terror. That boost ended with the revelation that Republican Rep. Mark Foley of Florida sent sexually explicit messages to a male teen in the House page program.

Administration officials do list a series of accomplishments, including passage of bills to boost port security, preparations for a flu pandemic, increased Pell Grant funding, and renewal of the Magnuson-Stevens Act that governs marine conservation and the fishing industry.

The big-ticket items the administration points to are renewal of the Patriot Act, passage of the Secure Fence Act and the grant of authority for military tribunals for detainees.

Appeals Court Rejects Brief Submitted By Ex-Judges (NYT)

By Adam Liptak

The New York Times, December 30, 2006

Seven former federal judges were told yesterday that their views were not welcome at the federal appeals court in Washington.

A divided panel of the United States Court of Appeals for the District of Columbia Circuit, which will soon decide an important case concerning detainees at Guantánamo Bay, rejected a friend-of-the-court brief submitted in the case by the retired judges. Two former chief judges of the court were among those rebuffed.

The unsigned majority decision, for Judges David B. Sentelle and A. Raymond Randolph, said the brief violated a 1982 advisory opinion from a committee of the Judicial Conference of the United States, which is the administrative and policy-making body of the federal court system.

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"Judges should insure that the title 'judge' is not used in the courtroom or in papers involved in litigation before them to designate a former judge," the advisory opinion said.

Briefs by former judges supporting one side or the other in significant cases are relatively common. The brief rejected yesterday urged the appeals court to allow Guantánamo detainees to challenge their detentions notwithstanding a new law, the Military Commissions Act, that the government says now bars the courthouse door.

Judge Judith W. Rogers dissented. She said the 1982 advisory opinion was meant to address situations in which former judges acting as lawyers are referred to by the honorific title "Judge." That practice, if allowed in court, could improperly influence juries, confuse people and make parties to lawsuits lose confidence in the judicial system.

But the situation here, with former judges submitting an appellate brief on their own behalf and with the government's consent, is different, Judge Rogers wrote. "Indeed, denying the unopposed motion for leave to file may itself create an appearance of partiality," she wrote.

David B. Rivkin, who was an official in the administrations of Ronald Reagan and the first President George Bush, said he detected a political undertone.

"It certainly tells you," Mr. Rivkin said, "how at least some of the D. C. Circuit judges feel about the anti-Bush-administration judicial activism by their former colleagues."

Judge Sentelle was appointed by Reagan, Judge Randolph by the first President Bush and Judge Rogers by President Bill Clinton. The two former chief judges on the brief, Abner J. Mikva and Patricia M. Wald, were appointed by President Jimmy Carter.

Mr. Mikva said the rejection of his brief was motivated by personal animus, not politics. "It's not political at all," he said in an interview. "This was clearly aimed at me."

The judges in the majority, Mr. Mikva said, were furious with him because he opposed allowing judges to accept free trips to resorts for seminars sponsored by private groups.

"They're so close to retirement age," Mr. Mikva said of the judges in the majority. "They really should grow up."

Experts in legal ethics were divided over yesterday's ruling. Ronald D. Rotunda, a law professor at George Mason University, said it was an unexceptional application of a sensible policy.

"There is no particular reason why former judges should be able to leverage their titles in litigation," Professor Rotunda said.

Stephen Gillers, a law professor at New York University, disagreed. "It's more than petty," Professor Gillers said of the brief's rejection. "It's unnecessary and insulting."

He added that the objection was an empty formality, as former judges remain free to submit briefs if they omit references to their prior judicial service.

Whatever its basis and wisdom, yesterday's order probably indicates that a ruling in the underlying case is near. In a 1994 libel case, a panel including Judges Mikva and Wald rejected a supporting brief that Kenneth W. Starr, a former judge on the court, had tried to submit on behalf of several news organizations. The panel decided the libel case the next day.

Retired Judges' Opinions Shunned (WT/AP)

The Washington Times, December 30, 2006

An appeals court considering whether Guantanamo Bay detainees have constitutional rights said yesterday that it will not accept arguments by seven retired federal judges who oppose a new U.S. anti-terrorism law.

The U.S. Court of Appeals for the District of Columbia Circuit is examining whether enemy combatants should be allowed to challenge their detention in U.S. courts. President Bush signed a law this fall forbidding such challenges and the Justice Department says detainees are not protected by the Constitution.

Seven federal judges from both political parties filed friend-of-the-court briefs in November urging the appeals court to declare key parts of the new law unconstitutional. They said the law, which sets up military commissions to hear terrorism cases, "challenges the integrity of our judicial system" and effectively sanctions the use of torture.

DOJ_NMG_0111577

In a 2-1 decision yesterday, a panel of the U.S. Court of Appeals for the District of Columbia Circuit said it would not accept that brief on a legal technicality, saying the title "judge" should not be used to describe former judges in legal proceedings.

The panel's more conservative judges, David B. Sentelle and A. Raymond Randolph, issued the opinion with Judge Judith W. Rogers, an appointee of President Clinton, dissenting.

Carl Tobias, a University of Richmond law professor, said it's unusual for such briefs to be rejected. He said the ruling could indicate a decision in the detainee case is near.

Opponents Of Law On Detainees Rebuffed (WP/AP)

The Washington Post, December 30, 2006

An appeals court considering whether Guantanamo Bay detainees have constitutional rights said yesterday that it will not accept arguments by seven retired federal judges who oppose a new U.S. anti-terrorism law.

In a 2 to 1 decision yesterday, a panel of the U.S. Court of Appeals for the District of Columbia Circuit said it would not accept the judges' brief on a legal technicality, saying the title "judge" should not be used to describe former judges in legal proceedings. The court is examining whether "enemy combatants" should be allowed to challenge their detention in U.S. courts.

Seven retired federal judges from both political parties filed a friend-of-the-court brief in November, urging the appeals court to declare parts of the new law, which was signed by President Bush this fall, unconstitutional.

They said the law, which sets up military commissions to hear terrorism cases, "challenges the integrity of our judicial system" and effectively sanctions the use of torture.

The appeals panel's more conservative judges, David B. Sentelle and A. Raymond Randolph, issued the opinion, with Judge Judith W. Rogers, an appointee of President Bill Clinton, dissenting.

Carl W. Tobias, a University of Richmond law professor, said it is unusual for such briefs to be rejected.

The Former Magnificent Seven (WSJ)

The Wall Street Journal, December 30, 2006

As the clock moved toward midnight in the judicial year yesterday, two federal appeals court judges issued an exquisite, brief ruling that should have members of the legal fraternity clucking from Manhattan to San Francisco.

Judges David Sentelle and Ray Randolph ruled that the amicus briefs filed by seven former federal judges on behalf of dozens of Guantanamo detainees in their lawsuits against the U.S. government were impermissible. Why? Because the erstwhile judicial seven had appended the title "judge" before their names in the filings and thereby stood, or sat, in violation of Advisory Opinion No. 72 of the Committee on Codes of Conduct, which holds that a former judge should forbear using the title "judge" in the courts.

Undeniably, former Judges Abner Mikva, Patricia Wald, Shirley Hufstedler, et al., are trying to throw the full weight of their former eminence against the new Gitmo detainee law passed by Congress this fall. Dissenting from the Sentelle-Randolph ruling, Judge Judith Rogers argued that the seven amici were no less entitled to comment as judges than, say, "law professors" or other interested parties.

Perhaps, but forgive us for thinking that these amici expected their criticism of the new detainee law signed by President Bush to be seen, even admired, as the views of the magnificent seven, not the merely mortal thoughts of law professors.

Indeed, a footnote to Friday's ruling quotes Advisory Opinion No. 72, warning against the special aura such amici may emit: "A litigant whose lawyer is called 'Mr.' and whose adversary's lawyer is called 'Judge,' may reasonably lose a degree of confidence in the integrity and impartiality of the judiciary."

To say the least. We see little reason why that endless roster of former judges, ambassadors, generals and the like shouldn't approach the bench as do the rest of us. These seven should feel free to refile their opinions, as Mr., Ms., or whatever.

HOMELAND RESPONSE:

Security Effort By Coast Guard Is Falling Short (NYT)

DOJ_NMG_0111578

By Eric Lipton

The New York Times, December 30, 2006

MIAMI, Dec. 29 — A Coast Guard plan to combat terrorism by creating the maritime equivalent of an air traffic control system in the coastal waters here, a test for a nationwide effort, has fallen far short of expectations.

The Coast Guard installed long-range surveillance cameras, coastal radar and devices that automatically identify approaching vessels to help search out possible threats.

But the radar, it turns out, confuses waves with boats. The cameras cover just a sliver of the harbor and coasts. And only a small fraction of vessels can be identified automatically.

Officials acknowledge the limited progress that the Department of Homeland Security and the Coast Guard have made toward creating a viable defense here in Miami or at harbors nationwide against a maritime attack, despite the billions of dollars invested since 2001.

"The more vigilant and alert you are, the less likely the adversary will decide this is a good way to strike at you," said Capt. Dana A. Goward, director of the Coast Guard project, called Maritime Domain Awareness. "For now, there are lots of cockpit doors that have not been reinforced."

In fact, the Coast Guard estimates that 14 boats smuggling drugs, guns or immigrants or engaged in other crimes reach United States shores every week.

In 2003, for example, a Cuban patrol boat, armed with two machine guns, landed at a Key West resort, its crew seeking to defect. The Coast Guard is often asked, "How in the world did they get through?" Captain Goward said. Quoting a former commandant, he responded, "With all due respect, how did they get through — what?"

The frustrating pace of progress is due to several factors, say officials, port security experts and government auditors:

¶The communications, boat tracking and surveillance equipment rarely lives up to its promised capacity; for the largest systems, work is far behind schedule and over budget.

¶Unlike the relatively unified command over the nation's skies, control of the waterways and coasts is divided among at least 15 federal agencies, which sometimes act more like rivals than partners.

¶Even if the federal government can successfully gather tips on vessels that might present a threat, it will be of little help because the Coast Guard does not have enough armed vessels or planes to take action before it is too late.

Miami was selected to serve as a laboratory for the Maritime Domain Awareness project.

The city not only has a major container port serving as a distribution point for much of Latin America, but it is also the world's largest cruise ship destination.

And the waterways are usually packed with hundreds, and sometimes thousands, of small boats, any of them capable of the sort of attack that damaged the Navy destroyer Cole in Yemen six years ago, killing 17 people and injuring 39.

Some progress has been made here and at other high-profile ports since 2001. Ships approaching the United States must provide notice 96 hours before they arrive. The Coast Guard then determines whether to board a vessel before it lands — it did that about 10,000 times in 2005.

At the Miami harbor, a protective zone around the cruise ship terminal is enforced by security guards on boats. The Coast Guard has significantly expanded its fleet of small, fast harbor patrol boats. And in Miami and a dozen other ports, the service has set up teams of officers to respond to a hostage crisis or other emergency.

The surveillance effort in Miami, known as Project Hawkeye, was intended to search out vessels that might present a threat, allowing the Coast Guard to try to foil an impending attack.

Using radar, the Coast Guard would track boats larger than 25 feet within 12 miles of shore. Smaller vessels — as little as a Jet Ski — would be tracked with infrared cameras up to five miles offshore. The surveillance would cover an area from Fort Lauderdale to the Florida Keys.

To identify which vessels among the thousands might pose a danger, the Coast Guard would rely on sophisticated software that would assemble and analyze all this data. Under the plan, Coast Guard officials would be alerted when boats entered restricted waters, loitered in a vulnerable spot or displayed an unusual course or speed.

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The cameras have at times proved helpful, allowing the Coast Guard to investigate how a ship went aground or to monitor security contractors at the cruise ship terminal, to make sure they are doing their job, said Capt. Liam Slein, deputy commander of the Miami sector.

But the cameras, it turns out, are not powerful enough or installed widely enough to track small boats approaching the many inlets in the Miami area. The radar system is so unreliable — mistaking waves for boats, splitting large ships in two or becoming confused by rain — Coast Guard staff personnel have been told not to waste much time looking at it.

And technology the Coast Guard has required for large ships and wants installed on commercial fishing vessels, devices that automatically identify an approaching ship's name, location and course, has also provoked concerns.

The Automated Identification System, as it is known, was first developed as a collision avoidance measure, not a security system, and was not made tamperproof. A captain or crew wanting to hide or disguise their location could simply turn the system off, or enter data that transmitted false information about the vessel's whereabouts and identity.

"This is a serious design flaw for a security system," wrote Jay Creech, a retired Coast Guard captain, and Capt. Joseph F. Ryan of the merchant marine, in an analysis of the system.

Most critically, the software system intended to make sense of all the collected data has not yet been installed in Miami. That means that very little of what the cameras are filming or the radar is tracking is ever used or even watched. The data is of such limited value that at least for now, the Coast Guard has assigned only volunteers to deal with it.

One recent day one of those volunteers, Eduardo Burbank, 68, a retiree and boat enthusiast, was sitting at a computer terminal using the Automated Identification signals to confirm the identity of container ships approaching the harbor. Anything smaller was ignored.

"Every little boat that comes in, we can't check all that," Mr. Burbank said.

A surveillance system similar to the one in Miami is supposed to be installed at as many as 35 ports. But given the challenges here, and the unwillingness of Congress to finance the still-unproven effort, the Coast Guard has delayed expanding the effort to other ports until at least 2014.

Some port security experts say it is Congress, not the Coast Guard, that deserves much of the blame for the slow pace of progress. The total spending to date on the Miami surveillance effort has been about $10 million, and similar projects nationwide total less than $100 million.

Elected officials remain fixated on costly plans to scan cargo containers for nuclear weapons or on measures like security fences at port terminals, critics say, instead of the greater threat presented by small boats packed with conventional bombs.

"The United States is wasting money by doling out millions of dollars in port security grants that are not adding much security," said James Jay Carafano, a senior fellow at the Heritage Foundation, who urged that spending on programs like the Miami surveillance project be accelerated.

The delays in the program are part of what has become a pattern for the Coast Guard, when it comes to high-tech initiatives to increase security or enhance maritime safety.

Rescue 21, a 911-like emergency call dispatch system considered a critical precursor to the Maritime Domain Awareness effort, was supposed to be installed nationwide by 2006, at a cost of $250 million, allowing faster and more reliable tracking of boats in distress.

Now estimated to cost as much as $872 million, the project will not be ready nationwide until 2011, Congressional auditors say. And it will not work as promised: the Coast Guard will not initially be able to use the system to track its own boats.

The Coast Guard is also still struggling to settle on an approach to gather all the data it and other federal agencies collect about potential maritime threats globally and nationally. But the commitment to work together has not always been honored by all the federal agencies.

During a drill in which officials pretended that a ferry had been hijacked by terrorists, the Coast Guard and the Federal Bureau of Investigation competed for the right to take charge, a contest that became so intense that the Coast Guard players manipulated the war game to cut the F.B.I. out, government auditors say.

"Unless such differences over roles and authorities are resolved," a Justice Department report issued this year said, "the response to a maritime incident could be confused and potentially disastrous."

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Here in South Florida and elsewhere across the United States, another obstacle exists to blocking possible threats.

Last month, the Coast Guard pulled from service 8 of its 10 patrol boats stationed at Key West, after the just-renovated boats suffered hull breaches and mechanical problems. Among the ships the service said it planned to use as a replacement were slow-moving buoy tenders.

Outside New York, the Coast Guard has used a 43-year-old ice-breaking tug boat to patrol around the Indian Point nuclear power plant. The ship has a top speed of 10 knots and no weapons, other than the handguns carried by some of the crew.

"I don't know how the Coast Guard intends to stop a high-speed boat, loaded with explosives," Representative Sue W. Kelly, Republican of New York, said at a recent hearing where she questioned a senior Coast Guard official.

Lt. Justin W. Noggle, chief of the Miami sector command center, said he recognized that many of the antiterror tools the Coast Guard had installed were falling far short of their goals. But it still is progress, Lieutenant Noggle said.

"We are just in the infancy of this effort here," he said. "But if you don't start somewhere, you don't get anywhere."

Road At Trade Center Site To Be Excavated For Remains (NYT)

By David W. Dunlap

The New York Times, December 30, 2006

Most of the service road along the western edge of the World Trade Center site will be excavated as part of the expanded search for human remains at ground zero, the Bloomberg administration said yesterday.

The overall effort — searching buildings, excavating the block where St. Nicholas Greek Orthodox Church stood, investigating 595 manholes and other underground structures — may cost as much as $30 million, Deputy Mayor Edward Skyler said in a memorandum yesterday to Mayor Michael R. Bloomberg.

It has long been suspected by those who knew the site during the recovery effort in 2001 and 2002 that debris from the twin towers, possibly including remains, would be found in the layer of fill under the asphalt service road, also known as the haul road. The road runs four blocks, from Vesey Street to Liberty Street.

Four remains were recovered yesterday from the haul road, said Ellen Borakove, a spokeswoman for the office of the chief medical examiner. They are regarded as potentially human, pending further testing.

More than 200 human remains have been identified since October from material taken out of seven abandoned Consolidated Edison manholes under the road. That included 202 remains found in one of the northern manholes, known as Manhole 1, which led to the city's expanded search.

A 5-foot-wide exploratory trench, 18 inches to 8 feet deep, was dug this month down the middle of the road. (The trench is covered with steel plates, allowing vehicles to pass over it.) The chief medical examiner has begun analyzing the material taken from the trench in a sifting center at 11 Water Street in Brooklyn, near the Brooklyn Bridge.

"Based on the appearance of what could be W.T.C.-related debris in the trench," Mr. Skyler said in his memorandum yesterday, "the majority of the haul road requires further excavation."

Possible trade center debris may include anything that does not belong in clean road fill: pieces of computer equipment, for example, or carpeting or furniture or wiring.

The haul road was built twice. Shortly after 9/11, a roadway of gravel and fill was laid down, followed in March 2002 by an asphalt road. Trade center debris may lie under this asphalt, which also covered the Con Ed manholes until recently.

The southern three-quarters of the haul road will be excavated, Mr. Skyler said, along with a small section of the northern part of the road.

Sally Regenhard, an advocate for victims' families, has never recovered her son, Christian, who was killed on 9/11. She and others have criticized the city's search as not being comprehensive enough. Learning that three-quarters of the road would be excavated, she said: "Please stop this incremental torture that families are going through. Just dig up the entire haul road."

Mr. Skyler said 766 remains had been recovered from the former Deutsche Bank building opposite ground zero. The first through fifth floors remain to be searched. The entire 41-story tower, which was damaged and badly contaminated on 9/11, is to be dismantled by December 2007.

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The medical examiner will also search Fiterman Hall of the Borough of Manhattan Community College and a building at 130 Cedar Street. Mr. Skyler added in a telephone interview that the city did not expect the search to interfere with the reconstruction of the trade center.

Search For Human Remains Expands At World Trade Center (AP)

By Sara Kugler

AP, December 29, 2006

NEW YORK — The search for human remains at the World Trade Center site will be expanded, a city official said Friday, hours before searchers found what may be more bone fragments at the site.

In a memo to Mayor Michael Bloomberg about the search for remains, Deputy Mayor Ed Skyler said debris believed to be from the towers had been dug up from under a service road on the site's western edge and said more of the road would be excavated.

Crews sifting through the material have reported finding computer parts, office carpet, electrical wires and steel from the building.

"Based on the appearance of what could be WTC-related debris in the trench, the majority of the haul road requires further excavation," Skyler wrote. He said officials had identified another 165 underground utility cavities in the streets around the site that need to be searched, bringing the total number to nearly 600.

Hours later, word came from the site that workers had found what appeared to be several more pieces of bone from the road excavation.

The renewed search for remains began in October after utility crews found bones in an abandoned manhole that had been paved over and forgotten along the western edge of the site.

In the hurry to finish cleaning up the site during the spring of 2002, that manhole and a number of other subterranean pockets were never searched for victims' remains.

Until Friday, the only remains turned up since the search resumed were some 200 bones in the initial manhole, plus a handful of fragments in three other manholes.

Some victims' families have pushed for a wider excavation under the service road, saying they believed crews in 2002 used rubble from the towers instead of clean soil when they were excavating the disaster site and building the road — a charge the city denies.

"Thank God. Thank God they're finally doing this," said Tim Sumner, whose brother-in-law, firefighter Joseph Leavey, was killed in the terrorist attacks.

Some 40% of the 2,749 people killed in the Sept. 11 attack there still have not had any remains identified. None of the new discoveries has been matched to any of the dead.

Skyler estimated in his letter that the year-long search effort would cost $30 million.

WAR NEWS:

Saddam Hussein Put To Death (WP)

By Sudarsan Raghavan

The Washington Post, December 30, 2006

BAGHDAD, Dec. 30 -- Former Iraqi president Saddam Hussein was hanged in the predawn hours of Saturday for crimes against humanity in the mass murder of Shiite men and boys in the 1980s, sent to the gallows by a government backed by the United States and led by Shiite Muslims who had been oppressed during his rule, Iraqi and American officials said.

In the early morning, Hussein, 69, was escorted from his U.S. military prison cell at Camp Cropper, near the Baghdad airport, and handed over to Iraqi officials. He was executed on the day Sunni Muslims, of which Hussein was one, begin celebrating the Muslim festival of Eid al-Adha.

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Earlier, on Thursday, he had met with his two maternal half brothers in his prison cell and handed them personal messages, according to Iraqi officials. On Friday, his attorneys said, U.S. military officials asked that they take his personal belongings.

In Crawford, Tex., President Bush said in a statement that Hussein received "the kind of justice he denied the victims of his brutal regime." He added, "Fair trials were unimaginable under Saddam Hussein's tyrannical rule. It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial. This would not have been possible without the Iraqi people's determination to create a society governed by the rule of law."

After the execution, celebratory gunfire broke out in Baghdad. Iraqis across the nation sent text messages to their relatives and friends as soon as they heard of Hussein's execution. Ali al-Hayeri, one of the witnesses who testified openly in the Dujail trial, said he received his first text message at 3:15 am. It read: "We congratulate you for the execution of the tyrant Saddam."

"This is what should happen," said Suad Shakir, 52, a resident of the Karrada district in Baghdad, and a Christian. "People will be relieved. I hope that it will bring good to Iraq." She said she wanted Hussein to be executed. "He hurt Iraqis," she said. "We haven't seen anything good from him."

In the southern city of Najaf, hundreds of Shiites stepped outside their houses and began firing guns in the air in joyous celebration. "Saddam executed seven of my relatives," said Muhammad Hussein Kamil, 45, a day laborer. "It is the end for any dictator, and he will be an example to every dictator in the world. They will know that any one who will insult his people will be facing the same fate."

"Saddam and his family are harvesting what they have planted of fear, and today, he and his family are paying a high price in front of the Iraqi people, and God's punishment will be more than this."

Ali Hameed Ridha 47, a government employee from Najaf, said he walked outside and handed out candies and sweets in the streets the moment he heard that Hussein was executed.

Also to be hanged are Hussein's half brother Barzan Ibrahim and Awad Haman Bander, the former chief justice of the Revolutionary Court, but they were not executed with him. Four other co-defendants received prison terms ranging from 15 years to life. On Tuesday, the appeals court upgraded former vice president Taha Yassin Ramadan's life sentence to the death penalty.

Also Tuesday, the appeals court upheld Hussein's death sentence for the killings of 148 people after an attempt was made on his life in the northern Iraqi city of Dujail in 1982. The court said the former president should be hanged within 30 days. Since his capture by U.S. troops in December 2003, Hussein had legally been in Iraq's custody but remained under American watch at a military prison near one of his old palaces.

The Iraqi government, led by Shiite Muslims and northern Kurds, kept the impending execution a secret from its citizens. In doing so, government officials feared that even close to death, Hussein could cause additional chaos. Sunni Arab loyalists, who view him as a symbol of their resistance, had already vowed to take revenge.

"It's like God asking you to choose between Heaven and Hell," said Thamer al-Musawi, 47, a slim, salt-and-pepper-haired barber in Baghdad's Karrada neighborhood, speaking before the execution. "If Saddam gets executed, you go to Hell. If he doesn't, you go to Heaven. I will choose Hell just so Saddam is executed.

"He is not a human being. He does not deserve to be alive."

Hussein leaves a legacy of fear, poverty and a profound despair among Iraqis that their nation, rich in history and endowed with oil, crumbled under his watch, and has been engulfed in war since the U.S.-led invasion in 2003 to overthrow Hussein. At the same time, many Iraqis, engulfed by sectarian violence and a lack of services, have expressed nostalgia for the security they enjoyed under Hussein, although they despised his rule.

Hussein's execution marks a shift in the fortunes of Iraq's Sunni Arabs, who formed the core of Iraq's bureaucracy under his rule and are struggling for a foothold in the country's political process. A central question is whether his death at the hands of a Shiite-led government will alienate more Sunnis and hinder efforts at national reconciliation.

Iraqi and U.S. officials also predicted an upsurge in violence, at least in the short term, as Hussein loyalists and former Baathists seek to avenge his death. But it is unclear how influential those groups are today. The goals of the insurgent groups that

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form the bulwark of the Sunni resistance have been to oust the U.S.-led occupation and gain political power rather than fight for Hussein.

Some Iraqis said that religious and sectarian symbolism guided the timing of the execution. Sunni Muslims consider Saturday the beginning of Eid, while Shiites start celebrating Sunday. Eid commemorates prophet Ibrahim's willingness to sacrifice his son to God. It also marks the end of the hajj pilgrimage to Mecca, a trip millions of Muslims worldwide make each year. In Eid, a sheep is usually slaughtered as a symbol of Ibrahim's sacrifice and its meat is shared among neighbors, relatives and the needy.

Hussein's final days were rife with controversy. Many human rights groups criticized his death sentence as unfair and marred by procedural flaws. There was failure to disclose key evidence to Hussein's attorneys, as well as violations of the basic rights of the defendants to confront witnesses, rights activists said. The first presiding judge resigned. Iraqi politicians routinely denounced the tribunal as weak. Three defense attorneys and a witness were assassinated. Outbursts by the second chief judge, Raouf Rasheed Abdel-Rahman, undermined his impartiality, the activists said.

"The rushed execution of Saddam Hussein is simply wrong," said Larry Cox, the U.S. head of Amnesty International, in a statement. "It signifies justice denied for countless victims who endured unspeakable suffering during his regime, and now have been denied their right to see justice served. It is a failed opportunity to establish the rule of law in Iraq."

Iraqi and U.S. officials, in turn, angrily declared that the Iraqi government did not interfere in the judicial process. The verdict, they said, was just and would close the book on one of modern Iraq's most violent periods. Nevertheless, the year-long trial further deepened Iraq's sectarian divide, as Shiites, Sunnis and Kurds reacted to Hussein's case along the fault lines of sect and history.

Late Friday, a U.S. judge refused to halt the hanging.

Until his death, Hussein exhibited the same defiance that was synonymous with his rule. Even after U.S. forces captured him in a small northern village on the outskirts of his native Tikrit, Hussein insisted that he be referred to as Iraq's president. He turned the trial into a theater of the absurd in which he mocked judges, hurled political invective and walked out of the court. In one session, Ibrahim arrived in long underwear and sat with his back to the judges.

On Wednesday, a farewell letter posted on several Web sites in the name of Hussein declared that he was ready to die and urged Iraqis not to hate the people of the nations that had invaded Iraq, just their leaders. His attorneys said the letter was authentic and was written Nov. 5, the day his death sentence was delivered, because Hussein was not given a chance to make a final statement in the courtroom. A portion of it read:

"Here, I offer my soul to God as a sacrifice, and if God wants He will lift it up to where the first believers and martyrs are, and if His decision is postponed, then He is the most merciful." It was impossible to independently verify the letter's authenticity.

Hussein, who ordered the executions of thousands of Iraqis, in his final hours became a cause celebre for advocates against capital punishment. European leaders appealed to the Iraqi government not to impose the verdict. Cardinal Renato Martino, Pope Benedict XVI's top official on justice matters, told the Italian newspaper La Repubblica that executing Hussein would punish "a crime with another crime."

Many Kurds were disappointed that Hussein was executed for the Dujail killings, widely viewed as a test case for the larger, and more significant, Anfal genocide trial. That trial, which began in August, was chronicling, often in painful testimonies, the systematic killings of tens of thousands of Kurds with chemical weapons and poison gas. Hussein was scheduled to return to the courtroom Jan. 8.

Bush: Execution Will Not Halt Violence (AP)

AP, December 29, 2006

CRAWFORD, Texas (AP) -- President Bush said Friday that Saddam Hussein's execution marks the "end of a difficult year for the Iraqi people and for our troops" and cautioned that his death will not halt the violence in Iraq.

Yet, Bush said in a statement issued from his ranch in Texas, "it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain and defend itself, and be an ally in the war on terror."

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In a message of assurance to the people of Iraq, Bush said the execution was a reminder of how far the Iraqi people have come since the end of Saddam's rule.

"The progress they have made would not have been possible without the continued service and sacrifice of our men and women in uniform," he said.

Bush, who has spent weeks crafting a new U.S. policy in Iraq, warned of more challenges for U.S. troops.

"Many difficult choices and further sacrifices lie ahead," he said. "Yet the safety and security of the American people require that we not relent in ensuring that Iraq's young democracy continues to progress."

When Saddam was apprehended in 2003, Bush promised that the deposed Iraqi leader would "face the justice he denied to millions." The administration blamed Saddam for hundreds of thousands of mass executions.

In November, Saddam was sentenced to death after being convicted of murder in the killings of 148 Shiite Muslims from an Iraqi town where assassins tried to kill him in 1982.

After three decades in power, Saddam was captured in December 2003 in an underground hideout on a farm near his hometown of Tikrit. Two days later, Bush remarked: "Good riddance. The world is better off without you, Mr. Saddam Hussein."

The president was briefed at 6:15 p.m. CST by National Security Adviser Stephen Hadley about the execution procedure, and that it would go forward in the next few hours. Hadley had been in touch with U.S. Ambassador to Iraq Zalmay Khalilzad, who had been in contact with Iraqi Prime Minister Nouri al-Maliki.

Bush was asleep when the execution occurred.

"The president concluded his day knowing that the final phase of bringing Saddam Hussein to justice was under way," deputy White House press secretary Scott Stanzel said.

As his execution drew near, Saddam's lawyers filed an appeal trying to stave it off.

However, U.S. District Judge Colleen Kollar-Kotelly, who heard arguments from attorneys by phone, rejected the challenge Friday night. She said U.S. courts do not have jurisdiction to interfere in another country's judicial process.

In the 21-page request filed Friday, Saddam's attorneys argued that because Saddam also faces a civil lawsuit in Washington, he has rights as a civil defendant that would be violated if he is executed. He has not received notice of those rights and the consequences that the lawsuit would have on his estate, his attorneys said.

"To protect those rights, defendant Saddam Hussein requests an order of this court providing a stay of his execution until further notice of this court," attorney Nicholas Gilman wrote.

In Iraq, U.S. forces were ready for any escalation of violence associated with the execution, Pentagon spokesman Bryan Whitman said several hours before Saddam was hanged.

Closer to home, Americans were warned by the FBI and the Homeland Security Department to be vigilant about the possibility of a terror attack. The advisory sent to local law enforcement did not cite a specific threat.

American sentiment about the war has changed dramatically since 2003, when jubilant crowds toppled a 40-foot statue of the dictator and a deshelved Saddam, in U.S. custody, was seen on television being examined by a doctor who probed his mouth with a tongue depressor.

Then, Saddam's capture helped Bush's political stature following months of rising casualties and growing doubts about his handling of Iraq. The months-long manhunt for Saddam had damaged U.S. prestige and claims of progress in Iraq.

Now, unrelenting violence and a U.S. death toll nearing 3,000 has sent Bush's approval ratings on the war plumeting to their lowest levels.

Seventy-one percent disapprove of his management of the war; almost two-thirds doubt that a stable, democratic government will ever be established in Iraq, according to early December AP-Ipsos polling.

Bush called the execution a historical moment in Iraq's road to democracy.

"Saddam Hussein's execution comes at the end of a difficult year for the Iraqi people and for our troops," he saad. "Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain and defend itself, and be an ally in the war on terror."

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Among the U.S. lawmakers responding to word of Saddam's execution, Sen. Joe Biden, D-Del., the incoming chairman of the Senate Foreign Relations Committee, said he hoped the families of Saddam's victims could now begin "the healing process."

"Iraq has closed one of the darkest chapters in its history and rid the world of a tyrant," Biden said in a statement. "Every effort was made to afford Saddam the judicial rights he denied to the 148 innocent victims of Dujail and to hundreds of thousands of other Iraqis during his brutal reign."

The Republican leader-elect of the Senate, Mitch McConnell of Kentucky, said Saddam had finally met justice.

"Today the world was rid of a brutal dictator," McConnell said. "The free people of Iraq must now go forward together to build a unified nation, and leave behind sectarian divisions."

Bush: Credit Iraqis For Fair Trial Of Hussein (CNN)

CNN.com, December 30, 2006

WASHINGTON (CNN) -- President Bush, able to claim few victories in the war in Iraq, issued a satisfied but measured statement about 90 minutes after former Iraqi dictator Saddam Hussein was executed.

"Fair trials were unimaginable under Saddam Hussein's tyrannical rule," the president said. "It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial. This would not have been possible without the Iraqi people's determination to create a society governed by the rule of law."

The White House said Bush was asleep at the time of the execution but was briefed by national security adviser Stephen Hadley before retiring.

In his statement, the president acknowledged that things have not gone well since Hussein was chased from power by coalition forces in 2003.

"Saddam Hussein's execution comes at the end of a difficult year for the Iraqi people and for our troops," he said. "Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the war on terror."

The president praised the troops fighting the war and expressed optimism tempered by the reality of sectarian fighting and political problems in the United States and in Iraq.

"We are reminded today of how far the Iraqi people have come since the end of Saddam Hussein's rule -- and that the progress they have made would not have been possible without the continued service and sacrifice of our men and women in uniform," he said.

"Many difficult choices and further sacrifices lie ahead. Yet the safety and security of the American people require that we not relent in ensuring that Iraq's young democracy continues to progress."

Dictator Who Ruled Iraq With Violence Is Hanged For Crimes Against Humanity (NYT)

By Marc Santora, James Glanz

The New York Times, December 30, 2006

BAGHDAD, Saturday, Dec. 30 — Saddam Hussein, the dictator who led Iraq through three decades of brutality, war and bombast before American forces chased him from his capital city and captured him in a filthy pit near his hometown, was hanged just before dawn Saturday during the morning call to prayer.

The final stages for Mr. Hussein, 69, came with terrible swiftness after he lost the appeal, five days ago, of his death sentence for the killings of 148 men and boys in the northern town of Dujail in 1982. He had received the sentence less than two months before from a special court set up to judge his reign as the almost unchallenged dictator of Iraq.

His execution at 6:10 a.m. was announced on state-run Iraqiya television, which said 14 Iraqi officials attended the hanging. The location was not announced but witnesses said Mr. Hussein was carrying a Koran and was compliant as the noose was draped around his neck.

“He just gave up,” said Mowaffak al-Rubaie, Iraq’s national security adviser. “We were astonished. It was strange. He just gave up.”

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He added: "Saddam Hussein is gone. All Iraqis will look to the future after the end of this era."

President Bush was notified about the execution in a telephone call late Friday to his Texas ranch. He said that the former Iraqi dictator "was executed after receiving a fair trial — the kind of justice he denied the victims of his brutal regime."

"Saddam Hussein's execution comes at the end of a difficult year for the Iraqi people and for our troops," Mr. Bush said. "Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the war on terror."

There were conflicting accounts about whether two subordinates were hanged with Mr. Hussein. The Iraqi state television said his half-brother ,Barzan Ibrahim, and Awad Hamed al-Bandar, the former chief justice of the Revolutionary Court, were hanged after Mr. Hussein. But Mr. Rubaie could not confirm this.

Even as the executions appeared inevitable, many were skeptical or disbelieving that the noose could drop around Mr. Hussein's neck so soon. One Western official said that some of the American legal advisers working on the case appeared stunned at the hasty pace of events late Friday as they walked through the corridors of the Republican Palace, once Mr. Hussein's grandiose center of power.

When Mr. Hussein came to power three years before the Dujail killings, he ruled over an oil-rich country that was an economic and technical powerhouse in the Middle East with rising cultural and political influence in the region. When he hurtled through the trap door of the gallows Saturday morning, the nation he left behind was a smashed and traumatized remnant of that early promise, desperately trying to restore the most basic diplomatic ties with its neighbors.

In between, Mr. Hussein invaded Iran and Kuwait in wars that cost over a million lives and left his military in a shambles, brutally suppressed a Shiite uprising in the south and saw his country become isolated and impoverished under the weight of United Nations-imposed sanctions. Finally, he was ousted by an American-led invasion force in 2003 and the country fell into a new round of internal violence as the rule of law disintegrated and the Western invaders proved unable to control a country in the aftermath of totalitarian rule.

Those developments, so unwelcome to the Americans who so easily conquered this nation, showed that Mr. Hussein was also a unifying force whose painful grip held together Iraq's many ethnicities and sects. Now, three years after his fall, Iraq has descended further and further into chaos.

As Iraqis across the country were trying to process the enormity of what had happened, early reactions mirrored the deep sectarian divide that has been driving much of that violence and threatens to tear the country apart.

"Today is the best day we have seen since the fall of Saddam's regime," said Ayad Jamal al-Deen, a moderate Shiite political leader. "The death of this man will help to release many Baathists from Saddam's mafia. The violence will be reduced."

As Mr. Hussein awaited the hangman early Saturday, he was apparently unaware that the American military was already making plans to dispose of his personal effects.

But Iraqi officials were vague to the end about when the execution would happen. "We will do it very soon," said Munir Haddad, a judge on the Iraqi High Tribunal who represented the body at the execution, Judge Haddad and a second designated witness to the execution said after midnight. Prime Minister Nuri Kamal al-Maliki was still conferring with American officials late Friday night to work out the timing and resolve key details such as what to do with Mr. Hussein's body, a Western official said.

But Mr. Maliki's comments on Friday to the families of people who were killed while Mr. Hussein ruled left no doubt about where the prime minister stood on the time frame of the execution.

"Anyone who rejects the execution of Saddam is undermining the martyrs of Iraq and their dignity," Mr. Maliki said. "Nobody can overrule the execution sentence issued against Saddam."

Without specifying a time, date or place, he said, "There is no review or delay in implementing the execution verdict against Saddam."

Esam al-Gazawi, another lawyer representing Mr. Hussein who is currently in Jordan, expressed the views of many by suggesting that the timing of the execution was determined by the highest levels of the American and Iraqi governments.

"No one knows when it's going to happen except God and President Bush," he said shortly before Mr. Hussein was executed.

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Mr. Hussein spent his final hours in a dreary cell on an American base near the Baghdad airport, and there were indications that he was unaware that the end was drawing near.

Iraqi and American officials kept outsiders, including his legal team, from contacting him all day, according to Najib al-Nauimi, one of Mr. Hussein's lawyers, who was in Qatar.

But the legal team received a request late Friday asking for formal requests from people who could receive Mr. Hussein's effects, another of his lawyers said.

"I gave them a request that my colleagues and I are authorized to get Saddam's personal stuff," said the lawyer, Wadood Fawzi.

In Washington, a United States District Court rejected an emergency motion filed Friday afternoon by lawyers for Mr. Hussein seeking to halt the execution on the grounds that it would interfere with pending civil litigations against him. Judge Kathleen Kollar-Kotelly ruled shortly after 9 p.m. that her court did not have jurisdiction to intercede.

Mr. Hussein's trial and conviction have been mostly welcomed by the Iraqi Shiites and Kurds who suffered under his rule, but it has angered Sunni Muslims, helped to fuel a Sunni-led insurgency and done nothing to calm the increasingly chaotic sectarian violence here.

Concerned that the execution could incite even more violence, United States forces were placed on stepped-up alert and Iraqi officials suggested that the daily curfews here may be extended throughout the weekend.

Iraqi officials said the execution would be filmed, both for the historical record and as proof for those who may doubt the word of both the Americans and Iraqis.

As of late Friday, some Iraqi officials remained engaged in a heated debate about how swiftly to carry out Mr. Hussein's death sentence.

An Iraqi official close to the negotiations expressed deep disappointment that, after years of forensic investigation, detailed litigation and careful deliberation, the process could be compromised in the final hours by politically driven haste.

"According to the law, no execution can be carried out during the holidays" said another official, "After all the hard work we have done, why would we break the law and ruin what we have built?"

The Muslim holiday of Id al-Adha begins Saturday for Sunnis and Sunday for Shiites, who now control the government.

Iraqi law seemed to indicate that executions were forbidden on the holiday.

But Judge Haddad was dismissive of those concerns, injecting some of the sectarian split that is pervading the country. "The official Id in Iraq is Sunday," he said.

As for Mr. Hussein's sect, he said, "Saddam is not Sunni. And he is not Shiite. He is not Muslim."

Mr. Gazawi, the lawyer, said he was told that Mr. Hussein had met with two half-brothers, who are also in custody, but no other family members.

"His sons are dead and his daughters are here in Amman," he said. Mr. Hussein's two sons, Uday and Qusay, were killed by American soldiers after the 2003 invasion.

After his government collapsed, Mr. Hussein went into hiding and was eventually found in an underground hide-out near his hometown of Tikrit.

Once in custody, there were three cases brought against Mr. Hussein for crimes against humanity.

The first case to begin hearings, and the simplest in terms of details, involved the executions of residents of Dujail after an attack on his motorcade there. Mr. Hussein was found guilty on Nov. 5 and sentenced to die by hanging. An appeals court upheld the ruling on Tuesday and said the sentence had to be carried out within 30 days.

A trial on the far more sweeping charges that he directed the killing of 50,000 Kurds in an organized ethnic-cleansing campaign is still under way and officials expected it to continue regardless of Mr. Hussein's fate.

The final case, involving the bloody suppression of a Shiite uprising in 1991, which left thousands dead, has yet to go to trial. That uprising followed the first American invasion of Iraq, directed by President Bush's father. The elder Bush had encouraged the Shiites to rise up, and America's subsequent failure to come to their aid was still remembered bitterly when the Americans returned in 2003.

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The current President Bush, who keeps the pistol soldiers confiscated from Mr. Hussein when he was captured mounted in his private study off the Oval Office, did not say anything publicly about the impending execution.

Mr. Hussein, who had been held in American custody by a team known as Task Force 134 at Camp Cropper, near the Baghdad airport, was last heard from in a letter he composed when he was sentenced, asking Iraqis to unite and claiming to be at peace with his own death.

Iraqis Execute Saddam For Mass Killings (SEATIMES)

The Seattle Times, December 30, 2006

BAGHDAD, Iraq — Former Iraqi President Saddam Hussein was hanged in the predawn hours today for crimes against humanity in the mass murder of Shiite men and boys in the 1980s, Iraqi and American officials said.

Saddam, 69, was escorted from his U.S. military prison cell at Camp Cropper, near the Baghdad airport, early in the morning and handed over to Iraqi officials. He was executed on the day Sunni Muslims, of which Saddam was a member, celebrate the Islamic festival of Eid al-Adha.

An anxious Iraq awoke to the news of Saddam's execution, wondering whether his death would galvanize insurgents to launch still more suicide assaults against their fellow countrymen or whether it would close an ugly chapter in the nation's history and allow the government to stave off a full-scale civil war.

At his ranch in Crawford, Texas, President Bush said the execution marks the "end of a difficult year for the Iraqi people and for our troops" and cautioned that Saddam's death will not halt the violence in Iraq.

Yet, Bush said in a statement, "It is an important milestone on Iraq's course to becoming a democracy that can govern, sustain and defend itself, and be an ally in the war on terror."

U.S. and Iraqi forces braced for a possible surge in violence by Saddam's backers and those frustrated that an Arab leader was killed by what they consider to be an American-controlled government. Iraqi officials canceled leave for their police and army. The Pentagon announced that U.S. troops were at a high state of readiness.

The execution of a former head of state in his country after a trial by an internationally monitored tribunal is almost without precedent. But its political impact was undercut by what human-rights groups said was badly flawed procedure. Human Rights Watch charged that the trial didn't meet international standards of fairness and criticized the Iraqi government for actions that it said undermined the court's independence. It said the court was unfamiliar with the law.

The execution also didn't fully settle Iraqis' grievances against Saddam. The atrocity for which he was sentenced occurred a quarter-century ago and was of a far smaller dimension than his alleged crimes against Kurds in the late 1980s and against Shiites through the 1990s.

Throughout Friday evening, Iraqi state television broadcast footage of Saddam's atrocities, including photos of gassed babies and handcuffed men being tortured. Witnesses who had testified against Saddam and called for his death gathered in the heavily fortified Green Zone, which houses the government, to witness the execution. They were joined by a judge, a doctor and a cleric.

In Baghdad's Shiite enclave of Sadr City, people danced in the streets while others fired guns in the air.

Officials said they videotaped the execution but wouldn't air it publicly.

Sami al-Askari, the political adviser of Prime Minister Nouri al-Maliki, said Saddam struggled when taken from his cell but was composed in his last moments.

He said Saddam was clad completely in black, rather than prison garb.

Shortly before the execution, Saddam was asked if he wanted to say something, said al-Askari, who was present.

"No, I don't want to," al-Askari quoted Saddam as saying. Saddam repeated a prayer after a Sunni Muslim cleric.

"Saddam later was taken to the gallows and refused to have his head covered with a hood," al-Askari said. "Before the rope was put around his neck, Saddam shouted: 'God is great. The nation will be victorious, and Palestine is Arab.' "

There were conflicting reports about whether two of Saddam's co-defendants were executed with the former president. The Washington Post and state-run Iraqiya television reported that Saddam's half brother Barzan Ibrahim and Awad Haman

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Bander, former chief justice of the Revolutionary Court, also were hanged. However, three officials later told The Associated Press that only Saddam was executed.

On Tuesday, an appeals court upheld Saddam's death sentence for the killings of 148 people after an attempt was made on his life in the northern Iraqi city of Dujail in 1982. The court said the former president should be hanged within 30 days. Since his capture by U.S. troops in December 2003, Saddam had legally been in Iraq's custody but remained under American watch at a military prison.

On Thursday, Saddam met with his two maternal half brothers and handed them personal messages, according to Iraqi officials. On Friday, his attorneys said, U.S. military officials asked that they take his personal belongings.

The Iraqi government, led by Shiite Muslims and northern Kurds, kept the impending execution a secret from its citizens, fearing that, even close to death, Saddam could cause chaos. His Sunni Arab loyalists, who view him as a symbol of their resistance, already had vowed to take revenge.

"It's like God asking you to choose between heaven and hell," said Thamer al-Musawi, 47, a slim, salt-and-pepper-haired barber in Baghdad's Karrada neighborhood, speaking before the execution. "If Saddam gets executed, you go to hell. If he doesn't, you go to heaven. I will choose hell just so Saddam is executed."

Saddam leaves behind a legacy of fear, poverty and a profound despair among Iraqis. At the same time, many Iraqis have expressed nostalgia for the security they enjoyed under Saddam, although they despised his rule.

Saddam's execution marks a shift in the fortunes of Iraq's Sunni Arabs, who formed the core of Iraq's bureaucracy under his rule and are struggling for a foothold in the country's political process. A central question is whether his death at the hands of a Shiite-led government will alienate more Sunnis and hinder efforts at national reconciliation.

Iraqi and U.S. officials also predicted an upsurge in violence, at least in the short term, as Saddam loyalists and former Baath party members seek to avenge his death. But it is unclear how influential they are today. The goals of insurgent groups that form the bulwark of the Sunni resistance are to oust the U.S.-led occupation and gain political power rather than fight for Saddam.

Some Iraqis said religious and sectarian symbolism guided the timing of the execution. Today is considered the beginning of Eid by Sunni Muslims, while Shiites start celebrating Sunday. Eid commemorates prophet Ibrahim's willingness to sacrifice his son to God. It also marks the end of the hajj pilgrimage to Mecca, a trip millions of Muslims worldwide make each year.

Human-rights groups widely criticized Saddam's death sentence as unfair and his trial as marred by procedural flaws. There was failure to disclose key evidence to Saddam's attorneys, activists said.

The first presiding judge resigned. Three defense lawyers and a witness were assassinated. Outbursts by the second chief judge, Raouf Rasheed Abdel-Rahman, undermined his impartiality, activists said.

Iraqi and U.S. officials, in turn, angrily declared that the Iraqi government did not interfere in the judicial process. Nevertheless, the nine-month trial further deepened Iraq's sectarian divide.

Under Iraq's constitution, President Jalal Talabani and his two vice presidents needed to ratify the decision of the appeals court. But until Saddam's final hours, there was confusion over whether a provision in the Iraqi High Tribunal statute could outweigh the constitutional requirement. Talabani, a Kurd, opposes the death penalty but in past cases has deputized a vice president to sign on his behalf. Early today, it was unclear whether the three men had signed off on the execution.

Late Friday, a U.S. judge refused to halt the hanging.

Until his death, Saddam exhibited the same defiance that was synonymous with his rule. During his trial, he mocked judges, hurled political invective and walked out of the court.

On Wednesday, a farewell letter posted on several Web sites in the name of Saddam declared that he was ready to die and urged Iraqis not to hate the people of the nations that had invaded Iraq, just their leaders. His attorneys said the letter was authentic and was written Nov. 5.

Saddam, who ordered executions of thousands of Iraqis, in his final hours became a cause célèbre for advocates against capital punishment. European leaders appealed to the Iraqi government not to impose the verdict. Cardinal Renato Martino, Pope Benedict XVI's top official on justice matters, told the Italian newspaper La Repubblica that executing Saddam would punish "a crime with another crime."

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Many Kurds were disappointed that Saddam was executed for the Dujail killings, widely viewed as a test case for the larger, and more significant, Anfal genocide trial. That trial began in August, and Saddam was scheduled to return to the courtroom Jan. 8.

Iraqi-Americans Celebrate Saddam's Execution (AP)

AP, December 30, 2006

DEARBORN, Mich. (AP) — Dozens of Iraqi-Americans gathered late Friday at a Detroit-area mosque to celebrate reports that Saddam Hussein had been executed, cheering and crying as drivers honked horns in jubilation.

Dave Alwatan wore an Iraqi flag around his shoulders and flashed a peace sign to everyone he passed at the Karbalaa Islamic Educational Center in this suburb of Detroit, a city that has one of the nation's largest concentrations of people with roots in the Middle East.

"Peace," he said, grinning and laughing. "Now there will be peace for my family."

Alwatan, 32, said Saddam's forces tortured and killed relatives that were left behind when Alwatan left Iraq in 1991.

A crowd of more than 150 men gathered in anticipation of the former Iraqi dictator's execution, singing and dancing and chanting "Now there's peace, Saddam is dead" in English and Arabic.

The center's director, Imam Husham Al-Husainy, said members prayed for Saddam's death. Outside, traffic slowed as people drove in circles around the mosque, honking horns.

"This is our celebration of the death of Saddam," Al-Husainy said while standing on top of a car following reports by Iraqi state-run television that Saddam had been hanged. "The gift of our New Year is the murder of Saddam Hussein."

Meanwhile, some local Arab-American leaders warned that Saddam's execution would increase violence in Iraq.

Osama Siblani, publisher of The Arab American News and chairman of several Arab-American groups, said the former dictator's death sentence was one more casualty in a war that has killed thousands. He said it will not end the power struggle among Iraqi religious groups.

"The execution might bring some amusement and accomplishment to the Bush administration, but it will not help the Iraqi people," Siblani said. "The problem we're facing in Iraq is going to multiply."

Rauf Naqishbendi, 53, an Iraqi Kurd who moved to the U.S. in 1977, said he was pleased that Hussein was being executed, but lamented the loss of family members who he said were gassed by the dictator's henchman in 1988.

"Psychologically, the execution is good news, and people will feel that justice has been served," said Naqishbendi, who lives a few miles south of San Francisco. "But the reality is that it's not going to bring back my family members who he killed."

The Detroit area's Iraqi community includes a group of Chaldean Christians, many of whom fled their homeland during Saddam's rule.

Joseph Kassab, executive director of the Chaldean Federation of America, based in the Detroit suburb of Farmington Hills, said his humanitarian organization is against the taking of human life. But, he said, the world must reflect on Saddam's execution, "so we never again relinquish our destiny to tyrants like him."

Imad Hamad, director of the American-Arab Anti-Discrimination Committee in Dearborn, said the glee surrounding Saddam's death was laced with uncertainty about the future.

"The joy would have been complete if we were to see the healthy Iraq, the united Iraq, the safe Iraq," Hamad said. "Then everybody would be jumping up and down, celebrating."

Local Reaction: Iraqi Emigres In Bay Area Say It's Long Overdue (SFC)

By Matthai Chakko Kuruvila

San Francisco Chronicle, December 30, 2006

Mudhar Alhassen waited for decades for Saddam Hussein to die. Friday night, when news came of Hussein's execution, the Iraqi exile got his wish.

Hussein's henchmen had slain Alhassen's uncles. Hussein's jailors killed two cousins, including one who was tortured to death with chemicals, Alhassen says.

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Soon after watching an Iraqi news channel report about the impending execution, Alhassen began to celebrate in his Sunnyvale home. He called his father, a brother in Michigan and cousins back in Iraq.

"I feel great," said Alhassen, 39. "This is our dream for this guy to get the death penalty. It's a good day."

Across the Bay Area on Friday, Iraqi emigres exulted over Hussein's impending demise. They cited the deaths of friends, torture endured by relatives and the increasing dysfunction of a dictator who willingly disregarded and disposed of his people. Former Iraqis living in the Bay Area consider the dictator's death justice that did not come quick enough.

"This moment is past due," said Rob Shoubber, 51, of Santa Clara. "It should have been done a long time ago."

Several Iraqi Americans said Hussein's supporters have been sabotaging efforts toward democracy in Iraq. They believe his execution will bring peace and stability to Iraq, where hundreds of thousands of civilians -- and nearly 3,000 U.S. troops -- have died since the 2003 invasion.

"It won't be an immediate change, but it will be in the long run," Shoubber said.

The gravity of Hussein's tyranny requires the ultimate penalty, several Iraqi Americans said.

Imam Mehdi Khorasani, who leads a 200-member mosque in Fairfax, said he generally opposes capital punishment.

"Killing must be stopped, criminals or not," he said. "I believe in mercy and compassion."

But Hussein's unthinkable horrors demand something different.

"Saddam is a thug," said Khorasani, whose father was an imam in Karbala, Iraq. "He's a cancer, a microbe, a disaster for the world. He must be eliminated at any cost.

"He has used chemical weapons. He has committed mass murders, genocide."

Like many Iraqis in the Bay Area, Khorasani believes Hussein's followers are fueling the insurgencies.

"There are thousands of people who are allied with him," said Khorasani, who said dozens of his relatives have been killed, kidnapped or simply vanished under Hussein's rule. "He must be eliminated, because then all these thugs will be eliminated. He is evil -- real, real evil."

Even as Hussein's death brought relief to those interviewed, some felt like the pain of his rule could never be healed.

"If I go back to Iraq, there is no one I can see," said Kays Hussein, 58, who lives in San Bruno and is no relation to Saddam Hussein. "I don't even know where their graves are."

Since his days in college, Kays Hussein said many of his friends disappeared or were killed for opposing the government.

"We told people about the facts," he said. "We had the courage to say it, but we paid with our lives."

Kays Hussein said his worst memories include watching Iraqis starve during years of U.N. sanctions while Saddam Hussein lived in opulence. Iraqi television once showed one of the president's birthday gifts to himself: a carriage made of gold.

"Of course, there was money in Iraq, but he kept it for himself and didn't give us food," Kays Hussein said. "This is the most painful."

The execution won't erase those memories, he said.

"We will sit together and talk to forget our sad memories. These things live in our souls now. It can't be just a memory, these painful things."

Iraqi Natives Living In St. Louis Welcome The End For Saddam (SLPD)

By Tim O'Neil, Aisha Sultan

St. Louis Post-Dispatch, December 30, 2006

The television at the Kabob House was broadcasting a popular Iraqi comedy show via satellite. News updates on the fate of Saddam Hussein flashed across the bottom of the screen in Arabic.

Three friends, all natives of Iraq, chatted over coffee Friday, stopping on occasion to scan the report. It was 7 p.m. in St. Louis — 4 a.m. in Baghdad, with Saddam's execution by hanging considered imminent.

And a just punishment it is, said the three friends.

"It will make many mothers happy in Iraq — mothers whose sons were executed by Saddam Hussein," said Abdul Alsharafy, 48. "It will make every decent and honest Iraqi happy to have the era of Saddam gone forever."

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The Kabob House is an Iraqi restaurant at 4940 Christy Boulevard, just off South Kingshighway in south St. Louis. Iraqis come by for lamb kabobs; American-born customers prefer the chicken and beef orders.

Adnan Hadi, 42, said about 3,000 Iraqi nationals live in the St. Louis area, and most of them came here after fleeing the failed uprising that took place after the Persian Gulf War in 1991. Hadi, who is Sunni, said Saddam has few, if any, sympathizers among the Iraqis here. Hadi said one of his uncles, a general in the Iraqi army, was executed by Saddam's government.

"This is the beginning of a new day, a new time for Iraq," said Hadi. "We are trying to establish a democratic society in Iraq. Saddam still has many loyalists."

Hadi said there are many Sunnis who, like him, opposed Saddam and wanted to see him executed.

Jabbar Alabady, 38, the third man at the table, is Shiite, as is Alsharafy. Alabady called the execution a great thing.

"He murdered a lot of people. This is his punishment," Alabady said. "The people who make the bombs are hoping that Saddam will come back to power. This will show that he is gone for good."

As the three spoke, they rarely glanced at the television. After the trial of Saddam, the execution was inevitable, eliminating any suspense in the final hours.

"Iraqis knew he was a dead man the day he was arrested," said Alsharafy.

Hanging On A Muslim Holiday Is Criticized (LAT)

By Ashraf Khalil

The Los Angeles Times, December 30, 2006

The Muslim religious holiday Eid al-Adha, the Feast of Sacrifice, is meant to commemorate Abraham's willingness to sacrifice his son on God's orders.

But now the holiday could also be associated with something else: the execution of ousted Iraqi dictator Saddam Hussein.

The Iraqi government's push to hang Hussein this morning, when much of the Muslim world was celebrating Eid, drew criticism from Islamic leaders in the Middle East and America.

"Executing any individual during this holiday period indicates poor judgment and a lack of sensitivity," the Muslim Public Affairs Council said in a statement.

As the Hussein drama played out Friday in Baghdad, millions of Muslims gathered in Saudi Arabia for the Hajj pilgrimage, a pillar of the Islamic faith that every Muslim is required to perform at least once if able.

"Connecting this to a religious occasion will just widen the gap between the factions in Iraq," said Muhammad Eissa, a University of Chicago professor of Arabic and an Islamic scholar. "This is a time when Muslims in particular are supposed to be forgiving, are supposed to be closer to God. Why are they using this occasion to take revenge? They couldn't wait one more week?"

On Friday, pilgrims performed a daylong vigil of outdoor prayer on Mt. Arafat outside Mecca. Traditionally Eid is meant to begin the following day, but disagreements over the Islamic calendar have created a dual holiday. Saudi religious scholars declared Eid to be today, with much of the Sunni Muslim world following suit. However, most Shiite Muslims and some Sunni groups consider Sunday the true start of the four-day holiday.

Some view the execution's timing as a deliberate slap by Iraq's Shiite-led government at the country's Sunnis, who benefited from the reign of Hussein, a Sunni, and who make up much of Iraq's insurgency.

"The Sunnis are going to see this as an insult," said Shakeel Syed, executive director of the Islamic Shura Council of Southern California. "The reaction is going to be very, very negative."

Sabih Maryati, a Shiite and a board member of Ahlul-Beyt Mosque in Pomona, also criticized the timing. "This is supposed to be a time of reconciliation. But this timing is definitely going to make the situation much worse. All it's going to do is increase the violence and make the country more unstable."

Saddam Hussein Executed (MSNBC)

MSNBC.com, December 30, 2006

BAGHDAD, Iraq - Three years after he was hauled from a hole in the ground by pursuing U.S. forces, Saddam Hussein was hanged Saturday under a sentence imposed by an Iraqi court, an Iraqi official told NBC News.

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The deposed president was found guilty over the killing of 148 members of the Shiite population of the town of Dujail after militants tried to assassinate him there in 1982, during Iraq's war with Shiite Iran.

Asked if Saddam were dead, the official in the Iraqi prime minister's office said, "Yes, the body of Saddam Hussein is in front of me."

Story continues below ? advertisement

"Criminal Saddam was hanged to death," state-run Iraqiya television said. The station played patriotic music and showed images of national monuments and other landmarks.

Witnesses to the execution told NBC News' Richard Engel that they were cheering around the body of Saddam after the execution.

NBC could hear cheers and celebrations in the background while talking to an official in the prime minister's office.

"This son of a bitch is lying under my feet.… I can't talk now because of all the cheers!" a witness said.

NBC News reported that gunfire, presumably celebratory, could be heard in Baghdad after the executions.

Three Iraqi officials who attended the execution said only he was executed on Saturday, and that his half-brother and another former regime official would hang after the weekend Islamic religious holiday. The holiday ends Tuesday for Sunnis and Wednesday for Shiites.

National security adviser Mouwafak al-Rubaie told state-run Iraqiya TV that only Saddam was executed Saturday. "We wanted him to be executed on a special day," he said.

Munir Haddad, a judge on the appeals court that upheld Saddam's death sentence, and Sami al-Askari, political adviser to Prime Minister Nouri al-Maliki, also told The AP that only Saddam was executed. Iraqi state TV originally had reported that all three men had been executed, Saddam followed by the other two.

Al-Rubaie said that the other two men "will be executed after the Eid."

Eid al-Adha, Islam's most important religious festival, began at dawn Saturday for Sunnis and will start Sunday for Iraqi Shiites.

It was a grim end for the 69-year-old leader who had vexed three U.S. presidents. Despite his ouster, Washington, its allies and the new Iraqi leaders remain mired in a fight to quell a stubborn insurgency by Saddam loyalists and a vicious sectarian conflict.

Bush: 'Executed after receiving a fair trial'

"Today, Saddam Hussein was executed after receiving a fair trial — the kind of justice he denied the victims of his brutal regime," President Bush said in a written statement released after the execution by the White House.

"Bringing Saddam Hussein to justice will not end the violence in Iraq," Bush continued, "but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the War on Terror."

Mariam al-Rayes, a legal expert and former member of parliament, told Iraqiya television that the execution "was filmed and God willing it will be shown. There was one camera present, and a doctor was also present there." She did not attend.

Saddam Hussein Executed In Iraq (BBC)

BBC.com, December 30, 2006

Former Iraqi President Saddam Hussein has been executed by hanging at a secure facility in northern Baghdad for crimes against humanity.

The news was confirmed to the BBC by the Iraqi deputy foreign minister.

Iraqi TV said the execution took place just before 0600 local time (0300GMT). A representative of the prime minister and a Sunni Muslim cleric were present.

Two co-defendants, Saddam Hussein's half-brother and a former chief judge, are to be executed at a later date.

All three were sentenced to death by an Iraqi court on 5 November after a year-long trial over the 1982 killings of 148 Shias in the town of Dujail.

Saddam Hussein's rule

In pictures

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A small group of Iraqis witnessed the execution at an Iraqi compound known by the Americans as Camp Justice, a secure facility in the northern Baghdad suburb of Khadimeya.

They watched as a judge read out the sentence to Saddam Hussein. The former Iraqi leader was carrying a copy of the Koran and asked for it to be given to a friend.

The noose was then placed around his neck before the trap door was released. The execution took just a few minutes.

Video footage of the execution is expected to be released as final proof of Saddam Hussein's demise although it is expected to stop short of showing the actual death.

US troops and Iraqi security forces are on high alert for any violent backlash. The US State Department has urged all its embassies to increase security.

'End of a dark period'

News of Saddam Hussein's execution was broadcast on state-run Iraqiya television, as patriotic music and images of national monuments were played out.

Saddam Hussein was hanged first, followed by Barzan and then Bandar, it announced. However, an Iraqi national security advisor later said only Saddam Hussein was hanged.

"We wanted him to be executed on a special day," Mouwafak al-Rubaie told Iraqiya, adding that Saddam Hussein "totally surrendered" and did not resist.

Saddam Hussein's half-brother Barzan al-Tikriti and Iraq's former chief judge Awad Hamed al-Bandar are to be executed some time after the Eid festival ends next week, he said.

Other Arab TV stations aired live footage of the sunrise over Baghdad's Firdous Square, where US Marines pulled down a statue of Saddam Hussein, after he was deposed in April 2003.

The BBC's Peter Greste in Baghdad says Shias have generally welcomed Saddam Hussein's death and hailed the execution as justice for the suffering endured under his leadership.

But Saddam's own Sunni tribesman were angered by his treatment and may well protest once more, our correspondent adds.

'Held to account'

US President George W Bush hailed the execution as "an important milestone" on the road to building an Iraqi democracy, but warned it would not end the deadly violence there.

He said: "It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial.

"It is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the War on Terror."

UK Foreign Secretary Margaret Beckett welcomed the fact that Saddam Hussein had been tried by an Iraqi court "for at least some of the appalling crimes he committed" and said "he has now been held to account".

France called on Iraqis to "look towards the future and work towards reconciliation and national unity".

Saddam Hussein, Toppled By U.S., Is Hanged By Iraqis (BLOOM)

By Alex Morales, Judy Mathewson

Bloomberg, December 30, 2006

Dec. 30 - Saddam Hussein, who was accused of killing more than 100,000 civilians during his 23-year rule over oil-rich Iraq, was hanged in Baghdad for crimes against humanity for a 1982 massacre of Shiite Muslims. He was 69.

Hussein's execution today ``will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy," U.S. President George W. Bush said in an e-mailed statement.

Hussein came to power in 1979 and was deposed in an invasion by U.S. and British forces ordered by President Bush in March 2003. Hussein led Iraq into three wars, and his government was accused by human rights groups of genocide.

``Saddam turned this country into an outlaw state in the eyes of the international community, and he squandered its wealth, which was used for the persecution of his own people and for launching wars against Iraq's neighbors," Iraqi Foreign Minister

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Hoshyar Zebari said in a Dec. 29 interview. ``The people of Iraq will remember that their darkest days were those during his reign of terror."

The dictator's victims included between 50,000 and 100,000 people who died in the Anfal military operation against Iraqi Kurds in 1987 and 1988 and tens of thousands of others who opposed him, according to New York-based Human Rights Watch.

Death Sentence

Hussein was given the death sentence by an Iraqi tribunal on Nov. 5 for his role in the killings of 148 Shiite Muslims in the northern village of Dujail following an attempt on his life there in 1982. He lost an appeal on Dec. 26, clearing the way for his execution.

A second trial, in which Hussein faced charges of genocide for his role in the Anfal campaign, began in August and wasn't concluded before his hanging.

``Very few Iraqis are going to waste their time mourning for Saddam," said Judith Yaphe, a Middle East specialist at the National Defense University in Washington. ``There are too many of them who would have rather been the executioner."

During his rule, Hussein developed a personality cult, building himself opulent palaces around the country and using his image to adorn public buildings such as hospitals and schools, as well as Iraq's currency. The April 9, 2003, toppling of his statue in Baghdad's Firdos Square -- as U.S. soldiers and armor occupied the city -- symbolized the end of Hussein's rule.

Peasant Roots

Saddam Hussein al-Majid al-Tikriti was born on April 28, 1937, into a peasant family in a village near the northern Iraqi city of Tikrit.

Hussein was raised by his mother and other relatives after his father left him or died, according to Nathan Brown of the Washington-based Carnegie Endowment for International Peace, who has researched his life.

``The shame of his humble origins was to become the driving force of his ambition," Con Coughlin, an editor of the U.K.'s Sunday Telegraph, wrote in ``Saddam: King of Terror." The harshness and insecurity of Hussein's early life also left him with a lifelong inability to trust even those closest to him, Coughlin wrote.

At 20, Hussein joined the pan-Arab socialist Baath Party, and in 1959 took part in a failed coup against Prime Minister Abdul Karim Qassem. Wounded in the attempt, Hussein fled to Egypt. The secular Baathists took power in 1963 following a series of military coups, only to be overthrown months later.

Rise to Power

In 1968, the party regained control of the country in another coup, and the following year, Hussein was appointed vice president by President Ahmed Hassan al-Bakr, a relative. Eleven years later, Hussein took over as president, formalizing the power he had gained during the intervening years.

Hussein built his authority by placing relatives in major positions in the army and putting others loyal to him in the security system.

Family ties weren't a barrier to Hussein's purges, and he had about 40 of his own relatives killed, according to the Bush administration.

``Not since Stalin or Hitler has there been such institutionalized violence in a country as there was in Saddam Hussein's Iraq," said Christopher Reid, a former U.S. Justice Department official. Reid served as regime crimes liaison between U.S. and Iraqi authorities during a 22-month stint at the Baghdad embassy that ended in January.

``There was a huge bureaucratic structure set up to oppress people," Reid said. ``There were execution chambers around Iraq, and they were used all day long most days."

Oil Power

The Baath Party had the good fortune to seize power in a country with the world's third-largest oil reserves just before an energy shortage in the early 1970s drove up world prices for crude.

Hussein ``ended up squandering those resources, though, in a way that undercut the country in a disastrous manner," including by waging wars, Brown said.

The first of Hussein's three wars began in 1980, when he abrogated a 1975 treaty with Iran that defined the border between the countries. Iraq's troops used mustard and nerve gases against Iranian soldiers and rebellious Kurds in northeastern Iraq.

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It became a war of attrition with Iran, during which Hussein received the support of Western governments, including the U.S. The foes agreed to a truce in 1988.

The total dead from their conflict exceeds 300,000 and could be as many as 1 million, Brown said.

Invasion of Kuwait

The next war followed within three years. In August 1990, Iraqi troops invaded Kuwait and its oil fields, a month after Hussein accused Iraq's southern neighbor of violating the border to tap into an Iraqi oil field. The action was condemned by the United Nations Security Council and quickly opposed by the U.S., which began to build a coalition with Arab and European governments.

Iraq, which had long claimed territorial rights over Kuwait, declared the country a province and defied UN demands to leave.

A U.S.-led alliance, mobilized by President George H.W. Bush, began a UN-backed bombing campaign against Iraq in January 1991, and a land invasion the following month. Iraqi generals in March met with the allied commander, U.S. General Norman Schwarzkopf, leading up to a UN cease-fire in April.

Though his military was battered, Hussein, a Sunni Muslim, held on to power in the face of a revolt in the south by the majority Shiite Muslims after the U.S. and its allies removed their backing for the Shiites.

`No Fly' Zones

Hussein's capacity to send his forces against his Kurdish and Shiite enemies was constrained by so-called ``no fly'' zones set up in northern and southern Iraq and patrolled by U.S. and allied warplanes. The northern zone helped the Kurds establish a self-governing region in the 1990s.

Enmity between Hussein and Bush resurfaced more than two years after the Gulf war. In June 1993, U.S. cruise missiles hit Iraq's principal intelligence facility in retaliation for what the new administration of President Bill Clinton said was an Iraqi assassination attempt against the former president.

The U.S. said it had compelling evidence that Hussein's government was behind the plot to kill the elder Bush when he visited Kuwait in April 1993 -- an accusation the Iraqi government denied. Almost a decade later, President George W. Bush, his son, referred to the foiled plot as he sought congressional authority to attack Iraq.

``This is the man who tried to kill my dad,'' the younger Bush said in September 2002.

New Chapter

Throughout the 1990s, Iraq was under economic sanctions imposed after the invasion of Kuwait. In August 1998, Hussein ceased five years of cooperation with UN weapons inspectors, which led to a four-day bombing campaign by U.S. and U.K. aircraft. The inspectors, who withdrew before the bombing, weren't allowed back in.

The terrorist attacks of Sept. 11, 2001, opened a new chapter in the confrontation between the U.S. and Hussein.

Beginning in November 2001, President George W. Bush demanded Hussein let inspectors back into Iraq, and he urged the UN to compel Iraq to give up its illicit weapons. Bush said the attack to remove Hussein in 2003 was necessary because Iraq harbored chemical, biological or nuclear weapons, and he suggested such arms might be handed off to terrorists. The weapons haven't been found in Iraq.

Hussein's Capture

Hussein fled Baghdad as U.S.-led forces advanced from the south. He was captured on Dec. 13, 2003, hiding in a hole in a farm nine miles (14 kilometers) south of Tikrit. With a graying, bushy beard, Hussein was almost unrecognizable from the black-haired, mustachioed dictator who had ruled Iraq, usually sporting a tailored suit.

During his period in hiding, Hussein's sons Qusay and Uday were killed in a battle with U.S. soldiers in Mosul on July 22, 2003.

Hussein remained combative after being captured, and accused the U.S. military of abusing him, an allegation denied by the American government. Appearing in court to face charges in the Dujail trial on Oct. 19, 2005, he described himself as the president of Iraq and questioned the legitimacy of the tribunal.

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Hussein's court appearances were characterized by outbursts and political speeches as the judge struggled to contain him. The ousted dictator refused to attend court on one occasion, complaining he hadn't been able to change clothes, and at another point, he embarked on a hunger strike.

Chaotic Trial

The chaotic trial, which Human Rights Watch described as ``flawed," was beset by the killing of several members of Hussein's defense team.

Throughout the proceedings, the court heard accounts of brutality. Witnesses accused Hussein's regime of torturing them and killing their friends and relatives. Many witnesses appeared behind screens to protect their identities. It was their testimony that ultimately sent Hussein to the gallows.

Hussein was ``sentenced to death for one crime, and not for every crime, although he deserves" to be punished ``for all the crimes," according to Zebari, the Iraqi foreign minister, who said three of his own brothers were killed by Hussein's government.

``What we have seen is just the tip of the iceberg of what Saddam and his regime have inflicted on Iraq as a whole from the north to the south," Zebari said.

Reid said he interviewed more than 100 victims of Hussein's dictatorship, including ``people whose entire families were killed in front of their eyes in chemical attacks." While Dujail was one of the smaller massacres committed by the government under Hussein, ``it showed the tools of oppression that Saddam used over and over again," he said.

Hussein is survived by the three daughters he had with his first wife, Sajida, the mother of Uday and Qusay. With his second wife, Samira, he had another son, Ali, now in his 20s. All are on a list of relatives and former members of the dictatorship whose assets were ordered by the UN to be frozen.

Exclusive: Videographer Of Saddam Execution (NSWK)

By Michael Hastings

Newsweek, December 30, 2006

Dec. 30, 2006 - Ali Al Massedy was 3 feet away from Saddam Hussein when he died. The 38 year old, normally Iraqi Prime Minister Nuri al-Maliki's official videographer, was the man responsible for filming the late dictator's execution at dawn on Saturday. "I saw fear, he was afraid," Ali told NEWSWEEK minutes after returning from the execution. Wearing a rumpled green suit and holding a Sony HDTV video camera in his right hand, Ali recalled the dictator's last moments. "He was saying things about injustice, about resistance, about how these guys are terrorists," he says. On the way to the gallows, according to Ali, "Saddam said, 'Iraq without me is nothing.'"

Ali says he followed Saddam up the gallows steps, escorted by two guards. He stood over the hole and filmed from close quarters as Saddam dropped through—from "me to you," he said, crouching down to show how he shot the scene. The distance, he said, was "about one meter," he said. "He died absolutely, he died instantly." Ali said Saddam's body twitched, "shaking, very shaking," but "no blood," he said, and "no spit." (Ali said he was not authorized to disclose the location, and did not give other details of the room.)

Ali said the videotape lasts about 15 minutes. When NEWSWEEK asked to see a copy, Ali said he had already handed the tape over to Maliki's chief of staff. "It is top secret," he said. He would not give the names of officials in attendance, though he estimates there were around 20 observers. One of them, Iraqi National Security Adviser Mouwaffak al-Rubaie, told CNN that Saddam clasped a Koran as the noose was tied around his neck, and refused to wear a hood. He also said that government officials had not decided whether or not to release the videotape. The execution reportedly took place at 6:05 a.m. local time. Prime Minister Maliki did not attend.

Ali was greeted as a hero when he returned from the execution a little after 7 a.m., flying in with other officials and landing in two helicopters in the Green Zone. A convoy of 20 or so GMCs and Toyota Land Cruisers waited outside to drive some of the Iraqi officials home.

The Iraqi bodyguards, mostly Shiites they said, had passed the time smoking and praying—some prayed on cardboard mats on the street.

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It was a cold morning in Baghdad, a few degrees above freezing, and in the post dawn light the guards' breaths could be seen in the air. When the thudding of helicopters began, the body guards rushed towards the entrance to the landing zone. They swarmed around Ali, snapping digital pictures on camera phones and cheering. "Saddam finished, Saddam finished," a guard who gave his name as Mohammed told NEWSWEEK. Ali looked somewhat stunned as he exited, carrying the camera.

"All Iraqis will be happy," he says. "This is the most important day for me [as a cameraman,]" he said. "This page [in history] is over, this page is over. All Iraqis will be happy from the north to the south to the east to the west." One of the judges who presided over the execution then came out to the street; Ali jumped in a car with him. The convoy of SUVs drove off, one after the other, with the occasional honk of the horn.

Hussein Executed With "Fear In His Face" (CNN)

CNN.com, December 30, 2006

BAGHDAD, Iraq (CNN) -- Saddam Hussein, the former Iraqi dictator who spent his last years in captivity after his ruthless regime was toppled by the U.S.-led coalition in 2003, was hanged before dawn Saturday for crimes committed in a brutal crackdown during his reign.

The execution took place shortly after 6 a.m. (10 p.m. Friday ET), Iraq's national security adviser, Mowaffak al-Rubaie, told Iraqi television.

"This dark page has been turned over," Rubaie said. "Saddam is gone. Today Iraq is an Iraq for all the Iraqis, and all the Iraqis are looking forward. ... The [Hussein] era has gone forever."

Rubaie, who witnessed the execution, said the former leader was "strangely submissive" to the process.

"He was a broken man," he said. "He was afraid. You could see fear in his face."

Rubaie said that Hussein carried with him a copy of the Quran and asked that it be given to "a certain person." Rubaie did not identify that person.

On Al-Arabiya television, Rubaie said the execution took place at the 5th Division intelligence office in Qadhimiya. He said Hussein refused to wear a black hood over his head before execution and told him "don't be afraid."

White House deputy press secretary Scott Stanzel said President Bush was asleep when the execution took place and was not awakened. The president had been briefed by national security adviser Stephen Hadley before retiring and was aware the hanging was imminent, Stanzel said.

The White House issued a statement praising the Iraqi people for giving Hussein a fair trial.

"Fair trials were unimaginable under Saddam Hussein's tyrannical rule," Bush's statement read. "It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial."

The execution took place outside the heavily fortified Green Zone, Rubaie said, and no Americans were present.

"It was an Iraqi operation from A to Z," he said. "The Americans were not present during the hour of the execution. They weren't even in the building."

He added that "there were no Shiite or Sunni clerics present, only the witnesses and those who carried out the actual execution were present."

Hussein was hanged for his role in the 1982 Dujail massacre, in which 148 Iraqis were killed after a failed assassination attempt against the then-Iraqi president. (Watch what happened in Dujail)

Two other co-defendants -- Barzan Hassan, Hussein's half-brother, and Awwad Bandar, the former chief judge of the Revolutionary Court -- were also found guilty and had been expected to face execution with Hussein, but Rubaie said their executions were postponed.

"We chose to postpone Barzan and Awwad's execution to a later date because we wanted to have this day to have an historic distinction," he said. "We wanted to have one specific date for Saddam so people remember this date to be linked to Saddam's execution and nothing else."

Rubaie said the execution was videotaped and photographed extensively from the time Hussein was transferred from U.S. to Iraqi custody until he was dead.

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Many of those who witnessed the execution celebrated in the aftermath.

"Saddam's body is in front me," said an official in the prime minister's office when CNN telephoned. "It's over."

In the background, Shiite chanting could be heard. When asked about the chanting, the official said, "These are employees of the prime minister's office and government chanting in celebration."

He said that celebrations broke out after Hussein was dead, and that there was "dancing around the body."

Iraqi-Americans celebrated in the street in Dearborn, Michigan, home to the largest concentration of Iraqis in the United States.

Prime Minister Nuri al-Maliki did not attend the execution, according to an adviser to the prime minister who was interviewed on state television.

"It's a very solemn moment for me," Feisal Istrabadi, Iraq's U.N. ambassador, said on CNN's "Anderson Cooper 360." "I can understand why some of my compatriots may be cheering. I have friends whose particular people I can think of who have lost 10, 15, 20 members of their family, more.

"But for me, it's a moment really of remembrance of the victims of Saddam Hussein."

Friday evening, a U.S. district judge refused a request to stay the execution.

Attorney Nicholas Gilman said in an application for a restraining order, filed Friday in U.S. District Court in Washington, that a stay would allow Hussein "to be informed of his rights and take whatever action he can and may wish to pursue."

Munir Haddad, a judge on the appeals court that upheld the former dictator's death sentence, called Gilman's filing "rubbish," and said, "It will not delay carrying out the sentence," which he called "final."

Throughout the day, there were conflicting reports about who had custody of Hussein. Giovanni di Stefano, one of Hussein's defense attorneys, told CNN the U.S. military officially informed him that the former Iraqi dictator had been transferred to Iraqi custody, but that the move in U.S. court could have meant that Hussein was back in U.S. custody.

There had been speculation that Hussein would be executed before Eid Al-Adha -- a holiday period that means Feast of the Sacrifice, celebrated by Muslims around the world at the climax of the hajj pilgrimage to Mecca. The law does not permit executions to be carried out during religious holidays.

Eid began Saturday for Sunnis and begins Sunday for Shiites. It lasts for four days. Hussein was a Sunni Muslim.Meeting with half-brothers

Another defense lawyer, Badie Aref, told CNN that Hussein met with two of his half-brothers in his cell on Thursday and passed on messages and instructions to his family.

"President Saddam was just bracing for the worst, so he wanted to see his brothers and pass on some messages and instructions to his family," Aref said. The half brothers who visited were Sabawi and Wathban Ibrahim Hassan al-Tikriti, he said.

He never asked to see anyone else -- not even his wife, said his lawyers. She was the mother of his five children.

Aref said the U.S. soldiers guarding Hussein on Tuesday took away a radio he kept in his cell so he could not hear news reports about his death sentence, which was confirmed that day.

"They did not want him to hear the news from the appeals court upholding the sentence," he said. "They gave him back the radio on Wednesday."

Aref said Saddam found out about the appeals court verdict "a few hours after it was announced."Crimes against humanity

Hussein was convicted on November 5 of crimes against humanity in connection with the killings of 148 people in the town of Dujail after an attempt on his life.

The dictator was found guilty of murder, torture and forced deportation.

The Dujail episode falls within 12 of the worst cases out of 500 documented "baskets of crimes" during the Hussein regime.

The U.S. State Department says torture and extrajudicial killings followed the Dujail killings and that 550 men, women and children were arrested without warrants.

Saddam Hussein Has Been Executed (AFP)

AFP, December 30, 2006

DOJ_NMG_0111600

BAGHDAD, Dec 30, 2006 (AFP) - Ousted Iraqi dictator Saddam Hussein was executed Saturday, officials said, the 69-year-old former strongman mounting the gallows calmly and accepting his fate with a last defiant warning.

"He said 'I hope you will be united, and I warn you not to trust the Iranian coalition, because they are dangerous'. He said he was not afraid of anyone," Judge Moneer Haddad, who witnessed Saddam's execution for crimes against humanity, told AFP.

Saddam's taunt will be interpreted as a sideswipe at Prime Minister Nuri al-Maliki's Shiite-led ruling coalition, which many Iraqi Sunnis accuse of being a front for Iranian influence.

Another witness, National Security Adviser Mowaffaq al-Rubaie, told state television the former strongman made no attempt to resist his executioners, as he was led to the noose with his hands bound behind him.

Neither official, members of a small group of dignitaries who formally witnessed the execution, would say exactly where the hanging took place except that it was outside Baghdad's heavily fortified Green Zone.

Rubaie said the Saddam's American jailers had handed him over to Iraqi officials and that there had been no US personnel in the building as the trapdoor dropped and the dictator's life was ended.

"We hope this great day will be a day for national unity and for the liberation of the Iraqi people," Rubaie told Al-Arabiya television, adding that the whole procedure had been filmed.

"Whether to screen it now or later is up to political leaders because this is a sensitive issue and we do not want to excite some of our people," he said, amid mounting sectarian tension.

"This issue is about establishing justice. I look to thousands of orphans and widows in Halabja, and the war with Iran and the invasion of Kuwait," he said, referring to some of Saddam's best known atrocities.

Saddam's and two co-accused -- his half brother and intelligence chief Barzan Hassan al-Tikriti and revolutionary court judge Awad Ahmed al-Bandar -- were convicted of crimes against humanity by an Iraqi court on November 5.

Officials said that the execution of Saddam's aides had been postponed.

Over several months, the Iraqi High Tribunal in Baghdad heard how they oversaw a campaign of collective punishment against the Shiite village of Dujail, north of Baghdad, where Saddam escaped an assassination bid in 1982.

Dujail's orchards were torn up and 148 men and boys were executed after being dragged through Bandar's kangaroo court.

More than 20 years later, Saddam was overthrown by a US-led invasion and later put on trial by a new Shiite-led government. The trio's death sentences were confirmed by a panel of appeal court judges on December 26.

The hangings then became inevitable, with Maliki's government determined to avenge Saddam's brutal 24-year reign and to strike a blow against a violent Sunni insurgency that still honours his name.

Saddam's Jordan-based defence team, which largely boycotted the year-long trial, made one last desperate shake of the dice by going to court in the United States to demand that the ousted despot remain in US military custody.

But US authorities in Baghdad insisted that the detainees have been under Iraqi legal authority for more than a year and were only being held in an American military base as a simple security precaution.

Saddam's trial was the subject of fierce criticism from Sunni Iraqis -- who accused the court of being a puppet of Iraq's US occupiers and the Maliki government's Iranian allies -- and from international rights groups.

Human Rights Watch complained that Maliki's government had pressured the judge to return guilty verdicts, and was quick to attack the execution.

"Saddam Hussein was responsible for horrific, widespread human rights violations, but those acts, however brutal, cannot justify his execution, a cruel and inhuman punishment," said the watchdog's Richard Dicker.

"The test of a government's commitment to human rights is measured by the way it treats its worst offenders. History will judge the deeply flawed Dujail trial and this execution harshly," he added.

But the hanging will be broadly welcomed among Iraq's majority Shiite population, which held noisy street parties to celebrate Saddam's arrest in December 2003 and conviction this year.

In the Shiite holy city of Najaf celebratory gunfire erupted around the city in the immediate aftermath of the verdict.

Security officials fear a backlash, however, from hardline factions among Iraq's Sunni minority, including the Islamist and nationalist militant groups that make up the deadliest elements of Iraq's violent insurgency.

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Ahead of the verdict, the head of Iraq's interior ministry command centre, Brigadier General Abdel Karim Khalaf, told AFP that the country's beleaguered security forces were on high alert.

"Certainly, this is a big event, putting into effect the execution of this serial killer," he said. "We will take measures proportionate to this event. We will put all our forces on the streets so that no lives are jeopardised."

After Saddam's conviction in November, authorities imposed a three-day curfew across much of the country, shutting down all life in Baghdad and sealing Iraq's borders and airports in a bid to head off reprisals.

State television prepared the ground for Saddam's execution by showing gruesome footage of his soldiers mutilating and beating prisoners, throwing a detainee from a roof and filling mass graves.

Joy Of Capture Muted At End (NYT)

By Jeff Zeleny

The New York Times, December 30, 2006

CRAWFORD, Tex., Dec. 29 — The capture of Saddam Hussein three years ago was a jubilant moment for the White House, hailed by President Bush in a televised address from the Cabinet Room. The execution of Mr. Hussein, though, seemed hardly to inspire the same sentiment.

Since his arrest on Dec. 13, 2003, Mr. Hussein has gradually faded from view, save for his courtroom outbursts and writings from prison. The growing chaos and violence in Iraq has steadily overshadowed the torturous rule of Mr. Hussein, who for more than two decades held a unique place in the politics and psyche of the United States, a symbol of the manifestation of evil in the Middle East.

Now, what could have been a triumphal bookend to the American invasion of Iraq has instead been dampened by the grim reality of conditions on the ground there. Mr. Hussein's hanging means that the ousted leader has been held accountable for his misdeeds, fulfilling the American war aim most cited by the White House after Iraq's weapons of mass destruction proved nonexistent.

But that war is now edging toward its fifth year, and the sectarian violence that has surged independent of any old Sunni or Baathist allegiances to Mr. Hussein has raised questions about what change, if any, his death might bring.

"Saddam's face has been on this process from the beginning and here goes that face," said Bruce Buchanan, a professor of government at the University of Texas at Austin. "But in many respects, he's a bit player now."

Even as a bit player, though, the specter of Mr. Hussein remained intimately entwined with Mr. Bush and his father, George H. W. Bush. Two years after the Persian Gulf war, Mr. Hussein ordered an assassination attempt on the elder Bush, an act of spite that the 43rd president would never forget.

"There's no doubt his hatred is mainly directed at us," the current president said, speaking to a Republican fund-raising crowd in Houston on Sept. 26, 2002. "This is the man who tried to kill my dad."

For his part, Mr. Hussein referred to the younger Mr. Bush as "son of the viper." He delivered a famous snub of the 41st president, constructing a mosaic of the elder Bush's face on the floor of the Rashid Hotel, perfectly positioned to be repeatedly stepped on. After the American troops reached Baghdad, they crushed the mosaic.

When Mr. Hussein was captured, the president said: "Good riddance, the world is better off without you." But he dismissed suggestions that a family grudge played a role in shaping his Iraq policy or influenced his decision to go to war. "My personal views," he said, "aren't important in this matter."

But Mr. Buchanan, a longtime observer of the Bush political family in Texas, said that these were no ordinary archenemies and that setting aside personal views entirely seemed impossible.

"I think the president will see this as justice done and may well feel some sense of vindication, in part because of the attempt on his father's life," he said. "It's definitely part of the drama."

Here in Crawford, where the president is spending the week between Christmas and New Year's, aides planned for how the White House would respond to Mr. Hussein's execution. They quickly ruled out the idea of putting the president in front of television cameras, fearful of sending a message that Mr. Bush was crowing or that the United States was orchestrating the execution, which officially was carried out by the Iraqi government.

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But a senior administration official, speaking on condition of anonymity to discuss internal strategy, also acknowledged that the challenges in Iraq contributed to the president's decision to simply issue a brief written statement after the execution. The White House concluded that even a development as dramatic as Mr. Hussein's hanging could not be used to renew support for the war.

"Americans have already taken that into account," said Frank Newport, the editor in chief of the Gallup Poll. "The benefits of deposing Saddam Hussein are far exceeded by the cost of the war."

Indeed, a Gallup poll taken Dec. 8 to 10 showed that 64 percent of Americans said the costs of the war outweighed the benefits. Only 33 percent disagreed, saying the benefits — including the ouster of Mr. Hussein — outweighed the costs.

It is a striking change in thinking, Mr. Newport said, considering that since the first Gulf war a wide majority of Americans have supported the removal of Mr. Hussein. It was a chief reason, he said, that polls showed that more than 60 percent of Americans initially supported the war in Iraq.

In June 1993, after the failed attempt by Iraqi government agents on the life of the elder Bush, 53 percent of Americans said of Mr. Hussein in a Gallup Poll that they supported "the extreme action of having him assassinated to remove him from power," while 37 percent said they did not.

Those sentiments, of course, were expressed a full decade before the invasion that began the current war.

Senator John Kerry, the Massachusetts Democrat who ran against Mr. Bush in 2004 and has become increasingly vocal in his criticism of the war, said executing Mr. Hussein was hardly worth the cost.

"To go to war to kill one guy? Please," said Mr. Kerry, who recently returned from a visit to Iraq. He added that the execution had become "almost a sideshow to the fundamental dilemma and quandary of Iraq."

"What will not be resolved by his death is the political resolution that is critical to changing the direction and dynamic of the country," he added. "Those stakes remain fundamentally the same."

Impact Of Hussein's Death Likely To Be Limited (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, December 30, 2006

The execution only underscores lingering divisions in Iraq.

WASHINGTON — Many Iraqis and Americans have looked forward to the day when justice would catch up with Saddam Hussein. Yet, when it arrived today, it seemed to be much less than the historic turning point many once had anticipated.

With Iraq beset by violence and turmoil, the former dictator's demise no longer appeared to signal the beginning of new order. After a trial marked by disruption and controversy, the execution seemed only another reminder that the country's divisions remain deep and seemingly insoluble nearly four years after the U.S.-led invasion.

"If everything had followed the coalition plan, if everything were calm now, this could have been the biggest event of the year, maybe the biggest event in the post-invasion," said Henri J. Barkey, a former State Department official and Mideast specialist.

"This is not just a sideshow. But everyday existence is so grave and grim, it's not what it might have been."

Ever since Hussein was toppled from power, Bush administration officials have pinned their hopes on a procession of developments — the elections, the capture of the former leader and the killing of terrorist leader Abu Musab Zarqawi, to name a few — to reshape opinions in the United States and Iraq about the American mission.

But though some of the events have affected public opinion, none has so far succeeded in convincing most Americans that things have fundamentally changed for the better.

"I just don't see this as a big turning point," said Daniel P. Serwer, a former U.S. diplomat and State Department official now at the U.S. Institute for Peace.

Even among some in the Bush administration, the potential for a positive reaction to Hussein 's death was considered limited.

One U.S. official said he believed that the execution would serve as a reminder that Hussein had been a danger to Iraqis as well as the region. But the official, who declined to be identified because of the sensitivity of the subject, acknowledged that the

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development's effect was likely to be "limited," in part because of the continuing difficulties in Iraq, and in part because it had been foreseen for some time.

Any positive reaction among Americans also is likely to muted by disenchantment over the number of U.S. troops who have died in Iraq.

In Iraq, the execution of Hussein has commanded attention, but it may not outlast the daily struggle faced by most Iraqis.

"People in Iraq today are concerned with very basic things these days. Will this put more food on the table, make the streets safer, put more electricity in the wires?" Serwer asked. "The answer is likely not. So many people will not see this as that big."

Two years ago, it appeared that Iraqis were beginning a dialogue about their common history and Hussein's place in it.

If the country had made greater steps toward a unified view of their history, Hussein's execution might have more weight, said Nathan Brown, a specialist in Arab politics at Carnegie Endowment for International Peace.

But with the country increasingly fractured along sectarian lines, "this is a bit more of a sideshow than it would have been," Brown said.

Hussein's execution also would have carried more significance had his trial been carried out differently, some experts said.

Barkey, who is now at Lehigh University, believes the Iraqis made a major mistake in deciding to put Hussein on trial for the killings of 148 Shiite men and boys from the town of Dujayl after a 1982 assassination attempt there, rather than for the chemical weapons attacks in the country's north that are thought to have killed as many as 100,000 Kurds.

By executing Hussein for "a relatively minor crime … you're leaving this important chapter open," said Barkey. The attacks on Kurds were clear violations of international law, he said.

"It's one of the reasons the United States went to war, and yet they're leaving that unresolved," Barkey said. "It's very problematic."

He said that decision has left many Kurds feeling that "they are being cheated — they have not received justice."

Juan R. Cole, a Mideast specialist at the University of Michigan, said the nature of the trial also tended to further divide Iraqis, rather than heal wounds.

Because the charges concerned Hussein's reprisals against members of a revolutionary Shiite party, Dawa — which happens to be the party of the current and previous Iraqi prime ministers — the execution could appear to many Sunnis as simple score-settling.

"This can be read as the Dawa party and a Kurdish judge taking revenge on Saddam," Cole said. "To the Sunnis it will look like just one more slap in the face…. This is the opposite of national healing and will just deepen the divisions."

Cole said he expected adverse Sunni reaction to the execution, noting that about 20 demonstrators were killed in Sunni-dominated Baqubah after Hussein 's verdict was announced.

Even so, he agreed that the execution's political significance would be limited.

"It won't change anything on the ground," he said.

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Hussein's Death Does Not Alter Bush's Problems (CHIT)

By Mark Silva

Chicago Tribune, December 30, 2006

WASHINGTON -- The execution of Saddam Hussein closes an agonizing chapter in history that began with President Bush's vow to achieve a "regime change" with the U.S.-led invasion of Iraq in March 2003.

Yet the hanging of the longtime Iraqi strongman does not alter the fundamental problems that Bush faces: Reclaiming public support in the U.S. for a war that a majority of Americans now oppose, and charting a convincing course for the victory that Bush vows to achieve before withdrawing U.S. forces.

The White House steadfastly averted any statements of direct satisfaction with either the conviction of or death sentence handed to Hussein. Instead, the president and his advisers portrayed them as signals of achievement by the new judiciary in Iraq.

Functioning courts are fundamental for any new government that would be capable of meeting the standards Bush has set for declaring victory in Iraq.

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Over the course of the war, Hussein at times served as a powerful symbol, often affecting Bush's popularity.

The toppling of the statue of the Iraqi leader as Baghdad fell on April 9, 2003, offered a significant image of hope soon after the invasion that Iraqis welcomed the U.S.-engineered overthrow.

Bush, whose job approval in public opinion polls had peaked at 90 percent after the terrorist assaults of Sept. 11, 2001, saw his approval slump to the 50s by the time of the U.S.-led invasion. But his job approval spiked to 71 percent in the Gallup Poll after the fall of Baghdad.

The capture of the toppled Iraqi leader 38 weeks after the invasion, when Hussein was found hiding in a spider-hole on a farm 10 miles southeast of Tikrit, provided a new but temporary boost for Bush.

Bush's job approval climbed to 63 percent in the Gallup Poll after the capture of Hussein in December 2003, a level of support the president has not achieved since.

But the potency of Hussein as a factor in American public opinion has been diminished by the fact the Iraqi leader did not prove to pose the threat to the outside world that Bush had maintained Hussein was before the invasion of Iraq.

In the final Gallup Poll of 2006, Bush's job-approval rested at 35 percent, the lowest level of support for any president midway through his second term since Harry Truman.

While the Hussein execution may bring another temporary boost for Bush, the long-term impact of the war on American public opinion will likely be unchanged.

For Bush, the key to regaining public confidence in his handling of the war is likely to lie in the success of "the new way forward" in Iraq that he promises to spell out with the arrival of the new year.

Hussein Execution: World Reaction (CNN)

CNN.com, December 30, 2006

LONDON, England (CNN) -- While many countries and rights groups around the world said they did not support the death penalty, most expressed the hope that the execution of Saddam Hussein would prove a turning point for the people of Iraq.

U.S. President George W. Bush

"Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself," Bush said in a statement from his Texas ranch. (Full story)

British Foreign Secretary Margaret Beckett

"I welcome the fact that Saddam Hussein has been tried by an Iraqi court for at least some of the appalling crimes he committed against the Iraqi people. He has now been held to account. The British Government does not support the use of the death penalty, in Iraq or anywhere else ... We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation."

French Foreign Ministry

"France calls upon all Iraqis to look towards the future and work towards reconciliation and national unity. Now more than ever, the objective should be a return to full sovereignty and stability in Iraq," the French foreign ministry said in a statement. "France, which like the rest of its European partners advocates the universal abolition of capital punishment, notes the execution of Saddam Hussein on Saturday. That decision was made by the people and the sovereign authorities of Iraq."

Australian Foreign Minister Alexander Downer

Downer said while Australia opposed the death penalty, Saddam had faced justice and a fair trial and had been found guilty of crimes against humanity. "The people of Iraq now know that their brutal dictator will never come back to lead them," Downer said in a statement. "While many will continue to grieve over their personal loss under his rule, his death marks an important step in consigning his tyrannical regime to the judgment of history and pursuing a process of reconciliation now and in the future."

Indian Congress Party

"We hope this unfortunate event will not stand in the way of the process of restoring normalcy and reconciliation in Iraq," the party's general secretary, Janardhan Dwivedi, said in a statement. Former Indian foreign minister Natwar Singh, who was forced from office in 2005 over his alleged involvement in the U.N. oil-for-food scandal in Iraq, said the execution would lead to increased tension in the Middle East. "It will have a very adverse impact on the region for decades to come," he told CNN-IBN.

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Japanese Foreign Ministry Spokesman Tomohiko Taniguchi

"We have acknowledged that the judgment has been made according to due process and pay respect to the legal procedures that the Iraqi government has taken. That said, what is most important in our view is to make this sentence not a new source of conflict but of reconciliation between the Iraqi people."

Brazilian Foreign Ministry

"(Brazil) does not believe carrying out this sentence will contribute to bringing peace to Iraq."

Human Rights Watch Director Richard Dicker

"Saddam Hussein was responsible for massive human rights violations, but that can't justify giving him the death penalty, which is a cruel and inhuman punishment," Dicker told The Associated Press.

Amnesty International U.S.A. Director Larry Cox

"The rushed execution of Saddam Hussein is simply wrong. It signifies justice denied for countless victims who endured unspeakable suffering during his regime, and now have been denied their right to see justice served."

Saddam Hussein Executed In Baghdad (FT)

By Demetri Sevastopulo, Steve Negus

Financial Times, December 30, 2006

Saddam Hussein, the former Iraqi dictator, was put to death at dawn on Saturday, Baghdad time, just days after an Iraqi appeals court refused to commute his execution.

Before he was taken to the gallows in Baghdad, the former Iraqi president was reportedly handed a "red card" signaling his imminent death - a reminder of the red cards dealt to those he had condemned to death during his time in power.

Iraqi state television reported that Mr Hussein's execution was captured in still photographs and on video.

President George W. Bush welcomed the execution of Mr Hussein saying it came after a "fair trial - the kind of justice he denied the victims of his brutal regime".

"Saddam Hussein's execution comes at the end of a difficult year for the Iraqi people and for our troops," Mr Bush said in a statement. "Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the war on terror."

US officials on Friday said they had been unaware of when Mr Hussein would be executed. But a White House spokeswoman later said Stephen Hadley, the White House national security adviser, had informed Mr Bush at 7.15pm Washington time that Mr Hussein was expected to be executed within hours. Mr Hadley received the news from Zalmai Khalilizad, the US ambassador to Iraq, who had been informed of the pending execution by Mr Maliki.

Margaret Beckett, the UK's foreign secretary, said in a statement she welcomed "the fact that Saddam Hussein has been tried by an Iraqi court for at least some of the appalling crimes he committed against the Iraqi people".

"He has now been held to account," Mrs Beckett said. "The British Government does not support the use of the death penalty, in Iraq or anywhere else. We advocate an end to the death penalty worldwide, regardless of the individual or the crime. We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation."

Mr Hussein, who was captured by United States forces in December 2003, was sentenced to death last month for ordering the massacre of Iraqi Shia civilians more than two decades ago.

While the execution of the former Iraqi strongman was long expected, it will be an emotional jolt to many Iraqis to hear that the man who dominated their nation's public life with an iron fist for nearly three decades has finally been put to death.

"It is a moment of remembrance for the victims of Saddam Hussein," Feisal al-Istrabadi, deputy Iraqi ambassador to the United Nations, told CNN. "This is a man who history will record as responsible for the deaths of two million Iraqis."

Mr Hussein's two sons, Uday and Qusay, were killed by US forces in 2003.

US officials on Friday were careful to avoid any appearance that they had played any role in the decision to proceed with his hanging. But the US military was placed on heightened alert ahead of the execution in case his death resulted in more attacks on US troops, or a spike in the sectarian violence that has engulfed Baghdad.

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Sunni Arabs may view his hanging as yet another aspect of Iraq's long national humiliation, even though many did not condone his regime's excesses. Some Iraqis fear that his execution will set back the chances of a political settlement between Iraq's Shia-led government and the country's Sunnis that could undercut support for the country's insurgency.

But the execution may bolster the government's standing among militant Shia groups, many of whom suspected that the former dictator might be able to strike a last-minute deal with the Americans to escape the gallows.

President George W. Bush justified the 2003 invasion of Iraq on the basis that Mr Hussein possessed weapons of mass destruction. After US forces failed to find those weapons, the Bush administration argued that the invasion had still been justified because it had removed the dictator from power.

The execution comes as the Bush administration prepares to unveil a new policy to help stop the violence that has claimed the lives of tens of thousands of Iraqis and almost 3,000 US troops.

Iraqis had braced themselves for the execution of their former ruler on Friday following mounting speculation that Mr Hussein would be sent to the gallows before the Muslim holiday of Eid al-Adha, which began on Saturday morning.

Nouri al-Maliki, Iraqi prime minister, on Friday said nothing could overturn the death sentence.

"Our respect for human rights requires us to execute him, and there will be no review or delay in carrying out the sentence," he said.

Mr Hussein, 69, was sentenced to death by an Iraqi special tribunal on November 5 for his role in a campaign of reprisals ordered against the Shia village of Dujail, where he suffered a 1982 assassination attempt. The campaign led to scores being executed and many others subjected to torture and long-term detention.

His trial was marked by allegations of political interference and procedural errors, and some international organisations had called on the government not to go through with Mr Hussein's execution.

In Washington late on Friday night, a federal judge rejected a last-ditch petition by lawyers for Mr Hussein to block the US military from handing the former president over to Iraqi officials.

Democratic Senator Edward Kennedy said Mr Hussein had been "a brutal tyrant and murderous dictator". "Now it is time for the people of Iraq to work to reconcile their differences and to heal the wounds of the past. Only that process will end the violence that has prevented Iraq from moving forward," he said.

Pete Hoekstra, the outgoing Republican chairman of the House intelligence committee, said: "I do not support the death penalty, but Saddam Hussein's fate was determined by an Iraqi judicial system that was created by the free Iraqi people," Hoekstra said. "His sentence was delivered swiftly and the pain was minimised - the same cannot be said for his many hundreds of thousands of victims."

Iraq Executes Saddam Hussein By Hanging (LAT)

By Molly Hennessy-Fiske, Solomon Moore

The Los Angeles Times, December 30, 2006

Baghdad — Deposed Iraqi president Saddam Hussein was executed by hanging about 6 a.m. Saturday Baghdad time.

Hussein's death warrant was signed today by the nation's two vice presidents and execution witnesses gathered in the heavily fortified Green Zone for the execution, according to an Iraqi official with knowledge of the proceedings.

Hussein was hanged for his role in the deaths of 148 Shiite men and boys nearly a quarter-century ago.

U.S. officials said that Prime Minister Nouri Maliki met with cabinet officials and other politicians throughout the day to plan the event. Security plans were Iraqi leaders' main concern, as well as sorting through procedural requirements for the execution, including the signing of the death warrant and the timing of the execution.

U.S. military officials handed Hussein over to Iraqi officials around 8 p.m. today Baghdad time, according to one of Hussein's defense attorneys.

Maryam Rayis, a legal advisor to Maliki, said that Hussein's death warrant was signed by Vice Presidents Tariq Hashimi, a Sunni Arab politician, and Shiite politician, Adel Abdul Mehdi. President Jalal Talabani, a death penalty opponent, was out of Baghdad today and delegated his capital authority to Mehdi, Rayis said.

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Hussein was dressed in a red jumpsuit, Rayis said, which has been the custom for death row prisoners in Iraq since before Hussein came to power.

The gallows were set up by midnight Baghdad time, Rayis said, and Hussein was to be offered a last meal before being led to the scaffold.

Defense lawyer, Najib Naimi, said that U.S. military officials asked him this morning to send someone to pick up the former president's personal effects, such as clothing, books — including a Koran — and a manuscript Hussein had been writing.

"He was writing his biography," Naimi said. "But I don't think he had a chance to complete it."

Among the witnesses scheduled to watch Hussein's hanging were a representative from the Interior Ministry, Iraqi High Tribunal Judge Munir Haddad, Chief Prosecutor Munqith Fraoon, a physician and a cleric to read from the Koran, Rayis said.

Hussein's wife, who is in Qatar, and his daughter, who is in Jordan were allowed to attend since they are both fugitives from Iraqi justice, Rayis said. Hussein's lawyers were also barred from attending his execution, Rayis said.

Hussein was to allowed to offer final words, but they would not be broadcast live on television, Rayis said. Video footage will likely be shown in some abbreviated form after Hussein's execution, Rayis said.

Rayis' statements apparently put to rest conflicting reports about the timing of Hussein's execution and whether U.S. authorities had handed over custody to the Iraqi government that emerged today.

U.S. officials said that they were surprised both by the Justice Ministry's rejection of Hussein's capital appeal on Tuesday and by the Iraqi government's swift decision to push for Hussein's execution. Hussein also expressed surprise when he met with defense attorneys on Thursday, Naimi said, and had hoped to file additional legal petitions.

Hussein's lawyers filed a motion for a temporary restraining order at the Washington D.C. Court of Appeals in an effort to force the U.S. military to retain custody of Hussein, but it was denied.

Hussein's execution coincided with the end of the Hajj — or the season of Islamic pilgrimage to Mecca. Most Sunnis will begin Eid al-Adha at midnight Saturday. Most Shiites will begin 24 hours later.

Naimi claimed that Maliki was pushing for Hussein's execution during the holiday to "make a gift during Eid to his party."

Hussein "will be the sacrificial lamb for the Shiites, and the Iranians in particular," said Naimi, referring to the traditional practice of many Muslims, who slaughter lambs after pilgrimage for celebratory feasts.

U.S. officials expressed concern that news of the imminent execution, which began circulating on Thursday, would give insurgents time to plan attacks. U.S. military officials said that they were beefing up security in Baghdad in advance of the execution and possible retaliatory violence. Iraqi and U.S. officials said that the government would likely extend a customary Friday curfew indefinitely.

"U.S. forces in Iraq are obviously at a high state of alert…because of the environment that they operate in and because of the current security situation," said Pentagon spokesman Bryan Whitman at a morning briefing in Washington. "They'll obviously take into account social dimensions that could potentially lead to an increase in violence, which certainly would include carrying out the sentence of Saddam Hussein."

Hussein had been held at Camp Cropper a military base on Baghdad's outskirts, according to U.S. officials.

The site of the execution was kept secret for fear of insurgent attacks.

Naimi said that Hussein's family wants to bury him in his northern hometown of Tikrit and fear that the government will cremate him and scatter the ashes.

After his hanging, Hussein's body was to be wrapped in a white sheet for burial, Rayis said. The body will be buried by Iraq's Directorate of Social Welfare if it is not claimed by a family member, Rayis said.

Iraqi High Tribunal's rejection of Hussein's appeal Tuesday began a 30-day deadline for his execution, which would run out by the end of January.

His execution ended other legal proceedings against Hussein, including a current case against him involving his alleged involvement in the Anfal military campaign, which left tens of thousands of Kurds dead by gunfire, bomb blasts and poison gas.

Saddam Pays At The End Of A Rope (WT/AP)

By Christopher Torchia, Qassim Abdul-Zahra

DOJ_NMG_0111608

The Washington Times, December 30, 2006

BAGHDAD -- Saddam Hussein, who ruled Iraq with remorseless brutality for a quarter-century, was hanged early today.

The man who came to a grim end at the end of a rope had vexed three U.S. presidents. The 69-year-old dictator left the United States and a coalition of nations in a fight to quell a stubborn insurgency waged by Saddam loyalists.

On state-run Iraqiya television, a news announcer said, "Criminal Saddam was hanged to death."

The station earlier broadcast national songs after the first announcement and ran a tag on the screen that read "with Saddam's execution marks the end of a dark period of Iraq's history."

A U.S. judge yesterday declined to intervene in the execution.

Mariam al-Rayes, a legal expert and a former member of the Shi'ite bloc in parliament, told Iraqiya television that the execution "was filmed and, God willing, it will be shown. There was one camera present, and a doctor was also present there."

Miss Al-Rayes, an ally of Prime Minister Nouri al-Maliki, did not attend the execution. She said Mr. Al-Maliki did not attend, but was represented by an aide.

Mr. Al-Maliki had rejected calls that Saddam be spared, telling families of people killed during the dictator's rule that would be an insult to the victims.

"Our respect for human rights requires us to execute him, and there will be no review or delay in carrying out the sentence," Mr. al-Maliki's office quoted him as saying during a meeting with relatives before the hanging.

In Crawford, Texas, President Bush said in a statement that Saddam's execution was "the kind of justice he denied the victims of his brutal regime."

In Dearborn, Mich., dozens of Iraqi Americans gathered late yesterday at a mosque to celebrate reports that Saddam had been executed, cheering and crying as drivers honked horns in jubilation.

Dave Alwatan wore an Iraqi flag around his shoulders and flashed a peace sign to everyone he passed at an Islamic educational center in the suburb of Detroit, a city that has one of the nation's largest concentrations of people with roots in the Middle East.

"Peace," he said, grinning and laughing. "Now there will be peace for my family."

Mr. Alwatan, 32, said Saddam's forces tortured and killed relatives that were left behind when he left Iraq in 1991.

At his death, Saddam was in the midst of a second trial, charged with genocide and other crimes for a 1987-88 military crackdown that killed an estimated 180,000 Kurds in northern Iraq. Experts said the trial of his co-defendants was likely to continue despite his execution.

Many in Iraq's Shi'ite majority were eager to see the execution of a man whose Sunni Arab-dominated regime oppressed them and Kurds. Before the hanging, a preacher in the Shi'ite holy city of Najaf on Friday called Saddam's execution "God's gift to Iraqis."

"Oh, God, you know what Saddam has done. He killed millions of Iraqis in prisons, in wars with neighboring countries, and he is responsible for mass graves. Oh, God, we ask you to take revenge on Saddam," said Sheik Sadralddin al-Qubanji, a member of the Supreme Council for the Islamic Revolution in Iraq.

On Thursday, two half brothers visited Saddam in his cell, a member of the former dictator's defense team, Badee Izzat Aref, told the Associated Press by telephone from the United Arab Emirates. He said the former dictator handed them his personal belongings.

A senior official at the Iraqi Defense Ministry said Saddam gave his will to one of his half brothers. The official spoke on the condition of anonymity because he was not authorized to speak to reporters.

In a farewell message to Iraqis posted Wednesday on the Internet, Saddam said he was giving his life for his country as part of the struggle against the United States. "Here, I offer my soul to God as a sacrifice, and if he wants, he will send it to heaven with the martyrs."

One of Saddam's attorneys, Issam Ghazzawi, said the letter was written by Saddam on Nov. 5, the day he was convicted by an Iraqi tribunal in the Dujail killings.

The message called on Iraqis to put aside the sectarian hatred that has bloodied their nation for a year and voiced support for the Sunni Arab-dominated insurgency against U.S.-led forces, saying: "Long live jihad and the mujahedeen."

Saddam urged Iraqis to rely on God's help in fighting "against the unjust nations" that ousted his regime.

Najeeb al-Nauimi, a member of Saddam's legal team, said U.S. authorities maintained physical custody of Saddam until the execution to prevent his being humiliated publicly or his corpse mutilated, as has happened to previous Iraqi leaders deposed by force. Care would be taken to avoid inflaming Sunni public opinion.

"This is the end of an era in Iraq," Mr. al-Nauimi said from Doha, Qatar. "The Ba'ath regime ruled for 35 years. Saddam was vice president or president of Iraq during those years. For Iraqis, he will be very well remembered. Like a martyr, he died for the sake of his country."

While he wielded a heavy hand to maintain control, Saddam also sought to win public support with a personality cult that pervaded Iraqi society. Thousands of portraits, posters, statues and murals were erected in his honor all over Iraq. His face could be seen on the sides of office buildings, schools, airports and shops and on Iraq's currency.

Hussein Is Executed (PHI)

By Nancy A. Youssef

The Philadelphia Inquirer, December 30, 2006

BAGHDAD - Saddam Hussein, the Iraqi dictator who terrorized a nation for nearly a quarter-century until he was deposed and captured by U.S. troops, was hanged at dawn today for ordering the murders of 148 of his countrymen 24 years ago, Iraqi state-run television reported.

The execution took place about 6 a.m. Baghdad time, the state-owned Al-Iraqiya and two other stations reported. Two close aides to the 69-year-old Hussein also had been sentenced to die - his half-brother Barzan Ibrahim, former head of intelligence, and Awad Hamed al-Bandar, former chief justice of the Revolutionary Court.

An anxious nation awoke to the news of Hussein's execution wondering whether the death would galvanize insurgents to launch still more suicide assaults against Iraqis - or whether it would close an ugly chapter in the nation's history and allow the government to stave off a full-scale civil war.

U.S. and Iraqi forces braced for a possible surge in violence by Hussein supporters and those frustrated that an Arab leader was executed by what they consider an American-controlled government. Iraqi officials canceled leave for their police and army. The Pentagon announced that U.S. troops were at a high state of readiness.

The execution of a former head of state in his own country after a trial by an internationally monitored tribunal is almost without precedent. But its political impact was undercut by what human-rights groups said was badly flawed procedure. Human Rights Watch charged that the trial did not meet international standards of fairness and criticized the Iraqi government for actions it said undermined the court's independence. It said the court was unfamiliar with the law it was attempting to apply.

The execution also did not fully settle Iraqis' grievances against Hussein. The atrocity for which he was sentenced took place a quarter-century ago and was of far smaller dimensions than his alleged crimes against Kurds in the late 1980s and Shiites through the 1990s.

Yesterday evening, as the country waited news of his fate, Iraqi state television broadcast footage of Hussein's atrocities, including photos of gassed babies and of handcuffed men being tortured. Witnesses who had testified against him and called for his death gathered in the heavily fortified Green Zone, which houses the government, to witness the execution. They were joined by a judge, a doctor and a cleric.

Officials said they were videotaping the execution but would not air it publicly.

Earlier yesterday, there was a flurry of uncertainty over whether U.S. forces had handed Hussein over to Iraqi authorities for execution. Both sides said privately they were exasperated that the matter was being dealt with in such a climate of confusion and haste.

By early evening, Hussein's death appeared imminent, but officials were concerned about whether Iraqi law allowed them to execute a Muslim man on the eve of a major Muslim religious holiday. For Sunni Muslims, the Eid al-Adha, the Festival of the Sacrifice, was scheduled to begin today. Shiites begin the observance tomorrow.

Hussein was Sunni; the Iraqi government is largely Shiite.

A Christian Iraqi, Milad Kamal, from the southern city of Basra, questioned the timing of the execution.

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"I'm happy about Saddam's execution, because he didn't do anything good for us," Kamal said. "But the timing of it is stopping me from being joyful about it. It is Christmas and New Year's, a time for love and forgiveness. An execution contradicts that."

"Execution will not solve our problems," said Abdul Khadir Hadi, a Sunni teacher. "I will be sad about his execution, not out of any love for him, but because it will lead to more bloodshed in the form of retaliatory attacks."

Others, however, openly rejoiced.

"I am an orphan," said Sameer Redha, 23, an electronics-shop owner from Najaf. "I never saw my father. Mom said Saddam executed him because he was a member of the [opposition] Dawa Party. I had a terrible life because of Saddam. I will be able to enjoy life once he is executed."

Since December 2003, when American forces discovered Hussein hiding in a bunker near his hometown, many Iraqis said his execution was inevitable. But many also thought that he would face several more trials, including some over his alleged crimes during the Iran-Iraq War and the Persian Gulf War.

Instead, he was convicted by the Iraqi Special Tribunal of ordering the execution of 148 people after an assassination attempt in Dujail in 1982. The conviction was upheld Tuesday by an appeals court and, in accordance with Iraqi law, Hussein suddenly found himself facing imminent execution.

Former Iraqi Dictator Saddam Hussein Executed At 69 (LAT)

By Borzou Daragahi, David Lamb

The Los Angeles Times, December 30, 2006

Saddam Hussein, who ruled Iraq with ruthless force and led his people into three devastating wars while pursuing his goal of dominating the Arab world, was executed by hanging about 6 a.m. Saturday in Baghdad. He was 69.

Whether as president of Iraq, a self-proclaimed leader of the anti-American insurgency or rambunctious courtroom defendant, Hussein cast a large shadow over world events and the nation he controlled for most of the last 30 years.

Though never an army officer, he frequently wore military uniforms and styled himself as a fearless strategist and warrior. The wars he started cost more than 1 million lives, but he never won any of them and lived in constant fear, seldom sleeping in the same palace two nights in a row and employing look-alikes to foil assassination attempts.

Nearly four years after U.S.-led forces toppled his Baath Party regime and a little more than three years after he was caught hiding in a hole in the ground near his hometown, his death further shuts the door on an era of secular Arab nationalism, now being eclipsed throughout the Middle East by Islamist ideas and leaders.

Hussein took with him to the grave a trove of secrets. The former Iraqi leader allegedly ordered assassinations abroad and used his country's vast oil wealth to curry favor with Middle Eastern governments while maintaining undercover dealings with intelligence services throughout the region and the West.

One famous photograph shows Hussein in 1983 shaking hands with Donald H. Rumsfeld, the former Defense secretary who served as an informal envoy to Baghdad at a time when the United States was aiding Iraq in its eight-year war with Iran.

For his country, now convulsed in civil war, Hussein's most lasting and damaging legacy was the way his selective patronage and brutal violence divided Iraqis along lines that continue to haunt them.

Hussein moved rivers to reward Sunni Arab villagers loyal to his government and drained swamps to punish Shiite Muslims who rose up against him. He moved rebellious Kurds from the northern city of Kirkuk while selling cheap land in the city to Arabs to reward loyalists and upend the ethnic balance of the country's oil-rich north.

He imprisoned tens of thousands, ordered the killings of political enemies, real and imagined, including two of his sons-in-law, and used poison gas to wipe out whole villages in the Kurdish areas of northern Iraq. He granted construction contracts to favored Arab tribes, while depriving whole categories of people — such as Shiite Kurds — of their citizenship rights.

Such violence and manipulations may have established a semblance of stability. But they also built up a sense of entitlement by Sunnis and resentments on the part of Shiites and Kurds that fueled violence by death squads, militias and insurgents once the U.S. invasion of 2003 toppled his regime.

DOJ_NMG_0111611

Hussein fostered a grotesque cult of personality around himself as the embodiment of the Iraqi state and all of Iraqi history. As he consolidated absolute power in the 1980s, his face and figure went up all over the country. Here was Hussein on horseback. There he was in Kurdish costume. His likeness adorned the walls of every cafe, bank and government office. Hussein's initials were inscribed on the stones used to rebuild ancient archeological sites.

"With our souls, with our blood, we will sacrifice for you, Saddam," schoolchildren, old women and office workers chanted whenever Hussein arrived.

The result was a culture of dependence and subservience to the state that has plagued efforts to rebuild Iraq. To date, other than Muqtada Sadr, the radical Shiite cleric, not a single Iraqi who suffered through Hussein's final years of rule has emerged as a credible political leader. Perhaps the most telling illustration of Hussein's influence on Iraq is that nearly all of post-invasion Iraq's leadership has been culled from among exiles.

Humble origins

Saddam Hussein Abdul-Majid Tikriti was born into a poor Sunni household on April 28, 1937, to a family of peasants in the tiny mud-hut village of Al Auja, near the city of Tikrit on the Tigris River about 100 miles north of Baghdad. His father, Hussein Majid, died within a year of his birth, and his mother, Subha, married a man named Ibrahim Hassan.

Young Hussein earned money by selling watermelons to railroad passengers heading through town. When he was 10, apparently to escape his abusive stepfather, Hussein ran away from home and went to live with his uncle Khayrallah Tulfah, a former general who had been dismissed from the army for supporting a coup attempt.

By then, Tulfah was an embittered man, eking out an existence as a schoolteacher in Baghdad. He was also anti-Western, a fascist and a Sunni chauvinist. The influence he exerted over Hussein can be inferred in part from the title of a pamphlet the uncle wrote and Hussein had published years later: "Three Whom God Should Not Have Created: Persians, Jews and Flies."

At his uncle's instigation, Hussein committed his first killing while still in his teens. The victim was Saadoun Tikriti, a communist supporter of Gen. Abdul Karim Qassim, who later became Iraq's prime minister. He also happened to be Hussein's brother-in-law.

Hussein came of age in the late 1950s, a time of post-colonial change as Arab nationalism arose to challenge governments set up by the British and French. Like many Arabs, Hussein was inspired by the vision of a pan-Arab Middle East propagated by the charismatic Gamal Abdel Nasser, who became president of Egypt in 1956.

That same year, Hussein took part in a coup against Iraq's King Faisal II. The coup failed. But Hussein became a feared figure in the Iraqi political underground. In 1957, at age 20, he joined the Iraqi branch of the Baath Party, a secular, pan-Arab political movement founded in Syria in the 1940s that combined elements of socialism and Nazism.

In Baathism, Hussein found "an ideology that both justified his violent hatreds and harmonized his inner turmoil," according to the late Egyptian diplomat Tahseen Bashir. The party's promise of one strong, united Arab nation was imbued with a vision of grandeur and power perfectly suited to Hussein's ambitions. He rose quickly in the party's ranks.

"Saddam learned early on the first rule of street politics during that time in Baghdad," Bashir said. "In the context of Iraqi politics, survival of the fittest meant survival of the most brutal, the most cunning and, above all, the most violent."

In 1958, the Iraqi monarchy was overthrown by non-Baathist officers led by Qassim. King Faisal II was gunned down with his family and aides. Eighteen months later, the Baathists made their first grab for power, trying to assassinate Qassim by machine-gunning his car. Hussein, a member of the hit team, was slightly wounded. He disguised himself as a Bedouin and trekked across the desert to Syria, then moved on to Egypt.

The Baathists succeeded in overthrowing Qassim in 1963. The usurpers broadcast images of his corpse on television for several nights. In Iraqi politics, one Arab diplomat noted, "losers do not get the chance to retire gracefully."

Hussein returned to Baghdad immediately after the coup and became the new regime's chief enforcer. As head of an infamous interrogation center known as the Palace of the End, he allegedly oversaw the torture of the nascent regime's enemies.

But the Baathists were unable to retain power. Within months they were overthrown by the army, which jailed Hussein. Two years later, he escaped and resumed the task of building the party's internal security apparatus, employing carefully chosen Tikriti clansmen through whom he would gradually consolidate his control over the party, the army and, finally, the country.

Coming to power

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The Baathists seized power once and for all in 1968, this time with the help of the army. Gen. Ahmed Hassan Bakr, the party's secretary-general, became president. Hussein remained in the background as deputy chairman of the new Revolutionary Command Council but presided over a reign of terror that purged non-Baathists from power and quieted almost all of Iraq's quarrelsome clans, factions and sectarian groups.

He launched midnight raids on the homes of suspected opponents, organized show trials and staged public executions targeting select groups, including Jews, who at the time were a significant community in Baghdad.

"We do not need Stalinist ways to deal with traitors here," Hussein would later remark of the Soviet dictator Josef Stalin, whose rule of terror he admired and studied closely. "We need Baathist ways."

The regime's main tool to keep the country together was unbridled fear. One well-documented incident illustrates this principle.

In July 1979, Hussein eased Bakr out of office and assumed the presidency. In a meeting that was videotaped and later shown secretly to other Arab leaders, Hussein called senior Baathist officials together to listen to Muhyi Abd Husayn Mashhadi, a member of the Revolutionary Command Council, "confess" to taking part in a plot to overthrow the new government.

After the dramatic confession, Hussein lit a cigar and, between puffs, slowly read off the names of 21 other party officials who were asked to stand and leave the room.

"Everyone knew what was happening," said a senior Western diplomat. "Every time a name was called, the cadres in the room would begin shouting, 'Long live Saddam!' in the hopes that they would be spared. Every time the hysterical cheering died down, Saddam would take another puff on his cigar and call out another name."

The officials were later killed — the first batch of many executions that year.

Beyond fear, Hussein also employed money. During the 1970s, he and his Baath Party colleagues nationalized the oil industry. They used money from oil exports to build schools, hospitals, roads and housing, and to buy loyalty from the country's many tribes and clans.

But from the beginning, Hussein lavished his largess on some areas while ignoring others, building up resentment and hostility among Iraq's Shiite south, Sunni center and Kurdish north.

Hussein also spent handsomely on himself and his family. He favored finely tailored suits, expensive cars and Cuban cigars. Until the war, his family lived in splendor in palaces around the country. While his travels outside the Middle East were rare, his family members were known to take elaborate shopping vacations in Paris and New York.

Hussein was married to the same woman, Sajida, a former schoolteacher, from 1958 until the late 1980s, when they separated. Known to be a philanderer with numerous romantic liaisons, he took a second wife, Samira Shabandar, in the mid-1980s. They had a son, Ali, who was born about 1987. His two sons from his marriage to Sajida, Qusai and Uday, were known for their ruthlessness and played key roles in their father's rule. Hussein also had three daughters with Sajida, Raghad, Rana and Hala.

War without end

In 1980, Hussein invaded Iran, hoping to take advantage of that country's isolation after its Islamic revolution. The disastrous eight-year war that followed ultimately shaped Iraq's domestic politics and crushed its promising economy. Hussein's treatment of Iraqi Shiites and Kurds whom he considered agents of Iran sealed his fate and hardened Iraq's divisions.

Two years into the war, Hussein's motorcade came under fire during a visit to the Shiite town of Dujayl, a stronghold of the Iranian-backed Dawa Party. Hussein responded brutally, signing off on the deaths of at least 148 villagers, destroying the town as part of a "development" plan and banishing hundreds of families to desert encampments. Those were the acts on which his death sentence was based.

A few years later, it was Kurds who were massacred, as Iraqi air force helicopters dropped chemical weapons, believed to have been sarin and mustard gas, on villages in northern Iraq. The death toll is believed to have been in the tens of thousands, and hundreds of villages were destroyed.

In one attack, on the town of Halabja, as many as 5,000 men, women and children were believed to have been killed and perhaps twice that many wounded.

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Many in the West first became aware of Hussein's efforts to obtain weapons of mass destruction in 1981, when Israeli planes destroyed a nuclear reactor at Osirak, near Baghdad, that would have enabled Iraq to manufacture nuclear weapons. At least 25 pounds of enriched uranium was reported to have been on the site of the reactor, which was being built by Italian and French companies.

Hussein was celebrated across the Middle East for his strident stance against Israel. Through the years, he championed the Palestinian cause, providing support for the families of suicide bombers and housing and education to Palestinian refugees seeking shelter in Iraq.

But throughout the 1980s, his opposition to Israel remained largely rhetorical, as his army remained bogged down in the war with Iran. In 1988, Iraqi forces used poison gas to push back the Iranian army. Then, with both countries exhausted and hundreds of thousands dead on both sides, the United Nations mediated a cease-fire.

Soon, Hussein sought to restart his nuclear weapons program, but his reach for regional power was frustrated by $70 billion in war debt, including billions owed to the small, wealthy Persian Gulf nation of Kuwait, just south of Iraq.

Although most intelligence analysts missed the signals, a serious crisis was brewing between Iraq and Kuwait. Arab officials now concede they miscalculated and should have read the warnings in Hussein's public threats against Kuwait and boasts about chemical weapons. But no one miscalculated more than Hussein when, on Aug. 2, 1990, he ordered his troops to invade.

"What stood out most clearly about Saddam was his insulation," a Pentagon analyst later said. "He was an underground fighter with an intense suspicion of the outside world, a man who didn't know or understand the West. His misperceptions led him to miscalculations that made him a very difficult man to predict."

Even as the administration of President George H.W. Bush assembled a massive force to drive his army out of Kuwait, Hussein appeared to have no conception of what a modern military force could do. As his commanders later told U.S. officials, he had mastered the technology of a rifle but didn't understand the capabilities of a laser-guided bomb.

"The great duel, the mother of all battles, has begun," Hussein declared on government radio on Jan. 17, 1991, as the U.S. air campaign began. "The dawn of victory nears as this great showdown begins."

A miscalculation

Operation Desert Storm, a campaign led by the U.S. and generally supported by the Arab world, devastated Baghdad and Iraqi military facilities.

After a 100-hour ground war, the Kuwaiti monarchy was restored, with 175,000 Iraqi troops surrendering and an estimated 85,000 dead, one of the most lopsided defeats in modern military history.

In the months that followed, uprisings by Shiite forces in the south and Kurdish rebels in the north put added pressure on Hussein's regime. With Americans watching, the Shiite rebellion was put down brutally by elements of Hussein's Republican Guard. But a "no fly" zone over northern Iraq enforced by American and British pilots allowed Kurds to establish a largely autonomous region over the next several years.

U.N.-imposed sanctions on Iraq's oil devastated its economy, impoverishing the once-proud middle-class country. Iraq slid into further ruin, with hunger widespread, children dying because of a lack of medicine and the per capita income cut in half, to $1,200 a year.

During the next decade, Hussein turned to religion to bolster his regime. Although his Baathist ideology was socialist and secular, he built gargantuan mosques and put up billboards around Baghdad showing himself kneeling on a prayer mat.

Far from learning any lessons from his defeat in the war, Hussein continued to play cat-and-mouse with U.S. forces and the international community. He manipulated an "oil for food" program set up by the United Nations, using it to accumulate cash for weapons and patronage. His forces engaged in sporadic military incidents, many sparked by Hussein's refusal to give U.N. weapon inspectors full access to sensitive sites.

After the Sept. 11, 2001, terrorist attacks, neoconservative policymakers in Washington, who viewed Iraq as the primary stumbling block to U.S. interests in the Middle East, consolidated their hold on the U.S. foreign policy apparatus. President George W. Bush labeled Iraq as part of an "axis of evil," arming to threaten the world.

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Hussein called the Sept. 11 attacks "God's punishment" against the Americans, although there is no evidence he was involved.

"The United States reaps the thorns its rulers have planted in the world," he said the day after the attacks.

As diplomatic efforts to get Hussein to agree to U.N. weapon inspections resumed, Hussein's government denied that he had any weapons of mass destruction to show U.N. inspectors.

After the war, those denials proved to have been true. Iraq's weapons programs had deteriorated under the pressure of sanctions. But as Hussein's commanders told U.S. investigators after the invasion, their president had bluffed, not wanting to let the world, or his own generals, know that he lacked chemical or biological weapons out of fear the news would embolden his enemies, particularly Iran.

It also became clear after the fact that Hussein never believed the Americans would oust him. He expected a repeat of a 1998 bombing campaign, which had damaged his regime but not overthrown it.

But he hinted that even if he were toppled, that would not be the end of the fight.

"The battle will not be over until ... the guns stop, when the national will of the people completely succumbs to all that the aggressor wants to see done," Hussein told CBS News anchor Dan Rather in an interview shortly before the U.S. invasion.

"Air supremacy and missile supremacy are not enough," he said. "In the final analysis, guns will continue to tell the tale of a courageous people, defending itself with its own fighters."

The downfall

On March 17, 2003, Bush gave Hussein 48 hours to leave Iraq. Two days later, U.S. warplanes began bombing targets where Hussein and top aides were believed to be sleeping.

American and British troops entering from Kuwait took ground rapidly. Hussein, defying his military commanders' advice, devised a strategy that ensured quick defeat. His military commanders later told U.S. investigators that until the very end, Hussein was far more afraid of Iranian-backed Shiite rebels rising up against him in the south than American troops sacking his capital.

By April 9, Baghdad had fallen to American troops. Hussein and his sons, taking as much as $1 billion in cash, escaped into the Sunni homelands of northwest Iraq and began rallying tribesmen and former loyalists. In July, Uday and Qusai were killed in a shootout in Mosul. Hussein continued to evade capture, issuing occasional tape-recorded messages that called on Iraqis to resist the U.S.-led forces.

As the year wore on, a dramatic rise in insurgent attacks lent an air of urgency to finding Hussein. The U.S. government offered a reward of $25 million for information leading to his capture. Then, on Dec. 13, 2003, American forces caught him, secreted in an underground hide-out at a farmhouse near Tikrit.

During the last three years of his life, Hussein, along with former aides, was housed at Camp Cropper, the U.S. prison for important detainees, not far from one of his opulent former palaces. In 2005, he and seven others were placed on trial for the killings of the Dujayl villagers.

Neither Hussein's capture nor his trial slowed the country's descent into civil war. The number of U.S. troops and Iraqis killed continued to accelerate. Hussein himself, long despised and mistrusted by the rest of the Arab world, became a cause celebre worldwide as he condemned the trial as a farce and the U.S.-backed government of Iraq as a puppet.

"I am the president of Iraq," he declared forcefully during an early session of the trial. "I will not answer to this so-called court."

After a contentious, chaotic trial during which three defense lawyers were gunned down and a judge was removed for being too lenient toward the defense, the court, on Nov. 5, 2006, convicted and sentenced Hussein to hang along with his half brother Barzan Ibrahim Hasan and former judge Awad Hamed Bandar.

Despite criticism by human rights groups who said the trial was unfair, the verdict was upheld Tuesday, three weeks after the start of the appeals process.

Through his lawyers, Hussein released a letter, one he said he would have preferred to have read aloud in court. He called upon warring Iraqis to set aside their differences and depicted himself as gracefully resigned to his death.

"Here I am presenting myself as a sacrifice" he wrote. "If God wants this, he will take my soul up in heaven with martyrs and believers. And if not, he is the most merciful. He created us and we all will return to him."

DOJ_NMG_0111615

Obituary: Saddam Hussein (FT)

By Victor Mallet

Financial Times, December 30, 2006

The former Iraqi dictator showed early promise as an administrator. But two disastrous wars against Iran and Kuwait and an increasingly ruthless rule of terror inflicted isolation and misery on his country

Saddam Hussein, the former Iraqi dictator who was hanged aged 69, was responsible for bringing untold suffering to his country's people as he pursued a vain ambition to become the unchallenged leader of the Arab world.

Their travails continued after he was swiftly unseated by a US-led invasion of 2003 that only succeeded in deepening the many fissures in Iraqi society suppressed during his brutal quarter century in power. If few Iraqis mourned his fall, many were embittered by the signal failure of the subsequent military occupation to prevent Iraq from sliding into violent chaos.

Even before the allied attack, Saddam's long years of power had led to his country being fragmented, partially destroyed and plunged back into poverty just as it was starting to discover a modern, national identity.

Twice Saddam defied the might of his erstwhile friends in the West and twice he miscalculated the force and determination they would show in retaliating – for him, fatally so on the second occasion.

His defeats at the hands of the western allies followed his long and futile war with neighbouring Iran during the 1980s which cost 1m lives. To outsiders the wonder was that he survived as long as he did when he was so despised within Iraq itself for the death and devastation he had brought upon its citizenry.

Part of the answer was his ruthless use of terror. Yet he did not rule by fear alone. A master of deceit, he used a multitude of contrived personas to win the support of widely different groups. The photographs tell it all. They show him posing as a field marshal, though he had never been in the military; as a descendant of the Prophet Mohammed, though that claim was dubious in the extreme; or, most bizarre of all, as a westerner in a Homburg hat.

He had started out as a reformer. Yet by the end, nothing could disguise his personal viciousness or his failure to turn his country into the modern, prosperous Middle East state that its oil reserves, fertile land and rich cultural heritage should have made possible. Indeed, the tragedy for Iraq is that his legacy could have been vastly different.

Saddam Hussein was born in the humble farming village of al-Ouja, near Tikrit on the Tigris river. His mother Subha was the village fortune teller but he was brought up largely by his pro-Nazi uncle Khairallah Tulfah. Officially, his birthday was April 28, 1937, although the true date is unclear because births often went unregistered.

After an apparently unhappy childhood – little is known about his absent father but his stepfather beat him with a metal coated stick – his uncle took him to Baghdad where he was finally taught to read and write. He then lent his services to the fledgling Ba'ath movement with its loose ideology of Arab nationalism and socialism.

Iraq, a country formed from three chunks of the old Ottoman empire, had been ruled since the 1930s by Hashemite Kings imposed by British colonialists. The Ba'athists supported the 1958 revolution to overthrow the monarchy, but decided to kill Abdul-Karim Qassem, the country's new leader, the following year.

Saddam Hussein was in on the plot. Fouad Matar, an admittedly unreliable hagiographer, says: "Saddam was not supposed to fire, just to provide cover for his four comrades as they withdrew. But as the operation got under way, his excitement mounted and he drew his machine-gun from the folds of a long cloak and fired at Abdul-Karim Qassem's car." Qassem survived that bungled attempt, only to be overthrown in 1963.

A later plot, again involving Saddam , to kill Qassem's successor also failed. In 1962 Saddam became the main organiser of the civilian wing of the Ba'ath party but between 1964 and 1966 he was apparently jailed. In the coup of 1968 Ahmad Hassan Bakr, Saddam's cousin, became president, but Saddam himself soon emerged as the real power in the land.

When he came to power, Saddam initially used Iraq's fast growing oil wealth to finance a modernisation campaign. Becoming vice-president in 1968, he showed ability as an administrator, developing Iraq's industry, transforming Baghdad into a modern city, building a secular welfare state and launching an ambitious literacy programme.

A decade later, however, he had embarked on policies that would sap the country's economic strength and his own political capital. By the end of the 1970s Gamal Abdel-Nasser, the towering figure who had dominated Middle Eastern politics, was dead and Egypt had made peace with Israel. That left a a vacancy on the Arab stage and Saddam was only too willing to fill

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it. In 1979 he took over as President, following a bloody palace putsch in which he executed dozens of his government colleagues. He forced the remaining members of the Revolutionary Command Council to help him execute supposed plotters, thus creating a grim loyalty born of shared guilt among his colleagues. His next step was to declare war on Iran.

The ousting of the Shah of Iran and the emergence of an Islamic fundamentalist government there was a potential threat to Saddam's regime. Although he himself was a Sunni Muslim, some 60 per cent of his people were Shia Muslims as were the vast majority of Iranians. He feared the Iranians would export their revolution – a fear shared by the west and by Gulf states such as Saudi Arabia. All of them looked to Saddam as a firewall against Iran's ayatollahs and backed him enthusiastically.

Yet he had underestimated the ability of the Iranians to rally their forces after the revolution. The war dragged on for eight years and despite the huge price paid in terms of both men and money, it ended with Saddam gaining nothing.

Meanwhile, he had been spending much of Iraq's oil earnings on costly programmes to develop nuclear, chemical, biological and other weapons, often with the help of European contractors. When peace was finally declared he felt that his erstwhile allies owed him – metaphorically and literally.

This sense of grievance festered not least because of the collapse in the oil price, caused, as Saddam saw it, by overproduction on the part of Kuwait and Saudi Arabia. He felt they were “stealing” Iraq's revenues and he started eyeing the Rumaila oilfield on the Iraq/Kuwaiti border. He was emboldened by what he believed to be assurances from the Americans that they would regard any action as a purely inter-Arab dispute.

Saddam's miscalculation was to order his army to occupy the whole of Kuwait, a close ally of America. Taken aback by the international outrage which greeted the invasion of Kuwait, Saddam hinted 10 days later that he had acted in support of the Palestinian cause and might pull out in exchange for an Israeli withdrawal from the occupied territories – although at the same time he annexed Kuwait and labelled it Iraq's 19th province for eternity.

Saddam knew that his condemnation of the West's hypocrisy – its determination to enforce UN resolutions against Iraq, but not those against Israel – would strike a chord in the Arab world. Why should Iraq withdraw from Kuwait when Israel would not withdraw from the West Bank? Why should Iraq not have nuclear weapons if Israel had them?

Many believed that Saddam had lost touch with reality by the time the elder President George Bush sent US bombers and cruise missiles into Iraq on January 17, 1991. Fortunately for him, though perhaps less fortunately for Iraq, Bush stuck to the UN mandate. This meant expelling Iraq from Kuwait and leaving Saddam's regime in place, in the expectation that it would soon fall.

The crushing of Saddam's forces by the US and its Western and Arab allies almost led to Iraq being dismembered when Kurds in the North and Shia Muslims in the South rebelled. But Saddam put down the uprisings with the utmost ruthlessness. He also declared the Gulf war a victory instead of a defeat on the grounds that his government remained in power.

After the war, he proceeded to play a game of cat-and-mouse with United Nations inspectors sent to scrutinise and dismantle his weapons programmes. Although the UN inspectors reckoned that some 90 per cent of his weapons had been accounted for by the time they were forced to withdraw in 1998, Saddam's strategy ensured that the economic sanctions that caused such hardship to Iraq's 24m people remained in place. His intransigence also meant that in early 2003, some 12 years after the inspections began, he finally faced a US-led invasion designed to replace his regime with something more palatable to Washington.

George W. Bush was determined to finish what his father had begun. Soon after the terrorist attacks of September 11, 2001, on New York and Washington, Mr Bush bracketed Iraq with Iran and North Korea as an “axis of evil”.

Saddam, misled by the overwhelming opposition to war among both Muslims and non-Muslims throughout the world, appeared to underestimate the US government's resolve to disarm Iraq and overthrow the regime. Urged at the last minute by the Gulf rulers to step down and go into exile to avert war, he insisted he would rather die in Iraq. He had made the most serious and the last miscalculation of his long political career.

One reason Saddam Hussein survived for so long was because rivals, real or imagined, were eliminated before they could act. As he rose steadily towards a position of supreme power, he recruited gangs of thugs under the umbrella of the ruling Ba'ath party to turn Iraq into what was accurately called the “Republic of Fear”. His main victims were Communists, Kurds, Islamist Shia Muslims and leftist Ba'ath party members, but no one, not even relatives, lifelong friends and associates or London-based exiles, was immune from the savage killings inflicted on the Iraqi people over the years by the Iraqi state.

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Saddam showed his usual ruthlessness when it came to the embarrassing defections in 1995 of some of his closest relatives. His two sons-in-law, the brothers Lt-Gen Hussein Kamel Hassan and Lt-Col Saddam Kamel, in charge of military industry and the presidential guard respectively, fled to Jordan with their wives, Saddam's daughters Raghda and Rana. There the two men confirmed what UN officials and western governments already suspected, namely that Saddam had lied repeatedly after Iraq's defeat in Kuwait and failed to honour commitments made at the time of the 1991 ceasefire to dismantle and disclose details of his weapons programmes.

Astonishingly, given their intimate knowledge of how Saddam ran Iraq, the brothers returned home when they grew tired of exile, believing they would be pardoned. They were promptly killed after Saddam's daughters had been taken to safety.

Horrific anecdotes about Saddam and the terror he inspired in underlings from newspaper editors to nuclear scientists, can be found throughout his career. In 1972 he is said to have dropped a jailed member of the opposition Da'awa movement into an acid bath. When a health minister suggested at a cabinet meeting that the president might be taking too much power for himself, Saddam took him into the next room and shot him.

Torture and rape, or threatened rape, of family members were routinely used to force political suspects to confess real or imaginary treason plots. Informers were everywhere and Iraqis were so frightened that they turned even their own relatives over to the security forces.

In 1988, he gassed thousands of Kurdish civilians when they sided with Iran. He also awarded a medal to a man who had reportedly killed his own son for deserting during the Iran/Iraq war. Yet he indulged Uday, his own violent son, even when the latter had twice committed murder.

An admirer of Stalin's methods, Saddam encouraged a grotesque personality cult, likening himself to ancient Babylonian kings such as Nebuchadnezzar. For all his bombast, his disguises were part of the diplomatic skill that enabled him to persuade Saudi Arabia and Kuwait to give him billions of dollars to fight the ayatollahs. When he wanted good relations with the then Soviet Union and with the West, he presented himself as a secular leader the bulwark against Islamic fundamentalism who could hold together a fissiparous Iraq, who espoused moderation on the Arab-Israeli dispute and who favoured a Palestinian state alongside Israel. Yet by the time he invaded Kuwait and defied the world in August 1990, he was portraying himself as a devout Muslim fighting in a holy war; an irredentist who wanted to liberate the whole of Palestine from the Jews.

With high-flown Arab rhetoric, he appealed to Palestinians and other Arabs harbouring grievances against Israel, the West and the Gulf states. After the invasion of Kuwait he seemed to show them that he was both capable of firing missiles at their Jewish enemies in Tel Aviv and might one day build an Arab atomic bomb and achieve a balance of terror with Israel.

He displayed the same basic but effective diplomatic skills in the years after his humiliating defeat in the 1991 Gulf war. Exploiting the ever-present anti-Americanism of Middle Eastern Muslims, Saddam improved relations with his old adversaries Syria and Iran. And he waited patiently until he felt that world opinion was more hostile to US adventurism than to his own depredations on the Iraqi people.

Yet Saddam, who went to the west only once, on a visit to France in the 1970s to buy nuclear technology, never appreciated how demonic he appeared to many people. After invading Kuwait, he merely confirmed his international image as a coarse and brutal terrorist by taking thousands of foreign hostages as “human shields” and going on television to pat a cringing English boy with the memorable words: “Has Stuart had his milk today?”. (He finally released the hostages in the belief that their captivity would be an excuse for a US attack rather than a deterrent).

Saddam Hussein will be remembered for his belligerent ambitions to make Iraq into the dominant regional power and for his cruelty, rather than for his shortlived peacetime achievements in the 1970s. Ba'athist Iraq vied with pre-revolutionary Romania and with North Korea for the doubtful honour of being the most oppressive police state in the world.

The later years of Saddam Hussein's personal life can hardly be described as happy. Estranged from Sajida, his first wife and cousin, and his two eldest daughters over the murder of their husbands, Saddam married Samira Shabandar, the wife of the head of Iraqi Airways. She had long been his mistress, and her blonde hair had prompted Sajida to dye her own the same colour in a vain attempt to retain her husband's affections. In July 2003, his sons Uday and Qusay were killed by the occupying Americans.

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The final chapter of his own life began when he was dragged dazed by US troops from an underground hideout near his home town of Tikrit in December 2003. Pictures of a compliant Saddam submitting meekly to a medical examination were seen around the world. But if those images were humiliating, his defiant persona returned for his last appearances in public during his murder trial in 2006 which he used as a platform to berate court officials and his captors. He was sentenced to death on November 5 for ordering the execution of 148 people in 1982 in the town of Dujail. The sentence was confirmed by an appeals court on December 26, even as he awaited another trial for the mass killing of Kurds.

Saddam Hussein was a man of extraordinary political cunning, but he lacked compassion, had no clear ideological vision and failed to understand the world beyond the borders of the Arab world. The memories he leaves are not of the personal or even national glory he sought but of the blood of his victims on the battlefields of Iraq and the floors of its torture chambers.

Saddam Hussein Executed, State-run TV Reports (GAN)

By James Palmer

Gannett, December 30, 2006

BAGHDAD — Saddam Hussein, the brutal dictator who ruled Iraq for nearly a quarter-century before being toppled by a United States-led coalition in 2003, was executed by hanging Saturday for crimes against humanity, state-run Iraqi television reported.

Al-Iraqiya, a government-backed network in Baghdad, said Hussein was executed by hanging at dawn Saturday. Hussein's death was witnessed by one of his lawyers, a doctor, and other government officials witnessed the execution, according to the network. Iraqi Prime Minister Nouri al-Malaki was not present at the execution.

"Criminal Saddam was hanged to death," an al-Iraqiya announcer said. The station played patriotic music and showed images of national monuments and other landmarks.

The Iraqi government banned the media from the execution but said they planned to release a videotape and still photos of the death.

A string of celebratory gunfire echoed in a predominately Shia neighborhood in south Baghdad shortly following the announcement of Hussein's death but the city's streets were relatively quiet.

The U.S.-supported Al-Hurra TV station in Baghdad showed video of Iraqi nationals waving Iraqi flags and chanting in Dearborn, Mich., following the announcement of Hussein's death.

An Iraqi court convicted Hussein of killing 148 Shia men and boys in the Iraqi town of Dujail following a failed assassination attempt in 1982.

State-run Iraqiya television initially said Saddam's co-defendants — his half-brother Barzan Ibrahim and Awad Hamed al-Bandar, the former chief justice of the Revolutionary Court — also were hanged. But National Security adviser Mouwafak al-Rubaie, who attended the execution, later said that only Saddam had been executed and that the two other men would be hanged after an Islamic holiday that started Saturday and ends in the first week of January.

"We wanted (Saddam) to be executed on a special day," al-Rubaie told Iraqiya.

Asked if Saddam resisted, al-Rubaie said no. "He totally surrendered," he said.

He said a judge read the sentence to Saddam, who was taken in handcuffs to the execution room. When he stood in the execution room, photographs and video footage were taken, al-Rubaie said.

"He did not ask for anything. He was carrying a Quran and said: 'I want this Quran to be given to this person' a man he called Bander," he said. Al-Rubaie said he did not know who Bander was.

Mariam al-Rayes, a legal expert and a former member of the Shiite bloc in parliament, told Iraqiya television that the execution "was filmed and God willing it will be shown. There was one camera present, and a doctor was also present there."

Hussein and his two co-defendants were found guilty of the Dujail massacre on Nov. 5 and were sentenced to death by hanging.

In a statement, President Bush said Saddam " was executed after receiving a fair trial — the kind of justice he denied the victims of his brutal regime."

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"Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain and defend itself, and be an ally in the war on terror," Bush said.

The execution followed frantic hours of political and legal maneuvering, in which there were conflicting reports about whether Saddam had been transferred from U.S. to Iraqi custody. His physical transfer to Iraqi authorities was one of the last steps before his hanging.

A U.S. judge refused to stop his execution Friday, rejecting a last-minute court challenge by Saddam's attorneys.

The Iraqi government reinstated the death penalty by hanging in August 2004. Roughly 51 people have been executed since then.

The executions were carried out at the beginning of Eid-Al-Adha, an Islamic religious holiday marking the climax of the annual Hajj pilgrimage to Mecca. Eid begins today for Sunnis and tomorrow for Shias.

The Iraqi constitution prohibits executions during religious holidays.

The Iraqi government has not yet announced a daytime curfew. The government has imposed a daily curfew between 9 p.m. and 6 a.m. local time.

There had been disagreements among Iraqi officials in recent days as to whether Iraqi law dictates the execution must take place within 30 days and whether President Jalal Talabani and his two deputies had to approve it.

In a farewell message to Iraqis posted Wednesday on the Internet, Saddam said he was giving his life for his country as part of the struggle against the U.S. "Here, I offer my soul to God as a sacrifice, and if he wants, he will send it to heaven with the martyrs," he said.

One of Saddam's lawyers, Issam Ghazzawi, said the letter was written by Saddam on Nov. 5, the day he was convicted by an Iraqi tribunal in the Dujail killings.

Reports of Saddam's death also were cause of celebration among some Iraqi-Americans. "Now there will be peace for my family," said Dave Alwatan, who was among dozens of Iraqi-Americans to gather Friday at the Karbalaa Islamic Educational Center in Dearborn, Mich. Alwatan, 32, said Saddam's forces tortured and killed relatives that were left behind when Alwatan left Iraq in 1991.

Imad Hamad, director of the American-Arab Anti-Discrimination Committee in Dearborn, said the glee surrounding Saddam's death was laced with uncertainty about the future.

"The joy would have been complete if we were to see the healthy Iraq, the united Iraq, the safe Iraq," Hamad said. "Then everybody would be jumping up and down, celebrating."

Hussein Legacy: Megalomaniac, Nationalist Leader (CHIT)

By Aamer Madhani

Chicago Tribune, December 30, 2006

Over his 24 years as president of Iraq, Saddam Hussein earned the moniker Butcher of Baghdad by ruling with brute force, torture and cunning.

His regime murdered at least 300,000 of his countrymen, according to estimates by human-rights groups. During his reign, neighbors spied on each other and children were taught at school to tattle on their parents if they spoke against the regime. More than 1 million Iraqis were killed in wars against Iran, Kuwait and the United States on his watch.

Iraqis, by and large, say they suffered terribly at the hands of the dictator. But Hussein will also leave a legacy in his country and the Arab world as a sort of Mesopotamian revolutionary—a nationalist leader who stood up to the American superpower that deposed and later captured him.

Saddam Hussein Abd al-Majid al-Tikriti came from nothing—a fatherless, poor boy who ascended from a small village to rule Iraq. He was cruel and arguably maniacal in his quest for power. His behavior, many of his biographers concluded, was that of a megalomaniac.

When the U.S. Army's 4th Infantry Division captured him hiding in a "spider hole" eight months after the fall of his regime, a haggard Hussein could hardly believe the American soldiers did not immediately recognize him.

"I am Saddam Hussein, president of Iraq," Hussein declared.

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The moment of his capture on Dec. 13, 2003, underscored his monumental ego, rivaled only by his bravado. While he was in power, poets were ordered to write verse comparing Hussein to the Prophet Muhammad and artists were commissioned to paint regal portraits of the dictator that were nearly as common in public spaces as the Iraqi flag.

Hussein is also credited with writing several novels. His first told the story of a beneficent leader who sacrifices luxury for the sake of his people, while his last is the tale of a tribe living along the Euphrates River 1,500 years ago that repels foreign invaders from its land.

While he built garish, opulent palaces for himself and his family throughout the country in the 1980s, he mortgaged his country's wealth in that same decade on the Iran-Iraq war.

During his reign, speaking ill of Hussein or the regime was punishable by death. Baghdad cabdrivers feared him so much that they avoided even driving past the palaces because they didn't want to take any chances of angering Hussein or his associates.

Hussein was married, but he was rumored to have an insatiable desire for virgins, whom his henchmen would kidnap off the street. He was passionate about cigars, and Fidel Castro kept him stocked with Cuba's finest tobacco.

He intimidated his people, but he also feared them. During his last years in power, his public appearances were less frequent and he sometimes dispatched doubles to ceremonial events in places where he thought he could be vulnerable to assassination. He rarely slept in the same location two nights in a row.

Hussein had created a cult of personality based on coercion, but he knew that occasionally he had to show benevolence.

He earned credibility on the Arab street through his support of thousands of displaced Palestinians he invited to live in Iraq. He ordered the building of mosques to curry favor with Islamic clerics. In the weeks before the U.S. invaded Iraq, he issued amnesty to tens of thousands of Iraqis imprisoned for various crimes.

But Hussein's most horrific atrocities were the acts of brutality he meted out against fellow Iraqis. His henchmen amputated the tongues of those who criticized him. He ordered the systematic annihilation of tens of thousands of Kurds, including at least 5,000 in a notorious poison gas attack on the village of Halabja in 1988. Tens of thousands of Shiites were killed by forces loyal to Hussein during the uprisings in southern Iraq following the U.S.-led invasion in 1991.

The crime for which he was executed was the roundup and killings of dozens of Shiites in the village of Dujail in 1982 following a failed assassination attempt on Hussein there.

He and seven other members of the former regime stood trial before the Iraqi High Tribunal on charges of crimes against humanity.

In grim testimony, witnesses of the Dujail massacre recalled how Hussein's cronies, led by his half brother and former head of the secret police Barzan Ibrahim, tortured, imprisoned and humiliated hundreds of men, women and children. In all, 148 people died by execution or while under interrogation during the Dujail incident. Some 700 others were evicted from the village and cast off to live in the desert.

Hussein said in court that the executions were a lawful and necessary response to an assassination attempt on a head of state. Witnesses testified that the roundup was random and some of those taken in for questioning were children.

One of the tactics interrogators used on the Dujail victims was ripping their flesh by running them through a meat grinder, witnesses testified. One female witness described how she was stripped naked and sexually humiliated.

Hussein's confrontation with Iraqi justice marked the last chapter in an unlikely rise and fall.

He was born April 28, 1937, to a poor family in the village of al-Awja, near the city of Tikrit. His father died before he was born, and he was sent to live with his maternal uncle, Khairallah Tulfah, who was a father figure to the dictator and a sort of political mentor. Hussein later married Tulfah's daughter Sajida.

In 1957, he joined the Baath Party. That year Hussein was denied admission to the Baghdad Military Academy, a humiliating blow that was assuaged 19 years later when President Ahmed Hassan al-Bakr promoted him to general.

Two years after joining the Baath Party, he was found complicit in a failed assassination attempt against President Abdul Karim Qasim, and Hussein was forced to flee to Egypt, where he spent the next four years in exile. He narrowly escaped Qasim's men, and he later told King Hussein of Jordan that he considered every day of his life after the incident a gift, according to Andrew and Patrick Cockburn's biography, "Out of the Ashes."

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"I considered myself to die then," Hussein reportedly told the Jordanian king.

He returned to Iraq in 1963 after the country's first Baathist regime took power in a coup. Hussein took charge of organizing the party's security apparatus. In a second coup five years later, a faction inside the party overthrew the regime of President Abdul al-Rahman Aref. Al-Bakr, a relative of Hussein's, became president and chairman of the Revolutionary Command Council.

On July 16, 1979, Hussein forced al-Bakr to retire and was sworn in as Iraq's president.

Soon after he assumed the presidency, Hussein embarked on a purge in which party members were accused of being involved in a Syrian plot to place Iraq under Syrian authority. The purge offered Hussein a chance to remove all potential rivals. Hundreds of top-ranking Baathists and army officers were executed.

During the trial over the Dujail killings, an Iraqi television station repeatedly aired grainy black-and-white footage of an infamous meeting early in Hussein's reign in which dozens of party members were accused of treason.

In the video, Hussein sits calmly smoking a cigar and drinking from a glass of water as the accused are removed from the room one by one for their indiscretions. As their colleagues are being called out, the party members are nervous—some sweating profusely, presumably worried that they could be the next to be removed.

When the purge is completed, the surviving members of the party stand, applaud wildly and praise their new president.

From his ascension to the presidency in 1979, Western governments—including the United States—recognized Hussein as a ruthless strongman, but someone they could do business with.

By late 1983, before U.S. special envoy Donald Rumsfeld made a visit to Baghdad to hold talks with Hussein, the U.S. had intelligence that Hussein had used nerve gas to thwart an Iranian offensive earlier that year.

Hussein would later order the use of chemical weapons on Iraq's Kurdish people as part of the 1987-88 Anfal campaign, in which some 180,000 people were killed. He used poison gas against his own citizens more than a half-century after the civilized world had concluded that chemical weapons were too inhumane to use even against enemies. Hussein was still being tried on genocide and other charges related to Anfal when he was hanged.

During the 1980s, the U.S. government and other Western powers tolerated Hussein because they had a common enemy in the Shiite theocracy that ruled Iran.

Hussein's regime and Iran became increasingly hostile over issues that included control of the Shatt al-Arab waterway and two small islands. In September 1980, Hussein launched an invasion, setting off an eight-year war that left at least 1 million Iraqis and Iranians dead. Through the war, the U.S. supported Iraq by providing satellite intelligence and refusing to sell the Iranian military spare parts for its mostly American-made weaponry.

In August 1990, only two years after the war with Iran ended in a stalemate, Hussein's troops invaded another oil-rich neighbor, Kuwait. That act of aggression exhausted the U.S. government's patience with the Iraqi dictator.

The invasion was ostensibly spurred by the Kuwaiti government calling in loans that Iraq had taken to finance its war against Iran as well as accusations that the Kuwaitis were stealing oil from southern Iraq deposits through a method called slant drilling.

But Hussein might have taken the risk out of desperation—Iraq was ravaged by some $80 billion in debt from its war with Iran. Turning Kuwait into Iraq's 19th province, Hussein gambled, was an opportunity for him to refill his bare coffers.

President George H.W. Bush ordered Hussein to immediately withdraw from Kuwait, but the dictator refused. Soon the U.S. and its allies had about 660,000 troops assembled in the region, one of the largest gatherings of armed forces in history. Hussein exhorted his troops to prepare for victory in "the mother of all battles."

Even after Bush gave Hussein a deadline to pull his forces from Kuwait, the Iraqi leader behaved as if he still had the time and the opportunity to negotiate. U.S. pilots were perplexed to find the capital lit up like an amusement park when they flew in for the initial bombardment.

The air war went on for 37 days, and the ground war that followed lasted only 100 hours. Iraqi military resistance collapsed, but Bush chose not to send troops farther north to Baghdad to topple Hussein. In the years after the war, Bush came under criticism for failing to finish off Hussein—particularly from Shiites in southern Iraq who believed they had the White House's unequivocal support to overthrow him.

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A week before the ground war began, Bush had called on "the Iraqi military and the Iraqi people to take matters into their own hands and force Saddam Hussein, the dictator, to step aside." Shiite leaders latched on to the statement as affirmation that the American military would come to their aid if they attempted to oust Hussein.

A Shiite uprising ignited in southern Iraq, but troops loyal to Hussein squashed the intifada in a bloody assault that left tens of thousands dead. U.S. troops never intervened.

Bush and his advisers feared the U.S. would lose its coalition if it moved beyond the stated aim of the war, which was accomplished by flushing Iraqi troops out of Kuwait. There was also a hesitance to risk more U.S. lives in an assault on Baghdad.

Many Iraqis, particularly Shiites, concluded that White House officials had determined they would rather have the secular Sunni Hussein in power than an unknown Shiite.

From 1991 to the end of Hussein's regime in April 2003, Iraq lived under paralyzing United Nations sanctions that turned the oil-rich country into a Middle East backwater. Iraq, which in the 1990s still had stockpiles of chemical weapons, biological weapons and long-range missiles, was forced to submit to UN monitoring to ensure that it was complying with a mandate to rid itself of weapons of mass destruction.

The U.S. created no-fly zones in northern and southern Iraq, establishing areas in which Iraqi aircraft were forbidden to fly. Oil sales were to be tightly controlled through a program monitored by the United Nations.

The UN oil-for-food program, however, was undermined by corruption, allowing Hussein and his cronies to siphon off billions of dollars through oil smuggling and kickbacks from those selling goods to Iraq and buying oil from the country.

Meanwhile, his people slid into deep poverty. UNICEF said the first eight years of sanctions may have been responsible for 500,000 deaths of children under 5.

During President Bill Clinton's eight years in office, the U.S. military launched several air strikes against locations that were suspected of being used by Hussein to build arms. And in 1998, Clinton articulated for the first time that regime change was the cornerstone of U.S. policy regarding Iraq.

But it wasn't until the Sept. 11, 2001, attacks that the U.S. truly focused on ousting Hussein. Soon after the planes crashed into the World Trade Center, the Pentagon and a field in Pennsylvania, President George W. Bush and his administration suspected Hussein might have had a hand in the incident.

But the attacks proved to be the work of Al Qaeda leader Osama bin Laden, and the U.S. went to war to topple the Taliban government in Afghanistan that had long given bin Laden and his fighters refuge.

After the Taliban was ousted, the U.S. turned its focus on Hussein and Iraq. Bush insisted that Hussein had weapons of mass destruction, including active programs to build chemical, biological and nuclear weapons.

In his State of the Union address in January 2003, less than two months before the start of the war, Bush cited evidence that Iraq had attempted to buy weapons-grade uranium in Africa, underscoring the need to take swift action against Hussein.

The allegation later proved to be unfounded.

With Afghanistan, Bush had international support to go to war, but many in the international community found Bush's case for invading Iraq to be flimsy. Some critics of the war thought his motivation was personal: In 1993, Hussein had allegedly ordered an assassination attempt on Bush's father as he visited Kuwait. The plot was botched, but the younger Bush didn't forget. "After all," the U.S. president said in 2002, "this is the guy who tried to kill my dad."

Without UN backing and with a relatively small band of allies, the U.S. began the air assault on Baghdad on March 20, 2003, with targeted strikes on sites where they believed Hussein might have been hiding out. On April 9, a crowd of Iraqis gathered in Firdos Square in Baghdad surrounding a famous statue of Hussein. With help from Marines, the statue was brought down. The moment marked the symbolic end of Hussein's regime.

For more than eight months, Hussein remained on the lam, taking refuge in the small villages of his tribes surrounding the northern city of Tikrit. On Dec. 13, 2003, U.S. Army soldiers caught him in the village of Ad Dawr, crouched in a hole dug in the floor of a mud hut where he hid with a pistol and several hundred thousand dollars in cash.

The once-feared dictator gave up without a fight.

While he hadn't left as long a trail of dead as Adolf Hitler or Pol Pot's Khmer Rouge in Cambodia, Hussein and his cohorts represented one of the most diabolical regimes in modern history.

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The fear he inspired was palpable through his reign. And his cruelty served as an example to his sons Udai and Qusai.

Udai once bludgeoned to death one of his father's valets in front of a crowd at a party. Qusai would order his guards to grab women off the street whom he would rape, and he oversaw the tortures and mass executions of hundreds of Shiites.

Hussein's sons were killed in a shootout with U.S. forces in July 2003, months after the fall of his regime. He is survived by his daughters, Rana, Raghad and Hala, who along with Udai and Qusai were children of his first wife, Sajida Tulfah. She fled from Iraq in 2003, and her whereabouts are unknown. He was also married to Samira Shahbandar, with whom he had a third son, Ali. The two are thought to be living in Lebanon. He also reportedly took a third wife, Nidal al-Hamdani, whose whereabouts are also unknown.

Even with his family, Hussein could be merciless.

In August 1995, Rana and Raghad fled with their children and husbands—the brothers Hussein and Saddam Kamel al-Majid—to Jordan, an embarrassment to the strongman. After they fled, Hussein asked his children to return with their families to Iraq and promised that he would take no retaliation against them if they came back.

Several months after defecting, they agreed to return to Baghdad. Soon after they crossed into Iraqi territory from Jordan, the al-Majid brothers were attacked and killed.

Even among modern despots, Hussein's thirst for vengeance was unparalleled. Always suspicious, Hussein tended to keep what he was thinking close to his chest.

Soon after he was installed as president, Hussein explained that he saw his survival as a political leader as a shrewd game of staying ahead of his opponents by remaining feared and unpredictable.

"What is politics?" Hussein asked rhetorically. "Politics is when you say you are going to do one thing while intending to do another. Then you do neither what you said or what you intended."

Ruthless Ex-dictator Forced The World To Reckon With Him (BOS)

By Charles A. Radin

The Boston Globe, December 30, 2006

BAGHDAD -- For more than a quarter of a century, Saddam Hussein was one of the most despised and admired, hated and loved, feared and respected men in the Arab world.

Ruthless in domestic affairs, reckless internationally, and flamboyant always, Hussein ruled Iraq with an iron fist from 1979 until he was deposed by US forces in 2003. He was responsible for at least three major wars and for hundreds of thousands of deaths -- on battlefields, in torture chambers, and in countless villages of the Iraqi countryside.

He also was responsible for building innumerable schools and hospitals -- many of which he named after himself -- and for bringing his country the longest period of stability in its modern history.

But in the end, his brutal past caught up with him. US forces captured him hiding in a dirt hole in December 2003, and Hussein was tried before an Iraqi court whose authority he refused to recognize. The court sentenced him to death in November for his role in the 1982 slayings of 148 Shi'ite Muslims from a town where assassins had tried to kill him.

Hussein was hanged shortly before 6 a.m. today in Baghdad, Iraqi and American officials said.

Like Egypt's Anwar Sadat , Libya's Moammar Khadafy , and Syria's Hafez al Assad , Hussein faced turbulent times, including pan-Arab nationalism, the rise of Israel, the Cold War, and globalization. More than any of them, he came to epitomize and speak for the anger and resentment felt by the Arab masses.

"He was a leader to be reckoned with," said Hermann Eilts , a longtime US diplomat in the Middle East who was ambassador to Saudi Arabia and Egypt and who served in both Iraq and Iran. "Whether the rest of the world liked it or not, it had to recognize and react to him."

Hussein was born into a peasant family in the tiny village of Auja , northwest of Baghdad near Tikrit. Historians differ over whether his father died just before or just after the birth, but agree that a maternal uncle, Kayrallah Talfah , was his primary boyhood influence. Starting at age 10, Hussein lived for a time in Talfah's house in Baghdad; at age 26, he married Talfah's daughter, Sajida .

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Talfah, a military officer driven out of the army and imprisoned by the British for participating in an abortive 1941 coup, taught the young Hussein about the enemies on whom he would build his career -- the West, the Iranians, and the Jews.

Hussein attended grade school armed with a pistol, joined the Ba'ath Party in high school, and, at age 22, engaged in his first known act of political violence -- an attempt to assassinate Iraq's military ruler, General Abdel Karim Qassem .

The assassins failed, but the adventure became a major chapter of Hussein's personal legend. He was wounded, arrested, escaped jail, and cut the bullet from his leg himself while fleeing on donkey-back to Syria. From Damascus, he went to Cairo at the invitation of President Gamal Abdel Nasser , the leading Arab nationalist of the day. There, he studied law.

Returning to Baghdad in 1963, he was arrested again after the Ba'athists seized control of the government and then lost it because of infighting and poor organization. He escaped again, and went underground.

Hussein developed a reputation as a talented revolutionary and became an organizer of the party police. When the Ba'ath Party retook the government in 1968, Hussein was number two in the formal power structure, with oversight of security. By some accounts, he already was in charge of the government, whose titular head was General Ahmed Hassan Bakr . By all accounts he was in control a few years later, but he waited until 1979 to move Bakr aside publicly and take the presidency for himself.

By then, he already had positioned Iraq, and himself, for leadership of the Arab world. The country was flush with oil profits after the Organization of Petroleum Exporting Countries asserted authority over the world's oil market in the 1970s.

The decision to go to war with neighboring Iran in 1980 was a classic Hussein move: In one swoop, the conflict occupied the restive army with external concerns, provided a vehicle for purging the upper ranks of the command hierarchy, and threw Iran's triumphant Islamist revolution onto the defensive.

But if the political tactics were brilliant, the military strategy was a disaster. The Iranians bent, but they did not break. Eventually, they counter attacked, and without the assistance Hussein received from the United States, enraged by the siege of the American Embassy in Tehran and fearful of the Islamic revolution, his regime might have been defeated.

As happened often in a long career of over reaching, Hussein was able to maneuver, recoup, and emerge with a draw. By the time the war ended, in 1988 , about 1.3 million Iraqis and Iranians were dead, millions more were wounded or impoverished , and Hussein was a hero to millions of Arabs angered and frustrated by the failure of Nasser and his inheritors to create a powerful, unified Arab nation.

Internally, Hussein approached the status of a god. His picture was in every public place, in every classroom, on every street, on every piece of currency. He had a costume and an incarnation for every imagination: Sometimes he was a military commander, sometimes a grandfather, and sometimes a sheik in flowing robes. He no longer referred to his birthplace as the poor village of Auja; he was now from Tikrit, birthplace of the great Arab conqueror Saladin.

But as the war ground to a halt, a much-weakened Hussein also was challenged both by internal rebellion and by discontent within his battered armed forces. His solution was to keep the military busy with repression of domestic opponents, particularly the Kurds of northern Iraq, against whom he dispatched his still-potent air force and deadly chemical weapons. The genocidal Anfal campaign killed an estimated 100,000 men, women, and children and wiped out as many as 2,000 Kurdish villages -- and formed the basis of one of the charges against him at his trial after his fall from power.

In August 1990, Hussein ordered Iraqi forces into the small, oil-rich sheikdom of Kuwait, which had backed Iran in the previous conflict and with which Iraq had long-standing disputes over oil and borders. The conquest was swift, but by January 1991 the United States amassed a huge international coalition and brought hundreds of thousands of troops to the Gulf region to liberate Kuwait.

In a ploy to break up the coalition and fragment Arab support for the United States, Hussein launched missiles against Israel and Saudi Arabia, a gambit that failed when allied forces were able to defeat Iraq's forces swifty.

With the Iraqi military fleeing Kuwait in disarray and rebellions against Hussein breaking out throughout the country, President George H. W. Bush declared victory and stopped the fighting. Hussein, Western analysts thought, finally was finished. They were wrong.

Hussein again regained his footing. While the coalition stood by, he crushed Kurdish rebels in the north and Shi'ite rebels in the south who had risen against him at Bush's urging. The perceived betrayal of Hussein foes by the first President Bush remains deeply ingrained in Iraqi political memory today.

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Realizing that the Hussein era was far from over, coalition forces established "no-fly" zones in which US and British aircraft prevented Iraqi Air Force operations in northern and southern Iraq, thus saving the anti-Hussein communities from annihilation. The coalition then attempted to bring Hussein to heel with a combination of tough enforcement of UN economic sanctions and inspections of military facilities where he was suspected of developing and storing weapons of mass destruction.

The no-fly zones stopped the slaughter, but nothing, it seemed, could stop Hussein. The UN oil-for-food program and other aspects of the sanctions regimen led to widespread suffering by the Iraqi people, but did not affect Hussein and his core supporters, who gained ever-more-absolute power over peoples' economic lives.

Two of Hussein's sons-in-law defected, with his daughters, to Jordan. Hussein sent his wife to assure them all would be forgiven if they returned to Iraq. They did, in 1996, and the sons-in-law were killed.

By the time the US-led coalition invaded in March 2003, Hussein was viewed by Iraqis as personally invincible. But his power quickly crumbled when US tanks swept into Baghdad, and he fled in early April 2003. He was captured in December 2003 by US soldiers who found him hiding, with a pistol, in a hole near Tikrit. The man who had vowed to go down fighting gave up without firing a shot.

His televised trial for the killings in Dujail was watched throughout Iraq and the Middle East as much for theater as for substance. Hussein, defiant to the end and insisting he still was Iraq's president, was ejected from the courtroom repeatedly for political harangues.

Saddam Is The King Of Swing (NYPOST)

By Niles Lathem, Hasani Gittens

The New York Post, December 30, 2006

December 30, 2006 -- The Butcher of Baghdad is no more.

Former Iraqi dictator Saddam Hussein - clutching a Koran as he was led to the gallows - was hanged today in the city he ruled with an iron fist for decades at 6 a.m. Baghdad time, officials said.

His death was greeted with elation by those present at the execution, which included dancing over Hussein's body, witnesses said.

A handcuffed Hussein was clad completely in black, with a jacket, trousers, hat and shoes - not the orange prison garb he was expected to wear.

Shortly before the execution, Hussein's hat was removed and he was asked if he wanted to say something, said Sami al-Askari, the political adviser of Prime Minister Nouri al-Maliki.

" 'No I don't want to,' " al-Askari, who was present at the execution, quoted the ousted despot as telling him.

He then repeated a prayer told to him by a Sunni Muslim cleric.

"Saddam later was taken to the gallows and refused to have his head covered with a hood," al-Askari said. "Before the rope was put around his neck, Saddam shouted: 'God is great. The nation will be victorious and Palestine is Arab.' "

The predawn hanging was necessary because Iraqi law prohibits executions on holy days. The Muslim holiday Eid al-Adha, the Festival of Sacrifice, began at sunrise.

In November, Hussein, 69, was convicted of crimes against humanity after ordering the murders of 148 Shiite villagers from Dujail after a failed assassination bid in 1982.

Saddam's two co-defendants, his half-brother Barzan al-Tikriti and former Iraqi chief judge Awad Hamed al-Bandar of the Revolutionary Court, will be hanged at a later time, officials said.

Iraq's Prime Minister Nuri al- Maliki urged Saddam Hussein's fellow Sunni Baathists today to reconsider their tactics and join the political process.

"I urged followers of the ousted regime to reconsider their stance as the door is still open to anyone who has no innocent blood on his hands, to help in rebuilding an Iraq for all Iraqis," Maliki said in a statement issued hours after Saddam was executed.

Meanwhile, jubilant Shiites - oppressed under Saddam - danced in the streets of their holy city of Najaf while cars blared their horns in procession through Baghdad's Shiite-ruled Sadr City.

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The execution took place at a specially built gallows close to Camp Cropper, near Baghdad International Airport, where the former dictator was being held. It was reportedly overseen by at least seven witnesses, including the Iraqi National Security Advisor Mowaffeq al-Rubaie, Justice Minster Hashim al-Shilbli, the judge who presided over his trial, and a Sunni Muslim cleric.

Al-Rubaie told Iraqiya that Hussein appeared to be a "broken man" before he mounted the scaffold.

He said Hussein "totally surrendered" and did not resist.

When he stood in the execution room, photographs and video footage were taken, al-Rubaie said.

"He did not ask for anything. He was carrying a Koran and said: 'I want this Koran to be given to this person,' a man he called Bander," he said.

Al-Rubaie also said he did not know who Bander was.

"Saddam was treated with respect when he was alive and after his death," al-Rubaie said. "Saddam's execution was 100 percent Iraqi and the American side did not interfere."

"Saddam was taken by force to the gallows but he was composed when taken to execution," said al-Askari.

Then, "we heard his neck snap," said al-Askari at the exact moment of Saddam's death.

The officials said the government had not yet decided what to do with Saddam's body.

The Iraqiya television station aired national songs after the first announcement of Hussein's death and had a tag on the screen that read, "Saddam's execution marks the end of a dark period of Iraq's history."

In a farewell message to Iraqis posted Wednesday on the Internet, Saddam said he was giving his life for his country as part of the struggle against the U.S.

"Here, I offer my soul to God as a sacrifice, and if he wants, he will send it to heaven with the martyrs," he said.

Even as the brutal strongman's final moments ticked away, there was a torrent of activity in Baghdad and Washington in the hours proceeding Saddam's death:

* Hussein gave his will and personal belonging to two of his half-brothers in a final jailhouse meeting, one of his lawyers said.

* Hussein's daughter and a member of his defense team also asked for a chance to say goodbye but were denied.

"His daughter in Amman was crying, she said, 'Take me with you,' " lawyer Najeeb al-Nueimi said.

She later asked that "his body be buried in Yemen temporarily until Iraq is liberated and it can be reburied in Iraq," a source close to the family said.

* U.S. and Iraqi officials agreed during a meeting yesterday on an execution time after daylong speculation that it would be put off for religious or other reasons.

* U.S. and Iraqi forces were put on high alert and braced for violent reactions to the execution.

"We will put all our forces on the streets so that no lives are jeopardized," said Iraqi Brig. Gen. Abdel Karim Khalaf.

* The State Department cabled all U.S. embassies to warn them to be prepared for terrorist attacks. Although as of late last night there was little violence - just rejoicing.

* Defense lawyers filed papers at a federal appeals court in Washington seeking an emergency restraining order to block the execution.

* Nevertheless, Munir Haddad, a judge on the appeals court that upheld the death sentence, said all documents required for the execution were ready.

That includes the infamous "red card" - an order of condemnation that was created during Hussein's regime and was to be given to a death row inmate on his final day.

Hussein had been in U.S. custody since he was found in late 2003 hiding in a "spider hole" near Tikrit.

Nueimi said the U.S. wanted to prevent Hussein from being humiliated before his execution and want to prevent the mutilation of his corpse, as has happened to other deposed Iraqi leaders.

If Hussein is humiliated publicly or his corpse ill-treated "that could cause an uprising, and the Americans would be blamed," he said.

The identity of Hussein's hangman, who was be hooded, was a closely guarded secret.

A doctor was also present to certify Saddam's death.

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A photograph of Hussein's body is expected to be released later today to prevent rumors that he is still alive.

The death of Hussein, a Sunni, was greeted with rejoicing by Iraq's Shiite majority.

It is "God's gift to Iraqis," Sheik Sadralddin al-Qubanji said in his sermon yesterday in Najaf.

"Oh, God, you know what Saddam has done! He killed millions of Iraqis in prisons, in wars with neighboring countries, and he is responsible for mass graves."

But Hussein's death sentence has drawn condemnation from a wide range of critics, on political and moral grounds.

International human rights groups criticized the year-long trial, during which three defense lawyers were killed and a chief judge resigned complaining of political interference.

"The test of a government's commitment to human rights is measured by the way it treats its worst offenders," said Richard Dicker, Director of Human Rights Watch. "History will judge the deeply flawed Dujail trial and this execution harshly."

The United Nations and many of Washington's Western allies had called on Bush and Maliki not to go ahead with the execution.

Arc Of Power Ends In Utter Ignominy (WP)

By Joshua Partlow

The Washington Post, December 30, 2006

Saddam Hussein, an autocratic Arab nationalist who ruled Iraq for 24 years, led his nation into repeated wars with its neighbors and was overthrown by a U.S.-led invasion, was hanged early today Baghdad time. He was 69.

Hussein took power as a brutal young modernizer who harnessed his nation's vast oil wealth to build roads and bridges, hospitals and schools, and was a hero to millions in the Middle East who saw him as a force for Arab resurgence. But in his latter years he squandered his legacy into one of near-constant wars.

He cultivated a climate of fear in Iraq, a place where political dissent was a capital offense. To many Iraqis, he was defined by his willful defiance -- a man whose first name could be translated as "he who confronts."

An Arab from his country's Sunni Muslim minority, Hussein had long repressed the majority Shiite Muslims and the Kurds of northern Iraq, and he remained reviled by both. In his final months, as the grim daily killings by roving militias and insurgents went on, some Sunnis vowed revenge on his behalf and many in Iraq expressed a yearning for the order and relative safety imposed by his firm hand.

After he was captured by U.S. troops three years ago, dirty and disheveled, in a hole not far from the village of his youth, Hussein mocked the tribunal set up to try him and declared himself Iraq's rightful ruler.

"I am still the president of the state," he told the judge in his first formal testimony in the year-long trial. "I am president."

To the U.S. government, Hussein was at one time an ally and bulwark in the Middle East against an Islamic government in neighboring Iran. He benefited from American weapons and funding in the 1980s before becoming a U.S. nemesis when he invaded Kuwait in 1990.

At his trial, Hussein described the Americans as "criminals" who came to Iraq "under the pretext of weapons of mass destruction and the pretext of democracy."

During Hussein's years in power, he strove to harness his country's bountiful supply of oil to build Iraq into a major power in the Middle East and reclaim the glory of past Arab civilizations. Throughout that time, he was ruthless in eliminating the political enemies of his Baath Socialist Party -- by execution, imprisonment or forced exile -- and increasingly paranoid about possible rivals or traitors.

"In the permanently beleaguered mind of Saddam, politics is a ceaseless struggle for survival," Efraim Karsh and Inari Rautsi wrote in their 1991 book, "Saddam Hussein, a Political Biography." "The ultimate goal of staying alive, and in power, justifies all means."

While Hussein was being held prisoner by the Americans, Adnan Pachachi, a Sunni legislator and onetime foreign minister whom Hussein had sent into exile, asked him why he had invaded neighboring Kuwait. It was a decision widely seen as a reckless miscalculation that sparked the Persian Gulf War, but Hussein portrayed it as a bid to reclaim part of his rightful domain and tap a source of funds to pay down the debts left by earlier wars.

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"When I get something in my head, I act," Hussein told Pachachi, according to "My Year in Iraq," a memoir by L. Paul Bremer, who ran the U.S.-led occupation government for 14 months. "That's just the way I am."Formative Years

Saddam Hussein al-Tikriti was born on April 28, 1937, in the village of Auja, a cluster of mud-brick huts outside Tikrit, north of Baghdad. His father, Hussein Majid, was a peasant who disappeared before his son was born. His mother, who remarried, entrusted Hussein to the care of an uncle, Khayrallah Tulfah, an army officer and opponent of the British-backed monarchy then ruling Iraq.

Hussein started elementary school when he was about 10. At 18, he moved to Baghdad with Tulfah and enrolled at the Karkh high school. Soon after, he joined the Baath (or Renaissance) Party, the Arab nationalist movement founded by a Syrian Christian in the 1940s. Its members were angered by what they saw as the subservience of Arab peoples under European colonialism, and they yearned to create a single socialist Arab state.

Hussein carved a niche for himself as a party strongman, and in 1959, at age 22, he participated in an attempt to assassinate Gen. Abdul Karim Qassem, the Iraqi ruler who had overthrown the monarchy with other military officers the year before.

The Baathist account of this coup attempt would later play up Hussein's role; according to one tale taught in Iraqi schools, he carved a bullet out of his own leg after being wounded. He then retreated to Syria and Egypt, returning to Iraq in 1963. While still in exile in Egypt, Hussein married a cousin, Sajida Khayrallah Tulfah, the daughter of his uncle. They had two sons -- Uday and Qusay, who were killed in a shootout with U.S. troops in July 2003 -- and three daughters, Rana, Raghad and Hala.

The Baath Party seized power in Iraq in 1968, under the leadership of Hussein's relative, Gen. Ahmed Hassan Bakr. Hussein used such family connections to help maneuver himself into position as the ruling government's No. 2 man, in charge of intelligence and security services.

Over time he developed a reputation as a man willing to go to brutal lengths to silence opposition and repress the Shiites and Kurds, as well as those within his own party he considered a threat. Charismatic and intimidating, he was known as "the deputy" but served in the role of a prime minister.

In 1975, a time when his associates said he had mellowed into middle age, Hussein struck Washington Post reporter Jim Hoagland as a man who "still moves with the tightly coiled violence and fluid grace of Vince Lombardi's best linebackers at Green Bay. Wariness flickers in his dark, expressive eyes throughout a meeting with a visitor."Reins of Power

Hussein's formal ascension to absolute rule occurred in 1979, when he pushed Bakr aside and simultaneously assumed the titles of president, prime minister, chairman of the Revolutionary Command Council, secretary general of the Baath Party's regional command and commander in chief of the armed forces.

"And he was only 42 years old," Karsh and Rautsi wrote. "Here was a man in his prime, full of ambitious plans and, above all, grim determination to keep his hold on the levers of power at all costs."

To solidify his position, Hussein presided over a firing squad that killed more than 20 officials for alleged disloyalty. Many of those executed were Hussein's close associates.

Hussein's rule brought a series of wars to Iraq, but also a period of relative internal stability, free from the frequent military coups that had characterized earlier decades. He created a secular Middle Eastern state known for its vibrant university and public health systems and relatively open to Western values, compared with countries in the region governed by strict religious codes. He also built roads and bridges, launched literacy campaigns and provided free hospital care for Iraqis.

To cultivate his image, Hussein lavished oil money on opulent palaces, sprawling monuments, statues and portraits. One painting depicted him wearing a business suit and smoking a cigar. Others showed him as a military commander in fatigues and a beret, as a devout Muslim praying in a mosque, or as an interlocutor of Nebuchadnezzar, king of ancient Babylonia, whom Hussein claimed as an ancestor.

In 1980, Hussein tried to take advantage of instability in neighboring Iran, where Ayatollah Khomeini's Islamic revolution had recently ousted the shah, by bombing Iranian airfields and sending his troops over the border. The eight-year Iran-Iraq war that ensued cost hundreds of thousands of lives on each side and left Iraq staggering under a debt estimated at $75 billion. It was in this war that Hussein first used the chemical weapons he would later turn on his own people in Kurdistan.

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Over the course of the war, the U.S. government under presidents Ronald Reagan and later George H.W. Bush sought to weaken Iraq's bonds with its rival, the Soviet Union, as well as to prevent Iran from expanding its power in the region. It provided Iraq with hundreds of millions of dollars in subsidies, along with weapons and military intelligence.

Near the end of the war, Hussein inaugurated another bloody campaign, this time against the Kurds in northern Iraq, who were aligned with Iran. During the 1987-88 Anfal campaign, a systematic effort to destroy rural Kurdish life, the Iraqi military dropped poison gas on villages, bulldozed homes and killed, tortured and displaced hundreds of thousands of people. The Kurdish government estimated that 182,000 people died in the campaign.

To carry out these exploits, Hussein built an army, including the elite Republican Guard, that became one of the world's largest.War and Retribution

After the financial and military strain of the Iran-Iraq war, Hussein decided to invade oil-rich Kuwait in August 1990. The invasion was immediately condemned by the United Nations, and in January 1991 a coalition led by the United States attacked Iraq. The coalition quickly liberated Kuwait and defeated Iraq but stopped short of removing Hussein from power.

Shiites and Kurds rebelled after the Gulf War in an attempt to overthrow Hussein. But in the absence of U.S. military support, they were brutally crushed. His forces killed thousands of Shiites in southern Iraq and forced waves of Kurds to flee north into the mountains of Turkey, where many died of exposure.

"Saddam's retribution was swift and terrible," former ambassador Peter W. Galbraith wrote. "Republican Guard tanks blasted apart ancient city centers. Shiite shrines became battlegrounds and then slaughterhouses as rebels, clerics, and unlucky civilians were massacred. The Republican Guard attached nooses to the gun barrels of their tanks, hanging Shiite men -- several at a time -- by elevating the gun."

Iraq entered a period of more than a decade of U.N. sanctions that restricted imports of sensitive materials and further impoverished the Iraqi people. The country's economy worsened, and shortages of food and medicine reportedly caused widespread suffering and malnutrition.

In the 1990s, U.S. and British aircraft enforced no-fly zones in northern and southern Iraq and bombed military targets in repeated attempts to destroy Hussein's weapons arsenal.Endgame

After the terrorist attacks of Sept. 11, 2001, the United States moved again to attack Iraq, this time citing Hussein's arsenal of weapons of mass destruction, which U.S.-led forces failed to find after they invaded in March 2003.

The first salvo of the second Iraq war aimed straight at Hussein. Aircraft dropped cruise missiles and powerful bombs onto a group of houses in southern Baghdad where intelligence reports had suggested he was hiding. He survived that attack and eluded a massive manhunt for 38 weeks, until U.S. troops found him Dec. 13 in a cramped burrow on a farm near Dawr, a hamlet not far from his birthplace.

"I am Saddam Hussein, president of Iraq," he said in English upon emerging, according to Bremer's account. "I want to negotiate."

Hussein went on temporary hunger strikes while in custody and remained defiant during his first trial, on charges of crimes against humanity for orchestrating the killings of 148 Shiite Muslim men and boys in an Iraqi village in the 1980s.

On the day he was convicted and sentenced to death, Hussein wrote a letter to the Iraqi people, according to his attorneys.

In the document, he asked Iraqis not to hate the foreign peoples who had invaded their country, just their leaders, because hatred "will blind your vision and close all doors of thinking."

"I say goodbye to you, but I will be with the merciful God who helps those who take refuge in Him, and God won't disappoint any honest believer," the letter said.

Hussein was hanged early today Baghdad time, the start of the Muslim festival of Eid al-Adha, while his country remained at war.

Defiant Despot Who Oppressed Iraq For More Than 30 Years (NYT)

By Neil Macfarquhar

The New York Times, December 30, 2006

DOJ_NMG_0111630

The hanging of Saddam Hussein ended the life of one of the most brutal tyrants in recent history and negated the fiction that he himself maintained even as the gallows loomed — that he remained president of Iraq despite being toppled by the United States military and that his power and his palaces would be restored to him in time.

The despot, known as Saddam, had oppressed Iraq for more than 30 years, unleashing devastating regional wars and reducing his once promising, oil-rich nation to a claustrophobic police state.

For decades, it had seemed that his unflinching hold on Iraq would endure, particularly after he lasted through disastrous military adventures against first Iran and then Kuwait, where an American-led coalition routed his unexpectedly timid military in 1991.

His own conviction that he was destined by God to rule Iraq forever was such that he refused to accept that he would be overthrown in April 2003, even as American tanks penetrated the Iraqi capital, Baghdad, in a war that has become a bitterly contentious, bloody occupation.

After eluding capture for eight months, Mr. Hussein became the American military's High Value Detainee No. 1. But he heaped scorn on the Iraqi judge who referred to him as the "former" president after asking him to identify himself on the first day of his trial for crimes against humanity, which ultimately lead to his execution.

"I didn't say 'former president,' I said 'president,' and I have rights according to the Constitution, among them immunity from prosecution," he growled from the docket. The outburst underscored the boundless egotism and self-delusion of a man who fostered such a fierce personality cult during the decades that he ran the Middle Eastern nation that joking about him or criticizing him in public could bring a death sentence.

If a man's life can be boiled down to one physical mark, Mr. Hussein's right wrist was tattooed with a line of three dark blue dots, commonly given to children in rural, tribal areas. Some urbanized Iraqis removed or at least bleached theirs, but Mr. Hussein's former confidants told The Atlantic Monthly that he never disguised his.

Ultimately, underneath all the socialist oratory, underneath the Koranic references, the tailored suits and the invocations of Iraq's glorious history, Mr. Hussein held onto the ethos of a village peasant who believed that the strongman was everything. He was trying to be a tribal leader on a grand scale. His rule was paramount, and sustaining it was his main goal behind all the talk of developing Iraq by harnessing its considerable wealth and manpower.

Mosques, airports, neighborhoods and entire cities were named after him. A military arch erected in Baghdad in 1989 was modeled on his forearms and then enlarged 40 times to hold two giant crossed swords. In school, pupils learned songs with lyrics like "Saddam, oh Saddam, you carry the nation's dawn in your eyes."

The entertainment at public events often consisted of outpourings of praise for Mr. Hussein. At the January 2003 inauguration of a recreational lake in Baghdad, poets spouted spontaneous verse and the official translators struggled to keep up with lines like, "We will stimulate ourselves by saying your name, Saddam Hussein, when we say Saddam Hussein, we stimulate ourselves."

While Mr. Hussein was in power, his statue guarded the entrance to every village, his portrait watched over each government office and he peered down from at least one wall in every home. His picture was so widespread that a joke quietly circulating among his detractors in 1988 put the country's population at 34 million — 17 million people and 17 million portraits of Saddam.

Battles and Bloodshed

Throughout his rule, he unsettled the ranks of the Baath Party with bloody purges and packed his jails with political prisoners to defuse real or imagined plots. In one of his most brutal acts, he rained poison gas on the northern Kurdish village of Halabja in 1988, killing an estimated 5,000 of his own citizens suspected of being disloyal and wounding 10,000 more.

Even at the end, he showed no remorse. When four Iraqi politicians visited him after his capture in December 2003, they asked about his more brutal acts. He called the Halabja attack Iran's handiwork; he said that Kuwait was rightfully part of Iraq and that the mass graves were filled with thieves who fled the battlefields, according to Adnan Pachachi, a former Iraqi foreign minister. Mr. Hussein declared that he had been "just but firm" because Iraqis needed a tough ruler, Mr. Pachachi said.

It was a favorite theme, one even espoused in a novel attributed to Mr. Hussein called "Zabibah and the King."

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At one point, the king asks the comely Zabibah whether the people needed strict measures from their leader. "Yes, Your Majesty," Zabibah replies. "The people need strict measures so that they can feel protected by this strictness."

Aside from his secret police, he held power by filling the government's upper ranks with members of his extended clan. Their Corleone-like feuds became the stuff of gory public soap operas. Mr. Hussein once sentenced his elder son, Uday, to be executed after he beat Mr. Hussein's food taster to death in front of scores of horrified party guests, but later rescinded the order. The husbands of his two eldest daughters, whom he had promoted to important military positions, were gunned down after they defected and then inexplicably returned to Iraq.

Continual wars sapped Iraq's wealth and decimated its people. In 1980, Mr. Hussein dragged his country into a disastrous attempt to overthrow the new Islamic government in neighboring Iran. By the time the war ended in stalemate in 1988, more than 200,000 Iraqis were dead and hundreds of thousands more wounded. Iran suffered a similar toll. Iraq's staggering war debt, pegged around $70 billion, soon had wealthy Arab neighbors demanding repayment. Enraged, he invaded Kuwait in August 1990, only to be expelled by an American-led coalition in the Persian Gulf war seven months later.

Yet in the language of his Orwellian government, Mr. Hussein never suffered a setback. After the gulf war ended with the deaths of an estimated 150,000 Iraqis, he called "the Mother of All Battles" his biggest victory and maintained that Iraq had actually repulsed an American attack.

"Iraq has punched a hole in the myth of American superiority and rubbed the nose of the United States in the dust," Mr. Hussein said.

His defeat in Kuwait, followed by more than a decade of tense confrontations with the West over his suspected weapons programs, ultimately led to his overthrow. The extended bloodbath that followed the invasion, with the monthly death toll of Iraqi civilians estimated roughly at 3,000 by the end of 2006, made some nostalgic for even the oppressive days of Mr. Hussein, when public security was not an issue. His repressive ways were credited with keeping the fractious population of 26 million — including 20 percent Sunni Muslims, who dominated; 55 percent Shiite Muslims; 20 percent Kurds plus several tiny minorities including Christians — from shattering along ethnic lines.

The Pathway to Politics

Saddam Hussein was born on April 28, 1937, in a mud hut on stilts near the banks of the Tigris River near the village of Tikrit, 100 miles northwest of Baghdad. He was raised by a clan of landless peasants, his father apparently deserting his mother before his birth. (Government accounts said the father died.)

"His birth was not a joyful occasion, and no roses or aromatic plants bedecked his cradle," his official biographer, Amir Iskander, wrote in "Saddam Hussein, the Fighter, the Thinker and the Man," published in 1981.

Mr. Hussein told his biographer that he did not miss his father growing up in an extended clan. But persistent stories suggest that Mr. Hussein's stepfather delighted in humiliating the boy and forced him to tend sheep. Eventually, he ran away to live with relatives who would let him go to school.

Mr. Hussein's first role in the rough world of Iraqi politics came in 1959, at age 22, when the Baath Party assigned him and nine others to assassinate Abdul Karim Kassem, the despotic general ruling Iraq. Violence was a quick way for a young man who grew up fatherless in an impoverished village to get ahead; bloodshed became the major theme of his life.

During the failed assassination, Mr. Hussein suffered a bullet wound to the leg. The official version portrayed him as a hero who dug the bullet out with a penknife, while the other version suggests that the plot failed because he opened fire prematurely.

He sought asylum in Egypt, where President Gamal Abdel Nasser nurtured the region's revolutionary movements. Soon after returning to Iraq, Mr. Hussein married his first cousin and the daughter of his political mentor, Sajida Khairallah Tulfah, on May 5, 1963. The couple had two sons, Uday and Qusay, and three daughters, Raghad, Rana and Hala. He had mistresses, including prominent Iraqi women, but never flaunted them.

His wife, three daughters and roughly a dozen grandchildren survive him. Uday and Qusay, along with Qusay's teenage son, Mustapha, died in July 2003 during a gun battle with American forces in a villa in the northern city of Mosul. Denounced by an informant, they had been the two most wanted men in Iraq after their father.

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The first years of Saddam Hussein's marriage coincided with political tumult in Iraq, with at least six coups or attempted revolts erupting between the assassination of King Faisal II in 1958 and the July 1968 putsch that brought the Baath Party to power.

Mr. Hussein's main role while still in his early 30s was organizing the party's militia, the seed of the dreaded security apparatus. By November 1969, he had eliminated rivals and dissidents to the extent that President Ahmed Hassan al-Bakr appointed him vice president and deputy chairman of the Revolutionary Command Council, as the cabinet was known. Mr. Hussein remained head of the intelligence and internal security agencies, in effect controlling Iraq.

The Arab Baath Socialist Party, whose name means "renaissance" in Arabic, had been formed in the 1930s to push a secular, socialist creed as the ideal path to achieving Arab unity. But that dogma proved a sinister excuse for the imprisonment, exile or execution of all potential rivals.

No other Arab despot matched the savagery of Mr. Hussein as he went about bending all state institutions to his whim. His opening act, in January 1969, was hanging around 17 so-called spies for Israel in a downtown Baghdad square. Hundreds of arrests and executions followed as the civilian wing of the Baath Party gradually eclipsed the Iraqi military.

Mr. Hussein staged perhaps his most macabre purge in 1979, when at age 42 he consolidated his hold on Iraq. Having pushed aside President Bakr, he called a gathering of several hundred top Baathists.

One senior official stepped forward to confess to having been part of a widespread plot to allow a Syrian takeover. After guards dragged the man away, Mr. Hussein took to the podium, weeping at first as he began reading a list of dozens implicated. Guards dragged away each of the accused. Mr. Hussein paused from reading occasionally to light his cigar, while the room erupted in almost hysterical chanting demanding death to traitors. The entire dark spectacle, designed to leave no doubt as to who controlled Iraq, was filmed and copies distributed around the country.

Firing squads consisting of cabinet members and other top officials initially gunned down 21 men, including five ministers. Iraq's state radio said the officials executed their colleagues while "cheering for the long life of the Party, the Revolution and the Leader, President, Struggler, Saddam Hussein."

Mr. Hussein invariably ensured that those around him were complicit in his bloody acts, which he masqueraded as patriotism, making certain that there would be no guiltless figure to rally opposition.

In an authoritative account of Mr. Hussein's government called "The Republic of Fear," the self-exiled Iraqi architect Kenaan Makiya (writing under the pseudonym Samir al-Khalil) estimated that at least 500 people died in the purge that consolidated Mr. Hussein's power.

Mr. Hussein's titles reflected his status as an absolute ruler modeled after one of his heroes, Josef Stalin of the former Soviet Union. They included president of the republic, commander in chief of the armed forces, field marshal and prime minister. In addition, the state-owned news media referred to him repeatedly as the Struggler, the Standard Bearer, the Knight of the Arab Nation and the Sword of the Arabs.

Mr. Hussein saw his first opportunity for Iraq to dominate the region in the turmoil that swept neighboring Iran immediately after its 1979 Islamic revolution. In September 1980, Mr. Hussein believed that by invading Iran he could both seize a disputed waterway along the border and inspire Iranians of Arab origin to revolt against their Persian rulers. Instead, they resisted fanatically. Mr. Hussein never acknowledged making a gross miscalculation; rather, he vilified the Iranian Arabs as traitors to the Arab cause.

Iraq fared badly in the war, not least because Mr. Hussein interfered in the battle plans despite a complete lack of military training, even issuing orders based on dreams. When strategies urged by Mr. Hussein failed, he often accused the commanders of betrayal, cowardice and incompetence and had them executed.

The Field Marshal

Mr. Hussein adored the macho trappings of the armed forces, appointing himself field marshal and dressing his ministers in olive-green fatigues. If he was a poor military strategist, he was fortunate in his first choice of enemy. The fear that an Islamic revolution would spread to an oil producer with estimated reserves second only to Saudi Arabia tipped the United States and its allies toward Baghdad and they provided weapons, technology and, most important, secret satellite images of Iran's military positions and intercepted communications.

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The war lasted for eight years until Iran accepted a cease-fire in July 1988, with both sides terrorizing each other's civilian populations by rocketing major cities. But the March 1988 mustard gas attack on the Iraqi village of Halabja by its own government was perhaps the most gruesome incident.

Mr. Hussein waged war while investing in massive development that markedly improved daily life. Rural villages were electrified and linked by modern highways. Iraq boasted some of the best universities and hospitals in the Arab world — all free. Its painters, musicians and other artists, helped by government subsidies, were also the most accomplished in the region. Mr. Hussein had his own development methods. Anyone who avoided mandatory adult literacy classes in rural areas faced three years in jail.

Official corruption was unknown in Iraq in the 1980s, and religious worship somewhat free. Mr. Hussein occasionally took populist measures to underscore the importance of the public welfare. Once, for example, he decided that his ministers were too fat and he demanded that they diet, publishing their real weights and their target weights in the news media. Mr. Hussein's own weight could fluctuate from chubby to relatively trim, although well tailored suits hid his paunch. Around six feet tall, he was stocky and wore a trademark moustache.

In keeping with a ruler who used violence to achieve and sustain power, Mr. Hussein's most widespread investments were in his military. He ended the Iran-Iraq war with one million men under arms.

By then Iraq had embarked on extensive projects to acquire a homegrown arsenal of nuclear, chemical and biological weapons. Iraq had also become a regional power, and Mr. Hussein expected to dominate the Arab world. In March 1990, he threatened to "burn half of Israel" if it ever acted against Iraq, even though the Israeli Air Force had humiliated the Iraqi leader by destroying his country's nuclear research center at Osirik in June 1981.

Mr. Hussein's next target was another neighbor, Kuwait, which Iraq had long considered part of Iraq and coveted for its deep-water port. On Aug. 2, 1990, his army swiftly occupied the tiny, immensely wealthy emirate, provoking an international crisis. Mr. Hussein declared the country Iraq's 19th province, installing a puppet government. Saudi Arabia and other conservative Arab states were shaken and outraged, while the United States and other Western countries feared for the oil fields ringing the Persian Gulf. The United Nations imposed a trade embargo and economic sanctions.

The United States and eventually 33 other nations deployed forces to the region and warned of a wider war if Mr. Hussein did not withdraw. He held onto Kuwait despite repeated threats from the United States, which dominated the military coalition by dispatching some 500,000 American soldiers. Mr. Hussein portrayed the invasion as the start of an Islamic holy war to liberate Jerusalem. He declared that the "throne dwarfs" of the gulf must be overthrown so their wealth could finance the Arab cause.

His public aims resonated among many Arabs in Jordan, Yemen and elsewhere, particularly because the brutality of Mr. Hussein's government had never been detailed by the state-controlled media of other Arab states. In addition, Mr. Hussein's Scud missiles crashing into Tel Aviv, however ineffective, created a stir in the Arab world.

Washington and its coalition allies hoped that the war would bring Mr. Hussein's downfall. Even before the war ended, President George H. W. Bush encouraged the Iraqi people to overthrow him, but there was no coherent plan. The ground offensive against Iraq ended after 100 hours, partly out of concern that American troops not occupy an Arab capital, partly because Arab allies feared the disintegration of Iraq and partly because a "100-hour war" made a good sound bite. Dick Cheney, then secretary of defense, warned that sending American forces to Baghdad would get them stuck in a "quagmire."

This decision enabled much of the elite Republican Guard to escape with minimal losses. The first Bush administration did little to support Shiite and Kurdish uprisings that erupted immediately after the war. Mr. Hussein crushed them.

Oil, Food and Weapons

For the next decade, Mr. Hussein repeatedly brought Iraq to the brink of renewed warfare by refusing United Nations weapons inspectors the access required to catalog and destroy Iraq's arsenal of unconventional weapons, as specified in the cease-fire agreement.

The United Nations maintained strict economic sanctions against Iraq until 1996, when some oil exports were allowed to pay for food, medicine and war reparations. The sanctions, devastating to Iraqis, proved a boon to Mr. Hussein and his subordinates. The Government Accountability Office in the United States Congress estimated that the Iraqi leader siphoned at least $10 billion from the program by making oil trades off the books and demanding kickbacks.

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Still, in an effort to end sanctions, Baghdad over the years offered at least five "full, final and complete" weapons disclosures, which the United Nations dismissed as incomplete. Some of the most extensive revelations emerged after the astonishing August 1995 defection of Mr. Hussein's two sons-in-law and his two eldest daughters to Jordan. The Iraqi government was apparently worried that Lt. Gen. Hussein Kamel al-Majid, a son-in-law and the minister in charge of weapons development, would disclose all that he knew. Six months later, the general and his brother abruptly declared they had accepted amnesty and returned. Within days, Mr. Hussein's daughters divorced them, and they died in a violent shootout.

Although family feuds often descended into bloodshed, Mr. Hussein tried to maintain strict control of his own image. He dyed his hair black and refused to wear his reading glasses in public, according to interviews with exiles published in The Atlantic Monthly in March 2002. Because a slipped disc caused him to limp slightly, he was never filmed walking more than a few steps. Each of his 20 palaces was kept fully staffed, with meals prepared daily as if he were in residence to disguise his whereabouts. Delicacies like imported lobster were first dispatched to nuclear scientists to be tested for radiation and poison.

His wine of choice was Portuguese, Mateus Rosé, but he never drank in public to maintain the conceit that he was a strict Muslim. He even had genealogists draw a family tree that linked him to Fatima, the daughter of the Prophet Muhammad.

He kept an immaculate desk, with reports from all the ministries neatly stacked. He usually read only the executive summaries, but would occasionally dig deeper and always complained that he was being deceived. He often was, with even his son Qusay telling military commanders to lie if Mr. Hussein thought something had been accomplished that was not.

He was particularly phobic about germs. Even top generals summoned to meet him were often ordered to strip to their underwear and their clothes were then washed, ironed and X-rayed before they could get dressed to see him. Mr. Hussein's American jailers reported that he tried to maintain those precautions, using baby wipes to clean meal trays, his table and utensils before eating.

Rarely traveling abroad, and surrounded by often uneducated cousins, he had a limited worldview. He once reacted with wonder when an American reporter told him that the United States had no law against insulting the president. Former officials portrayed him as a vain, paranoid loner who no longer believed he was a normal person and considered compromise a sign of weakness.

Saad al-Bazzaz, an Iraqi writer and editor, said that Mr. Hussein, having risen so far beyond the village and cheated death so often, believed that God anointed him.

Mr. Bazzaz told The Atlantic that even Mr. Hussein's speeches echoed Koranic texts. "In the Koran, Allah says, 'If you thank me, I will give you more,' " Mr. Bazzaz said. "In the early '90s, Saddam was on TV, presenting awards to military officers, and he said, 'If you thank me, I will give you more.' "

Controlling a Nation

Iraq under Mr. Hussein had a stifled quality. Imprisonment, torture, mutilation and execution were frequent occurrences, at least for those who chose to dabble in anything vaguely political. Simple information like the weather report was classified. There was no freedom of expression — even foreign newspapers were banned — and no freedom to travel. Contact with foreigners was proscribed.

There were widespread reports that Mr. Hussein himself periodically carried out the torture or even execution of those he felt had crossed him. In the summer of 1982, for example, Riyadh Ibrahim Hussein, the health minister, suggested during a cabinet meeting that Mr. Hussein step down to ease the negotiation of a cease-fire with Iran. Mr. Hussein recommended that the two retire to another room to discuss the proposal. When they did, a shot rang out. Mr. Hussein returned to the cabinet meeting alone, although in later interviews he denied killing anyone. The minister's widow was sent his dismembered corpse.

While assassinating Shiite Muslim religious leaders who opposed him, Mr. Hussein ordered mosques constructed around Baghdad on a scale not seen since it was the medieval capital of the Muslim caliphate. Perhaps the most striking was the Mother of All Battles mosque completed in 2001, the 10th anniversary of the Persian Gulf war. The minarets resembled Scud missiles, and the mosque held a Koran written with 28 gradually donated liters of Mr. Hussein's blood.

Evidence from inside Iraq after the invasion confirmed what United Nations weapons inspectors anticipated before — that Mr. Hussein abandoned the attempt to develop nuclear, biological and chemical weapons after his 1991 defeat. Orders from Mr.

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Hussein to destroy vestiges of the program, interpreted before the 2003 invasion as an attempt to hide their development, turned out to be an effort to comply with the ban.

The fatal controversy over whether Iraq was still developing unconventional weapons stemmed in part from Mr. Hussein's desire to convince different audiences of different things, a postwar study by the Defense Department concluded. He wanted the West to believe that he had abandoned the program, which he had. Yet he also wanted to instill fear in enemies like Iran and Israel, plus maintain the esteem of Arabs, by claiming that he possessed the weapons.

Some Bush administration critics argued that the accusations over unconventional weapons were a smoke screen, that government hawks were determined to topple Mr. Hussein as a way of reasserting American power. Richard Clarke, a former national security adviser to three presidents, described in his 2004 book "Against All Enemies" the scene in the White House in the immediate aftermath of the Sept. 11, 2001, attacks against the United States, with President Bush and other senior officials trying to link Mr. Hussein directly to Al Qaeda, Osama bin Laden's organization. No such link was ever established.

Just before the invasion, Mr. Hussein, cigar in hand, appeared on television almost nightly, belittling American forces to small groups of Republican Guard commanders.

Yet his main concern was preserving his government, which the United States military discovered in interviews with his captured aides. Some of the unclassified results were published in a 2006 article in Foreign Affairs titled "Saddam's Delusions: The View From the Inside."

By 2003, Iraq's military was anemic, weakened by sanctions and constant changes in command, not to mention the fact that Mr. Hussein, suspicious of coup attempts, barred any rigorous maneuvers and repeatedly created new popular militias. Commanders also constantly lied to him about their state of preparedness. The United States report quoted Mr. Hussein's personal interpreter as saying that the president thought that his "superior" forces would put up a "heroic resistance and inflict such enormous losses on the Americans that they would stop their advance."

Mr. Hussein cited both Vietnam and the hasty American withdrawal from Somalia in 1994 as evidence, and did not take the threat of regime change seriously. He so much believed his own publicity about his success in fighting the first gulf war that he used it as a blueprint for the second. Hence, his main worry during the invasion was to avoid repeating the Shiite and Kurdish internal rebellions of 1991. He did not blow up the bridges over the Tigris and Euphrates to slow the American advance, for example, out of concern that he would need to rush troops south to quell any uprising.

The war plan as described in the 2006 book "Cobra II: The Inside Story of the Invasion and Occupation of Iraq" states that while Republican Guard troops were supposed to seal off the approaches to Baghdad, only the Special Republican Guard was permitted inside the capital, again as insurance against a coup. The collapse came so quickly that Mr. Hussein was still issuing orders to units that had ceased to exist.

After an April 9 sighting in public, he disappeared, apparently using up to 30 hiding places and the aid of loyal tribesmen to escape capture despite a $25 million reward. He often traveled as he had during the first gulf war, in a battered orange and white Baghdad taxi. He issued periodic messages encouraging the insurgency.

In a letter dated April 28 that was faxed to Al Quds al Arabi, an Arabic newspaper published in London, he blamed traitors for his ouster and urged Iraqis to rebel. "There are no priorities greater than expelling the infidel, criminal, cowardly occupier," he wrote.

A Leader's Legacy

In December 2003, his location was divulged by a clan member captured in a raid on a Baghdad house. Less than 11 hours later, 600 American soldiers and Special Operations forces supported by tanks, artillery and Apache helicopter gunships surrounded two farmhouses near the banks of the Tigris in Ad Dwar, a village about nine miles southeast of Tikrit, the tribal seat. The soldiers — no Iraqis were involved — found nothing on the first sweep. But on the second, more intensive search, under a trap door, Mr. Hussein was discovered lying at the bottom of an eight-foot-deep hole.

His first words when he emerged, nervous and disoriented, were, "I am Saddam Hussein, president of Iraq, and I am willing to negotiate," in halting English.

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A Special Operations soldier there shot back, "President Bush sends his regards," the military said later. The main indication that the filthy, dilapidated concrete hut close by had been used by the former Iraqi president was a battered green metal suitcase holding $750,000 in neatly bundled bills.

Mr. Hussein, sporting a bushy salt-and-pepper beard, was first shown on television undergoing a medical exam for head lice. The pictures electrified and shocked Iraqis and the larger Arab world, with some cheering and some appalled to see a captive Arab leader put on undignified display.

He was imprisoned at Camp Cropper, near the international airport some 10 miles from Baghdad, on the grounds of a former palace complex that the United States military turned into a prison for senior members of the government. The prison consisted of three rows of single-story buildings surrounded by a double ring of razor wire.

Mr. Hussein was kept in solitary confinement — letters and care packages including cigars sent via the Red Cross from his wife and daughters living in Qatar or Jordan were his main contact with the outside world. He lived in a relatively spartan cell consisting of a bed, a toilet, a chair, a towel, some books and a prayer rug.

Some of his former American guards, interviewed for a July 2005 story in GQ magazine, said he acted in a fatherly way, offering advice on finding a good wife — "neither too smart nor too dumb, not too old nor too young" — and invited them to hang out in one of his palaces after he was restored to power. He claimed that President Bush had always known he had no unconventional weapons. His favorite snack was Doritos corn chips, his guards said.

Mr. Hussein was combative throughout his trial, using it as a platform to encourage the insurgents. The proceedings frequently seemed to slide toward chaos, with the star defendant and the judges shouting at each other. The trial, held in one of the grandiose buildings erected not far from Mr. Hussein's former presidential palace, proved something of a security nightmare, with three defense lawyers assassinated.

At one point, something he said prompted guffaws from a spectator in an overhead gallery. Mr. Hussein turned and pointed a finger, saying, "The lion does not care about a monkey laughing at him from a tree."

Mr. Hussein often tried to draw parallels between himself and the famous leaders of Mesopotamia, the earliest civilization in the region, as well as Saladin, the 12th-century Kurdish Muslim military commander who expelled the crusaders from Jerusalem.

What preoccupied him, he said, was what people would be thinking about him in 500 years. To the horror of historic preservationists, he had the ancient walls of the former capital, Babylon, completely reconstructed using tens of thousands of newly fired bricks. An archaeologist had shown him bricks stamped with the name of Nebuchadnezzar II in 605 B.C.

After the reconstruction, the small Arabic script on thousands of bricks read in part, "In the reign of the victorious Saddam Hussein, the president of the Republic, may God keep him, the guardian of the great Iraq and the renovator of its renaissance and the builder of its great civilization, the rebuilding of the great city of Babylon was done."

Execution Ends Horrific Chapter In Iraqi History (WT)

By Sharon Behn

The Washington Times, December 30, 2006

The dark eyes that for years mesmerized and terrified a nation finally closed when Saddam Hussein was hanged early today local time for crimes against humanity during his 24-year regime. He was 69.

The Sunni Muslim dictator was born April 28, 1937, into a poor village family near the town of Tikrit, and was raised mainly by his uncle, Khayrallah Tulfah.

Less than 40 years later, Saddam became Iraq's most brutal and powerful president. He defied the world, started two regional wars, and goaded the United States into starting a third war with a 2003 invasion that led to his downfall.

To the end, he declared himself the only legitimate leader of Iraq.

Even after being dragged out of a small mud hole in the ground in December 2003, disheveled and disoriented, Saddam continued to insist that he was president -- an arrogance that continued throughout his trial.

For those who met him, Saddam was both charming and intimidating, a ruthless ruler who had a vision of a modern, secular Arab nation.

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Saddam's uncle was a nationalist army officer who opposed the British-backed monarchy that once ruled Iraq, and under his influence, in 1957 Saddam joined the underground pan-Arab Ba'ath Party.

In 1958, a group of army officers led by Gen. Abdul Karim Qassem toppled the monarchy, and turned the country toward a communist-style state.

A year later, a 22-year-old Saddam and fellow Ba'athists tried to assassinate Gen. Qassem in a botched ambush. Saddam was wounded in the leg and fled to Syria and Egypt -- reportedly with the help of the CIA.

Three years later, he returned to Iraq after a relative, Ahmad Hassan Bakr, had successfully overthrown Qassem. But the Ba'ath Party was once again driven into the underground -- and Saddam with it.

During the five years until the next coup, Saddam worked his way up the security apparatus of the clandestine movement.

In 1968, when the Ba'athists overthrew the government of then-President Abdul Salam Arif, Saddam was put in charge of Iraq's intelligence and security forces. From there, he began to eliminate all potential opposition, particularly among the Shi'ites in the south and the Kurds in the north.

He used Iraq's oil revenues to modernize Iraq, pushing the country to be one of the most modern in the Arab world, with universities and hospitals that were the envy of the region.

Women were encouraged to study and work, and Western-style music and dress prevailed in the cafes and clubs of Baghdad.

In 1979, he was sworn in as president. Weeks later, scores of opposition leaders he had personally identified were executed. The reign of terror had begun.

One of the first Western journalists to interview him in 1973, before he became president, was syndicated columnist Georgie Ann Geyer -- then a reporter with the Chicago Daily News.

"He was very handsome, not unlike what he looked like until his capture. He was in a French suit, with a silk shirt and a silk tie, very proper," she recalled, recounting how she talked with Saddam through an interpreter in a gilded room of a Baghdad palace.

"In the four hours there was never any change of expression. He never smiled, or laughed or got angry, no matter what I asked him. It was like he had a curtain over his face," Miss Geyer said.

"I asked him: 'Critics say you kill your enemies with your own hands. Why do you do that?' and he said: 'Sometimes when you are in an underground movement, you have to do things you don't want to do.' "

Saddam's presidency was marked by periods of ferocious brutality and public displays of charm that kept his enemies off balance and his supporters eager to please him. Hundreds of thousands of people were tortured and killed.

Several Iraqis have said it was the only possible combination to keep the tribally, religiously and ethnically fractured society together. To those who suffered under his sadistic regime, nothing could justify his actions.

Saddam was determined to be recognized as the regional leader, and he challenged Iraq's historical rival, Iran, by invading in 1980.

The United States tacitly supported Saddam at the time, and in 1983, then-special envoy Donald H. Rumsfeld shook hands with the Iraqi leader.

Two years into the fighting, Shi'ites from the small town of Dujail led a failed assassination attempt against Saddam. His response was typically swift and merciless: 148 persons were killed, many residents were jailed and tortured and the town was torn down and rebuilt later.

The war with Iran lasted eight years, and left almost half a million Iraqis dead and an estimated 300,000 Iranians dead. Iraq was weakened physically and financially.

In 1990, Saddam turned on oil-rival Kuwait, and in August of that year he invaded the tiny kingdom. A U.N.-backed coalition led by American troops threw him out of Kuwait and drove his forces back into Iraq.

Sensing another opening, the southern Shi'ites rebelled against Saddam, but the uprising was brutally crushed and thousands of Shi'ites were killed or imprisoned.

After more than 10 years of war and upheaval, as well as coalition bombing, the country's economy and infrastructure were badly damaged.

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An engineer involved in rebuilding Iraq at the time remembered Saddam visiting a number of engineers and workers at the Bayji oil refinery and rallying them to finish the work.

"He believed Iraqis were the best engineers and technicians, and he was proud of us, but he added that he wanted all Iraqi people to be happy on his birthday in 1991 and have enough gasoline, and he did not want to see any lines of cars at gas stations," said Abu Nour, who asked that his full name not be used.

Abu Nour -- a missile systems engineer who was later thrown into jail for punching an army officer who insulted his wife -- said he met Saddam one more time that year, in a building close to the Al-Rasheed hotel in Baghdad.

"We entered the meeting room before him, then he came and at first he sat and watched everybody, and gave permission to key persons to explain what they were planning," he said.

"As a man, he was very nice with strong eyes -- when he looked at you, it was as if he was reading what you had hidden inside your mind," Abu Nour recalled.

"He would not say anything if you made a mistake in your speech, but from his eyes you knew that you had disturbed him with your wrong words," he said.

"At the end, he always gave his best regards to our kids and families and said he apologized for making us work 16 to 18 hours a day, and he said we were heroes for working like that and our families were heroes for being patient with us.

"I really liked him because he is a real man, but I didn't like his attitude sometimes," Abu Nour said.

It was a sentiment echoed in many Arab countries that admired Saddam's defiance of the Western world while modernizing Iraq, but abhorred his methods. All were surprised at the easy surrender of Baghdad when U.S.-led troops invaded in 2003.

But it is Saddam's arrogant attitude and barbaric acts for which he will most be remembered: the gassing of thousands of civilian Kurds, the torture chambers he encouraged and the perverse excesses of his two sons, Uday and Qusai. Both were killed by coalition troops in July 2003.

After Saddam's invasion of Kuwait, the international community led by the United Nations moved to contain the dictator and destroy his weapons systems.

The U.N. slapped sanctions on Iraq, forcing the government to use its oil revenues only for food and other civil needs. The U.S. and Britain imposed two no-fly zones to protect the north and south of the country, restricting Saddam to the central area.

The United Nations also began to inspect and rid the country of its biological, chemical and missile weapons.

But in late 1998, Saddam refused to allow U.N. inspectors to go through his palaces. The United States and Britain responded by bombing several targets around the country.

It was only after the September 11, 2001, terrorist attacks in the United States that Washington began to push for renewed inspections of Iraq, and President Bush included Iraq in what he termed the world's "axis of evil."

Despite mounting evidence that the United States was preparing to invade Iraq, Saddam defiantly refused offers to surrender or leave.

"We will die here. We will die in this country, and we will maintain our honor," Saddam told Dan Rather of CBS News shortly before the invasion.

Ignoring strong international resistance to any military strikes against Iraq, Mr. Bush on March 20, 2003, invaded.

Nine months later, a bearded, bedraggled Saddam was pulled out of an underground hiding place and finally made to face those tortured under his rule.

Hussein Was Symbol Of Autocracy, Cruelty In Iraq (CNN)

CNN.com, December 30, 2006

BAGHDAD, Iraq (CNN) -- Saddam Hussein, the former dictator of Iraq who spent his last years in captivity after his ruthless Baathist regime was toppled from power by the U.S.-led coalition in 2003, has been executed -- hanged for crimes during a brutal crackdown during his reign.

Hussein was hanged before dawn Saturday in Iraq at about 6 a.m. (10 p.m. Friday ET), according to one of Hussein's lawyers.

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Hussein -- whose name conjures lengthy war, government autocracy and widespread cruelty -- was found guilty in the killings of 148 people in Dujail, a mostly Shiite town north of Baghdad, after a 1982 attempt to assassinate him.

At the time of his death, he was being tried for genocide in the killings of up to 100,000 Kurds during the 1988 Anfal campaign against Kurdish rebels -- a campaign that included the use of poison gas against Kurdish towns in northern Iraq.

Hussein was the object of an intense manhunt after the U.S.-led coalition invaded Iraq in March 2003 with the aim of overthrowing his regime. The Bush administration and Britain claimed Iraq was harboring weapons of mass destruction and constituted a threat to their national security. After the invasion, Hussein disappeared from public view, surfacing only in tapes released to Arab television networks.

On December 13, 2003, coalition forces found Hussein tucked away in an underground bunker at a farmhouse near his hometown of Tikrit. His capture was one of the biggest coalition achievements in what many people say has been an ill-fated, mistake-filled expedition. (Watch U.S. troops explain how Hussein was captured)Humble beginnings

Hussein was born into a poor family on April 28, 1937, in a rural town outside Tikrit. He grew up without his biological father. His mother's brother [and Hussein's future father-in-law], Khairallah Talfah, an Iraqi army officer and Arab nationalist, was a major influence in Hussein's early years. (Watch Hussein work his way up from peasant to president)

Having moved to Baghdad as a teenager, Hussein joined the Arab Baath Socialist Party while a secondary school student. In 1958 he spent six months in prison for his political activities.

The next year Hussein and several others attempted to assassinate Gen. Abdul Karim Kassem, who came to power in 1958 in a military coup. Hussein was shot in the leg during the botched attempt, but he escaped and fled to Iraq. He was sentenced to death in absentia February 25, 1960, for his role in the plot.

After studying in Egypt, Hussein returned to Iraq in February 1963 following the Ramadan Revolution, in which Baath Party members overthrew Kassem. The following months of political turmoil culminated in another coup, and Hussein was arrested again on October 14, 1964.

He was elected deputy secretary-general of the Baath Party while in prison.

According to the prewar Iraqi News Agency's resume of Hussein, he escaped from jail in 1967. In July 1968 he played a leading role in a coup that led to the ascension of Ahmed Hassan al-Bakr, a fellow Baath member and Hussein's cousin, as Iraq's new ruler.'Considerable charm and ability to get things done'

As vice chairman of the Revolutionary Command Council -- in effect, al-Bakr's second-in-command -- Hussein promoted many progressive ideas in the late 1960s and early 1970s. He built a reputation as a progressive, effective politician.

"Saddam accumulated power over a period of 10 to 12 years," said Mark Bowden, a best-selling author who profiled Hussein's daily life in a May 2002 Atlantic Monthly article. "When you have evidenced considerable charm [and] an ability to get things done, even very idealistic and ambitious people begin to side with you."

The other side of Hussein was demonstrated in 1979, when al-Bakr stepped down -- officially because of illness -- and Hussein took over as president.

With a camera recording the event, Hussein told a room full of top officials that he had uncovered a conspiracy to overthrow the government. One by one he named the alleged traitors. Sixty-eight men were taken away, and 21 were executed.

"He essentially betrayed many of those people who had relied on him," Bowden said.

In 1980 Hussein entered a war with Iran that would last eight years and, according to some estimates, cost more than a million lives, before ending in a stalemate.Crimes against humanity

The killings in Dujail occurred in 1982 in the context and the shadow of the Iran-Iraq war. (Watch a joyous visit turn tragic)

The United Nations alleged Hussein ordered Iraqi forces to use mustard gas and nerve agents on Iranian soldiers and that in 1988 he unleashed chemical weapons on rebellious Kurds in northern Iraq.

Two years later he ordered troops and tanks to invade Kuwait, Iraq's oil-rich neighbor to the south. A U.N.-backed, U.S.-led coalition routed Iraq's forces and forced them out of Kuwait in early 1991.

Though Iraq emerged worse off from both the stalemate with Iran and the 1991 Persian Gulf War, Hussein declared victory after each.

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Hussein's resume, posted on the Web site of Iraq's U.N. mission before the war, claimed he led Iraq in confronting "the aggression launched by 33 countries led by the U.S. [as] Iraq stood strong against the invasion, maintaining its sovereignty and political system."

Sanctions imposed by the United Nations after the 1991 Gulf War brought more difficulties. Hussein, the United Nations and Western powers went back and forth on sanctions, airstrikes and Iraq's alleged chemical, biological and nuclear programs.

Charles Duelfer, a top official with the U.N. Special Commission on Iraq from 1993 until it was disbanded in 2000, said Iraq undermined U.N. efforts to enforce the cease-fire agreement, misleading inspectors and refusing access to sensitive buildings.

"It got to the point they knew that we knew that they knew that we knew," Duelfer said. "It was a great game, in a sense."

Hussein and his associates tried to lobby Middle Eastern nations to end the U.N.-imposed sanctions and support his policies, in particular his fervent opposition to the United States and Israel.

After years of hide and seek, the inspection system broke down in 1998. The United Nations pulled its inspectors from the country, and the United States and Great Britain launched Operation Desert Fox -- four days of airstrikes against military and political targets inside Iraq.A 'grave and gathering danger'

In 2002 the Bush administration accused Hussein of personally profiting from illicit oil sales as sanctions ravaged Iraq, and of developing weapons of mass destruction and brutally controlling his countrymen.

President Bush stepped up the pressure in a September 12, 2002, speech to the U.N. General Assembly, saying Hussein posed a "grave and gathering danger" and calling on the United Nations to move quickly to enforce its resolutions demanding Iraq's disarmament.

"Iraq has answered a decade of U.N. demands with a decade of defiance," Bush said.

"All the world now faces a test, and the United Nations a difficult and defining moment," he said. "Are Security Council resolutions to be honored and enforced or cast aside without consequence? Will the United Nations serve the purpose of its founding, or will it be irrelevant? "

On October 1 Iraqi Deputy Prime Minister Tariq Aziz said, "The things that Washington says are all untrue."

Other Iraqi officials claimed the October 2002 referendum -- in which Iraqis unanimously backed [officially 11,445,638 to 0] sole candidate Hussein -- proved the Iraqi leader's popularity.

"Why should anybody say 'no' to Saddam Hussein?" said Izzat Ibrahim, vice chairman of the Revolutionary Command Council, after the vote. "He is the symbol of our freedom and of our future."

Despite the military setbacks, a rash of assassination attempts and the years of devastating sanctions, Hussein appeared to have a firm grip on power.Weapons of mass destruction?

But under mounting pressure after Bush's speech, Iraq re-admitted U.N. weapons inspectors, who returned to Iraq in November 2002 with the prospect of war or peace hanging in the balance.

Inspectors found illegal Samoud missiles and destroyed them in February 2003.

The inspectors departed again in March 2003 after the United States advised the United Nations to remove its weapons inspectors from Iraq ahead of an expected U.S.-led attack.

The war began on March 19 with an unsuccessful "decapitation attack" aimed at killing Hussein and other top members of the country's leadership. Twenty-one days later, U.S. forces rolled into Baghdad as jubilant Iraqis defaced monuments and statues erected in honor of Hussein.

Eventually, the Bush administration conceded that there were no weapons of mass destruction, the primary reason it had cited for the invasion. It has since said that it launched the invasion to get rid of Hussein and spread democracy.

Even though some in the administration advanced the idea that there may have been a working relationship between the Hussein regime and al Qaeda, that theory was firmly refuted by the 9/11 commission report.

After Hussein was captured, the coalition and the post-Hussein Iraqis in power began setting the stage for war crimes tribunals.

After the Dujail trial began, Hussein took on a combative posture in the court, arguing with judges, attorneys and those testifying and insisting that he was still the country's leader.

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But he and two co-defendants were convicted of crimes against humanity, ensuring that Hussein's legacy will be his ruthless reign.

Hated By Many, Mourned By Few (BBC)

By Paul Reynolds

BBC.com, December 30, 2006

Some Iraqis will miss Saddam Hussein but many more will not mourn him.

He brought little but war and suffering to a people who should have been among the most prosperous in the Middle East, given the oil wealth the country sits on.

Two groups of Iraqis, the Kurds and the Shias, make up a majority of the population and since the US-led invasion of 2003, they have taken control of the government.

Before then, they were the oppressed as Saddam Hussein ruled with absolute ruthlessness through his Sunni-dominated military and intelligence services.

The Anfal

The plight of the Kurds became well known around the world in 1988 when the Kurdish town of Halabja in eastern Iraq was gassed.

The atrocity was but part of a wider campaign against the Kurds, which had its own name - the "Anfal". Saddam Hussein did not trust them. He accused them of wanting a separate state and of helping the Iranians with whom he was at war.

Reporters who penetrated the Kurdish region of northern Iraq after the defeat of Saddam Hussein in Kuwait in the first Gulf War of 1991 found a wasteland.

Village after village had been destroyed. Piles of rubble told where houses had been.

In the midst of the destruction there lay a splendid palace built by Saddam Hussein for himself.

Thousands of Kurds fled into the mountains of southern Turkey as Saddam Hussein fought to regain control. Tolerated but not welcomed by the Turks, they huddled in "safe havens" set up by British and American troops until they could return and try to rebuild.

Shias rise up

In the south, the Shias, encouraged by a call to arms by the then US President George Bush senior, rose up. But there was no help from outside and Iraqi helicopter gunships established the control by violence that was the hallmark of Saddam Hussein's rule.

It is no wonder therefore that the Kurds and the Shias will not shed tears for him.

Kurdish refugees from Saddam in 1991

Some, many even, among the Sunni population will. Saddam had his power base among them and they powerfully support the insurgency. To them he was an Iraqi hero who had overthrown the old ways and had given them pride.

Others, especially the middle classes of all backgrounds - might look back to the days when they could walk the streets and drive around the country with no fear of being blown up.

But these families too had suffered.

During the eight-year war Saddam Hussein had launched against Iran in 1980, hundreds of thousands of Iraqis (and probably even more Iranians) died. Then the Kuwait invasion was followed by years of deprivation and isolation under UN sanctions.

Never a proper peace

Saddam Hussein never ruled over a land at peace and at ease with its neighbours and the world.

His execution marks the end of a chapter. But it does not mark the end of the chaos that Iraq faces.

His fate has become almost a sideshow in the great struggle now unfolding in Iraq. His dying wish, expressed in a letter written in jail, called for Iraqis to unite.

They are unlikely to listen.

The Bush administration, struggling to set a new course in Iraq, will try to make capital out of Saddam Hussein's removal.

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But it was thought when he was captured in December 2003 ("We got him," declared the American administrator Paul Bremer) that it would demoralise the insurgency. It did not.

And nor will his death.

The future of Iraq and its place in the Middle East remains to be determined by players other than Saddam Hussein.

Rise And Fall Of A Dictator (DMN)

The Dallas Morning News, December 30, 2006

Saddam Hussein was the most defiant Arab leader of his generation, a ruthless dictator who resorted to mass murder and the use of chemical weapons against his own people to remain in power in Iraq. He ruled the country as a police state for more than two decades, until until he was overthrown in April 2003 by invading U.S. and British forces. Mr. Hussein was executed by hanging early today in Baghdad. He was 69.

Poverty and exile on path to power

Mr. Hussein was raised in abject poverty by an uncle who hated the West. His rise to power marked an impressive triumph over adversity. He was born in the dusty village of Tikrit, seemingly fated to a life of depravation.

His family had no money, and his father died either before Saddam was born or shortly thereafter, depending on which of several accounts is believed.

His mother remarried, but Mr. Hussein's stepfather abused him, and the 10-year-old boy went to live with his uncle, a nationalist who taught his nephew to despise Britain, then the colonial power in Iraq, and the United States.

The uncle's lesson – that the Arab world could only rise again by defeating the British and the Americans – helped shape Mr. Hussein's worldview for the rest of his life.

As a young man, Mr. Hussein burst on the national political scene in 1959 when he took part in an unsuccessful effort to assassinate Abdul Karim Kassem, Iraq's military leader. The attempt failed, and Mr. Hussein was shot in the leg by Mr. Kassem's bodyguards.

The story of Mr. Hussein's escape into Syria has entered Iraqi lore. Some say he removed the bullet with a pen-knife; others say a friend removed it before Mr. Hussein stole a donkey and crossed the desert into Syria disguised as a Bedouin.

He spent several years in exile, but returned when the Baath Party took control of Iraq in the 1970s. Mr. Hussein, long a behind-the-scenes strongman, became president in 1979 and immediately ordered the execution of 21 members of his party's leadership.

Many supporters who had helped bring him to power were put to death, sending a chilling message to the populace.

When Mr. Hussein seized control of Iraq in 1979, the country's vast oil wealth – it was No. 2 in the world in proven reserves – had paid for creation of a relatively modern infrastructure of schools, highways and hospitals. There was a large, well-educated middle class, and hopes for the future were high as oil prices surged.

As president, personality changed abruptly

People who worked with Mr. Hussein both before and after he assumed the presidency said that his personality and behavior changed almost overnight.

Once he became president, Mr. Hussein became almost completely inaccessible and paranoid and surrounded himself with family members who knew little about the outside world.

"Saddam Hussein went through a transformation the likes of which I've never witnessed," said author Said Aburish, who at the time worked with an agency charged with evaluating foreign companies wanting to do business with Iraq. "When he took over, it went completely to his head. Within three or four months, he executed half the leadership of the party and replaced them with goons from Tikrit. He only trusted his family."

He said that Mr. Hussein was totally corrupted by power and capable of great cruelty. At the same time, he would sometimes show contradictory emotions, Mr. Aburish said.

"Psychologically Saddam is very interesting," Mr. Aburish said. "He executed his closest ally, then went into isolation for two days and came out with his eyes swollen because he had been weeping and then went to see the widow to offer condolences. He was not a normal man."

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Others who knew Mr. Hussein said that before he became president he was a jovial, hard-drinking man who enjoyed having a good time with friends. All that changed when he obtained national power, they say.

"Once he became president he put a physical distance between us, making us sit at the end of a long table," said journalist Adel Darwish, who interviewed Mr. Hussein many times. "He put a cultural distance between us, because he would not speak English any longer, even though he spoke it fairly well."

Mr. Hussein was fond of the Godfather movies, and was accustomed to a lavish lifestyle with easy access to alcohol, extra-long Cuban cigars and many women.

The dictator blamed his peoples' problems on economic sanctions imposed by the United Nations, and looked the other way as his family made millions of dollars importing smuggled goods. "For the majority of Iraqi people, he will be remembered as a mixture of Stalin and a Chicago gangster, that's how they knew him," Mr. Darwish said.

A taste for military adventurism brings him down

Once he consolidated power at home, Mr. Hussein turned his attention to the military endeavors that would ultimately lead to his undoing. In 1980, sensing weakness in neighboring Iran and receiving encouragement from Washington, he launched an invasion of that country that led to a costly eight-year stalemate.

His goal was to unseat the Islamic fundamentalist rulers of Iran, an aim that was welcomed by U.S. officials, but despite spending billions of dollars and using chemical weapons he was unable to win a military victory, and Iran remains on the same course today.

More than 1 million people died in the fighting, which drained Iraq's financial reserves and led to chronic underinvestment in the oil industry, which today depends on a dilapidated, nearly obsolete infrastructure.

The war ended with an inconclusive ceasefire in 1988 – Mr. Hussein called it a victory – but his taste for military adventurism was not yet slated. In 1990, Mr. Hussein launched an overnight invasion of the oil-rich sheikdom of Kuwait, putting him on a collision course with the United States.

Mr. Hussein, a secular leader who rejected radical Islamic movements, previously enjoyed mostly sound relations with the U.S. government, whose leaders saw him as a bulwark against the spreading fundamentalism and anti-Americanism in the region.

But President George Bush, father of the current president, said the invasion "would not stand" and set about building a broad international coalition to oust the Iraqi army from Kuwait.

The U.S.-led assault on Iraq quickly forced Mr. Hussein to withdraw from Kuwait, and a subsequent uprising inside Iraq nearly ousted him.

But the Iraqi dictator was able to stay in power, although Iraq's Kurdish population established control of large parts of the country, and U.S. and British jets established "no-fly" zones over other areas.

The Iraqi pullback was followed by 12 years of simmering confrontations with the United Nations over Mr. Hussein's suspected stockpiles of banned chemical and biological weapons and his clandestine efforts to obtain nuclear arms.

During that time, Mr. Hussein hatched a plan to assassinate the first President Bush, by then out of office, during a visit to Kuwait. The plan was foiled, and President Bill Clinton launched cruise missiles against Iraq in retaliation for the attempt to kill his predecessor.

The inability of the U.N. to force Iraq's leader to disarm eventually led President George W. Bush and British Prime Minister Tony Blair to threaten Mr. Hussein with an invasion if he refused to go into exile. Defiant to the end, Mr. Hussein stayed in place, facing up to a withering air and ground assault that finally forced him to go underground.

The dictator dropped from sight as thousands of citizens surged into the streets of Baghdad and other cities to loot his palaces and topple his statues. He later was captured in a hideout, his dream of leading the Arab world to its former glory in tatters. Instead of building a modern-day empire to rival those of the past, he had lost control of Iraq.

The Portrait Of A Dictator (NSDY)

By Mohamad Bazzi

Long Island Newsday, December 30, 2006

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BEIRUT, Lebanon -- For two decades, the most common feature of Iraq's barren landscape were heroic portraits of Saddam Hussein. He appeared as a Bedouin riding a white horse, a revolutionary in a black beret or a devout Muslim with his head bowed in prayer.

But the most popular image -- which hung along the sides of buildings, schools, airports, highways and desert roads -- was that of a smiling Hussein, wearing a fedora and firing an assault rifle into the air. In the more than 30 years he ruled Iraq, unchallenged and ever audacious, Hussein worked tirelessly to cultivate the persona embodied by that photograph: an urbane, modern and, above all, strong leader.

Hussein, 69, rose to power on a wave of nationalist, revolutionary sentiment sweeping the Middle East. With unprecedented oil revenue in the 1970s, he built Iraq into a modern state that became the envy of the Arab world. But he also ruthlessly suppressed all opposition, and dragged his country into two successive -- and spectacularly destructive -- wars with its neighbors. His regime executed, tortured, arrested or disappeared hundreds of thousands of Iraqis. His ruling Sunni Muslim minority persecuted the country's two largest communities: Shia Muslims and ethnic Kurds.

For much of his reign, and especially after he invaded Iran in 1980, Hussein was backed by the United States, Europe and most Arab governments. During the eight-year war with Iran, U.S. and other Western powers supplied him with weapons and military intelligence. It was only after he invaded Kuwait in 1990 that the West turned against him. Despite a disastrous loss to a U.S.-led alliance in the 1991 Gulf War, Hussein clung to power and survived more than a decade of United Nations sanctions and weapons inspections.

In 2003, Hussein became the first modern Arab leader to be deposed by a foreign power. After a trial punctuated by charges of U.S. interference and procedural flaws, he was convicted of ordering the killing of 148 Iraqi Shias in the town of Dujail and sentenced to death by hanging. That earned him another distinction: He was the first modern Arab ruler to be tried and executed for his crimes.

In a region filled with U.S.-allied dictators, many Arabs admired Hussein's willingness to challenge the world's sole superpower and his support for the Palestinians in their struggle with Israel. His rhetoric of "liberating" Jerusalem and restoring old Arab glories, much like his hero, the 12th century Muslim conqueror Salahuddin, resonated with the Arab masses. But some Arabs were repelled by Hussein's brutality at home and in wars with his neighbors.

"For a long time, Saddam was more popular in the Arab world than he was inside Iraq. That's because most Arabs did not grasp the full extent of his cruelty," said Zuheir Jazairy, a prominent Iraqi writer. "To them, he was an Arab leader who stood up to the West. To Iraqis, he was a tyrant."

Tough beginnings

Saddam Hussein's ascendance to power reflects the journey of a generation of Arab leaders: men from poor families and hardscrabble places who fought their way to the top. Hussein was born on April 28, 1937, to a peasant family in the village of Al Awja, about 100 miles north of Baghdad. Al Awja, which means "the crooked" in Arabic, is six miles from Tikrit, the regional capital from which Hussein drew his most trusted lieutenants.

To improve his social standing, Hussein claimed to have been from Tikrit -- and he was called Saddam Hussein al-Tikriti. He also understood the historical symbolism to declaring his roots in Tikrit: The city was the birthplace of Salahuddin, the revered Muslim warrior who recaptured Jerusalem from the Christian crusaders.

Hussein never knew his father, who left the family before his child's birth. After his mother remarried, Hussein spent much of his childhood under the care of a maternal uncle, Khairallah Talfah, a fervent Iraqi nationalist who pushed his nephew toward a life in revolutionary politics. At age 20, Hussein joined the pan-Arab Baath Party.

It was an era of upheaval throughout the Middle East, where the merchant and feudal elites that had been allied with the old European colonial powers were losing their grip on power. In Egypt, a young military officer named Gamal Abdel Nasser had led a revolt against the British-backed king. Nasser's revolution inspired a wave of rebellions in the 1950s and 60s, stretching from Libya to Syria to Iraq.

In 1959, Hussein was wounded in a failed attempt to assassinate Iraq's ruling general, Abdul-Karim Qassem. Hussein, who had fled to Syria and then Egypt, was sentenced to death in absentia for his involvement in the plot. He lived for four years in Cairo, where he became more steeped in Arab nationalist politics. When he returned to Iraq, he quickly rose through the ranks of

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the Baath Party. In 1968, he took part in a bloodless coup led by Ahmad Hassan al-Bakr, who was named president. Hussein was appointed al-Bakr's deputy and soon became the regime's power broker.

In the early 1970s, Hussein oversaw the seizure of Iraqi oil assets from foreign companies just as oil prices were beginning to rise sharply. After nationalizing the oil industry, he used profits to modernize Iraq's countryside by distributing land to farmers and mechanizing agriculture production. He also led a campaign to expand free education and health care, build roads and highways and create new industries. Iraq became one of the richest and most developed countries in the Arab world.

By 1979, as he consolidated power through an elaborate web of security services answering directly to him, he forced al-Bakr to resign and appointed himself president. At the age of 42, Hussein "had triumphed by using the disconcerting combination of charm, generosity and ruthless terror that was to serve him so well in maintaining his position as ruler of Iraq for longer than any predecessor," wrote Charles Tripp, a British academic and leading historian of Iraq. "He incorporated all his associates into a web of obligation and surveillance to which he alone held the key."

Concentrated power

Because Hussein concentrated power among his closest relatives and distrusted those outside his Albu Nasir tribe, Tikritis formed the backbone of the Baathist regime and its military forces. In 2003, people named "al-Tikriti" peppered Washington's list of the most-wanted Iraqi leaders.

Worried about the 1979 Islamic revolution that brought Ayatollah Ruhollah Khomeini to power in Iran, Hussein made the first major mistake of his rule in 1980 when he decided to invade his larger neighbor under the pretext of a border dispute. Hussein had feared that Khomeini would inspire the Shia majority in Iraq to rise up against the secular Baathist rule.

But despite weapons and intelligence support from the West, Iraqi forces became bogged down in one of the longest and deadliest wars of attrition of the late 20th century. On several occasions, Iraq used Western-supplied chemical weapons against Iranian forces. In March 1988, Iraqi troops attacked the town of Halabja -- in northern Iraq, where Kurdish separatists were waging an insurgency -- with a mix of mustard gas and nerve agents, killing about 5,000 civilians and injuring more than 10,000.

By the time the Iran-Iraq war ended in 1988, more than 1 million people were killed and both economies were in ruins. Hussein's government was also in debt for tens of billions of dollars to Arab countries, especially Kuwait.

For two years, Hussein negotiated with Kuwaiti leaders, urging them to forgive the debt and stop drilling for oil in a disputed border territory. He was also angry that Kuwait had increased its oil production at a time when Hussein wanted to reduce output and drive up oil prices to make up for his war losses.

After negotiations failed, Hussein invaded Kuwait on Aug. 2, 1990. The Iraqi military rolled through the kingdom in a matter of hours, and Hussein announced he was annexing his tiny neighbor. Other oil-rich Gulf countries, especially Saudi Arabia, worried that Hussein would continue his onslaught. The invasion brought UN condemnation, and the United States assembled an alliance in Saudi Arabia to push Iraq out of Kuwait.

In January 1991, U.S.-led forces quickly drove the Iraqi military out of Kuwait and occupied much of southern Iraq. As part of a cease-fire agreement, Hussein agreed to abandon all chemical and biological weapons programs and to allow UN inspectors into Iraq. In March 1991, with the Iraqi military in shambles and Hussein's grip on power teetering, popular uprisings erupted in the Kurdish-dominated north and Shia south of Iraq. President George H.W. Bush, who had urged Iraqis to rise up against Hussein, refused to assist the rebellions and then lifted no-fly zones imposed during the cease-fire. That allowed Iraqi forces to use helicopter gunships to crush the rebels. Tens of thousands of Kurds and Shias were killed by Iraqi forces in the purges that ensued.

After the Gulf War, Hussein remained in power but Iraq never recovered, either economically or militarily. Throughout the 1990s, Iraq was squeezed by UN sanctions that allowed it to export only limited amounts of oil, in exchange for food and medicines.

Hussein, a secular leader who long espoused the notion of pan-Arab unity instead of Islamic identity, began using religion to shore up his influence. During the 1991 war, he famously added the phrase "Allahu Akbar," ("God is great") to the red, white and black Iraqi flag, reportedly in his own handwriting.

Baghdad once was known in the Arab world for its freewheeling nightlife and open sales of alcohol. But by the mid-90s, as UN sanctions took their toll, more Iraqis began turning to religion. Mosques filled up and women began wearing headscarves

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and even full-length veils. Hussein banned the public consumption of alcohol, required students to study the Quran before graduating from high school and ordered the construction of dozens of mosques.

At the Mother of All Battles Mosque in Baghdad, thousands of Iraqis used to visit a glass showcase displaying a 605-page copy of the Quran. Iraqi officials had proudly claimed that it was penned with 50 pints of Hussein's blood.

After the U.S. invasion in March 2003, Hussein evaded capture for eight months. Then, on Dec. 13, 2003, he was cornered in the village of Al Dour by U.S. forces who had been tipped off by one of his former bodyguards.

Hussein's underground hideout was near the banks of the Tigris River, opposite one of the ostentatious palaces he built for himself, in a village where he used to visit relatives and swim as a child. And his history might have hinted that he would be found there: It was to Al Dour that he fled in 1959 after being wounded in the attempt to assassinate Iraq's then-ruling general.

To convince Iraqis that the feared Hussein was indeed captured, U.S. officials aired a videotape of him being examined by a U.S. military doctor. The footage of a bearded Hussein having his head checked for lice was a humiliating counterpoint to the persona he had spent a lifetime cultivating -- as a Muslim warrior worthy of inheriting the mantle of Salahuddin.

With his penchant for historical symbolism, some Iraqis expected Hussein to die fighting before allowing himself to be captured.

"If he had fought and died, I would have considered him a hero," Abdullah Khirbit, a construction manager from the restive city of Fallujah, told Newsday at the time. "Now, he is a prisoner who has been humiliated by the Americans. He should have killed himself instead."

Saddam Hussein: From Humble Beginnings To International Infamy (FT)

By Steve Negus

Financial Times, December 30, 2006

Apr 28 1937: Saddam Hussein is born in the village al-Awja, near the town of Tikrit in north-central Iraq. His father disappeared shortly after his birth and he was raised by his stepfather and uncle. Some sources have suggested that Mr Hussein may have been born at a later date, but claimed to be older during his rise to power.

1959: The young Hussein, who has gravitated to the Arab nationalist Baath party, participates in an assassination attempt against Iraq's then-leader Abd al-Kareem Qassem. He is wounded in the attempt but escapes, allegedly displaying considerable resource and endurance. The incident later becomes a large part of Mr Hussein's cult of personality.

Feb 1963: The Baath party participates in a coup that overthrows Mr Qassem, but is edged out by other participants. Mr Hussein is imprisoned in 1964 but escapes in 1967.

Jul 1968: The Baath takes power in another coup, with Mr Hussein's cousin Ahmed Hassan al-Bakr becoming president and Mr Hussein becoming vice president. Mr Hussein presides over the nationalisation of the oil industry in 1972 and rapid economic growth fuelled by the oil boom, but the regime also begins to repress Shia religious celebrations in public.

Jul 16, 1979: Mr Hussein, who has upstaged Mr Bakr for much of the past decade, edges out the president in an internal coup and then purges the party.

Sep 22 1980: Iraq invades Iran, with which it has had a long-term border dispute. He cracks down on the Shia Islamist al-Dawa party, which has ties to Iran's revolutionary regime.

July 8 1982: Mr Hussein survives an assassination attempt at the hands of Dawa activists in the Shia village of Dujail. He allegedly orders a campaign of reprisals, which see 148 people condemned to death, many more including women and children deported to a remote desert prison, and the demolition of homes and palm groves in a wide swathe around the village. Mr Hussein was condemned to death on the basis of these allegations.

Feb 23 1988: The official beginning of the Anfal campaign, allegedly ordered by Mr Hussein to depopulate areas of the north which support Kurdish guerillas. Mr Hussein is currently being tried in a second trial for his role in Anfal and other counterinsurgency campaigns in the north, in which the Kurds claim some 180,000 of their kinsmen were killed.

Aug 2 1990: The Iraqi army invades Kuwait, and is ousted six months later by a US-led coalition. The country is placed under sanctions. In the aftermath of Mr Hussein's defeat the Shia south witnesses an uprising. The "intifada" fails, but Shia estimates of the dead begin at 300,000.

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Mar 19 2003: A US-led coalition invades Iraq with the intent of overthrowing Mr Hussein's regime. Mr Hussein last appears publicly as president on April 7, 2003, in the Sunni neighbourhood of Adhamiya, and goes into hiding.

Dec 13 2003: Mr Hussein is captured by US forces in a "spider hole" in a village in the town of al-Dawr, close to his birthplace in Awja. Photos of him undergoing a post-capture medical inspection are broadcast on Iraqi television. Both supporters and foes of the regime confess to have felt a sense of shock to see the man who dominated their country for over three decades brought low.

Jul 1 2004: Mr Hussein first appears in court before the Iraqi High Tribunal. His trial begins on October 19 2005.

Nov 5 2006: Mr Hussein is sentenced to death for crimes against humanity.

Dec 26 2006: An Iraqi appeals court upholds a ruling that Saddam Hussein should hang for crimes against humanity. Under the statute governing the Iraqi High Tribunal, the death sentence must be carried out within 30 days.

TV Networks Hold Tense Death Watch For Condemned Iraqi Dictator (AP)

By Lynn Elber

AP, December 29, 2006

TV news channels played a tense waiting game Friday as they ticked off the final hours of Saddam Hussein's life, replaying scenes from the former Iraqi dictator's reign as they waited for his death.

Saddam's hanging Friday night ended a day of TV reporting fraught with uncertainty and speculation about whether his execution was imminent.

"The situation seems to be one of tremendous flux, but you and your viewers already know that," Feisal al-Istrabadi, Iraq's deputy ambassador to the United Nations, said on CNN several hours before Saddam's death.

At about 7:15 p.m. PST, NBC broke into regular programming with a special report announcing the execution. NBC attributed the news to three "very credible" Arabic language news stations.

A few minutes later, Katie Couric made the announcement for CBS, also breaking into programming.

"Saddam Hussein is dead. We have just received word that the former president of Iraq has been executed. No details yet, but Iraqi authorities said they were planning to videotape the death," Couric said.

She then went to correspondent Randall Pinkston, who said the network was told by one of Saddam's lawyers that the execution was carried out just before 10 p.m. Eastern time.

ABC issued its report shortly before 7:30 p.m. PST, citing a senior military official in Baghdad.

Reports on cable channels Fox News Channel and CNN cited Arab language news stations.

After Saddam's death, the issue became whether footage, if made available, would be shown.

"American forces across Iraq are bracing for a possible violent reaction to the execution and we should say that NBC News is not going to broadcast videotape of the execution," newscaster Campbell Brown said.

But CNN's Anderson Cooper indicated the door was open.

"We will be bringing those images to you as appropriate," said Cooper. Video and still photos had been taken of the execution but would be reviewed by the channel before airing, he said.

"We won't be showing anything too graphic," Cooper said.

But in the hours after Saddam's death, the story was told in words and old footage. There was brief coverage of members of the Iraq community in Dearborn, Mich., celebrating his execution, but otherwise news channels relied on file film of Saddam and war-torn Iraq.

Before the execution, news executives were reluctant to discuss hypothetically what they might show if video or still pictures were made available. They said they would weigh questions of tastefulness with the need to illustrate an important story.

NBC News will use discretion in what it shows, but people have the right to see proof that Saddam was killed, said Phil Alongi, executive producer, NBC News special events.

"We're not going to do it just for the shock value," Alongi said earlier Friday.

CBS News discussed general guidelines in the days when it became clear that the execution was imminent.

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"We need to show Saddam being taken to his execution and we need to show the results of the execution, but we will not see any moving video of him actually being hanged," said Paul Friedman, CBS News executive.

Bob Murphy, ABC News senior vice president, recalled that when Saddam's two sons were killed, his network showed pictures of their faces after death but showed nothing of their bodies.

Several hours after the execution, Murphy said ABC would use its "editorial judgment" in reviewing any footage and deciding whether it was appropriate to air. Based on unconfirmed information, he said, the execution may have been taped in its entirety.

If Iraqi TV viewers were glued to their TV sets, as one channel reported, the broadcast networks apparently felt that the news bulletins would hold U.S. viewers for now: All switched back to regular programming Friday, although ABC followed the story on news magazine "20/20."

MSNBC, Fox News Channel and CNN stayed with Saddam coverage. Fox's Bill O'Reilly might have taken issue with the broadcast network's brief reports.

Saddam's execution represented a "big moment, much bigger than the press in America is portraying it," O'Reilly said earlier Friday, adding: "It's not at the level of (Osama) bin Laden. Bin Laden would be off the chart, great."

On TV, Death Watch For Dictator (LAT)

By Paul Brownfield

The Los Angeles Times, December 30, 2006

Predictions went from "today or tomorrow" to "in the next hours" to "by all accounts very soon" to "any moment now." Finally, it appeared that Saddam Hussein would die during "Larry King Live."

"Are a lot of people in Iraq going to miss him?" King asked colleague John Roberts.

Let no stone go unturned. Except this: Would American television networks, cable or broadcast, show the actual event? Would there be video?

A CBS news official was quoted expressing squeamishness; others, like CNN, Fox News and NBC, were taking more of a wait-and-see attitude. Networks used the prospect of footage to create an all-day "Dead Man Walking" scenario, as day became night became the morning call for prayer in Baghdad.

It was said that the execution would be filmed but not broadcast live on Iraqi TV, which has shown other executions, though some form of videotape of the Hussein hanging would be released, to affirm what many in the Arab world perhaps needed to see to believe.

On Al Jazeera English, journalist Nir Rosen was asked whether Iraqis would be glued to their sets waiting for news of the despot's death. "I think most Iraqis don't have electricity," Rosen noted dryly, "and their televisions don't work."

On cable news Friday, there was this weird, almost macabre, juxtaposition — news shows cutting between President Ford, lying in state in Palm Desert, and breathless coverage of when Hussein would be executed.

It's hard to remember, but the capture of a disheveled Hussein from his hole in the ground in Tikrit was a remarkable image. But his death, in its immediate moments, would be something else — a coda of sorts that analysts predicted would be quickly forgotten.

The issue of the unfairness of Hussein's trial was getting pointed coverage on Al Jazeera English. Meanwhile, after the execution was announced, CNN's Anderson Cooper assured viewers that the network would be judicious before splashing any imagery on the screen. It's this same judiciousness on an everyday basis that keeps the war distant, troubling and out of focus.

How Much Should Be Shown Of A Hanging? Network Executives Wonder And Wait (NYT)

By Bill Carter

The New York Times, December 30, 2006

In the hours before the hanging of Saddam Hussein television news executives were thrown into hurried consultations yesterday over how to handle any images of his execution that might be released.

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Though there was some question as to whether any video images would be issued, the network news divisions at ABC and CBS said that should the video become available, some visual documentation of Mr. Hussein's death might be broadcast, but no overly graphic images, and certainly not the complete execution.

NBC News, however, indicated it might go further than its competitors. Steve Capus, the president of NBC News, said the network might show "a wide shot of Saddam hanging." He said NBC would make its decision based on questions of taste and history.

"I think it might be appropriate at some point to see an image of Saddam after he is hanged," Mr. Capus said, citing previous historic images of dictators who had been killed. "I think about that iconic image of Nicolae Ceausescu in Romania, lying literally in the gutter. I want to do this with a measure of taste, but I don't want to stand in the way of history."

The cable channels CNN and Fox News were less definitive about what limits they might impose on any images of Mr. Hussein dead, saying they would decide what to display after they saw what was available. (MSNBC, the cable channel owned by NBC, will follow the policies of NBC News.)

Executives throughout the television news business said they fully expected such images to turn up at least on Web sites.

"Somehow it will get out," said Paul Friedman, the vice president of CBS News. "That video is going to be available somewhere on some channel or some site." Mr. Friedman said he had met with the CBS News staff yesterday and had told them, "There will be a lot of pressure to use the pictures" of the actual hanging. But, he added, "CBS will not show it, no matter what."

Bob Murphy, the senior vice president of ABC News, said, "I suspect there will be some form of video released that will confirm the death for the Iraqi people."

ABC will "fulfill our obligations as journalists in documenting the event," he said. But he emphasized: "We will absolutely not go too far in showing graphic images. Taste and propriety are the two key guidelines."

Mr. Murphy also stressed that ABC News would not allow its Web site, ABCNews.com, to show anything more than what was permitted on television. "The decision will be for all of ABC News," he said. "What is excluded for ABC News on television will be excluded for all ABC News outlets."

Mr. Friedman said editors from CBS's site, CBSNews.com, had also been told that they would be under the same restrictions as the broadcast network. Mr. Capus also said the choices of the MSNBC.com Web site would be governed by what the network decided.

David Rhodes, the vice president of news for the leading all-news cable network, the Fox News Channel, said questions of what the network might show were "still hypothetical at this point."

Of what the channel might eventually show, he said, "If you could tell me exactly what we were going to get, I could give you an answer."

As to whether the channel's Web site, FoxNews.com, might be permitted to show more images than what appeared on television, Mr. Rhodes said, "We haven't had the discussion yet about whether we should be doing anything different on the Web site."

CNN released only a statement saying, "We will make our final call once we see what the Iraqi government releases."

Most of the news outlets cited decisions they had made in the aftermath of the killing of the two sons of Mr. Hussein by United States troops. Mr. Murphy of ABC said the network had broadcast some still shots of the faces of the dead men but had excluded graphic video that showed multiple wounds.

A spokeswoman for CNN, Laurie Goldberg, noted that in the case of the sons, many questions were raised about their identities, and so more images were shown to make comparisons with previous pictures taken of the men.

Still unclear yesterday was what other news and video outlets might do if they gained access to video images of the hanging. Representatives for the Qatar-based news network Al Jazeera did not respond to telephone calls or e-mail messages. Jennifer Nielsen, the marketing manager for YouTube, said that that popular video Web site would not comment on videos it had not yet seen. In general, the site's policy is to prohibit content that is deemed inappropriate by its users.

With Hussein Dead, Iraqis Consider Fate Of His Body (NYT)

By Marc Santora

DOJ_NMG_0111650

The New York Times, December 30, 2006

BAGHDAD, Saturday, Dec. 30 — After the hanging, the body remains.

While the verdict and death sentence for Saddam Hussein were swift and unambiguous, it was much less clear on Saturday what would be done with his body.

Privately, both American and Iraqi officials say that the subject has been raised at the highest levels, but no decisions have been made. There is wide disagreement on the subject of his body, according to interviews with several top Western and Iraqi officials, nearly all of whom insisted on anonymity because of the sensitivity of the subject.

The most discussed options include sending his body out of the country to his family in Jordan, where two of his daughters live; burying him in a secret location never to be made public; burying him in a secret location but, after a period of time, having him disinterred and sent to his family or tribe; or sending him immediately to his hometown of Tikrit to be buried with members of his tribe.

In fact, a top Sunni politician even raised the prospect of holding a state funeral for Mr. Hussein. That idea, a Western official said, had very little chance of becoming reality.

Salahedeen Hamad Humood, the governor of Salahedeen Province, which includes Tikrit, said, "We demand an official funeral for Saddam Hussein; he is the ex-president of Iraq, and he should be buried next to his sons."

Mr. Hussein's sons, Uday and Qusay, were killed by American troops after the invasion of Iraq. To convince the public that they were actually dead, graphic images of their bloodied faces were made public.

Similarly, Iraqi officials had said that the hanging of Mr. Hussein would be taped, although it was unclear on Saturday whether that had been done, and if so, whether the tape would be made public.

If Mr. Hussein were allowed to be buried in Tikrit, which had been his main base of support, it would be out of character with the way the remains of some of the 20th century's other most notorious tyrants have been treated.

From Mussolini to Ceausescu, the vanquishers of the once powerful rulers have sought to ensure that memorials to them do not inspire the kind of passions they did in life.

Tojo, Japan's leader during World War II, was unceremoniously cremated after going to the gallows. The location of the ashes was kept secret for nearly three decades, until the urn with his remains was secretly placed in the Yasukuni Shrine in Tokyo, where it remains today. The former Romanian dictator, Nicolae Ceausescu, was buried secretly in a nondescript public graveyard. Although the grave markers bore fake names, the site was public knowledge within a year. He was killed by firing squad on Christmas Day in 1989.

Hitler's bones, the source of endless morbid fascination, were buried in secret, dug up, moved across East Germany, buried again and dug up once more only to be cremated. A piece of his skull is kept in Russia.

Mussolini's body traveled far after he was shot by a firing squad and then hanged upside down in a public square. Slivers of his brain were taken by American doctors to see if he had been driven mad by syphilis, while the rest of him was buried in an unmarked grave outside Milan. The site was soon discovered and a young neofascist dug up the remains, stuffed them in a steamer trunk and hid them in the mountains. Eventually, Mussolini was recovered and reburied in the Adriatic Sea town of Predappio, his home town.

Iraq's leaders are obviously wrestling with the same questions as the victors who deposed other rulers. But in this case, it is complicated by the state of lawlessness that rules this country.

While many people here seem more concerned with just staying alive than worrying about the resting place of Mr. Hussein, government officials in this country built on the worship of martyrs are keenly aware of death's ability to transform.

Death Of A Dictator (LAT)

The Los Angeles Times, December 30, 2006

ONCE UPON A TIME, the death of Saddam Hussein would have been an epochal event for Iraq, the Middle East and the world. Now there is some question whether it will even matter in Baghdad.

No one really expects Hussein's execution, which took place today, to change much in Iraq. His hanging was carried out in haste and in secret, in part because Prime Minister Nouri Maliki and other officials were worried that Sunni or Shiite factions

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would use it as an occasion for attacks or bombings. Violence may indeed spike in the aftermath of Hussein's death, but he has become little more than a symbol to such insurgents, who do not lack for excuses to justify their viciousness.

Nor can Hussein's death be expected to be much of a factor in Washington. Some will claim that it vindicates one of the original purposes of the war. But President Bush's deliberations about the "way forward" in Iraq will continue apace, as will debate about troop levels, diplomatic overtures and other strategies to allow the U.S. to leave Iraq but continue the war against terrorism.

The curious irrelevance of Hussein to today's Iraq could hardly have been predicted five years ago. It would be a mistake, however, to forget his terrible relevance to Iraq's history.

A student of Stalin, Hussein borrowed many of the Russian dictator's tactics, from assassinations and imprisonments of political enemies to ironclad control of the state security apparatus. On his hands are the death of countless Iraqis — hundreds of thousands in a disastrous and inconclusive war with Iran, untold numbers of others in attacks he ordered against his own citizens.

One of those massacres, the killing of 148 men and boys in a Shiite town after an attempt was made on his life there in 1982, sealed Hussein's fate. His execution followed his conviction for ordering their deaths, and though the trial was imperfect, Hussein freely admitted his responsibility for the murders. His death robs another trial, for the gassing of as many as 180,000 Kurds in 1987 and 1988, of its defendant.

It is absurd to regret the death of a man so brutal. His removal from power was heartening to defenders of human rights everywhere. Yet it's worth asking, as U.S. troops go on heightened alert in Baghdad, whether Hussein's death represents progress or yet another anticlimax for Iraq. When his regime was toppled in the spring of 2003, and again at his ignominious capture three years ago, Iraqis and U.S. troops — not to mention Washington policymakers — allowed themselves to hope that they had reached some kind of turning point in the war.

No one voices such unrealistic optimism anymore. Hussein's irrelevance was one of the main achievements of the war in Iraq. It is also one of the main reasons why that war continues.

So Long To "Our" Tyrant (LAT)

By Andrew Cockburn

The Los Angeles Times, December 30, 2006

AMONG THE MANY ironies of Saddam Hussein's execution is that, although his death seems certain to boost sectarian bloodletting between Sunnis and Shiites in Iraq, he always posed as an Iraqi and Arab nationalist who could unite the rivalrous sects in his country — an attribute that initially recommended him to Washington.

Other qualities of the Iraqi dictator that appealed to U.S. policymakers included his sterling record in eliminating communists and his readiness to confront the Ayatollah Ruhollah Khomeini, the militant Shiite leader of Iran.

Today of all days, the administration has no desire to be reminded of the era when the U.S. actively intervened on Iraq's side in the Iran-Iraq war, supplying credit, intelligence, helicopters and, finally, active combat assistance from the U.S. Navy.

But that is indeed what happened. Something of the flavor of the relationship is summed up in a March 1984 cable from Secretary of State George Shultz to Donald Rumsfeld, who was about to visit Baghdad for the second time as President Reagan's Middle East envoy. Although the U.S. had just publicly condemned Iraq's use of chemical weapons, Shultz told Rumsfeld that the condemnation had been more or less pro forma and that "our interests in 1) preventing an Iranian victory and 2) continuing to improve bilateral relations with Iraq, at a pace of Iraq's choosing, remain undiminished…. This message bears reinforcing during your discussions."

The key to the relationship between the U.S. and Hussein over the years was that they shared the same enemies. Hussein's early political career was as a hit man for the Baath party. In 1961, he fled into exile in Egypt after botching an assassination attempt against the then-leader of Iraq, Abdul Karim Qassim. Qassim, a leftist general who ruled with the support of the Communist Party, was regarded with extreme disfavor in Washington.

In fact, Hussein's exile ended in 1963, when his Baathist colleagues seized power with covert U.S. assistance. "We rode to power on a CIA train," the party's secretary general, Ali Saleh Saadi, admitted later.

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Once in power, Hussein and his party pursued a nationalist agenda that sometimes irked Washington — as when he masterminded the full nationalization of Iraq's oil assets. In the mid-1970s, the U.S. got so irritated with him that it briefly gave covert assistance to Kurdish insurgents. But the triumph of militant Shiism in Iran a few years later guaranteed Hussein a place among Washington's allies once again.

Initially, it wasn't clear that Hussein would have to go to war against Khomeini's Iran. That's because the Shiite religious leadership in Iraq posed little threat to Hussein's rule. But that began to change when the communists — who had commanded the allegiance of the Shiite masses — were crushed and liquidated. The Shiite religious hierarchy, encouraged by the success of the Islamic Revolution next door, then began asserting itself politically.

Panicked by this internal threat, Hussein decided on a preemptive attack against Iran in 1980, a move that came with covert U.S. encouragement.

Apart from the eccentric deviation of the Iran-Contra affair, Washington's support for Iraq against the militant Iranian Shiite regime remained firm during the eight-year Iran-Iraq war, despite Hussein's well-publicized use of poison gas against, as President Bush likes to remind us, his own people.

That consistent support, in fact, appears to have deluded Hussein into thinking that the U.S. would grant him concessions in return for withdrawing from Kuwait after his 1990 invasion of that country. Had he any experience of the outside world beyond his exile in Egypt and brief arms-shopping trips to Moscow and Paris — or had his advisors not been too frightened to tell him the truth — he might have understood that, with the Soviet Union's defeat in the Cold War, Third World dictators could no longer defy the U.S. and escape unpunished.

Though he was expelled from Kuwait and his economy wrecked by sanctions, Hussein was allowed to survive because Washington for a time continued to believe that he was useful as a bulwark against Iran abroad and militant Shiism at home in Iraq. When that policy was discarded by the neoconservatives after the 9/11 attacks, the dictator's days were numbered.

Hussein was for a period the prime example of the traditional U.S. means of control in the Middle East: quiet support for a repressive leader respectful of U.S. interests. That approach has now apparently been replaced by one that induces civil discord and breakdown (deliberately or otherwise), as evidenced by recent events in Iraq, Lebanon and Afghanistan.

In his final hours, Saddam Hussein may have derived some satisfaction from the unpleasant surprises this change has produced for his former friends in Washington.

Justice, But No Reckoning (NYT)

By Najmaldin Karim

The New York Times, December 30, 2006

MY personal battle with Saddam Hussein — which began in 1972 when I abandoned my medical career in Mosul, Iraq, and joined the Kurdish armed resistance — is at an end. To execute such a criminal, a man who reveled in his atrocities, is an act of justice.

The only issue for me is the timing — executing him now is both too late and too early. Too late, because had Saddam Hussein been removed from the scene many years ago, many lives would have been saved.

Killing Saddam now, however, for ordering the massacre at Dujail in 1982, means that he will not face justice for his greatest crimes: the so-called Anfal campaign against the Kurds in the late 1980s, the genocidal assault on the Marsh Arabs in the 1990s, and the slaughtering of the Shiite Arabs and Kurds who rose up against him, with American encouragement, in 1991.

The sight of a tyrant held to account, if only briefly, has been an important precedent for the Middle East. The shabby diplomacy that has allowed dictators to thrive is now discredited.

Sadly, however, we have not had full justice. Saddam Hussein did not confront the full horror of his crimes. Building on previous initiatives by Arab nationalist governments to persecute the Kurds, he turned ethnic engineering and murder into an industry in the 1970s. Hundreds of thousands were evicted from their homes and murdered. Swaths of Kurdish countryside were emptied of their population, men, women and children taken to shallow graves and shot.

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Initially, the United States backed those of us who took to the hills to save our lives and freedom, but in 1975 (and here is an irony) Gerald Ford agreed to stop financing us in order to settle a border dispute between Iraq and Iran. As so many times since, human rights were no match for a desire to keep the oil flowing.

During the 1980s, entire towns, including Qala Diza in Iraqi Kurdistan and Qasr-i-Shirin in neighboring Iranian Kurdistan, were destroyed. To ensure that survivors would never return to their homes, the mountains were laced with land mines. The widows and children were detained in settlements lacking fresh water and sewage disposal; these were called "mujammat" in Arabic, which translates, with all the dreadful implications, as "concentration areas."

While I escaped to America, my family was not so lucky. My brother-in-law and nephew were summarily executed. They never had anything remotely approaching a fair trial, never got to write a will, never got to say goodbye to my sister.

Saddam Hussein's trial shed new light on these tragic years. Documents came to light revealing that his regime coordinated with Turkey in its efforts to isolate Kurdish villages in 1988, in which he used chemical weapons. This should lead to some important soul searching in Turkey.

But the failure to put Saddam Hussein on trial for the Anfal offensive itself will cheat us of learning the full details — of investigating whether the Turks suppressed evidence of Iraq's use of chemical weapons by preventing foreign doctors from seeing Kurdish refugees; of knowing the extent to which Saudi Arabia and Egypt may have aided Saddam Hussein's weapons production.

Kurds aren't the only ones who will be cheated out of full reckoning. In 1991, as we all know, the retreating Iraqi army massacred Shiite Arabs as well as Kurds who had heeded President George H. W. Bush's call to overthrow the Baathist regime. According to the 2004 report of the Iraq Survey Group, the dictator used chemical weapons against Shiite Arab civilians in 1991. Without putting Saddam Hussein on trial for these offenses, or for his campaigns against the Marsh Arabs of the south, will we ever know what really happened?

For all the mistakes that the United States has made in Iraq — and I feel the betrayal of 1975 was the worst — I am a proud (naturalized) American because this country brought the murderous despot to trial. Still, it is a great shame that he will not be held accountable for all of his crimes, and a far greater tragedy that he was allowed, sometimes with American complicity, to commit them in the first place.

U.S. Forces Ready For More Iraq Violence (AP)

By Lolita C. Baldor,

AP, December 30, 2006

The Pentagon said Friday that U.S. forces in Iraq are ready for any escalation of violence associated with the execution of former President Saddam Hussein. Saddam was hanged Friday night, Iraqi state-run television reported.

"U.S. forces in Iraq are obviously at a high state of alert anytime because of the environment that they operate in and because of the current security situation," Defense Department spokesman Bryan Whitman said Friday, hours before Saddam was hanged.

U.S. forces will take into account "social dimensions that could potentially led to an increase in violence, which certainly would include carrying out the sentence of Saddam Hussein," Whitman said.

Closer to home, Americans were warned to be vigilant about the possibility of a terror attack. But an advisory that the FBI and the Homeland Security Department sent to local law enforcement agencies and intelligence community figures on Friday was routine and did not cite a specific threat.

Saddam has been in U.S. custody since he was captured in December 2003. As his execution drew near, Saddam's lawyers filed an appeal trying to stave it off.

However, U.S. District Judge Colleen Kollar-Kotelly, who heard arguments from attorneys by phone, rejected the challenge Friday night. She said U.S. courts do not have jurisdiction to interfere in another country's judicial process.

In a 21-page request filed Friday, Saddam's attorneys argued that because Saddam also faces a civil lawsuit in Washington, he has rights as a civil defendant that would be violated if he is executed. He has not received notice of those rights and the consequences that the lawsuit would have on his estate, his attorneys said.

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"To protect those rights, defendant Saddam Hussein requests an order of this court providing a stay of his execution until further notice of this court," attorney Nicholas Gilman wrote.

A similar request by the former chief justice of the Revolutionary Court, Awad Hamed al-Bandar, was denied Thursday — as was an appeal of that decision. Al-Bandar also faces execution. The Justice Department argued in that case that U.S. courts have no jurisdiction to interfere with the judicial process of another country.

The White House declined Friday to talk about the timing of Saddam's execution.

Deputy White House press secretary Scott Stanzel, talking to reporters from Crawford, Texas, where President Bush was vacationing, said the hanging of Saddam was a matter for the sovereign Iraqi government. Earlier, the White House said the appeals court decision to uphold the sentence marked an important milestone for the Iraqi people's efforts to replace the rule of a tyrant with the rule of law.

At the Pentagon, Whitman wouldn't comment on troop movements to strengthen security for the execution, but he said the commanders in Iraq have the ability to move forces as they deem appropriate based on conditions on the ground.

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Associated Press Diplomatic Writer Barry Schweid and legal affairs reporter Matt Apuzzo contributed to this story.

Iraq Awash In A Multitude Of Warring Groups (UPI)

By Lawrence Sellin

UPI, December 30, 2006

If the situation in Iraq can be salvaged, it will not be done with troop surges alone or a single all-inclusive strategy applied uniformly across the country, but through the cumulative effect of a hundreds of tailored efforts, funded and executed bottom-up, city by city and region by region.

According to the U.S. Department of Defense's November 2006 Report to Congress,"Measuring Security and Stability in Iraq", programs for national reconciliation and disarmament are difficult to design and implement due to the presence of numerous illegal armed groups, whose personal loyalties to sub-national groups, such as tribe, sect, or political party, are often stronger than loyalty to Iraq as a nation-state and condone or maintain support for violent means as a source of political leverage.

This should come as a surprise to no one. More than three-quarters of the Iraqi population have ties to one of over a 100 tribes. With the current absence of strong central authority, the importance of local associations is amplified, acting as an alternative government by providing, not just cultural identity, but sometimes security and basic services

Even Saddam Hussein was required to make continuous adjustments in his power base, balancing the often competing interests of state tribalism, selected military and paramilitary organizations and Baath party ideology. The situation, where the United States now finds itself, is not unique, but a consequence of its destruction and not the rapid replacement of central authority.

Yet the influence of Iraqi tribalism and the need to balance or leverage the differences between sub-groups in the ongoing stability and counterinsurgency operations in Iraq may still be underestimated. It is the product of lazy thinking to simply pigeon-hole Iraqis as Shiite, Sunni or Kurd. It may also be dangerous thinking if a troop surge is used to challenge large sectarian armed groups on their own turf, like Mahdi Army. It may be better for the United States, when necessary, to operate along the political fault lines in Iraq or, simply put, divide and conquer.

In the December 2006 report, "Iraq's Sectarian and Ethnic Violence and the Evolving Insurgency", Anthony H. Cordesman of the Center for Strategic and International Studies states that there were 23 militias operated in Baghdad in the early fall and by mid-October militias in Baghdad were splintering into smaller, more radicalized cells. Even the large and exclusively Shiite Mahdi Army has a growing number of rogue elements operating outside of Moqtada al-Sadr's control.

Up until now the United States has largely fought the Iraq insurgency from the outside, rather than from the inside-out. That is, to become counterinsurgents inside the insurgency, controlling events rather than reacting to them. The United States needs to disrupt insurgent networks, sow confusion and disorder, and isolate them from the people and any outside basis of support. Doing nothing about locally-generated animosities or even leveraging them may be part of that equation.

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Inter-group rivalries that benefit American and Iraqi government goals is not without precedent. The Defense Department report identifies the types of political fault lines the United States needs to exploit. Such as:

"...attempts by al-Qaida in Iraq and affiliated Sunni extremists to intimidate the local population. These efforts provoked a backlash. Some tribal chiefs and Sunni Rejectionist leaders began localized efforts to retake control of their areas.

"In Diyala, and recently in Balad, the conflict between al-Qaida in Iraq and Jaysh al-Mahdi was a sectarian fight for power and influence.

"The conflict in Basrah, Amarah, and the south was characterized by tribal rivalry, increasing intra-Shi'a competition...."

It should be noted that over 75 percent of insurgent attacks occur in only four of Iraq's eighteen provinces with Anbar and Baghdad accounting for half of that total. That means the area of conflict is relatively well-defined.

Although the obstacles to stabilizing Iraq do not yet appear insurmountable, one should not underestimate the difficulties ahead, for the margin of error has significantly narrowed due to previous ineffective policies that have provided opportunities for the insurgents and prolonged the conflict.

Critical reconstruction efforts, the restoration of basic services, and the influx of private capital and economic growth have all been hindered by the lack of security. The resulting unemployment provides a fertile environment for militia recruiting, which is feeding the cycle of violence. A top-down effort is not the answer. Preventing corruption and political patronage and instituting proper managerial procedures at the Iraqi ministry level remains problematic. An alternative is giving primary authority to expert military-civilian interagency teams working with local authorities.

Success is possible only by providing lasting security to the Iraqi people, effective governance and economic development based on local needs and tradition, not imported notions of them. The task ahead will require a long, arduous, neighborhood by neighborhood effort. The question is whether or not the United States now has the political will and financial wherewithal to sustain it.

(Lawrence Sellin, Ph.D. is an Afghanistan veteran.)

Dec. The Deadliest Month For U.S. Troops (AP)

By Lauren Frayer

AP, December 30, 2006

Three more Marines and a soldier were killed in battle in Iraq, the military said Friday, making December the year's deadliest month for U.S. troops with the toll reaching 108.

The Marines, all assigned to Regimental Combat Team 5, died Thursday of wounds from fighting in western Anbar province, the U.S. military said. The soldier was killed in Karmah Thursday by small arms fire, the military said. Separately, the family of another soldier said he died Wednesday in Texas of injuries suffered in Iraq.

Their deaths pushed the toll past the 105 U.S. service members killed in October. At least 2,997 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an AP count. That count includes two soldiers the military has classified as Iraq casualties, but the AP has not confirmed as Iraq-related deaths.

Iraqis braced for possible violence as former dictator Saddam Hussein was executed for war crimes Saturday morning. Before the former Iraqi dictator was hanged, American and Iraqi officials expressed concern about the potential for a spike in unrest.

Friday's violence was not heavier than usual.

A suicide bomber killed at least nine people near a Shiite mosque in Baghdad, and 32 tortured bodies were found across the country.

American troops killed six people and destroyed a weapons cache in separate raids in Baghdad and northwest of the Iraqi capital, the U.S. military said. One of the raids targeted two buildings in the village of Thar Thar, where U.S. troops found 16 pounds of homemade explosives, two large bombs, a rocket-propelled grenade, suicide vests and multiple batteries, the military said.

Iraqi forces backed by U.S. troops entered a mosque southeast of Baghdad, capturing 13 suspects and confiscating weapons, the U.S. military also said.

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A suicide bomber wearing an explosives belt detonated himself near a Shiite mosque in Khalis, 50 miles north of Baghdad, killing nine people and wounding about a dozen, police said.

Twenty-two bodies showing signs of torture were found dumped on the streets of the Iraqi capital Friday, and 10 more were found in Baqouba northeast of Baghdad, police and morgue officials said.

December was shaping up to be one of the worst months for Iraqi civilian deaths since The Associated Press began keeping track in May 2005.

Through Thursday, at least 2,139 Iraqis have been killed in war- related or sectarian violence, an average rate of about 76 people a day, according to an AP count. That compares to at least 2,184 killed in November at an average of about 70 a day, the worst month for Iraqi civilians deaths since May 2005. In October, AP counted at least 1,216 civilians killed.

The AP count includes civilians, government officials and police and security forces, and is considered a minimum based on AP reporting. The actual number is likely higher, as many killings go unreported.

Also Friday, gunmen killed two oil company employees in Mosul, 225 miles northwest of Baghdad, police said. A civilian was shot dead near his home in another attack in the same area.

Two more civilians and a policeman died in separate attacks in Musayyib, about 40 miles south of Baghdad, police said.

A round of mortar shells slammed into al-Maidan square in central Baghdad, wounding 10 people and damaging shops and buildings in the area, a police officer at Rissafa police station said on condition of anonymity out of security concerns.

A roadside bomb wounded three civilians in Balad Ruz, 45 miles northeast of Baghdad, police said.

U.S. Toll In Dec. Is Highest Of '06 (WP/AP)

The Washington Post, December 30, 2006

BAGHDAD, Dec. 29 -- Three more Marines were killed in battle in Iraq, the military said Friday, making December the year's deadliest month for U.S. troops, with the toll reaching 106.

The Marines, all assigned to Regimental Combat Team 5, died Thursday of wounds from fighting in western Anbar province, the U.S. military said. Their deaths pushed the toll past the 105 U.S. service members killed in October.

In violence Friday, a suicide bomber killed at least nine people near a Shiite mosque in Baghdad, and 32 tortured bodies were found across the country.

Monthly U.S. Toll In Iraq At 2-year High (LAT)

By Solomon Moore

The Los Angeles Times, December 30, 2006

BAGHDAD — The monthly death toll for U.S. service members in Iraq hit a two-year high Friday.

Three Marines assigned to Regimental Combat Team 5 were fatally wounded while fighting insurgents in Al Anbar province, bringing the December figure to 107, the military said. That is the highest monthly tally since January 2005, according to the website icasualties.org.

Forty-seven of the deaths occurred in Al Anbar, a western province that is a haven for Sunni Arab insurgents. The Baghdad area was next in number of deaths.

More than half the fatalities in December occurred during attacks involving improvised explosive devices, the website reported.

The remaining troops were killed by gunfire, mortar rounds, rocket-propelled grenades and in vehicle accidents, including a helicopter crash. Two servicemen died of illness.

The Marine deaths reported Friday brought the number of U.S. military fatalities in Iraq since the March 2003 invasion to 2,996, icasualties.org said, with 816 of them occurring this year. Last year, 846 American service members died; in 2004, the figure was 848.

The number of U.S. wounded is also down this year — 5,676 compared with 5,947 in 2005 and 8,001 in 2004.

Meanwhile, U.S. military officials said they had released the last two of five Iranian nationals detained by U.S. troops in raids Dec. 20-21 in Baghdad's central Jadriya neighborhood, according to Iraqi officials.

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When the two Iranians were taken into custody, they were at the office of Hadi Amiri, leader of the Badr Brigade Shiite militia, the Iraqi officials said.

The office is in the compound of Abdelaziz Hakim, who leads the Badr-affiliated Supreme Council for Islamic Revolution in Iraq.

In the raid, the military seized documents, maps, photographs and videos linking the two Iranians to illegal weapons shipments to armed groups in Iraq, Army Maj. Gen. William B. Caldwell IV said this week.

Iraqi Foreign Minister Hoshyar Zebari said the two Iranians had diplomatic passports and therefore were entitled to immunity.

Iraqi officials said they would work with Iran to create better accountability for diplomatic visitors.

Zebari said the three other Iranians had been apprehended while driving from a mosque service.

Zebari said they were released two days ago and returned to work at the Iranian Embassy.

Army Lt. Col. Christopher Garver said the incidents were under investigation.

In Diyala province on Friday, a suicide bomber outside a Shiite mosque killed 10 people, including Sheik Kadhim Bayati.

Around Kirkuk, gunmen killed four Iraqi soldiers at a checkpoint about 40 miles south of the northern oil hub; U.S. military officials said troops killed a suspected insurgent in the area with "precision-guided munition"; and a roadside bomb killed two civilians in north Kirkuk.

Also, the body of a policeman was found about 40 miles southwest of the city, Iraqi officials said.

In Baghdad, U.S. troops killed six alleged insurgents in separate military operations, and in one operation they destroyed two buildings reportedly being used to produce improvised explosives, U.S. military officials said.

In the southern province of Babil, gunmen killed a police officer and two civilians, Iraqi authorities said.

Pentagon Maps Plans For Iraq Surge (AP)

By Lolita C. Baldor, Associated Press Writer

AP, December 30, 2006

Extending U.S. military units already in Iraq and moving troops from other locations, including Kuwait, are among options Pentagon planners are looking at if President Bush calls for an increase in troops on the battlefront.

Military planners are reviewing the status of various units to determine which ones would be available to either go into Iraq or stay longer if needed, according to Pentagon officials.

Bush is expected to announce a new strategy in his Iraq policy early next year, and one of the key elements under discussion is a short-term surge in troops.

The most immediate and likely move would be to shift the 2nd Brigade, 82nd Airborne Division from Kuwait — where it is expected to deploy early next month — into Iraq, said the officials, who requested anonymity because no decisions have been made.

That brigade is being sent to Kuwait to serve as the reserve force, and military commanders have routinely moved the reserve force into Iraq when needed. A typical brigade is about 3,500 soldiers, and moving them in would give an instant boost of troops.

Several officials said military planners have been working on an array of options, but no one will know what units could be affected until the president decides how many troops he needs and how quickly they have to be in Iraq.

Another much-discussed option would be extending Marine units already in Iraq. Currently the 5th and 7th Regimental Combat Teams are serving in Western Iraq. Both are scheduled to move out early next year, but could be ordered to stay longer. Each regimental team has about 7,000 Marines.

The Army's 1st Brigade, 1st Armored Division is scheduled to come home early next year, and that Army unit already has been extended for about 45 days. It probably would not be extended again, the officials said.

Several other Army brigades are scheduled to deploy to Iraq for the normal rotation of units to the battlefront and some of those could be moved in more quickly if needed, although some were in Iraq less than a year ago. The Pentagon has tried not to send any units back before they have had a year home.

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A surge in troops would probably be coupled with other political and economic changes.

While in Iraq last week, Defense Secretary Robert Gates talked about the importance of rebuilding neighborhoods and other Iraqi facilities more quickly in regions that had been cleared by troops and deemed secure.

Creating short-term jobs programs, offering micro business loans to Iraqis and reopening existing factories are among the ideas being discussed by reconstruction experts, but it's unclear which ideas Bush is embracing.

Frederick Barton, who co-directs the Center for Strategic and International Studies' post-conflict reconstruction project, said jobs programs have worked after past conflicts, but that they often are not matched with the needs of the people, creating a short-term positive effect but little civic pride. He said micro loans also work but might not be effective unless stability can be achieved in Iraq.

"The best economic step that they could take is to push the Iraqi government to produce a wealth-sharing agreement on oil," Barton said. "That would, by far, be the biggest contribution."

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On the Net:

Defense Department: http://www.defenselink.mil

Pentagon To Request Billions More In War Money (NYT)

By David S. Cloud

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — The Pentagon is seeking nearly $100 billion for operations in Iraq, Afghanistan and elsewhere, a request that, if approved by Congress, would set an annual record for war-related spending.

The $99.7 billion request, detailed in a 17-page internal Defense Department memorandum dated Dec. 7, would be in addition to $70 billion appropriated in September. The request would push the total for the 2007 fiscal year to nearly $170 billion, 45 percent more than Congress provided for 2006.

The request is likely to receive more scrutiny from Congress next year than previous supplemental spending bills, in part because Democrats now control both the House and Senate. Another reason for the scrutiny is that Pentagon officials encouraged the services to ask for “costs related to the longer war against terror,” not just continuing operations in Iraq and Afghanistan, according to a memorandum that became public earlier this year.

About $50 billion — most of the money — would go to the Army, which is conducting the bulk of the operations in Iraq and Afghanistan. The request also includes $3.8 billion for the Air Force and $3 billion for the Navy to buy or upgrade aircraft. Both services have argued in recent months that they need to replace planes used in combat operations.

But some experts questioned whether the services were exploiting the must-pass nature of the supplemental bill to seek money for other purposes like the modernization of aircraft rather than just wartime replacements. Loren Thompson, a defense analyst with the Lexington Institute, a policy analysis organization in Virginia, pointed to the Air Force request for $62 million for ballistic missiles, a weapon not being employed in Iraq or Afghanistan.

Mr. Thompson said the request, which is not described further in the memorandum, may be part of a continuing Air Force project to arm ballistic missiles with conventional warheads to be able to strike terrorist targets quickly if other weapons cannot be used.

Even so, he added, “there are a number of weapons systems in the supplemental request not normally associated with fighting terrorists but which the services say still should be covered as part of the global effort.”

Altogether, the four military services would receive $26.6 billion for “reconstitution,” a term that the memorandum said covered repair and replacement of equipment damaged in Iraq and Afghanistan. Along with the $50 billion already provided this year, that is more than double what Congress appropriated in 2006.

“There is a real question about how much of this is really related to the war,” said Steve Kosiak, a defense budget expert with the Center for Strategic and Budgetary Assessments, a Washington policy analysis group.

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The Pentagon is also seeking $9.7 billion for training Iraqi and Afghan security forces, almost as much as has been spent in total since 2001, according to a study by the Congressional Research Service. In a reflection of the worsening security situation in Afghanistan, more than half of the requested money would go to training the country's army and police forces.

The request also underscores the continuing strain that deployments in Iraq and Afghanistan are putting on ground forces. The request includes $3.7 billion to speed up its outfitting and training of two Army combat brigades and three Marine battalions.

Since 2001, Congress has approved $507 billion for Afghanistan, Iraq and other operations deemed part of combating terrorism. Even with the Democrats in control, there is unlikely to be much appetite for cutting the war-related spending requests, Mr. Kosiak said.

"No one seems to be saying we're going to make deep cuts in war-related expenditures," he said. "I don't see evidence that the Democrats are interested in cutting this."

But the incoming Democratic chairmen of the House and Senate Budget Committees have said they will push the Bush administration to finance war costs in regular appropriations bills, not in supplemental spending measures, to make the costs clearer.

The request also includes $10 billion for protective equipment for troops and $2.5 billion for technology to defeat improvised bombs, the leading cause of American combat casualties in Iraq.

DOD Lacks Personnel To Oversee Contractors (UPI)

United Press International, December 30, 2006

WASHINGTON, Dec. 29 (UPI) -- The Defense Department has created a new office to oversee major service contracts.

The office will monitor contracts such as the $15 billion Halliburton one in Iraq.

The news is contained in a Dec. 18 Government Accountability Office report.

The Pentagon has set up the office of the assistant deputy undersecretary of defense for program support to have primary responsibility for issues related to contractor support.

The Defense Department has more than 60,000 support contractors in Iraq but no accurate tally of how many and where they are, according to the report.

"By way of contrast, an estimated 9,200 contractor personnel supported military operations in the 1991 Gulf War," the report states.

The Pentagon increasingly relies on contractors to perform non-military functions in combat zones, a function of both budget restraints and the conviction that private companies can do the work more efficiently and free up uniformed personnel for combat roles.

However, the downsized military also lacks the personnel to oversee the contractors.

"The Army estimates that because of their limited visibility over contractors at deployed locations and the government services they are entitled to, about $43 million is lost every year on free meals being provided to contractor employees who are also receiving a per diem allowance for food," the report states.

Military officials assigned to oversee contractor support in Iraq are too few to ensure contract requirements are being met, the report states.

The logistics task order contract awarded to Halliburton subsidiary KBR for food and living services in Iraq in 2003 has cost more than $15.4 billion so far, according to the GAO.

U.S. And Iraq Dispute Role Of Iranians But Free Them (NYT)

By Sabrina Tavernise, James Glanz

The New York Times, December 30, 2006

BAGHDAD, Dec. 29 — Under heavy American pressure, the Iraqi government ordered two Iranians who had been detained in an American military raid to leave the country, Iraqi officials said Friday, ending a bitter, nine-day political standoff.

The detention brought the increasingly strained relationship between the Iraqis who run this country and their American backers to one of its lowest ebbs.

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The Americans had insisted that the Iranians had been running guns and planning sectarian attacks and had pressed the Iraqis to expel them as intruders.

Iraqi officials said Friday that it was clear that the men, who were not publicly identified but were described as Iranian military officials by the Bush administration, had not been entirely forthcoming about what they were doing in Iraq.

Even so, the Iraqis said they believed that the evidence against the men was mostly circumstantial and not as damning as the Americans had portrayed. For that reason, the Iraqis said, the government decided to release them.

"There was some suspicions on their activities, but not in a red-handed way," Hoshyar Zebari, the Iraqi foreign minister, said in an interview. Still, he conceded, "the things they were doing were not consistent with their mission."

While the outcome was constructed to satisfy all sides, the episode, which began with an Iranian Embassy Mercedes being pulled over and led to a raid on the compound of Abdul Aziz al-Hakim, a powerful Shiite leader, deeply upset many Iraqi officials, who had been carefully building relations with Iran.

Mr. Zebari said that the men were visitors, not accredited diplomats as some officials had initially asserted, but that they had entered the country legally. It remained unclear on Friday night whether they had come at the invitation of Iraq's president, Jalal Talabani. A spokesman has said the invitation was been extended during a visit to Tehran by Mr. Talabani this month.

The men were released from American custody sometime Friday morning, after days of backroom negotiations among the Americans, the Iranians and the government of Prime Minister Nuri Kamal al-Maliki. Then they were driven overland into Iran shortly before noon, the Foreign Ministry said in a statement that appeared carefully worded so as not to offend this country's powerful neighbor.

The events demonstrated the deepening fissures between the Shiite-led Iraqi government and the United States. The government has been pressing for months for more autonomy from the Americans, asking for more control over its army and decision-making in the capital. The detention was a painful reminder of how little control Iraqis have over their own affairs.

"This is hurting what we call the Iraqi sovereignty," said one government official who had traveled to Tehran to help handle the diplomatic fallout. Iranian officials "have a question whether Iraq is a real sovereign country or not. This is a natural question."

An official in the Iranian Embassy confirmed the release, and echoed concerns expressed by some Iraqi officials earlier this week that the arrest seemed politically motivated. The United Nations Security Council passed a resolution on Saturday imposing mild sanctions on Iran for refusing to suspend uranium enrichment, two days after the raid in Baghdad.

"It's a message from this American administration to the Iraqi government," said the official, who did not give his name because he is not authorized to speak to the news media. "It says you can't build any relationship with any country without our approval."

The Bush administration has rejected pressure to open talks with Iran about that country's action in Iraq, and some Iraqi officials said Friday that the raid had a political tinge.

"We get delegates from Turkey and Syria, but when we have delegates from Iran, this is what happens," the government official said.

The official said the men were released in good health. He said the release was evidence that the suspicions against them were groundless.

The American military has said it has detailed evidence collected in the raid that linked the Iranians to illicit weapons shipments to Shiite militia groups, and to attacks on American and Iraqi forces. The Americans declined comment on why they went along with the deal.

Whatever the case, the behind-the-scenes discussions were intense. An Iraqi politician familiar with the case said the Americans had been trying to get the Iraqis to expel the men and declare them persona non grata.

But the Iraqis pushed back. They agreed to release a statement that condemned interference by neighboring countries in general, but stopped short of capitulating fully to American wishes and declaring the men intruders.

The delicately worded statement said the government "emphasizes to Iraqi neighboring countries the necessity of respecting the independence of Iraq."

But it added that Iraq wants "to continue good relations with its neighbor Iran and hopes that such incidents will not be repeated in the future, which may disturb these relations."

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American officials have long asserted that Iran is sending weapons and money into Iraq to fuel violence here, but the episode last week was the first one in which they made such high-level arrests. A number of Iranians have been arrested here but most entered the country illegally and none had been directly tied to the government.

The American military did not publicly present the evidence it said was found in the raid. Some of it was believed to have included receipts for sniper rifles and sophisticated bombs as well as maps of Baghdad identifying neighborhoods as Sunni, Shiite or mixed — the primary preoccupation of militias in Iraq's deepening sectarian war.

But the Iraqis said that the arrest had been more of a blunder and that if the suspected crimes had been serious, the Americans would never have released them.

The politician said that the men were supposed to be let go on Thursday morning, but that the release had been delayed over the American insistence on declaring the men intruders. "There was nothing to hold them on," the Iraqi politician familiar with the case said. "It speaks to the general confusion."

American officials have released people its military ground commanders believe have committed crimes. This fall, Gen. George W. Casey Jr. intervened in the arrest of a sheik from the northern neighborhood of Shuala. The military believed that the man, known as Sheik Mazin, was involved in death squads and kidnapping rings. But he was a close ally of the Shiite cleric Moktada al-Sadr, who exerts vast influence over the Iraqi government, and General Casey said later that the political gain from releasing him outweighed the military loss.

General Casey, as well as other senior American and Iraqi officials, took part in negotiating the terms of the release of the Iranians, Iraqis said.

Iraq Expels 2 Iranians Detained By U.S. (WP)

By Sudarsan Raghavan, Robin Wright

The Washington Post, December 30, 2006

BAGHDAD, Dec. 29 -- Two senior Iranian operatives who were detained by U.S. forces in Iraq and were strongly suspected of planning attacks against American military forces and Iraqi targets were expelled to Iran on Friday, according to U.S. and Iraqi officials.

The decision to free the men was made by the Iraqi government and has angered U.S. military officials who say the operatives were seeking to foment instability here.

"These are really serious people," said one U.S. defense official, speaking on condition of anonymity. "They were the target of a very focused raid based on intelligence, and it would be hard for one to believe that their activities weren't endorsed by the Iranian government. It's a situation that is obviously troubling."

One of the commanders, identified by officials simply as Chizari, was the third-highest-ranking official of the Iranian Revolutionary Guards' al-Quds Brigade, the unit most active in aiding, arming and training groups outside Iran, including Hezbollah and Islamic Jihad, U.S. officials said. The other commander was described as equally significant to Iran's support of foreign militaries but not as high-ranking.

American military forces nabbed the two men in raids last week. Their capture, U.S. officials said, represents the strongest evidence yet that Tehran's Shiite theocracy is meddling in Iraq's affairs and strengthening its relationship with the government in Baghdad.

U.S. defense officials familiar with the raids said the captured Iranians had detailed weapons lists, documents pertaining to shipments of weapons into Iraq, organizational charts, telephone records and maps, among other sensitive intelligence information. Officials were particularly concerned by the fact that the Iranians had information about importing modern, specially shaped explosive charges into Iraq, weapons that have been used in roadside bombs to target U.S. military armored vehicles.

Shaped charges focus the energy of a blast, allowing shrapnel to burst through vehicles, sometimes even if they are heavily armored. U.S. military officials have long said they believed Iran was responsible for sending such weapons -- along with others, such as advanced sniper rifles -- into Iraq to help insurgents and militia groups.

"The evidence shows that they were exactly up to the things our suspicions indicated," said one U.S. defense official.

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Adding to the political sensitivity of the situation, the two men were detained while inside the compound of Abdul Aziz al-Hakim, one of the most powerful Shiite leaders in Iraq. The Bush administration is hoping Hakim can build a moderate coalition of Shiite, Sunni and Kurdish parties that can bring national reconciliation to a fractured Iraq.

The Iraqi government decided to honor Tehran's claims that the two detainees had diplomatic immunity. U.S. officials had argued that although the men had diplomatic passports, they were operating under aliases and therefore not immune.

Despite their frustration at the release of the Iranians, U.S. officials said a strong message has been sent to Iran that its operatives will be tracked down and that it will be held accountable for its activities in Iraq.

"Iranians have been pushing the envelope in Iraq and elsewhere, and it's a good thing they learn there are consequences," a U.S. official said, on condition of anonymity.

U.S. officials said they now had a treasure trove of data from computers and documents and the lists of weaponry recently shipped to Iraq.

"The materials they had will factor into additional planning for operations and will likely be very helpful," said a U.S. defense official. "But with weapons and advanced IEDs [improvised explosive devices] coming into the country, we've identified a major problem."

In a raid last week, U.S. forces stopped a vehicle in central Baghdad and detained three Iranians and one Iraqi, said Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq. Those detained had legitimate diplomatic credentials and were released.

In a second raid, U.S. forces entered Hakim's compound and detained 10 men, including Chizari and the other al-Quds commander. The eight other men were Iraqis, U.S. officials said.

According to a Bush administration official, Chizari or the other commander gave up his identity when talking to the Americans. The U.S. forces apparently were not aware whom they had caught, the official said.

Although the men were captured in Hakim's compound, U.S. officials said Hakim cooperated with the American military operation.

The raids deeply angered officials in the Iraqi government, which is hoping that building ties with Iran could help stem the violence in Iraq. They set in motion a flurry of diplomatic moves to secure the release of the two men.

"The story the Americans said is not true," said Sami al-Askari, a member of parliament and a close adviser to Prime Minister Nouri al-Maliki. "They said these were military men with diplomatic status. But they failed to prove anything."

"Iraq is trying to have a solid relationship with its neighbors."

Iran has been providing arms and aid to the two largest Shiite political parties, Hakim's Supreme Council for the Islamic Revolution in Iraq (SCIRI) and the Dawa party, as well as renegade leader Moqtada al-Sadr and Shiite militias, U.S. officials say. The officials are sorting through the evidence to link the material and intelligence to attacks on U.S. forces. SCIRI and Dawa politicians have said Iran does not back them now.

Last month, Hakim met with President Bush and other administration officials. He said that his Badr Organization militia, which was formed in Iran, no longer operated as an independent militia and that SCIRI no longer received military aid from Iran.

Some U.S. officials on Friday saw the decision by Iraq to expel the two men as a positive development that reflected Iraq's independence.

More Troops Unhappy With Bush's Course In Iraq, Poll Finds (USAT)

By Robert Hodierne, Military Times

USA Today, December 30, 2006

WASHINGTON — The American military, once a staunch supporter of President Bush and the Iraq war, has grown increasingly pessimistic about chances for victory.

For the first time, more troops disapprove of the president's handling of the war than approve of it, according to the 2006 Military Times Poll.

When the military was feeling most optimistic about the war — in 2004 — 83% of poll respondents thought success in Iraq was likely. This year, that number has shrunk to 50%.

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Only 35% of the military members polled this year said they approve of the way Bush is handling the war, and 42% said they disapprove. While approval of the president's war leadership has slumped, his overall approval remains high among the military.

Just as telling, in this year's poll only 41% of the military said the U.S. should have gone to war in Iraq in the first place, down from 65% in 2003. That closely reflects the beliefs of the general population — 45% agreed in a recent USA TODAY-Gallup poll.

IRAQ WAR: U.S. more pessimistic

Professor David Segal, director of the Center for Research on Military Organization at the University of Maryland, was not surprised by the changing attitude within the military.

"They're seeing more casualties and fatalities and less progress," Segal said. "Part of what we're seeing is a recognition that the intelligence that led to the war was wrong."

The survey, conducted by mail Nov. 13 through Dec. 22, is the fourth annual gauge of active-duty military subscribers to the Military Times newspapers. The results are not representative of the military as a whole. The survey's respondents, 945 this year, are on average older, more experienced, more likely to be officers and more career-oriented than the overall military population.

The poll's margin of error is plus or minus three percentage points.

Among the respondents, 66% have deployed at least once to Iraq or Afghanistan. That number is 72% in the overall active-duty force, according to the Department of Defense.

The poll has come to be viewed by some as a barometer of the professional career military. It is the only independent poll done on an annual basis.

Segal said he believes that military opinion often mirrors that of the civilian population, even though it might lag in time. He also said the military "will always be more pro-military and pro-war than the civilians. That's why they are in this line of work."

Whatever war plan the president announces next month, its ultimate goal likely will be to replace American troops with Iraqis. The military is not optimistic that will happen soon.

Only about one in five service members said large numbers of American troops can be replaced with Iraqi troops within the next two years. More than one-third think it will take more than five years. And more than half think the U.S. will have to stay in Iraq more than five years to achieve its goals.

Almost half of those responding think the United States needs more troops in Iraq. A surprising 13% said the U.S. should have no troops there.

As for Afghanistan force levels, 39% think we need more troops there. But while they want more troops in Iraq and Afghanistan, nearly three-quarters of the respondents think the military is stretched too thin to be effective.

Approval for Bush's overall performance as president remains high, at 52%. That's down from his high of 71% in 2004, but still far above the approval ratings of the general population, where that number has fallen into the 30s.

We Can't Ignore Iraq's Refugees (WP)

By Edward M. Kennedy

The Washington Post, December 30, 2006

With the nation still at war in Iraq, each of us is deeply grateful to the brave men and women in our armed forces who celebrated the holidays this year with half their hearts at home and half in Iraq. But this year especially it is essential that we also reflect on another human cost of the war -- the hundreds of thousands of innocent Iraqi men, women and children who have fled their homes and often their country to escape the violence of a nation increasingly at war with itself.

The refugees are witnesses to the cruelty that stains our age, and they cannot be overlooked. America bears heavy responsibility for their plight. We have a clear obligation to stop ignoring it and help chart a sensible course to ease the refugee crisis. Time is not on our side. We must act quickly and effectively.

Today, within Iraq, 1.6 million people have already fled or been expelled from their homes. An additional 1.8 million, fleeing sectarian violence, kidnappings, extortion, death threats and carnage, have sought refuge in neighboring countries. At least 700,000 are in Jordan, 600,000 in Syria, 100,000 in Egypt, 54,000 in Iran and 20,000 in Lebanon. Typically they are not living in refugee camps but have relocated in urban areas, where they must draw on their own meager resources to pay for food and shelter, and must depend on the good graces of the host governments.

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The neighboring countries, in turn, are under enormous financial stress from the rapidly increasing needs of the refugees. In Jordan, they now make up more than 10 percent of the population -- the equivalent of 30 million people flooding America's shores. These countries are increasingly unable to meet the refugees' basic needs.

Borders are being closed to more and more of these men, women and children, with the result that many who are most in need or in danger are trapped in the Iraqi caldron of violence. As it continues to boil, the humanitarian crisis will only worsen.

The recent report of the Iraq Study Group rightly concluded that if this refugee situation "is not addressed, Iraq and the region could be further destabilized, and the humanitarian suffering could be severe." Sadly, as with so many other aspects of the Iraq war -- from the growing threat of the insurgency to the need to provide adequate armor for our troops -- the administration has failed to recognize the breadth of the crisis and to adjust our policy to address the plain facts on the ground.

There is an overwhelming need for temporary relief and permanent resettlement. Last year, however, America accepted only 202 Iraqi refugees, and next year we plan to accept approximately the same number. We and other nations of the world need to do far better.

Thousands of these refugees are fleeing because they have been affiliated in some way with the United States. Cooks, drivers and translators have been called traitors for cooperating with the United States. They know all too well that the fate of those who work with U.S. civilians or military forces can be sudden death. Yet, beyond a congressionally mandated program that accepts 50 Iraqi translators from Iraq and Afghanistan each year, the administration has done nothing to resettle brave Iraqis who provided assistance in some way to our military. This lack of conscience is fundamentally unfair. We need to do much more to help Iraqi refugees, especially those who have helped our troops.

Our nation is spending $8 billion a month to wage the war in Iraq. Yet to meet the urgent humanitarian needs of the refugees who have fled the war, the State Department plans to spend only $20 million in the current fiscal year.

America needs to lead, but we cannot adequately respond to this overwhelming crisis alone. Because of the magnitude of the problem, we also need action by Iraq's neighbors and the rest of the world. An essential first step could be to hold an international conference on the issue -- ideally sponsored by the countries in the region and the United Nations -- to begin to deal with the growing number and needs of Iraqi refugees and internally displaced persons. The United States should participate in the conference and provide substantial support for the refugees. Doing so would encourage other nations to address the crisis, help the refugees and displaced persons, and assist the countries shouldering the greatest burden.

Working with Iraq's neighbors and the United Nations, we can encourage rapid action to relieve suffering and save lives. And a productive conference could lead in turn to broader discussions and greater progress on the future of Iraq.

Clearly, in the long term we need to work together to find a way to end the violence and stop the hemorrhaging of lives. In the short term, America needs to respond far more effectively to the needs of the millions of refugees and displaced persons who are suffering so much from the war. Failure to act quickly and cooperatively with other nations will only result in more carnage, chaos and instability in the region.

The writer is a Democratic senator from Massachusetts and incoming chairman of the Senate immigration, border security and refugee subcommittee.

CORPORATE SCANDALS:

Jobs Helped Pick 'Favorable' Dates For Option Grants (WSJ)

By Nick Wingfield, Steve Stecklow And Charles Forelle

The Wall Street Journal, December 30, 2006

Apple Report Clears the CEO Of Wrongdoing, Blames Ex-Executives in Backdating

Apple Computer Inc. acknowledged that it backdated stock options and that Steve Jobs recommended "favorable" dates for some options awards. But the company said he was absolved of misconduct by a special internal investigation.

FOCUS ON JOBS

Apple's filings this morning reveal details of the company's options probe. Some excerpts:

On options dating:

Although the investigation found that CEO Steve Jobs was aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications. The Special Committee also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants. Read more1.

On Jobs's October 2001 grant:

The approval for the grant was improperly recorded as occurring at a special Board meeting on October 19, 2001. Such a special Board meeting did not occur. There was no evidence, however, that any current member of management was aware of this irregularity. Read more2.

Directors and others close to the Apple probe defended Mr. Jobs, the company's iconic chief executive, even as it detailed his part in a widespread pattern of options irregularities between 1997 and 2002. But Mr. Jobs and Apple, still under federal scrutiny as part of a broad investigation of options backdating, are not yet out of the woods.

Some options and corporate-governance experts said yesterday that they couldn't reconcile Apple's statements defending Mr. Jobs with the facts the company disclosed, and called on the company to seek recovery from him for a giant grant he received that the company yesterday acknowledged was backdated.

Apple has previously said that two of its former executives were responsible for improper options-granting practices, without identifying the pair. Yesterday, people familiar with the matter said the internal investigation had raised questions about Nancy Heinen, Apple's former general counsel and board secretary, and Fred Anderson, a former chief financial officer and board member. Attorneys for both former Apple executives deny their clients did anything wrong.

An option gives its holder the right to buy a stock at a fixed, or exercise price, usually for up to 10 years after the date of the grant. By backdating the exercise price -- or pretending it was granted on a date before the award was made -- the employee gets an instant boost to the possible profits from the award. The practice can violate securities laws and accounting rules. The U.S. attorney's office in San Francisco and the Securities and Exchange Commission are examining Apple's options practices.

FURTHER READING

• Law Blog: Roundup of iLawsuits3

• Jobs Knew About Options Backdating4

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The disclosure yesterday by Apple in filings with the SEC said that 6,428 grants of options at Apple on 42 dates between 1997 and 2002 were improperly dated, resulting in charges to earnings for those years. Apple restated its financial results between 1998 and 2006 to recognize a new after-tax, noncash expense of $84 million in connection with the improperly dated options. (See details of Apple's filings.7)

Since these charges -- essentially, previously unreported compensation to employees -- generally are only mandated in case of backdating, the restatement represents an acknowledgement that grants were backdated on a large scale.

Since Apple first disclosed in June that it had discovered irregularities with past option grants, the key question has been whether the investigation would jeopardize the position of Mr. Jobs, the co-founder of Apple who is widely credited with reviving the company in the late 1990s and turning it once again into an arbiter of popular technologies with products such as the iPod portable music device. Investors interpreted Apple's latest disclosures and the board's support for Mr. Jobs as a sign that his status at the company is secure, sending its shares up 5% to $84.84.

Mr. Jobs could come under further scrutiny because of a series of fortunately timed option grants when he was chairman at Pixar Animation Studios that are also being probed by federal investigators. As chairman during the time when favorably priced options were granted, Mr. Jobs was also effectively in charge of administering options plans, since the full board performed the functions of a compensation committee year after year.

Pixar granted options to executives at the lowest closing prices of 1997, 1998, 2000 and 2003 -- a highly improbable pattern. Mr. Jobs wasn't among the executives who received options. Walt Disney Co., which subsequently bought Pixar, said in

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November that its board, on which Mr. Jobs sits, was conducting an independent review of Pixar's option grants after inquiries from the SEC and Department of Justice.

Former Vice President Al Gore and Jerome York, two of the three Apple directors who oversaw the internal probe, said in a statement that the board "is confident that the company has corrected the problems" that led to the options irregularities and that "it has complete confidence in Steve Jobs and the senior management team."

But David Yermack, a finance professor at New York University who has studied options issues, said he was perplexed about directors' expressions of confidence in Mr. Jobs. "They have pretty much admitted that he was directly involved in a fraud," Mr. Yermack said, pointing to Apple's statement that Mr. Jobs "recommended" the selection of favorable grant dates. "If he had directly participated in altering depreciation schedules, or booking revenue that wasn't yet earned, would they have full confidence in him?"

In response, Apple spokesman Steve Dowling said: "Following an exhaustive independent investigation, the special committee found no misconduct by Steve Jobs or any other current management. The board has expressed complete confidence in Steve and senior management."

The Cupertino, Calif., company is one of the highest-profile companies to be caught up in the probes over backdated stock options. To date, at least 130 U.S. corporations are under investigation for possible options backdating. Some have admitted to the practice, and more than 60 executives and directors of public companies have lost their jobs.

It remains unclear in which cases Mr. Jobs "recommended the selection of some favorable grant dates," as Apple's filing states. The company's internal probe, conducted by the law firm Quinn Emanuel Urquhart Oliver & Hedges, didn't find evidence that Mr. Jobs recommended backdating any of the options grants he received himself, according to people familiar with the matter. "To the extent it occurred, it was pretty limited," one person said. "These were episodic, limited, isolated."

Among the most potentially serious discoveries of the investigation, Apple said company records improperly showed that approval of a grant of 7.5 million options to Mr. Jobs on Oct. 19, 2001, occurred at a special meeting of its board of directors. The company's investigation found that the meeting didn't actually occur.

In its filing, Apple said the grant was "originally approved" at a board meeting on Aug. 29 at an exercise price of $17.83, before stock splits. But it said the terms of the grant weren't finalized until Dec. 18, a day when Apple's share closed at $21.01. The grant was then dated back to Oct. 19 with an exercise price of $18.30.

Apple in its statement said it was taking a $20 million charge, before taxes, related to this grant. But it echoed earlier defenses of Mr. Jobs, saying that "he did not receive or financially benefit from these grants or appreciate the accounting implications."

But Patrick McGurn, executive vice president of Institutional Shareholder Services, which advises on corporate governance, says that "clearly, there was a benefit from the options that Jobs received...There was some fruit from those options, and it's clear because there's a $20 million charge," says Mr. McGurn. In 2003, Mr. Jobs returned the 2001 options grant and another granted to him in 2000 for five million shares of restricted Apple stock then worth over $70 million. Mr. Jobs's restricted shares "generally vest in full" three years after the grant date, according to Apple filings.

"I can't understand why they're [the board] not recouping those shares," Mr. McGurn said, adding that the cloud hanging over Apple isn't cleared by the filing because "there's a risk though that some other body [of regulators or others] will reach a different conclusion about this matter based on exactly the same set of facts."

According to a person familiar with the internal investigation, Apple believes it has evidence that Ms. Heinen, as corporate secretary, was aware of improper documentation that said a board meeting occurred on Oct. 19. Cristina Arguedas, Ms. Heinen's attorney, couldn't be reached for comment following the Apple filing, but earlier this week said: "Nancy's reputation is rock-solid and long-standing as a person of high integrity and honesty. Rumors and innuendo to the contrary are without foundation."

As it had previously, Apple said yesterday that its "investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants." An Apple spokesman yesterday declined to confirm whether Mr. Anderson and Ms. Heinen are the two unnamed former officers.

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Apple may argue to federal investigators that as CFO, Mr. Anderson should have been responsible for proper accounting of the backdated options, according to a person familiar with the company's thinking. Mr. Anderson was CFO at Apple between 1996 and 2004.

Jerome Roth, an attorney for Mr. Anderson, who is now a partner at Silicon Valley private-equity firm Elevation Partners, said his client was "disappointed to learn that during part of his tenure" as CFO "the company apparently was not strictly complying with its processes for granting stock options. As CFO, Fred did not play any day-to-day role in the granting, reporting and accounting of stock options and he was not involved in any knowing manipulation of the process."

Federal prosecutors have already brought two criminal cases in the stock-options backdating scandal. In one case, the former CEO of Brocade Communications Systems Inc. was charged with fraud and accused of altering the dates of option grants to hundreds of employees and concealing millions of dollars in compensation expenses from shareholders. The executive, Gregory Reyes, who didn't receive any of the backdated grants himself, has denied any wrongdoing.

Apple believes the case against Mr. Reyes can't be compared to Mr. Jobs's involvement in the backdated options at Apple, according to a person familiar with the matter. "This is not the Reyes model by a long stretch of the imagination," the person said. "The government says Reyes systematically and routinely backdated options and knew the implications."

In 2003, Mr. Jobs canceled the 2001 option, along with a massive 2000 grant, and in exchange received five million shares of restricted stock (the figure is before adjustment for splits). An Apple spokesman wouldn't say how the company arrived at the five-million share figure.

Warren Miller, an analyst at Beckmill Research of Lexington, Va., which values options and other equity instruments, calculates that the 2001 option was worth about $76 million when it was exchanged in 2003, about $2 million higher than it would have been had it not been backdated. All told, Mr. Miller figures the two options together were worth about $200 million when they were swapped for restricted stock that Apple valued at $74.8 million.

Mr. Miller says executives typically prefer to receive restricted shares, and hence value them more, because there is less risk involved than there is with an option.

Frederick W. Lambert, a law professor and an expert in securities law at the University of California's Hastings law school in San Francisco, says Mr. Jobs will likely escape any criminal or civil charges stemming from this matter. "In proving a criminal case, it would have to be beyond a reasonable doubt, and intent would play an element in this." A lack of knowledge about accounting implications "would constitute some kind of defense here," Mr. Lambert says.

Aitan Goelman, a lawyer at Zuckerman Spaeder LLP in Washington, says prosecutors and regulators, flooded with backdating cases, have to triage and pick the most promising ones to pursue. For criminal fraud cases, he says, prosecutors need to establish that a defendant intentionally defrauded or deceived someone; the SEC, bringing civil charges, has a lower threshold. He says the apparently phony board records at Apple might well draw federal officials' scrutiny to the company or former executives.

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Apple Reveals Jobs' Involvement (FT)

By Richard Waters In San Francisco

Financial Times, December 30, 2006

Steve Jobs personally recommended some instances of stock options backdating at Apple, the computer company revealed on Friday, though it continued to stand behind an earlier statement that it had found "no misconduct" by current executives over the affair.

Apple also appeared to back away from an earlier assertion that its chief executive had been unaware of the accounting failures that arose from the backdating, saying instead only that he did not "appreciate the accounting implications" at the time.

News that the Apple chief executive had been more directly involved in the options irregularities than previously disclosed came as the company admitted that a fictitious board meeting had supposedly approved some of Mr Jobs' own stock options in

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2001. The affair, reported earlier this week in the FT, led to Mr Jobs receiving benefits worth $20m that were not disclosed at the time, Apple reported.

Apple's shares bounced 4.9 per cent on Friday on relief that the company had not uncovered deeper problems.

Apple said it had understated its expenses in previous years by a total of $105m, reflecting 6,428 separate options grants made on 42 dates. Backdating involves setting the exercise price on stock options at an earlier date.

While Apple revealed in a regulatory filing in October that Mr Jobs had been aware of some of these cases, it amended that on Friday to say that he had been "aware or recommended the selection of some favourable grant dates".

Friday's statement that Mr Jobs did not "appreciate the accounting implications" of the options backdating, was also a change from its assertion in October that he was "unaware of the accounting implications". It added he did not "financially benefit" from backdated grants of which he was aware, a change from its earlier statement stating he did not "benefit".

Apple also detailed benefits that Mr Jobs received from backdating. A grant of 7.5m options, dated October 19 2001, was not finalised until December 18 of that year. In spite of that, approval for the grant was "improperly recorded as occurring at a special board meeting on October 19. Such a board meeting did not occur", it said.

However, Apple said that the option grant had originally been approved at a board meeting in August, when its share price had been lower. Apple continued to lay the blame on two unnamed former officers of the company.

A lawyer for Fred Anderson, a former chief financial officer who stepped down from Apple's board at the time of its October announcement, said his client "did not play any day to day role in the granting, reporting and accounting of stock options and he was not involved in any knowing manipulation of the process."

Apple Admits Wrongdoing But Rallies Around Leader (WP)

By Alan Sipress And Carrie Johnson, Washington Post Staff Writers

The Washington Post, December 30, 2006

Apple Computer disclosed yesterday that it had falsified approval of 7.5 million stock options for its chief executive and innovative co-founder, Steve Jobs, raising new questions about the role he may have played in a scandal that has swirled around the dynamic technology company for months.

Apple said in a pair of overdue earnings filings to the Securities and Exchange Commission that it had recorded a fictitious meeting at which Jobs's options were ratified and that he may have recommended the dates for some of the stock options issued to company employees. The company repeated yesterday that Jobs did not benefit from the options.

Apple's board, which includes former vice president Al Gore, gave Jobs its full support. "The board of directors is confident that the Company has corrected the problems that led to the restatement, and it has complete confidence in Steve Jobs and the senior management team," said the statement by Gore and Jerome York, who heads Apple's audit and finance committee.

Wall Street also rallied around Jobs, who is more closely identified with and central to the success of his company than any other executive at a major technology firm. The stock rose nearly 5 percent, and many industry analysts said investors could return their attention to Apple's sound fundamentals, which include strong sales of iPods and Macintosh computers.

But white-collar crime experts said the action may signal more serious issues.

"The acknowledgment of greater involvement by Mr. Jobs than previously disclosed can only cause the government to use an even finer toothed comb in its own review of Mr. Jobs's conduct," Washington defense lawyer Barry Pollack said. "The government may ultimately come to share the company's conclusion that Mr. Jobs was unaware that the options were not properly handled, but not before putting him under their own magnifying glass."

Peter J. Henning, a law professor at Wayne State University in Detroit and co-author of a blog on white-collar crime, went further, saying Apple appeared to be minimizing Jobs's role in the options imbroglio. He cited Apple's admission that Jobs may have recommended some of the dates that would have allowed employees to make a larger profit when they sold their stock.

"Steve Jobs's plausible deniability is being narrowed here," Henning said. "This is serious. This has cost people their jobs. Admittedly he didn't get any money out of it, but that's not the criteria for judging a chief executive."

In previous investigations, Henning said, prosecutors and securities regulators have relied on accounts from corporate insiders to build cases against high-ranking executives. Apple has blamed two former executives, identified as former financial

chief Fred Anderson and former general counsel Nancy Heinen, for the options misconduct. It is unclear whether either of the executives, who left Apple this year, are talking to law enforcement authorities.

Spokesmen for the SEC and the U.S. attorney's office in San Francisco said they would not discuss any investigation concerning Apple. Apple yesterday confirmed that it had responded to "informal inquiries" from authorities.

Yesterday's disclosures tie Jobs more closely to improprieties than Apple acknowledged this summer when it said some options had been granted improperly.

In its regulatory filings, Apple said its board of directors never met in October 2001 to ratify stock options for Jobs, as previously claimed. While company records indicated that the options were ratified at a special board meeting, no such session was held and the grant was not finalized until two months later.

As a result, the company improperly inflated the potential value of Jobs's stock options by $20 million by incorrectly reporting their exercise price -- the price at which he would be entitled to buy the underlying stocks. The reported price of the options, reflecting the market value in October 2001, was $18.30; their price when they were finalized two months later was $21.01. By misreporting the exercise price, the company gave Jobs the opportunity to make more money if he sold the stock.

"There was no evidence, however, that any current member of management was aware of this irregularity," Apple said in its filing to the SEC.

Apple is among the largest of nearly 200 companies that have acknowledged or are being investigated in connection with the practice. Backdating stock options is not illegal, but not disclosing the practice to investors or falsifying documents to cover it up may be a crime.

The discovery of irregular practices at Apple came during a three-month internal investigation the company conducted earlier this year, which found that grants made on 15 occasions between 1997 and 2002 bore dates prior to the dates the grants were approved. In outlining its findings two months ago, the company said it had uncovered "serious concerns" about the conduct of two unidentified former officers in connection with their accounting, recording and reporting of the grants. These findings were turned over to the SEC and the Justice Department.

Apple said at the time that Jobs was aware that favorable grant dates had been selected in a few instances. In its filing the company went further, saying that Jobs may have recommended the favorable dates, but added that he did not "appreciate the accounting implications."

The company also said yesterday that the board had given initial approval to an options grant for Jobs in August 2001, and that action had been sufficient under its guidelines to lock in the exercise price.

The company reported, as it had previously, that Jobs never exercised his options. Along with an earlier set of 10 million options, the 7.5 million options from 2001 were canceled in March 2003, when Jobs was instead given 5 million shares of restricted stock, the company said.

Acknowledging that the grant approval for Jobs had been improperly recorded, the company said it would take a $20 million charge. Overall, Apple said, it would restate its financial data back to 2002 and take a charge of $84 million to reflect the actual expenses of backdated options given to Jobs and others.

Regulators also have contacted Pixar Animation Studios, which Jobs once headed before selling it to the Walt Disney Co., regarding possible stock-option problems.

After the SEC filings, Gore, who chaired the special committee that conducted the internal inquiry, said it was an "exhaustive investigation" into Apple's practices for granting stock options.

Some analysts agreed that Jobs could remain atop the company he co-founded. "It seems the whole issue should just be put to bed," said Charles Wolf, a principal and securities analyst at Needham & Co. He said the amount of money involved in the misreporting was trivial for Apple and Jobs. "It would be foolish to think Steve Jobs is involved, given the difference between October and December came to $20 million. At the time, Steve was a multibillionaire."

But Prudential Equity Group was measured in an update issued yesterday: "For Apple investors, the question remains whether or not Steve Jobs will be held liable for Apple's options irregularities. While we do not believe this is a likely scenario, we don't think this is out of the realm of possibility."

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Longtime UnitedHealth Group Inc. chief executive William W. McGuire earlier this year agreed to leave the company and to re-price his stock options after an internal probe linked his skyrocketing pay to questionable options practices.

Gregory L. Reyes, the former chief of Brocade Communications Systems Inc., faces criminal securities fraud charges over options backdating even though he contends he did not benefit financially from the maneuvers. Prosecutors accuse Reyes and others of doctoring company records and misleading auditors.

Staff researcher Richard Drezen contributed to this report.

Apple Panel On Options Backs Chief (NYT)

By JOHN MARKOFF And ERIC DASH

The New York Times, December 30, 2006

SAN FRANCISCO, Dec. 29 — Apple Computer said Friday that a special committee of its board had found that its chief executive, Steven P. Jobs, was not responsible for improper dating of stock options at the company. To account for the backdating, Apple restated its financial reporting back to 2002 and took an $84 million charge.

Investors were cheered by the news, which was contained in the annual report Apple filed with securities regulators; Apple's stock rose 4.9 percent to close at $84.84. But the report failed to completely remove a cloud hanging over the company as a result of the backdating of options and improper record keeping, especially concerning two large option grants made to Mr. Jobs in 2000 and 2001.

In its summary of the findings of a six-month internal investigation, Apple said it had found that 6,428 option grants, or 15 percent of the 42,000 options it awarded, had been improperly dated from 1997 to 2002. Those included grants made on 42 separate dates to senior executives, new hires and ordinary employees.

Investigators, led by a committee of outside directors and the law firm Quinn Emanuel Urquhart Oliver & Hedges, raised "serious questions" about the actions of two former company officers who were involved in the accounting and reporting of stock options, Apple said. But they absolved Mr. Jobs by concluding that there had been "no misconduct" by Apple's current management team.

The report did offer a subtle shift in Apple's description of Mr. Jobs's role in the option process. In October the company said that Mr. Jobs was aware that favorable grant dates had been selected, but that he did not benefit from those grants and was unaware of the accounting implications. But in the report issued Friday, Apple acknowledged that Mr. Jobs "was aware or recommended the selection of some favorable grant dates."

Some accounting experts questioned the company's explanation of the part Mr. Jobs played in the grants.

"It appears as if Jobs is playing the role of a monkey: See no evil, hear no evil, speak no evil," said Lynn E. Turner, a former chief accountant at the Securities and Exchange Commission. "If he truly were fulfilling his role as C.E.O., it is highly questionable as to why he didn't know about such poor management and oversight of the option granting process."

An Apple spokesman, Steve Dowling, said the company would have no comment beyond the report. Apple still faces investigations by the Justice Department and the S.E.C.

Apple is perhaps the most high-profile company to be entangled in backdating problems, which became the year's biggest financial scandal, and Mr. Jobs is the best-known business leader to be pulled into it to date. So far, the S.E.C. is looking at the practices of more than 120 companies, and the Justice Department and Internal Revenue Service are conducting separate investigations. Dozens of chief executives have been fired or forced out.

Backdating involves retroactively setting a stock option's grant price to a date when the stock price was lower in order to build in a profit. It is not necessarily illegal, but it can have serious accounting, tax and disclosure consequences and is generally frowned upon by corporate governance experts.

The discussion of stock option practices in Apple's report was mostly focused on the accounting implications, and it offered few details on the potential tax and disclosure issues. It also did not address what appear to have been lax controls at the company.

Mr. Turner said it appeared that Apple had practiced "pick a date, any date" accounting. He added: "Their disclosures provide less than transparent reasons for why certain dates were picked."

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The special committee that looked into the options practices included an outside director who was responsible for handing out some of the options during the period in question. Jerome B. York, an I.B.M. and Chrysler executive who served on Apple's compensation committee from August 2001 through November 2002, was joined on the committee by Eric E. Schmidt, the chief executive of Google, and Al Gore, the former vice president, who served as chair of the group. Mr. York recused himself from the committee at times when he felt that his own actions were under scrutiny.

The report points the finger at two former officers who are not named, but they are believed to be Nancy R. Heinen, Apple's former general counsel who left the company in May, and Fred D. Anderson, the former chief financial officer and a former member of Apple's board. Mr. Anderson left the company in 2004 to join an investment firm and left the board in October, the same day Apple released some details about its options investigation.

Jerome Roth, a lawyer representing Mr. Anderson, said in a statement that his client was "disappointed to learn" that during part of his tenure at Apple, the company "was not strictly complying" with its option granting processes.

Apple Inquiry Clears CEO Jobs Of Wrongdoing On Stock Options Wall Street Relieved, Shares Rise -- But Until Federal Authorities Weigh In, Uncertainty Remains (SFC)

By Jessica Guynn, Chronicle Staff Writer

San Francisco Chronicle, December 30, 2006

Apple Computer Inc. cleared CEO Steve Jobs of wrongdoing in the company's stock options scandal, assuring -- for the time being at least -- the continued stewardship of a Silicon Valley legend.

Wall Street heaved a huge sigh of relief. Jobs is widely considered crucial to Apple's success, a brilliant innovator who returned from exile a decade ago to restore Apple's polish, introducing such hit products as the iPod digital music player.

The company's shares rose nearly 5 percent after release of the anxiously awaited annual report, which gave the most detailed account yet of what an internal investigation found about irregularities in awards of stock options to executives.

Apple's investigation, led by a special committee of board members that included former Vice President Al Gore, discovered thousands of cases in which the company handed out stock options improperly, often by assigning a date to the awards different from the day on which they were actually granted. The practice, known as backdating, potentially boosts the profits of recipients but is illegal if not disclosed and properly accounted for.

At the same time, the investigation found "no misconduct by current management," according to the report. In a separate statement, Gore and another member of the investigative committee said they had "complete confidence in Steve Jobs and the senior management team" and that the company "has corrected the problems."

Cupertino's Apple also restated financial results for 1997 through 2002 to recognize a total of $84 million in additional options-related compensation expenses.

Despite the exoneration, uncertainty remains for Jobs, the chief executive officer, and the company. Apple noted that it had informed the U.S. Securities and Exchange Commission and the U.S. Attorney's Office of the results of its probe. Federal authorities are presumed to be weighing whether to take action against the company or any individuals. The SEC and the U.S. Attorney's Office declined to comment on the matter.

Legal and corporate governance experts say federal authorities won't necessarily be swayed by the company's findings or by Jobs' prominence.

"There is going to be a continuing level of uncertainty surrounding the company until or unless Jobs is exonerated by the SEC and others looking at this issue," said Patrick McGurn, executive vice president of Institutional Shareholder Services, which advises investors on corporate governance issues. "This was a major hurdle that the company has cleared for now, but it still has some obstacles in the road in front of it before it can put these issues behind it once and for all."

McGurn said the number of instances in which the company improperly granted options raises serious concerns.

"It does not jibe with the bill of good health the board gave itself and the company several months ago when the issues first came to light," he said.

Matthew Jacobs, a former assistant U.S. attorney in San Francisco now in private practice, said he expects federal prosecutors to look closely at Apple's findings.

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"All internal investigations are subject to scrutiny to see if they were thorough, complete and done correctly or if there is an attempt to whitewash the findings," he said. "It is still an open question how the government is going to decide which of the multitude of (backdating) cases to focus on. This is certainly not the end of the story for Apple."

Most Wall Street analysts took the view that Apple and Jobs are now putting their options problems behind them.

"As time goes by, this will slowly fade away," said Gene Munster, a financial analyst with Piper Jaffray, an investment bank. "It's important to put the stock option issue to rest so ultimately people can consider the fundamentals (of the company) again."

Options give holders the right to buy company stock at a preset price, usually the price on the day the options are granted. If the stock price rises, holders can cash in their options to buy stock at the preset price and then sell those shares on the open market at a profit.

Backdating options involves picking dates for awards when shares were trading at a lower price to boost the potential windfall to recipients. That isn't necessarily illegal, but companies must disclose and account for the practice. Many failed to do so.

Backdating was common in Silicon Valley, and dozens of companies have had to restate earnings or remove executives because of options-related misconduct. Apple is among the most prominent of about 200 companies that have come under scrutiny this year in the stock-options scandal.

For its part, Apple has worked to shield Jobs, who co-founded the company three decades ago.

Jobs has since become synonymous with its success and is credited with overseeing Apple's transformation into a consumer electronics and entertainment powerhouse. Analysts have said that if Jobs were forced to leave the company, his departure could cause a plunge in Apple's stock price and jeopardize its dominance in key markets.

In its regulatory filings Friday, Apple disclosed that a 2001 award of 7.5 million options to Jobs was recorded as having been approved at a special board meeting that never actually took place. The company also acknowledged that documents connected with the grant were falsified to make it look like the required board approval had occurred.

Apple said Jobs was aware of some instances of backdating and even recommended favorable dates to grant options. But, the company said, Jobs did not financially benefit from these grants and did not understand the accounting implications.

If regulators or prosecutors were to take action against Jobs, they would have to show that he knew that backdating options would distort the company's financial results or falsify its records, said Columbia Law School Professor John Coffee. Whoever did falsify records about the 2001 board meeting could face criminal prosecution, Coffee said.

Apple's investigation concluded that responsibility for some irregularities rested with two unnamed former officers. Their actions raise "serious concerns," the company said in its filing.

Fred Anderson, Apple's former chief financial officer, resigned from the board in October at the same time Apple announced preliminary findings of its stock-options probe.

Nancy Heinen, Apple's former general counsel, left the company in May before the options probe came to light.

Cristina Arguedas, the attorney who represents Heinen, said her client has a "rock solid" reputation for honesty and integrity.

Anderson's lawyer, Jerome Roth, released a statement Friday saying his client had no day-to-day involvement in the granting, reporting or accounting of stock options and was not involved in any "knowing manipulation" of the process. Roth also noted that Anderson was not a member of the board of directors at the time of the 2001 option grant to Jobs and knew nothing of any impropriety.

On the 2001 options award to Jobs, Apple said it found no evidence that any current member of management was aware of the false board records. The company placed the compensation cost of the grant at $20 million.

Jobs received another grant in January 2000 for 10 million options. That grant and the 2001 award were canceled in 2003 when Jobs received 5 million shares of restricted stock.

In October, Jobs apologized for options backdating that happened "on my watch" but has made no further public statements.

MetLife Unit To Pay $19 Million In Settlement Over Commissions (WSJ)

By Chad Bray And Lavonne Kuykendall

DOJ_NMG_0111673

The Wall Street Journal, December 30, 2006

MetLife Inc.'s life-insurance unit agreed to pay $19 million to settle allegations stemming from a New York state probe into the insurer's use of contingent commissions, which are offered by insurers to brokers who steer clients toward their company.

The New York insurer agreed to pay $16.5 million in restitution to policyholders and $2.5 million in civil penalties, according to the state attorney general's office. MetLife will adopt a compensation structure that eliminates the payment of contingent commissions to its brokers for life, disability and group products, said Attorney General Eliot Spitzer, who will be inaugurated governor Monday. It will provide full disclosure of broker compensation to employers at every stage of the insurance purchasing and renewal process, he said.

Mr. Spitzer has said that contingent commissions are little more than kickbacks to insurance agents and brokers who send business to the insurers and that the hidden costs have driven up insurance prices. The attorney general alleged in part that MetLife instructed its sales personnel to "leverage" override agreements with its brokers by informing those brokers how close they were to meeting certain targets for business provided to MetLife. Those targets would trigger additional compensation to the brokers.

The settlement makes MetLife at least the seventh insurer to pay a fine in Mr. Spitzer's two-year-old investigation into how insurers compensate brokers that bring them business. Earlier agreements involved Prudential Financial Inc., UnumProvident Corp., American International Group Inc., St. Paul Travelers Cos., Zurich Financial Services' Zurich American Insurance Co., and most recently Chubb Corp.

In the announcement of its Chubb settlement, the attorney general's office said that contingent commissions "need not be a part of the insurance business," and Chubb promised to forgo the payments, but MetLife's agreement stopped short of a complete ban on the commissions.

MetLife said it has agreed to "certain business reforms relating to compensation of producers of group insurance, compensation disclosures to group insurance clients and the adoption of related standards of conduct." In its settlement, MetLife said it didn't admit liability as to any issue in fact or law and said it didn't expect the settlement to adversely affect its business.

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Wachovia Fund Arm To Settle Civil Case (WSJ/AP)

Associated Press

The Wall Street Journal, December 30, 2006

CHARLOTTE, N.C. -- Evergreen Investments, the mutual-fund arm of Wachovia Corp., will pay a $4.2 million civil penalty to settle allegations that it violated rules involving the sale of its funds through brokers.

Under the agreement with the NASD, formerly known as the National Association of Securities Dealers, Wachovia neither admitted nor denied the allegations. Evergreen Chief Executive Dennis Ferro wrote to investors that it was in the interest of the company and its investors "to resolve these matters and move forward."

The agreement said Evergreen had a revenue-sharing arrangement with brokerage affiliate Wachovia Securities from 2001 to 2003, and directed to Wachovia Securities $25.7 million in commissions generated from trades in Evergreen's investment portfolio. The sum was tied to the amount of Evergreen funds sold by Wachovia Securities.

Evergreen also sponsored a sales-recognition program for Wachovia Securities representatives who sold Evergreen funds during the same period. The "Medallion Club," as it was called, treated brokers to meetings at luxury resorts if they sold a certain amount of Evergreen funds. NASD rules prohibit the direction of brokerage commissions to another firm and noncash compensation for selling mutual funds.

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CRIMINAL LAW:

Age No Shield From Prosecution For Alleged Mobster (USAT/AP)

By Curt Anderson, Associated Press

USA Today, December 30, 2006

FORT LAUDERDALE — Lucky Luciano, Meyer Lansky and Carlo Gambino are long gone. Murder Inc. is out of business. Las Vegas has been so cleaned up it resembles Disneyland. And Havana? Forget about it ever since Castro took over.

But Albert "Chinky" Facchiano, at 96, is still standing. And like Michael Corleone in The Godfather III, he is still very much involved in the family business, the FBI says.

At an age when most people are long retired and happy just to be alive, the reputed mobster was indicted earlier this year in Florida and New York. He is accused, among other things, of trying to intimidate and possibly kill a witness against the powerful the Genovese family of New York in 2005. He is also accused of helping to run the rackets in Florida.

It was unclear whether Facchiano intended to break legs with his own hands.

There have been plenty of elderly Mafia defendants, including an 86-year-old Genovese family member Matthew "Matty the Horse" Ianniello, who pleaded guilty to federal charges recently in Connecticut. But prosecutors, defense lawyers and Mafia experts say they can't remember someone Facchiano's age facing crimes of such recent vintage.

"I don't think there's anybody older than him," said Jerry Capeci, author of several books on organized crime and operator of the Internet site ganglandnews.com. "The rule is, you go in alive and you go out dead. You're not allowed to quit."

It appears that Facchiano, also known as "The Old Man," lived up to that Mafia credo, according to prosecutors.

Facchiano, born in 1910, has been a "made member" of the nation's largest and most powerful Mafia family for decades, but was a low-level figure, rising no higher than soldier, according to the FBI. His nickname is apparently a play on his last name.

He was a boy when Arnold Rothstein supposedly fixed the 1919 World Series. He was a young man during the Depression when he took his first arrest. He was entering middle age during La Cosa Nostra's go-go years in the 1940s and '50s, when the Mafia skimmed its share of America's postwar prosperity. And he was a senior citizen in the 1980s and '90s when John Gotti and other bosses were taken down by the FBI.

In Florida, Facchiano was indicted along with the reputed Genovese chief in the Miami area and several others on charges of extortion and racketeering. Prosecutors say Facchiano from 1994 to 2006 mainly supervised associates who committed such crimes as robbery, money laundering, bank fraud and possession of stolen property.

The New York indictment accuses Facchiano and more than 30 other alleged Genovese members, including acting family boss Liborio "Barney" Bellomo, of a range of mob-related crimes. Facchiano is accused specifically of trying in 2005 to locate and intimidate a government witness known as "Victim-5" in court papers.

In one conversation picked up on an FBI listening device, Genovese associate John Ardito said he and Facchiano were "the hit men" who were looking for Victim-5, according to federal prosecutors. Ardito traveled from New York to Florida to meet with Facchiano about Victim-5, who had "gone wrong," according to an FBI transcript.

Facchiano pleaded not guilty and is free on bail, and living at a condominium in swank Bal Harbor with a daughter.

Facchiano's lawyer in the Florida case, Brian McComb, would not discuss the charges. He said his client is in reasonably good health, apart from a bad back and difficulty hearing.

"He's got the typical ailments of an almost 97-year-old man," McComb said. "From day to day, who knows? He seems like a very nice gentleman."

Facchiano's first arrest came in 1932, on robbery and receiving stolen goods charges out of Pittsburgh, according to an FBI rap sheet. He got a sentence of two to five years, then was arrested again in 1936 in New York on grand larceny charges and yet again in 1944 on a bookmaking count. The records do not show how much prison time he did, if any.

He stayed relatively clean until 1979, when he was arrested on federal racketeering charges and got a 25-year sentence. He served eight years, winning release at age 79. Then, nothing until his twin arrests on the 2006 indictments.

If convicted on all charges, Facchiano could be looking at a sentence of well over 60 years in prison. Given the slow pace of federal prosecutions, he could be nearly 100 by the time he is sentenced.

U.S. Bureau of Prisons records show that as of the end of 2003 — the last year complete records are available — there were 30 inmates 80 and older. Officials could not say whether anyone as old as Facchiano is behind bars in the federal system.

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As for his chances of actually being sent to prison, Ryan King, policy analyst with the Sentencing Project, a non-profit organization that promotes alternatives to incarceration, said: "A judge might look at someone in their 90s and consider the likelihood of re-offending. Are they really going to go out and commit another crime?"

Capeci, the Mafia expert, said someone Facchiano's age might have some difficulty keeping up with the younger wiseguys if he does go free.

"There's no way a guy at age 96 can threaten people, break legs, do the normal routine that guys 50 and 60 years younger can do," he said. "But the guy is, according to the rules of the Mafia, still a made guy. He still has to take orders from the superiors and do what they tell him."

Police Seek Clues Tying Va. Attack To Slayings (WP)

By Nick Miroff, Washington Post Staff Writer

The Washington Post, December 30, 2006

In Springfield, Fear Rises Among Elderly

Fairfax County police said yesterday that they are investigating whether a Christmas Eve attack on a 62-year-old Springfield woman is related to the slayings of two elderly women in the area in the past five months.

Few details have been released about the incident Sunday, when a man forced his way into a home and stabbed a woman on the arm before fleeing. Police said the attack occurred less than two miles from the home where 74-year-old Marion J. Newman was robbed and beaten to death Nov. 21.

Police believe Newman's assailant also killed Marion B. Marshall, 72, in her home Aug. 14, two miles from Newman's home. Both women suffered blunt-force trauma injuries to the upper body.

The number of investigators and crime prevention officers working full time on the case has grown to 18, and police have developed a "humongous" e-mail list to keep Springfield residents informed, said Lt. Richard J. Perez, a police spokesman. Fliers in English and Spanish are posted in the neighborhoods where the women were killed, and a $26,000 reward has been offered by the victims' families.

The slayings, and an increase in burglaries in some neighborhoods, are contributing to a climate of fear and frustration, some residents said.

"People are angry that our community has come to this and that crime has come this far," said Pam Boaz, who lives two doors down from Marshall's home.

Boaz said that old-fashioned neighborly concern is the best way to keep people safe, and she fears that is being lost. "What makes it easy for these guys is that our communities are so fractured. Our neighbors don't really know each other.

"The police can only do so much," she said.

Police believe that the slayings were crimes of opportunity, committed by someone with ties to the community who happened to see each woman alone and attacked her. There was no indication that the women knew each other, and Newman's diamond ring was the only item known to be stolen from either home.

Although police believe that the homicides were related, they have yet to conclude that the Christmas Eve attack is linked. "Our detectives have been scrutinizing and analyzing the incident of Dec. 24 in an effort to determine if this incident is related to the Aug. 14 or Nov. 21 homicides or any other incident," Perez said. "But no definitive connection has been made."

For many senior citizens and other Springfield residents, though, the pattern is cause for concern. In the past month, Fairfax police have conducted home security inspections for 75 seniors in the Springfield area at their request, doing a walk-through evaluation of locks, lighting and landscaping conditions that could increase vulnerability.

Police have also organized safety seminars at schools and senior centers, drawing hundreds of participants, and mobilized Neighborhood Watch programs to increase vigilance, especially by reaching out to elderly residents.

"Part of our efforts have been to network with seniors to create a buddy watch system, so neighbors are watching out for each other," Lt. Charlie Bond said. Police have also asked Postal Service employees and delivery drivers to keep an eye on residents, particularly seniors who live alone.

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The homicide victims lived by themselves, and though the woman who was attacked Sunday does not, she was alone at the time of the incident. A family member returned home and found her after the attacker had fled. She was treated at Inova Fairfax Hospital for injuries that weren't life-threatening.

The only description of the attacker released by police is that of "a man wearing white or gray clothing." No robbery was reported, and police said that they are withholding additional details because of the investigation.

At the same time, they have launched a large-scale public safety and community policing campaign to reassure residents and heighten awareness.

"We understand that there's a level of fear," Bond said. "But we want to proactively approach seniors rather than have them sit at home and worry."

Calls to police from senior citizens have soared since the slayings, he said -- and that's exactly what police want. "All they need to do is call, and we'll respond to them. In that regard, I think the community is as safe as it can be under the circumstances."

Fears raised by the attacks have spread beyond seniors, though, and at Baldino's Lock and Key in Springfield, business has been brisk, said manager Darrin Benson. "I've noticed a lot more people coming in worried about the security of their places," he said. "There's been a rash of people coming in."

Deadbolt locks and new alarm systems have been big sellers, Benson said.

Sex Offenders In Exile (NYT)

The New York Times, December 30, 2006

Of all the places that sexual predators could end up after prison, the worst is out of sight, away from the scrutiny and treatment that could prevent them from committing new crimes. But communities around the country are taking that risk, with zoning laws that banish pedophiles to the literal edges of society.

There is a powerful and wholly understandable impulse behind laws that forbid sex offenders to live within certain distances of schools, day care centers and other places that children gather. Scores of states and municipalities have created such buffer zones, then continued adding layer upon layer to the enforcement blanket.

This has placed a heavy burden on law enforcement agencies, which already must struggle to meet exacting federal and state requirements for registering and monitoring the ever-growing population of released sex offenders, many of whom must be tracked for life. Lawmakers have shown no hesitation in piling on the administrative load, but frequently are less quick to pay for additional people to do the work.

As the areas off limits to sex offenders expand to encompass entire towns and cities, if not states, the places where they can live and work are shrinking fast. The unintended consequence is that offenders have been dispersed to rural nowhere zones, where they are much harder to track. In confined regions like Long Island, they have become concentrated in a handful of low-rent, few-questions-asked areas — an unintended and unfair imposition on their wary neighbors.

Many offenders respond by going underground. In Iowa, the number of registered sex offenders who went missing soared after the state passed a law forbidding offenders to live within 2,000 feet of a school or day care center. The county prosecutors' association has urged that the law be repealed, for the simple reasons that it drives offenders out of sight, requires "the huge draining of scant law enforcement resources" and doesn't provide the protection intended.

The prosecutors are right that any sense of security that such laws provide is vague at best and probably false. Just as it would feel foolish to forbid muggers to live near A.T.M.'s, it is hard to imagine how a 1,000-foot buffer zone around a bus stop, say, would keep a determined pedophile at bay. If children feel secure enough to drop their wariness of strangers, that would be a dangerous outcome. And of course, no buffer against a faceless predator will be any help to the overwhelming majority of child victims — those secretly abused by stepfathers, uncles and other people they know.

The problem with residency restrictions is that they fulfill an emotional need but not a rational one. It's in everyone's interest for registered sex offenders to lead stable lives, near the watchful eyes of family and law enforcement and regular psychiatric treatment. Exile by zoning threatens to create just the opposite phenomenon — a subpopulation of unhinged nomads off their

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meds with no fixed address and no one keeping tabs on them. This may satisfy many a town's thirst for retributive justice, but as a sensible law enforcement policy designed to make children safer, it smacks of thoughtlessness and failure.

CIVIL LAW:

Justice Dept. Files Suit Over Alleged Small Business Fund Fraud (BOS/AP)

By Maryclaire Dale, Associated Press Writer

The Boston Globe, December 30, 2006

PHILADELPHIA --Three investors, including a Connecticut attorney, are accused of defrauding a government program for small businesses out of $32 million, according to a lawsuit filed Friday by the U.S. Justice Department.

The government accuses the three defendants of cutting secret deals to hide their ownership stakes in a venture that received Small Business Administration funds.

The suit names Glastonbury-based attorney Daniel Beharry; John Torkelsen, who is in prison after pleading guilty to defrauding the agency; and Richard D. Propper, a physician from LaJolla, Calif.

They are accused of violating the False Claims Act, which allows the U.S. to seek treble damages plus penalties.

According to the lawsuit, the three defrauded the SBA's Small Business Investment Co. program by failing to disclose conflicts of interest and awarding themselves improper management fees.

Government lawyers say Torkelsen submitted an application for a firm called the Acorn Technology Fund, stating that he owned it with two other men. However, the application did not disclose that Acorn was also funded and controlled in part by Propper and Beharry, the suit states.

Beharry denied the accusations.

"We'll defend it very vigorously, but other than that I have no comment," he said Friday.

Propper was the subject of a 1996 consent decree with the Securities and Exchange Commission, the suit states. Had his name been listed as a fund manager, the SBA would have rejected Acorn's application, the government said.

Neither a home nor business listing for Propper in California could be determined on Friday.

The lawsuit also names Sovereign Bancorp Inc. as a defendant. Prosecutors said that an employee at a bank that Sovereign bought, Main Street Bank, did not properly describe Acorn's account balances in a form filed with the Small Business Administration six years ago.

Sovereign, 3 Investors Sued In Program Fraud (BLOOM)

Bloomberg, December 30, 2006

The Justice Department has sued Sovereign Bancorp. Inc. and three venture capital investors, accusing them of defrauding a Small Business Administration program of $32 million.

The investors, including John Torkelsen, former manager of Acorn Technology Fund in New Jersey, evaded conflict-of-interest rules that would have prevented them from obtaining funds from the government, the Justice Department said. The U.S. alleged that the bank overstated the fund's assets to help get funding from the small-business agency.

The department said the alleged fraud is the biggest ever perpetrated against the U.S.' Small Business Investment Company Program, which gives small private fund managers equity capital and long-term loans to invest in developing companies. Also named in the suit were Richard Propper, a California investor, and Daniel Beharry, a Connecticut lawyer.

The Acorn fund received $32 million from the small-business program. According to the suit, Torkelsen and the other two investors engaged in multiple secret transactions that hid their ownership and control of companies that the fund invested in, contrary to U.S. rules against self-dealing.

Main Street Bank, prior to its acquisition by Sovereign, provided "false and misleading" information to the Small Business Administration on a form confirming the Acorn fund's account balances, according to court papers. Sovereign, based in Philadelphia, acquired Main Street Bancorp Inc. in 2002.

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The Justice Department filed suit under the False Claims Act, which lets the U.S. collect up to three times the amount of its losses plus civil penalties.

Ed Shultz, a spokesman for Sovereign, said the bank "had no involvement with these transactions." They occurred at a branch office of Main Street before the bank was acquired by Sovereign, he said.

Torkelsen was sentenced in March to a 70-month prison sentence for defrauding the Small Business Administration in connection with the Acorn Fund. His attorney, Ralph Caccia, was out of town and didn't return a call seeking comment. Propper and Beharry also couldn't immediately be reached.

U.S. Sues To Regain Fraud Loss For SBA (PHI)

By Bob Fernandez

The Philadelphia Inquirer, December 30, 2006

The U.S. Justice Department filed a civil lawsuit in Philadelphia yesterday against imprisoned Princeton financier John B. Torkelsen, California businessman Richard D. Propper, and Connecticut lawyer Daniel P. Beharry for allegedly defrauding the Small Business Administration of $32 million.

The former Main Street Bank in Philadelphia, predecessor to Sovereign Bank, also was named as a defendant.

Sovereign spokesman Ed Shultz said the transactions related to the case were made before Sovereign acquired Main Street Bank in 2002. "There were no Sovereign employees involved," he said.

The suit was filed in the Eastern District of Pennsylvania under the False Claims Act, and seeks to have the defendents repay money fraudulently obtained from the SBA. The government has said the fraud was the largest in history in its Small Business Investment Company program, which attempts to seed small companies with money.

The suit is the latest legal action against Torkelsen, who has already pleaded guilty to making false statements to the SBA, and his Acorn Technology Fund L.P. in Bucks County, which received SBA money.

The complaint alleges that Torkelsen recruited Propper and Beharry as investors into the Acorn Technology Fund without telling the government, in violation of SBA rules.

Propper and Beharry then funneled investments from the fund into companies they partly owned, the court documents allege. Those companies were identified as Medibuy.com, Fresh Roast Inc., Endo Surgical Services Inc. and Infant Advantage/Parentech.

Torkelsen paid "excessive" management fees to himself and Beharry and Propper, the suit states. Torkelsen also used Acorn Technology to funnel millions of dollars into two companies he partly owned, SemiSystems Inc. and VeriVoice Inc.

Torkelsen has pleaded guilty to making false statements to the SBA in a related criminal case. He is serving a 70-month sentence in the federal penitentiary in Morgantown, W. Va. As part of that case, he has been ordered to pay restitution of $1.9 million.

A phone message to Torkelsen's attorney was not returned.

A phone call to Beharry was not returned. Propper could not be reached.

Main Street Bank's role stems from a $2 million loan to Torkelsen in July 2000. The loan allegedly was used to artificially inflate Acorn's balance sheet so it could obtain more money from the SBA.

CIVIL RIGHTS:

Pressure On Nifong In Duke Case (RN&O)

Raleigh (NC) News & Observer, December 30, 2006

DURHAM - The latest flurry of news in the Duke lacrosse case prompted some concerned citizens to register a complaint with the U.S. Department of Justice on Friday, according to community activist Victoria Peterson, who said she helped pen the complaint with other, unnamed residents.

Officials with the Justice Department could not confirm Friday whether they had yet received the complaint.

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A statement distributed by Peterson alleges that the accuser's civil rights were violated when lacrosse players tossed racial epithets at her and another exotic dancer the night of the alleged assault. The complaint also contends that officials at Duke University have failed to prosecute several rapes reported on campus.

Peterson, an unsuccessful City Council candidate and political organizer, has been speaking publicly about the racial and political subtexts of the case since the allegations surfaced in March.

Court Backs Affirmative Action Ban In Michigan (WP/AP)

By Tim Martin

The Washington Post, December 30, 2006

LANSING, Mich., Dec. 29 -- A federal appeals court ruled Friday that three Michigan universities should not have been given a six-month extension to comply with parts of a new state law banning some public affirmative action programs.

Michigan voters in November approved Proposal 2, which bans the use of race and gender preferences in university admissions and in government hiring and contracting.

The measure took effect Dec. 23, but U.S. District Judge David M. Lawson earlier this month provided an exception for admissions and financial aid decisions for incoming classes at the University of Michigan, Michigan State University and Wayne State University.

A three-judge panel of the Cincinnati-based U.S. Court of Appeals for the 6th Circuit said federal law does not warrant providing an exception. Although Lawson allowed the schools until July 1 to comply with Proposal 2, the appellate ruling means they will be expected to comply immediately.

The universities asked for the extension because they had already begun the admissions cycles for those students before voters approved the proposal. Lawyers for Gov. Jennifer M. Granholm (D) and Attorney General Mike Cox (R) signed off on the extension.

Kelly Cunningham, a spokeswoman for the University of Michigan, said Friday night that the school is reviewing the ruling.

A pro-affirmative-action group called By Any Means Necessary is considering appeals, lawyer George Washington said.

But Eric Russell, a University of Michigan Law School applicant who is represented by a backer of the measure, the Center for Individual Rights, called the ruling "a victory for all the people in Michigan who voted 'yes' on Proposal 2."

Gerald Ford's Affirmative Action (NYT)

By Jeffrey Toobin

The New York Times, December 30, 2006

GERALD R. FORD kept his distance from political controversy after leaving office, but he retained a special interest in the workings of his alma mater. In 1999, the 86-year-old former varsity football star decided to make a public stand in support of affirmative action at the University of Michigan.

He wrote an Op-Ed article on this page titled "Inclusive America, Under Attack." A pair of pending lawsuits, Mr. Ford wrote, would prohibit Michigan and other universities "from even considering race as one of many factors weighed by admission counselors." Such a move would condemn "future college students to suffer the cultural and social impoverishment that afflicted my generation."

As it happened, on Sept. 15, 1999, a month after the article ran, Mr. Ford had dinner with James M. Cannon, one of his former White House aides, in Grand Rapids, Mich. The men were in town to hear a speech at Mr. Ford's presidential museum by his only nominee to the Supreme Court, John Paul Stevens.

By that point, Justice Stevens had long since proved a great disappointment to conservatives. But his nomination remained one of Mr. Ford's proudest achievements as president, for Justice Stevens' moderate-to-liberal record reflected Mr. Ford's own later views, as his stand on affirmative action illustrated. At the dinner, Mr. Ford encouraged Mr. Cannon to do what he could to help the university in the lawsuit, which was heading for the Supreme Court.

Mr. Cannon had served on the Board of Visitors of the Naval Academy, and both he and Mr. Ford knew how important affirmative action was to the military, especially its officer corps. Mr. Cannon had been told many times by the Navy's top brass that they did not want ships full of enlisted men, who tended to be heavily minority, to be commanded exclusively by white officers.

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Affirmative action wasn't social engineering, it was military necessity; and Mr. Cannon and Mr. Ford wanted to make sure the justices heard that message.

Active-duty officers could not take a stand on such a controversial issue, but Mr. Cannon, prompted by Mr. Ford, sought out the next best thing: retired military officers. In time, the University of Michigan defense team recruited Gen. H. Norman Schwarzkopf, Gen. John M. Shalikashvili, Gen. Hugh Shelton, Adm. William J. Crowe Jr. and two dozen others eminences to sign a friend-of-the-court brief in support of affirmative action written by a Washington lawyer, Carter G. Phillips.

The first case was argued at the court on April 1, 2003, less than two weeks after American and allied forces launched their invasion of Iraq. In this initial period, the war looked like a tremendous success; as a result, the military was held in especially high regard in the nation and at the court, and that attitude was reflected in the justices' many questions about the brief by the military retirees.

To the lawyer representing the plaintiff, Justice Ruth Bader Ginsburg said, "May I call your attention in that regard to the brief that was filed on behalf of some retired military officers who said that to have an officer corps that includes minority members in any number, there is no way to do it other than to give not an overriding preference but a plus for race."

Justices Stevens, Anthony M. Kennedy, David H. Souter and Sandra Day O'Connor followed up with similar queries. When Theodore B. Olson, the solicitor general, who was expressing the Bush administration's opposition to the Michigan program, rose to speak, Justice Stevens quickly interrupted: "Just let me get a question out, and you answer it at your convenience. I'd like you to comment on Carter Phillips's brief. What is your view of the strength of that argument?"

In the end, the court voted to uphold the affirmative action program at Michigan's law school. Justice O'Connor's opinion quoted Mr. Phillips's brief at length and then, in an extraordinarily rare tribute, adopted its words as part of the court's opinion: "To fulfill its mission, the military 'must be selective in admissions for training and education for the officer corps, and it must train and educate a highly qualified, racially diverse officer corps in a racially diverse setting.' "

The court, Justice O'Connor said, agreed with Mr. Phillips that " 'it requires only a small step from this analysis to conclude that our country's other most selective institutions must remain both diverse and selective.' "

In all, considering the statements at the oral argument and Justice O'Connor's opinion, the submission from the retired officers, as set in motion by Mr. Ford, may have been the most influential amicus brief in the history of the Supreme Court.

By Mr. Ford's later years, as the Michigan affirmative action controversy illustrated, the former president had fallen out of step with the strong conservative drift of the Republican Party. But more important, the Michigan case, and Mr. Ford's role in it, suggest that his views remained where they had long been — in the center of the country, politically and geographically — and by staying true to his beliefs, he left a quiet and powerful legacy for the university and the country that he loved.

ANTITRUST:

AT& T Completes BellSouth Takeover (WP)

By Alan Sipress, Sara Kehaulani Goo

The Washington Post, December 30, 2006

The Federal Communications Commission yesterday overcame a seven-month deadlock and approved AT&T's $85 billion purchase of BellSouth, creating a new corporate giant that will stand astride the telecommunications industry like none other in the generation since the old AT&T empire was broken up in 1984.

The acquisition, which closed yesterday, reunites large parts of AT&T's former domain by folding BellSouth's nine-state territory into AT&T's existing operations spanning the Midwest, Southwest and West Coast. It gives AT&T complete control of Cingular Wireless, the country's largest mobile-telephone provider, at a time when wireless is the newest frontier for reaching the Internet. Cingular is jointly owned by AT&T and BellSouth.

Unequaled in capital and geographic reach, the new AT&T could be a tough adversary for cable companies by offering television service over the Internet, possibly lowering rates for customers in its service area. Several conditions imposed on the acquisition to protect consumers could encourage the availability of affordable broadband.

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AT&T agreed to offer high-speed Internet for $19.95 a month over the next 30 months without requiring customers to purchase phone service from the company.

AT&T's size could also give it more power to set prices for telephone and other services -- although it agreed temporarily not to impose new charges on Web companies that use its lines -- and to influence political debate over telecommunications well beyond its service area. In the Washington area, where Verizon Communications is the primary phone company, the immediate impact of the merger is likely to be limited, FCC officials said.

"AT&T will be an engine for innovation, competition, and growth for our customers at home and abroad," chief executive Edward E. Whitacre Jr. said in a written statement. "In the Southeast, we will build on BellSouth's excellent record of serving customers and communities. And we are ready to lead the way in a new era of integrated wireless services nationwide."

The FCC had long been deadlocked over AT&T's purchase of BellSouth as Republican and Democratic commissioners sparred over what conditions to impose on the deal. But in the past 10 days, AT&T redoubled its efforts to break the impasse, pressing for a resolution before the end of the year. On Thursday, the company offered significant concessions to protect consumers and ensure competition and, with only minutes remaining before the close of the year's business, the board's two Democrats set aside their objections to join with two Republicans to approve the acquisition.

Kevin J. Martin, the FCC chairman and the deal's principal advocate on the commission, said it would help realize his goal of extending broadband Internet service across the nation by fostering competition. "This deployment is critical to our nation's competitiveness in the global economy and to our national security," Martin and fellow Republican commissioner Deborah Taylor Tate said in a joint statement. "All consumers should expect to benefit from this technology."

AT&T's last-minute commitments include a two-year pledge to abide by "net neutrality" -- agreeing not to discriminate against Web companies in pricing or in access to lines. That was an about-face for the company, which has argued that it should be allowed to give priority to Internet firms such as Google, Yahoo and Microsoft if they pay for it. Whitacre said last year that anyone expecting to use the phone lines free was "nuts."

Besides offering to sell stand-alone Internet service for $19.95 a month, AT&T also agreed to give up some wireless licenses suitable for high-speed Internet so that other companies could compete. The company also said it would freeze the rates for "special access" lines that serve some large businesses and move 3,000 BellSouth jobs to the United States from overseas.

"A historic merger warrants historic conditions," said Jonathan S. Adelstein, a Democrat on the commission who had refused to support the deal without consumer protections. "We won far more concessions to benefit the public than anyone predicted when this deal was announced."

With a market capitalization of $225 billion, the new AT&T will vastly outgun its leading competitor, Verizon, which was born six years ago in a $52 billion merger between GTE and Bell Atlantic.

But while the merger creates a new AT&T behemoth, the combined company is far different from the one that reigned for 70 years as a government-regulated monopoly and architect of the world's most advanced, comprehensive and affordable telephone system. That corporation, at the time the largest in the United States, had so cornered the market on communications that many Americans referred to it simply as the phone company.

Even as the new AT&T faces limited competition from other telephone operators, it is challenged by cable and computer companies playing in a far larger, more complicated marketplace encompassing television, broadband and wireless, as well as local and long-distance land-line telephone service. In recent years, cable companies have been more successful at poaching the phone business -- bundling it with TV and broadband and selling it to subscribers -- than traditional telephone operators have been in crossing over to television.

Earlier this month, a divided FCC approved a measure aimed at helping telephone companies move into cable television markets by significantly limiting what local officials can demand in return for franchises.

Gary Arlen, president of Arlen Communications, a Bethesda research firm, said AT&T's acquisition of BellSouth "reflects a natural oligopoly." In the early days, "public utilities were a natural monopoly. In our digital era today, competition is now not between the Bell companies, but between Bell and cable operators and some wireless [companies] in there."

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Gigi B. Sohn, president of the Public Knowledge advocacy group, praised the FCC for approving the merger with strong conditions, especially on net neutrality, and urged the commission make sure that AT&T complies. In particular, she said the company might try to evade part of its net-neutrality commitment by claiming that the television service it provides over the Internet is akin to cable television and thus not subject to the condition.

Though the merger represents a landmark in U.S. telecommunications, it would be misleading to cast the corporate takeover as an epic tale of AT&T reconstituting itself from the wreckage of the 1984 breakup and its disastrous business decisions. The decline began with the divestiture, when AT&T gambled that it would be more lucrative to keep its long-distance business and cut loose the regional phone companies. But that meant jettisoning the huge number of employees and customers who gave the company political clout. In 1996, the regional companies and others won the right in Washington to compete for long-distance and the tide started turning against AT&T.

As intense competition forced prices for long-distance to fall, AT&T struggled to find a new calling and looked to cable. It again splintered six years ago, into four separately traded companies for broadband, wireless, business services and consumer services.

AT&T today is an utterly different corporation than the old Ma Bell, sharing little more than the name. The company that now flies the AT&T flag was until last year known as SBC Communications Inc. SBC, one of the original Baby Bells, gobbled up the relatively meager, sickly remains of the old AT&T, then took its venerated name before turning its appetite earlier this year to BellSouth.

AT&T Set To Take On Cable As Purchase Is Cleared (WSJ)

By Amol Sharma, Corey Boles

The Wall Street Journal, December 30, 2006

The Federal Communications Commission approved AT&T Inc.'s $85.8 billion takeover of BellSouth Corp. Friday, consolidating the telecom giant's global dominance as a phone, Internet and wireless provider and setting up its next big challenge: offering TV service to millions of consumers.

The agency approved the deal, the largest ever in U.S. telecommunications history, by a unanimous 4-0 vote, after AT&T offered a series of major concessions to pacify consumer groups and regulators.

The merger creates a behemoth that will have a market capitalization of more than $220 billion -- more than twice that of nearest rival Verizon Communications Inc. -- and will serve 67.5 million local-phone customers in 22 states, as well as 11.5 million broadband users.

Having completed the deal, AT&T plans to roll out its Internet video service aggressively in former BellSouth territory, the southeastern U.S., reaching 1.5 million homes by the end of next year. So far, AT&T has launched the service in 11 markets, including Houston and Indianapolis. It plans to reach 19 million homes in its own 13-state region, mainly in the central and southwestern U.S., by the end of 2008.

AT&T and Verizon are adding TV to the roster of services they offer consumers so they can better compete with cable companies that are already offering bundles of TV, phone and Internet service. So far, Verizon is in the lead, having signed up 118,000 customers for its TV service as of the end of the third quarter.

A slow rollout of video services hasn't hurt AT&T with investors. Its share price has been on a tear, up 46% this year. AT&T's stock was up 0.7% to $35.75 in 4 p.m. composite trading on the New York Stock Exchange Friday. In the third quarter ended Sept. 30, the company's profit jumped 74% over the previous year, with much of the growth coming from cellphone operator Cingular Wireless, a joint venture with BellSouth that has emerged as the nation's largest carrier, with 58.7 million subscribers.

As it takes full control of the Cingular venture, AT&T is expected to begin phasing out the Cingular brand beginning early next year, replacing it with the AT&T moniker.

Approval of the deal was never in serious doubt, but it was held up for months because of objections from consumer groups and the commission's two Democrats. AT&T broke the logjam by proposing a series of conditions that won over the Democrats, including a pledge not to prioritize any Internet-content provider's traffic over another's, a principle known as "net neutrality."

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Lawmakers, consumer activists and some Internet companies said that without such regulation, AT&T would have been able to strike deals guaranteeing some Internet companies higher-quality transmissions than others.

Rep. Edward J. Markey, the Massachusetts Democrat who will head the House subcommittee on telecommunications in the next Congress and has been a vocal critic of the deal, said in a statement he was "pleased that the concerns of the Internet community are being acknowledged and addressed."

The net-neutrality condition applies to the portion of AT&T's network that connects consumers' homes to the Internet backbone. Special data and voice lines used by corporate customers wouldn't be subject to the rules. AT&T's own nascent TV offerings would also be exempted.

AT&T also agreed to lower rates for some high-volume voice and data lines that serve corporate customers and are leased on a wholesale basis to smaller telecom carriers. And it pledged to offer stand-alone high-speed Internet access for as much as $20 a month. Companies that offer Internet phone service, like Vonage Holdings Corp. and 8x8 Inc., would stand to gain if consumers don't have to buy their phone service and Internet service in a packaged bundle.

The company also will have to divest radio frequencies it controls that are ideal for the wireless broadband technology known as WiMax. Potential acquirers of those spectrum licenses include Clearwire Corp. and Sprint Nextel Corp., which are both building out WiMax networks.

AT&T Bends, Wins Deal OK (CHIT)

By Jon Van, Tribune Staff Reporter

Chicago Tribune, December 30, 2006

FCC approves BellSouth buyout after giant agrees to maintain `net neutrality' for 2 years

A compromise proposed by AT&T Inc. to win federal approval of its $85 billion acquisition of BellSouth Corp. signals how much the impending takeover of Congress by Democrats has shifted telecom's regulatory landscape.

The Federal Communications Commission approved the acquisition Friday upon reviewing the proposal submitted Thursday night by AT&T. The companies closed the deal Friday after winning the FCC's OK.

After opposing restrictions on its ability to prioritize Internet traffic it carries, AT&T agreed to "maintain neutral network and neutral routing in its wireline broadband Internet access service" for two years.

The concept of preserving "net neutrality" has been the paramount telecom issue for consumer advocates all year.

While specific Internet traffic abuses have been rare, activists fear that the economic interests of big telecom and cable companies that own Internet infrastructure will compel them to discriminate against smaller competitors whose Internet-based voice and video services undermine the cash cows operated by the giants.

For their part, large telecom carriers contend that they need flexibility to manage the trillions of bits and bytes that flow across their lines daily. Government restrictions intended to ward off potential anti-competitive moves could stifle technologic innovation, say executives at big telecom concerns.

AT&T's concessions sparked year-end celebrations Friday among consumer advocates who had been stymied through most of 2006 in their efforts to pass network neutrality laws in the Republican-controlled Congress.

"We are no longer having a debate about whether net neutrality should be the law of the land," said Ben Scott, policy director for Free Press, a consumer advocacy group. "We are having a debate about how and when."

Another aspect of AT&T's compromise proposal would put a cap of $20 a month on its basic digital subscriber line high-speed Internet service for 30 months. At present consumers who want to buy DSL without also getting an AT&T phone line must pay a minimum of about $45 a month.

Gene Kimmelman, vice president of Consumers Union, said that customers who cannot afford AT&T's prices today should soon be able to "get fast connections to the Internet at a reasonable price."

The phone giant also agreed to freeze some rates it offers to customers who buy bulk service, to sell wireless spectrum licenses held by BellSouth and to "repatriate" some 3,000 jobs outsourced abroad by BellSouth.

AT&T's BellSouth takeover had received approval from state regulators and the Justice Department but was hung up by two Democratic members of the FCC who wanted consumer-friendly concessions.

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The three Republican FCC members could not override the two Democrats because one of them, Robert McDowell, had served as a telecom industry lobbyist before his federal appointment, and recused himself for ethical reasons.

Several Democratic House members slated to take leadership positions in the coming Congress had warned the FCC against approving the takeover without some concessions.

While the symbolic significance of AT&T's compromise is considerable, some observers said the substance may be less so.

David Burstein, who operates the DSLPrime.com telecom newsletter, said that buried in AT&T's proposal is a sentence that exempts its own Internet-based television service from network neutrality restrictions.

"In a seemingly innocuous sentence, AT&T opened a huge loophole for itself," said Burstein. "In the future, they can take anything they want, call it IPTV, and have no restrictions. If someone objects, they'll tie it up in court for longer than their two-year neutrality commitment."

Most consumer advocates chose to focus on the positive aspects of AT&T's proposal rather than speculate on future neutrality evasions.

"This will be a win for the public," said Mark Cooper, research director for the Consumer Federation of America.

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AT&T Wins Backing On BellSouth Merger (FT)

By Paul Taylor, Stephanie Kirchgaessner

Financial Times, December 30, 2006

AT&T, the largest US telecommunications group, on Friday won Federal Communications Commission approval for its planned merger with BellSouth after offering new concessions designed to break a regulatory deadlock over the $85bn deal.

The new concessions are seen as a significant climbdown by AT&T. It had wanted to complete the merger before the end of this year, but had been frustrated by the FCC, which has been deadlocked over the issue for three months.

Robert Quinn, AT&T's senior vice-president, described them as being "significantly more extensive than those submitted on October 13".

AT&T promised not to raise prices on some special access lines that provide high-capacity phone and data services for large businesses for four years and to sell DSL internet access to subscribers for $19.95 a month without requiring customers to buy phone service.

In addition, AT&T said it would refrain from charging companies such as Google premium fees for faster subscriber access – a significant concession to the mostly Democrat backers of so-called "network neutrality".

AT&T also offered to repatriate 3,000 BellSouth jobs now outside the US, pledged 200 jobs for New Orleans and to divest some wireless licences in BellSouth's nine-state region that cover airwaves suitable for wireless broadband internet services.

AT&T's proposed merger already had the backing of Kevin Martin, the FCC chairman, and fellow Republican Deborah Taylor Tate, but the panel's two Democrats, Michael Copps and Jonathan Adelstein, had demanded further concessions, including price controls.

Their position was strengthened by the prospective change of control in Congress following the November elections and the decision last week by the fifth commissioner, Republican Robert McDowell not to participate in discussions and the vote because of his earlier work as a telecommunications lobbyist representing some of AT&T's rivals.

BellSouth And AT&T Close Deal (NYT)

By Vikas Bajaj

The New York Times, December 30, 2006

Federal regulators approved AT&T's $85.8 billion acquisition of BellSouth yesterday, allowing the companies to close their delayed deal.

The approval came a day after the two companies disclosed concessions designed to win the support of dissenting policy makers.

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The Federal Communications Commission cleared the deal, the largest telecommunications merger in history, after AT&T offered to abide by certain conditions sought by two Democratic commissioners who found themselves with leverage after one of their three Republican colleagues recused himself from voting on the acquisition, leaving the agency tied 2-to-2.

The deal will go a significant distance toward recreating the prebreak-up AT&T. The company's local-phone network will traverse 22 states and stretch from Miami to San Francisco and include the Great Lakes region.

The old AT&T was broken up in 1984 into seven local-phone companies and one long-distance company, of which only three survive today: AT&T, Verizon Communications and Qwest Communications International. The acquisition also will give AT&T, based in San Antonio, total control of Cingular Wireless, the nation's largest mobile phone company and until now a 60-40 joint venture with BellSouth.

The combined company has 58 million cellphone customers, 67.5 million phone lines and 11.5 million broadband users. It would have reported revenue of $115 billion in 2005. It employs more than 300,000 people.

The approval hinged on a number of conditions, chief among them a "network neutrality" pledge by AT&T to allow its customers unfettered access to data and services over high-speed Internet connections. The company agreed to live by the pledge for two years or until Congress addresses the issue, something many officials and experts say could happen in the coming year.

In practical terms, the guarantee will not change how consumers use the Internet. But many advocates and policy makers have worried that with the dominance that cable and phone companies exercise over the broadband business, they could control, restrict or impede what customers can do with their connections.

That fear has been stoked by telecommunications executives who have said they would like to charge content providers like Google extra for the smooth and speedy delivery of services like TV shows over broadband connections.

"It's a historic breakthrough," Jonathan S. Adelstein, one of the Democratic commissioners who voted for the deal, said in a telephone interview. "It's going to set the terms of the debate going forward. It is going to cause us all to think deeply about how we address this."

In a statement, the other Democratic commissioner, Michael J. Copps, described the agreement as a step "that will preserve and encourage the truly transformative openness and power of the Internet."

Though hailed by several consumer advocates, critics said AT&T's pledge did not go far enough because it would not cover a new higher-speed service AT&T is building in California, Texas and elsewhere to provide video over fiber optic cables.

"Whether I want to watch the Southern Baptist Convention or Al Jazeera or The Jerusalem Post, that should be my decision," said Dave Burstein, the publisher of DSL Prime, an industry newsletter. "That's what we are fighting for: the basic First Amendment."

AT&T officials said that while its video service would not be covered, customers who signed up for broadband Internet services would be able to tap into Internet-based video and data services from other sources without restriction or interference.

"These commitments reflect our long history of providing consumers and businesses with the most advanced and affordable communications services," AT&T's chairman and chief executive, Edward E. Whitacre Jr., said in a statement.

The latest negotiations on this and other concessions between AT&T and the F.C.C. began after Robert M. McDowell, the Republican commissioner who had recused himself, announced on Dec. 18 that he could still not vote on the deal even though the commission's general counsel had cleared him to do so. Before being appointed to the commission this summer, Mr. McDowell was the general counsel for Comptel, a trade group that represented rivals of AT&T and opposed the deal.

His recusal left the F.C.C. chairman, Kevin J. Martin, without enough votes in favor of the deal, which had already won a unconditional approval from the antitrust division of the Justice Department.

Analysts and officials said the negotiations took on a sense of urgency because AT&T wanted the deal, which had already been delayed several times, completed by the end of the year so it could be closed and accounted for in the current year and to please investors. Shares of AT&T are up more than 26 percent and BellSouth 48 percent since the deal was announced in March. At that time the deal was valued at $67 billion. Both stocks rose slightly yesterday.

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"While this is not at all show-stopping by any means, it is the best that all the parties could do given the enormous pressure to get this deal done before the end of the year," said Jessica Zufolo, senior policy director for Medley Global Advisors, a research firm.

Members of Congress with an interest in telecommunications have been urging the two sides to get the deal done. Representative John D. Dingell, the Michigan Democrat who is expected to head the Energy and Commerce Committee in January, publicly chided the Democratic commissioners for pressing AT&T to make concessions he said had nothing to do with the merger.

"I have significant concerns over the process followed at the F.C.C. during these final weeks, and believe that such process may be suitable for committee review," Mr. Dingell said in a statement yesterday.

Other concessions AT&T agreed to in exchange for approval included:

¶A freeze on some fees it charges rivals for the rent of some high-capacity wires that serve office buildings.

¶A commitment to offer high-speed Internet service to all of its local phone customers by the end of next year.

¶Allowing customers to buy high-speed Internet service without a local-phone line.

¶The sale of certain wireless spectrum.

¶Bringing back 3,000 jobs BellSouth has sent overseas.

A Win For Net Neutrality (LAT)

The Los Angeles Times, December 30, 2006

TELECOMMUNICATIONS giant AT&T made a welcome concession to federal regulators this week that could help preserve the Internet's role as an engine for innovation and competition.

In order to win approval from the Federal Communications Commission for its $84.5-billion buyout of BellSouth, the reconstituted Ma Bell agreed Thursday to not offer for two years "any service that privileges, degrades or prioritizes" any data transmitted over its broadband network. In other words, AT&T guaranteed what has come to be known as "Net neutrality" — giving websites and services equal access to Internet users. The only exceptions are for AT&T's new TV service and the managed networks it sells to businesses.

Net neutrality became an issue last year after AT&T and BellSouth executives talked about making online companies cover more of the cost of broadband networks. In particular, they raised the prospect of charging high-traffic companies such as Google an extra fee to improve the picture quality of online movies and TV shows. Such charges could help established companies fend off upstarts by erecting a cost barrier to entry, suffocating the next YouTubes and Flickrs in their cribs.

The idea stirred so much opposition in the tech industry that two Democrats on the FCC refused to approve AT&T's purchase of BellSouth unless it agreed to Net neutrality. With only four of the five commissioners voting on the merger — one of the three Republicans recused himself — the Democrats essentially held veto power on the deal, and AT&T finally gave in.

Phone and cable companies operating broadband networks shouldn't be able to pick winners and losers among websites and services. Cordoning off toll roads on the information superhighway would undermine the Internet's nondiscriminatory nature, which has been critical to its entrepreneurial and inventive spirit.

At the same time, network operators should be free to introduce prioritized services elsewhere on their data pipelines, separate from their Internet offerings. AT&T's new TV service, which acts as a sort of private network within AT&T's Internet business, is a good example. The TV service relies on prioritization to ensure picture quality, particularly for high-definition TV channels. The only limitation there should be that network operators offer the same terms to competitors as they do to affiliated companies.

The merger makes AT&T the dominant phone provider in 22 states, with more than one-third of the country's phone lines. This kind of mass is far less troubling today than it would have been 10 years ago, before the advent of cheap wireless and Internet-based phone services. What is still troubling is the paucity of competition in the market for broadband service, which promises to be the next dominant platform for communications. In most parts of AT&T's turf, it competes only with the local cable operator, if anyone. That's not enough to protect consumers or Web sites, which is why a temporary Net neutrality requirement makes sense for the entire industry.

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US Patents For Financial Services Soar (FT)

By David Wighton

Financial Times, December 30, 2006

The number of US patents issued for financial services has soared this year as banks have rushed to take advantage of a protection once seen as the preserve of technology and drug companies.

Patents issued in the main US financial services category had risen more than threefold to 238 by the end of last week, with General Electric's finance arms heading the field with 11.

Many financial companies have stepped up efforts to protect intellectual property in recent years. Innovations that would not have been tried previously are being pursued because they can now be patented.

But experts warns that financial services is a fertile area for "patent trolls", who obtain and aggressively litigate patents.

Josh Lerner, a professor at Harvard Business School, said large numbers of financial services patents were of questionable quality. "In many cases patents are being used not as a tool to promote innovation but as a tool for extracting 'rents' from companies with deep pockets."

John Squires, chief intellectual property lawyer at Goldman Sachs, said a big worry was the way US courts granted injunctions to force companies found guilty of patent infringement to stop using disputed technology. Because of the highly interdependent nature of modern financial services, such injunctions could pose severe problems for the broader industry.

The dramatic growth in financial patents comes amid increasing concern about the patent system in the US and attempts to reform the process in Europe. In Europe, financial services or so-called business methods patents, are rare and lawyers say they are seldom enforced in the courts.

But in the US, a 1998 court ruling in a case involving State Street Bank made clear that businesses' processes were patentable. A flood of applications followed and these are now feeding through into issued patents.

Many financial services patents this year were issued to large US financial companies such as GE, Citigroup, JPMorgan, First Data and Goldman Sachs, or technology companies such as IBM, Hewlett-Packard and Accenture.

An increasing number of patents have been issued to individuals. Vergil Daughtery, a Georgia Tech MBA, was awarded patents for the pricing of "expirationless options". This was "despite the fact that perpetual options had been extensively studied in the finance literature since the 1960s", Prof Lerner said.

In June, the company to which Mr Daughtery licensed the patents filed a suit against the Philadelphia Stock Exchange for infringement.

Financial patents were being litigated at almost 30 times the rate of patents as a whole, Prof Lerner found in a recent study.

ENVIRONMENT:

U.S. Official Overseeing Oil Program Faces Inquiry (NYT)

By Edmund L. Andrews

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — The Justice Department is investigating whether the director of a multibillion-dollar oil-trading program at the Interior Department has been paid as a consultant for oil companies hoping for contracts.

The director of the program and three subordinates, all based in Denver, have been transferred to different jobs and have been ordered to cease all contacts with the oil industry until the investigation is completed some time next spring, according to officials involved.

The officials, who spoke on condition of anonymity because the investigation had not been announced publicly, said investigators were worried that senior government officials had been steering huge oil-trading contracts to favored companies.

Any such favoritism would probably reduce the money that the federal government receives on nearly $4 billion worth of oil and gas, because it would reduce competition among companies that compete to sell the fuel on behalf of the government.

If the allegations prove correct, they would constitute a major new blot on the Interior Department's much-criticized effort to properly collect royalties on vast amounts of oil and gas produced on land or in coastal waters.

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The Interior Department's Minerals Management Service, which oversees royalty collections, is now the target of multiple investigations by Congress and the Interior Department's inspector general.

Those investigations are focused on allegations that the agency ordered its own auditors to abandon claims of cheating by large oil companies; that the agency's arcane rules for calculating sales value and royalties make it easier for companies to understate their obligations; and that the agency's basic sources of data are riddled with inaccuracies and are unreliable.

Interior officials have promoted "royalties in kind" as a much simpler and more efficient way for the government to get its proper share, because it eliminates much of the arcane accounting and reduces the opportunities for sleight-of-hand bookkeeping.

About a quarter of all oil and gas produced in the United States comes from federal property, and the Interior Department collected about $10 billion in royalties last year on about $60 billion in oil and gas.

At issue is the "royalty in kind" program, a fast-growing program under which companies pay their royalties in the form oil or gas rather than in the traditional form of cash.

For the 12 months ending last April, the government collected about $3.7 billion in oil and gas. Until recently, most of the oil simply went to the government's Strategic Petroleum Reserve. But the strategic reserve was essentially filled this year, so the Interior Department hires private companies to resell the fuel on the open market.

To ensure that it gets the best price, the Interior Department takes bids for contracts in which companies typically offer to pay a specific premium over the daily spot-market prices quoted on the Nymex commodity exchange. The companies offering the biggest premium over the spot market get the contracts.

People familiar with the investigation said it had begun several months ago, but had picked up speed in the last few weeks.

The most prominent figure in the inquiry is Gregory W. Smith, who was director of the royalty-in-kind program at the Minerals Management Service in Denver. Mr. Smith oversaw the entire program, which now covers 75 percent of royalties for all oil and 30 percent of royalties for all natural gas produced in the Gulf of Mexico.

One person familiar with the investigation said it originally had focused on potentially improper social ties between some of Mr. Smith's subordinates and executives at companies vying for contracts. The subordinates include two women, including one who is said to be in charge of oil marketing, and a second man.

All four people were transferred out of the royalty-in-kind office several weeks ago. Mr. Smith was reassigned as a "special assistant" to Lucy Querques Dennett, associate director of the Mineral Management Service in Washington. He was given strict orders to avoid any contact with industry executives, according to one official.

One official said investigators were now looking at possible consulting arrangements between the Denver officials and oil companies. The official said the most recent information had, if anything, hardened the suspicions of investigators, and said the potential ramifications could turn out to be far-reaching.

Mr. Smith did not return calls to his office in Denver. Spokesmen for the Interior Department in Washington as well as in the inspector general's office, which began the investigation before referring the matter to the Justice Department, refused to comment on the matter.

Gentlemen, Start Your Plug-Ins (WSJ)

By R. James Woolsey

The Wall Street Journal, December 30, 2006

An oil and security task force of the Council on Foreign Relations recently opined that "[t]he voices that espouse 'energy independence' are doing the nation a disservice by focusing on a goal that is unachievable over the foreseeable future . . ." Others have also said, essentially, that other nations will control our transportation fuel -- get used to it. Yet House Democrats have announced a push for "energy independence in 10 years," and last month General Motors joined Toyota and perhaps other auto makers in a race to produce plug-in hybrid vehicles, hugely reducing the demand for oil. Who's right -- those who drive toward independence or those who shrug?

Bet on major progress toward independence, spurred by market forces and a portfolio of rapidly developing oil-replacing technologies.

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In recent years a number of alternatives to conventional oil have come to the fore -- oil sands, oil shale, coal-to-diesel and coal-to-methanol technologies. But their acceptability to a new Congress, quite possibly the next president, and a public increasingly concerned about global warming will depend on their demonstrating affordable and effective methods of sequestering the carbon they produce or otherwise avoiding carbon emissions.

Ethanol's appeal rose a few years ago when it became clear that genetically modified biocatalysts could break down the cellulose in biomass and thus enable ethanol's production from a wide range of plant life. This means that, compared with corn, little fossil fuel is needed during biomass cultivation and land use presents much less of a problem. Indeed two years ago the National Energy Policy Commission (NEPC), making reasonable assumptions about improved vehicle efficiency and biomass yields over the next 20 years, estimated that just 7% of U.S. farmland (the amount now in the Soil Bank) could produce enough biomass to provide half the fuel needed by U.S. passenger vehicles, and that production costs for cellulosic ethanol were headed downward toward around 70 cents per gallon. Further, conversion of only a portion of industrial, municipal and animal wastes -- using thermal processes now coming into commercial operation -- appears to be able to yield an additional several million barrels a day of diesel or, with some processes, methanol.

But in spite of the technological promise of alternative liquid fuels, skeptics rightly point out that it will take time to build production facilities and learn the practicalities of operating biorefineries and shifting industry from hydrocarbons to carbohydrates. Most of all there is a sense of investor caution, driven by memories of the mid-'80s and the late '90s when sharp drops in oil prices, driven in part by increased production from Saudi reserves, bankrupted such undertakings as the Synfuels Corporation. Also, industry support for moving away from oil dependence has long been weak outside agribusiness, and consumers see little immediate savings from using alternative liquid fuels.

All this is likely to change decisively, because electricity is about to become a major partner with alternative liquid fuels in replacing oil.

The change is being driven by innovations in the batteries that now power modern electronics. If hybrid gasoline-electric cars are provided with advanced batteries (GM's announcement said its choice would be lithium-ion) having improved energy and power density -- variants of the ones in our computers and cell phones -- dozens of vehicle prototypes are now demonstrating that these "plug-in hybrids" can more than double hybrids' overall (gasoline) mileage. With a plug-in, charging your car overnight from an ordinary 110-volt socket in your garage lets you drive 20 miles or more on the electricity stored in the topped-up battery before the car lapses into its normal hybrid mode. If you forget to charge or exceed 20 miles, no problem, you then just have a regular hybrid with the insurance of liquid fuel in the tank. And during those 20 all-electric miles you will be driving at a cost of between a penny and three cents a mile instead of the current 10-cent-a-mile cost of gasoline.

Utilities are rapidly becoming quite interested in plug-ins because of the substantial benefit to them of being able to sell off-peak power at night. Because off-peak nighttime charging uses unutilized capacity, DOE's Pacific Northwest National Laboratory estimates that adopting plug-ins will not create a need for new base load electricity generation plants until plug-ins constitute over 84% of the country's 220 million passenger vehicles. Further, those plug-ins that are left connected to an electrical socket after being fully charged (most U.S. cars are parked over 20 hours a day) can substitute for expensive natural gas by providing electricity from their batteries back to the grid: "spinning" reserves to help deal with power outages and regulation of the grid's voltage and amperage.

Once plug-ins start appearing in showrooms it is not only consumers and utility shareholders who will be smiling. If cheap off-peak electricity supplies a portion of our transportation needs, this will help insulate alternative liquid fuels from OPEC market manipulation designed to cripple oil's competitors. Indian and Chinese demand and peaking oil production may make it much harder for OPEC today to use any excess production capacity to drive prices down and destroy competitive technology. But as plug-ins come into the fleet low electricity costs will stand as a substantial further barrier to such market manipulation. Since OPEC cannot drive oil prices low enough to undermine our use of off-peak electricity, it is unlikely to embark on a course of radical price cuts at all because such cuts are painful for its oil-exporter members. Plug-ins thus may well give investors enough confidence to back alternative liquid fuels without any need for new taxes on oil or subsidies to protect them.

Environmentalists should join this march with enthusiasm. Replacing hydrocarbons with fuels derived from biomass and waste reduces vehicles' carbon emissions very substantially. And replacing gasoline with electricity further brightens the

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environmental picture. The Environmental and Energy Study Institute has shown that, with today's electricity grid, there would be a national average reduction in carbon emissions by about 60% per vehicle when a plug-in hybrid with 20-mile all-electric range replaces a conventional car.

Subsidizing expensive substitutes for petroleum, ignoring the massive infrastructure costs needed to fuel family cars with hydrogen, searching for a single elegant solution -- none of this has worked, nor will it. Instead we should encourage a portfolio of inexpensive fuels, including electricity, that requires very little infrastructure change and let its components work together: A 50 mpg hybrid, once it becomes a plug-in, will likely get solidly over 100 mpg of gasoline (call it "mpgg"); if it is also a flexible fuel vehicle using 85% ethanol, E-85, its mpgg rises to around 500.

The market will likely operate to expand sharply the use of these technologies that are already in pilot plants and prototypes and heavily reduce oil use in the foreseeable future. And given the array of Wahhabis, terrorists and Ahmadinejad-like fanatics who sit atop the Persian Gulf's two-thirds of the world's conventional oil, such reduction will not be a disservice to the nation.

Mr. Woolsey, co-chair of the Committee on the Present Danger, was Director of Central Intelligence from 1993 to 1995.

FBI/DEA/ATF/USMS:

Drunk Or Not, Boggs Was Right About Wiretaps (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, December 30, 2006

WASHINGTON -- It must have seemed peculiar on that April day 35 years ago when Rep. Hale Boggs took to the floor of the House of Representatives and accused the FBI of spying on the government it was supposed to protect.

History would prove that Boggs, a congressman from New Orleans and the House's second-most-powerful Democrat, was right about the extent of the FBI's secret surveillance.

But on April 6, 1971, Boggs' comments drew a different reaction from President Nixon and his successor, Gerald Ford: They thought Boggs must have been drinking.

Transcripts of the taped conversations between Nixon and then-House Minority Leader Ford resurfaced after Ford's death Tuesday. The Washington Post published a piece Friday by journalist Bob Woodward based on interviews with Ford about the friendship between Nixon and the man to whom he would hand the presidency. Nixon recorded his office conversations and Woodward drew on transcripts to show how the two men regularly engaged in political gossip.

Lindy Boggs, who went on to win election to her husband's New Orleans House seat after he was killed in a 1972 plane crash, said that while Nixon and Ford might have had their doubts, her husband knew exactly what he was talking about when he made his surprising allegations of FBI abuses under Director J. Edgar Hoover.

Gestapo tactics

Boggs used what are called "one minutes," the opportunity for House members to talk about any topic they want, to say:

"When the FBI taps the telephones of members of this body and of members of the Senate, when the FBI stations agents on college campuses to infiltrate college organizations, when the FBI adopts the tactics of the Soviet Union and Hitler's Gestapo, then it is time -- it is way past time, Mr. Speaker, that the present director thereof no longer be the director."

Lindy Boggs, 90, said that a surveillance truck was regularly positioned near the Boggs' family home shortly before her husband leveled his criticism and that she had been told that the FBI was recording their phone conversations.

"These were not happy times for our family," Lindy Boggs said Friday. "We were told the FBI was monitoring our phone conversations and to draw running water between you and the telephone to wipe out the monitors."

Hoover was feared

Her recollection is supported by a former House colleague, Rep. Cornelius Gallagher, D-N.J., who said Friday that the House, under bipartisan leadership that included Ford and Boggs, had commissioned an investigation and discovered members' phones had indeed been tapped by the FBI. But he said the report was never released.

"Too many people feared J. Edgar Hoover," said Gallagher, who later was convicted of tax evasion and forced to give up his House seat, but maintains to this day that he was set up by the FBI for his criticism of the agency.

But in their 1971 conversation, Nixon, whose decision to secretly record conversations at the White House ultimately led to his undoing in the Watergate scandal, and Ford weren't buying Boggs' allegations, according to transcripts.

'On the sauce'

"He's on the sauce," Nixon said, repeating rumors that Boggs was drinking. "Isn't that it?"

"Well, I'm afraid that's right, Mr. President," Ford replied.

"Or is he crazy?" Nixon said.

Gallagher said it was true that Boggs was drinking too much during the period he made his remarks about the FBI, but he believes the problem was triggered by FBI operatives spreading rumors of an investigation that never produced any charges.

"But that doesn't take away the fact that he was absolutely right about the FBI abuses," Gallagher said.

Ford, he said, was just one of many Washington leaders, including Democratic Presidents Kennedy and Johnson, who wouldn't turn a critical eye on the FBI for fear of retaliation from Hoover.

Harry Lee confirms

Jefferson Parish Sheriff Harry Lee, who was a driver for Hale Boggs, said he found out about the phone taps when he kept getting a call one day from a man asking for a woman named Mary. Lee said he later learned that the wire to "Mary's phone," which was located in the same New Orleans apartment building where the Boggses lived, somehow got switched to the congressman's when experts brought in to check the congressman's phone discovered a bug.

Hale Boggs' charges didn't go unnoticed by Hoover and his supporters. Deputy Attorney General Richard Kleindienst, said that Boggs must have been "sick, or not in possession of his facilities" when he made his remarks. On April 12, 1971, Jack Anderson, a syndicated columnist, wrote that reports of Boggs' drinking problems came directly from the FBI.

James Thurber, director of congressional and presidential studies at American University, said the allegations of drinking can't take away that Hale Boggs was right in his criticism of the FBI. The illegal wiretapping also included prominent civil rights leaders such as the Rev. Martin Luther King Jr., Thurber said.

It's ironic that despite Ford's comments to Nixon, he and Boggs were friends.

Though they disagreed on many topics, Lindy Boggs said, they were always cordial to each other and enjoyed each other's company. She said she still relishes the camaraderie between her husband, Gerald Ford, Betty Ford and herself when the four went to China in 1971 after Nixon had normalized relations with the nation's communist government.

The former congresswoman and U.S. ambassador to the Vatican said that the civility between her husband, the Democratic House leader, and Ford, the GOP House leader, is in marked contrast to today's Congress. "I think the Congress is a reflection of the country and there's just so much bitterness around that it really is unfortunate," she said.

Hale Boggs died in an Oct. 16, 1972, plane crash in Alaska. J. Edgar Hoover died five months earlier.

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CONGRESS-ADMINISTRATION:

President Takes Cover During Tornado Scare (AP)

AP, December 29, 2006

CRAWFORD, Texas (AP) -- President Bush and first lady Laura Bush were moved to an armored vehicle on their ranch Friday when a tornado warning was issued in central Texas, the White House said.

The vehicle was driven to a tornado shelter on the ranch at 1:30 p.m. CT, and the president, the first lady and their two Scottish terriers, Barney and Miss Beazley, sat inside until the weather cleared, deputy White House press secretary Scott Stanzel said. They were never moved into the shelter, he said. The shelter is a few hundred yards away from the president's house on the ranch.

"He was in the vehicle for about 10 minutes and then he went back to the house," Stanzel said, adding that other members of the staff at the ranch were sheltered as well.

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About an hour later in Groesbeck, roughly 60 miles east of Crawford, a man was killed when a tornado struck an assisted living facility for veterans, emergency management officials said.

The rush to the tornado shelter interrupted Bush's day at the ranch, where his day included clearing some cedar. The windy day of rain and thunder began with morning calls to wish him a happy new year from outgoing U.N. Secretary-General Kofi Annan and Colombian President Alvaro Uribe.

British Prime Minister Tony Blair, who is visiting Miami, also called Bush to talk about Iraq. Stanzel said Bush also spent time contemplating the new plan for U.S. policy in Iraq that he plans to announce in the new year. Bush hosted a National Security Council meeting at his ranch on Thursday.

First Couple Evacuated Amid Texas Tornado Warning (WP)

The Washington Post, December 30, 2006

CRAWFORD, Tex., Dec. 29 -- President Bush and his wife, Laura, were briefly evacuated from their central Texas house into an armored vehicle on Friday when a tornado warning was issued for the area, the White House said.

They were driven to a tornado shelter on the ranch, and the president, the first lady and their two dogs sat inside the vehicle until the weather cleared, said Scott Stanzel, deputy White House press secretary. They were never moved into the shelter, he said.

Stanzel said that he did not know how long the Bushes and their Scottish terriers, Miss Beazley and Barney, had to stay in the vehicle but that it was not "terribly long."

Texas: Tornadoes Kill One; President Waits Out Storm (NYT)

The New York Times, December 30, 2006

Tornadoes swept across Texas, killing one person and injuring at least a dozen others. Rural counties around Waco suffered widespread damage, officials said. A tornado warning forced President Bush and Laura Bush to move to an armored vehicle outside a shelter on their ranch in Crawford, just west of Waco. The vehicle was driven to a tornado shelter on the ranch, and the president, Mrs. Bush and their two Scottish terriers sat inside until the weather cleared, a deputy White House press secretary, Scott Stanzel, said. They were never moved into the shelter, Mr. Stanzel said.

Bush Shelters Amid Tornado Alert (BBC)

BBC.com, December 29, 2006

US President George W Bush was evacuated from his ranch in Crawford after a tornado warning was issued in central Texas, officials said.

Mr Bush, his wife Laura and their two dogs Barney and Miss Beazley were taken by armoured car to a tornado shelter on the property, the White House said.

However, the couple did not need to enter the shelter as the bad weather only lasted a short while.

The couple and members of staff were in the vehicle for about 10 minutes.

The tornado warning, issued by the National Weather Service, lasted for less than an hour.

The rush to the tornado shelter interrupted President Bush's day at the ranch where he was being kept abreast of plans in Iraq to execute the former leader, Saddam Hussein.

After This Vacation, Bush Will Need Some Rest (LAT)

By James Gerstenzang

The Los Angeles Times, December 30, 2006

CRAWFORD, TEXAS — President Bush spent part of Friday cutting down some of the ubiquitous cedar from his property here, indulging his inner Reagan, much as the former president cleared brush from his own ranch in the Santa Ynez Mountains.

In the morning he received his daily intelligence briefing.

Another routine day at the Western White House?

Not precisely.

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In the afternoon, with prairie winds blowing and the sky a mysterious gray, the president and First Lady Laura Bush were obliged to scoop up their two Scottish terriers, Barney and Miss Beazley, and hurry in an armored car toward a tornado shelter on their Prairie Chapel Ranch.

The storms swirling about central Texas on Friday — a tornado touched down north of Waco, perhaps 30 miles from here, and another was said to have been spotted west of the president's ranch — formed an apt metaphor for the president at the end of a tumultuous year.

He was at the midpoint of a weeklong vacation that normally revolves around ranch chores. But this has been a different and strange holiday in which Bush has been unable to leave behind reminders of the problems he faces, at a low point in public opinion polls after another deadly year in Iraq.

The intelligence briefing Friday included an update on the execution of Saddam Hussein. On Thursday, Bush met with his senior national security advisors at his office on the ranch to work on a new strategy to deal with the insurgency and sectarian violence in Iraq. There also were details to work out on his role in former President Ford's funeral and memorial services. And outside the property, as usual, were anti-war demonstrators, among them Cindy Sheehan, whose son's death in Iraq has led her into many months of public protest.

The vacation began Christmas weekend at Camp David, Md. The president and his wife exchanged gifts: Citrine earrings for her, to match a necklace he had given her for her birthday. For him, a CD by rhythm and blues singer Sam Moore, "Overnight Sensational"; biking shoes; and a new blue suit.

But soon after Bush arrived at the Texas ranch, the cable news channels became a video collage of past American turmoil and current Iraqi mayhem. With the death of Ford, the Watergate years and the end of the Vietnam War were once again playing out.

By Friday, screens were alternating between the studied grace of a presidential farewell in Palm Desert, Calif., and repeated displays of the disheveled Hussein's capture three years ago.

Late on his first night here, well after he would normally have turned out the lights, Bush was told of Ford's death. It took roughly another hour for him to reach Betty Ford on the telephone.

By 7 a.m. the next day, he was speaking before television cameras, offering condolences to the Ford family and paying respect to the former president as "a man of complete integrity who led our country with common sense and kind instincts."

Some of Ford's friends and former staff members complained that the administration dragged its feet in declaring a national day of mourning. White House officials said such complaints did not take into consideration the need to wait until the date of the funeral had been officially announced.

They also took pains to present their response to Ford's death as equivalent in every way to their response to the June 2004 death of former President Reagan. This was a sensitive point after newspapers on Thursday published Ford's sharp criticism of Bush's Iraq policy, made in an interview with the Washington Post in July 2004 and held for publication until after Ford's death.

And, having begun his vacation with word of Ford's death, the president is ending it several hours earlier than planned, heading back to Washington on Monday to participate in the public viewing of the former president at the Capitol. On Tuesday, he is scheduled to speak at the funeral at the Washington National Cathedral, again taking on the public role of mourner-in-chief.

As for the tornado shelter, it went unused Friday. The Bushes and dogs sat in their car for a period that White House spokesman Scott Stanzel said "wasn't terribly long."

After the immediate threat passed, they headed back to the ranch house to continue their vacation, such as it was.

Cheney Faces New Year Of Testing Times (FT)

By Caroline Daniel

Financial Times, December 30, 2006

Dick Cheney has forged a reputation as the most powerful but also least visible vice-president in recent history. In the next few weeks, however, he will be forced to fight some of his battles in the open - in the courtroom and on Capitol Hill.

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The first test will come in the criminal trial of his former chief of staff, Lewis "Scooter" Libby, charged with lying to a grand jury during an investigation into how a CIA agent's name was leaked. The trial, due to begin in two weeks, is likely to set an ignominious precedent when Mr Cheney becomes the first vice-president to testify in a trial.

Mr Cheney's legal team are also steeling themselves for the launch of legislative investigations by the new Democrat-controlled Congress.

In 2004 the vice-president felt confident enough to dismiss questions from Patrick Leahy, then a powerless Democrat, with a lewd invitation for him to do something sexually impossible. Now, he faces political revenge: Mr Leahy, the incoming chairman of the judiciary committee, has said he will issue subpoenas to secure documents that show whether the Bush administration authorised torture as part of its "war on terror".

He also vowed to look into no-bid Iraq contracts, including those awarded to Halliburton, a company the vice-president once ran. He said: "At the risk of incurring another of Vice-President Cheney's special season's greetings, I ask: 'Where did all the money go?' "

Mr Cheney enters this spotlight a weakened but not necessarily chastened figure, with fewer allies.

Disaffected Republicans blame him as much as President George W. Bush for their minority status. His image for gravitas has been tarnished by public mockery. A dead deer recently found outside his residence revived mocking stories of when he went hunting and accidentally shot his friend in the face.

His influence has never come from his popularity outside the White House, but from his access within it. That has not changed. Josh Bolten, the White House chief of staff, told the FT: "He is a welcome participant in every meeting the president is in, he sits in on almost all the policy meetings and avoids a lot of the ceremonial stuff, he doesn't show-boat, I guess that's an understatement. But he's there with his advice and counsel, and experience on almost every area."

Even so, there are signs that the president's confidence in his judgment has waned. He was cut out of the decision to oust his ally Donald Rumsfeld as secretary of defence, a move he vigorously opposed.

"They really are genuinely close friends but the president doesn't always take his advice," said Mr Bolten.

On economic policy, Mr Cheney is likely to see his influence overshadowed by Hank Paulson, the Treasury secretary. "Bush made Hank his singular economic policy adviser on domestic and international affairs," says a former Treasury official. "The president made it clear he would drive economic policy."

The first test of the relative power of the two men could come over concessions on social security reform.

"There is talk of a possible entitlement reform deal involving raising taxes. My guess is [Cheney] would play a role as someone who will resist that," says Cesar Conda, his former domestic policy adviser.

In the Senate, the vice-president - who formally presides over the chamber - holds a tie-breaking vote and Mr Cheney could be called to exercise this more often with the Democrats holding only a slim majority, and especially if Tim Johnson, the South Dakota Democrat who was taken ill before Christmas, remains in hospital.

With the Republicans losing control of the House, keeping the party's Senate minority unified is vital as the last line of defence for the presidential agenda.

"The Senate has become more critical. It is no longer about how to get 287 votes in the House and 60 in the Senate, but how you get 41 votes in the Senate to block something. That's your power," says one former senior Cheney aide.

Trent Lott, the incoming Senate Republican whip, who has known Mr Cheney since they were "young squirts in the House", predicts that the vice-president will have "increased significance over the next two years, keeping the relationship between the White House and Republican rank and file in reasonable bounds. Many have never been in the minority before and need a little stroking and coaching."

Nevertheless Mr Cheney is an awkward unifying figure. Senators Arlen Specter, John McCain, John Warner and Lindsay Graham are still smarting from clashes over the surveillance and interrogation of suspected terrorists.

"There is some damage with those individuals, but events could take care of that," says one former Cheney aide.

Indeed, there is a danger for the Democrats that if they push too hard with subpoenas Republicans could rally around the vice-president.

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Mr Lott warns them not to over-reach: "The Republicans found that when they impeached President Bill Clinton. They will find Cheney a tough hombre."

Recent Flexing Of Presidential Powers Had Personal Roots In Ford White House (NYT)

By Scott Shane

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — This year's annual gathering of Gerald R. Ford administration alumni took place in June at the National Archives, where graying former officials socialized near a display of the Constitution.

Mingling with the retirees were two men still very much in power: Dick Cheney and Donald H. Rumsfeld, each of whom had served under Mr. Ford as White House chief of staff.

The setting had an apt symbolism. Since taking office as part of the Bush administration in 2001, both Vice President Cheney and Mr. Rumsfeld, who stepped down as defense secretary this month, have consciously sought to restore what they see as the constitutional powers of the presidency, which they believe were severely eroded under President Richard M. Nixon and President Ford. Some of their colleagues from three decades ago — evidently including Mr. Ford — have wondered if they have gone too far.

In the 1970s, reacting to the upheavals of Vietnam and Watergate, a Democratic-controlled Congress acted repeatedly to curb the executive, passing the War Powers Resolution, which requires consultation with Congress before entering into hostilities; approving amendments expanding the Freedom of Information Act and probing deeply and publicly into intelligence agency secrets.

Mr. Ford, a 25-year veteran of Congress, fought back, despite his conciliatory personal style and sense that his presidency in the wake of the Watergate scandal, was, in the title he would give to his memoir, "a time to heal." He used his veto power 66 times in his two and half years in office, the highest rate among modern presidents, and Congress responded with override votes 12 times.

"He was an unelected president coming in a horrible time and facing a Democratic House and Senate," said Max L. Friedersdorf, Mr. Ford's top liaison to Congress. "In Congressional relations, the main job we had was trying to sustain those vetoes."

In other ways, too, Mr. Ford tried to exercise his presidential powers. He pardoned Nixon without consulting Congress. He ordered the Marines to retake the American merchant ship Mayagüez after it was seized by Cambodian forces, informing Congress only afterward.

"Ford dug in his heels as best he could to stop the erosion of presidential power," said John Robert Greene, a Ford biographer and historian at Cazenovia College.

Ringside seats for this constitutional combat went to Mr. Rumsfeld, a former Illinois congressman whom Mr. Ford chose as chief of staff in 1974 at age 42, and Mr. Cheney, a former political science graduate student who served as his deputy. When Mr. Rumsfeld was named defense secretary the next year, Mr. Cheney, just 34, took the top White House job.

"Ford treated Cheney and Rumsfeld in effect as his students, eager young men willing to learn the art of government at his side," Mr. Greene said.

Just days after arriving at the White House, those pupils saw Mr. Ford suffer an important defeat. At the urging of a Justice Department official named Antonin Scalia, who would later join the Supreme Court, Mr. Ford vetoed the Freedom of Information Act amendments, which he believed infringed the secrecy of the intelligence agencies and the F.B.I.

Newspaper editorials denounced what they said was a violation of Mr. Ford's pronounced policy of openness. A defiant Congress overrode the veto, by a vote of 371 to 31 in the House and 65 to 27 in the Senate.

"I think Ford, Cheney and Rumsfeld felt like Gulliver being held down by the Lilliputians," said Thomas S. Blanton, executive director of the National Security Archive at George Washington University, who helped edit a collection of documents on the episode.

After leaving office in 1977, Mr. Ford kept up the battle, devoting his first major public addresses to a critique of the War Powers Resolution, which he called an unconstitutional and impractical invasion of presidential power. He said it had been

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passed amid the "boiling passions of Vietnam and Watergate," which he said had encouraged "too much tampering with the basic machinery by which the United States government has run successfully for the past 200 years."

That theme would be picked up repeatedly in later years by Mr. Cheney, who laid out his constitutional theories in the Republican minority report on the Iran-contra affair in 1987, and by Mr. Rumsfeld, who testified to Congress in 1995 about the problem of "legislative micromanagement of the executive branch."

After President Bush took office, they could put such views into action. Mr. Cheney took a stand on the secrecy of his consultations with industry officials on energy policy. Mr. Rumsfeld expanded the Pentagon's authority at home and abroad. Mr. Bush would cite his powers as commander in chief to justify the first eavesdropping on American soil without warrants since the 1970s.

Mr. Cheney has most explicitly linked such actions to a historic reassertion of presidential power. "In 34 years, I have repeatedly seen an erosion of the powers and the ability of the president of the United States to do his job," he said in an interview on ABC's "This Week" in 2002, referring to several 1970s laws.

In December 2005, after the disclosure of the National Security Agency's eavesdropping without warrants, Mr. Cheney told reporters that the program was a proper assertion of the president's authority. While the "the nadir of the modern presidency" had come in the 1970s, he said, "I do think that to some extent now, we've been able to restore the legitimate authority of the presidency."

In all the intervening years, Mr. Ford maintained close and friendly relations with both his former chiefs of staff. When Mr. Bush selected Mr. Cheney as his running mate in 2000, Mr. Ford lauded the vice-presidential candidate in an Op-Ed article in The New York Times for "a towering intelligence and probity, razor-sharp judgment and a seriousness of purpose that is the antithesis of modern political spin."

This year, when Mr. Rumsfeld came under fire from senior retired generals for his conduct of the war in Iraq, Mr. Ford issued a rare public statement defending his "creativity, vision and courage" and rebuking his critics.

But a private disillusionment appears to have been taking shape. In a 2004 interview with Bob Woodward, reported for the first time in The Washington Post this week, Mr. Ford singled out Mr. Rumsfeld and Mr. Cheney by name and sharply criticized the decision to go to war in Iraq.

"I don't think I would have gone to war," Mr. Ford said.

Of Mr. Cheney, he said, "He was an excellent chief of staff. First class." But as vice president, he said, "I think Cheney has become much more pugnacious."

Mr. Ford's remarks echoed those of some of his former aides. Brent Scowcroft, Mr. Ford's national security adviser, expressed puzzlement at his former colleagues in an interview last year with New Yorker magazine, declaring, "Dick Cheney I don't know anymore."

Carla A. Hills, Mr. Ford's secretary of housing and urban development, said Friday that "many of the travails of this administration could have been avoided with more transparency and collegiality, which were hallmarks of the Ford administration."

Some officials seem deeply torn. In an interview Friday, Mr. Friedersdorf, the former Congressional liaison, described his joy in speaking with both Mr. Rumsfeld and Mr. Cheney — "wonderful guys" — at the National Archives alumni gathering in June.

"I talked to the vice president about what a great place it was to get together — you could walk right up to the Declaration of Independence and the Constitution," Mr. Friedersdorf recalled.

But he added, "When I see them supporting the foreign policy of this president, the deficit spending, the eavesdropping, Guantánamo, I don't recognize them."

Las Vegas Judge Under Investigation (LAT)

By Michael J. Goodman, Special To The Times

The Los Angeles Times, December 30, 2006

The 9th Circuit has hired a law firm to suggest action on James C. Mahan, sources say.

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LAS VEGAS — The U.S. 9th Circuit Court of Appeals in San Francisco has launched an investigation of a federal judge who awarded more than $4.8 million in judgments and fees without apparently disclosing his personal, political and business ties to those who benefited, two sources close to the inquiry told The Times.

U.S. District Judge James C. Mahan of Las Vegas, a popular state judge who joined the federal bench in 2002 after his nomination by President Bush, was the subject of Times investigative reports in June.

Investigations of federal judges are confidential. However, two people independently familiar with the matter said that a law firm hired by the 9th Circuit has scheduled interviews with key figures in the Mahan case.

The law firm was hired by the 9th Circuit "to investigate and make a recommendation" regarding possible disciplinary action for Mahan, one of the sources said.

The sources spoke on condition of anonymity because they might run afoul of the court's secrecy requirements for judicial inquiries. Ninth Circuit confidentiality rules apply to "any person in any proceeding" and provide that violators "could be held in contempt."

The federal investigation follows several reforms initiated at the state level after the series of Times articles exposing irregularities in the Las Vegas judiciary. The measures include the appointment last month of a 30-member statewide commission "to investigate and make recommendations" for reforming the state justice system.

On Mahan, the articles detailed how he awarded fees in a dozen state and federal cases to a former client and business associate who twice served as his judicial campaign treasurer and who was instrumental in getting him appointed to the bench.

Mahan also approved additional fees for his former law partner, who was providing free legal services for both the judge's wife and the judge's executive judicial assistant, and with whom the judge was still tied financially through property ownership and a profit sharing plan.

A search of court records found no indication that he disclosed his ties to those who were awarded the judgments and fees.

Mahan angrily denied any wrongdoing before publication of the articles, and has not responded to questions and repeated phone calls since.

The disclosures in June prompted U.S. District Judge Terry J. Hatter Jr. of Los Angeles, former chief judge of the U.S. District Court for the Central District of California, to publicly urge Chief Judge Mary M. Schroeder of the 9th Circuit, to investigate.

"I fully expect the chief judge to do something," Hatter said shortly after the articles appeared.

Bound by its strict rules of secrecy, the 9th Circuit, which oversees Nevada, California and seven other Western states, has kept silent on whether it is even considering an investigation.

But the hiring of an outside law firm by the 9th Circuit "suggests that a special committee has been appointed" by the chief judge to investigate Mahan, said Ronald D. Rotunda, a law professor at George Mason University who is an expert on legal ethics.

Special committees are appointed when the chief judge determines that an original complaint filed with the court clerk is credible and "raises an issue that should be investigated," according to rules of the 9th Circuit Judicial Council.

Special committees are then allowed to "arrange … for the hiring of special staff to assist in the investigation," Judicial Council rules state. A federal judge said this "special staff" sometimes consists of an outside law firm.

Typically, a special committee passes its findings and recommendations to the council for further investigation, or, in the case of impeachment, referral to the Judicial Council of the United States.

Impeachment of federal judges, who are appointed for life, is rare, as is lesser disciplinary action such as censure. Only a few 9th Circuit judges are believed to have been disciplined in the last 15 years.

Mahan was one of eight former and current Nevada judges featured in the Times report in early June. The articles detailed how some state judges routinely ruled in favor of friends, former clients and business partners, and how they solicited campaign donations from lawyers appearing before them and then ruled favorably.

Reaction by the Nevada Supreme Court, which supervises the state judiciary, was immediate and is ongoing.

Last week, the state's highest court added two reform measures as rule changes to the Nevada Code of Judicial Conduct. The reforms were proposed in a petition filed last month by retiring Chief Justice Robert E. Rose and discussed in a public hearing Dec. 5.

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One new rule requires judges to disclose their relationship to former law clerks appearing before them as attorneys for at least three years after the clerkship.

"Recent articles in the Los Angeles Times," Rose's petition stated, "roundly criticized Nevada judges for not disclosing that an attorney appearing before a judge was a former law clerk to the judge. This does appear to be a relationship that opposing counsel might reasonably consider relevant to the question of disqualification."

The Times' series showed how the state Supreme Court had to step in and order one judge to reduce the sweeping power he had granted a former law clerk he appointed to assist him.

Another judge, the series disclosed, consistently overturned drunken driving convictions for clients of his former law clerk, while consistently upholding convictions for clients of other lawyers.

The second reform allows the removal of senior judges from cases through the "peremptory challenge" process that applies to regular judges. Senior judges had been exempt from such removal.

Nevada's senior judges are typically retired but work part time as relief judges. As senior judges, they have the same power as elected state judges, but don't answer to voters and their terms are open-ended. Yet three of the most active senior judges, The Times revealed, had careers marked by scandal and controversy.

Rose's petition also proposed both a cap on leftover campaign funds and courtroom disclosure by judges when contributors of more than $10,000 appear before them. The high court referred those two proposals to the statewide commission it created in November.

With Rose as chairman, the commission held its first meeting in Las Vegas on Dec. 19. Composed largely of judges and prominent members of the Nevada legal community, the commission will pass its recommendations to the Nevada Supreme Court for presentation to the Legislature in February.

During its five-hour session, the commission targeted campaign fundraising by judges, selection of judges and the need for an appellate court as top priorities.

Of major concern was the practice of judges soliciting political donations from those who may appear before them.

"The last people you want asking for money are your judicial candidates," said commission member Frankie Sue Del Papa, a Reno attorney and former Nevada attorney general.

But another member, state Judge Lee A. Gates of Las Vegas, said judicial candidates have little choice: "If you want to win the game, you have to play the game."

Children Take Forefront Of Health-Care Plan (WSJ)

By Jane Zhang

The Wall Street Journal, December 30, 2006

Democrats in Congress, itching to expand health coverage, will likely start by tackling the most politically appealing group: uninsured children.

In a show of bipartisanship in 1997, Congress created the State Children's Health Insurance Program1, which is providing nearly $40 billion over 10 years in federal grants to states to cover children from low-income families who aren't poor enough to qualify for other government coverage. The program now covers more than 6.1 million children.

The Schip2 (pronounced Ess-chip) program, along with the expansion of the state-federal Medicaid health-insurance program for the poor, is widely credited with reducing the fraction of uninsured children, even as the number of uninsured adults has risen.3 About 8.3 million children, or 11% of all children in the U.S., lack coverage.

For Democrats, covering these youngsters has obvious appeal. It would allow lawmakers to champion solutions to problems of people who they say have been a low priority for Republicans. It also would be a step toward universal health coverage, an old and elusive goal of many in the party.

"I am determined to pass legislation to cover all children as a first step to ensuring that all Americans have access to affordable health-care coverage," Nevada Sen. Harry Reid, the incoming majority leader, has said.

Democrats have yet to offer specific proposals or to put a price tag on possible plans. But as with most health-care initiatives, any significant effort to extend and expand coverage will cost billions of dollars, and collide with budget realities,

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resistance from Republicans and Democrats' vow to be fiscally responsible. "Given the politics and the fiscal constraints, this is not a small order," said Ron Pollack, executive director of Families USA, a liberal advocacy group.

Despite some bipartisan support for the program, squabbles loom on fundamental issues: Where to get the money to maintain and enlarge the program; whether to allow enrollment of lower-income parents; and whether to change the formula that divvies up money among states.

The program aims at children in low-income families that earn too much to qualify for Medicaid yet can't afford private insurance. Specifically, it aims to cover uninsured children in families earning twice the federal poverty level, or $40,000 for a family of four, though states can go beyond that. Enrollees are required to pay premiums and co-payments -- albeit often limited ones -- for plans that frequently resemble insurance offered to private or government employees.

Under the program, the federal government provides matching grants to states, which can then expand Medicaid or create a separate Schip program. Within broad federal guidelines, each state determines the design of its program, including eligibility rules and benefit packages. The current program expires Sept. 30, 2007, unless renewed by Congress.

In at least 17 states, funding is falling short of the cost of covering already-enrolled kids by more than $900 million in all. As a result, some of those covered this year could lose insurance in 2007. A last-minute fix passed by Congress should keep the struggling state programs afloat through late spring 2007. With health costs rising, actuaries at the Centers for Medicare & Medicaid Services, the federal agency that manages the programs, estimate that 1.5 million children would lose existing coverage by 2012 unless funding increases.

Many Democrats want both to ensure that youngsters already covered keep coverage and to broaden the program to pick up all uninsured children, regardless of income. "We should reach across party lines to agree on universal health care for children," Rahm Emanuel, the Illinois Democrat who led the Democratic Congressional Campaign Committee, and Bruce Reed, president of the centrist Democratic Leadership Council, wrote in their campaign manifesto, "The Plan."

Congressional Democrats are looking at a step-by-step approach. First, they want to make sure that current enrollees aren't dropped. Second, they want to sign up children who are eligible but not enrolled. By some estimates, at least 60% of uninsured children in the U.S. are eligible for the program or Medicaid, but aren't participating. Then, they want to find ways to offer coverage to children who aren't currently eligible for Schip or other government programs.

Some Republicans are leery about expansion plans. Sen. Charles Grassley, an Iowa Republican who is outgoing chairman of the Senate Finance Committee, worries that plugging money into the program repeatedly to eliminate state shortfalls would turn Schip into an open-ended program like Medicaid, where the government is obligated to spend not a set sum, but whatever it takes to provide the promised benefit to those who enroll. Mr. Grassley wants legislation prohibiting states from using certain Schip funding to cover low-income parents and childless adults.

But Schip does have some Republican backers, including Sen. Orrin Hatch of Utah. Some Republicans like that the program has some of the features of private insurance, such as premiums and co-payments, and that states have considerable flexibility in how to administer it. It "does not feel like a welfare program," Nathan Checketts of the Utah Department of Health said at a recent hearing.

Republicans plan to use the reauthorization process to try to give more flexibility to states and to require performance benchmarks. "I think there is a voice for those who don't simply throw money at a program without assessing how the program is doing," said Nina Owcharenko, a health analyst at the Heritage Foundation, a conservative think tank in Washington.

A few states already have broadened coverage to all uninsured children. In Illinois, Democratic Gov. Rod R. Blagojevich expanded the state's Schip program to that end. Massachusetts uses sliding-scale subsidies through Medicaid, Schip and a state program to ensure universal coverage for children. Starting in early 2007, all uninsured youngsters in Pennsylvania will have access to an expanded Schip program, with payments on a sliding scale based on parents' income.

Unlike the elderly, children are inexpensive to insure; they mainly use preventive care, such as routine exams and immunizations. "It's penny-wise and pound foolish when you don't cover children," Mr. Pollack of Families USA said.

Elder-Care Costs Deplete Savings Of A Generation (NYT)

By Jane Gross

DOJ_NMG_0111700

The New York Times, December 30, 2006

To care for her ailing 97-year-old father over the past three years, Elizabeth Rodriguez, a vice president at the Federal Reserve Bank in New York, has borrowed against her 401(k) retirement plan, sold her house on Staten Island and depleted nearly 20 years of savings.

The money has gone to lawyers' fees ($50,000) to win a contested guardianship. It has gone for home-care equipment like the mattress for his hospital bed (about $3,000 in all) and for a food service to deliver meals ($400 a month).

It has gone for a two-bedroom rental apartment big enough for herself, her dad and a home aide ($1,600 a month more than a one-bedroom apartment in the same building), and for a wheelchair-accessible van to get him to doctors' appointments ($330 a trip).

Asked to tally the costs, Ms. Rodriguez, 58, said she had no idea how much she was spending. "A shower chair, body cream with no alcohol, new shoes," she said. "You don't stop and calculate. You just buy what you have to buy."

Ms. Rodriguez is among the legion of adult children — more than 15 million, according to various calculations — who take care of their aging parents, a responsibility that often includes paying for all or part of their housing, medical supplies and incidental expenses. Many costs are out of pocket and largely unnoticed: clothing, home repair, a cellular telephone.

Adult children with the largest out-of-pocket expenses are those supervising care long distance, those who hire in-home help and those whose parents have too much money to qualify for government-subsidized Medicaid but not enough to pay for what could be a decade of frailty and dependence.

The burden is compounded by ignorance, according to a study by AARP, released in mid-December, which found that most Americans have no idea how much long-term care costs and believe that Medicare pays for it, when it does not.

Families have always looked after their elderly loved ones. But never has old age lasted so long or been so costly, compromising the retirement of baby boomers who were expecting inheritances rather than the shock of depleted savings.

"There is a myth out there that families abandon their frail elders," said Dr. Robert L. Kane, a geriatrician at the University of Minnesota School of Public Health. "Instead, across the income spectrum, children are sacrificing to care for their parents to the limit of their means and sometimes beyond."

Researchers have documented the time spent by adult children, and others, caring for ailing relatives. But data is woefully inadequate on how much they actually spend, health economists say, because most people do not keep itemized entries as they write checks, use their credit cards or pocket money to meet the demands of the day.

"When you're in the middle of the forest, with so many things coming at you, you can't really see the trees," Ms. Rodriguez said. "But each one of those trees has actual dollars connected to it."

Costs are astronomical for long-term, low-tech care, the sort most often needed by those who linger with Alzheimer's disease or are too frail to get around on their own. Medicare is of almost no help, since it covers only acute episodes like a heart attack, cancer or repair of a broken hip.

That means the elderly and their families are left to pay for assisted living (which averages $35,000 a year), nursing homes ($74,000) or home health aides. Only the very poor receive Medicaid, which pays nursing-home bills nationwide but home care in only a few states (New York among them), and nothing toward assisted-living rent.

Nor does Medicare cover equipment like grab bars for the shower and incontinence supplies, which alone can run $2,000 a year, or travel expenses for an adult child responding to medical emergencies.

Marilyn de Leo, for instance, has made two trips from New York City to Los Angeles since September, when her mother fell in the bathroom and broke her neck and both ankles. Ms. de Leo, 62, an associate director in the development office of Mount Sinai Medical Center, spent $800 on airfare for the first frantic trip , plus $50 a day on taxis, since she had left her eyeglasses behind in a mad dash to the airport and therefore could not rent a car. Ms. de Leo has no savings left, and is $5,000 in debt. When asked about her own future, she said, "I'll have to work till I drop."

Only one authoritative survey, in 2004, has even asked adult children how much they contribute to their parents' support. Half said they did, and the average monthly expenditure was $200. Respondents who looked after their parents at least 40 hours a week said they spent an average of $324 a month.

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But those figures were based on "quick, top-of-the-head estimates," said Gail Hunt, president of the National Alliance for Caregiving, which conducted the survey.

Knowing the extent of these expenses might inform public policy, some experts say, calling attention to a gap in the government safety net for the elderly.

"Should this burden fall solely on the individual and the family?" asked Judy Feder, dean of the Public Policy Institute at Georgetown University. "And can we really expect this arrangement to keep doing the job as a larger and larger population comes to grips with it?"

Congress recently passed a poorly financed bill that would help family members who need a break to pay for substitute care of an ailing loved one. But the Bush administration, to date, has preferred a private sector solution, recommending long-term insurance and reverse mortgages.

For spouses, most expenses are tax-deductible if they exceed 7.5 percent of adjusted gross income. But children cannot claim parental expenses unless they pay more than half of a parent's support, which is often not the case when the parents are on Medicaid, likeMs. Rodriguez's father, or have savings, like the Schoengood family.

The elder Schoengoods, both 86, own a home in Yonkers and a condominium in Florida and have assets enough for round-the-clock care, which can cost $100,000 a year. Still, their son, Matthew G. Schoengood, 49, vice president of student affairs at the Graduate Center at the City University of New York, has kicked in at least $1,000 a month since 2005, when his mother had the first of two strokes.

Mr. Schoengood flew his family nanny to Florida, for example, to look after his father. Now that his parents are permanently up north, Mr. Schoengood orders their groceries online along with his own. "As a child, it's just something you do," he said. "Mostly you don't even think about it."

His father makes a half-hearted effort to pay him back, but Mr. Schoengood always says, jokingly, "I'll put it on your tab, Dad." Typical of their generation, his parents fret about every penny. His father asks, incessantly, "Do we have enough?" Mr. Schoengood tells him not to worry.

For sure, he hopes his own children will do for him what he is doing for his parents, but he cringes at the prospect of burdening them — one reason long-term care insurance is becoming attractive.

Mr. Schoengood's out-of-pocket spending is not sensible, elder-care experts say, but the result of the awkward minuet of preserving a parent's pride.

If families behaved logically, said Steven Schurkman, an elder-care lawyer in White Plains, all expenses would be paid from the parents' money, which if depleted would entitle them to Medicaid. "What most of us do isn't sound financial planning," Mr. Schurkman said. "But it's healthy for the family dynamic."

Carol Levine, director of the Families and Health Care Project at the United Hospital Fund in Manhattan, said that paying for her mother's needs required delicacy, even subterfuge. When Ms. Levine went shopping, her mother would say, "Take $5 out of my purse." Her daughter would return with 10 bags of groceries, and both would pretend that was all she had spent.

Both Mr. Schoengood and Ms. Rodriguez say their out-of-pocket expenses will not ruin them. Others are not so lucky.

Take Patrice B., 47, who returned to her childhood home in Jacksonville, Fla., seven years ago to move in with her mother, 84, who has Alzheimer's disease, and her father, 86, who has congestive heart failure. (They requested that the family's last name be omitted so neighbors would not know their plight.)

In their African-American culture, Ms. B. said, putting her parents in a nursing home would have been shameful. Plus, they could pay for some home care out of pensions as well as military disability checks. She, on the other hand, after years of sporadic part-time work and untallied out-of-pocket expenses, is broke.

She has catastrophic health insurance, but it will not pay for the hysterectomy she needs. She has lost her credit cards after accumulating $20,000 in debt. "Honestly," Ms. B. said, "I've got nothing anymore. I go from very angry to very depressed."

Kate Mesmer, a single mother in Northern California who had always worked for nonprofit organizations, was living paycheck to paycheck when her mother had a stroke in 2001. Ms. Mesmer took a tenant into her house so she could contribute to her mother's $6,000-a-month rent at an assisted living center.

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Then Ms. Mesmer lost her job and had to move her mother to a board-and-care home. A second stroke forced her mother into a nursing home, where she qualified for Medicaid. That is where she died last year, with nothing left but an $18,000 I.R.A. The State of California is seeking that, contending the $18,000 should have gone toward nursing-home fees.

Given what she learned in the final years of her mother's life, Ms. Mesmer said: "I have a panic attack at least once a day. It's frightening to think about our generation and what's going to happen to us."

Dealing With Congressman Inc. (NYT)

The New York Times, December 30, 2006

As the Democrats regain power in Congress next week they would be wise to look to one of their own — Representative John Murtha of Pennsylvania — for ironic inspiration in enacting the ethics reforms they promised voters. Even in the minority, Mr. Murtha made himself a legend at mastering the same quid pro quo culture that Democrats denounced in running against the Republicans' manipulations of Washington's money trough. His deliverance of masses of pork to favored campaign donors and lobbyists has been laid bare in a report by The Washington Post, detailing the sort of classic money churn that helped drive the Republicans from power.

It began with Mr. Murtha's securing $500,000 in federal start-up money for a nonprofit agency created by a staff member who eventually left to run the agency and, in turn, lobby his old boss. The nonprofit, with a goal of finding jobs for the disabled, soon became a magnet for Murtha-friendly lobbyists, contractors and other insiders. They became members of its board and raised money for the cause. In the process, they reaped millions in federal contracts with the congressman's help. And, needless to say, they closed the loop with regular donations to Murtha campaign kitties.

This sort of mutual back-scratching was dubbed DeLay Inc. by critics denouncing Republicans for systematically flirting with corruption. Democrats in the new majority can expect much to be made of Murtha Inc. unless they enact firm, thorough ethics controls on their own behavior.

Congressman Murtha's symbiotic prowess with defense contractors and power lobbyists was an open secret that drew no great attention until the incoming speaker, Nancy Pelosi, sought him as her majority leader. She was rebuffed by wiser colleagues. They must follow up that close call by striking at the heart of the easy-money culture that besmirches both sides of the aisle.

OTHER NEWS:

No Retreat How The Bulls Stole Wall Street (WSJ)

By Justin Lahart

The Wall Street Journal, December 30, 2006

Driven by a splurge of deal-making, a halt in the Federal Reserve's campaign of raising interest rates and continued profit growth, the Dow Jones Industrial Average completed its best year since 2003, gaining 16%. And having sailed through the second half of the year, investors now have a tailwind to continue their run into 2007.

The Dow closed yesterday at 12463.15, 1,745.65 points higher than where it started 2006. The market's gains, which were across the board and on every index, came in the second half -- at one point in July the Dow was down on the year. The second-half's steady march was virtually uninterrupted.

Such straight, unwavering moves are rare. Many investors kept waiting for a dip so they could buy stocks at lower prices. But no meaningful retreat came, not even in the fall when such pullbacks are common. Over 111 years, the Dow has averaged a 1.2% decline in September. October has served up four of the five worst trading days since 1950, including the 22.6% skid on Oct. 19, 1987.

That stocks didn't run into the fall's usual trouble suggests to many analysts and investors that the market has a lot of underlying strength. That should continue to push it higher through the first part of next year. One further reason stocks could continue to do well is that a lot of investors are itching to get in on the party.

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In 2006, some expected bad news came to pass, such as problems for the big auto makers. But investors focused on the positive, especially a drop in inflation that convinced many the Fed's rate campaign was over. Since mid-2004, the Fed had steadily raised rates from 1% to 5.25%. When the Fed stopped raising rates, that was succor to the market, since higher rates raise borrowing costs for companies and consumers, while offering investors better returns in virtually risk-free money-market accounts.

Meanwhile, energy prices retreated, making consumers more willing to spend. Falling fuel bills also reduced operating costs for companies, helping their earnings to often easily top analysts' expectations. For the year, analysts estimate that earnings for companies in the S&P 500 rose 14.4%, according to Thomson Financial.

Stocks of virtually every stripe -- not just the shares of the 30 big companies that drive the Dow -- did well this year. For the year, the S&P 500 rose 14%, the Nasdaq Composite gained 9.5% and the Russell 2000, which tracks smaller stocks, surged 17%.

The Dow Jones index of stocks outside of the U.S. rose 23%, while in dollar terms every one of the Dow Jones country indexes finished the year in positive territory.

The surge in stock prices compelled a growing number of investors to cast aside doubts about the rally and jump into the market. That gave the market a strong positive bent through Christmas. Indeed, fund managers who had banked on picking up stocks inexpensively during the fall suddenly found themselves falling behind the market averages. That set the table for stocks to rise further as investors scrambled to catch up.

"A lot of people who thought they would buy into the September and October low and be set, instead had to chase the market," says John Bollinger, president of Bollinger Capital Management.

There are a few possible scenarios in which the market could cool off after the flood of cash peters out. Recent reports suggesting the housing market is stabilizing and that consumers are feeling more confident have bond market participants again worrying about inflation. As an indication, the yield on the 10-year Treasury note has risen from 4.47% to 4.71% this month.

Few investors are talking about the possibility of the Fed raising its overnight target rate, but the cut many expect to see in the spring is beginning to look less certain. If the yields on Treasurys continue to rise, they could lure investors away from stocks. They could also push mortgage rates higher, dealing another blow to the housing market.

For this year at least, the final scorecard is starkly different from what many on Wall Street braced for in January. "A lot of people felt that the economy was ratcheting back and that would translate into earnings misses that would put a damper on stock prices," says Seth Tobias, general partner at hedge fund Circle T Partners.

As expectations improved, the market's positive momentum began to feed on itself. Investors who sold stocks short expecting a decline, for example, were forced to reverse course. Short selling entails selling borrowed shares, hoping to buy them back at a lower price and pocket the difference. When stocks rise, short sellers often buy the shares they borrowed to prevent steep losses. This buying can itself send the market even higher.

Many expect money to continue chasing the market after the New Year. "There's clearly a surge in money heading into the market at the beginning of next year," says Banc of America Securities portfolio strategist Tom McManus. "January is typically the thirteenth month of the year just ended, when people put in place the strategies that they wish they had had in place."

Adding more fuel to the fire, according to Mr. McManus: the bumper crop of bonuses on Wall Street, some of which will find their way into stocks instead of sports cars.

Ultimately, says hedge-fund manager Mr. Tobias, the market is being driven by signs that the economy is beginning to stabilize. Investors are now betting that new Fed Chairman Ben Bernanke has managed to rein in the economy without sending it into the sharp slowdown that many bears expected.

"It seems Bernanke has passed his first test," says Mr. Tobias. "A lot of my own friends, they didn't see this emerging."

The market's surprising run left stock-pickers badly trailing major indexes. Fewer than 20% of U.S. fund managers running diversified stock funds that try to beat the market managed to top the Standard & Poor's-500 this year through Thursday, according to data-tracker Lipper. That's a big change from 2006, when 61% of active managers were beating the S&P 500.

Bill Miller, manager of the $19 billion Legg Mason Value Trust fund, has beaten the S&P 500 for 15 straight years -- until this year. By the middle of this week, Mr. Miller's fund was trailing the index by nearly 10 percentage points.

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The strong markets did much to fuel a binge of mergers and acquisitions, especially by private-equity firms, which continued to emerge as Wall Street's new power players. In 2006, the best year in the U.S. since 2000, $1.56 trillion in deals were announced, according to Thomson Financial, while a record $3.79 trillion were inked globally.

The flurry of activity set investors on the hunt to buy shares of the next possible target. As dealmakers snapped up companies at prices significantly higher than those bestowed by the market, many concluded that shares in general were cheap.

When dour news cropped up, investors largely took it in their stride, including the sharp retreat in the housing market. While many worried about the impact on consumer spending, the housing slowdown seemed contained to that sector of the economy. Also, a decline in gasoline prices appeared to offset whatever problems it did create.

Most importantly, employment figures remained strong, making the prospect of a broader housing collapse, complete with widespread defaults and a sharp reduction in consumer spending, increasingly unlikely. By the end of the year, the stock prices of homebuilders had rebounded from their lows and economists were trying to gauge whether the worst of the housing bust had passed.

The ability of investors to easily digest the housing slowdown helped smooth unsettling geopolitical events. Strife in Iraq, Afghanistan and Lebanon did little to distract investors focused on corporate profit growth. Analysts paid closer attention to other international arenas, notably the strong economies of Brazil, Russia, India and China.

Corporate bonds and emerging market bonds also offered healthy gains, while Treasurys eked out a slight return. Gold and silver rose. Oil prices shot higher and then fell to end the year basically flat. The dollar declined.

Strong 2006 Finishes Quietly With Slight Drop (WSJ)

By Shefali Anand

The Wall Street Journal, December 30, 2006

Stock prices edged lower in the year's final trading session that capped a surprisingly strong year for stocks.

After touching a record high on Wednesday, the Dow Jones Industrial Average slid on the final two trading days of the year.

The Dow, which hit a record close 22 times this year, closed Friday's session with a loss of 38.37 points, or 0.31%, at 12463.15. The 30-stock measure was up 1% for the final week, and 16% for the year. (More on the market's year1.)

The broader Standard & Poor's 500-stock index fell 6.43 points, or 0.5%, to 1418.30. The S&P 500 gained 0.5% for the week, and 13.6% for the year -- the measure's highest yearly gain since 2003.

The tech-stock-laden Nasdaq Composite Index declined by 10.28, or 0.42%, to close at 2415.29. For the week, it was up 0.6%, and 9.5% for the year.

The small-company Russell 2000 index fell 6.82, or 0.9%, to 787.66. It was up 0.9% for the week and 17% for the year -- its best performance since 2004.

The year's market gains were backed by surprisingly strong earnings from corporations, and a belief that the economy would continue to push ahead in a way that wouldn't rouse inflation fears.

"Storm-shocks, interest-rate shocks [and] war shocks were very small potatoes compared to the underlying strength of corporate America," said James Swanson, chief investment strategist, MFS Investment Management.

In 2007, investors will keep a close eye on how the U.S. consumer is faring. Early reports indicate that the Christmas shopping season, while strong, wasn't as strong as some had expected. "The important issue from our point of view is growth of employment and household income," said Milton Ezrati, chief economist at money-management firm Lord Abbett & Co.

After a roller-coaster ride, oil prices closed one cent higher than where they started the year.

All trading will be closed Monday for New Year's, and stocks will also be closed Tuesday for President Ford's memorial.

In major U.S. market action:

Stocks fell2 and bonds were mixed3. The 10-year Treasury note fell 3/32, or 94 cents for each $1,000 invested, pushing the yield up to 4.708%. The 30-year bond rose 3/32 to yield 4.812%.

The dollar was mixed4, at 119.01 yen, up from 118.91, while the euro rose to $1.3201 from $1.3146.

Stock Market Surged In 2006 (WT/AP)

By Joe Bel Bruno

DOJ_NMG_0111705

The Washington Times, December 30, 2006

NEW YORK -- Wall Street yesterday closed out a year that will be remembered for the stock market's great comeback -- a year-end rally that pushed the Dow Jones Industrial Average past 12,000 for the first time.

By all accounts, 2006 ended up a very good year for stocks as bullish investors bounced back from a slumping housing market and the Federal Reserve's two-year campaign of interest-rate increases. The markets approached record levels in the spring, pulled back sharply in the summer, but found a clear direction in the fall to send the major indexes to multiyear highs.

Blue chips were the standouts of 2006. The Dow Jones Industrial Average, the index of 30 of the nation's biggest companies, hit record levels dozens of times since achieving its first close above 12,000 on Oct. 19. It traded as high as 12,530 before dipping to its close of 12,463 for the year.

This was the best year for the stock market since 2003, when Wall Street staged a massive recovery from levels sideswiped by a bear market. But 2006 will really be remembered for the market's soaring to heights not seen since the height of the dot-com era -- this time, however, Wall Street advanced cautiously, not recklessly.

The rally was fed by investors' growing belief that the economy has withstood the Fed's rate increases and the impact of record-high oil prices. And some analysts expect the advance to continue.

"The stock market is correct in its judgment that we are probably only in the fifth or sixth inning of the game, and that this [economic] expansion may even go into extra innings," said Stuart Schweitzer, global markets strategist for JPMorgan Asset & Wealth Management. "This was a barn-burner of a year, and I expect reasonably solid results over the course of 2007."

The major indexes posted healthy gains for the year, with the Dow rising 16.29 percent, the S&P 500 adding 13.62 percent, and the Nasdaq up 9.52 percent. That's the best showing since 2003, when the Dow closed up 25.3 percent, the Nasdaq rose 50 percent, and the S&P 500 gained 26.4 percent -- but those gains were the beginning of the market's recovery from the trough of three straight losing years.

It wasn't just the stock markets that made significant gains in 2006.

The bond market moved in lockstep with stocks -- a rare event on Wall Street. Investors bought into equities because of a strong economy and robust corporate confidence. Meanwhile, typically more conservative bond investors used the fixed-income market as a hedge for a possible recession and interest-rate cuts.

The year was also a bit of a rule-bender for Treasuries. Yields on long-term Treasury notes and bonds were lower than for short-term Treasury bills. Junk bonds were in such demand that their yields were on almost on par with those of investment-grade bonds.

The dollar lost support in 2006 after the Fed stopped raising rates Aug. 8 and kept them unchanged in its past three meetings.

And gold prices continued their rally: Investors have sent precious metals sharply higher, viewing commodities such as gold and silver as safe-haven investments instead of the greenback.

Plunging oil prices also fed the stock market's 2006 rally. Crude reached record highs in the summer when it briefly surpassed $78 a barrel because of the resilience of consumer demand and expectations of a bad hurricane season. But energy prices soon plummeted to 2005 levels by the fall when traders saw that refiners in the Gulf of Mexico were untouched by hurricanes and realized global crude-oil inventories remained ample.

That retreat gave momentum to the stock market's rally and enabled investors to tolerate upward blips in the price of crude and gasoline.

Stocks are expected to rise further in the new year, but not without some resistance. A big question still hanging over the market is whether the Fed will feel comfortable enough with the balance between inflation and a moderating economy to start lowering interest rates. If inflation seems to be accelerating, an interest-rate rise could still be in the offing.

"There is going to be a tug of war between the bulls and the bears as we head into next year," said Quincy Krosby, chief investment strategist for the Hartford.

"We could hit a speed bump as Treasury market yields grow higher, and that could put pressure on the stock market," she said. "We need to pay close attention to the Fed and how they view what I believe is going to be a growth spurt that will be manifested by yields moving up."

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She also pointed to fluctuations in the dollar as another greater influence on Wall Street. Rising interest rates in Europe could help the region lure foreign investment away from the United States, further pressuring the dollar next year.

Markets Stay In Black In '06, And Growth Expected Ahead (HC)

By Purva Patel

Houston Chronicle, December 30, 2006

Markets had another bull year, making 2006 the fourth year in a row the three best-known indexes ended in positive territory.

They pulled off greater returns than last, setting the stage for what investors expect will be a year of moderate growth in 2007.

The major indexes posted strong gains in 2006, with the Dow Jones industrial average closing up 16.3 percent, the Nasdaq Composite Index up 9.5 percent and the S&P 500 up 13.6 percent.

"It was a good year," said Jeff Tjornehoj, senior research analyst at Lipper, a New York company that tracks fund performance. "People should be happy with their 15 to 20 percent returns."

Perhaps the most notable moment of the year was in October when the Dow surpassed the 12,000 mark for the first time.

The 110-year-old Dow essentially represents the average stock price of its 30 component companies, which currently includes Walt Disney, General Electric, Microsoft, Boeing, McDonald's, Coca-Cola, Exxon Mobil, IBM, Merck, Procter & Gamble and American Express, among others.

The year started out slowly but positively with strong corporate-earnings growth bolstering markets. But the enthusiasm peaked in May as investors feared the Federal Reserve might raise interest rates and possibly throw the U.S. economy into recession.

A cooling U.S. housing market, political battles overseas and oil prices spiraling toward $80 a barrel added to investor worries.

Looking up

But just as the concerns piled on, the third and fourth quarters offered hope.

The Fed decided not to raise interest rates in August, merger and acquisitions appeared to be a strong trend, and slowly declining oil prices relieved some investor tensions.

Aside from strong profit margins and dwindling inflation fears, stabilizing energy prices played a major role in boosting the equity market.

After peaking at an intraday high of $78.40 in July, oil prices started a steady decline with the help of an uneventful hurricane season and ended the year at $61.05 a barrel.

"I think the reason the equity market had been restrained even though profits have been phenomenal was there was this debate over whether the economy was overheating or was it just a story about energy?"said Jim Glassman, senior economist with JP Morgan Chase in New York.

The weakest growth this year came from the health-care and technology sectors because of lower-than-expected earnings. The health-care sector gained 5.8 percent while information technology grew 7.7 percent, according to Standard & Poor's.

The energy and telecom sectors, on the other hand, showed the greatest leaps, with gains of 22.2 percent and 32.1 percent respectively.

Growth predictions

What about next year?

Analysts predict moderate, single-digit growth next year, noting it may be hard to top this year's gains.

So, as usual, it's a good idea to have a diversified portfolio that gives exposure to U.S. stocks and bonds and international securities.

Much of next year's economic growth will come from equipment investment and nonresidential construction, according to Standard & Poor's.

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"I think we're going to see a good return next year but not a great return," said Sam Stovall, chief investment strategist for S&P Equity Research in New York. "A lot of the optimism that could propel share prices in 2007 is already reflected in share prices."

Mark McMeans, director of equity investments at AIM Capital Management in Houston, predicts more moderate growth next year if the housing market softens and its effects ripple through the economy. But, he said, strong corporate earnings and balance sheets combined with a more accommodating Fed could help support stocks.

Indexes around the world rallied this year, signaling a year of global growth.

This year, markets likely responded positively, in part, to increased mergers and acquisitions fueled by cheap credit. The trend should continue into next year, analysts said.

"It's a trend that probably has some legs to it because companies have low amounts of debt and the cost of debt is low, so private equity groups have all this money sloshing around and want to put it to work, " McMeans said.

Glassman is more optimistic, predicting double-digit growth next year. The worst of the housing correction is over, he said, because homebuilders may have cut back in growth in the fall as far as they needed to and that they may have even overreacted.

"So the faster they move, the faster the drag from homebuilding will be over," he said. "So I think next year has a better chance of taking off."

Still, everyone seems to agree that if energy prices ramp up again, they could slow market growth.

Higher prices could exacerbate a weakening national housing market and sour consumer confidence and spending.

Investors will have to wait until Wednesday to start trading in 2007. The New York Stock Exchange and Nasdaq said they will be closed Tuesday in honor of former President Gerald Ford's funeral.

Stocks Close Out Banner Year With Healthy Gains As Dow Soars 16% (AP)

AP, December 29, 2006

NEW YORK (AP) — Wall Street slipped lower Friday, closing out a year that will be remembered for the stock market's great comeback — pulling off a year-end rally that pushed the Dow Jones industrials past 12,000 for the first time.

By all accounts, 2006 ended up a very good year for stocks as bullish investors bounced back from a slumping housing market and the Federal Reserve's two-year campaign of interest rate hikes.

The markets approached record levels in the spring, pulled back sharply in the summer, but found a clear direction in the fall to send the major indexes to multi-year highs.

Blue chips were the standouts of 2006. The Dow Jones industrial average, the index of 30 of the nation's biggest companies, hit record levels dozens of times since achieving its first close above 12,000 on Oct. 19; it traded as high as 12,529.87 before dipping to its close for the year.

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The rally was fed by investors' growing belief that the economy has withstood well the Fed's rate hikes and the impact of record high oil prices. And some analysts expect the advance to continue.

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On Friday, the Dow fell 38.37, or 0.3%, to close the year at 12,463.15.

Broader stock indicators also slipped. The Standard & Poor's 500 index fell 6.43, or 0.5%, to 1418.30, and the Nasdaq composite index closed down 10.28, or 0.4%, to 2415.29.

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It wasn't just the stock markets that made significant gains in 2006.

The bond market moved in lockstep with stocks — a rare event on Wall Street. Investors bought into equities because of a strong economy and robust corporate confidence. Meanwhile, typically more conservative bond investors used the fixed-income market as a hedge for a possible recession and interest rate cuts.

This year was also a bit of a rule bender for Treasuries. Yields on long-term Treasury notes and bonds were lower than for short-term Treasury bills. Junk bonds were in such demand that their yields were on almost on parity with those of investment-grade bonds.

Bonds slipped further in Friday's session, with the yield on the benchmark 10-year Treasury rising to 4.71% from 4.69% on Thursday. The yield stood at 4.37% on the first day of trading this year, and was over 5% just a few months ago.

The dollar, which has struggled against the euro and other major currencies, was mixed on Friday. The U.S. currency lost support in 2006 after the Fed stopped raising rates on Aug. 8 and kept them unchanged in its past three meetings.

And gold prices continued their rally; investors have sent precious metals sharply higher, viewing commodities like gold and silver as safe-haven investments instead of the greenback.

Plunging oil prices also fed the stock market's 2006 rally. Crude reached all-time highs in the summer when it briefly surpassed $78 a barrel due to the resilience of consumer demand and expectations of a bad hurricane season. But energy prices soon plummeted back to 2005 levels by the fall when traders saw that refiners in the Gulf of Mexico were untouched by hurricanes, and realized global crude inventories remained ample.

That retreat gave momentum to the stock market's rally, and enable investors to tolerate upward blips in the price of crude and gasoline.

The price of a barrel of light sweet crude on Friday rose 52 cents to settle at $61.05 on the New York Mercantile Exchange — about 22% below its highs of the year.

Stocks are expected to rise further in the new year, but not without some resistance. A big question still hanging over the market is whether the Fed will feel comfortable enough with the balance between inflation and a moderating economy to start lowering interest rates. If inflation seems to be accelerating, an interest rate hike could still be in the offing.

"There is going to be a tug of war between the bulls and the bears as we head into next year," said Quincy Krosby, chief investment strategist for The Hartford.

"We could hit a speed bump as Treasury market yields grow higher, and that could put pressure on the stock market," she said. "We need to pay close attention to the Fed, and how they view what I believe is going to be a growth spurt that will be manifested by yields moving up."

She also pointed to fluctuations in the dollar as another greater influence on Wall Street. Rising interest rates in Europe could help the region lure foreign investment away from the United States, further pressuring the dollar next year.

There was little corporate news Friday as traders looked toward a four-day break that includes a suspension of trading for New Year's Day and the funeral of President Gerald R. Ford. And, again trading was thin — typical of the week between Christmas and New Year's.

Advancing issues outnumbered decliners by about 2 to 1 on the New York Stock Exchange, where consolidated volume came to 1.66 billion shares, compared to 1.67 billion on Thursday.

The Russell 2000 index of smaller companies dipped 6.82, or 0.9%, to 787.66. For the year, the Russell rose 17%.

Overseas markets also soared to multi-year highs in 2006. Japan's Nikkei stock average closed up 0.01% on Friday. Britain's FTSE 100 was down 0.3%, Germany's DAX index fell 0.2%, and France's CAC-40 was up 0.2%.

The Dow Jones industrials ended the week up 121.21, or 1.0%, to finish at 12,463.15. The S&P 500 index was up 7.55, or 0.5%, to end the week at 1418.30. The Nasdaq rose 17.07, or 0.7%, to finish the week at 2415.29.

The Russell 2000 index closed the week was up 7.37, or 0.9%, to end at 787.66.

The Dow Jones Wilshire 5000 Composite Index — a free-float weighted index that measures 5,000 U.S. based companies— ended the week at 14,257.55, up 79.84 points from last week. A year ago the index was at 12,517.69.

The Risk Business (WSJ)

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The Wall Street Journal, December 30, 2006

The Dow Jones Industrial Average closed yesterday near an all-time high, up 17% for the year. Long-term bond yields rose this year but remain remarkably low given the Federal Reserve's short-term rate ratchet to 5.25% from a low of 1%. Economic growth has slowed but remains solid. And by some measures financial market volatility is at lows not seen in a decade -- the Dow, for example, is still adding to its longest stretch (910 days) without a one-day decline of 2% or more since 1900.

All of this stability naturally fills people with dread. It has led to a round of questioning about why, in an undeniably dangerous world, risk premiums seem to have drained out of whole classes of financial assets. Has Mr. Market become complacent, and so set himself up for a fall? What is everyone missing?

When someone tells us that the old rules don't apply anymore, we tend to check our wallets. But this is not to say that nothing ever changes. One of the things that has changed over the past 30 years is the extraordinary extent of financial innovation. When it comes to the decline of risk premiums and financial stability, securitization and the use of derivatives have both played an unsung role.

The very word "derivatives" produces a remarkable range of reactions, not all of them polite or rational. Warren Buffett has long described them in apocalyptic terms. Regulators think "risky" and dream of untilled pastures to monitor. The average newspaper reader, meanwhile, sees the word and understandably moves on to the next story.

Derivatives can be very complex, but they are fundamentally a tool for hedging financial risk. Say your business has borrowed money with a floating interest rate. Rates go down, and you decide you'd rather lock in today's rates than risk having them move against you in the future. You could borrow new money at a fixed rate and pay off your debt.

Or you could engage in a form of derivative known as a "swap." In a swap, you exchange your obligation to pay a floating rate for a commitment to pay a fixed rate of interest. Your actual debt doesn't change, but the other party in the swap has contracted with you to pay you the difference between the floating-rate interest and the fixed rate you've agreed upon -- if rates move higher. Likewise, if rates go down further, you would pay your swap counterparty the difference.

Through this basic mechanism, all kinds of risk in an economy can be shifted around, often to everyone's benefit. The risks haven't disappeared, but almost by definition they tend to shift toward whoever feels they can best bear them. Perhaps, in the example above, the counterparty has a reason for wanting exposure to interest-rate movements. Perhaps he has a risk of his own he is trying to mitigate. Perhaps he simply disagrees about where rates are going.

Take another, very real, example of a small-town bank in the mortgage business. By the nature of things, it is heavily exposed to the shifting fortunes of the local economy. If a plant nearby closes, it could be hit with defaults that could overwhelm its capacity to lend. To compensate for this risk, it may raise interest rates, or lend less, or both. But suppose it can sell the mortgages on its books to another bank or some other party. It gives up the income from the mortgages, but it gets new capital in return while also lowering its exposure to the local economy.

The purchaser may then hold the mortgages, or package them into securities with thousands of other mortgages and sell them to investors. These "securitized" mortgages are less exposed to any one town than that small bank was, which may make the security less risky overall. The small bank, meantime, has more money to lend, or to invest in assets that are less likely to crash along with the local economy. The buyers of the securities get the income from the mortgage interest and the bank gets money to lend.

The sum of a myriad of these transactions over the economy means that everything moves a little faster. Credit becomes marginally cheaper and more plentiful. Risk is dispersed to those who feel they can better afford it. Thus does the supposedly non-productive financial sector of the economy provide fuel for future growth. Seemingly obscure transactions lower the cost of capital to businesses and consumers and spread risk in a way that decreases the danger of catastrophic financial accidents.

None of which means financial accidents won't happen. Market players sometimes bet wrong -- there are always two sides to a transaction, and one party can always miscalculate its ability to withstand an adverse event. Just ask the investors in Amaranth Advisers, which bet wrong on energy prices.

More broadly, danger always exists from abrupt government policy shifts, especially from monetary mismanagement; think of the Asian crisis of the late 1990s. Another such danger can come when government subsidies push too much risk from a single sector such as housing into just two companies (Fannie Mae and Freddie Mac). Two of the biggest current risks, in our

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view, are the chance of U.S. tax increases and that the Fed may still have underestimated the inflationary pressures it let loose in 2004 and 2005.

But these are not reasons to fear derivatives and other financial innovations. Risk is still out there. But as we leave a successful financial year and enter a new one, take comfort in the fact that all that buying, selling, swapping, trading and securitization of risk has actually made the financial system less risky.

No Pomp For A President In Repose (NYT)

By Jennifer Steinhauer

The New York Times, December 30, 2006

PALM DESERT, Calif., Dec. 29 — The first day of public mourning for former President Gerald R. Ford began Friday in this quiet desert community much the way his post-White House life did here 30 years ago — privately, absent of pomp, a small-town affair writ large by history more than family intent.

The repose and prayer service here were the first of several events marking the life of the 38th president, which will include a state funeral in Washington and burial in Mr. Ford's hometown, Grand Rapids, Mich. Decidedly understated, the events here attracted more members of the news media than local mourners along the roadside outside the modest A-frame church, the Ford family's place of worship, where the coffin was placed.

There was no military flyover, no canons, salutes or bugles, no honorary pall bearers. Reporters were kept across the street from the church and Mr. Ford's widow, Betty, dressed in a dark suit with a colorful blouse, her face pinched with grief, was barely visible during a brief appearance on the church porch.

The prayer service was attended only by Mrs. Ford and other immediate family members, and even the former president's long-serving personal photographer was barred from taking pictures.

"We have brought the military order and discipline deserving of a commander in chief," said Cmdr. Jane Campbell, a spokeswoman for the Defense Department unit that conducts state funerals. "But it is always done with the family's desires in mind, and in the case of the Ford family, it was their desire to keep it a more-simplified, family-oriented ceremony."

The Fords, who have lived near here, outside Palm Springs, since leaving the White House in 1976, have been local celebrities and active in the desert community, helping to raise money for a local theater and participating in various charity events, and, naturally, golfing. The former president divided his time between the family's homes on the grounds of the Thunderbird Country Club in nearby Rancho Mirage and near Vail, Colo.

The family's requirements for the California service stood in stark contrast to the first leg of the five-day national farewell to former President Ronald Reagan, which took place 160 miles north of here in 2004.

That service, held at Mr. Reagan's presidential library in Simi Valley, was thronged with thousands of public mourners bearing flowers and notes and incumbent security forces, and orchestrated with multiple flourishes by Nancy Reagan, cognizant that the world wanted to see it.

Just before 12:30 p.m. Friday, an honor guard from Washington and the Marine Corps Air Ground Combat Center Band from Twentynine Palms, Calif., appeared under a gaggle of palm trees in front of St. Margaret's Episcopal Church — almost as if they had emerged from the mountain range directly behind it.

A few minutes later, the motorcade carrying the body of Mr. Ford, who died Tuesday in his home in Rancho Mirage, arrived at the church.

When his coffin emerged from the hearse, the band played "Ruffles and Flourishes" followed by "Hail to the Chief" and "O God, Our Help in Ages Past," songs chosen by the Ford family. The American flag was carried by a sailor in recognition of Mr. Ford's Navy service during World War II, under the burning desert sun.

Mrs. Ford, his wife of 58 years, was escorted from the church to greet the coffin on the church porch by Maj. Gen. Guy C. Swan III of the Army. The former first lady, 88, looking frail and pained, was accompanied by her four children, their spouses and several grandchildren, who tucked into a corner of the porch during the brief musical ceremony. Mr. Ford's body was then brought inside the church, where it was given a blessing from the Book of Common Prayer, and the family was then seated for a private prayer service.

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Shortly after 1 p.m., buses carrying invited guests began to unload into the church for a private visit with the family, but a separate room on the north side of the sanctuary was maintained for private time. The Defense Department, which had said it would provide the names of dignitaries and special guests, later declined to do so.

Local residents began to gather early in the afternoon at a tennis center in nearby Indian Wells, where shuttle buses to the church were made available to the public. In keeping with the relatively tight security, which included bomb-sniffing dogs, mourners were not permitted to bring backpacks, cellphones or even flowers into the church.

Throughout the evening, buses pulled up carrying locals wishing to view the closed coffin, draped with the flag, and surrounded by a military honor guard standing erect, three white wreaths and a single burning candle. Mourners came in Christmas sweatshirts, shorts, golf shifts and, in one man's case, a kilt. They stopped only briefly if at all passing the coffin, occasionally bowing or crossing themselves.

Mr. Ford was set to lie in repose until about 8 a.m. Saturday, allowing people to pay respects throughout the night. Mr. Ford's body will then be taken to the Palm Springs airport and flown to Andrews Air Force Base, Md., by presidential plane, and moved to the Capitol Rotunda.

The public will be permitted to view the coffin on Sunday and Monday before it is moved to the Washington National Cathedral for the state funeral on Tuesday. Mrs. Ford and her children will accompany the body to Washington and on to Grand Rapids for burial on Wednesday on the grounds of the Ford presidential museum.

Nation Begins Mourning For Ford (LAT)

By Jonathan Abrams, Maria La Ganga

The Los Angeles Times, December 30, 2006

PALM DESERT — Amid tight security, the nation today began six days of remembrance for Gerald R. Ford, the 38th president who retired to California after a brief tenure during one of the nation's most tumultuous times.

Military pallbearers in the early afternoon carried the flag-draped casket with the president past a frail-looking Betty Ford, her children and grandchildren into the church where Gerald Ford was a frequent parishioner.

Then, in a solemn file, the family entered and took the pews for their private time before dignitaries and invited guests were to arrive.

It was the first of several services here, in Washington D.C. and in Grand Rapids, Mich.

Today's service was in the Ford family's home church, St. Margaret's Episcopal, a beige building of modern design with tall windows looking out on the craggy mountains ringing this desert community.

Beneath bright blue skies with light breezes swirling flags at half-mast, bomb-sniffing dogs earlier checked the area where dozens of reporters waited for the motorcade bringing Ford's body.

Led by a police car with flashing lights, the line of vehicles arrived just before 12:30 p.m. Unlike past presidential obsequies, today's rites were marked by their simplicity.

A hearse with two small flags and a tiny presidential seal carried the coffin. At the front of the church, a military honor guard, representing different military branches, stood at attention to receive the body.

Former First Lady Ford, 88, her four grown children and several grandchildren moved to the front of the church as the body was carried with military precision into the church.

It was the first time she has been seen in public since Ford's death was announced. She looked frail as she held the arm of her official military escort, an Army general.

The Marine Air Ground Combat Center Band played "Ruffles and Flourishes," and "Hail to the Chief." The Christian hymn chosen by the church, "O God Our Help in Ages Past," was played as the body was brought into the church foyer.

There in the narthex, the Rev. Robert G. Certain, the pastor of the church and family pastor greeted the coffin with a prayer.

"With faith in Jesus Christ, we receive the body of our brother Gerald for burial. Let us pray with confidence to God, the giver of life, that he will raise him to perfection in the company of the saints."

Then he paused.

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"Deliver your servant Gerald, o sovereign Lord Christ, from all evil. Set him free from every bond, that he may rest with all your saints in the eternal habitations where, with the father and the Holy Spirit, you live and reign one God, forever and ever. Amen."

Rev. Certain also offered comfort to the mourners.

"Let us also pray for all who mourn, that they may cast their care on God and know the consolation of his love."

"O mighty God, look with pity upon the sorrows of your servants for whom we pray. Remember them, Lord, in mercy. Nourish them with patience. Comfort them with a sense of your goodness. Lift up your countenance upon them and give them peace, through Jesus Christ, our Lord, Amen."

Inside the church, the casket was placed before three floral wreathes. Led by Betty Ford, who stared into the distance, the family entered and filled the front pews on one side.

Marines from the nearby Twentynine Palms base are the official hosts for the military contingent for the funeral. The Marine band from the base play.

Marine Cpl. Emma Whitmore, a French horn player from Milwaukee, said they had been practicing for the funeral for a while, "whenever there was an inkling" that Ford was having a serious health problem.

"Yesterday, we practiced all day," she said. "Everything has to be perfect for the past commander in chief.

"I'll feel very sad that we've lost him," she said. "I am so proud to be here."

For Cpl. Raymond Garcia, 20, a trumpet player, the funeral was also a milestone.

"This is something I will definitely tell my kids about. It's a big deal," he said.

Close friends and guests attended a private viewing in the afternoon. At least eight buses and one van of guests were en route to the church, which holds about 1,000 people.

Ford will lie in repose in the church from about 4:30 p.m. until about 8 a.m. Saturday morning for the public to pay its respects.

People will be shuttled to the church from Indian Wells Garden, a tennis center. As part of the security preparations, no personal items such as cell phones or flowers will be allowed.

Mourners began gathering at the tennis center as early as 7 a.m. and the number was about a dozen by 11 a.m. Officials said they expected thousands will eventually arrive to take a bus about 20 to 30 minutes away to view Ford's casket.

Security officers were at the tennis facility. Signs reminded people not to bring personal items on the bus.

Estella Taylor, of Palm Springs, said she was ignorant of Ford's legacy until she visited the Nixon Library last week. When she heard Ford had died, she said she felt she had to pay her respects.

"No matter what you rise to, or position you obtain, before that you are just a person," she said. "It seems that no matter how high that Ford rose he never changed from the person he was before. He was a real unique individual."

Joseph Hansen, of Pontiac, Mich., was visiting for the Rose Bowl game where USC will play the University of Michigan. When he heard of Ford's death, Hansen said he rented a car.

"I'm here to give my personal respects to Ford as a politician for what he meant to the state of Michigan and what he meant as a student athlete at the University of Michigan," he said.

Each mourner will receive a card with a black and white portrait of Ford at work at his desk in the Oval Office. The picture is bordered in white with blue edging.

On the back, there are three seals, marking his life: The seal of the President of the United States, the vice president and of the House of Representatives.

Also inscribed is a message from the family.

"The family of Gerald R. Ford deeply appreciates your prayers and many kindnesses as together we celebrate and honor the life of a loving and devoted, husband, father, grandfather, and great-grandfather and the 38th president of the United States."

Ford died Tuesday at 93 in his retirement at Rancho Mirage. A member of Congress for 25 years, he was appointed vice president and became president when Richard Nixon resigned in 1974 during the Watergate scandal.

After Ford lost to Jimmy Carter in the 1976 election, he retired to Rancho Mirage where he and Betty Ford became local philanthropists and celebrities in an area already well known for its elite residents.

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On Saturday, the coffin will leave the church for Washington D.C. for a state funeral in the evening at the Capitol Rotunda. The public will able to view the casket Sunday and Monday before it is moved to the National Cathedral for funeral services Tuesday.

The New York Stock Exchange announced today that it would join the Nasdaq in closing on Tuesday.

On Wednesday, Ford will buried on the grounds of the Gerald R. Ford Museum in Grand Rapids, Mich. which he represented in Congress.

Six Days Of Mourning Begin (WT/AP)

By Jeff Wilson

The Washington Times, December 30, 2006

PALM DESERT, Calif. -- Borne by eight servicemen in crisp dress uniforms, Gerald R. Ford's flag-draped casket was carried past his widow into their hometown church yesterday for a public viewing that marked the start of six days of mourning for the former president.

Former first lady Betty Ford, 88, stood atop the broad steps of St. Margaret's Episcopal Church to receive the casket. A Marine Corps band struck up "Hail to the Chief" as the coffin of the Navy veteran of World War II was removed from a hearse, then played the hymn "O God Our Help in Ages Past" as the military pallbearers, moving in lockstep, made the slow climb to the doors of the white-columned church.

"We receive the body of our brother, Gerald, for burial," said the church rector, the Rev. Robert Certain.

Mrs. Ford, clutching the arm of an Army general, stood in silence for a few moments after the casket was laid before a blond-wood altar and three wreaths of white flowers. Then she led other family members to the Presidents Pew, where she and her husband sat nearly every Sunday after leaving the White House in 1977.

The private family service was followed by a visitation for invited friends, including former Secretary of State George Shultz, former Rep. Jack Kemp and former California Gov. Pete Wilson. When it ended, Mrs. Ford left in a motorcade to return to the Ford home in the neighboring city of Rancho Mirage.

A public viewing expected to draw thousands to the resort community 110 miles east of Los Angeles started late yesterday.

The event was an hour behind schedule when buses began bringing people from a tennis center five miles away. Mourners ranging from children to the elderly walked through the church quickly, then reboarded the buses, a process taking less than two minutes.

Several men stopped and snapped salutes. One woman wore a red, white and blue scarf. No official count was kept, but buses carrying about 50 people each came and went steadily.

Earlier, a Boeing 747 from the presidential fleet descended in the distance toward Palm Springs airport as a motorcade brought Mr. Ford's casket and family to the church. As the procession passed, police saluted and residents of the desert resort community watched silently.

Mrs. Ford planned to accompany her husband's body across the country today to Washington, where the nation's 38th president will lie in state at the Capitol. A funeral will be held on Tuesday at the National Cathedral. Mr. Ford will be buried on Wednesday in Grand Rapids, Mich., where he grew up.

Security was tight at St. Margaret's. The Secret Service swept the area, and surrounding residential streets were blocked off. Helicopters hovered overhead.

A solemn crowd watched from well beyond the parking lot of the church, not far from the former president's Rancho Mirage home.

Among the spectators was Evelyn Tidholm, 80, a visitor from Oklahoma who said she voted for Mr. Ford in 1976. "I just have never seen anything like this. I thought that at my age it's something that I should see," she said.

Mr. Ford, who assumed the presidency when Richard Nixon resigned in 1974 during the Watergate scandal, died Tuesday at 93.

Some mourners arrived early, including a father and son from Irvine, Calif., who showed up before dawn.

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"I want to be president one day, so anything presidential, I'm here" said Aaron Magness, a freshman at the University of Oklahoma.

He and his father, Jay Magness, arrived at 5 a.m. expecting the kind of turnout that occurred for former President Ronald Reagan's funeral in 2004. By midafternoon yesterday, about 100 people were waiting.

Harvey Soldan, 51, of Riverside, Calif., wore a Ford-Dole sticker on his shirt from his days as a 1976 campaign worker. He also had expected huge crowds.

The major stock markets will be closed Tuesday as part of a national day of mourning. The Wall Street tradition dates to the 1885 burial of President Ulysses S. Grant and was last observed after Mr. Reagan's death.

Some of the more regal touches of a full state funeral are being bypassed, by request of Mr. Ford's family and, most likely, according to his own wishes. In Washington, a hearse rather than a horse-drawn caisson will take the former president's casket to the Capitol.

Fighter jets will do a flyover with a "missing man" formation only in Grand Rapids, where Mr. Ford will be buried on a hillside near his presidential museum. He spent most of his childhood in Grand Rapids, practiced law there and represented the area in Congress for 25 years.

• Associated Press writers Allison Hoffman in Palm Desert, Joe Bel Bruno in New York and Calvin Woodward and Laurie Kellman in Washington contributed to this article.

Mourning Begins For Gerald Ford (BBC)

BBC.com, December 30, 2006

Several days of ceremonies to honour the memory of former US President Gerald Ford, who died on Tuesday, have begun in California.

Mr Ford's relatives and close friends attended a private prayer service at a parish church in Palm Desert near the former president's home.

The main state funeral takes place on Saturday in Washington, where Mr Ford will lie in state over the weekend.

Mr Ford, the 38th US president, served from 1974-76. He died aged 93.

His flag-draped coffin was carried into St Margaret's Episcopal church by a military guard of honour, and was met by Mr Ford's widow Betty, his children and grandchildren.

Mrs Ford stood in silence after the casket was laid at the altar with three wreaths of white flowers, before the private family service began.

Later, the family was joined by some 300 guests, including former Secretary of State George Schultz and former New York Congressman Jack Kemp.

Mr Ford's coffin is expected to remain at the church overnight for a public viewing expected to draw thousands of people.

The major US stock exchanges have said they will close on Tuesday, the day of Mr Ford's state funeral in Washington.

Bush speech

The former president had suffered ill health this year and was taken to hospital four times for tests and angioplasty. He suffered a stroke in 2000.

He was unelected, taking office after Richard Nixon quit over the Watergate scandal.

President George W Bush led tributes to Mr Ford, saying he helped restore confidence in his office after Watergate.

However Mr Ford revived the debate over Watergate by controversially granting his former boss a pardon for any crimes committed as president.

The state funeral service for Mr Ford will be in the Capitol Rotunda in Washington on Saturday evening, before two days of lying in state.

President Bush, who is at his Texas ranch, will not be present.

He is expected to pay his respects once he returns to Washington on Monday. The president will also speak at Tuesday's funeral service at the National Cathedral.

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Mr Ford's coffin will then be taken to Grand Rapids, Michigan - where he spent most of his childhood and practised law - for burial on a hillside near his presidential library on Wednesday.

A makeshift shrine formed outside the Gerald Ford Museum as people lit candles and laid flowers and flags.

The Associated Press news agency says it is unlikely the ceremonies for Gerald Ford will draw the crowds of former President Ronald Reagan's funeral, when more than 200,000 people on both coasts paid their respects.

Washington Prepares For Farewell To Ford (WP)

By John Pomfret, Mary Beth Sheridan

The Washington Post, December 30, 2006

PALM DESERT, Calif., Dec. 29 -- The nation's six days of formal mourning for Gerald R. Ford commenced Friday afternoon with a private service for his family and a period of public repose at the church where the 38th president worshiped for the three decades since he left the White House.

As the quiet and simple service took place in California, a continent away, law enforcement agencies in Washington called in hundreds of officers to provide security for the second presidential funeral to take place in the nation's capital in three years.

The authorities said that a section of the Inner Loop of the Capital Beltway, near the Suitland Parkway, will be shut down for a short time starting at about 5:30 p.m. on Saturday to allow the motorcade carrying Ford's casket to pass by. A number of streets in Alexandria and in Washington will also be temporarily closed.

The state funeral service in Washington will occur amid heightened tensions in Iraq, where ousted leader Saddam Hussein was hanged Saturday morning for a mass killing in 1982. Homeland security officials said there has been no intelligence pointing to an increased threat to the United States.

Still, "you always plan for the worst," said William H. Pickle, the Senate's sergeant-at-arms.

Hundreds of Capitol Police, U.S. Park Police and D.C. police officers, as well as members of the Secret Service, are being called in over the New Year's weekend to bolster security, according to officials involved in the planning. D.C. police canceled all days off for officers on Tuesday, officials said.

Pickle, who helps oversee the Capitol Police, said checkpoints will be set up around the Capitol, and specialized units that detect chemical, biological and other hazards will be on alert. The Capitol Police will prohibit mourners from carrying food, drinks, or audio or video recording devices, as well as bags larger than 14 by 13 by 4 inches.

Kim Bruce, a spokeswoman for the Secret Service, which is coordinating security, said "there will certainly be bomb-sniffing dogs" patrolling the crowds. She declined to comment on the rest of the security arrangements. But, in a statement, the Department of Homeland Security said that regular measures for such events include portable fencing, barricades and pre-positioned teams that can respond to emergencies and nuclear incidents.

Pickle said that his office, the U.S. Army Military District of Washington and the House speaker's office have been planning for the funerals of Ford and other former presidents for years.

"We pretty much have a game plan in place," he said in an interview. In the past few days, he said, the plan has been fine-tuned "to fit the circumstances and . . . the family's needs and desires."

One uncertainty is the number of mourners who will attend Ford's services. About 200,000 people on both coasts turned out to view former president Ronald Reagan's casket in 2004; his funeral drew two dozen heads of state. Ford's funeral is expected to be a smaller, simpler affair, at his family's request.

Security concerns were paramount at the California service, as well. A phalanx of officers from the Riverside County Sheriff's Department on motorcycles escorted Ford's hearse to St. Margaret's Episcopal Church, located on a bluff overlooking the Coachella Valley. There were traffic detours around the church. Helicopters flew overhead, and bomb-sniffing dogs checked backpacks and packages.

Under a sunny sky, Betty Ford, her four children and seven grandchildren met the former president's mahogany casket outside the church. It was then carried up the steps by a Joint Services Color Guard to the tunes of "Ruffles and Flourishes," "Hail to the Chief" and the hymn "O God, Our Help in Ages Past," played by the Marine Corps Air Ground Combat Center Band from

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Twentynine Palms, Calif. The Rev. Robert G. Certain, the rector of the church and a friend of the family, led the casket into the church.

"We receive the body of our brother, Gerald, for burial," Certain said.

Ford's closed casket remained on the church's altar for a private prayer service, a wake for close friends and dignitaries, and a public period of repose -- which drew a crowd of thousands. Among those who came for the wake were former secretary of state George P. Shultz and former congressman Jack Kemp (R-N.Y.).

On Saturday, it will be flown to Washington where it will arrive in the evening for a service at the Capitol Rotunda, to be followed by three days of public viewing. The funeral service for the country's 38th president will take place on Tuesday at the Washington National Cathedral.

Ford, who served as president for 2 1/2 years after Richard M. Nixon's resignation in 1974 amid the Watergate scandal, left the White House after he was defeated by Jimmy Carter in 1976. He is the only president in U.S. history not to have been elected to the White House.

Ford moved to the California desert in the 1970s and divided his time between a home on the grounds of the Thunderbird Country Club in Rancho Mirage, a resort town 120 miles east of Los Angeles, and homes near Vail, Colo. He spent his time golfing, skiing, enjoying his family, managing his investments and working for local charities.

As part of a tradition going back to the 1885 burial of former president Ulysses S. Grant -- last observed in 2004 with the death of Reagan -- the New York Stock Exchange and the Nasdaq Stock Market announced that they will be closed on Tuesday. Other U.S. financial markets are expected to close for at least part of the day to honor Ford.

Among the service members taking part in the California ceremony on Friday, there was a sense of both sadness and duty. Cpl. Victor Norris, 25, an alto saxophone player from Birmingham, Ala., said he was "grateful to have the privilege of touching the lives of these people."

"When you play music in an attempt to move people," he said shortly before joining the rest of the 43-member Marine Corps Band, "it can be difficult. But, today, I believe we will definitely perform in a manner that will be worthy of our former commander in chief."

Certain, the church rector who led Ford's casket into St. Margaret's, said Betty Ford, 88, and the rest of her family, not including her three small great-grandchildren, would mourn from "The President's Pew" -- the pew where they had worshiped on Sundays starting in 1977. "This was their spot, and it will always be their spot," he said. Certain said former president George H.W. Bush and his wife, Barbara, among others, had joined the Fords there over the years.

After the Friday service, the former first lady is set to accompany her husband's remains across the nation for ceremonies that include the services in Washington and another in Grand Rapids, Mich., where Ford will be buried Wednesday on a hillside on the grounds of the Gerald R. Ford Presidential Library and Museum. Ford spent most of his childhood and practiced law in Grand Rapids before representing the area in Congress for 25 years.

Cortege Honors A Quiet Dignity (WP)

By Michael E. Ruane

The Washington Post, December 30, 2006

Unlike President Ronald Reagan, for whom Washington was a stage, and President Richard M. Nixon, for whom it was a trial, President Gerald R. Ford returns today to a Washington region he called home for almost 30 years.

And his funeral this evening will reflect a homecoming of sorts, devoid of some of the pomp of state funerals past, yet marked by his affection for the area and reverence for the capital and a recognition of the pace and time of the season, officials said yesterday.

The body of the president, who died Tuesday at his home in California, will be borne through the District's streets in a standard funeral hearse, rather than a horse-drawn caisson like the one that carried Reagan's body with elaborate and solemn ceremony two years ago.

There will be no military aircraft flyover tonight, officials said, unlike with Reagan's services, when a large flyover took place as the procession neared the Capitol.

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At the family's request, Ford's cortege is scheduled to make two special stops as it travels from Andrews Air Force Base, where it is set to arrive at 5:20 p.m., to the Capitol, where his body is to lie in state through Tuesday morning.

The cortege will first pass through Alexandria, where Ford and his family lived as Washington suburbanites in a red-brick Colonial with a pool and a bay window.

It will then pause at the World War II Memorial, on the Mall, in recognition of his Navy service during the war. His hearse will stop in the middle of 17th Street, which will be closed to traffic, for several minutes, said Army Col. Jim Yonts, a spokesman for the Joint Force Headquarters-National Capital Region, which is coordinating funeral events.

Yonts said the vehicle in front of the hearse will pull ahead and the one behind will stay back to give the president's body a solitary moment before a memorial, at which several veterans and Boy Scout groups are expected to pay tribute.

Ford -- who had been an Eagle Scout -- was deeply and quietly proud of his service on the light aircraft carrier USS Monterey near the height of the struggle in the Pacific.

"It must have been very important to him, or he wouldn't be making the stop," said former U.S. senator Bob Dole, who is an honorary pallbearer for the funeral. "Plus, it's sort of a salute to his generation."

During a typhoon that devastated a U.S. fleet in 1944, Ford, then a young gunnery officer, fought fires that could have sunk the carrier, said historian Robert Drury, who two years ago interviewed Ford on the phone about the incident.

Ford's funeral plans seem as different from Reagan's as the two men were from each other, although both relished Washington in different ways, historians say. Neither Nixon nor President Harry S. Truman -- who also died Dec. 26, in 1972 -- had funerals in the capital.

Reagan's grand services befit his popularity and outsize personality. His rites were also the first presidential funeral services in the city since those for Lyndon B. Johnson in 1973, which also had a military flyover and a horse-drawn caisson.

Officials said presidential funerals often are prepared years in advance. Donald A. Ritchie, associate historian of the Senate, said the military, which choreographs the events, offers an array of scenarios from which a family may pick.

Capitol officials said yesterday they have brought from storage the famed pine board catafalque on which Abraham Lincoln's body lay and prepared it to receive Ford's closed coffin later today. Most people who lie in state in the Capitol Rotunda do so on the Lincoln catafalque.

The Ford family's decline of the horse-drawn caisson to the Capitol might have been due in part to the season, Yonts said. The arrival at the World War II Memorial is expected to be about 6 p.m., well after the sun sets at 4:56 p.m.

Reagan's body was carried through the city at almost exactly the same time. But his journey was in early June, with sunset about 8:30 p.m. and plenty of daylight ahead.

It was not clear yesterday whether Ford's lower presidential profile would affect public attendance.

"A lot of people have a lot of respect for this man," Yonts said. "The opportunity, that if you're a tourist in this town at this time, to come by and show your respect plays into it."

But Ed Rudzinski, chairman of the board of the Hotel Association of Washington, D.C., said that, compared with Reagan's funeral, Ford's probably will be "a five versus a 10. Reagan was more pomp and circumstance. That was huge."

Still, he said, the thousands of people coming to attend will boost business during a time when rooms aren't in heavy demand.

Colleen Evans, a spokeswoman for Marriott International, said the Ritz-Carlton is experiencing a "big pickup" in reservations from foreign dignitaries and media groups.

"We'll have a book in the lobby for guests to sign -- they can put in their thoughts and recollections of the great healer."

In addition, the hotel's dinner special will include one of Ford's favorite dishes, Evans said: pot roast and red cabbage.

At Archives, A Sampling Of History On Display (WP)

By Sue Anne Pressley Montes

The Washington Post, December 30, 2006

In a busy second-floor corridor at the National Archives yesterday, the crowds paused reverently before the glass display case labeled "Gerald R. Ford -- 38th President of the United States."

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They studied the documents that marked Ford's entry into -- and exit from -- Washington political life: the oath of office he took as a freshman congressman from Michigan, dated Jan. 3, 1949, and his final State of the Union address, delivered as the outgoing president Jan. 12, 1977. They read the poignant comments he made at the end of that speech, about how he had experienced "many, many of the highlights of my life" in the halls of Congress.

The National Archives, at Constitution Avenue and Ninth Street NW, opened the tribute to Ford on Thursday, and since then, hundreds of visitors have stopped to snap a photograph of the documents and read the words he once spoke. The exhibit will be open every day through Jan. 11, including New Year's Day and Tuesday, the national day of mourning for Ford.

"We always have an uptick of visitors on the holidays, but there have been lots of people stopping by to look at the Ford documents," said Susan Cooper, spokeswoman for the National Archives, which has about 1 million visitors a year.

For tourist Carla Curtis of Tyler, Tex., viewing the Ford documents took her back more than 30 years, when she was a student at Baylor University fascinated with the Watergate hearings and all the political tumult that brought Ford to office after Richard M. Nixon resigned.

"Gerald Ford was one of my favorite presidents because I thought it took such incredible courage to step in as he did," Curtis said.

For three generations of the Reser family of Clarksville, Mich., yesterday's visit to the archives was a blend of pride and sadness. Their home is about 30 miles from Ford's home town of Grand Rapids, and they planned to pay a double tribute to Ford, viewing his coffin after it arrives in Washington this weekend and again in Michigan next week.

"We hate that it had to happen," Dave Reser said, "but since it did, we're glad we'll be able to say goodbye twice."

California Mourners Say Farewell To Ford (CNN)

CNN.com, December 29, 2006

PALM DESERT, California (CNN) -- The wooden casket bearing the body of former President Gerald Ford arrived Friday afternoon under military escort at the Palm Desert church where he and his wife worshipped on Sundays after they left the White House.

The steps of St. Margaret's Episcopal Church, which Ford and his wife, Betty, have attended for 30 years, were lined with an honor guard representing all the military services.

As his wife and other relatives looked on, pallbearers carried the late president's flag-draped casket into the church. Nearby, a military band played the poignant hymn, "O God, Our Help In Ages Past."

Ford, who died this week at his home in Rancho Mirage, California, had asked for simple funeral ceremonies, with a motorcade instead of a horse-drawn carriage and no military flyover. He requested that the University of Michigan fight song be played, said his friend, Rep. John Dingell, D-Michigan.

The 38th president starred on the University of Michigan football team, then went to Yale, where he served as assistant coach while earning his law degree.

A private prayer service and visitation at the church lasted until about 1:15 (4:15 ET), followed by a public viewing until 4:20 p.m. (7:20 p.m. ET).

On Sunday his body will lie in state at the U.S. Capitol. Ford's funeral service will be in Washington at the National Cathedral on Tuesday, which President Bush has designated as a day of mourning for Ford.

Bush's order triggers the closure of all federal offices except those necessary for national security. Major U.S. stock exchanges also are expected to be closed Tuesday in Ford's honor. The U.S. Postal Service said it would suspend delivery that day.

"I call on the American people to assemble on that day in their respective places of worship, there to pay homage to the memory of President Ford," Bush wrote in a proclamation issued Thursday. "I invite the people of the world who share our grief to join us in this solemn observance."

Ford will be buried Wednesday on a hill near the Gerald R. Ford Museum in Grand Rapids, Michigan, where Ford grew up.Flags fly at half-staff in tribute

In a brief address to the nation Wednesday, Bush called Ford a "great man" who was a "true gentleman."

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Ford became president after Richard Nixon resigned the office in 1974 during the scandal surrounding the burglary of Democratic Party offices at the Watergate Hotel.

"He assumed power in a period of great division and turmoil," Bush said. "For a nation that needed healing and for an office that needed a calm and steady hand, Gerald Ford came along when we needed him most."

In Ford's honor, Bush ordered U.S. flags at all federal government buildings to fly at half-staff for 30 days.

Former President Carter, who defeated Ford in the 1976 presidential race, said Ford "frequently rose above politics by emphasizing the need for bipartisanship and seeking common ground on issues critical to our nation."

"I will always cherish the personal friendship we shared," Carter said.

Incoming House Speaker Nancy Pelosi, D-California, said Ford "assumed office during one of the greatest times of challenge for our nation and provided Americans with the steady leadership and optimism that was his signature."

Democratic Sen. Harry Reid of Nevada, the incoming Senate majority leader, said Ford "was a devoted public servant who led our nation out of one of its darkest hours with grace and bipartisanship."'Our long national nightmare is over'

Ford was the least likely of presidents, a man brought to power by unprecedented circumstances without seeking the office, at a time when Americans -- reeling from the Watergate scandal -- were disillusioned and weary.

During his famous address to the nation after assuming office in August 1974, he tried to set a tone of reconciliation and renewal, telling his fellow Americans that "our long national nightmare is over."

Nearly a month later, Ford announced his decision to pardon Nixon, saying he hoped his act would "shut and seal this book" on Watergate.

His enormously controversial decision to pardon Nixon is widely blamed for costing him the 1976 election, which was one of the closest presidential races in U.S. history.

At 93, Ford was the nation's oldest surviving former president and the only president and vice president never to be elected to either office.

His death leaves three surviving former presidents: Bill Clinton, 60, George H.W. Bush, 82, and Carter, 82.

Ford is survived by his wife, Betty, 88; three sons, Michael, Jack and Steven; and a daughter, Susan.

Ford was born Leslie Lynch King on July 14, 1913, in Omaha, Nebraska. When he was 2 weeks old, his parents divorced, and his mother moved to Grand Rapids, where he grew up. His mother remarried, and he was adopted and renamed after his stepfather, Gerald Rudolph Ford.

After serving on an aircraft carrier in the Navy during World War II, Ford was elected to the U.S. House in 1948 as a Republican, representing a district that included Grand Rapids. He spent 25 years in Congress, working his way up to minority leader in 1965.

Ford's ascendancy to the White House was arguably the most unlikely in U.S. history. In October 1973, Vice President Spiro Agnew resigned after pleading no contest to tax evasion. Nixon, ensnared in the rising Watergate scandal, asked the well-respected Ford to leave Congress to replace Agnew, and he accepted.

In September 1974, Ford granted Nixon a pardon, sparing the former president the prospect of going to prison. The public and political backlash was angry and bitter, with Ford accused of making a tawdry deal with Nixon to secure the White House for himself.

Ford always denied that any deal had been struck. But the pardon colored the rest of his presidency.

In the fall of 1975, Ford's presidency was rocked by two assassination attempts within less than three weeks.

Even though he hadn't sought the presidency, Ford decided he wanted to stay in the White House and ran for election to a full term in 1976. It was an uphill battle from the start, and it ended in defeat to Carter.Ford: Iraq war justifications 'big mistake'

Ford kept a relatively low profile in his life after the presidency, rarely commenting publicly on his successors.

But in a 2004 interview never before published until this week, Ford told the Washington Post's Bob Woodward that Bush and his chief advisers "made a big mistake" with their justifications for the Iraq war.

"I don't think, if I had been president -- on the basis of the facts as I saw them publicly -- I don't think I would have ordered the Iraqi war," Ford said in a tape of the interview.

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Woodward told CNN's Larry King the interview was not to be used until he had written a planned book about Ford or until the former president died.

Asked to respond to Ford's comments, deputy White House press secretary Dana Perino said the administration and Bush are "focused on grieving" right now and "keeping the family in our prayers."

NYSE To Close In Ford's Honor (WSJ)

By Robert Schroeder

The Wall Street Journal, December 30, 2006

It will be the longest closing of major U.S. stock markets since the Sept. 11, 2001, terrorist attacks shut down trading for six days, including a weekend.

On Friday, the New York Stock Exchange joined the Nasdaq Stock Market in announcing it would close on Tuesday, in observance of a national day of mourning for former President Gerald Ford. Nasdaq had made its announcement on Thursday.

The closing delays the start of 2007 trading by one day. Combined with Monday's closing for New Year's Day, the markets will be closed for four straight days.

The Federal Reserve and most U.S. government offices will also close in honor of the late president, who died Tuesday at age 93. The bond market will be open, but close early at 2 p.m. EST.

NYSE Group Inc., parent of the New York Stock Exchange, said Friday that both the exchange and its NYSE Arca operations will be closed Tuesday. "My NYSE Group colleagues and I join all Americans in mourning the loss of President Ford, a man of great integrity and vision, and a dedicated public servant," said John Thain, the chief executive of NYSE Group.

Additionally, the American Stock Exchange, the Chicago Board Options Exchange and the CBOE Futures Exchange will be closed Tuesday, as will most floor trading at commodity exchanges. Some electronic trading will still occur.

The minutes of the Federal Open Market Committee's Dec. 12 meeting will be released Wednesday instead of Tuesday as originally scheduled.

Closing times for the 13-week and 26-week Treasury bill auctions scheduled for Tuesday are being moved up in honor of the day of mourning, the Treasury Department said Friday. The auction for the 13-week bill will close at 11 a.m. EST and the auction for the 26-week bill will close at 11:30 a.m.

The release of the Institute for Supply Management's index of factory activity also was pushed forward to Wednesday at 10 a.m., from Tuesday.

NYSE Joins Nasdaq, Will Close To Honor Ford (WP)

The Washington Post, December 30, 2006

The New York Stock Exchange said yesterday that it will close Tuesday as part of a national day of mourning to mark the funeral of former president Gerald R. Ford. The NYSE joined the Nasdaq Stock Market, which made a similar announcement Thursday.

Financial markets have traditionally closed for presidential funerals, most recently for the burial of former president Ronald Reagan in June 2004. The previous time that Wall Street was closed this long was after the Sept. 11, 2001, terrorist attacks, when there was no trading for six days, including a weekend.

Other U.S. financial markets planned at least partial closings Tuesday. The New York Mercantile Exchange said that it would close its trading floor, but electronic trading would be open.

The Chicago Mercantile Exchange said that it would close commodities and equity markets all day but would open until noon for foreign exchange and interest rates on its trading floor and electronic trading system. The CME will reopen electronic trading at 3:30 p.m. Tuesday for Wednesday trades.

Trading at the Chicago Board of Trade will be closed, except for the Treasury market, because of a scheduled bond auction that will keep the market open until noon. Bond markets are expected to have a shortened day, closing at 2 p.m.

Big Board Plans To Close For Ford Funeral (NYT)

The New York Times, December 30, 2006

The New York Stock Exchange said yesterday that it would close Tuesday as part of a national day of mourning to mark the funeral of President Gerald R. Ford.

The N.Y.S.E. joined the Nasdaq Stock Market, which made a similar announcement on Thursday.

It had been expected that the stock exchanges would close out of respect for Mr. Ford, the 38th president. Financial markets have traditionally closed for presidential funerals, the last time being the burial of President Ronald Reagan in June 2004.

Other financial markets planned at least partial closings Tuesday.

The New York Mercantile Exchange said it would close its trading floor, but electronic trading would be open. The Chicago Mercantile Exchange said it would close commodities and equity markets all day, but would open until noon for foreign exchange and interest rates on both its trading floor and electronic trading system.

Trading at the Chicago Board of Trade will be closed except for the Treasury market because of a regularly scheduled bond auction that will keep the market open until noon. Certain electronic markets will open Monday evening and Tuesday evening but will close during regular business hours Tuesday.

Bond markets were expected to have a shortened day, closing at 2 p.m.

Ford's Finest Legacy (WP)

By Quang X. Pham

The Washington Post, December 30, 2006

"Today, America can regain the sense of pride that existed before Vietnam. But it cannot be achieved by refighting a war that is finished as far as America is concerned. . . . [T]hese events, tragic as they are, portend neither the end of the world nor of America's leadership in the world."

President Gerald R. Ford uttered those words in a speech at Tulane University on April 23, 1975, in the final days of Vietnam's long war. The rowdy crowd roared and gave him a standing ovation. The military draft had ended and American troops and POWs had returned home two years earlier. America had washed its hands of Vietnam, yet millions of lives were still at stake.

Halfway around the world, my family experienced the unfolding of those tragic events in South Vietnam. For us, it was the worst of times. It seemed like the end of the world to me. I was only 10.

Dwight D. Eisenhower had sent American military advisers to Vietnam to help contain communism and prevent the "dominoes" from falling in Southeast Asia. John F. Kennedy dispatched thousands more in a graduated response to a burgeoning insurgency. Lyndon B. Johnson broke his promise not to send "American boys nine or ten thousand miles away from home to do what Asian boys ought to be doing for themselves." Richard M. Nixon prolonged the killing for another three years despite having a secret plan to end the longest American war ever.

In the end, after two decades of flailing diplomacy in that tiny peninsula, Gerald Ford dealt with the aftermath: empty guarantees made to an ally, promises he could not keep and a "peace with honor" that the congressional Watergate class would not enforce.

Years later Ford wrote a letter to the group of Marines who had evacuated the U.S. Embassy in Saigon. In it he said, "April 1975 was indeed the cruelest month. The passage of time has not dulled the ache of those days, the saddest of my public life."

But Ford became the savior to those lucky enough to escape the taking of Saigon by the North Vietnamese army. "I pray no American president is ever again faced with this grave option," Ford said at a public forum on the legacy of the Vietnam War 25 years later. "I still grieve over those we were unable to rescue." He added that he was thankful America was able to relocate 130,000 Vietnamese refugees (less than 1 percent of South Vietnam's population) and that "to do less would have added moral shame to humiliation."

My family and those other blessed South Vietnamese found ourselves stuck in refugee camps across the United States. Outside the camps, public sentiment against Vietnamese refugees ran high, although at the time we did not feel it directly. The book on Vietnam had been closed for most Americans until the refugees arrived in unprecedented numbers. Only the Hungarian and Cuban refugee resettlements were of comparable scale. Newspapers portrayed the country as split on what to do with the refugees.

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In a May 1975 article in the New York Times, Sen. Robert Byrd (D-W.Va.) commented that "barmaids, prostitutes and criminals" should be screened out as "excludable categories." Sen. Joe Biden (D-Del.) "charged that the [Ford] Administration had not informed Congress adequately about the number of refugees" -- as if anyone actually knew during the chaotic evacuation. "I think the Vietnamese are better off in Vietnam," sniffed George McGovern in Newsweek.

At the time, unemployment in the United States hovered near double digits. Perhaps this had something to do with the anti-refugee emotion. In Larry Engelmann's "Tears Before the Rain: An Oral History of the Fall of South Vietnam," Julia Vadala Taft, head of the interagency task force for refugee resettlement, recalled such opposition. "The new governor of California, Jerry Brown, was very concerned about refugees settling in his state. Brown even attempted to prevent planes carrying refugees from landing at Travis Air Force Base near Sacramento. . . . The secretary of health and welfare, Mario Obledo, felt that this addition of a large minority group would be unwelcome in California. And he said that they already had a large population of Hispanics, Filipinos, blacks, and other minorities."

The refugees were extremely fortunate. Our biggest supporter, outside of Julia Taft, was the president of the United States. Even though he had described the Vietnam conflict as "a war that is finished as far as America is concerned," Ford's attention was now focused on the refugees. In May 1975 he visited the camps, and soon after refugees began leaving to start new lives across America. The government wanted to disperse the refugees to spread the cost among many states and communities. By Christmas of that year, all refugee camps had been closed, and the refugees were resettled in every state.

I am not aware of any other politicians, antiwar protesters, esteemed journalists or celebrities visiting Fort Chaffee, Ark., where my family was temporarily housed for two months. But Gerald Ford did.

April 1975 was indeed the cruelest month for us. But thanks to President Ford's leadership, we experienced America's kindness and generosity during our darkest days. We owe him our deepest gratitude in remembrance.

Quang X. Pham, who was born in Saigon, served as a Marine pilot in the Persian Gulf War. He is a businessman and the author of "A Sense of Duty: My Father, My American Journey."

Edwards, Now Seasoned, Elbows His Way Into The Field (WP)

By Dan Balz

The Washington Post, December 30, 2006

PORTSMOUTH, N.H., Dec. 29 -- With overflow crowds and his populist economic message and his Internet-friendly campaign organization, John Edwards signaled this week that, if he has anything to say about it, the race for the Democratic presidential nomination will be about more than just Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois.

Edwards 2.0 is a revised version of his beta candidacy of 2004. He begins his second campaign for the White House with the kind of self-confidence that comes only from having tried and failed once before. "My biased self-perception is that both the campaign and what's happened since then has had a maturing effect on me," he said in an interview here Friday, adding: "I think that it's just a calmness that's different.

There are also critical adjustments in his candidacy that position him to compete against Clinton and Obama, the party's two unannounced glamour candidates of the moment. Edwards will be able to run to the left of Clinton in a party whose base has shifted leftward during the Bush presidency. And this time, questions about lack of experience will go first to Obama.

The most significant change for Edwards comes in what was his most serious weakness -- foreign policy and national security. When he ran in 2004, his lack of foreign policy experience was magnified by the post-Sept. 11 focus on global terrorism. Like many Democrats interested in national office, he supported the resolution authorizing President Bush to go to war in Iraq.

In 2004, he did not walk away from that vote. But earlier this year he did, and he has not looked back. He calls the vote a mistake and says all politicians must come to terms with their past positions on the war, regardless of their rhetoric today. That represents a subtle challenge to Clinton, who has been reluctant to call her vote for the war a mistake.

Edwards also has joined the majority of Democrats in calling for the withdrawal of almost one-third of the U.S. troops currently stationed in Iraq. "What you begin with is a fundamental threshold question of what is the most effective way to put the burden on them to come to some political solution," he said in the interview. "My own judgment, and I think it's the judgment of many others, is the most effective way to shift that burden to them is for us to begin to reduce our presence there."

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Edwards knows he will continue to get questions from reporters about his foreign policy expertise, as he did on Thursday when he launched his candidacy. Though he believes most Americans think someone who has been on a national ticket is qualified to be president, he knows that even minor mistakes on his part -- a slip of the tongue, the inability to answer an obscure question -- will be potentially damaging.

But he had a ready answer this week to the question of national security experience: Bush had the most experienced team in history, and still the United States ended up in a mess in Iraq. Experience, he said, is not a guarantee of good judgment.

As he did last time, Edwards is running on themes of economic populism, and given the success of many Democratic House candidates in this fall's midterm elections, those themes may have even more resonance today than they did in 2004.

Edwards has settled comfortably into the left-of-center position in the Democratic field, pairing positions that excite the party's liberal base with an upbeat message of hope and optimism. He has worked to deepen his relationships with organized labor, especially in Nevada, which is holding an early 2008 caucus, and he will challenge Clinton and Obama for the endorsements of key unions.

Edwards supports universal health care, which he said means health care for every American, not just most. "As you remember from 2004, there were a bunch of people waltzing around saying they had a universal health care plan that didn't cover everybody," he said. "Politicians tend to do that."

He said he is examining two ideas and weighing whether to support a more ambitious and costly plan or one that may be more politically achievable. But he said both would meet his test of universality.

Edwards also refuses to let his domestic ambitions be held hostage to the words "fiscal discipline." Though he acknowledges that the deficit has become a problem under Bush, he said the bigger priority is investing in health care, alternative energy sources, and programs designed to strengthen the middle class and attack poverty.

His ultimate goal may be to hold the deficit roughly where it is or slightly lower, rather than seeking a substantial reduction. "If we do energy, health care, serious middle-class poverty proposals, then I think we're talking about just trying to keep the deficit in check," he said.

Although he staged a scaled-down declaration of candidacy in New Orleans on Thursday, he drew large crowds at stops in Iowa and New Hampshire. Well over 1,000 people turned out Thursday night in Des Moines, and a crowd of that size or slightly larger showed up for his town hall meeting Friday in Portsmouth, where several hundred were turned away because there was no room.

Edwards rarely drew crowds that large in New Hampshire in 2004, except during the final few days of the primary campaign, and only after finishing a surprising second in Iowa. The reception he received on his announcement tour provided a reminder that Obama is not the only Democrat capable of attracting attention.

As he began his second campaign, Edwards did not mention his roots as the son of a mill worker, a staple of his message the first time around. Also gone was his campaign anthem from 2004, John Mellencamp's "Small Town." Even Edwards got sick of it.

Plenty of issues confront Edwards this time out. His people skills long have raised questions about whether there are heft and substance to complement his natural talents as a campaigner. His new emphasis on asking citizens to take action now, rather than waiting on government, leads one to ask exactly what he wants people to do to combat global warming, eradicate poverty and repair the damage along the Gulf Coast in the wake of Hurricane Katrina.

Edwards said he no longer believes, as he once did, that presidential campaigns turn on issues and policy positions. Instead they are forums for demonstrating the capacity to inspire and lead. "I think presidential elections are a very different breed of cat," he said in June. "I think they're much more about character and leadership and integrity than they are about a particular issue."

Having been through an earlier campaign, Edwards now feels confident that he knows what to concentrate on. "I spent most of my time last time learning how to be a presidential candidate," he said this fall. "I didn't know how to do it. I woke up every day worrying about how to be a better candidate than I was yesterday. Now that's not what I think about. I wake up today thinking about what should the president be doing about these things. It's just totally different."

Edwards hopes that knowledge will help produce a different outcome this time around.

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Supporters Try To Entice Obama With Another Round Of Ads (RC)

By Paul Kane

RollCall.com, December 29, 2006

As Sen. Barack Obama (D-Ill.) nears a decision on his presidential aspirations, an independent group of supporters is going back on the air to try to entice him into the 2008 White House campaign, this time with an ad campaign in the first-in-the-nation caucus state of Iowa.

DraftObama.org, a political action committee founded by Democratic activists in the Washington, D.C., suburbs of Maryland and Virginia, has bought time on three major network affiliates in Iowa to air its "Believe Again" ad, a 60-second spot that already has been shown on New Hampshire, Hawaii and D.C.-area TV stations.

Obama spent his Christmas holiday with family in Hawaii as he made his final gut-check about a White House bid, continuing to build the hype around a nascent campaign that has taken on an infrastructure that quickly would be ready to get into a race for which several candidates have been prepping the past few years.

"Putting the ad on TV in Iowa on New Year's Day is our humble way of asking potential caucus-goers to encourage Sen. Obama to run for president," said Ben Stanfield, a resident of Rockville, Md., who helped found the DraftObama PAC.

Stanfield has no direct involvement with Obama in any official capacity, and therefore his campaign ads and the money he's raised would not appear to have any legal bearing on a campaign if Obama does run.

Obama's political advisers declined to comment about the latest round of ads from DraftObama, noting that no decision has been reached by the Illinois Senator.

He still is in Hawaii with his family, aides said, with a decision coming next month.

While technically independent, the DraftObama group has some notable Democratic activists involved. Andrew Rosenberg, an Alexandria activist who challenged Rep. Jim Moran (D-Va.) in the 2004 primary, is a senior adviser to the group, according to forms filed with the Federal Election Commission.

And Todd Webster, a former spokesman for ex-Senate Democratic Leader Tom Daschle (S.D.), helped found the group and serves as a media adviser. Many former Daschle advisers have clustered around Obama as their candidate of choice in 2008.

DraftObama officially filed with the FEC on Dec. 21 and won't report any fundraising activities till next month.

McCain, Romney, Giuliani Top GOP Names (AP)

By Liz Sidoti

AP, December 30, 2006

When it comes to the presidency, the Republican Party has a long tradition of nominating the next guy in line. That's John McCain, and the failed GOP presidential aspirant of 2000 is positioning himself as the anointed 2008 nominee.

Yet, a full year before the first primary contests, the Republican race is anything but wrapped up. The Arizona senator who once reveled in his reputation for bucking the party line is now running as the establishment candidate, but he faces serious challenges from Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani.

"Right now, McCain is the front-runner. There are always dangers in being a front-runner. But you'd rather be the front-runner than the also-ran," said Ken Duberstein, a longtime GOP consultant. "The question is whether McCain falters or not."

Others dispute that the front-runner mantel belongs to anyone this early.

"We don't have one yet. There's not enough engagement by the activists and the money people," countered Ed Rogers, a Republican strategist. He said straw polls, dollars in the bank, and key endorsements next year would better gauge the state of play.

Yet, there's no denying the party's history.

"We're respectful of hierarchy," Rogers acknowledged.

Regardless of who has the early edge, McCain, Romney and Giuliani make up the top tier of the crowded GOP presidential field that includes a cast of other lesser-known potential candidates, most of whom would be long-shots should they decide to formally enter the race.

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In all, at least a dozen Republicans are considering running to succeed President Bush. With Vice President Dick Cheney having ruled out a candidacy, the cast of wannabes grows daily. It includes current and former governors, as well as current and former members of Congress.

Among them, the McCain, Romney and Giuliani troika are considered serious contenders believed to be able to raise the $80 million to $100 million next year that operatives say will be needed to mount a viable campaign.

Yet, all three also have positions that raise alarms with the GOP's vitally important conservative base:

• Long viewed skeptically by conservatives for his renegade streak, McCain has further agitated them with his position on immigration and his involvement in avoiding a Senate showdown over Bush's judicial nominees.

• Romney insists that he opposes abortion and is a defender of traditional marriage. Yet, he voiced more liberal views when he ran as a moderate in his 2002 gubernatorial race and in a failed 1994 Senate bid. He's drawn fire from leading conservatives for such inconsistencies.

• Giuliani is a social moderate who supports gun control, same-sex civil unions and abortion rights, stands that run counter to the positions of the GOP's right flank.

Those apparent deficiencies — in the eyes of conservatives — may leave a spot in the field for someone with less-shaky right-wing credentials, such as former House Speaker Newt Gingrich, who the party's base reveres. He says he'll wait until fall to decide whether to seek the nomination.

Mindful of their conservative obstacles, the top-tier trio spent 2006 seeking to sow good will within the party and curry favor with down-ballot Republican candidates across the country — particularly in the early primary states of Iowa, New Hampshire and South Carolina — by campaigning and raising money for them.

At the same time, McCain — who has been a political celebrity since his underdog campaign of 2000 — sought to position himself as the front-runner, spending much of the year building a national campaign that paired his longtime loyalists with top Bush political aides. He also set up organizations in key states, announced the backing of grass-roots supporters and signed on big-name fundraisers.

The 2006 campaign season had barely ended when McCain formed a presidential exploratory committee, launched a Web site and gave a speech calling himself a "common-sense conservative" — the main theme of a campaign should he go forward.

Romney, meanwhile, spent the year as chairman of the Republican Governors' Association, a post that allowed him to travel the country, dole out money to his party's gubernatorial candidates and show off his fundraising prowess. He raised a record $20 million for the association to help elect Republican governors, but the GOP ended up losing 20 of 36 races.

The Massachusetts governor also made preparations for an expected White House run, recruiting notable Washington insiders to work alongside his longtime cadre of Boston-based aides and putting in place campaign-style teams in early states. He is expected to formally enter the race shortly after he leaves office on Jan. 4.

As 2006 closed, his support was in the single digits in national polls.

Not so for Giuliani, the famed former big-city mayor whose star power reached new heights after the Sept. 11, 2001 terrorist attacks. The man dubbed "America's Mayor" has consistently ranked first in national surveys, usually leading McCain by a few percentage points. Giuliani also draws huge crowds when he visits early primary states.

Like McCain, Giuliani created an exploratory committee just after the November election, but he significantly trails both McCain and Romney in recruiting top political talent and putting together an organization capable of running a national campaign.

Meantime, Kansas Sen. Sam Brownback and former Wisconsin Gov. Tommy Thompson have established exploratory committees, and California Rep. Duncan Hunter and former Virginia Gov. Jim Gilmore have said they intend to follow suit. Others said to be mulling a bid include Arkansas Gov. Mike Huckabee, New York Gov. George Pataki, Nebraska Sen. Chuck Hagel, and former Oklahoma Gov. Frank Keating.

House Democrats To Object To Florida Election Outcome (NYT)

By Kate Zernike

DOJ_NMG_0111726

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — Democrats said Friday that they would open the new Congress by formally objecting to the election result in Florida's 13th District, in the hope that the Democrat who is contesting the narrow outcome there will ultimately take the place of the Republican whom the state has certified as the winner.

The move will not prevent the Republican, Vern Buchanan, from taking office with the rest of the 110th Congress next Thursday. But Democrats say that because the House is the final certifier of House election results, they want to make certain that Mr. Buchanan's swearing-in does not prejudice a legal challenge mounted by his opponent, Christine Jennings.

The Democrats say that if they were to make no such objection, formally called a parliamentary inquiry, they would essentially be signaling the courts that the House agreed with the state-certified result. By contrast, their move will put the House on record as supporting Ms. Jennings's challenge.

That move requires no House vote, only the approval of the chair, presumably Representative Nancy Pelosi of California, who is to become speaker next week.

"No one who's in a disputed election like this should get too comfortable in the House of Representatives," Representative Rush D. Holt, Democrat of New Jersey, said in announcing the new majority's plan on Friday. "The evidence will show that a revote is necessary."

The race between Mr. Buchanan and Ms. Jennings, for a Sarasota-area seat held until now by Representative Katherine Harris, a Republican, was one of the closest in a Congressional election that featured several recounts and challenged outcomes. On Nov. 20, the Florida Elections Canvassing Commission, made up of Gov. Jeb Bush and two other Republicans, declared Mr. Buchanan the winner by 369 votes.

But Ms. Jennings, and some voters, have complained of irregularities. Paperless electronic voting machines used in the district recorded a significant percentage of what are known as "undervotes": some 18,000 ballots, or about 15 percent of the total cast in the district, registered votes in races for other offices but not in the House contest.

In some counties in the district, there was an undervote of 25 percent or more, Mr. Holt said, and in one area an undervote of 38 percent.

In contrast, he said, the undervote among absentee ballots was only 2.5 percent.

"Something was wrong there," the congressman said.

Mr. Buchanan has criticized Ms. Jennings's challenge as an effort to delay the elections process, calling it "frivolous," "disappointing" and "regrettable." A Buchanan spokeswoman did not return calls seeking comment Friday.

Ms. Jennings has said she intends to take a seat that is rightfully hers, and she even attended freshman orientation for new House members in November. Legal filings on her behalf say she would have won by 3,000 votes if the tallies had been done properly.

Her campaign suffered a setback Friday, however, when a Florida circuit judge ruled that she could not examine the programming code of the electronic voting machines used in the election. The judge, William Gary, said her arguments about the possibility of undervotes were "conjecture" and did not warrant disclosing the trade secrets of Election Systems & Software, a voting machine company.

The Jennings campaign said it would appeal.

Democrats Will Allow Buchanan To Be Seated Jan. 4 (RC)

By Nicole Duran

RollCall.com, December 29, 2006

Democrats will not kick off the 110th Congress by refusing to seat Rep.-elect Vern Buchanan (R-Fla.), despite pending lawsuits and a House Administration query into his Nov. 7 election.

Many Democrats question the outcome of the election in the Sarosota-based district that saw Buchanan edge out Christine Jennings (D) by 369 votes.

Jennings is challenging the results and demanding a new election, citing some 18,000 votes that recorded no selection in her House race as proof that the election was fundamentally flawed.

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Despite Democrats' concerns over the election results, incoming Speaker Nancy Pelosi (D-Calif.) clearly did not want to open the first Democratic-led session in 12 years with an ugly House floor fight over whether Buchanan should be seated or not.

The Florida secretary of state certified Buchanan as the winner Nov. 21. However, a majority of the House can refuse to seat any Member.

Instead, Rep. Rush Holt (D-N.J.) will make a formal inquiry on the House floor after Pelosi's anticipated election as Speaker.

His inquiry, the wording of which is not yet available, will seek to put on record that Buchanan's swearing-in should not prejudice the pending House investigation or court cases, nor should it be construed as validating the Florida secretary of state's findings.

Holt's move allows Democrats to maintain the comity Pelosi and other Democratic leaders have promised will define their stewardship of Congress while leaving the door open to removing Buchanan later.

Democrats long complained of the heavy-handed and un-democratic tactics they say Republicans used to run Congress, especially the House, since gaining control after the 1994 elections.

According to Pelosi aides, she supports Holt's course of action.

Holt said he thinks there is substantial evidence that the electronic voting machines used in Sarasota County, which produce no paper trail, malfunctioned. He thinks the unusually high "undervote," the term for when a ballot is cast with blanks in some races, proves so.

Holt said during a news conference Friday morning that a re-vote is necessary.

Holt also disputed the notion that by seating Buchanan Jan. 4 the House is seating him for the entire two-year term.

"No one who is in a disputed election like this should get too comfortable," Holt warned.

Jennings' court challenge, as well as the House Administration Committee's investigation, could take months to resolve, Holt acknowledged.

Nonetheless, Buchanan maintains that his swearing-in Thursday means that he will be on Capitol Hill for the duration.

"There is nothing in statute, House rules, or the Constitution that provides a special condition for the seating of a Member," Buchanan's spokeswoman said in a news release. "All Members are seated equally. All members are sworn in for the duration of the Congress unless they resign or the House votes to remove them."

Buchanan Will Be Seated, But Dems Say Battle Continues (HILL)

By Aaron Blake

The Hill, December 29, 2006

Rep.-elect Vern Buchanan (R-Fla.) will be seated when the 110th Congress is sworn in next week, despite a lawsuit contesting his victory that is unlikely to be resolved anytime soon.

Democrats have decided against refusing to seat Buchanan, which they could do with a majority vote. They instead will consider his status temporary until the state of Florida resolves alleged inconsistencies in his 369-vote victory last month. That process could take months.

Buchanan's opponent, Democrat Christine Jennings, says electronic voting machines failed to record thousands of votes in Sarasota County, where 18,000 ballots didn't include choices in the 13th District race. She has filed suit to obtain access to the voting machines' software and is seeking a revote.

Instead of refusing to seat Buchanan, Rep. Rush Holt (D-N.J.) announced Friday that he would be making a formal inquiry after Speaker-designate Nancy Pelosi takes control of the House on Thursday. Holt's action will make clear that nothing the House does should be construed as supporting the current position of the Florida secretary of state, who late last month certified Buchanan as the winner.

Should Jennings's contentions be validated by the Florida courts, the House would have the power to remove Buchanan.

"The thing to remember is each of us serves provisionally or conditionally," Holt said. "If it is determined that any of us doesn't meet the qualifications or was not duly elected, we're out of there. … Any member of Congress who is in a contested race shouldn't get too comfortable with the idea of being in Congress."

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In a statement, Jennings said she supported the decision to seat Buchanan and the course of action by the Democratic leadership.

"It is important to protect the voters, and this step will ensure they are not left without a voice in Congress," Jennings said. "But it is also important to protect the rights of the thousands of voters who were disenfranchised during this election."

Buchanan's campaign claimed victory and emphasized that he will be sworn in as all other new members are.

"This confirms what the people of Florida's 13th District already know, that Vern Buchanan is the certified winner of the election and that he will be seated," spokeswoman Sally Tibbetts said.

Trounced At Polls, Kansas GOP Is Still Plagued By Infighting (WP)

By Peter Slevin

The Washington Post, December 30, 2006

CHICAGO, Dec. 29 -- Phill Kline is not one to slink away -- and the ideological wars inside the Kansas Republican Party show no sign of ending.

The fiercely antiabortion Republican attorney general in Kansas lost his reelection bid in November when moderate Republicans voted in droves for Paul Morrison, a longtime Johnson County district attorney who became a Democrat in hopes of vanquishing Kline.

Statewide, Kline got barely 4 in 10 votes. In Johnson County, the state's most populous county, his loss was more dramatic. That made it especially shocking after the election when Republican precinct leaders in the county chose Kline to finish the final two years of Morrison's term as prosecutor.

Gov. Kathleen Sebelius (D), a vocal Kline foe, refused to sign his nomination papers, a ceremonial task, lambasting a "small narrow group of partisan political operatives" for choosing him. At the Westside Family Church in Lenexa, after precinct leaders backed Kline over a Morrison aide 316 to 291, Republicans showed just how divided they are.

"The moment Phill Kline got the nomination, half the room got up and walked out," said Scott Schwab, the county GOP chairman. "It wasn't so much yelling or cussing. They threw up their arms and said, 'What do we do now?' "

Kline's reincarnation as Johnson County prosecutor reveals the depth of the continuing Republican split in Kansas and suggests challenges faced by the GOP nationwide as it tries to recover from its Nov. 7 losses and build toward 2008.

Republicans lost their U.S. House and Senate majorities and 350 seats in state legislatures across the country. The early post-election Kansas experiences show that a recovery could be difficult because the splits inside the party between social conservatives and moderates will not be easily healed.

Given the defeats in Kansas of religious conservatives such as Kline, U.S. Rep. Jim Ryun (R) and some members of the State Board of Education, one Kansas political analyst expected the GOP "would be ready to mend fences and move forward."

But that has not yet happened.

"I think the divide between the moderates and conservatives is deepening rather than closing," said Kansas State University professor Joseph Aistrup. "This type of politics is continuing into our future, at least another four years."

The Kansas political divide has drawn outsized attention in recent years. The state was the setting for an influential 2004 book by Thomas Frank, "What's the Matter With Kansas? How Conservatives Won the Heart of America."

Against that backdrop, Kline made headlines with his assault on abortion clinics while the Board of Education drew worldwide attention -- and some ridicule -- for its endorsement of challenges to firmly established Darwinian theory.

More recently, Sen. Sam Brownback (R-Kan.), a social conservative thought to be considering running for president, drew notice for holding up a federal judicial nomination when he learned the nominee had attended a commitment ceremony for a lesbian couple. He said he wanted to know whether she had presided.

Kansas Democrats and moderate Republicans fought back this year. In the midterm elections, Democrat Nancy Boyda stunned five-term incumbent Ryun, while moderate Republicans Morrison and his friend Mark Parkinson, a former chairman of the Kansas GOP, changed parties and easily won statewide office.

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Morrison and Parkinson, the incoming lieutenant governor, were both recruited by Sebelius and both came from Johnson County, where moderates say they are particularly fed up with Kline, 46, a gregarious former scholarship wrestler and radio announcer.

Morrison outpolled Kline 65 percent to 35 percent in the traditionally Republican county. Then came Kline's election by Republican insiders to the district attorney's office.

"It just looks like a slap in the face to the voters of Johnson County to have him put in there," said Robert H. Meneilly, a former Presbyterian pastor and a lifelong Republican who intends to change parties.

"I've stayed in the party because my wife thinks you can do more inside the party than out," Meneilly said. "That hasn't been the fact so far."

Schwab, the Johnson County GOP chairman, strongly backed Kline for attorney general and thinks he will be a good prosecutor -- as long as his government work "is not about Phill Kline's ego, but about justice."

Yet Schwab said Kline's election will cause problems for the GOP as Democrats try to extend their gains in a state President Bush twice won handily.

"My job is to elect Republicans, and he made it very difficult," Schwab said.

Kline remained undeterred by defeat, firing a final volley against Kansas abortion clinics as he prepared to leave the attorney general's office. He filed charges against George Tiller, accusing the Wichita doctor of performing illegal late-term abortions.

A Wichita judge dismissed all counts, ruling that Kline had overstepped his authority.

Kline tried to extend his investigation by naming as a special prosecutor a staunchly antiabortion Wichita lawyer. Morrison, who has criticized Kline repeatedly for injecting politics into the attorney general's office, said he will review the files but made clear that the tenure of Kline's appointee will be short.

"Kansans expect more from their attorney general," Morrison said, "than grandstanding and stunts."

Kline is not unhappy. He got the new job, a fresh platform and even a raise. The Johnson County job pays $50,000 more than he made as attorney general.

No Lack Of Donors For Governor's Inaugural (LAT)

By Evan Halper

The Los Angeles Times, December 30, 2006

SACRAMENTO — Donna Summer will sing at the black-tie gala. Tony award-winner Jennifer Holliday will croon at the swearing-in ceremony. A 20-foot-long fresh-water aquarium will grace the Capitol lawn. And construction firms, insurance companies, developers and other private donors — most with business in the governor's office — will pick up the tab of at least $1.4 million for a lavish party to kick off Gov. Arnold Schwarzenegger's second term.

Schwarzenegger's inaugural committee Friday announced the plans for next Friday's celebration, along with a list of donors. Campaign finance watchdogs have called the whole affair unseemly. Unlike other donations from special interests with business before the state, contributions to the inaugural committee are not subject to legal limits. Nine donors contributed at least $50,000 each to the event, which earned them the designation of "Gold Sponsor." Half the $1.4 million raised came in during the last two weeks.

Critics of the event say donors are less interested in funding a good party than being in the good graces of the governor when they need a favor.

"These donors aren't stupid," said Derek Cressman, an analyst with the Sacramento-based Poplar Institute, a nonprofit organization that studies the role of money in politics. "They are shrewd businesspeople who give money for sound business reasons. They give because they feel it will improve their bottom line by getting them access and goodwill with the governor's office…. I think it's inappropriate."

Among the Gold Sponsors of the event, which the inaugural committee says will highlight the state's environmental innovations, is Chevron. The oil company has long been at odds with environmental groups and helped lead the effort to defeat a

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ballot initiative in November that would have spurred billions of dollars in state-financed investment in alternative energy. Schwarzenegger joined the oil company in opposing it.

Another Gold Sponsor is Martin Matich, an Inland Empire construction magnate who earlier this year had part of the 210 Freeway named in his honor by the state. His firm, the Matich Corp., will be in contention for a chunk of the $37 billion in public works borrowing authorized by voters in November — and which will be doled out by lawmakers and the governor.

Among other Gold Sponsors are E&J Gallo Winery, the California Chamber of Commerce, the California Grocers Assn. and a state realty group.

Julie Soderlund, a spokeswoman for the inaugural committee, said the companies give because "they believe in the governor's vision for the state of California."

She said such contributions in no way influence his actions in office.

"The governor makes decisions based upon what he believes is best for the people of California," Soderlund said.

The affair is expected to be the grandest the Capitol has seen in some time.

It will be kicked off on the Capitol lawn Thursday, with the "Leading the Green Dream" environmental event, which will be open to the public. The governor and First Lady Maria Shriver will be there, along with former NBA star Vlade Divac. There will be the giant aquarium, filled with fish from California rivers, and display models of cars that run on clean-burning fuels. Organic California-grown food will be shown off and consumed, and children can take part in interactive gardening projects.

The next day, some 3,000 invited guests will attend the governor's swearing-in at Memorial Auditorium in Sacramento. Jose Feliciano will perform the National Anthem, and Jennifer Holliday, whom the committee describes as "Broadway's original 'dream girl' " will sing the show's "And I'm Telling You I'm Not Going." The event will also feature performances by the 59th Army National Guard Band and local Sacramento performers.

Then there is the luncheon with lawmakers at the Capitol, where the bands Mariachi Divas and Espino will perform.

Next, it's on to the "Celebrate the California Dream" black-tie gala at the Sacramento Convention Center. The 2,000 tickets — $500 each — sold out long ago. At the event, Paul Anka will sing "My Way," with new lyrics written especially for Schwarzenegger.

The gala will be capped off with a performance by Donna Summer. Among the hits she will sing is "She Works Hard for the Money."

Spitzer Plans Inauguration Reflecting Vow Of Openness (NYT)

By Nicholas Confessore

The New York Times, December 30, 2006

Twelve years ago, Gov. George E. Pataki took office with one of the most lavish inaugural parties in New York State history: three days of food and celebration for thousands of supporters, paid for with money raised by a private corporation established solely for that purpose.

But the extravaganza blossomed into a two-year headache after Mr. Pataki broke a promise to open the corporation's books to the public, plunging his administration into its first scandal.

It later emerged that the corporation broke multiple campaign finance laws in raising more than $2 million from corporations with business before the state, with some of the money going to pay off campaign debts and even to reimburse Pataki aides for personal expenses.

Governor-elect Eliot Spitzer is aiming for a happier beginning. Mr. Spitzer has planned a comparatively modest celebration for himself. It will be called the "people's inauguration" and has carefully been designed to emulate his pledge to conduct the public's business in the open.

Should the weather hold, Mr. Spitzer will have a ceremonial swearing-in at noon in a park adjoining the Albany Statehouse. (The Times Union Center, a nearby arena where Mr. Pataki was sworn in with a 19-gun salute and a laser light show, is the location if it rains.)

After being sworn in, Mr. Spitzer will keep to a nearly unbroken schedule of public events. He and his wife, Silda Wall Spitzer, will hold a two-hour public reception at the governor's mansion, while the concourse under Empire State Plaza will be

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the site of a culinary festival, as it was during Mr. Pataki's inauguration. The day will end with a star-studded free concert at the Times Union Center, with the actor and comedian Jimmy Fallon as host.

"We want the emphasis to be on celebrating this important day for the state, but doing so in a way that is slightly more subdued than in years past, and a greater emphasis on opening it to all New Yorkers and their families," said Christine Anderson, a spokeswoman for Mr. Spitzer.

Where Mr. Pataki's inauguration was led by his top campaign fundraiser, Mr. Spitzer's will be run by Ms. Wall Spitzer and Michelle Paige Paterson, the wife of David A. Paterson, the lieutenant governor-elect.

The money to pay for it will come from the roughly $5.5 million left over from Mr. Spitzer's campaign for governor. (Other statewide elected officials may also contribute leftover campaign money to share the expense.) Mr. Spitzer pledged this month that he would conduct "absolutely no fund-raising" for the inaugural.

The contrast between Mr. Pataki's and Mr. Spitzer's inauguration plans owes much to the contrasting political circumstances under which each man came to office.

Mr. Pataki's 1994 victory over Mario M. Cuomo, the three-term incumbent, was a major political upset, elevating Mr. Pataki, a formerly obscure state legislator from Westchester, into a hero of that year's Republican revolution.

"It was kind of Moses leading the Republicans out of the wilderness," said Blair Horner, legislative director of the New York Public Interest Research Group. State Republicans were euphoric, and wanted a celebration to match their triumph.

By contrast, Mr. Spitzer was being widely trumpeted as a future presidential contender even before his landslide victory in November. He enters office with a mandate for reforming the ethics of Albany, and is under considerable pressure to practice what he preaches.

"I think that the administration is well aware that it is first impressions that count," said George Arzt, a lobbyist and consultant who worked on Mr. Spitzer's 1998 campaign for attorney general.

"A lot of people are going to come up in order to feel out the administration, to figure out who they can meet, to see if they can set up a relationship with them," he added. "But at the same time, there is a feeling of change — and you want to measure what that change is."

Several Albany lobbyists said they thought that the private receptions sometimes held by the city's interest groups and trade associations, usually in Albany's better hotels and restaurants, would be fewer and more restrained this year.

"In terms of the way they are carrying themselves and dealing with the governor, everybody got the message that he is very serious about the appearances," said Robert J. Bellafiore, a lobbyist who was press secretary to Mr. Pataki during and after the 1995 inauguration. (He described the fallout from Mr. Pataki's inauguration as a "major headache.") He added, "You're not going to want to do anything that you think that the new governor might think is something he wouldn't want to be a part of."

At any rate, neither Mr. Spitzer nor his senior staff will be attending any such parties during the inauguration, said Ms. Anderson, the spokeswoman. But the incoming administration will be slipping in at least one exclusive event before taking office: On New Year's Eve, shortly before being sworn in, Mr. Paterson will be the host at an invitation-only reception at the Crowne Plaza Hotel in Albany for three new Democratic members of New York's Congressional delegation. Campaign contributors will be among the invited guests, along with Democratic county leaders and elected officials.

New Laws Show State Concerns (WP/AP)

By Robert Tanner

The Washington Post, December 30, 2006

For hundreds of thousands of minimum-wage workers around the country, the new year brings a raise. Musicians worried about copycats get some protection in Illinois. And California takes steps to reduce the power-plant pollution that is believed to contribute to global warming.

Jan. 1 brings new laws in many states, offering both a glimpse of what is on the voters' minds and a preview of some of the issues Washington might take up. Many states take action long before Congress does.

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Effective Monday, seven states -- Arizona, California, Delaware, Massachusetts, New York, North Carolina and Pennsylvania -- will raise their minimum wage. The federal minimum is $5.15 an hour. The new wages go as high as $7.50 an hour.

"We've made Massachusetts the best state to live in for struggling working families," said Carl Nilsson, an activist for poor people, citing the higher minimum wage and an earlier state law that requires health insurance for all.

In Illinois, copycat musical groups that misrepresent themselves as the original artists will face fines of up to $50,000. The new law requires live acts to make it clear in their advertising that they are a salute or a tribute to the real thing.

"From now on when the public goes to a rock-and-roll show in the area, they can be sure the artist is the original, and not some rip-off band," said Mary Wilson, formerly of the Supremes.

California passed a law that seeks to force coal-burning plants in Western states to install cleaner technology if they want to sell power in the nation's most populous state.

States also dealt with immigration (nurses from other countries must have English-language proficiency to practice in South Carolina), eminent domain (Illinois requires local governments to pay more and meet a higher legal threshold before seizing private property) and campaign finance (North Carolina and Pennsylvania set stricter rules).

Alaska will provide school systems with training to help prevent bullying, and South Carolina will require districts to adopt policies barring harassment, intimidation or bullying.

"We were getting too many complaints from parents that their children were being bullied and intimidated," said state Rep. Robert E. Walker (R). They were "fearing to go to school."

Wisconsin took steps to guard against wrongful convictions by requiring law enforcement agencies to record all interrogations of felony suspects, with either video or audio.

Alabama and West Virginia cut taxes on the poorest, and North Carolina lowered taxes on the highest earners. New York and Oklahoma dropped the "marriage penalty," which imposed higher taxes on married couples than on single people. South Dakota and Texas raised taxes on cigarettes.

Georgia increased from 13 to 29 the number of screening tests performed on newborns to detect life-threatening metabolic and genetic disorders. Massachusetts's new health-care law hits a new milestone, allowing those earning up to 300 percent of the federal poverty level to buy into subsidized plans. (Those at or below the poverty level are already eligible for virtually free health care).

In Indiana, a new license plate featuring the American flag and the words "In God We Trust" will be available at no extra charge.

A City Of Memorials Finds Itself Filling Up (NYT)

By Felicity Barringer

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — This supremely political city has a keen sense of history and its uses. So, not surprisingly, it also has a thing for memorials: marble, granite and otherwise. Six presidents and seven wars have monumental tributes in or near downtown Washington.

But presidents are not the only people so honored. Ground was broken for the Martin Luther King Jr. memorial on the Mall six weeks ago, and Congress has approved a monument to Francis Marion, the “Swamp Fox” of the Carolinas during the Revolutionary War. Most recently, it approved one to millions of victims of the 1932-33 Ukrainian Holodomor, or famine.

Wait. The Ukrainian famine? A monument to be built on federal land by the Ukrainian government? Whose history is this?

That question, raised in the 1990s about another foreign memorial, has since ricocheted around the National Park Service and the National Capital Planning Commission, the agencies most responsible for monitoring the conception, creation and placement of new museums and commemorative works in the federal city.

“I think there’s a heightened sensitivity to where we place these memorials and museums, and whom we venerate,” said the planning commission’s chairman, John V. Cogbill III. “I don’t know how that is going to shake out.”

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Mr. Cogbill was sanguine, however, about the potential for future conflict over allocations of available memorial space, saying, "We view ourselves as a world city, so I think in that respect you want to embrace something that is not indigenous to our own culture."

The language of the Commemorative Works Act of 1986, which set out procedures for the creation of memorials on federal land here, is a little less inclusive than Mr. Cogbill is. It envisions commemorative works that evoke "the memory of an individual, group, event or other significant element of American history."

In the two decades since Congress enacted that law, about 30 memorials have been approved, four of which did not conform to the provision about American history.

Two of the four honor foreign leaders. Mohandas Gandhi, the apostle of nonviolence who led the movement that freed India from British rule, strides forward in front of the Indian Embassy on Q Street N.W. Tomas G. Masaryk, the first president of Czechoslovakia, looks out over the World Bank on H Street N.W.

The other two honor victims of Communist rule. The first is a bronze replica of the "Goddess of Democracy" erected in Tiananmen Square during the Chinese student protests of 1989, is dedicated to the "victims of Communism" and will rise not far from Union Station. The latter is to the victims of the Ukrainian famine, a monument whose site and design have yet to be determined.

In 2005, John Parsons, an associate regional director of the National Park Service, advised Congress that the proposed Ukrainian memorial, which was in legislation sponsored by Representative Sander M. Levin, Democrat of Michigan, duplicated the purpose of the Victims of Communism Memorial.

"While the victims of the Ukraine famine obviously deserve recognition," Mr. Parsons testified, "we believe that creating separate memorials for individual groups would detract from the overall message of the Victims of Communism Memorial and could, potentially, create an unfortunate competition amongst various groups for limited memorial sites in our nation's capital."

There are more than 160 memorials in the city, and 75 museums, said Lisa N. MacSpadden, the spokeswoman for the National Capital Planning Commission. The inventory goes up, on average, by one memorial a year and one museum a decade, Ms. MacSpadden said.

The commission's most recent map shows 100 memorial-worthy sites remaining to commemorate all the country's history to date and all its history to come.

Statues of foreigners are, of course, nothing new: the Marquis de Lafayette looks down on the White House from a high pedestal in his eponymous park, with Thaddeus Kosciusko a stone's throw away.

Simon Bolivar, who freed much of South America from Spanish rule, looms over the intersection of 18th and E Streets N.W., and a statue of the Ukrainian poet Taras Shevchenko was unveiled by President Dwight D. Eisenhower near the eastern end of the P Street Bridge. That monument was championed by one of Mr. Levin's predecessors who also represented heavily Ukrainian areas of Michigan like Troy and Warren.

(History buffs have created Web sites memorializing Washington memorials, like one at www.kittytours .org/thatman2/index.html.)

The history of the Ukrainian famine — in which Moscow's requisitioning of the Ukrainian harvest, along with its orders to collectivize agriculture, caused the starvation of millions of people — was long caught in the disinformation and silence imposed by Stalin. Not until a few weeks ago did the Ukrainian Parliament enact a law paying tribute and providing for the creation of a memorial to the famine's victims. The law came weeks after the United States Congress voted to approve the memorial in Washington, to be paid for by the government of Ukraine.

The initial push for the memorial came from Ukrainian-Americans in Michigan, said Borys Potapenko, president of the Ukrainian Congress Committee of America.

The strongest push, in 2004 and 2005, coincided with the Orange Revolution that brought Viktor A. Yushchenko the presidency. Mr. Potapenko said in a telephone interview that he was nervous about the memorial's future in the wake of recent political developments, which have left Mr. Yushchenko to share power with his former opponent, Viktor Yanukovich, who had Moscow's support.

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But Iryna Bezverkha, a spokeswoman for the Ukrainian Embassy, said embassy officials met in December with members of a Park Service advisory commission to discuss the steps to be followed to win approval for a design and site.

City planners, however, are more concerned with Congress's ability to come to terms with the physical limits of the land.

"We are starting to realize that there are a limited number of places left" for memorials, said Mr. Cogbill of the planning commission. "That means we have to start to think carefully."

Somali Leader Promises Peace (WT/AP)

By Les Neuhaus

The Washington Times, December 30, 2006

MOGADISHU, Somalia -- Somalia's prime minister promised thousands of war-weary Somalis peace and stability yesterday as he formally took control of the battle-scarred capital for the first time since his government was formed two years ago.

Ali Mohamed Gedi drove through the streets of Mogadishu in a heavily armed convoy a day after Islamic fighters fled and his Ethiopian-backed troops seized the city.

"Today is the beginning of a new life, new stabilization and a new future for Somalia," Mr. Gedi told cheering residents.

As a sign of goodwill, President Abdullahi Yusuf and the Ethiopian government declared a 24-hour cease-fire to mark the Muslim holiday of Eid al-Adha today.

But with violent protests in one neighborhood in support of the Islamic fighters who had vowed to establish a government based on the Koran, and the movement's leader promising to fight on from a key southern town, the task facing Somalia's U.N.-backed, secular government is immense.

Even before the rise of the Islamists, Mr. Gedi's government had been kept out of Mogadishu by clan violence. There was an attempt on his life during a rare trip to the city in November 2005.

Yesterday, though, he was embraced. Waving Somali flags, thousands lined the streets and climbed buildings to catch a glimpse of the leader in the seaside capital.

"This is a historic day for us," said Sahra Yusuf, a mother of three who was dressed in traditional white cloth. "This is a sign that Somalia will be able to stand on its own feet."

With tight security that included marksmen on roof tops, Mr. Gedi was more realistic, appealing for help to rebuild a country ruined by 15 years of civil war and infighting. He called for regional peacekeepers to help ensure further violence does not erupt.

Parliament was expected to impose martial law across the country.

The U.S. State Department called for all Somalis to work for "genuine national reconciliation" and reiterated support for an African peacekeeping force to be deployed in the country.

"The current situation in Somalia provides a historic opportunity for the Somali people to achieve a broad-based, inclusive government," the State Department said.

Government troops backed by Ethiopian soldiers have swept quickly across the country since Sunday, retaking territory captured by the Islamic movement earlier this year. The government had previously only controlled the western town of Baidoa, where it had set up its base.

Sheik Sharif Sheik Ahmed, the executive leader of the Council of Islamic Courts, the umbrella group for the Islamic movement, told the Associated Press yesterday his fighters would remain defiant.

"We will not run away from our enemies. We will never depart from Somalia. We will stay in our homeland," he said from the southern city of Kismayo, where his forces retreated from Mogadishu.

Hundreds of foreign fighters, mainly Arabs and southern Asians, were seen in Kismayo yesterday. Some of the Islamic movement's members espouse an extreme form of Islam, and the United States accuses it of harboring al Qaeda terrorists.

Somali PM Arrives With Pledge Of Rebuilding (FT)

By Andrew England

Financial Times, December 30, 2006

DOJ_NMG_0111735

The prime minister in Somalia's transitional administration entered Mogadishu with an armed convoy on Friday as government forces and allied Ethiopian troops sought to assert their authority in the capital following their rapid offensive against a rival Islamist movement.

Ali Mohamed Gedi said the administration's priority was to restore law and order and begin the process of rebuilding the shattered country. But while his presence in the capital was symbolically important for the government, the challenges ahead are daunting as it seeks to impose its authority in a city awash with arms and beset by clan rivalries.

Formed two years ago at an UN-sponsored conference, the government has never before been able to sit in Mogadishu and has suffered from unpopularity amongst the Hawiye clan that has dominated the city since the fall of Mohamed Siad Barre, the dictator, in 1991.

This time, the government has the support of Ethiopian troops, which were key to its success in its battle against the Islamist movement, an alliance of Islamic courts that had controlled the city since June. The Ethiopians are deemed critical to the government's chances of creating a semblance of security and countering potential opponents.

But their continued presence could also inspire widespread resentment. One resident told the FT that anti-Ethiopian protests, some of them including women, had already started in some parts of the city.

Ethiopia, which fought a war with Somalia in 1977, is disliked by many Somalis. It has a reputation for meddling in Somali affairs and backing warlords loathed by the population. Addis Ababa is also a close regional US ally, and is thought to have received tacit support from Washington for its offensive against its Muslim neighbour. The longer its troops stay, the more likely they will be seen as an occupying force.

Abdullahi Yusuf, the Somali transitional president who has long ties with Addis Ababa, on Friday told reporters Ethiopian troops would stay in Somalia for the time being as "the government is not up to the level of taking back the entire country overnight".

Diplomats and analysts say if the government is to succeed where it failed during the last two years, Mr Yusuf and his officials will need to be magnanimous and look to broaden the government's narrow support base, which helped create a political vacuum that enabled the Islamists to emerge.

That would mean reaching out to those who have felt unrepresented by the administration - members of civil society, Mogadishu's business community and even moderates within the Islamic alliance, which was not a monolithic group, and drew support from the Hawiye clan.

Mr Yusuf is a member of the Darod clan and is thought not to have visited Mogadishu since 1977. Mr Gedi is a member of the Hawiye. However, while the parliament was ostensibly selected on the basis of the country's complex clan system, the Hawiye felt under-represented in the transitional institution's power structures and Mr Gedi, considered by some as political outsider, did not have a large constituency.

"The main problem is the Hawiye MPs were handpicked by the warlords," who were backed by Ethiopia, said one Mogadishu resident.

During a rare visit to the capital last year, Mr Gedi survived an assassination attempt when grenades were thrown at his convoy. At the time Mogadishu was ruled by rival warlords, as it had been since 1991.

Until Ethiopia launched its offensive, the government, which has been plagued by divisions, was stuck in the central town of Baidoa. Thirteen other attempts to form an effective central government failed as warlords, drawing support on a clan basis, fought each other.

"The aim should be for the government to use the opportunity to try and bring in that inclusivity," said one western diplomat. "I'm not saying it will change, but it needs to change."

However, the government appears emboldened by the Ethiopian-led offensive. Officials are talking about introducing "martial law." And Mr Yusuf, a veteran warlord, has vowed to pursue the Islamists, who fled to the southern port town of Kismayo. In turn, Islamist leaders have pledged to continue fighting Ethiopia, and it is still unclear whether the Islamic forces are defeated or simply regrouping.

Mogadishu Crowds Greet Somali PM (BBC)

DOJ_NMG_0111736

BBC.com, December 29, 2006

Somalia's interim Prime Minister Ali Mohamad Ghedi has entered the capital, Mogadishu, heading an armoured convoy.

His arrival came a day after his Ethiopian-backed forces drove Islamist fighters out of the city.

Reports said cheering crowds lined the streets to welcome Mr Ghedi, who has declared three-months of martial law.

But some are opposed to Ethiopia's role in Somalia, with thousands protesting in Mogadishu as Ethiopian soldiers secured the city's port and airport.

Some protesters threw stones as convoys passed into Mogadishu, but after shots were fired into the air their way was uninterrupted and other people cheered.

Correspondents say Mr Ghedi's arrival in Mogadishu marks the first time the country's transitional government has been in a position to exercise full authority in the capital.

Speaking in Mogadishu, Mr Ghedi said he believed most of the UIC's forces were destroyed in the fighting.

"Today is the beginning of a new life, new stabilisation and a new future for Somalia," the Associated Press news agency quoted him as saying.

Several thousands militiamen loyal to the UIC have now abandoned the city for their last stronghold in the port of Kismayo, 500km (300 miles) to the south.

But a leader of the Islamists who fled says they will never leave Somalia.

Defiant

The BBC's Mohamed Olad Hassan in Mogadishu said the city appeared calm as night fell at the start of the Islamic Eid holiday.

But earlier there were large demonstrations, with thousands of people protesting against Ethiopian troops.

Ethiopian-backed troops have already taken control of the UIC's headquarters in the north and the former US embassy compound in the south.

Mr Ghedi, previously based in the central town of Baidoa, held talks with clan leaders on the outskirts of Mogadishu before entering the capital.

"This country has experienced anarchy and in order to restore security we need a strong hand, especially with freelance militias," he said.

There have already been reports of gunfire and looting since Islamist forces left.

Heavy losses

Meanwhile, Ethiopia's Foreign Minister Seyoum Mesfin has flown by helicopter to Baidoa for talks.

There is fierce opposition to Ethiopia in northern Mogadishu He said the situation in Somalia was stable and very promising.

The African Union has called for Ethiopian forces to leave Somalia, but the United Nations Security Council failed to agree on a statement calling for the withdrawal of all foreign forces.

Much of Somalia faces food shortages because of recent heavy floods.

The UN says its aid flights are due to resume on Saturday, after being suspended during the past week because of the fighting.

The UN estimates that about 30,000 people have been displaced during the fighting and causalities have been high.

Hundreds of young people have been killed and some 800 people, mainly on the Islamic side, have been treated in hospital, a UN official said.

And more than 150 refugees on board boats that capsized off the coast of Yemen on Thursday are all presumed dead, the UN refugee agency said.

Uniting force

The UIC assumed control of the capital in June, driving warlords out and rapidly extending their influence to much of southern Somalia

Somalis Split As Fighting Halts And Hint Of Insurgency Looms (NYT)

DOJ_NMG_0111737

By Jeffrey Gettleman

The New York Times, December 30, 2006

ADDIS ABABA, Ethiopia, Dec. 29 — Anti-Ethiopia riots erupted in Mogadishu, the capital of Somalia, on Friday, while masked gunmen emerged for the first time on the streets, a day after Ethiopian-backed troops captured the city from Islamist forces.

Hundreds of Somalis flooded into bullet-pocked boulevards to hurl rocks at the Ethiopian soldiers, set tires on fire and shout anti-Ethiopian slogans.

"Get out of our country!" they yelled. "We hate you, Ethiopians!"

In northern Mogadishu, residents said men with scarves over their faces and assault rifles in their hands lurked on the street corners. Mogadishu has plenty of gunmen, of every age and every clan, but gunmen hiding their identity is something new and may be a sign of a developing insurgency.

"We're going to turn this place into another Iraq," said Abdullahi Hashi, a construction worker who said he was part of a new underground movement to fight the Ethiopians.

Many analysts have said that if the Ethiopian troops protecting the internationally recognized transitional government of Somalia linger in the country too long and their intervention turns into a full-scale occupation, it will uncork a long and nasty guerilla war.

At the same time, it seems that many Somalis appreciate the presence of the Ethiopians for helping to bring some stability. Just a few hours after the protests, thousands of residents came out to warmly greet Ali Mohammed Gedi, the prime minister of the transitional government and one of the leaders who called in the Ethiopian muscle.

It is unclear what is going to happen in Mogadishu. Many people are still absorbing the dramatic power shift that occurred this week, when the Islamists who once ruled much of the country quickly collapsed under Ethiopia's overwhelming force, enabling the transitional government, which had been roundly dismissed as weak, to suddenly take control.

Islamist leaders said Friday that they were not simply giving up. While most of their troops have abandoned the cause — shedding their uniforms and shaving their beards — the Islamist leadership said it was regrouping in Kismayo, a city along Somalia's southern coast. Not far from Kismayo is a lightly populated, heavily forested area that Western intelligence officers said has served as a terrorist hide-out for many years.

"We will not leave Somalia," Sheik Sharif Sheik Ahmed, a top Islamist leader, told The Associated Press on Friday. "We will not run away from our enemies. We will never depart from Somalia. We will stay in our homeland."

The Islamists uttered similar vows to fight to the death for Mogadishu, their former stronghold. But when thousands of Ethiopian fighters and troops from the transitional government reached the city's outskirts on Wednesday, the Islamists fled and the city fell the next morning without a shot.

Ethiopian officials have justified the intervention in Somalia by saying that the Islamists were extremists who had their eyes on part of Ethiopia, and said their troops would remain on Somali soil until that threat is wiped out. The Ethiopian and transitional government troops seem to be focused on Mogadishu, but many Somalis suspect that once that city is stabilized, the bulk of the Ethiopian forces will shift to Kismayo. On Friday, Kismayo residents said Ethiopian fighter jets were circling the skies above town.

Mr. Gedi, meanwhile, is wasting little time getting to work. He announced Friday that the transitional government, one of the most promising efforts at a central government since 1991, when Somalia descended into anarchy, was imposing martial law for the next three months. He asked Mogadishu's various clan militias to turn in their weapons or face the consequences.

"This country has been through a lot of anarchy," Mr. Gedi said, "so to re-establish order we will have to have an iron hand."

Last year, when Mr. Gedi set foot in the capital, he was nearly assassinated. On Friday, he was surrounded by armored trucks and Ethiopian infantrymen. Though officials in Addis Ababa, Ethiopia's capital, have said their troops should not enter downtown Mogadishu, many are camped in the former American Embassy, a decrepit building that was closed more than 15 years ago after American soldiers suffered a humiliating defeat at the hands of warlords.

China Seeks Wider Military Reach As Economy Grows (WSJ)

By Gordon Fairclough

DOJ_NMG_0111738

The Wall Street Journal, December 30, 2006

SHANGHAI -- China's rapid economic growth and its dependence on international trade are driving major shifts in the country's military strategy.

A white paper issued Friday by the State Council, the country's cabinet, outlines steps that appear aimed at improving China's ability to use armed force far from its own shores in order to protect increasingly global interests. The paper, the first of its kind in two years, says China is pursuing "a road of peaceful development" but adds that the country's military strength should increase "in step" with its expanding economy.

"Security issues related to energy, resources, finance, information and international shipping routes are mounting," the white paper warns.

The paper says China's defense spending in 2006 totaled 283.8 billion yuan ($36.32 billion), up 14.7% from the 247.5 billion yuan spent the year before. Foreign experts say the official budget understates total spending, but even the stated growth rate is faster than that of China's booming economy and slightly faster than its growth in defense spending in 2005. Still, China's total outlay remains far below that of the U.S. The Pentagon's spending for the current fiscal year (2007) is expected to top $500 billion.

The paper shows how "China is expanding its vision of national security, beyond its own borders and regional concerns," says Andrew Yang, head of the Chinese Council of Advanced Policy Studies, a defense think tank in Taiwan.

That is a departure for China's People's Liberation Army, which won control of China for the Communist Party in 1949 and has been focused for much of its existence on domestic threats, territorial defense and conflicts on its borders.

China's growing military strength and questions about its intentions have touched off a debate among U.S. defense-policy makers. Senior civilians at the Pentagon have argued that China's buildup has already altered power dynamics in Asia, and have started working to strengthen the U.S. military presence in the region. Some top U.S. military officers, however, including the commander of U.S. forces in the Pacific, say it will be many years before China poses a real challenge. They want to improve ties between the U.S. and Chinese militaries to prevent Beijing from turning into a threat.

China's broader strategic view is leading to, among other things, increased emphasis on the People's Liberation Army's naval forces, which have grown in size and importance recently with the addition of more sophisticated warships and submarines. Some advanced vessels have been purchased from Russia, while others have been developed in China's own shipyards, including two new nuclear-powered submarines, one of which is designed to launch missiles with nuclear warheads.

So far, China has no aircraft carriers, which are a mainstay of U.S. naval combat power and an important part of America's ability to project military force.

China's white paper also provides a window into Chinese strategic thinkers' view of the international security environment and their apparent distrust of the U.S. and its motives. The paper's authors say they don't expect any large-scale conflicts between major countries in the "foreseeable future." But they expressed dissatisfaction with what they termed "hegemonism and power politics."

"A small number of countries have stirred up a racket about a 'China threat' and intensified their preventive strategy against China" in an effort to "hold its progress in check," the paper says.

China also sees an adjustment under way in the balance of power in East Asia, noting that the U.S. is "accelerating" an arms buildup in the region and strengthening its alliance with Japan, China's key regional rival. Tokyo is also becoming more "external-oriented" in its military posture, the report says, against the backdrop of increasing belligerence by North Korea, which in 2006 conducted a nuclear-weapons test for the first time.

The white paper also includes a standard denunciation of pro-independence forces in Taiwan, which China claims as part of its territory.

The effects of stepped-up air and sea patrols by Chinese forces in Asia are already being felt by militaries in the region. Japan has scrambled fighters scores of times this year to intercept suspected Chinese spy planes.

In late 2004, China sent a submerged submarine into Japanese waters, sparking one of Japan's largest military operations since World War II as destroyers and planes gave chase. In October, a Chinese submarine surfaced near a U.S. carrier battle

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group, in an incident that a senior U.S. Navy officer said could have "escalated into something that could have been very unforeseen."

China's 2.3 million-member military still lags far behind that of the U.S. and other developed countries in terms of technology and the ability to coordinate joint operations with land, sea and air forces. Beijing says its goal is to lay the foundation for a modernized military by 2010 and to be "capable of winning" high-tech, information-age wars by the middle of the century.

"In the past few years, they've made impressive progress in assimilating new technology," says Mr. Yang, the defense analyst. "But it will take some time" before that translates into real-world military capabilities.

China Offers Glimpse Of Rationale Behind Its Military Policies (WP)

By Edward Cody

The Washington Post, December 30, 2006

BEIJING, Dec. 29 -- China warned Friday that the military landscape in northeast Asia is getting "more complicated and serious" because of North Korea's nuclear weapons program and tighter defense cooperation between Japan and the United States.

The Chinese views on regional security, articulated in a government white paper on national defense, provided a rare glimpse into the strategic assessments that underlie decisions and priorities of the secretive Chinese military and the Communist Party's policymaking Central Military Commission.

In part, the paper was designed as a response to repeated complaints from the Bush administration that China has not explained the rationale behind its long-term military improvement program. China's announced military budget has risen about 10 percent a year recently, reaching $35.4 billion in 2006, and Pentagon specialists estimate that also counting equipment expenditures would more than double it.

Along with Taiwan's pursuit of independence, the government pointed out as particular security challenges North Korea's missile tests last summer and its maiden nuclear test in October, which undermined Chinese-led diplomatic efforts to create a nuclear-free Korean Peninsula. The most recent round of nuclear negotiations took place last week and ended in stalemate, creating doubts about the utility of continuing the three-year-old six-nation talks.

In listing Chinese concerns, the white paper also cited a U.S.-Japanese effort to build a regional missile defense shield based on U.S. ships equipped with the Aegis radar system and a U.S.-Japanese missile now being developed. The joint defense system, portrayed as protection against a North Korean attack, has been criticized by Chinese officials and commentators because it also could blunt China's missile threat in the event of U.S.-Chinese hostilities over Taiwan.

Chinese officials have expressed concern that Taiwan could eventually be integrated into the U.S.-Japanese system, providing a counterweight to China's increasing missile threat against the self-ruled island. That fear was not explicitly conveyed in the white paper, but Japan's growing willingness to assert itself militarily was cited as a strategic concern for military planners in Beijing.

"America and Japan are strengthening their military alliance in pursuit of operational integration, and Japan seeks to modify its peace constitution and exercise collective self-defense," the paper said. "North Korea launched missiles and had a nuclear test. The situation in the Korean Peninsula and northeast Asia is getting more and more complicated and serious."

The paper said China's military improvements are part of the country's overall modernization and economic expansion. The effort will continue apace, it added, seeking to "lay a solid foundation" by 2010, make "major progress" by 2020 and "reach the strategic goal of building informationized armed forces and being capable of winning informationized wars by the mid-21st century."

Moving from infantry to high-tech naval and aerial warfare has been a major goal of China's military modernization. It has entailed the shedding of thousands of untrained foot soldiers and a concerted effort to replace them with trained technicians able to function in the world of computerized weaponry.

The white paper said, for instance, that the army's relative strength in the Chinese military has dropped by 1.5 percent, while that of the navy, air force and Second Artillery Force -- China's missile and nuclear corps -- rose by 3.8 percent. Overall military strength has fallen by 1.7 million troops since 1985 and is estimated to stand at 2.3 million, still the world's largest force.

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The People's Liberation Army "has made new progress toward the goal of being proper in size, optimal in structure, streamlined in organization, swift and flexible in command and powerful in fighting capacity," the paper boasted.

But it provided no details on the new ships, warplanes, missiles, submarines and computer systems that, according to U.S. officials, have increased China's lethal power in the region and made any confrontation over Taiwan a riskier proposition for the United States than it would have been a decade ago.

As it has before, the government warned that any step by Taiwan's President Chen Shui-bian to move toward formal independence by changing the territory's constitution would be a "grave threat" to peace and stability across the Taiwan Strait, suggesting it could trigger military intervention. President Hu Jintao, who as head of the Central Military Commission is commander in chief of the armed forces, has told visitors he has no plans to attack Taiwan but would have to act if the island took a decisive step toward formal independence.

China's Military Spending To Reach $36bn (FT)

By Andrew Yeh

Financial Times, December 30, 2006

China's defence spending is expected to reach Rmb283.8bn ($36.4bn) this year, up nearly 15 per cent from last year, according to rarely released government data that are likely to heighten concerns over Beijing's military build-up.

The boost in funds, which many experts argue greatly underestimates actual military expenditures, is aimed at modernising the 2.3m-strong People's Liberation Army (PLA) into a nimbler, more technologically-advanced entity, said a white paper released by the government yesterday.

President Hu Jintao, who also leads the Central Military Commission, this week said there was particular emphasis on developing a powerful navy that can respond "at any time" to safeguard national sovereignty.

The rise of China's military, expanding in tandem with its red-hot economy, is likely to trigger greater concern in the US and Taiwan, which Beijing considers a renegade province.

China's military modernisation is at the same time a worrying trend for Japan because of lingering historical tensions over Japan's wartime past. Beijing is wary of a strong US-Japan military alliance and Tokyo's efforts to reorganise its military which it views has been hamstrung by its postwar pacifist constitution.

China's white paper, significant since the government rarely publishes specific details about its armed forces, estimates that defence spending over the past 15 years has grown on average 15.4 per cent annually. Last year, spending grew 12 per cent from the previous year to Rmb247.5bn.

Official military spending reached Rmb247.5bn last year, up from Rmb220bn in 2004. In the past, the Pentagon has said China's real military spending could be as much as three times the stated amount.

However, Beijing defended the size of its military budget by arguing that spending remained modest compared with that of developed economies such as the UK, France, Japan and especially the US. The Chinese government said military spending accounted for 1.4 per cent of projected gross domestic product in 2006 and 6.2 per cent of US military expenditures.

"China pursues a national defence policy which is purely defensive in nature," said the paper, the fifth of its kind since 1998. "China will not engage in any arms race or pose a military threat to any other country."

Although the white paper says China's general security situation is good, it says Taiwan remains a serious threat to regional stability and the task of opposing independence-minded "splittist forces" on the island is now "complex and grim".

It also says "the issues of border complexities and sensitive historical problems" still weigh on its security assessment, while North Korea's missile and nuclear bomb tests have made security of the Korean peninsula and northeast Asia "more complicated and severe".

China has in the past fought brief border wars with India, Vietnam and the former Soviet Union, and is still entangled in territorial disputes with Japan over gas fields in the East China Sea. It is also disputing the ownership of islets in the South China Sea with Vietnam, Taiwan, Malaysia, Brunei and the Philippines.

The paper says the increased funds have gone into investment in new weapons, personnel training, international cooperation projects, and military salaries and accommodation.

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It says the military will rely on home-grown research and the ability to “acquire, digest and apply’’ overseas technology to develop new weapons, without specifying which kinds of weapons it wishes to develop.

The Case For Iran (LAT)

By M. Javad Zarif

The Los Angeles Times, December 30, 2006

WHEN THE U.N. Security Council was forced to convene on the Saturday before Christmas to vote on Resolution 1737 — against Iran's nuclear program — it was only natural to ask what the urgency was.

Iran had not attacked or threatened to use force against any member of the United Nations; in fact, Iran has not attacked any country for more than two centuries. Iran was not on the verge of building a nuclear weapon. To the contrary, as a study released this week by the National Academy of Sciences concludes, Iran needs nuclear energy in spite of its oil and gas reserves.

At the same time, Iran has categorically rejected the development, stockpiling and use of nuclear weapons on both ideological and strategic grounds. It has remained committed to the Nuclear Nonproliferation Treaty — which it ratified in 1970 — and was even prepared to provide guarantees that it would never withdraw from the treaty.

All of Iran's nuclear facilities have been inspected by the International Atomic Energy Agency. Iran has stated its readiness to place them under an even more stringent regime, as it did from December 2003 to February 2006, when more than 2,000 person-days of scrutiny resulted in repeated statements by the IAEA that there was no evidence of a weapons program. As IAEA Director-General Mohamed ElBaradei recently said, "A lot of what you see about Iran right now is assessment of intentions."

Many such assessments have been produced by the intelligence agencies of governments with agendas hostile toward Iran. They are, as a result, misleading. For instance, a draft National Intelligence Estimate by the CIA in 1992 concluded that Iran could develop a nuclear weapon by 2000. The Israelis have been saying for many years that Iran will pass the "point of no return" within six months or less.

But even these alarmist assessments concede that there is no actual evidence that Iran is trying to build a nuclear weapon and that, even if it wanted to do so, it would not be capable of developing one before 2010 or 2015.

So: no urgency, no imminent threat. The real reason for the pre-Christmas meeting was to take advantage of a more favorable Security Council composition — before new members arrive on Jan. 1 — and impose sanctions on Iran.

The sanctions aim to punish Iran for refusing to suspend its peaceful and legal uranium enrichment activities. However, suspension is not a solution in itself; it can only provide time to search for one. A stopgap suspension was already in place for two years, while Iran engaged in negotiations. But over the last three years, the United States and its European allies have never proposed any long-term solution other than insisting on an indefinite suspension of Iran's enrichment activities.

In contrast, my country has proposed real alternatives to ensure that its civilian nuclear program will remain exclusively and indefinitely peaceful:

• On March 23, 2005, Iran offered a comprehensive and far-reaching package to France, Germany and Britain, including national legislation to permanently ban developing or using nuclear weapons, technical guarantees against proliferation and unprecedented, around-the-clock IAEA inspections. It also envisaged relations of mutual respect and cooperation in a wide range of economic, political and counter-terrorism areas. Despite their initial enthusiasm, the Europeans refused to engage in negotiations on that package, insisting instead on indefinite suspension, apparently because of U.S. objections.

• On July 18, 2005, Iran offered to allow the IAEA "to develop an optimized arrangement on numbers, monitoring mechanism and other specifics" for an initial, limited operation at the Natanz uranium enrichment facility, "which would address our needs and allay [their] concerns." The offer was not even considered.

• On Sept. 17, 2005, Iran expressed its readiness to engage in serious partnerships with private and public sectors of other countries for uranium enrichment in Iran "in order to provide the greatest degree of transparency." Again, the offer was rebuffed.

• On March 30, 2006, Iran proposed establishing regional consortia for fuel-cycle development with countries inside and outside the region, with joint ownership and division of labor based on the expertise of the participants. No one cared to respond to this proposal.

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• During the September and October 2006 talks between Iranian nuclear negotiators and the European Union, Iran proposed an international consortium, an offer that was initially considered very promising by the Europeans but then was rapidly rejected as insufficient. Once again, they insisted instead on suspension.

These offers were exact replicas of the IAEA's main proposals on multinational fuel activities, including enrichment, published Feb. 22, 2005. Iran's readiness to implement them presents a unique opportunity not only to remove concerns about our fuel-cycle activities but also to strengthen the Nonproliferation Treaty by providing a model for other countries with similar enrichment programs. No other country with similar technology has been prepared to be as flexible as Iran.

Neither suspension nor sanctions can achieve the stated objective of ensuring nonproliferation because Iran has now been compelled to develop nuclear technology on its own. As many nonproliferation experts have already pointed out, in countries with Iran's level of technological achievement, only engagement, transparency and international monitoring can provide assurances of nonproliferation.

Iran remains eager to dispel any doubts. It is not too late to reach an agreement on meaningful measures that can serve our common objective of limiting the proliferation of nuclear weapons.

M. Javad Zarif Is The Iranian Ambassador To The United Nations.

Turkmen Exile Urges Interim President To Step Down (NYT)

By C. J. Chivers

The New York Times, December 30, 2006

MOSCOW, Dec. 29 — A leader of the Turkmen opposition in exile demanded Friday that the interim president of Turkmenistan step down and allow for democratic elections in the authoritarian Central Asian nation. But there were signs of disorganization and discord in the opposition ranks.

The demand, by Nurmuhkammed Khanomov, leader of the exiled Republican Party of Turkmenistan, was almost certain to be ignored. Interim leaders in Turkmenistan have been consolidating their hold on the country since the death of Saparmurat Niyazov, the Turkmen president, on Dec. 21.

Turkmenistan, an arid nation of five million, sits atop some of the largest natural gas reserves in the world and is strategically located beside Afghanistan and Iran.

A former Soviet republic, it had been led until last week by Mr. Niyazov, an autocrat who gave himself the name Turkmenbashi, or Head of All Turkmen, and built an elaborate personality cult.

Mr. Niyazov's death had been expected to set off a succession battle, but so far none has spilled into the public light. Instead, his interim successor, Gurbanguly Berdymukhammedov, and his supporters have cleared a path for the interim president to win a special election easily on Feb. 11.

At the same time, the opposition has been marginalized by a combination of manipulation of the Constitution, amendments to election law and police action.

Mr. Berdymukhammedov had not been in the line of succession set forth by the Constitution. The interim presidency was supposed to pass to the speaker of Parliament. But the speaker was arrested soon after Mr. Niyazov's death, and Mr. Berdymukhammedov was granted the job.

Once he took the job, he was barred by the Constitution from seeking the office. But that obstacle was overcome on Tuesday at a meeting of Turkmenistan's People's Council, which seemed firmly in his control. It granted him eligibility to run and then nominated him unanimously.

The manipulations continued. The latest election law, passed almost simultaneously, barred citizens who have lived outside of Turkmenistan in recent years from becoming candidates — a rule that blocked the best-known opposition figures from entering the race.

By the time the new law was announced, the only publicly known opposition figure inside Turkmenistan who had not been in prison, Nurberdy Nurmammedov, of the Agzybirlik movement, had disappeared.

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Mr. Nurmammedov was arrested by the Turkmen security services last Saturday after giving an interview to Radio Free Europe/Radio Liberty in Ashgabat, the capital, Avdy Kuliev, a leader of the United Democratic Opposition of Turkmenistan, said by telephone. There has been no word of Mr. Nurmammedov since.

With opportunities narrowing for the exiled leaders to influence the events at home, Mr. Khanomov outlined a series of demands in a telephone interview from Vienna, where he had been meeting opposition members and foreign diplomats.

He called for Mr. Berdymukhammedov to resign and for the election to be delayed to give time for political parties to form and select credible candidates.

He also demanded that any election be observed by independent monitors from the Organization for Security and Cooperation in Europe, which sends observer missions to elections throughout much of the former Soviet space.

Mr. Khanomov, a former member of Turkmenistan's diplomatic corps, also restated previous demands, including that the government release its political prisoners and grant them amnesty.

"We are working very actively," he said, adding that he would soon go to Germany to seek its help, and then to Brussels, to meet with representatives from the European Union.

But some of his demands were not echoed by other leaders, and there has been disarray.

Mr. Kuliev denounced the other opposition leaders, calling them the "nomenklatura opposition," using a Soviet-era term for the privileged party elite. He said that only Mr. Nurmammedov, the man who has vanished, had the credibility to run for the position. "He has been in the country 15 years and has been fighting the regime all of this time," Mr. Kuliev said.

Khudaiberdy Orazov, the former chairman of Turkmenistan's central bank and now one of two presidential candidates nominated by the opposition, said by telephone from Sweden that he agreed that the election needed credible international observers.

He also called for foreign organizations to run the election entirely, saying Turkmenistan, having not emerged from Soviet times and dictatorship, did not know how to run an honest vote.

But he stopped short of demanding Mr. Berdymukhammedov's resignation, saying that some government was necessary to run the country during the interim period.

A third opposition figure, Bairam Shikmuradov, the human rights officer for the Republican Party of Turkmenistan, took an even more pragmatic position.

Mr. Shikmuradov's father, Boris, was convicted in 2002 in what the opposition calls a baldly rigged trial, of plotting to assassinate Mr. Niyazov. His son said it was not known whether he was dead or in jail.

In an interview in Moscow, Bairam Shikmuradov said the opposition would wait to see what kind of president Mr. Berdymukhammedov would be once the official mourning period for Mr. Niyazov ended.

"What will this guy do?" he said. "If he believes himself to be Turkmenbashi II, it means we will continue our struggle."

But he added that while he had little hope that Mr. Berdymukhammedov would allow the opposition to return home, he considered it possible that he might nonetheless "loosen the tension" in the country and distance himself from his predecessor's personality cult and crimes.

"There is absolutely no need for this new power to take all of the responsibility for Niyazov's crimes against humanity," Mr. Shikmuradov said.

All the opposition figures said they were now hoping to woo Western support. So far, Western reaction to the manipulation has been muted.

Mr. Orazov said that when the holiday season ended, the Turkmen people would be watching the United States closely. Washington has backed other democratic movements, he said, and publicly pushed for fair elections in several authoritarian states, including Belarus.

He said he worried that because of Turkmenistan's energy reserves, it would not be treated the same way.

Russia Gas Standoff With Belarus Intensifies (NYT)

By Andrew E. Kramer

The New York Times, December 30, 2006

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MOSCOW, Dec. 29 — For Gazprom, the Russian energy monopoly, 2006 is ending as it began: in a dispute over prices and control of a pipeline in a neighboring country that is threatening the smooth flow of natural gas to Europe.

But this time, the price increase was levied on a Russian ally, Belarus, a country whose foreign policy is aligned with Moscow in all but one important aspect: support for increasing cash flow at Gazprom.

"All this means destruction of our relations" with Russia, Belarus's president, Aleksandr G. Lukashenko, said in comments carried on state television on Friday.

Mr. Lukashenko, often referred to as Europe's last dictator, called Gazprom's position "blackmail" and said Belarussians would rather live in unheated dugouts than pay the higher price.

Russia's deputy prime minister, Dmitri Medvedev, who is also chairman of Gazprom, retorted that Belarus was "blackmailing" Europe by threatening the transit pipelines that cross that country.

The latest price increases have added to concerns about the reliability of the oil and natural gas flowing from Russia, which is a major supplier to Europe but has increasingly wielded its energy resources for political leverage.

Before this latest dispute with Belarus, Gazprom price increases had hit countries at odds with Moscow's foreign policy goals, like Georgia, which is locked in a conflict with Russia over separatist enclaves, and Ukraine, where price increases in January undermined President Viktor A. Yushchenko's pro-Western government.

Amid the dispute with Belarus the political gains for Russia stand out less starkly. But some analysts say that, beyond being merely a tool of Russian foreign policy, increasing the cash flow at Gazprom is an important, even central, tenet of Russian foreign policy in its own right. That interest may outweigh support for Belarus as a client state.

The financial gains for Gazprom shareholders and the government are indisputable. Gazprom could earn $1.1 billion in profit by pressing its demands, with no outlays, like investments in pipelines or gas wells. Even by the standards of Gazprom, a company swimming in cash because of high energy prices, this would be a significant jump in profit.

Gazprom grew this year to become the world's fourth-largest company by market capitalization in part by assuring investors it would seek higher prices from former Soviet customers. Partly as a result of raising rates in Ukraine, the company reported second-quarter 2006 profits of $5.2 billion, up 123 percent from the year before.

The company is actively opening new markets in Europe and Asia, helped by the Kremlin; just this month, Gazprom bought a majority stake in Shell's Sakhalin 2 liquefied natural gas development in Russia's Far East in what critics called a forced nationalization.

On Friday, the company reiterated its plan to double what Belarus pays, to $105 per 1,000 cubic meters from the current $47, to be paid in cash or a mix of cash and equity in Belarus's national gas company, Beltransgaz. Under this formula, Gazprom would gain a 50 percent stake in Beltransgaz over four years.

Gazprom's spokesman, Sergei V. Kupriyanov, called this offer the lowest price in the former Soviet Union. "I don't see any reason why Gazprom would make better proposals," he said.

"A breakdown in talks will bring serious consequences to the economy of Belarus," he said. On Friday, a large Belarussian fertilizer plant said it would shut down if gas supplies were halted.

Belarus's democratic opposition has endorsed Gazprom's price increase as justified, but opposed a sale of the pipeline company.

"On the economic level, the goal should be a gradual rise in prices," Aleksandr Milinkevich, a former opposition candidate for president, said in a telephone interview. "We need to reform the economy; there is no other solution. Belarus is not ready for realistic energy prices."

Belarus Leader Defiant Ahead Of Gas Talks (FT)

By Arkady Ostrovsky

Financial Times, December 30, 2006

Alexander Lukashenko, the authoritarian Belarus leader, was on Friday defiant in the face of Russian threats to cut gas supplies to his country, just as his officials arrived in Moscow for last-minute talks aimed at resolving the dispute.

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Gazprom, the Russian state-controlled energy group, has threatened to cut supplies to Belarus on January 1 if Minsk does not agree to a doubling of the prices it pays for gas supplied to Belarus.

A Belarus energy ministry official said ahead of last night's talks that the aim was to sign a contract. "We hope to do it before the new year," he said.

However, a spokesman for Gazprom said he was not feeling optimistic about a possible breakthrough in the dispute between the two countries. The European Commission said it was closely monitoring a situation that could affect gas supplies to member states, particularly Lithuania, Poland and Germany.

"Belarus won't bow to Gazprom's blackmail. If they keep putting pressure on us, we will go down into the bunkers but we will not surrender," Mr Lukashenko was quoted as saying on Friday by the official Belarus news agency.

He has for years relied on Russian gas subsidies that have allowed him to keep wages and living standards high. But he now faces a tough choice of giving in to Russia's demands for higher prices and losing face domestically or seeing severe gas shortages that could lead to unrest.

Belarus threatened to block transit of Russian gas to Europe unless Gazprom agreed to its terms. Belarus wants to pay prices that are several times lower than in other European countries. Gazprom has already set a lower price for Belarus of $105 (€80, £54) per 1000 cubic meters but wants the country to pay part of this amount with shares in Beltransgaz, the pipeline operator valued at $5bn.

Andris Piebalgs, EU energy commissioner, has called a special meeting next week of the bloc's gas co-ordinating group. The EU receives a quarter of its gas from Russia and 20 per cent of Russia's gas exports goes through Belarus.

Gazprom fears Belarus will simply start siphoning off gas from its pipeline to Europe even if it does not have a contract for it. However, Gazprom says it has accumulated gas reserves in Germany and other countries that could last a few days.

The situation resembles last year's stand-off between Russian and Ukraine, which resulted in gas supply disruptions to other European countries. Gazprom said it would not make an improved offer to Belarus and would turn off gas at 10am Moscow time (7am GMT) on January 1 if Belarus did not sign the contract.

Slovenia Adopts Euro On Monday; No Small Victory (WSJ)

By Aude Lagorce

The Wall Street Journal, December 30, 2006

Slovenia on Monday will become the first former communist state to adopt the euro, in what Prime Minister Janez Jansa has called the "biggest national achievement" since the country joined the European Union in 2004.

This is no small victory for the country of two million inhabitants, which shares borders with Italy, Austria, Croatia and Hungary. It is alone among the 10-member European Union accession class of 2004 in having fulfilled the rigorous economic criteria needed to join Europe's Economic and Monetary Union.

The adoption of the common currency is expected to bring macroeconomic stability to the country, increase its exports and yield productivity gains.

"It's difficult for a small country to maintain a separate currency that isn't a volatile currency," said economist Iain Begg, a visiting professor in the European Institute at the London School of Economics. "The adoption of the euro should protect Slovenia from external factors that would lead to swings in demand for its goods and services."

On the downside, by giving up its ability to fix its interest rates, Slovenia exposes itself to the risk of a house-price boom such as those experienced by Ireland and Portugal after they joined.

To enter the monetary union, Slovenia has swallowed some bitter pills, but the changes have paid off. The country has brought down inflation to 2.3% in 2006 from 8% in 2001, thanks to a collective effort that saw labor unions agree to moderate wage increases.

The transition to the euro will be quick, if not entirely painless, with the Slovene tolar and the euro in dual use for only 14 days. After that, the euro will be the sole currency.

The government has taken precautions to make the changeover as smooth as possible. For instance, the euro value of products has been tagged to all prices in Slovenia for nearly two years. A manual explaining the switch has also been sent to

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every household. Despite some natural fears of initial confusion, a recent EU survey found that more than two-thirds of Slovenes are happy to adopt the euro, with many saying they see it as further proof that their country, a former Yugoslav republic, is part of mainstream Europe.

But concerns that the transition to the new currency could herald price increases have also emerged. In a bid to assuage those fears and to discourage retailers from using the transition as an opportunity to raise prices, the Slovenian government has decided to leave double-pricing tags in place until June.

The economist Mr. Begg, however, contended that fears of inflation aren't always rational. "There are bound to be some exceptional cases, but the overall picture will almost certainly not be inflationary," he said, noting that inflation in the euro zone has been very low.

Other economists have also said the adoption of the euro should help stabilize Slovenia's economy. Jean-Loic Guieze, an economist at BNP Paribas, said that, as a tiny economy, Slovenia is heavily exposed to trade and hence international competitive pressures. As a result, the country's economic growth will be heavily reliant on its ability to boost exports.

Sinn Fein To Discuss Backing Police (AP)

By Shawn Pogatchnik, Associated Press Writer

AP, December 30, 2006

Sinn Fein leaders voted Friday to convene an emergency conference and confront a pivotal issue in Northern Ireland peacemaking — whether the IRA-linked party should support the police.

The move followed months of stalemate with Protestant leaders, who insist they will form a power-sharing government — the central goal of the 1998 Good Friday peace accord — only if the Catholics of Sinn Fein dump their anti-police policy in the British territory. Power-sharing collapsed four years ago amid conflicts between Protestants and Sinn Fein.

In a significant qualification, Sinn Fein leader Gerry Adams said the conference would proceed only if the move received a sufficiently positive response from the Democratic Unionists, the major Protestant-backed party. It will likely be held in late January.

"The debate was frank, comradely and robust," Adams said after the meeting at a hotel near Dublin Airport.

Irish Prime Minister Bertie Ahern said the conference represented "a defining moment in the peace process. A successful outcome is vital to the continuing success of this process."

Sinn Fein said its motion, if passed, would commit the party's members to "actively encourage everyone in the community to cooperate fully with the police services in tackling crime in all areas and actively supporting all the criminal justice institutions."

The predominantly Protestant territory, formed in 1921 shortly before the overwhelmingly Catholic rest of Ireland won independence from Britain, never received Catholic support for its Protestant-dominated government and police force. Britain began deploying troops as peacekeepers in 1969 to stop street clashes between Catholic rioters and Protestant police.

Sinn Fein Vote For Watershed Conference On N. Ireland Policing (AFP)

By Andrew Bushe

AFP, December 30, 2006

The executive of Sinn Fein, Northern Ireland's main Roman Catholic party, voted to hold a landmark conference next month on its attitude to policing -- the main obstacle to restoring power-sharing in the province.

After a meeting lasting over six hours in a Dublin Airport hotel, the 55-member Ard Chomhairle (national executive) of the political wing of the Irish Republican Army (IRA) gave the green light to a major step on the tortuous road towards a devolved administration in Belfast.

Sinn Fein president Gerry Adams said that if the British and Irish governments and the Democratic Unionists (DUP) -- Northern Ireland's biggest Protestant party -- reacted positively to the decision then a crunch Ard Fheis (national delegate conference) on policing would go ahead.

Sinn Fein's refusal to back the Police Service of Northern Ireland has been a major stumbling block to restoring the power-sharing government.

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The party has historically opposed recognising the PSNI and its predecessor the Royal Ulster Constabulary (RUC) due to a perceived Protestant bias.

Adams said Friday's debate had been "frank, comradely, robust".

"This is only the first step of a democratic engagement with the Republican people of this island."

Adams said the party would consult with "veterans" and "those who had been through hard times, those who have been bereaved" by the RUC.

"The Ard Fheis will go ahead, the Ard Chomhairle has endorsed the motion and has called the special Ard Fheis if others respond positively. Making peace is collective so we all have to be part of sorting this out."

The British and Irish governments have set a March 26 deadline for Northern Ireland's parties to have restored power-sharing between majority Protestants, who mostly favour retaining links with Britain, and Catholics, who largely favour union with the Republic of Ireland.

Otherwise the parties will see the window of opportunity slam shut and the province ruled from London indefinitely.

Irish Prime Minister Bertie Ahern welcomed the "landmark" decision to hold what would be "a defining moment in the peace process".

"With all parties honouring their commitments to policing and to power sharing, 2007 should offer real opportunity for stability and a whole new political landscape in Northern Ireland."

A spokeswoman from British Prime Minister Tony Blair's Downing Street office said: "This statement is significant because of the unequivocal support that Sinn Fein says it will offer -- if this motion is passed at the Ard Fheis -- to not just the police but also to those in communities who report crimes.

"For the first time there is the real prospect of all parties and all sections of the community in Northern Ireland supporting the rule of law."

Earlier, Britain's Northern Ireland Secretary Peter Hain described Friday's meeting as "seismic" in its implications, "on a scale at least as comparable" as the IRA's decision to call off its war and to decommission its arsenal.

The DUP's hardline leader Ian Paisley has said that he will take the post of Northern Ireland's first minister -- another crucial marker-post on the road to restoring power-sharing -- if Sinn Fein backs the PSNI.

The promise of self-rule was among the main planks of the landmark 1998 Good Friday agreement which ended three decades of "the Troubles", in which over 3,500 people died, many at the hands of the IRA.

But devolved government was suspended in 2002 after allegations of an IRA spy ring at Stormont, the Belfast seat of administration, and Northern Ireland has been back under direct rule from London ever since.

Sinn Fein Leaders Agree To Vote On Northern Ireland Policing (BLOOM)

By Louisa Nesbitt

Bloomberg, December 30, 2006

Dec. 29 - Leaders of Northern Ireland's Sinn Fein will ask their members to back the province's Protestant- dominated police force, paving the way for a revival of the region's parliament after it was suspended four years ago.

A group of Sinn Fein delegates will meet next month to vote on the proposal after their leaders today said they were in favor of the plan, according to an e-mailed statement from Irish Prime Minister Bertie Ahern.

U.K. Prime Minister Tony Blair said in October that Sinn Fein, which mainly represents Catholics and is allied to the Irish Republican Army, must back the police before parliament is restored. Blair and Ahern aim for the assembly to be up and running by March 26.

``This is clearly a landmark and timely decision and I welcome it," Ahern said in the statement. The January meeting will be a ``defining moment in the peace process."

Northern Ireland's parliament was established as part of the 1998 Good Friday Agreement, an accord designed to end the conflict between mainly Roman Catholic nationalists who want a united Ireland and majority Protestant unionists who wish to keep ties with the U.K.

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``This is an initiative which in our view is absolutely in the best interests of our people," Sinn Fein's chief negotiator Martin McGuinness told Ireland's RTE radio today.

Bush Signs US-Vietnam Trade Measure (AFP)

AFP, December 30, 2006

CRAWFORD, United States - US President George W. Bush signed a proclamation formally extending full US-Vietnam trade ties and made the former foe eligble for US military aid, key steps in normalizing relations.

Bush lifted trade restrictions imposed on Vietnam under the so-called "Jackson-Vanik" amendment of 1974, under which communist nations can enjoy normal trade relations with the United States only if the president grants an annual waiver certifying that such relations promote freedom of emigration.

"The United States welcomes Vietnam's progress in enacting free-market reforms, and looks forward to Vietnam becoming the 150th member of the World Trade Organization on January 11," said White House spokesman Scott Stanzel.

In a memorandum to US Secretary of State Condoleezza Rice, Bush declared that "the furnishing of defense articles and defense services to Vietnam will strengthen the security of the United States and promote world peace."

Bush had visited Hanoi and Saigon in mid-November as part of a week-long Asia trip that also took him to Singapore and Indonesia.

The US Congress formally granted Vietnam "permanent normal trade relations" earlier this month, giving that country the same access to US markets that other WTO members enjoy.

Convicted Marine Out Of Manila Jail (AP)

By Jim Gomez, Associated Press Writer

AP, December 30, 2006

A U.S. Marine convicted of raping a Filipino woman was whisked away from a Manila jail to the U.S. Embassy Friday, a spokesman said, almost a month after the U.S. and Philippine governments urged a local court to transfer him to American custody during his appeal.

Lance Cpl. Daniel Smith, 21, had been in a Manila jail since he was convicted and sentenced to 40 years on Dec. 4. Three other Marines were acquitted in the case. All four were in U.S. Embassy custody during the trial that stirred anti-American feelings in this former U.S. colony.

Smith's lawyers, the U.S. Embassy and the Philippine departments of justice and foreign affairs have agreed that his detention violates the 1998 Visiting Forces Agreement, which governs the conduct of U.S. troops in the Philippines. A provision in it states that any accused U.S. serviceman shall remain in U.S. custody until all judicial proceedings are exhausted.

"The government of the Philippines made a decision to transfer Lance Cpl. Daniel Smith back to U.S. custody, consistent with the terms of the VFA," embassy spokesman Matthew Lussenhop told The Associated Press.

The case has stirred anti-American protests and last week, the United States canceled a large-scale military exercise with the Philippines scheduled for February 2007 because of a dispute over Smith's custody.

It was not immediately clear if the decision to transfer Smith came from a judge or was the result of intervention by President Gloria Macapagal Arroyo's government, an American ally that relies on U.S. counterterrorism training for battling al-Qaida-linked militants in the country's south.

Government officials were not immediately available for comment.

Evalyn Ursua, the lawyer for the 23-year-old victim, called Smith's transfer "a clear rape of our constitution."

"The U.S. government should be made to answer for intervening in our domestic affairs," she said. "In our legal system, if a criminal is convicted and put in jail, he cannot be released even by the president of the Philippines unless it's a court order."

Smith had sought a temporary restraining order from the Court of Appeals against the decision by Judge Benjamin Pozon to detain him at the suburban Makati city jail during his appeal.

Pozon immediately ordered Smith's detention at a local jail over the objections of his lawyers, who cited a provision in the 1998 VFA giving U.S. custody of an American serviceman until all judicial proceedings are completed.

Pozon said that provision will not apply after a conviction.

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Reid: U.S. Seeks Good Ties With Ecuador (AP)

By Jeanneth Valdivieso, Associated Press Writer

AP, December 30, 2006

Incoming Senate Majority Leader Harry Reid said Friday that the United States wants to strengthen relations with Ecuador's leftist President-elect Rafael Correa and respects his intention to not extend the U.S. military's use of a coastal base.

Reid and a bipartisan delegation of five other senators met for almost an hour with Correa, who takes office on Jan. 15, and expressed a desire to build better bilateral relations.

Asked about Ecuador's involvement in the Andean Trade Promotion and Drug Eradication Act, a package of trade benefits that Washington offers in exchange for counter-drug cooperation, Reid said President Bush supports an extension.

Congress has renewed the agreement under which products from Colombia, Peru, Bolivia and Ecuador can enter the North American market until June 2007.

"From my perspective, Ecuador has fulfilled all of the requirements for the extension," Reid said. "The people of Ecuador should feel comfortable that it will be extended."

Correa has said he will not sign a free trade agreement with the United States but will seek extended trade preferences under the anti-drug agreement. Trade talks between the U.S. and Ecuador derailed in May, after Ecuador canceled the operating contract of California-based Occidental Petroleum Corp.

He told reporters that he had a cordial meeting with the U.S. politicians, during which he reiterated his pledge to not extend the U.S. military's use of the Manta air base on the Pacific coast for drug surveillance flights when a treaty expires in 2009.

"We respect the sovereignty of Ecuador," Reid said.

Joining Reid and Colorado Democrat Ken Salazar were incoming Majority Whip Richard Durbin, D-Ill.; Sen. Kent Conrad, D-N.D.; Sen. Judd Gregg, R-N.H.; and Sen. Robert Bennett, R-Utah.

The delegation, which visited Bolivia Tnursday, is scheduled to travel Saturday to northern indigenous communities to meet with local leaders. The senators will travel next to Peru for talks with center-left President Alan Garcia on Jan. 2.

Female Leaders' Rivalry Seen Hurting Bangladesh (WT/AP)

By Matthew Rosenberg

The Washington Times, December 30, 2006

DHAKA, Bangladesh -- For 15 years Bangladesh has been dominated by the revolving-door premiership of two women whose rivalry is among the most ferocious in the democratic world.

President Jimmy Carter tried to get Begum Khaleda Zia and Sheik Hasina Wajed to shake hands in 2004, but couldn't even persuade them to look at each other. Last month, at a party, the two held court in different corners of the room.

It's the stuff of political slapstick, except that this feud is rooted in the assassination of one woman's father and the other's husband, and the result today is anything but funny.

"We have floods, cyclones, many people die. But Zia and Hasina are worse," said Dhaka shop owner Abul Islam, 51. "The two ladies are our worst disaster."

Many people here -- illiterate men pedaling rickshaws through Dhaka's squalid streets, or educated women sipping tea in stately homes -- will tell you the rivalry is the cause of all the country's problems of poverty and corruption.

That's an overstatement, perhaps. Such problems existed before and after 1971, the year Bangladesh became independent while the two women were at home raising their children. It was political instability, wholly male-generated, that led to the assassinations that propelled Mrs. Zia and Mrs. Hasina to prominence.

But their rivalry has done nothing to improve things. Bangladesh is deeply corrupt and, in many parts, barely governed, raising concerns about instability in this strategic Muslim country already contending with Islamist militancy. Now, with an election due Jan. 23 in which both women are likely to seek another term, tempers are rising again.

Mrs. Zia was elected in 1991, Mrs. Hasina in 1996, and Mrs. Zia again in 2001.

The latter's most recent term in office has just ended, and the race between her Bangladesh Nationalist Party and Mrs. Hasina's Awami League is already bloody, with at least 34 killed in street clashes since October.

As each serves a term and is replaced by the other, a well-worn pattern has emerged: one party wins the election, and the other spends the next five years doing its best to make the country ungovernable through strikes and protests.

Bangladesh is roughly the size of New York state with four times the population -- 147 million at last count -- and grindingly poor. Yet nationwide strikes repeatedly bring it to a standstill, shutting factories that churn out J. Crew sweaters and Banana Republic shirts and earn more than 75 percent of the country's hard currency.

"Foreigners think we are a moderate Muslim country because we have two women in charge," said businessman Obaidul Kader, 42. "But that's only thinking in religious terms," he added. "Maybe our ladies are not Islamic extremists, but they are not moderate people. Their hate is not moderate."

At a glance, they don't look all that different. They are close in age -- Mrs. Zia is 61 and Mrs. Hasina, 59. Both appear in public wearing flowing saris and shawls. Both go by grand feudal titles -- Begum Zia and Sheik Hasina.

Some might see them as evidence of women's liberation in Bangladesh, but patriarchal traditions run deep here.

"They can't sit down and discuss their problems like men," Mr. Kader said, though Bangladesh had coups and assassinations before the women took over.

Both women became heads of parties that had lost their male leaders to killers. Mrs. Hasina's father was Sheik Mujibur Rahman, independent Bangladesh's first prime minister, assassinated along with most of his family by army officers in 1975. Mrs. Hasina was out of the country at the time.

In the aftermath of Sheik Mujibur's murder, Mrs. Zia's husband, Gen. Ziaur Rahman, became prime minister -- a post he held until 1981, when he, too, was assassinated by soldiers. Mrs. Zia then took over his party.

She suspects that Mrs. Hasina's Awami League was behind her husband's slaying, while Mrs. Hasina thinks Mrs. Zia's husband knew about the plot against her father.

Despite their suspicions, the two put aside their differences to fight the decade-long dictatorship of Hussein Muhammed Ershad, and both spent much of the 1980s in and out of prison.

When democracy was restored in 1991, Mrs. Zia led her husband's Bangladesh Nationalist Party to victory and was elected prime minister. The party chose her as leader because she "was a symbol that could unify party workers," said Nazim Kamran Chowdhury, a former BNP lawmaker.

"We thought she believed in the ideals we had," he said. But "the moment she became prime minister, she was more interested in the trappings of power rather than the exercise of power. There was no discussion, no policy initiatives."

He and others describe Mrs. Zia as having lived a cloistered life until her husband's assassination.

"She was a person who never had to go to a market, has never been to a bank to open a bank account -- doesn't know everyday life," Mr. Chowdhury said.

Mrs. Hasina, who has been married to nuclear scientist Dr. Wajed Miah since 1968, was active in student politics at Dhaka University but shares the same reputation for being removed from the many who live on less than a dollar a day.

No one has seen the two women speak -- not a "hello," "how are you?" or "goodbye" -- in years.

"In true democracies, you have political parties running on different platforms but working together to govern," said Mr. Chowdhury, the former lawmaker.

The two parties to which the women belong are relatively centrist, with few issues separating Mrs. Zia and Mrs. Hasina. "They have no conception of what democracy is -- they just want to rule," said Mr. Chowdhury. "The state: Running it, they get to decide who gets government jobs, give business to supporters."

So why not elect someone else?

Analysts blame social conservatism -- a reluctance of the poor and illiterate to question those perceived as their betters -- and thuggish political tactics to ensure that people who don't support either party turn out anyway to vote for one of them.

As for the small middle and upper class, most are tied to one party or the other -- and the rest are simply afraid to gamble on something new.

"I've got major property holdings, I import electronics," said a middle-aged businessman who maintains ties with both camps and refused to be named. "I can't take foolish risks. They could shut me down."

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Crowds Of Pupils But Little Else In African Schools (NYT)

By Sharon Lafraniere

The New York Times, December 30, 2006

BAMAKO, Mali — Even before workers hung the last wooden shutter on the new classrooms here, School H was overcrowded.

Makamba Keito, the school's director, was expecting no more than 420 first through sixth graders. But as he opened registration on a sizzling Saturday in September, twice that number were already on the list — and those were only the students who had transferred from other jam-packed schools nearby.

Mr. Keito registered a few dozen more, then halted with a whopping 887 pupils, an average of 126 per teacher. "That's it," he recalled telling parents who had been turned away. "You must go find some other place."

Finding places for millions of new students is one of sub-Saharan Africa's most overwhelming and gratifying missions. After two decades of sluggish growth in enrollment rates, the region's 45 countries find themselves with an embarrassment of eager schoolchildren.

Nearly 22 million more students flooded classrooms between 1999 and 2004, increasing the enrollment rate by 18 percent, more than any other region of the world, according to Unesco. More than 6 out of 10 primary school-age children are now enrolled — and that does not include older students, like 14-year-old second graders, who have also streamed into schools.

Not since the 1970s has sub-Saharan Africa made such strides.

"The whole climate has changed," said Nicholas Burnett, who produces an annual global report on schooling for Unesco. "Resources are becoming available. You can definitely see the attitudes of African parents changing. Africa is starting to move in such a positive direction."

Two trends have converged to produce such change: One is a new willingness by international donors and African governments to spend hundreds of millions of dollars more on basic education. That has fed a rising demand for education by the region's parents, who for perhaps the first time see a chance to give their children a future that they were denied.

The challenges, however, remain staggering. Foremost is a flood tide of school-age children in a region whose birth rate is nearly twice the world's average. Forty-four in 100 sub-Saharan residents are under age 15, the highest proportion on earth. By some estimates, the next decade could raise the school-age population by another 28 million.

The region must absorb those newcomers while trying to lift itself from the subbasement of global education. Sub-Saharan Africa is home to barely one-sixth of the world's children under 15, but fully half the world's uneducated children — the legacy of poverty, colonialism and historically inadequate schools. Those who do make it to primary school are more likely to enroll late, repeat grades and drop out before sixth grade than are students anywhere else, according to Unesco.

The pupil-teacher ratio, averaging 44 to 1, is the world's highest; the percentage of trained teachers is among the lowest.

Mali is a template for those challenges. One of earth's poorest nations, it also has the world's second-highest birth rate, behind only neighboring Niger. It lags even most African nations in the share of children in primary school.

Yet a crusade is under way to get Malian children out of thatched huts and arid fields and into classrooms. Thanks partly to newfound economic growth, Mali more than doubled its spending per child between 1994 and 2004 to educate youngsters aged 6 through 14, the Education Ministry reports. Mali is also a favorite of donors, whose contributions to basic education there nearly tripled from 1999 to 2004, according to Unesco.

In each of the past five years, Mali has averaged 667 newly built first- through sixth-grade classrooms and 1,962 freshly hired first- through ninth-grade teachers.

"Our No. 1 priority is to send all the country's children to school," said Bonaventure Maiga, a technical adviser at the Education Ministry. "People are more and more aware that school is an absolute necessity."

Even this, however, is not nearly fast enough for Mali's parents. Unwilling to wait until the government catches up with the torrent of would-be learners, they are creating their own school system side by side with the official one, building caked-mud classrooms and recruiting teachers, even if the teacher's sole qualification is having made it through the ninth grade. In the past few years, the so-called community schools have grown faster than the public schools.

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One is in Kinsika, a collection of round huts off a dirt road about two hours from Bamako, the capital. There, 132 students study in three classrooms with cracked walls, dirt floors and handmade desks. Magnan Bagayoko's parents, illiterate millet workers, raise vegetables to earn an extra dollar or two monthly so their 13-year-old son can study there.

"I know that if a child goes to school and does well at school, we will all benefit," his mother said as Magnan, slim and serious, hauled out the rusted lantern by which he studies after dinner each night. "If he makes progress with his studies, it will be possible for him to become a paid worker.

"This is what we really hope for, God willing."

It is also the region's best hope, development experts say. Only by educating children through at least the sixth grade, they say, can Africa attack a seemingly inexorable rise in poverty that has left it trailing the rest of the developing world. In sub-Saharan Africa, the average adult's schooling ends at the third grade. Two in five are illiterate. No nation has ever achieved rapid and sustained economic growth with a population so poorly educated, the World Bank says.

Increasingly, schools are also seen as the best chance to rescue the roughly 12 million sub-Saharan children who have lost one or both parents to AIDS. Cream Wright, who oversees education issues for the United Nations Children's Fund, says that schools could offer a modicum of care to the legions of children who are currently forced to fend for themselves.

Basic education was not always so popular with the international donors that so heavily influence African policy. Enrollment rates soared for two decades until 1980, when the World Bank and the International Monetary Fund demanded that African governments slash public spending to deal with a wave of economic crises. As spending stagnated, so did schools: During the 1980s, the region's enrollment rates either stagnated or fell. But the push for basic education reignited in the 1990s. Wealthy nations and global lenders like the World Bank increased contributions to basic education in sub-Saharan Africa by almost half in just four years, to an average of $723 million a year in 2003 and 2004, according to Unesco.

Six sub-Saharan nations have even made basic education free, attracting millions of new learners, although Mali and about three dozen other nations still impose school fees.

Yet even this will not nearly enable the region to meet the United Nations' millennium target of assuring all children a sixth-grade education by 2015. At current spending levels, the World Bank estimates, that will take sub-Saharan nations another 50 years. Achieving it within the next decade would require a ninefold increase in aid, Unesco's experts say. They argue that donors should shift funds to Africa from other, less needy parts of the world and to primary schools from higher education.

School H, in the dusty suburbs of Mali's fast-growing capital, exemplifies how far the region has come — and how far it still must go.

The latest newcomer to H's staff is Miriam Coulibaly, whose delicate features hide a ferocious teaching style. Just 25, she graduated in June from one of Mali's revived teacher training institutes. All but three institutes were closed during the budget-slashing of the 1980s; today, about a dozen churn out new teachers.

One recent Friday, a gaggle of second graders, crammed five to a desk, clamored for Mrs. Coulibaly's attention as she whipped through her classroom's narrow aisles. She teaches half of her 195 pupils in the morning, runs home for lunch, then races back to teach the other half.

Perhaps three of them have textbooks. Although the World Bank estimates that the average Malian primary student has at least one textbook, a recent survey cited by the Education Ministry showed that only 60 percent of books bought for schools actually reach them. Mrs. Coulibaly said she had to borrow textbooks herself, just to create her lessons. "Textbooks would make my job so much easier," she said as pandemonium reigned in the dirt schoolyard during recess. "They have nothing — no reading, no language, no math books, nothing. They may not even have a simple piece of chalk."

The following Monday, a fourth-grade class of 103 pupils grew visibly restless as their teacher, stymied by the absence of textbooks, painstakingly copied a science lesson on the workings of a bicycle on the blackboard. A second fourth-grade teacher said he was discouraged by how little his students had learned.

"They can't read," he said quietly.

The sixth grade is School H's second smallest, with one class of 105 students, some as old as 17. Fewer than half of Mali's primary school students finish sixth grade. One in five repeats a grade, a failure rate mirrored throughout much of the region.

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Such discouraging figures do not diminish Kadia Keita's sense that she is part of a historic shift. One morning in December, she asked her 125 third graders how many were first-generation learners whose parents could neither read nor write.

A third of the hands shot up.

"This is why I am here," she said, before reading a few sentences in French off the blackboard, tapping out each word with a broken twig in lieu of a pointer. "It is not the numbers I look at. It is the kids."

Lassina Bagayoko, a 38-year-old millet farmer, shares her conviction. Every month he walks from hut to hut in Kinsika to collect about $1 each from parents of students at the village's eight-year-old school. Some families pay with tomatoes, cucumbers, eggplant or charcoal. He sells the goods each Saturday under a towering tree in the village market.

The Education Ministry contributes $50 a month to two teachers' salaries there, part of its effort to support the surge of self-starter schools. The parents contribute roughly an equal amount, and pay a third teacher's entire salary.

Mr. Bagayoko said his parents had yanked him from school against his wishes after just two years, insisting that he tend the family cattle. He now volunteers as the school treasurer, he said, so that his own eight children and others can study.

Fati Ba, a 10-year-old with a taste for sparkling, heart-shaped earrings, faced precisely the same problem a few years ago. "I told my father: 'Take me to school. I like school. I understand things,' " she said. "My parents said they would rather see me take care of the cattle."

But three decades have passed since Mr. Bagayoko's time, and unlike him, Fati carried the day. Now she has a backpack with pink straps and regularly scores the best marks in the fifth grade.

"I realize this is where the future is," her father said. "So I simply decided to go along."

4 Suspects In '94 Massacres Of Rwanda Tutsi Are Held In London To Face Extradition (NYT)

By Alan Cowell

The New York Times, December 30, 2006

LONDON, Dec. 30 — In a rare case evoking genocide in a distant land, four men accused of plotting or participating in the 1994 massacres of Rwanda's Tutsi minority appeared in a London court on Friday after their arrests overnight to face extradition proceedings.

The men were ordered to be held in prison until a court appearance in late January. They were arrested under an unusual and previously secret memorandum of understanding between Britain and Rwanda that was supposed to prevent them from being executed if found guilty of crimes in their own country. The memorandum was not publicized in order to avoid alerting the men to their impending arrests.

British human rights law forbids extradition to countries that practice the death penalty or inhumane treatment of prisoners. The men may not be tried in Britain, however, because British jurisdiction does not extend to foreign nationals accused of committing genocide in other countries.

In some other countries, notably Belgium, the former colonial power in Rwanda, the law allows prosecution of foreign genocide suspects regardless of their nationality. In 2001, four people were sentenced for crimes relating to the 1994 massacres.

The four men arrested here have denied the genocide charges and are expected to resist being sent to Rwanda, where rights groups like Amnesty International have raised questions about the quality of the judicial system.

The arrests across England — in London, Manchester, Bedfordshire and Essex — offered a bizarre contrast between the imagery of mass killing and the apparent banality of the lives the men had built for themselves in Britain.

One of the men, Vincent Bajinya, 45, a medical doctor who had also been known as Vincent Brown since securing asylum in Britain, worked for a refugee charity in Britain but had coordinated Hutu militias in Kigali, the Rwandan capital, in 1994, according to Gemma Lindfield, a lawyer acting on behalf of the government of Rwanda.

Mr. Bajinya, arrested in Islington, north London, was accused of arming some of the Hutu militias with the machetes they wielded to slaughter many of the 800,000 Tutsi who died in the bloodletting.

Another suspect, Charles Munyaneza, 48, had been a local mayor in Rwanda and was alleged to have planned "tens of thousands of killings" of Tutsi, Ms. Lindfield said, but was working as a cleaner in Britain before his arrest in Bedford.

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Ms. Lindfield said he had urged Tutsi to flee for their safety to public buildings where Hutu militiamen were lying in wait for them. “He also attended meetings at which the number of Tutsis killed in that district were recorded,” she said.

A third man, Celestin Ugirashebuja, 53, the former mayor of Kigoma, near Kigali, “organized roadblocks in the commune to prevent the escape of Tutsis and again is responsible for many thousands of Tutsi lives,” Ms. Lindfield said.

Mr. Ugirashebuja had been arrested in Walton-on-the-Naze, in Essex, east of London. In Rwanda, “his role was to make sure that the Tutsis were being killed and to monitor how many were being killed,” Ms. Lindfield said.

Those three men applied for bail, but the request was refused. Ms. Lindfield argued against bail, saying: “All three men are heavily involved in the implementation of the genocide in 1994.”

The fourth man, Emmanuel Nteziryayo, a former local mayor, appeared at a separate hearing of the same court after being arrested in Manchester, in northwest England. He did not seek bail.

It was not clear from the court proceedings how the men had reached England. British newspapers have tracked some of the men down, reporting that some had secured asylum after arriving by way of other African countries, including South Africa, Kenya and Congo.

The four men were arrested under an extradition warrant alleging that they killed, conspired to kill or helped others kill “members of the Tutsi ethnic group with the intent to destroy in whole or in part, that group” between Jan. 1 and Dec. 12, 1994.

The massacres began after President Juvenal Habyarimana died in a plane crash. At that time, Ms. Lindfield said, Hutu militias were set up throughout the country to systematically wipe out their Tutsi neighbors.

According to the government of Rwanda on its Web site, genocide trials are being conducted in Rwanda and at the United Nations International Criminal Tribunal for Rwanda in Arusha, Tanzania. “A few other cases have been heard in European courts” and more than 2,500 people have been tried and sentenced in Rwanda, and the Arusha court has tried and sentenced 8 people, the Web site said.

But, according to the Rwandan government, several suspects accused of major crimes remain at large around the world.

Desmond Tutu The Archbishop (WSJ)

By Tunku Varadarajan

The Wall Street Journal, December 30, 2006

NEW YORK -- Among his many essential arts -- those of persuasion, rhetoric, theology and politics -- there is one that stands out over all others when I meet Desmond Tutu in the flesh at a hotel in midtown Manhattan: the art of laughter.

In the course of an hour's conversation with Archbishop Tutu, I hear a fuller range of cackles, chuckles and giggles than I have ever encountered in one who was not a child, or drunk, or a professional comedian. It is an instinctive laughter, not cultivated; but even so, one senses that "the Arch" grasped early in life its power to disarm an interlocutor.

Archbishop Tutu's jollity, however, is that of a serious, even grave, man, and it is this jollity, this very African capacity for mirth in darkness, that set him apart from the dour, adamant Afrikaners with whom he locked horns over a lifetime: F.W. de Klerk, South Africa's last apartheid-era president, was rock-faced and impassive; and, before him, P.W. Botha -- whose nickname, "the Great Crocodile," was not intended as a compliment -- was a grumpy old Boer who looked ulcerous even when he allowed himself a smile. By contrast, Archbishop Tutu looks like nothing more than a mischievous, if well-fed, lemur, whose eyes twinkle irrepressibly behind plus-size glasses. His presence alone, it is said, drove Botha up the wall. * * *

Desmond Tutu, who retired as archbishop of Capetown in 1996, is the best known priest in the world (give or take a pope). His renown derives not so much from his theology as from his moral leadership of the anti-apartheid movement in South Africa. With Nelson Mandela in jail, and with Winnie Mandela an increasingly divisive -- and dangerous -- figure, it fell to Archbishop Tutu to steer the struggle against institutionalized racial oppression toward a nonviolent direction, and to do so from within the often-stifling hierarchy of his Anglican church.

Do you today have the South Africa -- I ask him-- that you dreamed about in the days of the struggle? He gives off a muffled guffaw. "Yyyeeesss . . . " he says, stretching the word like gum as he thinks aloud. "And no . . . Yes, because there's nothing ever to equal being free. You can't put a money value to being free, to be able to wake up in a country and not have to say, 'Do I have my pass on me?' 'Am I allowed to go there?' 'Can I take my children to that school?'"

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(Apropos of his children, here is a heartbreaking anecdote from "Rabble-Rouser for Peace," the new, authorized biography of Desmond Tutu, by John Allen. The Tutus have just returned to South Africa from England in the 1970s. The youngest daughter, born in London, had no experience of segregation. ". . . we passed a children's playground. Mpho said she wanted to go on the swings, and I said, 'No, sweetheart, you can't,' and she said, 'But there are other children there.' You got quite sick having to say, 'Yes, there are other children there, but they are not quite children like you.'")

Freedom, Archbishop Tutu explains, has also meant a more responsive government, one "that is aware that people still don't have running water, and is seeking to provide them with that . . . and is spending a lot of its resources on primary health care, because people in the rural areas have for long been neglected. But, ja," -- he pronounces this last word in the Afrikaans, or Dutch, manner -- "we . . . we have got a huge problem with HIV/AIDS, unemployment, crime and trying to make a modern state work." Here, he cackles, as if marveling at the audacity of his people in tackling a task of such magnitude. "By and large, we've not done badly, but as a schoolteacher would say, 'There is room for improvement.'"

Improvement, it would seem, needs to come right at the top. HIV/AIDS, by some estimates, kills almost 900 people per day in South Africa; and every day, around 1,500 new people are infected with HIV. Yet Thabo Mbeki, the country's president, has long questioned the link between HIV and AIDS, as well as the effectiveness of antiretroviral drugs. At a conference in Toronto, in August, South Africa's health minister earned international scorn by suggesting that a diet of beetroot, lemon and garlic was the best cure for AIDS. "I really am unable to explain just why we should have had this lack of leadership on this particular issue," the archbishop laments. Resorting, once more, to the schoolroom for a metaphor, he adds: "It is, I think, a blot on our copybook."

The subject pains him, and after a long pause, in which his brow furrows to its deepest extent, he continues: "I am not able to provide a rational explanation for why we are where we are. It does seem to be the case that many of those who died of AIDS in South Africa need not have died. I don't know why we have let ourselves be pilloried [internationally] like this. In many respects, you might say, we have been the flavor of the week or the month, because of the transition from repression to democracy, and especially for having had a Mandela. But we dim our glory substantially by the way we handle the AIDS issue."

Has he talked to President Mbeki about all this? "Yes, we've tried, and other people have tried . . . ja . . ." He goes quiet here, as if debating whether to say more, then finally adds: "It is a very big blot on our copybook . . . which in many ways would have been exemplary. And I think we mustn't take away from some of Thabo's splendid contributions to peacemaking in Africa . . . which is why AIDS does become such a stark contrast." An emotional man, the archbishop struggles constantly to balance his natural urge to speak plainly with the real-world tug of diplomacy. * * *

President Mbeki has been derelict in other areas, too. He has refrained from criticizing Robert Mugabe, the autocratic president of neighboring Zimbabwe, for his confiscation of white-owned farmland and his violent repression of domestic opposition parties. Has the new South Africa -- built on ideals of freedom and democracy -- blotted its copybook there, too?

Archbishop Tutu explodes in a belly-shaking guffaw, which, on closer reading, is his way of expressing embarrassment. "It is no justification to trot out someone's liberation struggle in the past as justifying policies that are so obviously horrendous policies. First, the thing that they did with the white farmers: The land issue will always be a very emotive thing, and it is true that far too large a proportion of land was in the hands of a few whites -- and so it is in South Africa. But we are seeking to carry out land restitution in an orderly legal fashion, recognizing the rights of the current owners, however they may have come into those rights.

"And if you say, as some people have tried to condone, that you are redressing a very great injustice . . . the way they've dealt with the squatters and other [political opposition], destroying quite good homes, and in winter, there's nothing to justify such cruelty and injustice. It's not Mbeki alone. You could say that the rest of Africa could also have been a great deal more categorical in its condemnation of events in Zimbabwe. But when President Mugabe goes to summit meetings, he's usually welcomed as a hero. I mean, it is distressing for us. Within the African culture, Thabo is younger than Mugabe, so Mugabe might say 'Who is he to come and read me the riot act?' But I think we could have made it a good deal clearer that there were things going on in Zimbabwe that were unacceptable."

The silence over Zimbabwe galls Archbishop Tutu because he holds fast to the view -- and why should he not? -- that South Africa has much to impart to the world. "In many respects, we could say that we do have an example of people having tried to resolve differences without recourse to violence. I mean, we had violence, and we could have continued it. Most people

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thought that South Africa was going to be overwhelmed by a bloodbath, and the fact is that we negotiated ourselves away from the precipice. That can serve as an inspiration to the rest of the world, that it is possible to find alternatives other than force and war for resolving differences."

The archbishop is convinced that if South Africa hadn't negotiated a political solution between whites and blacks, and hadn't instituted a Truth and Reconciliation Commission to investigate (but not punish) apartheid-era human-rights violations, "we would not be sitting here in New York, you and I, talking like this." You just have to look, he says, "at the Middle East, Northern Ireland, Sri Lanka, and at what happened in former Yugoslavia, and you have to say that we really were spared Armageddon in South Africa."

Twelve years after apartheid's end, "we still have a remarkable degree of stability. I mean, we have enormous problems, but on the other hand you can say, 'Please show me one country which doesn't have problems.' In this country, the only superpower, the most prosperous in the world, come Katrina, and it shows how utterly unequally the prosperity is spread. You have an underbelly here that's desperate, desperate . . . And despite all the years of freedom, you have Guantanamo -- and they use the same arguments for justifying it that the apartheid government used for detentions and so forth."

Here, one might say, Archbishop Tutu's nuance and diplomacy deserts him for a more Manichean view of the world. His unflinching moral certitudes, drawn from years of righteous struggle against apartheid, appear too blunt to tackle the political debate in the U.S. -- where ideological polemics are about more than an assertion of humanity by one side, and a denial of that humanity by the other. But there is no swagger in his criticism of the U.S., no apparent sanctimony. I detect instead, from the tone of his voice, an assertion that America has -- as he sees it -- fallen short of its own best standards. A betrayal of one's own ideals is, to him, the worst betrayal.

Archbishop Tutu feels that way about South Africa, too. "I wish that we could recover a lot of the kind of idealism, and altruism, we had at the time of the struggle. I think we seem to have jettisoned quite a bit of that. I think we in South Africa need to recover the dream of a society that is a compassionate society." And then he laughs, a large-hearted laugh, a laugh not of pleasure but of wistful reflection. "God bless you," he says, rising to his feet. "You must come to South Africa."

Mr. Varadarajan is the editorial features editor of The Wall Street Journal.

Giant Ice Shelf Breaks Free In Arctic; Climate Change Cited As Major Factor (WP/AP)

By Rob Gillies

The Washington Post, December 30, 2006

TORONTO, Dec. 29 -- A giant ice shelf has snapped free from an island south of the North Pole, scientists have said, citing climate change as a "major" reason for the event.

The Ayles Ice Shelf -- all 41 square miles of it -- broke clear 16 months ago from the coast of Ellesmere Island, about 500 miles south of the North Pole in the Canadian Arctic.

Scientists said Thursday that they had discovered the event by using satellite imagery. Within one hour of breaking free, the shelf had formed as a new ice island, leaving a trail of icy boulders floating in its wake.

Warwick Vincent of Laval University in Quebec City, who studies Arctic conditions, said he traveled to the newly formed ice island and couldn't believe what he saw.

"This is a dramatic and disturbing event. It shows that we are losing remarkable features of the Canadian North that have been in place for many thousands of years," Vincent said. "We are crossing climate thresholds, and these may signal the onset of accelerated change ahead."

The ice shelf was one of six major shelves remaining in Canada's Arctic. Packed with ice that is more than 3,000 years old, they float on the sea but are connected to land.

Some scientists say that the shelf's collapse is the largest event of its kind in Canada in 30 years and that climate change was a major factor.

"It is consistent with climate change," Vincent said, adding that the remaining ice shelves are 90 percent smaller than when they were first discovered in 1906. "We aren't able to connect all of the dots . . . but unusually warm temperatures definitely played a major role."

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Laurie Weir, who monitors ice conditions for the Canadian Ice Service, was poring over satellite images in 2005 when she noticed that the shelf had split and separated. Weir notified Luke Copland, head of the new global ice lab at the University of Ottawa, who initiated an effort to find out what happened.

Using U.S. and Canadian satellite images, as well as seismic data -- the event registered on earthquake monitors 155 miles away -- Copland discovered that the ice shelf collapsed in the early afternoon of Aug. 13, 2005.

Copland said the speed with which climate change has affected the ice shelves has surprised scientists.

"Even 10 years ago, scientists assumed that when global warming changes occur that it would happen gradually, so that perhaps we expected these ice shelves just to melt away quite slowly," he said.

Obstacles In Turkey's Path (NYT)

The New York Times, December 30, 2006

It came as no surprise when the European Union recently suspended some of its planned membership talks with Turkey. The sticking points pertain to the strained relations between Turkey and Cyprus, which have long threatened to undermine Turkey's membership bid. What is surprising — and dismaying — is that the union is treating this as primarily a legal problem. That's a distortion.

Turkey is indeed in violation of European law on the proper treatment of Cyprus. But the problem is mainly political, and of the union's own making. The E.U. blundered when it allowed a divided Cyprus to join the union in 2004. Reunification — of Greek Cypriots in the south and Turkish Cypriots in the north — should have been a precondition. Still, it's widely acknowledged that Turkey and the Turkish Cypriots did their utmost to reunite the island so that both Cyprus and Turkey could peacefully join the E.U. But the Greek Cypriots scotched a United Nations reunification plan.

That has left Turkey in an untenable position. Other European leaders should be pressuring the Greek Cypriot leadership to end the impasse and working with Turkey to find a solution. Instead, some are using the stalemate as an excuse to hamstring Turkey's entry.

Opposition to Turkey fails the test of Europe's values of tolerance and political compromise. It is also a failure on Europeans' part to discern their own self-interest. There is a growing awareness in the West of the need to engage Iraq's neighbors in an effort to quell the war in Iraq and, more broadly, to work for peace in the Middle East. Turkey is an underutilized resource in this regard. Turkey is also becoming an important hub for transporting oil and gas to Europe from Russia and Central Asia, making it crucial to Europe's energy security.

Turkey, for its part, could strengthen its hand by making progress on issues that are still under discussion, especially the need to repeal Turkish laws that impede free speech. But it's up to the European Union to mend the Cyprus divide and clear the way for a dispassionate recognition of Turkey's vital role in Europe.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, DECEMBER 30, 2006 7:45 AM EST

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TERRORISM NEWS:

Bush Eager To Put '06 Behind (WT)

By Stephen Dinan
The Washington Times, December 30, 2006

President Bush was so eager to be done with 2006 that he lopped off the final 10 days in his year-end press conference last week, answering one question as if it were already 2007 and he were already dealing with the new Democratic Congress.

The year that saw his poll approval ratings fall to new lows, saw Congress back him off his veto threat on the Dubai ports deal and forced him to issue his first veto, on stem-cell research, ended with Democrats' winning outright control of Congress.

But he also won confirmation of a second justice to the Supreme Court and won congressional approval of detention and military trials for detainees in the war on terror.

Just as important, the United States helped Britain foil another major terrorist plot to hijack airplanes this past summer, and the fifth full year since September 11 is about to expire without another successful terrorist attack on U.S. soil.

At the same time, though, the situation in Iraq deteriorated, and the administration made only halting progress in using diplomacy to try to contain Iran's and North Korea's nuclear programs.

Overall, it was a year of steps forward followed almost always by steps back, and vice versa, particularly on domestic matters:

· On immigration, the president deployed thousands of National Guard troops to the border and signed the Secure Fence Act to build about 700 miles of wall along the U.S.-Mexico border, but his effort to win a broader immigration bill that included citizenship rights for most illegal aliens was stymied.

· On trade, the administration won passage of several smaller free-trade agreements -- with Bahrain and Oman -- but saw the Doha round of World Trade Organization talks break down over the summer.

· The Supreme Court ruled Mr. Bush did not have the unilateral authority to establish military commissions to try detainees in the war on terror, but in an election-season campaign-style push, the president wrangled the authority from Congress.

James Pfiffner, a professor at George Mason University who studies the presidency, said that represented a major victory for Mr. Bush and for the executive branch.

"No previous president has sought this type of power from Congress," Mr. Pfiffner said. "President Bush won another battle for executive power. Future court challenges may undermine part of this law, but in the meantime, President Bush can push his discretion to the limits with congressional approval."

Mr. Pfiffner said the congressional elections, in which the president's party lost control of both chambers and most of the candidates Mr. Bush campaigned for in the final days went down to defeat, is the biggest political setback for the president.

Looking back during his year-end press conference, Mr. Bush acknowledged it was "a difficult year for our troops and the Iraqi people," but said here at home the economy "continues to post strong gains."

Asked to look at his legacy, Mr. Bush did not find anything in 2006, and had to reach further back in his tenure, choosing to highlight 2003's overhaul of Medicare, 2001's No Child Left Behind education bill and the tax cuts of 2001 and 2003.

Mr. Bush had ended 2005 with approval ratings at about 45 percent, and with one December 2005 poll even putting him at the 50 percent mark.

And the new year began with some good news for the president when the Senate voted to confirm federal Judge Samuel A. Alito Jr. to the Supreme Court.

But as 2006 went on, he stumbled, losing a battle with his own party in Congress over transferring management of six U.S. ports from a British company to a state-run company from Dubai.

Congress also forced him into his first veto, on a measure to expand federal funding for embryonic stem-cell research. That veto was sustained by a vote in the House.

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His approval ratings slid steadily toward 30 percent, with just one sustained uptick in September as he went on the offensive to win new tools in the war on terror. That boost ended with the revelation that Republican Rep. Mark Foley of Florida sent sexually explicit messages to a male teen in the House page program.

Administration officials do list a series of accomplishments, including passage of bills to boost port security, preparations for a flu pandemic, increased Pell Grant funding, and renewal of the Magnuson-Stevens Act that governs marine conservation and the fishing industry.

The big-ticket items the administration points to are renewal of the Patriot Act, passage of the Secure Fence Act and the grant of authority for military tribunals for detainees.

Appeals Court Rejects Brief Submitted By Ex-Judges (NYT)

By Adam Liptak

The New York Times, December 30, 2006

Seven former federal judges were told yesterday that their views were not welcome at the federal appeals court in Washington.

A divided panel of the United States Court of Appeals for the District of Columbia Circuit, which will soon decide an important case concerning detainees at Guantánamo Bay, rejected a friend-of-the-court brief submitted in the case by the retired judges. Two former chief judges of the court were among those rebuffed.

The unsigned majority decision, for Judges David B. Sentelle and A. Raymond Randolph, said the brief violated a 1982 advisory opinion from a committee of the Judicial Conference of the United States, which is the administrative and policy-making body of the federal court system.

"Judges should insure that the title 'judge' is not used in the courtroom or in papers involved in litigation before them to designate a former judge," the advisory opinion said.

Briefs by former judges supporting one side or the other in significant cases are relatively common. The brief rejected yesterday urged the appeals court to allow Guantánamo detainees to challenge their detentions notwithstanding a new law, the Military Commissions Act, that the government says now bars the courthouse door.

Judge Judith W. Rogers dissented. She said the 1982 advisory opinion was meant to address situations in which former judges acting as lawyers are referred to by the honorific title "Judge." That practice, if allowed in court, could improperly influence juries, confuse people and make parties to lawsuits lose confidence in the judicial system.

But the situation here, with former judges submitting an appellate brief on their own behalf and with the government's consent, is different, Judge Rogers wrote. "Indeed, denying the unopposed motion for leave to file may itself create an appearance of partiality," she wrote.

David B. Rivkin, who was an official in the administrations of Ronald Reagan and the first President George Bush, said he detected a political undertone.

"It certainly tells you," Mr. Rivkin said, "how at least some of the D. C. Circuit judges feel about the anti-Bush-administration judicial activism by their former colleagues."

Judge Sentelle was appointed by Reagan, Judge Randolph by the first President Bush and Judge Rogers by President Bill Clinton. The two former chief judges on the brief, Abner J. Mikva and Patricia M. Wald, were appointed by President Jimmy Carter.

Mr. Mikva said the rejection of his brief was motivated by personal animus, not politics. "It's not political at all," he said in an interview. "This was clearly aimed at me."

The judges in the majority, Mr. Mikva said, were furious with him because he opposed allowing judges to accept free trips to resorts for seminars sponsored by private groups.

"They're so close to retirement age," Mr. Mikva said of the judges in the majority. "They really should grow up."

Experts in legal ethics were divided over yesterday's ruling. Ronald D. Rotunda, a law professor at George Mason University, said it was an unexceptional application of a sensible policy.

"There is no particular reason why former judges should be able to leverage their titles in litigation," Professor Rotunda said.

Stephen Gillers, a law professor at New York University, disagreed. "It's more than petty," Professor Gillers said of the brief's rejection. "It's unnecessary and insulting."

He added that the objection was an empty formality, as former judges remain free to submit briefs if they omit references to their prior judicial service.

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Whatever its basis and wisdom, yesterday's order probably indicates that a ruling in the underlying case is near. In a 1994 libel case, a panel including Judges Mikva and Wald rejected a supporting brief that Kenneth W. Starr, a former judge on the court, had tried to submit on behalf of several news organizations. The panel decided the libel case the next day.

Retired Judges' Opinions Shunned (WT/AP)

The Washington Times, December 30, 2006

An appeals court considering whether Guantanamo Bay detainees have constitutional rights said yesterday that it will not accept arguments by seven retired federal judges who oppose a new U.S. anti-terrorism law.

The U.S. Court of Appeals for the District of Columbia Circuit is examining whether enemy combatants should be allowed to challenge their detention in U.S. courts. President Bush signed a law this fall forbidding such challenges and the Justice Department says detainees are not protected by the Constitution.

Seven federal judges from both political parties filed friend-of-the-court briefs in November urging the appeals court to declare key parts of the new law unconstitutional. They said the law, which sets up military commissions to hear terrorism cases, "challenges the integrity of our judicial system" and effectively sanctions the use of torture.

In a 2-1 decision yesterday, a panel of the U.S. Court of Appeals for the District of Columbia Circuit said it would not accept that brief on a legal technicality, saying the title "judge" should not be used to describe former judges in legal proceedings.

The panel's more conservative judges, David B. Sentelle and A. Raymond Randolph, issued the opinion with Judge Judith W. Rogers, an appointee of President Clinton, dissenting.

Carl Tobias, a University of Richmond law professor, said it's unusual for such briefs to be rejected. He said the ruling could indicate a decision in the detainee case is near.

Opponents Of Law On Detainees Rebuffed (WP/AP)

The Washington Post, December 30, 2006

An appeals court considering whether Guantanamo Bay detainees have constitutional rights said yesterday that it will not accept arguments by seven retired federal judges who oppose a new U.S. anti-terrorism law.

In a 2 to 1 decision yesterday, a panel of the U.S. Court of Appeals for the District of Columbia Circuit said it would not accept the judges' brief on a legal technicality, saying the title "judge" should not be used to describe former judges in legal proceedings. The court is examining whether "enemy combatants" should be allowed to challenge their detention in U.S. courts.

Seven retired federal judges from both political parties filed a friend-of-the-court brief in November, urging the appeals court to declare parts of the new law, which was signed by President Bush this fall, unconstitutional.

They said the law, which sets up military commissions to hear terrorism cases, "challenges the integrity of our judicial system" and effectively sanctions the use of torture.

The appeals panel's more conservative judges, David B. Sentelle and A. Raymond Randolph, issued the opinion, with Judge Judith W. Rogers, an appointee of President Bill Clinton, dissenting.

Carl W. Tobias, a University of Richmond law professor, said it is unusual for such briefs to be rejected.

The Former Magnificent Seven (WSJ)

The Wall Street Journal, December 30, 2006

As the clock moved toward midnight in the judicial year yesterday, two federal appeals court judges issued an exquisite, brief ruling that should have members of the legal fraternity clucking from Manhattan to San Francisco.

Judges David Sentelle and Ray Randolph ruled that the amicus briefs filed by seven former federal judges on behalf of dozens of Guantanamo detainees in their lawsuits against the U.S. government were impermissible. Why? Because the erstwhile judicial seven had appended the title "judge" before their names in the filings and thereby stood, or sat, in violation of Advisory Opinion No. 72 of the Committee on Codes of Conduct, which holds that a former judge should forbear using the title "judge" in the courts.

Undeniably, former Judges Abner Mikva, Patricia Wald, Shirley Hufstedler, et al., are trying to throw the full weight of their former eminence against the new Gitmo detainee law passed by Congress this fall. Dissenting from the Sentelle-Randolph ruling, Judge Judith Rogers argued that the seven amici were no less entitled to comment as judges than, say, "law professors" or other interested parties.

Perhaps, but forgive us for thinking that these amici expected their criticism of the new detainee law signed by President Bush to be seen, even admired, as the views of the magnificent seven, not the merely mortal thoughts of law professors.

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Indeed, a footnote to Friday's ruling quotes Advisory Opinion No. 72, warning against the special aura such amici may emit: "A litigant whose lawyer is called 'Mr.' and whose adversary's lawyer is called 'Judge,' may reasonably lose a degree of confidence in the integrity and impartiality of the judiciary."

To say the least. We see little reason why that endless roster of former judges, ambassadors, generals and the like shouldn't approach the bench as do the rest of us. These seven should feel free to refile their opinions, as Mr., Ms., or whatever.

HOMELAND RESPONSE:

Security Effort By Coast Guard Is Falling Short (NYT)

By Eric Lipton

The New York Times, December 30, 2006

MIAMI, Dec. 29 — A Coast Guard plan to combat terrorism by creating the maritime equivalent of an air traffic control system in the coastal waters here, a test for a nationwide effort, has fallen far short of expectations.

The Coast Guard installed long-range surveillance cameras, coastal radar and devices that automatically identify approaching vessels to help search out possible threats.

But the radar, it turns out, confuses waves with boats. The cameras cover just a sliver of the harbor and coasts. And only a small fraction of vessels can be identified automatically.

Officials acknowledge the limited progress that the Department of Homeland Security and the Coast Guard have made toward creating a viable defense here in Miami or at harbors nationwide against a maritime attack, despite the billions of dollars invested since 2001.

“The more vigilant and alert you are, the less likely the adversary will decide this is a good way to strike at you,” said Capt. Dana A. Goward, director of the Coast Guard project, called Maritime Domain Awareness. “For now, there are lots of cockpit doors that have not been reinforced.”

In fact, the Coast Guard estimates that 14 boats smuggling drugs, guns or immigrants or engaged in other crimes reach United States shores every week.

In 2003, for example, a Cuban patrol boat, armed with two machine guns, landed at a Key West resort, its crew seeking to defect. The Coast Guard is often asked, “How in the world did they get through?” Captain Goward said. Quoting a former commandant, he responded, “With all due respect, how did they get through — what?”

The frustrating pace of progress is due to several factors, say officials, port security experts and government auditors:

¶The communications, boat tracking and surveillance equipment rarely lives up to its promised capacity; for the largest systems, work is far behind schedule and over budget.

¶Unlike the relatively unified command over the nation’s skies, control of the waterways and coasts is divided among at least 15 federal agencies, which sometimes act more like rivals than partners.

¶Even if the federal government can successfully gather tips on vessels that might present a threat, it will be of little help because the Coast Guard does not have enough armed vessels or planes to take action before it is too late.

Miami was selected to serve as a laboratory for the Maritime Domain Awareness project.

The city not only has a major container port serving as a distribution point for much of Latin America, but it is also the world’s largest cruise ship destination.

And the waterways are usually packed with hundreds, and sometimes thousands, of small boats, any of them capable of the sort of attack that damaged the Navy destroyer Cole in Yemen six years ago, killing 17 people and injuring 39.

Some progress has been made here and at other high-profile ports since 2001. Ships approaching the United States must provide notice 96 hours before they arrive. The Coast Guard then determines whether to board a vessel before it lands — it did that about 10,000 times in 2005.

At the Miami harbor, a protective zone around the cruise ship terminal is enforced by security guards on boats. The Coast Guard has significantly expanded its fleet of small, fast harbor patrol boats. And in Miami and a dozen other ports, the service has set up teams of officers to respond to a hostage crisis or other emergency.

The surveillance effort in Miami, known as Project Hawkeye, was intended to search out vessels that might present a threat, allowing the Coast Guard to try to foil an impending attack.

Using radar, the Coast Guard would track boats larger than 25 feet within 12 miles of shore. Smaller vessels — as little as a Jet Ski — would be tracked with infrared cameras up to five miles offshore. The surveillance would cover an area from Fort Lauderdale to the Florida Keys.

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To identify which vessels among the thousands might pose a danger, the Coast Guard would rely on sophisticated software that would assemble and analyze all this data. Under the plan, Coast Guard officials would be alerted when boats entered restricted waters, loitered in a vulnerable spot or displayed an unusual course or speed.

The cameras have at times proved helpful, allowing the Coast Guard to investigate how a ship went aground or to monitor security contractors at the cruise ship terminal, to make sure they are doing their job, said Capt. Liam Slein, deputy commander of the Miami sector.

But the cameras, it turns out, are not powerful enough or installed widely enough to track small boats approaching the many inlets in the Miami area. The radar system is so unreliable — mistaking waves for boats, splitting large ships in two or becoming confused by rain — Coast Guard staff personnel have been told not to waste much time looking at it.

And technology the Coast Guard has required for large ships and wants installed on commercial fishing vessels, devices that automatically identify an approaching ship's name, location and course, has also provoked concerns.

The Automated Identification System, as it is known, was first developed as a collision avoidance measure, not a security system, and was not made tamperproof. A captain or crew wanting to hide or disguise their location could simply turn the system off, or enter data that transmitted false information about the vessel's whereabouts and identity.

"This is a serious design flaw for a security system," wrote Jay Creech, a retired Coast Guard captain, and Capt. Joseph F. Ryan of the merchant marine, in an analysis of the system.

Most critically, the software system intended to make sense of all the collected data has not yet been installed in Miami. That means that very little of what the cameras are filming or the radar is tracking is ever used or even watched. The data is of such limited value that at least for now, the Coast Guard has assigned only volunteers to deal with it.

One recent day one of those volunteers, Eduardo Burbank, 68, a retiree and boat enthusiast, was sitting at a computer terminal using the Automated Identification signals to confirm the identity of container ships approaching the harbor. Anything smaller was ignored.

"Every little boat that comes in, we can't check all that," Mr. Burbank said.

A surveillance system similar to the one in Miami is supposed to be installed at as many as 35 ports. But given the challenges here, and the unwillingness of Congress to finance the still-unproven effort, the Coast Guard has delayed expanding the effort to other ports until at least 2014.

Some port security experts say it is Congress, not the Coast Guard, that deserves much of the blame for the slow pace of progress. The total spending to date on the Miami surveillance effort has been about $10 million, and similar projects nationwide total less than $100 million.

Elected officials remain fixated on costly plans to scan cargo containers for nuclear weapons or on measures like security fences at port terminals, critics say, instead of the greater threat presented by small boats packed with conventional bombs.

"The United States is wasting money by doling out millions of dollars in port security grants that are not adding much security," said James Jay Carafano, a senior fellow at the Heritage Foundation, who urged that spending on programs like the Miami surveillance project be accelerated.

The delays in the program are part of what has become a pattern for the Coast Guard, when it comes to high-tech initiatives to increase security or enhance maritime safety.

Rescue 21, a 911-like emergency call dispatch system considered a critical precursor to the Maritime Domain Awareness effort, was supposed to be installed nationwide by 2006, at a cost of $250 million, allowing faster and more reliable tracking of boats in distress.

Now estimated to cost as much as $872 million, the project will not be ready nationwide until 2011, Congressional auditors say. And it will not work as promised: the Coast Guard will not initially be able to use the system to track its own boats.

The Coast Guard is also still struggling to settle on an approach to gather all the data it and other federal agencies collect about potential maritime threats globally and nationally. But the commitment to work together has not always been honored by all the federal agencies.

During a drill in which officials pretended that a ferry had been hijacked by terrorists, the Coast Guard and the Federal Bureau of Investigation competed for the right to take charge, a contest that became so intense that the Coast Guard players manipulated the war game to cut the F.B.I. out, government auditors say.

"Unless such differences over roles and authorities are resolved," a Justice Department report issued this year said, "the response to a maritime incident could be confused and potentially disastrous."

Here in South Florida and elsewhere across the United States, another obstacle exists to blocking possible threats.

Last month, the Coast Guard pulled from service 8 of its 10 patrol boats stationed at Key West, after the just-renovated boats suffered hull breaches and mechanical problems. Among the ships the service said it planned to use as a replacement were slow-moving buoy tenders.

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Outside New York, the Coast Guard has used a 43-year-old ice-breaking tug boat to patrol around the Indian Point nuclear power plant. The ship has a top speed of 10 knots and no weapons, other than the handguns carried by some of the crew.

"I don't know how the Coast Guard intends to stop a high-speed boat, loaded with explosives," Representative Sue W. Kelly, Republican of New York, said at a recent hearing where she questioned a senior Coast Guard official.

Lt. Justin W. Noggle, chief of the Miami sector command center, said he recognized that many of the antiterror tools the Coast Guard had installed were falling far short of their goals. But it still is progress, Lieutenant Noggle said.

"We are just in the infancy of this effort here," he said. "But if you don't start somewhere, you don't get anywhere."

Road At Trade Center Site To Be Excavated For Remains (NYT)

By David W. Dunlap

The New York Times, December 30, 2006

Most of the service road along the western edge of the World Trade Center site will be excavated as part of the expanded search for human remains at ground zero, the Bloomberg administration said yesterday.

The overall effort — searching buildings, excavating the block where St. Nicholas Greek Orthodox Church stood, investigating 595 manholes and other underground structures — may cost as much as $30 million, Deputy Mayor Edward Skyler said in a memorandum yesterday to Mayor Michael R. Bloomberg.

It has long been suspected by those who knew the site during the recovery effort in 2001 and 2002 that debris from the twin towers, possibly including remains, would be found in the layer of fill under the asphalt service road, also known as the haul road. The road runs four blocks, from Vesey Street to Liberty Street.

Four remains were recovered yesterday from the haul road, said Ellen Borakove, a spokeswoman for the office of the chief medical examiner. They are regarded as potentially human, pending further testing.

More than 200 human remains have been identified since October from material taken out of seven abandoned Consolidated Edison manholes under the road. That included 202 remains found in one of the northern manholes, known as Manhole 1, which led to the city's expanded search.

A 5-foot-wide exploratory trench, 18 inches to 8 feet deep, was dug this month down the middle of the road. (The trench is covered with steel plates, allowing vehicles to pass over it.) The chief medical examiner has begun analyzing the material taken from the trench in a sifting center at 11 Water Street in Brooklyn, near the Brooklyn Bridge.

"Based on the appearance of what could be W.T.C.-related debris in the trench," Mr. Skyler said in his memorandum yesterday, "the majority of the haul road requires further excavation."

Possible trade center debris may include anything that does not belong in clean road fill: pieces of computer equipment, for example, or carpeting or furniture or wiring.

The haul road was built twice. Shortly after 9/11, a roadway of gravel and fill was laid down, followed in March 2002 by an asphalt road. Trade center debris may lie under this asphalt, which also covered the Con Ed manholes until recently.

The southern three-quarters of the haul road will be excavated, Mr. Skyler said, along with a small section of the northern part of the road.

Sally Regenhard, an advocate for victims' families, has never recovered her son, Christian, who was killed on 9/11. She and others have criticized the city's search as not being comprehensive enough. Learning that three-quarters of the road would be excavated, she said: "Please stop this incremental torture that families are going through. Just dig up the entire haul road."

Mr. Skyler said 766 remains had been recovered from the former Deutsche Bank building opposite ground zero. The first through fifth floors remain to be searched. The entire 41-story tower, which was damaged and badly contaminated on 9/11, is to be dismantled by December 2007.

The medical examiner will also search Fiterman Hall of the Borough of Manhattan Community College and a building at 130 Cedar Street. Mr. Skyler added in a telephone interview that the city did not expect the search to interfere with the reconstruction of the trade center.

Search For Human Remains Expands At World Trade Center (AP)

By Sara Kugler

AP, December 29, 2006

NEW YORK — The search for human remains at the World Trade Center site will be expanded, a city official said Friday, hours before searchers found what may be more bone fragments at the site.

In a memo to Mayor Michael Bloomberg about the search for remains, Deputy Mayor Ed Skyler said debris believed to be from the towers had been dug up from under a service road on the site's western edge and said more of the road would be excavated.

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Crews sifting through the material have reported finding computer parts, office carpet, electrical wires and steel from the building.

"Based on the appearance of what could be WTC-related debris in the trench, the majority of the haul road requires further excavation," Skyler wrote. He said officials had identified another 165 underground utility cavities in the streets around the site that need to be searched, bringing the total number to nearly 600.

Hours later, word came from the site that workers had found what appeared to be several more pieces of bone from the road excavation.

The renewed search for remains began in October after utility crews found bones in an abandoned manhole that had been paved over and forgotten along the western edge of the site.

In the hurry to finish cleaning up the site during the spring of 2002, that manhole and a number of other subterranean pockets were never searched for victims' remains.

Until Friday, the only remains turned up since the search resumed were some 200 bones in the initial manhole, plus a handful of fragments in three other manholes.

Some victims' families have pushed for a wider excavation under the service road, saying they believed crews in 2002 used rubble from the towers instead of clean soil when they were excavating the disaster site and building the road — a charge the city denies.

"Thank God. Thank God they're finally doing this," said Tim Sumner, whose brother-in-law, firefighter Joseph Leavey, was killed in the terrorist attacks.

Some 40% of the 2,749 people killed in the Sept. 11 attack there still have not had any remains identified. None of the new discoveries has been matched to any of the dead.

Skyler estimated in his letter that the year-long search effort would cost $30 million.

WAR NEWS:

Saddam Hussein Put To Death (WP)

By Sudarsan Raghavan

The Washington Post, December 30, 2006

BAGHDAD, Dec. 30 -- Former Iraqi president Saddam Hussein was hanged in the predawn hours of Saturday for crimes against humanity in the mass murder of Shiite men and boys in the 1980s, sent to the gallows by a government backed by the United States and led by Shiite Muslims who had been oppressed during his rule, Iraqi and American officials said.

In the early morning, Hussein, 69, was escorted from his U.S. military prison cell at Camp Cropper, near the Baghdad airport, and handed over to Iraqi officials. He was executed on the day Sunni Muslims, of which Hussein was one, begin celebrating the Muslim festival of Eid al-Adha.

Earlier, on Thursday, he had met with his two maternal half brothers in his prison cell and handed them personal messages, according to Iraqi officials. On Friday, his attorneys said, U.S. military officials asked that they take his personal belongings.

In Crawford, Tex., President Bush said in a statement that Hussein received "the kind of justice he denied the victims of his brutal regime." He added, "Fair trials were unimaginable under Saddam Hussein's tyrannical rule. It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial. This would not have been possible without the Iraqi people's determination to create a society governed by the rule of law."

After the execution, celebratory gunfire broke out in Baghdad. Iraqis across the nation sent text messages to their relatives and friends as soon as they heard of Hussein's execution. Ali al-Hayeri, one of the witnesses who testified openly in the Dujail trial, said he received his first text message at 3:15 am. It read: "We congratulate you for the execution of the tyrant Saddam."

"This is what should happen," said Suad Shakir, 52, a resident of the Karrada district in Baghdad, and a Christian. "People will be relieved. I hope that it will bring good to Iraq." She said she wanted Hussein to be executed. "He hurt Iraqis," she said. "We haven't seen anything good from him."

In the southern city of Najaf, hundreds of Shiites stepped outside their houses and began firing guns in the air in joyous celebration. "Saddam executed seven of my relatives," said Muhammad Hussein Kamil, 45, a day laborer. "It is the end for any dictator, and he will be an example to every dictator in the world. They will know that any one who will insult his people will be facing the same fate."

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"Saddam and his family are harvesting what they have planted of fear, and today, he and his family are paying a high price in front of the Iraqi people, and God's punishment will be more than this."

Ali Hameed Ridha 47, a government employee from Najaf, said he walked outside and handed out candies and sweets in the streets the moment he heard that Hussein was executed.

Also to be hanged are Hussein's half brother Barzan Ibrahim and Awad Haman Bander, the former chief justice of the Revolutionary Court, but they were not executed with him. Four other co-defendants received prison terms ranging from 15 years to life. On Tuesday, the appeals court upgraded former vice president Taha Yassin Ramadan's life sentence to the death penalty.

Also Tuesday, the appeals court upheld Hussein's death sentence for the killings of 148 people after an attempt was made on his life in the northern Iraqi city of Dujail in 1982. The court said the former president should be hanged within 30 days. Since his capture by U.S. troops in December 2003, Hussein had legally been in Iraq's custody but remained under American watch at a military prison near one of his old palaces.

The Iraqi government, led by Shiite Muslims and northern Kurds, kept the impending execution a secret from its citizens. In doing so, government officials feared that even close to death, Hussein could cause additional chaos. Sunni Arab loyalists, who view him as a symbol of their resistance, had already vowed to take revenge.

"It's like God asking you to choose between Heaven and Hell," said Thamer al-Musawi, 47, a slim, salt-and-pepper-haired barber in Baghdad's Karrada neighborhood, speaking before the execution. "If Saddam gets executed, you go to Hell. If he doesn't, you go to Heaven. I will choose Hell just so Saddam is executed.

"He is not a human being. He does not deserve to be alive."

Hussein leaves a legacy of fear, poverty and a profound despair among Iraqis that their nation, rich in history and endowed with oil, crumbled under his watch, and has been engulfed in war since the U.S.-led invasion in 2003 to overthrow Hussein. At the same time, many Iraqis, engulfed by sectarian violence and a lack of services, have expressed nostalgia for the security they enjoyed under Hussein, although they despised his rule.

Hussein's execution marks a shift in the fortunes of Iraq's Sunni Arabs, who formed the core of Iraq's bureaucracy under his rule and are struggling for a foothold in the country's political process. A central question is whether his death at the hands of a Shiite-led government will alienate more Sunnis and hinder efforts at national reconciliation.

Iraqi and U.S. officials also predicted an upsurge in violence, at least in the short term, as Hussein loyalists and former Baathists seek to avenge his death. But it is unclear how influential those groups are today. The goals of the insurgent groups that form the bulwark of the Sunni resistance have been to oust the U.S.-led occupation and gain political power rather than fight for Hussein.

Some Iraqis said that religious and sectarian symbolism guided the timing of the execution. Sunni Muslims consider Saturday the beginning of Eid, while Shiites start celebrating Sunday. Eid commemorates prophet Ibrahim's willingness to sacrifice his son to God. It also marks the end of the hajj pilgrimage to Mecca, a trip millions of Muslims worldwide make each year. In Eid, a sheep is usually slaughtered as a symbol of Ibrahim's sacrifice and its meat is shared among neighbors, relatives and the needy.

Hussein's final days were rife with controversy. Many human rights groups criticized his death sentence as unfair and marred by procedural flaws. There was failure to disclose key evidence to Hussein's attorneys, as well as violations of the basic rights of the defendants to confront witnesses, rights activists said. The first presiding judge resigned. Iraqi politicians routinely denounced the tribunal as weak. Three defense attorneys and a witness were assassinated. Outbursts by the second chief judge, Raouf Rasheed Abdel-Rahman, undermined his impartiality, the activists said.

"The rushed execution of Saddam Hussein is simply wrong," said Larry Cox, the U.S. head of Amnesty International, in a statement. "It signifies justice denied for countless victims who endured unspeakable suffering during his regime, and now have been denied their right to see justice served. It is a failed opportunity to establish the rule of law in Iraq."

Iraqi and U.S. officials, in turn, angrily declared that the Iraqi government did not interfere in the judicial process. The verdict, they said, was just and would close the book on one of modern Iraq's most violent periods. Nevertheless, the year-long trial further deepened Iraq's sectarian divide, as Shiites, Sunnis and Kurds reacted to Hussein's case along the fault lines of sect and history.

Late Friday, a U.S. judge refused to halt the hanging.

Until his death, Hussein exhibited the same defiance that was synonymous with his rule. Even after U.S. forces captured him in a small northern village on the outskirts of his native Tikrit, Hussein insisted that he be referred to as Iraq's president. He turned the trial into a theater of the absurd in which he mocked judges, hurled political invective and walked out of the court. In one session, Ibrahim arrived in long underwear and sat with his back to the judges.

DOJ_NMG_0111768

On Wednesday, a farewell letter posted on several Web sites in the name of Hussein declared that he was ready to die and urged Iraqis not to hate the people of the nations that had invaded Iraq, just their leaders. His attorneys said the letter was authentic and was written Nov. 5, the day his death sentence was delivered, because Hussein was not given a chance to make a final statement in the courtroom. A portion of it read:

"Here, I offer my soul to God as a sacrifice, and if God wants He will lift it up to where the first believers and martyrs are, and if His decision is postponed, then He is the most merciful." It was impossible to independently verify the letter's authenticity.

Hussein, who ordered the executions of thousands of Iraqis, in his final hours became a cause celebre for advocates against capital punishment. European leaders appealed to the Iraqi government not to impose the verdict. Cardinal Renato Martino, Pope Benedict XVI's top official on justice matters, told the Italian newspaper La Repubblica that executing Hussein would punish "a crime with another crime."

Many Kurds were disappointed that Hussein was executed for the Dujail killings, widely viewed as a test case for the larger, and more significant, Anfal genocide trial. That trial, which began in August, was chronicling, often in painful testimonies, the systematic killings of tens of thousands of Kurds with chemical weapons and poison gas. Hussein was scheduled to return to the courtroom Jan. 8.

Bush: Execution Will Not Halt Violence (AP)

AP, December 29, 2006

CRAWFORD, Texas (AP) -- President Bush said Friday that Saddam Hussein's execution marks the "end of a difficult year for the Iraqi people and for our troops" and cautioned that his death will not halt the violence in Iraq.

Yet, Bush said in a statement issued from his ranch in Texas, "it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain and defend itself, and be an ally in the war on terror."

In a message of assurance to the people of Iraq, Bush said the execution was a reminder of how far the Iraqi people have come since the end of Saddam's rule.

"The progress they have made would not have been possible without the continued service and sacrifice of our men and women in uniform," he said.

Bush, who has spent weeks crafting a new U.S. policy in Iraq, warned of more challenges for U.S. troops.

"Many difficult choices and further sacrifices lie ahead," he said. "Yet the safety and security of the American people require that we not relent in ensuring that Iraq's young democracy continues to progress."

When Saddam was apprehended in 2003, Bush promised that the deposed Iraqi leader would "face the justice he denied to millions." The administration blamed Saddam for hundreds of thousands of mass executions.

In November, Saddam was sentenced to death after being convicted of murder in the killings of 148 Shiite Muslims from an Iraqi town where assassins tried to kill him in 1982.

After three decades in power, Saddam was captured in December 2003 in an underground hideout on a farm near his hometown of Tikrit. Two days later, Bush remarked: "Good riddance. The world is better off without you, Mr. Saddam Hussein."

The president was briefed at 6:15 p.m. CST by National Security Adviser Stephen Hadley about the execution procedure, and that it would go forward in the next few hours. Hadley had been in touch with U.S. Ambassador to Iraq Zalmay Khalilzad, who had been in contact with Iraqi Prime Minister Nouri al-Maliki.

Bush was asleep when the execution occurred.

"The president concluded his day knowing that the final phase of bringing Saddam Hussein to justice was under way," deputy White House press secretary Scott Stanzel said.

As his execution drew near, Saddam's lawyers filed an appeal trying to stave it off.

However, U.S. District Judge Colleen Kollar-Kotelly, who heard arguments from attorneys by phone, rejected the challenge Friday night. She said U.S. courts do not have jurisdiction to interfere in another country's judicial process.

In the 21-page request filed Friday, Saddam's attorneys argued that because Saddam also faces a civil lawsuit in Washington, he has rights as a civil defendant that would be violated if he is executed. He has not received notice of those rights and the consequences that the lawsuit would have on his estate, his attorneys said.

"To protect those rights, defendant Saddam Hussein requests an order of this court providing a stay of his execution until further notice of this court," attorney Nicholas Gilman wrote.

In Iraq, U.S. forces were ready for any escalation of violence associated with the execution, Pentagon spokesman Bryan Whitman said several hours before Saddam was hanged.

Closer to home, Americans were warned by the FBI and the Homeland Security Department to be vigilant about the possibility of a terror attack. The advisory sent to local law enforcement did not cite a specific threat.

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American sentiment about the war has changed dramatically since 2003, when jubilant crowds toppled a 40-foot statue of the dictator and a deshelved Saddam, in U.S. custody, was seen on television being examined by a doctor who probed his mouth with a tongue depressor.

Then, Saddam's capture helped Bush's political stature following months of rising casualties and growing doubts about his handling of Iraq. The months-long manhunt for Saddam had damaged U.S. prestige and claims of progress in Iraq.

Now, unrelenting violence and a U.S. death toll nearing 3,000 has sent Bush's approval ratings on the war plumeting to their lowest levels.

Seventy-one percent disapprove of his management of the war; almost two-thirds doubt that a stable, democratic government will ever be established in Iraq, according to early December AP-Ipsos polling.

Bush called the execution a historical moment in Iraq's road to democracy.

"Saddam Hussein's execution comes at the end of a difficult year for the Iraqi people and for our troops," he saad. "Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain and defend itself, and be an ally in the war on terror."

Among the U.S. lawmakers responding to word of Saddam's execution, Sen. Joe Biden, D-Del., the incoming chairman of the Senate Foreign Relations Committee, said he hoped the families of Saddam's victims could now begin "the healing process."

"Iraq has closed one of the darkest chapters in its history and rid the world of a tyrant," Biden said in a statement. "Every effort was made to afford Saddam the judicial rights he denied to the 148 innocent victims of Dujail and to hundreds of thousands of other Iraqis during his brutal reign."

The Republican leader-elect of the Senate, Mitch McConnell of Kentucky, said Saddam had finally met justice.

"Today the world was rid of a brutal dictator," McConnell said. "The free people of Iraq must now go forward together to build a unified nation, and leave behind sectarian divisions."

Bush: Credit Iraqis For Fair Trial Of Hussein (CNN)

CNN.com, December 30, 2006

WASHINGTON (CNN) -- President Bush, able to claim few victories in the war in Iraq, issued a satisfied but measured statement about 90 minutes after former Iraqi dictator Saddam Hussein was executed.

"Fair trials were unimaginable under Saddam Hussein's tyrannical rule," the president said. "It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial. This would not have been possible without the Iraqi people's determination to create a society governed by the rule of law."

The White House said Bush was asleep at the time of the execution but was briefed by national security adviser Stephen Hadley before retiring.

In his statement, the president acknowledged that things have not gone well since Hussein was chased from power by coalition forces in 2003.

"Saddam Hussein's execution comes at the end of a difficult year for the Iraqi people and for our troops," he said. "Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the war on terror."

The president praised the troops fighting the war and expressed optimism tempered by the reality of sectarian fighting and political problems in the United States and in Iraq.

"We are reminded today of how far the Iraqi people have come since the end of Saddam Hussein's rule -- and that the progress they have made would not have been possible without the continued service and sacrifice of our men and women in uniform," he said.

"Many difficult choices and further sacrifices lie ahead. Yet the safety and security of the American people require that we not relent in ensuring that Iraq's young democracy continues to progress."

Dictator Who Ruled Iraq With Violence Is Hanged For Crimes Against Humanity (NYT)

By Marc Santora, James Glanz

The New York Times, December 30, 2006

BAGHDAD, Saturday, Dec. 30 — Saddam Hussein, the dictator who led Iraq through three decades of brutality, war and bombast before American forces chased him from his capital city and captured him in a filthy pit near his hometown, was hanged just before dawn Saturday during the morning call to prayer.

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The final stages for Mr. Hussein, 69, came with terrible swiftness after he lost the appeal, five days ago, of his death sentence for the killings of 148 men and boys in the northern town of Dujail in 1982. He had received the sentence less than two months before from a special court set up to judge his reign as the almost unchallenged dictator of Iraq.

His execution at 6:10 a.m. was announced on state-run Iraqiya television, which said 14 Iraqi officials attended the hanging. The location was not announced but witnesses said Mr. Hussein was carrying a Koran and was compliant as the noose was draped around his neck.

"He just gave up," said Mowaffak al-Rubaie, Iraq's national security adviser. "We were astonished. It was strange. He just gave up."

He added: "Saddam Hussein is gone. All Iraqis will look to the future after the end of this era."

President Bush was notified about the execution in a telephone call late Friday to his Texas ranch. He said that the former Iraqi dictator "was executed after receiving a fair trial — the kind of justice he denied the victims of his brutal regime."

"Saddam Hussein's execution comes at the end of a difficult year for the Iraqi people and for our troops," Mr. Bush said. "Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the war on terror."

There were conflicting accounts about whether two subordinates were hanged with Mr. Hussein. The Iraqi state television said his half-brother ,Barzan Ibrahim, and Awad Hamed al-Bandar, the former chief justice of the Revolutionary Court, were hanged after Mr. Hussein. But Mr. Rubaie could not confirm this.

Even as the executions appeared inevitable, many were skeptical or disbelieving that the noose could drop around Mr. Hussein's neck so soon. One Western official said that some of the American legal advisers working on the case appeared stunned at the hasty pace of events late Friday as they walked through the corridors of the Republican Palace, once Mr. Hussein's grandiose center of power.

When Mr. Hussein came to power three years before the Dujail killings, he ruled over an oil-rich country that was an economic and technical powerhouse in the Middle East with rising cultural and political influence in the region. When he hurtled through the trap door of the gallows Saturday morning, the nation he left behind was a smashed and traumatized remnant of that early promise, desperately trying to restore the most basic diplomatic ties with its neighbors.

In between, Mr. Hussein invaded Iran and Kuwait in wars that cost over a million lives and left his military in a shambles, brutally suppressed a Shiite uprising in the south and saw his country become isolated and impoverished under the weight of United Nations-imposed sanctions. Finally, he was ousted by an American-led invasion force in 2003 and the country fell into a new round of internal violence as the rule of law disintegrated and the Western invaders proved unable to control a country in the aftermath of totalitarian rule.

Those developments, so unwelcome to the Americans who so easily conquered this nation, showed that Mr. Hussein was also a unifying force whose painful grip held together Iraq's many ethnicities and sects. Now, three years after his fall, Iraq has descended further and further into chaos.

As Iraqis across the country were trying to process the enormity of what had happened, early reactions mirrored the deep sectarian divide that has been driving much of that violence and threatens to tear the country apart.

"Today is the best day we have seen since the fall of Saddam's regime," said Ayad Jamal al-Deen, a moderate Shiite political leader. "The death of this man will help to release many Baathists from Saddam's mafia. The violence will be reduced."

As Mr. Hussein awaited the hangman early Saturday, he was apparently unaware that the American military was already making plans to dispose of his personal effects.

But Iraqi officials were vague to the end about when the execution would happen. "We will do it very soon," said Munir Haddad, a judge on the Iraqi High Tribunal who represented the body at the execution, Judge Haddad and a second designated witness to the execution said after midnight. Prime Minister Nuri Kamal al-Maliki was still conferring with American officials late Friday night to work out the timing and resolve key details such as what to do with Mr. Hussein's body, a Western official said.

But Mr. Maliki's comments on Friday to the families of people who were killed while Mr. Hussein ruled left no doubt about where the prime minister stood on the time frame of the execution.

"Anyone who rejects the execution of Saddam is undermining the martyrs of Iraq and their dignity," Mr. Maliki said. "Nobody can overrule the execution sentence issued against Saddam."

Without specifying a time, date or place, he said, "There is no review or delay in implementing the execution verdict against Saddam."

Esam al-Gazawi, another lawyer representing Mr. Hussein who is currently in Jordan, expressed the views of many by suggesting that the timing of the execution was determined by the highest levels of the American and Iraqi governments.

"No one knows when it's going to happen except God and President Bush," he said shortly before Mr. Hussein was executed.

DOJ_NMG_0111771

Mr. Hussein spent his final hours in a dreary cell on an American base near the Baghdad airport, and there were indications that he was unaware that the end was drawing near.

Iraqi and American officials kept outsiders, including his legal team, from contacting him all day, according to Najib al-Nauimi, one of Mr. Hussein's lawyers, who was in Qatar.

But the legal team received a request late Friday asking for formal requests from people who could receive Mr. Hussein's effects, another of his lawyers said.

"I gave them a request that my colleagues and I are authorized to get Saddam's personal stuff," said the lawyer, Wadood Fawzi.

In Washington, a United States District Court rejected an emergency motion filed Friday afternoon by lawyers for Mr. Hussein seeking to halt the execution on the grounds that it would interfere with pending civil litigations against him. Judge Kathleen Kollar-Kotelly ruled shortly after 9 p.m. that her court did not have jurisdiction to intercede.

Mr. Hussein's trial and conviction have been mostly welcomed by the Iraqi Shiites and Kurds who suffered under his rule, but it has angered Sunni Muslims, helped to fuel a Sunni-led insurgency and done nothing to calm the increasingly chaotic sectarian violence here.

Concerned that the execution could incite even more violence, United States forces were placed on stepped-up alert and Iraqi officials suggested that the daily curfews here may be extended throughout the weekend.

Iraqi officials said the execution would be filmed, both for the historical record and as proof for those who may doubt the word of both the Americans and Iraqis.

As of late Friday, some Iraqi officials remained engaged in a heated debate about how swiftly to carry out Mr. Hussein's death sentence.

An Iraqi official close to the negotiations expressed deep disappointment that, after years of forensic investigation, detailed litigation and careful deliberation, the process could be compromised in the final hours by politically driven haste.

"According to the law, no execution can be carried out during the holidays" said another official, "After all the hard work we have done, why would we break the law and ruin what we have built?"

The Muslim holiday of Id al-Adha begins Saturday for Sunnis and Sunday for Shiites, who now control the government.

Iraqi law seemed to indicate that executions were forbidden on the holiday.

But Judge Haddad was dismissive of those concerns, injecting some of the sectarian split that is pervading the country. "The official Id in Iraq is Sunday," he said.

As for Mr. Hussein's sect, he said, "Saddam is not Sunni. And he is not Shiite. He is not Muslim."

Mr. Gazawi, the lawyer, said he was told that Mr. Hussein had met with two half-brothers, who are also in custody, but no other family members.

"His sons are dead and his daughters are here in Amman," he said. Mr. Hussein's two sons, Uday and Qusay, were killed by American soldiers after the 2003 invasion.

After his government collapsed, Mr. Hussein went into hiding and was eventually found in an underground hide-out near his hometown of Tikrit.

Once in custody, there were three cases brought against Mr. Hussein for crimes against humanity.

The first case to begin hearings, and the simplest in terms of details, involved the executions of residents of Dujail after an attack on his motorcade there. Mr. Hussein was found guilty on Nov. 5 and sentenced to die by hanging. An appeals court upheld the ruling on Tuesday and said the sentence had to be carried out within 30 days.

A trial on the far more sweeping charges that he directed the killing of 50,000 Kurds in an organized ethnic-cleansing campaign is still under way and officials expected it to continue regardless of Mr. Hussein's fate.

The final case, involving the bloody suppression of a Shiite uprising in 1991, which left thousands dead, has yet to go to trial. That uprising followed the first American invasion of Iraq, directed by President Bush's father. The elder Bush had encouraged the Shiites to rise up, and America's subsequent failure to come to their aid was still remembered bitterly when the Americans returned in 2003.

The current President Bush, who keeps the pistol soldiers confiscated from Mr. Hussein when he was captured mounted in his private study off the Oval Office, did not say anything publicly about the impending execution.

Mr. Hussein, who had been held in American custody by a team known as Task Force 134 at Camp Cropper, near the Baghdad airport, was last heard from in a letter he composed when he was sentenced, asking Iraqis to unite and claiming to be at peace with his own death.

Iraqis Execute Saddam For Mass Killings (SEATIMES)

The Seattle Times, December 30, 2006

DOJ_NMG_0111772

BAGHDAD, Iraq — Former Iraqi President Saddam Hussein was hanged in the predawn hours today for crimes against humanity in the mass murder of Shiite men and boys in the 1980s, Iraqi and American officials said.

Saddam, 69, was escorted from his U.S. military prison cell at Camp Cropper, near the Baghdad airport, early in the morning and handed over to Iraqi officials. He was executed on the day Sunni Muslims, of which Saddam was a member, celebrate the Islamic festival of Eid al-Adha.

An anxious Iraq awoke to the news of Saddam's execution, wondering whether his death would galvanize insurgents to launch still more suicide assaults against their fellow countrymen or whether it would close an ugly chapter in the nation's history and allow the government to stave off a full-scale civil war.

At his ranch in Crawford, Texas, President Bush said the execution marks the "end of a difficult year for the Iraqi people and for our troops" and cautioned that Saddam's death will not halt the violence in Iraq.

Yet, Bush said in a statement, "It is an important milestone on Iraq's course to becoming a democracy that can govern, sustain and defend itself, and be an ally in the war on terror."

U.S. and Iraqi forces braced for a possible surge in violence by Saddam's backers and those frustrated that an Arab leader was killed by what they consider to be an American-controlled government. Iraqi officials canceled leave for their police and army. The Pentagon announced that U.S. troops were at a high state of readiness.

The execution of a former head of state in his country after a trial by an internationally monitored tribunal is almost without precedent. But its political impact was undercut by what human-rights groups said was badly flawed procedure. Human Rights Watch charged that the trial didn't meet international standards of fairness and criticized the Iraqi government for actions that it said undermined the court's independence. It said the court was unfamiliar with the law.

The execution also didn't fully settle Iraqis' grievances against Saddam. The atrocity for which he was sentenced occurred a quarter-century ago and was of a far smaller dimension than his alleged crimes against Kurds in the late 1980s and against Shiites through the 1990s.

Throughout Friday evening, Iraqi state television broadcast footage of Saddam's atrocities, including photos of gassed babies and handcuffed men being tortured. Witnesses who had testified against Saddam and called for his death gathered in the heavily fortified Green Zone, which houses the government, to witness the execution. They were joined by a judge, a doctor and a cleric.

In Baghdad's Shiite enclave of Sadr City, people danced in the streets while others fired guns in the air.

Officials said they videotaped the execution but wouldn't air it publicly.

Sami al-Askari, the political adviser of Prime Minister Nouri al-Maliki, said Saddam struggled when taken from his cell but was composed in his last moments.

He said Saddam was clad completely in black, rather than prison garb.

Shortly before the execution, Saddam was asked if he wanted to say something, said al-Askari, who was present.

"No, I don't want to," al-Askari quoted Saddam as saying. Saddam repeated a prayer after a Sunni Muslim cleric.

"Saddam later was taken to the gallows and refused to have his head covered with a hood," al-Askari said. "Before the rope was put around his neck, Saddam shouted: 'God is great. The nation will be victorious, and Palestine is Arab.' "

There were conflicting reports about whether two of Saddam's co-defendants were executed with the former president. The Washington Post and state-run Iraqiya television reported that Saddam's half brother Barzan Ibrahim and Awad Haman Bander, former chief justice of the Revolutionary Court, also were hanged. However, three officials later told The Associated Press that only Saddam was executed.

On Tuesday, an appeals court upheld Saddam's death sentence for the killings of 148 people after an attempt was made on his life in the northern Iraqi city of Dujail in 1982. The court said the former president should be hanged within 30 days. Since his capture by U.S. troops in December 2003, Saddam had legally been in Iraq's custody but remained under American watch at a military prison.

On Thursday, Saddam met with his two maternal half brothers and handed them personal messages, according to Iraqi officials. On Friday, his attorneys said, U.S. military officials asked that they take his personal belongings.

The Iraqi government, led by Shiite Muslims and northern Kurds, kept the impending execution a secret from its citizens, fearing that, even close to death, Saddam could cause chaos. His Sunni Arab loyalists, who view him as a symbol of their resistance, already had vowed to take revenge.

"It's like God asking you to choose between heaven and hell," said Thamer al-Musawi, 47, a slim, salt-and-pepper-haired barber in Baghdad's Karrada neighborhood, speaking before the execution. "If Saddam gets executed, you go to hell. If he doesn't, you go to heaven. I will choose hell just so Saddam is executed."

Saddam leaves behind a legacy of fear, poverty and a profound despair among Iraqis. At the same time, many Iraqis have expressed nostalgia for the security they enjoyed under Saddam, although they despised his rule.

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Saddam's execution marks a shift in the fortunes of Iraq's Sunni Arabs, who formed the core of Iraq's bureaucracy under his rule and are struggling for a foothold in the country's political process. A central question is whether his death at the hands of a Shiite-led government will alienate more Sunnis and hinder efforts at national reconciliation.

Iraqi and U.S. officials also predicted an upsurge in violence, at least in the short term, as Saddam loyalists and former Baath party members seek to avenge his death. But it is unclear how influential they are today. The goals of insurgent groups that form the bulwark of the Sunni resistance are to oust the U.S.-led occupation and gain political power rather than fight for Saddam.

Some Iraqis said religious and sectarian symbolism guided the timing of the execution. Today is considered the beginning of Eid by Sunni Muslims, while Shiites start celebrating Sunday. Eid commemorates prophet Ibrahim's willingness to sacrifice his son to God. It also marks the end of the hajj pilgrimage to Mecca, a trip millions of Muslims worldwide make each year.

Human-rights groups widely criticized Saddam's death sentence as unfair and his trial as marred by procedural flaws. There was failure to disclose key evidence to Saddam's attorneys, activists said.

The first presiding judge resigned. Three defense lawyers and a witness were assassinated. Outbursts by the second chief judge, Raouf Rasheed Abdel-Rahman, undermined his impartiality, activists said.

Iraqi and U.S. officials, in turn, angrily declared that the Iraqi government did not interfere in the judicial process. Nevertheless, the nine-month trial further deepened Iraq's sectarian divide.

Under Iraq's constitution, President Jalal Talabani and his two vice presidents needed to ratify the decision of the appeals court. But until Saddam's final hours, there was confusion over whether a provision in the Iraqi High Tribunal statute could outweigh the constitutional requirement. Talabani, a Kurd, opposes the death penalty but in past cases has deputized a vice president to sign on his behalf. Early today, it was unclear whether the three men had signed off on the execution.

Late Friday, a U.S. judge refused to halt the hanging.

Until his death, Saddam exhibited the same defiance that was synonymous with his rule. During his trial, he mocked judges, hurled political invective and walked out of the court.

On Wednesday, a farewell letter posted on several Web sites in the name of Saddam declared that he was ready to die and urged Iraqis not to hate the people of the nations that had invaded Iraq, just their leaders. His attorneys said the letter was authentic and was written Nov. 5.

Saddam, who ordered executions of thousands of Iraqis, in his final hours became a cause célèbre for advocates against capital punishment. European leaders appealed to the Iraqi government not to impose the verdict. Cardinal Renato Martino, Pope Benedict XVI's top official on justice matters, told the Italian newspaper La Repubblica that executing Saddam would punish "a crime with another crime."

Many Kurds were disappointed that Saddam was executed for the Dujail killings, widely viewed as a test case for the larger, and more significant, Anfal genocide trial. That trial began in August, and Saddam was scheduled to return to the courtroom Jan. 8.

Iraqi-Americans Celebrate Saddam's Execution (AP)

AP, December 30, 2006

DEARBORN, Mich. (AP) — Dozens of Iraqi-Americans gathered late Friday at a Detroit-area mosque to celebrate reports that Saddam Hussein had been executed, cheering and crying as drivers honked horns in jubilation.

Dave Alwatan wore an Iraqi flag around his shoulders and flashed a peace sign to everyone he passed at the Karbalaa Islamic Educational Center in this suburb of Detroit, a city that has one of the nation's largest concentrations of people with roots in the Middle East.

"Peace," he said, grinning and laughing. "Now there will be peace for my family."

Alwatan, 32, said Saddam's forces tortured and killed relatives that were left behind when Alwatan left Iraq in 1991.

A crowd of more than 150 men gathered in anticipation of the former Iraqi dictator's execution, singing and dancing and chanting "Now there's peace, Saddam is dead" in English and Arabic.

The center's director, Imam Husham Al-Husainy, said members prayed for Saddam's death. Outside, traffic slowed as people drove in circles around the mosque, honking horns.

"This is our celebration of the death of Saddam," Al-Husainy said while standing on top of a car following reports by Iraqi state-run television that Saddam had been hanged. "The gift of our New Year is the murder of Saddam Hussein."

Meanwhile, some local Arab-American leaders warned that Saddam's execution would increase violence in Iraq.

Osama Siblani, publisher of The Arab American News and chairman of several Arab-American groups, said the former dictator's death sentence was one more casualty in a war that has killed thousands. He said it will not end the power struggle among Iraqi religious groups.

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"The execution might bring some amusement and accomplishment to the Bush administration, but it will not help the Iraqi people," Siblani said. "The problem we're facing in Iraq is going to multiply."

Rauf Naqishbendi, 53, an Iraqi Kurd who moved to the U.S. in 1977, said he was pleased that Hussein was being executed, but lamented the loss of family members who he said were gassed by the dictator's henchman in 1988.

"Psychologically, the execution is good news, and people will feel that justice has been served," said Naqishbendi, who lives a few miles south of San Francisco. "But the reality is that it's not going to bring back my family members who he killed."

The Detroit area's Iraqi community includes a group of Chaldean Christians, many of whom fled their homeland during Saddam's rule.

Joseph Kassab, executive director of the Chaldean Federation of America, based in the Detroit suburb of Farmington Hills, said his humanitarian organization is against the taking of human life. But, he said, the world must reflect on Saddam's execution, "so we never again relinquish our destiny to tyrants like him."

Imad Hamad, director of the American-Arab Anti-Discrimination Committee in Dearborn, said the glee surrounding Saddam's death was laced with uncertainty about the future.

"The joy would have been complete if we were to see the healthy Iraq, the united Iraq, the safe Iraq," Hamad said. "Then everybody would be jumping up and down, celebrating."

Local Reaction: Iraqi Emigres In Bay Area Say It's Long Overdue (SFC)

By Matthai Chakko Kuruvila

San Francisco Chronicle, December 30, 2006

Mudhar Alhassen waited for decades for Saddam Hussein to die. Friday night, when news came of Hussein's execution, the Iraqi exile got his wish.

Hussein's henchmen had slain Alhassen's uncles. Hussein's jailors killed two cousins, including one who was tortured to death with chemicals, Alhassen says.

Soon after watching an Iraqi news channel report about the impending execution, Alhassen began to celebrate in his Sunnyvale home. He called his father, a brother in Michigan and cousins back in Iraq.

"I feel great," said Alhassen, 39. "This is our dream for this guy to get the death penalty. It's a good day."

Across the Bay Area on Friday, Iraqi emigres exulted over Hussein's impending demise. They cited the deaths of friends, torture endured by relatives and the increasing dysfunction of a dictator who willingly disregarded and disposed of his people. Former Iraqis living in the Bay Area consider the dictator's death justice that did not come quick enough.

"This moment is past due," said Rob Shoubber, 51, of Santa Clara. "It should have been done a long time ago."

Several Iraqi Americans said Hussein's supporters have been sabotaging efforts toward democracy in Iraq. They believe his execution will bring peace and stability to Iraq, where hundreds of thousands of civilians -- and nearly 3,000 U.S. troops -- have died since the 2003 invasion.

"It won't be an immediate change, but it will be in the long run," Shoubber said.

The gravity of Hussein's tyranny requires the ultimate penalty, several Iraqi Americans said.

Imam Mehdi Khorasani, who leads a 200-member mosque in Fairfax, said he generally opposes capital punishment.

"Killing must be stopped, criminals or not," he said. "I believe in mercy and compassion."

But Hussein's unthinkable horrors demand something different.

"Saddam is a thug," said Khorasani, whose father was an imam in Karbala, Iraq. "He's a cancer, a microbe, a disaster for the world. He must be eliminated at any cost.

"He has used chemical weapons. He has committed mass murders, genocide."

Like many Iraqis in the Bay Area, Khorasani believes Hussein's followers are fueling the insurgencies.

"There are thousands of people who are allied with him," said Khorasani, who said dozens of his relatives have been killed, kidnapped or simply vanished under Hussein's rule. "He must be eliminated, because then all these thugs will be eliminated. He is evil -- real, real evil."

Even as Hussein's death brought relief to those interviewed, some felt like the pain of his rule could never be healed.

"If I go back to Iraq, there is no one I can see," said Kays Hussein, 58, who lives in San Bruno and is no relation to Saddam Hussein. "I don't even know where their graves are."

Since his days in college, Kays Hussein said many of his friends disappeared or were killed for opposing the government.

"We told people about the facts," he said. "We had the courage to say it, but we paid with our lives."

Kays Hussein said his worst memories include watching Iraqis starve during years of U.N. sanctions while Saddam Hussein lived in opulence. Iraqi television once showed one of the president's birthday gifts to himself: a carriage made of gold.

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"Of course, there was money in Iraq, but he kept it for himself and didn't give us food," Kays Hussein said. "This is the most painful."

The execution won't erase those memories, he said.

"We will sit together and talk to forget our sad memories. These things live in our souls now. It can't be just a memory, these painful things."

Iraqi Natives Living In St. Louis Welcome The End For Saddam (SLPD)

By Tim O'Neil, Aisha Sultan

St. Louis Post-Dispatch, December 30, 2006

The television at the Kabob House was broadcasting a popular Iraqi comedy show via satellite. News updates on the fate of Saddam Hussein flashed across the bottom of the screen in Arabic.

Three friends, all natives of Iraq, chatted over coffee Friday, stopping on occasion to scan the report. It was 7 p.m. in St. Louis — 4 a.m. in Baghdad, with Saddam's execution by hanging considered imminent.

And a just punishment it is, said the three friends.

"It will make many mothers happy in Iraq — mothers whose sons were executed by Saddam Hussein," said Abdul Alsharafy, 48. "It will make every decent and honest Iraqi happy to have the era of Saddam gone forever."

The Kabob House is an Iraqi restaurant at 4940 Christy Boulevard, just off South Kingshighway in south St. Louis. Iraqis come by for lamb kabobs; American-born customers prefer the chicken and beef orders.

Adnan Hadi, 42, said about 3,000 Iraqi nationals live in the St. Louis area, and most of them came here after fleeing the failed uprising that took place after the Persian Gulf War in 1991. Hadi, who is Sunni, said Saddam has few, if any, sympathizers among the Iraqis here. Hadi said one of his uncles, a general in the Iraqi army, was executed by Saddam's government.

"This is the beginning of a new day, a new time for Iraq," said Hadi. "We are trying to establish a democratic society in Iraq. Saddam still has many loyalists."

Hadi said there are many Sunnis who, like him, opposed Saddam and wanted to see him executed.

Jabbar Alabady, 38, the third man at the table, is Shiite, as is Alsharafy. Alabady called the execution a great thing.

"He murdered a lot of people. This is his punishment," Alabady said. "The people who make the bombs are hoping that Saddam will come back to power. This will show that he is gone for good."

As the three spoke, they rarely glanced at the television. After the trial of Saddam, the execution was inevitable, eliminating any suspense in the final hours.

"Iraqis knew he was a dead man the day he was arrested," said Alsharafy.

Hanging On A Muslim Holiday Is Criticized (LAT)

By Ashraf Khalil

The Los Angeles Times, December 30, 2006

The Muslim religious holiday Eid al-Adha, the Feast of Sacrifice, is meant to commemorate Abraham's willingness to sacrifice his son on God's orders.

But now the holiday could also be associated with something else: the execution of ousted Iraqi dictator Saddam Hussein.

The Iraqi government's push to hang Hussein this morning, when much of the Muslim world was celebrating Eid, drew criticism from Islamic leaders in the Middle East and America.

"Executing any individual during this holiday period indicates poor judgment and a lack of sensitivity," the Muslim Public Affairs Council said in a statement.

As the Hussein drama played out Friday in Baghdad, millions of Muslims gathered in Saudi Arabia for the Hajj pilgrimage, a pillar of the Islamic faith that every Muslim is required to perform at least once if able.

"Connecting this to a religious occasion will just widen the gap between the factions in Iraq," said Muhammad Eissa, a University of Chicago professor of Arabic and an Islamic scholar. "This is a time when Muslims in particular are supposed to be forgiving, are supposed to be closer to God. Why are they using this occasion to take revenge? They couldn't wait one more week?"

On Friday, pilgrims performed a daylong vigil of outdoor prayer on Mt. Arafat outside Mecca. Traditionally Eid is meant to begin the following day, but disagreements over the Islamic calendar have created a dual holiday. Saudi religious scholars declared Eid to be today, with much of the Sunni Muslim world following suit. However, most Shiite Muslims and some Sunni groups consider Sunday the true start of the four-day holiday.

Some view the execution's timing as a deliberate slap by Iraq's Shiite-led government at the country's Sunnis, who benefited from the reign of Hussein, a Sunni, and who make up much of Iraq's insurgency.

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"The Sunnis are going to see this as an insult," said Shakeel Syed, executive director of the Islamic Shura Council of Southern California. "The reaction is going to be very, very negative."

Sabih Maryati, a Shiite and a board member of Ahlul-Beyt Mosque in Pomona, also criticized the timing. "This is supposed to be a time of reconciliation. But this timing is definitely going to make the situation much worse. All it's going to do is increase the violence and make the country more unstable."

Saddam Hussein Executed (MSNBC)

MSNBC.com, December 30, 2006

BAGHDAD, Iraq - Three years after he was hauled from a hole in the ground by pursuing U.S. forces, Saddam Hussein was hanged Saturday under a sentence imposed by an Iraqi court, an Iraqi official told NBC News.

The deposed president was found guilty over the killing of 148 members of the Shiite population of the town of Dujail after militants tried to assassinate him there in 1982, during Iraq's war with Shiite Iran.

Asked if Saddam were dead, the official in the Iraqi prime minister's office said, "Yes, the body of Saddam Hussein is in front of me."

Story continues below ? advertisement

"Criminal Saddam was hanged to death," state-run Iraqiya television said. The station played patriotic music and showed images of national monuments and other landmarks.

Witnesses to the execution told NBC News' Richard Engel that they were cheering around the body of Saddam after the execution.

NBC could hear cheers and celebrations in the background while talking to an official in the prime minister's office.

"This son of a bitch is lying under my feet.… I can't talk now because of all the cheers!" a witness said.

NBC News reported that gunfire, presumably celebratory, could be heard in Baghdad after the executions.

Three Iraqi officials who attended the execution said only he was executed on Saturday, and that his half-brother and another former regime official would hang after the weekend Islamic religious holiday. The holiday ends Tuesday for Sunnis and Wednesday for Shiites.

National security adviser Mouwafak al-Rubaie told state-run Iraqiya TV that only Saddam was executed Saturday. "We wanted him to be executed on a special day," he said.

Munir Haddad, a judge on the appeals court that upheld Saddam's death sentence, and Sami al-Askari, political adviser to Prime Minister Nouri al-Maliki, also told The AP that only Saddam was executed. Iraqi state TV originally had reported that all three men had been executed, Saddam followed by the other two.

Al-Rubaie said that the other two men "will be executed after the Eid."

Eid al-Adha, Islam's most important religious festival, began at dawn Saturday for Sunnis and will start Sunday for Iraqi Shiites.

It was a grim end for the 69-year-old leader who had vexed three U.S. presidents. Despite his ouster, Washington, its allies and the new Iraqi leaders remain mired in a fight to quell a stubborn insurgency by Saddam loyalists and a vicious sectarian conflict.

Bush: 'Executed after receiving a fair trial'

"Today, Saddam Hussein was executed after receiving a fair trial — the kind of justice he denied the victims of his brutal regime," President Bush said in a written statement released after the execution by the White House.

"Bringing Saddam Hussein to justice will not end the violence in Iraq," Bush continued, "but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the War on Terror."

Mariam al-Rayes, a legal expert and former member of parliament, told Iraqiya television that the execution "was filmed and God willing it will be shown. There was one camera present, and a doctor was also present there." She did not attend.

Saddam Hussein Executed In Iraq (BBC)

BBC.com, December 30, 2006

Former Iraqi President Saddam Hussein has been executed by hanging at a secure facility in northern Baghdad for crimes against humanity.

The news was confirmed to the BBC by the Iraqi deputy foreign minister.

Iraqi TV said the execution took place just before 0600 local time (0300GMT). A representative of the prime minister and a Sunni Muslim cleric were present.

Two co-defendants, Saddam Hussein's half-brother and a former chief judge, are to be executed at a later date.

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All three were sentenced to death by an Iraqi court on 5 November after a year-long trial over the 1982 killings of 148 Shias in the town of Dujail.

Saddam Hussein's rule

In pictures

A small group of Iraqis witnessed the execution at an Iraqi compound known by the Americans as Camp Justice, a secure facility in the northern Baghdad suburb of Khadimeya.

They watched as a judge read out the sentence to Saddam Hussein. The former Iraqi leader was carrying a copy of the Koran and asked for it to be given to a friend.

The noose was then placed around his neck before the trap door was released. The execution took just a few minutes.

Video footage of the execution is expected to be released as final proof of Saddam Hussein's demise although it is expected to stop short of showing the actual death.

US troops and Iraqi security forces are on high alert for any violent backlash. The US State Department has urged all its embassies to increase security.

'End of a dark period'

News of Saddam Hussein's execution was broadcast on state-run Iraqiya television, as patriotic music and images of national monuments were played out.

Saddam Hussein was hanged first, followed by Barzan and then Bandar, it announced. However, an Iraqi national security advisor later said only Saddam Hussein was hanged.

"We wanted him to be executed on a special day," Mouwafak al-Rubaie told Iraqiya, adding that Saddam Hussein "totally surrendered" and did not resist.

Saddam Hussein's half-brother Barzan al-Tikriti and Iraq's former chief judge Awad Hamed al-Bandar are to be executed some time after the Eid festival ends next week, he said.

Other Arab TV stations aired live footage of the sunrise over Baghdad's Firdous Square, where US Marines pulled down a statue of Saddam Hussein, after he was deposed in April 2003.

The BBC's Peter Greste in Baghdad says Shias have generally welcomed Saddam Hussein's death and hailed the execution as justice for the suffering endured under his leadership.

But Saddam's own Sunni tribesman were angered by his treatment and may well protest once more, our correspondent adds.

'Held to account'

US President George W Bush hailed the execution as "an important milestone" on the road to building an Iraqi democracy, but warned it would not end the deadly violence there.

He said: "It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial.

"It is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the War on Terror."

UK Foreign Secretary Margaret Beckett welcomed the fact that Saddam Hussein had been tried by an Iraqi court "for at least some of the appalling crimes he committed" and said "he has now been held to account".

France called on Iraqis to "look towards the future and work towards reconciliation and national unity".

Saddam Hussein, Toppled By U.S., Is Hanged By Iraqis (BLOOM)

By Alex Morales, Judy Mathewson

Bloomberg, December 30, 2006

Dec. 30 - Saddam Hussein, who was accused of killing more than 100,000 civilians during his 23-year rule over oil-rich Iraq, was hanged in Baghdad for crimes against humanity for a 1982 massacre of Shiite Muslims. He was 69.

Hussein's execution today ``will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy," U.S. President George W. Bush said in an e-mailed statement.

Hussein came to power in 1979 and was deposed in an invasion by U.S. and British forces ordered by President Bush in March 2003. Hussein led Iraq into three wars, and his government was accused by human rights groups of genocide.

``Saddam turned this country into an outlaw state in the eyes of the international community, and he squandered its wealth, which was used for the persecution of his own people and for launching wars against Iraq's neighbors," Iraqi Foreign Minister Hoshyar Zebari said in a Dec. 29 interview. ``The people of Iraq will remember that their darkest days were those during his reign of terror."

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The dictator's victims included between 50,000 and 100,000 people who died in the Anfal military operation against Iraqi Kurds in 1987 and 1988 and tens of thousands of others who opposed him, according to New York-based Human Rights Watch.

Death Sentence

Hussein was given the death sentence by an Iraqi tribunal on Nov. 5 for his role in the killings of 148 Shiite Muslims in the northern village of Dujail following an attempt on his life there in 1982. He lost an appeal on Dec. 26, clearing the way for his execution.

A second trial, in which Hussein faced charges of genocide for his role in the Anfal campaign, began in August and wasn't concluded before his hanging.

``Very few Iraqis are going to waste their time mourning for Saddam," said Judith Yaphe, a Middle East specialist at the National Defense University in Washington. ``There are too many of them who would have rather been the executioner."

During his rule, Hussein developed a personality cult, building himself opulent palaces around the country and using his image to adorn public buildings such as hospitals and schools, as well as Iraq's currency. The April 9, 2003, toppling of his statue in Baghdad's Firdos Square -- as U.S. soldiers and armor occupied the city -- symbolized the end of Hussein's rule.

Peasant Roots

Saddam Hussein al-Majid al-Tikriti was born on April 28, 1937, into a peasant family in a village near the northern Iraqi city of Tikrit.

Hussein was raised by his mother and other relatives after his father left him or died, according to Nathan Brown of the Washington-based Carnegie Endowment for International Peace, who has researched his life.

``The shame of his humble origins was to become the driving force of his ambition," Con Coughlin, an editor of the U.K.'s Sunday Telegraph, wrote in ``Saddam: King of Terror." The harshness and insecurity of Hussein's early life also left him with a lifelong inability to trust even those closest to him, Coughlin wrote.

At 20, Hussein joined the pan-Arab socialist Baath Party, and in 1959 took part in a failed coup against Prime Minister Abdul Karim Qassem. Wounded in the attempt, Hussein fled to Egypt. The secular Baathists took power in 1963 following a series of military coups, only to be overthrown months later.

Rise to Power

In 1968, the party regained control of the country in another coup, and the following year, Hussein was appointed vice president by President Ahmed Hassan al-Bakr, a relative. Eleven years later, Hussein took over as president, formalizing the power he had gained during the intervening years.

Hussein built his authority by placing relatives in major positions in the army and putting others loyal to him in the security system.

Family ties weren't a barrier to Hussein's purges, and he had about 40 of his own relatives killed, according to the Bush administration.

``Not since Stalin or Hitler has there been such institutionalized violence in a country as there was in Saddam Hussein's Iraq," said Christopher Reid, a former U.S. Justice Department official. Reid served as regime crimes liaison between U.S. and Iraqi authorities during a 22-month stint at the Baghdad embassy that ended in January.

``There was a huge bureaucratic structure set up to oppress people," Reid said. ``There were execution chambers around Iraq, and they were used all day long most days."

Oil Power

The Baath Party had the good fortune to seize power in a country with the world's third-largest oil reserves just before an energy shortage in the early 1970s drove up world prices for crude.

Hussein ``ended up squandering those resources, though, in a way that undercut the country in a disastrous manner," including by waging wars, Brown said.

The first of Hussein's three wars began in 1980, when he abrogated a 1975 treaty with Iran that defined the border between the countries. Iraq's troops used mustard and nerve gases against Iranian soldiers and rebellious Kurds in northeastern Iraq.

It became a war of attrition with Iran, during which Hussein received the support of Western governments, including the U.S. The foes agreed to a truce in 1988.

The total dead from their conflict exceeds 300,000 and could be as many as 1 million, Brown said.

Invasion of Kuwait

The next war followed within three years. In August 1990, Iraqi troops invaded Kuwait and its oil fields, a month after Hussein accused Iraq's southern neighbor of violating the border to tap into an Iraqi oil field. The action was condemned by the United Nations Security Council and quickly opposed by the U.S., which began to build a coalition with Arab and European governments.

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Iraq, which had long claimed territorial rights over Kuwait, declared the country a province and defied UN demands to leave.

A U.S.-led alliance, mobilized by President George H.W. Bush, began a UN-backed bombing campaign against Iraq in January 1991, and a land invasion the following month. Iraqi generals in March met with the allied commander, U.S. General Norman Schwarzkopf, leading up to a UN cease-fire in April.

Though his military was battered, Hussein, a Sunni Muslim, held on to power in the face of a revolt in the south by the majority Shiite Muslims after the U.S. and its allies removed their backing for the Shiites.

`No Fly' Zones

Hussein's capacity to send his forces against his Kurdish and Shiite enemies was constrained by so-called ``no fly'' zones set up in northern and southern Iraq and patrolled by U.S. and allied warplanes. The northern zone helped the Kurds establish a self-governing region in the 1990s.

Enmity between Hussein and Bush resurfaced more than two years after the Gulf war. In June 1993, U.S. cruise missiles hit Iraq's principal intelligence facility in retaliation for what the new administration of President Bill Clinton said was an Iraqi assassination attempt against the former president.

The U.S. said it had compelling evidence that Hussein's government was behind the plot to kill the elder Bush when he visited Kuwait in April 1993 -- an accusation the Iraqi government denied. Almost a decade later, President George W. Bush, his son, referred to the foiled plot as he sought congressional authority to attack Iraq.

``This is the man who tried to kill my dad,'' the younger Bush said in September 2002.

New Chapter

Throughout the 1990s, Iraq was under economic sanctions imposed after the invasion of Kuwait. In August 1998, Hussein ceased five years of cooperation with UN weapons inspectors, which led to a four-day bombing campaign by U.S. and U.K. aircraft. The inspectors, who withdrew before the bombing, weren't allowed back in.

The terrorist attacks of Sept. 11, 2001, opened a new chapter in the confrontation between the U.S. and Hussein.

Beginning in November 2001, President George W. Bush demanded Hussein let inspectors back into Iraq, and he urged the UN to compel Iraq to give up its illicit weapons. Bush said the attack to remove Hussein in 2003 was necessary because Iraq harbored chemical, biological or nuclear weapons, and he suggested such arms might be handed off to terrorists. The weapons haven't been found in Iraq.

Hussein's Capture

Hussein fled Baghdad as U.S.-led forces advanced from the south. He was captured on Dec. 13, 2003, hiding in a hole in a farm nine miles (14 kilometers) south of Tikrit. With a graying, bushy beard, Hussein was almost unrecognizable from the black-haired, mustachioed dictator who had ruled Iraq, usually sporting a tailored suit.

During his period in hiding, Hussein's sons Qusay and Uday were killed in a battle with U.S. soldiers in Mosul on July 22, 2003.

Hussein remained combative after being captured, and accused the U.S. military of abusing him, an allegation denied by the American government. Appearing in court to face charges in the Dujail trial on Oct. 19, 2005, he described himself as the president of Iraq and questioned the legitimacy of the tribunal.

Hussein's court appearances were characterized by outbursts and political speeches as the judge struggled to contain him. The ousted dictator refused to attend court on one occasion, complaining he hadn't been able to change clothes, and at another point, he embarked on a hunger strike.

Chaotic Trial

The chaotic trial, which Human Rights Watch described as ``flawed,'' was beset by the killing of several members of Hussein's defense team.

Throughout the proceedings, the court heard accounts of brutality. Witnesses accused Hussein's regime of torturing them and killing their friends and relatives. Many witnesses appeared behind screens to protect their identities. It was their testimony that ultimately sent Hussein to the gallows.

Hussein was ``sentenced to death for one crime, and not for every crime, although he deserves'' to be punished ``for all the crimes,'' according to Zebari, the Iraqi foreign minister, who said three of his own brothers were killed by Hussein's government.

``What we have seen is just the tip of the iceberg of what Saddam and his regime have inflicted on Iraq as a whole from the north to the south,'' Zebari said.

Reid said he interviewed more than 100 victims of Hussein's dictatorship, including ``people whose entire families were killed in front of their eyes in chemical attacks.'' While Dujail was one of the smaller massacres committed by the government under Hussein, ``it showed the tools of oppression that Saddam used over and over again,'' he said.

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Hussein is survived by the three daughters he had with his first wife, Sajida, the mother of Uday and Qusay. With his second wife, Samira, he had another son, Ali, now in his 20s. All are on a list of relatives and former members of the dictatorship whose assets were ordered by the UN to be frozen.

Exclusive: Videographer Of Saddam Execution (NSWK)

By Michael Hastings

Newsweek, December 30, 2006

Dec. 30, 2006 - Ali Al Massedy was 3 feet away from Saddam Hussein when he died. The 38 year old, normally Iraqi Prime Minister Nuri al-Maliki's official videographer, was the man responsible for filming the late dictator's execution at dawn on Saturday. "I saw fear, he was afraid," Ali told NEWSWEEK minutes after returning from the execution. Wearing a rumpled green suit and holding a Sony HDTV video camera in his right hand, Ali recalled the dictator's last moments. "He was saying things about injustice, about resistance, about how these guys are terrorists," he says. On the way to the gallows, according to Ali, "Saddam said, 'Iraq without me is nothing.'"

Ali says he followed Saddam up the gallows steps, escorted by two guards. He stood over the hole and filmed from close quarters as Saddam dropped through—from "me to you," he said, crouching down to show how he shot the scene. The distance, he said, was "about one meter," he said. "He died absolutely, he died instantly." Ali said Saddam's body twitched, "shaking, very shaking," but "no blood," he said, and "no spit." (Ali said he was not authorized to disclose the location, and did not give other details of the room.)

Ali said the videotape lasts about 15 minutes. When NEWSWEEK asked to see a copy, Ali said he had already handed the tape over to Maliki's chief of staff. "It is top secret," he said. He would not give the names of officials in attendance, though he estimates there were around 20 observers. One of them, Iraqi National Security Adviser Mouwaffak al-Rubaie, told CNN that Saddam clasped a Koran as the noose was tied around his neck, and refused to wear a hood. He also said that government officials had not decided whether or not to release the videotape. The execution reportedly took place at 6:05 a.m. local time. Prime Minister Maliki did not attend.

Ali was greeted as a hero when he returned from the execution a little after 7 a.m., flying in with other officials and landing in two helicopters in the Green Zone. A convoy of 20 or so GMCs and Toyota Land Cruisers waited outside to drive some of the Iraqi officials home.

The Iraqi bodyguards, mostly Shiites they said, had passed the time smoking and praying—some prayed on cardboard mats on the street.

It was a cold morning in Baghdad, a few degrees above freezing, and in the post dawn light the guards' breaths could be seen in the air. When the thudding of helicopters began, the body guards rushed towards the entrance to the landing zone. They swarmed around Ali, snapping digital pictures on camera phones and cheering. "Saddam finished, Saddam finished," a guard who gave his name as Mohammed told NEWSWEEK. Ali looked somewhat stunned as he exited, carrying the camera.

"All Iraqis will be happy," he says. "This is the most important day for me [as a cameraman,]" he said. "This page [in history] is over, this page is over. All Iraqis will be happy from the north to the south to the east to the west." One of the judges who presided over the execution then came out to the street; Ali jumped in a car with him. The convoy of SUVs drove off, one after the other, with the occasional honk of the horn.

Hussein Executed With "Fear In His Face" (CNN)

CNN.com, December 30, 2006

BAGHDAD, Iraq (CNN) -- Saddam Hussein, the former Iraqi dictator who spent his last years in captivity after his ruthless regime was toppled by the U.S.-led coalition in 2003, was hanged before dawn Saturday for crimes committed in a brutal crackdown during his reign.

The execution took place shortly after 6 a.m. (10 p.m. Friday ET), Iraq's national security adviser, Mowaffak al-Rubaie, told Iraqi television.

"This dark page has been turned over," Rubaie said. "Saddam is gone. Today Iraq is an Iraq for all the Iraqis, and all the Iraqis are looking forward. ... The [Hussein] era has gone forever."

Rubaie, who witnessed the execution, said the former leader was "strangely submissive" to the process.

"He was a broken man," he said. "He was afraid. You could see fear in his face."

Rubaie said that Hussein carried with him a copy of the Quran and asked that it be given to "a certain person." Rubaie did not identify that person.

On Al-Arabiya television, Rubaie said the execution took place at the 5th Division intelligence office in Qadhimiya. He said Hussein refused to wear a black hood over his head before execution and told him "don't be afraid."

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White House deputy press secretary Scott Stanzel said President Bush was asleep when the execution took place and was not awakened. The president had been briefed by national security adviser Stephen Hadley before retiring and was aware the hanging was imminent, Stanzel said.

The White House issued a statement praising the Iraqi people for giving Hussein a fair trial.

"Fair trials were unimaginable under Saddam Hussein's tyrannical rule," Bush's statement read. "It is a testament to the Iraqi people's resolve to move forward after decades of oppression that, despite his terrible crimes against his own people, Saddam Hussein received a fair trial."

The execution took place outside the heavily fortified Green Zone, Rubaie said, and no Americans were present.

"It was an Iraqi operation from A to Z," he said. "The Americans were not present during the hour of the execution. They weren't even in the building."

He added that "there were no Shiite or Sunni clerics present, only the witnesses and those who carried out the actual execution were present."

Hussein was hanged for his role in the 1982 Dujail massacre, in which 148 Iraqis were killed after a failed assassination attempt against the then-Iraqi president. (Watch what happened in Dujail)

Two other co-defendants -- Barzan Hassan, Hussein's half-brother, and Awwad Bandar, the former chief judge of the Revolutionary Court -- were also found guilty and had been expected to face execution with Hussein, but Rubaie said their executions were postponed.

"We chose to postpone Barzan and Awwad's execution to a later date because we wanted to have this day to have an historic distinction," he said. "We wanted to have one specific date for Saddam so people remember this date to be linked to Saddam's execution and nothing else."

Rubaie said the execution was videotaped and photographed extensively from the time Hussein was transferred from U.S. to Iraqi custody until he was dead.

Many of those who witnessed the execution celebrated in the aftermath.

"Saddam's body is in front me," said an official in the prime minister's office when CNN telephoned. "It's over."

In the background, Shiite chanting could be heard. When asked about the chanting, the official said, "These are employees of the prime minister's office and government chanting in celebration."

He said that celebrations broke out after Hussein was dead, and that there was "dancing around the body."

Iraqi-Americans celebrated in the street in Dearborn, Michigan, home to the largest concentration of Iraqis in the United States.

Prime Minister Nuri al-Maliki did not attend the execution, according to an adviser to the prime minister who was interviewed on state television.

"It's a very solemn moment for me," Feisal Istrabadi, Iraq's U.N. ambassador, said on CNN's "Anderson Cooper 360." "I can understand why some of my compatriots may be cheering. I have friends whose particular people I can think of who have lost 10, 15, 20 members of their family, more.

"But for me, it's a moment really of remembrance of the victims of Saddam Hussein."

Friday evening, a U.S. district judge refused a request to stay the execution.

Attorney Nicholas Gilman said in an application for a restraining order, filed Friday in U.S. District Court in Washington, that a stay would allow Hussein "to be informed of his rights and take whatever action he can and may wish to pursue."

Munir Haddad, a judge on the appeals court that upheld the former dictator's death sentence, called Gilman's filing "rubbish," and said, "It will not delay carrying out the sentence," which he called "final."

Throughout the day, there were conflicting reports about who had custody of Hussein. Giovanni di Stefano, one of Hussein's defense attorneys, told CNN the U.S. military officially informed him that the former Iraqi dictator had been transferred to Iraqi custody, but that the move in U.S. court could have meant that Hussein was back in U.S. custody.

There had been speculation that Hussein would be executed before Eid Al-Adha -- a holiday period that means Feast of the Sacrifice, celebrated by Muslims around the world at the climax of the hajj pilgrimage to Mecca. The law does not permit executions to be carried out during religious holidays.

Eid began Saturday for Sunnis and begins Sunday for Shiites. It lasts for four days. Hussein was a Sunni Muslim.Meeting with half-brothers

Another defense lawyer, Badie Aref, told CNN that Hussein met with two of his half-brothers in his cell on Thursday and passed on messages and instructions to his family.

"President Saddam was just bracing for the worst, so he wanted to see his brothers and pass on some messages and instructions to his family," Aref said. The half brothers who visited were Sabawi and Wathban Ibrahim Hassan al-Tikriti, he said.

He never asked to see anyone else -- not even his wife, said his lawyers. She was the mother of his five children.

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Aref said the U.S. soldiers guarding Hussein on Tuesday took away a radio he kept in his cell so he could not hear news reports about his death sentence, which was confirmed that day.

"They did not want him to hear the news from the appeals court upholding the sentence," he said. "They gave him back the radio on Wednesday."

Aref said Saddam found out about the appeals court verdict "a few hours after it was announced."Crimes against humanity

Hussein was convicted on November 5 of crimes against humanity in connection with the killings of 148 people in the town of Dujail after an attempt on his life.

The dictator was found guilty of murder, torture and forced deportation.

The Dujail episode falls within 12 of the worst cases out of 500 documented "baskets of crimes" during the Hussein regime.

The U.S. State Department says torture and extrajudicial killings followed the Dujail killings and that 550 men, women and children were arrested without warrants.

Saddam Hussein Has Been Executed (AFP)

AFP, December 30, 2006

BAGHDAD, Dec 30, 2006 (AFP) - Ousted Iraqi dictator Saddam Hussein was executed Saturday, officials said, the 69-year-old former strongman mounting the gallows calmly and accepting his fate with a last defiant warning.

"He said 'I hope you will be united, and I warn you not to trust the Iranian coalition, because they are dangerous'. He said he was not afraid of anyone," Judge Moneer Haddad, who witnessed Saddam's execution for crimes against humanity, told AFP.

Saddam's taunt will be interpreted as a sideswipe at Prime Minister Nuri al-Maliki's Shiite-led ruling coalition, which many Iraqi Sunnis accuse of being a front for Iranian influence.

Another witness, National Security Adviser Mowaffaq al-Rubaie, told state television the former strongman made no attempt to resist his executioners, as he was led to the noose with his hands bound behind him.

Neither official, members of a small group of dignitaries who formally witnessed the execution, would say exactly where the hanging took place except that it was outside Baghdad's heavily fortified Green Zone.

Rubaie said the Saddam's American jailers had handed him over to Iraqi officials and that there had been no US personnel in the building as the trapdoor dropped and the dictator's life was ended.

"We hope this great day will be a day for national unity and for the liberation of the Iraqi people," Rubaie told Al-Arabiya television, adding that the whole procedure had been filmed.

"Whether to screen it now or later is up to political leaders because this is a sensitive issue and we do not want to excite some of our people," he said, amid mounting sectarian tension.

"This issue is about establishing justice. I look to thousands of orphans and widows in Halabja, and the war with Iran and the invasion of Kuwait," he said, referring to some of Saddam's best known atrocities.

Saddam's and two co-accused -- his half brother and intelligence chief Barzan Hassan al-Tikriti and revolutionary court judge Awad Ahmed al-Bandar -- were convicted of crimes against humanity by an Iraqi court on November 5.

Officials said that the execution of Saddam's aides had been postponed.

Over several months, the Iraqi High Tribunal in Baghdad heard how they oversaw a campaign of collective punishment against the Shiite village of Dujail, north of Baghdad, where Saddam escaped an assassination bid in 1982.

Dujail's orchards were torn up and 148 men and boys were executed after being dragged through Bandar's kangaroo court.

More than 20 years later, Saddam was overthrown by a US-led invasion and later put on trial by a new Shiite-led government. The trio's death sentences were confirmed by a panel of appeal court judges on December 26.

The hangings then became inevitable, with Maliki's government determined to avenge Saddam's brutal 24-year reign and to strike a blow against a violent Sunni insurgency that still honours his name.

Saddam's Jordan-based defence team, which largely boycotted the year-long trial, made one last desperate shake of the dice by going to court in the United States to demand that the ousted despot remain in US military custody.

But US authorities in Baghdad insisted that the detainees have been under Iraqi legal authority for more than a year and were only being held in an American military base as a simple security precaution.

Saddam's trial was the subject of fierce criticism from Sunni Iraqis -- who accused the court of being a puppet of Iraq's US occupiers and the Maliki government's Iranian allies -- and from international rights groups.

Human Rights Watch complained that Maliki's government had pressured the judge to return guilty verdicts, and was quick to attack the execution.

"Saddam Hussein was responsible for horrific, widespread human rights violations, but those acts, however brutal, cannot justify his execution, a cruel and inhuman punishment," said the watchdog's Richard Dicker.

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"The test of a government's commitment to human rights is measured by the way it treats its worst offenders. History will judge the deeply flawed Dujail trial and this execution harshly," he added.

But the hanging will be broadly welcomed among Iraq's majority Shiite population, which held noisy street parties to celebrate Saddam's arrest in December 2003 and conviction this year.

In the Shiite holy city of Najaf celebratory gunfire erupted around the city in the immediate aftermath of the verdict.

Security officials fear a backlash, however, from hardline factions among Iraq's Sunni minority, including the Islamist and nationalist militant groups that make up the deadliest elements of Iraq's violent insurgency.

Ahead of the verdict, the head of Iraq's interior ministry command centre, Brigadier General Abdel Karim Khalaf, told AFP that the country's beleaguered security forces were on high alert.

"Certainly, this is a big event, putting into effect the execution of this serial killer," he said. "We will take measures proportionate to this event. We will put all our forces on the streets so that no lives are jeopardised."

After Saddam's conviction in November, authorities imposed a three-day curfew across much of the country, shutting down all life in Baghdad and sealing Iraq's borders and airports in a bid to head off reprisals.

State television prepared the ground for Saddam's execution by showing gruesome footage of his soldiers mutilating and beating prisoners, throwing a detainee from a roof and filling mass graves.

Joy Of Capture Muted At End (NYT)

By Jeff Zeleny

The New York Times, December 30, 2006

CRAWFORD, Tex., Dec. 29 — The capture of Saddam Hussein three years ago was a jubilant moment for the White House, hailed by President Bush in a televised address from the Cabinet Room. The execution of Mr. Hussein, though, seemed hardly to inspire the same sentiment.

Since his arrest on Dec. 13, 2003, Mr. Hussein has gradually faded from view, save for his courtroom outbursts and writings from prison. The growing chaos and violence in Iraq has steadily overshadowed the torturous rule of Mr. Hussein, who for more than two decades held a unique place in the politics and psyche of the United States, a symbol of the manifestation of evil in the Middle East.

Now, what could have been a triumphal bookend to the American invasion of Iraq has instead been dampened by the grim reality of conditions on the ground there. Mr. Hussein's hanging means that the ousted leader has been held accountable for his misdeeds, fulfilling the American war aim most cited by the White House after Iraq's weapons of mass destruction proved nonexistent.

But that war is now edging toward its fifth year, and the sectarian violence that has surged independent of any old Sunni or Baathist allegiances to Mr. Hussein has raised questions about what change, if any, his death might bring.

"Saddam's face has been on this process from the beginning and here goes that face," said Bruce Buchanan, a professor of government at the University of Texas at Austin. "But in many respects, he's a bit player now."

Even as a bit player, though, the specter of Mr. Hussein remained intimately entwined with Mr. Bush and his father, George H. W. Bush. Two years after the Persian Gulf war, Mr. Hussein ordered an assassination attempt on the elder Bush, an act of spite that the 43rd president would never forget.

"There's no doubt his hatred is mainly directed at us," the current president said, speaking to a Republican fund-raising crowd in Houston on Sept. 26, 2002. "This is the man who tried to kill my dad."

For his part, Mr. Hussein referred to the younger Mr. Bush as "son of the viper." He delivered a famous snub of the 41st president, constructing a mosaic of the elder Bush's face on the floor of the Rashid Hotel, perfectly positioned to be repeatedly stepped on. After the American troops reached Baghdad, they crushed the mosaic.

When Mr. Hussein was captured, the president said: "Good riddance, the world is better off without you." But he dismissed suggestions that a family grudge played a role in shaping his Iraq policy or influenced his decision to go to war. "My personal views," he said, "aren't important in this matter."

But Mr. Buchanan, a longtime observer of the Bush political family in Texas, said that these were no ordinary archenemies and that setting aside personal views entirely seemed impossible.

"I think the president will see this as justice done and may well feel some sense of vindication, in part because of the attempt on his father's life," he said. "It's definitely part of the drama."

Here in Crawford, where the president is spending the week between Christmas and New Year's, aides planned for how the White House would respond to Mr. Hussein's execution. They quickly ruled out the idea of putting the president in front of television cameras, fearful of sending a message that Mr. Bush was crowing or that the United States was orchestrating the execution, which officially was carried out by the Iraqi government.

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But a senior administration official, speaking on condition of anonymity to discuss internal strategy, also acknowledged that the challenges in Iraq contributed to the president's decision to simply issue a brief written statement after the execution. The White House concluded that even a development as dramatic as Mr. Hussein's hanging could not be used to renew support for the war.

"Americans have already taken that into account," said Frank Newport, the editor in chief of the Gallup Poll. "The benefits of deposing Saddam Hussein are far exceeded by the cost of the war."

Indeed, a Gallup poll taken Dec. 8 to 10 showed that 64 percent of Americans said the costs of the war outweighed the benefits. Only 33 percent disagreed, saying the benefits — including the ouster of Mr. Hussein — outweighed the costs.

It is a striking change in thinking, Mr. Newport said, considering that since the first Gulf war a wide majority of Americans have supported the removal of Mr. Hussein. It was a chief reason, he said, that polls showed that more than 60 percent of Americans initially supported the war in Iraq.

In June 1993, after the failed attempt by Iraqi government agents on the life of the elder Bush, 53 percent of Americans said of Mr. Hussein in a Gallup Poll that they supported "the extreme action of having him assassinated to remove him from power," while 37 percent said they did not.

Those sentiments, of course, were expressed a full decade before the invasion that began the current war.

Senator John Kerry, the Massachusetts Democrat who ran against Mr. Bush in 2004 and has become increasingly vocal in his criticism of the war, said executing Mr. Hussein was hardly worth the cost.

"To go to war to kill one guy? Please," said Mr. Kerry, who recently returned from a visit to Iraq. He added that the execution had become "almost a sideshow to the fundamental dilemma and quandary of Iraq."

"What will not be resolved by his death is the political resolution that is critical to changing the direction and dynamic of the country," he added. "Those stakes remain fundamentally the same."

Impact Of Hussein's Death Likely To Be Limited (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, December 30, 2006

The execution only underscores lingering divisions in Iraq.

WASHINGTON — Many Iraqis and Americans have looked forward to the day when justice would catch up with Saddam Hussein. Yet, when it arrived today, it seemed to be much less than the historic turning point many once had anticipated.

With Iraq beset by violence and turmoil, the former dictator's demise no longer appeared to signal the beginning of new order. After a trial marked by disruption and controversy, the execution seemed only another reminder that the country's divisions remain deep and seemingly insoluble nearly four years after the U.S.-led invasion.

"If everything had followed the coalition plan, if everything were calm now, this could have been the biggest event of the year, maybe the biggest event in the post-invasion," said Henri J. Barkey, a former State Department official and Mideast specialist.

"This is not just a sideshow. But everyday existence is so grave and grim, it's not what it might have been."

Ever since Hussein was toppled from power, Bush administration officials have pinned their hopes on a procession of developments — the elections, the capture of the former leader and the killing of terrorist leader Abu Musab Zarqawi, to name a few — to reshape opinions in the United States and Iraq about the American mission.

But though some of the events have affected public opinion, none has so far succeeded in convincing most Americans that things have fundamentally changed for the better.

"I just don't see this as a big turning point," said Daniel P. Serwer, a former U.S. diplomat and State Department official now at the U.S. Institute for Peace.

Even among some in the Bush administration, the potential for a positive reaction to Hussein 's death was considered limited.

One U.S. official said he believed that the execution would serve as a reminder that Hussein had been a danger to Iraqis as well as the region. But the official, who declined to be identified because of the sensitivity of the subject, acknowledged that the development's effect was likely to be "limited," in part because of the continuing difficulties in Iraq, and in part because it had been foreseen for some time.

Any positive reaction among Americans also is likely to muted by disenchantment over the number of U.S. troops who have died in Iraq.

In Iraq, the execution of Hussein has commanded attention, but it may not outlast the daily struggle faced by most Iraqis.

DOJ_NMG_0111785

"People in Iraq today are concerned with very basic things these days. Will this put more food on the table, make the streets safer, put more electricity in the wires?" Serwer asked. "The answer is likely not. So many people will not see this as that big."

Two years ago, it appeared that Iraqis were beginning a dialogue about their common history and Hussein's place in it.

If the country had made greater steps toward a unified view of their history, Hussein's execution might have more weight, said Nathan Brown, a specialist in Arab politics at Carnegie Endowment for International Peace.

But with the country increasingly fractured along sectarian lines, "this is a bit more of a sideshow than it would have been," Brown said.

Hussein's execution also would have carried more significance had his trial been carried out differently, some experts said.

Barkey, who is now at Lehigh University, believes the Iraqis made a major mistake in deciding to put Hussein on trial for the killings of 148 Shiite men and boys from the town of Dujayl after a 1982 assassination attempt there, rather than for the chemical weapons attacks in the country's north that are thought to have killed as many as 100,000 Kurds.

By executing Hussein for "a relatively minor crime … you're leaving this important chapter open," said Barkey. The attacks on Kurds were clear violations of international law, he said.

"It's one of the reasons the United States went to war, and yet they're leaving that unresolved," Barkey said. "It's very problematic."

He said that decision has left many Kurds feeling that "they are being cheated — they have not received justice."

Juan R. Cole, a Mideast specialist at the University of Michigan, said the nature of the trial also tended to further divide Iraqis, rather than heal wounds.

Because the charges concerned Hussein's reprisals against members of a revolutionary Shiite party, Dawa — which happens to be the party of the current and previous Iraqi prime ministers — the execution could appear to many Sunnis as simple score-settling.

"This can be read as the Dawa party and a Kurdish judge taking revenge on Saddam," Cole said. "To the Sunnis it will look like just one more slap in the face…. This is the opposite of national healing and will just deepen the divisions."

Cole said he expected adverse Sunni reaction to the execution, noting that about 20 demonstrators were killed in Sunni-dominated Baqubah after Hussein 's verdict was announced.

Even so, he agreed that the execution's political significance would be limited.

"It won't change anything on the ground," he said.

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Hussein's Death Does Not Alter Bush's Problems (CHIT)

By Mark Silva

Chicago Tribune, December 30, 2006

WASHINGTON -- The execution of Saddam Hussein closes an agonizing chapter in history that began with President Bush's vow to achieve a "regime change" with the U.S.-led invasion of Iraq in March 2003.

Yet the hanging of the longtime Iraqi strongman does not alter the fundamental problems that Bush faces: Reclaiming public support in the U.S. for a war that a majority of Americans now oppose, and charting a convincing course for the victory that Bush vows to achieve before withdrawing U.S. forces.

The White House steadfastly averted any statements of direct satisfaction with either the conviction of or death sentence handed to Hussein. Instead, the president and his advisers portrayed them as signals of achievement by the new judiciary in Iraq.

Functioning courts are fundamental for any new government that would be capable of meeting the standards Bush has set for declaring victory in Iraq.

Over the course of the war, Hussein at times served as a powerful symbol, often affecting Bush's popularity.

The toppling of the statue of the Iraqi leader as Baghdad fell on April 9, 2003, offered a significant image of hope soon after the invasion that Iraqis welcomed the U.S.-engineered overthrow.

Bush, whose job approval in public opinion polls had peaked at 90 percent after the terrorist assaults of Sept. 11, 2001, saw his approval slump to the 50s by the time of the U.S.-led invasion. But his job approval spiked to 71 percent in the Gallup Poll after the fall of Baghdad.

The capture of the toppled Iraqi leader 38 weeks after the invasion, when Hussein was found hiding in a spider-hole on a farm 10 miles southeast of Tikrit, provided a new but temporary boost for Bush.

Bush's job approval climbed to 63 percent in the Gallup Poll after the capture of Hussein in December 2003, a level of support the president has not achieved since.

DOJ_NMG_0111786

But the potency of Hussein as a factor in American public opinion has been diminished by the fact the Iraqi leader did not prove to pose the threat to the outside world that Bush had maintained Hussein was before the invasion of Iraq.

In the final Gallup Poll of 2006, Bush's job-approval rested at 35 percent, the lowest level of support for any president midway through his second term since Harry Truman.

While the Hussein execution may bring another temporary boost for Bush, the long-term impact of the war on American public opinion will likely be unchanged.

For Bush, the key to regaining public confidence in his handling of the war is likely to lie in the success of "the new way forward" in Iraq that he promises to spell out with the arrival of the new year.

Hussein Execution: World Reaction (CNN)

CNN.com, December 30, 2006

LONDON, England (CNN) -- While many countries and rights groups around the world said they did not support the death penalty, most expressed the hope that the execution of Saddam Hussein would prove a turning point for the people of Iraq.

U.S. President George W. Bush

"Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself," Bush said in a statement from his Texas ranch. (Full story)

British Foreign Secretary Margaret Beckett

"I welcome the fact that Saddam Hussein has been tried by an Iraqi court for at least some of the appalling crimes he committed against the Iraqi people. He has now been held to account. The British Government does not support the use of the death penalty, in Iraq or anywhere else ... We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation."

French Foreign Ministry

"France calls upon all Iraqis to look towards the future and work towards reconciliation and national unity. Now more than ever, the objective should be a return to full sovereignty and stability in Iraq," the French foreign ministry said in a statement. "France, which like the rest of its European partners advocates the universal abolition of capital punishment, notes the execution of Saddam Hussein on Saturday. That decision was made by the people and the sovereign authorities of Iraq."

Australian Foreign Minister Alexander Downer

Downer said while Australia opposed the death penalty, Saddam had faced justice and a fair trial and had been found guilty of crimes against humanity. "The people of Iraq now know that their brutal dictator will never come back to lead them," Downer said in a statement. "While many will continue to grieve over their personal loss under his rule, his death marks an important step in consigning his tyrannical regime to the judgment of history and pursuing a process of reconciliation now and in the future."

Indian Congress Party

"We hope this unfortunate event will not stand in the way of the process of restoring normalcy and reconciliation in Iraq," the party's general secretary, Janardhan Dwivedi, said in a statement. Former Indian foreign minister Natwar Singh, who was forced from office in 2005 over his alleged involvement in the U.N. oil-for-food scandal in Iraq, said the execution would lead to increased tension in the Middle East. "It will have a very adverse impact on the region for decades to come," he told CNN-IBN.

Japanese Foreign Ministry Spokesman Tomohiko Taniguchi

"We have acknowledged that the judgment has been made according to due process and pay respect to the legal procedures that the Iraqi government has taken. That said, what is most important in our view is to make this sentence not a new source of conflict but of reconciliation between the Iraqi people."

Brazilian Foreign Ministry

"(Brazil) does not believe carrying out this sentence will contribute to bringing peace to Iraq."

Human Rights Watch Director Richard Dicker

"Saddam Hussein was responsible for massive human rights violations, but that can't justify giving him the death penalty, which is a cruel and inhuman punishment," Dicker told The Associated Press.

Amnesty International U.S.A. Director Larry Cox

"The rushed execution of Saddam Hussein is simply wrong. It signifies justice denied for countless victims who endured unspeakable suffering during his regime, and now have been denied their right to see justice served."

Saddam Hussein Executed In Baghdad (FT)

By Demetri Sevastopulo, Steve Negus

Financial Times, December 30, 2006

DOJ_NMG_0111787

Saddam Hussein, the former Iraqi dictator, was put to death at dawn on Saturday, Baghdad time, just days after an Iraqi appeals court refused to commute his execution.

Before he was taken to the gallows in Baghdad, the former Iraqi president was reportedly handed a "red card" signaling his imminent death - a reminder of the red cards dealt to those he had condemned to death during his time in power.

Iraqi state television reported that Mr Hussein's execution was captured in still photographs and on video.

President George W. Bush welcomed the execution of Mr Hussein saying it came after a "fair trial - the kind of justice he denied the victims of his brutal regime".

"Saddam Hussein's execution comes at the end of a difficult year for the Iraqi people and for our troops," Mr Bush said in a statement. "Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain, and defend itself, and be an ally in the war on terror."

US officials on Friday said they had been unaware of when Mr Hussein would be executed. But a White House spokeswoman later said Stephen Hadley, the White House national security adviser, had informed Mr Bush at 7.15pm Washington time that Mr Hussein was expected to be executed within hours. Mr Hadley received the news from Zalmai Khalilizad, the US ambassador to Iraq, who had been informed of the pending execution by Mr Maliki.

Margaret Beckett, the UK's foreign secretary, said in a statement she welcomed "the fact that Saddam Hussein has been tried by an Iraqi court for at least some of the appalling crimes he committed against the Iraqi people".

"He has now been held to account," Mrs Beckett said. "The British Government does not support the use of the death penalty, in Iraq or anywhere else. We advocate an end to the death penalty worldwide, regardless of the individual or the crime. We have made our position very clear to the Iraqi authorities, but we respect their decision as that of a sovereign nation."

Mr Hussein, who was captured by United States forces in December 2003, was sentenced to death last month for ordering the massacre of Iraqi Shia civilians more than two decades ago.

While the execution of the former Iraqi strongman was long expected, it will be an emotional jolt to many Iraqis to hear that the man who dominated their nation's public life with an iron fist for nearly three decades has finally been put to death.

"It is a moment of remembrance for the victims of Saddam Hussein," Feisal al-Istrabadi, deputy Iraqi ambassador to the United Nations, told CNN. "This is a man who history will record as responsible for the deaths of two million Iraqis."

Mr Hussein's two sons, Uday and Qusay, were killed by US forces in 2003.

US officials on Friday were careful to avoid any appearance that they had played any role in the decision to proceed with his hanging. But the US military was placed on heightened alert ahead of the execution in case his death resulted in more attacks on US troops, or a spike in the sectarian violence that has engulfed Baghdad.

Sunni Arabs may view his hanging as yet another aspect of Iraq's long national humiliation, even though many did not condone his regime's excesses. Some Iraqis fear that his execution will set back the chances of a political settlement between Iraq's Shia-led government and the country's Sunnis that could undercut support for the country's insurgency.

But the execution may bolster the government's standing among militant Shia groups, many of whom suspected that the former dictator might be able to strike a last-minute deal with the Americans to escape the gallows.

President George W. Bush justified the 2003 invasion of Iraq on the basis that Mr Hussein possessed weapons of mass destruction. After US forces failed to find those weapons, the Bush administration argued that the invasion had still been justified because it had removed the dictator from power.

The execution comes as the Bush administration prepares to unveil a new policy to help stop the violence that has claimed the lives of tens of thousands of Iraqis and almost 3,000 US troops.

Iraqis had braced themselves for the execution of their former ruler on Friday following mounting speculation that Mr Hussein would be sent to the gallows before the Muslim holiday of Eid al-Adha, which began on Saturday morning.

Nouri al-Maliki, Iraqi prime minister, on Friday said nothing could overturn the death sentence.

"Our respect for human rights requires us to execute him, and there will be no review or delay in carrying out the sentence," he said.

Mr Hussein, 69, was sentenced to death by an Iraqi special tribunal on November 5 for his role in a campaign of reprisals ordered against the Shia village of Dujail, where he suffered a 1982 assassination attempt. The campaign led to scores being executed and many others subjected to torture and long-term detention.

His trial was marked by allegations of political interference and procedural errors, and some international organisations had called on the government not to go through with Mr Hussein's execution.

In Washington late on Friday night, a federal judge rejected a last-ditch petition by lawyers for Mr Hussein to block the US military from handing the former president over to Iraqi officials.

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Democratic Senator Edward Kennedy said Mr Hussein had been “a brutal tyrant and murderous dictator”. “Now it is time for the people of Iraq to work to reconcile their differences and to heal the wounds of the past. Only that process will end the violence that has prevented Iraq from moving forward,” he said.

Pete Hoekstra, the outgoing Republican chairman of the House intelligence committee, said: “I do not support the death penalty, but Saddam Hussein’s fate was determined by an Iraqi judicial system that was created by the free Iraqi people,” Hoekstra said. “His sentence was delivered swiftly and the pain was minimised - the same cannot be said for his many hundreds of thousands of victims.”

Iraq Executes Saddam Hussein By Hanging (LAT)

By Molly Hennessy-Fiske, Solomon Moore

The Los Angeles Times, December 30, 2006

Baghdad — Deposed Iraqi president Saddam Hussein was executed by hanging about 6 a.m. Saturday Baghdad time.

Hussein's death warrant was signed today by the nation's two vice presidents and execution witnesses gathered in the heavily fortified Green Zone for the execution, according to an Iraqi official with knowledge of the proceedings.

Hussein was hanged for his role in the deaths of 148 Shiite men and boys nearly a quarter-century ago.

U.S. officials said that Prime Minister Nouri Maliki met with cabinet officials and other politicians throughout the day to plan the event. Security plans were Iraqi leaders' main concern, as well as sorting through procedural requirements for the execution, including the signing of the death warrant and the timing of the execution.

U.S. military officials handed Hussein over to Iraqi officials around 8 p.m. today Baghdad time, according to one of Hussein's defense attorneys.

Maryam Rayis, a legal advisor to Maliki, said that Hussein's death warrant was signed by Vice Presidents Tariq Hashimi, a Sunni Arab politician, and Shiite politician, Adel Abdul Mehdi. President Jalal Talabani, a death penalty opponent, was out of Baghdad today and delegated his capital authority to Mehdi, Rayis said.

Hussein was dressed in a red jumpsuit, Rayis said, which has been the custom for death row prisoners in Iraq since before Hussein came to power.

The gallows were set up by midnight Baghdad time, Rayis said, and Hussein was to be offered a last meal before being led to the scaffold.

Defense lawyer, Najib Naimi, said that U.S. military officials asked him this morning to send someone to pick up the former president's personal effects, such as clothing, books — including a Koran — and a manuscript Hussein had been writing.

"He was writing his biography," Naimi said. "But I don't think he had a chance to complete it."

Among the witnesses scheduled to watch Hussein's hanging were a representative from the Interior Ministry, Iraqi High Tribunal Judge Munir Haddad, Chief Prosecutor Munqith Fraoon, a physician and a cleric to read from the Koran, Rayis said.

Hussein's wife, who is in Qatar, and his daughter, who is in Jordan were allowed to attend since they are both fugitives from Iraqi justice, Rayis said. Hussein's lawyers were also barred from attending his execution, Rayis said.

Hussein was to allowed to offer final words, but they would not be broadcast live on television, Rayis said. Video footage will likely be shown in some abbreviated form after Hussein's execution, Rayis said.

Rayis' statements apparently put to rest conflicting reports about the timing of Hussein's execution and whether U.S. authorities had handed over custody to the Iraqi government that emerged today.

U.S. officials said that they were surprised both by the Justice Ministry's rejection of Hussein's capital appeal on Tuesday and by the Iraqi government's swift decision to push for Hussein's execution. Hussein also expressed surprise when he met with defense attorneys on Thursday, Naimi said, and had hoped to file additional legal petitions.

Hussein's lawyers filed a motion for a temporary restraining order at the Washington D.C. Court of Appeals in an effort to force the U.S. military to retain custody of Hussein, but it was denied.

Hussein's execution coincided with the end of the Hajj — or the season of Islamic pilgrimage to Mecca. Most Sunnis will begin Eid al-Adha at midnight Saturday. Most Shiites will begin 24 hours later.

Naimi claimed that Maliki was pushing for Hussein's execution during the holiday to "make a gift during Eid to his party."

Hussein "will be the sacrificial lamb for the Shiites, and the Iranians in particular," said Naimi, referring to the traditional practice of many Muslims, who slaughter lambs after pilgrimage for celebratory feasts.

U.S. officials expressed concern that news of the imminent execution, which began circulating on Thursday, would give insurgents time to plan attacks. U.S. military officials said that they were beefing up security in Baghdad in advance of the execution and possible retaliatory violence. Iraqi and U.S. officials said that the government would likely extend a customary Friday curfew indefinitely.

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"U.S. forces in Iraq are obviously at a high state of alert…because of the environment that they operate in and because of the current security situation," said Pentagon spokesman Bryan Whitman at a morning briefing in Washington. "They'll obviously take into account social dimensions that could potentially lead to an increase in violence, which certainly would include carrying out the sentence of Saddam Hussein."

Hussein had been held at Camp Cropper a military base on Baghdad's outskirts, according to U.S. officials.

The site of the execution was kept secret for fear of insurgent attacks.

Naimi said that Hussein's family wants to bury him in his northern hometown of Tikrit and fear that the government will cremate him and scatter the ashes.

After his hanging, Hussein's body was to be wrapped in a white sheet for burial, Rayis said. The body will be buried by Iraq's Directorate of Social Welfare if it is not claimed by a family member, Rayis said.

Iraqi High Tribunal's rejection of Hussein's appeal Tuesday began a 30-day deadline for his execution, which would run out by the end of January.

His execution ended other legal proceedings against Hussein, including a current case against him involving his alleged involvement in the Anfal military campaign, which left tens of thousands of Kurds dead by gunfire, bomb blasts and poison gas.

Saddam Pays At The End Of A Rope (WT/AP)

By Christopher Torchia, Qassim Abdul-Zahra

The Washington Times, December 30, 2006

BAGHDAD -- Saddam Hussein, who ruled Iraq with remorseless brutality for a quarter-century, was hanged early today.

The man who came to a grim end at the end of a rope had vexed three U.S. presidents. The 69-year-old dictator left the United States and a coalition of nations in a fight to quell a stubborn insurgency waged by Saddam loyalists.

On state-run Iraqiya television, a news announcer said, "Criminal Saddam was hanged to death."

The station earlier broadcast national songs after the first announcement and ran a tag on the screen that read "with Saddam's execution marks the end of a dark period of Iraq's history."

A U.S. judge yesterday declined to intervene in the execution.

Mariam al-Rayes, a legal expert and a former member of the Shi'ite bloc in parliament, told Iraqiya television that the execution "was filmed and, God willing, it will be shown. There was one camera present, and a doctor was also present there."

Miss Al-Rayes, an ally of Prime Minister Nouri al-Maliki, did not attend the execution. She said Mr. Al-Maliki did not attend, but was represented by an aide.

Mr. Al-Maliki had rejected calls that Saddam be spared, telling families of people killed during the dictator's rule that would be an insult to the victims.

"Our respect for human rights requires us to execute him, and there will be no review or delay in carrying out the sentence," Mr. al-Maliki's office quoted him as saying during a meeting with relatives before the hanging.

In Crawford, Texas, President Bush said in a statement that Saddam's execution was "the kind of justice he denied the victims of his brutal regime."

In Dearborn, Mich., dozens of Iraqi Americans gathered late yesterday at a mosque to celebrate reports that Saddam had been executed, cheering and crying as drivers honked horns in jubilation.

Dave Alwatan wore an Iraqi flag around his shoulders and flashed a peace sign to everyone he passed at an Islamic educational center in the suburb of Detroit, a city that has one of the nation's largest concentrations of people with roots in the Middle East.

"Peace," he said, grinning and laughing. "Now there will be peace for my family."

Mr. Alwatan, 32, said Saddam's forces tortured and killed relatives that were left behind when he left Iraq in 1991.

At his death, Saddam was in the midst of a second trial, charged with genocide and other crimes for a 1987-88 military crackdown that killed an estimated 180,000 Kurds in northern Iraq. Experts said the trial of his co-defendants was likely to continue despite his execution.

Many in Iraq's Shi'ite majority were eager to see the execution of a man whose Sunni Arab-dominated regime oppressed them and Kurds. Before the hanging, a preacher in the Shi'ite holy city of Najaf on Friday called Saddam's execution "God's gift to Iraqis."

"Oh, God, you know what Saddam has done. He killed millions of Iraqis in prisons, in wars with neighboring countries, and he is responsible for mass graves. Oh, God, we ask you to take revenge on Saddam," said Sheik Sadralddin al-Qubanji, a member of the Supreme Council for the Islamic Revolution in Iraq.

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On Thursday, two half brothers visited Saddam in his cell, a member of the former dictator's defense team, Badee Izzat Aref, told the Associated Press by telephone from the United Arab Emirates. He said the former dictator handed them his personal belongings.

A senior official at the Iraqi Defense Ministry said Saddam gave his will to one of his half brothers. The official spoke on the condition of anonymity because he was not authorized to speak to reporters.

In a farewell message to Iraqis posted Wednesday on the Internet, Saddam said he was giving his life for his country as part of the struggle against the United States. "Here, I offer my soul to God as a sacrifice, and if he wants, he will send it to heaven with the martyrs."

One of Saddam's attorneys, Issam Ghazzawi, said the letter was written by Saddam on Nov. 5, the day he was convicted by an Iraqi tribunal in the Dujail killings.

The message called on Iraqis to put aside the sectarian hatred that has bloodied their nation for a year and voiced support for the Sunni Arab-dominated insurgency against U.S.-led forces, saying: "Long live jihad and the mujahedeen."

Saddam urged Iraqis to rely on God's help in fighting "against the unjust nations" that ousted his regime.

Najeeb al-Nauimi, a member of Saddam's legal team, said U.S. authorities maintained physical custody of Saddam until the execution to prevent his being humiliated publicly or his corpse mutilated, as has happened to previous Iraqi leaders deposed by force. Care would be taken to avoid inflaming Sunni public opinion.

"This is the end of an era in Iraq," Mr. al-Nauimi said from Doha, Qatar. "The Ba'ath regime ruled for 35 years. Saddam was vice president or president of Iraq during those years. For Iraqis, he will be very well remembered. Like a martyr, he died for the sake of his country."

While he wielded a heavy hand to maintain control, Saddam also sought to win public support with a personality cult that pervaded Iraqi society. Thousands of portraits, posters, statues and murals were erected in his honor all over Iraq. His face could be seen on the sides of office buildings, schools, airports and shops and on Iraq's currency.

Hussein Is Executed (PHI)

By Nancy A. Youssef

The Philadelphia Inquirer, December 30, 2006

BAGHDAD - Saddam Hussein, the Iraqi dictator who terrorized a nation for nearly a quarter-century until he was deposed and captured by U.S. troops, was hanged at dawn today for ordering the murders of 148 of his countrymen 24 years ago, Iraqi state-run television reported.

The execution took place about 6 a.m. Baghdad time, the state-owned Al-Iraqiya and two other stations reported. Two close aides to the 69-year-old Hussein also had been sentenced to die - his half-brother Barzan Ibrahim, former head of intelligence, and Awad Hamed al-Bandar, former chief justice of the Revolutionary Court.

An anxious nation awoke to the news of Hussein's execution wondering whether the death would galvanize insurgents to launch still more suicide assaults against Iraqis - or whether it would close an ugly chapter in the nation's history and allow the government to stave off a full-scale civil war.

U.S. and Iraqi forces braced for a possible surge in violence by Hussein supporters and those frustrated that an Arab leader was executed by what they consider an American-controlled government. Iraqi officials canceled leave for their police and army. The Pentagon announced that U.S. troops were at a high state of readiness.

The execution of a former head of state in his own country after a trial by an internationally monitored tribunal is almost without precedent. But its political impact was undercut by what human-rights groups said was badly flawed procedure. Human Rights Watch charged that the trial did not meet international standards of fairness and criticized the Iraqi government for actions it said undermined the court's independence. It said the court was unfamiliar with the law it was attempting to apply.

The execution also did not fully settle Iraqis' grievances against Hussein. The atrocity for which he was sentenced took place a quarter-century ago and was of far smaller dimensions than his alleged crimes against Kurds in the late 1980s and Shiites through the 1990s.

Yesterday evening, as the country waited news of his fate, Iraqi state television broadcast footage of Hussein's atrocities, including photos of gassed babies and of handcuffed men being tortured. Witnesses who had testified against him and called for his death gathered in the heavily fortified Green Zone, which houses the government, to witness the execution. They were joined by a judge, a doctor and a cleric.

Officials said they were videotaping the execution but would not air it publicly.

Earlier yesterday, there was a flurry of uncertainty over whether U.S. forces had handed Hussein over to Iraqi authorities for execution. Both sides said privately they were exasperated that the matter was being dealt with in such a climate of confusion and haste.

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By early evening, Hussein's death appeared imminent, but officials were concerned about whether Iraqi law allowed them to execute a Muslim man on the eve of a major Muslim religious holiday. For Sunni Muslims, the Eid al-Adha, the Festival of the Sacrifice, was scheduled to begin today. Shiites begin the observance tomorrow.

Hussein was Sunni; the Iraqi government is largely Shiite.

A Christian Iraqi, Milad Kamal, from the southern city of Basra, questioned the timing of the execution.

"I'm happy about Saddam's execution, because he didn't do anything good for us," Kamal said. "But the timing of it is stopping me from being joyful about it. It is Christmas and New Year's, a time for love and forgiveness. An execution contradicts that."

"Execution will not solve our problems," said Abdul Khadir Hadi, a Sunni teacher. "I will be sad about his execution, not out of any love for him, but because it will lead to more bloodshed in the form of retaliatory attacks."

Others, however, openly rejoiced.

"I am an orphan," said Sameer Redha, 23, an electronics-shop owner from Najaf. "I never saw my father. Mom said Saddam executed him because he was a member of the [opposition] Dawa Party. I had a terrible life because of Saddam. I will be able to enjoy life once he is executed."

Since December 2003, when American forces discovered Hussein hiding in a bunker near his hometown, many Iraqis said his execution was inevitable. But many also thought that he would face several more trials, including some over his alleged crimes during the Iran-Iraq War and the Persian Gulf War.

Instead, he was convicted by the Iraqi Special Tribunal of ordering the execution of 148 people after an assassination attempt in Dujail in 1982. The conviction was upheld Tuesday by an appeals court and, in accordance with Iraqi law, Hussein suddenly found himself facing imminent execution.

Former Iraqi Dictator Saddam Hussein Executed At 69 (LAT)

By Borzou Daragahi, David Lamb

The Los Angeles Times, December 30, 2006

Saddam Hussein, who ruled Iraq with ruthless force and led his people into three devastating wars while pursuing his goal of dominating the Arab world, was executed by hanging about 6 a.m. Saturday in Baghdad. He was 69.

Whether as president of Iraq, a self-proclaimed leader of the anti-American insurgency or rambunctious courtroom defendant, Hussein cast a large shadow over world events and the nation he controlled for most of the last 30 years.

Though never an army officer, he frequently wore military uniforms and styled himself as a fearless strategist and warrior. The wars he started cost more than 1 million lives, but he never won any of them and lived in constant fear, seldom sleeping in the same palace two nights in a row and employing look-alikes to foil assassination attempts.

Nearly four years after U.S.-led forces toppled his Baath Party regime and a little more than three years after he was caught hiding in a hole in the ground near his hometown, his death further shuts the door on an era of secular Arab nationalism, now being eclipsed throughout the Middle East by Islamist ideas and leaders.

Hussein took with him to the grave a trove of secrets. The former Iraqi leader allegedly ordered assassinations abroad and used his country's vast oil wealth to curry favor with Middle Eastern governments while maintaining undercover dealings with intelligence services throughout the region and the West.

One famous photograph shows Hussein in 1983 shaking hands with Donald H. Rumsfeld, the former Defense secretary who served as an informal envoy to Baghdad at a time when the United States was aiding Iraq in its eight-year war with Iran.

For his country, now convulsed in civil war, Hussein's most lasting and damaging legacy was the way his selective patronage and brutal violence divided Iraqis along lines that continue to haunt them.

Hussein moved rivers to reward Sunni Arab villagers loyal to his government and drained swamps to punish Shiite Muslims who rose up against him. He moved rebellious Kurds from the northern city of Kirkuk while selling cheap land in the city to Arabs to reward loyalists and upend the ethnic balance of the country's oil-rich north.

He imprisoned tens of thousands, ordered the killings of political enemies, real and imagined, including two of his sons-in-law, and used poison gas to wipe out whole villages in the Kurdish areas of northern Iraq. He granted construction contracts to favored Arab tribes, while depriving whole categories of people — such as Shiite Kurds — of their citizenship rights.

Such violence and manipulations may have established a semblance of stability. But they also built up a sense of entitlement by Sunnis and resentments on the part of Shiites and Kurds that fueled violence by death squads, militias and insurgents once the U.S. invasion of 2003 toppled his regime.

Hussein fostered a grotesque cult of personality around himself as the embodiment of the Iraqi state and all of Iraqi history. As he consolidated absolute power in the 1980s, his face and figure went up all over the country. Here was Hussein on

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horseback. There he was in Kurdish costume. His likeness adorned the walls of every cafe, bank and government office. Hussein's initials were inscribed on the stones used to rebuild ancient archeological sites.

"With our souls, with our blood, we will sacrifice for you, Saddam," schoolchildren, old women and office workers chanted whenever Hussein arrived.

The result was a culture of dependence and subservience to the state that has plagued efforts to rebuild Iraq. To date, other than Muqtada Sadr, the radical Shiite cleric, not a single Iraqi who suffered through Hussein's final years of rule has emerged as a credible political leader. Perhaps the most telling illustration of Hussein's influence on Iraq is that nearly all of post-invasion Iraq's leadership has been culled from among exiles.

Humble origins

Saddam Hussein Abdul-Majid Tikriti was born into a poor Sunni household on April 28, 1937, to a family of peasants in the tiny mud-hut village of Al Auja, near the city of Tikrit on the Tigris River about 100 miles north of Baghdad. His father, Hussein Majid, died within a year of his birth, and his mother, Subha, married a man named Ibrahim Hassan.

Young Hussein earned money by selling watermelons to railroad passengers heading through town. When he was 10, apparently to escape his abusive stepfather, Hussein ran away from home and went to live with his uncle Khayrallah Tulfah, a former general who had been dismissed from the army for supporting a coup attempt.

By then, Tulfah was an embittered man, eking out an existence as a schoolteacher in Baghdad. He was also anti-Western, a fascist and a Sunni chauvinist. The influence he exerted over Hussein can be inferred in part from the title of a pamphlet the uncle wrote and Hussein had published years later: "Three Whom God Should Not Have Created: Persians, Jews and Flies."

At his uncle's instigation, Hussein committed his first killing while still in his teens. The victim was Saadoun Tikriti, a communist supporter of Gen. Abdul Karim Qassim, who later became Iraq's prime minister. He also happened to be Hussein's brother-in-law.

Hussein came of age in the late 1950s, a time of post-colonial change as Arab nationalism arose to challenge governments set up by the British and French. Like many Arabs, Hussein was inspired by the vision of a pan-Arab Middle East propagated by the charismatic Gamal Abdel Nasser, who became president of Egypt in 1956.

That same year, Hussein took part in a coup against Iraq's King Faisal II. The coup failed. But Hussein became a feared figure in the Iraqi political underground. In 1957, at age 20, he joined the Iraqi branch of the Baath Party, a secular, pan-Arab political movement founded in Syria in the 1940s that combined elements of socialism and Nazism.

In Baathism, Hussein found "an ideology that both justified his violent hatreds and harmonized his inner turmoil," according to the late Egyptian diplomat Tahseen Bashir. The party's promise of one strong, united Arab nation was imbued with a vision of grandeur and power perfectly suited to Hussein's ambitions. He rose quickly in the party's ranks.

"Saddam learned early on the first rule of street politics during that time in Baghdad," Bashir said. "In the context of Iraqi politics, survival of the fittest meant survival of the most brutal, the most cunning and, above all, the most violent."

In 1958, the Iraqi monarchy was overthrown by non-Baathist officers led by Qassim. King Faisal II was gunned down with his family and aides. Eighteen months later, the Baathists made their first grab for power, trying to assassinate Qassim by machine-gunning his car. Hussein, a member of the hit team, was slightly wounded. He disguised himself as a Bedouin and trekked across the desert to Syria, then moved on to Egypt.

The Baathists succeeded in overthrowing Qassim in 1963. The usurpers broadcast images of his corpse on television for several nights. In Iraqi politics, one Arab diplomat noted, "losers do not get the chance to retire gracefully."

Hussein returned to Baghdad immediately after the coup and became the new regime's chief enforcer. As head of an infamous interrogation center known as the Palace of the End, he allegedly oversaw the torture of the nascent regime's enemies.

But the Baathists were unable to retain power. Within months they were overthrown by the army, which jailed Hussein. Two years later, he escaped and resumed the task of building the party's internal security apparatus, employing carefully chosen Tikriti clansmen through whom he would gradually consolidate his control over the party, the army and, finally, the country.

Coming to power

The Baathists seized power once and for all in 1968, this time with the help of the army. Gen. Ahmed Hassan Bakr, the party's secretary-general, became president. Hussein remained in the background as deputy chairman of the new Revolutionary Command Council but presided over a reign of terror that purged non-Baathists from power and quieted almost all of Iraq's quarrelsome clans, factions and sectarian groups.

He launched midnight raids on the homes of suspected opponents, organized show trials and staged public executions targeting select groups, including Jews, who at the time were a significant community in Baghdad.

"We do not need Stalinist ways to deal with traitors here," Hussein would later remark of the Soviet dictator Josef Stalin, whose rule of terror he admired and studied closely. "We need Baathist ways."

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The regime's main tool to keep the country together was unbridled fear. One well-documented incident illustrates this principle.

In July 1979, Hussein eased Bakr out of office and assumed the presidency. In a meeting that was videotaped and later shown secretly to other Arab leaders, Hussein called senior Baathist officials together to listen to Muhyi Abd Husayn Mashhadi, a member of the Revolutionary Command Council, "confess" to taking part in a plot to overthrow the new government.

After the dramatic confession, Hussein lit a cigar and, between puffs, slowly read off the names of 21 other party officials who were asked to stand and leave the room.

"Everyone knew what was happening," said a senior Western diplomat. "Every time a name was called, the cadres in the room would begin shouting, 'Long live Saddam!' in the hopes that they would be spared. Every time the hysterical cheering died down, Saddam would take another puff on his cigar and call out another name."

The officials were later killed — the first batch of many executions that year.

Beyond fear, Hussein also employed money. During the 1970s, he and his Baath Party colleagues nationalized the oil industry. They used money from oil exports to build schools, hospitals, roads and housing, and to buy loyalty from the country's many tribes and clans.

But from the beginning, Hussein lavished his largess on some areas while ignoring others, building up resentment and hostility among Iraq's Shiite south, Sunni center and Kurdish north.

Hussein also spent handsomely on himself and his family. He favored finely tailored suits, expensive cars and Cuban cigars. Until the war, his family lived in splendor in palaces around the country. While his travels outside the Middle East were rare, his family members were known to take elaborate shopping vacations in Paris and New York.

Hussein was married to the same woman, Sajida, a former schoolteacher, from 1958 until the late 1980s, when they separated. Known to be a philanderer with numerous romantic liaisons, he took a second wife, Samira Shabandar, in the mid-1980s. They had a son, Ali, who was born about 1987. His two sons from his marriage to Sajida, Qusai and Uday, were known for their ruthlessness and played key roles in their father's rule. Hussein also had three daughters with Sajida, Raghad, Rana and Hala.

War without end

In 1980, Hussein invaded Iran, hoping to take advantage of that country's isolation after its Islamic revolution. The disastrous eight-year war that followed ultimately shaped Iraq's domestic politics and crushed its promising economy. Hussein's treatment of Iraqi Shiites and Kurds whom he considered agents of Iran sealed his fate and hardened Iraq's divisions.

Two years into the war, Hussein's motorcade came under fire during a visit to the Shiite town of Dujayl, a stronghold of the Iranian-backed Dawa Party. Hussein responded brutally, signing off on the deaths of at least 148 villagers, destroying the town as part of a "development" plan and banishing hundreds of families to desert encampments. Those were the acts on which his death sentence was based.

A few years later, it was Kurds who were massacred, as Iraqi air force helicopters dropped chemical weapons, believed to have been sarin and mustard gas, on villages in northern Iraq. The death toll is believed to have been in the tens of thousands, and hundreds of villages were destroyed.

In one attack, on the town of Halabja, as many as 5,000 men, women and children were believed to have been killed and perhaps twice that many wounded.

Many in the West first became aware of Hussein's efforts to obtain weapons of mass destruction in 1981, when Israeli planes destroyed a nuclear reactor at Osirak, near Baghdad, that would have enabled Iraq to manufacture nuclear weapons. At least 25 pounds of enriched uranium was reported to have been on the site of the reactor, which was being built by Italian and French companies.

Hussein was celebrated across the Middle East for his strident stance against Israel. Through the years, he championed the Palestinian cause, providing support for the families of suicide bombers and housing and education to Palestinian refugees seeking shelter in Iraq.

But throughout the 1980s, his opposition to Israel remained largely rhetorical, as his army remained bogged down in the war with Iran. In 1988, Iraqi forces used poison gas to push back the Iranian army. Then, with both countries exhausted and hundreds of thousands dead on both sides, the United Nations mediated a cease-fire.

Soon, Hussein sought to restart his nuclear weapons program, but his reach for regional power was frustrated by $70 billion in war debt, including billions owed to the small, wealthy Persian Gulf nation of Kuwait, just south of Iraq.

Although most intelligence analysts missed the signals, a serious crisis was brewing between Iraq and Kuwait. Arab officials now concede they miscalculated and should have read the warnings in Hussein's public threats against Kuwait and boasts about chemical weapons. But no one miscalculated more than Hussein when, on Aug. 2, 1990, he ordered his troops to invade.

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"What stood out most clearly about Saddam was his insulation," a Pentagon analyst later said. "He was an underground fighter with an intense suspicion of the outside world, a man who didn't know or understand the West. His misperceptions led him to miscalculations that made him a very difficult man to predict."

Even as the administration of President George H.W. Bush assembled a massive force to drive his army out of Kuwait, Hussein appeared to have no conception of what a modern military force could do. As his commanders later told U.S. officials, he had mastered the technology of a rifle but didn't understand the capabilities of a laser-guided bomb.

"The great duel, the mother of all battles, has begun," Hussein declared on government radio on Jan. 17, 1991, as the U.S. air campaign began. "The dawn of victory nears as this great showdown begins."

A miscalculation

Operation Desert Storm, a campaign led by the U.S. and generally supported by the Arab world, devastated Baghdad and Iraqi military facilities.

After a 100-hour ground war, the Kuwaiti monarchy was restored, with 175,000 Iraqi troops surrendering and an estimated 85,000 dead, one of the most lopsided defeats in modern military history.

In the months that followed, uprisings by Shiite forces in the south and Kurdish rebels in the north put added pressure on Hussein's regime. With Americans watching, the Shiite rebellion was put down brutally by elements of Hussein's Republican Guard. But a "no fly" zone over northern Iraq enforced by American and British pilots allowed Kurds to establish a largely autonomous region over the next several years.

U.N.-imposed sanctions on Iraq's oil devastated its economy, impoverishing the once-proud middle-class country. Iraq slid into further ruin, with hunger widespread, children dying because of a lack of medicine and the per capita income cut in half, to $1,200 a year.

During the next decade, Hussein turned to religion to bolster his regime. Although his Baathist ideology was socialist and secular, he built gargantuan mosques and put up billboards around Baghdad showing himself kneeling on a prayer mat.

Far from learning any lessons from his defeat in the war, Hussein continued to play cat-and-mouse with U.S. forces and the international community. He manipulated an "oil for food" program set up by the United Nations, using it to accumulate cash for weapons and patronage. His forces engaged in sporadic military incidents, many sparked by Hussein's refusal to give U.N. weapon inspectors full access to sensitive sites.

After the Sept. 11, 2001, terrorist attacks, neoconservative policymakers in Washington, who viewed Iraq as the primary stumbling block to U.S. interests in the Middle East, consolidated their hold on the U.S. foreign policy apparatus. President George W. Bush labeled Iraq as part of an "axis of evil," arming to threaten the world.

Hussein called the Sept. 11 attacks "God's punishment" against the Americans, although there is no evidence he was involved.

"The United States reaps the thorns its rulers have planted in the world," he said the day after the attacks.

As diplomatic efforts to get Hussein to agree to U.N. weapon inspections resumed, Hussein's government denied that he had any weapons of mass destruction to show U.N. inspectors.

After the war, those denials proved to have been true. Iraq's weapons programs had deteriorated under the pressure of sanctions. But as Hussein's commanders told U.S. investigators after the invasion, their president had bluffed, not wanting to let the world, or his own generals, know that he lacked chemical or biological weapons out of fear the news would embolden his enemies, particularly Iran.

It also became clear after the fact that Hussein never believed the Americans would oust him. He expected a repeat of a 1998 bombing campaign, which had damaged his regime but not overthrown it.

But he hinted that even if he were toppled, that would not be the end of the fight.

"The battle will not be over until ... the guns stop, when the national will of the people completely succumbs to all that the aggressor wants to see done," Hussein told CBS News anchor Dan Rather in an interview shortly before the U.S. invasion.

"Air supremacy and missile supremacy are not enough," he said. "In the final analysis, guns will continue to tell the tale of a courageous people, defending itself with its own fighters."

The downfall

On March 17, 2003, Bush gave Hussein 48 hours to leave Iraq. Two days later, U.S. warplanes began bombing targets where Hussein and top aides were believed to be sleeping.

American and British troops entering from Kuwait took ground rapidly. Hussein, defying his military commanders' advice, devised a strategy that ensured quick defeat. His military commanders later told U.S. investigators that until the very end, Hussein was far more afraid of Iranian-backed Shiite rebels rising up against him in the south than American troops sacking his capital.

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By April 9, Baghdad had fallen to American troops. Hussein and his sons, taking as much as $1 billion in cash, escaped into the Sunni homelands of northwest Iraq and began rallying tribesmen and former loyalists. In July, Uday and Qusai were killed in a shootout in Mosul. Hussein continued to evade capture, issuing occasional tape-recorded messages that called on Iraqis to resist the U.S.-led forces.

As the year wore on, a dramatic rise in insurgent attacks lent an air of urgency to finding Hussein. The U.S. government offered a reward of $25 million for information leading to his capture. Then, on Dec. 13, 2003, American forces caught him, secreted in an underground hide-out at a farmhouse near Tikrit.

During the last three years of his life, Hussein, along with former aides, was housed at Camp Cropper, the U.S. prison for important detainees, not far from one of his opulent former palaces. In 2005, he and seven others were placed on trial for the killings of the Dujayl villagers.

Neither Hussein's capture nor his trial slowed the country's descent into civil war. The number of U.S. troops and Iraqis killed continued to accelerate. Hussein himself, long despised and mistrusted by the rest of the Arab world, became a cause celebre worldwide as he condemned the trial as a farce and the U.S.-backed government of Iraq as a puppet.

"I am the president of Iraq," he declared forcefully during an early session of the trial. "I will not answer to this so-called court."

After a contentious, chaotic trial during which three defense lawyers were gunned down and a judge was removed for being too lenient toward the defense, the court, on Nov. 5, 2006, convicted and sentenced Hussein to hang along with his half brother Barzan Ibrahim Hasan and former judge Awad Hamed Bandar.

Despite criticism by human rights groups who said the trial was unfair, the verdict was upheld Tuesday, three weeks after the start of the appeals process.

Through his lawyers, Hussein released a letter, one he said he would have preferred to have read aloud in court. He called upon warring Iraqis to set aside their differences and depicted himself as gracefully resigned to his death.

"Here I am presenting myself as a sacrifice" he wrote. "If God wants this, he will take my soul up in heaven with martyrs and believers. And if not, he is the most merciful. He created us and we all will return to him."

Obituary: Saddam Hussein (FT)

By Victor Mallet

Financial Times, December 30, 2006

The former Iraqi dictator showed early promise as an administrator. But two disastrous wars against Iran and Kuwait and an increasingly ruthless rule of terror inflicted isolation and misery on his country

Saddam Hussein, the former Iraqi dictator who was hanged aged 69, was responsible for bringing untold suffering to his country's people as he pursued a vain ambition to become the unchallenged leader of the Arab world.

Their travails continued after he was swiftly unseated by a US-led invasion of 2003 that only succeeded in deepening the many fissures in Iraqi society suppressed during his brutal quarter century in power. If few Iraqis mourned his fall, many were embittered by the signal failure of the subsequent military occupation to prevent Iraq from sliding into violent chaos.

Even before the allied attack, Saddam's long years of power had led to his country being fragmented, partially destroyed and plunged back into poverty just as it was starting to discover a modern, national identity.

Twice Saddam defied the might of his erstwhile friends in the West and twice he miscalculated the force and determination they would show in retaliating – for him, fatally so on the second occasion.

His defeats at the hands of the western allies followed his long and futile war with neighbouring Iran during the 1980s which cost 1m lives. To outsiders the wonder was that he survived as long as he did when he was so despised within Iraq itself for the death and devastation he had brought upon its citizenry.

Part of the answer was his ruthless use of terror. Yet he did not rule by fear alone. A master of deceit, he used a multitude of contrived personas to win the support of widely different groups. The photographs tell it all. They show him posing as a field marshal, though he had never been in the military; as a descendant of the Prophet Mohammed, though that claim was dubious in the extreme; or, most bizarre of all, as a westerner in a Homburg hat.

He had started out as a reformer. Yet by the end, nothing could disguise his personal viciousness or his failure to turn his country into the modern, prosperous Middle East state that its oil reserves, fertile land and rich cultural heritage should have made possible. Indeed, the tragedy for Iraq is that his legacy could have been vastly different.

Saddam Hussein was born in the humble farming village of al-Ouja, near Tikrit on the Tigris river. His mother Subha was the village fortune teller but he was brought up largely by his pro-Nazi uncle Khairallah Tulfah. Officially, his birthday was April 28, 1937, although the true date is unclear because births often went unregistered.

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After an apparently unhappy childhood – little is known about his absent father but his stepfather beat him with a metal coated stick – his uncle took him to Baghdad where he was finally taught to read and write. He then lent his services to the fledgling Ba'ath movement with its loose ideology of Arab nationalism and socialism.

Iraq, a country formed from three chunks of the old Ottoman empire, had been ruled since the 1930s by Hashemite Kings imposed by British colonialists. The Ba'athists supported the 1958 revolution to overthrow the monarchy, but decided to kill Abdul-Karim Qassem, the country's new leader, the following year.

Saddam Hussein was in on the plot. Fouad Matar, an admittedly unreliable hagiographer, says: "Saddam was not supposed to fire, just to provide cover for his four comrades as they withdrew. But as the operation got under way, his excitement mounted and he drew his machine-gun from the folds of a long cloak and fired at Abdul-Karim Qassem's car." Qassem survived that bungled attempt, only to be overthrown in 1963.

A later plot, again involving Saddam , to kill Qassem's successor also failed. In 1962 Saddam became the main organiser of the civilian wing of the Ba'ath party but between 1964 and 1966 he was apparently jailed. In the coup of 1968 Ahmad Hassan Bakr, Saddam's cousin, became president, but Saddam himself soon emerged as the real power in the land.

When he came to power, Saddam initially used Iraq's fast growing oil wealth to finance a modernisation campaign. Becoming vice-president in 1968, he showed ability as an administrator, developing Iraq's industry, transforming Baghdad into a modern city, building a secular welfare state and launching an ambitious literacy programme.

A decade later, however, he had embarked on policies that would sap the country's economic strength and his own political capital. By the end of the 1970s Gamal Abdel-Nasser, the towering figure who had dominated Middle Eastern politics, was dead and Egypt had made peace with Israel. That left a a vacancy on the Arab stage and Saddam was only too willing to fill it. In 1979 he took over as President, following a bloody palace putsch in which he executed dozens of his government colleagues. He forced the remaining members of the Revolutionary Command Council to help him execute supposed plotters, thus creating a grim loyalty born of shared guilt among his colleagues. His next step was to declare war on Iran.

The ousting of the Shah of Iran and the emergence of an Islamic fundamentalist government there was a potential threat to Saddam's regime. Although he himself was a Sunni Muslim, some 60 per cent of his people were Shia Muslims as were the vast majority of Iranians. He feared the Iranians would export their revolution – a fear shared by the west and by Gulf states such as Saudi Arabia. All of them looked to Saddam as a firewall against Iran's ayatollahs and backed him enthusiastically.

Yet he had underestimated the ability of the Iranians to rally their forces after the revolution. The war dragged on for eight years and despite the huge price paid in terms of both men and money, it ended with Saddam gaining nothing.

Meanwhile, he had been spending much of Iraq's oil earnings on costly programmes to develop nuclear, chemical, biological and other weapons, often with the help of European contractors. When peace was finally declared he felt that his erstwhile allies owed him – metaphorically and literally.

This sense of grievance festered not least because of the collapse in the oil price, caused, as Saddam saw it, by overproduction on the part of Kuwait and Saudi Arabia. He felt they were "stealing" Iraq's revenues and he started eyeing the Rumaila oilfield on the Iraq/Kuwaiti border. He was emboldened by what he believed to be assurances from the Americans that they would regard any action as a purely inter-Arab dispute.

Saddam's miscalculation was to order his army to occupy the whole of Kuwait, a close ally of America. Taken aback by the international outrage which greeted the invasion of Kuwait, Saddam hinted 10 days later that he had acted in support of the Palestinian cause and might pull out in exchange for an Israeli withdrawal from the occupied territories – although at the same time he annexed Kuwait and labelled it Iraq's 19th province for eternity.

Saddam knew that his condemnation of the West's hypocrisy – its determination to enforce UN resolutions against Iraq, but not those against Israel – would strike a chord in the Arab world. Why should Iraq withdraw from Kuwait when Israel would not withdraw from the West Bank? Why should Iraq not have nuclear weapons if Israel had them?

Many believed that Saddam had lost touch with reality by the time the elder President George Bush sent US bombers and cruise missiles into Iraq on January 17, 1991. Fortunately for him, though perhaps less fortunately for Iraq, Bush stuck to the UN mandate. This meant expelling Iraq from Kuwait and leaving Saddam's regime in place, in the expectation that it would soon fall.

The crushing of Saddam's forces by the US and its Western and Arab allies almost led to Iraq being dismembered when Kurds in the North and Shia Muslims in the South rebelled. But Saddam put down the uprisings with the utmost ruthlessness. He also declared the Gulf war a victory instead of a defeat on the grounds that his government remained in power.

After the war, he proceeded to play a game of cat-and-mouse with United Nations inspectors sent to scrutinise and dismantle his weapons programmes. Although the UN inspectors reckoned that some 90 per cent of his weapons had been accounted for by the time they were forced to withdraw in 1998, Saddam's strategy ensured that the economic sanctions that caused such hardship to Iraq's 24m people remained in place. His intransigence also meant that in early 2003, some 12 years

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after the inspections began, he finally faced a US-led invasion designed to replace his regime with something more palatable to Washington.

George W. Bush was determined to finish what his father had begun. Soon after the terrorist attacks of September 11, 2001, on New York and Washington, Mr Bush bracketed Iraq with Iran and North Korea as an “axis of evil”.

Saddam, misled by the overwhelming opposition to war among both Muslims and non-Muslims throughout the world, appeared to underestimate the US government's resolve to disarm Iraq and overthrow the regime. Urged at the last minute by the Gulf rulers to step down and go into exile to avert war, he insisted he would rather die in Iraq. He had made the most serious and the last miscalculation of his long political career.

One reason Saddam Hussein survived for so long was because rivals, real or imagined, were eliminated before they could act. As he rose steadily towards a position of supreme power, he recruited gangs of thugs under the umbrella of the ruling Ba'ath party to turn Iraq into what was accurately called the “Republic of Fear”. His main victims were Communists, Kurds, Islamist Shia Muslims and leftist Ba'ath party members, but no one, not even relatives, lifelong friends and associates or London-based exiles, was immune from the savage killings inflicted on the Iraqi people over the years by the Iraqi state.

Saddam showed his usual ruthlessness when it came to the embarrassing defections in 1995 of some of his closest relatives. His two sons-in-law, the brothers Lt-Gen Hussein Kamel Hassan and Lt-Col Saddam Kamel, in charge of military industry and the presidential guard respectively, fled to Jordan with their wives, Saddam's daughters Raghda and Rana. There the two men confirmed what UN officials and western governments already suspected, namely that Saddam had lied repeatedly after Iraq's defeat in Kuwait and failed to honour commitments made at the time of the 1991 ceasefire to dismantle and disclose details of his weapons programmes.

Astonishingly, given their intimate knowledge of how Saddam ran Iraq, the brothers returned home when they grew tired of exile, believing they would be pardoned. They were promptly killed after Saddam's daughters had been taken to safety.

Horrific anecdotes about Saddam and the terror he inspired in underlings from newspaper editors to nuclear scientists, can be found throughout his career. In 1972 he is said to have dropped a jailed member of the opposition Da'awa movement into an acid bath. When a health minister suggested at a cabinet meeting that the president might be taking too much power for himself, Saddam took him into the next room and shot him.

Torture and rape, or threatened rape, of family members were routinely used to force political suspects to confess real or imaginary treason plots. Informers were everywhere and Iraqis were so frightened that they turned even their own relatives over to the security forces.

In 1988, he gassed thousands of Kurdish civilians when they sided with Iran. He also awarded a medal to a man who had reportedly killed his own son for deserting during the Iran/Iraq war. Yet he indulged Uday, his own violent son, even when the latter had twice committed murder.

An admirer of Stalin's methods, Saddam encouraged a grotesque personality cult, likening himself to ancient Babylonian kings such as Nebuchadnezzar. For all his bombast, his disguises were part of the diplomatic skill that enabled him to persuade Saudi Arabia and Kuwait to give him billions of dollars to fight the ayatollahs. When he wanted good relations with the then Soviet Union and with the West, he presented himself as a secular leader the bulwark against Islamic fundamentalism who could hold together a fissiparous Iraq, who espoused moderation on the Arab-Israeli dispute and who favoured a Palestinian state alongside Israel. Yet by the time he invaded Kuwait and defied the world in August 1990, he was portraying himself as a devout Muslim fighting in a holy war; an irredentist who wanted to liberate the whole of Palestine from the Jews.

With high-flown Arab rhetoric, he appealed to Palestinians and other Arabs harbouring grievances against Israel, the West and the Gulf states. After the invasion of Kuwait he seemed to show them that he was both capable of firing missiles at their Jewish enemies in Tel Aviv and might one day build an Arab atomic bomb and achieve a balance of terror with Israel.

He displayed the same basic but effective diplomatic skills in the years after his humiliating defeat in the 1991 Gulf war. Exploiting the ever-present anti-Americanism of Middle Eastern Muslims, Saddam improved relations with his old adversaries Syria and Iran. And he waited patiently until he felt that world opinion was more hostile to US adventurism than to his own depredations on the Iraqi people.

Yet Saddam, who went to the west only once, on a visit to France in the 1970s to buy nuclear technology, never appreciated how demonic he appeared to many people. After invading Kuwait, he merely confirmed his international image as a coarse and brutal terrorist by taking thousands of foreign hostages as “human shields” and going on television to pat a cringing English boy with the memorable words: “Has Stuart had his milk today?”. (He finally released the hostages in the belief that their captivity would be an excuse for a US attack rather than a deterrent).

Saddam Hussein will be remembered for his belligerent ambitions to make Iraq into the dominant regional power and for his cruelty, rather than for his shortlived peacetime achievements in the 1970s. Ba'athist Iraq vied with pre-revolutionary Romania and with North Korea for the doubtful honour of being the most oppressive police state in the world.

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The later years of Saddam Hussein's personal life can hardly be described as happy. Estranged from Sajida, his first wife and cousin, and his two eldest daughters over the murder of their husbands, Saddam married Samira Shabandar, the wife of the head of Iraqi Airways. She had long been his mistress, and her blonde hair had prompted Sajida to dye her own the same colour in a vain attempt to retain her husband's affections. In July 2003, his sons Uday and Qusay were killed by the occupying Americans.

The final chapter of his own life began when he was dragged dazed by US troops from an underground hideout near his home town of Tikrit in December 2003. Pictures of a compliant Saddam submitting meekly to a medical examination were seen around the world. But if those images were humiliating, his defiant persona returned for his last appearances in public during his murder trial in 2006 which he used as a platform to berate court officials and his captors. He was sentenced to death on November 5 for ordering the execution of 148 people in 1982 in the town of Dujail. The sentence was confirmed by an appeals court on December 26, even as he awaited another trial for the mass killing of Kurds.

Saddam Hussein was a man of extraordinary political cunning, but he lacked compassion, had no clear ideological vision and failed to understand the world beyond the borders of the Arab world. The memories he leaves are not of the personal or even national glory he sought but of the blood of his victims on the battlefields of Iraq and the floors of its torture chambers.

Saddam Hussein Executed, State-run TV Reports (GAN)

By James Palmer

Gannett, December 30, 2006

BAGHDAD — Saddam Hussein, the brutal dictator who ruled Iraq for nearly a quarter-century before being toppled by a United States-led coalition in 2003, was executed by hanging Saturday for crimes against humanity, state-run Iraqi television reported.

Al-Iraqiya, a government-backed network in Baghdad, said Hussein was executed by hanging at dawn Saturday. Hussein's death was witnessed by one of his lawyers, a doctor, and other government officials witnessed the execution, according to the network. Iraqi Prime Minister Nouri al-Malaki was not present at the execution.

"Criminal Saddam was hanged to death," an al-Iraqiya announcer said. The station played patriotic music and showed images of national monuments and other landmarks.

The Iraqi government banned the media from the execution but said they planned to release a videotape and still photos of the death.

A string of celebratory gunfire echoed in a predominately Shia neighborhood in south Baghdad shortly following the announcement of Hussein's death but the city's streets were relatively quiet.

The U.S.-supported Al-Hurra TV station in Baghdad showed video of Iraqi nationals waving Iraqi flags and chanting in Dearborn, Mich., following the announcement of Hussein's death.

An Iraqi court convicted Hussein of killing 148 Shia men and boys in the Iraqi town of Dujail following a failed assassination attempt in 1982.

State-run Iraqiya television initially said Saddam's co-defendants — his half-brother Barzan Ibrahim and Awad Hamed al-Bandar, the former chief justice of the Revolutionary Court — also were hanged. But National Security adviser Mouwafak al-Rubaie, who attended the execution, later said that only Saddam had been executed and that the two other men would be hanged after an Islamic holiday that started Saturday and ends in the first week of January.

"We wanted (Saddam) to be executed on a special day," al-Rubaie told Iraqiya.

Asked if Saddam resisted, al-Rubaie said no. "He totally surrendered," he said.

He said a judge read the sentence to Saddam, who was taken in handcuffs to the execution room. When he stood in the execution room, photographs and video footage were taken, al-Rubaie said.

"He did not ask for anything. He was carrying a Quran and said: 'I want this Quran to be given to this person' a man he called Bander," he said. Al-Rubaie said he did not know who Bander was.

Mariam al-Rayes, a legal expert and a former member of the Shiite bloc in parliament, told Iraqiya television that the execution "was filmed and God willing it will be shown. There was one camera present, and a doctor was also present there."

Hussein and his two co-defendants were found guilty of the Dujail massacre on Nov. 5 and were sentenced to death by hanging.

In a statement, President Bush said Saddam " was executed after receiving a fair trial — the kind of justice he denied the victims of his brutal regime."

"Bringing Saddam Hussein to justice will not end the violence in Iraq, but it is an important milestone on Iraq's course to becoming a democracy that can govern, sustain and defend itself, and be an ally in the war on terror," Bush said.

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The execution followed frantic hours of political and legal maneuvering, in which there were conflicting reports about whether Saddam had been transferred from U.S. to Iraqi custody. His physical transfer to Iraqi authorities was one of the last steps before his hanging.

A U.S. judge refused to stop his execution Friday, rejecting a last-minute court challenge by Saddam's attorneys.

The Iraqi government reinstated the death penalty by hanging in August 2004. Roughly 51 people have been executed since then.

The executions were carried out at the beginning of Eid-Al-Adha, an Islamic religious holiday marking the climax of the annual Hajj pilgrimage to Mecca. Eid begins today for Sunnis and tomorrow for Shias.

The Iraqi constitution prohibits executions during religious holidays.

The Iraqi government has not yet announced a daytime curfew. The government has imposed a daily curfew between 9 p.m. and 6 a.m. local time.

There had been disagreements among Iraqi officials in recent days as to whether Iraqi law dictates the execution must take place within 30 days and whether President Jalal Talabani and his two deputies had to approve it.

In a farewell message to Iraqis posted Wednesday on the Internet, Saddam said he was giving his life for his country as part of the struggle against the U.S. "Here, I offer my soul to God as a sacrifice, and if he wants, he will send it to heaven with the martyrs," he said.

One of Saddam's lawyers, Issam Ghazzawi, said the letter was written by Saddam on Nov. 5, the day he was convicted by an Iraqi tribunal in the Dujail killings.

Reports of Saddam's death also were cause of celebration among some Iraqi-Americans. "Now there will be peace for my family," said Dave Alwatan, who was among dozens of Iraqi-Americans to gather Friday at the Karbalaa Islamic Educational Center in Dearborn, Mich. Alwatan, 32, said Saddam's forces tortured and killed relatives that were left behind when Alwatan left Iraq in 1991.

Imad Hamad, director of the American-Arab Anti-Discrimination Committee in Dearborn, said the glee surrounding Saddam's death was laced with uncertainty about the future.

"The joy would have been complete if we were to see the healthy Iraq, the united Iraq, the safe Iraq," Hamad said. "Then everybody would be jumping up and down, celebrating."

Hussein Legacy: Megalomaniac, Nationalist Leader (CHIT)

By Aamer Madhani

Chicago Tribune, December 30, 2006

Over his 24 years as president of Iraq, Saddam Hussein earned the moniker Butcher of Baghdad by ruling with brute force, torture and cunning.

His regime murdered at least 300,000 of his countrymen, according to estimates by human-rights groups. During his reign, neighbors spied on each other and children were taught at school to tattle on their parents if they spoke against the regime. More than 1 million Iraqis were killed in wars against Iran, Kuwait and the United States on his watch.

Iraqis, by and large, say they suffered terribly at the hands of the dictator. But Hussein will also leave a legacy in his country and the Arab world as a sort of Mesopotamian revolutionary—a nationalist leader who stood up to the American superpower that deposed and later captured him.

Saddam Hussein Abd al-Majid al-Tikriti came from nothing—a fatherless, poor boy who ascended from a small village to rule Iraq. He was cruel and arguably maniacal in his quest for power. His behavior, many of his biographers concluded, was that of a megalomaniac.

When the U.S. Army's 4th Infantry Division captured him hiding in a "spider hole" eight months after the fall of his regime, a haggard Hussein could hardly believe the American soldiers did not immediately recognize him.

"I am Saddam Hussein, president of Iraq," Hussein declared.

The moment of his capture on Dec. 13, 2003, underscored his monumental ego, rivaled only by his bravado. While he was in power, poets were ordered to write verse comparing Hussein to the Prophet Muhammad and artists were commissioned to paint regal portraits of the dictator that were nearly as common in public spaces as the Iraqi flag.

Hussein is also credited with writing several novels. His first told the story of a beneficent leader who sacrifices luxury for the sake of his people, while his last is the tale of a tribe living along the Euphrates River 1,500 years ago that repels foreign invaders from its land.

While he built garish, opulent palaces for himself and his family throughout the country in the 1980s, he mortgaged his country's wealth in that same decade on the Iran-Iraq war.

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During his reign, speaking ill of Hussein or the regime was punishable by death. Baghdad cabdrivers feared him so much that they avoided even driving past the palaces because they didn't want to take any chances of angering Hussein or his associates.

Hussein was married, but he was rumored to have an insatiable desire for virgins, whom his henchmen would kidnap off the street. He was passionate about cigars, and Fidel Castro kept him stocked with Cuba's finest tobacco.

He intimidated his people, but he also feared them. During his last years in power, his public appearances were less frequent and he sometimes dispatched doubles to ceremonial events in places where he thought he could be vulnerable to assassination. He rarely slept in the same location two nights in a row.

Hussein had created a cult of personality based on coercion, but he knew that occasionally he had to show benevolence.

He earned credibility on the Arab street through his support of thousands of displaced Palestinians he invited to live in Iraq. He ordered the building of mosques to curry favor with Islamic clerics. In the weeks before the U.S. invaded Iraq, he issued amnesty to tens of thousands of Iraqis imprisoned for various crimes.

But Hussein's most horrific atrocities were the acts of brutality he meted out against fellow Iraqis. His henchmen amputated the tongues of those who criticized him. He ordered the systematic annihilation of tens of thousands of Kurds, including at least 5,000 in a notorious poison gas attack on the village of Halabja in 1988. Tens of thousands of Shiites were killed by forces loyal to Hussein during the uprisings in southern Iraq following the U.S.-led invasion in 1991.

The crime for which he was executed was the roundup and killings of dozens of Shiites in the village of Dujail in 1982 following a failed assassination attempt on Hussein there.

He and seven other members of the former regime stood trial before the Iraqi High Tribunal on charges of crimes against humanity.

In grim testimony, witnesses of the Dujail massacre recalled how Hussein's cronies, led by his half brother and former head of the secret police Barzan Ibrahim, tortured, imprisoned and humiliated hundreds of men, women and children. In all, 148 people died by execution or while under interrogation during the Dujail incident. Some 700 others were evicted from the village and cast off to live in the desert.

Hussein said in court that the executions were a lawful and necessary response to an assassination attempt on a head of state. Witnesses testified that the roundup was random and some of those taken in for questioning were children.

One of the tactics interrogators used on the Dujail victims was ripping their flesh by running them through a meat grinder, witnesses testified. One female witness described how she was stripped naked and sexually humiliated.

Hussein's confrontation with Iraqi justice marked the last chapter in an unlikely rise and fall.

He was born April 28, 1937, to a poor family in the village of al-Awja, near the city of Tikrit. His father died before he was born, and he was sent to live with his maternal uncle, Khairallah Tulfah, who was a father figure to the dictator and a sort of political mentor. Hussein later married Tulfah's daughter Sajida.

In 1957, he joined the Baath Party. That year Hussein was denied admission to the Baghdad Military Academy, a humiliating blow that was assuaged 19 years later when President Ahmed Hassan al-Bakr promoted him to general.

Two years after joining the Baath Party, he was found complicit in a failed assassination attempt against President Abdul Karim Qasim, and Hussein was forced to flee to Egypt, where he spent the next four years in exile. He narrowly escaped Qasim's men, and he later told King Hussein of Jordan that he considered every day of his life after the incident a gift, according to Andrew and Patrick Cockburn's biography, "Out of the Ashes."

"I considered myself to die then," Hussein reportedly told the Jordanian king.

He returned to Iraq in 1963 after the country's first Baathist regime took power in a coup. Hussein took charge of organizing the party's security apparatus. In a second coup five years later, a faction inside the party overthrew the regime of President Abdul al-Rahman Aref. Al-Bakr, a relative of Hussein's, became president and chairman of the Revolutionary Command Council.

On July 16, 1979, Hussein forced al-Bakr to retire and was sworn in as Iraq's president.

Soon after he assumed the presidency, Hussein embarked on a purge in which party members were accused of being involved in a Syrian plot to place Iraq under Syrian authority. The purge offered Hussein a chance to remove all potential rivals. Hundreds of top-ranking Baathists and army officers were executed.

During the trial over the Dujail killings, an Iraqi television station repeatedly aired grainy black-and-white footage of an infamous meeting early in Hussein's reign in which dozens of party members were accused of treason.

In the video, Hussein sits calmly smoking a cigar and drinking from a glass of water as the accused are removed from the room one by one for their indiscretions. As their colleagues are being called out, the party members are nervous—some sweating profusely, presumably worried that they could be the next to be removed.

When the purge is completed, the surviving members of the party stand, applaud wildly and praise their new president.

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From his ascension to the presidency in 1979, Western governments—including the United States—recognized Hussein as a ruthless strongman, but someone they could do business with.

By late 1983, before U.S. special envoy Donald Rumsfeld made a visit to Baghdad to hold talks with Hussein, the U.S. had intelligence that Hussein had used nerve gas to thwart an Iranian offensive earlier that year.

Hussein would later order the use of chemical weapons on Iraq's Kurdish people as part of the 1987-88 Anfal campaign, in which some 180,000 people were killed. He used poison gas against his own citizens more than a half-century after the civilized world had concluded that chemical weapons were too inhumane to use even against enemies. Hussein was still being tried on genocide and other charges related to Anfal when he was hanged.

During the 1980s, the U.S. government and other Western powers tolerated Hussein because they had a common enemy in the Shiite theocracy that ruled Iran.

Hussein's regime and Iran became increasingly hostile over issues that included control of the Shatt al-Arab waterway and two small islands. In September 1980, Hussein launched an invasion, setting off an eight-year war that left at least 1 million Iraqis and Iranians dead. Through the war, the U.S. supported Iraq by providing satellite intelligence and refusing to sell the Iranian military spare parts for its mostly American-made weaponry.

In August 1990, only two years after the war with Iran ended in a stalemate, Hussein's troops invaded another oil-rich neighbor, Kuwait. That act of aggression exhausted the U.S. government's patience with the Iraqi dictator.

The invasion was ostensibly spurred by the Kuwaiti government calling in loans that Iraq had taken to finance its war against Iran as well as accusations that the Kuwaitis were stealing oil from southern Iraq deposits through a method called slant drilling.

But Hussein might have taken the risk out of desperation—Iraq was ravaged by some $80 billion in debt from its war with Iran. Turning Kuwait into Iraq's 19th province, Hussein gambled, was an opportunity for him to refill his bare coffers.

President George H.W. Bush ordered Hussein to immediately withdraw from Kuwait, but the dictator refused. Soon the U.S. and its allies had about 660,000 troops assembled in the region, one of the largest gatherings of armed forces in history. Hussein exhorted his troops to prepare for victory in "the mother of all battles."

Even after Bush gave Hussein a deadline to pull his forces from Kuwait, the Iraqi leader behaved as if he still had the time and the opportunity to negotiate. U.S. pilots were perplexed to find the capital lit up like an amusement park when they flew in for the initial bombardment.

The air war went on for 37 days, and the ground war that followed lasted only 100 hours. Iraqi military resistance collapsed, but Bush chose not to send troops farther north to Baghdad to topple Hussein. In the years after the war, Bush came under criticism for failing to finish off Hussein—particularly from Shiites in southern Iraq who believed they had the White House's unequivocal support to overthrow him.

A week before the ground war began, Bush had called on "the Iraqi military and the Iraqi people to take matters into their own hands and force Saddam Hussein, the dictator, to step aside." Shiite leaders latched on to the statement as affirmation that the American military would come to their aid if they attempted to oust Hussein.

A Shiite uprising ignited in southern Iraq, but troops loyal to Hussein squashed the intifada in a bloody assault that left tens of thousands dead. U.S. troops never intervened.

Bush and his advisers feared the U.S. would lose its coalition if it moved beyond the stated aim of the war, which was accomplished by flushing Iraqi troops out of Kuwait. There was also a hesitance to risk more U.S. lives in an assault on Baghdad.

Many Iraqis, particularly Shiites, concluded that White House officials had determined they would rather have the secular Sunni Hussein in power than an unknown Shiite.

From 1991 to the end of Hussein's regime in April 2003, Iraq lived under paralyzing United Nations sanctions that turned the oil-rich country into a Middle East backwater. Iraq, which in the 1990s still had stockpiles of chemical weapons, biological weapons and long-range missiles, was forced to submit to UN monitoring to ensure that it was complying with a mandate to rid itself of weapons of mass destruction.

The U.S. created no-fly zones in northern and southern Iraq, establishing areas in which Iraqi aircraft were forbidden to fly. Oil sales were to be tightly controlled through a program monitored by the United Nations.

The UN oil-for-food program, however, was undermined by corruption, allowing Hussein and his cronies to siphon off billions of dollars through oil smuggling and kickbacks from those selling goods to Iraq and buying oil from the country.

Meanwhile, his people slid into deep poverty. UNICEF said the first eight years of sanctions may have been responsible for 500,000 deaths of children under 5.

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During President Bill Clinton's eight years in office, the U.S. military launched several air strikes against locations that were suspected of being used by Hussein to build arms. And in 1998, Clinton articulated for the first time that regime change was the cornerstone of U.S. policy regarding Iraq.

But it wasn't until the Sept. 11, 2001, attacks that the U.S. truly focused on ousting Hussein. Soon after the planes crashed into the World Trade Center, the Pentagon and a field in Pennsylvania, President George W. Bush and his administration suspected Hussein might have had a hand in the incident.

But the attacks proved to be the work of Al Qaeda leader Osama bin Laden, and the U.S. went to war to topple the Taliban government in Afghanistan that had long given bin Laden and his fighters refuge.

After the Taliban was ousted, the U.S. turned its focus on Hussein and Iraq. Bush insisted that Hussein had weapons of mass destruction, including active programs to build chemical, biological and nuclear weapons.

In his State of the Union address in January 2003, less than two months before the start of the war, Bush cited evidence that Iraq had attempted to buy weapons-grade uranium in Africa, underscoring the need to take swift action against Hussein.

The allegation later proved to be unfounded.

With Afghanistan, Bush had international support to go to war, but many in the international community found Bush's case for invading Iraq to be flimsy. Some critics of the war thought his motivation was personal: In 1993, Hussein had allegedly ordered an assassination attempt on Bush's father as he visited Kuwait. The plot was botched, but the younger Bush didn't forget. "After all," the U.S. president said in 2002, "this is the guy who tried to kill my dad."

Without UN backing and with a relatively small band of allies, the U.S. began the air assault on Baghdad on March 20, 2003, with targeted strikes on sites where they believed Hussein might have been hiding out. On April 9, a crowd of Iraqis gathered in Firdos Square in Baghdad surrounding a famous statue of Hussein. With help from Marines, the statue was brought down. The moment marked the symbolic end of Hussein's regime.

For more than eight months, Hussein remained on the lam, taking refuge in the small villages of his tribes surrounding the northern city of Tikrit. On Dec. 13, 2003, U.S. Army soldiers caught him in the village of Ad Dawr, crouched in a hole dug in the floor of a mud hut where he hid with a pistol and several hundred thousand dollars in cash.

The once-feared dictator gave up without a fight.

While he hadn't left as long a trail of dead as Adolf Hitler or Pol Pot's Khmer Rouge in Cambodia, Hussein and his cohorts represented one of the most diabolical regimes in modern history.

The fear he inspired was palpable through his reign. And his cruelty served as an example to his sons Udai and Qusai.

Udai once bludgeoned to death one of his father's valets in front of a crowd at a party. Qusai would order his guards to grab women off the street whom he would rape, and he oversaw the tortures and mass executions of hundreds of Shiites.

Hussein's sons were killed in a shootout with U.S. forces in July 2003, months after the fall of his regime. He is survived by his daughters, Rana, Raghad and Hala, who along with Udai and Qusai were children of his first wife, Sajida Tulfah. She fled from Iraq in 2003, and her whereabouts are unknown. He was also married to Samira Shahbandar, with whom he had a third son, Ali. The two are thought to be living in Lebanon. He also reportedly took a third wife, Nidal al-Hamdani, whose whereabouts are also unknown.

Even with his family, Hussein could be merciless.

In August 1995, Rana and Raghad fled with their children and husbands—the brothers Hussein and Saddam Kamel al-Majid—to Jordan, an embarrassment to the strongman. After they fled, Hussein asked his children to return with their families to Iraq and promised that he would take no retaliation against them if they came back.

Several months after defecting, they agreed to return to Baghdad. Soon after they crossed into Iraqi territory from Jordan, the al-Majid brothers were attacked and killed.

Even among modern despots, Hussein's thirst for vengeance was unparalleled. Always suspicious, Hussein tended to keep what he was thinking close to his chest.

Soon after he was installed as president, Hussein explained that he saw his survival as a political leader as a shrewd game of staying ahead of his opponents by remaining feared and unpredictable.

"What is politics?" Hussein asked rhetorically. "Politics is when you say you are going to do one thing while intending to do another. Then you do neither what you said or what you intended."

Ruthless Ex-dictator Forced The World To Reckon With Him (BOS)

By Charles A. Radin

The Boston Globe, December 30, 2006

BAGHDAD -- For more than a quarter of a century, Saddam Hussein was one of the most despised and admired, hated and loved, feared and respected men in the Arab world.

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Ruthless in domestic affairs, reckless internationally, and flamboyant always, Hussein ruled Iraq with an iron fist from 1979 until he was deposed by US forces in 2003. He was responsible for at least three major wars and for hundreds of thousands of deaths -- on battlefields, in torture chambers, and in countless villages of the Iraqi countryside.

He also was responsible for building innumerable schools and hospitals -- many of which he named after himself -- and for bringing his country the longest period of stability in its modern history.

But in the end, his brutal past caught up with him. US forces captured him hiding in a dirt hole in December 2003, and Hussein was tried before an Iraqi court whose authority he refused to recognize. The court sentenced him to death in November for his role in the 1982 slayings of 148 Shi'ite Muslims from a town where assassins had tried to kill him.

Hussein was hanged shortly before 6 a.m. today in Baghdad, Iraqi and American officials said.

Like Egypt's Anwar Sadat , Libya's Moammar Khadafy , and Syria's Hafez al Assad , Hussein faced turbulent times, including pan-Arab nationalism, the rise of Israel, the Cold War, and globalization. More than any of them, he came to epitomize and speak for the anger and resentment felt by the Arab masses.

"He was a leader to be reckoned with," said Hermann Eilts , a longtime US diplomat in the Middle East who was ambassador to Saudi Arabia and Egypt and who served in both Iraq and Iran. "Whether the rest of the world liked it or not, it had to recognize and react to him."

Hussein was born into a peasant family in the tiny village of Auja , northwest of Baghdad near Tikrit. Historians differ over whether his father died just before or just after the birth, but agree that a maternal uncle, Kayrallah Talfah , was his primary boyhood influence. Starting at age 10, Hussein lived for a time in Talfah's house in Baghdad; at age 26, he married Talfah's daughter, Sajida .

Talfah, a military officer driven out of the army and imprisoned by the British for participating in an abortive 1941 coup, taught the young Hussein about the enemies on whom he would build his career -- the West, the Iranians, and the Jews.

Hussein attended grade school armed with a pistol, joined the Ba'ath Party in high school, and, at age 22, engaged in his first known act of political violence -- an attempt to assassinate Iraq's military ruler, General Abdel Karim Qassem .

The assassins failed, but the adventure became a major chapter of Hussein's personal legend. He was wounded, arrested, escaped jail, and cut the bullet from his leg himself while fleeing on donkey-back to Syria. From Damascus, he went to Cairo at the invitation of President Gamal Abdel Nasser , the leading Arab nationalist of the day. There, he studied law.

Returning to Baghdad in 1963, he was arrested again after the Ba'athists seized control of the government and then lost it because of infighting and poor organization. He escaped again, and went underground.

Hussein developed a reputation as a talented revolutionary and became an organizer of the party police. When the Ba'ath Party retook the government in 1968, Hussein was number two in the formal power structure, with oversight of security. By some accounts, he already was in charge of the government, whose titular head was General Ahmed Hassan Bakr . By all accounts he was in control a few years later, but he waited until 1979 to move Bakr aside publicly and take the presidency for himself.

By then, he already had positioned Iraq, and himself, for leadership of the Arab world. The country was flush with oil profits after the Organization of Petroleum Exporting Countries asserted authority over the world's oil market in the 1970s.

The decision to go to war with neighboring Iran in 1980 was a classic Hussein move: In one swoop, the conflict occupied the restive army with external concerns, provided a vehicle for purging the upper ranks of the command hierarchy, and threw Iran's triumphant Islamist revolution onto the defensive.

But if the political tactics were brilliant, the military strategy was a disaster. The Iranians bent, but they did not break. Eventually, they counter attacked, and without the assistance Hussein received from the United States, enraged by the siege of the American Embassy in Tehran and fearful of the Islamic revolution, his regime might have been defeated.

As happened often in a long career of over reaching, Hussein was able to maneuver, recoup, and emerge with a draw. By the time the war ended, in 1988 , about 1.3 million Iraqis and Iranians were dead, millions more were wounded or impoverished, and Hussein was a hero to millions of Arabs angered and frustrated by the failure of Nasser and his inheritors to create a powerful, unified Arab nation.

Internally, Hussein approached the status of a god. His picture was in every public place, in every classroom, on every street, on every piece of currency. He had a costume and an incarnation for every imagination: Sometimes he was a military commander, sometimes a grandfather, and sometimes a sheik in flowing robes. He no longer referred to his birthplace as the poor village of Auja; he was now from Tikrit, birthplace of the great Arab conqueror Saladin.

But as the war ground to a halt, a much-weakened Hussein also was challenged both by internal rebellion and by discontent within his battered armed forces. His solution was to keep the military busy with repression of domestic opponents, particularly the Kurds of northern Iraq, against whom he dispatched his still-potent air force and deadly chemical weapons. The genocidal Anfal campaign killed an estimated 100,000 men, women, and children and wiped out as many as 2,000 Kurdish villages -- and formed the basis of one of the charges against him at his trial after his fall from power.

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In August 1990, Hussein ordered Iraqi forces into the small, oil-rich sheikdom of Kuwait, which had backed Iran in the previous conflict and with which Iraq had long-standing disputes over oil and borders. The conquest was swift, but by January 1991 the United States amassed a huge international coalition and brought hundreds of thousands of troops to the Gulf region to liberate Kuwait.

In a ploy to break up the coalition and fragment Arab support for the United States, Hussein launched missiles against Israel and Saudi Arabia, a gambit that failed when allied forces were able to defeat Iraq's forces swifty.

With the Iraqi military fleeing Kuwait in disarray and rebellions against Hussein breaking out throughout the country, President George H. W. Bush declared victory and stopped the fighting. Hussein, Western analysts thought, finally was finished. They were wrong.

Hussein again regained his footing. While the coalition stood by, he crushed Kurdish rebels in the north and Shi'ite rebels in the south who had risen against him at Bush's urging. The perceived betrayal of Hussein foes by the first President Bush remains deeply ingrained in Iraqi political memory today.

Realizing that the Hussein era was far from over, coalition forces established "no-fly" zones in which US and British aircraft prevented Iraqi Air Force operations in northern and southern Iraq, thus saving the anti-Hussein communities from annihilation. The coalition then attempted to bring Hussein to heel with a combination of tough enforcement of UN economic sanctions and inspections of military facilities where he was suspected of developing and storing weapons of mass destruction.

The no-fly zones stopped the slaughter, but nothing, it seemed, could stop Hussein. The UN oil-for-food program and other aspects of the sanctions regimen led to widespread suffering by the Iraqi people, but did not affect Hussein and his core supporters, who gained ever-more-absolute power over peoples' economic lives.

Two of Hussein's sons-in-law defected, with his daughters, to Jordan. Hussein sent his wife to assure them all would be forgiven if they returned to Iraq. They did, in 1996, and the sons-in-law were killed.

By the time the US-led coalition invaded in March 2003, Hussein was viewed by Iraqis as personally invincible. But his power quickly crumbled when US tanks swept into Baghdad, and he fled in early April 2003. He was captured in December 2003 by US soldiers who found him hiding, with a pistol, in a hole near Tikrit. The man who had vowed to go down fighting gave up without firing a shot.

His televised trial for the killings in Dujail was watched throughout Iraq and the Middle East as much for theater as for substance. Hussein, defiant to the end and insisting he still was Iraq's president, was ejected from the courtroom repeatedly for political harangues.

Saddam Is The King Of Swing (NYPOST)

By Niles Lathem, Hasani Gittens

The New York Post, December 30, 2006

December 30, 2006 -- The Butcher of Baghdad is no more.

Former Iraqi dictator Saddam Hussein - clutching a Koran as he was led to the gallows - was hanged today in the city he ruled with an iron fist for decades at 6 a.m. Baghdad time, officials said.

His death was greeted with elation by those present at the execution, which included dancing over Hussein's body, witnesses said.

A handcuffed Hussein was clad completely in black, with a jacket, trousers, hat and shoes - not the orange prison garb he was expected to wear.

Shortly before the execution, Hussein's hat was removed and he was asked if he wanted to say something, said Sami al-Askari, the political adviser of Prime Minister Nouri al-Maliki.

" 'No I don't want to,' " al-Askari, who was present at the execution, quoted the ousted despot as telling him.

He then repeated a prayer told to him by a Sunni Muslim cleric.

"Saddam later was taken to the gallows and refused to have his head covered with a hood," al-Askari said. "Before the rope was put around his neck, Saddam shouted: 'God is great. The nation will be victorious and Palestine is Arab.' "

The predawn hanging was necessary because Iraqi law prohibits executions on holy days. The Muslim holiday Eid al-Adha, the Festival of Sacrifice, began at sunrise.

In November, Hussein, 69, was convicted of crimes against humanity after ordering the murders of 148 Shiite villagers from Dujail after a failed assassination bid in 1982.

Saddam's two co-defendants, his half-brother Barzan al-Tikriti and former Iraqi chief judge Awad Hamed al-Bandar of the Revolutionary Court, will be hanged at a later time, officials said.

Iraq's Prime Minister Nuri al- Maliki urged Saddam Hussein's fellow Sunni Baathists today to reconsider their tactics and join the political process.

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"I urged followers of the ousted regime to reconsider their stance as the door is still open to anyone who has no innocent blood on his hands, to help in rebuilding an Iraq for all Iraqis," Maliki said in a statement issued hours after Saddam was executed.

Meanwhile, jubilant Shiites - oppressed under Saddam - danced in the streets of their holy city of Najaf while cars blared their horns in procession through Baghdad's Shiite-ruled Sadr City.

The execution took place at a specially built gallows close to Camp Cropper, near Baghdad International Airport, where the former dictator was being held. It was reportedly overseen by at least seven witnesses, including the Iraqi National Security Advisor Mowaffeq al-Rubaie, Justice Minster Hashim al-Shilbli, the judge who presided over his trial, and a Sunni Muslim cleric.

Al-Rubaie told Iraqiya that Hussein appeared to be a "broken man" before he mounted the scaffold.

He said Hussein "totally surrendered" and did not resist.

When he stood in the execution room, photographs and video footage were taken, al-Rubaie said.

"He did not ask for anything. He was carrying a Koran and said: 'I want this Koran to be given to this person,' a man he called Bander," he said.

Al-Rubaie also said he did not know who Bander was.

"Saddam was treated with respect when he was alive and after his death," al-Rubaie said. "Saddam's execution was 100 percent Iraqi and the American side did not interfere."

"Saddam was taken by force to the gallows but he was composed when taken to execution," said al-Askari.

Then, "we heard his neck snap," said al-Askari at the exact moment of Saddam's death.

The officials said the government had not yet decided what to do with Saddam's body.

The Iraqiya television station aired national songs after the first announcement of Hussein's death and had a tag on the screen that read, "Saddam's execution marks the end of a dark period of Iraq's history."

In a farewell message to Iraqis posted Wednesday on the Internet, Saddam said he was giving his life for his country as part of the struggle against the U.S.

"Here, I offer my soul to God as a sacrifice, and if he wants, he will send it to heaven with the martyrs," he said.

Even as the brutal strongman's final moments ticked away, there was a torrent of activity in Baghdad and Washington in the hours proceeding Saddam's death:

* Hussein gave his will and personal belonging to two of his half-brothers in a final jailhouse meeting, one of his lawyers said.

* Hussein's daughter and a member of his defense team also asked for a chance to say goodbye but were denied.

"His daughter in Amman was crying, she said, 'Take me with you,' " lawyer Najeeb al-Nueimi said.

She later asked that "his body be buried in Yemen temporarily until Iraq is liberated and it can be reburied in Iraq," a source close to the family said.

* U.S. and Iraqi officials agreed during a meeting yesterday on an execution time after daylong speculation that it would be put off for religious or other reasons.

* U.S. and Iraqi forces were put on high alert and braced for violent reactions to the execution.

"We will put all our forces on the streets so that no lives are jeopardized," said Iraqi Brig. Gen. Abdel Karim Khalaf.

* The State Department cabled all U.S. embassies to warn them to be prepared for terrorist attacks. Although as of late last night there was little violence - just rejoicing.

* Defense lawyers filed papers at a federal appeals court in Washington seeking an emergency restraining order to block the execution.

* Nevertheless, Munir Haddad, a judge on the appeals court that upheld the death sentence, said all documents required for the execution were ready.

That includes the infamous "red card" - an order of condemnation that was created during Hussein's regime and was to be given to a death row inmate on his final day.

Hussein had been in U.S. custody since he was found in late 2003 hiding in a "spider hole" near Tikrit .

Nueimi said the U.S. wanted to prevent Hussein from being humiliated before his execution and want to prevent the mutilation of his corpse, as has happened to other deposed Iraqi leaders.

If Hussein is humiliated publicly or his corpse ill-treated "that could cause an uprising, and the Americans would be blamed," he said.

The identity of Hussein's hangman, who was be hooded, was a closely guarded secret.

A doctor was also present to certify Saddam's death.

A photograph of Hussein's body is expected to be released later today to prevent rumors that he is still alive.

The death of Hussein, a Sunni, was greeted with rejoicing by Iraq's Shiite majority.

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It is "God's gift to Iraqis," Sheik Sadralddin al-Qubanji said in his sermon yesterday in Najaf.

"Oh, God, you know what Saddam has done! He killed millions of Iraqis in prisons, in wars with neighboring countries, and he is responsible for mass graves."

But Hussein's death sentence has drawn condemnation from a wide range of critics, on political and moral grounds.

International human rights groups criticized the year-long trial, during which three defense lawyers were killed and a chief judge resigned complaining of political interference.

"The test of a government's commitment to human rights is measured by the way it treats its worst offenders," said Richard Dicker, Director of Human Rights Watch. "History will judge the deeply flawed Dujail trial and this execution harshly."

The United Nations and many of Washington's Western allies had called on Bush and Maliki not to go ahead with the execution.

Arc Of Power Ends In Utter Ignominy (WP)

By Joshua Partlow

The Washington Post, December 30, 2006

Saddam Hussein, an autocratic Arab nationalist who ruled Iraq for 24 years, led his nation into repeated wars with its neighbors and was overthrown by a U.S.-led invasion, was hanged early today Baghdad time. He was 69.

Hussein took power as a brutal young modernizer who harnessed his nation's vast oil wealth to build roads and bridges, hospitals and schools, and was a hero to millions in the Middle East who saw him as a force for Arab resurgence. But in his latter years he squandered his legacy into one of near-constant wars.

He cultivated a climate of fear in Iraq, a place where political dissent was a capital offense. To many Iraqis, he was defined by his willful defiance -- a man whose first name could be translated as "he who confronts."

An Arab from his country's Sunni Muslim minority, Hussein had long repressed the majority Shiite Muslims and the Kurds of northern Iraq, and he remained reviled by both. In his final months, as the grim daily killings by roving militias and insurgents went on, some Sunnis vowed revenge on his behalf and many in Iraq expressed a yearning for the order and relative safety imposed by his firm hand.

After he was captured by U.S. troops three years ago, dirty and disheveled, in a hole not far from the village of his youth, Hussein mocked the tribunal set up to try him and declared himself Iraq's rightful ruler.

"I am still the president of the state," he told the judge in his first formal testimony in the year-long trial. "I am president."

To the U.S. government, Hussein was at one time an ally and bulwark in the Middle East against an Islamic government in neighboring Iran. He benefited from American weapons and funding in the 1980s before becoming a U.S. nemesis when he invaded Kuwait in 1990.

At his trial, Hussein described the Americans as "criminals" who came to Iraq "under the pretext of weapons of mass destruction and the pretext of democracy."

During Hussein's years in power, he strove to harness his country's bountiful supply of oil to build Iraq into a major power in the Middle East and reclaim the glory of past Arab civilizations. Throughout that time, he was ruthless in eliminating the political enemies of his Baath Socialist Party -- by execution, imprisonment or forced exile -- and increasingly paranoid about possible rivals or traitors.

"In the permanently beleaguered mind of Saddam, politics is a ceaseless struggle for survival," Efraim Karsh and Inari Rautsi wrote in their 1991 book, "Saddam Hussein, a Political Biography." "The ultimate goal of staying alive, and in power, justifies all means."

While Hussein was being held prisoner by the Americans, Adnan Pachachi, a Sunni legislator and onetime foreign minister whom Hussein had sent into exile, asked him why he had invaded neighboring Kuwait. It was a decision widely seen as a reckless miscalculation that sparked the Persian Gulf War, but Hussein portrayed it as a bid to reclaim part of his rightful domain and tap a source of funds to pay down the debts left by earlier wars.

"When I get something in my head, I act," Hussein told Pachachi, according to "My Year in Iraq," a memoir by L. Paul Bremer, who ran the U.S.-led occupation government for 14 months. "That's just the way I am."Formative Years

Saddam Hussein al-Tikriti was born on April 28, 1937, in the village of Auja, a cluster of mud-brick huts outside Tikrit, north of Baghdad. His father, Hussein Majid, was a peasant who disappeared before his son was born. His mother, who remarried, entrusted Hussein to the care of an uncle, Khayrallah Tulfah, an army officer and opponent of the British-backed monarchy then ruling Iraq.

Hussein started elementary school when he was about 10. At 18, he moved to Baghdad with Tulfah and enrolled at the Karkh high school. Soon after, he joined the Baath (or Renaissance) Party, the Arab nationalist movement founded by a Syrian

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Christian in the 1940s. Its members were angered by what they saw as the subservience of Arab peoples under European colonialism, and they yearned to create a single socialist Arab state.

Hussein carved a niche for himself as a party strongman, and in 1959, at age 22, he participated in an attempt to assassinate Gen. Abdul Karim Qassem, the Iraqi ruler who had overthrown the monarchy with other military officers the year before.

The Baathist account of this coup attempt would later play up Hussein's role; according to one tale taught in Iraqi schools, he carved a bullet out of his own leg after being wounded. He then retreated to Syria and Egypt, returning to Iraq in 1963. While still in exile in Egypt, Hussein married a cousin, Sajida Khayrallah Tulfah, the daughter of his uncle. They had two sons -- Uday and Qusay, who were killed in a shootout with U.S. troops in July 2003 -- and three daughters, Rana, Raghad and Hala.

The Baath Party seized power in Iraq in 1968, under the leadership of Hussein's relative, Gen. Ahmed Hassan Bakr. Hussein used such family connections to help maneuver himself into position as the ruling government's No. 2 man, in charge of intelligence and security services.

Over time he developed a reputation as a man willing to go to brutal lengths to silence opposition and repress the Shiites and Kurds, as well as those within his own party he considered a threat. Charismatic and intimidating, he was known as "the deputy" but served in the role of a prime minister.

In 1975, a time when his associates said he had mellowed into middle age, Hussein struck Washington Post reporter Jim Hoagland as a man who "still moves with the tightly coiled violence and fluid grace of Vince Lombardi's best linebackers at Green Bay. Wariness flickers in his dark, expressive eyes throughout a meeting with a visitor."Reins of Power

Hussein's formal ascension to absolute rule occurred in 1979, when he pushed Bakr aside and simultaneously assumed the titles of president, prime minister, chairman of the Revolutionary Command Council, secretary general of the Baath Party's regional command and commander in chief of the armed forces.

"And he was only 42 years old," Karsh and Rautsi wrote. "Here was a man in his prime, full of ambitious plans and, above all, grim determination to keep his hold on the levers of power at all costs."

To solidify his position, Hussein presided over a firing squad that killed more than 20 officials for alleged disloyalty. Many of those executed were Hussein's close associates.

Hussein's rule brought a series of wars to Iraq, but also a period of relative internal stability, free from the frequent military coups that had characterized earlier decades. He created a secular Middle Eastern state known for its vibrant university and public health systems and relatively open to Western values, compared with countries in the region governed by strict religious codes. He also built roads and bridges, launched literacy campaigns and provided free hospital care for Iraqis.

To cultivate his image, Hussein lavished oil money on opulent palaces, sprawling monuments, statues and portraits. One painting depicted him wearing a business suit and smoking a cigar. Others showed him as a military commander in fatigues and a beret, as a devout Muslim praying in a mosque, or as an interlocutor of Nebuchadnezzar, king of ancient Babylonia, whom Hussein claimed as an ancestor.

In 1980, Hussein tried to take advantage of instability in neighboring Iran, where Ayatollah Khomeini's Islamic revolution had recently ousted the shah, by bombing Iranian airfields and sending his troops over the border. The eight-year Iran-Iraq war that ensued cost hundreds of thousands of lives on each side and left Iraq staggering under a debt estimated at $75 billion. It was in this war that Hussein first used the chemical weapons he would later turn on his own people in Kurdistan.

Over the course of the war, the U.S. government under presidents Ronald Reagan and later George H.W. Bush sought to weaken Iraq's bonds with its rival, the Soviet Union, as well as to prevent Iran from expanding its power in the region. It provided Iraq with hundreds of millions of dollars in subsidies, along with weapons and military intelligence.

Near the end of the war, Hussein inaugurated another bloody campaign, this time against the Kurds in northern Iraq, who were aligned with Iran. During the 1987-88 Anfal campaign, a systematic effort to destroy rural Kurdish life, the Iraqi military dropped poison gas on villages, bulldozed homes and killed, tortured and displaced hundreds of thousands of people. The Kurdish government estimated that 182,000 people died in the campaign.

To carry out these exploits, Hussein built an army, including the elite Republican Guard, that became one of the world's largest.War and Retribution

After the financial and military strain of the Iran-Iraq war, Hussein decided to invade oil-rich Kuwait in August 1990. The invasion was immediately condemned by the United Nations, and in January 1991 a coalition led by the United States attacked Iraq. The coalition quickly liberated Kuwait and defeated Iraq but stopped short of removing Hussein from power.

Shiites and Kurds rebelled after the Gulf War in an attempt to overthrow Hussein. But in the absence of U.S. military support, they were brutally crushed. His forces killed thousands of Shiites in southern Iraq and forced waves of Kurds to flee north into the mountains of Turkey, where many died of exposure.

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"Saddam's retribution was swift and terrible," former ambassador Peter W. Galbraith wrote. "Republican Guard tanks blasted apart ancient city centers. Shiite shrines became battlegrounds and then slaughterhouses as rebels, clerics, and unlucky civilians were massacred. The Republican Guard attached nooses to the gun barrels of their tanks, hanging Shiite men -- several at a time -- by elevating the gun."

Iraq entered a period of more than a decade of U.N. sanctions that restricted imports of sensitive materials and further impoverished the Iraqi people. The country's economy worsened, and shortages of food and medicine reportedly caused widespread suffering and malnutrition.

In the 1990s, U.S. and British aircraft enforced no-fly zones in northern and southern Iraq and bombed military targets in repeated attempts to destroy Hussein's weapons arsenal.Endgame

After the terrorist attacks of Sept. 11, 2001, the United States moved again to attack Iraq, this time citing Hussein's arsenal of weapons of mass destruction, which U.S.-led forces failed to find after they invaded in March 2003.

The first salvo of the second Iraq war aimed straight at Hussein. Aircraft dropped cruise missiles and powerful bombs onto a group of houses in southern Baghdad where intelligence reports had suggested he was hiding. He survived that attack and eluded a massive manhunt for 38 weeks, until U.S. troops found him Dec. 13 in a cramped burrow on a farm near Dawr, a hamlet not far from his birthplace.

"I am Saddam Hussein, president of Iraq," he said in English upon emerging, according to Bremer's account. "I want to negotiate."

Hussein went on temporary hunger strikes while in custody and remained defiant during his first trial, on charges of crimes against humanity for orchestrating the killings of 148 Shiite Muslim men and boys in an Iraqi village in the 1980s.

On the day he was convicted and sentenced to death, Hussein wrote a letter to the Iraqi people, according to his attorneys.

In the document, he asked Iraqis not to hate the foreign peoples who had invaded their country, just their leaders, because hatred "will blind your vision and close all doors of thinking."

"I say goodbye to you, but I will be with the merciful God who helps those who take refuge in Him, and God won't disappoint any honest believer," the letter said.

Hussein was hanged early today Baghdad time, the start of the Muslim festival of Eid al-Adha, while his country remained at war.

Defiant Despot Who Oppressed Iraq For More Than 30 Years (NYT)

By Neil Macfarquhar

The New York Times, December 30, 2006

The hanging of Saddam Hussein ended the life of one of the most brutal tyrants in recent history and negated the fiction that he himself maintained even as the gallows loomed — that he remained president of Iraq despite being toppled by the United States military and that his power and his palaces would be restored to him in time.

The despot, known as Saddam, had oppressed Iraq for more than 30 years, unleashing devastating regional wars and reducing his once promising, oil-rich nation to a claustrophobic police state.

For decades, it had seemed that his unflinching hold on Iraq would endure, particularly after he lasted through disastrous military adventures against first Iran and then Kuwait, where an American-led coalition routed his unexpectedly timid military in 1991.

His own conviction that he was destined by God to rule Iraq forever was such that he refused to accept that he would be overthrown in April 2003, even as American tanks penetrated the Iraqi capital, Baghdad, in a war that has become a bitterly contentious, bloody occupation.

After eluding capture for eight months, Mr. Hussein became the American military's High Value Detainee No. 1. But he heaped scorn on the Iraqi judge who referred to him as the "former" president after asking him to identify himself on the first day of his trial for crimes against humanity, which ultimately lead to his execution.

"I didn't say 'former president,' I said 'president,' and I have rights according to the Constitution, among them immunity from prosecution," he growled from the docket. The outburst underscored the boundless egotism and self-delusion of a man who fostered such a fierce personality cult during the decades that he ran the Middle Eastern nation that joking about him or criticizing him in public could bring a death sentence.

If a man's life can be boiled down to one physical mark, Mr. Hussein's right wrist was tattooed with a line of three dark blue dots, commonly given to children in rural, tribal areas. Some urbanized Iraqis removed or at least bleached theirs, but Mr. Hussein's former confidants told The Atlantic Monthly that he never disguised his.

Ultimately, underneath all the socialist oratory, underneath the Koranic references, the tailored suits and the invocations of Iraq's glorious history, Mr. Hussein held onto the ethos of a village peasant who believed that the strongman was everything. He

was trying to be a tribal leader on a grand scale. His rule was paramount, and sustaining it was his main goal behind all the talk of developing Iraq by harnessing its considerable wealth and manpower.

Mosques, airports, neighborhoods and entire cities were named after him. A military arch erected in Baghdad in 1989 was modeled on his forearms and then enlarged 40 times to hold two giant crossed swords. In school, pupils learned songs with lyrics like "Saddam, oh Saddam, you carry the nation's dawn in your eyes."

The entertainment at public events often consisted of outpourings of praise for Mr. Hussein. At the January 2003 inauguration of a recreational lake in Baghdad, poets spouted spontaneous verse and the official translators struggled to keep up with lines like, "We will stimulate ourselves by saying your name, Saddam Hussein, when we say Saddam Hussein, we stimulate ourselves."

While Mr. Hussein was in power, his statue guarded the entrance to every village, his portrait watched over each government office and he peered down from at least one wall in every home. His picture was so widespread that a joke quietly circulating among his detractors in 1988 put the country's population at 34 million — 17 million people and 17 million portraits of Saddam.

Battles and Bloodshed

Throughout his rule, he unsettled the ranks of the Baath Party with bloody purges and packed his jails with political prisoners to defuse real or imagined plots. In one of his most brutal acts, he rained poison gas on the northern Kurdish village of Halabja in 1988, killing an estimated 5,000 of his own citizens suspected of being disloyal and wounding 10,000 more.

Even at the end, he showed no remorse. When four Iraqi politicians visited him after his capture in December 2003, they asked about his more brutal acts. He called the Halabja attack Iran's handiwork; he said that Kuwait was rightfully part of Iraq and that the mass graves were filled with thieves who fled the battlefields, according to Adnan Pachachi, a former Iraqi foreign minister. Mr. Hussein declared that he had been "just but firm" because Iraqis needed a tough ruler, Mr. Pachachi said.

It was a favorite theme, one even espoused in a novel attributed to Mr. Hussein called "Zabibah and the King."

At one point, the king asks the comely Zabibah whether the people needed strict measures from their leader. "Yes, Your Majesty," Zabibah replies. "The people need strict measures so that they can feel protected by this strictness."

Aside from his secret police, he held power by filling the government's upper ranks with members of his extended clan. Their Corleone-like feuds became the stuff of gory public soap operas. Mr. Hussein once sentenced his elder son, Uday, to be executed after he beat Mr. Hussein's food taster to death in front of scores of horrified party guests, but later rescinded the order. The husbands of his two eldest daughters, whom he had promoted to important military positions, were gunned down after they defected and then inexplicably returned to Iraq.

Continual wars sapped Iraq's wealth and decimated its people. In 1980, Mr. Hussein dragged his country into a disastrous attempt to overthrow the new Islamic government in neighboring Iran. By the time the war ended in stalemate in 1988, more than 200,000 Iraqis were dead and hundreds of thousands more wounded. Iran suffered a similar toll. Iraq's staggering war debt, pegged around $70 billion, soon had wealthy Arab neighbors demanding repayment. Enraged, he invaded Kuwait in August 1990, only to be expelled by an American-led coalition in the Persian Gulf war seven months later.

Yet in the language of his Orwellian government, Mr. Hussein never suffered a setback. After the gulf war ended with the deaths of an estimated 150,000 Iraqis, he called "the Mother of All Battles" his biggest victory and maintained that Iraq had actually repulsed an American attack.

"Iraq has punched a hole in the myth of American superiority and rubbed the nose of the United States in the dust," Mr. Hussein said.

His defeat in Kuwait, followed by more than a decade of tense confrontations with the West over his suspected weapons programs, ultimately led to his overthrow. The extended bloodbath that followed the invasion, with the monthly death toll of Iraqi civilians estimated roughly at 3,000 by the end of 2006, made some nostalgic for even the oppressive days of Mr. Hussein, when public security was not an issue. His repressive ways were credited with keeping the fractious population of 26 million — including 20 percent Sunni Muslims, who dominated; 55 percent Shiite Muslims; 20 percent Kurds plus several tiny minorities including Christians — from shattering along ethnic lines.

The Pathway to Politics

Saddam Hussein was born on April 28, 1937, in a mud hut on stilts near the banks of the Tigris River near the village of Tikrit, 100 miles northwest of Baghdad. He was raised by a clan of landless peasants, his father apparently deserting his mother before his birth. (Government accounts said the father died.)

"His birth was not a joyful occasion, and no roses or aromatic plants bedecked his cradle," his official biographer, Amir Iskander, wrote in "Saddam Hussein, the Fighter, the Thinker and the Man," published in 1981.

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Mr. Hussein told his biographer that he did not miss his father growing up in an extended clan. But persistent stories suggest that Mr. Hussein's stepfather delighted in humiliating the boy and forced him to tend sheep. Eventually, he ran away to live with relatives who would let him go to school.

Mr. Hussein's first role in the rough world of Iraqi politics came in 1959, at age 22, when the Baath Party assigned him and nine others to assassinate Abdul Karim Kassem, the despotic general ruling Iraq. Violence was a quick way for a young man who grew up fatherless in an impoverished village to get ahead; bloodshed became the major theme of his life.

During the failed assassination, Mr. Hussein suffered a bullet wound to the leg. The official version portrayed him as a hero who dug the bullet out with a penknife, while the other version suggests that the plot failed because he opened fire prematurely.

He sought asylum in Egypt, where President Gamal Abdel Nasser nurtured the region's revolutionary movements. Soon after returning to Iraq, Mr. Hussein married his first cousin and the daughter of his political mentor, Sajida Khairallah Tulfah, on May 5, 1963. The couple had two sons, Uday and Qusay, and three daughters, Raghad, Rana and Hala. He had mistresses, including prominent Iraqi women, but never flaunted them.

His wife, three daughters and roughly a dozen grandchildren survive him. Uday and Qusay, along with Qusay's teenage son, Mustapha, died in July 2003 during a gun battle with American forces in a villa in the northern city of Mosul. Denounced by an informant, they had been the two most wanted men in Iraq after their father.

The first years of Saddam Hussein's marriage coincided with political tumult in Iraq, with at least six coups or attempted revolts erupting between the assassination of King Faisal II in 1958 and the July 1968 putsch that brought the Baath Party to power.

Mr. Hussein's main role while still in his early 30s was organizing the party's militia, the seed of the dreaded security apparatus. By November 1969, he had eliminated rivals and dissidents to the extent that President Ahmed Hassan al-Bakr appointed him vice president and deputy chairman of the Revolutionary Command Council, as the cabinet was known. Mr. Hussein remained head of the intelligence and internal security agencies, in effect controlling Iraq.

The Arab Baath Socialist Party, whose name means "renaissance" in Arabic, had been formed in the 1930s to push a secular, socialist creed as the ideal path to achieving Arab unity. But that dogma proved a sinister excuse for the imprisonment, exile or execution of all potential rivals.

No other Arab despot matched the savagery of Mr. Hussein as he went about bending all state institutions to his whim. His opening act, in January 1969, was hanging around 17 so-called spies for Israel in a downtown Baghdad square. Hundreds of arrests and executions followed as the civilian wing of the Baath Party gradually eclipsed the Iraqi military.

Mr. Hussein staged perhaps his most macabre purge in 1979, when at age 42 he consolidated his hold on Iraq. Having pushed aside President Bakr, he called a gathering of several hundred top Baathists.

One senior official stepped forward to confess to having been part of a widespread plot to allow a Syrian takeover. After guards dragged the man away, Mr. Hussein took to the podium, weeping at first as he began reading a list of dozens implicated. Guards dragged away each of the accused. Mr. Hussein paused from reading occasionally to light his cigar, while the room erupted in almost hysterical chanting demanding death to traitors. The entire dark spectacle, designed to leave no doubt as to who controlled Iraq, was filmed and copies distributed around the country.

Firing squads consisting of cabinet members and other top officials initially gunned down 21 men, including five ministers. Iraq's state radio said the officials executed their colleagues while "cheering for the long life of the Party, the Revolution and the Leader, President, Struggler, Saddam Hussein."

Mr. Hussein invariably ensured that those around him were complicit in his bloody acts, which he masqueraded as patriotism, making certain that there would be no guiltless figure to rally opposition.

In an authoritative account of Mr. Hussein's government called "The Republic of Fear," the self-exiled Iraqi architect Kenaan Makiya (writing under the pseudonym Samir al-Khalil) estimated that at least 500 people died in the purge that consolidated Mr. Hussein's power.

Mr. Hussein's titles reflected his status as an absolute ruler modeled after one of his heroes, Josef Stalin of the former Soviet Union. They included president of the republic, commander in chief of the armed forces, field marshal and prime minister. In addition, the state-owned news media referred to him repeatedly as the Struggler, the Standard Bearer, the Knight of the Arab Nation and the Sword of the Arabs.

Mr. Hussein saw his first opportunity for Iraq to dominate the region in the turmoil that swept neighboring Iran immediately after its 1979 Islamic revolution. In September 1980, Mr. Hussein believed that by invading Iran he could both seize a disputed waterway along the border and inspire Iranians of Arab origin to revolt against their Persian rulers. Instead, they resisted fanatically. Mr. Hussein never acknowledged making a gross miscalculation; rather, he vilified the Iranian Arabs as traitors to the Arab cause.

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Iraq fared badly in the war, not least because Mr. Hussein interfered in the battle plans despite a complete lack of military training, even issuing orders based on dreams. When strategies urged by Mr. Hussein failed, he often accused the commanders of betrayal, cowardice and incompetence and had them executed.

The Field Marshal

Mr. Hussein adored the macho trappings of the armed forces, appointing himself field marshal and dressing his ministers in olive-green fatigues. If he was a poor military strategist, he was fortunate in his first choice of enemy. The fear that an Islamic revolution would spread to an oil producer with estimated reserves second only to Saudi Arabia tipped the United States and its allies toward Baghdad and they provided weapons, technology and, most important, secret satellite images of Iran's military positions and intercepted communications.

The war lasted for eight years until Iran accepted a cease-fire in July 1988, with both sides terrorizing each other's civilian populations by rocketing major cities. But the March 1988 mustard gas attack on the Iraqi village of Halabja by its own government was perhaps the most gruesome incident.

Mr. Hussein waged war while investing in massive development that markedly improved daily life. Rural villages were electrified and linked by modern highways. Iraq boasted some of the best universities and hospitals in the Arab world — all free. Its painters, musicians and other artists, helped by government subsidies, were also the most accomplished in the region. Mr. Hussein had his own development methods. Anyone who avoided mandatory adult literacy classes in rural areas faced three years in jail.

Official corruption was unknown in Iraq in the 1980s, and religious worship somewhat free. Mr. Hussein occasionally took populist measures to underscore the importance of the public welfare. Once, for example, he decided that his ministers were too fat and he demanded that they diet, publishing their real weights and their target weights in the news media. Mr. Hussein's own weight could fluctuate from chubby to relatively trim, although well tailored suits hid his paunch. Around six feet tall, he was stocky and wore a trademark moustache.

In keeping with a ruler who used violence to achieve and sustain power, Mr. Hussein's most widespread investments were in his military. He ended the Iran-Iraq war with one million men under arms.

By then Iraq had embarked on extensive projects to acquire a homegrown arsenal of nuclear, chemical and biological weapons. Iraq had also become a regional power, and Mr. Hussein expected to dominate the Arab world. In March 1990, he threatened to "burn half of Israel" if it ever acted against Iraq, even though the Israeli Air Force had humiliated the Iraqi leader by destroying his country's nuclear research center at Osirik in June 1981.

Mr. Hussein's next target was another neighbor, Kuwait, which Iraq had long considered part of Iraq and coveted for its deep-water port. On Aug. 2, 1990, his army swiftly occupied the tiny, immensely wealthy emirate, provoking an international crisis. Mr. Hussein declared the country Iraq's 19th province, installing a puppet government. Saudi Arabia and other conservative Arab states were shaken and outraged, while the United States and other Western countries feared for the oil fields ringing the Persian Gulf. The United Nations imposed a trade embargo and economic sanctions.

The United States and eventually 33 other nations deployed forces to the region and warned of a wider war if Mr. Hussein did not withdraw. He held onto Kuwait despite repeated threats from the United States, which dominated the military coalition by dispatching some 500,000 American soldiers. Mr. Hussein portrayed the invasion as the start of an Islamic holy war to liberate Jerusalem. He declared that the "throne dwarfs" of the gulf must be overthrown so their wealth could finance the Arab cause.

His public aims resonated among many Arabs in Jordan, Yemen and elsewhere, particularly because the brutality of Mr. Hussein's government had never been detailed by the state-controlled media of other Arab states. In addition, Mr. Hussein's Scud missiles crashing into Tel Aviv, however ineffective, created a stir in the Arab world.

Washington and its coalition allies hoped that the war would bring Mr. Hussein's downfall. Even before the war ended, President George H. W. Bush encouraged the Iraqi people to overthrow him, but there was no coherent plan. The ground offensive against Iraq ended after 100 hours, partly out of concern that American troops not occupy an Arab capital, partly because Arab allies feared the disintegration of Iraq and partly because a "100-hour war" made a good sound bite. Dick Cheney, then secretary of defense, warned that sending American forces to Baghdad would get them stuck in a "quagmire."

This decision enabled much of the elite Republican Guard to escape with minimal losses. The first Bush administration did little to support Shiite and Kurdish uprisings that erupted immediately after the war. Mr. Hussein crushed them.

Oil, Food and Weapons

For the next decade, Mr. Hussein repeatedly brought Iraq to the brink of renewed warfare by refusing United Nations weapons inspectors the access required to catalog and destroy Iraq's arsenal of unconventional weapons, as specified in the cease-fire agreement.

The United Nations maintained strict economic sanctions against Iraq until 1996, when some oil exports were allowed to pay for food, medicine and war reparations. The sanctions, devastating to Iraqis, proved a boon to Mr. Hussein and his

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subordinates. The Government Accountability Office in the United States Congress estimated that the Iraqi leader siphoned at least $10 billion from the program by making oil trades off the books and demanding kickbacks.

Still, in an effort to end sanctions, Baghdad over the years offered at least five "full, final and complete" weapons disclosures, which the United Nations dismissed as incomplete. Some of the most extensive revelations emerged after the astonishing August 1995 defection of Mr. Hussein's two sons-in-law and his two eldest daughters to Jordan. The Iraqi government was apparently worried that Lt. Gen. Hussein Kamel al-Majid, a son-in-law and the minister in charge of weapons development, would disclose all that he knew. Six months later, the general and his brother abruptly declared they had accepted amnesty and returned. Within days, Mr. Hussein's daughters divorced them, and they died in a violent shootout.

Although family feuds often descended into bloodshed, Mr. Hussein tried to maintain strict control of his own image. He dyed his hair black and refused to wear his reading glasses in public, according to interviews with exiles published in The Atlantic Monthly in March 2002. Because a slipped disc caused him to limp slightly, he was never filmed walking more than a few steps. Each of his 20 palaces was kept fully staffed, with meals prepared daily as if he were in residence to disguise his whereabouts. Delicacies like imported lobster were first dispatched to nuclear scientists to be tested for radiation and poison.

His wine of choice was Portuguese, Mateus Rosé, but he never drank in public to maintain the conceit that he was a strict Muslim. He even had genealogists draw a family tree that linked him to Fatima, the daughter of the Prophet Muhammad.

He kept an immaculate desk, with reports from all the ministries neatly stacked. He usually read only the executive summaries, but would occasionally dig deeper and always complained that he was being deceived. He often was, with even his son Qusay telling military commanders to lie if Mr. Hussein thought something had been accomplished that was not.

He was particularly phobic about germs. Even top generals summoned to meet him were often ordered to strip to their underwear and their clothes were then washed, ironed and X-rayed before they could get dressed to see him. Mr. Hussein's American jailers reported that he tried to maintain those precautions, using baby wipes to clean meal trays, his table and utensils before eating.

Rarely traveling abroad, and surrounded by often uneducated cousins, he had a limited worldview. He once reacted with wonder when an American reporter told him that the United States had no law against insulting the president. Former officials portrayed him as a vain, paranoid loner who no longer believed he was a normal person and considered compromise a sign of weakness.

Saad al-Bazzaz, an Iraqi writer and editor, said that Mr. Hussein, having risen so far beyond the village and cheated death so often, believed that God anointed him.

Mr. Bazzaz told The Atlantic that even Mr. Hussein's speeches echoed Koranic texts. "In the Koran, Allah says, 'If you thank me, I will give you more,' " Mr. Bazzaz said. "In the early '90s, Saddam was on TV, presenting awards to military officers, and he said, 'If you thank me, I will give you more.' "

Controlling a Nation

Iraq under Mr. Hussein had a stifled quality. Imprisonment, torture, mutilation and execution were frequent occurrences, at least for those who chose to dabble in anything vaguely political. Simple information like the weather report was classified. There was no freedom of expression — even foreign newspapers were banned — and no freedom to travel. Contact with foreigners was proscribed.

There were widespread reports that Mr. Hussein himself periodically carried out the torture or even execution of those he felt had crossed him. In the summer of 1982, for example, Riyadh Ibrahim Hussein, the health minister, suggested during a cabinet meeting that Mr. Hussein step down to ease the negotiation of a cease-fire with Iran. Mr. Hussein recommended that the two retire to another room to discuss the proposal. When they did, a shot rang out. Mr. Hussein returned to the cabinet meeting alone, although in later interviews he denied killing anyone. The minister's widow was sent his dismembered corpse.

While assassinating Shiite Muslim religious leaders who opposed him, Mr. Hussein ordered mosques constructed around Baghdad on a scale not seen since it was the medieval capital of the Muslim caliphate. Perhaps the most striking was the Mother of All Battles mosque completed in 2001, the 10th anniversary of the Persian Gulf war. The minarets resembled Scud missiles, and the mosque held a Koran written with 28 gradually donated liters of Mr. Hussein's blood.

Evidence from inside Iraq after the invasion confirmed what United Nations weapons inspectors anticipated before — that Mr. Hussein abandoned the attempt to develop nuclear, biological and chemical weapons after his 1991 defeat. Orders from Mr. Hussein to destroy vestiges of the program, interpreted before the 2003 invasion as an attempt to hide their development, turned out to be an effort to comply with the ban.

The fatal controversy over whether Iraq was still developing unconventional weapons stemmed in part from Mr. Hussein's desire to convince different audiences of different things, a postwar study by the Defense Department concluded. He wanted the West to believe that he had abandoned the program, which he had. Yet he also wanted to instill fear in enemies like Iran and Israel, plus maintain the esteem of Arabs, by claiming that he possessed the weapons.

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Some Bush administration critics argued that the accusations over unconventional weapons were a smoke screen, that government hawks were determined to topple Mr. Hussein as a way of reasserting American power. Richard Clarke, a former national security adviser to three presidents, described in his 2004 book "Against All Enemies" the scene in the White House in the immediate aftermath of the Sept. 11, 2001, attacks against the United States, with President Bush and other senior officials trying to link Mr. Hussein directly to Al Qaeda, Osama bin Laden's organization. No such link was ever established.

Just before the invasion, Mr. Hussein, cigar in hand, appeared on television almost nightly, belittling American forces to small groups of Republican Guard commanders.

Yet his main concern was preserving his government, which the United States military discovered in interviews with his captured aides. Some of the unclassified results were published in a 2006 article in Foreign Affairs titled "Saddam's Delusions: The View From the Inside."

By 2003, Iraq's military was anemic, weakened by sanctions and constant changes in command, not to mention the fact that Mr. Hussein, suspicious of coup attempts, barred any rigorous maneuvers and repeatedly created new popular militias. Commanders also constantly lied to him about their state of preparedness. The United States report quoted Mr. Hussein's personal interpreter as saying that the president thought that his "superior" forces would put up a "heroic resistance and inflict such enormous losses on the Americans that they would stop their advance."

Mr. Hussein cited both Vietnam and the hasty American withdrawal from Somalia in 1994 as evidence, and did not take the threat of regime change seriously. He so much believed his own publicity about his success in fighting the first gulf war that he used it as a blueprint for the second. Hence, his main worry during the invasion was to avoid repeating the Shiite and Kurdish internal rebellions of 1991. He did not blow up the bridges over the Tigris and Euphrates to slow the American advance, for example, out of concern that he would need to rush troops south to quell any uprising.

The war plan as described in the 2006 book "Cobra II: The Inside Story of the Invasion and Occupation of Iraq" states that while Republican Guard troops were supposed to seal off the approaches to Baghdad, only the Special Republican Guard was permitted inside the capital, again as insurance against a coup. The collapse came so quickly that Mr. Hussein was still issuing orders to units that had ceased to exist.

After an April 9 sighting in public, he disappeared, apparently using up to 30 hiding places and the aid of loyal tribesmen to escape capture despite a $25 million reward. He often traveled as he had during the first gulf war, in a battered orange and white Baghdad taxi. He issued periodic messages encouraging the insurgency.

In a letter dated April 28 that was faxed to Al Quds al Arabi, an Arabic newspaper published in London, he blamed traitors for his ouster and urged Iraqis to rebel. "There are no priorities greater than expelling the infidel, criminal, cowardly occupier," he wrote.

A Leader's Legacy

In December 2003, his location was divulged by a clan member captured in a raid on a Baghdad house. Less than 11 hours later, 600 American soldiers and Special Operations forces supported by tanks, artillery and Apache helicopter gunships surrounded two farmhouses near the banks of the Tigris in Ad Dwar, a village about nine miles southeast of Tikrit, the tribal seat. The soldiers — no Iraqis were involved — found nothing on the first sweep. But on the second, more intensive search, under a trap door, Mr. Hussein was discovered lying at the bottom of an eight-foot-deep hole.

His first words when he emerged, nervous and disoriented, were, "I am Saddam Hussein, president of Iraq, and I am willing to negotiate," in halting English.

A Special Operations soldier there shot back, "President Bush sends his regards," the military said later. The main indication that the filthy, dilapidated concrete hut close by had been used by the former Iraqi president was a battered green metal suitcase holding $750,000 in neatly bundled bills.

Mr. Hussein, sporting a bushy salt-and-pepper beard, was first shown on television undergoing a medical exam for head lice. The pictures electrified and shocked Iraqis and the larger Arab world, with some cheering and some appalled to see a captive Arab leader put on undignified display.

He was imprisoned at Camp Cropper, near the international airport some 10 miles from Baghdad, on the grounds of a former palace complex that the United States military turned into a prison for senior members of the government. The prison consisted of three rows of single-story buildings surrounded by a double ring of razor wire.

Mr. Hussein was kept in solitary confinement — letters and care packages including cigars sent via the Red Cross from his wife and daughters living in Qatar or Jordan were his main contact with the outside world. He lived in a relatively spartan cell consisting of a bed, a toilet, a chair, a towel, some books and a prayer rug.

Some of his former American guards, interviewed for a July 2005 story in GQ magazine, said he acted in a fatherly way, offering advice on finding a good wife — "neither too smart nor too dumb, not too old nor too young" — and invited them to hang

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out in one of his palaces after he was restored to power. He claimed that President Bush had always known he had no unconventional weapons. His favorite snack was Doritos corn chips, his guards said.

Mr. Hussein was combative throughout his trial, using it as a platform to encourage the insurgents. The proceedings frequently seemed to slide toward chaos, with the star defendant and the judges shouting at each other. The trial, held in one of the grandiose buildings erected not far from Mr. Hussein's former presidential palace, proved something of a security nightmare, with three defense lawyers assassinated.

At one point, something he said prompted guffaws from a spectator in an overhead gallery. Mr. Hussein turned and pointed a finger, saying, "The lion does not care about a monkey laughing at him from a tree."

Mr. Hussein often tried to draw parallels between himself and the famous leaders of Mesopotamia, the earliest civilization in the region, as well as Saladin, the 12th-century Kurdish Muslim military commander who expelled the crusaders from Jerusalem.

What preoccupied him, he said, was what people would be thinking about him in 500 years. To the horror of historic preservationists, he had the ancient walls of the former capital, Babylon, completely reconstructed using tens of thousands of newly fired bricks. An archaeologist had shown him bricks stamped with the name of Nebuchadnezzar II in 605 B.C.

After the reconstruction, the small Arabic script on thousands of bricks read in part, "In the reign of the victorious Saddam Hussein, the president of the Republic, may God keep him, the guardian of the great Iraq and the renovator of its renaissance and the builder of its great civilization, the rebuilding of the great city of Babylon was done."

Execution Ends Horrific Chapter In Iraqi History (WT)

By Sharon Behn

The Washington Times, December 30, 2006

The dark eyes that for years mesmerized and terrified a nation finally closed when Saddam Hussein was hanged early today local time for crimes against humanity during his 24-year regime. He was 69.

The Sunni Muslim dictator was born April 28, 1937, into a poor village family near the town of Tikrit, and was raised mainly by his uncle, Khayrallah Tulfah.

Less than 40 years later, Saddam became Iraq's most brutal and powerful president. He defied the world, started two regional wars, and goaded the United States into starting a third war with a 2003 invasion that led to his downfall.

To the end, he declared himself the only legitimate leader of Iraq.

Even after being dragged out of a small mud hole in the ground in December 2003, disheveled and disoriented, Saddam continued to insist that he was president -- an arrogance that continued throughout his trial.

For those who met him, Saddam was both charming and intimidating, a ruthless ruler who had a vision of a modern, secular Arab nation.

Saddam's uncle was a nationalist army officer who opposed the British-backed monarchy that once ruled Iraq, and under his influence, in 1957 Saddam joined the underground pan-Arab Ba'ath Party.

In 1958, a group of army officers led by Gen. Abdul Karim Qassem toppled the monarchy, and turned the country toward a communist-style state.

A year later, a 22-year-old Saddam and fellow Ba'athists tried to assassinate Gen. Qassem in a botched ambush. Saddam was wounded in the leg and fled to Syria and Egypt -- reportedly with the help of the CIA.

Three years later, he returned to Iraq after a relative, Ahmad Hassan Bakr, had successfully overthrown Qassem. But the Ba'ath Party was once again driven into the underground -- and Saddam with it.

During the five years until the next coup, Saddam worked his way up the security apparatus of the clandestine movement.

In 1968, when the Ba'athists overthrew the government of then-President Abdul Salam Arif, Saddam was put in charge of Iraq's intelligence and security forces. From there, he began to eliminate all potential opposition, particularly among the Shi'ites in the south and the Kurds in the north.

He used Iraq's oil revenues to modernize Iraq, pushing the country to be one of the most modern in the Arab world, with universities and hospitals that were the envy of the region.

Women were encouraged to study and work, and Western-style music and dress prevailed in the cafes and clubs of Baghdad.

In 1979, he was sworn in as president. Weeks later, scores of opposition leaders he had personally identified were executed. The reign of terror had begun.

One of the first Western journalists to interview him in 1973, before he became president, was syndicated columnist Georgie Ann Geyer -- then a reporter with the Chicago Daily News.

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"He was very handsome, not unlike what he looked like until his capture. He was in a French suit, with a silk shirt and a silk tie, very proper," she recalled, recounting how she talked with Saddam through an interpreter in a gilded room of a Baghdad palace.

"In the four hours there was never any change of expression. He never smiled, or laughed or got angry, no matter what I asked him. It was like he had a curtain over his face," Miss Geyer said.

"I asked him: 'Critics say you kill your enemies with your own hands. Why do you do that?' and he said: 'Sometimes when you are in an underground movement, you have to do things you don't want to do.' "

Saddam's presidency was marked by periods of ferocious brutality and public displays of charm that kept his enemies off balance and his supporters eager to please him. Hundreds of thousands of people were tortured and killed.

Several Iraqis have said it was the only possible combination to keep the tribally, religiously and ethnically fractured society together. To those who suffered under his sadistic regime, nothing could justify his actions.

Saddam was determined to be recognized as the regional leader, and he challenged Iraq's historical rival, Iran, by invading in 1980.

The United States tacitly supported Saddam at the time, and in 1983, then-special envoy Donald H. Rumsfeld shook hands with the Iraqi leader.

Two years into the fighting, Shi'ites from the small town of Dujail led a failed assassination attempt against Saddam. His response was typically swift and merciless: 148 persons were killed, many residents were jailed and tortured and the town was torn down and rebuilt later.

The war with Iran lasted eight years, and left almost half a million Iraqis dead and an estimated 300,000 Iranians dead. Iraq was weakened physically and financially.

In 1990, Saddam turned on oil-rival Kuwait, and in August of that year he invaded the tiny kingdom. A U.N.-backed coalition led by American troops threw him out of Kuwait and drove his forces back into Iraq.

Sensing another opening, the southern Shi'ites rebelled against Saddam, but the uprising was brutally crushed and thousands of Shi'ites were killed or imprisoned.

After more than 10 years of war and upheaval, as well as coalition bombing, the country's economy and infrastructure were badly damaged.

An engineer involved in rebuilding Iraq at the time remembered Saddam visiting a number of engineers and workers at the Bayji oil refinery and rallying them to finish the work.

"He believed Iraqis were the best engineers and technicians, and he was proud of us, but he added that he wanted all Iraqi people to be happy on his birthday in 1991 and have enough gasoline, and he did not want to see any lines of cars at gas stations," said Abu Nour, who asked that his full name not be used.

Abu Nour -- a missile systems engineer who was later thrown into jail for punching an army officer who insulted his wife -- said he met Saddam one more time that year, in a building close to the Al-Rasheed hotel in Baghdad.

"We entered the meeting room before him, then he came and at first he sat and watched everybody, and gave permission to key persons to explain what they were planning," he said.

"As a man, he was very nice with strong eyes -- when he looked at you, it was as if he was reading what you had hidden inside your mind," Abu Nour recalled.

"He would not say anything if you made a mistake in your speech, but from his eyes you knew that you had disturbed him with your wrong words," he said.

"At the end, he always gave his best regards to our kids and families and said he apologized for making us work 16 to 18 hours a day, and he said we were heroes for working like that and our families were heroes for being patient with us.

"I really liked him because he is a real man, but I didn't like his attitude sometimes," Abu Nour said.

It was a sentiment echoed in many Arab countries that admired Saddam's defiance of the Western world while modernizing Iraq, but abhorred his methods. All were surprised at the easy surrender of Baghdad when U.S.-led troops invaded in 2003.

But it is Saddam's arrogant attitude and barbaric acts for which he will most be remembered: the gassing of thousands of civilian Kurds, the torture chambers he encouraged and the perverse excesses of his two sons, Uday and Qusai. Both were killed by coalition troops in July 2003.

After Saddam's invasion of Kuwait, the international community led by the United Nations moved to contain the dictator and destroy his weapons systems.

The U.N. slapped sanctions on Iraq, forcing the government to use its oil revenues only for food and other civil needs. The U.S. and Britain imposed two no-fly zones to protect the north and south of the country, restricting Saddam to the central area.

The United Nations also began to inspect and rid the country of its biological, chemical and missile weapons.

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But in late 1998, Saddam refused to allow U.N. inspectors to go through his palaces. The United States and Britain responded by bombing several targets around the country.

It was only after the September 11, 2001, terrorist attacks in the United States that Washington began to push for renewed inspections of Iraq, and President Bush included Iraq in what he termed the world's "axis of evil."

Despite mounting evidence that the United States was preparing to invade Iraq, Saddam defiantly refused offers to surrender or leave.

"We will die here. We will die in this country, and we will maintain our honor," Saddam told Dan Rather of CBS News shortly before the invasion.

Ignoring strong international resistance to any military strikes against Iraq, Mr. Bush on March 20, 2003, invaded.

Nine months later, a bearded, bedraggled Saddam was pulled out of an underground hiding place and finally made to face those tortured under his rule.

Hussein Was Symbol Of Autocracy, Cruelty In Iraq (CNN)

CNN.com, December 30, 2006

BAGHDAD, Iraq (CNN) -- Saddam Hussein, the former dictator of Iraq who spent his last years in captivity after his ruthless Baathist regime was toppled from power by the U.S.-led coalition in 2003, has been executed -- hanged for crimes during a brutal crackdown during his reign.

Hussein was hanged before dawn Saturday in Iraq at about 6 a.m. (10 p.m. Friday ET), according to one of Hussein's lawyers.

Hussein -- whose name conjures lengthy war, government autocracy and widespread cruelty -- was found guilty in the killings of 148 people in Dujail, a mostly Shiite town north of Baghdad, after a 1982 attempt to assassinate him.

At the time of his death, he was being tried for genocide in the killings of up to 100,000 Kurds during the 1988 Anfal campaign against Kurdish rebels -- a campaign that included the use of poison gas against Kurdish towns in northern Iraq.

Hussein was the object of an intense manhunt after the U.S.-led coalition invaded Iraq in March 2003 with the aim of overthrowing his regime. The Bush administration and Britain claimed Iraq was harboring weapons of mass destruction and constituted a threat to their national security. After the invasion, Hussein disappeared from public view, surfacing only in tapes released to Arab television networks.

On December 13, 2003, coalition forces found Hussein tucked away in an underground bunker at a farmhouse near his hometown of Tikrit. His capture was one of the biggest coalition achievements in what many people say has been an ill-fated, mistake-filled expedition. (Watch U.S. troops explain how Hussein was captured)Humble beginnings

Hussein was born into a poor family on April 28, 1937, in a rural town outside Tikrit. He grew up without his biological father. His mother's brother [and Hussein's future father-in-law], Khairallah Talfah, an Iraqi army officer and Arab nationalist, was a major influence in Hussein's early years. (Watch Hussein work his way up from peasant to president)

Having moved to Baghdad as a teenager, Hussein joined the Arab Baath Socialist Party while a secondary school student. In 1958 he spent six months in prison for his political activities.

The next year Hussein and several others attempted to assassinate Gen. Abdul Karim Kassem, who came to power in 1958 in a military coup. Hussein was shot in the leg during the botched attempt, but he escaped and fled to Iraq. He was sentenced to death in absentia February 25, 1960, for his role in the plot.

After studying in Egypt, Hussein returned to Iraq in February 1963 following the Ramadan Revolution, in which Baath Party members overthrew Kassem. The following months of political turmoil culminated in another coup, and Hussein was arrested again on October 14, 1964.

He was elected deputy secretary-general of the Baath Party while in prison.

According to the prewar Iraqi News Agency's resume of Hussein, he escaped from jail in 1967. In July 1968 he played a leading role in a coup that led to the ascension of Ahmed Hassan al-Bakr, a fellow Baath member and Hussein's cousin, as Iraq's new ruler.'Considerable charm and ability to get things done'

As vice chairman of the Revolutionary Command Council -- in effect, al-Bakr's second-in-command -- Hussein promoted many progressive ideas in the late 1960s and early 1970s. He built a reputation as a progressive, effective politician.

"Saddam accumulated power over a period of 10 to 12 years," said Mark Bowden, a best-selling author who profiled Hussein's daily life in a May 2002 Atlantic Monthly article. "When you have evidenced considerable charm [and] an ability to get things done, even very idealistic and ambitious people begin to side with you."

The other side of Hussein was demonstrated in 1979, when al-Bakr stepped down -- officially because of illness -- and Hussein took over as president.

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With a camera recording the event, Hussein told a room full of top officials that he had uncovered a conspiracy to overthrow the government. One by one he named the alleged traitors. Sixty-eight men were taken away, and 21 were executed.

"He essentially betrayed many of those people who had relied on him," Bowden said.

In 1980 Hussein entered a war with Iran that would last eight years and, according to some estimates, cost more than a million lives, before ending in a stalemate.Crimes against humanity

The killings in Dujail occurred in 1982 in the context and the shadow of the Iran-Iraq war. (Watch a joyous visit turn tragic)

The United Nations alleged Hussein ordered Iraqi forces to use mustard gas and nerve agents on Iranian soldiers and that in 1988 he unleashed chemical weapons on rebellious Kurds in northern Iraq.

Two years later he ordered troops and tanks to invade Kuwait, Iraq's oil-rich neighbor to the south. A U.N.-backed, U.S.-led coalition routed Iraq's forces and forced them out of Kuwait in early 1991.

Though Iraq emerged worse off from both the stalemate with Iran and the 1991 Persian Gulf War, Hussein declared victory after each.

Hussein's resume, posted on the Web site of Iraq's U.N. mission before the war, claimed he led Iraq in confronting "the aggression launched by 33 countries led by the U.S. [as] Iraq stood strong against the invasion, maintaining its sovereignty and political system."

Sanctions imposed by the United Nations after the 1991 Gulf War brought more difficulties. Hussein, the United Nations and Western powers went back and forth on sanctions, airstrikes and Iraq's alleged chemical, biological and nuclear programs.

Charles Duelfer, a top official with the U.N. Special Commission on Iraq from 1993 until it was disbanded in 2000, said Iraq undermined U.N. efforts to enforce the cease-fire agreement, misleading inspectors and refusing access to sensitive buildings.

"It got to the point they knew that we knew that they knew that we knew," Duelfer said. "It was a great game, in a sense."

Hussein and his associates tried to lobby Middle Eastern nations to end the U.N.-imposed sanctions and support his policies, in particular his fervent opposition to the United States and Israel.

After years of hide and seek, the inspection system broke down in 1998. The United Nations pulled its inspectors from the country, and the United States and Great Britain launched Operation Desert Fox -- four days of airstrikes against military and political targets inside Iraq.A 'grave and gathering danger'

In 2002 the Bush administration accused Hussein of personally profiting from illicit oil sales as sanctions ravaged Iraq, and of developing weapons of mass destruction and brutally controlling his countrymen.

President Bush stepped up the pressure in a September 12, 2002, speech to the U.N. General Assembly, saying Hussein posed a "grave and gathering danger" and calling on the United Nations to move quickly to enforce its resolutions demanding Iraq's disarmament.

"Iraq has answered a decade of U.N. demands with a decade of defiance," Bush said.

"All the world now faces a test, and the United Nations a difficult and defining moment," he said. "Are Security Council resolutions to be honored and enforced or cast aside without consequence? Will the United Nations serve the purpose of its founding, or will it be irrelevant? "

On October 1 Iraqi Deputy Prime Minister Tariq Aziz said, "The things that Washington says are all untrue."

Other Iraqi officials claimed the October 2002 referendum -- in which Iraqis unanimously backed [officially 11,445,638 to 0] sole candidate Hussein -- proved the Iraqi leader's popularity.

"Why should anybody say 'no' to Saddam Hussein?" said Izzat Ibrahim, vice chairman of the Revolutionary Command Council, after the vote. "He is the symbol of our freedom and of our future."

Despite the military setbacks, a rash of assassination attempts and the years of devastating sanctions, Hussein appeared to have a firm grip on power.Weapons of mass destruction?

But under mounting pressure after Bush's speech, Iraq re-admitted U.N. weapons inspectors, who returned to Iraq in November 2002 with the prospect of war or peace hanging in the balance.

Inspectors found illegal Samoud missiles and destroyed them in February 2003.

The inspectors departed again in March 2003 after the United States advised the United Nations to remove its weapons inspectors from Iraq ahead of an expected U.S.-led attack.

The war began on March 19 with an unsuccessful "decapitation attack" aimed at killing Hussein and other top members of the country's leadership. Twenty-one days later, U.S. forces rolled into Baghdad as jubilant Iraqis defaced monuments and statues erected in honor of Hussein.

Eventually, the Bush administration conceded that there were no weapons of mass destruction, the primary reason it had cited for the invasion. It has since said that it launched the invasion to get rid of Hussein and spread democracy.

Even though some in the administration advanced the idea that there may have been a working relationship between the Hussein regime and al Qaeda, that theory was firmly refuted by the 9/11 commission report.

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After Hussein was captured, the coalition and the post-Hussein Iraqis in power began setting the stage for war crimes tribunals.

After the Dujail trial began, Hussein took on a combative posture in the court, arguing with judges, attorneys and those testifying and insisting that he was still the country's leader.

But he and two co-defendants were convicted of crimes against humanity, ensuring that Hussein's legacy will be his ruthless reign.

Hated By Many, Mourned By Few (BBC)

By Paul Reynolds

BBC.com, December 30, 2006

Some Iraqis will miss Saddam Hussein but many more will not mourn him.

He brought little but war and suffering to a people who should have been among the most prosperous in the Middle East, given the oil wealth the country sits on.

Two groups of Iraqis, the Kurds and the Shias, make up a majority of the population and since the US-led invasion of 2003, they have taken control of the government.

Before then, they were the oppressed as Saddam Hussein ruled with absolute ruthlessness through his Sunni-dominated military and intelligence services.

The Anfal

The plight of the Kurds became well known around the world in 1988 when the Kurdish town of Halabja in eastern Iraq was gassed.

The atrocity was but part of a wider campaign against the Kurds, which had its own name - the "Anfal". Saddam Hussein did not trust them. He accused them of wanting a separate state and of helping the Iranians with whom he was at war.

Reporters who penetrated the Kurdish region of northern Iraq after the defeat of Saddam Hussein in Kuwait in the first Gulf War of 1991 found a wasteland.

Village after village had been destroyed. Piles of rubble told where houses had been.

In the midst of the destruction there lay a splendid palace built by Saddam Hussein for himself.

Thousands of Kurds fled into the mountains of southern Turkey as Saddam Hussein fought to regain control. Tolerated but not welcomed by the Turks, they huddled in "safe havens" set up by British and American troops until they could return and try to rebuild.

Shias rise up

In the south, the Shias, encouraged by a call to arms by the then US President George Bush senior, rose up. But there was no help from outside and Iraqi helicopter gunships established the control by violence that was the hallmark of Saddam Hussein's rule.

It is no wonder therefore that the Kurds and the Shias will not shed tears for him.

Kurdish refugees from Saddam in 1991

Some, many even, among the Sunni population will. Saddam had his power base among them and they powerfully support the insurgency. To them he was an Iraqi hero who had overthrown the old ways and had given them pride.

Others, especially the middle classes of all backgrounds - might look back to the days when they could walk the streets and drive around the country with no fear of being blown up.

But these families too had suffered.

During the eight-year war Saddam Hussein had launched against Iran in 1980, hundreds of thousands of Iraqis (and probably even more Iranians) died. Then the Kuwait invasion was followed by years of deprivation and isolation under UN sanctions.

Never a proper peace

Saddam Hussein never ruled over a land at peace and at ease with its neighbours and the world.

His execution marks the end of a chapter. But it does not mark the end of the chaos that Iraq faces.

His fate has become almost a sideshow in the great struggle now unfolding in Iraq. His dying wish, expressed in a letter written in jail, called for Iraqis to unite.

They are unlikely to listen.

The Bush administration, struggling to set a new course in Iraq, will try to make capital out of Saddam Hussein's removal.

But it was thought when he was captured in December 2003 ("We got him," declared the American administrator Paul Bremer) that it would demoralise the insurgency. It did not.

And nor will his death.

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The future of Iraq and its place in the Middle East remains to be determined by players other than Saddam Hussein.

Rise And Fall Of A Dictator (DMN)

The Dallas Morning News, December 30, 2006

Saddam Hussein was the most defiant Arab leader of his generation, a ruthless dictator who resorted to mass murder and the use of chemical weapons against his own people to remain in power in Iraq. He ruled the country as a police state for more than two decades, until until he was overthrown in April 2003 by invading U.S. and British forces. Mr. Hussein was executed by hanging early today in Baghdad. He was 69.

Poverty and exile on path to power

Mr. Hussein was raised in abject poverty by an uncle who hated the West. His rise to power marked an impressive triumph over adversity. He was born in the dusty village of Tikrit, seemingly fated to a life of depravation.

His family had no money, and his father died either before Saddam was born or shortly thereafter, depending on which of several accounts is believed.

His mother remarried, but Mr. Hussein's stepfather abused him, and the 10-year-old boy went to live with his uncle, a nationalist who taught his nephew to despise Britain, then the colonial power in Iraq, and the United States.

The uncle's lesson – that the Arab world could only rise again by defeating the British and the Americans – helped shape Mr. Hussein's worldview for the rest of his life.

As a young man, Mr. Hussein burst on the national political scene in 1959 when he took part in an unsuccessful effort to assassinate Abdul Karim Kassem, Iraq's military leader. The attempt failed, and Mr. Hussein was shot in the leg by Mr. Kassem's bodyguards.

The story of Mr. Hussein's escape into Syria has entered Iraqi lore. Some say he removed the bullet with a pen-knife; others say a friend removed it before Mr. Hussein stole a donkey and crossed the desert into Syria disguised as a Bedouin.

He spent several years in exile, but returned when the Baath Party took control of Iraq in the 1970s. Mr. Hussein, long a behind-the-scenes strongman, became president in 1979 and immediately ordered the execution of 21 members of his party's leadership.

Many supporters who had helped bring him to power were put to death, sending a chilling message to the populace.

When Mr. Hussein seized control of Iraq in 1979, the country's vast oil wealth – it was No. 2 in the world in proven reserves – had paid for creation of a relatively modern infrastructure of schools, highways and hospitals. There was a large, well-educated middle class, and hopes for the future were high as oil prices surged.

As president, personality changed abruptly

People who worked with Mr. Hussein both before and after he assumed the presidency said that his personality and behavior changed almost overnight.

Once he became president, Mr. Hussein became almost completely inaccessible and paranoid and surrounded himself with family members who knew little about the outside world.

"Saddam Hussein went through a transformation the likes of which I've never witnessed," said author Said Aburish, who at the time worked with an agency charged with evaluating foreign companies wanting to do business with Iraq. "When he took over, it went completely to his head. Within three or four months, he executed half the leadership of the party and replaced them with goons from Tikrit. He only trusted his family."

He said that Mr. Hussein was totally corrupted by power and capable of great cruelty. At the same time, he would sometimes show contradictory emotions, Mr. Aburish said.

"Psychologically Saddam is very interesting," Mr. Aburish said. "He executed his closest ally, then went into isolation for two days and came out with his eyes swollen because he had been weeping and then went to see the widow to offer condolences. He was not a normal man."

Others who knew Mr. Hussein said that before he became president he was a jovial, hard-drinking man who enjoyed having a good time with friends. All that changed when he obtained national power, they say.

"Once he became president he put a physical distance between us, making us sit at the end of a long table," said journalist Adel Darwish, who interviewed Mr. Hussein many times. "He put a cultural distance between us, because he would not speak English any longer, even though he spoke it fairly well."

Mr. Hussein was fond of the Godfather movies, and was accustomed to a lavish lifestyle with easy access to alcohol, extra-long Cuban cigars and many women.

The dictator blamed his peoples' problems on economic sanctions imposed by the United Nations, and looked the other way as his family made millions of dollars importing smuggled goods. "For the majority of Iraqi people, he will be remembered as a mixture of Stalin and a Chicago gangster, that's how they knew him," Mr. Darwish said.

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A taste for military adventurism brings him down

Once he consolidated power at home, Mr. Hussein turned his attention to the military endeavors that would ultimately lead to his undoing. In 1980, sensing weakness in neighboring Iran and receiving encouragement from Washington, he launched an invasion of that country that led to a costly eight-year stalemate.

His goal was to unseat the Islamic fundamentalist rulers of Iran, an aim that was welcomed by U.S. officials, but despite spending billions of dollars and using chemical weapons he was unable to win a military victory, and Iran remains on the same course today.

More than 1 million people died in the fighting, which drained Iraq's financial reserves and led to chronic underinvestment in the oil industry, which today depends on a dilapidated, nearly obsolete infrastructure.

The war ended with an inconclusive ceasefire in 1988 – Mr. Hussein called it a victory – but his taste for military adventurism was not yet slated. In 1990, Mr. Hussein launched an overnight invasion of the oil-rich sheikdom of Kuwait, putting him on a collision course with the United States.

Mr. Hussein, a secular leader who rejected radical Islamic movements, previously enjoyed mostly sound relations with the U.S. government, whose leaders saw him as a bulwark against the spreading fundamentalism and anti-Americanism in the region.

But President George Bush, father of the current president, said the invasion "would not stand" and set about building a broad international coalition to oust the Iraqi army from Kuwait.

The U.S.-led assault on Iraq quickly forced Mr. Hussein to withdraw from Kuwait, and a subsequent uprising inside Iraq nearly ousted him.

But the Iraqi dictator was able to stay in power, although Iraq's Kurdish population established control of large parts of the country, and U.S. and British jets established "no-fly" zones over other areas.

The Iraqi pullback was followed by 12 years of simmering confrontations with the United Nations over Mr. Hussein's suspected stockpiles of banned chemical and biological weapons and his clandestine efforts to obtain nuclear arms.

During that time, Mr. Hussein hatched a plan to assassinate the first President Bush, by then out of office, during a visit to Kuwait. The plan was foiled, and President Bill Clinton launched cruise missiles against Iraq in retaliation for the attempt to kill his predecessor.

The inability of the U.N. to force Iraq's leader to disarm eventually led President George W. Bush and British Prime Minister Tony Blair to threaten Mr. Hussein with an invasion if he refused to go into exile. Defiant to the end, Mr. Hussein stayed in place, facing up to a withering air and ground assault that finally forced him to go underground.

The dictator dropped from sight as thousands of citizens surged into the streets of Baghdad and other cities to loot his palaces and topple his statues. He later was captured in a hideout, his dream of leading the Arab world to its former glory in tatters. Instead of building a modern-day empire to rival those of the past, he had lost control of Iraq.

The Portrait Of A Dictator (NSDY)

By Mohamad Bazzi

Long Island Newsday, December 30, 2006

BEIRUT, Lebanon -- For two decades, the most common feature of Iraq's barren landscape were heroic portraits of Saddam Hussein. He appeared as a Bedouin riding a white horse, a revolutionary in a black beret or a devout Muslim with his head bowed in prayer.

But the most popular image -- which hung along the sides of buildings, schools, airports, highways and desert roads -- was that of a smiling Hussein, wearing a fedora and firing an assault rifle into the air. In the more than 30 years he ruled Iraq, unchallenged and ever audacious, Hussein worked tirelessly to cultivate the persona embodied by that photograph: an urbane, modern and, above all, strong leader.

Hussein, 69, rose to power on a wave of nationalist, revolutionary sentiment sweeping the Middle East. With unprecedented oil revenue in the 1970s, he built Iraq into a modern state that became the envy of the Arab world. But he also ruthlessly suppressed all opposition, and dragged his country into two successive -- and spectacularly destructive -- wars with its neighbors. His regime executed, tortured, arrested or disappeared hundreds of thousands of Iraqis. His ruling Sunni Muslim minority persecuted the country's two largest communities: Shia Muslims and ethnic Kurds.

For much of his reign, and especially after he invaded Iran in 1980, Hussein was backed by the United States, Europe and most Arab governments. During the eight-year war with Iran, U.S. and other Western powers supplied him with weapons and military intelligence. It was only after he invaded Kuwait in 1990 that the West turned against him. Despite a disastrous loss to a U.S.-led alliance in the 1991 Gulf War, Hussein clung to power and survived more than a decade of United Nations sanctions and weapons inspections.

In 2003, Hussein became the first modern Arab leader to be deposed by a foreign power. After a trial punctuated by charges of U.S. interference and procedural flaws, he was convicted of ordering the killing of 148 Iraqi Shias in the town of Dujail and sentenced to death by hanging. That earned him another distinction: He was the first modern Arab ruler to be tried and executed for his crimes.

In a region filled with U.S.-allied dictators, many Arabs admired Hussein's willingness to challenge the world's sole superpower and his support for the Palestinians in their struggle with Israel. His rhetoric of "liberating" Jerusalem and restoring old Arab glories, much like his hero, the 12th century Muslim conqueror Salahuddin, resonated with the Arab masses. But some Arabs were repelled by Hussein's brutality at home and in wars with his neighbors.

"For a long time, Saddam was more popular in the Arab world than he was inside Iraq. That's because most Arabs did not grasp the full extent of his cruelty," said Zuheir Jazairy, a prominent Iraqi writer. "To them, he was an Arab leader who stood up to the West. To Iraqis, he was a tyrant."

Tough beginnings

Saddam Hussein's ascendance to power reflects the journey of a generation of Arab leaders: men from poor families and hardscrabble places who fought their way to the top. Hussein was born on April 28, 1937, to a peasant family in the village of Al Awja, about 100 miles north of Baghdad. Al Awja, which means "the crooked" in Arabic, is six miles from Tikrit, the regional capital from which Hussein drew his most trusted lieutenants.

To improve his social standing, Hussein claimed to have been from Tikrit -- and he was called Saddam Hussein al-Tikriti. He also understood the historical symbolism to declaring his roots in Tikrit: The city was the birthplace of Salahuddin, the revered Muslim warrior who recaptured Jerusalem from the Christian crusaders.

Hussein never knew his father, who left the family before his child's birth. After his mother remarried, Hussein spent much of his childhood under the care of a maternal uncle, Khairallah Talfah, a fervent Iraqi nationalist who pushed his nephew toward a life in revolutionary politics. At age 20, Hussein joined the pan-Arab Baath Party.

It was an era of upheaval throughout the Middle East, where the merchant and feudal elites that had been allied with the old European colonial powers were losing their grip on power. In Egypt, a young military officer named Gamal Abdel Nasser had led a revolt against the British-backed king. Nasser's revolution inspired a wave of rebellions in the 1950s and 60s, stretching from Libya to Syria to Iraq.

In 1959, Hussein was wounded in a failed attempt to assassinate Iraq's ruling general, Abdul-Karim Qassem. Hussein, who had fled to Syria and then Egypt, was sentenced to death in absentia for his involvement in the plot. He lived for four years in Cairo, where he became more steeped in Arab nationalist politics. When he returned to Iraq, he quickly rose through the ranks of the Baath Party. In 1968, he took part in a bloodless coup led by Ahmad Hassan al-Bakr, who was named president. Hussein was appointed al-Bakr's deputy and soon became the regime's power broker.

In the early 1970s, Hussein oversaw the seizure of Iraqi oil assets from foreign companies just as oil prices were beginning to rise sharply. After nationalizing the oil industry, he used profits to modernize Iraq's countryside by distributing land to farmers and mechanizing agriculture production. He also led a campaign to expand free education and health care, build roads and highways and create new industries. Iraq became one of the richest and most developed countries in the Arab world.

By 1979, as he consolidated power through an elaborate web of security services answering directly to him, he forced al-Bakr to resign and appointed himself president. At the age of 42, Hussein "had triumphed by using the disconcerting combination of charm, generosity and ruthless terror that was to serve him so well in maintaining his position as ruler of Iraq for longer than any predecessor," wrote Charles Tripp, a British academic and leading historian of Iraq. "He incorporated all his associates into a web of obligation and surveillance to which he alone held the key."

Concentrated power

Because Hussein concentrated power among his closest relatives and distrusted those outside his Albu Nasir tribe, Tikritis formed the backbone of the Baathist regime and its military forces. In 2003, people named "al-Tikriti" peppered Washington's list of the most-wanted Iraqi leaders.

Worried about the 1979 Islamic revolution that brought Ayatollah Ruhollah Khomeini to power in Iran, Hussein made the first major mistake of his rule in 1980 when he decided to invade his larger neighbor under the pretext of a border dispute. Hussein had feared that Khomeini would inspire the Shia majority in Iraq to rise up against the secular Baathist rule.

But despite weapons and intelligence support from the West, Iraqi forces became bogged down in one of the longest and deadliest wars of attrition of the late 20th century. On several occasions, Iraq used Western-supplied chemical weapons against Iranian forces. In March 1988, Iraqi troops attacked the town of Halabja -- in northern Iraq, where Kurdish separatists were waging an insurgency -- with a mix of mustard gas and nerve agents, killing about 5,000 civilians and injuring more than 10,000.

By the time the Iran-Iraq war ended in 1988, more than 1 million people were killed and both economies were in ruins. Hussein's government was also in debt for tens of billions of dollars to Arab countries, especially Kuwait.

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For two years, Hussein negotiated with Kuwaiti leaders, urging them to forgive the debt and stop drilling for oil in a disputed border territory. He was also angry that Kuwait had increased its oil production at a time when Hussein wanted to reduce output and drive up oil prices to make up for his war losses.

After negotiations failed, Hussein invaded Kuwait on Aug. 2, 1990. The Iraqi military rolled through the kingdom in a matter of hours, and Hussein announced he was annexing his tiny neighbor. Other oil-rich Gulf countries, especially Saudi Arabia, worried that Hussein would continue his onslaught. The invasion brought UN condemnation, and the United States assembled an alliance in Saudi Arabia to push Iraq out of Kuwait.

In January 1991, U.S.-led forces quickly drove the Iraqi military out of Kuwait and occupied much of southern Iraq. As part of a cease-fire agreement, Hussein agreed to abandon all chemical and biological weapons programs and to allow UN inspectors into Iraq. In March 1991, with the Iraqi military in shambles and Hussein's grip on power teetering, popular uprisings erupted in the Kurdish-dominated north and Shia south of Iraq. President George H.W. Bush, who had urged Iraqis to rise up against Hussein, refused to assist the rebellions and then lifted no-fly zones imposed during the cease-fire. That allowed Iraqi forces to use helicopter gunships to crush the rebels. Tens of thousands of Kurds and Shias were killed by Iraqi forces in the purges that ensued.

After the Gulf War, Hussein remained in power but Iraq never recovered, either economically or militarily. Throughout the 1990s, Iraq was squeezed by UN sanctions that allowed it to export only limited amounts of oil, in exchange for food and medicines.

Hussein, a secular leader who long espoused the notion of pan-Arab unity instead of Islamic identity, began using religion to shore up his influence. During the 1991 war, he famously added the phrase "Allahu Akbar," ("God is great") to the red, white and black Iraqi flag, reportedly in his own handwriting.

Baghdad once was known in the Arab world for its freewheeling nightlife and open sales of alcohol. But by the mid-90s, as UN sanctions took their toll, more Iraqis began turning to religion. Mosques filled up and women began wearing headscarves and even full-length veils. Hussein banned the public consumption of alcohol, required students to study the Quran before graduating from high school and ordered the construction of dozens of mosques.

At the Mother of All Battles Mosque in Baghdad, thousands of Iraqis used to visit a glass showcase displaying a 605-page copy of the Quran. Iraqi officials had proudly claimed that it was penned with 50 pints of Hussein's blood.

After the U.S. invasion in March 2003, Hussein evaded capture for eight months. Then, on Dec. 13, 2003, he was cornered in the village of Al Dour by U.S. forces who had been tipped off by one of his former bodyguards.

Hussein's underground hideout was near the banks of the Tigris River, opposite one of the ostentatious palaces he built for himself, in a village where he used to visit relatives and swim as a child. And his history might have hinted that he would be found there: It was to Al Dour that he fled in 1959 after being wounded in the attempt to assassinate Iraq's then-ruling general.

To convince Iraqis that the feared Hussein was indeed captured, U.S. officials aired a videotape of him being examined by a U.S. military doctor. The footage of a bearded Hussein having his head checked for lice was a humiliating counterpoint to the persona he had spent a lifetime cultivating -- as a Muslim warrior worthy of inheriting the mantle of Salahuddin.

With his penchant for historical symbolism, some Iraqis expected Hussein to die fighting before allowing himself to be captured.

"If he had fought and died, I would have considered him a hero," Abdullah Khirbit, a construction manager from the restive city of Fallujah, told Newsday at the time. "Now, he is a prisoner who has been humiliated by the Americans. He should have killed himself instead."

Saddam Hussein: From Humble Beginnings To International Infamy (FT)

By Steve Negus

Financial Times, December 30, 2006

Apr 28 1937: Saddam Hussein is born in the village al-Awja, near the town of Tikrit in north-central Iraq. His father disappeared shortly after his birth and he was raised by his stepfather and uncle. Some sources have suggested that Mr Hussein may have been born at a later date, but claimed to be older during his rise to power.

1959: The young Hussein, who has gravitated to the Arab nationalist Baath party, participates in an assassination attempt against Iraq's then-leader Abd al-Kareem Qassem. He is wounded in the attempt but escapes, allegedly displaying considerable resource and endurance. The incident later becomes a large part of Mr Hussein's cult of personality.

Feb 1963: The Baath party participates in a coup that overthrows Mr Qassem, but is edged out by other participants. Mr Hussein is imprisoned in 1964 but escapes in 1967.

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Jul 1968: The Baath takes power in another coup, with Mr Hussein's cousin Ahmed Hassan al-Bakr becoming president and Mr Hussein becoming vice president. Mr Hussein presides over the nationalisation of the oil industry in 1972 and rapid economic growth fuelled by the oil boom, but the regime also begins to repress Shia religious celebrations in public.

Jul 16, 1979: Mr Hussein, who has upstaged Mr Bakr for much of the past decade, edges out the president in an internal coup and then purges the party.

Sep 22 1980: Iraq invades Iran, with which it has had a long-term border dispute. He cracks down on the Shia Islamist al-Dawa party, which has ties to Iran's revolutionary regime.

July 8 1982: Mr Hussein survives an assassination attempt at the hands of Dawa activists in the Shia village of Dujail. He allegedly orders a campaign of reprisals, which see 148 people condemned to death, many more including women and children deported to a remote desert prison, and the demolition of homes and palm groves in a wide swathe around the village. Mr Hussein was condemned to death on the basis of these allegations.

Feb 23 1988: The official beginning of the Anfal campaign, allegedly ordered by Mr Hussein to depopulate areas of the north which support Kurdish guerillas. Mr Hussein is currently being tried in a second trial for his role in Anfal and other counterinsurgency campaigns in the north, in which the Kurds claim some 180,000 of their kinsmen were killed.

Aug 2 1990: The Iraqi army invades Kuwait, and is ousted six months later by a US-led coalition. The country is placed under sanctions. In the aftermath of Mr Hussein's defeat the Shia south witnesses an uprising. The "intifada" fails, but Shia estimates of the dead begin at 300,000.

Mar 19 2003: A US-led coalition invades Iraq with the intent of overthrowing Mr Hussein's regime. Mr Hussein last appears publicly as president on April 7, 2003, in the Sunni neighbourhood of Adhamiya, and goes into hiding.

Dec 13 2003: Mr Hussein is captured by US forces in a "spider hole" in a village in the town of al-Dawr, close to his birthplace in Awja. Photos of him undergoing a post-capture medical inspection are broadcast on Iraqi television. Both supporters and foes of the regime confess to have felt a sense of shock to see the man who dominated their country for over three decades brought low.

Jul 1 2004: Mr Hussein first appears in court before the Iraqi High Tribunal. His trial begins on October 19 2005.

Nov 5 2006: Mr Hussein is sentenced to death for crimes against humanity.

Dec 26 2006: An Iraqi appeals court upholds a ruling that Saddam Hussein should hang for crimes against humanity. Under the statute governing the Iraqi High Tribunal, the death sentence must be carried out within 30 days.

TV Networks Hold Tense Death Watch For Condemned Iraqi Dictator (AP)

By Lynn Elber

AP, December 29, 2006

TV news channels played a tense waiting game Friday as they ticked off the final hours of Saddam Hussein's life, replaying scenes from the former Iraqi dictator's reign as they waited for his death.

Saddam's hanging Friday night ended a day of TV reporting fraught with uncertainty and speculation about whether his execution was imminent.

"The situation seems to be one of tremendous flux, but you and your viewers already know that," Feisal al-Istrabadi, Iraq's deputy ambassador to the United Nations, said on CNN several hours before Saddam's death.

At about 7:15 p.m. PST, NBC broke into regular programming with a special report announcing the execution. NBC attributed the news to three "very credible" Arabic language news stations.

A few minutes later, Katie Couric made the announcement for CBS, also breaking into programming.

"Saddam Hussein is dead. We have just received word that the former president of Iraq has been executed. No details yet, but Iraqi authorities said they were planning to videotape the death," Couric said.

She then went to correspondent Randall Pinkston, who said the network was told by one of Saddam's lawyers that the execution was carried out just before 10 p.m. Eastern time.

ABC issued its report shortly before 7:30 p.m. PST, citing a senior military official in Baghdad.

Reports on cable channels Fox News Channel and CNN cited Arab language news stations.

After Saddam's death, the issue became whether footage, if made available, would be shown.

"American forces across Iraq are bracing for a possible violent reaction to the execution and we should say that NBC News is not going to broadcast videotape of the execution," newscaster Campbell Brown said.

But CNN's Anderson Cooper indicated the door was open.

"We will be bringing those images to you as appropriate," said Cooper. Video and still photos had been taken of the execution but would be reviewed by the channel before airing, he said.

"We won't be showing anything too graphic," Cooper said.

But in the hours after Saddam's death, the story was told in words and old footage. There was brief coverage of members of the Iraq community in Dearborn, Mich., celebrating his execution, but otherwise news channels relied on file film of Saddam and war-torn Iraq.

Before the execution, news executives were reluctant to discuss hypothetically what they might show if video or still pictures were made available. They said they would weigh questions of tastefulness with the need to illustrate an important story.

NBC News will use discretion in what it shows, but people have the right to see proof that Saddam was killed, said Phil Alongi, executive producer, NBC News special events.

"We're not going to do it just for the shock value," Alongi said earlier Friday.

CBS News discussed general guidelines in the days when it became clear that the execution was imminent.

"We need to show Saddam being taken to his execution and we need to show the results of the execution, but we will not see any moving video of him actually being hanged," said Paul Friedman, CBS News executive.

Bob Murphy, ABC News senior vice president, recalled that when Saddam's two sons were killed, his network showed pictures of their faces after death but showed nothing of their bodies.

Several hours after the execution, Murphy said ABC would use its "editorial judgment" in reviewing any footage and deciding whether it was appropriate to air. Based on unconfirmed information, he said, the execution may have been taped in its entirety.

If Iraqi TV viewers were glued to their TV sets, as one channel reported, the broadcast networks apparently felt that the news bulletins would hold U.S. viewers for now: All switched back to regular programming Friday, although ABC followed the story on news magazine "20/20."

MSNBC, Fox News Channel and CNN stayed with Saddam coverage. Fox's Bill O'Reilly might have taken issue with the broadcast network's brief reports.

Saddam's execution represented a "big moment, much bigger than the press in America is portraying it," O'Reilly said earlier Friday, adding: "It's not at the level of (Osama) bin Laden. Bin Laden would be off the chart, great."

On TV, Death Watch For Dictator (LAT)

By Paul Brownfield

The Los Angeles Times, December 30, 2006

Predictions went from "today or tomorrow" to "in the next hours" to "by all accounts very soon" to "any moment now." Finally, it appeared that Saddam Hussein would die during "Larry King Live."

"Are a lot of people in Iraq going to miss him?" King asked colleague John Roberts.

Let no stone go unturned. Except this: Would American television networks, cable or broadcast, show the actual event? Would there be video?

A CBS news official was quoted expressing squeamishness; others, like CNN, Fox News and NBC, were taking more of a wait-and-see attitude. Networks used the prospect of footage to create an all-day "Dead Man Walking" scenario, as day became night became the morning call for prayer in Baghdad.

It was said that the execution would be filmed but not broadcast live on Iraqi TV, which has shown other executions, though some form of videotape of the Hussein hanging would be released, to affirm what many in the Arab world perhaps needed to see to believe.

On Al Jazeera English, journalist Nir Rosen was asked whether Iraqis would be glued to their sets waiting for news of the despot's death. "I think most Iraqis don't have electricity," Rosen noted dryly, "and their televisions don't work."

On cable news Friday, there was this weird, almost macabre, juxtaposition — news shows cutting between President Ford, lying in state in Palm Desert, and breathless coverage of when Hussein would be executed.

It's hard to remember, but the capture of a disheveled Hussein from his hole in the ground in Tikrit was a remarkable image. But his death, in its immediate moments, would be something else — a coda of sorts that analysts predicted would be quickly forgotten.

The issue of the unfairness of Hussein's trial was getting pointed coverage on Al Jazeera English. Meanwhile, after the execution was announced, CNN's Anderson Cooper assured viewers that the network would be judicious before splashing any imagery on the screen. It's this same judiciousness on an everyday basis that keeps the war distant, troubling and out of focus.

How Much Should Be Shown Of A Hanging? Network Executives Wonder And Wait (NYT)

By Bill Carter

The New York Times, December 30, 2006

DOJ_NMG_0111825

In the hours before the hanging of Saddam Hussein television news executives were thrown into hurried consultations yesterday over how to handle any images of his execution that might be released.

Though there was some question as to whether any video images would be issued, the network news divisions at ABC and CBS said that should the video become available, some visual documentation of Mr. Hussein's death might be broadcast, but no overly graphic images, and certainly not the complete execution.

NBC News, however, indicated it might go further than its competitors. Steve Capus, the president of NBC News, said the network might show "a wide shot of Saddam hanging." He said NBC would make its decision based on questions of taste and history.

"I think it might be appropriate at some point to see an image of Saddam after he is hanged," Mr. Capus said, citing previous historic images of dictators who had been killed. "I think about that iconic image of Nicolae Ceausescu in Romania, lying literally in the gutter. I want to do this with a measure of taste, but I don't want to stand in the way of history."

The cable channels CNN and Fox News were less definitive about what limits they might impose on any images of Mr. Hussein dead, saying they would decide what to display after they saw what was available. (MSNBC, the cable channel owned by NBC, will follow the policies of NBC News.)

Executives throughout the television news business said they fully expected such images to turn up at least on Web sites.

"Somehow it will get out," said Paul Friedman, the vice president of CBS News. "That video is going to be available somewhere on some channel or some site." Mr. Friedman said he had met with the CBS News staff yesterday and had told them, "There will be a lot of pressure to use the pictures" of the actual hanging. But, he added, "CBS will not show it, no matter what."

Bob Murphy, the senior vice president of ABC News, said, "I suspect there will be some form of video released that will confirm the death for the Iraqi people."

ABC will "fulfill our obligations as journalists in documenting the event," he said. But he emphasized: "We will absolutely not go too far in showing graphic images. Taste and propriety are the two key guidelines."

Mr. Murphy also stressed that ABC News would not allow its Web site, ABCNews.com, to show anything more than what was permitted on television. "The decision will be for all of ABC News," he said. "What is excluded for ABC News on television will be excluded for all ABC News outlets."

Mr. Friedman said editors from CBS's site, CBSNews.com, had also been told that they would be under the same restrictions as the broadcast network. Mr. Capus also said the choices of the MSNBC.com Web site would be governed by what the network decided.

David Rhodes, the vice president of news for the leading all-news cable network, the Fox News Channel, said questions of what the network might show were "still hypothetical at this point."

Of what the channel might eventually show, he said, "If you could tell me exactly what we were going to get, I could give you an answer."

As to whether the channel's Web site, FoxNews.com, might be permitted to show more images than what appeared on television, Mr. Rhodes said, "We haven't had the discussion yet about whether we should be doing anything different on the Web site."

CNN released only a statement saying, "We will make our final call once we see what the Iraqi government releases."

Most of the news outlets cited decisions they had made in the aftermath of the killing of the two sons of Mr. Hussein by United States troops. Mr. Murphy of ABC said the network had broadcast some still shots of the faces of the dead men but had excluded graphic video that showed multiple wounds.

A spokeswoman for CNN, Laurie Goldberg, noted that in the case of the sons, many questions were raised about their identities, and so more images were shown to make comparisons with previous pictures taken of the men.

Still unclear yesterday was what other news and video outlets might do if they gained access to video images of the hanging. Representatives for the Qatar-based news network Al Jazeera did not respond to telephone calls or e-mail messages. Jennifer Nielsen, the marketing manager for YouTube, said that that popular video Web site would not comment on videos it had not yet seen. In general, the site's policy is to prohibit content that is deemed inappropriate by its users.

With Hussein Dead, Iraqis Consider Fate Of His Body (NYT)

By Marc Santora

The New York Times, December 30, 2006

BAGHDAD, Saturday, Dec. 30 — After the hanging, the body remains.

While the verdict and death sentence for Saddam Hussein were swift and unambiguous, it was much less clear on Saturday what would be done with his body.

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Privately, both American and Iraqi officials say that the subject has been raised at the highest levels, but no decisions have been made. There is wide disagreement on the subject of his body, according to interviews with several top Western and Iraqi officials, nearly all of whom insisted on anonymity because of the sensitivity of the subject.

The most discussed options include sending his body out of the country to his family in Jordan, where two of his daughters live; burying him in a secret location never to be made public; burying him in a secret location but, after a period of time, having him disinterred and sent to his family or tribe; or sending him immediately to his hometown of Tikrit to be buried with members of his tribe.

In fact, a top Sunni politician even raised the prospect of holding a state funeral for Mr. Hussein. That idea, a Western official said, had very little chance of becoming reality.

Salahedeen Hamad Humood, the governor of Salahedeen Province, which includes Tikrit, said, "We demand an official funeral for Saddam Hussein; he is the ex-president of Iraq, and he should be buried next to his sons."

Mr. Hussein's sons, Uday and Qusay, were killed by American troops after the invasion of Iraq. To convince the public that they were actually dead, graphic images of their bloodied faces were made public.

Similarly, Iraqi officials had said that the hanging of Mr. Hussein would be taped, although it was unclear on Saturday whether that had been done, and if so, whether the tape would be made public.

If Mr. Hussein were allowed to be buried in Tikrit, which had been his main base of support, it would be out of character with the way the remains of some of the 20th century's other most notorious tyrants have been treated.

From Mussolini to Ceausescu, the vanquishers of the once powerful rulers have sought to ensure that memorials to them do not inspire the kind of passions they did in life.

Tojo, Japan's leader during World War II, was unceremoniously cremated after going to the gallows. The location of the ashes was kept secret for nearly three decades, until the urn with his remains was secretly placed in the Yasukuni Shrine in Tokyo, where it remains today. The former Romanian dictator, Nicolae Ceausescu, was buried secretly in a nondescript public graveyard. Although the grave markers bore fake names, the site was public knowledge within a year. He was killed by firing squad on Christmas Day in 1989.

Hitler's bones, the source of endless morbid fascination, were buried in secret, dug up, moved across East Germany, buried again and dug up once more only to be cremated. A piece of his skull is kept in Russia.

Mussolini's body traveled far after he was shot by a firing squad and then hanged upside down in a public square. Slivers of his brain were taken by American doctors to see if he had been driven mad by syphilis, while the rest of him was buried in an unmarked grave outside Milan. The site was soon discovered and a young neofascist dug up the remains, stuffed them in a steamer trunk and hid them in the mountains. Eventually, Mussolini was recovered and reburied in the Adriatic Sea town of Predappio, his home town.

Iraq's leaders are obviously wrestling with the same questions as the victors who deposed other rulers. But in this case, it is complicated by the state of lawlessness that rules this country.

While many people here seem more concerned with just staying alive than worrying about the resting place of Mr. Hussein, government officials in this country built on the worship of martyrs are keenly aware of death's ability to transform.

Death Of A Dictator (LAT)

The Los Angeles Times, December 30, 2006

ONCE UPON A TIME, the death of Saddam Hussein would have been an epochal event for Iraq, the Middle East and the world. Now there is some question whether it will even matter in Baghdad.

No one really expects Hussein's execution, which took place today, to change much in Iraq. His hanging was carried out in haste and in secret, in part because Prime Minister Nouri Maliki and other officials were worried that Sunni or Shiite factions would use it as an occasion for attacks or bombings. Violence may indeed spike in the aftermath of Hussein's death, but he has become little more than a symbol to such insurgents, who do not lack for excuses to justify their viciousness.

Nor can Hussein's death be expected to be much of a factor in Washington. Some will claim that it vindicates one of the original purposes of the war. But President Bush's deliberations about the "way forward" in Iraq will continue apace, as will debate about troop levels, diplomatic overtures and other strategies to allow the U.S. to leave Iraq but continue the war against terrorism.

The curious irrelevance of Hussein to today's Iraq could hardly have been predicted five years ago. It would be a mistake, however, to forget his terrible relevance to Iraq's history.

A student of Stalin, Hussein borrowed many of the Russian dictator's tactics, from assassinations and imprisonments of political enemies to ironclad control of the state security apparatus. On his hands are the death of countless Iraqis — hundreds of

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thousands in a disastrous and inconclusive war with Iran, untold numbers of others in attacks he ordered against his own citizens.

One of those massacres, the killing of 148 men and boys in a Shiite town after an attempt was made on his life there in 1982, sealed Hussein's fate. His execution followed his conviction for ordering their deaths, and though the trial was imperfect, Hussein freely admitted his responsibility for the murders. His death robs another trial, for the gassing of as many as 180,000 Kurds in 1987 and 1988, of its defendant.

It is absurd to regret the death of a man so brutal. His removal from power was heartening to defenders of human rights everywhere. Yet it's worth asking, as U.S. troops go on heightened alert in Baghdad, whether Hussein's death represents progress or yet another anticlimax for Iraq. When his regime was toppled in the spring of 2003, and again at his ignominious capture three years ago, Iraqis and U.S. troops — not to mention Washington policymakers — allowed themselves to hope that they had reached some kind of turning point in the war.

No one voices such unrealistic optimism anymore. Hussein's irrelevance was one of the main achievements of the war in Iraq. It is also one of the main reasons why that war continues.

So Long To "Our" Tyrant (LAT)

By Andrew Cockburn

The Los Angeles Times, December 30, 2006

AMONG THE MANY ironies of Saddam Hussein's execution is that, although his death seems certain to boost sectarian bloodletting between Sunnis and Shiites in Iraq, he always posed as an Iraqi and Arab nationalist who could unite the rivalrous sects in his country — an attribute that initially recommended him to Washington.

Other qualities of the Iraqi dictator that appealed to U.S. policymakers included his sterling record in eliminating communists and his readiness to confront the Ayatollah Ruhollah Khomeini, the militant Shiite leader of Iran.

Today of all days, the administration has no desire to be reminded of the era when the U.S. actively intervened on Iraq's side in the Iran-Iraq war, supplying credit, intelligence, helicopters and, finally, active combat assistance from the U.S. Navy.

But that is indeed what happened. Something of the flavor of the relationship is summed up in a March 1984 cable from Secretary of State George Shultz to Donald Rumsfeld, who was about to visit Baghdad for the second time as President Reagan's Middle East envoy. Although the U.S. had just publicly condemned Iraq's use of chemical weapons, Shultz told Rumsfeld that the condemnation had been more or less pro forma and that "our interests in 1) preventing an Iranian victory and 2) continuing to improve bilateral relations with Iraq, at a pace of Iraq's choosing, remain undiminished…. This message bears reinforcing during your discussions."

The key to the relationship between the U.S. and Hussein over the years was that they shared the same enemies. Hussein's early political career was as a hit man for the Baath party. In 1961, he fled into exile in Egypt after botching an assassination attempt against the then-leader of Iraq, Abdul Karim Qassim. Qassim, a leftist general who ruled with the support of the Communist Party, was regarded with extreme disfavor in Washington.

In fact, Hussein's exile ended in 1963, when his Baathist colleagues seized power with covert U.S. assistance. "We rode to power on a CIA train," the party's secretary general, Ali Saleh Saadi, admitted later.

Once in power, Hussein and his party pursued a nationalist agenda that sometimes irked Washington — as when he masterminded the full nationalization of Iraq's oil assets. In the mid-1970s, the U.S. got so irritated with him that it briefly gave covert assistance to Kurdish insurgents. But the triumph of militant Shiism in Iran a few years later guaranteed Hussein a place among Washington's allies once again.

Initially, it wasn't clear that Hussein would have to go to war against Khomeini's Iran. That's because the Shiite religious leadership in Iraq posed little threat to Hussein's rule. But that began to change when the communists — who had commanded the allegiance of the Shiite masses — were crushed and liquidated. The Shiite religious hierarchy, encouraged by the success of the Islamic Revolution next door, then began asserting itself politically.

Panicked by this internal threat, Hussein decided on a preemptive attack against Iran in 1980, a move that came with covert U.S. encouragement.

Apart from the eccentric deviation of the Iran-Contra affair, Washington's support for Iraq against the militant Iranian Shiite regime remained firm during the eight-year Iran-Iraq war, despite Hussein's well-publicized use of poison gas against, as President Bush likes to remind us, his own people.

That consistent support, in fact, appears to have deluded Hussein into thinking that the U.S. would grant him concessions in return for withdrawing from Kuwait after his 1990 invasion of that country. Had he any experience of the outside world beyond his exile in Egypt and brief arms-shopping trips to Moscow and Paris — or had his advisors not been too frightened to tell him the

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truth — he might have understood that, with the Soviet Union's defeat in the Cold War, Third World dictators could no longer defy the U.S. and escape unpunished.

Though he was expelled from Kuwait and his economy wrecked by sanctions, Hussein was allowed to survive because Washington for a time continued to believe that he was useful as a bulwark against Iran abroad and militant Shiism at home in Iraq. When that policy was discarded by the neoconservatives after the 9/11 attacks, the dictator's days were numbered.

Hussein was for a period the prime example of the traditional U.S. means of control in the Middle East: quiet support for a repressive leader respectful of U.S. interests. That approach has now apparently been replaced by one that induces civil discord and breakdown (deliberately or otherwise), as evidenced by recent events in Iraq, Lebanon and Afghanistan.

In his final hours, Saddam Hussein may have derived some satisfaction from the unpleasant surprises this change has produced for his former friends in Washington.

Justice, But No Reckoning (NYT)

By Najmaldin Karim

The New York Times, December 30, 2006

MY personal battle with Saddam Hussein — which began in 1972 when I abandoned my medical career in Mosul, Iraq, and joined the Kurdish armed resistance — is at an end. To execute such a criminal, a man who reveled in his atrocities, is an act of justice.

The only issue for me is the timing — executing him now is both too late and too early. Too late, because had Saddam Hussein been removed from the scene many years ago, many lives would have been saved.

Killing Saddam now, however, for ordering the massacre at Dujail in 1982, means that he will not face justice for his greatest crimes: the so-called Anfal campaign against the Kurds in the late 1980s, the genocidal assault on the Marsh Arabs in the 1990s, and the slaughtering of the Shiite Arabs and Kurds who rose up against him, with American encouragement, in 1991.

The sight of a tyrant held to account, if only briefly, has been an important precedent for the Middle East. The shabby diplomacy that has allowed dictators to thrive is now discredited.

Sadly, however, we have not had full justice. Saddam Hussein did not confront the full horror of his crimes. Building on previous initiatives by Arab nationalist governments to persecute the Kurds, he turned ethnic engineering and murder into an industry in the 1970s. Hundreds of thousands were evicted from their homes and murdered. Swaths of Kurdish countryside were emptied of their population, men, women and children taken to shallow graves and shot.

Initially, the United States backed those of us who took to the hills to save our lives and freedom, but in 1975 (and here is an irony) Gerald Ford agreed to stop financing us in order to settle a border dispute between Iraq and Iran. As so many times since, human rights were no match for a desire to keep the oil flowing.

During the 1980s, entire towns, including Qala Diza in Iraqi Kurdistan and Qasr-i-Shirin in neighboring Iranian Kurdistan, were destroyed. To ensure that survivors would never return to their homes, the mountains were laced with land mines. The widows and children were detained in settlements lacking fresh water and sewage disposal; these were called “mujammat” in Arabic, which translates, with all the dreadful implications, as “concentration areas.”

While I escaped to America, my family was not so lucky. My brother-in-law and nephew were summarily executed. They never had anything remotely approaching a fair trial, never got to write a will, never got to say goodbye to my sister.

Saddam Hussein’s trial shed new light on these tragic years. Documents came to light revealing that his regime coordinated with Turkey in its efforts to isolate Kurdish villages in 1988, in which he used chemical weapons. This should lead to some important soul searching in Turkey.

But the failure to put Saddam Hussein on trial for the Anfal offensive itself will cheat us of learning the full details — of investigating whether the Turks suppressed evidence of Iraq’s use of chemical weapons by preventing foreign doctors from seeing Kurdish refugees; of knowing the extent to which Saudi Arabia and Egypt may have aided Saddam Hussein’s weapons production.

Kurds aren’t the only ones who will be cheated out of full reckoning. In 1991, as we all know, the retreating Iraqi army massacred Shiite Arabs as well as Kurds who had heeded President George H. W. Bush’s call to overthrow the Baathist regime. According to the 2004 report of the Iraq Survey Group, the dictator used chemical weapons against Shiite Arab civilians in 1991. Without putting Saddam Hussein on trial for these offenses, or for his campaigns against the Marsh Arabs of the south, will we ever know what really happened?

For all the mistakes that the United States has made in Iraq — and I feel the betrayal of 1975 was the worst — I am a proud (naturalized) American because this country brought the murderous despot to trial. Still, it is a great shame that he will not be held accountable for all of his crimes, and a far greater tragedy that he was allowed, sometimes with American complicity, to commit them in the first place.

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U.S. Forces Ready For More Iraq Violence (AP)

By Lolita C. Baldor,

AP, December 30, 2006

The Pentagon said Friday that U.S. forces in Iraq are ready for any escalation of violence associated with the execution of former President Saddam Hussein. Saddam was hanged Friday night, Iraqi state-run television reported.

"U.S. forces in Iraq are obviously at a high state of alert anytime because of the environment that they operate in and because of the current security situation," Defense Department spokesman Bryan Whitman said Friday, hours before Saddam was hanged.

U.S. forces will take into account "social dimensions that could potentially led to an increase in violence, which certainly would include carrying out the sentence of Saddam Hussein," Whitman said.

Closer to home, Americans were warned to be vigilant about the possibility of a terror attack. But an advisory that the FBI and the Homeland Security Department sent to local law enforcement agencies and intelligence community figures on Friday was routine and did not cite a specific threat.

Saddam has been in U.S. custody since he was captured in December 2003. As his execution drew near, Saddam's lawyers filed an appeal trying to stave it off.

However, U.S. District Judge Colleen Kollar-Kotelly, who heard arguments from attorneys by phone, rejected the challenge Friday night. She said U.S. courts do not have jurisdiction to interfere in another country's judicial process.

In a 21-page request filed Friday, Saddam's attorneys argued that because Saddam also faces a civil lawsuit in Washington, he has rights as a civil defendant that would be violated if he is executed. He has not received notice of those rights and the consequences that the lawsuit would have on his estate, his attorneys said.

"To protect those rights, defendant Saddam Hussein requests an order of this court providing a stay of his execution until further notice of this court," attorney Nicholas Gilman wrote.

A similar request by the former chief justice of the Revolutionary Court, Awad Hamed al-Bandar, was denied Thursday — as was an appeal of that decision. Al-Bandar also faces execution. The Justice Department argued in that case that U.S. courts have no jurisdiction to interfere with the judicial process of another country.

The White House declined Friday to talk about the timing of Saddam's execution.

Deputy White House press secretary Scott Stanzel, talking to reporters from Crawford, Texas, where President Bush was vacationing, said the hanging of Saddam was a matter for the sovereign Iraqi government. Earlier, the White House said the appeals court decision to uphold the sentence marked an important milestone for the Iraqi people's efforts to replace the rule of a tyrant with the rule of law.

At the Pentagon, Whitman wouldn't comment on troop movements to strengthen security for the execution, but he said the commanders in Iraq have the ability to move forces as they deem appropriate based on conditions on the ground.

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Associated Press Diplomatic Writer Barry Schweid and legal affairs reporter Matt Apuzzo contributed to this story.

Iraq Awash In A Multitude Of Warring Groups (UPI)

By Lawrence Sellin

UPI, December 30, 2006

If the situation in Iraq can be salvaged, it will not be done with troop surges alone or a single all-inclusive strategy applied uniformly across the country, but through the cumulative effect of a hundreds of tailored efforts, funded and executed bottom-up, city by city and region by region.

According to the U.S. Department of Defense's November 2006 Report to Congress,"Measuring Security and Stability in Iraq", programs for national reconciliation and disarmament are difficult to design and implement due to the presence of numerous illegal armed groups, whose personal loyalties to sub-national groups, such as tribe, sect, or political party, are often stronger than loyalty to Iraq as a nation-state and condone or maintain support for violent means as a source of political leverage.

This should come as a surprise to no one. More than three-quarters of the Iraqi population have ties to one of over a 100 tribes. With the current absence of strong central authority, the importance of local associations is amplified, acting as an alternative government by providing, not just cultural identity, but sometimes security and basic services

Even Saddam Hussein was required to make continuous adjustments in his power base, balancing the often competing interests of state tribalism, selected military and paramilitary organizations and Baath party ideology. The situation, where the

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United States now finds itself, is not unique, but a consequence of its destruction and not the rapid replacement of central authority.

Yet the influence of Iraqi tribalism and the need to balance or leverage the differences between sub-groups in the ongoing stability and counterinsurgency operations in Iraq may still be underestimated. It is the product of lazy thinking to simply pigeon-hole Iraqis as Shiite, Sunni or Kurd. It may also be dangerous thinking if a troop surge is used to challenge large sectarian armed groups on their own turf, like Mahdi Army. It may be better for the United States, when necessary, to operate along the political fault lines in Iraq or, simply put, divide and conquer.

In the December 2006 report, "Iraq's Sectarian and Ethnic Violence and the Evolving Insurgency", Anthony H. Cordesman of the Center for Strategic and International Studies states that there were 23 militias operated in Baghdad in the early fall and by mid-October militias in Baghdad were splintering into smaller, more radicalized cells. Even the large and exclusively Shiite Mahdi Army has a growing number of rogue elements operating outside of Moqtada al-Sadr's control.

Up until now the United States has largely fought the Iraq insurgency from the outside, rather than from the inside-out. That is, to become counterinsurgents inside the insurgency, controlling events rather than reacting to them. The United States needs to disrupt insurgent networks, sow confusion and disorder, and isolate them from the people and any outside basis of support. Doing nothing about locally-generated animosities or even leveraging them may be part of that equation.

Inter-group rivalries that benefit American and Iraqi government goals is not without precedent. The Defense Department report identifies the types of political fault lines the United States needs to exploit. Such as:

"...attempts by al-Qaida in Iraq and affiliated Sunni extremists to intimidate the local population. These efforts provoked a backlash. Some tribal chiefs and Sunni Rejectionist leaders began localized efforts to retake control of their areas.

"In Diyala, and recently in Balad, the conflict between al-Qaida in Iraq and Jaysh al-Mahdi was a sectarian fight for power and influence.

"The conflict in Basrah, Amarah, and the south was characterized by tribal rivalry, increasing intra-Shi'a competition...."

It should be noted that over 75 percent of insurgent attacks occur in only four of Iraq's eighteen provinces with Anbar and Baghdad accounting for half of that total. That means the area of conflict is relatively well-defined.

Although the obstacles to stabilizing Iraq do not yet appear insurmountable, one should not underestimate the difficulties ahead, for the margin of error has significantly narrowed due to previous ineffective policies that have provided opportunities for the insurgents and prolonged the conflict.

Critical reconstruction efforts, the restoration of basic services, and the influx of private capital and economic growth have all been hindered by the lack of security. The resulting unemployment provides a fertile environment for militia recruiting, which is feeding the cycle of violence. A top-down effort is not the answer. Preventing corruption and political patronage and instituting proper managerial procedures at the Iraqi ministry level remains problematic. An alternative is giving primary authority to expert military-civilian interagency teams working with local authorities.

Success is possible only by providing lasting security to the Iraqi people, effective governance and economic development based on local needs and tradition, not imported notions of them. The task ahead will require a long, arduous, neighborhood by neighborhood effort. The question is whether or not the United States now has the political will and financial wherewithal to sustain it.

(Lawrence Sellin, Ph.D. is an Afghanistan veteran.)

Dec. The Deadliest Month For U.S. Troops (AP)

By Lauren Frayer

AP, December 30, 2006

Three more Marines and a soldier were killed in battle in Iraq, the military said Friday, making December the year's deadliest month for U.S. troops with the toll reaching 108.

The Marines, all assigned to Regimental Combat Team 5, died Thursday of wounds from fighting in western Anbar province, the U.S. military said. The soldier was killed in Karmah Thursday by small arms fire, the military said. Separately, the family of another soldier said he died Wednesday in Texas of injuries suffered in Iraq.

Their deaths pushed the toll past the 105 U.S. service members killed in October. At least 2,997 members of the U.S. military have been killed since the Iraq war began in March 2003, according to an AP count. That count includes two soldiers the military has classified as Iraq casualties, but the AP has not confirmed as Iraq-related deaths.

Iraqis braced for possible violence as former dictator Saddam Hussein was executed for war crimes Saturday morning. Before the former Iraqi dictator was hanged, American and Iraqi officials expressed concern about the potential for a spike in unrest.

Friday's violence was not heavier than usual.

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A suicide bomber killed at least nine people near a Shiite mosque in Baghdad, and 32 tortured bodies were found across the country.

American troops killed six people and destroyed a weapons cache in separate raids in Baghdad and northwest of the Iraqi capital, the U.S. military said. One of the raids targeted two buildings in the village of Thar Thar, where U.S. troops found 16 pounds of homemade explosives, two large bombs, a rocket-propelled grenade, suicide vests and multiple batteries, the military said.

Iraqi forces backed by U.S. troops entered a mosque southeast of Baghdad, capturing 13 suspects and confiscating weapons, the U.S. military also said.

A suicide bomber wearing an explosives belt detonated himself near a Shiite mosque in Khalis, 50 miles north of Baghdad, killing nine people and wounding about a dozen, police said.

Twenty-two bodies showing signs of torture were found dumped on the streets of the Iraqi capital Friday, and 10 more were found in Baqouba northeast of Baghdad, police and morgue officials said.

December was shaping up to be one of the worst months for Iraqi civilian deaths since The Associated Press began keeping track in May 2005.

Through Thursday, at least 2,139 Iraqis have been killed in war- related or sectarian violence, an average rate of about 76 people a day, according to an AP count. That compares to at least 2,184 killed in November at an average of about 70 a day, the worst month for Iraqi civilians deaths since May 2005. In October, AP counted at least 1,216 civilians killed.

The AP count includes civilians, government officials and police and security forces, and is considered a minimum based on AP reporting. The actual number is likely higher, as many killings go unreported.

Also Friday, gunmen killed two oil company employees in Mosul, 225 miles northwest of Baghdad, police said. A civilian was shot dead near his home in another attack in the same area.

Two more civilians and a policeman died in separate attacks in Musayyib, about 40 miles south of Baghdad, police said.

A round of mortar shells slammed into al-Maidan square in central Baghdad, wounding 10 people and damaging shops and buildings in the area, a police officer at Rissafa police station said on condition of anonymity out of security concerns.

A roadside bomb wounded three civilians in Balad Ruz, 45 miles northeast of Baghdad, police said.

U.S. Toll In Dec. Is Highest Of '06 (WP/AP)

The Washington Post, December 30, 2006

BAGHDAD, Dec. 29 -- Three more Marines were killed in battle in Iraq, the military said Friday, making December the year's deadliest month for U.S. troops, with the toll reaching 106.

The Marines, all assigned to Regimental Combat Team 5, died Thursday of wounds from fighting in western Anbar province, the U.S. military said. Their deaths pushed the toll past the 105 U.S. service members killed in October.

In violence Friday, a suicide bomber killed at least nine people near a Shiite mosque in Baghdad, and 32 tortured bodies were found across the country.

Monthly U.S. Toll In Iraq At 2-year High (LAT)

By Solomon Moore

The Los Angeles Times, December 30, 2006

BAGHDAD — The monthly death toll for U.S. service members in Iraq hit a two-year high Friday.

Three Marines assigned to Regimental Combat Team 5 were fatally wounded while fighting insurgents in Al Anbar province, bringing the December figure to 107, the military said. That is the highest monthly tally since January 2005, according to the website icasualties.org.

Forty-seven of the deaths occurred in Al Anbar, a western province that is a haven for Sunni Arab insurgents. The Baghdad area was next in number of deaths.

More than half the fatalities in December occurred during attacks involving improvised explosive devices, the website reported.

The remaining troops were killed by gunfire, mortar rounds, rocket-propelled grenades and in vehicle accidents, including a helicopter crash. Two servicemen died of illness.

The Marine deaths reported Friday brought the number of U.S. military fatalities in Iraq since the March 2003 invasion to 2,996, icasualties.org said, with 816 of them occurring this year. Last year, 846 American service members died; in 2004, the figure was 848.

The number of U.S. wounded is also down this year — 5,676 compared with 5,947 in 2005 and 8,001 in 2004.

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Meanwhile, U.S. military officials said they had released the last two of five Iranian nationals detained by U.S. troops in raids Dec. 20-21 in Baghdad's central Jadriya neighborhood, according to Iraqi officials.

When the two Iranians were taken into custody, they were at the office of Hadi Amiri, leader of the Badr Brigade Shiite militia, the Iraqi officials said.

The office is in the compound of Abdelaziz Hakim, who leads the Badr-affiliated Supreme Council for Islamic Revolution in Iraq.

In the raid, the military seized documents, maps, photographs and videos linking the two Iranians to illegal weapons shipments to armed groups in Iraq, Army Maj. Gen. William B. Caldwell IV said this week.

Iraqi Foreign Minister Hoshyar Zebari said the two Iranians had diplomatic passports and therefore were entitled to immunity.

Iraqi officials said they would work with Iran to create better accountability for diplomatic visitors.

Zebari said the three other Iranians had been apprehended while driving from a mosque service.

Zebari said they were released two days ago and returned to work at the Iranian Embassy.

Army Lt. Col. Christopher Garver said the incidents were under investigation.

In Diyala province on Friday, a suicide bomber outside a Shiite mosque killed 10 people, including Sheik Kadhim Bayati.

Around Kirkuk, gunmen killed four Iraqi soldiers at a checkpoint about 40 miles south of the northern oil hub; U.S. military officials said troops killed a suspected insurgent in the area with "precision-guided munition"; and a roadside bomb killed two civilians in north Kirkuk.

Also, the body of a policeman was found about 40 miles southwest of the city, Iraqi officials said.

In Baghdad, U.S. troops killed six alleged insurgents in separate military operations, and in one operation they destroyed two buildings reportedly being used to produce improvised explosives, U.S. military officials said.

In the southern province of Babil, gunmen killed a police officer and two civilians, Iraqi authorities said.

Pentagon Maps Plans For Iraq Surge (AP)

By Lolita C. Baldor, Associated Press Writer

AP, December 30, 2006

Extending U.S. military units already in Iraq and moving troops from other locations, including Kuwait, are among options Pentagon planners are looking at if President Bush calls for an increase in troops on the battlefront.

Military planners are reviewing the status of various units to determine which ones would be available to either go into Iraq or stay longer if needed, according to Pentagon officials.

Bush is expected to announce a new strategy in his Iraq policy early next year, and one of the key elements under discussion is a short-term surge in troops.

The most immediate and likely move would be to shift the 2nd Brigade, 82nd Airborne Division from Kuwait — where it is expected to deploy early next month — into Iraq, said the officials, who requested anonymity because no decisions have been made.

That brigade is being sent to Kuwait to serve as the reserve force, and military commanders have routinely moved the reserve force into Iraq when needed. A typical brigade is about 3,500 soldiers, and moving them in would give an instant boost of troops.

Several officials said military planners have been working on an array of options, but no one will know what units could be affected until the president decides how many troops he needs and how quickly they have to be in Iraq.

Another much-discussed option would be extending Marine units already in Iraq. Currently the 5th and 7th Regimental Combat Teams are serving in Western Iraq. Both are scheduled to move out early next year, but could be ordered to stay longer. Each regimental team has about 7,000 Marines.

The Army's 1st Brigade, 1st Armored Division is scheduled to come home early next year, and that Army unit already has been extended for about 45 days. It probably would not be extended again, the officials said.

Several other Army brigades are scheduled to deploy to Iraq for the normal rotation of units to the battlefront and some of those could be moved in more quickly if needed, although some were in Iraq less than a year ago. The Pentagon has tried not to send any units back before they have had a year home.

A surge in troops would probably be coupled with other political and economic changes.

While in Iraq last week, Defense Secretary Robert Gates talked about the importance of rebuilding neighborhoods and other Iraqi facilities more quickly in regions that had been cleared by troops and deemed secure.

Creating short-term jobs programs, offering micro business loans to Iraqis and reopening existing factories are among the ideas being discussed by reconstruction experts, but it's unclear which ideas Bush is embracing.

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Frederick Barton, who co-directs the Center for Strategic and International Studies' post-conflict reconstruction project, said jobs programs have worked after past conflicts, but that they often are not matched with the needs of the people, creating a short-term positive effect but little civic pride. He said micro loans also work but might not be effective unless stability can be achieved in Iraq.

"The best economic step that they could take is to push the Iraqi government to produce a wealth-sharing agreement on oil," Barton said. "That would, by far, be the biggest contribution."

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On the Net:

Defense Department: http://www.defenselink.mil

Pentagon To Request Billions More In War Money (NYT)

By David S. Cloud

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — The Pentagon is seeking nearly $100 billion for operations in Iraq, Afghanistan and elsewhere, a request that, if approved by Congress, would set an annual record for war-related spending.

The $99.7 billion request, detailed in a 17-page internal Defense Department memorandum dated Dec. 7, would be in addition to $70 billion appropriated in September. The request would push the total for the 2007 fiscal year to nearly $170 billion, 45 percent more than Congress provided for 2006.

The request is likely to receive more scrutiny from Congress next year than previous supplemental spending bills, in part because Democrats now control both the House and Senate. Another reason for the scrutiny is that Pentagon officials encouraged the services to ask for "costs related to the longer war against terror," not just continuing operations in Iraq and Afghanistan, according to a memorandum that became public earlier this year.

About $50 billion — most of the money — would go to the Army, which is conducting the bulk of the operations in Iraq and Afghanistan. The request also includes $3.8 billion for the Air Force and $3 billion for the Navy to buy or upgrade aircraft. Both services have argued in recent months that they need to replace planes used in combat operations.

But some experts questioned whether the services were exploiting the must-pass nature of the supplemental bill to seek money for other purposes like the modernization of aircraft rather than just wartime replacements. Loren Thompson, a defense analyst with the Lexington Institute, a policy analysis organization in Virginia, pointed to the Air Force request for $62 million for ballistic missiles, a weapon not being employed in Iraq or Afghanistan.

Mr. Thompson said the request, which is not described further in the memorandum, may be part of a continuing Air Force project to arm ballistic missiles with conventional warheads to be able to strike terrorist targets quickly if other weapons cannot be used.

Even so, he added, "there are a number of weapons systems in the supplemental request not normally associated with fighting terrorists but which the services say still should be covered as part of the global effort."

Altogether, the four military services would receive $26.6 billion for "reconstitution," a term that the memorandum said covered repair and replacement of equipment damaged in Iraq and Afghanistan. Along with the $50 billion already provided this year, that is more than double what Congress appropriated in 2006.

"There is a real question about how much of this is really related to the war," said Steve Kosiak, a defense budget expert with the Center for Strategic and Budgetary Assessments, a Washington policy analysis group.

The Pentagon is also seeking $9.7 billion for training Iraqi and Afghan security forces, almost as much as has been spent in total since 2001, according to a study by the Congressional Research Service. In a reflection of the worsening security situation in Afghanistan, more than half of the requested money would go to training the country's army and police forces.

The request also underscores the continuing strain that deployments in Iraq and Afghanistan are putting on ground forces. The request includes $3.7 billion to speed up its outfitting and training of two Army combat brigades and three Marine battalions.

Since 2001, Congress has approved $507 billion for Afghanistan, Iraq and other operations deemed part of combating terrorism. Even with the Democrats in control, there is unlikely to be much appetite for cutting the war-related spending requests, Mr. Kosiak said.

"No one seems to be saying we're going to make deep cuts in war-related expenditures," he said. "I don't see evidence that the Democrats are interested in cutting this."

But the incoming Democratic chairmen of the House and Senate Budget Committees have said they will push the Bush administration to finance war costs in regular appropriations bills, not in supplemental spending measures, to make the costs clearer.

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The request also includes $10 billion for protective equipment for troops and $2.5 billion for technology to defeat improvised bombs, the leading cause of American combat casualties in Iraq.

DOD Lacks Personnel To Oversee Contractors (UPI)

United Press International, December 30, 2006

WASHINGTON, Dec. 29 (UPI) -- The Defense Department has created a new office to oversee major service contracts.

The office will monitor contracts such as the $15 billion Halliburton one in Iraq.

The news is contained in a Dec. 18 Government Accountability Office report.

The Pentagon has set up the office of the assistant deputy undersecretary of defense for program support to have primary responsibility for issues related to contractor support.

The Defense Department has more than 60,000 support contractors in Iraq but no accurate tally of how many and where they are, according to the report.

"By way of contrast, an estimated 9,200 contractor personnel supported military operations in the 1991 Gulf War," the report states.

The Pentagon increasingly relies on contractors to perform non-military functions in combat zones, a function of both budget restraints and the conviction that private companies can do the work more efficiently and free up uniformed personnel for combat roles.

However, the downsized military also lacks the personnel to oversee the contractors.

"The Army estimates that because of their limited visibility over contractors at deployed locations and the government services they are entitled to, about $43 million is lost every year on free meals being provided to contractor employees who are also receiving a per diem allowance for food," the report states.

Military officials assigned to oversee contractor support in Iraq are too few to ensure contract requirements are being met, the report states.

The logistics task order contract awarded to Halliburton subsidiary KBR for food and living services in Iraq in 2003 has cost more than $15.4 billion so far, according to the GAO.

U.S. And Iraq Dispute Role Of Iranians But Free Them (NYT)

By Sabrina Tavernise, James Glanz

The New York Times, December 30, 2006

BAGHDAD, Dec. 29 — Under heavy American pressure, the Iraqi government ordered two Iranians who had been detained in an American military raid to leave the country, Iraqi officials said Friday, ending a bitter, nine-day political standoff.

The detention brought the increasingly strained relationship between the Iraqis who run this country and their American backers to one of its lowest ebbs.

The Americans had insisted that the Iranians had been running guns and planning sectarian attacks and had pressed the Iraqis to expel them as intruders.

Iraqi officials said Friday that it was clear that the men, who were not publicly identified but were described as Iranian military officials by the Bush administration, had not been entirely forthcoming about what they were doing in Iraq.

Even so, the Iraqis said they believed that the evidence against the men was mostly circumstantial and not as damning as the Americans had portrayed. For that reason, the Iraqis said, the government decided to release them.

“There was some suspicions on their activities, but not in a red-handed way,” Hoshyar Zebari, the Iraqi foreign minister, said in an interview. Still, he conceded, “the things they were doing were not consistent with their mission.”

While the outcome was constructed to satisfy all sides, the episode, which began with an Iranian Embassy Mercedes being pulled over and led to a raid on the compound of Abdul Aziz al-Hakim, a powerful Shiite leader, deeply upset many Iraqi officials, who had been carefully building relations with Iran.

Mr. Zebari said that the men were visitors, not accredited diplomats as some officials had initially asserted, but that they had entered the country legally. It remained unclear on Friday night whether they had come at the invitation of Iraq’s president, Jalal Talabani. A spokesman has said the invitation was been extended during a visit to Tehran by Mr. Talabani this month.

The men were released from American custody sometime Friday morning, after days of backroom negotiations among the Americans, the Iranians and the government of Prime Minister Nuri Kamal al-Maliki. Then they were driven overland into Iran shortly before noon, the Foreign Ministry said in a statement that appeared carefully worded so as not to offend this country’s powerful neighbor.

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The events demonstrated the deepening fissures between the Shiite-led Iraqi government and the United States. The government has been pressing for months for more autonomy from the Americans, asking for more control over its army and decision-making in the capital. The detention was a painful reminder of how little control Iraqis have over their own affairs.

"This is hurting what we call the Iraqi sovereignty," said one government official who had traveled to Tehran to help handle the diplomatic fallout. Iranian officials "have a question whether Iraq is a real sovereign country or not. This is a natural question."

An official in the Iranian Embassy confirmed the release, and echoed concerns expressed by some Iraqi officials earlier this week that the arrest seemed politically motivated. The United Nations Security Council passed a resolution on Saturday imposing mild sanctions on Iran for refusing to suspend uranium enrichment, two days after the raid in Baghdad.

"It's a message from this American administration to the Iraqi government," said the official, who did not give his name because he is not authorized to speak to the news media. "It says you can't build any relationship with any country without our approval."

The Bush administration has rejected pressure to open talks with Iran about that country's action in Iraq, and some Iraqi officials said Friday that the raid had a political tinge.

"We get delegates from Turkey and Syria, but when we have delegates from Iran, this is what happens," the government official said.

The official said the men were released in good health. He said the release was evidence that the suspicions against them were groundless.

The American military has said it has detailed evidence collected in the raid that linked the Iranians to illicit weapons shipments to Shiite militia groups, and to attacks on American and Iraqi forces. The Americans declined comment on why they went along with the deal.

Whatever the case, the behind-the-scenes discussions were intense. An Iraqi politician familiar with the case said the Americans had been trying to get the Iraqis to expel the men and declare them persona non grata.

But the Iraqis pushed back. They agreed to release a statement that condemned interference by neighboring countries in general, but stopped short of capitulating fully to American wishes and declaring the men intruders.

The delicately worded statement said the government "emphasizes to Iraqi neighboring countries the necessity of respecting the independence of Iraq."

But it added that Iraq wants "to continue good relations with its neighbor Iran and hopes that such incidents will not be repeated in the future, which may disturb these relations."

American officials have long asserted that Iran is sending weapons and money into Iraq to fuel violence here, but the episode last week was the first one in which they made such high-level arrests. A number of Iranians have been arrested here but most entered the country illegally and none had been directly tied to the government.

The American military did not publicly present the evidence it said was found in the raid. Some of it was believed to have included receipts for sniper rifles and sophisticated bombs as well as maps of Baghdad identifying neighborhoods as Sunni, Shiite or mixed — the primary preoccupation of militias in Iraq's deepening sectarian war.

But the Iraqis said that the arrest had been more of a blunder and that if the suspected crimes had been serious, the Americans would never have released them.

The politician said that the men were supposed to be let go on Thursday morning, but that the release had been delayed over the American insistence on declaring the men intruders. "There was nothing to hold them on," the Iraqi politician familiar with the case said. "It speaks to the general confusion."

American officials have released people its military ground commanders believe have committed crimes. This fall, Gen. George W. Casey Jr. intervened in the arrest of a sheik from the northern neighborhood of Shuala. The military believed that the man, known as Sheik Mazin, was involved in death squads and kidnapping rings. But he was a close ally of the Shiite cleric Moktada al-Sadr, who exerts vast influence over the Iraqi government, and General Casey said later that the political gain from releasing him outweighed the military loss.

General Casey, as well as other senior American and Iraqi officials, took part in negotiating the terms of the release of the Iranians, Iraqis said.

Iraq Expels 2 Iranians Detained By U.S. (WP)

By Sudarsan Raghavan, Robin Wright

The Washington Post, December 30, 2006

BAGHDAD, Dec. 29 -- Two senior Iranian operatives who were detained by U.S. forces in Iraq and were strongly suspected of planning attacks against American military forces and Iraqi targets were expelled to Iran on Friday, according to U.S. and Iraqi officials.

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The decision to free the men was made by the Iraqi government and has angered U.S. military officials who say the operatives were seeking to foment instability here.

"These are really serious people," said one U.S. defense official, speaking on condition of anonymity. "They were the target of a very focused raid based on intelligence, and it would be hard for one to believe that their activities weren't endorsed by the Iranian government. It's a situation that is obviously troubling."

One of the commanders, identified by officials simply as Chizari, was the third-highest-ranking official of the Iranian Revolutionary Guards' al-Quds Brigade, the unit most active in aiding, arming and training groups outside Iran, including Hezbollah and Islamic Jihad, U.S. officials said. The other commander was described as equally significant to Iran's support of foreign militaries but not as high-ranking.

American military forces nabbed the two men in raids last week. Their capture, U.S. officials said, represents the strongest evidence yet that Tehran's Shiite theocracy is meddling in Iraq's affairs and strengthening its relationship with the government in Baghdad.

U.S. defense officials familiar with the raids said the captured Iranians had detailed weapons lists, documents pertaining to shipments of weapons into Iraq, organizational charts, telephone records and maps, among other sensitive intelligence information. Officials were particularly concerned by the fact that the Iranians had information about importing modern, specially shaped explosive charges into Iraq, weapons that have been used in roadside bombs to target U.S. military armored vehicles.

Shaped charges focus the energy of a blast, allowing shrapnel to burst through vehicles, sometimes even if they are heavily armored. U.S. military officials have long said they believed Iran was responsible for sending such weapons -- along with others, such as advanced sniper rifles -- into Iraq to help insurgents and militia groups.

"The evidence shows that they were exactly up to the things our suspicions indicated," said one U.S. defense official.

Adding to the political sensitivity of the situation, the two men were detained while inside the compound of Abdul Aziz al-Hakim, one of the most powerful Shiite leaders in Iraq. The Bush administration is hoping Hakim can build a moderate coalition of Shiite, Sunni and Kurdish parties that can bring national reconciliation to a fractured Iraq.

The Iraqi government decided to honor Tehran's claims that the two detainees had diplomatic immunity. U.S. officials had argued that although the men had diplomatic passports, they were operating under aliases and therefore not immune.

Despite their frustration at the release of the Iranians, U.S. officials said a strong message has been sent to Iran that its operatives will be tracked down and that it will be held accountable for its activities in Iraq.

"Iranians have been pushing the envelope in Iraq and elsewhere, and it's a good thing they learn there are consequences," a U.S. official said, on condition of anonymity.

U.S. officials said they now had a treasure trove of data from computers and documents and the lists of weaponry recently shipped to Iraq.

"The materials they had will factor into additional planning for operations and will likely be very helpful," said a U.S. defense official. "But with weapons and advanced IEDs [improvised explosive devices] coming into the country, we've identified a major problem."

In a raid last week, U.S. forces stopped a vehicle in central Baghdad and detained three Iranians and one Iraqi, said Maj. Gen. William B. Caldwell, the top U.S. military spokesman in Iraq. Those detained had legitimate diplomatic credentials and were released.

In a second raid, U.S. forces entered Hakim's compound and detained 10 men, including Chizari and the other al-Quds commander. The eight other men were Iraqis, U.S. officials said.

According to a Bush administration official, Chizari or the other commander gave up his identity when talking to the Americans. The U.S. forces apparently were not aware whom they had caught, the official said.

Although the men were captured in Hakim's compound, U.S. officials said Hakim cooperated with the American military operation.

The raids deeply angered officials in the Iraqi government, which is hoping that building ties with Iran could help stem the violence in Iraq. They set in motion a flurry of diplomatic moves to secure the release of the two men.

"The story the Americans said is not true," said Sami al-Askari, a member of parliament and a close adviser to Prime Minister Nouri al-Maliki. "They said these were military men with diplomatic status. But they failed to prove anything."

"Iraq is trying to have a solid relationship with its neighbors."

Iran has been providing arms and aid to the two largest Shiite political parties, Hakim's Supreme Council for the Islamic Revolution in Iraq (SCIRI) and the Dawa party, as well as renegade leader Moqtada al-Sadr and Shiite militias, U.S. officials say. The officials are sorting through the evidence to link the material and intelligence to attacks on U.S. forces. SCIRI and Dawa politicians have said Iran does not back them now.

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Last month, Hakim met with President Bush and other administration officials. He said that his Badr Organization militia, which was formed in Iran, no longer operated as an independent militia and that SCIRI no longer received military aid from Iran.

Some U.S. officials on Friday saw the decision by Iraq to expel the two men as a positive development that reflected Iraq's independence.

More Troops Unhappy With Bush's Course In Iraq, Poll Finds (USAT)

By Robert Hodierne, Military Times

USA Today, December 30, 2006

WASHINGTON — The American military, once a staunch supporter of President Bush and the Iraq war, has grown increasingly pessimistic about chances for victory.

For the first time, more troops disapprove of the president's handling of the war than approve of it, according to the 2006 Military Times Poll.

When the military was feeling most optimistic about the war — in 2004 — 83% of poll respondents thought success in Iraq was likely. This year, that number has shrunk to 50%.

Only 35% of the military members polled this year said they approve of the way Bush is handling the war, and 42% said they disapprove. While approval of the president's war leadership has slumped, his overall approval remains high among the military.

Just as telling, in this year's poll only 41% of the military said the U.S. should have gone to war in Iraq in the first place, down from 65% in 2003. That closely reflects the beliefs of the general population — 45% agreed in a recent USA TODAY-Gallup poll.

IRAQ WAR: U.S. more pessimistic

Professor David Segal, director of the Center for Research on Military Organization at the University of Maryland, was not surprised by the changing attitude within the military.

"They're seeing more casualties and fatalities and less progress," Segal said. "Part of what we're seeing is a recognition that the intelligence that led to the war was wrong."

The survey, conducted by mail Nov. 13 through Dec. 22, is the fourth annual gauge of active-duty military subscribers to the Military Times newspapers. The results are not representative of the military as a whole. The survey's respondents, 945 this year, are on average older, more experienced, more likely to be officers and more career-oriented than the overall military population.

The poll's margin of error is plus or minus three percentage points.

Among the respondents, 66% have deployed at least once to Iraq or Afghanistan. That number is 72% in the overall active-duty force, according to the Department of Defense.

The poll has come to be viewed by some as a barometer of the professional career military. It is the only independent poll done on an annual basis.

Segal said he believes that military opinion often mirrors that of the civilian population, even though it might lag in time. He also said the military "will always be more pro-military and pro-war than the civilians. That's why they are in this line of work."

Whatever war plan the president announces next month, its ultimate goal likely will be to replace American troops with Iraqis. The military is not optimistic that will happen soon.

Only about one in five service members said large numbers of American troops can be replaced with Iraqi troops within the next two years. More than one-third think it will take more than five years. And more than half think the U.S. will have to stay in Iraq more than five years to achieve its goals.

Almost half of those responding think the United States needs more troops in Iraq. A surprising 13% said the U.S. should have no troops there.

As for Afghanistan force levels, 39% think we need more troops there. But while they want more troops in Iraq and Afghanistan, nearly three-quarters of the respondents think the military is stretched too thin to be effective.

Approval for Bush's overall performance as president remains high, at 52%. That's down from his high of 71% in 2004, but still far above the approval ratings of the general population, where that number has fallen into the 30s.

We Can't Ignore Iraq's Refugees (WP)

By Edward M. Kennedy

The Washington Post, December 30, 2006

With the nation still at war in Iraq, each of us is deeply grateful to the brave men and women in our armed forces who celebrated the holidays this year with half their hearts at home and half in Iraq. But this year especially it is essential that we also

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reflect on another human cost of the war -- the hundreds of thousands of innocent Iraqi men, women and children who have fled their homes and often their country to escape the violence of a nation increasingly at war with itself.

The refugees are witnesses to the cruelty that stains our age, and they cannot be overlooked. America bears heavy responsibility for their plight. We have a clear obligation to stop ignoring it and help chart a sensible course to ease the refugee crisis. Time is not on our side. We must act quickly and effectively.

Today, within Iraq, 1.6 million people have already fled or been expelled from their homes. An additional 1.8 million, fleeing sectarian violence, kidnappings, extortion, death threats and carnage, have sought refuge in neighboring countries. At least 700,000 are in Jordan, 600,000 in Syria, 100,000 in Egypt, 54,000 in Iran and 20,000 in Lebanon. Typically they are not living in refugee camps but have relocated in urban areas, where they must draw on their own meager resources to pay for food and shelter, and must depend on the good graces of the host governments.

The neighboring countries, in turn, are under enormous financial stress from the rapidly increasing needs of the refugees. In Jordan, they now make up more than 10 percent of the population -- the equivalent of 30 million people flooding America's shores. These countries are increasingly unable to meet the refugees' basic needs.

Borders are being closed to more and more of these men, women and children, with the result that many who are most in need or in danger are trapped in the Iraqi caldron of violence. As it continues to boil, the humanitarian crisis will only worsen.

The recent report of the Iraq Study Group rightly concluded that if this refugee situation "is not addressed, Iraq and the region could be further destabilized, and the humanitarian suffering could be severe." Sadly, as with so many other aspects of the Iraq war -- from the growing threat of the insurgency to the need to provide adequate armor for our troops -- the administration has failed to recognize the breadth of the crisis and to adjust our policy to address the plain facts on the ground.

There is an overwhelming need for temporary relief and permanent resettlement. Last year, however, America accepted only 202 Iraqi refugees, and next year we plan to accept approximately the same number. We and other nations of the world need to do far better.

Thousands of these refugees are fleeing because they have been affiliated in some way with the United States. Cooks, drivers and translators have been called traitors for cooperating with the United States. They know all too well that the fate of those who work with U.S. civilians or military forces can be sudden death. Yet, beyond a congressionally mandated program that accepts 50 Iraqi translators from Iraq and Afghanistan each year, the administration has done nothing to resettle brave Iraqis who provided assistance in some way to our military. This lack of conscience is fundamentally unfair. We need to do much more to help Iraqi refugees, especially those who have helped our troops.

Our nation is spending $8 billion a month to wage the war in Iraq. Yet to meet the urgent humanitarian needs of the refugees who have fled the war, the State Department plans to spend only $20 million in the current fiscal year.

America needs to lead, but we cannot adequately respond to this overwhelming crisis alone. Because of the magnitude of the problem, we also need action by Iraq's neighbors and the rest of the world. An essential first step could be to hold an international conference on the issue -- ideally sponsored by the countries in the region and the United Nations -- to begin to deal with the growing number and needs of Iraqi refugees and internally displaced persons. The United States should participate in the conference and provide substantial support for the refugees. Doing so would encourage other nations to address the crisis, help the refugees and displaced persons, and assist the countries shouldering the greatest burden.

Working with Iraq's neighbors and the United Nations, we can encourage rapid action to relieve suffering and save lives. And a productive conference could lead in turn to broader discussions and greater progress on the future of Iraq.

Clearly, in the long term we need to work together to find a way to end the violence and stop the hemorrhaging of lives. In the short term, America needs to respond far more effectively to the needs of the millions of refugees and displaced persons who are suffering so much from the war. Failure to act quickly and cooperatively with other nations will only result in more carnage, chaos and instability in the region.

The writer is a Democratic senator from Massachusetts and incoming chairman of the Senate immigration, border security and refugee subcommittee.

CORPORATE SCANDALS:

Jobs Helped Pick 'Favorable' Dates For Option Grants (WSJ)

By Nick Wingfield, Steve Stecklow And Charles Forelle

The Wall Street Journal, December 30, 2006

Apple Report Clears the CEO Of Wrongdoing, Blames Ex-Executives in Backdating

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Apple Computer Inc. acknowledged that it backdated stock options and that Steve Jobs recommended "favorable" dates for some options awards. But the company said he was absolved of misconduct by a special internal investigation.

FOCUS ON JOBS

Apple's filings this morning reveal details of the company's options probe. Some excerpts:

On options dating:

Although the investigation found that CEO Steve Jobs was aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications. The Special Committee also found that the investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants. Read more1.

On Jobs's October 2001 grant:

The approval for the grant was improperly recorded as occurring at a special Board meeting on October 19, 2001. Such a special Board meeting did not occur. There was no evidence, however, that any current member of management was aware of this irregularity. Read more2.

Directors and others close to the Apple probe defended Mr. Jobs, the company's iconic chief executive, even as it detailed his part in a widespread pattern of options irregularities between 1997 and 2002. But Mr. Jobs and Apple, still under federal scrutiny as part of a broad investigation of options backdating, are not yet out of the woods.

Some options and corporate-governance experts said yesterday that they couldn't reconcile Apple's statements defending Mr. Jobs with the facts the company disclosed, and called on the company to seek recovery from him for a giant grant he received that the company yesterday acknowledged was backdated.

Apple has previously said that two of its former executives were responsible for improper options-granting practices, without identifying the pair. Yesterday, people familiar with the matter said the internal investigation had raised questions about Nancy Heinen, Apple's former general counsel and board secretary, and Fred Anderson, a former chief financial officer and board member. Attorneys for both former Apple executives deny their clients did anything wrong.

An option gives its holder the right to buy a stock at a fixed, or exercise price, usually for up to 10 years after the date of the grant. By backdating the exercise price -- or pretending it was granted on a date before the award was made -- the employee gets an instant boost to the possible profits from the award. The practice can violate securities laws and accounting rules. The U.S. attorney's office in San Francisco and the Securities and Exchange Commission are examining Apple's options practices.

FURTHER READING

· Law Blog: Roundup of iLawsuits3

· Jobs Knew About Options Backdating4

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· Options Scorecard: Companies under scrutiny5

· Perfect Payday: Complete coverage6

The disclosure yesterday by Apple in filings with the SEC said that 6,428 grants of options at Apple on 42 dates between 1997 and 2002 were improperly dated, resulting in charges to earnings for those years. Apple restated its financial results between 1998 and 2006 to recognize a new after-tax, noncash expense of $84 million in connection with the improperly dated options. (See details of Apple's filings.7)

Since these charges -- essentially, previously unreported compensation to employees -- generally are only mandated in case of backdating, the restatement represents an acknowledgement that grants were backdated on a large scale.

Since Apple first disclosed in June that it had discovered irregularities with past option grants, the key question has been whether the investigation would jeopardize the position of Mr. Jobs, the co-founder of Apple who is widely credited with reviving the company in the late 1990s and turning it once again into an arbiter of popular technologies with products such as the iPod portable music device. Investors interpreted Apple's latest disclosures and the board's support for Mr. Jobs as a sign that his status at the company is secure, sending its shares up 5% to $84.84.

Mr. Jobs could come under further scrutiny because of a series of fortunately timed option grants when he was chairman at Pixar Animation Studios that are also being probed by federal investigators. As chairman during the time when favorably priced options were granted, Mr. Jobs was also effectively in charge of administering options plans, since the full board performed the functions of a compensation committee year after year.

Pixar granted options to executives at the lowest closing prices of 1997, 1998, 2000 and 2003 -- a highly improbable pattern. Mr. Jobs wasn't among the executives who received options. Walt Disney Co., which subsequently bought Pixar, said in November that its board, on which Mr. Jobs sits, was conducting an independent review of Pixar's option grants after inquiries from the SEC and Department of Justice.

Former Vice President Al Gore and Jerome York, two of the three Apple directors who oversaw the internal probe, said in a statement that the board "is confident that the company has corrected the problems" that led to the options irregularities and that "it has complete confidence in Steve Jobs and the senior management team."

But David Yermack, a finance professor at New York University who has studied options issues, said he was perplexed about directors' expressions of confidence in Mr. Jobs. "They have pretty much admitted that he was directly involved in a fraud," Mr. Yermack said, pointing to Apple's statement that Mr. Jobs "recommended" the selection of favorable grant dates. "If he had directly participated in altering depreciation schedules, or booking revenue that wasn't yet earned, would they have full confidence in him?"

In response, Apple spokesman Steve Dowling said: "Following an exhaustive independent investigation, the special committee found no misconduct by Steve Jobs or any other current management. The board has expressed complete confidence in Steve and senior management."

The Cupertino, Calif., company is one of the highest-profile companies to be caught up in the probes over backdated stock options. To date, at least 130 U.S. corporations are under investigation for possible options backdating. Some have admitted to the practice, and more than 60 executives and directors of public companies have lost their jobs.

It remains unclear in which cases Mr. Jobs "recommended the selection of some favorable grant dates," as Apple's filing states. The company's internal probe, conducted by the law firm Quinn Emanuel Urquhart Oliver & Hedges, didn't find evidence that Mr. Jobs recommended backdating any of the options grants he received himself, according to people familiar with the matter. "To the extent it occurred, it was pretty limited," one person said. "These were episodic, limited, isolated."

Among the most potentially serious discoveries of the investigation, Apple said company records improperly showed that approval of a grant of 7.5 million options to Mr. Jobs on Oct. 19, 2001, occurred at a special meeting of its board of directors. The company's investigation found that the meeting didn't actually occur.

In its filing, Apple said the grant was "originally approved" at a board meeting on Aug. 29 at an exercise price of $17.83, before stock splits. But it said the terms of the grant weren't finalized until Dec. 18, a day when Apple's share closed at $21.01. The grant was then dated back to Oct. 19 with an exercise price of $18.30.

Apple in its statement said it was taking a $20 million charge, before taxes, related to this grant. But it echoed earlier defenses of Mr. Jobs, saying that "he did not receive or financially benefit from these grants or appreciate the accounting implications."

But Patrick McGurn, executive vice president of Institutional Shareholder Services, which advises on corporate governance, says that "clearly, there was a benefit from the options that Jobs received...There was some fruit from those options, and it's clear because there's a $20 million charge," says Mr. McGurn. In 2003, Mr. Jobs returned the 2001 options grant and another granted to him in 2000 for five million shares of restricted Apple stock then worth over $70 million. Mr. Jobs's restricted shares "generally vest in full" three years after the grant date, according to Apple filings.

"I can't understand why they're [the board] not recouping those shares," Mr. McGurn said, adding that the cloud hanging over Apple isn't cleared by the filing because "there's a risk though that some other body [of regulators or others] will reach a different conclusion about this matter based on exactly the same set of facts."

According to a person familiar with the internal investigation, Apple believes it has evidence that Ms. Heinen, as corporate secretary, was aware of improper documentation that said a board meeting occurred on Oct. 19. Cristina Arguedas, Ms. Heinen's attorney, couldn't be reached for comment following the Apple filing, but earlier this week said: "Nancy's reputation is rock-solid and long-standing as a person of high integrity and honesty. Rumors and innuendo to the contrary are without foundation."

As it had previously, Apple said yesterday that its "investigation had raised serious concerns regarding the actions of two former officers in connection with the accounting, recording and reporting of stock option grants." An Apple spokesman yesterday declined to confirm whether Mr. Anderson and Ms. Heinen are the two unnamed former officers.

Apple may argue to federal investigators that as CFO, Mr. Anderson should have been responsible for proper accounting of the backdated options, according to a person familiar with the company's thinking. Mr. Anderson was CFO at Apple between 1996 and 2004.

Jerome Roth, an attorney for Mr. Anderson, who is now a partner at Silicon Valley private-equity firm Elevation Partners, said his client was "disappointed to learn that during part of his tenure" as CFO "the company apparently was not strictly complying with its processes for granting stock options. As CFO, Fred did not play any day-to-day role in the granting, reporting and accounting of stock options and he was not involved in any knowing manipulation of the process."

Federal prosecutors have already brought two criminal cases in the stock-options backdating scandal. In one case, the former CEO of Brocade Communications Systems Inc. was charged with fraud and accused of altering the dates of option grants

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to hundreds of employees and concealing millions of dollars in compensation expenses from shareholders. The executive, Gregory Reyes, who didn't receive any of the backdated grants himself, has denied any wrongdoing.

Apple believes the case against Mr. Reyes can't be compared to Mr. Jobs's involvement in the backdated options at Apple, according to a person familiar with the matter. "This is not the Reyes model by a long stretch of the imagination," the person said. "The government says Reyes systematically and routinely backdated options and knew the implications."

In 2003, Mr. Jobs canceled the 2001 option, along with a massive 2000 grant, and in exchange received five million shares of restricted stock (the figure is before adjustment for splits). An Apple spokesman wouldn't say how the company arrived at the five-million share figure.

Warren Miller, an analyst at Beckmill Research of Lexington, Va., which values options and other equity instruments, calculates that the 2001 option was worth about $76 million when it was exchanged in 2003, about $2 million higher than it would have been had it not been backdated. All told, Mr. Miller figures the two options together were worth about $200 million when they were swapped for restricted stock that Apple valued at $74.8 million.

Mr. Miller says executives typically prefer to receive restricted shares, and hence value them more, because there is less risk involved than there is with an option.

Frederick W. Lambert, a law professor and an expert in securities law at the University of California's Hastings law school in San Francisco, says Mr. Jobs will likely escape any criminal or civil charges stemming from this matter. "In proving a criminal case, it would have to be beyond a reasonable doubt, and intent would play an element in this." A lack of knowledge about accounting implications "would constitute some kind of defense here," Mr. Lambert says.

Aitan Goelman, a lawyer at Zuckerman Spaeder LLP in Washington, says prosecutors and regulators, flooded with backdating cases, have to triage and pick the most promising ones to pursue. For criminal fraud cases, he says, prosecutors need to establish that a defendant intentionally defrauded or deceived someone; the SEC, bringing civil charges, has a lower threshold. He says the apparently phony board records at Apple might well draw federal officials' scrutiny to the company or former executives.

-- Pui-Wing Tam contributed to this article.

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Apple Reveals Jobs' Involvement (FT)

By Richard Waters In San Francisco

Financial Times, December 30, 2006

Steve Jobs personally recommended some instances of stock options backdating at Apple, the computer company revealed on Friday, though it continued to stand behind an earlier statement that it had found "no misconduct" by current executives over the affair.

Apple also appeared to back away from an earlier assertion that its chief executive had been unaware of the accounting failures that arose from the backdating, saying instead only that he did not "appreciate the accounting implications" at the time.

News that the Apple chief executive had been more directly involved in the options irregularities than previously disclosed came as the company admitted that a fictitious board meeting had supposedly approved some of Mr Jobs' own stock options in 2001. The affair, reported earlier this week in the FT, led to Mr Jobs receiving benefits worth $20m that were not disclosed at the time, Apple reported.

Apple's shares bounced 4.9 per cent on Friday on relief that the company had not uncovered deeper problems.

Apple said it had understated its expenses in previous years by a total of $105m, reflecting 6,428 separate options grants made on 42 dates. Backdating involves setting the exercise price on stock options at an earlier date.

While Apple revealed in a regulatory filing in October that Mr Jobs had been aware of some of these cases, it amended that on Friday to say that he had been "aware or recommended the selection of some favourable grant dates".

Friday's statement that Mr Jobs did not "appreciate the accounting implications" of the options backdating, was also a change from its assertion in October that he was "unaware of the accounting implications". It added he did not "financially benefit" from backdated grants of which he was aware, a change from its earlier statement stating he did not "benefit".

Apple also detailed benefits that Mr Jobs received from backdating. A grant of 7.5m options, dated October 19 2001, was not finalised until December 18 of that year. In spite of that, approval for the grant was "improperly recorded as occurring at a special board meeting on October 19. Such a board meeting did not occur", it said.

However, Apple said that the option grant had originally been approved at a board meeting in August, when its share price had been lower. Apple continued to lay the blame on two unnamed former officers of the company.

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A lawyer for Fred Anderson, a former chief financial officer who stepped down from Apple's board at the time of its October announcement, said his client "did not play any day to day role in the granting, reporting and accounting of stock options and he was not involved in any knowing manipulation of the process."

Apple Admits Wrongdoing But Rallies Around Leader (WP)

By Alan Sipress And Carrie Johnson, Washington Post Staff Writers

The Washington Post, December 30, 2006

Apple Computer disclosed yesterday that it had falsified approval of 7.5 million stock options for its chief executive and innovative co-founder, Steve Jobs, raising new questions about the role he may have played in a scandal that has swirled around the dynamic technology company for months.

Apple said in a pair of overdue earnings filings to the Securities and Exchange Commission that it had recorded a fictitious meeting at which Jobs's options were ratified and that he may have recommended the dates for some of the stock options issued to company employees. The company repeated yesterday that Jobs did not benefit from the options.

Apple's board, which includes former vice president Al Gore, gave Jobs its full support. "The board of directors is confident that the Company has corrected the problems that led to the restatement, and it has complete confidence in Steve Jobs and the senior management team," said the statement by Gore and Jerome York, who heads Apple's audit and finance committee.

Wall Street also rallied around Jobs, who is more closely identified with and central to the success of his company than any other executive at a major technology firm. The stock rose nearly 5 percent, and many industry analysts said investors could return their attention to Apple's sound fundamentals, which include strong sales of iPods and Macintosh computers.

But white-collar crime experts said the action may signal more serious issues.

"The acknowledgment of greater involvement by Mr. Jobs than previously disclosed can only cause the government to use an even finer toothed comb in its own review of Mr. Jobs's conduct," Washington defense lawyer Barry Pollack said. "The government may ultimately come to share the company's conclusion that Mr. Jobs was unaware that the options were not properly handled, but not before putting him under their own magnifying glass."

Peter J. Henning, a law professor at Wayne State University in Detroit and co-author of a blog on white-collar crime, went further, saying Apple appeared to be minimizing Jobs's role in the options imbroglio. He cited Apple's admission that Jobs may have recommended some of the dates that would have allowed employees to make a larger profit when they sold their stock.

"Steve Jobs's plausible deniability is being narrowed here," Henning said. "This is serious. This has cost people their jobs. Admittedly he didn't get any money out of it, but that's not the criteria for judging a chief executive."

In previous investigations, Henning said, prosecutors and securities regulators have relied on accounts from corporate insiders to build cases against high-ranking executives. Apple has blamed two former executives, identified as former financial chief Fred Anderson and former general counsel Nancy Heinen, for the options misconduct. It is unclear whether either of the executives, who left Apple this year, are talking to law enforcement authorities.

Spokesmen for the SEC and the U.S. attorney's office in San Francisco said they would not discuss any investigation concerning Apple. Apple yesterday confirmed that it had responded to "informal inquiries" from authorities.

Yesterday's disclosures tie Jobs more closely to improprieties than Apple acknowledged this summer when it said some options had been granted improperly.

In its regulatory filings, Apple said its board of directors never met in October 2001 to ratify stock options for Jobs, as previously claimed. While company records indicated that the options were ratified at a special board meeting, no such session was held and the grant was not finalized until two months later.

As a result, the company improperly inflated the potential value of Jobs's stock options by $20 million by incorrectly reporting their exercise price -- the price at which he would be entitled to buy the underlying stocks. The reported price of the options, reflecting the market value in October 2001, was $18.30; their price when they were finalized two months later was $21.01. By misreporting the exercise price, the company gave Jobs the opportunity to make more money if he sold the stock.

"There was no evidence, however, that any current member of management was aware of this irregularity," Apple said in its filing to the SEC.

Apple is among the largest of nearly 200 companies that have acknowledged or are being investigated in connection with the practice. Backdating stock options is not illegal, but not disclosing the practice to investors or falsifying documents to cover it up may be a crime.

The discovery of irregular practices at Apple came during a three-month internal investigation the company conducted earlier this year, which found that grants made on 15 occasions between 1997 and 2002 bore dates prior to the dates the grants were approved. In outlining its findings two months ago, the company said it had uncovered "serious concerns" about the

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conduct of two unidentified former officers in connection with their accounting, recording and reporting of the grants. These findings were turned over to the SEC and the Justice Department.

Apple said at the time that Jobs was aware that favorable grant dates had been selected in a few instances. In its filing the company went further, saying that Jobs may have recommended the favorable dates, but added that he did not "appreciate the accounting implications."

The company also said yesterday that the board had given initial approval to an options grant for Jobs in August 2001, and that action had been sufficient under its guidelines to lock in the exercise price.

The company reported, as it had previously, that Jobs never exercised his options. Along with an earlier set of 10 million options, the 7.5 million options from 2001 were canceled in March 2003, when Jobs was instead given 5 million shares of restricted stock, the company said.

Acknowledging that the grant approval for Jobs had been improperly recorded, the company said it would take a $20 million charge. Overall, Apple said, it would restate its financial data back to 2002 and take a charge of $84 million to reflect the actual expenses of backdated options given to Jobs and others.

Regulators also have contacted Pixar Animation Studios, which Jobs once headed before selling it to the Walt Disney Co., regarding possible stock-option problems.

After the SEC filings, Gore, who chaired the special committee that conducted the internal inquiry, said it was an "exhaustive investigation" into Apple's practices for granting stock options.

Some analysts agreed that Jobs could remain atop the company he co-founded. "It seems the whole issue should just be put to bed," said Charles Wolf, a principal and securities analyst at Needham & Co. He said the amount of money involved in the misreporting was trivial for Apple and Jobs. "It would be foolish to think Steve Jobs is involved, given the difference between October and December came to $20 million. At the time, Steve was a multibillionaire."

But Prudential Equity Group was measured in an update issued yesterday: "For Apple investors, the question remains whether or not Steve Jobs will be held liable for Apple's options irregularities. While we do not believe this is a likely scenario, we don't think this is out of the realm of possibility."

Longtime UnitedHealth Group Inc. chief executive William W. McGuire earlier this year agreed to leave the company and to re-price his stock options after an internal probe linked his skyrocketing pay to questionable options practices.

Gregory L. Reyes, the former chief of Brocade Communications Systems Inc., faces criminal securities fraud charges over options backdating even though he contends he did not benefit financially from the maneuvers. Prosecutors accuse Reyes and others of doctoring company records and misleading auditors.

Staff researcher Richard Drezen contributed to this report.

Apple Panel On Options Backs Chief (NYT)

By JOHN MARKOFF And ERIC DASH

The New York Times, December 30, 2006

SAN FRANCISCO, Dec. 29 — Apple Computer said Friday that a special committee of its board had found that its chief executive, Steven P. Jobs, was not responsible for improper dating of stock options at the company. To account for the backdating, Apple restated its financial reporting back to 2002 and took an $84 million charge.

Investors were cheered by the news, which was contained in the annual report Apple filed with securities regulators; Apple's stock rose 4.9 percent to close at $84.84. But the report failed to completely remove a cloud hanging over the company as a result of the backdating of options and improper record keeping, especially concerning two large option grants made to Mr. Jobs in 2000 and 2001.

In its summary of the findings of a six-month internal investigation, Apple said it had found that 6,428 option grants, or 15 percent of the 42,000 options it awarded, had been improperly dated from 1997 to 2002. Those included grants made on 42 separate dates to senior executives, new hires and ordinary employees.

Investigators, led by a committee of outside directors and the law firm Quinn Emanuel Urquhart Oliver & Hedges, raised "serious questions" about the actions of two former company officers who were involved in the accounting and reporting of stock options, Apple said. But they absolved Mr. Jobs by concluding that there had been "no misconduct" by Apple's current management team.

The report did offer a subtle shift in Apple's description of Mr. Jobs's role in the option process. In October the company said that Mr. Jobs was aware that favorable grant dates had been selected, but that he did not benefit from those grants and was unaware of the accounting implications. But in the report issued Friday, Apple acknowledged that Mr. Jobs "was aware or recommended the selection of some favorable grant dates."

Some accounting experts questioned the company's explanation of the part Mr. Jobs played in the grants.

"It appears as if Jobs is playing the role of a monkey: See no evil, hear no evil, speak no evil," said Lynn E. Turner, a former chief accountant at the Securities and Exchange Commission. "If he truly were fulfilling his role as C.E.O., it is highly questionable as to why he didn't know about such poor management and oversight of the option granting process."

An Apple spokesman, Steve Dowling, said the company would have no comment beyond the report. Apple still faces investigations by the Justice Department and the S.E.C.

Apple is perhaps the most high-profile company to be entangled in backdating problems, which became the year's biggest financial scandal, and Mr. Jobs is the best-known business leader to be pulled into it to date. So far, the S.E.C. is looking at the practices of more than 120 companies, and the Justice Department and Internal Revenue Service are conducting separate investigations. Dozens of chief executives have been fired or forced out.

Backdating involves retroactively setting a stock option's grant price to a date when the stock price was lower in order to build in a profit. It is not necessarily illegal, but it can have serious accounting, tax and disclosure consequences and is generally frowned upon by corporate governance experts.

The discussion of stock option practices in Apple's report was mostly focused on the accounting implications, and it offered few details on the potential tax and disclosure issues. It also did not address what appear to have been lax controls at the company.

Mr. Turner said it appeared that Apple had practiced "pick a date, any date" accounting. He added: "Their disclosures provide less than transparent reasons for why certain dates were picked."

The special committee that looked into the options practices included an outside director who was responsible for handing out some of the options during the period in question. Jerome B. York, an I.B.M. and Chrysler executive who served on Apple's compensation committee from August 2001 through November 2002, was joined on the committee by Eric E. Schmidt, the chief executive of Google, and Al Gore, the former vice president, who served as chair of the group. Mr. York recused himself from the committee at times when he felt that his own actions were under scrutiny.

The report points the finger at two former officers who are not named, but they are believed to be Nancy R. Heinen, Apple's former general counsel who left the company in May, and Fred D. Anderson, the former chief financial officer and a former member of Apple's board. Mr. Anderson left the company in 2004 to join an investment firm and left the board in October, the same day Apple released some details about its options investigation.

Jerome Roth, a lawyer representing Mr. Anderson, said in a statement that his client was "disappointed to learn" that during part of his tenure at Apple, the company "was not strictly complying" with its option granting processes.

Apple Inquiry Clears CEO Jobs Of Wrongdoing On Stock Options Wall Street Relieved, Shares Rise -- But Until Federal Authorities Weigh In, Uncertainty Remains (SFC)

By Jessica Guynn, Chronicle Staff Writer

San Francisco Chronicle, December 30, 2006

Apple Computer Inc. cleared CEO Steve Jobs of wrongdoing in the company's stock options scandal, assuring -- for the time being at least -- the continued stewardship of a Silicon Valley legend.

Wall Street heaved a huge sigh of relief. Jobs is widely considered crucial to Apple's success, a brilliant innovator who returned from exile a decade ago to restore Apple's polish, introducing such hit products as the iPod digital music player.

The company's shares rose nearly 5 percent after release of the anxiously awaited annual report, which gave the most detailed account yet of what an internal investigation found about irregularities in awards of stock options to executives.

Apple's investigation, led by a special committee of board members that included former Vice President Al Gore, discovered thousands of cases in which the company handed out stock options improperly, often by assigning a date to the awards different from the day on which they were actually granted. The practice, known as backdating, potentially boosts the profits of recipients but is illegal if not disclosed and properly accounted for.

At the same time, the investigation found "no misconduct by current management," according to the report. In a separate statement, Gore and another member of the investigative committee said they had "complete confidence in Steve Jobs and the senior management team" and that the company "has corrected the problems."

Cupertino's Apple also restated financial results for 1997 through 2002 to recognize a total of $84 million in additional options-related compensation expenses.

Despite the exoneration, uncertainty remains for Jobs, the chief executive officer, and the company. Apple noted that it had informed the U.S. Securities and Exchange Commission and the U.S. Attorney's Office of the results of its probe. Federal authorities are presumed to be weighing whether to take action against the company or any individuals. The SEC and the U.S. Attorney's Office declined to comment on the matter.

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Legal and corporate governance experts say federal authorities won't necessarily be swayed by the company's findings or by Jobs' prominence.

"There is going to be a continuing level of uncertainty surrounding the company until or unless Jobs is exonerated by the SEC and others looking at this issue," said Patrick McGurn, executive vice president of Institutional Shareholder Services, which advises investors on corporate governance issues. "This was a major hurdle that the company has cleared for now, but it still has some obstacles in the road in front of it before it can put these issues behind it once and for all."

McGurn said the number of instances in which the company improperly granted options raises serious concerns.

"It does not jibe with the bill of good health the board gave itself and the company several months ago when the issues first came to light," he said.

Matthew Jacobs, a former assistant U.S. attorney in San Francisco now in private practice, said he expects federal prosecutors to look closely at Apple's findings.

"All internal investigations are subject to scrutiny to see if they were thorough, complete and done correctly or if there is an attempt to whitewash the findings," he said. "It is still an open question how the government is going to decide which of the multitude of (backdating) cases to focus on. This is certainly not the end of the story for Apple."

Most Wall Street analysts took the view that Apple and Jobs are now putting their options problems behind them.

"As time goes by, this will slowly fade away," said Gene Munster, a financial analyst with Piper Jaffray, an investment bank. "It's important to put the stock option issue to rest so ultimately people can consider the fundamentals (of the company) again."

Options give holders the right to buy company stock at a preset price, usually the price on the day the options are granted. If the stock price rises, holders can cash in their options to buy stock at the preset price and then sell those shares on the open market at a profit.

Backdating options involves picking dates for awards when shares were trading at a lower price to boost the potential windfall to recipients. That isn't necessarily illegal, but companies must disclose and account for the practice. Many failed to do so.

Backdating was common in Silicon Valley, and dozens of companies have had to restate earnings or remove executives because of options-related misconduct. Apple is among the most prominent of about 200 companies that have come under scrutiny this year in the stock-options scandal.

For its part, Apple has worked to shield Jobs, who co-founded the company three decades ago.

Jobs has since become synonymous with its success and is credited with overseeing Apple's transformation into a consumer electronics and entertainment powerhouse. Analysts have said that if Jobs were forced to leave the company, his departure could cause a plunge in Apple's stock price and jeopardize its dominance in key markets.

In its regulatory filings Friday, Apple disclosed that a 2001 award of 7.5 million options to Jobs was recorded as having been approved at a special board meeting that never actually took place. The company also acknowledged that documents connected with the grant were falsified to make it look like the required board approval had occurred.

Apple said Jobs was aware of some instances of backdating and even recommended favorable dates to grant options. But, the company said, Jobs did not financially benefit from these grants and did not understand the accounting implications.

If regulators or prosecutors were to take action against Jobs, they would have to show that he knew that backdating options would distort the company's financial results or falsify its records, said Columbia Law School Professor John Coffee. Whoever did falsify records about the 2001 board meeting could face criminal prosecution, Coffee said.

Apple's investigation concluded that responsibility for some irregularities rested with two unnamed former officers. Their actions raise "serious concerns," the company said in its filing.

Fred Anderson, Apple's former chief financial officer, resigned from the board in October at the same time Apple announced preliminary findings of its stock-options probe.

Nancy Heinen, Apple's former general counsel, left the company in May before the options probe came to light.

Cristina Arguedas, the attorney who represents Heinen, said her client has a "rock solid" reputation for honesty and integrity.

Anderson's lawyer, Jerome Roth, released a statement Friday saying his client had no day-to-day involvement in the granting, reporting or accounting of stock options and was not involved in any "knowing manipulation" of the process. Roth also noted that Anderson was not a member of the board of directors at the time of the 2001 option grant to Jobs and knew nothing of any impropriety.

On the 2001 options award to Jobs, Apple said it found no evidence that any current member of management was aware of the false board records. The company placed the compensation cost of the grant at $20 million.

Jobs received another grant in January 2000 for 10 million options. That grant and the 2001 award were canceled in 2003 when Jobs received 5 million shares of restricted stock.

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In October, Jobs apologized for options backdating that happened "on my watch" but has made no further public statements.

MetLife Unit To Pay $19 Million In Settlement Over Commissions (WSJ)

By Chad Bray And Lavonne Kuykendall

The Wall Street Journal, December 30, 2006

MetLife Inc.'s life-insurance unit agreed to pay $19 million to settle allegations stemming from a New York state probe into the insurer's use of contingent commissions, which are offered by insurers to brokers who steer clients toward their company.

The New York insurer agreed to pay $16.5 million in restitution to policyholders and $2.5 million in civil penalties, according to the state attorney general's office. MetLife will adopt a compensation structure that eliminates the payment of contingent commissions to its brokers for life, disability and group products, said Attorney General Eliot Spitzer, who will be inaugurated governor Monday. It will provide full disclosure of broker compensation to employers at every stage of the insurance purchasing and renewal process, he said.

Mr. Spitzer has said that contingent commissions are little more than kickbacks to insurance agents and brokers who send business to the insurers and that the hidden costs have driven up insurance prices. The attorney general alleged in part that MetLife instructed its sales personnel to "leverage" override agreements with its brokers by informing those brokers how close they were to meeting certain targets for business provided to MetLife. Those targets would trigger additional compensation to the brokers.

The settlement makes MetLife at least the seventh insurer to pay a fine in Mr. Spitzer's two-year-old investigation into how insurers compensate brokers that bring them business. Earlier agreements involved Prudential Financial Inc., UnumProvident Corp., American International Group Inc., St. Paul Travelers Cos., Zurich Financial Services' Zurich American Insurance Co., and most recently Chubb Corp.

In the announcement of its Chubb settlement, the attorney general's office said that contingent commissions "need not be a part of the insurance business," and Chubb promised to forgo the payments, but MetLife's agreement stopped short of a complete ban on the commissions.

MetLife said it has agreed to "certain business reforms relating to compensation of producers of group insurance, compensation disclosures to group insurance clients and the adoption of related standards of conduct." In its settlement, MetLife said it didn't admit liability as to any issue in fact or law and said it didn't expect the settlement to adversely affect its business.

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Wachovia Fund Arm To Settle Civil Case (WSJ/AP)

Associated Press

The Wall Street Journal, December 30, 2006

CHARLOTTE, N.C. -- Evergreen Investments, the mutual-fund arm of Wachovia Corp., will pay a $4.2 million civil penalty to settle allegations that it violated rules involving the sale of its funds through brokers.

Under the agreement with the NASD, formerly known as the National Association of Securities Dealers, Wachovia neither admitted nor denied the allegations. Evergreen Chief Executive Dennis Ferro wrote to investors that it was in the interest of the company and its investors "to resolve these matters and move forward."

The agreement said Evergreen had a revenue-sharing arrangement with brokerage affiliate Wachovia Securities from 2001 to 2003, and directed to Wachovia Securities $25.7 million in commissions generated from trades in Evergreen's investment portfolio. The sum was tied to the amount of Evergreen funds sold by Wachovia Securities.

Evergreen also sponsored a sales-recognition program for Wachovia Securities representatives who sold Evergreen funds during the same period. The "Medallion Club," as it was called, treated brokers to meetings at luxury resorts if they sold a certain amount of Evergreen funds. NASD rules prohibit the direction of brokerage commissions to another firm and noncash compensation for selling mutual funds.

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CRIMINAL LAW:

Age No Shield From Prosecution For Alleged Mobster (USAT/AP)

By Curt Anderson, Associated Press

USA Today, December 30, 2006

FORT LAUDERDALE — Lucky Luciano, Meyer Lansky and Carlo Gambino are long gone. Murder Inc. is out of business. Las Vegas has been so cleaned up it resembles Disneyland. And Havana? Forget about it ever since Castro took over.

But Albert "Chinky" Facchiano, at 96, is still standing. And like Michael Corleone in The Godfather III, he is still very much involved in the family business, the FBI says.

At an age when most people are long retired and happy just to be alive, the reputed mobster was indicted earlier this year in Florida and New York. He is accused, among other things, of trying to intimidate and possibly kill a witness against the powerful the Genovese family of New York in 2005. He is also accused of helping to run the rackets in Florida.

It was unclear whether Facchiano intended to break legs with his own hands.

There have been plenty of elderly Mafia defendants, including an 86-year-old Genovese family member Matthew "Matty the Horse" Ianniello, who pleaded guilty to federal charges recently in Connecticut. But prosecutors, defense lawyers and Mafia experts say they can't remember someone Facchiano's age facing crimes of such recent vintage.

"I don't think there's anybody older than him," said Jerry Capeci, author of several books on organized crime and operator of the Internet site ganglandnews.com. "The rule is, you go in alive and you go out dead. You're not allowed to quit."

It appears that Facchiano, also known as "The Old Man," lived up to that Mafia credo, according to prosecutors.

Facchiano, born in 1910, has been a "made member" of the nation's largest and most powerful Mafia family for decades, but was a low-level figure, rising no higher than soldier, according to the FBI. His nickname is apparently a play on his last name.

He was a boy when Arnold Rothstein supposedly fixed the 1919 World Series. He was a young man during the Depression when he took his first arrest. He was entering middle age during La Cosa Nostra's go-go years in the 1940s and '50s, when the Mafia skimmed its share of America's postwar prosperity. And he was a senior citizen in the 1980s and '90s when John Gotti and other bosses were taken down by the FBI.

In Florida, Facchiano was indicted along with the reputed Genovese chief in the Miami area and several others on charges of extortion and racketeering. Prosecutors say Facchiano from 1994 to 2006 mainly supervised associates who committed such crimes as robbery, money laundering, bank fraud and possession of stolen property.

The New York indictment accuses Facchiano and more than 30 other alleged Genovese members, including acting family boss Liborio "Barney" Bellomo, of a range of mob-related crimes. Facchiano is accused specifically of trying in 2005 to locate and intimidate a government witness known as "Victim-5" in court papers.

In one conversation picked up on an FBI listening device, Genovese associate John Ardito said he and Facchiano were "the hit men" who were looking for Victim-5, according to federal prosecutors. Ardito traveled from New York to Florida to meet with Facchiano about Victim-5, who had "gone wrong," according to an FBI transcript.

Facchiano pleaded not guilty and is free on bail, and living at a condominium in swank Bal Harbor with a daughter.

Facchiano's lawyer in the Florida case, Brian McComb, would not discuss the charges. He said his client is in reasonably good health, apart from a bad back and difficulty hearing.

"He's got the typical ailments of an almost 97-year-old man," McComb said. "From day to day, who knows? He seems like a very nice gentleman."

Facchiano's first arrest came in 1932, on robbery and receiving stolen goods charges out of Pittsburgh, according to an FBI rap sheet. He got a sentence of two to five years, then was arrested again in 1936 in New York on grand larceny charges and yet again in 1944 on a bookmaking count. The records do not show how much prison time he did, if any.

He stayed relatively clean until 1979, when he was arrested on federal racketeering charges and got a 25-year sentence. He served eight years, winning release at age 79. Then, nothing until his twin arrests on the 2006 indictments.

If convicted on all charges, Facchiano could be looking at a sentence of well over 60 years in prison. Given the slow pace of federal prosecutions, he could be nearly 100 by the time he is sentenced.

U.S. Bureau of Prisons records show that as of the end of 2003 — the last year complete records are available — there were 30 inmates 80 and older. Officials could not say whether anyone as old as Facchiano is behind bars in the federal system.

As for his chances of actually being sent to prison, Ryan King, policy analyst with the Sentencing Project, a non-profit organization that promotes alternatives to incarceration, said: "A judge might look at someone in their 90s and consider the likelihood of re-offending. Are they really going to go out and commit another crime?"

Capeci, the Mafia expert, said someone Facchiano's age might have some difficulty keeping up with the younger wiseguys if he does go free.

"There's no way a guy at age 96 can threaten people, break legs, do the normal routine that guys 50 and 60 years younger can do," he said. "But the guy is, according to the rules of the Mafia, still a made guy. He still has to take orders from the superiors and do what they tell him."

Police Seek Clues Tying Va. Attack To Slayings (WP)

DOJ_NMG_0111848

By Nick Miroff, Washington Post Staff Writer
The Washington Post, December 30, 2006
In Springfield, Fear Rises Among Elderly

Fairfax County police said yesterday that they are investigating whether a Christmas Eve attack on a 62-year-old Springfield woman is related to the slayings of two elderly women in the area in the past five months.

Few details have been released about the incident Sunday, when a man forced his way into a home and stabbed a woman on the arm before fleeing. Police said the attack occurred less than two miles from the home where 74-year-old Marion J. Newman was robbed and beaten to death Nov. 21.

Police believe Newman's assailant also killed Marion B. Marshall, 72, in her home Aug. 14, two miles from Newman's home. Both women suffered blunt-force trauma injuries to the upper body.

The number of investigators and crime prevention officers working full time on the case has grown to 18, and police have developed a "humongous" e-mail list to keep Springfield residents informed, said Lt. Richard J. Perez, a police spokesman. Fliers in English and Spanish are posted in the neighborhoods where the women were killed, and a $26,000 reward has been offered by the victims' families.

The slayings, and an increase in burglaries in some neighborhoods, are contributing to a climate of fear and frustration, some residents said.

"People are angry that our community has come to this and that crime has come this far," said Pam Boaz, who lives two doors down from Marshall's home.

Boaz said that old-fashioned neighborly concern is the best way to keep people safe, and she fears that is being lost. "What makes it easy for these guys is that our communities are so fractured. Our neighbors don't really know each other.

"The police can only do so much," she said.

Police believe that the slayings were crimes of opportunity, committed by someone with ties to the community who happened to see each woman alone and attacked her. There was no indication that the women knew each other, and Newman's diamond ring was the only item known to be stolen from either home.

Although police believe that the homicides were related, they have yet to conclude that the Christmas Eve attack is linked. "Our detectives have been scrutinizing and analyzing the incident of Dec. 24 in an effort to determine if this incident is related to the Aug. 14 or Nov. 21 homicides or any other incident," Perez said. "But no definitive connection has been made."

For many senior citizens and other Springfield residents, though, the pattern is cause for concern. In the past month, Fairfax police have conducted home security inspections for 75 seniors in the Springfield area at their request, doing a walk-through evaluation of locks, lighting and landscaping conditions that could increase vulnerability.

Police have also organized safety seminars at schools and senior centers, drawing hundreds of participants, and mobilized Neighborhood Watch programs to increase vigilance, especially by reaching out to elderly residents.

"Part of our efforts have been to network with seniors to create a buddy watch system, so neighbors are watching out for each other," Lt. Charlie Bond said. Police have also asked Postal Service employees and delivery drivers to keep an eye on residents, particularly seniors who live alone.

The homicide victims lived by themselves, and though the woman who was attacked Sunday does not, she was alone at the time of the incident. A family member returned home and found her after the attacker had fled. She was treated at Inova Fairfax Hospital for injuries that weren't life-threatening.

The only description of the attacker released by police is that of "a man wearing white or gray clothing." No robbery was reported, and police said that they are withholding additional details because of the investigation.

At the same time, they have launched a large-scale public safety and community policing campaign to reassure residents and heighten awareness.

"We understand that there's a level of fear," Bond said. "But we want to proactively approach seniors rather than have them sit at home and worry."

Calls to police from senior citizens have soared since the slayings, he said -- and that's exactly what police want. "All they need to do is call, and we'll respond to them. In that regard, I think the community is as safe as it can be under the circumstances."

Fears raised by the attacks have spread beyond seniors, though, and at Baldino's Lock and Key in Springfield, business has been brisk, said manager Darrin Benson. "I've noticed a lot more people coming in worried about the security of their places," he said. "There's been a rash of people coming in."

Deadbolt locks and new alarm systems have been big sellers, Benson said.

Sex Offenders In Exile (NYT)

The New York Times, December 30, 2006

Of all the places that sexual predators could end up after prison, the worst is out of sight, away from the scrutiny and treatment that could prevent them from committing new crimes. But communities around the country are taking that risk, with zoning laws that banish pedophiles to the literal edges of society.

There is a powerful and wholly understandable impulse behind laws that forbid sex offenders to live within certain distances of schools, day care centers and other places that children gather. Scores of states and municipalities have created such buffer zones, then continued adding layer upon layer to the enforcement blanket.

This has placed a heavy burden on law enforcement agencies, which already must struggle to meet exacting federal and state requirements for registering and monitoring the ever-growing population of released sex offenders, many of whom must be tracked for life. Lawmakers have shown no hesitation in piling on the administrative load, but frequently are less quick to pay for additional people to do the work.

As the areas off limits to sex offenders expand to encompass entire towns and cities, if not states, the places where they can live and work are shrinking fast. The unintended consequence is that offenders have been dispersed to rural nowhere zones, where they are much harder to track. In confined regions like Long Island, they have become concentrated in a handful of low-rent, few-questions-asked areas — an unintended and unfair imposition on their wary neighbors.

Many offenders respond by going underground. In Iowa, the number of registered sex offenders who went missing soared after the state passed a law forbidding offenders to live within 2,000 feet of a school or day care center. The county prosecutors' association has urged that the law be repealed, for the simple reasons that it drives offenders out of sight, requires "the huge draining of scant law enforcement resources" and doesn't provide the protection intended.

The prosecutors are right that any sense of security that such laws provide is vague at best and probably false. Just as it would feel foolish to forbid muggers to live near A.T.M.'s, it is hard to imagine how a 1,000-foot buffer zone around a bus stop, say, would keep a determined pedophile at bay. If children feel secure enough to drop their wariness of strangers, that would be a dangerous outcome. And of course, no buffer against a faceless predator will be any help to the overwhelming majority of child victims — those secretly abused by stepfathers, uncles and other people they know.

The problem with residency restrictions is that they fulfill an emotional need but not a rational one. It's in everyone's interest for registered sex offenders to lead stable lives, near the watchful eyes of family and law enforcement and regular psychiatric treatment. Exile by zoning threatens to create just the opposite phenomenon — a subpopulation of unhinged nomads off their meds with no fixed address and no one keeping tabs on them. This may satisfy many a town's thirst for retributive justice, but as a sensible law enforcement policy designed to make children safer, it smacks of thoughtlessness and failure.

CIVIL LAW:

Justice Dept. Files Suit Over Alleged Small Business Fund Fraud (BOS/AP)

By Maryclaire Dale, Associated Press Writer

The Boston Globe, December 30, 2006

PHILADELPHIA --Three investors, including a Connecticut attorney, are accused of defrauding a government program for small businesses out of $32 million, according to a lawsuit filed Friday by the U.S. Justice Department.

The government accuses the three defendants of cutting secret deals to hide their ownership stakes in a venture that received Small Business Administration funds.

The suit names Glastonbury-based attorney Daniel Beharry; John Torkelsen, who is in prison after pleading guilty to defrauding the agency; and Richard D. Propper, a physician from LaJolla, Calif.

They are accused of violating the False Claims Act, which allows the U.S. to seek treble damages plus penalties.

According to the lawsuit, the three defrauded the SBA's Small Business Investment Co. program by failing to disclose conflicts of interest and awarding themselves improper management fees.

Government lawyers say Torkelsen submitted an application for a firm called the Acorn Technology Fund, stating that he owned it with two other men. However, the application did not disclose that Acorn was also funded and controlled in part by Propper and Beharry, the suit states.

Beharry denied the accusations.

"We'll defend it very vigorously, but other than that I have no comment," he said Friday.

Propper was the subject of a 1996 consent decree with the Securities and Exchange Commission, the suit states. Had his name been listed as a fund manager, the SBA would have rejected Acorn's application, the government said.

Neither a home nor business listing for Propper in California could be determined on Friday.

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The lawsuit also names Sovereign Bancorp Inc. as a defendant. Prosecutors said that an employee at a bank that Sovereign bought, Main Street Bank, did not properly describe Acorn's account balances in a form filed with the Small Business Administration six years ago.

Sovereign, 3 Investors Sued In Program Fraud (BLOOM)

Bloomberg, December 30, 2006

The Justice Department has sued Sovereign Bancorp. Inc. and three venture capital investors, accusing them of defrauding a Small Business Administration program of $32 million.

The investors, including John Torkelsen, former manager of Acorn Technology Fund in New Jersey, evaded conflict-of-interest rules that would have prevented them from obtaining funds from the government, the Justice Department said. The U.S. alleged that the bank overstated the fund's assets to help get funding from the small-business agency.

The department said the alleged fraud is the biggest ever perpetrated against the U.S.' Small Business Investment Company Program, which gives small private fund managers equity capital and long-term loans to invest in developing companies. Also named in the suit were Richard Propper, a California investor, and Daniel Beharry, a Connecticut lawyer.

The Acorn fund received $32 million from the small-business program. According to the suit, Torkelsen and the other two investors engaged in multiple secret transactions that hid their ownership and control of companies that the fund invested in, contrary to U.S. rules against self-dealing.

Main Street Bank, prior to its acquisition by Sovereign, provided "false and misleading" information to the Small Business Administration on a form confirming the Acorn fund's account balances, according to court papers. Sovereign, based in Philadelphia, acquired Main Street Bancorp Inc. in 2002.

The Justice Department filed suit under the False Claims Act, which lets the U.S. collect up to three times the amount of its losses plus civil penalties.

Ed Shultz, a spokesman for Sovereign, said the bank "had no involvement with these transactions." They occurred at a branch office of Main Street before the bank was acquired by Sovereign, he said.

Torkelsen was sentenced in March to a 70-month prison sentence for defrauding the Small Business Administration in connection with the Acorn Fund. His attorney, Ralph Caccia, was out of town and didn't return a call seeking comment. Propper and Beharry also couldn't immediately be reached.

U.S. Sues To Regain Fraud Loss For SBA (PHI)

By Bob Fernandez

The Philadelphia Inquirer, December 30, 2006

The U.S. Justice Department filed a civil lawsuit in Philadelphia yesterday against imprisoned Princeton financier John B. Torkelsen, California businessman Richard D. Propper, and Connecticut lawyer Daniel P. Beharry for allegedly defrauding the Small Business Administration of $32 million.

The former Main Street Bank in Philadelphia, predecessor to Sovereign Bank, also was named as a defendant.

Sovereign spokesman Ed Shultz said the transactions related to the case were made before Sovereign acquired Main Street Bank in 2002. "There were no Sovereign employees involved," he said.

The suit was filed in the Eastern District of Pennsylvania under the False Claims Act, and seeks to have the defendents repay money fraudulently obtained from the SBA. The government has said the fraud was the largest in history in its Small Business Investment Company program, which attempts to seed small companies with money.

The suit is the latest legal action against Torkelsen, who has already pleaded guilty to making false statements to the SBA, and his Acorn Technology Fund L.P. in Bucks County, which received SBA money.

The complaint alleges that Torkelsen recruited Propper and Beharry as investors into the Acorn Technology Fund without telling the government, in violation of SBA rules.

Propper and Beharry then funneled investments from the fund into companies they partly owned, the court documents allege. Those companies were identified as Medibuy.com, Fresh Roast Inc., Endo Surgical Services Inc. and Infant Advantage/Parentech.

Torkelsen paid "excessive" management fees to himself and Beharry and Propper, the suit states. Torkelsen also used Acorn Technology to funnel millions of dollars into two companies he partly owned, SemiSystems Inc. and VeriVoice Inc.

Torkelsen has pleaded guilty to making false statements to the SBA in a related criminal case. He is serving a 70-month sentence in the federal penitentiary in Morgantown, W. Va. As part of that case, he has been ordered to pay restitution of $1.9 million.

A phone message to Torkelsen's attorney was not returned.

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A phone call to Beharry was not returned. Propper could not be reached.

Main Street Bank's role stems from a $2 million loan to Torkelsen in July 2000. The loan allegedly was used to artificially inflate Acorn's balance sheet so it could obtain more money from the SBA.

CIVIL RIGHTS:

Pressure On Nifong In Duke Case (RN&O)

Raleigh (NC) News & Observer, December 30, 2006

DURHAM - The latest flurry of news in the Duke lacrosse case prompted some concerned citizens to register a complaint with the U.S. Department of Justice on Friday, according to community activist Victoria Peterson, who said she helped pen the complaint with other, unnamed residents.

Officials with the Justice Department could not confirm Friday whether they had yet received the complaint.

A statement distributed by Peterson alleges that the accuser's civil rights were violated when lacrosse players tossed racial epithets at her and another exotic dancer the night of the alleged assault. The complaint also contends that officials at Duke University have failed to prosecute several rapes reported on campus.

Peterson, an unsuccessful City Council candidate and political organizer, has been speaking publicly about the racial and political subtexts of the case since the allegations surfaced in March.

Court Backs Affirmative Action Ban In Michigan (WP/AP)

By Tim Martin

The Washington Post, December 30, 2006

LANSING, Mich., Dec. 29 -- A federal appeals court ruled Friday that three Michigan universities should not have been given a six-month extension to comply with parts of a new state law banning some public affirmative action programs.

Michigan voters in November approved Proposal 2, which bans the use of race and gender preferences in university admissions and in government hiring and contracting.

The measure took effect Dec. 23, but U.S. District Judge David M. Lawson earlier this month provided an exception for admissions and financial aid decisions for incoming classes at the University of Michigan, Michigan State University and Wayne State University.

A three-judge panel of the Cincinnati-based U.S. Court of Appeals for the 6th Circuit said federal law does not warrant providing an exception. Although Lawson allowed the schools until July 1 to comply with Proposal 2, the appellate ruling means they will be expected to comply immediately.

The universities asked for the extension because they had already begun the admissions cycles for those students before voters approved the proposal. Lawyers for Gov. Jennifer M. Granholm (D) and Attorney General Mike Cox (R) signed off on the extension.

Kelly Cunningham, a spokeswoman for the University of Michigan, said Friday night that the school is reviewing the ruling.

A pro-affirmative-action group called By Any Means Necessary is considering appeals, lawyer George Washington said.

But Eric Russell, a University of Michigan Law School applicant who is represented by a backer of the measure, the Center for Individual Rights, called the ruling "a victory for all the people in Michigan who voted 'yes' on Proposal 2."

Gerald Ford's Affirmative Action (NYT)

By Jeffrey Toobin

The New York Times, December 30, 2006

GERALD R. FORD kept his distance from political controversy after leaving office, but he retained a special interest in the workings of his alma mater. In 1999, the 86-year-old former varsity football star decided to make a public stand in support of affirmative action at the University of Michigan.

He wrote an Op-Ed article on this page titled "Inclusive America, Under Attack." A pair of pending lawsuits, Mr. Ford wrote, would prohibit Michigan and other universities "from even considering race as one of many factors weighed by admission counselors." Such a move would condemn "future college students to suffer the cultural and social impoverishment that afflicted my generation."

As it happened, on Sept. 15, 1999, a month after the article ran, Mr. Ford had dinner with James M. Cannon, one of his former White House aides, in Grand Rapids, Mich. The men were in town to hear a speech at Mr. Ford's presidential museum by his only nominee to the Supreme Court, John Paul Stevens.

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By that point, Justice Stevens had long since proved a great disappointment to conservatives. But his nomination remained one of Mr. Ford's proudest achievements as president, for Justice Stevens' moderate-to-liberal record reflected Mr. Ford's own later views, as his stand on affirmative action illustrated. At the dinner, Mr. Ford encouraged Mr. Cannon to do what he could to help the university in the lawsuit, which was heading for the Supreme Court.

Mr. Cannon had served on the Board of Visitors of the Naval Academy, and both he and Mr. Ford knew how important affirmative action was to the military, especially its officer corps. Mr. Cannon had been told many times by the Navy's top brass that they did not want ships full of enlisted men, who tended to be heavily minority, to be commanded exclusively by white officers. Affirmative action wasn't social engineering, it was military necessity; and Mr. Cannon and Mr. Ford wanted to make sure the justices heard that message.

Active-duty officers could not take a stand on such a controversial issue, but Mr. Cannon, prompted by Mr. Ford, sought out the next best thing: retired military officers. In time, the University of Michigan defense team recruited Gen. H. Norman Schwarzkopf, Gen. John M. Shalikashvili, Gen. Hugh Shelton, Adm. William J. Crowe Jr. and two dozen others eminences to sign a friend-of-the-court brief in support of affirmative action written by a Washington lawyer, Carter G. Phillips.

The first case was argued at the court on April 1, 2003, less than two weeks after American and allied forces launched their invasion of Iraq. In this initial period, the war looked like a tremendous success; as a result, the military was held in especially high regard in the nation and at the court, and that attitude was reflected in the justices' many questions about the brief by the military retirees.

To the lawyer representing the plaintiff, Justice Ruth Bader Ginsburg said, "May I call your attention in that regard to the brief that was filed on behalf of some retired military officers who said that to have an officer corps that includes minority members in any number, there is no way to do it other than to give not an overriding preference but a plus for race."

Justices Stevens, Anthony M. Kennedy, David H. Souter and Sandra Day O'Connor followed up with similar queries. When Theodore B. Olson, the solicitor general, who was expressing the Bush administration's opposition to the Michigan program, rose to speak, Justice Stevens quickly interrupted: "Just let me get a question out, and you answer it at your convenience. I'd like you to comment on Carter Phillips's brief. What is your view of the strength of that argument?"

In the end, the court voted to uphold the affirmative action program at Michigan's law school. Justice O'Connor's opinion quoted Mr. Phillips's brief at length and then, in an extraordinarily rare tribute, adopted its words as part of the court's opinion: "To fulfill its mission, the military 'must be selective in admissions for training and education for the officer corps, and it must train and educate a highly qualified, racially diverse officer corps in a racially diverse setting.' "

The court, Justice O'Connor said, agreed with Mr. Phillips that " 'it requires only a small step from this analysis to conclude that our country's other most selective institutions must remain both diverse and selective.' "

In all, considering the statements at the oral argument and Justice O'Connor's opinion, the submission from the retired officers, as set in motion by Mr. Ford, may have been the most influential amicus brief in the history of the Supreme Court.

By Mr. Ford's later years, as the Michigan affirmative action controversy illustrated, the former president had fallen out of step with the strong conservative drift of the Republican Party. But more important, the Michigan case, and Mr. Ford's role in it, suggest that his views remained where they had long been — in the center of the country, politically and geographically — and by staying true to his beliefs, he left a quiet and powerful legacy for the university and the country that he loved.

ANTITRUST:

AT& T Completes BellSouth Takeover (WP)

By Alan Sipress, Sara Kehaulani Goo

The Washington Post, December 30, 2006

The Federal Communications Commission yesterday overcame a seven-month deadlock and approved AT&T's $85 billion purchase of BellSouth, creating a new corporate giant that will stand astride the telecommunications industry like none other in the generation since the old AT&T empire was broken up in 1984.

The acquisition, which closed yesterday, reunites large parts of AT&T's former domain by folding BellSouth's nine-state territory into AT&T's existing operations spanning the Midwest, Southwest and West Coast. It gives AT&T complete control of Cingular Wireless, the country's largest mobile-telephone provider, at a time when wireless is the newest frontier for reaching the Internet. Cingular is jointly owned by AT&T and BellSouth.

Unequaled in capital and geographic reach, the new AT&T could be a tough adversary for cable companies by offering television service over the Internet, possibly lowering rates for customers in its service area. Several conditions imposed on the acquisition to protect consumers could encourage the availability of affordable broadband.

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AT&T agreed to offer high-speed Internet for $19.95 a month over the next 30 months without requiring customers to purchase phone service from the company.

AT&T's size could also give it more power to set prices for telephone and other services -- although it agreed temporarily not to impose new charges on Web companies that use its lines -- and to influence political debate over telecommunications well beyond its service area. In the Washington area, where Verizon Communications is the primary phone company, the immediate impact of the merger is likely to be limited, FCC officials said.

"AT&T will be an engine for innovation, competition, and growth for our customers at home and abroad," chief executive Edward E. Whitacre Jr. said in a written statement. "In the Southeast, we will build on BellSouth's excellent record of serving customers and communities. And we are ready to lead the way in a new era of integrated wireless services nationwide."

The FCC had long been deadlocked over AT&T's purchase of BellSouth as Republican and Democratic commissioners sparred over what conditions to impose on the deal. But in the past 10 days, AT&T redoubled its efforts to break the impasse, pressing for a resolution before the end of the year. On Thursday, the company offered significant concessions to protect consumers and ensure competition and, with only minutes remaining before the close of the year's business, the board's two Democrats set aside their objections to join with two Republicans to approve the acquisition.

Kevin J. Martin, the FCC chairman and the deal's principal advocate on the commission, said it would help realize his goal of extending broadband Internet service across the nation by fostering competition. "This deployment is critical to our nation's competitiveness in the global economy and to our national security," Martin and fellow Republican commissioner Deborah Taylor Tate said in a joint statement. "All consumers should expect to benefit from this technology."

AT&T's last-minute commitments include a two-year pledge to abide by "net neutrality" -- agreeing not to discriminate against Web companies in pricing or in access to lines. That was an about-face for the company, which has argued that it should be allowed to give priority to Internet firms such as Google, Yahoo and Microsoft if they pay for it. Whitacre said last year that anyone expecting to use the phone lines free was "nuts."

Besides offering to sell stand-alone Internet service for $19.95 a month, AT&T also agreed to give up some wireless licenses suitable for high-speed Internet so that other companies could compete. The company also said it would freeze the rates for "special access" lines that serve some large businesses and move 3,000 BellSouth jobs to the United States from overseas.

"A historic merger warrants historic conditions," said Jonathan S. Adelstein, a Democrat on the commission who had refused to support the deal without consumer protections. "We won far more concessions to benefit the public than anyone predicted when this deal was announced."

With a market capitalization of $225 billion, the new AT&T will vastly outgun its leading competitor, Verizon, which was born six years ago in a $52 billion merger between GTE and Bell Atlantic.

But while the merger creates a new AT&T behemoth, the combined company is far different from the one that reigned for 70 years as a government-regulated monopoly and architect of the world's most advanced, comprehensive and affordable telephone system. That corporation, at the time the largest in the United States, had so cornered the market on communications that many Americans referred to it simply as the phone company.

Even as the new AT&T faces limited competition from other telephone operators, it is challenged by cable and computer companies playing in a far larger, more complicated marketplace encompassing television, broadband and wireless, as well as local and long-distance land-line telephone service. In recent years, cable companies have been more successful at poaching the phone business -- bundling it with TV and broadband and selling it to subscribers -- than traditional telephone operators have been in crossing over to television.

Earlier this month, a divided FCC approved a measure aimed at helping telephone companies move into cable television markets by significantly limiting what local officials can demand in return for franchises.

Gary Arlen, president of Arlen Communications, a Bethesda research firm, said AT&T's acquisition of BellSouth "reflects a natural oligopoly." In the early days, "public utilities were a natural monopoly. In our digital era today, competition is now not between the Bell companies, but between Bell and cable operators and some wireless [companies] in there."

Gigi B. Sohn, president of the Public Knowledge advocacy group, praised the FCC for approving the merger with strong conditions, especially on net neutrality, and urged the commission make sure that AT&T complies. In particular, she said the company might try to evade part of its net-neutrality commitment by claiming that the television service it provides over the Internet is akin to cable television and thus not subject to the condition.

Though the merger represents a landmark in U.S. telecommunications, it would be misleading to cast the corporate takeover as an epic tale of AT&T reconstituting itself from the wreckage of the 1984 breakup and its disastrous business decisions. The decline began with the divestiture, when AT&T gambled that it would be more lucrative to keep its long-distance business and cut loose the regional phone companies. But that meant jettisoning the huge number of employees and customers

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who gave the company political clout. In 1996, the regional companies and others won the right in Washington to compete for long-distance and the tide started turning against AT&T.

As intense competition forced prices for long-distance to fall, AT&T struggled to find a new calling and looked to cable. It again splintered six years ago, into four separately traded companies for broadband, wireless, business services and consumer services.

AT&T today is an utterly different corporation than the old Ma Bell, sharing little more than the name. The company that now flies the AT&T flag was until last year known as SBC Communications Inc. SBC, one of the original Baby Bells, gobbled up the relatively meager, sickly remains of the old AT&T, then took its venerated name before turning its appetite earlier this year to BellSouth.

AT&T Set To Take On Cable As Purchase Is Cleared (WSJ)

By Amol Sharma, Corey Boles

The Wall Street Journal, December 30, 2006

The Federal Communications Commission approved AT&T Inc.'s $85.8 billion takeover of BellSouth Corp. Friday, consolidating the telecom giant's global dominance as a phone, Internet and wireless provider and setting up its next big challenge: offering TV service to millions of consumers.

The agency approved the deal, the largest ever in U.S. telecommunications history, by a unanimous 4-0 vote, after AT&T offered a series of major concessions to pacify consumer groups and regulators.

The merger creates a behemoth that will have a market capitalization of more than $220 billion -- more than twice that of nearest rival Verizon Communications Inc. -- and will serve 67.5 million local-phone customers in 22 states, as well as 11.5 million broadband users.

Having completed the deal, AT&T plans to roll out its Internet video service aggressively in former BellSouth territory, the southeastern U.S., reaching 1.5 million homes by the end of next year. So far, AT&T has launched the service in 11 markets, including Houston and Indianapolis. It plans to reach 19 million homes in its own 13-state region, mainly in the central and southwestern U.S., by the end of 2008.

AT&T and Verizon are adding TV to the roster of services they offer consumers so they can better compete with cable companies that are already offering bundles of TV, phone and Internet service. So far, Verizon is in the lead, having signed up 118,000 customers for its TV service as of the end of the third quarter.

A slow rollout of video services hasn't hurt AT&T with investors. Its share price has been on a tear, up 46% this year. AT&T's stock was up 0.7% to $35.75 in 4 p.m. composite trading on the New York Stock Exchange Friday. In the third quarter ended Sept. 30, the company's profit jumped 74% over the previous year, with much of the growth coming from cellphone operator Cingular Wireless, a joint venture with BellSouth that has emerged as the nation's largest carrier, with 58.7 million subscribers.

As it takes full control of the Cingular venture, AT&T is expected to begin phasing out the Cingular brand beginning early next year, replacing it with the AT&T moniker.

Approval of the deal was never in serious doubt, but it was held up for months because of objections from consumer groups and the commission's two Democrats. AT&T broke the logjam by proposing a series of conditions that won over the Democrats, including a pledge not to prioritize any Internet-content provider's traffic over another's, a principle known as "net neutrality." Lawmakers, consumer activists and some Internet companies said that without such regulation, AT&T would have been able to strike deals guaranteeing some Internet companies higher-quality transmissions than others.

Rep. Edward J. Markey, the Massachusetts Democrat who will head the House subcommittee on telecommunications in the next Congress and has been a vocal critic of the deal, said in a statement he was "pleased that the concerns of the Internet community are being acknowledged and addressed."

The net-neutrality condition applies to the portion of AT&T's network that connects consumers' homes to the Internet backbone. Special data and voice lines used by corporate customers wouldn't be subject to the rules. AT&T's own nascent TV offerings would also be exempted.

AT&T also agreed to lower rates for some high-volume voice and data lines that serve corporate customers and are leased on a wholesale basis to smaller telecom carriers. And it pledged to offer stand-alone high-speed Internet access for as much as $20 a month. Companies that offer Internet phone service, like Vonage Holdings Corp. and 8x8 Inc., would stand to gain if consumers don't have to buy their phone service and Internet service in a packaged bundle.

The company also will have to divest radio frequencies it controls that are ideal for the wireless broadband technology known as WiMax. Potential acquirers of those spectrum licenses include Clearwire Corp. and Sprint Nextel Corp., which are both building out WiMax networks.

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AT&T Bends, Wins Deal OK (CHIT)

By Jon Van, Tribune Staff Reporter

Chicago Tribune, December 30, 2006

FCC approves BellSouth buyout after giant agrees to maintain `net neutrality' for 2 years

A compromise proposed by AT&T Inc. to win federal approval of its $85 billion acquisition of BellSouth Corp. signals how much the impending takeover of Congress by Democrats has shifted telecom's regulatory landscape.

The Federal Communications Commission approved the acquisition Friday upon reviewing the proposal submitted Thursday night by AT&T. The companies closed the deal Friday after winning the FCC's OK.

After opposing restrictions on its ability to prioritize Internet traffic it carries, AT&T agreed to "maintain neutral network and neutral routing in its wireline broadband Internet access service" for two years.

The concept of preserving "net neutrality" has been the paramount telecom issue for consumer advocates all year.

While specific Internet traffic abuses have been rare, activists fear that the economic interests of big telecom and cable companies that own Internet infrastructure will compel them to discriminate against smaller competitors whose Internet-based voice and video services undermine the cash cows operated by the giants.

For their part, large telecom carriers contend that they need flexibility to manage the trillions of bits and bytes that flow across their lines daily. Government restrictions intended to ward off potential anti-competitive moves could stifle technologic innovation, say executives at big telecom concerns.

AT&T's concessions sparked year-end celebrations Friday among consumer advocates who had been stymied through most of 2006 in their efforts to pass network neutrality laws in the Republican-controlled Congress.

"We are no longer having a debate about whether net neutrality should be the law of the land," said Ben Scott, policy director for Free Press, a consumer advocacy group. "We are having a debate about how and when."

Another aspect of AT&T's compromise proposal would put a cap of $20 a month on its basic digital subscriber line high-speed Internet service for 30 months. At present consumers who want to buy DSL without also getting an AT&T phone line must pay a minimum of about $45 a month.

Gene Kimmelman, vice president of Consumers Union, said that customers who cannot afford AT&T's prices today should soon be able to "get fast connections to the Internet at a reasonable price."

The phone giant also agreed to freeze some rates it offers to customers who buy bulk service, to sell wireless spectrum licenses held by BellSouth and to "repatriate" some 3,000 jobs outsourced abroad by BellSouth.

AT&T's BellSouth takeover had received approval from state regulators and the Justice Department but was hung up by two Democratic members of the FCC who wanted consumer-friendly concessions.

The three Republican FCC members could not override the two Democrats because one of them, Robert McDowell, had served as a telecom industry lobbyist before his federal appointment, and recused himself for ethical reasons.

Several Democratic House members slated to take leadership positions in the coming Congress had warned the FCC against approving the takeover without some concessions.

While the symbolic significance of AT&T's compromise is considerable, some observers said the substance may be less so.

David Burstein, who operates the DSLPrime.com telecom newsletter, said that buried in AT&T's proposal is a sentence that exempts its own Internet-based television service from network neutrality restrictions.

"In a seemingly innocuous sentence, AT&T opened a huge loophole for itself," said Burstein. "In the future, they can take anything they want, call it IPTV, and have no restrictions. If someone objects, they'll tie it up in court for longer than their two-year neutrality commitment."

Most consumer advocates chose to focus on the positive aspects of AT&T's proposal rather than speculate on future neutrality evasions.

"This will be a win for the public," said Mark Cooper, research director for the Consumer Federation of America.

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AT&T Wins Backing On BellSouth Merger (FT)

By Paul Taylor, Stephanie Kirchgaessner

Financial Times, December 30, 2006

AT&T, the largest US telecommunications group, on Friday won Federal Communications Commission approval for its planned merger with BellSouth after offering new concessions designed to break a regulatory deadlock over the $85bn deal.

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The new concessions are seen as a significant climbdown by AT&T. It had wanted to complete the merger before the end of this year, but had been frustrated by the FCC, which has been deadlocked over the issue for three months.

Robert Quinn, AT&T's senior vice-president, described them as being "significantly more extensive than those submitted on October 13".

AT&T promised not to raise prices on some special access lines that provide high-capacity phone and data services for large businesses for four years and to sell DSL internet access to subscribers for $19.95 a month without requiring customers to buy phone service.

In addition, AT&T said it would refrain from charging companies such as Google premium fees for faster subscriber access – a significant concession to the mostly Democrat backers of so-called "network neutrality".

AT&T also offered to repatriate 3,000 BellSouth jobs now outside the US, pledged 200 jobs for New Orleans and to divest some wireless licences in BellSouth's nine-state region that cover airwaves suitable for wireless broadband internet services.

AT&T's proposed merger already had the backing of Kevin Martin, the FCC chairman, and fellow Republican Deborah Taylor Tate, but the panel's two Democrats, Michael Copps and Jonathan Adelstein, had demanded further concessions, including price controls.

Their position was strengthened by the prospective change of control in Congress following the November elections and the decision last week by the fifth commissioner, Republican Robert McDowell not to participate in discussions and the vote because of his earlier work as a telecommunications lobbyist representing some of AT&T's rivals.

BellSouth And AT&T Close Deal (NYT)

By Vikas Bajaj

The New York Times, December 30, 2006

Federal regulators approved AT&T's $85.8 billion acquisition of BellSouth yesterday, allowing the companies to close their delayed deal.

The approval came a day after the two companies disclosed concessions designed to win the support of dissenting policy makers.

The Federal Communications Commission cleared the deal, the largest telecommunications merger in history, after AT&T offered to abide by certain conditions sought by two Democratic commissioners who found themselves with leverage after one of their three Republican colleagues recused himself from voting on the acquisition, leaving the agency tied 2-to-2.

The deal will go a significant distance toward recreating the prebreak-up AT&T. The company's local-phone network will traverse 22 states and stretch from Miami to San Francisco and include the Great Lakes region.

The old AT&T was broken up in 1984 into seven local-phone companies and one long-distance company, of which only three survive today: AT&T, Verizon Communications and Qwest Communications International. The acquisition also will give AT&T, based in San Antonio, total control of Cingular Wireless, the nation's largest mobile phone company and until now a 60-40 joint venture with BellSouth.

The combined company has 58 million cellphone customers, 67.5 million phone lines and 11.5 million broadband users. It would have reported revenue of $115 billion in 2005. It employs more than 300,000 people.

The approval hinged on a number of conditions, chief among them a "network neutrality" pledge by AT&T to allow its customers unfettered access to data and services over high-speed Internet connections. The company agreed to live by the pledge for two years or until Congress addresses the issue, something many officials and experts say could happen in the coming year.

In practical terms, the guarantee will not change how consumers use the Internet. But many advocates and policy makers have worried that with the dominance that cable and phone companies exercise over the broadband business, they could control, restrict or impede what customers can do with their connections.

That fear has been stoked by telecommunications executives who have said they would like to charge content providers like Google extra for the smooth and speedy delivery of services like TV shows over broadband connections.

"It's a historic breakthrough," Jonathan S. Adelstein, one of the Democratic commissioners who voted for the deal, said in a telephone interview. "It's going to set the terms of the debate going forward. It is going to cause us all to think deeply about how we address this."

In a statement, the other Democratic commissioner, Michael J. Copps, described the agreement as a step "that will preserve and encourage the truly transformative openness and power of the Internet."

Though hailed by several consumer advocates, critics said AT&T's pledge did not go far enough because it would not cover a new higher-speed service AT&T is building in California, Texas and elsewhere to provide video over fiber optic cables.

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"Whether I want to watch the Southern Baptist Convention or Al Jazeera or The Jerusalem Post, that should be my decision," said Dave Burstein, the publisher of DSL Prime, an industry newsletter. "That's what we are fighting for: the basic First Amendment."

AT&T officials said that while its video service would not be covered, customers who signed up for broadband Internet services would be able to tap into Internet-based video and data services from other sources without restriction or interference.

"These commitments reflect our long history of providing consumers and businesses with the most advanced and affordable communications services," AT&T's chairman and chief executive, Edward E. Whitacre Jr., said in a statement.

The latest negotiations on this and other concessions between AT&T and the F.C.C. began after Robert M. McDowell, the Republican commissioner who had recused himself, announced on Dec. 18 that he could still not vote on the deal even though the commission's general counsel had cleared him to do so. Before being appointed to the commission this summer, Mr. McDowell was the general counsel for Comptel, a trade group that represented rivals of AT&T and opposed the deal.

His recusal left the F.C.C. chairman, Kevin J. Martin, without enough votes in favor of the deal, which had already won a unconditional approval from the antitrust division of the Justice Department.

Analysts and officials said the negotiations took on a sense of urgency because AT&T wanted the deal, which had already been delayed several times, completed by the end of the year so it could be closed and accounted for in the current year and to please investors. Shares of AT&T are up more than 26 percent and BellSouth 48 percent since the deal was announced in March. At that time the deal was valued at $67 billion. Both stocks rose slightly yesterday.

"While this is not at all show-stopping by any means, it is the best that all the parties could do given the enormous pressure to get this deal done before the end of the year," said Jessica Zufolo, senior policy director for Medley Global Advisors, a research firm.

Members of Congress with an interest in telecommunications have been urging the two sides to get the deal done. Representative John D. Dingell, the Michigan Democrat who is expected to head the Energy and Commerce Committee in January, publicly chided the Democratic commissioners for pressing AT&T to make concessions he said had nothing to do with the merger.

"I have significant concerns over the process followed at the F.C.C. during these final weeks, and believe that such process may be suitable for committee review," Mr. Dingell said in a statement yesterday.

Other concessions AT&T agreed to in exchange for approval included:

¶A freeze on some fees it charges rivals for the rent of some high-capacity wires that serve office buildings.

¶A commitment to offer high-speed Internet service to all of its local phone customers by the end of next year.

¶Allowing customers to buy high-speed Internet service without a local-phone line.

¶The sale of certain wireless spectrum.

¶Bringing back 3,000 jobs BellSouth has sent overseas.

A Win For Net Neutrality (LAT)

The Los Angeles Times, December 30, 2006

TELECOMMUNICATIONS giant AT&T made a welcome concession to federal regulators this week that could help preserve the Internet's role as an engine for innovation and competition.

In order to win approval from the Federal Communications Commission for its $84.5-billion buyout of BellSouth, the reconstituted Ma Bell agreed Thursday to not offer for two years "any service that privileges, degrades or prioritizes" any data transmitted over its broadband network. In other words, AT&T guaranteed what has come to be known as "Net neutrality" — giving websites and services equal access to Internet users. The only exceptions are for AT&T's new TV service and the managed networks it sells to businesses.

Net neutrality became an issue last year after AT&T and BellSouth executives talked about making online companies cover more of the cost of broadband networks. In particular, they raised the prospect of charging high-traffic companies such as Google an extra fee to improve the picture quality of online movies and TV shows. Such charges could help established companies fend off upstarts by erecting a cost barrier to entry, suffocating the next YouTubes and Flickrs in their cribs.

The idea stirred so much opposition in the tech industry that two Democrats on the FCC refused to approve AT&T's purchase of BellSouth unless it agreed to Net neutrality. With only four of the five commissioners voting on the merger — one of the three Republicans recused himself — the Democrats essentially held veto power on the deal, and AT&T finally gave in.

Phone and cable companies operating broadband networks shouldn't be able to pick winners and losers among websites and services. Cordoning off toll roads on the information superhighway would undermine the Internet's nondiscriminatory nature, which has been critical to its entrepreneurial and inventive spirit.

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At the same time, network operators should be free to introduce prioritized services elsewhere on their data pipelines, separate from their Internet offerings. AT&T's new TV service, which acts as a sort of private network within AT&T's Internet business, is a good example. The TV service relies on prioritization to ensure picture quality, particularly for high-definition TV channels. The only limitation there should be that network operators offer the same terms to competitors as they do to affiliated companies.

The merger makes AT&T the dominant phone provider in 22 states, with more than one-third of the country's phone lines. This kind of mass is far less troubling today than it would have been 10 years ago, before the advent of cheap wireless and Internet-based phone services. What is still troubling is the paucity of competition in the market for broadband service, which promises to be the next dominant platform for communications. In most parts of AT&T's turf, it competes only with the local cable operator, if anyone. That's not enough to protect consumers or Web sites, which is why a temporary Net neutrality requirement makes sense for the entire industry.

US Patents For Financial Services Soar (FT)

By David Wighton

Financial Times, December 30, 2006

The number of US patents issued for financial services has soared this year as banks have rushed to take advantage of a protection once seen as the preserve of technology and drug companies.

Patents issued in the main US financial services category had risen more than threefold to 238 by the end of last week, with General Electric's finance arms heading the field with 11.

Many financial companies have stepped up efforts to protect intellectual property in recent years. Innovations that would not have been tried previously are being pursued because they can now be patented.

But experts warns that financial services is a fertile area for "patent trolls", who obtain and aggressively litigate patents.

Josh Lerner, a professor at Harvard Business School, said large numbers of financial services patents were of questionable quality. "In many cases patents are being used not as a tool to promote innovation but as a tool for extracting 'rents' from companies with deep pockets."

John Squires, chief intellectual property lawyer at Goldman Sachs, said a big worry was the way US courts granted injunctions to force companies found guilty of patent infringement to stop using disputed technology. Because of the highly interdependent nature of modern financial services, such injunctions could pose severe problems for the broader industry.

The dramatic growth in financial patents comes amid increasing concern about the patent system in the US and attempts to reform the process in Europe. In Europe, financial services or so-called business methods patents, are rare and lawyers say they are seldom enforced in the courts.

But in the US, a 1998 court ruling in a case involving State Street Bank made clear that businesses' processes were patentable. A flood of applications followed and these are now feeding through into issued patents.

Many financial services patents this year were issued to large US financial companies such as GE, Citigroup, JPMorgan, First Data and Goldman Sachs, or technology companies such as IBM, Hewlett-Packard and Accenture.

An increasing number of patents have been issued to individuals. Vergil Daughtery, a Georgia Tech MBA, was awarded patents for the pricing of "expirationless options". This was "despite the fact that perpetual options had been extensively studied in the finance literature since the 1960s", Prof Lerner said.

In June, the company to which Mr Daughtery licensed the patents filed a suit against the Philadelphia Stock Exchange for infringement.

Financial patents were being litigated at almost 30 times the rate of patents as a whole, Prof Lerner found in a recent study.

ENVIRONMENT:

U.S. Official Overseeing Oil Program Faces Inquiry (NYT)

By Edmund L. Andrews

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — The Justice Department is investigating whether the director of a multibillion-dollar oil-trading program at the Interior Department has been paid as a consultant for oil companies hoping for contracts.

The director of the program and three subordinates, all based in Denver, have been transferred to different jobs and have been ordered to cease all contacts with the oil industry until the investigation is completed some time next spring, according to officials involved.

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The officials, who spoke on condition of anonymity because the investigation had not been announced publicly, said investigators were worried that senior government officials had been steering huge oil-trading contracts to favored companies.

Any such favoritism would probably reduce the money that the federal government receives on nearly $4 billion worth of oil and gas, because it would reduce competition among companies that compete to sell the fuel on behalf of the government.

If the allegations prove correct, they would constitute a major new blot on the Interior Department's much-criticized effort to properly collect royalties on vast amounts of oil and gas produced on land or in coastal waters.

The Interior Department's Minerals Management Service, which oversees royalty collections, is now the target of multiple investigations by Congress and the Interior Department's inspector general.

Those investigations are focused on allegations that the agency ordered its own auditors to abandon claims of cheating by large oil companies; that the agency's arcane rules for calculating sales value and royalties make it easier for companies to understate their obligations; and that the agency's basic sources of data are riddled with inaccuracies and are unreliable.

Interior officials have promoted "royalties in kind" as a much simpler and more efficient way for the government to get its proper share, because it eliminates much of the arcane accounting and reduces the opportunities for sleight-of-hand bookkeeping.

About a quarter of all oil and gas produced in the United States comes from federal property, and the Interior Department collected about $10 billion in royalties last year on about $60 billion in oil and gas.

At issue is the "royalty in kind" program, a fast-growing program under which companies pay their royalties in the form oil or gas rather than in the traditional form of cash.

For the 12 months ending last April, the government collected about $3.7 billion in oil and gas. Until recently, most of the oil simply went to the government's Strategic Petroleum Reserve. But the strategic reserve was essentially filled this year, so the Interior Department hires private companies to resell the fuel on the open market.

To ensure that it gets the best price, the Interior Department takes bids for contracts in which companies typically offer to pay a specific premium over the daily spot-market prices quoted on the Nymex commodity exchange. The companies offering the biggest premium over the spot market get the contracts.

People familiar with the investigation said it had begun several months ago, but had picked up speed in the last few weeks.

The most prominent figure in the inquiry is Gregory W. Smith, who was director of the royalty-in-kind program at the Minerals Management Service in Denver. Mr. Smith oversaw the entire program, which now covers 75 percent of royalties for all oil and 30 percent of royalties for all natural gas produced in the Gulf of Mexico.

One person familiar with the investigation said it originally had focused on potentially improper social ties between some of Mr. Smith's subordinates and executives at companies vying for contracts. The subordinates include two women, including one who is said to be in charge of oil marketing, and a second man.

All four people were transferred out of the royalty-in-kind office several weeks ago. Mr. Smith was reassigned as a "special assistant" to Lucy Querques Dennett, associate director of the Mineral Management Service in Washington. He was given strict orders to avoid any contact with industry executives, according to one official.

One official said investigators were now looking at possible consulting arrangements between the Denver officials and oil companies. The official said the most recent information had, if anything, hardened the suspicions of investigators, and said the potential ramifications could turn out to be far-reaching.

Mr. Smith did not return calls to his office in Denver. Spokesmen for the Interior Department in Washington as well as in the inspector general's office, which began the investigation before referring the matter to the Justice Department, refused to comment on the matter.

Gentlemen, Start Your Plug-Ins (WSJ)

By R. James Woolsey

The Wall Street Journal, December 30, 2006

An oil and security task force of the Council on Foreign Relations recently opined that "[t]he voices that espouse 'energy independence' are doing the nation a disservice by focusing on a goal that is unachievable over the foreseeable future . . ." Others have also said, essentially, that other nations will control our transportation fuel -- get used to it. Yet House Democrats have announced a push for "energy independence in 10 years," and last month General Motors joined Toyota and perhaps other auto makers in a race to produce plug-in hybrid vehicles, hugely reducing the demand for oil. Who's right -- those who drive toward independence or those who shrug?

Bet on major progress toward independence, spurred by market forces and a portfolio of rapidly developing oil-replacing technologies.

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In recent years a number of alternatives to conventional oil have come to the fore -- oil sands, oil shale, coal-to-diesel and coal-to-methanol technologies. But their acceptability to a new Congress, quite possibly the next president, and a public increasingly concerned about global warming will depend on their demonstrating affordable and effective methods of sequestering the carbon they produce or otherwise avoiding carbon emissions.

Ethanol's appeal rose a few years ago when it became clear that genetically modified biocatalysts could break down the cellulose in biomass and thus enable ethanol's production from a wide range of plant life. This means that, compared with corn, little fossil fuel is needed during biomass cultivation and land use presents much less of a problem. Indeed two years ago the National Energy Policy Commission (NEPC), making reasonable assumptions about improved vehicle efficiency and biomass yields over the next 20 years, estimated that just 7% of U.S. farmland (the amount now in the Soil Bank) could produce enough biomass to provide half the fuel needed by U.S. passenger vehicles, and that production costs for cellulosic ethanol were headed downward toward around 70 cents per gallon. Further, conversion of only a portion of industrial, municipal and animal wastes -- using thermal processes now coming into commercial operation -- appears to be able to yield an additional several million barrels a day of diesel or, with some processes, methanol.

But in spite of the technological promise of alternative liquid fuels, skeptics rightly point out that it will take time to build production facilities and learn the practicalities of operating biorefineries and shifting industry from hydrocarbons to carbohydrates. Most of all there is a sense of investor caution, driven by memories of the mid-'80s and the late '90s when sharp drops in oil prices, driven in part by increased production from Saudi reserves, bankrupted such undertakings as the Synfuels Corporation. Also, industry support for moving away from oil dependence has long been weak outside agribusiness, and consumers see little immediate savings from using alternative liquid fuels.

All this is likely to change decisively, because electricity is about to become a major partner with alternative liquid fuels in replacing oil.

The change is being driven by innovations in the batteries that now power modern electronics. If hybrid gasoline-electric cars are provided with advanced batteries (GM's announcement said its choice would be lithium-ion) having improved energy and power density -- variants of the ones in our computers and cell phones -- dozens of vehicle prototypes are now demonstrating that these "plug-in hybrids" can more than double hybrids' overall (gasoline) mileage. With a plug-in, charging your car overnight from an ordinary 110-volt socket in your garage lets you drive 20 miles or more on the electricity stored in the topped-up battery before the car lapses into its normal hybrid mode. If you forget to charge or exceed 20 miles, no problem, you then just have a regular hybrid with the insurance of liquid fuel in the tank. And during those 20 all-electric miles you will be driving at a cost of between a penny and three cents a mile instead of the current 10-cent-a-mile cost of gasoline.

Utilities are rapidly becoming quite interested in plug-ins because of the substantial benefit to them of being able to sell off-peak power at night. Because off-peak nighttime charging uses unutilized capacity, DOE's Pacific Northwest National Laboratory estimates that adopting plug-ins will not create a need for new base load electricity generation plants until plug-ins constitute over 84% of the country's 220 million passenger vehicles. Further, those plug-ins that are left connected to an electrical socket after being fully charged (most U.S. cars are parked over 20 hours a day) can substitute for expensive natural gas by providing electricity from their batteries back to the grid: "spinning" reserves to help deal with power outages and regulation of the grid's voltage and amperage.

Once plug-ins start appearing in showrooms it is not only consumers and utility shareholders who will be smiling. If cheap off-peak electricity supplies a portion of our transportation needs, this will help insulate alternative liquid fuels from OPEC market manipulation designed to cripple oil's competitors. Indian and Chinese demand and peaking oil production may make it much harder for OPEC today to use any excess production capacity to drive prices down and destroy competitive technology. But as plug-ins come into the fleet low electricity costs will stand as a substantial further barrier to such market manipulation. Since OPEC cannot drive oil prices low enough to undermine our use of off-peak electricity, it is unlikely to embark on a course of radical price cuts at all because such cuts are painful for its oil-exporter members. Plug-ins thus may well give investors enough confidence to back alternative liquid fuels without any need for new taxes on oil or subsidies to protect them.

Environmentalists should join this march with enthusiasm. Replacing hydrocarbons with fuels derived from biomass and waste reduces vehicles' carbon emissions very substantially. And replacing gasoline with electricity further brightens the environmental picture. The Environmental and Energy Study Institute has shown that, with today's electricity grid, there would be a national average reduction in carbon emissions by about 60% per vehicle when a plug-in hybrid with 20-mile all-electric range replaces a conventional car.

Subsidizing expensive substitutes for petroleum, ignoring the massive infrastructure costs needed to fuel family cars with hydrogen, searching for a single elegant solution -- none of this has worked, nor will it. Instead we should encourage a portfolio of inexpensive fuels, including electricity, that requires very little infrastructure change and let its components work together: A 50

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mpg hybrid, once it becomes a plug-in, will likely get solidly over 100 mpg of gasoline (call it "mpgg"); if it is also a flexible fuel vehicle using 85% ethanol, E-85, its mpgg rises to around 500.

The market will likely operate to expand sharply the use of these technologies that are already in pilot plants and prototypes and heavily reduce oil use in the foreseeable future. And given the array of Wahhabis, terrorists and Ahmadinejad-like fanatics who sit atop the Persian Gulf's two-thirds of the world's conventional oil, such reduction will not be a disservice to the nation.

Mr. Woolsey, co-chair of the Committee on the Present Danger, was Director of Central Intelligence from 1993 to 1995.

FBI/DEA/ATF/USMS:

Drunk Or Not, Boggs Was Right About Wiretaps (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, December 30, 2006

WASHINGTON -- It must have seemed peculiar on that April day 35 years ago when Rep. Hale Boggs took to the floor of the House of Representatives and accused the FBI of spying on the government it was supposed to protect.

History would prove that Boggs, a congressman from New Orleans and the House's second-most-powerful Democrat, was right about the extent of the FBI's secret surveillance.

But on April 6, 1971, Boggs' comments drew a different reaction from President Nixon and his successor, Gerald Ford: They thought Boggs must have been drinking.

Transcripts of the taped conversations between Nixon and then-House Minority Leader Ford resurfaced after Ford's death Tuesday. The Washington Post published a piece Friday by journalist Bob Woodward based on interviews with Ford about the friendship between Nixon and the man to whom he would hand the presidency. Nixon recorded his office conversations and Woodward drew on transcripts to show how the two men regularly engaged in political gossip.

Lindy Boggs, who went on to win election to her husband's New Orleans House seat after he was killed in a 1972 plane crash, said that while Nixon and Ford might have had their doubts, her husband knew exactly what he was talking about when he made his surprising allegations of FBI abuses under Director J. Edgar Hoover.

Gestapo tactics

Boggs used what are called "one minutes," the opportunity for House members to talk about any topic they want, to say:

"When the FBI taps the telephones of members of this body and of members of the Senate, when the FBI stations agents on college campuses to infiltrate college organizations, when the FBI adopts the tactics of the Soviet Union and Hitler's Gestapo, then it is time -- it is way past time, Mr. Speaker, that the present director thereof no longer be the director."

Lindy Boggs, 90, said that a surveillance truck was regularly positioned near the Boggs' family home shortly before her husband leveled his criticism and that she had been told that the FBI was recording their phone conversations.

"These were not happy times for our family," Lindy Boggs said Friday. "We were told the FBI was monitoring our phone conversations and to draw running water between you and the telephone to wipe out the monitors."

Hoover was feared

Her recollection is supported by a former House colleague, Rep. Cornelius Gallagher, D-N.J., who said Friday that the House, under bipartisan leadership that included Ford and Boggs, had commissioned an investigation and discovered members' phones had indeed been tapped by the FBI. But he said the report was never released.

"Too many people feared J. Edgar Hoover," said Gallagher, who later was convicted of tax evasion and forced to give up his House seat, but maintains to this day that he was set up by the FBI for his criticism of the agency.

But in their 1971 conversation, Nixon, whose decision to secretly record conversations at the White House ultimately led to his undoing in the Watergate scandal, and Ford weren't buying Boggs' allegations, according to transcripts.

'On the sauce'

"He's on the sauce," Nixon said, repeating rumors that Boggs was drinking. "Isn't that it?"

"Well, I'm afraid that's right, Mr. President," Ford replied.

"Or is he crazy?" Nixon said.

Gallagher said it was true that Boggs was drinking too much during the period he made his remarks about the FBI, but he believes the problem was triggered by FBI operatives spreading rumors of an investigation that never produced any charges.

"But that doesn't take away the fact that he was absolutely right about the FBI abuses," Gallagher said.

Ford, he said, was just one of many Washington leaders, including Democratic Presidents Kennedy and Johnson, who wouldn't turn a critical eye on the FBI for fear of retaliation from Hoover.

Harry Lee confirms

Jefferson Parish Sheriff Harry Lee, who was a driver for Hale Boggs, said he found out about the phone taps when he kept getting a call one day from a man asking for a woman named Mary. Lee said he later learned that the wire to "Mary's phone," which was located in the same New Orleans apartment building where the Boggses lived, somehow got switched to the congressman's when experts brought in to check the congressman's phone discovered a bug.

Hale Boggs' charges didn't go unnoticed by Hoover and his supporters. Deputy Attorney General Richard Kleindienst, said that Boggs must have been "sick, or not in possession of his facilities" when he made his remarks. On April 12, 1971, Jack Anderson, a syndicated columnist, wrote that reports of Boggs' drinking problems came directly from the FBI.

James Thurber, director of congressional and presidential studies at American University, said the allegations of drinking can't take away that Hale Boggs was right in his criticism of the FBI. The illegal wiretapping also included prominent civil rights leaders such as the Rev. Martin Luther King Jr., Thurber said.

It's ironic that despite Ford's comments to Nixon, he and Boggs were friends.

Though they disagreed on many topics, Lindy Boggs said, they were always cordial to each other and enjoyed each other's company. She said she still relishes the camaraderie between her husband, Gerald Ford, Betty Ford and herself when the four went to China in 1971 after Nixon had normalized relations with the nation's communist government.

The former congresswoman and U.S. ambassador to the Vatican said that the civility between her husband, the Democratic House leader, and Ford, the GOP House leader, is in marked contrast to today's Congress. "I think the Congress is a reflection of the country and there's just so much bitterness around that it really is unfortunate," she said.

Hale Boggs died in an Oct. 16, 1972, plane crash in Alaska. J. Edgar Hoover died five months earlier.

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CONGRESS-ADMINISTRATION:

President Takes Cover During Tornado Scare (AP)

AP, December 29, 2006

CRAWFORD, Texas (AP) -- President Bush and first lady Laura Bush were moved to an armored vehicle on their ranch Friday when a tornado warning was issued in central Texas, the White House said.

The vehicle was driven to a tornado shelter on the ranch at 1:30 p.m. CT, and the president, the first lady and their two Scottish terriers, Barney and Miss Beazley, sat inside until the weather cleared, deputy White House press secretary Scott Stanzel said. They were never moved into the shelter, he said. The shelter is a few hundred yards away from the president's house on the ranch.

"He was in the vehicle for about 10 minutes and then he went back to the house," Stanzel said, adding that other members of the staff at the ranch were sheltered as well.

About an hour later in Groesbeck, roughly 60 miles east of Crawford, a man was killed when a tornado struck an assisted living facility for veterans, emergency management officials said.

The rush to the tornado shelter interrupted Bush's day at the ranch, where his day included clearing some cedar. The windy day of rain and thunder began with morning calls to wish him a happy new year from outgoing U.N. Secretary-General Kofi Annan and Colombian President Alvaro Uribe.

British Prime Minister Tony Blair, who is visiting Miami, also called Bush to talk about Iraq. Stanzel said Bush also spent time contemplating the new plan for U.S. policy in Iraq that he plans to announce in the new year. Bush hosted a National Security Council meeting at his ranch on Thursday.

First Couple Evacuated Amid Texas Tornado Warning (WP)

The Washington Post, December 30, 2006

CRAWFORD, Tex., Dec. 29 -- President Bush and his wife, Laura, were briefly evacuated from their central Texas house into an armored vehicle on Friday when a tornado warning was issued for the area, the White House said.

They were driven to a tornado shelter on the ranch, and the president, the first lady and their two dogs sat inside the vehicle until the weather cleared, said Scott Stanzel, deputy White House press secretary. They were never moved into the shelter, he said.

Stanzel said that he did not know how long the Bushes and their Scottish terriers, Miss Beazley and Barney, had to stay in the vehicle but that it was not "terribly long."

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Texas: Tornadoes Kill One; President Waits Out Storm (NYT)

The New York Times, December 30, 2006

Tornadoes swept across Texas, killing one person and injuring at least a dozen others. Rural counties around Waco suffered widespread damage, officials said. A tornado warning forced President Bush and Laura Bush to move to an armored vehicle outside a shelter on their ranch in Crawford, just west of Waco. The vehicle was driven to a tornado shelter on the ranch, and the president, Mrs. Bush and their two Scottish terriers sat inside until the weather cleared, a deputy White House press secretary, Scott Stanzel, said. They were never moved into the shelter, Mr. Stanzel said.

Bush Shelters Amid Tornado Alert (BBC)

BBC.com, December 29, 2006

US President George W Bush was evacuated from his ranch in Crawford after a tornado warning was issued in central Texas, officials said.

Mr Bush, his wife Laura and their two dogs Barney and Miss Beazley were taken by armoured car to a tornado shelter on the property, the White House said.

However, the couple did not need to enter the shelter as the bad weather only lasted a short while.

The couple and members of staff were in the vehicle for about 10 minutes.

The tornado warning, issued by the National Weather Service, lasted for less than an hour.

The rush to the tornado shelter interrupted President Bush's day at the ranch where he was being kept abreast of plans in Iraq to execute the former leader, Saddam Hussein.

After This Vacation, Bush Will Need Some Rest (LAT)

By James Gerstenzang

The Los Angeles Times, December 30, 2006

CRAWFORD, TEXAS — President Bush spent part of Friday cutting down some of the ubiquitous cedar from his property here, indulging his inner Reagan, much as the former president cleared brush from his own ranch in the Santa Ynez Mountains.

In the morning he received his daily intelligence briefing.

Another routine day at the Western White House?

Not precisely.

In the afternoon, with prairie winds blowing and the sky a mysterious gray, the president and First Lady Laura Bush were obliged to scoop up their two Scottish terriers, Barney and Miss Beazley, and hurry in an armored car toward a tornado shelter on their Prairie Chapel Ranch.

The storms swirling about central Texas on Friday — a tornado touched down north of Waco, perhaps 30 miles from here, and another was said to have been spotted west of the president's ranch — formed an apt metaphor for the president at the end of a tumultuous year.

He was at the midpoint of a weeklong vacation that normally revolves around ranch chores. But this has been a different and strange holiday in which Bush has been unable to leave behind reminders of the problems he faces, at a low point in public opinion polls after another deadly year in Iraq.

The intelligence briefing Friday included an update on the execution of Saddam Hussein. On Thursday, Bush met with his senior national security advisors at his office on the ranch to work on a new strategy to deal with the insurgency and sectarian violence in Iraq. There also were details to work out on his role in former President Ford's funeral and memorial services. And outside the property, as usual, were anti-war demonstrators, among them Cindy Sheehan, whose son's death in Iraq has led her into many months of public protest.

The vacation began Christmas weekend at Camp David, Md. The president and his wife exchanged gifts: Citrine earrings for her, to match a necklace he had given her for her birthday. For him, a CD by rhythm and blues singer Sam Moore, "Overnight Sensational"; biking shoes; and a new blue suit.

But soon after Bush arrived at the Texas ranch, the cable news channels became a video collage of past American turmoil and current Iraqi mayhem. With the death of Ford, the Watergate years and the end of the Vietnam War were once again playing out.

By Friday, screens were alternating between the studied grace of a presidential farewell in Palm Desert, Calif., and repeated displays of the disheveled Hussein's capture three years ago.

Late on his first night here, well after he would normally have turned out the lights, Bush was told of Ford's death. It took roughly another hour for him to reach Betty Ford on the telephone.

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By 7 a.m. the next day, he was speaking before television cameras, offering condolences to the Ford family and paying respect to the former president as "a man of complete integrity who led our country with common sense and kind instincts."

Some of Ford's friends and former staff members complained that the administration dragged its feet in declaring a national day of mourning. White House officials said such complaints did not take into consideration the need to wait until the date of the funeral had been officially announced.

They also took pains to present their response to Ford's death as equivalent in every way to their response to the June 2004 death of former President Reagan. This was a sensitive point after newspapers on Thursday published Ford's sharp criticism of Bush's Iraq policy, made in an interview with the Washington Post in July 2004 and held for publication until after Ford's death.

And, having begun his vacation with word of Ford's death, the president is ending it several hours earlier than planned, heading back to Washington on Monday to participate in the public viewing of the former president at the Capitol. On Tuesday, he is scheduled to speak at the funeral at the Washington National Cathedral, again taking on the public role of mourner-in-chief.

As for the tornado shelter, it went unused Friday. The Bushes and dogs sat in their car for a period that White House spokesman Scott Stanzel said "wasn't terribly long."

After the immediate threat passed, they headed back to the ranch house to continue their vacation, such as it was.

Cheney Faces New Year Of Testing Times (FT)

By Caroline Daniel

Financial Times, December 30, 2006

Dick Cheney has forged a reputation as the most powerful but also least visible vice-president in recent history. In the next few weeks, however, he will be forced to fight some of his battles in the open - in the courtroom and on Capitol Hill.

The first test will come in the criminal trial of his former chief of staff, Lewis "Scooter" Libby, charged with lying to a grand jury during an investigation into how a CIA agent's name was leaked. The trial, due to begin in two weeks, is likely to set an ignominious precedent when Mr Cheney becomes the first vice-president to testify in a trial.

Mr Cheney's legal team are also steeling themselves for the launch of legislative investigations by the new Democrat-controlled Congress.

In 2004 the vice-president felt confident enough to dismiss questions from Patrick Leahy, then a powerless Democrat, with a lewd invitation for him to do something sexually impossible. Now, he faces political revenge: Mr Leahy, the incoming chairman of the judiciary committee, has said he will issue subpoenas to secure documents that show whether the Bush administration authorised torture as part of its "war on terror".

He also vowed to look into no-bid Iraq contracts, including those awarded to Halliburton, a company the vice-president once ran. He said: "At the risk of incurring another of Vice-President Cheney's special season's greetings, I ask: 'Where did all the money go?' "

Mr Cheney enters this spotlight a weakened but not necessarily chastened figure, with fewer allies.

Disaffected Republicans blame him as much as President George W. Bush for their minority status. His image for gravitas has been tarnished by public mockery. A dead deer recently found outside his residence revived mocking stories of when he went hunting and accidentally shot his friend in the face.

His influence has never come from his popularity outside the White House, but from his access within it. That has not changed. Josh Bolten, the White House chief of staff, told the FT: "He is a welcome participant in every meeting the president is in, he sits in on almost all the policy meetings and avoids a lot of the ceremonial stuff, he doesn't show-boat, I guess that's an understatement. But he's there with his advice and counsel, and experience on almost every area."

Even so, there are signs that the president's confidence in his judgment has waned. He was cut out of the decision to oust his ally Donald Rumsfeld as secretary of defence, a move he vigorously opposed.

"They really are genuinely close friends but the president doesn't always take his advice," said Mr Bolten.

On economic policy, Mr Cheney is likely to see his influence overshadowed by Hank Paulson, the Treasury secretary. "Bush made Hank his singular economic policy adviser on domestic and international affairs," says a former Treasury official. "The president made it clear he would drive economic policy."

The first test of the relative power of the two men could come over concessions on social security reform.

"There is talk of a possible entitlement reform deal involving raising taxes. My guess is [Cheney] would play a role as someone who will resist that," says Cesar Conda, his former domestic policy adviser.

In the Senate, the vice-president - who formally presides over the chamber - holds a tie-breaking vote and Mr Cheney could be called to exercise this more often with the Democrats holding only a slim majority, and especially if Tim Johnson, the South Dakota Democrat who was taken ill before Christmas, remains in hospital.

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With the Republicans losing control of the House, keeping the party's Senate minority unified is vital as the last line of defence for the presidential agenda.

"The Senate has become more critical. It is no longer about how to get 287 votes in the House and 60 in the Senate, but how you get 41 votes in the Senate to block something. That's your power," says one former senior Cheney aide.

Trent Lott, the incoming Senate Republican whip, who has known Mr Cheney since they were "young squirts in the House", predicts that the vice-president will have "increased significance over the next two years, keeping the relationship between the White House and Republican rank and file in reasonable bounds. Many have never been in the minority before and need a little stroking and coaching."

Nevertheless Mr Cheney is an awkward unifying figure. Senators Arlen Specter, John McCain, John Warner and Lindsay Graham are still smarting from clashes over the surveillance and interrogation of suspected terrorists.

"There is some damage with those individuals, but events could take care of that," says one former Cheney aide.

Indeed, there is a danger for the Democrats that if they push too hard with subpoenas Republicans could rally around the vice-president.

Mr Lott warns them not to over-reach: "The Republicans found that when they impeached President Bill Clinton. They will find Cheney a tough hombre."

Recent Flexing Of Presidential Powers Had Personal Roots In Ford White House (NYT)

By Scott Shane

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — This year's annual gathering of Gerald R. Ford administration alumni took place in June at the National Archives, where graying former officials socialized near a display of the Constitution.

Mingling with the retirees were two men still very much in power: Dick Cheney and Donald H. Rumsfeld, each of whom had served under Mr. Ford as White House chief of staff.

The setting had an apt symbolism. Since taking office as part of the Bush administration in 2001, both Vice President Cheney and Mr. Rumsfeld, who stepped down as defense secretary this month, have consciously sought to restore what they see as the constitutional powers of the presidency, which they believe were severely eroded under President Richard M. Nixon and President Ford. Some of their colleagues from three decades ago — evidently including Mr. Ford — have wondered if they have gone too far.

In the 1970s, reacting to the upheavals of Vietnam and Watergate, a Democratic-controlled Congress acted repeatedly to curb the executive, passing the War Powers Resolution, which requires consultation with Congress before entering into hostilities; approving amendments expanding the Freedom of Information Act and probing deeply and publicly into intelligence agency secrets.

Mr. Ford, a 25-year veteran of Congress, fought back, despite his conciliatory personal style and sense that his presidency in the wake of the Watergate scandal, was, in the title he would give to his memoir, "a time to heal." He used his veto power 66 times in his two and half years in office, the highest rate among modern presidents, and Congress responded with override votes 12 times.

"He was an unelected president coming in a horrible time and facing a Democratic House and Senate," said Max L. Friedersdorf, Mr. Ford's top liaison to Congress. "In Congressional relations, the main job we had was trying to sustain those vetoes."

In other ways, too, Mr. Ford tried to exercise his presidential powers. He pardoned Nixon without consulting Congress. He ordered the Marines to retake the American merchant ship Mayagüez after it was seized by Cambodian forces, informing Congress only afterward.

"Ford dug in his heels as best he could to stop the erosion of presidential power," said John Robert Greene, a Ford biographer and historian at Cazenovia College.

Ringside seats for this constitutional combat went to Mr. Rumsfeld, a former Illinois congressman whom Mr. Ford chose as chief of staff in 1974 at age 42, and Mr. Cheney, a former political science graduate student who served as his deputy. When Mr. Rumsfeld was named defense secretary the next year, Mr. Cheney, just 34, took the top White House job.

"Ford treated Cheney and Rumsfeld in effect as his students, eager young men willing to learn the art of government at his side," Mr. Greene said.

Just days after arriving at the White House, those pupils saw Mr. Ford suffer an important defeat. At the urging of a Justice Department official named Antonin Scalia, who would later join the Supreme Court, Mr. Ford vetoed the Freedom of Information Act amendments, which he believed infringed the secrecy of the intelligence agencies and the F.B.I.

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Newspaper editorials denounced what they said was a violation of Mr. Ford's pronounced policy of openness. A defiant Congress overrode the veto, by a vote of 371 to 31 in the House and 65 to 27 in the Senate.

"I think Ford, Cheney and Rumsfeld felt like Gulliver being held down by the Lilliputians," said Thomas S. Blanton, executive director of the National Security Archive at George Washington University, who helped edit a collection of documents on the episode.

After leaving office in 1977, Mr. Ford kept up the battle, devoting his first major public addresses to a critique of the War Powers Resolution, which he called an unconstitutional and impractical invasion of presidential power. He said it had been passed amid the "boiling passions of Vietnam and Watergate," which he said had encouraged "too much tampering with the basic machinery by which the United States government has run successfully for the past 200 years."

That theme would be picked up repeatedly in later years by Mr. Cheney, who laid out his constitutional theories in the Republican minority report on the Iran-contra affair in 1987, and by Mr. Rumsfeld, who testified to Congress in 1995 about the problem of "legislative micromanagement of the executive branch."

After President Bush took office, they could put such views into action. Mr. Cheney took a stand on the secrecy of his consultations with industry officials on energy policy. Mr. Rumsfeld expanded the Pentagon's authority at home and abroad. Mr. Bush would cite his powers as commander in chief to justify the first eavesdropping on American soil without warrants since the 1970s.

Mr. Cheney has most explicitly linked such actions to a historic reassertion of presidential power. "In 34 years, I have repeatedly seen an erosion of the powers and the ability of the president of the United States to do his job," he said in an interview on ABC's "This Week" in 2002, referring to several 1970s laws.

In December 2005, after the disclosure of the National Security Agency's eavesdropping without warrants, Mr. Cheney told reporters that the program was a proper assertion of the president's authority. While the "the nadir of the modern presidency" had come in the 1970s, he said, "I do think that to some extent now, we've been able to restore the legitimate authority of the presidency."

In all the intervening years, Mr. Ford maintained close and friendly relations with both his former chiefs of staff. When Mr. Bush selected Mr. Cheney as his running mate in 2000, Mr. Ford lauded the vice-presidential candidate in an Op-Ed article in The New York Times for "a towering intelligence and probity, razor-sharp judgment and a seriousness of purpose that is the antithesis of modern political spin."

This year, when Mr. Rumsfeld came under fire from senior retired generals for his conduct of the war in Iraq, Mr. Ford issued a rare public statement defending his "creativity, vision and courage" and rebuking his critics.

But a private disillusionment appears to have been taking shape. In a 2004 interview with Bob Woodward, reported for the first time in The Washington Post this week, Mr. Ford singled out Mr. Rumsfeld and Mr. Cheney by name and sharply criticized the decision to go to war in Iraq.

"I don't think I would have gone to war," Mr. Ford said.

Of Mr. Cheney, he said, "He was an excellent chief of staff. First class." But as vice president, he said, "I think Cheney has become much more pugnacious."

Mr. Ford's remarks echoed those of some of his former aides. Brent Scowcroft, Mr. Ford's national security adviser, expressed puzzlement at his former colleagues in an interview last year with New Yorker magazine, declaring, "Dick Cheney I don't know anymore."

Carla A. Hills, Mr. Ford's secretary of housing and urban development, said Friday that "many of the travails of this administration could have been avoided with more transparency and collegiality, which were hallmarks of the Ford administration."

Some officials seem deeply torn. In an interview Friday, Mr. Friedersdorf, the former Congressional liaison, described his joy in speaking with both Mr. Rumsfeld and Mr. Cheney — "wonderful guys" — at the National Archives alumni gathering in June.

"I talked to the vice president about what a great place it was to get together — you could walk right up to the Declaration of Independence and the Constitution," Mr. Friedersdorf recalled.

But he added, "When I see them supporting the foreign policy of this president, the deficit spending, the eavesdropping, Guantánamo, I don't recognize them."

Las Vegas Judge Under Investigation (LAT)

By Michael J. Goodman, Special To The Times

The Los Angeles Times, December 30, 2006

The 9th Circuit has hired a law firm to suggest action on James C. Mahan, sources say.

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LAS VEGAS — The U.S. 9th Circuit Court of Appeals in San Francisco has launched an investigation of a federal judge who awarded more than $4.8 million in judgments and fees without apparently disclosing his personal, political and business ties to those who benefited, two sources close to the inquiry told The Times.

U.S. District Judge James C. Mahan of Las Vegas, a popular state judge who joined the federal bench in 2002 after his nomination by President Bush, was the subject of Times investigative reports in June.

Investigations of federal judges are confidential. However, two people independently familiar with the matter said that a law firm hired by the 9th Circuit has scheduled interviews with key figures in the Mahan case.

The law firm was hired by the 9th Circuit "to investigate and make a recommendation" regarding possible disciplinary action for Mahan, one of the sources said.

The sources spoke on condition of anonymity because they might run afoul of the court's secrecy requirements for judicial inquiries. Ninth Circuit confidentiality rules apply to "any person in any proceeding" and provide that violators "could be held in contempt."

The federal investigation follows several reforms initiated at the state level after the series of Times articles exposing irregularities in the Las Vegas judiciary. The measures include the appointment last month of a 30-member statewide commission "to investigate and make recommendations" for reforming the state justice system.

On Mahan, the articles detailed how he awarded fees in a dozen state and federal cases to a former client and business associate who twice served as his judicial campaign treasurer and who was instrumental in getting him appointed to the bench.

Mahan also approved additional fees for his former law partner, who was providing free legal services for both the judge's wife and the judge's executive judicial assistant, and with whom the judge was still tied financially through property ownership and a profit sharing plan.

A search of court records found no indication that he disclosed his ties to those who were awarded the judgments and fees.

Mahan angrily denied any wrongdoing before publication of the articles, and has not responded to questions and repeated phone calls since.

The disclosures in June prompted U.S. District Judge Terry J. Hatter Jr. of Los Angeles, former chief judge of the U.S. District Court for the Central District of California, to publicly urge Chief Judge Mary M. Schroeder of the 9th Circuit, to investigate.

"I fully expect the chief judge to do something," Hatter said shortly after the articles appeared.

Bound by its strict rules of secrecy, the 9th Circuit, which oversees Nevada, California and seven other Western states, has kept silent on whether it is even considering an investigation.

But the hiring of an outside law firm by the 9th Circuit "suggests that a special committee has been appointed" by the chief judge to investigate Mahan, said Ronald D. Rotunda, a law professor at George Mason University who is an expert on legal ethics.

Special committees are appointed when the chief judge determines that an original complaint filed with the court clerk is credible and "raises an issue that should be investigated," according to rules of the 9th Circuit Judicial Council.

Special committees are then allowed to "arrange … for the hiring of special staff to assist in the investigation," Judicial Council rules state. A federal judge said this "special staff" sometimes consists of an outside law firm.

Typically, a special committee passes its findings and recommendations to the council for further investigation, or, in the case of impeachment, referral to the Judicial Council of the United States.

Impeachment of federal judges, who are appointed for life, is rare, as is lesser disciplinary action such as censure. Only a few 9th Circuit judges are believed to have been disciplined in the last 15 years.

Mahan was one of eight former and current Nevada judges featured in the Times report in early June. The articles detailed how some state judges routinely ruled in favor of friends, former clients and business partners, and how they solicited campaign donations from lawyers appearing before them and then ruled favorably.

Reaction by the Nevada Supreme Court, which supervises the state judiciary, was immediate and is ongoing.

Last week, the state's highest court added two reform measures as rule changes to the Nevada Code of Judicial Conduct. The reforms were proposed in a petition filed last month by retiring Chief Justice Robert E. Rose and discussed in a public hearing Dec. 5.

One new rule requires judges to disclose their relationship to former law clerks appearing before them as attorneys for at least three years after the clerkship.

"Recent articles in the Los Angeles Times," Rose's petition stated, "roundly criticized Nevada judges for not disclosing that an attorney appearing before a judge was a former law clerk to the judge. This does appear to be a relationship that opposing counsel might reasonably consider relevant to the question of disqualification."

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The Times' series showed how the state Supreme Court had to step in and order one judge to reduce the sweeping power he had granted a former law clerk he appointed to assist him.

Another judge, the series disclosed, consistently overturned drunken driving convictions for clients of his former law clerk, while consistently upholding convictions for clients of other lawyers.

The second reform allows the removal of senior judges from cases through the "peremptory challenge" process that applies to regular judges. Senior judges had been exempt from such removal.

Nevada's senior judges are typically retired but work part time as relief judges. As senior judges, they have the same power as elected state judges, but don't answer to voters and their terms are open-ended. Yet three of the most active senior judges, The Times revealed, had careers marked by scandal and controversy.

Rose's petition also proposed both a cap on leftover campaign funds and courtroom disclosure by judges when contributors of more than $10,000 appear before them. The high court referred those two proposals to the statewide commission it created in November.

With Rose as chairman, the commission held its first meeting in Las Vegas on Dec. 19. Composed largely of judges and prominent members of the Nevada legal community, the commission will pass its recommendations to the Nevada Supreme Court for presentation to the Legislature in February.

During its five-hour session, the commission targeted campaign fundraising by judges, selection of judges and the need for an appellate court as top priorities.

Of major concern was the practice of judges soliciting political donations from those who may appear before them.

"The last people you want asking for money are your judicial candidates," said commission member Frankie Sue Del Papa, a Reno attorney and former Nevada attorney general.

But another member, state Judge Lee A. Gates of Las Vegas, said judicial candidates have little choice: "If you want to win the game, you have to play the game."

Children Take Forefront Of Health-Care Plan (WSJ)

By Jane Zhang

The Wall Street Journal, December 30, 2006

Democrats in Congress, itching to expand health coverage, will likely start by tackling the most politically appealing group: uninsured children.

In a show of bipartisanship in 1997, Congress created the State Children's Health Insurance Program1, which is providing nearly $40 billion over 10 years in federal grants to states to cover children from low-income families who aren't poor enough to qualify for other government coverage. The program now covers more than 6.1 million children.

The Schip2 (pronounced Ess-chip) program, along with the expansion of the state-federal Medicaid health-insurance program for the poor, is widely credited with reducing the fraction of uninsured children, even as the number of uninsured adults has risen.3 About 8.3 million children, or 11% of all children in the U.S., lack coverage.

For Democrats, covering these youngsters has obvious appeal. It would allow lawmakers to champion solutions to problems of people who they say have been a low priority for Republicans. It also would be a step toward universal health coverage, an old and elusive goal of many in the party.

"I am determined to pass legislation to cover all children as a first step to ensuring that all Americans have access to affordable health-care coverage," Nevada Sen. Harry Reid, the incoming majority leader, has said.

Democrats have yet to offer specific proposals or to put a price tag on possible plans. But as with most health-care initiatives, any significant effort to extend and expand coverage will cost billions of dollars, and collide with budget realities, resistance from Republicans and Democrats' vow to be fiscally responsible. "Given the politics and the fiscal constraints, this is not a small order," said Ron Pollack, executive director of Families USA, a liberal advocacy group.

Despite some bipartisan support for the program, squabbles loom on fundamental issues: Where to get the money to maintain and enlarge the program; whether to allow enrollment of lower-income parents; and whether to change the formula that divvies up money among states.

The program aims at children in low-income families that earn too much to qualify for Medicaid yet can't afford private insurance. Specifically, it aims to cover uninsured children in families earning twice the federal poverty level, or $40,000 for a family of four, though states can go beyond that. Enrollees are required to pay premiums and co-payments -- albeit often limited ones -- for plans that frequently resemble insurance offered to private or government employees.

Under the program, the federal government provides matching grants to states, which can then expand Medicaid or create a separate Schip program. Within broad federal guidelines, each state determines the design of its program, including eligibility rules and benefit packages. The current program expires Sept. 30, 2007, unless renewed by Congress.

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In at least 17 states, funding is falling short of the cost of covering already-enrolled kids by more than $900 million in all. As a result, some of those covered this year could lose insurance in 2007. A last-minute fix passed by Congress should keep the struggling state programs afloat through late spring 2007. With health costs rising, actuaries at the Centers for Medicare & Medicaid Services, the federal agency that manages the programs, estimate that 1.5 million children would lose existing coverage by 2012 unless funding increases.

Many Democrats want both to ensure that youngsters already covered keep coverage and to broaden the program to pick up all uninsured children, regardless of income. "We should reach across party lines to agree on universal health care for children," Rahm Emanuel, the Illinois Democrat who led the Democratic Congressional Campaign Committee, and Bruce Reed, president of the centrist Democratic Leadership Council, wrote in their campaign manifesto, "The Plan."

Congressional Democrats are looking at a step-by-step approach. First, they want to make sure that current enrollees aren't dropped. Second, they want to sign up children who are eligible but not enrolled. By some estimates, at least 60% of uninsured children in the U.S. are eligible for the program or Medicaid, but aren't participating. Then, they want to find ways to offer coverage to children who aren't currently eligible for Schip or other government programs.

Some Republicans are leery about expansion plans. Sen. Charles Grassley, an Iowa Republican who is outgoing chairman of the Senate Finance Committee, worries that plugging money into the program repeatedly to eliminate state shortfalls would turn Schip into an open-ended program like Medicaid, where the government is obligated to spend not a set sum, but whatever it takes to provide the promised benefit to those who enroll. Mr. Grassley wants legislation prohibiting states from using certain Schip funding to cover low-income parents and childless adults.

But Schip does have some Republican backers, including Sen. Orrin Hatch of Utah. Some Republicans like that the program has some of the features of private insurance, such as premiums and co-payments, and that states have considerable flexibility in how to administer it. It "does not feel like a welfare program," Nathan Checketts of the Utah Department of Health said at a recent hearing.

Republicans plan to use the reauthorization process to try to give more flexibility to states and to require performance benchmarks. "I think there is a voice for those who don't simply throw money at a program without assessing how the program is doing," said Nina Owcharenko, a health analyst at the Heritage Foundation, a conservative think tank in Washington.

A few states already have broadened coverage to all uninsured children. In Illinois, Democratic Gov. Rod R. Blagojevich expanded the state's Schip program to that end. Massachusetts uses sliding-scale subsidies through Medicaid, Schip and a state program to ensure universal coverage for children. Starting in early 2007, all uninsured youngsters in Pennsylvania will have access to an expanded Schip program, with payments on a sliding scale based on parents' income.

Unlike the elderly, children are inexpensive to insure; they mainly use preventive care, such as routine exams and immunizations. "It's penny-wise and pound foolish when you don't cover children," Mr. Pollack of Families USA said.

Elder-Care Costs Deplete Savings Of A Generation (NYT)

By Jane Gross

The New York Times, December 30, 2006

To care for her ailing 97-year-old father over the past three years, Elizabeth Rodriguez, a vice president at the Federal Reserve Bank in New York, has borrowed against her 401(k) retirement plan, sold her house on Staten Island and depleted nearly 20 years of savings.

The money has gone to lawyers' fees ($50,000) to win a contested guardianship. It has gone for home-care equipment like the mattress for his hospital bed (about $3,000 in all) and for a food service to deliver meals ($400 a month).

It has gone for a two-bedroom rental apartment big enough for herself, her dad and a home aide ($1,600 a month more than a one-bedroom apartment in the same building), and for a wheelchair-accessible van to get him to doctors' appointments ($330 a trip).

Asked to tally the costs, Ms. Rodriguez, 58, said she had no idea how much she was spending. "A shower chair, body cream with no alcohol, new shoes," she said. "You don't stop and calculate. You just buy what you have to buy."

Ms. Rodriguez is among the legion of adult children — more than 15 million, according to various calculations — who take care of their aging parents, a responsibility that often includes paying for all or part of their housing, medical supplies and incidental expenses. Many costs are out of pocket and largely unnoticed: clothing, home repair, a cellular telephone.

Adult children with the largest out-of-pocket expenses are those supervising care long distance, those who hire in-home help and those whose parents have too much money to qualify for government-subsidized Medicaid but not enough to pay for what could be a decade of frailty and dependence.

The burden is compounded by ignorance, according to a study by AARP, released in mid-December, which found that most Americans have no idea how much long-term care costs and believe that Medicare pays for it, when it does not.

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Families have always looked after their elderly loved ones. But never has old age lasted so long or been so costly, compromising the retirement of baby boomers who were expecting inheritances rather than the shock of depleted savings.

"There is a myth out there that families abandon their frail elders," said Dr. Robert L. Kane, a geriatrician at the University of Minnesota School of Public Health. "Instead, across the income spectrum, children are sacrificing to care for their parents to the limit of their means and sometimes beyond."

Researchers have documented the time spent by adult children, and others, caring for ailing relatives. But data is woefully inadequate on how much they actually spend, health economists say, because most people do not keep itemized entries as they write checks, use their credit cards or pocket money to meet the demands of the day.

"When you're in the middle of the forest, with so many things coming at you, you can't really see the trees," Ms. Rodriguez said. "But each one of those trees has actual dollars connected to it."

Costs are astronomical for long-term, low-tech care, the sort most often needed by those who linger with Alzheimer's disease or are too frail to get around on their own. Medicare is of almost no help, since it covers only acute episodes like a heart attack, cancer or repair of a broken hip.

That means the elderly and their families are left to pay for assisted living (which averages $35,000 a year), nursing homes ($74,000) or home health aides. Only the very poor receive Medicaid, which pays nursing-home bills nationwide but home care in only a few states (New York among them), and nothing toward assisted-living rent.

Nor does Medicare cover equipment like grab bars for the shower and incontinence supplies, which alone can run $2,000 a year, or travel expenses for an adult child responding to medical emergencies.

Marilyn de Leo, for instance, has made two trips from New York City to Los Angeles since September, when her mother fell in the bathroom and broke her neck and both ankles. Ms. de Leo, 62, an associate director in the development office of Mount Sinai Medical Center, spent $800 on airfare for the first frantic trip , plus $50 a day on taxis, since she had left her eyeglasses behind in a mad dash to the airport and therefore could not rent a car. Ms. de Leo has no savings left, and is $5,000 in debt. When asked about her own future, she said, "I'll have to work till I drop."

Only one authoritative survey, in 2004, has even asked adult children how much they contribute to their parents' support. Half said they did, and the average monthly expenditure was $200. Respondents who looked after their parents at least 40 hours a week said they spent an average of $324 a month.

But those figures were based on "quick, top-of-the-head estimates," said Gail Hunt, president of the National Alliance for Caregiving, which conducted the survey.

Knowing the extent of these expenses might inform public policy, some experts say, calling attention to a gap in the government safety net for the elderly.

"Should this burden fall solely on the individual and the family?" asked Judy Feder, dean of the Public Policy Institute at Georgetown University. "And can we really expect this arrangement to keep doing the job as a larger and larger population comes to grips with it?"

Congress recently passed a poorly financed bill that would help family members who need a break to pay for substitute care of an ailing loved one. But the Bush administration, to date, has preferred a private sector solution, recommending long-term insurance and reverse mortgages.

For spouses, most expenses are tax-deductible if they exceed 7.5 percent of adjusted gross income. But children cannot claim parental expenses unless they pay more than half of a parent's support, which is often not the case when the parents are on Medicaid, likeMs. Rodriguez's father, or have savings, like the Schoengood family.

The elder Schoengoods, both 86, own a home in Yonkers and a condominium in Florida and have assets enough for round-the-clock care, which can cost $100,000 a year. Still, their son, Matthew G. Schoengood, 49, vice president of student affairs at the Graduate Center at the City University of New York, has kicked in at least $1,000 a month since 2005, when his mother had the first of two strokes.

Mr. Schoengood flew his family nanny to Florida, for example, to look after his father. Now that his parents are permanently up north, Mr. Schoengood orders their groceries online along with his own. "As a child, it's just something you do," he said. "Mostly you don't even think about it."

His father makes a half-hearted effort to pay him back, but Mr. Schoengood always says, jokingly, "I'll put it on your tab, Dad." Typical of their generation, his parents fret about every penny. His father asks, incessantly, "Do we have enough?" Mr. Schoengood tells him not to worry.

For sure, he hopes his own children will do for him what he is doing for his parents, but he cringes at the prospect of burdening them — one reason long-term care insurance is becoming attractive.

Mr. Schoengood's out-of-pocket spending is not sensible, elder-care experts say, but the result of the awkward minuet of preserving a parent's pride.

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If families behaved logically, said Steven Schurkman, an elder-care lawyer in White Plains, all expenses would be paid from the parents' money, which if depleted would entitle them to Medicaid. "What most of us do isn't sound financial planning," Mr. Schurkman said. "But it's healthy for the family dynamic."

Carol Levine, director of the Families and Health Care Project at the United Hospital Fund in Manhattan, said that paying for her mother's needs required delicacy, even subterfuge. When Ms. Levine went shopping, her mother would say, "Take $5 out of my purse." Her daughter would return with 10 bags of groceries, and both would pretend that was all she had spent.

Both Mr. Schoengood and Ms. Rodriguez say their out-of-pocket expenses will not ruin them. Others are not so lucky.

Take Patrice B., 47, who returned to her childhood home in Jacksonville, Fla., seven years ago to move in with her mother, 84, who has Alzheimer's disease, and her father, 86, who has congestive heart failure. (They requested that the family's last name be omitted so neighbors would not know their plight.)

In their African-American culture, Ms. B. said, putting her parents in a nursing home would have been shameful. Plus, they could pay for some home care out of pensions as well as military disability checks. She, on the other hand, after years of sporadic part-time work and untallied out-of-pocket expenses, is broke.

She has catastrophic health insurance, but it will not pay for the hysterectomy she needs. She has lost her credit cards after accumulating $20,000 in debt. "Honestly," Ms. B. said, "I've got nothing anymore. I go from very angry to very depressed."

Kate Mesmer, a single mother in Northern California who had always worked for nonprofit organizations, was living paycheck to paycheck when her mother had a stroke in 2001. Ms. Mesmer took a tenant into her house so she could contribute to her mother's $6,000-a-month rent at an assisted living center.

Then Ms. Mesmer lost her job and had to move her mother to a board-and-care home. A second stroke forced her mother into a nursing home, where she qualified for Medicaid. That is where she died last year, with nothing left but an $18,000 I.R.A. The State of California is seeking that, contending the $18,000 should have gone toward nursing-home fees.

Given what she learned in the final years of her mother's life, Ms. Mesmer said: "I have a panic attack at least once a day. It's frightening to think about our generation and what's going to happen to us."

Dealing With Congressman Inc. (NYT)

The New York Times, December 30, 2006

As the Democrats regain power in Congress next week they would be wise to look to one of their own — Representative John Murtha of Pennsylvania — for ironic inspiration in enacting the ethics reforms they promised voters. Even in the minority, Mr. Murtha made himself a legend at mastering the same quid pro quo culture that Democrats denounced in running against the Republicans' manipulations of Washington's money trough. His deliverance of masses of pork to favored campaign donors and lobbyists has been laid bare in a report by The Washington Post, detailing the sort of classic money churn that helped drive the Republicans from power.

It began with Mr. Murtha's securing $500,000 in federal start-up money for a nonprofit agency created by a staff member who eventually left to run the agency and, in turn, lobby his old boss. The nonprofit, with a goal of finding jobs for the disabled, soon became a magnet for Murtha-friendly lobbyists, contractors and other insiders. They became members of its board and raised money for the cause. In the process, they reaped millions in federal contracts with the congressman's help. And, needless to say, they closed the loop with regular donations to Murtha campaign kitties.

This sort of mutual back-scratching was dubbed DeLay Inc. by critics denouncing Republicans for systematically flirting with corruption. Democrats in the new majority can expect much to be made of Murtha Inc. unless they enact firm, thorough ethics controls on their own behavior.

Congressman Murtha's symbiotic prowess with defense contractors and power lobbyists was an open secret that drew no great attention until the incoming speaker, Nancy Pelosi, sought him as her majority leader. She was rebuffed by wiser colleagues. They must follow up that close call by striking at the heart of the easy-money culture that besmirches both sides of the aisle.

OTHER NEWS:

No Retreat How The Bulls Stole Wall Street (WSJ)

By Justin Lahart

The Wall Street Journal, December 30, 2006

DOJ_NMG_0111872

Driven by a splurge of deal-making, a halt in the Federal Reserve's campaign of raising interest rates and continued profit growth, the Dow Jones Industrial Average completed its best year since 2003, gaining 16%. And having sailed through the second half of the year, investors now have a tailwind to continue their run into 2007.

The Dow closed yesterday at 12463.15, 1,745.65 points higher than where it started 2006. The market's gains, which were across the board and on every index, came in the second half -- at one point in July the Dow was down on the year. The second-half's steady march was virtually uninterrupted.

Such straight, unwavering moves are rare. Many investors kept waiting for a dip so they could buy stocks at lower prices. But no meaningful retreat came, not even in the fall when such pullbacks are common. Over 111 years, the Dow has averaged a 1.2% decline in September. October has served up four of the five worst trading days since 1950, including the 22.6% skid on Oct. 19, 1987.

That stocks didn't run into the fall's usual trouble suggests to many analysts and investors that the market has a lot of underlying strength. That should continue to push it higher through the first part of next year. One further reason stocks could continue to do well is that a lot of investors are itching to get in on the party.

In 2006, some expected bad news came to pass, such as problems for the big auto makers. But investors focused on the positive, especially a drop in inflation that convinced many the Fed's rate campaign was over. Since mid-2004, the Fed had steadily raised rates from 1% to 5.25%. When the Fed stopped raising rates, that was succor to the market, since higher rates raise borrowing costs for companies and consumers, while offering investors better returns in virtually risk-free money-market accounts.

Meanwhile, energy prices retreated, making consumers more willing to spend. Falling fuel bills also reduced operating costs for companies, helping their earnings to often easily top analysts' expectations. For the year, analysts estimate that earnings for companies in the S&P 500 rose 14.4%, according to Thomson Financial.

Stocks of virtually every stripe -- not just the shares of the 30 big companies that drive the Dow -- did well this year. For the year, the S&P 500 rose 14%, the Nasdaq Composite gained 9.5% and the Russell 2000, which tracks smaller stocks, surged 17%.

The Dow Jones index of stocks outside of the U.S. rose 23%, while in dollar terms every one of the Dow Jones country indexes finished the year in positive territory.

The surge in stock prices compelled a growing number of investors to cast aside doubts about the rally and jump into the market. That gave the market a strong positive bent through Christmas. Indeed, fund managers who had banked on picking up stocks inexpensively during the fall suddenly found themselves falling behind the market averages. That set the table for stocks to rise further as investors scrambled to catch up.

"A lot of people who thought they would buy into the September and October low and be set, instead had to chase the market," says John Bollinger, president of Bollinger Capital Management.

There are a few possible scenarios in which the market could cool off after the flood of cash peters out. Recent reports suggesting the housing market is stabilizing and that consumers are feeling more confident have bond market participants again worrying about inflation. As an indication, the yield on the 10-year Treasury note has risen from 4.47% to 4.71% this month.

Few investors are talking about the possibility of the Fed raising its overnight target rate, but the cut many expect to see in the spring is beginning to look less certain. If the yields on Treasurys continue to rise, they could lure investors away from stocks. They could also push mortgage rates higher, dealing another blow to the housing market.

For this year at least, the final scorecard is starkly different from what many on Wall Street braced for in January. "A lot of people felt that the economy was ratcheting back and that would translate into earnings misses that would put a damper on stock prices," says Seth Tobias, general partner at hedge fund Circle T Partners.

As expectations improved, the market's positive momentum began to feed on itself. Investors who sold stocks short expecting a decline, for example, were forced to reverse course. Short selling entails selling borrowed shares, hoping to buy them back at a lower price and pocket the difference. When stocks rise, short sellers often buy the shares they borrowed to prevent steep losses. This buying can itself send the market even higher.

Many expect money to continue chasing the market after the New Year. "There's clearly a surge in money heading into the market at the beginning of next year," says Banc of America Securities portfolio strategist Tom McManus. "January is typically the thirteenth month of the year just ended, when people put in place the strategies that they wish they had had in place."

Adding more fuel to the fire, according to Mr. McManus: the bumper crop of bonuses on Wall Street, some of which will find their way into stocks instead of sports cars.

Ultimately, says hedge-fund manager Mr. Tobias, the market is being driven by signs that the economy is beginning to stabilize. Investors are now betting that new Fed Chairman Ben Bernanke has managed to rein in the economy without sending it into the sharp slowdown that many bears expected.

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"It seems Bernanke has passed his first test," says Mr. Tobias. "A lot of my own friends, they didn't see this emerging."

The market's surprising run left stock-pickers badly trailing major indexes. Fewer than 20% of U.S. fund managers running diversified stock funds that try to beat the market managed to top the Standard & Poor's-500 this year through Thursday, according to data-tracker Lipper. That's a big change from 2006, when 61% of active managers were beating the S&P 500.

Bill Miller, manager of the $19 billion Legg Mason Value Trust fund, has beaten the S&P 500 for 15 straight years -- until this year. By the middle of this week, Mr. Miller's fund was trailing the index by nearly 10 percentage points.

The strong markets did much to fuel a binge of mergers and acquisitions, especially by private-equity firms, which continued to emerge as Wall Street's new power players. In 2006, the best year in the U.S. since 2000, $1.56 trillion in deals were announced, according to Thomson Financial, while a record $3.79 trillion were inked globally.

The flurry of activity set investors on the hunt to buy shares of the next possible target. As dealmakers snapped up companies at prices significantly higher than those bestowed by the market, many concluded that shares in general were cheap.

When dour news cropped up, investors largely took it in their stride, including the sharp retreat in the housing market. While many worried about the impact on consumer spending, the housing slowdown seemed contained to that sector of the economy. Also, a decline in gasoline prices appeared to offset whatever problems it did create.

Most importantly, employment figures remained strong, making the prospect of a broader housing collapse, complete with widespread defaults and a sharp reduction in consumer spending, increasingly unlikely. By the end of the year, the stock prices of homebuilders had rebounded from their lows and economists were trying to gauge whether the worst of the housing bust had passed.

The ability of investors to easily digest the housing slowdown helped smooth unsettling geopolitical events. Strife in Iraq, Afghanistan and Lebanon did little to distract investors focused on corporate profit growth. Analysts paid closer attention to other international arenas, notably the strong economies of Brazil, Russia, India and China.

Corporate bonds and emerging market bonds also offered healthy gains, while Treasurys eked out a slight return. Gold and silver rose. Oil prices shot higher and then fell to end the year basically flat. The dollar declined.

Strong 2006 Finishes Quietly With Slight Drop (WSJ)

By Shefali Anand

The Wall Street Journal, December 30, 2006

Stock prices edged lower in the year's final trading session that capped a surprisingly strong year for stocks.

After touching a record high on Wednesday, the Dow Jones Industrial Average slid on the final two trading days of the year.

The Dow, which hit a record close 22 times this year, closed Friday's session with a loss of 38.37 points, or 0.31%, at 12463.15. The 30-stock measure was up 1% for the final week, and 16% for the year. (More on the market's year1.)

The broader Standard & Poor's 500-stock index fell 6.43 points, or 0.5%, to 1418.30. The S&P 500 gained 0.5% for the week, and 13.6% for the year -- the measure's highest yearly gain since 2003.

The tech-stock-laden Nasdaq Composite Index declined by 10.28, or 0.42%, to close at 2415.29. For the week, it was up 0.6%, and 9.5% for the year.

The small-company Russell 2000 index fell 6.82, or 0.9%, to 787.66. It was up 0.9% for the week and 17% for the year -- its best performance since 2004.

The year's market gains were backed by surprisingly strong earnings from corporations, and a belief that the economy would continue to push ahead in a way that wouldn't rouse inflation fears.

"Storm-shocks, interest-rate shocks [and] war shocks were very small potatoes compared to the underlying strength of corporate America," said James Swanson, chief investment strategist, MFS Investment Management.

In 2007, investors will keep a close eye on how the U.S. consumer is faring. Early reports indicate that the Christmas shopping season, while strong, wasn't as strong as some had expected. "The important issue from our point of view is growth of employment and household income," said Milton Ezrati, chief economist at money-management firm Lord Abbett & Co.

After a roller-coaster ride, oil prices closed one cent higher than where they started the year.

All trading will be closed Monday for New Year's, and stocks will also be closed Tuesday for President Ford's memorial.

In major U.S. market action:

Stocks fell2 and bonds were mixed3. The 10-year Treasury note fell 3/32, or 94 cents for each $1,000 invested, pushing the yield up to 4.708%. The 30-year bond rose 3/32 to yield 4.812%.

The dollar was mixed4, at 119.01 yen, up from 118.91, while the euro rose to $1.3201 from $1.3146.

Stock Market Surged In 2006 (WT/AP)

DOJ_NMG_0111874

By Joe Bel Bruno

The Washington Times, December 30, 2006

NEW YORK -- Wall Street yesterday closed out a year that will be remembered for the stock market's great comeback -- a year-end rally that pushed the Dow Jones Industrial Average past 12,000 for the first time.

By all accounts, 2006 ended up a very good year for stocks as bullish investors bounced back from a slumping housing market and the Federal Reserve's two-year campaign of interest-rate increases. The markets approached record levels in the spring, pulled back sharply in the summer, but found a clear direction in the fall to send the major indexes to multiyear highs.

Blue chips were the standouts of 2006. The Dow Jones Industrial Average, the index of 30 of the nation's biggest companies, hit record levels dozens of times since achieving its first close above 12,000 on Oct. 19. It traded as high as 12,530 before dipping to its close of 12,463 for the year.

This was the best year for the stock market since 2003, when Wall Street staged a massive recovery from levels sideswiped by a bear market. But 2006 will really be remembered for the market's soaring to heights not seen since the height of the dot-com era -- this time, however, Wall Street advanced cautiously, not recklessly.

The rally was fed by investors' growing belief that the economy has withstood the Fed's rate increases and the impact of record-high oil prices. And some analysts expect the advance to continue.

"The stock market is correct in its judgment that we are probably only in the fifth or sixth inning of the game, and that this [economic] expansion may even go into extra innings," said Stuart Schweitzer, global markets strategist for JPMorgan Asset & Wealth Management. "This was a barn-burner of a year, and I expect reasonably solid results over the course of 2007."

The major indexes posted healthy gains for the year, with the Dow rising 16.29 percent, the S&P 500 adding 13.62 percent, and the Nasdaq up 9.52 percent. That's the best showing since 2003, when the Dow closed up 25.3 percent, the Nasdaq rose 50 percent, and the S&P 500 gained 26.4 percent -- but those gains were the beginning of the market's recovery from the trough of three straight losing years.

It wasn't just the stock markets that made significant gains in 2006.

The bond market moved in lockstep with stocks -- a rare event on Wall Street. Investors bought into equities because of a strong economy and robust corporate confidence. Meanwhile, typically more conservative bond investors used the fixed-income market as a hedge for a possible recession and interest-rate cuts.

The year was also a bit of a rule-bender for Treasuries. Yields on long-term Treasury notes and bonds were lower than for short-term Treasury bills. Junk bonds were in such demand that their yields were on almost on par with those of investment-grade bonds.

The dollar lost support in 2006 after the Fed stopped raising rates Aug. 8 and kept them unchanged in its past three meetings.

And gold prices continued their rally: Investors have sent precious metals sharply higher, viewing commodities such as gold and silver as safe-haven investments instead of the greenback.

Plunging oil prices also fed the stock market's 2006 rally. Crude reached record highs in the summer when it briefly surpassed $78 a barrel because of the resilience of consumer demand and expectations of a bad hurricane season. But energy prices soon plummeted to 2005 levels by the fall when traders saw that refiners in the Gulf of Mexico were untouched by hurricanes and realized global crude-oil inventories remained ample.

That retreat gave momentum to the stock market's rally and enabled investors to tolerate upward blips in the price of crude and gasoline.

Stocks are expected to rise further in the new year, but not without some resistance. A big question still hanging over the market is whether the Fed will feel comfortable enough with the balance between inflation and a moderating economy to start lowering interest rates. If inflation seems to be accelerating, an interest-rate rise could still be in the offing.

"There is going to be a tug of war between the bulls and the bears as we head into next year," said Quincy Krosby, chief investment strategist for the Hartford.

"We could hit a speed bump as Treasury market yields grow higher, and that could put pressure on the stock market," she said. "We need to pay close attention to the Fed and how they view what I believe is going to be a growth spurt that will be manifested by yields moving up."

She also pointed to fluctuations in the dollar as another greater influence on Wall Street. Rising interest rates in Europe could help the region lure foreign investment away from the United States, further pressuring the dollar next year.

Markets Stay In Black In '06, And Growth Expected Ahead (HC)

By Purva Patel

Houston Chronicle, December 30, 2006

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Markets had another bull year, making 2006 the fourth year in a row the three best-known indexes ended in positive territory.

They pulled off greater returns than last, setting the stage for what investors expect will be a year of moderate growth in 2007.

The major indexes posted strong gains in 2006, with the Dow Jones industrial average closing up 16.3 percent, the Nasdaq Composite Index up 9.5 percent and the S&P 500 up 13.6 percent.

"It was a good year," said Jeff Tjornehoj, senior research analyst at Lipper, a New York company that tracks fund performance. "People should be happy with their 15 to 20 percent returns."

Perhaps the most notable moment of the year was in October when the Dow surpassed the 12,000 mark for the first time.

The 110-year-old Dow essentially represents the average stock price of its 30 component companies, which currently includes Walt Disney, General Electric, Microsoft, Boeing, McDonald's, Coca-Cola, Exxon Mobil, IBM, Merck, Procter & Gamble and American Express, among others.

The year started out slowly but positively with strong corporate-earnings growth bolstering markets. But the enthusiasm peaked in May as investors feared the Federal Reserve might raise interest rates and possibly throw the U.S. economy into recession.

A cooling U.S. housing market, political battles overseas and oil prices spiraling toward $80 a barrel added to investor worries.

Looking up

But just as the concerns piled on, the third and fourth quarters offered hope.

The Fed decided not to raise interest rates in August, merger and acquisitions appeared to be a strong trend, and slowly declining oil prices relieved some investor tensions.

Aside from strong profit margins and dwindling inflation fears, stabilizing energy prices played a major role in boosting the equity market.

After peaking at an intraday high of $78.40 in July, oil prices started a steady decline with the help of an uneventful hurricane season and ended the year at $61.05 a barrel.

"I think the reason the equity market had been restrained even though profits have been phenomenal was there was this debate over whether the economy was overheating or was it just a story about energy?"said Jim Glassman, senior economist with JP Morgan Chase in New York.

The weakest growth this year came from the health-care and technology sectors because of lower-than-expected earnings. The health-care sector gained 5.8 percent while information technology grew 7.7 percent, according to Standard & Poor's.

The energy and telecom sectors, on the other hand, showed the greatest leaps, with gains of 22.2 percent and 32.1 percent respectively.

Growth predictions

What about next year?

Analysts predict moderate, single-digit growth next year, noting it may be hard to top this year's gains.

So, as usual, it's a good idea to have a diversified portfolio that gives exposure to U.S. stocks and bonds and international securities.

Much of next year's economic growth will come from equipment investment and nonresidential construction, according to Standard & Poor's.

"I think we're going to see a good return next year but not a great return," said Sam Stovall, chief investment strategist for S&P Equity Research in New York. "A lot of the optimism that could propel share prices in 2007 is already reflected in share prices."

Mark McMeans, director of equity investments at AIM Capital Management in Houston, predicts more moderate growth next year if the housing market softens and its effects ripple through the economy. But, he said, strong corporate earnings and balance sheets combined with a more accommodating Fed could help support stocks.

Indexes around the world rallied this year, signaling a year of global growth.

This year, markets likely responded positively, in part, to increased mergers and acquisitions fueled by cheap credit. The trend should continue into next year, analysts said.

"It's a trend that probably has some legs to it because companies have low amounts of debt and the cost of debt is low, so private equity groups have all this money sloshing around and want to put it to work, " McMeans said.

Glassman is more optimistic, predicting double-digit growth next year. The worst of the housing correction is over, he said, because homebuilders may have cut back in growth in the fall as far as they needed to and that they may have even overreacted.

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"So the faster they move, the faster the drag from homebuilding will be over," he said. "So I think next year has a better chance of taking off."

Still, everyone seems to agree that if energy prices ramp up again, they could slow market growth.

Higher prices could exacerbate a weakening national housing market and sour consumer confidence and spending.

Investors will have to wait until Wednesday to start trading in 2007. The New York Stock Exchange and Nasdaq said they will be closed Tuesday in honor of former President Gerald Ford's funeral.

Stocks Close Out Banner Year With Healthy Gains As Dow Soars 16% (AP)

AP, December 29, 2006

NEW YORK (AP) — Wall Street slipped lower Friday, closing out a year that will be remembered for the stock market's great comeback — pulling off a year-end rally that pushed the Dow Jones industrials past 12,000 for the first time.

By all accounts, 2006 ended up a very good year for stocks as bullish investors bounced back from a slumping housing market and the Federal Reserve's two-year campaign of interest rate hikes.

The markets approached record levels in the spring, pulled back sharply in the summer, but found a clear direction in the fall to send the major indexes to multi-year highs.

Blue chips were the standouts of 2006. The Dow Jones industrial average, the index of 30 of the nation's biggest companies, hit record levels dozens of times since achieving its first close above 12,000 on Oct. 19; it traded as high as 12,529.87 before dipping to its close for the year.

This was the best year for the stock market since 2003, when Wall Street staged a massive recovery from levels sideswiped by a bear market. But 2006 will really be remembered for the market's soaring to heights not seen since the height of the dot-com era — this time, however, Wall Street advanced cautiously, not recklessly.

The rally was fed by investors' growing belief that the economy has withstood well the Fed's rate hikes and the impact of record high oil prices. And some analysts expect the advance to continue.

"The stock market is correct in its judgment that we are probably only in the fifth or sixth inning of the game, and that this (economic) expansion may even go into extra innings," said Stuart Schweitzer, global markets strategist for JPMorgan Asset & Wealth Management. "This was a barn-burner of a year, and I expect reasonably solid results over the course of 2007."

The major indexes posted healthy gains for the year, with the Dow Jones industrials rising 16.3%, the S&P 500 adding 13.6%, and the Nasdaq up 9.5%. That's the best showing since 2003, when the Dow closed up 25.3%, the Nasdaq rose 50%, and the S&P 500 gained 26.4% — but those gains were the beginning of the market's recovery from the trough of three straight losing years.

On Friday, the Dow fell 38.37, or 0.3%, to close the year at 12,463.15.

Broader stock indicators also slipped. The Standard & Poor's 500 index fell 6.43, or 0.5%, to 1418.30, and the Nasdaq composite index closed down 10.28, or 0.4%, to 2415.29.

It wasn't just the stock markets that made significant gains in 2006.

The bond market moved in lockstep with stocks — a rare event on Wall Street. Investors bought into equities because of a strong economy and robust corporate confidence. Meanwhile, typically more conservative bond investors used the fixed-income market as a hedge for a possible recession and interest rate cuts.

This year was also a bit of a rule bender for Treasuries. Yields on long-term Treasury notes and bonds were lower than for short-term Treasury bills. Junk bonds were in such demand that their yields were on almost on parity with those of investment-grade bonds.

Bonds slipped further in Friday's session, with the yield on the benchmark 10-year Treasury rising to 4.71% from 4.69% on Thursday. The yield stood at 4.37% on the first day of trading this year, and was over 5% just a few months ago.

The dollar, which has struggled against the euro and other major currencies, was mixed on Friday. The U.S. currency lost support in 2006 after the Fed stopped raising rates on Aug. 8 and kept them unchanged in its past three meetings.

And gold prices continued their rally; investors have sent precious metals sharply higher, viewing commodities like gold and silver as safe-haven investments instead of the greenback.

Plunging oil prices also fed the stock market's 2006 rally. Crude reached all-time highs in the summer when it briefly surpassed $78 a barrel due to the resilience of consumer demand and expectations of a bad hurricane season. But energy prices soon plummeted back to 2005 levels by the fall when traders saw that refiners in the Gulf of Mexico were untouched by hurricanes, and realized global crude inventories remained ample.

That retreat gave momentum to the stock market's rally, and enable investors to tolerate upward blips in the price of crude and gasoline.

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The price of a barrel of light sweet crude on Friday rose 52 cents to settle at $61.05 on the New York Mercantile Exchange — about 22% below its highs of the year.

Stocks are expected to rise further in the new year, but not without some resistance. A big question still hanging over the market is whether the Fed will feel comfortable enough with the balance between inflation and a moderating economy to start lowering interest rates. If inflation seems to be accelerating, an interest rate hike could still be in the offing.

"There is going to be a tug of war between the bulls and the bears as we head into next year," said Quincy Krosby, chief investment strategist for The Hartford.

"We could hit a speed bump as Treasury market yields grow higher, and that could put pressure on the stock market," she said. "We need to pay close attention to the Fed, and how they view what I believe is going to be a growth spurt that will be manifested by yields moving up."

She also pointed to fluctuations in the dollar as another greater influence on Wall Street. Rising interest rates in Europe could help the region lure foreign investment away from the United States, further pressuring the dollar next year.

There was little corporate news Friday as traders looked toward a four-day break that includes a suspension of trading for New Year's Day and the funeral of President Gerald R. Ford. And, again trading was thin — typical of the week between Christmas and New Year's.

Advancing issues outnumbered decliners by about 2 to 1 on the New York Stock Exchange, where consolidated volume came to 1.66 billion shares, compared to 1.67 billion on Thursday.

The Russell 2000 index of smaller companies dipped 6.82, or 0.9%, to 787.66. For the year, the Russell rose 17%.

Overseas markets also soared to multi-year highs in 2006. Japan's Nikkei stock average closed up 0.01% on Friday. Britain's FTSE 100 was down 0.3%, Germany's DAX index fell 0.2%, and France's CAC-40 was up 0.2%.

The Dow Jones industrials ended the week up 121.21, or 1.0%, to finish at 12,463.15. The S&P 500 index was up 7.55, or 0.5%, to end the week at 1418.30. The Nasdaq rose 17.07, or 0.7%, to finish the week at 2415.29.

The Russell 2000 index closed the week was up 7.37, or 0.9%, to end at 787.66.

The Dow Jones Wilshire 5000 Composite Index — a free-float weighted index that measures 5,000 U.S. based companies— ended the week at 14,257.55, up 79.84 points from last week. A year ago the index was at 12,517.69.

The Risk Business (WSJ)

The Wall Street Journal, December 30, 2006

The Dow Jones Industrial Average closed yesterday near an all-time high, up 17% for the year. Long-term bond yields rose this year but remain remarkably low given the Federal Reserve's short-term rate ratchet to 5.25% from a low of 1%. Economic growth has slowed but remains solid. And by some measures financial market volatility is at lows not seen in a decade -- the Dow, for example, is still adding to its longest stretch (910 days) without a one-day decline of 2% or more since 1900.

All of this stability naturally fills people with dread. It has led to a round of questioning about why, in an undeniably dangerous world, risk premiums seem to have drained out of whole classes of financial assets. Has Mr. Market become complacent, and so set himself up for a fall? What is everyone missing?

When someone tells us that the old rules don't apply anymore, we tend to check our wallets. But this is not to say that nothing ever changes. One of the things that has changed over the past 30 years is the extraordinary extent of financial innovation. When it comes to the decline of risk premiums and financial stability, securitization and the use of derivatives have both played an unsung role.

The very word "derivatives" produces a remarkable range of reactions, not all of them polite or rational. Warren Buffett has long described them in apocalyptic terms. Regulators think "risky" and dream of untilled pastures to monitor. The average newspaper reader, meanwhile, sees the word and understandably moves on to the next story.

Derivatives can be very complex, but they are fundamentally a tool for hedging financial risk. Say your business has borrowed money with a floating interest rate. Rates go down, and you decide you'd rather lock in today's rates than risk having them move against you in the future. You could borrow new money at a fixed rate and pay off your debt.

Or you could engage in a form of derivative known as a "swap." In a swap, you exchange your obligation to pay a floating rate for a commitment to pay a fixed rate of interest. Your actual debt doesn't change, but the other party in the swap has contracted with you to pay you the difference between the floating-rate interest and the fixed rate you've agreed upon -- if rates move higher. Likewise, if rates go down further, you would pay your swap counterparty the difference.

Through this basic mechanism, all kinds of risk in an economy can be shifted around, often to everyone's benefit. The risks haven't disappeared, but almost by definition they tend to shift toward whoever feels they can best bear them. Perhaps, in the example above, the counterparty has a reason for wanting exposure to interest-rate movements. Perhaps he has a risk of his own he is trying to mitigate. Perhaps he simply disagrees about where rates are going.

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Take another, very real, example of a small-town bank in the mortgage business. By the nature of things, it is heavily exposed to the shifting fortunes of the local economy. If a plant nearby closes, it could be hit with defaults that could overwhelm its capacity to lend. To compensate for this risk, it may raise interest rates, or lend less, or both. But suppose it can sell the mortgages on its books to another bank or some other party. It gives up the income from the mortgages, but it gets new capital in return while also lowering its exposure to the local economy.

The purchaser may then hold the mortgages, or package them into securities with thousands of other mortgages and sell them to investors. These "securitized" mortgages are less exposed to any one town than that small bank was, which may make the security less risky overall. The small bank, meantime, has more money to lend, or to invest in assets that are less likely to crash along with the local economy. The buyers of the securities get the income from the mortgage interest and the bank gets money to lend.

The sum of a myriad of these transactions over the economy means that everything moves a little faster. Credit becomes marginally cheaper and more plentiful. Risk is dispersed to those who feel they can better afford it. Thus does the supposedly non-productive financial sector of the economy provide fuel for future growth. Seemingly obscure transactions lower the cost of capital to businesses and consumers and spread risk in a way that decreases the danger of catastrophic financial accidents.

None of which means financial accidents won't happen. Market players sometimes bet wrong -- there are always two sides to a transaction, and one party can always miscalculate its ability to withstand an adverse event. Just ask the investors in Amaranth Advisers, which bet wrong on energy prices.

More broadly, danger always exists from abrupt government policy shifts, especially from monetary mismanagement; think of the Asian crisis of the late 1990s. Another such danger can come when government subsidies push too much risk from a single sector such as housing into just two companies (Fannie Mae and Freddie Mac). Two of the biggest current risks, in our view, are the chance of U.S. tax increases and that the Fed may still have underestimated the inflationary pressures it let loose in 2004 and 2005.

But these are not reasons to fear derivatives and other financial innovations. Risk is still out there. But as we leave a successful financial year and enter a new one, take comfort in the fact that all that buying, selling, swapping, trading and securitization of risk has actually made the financial system less risky.

No Pomp For A President In Repose (NYT)

By Jennifer Steinhauer

The New York Times, December 30, 2006

PALM DESERT, Calif., Dec. 29 — The first day of public mourning for former President Gerald R. Ford began Friday in this quiet desert community much the way his post-White House life did here 30 years ago — privately, absent of pomp, a small-town affair writ large by history more than family intent.

The repose and prayer service here were the first of several events marking the life of the 38th president, which will include a state funeral in Washington and burial in Mr. Ford's hometown, Grand Rapids, Mich. Decidedly understated, the events here attracted more members of the news media than local mourners along the roadside outside the modest A-frame church, the Ford family's place of worship, where the coffin was placed.

There was no military flyover, no canons, salutes or bugles, no honorary pall bearers. Reporters were kept across the street from the church and Mr. Ford's widow, Betty, dressed in a dark suit with a colorful blouse, her face pinched with grief, was barely visible during a brief appearance on the church porch.

The prayer service was attended only by Mrs. Ford and other immediate family members, and even the former president's long-serving personal photographer was barred from taking pictures.

"We have brought the military order and discipline deserving of a commander in chief," said Cmdr. Jane Campbell, a spokeswoman for the Defense Department unit that conducts state funerals. "But it is always done with the family's desires in mind, and in the case of the Ford family, it was their desire to keep it a more-simplified, family-oriented ceremony."

The Fords, who have lived near here, outside Palm Springs, since leaving the White House in 1976, have been local celebrities and active in the desert community, helping to raise money for a local theater and participating in various charity events, and, naturally, golfing. The former president divided his time between the family's homes on the grounds of the Thunderbird Country Club in nearby Rancho Mirage and near Vail, Colo.

The family's requirements for the California service stood in stark contrast to the first leg of the five-day national farewell to former President Ronald Reagan, which took place 160 miles north of here in 2004.

That service, held at Mr. Reagan's presidential library in Simi Valley, was thronged with thousands of public mourners bearing flowers and notes and incumbent security forces, and orchestrated with multiple flourishes by Nancy Reagan, cognizant that the world wanted to see it.

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Just before 12:30 p.m. Friday, an honor guard from Washington and the Marine Corps Air Ground Combat Center Band from Twentynine Palms, Calif., appeared under a gaggle of palm trees in front of St. Margaret's Episcopal Church — almost as if they had emerged from the mountain range directly behind it.

A few minutes later, the motorcade carrying the body of Mr. Ford, who died Tuesday in his home in Rancho Mirage, arrived at the church.

When his coffin emerged from the hearse, the band played "Ruffles and Flourishes" followed by "Hail to the Chief" and "O God, Our Help in Ages Past," songs chosen by the Ford family. The American flag was carried by a sailor in recognition of Mr. Ford's Navy service during World War II, under the burning desert sun.

Mrs. Ford, his wife of 58 years, was escorted from the church to greet the coffin on the church porch by Maj. Gen. Guy C. Swan III of the Army. The former first lady, 88, looking frail and pained, was accompanied by her four children, their spouses and several grandchildren, who tucked into a corner of the porch during the brief musical ceremony. Mr. Ford's body was then brought inside the church, where it was given a blessing from the Book of Common Prayer, and the family was then seated for a private prayer service.

Shortly after 1 p.m., buses carrying invited guests began to unload into the church for a private visit with the family, but a separate room on the north side of the sanctuary was maintained for private time. The Defense Department, which had said it would provide the names of dignitaries and special guests, later declined to do so.

Local residents began to gather early in the afternoon at a tennis center in nearby Indian Wells, where shuttle buses to the church were made available to the public. In keeping with the relatively tight security, which included bomb-sniffing dogs, mourners were not permitted to bring backpacks, cellphones or even flowers into the church.

Throughout the evening, buses pulled up carrying locals wishing to view the closed coffin, draped with the flag, and surrounded by a military honor guard standing erect, three white wreaths and a single burning candle. Mourners came in Christmas sweatshirts, shorts, golf shifts and, in one man's case, a kilt. They stopped only briefly if at all passing the coffin, occasionally bowing or crossing themselves.

Mr. Ford was set to lie in repose until about 8 a.m. Saturday, allowing people to pay respects throughout the night. Mr. Ford's body will then be taken to the Palm Springs airport and flown to Andrews Air Force Base, Md., by presidential plane, and moved to the Capitol Rotunda.

The public will be permitted to view the coffin on Sunday and Monday before it is moved to the Washington National Cathedral for the state funeral on Tuesday. Mrs. Ford and her children will accompany the body to Washington and on to Grand Rapids for burial on Wednesday on the grounds of the Ford presidential museum.

Nation Begins Mourning For Ford (LAT)

By Jonathan Abrams, Maria La Ganga

The Los Angeles Times, December 30, 2006

PALM DESERT — Amid tight security, the nation today began six days of remembrance for Gerald R. Ford, the 38th president who retired to California after a brief tenure during one of the nation's most tumultuous times.

Military pallbearers in the early afternoon carried the flag-draped casket with the president past a frail-looking Betty Ford, her children and grandchildren into the church where Gerald Ford was a frequent parishioner.

Then, in a solemn file, the family entered and took the pews for their private time before dignitaries and invited guests were to arrive.

It was the first of several services here, in Washington D.C. and in Grand Rapids, Mich.

Today's service was in the Ford family's home church, St. Margaret's Episcopal, a beige building of modern design with tall windows looking out on the craggy mountains ringing this desert community.

Beneath bright blue skies with light breezes swirling flags at half-mast, bomb-sniffing dogs earlier checked the area where dozens of reporters waited for the motorcade bringing Ford's body.

Led by a police car with flashing lights, the line of vehicles arrived just before 12:30 p.m. Unlike past presidential obsequies, today's rites were marked by their simplicity.

A hearse with two small flags and a tiny presidential seal carried the coffin. At the front of the church, a military honor guard, representing different military branches, stood at attention to receive the body.

Former First Lady Ford, 88, her four grown children and several grandchildren moved to the front of the church as the body was carried with military precision into the church.

It was the first time she has been seen in public since Ford's death was announced. She looked frail as she held the arm of her official military escort, an Army general.

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The Marine Air Ground Combat Center Band played "Ruffles and Flourishes," and "Hail to the Chief." The Christian hymn chosen by the church, "O God Our Help in Ages Past," was played as the body was brought into the church foyer.

There in the narthex, the Rev. Robert G. Certain, the pastor of the church and family pastor greeted the coffin with a prayer.

"With faith in Jesus Christ, we receive the body of our brother Gerald for burial. Let us pray with confidence to God, the giver of life, that he will raise him to perfection in the company of the saints."

Then he paused.

"Deliver your servant Gerald, o sovereign Lord Christ, from all evil. Set him free from every bond, that he may rest with all your saints in the eternal habitations where, with the father and the Holy Spirit, you live and reign one God, forever and ever. Amen."

Rev. Certain also offered comfort to the mourners.

"Let us also pray for all who mourn, that they may cast their care on God and know the consolation of his love."

"O mighty God, look with pity upon the sorrows of your servants for whom we pray. Remember them, Lord, in mercy. Nourish them with patience. Comfort them with a sense of your goodness. Lift up your countenance upon them and give them peace, through Jesus Christ, our Lord, Amen."

Inside the church, the casket was placed before three floral wreathes. Led by Betty Ford, who stared into the distance, the family entered and filled the front pews on one side.

Marines from the nearby Twentynine Palms base are the official hosts for the military contingent for the funeral. The Marine band from the base play.

Marine Cpl. Emma Whitmore, a French horn player from Milwaukee, said they had been practicing for the funeral for a while, "whenever there was an inkling" that Ford was having a serious health problem.

"Yesterday, we practiced all day," she said. "Everything has to be perfect for the past commander in chief.

"I'll feel very sad that we've lost him," she said. "I am so proud to be here."

For Cpl. Raymond Garcia, 20, a trumpet player, the funeral was also a milestone.

"This is something I will definitely tell my kids about. It's a big deal," he said.

Close friends and guests attended a private viewing in the afternoon. At least eight buses and one van of guests were en route to the church, which holds about 1,000 people.

Ford will lie in repose in the church from about 4:30 p.m. until about 8 a.m. Saturday morning for the public to pay its respects.

People will be shuttled to the church from Indian Wells Garden, a tennis center. As part of the security preparations, no personal items such as cell phones or flowers will be allowed.

Mourners began gathering at the tennis center as early as 7 a.m. and the number was about a dozen by 11 a.m. Officials said they expected thousands will eventually arrive to take a bus about 20 to 30 minutes away to view Ford's casket.

Security officers were at the tennis facility. Signs reminded people not to bring personal items on the bus.

Estella Taylor, of Palm Springs, said she was ignorant of Ford's legacy until she visited the Nixon Library last week. When she heard Ford had died, she said she felt she had to pay her respects.

"No matter what you rise to, or position you obtain, before that you are just a person," she said. "It seems that no matter how high that Ford rose he never changed from the person he was before. He was a real unique individual."

Joseph Hansen, of Pontiac, Mich., was visiting for the Rose Bowl game where USC will play the University of Michigan. When he heard of Ford's death, Hansen said he rented a car.

"I'm here to give my personal respects to Ford as a politician for what he meant to the state of Michigan and what he meant as a student athlete at the University of Michigan," he said.

Each mourner will receive a card with a black and white portrait of Ford at work at his desk in the Oval Office. The picture is bordered in white with blue edging.

On the back, there are three seals, marking his life: The seal of the President of the United States, the vice president and of the House of Representatives.

Also inscribed is a message from the family.

"The family of Gerald R. Ford deeply appreciates your prayers and many kindnesses as together we celebrate and honor the life of a loving and devoted, husband, father, grandfather, and great-grandfather and the 38th president of the United States."

Ford died Tuesday at 93 in his retirement at Rancho Mirage. A member of Congress for 25 years, he was appointed vice president and became president when Richard Nixon resigned in 1974 during the Watergate scandal.

After Ford lost to Jimmy Carter in the 1976 election, he retired to Rancho Mirage where he and Betty Ford became local philanthropists and celebrities in an area already well known for its elite residents.

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On Saturday, the coffin will leave the church for Washington D.C. for a state funeral in the evening at the Capitol Rotunda. The public will able to view the casket Sunday and Monday before it is moved to the National Cathedral for funeral services Tuesday.

The New York Stock Exchange announced today that it would join the Nasdaq in closing on Tuesday.

On Wednesday, Ford will buried on the grounds of the Gerald R. Ford Museum in Grand Rapids, Mich. which he represented in Congress.

Six Days Of Mourning Begin (WT/AP)

By Jeff Wilson

The Washington Times, December 30, 2006

PALM DESERT, Calif. -- Borne by eight servicemen in crisp dress uniforms, Gerald R. Ford's flag-draped casket was carried past his widow into their hometown church yesterday for a public viewing that marked the start of six days of mourning for the former president.

Former first lady Betty Ford, 88, stood atop the broad steps of St. Margaret's Episcopal Church to receive the casket. A Marine Corps band struck up "Hail to the Chief" as the coffin of the Navy veteran of World War II was removed from a hearse, then played the hymn "O God Our Help in Ages Past" as the military pallbearers, moving in lockstep, made the slow climb to the doors of the white-columned church.

"We receive the body of our brother, Gerald, for burial," said the church rector, the Rev. Robert Certain.

Mrs. Ford, clutching the arm of an Army general, stood in silence for a few moments after the casket was laid before a blond-wood altar and three wreaths of white flowers. Then she led other family members to the Presidents Pew, where she and her husband sat nearly every Sunday after leaving the White House in 1977.

The private family service was followed by a visitation for invited friends, including former Secretary of State George Shultz, former Rep. Jack Kemp and former California Gov. Pete Wilson. When it ended, Mrs. Ford left in a motorcade to return to the Ford home in the neighboring city of Rancho Mirage.

A public viewing expected to draw thousands to the resort community 110 miles east of Los Angeles started late yesterday.

The event was an hour behind schedule when buses began bringing people from a tennis center five miles away. Mourners ranging from children to the elderly walked through the church quickly, then reboarded the buses, a process taking less than two minutes.

Several men stopped and snapped salutes. One woman wore a red, white and blue scarf. No official count was kept, but buses carrying about 50 people each came and went steadily.

Earlier, a Boeing 747 from the presidential fleet descended in the distance toward Palm Springs airport as a motorcade brought Mr. Ford's casket and family to the church. As the procession passed, police saluted and residents of the desert resort community watched silently.

Mrs. Ford planned to accompany her husband's body across the country today to Washington, where the nation's 38th president will lie in state at the Capitol. A funeral will be held on Tuesday at the National Cathedral. Mr. Ford will be buried on Wednesday in Grand Rapids, Mich., where he grew up.

Security was tight at St. Margaret's. The Secret Service swept the area, and surrounding residential streets were blocked off. Helicopters hovered overhead.

A solemn crowd watched from well beyond the parking lot of the church, not far from the former president's Rancho Mirage home.

Among the spectators was Evelyn Tidholm, 80, a visitor from Oklahoma who said she voted for Mr. Ford in 1976. "I just have never seen anything like this. I thought that at my age it's something that I should see," she said.

Mr. Ford, who assumed the presidency when Richard Nixon resigned in 1974 during the Watergate scandal, died Tuesday at 93.

Some mourners arrived early, including a father and son from Irvine, Calif., who showed up before dawn.

"I want to be president one day, so anything presidential, I'm here" said Aaron Magness, a freshman at the University of Oklahoma.

He and his father, Jay Magness, arrived at 5 a.m. expecting the kind of turnout that occurred for former President Ronald Reagan's funeral in 2004. By midafternoon yesterday, about 100 people were waiting.

Harvey Soldan, 51, of Riverside, Calif., wore a Ford-Dole sticker on his shirt from his days as a 1976 campaign worker. He also had expected huge crowds.

The major stock markets will be closed Tuesday as part of a national day of mourning. The Wall Street tradition dates to the 1885 burial of President Ulysses S. Grant and was last observed after Mr. Reagan's death.

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Some of the more regal touches of a full state funeral are being bypassed, by request of Mr. Ford's family and, most likely, according to his own wishes. In Washington, a hearse rather than a horse-drawn caisson will take the former president's casket to the Capitol.

Fighter jets will do a flyover with a "missing man" formation only in Grand Rapids, where Mr. Ford will be buried on a hillside near his presidential museum. He spent most of his childhood in Grand Rapids, practiced law there and represented the area in Congress for 25 years.

· Associated Press writers Allison Hoffman in Palm Desert, Joe Bel Bruno in New York and Calvin Woodward and Laurie Kellman in Washington contributed to this article.

Mourning Begins For Gerald Ford (BBC)

BBC.com, December 30, 2006

Several days of ceremonies to honour the memory of former US President Gerald Ford, who died on Tuesday, have begun in California.

Mr Ford's relatives and close friends attended a private prayer service at a parish church in Palm Desert near the former president's home.

The main state funeral takes place on Saturday in Washington, where Mr Ford will lie in state over the weekend.

Mr Ford, the 38th US president, served from 1974-76. He died aged 93.

His flag-draped coffin was carried into St Margaret's Episcopal church by a military guard of honour, and was met by Mr Ford's widow Betty, his children and grandchildren.

Mrs Ford stood in silence after the casket was laid at the altar with three wreaths of white flowers, before the private family service began.

Later, the family was joined by some 300 guests, including former Secretary of State George Schultz and former New York Congressman Jack Kemp.

Mr Ford's coffin is expected to remain at the church overnight for a public viewing expected to draw thousands of people.

The major US stock exchanges have said they will close on Tuesday, the day of Mr Ford's state funeral in Washington.

Bush speech

The former president had suffered ill health this year and was taken to hospital four times for tests and angioplasty. He suffered a stroke in 2000.

He was unelected, taking office after Richard Nixon quit over the Watergate scandal.

President George W Bush led tributes to Mr Ford, saying he helped restore confidence in his office after Watergate.

However Mr Ford revived the debate over Watergate by controversially granting his former boss a pardon for any crimes committed as president.

The state funeral service for Mr Ford will be in the Capitol Rotunda in Washington on Saturday evening, before two days of lying in state.

President Bush, who is at his Texas ranch, will not be present.

He is expected to pay his respects once he returns to Washington on Monday. The president will also speak at Tuesday's funeral service at the National Cathedral.

Mr Ford's coffin will then be taken to Grand Rapids, Michigan - where he spent most of his childhood and practised law - for burial on a hillside near his presidential library on Wednesday.

A makeshift shrine formed outside the Gerald Ford Museum as people lit candles and laid flowers and flags.

The Associated Press news agency says it is unlikely the ceremonies for Gerald Ford will draw the crowds of former President Ronald Reagan's funeral, when more than 200,000 people on both coasts paid their respects.

Washington Prepares For Farewell To Ford (WP)

By John Pomfret, Mary Beth Sheridan

The Washington Post, December 30, 2006

PALM DESERT, Calif., Dec. 29 -- The nation's six days of formal mourning for Gerald R. Ford commenced Friday afternoon with a private service for his family and a period of public repose at the church where the 38th president worshiped for the three decades since he left the White House.

As the quiet and simple service took place in California, a continent away, law enforcement agencies in Washington called in hundreds of officers to provide security for the second presidential funeral to take place in the nation's capital in three years.

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The authorities said that a section of the Inner Loop of the Capital Beltway, near the Suitland Parkway, will be shut down for a short time starting at about 5:30 p.m. on Saturday to allow the motorcade carrying Ford's casket to pass by. A number of streets in Alexandria and in Washington will also be temporarily closed.

The state funeral service in Washington will occur amid heightened tensions in Iraq, where ousted leader Saddam Hussein was hanged Saturday morning for a mass killing in 1982. Homeland security officials said there has been no intelligence pointing to an increased threat to the United States.

Still, "you always plan for the worst," said William H. Pickle, the Senate's sergeant-at-arms.

Hundreds of Capitol Police, U.S. Park Police and D.C. police officers, as well as members of the Secret Service, are being called in over the New Year's weekend to bolster security, according to officials involved in the planning. D.C. police canceled all days off for officers on Tuesday, officials said.

Pickle, who helps oversee the Capitol Police, said checkpoints will be set up around the Capitol, and specialized units that detect chemical, biological and other hazards will be on alert. The Capitol Police will prohibit mourners from carrying food, drinks, or audio or video recording devices, as well as bags larger than 14 by 13 by 4 inches.

Kim Bruce, a spokeswoman for the Secret Service, which is coordinating security, said "there will certainly be bomb-sniffing dogs" patrolling the crowds. She declined to comment on the rest of the security arrangements. But, in a statement, the Department of Homeland Security said that regular measures for such events include portable fencing, barricades and pre-positioned teams that can respond to emergencies and nuclear incidents.

Pickle said that his office, the U.S. Army Military District of Washington and the House speaker's office have been planning for the funerals of Ford and other former presidents for years.

"We pretty much have a game plan in place," he said in an interview. In the past few days, he said, the plan has been fine-tuned "to fit the circumstances and . . . the family's needs and desires."

One uncertainty is the number of mourners who will attend Ford's services. About 200,000 people on both coasts turned out to view former president Ronald Reagan's casket in 2004; his funeral drew two dozen heads of state. Ford's funeral is expected to be a smaller, simpler affair, at his family's request.

Security concerns were paramount at the California service, as well. A phalanx of officers from the Riverside County Sheriff's Department on motorcycles escorted Ford's hearse to St. Margaret's Episcopal Church, located on a bluff overlooking the Coachella Valley. There were traffic detours around the church. Helicopters flew overhead, and bomb-sniffing dogs checked backpacks and packages.

Under a sunny sky, Betty Ford, her four children and seven grandchildren met the former president's mahogany casket outside the church. It was then carried up the steps by a Joint Services Color Guard to the tunes of "Ruffles and Flourishes," "Hail to the Chief" and the hymn "O God, Our Help in Ages Past," played by the Marine Corps Air Ground Combat Center Band from Twentynine Palms, Calif. The Rev. Robert G. Certain, the rector of the church and a friend of the family, led the casket into the church.

"We receive the body of our brother, Gerald, for burial," Certain said.

Ford's closed casket remained on the church's altar for a private prayer service, a wake for close friends and dignitaries, and a public period of repose -- which drew a crowd of thousands. Among those who came for the wake were former secretary of state George P. Shultz and former congressman Jack Kemp (R-N.Y.).

On Saturday, it will be flown to Washington where it will arrive in the evening for a service at the Capitol Rotunda, to be followed by three days of public viewing. The funeral service for the country's 38th president will take place on Tuesday at the Washington National Cathedral.

Ford, who served as president for 2 1/2 years after Richard M. Nixon's resignation in 1974 amid the Watergate scandal, left the White House after he was defeated by Jimmy Carter in 1976. He is the only president in U.S. history not to have been elected to the White House.

Ford moved to the California desert in the 1970s and divided his time between a home on the grounds of the Thunderbird Country Club in Rancho Mirage, a resort town 120 miles east of Los Angeles, and homes near Vail, Colo. He spent his time golfing, skiing, enjoying his family, managing his investments and working for local charities.

As part of a tradition going back to the 1885 burial of former president Ulysses S. Grant -- last observed in 2004 with the death of Reagan -- the New York Stock Exchange and the Nasdaq Stock Market announced that they will be closed on Tuesday. Other U.S. financial markets are expected to close for at least part of the day to honor Ford.

Among the service members taking part in the California ceremony on Friday, there was a sense of both sadness and duty. Cpl. Victor Norris, 25, an alto saxophone player from Birmingham, Ala., said he was "grateful to have the privilege of touching the lives of these people."

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"When you play music in an attempt to move people," he said shortly before joining the rest of the 43-member Marine Corps Band, "it can be difficult. But, today, I believe we will definitely perform in a manner that will be worthy of our former commander in chief."

Certain, the church rector who led Ford's casket into St. Margaret's, said Betty Ford, 88, and the rest of her family, not including her three small great-grandchildren, would mourn from "The President's Pew" -- the pew where they had worshiped on Sundays starting in 1977. "This was their spot, and it will always be their spot," he said. Certain said former president George H.W. Bush and his wife, Barbara, among others, had joined the Fords there over the years.

After the Friday service, the former first lady is set to accompany her husband's remains across the nation for ceremonies that include the services in Washington and another in Grand Rapids, Mich., where Ford will be buried Wednesday on a hillside on the grounds of the Gerald R. Ford Presidential Library and Museum. Ford spent most of his childhood and practiced law in Grand Rapids before representing the area in Congress for 25 years.

Cortege Honors A Quiet Dignity (WP)

By Michael E. Ruane

The Washington Post, December 30, 2006

Unlike President Ronald Reagan, for whom Washington was a stage, and President Richard M. Nixon, for whom it was a trial, President Gerald R. Ford returns today to a Washington region he called home for almost 30 years.

And his funeral this evening will reflect a homecoming of sorts, devoid of some of the pomp of state funerals past, yet marked by his affection for the area and reverence for the capital and a recognition of the pace and time of the season, officials said yesterday.

The body of the president, who died Tuesday at his home in California, will be borne through the District's streets in a standard funeral hearse, rather than a horse-drawn caisson like the one that carried Reagan's body with elaborate and solemn ceremony two years ago.

There will be no military aircraft flyover tonight, officials said, unlike with Reagan's services, when a large flyover took place as the procession neared the Capitol.

At the family's request, Ford's cortege is scheduled to make two special stops as it travels from Andrews Air Force Base, where it is set to arrive at 5:20 p.m., to the Capitol, where his body is to lie in state through Tuesday morning.

The cortege will first pass through Alexandria, where Ford and his family lived as Washington suburbanites in a red-brick Colonial with a pool and a bay window.

It will then pause at the World War II Memorial, on the Mall, in recognition of his Navy service during the war. His hearse will stop in the middle of 17th Street, which will be closed to traffic, for several minutes, said Army Col. Jim Yonts, a spokesman for the Joint Force Headquarters-National Capital Region, which is coordinating funeral events.

Yonts said the vehicle in front of the hearse will pull ahead and the one behind will stay back to give the president's body a solitary moment before a memorial, at which several veterans and Boy Scout groups are expected to pay tribute.

Ford -- who had been an Eagle Scout -- was deeply and quietly proud of his service on the light aircraft carrier USS Monterey near the height of the struggle in the Pacific.

"It must have been very important to him, or he wouldn't be making the stop," said former U.S. senator Bob Dole, who is an honorary pallbearer for the funeral. "Plus, it's sort of a salute to his generation."

During a typhoon that devastated a U.S. fleet in 1944, Ford, then a young gunnery officer, fought fires that could have sunk the carrier, said historian Robert Drury, who two years ago interviewed Ford on the phone about the incident.

Ford's funeral plans seem as different from Reagan's as the two men were from each other, although both relished Washington in different ways, historians say. Neither Nixon nor President Harry S. Truman -- who also died Dec. 26, in 1972 -- had funerals in the capital.

Reagan's grand services befit his popularity and outsize personality. His rites were also the first presidential funeral services in the city since those for Lyndon B. Johnson in 1973, which also had a military flyover and a horse-drawn caisson.

Officials said presidential funerals often are prepared years in advance. Donald A. Ritchie, associate historian of the Senate, said the military, which choreographs the events, offers an array of scenarios from which a family may pick.

Capitol officials said yesterday they have brought from storage the famed pine board catafalque on which Abraham Lincoln's body lay and prepared it to receive Ford's closed coffin later today. Most people who lie in state in the Capitol Rotunda do so on the Lincoln catafalque.

The Ford family's decline of the horse-drawn caisson to the Capitol might have been due in part to the season, Yonts said. The arrival at the World War II Memorial is expected to be about 6 p.m., well after the sun sets at 4:56 p.m.

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Reagan's body was carried through the city at almost exactly the same time. But his journey was in early June, with sunset about 8:30 p.m. and plenty of daylight ahead.

It was not clear yesterday whether Ford's lower presidential profile would affect public attendance.

"A lot of people have a lot of respect for this man," Yonts said. "The opportunity, that if you're a tourist in this town at this time, to come by and show your respect plays into it."

But Ed Rudzinski, chairman of the board of the Hotel Association of Washington, D.C., said that, compared with Reagan's funeral, Ford's probably will be "a five versus a 10. Reagan was more pomp and circumstance. That was huge."

Still, he said, the thousands of people coming to attend will boost business during a time when rooms aren't in heavy demand.

Colleen Evans, a spokeswoman for Marriott International, said the Ritz-Carlton is experiencing a "big pickup" in reservations from foreign dignitaries and media groups.

"We'll have a book in the lobby for guests to sign -- they can put in their thoughts and recollections of the great healer."

In addition, the hotel's dinner special will include one of Ford's favorite dishes, Evans said: pot roast and red cabbage.

At Archives, A Sampling Of History On Display (WP)

By Sue Anne Pressley Montes

The Washington Post, December 30, 2006

In a busy second-floor corridor at the National Archives yesterday, the crowds paused reverently before the glass display case labeled "Gerald R. Ford -- 38th President of the United States."

They studied the documents that marked Ford's entry into -- and exit from -- Washington political life: the oath of office he took as a freshman congressman from Michigan, dated Jan. 3, 1949, and his final State of the Union address, delivered as the outgoing president Jan. 12, 1977. They read the poignant comments he made at the end of that speech, about how he had experienced "many, many of the highlights of my life" in the halls of Congress.

The National Archives, at Constitution Avenue and Ninth Street NW, opened the tribute to Ford on Thursday, and since then, hundreds of visitors have stopped to snap a photograph of the documents and read the words he once spoke. The exhibit will be open every day through Jan. 11, including New Year's Day and Tuesday, the national day of mourning for Ford.

"We always have an uptick of visitors on the holidays, but there have been lots of people stopping by to look at the Ford documents," said Susan Cooper, spokeswoman for the National Archives, which has about 1 million visitors a year.

For tourist Carla Curtis of Tyler, Tex., viewing the Ford documents took her back more than 30 years, when she was a student at Baylor University fascinated with the Watergate hearings and all the political tumult that brought Ford to office after Richard M. Nixon resigned.

"Gerald Ford was one of my favorite presidents because I thought it took such incredible courage to step in as he did," Curtis said.

For three generations of the Reser family of Clarksville, Mich., yesterday's visit to the archives was a blend of pride and sadness. Their home is about 30 miles from Ford's home town of Grand Rapids, and they planned to pay a double tribute to Ford, viewing his coffin after it arrives in Washington this weekend and again in Michigan next week.

"We hate that it had to happen," Dave Reser said, "but since it did, we're glad we'll be able to say goodbye twice."

California Mourners Say Farewell To Ford (CNN)

CNN.com, December 29, 2006

PALM DESERT, California (CNN) -- The wooden casket bearing the body of former President Gerald Ford arrived Friday afternoon under military escort at the Palm Desert church where he and his wife worshipped on Sundays after they left the White House.

The steps of St. Margaret's Episcopal Church, which Ford and his wife, Betty, have attended for 30 years, were lined with an honor guard representing all the military services.

As his wife and other relatives looked on, pallbearers carried the late president's flag-draped casket into the church. Nearby, a military band played the poignant hymn, "O God, Our Help In Ages Past."

Ford, who died this week at his home in Rancho Mirage, California, had asked for simple funeral ceremonies, with a motorcade instead of a horse-drawn carriage and no military flyover. He requested that the University of Michigan fight song be played, said his friend, Rep. John Dingell, D-Michigan.

The 38th president starred on the University of Michigan football team, then went to Yale, where he served as assistant coach while earning his law degree.

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A private prayer service and visitation at the church lasted until about 1:15 (4:15 ET), followed by a public viewing until 4:20 p.m. (7:20 p.m. ET).

On Sunday his body will lie in state at the U.S. Capitol. Ford's funeral service will be in Washington at the National Cathedral on Tuesday, which President Bush has designated as a day of mourning for Ford.

Bush's order triggers the closure of all federal offices except those necessary for national security. Major U.S. stock exchanges also are expected to be closed Tuesday in Ford's honor. The U.S. Postal Service said it would suspend delivery that day.

"I call on the American people to assemble on that day in their respective places of worship, there to pay homage to the memory of President Ford," Bush wrote in a proclamation issued Thursday. "I invite the people of the world who share our grief to join us in this solemn observance."

Ford will be buried Wednesday on a hill near the Gerald R. Ford Museum in Grand Rapids, Michigan, where Ford grew up.Flags fly at half-staff in tribute

In a brief address to the nation Wednesday, Bush called Ford a "great man" who was a "true gentleman."

Ford became president after Richard Nixon resigned the office in 1974 during the scandal surrounding the burglary of Democratic Party offices at the Watergate Hotel.

"He assumed power in a period of great division and turmoil," Bush said. "For a nation that needed healing and for an office that needed a calm and steady hand, Gerald Ford came along when we needed him most."

In Ford's honor, Bush ordered U.S. flags at all federal government buildings to fly at half-staff for 30 days.

Former President Carter, who defeated Ford in the 1976 presidential race, said Ford "frequently rose above politics by emphasizing the need for bipartisanship and seeking common ground on issues critical to our nation."

"I will always cherish the personal friendship we shared," Carter said.

Incoming House Speaker Nancy Pelosi, D-California, said Ford "assumed office during one of the greatest times of challenge for our nation and provided Americans with the steady leadership and optimism that was his signature."

Democratic Sen. Harry Reid of Nevada, the incoming Senate majority leader, said Ford "was a devoted public servant who led our nation out of one of its darkest hours with grace and bipartisanship."'Our long national nightmare is over'

Ford was the least likely of presidents, a man brought to power by unprecedented circumstances without seeking the office, at a time when Americans -- reeling from the Watergate scandal -- were disillusioned and weary.

During his famous address to the nation after assuming office in August 1974, he tried to set a tone of reconciliation and renewal, telling his fellow Americans that "our long national nightmare is over."

Nearly a month later, Ford announced his decision to pardon Nixon, saying he hoped his act would "shut and seal this book" on Watergate.

His enormously controversial decision to pardon Nixon is widely blamed for costing him the 1976 election, which was one of the closest presidential races in U.S. history.

At 93, Ford was the nation's oldest surviving former president and the only president and vice president never to be elected to either office.

His death leaves three surviving former presidents: Bill Clinton, 60, George H.W. Bush, 82, and Carter, 82.

Ford is survived by his wife, Betty, 88; three sons, Michael, Jack and Steven; and a daughter, Susan.

Ford was born Leslie Lynch King on July 14, 1913, in Omaha, Nebraska. When he was 2 weeks old, his parents divorced, and his mother moved to Grand Rapids, where he grew up. His mother remarried, and he was adopted and renamed after his stepfather, Gerald Rudolph Ford.

After serving on an aircraft carrier in the Navy during World War II, Ford was elected to the U.S. House in 1948 as a Republican, representing a district that included Grand Rapids. He spent 25 years in Congress, working his way up to minority leader in 1965.

Ford's ascendancy to the White House was arguably the most unlikely in U.S. history. In October 1973, Vice President Spiro Agnew resigned after pleading no contest to tax evasion. Nixon, ensnared in the rising Watergate scandal, asked the well-respected Ford to leave Congress to replace Agnew, and he accepted.

In September 1974, Ford granted Nixon a pardon, sparing the former president the prospect of going to prison. The public and political backlash was angry and bitter, with Ford accused of making a tawdry deal with Nixon to secure the White House for himself.

Ford always denied that any deal had been struck. But the pardon colored the rest of his presidency.

In the fall of 1975, Ford's presidency was rocked by two assassination attempts within less than three weeks.

Even though he hadn't sought the presidency, Ford decided he wanted to stay in the White House and ran for election to a full term in 1976. It was an uphill battle from the start, and it ended in defeat to Carter.Ford: Iraq war justifications 'big mistake'

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Ford kept a relatively low profile in his life after the presidency, rarely commenting publicly on his successors.

But in a 2004 interview never before published until this week, Ford told the Washington Post's Bob Woodward that Bush and his chief advisers "made a big mistake" with their justifications for the Iraq war.

"I don't think, if I had been president -- on the basis of the facts as I saw them publicly -- I don't think I would have ordered the Iraqi war," Ford said in a tape of the interview.

Woodward told CNN's Larry King the interview was not to be used until he had written a planned book about Ford or until the former president died.

Asked to respond to Ford's comments, deputy White House press secretary Dana Perino said the administration and Bush are "focused on grieving" right now and "keeping the family in our prayers."

NYSE To Close In Ford's Honor (WSJ)

By Robert Schroeder

The Wall Street Journal, December 30, 2006

It will be the longest closing of major U.S. stock markets since the Sept. 11, 2001, terrorist attacks shut down trading for six days, including a weekend.

On Friday, the New York Stock Exchange joined the Nasdaq Stock Market in announcing it would close on Tuesday, in observance of a national day of mourning for former President Gerald Ford. Nasdaq had made its announcement on Thursday.

The closing delays the start of 2007 trading by one day. Combined with Monday's closing for New Year's Day, the markets will be closed for four straight days.

The Federal Reserve and most U.S. government offices will also close in honor of the late president, who died Tuesday at age 93. The bond market will be open, but close early at 2 p.m. EST.

NYSE Group Inc., parent of the New York Stock Exchange, said Friday that both the exchange and its NYSE Arca operations will be closed Tuesday. "My NYSE Group colleagues and I join all Americans in mourning the loss of President Ford, a man of great integrity and vision, and a dedicated public servant," said John Thain, the chief executive of NYSE Group.

Additionally, the American Stock Exchange, the Chicago Board Options Exchange and the CBOE Futures Exchange will be closed Tuesday, as will most floor trading at commodity exchanges. Some electronic trading will still occur.

The minutes of the Federal Open Market Committee's Dec. 12 meeting will be released Wednesday instead of Tuesday as originally scheduled.

Closing times for the 13-week and 26-week Treasury bill auctions scheduled for Tuesday are being moved up in honor of the day of mourning, the Treasury Department said Friday. The auction for the 13-week bill will close at 11 a.m. EST and the auction for the 26-week bill will close at 11:30 a.m.

The release of the Institute for Supply Management's index of factory activity also was pushed forward to Wednesday at 10 a.m., from Tuesday.

NYSE Joins Nasdaq, Will Close To Honor Ford (WP)

The Washington Post, December 30, 2006

The New York Stock Exchange said yesterday that it will close Tuesday as part of a national day of mourning to mark the funeral of former president Gerald R. Ford. The NYSE joined the Nasdaq Stock Market, which made a similar announcement Thursday.

Financial markets have traditionally closed for presidential funerals, most recently for the burial of former president Ronald Reagan in June 2004. The previous time that Wall Street was closed this long was after the Sept. 11, 2001, terrorist attacks, when there was no trading for six days, including a weekend.

Other U.S. financial markets planned at least partial closings Tuesday. The New York Mercantile Exchange said that it would close its trading floor, but electronic trading would be open.

The Chicago Mercantile Exchange said that it would close commodities and equity markets all day but would open until noon for foreign exchange and interest rates on its trading floor and electronic trading system. The CME will reopen electronic trading at 3:30 p.m. Tuesday for Wednesday trades.

Trading at the Chicago Board of Trade will be closed, except for the Treasury market, because of a scheduled bond auction that will keep the market open until noon. Bond markets are expected to have a shortened day, closing at 2 p.m.

Big Board Plans To Close For Ford Funeral (NYT)

The New York Times, December 30, 2006

DOJ_NMG_0111888

The New York Stock Exchange said yesterday that it would close Tuesday as part of a national day of mourning to mark the funeral of President Gerald R. Ford.

The N.Y.S.E. joined the Nasdaq Stock Market, which made a similar announcement on Thursday.

It had been expected that the stock exchanges would close out of respect for Mr. Ford, the 38th president. Financial markets have traditionally closed for presidential funerals, the last time being the burial of President Ronald Reagan in June 2004.

Other financial markets planned at least partial closings Tuesday.

The New York Mercantile Exchange said it would close its trading floor, but electronic trading would be open. The Chicago Mercantile Exchange said it would close commodities and equity markets all day, but would open until noon for foreign exchange and interest rates on both its trading floor and electronic trading system.

Trading at the Chicago Board of Trade will be closed except for the Treasury market because of a regularly scheduled bond auction that will keep the market open until noon. Certain electronic markets will open Monday evening and Tuesday evening but will close during regular business hours Tuesday.

Bond markets were expected to have a shortened day, closing at 2 p.m.

Ford's Finest Legacy (WP)

By Quang X. Pham

The Washington Post, December 30, 2006

"Today, America can regain the sense of pride that existed before Vietnam. But it cannot be achieved by refighting a war that is finished as far as America is concerned. . . . [T]hese events, tragic as they are, portend neither the end of the world nor of America's leadership in the world."

President Gerald R. Ford uttered those words in a speech at Tulane University on April 23, 1975, in the final days of Vietnam's long war. The rowdy crowd roared and gave him a standing ovation. The military draft had ended and American troops and POWs had returned home two years earlier. America had washed its hands of Vietnam, yet millions of lives were still at stake.

Halfway around the world, my family experienced the unfolding of those tragic events in South Vietnam. For us, it was the worst of times. It seemed like the end of the world to me. I was only 10.

Dwight D. Eisenhower had sent American military advisers to Vietnam to help contain communism and prevent the "dominoes" from falling in Southeast Asia. John F. Kennedy dispatched thousands more in a graduated response to a burgeoning insurgency. Lyndon B. Johnson broke his promise not to send "American boys nine or ten thousand miles away from home to do what Asian boys ought to be doing for themselves." Richard M. Nixon prolonged the killing for another three years despite having a secret plan to end the longest American war ever.

In the end, after two decades of flailing diplomacy in that tiny peninsula, Gerald Ford dealt with the aftermath: empty guarantees made to an ally, promises he could not keep and a "peace with honor" that the congressional Watergate class would not enforce.

Years later Ford wrote a letter to the group of Marines who had evacuated the U.S. Embassy in Saigon. In it he said, "April 1975 was indeed the cruelest month. The passage of time has not dulled the ache of those days, the saddest of my public life."

But Ford became the savior to those lucky enough to escape the taking of Saigon by the North Vietnamese army. "I pray no American president is ever again faced with this grave option," Ford said at a public forum on the legacy of the Vietnam War 25 years later. "I still grieve over those we were unable to rescue." He added that he was thankful America was able to relocate 130,000 Vietnamese refugees (less than 1 percent of South Vietnam's population) and that "to do less would have added moral shame to humiliation."

My family and those other blessed South Vietnamese found ourselves stuck in refugee camps across the United States. Outside the camps, public sentiment against Vietnamese refugees ran high, although at the time we did not feel it directly. The book on Vietnam had been closed for most Americans until the refugees arrived in unprecedented numbers. Only the Hungarian and Cuban refugee resettlements were of comparable scale. Newspapers portrayed the country as split on what to do with the refugees.

In a May 1975 article in the New York Times, Sen. Robert Byrd (D-W.Va.) commented that "barmaids, prostitutes and criminals" should be screened out as "excludable categories." Sen. Joe Biden (D-Del.) "charged that the [Ford] Administration had not informed Congress adequately about the number of refugees" -- as if anyone actually knew during the chaotic evacuation. "I think the Vietnamese are better off in Vietnam," sniffed George McGovern in Newsweek.

At the time, unemployment in the United States hovered near double digits. Perhaps this had something to do with the anti-refugee emotion. In Larry Engelmann's "Tears Before the Rain: An Oral History of the Fall of South Vietnam," Julia Vadala Taft,

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head of the interagency task force for refugee resettlement, recalled such opposition. "The new governor of California, Jerry Brown, was very concerned about refugees settling in his state. Brown even attempted to prevent planes carrying refugees from landing at Travis Air Force Base near Sacramento. . . . The secretary of health and welfare, Mario Obledo, felt that this addition of a large minority group would be unwelcome in California. And he said that they already had a large population of Hispanics, Filipinos, blacks, and other minorities."

The refugees were extremely fortunate. Our biggest supporter, outside of Julia Taft, was the president of the United States. Even though he had described the Vietnam conflict as "a war that is finished as far as America is concerned," Ford's attention was now focused on the refugees. In May 1975 he visited the camps, and soon after refugees began leaving to start new lives across America. The government wanted to disperse the refugees to spread the cost among many states and communities. By Christmas of that year, all refugee camps had been closed, and the refugees were resettled in every state.

I am not aware of any other politicians, antiwar protesters, esteemed journalists or celebrities visiting Fort Chaffee, Ark., where my family was temporarily housed for two months. But Gerald Ford did.

April 1975 was indeed the cruelest month for us. But thanks to President Ford's leadership, we experienced America's kindness and generosity during our darkest days. We owe him our deepest gratitude in remembrance.

Quang X. Pham, who was born in Saigon, served as a Marine pilot in the Persian Gulf War. He is a businessman and the author of "A Sense of Duty: My Father, My American Journey."

Edwards, Now Seasoned, Elbows His Way Into The Field (WP)

By Dan Balz

The Washington Post, December 30, 2006

PORTSMOUTH, N.H., Dec. 29 -- With overflow crowds and his populist economic message and his Internet-friendly campaign organization, John Edwards signaled this week that, if he has anything to say about it, the race for the Democratic presidential nomination will be about more than just Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois.

Edwards 2.0 is a revised version of his beta candidacy of 2004. He begins his second campaign for the White House with the kind of self-confidence that comes only from having tried and failed once before. "My biased self-perception is that both the campaign and what's happened since then has had a maturing effect on me," he said in an interview here Friday, adding: "I think that it's just a calmness that's different.

There are also critical adjustments in his candidacy that position him to compete against Clinton and Obama, the party's two unannounced glamour candidates of the moment. Edwards will be able to run to the left of Clinton in a party whose base has shifted leftward during the Bush presidency. And this time, questions about lack of experience will go first to Obama.

The most significant change for Edwards comes in what was his most serious weakness -- foreign policy and national security. When he ran in 2004, his lack of foreign policy experience was magnified by the post-Sept. 11 focus on global terrorism. Like many Democrats interested in national office, he supported the resolution authorizing President Bush to go to war in Iraq.

In 2004, he did not walk away from that vote. But earlier this year he did, and he has not looked back. He calls the vote a mistake and says all politicians must come to terms with their past positions on the war, regardless of their rhetoric today. That represents a subtle challenge to Clinton, who has been reluctant to call her vote for the war a mistake.

Edwards also has joined the majority of Democrats in calling for the withdrawal of almost one-third of the U.S. troops currently stationed in Iraq. "What you begin with is a fundamental threshold question of what is the most effective way to put the burden on them to come to some political solution," he said in the interview. "My own judgment, and I think it's the judgment of many others, is the most effective way to shift that burden to them is for us to begin to reduce our presence there."

Edwards knows he will continue to get questions from reporters about his foreign policy expertise, as he did on Thursday when he launched his candidacy. Though he believes most Americans think someone who has been on a national ticket is qualified to be president, he knows that even minor mistakes on his part -- a slip of the tongue, the inability to answer an obscure question -- will be potentially damaging.

But he had a ready answer this week to the question of national security experience: Bush had the most experienced team in history, and still the United States ended up in a mess in Iraq. Experience, he said, is not a guarantee of good judgment.

As he did last time, Edwards is running on themes of economic populism, and given the success of many Democratic House candidates in this fall's midterm elections, those themes may have even more resonance today than they did in 2004.

Edwards has settled comfortably into the left-of-center position in the Democratic field, pairing positions that excite the party's liberal base with an upbeat message of hope and optimism. He has worked to deepen his relationships with organized labor, especially in Nevada, which is holding an early 2008 caucus, and he will challenge Clinton and Obama for the endorsements of key unions.

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Edwards supports universal health care, which he said means health care for every American, not just most. "As you remember from 2004, there were a bunch of people waltzing around saying they had a universal health care plan that didn't cover everybody," he said. "Politicians tend to do that."

He said he is examining two ideas and weighing whether to support a more ambitious and costly plan or one that may be more politically achievable. But he said both would meet his test of universality.

Edwards also refuses to let his domestic ambitions be held hostage to the words "fiscal discipline." Though he acknowledges that the deficit has become a problem under Bush, he said the bigger priority is investing in health care, alternative energy sources, and programs designed to strengthen the middle class and attack poverty.

His ultimate goal may be to hold the deficit roughly where it is or slightly lower, rather than seeking a substantial reduction. "If we do energy, health care, serious middle-class poverty proposals, then I think we're talking about just trying to keep the deficit in check," he said.

Although he staged a scaled-down declaration of candidacy in New Orleans on Thursday, he drew large crowds at stops in Iowa and New Hampshire. Well over 1,000 people turned out Thursday night in Des Moines, and a crowd of that size or slightly larger showed up for his town hall meeting Friday in Portsmouth, where several hundred were turned away because there was no room.

Edwards rarely drew crowds that large in New Hampshire in 2004, except during the final few days of the primary campaign, and only after finishing a surprising second in Iowa. The reception he received on his announcement tour provided a reminder that Obama is not the only Democrat capable of attracting attention.

As he began his second campaign, Edwards did not mention his roots as the son of a mill worker, a staple of his message the first time around. Also gone was his campaign anthem from 2004, John Mellencamp's "Small Town." Even Edwards got sick of it.

Plenty of issues confront Edwards this time out. His people skills long have raised questions about whether there are heft and substance to complement his natural talents as a campaigner. His new emphasis on asking citizens to take action now, rather than waiting on government, leads one to ask exactly what he wants people to do to combat global warming, eradicate poverty and repair the damage along the Gulf Coast in the wake of Hurricane Katrina.

Edwards said he no longer believes, as he once did, that presidential campaigns turn on issues and policy positions. Instead they are forums for demonstrating the capacity to inspire and lead. "I think presidential elections are a very different breed of cat," he said in June. "I think they're much more about character and leadership and integrity than they are about a particular issue."

Having been through an earlier campaign, Edwards now feels confident that he knows what to concentrate on. "I spent most of my time last time learning how to be a presidential candidate," he said this fall. "I didn't know how to do it. I woke up every day worrying about how to be a better candidate than I was yesterday. Now that's not what I think about. I wake up today thinking about what should the president be doing about these things. It's just totally different."

Edwards hopes that knowledge will help produce a different outcome this time around.

Supporters Try To Entice Obama With Another Round Of Ads (RC)

By Paul Kane

RollCall.com, December 29, 2006

As Sen. Barack Obama (D-Ill.) nears a decision on his presidential aspirations, an independent group of supporters is going back on the air to try to entice him into the 2008 White House campaign, this time with an ad campaign in the first-in-the-nation caucus state of Iowa.

DraftObama.org, a political action committee founded by Democratic activists in the Washington, D.C., suburbs of Maryland and Virginia, has bought time on three major network affiliates in Iowa to air its “Believe Again” ad, a 60-second spot that already has been shown on New Hampshire, Hawaii and D.C.-area TV stations.

Obama spent his Christmas holiday with family in Hawaii as he made his final gut-check about a White House bid, continuing to build the hype around a nascent campaign that has taken on an infrastructure that quickly would be ready to get into a race for which several candidates have been prepping the past few years.

“Putting the ad on TV in Iowa on New Year’s Day is our humble way of asking potential caucus-goers to encourage Sen. Obama to run for president,” said Ben Stanfield, a resident of Rockville, Md., who helped found the DraftObama PAC.

Stanfield has no direct involvement with Obama in any official capacity, and therefore his campaign ads and the money he’s raised would not appear to have any legal bearing on a campaign if Obama does run.

Obama’s political advisers declined to comment about the latest round of ads from DraftObama, noting that no decision has been reached by the Illinois Senator.

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He still is in Hawaii with his family, aides said, with a decision coming next month.

While technically independent, the DraftObama group has some notable Democratic activists involved. Andrew Rosenberg, an Alexandria activist who challenged Rep. Jim Moran (D-Va.) in the 2004 primary, is a senior adviser to the group, according to forms filed with the Federal Election Commission.

And Todd Webster, a former spokesman for ex-Senate Democratic Leader Tom Daschle (S.D.), helped found the group and serves as a media adviser. Many former Daschle advisers have clustered around Obama as their candidate of choice in 2008.

DraftObama officially filed with the FEC on Dec. 21 and won't report any fundraising activities till next month.

McCain, Romney, Giuliani Top GOP Names (AP)

By Liz Sidoti

AP, December 30, 2006

When it comes to the presidency, the Republican Party has a long tradition of nominating the next guy in line. That's John McCain, and the failed GOP presidential aspirant of 2000 is positioning himself as the anointed 2008 nominee.

Yet, a full year before the first primary contests, the Republican race is anything but wrapped up. The Arizona senator who once reveled in his reputation for bucking the party line is now running as the establishment candidate, but he faces serious challenges from Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani.

"Right now, McCain is the front-runner. There are always dangers in being a front-runner. But you'd rather be the front-runner than the also-ran," said Ken Duberstein, a longtime GOP consultant. "The question is whether McCain falters or not."

Others dispute that the front-runner mantel belongs to anyone this early.

"We don't have one yet. There's not enough engagement by the activists and the money people," countered Ed Rogers, a Republican strategist. He said straw polls, dollars in the bank, and key endorsements next year would better gauge the state of play.

Yet, there's no denying the party's history.

"We're respectful of hierarchy," Rogers acknowledged.

Regardless of who has the early edge, McCain, Romney and Giuliani make up the top tier of the crowded GOP presidential field that includes a cast of other lesser-known potential candidates, most of whom would be long-shots should they decide to formally enter the race.

In all, at least a dozen Republicans are considering running to succeed President Bush. With Vice President Dick Cheney having ruled out a candidacy, the cast of wannabes grows daily. It includes current and former governors, as well as current and former members of Congress.

Among them, the McCain, Romney and Giuliani troika are considered serious contenders believed to be able to raise the $80 million to $100 million next year that operatives say will be needed to mount a viable campaign.

Yet, all three also have positions that raise alarms with the GOP's vitally important conservative base:

· Long viewed skeptically by conservatives for his renegade streak, McCain has further agitated them with his position on immigration and his involvement in avoiding a Senate showdown over Bush's judicial nominees.

· Romney insists that he opposes abortion and is a defender of traditional marriage. Yet, he voiced more liberal views when he ran as a moderate in his 2002 gubernatorial race and in a failed 1994 Senate bid. He's drawn fire from leading conservatives for such inconsistencies.

· Giuliani is a social moderate who supports gun control, same-sex civil unions and abortion rights, stands that run counter to the positions of the GOP's right flank.

Those apparent deficiencies — in the eyes of conservatives — may leave a spot in the field for someone with less-shaky right-wing credentials, such as former House Speaker Newt Gingrich, who the party's base reveres. He says he'll wait until fall to decide whether to seek the nomination.

Mindful of their conservative obstacles, the top-tier trio spent 2006 seeking to sow good will within the party and curry favor with down-ballot Republican candidates across the country — particularly in the early primary states of Iowa, New Hampshire and South Carolina — by campaigning and raising money for them.

At the same time, McCain — who has been a political celebrity since his underdog campaign of 2000 — sought to position himself as the front-runner, spending much of the year building a national campaign that paired his longtime loyalists with top Bush political aides. He also set up organizations in key states, announced the backing of grass-roots supporters and signed on big-name fundraisers.

The 2006 campaign season had barely ended when McCain formed a presidential exploratory committee, launched a Web site and gave a speech calling himself a "common-sense conservative" — the main theme of a campaign should he go forward.

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Romney, meanwhile, spent the year as chairman of the Republican Governors' Association, a post that allowed him to travel the country, dole out money to his party's gubernatorial candidates and show off his fundraising prowess. He raised a record $20 million for the association to help elect Republican governors, but the GOP ended up losing 20 of 36 races.

The Massachusetts governor also made preparations for an expected White House run, recruiting notable Washington insiders to work alongside his longtime cadre of Boston-based aides and putting in place campaign-style teams in early states. He is expected to formally enter the race shortly after he leaves office on Jan. 4.

As 2006 closed, his support was in the single digits in national polls.

Not so for Giuliani, the famed former big-city mayor whose star power reached new heights after the Sept. 11, 2001 terrorist attacks. The man dubbed "America's Mayor" has consistently ranked first in national surveys, usually leading McCain by a few percentage points. Giuliani also draws huge crowds when he visits early primary states.

Like McCain, Giuliani created an exploratory committee just after the November election, but he significantly trails both McCain and Romney in recruiting top political talent and putting together an organization capable of running a national campaign.

Meantime, Kansas Sen. Sam Brownback and former Wisconsin Gov. Tommy Thompson have established exploratory committees, and California Rep. Duncan Hunter and former Virginia Gov. Jim Gilmore have said they intend to follow suit. Others said to be mulling a bid include Arkansas Gov. Mike Huckabee, New York Gov. George Pataki, Nebraska Sen. Chuck Hagel, and former Oklahoma Gov. Frank Keating.

House Democrats To Object To Florida Election Outcome (NYT)

By Kate Zernike

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — Democrats said Friday that they would open the new Congress by formally objecting to the election result in Florida's 13th District, in the hope that the Democrat who is contesting the narrow outcome there will ultimately take the place of the Republican whom the state has certified as the winner.

The move will not prevent the Republican, Vern Buchanan, from taking office with the rest of the 110th Congress next Thursday. But Democrats say that because the House is the final certifier of House election results, they want to make certain that Mr. Buchanan's swearing-in does not prejudice a legal challenge mounted by his opponent, Christine Jennings.

The Democrats say that if they were to make no such objection, formally called a parliamentary inquiry, they would essentially be signaling the courts that the House agreed with the state-certified result. By contrast, their move will put the House on record as supporting Ms. Jennings's challenge.

That move requires no House vote, only the approval of the chair, presumably Representative Nancy Pelosi of California, who is to become speaker next week.

"No one who's in a disputed election like this should get too comfortable in the House of Representatives," Representative Rush D. Holt, Democrat of New Jersey, said in announcing the new majority's plan on Friday. "The evidence will show that a revote is necessary."

The race between Mr. Buchanan and Ms. Jennings, for a Sarasota-area seat held until now by Representative Katherine Harris, a Republican, was one of the closest in a Congressional election that featured several recounts and challenged outcomes. On Nov. 20, the Florida Elections Canvassing Commission, made up of Gov. Jeb Bush and two other Republicans, declared Mr. Buchanan the winner by 369 votes.

But Ms. Jennings, and some voters, have complained of irregularities. Paperless electronic voting machines used in the district recorded a significant percentage of what are known as "undervotes": some 18,000 ballots, or about 15 percent of the total cast in the district, registered votes in races for other offices but not in the House contest.

In some counties in the district, there was an undervote of 25 percent or more, Mr. Holt said, and in one area an undervote of 38 percent.

In contrast, he said, the undervote among absentee ballots was only 2.5 percent.

"Something was wrong there," the congressman said.

Mr. Buchanan has criticized Ms. Jennings's challenge as an effort to delay the elections process, calling it "frivolous," "disappointing" and "regrettable." A Buchanan spokeswoman did not return calls seeking comment Friday.

Ms. Jennings has said she intends to take a seat that is rightfully hers, and she even attended freshman orientation for new House members in November. Legal filings on her behalf say she would have won by 3,000 votes if the tallies had been done properly.

Her campaign suffered a setback Friday, however, when a Florida circuit judge ruled that she could not examine the programming code of the electronic voting machines used in the election. The judge, William Gary, said her arguments about the

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possibility of undervotes were "conjecture" and did not warrant disclosing the trade secrets of Election Systems & Software, a voting machine company.

The Jennings campaign said it would appeal.

Democrats Will Allow Buchanan To Be Seated Jan. 4 (RC)

By Nicole Duran

RollCall.com, December 29, 2006

Democrats will not kick off the 110th Congress by refusing to seat Rep.-elect Vern Buchanan (R-Fla.), despite pending lawsuits and a House Administration query into his Nov. 7 election.

Many Democrats question the outcome of the election in the Sarosota-based district that saw Buchanan edge out Christine Jennings (D) by 369 votes.

Jennings is challenging the results and demanding a new election, citing some 18,000 votes that recorded no selection in her House race as proof that the election was fundamentally flawed.

Despite Democrats' concerns over the election results, incoming Speaker Nancy Pelosi (D-Calif.) clearly did not want to open the first Democratic-led session in 12 years with an ugly House floor fight over whether Buchanan should be seated or not.

The Florida secretary of state certified Buchanan as the winner Nov. 21. However, a majority of the House can refuse to seat any Member.

Instead, Rep. Rush Holt (D-N.J.) will make a formal inquiry on the House floor after Pelosi's anticipated election as Speaker.

His inquiry, the wording of which is not yet available, will seek to put on record that Buchanan's swearing-in should not prejudice the pending House investigation or court cases, nor should it be construed as validating the Florida secretary of state's findings.

Holt's move allows Democrats to maintain the comity Pelosi and other Democratic leaders have promised will define their stewardship of Congress while leaving the door open to removing Buchanan later.

Democrats long complained of the heavy-handed and un-democratic tactics they say Republicans used to run Congress, especially the House, since gaining control after the 1994 elections.

According to Pelosi aides, she supports Holt's course of action.

Holt said he thinks there is substantial evidence that the electronic voting machines used in Sarasota County, which produce no paper trail, malfunctioned. He thinks the unusually high "undervote," the term for when a ballot is cast with blanks in some races, proves so.

Holt said during a news conference Friday morning that a re-vote is necessary.

Holt also disputed the notion that by seating Buchanan Jan. 4 the House is seating him for the entire two-year term.

"No one who is in a disputed election like this should get too comfortable," Holt warned.

Jennings' court challenge, as well as the House Administration Committee's investigation, could take months to resolve, Holt acknowledged.

Nonetheless, Buchanan maintains that his swearing-in Thursday means that he will be on Capitol Hill for the duration.

"There is nothing in statute, House rules, or the Constitution that provides a special condition for the seating of a Member," Buchanan's spokeswoman said in a news release. "All Members are seated equally. All members are sworn in for the duration of the Congress unless they resign or the House votes to remove them."

Buchanan Will Be Seated, But Dems Say Battle Continues (HILL)

By Aaron Blake

The Hill, December 29, 2006

Rep.-elect Vern Buchanan (R-Fla.) will be seated when the 110th Congress is sworn in next week, despite a lawsuit contesting his victory that is unlikely to be resolved anytime soon.

Democrats have decided against refusing to seat Buchanan, which they could do with a majority vote. They instead will consider his status temporary until the state of Florida resolves alleged inconsistencies in his 369-vote victory last month. That process could take months.

Buchanan's opponent, Democrat Christine Jennings, says electronic voting machines failed to record thousands of votes in Sarasota County, where 18,000 ballots didn't include choices in the 13th District race. She has filed suit to obtain access to the voting machines' software and is seeking a revote.

Instead of refusing to seat Buchanan, Rep. Rush Holt (D-N.J.) announced Friday that he would be making a formal inquiry after Speaker-designate Nancy Pelosi takes control of the House on Thursday. Holt's action will make clear that nothing the

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House does should be construed as supporting the current position of the Florida secretary of state, who late last month certified Buchanan as the winner.

Should Jennings's contentions be validated by the Florida courts, the House would have the power to remove Buchanan.

"The thing to remember is each of us serves provisionally or conditionally," Holt said. "If it is determined that any of us doesn't meet the qualifications or was not duly elected, we're out of there. … Any member of Congress who is in a contested race shouldn't get too comfortable with the idea of being in Congress."

In a statement, Jennings said she supported the decision to seat Buchanan and the course of action by the Democratic leadership.

"It is important to protect the voters, and this step will ensure they are not left without a voice in Congress," Jennings said. "But it is also important to protect the rights of the thousands of voters who were disenfranchised during this election."

Buchanan's campaign claimed victory and emphasized that he will be sworn in as all other new members are.

"This confirms what the people of Florida's 13th District already know, that Vern Buchanan is the certified winner of the election and that he will be seated," spokeswoman Sally Tibbetts said.

Trounced At Polls, Kansas GOP Is Still Plagued By Infighting (WP)

By Peter Slevin

The Washington Post, December 30, 2006

CHICAGO, Dec. 29 -- Phill Kline is not one to slink away -- and the ideological wars inside the Kansas Republican Party show no sign of ending.

The fiercely antiabortion Republican attorney general in Kansas lost his reelection bid in November when moderate Republicans voted in droves for Paul Morrison, a longtime Johnson County district attorney who became a Democrat in hopes of vanquishing Kline.

Statewide, Kline got barely 4 in 10 votes. In Johnson County, the state's most populous county, his loss was more dramatic. That made it especially shocking after the election when Republican precinct leaders in the county chose Kline to finish the final two years of Morrison's term as prosecutor.

Gov. Kathleen Sebelius (D), a vocal Kline foe, refused to sign his nomination papers, a ceremonial task, lambasting a "small narrow group of partisan political operatives" for choosing him. At the Westside Family Church in Lenexa, after precinct leaders backed Kline over a Morrison aide 316 to 291, Republicans showed just how divided they are.

"The moment Phill Kline got the nomination, half the room got up and walked out," said Scott Schwab, the county GOP chairman. "It wasn't so much yelling or cussing. They threw up their arms and said, 'What do we do now?' "

Kline's reincarnation as Johnson County prosecutor reveals the depth of the continuing Republican split in Kansas and suggests challenges faced by the GOP nationwide as it tries to recover from its Nov. 7 losses and build toward 2008.

Republicans lost their U.S. House and Senate majorities and 350 seats in state legislatures across the country. The early post-election Kansas experiences show that a recovery could be difficult because the splits inside the party between social conservatives and moderates will not be easily healed.

Given the defeats in Kansas of religious conservatives such as Kline, U.S. Rep. Jim Ryun (R) and some members of the State Board of Education, one Kansas political analyst expected the GOP "would be ready to mend fences and move forward."

But that has not yet happened.

"I think the divide between the moderates and conservatives is deepening rather than closing," said Kansas State University professor Joseph Aistrup. "This type of politics is continuing into our future, at least another four years."

The Kansas political divide has drawn outsized attention in recent years. The state was the setting for an influential 2004 book by Thomas Frank, "What's the Matter With Kansas? How Conservatives Won the Heart of America."

Against that backdrop, Kline made headlines with his assault on abortion clinics while the Board of Education drew worldwide attention -- and some ridicule -- for its endorsement of challenges to firmly established Darwinian theory.

More recently, Sen. Sam Brownback (R-Kan.), a social conservative thought to be considering running for president, drew notice for holding up a federal judicial nomination when he learned the nominee had attended a commitment ceremony for a lesbian couple. He said he wanted to know whether she had presided.

Kansas Democrats and moderate Republicans fought back this year. In the midterm elections, Democrat Nancy Boyda stunned five-term incumbent Ryun, while moderate Republicans Morrison and his friend Mark Parkinson, a former chairman of the Kansas GOP, changed parties and easily won statewide office.

Morrison and Parkinson, the incoming lieutenant governor, were both recruited by Sebelius and both came from Johnson County, where moderates say they are particularly fed up with Kline, 46, a gregarious former scholarship wrestler and radio announcer.

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Morrison outpolled Kline 65 percent to 35 percent in the traditionally Republican county. Then came Kline's election by Republican insiders to the district attorney's office.

"It just looks like a slap in the face to the voters of Johnson County to have him put in there," said Robert H. Meneilly, a former Presbyterian pastor and a lifelong Republican who intends to change parties.

"I've stayed in the party because my wife thinks you can do more inside the party than out," Meneilly said. "That hasn't been the fact so far."

Schwab, the Johnson County GOP chairman, strongly backed Kline for attorney general and thinks he will be a good prosecutor -- as long as his government work "is not about Phill Kline's ego, but about justice."

Yet Schwab said Kline's election will cause problems for the GOP as Democrats try to extend their gains in a state President Bush twice won handily.

"My job is to elect Republicans, and he made it very difficult," Schwab said.

Kline remained undeterred by defeat, firing a final volley against Kansas abortion clinics as he prepared to leave the attorney general's office. He filed charges against George Tiller, accusing the Wichita doctor of performing illegal late-term abortions.

A Wichita judge dismissed all counts, ruling that Kline had overstepped his authority.

Kline tried to extend his investigation by naming as a special prosecutor a staunchly antiabortion Wichita lawyer. Morrison, who has criticized Kline repeatedly for injecting politics into the attorney general's office, said he will review the files but made clear that the tenure of Kline's appointee will be short.

"Kansans expect more from their attorney general," Morrison said, "than grandstanding and stunts."

Kline is not unhappy. He got the new job, a fresh platform and even a raise. The Johnson County job pays $50,000 more than he made as attorney general.

No Lack Of Donors For Governor's Inaugural (LAT)

By Evan Halper

The Los Angeles Times, December 30, 2006

SACRAMENTO — Donna Summer will sing at the black-tie gala. Tony award-winner Jennifer Holliday will croon at the swearing-in ceremony. A 20-foot-long fresh-water aquarium will grace the Capitol lawn. And construction firms, insurance companies, developers and other private donors — most with business in the governor's office — will pick up the tab of at least $1.4 million for a lavish party to kick off Gov. Arnold Schwarzenegger's second term.

Schwarzenegger's inaugural committee Friday announced the plans for next Friday's celebration, along with a list of donors. Campaign finance watchdogs have called the whole affair unseemly. Unlike other donations from special interests with business before the state, contributions to the inaugural committee are not subject to legal limits. Nine donors contributed at least $50,000 each to the event, which earned them the designation of "Gold Sponsor." Half the $1.4 million raised came in during the last two weeks.

Critics of the event say donors are less interested in funding a good party than being in the good graces of the governor when they need a favor.

"These donors aren't stupid," said Derek Cressman, an analyst with the Sacramento-based Poplar Institute, a nonprofit organization that studies the role of money in politics. "They are shrewd businesspeople who give money for sound business reasons. They give because they feel it will improve their bottom line by getting them access and goodwill with the governor's office…. I think it's inappropriate."

Among the Gold Sponsors of the event, which the inaugural committee says will highlight the state's environmental innovations, is Chevron. The oil company has long been at odds with environmental groups and helped lead the effort to defeat a ballot initiative in November that would have spurred billions of dollars in state-financed investment in alternative energy. Schwarzenegger joined the oil company in opposing it.

Another Gold Sponsor is Martin Matich, an Inland Empire construction magnate who earlier this year had part of the 210 Freeway named in his honor by the state. His firm, the Matich Corp., will be in contention for a chunk of the $37 billion in public works borrowing authorized by voters in November — and which will be doled out by lawmakers and the governor.

Among other Gold Sponsors are E&J Gallo Winery, the California Chamber of Commerce, the California Grocers Assn. and a state realty group.

Julie Soderlund, a spokeswoman for the inaugural committee, said the companies give because "they believe in the governor's vision for the state of California."

She said such contributions in no way influence his actions in office.

"The governor makes decisions based upon what he believes is best for the people of California," Soderlund said.

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The affair is expected to be the grandest the Capitol has seen in some time.

It will be kicked off on the Capitol lawn Thursday, with the "Leading the Green Dream" environmental event, which will be open to the public. The governor and First Lady Maria Shriver will be there, along with former NBA star Vlade Divac. There will be the giant aquarium, filled with fish from California rivers, and display models of cars that run on clean-burning fuels. Organic California-grown food will be shown off and consumed, and children can take part in interactive gardening projects.

The next day, some 3,000 invited guests will attend the governor's swearing-in at Memorial Auditorium in Sacramento. Jose Feliciano will perform the National Anthem, and Jennifer Holliday, whom the committee describes as "Broadway's original 'dream girl' " will sing the show's "And I'm Telling You I'm Not Going." The event will also feature performances by the 59th Army National Guard Band and local Sacramento performers.

Then there is the luncheon with lawmakers at the Capitol, where the bands Mariachi Divas and Espino will perform.

Next, it's on to the "Celebrate the California Dream" black-tie gala at the Sacramento Convention Center. The 2,000 tickets — $500 each — sold out long ago. At the event, Paul Anka will sing "My Way," with new lyrics written especially for Schwarzenegger.

The gala will be capped off with a performance by Donna Summer. Among the hits she will sing is "She Works Hard for the Money."

Spitzer Plans Inauguration Reflecting Vow Of Openness (NYT)

By Nicholas Confessore

The New York Times, December 30, 2006

Twelve years ago, Gov. George E. Pataki took office with one of the most lavish inaugural parties in New York State history: three days of food and celebration for thousands of supporters, paid for with money raised by a private corporation established solely for that purpose.

But the extravaganza blossomed into a two-year headache after Mr. Pataki broke a promise to open the corporation's books to the public, plunging his administration into its first scandal.

It later emerged that the corporation broke multiple campaign finance laws in raising more than $2 million from corporations with business before the state, with some of the money going to pay off campaign debts and even to reimburse Pataki aides for personal expenses.

Governor-elect Eliot Spitzer is aiming for a happier beginning. Mr. Spitzer has planned a comparatively modest celebration for himself. It will be called the "people's inauguration" and has carefully been designed to emulate his pledge to conduct the public's business in the open.

Should the weather hold, Mr. Spitzer will have a ceremonial swearing-in at noon in a park adjoining the Albany Statehouse. (The Times Union Center, a nearby arena where Mr. Pataki was sworn in with a 19-gun salute and a laser light show, is the location if it rains.)

After being sworn in, Mr. Spitzer will keep to a nearly unbroken schedule of public events. He and his wife, Silda Wall Spitzer, will hold a two-hour public reception at the governor's mansion, while the concourse under Empire State Plaza will be the site of a culinary festival, as it was during Mr. Pataki's inauguration. The day will end with a star-studded free concert at the Times Union Center, with the actor and comedian Jimmy Fallon as host.

"We want the emphasis to be on celebrating this important day for the state, but doing so in a way that is slightly more subdued than in years past, and a greater emphasis on opening it to all New Yorkers and their families," said Christine Anderson, a spokeswoman for Mr. Spitzer.

Where Mr. Pataki's inauguration was led by his top campaign fundraiser, Mr. Spitzer's will be run by Ms. Wall Spitzer and Michelle Paige Paterson, the wife of David A. Paterson, the lieutenant governor-elect.

The money to pay for it will come from the roughly $5.5 million left over from Mr. Spitzer's campaign for governor. (Other statewide elected officials may also contribute leftover campaign money to share the expense.) Mr. Spitzer pledged this month that he would conduct "absolutely no fund-raising" for the inaugural.

The contrast between Mr. Pataki's and Mr. Spitzer's inauguration plans owes much to the contrasting political circumstances under which each man came to office.

Mr. Pataki's 1994 victory over Mario M. Cuomo, the three-term incumbent, was a major political upset, elevating Mr. Pataki, a formerly obscure state legislator from Westchester, into a hero of that year's Republican revolution.

"It was kind of Moses leading the Republicans out of the wilderness," said Blair Horner, legislative director of the New York Public Interest Research Group. State Republicans were euphoric, and wanted a celebration to match their triumph.

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By contrast, Mr. Spitzer was being widely trumpeted as a future presidential contender even before his landslide victory in November. He enters office with a mandate for reforming the ethics of Albany, and is under considerable pressure to practice what he preaches.

"I think that the administration is well aware that it is first impressions that count," said George Arzt, a lobbyist and consultant who worked on Mr. Spitzer's 1998 campaign for attorney general.

"A lot of people are going to come up in order to feel out the administration, to figure out who they can meet, to see if they can set up a relationship with them," he added. "But at the same time, there is a feeling of change — and you want to measure what that change is."

Several Albany lobbyists said they thought that the private receptions sometimes held by the city's interest groups and trade associations, usually in Albany's better hotels and restaurants, would be fewer and more restrained this year.

"In terms of the way they are carrying themselves and dealing with the governor, everybody got the message that he is very serious about the appearances," said Robert J. Bellafiore, a lobbyist who was press secretary to Mr. Pataki during and after the 1995 inauguration. (He described the fallout from Mr. Pataki's inauguration as a "major headache.") He added, "You're not going to want to do anything that you think that the new governor might think is something he wouldn't want to be a part of."

At any rate, neither Mr. Spitzer nor his senior staff will be attending any such parties during the inauguration, said Ms. Anderson, the spokeswoman. But the incoming administration will be slipping in at least one exclusive event before taking office: On New Year's Eve, shortly before being sworn in, Mr. Paterson will be the host at an invitation-only reception at the Crowne Plaza Hotel in Albany for three new Democratic members of New York's Congressional delegation. Campaign contributors will be among the invited guests, along with Democratic county leaders and elected officials.

New Laws Show State Concerns (WP/AP)

By Robert Tanner

The Washington Post, December 30, 2006

For hundreds of thousands of minimum-wage workers around the country, the new year brings a raise. Musicians worried about copycats get some protection in Illinois. And California takes steps to reduce the power-plant pollution that is believed to contribute to global warming.

Jan. 1 brings new laws in many states, offering both a glimpse of what is on the voters' minds and a preview of some of the issues Washington might take up. Many states take action long before Congress does.

Effective Monday, seven states -- Arizona, California, Delaware, Massachusetts, New York, North Carolina and Pennsylvania -- will raise their minimum wage. The federal minimum is $5.15 an hour. The new wages go as high as $7.50 an hour.

"We've made Massachusetts the best state to live in for struggling working families," said Carl Nilsson, an activist for poor people, citing the higher minimum wage and an earlier state law that requires health insurance for all.

In Illinois, copycat musical groups that misrepresent themselves as the original artists will face fines of up to $50,000. The new law requires live acts to make it clear in their advertising that they are a salute or a tribute to the real thing.

"From now on when the public goes to a rock-and-roll show in the area, they can be sure the artist is the original, and not some rip-off band," said Mary Wilson, formerly of the Supremes.

California passed a law that seeks to force coal-burning plants in Western states to install cleaner technology if they want to sell power in the nation's most populous state.

States also dealt with immigration (nurses from other countries must have English-language proficiency to practice in South Carolina), eminent domain (Illinois requires local governments to pay more and meet a higher legal threshold before seizing private property) and campaign finance (North Carolina and Pennsylvania set stricter rules).

Alaska will provide school systems with training to help prevent bullying, and South Carolina will require districts to adopt policies barring harassment, intimidation or bullying.

"We were getting too many complaints from parents that their children were being bullied and intimidated," said state Rep. Robert E. Walker (R). They were "fearing to go to school."

Wisconsin took steps to guard against wrongful convictions by requiring law enforcement agencies to record all interrogations of felony suspects, with either video or audio.

Alabama and West Virginia cut taxes on the poorest, and North Carolina lowered taxes on the highest earners. New York and Oklahoma dropped the "marriage penalty," which imposed higher taxes on married couples than on single people. South Dakota and Texas raised taxes on cigarettes.

Georgia increased from 13 to 29 the number of screening tests performed on newborns to detect life-threatening metabolic and genetic disorders. Massachusetts's new health-care law hits a new milestone, allowing those earning up to 300 percent of

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the federal poverty level to buy into subsidized plans. (Those at or below the poverty level are already eligible for virtually free health care).

In Indiana, a new license plate featuring the American flag and the words "In God We Trust" will be available at no extra charge.

A City Of Memorials Finds Itself Filling Up (NYT)

By Felicity Barringer

The New York Times, December 30, 2006

WASHINGTON, Dec. 29 — This supremely political city has a keen sense of history and its uses. So, not surprisingly, it also has a thing for memorials: marble, granite and otherwise. Six presidents and seven wars have monumental tributes in or near downtown Washington.

But presidents are not the only people so honored. Ground was broken for the Martin Luther King Jr. memorial on the Mall six weeks ago, and Congress has approved a monument to Francis Marion, the "Swamp Fox" of the Carolinas during the Revolutionary War. Most recently, it approved one to millions of victims of the 1932-33 Ukrainian Holodomor, or famine.

Wait. The Ukrainian famine? A monument to be built on federal land by the Ukrainian government? Whose history is this?

That question, raised in the 1990s about another foreign memorial, has since ricocheted around the National Park Service and the National Capital Planning Commission, the agencies most responsible for monitoring the conception, creation and placement of new museums and commemorative works in the federal city.

"I think there's a heightened sensitivity to where we place these memorials and museums, and whom we venerate," said the planning commission's chairman, John V. Cogbill III. "I don't know how that is going to shake out."

Mr. Cogbill was sanguine, however, about the potential for future conflict over allocations of available memorial space, saying, "We view ourselves as a world city, so I think in that respect you want to embrace something that is not indigenous to our own culture."

The language of the Commemorative Works Act of 1986, which set out procedures for the creation of memorials on federal land here, is a little less inclusive than Mr. Cogbill is. It envisions commemorative works that evoke "the memory of an individual, group, event or other significant element of American history."

In the two decades since Congress enacted that law, about 30 memorials have been approved, four of which did not conform to the provision about American history.

Two of the four honor foreign leaders. Mohandas Gandhi, the apostle of nonviolence who led the movement that freed India from British rule, strides forward in front of the Indian Embassy on Q Street N.W. Tomas G. Masaryk, the first president of Czechoslovakia, looks out over the World Bank on H Street N.W.

The other two honor victims of Communist rule. The first is a bronze replica of the "Goddess of Democracy" erected in Tiananmen Square during the Chinese student protests of 1989, is dedicated to the "victims of Communism" and will rise not far from Union Station. The latter is to the victims of the Ukrainian famine, a monument whose site and design have yet to be determined.

In 2005, John Parsons, an associate regional director of the National Park Service, advised Congress that the proposed Ukrainian memorial, which was in legislation sponsored by Representative Sander M. Levin, Democrat of Michigan, duplicated the purpose of the Victims of Communism Memorial.

"While the victims of the Ukraine famine obviously deserve recognition," Mr. Parsons testified, "we believe that creating separate memorials for individual groups would detract from the overall message of the Victims of Communism Memorial and could, potentially, create an unfortunate competition amongst various groups for limited memorial sites in our nation's capital."

There are more than 160 memorials in the city, and 75 museums, said Lisa N. MacSpadden, the spokeswoman for the National Capital Planning Commission. The inventory goes up, on average, by one memorial a year and one museum a decade, Ms. MacSpadden said.

The commission's most recent map shows 100 memorial-worthy sites remaining to commemorate all the country's history to date and all its history to come.

Statues of foreigners are, of course, nothing new: the Marquis de Lafayette looks down on the White House from a high pedestal in his eponymous park, with Thaddeus Kosciusko a stone's throw away.

Simon Bolivar, who freed much of South America from Spanish rule, looms over the intersection of 18th and E Streets N.W., and a statue of the Ukrainian poet Taras Shevchenko was unveiled by President Dwight D. Eisenhower near the eastern end of the P Street Bridge. That monument was championed by one of Mr. Levin's predecessors who also represented heavily Ukrainian areas of Michigan like Troy and Warren.

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(History buffs have created Web sites memorializing Washington memorials, like one at www.kittytours .org/thatman2/index.html.)

The history of the Ukrainian famine — in which Moscow's requisitioning of the Ukrainian harvest, along with its orders to collectivize agriculture, caused the starvation of millions of people — was long caught in the disinformation and silence imposed by Stalin. Not until a few weeks ago did the Ukrainian Parliament enact a law paying tribute and providing for the creation of a memorial to the famine's victims. The law came weeks after the United States Congress voted to approve the memorial in Washington, to be paid for by the government of Ukraine.

The initial push for the memorial came from Ukrainian-Americans in Michigan, said Borys Potapenko, president of the Ukrainian Congress Committee of America.

The strongest push, in 2004 and 2005, coincided with the Orange Revolution that brought Viktor A. Yushchenko the presidency. Mr. Potapenko said in a telephone interview that he was nervous about the memorial's future in the wake of recent political developments, which have left Mr. Yushchenko to share power with his former opponent, Viktor Yanukovich, who had Moscow's support.

But Iryna Bezverkha, a spokeswoman for the Ukrainian Embassy, said embassy officials met in December with members of a Park Service advisory commission to discuss the steps to be followed to win approval for a design and site.

City planners, however, are more concerned with Congress's ability to come to terms with the physical limits of the land.

"We are starting to realize that there are a limited number of places left" for memorials, said Mr. Cogbill of the planning commission. "That means we have to start to think carefully."

Somali Leader Promises Peace (WT/AP)

By Les Neuhaus

The Washington Times, December 30, 2006

MOGADISHU, Somalia -- Somalia's prime minister promised thousands of war-weary Somalis peace and stability yesterday as he formally took control of the battle-scarred capital for the first time since his government was formed two years ago.

Ali Mohamed Gedi drove through the streets of Mogadishu in a heavily armed convoy a day after Islamic fighters fled and his Ethiopian-backed troops seized the city.

"Today is the beginning of a new life, new stabilization and a new future for Somalia," Mr. Gedi told cheering residents.

As a sign of goodwill, President Abdullahi Yusuf and the Ethiopian government declared a 24-hour cease-fire to mark the Muslim holiday of Eid al-Adha today.

But with violent protests in one neighborhood in support of the Islamic fighters who had vowed to establish a government based on the Koran, and the movement's leader promising to fight on from a key southern town, the task facing Somalia's U.N.-backed, secular government is immense.

Even before the rise of the Islamists, Mr. Gedi's government had been kept out of Mogadishu by clan violence. There was an attempt on his life during a rare trip to the city in November 2005.

Yesterday, though, he was embraced. Waving Somali flags, thousands lined the streets and climbed buildings to catch a glimpse of the leader in the seaside capital.

"This is a historic day for us," said Sahra Yusuf, a mother of three who was dressed in traditional white cloth. "This is a sign that Somalia will be able to stand on its own feet."

With tight security that included marksmen on roof tops, Mr. Gedi was more realistic, appealing for help to rebuild a country ruined by 15 years of civil war and infighting. He called for regional peacekeepers to help ensure further violence does not erupt.

Parliament was expected to impose martial law across the country.

The U.S. State Department called for all Somalis to work for "genuine national reconciliation" and reiterated support for an African peacekeeping force to be deployed in the country.

"The current situation in Somalia provides a historic opportunity for the Somali people to achieve a broad-based, inclusive government," the State Department said.

Government troops backed by Ethiopian soldiers have swept quickly across the country since Sunday, retaking territory captured by the Islamic movement earlier this year. The government had previously only controlled the western town of Baidoa, where it had set up its base.

Sheik Sharif Sheik Ahmed, the executive leader of the Council of Islamic Courts, the umbrella group for the Islamic movement, told the Associated Press yesterday his fighters would remain defiant.

"We will not run away from our enemies. We will never depart from Somalia. We will stay in our homeland," he said from the southern city of Kismayo, where his forces retreated from Mogadishu.

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Hundreds of foreign fighters, mainly Arabs and southern Asians, were seen in Kismayo yesterday. Some of the Islamic movement's members espouse an extreme form of Islam, and the United States accuses it of harboring al Qaeda terrorists.

Somali PM Arrives With Pledge Of Rebuilding (FT)

By Andrew England

Financial Times, December 30, 2006

The prime minister in Somalia's transitional administration entered Mogadishu with an armed convoy on Friday as government forces and allied Ethiopian troops sought to assert their authority in the capital following their rapid offensive against a rival Islamist movement.

Ali Mohamed Gedi said the administration's priority was to restore law and order and begin the process of rebuilding the shattered country. But while his presence in the capital was symbolically important for the government, the challenges ahead are daunting as it seeks to impose its authority in a city awash with arms and beset by clan rivalries.

Formed two years ago at an UN-sponsored conference, the government has never before been able to sit in Mogadishu and has suffered from unpopularity amongst the Hawiye clan that has dominated the city since the fall of Mohamed Siad Barre, the dictator, in 1991.

This time, the government has the support of Ethiopian troops, which were key to its success in its battle against the Islamist movement, an alliance of Islamic courts that had controlled the city since June. The Ethiopians are deemed critical to the government's chances of creating a semblance of security and countering potential opponents.

But their continued presence could also inspire widespread resentment. One resident told the FT that anti-Ethiopian protests, some of them including women, had already started in some parts of the city.

Ethiopia, which fought a war with Somalia in 1977, is disliked by many Somalis. It has a reputation for meddling in Somali affairs and backing warlords loathed by the population. Addis Ababa is also a close regional US ally, and is thought to have received tacit support from Washington for its offensive against its Muslim neighbour. The longer its troops stay, the more likely they will be seen as an occupying force.

Abdullahi Yusuf, the Somali transitional president who has long ties with Addis Ababa, on Friday told reporters Ethiopian troops would stay in Somalia for the time being as "the government is not up to the level of taking back the entire country overnight".

Diplomats and analysts say if the government is to succeed where it failed during the last two years, Mr Yusuf and his officials will need to be magnanimous and look to broaden the government's narrow support base, which helped create a political vacuum that enabled the Islamists to emerge.

That would mean reaching out to those who have felt unrepresented by the administration - members of civil society, Mogadishu's business community and even moderates within the Islamic alliance, which was not a monolithic group, and drew support from the Hawiye clan.

Mr Yusuf is a member of the Darod clan and is thought not to have visited Mogadishu since 1977. Mr Gedi is a member of the Hawiye. However, while the parliament was ostensibly selected on the basis of the country's complex clan system, the Hawiye felt under-represented in the transitional institution's power structures and Mr Gedi, considered by some as political outsider, did not have a large constituency.

"The main problem is the Hawiye MPs were handpicked by the warlords," who were backed by Ethiopia, said one Mogadishu resident.

During a rare visit to the capital last year, Mr Gedi survived an assassination attempt when grenades were thrown at his convoy. At the time Mogadishu was ruled by rival warlords, as it had been since 1991.

Until Ethiopia launched its offensive, the government, which has been plagued by divisions, was stuck in the central town of Baidoa. Thirteen other attempts to form an effective central government failed as warlords, drawing support on a clan basis, fought each other.

"The aim should be for the government to use the opportunity to try and bring in that inclusivity," said one western diplomat. "I'm not saying it will change, but it needs to change."

However, the government appears emboldened by the Ethiopian-led offensive. Officials are talking about introducing "martial law." And Mr Yusuf, a veteran warlord, has vowed to pursue the Islamists, who fled to the southern port town of Kismayo. In turn, Islamist leaders have pledged to continue fighting Ethiopia, and it is still unclear whether the Islamic forces are defeated or simply regrouping.

Mogadishu Crowds Greet Somali PM (BBC)

BBC.com, December 29, 2006

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Somalia's interim Prime Minister Ali Mohamad Ghedi has entered the capital, Mogadishu, heading an armoured convoy.

His arrival came a day after his Ethiopian-backed forces drove Islamist fighters out of the city.

Reports said cheering crowds lined the streets to welcome Mr Ghedi, who has declared three-months of martial law.

But some are opposed to Ethiopia's role in Somalia, with thousands protesting in Mogadishu as Ethiopian soldiers secured the city's port and airport.

Some protesters threw stones as convoys passed into Mogadishu, but after shots were fired into the air their way was uninterrupted and other people cheered.

Correspondents say Mr Ghedi's arrival in Mogadishu marks the first time the country's transitional government has been in a position to exercise full authority in the capital.

Speaking in Mogadishu, Mr Ghedi said he believed most of the UIC's forces were destroyed in the fighting.

"Today is the beginning of a new life, new stabilisation and a new future for Somalia," the Associated Press news agency quoted him as saying.

Several thousands militiamen loyal to the UIC have now abandoned the city for their last stronghold in the port of Kismayo, 500km (300 miles) to the south.

But a leader of the Islamists who fled says they will never leave Somalia.

Defiant

The BBC's Mohamed Olad Hassan in Mogadishu said the city appeared calm as night fell at the start of the Islamic Eid holiday.

But earlier there were large demonstrations, with thousands of people protesting against Ethiopian troops.

Ethiopian-backed troops have already taken control of the UIC's headquarters in the north and the former US embassy compound in the south.

Mr Ghedi, previously based in the central town of Baidoa, held talks with clan leaders on the outskirts of Mogadishu before entering the capital.

"This country has experienced anarchy and in order to restore security we need a strong hand, especially with freelance militias," he said.

There have already been reports of gunfire and looting since Islamist forces left.

Heavy losses

Meanwhile, Ethiopia's Foreign Minister Seyoum Mesfin has flown by helicopter to Baidoa for talks.

There is fierce opposition to Ethiopia in northern Mogadishu He said the situation in Somalia was stable and very promising.

The African Union has called for Ethiopian forces to leave Somalia, but the United Nations Security Council failed to agree on a statement calling for the withdrawal of all foreign forces.

Much of Somalia faces food shortages because of recent heavy floods.

The UN says its aid flights are due to resume on Saturday, after being suspended during the past week because of the fighting.

The UN estimates that about 30,000 people have been displaced during the fighting and causalities have been high.

Hundreds of young people have been killed and some 800 people, mainly on the Islamic side, have been treated in hospital, a UN official said.

And more than 150 refugees on board boats that capsized off the coast of Yemen on Thursday are all presumed dead, the UN refugee agency said.

Uniting force

The UIC assumed control of the capital in June, driving warlords out and rapidly extending their influence to much of southern Somalia

Somalis Split As Fighting Halts And Hint Of Insurgency Looms (NYT)

By Jeffrey Gettleman

The New York Times, December 30, 2006

ADDIS ABABA, Ethiopia, Dec. 29 — Anti-Ethiopia riots erupted in Mogadishu, the capital of Somalia, on Friday, while masked gunmen emerged for the first time on the streets, a day after Ethiopian-backed troops captured the city from Islamist forces.

Hundreds of Somalis flooded into bullet-pocked boulevards to hurl rocks at the Ethiopian soldiers, set tires on fire and shout anti-Ethiopian slogans.

“Get out of our country!” they yelled. “We hate you, Ethiopians!”

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In northern Mogadishu, residents said men with scarves over their faces and assault rifles in their hands lurked on the street corners. Mogadishu has plenty of gunmen, of every age and every clan, but gunmen hiding their identity is something new and may be a sign of a developing insurgency.

"We're going to turn this place into another Iraq," said Abdullahi Hashi, a construction worker who said he was part of a new underground movement to fight the Ethiopians.

Many analysts have said that if the Ethiopian troops protecting the internationally recognized transitional government of Somalia linger in the country too long and their intervention turns into a full-scale occupation, it will uncork a long and nasty guerilla war.

At the same time, it seems that many Somalis appreciate the presence of the Ethiopians for helping to bring some stability. Just a few hours after the protests, thousands of residents came out to warmly greet Ali Mohammed Gedi, the prime minister of the transitional government and one of the leaders who called in the Ethiopian muscle.

It is unclear what is going to happen in Mogadishu. Many people are still absorbing the dramatic power shift that occurred this week, when the Islamists who once ruled much of the country quickly collapsed under Ethiopia's overwhelming force, enabling the transitional government, which had been roundly dismissed as weak, to suddenly take control.

Islamist leaders said Friday that they were not simply giving up. While most of their troops have abandoned the cause — shedding their uniforms and shaving their beards — the Islamist leadership said it was regrouping in Kismayo, a city along Somalia's southern coast. Not far from Kismayo is a lightly populated, heavily forested area that Western intelligence officers said has served as a terrorist hide-out for many years.

"We will not leave Somalia," Sheik Sharif Sheik Ahmed, a top Islamist leader, told The Associated Press on Friday. "We will not run away from our enemies. We will never depart from Somalia. We will stay in our homeland."

The Islamists uttered similar vows to fight to the death for Mogadishu, their former stronghold. But when thousands of Ethiopian fighters and troops from the transitional government reached the city's outskirts on Wednesday, the Islamists fled and the city fell the next morning without a shot.

Ethiopian officials have justified the intervention in Somalia by saying that the Islamists were extremists who had their eyes on part of Ethiopia, and said their troops would remain on Somali soil until that threat is wiped out. The Ethiopian and transitional government troops seem to be focused on Mogadishu, but many Somalis suspect that once that city is stabilized, the bulk of the Ethiopian forces will shift to Kismayo. On Friday, Kismayo residents said Ethiopian fighter jets were circling the skies above town.

Mr. Gedi, meanwhile, is wasting little time getting to work. He announced Friday that the transitional government, one of the most promising efforts at a central government since 1991, when Somalia descended into anarchy, was imposing martial law for the next three months. He asked Mogadishu's various clan militias to turn in their weapons or face the consequences.

"This country has been through a lot of anarchy," Mr. Gedi said, "so to re-establish order we will have to have an iron hand."

Last year, when Mr. Gedi set foot in the capital, he was nearly assassinated. On Friday, he was surrounded by armored trucks and Ethiopian infantrymen. Though officials in Addis Ababa, Ethiopia's capital, have said their troops should not enter downtown Mogadishu, many are camped in the former American Embassy, a decrepit building that was closed more than 15 years ago after American soldiers suffered a humiliating defeat at the hands of warlords.

China Seeks Wider Military Reach As Economy Grows (WSJ)

By Gordon Fairclough

The Wall Street Journal, December 30, 2006

SHANGHAI -- China's rapid economic growth and its dependence on international trade are driving major shifts in the country's military strategy.

A white paper issued Friday by the State Council, the country's cabinet, outlines steps that appear aimed at improving China's ability to use armed force far from its own shores in order to protect increasingly global interests. The paper, the first of its kind in two years, says China is pursuing "a road of peaceful development" but adds that the country's military strength should increase "in step" with its expanding economy.

"Security issues related to energy, resources, finance, information and international shipping routes are mounting," the white paper warns.

The paper says China's defense spending in 2006 totaled 283.8 billion yuan ($36.32 billion), up 14.7% from the 247.5 billion yuan spent the year before. Foreign experts say the official budget understates total spending, but even the stated growth rate is faster than that of China's booming economy and slightly faster than its growth in defense spending in 2005. Still, China's total outlay remains far below that of the U.S. The Pentagon's spending for the current fiscal year (2007) is expected to top $500 billion.

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The paper shows how "China is expanding its vision of national security, beyond its own borders and regional concerns," says Andrew Yang, head of the Chinese Council of Advanced Policy Studies, a defense think tank in Taiwan.

That is a departure for China's People's Liberation Army, which won control of China for the Communist Party in 1949 and has been focused for much of its existence on domestic threats, territorial defense and conflicts on its borders.

China's growing military strength and questions about its intentions have touched off a debate among U.S. defense-policy makers. Senior civilians at the Pentagon have argued that China's buildup has already altered power dynamics in Asia, and have started working to strengthen the U.S. military presence in the region. Some top U.S. military officers, however, including the commander of U.S. forces in the Pacific, say it will be many years before China poses a real challenge. They want to improve ties between the U.S. and Chinese militaries to prevent Beijing from turning into a threat.

China's broader strategic view is leading to, among other things, increased emphasis on the People's Liberation Army's naval forces, which have grown in size and importance recently with the addition of more sophisticated warships and submarines. Some advanced vessels have been purchased from Russia, while others have been developed in China's own shipyards, including two new nuclear-powered submarines, one of which is designed to launch missiles with nuclear warheads.

So far, China has no aircraft carriers, which are a mainstay of U.S. naval combat power and an important part of America's ability to project military force.

China's white paper also provides a window into Chinese strategic thinkers' view of the international security environment and their apparent distrust of the U.S. and its motives. The paper's authors say they don't expect any large-scale conflicts between major countries in the "foreseeable future." But they expressed dissatisfaction with what they termed "hegemonism and power politics."

"A small number of countries have stirred up a racket about a 'China threat' and intensified their preventive strategy against China" in an effort to "hold its progress in check," the paper says.

China also sees an adjustment under way in the balance of power in East Asia, noting that the U.S. is "accelerating" an arms buildup in the region and strengthening its alliance with Japan, China's key regional rival. Tokyo is also becoming more "external-oriented" in its military posture, the report says, against the backdrop of increasing belligerence by North Korea, which in 2006 conducted a nuclear-weapons test for the first time.

The white paper also includes a standard denunciation of pro-independence forces in Taiwan, which China claims as part of its territory.

The effects of stepped-up air and sea patrols by Chinese forces in Asia are already being felt by militaries in the region. Japan has scrambled fighters scores of times this year to intercept suspected Chinese spy planes.

In late 2004, China sent a submerged submarine into Japanese waters, sparking one of Japan's largest military operations since World War II as destroyers and planes gave chase. In October, a Chinese submarine surfaced near a U.S. carrier battle group, in an incident that a senior U.S. Navy officer said could have "escalated into something that could have been very unforeseen."

China's 2.3 million-member military still lags far behind that of the U.S. and other developed countries in terms of technology and the ability to coordinate joint operations with land, sea and air forces. Beijing says its goal is to lay the foundation for a modernized military by 2010 and to be "capable of winning" high-tech, information-age wars by the middle of the century.

"In the past few years, they've made impressive progress in assimilating new technology," says Mr. Yang, the defense analyst. "But it will take some time" before that translates into real-world military capabilities.

China Offers Glimpse Of Rationale Behind Its Military Policies (WP)

By Edward Cody

The Washington Post, December 30, 2006

BEIJING, Dec. 29 -- China warned Friday that the military landscape in northeast Asia is getting "more complicated and serious" because of North Korea's nuclear weapons program and tighter defense cooperation between Japan and the United States.

The Chinese views on regional security, articulated in a government white paper on national defense, provided a rare glimpse into the strategic assessments that underlie decisions and priorities of the secretive Chinese military and the Communist Party's policymaking Central Military Commission.

In part, the paper was designed as a response to repeated complaints from the Bush administration that China has not explained the rationale behind its long-term military improvement program. China's announced military budget has risen about 10 percent a year recently, reaching $35.4 billion in 2006, and Pentagon specialists estimate that also counting equipment expenditures would more than double it.

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Along with Taiwan's pursuit of independence, the government pointed out as particular security challenges North Korea's missile tests last summer and its maiden nuclear test in October, which undermined Chinese-led diplomatic efforts to create a nuclear-free Korean Peninsula. The most recent round of nuclear negotiations took place last week and ended in stalemate, creating doubts about the utility of continuing the three-year-old six-nation talks.

In listing Chinese concerns, the white paper also cited a U.S.-Japanese effort to build a regional missile defense shield based on U.S. ships equipped with the Aegis radar system and a U.S.-Japanese missile now being developed. The joint defense system, portrayed as protection against a North Korean attack, has been criticized by Chinese officials and commentators because it also could blunt China's missile threat in the event of U.S.-Chinese hostilities over Taiwan.

Chinese officials have expressed concern that Taiwan could eventually be integrated into the U.S.-Japanese system, providing a counterweight to China's increasing missile threat against the self-ruled island. That fear was not explicitly conveyed in the white paper, but Japan's growing willingness to assert itself militarily was cited as a strategic concern for military planners in Beijing.

"America and Japan are strengthening their military alliance in pursuit of operational integration, and Japan seeks to modify its peace constitution and exercise collective self-defense," the paper said. "North Korea launched missiles and had a nuclear test. The situation in the Korean Peninsula and northeast Asia is getting more and more complicated and serious."

The paper said China's military improvements are part of the country's overall modernization and economic expansion. The effort will continue apace, it added, seeking to "lay a solid foundation" by 2010, make "major progress" by 2020 and "reach the strategic goal of building informationized armed forces and being capable of winning informationized wars by the mid-21st century."

Moving from infantry to high-tech naval and aerial warfare has been a major goal of China's military modernization. It has entailed the shedding of thousands of untrained foot soldiers and a concerted effort to replace them with trained technicians able to function in the world of computerized weaponry.

The white paper said, for instance, that the army's relative strength in the Chinese military has dropped by 1.5 percent, while that of the navy, air force and Second Artillery Force -- China's missile and nuclear corps -- rose by 3.8 percent. Overall military strength has fallen by 1.7 million troops since 1985 and is estimated to stand at 2.3 million, still the world's largest force.

The People's Liberation Army "has made new progress toward the goal of being proper in size, optimal in structure, streamlined in organization, swift and flexible in command and powerful in fighting capacity," the paper boasted.

But it provided no details on the new ships, warplanes, missiles, submarines and computer systems that, according to U.S. officials, have increased China's lethal power in the region and made any confrontation over Taiwan a riskier proposition for the United States than it would have been a decade ago.

As it has before, the government warned that any step by Taiwan's President Chen Shui-bian to move toward formal independence by changing the territory's constitution would be a "grave threat" to peace and stability across the Taiwan Strait, suggesting it could trigger military intervention. President Hu Jintao, who as head of the Central Military Commission is commander in chief of the armed forces, has told visitors he has no plans to attack Taiwan but would have to act if the island took a decisive step toward formal independence.

China's Military Spending To Reach $36bn (FT)

By Andrew Yeh

Financial Times, December 30, 2006

China's defence spending is expected to reach Rmb283.8bn ($36.4bn) this year, up nearly 15 per cent from last year, according to rarely released government data that are likely to heighten concerns over Beijing's military build-up.

The boost in funds, which many experts argue greatly underestimates actual military expenditures, is aimed at modernising the 2.3m-strong People's Liberation Army (PLA) into a nimbler, more technologically-advanced entity, said a white paper released by the government yesterday.

President Hu Jintao, who also leads the Central Military Commission, this week said there was particular emphasis on developing a powerful navy that can respond "at any time" to safeguard national sovereignty.

The rise of China's military, expanding in tandem with its red-hot economy, is likely to trigger greater concern in the US and Taiwan, which Beijing considers a renegade province.

China's military modernisation is at the same time a worrying trend for Japan because of lingering historical tensions over Japan's wartime past. Beijing is wary of a strong US-Japan military alliance and Tokyo's efforts to reorganise its military which it views has been hamstrung by its postwar pacifist constitution.

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China's white paper, significant since the government rarely publishes specific details about its armed forces, estimates that defence spending over the past 15 years has grown on average 15.4 per cent annually. Last year, spending grew 12 per cent from the previous year to Rmb247.5bn.

Official military spending reached Rmb247.5bn last year, up from Rmb220bn in 2004. In the past, the Pentagon has said China's real military spending could be as much as three times the stated amount.

However, Beijing defended the size of its military budget by arguing that spending remained modest compared with that of developed economies such as the UK, France, Japan and especially the US. The Chinese government said military spending accounted for 1.4 per cent of projected gross domestic product in 2006 and 6.2 per cent of US military expenditures.

"China pursues a national defence policy which is purely defensive in nature," said the paper, the fifth of its kind since 1998. "China will not engage in any arms race or pose a military threat to any other country."

Although the white paper says China's general security situation is good, it says Taiwan remains a serious threat to regional stability and the task of opposing independence-minded "splittist forces" on the island is now "complex and grim".

It also says "the issues of border complexities and sensitive historical problems" still weigh on its security assessment, while North Korea's missile and nuclear bomb tests have made security of the Korean peninsula and northeast Asia "more complicated and severe".

China has in the past fought brief border wars with India, Vietnam and the former Soviet Union, and is still entangled in territorial disputes with Japan over gas fields in the East China Sea. It is also disputing the ownership of islets in the South China Sea with Vietnam, Taiwan, Malaysia, Brunei and the Philippines.

The paper says the increased funds have gone into investment in new weapons, personnel training, international cooperation projects, and military salaries and accommodation.

It says the military will rely on home-grown research and the ability to "acquire, digest and apply" overseas technology to develop new weapons, without specifying which kinds of weapons it wishes to develop.

The Case For Iran (LAT)

By M. Javad Zarif

The Los Angeles Times, December 30, 2006

WHEN THE U.N. Security Council was forced to convene on the Saturday before Christmas to vote on Resolution 1737 — against Iran's nuclear program — it was only natural to ask what the urgency was.

Iran had not attacked or threatened to use force against any member of the United Nations; in fact, Iran has not attacked any country for more than two centuries. Iran was not on the verge of building a nuclear weapon. To the contrary, as a study released this week by the National Academy of Sciences concludes, Iran needs nuclear energy in spite of its oil and gas reserves.

At the same time, Iran has categorically rejected the development, stockpiling and use of nuclear weapons on both ideological and strategic grounds. It has remained committed to the Nuclear Nonproliferation Treaty — which it ratified in 1970 — and was even prepared to provide guarantees that it would never withdraw from the treaty.

All of Iran's nuclear facilities have been inspected by the International Atomic Energy Agency. Iran has stated its readiness to place them under an even more stringent regime, as it did from December 2003 to February 2006, when more than 2,000 person-days of scrutiny resulted in repeated statements by the IAEA that there was no evidence of a weapons program. As IAEA Director-General Mohamed ElBaradei recently said, "A lot of what you see about Iran right now is assessment of intentions."

Many such assessments have been produced by the intelligence agencies of governments with agendas hostile toward Iran. They are, as a result, misleading. For instance, a draft National Intelligence Estimate by the CIA in 1992 concluded that Iran could develop a nuclear weapon by 2000. The Israelis have been saying for many years that Iran will pass the "point of no return" within six months or less.

But even these alarmist assessments concede that there is no actual evidence that Iran is trying to build a nuclear weapon and that, even if it wanted to do so, it would not be capable of developing one before 2010 or 2015.

So: no urgency, no imminent threat. The real reason for the pre-Christmas meeting was to take advantage of a more favorable Security Council composition — before new members arrive on Jan. 1 — and impose sanctions on Iran.

The sanctions aim to punish Iran for refusing to suspend its peaceful and legal uranium enrichment activities. However, suspension is not a solution in itself; it can only provide time to search for one. A stopgap suspension was already in place for two years, while Iran engaged in negotiations. But over the last three years, the United States and its European allies have never proposed any long-term solution other than insisting on an indefinite suspension of Iran's enrichment activities.

In contrast, my country has proposed real alternatives to ensure that its civilian nuclear program will remain exclusively and indefinitely peaceful:

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· On March 23, 2005, Iran offered a comprehensive and far-reaching package to France, Germany and Britain, including national legislation to permanently ban developing or using nuclear weapons, technical guarantees against proliferation and unprecedented, around-the-clock IAEA inspections. It also envisaged relations of mutual respect and cooperation in a wide range of economic, political and counter-terrorism areas. Despite their initial enthusiasm, the Europeans refused to engage in negotiations on that package, insisting instead on indefinite suspension, apparently because of U.S. objections.

· On July 18, 2005, Iran offered to allow the IAEA "to develop an optimized arrangement on numbers, monitoring mechanism and other specifics" for an initial, limited operation at the Natanz uranium enrichment facility, "which would address our needs and allay [their] concerns." The offer was not even considered.

· On Sept. 17, 2005, Iran expressed its readiness to engage in serious partnerships with private and public sectors of other countries for uranium enrichment in Iran "in order to provide the greatest degree of transparency." Again, the offer was rebuffed.

· On March 30, 2006, Iran proposed establishing regional consortia for fuel-cycle development with countries inside and outside the region, with joint ownership and division of labor based on the expertise of the participants. No one cared to respond to this proposal.

· During the September and October 2006 talks between Iranian nuclear negotiators and the European Union, Iran proposed an international consortium, an offer that was initially considered very promising by the Europeans but then was rapidly rejected as insufficient. Once again, they insisted instead on suspension.

These offers were exact replicas of the IAEA's main proposals on multinational fuel activities, including enrichment, published Feb. 22, 2005. Iran's readiness to implement them presents a unique opportunity not only to remove concerns about our fuel-cycle activities but also to strengthen the Nonproliferation Treaty by providing a model for other countries with similar enrichment programs. No other country with similar technology has been prepared to be as flexible as Iran.

Neither suspension nor sanctions can achieve the stated objective of ensuring nonproliferation because Iran has now been compelled to develop nuclear technology on its own. As many nonproliferation experts have already pointed out, in countries with Iran's level of technological achievement, only engagement, transparency and international monitoring can provide assurances of nonproliferation.

Iran remains eager to dispel any doubts. It is not too late to reach an agreement on meaningful measures that can serve our common objective of limiting the proliferation of nuclear weapons.

M. Javad Zarif Is The Iranian Ambassador To The United Nations.

Turkmen Exile Urges Interim President To Step Down (NYT)

By C. J. Chivers

The New York Times, December 30, 2006

MOSCOW, Dec. 29 — A leader of the Turkmen opposition in exile demanded Friday that the interim president of Turkmenistan step down and allow for democratic elections in the authoritarian Central Asian nation. But there were signs of disorganization and discord in the opposition ranks.

The demand, by Nurmuhkammed Khanomov, leader of the exiled Republican Party of Turkmenistan, was almost certain to be ignored. Interim leaders in Turkmenistan have been consolidating their hold on the country since the death of Saparmurat Niyazov, the Turkmen president, on Dec. 21.

Turkmenistan, an arid nation of five million, sits atop some of the largest natural gas reserves in the world and is strategically located beside Afghanistan and Iran.

A former Soviet republic, it had been led until last week by Mr. Niyazov, an autocrat who gave himself the name Turkmenbashi, or Head of All Turkmen, and built an elaborate personality cult.

Mr. Niyazov's death had been expected to set off a succession battle, but so far none has spilled into the public light. Instead, his interim successor, Gurbanguly Berdymukhammedov, and his supporters have cleared a path for the interim president to win a special election easily on Feb. 11.

At the same time, the opposition has been marginalized by a combination of manipulation of the Constitution, amendments to election law and police action.

Mr. Berdymukhammedov had not been in the line of succession set forth by the Constitution. The interim presidency was supposed to pass to the speaker of Parliament. But the speaker was arrested soon after Mr. Niyazov's death, and Mr. Berdymukhammedov was granted the job.

Once he took the job, he was barred by the Constitution from seeking the office. But that obstacle was overcome on Tuesday at a meeting of Turkmenistan's People's Council, which seemed firmly in his control. It granted him eligibility to run and then nominated him unanimously.

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The manipulations continued. The latest election law, passed almost simultaneously, barred citizens who have lived outside of Turkmenistan in recent years from becoming candidates — a rule that blocked the best-known opposition figures from entering the race.

By the time the new law was announced, the only publicly known opposition figure inside Turkmenistan who had not been in prison, Nurberdy Nurmammedov, of the Agzybirlik movement, had disappeared.

Mr. Nurmammedov was arrested by the Turkmen security services last Saturday after giving an interview to Radio Free Europe/Radio Liberty in Ashgabat, the capital, Avdy Kuliev, a leader of the United Democratic Opposition of Turkmenistan, said by telephone. There has been no word of Mr. Nurmammedov since.

With opportunities narrowing for the exiled leaders to influence the events at home, Mr. Khanomov outlined a series of demands in a telephone interview from Vienna, where he had been meeting opposition members and foreign diplomats.

He called for Mr. Berdymukhammedov to resign and for the election to be delayed to give time for political parties to form and select credible candidates.

He also demanded that any election be observed by independent monitors from the Organization for Security and Cooperation in Europe, which sends observer missions to elections throughout much of the former Soviet space.

Mr. Khanomov, a former member of Turkmenistan's diplomatic corps, also restated previous demands, including that the government release its political prisoners and grant them amnesty.

"We are working very actively," he said, adding that he would soon go to Germany to seek its help, and then to Brussels, to meet with representatives from the European Union.

But some of his demands were not echoed by other leaders, and there has been disarray.

Mr. Kuliev denounced the other opposition leaders, calling them the "nomenklatura opposition," using a Soviet-era term for the privileged party elite. He said that only Mr. Nurmammedov, the man who has vanished, had the credibility to run for the position. "He has been in the country 15 years and has been fighting the regime all of this time," Mr. Kuliev said.

Khudaiberdy Orazov, the former chairman of Turkmenistan's central bank and now one of two presidential candidates nominated by the opposition, said by telephone from Sweden that he agreed that the election needed credible international observers.

He also called for foreign organizations to run the election entirely, saying Turkmenistan, having not emerged from Soviet times and dictatorship, did not know how to run an honest vote.

But he stopped short of demanding Mr. Berdymukhammedov's resignation, saying that some government was necessary to run the country during the interim period.

A third opposition figure, Bairam Shikmuradov, the human rights officer for the Republican Party of Turkmenistan, took an even more pragmatic position.

Mr. Shikmuradov's father, Boris, was convicted in 2002 in what the opposition calls a baldly rigged trial, of plotting to assassinate Mr. Niyazov. His son said it was not known whether he was dead or in jail.

In an interview in Moscow, Bairam Shikmuradov said the opposition would wait to see what kind of president Mr. Berdymukhammedov would be once the official mourning period for Mr. Niyazov ended.

"What will this guy do?" he said. "If he believes himself to be Turkmenbashi II, it means we will continue our struggle."

But he added that while he had little hope that Mr. Berdymukhammedov would allow the opposition to return home, he considered it possible that he might nonetheless "loosen the tension" in the country and distance himself from his predecessor's personality cult and crimes.

"There is absolutely no need for this new power to take all of the responsibility for Niyazov's crimes against humanity," Mr. Shikmuradov said.

All the opposition figures said they were now hoping to woo Western support. So far, Western reaction to the manipulation has been muted.

Mr. Orazov said that when the holiday season ended, the Turkmen people would be watching the United States closely. Washington has backed other democratic movements, he said, and publicly pushed for fair elections in several authoritarian states, including Belarus.

He said he worried that because of Turkmenistan's energy reserves, it would not be treated the same way.

Russia Gas Standoff With Belarus Intensifies (NYT)

By Andrew E. Kramer

The New York Times, December 30, 2006

MOSCOW, Dec. 29 — For Gazprom, the Russian energy monopoly, 2006 is ending as it began: in a dispute over prices and control of a pipeline in a neighboring country that is threatening the smooth flow of natural gas to Europe.

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But this time, the price increase was levied on a Russian ally, Belarus, a country whose foreign policy is aligned with Moscow in all but one important aspect: support for increasing cash flow at Gazprom.

"All this means destruction of our relations" with Russia, Belarus's president, Aleksandr G. Lukashenko, said in comments carried on state television on Friday.

Mr. Lukashenko, often referred to as Europe's last dictator, called Gazprom's position "blackmail" and said Belarussians would rather live in unheated dugouts than pay the higher price.

Russia's deputy prime minister, Dmitri Medvedev, who is also chairman of Gazprom, retorted that Belarus was "blackmailing" Europe by threatening the transit pipelines that cross that country.

The latest price increases have added to concerns about the reliability of the oil and natural gas flowing from Russia, which is a major supplier to Europe but has increasingly wielded its energy resources for political leverage.

Before this latest dispute with Belarus, Gazprom price increases had hit countries at odds with Moscow's foreign policy goals, like Georgia, which is locked in a conflict with Russia over separatist enclaves, and Ukraine, where price increases in January undermined President Viktor A. Yushchenko's pro-Western government.

Amid the dispute with Belarus the political gains for Russia stand out less starkly. But some analysts say that, beyond being merely a tool of Russian foreign policy, increasing the cash flow at Gazprom is an important, even central, tenet of Russian foreign policy in its own right. That interest may outweigh support for Belarus as a client state.

The financial gains for Gazprom shareholders and the government are indisputable. Gazprom could earn $1.1 billion in profit by pressing its demands, with no outlays, like investments in pipelines or gas wells. Even by the standards of Gazprom, a company swimming in cash because of high energy prices, this would be a significant jump in profit.

Gazprom grew this year to become the world's fourth-largest company by market capitalization in part by assuring investors it would seek higher prices from former Soviet customers. Partly as a result of raising rates in Ukraine, the company reported second-quarter 2006 profits of $5.2 billion, up 123 percent from the year before.

The company is actively opening new markets in Europe and Asia, helped by the Kremlin; just this month, Gazprom bought a majority stake in Shell's Sakhalin 2 liquefied natural gas development in Russia's Far East in what critics called a forced nationalization.

On Friday, the company reiterated its plan to double what Belarus pays, to $105 per 1,000 cubic meters from the current $47, to be paid in cash or a mix of cash and equity in Belarus's national gas company, Beltransgaz. Under this formula, Gazprom would gain a 50 percent stake in Beltransgaz over four years.

Gazprom's spokesman, Sergei V. Kupriyanov, called this offer the lowest price in the former Soviet Union. "I don't see any reason why Gazprom would make better proposals," he said.

"A breakdown in talks will bring serious consequences to the economy of Belarus," he said. On Friday, a large Belarussian fertilizer plant said it would shut down if gas supplies were halted.

Belarus's democratic opposition has endorsed Gazprom's price increase as justified, but opposed a sale of the pipeline company.

"On the economic level, the goal should be a gradual rise in prices," Aleksandr Milinkevich, a former opposition candidate for president, said in a telephone interview. "We need to reform the economy; there is no other solution. Belarus is not ready for realistic energy prices."

Belarus Leader Defiant Ahead Of Gas Talks (FT)

By Arkady Ostrovsky

Financial Times, December 30, 2006

Alexander Lukashenko, the authoritarian Belarus leader, was on Friday defiant in the face of Russian threats to cut gas supplies to his country, just as his officials arrived in Moscow for last-minute talks aimed at resolving the dispute.

Gazprom, the Russian state-controlled energy group, has threatened to cut supplies to Belarus on January 1 if Minsk does not agree to a doubling of the prices it pays for gas supplied to Belarus.

A Belarus energy ministry official said ahead of last night's talks that the aim was to sign a contract. "We hope to do it before the new year," he said.

However, a spokesman for Gazprom said he was not feeling optimistic about a possible breakthrough in the dispute between the two countries. The European Commission said it was closely monitoring a situation that could affect gas supplies to member states, particularly Lithuania, Poland and Germany.

"Belarus won't bow to Gazprom's blackmail. If they keep putting pressure on us, we will go down into the bunkers but we will not surrender," Mr Lukashenko was quoted as saying on Friday by the official Belarus news agency.

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He has for years relied on Russian gas subsidies that have allowed him to keep wages and living standards high. But he now faces a tough choice of giving in to Russia's demands for higher prices and losing face domestically or seeing severe gas shortages that could lead to unrest.

Belarus threatened to block transit of Russian gas to Europe unless Gazprom agreed to its terms. Belarus wants to pay prices that are several times lower than in other European countries. Gazprom has already set a lower price for Belarus of $105 (€80, £54) per 1000 cubic meters but wants the country to pay part of this amount with shares in Beltransgaz, the pipeline operator valued at $5bn.

Andris Piebalgs, EU energy commissioner, has called a special meeting next week of the bloc's gas co-ordinating group. The EU receives a quarter of its gas from Russia and 20 per cent of Russia's gas exports goes through Belarus.

Gazprom fears Belarus will simply start siphoning off gas from its pipeline to Europe even if it does not have a contract for it. However, Gazprom says it has accumulated gas reserves in Germany and other countries that could last a few days.

The situation resembles last year's stand-off between Russian and Ukraine, which resulted in gas supply disruptions to other European countries. Gazprom said it would not make an improved offer to Belarus and would turn off gas at 10am Moscow time (7am GMT) on January 1 if Belarus did not sign the contract.

Slovenia Adopts Euro On Monday; No Small Victory (WSJ)

By Aude Lagorce

The Wall Street Journal, December 30, 2006

Slovenia on Monday will become the first former communist state to adopt the euro, in what Prime Minister Janez Jansa has called the "biggest national achievement" since the country joined the European Union in 2004.

This is no small victory for the country of two million inhabitants, which shares borders with Italy, Austria, Croatia and Hungary. It is alone among the 10-member European Union accession class of 2004 in having fulfilled the rigorous economic criteria needed to join Europe's Economic and Monetary Union.

The adoption of the common currency is expected to bring macroeconomic stability to the country, increase its exports and yield productivity gains.

"It's difficult for a small country to maintain a separate currency that isn't a volatile currency," said economist Iain Begg, a visiting professor in the European Institute at the London School of Economics. "The adoption of the euro should protect Slovenia from external factors that would lead to swings in demand for its goods and services."

On the downside, by giving up its ability to fix its interest rates, Slovenia exposes itself to the risk of a house-price boom such as those experienced by Ireland and Portugal after they joined.

To enter the monetary union, Slovenia has swallowed some bitter pills, but the changes have paid off. The country has brought down inflation to 2.3% in 2006 from 8% in 2001, thanks to a collective effort that saw labor unions agree to moderate wage increases.

The transition to the euro will be quick, if not entirely painless, with the Slovene tolar and the euro in dual use for only 14 days. After that, the euro will be the sole currency.

The government has taken precautions to make the changeover as smooth as possible. For instance, the euro value of products has been tagged to all prices in Slovenia for nearly two years. A manual explaining the switch has also been sent to every household. Despite some natural fears of initial confusion, a recent EU survey found that more than two-thirds of Slovenes are happy to adopt the euro, with many saying they see it as further proof that their country, a former Yugoslav republic, is part of mainstream Europe.

But concerns that the transition to the new currency could herald price increases have also emerged. In a bid to assuage those fears and to discourage retailers from using the transition as an opportunity to raise prices, the Slovenian government has decided to leave double-pricing tags in place until June.

The economist Mr. Begg, however, contended that fears of inflation aren't always rational. "There are bound to be some exceptional cases, but the overall picture will almost certainly not be inflationary," he said, noting that inflation in the euro zone has been very low.

Other economists have also said the adoption of the euro should help stabilize Slovenia's economy. Jean-Loic Guieze, an economist at BNP Paribas, said that, as a tiny economy, Slovenia is heavily exposed to trade and hence international competitive pressures. As a result, the country's economic growth will be heavily reliant on its ability to boost exports.

Sinn Fein To Discuss Backing Police (AP)

By Shawn Pogatchnik, Associated Press Writer

AP, December 30, 2006

DOJ_NMG_0111910

Sinn Fein leaders voted Friday to convene an emergency conference and confront a pivotal issue in Northern Ireland peacemaking — whether the IRA-linked party should support the police.

The move followed months of stalemate with Protestant leaders, who insist they will form a power-sharing government — the central goal of the 1998 Good Friday peace accord — only if the Catholics of Sinn Fein dump their anti-police policy in the British territory. Power-sharing collapsed four years ago amid conflicts between Protestants and Sinn Fein.

In a significant qualification, Sinn Fein leader Gerry Adams said the conference would proceed only if the move received a sufficiently positive response from the Democratic Unionists, the major Protestant-backed party. It will likely be held in late January.

"The debate was frank, comradely and robust," Adams said after the meeting at a hotel near Dublin Airport.

Irish Prime Minister Bertie Ahern said the conference represented "a defining moment in the peace process. A successful outcome is vital to the continuing success of this process."

Sinn Fein said its motion, if passed, would commit the party's members to "actively encourage everyone in the community to cooperate fully with the police services in tackling crime in all areas and actively supporting all the criminal justice institutions."

The predominantly Protestant territory, formed in 1921 shortly before the overwhelmingly Catholic rest of Ireland won independence from Britain, never received Catholic support for its Protestant-dominated government and police force. Britain began deploying troops as peacekeepers in 1969 to stop street clashes between Catholic rioters and Protestant police.

Sinn Fein Vote For Watershed Conference On N. Ireland Policing (AFP)

By Andrew Bushe

AFP, December 30, 2006

The executive of Sinn Fein, Northern Ireland's main Roman Catholic party, voted to hold a landmark conference next month on its attitude to policing -- the main obstacle to restoring power-sharing in the province.

After a meeting lasting over six hours in a Dublin Airport hotel, the 55-member Ard Chomhairle (national executive) of the political wing of the Irish Republican Army (IRA) gave the green light to a major step on the tortuous road towards a devolved administration in Belfast.

Sinn Fein president Gerry Adams said that if the British and Irish governments and the Democratic Unionists (DUP) -- Northern Ireland's biggest Protestant party -- reacted positively to the decision then a crunch Ard Fheis (national delegate conference) on policing would go ahead.

Sinn Fein's refusal to back the Police Service of Northern Ireland has been a major stumbling block to restoring the power-sharing government.

The party has historically opposed recognising the PSNI and its predecessor the Royal Ulster Constabulary (RUC) due to a perceived Protestant bias.

Adams said Friday's debate had been "frank, comradely, robust".

"This is only the first step of a democratic engagement with the Republican people of this island."

Adams said the party would consult with "veterans" and "those who had been through hard times, those who have been bereaved" by the RUC.

"The Ard Fheis will go ahead, the Ard Chomhairle has endorsed the motion and has called the special Ard Fheis if others respond positively. Making peace is collective so we all have to be part of sorting this out."

The British and Irish governments have set a March 26 deadline for Northern Ireland's parties to have restored power-sharing between majority Protestants, who mostly favour retaining links with Britain, and Catholics, who largely favour union with the Republic of Ireland.

Otherwise the parties will see the window of opportunity slam shut and the province ruled from London indefinitely.

Irish Prime Minister Bertie Ahern welcomed the "landmark" decision to hold what would be "a defining moment in the peace process".

"With all parties honouring their commitments to policing and to power sharing, 2007 should offer real opportunity for stability and a whole new political landscape in Northern Ireland."

A spokeswoman from British Prime Minister Tony Blair's Downing Street office said: "This statement is significant because of the unequivocal support that Sinn Fein says it will offer -- if this motion is passed at the Ard Fheis -- to not just the police but also to those in communities who report crimes.

"For the first time there is the real prospect of all parties and all sections of the community in Northern Ireland supporting the rule of law."

Earlier, Britain's Northern Ireland Secretary Peter Hain described Friday's meeting as "seismic" in its implications, "on a scale at least as comparable" as the IRA's decision to call off its war and to decommission its arsenal.

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The DUP's hardline leader Ian Paisley has said that he will take the post of Northern Ireland's first minister -- another crucial marker-post on the road to restoring power-sharing -- if Sinn Fein backs the PSNI.

The promise of self-rule was among the main planks of the landmark 1998 Good Friday agreement which ended three decades of "the Troubles", in which over 3,500 people died, many at the hands of the IRA.

But devolved government was suspended in 2002 after allegations of an IRA spy ring at Stormont, the Belfast seat of administration, and Northern Ireland has been back under direct rule from London ever since.

Sinn Fein Leaders Agree To Vote On Northern Ireland Policing (BLOOM)

By Louisa Nesbitt

Bloomberg, December 30, 2006

Dec. 29 - Leaders of Northern Ireland's Sinn Fein will ask their members to back the province's Protestant- dominated police force, paving the way for a revival of the region's parliament after it was suspended four years ago.

A group of Sinn Fein delegates will meet next month to vote on the proposal after their leaders today said they were in favor of the plan, according to an e-mailed statement from Irish Prime Minister Bertie Ahern.

U.K. Prime Minister Tony Blair said in October that Sinn Fein, which mainly represents Catholics and is allied to the Irish Republican Army, must back the police before parliament is restored. Blair and Ahern aim for the assembly to be up and running by March 26.

``This is clearly a landmark and timely decision and I welcome it," Ahern said in the statement. The January meeting will be a ``defining moment in the peace process."

Northern Ireland's parliament was established as part of the 1998 Good Friday Agreement, an accord designed to end the conflict between mainly Roman Catholic nationalists who want a united Ireland and majority Protestant unionists who wish to keep ties with the U.K.

``This is an initiative which in our view is absolutely in the best interests of our people," Sinn Fein's chief negotiator Martin McGuinness told Ireland's RTE radio today.

Bush Signs US-Vietnam Trade Measure (AFP)

AFP, December 30, 2006

CRAWFORD, United States - US President George W. Bush signed a proclamation formally extending full US-Vietnam trade ties and made the former foe eligble for US military aid, key steps in normalizing relations.

Bush lifted trade restrictions imposed on Vietnam under the so-called "Jackson-Vanik" amendment of 1974, under which communist nations can enjoy normal trade relations with the United States only if the president grants an annual waiver certifying that such relations promote freedom of emigration.

"The United States welcomes Vietnam's progress in enacting free-market reforms, and looks forward to Vietnam becoming the 150th member of the World Trade Organization on January 11," said White House spokesman Scott Stanzel.

In a memorandum to US Secretary of State Condoleezza Rice, Bush declared that "the furnishing of defense articles and defense services to Vietnam will strengthen the security of the United States and promote world peace."

Bush had visited Hanoi and Saigon in mid-November as part of a week-long Asia trip that also took him to Singapore and Indonesia.

The US Congress formally granted Vietnam "permanent normal trade relations" earlier this month, giving that country the same access to US markets that other WTO members enjoy.

Convicted Marine Out Of Manila Jail (AP)

By Jim Gomez, Associated Press Writer

AP, December 30, 2006

A U.S. Marine convicted of raping a Filipino woman was whisked away from a Manila jail to the U.S. Embassy Friday, a spokesman said, almost a month after the U.S. and Philippine governments urged a local court to transfer him to American custody during his appeal.

Lance Cpl. Daniel Smith, 21, had been in a Manila jail since he was convicted and sentenced to 40 years on Dec. 4. Three other Marines were acquitted in the case. All four were in U.S. Embassy custody during the trial that stirred anti-American feelings in this former U.S. colony.

Smith's lawyers, the U.S. Embassy and the Philippine departments of justice and foreign affairs have agreed that his detention violates the 1998 Visiting Forces Agreement, which governs the conduct of U.S. troops in the Philippines. A provision in it states that any accused U.S. serviceman shall remain in U.S. custody until all judicial proceedings are exhausted.

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"The government of the Philippines made a decision to transfer Lance Cpl. Daniel Smith back to U.S. custody, consistent with the terms of the VFA," embassy spokesman Matthew Lussenhop told The Associated Press.

The case has stirred anti-American protests and last week, the United States canceled a large-scale military exercise with the Philippines scheduled for February 2007 because of a dispute over Smith's custody.

It was not immediately clear if the decision to transfer Smith came from a judge or was the result of intervention by President Gloria Macapagal Arroyo's government, an American ally that relies on U.S. counterterrorism training for battling al-Qaida-linked militants in the country's south.

Government officials were not immediately available for comment.

Evalyn Ursua, the lawyer for the 23-year-old victim, called Smith's transfer "a clear rape of our constitution."

"The U.S. government should be made to answer for intervening in our domestic affairs," she said. "In our legal system, if a criminal is convicted and put in jail, he cannot be released even by the president of the Philippines unless it's a court order."

Smith had sought a temporary restraining order from the Court of Appeals against the decision by Judge Benjamin Pozon to detain him at the suburban Makati city jail during his appeal.

Pozon immediately ordered Smith's detention at a local jail over the objections of his lawyers, who cited a provision in the 1998 VFA giving U.S. custody of an American serviceman until all judicial proceedings are completed.

Pozon said that provision will not apply after a conviction.

Reid: U.S. Seeks Good Ties With Ecuador (AP)

By Jeanneth Valdivieso, Associated Press Writer

AP, December 30, 2006

Incoming Senate Majority Leader Harry Reid said Friday that the United States wants to strengthen relations with Ecuador's leftist President-elect Rafael Correa and respects his intention to not extend the U.S. military's use of a coastal base.

Reid and a bipartisan delegation of five other senators met for almost an hour with Correa, who takes office on Jan. 15, and expressed a desire to build better bilateral relations.

Asked about Ecuador's involvement in the Andean Trade Promotion and Drug Eradication Act, a package of trade benefits that Washington offers in exchange for counter-drug cooperation, Reid said President Bush supports an extension.

Congress has renewed the agreement under which products from Colombia, Peru, Bolivia and Ecuador can enter the North American market until June 2007.

"From my perspective, Ecuador has fulfilled all of the requirements for the extension," Reid said. "The people of Ecuador should feel comfortable that it will be extended."

Correa has said he will not sign a free trade agreement with the United States but will seek extended trade preferences under the anti-drug agreement. Trade talks between the U.S. and Ecuador derailed in May, after Ecuador canceled the operating contract of California-based Occidental Petroleum Corp.

He told reporters that he had a cordial meeting with the U.S. politicians, during which he reiterated his pledge to not extend the U.S. military's use of the Manta air base on the Pacific coast for drug surveillance flights when a treaty expires in 2009.

"We respect the sovereignty of Ecuador," Reid said.

Joining Reid and Colorado Democrat Ken Salazar were incoming Majority Whip Richard Durbin, D-Ill.; Sen. Kent Conrad, D-N.D.; Sen. Judd Gregg, R-N.H.; and Sen. Robert Bennett, R-Utah.

The delegation, which visited Bolivia Tnursday, is scheduled to travel Saturday to northern indigenous communities to meet with local leaders. The senators will travel next to Peru for talks with center-left President Alan Garcia on Jan. 2.

Female Leaders' Rivalry Seen Hurting Bangladesh (WT/AP)

By Matthew Rosenberg

The Washington Times, December 30, 2006

DHAKA, Bangladesh -- For 15 years Bangladesh has been dominated by the revolving-door premiership of two women whose rivalry is among the most ferocious in the democratic world.

President Jimmy Carter tried to get Begum Khaleda Zia and Sheik Hasina Wajed to shake hands in 2004, but couldn't even persuade them to look at each other. Last month, at a party, the two held court in different corners of the room.

It's the stuff of political slapstick, except that this feud is rooted in the assassination of one woman's father and the other's husband, and the result today is anything but funny.

"We have floods, cyclones, many people die. But Zia and Hasina are worse," said Dhaka shop owner Abul Islam, 51. "The two ladies are our worst disaster."

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Many people here -- illiterate men pedaling rickshaws through Dhaka's squalid streets, or educated women sipping tea in stately homes -- will tell you the rivalry is the cause of all the country's problems of poverty and corruption.

That's an overstatement, perhaps. Such problems existed before and after 1971, the year Bangladesh became independent while the two women were at home raising their children. It was political instability, wholly male-generated, that led to the assassinations that propelled Mrs. Zia and Mrs. Hasina to prominence.

But their rivalry has done nothing to improve things. Bangladesh is deeply corrupt and, in many parts, barely governed, raising concerns about instability in this strategic Muslim country already contending with Islamist militancy. Now, with an election due Jan. 23 in which both women are likely to seek another term, tempers are rising again.

Mrs. Zia was elected in 1991, Mrs. Hasina in 1996, and Mrs. Zia again in 2001.

The latter's most recent term in office has just ended, and the race between her Bangladesh Nationalist Party and Mrs. Hasina's Awami League is already bloody, with at least 34 killed in street clashes since October.

As each serves a term and is replaced by the other, a well-worn pattern has emerged: one party wins the election, and the other spends the next five years doing its best to make the country ungovernable through strikes and protests.

Bangladesh is roughly the size of New York state with four times the population -- 147 million at last count -- and grindingly poor. Yet nationwide strikes repeatedly bring it to a standstill, shutting factories that churn out J. Crew sweaters and Banana Republic shirts and earn more than 75 percent of the country's hard currency.

"Foreigners think we are a moderate Muslim country because we have two women in charge," said businessman Obaidul Kader, 42. "But that's only thinking in religious terms," he added. "Maybe our ladies are not Islamic extremists, but they are not moderate people. Their hate is not moderate."

At a glance, they don't look all that different. They are close in age -- Mrs. Zia is 61 and Mrs. Hasina, 59. Both appear in public wearing flowing saris and shawls. Both go by grand feudal titles -- Begum Zia and Sheik Hasina.

Some might see them as evidence of women's liberation in Bangladesh, but patriarchal traditions run deep here.

"They can't sit down and discuss their problems like men," Mr. Kader said, though Bangladesh had coups and assassinations before the women took over.

Both women became heads of parties that had lost their male leaders to killers. Mrs. Hasina's father was Sheik Mujibur Rahman, independent Bangladesh's first prime minister, assassinated along with most of his family by army officers in 1975. Mrs. Hasina was out of the country at the time.

In the aftermath of Sheik Mujibur's murder, Mrs. Zia's husband, Gen. Ziaur Rahman, became prime minister -- a post he held until 1981, when he, too, was assassinated by soldiers. Mrs. Zia then took over his party.

She suspects that Mrs. Hasina's Awami League was behind her husband's slaying, while Mrs. Hasina thinks Mrs. Zia's husband knew about the plot against her father.

Despite their suspicions, the two put aside their differences to fight the decade-long dictatorship of Hussein Muhammed Ershad, and both spent much of the 1980s in and out of prison.

When democracy was restored in 1991, Mrs. Zia led her husband's Bangladesh Nationalist Party to victory and was elected prime minister. The party chose her as leader because she "was a symbol that could unify party workers," said Nazim Kamran Chowdhury, a former BNP lawmaker.

"We thought she believed in the ideals we had," he said. But "the moment she became prime minister, she was more interested in the trappings of power rather than the exercise of power. There was no discussion, no policy initiatives."

He and others describe Mrs. Zia as having lived a cloistered life until her husband's assassination.

"She was a person who never had to go to a market, has never been to a bank to open a bank account -- doesn't know everyday life," Mr. Chowdhury said.

Mrs. Hasina, who has been married to nuclear scientist Dr. Wajed Miah since 1968, was active in student politics at Dhaka University but shares the same reputation for being removed from the many who live on less than a dollar a day.

No one has seen the two women speak -- not a "hello," "how are you?" or "goodbye" -- in years.

"In true democracies, you have political parties running on different platforms but working together to govern," said Mr. Chowdhury, the former lawmaker.

The two parties to which the women belong are relatively centrist, with few issues separating Mrs. Zia and Mrs. Hasina. "They have no conception of what democracy is -- they just want to rule," said Mr. Chowdhury. "The state: Running it, they get to decide who gets government jobs, give business to supporters."

So why not elect someone else?

Analysts blame social conservatism -- a reluctance of the poor and illiterate to question those perceived as their betters -- and thuggish political tactics to ensure that people who don't support either party turn out anyway to vote for one of them.

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As for the small middle and upper class, most are tied to one party or the other -- and the rest are simply afraid to gamble on something new.

"I've got major property holdings, I import electronics," said a middle-aged businessman who maintains ties with both camps and refused to be named. "I can't take foolish risks. They could shut me down."

Crowds Of Pupils But Little Else In African Schools (NYT)

By Sharon Lafraniere

The New York Times, December 30, 2006

BAMAKO, Mali — Even before workers hung the last wooden shutter on the new classrooms here, School H was overcrowded.

Makamba Keito, the school's director, was expecting no more than 420 first through sixth graders. But as he opened registration on a sizzling Saturday in September, twice that number were already on the list — and those were only the students who had transferred from other jam-packed schools nearby.

Mr. Keito registered a few dozen more, then halted with a whopping 887 pupils, an average of 126 per teacher. "That's it," he recalled telling parents who had been turned away. "You must go find some other place."

Finding places for millions of new students is one of sub-Saharan Africa's most overwhelming and gratifying missions. After two decades of sluggish growth in enrollment rates, the region's 45 countries find themselves with an embarrassment of eager schoolchildren.

Nearly 22 million more students flooded classrooms between 1999 and 2004, increasing the enrollment rate by 18 percent, more than any other region of the world, according to Unesco. More than 6 out of 10 primary school-age children are now enrolled — and that does not include older students, like 14-year-old second graders, who have also streamed into schools.

Not since the 1970s has sub-Saharan Africa made such strides.

"The whole climate has changed," said Nicholas Burnett, who produces an annual global report on schooling for Unesco. "Resources are becoming available. You can definitely see the attitudes of African parents changing. Africa is starting to move in such a positive direction."

Two trends have converged to produce such change: One is a new willingness by international donors and African governments to spend hundreds of millions of dollars more on basic education. That has fed a rising demand for education by the region's parents, who for perhaps the first time see a chance to give their children a future that they were denied.

The challenges, however, remain staggering. Foremost is a flood tide of school-age children in a region whose birth rate is nearly twice the world's average. Forty-four in 100 sub-Saharan residents are under age 15, the highest proportion on earth. By some estimates, the next decade could raise the school-age population by another 28 million.

The region must absorb those newcomers while trying to lift itself from the subbasement of global education. Sub-Saharan Africa is home to barely one-sixth of the world's children under 15, but fully half the world's uneducated children — the legacy of poverty, colonialism and historically inadequate schools. Those who do make it to primary school are more likely to enroll late, repeat grades and drop out before sixth grade than are students anywhere else, according to Unesco.

The pupil-teacher ratio, averaging 44 to 1, is the world's highest; the percentage of trained teachers is among the lowest.

Mali is a template for those challenges. One of earth's poorest nations, it also has the world's second-highest birth rate, behind only neighboring Niger. It lags even most African nations in the share of children in primary school.

Yet a crusade is under way to get Malian children out of thatched huts and arid fields and into classrooms. Thanks partly to newfound economic growth, Mali more than doubled its spending per child between 1994 and 2004 to educate youngsters aged 6 through 14, the Education Ministry reports. Mali is also a favorite of donors, whose contributions to basic education there nearly tripled from 1999 to 2004, according to Unesco.

In each of the past five years, Mali has averaged 667 newly built first- through sixth-grade classrooms and 1,962 freshly hired first- through ninth-grade teachers.

"Our No. 1 priority is to send all the country's children to school," said Bonaventure Maiga, a technical adviser at the Education Ministry. "People are more and more aware that school is an absolute necessity."

Even this, however, is not nearly fast enough for Mali's parents. Unwilling to wait until the government catches up with the torrent of would-be learners, they are creating their own school system side by side with the official one, building caked-mud classrooms and recruiting teachers, even if the teacher's sole qualification is having made it through the ninth grade. In the past few years, the so-called community schools have grown faster than the public schools.

One is in Kinsika, a collection of round huts off a dirt road about two hours from Bamako, the capital. There, 132 students study in three classrooms with cracked walls, dirt floors and handmade desks. Magnan Bagayoko's parents, illiterate millet workers, raise vegetables to earn an extra dollar or two monthly so their 13-year-old son can study there.

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"I know that if a child goes to school and does well at school, we will all benefit," his mother said as Magnan, slim and serious, hauled out the rusted lantern by which he studies after dinner each night. "If he makes progress with his studies, it will be possible for him to become a paid worker.

"This is what we really hope for, God willing."

It is also the region's best hope, development experts say. Only by educating children through at least the sixth grade, they say, can Africa attack a seemingly inexorable rise in poverty that has left it trailing the rest of the developing world. In sub-Saharan Africa, the average adult's schooling ends at the third grade. Two in five are illiterate. No nation has ever achieved rapid and sustained economic growth with a population so poorly educated, the World Bank says.

Increasingly, schools are also seen as the best chance to rescue the roughly 12 million sub-Saharan children who have lost one or both parents to AIDS. Cream Wright, who oversees education issues for the United Nations Children's Fund, says that schools could offer a modicum of care to the legions of children who are currently forced to fend for themselves.

Basic education was not always so popular with the international donors that so heavily influence African policy. Enrollment rates soared for two decades until 1980, when the World Bank and the International Monetary Fund demanded that African governments slash public spending to deal with a wave of economic crises. As spending stagnated, so did schools: During the 1980s, the region's enrollment rates either stagnated or fell. But the push for basic education reignited in the 1990s. Wealthy nations and global lenders like the World Bank increased contributions to basic education in sub-Saharan Africa by almost half in just four years, to an average of $723 million a year in 2003 and 2004, according to Unesco.

Six sub-Saharan nations have even made basic education free, attracting millions of new learners, although Mali and about three dozen other nations still impose school fees.

Yet even this will not nearly enable the region to meet the United Nations' millennium target of assuring all children a sixth-grade education by 2015. At current spending levels, the World Bank estimates, that will take sub-Saharan nations another 50 years. Achieving it within the next decade would require a ninefold increase in aid, Unesco's experts say. They argue that donors should shift funds to Africa from other, less needy parts of the world and to primary schools from higher education.

School H, in the dusty suburbs of Mali's fast-growing capital, exemplifies how far the region has come — and how far it still must go.

The latest newcomer to H's staff is Miriam Coulibaly, whose delicate features hide a ferocious teaching style. Just 25, she graduated in June from one of Mali's revived teacher training institutes. All but three institutes were closed during the budget-slashing of the 1980s; today, about a dozen churn out new teachers.

One recent Friday, a gaggle of second graders, crammed five to a desk, clamored for Mrs. Coulibaly's attention as she whipped through her classroom's narrow aisles. She teaches half of her 195 pupils in the morning, runs home for lunch, then races back to teach the other half.

Perhaps three of them have textbooks. Although the World Bank estimates that the average Malian primary student has at least one textbook, a recent survey cited by the Education Ministry showed that only 60 percent of books bought for schools actually reach them. Mrs. Coulibaly said she had to borrow textbooks herself, just to create her lessons. "Textbooks would make my job so much easier," she said as pandemonium reigned in the dirt schoolyard during recess. "They have nothing — no reading, no language, no math books, nothing. They may not even have a simple piece of chalk."

The following Monday, a fourth-grade class of 103 pupils grew visibly restless as their teacher, stymied by the absence of textbooks, painstakingly copied a science lesson on the workings of a bicycle on the blackboard. A second fourth-grade teacher said he was discouraged by how little his students had learned.

"They can't read," he said quietly.

The sixth grade is School H's second smallest, with one class of 105 students, some as old as 17. Fewer than half of Mali's primary school students finish sixth grade. One in five repeats a grade, a failure rate mirrored throughout much of the region.

Such discouraging figures do not diminish Kadia Keita's sense that she is part of a historic shift. One morning in December, she asked her 125 third graders how many were first-generation learners whose parents could neither read nor write.

A third of the hands shot up.

"This is why I am here," she said, before reading a few sentences in French off the blackboard, tapping out each word with a broken twig in lieu of a pointer. "It is not the numbers I look at. It is the kids."

Lassina Bagayoko, a 38-year-old millet farmer, shares her conviction. Every month he walks from hut to hut in Kinsika to collect about $1 each from parents of students at the village's eight-year-old school. Some families pay with tomatoes, cucumbers, eggplant or charcoal. He sells the goods each Saturday under a towering tree in the village market.

The Education Ministry contributes $50 a month to two teachers' salaries there, part of its effort to support the surge of self-starter schools. The parents contribute roughly an equal amount, and pay a third teacher's entire salary.

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Mr. Bagayoko said his parents had yanked him from school against his wishes after just two years, insisting that he tend the family cattle. He now volunteers as the school treasurer, he said, so that his own eight children and others can study.

Fati Ba, a 10-year-old with a taste for sparkling, heart-shaped earrings, faced precisely the same problem a few years ago. "I told my father: 'Take me to school. I like school. I understand things,' " she said. "My parents said they would rather see me take care of the cattle."

But three decades have passed since Mr. Bagayoko's time, and unlike him, Fati carried the day. Now she has a backpack with pink straps and regularly scores the best marks in the fifth grade.

"I realize this is where the future is," her father said. "So I simply decided to go along."

4 Suspects In '94 Massacres Of Rwanda Tutsi Are Held In London To Face Extradition (NYT)

By Alan Cowell

The New York Times, December 30, 2006

LONDON, Dec. 30 — In a rare case evoking genocide in a distant land, four men accused of plotting or participating in the 1994 massacres of Rwanda's Tutsi minority appeared in a London court on Friday after their arrests overnight to face extradition proceedings.

The men were ordered to be held in prison until a court appearance in late January. They were arrested under an unusual and previously secret memorandum of understanding between Britain and Rwanda that was supposed to prevent them from being executed if found guilty of crimes in their own country. The memorandum was not publicized in order to avoid alerting the men to their impending arrests.

British human rights law forbids extradition to countries that practice the death penalty or inhumane treatment of prisoners. The men may not be tried in Britain, however, because British jurisdiction does not extend to foreign nationals accused of committing genocide in other countries.

In some other countries, notably Belgium, the former colonial power in Rwanda, the law allows prosecution of foreign genocide suspects regardless of their nationality. In 2001, four people were sentenced for crimes relating to the 1994 massacres.

The four men arrested here have denied the genocide charges and are expected to resist being sent to Rwanda, where rights groups like Amnesty International have raised questions about the quality of the judicial system.

The arrests across England — in London, Manchester, Bedfordshire and Essex — offered a bizarre contrast between the imagery of mass killing and the apparent banality of the lives the men had built for themselves in Britain.

One of the men, Vincent Bajinya, 45, a medical doctor who had also been known as Vincent Brown since securing asylum in Britain, worked for a refugee charity in Britain but had coordinated Hutu militias in Kigali, the Rwandan capital, in 1994, according to Gemma Lindfield, a lawyer acting on behalf of the government of Rwanda.

Mr. Bajinya, arrested in Islington, north London, was accused of arming some of the Hutu militias with the machetes they wielded to slaughter many of the 800,000 Tutsi who died in the bloodletting.

Another suspect, Charles Munyaneza, 48, had been a local mayor in Rwanda and was alleged to have planned "tens of thousands of killings" of Tutsi, Ms. Lindfield said, but was working as a cleaner in Britain before his arrest in Bedford.

Ms. Lindfield said he had urged Tutsi to flee for their safety to public buildings where Hutu militiamen were lying in wait for them. "He also attended meetings at which the number of Tutsis killed in that district were recorded," she said.

A third man, Celestin Ugirashebuja, 53, the former mayor of Kigoma, near Kigali, "organized roadblocks in the commune to prevent the escape of Tutsis and again is responsible for many thousands of Tutsi lives," Ms. Lindfield said.

Mr. Ugirashebuja had been arrested in Walton-on-the-Naze, in Essex, east of London. In Rwanda, "his role was to make sure that the Tutsis were being killed and to monitor how many were being killed," Ms. Lindfield said.

Those three men applied for bail, but the request was refused. Ms. Lindfield argued against bail, saying: "All three men are heavily involved in the implementation of the genocide in 1994."

The fourth man, Emmanuel Nteziryayo, a former local mayor, appeared at a separate hearing of the same court after being arrested in Manchester, in northwest England. He did not seek bail.

It was not clear from the court proceedings how the men had reached England. British newspapers have tracked some of the men down, reporting that some had secured asylum after arriving by way of other African countries, including South Africa, Kenya and Congo.

The four men were arrested under an extradition warrant alleging that they killed, conspired to kill or helped others kill "members of the Tutsi ethnic group with the intent to destroy in whole or in part, that group" between Jan. 1 and Dec. 12, 1994.

The massacres began after President Juvenal Habyarimana died in a plane crash. At that time, Ms. Lindfield said, Hutu militias were set up throughout the country to systematically wipe out their Tutsi neighbors.

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According to the government of Rwanda on its Web site, genocide trials are being conducted in Rwanda and at the United Nations International Criminal Tribunal for Rwanda in Arusha, Tanzania. “A few other cases have been heard in European courts” and more than 2,500 people have been tried and sentenced in Rwanda, and the Arusha court has tried and sentenced 8 people, the Web site said.

But, according to the Rwandan government, several suspects accused of major crimes remain at large around the world.

Desmond Tutu The Archbishop (WSJ)

By Tunku Varadarajan

The Wall Street Journal, December 30, 2006

NEW YORK -- Among his many essential arts -- those of persuasion, rhetoric, theology and politics -- there is one that stands out over all others when I meet Desmond Tutu in the flesh at a hotel in midtown Manhattan: the art of laughter.

In the course of an hour's conversation with Archbishop Tutu, I hear a fuller range of cackles, chuckles and giggles than I have ever encountered in one who was not a child, or drunk, or a professional comedian. It is an instinctive laughter, not cultivated; but even so, one senses that "the Arch" grasped early in life its power to disarm an interlocutor.

Archbishop Tutu's jollity, however, is that of a serious, even grave, man, and it is this jollity, this very African capacity for mirth in darkness, that set him apart from the dour, adamant Afrikaners with whom he locked horns over a lifetime: F.W. de Klerk, South Africa's last apartheid-era president, was rock-faced and impassive; and, before him, P.W. Botha -- whose nickname, "the Great Crocodile," was not intended as a compliment -- was a grumpy old Boer who looked ulcerous even when he allowed himself a smile. By contrast, Archbishop Tutu looks like nothing more than a mischievous, if well-fed, lemur, whose eyes twinkle irrepressibly behind plus-size glasses. His presence alone, it is said, drove Botha up the wall. * * *

Desmond Tutu, who retired as archbishop of Capetown in 1996, is the best known priest in the world (give or take a pope). His renown derives not so much from his theology as from his moral leadership of the anti-apartheid movement in South Africa. With Nelson Mandela in jail, and with Winnie Mandela an increasingly divisive -- and dangerous -- figure, it fell to Archbishop Tutu to steer the struggle against institutionalized racial oppression toward a nonviolent direction, and to do so from within the often-stifling hierarchy of his Anglican church.

Do you today have the South Africa -- I ask him-- that you dreamed about in the days of the struggle? He gives off a muffled guffaw. "Yyyeeesss . . . " he says, stretching the word like gum as he thinks aloud. "And no . . . Yes, because there's nothing ever to equal being free. You can't put a money value to being free, to be able to wake up in a country and not have to say, 'Do I have my pass on me?' 'Am I allowed to go there?' 'Can I take my children to that school?'"

(Apropos of his children, here is a heartbreaking anecdote from "Rabble-Rouser for Peace," the new, authorized biography of Desmond Tutu, by John Allen. The Tutus have just returned to South Africa from England in the 1970s. The youngest daughter, born in London, had no experience of segregation. ". . . we passed a children's playground. Mpho said she wanted to go on the swings, and I said, 'No, sweetheart, you can't,' and she said, 'But there are other children there.' You got quite sick having to say, 'Yes, there are other children there, but they are not quite children like you.'")

Freedom, Archbishop Tutu explains, has also meant a more responsive government, one "that is aware that people still don't have running water, and is seeking to provide them with that . . . and is spending a lot of its resources on primary health care, because people in the rural areas have for long been neglected. But, ja," -- he pronounces this last word in the Afrikaans, or Dutch, manner -- "we . . . we have got a huge problem with HIV/AIDS, unemployment, crime and trying to make a modern state work." Here, he cackles, as if marveling at the audacity of his people in tackling a task of such magnitude. "By and large, we've not done badly, but as a schoolteacher would say, 'There is room for improvement.'"

Improvement, it would seem, needs to come right at the top. HIV/AIDS, by some estimates, kills almost 900 people per day in South Africa; and every day, around 1,500 new people are infected with HIV. Yet Thabo Mbeki, the country's president, has long questioned the link between HIV and AIDS, as well as the effectiveness of antiretroviral drugs. At a conference in Toronto, in August, South Africa's health minister earned international scorn by suggesting that a diet of beetroot, lemon and garlic was the best cure for AIDS. "I really am unable to explain just why we should have had this lack of leadership on this particular issue," the archbishop laments. Resorting, once more, to the schoolroom for a metaphor, he adds: "It is, I think, a blot on our copybook."

The subject pains him, and after a long pause, in which his brow furrows to its deepest extent, he continues: "I am not able to provide a rational explanation for why we are where we are. It does seem to be the case that many of those who died of AIDS in South Africa need not have died. I don't know why we have let ourselves be pilloried [internationally] like this. In many respects, you might say, we have been the flavor of the week or the month, because of the transition from repression to democracy, and especially for having had a Mandela. But we dim our glory substantially by the way we handle the AIDS issue."

Has he talked to President Mbeki about all this? "Yes, we've tried, and other people have tried . . . ja . . ." He goes quiet here, as if debating whether to say more, then finally adds: "It is a very big blot on our copybook . . . which in many ways would

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have been exemplary. And I think we mustn't take away from some of Thabo's splendid contributions to peacemaking in Africa . . . which is why AIDS does become such a stark contrast." An emotional man, the archbishop struggles constantly to balance his natural urge to speak plainly with the real-world tug of diplomacy. * * *

President Mbeki has been derelict in other areas, too. He has refrained from criticizing Robert Mugabe, the autocratic president of neighboring Zimbabwe, for his confiscation of white-owned farmland and his violent repression of domestic opposition parties. Has the new South Africa -- built on ideals of freedom and democracy -- blotted its copybook there, too?

Archbishop Tutu explodes in a belly-shaking guffaw, which, on closer reading, is his way of expressing embarrassment. "It is no justification to trot out someone's liberation struggle in the past as justifying policies that are so obviously horrendous policies. First, the thing that they did with the white farmers: The land issue will always be a very emotive thing, and it is true that far too large a proportion of land was in the hands of a few whites -- and so it is in South Africa. But we are seeking to carry out land restitution in an orderly legal fashion, recognizing the rights of the current owners, however they may have come into those rights.

"And if you say, as some people have tried to condone, that you are redressing a very great injustice . . . the way they've dealt with the squatters and other [political opposition], destroying quite good homes, and in winter, there's nothing to justify such cruelty and injustice. It's not Mbeki alone. You could say that the rest of Africa could also have been a great deal more categorical in its condemnation of events in Zimbabwe. But when President Mugabe goes to summit meetings, he's usually welcomed as a hero. I mean, it is distressing for us. Within the African culture, Thabo is younger than Mugabe, so Mugabe might say 'Who is he to come and read me the riot act?' But I think we could have made it a good deal clearer that there were things going on in Zimbabwe that were unacceptable."

The silence over Zimbabwe galls Archbishop Tutu because he holds fast to the view -- and why should he not? -- that South Africa has much to impart to the world. "In many respects, we could say that we do have an example of people having tried to resolve differences without recourse to violence. I mean, we had violence, and we could have continued it. Most people thought that South Africa was going to be overwhelmed by a bloodbath, and the fact is that we negotiated ourselves away from the precipice. That can serve as an inspiration to the rest of the world, that it is possible to find alternatives other than force and war for resolving differences."

The archbishop is convinced that if South Africa hadn't negotiated a political solution between whites and blacks, and hadn't instituted a Truth and Reconciliation Commission to investigate (but not punish) apartheid-era human-rights violations, "we would not be sitting here in New York, you and I, talking like this." You just have to look, he says, "at the Middle East, Northern Ireland, Sri Lanka, and at what happened in former Yugoslavia, and you have to say that we really were spared Armageddon in South Africa."

Twelve years after apartheid's end, "we still have a remarkable degree of stability. I mean, we have enormous problems, but on the other hand you can say, 'Please show me one country which doesn't have problems.' In this country, the only superpower, the most prosperous in the world, come Katrina, and it shows how utterly unequally the prosperity is spread. You have an underbelly here that's desperate, desperate . . . And despite all the years of freedom, you have Guantanamo -- and they use the same arguments for justifying it that the apartheid government used for detentions and so forth."

Here, one might say, Archbishop Tutu's nuance and diplomacy deserts him for a more Manichean view of the world. His unflinching moral certitudes, drawn from years of righteous struggle against apartheid, appear too blunt to tackle the political debate in the U.S. -- where ideological polemics are about more than an assertion of humanity by one side, and a denial of that humanity by the other. But there is no swagger in his criticism of the U.S., no apparent sanctimony. I detect instead, from the tone of his voice, an assertion that America has -- as he sees it -- fallen short of its own best standards. A betrayal of one's own ideals is, to him, the worst betrayal.

Archbishop Tutu feels that way about South Africa, too. "I wish that we could recover a lot of the kind of idealism, and altruism, we had at the time of the struggle. I think we seem to have jettisoned quite a bit of that. I think we in South Africa need to recover the dream of a society that is a compassionate society." And then he laughs, a large-hearted laugh, a laugh not of pleasure but of wistful reflection. "God bless you," he says, rising to his feet. "You must come to South Africa."

Mr. Varadarajan is the editorial features editor of The Wall Street Journal.

Giant Ice Shelf Breaks Free In Arctic; Climate Change Cited As Major Factor (WP/AP)

By Rob Gillies

The Washington Post, December 30, 2006

TORONTO, Dec. 29 -- A giant ice shelf has snapped free from an island south of the North Pole, scientists have said, citing climate change as a "major" reason for the event.

DOJ_NMG_0111919

The Ayles Ice Shelf -- all 41 square miles of it -- broke clear 16 months ago from the coast of Ellesmere Island, about 500 miles south of the North Pole in the Canadian Arctic.

Scientists said Thursday that they had discovered the event by using satellite imagery. Within one hour of breaking free, the shelf had formed as a new ice island, leaving a trail of icy boulders floating in its wake.

Warwick Vincent of Laval University in Quebec City, who studies Arctic conditions, said he traveled to the newly formed ice island and couldn't believe what he saw.

"This is a dramatic and disturbing event. It shows that we are losing remarkable features of the Canadian North that have been in place for many thousands of years," Vincent said. "We are crossing climate thresholds, and these may signal the onset of accelerated change ahead."

The ice shelf was one of six major shelves remaining in Canada's Arctic. Packed with ice that is more than 3,000 years old, they float on the sea but are connected to land.

Some scientists say that the shelf's collapse is the largest event of its kind in Canada in 30 years and that climate change was a major factor.

"It is consistent with climate change," Vincent said, adding that the remaining ice shelves are 90 percent smaller than when they were first discovered in 1906. "We aren't able to connect all of the dots . . . but unusually warm temperatures definitely played a major role."

Laurie Weir, who monitors ice conditions for the Canadian Ice Service, was poring over satellite images in 2005 when she noticed that the shelf had split and separated. Weir notified Luke Copland, head of the new global ice lab at the University of Ottawa, who initiated an effort to find out what happened.

Using U.S. and Canadian satellite images, as well as seismic data -- the event registered on earthquake monitors 155 miles away -- Copland discovered that the ice shelf collapsed in the early afternoon of Aug. 13, 2005.

Copland said the speed with which climate change has affected the ice shelves has surprised scientists.

"Even 10 years ago, scientists assumed that when global warming changes occur that it would happen gradually, so that perhaps we expected these ice shelves just to melt away quite slowly," he said.

Obstacles In Turkey's Path (NYT)

The New York Times, December 30, 2006

It came as no surprise when the European Union recently suspended some of its planned membership talks with Turkey. The sticking points pertain to the strained relations between Turkey and Cyprus, which have long threatened to undermine Turkey's membership bid. What is surprising — and dismaying — is that the union is treating this as primarily a legal problem. That's a distortion.

Turkey is indeed in violation of European law on the proper treatment of Cyprus. But the problem is mainly political, and of the union's own making. The E.U. blundered when it allowed a divided Cyprus to join the union in 2004. Reunification — of Greek Cypriots in the south and Turkish Cypriots in the north — should have been a precondition. Still, it's widely acknowledged that Turkey and the Turkish Cypriots did their utmost to reunite the island so that both Cyprus and Turkey could peacefully join the E.U. But the Greek Cypriots scotched a United Nations reunification plan.

That has left Turkey in an untenable position. Other European leaders should be pressuring the Greek Cypriot leadership to end the impasse and working with Turkey to find a solution. Instead, some are using the stalemate as an excuse to hamstring Turkey's entry.

Opposition to Turkey fails the test of Europe's values of tolerance and political compromise. It is also a failure on Europeans' part to discern their own self-interest. There is a growing awareness in the West of the need to engage Iraq's neighbors in an effort to quell the war in Iraq and, more broadly, to work for peace in the Middle East. Turkey is an underutilized resource in this regard. Turkey is also becoming an important hub for transporting oil and gas to Europe from Russia and Central Asia, making it crucial to Europe's energy security.

Turkey, for its part, could strengthen its hand by making progress on issues that are still under discussion, especially the need to repeal Turkish laws that impede free speech. But it's up to the European Union to mend the Cyprus divide and clear the way for a dispassionate recognition of Turkey's vital role in Europe.

DOJ_NMG_0111920

Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, January 3, 2007 10:45 AM
To: Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 1/3/07 Civil Division News

RCMP spent $5 million on Arar affair, says report

Fed: Hicks to be tried soon says Ruddock

Is he a terrorist or a freedom fighter? Ex-CIA agent some call anti-Castro hero is about to go free, but kin of man killed in bombing demands he be retried

High Cost of Housing Suit; City HUD Agree to Pay $300,000 in Legal Fees in Civil Rights Case

Oklahoma tribes sue feds over trust funds

Justice Dept. files appeal in case involving Oregon doctors

Hospital operators found liable for $15 million in damages for false claims

CBC

January 3, 2007

RCMP spent $5 million on Arar affair, says report

The RCMP spent roughly $5 million investigating whether Maher Arar had links to al-Qaeda and defending itself after he was imprisoned for a year in Syria, said a report.

Montreal's La Presse obtained the figures through a request under the Access to Information Act.

The force spent more than $863,000 investigating whether Arar, then an Ottawa engineer, was connected

to al-Qaeda, said the report.

The RCMP spent a further $4.1 million to participate in the official inquiry into Arar's 2003 detention and torture in Syria.

Justice Dennis O'Connor, who led the inquiry, concluded Arar had no connection to al-Qaeda and that incorrect information given to American officials by the RCMP likely led to to his detention.

Former RCMP commissioner Giuliano Zaccardelli apologized to Arar when the report was released in the fall. In early December he resigned after admitting testimony he gave about the Arar case was inaccurate.

END

Australian Associated Press

January 2, 2007

Fed: Hicks to be tried soon says Ruddock

By Paul Mulvey

SYDNEY, Jan 2 AAP - David Hicks' father Terry found little comfort in the government's hope his son would be among the first Guantanamo Bay detainees to face trial under the soon-to-be-enacted US military commissions.

While US President George W Bush has assured Prime Minister John Howard the Adelaide-born terror suspect will be dealt with quickly, Terry Hicks said the government's lack of "guts" is the main reason his son has been in Guantanamo Bay for five years without charge.

Attorney-General Philip Ruddock said today his US counterpart Alberto Gonzales told him there was enough evidence to finally charge Hicks.

Mr Ruddock also confirmed Mr Bush's assurances to Mr Howard.

"The prime minister has spoken to the president and was given the assurance that David Hicks' trial would be amongst the first," Mr Ruddock told reporters in Sydney today.

Mr Ruddock said Mr Gonzales told him before Christmas Hicks would be charged once the final regulations which would put the US military commission in place are completed this month.

"That is expected by the 17th of January and what the US Attorney has said to me is that he expected charges to be laid against Hicks as soon after as possible," Mr Ruddock said.

"We will continue to monitor their performance in relation to the assurances they have given to us."

The 31-year-old Muslim convert, who was captured with Taliban forces in Afghanistan in the immediate aftermath of the September 11, 2001 attacks in the United States, previously pleaded not guilty to charges of conspiracy, attempted murder and aiding the enemy.

The charges were dropped after a US Supreme Court ruling in June, declaring illegal the military tribunals set up to try Hicks and other detainees\l "l" at the US naval base in Cuba.

But Mr Ruddock said he had been informed safeguards would be in place in the military commission to

ensure a fair trial, including the presumption of innocence, the right to cross-examine prosecution witnesses, a ban on evidence obtained by torture and restrictions on admission of evidence obtained by coercion.

Mr Ruddock also rejected former Liberal prime minister Malcolm Fraser's claim the government had "betrayed" Hicks, saying he has had better consular support than hundreds of other Australians awaiting trials overseas.

Mr Ruddock said the government agreed with comments by Australia's director of military prosecutions Brigadier Lyn McDade criticising the delay surrounding Hicks' trial.

In her first public comments since being appointed last July, Brigadier McDade described the treatment of Hicks as "abominable".

"I don't care what he's done or alleged to have done," she told The Sydney Morning Herald.

"I think he's entitled to a trial and a fair one and he's entitled to be charged and dealt with as quickly as is possible. As is anybody."

Mr Ruddock said Brigadier McDade's comment "reflects the government's position."

"The fact that a trial has not yet occurred frustrates us and we have been arguing very strongly with the United States that these issues need to be resolved quickly," he said.

"We believe the delay is very unreasonable and inappropriate and that's why we've been arguing that it needs to be dealt with as quickly as possible."

But Terry Hicks accused the government of doing nothing to speed up his son's trial and said a military commission would not give him a fair trial.

He said Australia should have followed the British government which secured the release of four of its citizens from Guantanamo Bay in 2005.

"The Australian government is the hold-up," Mr Hicks said.

"If they had the guts, they would have done what the British did and said `our citizens are not putting up with this, we want them back'."

END

Newsday

January 3, 2007

Is he a terrorist or a freedom fighter? Ex-CIA agent some call anti-Castro hero is about to go free, but kin of man killed in bombing demands he be retried

BY LETTA TAYLER
LATIN AMERICA CORRESPONDENT

When science whiz Raymond Persaud won a coveted scholarship to study medicine in Cuba, the excitement in his native Guyana was so great that his family had to borrow 80 extra chairs for well-wishers packing his farewell party.

The next day, the family was using the same chairs for Persaud's wake. A bomb ripped through the Cubana airliner that the 19-year-old student had boarded that morning for Havana, killing all 73 passengers and crew.

"My mother's screams were so intense I swear the neighbors must have heard. My father locked himself in his room for five days," recalled Raymond's sister, Roseanne Nenninger, of Port Jefferson, of the 1976 attack. "Raymond was so young and filled with such promise. We never got over it."

Three decades later, the bombing of Flight 455 has returned to Persaud's family with a new twist: The accused mastermind, a Cuban-born foe of Fidel Castro, is behind bars in the United States for an immigration infraction after sneaking into Miami in March 2005. But he may be freed in weeks because the U.S. government will not classify him a terrorist.

The suspect, Luis Posada Carriles, 79, is a notorious ex-CIA operative and Venezuelan national who was involved in the Iran-Contra scandal, served four years for plotting to blow up Castro in Panama and boasted of bloody hotel bombings in Cuba. His case has placed the Bush administration in a political tug-of-war, worsened already tense relations with leftist Cuba and Venezuela, and complicated its war on terror.

Preventing Pandora's box

On one side are hard-line Cuban-Americans who consider Posada a hero and want the U.S. government to grant his request for asylum. On the other are criminal justice groups and victims' relatives, who say the government must extradite Posada to Venezuela, which wants to re-try him for the Cubana bombing, or investigate him for the crime here.

"We have a president who says he won't tolerate terrorism abroad, but our own government is sheltering a terrorist in our midst," said Nenninger, 41, a naturalized U.S. citizen who has launched a campaign to bring Posada to justice. "If this had been a plane full of Americans, it would be a different story."

Some critics suspect that the United States is reluctant to charge Posada because he may know too much. "A trial could open a Pandora's box of CIA actions that we used to call sabotage and now call terrorism," said Peter Kornbluh, who heads the National Security Archive, an independent research institute in Washington.

Kornbluh's group has published several declassified CIA and FBI documents implicating Posada in the Cubana attack.

"We are going to hit a Cuban airliner," one document quotes Posada as boasting within earshot of an informant in September 1976, one month before the blast. Another document from June 1976 says Posada himself informed a CIA contact of the plot but blamed it on associates. There is no evidence the CIA warned Cuba.

Jailed in a detention center in El Paso, Texas, the ailing Posada, a U.S. Army veteran, has renounced violence and denied links to the Cubana bombing or other attacks. His Miami lawyer, Eduardo Soto, notes he was twice acquitted in the airline attack in Venezuela - where the flight originated - before escaping from a Venezuelan prison, dressed as a priest, while awaiting re-trial in 1985.

Soto says the least the United States could do for Posada is give him asylum in Miami. "Luis perceives himself to be a freedom fighter, not a terrorist," Soto said. "He is a former CIA agent at the vanguard of our supposed foreign policy. Now, he is a frail old man."

'Bin Laden of Latin America"

Yet as recently as October, the U.S. Bureau of Immigration and Customs Enforcement called Posada "an

admitted mastermind of terrorist plots and attacks" and "a danger to the community." But it stopped short of classifying him as a terrorist, a move that would allow it to hold him indefinitely as a national security threat under laws passed after Sept. 11.

Instead, U.S. officials are trying to find a safe haven for Posada abroad. So far, Canada, Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Panama have refused him.

In October, a federal judge in El Paso said Posada has been detained "well beyond" the six-month limit for holding a foreigner and said he will free him if the government doesn't persuade him otherwise by Feb. 1. Because illegal entry is punishable only by deportation, he could be set free in the United States unless a foreign county is found to take him.

Meanwhile, federal prosecutors in Newark and El Paso are investigating Posada for possible crimes that could extend his jail time. U.S. officials would not confirm the probes, but lawyers familiar with them said that, in El Paso, federal investigators are looking into allegations Posada lied about how he entered the United States.

In Newark, they said, the focus is on Cuban-Americans in Union City allegedly wiring $30,000 to Posada that may have been used in bombings of Havana hotels and clubs in 1997-98. In 1998, Posada admitted to planning those bombings, which killed an Italian tourist and wounded several others, but then recanted.

The Newark probe got a slow start because the FBI's Miami supervisor intentionally destroyed the Posada case file in 2003 - a process the bureau described as "routine" because investigations against him were at that time closed.

David Abraham, who teaches immigration law at the University of Miami, said it is not yet clear whether investigators are "just futzing around" with those two probes to deflect criticism they are soft on Posada.

One country that wants to try Posada for the bombing is Venezuela, which has an extradition treaty with the United States. But an immigration judge ruled that Posada could be tortured if he were sent to that country or to Cuba. The Bush administration, which has frosty relations with both countries, did not appeal.

Even if it won't extradite Posada, the United States could prosecute him itself under a 1973 international aviation convention to which it is party, according to independent legal experts and Jose Pertierra, a Washington attorney who represents Venezuela.

"This guy is the Osama bin Laden of Latin America," Pertierra said. "But the United States is trying to fight its war on terrorism a la carte, picking and choosing which terrorists to prosecute."

Officials with the Justice and State departments declined to comment on Posada, citing pending litigation. A spokeswoman for Immigration and Customs Enforcement said only that the bureau is still trying to find him a home abroad.

Seeking asylum

An explosives expert and former exterminator whose nicknames include Bambi, Posada has been trying to topple Castro since he trained for the U.S.-backed Bay of Pigs invasion of Cuba in 1961. He took a detour in the mid-1980s to oversee supply flights for Nicaraguan Contra rebels from El Salvador in the illegal Iran-Contra affair. But he was back at anti-Castro work in 2000, when he was convicted in Panama in connection with a plot to blow up Castro in a packed auditorium in Panama City. Outgoing Panamanian President Mireya Moscoco pardoned Posada in 2004 in what critics view as an attempt to help President George W. Bush retain the support of Castro foes in the battleground state of Florida.

When he was arrested in Miami in May 2005, Posada hoped to be treated like his fellow Cuban exile Orlando Bosch. After being arrested for a parole violation in Miami, President George H.W. Bush gave

Bosch asylum in 1990.

Bosch once headed a known terrorist group. He was acquitted in 1987 in Venezuela of the Cubana blast, but a declassified FBI document quotes an informant as saying that after the jet went down, one of two men who admitted to planting the bomb called Bosch to report: "A bus with 73 dogs went off a cliff and all got killed."

Fighting for his memory

The Oct. 6, 1976, bombing of the Cubana DC-8 was the first airline terrorist attack in the Western hemisphere. Explosives packed into a toothpaste tube downed the plane over the Caribbean, five miles short of a Barbados runway. Victims included six Guyanese medical students and the entire Cuban youth fencing team.

Most bodies were too disfigured to be identified. The only possible remains found of Persaud was an arm.

An avid scholar and student leader, Persaud had boarded the plane with a smile, dressed in a suit custom-made for the journey. His dream was to return to Guyana as a doctor.

"He always talked about giving back to his community," said Nenninger, a Stony Brook University graduate who practices naturopathic medicine.

Three years after the blast, Persaud's father, school principal Charles Persaud, moved with his wife and five remaining children to the Bronx to gain some distance from his son's death. But the elder Persaud never stopped trying to bring the bombers to justice.

"He was obsessed by the case," Nenninger said. "He wrote to the president, to members of Congress, he was writing a book about it." Her father died of a heart attack in 2003, Nenninger said, "but I think he really died of a broken heart."

When Nenninger learned Posada was in the United States, she reactivated her father's campaign, sending new letters to government officials and flying to Posada's immigration hearing in El Paso. Denied entry, she stood outside, holding a snapshot of Persaud as he boarded the doomed flight.

Nenninger also recently flew to San Francisco to start preparing a civil suit against Posada with the nonprofit Center for Justice and Accountability.

The lawsuit would not put Posada in jail. Nor would it be likely to result in significant awards. Nenninger doesn't care. What's important, she says, is that a jury find Posada responsible for the bombing.

"What I want is for the world to know that this man is a terrorist," she said. "Some people just want this piece of history to go away. I am not going to let that happen."

Terror in the skies

Until Sept. 11, 2001 Cubana Airlines Flight 455 was the worst act of terrorism aboard a commercial airliner in the Americas.

What happened

Flight 455 was on an island-hopping run around the Caribbean with stops scheduled in Trinidad, Barbados, Kingston, Jamaica, and Havana, Cuba. Tragedy struck halfway through the run.

10 a.m.: Takes off from Georgetown, Guyana, en rout to Trinidad

12:15 p.m.: Two colleagues of pilot mastermind Luis Posada, Freddy Lugo and Hernan Ricardo board

Flight 455. While in flight they place C-4 explosives in a rear bathroom and underneath the seat belonging to Lugo

12:25 p.m.: Flight 455 departs Port of Spain, Trinidad, en route to Barbados.

1:15 p.m.: It departs Seawell Airport in Barbados for Kingston, Jamaica Lugo and Ricardo leave the plane.

1:24 p.m.: Bomb located in the aircraft bathroom explodes.

1:30 p.m.: Second explosion rocks the cabin and sends plane plummeting into Caribbean Sea.

Advance knowledge?

In this 1976 memo obtained by The National Security Archive, FBI Directory Clarence Kelly tells Secretary of State Henry Kissinger that Posada attended meetings in Caracas, Venezuela, where the plane bombing was planned.

Honorable Henry A. Kissinger

The Secretary of State

Washington, D.C. 20520

Dear Mr. Secretary:

In connection with the loss of Cuban Airlines Flight Number 455 in the Caribbean Sea on October 6, 1976, a confidential source of our Miami Office who has provided reliable information in the past, reported on November 1, 1976. The following significant information which is summarized below:

On October 23 and 24, 1976, our confidential source ascertained from Ricardo Morales Navarrete, an official of the Venezuelan Intelligence Service (DISIP), that the bombing of the Cubana Airlines DC-8 was planned, in part, in Caracas, Venezuela, at two meetings attended by Morales Navarrete, Luis Posado Carriles and Frank Castro, On one occasion, Gustavo Castillo was present.

END

Baltimore Sun

January 2, 2007

HIGH COST OF HOUSING SUIT; CITY, HUD AGREE TO PAY $300,000 IN LEGAL FEES IN CIVIL RIGHTS CASE

Sun reporter

Eric Siegel

The payments The city and the federal government have agreed to pay nearly $300,000 to lawyers representing black Baltimore public housing residents - the latest installment of legal fees in a long-running civil rights case. The payments - $236,744 from the city and $53,427 from the federal government - are being made to the American Civil Liberties Union of Maryland and the private firm of

Brown, Goldstein & Levy for monitoring a partial consent decree in the case during a two-year period from July 1, 2002, through June 30, 2004, according to court documents.

City officials say this bill brings the total they have paid out in the case to the ACLU , Brown, Goldstein & Levy and another private firm no longer involved in the case to $1.5 million.

In addition, officials say they have paid $5.1 million since 1998 to the local firm of Whiteford, Taylor & Preston to defend the city against allegations of discrimination.

A spokesman for the Justice Department could not say how much the federal government has paid to plaintiffs' lawyers in the case, but court records indicate it is about $500,000. The Justice Department has used lawyers from its civil division to represent the U.S. Department of Housing and Urban Development.

"It's almost unfathomable that you could spend that much money and not produce one housing unit," city Housing Commissioner Paul T. Graziano said of the money the city has paid to lawyers in the case. "It's also disturbing that it will continue indefinitely."

Graziano said the city could have created 40 new affordable housing units or renovated and made disabled-accessible 100 apartments for the money it has spent in legal fees in the case.

But Andrew D. Freeman, an attorney for Brown, Goldstein & Levy, said the fees paid to lawyers for public housing residents was necessitated by the city's lethargy in complying with the terms of the partial consent decree that was negotiated in 1996.

Under the terms of the decree that allowed the old family public housing high-rises to be redeveloped as mixed-income communities, the city and the federal government agreed to provide some 2,200 units for public housing residents in mostly white middle-class areas of the city and the suburbs by the end of 2002.

By that time, however, just 68 units had been provided, Freeman said. As of this past summer, about 800 units had been provided through a combination of special housing vouchers and renovated construction - "still a long way short," Freeman said.

"If the city had spent that much money to comply with the partial consent decree, there wouldn't be the need for all the lawyers," Freeman said.

Federal law allows plaintiffs who prevail in civil rights cases against government entities to recover legal fees and expenses. Plaintiffs are generally considered to have prevailed in cases in which consent decrees are negotiated, even if there are no admissions of wrongdoing by the government.

The legal fees stem from a lawsuit filed in January 1995 by the ACLU\l "l" on behalf of black city public housing residents against the city, its public housing agency and HUD.

The lawsuit charged that the city and the federal government had unlawfully perpetuated the segregated system of public housing they had set up in the 1930s and 1940s. The suit alleged that their failure had consigned public housing residents to live in the city's most distressed neighborhoods.

In January 2005, U.S. District Court Judge Marvin J. Garbis ruled that HUD had violated fair housing laws by not taking a regional approach to provide opportunities for black public housing residents to live outside poor, segregated neighborhoods.

Garbis absolved the city and its housing authority of wrongdoing.

In March, Garbis heard two weeks of testimony in the second phase of the trial designed to craft a remedy for HUD's violation.

Lawyers for public housing residents asked Garbis to order the federal housing agency to provide 6,750 special housing vouchers and new and rehabilitated units over 10 years, mostly in well-off suburbs of the city. Lawyers for HUD countered that Garbis did not have the authority to order the creation of new housing and said the plaintiffs' proposal was "plagued with problems."

Garbis, who heard both phases of the trial without a jury, has yet to issue a remedy ruling.

Freeman said he expects HUD to appeal any remedy ruling by Garbis - as well as his finding of liability - to the U.S. 4th Circuit Court of Appeals.

If Garbis' decisions are upheld, the ACLU and Freeman's firm could ask the court to order the federal government to pay legal fees for the trial phases of the case as well as the monitoring of the consent decree.

Asked how much those fees might be, Freeman said: "A lot."

"Everything about this case has been strenuously contested by the United States and required a lot of legal work to overcome," Freeman said.

In addition to the nearly $300,000 that is being paid in the latest installment of fees, lawyers for public housing residents are seeking $170,688 from the city and federal government related to the enforcement of the partial consent decree, according to documents filed last month.

The documents also say that payments to lawyers for public housing residents for monitoring the partial consent decree will be at rates of at least $337.50 an hour for lawyers and $110 an hour for paralegals.

In a 2001 decision granting initial payment of legal fees to lawyers for public housing residents, U.S. Magistrate Judge Paul W. Grimm acknowledged that the "requirement to pay a substantial attorney's fee award means that the funds must come from other agencies and programs."

But he added that "without the ability to award attorney's fees to parties that successfully have brought civil rights litigation against government agencies, these lawsuits simply will not be filed, and illegal discrimination will not be exposed and stopped."

END

Journal Record (Oklahoma City, OK)

January 3, 2007

Oklahoma tribes sue feds over trust funds

Marie Price

At least five Oklahoma Indian tribes have sued the federal government seeking an accounting of trust funds held on their behalf.

Lawsuits were filed by the Kaw Nation, Tonkawa Tribe, Otoe- Missouria Tribe, Miami Tribe and Seminole Nation. Named as defendants in each case are Dirk Kempthorne, interior secretary; Ross Swimmer, special trustee for American Indians; and Treasury Secretary Henry Paulson.

Tribes faced a Dec. 31 deadline to file account claims under the American Indian Trust Fund

Management Reform Act of 1994.

Native American tribes have long contended that the U.S. Department of Interior has mismanaged tribal trust funds, with estimates ranging into the tens of billions of dollars lost to tribal beneficiaries.

The federal government holds in trust tribal lands and natural resources such as oil, gas and other mineral resources. It is the trust funds derived from the income generated from these resources that is the object of litigation, including the 1996 Cobell v. Norton class-action case that is ongoing.

Citing a 2002 government report, the Cobell plaintiffs say the government's liability for mismanaging tribal trust funds may range between $10 billion and $40 billion.

They have asked the U.S. Supreme Court to review the recent reassignment of the Cobell case to a new judge, replacing the jurist who had heard the case since its inception. They are also asking the justices to review the issue of security of individual Indian trust data.

Court papers filed by the five Oklahoma tribes are similar.

The Otoe-Missouria Tribe's complaint asks for declaratory, injunctive and monetary relief.

Attorneys told the court that the tribe has not received an accurate accounting regarding trust assets, how they have been managed, what if any interest was paid and how the federal government made such determinations.

"Upon information and belief, this mismanagement by the defendants and this lack of a basic ability to manage these funds on behalf of the tribe has resulted in losses to the tribe, a trust beneficiary," tribal attorneys said in the filing.

The filing also said the extent of losses is unknown due to lack of a complete or accurate accounting, failure to provide the tribe with appropriate financial statements, failure to maintain accurate books and records, failure to reimburse the tribe for losses to trust funds and failure to meet other requirements of federal law.

In addition to an up-to-date accounting of trust funds, the tribe is asking the court to compel the agency to properly manage present and future accounts, and it is seeking a monetary judgment in the amount that may be shown by the requested accounting.

The Interior Department has responsibility for about 45 million acres owned by tribes and about 10 million acres belonging to individuals. Leases and other activities result in collection of about $192 million annually for about 245,000 individual Indian money accounts, plus about $414 million per year for about 1,400 tribal accounts, according to federal budget filings. It also manages about $3 billion in tribal funds and $400 million in individual Indian funds.

END

AP

January 3, 2007

Justice Dept. files appeal in case involving Oregon doctors

EUGENE, Ore._Federal authorities have asked the U.S. 9th Circuit Court of Appeals to overturn a ruling

that prohibits them from viewing a legal file created on behalf of four heart surgeons suspected of defrauding Medicare and Medicaid.

Federal agents, joined by the state Department of Justice's Medicaid Fraud Unit, have been investigating the Eugene-based practice of Drs. David Duke, Stanley Baldwin, Warren Glover and Richard Hicks since August 2003. Hicks is now retired, and the doctors sold the practice in 2004.

Federal authorities want the appeals court to overturn U.S. District Judge Anna Brown's ruling that the doctors each retained individual attorney-client privilege over the file. The documents in question were created by a Boston lawyer the doctors hired before selling the practice.

The U.S. Justice Department filed the appeal Dec. 29 in Portland.

In court records, investigators allege that the doctors submitted false billing claims to the federal Medicare and Medicaid program.

No charges have been filed, but the doctors are suspected of billing Medicare and Medicaid for surgeries in which a single doctor would be listed as the lead surgeon on one operation and as the assisting surgeon on a second operation that was occurring at the same time. Or a single doctor would be shown assisting multiple surgeries that were happening at the same time.

Medicare regulations prohibit doctors from billing for assisting on multiple surgeries at the same time.

The Register-Guard newspaper reported in September that lawyers for both sides disclosed in a status report that they have been trying to reach a settlement that would allow the doctors to continue practicing medicine.

It was unclear Tuesday if those talks, which were being mediated by a senior judge on the appeals court, are still active.

END

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1/2/07

Hospital operators found liable for $15 million in damages for false claims

Two hospital operators were liable for submitting over $5.2 million in false claims to Medicare for unreimbursable services such as interest that was never paid, bankruptcy fees that were not related to patient care, management fees for management services that were not provided, and fictitious rental fees. Additional claims in question were not accrued in the years for which the operators sought reimbursement on the hospital cost reports.

The court found that the operators acted with knowledge of the falsity of the claims because they did not consult the Medicare reimbursement statutes, regulations, or guidance, and they did not seek the advice of attorneys in arriving at their decisions to include nonallowable and false claims on the cost reports. The government, however, failed to prove the hospital operators were liable under state law claims of unjust enrichment and fraud.

The hospital operators were originally found to be liable for over $7.9 million in false claims. Because the government may collect treble damages under the False Claims Act, the total liability of the operators amounted to over $23 million. In a second proceeding, however, the court recalculated the damages in

the amount of $5.2 million, which lead to a treble damage award to the government in the amount of $15.6 million plus $31,000 in fines.

The operators' arguments that the amount of the damages should be further reduced because the damages assessed violated the Eighth amendment excessive fines clause and the Fifth amendment due process clause were rejected. The court concluded that a large portion of the fines were compensatory in nature and the remaining portion were proportional to the defendants' level of culpability and the harm they caused.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, January 04, 2007 8:43 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, January 04, 2007
Attachments:	agnb070104.pdf; agnb070104.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 4, 2007 7:45 AM EST

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TERRORISM NEWS:

Latest Guantanamo Abuse Allegations Put Private Contractors In Spotlight. The Washington Post (1/4, D1, Witte, Merle, 690K) reports, "New allegations of detainee abuse at Guantanamo Bay released by the FBI on Tuesday put private contractors at the center of interrogation operations, raising questions once again about where they fit in the military's chain of command." The FBI disclosures, "based on eyewitness reports, refer several times to contractors directing the Army's interrogation efforts at the military detention center in Cuba. In at least one case, FBI agents were told that detainees may have been mistreated on orders from a contractor." The documents "suggest a greater role for contractors than was previously known, and contracting experts said they indicate a further blurring of the limits on how much responsibility the private sector can carry in doing the public's work."

Wiretaps Provide Murky View Of US Case Against Padilla. The New York Times (1/4, Sontag) reports, "In 1997, as the government listened in on their phone call, Adham Hassoun, a computer programmer in Broward County, Fla., proposed a road trip to Jose Padilla, a low-wage worker there. The excursion to Tampa would be his treat, Mr. Hassoun said, and a chance to meet 'some nice, uh, brothers.' … Mr. Padilla, 36, a Brooklyn-born Puerto Rican who had converted to Islam a few years earlier, knew Mr. Hassoun, an outspoken Palestinian, from his mosque. Still, according to a transcript of the conversation obtained by The New York Times, Mr. Padilla equivocated as Mr. Hassoun exhorted … That conversation took place five years before Mr. Padilla, a United States citizen accused of plotting a 'dirty bomb' attack against this country, was declared an enemy combatant. Given that Mr. Padilla and Mr. Hassoun are now criminal defendants in a terrorism conspiracy case in Miami, it sounds suspicious, as if Mr. Hassoun were proposing something more sinister than a weekend at the amusement park. He well may have been — but maybe, too, he was sincere or joking about a Muslim retreat." The Times adds, "Deciphering such chatter in order to construct a convincing narrative of conspiracy is a challenge. Yet, prosecutors say, the government will rely largely on wiretapped conversations when it puts Mr. Padilla, Mr. Hassoun, and a third defendant, Kifah Jayyousi, on trial as a 'North American support cell' that sent money, goods and recruits abroad to assist 'global jihad.'" The Times notes, "Tens of thousands of conversations were recorded. Some 230 phone calls form the core of the government's case, including 21 that make reference to Mr. Padilla, prosecutors said. But Mr. Padilla's voice is heard on only seven calls. And on those seven, which The Times obtained from a participant in the case, Mr. Padilla does not discuss violent plots. … But this is not the version of Mr. Padilla — Al Qaeda associate and would-be bomber — that John Ashcroft, then the attorney general, unveiled in 2002 when he interrupted a trip to Moscow to trumpet Mr. Padilla's capture. In the four and a half years since then, as the government tested the limits of its power to deal with terrorism outside the traditional law enforcement system, Mr. Padilla is the only accused terrorist to have gone from enemy combatant to criminal defendant. "

Leahy Says DOJ "Brushed Off" His Request For Terrorism Documents. United Press International (1/4) reports, "The incoming chairman of the powerful Senate Judiciary Committee says the U.S. Justice Department brushed off a request to see secret war-on-terror documents. … 'The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for,' said Leahy in a statement." UPI continues, "He accused the department and the the White House of 'squander(ing) another opportunity to work cooperatively with Congress,' and promised to take the matter up with Attorney General Alberto Gonzales at an early oversight hearing this month." UPI adds, "Last November, Leahy requested two documents concerning CIA interrogation methods, the existence of which officials recently acknowledged for the first time in a lawsuit. … In a letter to Gonzales, Leahy said he wanted to see a presidential directive regarding the CIA's interrogation methods and detention facilities located outside of the United States, and an August 2002 Department of Justice communication to the CIA's general counsel about agency interrogation policies and methods -- the so-called second Bybee memorandum. … Tuesday, Leahy released the response from the Justice Department in which officials said that the documents contained 'extremely sensitive operational details ... including the specific interrogation techniques employed' by the CIA.

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The department said it was 'longstanding practice' that 'non-public' opinions from the department's Office of Legal Counsel were 'not disclosed outside of the executive branch,' because doing so would chill the administration's ability to get candid advice."

LATimes Says Congress Has Right To Interrogation Tactics Papers. The Los Angeles Times (1/4, 850K) editorializes that the Bush Administration's "stonewalling" when it "comes to sharing information about its tactics in the 'war on terror'" is a "mistake." Vermont Sen. Patrick Leahy's (D) request for documents is "legitimate." Congress has "a right to know," and the Judiciary Committee "has a legitimate oversight responsibility to see what the CIA has been doing and whether it's violating the law."

Ressam Recants Testimony Linking Guantanamo Detainee To Millennium Plot. The Seattle Times (1/4, Carter, 118K) reports, "Convicted millennium bomber Ahmed Ressam has recanted testimony that has been helping to detain a fellow Algerian as an enemy combatant in Guantánamo Bay, Cuba. In a letter to U.S. District Judge John Coughenour, Ressam wrote that a Montreal friend, Hassan Zemiri, had nothing to do with plans to detonate bombs at Los Angeles International Airport over the New Year's holiday in 1999." Ressam "had testified at the 2001 trial of his co-conspirator, Mohktar Haouari, that Zemiri had aided in the plot." Zemiri lawyer Jim Dorsey "was unaware that Ressam had written the letter aiding his client until contacted by The Seattle Times on Wednesday. Dorsey said the letter was 'great [but] you just don't know how much good it will do.'" The Times notes that in the letter, "Ressam said he had asked his lawyers a year ago to help him contact the FBI or prosecutors about changing his testimony."

Professor Compares Cold-War FBI Files To Terrorism Watch Lists. In a New York Times (1/4, 1.16M) op-ed, University of British Columbia journalism professor Peter W. Klein writes, "This week the United States government will begin automatically declassifying hundreds of millions of documents from the cold war," including the FBI file on his father Fred Klein, a Hungarian immigrant falsely accused of having "been an agent for…the Hungarian K.G.B." Klein adds, "Twenty-five years from now, some unsuspecting son may stumble across a file about his own father — a patriotic, law-abiding Arab immigrant whose name inexplicably ended up on a list. Like the cold-war-era files, these new ones being drawn up could leave a historical paper trail about an era of scares and witch hunts — if intelligence officials do not learn from the lessons in the documents released today."

HOMELAND RESPONSE:

Outgoing Senate Sergeant At Arms Says Terror Attack On Capitol "Inevitable." The Hill (1/4, Eisele) reports, "Senate Sergeant at Arms Bill Pickle ended four years in office yesterday with a plea to lawmakers and law enforcement officials to keep their guard up against what he called an inevitable terrorist attack on the Capitol. … 'The Capitol is the symbol of America all over the world, and it's clearly the No. 1 or 2 target of terrorists, as it was on 9/11. I truly believe at some point in the future, and I don't know in what shape or form, we will be victimized again." The Hill notes that Pickle "criticized the outgoing Republican House leadership for resisting his efforts to develop a unified security strategy for the…Capitol complex," and "he predicted that incoming Speaker Nancy Pelosi…and the House Democratic leadership 'are going to be more responsive' to his successor…in beefing up Capitol security."

Port Industry Officials Decry Legal Residency Requirement, Expense Of TWIC Program. The New York Times (1/4, Lipton, 1.16M) reports DHS announced Wednesday that "port workers will be required to have criminal background and immigration checks" under an antiterrorism program that "industry leaders say…could disrupt port traffic nationally." Workers will receive a "tamperproof" Transportation Worker Identification Credential after passing the reviews, but officials within the industry "say the restrictions may disqualify thousands of workers, particularly truck drivers, based on estimates that a signification segment of the drivers may be working here illegally." TSA Administrator Kip Hawley "said in an interview Wednesday that he was confident that the effects would be modest. Drivers of trucks carrying hazardous materials have similar background checks, with 1 percent disqualified, Mr. Hawley said."

Meanwhile, the AP (1/3, Miller) reported, "Groups representing truckers and longshoremen" said the fee for the ID cards, as much as $159, "is too high and will force some workers -- especially truck drivers -- to quit their jobs." However, "Hawley said the fee was reasonable for a card that

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is good for five years and includes high-tech identification verification and a security threat assessment. Drivers who have had background checks, either because they carry hazardous material or cross the border, will pay less, he said. 'It's pretty hard to say, 'I can't afford $30 a year for a professional credential,'' Hawley said."

The Washington Times (1/4, Hudson, 88K) reports, "Nearly 1 million workers accessing US ports must undergo criminal background checks, submit fingerprints and pay more than $100 for" the cards, but the technology to read them "has not been created, so the expensive identification card will be used as a flashcard at checkpoints." The Times continues, "Although the card-reader requirements are not being implemented at this time, 'the Coast Guard will institute periodic unannounced checks to confirm the identity of the holder of the TWIC,' says the new rules, which are spelled out over nearly 500 pages."

Chertoff Says 75 Communities Will Have Advanced Interoperability Systems By 2009. In an article appearing at least 67 times, the AP (1/3, Barrett) reported that DHS Secretary Michael Chertoff "pledged Wednesday that 75 metropolitan areas would have advanced disaster communications systems by 2009, but acknowledged that friction among emergency agencies continues to hinder progress." Chertoff said Homeland Security is "determined to get this job done in the next two years." The secretary "did not say how much the effort would cost, but so far the government has distributed more than $2.9 billion to communities around the country with mixed results. Democrats who will control Congress this year have also promised to make communications upgrades a priority, but have provided little detail."

In an alternate version, often appearing under the headline "Chertoff Vows Emergency Systems Upgrade," the AP (1/3, Barrett) reported that Chertoff provided "no concrete detail," but "essentially promised to scrap old radios and ancient grudges that continue to bedevil communications during crises, even five years after the attacks of Sept. 11, 2001." However, the "pledge…raised questions for some analysts," including Richard Rotanz, of Adelphi University, who said the report offered a "very vague description of where things are and where they want to go." The AP continued, "Chertoff said cities in the scorecard should not be compared with each other because each faces a unique set of challenges."

On the CBS Evening News (1/3, story 8, 2:15, Couric, 7.66M), correspondent Bob Orr explained "why getting everyone on the same frequency is a lot harder than anyone thought." With scenes of 9/11 playing, CBS (Orr) said that the deaths more than 300 New York City firefighters, due "in large part" to the fact that "their radios couldn't pick up police warnings that the World Trade Center towers were about to collapse," was "one of the enduring tragedies of 9/11." However, "when a section of the Pentagon collapsed, all state, local and federal rescuers were on the same page. … The Washington region continues to set the standard for emergency communications planning, but it's one of only six metro areas judged in the new Homeland Security audit to be fully prepared to handle a natural disaster or terrorist attack."

New Orleans Seen As Repeating "Mistakes" In Rebuilding Process. In a front-page story titled "New Orleans Repeats Mistakes as It Rebuilds," the Washington Post (1/4, A1, Whoriskey, 690K) reports, "After Katrina, teams of planners recommended that broad swaths of vulnerable neighborhoods be abandoned." However, "all areas of the city have at least some residents beginning to rebuild." More are "expected to follow," with "billions of dollars in federal relief for homeowners trickling in." In addition, even though new federal guidelines "call for raising houses to reduce the damage of future floods," most returning homeowners "do not have to comply or are finding ways around the costly requirement."

WAR NEWS:

Bush Expected To Order Iraq Troop Increase Of Up To 20,000. McClatchy (1/4, Strobel, Youssef) reports President Bush "plans to order extra U.S. troops to Iraq as part of a new push to secure Baghdad, but in smaller numbers than previously reported, U.S. officials said Wednesday. The president, who is completing a lengthy review of Iraq policy, is considering dispatching three to four U.S. combat brigades to Iraq, or no more than 15,000 to 20,000 U.S. troops, the officials said. Bush is expected to announce his decision next week." A State Department official said, "Instead of a surge, it is a bump." The Washington Times (1/4, 88K) reports White House spokesman Tony Snow said during his regular briefing Wednesday that "it is clear there needs to be a greater military presence in Baghdad."

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The CBS Evening News (1/3, story 3, 1:00, Martin, 7.66M) broke down the numbers, saying "commanders have told the President they are prepared to execute a troop surge that would send about 9,000 soldiers and marines into Iraq with another 11,000 on alert outside the country. Two Army brigades, about 7,500 troops, would go into Baghdad in an effort to control the violence. Two Marine battalions, about 1,500 troops, would be sent in to western Iraq. … Another Army brigade would be on standby in Kuwait with two more on standby back in the states. Pentagon officials are certain President Bush will order a troop surge but they caution the details could change between now and when he unveils his new Iraq strategy, probably next week."

Some Key Capitol Hill Democrats Will Not Rule Out Support For Surge. The New York Times (1/4, A6, Zeleny, 1.16M) reports "key Senate Democrats say they could consider supporting a short-term increase in American troop levels in Iraq, a stance that reflects division within the party and could provide an opening for President Bush as he prepares to announce his revised plan for Iraq as early as next week." Incoming Armed Services Chairman Carl Levin "said he would not 'prejudge' the president's proposal." However, incoming Foreign Relations Chairman Joseph Biden "has said he is opposed to increasing troop strength regardless of the plan, calling the idea the 'absolute wrong strategy.'"

Incoming House Majority Leader Steny Hoyer said on MSNBC's Hardball (1/3, Matthews), "We need to find out specifically what he wants to do with those troops. Almost every policy that they've pursued has not work. I'm very skeptical of this so-called surge as to whether or not it will accomplish the objectives and I'm not sure what the specific objectives are."

Surge Seen As Victory For "Neocons." Under the headline "Behind Troop Surge, A Neocon Force," the Los Angeles Times (1/4, A1, Spiegel, 850K) writes that "ever since Iraq began spiraling toward chaos, the war's intellectual architects -- the so-called neoconservatives -- have found themselves under attack in Washington policy salons and, more important, within the Bush administration." But while Douglas Feith and Paul Wolfowitz left the Pentagon and John Bolton left the State Department, "other neocons have moved back into the mainstream of steering Iraq policy. A key part of the new Iraq plan that President Bush is expected to announce next week -- a surge in U.S. troops coupled with a more focused counterinsurgency effort -- has been one of the chief recommendations of these neocons since the fall of Saddam Hussein."

More Commentary On Iraq Strategy. In a New York Times (1/4, A23, 1.16M) op-ed, former National Security Adviser Brent Scowcroft writes, "An American withdrawal before Iraq can, in the words of the president, 'govern itself, sustain itself, and defend itself' would be a strategic defeat for American interests, with potentially catastrophic consequences both in the region and beyond. Our opponents would be hugely emboldened, our friends deeply demoralized. Iran, heady with the withdrawal of its principal adversary, would expand its influence through Hezbollah and Hamas more deeply into Syria, Lebanon, the Palestinian territories and Jordan. Our Arab friends would rightly feel we had abandoned them to face alone a radicalism that has been greatly inflamed by American actions in the region and which could pose a serious threat to their own governments."

In his New York Times (1/4, A23, 1.16M) column, Bob Herbert writes, "How long can this go on? Saddam is dead. The weapons of mass destruction were a mirage. More than 3,000 American G.I.s and scores of thousands of Iraqis have been killed. Voters in the United States have made it clear that they no longer support American involvement in this exercise in sustained barbarism. Incredibly, the U.S. military itself is turning against the war. And yet the president, against the counsel of his commanders on the ground, apparently is ready to escalate -- to send more American lives into the fire he set in Iraq."

In his Washington Post (1/4, A17, 690K) column, David Broder writes, "An element of unreality has infected the speculation about President Bush's decision on a new strategy for Iraq. In the weeks since the Iraq Study Group issued its report and the president said he was going to canvass a variety of other sources before making up his mind, the assumption has grown that he will declare the next steps himself. In reality, Bush's ability to act on his own is severely limited. His hands are tied both at home and abroad. At most, he can suggest what he would like to do, but he is dependent on others to actually do it."

Negroponte Will Leave DNI Post To Become Rice's Deputy. The departure of John Negroponte from his post as director of national intelligence to become deputy secretary of state was mentioned on NBC Nightly News (1/3, story 5, 0:20, Williams, 9.87M) in a brief item. The story received no other network coverage but is covered in many of

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this morning's major newspapers in straightforward accounts. The AP (1/3, Shrader) says Negroponte will leave the job he has held for 20 months to become Secretary of State Condoleezza Rice's deputy. A source said the "timing of Negroponte's departure was uncertain but that it was expected soon." USA Today (1/4, 6A, Gomez, 2.27M) says a "senior State Department official said the announcement could come as early as this week. … Negroponte's move comes as Bush finalizes a new course for the war in Iraq."

The New York Times (1/4, Mazzetti, 1.16M), which puts the story on its front page, notes that Negroponte is the nation's first director of national intelligence, and says in his new role, he "will fill a critical job that has been vacant for months." He is "expected to play a leading role in shaping policy in Iraq. But his transfer is another blow to an intelligence community that has seen little continuity at the top" since George Tenet left the CIA in 2004. The Wall Street Journal (1/4, A4, Solomon, King, 2.04M) says "spy chief" Negroponte "will play a central role" in executing President Bush's new Iraq strategy. The Washington Post (1/4, A11, Kessler, 690K) says Negroponte's "decision to step down as the nation's top spy for a sub-Cabinet position marks a sudden reversal. Rice had earlier sought to recruit Negroponte -- as well as other high-profile figures -- for the job, but last month he insisted he was staying at his post."

The Los Angeles Times (1/4, Richter, Miller, 850K) says Negroponte's successor as DNI "has not been selected, a U.S. official said. But there was speculation that the post could go to J. Michael McConnell, a retired vice admiral who headed the National Security Agency from 1992 to 1996" and who is now a senior vice president at Booz Allen Hamilton.

US Distances Itself From Iraq's Handling Of Saddam Hanging. The three broadcast networks varied greatly in their Wednesday evening coverage of the aftermath of Saddam Hussein's execution. ABC gave just 25 seconds to the controversy surrounding the ex-dictator's hanging, while CBS and NBC each gave the story more than three minutes of coverage. Many print sources say the US "distanced itself" from the handling of the execution. ABC World News (1/3, story 5, 0:25, Gibson, 8.78M) simply said Iraqi Prime Minister Nouri al-Maliki's office "announced that one of Saddam Hussein's guards is suspected of making that macabre cell phone video of Hussein's hanging. And he's been arrested. There is skepticism that the guard is to blame. The prosecutor said he saw two Iraqi officials recording the hanging with cell phone cameras. The US military said today it would have handled the execution much differently."

The CBS Evening News (1/3, lead story, 2:20, Couric, 7.66M) said, "Given the uproar over the way the execution was handled the US military is now trying to distance itself" from the Maliki government. CBS (Pinkston) added, "Three days after Saddam Hussein's chaotic funeral, these first pictures of his burial obtained exclusively by CBS News show angry, distraught followers pulling back the shroud in which Saddam was wrapped. For the first time a top US military spokesman in Baghdad publicly questioned the conduct of Saddam's execution." Maj. Gen. William Caldwell: "Would we have done things differently? Yes, we would have, but that's not our decision." Pinkston: "For almost two decades, the US government regularly denounced Saddam, but" Caldwell" spoke almost admiringly of his last moments in American custody." Caldwell: "He was still dignified towards us. He spoke very well to our military police as he always had. And when getting off there at the prison site he said farewell to his interpreter. He thanked the military squad, the lieutenant squad leader." The CBS Evening News (1/3, story 2, 1:20, Axelrod, 7.66M) added, "Clearly the White House was hoping that the execution of Saddam Hussein would serve as evidence that the Iraqi government could act with competence and authority. And instead, the bungling of the execution is raising questions about Prime Minister Maliki's ability to produce the kind of reconciliation that that's essential between Sunnis and Shiites for a more peaceful Iraq."

NBC Nightly News (1/3, story 2, 2:25, Williams, 9.87M) asked, "What really happened inside the death chamber the night Saddam Hussein was hanged, and how is it someone captured the entire execution apparently on a video cell phone? There are arrests in that incident, along with attempts by Iraq and the United States to distance themselves from what we are now learning what might have been chaos in those final moments." NBC (Engel) added, "A senior Iraqi official" says "his government lost control of Saddam Hussein's execution. National Security Advisor Dr. Mowaffak al-Rubaie, a witness, says as Saddam was on the gallows up to 30 supporters of radical Shiite militias turned the room into a mob scene that he called disgusting." NBC Nightly News (1/3, story 3, 0:45, Gregory, 9.87M) added, "The President has not seen the tape of the execution, but Tony Snow, the press secretary, echoed what" Caldwell "said, which is the United

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States would have carried out the execution differently. Having said that, Snow was a little more defensive, saying there's been a lot more attention on the final two minutes of his life rather than the first 69 years and his record of mass murder."

The AP (1/3, Hurst) reports Iraqi authorities "reported the arrests Wednesday of two guards" as Rubaie "said the guard force was infiltrated by outsiders who taunted the former leader and shot the video showing his body dangling at the end of a rope." The Bush Administration "sent conflicting signals Wednesday about the taunting and baiting that accompanied the execution, with the White House declining to join criticism of the procedure and the State Department and U.S. military publicly raising questions about it." The New York Times (1/4, A8, Stolberg, 1.16M) also notes the differences between the White House and State and military responses, adding that with the President "set to make a major speech, possibly as soon as next week, outlining a new strategy in Iraq, the handling of the execution has put the White House in a difficult position." In November, Bush called Maliki "'the right guy for Iraq.' Now Mr. Maliki faces international criticism for his decision to press ahead with the hanging, and questions about whether he is as committed as Mr. Bush to reconciling sectarian differences in Iraq."

The New York Times (1/4, A6, Glanz, Burns, 1.16M) says Maliki's office "mounted its first public defense of the way the government carried out the execution," saying authorities had detained a guard "who they believed was involved in recording the moment in a macabre and unauthorized video that has generated revulsion around the world." The Times also says the US military "sought to distance itself from any responsibility for the scenes revealed in the video," quoting Caldwell; USA Today (1/4, 7A, Palmer, 2.27M) also says the US "distanced itself" through Caldwell's comments. The Washington Times (1/4, Sands, Pisik, 88K) says US officials "expressed unease" with Iraq's handling of the execution. The Financial Times (1/4, Negus) says Iraq's government "distanced itself…from the scandal" via Rubaie's remarks.

The Washington Post (1/4, A14, Partlow, 690K) describes the scenes on the video, which "outraged Sunni Muslim loyalists of Hussein and was condemned by some Western leaders, such as Britain's deputy prime minister, John Prescott, who called the images 'unacceptable.'"

Poem Believed To Be Saddam's Last Written Words. The New York Times (1/4, A8, Santora, Burns, 1.16M) prints a poem by Hussein, written "after he was sentenced to death." The verses are "believed to be his last written words." The poem, "flush with florid phrases that were his trademark, begins with what sounds like a paean to the love between himself and his people, who were about to lose him."

Iraq Postpones Executions Of Saddam Aides. AFP (1/4) reports early Thursday that Iraqi officials have decided to delay the executions, originally scheduled for today, of two top aides to former Iraqi President Saddam Hussein. A senior official from Prime Minister Nuri al-Maliki's office said the executions of Barzan Ibrahim al-Tikriti, Saddam's half brother and former intelligence chief, and Awad Ahmed al-Bandar, the head of the revolutionary court, were postponed "due to international pressure." However, Baha al-Araji, "an influential Shiite lawmaker from radical cleric Moqtada al-Sadr's parliamentary bloc," said: "I am sure it will be done on Sunday."

Imus, Barnicle Speculate On How Administration Figures Would Face Gallows. On MSNBC's Imus in the Morning (1/3), host Don Imus and Mike Barnicle of the Boston Herald "tried to imagine how members of the various current Administration would behave were they subjected to the gallows as Saddam Hussein was," in Imus' words. "I can see Rumsfeld." Barnicle: "He wouldn't take it. No blindfold for Rumsfeld." Imus: "How about Cheney?" Barnicle: "I don't think Cheney would make it up the steps." Imus: "This is a guy who would wet his pants and whine and start crying. … This guy has six deferments to get out of Vietnam because he had, what was the phrase he used -- he had some more important issues to deal with. … Wolfowitz, he'd cry." Barnicle: "He would be shot in the back running away." Barnicle: "Richard Perle?" Imus: "Oh, God. He would soil himself."

More Commentary. The New York Times (1/4, A22, 1.16M) editorializes, "Saddam Hussein deserves no one's pity. But as anyone who has seen the graphic cellphone video of his hanging can testify, his execution bore little resemblance to dispassionate, state-administered justice. The condemned dictator appeared to have been delivered from United States military custody into the hands of a Shiite lynch mob. … The ugly episode shows why" Maliki "is never likely to produce the national unity government that Washington keeps demanding and that Iraq so desperately needs."

In his Washington Post (1/4, A17, 690K) column, Jim Hoagland writes, "I never expected to say that the Iraqis who

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put Saddam Hussein to death made the sadistic dictator look almost noble by their own depraved standards of behavior in that moment. The mishandled execution carries a larger message that President Bush must absorb for the decisive address he plans to give on Iraq as early as next week:" If Maliki and his aides "cannot control a gallows chamber containing 20 people, how can they hope to manage a country that is disintegrating under the weight of religious and ethnic hatreds?"

On his MSNBC Scarborough Country (1/3) show, ex-Rep. Joe Scarborough said, "Even executions need to be staged correctly, like we did after World War II, the Nuremberg trials. There was a dignified process in Nuremberg. The whole world watched, and they knew when the Nazis were lynched, they understood that they received a fair trial and there was some dignity to that process and legitimacy to that process."

On his MSNBC Tucker (1/3) show, Tucker Carlson said, "Apparently the world is shocked to learn that executions are ugly and executions carried out by primitive Third World governments are especially unattractive. Surprise, surprise. Actually, what is surprising is that we didn't anticipate any of this in the first place. From the beginning, allowing the Iraqis to govern themselves has been a central goal of American foreign policy and from the beginning we have refused to acknowledge that an Iraqi democracy might look very different from our democracy. Because no matter what the President claims, the Iraqis aren't like us. They are different. They are a lot more brutal than one thing. So here's the choice: Step in and run Iraq like a civilized country with American standards and values or stand back and let it become what it will become. Either way, you can't criticize the Iraqis for acting like Iraqis, which is what they did."

In a Los Angeles Times (1/4, 850K) op-ed, Oxford University evolutionary biologist Richard Dawkins says "Saddam should have been studied, not executed," writing that "Hussein's mind would have been a unique resource for historical, political and psychological research, a resource that is now forever unavailable to scholars."

US Soldier Expected To Plead Guilty To Reduced Charge In Iraq Killings. The New York Times (1/4, A20, Von Zlielbauer, 1.16M) reports Spc. Juston Graber of the 101st Airborne Division's Third Brigade "is scheduled to plead guilty next Tuesday to a reduced charge for mercy killing in connection with the death of three unarmed Iraqi men shot by American infantrymen last spring." The terms of the plea arrangement will Graber, "originally charged with capital murder, to be convicted of aggravated assault and to receive a nine-month prison sentence in exchange for his testifying against three other members of his squad."

Events Mark Milestone Of 3,000th Troop Death. USA Today (1/4, 3A, Welch, 2.27M) reports, "As the toll in Iraq passes 3,000 U.S. troop deaths, Americans are holding vigils and ceremonies to mark the grim milestone, honor the fallen and plead for an end to the war." USA Today writes about events near North Carolina's Fort Bragg, in Boston, in West Virginia, and elsewhere. The AP (1/3) count of US military deaths in Iraq reached "at least 3,005" Wednesday.

Childbirth Has Become Dangerous In Iraq. The Washington Post (1/4, Trejos, 690K) runs a front-page feature on the dangers of childbirth in Iraq, where "spontaneous road closures, curfews and gun battles make even getting to the hospital a challenge for expectant mothers. Once they arrive, the women have no guarantee that they will receive adequate health care from a qualified physician." Iraq "once had a premier health-care system. But the trade embargo of the 1990s and now the exodus of medical professionals have made it no better than a third-world system, doctors say."

US Military Working To Reopen Factories In Iraq. The AP (1/3, Jelinek) reports that as President Bush "ponders how to salvage the Iraq military campaign, business minds at the Pentagon are moving ahead with a part of the equation -- fighting Iraq's unemployment and trying to boost its economy. Under a new program, the Defense Department is already helping reopen factories that were owned by Saddam Hussein's government and abandoned by occupation authorities shortly after the 2003 U.S.-led invasion. The Pentagon may also start providing them with contracts to support U.S. troops. One factory restarted operations in the last two weeks, and nine more are to open by the end of this month, adding some 11,000 Iraqis to employment rolls."

Videotape Of Abducted Contractors Surfaces. All three broadcast networks briefly reported on the surfacing of a videotape that, in the words of ABC World News (1/3, story 6, 0:25, Gibson, 8.78M), showed "five security

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contractors, four Americans and one Austrian, who were kidnapped in southern Iraq back in November. The men appeared separately. Three said they were being treated well. The tape appears to have been made two weeks ago." The CBS Evening News (1/3, story 4, 0:35, Couric, 7.66M) said each man "spoke briefly" on the tape. All five "work for a private security company and were kidnapped when their convoy was ambushed in southern Iraq in November. It's not known if the Muslim group that claims to be holding them has made any demands." NBC Nightly News (1/3, story 6, 0:15, Williams, 9.87M) said, "Three of them say they are being treated well. None of the kidnappers are seen or heard." The New York Times/AP (1/4, A6) also reports on the tape.

NATO Will Try To Reduce Afghan Civilian Casualties This Year. The Washington Post/AP (1/4, A14, Straziuso) reports NATO officials said the alliance "had killed too many Afghan civilians during fighting last year against a resurgent Taliban movement and would work to change that in 2007. The acknowledgment came one day after President Hamid Karzai's latest plea for foreign forces to use maximum caution following the deaths of two civilians, reportedly involving NATO troops."

DOJ:

DOJ Awards IT Contract To GTSI. The Washington Business Journal (1/4) reports, "Less than a month after winning an IT modernization contract from the Federal Aviation Administration worth as much as $63 million, GTSI has landed a $42 million contract from the Department of Justice." The Journal continues, "GTSI says the contract calls for workstation, desktop and laptop computers as part of the Justice Department's efforts to standardize interoperability among its various offices, bureaus and divisions. GTSI is the sole recipient of the three year contract. … GTSI, which resells computer equipment and provides IT services, will work with computer maker Hewlett Packard for the Justice Department contract."

Government Computer News (1/4, Beizer) reports, "Under a blanket purchase agreement, GTSI of Chantilly, Va., will furnish solutions and services, including imaging and integration, custom warranty and call support, asset management and reports, warehousing and managed logistics. … Among the solutions and services the company will provide are imaging and integration, custom warranty and call support, asset management and reports, warehousing and managed logistics. GTSI was the sole award winner of the contract. … The Justice Management Division, which is responsible for standardizing the department's IT infrastructure, awarded the contract to GTSI."

Federal Computer Week (1/4) reports, "GTSI, a government IT solutions provider based in Chantilly, Va., has teamed with HP, the primary hardware supplier, and Prism Pointe Technologies, a global IT services company, to supply a full line of services, including imaging and integration, custom warranty and call support, asset management and reports, warehousing, and managed logistics. … 'GTSI has a long-standing relationship with the DOJ to develop technology solutions that help the DOJ meet its mission of enforcing the law and defending the interests of the United States,' said Tom Kennedy, vice president of civilian sales at GTSI, in a statement. 'This BPA will enable the bureaus and divisions throughout DOJ to increase efficiencies inside their organization as well as work more effectively with other parts of DOJ.'"

CORPORATE SCANDALS:

Pay Dispute Said To Be Reason For Home Depot CEO's Resignation. The Washington Post (1/4, D1, Mui) reports, "Robert L. Nardelli has abruptly resigned as chairman and chief executive of Home Depot, pocketing a lavish severance package and leaving shareholders with a stock that has languished even as sales have nearly doubled during his six-year tenure." The Post continues, "In a statement released yesterday, Home Depot's board of directors and Nardelli said they 'mutually agreed' to the resignation, which took effect Tuesday. Under the terms of a separation agreement negotiated when he joined the company in 2000, Nardelli, 58, is to receive about $210 million in cash and stock options, including a $20 million severance payment and retirement benefits of $32 million. … Frank Blake, 57, vice chairman and executive vice president, succeeds Nardelli as chairman and chief executive. Blake, like Nardelli, previously worked for General Electric and also was a former deputy secretary of the Energy Department."

The Wall Street Journal (1/4, A1, Lublin, Zimmerman, Terhune) reports, "Last June, Home Depot Inc.'s board compensation committee decided to review the most contentious aspect of Chairman and Chief Executive Robert Nardelli's tenure: his pay package. … Mr. Nardelli submitted a

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one-page list of perks he was willing to drop, including personal use of the six corporate jets, according to one person involved in the matter. But he dug in his heels about his guaranteed $3 million annual bonus and his hefty supplemental pension arrangement." The Journal continues, "Yesterday, Home Depot, the world's third-largest retailer by sales, announced a big change: Mr. Nardelli was leaving the company, taking an exit package valued at about $210 million, including $20 million in cash severance. … Mr. Nardelli failed to reignite Home Depot's slowing sales and sagging stock price. Other problems compounded his troubles. His autocratic style clashed with a freewheeling culture fostered by the company's founders. His aggressive handling of the company's most recent annual meeting, where no outside directors were on hand and limits were set on shareholders' questions, outraged some investors. And the pay package that had lured him to the company became a lightning rod for criticism that the board felt compelled to address."

The New York Times (1/4) reports, "It was a surprising turnaround for Home Depot's board, which had publicly supported Mr. Nardelli as recently as two weeks ago even as questions about his compensation, business strategy and autocratic management style mounted. … What ultimately divided the board and its chief executive appeared to have been Mr. Nardelli's compensation. Over six years as chief executive, he had taken home $64 million and was on track to earn hundreds of millions more. In recent months, people close to the board say, directors sought to rein in the compensation under the terms of his current contract. Mr. Nardelli, these people said, had challenged that effort." The Times adds, "In the end, the debate over cutting Mr. Nardelli's pay may not have revolved around large numbers. It would have been possible, for example, for the board to give Mr. Nardelli a minimum bonus of $3 million under the terms of his contract, rather than the $7 million he received in 2005. … A director, however, speaking on the condition of anonymity, insisted that compensation was not the reason for Mr. Nardelli's departure and that there was no 'smoking gun' behind his resignation. … The fall of Mr. Nardelli is the latest illustration of chief executives and boards coming under pressure when rich executive pay yields few apparent returns in the form of a rising stock price or improving profits. Outsize executive pay has increasingly become a flash point for investors, lawmakers and regulators."

ABC World News (1/3, story 8, 2:35, Gibson) reported, "As Nardelli leaves the company, far earlier than planned, he gets the $210 million. … He walks away with more money leaving the company in than he made in the six years he stayed with the company."

CBS Evening News (1/3, story 11, 2:00, Couric) reported, "As Home Depot's stock price was sliding down, CEO Bob Nardelli's pay kept going up. Over six years, Nardelli was paid more than $120 million. Furious shareholders finally got fed up."

NBC Nightly News (1/3, story 12, 0:40, Williams) reported, "Bob Nardelli is out as CEO of Home Depot. That company's shareholders spent much of the past year in open revolt over the CEO, Nardelli's, massive pay package even as the company's stock price fell on his watch. Today we learned how much he is getting when he leaves Home Depot, $210 million. In business that is called a golden parachute. In life it is known as a fortune. Incoming chairman of the House Financial Services Committee Barney Frank said today Nardelli's severance pay is a sign the company's board is totally out of touch."

Critics Decry Lucrative Severance Package. The Los Angeles Times (1/4, Zimmerman, Kristof) reports, "Corporate pay critics were prepared to cheer the abrupt departure of beleaguered Home Depot Inc. chief Robert Nardelli Wednesday — but then they got a look at the bill. … Nardelli, who was one of the nation's best-paid chief executives, will get a severance package valued at $210 million. That dismayed some corporate watchdogs who have seen a string of departing CEOs collect high-dollar payouts in recent months. … 'This board should be ashamed of themselves,' said Nell Minow, an expert on executive compensation at Corporate Library, a research firm. 'I would like to see several board members leave in acknowledgment of their utter failure.'" The Times notes, "Shareholder activists said he was a preeminent example of runaway executive pay, while investors saw the value of their Home Depot stock sink 12% in his tenure. One Wall Street analyst faulted him for an 'autocratic' management style. … Despite disappointment over the severance pay, the surprise resignation counts as a win for shareholder advocates who zeroed in on pay packages that provided Nardelli more than $140 million since he took over in December 2000."

USA Today (1/4, 1B, Jones, Krantz) reports, "About the only good news for Nardelli is that Home Depot is giving him a $210 million severance package, whose terms were set in

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the employment contract he received in 2000. But that leaves him as the most visible target for Democrats now in control of Congress. House Financial Services Committee Chairman Barney Frank, D-Mass., pounced on the figure as more evidence that Congress needs to intervene in executive pay, and the Laborers' Union on Wednesday asked Home Depot to adopt a proposal requiring that the board get shareholder approval for what it called extraordinary retirement benefits."

Nardelli Failed To Understand Changing CEO Role. The Wall Street Journal (1/4, Murray) reports, "Robert Nardelli's demise as chief executive of Home Depot resulted, in part, from his failure to understand how profoundly the job of CEO has changed in recent years. … Mr. Nardelli was old school. In an interview last fall, as his public-relations problems were compounding, he acknowledged he had gotten 'too focused on the idea that you do your job, you take care of your numbers, and the rest will take care of itself.' Some of Mr. Nardelli's numbers were hard to argue with. In six years on the job, he doubled Home Depot's sales and more than doubled its earnings. … What Mr. Nardelli missed, however, is that in the post-Enron world, CEOs have been forced to respond to a widening array of shareholder advocates, hedge funds, private-equity deal makers, legislators, regulators, attorneys general, nongovernmental organizations and countless others who want a say in how public companies manage their affairs. Today's CEO, in effect, has to play the role of a politician, answering to varied constituents. And it's in that role that Mr. Nardelli failed most spectacularly."

More Commentary. The New York Times (1/4) editorializes, "There was good news and bad news yesterday for shareholders of Home Depot. The good news is that Robert Nardelli, the imperious chief executive who had presided over a difficult, stagnant period for the company, has resigned. The bad news is that he'll be taking $210 million worth of compensation with him, one of the highest severance packages ever, which is saying a lot in this era of runaway executive pay." The Times continues, "Mr. Nardelli may be best known for his shocking performance at the company's annual meeting in May, which has become a symbol of the arrogance of overpaid, out-of-touch, and unresponsive executives. … Top executives, like Mr. Nardelli, have been coddled to the point that they expect and receive "golden hellos" worth millions on their way in, golden parachutes worth even more on their way out, and the equivalent of golden seat cushions to park on comfortably throughout their tenure — often largely unrelated to their actual performance." The Times concludes, "While the fortune Mr. Nardelli is taking with him — including a $20 million cash severance payment — sticks in the craw, we hope this will be the beginning of a new era of accountable management for Home Depot. Robert Monks, the longtime corporate governance advocate, calls it 'the scars of progress.' There is no question that Mr. Nardelli's departure is a victory for the activist groups that attacked the status quo at Home Depot, and all those who would follow in their footsteps."

In a column for the Washington Post (1/4, D1), Allan Sloan writes, "When regular people lose their jobs -- often through no fault of their own -- they've got to fight tooth and nail for every penny. Yet here's Home Depot's chief executive, Bob Nardelli, leaving with $210 million despite not having done much of a job for anyone other than himself." Sloan continues, "It's tempting to huff and puff about executive pay being out of control, which in many cases it clearly is. What's truly amazing here is that if you read Home Depot's documents, you discover that Nardelli did not negotiate any special exit package. Home Depot, as best I can tell, is paying him nothing more than called for by the contract that he signed in 2000 when the company 'won' the bidding war to get him. … The problem isn't what Nardelli's getting to leave Home Depot. It's what he got to join the company when he signed his employment contract on Dec. 4, 2000. At the time, Nardelli was considered one of the two hottest CEO prospects in the country, along with Jim McNerney, who now runs Boeing. Nardelli and McNerney, both longtime General Electric executives, had just lost out to Jeff Immelt in the highly publicized battle to succeed Jack Welch as GE's chief. … Ken Langone, one of Home Depot's co-founders and a big fan of the 'it's impossible to pay a good CEO too much' school of compensation, played a key role in signing Nardelli. Langone, you may recall, was also heavily involved in the controversial compensation package of Dick Grasso, the departed chief executive of the New York Stock Exchange."

Free Enterprise Fund's Suit May Force Review Of Sarbanes-Oxley. The Legal Times (1/4, Garamfalvi) reports, "The new Congress convening this month may be more willing to tinker with the Sarbanes-Oxley Act than the previous one. After all, the law's chief architects, Rep. Michael Oxley (R-Ohio), former chairman of the House Financial Services Committee, and Sen. Paul Sarbanes (D-

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Md.), the former ranking member on the Banking Committee, have retired. … But even if Congress doesn't bring the 2002 corporate-reform law to the floor, a D.C.-based free market group's lawsuit challenging its constitutionality could force Congress to reconsider the law." The Times continues, "Late last month, Judge James Robertson of the U.S. District Court for the District of Columbia heard arguments in a case filed by the Free Enterprise Fund and Beckstead and Watts, a Nevada accounting firm that focuses its auditing businesses on small companies. Beckstead is under investigation by the Public Company Accounting Oversight Board (PCAOB) for auditing deficiencies." The Times adds, "The fund and Beckstead claim the PCAOB lacks accountability and that the provisions of Sarbanes-Oxley that established the board are unconstitutional because they violate the constitutional requirement that key executive branch officials be appointed by the president and infringe upon the president's authority. … Although the suit specifically targets the accounting board, the fund has made no bones about the fact that it hopes to prompt a full-scale review of the act, which Congress passed to restore investor confidence in the wake of a series of corporate scandals involving Enron, WorldCom, and a bevy of other companies. The board was created to oversee the formerly self-regulating accounting industry's auditing of public companies and make sure that accounting firms don't merely rubber-stamp bogus financial statements that were at the core of many of those scandals."

CRIMINAL LAW:

DOJ IG Audit Raises Questions About Grants Management. USA Today (1/4, Johnson) reports, "Thousands of Justice Department grants aimed at assisting police and local public-safety programs have been mismanaged, and auditors questioned $726 million in costs over eight years, according to an internal review released Wednesday by the department's inspector general." USA continues, "Federal auditors found a backlog of more than 12,000 expired grants that had not been properly 'closed out,' meaning any legal, compliance or audit issues were not fully resolved. Money that could have been applied to other crime-fighting programs was left unused. … 'If the grants had been closed out more timely, hundreds of millions of dollars in questioned costs could have been used to provide the Department of Justice with additional resources to fund other programs or returned to the federal government's general fund,' the Justice Department's Office of Inspector General concluded in its report." USA adds, "Federal auditors reviewed $25 billion in grants managed by the Community Oriented Policing Services (COPS), Office of Justice Programs (OJP) and the Office on Violence Against Women (OVW) between 1997 and 2005, before concluding that Justice had 'substantially failed' to ensure that grants were closed out appropriately."

The Washington Times (1/4, Seper) reports, "The audit said unused grant funds totaling an additional $172 million that were more than 90 days past the grant expiration date had not been freed up." The Times continues, "It also identified a backlog of 12,000 other expired grants, 67 percent of which had been void for more than two years; said 41 percent of the expired grants did not comply with financial- and program-reporting requirements; and noted that the department had awarded 129 new grants worth $106 million to noncompliant grantees. … 'While the federal government continues to play an important role in crime-fighting, much of the responsibility for crime control and prevention rests with state, local and tribal governments,' said Inspector General Glenn A. Fine, noting that the Justice Department has awarded billions of dollars in grants to help state and local governments improve their ability to prevent crime and administer criminal-justice programs. … 'The timely closeout of grants is an essential financial management practice to identify any excess and unallowable funds that should be returned by the grantee, as well as unused funds that should be deobligated and put to better use,' Mr. Fine said."

The AP (1/4, Jordan) reports, "Justice Department spokesman Brian Roehrkasse disputed the bulk of the audit's findings and said that Congress last year took back $125 million in unused money from expired grants. He said (the IG's) office mistakenly interpreted regulations that govern the grant programs that, if followed, would deprive state, local and tribal authorities of funding." The AP notes, "At issue is the way three Justice Department offices manage grants for state, local and tribal law enforcement agencies." The IG's office "has repeatedly raised what it termed serious concerns with the department's oversight of the grants for community policing, prosecuting crimes against women, and others awarded by the Office of Justice Programs."

Federal Prosecutors Subpoena Files Of Three House Committees In Cunningham

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Probe. The Los Angeles Times (1/4, Schmitt) reports, "Federal prosecutors in San Diego have subpoenaed documents from three House committees as part of an investigation into special-interest earmarks in spending bills." The Times continues, "The demand ratchets up an investigation by the U.S. attorney's office in San Diego into contracts awarded by the Defense Department and other agencies. The probe stems from the bribery case against Rep. Randy 'Duke' Cunningham (R-Rancho Santa Fe), who pleaded guilty and resigned in 2005." The Times adds, "The scope of the investigation is unclear, although the request for documents is considered unusually broad. … The subpoenas, which follow a failed attempt by the Justice Department to persuade the Republican Congress to voluntarily turn over thousands of documents, could test Democrats' pledge to reform ethics in the new Congress. Last year, House Minority Leader Nancy Pelosi (D-San Francisco) — who today becomes House speaker — opposed a broad-based Justice Department search warrant targeting Rep. William J. Jefferson (D-La.)." The Times notes, "The subpoenas went to the armed services, appropriations and intelligence committees, whose Republican chairmen reported the subpoenas to outgoing House Speaker J. Dennis Hastert (R-Ill.) in letters dated two weeks ago. … The subpoenas were made public Wednesday by the Congressional Record online. The House is supposed to turn over the requested records by Jan. 11 or else file an objection with the U.S. District Court in San Diego. Typically, such deadlines are extended. … The subpoenas are an escalation of a nine-month tug-of-war between the Justice Department and House Republicans. Prosecutors had asked the committees to turn over the information voluntarily."

Los Angeles Seeks DOJ Help In Securing Additional Anti-Gang Funding. The Los Angeles Times (1/4, Garvey, McGreevy) reports, "Los Angeles Mayor Antonio Villaraigosa on Wednesday appealed to U.S. Attorney General Alberto Gonzales for additional funding and prosecutorial help to combat gang-related crime, kicking off what officials say will be a year-long push to tackle one of the region's most intractable problems." The Times continues, "In the city of Los Angeles, gang crime increased 14 percent in 2006 -- the first rise in four years) and an uptick Villaraigosa and William J. Bratton, chief of the Los Angeles Police Department, say threatens to overshadow last year's overall 8 percent drop in serious and violent crime across the city. … 'We agreed that Los Angeles is the epicenter of the nation's gang crisis, and an effective assault on gang crime will require increased suppression, intervention and prevention measures,' Villaraigosa said after his 40-minute meeting with Gonzales in Washington, D.C." The Times adds, "The mayor sought millions of dollars in federal grants to target gangs in several trouble spots. In addition, the mayor said he would like the attorney general to provide help in prosecuting civil-rights cases when gang members target others based on race. … The latest push to tackle gang crime comes on the heels of numerous anti-gang initiatives -- none of which have done much to diminish the influence and damage done by the region's scores of active street gangs."

KABC-TV, Los Angeles, CA (1/3, 6:00 a.m.) broadcasted, "Mayor Antonio Villaraigosa will meet with the Attorney General Alberto Gonzales in Washington, DC today. The issue at hand was reducing gang violence. Villaraigosa and Gonzales are accurate expected to discuss how Los Angeles and the Justice Department can coordinate the gang suppression strategy, fight transgangs and support for anti-gang and prevention programs, overall, the crime Los Angeles is down but gang violence is up." Many other stations in Los Angeles also broadcasted this story, as well as San Diego. Some examples in Los Angeles are: KCAL-TV (12/3, 12:00 p.m.), KCBS-TV (12/3, 11:00 a.m.), KNBC-TV (1/3, 5:00 a.m.), KTLA-TV (1/3, 10:00 p.m.), KVEA-TV (1/3, 6:00 a.m.), and KSWB-TV, San Diego (1/3, 8:00 a.m.).

Anti-Crime Initiative May Figure In State Of The Union. The White House Bulletin/US News (1/3) reported, "White House officials say President Bush is considering an anti-crime initiative as one of his big new proposals in the State of the Union address January 23. The Justice Department is taking the lead on the issue, prompted in part by increases in violent crime around the country that is a growing concern for law enforcement officials and everyday Americans. 'It's primarily a local responsibility but the federal government can help,' says a senior administration official. The details aren't being released publicly yet, but officials at Justice are taking a close look at the most effective crime-fighting techniques around the country and are assessing where the feds can do the most good. 'We're trying to come up with an effective way to deal with it,' the senior official told US News and the Bulletin."

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Former Wecht Employee Pleads Guilty To Corruption Charges. The Pittsburgh Post-Gazette (1/4, Ward, 230K) reports, "The former chief histologist in the Allegheny County coroner's office pleaded guilty yesterday to three federal charges and agreed to cooperate with prosecutors." George Hollis "pleaded guilty to theft from an organization that receives federal funds, failure to file a tax return and making false statements. He also agreed to 'provide truthful assistance to the United States,' presumably in the upcoming trial of his former boss, Dr. Cyril H. Wecht." The Post-Gazette notes, "The charge for making a false statement stemmed from an interview with the FBI in April 2005 in which Mr. Hollis said he only worked for Dr. Wecht's private business on weekends." The AP (1/4) adds, "Assistant U.S. Attorney Stephen Stallings told District Judge Arthur J. Schwab that Hollis spent a 'significant and substantial' part of his county work week doing histology work for Wecht's private business."

Missouri Councilwoman Indicted On Mortgage Fraud Charges. KMBC-TV Kansas City, MO (1/3) reports on its Web site from a broadcast story, "Kansas City Councilwoman Saundra McFadden-Weaver and two others were indicted Wednesday in a suspected mortgage fraud scheme. … Also indicted were Emanuel Kind, whom the councilwoman has described as an acquaintance and minority contractor. Ricky Hamilton, an employee of a mortgage company in Grandview, was also named. 'I've never intentionally broke the law, and I'm not about to start today,' McFadden-Weaver said during a news conference. … She told KMBC's Micheal Mahoney that she will not resign from the City Council and will continue to campaign for re-election this spring." The Kansas City Star (1/4, A1, Morris, Horsley, Mansur, 271K) adds that McFadden-Weaver declared yesterday, "I'm sure in the near future I will be vindicated," and "her attorney, Ron Partee, also said the councilwoman would fight the allegations."

The Kansas City Business Journal (1/3) notes, "The charges against McFadden-Weaver do not involve public money. The first count of the indictment alleges that McFadden-Weaver, Kind and Hamilton conspired to defraud mortgage lenders by agreeing that McFadden-Weaver would get a loan to buy a home," in which Kind would live "and pay the mortgage and other expenses." US Attorney Bradley Schlozman said that "the three prepared material false and fraudulent and misleading loan applications and documents in support of the loan applications," and "the lender lost $150,000 on the loans when the property was foreclosed on."

Bruno Reelected New York Senate Majority Leader Despite Federal Probe. The AP (1/4, Johnson) reports, "Senate Majority Leader Joseph Bruno, who faces a federal inquiry into his outside business activities, was unanimously re-elected to his post Wednesday." Bruno was elected "on a voice vote and no one expressed opposition," although GOP Sen. John Bonacic, who has called for Bruno's ouster, "walked out as the rest of the chamber approved Bruno." The AP notes, "Bruno has said did nothing wrong and was cooperating with the investigation that he said began in the spring of this year. 'Judge me by what I have done, not what I have not done,' Bruno said Wednesday."

Bruno Ally Blames FBI Probe On Lobbying Watchdog. The New York Daily News (1/4, Mahoney, 729K) reports, "A top ally of embattled state Senate Majority Leader Joe Bruno blamed lobbying watchdog David Grandeau yesterday for stirring up the FBI probe of New York's most powerful Republican. 'I have no doubt David Grandeau is behind this,' Sen. Dale Volker (R-Depew) told the Daily News yesterday." He "also maintained that Bruno is 'not the target' of the FBI, and said his boss has been beyond cooperative with investigators." However, "Grandeau shrugged off Volker's accusation, saying the lawmaker can offer no proof to support his claim." The Daily News notes, "Bruno declined yesterday to respond to questions concerning the FBI probe."

DC Man Sentenced To 26 Tears In Killing Of Journalist. The Washington Post (1/4, B10, Cauvin) reports, "One of the men who killed New York Times journalist David E. Rosenbaum last year was sentenced yesterday to 26 years in prison." The Post continues, "Originally charged with first-degree murder, Michael C. Hamlin, 24, could have faced a life sentence had he not agreed to plead guilty to second-degree murder and testify against his cousin and co-defendant, Percey Jordan. … Prosecutors said Jordan was the assailant who actually struck Rosenbaum on a Northwest Washington street last Jan. 6. Jordan was convicted in October of first-degree murder and is to be sentenced Jan. 12 in D.C. Superior Court." The Post adds, "Rosenbaum, 63, died two days after he was robbed and beaten on Gramercy Street while taking an after-dinner walk in his neighborhood. What looked like a

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brutal, random attack soon swelled into a scandal, as investigators uncovered a string of errors in the emergency medical care provided to Rosenbaum, at the scene, in the ambulance and at Howard University Hospital, where he died. … During his campaign for mayor, Adrian M. Fenty blasted the chief of the Department of D.C. Fire and Emergency Medical Services for the failings. Last week, Fenty named an interim chief to replace Adrian H. Thompson as head of the department while the search for a permanent successor continues."

US Moves To Dismiss Child Sex Charges Against Retired FBI Agent. The AP (1/4) reports, "Federal prosecutors have moved to dismiss charges against a retired FBI agent who was indicted on child sex charges dating back more than a decade when he was a Boy Scout leader, in response to the death of his accuser. William Hutton, 63, of Killingworth, was arrested in February on charges that allege he enticed a member of his Scout troop to Maine for the purpose of sexual activity in 1994 and 1995." The adds, "Hutton's lawyer, Hugh F. Keefe of New Haven, stressed Hutton had pleaded not guilty. 'Mr. Hutton was very upset by the news of the passing of the gentleman,' Keefe said. Hutton had been released on a $200,000 bond."

Convicted Abortion Doctor Murderer Faces Federal Trial This Week. The AP (1/4, Thompson) reports, "More than eight years after James Kopp gunned down an abortion provider in his home, the government will get its chance to prosecute the anti-abortion extremist already convicted of murder -- with the goal of eliminating any distant chance for his release. Kopp, 52, is serving a 25-year-to-life state sentence after being found guilty of second-degree murder in the 1998 sniper slaying of Dr. Barnett Slepian. In a federal trial starting this week, the government will argue that by shooting an abortion provider, Kopp violated the 1994 Freedom of Access to Clinic Entrances Act. … Conviction could carry a sentence of life without parole." The AP notes, "Authorities hunted 2 1/2 years for Kopp after the shooting, adding him…to the FBI's list of the Ten Most Wanted fugitives in June 1999."

Coca-Cola Seeks To Block Theft Suspect's Access To Data. The AP (1/4, Weber) reports, "The Coca-Cola Co. sought Wednesday to block a defense lawyer's request for documents in a trade secrets theft case that relate to products the world's largest beverage maker developed but never launched." The AP continues, "The Atlanta-based company filed a motion in federal court to quash a subpoena by Joya Williams' lawyer for the documents in preparation for Williams' Jan. 16 trial. Williams is charged with conspiring to steal trade secrets from Coca-Cola in an effort to sell them to rival Pepsi." The AP adds, "Two co-defendants have already pleaded guilty in the case, and at least one is expected to testify against Williams, a former Coca-Cola secretary who worked for the company's global brand director at its headquarters. … According to the motion, Williams' lawyer, Janice Singer, has subpoenaed 19 categories of records from Coca-Cola. … The company is objecting to production of two of the categories: documents reflecting all products Coca-Cola developed or which were in development which it decided not to launch within the last three years, and documents reflecting all marketing strategies formulated by or for Coca-Cola that were termed confidential or secret but were not used in the last three years." The AP notes, "Williams, Edmund Duhaney and Ibrahim Dimson were indicted July 11 on federal conspiracy charges. The three were accused of stealing new product samples and confidential documents from Coca-Cola and trying to sell them to Purchase, New York-based PepsiCo Inc."

Former Qualcomm Employee Gets Probation For Trade Secret Theft. The AP (1/4, Spagat) reports, "A former Qualcomm Inc. employee who downloaded nearly 450,000 files of secret source code to his home computer before quitting to take a job with rival Nokia Corp. was sentenced to three years' probation Wednesday for stealing trade secrets. Michael Laude, 47, had code that represented 'virtually all of Qualcomm's product line,' according to the U.S. attorney's office in San Diego. A thorough investigation produced no evidence that he shared the code with his new employers at Nokia, a major Qualcomm rival, said Mitch Dembin, an assistant U.S. attorney, though Laude 'had enough information to bring Qualcomm to its knees.'" The AP notes, "Qualcomm raised concerns about Laude to the FBI after Nokia identified him in 2004 as an architect of a software platform designed to compete with Qualcomm's own products, according to the federal government and Qualcomm."

Indiana Police Officer Sentenced To 15 Years In Prison For Child Porn Production.

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The AP (1/4) reports, "A former Henry County police officer was sentenced to 15 years in federal prison for producing child pornography. U.S. District Court Judge David F. Hamilton sentenced Eric A. Rinehart, 34, of Middletown on Wednesday on two counts of producing pornography that showed minors engaging in sexually explicit conduct, U.S. Attorney Susan Brooks said. Rinehart, who pleaded guilty to the charges, admitted to making sexually explicit photos and movies involving minors then 16 and 17 years old." The AP notes, "Rinehart had been a five-year member of the Middletown Police Department and a member of a Henry County SWAT team when state police and FBI agents arrested him Aug. 12 at his home."

DC Teacher Charged With Sexual Abuse Of Teen. The Washington Post (1/4, B10, Cauvin) reports, "A 41-year-old D.C. public school teacher has been charged with having sex with a 13-year-old girl in what authorities say was one of several sexual encounters he had with the junior high school student." The Post continues, "Ricardo Roberts, a social studies teacher and basketball coach at J.H. Johnson Junior High School in Southeast Washington, was charged with first-degree child sex abuse after he was arrested last month at his Alexandria home. … He is being held without bond. School officials said he has been suspended from his job." The Post adds, "In charging documents filed after his arrest and in testimony yesterday in D.C. Superior Court, police said Roberts not only had sex with the girl in a classroom but also took her to his home and had sex with her there. … The alleged relationship came to light last month after a witness working in the school after hours Dec. 4 reported seeing the girl emerge from a room where Roberts had been seen changing his clothes a short time earlier, according to the charging papers. … Arguing before Judge Lee F. Satterfield, Roberts's attorney, Kelli Neptune, assailed the credibility of the government's case. … But the prosecutor, Assistant U.S. Attorney Mark O'Brien, said that the witness statements corroborated key elements of the girl's account and that the girl was able to describe in detail the interior of the defendant's home."

CIVIL LAW:

Unions Sue Department Of Labor. The Hill (1/4, Holzer) reports, "The AFL-CIO and the largest union for food and commercial workers filed a lawsuit yesterday to force the Department of Labor to finalize a rule requiring employers to pay for face shields, rubber boots and other protective gear used by low-wage workers in the meatpacking, poultry and construction industries." The groups "contend that the Bush administration has been willfully dragging its feet on completing the standard, which was proposed in 1999 by the Clinton-era Occupational Safety and Health Administration (OSHA), due to an ideological opposition to regulating businesses." The New York Times (1/4, Greenhose, 1.16M) also reports the story.

Court Extends Employment Rights To Some Probationary Workers. Under the headline, "Agencies Warned About Firing Probationary Employees," the Washington Post's (1/4, D4, Barr) "Federal Diary" column reports, "Most federal employees spend a year on probation after being hired, and the rules for job tryouts make it relatively easy for managers to weed out poor performers and show them the door. But a new report" by the Merit Systems Protection Board "suggests that agencies can no longer assume they have such leeway. Two federal court rulings have found that federal employees on probation may be entitled to challenge the merits of their dismissal, just as a permanent civil service employee can." The Post adds that in the two cases, "the US Court of Appeals for the Federal Circuit interpreted federal employment law and regulations to allow certain employees on probation to challenge agency decisions to end their employment."

US Appeals Ruling In Oregon Medicare Fraud Case. The Eugene (OR) Register-Guard (1/4, Christie) reports, "The U.S. Justice Department has appealed a judge's ruling that federal investigators could not gain access to a legal file created on behalf of four Eugene heart surgeons under investigation for alleged Medicare fraud. … Notice of the appeal to the U.S. 9th Circuit Court of Appeals was filed in U.S. District Court in Portland on Dec. 29." The Register-Guard continues, "Federal authorities want the appeals court to overturn U.S. District Judge Anna Brown's ruling that the four doctors each retained individual attorney-client privilege over the file. The documents in question were created by a Boston lawyer the doctors hired before they sold their practice to PeaceHealth, parent corporation of Sacred Heart Medical Center, in November 2004." The Register-Guard adds, "Federal authorities want to see the file as part of their long-running investigation into the doctors. … The case

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involves Drs. David Duke, Stanley Baldwin, Warren Glover and the now-retired Richard Hicks, and their Eugene practice, Cardiovascular Surgical Associates. … The central allegation in the case, according to an affidavit filed in March by a federal investigator, is that the doctors billed Medicare and Medicaid for surgeries in which a single doctor would be listed as the lead surgeon on one operation and as the assisting surgeon on a second operation going on at the same time, or in which a single doctor would be shown assisting multiple surgeries that were happening at the same time."

CIVIL RIGHTS:

Bush Protestors Face Trial In Pennsylvania. The AP (1/4, Rubinkam) reports from Allentown, PA, "When protesters were arrested at a St. Patrick's Day parade while holding signs likening President George W. Bush to Adolf Hitler, the crowd cheered the police." The AP continues, "Police say the two protesters, Kurt Shotko and Victor Bobrzyk, were arrested only after they refused to stop blocking people's views of the parade last year in Wilkes-Barre, Pennsylvania. The American Civil Liberties Union suspects a more sinister motive: an attempt to stifle unpopular speech." The AP adds, "Charged with disorderly conduct and resisting arrest, the pair are scheduled for trial in Luzerne County Court this month. … 'We think it was about the content of the speech. They weren't blocking anybody's view,' said ACLU lawyer Paula Knudson, who is defending Shotko and Bobrzyk in court. 'They were being very respectful of the people in the parade.'" The AP notes, "Police Chief Gerry Dessoye said his officers acted professionally and that the arrests were justified. … 'The issue wasn't the size or necessarily the content of the signs; the issue was they were blocking the view,' said Dessoye. He contended the case has nothing to do with free speech, and that the protesters 'want to turn it into something more than it is.' … Amateur video of the March 13 parade, which included Democratic Gov. Ed Rendell and U.S. Rep. Paul Kanjorski, a Pennsylvania Democrat, shows Shotko and Bobrzyk standing in the crowd along the sidewalk, holding aloft large signs attached to wooden poles. … It is unclear from the video whether the signs blocked anybody's view. But according to a police affidavit, City Administrator J.J. Murphy, a top aide to Mayor Tom Leighton, approached Shotko and Bobrzyk and asked them to either lower the signs or move to the rear of the crowd."

Poe Criticizes Justice Department On Border Patrol Agents' Conviction. CNN Lou Dobbs Tonight (1/3, 6:39 p.m.) broadcasted, "Two US Border patrol agents convicted of shooting a Mexican drug dealer that they were at the time pursuing across the border are scheduled to begin serving their prison terms later this month. Members of congress have petitioned the President to pardon those agents. … The US Justice Department had to go after these two agents, they had to make a conscious decision to do this and had to do so, I'll say it straight out, but it seems like they had to do so at direct orders of Alberto Gonzales. … TX Rep. Ted Poe, "The Justice Department had a choice to prosecute a drug dealer or prosecute two border agents that violated some policy and they chose the side of the drug smuggler…"

Atheist Movement Takes On Religious Influence On Government. The Christian Science Monitor (1/4, Lampman, 59K) reports, "In bestselling books, on websites, and with a national lobbying effort, atheists and other nontheists are challenging the growing religious influence in government and public life." Two books, "The God Delusion," and "Letter to a Christian Nation," have "hit the top of Publishers Weekly's religion bestseller list," and are "no-holds-barred, antireligion polemics that call for the eradication of all manifestations of faith."

Turley Criticizes "Judeo-Christofascism," Bush's Silence On Ellison Controversy. Jonathan Turley writes in USA Today (1/4, 9A, 2.27M), "The newest member of the Minnesota delegation, Keith Ellison, would appear to be the very model of a god-fearing congressman whom conservatives have longed for. Yet Ellison has been denounced as a constitutional blasphemer after discussing his upcoming oath of office. The problem was not with Ellison's oath, but with his god -- Ellison is Muslim (our nation's first in Congress) and intends to use the Quran today to pledge to serve faithfully before Allah. Judging from the outcry, one would think that Ellison wanted to use the January edition of Penthouse." Turley derides "America's permanently angry class of religious zealots," and says "President Bush has not addressed the controversy, even though it was started by one of his appointees -- a rabid talk show host named Dennis Prager whom Bush appointed to the prestigious United States Holocaust Museum Board. … Bush's silence is curious given his tireless campaign against

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'Islamofascists,' extremists who seek to force people to conform to their Islamic faith. In this age of hyphenated fascism, what do we call Jews or Christians who want to force non-believers to swear to the Bible? Judeo-Christofascists?" Turkey concludes, "Just as fascism is the ugly face of nationalist politics, Judeo-Christofascism is the ugly face of faith-based politics."

ANTITRUST:

Northrop Grumman Refiles Bid For Essex With FTC. The AP (1/4, Borak) reports, "Military contractor Northrop Grumman Corp. on Wednesday confirmed plans to refile its merger notice with federal regulators on its planned acquisition of small cybersecurity company Essex Corp." The AP continues, "Los Angeles-based Northrop confirmed Wednesday plans to withdraw and refile its pre-merger notice in order to extend the 30-day regulatory waiting period to provide additional time for federal antitrust authorities to review the proposed sale." The AP adds, 'Analysts speculate possible stipulations in the proposed deal may not have been resolved ahead of the deadline, which could potentially delay the completion of the deal. … 'There's been some objections or additional information requested by the regulators,' analyst Paul Nisbet of JSA Research Inc., said in a telephone interview. 'They must see some various areas that have been pointed out to them by competitors and they're wanting to take a closer look at.' … Northrop initially filed its pre-merger notification with the Federal Trade Commission shortly after it announced plans to buy Essex on Nov. 8 for $24 per share, or about $580 million in cash, including assumed debt. … The proposed deal requires the approval of Essex shareholders and the regulatory agency."

Washington Foundation Sues Nokia, Samsung, Matsushita Over Bluetooth. The Wall Street Journal (1/4, Kim) reports, "A Seattle research foundation has filed a complaint against Matsushita Electric Industrial Co., Samsung Electronics Co. and Nokia Corp. for alleged violation of patents on products containing wireless Bluetooth chipsets." The Journal continues, "Bluetooth allows two or more electronic devices to communicate with each other through a radio frequency rather than physical wire connections. … The suit, filed in the U.S. District Court for the Western District of Washington on Dec. 21 by the Washington Research Foundation, alleges that the three, along with their U.S. units, used and imported into the U.S. products containing Bluetooth chipsets made by companies other than Washington Research licensee Broadcom Corp." The Journal adds, "The complaint said the products contained Bluetooth chipsets made by CSR PLC of the U.K."

ENVIRONMENT:

Tennessee Environmental Cleanup Firm Pays $300,000 Pollution Fine. WATE-TV Knoxville (1/3, Miller) reported on its Web site from a broadcast story, "The environmental cleanup firm Duratek Federal Services has paid a $300,000 fine for sending thousands of gallons of radioactive waste into a local creek. Duratek pleaded guilty on December 20 to discharging up to 400,000 gallons of water containing radionuclides, into Bear Creek, near Oak Ridge in September of 2002." WATE added, "In announcing the fines…in Knoxville Wednesday afternoon, officials said Duratek had been contracted to clean up a site at an above-grade disposal facility on the Oak Ridge National Laboratory reservation. An FBI special agent in charge said the company violated the trust put in them."

WPost Says Localities Addressing Climate Change As Washington "Fails To Lead." In an editorial, the Washington Post (1/4, 690K) writes that "as Congress and the White House inevitably spar over how and how much to cut greenhouse emissions, state and local governments across the country will choose to address climate change on their own. In the Washington area, the District and Montgomery County recently enacted solid measures to cut carbon emissions, joining states such as California and cities such as New York. Fortunately, other localities are following their lead." The chairman of the Arlington County Board "announced this week that he wants to implement a raft of new measures to cut his jurisdiction's greenhouse emissions 10 percent by 2012." The Post concludes, "We hope that more cities, counties and states take note while the federal government fails to lead."

FBI/DEA/ATF/USMS:

FBI Releases Files On Rehnquist Nominations. The AP (1/4, Sherman, Yost) reports,

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"The FBI was directed by two Republican administrations to run background checks on Senate witnesses critical of William Rehnquist, first when he was named to the Supreme Court in 1971 and again when he was nominated as chief justice in 1986." The AP continues, "Newly released FBI documents show that the inquiries were ordered by officials in the Nixon administration and in the Reagan administration. … In addition, the documents provide details about Rehnquist's dependence on painkillers." The AP adds, "The disclosures were among 1,561 pages released by the bureau to The Associated Press, other news organizations and scholars in response to requests made under the Freedom of Information Act following Rehnquist's death in September 2005. … Another 207 pages were withheld under the federal disclosure law, while the FBI said an entire section of Rehnquist's file could not be found." The AP notes, "Much of the FBI's file on Rehnquist appear to have been compiled almost exclusively for his two Senate confirmations - his initial nomination to the court by President Nixon and his nomination as chief justice by Reagan in 1986. … Democrats were hopeful the FBI would turn up damaging material from Rehnquist's past, principally on civil rights issues. Top Republican officials appeared determined to prevent surprises from sinking his nominations."

The Legal Times (1/4, Mauro) reports, "The late Chief Justice William Rehnquist's Senate confirmation battles in 1971 and 1986 were more intense and political than previously known, according to a newly released FBI file that also offers dramatic new details about Rehnquist's 1981 hospitalization and dependence on a painkiller." The Times continues, "The FBI file on Rehnquist, released last week under the Freedom of Information Act, reveals that in 1971, as Rehnquist's confirmation hearings for associate justice approached, the Nixon Justice Department asked the FBI to run a criminal background check on at least two potential witnesses who were expected to testify against Rehnquist. Then-FBI Director J. Edgar Hoover approved the request." The Times adds, "In July 1986, when President Ronald Reagan nominated Rehnquist to be chief justice, the Justice Department asked the FBI to interview witnesses who were preparing to testify that Rehnquist had intimidated minority voters as a Republican Party official in Arizona in the early 1960s. According to a memo in the Rehnquist file, an unnamed FBI official cautioned that the department 'should be sensitive to the possibility that Democrats could charge the Republicans of misusing the FBI and intimidating the Democrats' witnesses.' But then-Assistant Attorney General John Bolton -- who more recently served as ambassador to the United Nations -- signed off on the request and said he would 'accept responsibility should concerns be raised about the role of the FBI.' It is unclear whether the FBI ever interviewed the witnesses. … Also in 1986, the FBI conducted an intensive investigation into Rehnquist's dependence on Placidyl, a strong painkiller that he had taken since the early 1970s for insomnia and back pain. Rehnquist's bout with drug dependence had been made public in 1981, when he was hospitalized for his back pain and suffered withdrawal symptoms when he stopped taking the drug."

FBI Drops Effort To Obtain Anderson Documents. The AP (1/4, Jordan) reports, "The FBI has abandoned its effort to recover government documents leaked to Jack Anderson, a longtime investigative reporter who died in December 2005. … In blunt answers to a 147-page questionnaire from the Senate Judiciary Committee, dated Nov. 30" and posted yesterday on the Federation of American Scientists Web site, "Acting Associate Attorney General James H. Clinger said the FBI was not seeking any of Anderson's documents." The AP notes Clinger's letter to outgoing committee Chairman Arlen Specter "did not explain why the FBI had dropped the probe, and a Republican aide to the committee said Wednesday that was also unclear to lawmakers."

Son Cooperates With Prosecutors In Cali Cartel Case, Gets Reduced Sentence. In Miami, the AP (1/4) reports a Colombian man "was rewarded with a nearly 17-year prison sentence reduction for helping prosecutors find billions of dollars in drug-tainted assets in the Cali cocaine cartel case against his kingpin father and uncle," according to court records. William Rodriguez Abadia "now has just more than four years to serve on his own drug-trafficking conviction after U.S. District Judge Federico Moreno last month approved chopping his initial prison term from nearly 22 years." The AP adds that Rodriguez Abadia "is the son of Miguel Rodriguez Orejuela and nephew of Gilberto Rodriguez Orejuela, who pleaded guilty in September to U.S. drug charges and are each serving 30-year prison sentences. The two brothers built the Cali cartel into the world's biggest cocaine supplier, once responsible for 80 percent of the cocaine smuggled into the United States." The Orlando

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Sentinel, Gainesville Sun, Bradenton Herald, and Florida Times-Union used the AP story.

Bank In Tennessee Fights Forfeiture Order On Buildings Linked To Drug Ring. The Knoxville (TN) News Sentinel (1/4, Satterfield) reports a large portion of Market Square "could be on the auction block within months - if a bank's bid to battle a final order of forfeiture in the case of entrepreneur turned pot peddler Scott West doesn't interfere with the deal. It looked uncomplicated for the Internal Revenue Service Criminal Investigation Division, the agency tasked with selling the Market Square buildings renovated with drug money, just a few weeks ago." SunTrust Bank "is balking, however, filing late last week a motion in U.S. District Court asking federal Judge Thomas Phillips to set aside the forfeiture order and hold a hearing on its claim." It "has only been six months since federal agents, including those with the IRS' criminal investigation division and the U.S. Drug Enforcement Administration, raided properties owned by West and his wife as part of a probe into a decade-long drug distribution network headed up by West's brother."

Mike Tyson Charged With Drug Possession In Arizona, Prosecutor Seeks Prison Term. In Phoenix, the AP (1/4) reports former heavyweight champ Mike Tyson "was charged Wednesday with drug possession and driving under the influence of drugs, and the Maricopa County prosecutor says he wants to send him to prison. … Tyson, 40, was charged with two felonies for drug possession and two misdemeanor counts of driving under the influence of drugs. … The charges stem from his arrest Friday in Scottsdale, where Tyson was pulled over after leaving a nightclub."

The Arizona Republic (1/4) reports, "Because Tyson has convictions for violent crimes, he's not eligible for an Arizona program that could have allowed the boxer to avoid prison time for a first or second non-violent drug offense."

Calderon Visits Police, Soldiers Conducting Anti-Drug Operations In Mexico. The AP (1/3) reported President Felipe Calderon on Wednesday "paid a visit to federal police and soldiers in the central Mexican state of Michoacan, pledging to expand his ambitious anti-drug offensive across a nation hit hard by violence. … Calderon launched his offensive shortly after taking office on Dec. 1, sending some 7,000 federal troops and police to his home state of Michoacan. On Tuesday he upped the ante, announcing the deployment of 3,300 more agents to the crime-plagued border city of Tijuana. … Opposition politicians and residents have expressed doubt that Calderon's highly publicized campaign will have much of an impact."

"Operation Tijuana" Begins. The AP (1/4) also reports soldiers and federal police "poured into the violent border city of Tijuana Wednesday, manning checkpoints and inspecting local police stations as part of President Felipe Calderon's latest offensive against powerful drug gangs. … Federal investigators allege there is a corrupt network of police in the city supporting traffickers who smuggle tons of cocaine, methamphetamine and marijuana over the busy border crossing into the United States. There were no immediate reports of arrests by the soldiers."

The Los Angeles Times (1/3, Enriquez, Marosi) reported, "Operation Tijuana comes three weeks after Calderon sent troops to his home state of Michoacan, on the Pacific Coast, where federal authorities destroyed 600 acres of marijuana crops and seized more than 6 tons of harvested pot. Corruption and incompetence among local and state police prompted Calderon, who took office Dec. 1, to promise federal forces to combat Mexico's drug violence. His top security officials said that every state eventually would get relief."

Man Attempts To Run Down Two Marshals In DC. The AP (1/4) reports, "Two Deputy U.S. Marshals were unharmed after a man attempted to strike them with his vehicle in Southeast D.C. Wednesday." The AP continues, "The deputies were preparing to serve a court order eviction at a home on 4th Street, when they say a suspect tried to run them over with his car. Shots were fired at the vehicle, but the suspect was able to drive away. … Dave Turner, a spokesman for U.S. Marshals, says the vehicle was later located several blocks away with evidence of blood in the car." The AP adds, 'Officials learned a male was at Greater SE Hospital seeking medical attention for gunshot wounds. He was placed in custody of D.C. Police, and was taken to another hospital for treatment."

Olympian To Be Returned To Canada On Custody Dispute Charges. The AP (1/4, Dominguez) reports from Baltimore, "Jailed Olympic gold-medalist Myriam Bedard will be transferred to Canadian

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custody within 36 hours, a U.S. prosecutor told a federal judge Wednesday." The AP continues, "Bedard, dressed in a black jacket with her hair tied behind her head, did not speak during the short hearing, but smiled tightly and raised her eyebrows as she looked at her attorneys while leaving the courtroom. … Bedard's attorney, Kevin McCants, said after the hearing that his client was disappointed the judge did not free her on bail." The AP adds, "McCants said the judge was just being cautious, but outside the courthouse Bedard's Quebec attorney, John T. Pepper Jr., was critical of Canadian authorities. … Pepper asked how it could 'take 36 hours for a plane to take off from Quebec City and fly to Washington and fly her back. If the plane left at seven this morning she'd be in Quebec City and could have appeared this afternoon on the charges.' … Pepper said Canadian authorities were not acting as quickly in extraditing Bedard as they have with less well-known defendants in the past." The AP notes, "Bedard, 37, was arrested Dec. 22 in Maryland and was being held on a warrant as an international fugitive for allegedly violating a child custody order by bringing her 12-year-old daughter to the United States. U.S. marshals found her and the girl, Maude, at a hotel in Columbia, a suburb located between Baltimore and Washington, D.C."

IMMIGRATION:

2004 Deal Would Allow Amnestied Aliens To Receive Social Security For Time Worked Illegally. The Washington Times (1/4, Dinan, 88K) reports a 2004 agreement between the Bush administration and Mexico "on Social Security benefits would allow illegal aliens granted amnesty in the future to claim credit for the time they worked illegally." The deal, which was "never released publicly because it hasn't been submitted to Congress," was recently discovered through a Freedom of Information Act request by the TREA Senior Citizens League, a Social Security advocacy group. A spokesman for the group said the agreement "does nothing to prevent undocumented aliens who later get legal status from receiving benefits for the time they worked illegally. And that comes as the Social Security system's finances are about to be put under greater strain by the retirement of baby boomers."

Study Finds Immigrants Played Part In 25 Percent Of Past Decade's Technology Start-Ups. The Washington Post (1/4, D5, Williams, 690K) reports a study released yesterday by researchers at the University of California at Berkeley and Duke University found that approximately "25 percent of the technology and engineering companies launched in the past decade had at least one foreign-born founder," throwing "new information into the debate over foreign workers who arrive in the United States on specialty visas." The study has already been cited by technology-industry lobbyists looking to "persuade Congress to increase the annual allotment of H-1B visas, which allow US companies to sponsor temporary workers in specialty occupations, such as computer programming and systems analysis." Meanwhile, a study to be released next month by the Center for Immigration Studies finds that "most specialty visa holders come to the United States to do low-level professional jobs for relatively low pay."

IG Report Finds USCIS Modernization Efforts Have Failed. The Washington Post (1/4, A3, Hsu, 690K) reports officials at Citizenship and Immigration Services "have said for years that it is critical to update an antiquated, paper-based application process before the government grants a new path to citizenship for as many as 12 million illegal immigrants living in the United States or creates a temporary-worker program, as senators and the Bush administration propose." However, "A report released Dec. 20 by Homeland Security Inspector General Richard L. Skinner cited a long list of setbacks and concurred with internal USCIS reviews that the bureau 'lacks the processing capacity, systems integration and project management resources needed to manage a potential increase in workloads.'" The agency "is in the midst of its third major modernization effort in three years, leaving some employees confused over whether such efforts were completed or were ever begun, the report said."

The Washington Times/UPI (1/4, Waterman) reports USCIS "is crippled by antiquated technology, and its modernization efforts have largely stalled because of poor planning and management failures." Skinner's "report paints a picture of repeated, overlapping efforts to develop a modernization strategy but says that the agency often failed to implement its own plans."

TAX:

US Ends Tax Shelter Case Against KPMG After Settlement. The Wall Street Journal (1/4, Reilly, Davies) reports, "A federal judge agreed to dismiss a deferred criminal charge against KPMG LLP, bringing to a close one

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chapter surrounding the sale of improper tax shelters that cost the U.S. government billions of dollars in lost revenue, brought the accounting giant to the brink of extinction and led to an overhaul of guidelines for federal prosecutors targeting corporate wrongdoing." The Journal continues, "The criminal charge against KPMG was contained in a deferred-prosecution agreement the firm entered with the government in August 2005. … That agreement precluded a possible criminal indictment of the firm related to the sale of tax shelters, a move that could have led to KPMG's collapse, but required it to admit to a charge of conspiring to defraud the U.S. government and Internal Revenue Service. Investors and regulators feared the collapse of yet another accounting firm could have led to turmoil in global financial markets. … Still, the government contended those tax shelters were a sham designed to create paper losses for wealthy individuals to avoid paying billions of dollars in tax. By signing the deferred-prosecution agreement, KPMG admitted the shelters were flawed after steadfastly defending them."

The AP (1/4) reports, "In a statement, U.S. Attorney Michael J. Garcia said prosecutors sought dismissal of the charge pursuant to the terms of the deferred prosecution agreement and based on the report and recommendation of the firm's outside monitor. … 'The charges against KPMG may be reinstituted if it is determined that KPMG has violated any provision of the DPA,' Garcia said. 'The monitorship, which has been comprehensive and effective, will continue until September 2008, and may be extended if KPMG violates the DPA during the period of the monitorship.'" The AP adds, "The deferred prosecution agreement allowed KPMG to avoid the fate of auditing firm Arthur Andersen LLP, which collapsed following a criminal indictment against it as part of the government's probe into Enron Corp. A 2002 felony conviction against Andersen in the matter was overturned in 2005. … 'Today's dismissal of the charge reflects our commitment to full and continuing compliance with the agreement we made with the government in August 2005,' Timothy P. Flynn, KPMG chairman and chief executive, said in a statement. 'We regret the past activities that led to these charges. The 20,000 people of KPMG today are focused on maintaining ethics and compliance programs that will serve as a role model for the profession and enable us to serve our clients with the highest degree of professionalism.'"

The Washington Post (1/4, D01, Johnson) reports, "U.S. District Judge Loretta A. Preska's action puts KPMG a step further from a scandal over the sale and marketing of abusive tax shelters that once threatened to put the firm out of business. A 2002 obstruction-of-justice indictment of accounting rival Arthur Andersen hastened that firm's demise and reduced competition in the audit industry, raising the stakes in the KPMG case." The Post adds, "The case has touched off a debate in the business and legal communities over government tactics to combat fraud. In part because of the fallout from the KPMG prosecution, Deputy Attorney General Paul J. McNulty last month rolled out changes to guidelines that prosecutors use when deciding whether to indict corporations."

CONGRESS-ADMINISTRATION:

Bush Urges Democrats To Support Balanced Budget Plan. The AP (1/4, Taylor) reports, "President Bush on Wednesday challenged Democrats taking over Congress to join him in balancing the budget within five years and urged them to cut thousands of pet projects from future spending bills. Top Democrats reacted cautiously -- or not at all -- to Bush's plan, which assumes Congress will renew tax rate cuts passed in 2001 and maintain tax cuts on investments, inheritances and many other items." Neither House Speaker-to-be Nancy Pelosi nor incoming Majority Leader Harry Reid "responded to Bush's remarks."

The Washington Post (1/4, A1, Baker, 690K) reports, "Appearing in the Rose Garden with his Cabinet, Bush said he has been encouraged by meetings with Democrats and thinks they can reach common ground on spending issues that have bitterly divided them for six years. He said that the budget proposal he will make Feb. 5 will erase the deficit by 2012, and he called on Congress 'to end the dead-of-the-night' process in which earmarks are slipped into spending bills." Bush's announcements "were greeted by Democrats as 'me-tooism,' as one senior leadership aide put it." The Post adds that "for the first time since he took office, both parties have set a mutual target for eliminating the deficit -- an implicit agreement that raises the profile of the issue and may create a political imperative that prods the two sides to find ways to meet the goal or be held accountable for failing." Rob Portman, "director of the White House Office of Management and Budget, made a point of calling Democratic leaders Tuesday night to preview the president's remarks. In an interview yesterday, he said the shared target was a powerful signal of progress."

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In fact, the White House Bulletin/US News (1/3) yesterday called Bush's balanced budget push "a victory for…Portman…over others who had pushed for greater tax cuts, according to associates. 'Portman really wanted this,' said one associate. Insiders said that the President and some of his political allies had hoped to push for deeper tax cuts in the next and future budgets, but the election of Democratic majorities in the House and Senate killed those plans. Now, according to the insiders, the President plans to submit a 'flat' budget for fiscal 2008 that will leave little wiggle room for Democrats to add on new spending projects without deeply cutting into defense spending or raising taxes. 'It will hammer the Democrats,' predicted one GOP budget expert."

Reaching a similar conclusion, the Los Angeles Times (1/4, Havemann, 850K) says Bush's deficit goal "could tie the hands of the Democrats as they take control of Congress," making it "difficult for the Democrats to use their newfound majority to enact their program." Pelosi "has included only one spending item -- beefed-up college student loans -- in her agenda for the first 100 hours of the new Congress, but other Democrats are likely to advance their own plans." Rep. John Spratt, who will chair the House Budget Committee, "said he was 'wary' of Bush's plan to balance the budget by 2012. How, he wondered, can Bush balance the budget while the wars in Afghanistan and Iraq have cost upwards of $100 billion a year? And he asked about how to provide relief from the alternative minimum tax, which was designed to hit only the rich but would ensnare growing numbers of middle-income taxpayers -- at a cost to them of more than $60 billion a year."

The Washington Times (1/4, Dinan, 88K) says Bush "has run afoul of Democratic leaders in the House, who said the president is making an executive branch power play and argued he doesn't have credibility on spending issues. 'Given the track record of this administration, the last person in the universe who should lecture the Congress on fiscal responsibility is George Bush,' said Rep. David R. Obey, the Wisconsin Democrat who will become chairman of the House Appropriations Committee." Bush, adds the Times, "has increased the annual federal budget by $800 billion, from $1.86 trillion in 2001 to $2.65 trillion in 2006, and has rung up deficits every year from 2002 to 2006."

Meanwhile, the Financial Times (1/4, Guha) says "prominent Democratic economists on Wednesday challenged…Bush's pledge to present a budget next month that would cut the federal government deficit to zero by 2012 while making tax cuts permanent." Jason Furman, director of the centrist Hamilton Project, said: "There will be a lot left out and I would bet it relies on deep, unspecified and improbable cuts in future discretionary spending." Jim Horney, a senior fellow at the Center on Budget and Policy Priorities, "said the White House budget would not deal with the need to pay for a fix to the alternative minimum tax (AMT), which is catching a growing number of middle-class families. And he warned that it would not make adequate allowance for uncertain future costs in fighting the 'war on terror.'" The Times adds, "A White House spokesman told the FT on Wednesday 'it is an achievable goal' and pointed out that the Bush administration had achieved its previous promise of halving the deficit by 2008 a year early."

A Wall Street Journal analysis this morning (1/4, A2, Solomon) largely tracks the points made by the economists cited by the Financial Times. The Journal reports that "getting to a balanced budget by 2012 will require some big assumptions. Among them, the president's budget is unlikely to reflect the full cost of the wars in Iraq and Afghanistan and the cost of preventing the Alternative Minimum Tax from affecting more middle-class Americans." The White House "has largely financed the costs of Iraq and Afghanistan outside the normal budget process, through 'emergency' supplemental spending bills approved by Congress. … At the same time, the White House hasn't included the cost of fixing the AMT -- estimated to cost $100 billion a year -- in its long-term projections."

Meanwhile, the evening network newscasts NBC Nightly News (1/3, story 4, 0:35, Gregory, 9.87M) noted that in addition to his remarks yesterday, Bush "took an unusual step. In the Wall Street Journal, he wrote an op-e piece outlining his goals for the new Congress and making it clear to them, do not pass bills that are just political statements." ABC World News (1/3, story 2, 2:35, Tapper, 8.78M) said the President "offered an olive branch," but "he was also making his own agenda for the new Congress: Making his tax cuts permanent, balancing the Federal budget within five years, doing away with the secret budget items members of Congress often tuck into spending bills, and giving the President line-item veto power to help eliminate spending he finds wasteful." The CBS Evening News (1/3, story 5, 2:20, Attkisson, 7.66M) said Bush "was Governor of Texas he to deal with a Democratic state House. He was quite successful at that. Now he'll have to try it as President with a Democratic Congress."

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Wary Of "Tax And Spend" label, Democrats Won't Move To Undo Bush's Cuts. The New York Times (1/4, Andrews, 1.16M) says "Bush is all but daring Democratic leaders to attack his signature tax cuts as they take over Congress. But Democrats, perhaps to his frustration, are having none of it." The Times adds that "even as Democratic leaders continue to accuse Mr. Bush of having a reckless fiscal policy, they have refused to discuss dismantling his tax cuts or even to engage in a debate with him about the best way to stimulate economic growth. 'It's always the same old tired line with them – "Tax and spend, tax and spend, tax and spend,"' said Senator Kent Conrad, the North Dakota Democrat who is chairman of the Senate Budget Committee. 'We're not going there.'"

Meanwhile, the White House Bulletin/US News (1/3) reported "Bush political aide Karl Rove appeared…at the weekly conservative gaggle headed by Americans for Tax Reform President Grover Norquist and pledged that the President won't cave in and sign any Democratic tax increase. In fact, said one attendee, Rove 'bet a guy $5 that Bush would not sign a tax increase in his final two years.'" Rove "was described as confident and humorous, taking several questions about the President's plans and the political scene. He also appeared to end speculation that he might be considering leaving the White House soon."

Bush's "Olive Branch" Given Little Chance Of Success. The AP (1/4, Feller) says that "weakened by election losses and hemmed in by time," Bush "is using what he's got left -- a bully pulpit, a veto threat and a sudden interest in working with Democrats." Bush "likes to talk about a sprint to the finish. One goal of that race is to remain relevant, and he tried to demonstrate Wednesday that no one should count him out. … To assert his voice, Bush went so far as to spell out an entire agenda for Congress."

Newsweek's Howard Fineman, on MSNBC's Countdown (1/3, Olbermann), said "the next 48 hours are about all the era of good feeling that we're going to have here in the next couple years." On ABC World News (1/3, story 3, 1:30, 8.78M), George Stephanopoulos said Democrats "are not going to make the President's tax cuts permanent. They are not going to pass the line item veto. And the President's not going to sign expansion of stem cell research." Iraq, he predicted, "is about to overwhelm everything."

The Financial Times (1/4, Luce) blames Bush's impending Iraq policy announcement for dimming the chances of bipartisanship. The Times says few "believe the rhetoric of bipartisan co-operation will survive Mr Bush's announcement of a 'new way forward in Iraq,' which is expected within 10 days." In "spite of the electorate's repudiation of Mr Bush's Iraq strategy at midterm elections in November, the White House looks set to announce a 'surge' of up to 30,000 new troops in a move that would also go against the recommendations of the bipartisan Iraq Study Group, which published its report last month." But Democratic Leaders "have ruled out supporting an increase in US forces in Iraq – as have a growing number of Republicans." But Bush "has made clear he does not feel bound by the results of the recent elections on his Iraq policy."

The New York Times (1/4, Rutenberg, 1.16M), in a story titled "Bush Reaches Out, but Keeps One Hand on the Wheel," reports, "Several Democrats said Mr. Bush's words on Wednesday had raised questions about what kind of president would show up when they get down to the business of governing side by side. Some Democrats may have hoped it would be the…Bush who contritely acknowledged a 'thumpin' for his party the day after the elections in November." But "the evidence suggests it is more likely to be the man who all but ignored the disputed circumstances of his election in 2000, governed from then as if he had an expansive mandate and who -- even as he has employed soothing tones in speaking to and about Democrats for the last two months -- has gradually but firmly reasserted himself on both foreign and domestic policy." The Times adds, "In interviews, White House officials did not hesitate to acknowledge that they were taking advantage of the last day before the Democrats take control to assert some presidential power. Nor did they dispute Democrats' suspicions that the White House placed Mr. Bush's opinion piece in The Journal to reassure a target audience of nervous fiscal conservatives -- and the financial markets -- that he remained philosophically opposed to any tax increases."

Democratic Rep. Barney Frank said on MSNBC's Countdown (1/3, Olbermann), "I was struck by -- I hadn't read what he said yet, but for the President to on the one hand talk about bipartisanship, and then say he's unilaterally going to send more troops to Iraq is about as contradictory as you can get. And for him, this notion of bipartisanship is so obviously an effort to deal with the fact that his side lost."

On his MSNBC Scarborough Country (1/3) show, ex-Rep. Joe Scarborough said, "In the spirit of bipartisanship, Mr. Bush is going to be pushing for more tax cuts, a line-item veto, and 20,000 to 40,000 new troops in Iraq. Actually, those

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were all positions that will make conservatives like me happy but anger Democrats. So if that's the White House's idea of bipartisanship, I would hate to see what their idea of ideological warfare would be."

Nonetheless, some Democrats reacted favorably to Bush's "olive branch." USA Today (1/4, Stanglin, 2.27M) reports Democratic Sen. Charles Schumer "said Democrats ran in the midterm election on a message of compromise, and want to work with Bush." And the Chicago Tribune (1/4, Zuckman, Silva, 617K) reports Democrats "said they appreciated Bush's attempt at calling for a bipartisan working relationship, even if his proposals don't mesh with their own. 'I think he's right in concept,' said the incoming House majority leader, Rep. Steny Hoyer (D-Md.)." And Reid "predicted in a memo to Senate Democrats that the 110th Congress will be guided by bipartisan cooperation."

Meanwhile, ex-House Majority Leader Dick Armey said on MSNBC's Tucker (1/3, Carlson), "Charlie Rangel said this is not a time to get even; this is a time to get serious and be congenial and collegial in the way we treat other people, and I think he is correct. And Charlie Rangel, more than any other member of the minority, when they were the minority, had a reason to feel mistreated by the abuse that he had to suffer…and he has come out with the right advice."

Public Expectations For Bipartisanship Decline. The Wall Street Journal (1/4, 2.04M) reports as the "new Congress is sworn in this week, fewer Americans think Democrats, Republicans and President Bush will be able to work together to pass legislation in the next two years, according to a Harris Interactive poll." Nearly half " (47%) believe the results of the congressional elections were a good thing for the U.S., according to the online survey, while 19% say the outcome was bad and 35% aren't sure." Meanwhile, "43% say having a president and a majority in Congress belonging to different parties is an advantage for the U.S., while 24% say it is worse for the country and 32% aren't sure." Asked "what will be the most likely outcome in Washington this year, 25% said they think Democrats and Republicans in Congress are likely to be able to work out compromise legislation, a third said Democrats will pass legislation, but the president will veto it, and 18% said Democrats and the president are most likely to compromise to pass legislation."

Bush To Discuss NCLB Renewal With Lawmakers Next Week. The AP (1/4, Zuckerbrod) reports that President Bush "plans to meet with lawmakers next week to jump-start talks over the renewal of the No Child Left Behind education law." U.S. Secretary of Education Margaret Spellings said that she was "optimistic" about "renewing the law for five more years." Spellings also said that "the administration was open to debating how progress should be measured."

Spellings Says NCLB Implementation Is On Track. The Washington Post (1/4, A10, Paley, 690K) reports Spellings said that she "welcomed proposals to 'perfect and tweak'" NCLB, but said that the law's "implementation was on track" and "rejected calls for a major rewrite of the law" as called for yesterday by the Forum on Educational Accountability, a group that includes the National Parent Teacher Association, the NAACP and the National Education Association.

Gates Selects Clapper For DOD Intelligence Undersecretary. The Washington Post (1/4, A10, Pincus, 690K) reports Defense Secretary Robert Gates has tapped Lt. Gen. James R. Clapper Jr., "a career military intelligence officer," to be undersecretary of defense for intelligence. Clapper retired in June after five years as director of the National Geospatial-Intelligence Agency and "ran the Defense Intelligence Agency (DIA) during the 1990s, and handled Air Force intelligence during the 1991 Persian Gulf War." A senior intelligence official "confirmed that Gates had chosen Clapper but added: 'The White House has the final say.'"

Bush, Democrats Clash On Earmarks. The Los Angeles Times (1/4, Levey, 850K) reports, "Eager to set themselves apart from a Republican-led Congress tarnished by scandal, Democrats outlined a plan Wednesday to end the secrecy around earmarks inserted in legislation to funnel public money to favored interests." But in "a sign of how much the election has pushed reform to the top of the agenda, President Bush strode before cameras Wednesday to highlight his overhaul ideas even before the Democrats unveiled theirs." Bush said, "We need to do more." He "called on the new Democratic Congress to halve the number and cost of earmarks." The Times adds the "jousting between the two ends of Pennsylvania Avenue raised the prospect of a tussle over who could claim the mantle of reform, and bolstered reformers' hopes that calls for change to the secretive earmarking process might no longer by ignored on Capitol Hill."

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Meanwhile, the Wall Street Journal (1/4, 2.04M) editorializes, "Could it be possible that one benefit of this new era of divided government in Washington is spending restraint? We'll believe it when we see it, but one good portent was President Bush's op-ed yesterday in these pages. … Our only caveat is: What took them so long? Mr. Bush never did say much about earmarks when the GOP was in charge and the likes of Jerry Lewis, Roy Blunt, Don Young and Dave Hobson were setting earmark records. Perhaps now that they're in the minority, Republicans can reclaim some of their fiscal virtue -- though the voters will be forgiven if they put such promises on probation given the GOP's recent past."

Pelosi, Democrats To Open Congress With Ethics Reform Package. The Washington Post (1/4, A1, Grunwald, Eilperin, 690K) reports, in an approximately 2500-word front page story, that new House Speaker Nancy Pelosi today "will offer a comprehensive package of ethics reforms, a down payment on her pledge to run 'the most ethical Congress ever.'" But it "is not yet clear whether" the ouster of Rep. William Jefferson from the House Appropriations Committee "heralded a new era of honesty and accountability, or just a one-off political calculation inspired by the 2006 campaign. After the midterm elections, Pelosi ignored the ethical cloud around Rep. John P. Murtha (D-Pa.) to support his bid to be majority leader, and she nearly chose Rep. Alcee L. Hastings (D-Fla.) to chair the intelligence committee even though the House once impeached him when he was a federal judge. And, in December, when Jefferson faced a fight for his political life in a runoff against state Rep. Karen R. Carter, an African American Democrat with none of his ethical baggage, Pelosi refused to get involved." Jefferson's "inconvenient presence will be a constant reminder of the fine line the new speaker will have to walk between rhetoric and reality, between the cross-cutting demands of her caucus and the demands of the public." Carter said, "Pelosi wouldn't even take my calls. None of the Democrats in Washington would take my calls. They all said they wanted to get rid of corruption, but I guess it wasn't their top priority."

Another Washington Post (1/4, A3, Weisman, Birnbaum, 690K) story says Democrats will also "introduce a package of rule changes to ban gifts and trips from lobbyists, restrict privately funded junkets and begin to sever the cozy relations between lobbyists and lawmakers that scandalized the last Congress." But a "number of loopholes in the proposal have led ethics watchdogs to warn Democrats that their work will be far from done, even if the new rules are secured today. Under the changes, lobbying groups would be able to finance lawmakers' travel as long as those funds were channeled through a nonprofit foundation. And almost all banned perks would still be permitted if given in the context of a campaign fundraiser." The rule changes "would also combat many of the strong-arm tactics that Republicans used to leave House Democrats virtually irrelevant when the GOP was in control." The New York Times (1/4, Hulse, Kirkpatrick, 1.16M) reports House Democrats said "they would move immediately to try to sever ties between lawmakers and lobbyists who figured into scandals that helped Democrats win control of Congress." The Christian Science Monitor (1/4, Chaddock, 59K) notes "most items on House Democrats' early-action agenda had been rejected by the previous 109th Congress."

ABC World News (1/3, story 2, 2:35, Reynolds, 8.78M) reported, "Bipartisan talk notwithstanding, Democrats say Republicans will not be allowed to offer alternative bills in these first 100 hours." Rep. Steny Hoyer: "We think that they offered their alternatives in the election. Their alternatives, in many respects, were 'no.'" ABC added, "That leaves Republicans skeptical about bipartisanship." Rep. Adam Putnam: "They're not changing this process. There's not a new day. That's the frustrating thing." The CBS Evening News (1/3, story 5, 2:20, Attkisson, 7.66M) also noted "eight weeks later Democrats are spending to spend their first 100 hours tackling an ambitious agenda without any input from Republicans."

USA Today (1/4, 1A, Schouten, 2.27M) reports Democrats "plan as their first act to tackle a problem that helped them oust the Republicans in November: potential corruption involving lobbyists. The changes range from a total ban on gifts and meals from lobbyists to greater restrictions on lawmakers' travel." The AP (1/4, Espo) also says the Democrats' "first step" will "take place by early evening on Thursday, and consist of several measures crafted in response to the scandals that weakened Republicans in last fall's elections."

NYTimes, Obama Call For Independent Ethics Office. The New York Times (1/4, 1.16M) says in an editorial that the "nation should welcome the ambitious agenda being offered today by the new Congress's Democratic majority, from raising the minimum wage to advancing stem cell research to restoring oversight of the executive branch." But "paramount is the need to create an independent office for

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ethics enforcement to end the clubbiness that more often than not covers up or excuses abuses. House Speaker Nancy Pelosi has ordered a bipartisan study of this vital proposal by March. We expect this overdue step to receive the forceful support of Ms. Pelosi and Harry Reid, the Senate majority leader. The voters are watching, and lawmakers dare not slip away from the promise to clean up their act."

In a Washington Post op-ed (1/4, A17), Sen. Barack Obama says, "Real reform also means real enforcement. We need to finally take the politics and the partisanship out of ethics investigations. Whether or not the House ethics committee has been covering for its colleagues, the secrecy with which its members have operated has led people to question why legislators who are serving jail time were not caught and stopped by the committee in the first place. It's led people to wonder why Congress cannot seem to police itself. I have long proposed a nonpartisan, independent ethics commission that would act as the American people's public watchdog over Congress."

WPost Says Implementation Is Key. The Washington Post (1/4, A16, 690K) says in an editorial that the Democrats' ethics package "represents a significant down payment on the promise to end the 'culture of corruption.'" But "we would have liked to see more. For example, while ending gifts from lobbyists, the rules don't crack down on their ability to host glitzy convention parties to 'honor' lawmakers." The "key to the effectiveness of all these rules changes will be in their implementation, which is the challenge awaiting Speaker Nancy Pelosi (D-Calif.). One issue is how diligent the ethics committee will be in screening travel requests. Another is how ethics enforcement will be strengthened."

USA Today Says Democratic Ethics Proposal Doesn't Go Far Enough. USA Today (1/4, 8A, 2.27M) says in an editorial that the ethics rules unveiled by Democrats "include bans on lobbyist gifts and meals and most privately funded travel, with modest and seemingly legitimate exceptions. In a major change, members would no longer be able to hitch rides on corporate jets, a beloved but outrageous perk that has afforded members elite level travel and given lobbyists priceless access. This is a step forward, but if it is the only step it will not be enough." Public financing "of campaigns would have greater impact and is an idea that should be pursued later on."

Democrats Stretch Clock To Pass 100 Hour Agenda. The Washington Post (1/4, A15, Weisman, 690K) reports that in order to pass their 100 hour agenda, House Democrats "don't start the clock running today, when the 110th Congress is sworn in and voting begins, or even tomorrow, when a package of measures reaches the floor to rein in fiscal profligacy. You fire the starting gun on Tuesday, six days into the 110th Congress. Now that's a head start." Then you "count only legislative hours, that is, the hours that the House is actually in session and voting. Forget the weekends, the night hours, Martin Luther King Day on Jan. 15, or, for that matter, the next day, when votes don't start until well after sundown. If all goes according to plan, the House will get through its hundred-hour agenda in 15 days, or 360 hours, by standard definition."

Democrats To Rename Some House Committees. The Hill (1/4, Snyder) reports Democrats "plan to tweak the names of several committees and subcommittees, in addition to altering the lobbying and congressional travel rules that are also part of the initial rules package." Some changes "seem to reflect a personal preference rather than indicate sweeping policy changes. The Committee on International Relations, for example, will once again be called the Committee on Foreign Affairs." But a "new label can be more than mere wordplay, potentially signaling a change in the political priorities, responsibilities or emphases of a committee and its members." The "most salient change may be to the Committee of Government Reform, which will add the word 'oversight' to its title."

Frank Offers Business A "Grand Bargain." The Wall Street Journal (1/4, Ip, Conkey, 2.04M) reports businesses "wondering how to deal with the Democrats taking charge in Congress today have a blunt offer from a top lawmaker in the majority: Support our priorities and we'll support yours." The "'grand bargain' laid out by Rep. Barney Frank represents a road map to how Democrats may strike deals to aid unionization, expand health-care coverage and find common ground on other issues, while giving businesses concessions on immigration, trade and investment." While it "may be difficult for Mr. Frank either to deliver his party's side of the deal or find a partner with whom to bargain," HIS "remarks may represent a guiding philosophy to how Capitol Hill's new majority will try to use popular unease over growing income inequality, flat wages and soaring executive pay as fuel for legislative priorities."

House Democratic Plan Would Roll Back Oil Drilling Incentives. The Washington Post (1/4, A1, Mufson, 690K) reports House Democrats "are crafting an energy

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package that would roll back billions of dollars worth of oil drilling incentives, raise billions more by boosting federal royalties paid by oil and gas companies for offshore production, and plow the money into new tax breaks for renewable energy sources, congressional sources said yesterday." Democratic leaders are "targeting a manufacturing tax cut in 2004 that they say gave unneeded incentives to the oil industry, Majority Leader Steny H. Hoyer of Maryland said in a briefing yesterday." Hoyer said Democrats "are also planning to force oil companies to pay royalties on deepwater Gulf of Mexico tracts leased in 1998 and 1999; the Interior Department has said that the leases inadvertently failed to include provisions for royalty payments once oil prices rose above certain thresholds." Democratic lawmakers said the "repeal of the 2004 tax cuts for the oil and gas industry would generate nearly $5 billion…quoting estimates by the Joint Committee on Taxation. The royalty payments would yield between $9 billion and $11 billion, Hoyer said."

House Democrats Will Pass Medicare Drug Negotiation Bill Quickly. The Hill (1/4, Young) reports although the House Democratic leadership "plans to move swiftly to pass legislation requiring direct federal negotiation of prescription drug prices under Medicare, opponents of the policy expect the battle to continue in the coming months." By taking "immediate action on the Medicare Part D prescription-drug benefit as part of her '100 hours' agenda soon after the 110th Congress convenes today, House Speaker Nancy Pelosi (D-Calif.) will make it nearly impossible for drug makers, health-insurance companies and lobbies to stop the bill from passing." Because the Democratic leadership "also intends to skip the committee process and limit the Republican minority's ability to amend such early bills on the House floor, interest groups that want to obstruct additional federal involvement in Part D are looking forward." Senate Majority Leader Harry Reid (D-Nev.) "joined Pelosi in promising during the campaign that Congress would pass legislation establishing federal negotiations of drug prices," but "such legislation faces less certain prospects in the more closely divided upper chamber."

Industries Targeted By Democrats Mobilize Lobbying, PR Efforts. The Wall Street Journal (1/4, McKinnon, Fialka, 2.04M) reports the industries "that expect to take the biggest hits from the new Democratic Congress are scrambling their marketing, public-relations and advertising forces to shore up their defenses." The "worried industries and their trade groups are responding by hiring new lobbying talent, planning mass-market ad campaigns and, in some cases, focusing on getting goodies attached to legislation that they would rather see killed but know they can't stop." The petroleum industry "is preparing an ad campaign that seeks to justify oil companies' huge size -- and profits," while the drug industry "is weighing a mass-media counterattack of its own, emphasizing the good performance of the Medicare prescription-drug program."

WSJournal Criticizes Democrats For Rushing Top Bills. The Wall Street Journal (1/4, 2.04M) says in an editorial that Democrats "deserve full marks for paying attention while in the minority, because it's clear Democrats learned a few things from Tom DeLay -- to wit, how to rush through legislation without any minority participation or public debate." House Democrats "plan to pass a pile of legislation in their first 100 hours, bringing the measures quickly to the floor without committee hearings. These are issues they campaigned on last year and that do well in polls at first blush, such as a higher minimum wage, price controls on prescription drugs and 'ethics reform.' The rush is supposed to show Democratic resolve to get things done, but it's enough to make us wonder if they're afraid that some of their ideas won't hold up under scrutiny."

Republicans Blast House Democrats For Limiting Their Input. The Washington Times (1/4, Ward, 88K) reports House Republican leaders "said they will develop an agenda as the new Democrat-led Congress proceeds and decried plans to pass a series of measures immediately with little input from the minority." Minority Whip Rep. Roy Blunt said, "We think we need to have an opportunity to offer alternatives." The Times adds Blunt, incoming Minority Leader John A. Boehner, "and several other Republican leaders said Democrats promised voters 'a new way of doing business' on Capitol Hill."

The CBS Evening News (1/3, story 5, 2:20, Attkisson, 7.66M) reported, "Republicans cut out of the legislative push are wondering, what happened to all the nice talk?" Rep. David Dreier: "I am very disappointed. It's totally inconsistent with what we have been promised throughout this campaign process." Attkisson: "Democrats now say after the first 100 hours they will give Republicans more of a space though but it looks like bipartisanship is dissolving before it ever had a chance to gel."

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Bloomberg (1/4, Litvan, Johnston) reports incoming Majority Leader Hoyer said "the voters' decision last November to give Democrats control of Congress justifies party leaders in blocking Republicans from amending a wave of bills that will move through the House this month." Hoyer's "comments come amid a controversy that began Dec. 14 when House Speaker-designate Nancy Pelosi, a California Democrat, said for the first time that Republicans wouldn't get a chance to offer amendments to those initial bills. House Republican leaders have protested the move, and some key committee chairmen yesterday sent letters to Democrats complaining that they are being locked out of the process."

The Washington Post (1/4, A2, Milbank, 690K) reports in its "Washington Sketch" column that Rep. Patrick McHenry "packed a whole lot of chutzpah when he walked into the House TV gallery yesterday to demand that the new Democratic majority give the new Republican minority all the rights that Republicans had denied Democrats for years." Omitted from "McHenry's plea for fairness was the fact that the GOP had ignored Pelosi's 2004 request -- while routinely engaging in the procedural maneuvers that her plan would have corrected. Was the gentleman from North Carolina asking Democrats to do as he says, not as he did?"

In a Washington Times op-ed (1/4), former Rep. Bob Walker says, "The rules package offered on opening day in the 110th Congress contains special rules for enactment of" the Democrats "100-hour legislative plan. Those special rules allow for no minority participation. The bills will not be considered in committee (unlike the 1995 Republican process that brought all the Contract bills through the appropriate committees) and no amendments will be permitted." Hopefully these "initial steps are not harbingers of what is to come but are merely an indication of a party trying to govern and finding that governing is hard. But legislating by fiat is destructive." Republicans should "have remained true to the principle of openness, full debate and minority participation. Democrats, we can hope, learned that lesson."

Sheehan, Anti-War Protestors Interrupt Democratic Press Conference. AFP (1/4) reports, "Antiwar activist Cindy Sheehan and about a dozen other peace protesters demonstrated at the House of Representatives to urge Democrats to aggressively investigate the war in Iraq. 'De-escalate! Investigate! Troops home now!' Sheehan and the other protesters chanted at Democratic leaders in the House Cannon Office Building, who had assembled for a press conference on their agenda as they prepare to take power Thursday." Protest organizer David Swanson "told AFP said they wanted to underscore their displeasure that Democrats, in the view of peace activists, are not aggressively holding the Bush administration accountable for missteps in Iraq."

The Hill (1/4, Kaplan) reports the "war in Iraq and congressional scandals, twin forces that helped Democrats recapture the House and Senate, collided yesterday when antiwar protesters' shouting forced House Democratic leaders to cut short a press conference hyping their proposed reforms." When "Democratic Caucus Chairman Rahm Emanuel (D-Ill.) stepped up to pronounce that Democrats fundamentally would 'change the relationship between lawmakers and legislators,' Sheehan and her allies started shouting, 'De-escalate, investigate, bring our troops home now!'"

ABC World News (1/3, story 2, 2:35, Reynolds, 8.78M) reported, "In the midst of discussing this agenda today, the Democrats were also reminded of the overriding issue -- the war in Iraq." Rep. Rahm Emanuel: "Rather than subsidizing big financial interests." Reynolds: "A signal that with their new power, Democrats will start to be held more accountable. Those activists were protesting the war in Iraq. And it's on that issue, Charlie, that all the talk of bipartisan cooperation, will truly be tested."

The Washington Times (1/4, Miller, 88K) reports Sheehan "routed the leaders of the new House Democratic majority from their press conference where they attempted to present their legislative agenda. Chants of 'de-escalate, investigate, troops home now,' drowned out the new majority leaders, including" Rep. Emanuel. The "flustered lawmakers retreated to a room behind closed doors, and surrendered the field to Mrs. Sheehan, whose son, an Army soldier, was killed in Iraq in 2004." With her "quarry in full retreat, she scolded Speaker-elect Nancy Pelosi for abandoning the war issue in the agenda for the first 100 hours of the 110th Congress, which convenes today."

The New York Times (1/4, Leibovich, Kornblut, 1.16M) reports on several anecdotal scenes of change in Congress, such as Majority Leader Steny Hoyer's new status as "Rock Star," Republicans coalescing "on their first day back around a message of kvetching," Rep. Rosa DeLauro praising Nancy Pelosi's breaking the "marble ceiling" in the House, and Paul Pelosi's visit to Cannon office building for congressional ID badges with members of his family. The Times notes last the

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protest at the ethics package news conference last, where "Sheehan was happy to take over the microphone, not to mention the lingering throng of reporters."

Pelosi Celebrates Ascension To Speakership. Bloomberg (1/4, Litvan) reports Rep. Nancy Pelosi, "making history today as the first female speaker of the House, is taking office with two goals: becoming an effective counterweight to President George W. Bush, and proving that a woman can thrive at the summit of U.S. political power." As Speaker, "she'll be dealing with a narrow majority and a president with veto power, making decisions about when to work with Bush and when to confront him." Pelosi's "success at retiring the notion that women aren't qualified to manage the responsibilities of top leadership may affect others' aspirations, including New York Senator Hillary Rodham Clinton's possible bid for the White House in 2008." Pelosi will "have her first opportunity to spar with Bush over Iraq in February when the White House submits a request for more money for the war. Pelosi has warned that Democrats will attach conditions to the approval of further funds."

The AP (1/4, Ohlemacher) reports Pelosi said, "When my colleagues elect me as speaker on Jan. 4, we will not just break through a glass ceiling, we will break through a marble ceiling. In more than 200 years of history, there was an established pecking order — and I cut in line." The AP adds that at a "tea to honor Pelosi and the late former Texas governor Ann Richards on Wednesday, Pelosi said her ascension hadn't come easily. 'We have waited more than 200 years for this time to come. But we did not just wait, we worked,' she said." Pelosi also "alluded to one of the reasons women have been slow to climb the political ladder, saying federal policy has never recognized women's need for child care. 'This Congress is going to be about children,' she said."

The Los Angeles Times (1/4, Fiore, Daunt, 850K) reports Pelosi "kicked off a three-day celebration of her ascension packed with more product placement than an infomercial." It was her "first full day on the national stage, and she used it to tell the country who she is, where she came from and where she plans to go — the little Italian American girl from a political household who later raised five children before running for the House and making history as the nation's highest-ranking elected woman in 217 years of government." The "installation of a new speaker is the closest Congress comes to a presidential inauguration. Some critics accused her of putting on a 'Nancy Fest,' but supporters said the events were as much political roadmap as biography."

The Washington Times (1/4, Hurt, 88K) reports while the "full weight of Republicans' powerlessness sinks in after 12 years of control, Democrats are celebrating the historic election today of the first female speaker of the House." After "calling herself 'the most powerful woman in America,' Mrs. Pelosi flexed her right muscle like a weight lifter to much applause at an event yesterday titled a 'women's tea.'" The event "was part of three days of festivities to mark the historic moment. Later, Mrs. Pelosi and special guests dined at the Italian Embassy."

Time (1/4, Cox, 4.03M) reports, "Who can begrudge Pelosi her four-day 'coronation,' as right-wing wags have dubbed it? The events themselves are hardly ostentatious: there's a mass, a tea, and prayer service. The most raucous thing on the schedule is a concert by Tony Bennett. Add a tote bag and it'd be a PBS telethon. Indeed, the demographic-pleasing tenor of the events reeks of a self-conscious desire to highlight all soft-focus interest groups that come with the Pelosi package: Italian, female, Catholic, grandmother."

Pelosi's Rise Attributed To Fundraising Prowess. In his New York Times column (1/4), David Brooks says, "The main fact to know about Pelosi is that she is a creature of the modern fund-raising system. Some politicians rise because they run political machines. Some rise because they are great communicators. Pelosi has risen because she is a master of the thousand-dollar-a-plate fundraising circuit." Since "coming to the House, she has discovered what many a savvy pol has discovered — that the fastest way to ascend in Congress is to raise a lot of money and give it to your peers." Pelosi has "done what all political fund-raisers do: tell rich people things they already believe, demonize the other side, motivate the giving with Manichaean tales of good versus evil."

Harman Remains Angry Over Losing House Intelligence Chair. The Washington Post (1/4, A15, Romano, 690K) reports Rep. Jane Harman is "still quite irked that House Speaker-designee Nancy Pelosi nixed her for chairman of the House intelligence committee -- and she's not exactly being stoic about it." Friends and colleagues "say Harman has openly complained that she was cut loose by her fellow California Democrat and one-time friend, Pelosi, who

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picked instead Silvestre Reyes (D-Tex.), a former Border Patrol agent." Harman has "lamented that Congress has lost its luster for her and that she is hoping for a job in a Democratic administration, according to a friend. 'She's obsessed,' the source said. 'It's been hard for her not to take it personally, but it's over.'"

Three GOP Members Face Challenges Before House Administration Committee. USA Today (1/4, Radelat, 2.27M) reports that when Rep. Jim McCrery "takes the congressional oath of office Thursday, he'll be one of three Republican lawmakers whose elections to the House are still in dispute because of challenges filed by candidates they defeated." All three elections "may be scrutinized by the House Administration Committee, but in the meantime, McCrery and the other two House members will be allowed to serve. Their challengers stand only a slim chance of victory." The other GOP members who have been challenged are Reps. Tom Feeney and Vern Buchanan of Florida. Feeney's election "is being contested by Democrat Clint Curtis, and Buchanan is being challenged by Christine Jennings. An echo of Florida's problems in the 2000 presidential election, those challenges focus on the integrity of touch-screen voting machines used in the Nov. 7 elections."

Baucus Urges Democrats To Adopt Expansive Trade Policy. In a Wall Street Journal op-ed (1/4), Sen. Max Baucus says, "At a time when our country's competitive strength depends increasingly on an aggressive trade policy, Americans are far less willing to embrace one. Many equate trade and globalization with ballooning deficits, stagnating wages and layoffs. Meanwhile, even as China and India have continued their economic reawakening, America has lacked the leadership to tackle the associated challenges through trade. U.S. policy has lurched frantically from one trade agreement to the next, eking out just enough votes to push each one through Congress." Some "think that the new Democratic congressional majority will be bad for trade policy. While it is true that some candidates criticized trade in their campaigns, I believe that the new Congress will have both the desire and opportunity to renew U.S. trade policy, with a unifying purpose that Americans can understand and support." Congress "should begin by renewing the administration's fast-track negotiating authority for trade agreements," but it should include "better trade enforcement capability and better environmental and labor provisions."

Border-Patrol Veteran Reyes Set To Assume House Intel Panel Chairmanship. The Washington Post (1/4, C1, Montgomery, 690K) profiles TX16 Rep. Silvestre Reyes (D), who on Thursday "becomes the new chairman of the House Permanent Select Committee on Intelligence, assigned to ride herd on 16 spy agencies with an estimated collective budget of $42 billion." Describing Reyes' history, the Post notes, "Grows up on a cotton farm along the Rio Grande, oldest of 10. … Helicopter gunner in Vietnam, some college…lands a solid government job -- Border Patrol. He works like hell for 26 years, gets shot at by Mexican train robbers, rises from agent to bridge inspector to chief for West Texas and Arizona," before being elected to Congress. The Post adds, "Reyes is, in short, that most cherished of political properties, the real guy, a man of the people, not just someone who pretends to be." But "Can credential-crazy Washington countenance an intelligence chief with a two-year community college degree? Not to mention that ambush from Congressional Quarterly, where Reyes blew the question of whether al-Qaeda is Sunni or Shiite. It's a big challenge for a lawman from a dusty border town." The Post goes on to detail

Johnson Remains In Critical Condition. The Argus Leader (1/3, Bremmer) reported, "New test results show Sen. Tim Johnson, who has needed a ventilator to breathe and prolonged doses of medication to prevent swelling on his brain, has improved but will need several months of rehabilitation and physical therapy to continue his recovery from surgery. An angiogram Wednesday at George Washington University Hospital confirmed that surgeons had successfully corrected the tangle of arteries and veins that caused debilitating stroke-like symptoms and bleeding in Johnson's brain." But Johnson "remains in critical condition three weeks after emergency brain surgery Dec. 13 and his long-term outlook is not clear, Dr. Vivek Deshmukh, head of Johnson's surgical team, said Wednesday." The Rapid City Journal (1/4) reports Deshmukh "said Johnson has continued to respond to his family and to doctors. He has been following commands and squeezing his wife's hand." USA Today (1/4, Martin, 2.27M) and New York Times/AP (1/4) also report the story.

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Feeney, Weldon Agree To Repay Personal Funds. The Hill (1/4, Crabtree) reports that Florida Rep. Tom Feeny and former Pennsylvania Rep. Curt Weldon "have agreed to repay the costs for two separate, privately funded overseas trips, which received new scrutiny as the scandal involving disgraced lobbyist Jack Abramoff unfolded." The House ethics committee "quietly released two succinct findings, concluding that the attendance by several members of Weldon's family on an undisclosed trip violated House gift rules, and that a trip Feeney took to Scotland in August 2003 with Abramoff also did not comply with House gift rules." Weldon must may over $23,000 and Feeney fine totals $5,643.

Federal Employees Sign Up For New Dental, Vision Benefit. The Washington Post's (1/4, D4, Barr) "Federal Diary" column reports, "More than 690,000 federal employees and retirees signed up for dental and vision insurance benefits during the program's inaugural enrollment season, the OPM announced. Interest in the new insurance program increased in the closing days of the enrollment period, jamming the program's Web site and telephone line." Congress "approved the program after learning in hearings that dental benefits provided to federal employees had not kept pace with benefits offered in the private sector."

Casey's Vote Could Determine Senate Override Of Stem Cell Veto. In a piece appearing in today's Washington Post (1/4, A17, 690K), syndicated columnist Bob Novak writes, "Near the top of the new Democratic congressional majority's agenda is passage of stem cell research legislation vetoed last year by President Bush, a measure that will answer a major question. There is no doubt the new bill will pass both houses of Congress. What remains in doubt are the votes to be cast by newly elected Democrats who campaigned as pro-life advocates, particularly Pennsylvania Sen.-elect Bob Casey Jr." Casey's vote "may determine whether Bush's second veto is overridden by the Senate. A veto would probably be sustained in the House, with or without help from the seven Democrats. But apart from the stem cell bill, what's at stake is whether pro-lifers have a place in today's Democratic Party. Certainly, that small fraction will be under intense pressure from party leaders. … The question of how much of a pro-lifer Casey is or can be in the 21st-century Democratic Party may be answered soon."

OTHER NEWS:

Fed Remains Concerned About Inflation. USA Today (1/4, Kirchhoff, 2.27M) reports, "Inflation is the Federal Reserve's top concern, despite indications the economy may be slowing more than expected, according to minutes of a Dec. 12 meeting released Wednesday. 'Several members judged…the downside risks to economic growth in the near term had increased a little and become a bit more broadly based than previously thought,' the minutes said." However, "all members agreed that the risk that inflation would fail to moderate as desired remained the predominant concern." The minutes "term the economy 'probably a touch softer' than expected," and "show that one member of the committee wanted the December statement changed to include the possibility of a rate cut as well as an increase."

The Wall Street Journal (1/4, A2, lp, 2.04M) says that while "some Federal Reserve officials may be beginning to share the bond market's pessimism about the outlook for economic growth…those reservations aren't widespread," and "a subsequent rebound in some recent economic indicators may have alleviated the anxiety at the Fed and lessened the odds that interest-rate cuts, which bond-market investors expect, will materialize."

The Financial Times (1/4, Guha, Kirchgaessner) reports "the tone of the minutes suggests the Fed still does not buy the market's view that the economy faces sustained weakness that will demand interest rate cuts. Wednesday's data appeared to support that view." The Washington Post/AP (1/3, Aversa) runs a similar report.

David Wessel, in his Wall Street Journal column (1/4, A6), "The Fed can't turn the dials on population growth or on productivity. All it can do is try to gauge trends accurately. Continued strong productivity growth will lead the Fed to tolerate faster economic growth." That "puts the onus on the rest of the society -- business, unions, workers, regulators, legislators, schools -- to work at doing what is possible to maintain healthy productivity growth, the secret to prosperity for our children and grandchildren."

Fed Minutes End Market Rally. The Wall Street Journal (1/4, A2, lp, 2.04M) reports, "A stock-market rally ended abruptly yesterday with stocks taking a sharp downward turn when the minutes were released at 2 p.m. as the market's recent optimism apparently was shaken by hints that some at the Fed have doubts about the economy. Stocks

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later rebounded, although they didn't recover all the lost ground." The Financial Times (1/4, Mackenzie, Gangahar) runs a similar report under the headline "US Markets Surrender To Inflation Fears."

NBC Nightly News (1/3, story 11, 0:20, Williams, 9.87M) reported, "On Wall Street today after a rare four-day closure for the exchange, stocks charged out of the gates with the blue chips up more than 100 points before falling back and closing slightly higher. Dow finished up a little over eleven points today [to close at 12,474.52]. NASDAQ was up almost eight points on the day [to close at 2,423.16]." The Wall Street Journal (1/4, Civils, 2.04M) notes the S&P 500-stock index was "off 1.67 to 1416.63 for the day." The New York Times (1/4, Bajaj, 1.16M) also reports the stock numbers this morning.

Manufacturing Bounces Back. The Financial Times (1/4, Callan) reports, "The US manufacturing sector bounced back from the brink of recession last month as factory activity rose in December after a slump." The Institute for Supply Management "said on Wednesday that that its index of manufacturing activity climbed into positive territory, rising to 51.4 last month after its first negative reading in five years. A reading below 50 indicates contraction, one above 50 signals expansion." The Wall Street Journal (1/4, Aeppel, 2.04M) also reports on the manufacturing data.

Small Business Labor Shortage Leading To Higher Wages. USA Today (1/4, 3B, Hopkins, 2.27M) reports, "Small employers ramping up hiring plans to levels not seen in two years face a labor shortage that's forcing many to increase wages and benefits. The pinch is tightest in 26 states with below-average jobless rates, new Labor Department data and private surveys show. More than half those states are especially dependent on small employers, those with fewer than 500 workers." USA Today adds, "Nationwide, the share of small firms planning to hire through early 2007 rose to 19% in November from 16% the month before, say surveys by the National Federation of Independent Business trade group. November's share was the highest since November 2004."

LATimes Says Bush, Congress Should Focus On Long-Term Economy. The Los Angeles Times (1/4, 850K) editorializes, "The economy enters the new year riding a couple of winning streaks," but "there's some grumbling about the prospects for 2007, particularly for those outside the executive suite." For the long term, the "best ways to improve wages" are to "create more highly skilled workers and provide a larger market for their talents." Congressional Democrats "should use this moment to promote policies that help more Americans share in the nation's economic growth," and President Bush "should be looking for ways to minimize the effect of the tax code on the economy."

Gerald Ford Laid To Rest In Michigan. ABC World News (1/3, lead story, 2:55, Gibson, 8.78M) reported, "In recent days, it has been a nation's good-bye to Gerald Ford at the Capitol, at the National Cathedral. Grand structures and grand ceremony. Today, it was a final good-bye. From family, from friends, much more intimate, in the city that forged Jerry Ford, Grand Rapids, Michigan. The eulogies were personal. The towns folk were saluting a neighbor, now buried in their midst."

NBC Nightly News (1/3, story 7, 3:35, Williams, 9.87M) noted that "it was an emotional day. … There were the Ford children, now familiar to us once again after years outside of the spotlight. There was Mrs. Ford, who at 88 had held up so well under the weight of the week's events until Donald Rumsfeld spoke of the boss he served over 30 years ago." Donald Rumsfeld, former Ford Chief of Staff: "Betty, as I recall your advice was unvarnished, sometimes unsolicited. Gerald Ford seemed to marvel every day at his good fortune at having met and married Elizabeth Ford." Williams: "And then former President Jimmy Carter spoke personally and passionately about the friendship between these two Presidents." Former President Jimmy Carter: "When we were traveling somewhere we hated to reach our destination because we enjoyed the private times that we had together. The four of us learned to love each other." Carter "was overcome when he reached his conclusion that the best thing he could say on this day was the first thing he said on his inauguration day." Former President Jimmy Carter: "For myself and for our nation I want to thank my predecessor for all that he did to heal our land." The CBS Evening News (1/3, story 9, 2:00, Plante, 7.66M) ran a similar report.

The AP (1/4, Hoffman) reports, "At a graveside service that included a 21-gun salute and a 21-aircraft flyover, Vice President Dick Cheney presented former first lady Betty Ford with the American flag that was draped over her husband's casket." USA Today (1/4, Keen, 2.27M), Washington Times (1/4, 88K), New York Times (1/4, Devey, 1.16M), Chicago Tribune (1/4, Jones, 617K), Los Angeles Times (1/4, Huffstutter, 850K) and Washington Post (1/4, A3, Slevin, 690K) run similar accounts.

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McClatchy (1/4, Gray, Bello), in an analysis piece, says that "in recent year…Ford often lamented that partisanship was tearing apart the fabric of Congress and loyalty to special interests was displacing public duty. 'It was very disturbing to him,' said Martin Allen Jr., a friend from Grand Rapids and chairman emeritus of the Gerald R. Ford Foundation. 'As minority leader he always tried to craft a consensus.'" The foundation "now hopes to use Ford's record of bipartisanship as an example for future politicians."

Navy To Name Aircraft Carried After Ford. The AP (1/4) reports, "The Navy will name its next aircraft carrier USS Gerald R. Ford in honor of the president who was buried Wednesday in his home town of Grand Rapids, Mich., officials said." Rumsfeld "divulged the news during his eulogy at the funeral."

More Praise For Ford. Felix G. Rohatyn, chairman of New York's Municipal Assistance Corporation from 1975-1993, writes in today's Wall Street Journal (1/4, 2.04M), "Ford deserves great credit for his willingness to change his mind" about backing a financial support plan for New York during his presidency. He "signed legislation providing credit to the city; this unlocked other pieces of the package: from the banks, the pension funds and insurance companies. It saved New York but it did not save his presidency. Jimmy Carter was elected in 1976. … One of Ford's greatest achievements may have been that he knew when he had pushed New York City to the limit and that, contrary to some of his colleagues, he also knew when to stop."

Reid Missed Ford Funeral For South America Trip. The Washington Post (1/4, A15, Williamson, 690K) reports a "day after the death of former president Gerald R. Ford, Harry M. Reid (D-Nev.) embarked on what could be called his first official activity as the incoming Senate majority leader." But it "had nothing to do with Ford's funeral. Instead, Reid boarded a government plane bound for six days in South America, accompanied by wife Landra and five other Democratic and Republican senators and their spouses Dec. 27. Their mission: improved relations -- and New Year's in Machu Picchu." The "'Machu Men,' as they were dubbed, included Reid and Sens. Richard J. Durbin (D-Ill.), Ken Salazar (D-Colo.), Kent Conrad (D-N.D.), Judd Gregg (R-N.H.) and Robert F. Bennett (R-Utah). Highlighting their trip: three hours of presidential meetings and two days touring the Incan ruins in Peru." The senators "did not change course after Ford's death, figuring they would insult leaders in a region none too happy with the United States to begin with, according to a Reid aide."

Clinton Crafting '08 Campaign Strategy In Meetings With Supporters. The New York Times (1/4, Healy, Nagourney, 1.16M), noting that New York Sen. Hillary Clinton (D), at a recent dinner meeting, quizzed three supporters from New Hampshire on the political dynamics of the Democrats' Granite State sweep in the 2006 election, reports, "This meeting was one of a series of nearly nonstop political consultations that Mrs. Clinton has engaged in" since the midterm election, "in what her advisers say are preparations for a probable announcement that she is taking the first steps into the presidential campaign." Clinton "was described by participants as leaving little doubt that she plans to run, without saying so directly." Meeting participants say Clinton "has pressed to find out everything from whether former Vice President Al Gore will run again (he is inclined not to, people tell her) to how much support remains for" Massachusetts Sen. John Kerry (D) "among Democratic leaders (anemic, she has heard). Clinton told Democrats that she viewed her two strongest potential Democratic" foes as Illinois Sen. Barack Obama (D) and ex-North Carolina Sen. John Edwards (D). Democrats said Clinton "viewed Mr. Obama as her biggest obstacle to the nomination, but that she believed the threat of his candidacy will diminish as voters learn how inexperienced he is in government and foreign affairs." Meeting participants say "it is clear that Mrs. Clinton is far along in plotting a campaign, and she is honing strategy at the same time that she is making overtures to people in" key early presidential nominating states.

Giuliani Advisers Believe Campaign Playbook Was Pilfered In Florida. The New York Times (1/4, Healy, 1.16M) reports that ex-New York Mayor Rudy Giuliani's advisers "say that someone stole an aide's luggage during a political trip last fall, found a 140-page strategy notebook inside and photocopied it, then returned the luggage in some manner and gave the goods to a Giuliani opponent. The contents of the notebook ended up splashed across The Daily News in New York on Tuesday" and "The New York Post reported yesterday that political operatives believed that the theft happened on a campaign trip through Florida. While it does not prove anything per se, a spokeswoman for" Florida Gov. Charlie Crist (R) "confirmed yesterday that luggage from the Giuliani entourage was

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indeed missing during a campaign trip last fall. 'They were traveling with us, and we did find a piece of luggage, and we just worked as quickly as possible to get it back to the owner,'" said spokeswoman Erin Isaac, who said that "she had no information about allegations by Mr. Giuliani's office that someone, somewhere, stole and photocopied the notebook." Isaac "added that the governor's office was not conducting an inquiry into those allegations. She said that the piece of luggage was left on a Crist plane 'during the chaos of the campaign,' and that nothing fishy happened with the bag when it was in their custody."

Romney Files Paperwork With FEC To Form Presidential Exploratory Panel. ABC World News (1/3, story 4, 0:15, Gibson, 8.78M) reported, "The number of candidates for 2008, grew by one. Republican Mitt Romney filed papers to begin fundraising as he ended his only term as governor of Massachusetts. If elected President, Romney would be the first Mormon President."

The New York Times (1/4, 1.16M) reports that Romney, in a statement, said, "After talking to my family, I have decided to take this initial step of forming an exploratory committee in order to raise the resources and build the campaign organization required to pursue the highest office in our country."

The AP (1/4, Johnson) reports that Romney "filed papers to create an exploratory committee just an hour before he left the Statehouse for the final time on Wednesday, concluding his one and only term in elective office." While most polls show Arizona Sen. John McCain (R) and ex-New York Mayor Rudy Giuliani (R) sharing "the top spot," Romney, "registers in single digits." But Romney "has taken similar steps in pursuing the presidency, hiring staff and establishing a fundraising base a full year before the first primary votes are cast. 'Given his pedigree,' said Richard Bond, a former chairman of the Republican National Committee and declared backer of McCain, 'he is a serious candidate.'"

The Los Angeles Times (1/4, Gerstenzang, 850K) reports that Romney "has established support teams in some of the key small states that have played an important role in selecting presidential nominees, going head to head with McCain in the early effort to line up effective organizations in Iowa, New Hampshire and South Carolina. 'He has been extremely aggressive,' said Tobe Berkovitz, a longtime political consultant who is now associate dean at Boston University's school of communications. 'He's gotten himself in position to break into the top tier.'" Meanwhile, the DNC "on Wednesday challenged Romney over his past statements on abortion. In 1994, the party asserted, Romney said: 'I believe that abortion should be safe and legal.' Last February, Romney said, according to the Democrats: 'I've never used either title, pro-life or pro-choice, in the past. I said I don't favor abortion.' Last October, he said: 'I call myself firmly pro-life.' His position on such hot-button social issues, Berkovitz said, 'could be his Achilles heel with Republican activists.'"

Bloomberg (1/4, Przybyla) notes, "A Dec. 11-14 Gallup poll found McCain and Giuliani are tied for first place, each with 28 percent of the vote. Romney comes in fifth, with four percent, behind Secretary of State Condoleezza Rice and former House Speaker Newt Gingrich."

The Detroit News (1/4, Trowbridge) reports that Romney, the son of ex-Michigan Gov. George Romney, "becomes the closest thing to a favorite-son presidential candidate for Michigan since his father's unsuccessful 1968 bid for the GOP nomination." He's "has signed up big Michigan names such as state Attorney General Mike Cox and Oakland County Executive Brooks Patterson, as well as a number of big donors to President Bush in the state." However, "in Michigan and across the country, he faces a substantial obstacle: Sen. John McCain, R-Ariz. 'Last time around, McCain was very popular in Michigan,' said Philip Abbot, a political scientist at Wayne State University, who noted McCain's victory in Michigan's 2000 presidential primary. Since then, McCain has built his own formidable Michigan operation."

Romney To Move Quickly Into "Full-Scale Campaign" Mode. The Washington Post (1/4, A3, Balz, 690K) reports, "With a new headquarters open for business in Boston, Romney plans to move into full-scale campaign activity immediately. He will speak to a group of Southern conservatives this weekend in Georgia and will host a major fundraising event in Boston Monday. A formal announcement of his candidacy will come later, aides said." The Post goes on to discuss Romney's resume, noting among other things that in 1999, he "was called in to salvage the 2002 Winter Olympics in Salt Lake City after the organizing committee's scandals and financial problems threatened the Games' success," and that Romney made a failed challenge to Massachusetts Sen. Ted Kennedy (D) in 1994.

Fundraising Will Provide Early Test For Romney. The Boston Globe (1/4, Estes, Helman, 413K) reports,

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"Though the first presidential primary is more than a year away, a major test of Romney's viability will be how much money he can raise. Because there are federal contribution limits of $2,100 per person, Romney can no longer rely on a relatively small group of large contributors. His challenge now is to raise small donations from many contributors, and his fund-raisers have already been busy courting Republican players to help him do that. Through his Commonwealth Political Action Committee, which he set up in 2004 to support Republican candidates around the country, Romney raised $8.8 million by November."

Romney Said To Have Concluded Term With "Self-Celebratory" Exit. The Boston Herald (1/4, Ross, 184K) reports that Romney "last night turned the traditional 'long walk' out of the State House into a tightly scripted tribute to himself and his administration, crafted with an eye to the 2008 race for president he officially entered yesterday. Stopping along the way to talk to groups of well-wishers selected to represent his administration's achievements, Romney left the State House at about 5 p.m." His "self-celebratory walk-off drew hoots from political adversaries. 'What's going to follow him [on the presidential trail] is a litany of broken promises,' Democratic strategist Mary Anne Marsh said. 'He was supposed to be traveling the country and bringing us jobs. Instead, he was traveling the country and making jokes about Massachusetts.'" Romney campaign spokesman Kevin Madden "shot back, 'Any time the Democrats are attacking Gov. Romney, it shows two things: First, they're terrified of his prospective candidacy; and second…you must be doing something right.'"

The Boston Globe (1/4, Estes, Helman, 413K) reports that Romney's exit "from the State House, which took about 25 minutes, came one day earlier than the end of his four-year term of office. If he had left the building today, as has been the tradition, he would have been forced to walk through crowds of" supporters of Gov.-elect Deval Patrick (D) "gathered for the new governor's unusual outdoor inauguration. By staging the lone walk a day early, the governor commanded the spotlight, following a schedule that had been scripted down to the second."

Schwarzenegger To Propose Guaranteed Health Insurance For All Children. The Los Angeles Times (1/4, Rau, 850K) reports, "Gov. Arnold Schwarzenegger will propose that all Californian children, including those of undocumented immigrants, be guaranteed medical insurance as part of the health-care overhaul he intends to unveil next week, according to officials familiar with the plan." The plan "would affect about 763,000 children who currently lack insurance. While the administration has not revealed details of how it would pay for such a program, officials estimate that extending insurance to all children could cost the state as much as $400 million a year." That "would be a small piece of Schwarzenegger's stated goal: to ensure medical coverage for all of the 6.5 million Californians who now have none."

Web Site To Show Teacher Contract Provisions, State Education Rules. USA Today (1/4, 1A, Toppo, 2.27M) reports, "A website by the National Council on Teacher Quality (www.nctq.org/cb), scheduled to launch today, promises to shine a light on teachers' working conditions" by putting "the minutiae of union collective-bargaining agreements and state policies for the nation's 50 largest school districts into a consumer-friendly database." But "teachers unions say the data could be misinterpreted."

Will Argues Against Minimum Wage. George Will writes in the Washington Post (1/4, A10, 690K) that "the minimum wage should be the same everywhere: $0. Labor is a commodity; governments make messes when they decree commodities' prices. Washington, which has its hands full delivering the mail and defending the shores, should let the market do well what Washington does poorly."

US Navy Patrols Coast Of Somalia For Terrorists. The AP (1/4, Gedda) reports US Navy vessels are deployed off the coast of Somalia "to make sure al-Qaeda or allied jihadists don't escape the country by sea now that the once-dominant Islamist forces there are in retreat," the State Department said Wednesday. Of "particular concern is the fate of three al-Qaeda militants who were believed by US officials to be under the protection of the Islamic Courts Union in Mogadishu until Ethiopian forces drove the Courts from power in recent days." State Department spokesman Sean McCormack "said the missions off the coast are being carried out by a US task force" based in the Horn of Africa.

Frazer To Visit Mogadishu As US Mulls Presence. The Financial Times (1/4, Dinmore, England, Bounds, Turner) reports the US is "seeking to reestablish a presence in Mogadishu…after an absence of 12 years following the ousting of Islamist forces this week by Ethiopian-backed Somali allies." Assistant Secretary of State Jendayi Frazer

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"hopes to include Mogadishu in a tour that began on Wednesday with the aim of shoring up Somalia's transitional government with multinational African forces and US humanitarian aid." The Times notes that a "visible US presence in Mogadishu would represent at least a symbolically important moment of progress for the Bush administration in a widening region of conflict and proxy wars that have involved Somalia, Ethiopia, Eritrea, parts of Sudan, and the Central African Republic. But there are concerns in the administration and among its critics that the US will be seen in the Muslim world to be waging another proxy war against Islamist adversaries."

Kenya Closes Border But Denies Turning Back Refugees. The New York Times (1/4, A3, Gettleman, 1.16M) reports Kenyan officials announced Wednesday that they were closing their northern border "because of the conflict in Somalia, but denied that they had turned back hundreds of refugees." As Ethiopian-led forces continue "hunting down the remnants of Somalia's once powerful Islamist movement," it "now seems that Somalia's problems have sucked in yet another country, and with the final throes of the conflict on their doorstep, Kenyan officials said they had no choice but to act."

Ahmadinejad Vows To Produce Nuclear Fuel Despite Sanctions. The New York Times (1/4, A3, Fathi, 1.16M) reports Iranian President Mahmoud Ahmadinejad "warned Wednesday that Iran would not back down from its nuclear ambitions and said his country would soon start producing nuclear fuel on an industrial scale." In a speech in southern Iran, Ahmadinejad said, "Iran has the fuel cycle, and very soon we will push the button on nuclear fuel production for industrial uses." AFP (1/4, Pouladi) reports Ahmadinejad "did not go into details on the scale of the fuel production, but producing nuclear fuel for an atomic power station would involve the continuous running of centrifuges to produce enriched uranium of high quality and quantity."

Iranian Official Urges New Nuclear Talks. The Financial Times (1/4, Bozorgmehr, Smyth) reports Hossein Mousavian, a former Iranian nuclear negotiator "close to the influential former president Akbar Hashemi Rafsanjani, called on Wednesday for renewed diplomacy with the west to break the crisis over Iran's nuclear programme." He also "implied that Iran had no choice but to accept last month's" UNSC resolution. Mousavian's "frank briefing reflected growing concern among pragmatists in Tehran at the direction of the international situation," and "suggest that Iran's pragmatists and reformists are taking a more active role in shaping Iran's policy after the poor showing in last month's elections" by allies of Ahmadinejad.

Olmert, Mubarak Look To Restart Peace Talks. The AP (1/4, Weizman) reports Israeli Prime Minister Ehud Olmert and Egyptian President Hosni Mubarak "will search for ways to restart Mideast peace talks and free a captured Israeli soldier when they meet Thursday, although Israeli officials said they did not expect a breakthrough on the prisoner issue." Israeli and Egyptian officials said Olmert and Mubarak will also discuss Palestinian President Mahmoud Abbas' "coalition-building efforts, bilateral Israel-Egyptian ties and the prospect of joint economic projects at the hour-long summit Thursday evening, and the dinner that will follow."

Five Palestinians Killed In Gaza Violence. The New York Times/AP (1/4) reports five Palestinians were killed Wednesday "in a resurgence of factional violence in Gaza, leading to fears an already fragile truce between the rival Hamas and Fatah factions would completely collapse." Meanwhile, aides to Palestinian Prime Minister Ismail Haniyeh of Hamas "said Wednesday he plans to cut short a tour of Arab nations to return to Gaza." The Washington Post (1/4, A13, Wilson, 690K) also reports briefly on the events.

Kim Jong Il Seeks Sympathy From People. The Christian Science Monitor (1/4, Marquand, 59K) reports, "As Kim Jong Il continues to elude efforts to constrain his nuclear program, a grudging regard for the North Korean leader's tactical skills is rising." Kim, who "was once thought to be over his head as a leader," is "showing brilliance as a dictator" that has "even created a new image for himself at home -- not as a towering patriarch -- but as a figure of sympathy, a beleaguered, America-taunted leader who eats soldier's gruel and deserves care by the masses." However, "In one sense, Kim is prisoner to his own fantastic ideology of isolation," and "to allow outside influences into the regime could snap the spell of his own Oz-like deification, experts say."

WSJournal Urges Ban To Help North Korean Refugees. The Wall Street Journal (1/4, 2.04M) editorializes, "Ban Ki Moon got off to a good start at the United Nations this week when he declined to criticize the execution of Saddam Hussein. Here's another way the new Secretary General could outshine his predecessor: Demand that Beijing live up

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to its international obligations to let the U.N. High Commissioner for Refugees help the tens of thousands of North Korean refugees hiding in northeast China." As a Korean, the Journal says Ban has "special moral authority to address this little-known humanitarian crisis," and "a good place to start would be by making a public plea on behalf of six refugees who tried, but failed, to obtain sanctuary in the US consulate in Shenyang, China, last month."

Mexican Diplomat Appointed To High UN Post. The New York Times (1/4, A10, Preston, 1.16M) reports UN Secretary-General Ban Ki-moon Wednesday "appointed a high-level United Nations insider, Alicia Bárcena Ibarra, to the top management post, a signal that he does not plan aggressive reforms in the much-criticized bureaucracy." United Nations diplomats pointed out that Bárcena, "a career diplomat from Mexico who served for most of last year as the chief of staff for Kofi Annan," had "little of the front-line administrative experience needed to run the unwieldy United Nations system." Several diplomats said the choice of Bárcena "cast doubt on statements Mr. Ban made on Tuesday, when he said in a meeting with United Nations staff members that he wanted to overhaul 'the working culture' of the organization."

Britain Repays World War II Debts. The Washington Times (1/4, A1, Webb, 88K) reports in a front page article that "more than six decades after the fact, Britain has finally paid back the billions of dollars it had borrowed from the United States and Canada to help pay for rebuilding the country after World War II." On "the last business day of 2006, $83.25 million was sent electronically winging to Washington and $22.7 million to Ottawa, to free Britain from annual installments it occasionally has struggled to pay." British Economic Secretary Ed Balls "hailed the dispatch of that last payment" on Dec. 29, telling journalists, "We finally honor our commitments to the US and Canada for the support they gave us 60 years ago."

German Economy Rebounding As Unemployment Drops. The Financial Times (1/4, Benoit) reports unemployment in Germany recorded "another steep monthly drop in December, underscoring the robustness of the year-old rebound under way in Europe's largest economy." Seasonally adjusted figures released by the Federal Labour Agency on Wednesday "put the number of jobseekers in Germany at 4.1 million, down 108,000 on the month, a far bigger drop than economists had anticipated after a 86,000 fall in November." The "extraordinary fall in unemployment," as described by the Agency, put the unemployment rate in the country at 9.8 percent.

Muslim Ritual Draws Criticism From Animal Activists In Belgium. On its front page, the Wall Street Journal (1/4, A1, Jacoby, 2.04M) reports that the annual Muslim ritual of slaughtering a sheep as part of the Eid al-Adha holiday "raises the ire of animal-rights activists" in Belgium, who have "for years, they have held anguished protests against the manner in which the sheep are slaughtered, arguing that the sheep should be stunned first to lessen their pain." While "similar conflicts play out across Europe, the tensions are particularly acute in Brussels," where "unlike France and other nations with large Muslim minorities, Muslims in Belgium aren't concentrated in ghettos outside major cities; they often live side-by-side with EU officials and other professionals in gentrifying urban neighborhoods."

Suspension Of ETA Talks Setback For Zapatero. The Financial Times (1/4, Mulligan, Burnett) reports the suspension of the ETA peace process after last week's bombing "marks the first big defeat" for Spanish Prime Minister José Luis Rodríguez Zapatero, "who has managed, through formidable charm, shrewdness and unshakeable conviction, to steer his country leftwards since winning a surprise victory in the March 2004 election, two days after devastating bomb attacks on the Madrid commuter rail network." It also "underlines the limitations of a determined optimist who, political insiders complain, fails to take counsel or heed political alarm bells."

Former US Officials Urge US To Curb Nuclear Proliferation. Former Secretary of State George P. Shultz, former Defense Secretary William J. Perry, former Secretary of State Henry A. Kissinger and former Sen. Sam Nunn write in the Wall Street Journal (1/4, 2.04M) that nuclear weapons "present tremendous dangers, but also an historic opportunity. US leadership will be required to take the world to the next stage -- to a solid consensus for reversing reliance on nuclear weapons globally as a vital contribution to preventing their proliferation into potentially dangerous hands, and ultimately ending them as a threat to the world." North Korea's recent nuclear test and Iran's refusal to stop its

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program to enrich uranium, they say, "highlight the fact that the world is now on the precipice of a new and dangerous nuclear era." Therefore, they urge "that a major effort should be launched by the United States to produce a positive answer through concrete stages." First, they recommend "intensive work with leaders of the countries in possession of nuclear weapons to turn the goal of a world without nuclear weapons into a joint enterprise."

Big Energy Projects In Canada To Help Supply US Market. The Wall Street Journal (1/4, Scott, 2.04M) reports, "The oil and natural-gas industry is increasingly looking to Canada as a home for big energy projects Americans don't want in their backyards." A possible "refinery development is the cornerstone of a concerted regional attempt to construct a huge 'energy hub' in New Brunswick, supplying the markets of Boston and New York with gasoline, natural gas and eventually petrochemicals and related products." The "effort is the latest sign of increased interest just outside US borders, in part to supply the U.S. market." The US "has been slow to invest in the infrastructure necessary to bring extra imports to consumers, due in part to concerns about the cyclical nature of the energy business. Also hurting matters is the widespread not-in-my-backyard attitude...toward new industrial investment, which has notably delayed development of LNG terminals in the U.S."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Gov. to seek insurance for all children."
"White, but his heart is Latino."
"L.A. mayor seeks federal aid to combat gangs."
"Pelosi shows she's the head of her party."
"Old guard back on Iraq policy."
"$210 million to step aside."

USA Today:

"Crunching Numbers District By District."
"Online Database Opens A Window For Parents To Compare Schools."
"NFL Playoffs Are An Open Field."
"First Act For Dems Is Ethics Cleanup."

New York Times:

"Intelligence Chief Is Shifted To Deputy State Dept. Post."
"Ethics Overhaul Tops The Agenda In New Congress."
"Spitzer Requests Sweeping Array Of New Measures."
"In Padilla Wiretaps, Murky View Of 'Jihad' Case."
"Home Depot Ousts Highly Paid Chief."
"U.S. Bars Lab From Testing Electronic Voting."
"Mother Wonders If Psychosis Drug Helped Kill Son."

Washington Post:

"While the Nation Mourned, Their Trip Continued."
"Kenya Reinforces Border to Block Islamic Fighters."
"President Signals Budget Accord."
"Pelosi Walks Tightrope Enforcing Rules."
"New Orleans Repeats Mistakes."
"Episcopal Churches' Breakaway in Va. Evolved Over 30 Years."
"Iraq's Woes Are Adding Major Risks To Childbirth."
"Democrats Hope to Take From Oil, Give To Green Energy."

Washington Times:

"Cindy Sheehan Routs The Democrats."
"Bush Warns Democrats On Stalemate."
"Britain Free From WW II Payments."
"Social Security For Illegal Aliens."
"Virginia Children Rate Most Likely To Succeed."

Detroit Free Press:

"At Home. At Rest."

Atlanta Journal-Constitution:

"Nardellli Out."
"Democrats Plan; Bush Showes Back."
"Ex-President Of Morris Brown Gets Probation."
"'Spaceship Earth' Sculpture Makes Crash Landing At KSU."

Houston Chronicle:

"Challengers Unite Against Craddick."
"Another Setback For U.S. Spying."
"Consumer Aid On Minds Of Legislators This Session."
"A 'Soldier For God,' Country."
"Girl In 2005 Custody Fight Has Cancer Again, Dad Says."
"Democrats Flex Their Partisan Muscles."

Story Lineup From Last Night's Network News:

ABC: Gerald Ford's Service-Michigan; New Democratic Congress; New Democratic Congress-Analysis; Romney Presidential Bid; Hussein Execution Investigation; Hostage Tape-Iraq; Starving Cattle-Colorado; CEO's Severance Pay; New Football Coach; Duke Lacrosse Case; New Diet Drink; Youngest Person-Sailing Solo; Subway Superman.

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CBS: Hussein Execution Investigation; Hussein Execution Aftermath; Troop Surge-Iraq; Hostage Tape-Iraq; New Democratic Congress; Duke Lacrosse Case; High School Shooting; Emergency Communications Planning; Gerald Ford's Service-Michigan; New Stroke Treatment; Nardelli Severance Pay; Subway Superman.

NBC: Starving Cattle; Hussein Execution Investigation; Hussein Execution Aftermath; New Democratic Congress; Negroponte Steps Down; Hostage Tape-Iraq; Gerald Ford's Service-Michigan; Bilingual Households; Duke Lacrosse Case; Max Mayfield Retires; Stock Market; Nardelli Severance Pay; Subway Superman.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: New Congress; Saddam Execution Cell Phone Video-Arrests Made; Negroponte Resignation; Exxon Mobil Disinformation Campaign Allegation; 9/11 Debris-More Bones Found; Duke University-Lacrosse Players Reinstated; Aircraft Carrier To Be Named For President Ford; Home Depot-CEO Resigns.

CBS: New Congress; Pentagon Plan For Increasing Troop Levels In Iraq Sent To President Bush; Iraq Violence; Saddam Execution Cell Phone Video-Arrests Made; WA-School Shooting; Mike Tyson-Drug Charges; IL-Couch Potato Contest.

NPR: Somalia-Rocket Attack By Islamist Forces; U.S. Navy Deployed Off Somali Coast; Kenya Meeting-U.S. To Promote Idea Of African Peacekeeping Force For Somalia; U.N. Special Investigator Condemns Iraqi Plan To Execute Two Of Saddam's Co-defendants; CO Snowstorm-Stranded Cattle; Southeast U.S.-Warm Temperatures; Negroponte Resignation; Calderon To Send Drug-Fighting Troops To Tijuana; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the Chancellor of Germany, Oval Office, The White House; makes statements to media with German Chancellor Angela Merkel, Cross Hall, White House.

VICE PRESIDENT CHENEY — Participates in the Senate swearing in ceremony for the 110th Congress, Capitol.

US Senate: FLOOR SCHEDULE _ 12 p.m. The Senate convenes for the first session of the 110th Congress, and newly-elected members take oaths of office.

US House: FLOOR SCHEDULE _ 12 p.m. The House convenes for the first session of the 110th Congress, and newly-elected members take oaths of office

Other: CHANCELLOR ANGELA MERKEL OF GERMANY _ Highlights: 5 p.m. Meets with President Bush, Oval Office.

PELOSI SWEARING IN WEEK _ Schedule for House Speaker- designate Nancy Pelosi. Highlights: 9 a.m. Bipartisan interfaith prayer service in honor of men and women in uniform. Closed press. With joint House leadership and members of the House. St. Peter's Catholic Church, 313 2nd St. SE. 12 p.m. Swearing in. House floor. 3 p.m. - 6 p.m. Ceremonial swearing in. Rayburn Room, Capitol. 6:30 p.m. Swearing in celebration concert. National Building Museum. Press will be escorted in for Pelosi's introduction and remarks only. Preset tripods at 5:30 p.m. Media must RSVP to pelosipressgmail.com.

LAW SCHOOLS-CONFERENCE _ Immigration debate, surveillance and security issues are among topics at the Association of American Law Schools Annual Meeting. Over 3,500 law faculty expected to attend. Highlights: 10:30 a.m. Section on Legislation presents ``The Roberts Court and the Regulation of Politics," examining two cases from the court's Oct. 2005 docket: the Vermont campaign finance case (Randall v. Sorrell) and the Texas re-redistricting case (Sessions v. Perry). 10:30 a.m. Forum on ``Prosecuting Leakers and Leakees: The End of National Security Muckracking?" 12:30 p.m. Luncheon address by Kenneth R. Feinberg, appointed Special Master of the Federal September 11th Victim Compensation Fund. 2:15 p.m. Forum on the lawyers as public servants, featuring Charles Ogletree (Harvard); Kurt Schmoke (Howard); Kenneth Starr (Pepperdine); and William H. Webster (Former Director, FBI and CIA, Washington, D.C.). 4 p.m. Immigration Law forum on ``'Histories of Naturalization." Location: Marriott Wardman Park.

BLACK CAUCUS SWEARING-IN _ 9 a.m. Swearing-in ceremony for the new leadership team of the Congressional Black Caucus. Reps. Carolyn Kilpatrick, D-MI, Barbara Lee, D-CA, Emanuel Cleaver II, D-MO, Danny Davis, D-IL, and Sheila Jackson-Lee, D-TX, will participate. Location: Library of Congress, Jefferson Bldg., Coolidge Auditorium, 1st and Independence SE.

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JOINT CAUCUS _ 9 a.m. Photo op as Senate Democrats and Republicans will join before the opening of the new 110th Congress for a special Joint Caucus in the historic Old Senate Chamber. Location: Old Senate Chamber.

CHAMBER PRIORITIES _ 9:30 a.m. The US Chamber of Commerce holds a briefing to discuss its 2007 policy priorities, with CEO Thomas Donohue. Location: 1615 H St. NW.

FIRST AMENDMENT-UNIONS _ 9:30 a.m. - 11 a.m. There will be a discussion of two consolidated Supreme Court cases questioning whether the First Amendment protects political activity by unions paid for with non-member fees. Participants: Larry Gold, Associate General Counsel, AFL-CIO & of counsel, Lichtman, Trister & Ross, PLLC; and James Bopp, Jr., General Counsel, James Madison Center for Free Speech & Member, Bopp, Coleson & Bostrom Moderator, Amanda Frost, American University Washington College of Law. Location: National Press Club, Lisagor Room.

NEWS COVERAGE INDEX _ 10 a.m. Briefing to launch Project for Excellence in Journalism's weekly ``news coverage index." Project is seen as the largest effort to date at real-time and ongoing content analysis of the news media. Location: Pew Research conference room, 7th floor, 1615 L St. NW.

ANTI-WAR, ANTI-TORTURE _ 12 p.m. The ``World Can't Wait-Drive Out the Bush Regime" group holds demonstration to mark the opening of Congress. Protesters wearing ``orange Guantanamo torture jumpsuits" will call on Congress to begin impeachment hearings. Location: Upper Senate Park.

ECONOMISTS-RATCHET MORTGAGE _ 12 p.m. Bert Ely, president of Ely and Company, discusses ``The Ratchet Mortgage and its Many Benefits" at National Economists Club meeting. Location: Chinatown Garden Restaurant, 618 H St. NW.

CRISIS IN SOMALIA _ 12 p.m. - 1:30 p.m. Somalia experts Professor David Shinn, Elizabeth Spiro Clark, Gayle Smith and Professor William Zartman speak at MEI forum on ``Repercussions from the Current Crisis in Somalia." Location: SAIS at Johns Hopkins, Rome Bldg., 1619 Mass. Ave. NW.

STEM CELL RESEARCH _ 1:30 p.m. Opinion Research Corporation holds 1:30 p.m. EST news teleconference to release national poll on stem cell research and what Americans want the new Congress to do about it. Contacts: Patrick Mitchell, 703-276-3266. Notes: Call 800-860-2442. Ask for the ``stem cell research and the new Congress" event.

DEMOCRATS-ETHICS _ 3 p.m. Immediately prior to debate and votes on the Democratic ethics package, Rules Committee Chairwoman Louise Slaughter, Democratic Caucus Chairman Rahm Emanuel and newly sworn-in members of Congress including Congressman Zack Space, Congressman Chris Carney, Congressman Harry Mitchell and Congressman Tim Mahoney will discuss the ethics package. Location: Room HC-8, Capitol.

TSUNAMI RELIEF _ 3 p.m. Mark Ward, deputy assistant administrator for Asia and the Near East, USAID, and Eric Schwartz, special UN envoy for tsunami recovery, speak on ``Tsunami Relief and Recovery Efforts and What Remains to be Done." Location: National Press Club, 14th and F Sts. NW.

CONGRESSIONAL-HISPANICS _ 6 p.m. Ceremonial swearing in for the members of the Congressional Hispanic Caucus. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

ANTI-WAR-SHEEHAN _ 7 p.m. The anti-war ``World Can't Wait-Drive Out the Bush Regime" group holds forum to call for impeachment hearings. Speakers include Cindy Sheehan and Michael Ratner. Location: National Press Club, 14th and F Sts. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 4, 2007 7:45 AM EST

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TERRORISM NEWS:

Latest Guantanamo Abuse Allegations Put Private Contractors In Spotlight. The Washington Post (1/4, D1, Witte, Merle, 690K) reports, "New allegations of detainee abuse at Guantanamo Bay released by the FBI on Tuesday put private contractors at the center of interrogation operations, raising questions once again about where they fit in the military's chain of command." The FBI disclosures, "based on eyewitness reports, refer several times to contractors directing the Army's interrogation efforts at the military detention center in Cuba. In at least one case, FBI agents were told that detainees may have been mistreated on orders from a contractor." The documents "suggest a greater role for contractors than was previously known, and contracting experts said they indicate a further blurring of the limits on how much responsibility the private sector can carry in doing the public's work."

Wiretaps Provide Murky View Of US Case Against Padilla. The New York Times (1/4, Sontag) reports, "In 1997, as the government listened in on their phone call, Adham Hassoun, a computer programmer in Broward County, Fla., proposed a road trip to Jose Padilla, a low-wage worker there. The excursion to Tampa would be his treat, Mr. Hassoun said, and a chance to meet 'some nice, uh, brothers.' … Mr. Padilla, 36, a Brooklyn-born Puerto Rican who had converted to Islam a few years earlier, knew Mr. Hassoun, an outspoken Palestinian, from his mosque. Still, according to a transcript of the conversation obtained by The New York Times, Mr. Padilla equivocated as Mr. Hassoun exhorted … That conversation took place five years before Mr. Padilla, a United States citizen accused of plotting a 'dirty bomb' attack against this country, was declared an enemy combatant. Given that Mr. Padilla and Mr. Hassoun are now criminal defendants in a terrorism conspiracy case in Miami, it sounds suspicious, as if Mr. Hassoun were proposing something more sinister than a weekend at the amusement park. He well may have been — but maybe, too, he was sincere or joking about a Muslim retreat." The Times adds, "Deciphering such chatter in order to construct a convincing narrative of conspiracy is a challenge. Yet, prosecutors say, the government will rely largely on wiretapped conversations when it puts Mr. Padilla, Mr. Hassoun, and a third defendant, Kifah Jayyousi, on trial as a 'North American support cell' that sent money, goods and recruits abroad to assist 'global jihad.'" The Times notes, "Tens of thousands of conversations were recorded. Some 230 phone calls form the core of the government's case, including 21 that make reference to Mr. Padilla, prosecutors said. But Mr. Padilla's voice is heard on only seven calls. And on those seven, which The Times obtained from a participant in the case, Mr. Padilla does not discuss violent plots. … But this is not the version of Mr. Padilla — Al Qaeda associate and would-be bomber — that John Ashcroft, then the attorney general, unveiled in 2002 when he interrupted a trip to Moscow to trumpet Mr. Padilla's capture. In the four and a half years since then, as the government tested the limits of its power to deal with terrorism outside the traditional law enforcement system, Mr. Padilla is the only accused terrorist to have gone from enemy combatant to criminal defendant. "

Leahy Says DOJ "Brushed Off" His Request For Terrorism Documents. United Press International (1/4) reports, "The incoming chairman of the powerful Senate Judiciary Committee says the U.S. Justice Department brushed off a request to see secret war-on-terror documents. … 'The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for,' said Leahy in a statement." UPI continues, "He accused the department and the the White House of 'squander(ing) another opportunity to work cooperatively with Congress,' and promised to take the matter up with Attorney General Alberto Gonzales at an early oversight hearing this month." UPI adds, "Last November, Leahy requested two documents concerning CIA interrogation methods, the existence of which officials recently acknowledged for the first time in a lawsuit. … In a letter to Gonzales, Leahy said he wanted to see a presidential directive regarding the CIA's interrogation methods and detention facilities located outside of the United States, and an August 2002 Department of Justice communication to the CIA's general counsel about agency interrogation policies and methods -- the so-called second Bybee memorandum. … Tuesday, Leahy released the response from the Justice Department in which officials said that the documents contained 'extremely sensitive operational details ... including the specific interrogation techniques employed' by the CIA. The department said it was 'longstanding practice' that 'non-public' opinions from the department's Office of Legal Counsel were 'not disclosed outside of the executive branch,' because doing so would chill the administration's ability to get candid advice."

LATimes Says Congress Has Right To Interrogation Tactics Papers. The Los Angeles Times (1/4, 850K) editorializes that the Bush Administration's "stonewalling" when it "comes to sharing information about its tactics in the 'war on terror'" is a "mistake." Vermont Sen. Patrick Leahy's (D) request for documents is "legitimate." Congress has "a right to know," and the Judiciary Committee "has a legitimate

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oversight responsibility to see what the CIA has been doing and whether it's violating the law."

Ressam Recants Testimony Linking Guantanamo Detainee To Millennium Plot. The Seattle Times (1/4, Carter, 118K) reports, "Convicted millennium bomber Ahmed Ressam has recanted testimony that has been helping to detain a fellow Algerian as an enemy combatant in Guantánamo Bay, Cuba. In a letter to U.S. District Judge John Coughenour, Ressam wrote that a Montreal friend, Hassan Zemiri, had nothing to do with plans to detonate bombs at Los Angeles International Airport over the New Year's holiday in 1999." Ressam "had testified at the 2001 trial of his co-conspirator, Mohktar Haouari, that Zemiri had aided in the plot." Zemiri lawyer Jim Dorsey "was unaware that Ressam had written the letter aiding his client until contacted by The Seattle Times on Wednesday. Dorsey said the letter was 'great [but] you just don't know how much good it will do.'" The Times notes that in the letter, "Ressam said he had asked his lawyers a year ago to help him contact the FBI or prosecutors about changing his testimony."

Professor Compares Cold-War FBI Files To Terrorism Watch Lists. In a New York Times (1/4, 1.16M) op-ed, University of British Columbia journalism professor Peter W. Klein writes, "This week the United States government will begin automatically declassifying hundreds of millions of documents from the cold war," including the FBI file on his father Fred Klein, a Hungarian immigrant falsely accused of having "been an agent for…the Hungarian K.G.B." Klein adds, "Twenty-five years from now, some unsuspecting son may stumble across a file about his own father — a patriotic, law-abiding Arab immigrant whose name inexplicably ended up on a list. Like the cold-war-era files, these new ones being drawn up could leave a historical paper trail about an era of scares and witch hunts — if intelligence officials do not learn from the lessons in the documents released today."

HOMELAND RESPONSE:

Outgoing Senate Sergeant At Arms Says Terror Attack On Capitol "Inevitable." The Hill (1/4, Eisele) reports, "Senate Sergeant at Arms Bill Pickle ended four years in office yesterday with a plea to lawmakers and law enforcement officials to keep their guard up against what he called an inevitable terrorist attack on the Capitol. … 'The Capitol is the symbol of America all over the world, and it's clearly the No. 1 or 2 target of terrorists, as it was on 9/11. I truly believe at some point in the future, and I don't know in what shape or form, we will be victimized again." The Hill notes that Pickle "criticized the outgoing Republican House leadership for resisting his efforts to develop a unified security strategy for the…Capitol complex," and "he predicted that incoming Speaker Nancy Pelosi…and the House Democratic leadership 'are going to be more responsive' to his successor…in beefing up Capitol security."

Port Industry Officials Decry Legal Residency Requirement, Expense Of TWIC Program. The New York Times (1/4, Lipton, 1.16M) reports DHS announced Wednesday that "port workers will be required to have criminal background and immigration checks" under an antiterrorism program that "industry leaders say…could disrupt port traffic nationally." Workers will receive a "tamperproof" Transportation Worker Identification Credential after passing the reviews, but officials within the industry "say the restrictions may disqualify thousands of workers, particularly truck drivers, based on estimates that a signification segment of the drivers may be working here illegally." TSA Administrator Kip Hawley "said in an interview Wednesday that he was confident that the effects would be modest. Drivers of trucks carrying hazardous materials have similar background checks, with 1 percent disqualified, Mr. Hawley said."

Meanwhile, the AP (1/3, Miller) reported, "Groups representing truckers and longshoremen" said the fee for the ID cards, as much as $159, "is too high and will force some workers -- especially truck drivers -- to quit their jobs." However, "Hawley said the fee was reasonable for a card that is good for five years and includes high-tech identification verification and a security threat assessment. Drivers who have had background checks, either because they carry hazardous material or cross the border, will pay less, he said. 'It's pretty hard to say, 'I can't afford $30 a year for a professional credential,'' Hawley said."

The Washington Times (1/4, Hudson, 88K) reports, "Nearly 1 million workers accessing US ports must undergo criminal background checks, submit fingerprints and pay more than $100 for" the cards, but the technology to read them "has not been created, so the expensive identification card will be used as a flashcard at checkpoints." The Times continues, "Although the card-reader requirements are not being implemented at this time, 'the Coast Guard will institute periodic unannounced checks to confirm the identity of the holder of the TWIC,' says the new rules, which are spelled out over nearly 500 pages."

Chertoff Says 75 Communities Will Have Advanced Interoperability Systems By 2009. In an article appearing at least 67 times, the AP (1/3, Barrett) reported that DHS Secretary Michael Chertoff "pledged Wednesday that 75 metropolitan areas would have advanced

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disaster communications systems by 2009, but acknowledged that friction among emergency agencies continues to hinder progress." Chertoff said Homeland Security is "determined to get this job done in the next two years." The secretary "did not say how much the effort would cost, but so far the government has distributed more than $2.9 billion to communities around the country with mixed results. Democrats who will control Congress this year have also promised to make communications upgrades a priority, but have provided little detail."

In an alternate version, often appearing under the headline "Chertoff Vows Emergency Systems Upgrade," the AP (1/3, Barrett) reported that Chertoff provided "no concrete detail," but "essentially promised to scrap old radios and ancient grudges that continue to bedevil communications during crises, even five years after the attacks of Sept. 11, 2001." However, the "pledge…raised questions for some analysts," including Richard Rotanz, of Adelphi University, who said the report offered a "very vague description of where things are and where they want to go." The AP continued, "Chertoff said cities in the scorecard should not be compared with each other because each faces a unique set of challenges."

On the CBS Evening News (1/3, story 8, 2:15, Couric, 7.66M), correspondent Bob Orr explained "why getting everyone on the same frequency is a lot harder than anyone thought." With scenes of 9/11 playing, CBS (Orr) said that the deaths more than 300 New York City firefighters, due "in large part" to the fact that "their radios couldn't pick up police warnings that the World Trade Center towers were about to collapse," was "one of the enduring tragedies of 9/11." However, "when a section of the Pentagon collapsed, all state, local and federal rescuers were on the same page. … The Washington region continues to set the standard for emergency communications planning, but it's one of only six metro areas judged in the new Homeland Security audit to be fully prepared to handle a natural disaster or terrorist attack."

New Orleans Seen As Repeating "Mistakes" In Rebuilding Process. In a front-page story titled "New Orleans Repeats Mistakes as It Rebuilds," the Washington Post (1/4, A1, Whoriskey, 690K) reports, "After Katrina, teams of planners recommended that broad swaths of vulnerable neighborhoods be abandoned." However, "all areas of the city have at least some residents beginning to rebuild." More are "expected to follow," with "billions of dollars in federal relief for homeowners trickling in." In addition, even though new federal guidelines "call for raising houses to reduce the damage of future floods," most returning homeowners "do not have to comply or are finding ways around the costly requirement."

WAR NEWS:

Bush Expected To Order Iraq Troop Increase Of Up To 20,000. McClatchy (1/4, Strobel, Youssef) reports President Bush "plans to order extra U.S. troops to Iraq as part of a new push to secure Baghdad, but in smaller numbers than previously reported, U.S. officials said Wednesday. The president, who is completing a lengthy review of Iraq policy, is considering dispatching three to four U.S. combat brigades to Iraq, or no more than 15,000 to 20,000 U.S. troops, the officials said. Bush is expected to announce his decision next week." A State Department official said, "Instead of a surge, it is a bump." The Washington Times (1/4, 88K) reports White House spokesman Tony Snow said during his regular briefing Wednesday that "it is clear there needs to be a greater military presence in Baghdad."

The CBS Evening News (1/3, story 3, 1:00, Martin, 7.66M) broke down the numbers, saying "commanders have told the President they are prepared to execute a troop surge that would send about 9,000 soldiers and marines into Iraq with another 11,000 on alert outside the country. Two Army brigades, about 7,500 troops, would go into Baghdad in an effort to control the violence. Two Marine battalions, about 1,500 troops, would be sent in to western Iraq. … Another Army brigade would be on standby in Kuwait with two more on standby back in the states. Pentagon officials are certain President Bush will order a troop surge but they caution the details could change between now and when he unveils his new Iraq strategy, probably next week."

Some Key Capitol Hill Democrats Will Not Rule Out Support For Surge. The New York Times (1/4, A6, Zeleny, 1.16M) reports "key Senate Democrats say they could consider supporting a short-term increase in American troop levels in Iraq, a stance that reflects division within the party and could provide an opening for President Bush as he prepares to announce his revised plan for Iraq as early as next week." Incoming Armed Services Chairman Carl Levin "said he would not 'prejudge' the president's proposal." However, incoming Foreign Relations Chairman Joseph Biden "has said he is opposed to increasing troop strength regardless of the plan, calling the idea the 'absolute wrong strategy.'"

Incoming House Majority Leader Steny Hoyer said on MSNBC's Hardball (1/3, Matthews), "We need to find out specifically what he wants to do with those troops. Almost every policy that they've pursued has not work. I'm very skeptical of this so-called surge as to whether or not it will accomplish the objectives and I'm not sure what the specific objectives are."

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Surge Seen As Victory For "Neocons." Under the headline "Behind Troop Surge, A Neocon Force," the Los Angeles Times (1/4, A1, Spiegel, 850K) writes that "ever since Iraq began spiraling toward chaos, the war's intellectual architects -- the so-called neoconservatives -- have found themselves under attack in Washington policy salons and, more important, within the Bush administration." But while Douglas Feith and Paul Wolfowitz left the Pentagon and John Bolton left the State Department, "other neocons have moved back into the mainstream of steering Iraq policy. A key part of the new Iraq plan that President Bush is expected to announce next week -- a surge in U.S. troops coupled with a more focused counterinsurgency effort -- has been one of the chief recommendations of these neocons since the fall of Saddam Hussein."

More Commentary On Iraq Strategy. In a New York Times (1/4, A23, 1.16M) op-ed, former National Security Adviser Brent Scowcroft writes, "An American withdrawal before Iraq can, in the words of the president, 'govern itself, sustain itself, and defend itself' would be a strategic defeat for American interests, with potentially catastrophic consequences both in the region and beyond. Our opponents would be hugely emboldened, our friends deeply demoralized. Iran, heady with the withdrawal of its principal adversary, would expand its influence through Hezbollah and Hamas more deeply into Syria, Lebanon, the Palestinian territories and Jordan. Our Arab friends would rightly feel we had abandoned them to face alone a radicalism that has been greatly inflamed by American actions in the region and which could pose a serious threat to their own governments."

In his New York Times (1/4, A23, 1.16M) column, Bob Herbert writes, "How long can this go on? Saddam is dead. The weapons of mass destruction were a mirage. More than 3,000 American G.I.s and scores of thousands of Iraqis have been killed. Voters in the United States have made it clear that they no longer support American involvement in this exercise in sustained barbarism. Incredibly, the U.S. military itself is turning against the war. And yet the president, against the counsel of his commanders on the ground, apparently is ready to escalate -- to send more American lives into the fire he set in Iraq."

In his Washington Post (1/4, A17, 690K) column, David Broder writes, "An element of unreality has infected the speculation about President Bush's decision on a new strategy for Iraq. In the weeks since the Iraq Study Group issued its report and the president said he was going to canvass a variety of other sources before making up his mind, the assumption has grown that he will declare the next steps himself. In reality, Bush's ability to act on his own is severely limited. His hands are tied both at home and abroad. At most, he can suggest what he would like to do, but he is dependent on others to actually do it."

Negroponte Will Leave DNI Post To Become Rice's Deputy. The departure of John Negroponte from his post as director of national intelligence to become deputy secretary of state was mentioned on NBC Nightly News (1/3, story 5, 0:20, Williams, 9.87M) in a brief item. The story received no other network coverage but is covered in many of this morning's major newspapers in straightforward accounts. The AP (1/3, Shrader) says Negroponte will leave the job he has held for 20 months to become Secretary of State Condoleezza Rice's deputy. A source said the "timing of Negroponte's departure was uncertain but that it was expected soon." USA Today (1/4, 6A, Gomez, 2.27M) says a "senior State Department official said the announcement could come as early as this week. … Negroponte's move comes as Bush finalizes a new course for the war in Iraq."

The New York Times (1/4, Mazzetti, 1.16M), which puts the story on its front page, notes that Negroponte is the nation's first director of national intelligence, and says in his new role, he "will fill a critical job that has been vacant for months." He is "expected to play a leading role in shaping policy in Iraq. But his transfer is another blow to an intelligence community that has seen little continuity at the top" since George Tenet left the CIA in 2004. The Wall Street Journal (1/4, A4, Solomon, King, 2.04M) says "spy chief" Negroponte "will play a central role" in executing President Bush's new Iraq strategy. The Washington Post (1/4, A11, Kessler, 690K) says Negroponte's "decision to step down as the nation's top spy for a sub-Cabinet position marks a sudden reversal. Rice had earlier sought to recruit Negroponte -- as well as other high-profile figures -- for the job, but last month he insisted he was staying at his post."

The Los Angeles Times (1/4, Richter, Miller, 850K) says Negroponte's successor as DNI "has not been selected, a U.S. official said. But there was speculation that the post could go to J. Michael McConnell, a retired vice admiral who headed the National Security Agency from 1992 to 1996" and who is now a senior vice president at Booz Allen Hamilton.

US Distances Itself From Iraq's Handling Of Saddam Hanging. The three broadcast networks varied greatly in their Wednesday evening coverage of the aftermath of Saddam Hussein's execution. ABC gave just 25 seconds to the controversy surrounding the ex-dictator's hanging, while CBS and NBC each gave the story more than three minutes of coverage. Many print sources say the US "distanced itself" from the handling of the execution. ABC World News (1/3, story 5, 0:25, Gibson, 8.78M) simply said Iraqi Prime Minister Nouri al-Maliki's office "announced that one of Saddam Hussein's guards is suspected of making that macabre cell phone video of Hussein's hanging. And he's been arrested. There is skepticism that the guard is to blame. The prosecutor said he saw two Iraqi officials

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recording the hanging with cell phone cameras. The US military said today it would have handled the execution much differently."

The CBS Evening News (1/3, lead story, 2:20, Couric, 7.66M) said, "Given the uproar over the way the execution was handled the US military is now trying to distance itself" from the Maliki government. CBS (Pinkston) added, "Three days after Saddam Hussein's chaotic funeral, these first pictures of his burial obtained exclusively by CBS News show angry, distraught followers pulling back the shroud in which Saddam was wrapped. For the first time a top US military spokesman in Baghdad publicly questioned the conduct of Saddam's execution." Maj. Gen. William Caldwell: "Would we have done things differently? Yes, we would have, but that's not our decision." Pinkston: "For almost two decades, the US government regularly denounced Saddam, but" Caldwell" spoke almost admiringly of his last moments in American custody." Caldwell: "He was still dignified towards us. He spoke very well to our military police as he always had. And when getting off there at the prison site he said farewell to his interpreter. He thanked the military squad, the lieutenant squad leader." The CBS Evening News (1/3, story 2, 1:20, Axelrod, 7.66M) added, "Clearly the White House was hoping that the execution of Saddam Hussein would serve as evidence that the Iraqi government could act with competence and authority. And instead, the bungling of the execution is raising questions about Prime Minister Maliki's ability to produce the kind of reconciliation that that's essential between Sunnis and Shiites for a more peaceful Iraq."

NBC Nightly News (1/3, story 2, 2:25, Williams, 9.87M) asked, "What really happened inside the death chamber the night Saddam Hussein was hanged, and how is it someone captured the entire execution apparently on a video cell phone? There are arrests in that incident, along with attempts by Iraq and the United States to distance themselves from what we are now learning what might have been chaos in those final moments." NBC (Engel) added, "A senior Iraqi official" says "his government lost control of Saddam Hussein's execution. National Security Advisor Dr. Mowaffak al-Rubaie, a witness, says as Saddam was on the gallows up to 30 supporters of radical Shiite militias turned the room into a mob scene that he called disgusting." NBC Nightly News (1/3, story 3, 0:45, Gregory, 9.87M) added, "The President has not seen the tape of the execution, but Tony Snow, the press secretary, echoed what" Caldwell "said, which is the United States would have carried out the execution differently. Having said that, Snow was a little more defensive, saying there's been a lot more attention on the final two minutes of his life rather than the first 69 years and his record of mass murder."

The AP (1/3, Hurst) reports Iraqi authorities "reported the arrests Wednesday of two guards" as Rubaie "said the guard force was infiltrated by outsiders who taunted the former leader and shot the video showing his body dangling at the end of a rope." The Bush Administration "sent conflicting signals Wednesday about the taunting and baiting that accompanied the execution, with the White House declining to join criticism of the procedure and the State Department and U.S. military publicly raising questions about it." The New York Times (1/4, A8, Stolberg, 1.16M) also notes the differences between the White House and State and military responses, adding that with the President "set to make a major speech, possibly as soon as next week, outlining a new strategy in Iraq, the handling of the execution has put the White House in a difficult position." In November, Bush called Maliki "'the right guy for Iraq.' Now Mr. Maliki faces international criticism for his decision to press ahead with the hanging, and questions about whether he is as committed as Mr. Bush to reconciling sectarian differences in Iraq."

The New York Times (1/4, A6, Glanz, Burns, 1.16M) says Maliki's office "mounted its first public defense of the way the government carried out the execution," saying authorities had detained a guard "who they believed was involved in recording the moment in a macabre and unauthorized video that has generated revulsion around the world." The Times also says the US military "sought to distance itself from any responsibility for the scenes revealed in the video," quoting Caldwell; USA Today (1/4, 7A, Palmer, 2.27M) also says the US "distanced itself" through Caldwell's comments. The Washington Times (1/4, Sands, Pisik, 88K) says US officials "expressed unease" with Iraq's handling of the execution. The Financial Times (1/4, Negus) says Iraq's government "distanced itself…from the scandal" via Rubaie's remarks.

The Washington Post (1/4, A14, Partlow, 690K) describes the scenes on the video, which "outraged Sunni Muslim loyalists of Hussein and was condemned by some Western leaders, such as Britain's deputy prime minister, John Prescott, who called the images 'unacceptable.'"

Poem Believed To Be Saddam's Last Written Words. The New York Times (1/4, A8, Santora, Burns, 1.16M) prints a poem by Hussein, written "after he was sentenced to death." The verses are "believed to be his last written words." The poem, "flush with florid phrases that were his trademark, begins with what sounds like a paean to the love between himself and his people, who were about to lose him."

Iraq Postpones Executions Of Saddam Aides. AFP (1/4) reports early Thursday that Iraqi officials have decided to delay the executions, originally scheduled for today, of two top aides to former Iraqi President Saddam Hussein. A senior official from Prime Minister Nuri al-Maliki's office said the executions of Barzan Ibrahim al-Tikriti, Saddam's half brother and former intelligence chief, and Awad Ahmed al-Bandar, the head of the revolutionary court, were postponed

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"due to international pressure." However, Baha al-Araji, "an influential Shiite lawmaker from radical cleric Moqtada al-Sadr's parliamentary bloc," said: "I am sure it will be done on Sunday."

Imus, Barnicle Speculate On How Administration Figures Would Face Gallows. On MSNBC's Imus in the Morning (1/3), host Don Imus and Mike Barnicle of the Boston Herald "tried to imagine how members of the various current Administration would behave were they subjected to the gallows as Saddam Hussein was," in Imus' words. "I can see Rumsfeld." Barnicle: "He wouldn't take it. No blindfold for Rumsfeld." Imus: "How about Cheney?" Barnicle: "I don't think Cheney would make it up the steps." Imus: "This is a guy who would wet his pants and whine and start crying. … This guy has six deferments to get out of Vietnam because he had, what was the phrase he used -- he had some more important issues to deal with. … Wolfowitz, he'd cry." Barnicle: "He would be shot in the back running away." Barnicle: "Richard Perle?" Imus: "Oh, God. He would soil himself."

More Commentary. The New York Times (1/4, A22, 1.16M) editorializes, "Saddam Hussein deserves no one's pity. But as anyone who has seen the graphic cellphone video of his hanging can testify, his execution bore little resemblance to dispassionate, state-administered justice. The condemned dictator appeared to have been delivered from United States military custody into the hands of a Shiite lynch mob. … The ugly episode shows why" Maliki "is never likely to produce the national unity government that Washington keeps demanding and that Iraq so desperately needs."

In his Washington Post (1/4, A17, 690K) column, Jim Hoagland writes, "I never expected to say that the Iraqis who put Saddam Hussein to death made the sadistic dictator look almost noble by their own depraved standards of behavior in that moment. The mishandled execution carries a larger message that President Bush must absorb for the decisive address he plans to give on Iraq as early as next week:" If Maliki and his aides "cannot control a gallows chamber containing 20 people, how can they hope to manage a country that is disintegrating under the weight of religious and ethnic hatreds?"

On his MSNBC Scarborough Country (1/3) show, ex-Rep. Joe Scarborough said, "Even executions need to be staged correctly, like we did after World War II, the Nuremberg trials. There was a dignified process in Nuremberg. The whole world watched, and they knew when the Nazis were lynched, they understood that they received a fair trial and there was some dignity to that process and legitimacy to that process."

On his MSNBC Tucker (1/3) show, Tucker Carlson said, "Apparently the world is shocked to learn that executions are ugly and executions carried out by primitive Third World governments are especially unattractive. Surprise, surprise. Actually, what is surprising is that we didn't anticipate any of this in the first place. From the beginning, allowing the Iraqis to govern themselves has been a central goal of American foreign policy and from the beginning we have refused to acknowledge that an Iraqi democracy might look very different from our democracy. Because no matter what the President claims, the Iraqis aren't like us. They are different. They are a lot more brutal than one thing. So here's the choice: Step in and run Iraq like a civilized country with American standards and values or stand back and let it become what it will become. Either way, you can't criticize the Iraqis for acting like Iraqis, which is what they did."

In a Los Angeles Times (1/4, 850K) op-ed, Oxford University evolutionary biologist Richard Dawkins says "Saddam should have been studied, not executed," writing that "Hussein's mind would have been a unique resource for historical, political and psychological research, a resource that is now forever unavailable to scholars."

US Soldier Expected To Plead Guilty To Reduced Charge In Iraq Killings. The New York Times (1/4, A20, Von Zlielbauer, 1.16M) reports Spc. Juston Graber of the 101st Airborne Division's Third Brigade "is scheduled to plead guilty next Tuesday to a reduced charge for mercy killing in connection with the death of three unarmed Iraqi men shot by American infantrymen last spring." The terms of the plea arrangement will Graber, "originally charged with capital murder, to be convicted of aggravated assault and to receive a nine-month prison sentence in exchange for his testifying against three other members of his squad."

Events Mark Milestone Of 3,000th Troop Death. USA Today (1/4, 3A, Welch, 2.27M) reports, "As the toll in Iraq passes 3,000 U.S. troop deaths, Americans are holding vigils and ceremonies to mark the grim milestone, honor the fallen and plead for an end to the war." USA Today writes about events near North Carolina's Fort Bragg, in Boston, in West Virginia, and elsewhere. The AP (1/3) count of US military deaths in Iraq reached "at least 3,005" Wednesday.

Childbirth Has Become Dangerous In Iraq. The Washington Post (1/4, Trejos, 690K) runs a front-page feature on the dangers of childbirth in Iraq, where "spontaneous road closures, curfews and gun battles make even getting to the hospital a challenge for expectant mothers. Once they arrive, the women have no guarantee that they will receive adequate health care from a qualified physician." Iraq "once had a premier health-care system. But the trade embargo of the 1990s and now the exodus of

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medical professionals have made it no better than a third-world system, doctors say."

US Military Working To Reopen Factories In Iraq. The AP (1/3, Jelinek) reports that as President Bush "ponders how to salvage the Iraq military campaign, business minds at the Pentagon are moving ahead with a part of the equation -- fighting Iraq's unemployment and trying to boost its economy. Under a new program, the Defense Department is already helping reopen factories that were owned by Saddam Hussein's government and abandoned by occupation authorities shortly after the 2003 U.S.-led invasion. The Pentagon may also start providing them with contracts to support U.S. troops. One factory restarted operations in the last two weeks, and nine more are to open by the end of this month, adding some 11,000 Iraqis to employment rolls."

Videotape Of Abducted Contractors Surfaces. All three broadcast networks briefly reported on the surfacing of a videotape that, in the words of ABC World News (1/3, story 6, 0:25, Gibson, 8.78M), showed "five security contractors, four Americans and one Austrian, who were kidnapped in southern Iraq back in November. The men appeared separately. Three said they were being treated well. The tape appears to have been made two weeks ago." The CBS Evening News (1/3, story 4, 0:35, Couric, 7.66M) said each man "spoke briefly" on the tape. All five "work for a private security company and were kidnapped when their convoy was ambushed in southern Iraq in November. It's not known if the Muslim group that claims to be holding them has made any demands." NBC Nightly News (1/3, story 6, 0:15, Williams, 9.87M) said, "Three of them say they are being treated well. None of the kidnappers are seen or heard." The New York Times/AP (1/4, A6) also reports on the tape.

NATO Will Try To Reduce Afghan Civilian Casualties This Year. The Washington Post/AP (1/4, A14, Straziuso) reports NATO officials said the alliance "had killed too many Afghan civilians during fighting last year against a resurgent Taliban movement and would work to change that in 2007. The acknowledgment came one day after President Hamid Karzai's latest plea for foreign forces to use maximum caution following the deaths of two civilians, reportedly involving NATO troops."

DOJ:

DOJ Awards IT Contract To GTSI. The Washington Business Journal (1/4) reports, "Less than a month after winning an IT modernization contract from the Federal Aviation Administration worth as much as $63 million, GTSI has landed a $42 million contract from the Department of Justice." The Journal continues, "GTSI says the contract calls for workstation, desktop and laptop computers as part of the Justice Department's efforts to standardize interoperability among its various offices, bureaus and divisions. GTSI is the sole recipient of the three year contract. … GTSI, which resells computer equipment and provides IT services, will work with computer maker Hewlett Packard for the Justice Department contract."

Government Computer News (1/4, Beizer) reports, "Under a blanket purchase agreement, GTSI of Chantilly, Va., will furnish solutions and services, including imaging and integration, custom warranty and call support, asset management and reports, warehousing and managed logistics. … Among the solutions and services the company will provide are imaging and integration, custom warranty and call support, asset management and reports, warehousing and managed logistics. GTSI was the sole award winner of the contract. … The Justice Management Division, which is responsible for standardizing the department's IT infrastructure, awarded the contract to GTSI."

Federal Computer Week (1/4) reports, "GTSI, a government IT solutions provider based in Chantilly, Va., has teamed with HP, the primary hardware supplier, and Prism Pointe Technologies, a global IT services company, to supply a full line of services, including imaging and integration, custom warranty and call support, asset management and reports, warehousing, and managed logistics. … 'GTSI has a long-standing relationship with the DOJ to develop technology solutions that help the DOJ meet its mission of enforcing the law and defending the interests of the United States,' said Tom Kennedy, vice president of civilian sales at GTSI, in a statement. 'This BPA will enable the bureaus and divisions throughout DOJ to increase efficiencies inside their organization as well as work more effectively with other parts of DOJ.'"

CORPORATE SCANDALS:

Pay Dispute Said To Be Reason For Home Depot CEO's Resignation. The Washington Post (1/4, D1, Mui) reports, "Robert L. Nardelli has abruptly resigned as chairman and chief executive of Home Depot, pocketing a lavish severance package and leaving shareholders with a stock that has languished even as sales have nearly doubled during his six-year tenure." The Post continues, "In a statement released yesterday, Home Depot's board of directors and Nardelli said they 'mutually agreed' to the resignation, which took effect Tuesday. Under the terms of a separation agreement negotiated when he joined the company in 2000, Nardelli, 58, is to receive about $210 million in cash and stock options, including a $20 million

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severance payment and retirement benefits of $32 million. … Frank Blake, 57, vice chairman and executive vice president, succeeds Nardelli as chairman and chief executive. Blake, like Nardelli, previously worked for General Electric and also was a former deputy secretary of the Energy Department."

The Wall Street Journal (1/4, A1, Lublin, Zimmerman, Terhune) reports, "Last June, Home Depot Inc.'s board compensation committee decided to review the most contentious aspect of Chairman and Chief Executive Robert Nardelli's tenure: his pay package. … Mr. Nardelli submitted a one-page list of perks he was willing to drop, including personal use of the six corporate jets, according to one person involved in the matter. But he dug in his heels about his guaranteed $3 million annual bonus and his hefty supplemental pension arrangement." The Journal continues, "Yesterday, Home Depot, the world's third-largest retailer by sales, announced a big change: Mr. Nardelli was leaving the company, taking an exit package valued at about $210 million, including $20 million in cash severance. … Mr. Nardelli failed to reignite Home Depot's slowing sales and sagging stock price. Other problems compounded his troubles. His autocratic style clashed with a freewheeling culture fostered by the company's founders. His aggressive handling of the company's most recent annual meeting, where no outside directors were on hand and limits were set on shareholders' questions, outraged some investors. And the pay package that had lured him to the company became a lightning rod for criticism that the board felt compelled to address."

The New York Times (1/4) reports, "It was a surprising turnaround for Home Depot's board, which had publicly supported Mr. Nardelli as recently as two weeks ago even as questions about his compensation, business strategy and autocratic management style mounted. … What ultimately divided the board and its chief executive appeared to have been Mr. Nardelli's compensation. Over six years as chief executive, he had taken home $64 million and was on track to earn hundreds of millions more. In recent months, people close to the board say, directors sought to rein in the compensation under the terms of his current contract. Mr. Nardelli, these people said, had challenged that effort." The Times adds, "In the end, the debate over cutting Mr. Nardelli's pay may not have revolved around large numbers. It would have been possible, for example, for the board to give Mr. Nardelli a minimum bonus of $3 million under the terms of his contract, rather than the $7 million he received in 2005. … A director, however, speaking on the condition of anonymity, insisted that compensation was not the reason for Mr. Nardelli's departure and that there was no 'smoking gun' behind his resignation. … The fall of Mr. Nardelli is the latest illustration of chief executives and boards coming under pressure when rich executive pay yields few apparent returns in the form of a rising stock price or improving profits. Outsize executive pay has increasingly become a flash point for investors, lawmakers and regulators."

ABC World News (1/3, story 8, 2:35, Gibson) reported, "As Nardelli leaves the company, far earlier than planned, he gets the $210 million. … He walks away with more money leaving the company in than he made in the six years he stayed with the company."

CBS Evening News (1/3, story 11, 2:00, Couric) reported, "As Home Depot's stock price was sliding down, CEO Bob Nardelli's pay kept going up. Over six years, Nardelli was paid more than $120 million. Furious shareholders finally got fed up."

NBC Nightly News (1/3, story 12, 0:40, Williams) reported, "Bob Nardelli is out as CEO of Home Depot. That company's shareholders spent much of the past year in open revolt over the CEO, Nardelli's, massive pay package even as the company's stock price fell on his watch. Today we learned how much he is getting when he leaves Home Depot, $210 million. In business that is called a golden parachute. In life it is known as a fortune. Incoming chairman of the House Financial Services Committee Barney Frank said today Nardelli's severance pay is a sign the company's board is totally out of touch."

Critics Decry Lucrative Severance Package. The Los Angeles Times (1/4, Zimmerman, Kristof) reports, "Corporate pay critics were prepared to cheer the abrupt departure of beleaguered Home Depot Inc. chief Robert Nardelli Wednesday — but then they got a look at the bill. … Nardelli, who was one of the nation's best-paid chief executives, will get a severance package valued at $210 million. That dismayed some corporate watchdogs who have seen a string of departing CEOs collect high-dollar payouts in recent months. … 'This board should be ashamed of themselves,' said Nell Minow, an expert on executive compensation at Corporate Library, a research firm. 'I would like to see several board members leave in acknowledgment of their utter failure.'" The Times notes, "Shareholder activists said he was a preeminent example of runaway executive pay, while investors saw the value of their Home Depot stock sink 12% in his tenure. One Wall Street analyst faulted him for an 'autocratic' management style. … Despite disappointment over the severance pay, the surprise resignation counts as a win for shareholder advocates who zeroed in on pay packages that provided Nardelli more than $140 million since he took over in December 2000."

USA Today (1/4, 1B, Jones, Krantz) reports, "About the only good news for Nardelli is that Home Depot is giving him a $210 million severance package, whose terms were set in the employment contract he received in 2000. But that leaves him as the most visible target for Democrats now in control of Congress. House Financial Services Committee Chairman Barney Frank, D-Mass., pounced on the figure as more evidence that Congress needs to intervene in executive pay,

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and the Laborers' Union on Wednesday asked Home Depot to adopt a proposal requiring that the board get shareholder approval for what it called extraordinary retirement benefits."

Nardelli Failed To Understand Changing CEO Role. The Wall Street Journal (1/4, Murray) reports, "Robert Nardelli's demise as chief executive of Home Depot resulted, in part, from his failure to understand how profoundly the job of CEO has changed in recent years. … Mr. Nardelli was old school. In an interview last fall, as his public-relations problems were compounding, he acknowledged he had gotten 'too focused on the idea that you do your job, you take care of your numbers, and the rest will take care of itself.' Some of Mr. Nardelli's numbers were hard to argue with. In six years on the job, he doubled Home Depot's sales and more than doubled its earnings. … What Mr. Nardelli missed, however, is that in the post-Enron world, CEOs have been forced to respond to a widening array of shareholder advocates, hedge funds, private-equity deal makers, legislators, regulators, attorneys general, nongovernmental organizations and countless others who want a say in how public companies manage their affairs. Today's CEO, in effect, has to play the role of a politician, answering to varied constituents. And it's in that role that Mr. Nardelli failed most spectacularly."

More Commentary. The New York Times (1/4) editorializes, "There was good news and bad news yesterday for shareholders of Home Depot. The good news is that Robert Nardelli, the imperious chief executive who had presided over a difficult, stagnant period for the company, has resigned. The bad news is that he'll be taking $210 million worth of compensation with him, one of the highest severance packages ever, which is saying a lot in this era of runaway executive pay." The Times continues, "Mr. Nardelli may be best known for his shocking performance at the company's annual meeting in May, which has become a symbol of the arrogance of overpaid, out-of-touch, and unresponsive executives. … Top executives, like Mr. Nardelli, have been coddled to the point that they expect and receive "golden hellos" worth millions on their way in, golden parachutes worth even more on their way out, and the equivalent of golden seat cushions to park on comfortably throughout their tenure — often largely unrelated to their actual performance." The Times concludes, "While the fortune Mr. Nardelli is taking with him — including a $20 million cash severance payment — sticks in the craw, we hope this will be the beginning of a new era of accountable management for Home Depot. Robert Monks, the longtime corporate governance advocate, calls it 'the scars of progress.' There is no question that Mr. Nardelli's departure is a victory for the activist groups that attacked the status quo at Home Depot, and all those who would follow in their footsteps."

In a column for the Washington Post (1/4, D1), Allan Sloan writes, "When regular people lose their jobs -- often through no fault of their own -- they've got to fight tooth and nail for every penny. Yet here's Home Depot's chief executive, Bob Nardelli, leaving with $210 million despite not having done much of a job for anyone other than himself." Sloan continues, "It's tempting to huff and puff about executive pay being out of control, which in many cases it clearly is. What's truly amazing here is that if you read Home Depot's documents, you discover that Nardelli did not negotiate any special exit package. Home Depot, as best I can tell, is paying him nothing more than called for by the contract that he signed in 2000 when the company 'won' the bidding war to get him. … The problem isn't what Nardelli's getting to leave Home Depot. It's what he got to join the company when he signed his employment contract on Dec. 4, 2000. At the time, Nardelli was considered one of the two hottest CEO prospects in the country, along with Jim McNerney, who now runs Boeing. Nardelli and McNerney, both longtime General Electric executives, had just lost out to Jeff Immelt in the highly publicized battle to succeed Jack Welch as GE's chief. … Ken Langone, one of Home Depot's co-founders and a big fan of the 'it's impossible to pay a good CEO too much' school of compensation, played a key role in signing Nardelli. Langone, you may recall, was also heavily involved in the controversial compensation package of Dick Grasso, the departed chief executive of the New York Stock Exchange."

Free Enterprise Fund's Suit May Force Review Of Sarbanes-Oxley. The Legal Times (1/4, Garamfalvi) reports, "The new Congress convening this month may be more willing to tinker with the Sarbanes-Oxley Act than the previous one. After all, the law's chief architects, Rep. Michael Oxley (R-Ohio), former chairman of the House Financial Services Committee, and Sen. Paul Sarbanes (D-Md.), the former ranking member on the Banking Committee, have retired. … But even if Congress doesn't bring the 2002 corporate-reform law to the floor, a D.C.-based free market group's lawsuit challenging its constitutionality could force Congress to reconsider the law." The Times continues, "Late last month, Judge James Robertson of the U.S. District Court for the District of Columbia heard arguments in a case filed by the Free Enterprise Fund and Beckstead and Watts, a Nevada accounting firm that focuses its auditing businesses on small companies. Beckstead is under investigation by the Public Company Accounting Oversight Board (PCAOB) for auditing deficiencies." The Times adds, "The fund and Beckstead claim the PCAOB lacks accountability and that the provisions of Sarbanes-Oxley that established the board are unconstitutional because they violate the constitutional requirement that key executive branch officials be appointed

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by the president and infringe upon the president's authority. … Although the suit specifically targets the accounting board, the fund has made no bones about the fact that it hopes to prompt a full-scale review of the act, which Congress passed to restore investor confidence in the wake of a series of corporate scandals involving Enron, WorldCom, and a bevy of other companies. The board was created to oversee the formerly self-regulating accounting industry's auditing of public companies and make sure that accounting firms don't merely rubber-stamp bogus financial statements that were at the core of many of those scandals."

CRIMINAL LAW:

DOJ IG Audit Raises Questions About Grants Management. USA Today (1/4, Johnson) reports, "Thousands of Justice Department grants aimed at assisting police and local public-safety programs have been mismanaged, and auditors questioned $726 million in costs over eight years, according to an internal review released Wednesday by the department's inspector general." USA continues, "Federal auditors found a backlog of more than 12,000 expired grants that had not been properly 'closed out,' meaning any legal, compliance or audit issues were not fully resolved. Money that could have been applied to other crime-fighting programs was left unused. … 'If the grants had been closed out more timely, hundreds of millions of dollars in questioned costs could have been used to provide the Department of Justice with additional resources to fund other programs or returned to the federal government's general fund,' the Justice Department's Office of Inspector General concluded in its report." USA adds, "Federal auditors reviewed $25 billion in grants managed by the Community Oriented Policing Services (COPS), Office of Justice Programs (OJP) and the Office on Violence Against Women (OVW) between 1997 and 2005, before concluding that Justice had 'substantially failed' to ensure that grants were closed out appropriately."

The Washington Times (1/4, Seper) reports, "The audit said unused grant funds totaling an additional $172 million that were more than 90 days past the grant expiration date had not been freed up." The Times continues, "It also identified a backlog of 12,000 other expired grants, 67 percent of which had been void for more than two years; said 41 percent of the expired grants did not comply with financial- and program-reporting requirements; and noted that the department had awarded 129 new grants worth $106 million to noncompliant grantees. … 'While the federal government continues to play an important role in crime-fighting, much of the responsibility for crime control and prevention rests with state, local and tribal governments,' said Inspector General Glenn A. Fine, noting that the Justice Department has awarded billions of dollars in grants to help state and local governments improve their ability to prevent crime and administer criminal-justice programs. … 'The timely closeout of grants is an essential financial management practice to identify any excess and unallowable funds that should be returned by the grantee, as well as unused funds that should be deobligated and put to better use,' Mr. Fine said."

The AP (1/4, Jordan) reports, "Justice Department spokesman Brian Roehrkasse disputed the bulk of the audit's findings and said that Congress last year took back $125 million in unused money from expired grants. He said (the IG's) office mistakenly interpreted regulations that govern the grant programs that, if followed, would deprive state, local and tribal authorities of funding." The AP notes, "At issue is the way three Justice Department offices manage grants for state, local and tribal law enforcement agencies." The IG's office "has repeatedly raised what it termed serious concerns with the department's oversight of the grants for community policing, prosecuting crimes against women, and others awarded by the Office of Justice Programs."

Federal Prosecutors Subpoena Files Of Three House Committees In Cunningham Probe. The Los Angeles Times (1/4, Schmitt) reports, "Federal prosecutors in San Diego have subpoenaed documents from three House committees as part of an investigation into special-interest earmarks in spending bills." The Times continues, "The demand ratchets up an investigation by the U.S. attorney's office in San Diego into contracts awarded by the Defense Department and other agencies. The probe stems from the bribery case against Rep. Randy 'Duke' Cunningham (R-Rancho Santa Fe), who pleaded guilty and resigned in 2005." The Times adds, "The scope of the investigation is unclear, although the request for documents is considered unusually broad. … The subpoenas, which follow a failed attempt by the Justice Department to persuade the Republican Congress to voluntarily turn over thousands of documents, could test Democrats' pledge to reform ethics in the new Congress. Last year, House Minority Leader Nancy Pelosi (D-San Francisco) — who today becomes House speaker — opposed a broad-based Justice Department search warrant targeting Rep. William J. Jefferson (D-La.)." The Times notes, "The subpoenas went to the armed services, appropriations and intelligence committees, whose Republican chairmen reported the subpoenas to outgoing House Speaker J. Dennis Hastert (R-Ill.) in letters dated two weeks ago. … The subpoenas were made public Wednesday by the Congressional Record online. The House is supposed to turn over the requested records by Jan. 11 or else file an objection with the U.S. District Court in San Diego. Typically, such deadlines are extended. … The subpoenas are an escalation of a nine-

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month tug-of-war between the Justice Department and House Republicans. Prosecutors had asked the committees to turn over the information voluntarily."

Los Angeles Seeks DOJ Help In Securing Additional Anti-Gang Funding. The Los Angeles Times (1/4, Garvey, McGreevy) reports, "Los Angeles Mayor Antonio Villaraigosa on Wednesday appealed to U.S. Attorney General Alberto Gonzales for additional funding and prosecutorial help to combat gang-related crime, kicking off what officials say will be a year-long push to tackle one of the region's most intractable problems." The Times continues, "In the city of Los Angeles, gang crime increased 14 percent in 2006 -- the first rise in four years) and an uptick Villaraigosa and William J. Bratton, chief of the Los Angeles Police Department, say threatens to overshadow last year's overall 8 percent drop in serious and violent crime across the city. … 'We agreed that Los Angeles is the epicenter of the nation's gang crisis, and an effective assault on gang crime will require increased suppression, intervention and prevention measures,' Villaraigosa said after his 40-minute meeting with Gonzales in Washington, D.C." The Times adds, "The mayor sought millions of dollars in federal grants to target gangs in several trouble spots. In addition, the mayor said he would like the attorney general to provide help in prosecuting civil-rights cases when gang members target others based on race. … The latest push to tackle gang crime comes on the heels of numerous anti-gang initiatives -- none of which have done much to diminish the influence and damage done by the region's scores of active street gangs."

KABC-TV, Los Angeles, CA (1/3, 6:00 a.m.) broadcasted, "Mayor Antonio Villaraigosa will meet with the Attorney General Alberto Gonzales in Washington, DC today. The issue at hand was reducing gang violence. Villaraigosa and Gonzales are accurate expected to discuss how Los Angeles and the Justice Department can coordinate the gang suppression strategy, fight transgangs and support for anti-gang and prevention programs, overall, the crime Los Angeles is down but gang violence is up." Many other stations in Los Angeles also broadcasted this story, as well as San Diego. Some examples in Los Angeles are: KCAL-TV (12/3, 12:00 p.m.), KCBS-TV (12/3, 11:00 a.m.), KNBC-TV (1/3, 5:00 a.m.), KTLA-TV (1/3, 10:00 p.m.), KVEA-TV (1/3, 6:00 a.m.), and KSWB-TV, San Diego (1/3, 8:00 a.m.).

Anti-Crime Initiative May Figure In State Of The Union. The White House Bulletin/US News (1/3) reported, "White House officials say President Bush is considering an anti-crime initiative as one of his big new proposals in the State of the Union address January 23. The Justice Department is taking the lead on the issue, prompted in part by increases in violent crime around the country that is a growing concern for law enforcement officials and everyday Americans. 'It's primarily a local responsibility but the federal government can help,' says a senior administration official. The details aren't being released publicly yet, but officials at Justice are taking a close look at the most effective crime-fighting techniques around the country and are assessing where the feds can do the most good. 'We're trying to come up with an effective way to deal with it,' the senior official told US News and the Bulletin."

Former Wecht Employee Pleads Guilty To Corruption Charges. The Pittsburgh Post-Gazette (1/4, Ward, 230K) reports, "The former chief histologist in the Allegheny County coroner's office pleaded guilty yesterday to three federal charges and agreed to cooperate with prosecutors." George Hollis "pleaded guilty to theft from an organization that receives federal funds, failure to file a tax return and making false statements. He also agreed to 'provide truthful assistance to the United States,' presumably in the upcoming trial of his former boss, Dr. Cyril H. Wecht." The Post-Gazette notes, "The charge for making a false statement stemmed from an interview with the FBI in April 2005 in which Mr. Hollis said he only worked for Dr. Wecht's private business on weekends." The AP (1/4) adds, "Assistant U.S. Attorney Stephen Stallings told District Judge Arthur J. Schwab that Hollis spent a 'significant and substantial' part of his county work week doing histology work for Wecht's private business."

Missouri Councilwoman Indicted On Mortgage Fraud Charges. KMBC-TV Kansas City, MO (1/3) reports on its Web site from a broadcast story, "Kansas City Councilwoman Saundra McFadden-Weaver and two others were indicted Wednesday in a suspected mortgage fraud scheme. … Also indicted were Emanuel Kind, whom the councilwoman has described as an acquaintance and minority contractor. Ricky Hamilton, an employee of a mortgage company in Grandview, was also named. 'I've never intentionally broke the law, and I'm not about to start today,' McFadden-Weaver said during a news conference. … She told KMBC's Micheal Mahoney that she will not resign from the City Council and will continue to campaign for re-election this spring." The Kansas City Star (1/4, A1, Morris, Horsley, Mansur, 271K) adds that McFadden-Weaver declared yesterday, "I'm sure in the near future I will be vindicated," and "her attorney, Ron Partee, also said the councilwoman would fight the allegations."

The Kansas City Business Journal (1/3) notes, "The charges against McFadden-Weaver do not involve public money. The first count of the indictment alleges that McFadden-Weaver, Kind and Hamilton conspired to defraud mortgage lenders by agreeing that McFadden-Weaver would

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get a loan to buy a home," in which Kind would live "and pay the mortgage and other expenses." US Attorney Bradley Schlozman said that "the three prepared material false and fraudulent and misleading loan applications and documents in support of the loan applications," and "the lender lost $150,000 on the loans when the property was foreclosed on."

Bruno Reelected New York Senate Majority Leader Despite Federal Probe. The AP (1/4, Johnson) reports, "Senate Majority Leader Joseph Bruno, who faces a federal inquiry into his outside business activities, was unanimously re-elected to his post Wednesday." Bruno was elected "on a voice vote and no one expressed opposition," although GOP Sen. John Bonacic, who has called for Bruno's ouster, "walked out as the rest of the chamber approved Bruno." The AP notes, "Bruno has said did nothing wrong and was cooperating with the investigation that he said began in the spring of this year. 'Judge me by what I have done, not what I have not done,' Bruno said Wednesday."

Bruno Ally Blames FBI Probe On Lobbying Watchdog. The New York Daily News (1/4, Mahoney, 729K) reports, "A top ally of embattled state Senate Majority Leader Joe Bruno blamed lobbying watchdog David Grandeau yesterday for stirring up the FBI probe of New York's most powerful Republican. 'I have no doubt David Grandeau is behind this,' Sen. Dale Volker (R-Depew) told the Daily News yesterday." He "also maintained that Bruno is 'not the target' of the FBI, and said his boss has been beyond cooperative with investigators." However, "Grandeau shrugged off Volker's accusation, saying the lawmaker can offer no proof to support his claim." The Daily News notes, "Bruno declined yesterday to respond to questions concerning the FBI probe."

DC Man Sentenced To 26 Tears In Killing Of Journalist. The Washington Post (1/4, B10, Cauvin) reports, "One of the men who killed New York Times journalist David E. Rosenbaum last year was sentenced yesterday to 26 years in prison." The Post continues, "Originally charged with first-degree murder, Michael C. Hamlin, 24, could have faced a life sentence had he not agreed to plead guilty to second-degree murder and testify against his cousin and co-defendant, Percey Jordan. … Prosecutors said Jordan was the assailant who actually struck Rosenbaum on a Northwest Washington street last Jan. 6. Jordan was convicted in October of first-degree murder and is to be sentenced Jan. 12 in D.C. Superior Court." The Post adds, "Rosenbaum, 63, died two days after he was robbed and beaten on Gramercy Street while taking an after-dinner walk in his neighborhood. What looked like a brutal, random attack soon swelled into a scandal, as investigators uncovered a string of errors in the emergency medical care provided to Rosenbaum, at the scene, in the ambulance and at Howard University Hospital, where he died. … During his campaign for mayor, Adrian M. Fenty blasted the chief of the Department of D.C. Fire and Emergency Medical Services for the failings. Last week, Fenty named an interim chief to replace Adrian H. Thompson as head of the department while the search for a permanent successor continues."

US Moves To Dismiss Child Sex Charges Against Retired FBI Agent. The AP (1/4) reports, "Federal prosecutors have moved to dismiss charges against a retired FBI agent who was indicted on child sex charges dating back more than a decade when he was a Boy Scout leader, in response to the death of his accuser. William Hutton, 63, of Killingworth, was arrested in February on charges that allege he enticed a member of his Scout troop to Maine for the purpose of sexual activity in 1994 and 1995." The adds, "Hutton's lawyer, Hugh F. Keefe of New Haven, stressed Hutton had pleaded not guilty. 'Mr. Hutton was very upset by the news of the passing of the gentleman,' Keefe said. Hutton had been released on a $200,000 bond."

Convicted Abortion Doctor Murderer Faces Federal Trial This Week. The AP (1/4, Thompson) reports, "More than eight years after James Kopp gunned down an abortion provider in his home, the government will get its chance to prosecute the anti-abortion extremist already convicted of murder -- with the goal of eliminating any distant chance for his release. Kopp, 52, is serving a 25-year-to-life state sentence after being found guilty of second-degree murder in the 1998 sniper slaying of Dr. Barnett Slepian. In a federal trial starting this week, the government will argue that by shooting an abortion provider, Kopp violated the 1994 Freedom of Access to Clinic Entrances Act. … Conviction could carry a sentence of life without parole." The AP notes, "Authorities hunted 2 1/2 years for Kopp after the shooting, adding him…to the FBI's list of the Ten Most Wanted fugitives in June 1999."

Coca-Cola Seeks To Block Theft Suspect's Access To Data. The AP (1/4, Weber) reports, "The Coca-Cola Co. sought Wednesday to block a defense lawyer's request for documents in a trade secrets theft case that relate to products the world's largest beverage maker developed but never launched." The AP continues, "The Atlanta-based company filed a motion in federal court to quash a subpoena by Joya Williams' lawyer for the documents in preparation for Williams' Jan. 16 trial. Williams is charged with conspiring to steal trade secrets from Coca-Cola in an effort to sell them to rival Pepsi." The AP adds, "Two co-defendants have already pleaded guilty in the case,

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and at least one is expected to testify against Williams, a former Coca-Cola secretary who worked for the company's global brand director at its headquarters. … According to the motion, Williams' lawyer, Janice Singer, has subpoenaed 19 categories of records from Coca-Cola. … The company is objecting to production of two of the categories: documents reflecting all products Coca-Cola developed or which were in development which it decided not to launch within the last three years, and documents reflecting all marketing strategies formulated by or for Coca-Cola that were termed confidential or secret but were not used in the last three years." The AP notes, "Williams, Edmund Duhaney and Ibrahim Dimson were indicted July 11 on federal conspiracy charges. The three were accused of stealing new product samples and confidential documents from Coca-Cola and trying to sell them to Purchase, New York-based PepsiCo Inc."

Former Qualcomm Employee Gets Probation For Trade Secret Theft. The AP (1/4, Spagat) reports, "A former Qualcomm Inc. employee who downloaded nearly 450,000 files of secret source code to his home computer before quitting to take a job with rival Nokia Corp. was sentenced to three years' probation Wednesday for stealing trade secrets. Michael Laude, 47, had code that represented 'virtually all of Qualcomm's product line,' according to the U.S. attorney's office in San Diego. A thorough investigation produced no evidence that he shared the code with his new employers at Nokia, a major Qualcomm rival, said Mitch Dembin, an assistant U.S. attorney, though Laude 'had enough information to bring Qualcomm to its knees.'" The AP notes, "Qualcomm raised concerns about Laude to the FBI after Nokia identified him in 2004 as an architect of a software platform designed to compete with Qualcomm's own products, according to the federal government and Qualcomm."

Indiana Police Officer Sentenced To 15 Years In Prison For Child Porn Production. The AP (1/4) reports, "A former Henry County police officer was sentenced to 15 years in federal prison for producing child pornography. U.S. District Court Judge David F. Hamilton sentenced Eric A. Rinehart, 34, of Middletown on Wednesday on two counts of producing pornography that showed minors engaging in sexually explicit conduct, U.S. Attorney Susan Brooks said. Rinehart, who pleaded guilty to the charges, admitted to making sexually explicit photos and movies involving minors then 16 and 17 years old." The AP notes, "Rinehart had been a five-year member of the Middletown Police Department and a member of a Henry County SWAT team when state police and FBI agents arrested him Aug. 12 at his home."

DC Teacher Charged With Sexual Abuse Of Teen. The Washington Post (1/4, B10, Cauvin) reports, "A 41-year-old D.C. public school teacher has been charged with having sex with a 13-year-old girl in what authorities say was one of several sexual encounters he had with the junior high school student." The Post continues, "Ricardo Roberts, a social studies teacher and basketball coach at J.H. Johnson Junior High School in Southeast Washington, was charged with first-degree child sex abuse after he was arrested last month at his Alexandria home. … He is being held without bond. School officials said he has been suspended from his job." The Post adds, "In charging documents filed after his arrest and in testimony yesterday in D.C. Superior Court, police said Roberts not only had sex with the girl in a classroom but also took her to his home and had sex with her there. … The alleged relationship came to light last month after a witness working in the school after hours Dec. 4 reported seeing the girl emerge from a room where Roberts had been seen changing his clothes a short time earlier, according to the charging papers. … Arguing before Judge Lee F. Satterfield, Roberts's attorney, Kelli Neptune, assailed the credibility of the government's case. … But the prosecutor, Assistant U.S. Attorney Mark O'Brien, said that the witness statements corroborated key elements of the girl's account and that the girl was able to describe in detail the interior of the defendant's home."

CIVIL LAW:

Unions Sue Department Of Labor. The Hill (1/4, Holzer) reports, "The AFL-CIO and the largest union for food and commercial workers filed a lawsuit yesterday to force the Department of Labor to finalize a rule requiring employers to pay for face shields, rubber boots and other protective gear used by low-wage workers in the meatpacking, poultry and construction industries." The groups "contend that the Bush administration has been willfully dragging its feet on completing the standard, which was proposed in 1999 by the Clinton-era Occupational Safety and Health Administration (OSHA), due to an ideological opposition to regulating businesses." The New York Times (1/4, Greenhose, 1.16M) also reports the story.

Court Extends Employment Rights To Some Probationary Workers. Under the headline, "Agencies Warned About Firing Probationary Employees," the Washington Post's (1/4, D4, Barr) "Federal Diary" column reports, "Most federal employees spend a year on probation after being hired, and the rules for job tryouts make it relatively easy for managers to weed out poor performers and show them the door. But a new report" by the Merit Systems

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Protection Board "suggests that agencies can no longer assume they have such leeway. Two federal court rulings have found that federal employees on probation may be entitled to challenge the merits of their dismissal, just as a permanent civil service employee can." The Post adds that in the two cases, "the US Court of Appeals for the Federal Circuit interpreted federal employment law and regulations to allow certain employees on probation to challenge agency decisions to end their employment."

US Appeals Ruling In Oregon Medicare Fraud Case. The Eugene (OR) Register-Guard (1/4, Christie) reports, "The U.S. Justice Department has appealed a judge's ruling that federal investigators could not gain access to a legal file created on behalf of four Eugene heart surgeons under investigation for alleged Medicare fraud. … Notice of the appeal to the U.S. 9th Circuit Court of Appeals was filed in U.S. District Court in Portland on Dec. 29." The Register-Guard continues, "Federal authorities want the appeals court to overturn U.S. District Judge Anna Brown's ruling that the four doctors each retained individual attorney-client privilege over the file. The documents in question were created by a Boston lawyer the doctors hired before they sold their practice to PeaceHealth, parent corporation of Sacred Heart Medical Center, in November 2004." The Register-Guard adds, "Federal authorities want to see the file as part of their long-running investigation into the doctors. … The case involves Drs. David Duke, Stanley Baldwin, Warren Glover and the now-retired Richard Hicks, and their Eugene practice, Cardiovascular Surgical Associates. … The central allegation in the case, according to an affidavit filed in March by a federal investigator, is that the doctors billed Medicare and Medicaid for surgeries in which a single doctor would be listed as the lead surgeon on one operation and as the assisting surgeon on a second operation going on at the same time, or in which a single doctor would be shown assisting multiple surgeries that were happening at the same time."

CIVIL RIGHTS:

Bush Protestors Face Trial In Pennsylvania. The AP (1/4, Rubinkam) reports from Allentown, PA, "When protesters were arrested at a St. Patrick's Day parade while holding signs likening President George W. Bush to Adolf Hitler, the crowd cheered the police." The AP continues, "Police say the two protesters, Kurt Shotko and Victor Bobrzyk, were arrested only after they refused to stop blocking people's views of the parade last year in Wilkes-Barre, Pennsylvania. The American Civil Liberties Union suspects a more sinister motive: an attempt to stifle unpopular speech." The AP adds, "Charged with disorderly conduct and resisting arrest, the pair are scheduled for trial in Luzerne County Court this month. … 'We think it was about the content of the speech. They weren't blocking anybody's view,' said ACLU lawyer Paula Knudson, who is defending Shotko and Bobrzyk in court. 'They were being very respectful of the people in the parade.'" The AP notes, "Police Chief Gerry Dessoye said his officers acted professionally and that the arrests were justified. … 'The issue wasn't the size or necessarily the content of the signs; the issue was they were blocking the view,' said Dessoye. He contended the case has nothing to do with free speech, and that the protesters 'want to turn it into something more than it is.' … Amateur video of the March 13 parade, which included Democratic Gov. Ed Rendell and U.S. Rep. Paul Kanjorski, a Pennsylvania Democrat, shows Shotko and Bobrzyk standing in the crowd along the sidewalk, holding aloft large signs attached to wooden poles. … It is unclear from the video whether the signs blocked anybody's view. But according to a police affidavit, City Administrator J.J. Murphy, a top aide to Mayor Tom Leighton, approached Shotko and Bobrzyk and asked them to either lower the signs or move to the rear of the crowd."

Poe Criticizes Justice Department On Border Patrol Agents' Conviction. CNN Lou Dobbs Tonight (1/3, 6:39 p.m.) broadcasted, "Two US Border patrol agents convicted of shooting a Mexican drug dealer that they were at the time pursuing across the border are scheduled to begin serving their prison terms later this month. Members of congress have petitioned the President to pardon those agents. … The US Justice Department had to go after these two agents, they had to make a conscious decision to do this and had to do so, I'll say it straight out, but it seems like they had to do so at direct orders of Alberto Gonzales. … TX Rep. Ted Poe, "The Justice Department had a choice to prosecute a drug dealer or prosecute two border agents that violated some policy and they chose the side of the drug smuggler…"

Atheist Movement Takes On Religious Influence On Government. The Christian Science Monitor (1/4, Lampman, 59K) reports, "In bestselling books, on websites, and with a national lobbying effort, atheists and other nontheists are challenging the growing religious influence in government and public life." Two books, "The God Delusion," and "Letter to a Christian Nation," have "hit the top of Publishers Weekly's religion bestseller list," and are "no-holds-barred, antireligion polemics that call for the eradication of all manifestations of faith."

Turley Criticizes "Judeo-Christofascism," Bush's Silence On Ellison Controversy. Jonathan Turley writes in USA Today (1/4, 9A, 2.27M), "The

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newest member of the Minnesota delegation, Keith Ellison, would appear to be the very model of a god-fearing congressman whom conservatives have longed for. Yet Ellison has been denounced as a constitutional blasphemer after discussing his upcoming oath of office. The problem was not with Ellison's oath, but with his god -- Ellison is Muslim (our nation's first in Congress) and intends to use the Quran today to pledge to serve faithfully before Allah. Judging from the outcry, one would think that Ellison wanted to use the January edition of Penthouse." Turley derides "America's permanently angry class of religious zealots," and says "President Bush has not addressed the controversy, even though it was started by one of his appointees -- a rabid talk show host named Dennis Prager whom Bush appointed to the prestigious United States Holocaust Museum Board. … Bush's silence is curious given his tireless campaign against 'Islamofascists,' extremists who seek to force people to conform to their Islamic faith. In this age of hyphenated fascism, what do we call Jews or Christians who want to force non-believers to swear to the Bible? Judeo-Christofascists?" Turkey concludes, "Just as fascism is the ugly face of nationalist politics, Judeo-Christofascism is the ugly face of faith-based politics."

ANTITRUST:

Northrop Grumman Refiles Bid For Essex With FTC. The AP (1/4, Borak) reports, "Military contractor Northrop Grumman Corp. on Wednesday confirmed plans to refile its merger notice with federal regulators on its planned acquisition of small cybersecurity company Essex Corp." The AP continues, "Los Angeles-based Northrop confirmed Wednesday plans to withdraw and refile its pre-merger notice in order to extend the 30-day regulatory waiting period to provide additional time for federal antitrust authorities to review the proposed sale." The AP adds, 'Analysts speculate possible stipulations in the proposed deal may not have been resolved ahead of the deadline, which could potentially delay the completion of the deal. … 'There's been some objections or additional information requested by the regulators,' analyst Paul Nisbet of JSA Research Inc., said in a telephone interview. 'They must see some various areas that have been pointed out to them by competitors and they're wanting to take a closer look at.' … Northrop initially filed its pre-merger notification with the Federal Trade Commission shortly after it announced plans to buy Essex on Nov. 8 for $24 per share, or about $580 million in cash, including assumed debt. … The proposed deal requires the approval of Essex shareholders and the regulatory agency."

Washington Foundation Sues Nokia, Samsung, Matsushita Over Bluetooth. The Wall Street Journal (1/4, Kim) reports, "A Seattle research foundation has filed a complaint against Matsushita Electric Industrial Co., Samsung Electronics Co. and Nokia Corp. for alleged violation of patents on products containing wireless Bluetooth chipsets." The Journal continues, "Bluetooth allows two or more electronic devices to communicate with each other through a radio frequency rather than physical wire connections. … The suit, filed in the U.S. District Court for the Western District of Washington on Dec. 21 by the Washington Research Foundation, alleges that the three, along with their U.S. units, used and imported into the U.S. products containing Bluetooth chipsets made by companies other than Washington Research licensee Broadcom Corp." The Journal adds, "The complaint said the products contained Bluetooth chipsets made by CSR PLC of the U.K."

ENVIRONMENT:

Tennessee Environmental Cleanup Firm Pays $300,000 Pollution Fine. WATE-TV Knoxville (1/3, Miller) reported on its Web site from a broadcast story, "The environmental cleanup firm Duratek Federal Services has paid a $300,000 fine for sending thousands of gallons of radioactive waste into a local creek. Duratek pleaded guilty on December 20 to discharging up to 400,000 gallons of water containing radionuclides, into Bear Creek, near Oak Ridge in September of 2002." WATE added, "In announcing the fines…in Knoxville Wednesday afternoon, officials said Duratek had been contracted to clean up a site at an above-grade disposal facility on the Oak Ridge National Laboratory reservation. An FBI special agent in charge said the company violated the trust put in them."

WPost Says Localities Addressing Climate Change As Washington "Fails To Lead." In an editorial, the Washington Post (1/4, 690K) writes that "as Congress and the White House inevitably spar over how and how much to cut greenhouse emissions, state and local governments across the country will choose to address climate change on their own. In the Washington area, the District and Montgomery County recently enacted solid measures to cut carbon emissions, joining states such as California and cities such as New York. Fortunately, other localities are following their lead." The chairman of the Arlington County Board "announced this week that he wants to implement a raft of new measures to cut his jurisdiction's greenhouse emissions 10 percent by 2012." The Post concludes, "We hope that more cities, counties and states take note while the federal government fails to lead."

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FBI/DEA/ATF/USMS:

FBI Releases Files On Rehnquist Nominations. The AP (1/4, Sherman, Yost) reports, "The FBI was directed by two Republican administrations to run background checks on Senate witnesses critical of William Rehnquist, first when he was named to the Supreme Court in 1971 and again when he was nominated as chief justice in 1986." The AP continues, "Newly released FBI documents show that the inquiries were ordered by officials in the Nixon administration and in the Reagan administration. … In addition, the documents provide details about Rehnquist's dependence on painkillers." The AP adds, "The disclosures were among 1,561 pages released by the bureau to The Associated Press, other news organizations and scholars in response to requests made under the Freedom of Information Act following Rehnquist's death in September 2005. … Another 207 pages were withheld under the federal disclosure law, while the FBI said an entire section of Rehnquist's file could not be found." The AP notes, "Much of the FBI's file on Rehnquist appear to have been compiled almost exclusively for his two Senate confirmations - his initial nomination to the court by President Nixon and his nomination as chief justice by Reagan in 1986. … Democrats were hopeful the FBI would turn up damaging material from Rehnquist's past, principally on civil rights issues. Top Republican officials appeared determined to prevent surprises from sinking his nominations."

The Legal Times (1/4, Mauro) reports, "The late Chief Justice William Rehnquist's Senate confirmation battles in 1971 and 1986 were more intense and political than previously known, according to a newly released FBI file that also offers dramatic new details about Rehnquist's 1981 hospitalization and dependence on a painkiller." The Times continues, "The FBI file on Rehnquist, released last week under the Freedom of Information Act, reveals that in 1971, as Rehnquist's confirmation hearings for associate justice approached, the Nixon Justice Department asked the FBI to run a criminal background check on at least two potential witnesses who were expected to testify against Rehnquist. Then-FBI Director J. Edgar Hoover approved the request." The Times adds, "In July 1986, when President Ronald Reagan nominated Rehnquist to be chief justice, the Justice Department asked the FBI to interview witnesses who were preparing to testify that Rehnquist had intimidated minority voters as a Republican Party official in Arizona in the early 1960s. According to a memo in the Rehnquist file, an unnamed FBI official cautioned that the department 'should be sensitive to the possibility that Democrats could charge the Republicans of misusing the FBI and intimidating the Democrats' witnesses.' But then-Assistant Attorney General John Bolton -- who more recently served as ambassador to the United Nations -- signed off on the request and said he would 'accept responsibility should concerns be raised about the role of the FBI.' It is unclear whether the FBI ever interviewed the witnesses. … Also in 1986, the FBI conducted an intensive investigation into Rehnquist's dependence on Placidyl, a strong painkiller that he had taken since the early 1970s for insomnia and back pain. Rehnquist's bout with drug dependence had been made public in 1981, when he was hospitalized for his back pain and suffered withdrawal symptoms when he stopped taking the drug."

FBI Drops Effort To Obtain Anderson Documents. The AP (1/4, Jordan) reports, "The FBI has abandoned its effort to recover government documents leaked to Jack Anderson, a longtime investigative reporter who died in December 2005. … In blunt answers to a 147-page questionnaire from the Senate Judiciary Committee, dated Nov. 30" and posted yesterday on the Federation of American Scientists Web site, "Acting Associate Attorney General James H. Clinger said the FBI was not seeking any of Anderson's documents." The AP notes Clinger's letter to outgoing committee Chairman Arlen Specter "did not explain why the FBI had dropped the probe, and a Republican aide to the committee said Wednesday that was also unclear to lawmakers."

Son Cooperates With Prosecutors In Cali Cartel Case, Gets Reduced Sentence. In Miami, the AP (1/4) reports a Colombian man "was rewarded with a nearly 17-year prison sentence reduction for helping prosecutors find billions of dollars in drug-tainted assets in the Cali cocaine cartel case against his kingpin father and uncle," according to court records. William Rodriguez Abadia "now has just more than four years to serve on his own drug-trafficking conviction after U.S. District Judge Federico Moreno last month approved chopping his initial prison term from nearly 22 years." The AP adds that Rodriguez Abadia "is the son of Miguel Rodriguez Orejuela and nephew of Gilberto Rodriguez Orejuela, who pleaded guilty in September to U.S. drug charges and are each serving 30-year prison sentences. The two brothers built the Cali cartel into the world's biggest cocaine supplier, once responsible for 80 percent of the cocaine smuggled into the United States." The Orlando Sentinel, Gainesville Sun, Bradenton Herald, and Florida Times-Union used the AP story.

Bank In Tennessee Fights Forfeiture Order On Buildings Linked To Drug Ring. The Knoxville (TN) News Sentinel (1/4, Satterfield) reports a large portion of Market Square "could be on the auction block within months -

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if a bank's bid to battle a final order of forfeiture in the case of entrepreneur turned pot peddler Scott West doesn't interfere with the deal. It looked uncomplicated for the Internal Revenue Service Criminal Investigation Division, the agency tasked with selling the Market Square buildings renovated with drug money, just a few weeks ago." SunTrust Bank "is balking, however, filing late last week a motion in U.S. District Court asking federal Judge Thomas Phillips to set aside the forfeiture order and hold a hearing on its claim." It "has only been six months since federal agents, including those with the IRS' criminal investigation division and the U.S. Drug Enforcement Administration, raided properties owned by West and his wife as part of a probe into a decade-long drug distribution network headed up by West's brother."

Mike Tyson Charged With Drug Possession In Arizona, Prosecutor Seeks Prison Term. In Phoenix, the AP (1/4) reports former heavyweight champ Mike Tyson "was charged Wednesday with drug possession and driving under the influence of drugs, and the Maricopa County prosecutor says he wants to send him to prison. … Tyson, 40, was charged with two felonies for drug possession and two misdemeanor counts of driving under the influence of drugs. … The charges stem from his arrest Friday in Scottsdale, where Tyson was pulled over after leaving a nightclub."

The Arizona Republic (1/4) reports, "Because Tyson has convictions for violent crimes, he's not eligible for an Arizona program that could have allowed the boxer to avoid prison time for a first or second non-violent drug offense."

Calderon Visits Police, Soldiers Conducting Anti-Drug Operations In Mexico. The AP (1/3) reported President Felipe Calderon on Wednesday "paid a visit to federal police and soldiers in the central Mexican state of Michoacan, pledging to expand his ambitious anti-drug offensive across a nation hit hard by violence. … Calderon launched his offensive shortly after taking office on Dec. 1, sending some 7,000 federal troops and police to his home state of Michoacan. On Tuesday he upped the ante, announcing the deployment of 3,300 more agents to the crime-plagued border city of Tijuana. … Opposition politicians and residents have expressed doubt that Calderon's highly publicized campaign will have much of an impact."

"Operation Tijuana" Begins. The AP (1/4) also reports soldiers and federal police "poured into the violent border city of Tijuana Wednesday, manning checkpoints and inspecting local police stations as part of President Felipe Calderon's latest offensive against powerful drug gangs. … Federal investigators allege there is a corrupt network of police in the city supporting traffickers who smuggle tons of cocaine, methamphetamine and marijuana over the busy border crossing into the United States. There were no immediate reports of arrests by the soldiers."

The Los Angeles Times (1/3, Enriquez, Marosi) reported, "Operation Tijuana comes three weeks after Calderon sent troops to his home state of Michoacan, on the Pacific Coast, where federal authorities destroyed 600 acres of marijuana crops and seized more than 6 tons of harvested pot. Corruption and incompetence among local and state police prompted Calderon, who took office Dec. 1, to promise federal forces to combat Mexico's drug violence. His top security officials said that every state eventually would get relief."

Man Attempts To Run Down Two Marshals In DC. The AP (1/4) reports, "Two Deputy U.S. Marshals were unharmed after a man attempted to strike them with his vehicle in Southeast D.C. Wednesday." The AP continues, "The deputies were preparing to serve a court order eviction at a home on 4th Street, when they say a suspect tried to run them over with his car. Shots were fired at the vehicle, but the suspect was able to drive away. … Dave Turner, a spokesman for U.S. Marshals, says the vehicle was later located several blocks away with evidence of blood in the car." The AP adds, 'Officials learned a male was at Greater SE Hospital seeking medical attention for gunshot wounds. He was placed in custody of D.C. Police, and was taken to another hospital for treatment."

Olympian To Be Returned To Canada On Custody Dispute Charges. The AP (1/4, Dominguez) reports from Baltimore, "Jailed Olympic gold-medalist Myriam Bedard will be transferred to Canadian custody within 36 hours, a U.S. prosecutor told a federal judge Wednesday." The AP continues, "Bedard, dressed in a black jacket with her hair tied behind her head, did not speak during the short hearing, but smiled tightly and raised her eyebrows as she looked at her attorneys while leaving the courtroom. … Bedard's attorney, Kevin McCants, said after the hearing that his client was disappointed the judge did not free her on bail." The AP adds, "McCants said the judge was just being cautious, but outside the courthouse Bedard's Quebec attorney, John T. Pepper Jr., was critical of Canadian authorities. … Pepper asked how it could 'take 36 hours for a plane to take off from Quebec City and fly to Washington and fly her back. If the plane left at seven this morning she'd be in Quebec City and could have appeared this afternoon on the charges.' … Pepper said Canadian authorities were not acting as quickly in extraditing Bedard as they have with less well-known defendants in the past." The AP notes, "Bedard, 37, was arrested Dec. 22 in Maryland and was being held on a warrant as an international fugitive for allegedly violating a

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child custody order by bringing her 12-year-old daughter to the United States. U.S. marshals found her and the girl, Maude, at a hotel in Columbia, a suburb located between Baltimore and Washington, D.C."

IMMIGRATION:

2004 Deal Would Allow Amnestied Aliens To Receive Social Security For Time Worked Illegally. The Washington Times (1/4, Dinan, 88K) reports a 2004 agreement between the Bush administration and Mexico "on Social Security benefits would allow illegal aliens granted amnesty in the future to claim credit for the time they worked illegally." The deal, which was "never released publicly because it hasn't been submitted to Congress," was recently discovered through a Freedom of Information Act request by the TREA Senior Citizens League, a Social Security advocacy group. A spokesman for the group said the agreement "does nothing to prevent undocumented aliens who later get legal status from receiving benefits for the time they worked illegally. And that comes as the Social Security system's finances are about to be put under greater strain by the retirement of baby boomers."

Study Finds Immigrants Played Part In 25 Percent Of Past Decade's Technology Start-Ups. The Washington Post (1/4, D5, Williams, 690K) reports a study released yesterday by researchers at the University of California at Berkeley and Duke University found that approximately "25 percent of the technology and engineering companies launched in the past decade had at least one foreign-born founder," throwing "new information into the debate over foreign workers who arrive in the United States on specialty visas." The study has already been cited by technology-industry lobbyists looking to "persuade Congress to increase the annual allotment of H-1B visas, which allow US companies to sponsor temporary workers in specialty occupations, such as computer programming and systems analysis." Meanwhile, a study to be released next month by the Center for Immigration Studies finds that "most specialty visa holders come to the United States to do low-level professional jobs for relatively low pay."

IG Report Finds USCIS Modernization Efforts Have Failed. The Washington Post (1/4, A3, Hsu, 690K) reports officials at Citizenship and Immigration Services "have said for years that it is critical to update an antiquated, paper-based application process before the government grants a new path to citizenship for as many as 12 million illegal immigrants living in the United States or creates a temporary-worker program, as senators and the Bush administration propose." However, "A report released Dec. 20 by Homeland Security Inspector General Richard L. Skinner cited a long list of setbacks and concurred with internal USCIS reviews that the bureau 'lacks the processing capacity, systems integration and project management resources needed to manage a potential increase in workloads.'" The agency "is in the midst of its third major modernization effort in three years, leaving some employees confused over whether such efforts were completed or were ever begun, the report said."

The Washington Times/UPI (1/4, Waterman) reports USCIS "is crippled by antiquated technology, and its modernization efforts have largely stalled because of poor planning and management failures." Skinner's "report paints a picture of repeated, overlapping efforts to develop a modernization strategy but says that the agency often failed to implement its own plans."

TAX:

US Ends Tax Shelter Case Against KPMG After Settlement. The Wall Street Journal (1/4, Reilly, Davies) reports, "A federal judge agreed to dismiss a deferred criminal charge against KPMG LLP, bringing to a close one chapter surrounding the sale of improper tax shelters that cost the U.S. government billions of dollars in lost revenue, brought the accounting giant to the brink of extinction and led to an overhaul of guidelines for federal prosecutors targeting corporate wrongdoing." The Journal continues, "The criminal charge against KPMG was contained in a deferred-prosecution agreement the firm entered with the government in August 2005. … That agreement precluded a possible criminal indictment of the firm related to the sale of tax shelters, a move that could have led to KPMG's collapse, but required it to admit to a charge of conspiring to defraud the U.S. government and Internal Revenue Service. Investors and regulators feared the collapse of yet another accounting firm could have led to turmoil in global financial markets. … Still, the government contended those tax shelters were a sham designed to create paper losses for wealthy individuals to avoid paying billions of dollars in tax. By signing the deferred-prosecution agreement, KPMG admitted the shelters were flawed after steadfastly defending them."

The AP (1/4) reports, "In a statement, U.S. Attorney Michael J. Garcia said prosecutors sought dismissal of the charge pursuant to the terms of the deferred prosecution agreement and based on the report and recommendation of the firm's outside monitor. … 'The charges against KPMG may be reinstituted if it is determined that KPMG has violated any provision of the DPA,' Garcia said. 'The monitorship, which has been comprehensive and effective, will continue until September 2008, and may be extended if KPMG violates the DPA during the period of the monitorship.'" The AP adds, "The deferred prosecution agreement allowed KPMG to avoid the fate of auditing firm Arthur Andersen LLP,

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which collapsed following a criminal indictment against it as part of the government's probe into Enron Corp. A 2002 felony conviction against Andersen in the matter was overturned in 2005. … 'Today's dismissal of the charge reflects our commitment to full and continuing compliance with the agreement we made with the government in August 2005,' Timothy P. Flynn, KPMG chairman and chief executive, said in a statement. 'We regret the past activities that led to these charges. The 20,000 people of KPMG today are focused on maintaining ethics and compliance programs that will serve as a role model for the profession and enable us to serve our clients with the highest degree of professionalism.'"

The Washington Post (1/4, D01, Johnson) reports, "U.S. District Judge Loretta A. Preska's action puts KPMG a step further from a scandal over the sale and marketing of abusive tax shelters that once threatened to put the firm out of business. A 2002 obstruction-of-justice indictment of accounting rival Arthur Andersen hastened that firm's demise and reduced competition in the audit industry, raising the stakes in the KPMG case." The Post adds, "The case has touched off a debate in the business and legal communities over government tactics to combat fraud. In part because of the fallout from the KPMG prosecution, Deputy Attorney General Paul J. McNulty last month rolled out changes to guidelines that prosecutors use when deciding whether to indict corporations."

CONGRESS-ADMINISTRATION:

Bush Urges Democrats To Support Balanced Budget Plan. The AP (1/4, Taylor) reports, "President Bush on Wednesday challenged Democrats taking over Congress to join him in balancing the budget within five years and urged them to cut thousands of pet projects from future spending bills. Top Democrats reacted cautiously -- or not at all -- to Bush's plan, which assumes Congress will renew tax rate cuts passed in 2001 and maintain tax cuts on investments, inheritances and many other items." Neither House Speaker-to-be Nancy Pelosi nor incoming Majority Leader Harry Reid "responded to Bush's remarks."

The Washington Post (1/4, A1, Baker, 690K) reports, "Appearing in the Rose Garden with his Cabinet, Bush said he has been encouraged by meetings with Democrats and thinks they can reach common ground on spending issues that have bitterly divided them for six years. He said that the budget proposal he will make Feb. 5 will erase the deficit by 2012, and he called on Congress 'to end the dead-of-the-night' process in which earmarks are slipped into spending bills." Bush's announcements "were greeted by Democrats as 'me-tooism,' as one senior leadership aide put it." The Post adds that "for the first time since he took office, both parties have set a mutual target for eliminating the deficit -- an implicit agreement that raises the profile of the issue and may create a political imperative that prods the two sides to find ways to meet the goal or be held accountable for failing." Rob Portman, "director of the White House Office of Management and Budget, made a point of calling Democratic leaders Tuesday night to preview the president's remarks. In an interview yesterday, he said the shared target was a powerful signal of progress."

In fact, the White House Bulletin/US News (1/3) yesterday called Bush's balanced budget push "a victory for…Portman…over others who had pushed for greater tax cuts, according to associates. 'Portman really wanted this,' said one associate. Insiders said that the President and some of his political allies had hoped to push for deeper tax cuts in the next and future budgets, but the election of Democratic majorities in the House and Senate killed those plans. Now, according to the insiders, the President plans to submit a 'flat' budget for fiscal 2008 that will leave little wiggle room for Democrats to add on new spending projects without deeply cutting into defense spending or raising taxes. 'It will hammer the Democrats,' predicted one GOP budget expert."

Reaching a similar conclusion, the Los Angeles Times (1/4, Havemann, 850K) says Bush's deficit goal "could tie the hands of the Democrats as they take control of Congress," making it "difficult for the Democrats to use their newfound majority to enact their program." Pelosi "has included only one spending item -- beefed-up college student loans -- in her agenda for the first 100 hours of the new Congress, but other Democrats are likely to advance their own plans." Rep. John Spratt, who will chair the House Budget Committee, "said he was 'wary' of Bush's plan to balance the budget by 2012. How, he wondered, can Bush balance the budget while the wars in Afghanistan and Iraq have cost upwards of $100 billion a year? And he asked about how to provide relief from the alternative minimum tax, which was designed to hit only the rich but would ensnare growing numbers of middle-income taxpayers -- at a cost to them of more than $60 billion a year."

The Washington Times (1/4, Dinan, 88K) says Bush "has run afoul of Democratic leaders in the House, who said the president is making an executive branch power play and argued he doesn't have credibility on spending issues. 'Given the track record of this administration, the last person in the universe who should lecture the Congress on fiscal responsibility is George Bush,' said Rep. David R. Obey, the Wisconsin Democrat who will become chairman of the House Appropriations Committee." Bush, adds the Times, "has increased the annual federal budget by $800 billion, from $1.86 trillion in 2001 to $2.65 trillion in 2006, and has rung up deficits every year from 2002 to 2006."

Meanwhile, the Financial Times (1/4, Guha) says "prominent Democratic economists on Wednesday

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challenged…Bush's pledge to present a budget next month that would cut the federal government deficit to zero by 2012 while making tax cuts permanent." Jason Furman, director of the centrist Hamilton Project, said: "There will be a lot left out and I would bet it relies on deep, unspecified and improbable cuts in future discretionary spending." Jim Horney, a senior fellow at the Center on Budget and Policy Priorities, "said the White House budget would not deal with the need to pay for a fix to the alternative minimum tax (AMT), which is catching a growing number of middle-class families. And he warned that it would not make adequate allowance for uncertain future costs in fighting the 'war on terror.'" The Times adds, "A White House spokesman told the FT on Wednesday 'it is an achievable goal' and pointed out that the Bush administration had achieved its previous promise of halving the deficit by 2008 a year early."

A Wall Street Journal analysis this morning (1/4, A2, Solomon) largely tracks the points made by the economists cited by the Financial Times. The Journal reports that "getting to a balanced budget by 2012 will require some big assumptions. Among them, the president's budget is unlikely to reflect the full cost of the wars in Iraq and Afghanistan and the cost of preventing the Alternative Minimum Tax from affecting more middle-class Americans." The White House "has largely financed the costs of Iraq and Afghanistan outside the normal budget process, through 'emergency' supplemental spending bills approved by Congress. … At the same time, the White House hasn't included the cost of fixing the AMT -- estimated to cost $100 billion a year -- in its long-term projections."

Meanwhile, the evening network newscasts NBC Nightly News (1/3, story 4, 0:35, Gregory, 9.87M) noted that in addition to his remarks yesterday, Bush "took an unusual step. In the Wall Street Journal, he wrote an op-e piece outlining his goals for the new Congress and making it clear to them, do not pass bills that are just political statements." ABC World News (1/3, story 2, 2:35, Tapper, 8.78M) said the President "offered an olive branch," but "he was also making his own agenda for the new Congress: Making his tax cuts permanent, balancing the Federal budget within five years, doing away with the secret budget items members of Congress often tuck into spending bills, and giving the President line-item veto power to help eliminate spending he finds wasteful." The CBS Evening News (1/3, story 5, 2:20, Attkisson, 7.66M) said Bush "was Governor of Texas he to deal with a Democratic state House. He was quite successful at that. Now he'll have to try it as President with a Democratic Congress."

Wary Of "Tax And Spend" label, Democrats Won't Move To Undo Bush's Cuts. The New York Times (1/4, Andrews, 1.16M) says "Bush is all but daring Democratic leaders to attack his signature tax cuts as they take over Congress. But Democrats, perhaps to his frustration, are having none of it." The Times adds that "even as Democratic leaders continue to accuse Mr. Bush of having a reckless fiscal policy, they have refused to discuss dismantling his tax cuts or even to engage in a debate with him about the best way to stimulate economic growth. 'It's always the same old tired line with them – "Tax and spend, tax and spend, tax and spend,"' said Senator Kent Conrad, the North Dakota Democrat who is chairman of the Senate Budget Committee. 'We're not going there.'"

Meanwhile, the White House Bulletin/US News (1/3) reported "Bush political aide Karl Rove appeared…at the weekly conservative gaggle headed by Americans for Tax Reform President Grover Norquist and pledged that the President won't cave in and sign any Democratic tax increase. In fact, said one attendee, Rove 'bet a guy $5 that Bush would not sign a tax increase in his final two years.'" Rove "was described as confident and humorous, taking several questions about the President's plans and the political scene. He also appeared to end speculation that he might be considering leaving the White House soon."

Bush's "Olive Branch" Given Little Chance Of Success. The AP (1/4, Feller) says that "weakened by election losses and hemmed in by time," Bush "is using what he's got left -- a bully pulpit, a veto threat and a sudden interest in working with Democrats." Bush "likes to talk about a sprint to the finish. One goal of that race is to remain relevant, and he tried to demonstrate Wednesday that no one should count him out. … To assert his voice, Bush went so far as to spell out an entire agenda for Congress."

Newsweek's Howard Fineman, on MSNBC's Countdown (1/3, Olbermann), said "the next 48 hours are about all the era of good feeling that we're going to have here in the next couple years." On ABC World News (1/3, story 3, 1:30, 8.78M), George Stephanopoulos said Democrats "are not going to make the President's tax cuts permanent. They are not going to pass the line item veto. And the President's not going to sign expansion of stem cell research." Iraq, he predicted, "is about to overwhelm everything."

The Financial Times (1/4, Luce) blames Bush's impending Iraq policy announcement for dimming the chances of bipartisanship. The Times says few "believe the rhetoric of bipartisan co-operation will survive Mr Bush's announcement of a 'new way forward in Iraq,' which is expected within 10 days." In "spite of the electorate's repudiation of Mr Bush's Iraq strategy at midterm elections in November, the White House looks set to announce a 'surge' of up to 30,000 new troops in a move that would also go against the recommendations of the bipartisan Iraq Study Group, which published its report last month." But Democratic Leaders "have ruled out supporting an increase in US forces in Iraq – as have a growing number of Republicans." But Bush "has made clear he does not feel

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bound by the results of the recent elections on his Iraq policy."

The New York Times (1/4, Rutenberg, 1.16M), in a story titled "Bush Reaches Out, but Keeps One Hand on the Wheel," reports, "Several Democrats said Mr. Bush's words on Wednesday had raised questions about what kind of president would show up when they get down to the business of governing side by side. Some Democrats may have hoped it would be the…Bush who contritely acknowledged a 'thumpin' for his party the day after the elections in November." But "the evidence suggests it is more likely to be the man who all but ignored the disputed circumstances of his election in 2000, governed from then as if he had an expansive mandate and who -- even as he has employed soothing tones in speaking to and about Democrats for the last two months -- has gradually but firmly reasserted himself on both foreign and domestic policy." The Times adds, "In interviews, White House officials did not hesitate to acknowledge that they were taking advantage of the last day before the Democrats take control to assert some presidential power. Nor did they dispute Democrats' suspicions that the White House placed Mr. Bush's opinion piece in The Journal to reassure a target audience of nervous fiscal conservatives -- and the financial markets -- that he remained philosophically opposed to any tax increases."

Democratic Rep. Barney Frank said on MSNBC's Countdown (1/3, Olbermann), "I was struck by -- I hadn't read what he said yet, but for the President to on the one hand talk about bipartisanship, and then say he's unilaterally going to send more troops to Iraq is about as contradictory as you can get. And for him, this notion of bipartisanship is so obviously an effort to deal with the fact that his side lost."

On his MSNBC Scarborough Country (1/3) show, ex-Rep. Joe Scarborough said, "In the spirit of bipartisanship, Mr. Bush is going to be pushing for more tax cuts, a line-item veto, and 20,000 to 40,000 new troops in Iraq. Actually, those were all positions that will make conservatives like me happy but anger Democrats. So if that's the White House's idea of bipartisanship, I would hate to see what their idea of ideological warfare would be."

Nonetheless, some Democrats reacted favorably to Bush's "olive branch." USA Today (1/4, Stanglin, 2.27M) reports Democratic Sen. Charles Schumer "said Democrats ran in the midterm election on a message of compromise, and want to work with Bush." And the Chicago Tribune (1/4, Zuckman, Silva, 617K) reports Democrats "said they appreciated Bush's attempt at calling for a bipartisan working relationship, even if his proposals don't mesh with their own. 'I think he's right in concept,' said the incoming House majority leader, Rep. Steny Hoyer (D-Md.)." And Reid "predicted in a memo to Senate Democrats that the 110th Congress will be guided by bipartisan cooperation."

Meanwhile, ex-House Majority Leader Dick Armey said on MSNBC's Tucker (1/3, Carlson), "Charlie Rangel said this is not a time to get even; this is a time to get serious and be congenial and collegial in the way we treat other people, and I think he is correct. And Charlie Rangel, more than any other member of the minority, when they were the minority, had a reason to feel mistreated by the abuse that he had to suffer…and he has come out with the right advice."

Public Expectations For Bipartisanship Decline. The Wall Street Journal (1/4, 2.04M) reports as the "new Congress is sworn in this week, fewer Americans think Democrats, Republicans and President Bush will be able to work together to pass legislation in the next two years, according to a Harris Interactive poll." Nearly half " (47%) believe the results of the congressional elections were a good thing for the U.S., according to the online survey, while 19% say the outcome was bad and 35% aren't sure." Meanwhile, "43% say having a president and a majority in Congress belonging to different parties is an advantage for the U.S., while 24% say it is worse for the country and 32% aren't sure." Asked "what will be the most likely outcome in Washington this year, 25% said they think Democrats and Republicans in Congress are likely to be able to work out compromise legislation, a third said Democrats will pass legislation, but the president will veto it, and 18% said Democrats and the president are most likely to compromise to pass legislation."

Bush To Discuss NCLB Renewal With Lawmakers Next Week. The AP (1/4, Zuckerbrod) reports that President Bush "plans to meet with lawmakers next week to jump-start talks over the renewal of the No Child Left Behind education law." U.S. Secretary of Education Margaret Spellings said that she was "optimistic" about "renewing the law for five more years." Spellings also said that "the administration was open to debating how progress should be measured."

Spellings Says NCLB Implementation Is On Track. The Washington Post (1/4, A10, Paley, 690K) reports Spellings said that she "welcomed proposals to 'perfect and tweak'" NCLB, but said that the law's "implementation was on track" and "rejected calls for a major rewrite of the law" as called for yesterday by the Forum on Educational Accountability, a group that includes the National Parent Teacher Association, the NAACP and the National Education Association.

Gates Selects Clapper For DOD Intelligence Undersecretary. The Washington Post (1/4, A10, Pincus, 690K) reports Defense Secretary Robert Gates has tapped Lt. Gen. James R. Clapper Jr., "a career military intelligence officer," to be undersecretary of defense for

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intelligence. Clapper retired in June after five years as director of the National Geospatial-Intelligence Agency and "ran the Defense Intelligence Agency (DIA) during the 1990s, and handled Air Force intelligence during the 1991 Persian Gulf War." A senior intelligence official "confirmed that Gates had chosen Clapper but added: 'The White House has the final say.'"

Bush, Democrats Clash On Earmarks. The Los Angeles Times (1/4, Levey, 850K) reports, "Eager to set themselves apart from a Republican-led Congress tarnished by scandal, Democrats outlined a plan Wednesday to end the secrecy around earmarks inserted in legislation to funnel public money to favored interests." But in "a sign of how much the election has pushed reform to the top of the agenda, President Bush strode before cameras Wednesday to highlight his overhaul ideas even before the Democrats unveiled theirs." Bush said, "We need to do more." He "called on the new Democratic Congress to halve the number and cost of earmarks." The Times adds the "jousting between the two ends of Pennsylvania Avenue raised the prospect of a tussle over who could claim the mantle of reform, and bolstered reformers' hopes that calls for change to the secretive earmarking process might no longer by ignored on Capitol Hill."

Meanwhile, the Wall Street Journal (1/4, 2.04M) editorializes, "Could it be possible that one benefit of this new era of divided government in Washington is spending restraint? We'll believe it when we see it, but one good portent was President Bush's op-ed yesterday in these pages. … Our only caveat is: What took them so long? Mr. Bush never did say much about earmarks when the GOP was in charge and the likes of Jerry Lewis, Roy Blunt, Don Young and Dave Hobson were setting earmark records. Perhaps now that they're in the minority, Republicans can reclaim some of their fiscal virtue -- though the voters will be forgiven if they put such promises on probation given the GOP's recent past."

Pelosi, Democrats To Open Congress With Ethics Reform Package. The Washington Post (1/4, A1, Grunwald, Eilperin, 690K) reports, in an approximately 2500-word front page story, that new House Speaker Nancy Pelosi today "will offer a comprehensive package of ethics reforms, a down payment on her pledge to run 'the most ethical Congress ever.'" But it "is not yet clear whether" the ouster of Rep. William Jefferson from the House Appropriations Committee "heralded a new era of honesty and accountability, or just a one-off political calculation inspired by the 2006 campaign. After the midterm elections, Pelosi ignored the ethical cloud around Rep. John P. Murtha (D-Pa.) to support his bid to be majority leader, and she nearly chose Rep. Alcee L. Hastings (D-Fla.) to chair the intelligence committee even though the House once impeached him when he was a federal judge. And, in December, when Jefferson faced a fight for his political life in a runoff against state Rep. Karen R. Carter, an African American Democrat with none of his ethical baggage, Pelosi refused to get involved." Jefferson's "inconvenient presence will be a constant reminder of the fine line the new speaker will have to walk between rhetoric and reality, between the cross-cutting demands of her caucus and the demands of the public." Carter said, "Pelosi wouldn't even take my calls. None of the Democrats in Washington would take my calls. They all said they wanted to get rid of corruption, but I guess it wasn't their top priority."

Another Washington Post (1/4, A3, Weisman, Birnbaum, 690K) story says Democrats will also "introduce a package of rule changes to ban gifts and trips from lobbyists, restrict privately funded junkets and begin to sever the cozy relations between lobbyists and lawmakers that scandalized the last Congress." But a "number of loopholes in the proposal have led ethics watchdogs to warn Democrats that their work will be far from done, even if the new rules are secured today. Under the changes, lobbying groups would be able to finance lawmakers' travel as long as those funds were channeled through a nonprofit foundation. And almost all banned perks would still be permitted if given in the context of a campaign fundraiser." The rule changes "would also combat many of the strong-arm tactics that Republicans used to leave House Democrats virtually irrelevant when the GOP was in control." The New York Times (1/4, Hulse, Kirkpatrick, 1.16M) reports House Democrats said "they would move immediately to try to sever ties between lawmakers and lobbyists who figured into scandals that helped Democrats win control of Congress." The Christian Science Monitor (1/4, Chaddock, 59K) notes "most items on House Democrats' early-action agenda had been rejected by the previous 109th Congress."

ABC World News (1/3, story 2, 2:35, Reynolds, 8.78M) reported, "Bipartisan talk notwithstanding, Democrats say Republicans will not be allowed to offer alternative bills in these first 100 hours." Rep. Steny Hoyer: "We think that they offered their alternatives in the election. Their alternatives, in many respects, were 'no.'" ABC added, "That leaves Republicans skeptical about bipartisanship." Rep. Adam Putnam: "They're not changing this process. There's not a new day. That's the frustrating thing." The CBS Evening News (1/3, story 5, 2:20, Attkisson, 7.66M) also noted "eight weeks later Democrats are spending to spend their first 100 hours tackling an ambitious agenda without any input from Republicans."

USA Today (1/4, 1A, Schouten, 2.27M) reports Democrats "plan as their first act to tackle a problem that helped them oust the Republicans in November: potential corruption involving lobbyists. The changes range from a

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total ban on gifts and meals from lobbyists to greater restrictions on lawmakers' travel." The AP (1/4, Espo) also says the Democrats' "first step" will "take place by early evening on Thursday, and consist of several measures crafted in response to the scandals that weakened Republicans in last fall's elections."

NYTimes, Obama Call For Independent Ethics Office. The New York Times (1/4, 1.16M) says in an editorial that the "nation should welcome the ambitious agenda being offered today by the new Congress's Democratic majority, from raising the minimum wage to advancing stem cell research to restoring oversight of the executive branch." But "paramount is the need to create an independent office for ethics enforcement to end the clubbiness that more often than not covers up or excuses abuses. House Speaker Nancy Pelosi has ordered a bipartisan study of this vital proposal by March. We expect this overdue step to receive the forceful support of Ms. Pelosi and Harry Reid, the Senate majority leader. The voters are watching, and lawmakers dare not slip away from the promise to clean up their act."

In a Washington Post op-ed (1/4, A17), Sen. Barack Obama says, "Real reform also means real enforcement. We need to finally take the politics and the partisanship out of ethics investigations. Whether or not the House ethics committee has been covering for its colleagues, the secrecy with which its members have operated has led people to question why legislators who are serving jail time were not caught and stopped by the committee in the first place. It's led people to wonder why Congress cannot seem to police itself. I have long proposed a nonpartisan, independent ethics commission that would act as the American people's public watchdog over Congress."

WPost Says Implementation Is Key. The Washington Post (1/4, A16, 690K) says in an editorial that the Democrats' ethics package "represents a significant down payment on the promise to end the 'culture of corruption.'" But "we would have liked to see more. For example, while ending gifts from lobbyists, the rules don't crack down on their ability to host glitzy convention parties to 'honor' lawmakers." The "key to the effectiveness of all these rules changes will be in their implementation, which is the challenge awaiting Speaker Nancy Pelosi (D-Calif.). One issue is how diligent the ethics committee will be in screening travel requests. Another is how ethics enforcement will be strengthened."

USA Today Says Democratic Ethics Proposal Doesn't Go Far Enough. USA Today (1/4, 8A, 2.27M) says in an editorial that the ethics rules unveiled by Democrats "include bans on lobbyist gifts and meals and most privately funded travel, with modest and seemingly legitimate exceptions. In a major change, members would no longer be able to hitch rides on corporate jets, a beloved but outrageous perk that has afforded members elite level travel and given lobbyists priceless access. This is a step forward, but if it is the only step it will not be enough." Public financing "of campaigns would have greater impact and is an idea that should be pursued later on."

Democrats Stretch Clock To Pass 100 Hour Agenda. The Washington Post (1/4, A15, Weisman, 690K) reports that in order to pass their 100 hour agenda, House Democrats "don't start the clock running today, when the 110th Congress is sworn in and voting begins, or even tomorrow, when a package of measures reaches the floor to rein in fiscal profligacy. You fire the starting gun on Tuesday, six days into the 110th Congress. Now that's a head start." Then you "count only legislative hours, that is, the hours that the House is actually in session and voting. Forget the weekends, the night hours, Martin Luther King Day on Jan. 15, or, for that matter, the next day, when votes don't start until well after sundown. If all goes according to plan, the House will get through its hundred-hour agenda in 15 days, or 360 hours, by standard definition."

Democrats To Rename Some House Committees. The Hill (1/4, Snyder) reports Democrats "plan to tweak the names of several committees and subcommittees, in addition to altering the lobbying and congressional travel rules that are also part of the initial rules package." Some changes "seem to reflect a personal preference rather than indicate sweeping policy changes. The Committee on International Relations, for example, will once again be called the Committee on Foreign Affairs." But a "new label can be more than mere wordplay, potentially signaling a change in the political priorities, responsibilities or emphases of a committee and its members." The "most salient change may be to the Committee of Government Reform, which will add the word 'oversight' to its title."

Frank Offers Business A "Grand Bargain." The Wall Street Journal (1/4, Ip, Conkey, 2.04M) reports businesses "wondering how to deal with the Democrats taking charge in Congress today have a blunt offer from a top lawmaker in the majority: Support our priorities and we'll support yours." The "'grand bargain' laid out by Rep. Barney Frank represents a road map to how Democrats may strike deals to aid unionization, expand health-care coverage and find common ground on other issues, while giving businesses concessions on immigration, trade and investment." While it "may be difficult for Mr. Frank either to deliver his party's side of the deal or find a partner with whom to bargain," HIS "remarks may represent a guiding philosophy to how Capitol Hill's new majority will try to use popular unease over growing income inequality, flat wages and soaring executive pay as fuel for legislative priorities."

House Democratic Plan Would Roll Back Oil Drilling Incentives. The Washington Post (1/4, A1, Mufson, 690K) reports House Democrats "are crafting an energy package that would roll back billions of dollars worth of oil drilling

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incentives, raise billions more by boosting federal royalties paid by oil and gas companies for offshore production, and plow the money into new tax breaks for renewable energy sources, congressional sources said yesterday." Democratic leaders are "targeting a manufacturing tax cut in 2004 that they say gave unneeded incentives to the oil industry, Majority Leader Steny H. Hoyer of Maryland said in a briefing yesterday." Hoyer said Democrats "are also planning to force oil companies to pay royalties on deepwater Gulf of Mexico tracts leased in 1998 and 1999; the Interior Department has said that the leases inadvertently failed to include provisions for royalty payments once oil prices rose above certain thresholds." Democratic lawmakers said the "repeal of the 2004 tax cuts for the oil and gas industry would generate nearly $5 billion…quoting estimates by the Joint Committee on Taxation. The royalty payments would yield between $9 billion and $11 billion, Hoyer said."

House Democrats Will Pass Medicare Drug Negotiation Bill Quickly. The Hill (1/4, Young) reports although the House Democratic leadership "plans to move swiftly to pass legislation requiring direct federal negotiation of prescription drug prices under Medicare, opponents of the policy expect the battle to continue in the coming months." By taking "immediate action on the Medicare Part D prescription-drug benefit as part of her '100 hours' agenda soon after the 110th Congress convenes today, House Speaker Nancy Pelosi (D-Calif.) will make it nearly impossible for drug makers, health-insurance companies and lobbies to stop the bill from passing." Because the Democratic leadership "also intends to skip the committee process and limit the Republican minority's ability to amend such early bills on the House floor, interest groups that want to obstruct additional federal involvement in Part D are looking forward." Senate Majority Leader Harry Reid (D-Nev.) "joined Pelosi in promising during the campaign that Congress would pass legislation establishing federal negotiations of drug prices," but "such legislation faces less certain prospects in the more closely divided upper chamber."

Industries Targeted By Democrats Mobilize Lobbying, PR Efforts. The Wall Street Journal (1/4, McKinnon, Fialka, 2.04M) reports the industries "that expect to take the biggest hits from the new Democratic Congress are scrambling their marketing, public-relations and advertising forces to shore up their defenses." The "worried industries and their trade groups are responding by hiring new lobbying talent, planning mass-market ad campaigns and, in some cases, focusing on getting goodies attached to legislation that they would rather see killed but know they can't stop." The petroleum industry "is preparing an ad campaign that seeks to justify oil companies' huge size -- and profits," while the drug industry "is weighing a mass-media counterattack of its own, emphasizing the good performance of the Medicare prescription-drug program."

WSJournal Criticizes Democrats For Rushing Top Bills. The Wall Street Journal (1/4, 2.04M) says in an editorial that Democrats "deserve full marks for paying attention while in the minority, because it's clear Democrats learned a few things from Tom DeLay -- to wit, how to rush through legislation without any minority participation or public debate." House Democrats "plan to pass a pile of legislation in their first 100 hours, bringing the measures quickly to the floor without committee hearings. These are issues they campaigned on last year and that do well in polls at first blush, such as a higher minimum wage, price controls on prescription drugs and 'ethics reform.' The rush is supposed to show Democratic resolve to get things done, but it's enough to make us wonder if they're afraid that some of their ideas won't hold up under scrutiny."

Republicans Blast House Democrats For Limiting Their Input. The Washington Times (1/4, Ward, 88K) reports House Republican leaders "said they will develop an agenda as the new Democrat-led Congress proceeds and decried plans to pass a series of measures immediately with little input from the minority." Minority Whip Rep. Roy Blunt said, "We think we need to have an opportunity to offer alternatives." The Times adds Blunt, incoming Minority Leader John A. Boehner, "and several other Republican leaders said Democrats promised voters 'a new way of doing business' on Capitol Hill."

The CBS Evening News (1/3, story 5, 2:20, Attkisson, 7.66M) reported, "Republicans cut out of the legislative push are wondering, what happened to all the nice talk?" Rep. David Dreier: "I am very disappointed. It's totally inconsistent with what we have been promised throughout this campaign process." Attkisson: "Democrats now say after the first 100 hours they will give Republicans more of a space though but it looks like bipartisanship is dissolving before it ever had a chance to gel."

Bloomberg (1/4, Litvan, Johnston) reports incoming Majority Leader Hoyer said "the voters' decision last November to give Democrats control of Congress justifies party leaders in blocking Republicans from amending a wave of bills that will move through the House this month." Hoyer's "comments come amid a controversy that began Dec. 14 when House Speaker-designate Nancy Pelosi, a California Democrat, said for the first time that Republicans wouldn't get a chance to offer amendments to those initial bills. House Republican leaders have protested the move, and some key committee chairmen yesterday sent letters to Democrats complaining that they are being locked out of the process."

The Washington Post (1/4, A2, Milbank, 690K) reports in its "Washington Sketch" column that Rep. Patrick McHenry "packed a whole lot of chutzpah when he walked into the House TV gallery yesterday to demand that the new

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Democratic majority give the new Republican minority all the rights that Republicans had denied Democrats for years." Omitted from "McHenry's plea for fairness was the fact that the GOP had ignored Pelosi's 2004 request -- while routinely engaging in the procedural maneuvers that her plan would have corrected. Was the gentleman from North Carolina asking Democrats to do as he says, not as he did?"

In a Washington Times op-ed (1/4), former Rep. Bob Walker says, "The rules package offered on opening day in the 110th Congress contains special rules for enactment of" the Democrats "100-hour legislative plan. Those special rules allow for no minority participation. The bills will not be considered in committee (unlike the 1995 Republican process that brought all the Contract bills through the appropriate committees) and no amendments will be permitted." Hopefully these "initial steps are not harbingers of what is to come but are merely an indication of a party trying to govern and finding that governing is hard. But legislating by fiat is destructive." Republicans should "have remained true to the principle of openness, full debate and minority participation. Democrats, we can hope, learned that lesson."

Sheehan, Anti-War Protestors Interrupt Democratic Press Conference. AFP (1/4) reports, "Antiwar activist Cindy Sheehan and about a dozen other peace protesters demonstrated at the House of Representatives to urge Democrats to aggressively investigate the war in Iraq. 'De-escalate! Investigate! Troops home now!' Sheehan and the other protesters chanted at Democratic leaders in the House Cannon Office Building, who had assembled for a press conference on their agenda as they prepare to take power Thursday." Protest organizer David Swanson "told AFP said they wanted to underscore their displeasure that Democrats, in the view of peace activists, are not aggressively holding the Bush administration accountable for missteps in Iraq."

The Hill (1/4, Kaplan) reports the "war in Iraq and congressional scandals, twin forces that helped Democrats recapture the House and Senate, collided yesterday when antiwar protesters' shouting forced House Democratic leaders to cut short a press conference hyping their proposed reforms." When "Democratic Caucus Chairman Rahm Emanuel (D-Ill.) stepped up to pronounce that Democrats fundamentally would 'change the relationship between lawmakers and legislators,' Sheehan and her allies started shouting, 'De-escalate, investigate, bring our troops home now!'"

ABC World News (1/3, story 2, 2:35, Reynolds, 8.78M) reported, "In the midst of discussing this agenda today, the Democrats were also reminded of the overriding issue -- the war in Iraq." Rep. Rahm Emanuel: "Rather than subsidizing big financial interests." Reynolds: "A signal that with their new power, Democrats will start to be held more accountable. Those activists were protesting the war in Iraq. And it's on that issue, Charlie, that all the talk of bipartisan cooperation, will truly be tested."

The Washington Times (1/4, Miller, 88K) reports Sheehan "routed the leaders of the new House Democratic majority from their press conference where they attempted to present their legislative agenda. Chants of 'de-escalate, investigate, troops home now,' drowned out the new majority leaders, including" Rep. Emanuel. The "flustered lawmakers retreated to a room behind closed doors, and surrendered the field to Mrs. Sheehan, whose son, an Army soldier, was killed in Iraq in 2004." With her "quarry in full retreat, she scolded Speaker-elect Nancy Pelosi for abandoning the war issue in the agenda for the first 100 hours of the 110th Congress, which convenes today."

The New York Times (1/4, Leibovich, Kornblut, 1.16M) reports on several anecdotal scenes of change in Congress, such as Majority Leader Steny Hoyer's new status as "Rock Star," Republicans coalescing "on their first day back around a message of kvetching," Rep. Rosa DeLauro praising Nancy Pelosi's breaking the "marble ceiling" in the House, and Paul Pelosi's visit to Cannon office building for congressional ID badges with members of his family. The Times notes last the protest at the ethics package news conference last, where "Sheehan was happy to take over the microphone, not to mention the lingering throng of reporters."

Pelosi Celebrates Ascension To Speakership. Bloomberg (1/4, Litvan) reports Rep. Nancy Pelosi, "making history today as the first female speaker of the House, is taking office with two goals: becoming an effective counterweight to President George W. Bush, and proving that a woman can thrive at the summit of U.S. political power." As Speaker, "she'll be dealing with a narrow majority and a president with veto power, making decisions about when to work with Bush and when to confront him." Pelosi's "success at retiring the notion that women aren't qualified to manage the responsibilities of top leadership may affect others' aspirations, including New York Senator Hillary Rodham Clinton's possible bid for the White House in 2008." Pelosi will "have her first opportunity to spar with Bush over Iraq in February when the White House submits a request for more money for the war. Pelosi has warned that Democrats will attach conditions to the approval of further funds."

The AP (1/4, Ohlemacher) reports Pelosi said, "When my colleagues elect me as speaker on Jan. 4, we will not just break through a glass ceiling, we will break through a marble ceiling. In more than 200 years of history, there was an established pecking order — and I cut in line." The AP adds that at a "tea to honor Pelosi and the late former Texas governor Ann Richards on Wednesday, Pelosi said her ascension hadn't come easily. 'We have waited more than

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200 years for this time to come. But we did not just wait, we worked,' she said." Pelosi also "alluded to one of the reasons women have been slow to climb the political ladder, saying federal policy has never recognized women's need for child care. 'This Congress is going to be about children,' she said."

The Los Angeles Times (1/4, Fiore, Daunt, 850K) reports Pelosi "kicked off a three-day celebration of her ascension packed with more product placement than an infomercial." It was her "first full day on the national stage, and she used it to tell the country who she is, where she came from and where she plans to go — the little Italian American girl from a political household who later raised five children before running for the House and making history as the nation's highest-ranking elected woman in 217 years of government." The "installation of a new speaker is the closest Congress comes to a presidential inauguration. Some critics accused her of putting on a 'Nancy Fest,' but supporters said the events were as much political roadmap as biography."

The Washington Times (1/4, Hurt, 88K) reports while the "full weight of Republicans' powerlessness sinks in after 12 years of control, Democrats are celebrating the historic election today of the first female speaker of the House." After "calling herself 'the most powerful woman in America,' Mrs. Pelosi flexed her right muscle like a weight lifter to much applause at an event yesterday titled a 'women's tea.'" The event "was part of three days of festivities to mark the historic moment. Later, Mrs. Pelosi and special guests dined at the Italian Embassy."

Time (1/4, Cox, 4.03M) reports, "Who can begrudge Pelosi her four-day 'coronation,' as right-wing wags have dubbed it? The events themselves are hardly ostentatious: there's a mass, a tea, and prayer service. The most raucous thing on the schedule is a concert by Tony Bennett. Add a tote bag and it'd be a PBS telethon. Indeed, the demographic-pleasing tenor of the events reeks of a self-conscious desire to highlight all soft-focus interest groups that come with the Pelosi package: Italian, female, Catholic, grandmother."

Pelosi's Rise Attributed To Fundraising Prowess. In his New York Times column (1/4), David Brooks says, "The main fact to know about Pelosi is that she is a creature of the modern fund-raising system. Some politicians rise because they run political machines. Some rise because they are great communicators. Pelosi has risen because she is a master of the thousand-dollar-a-plate fundraising circuit." Since "coming to the House, she has discovered what many a savvy pol has discovered — that the fastest way to ascend in Congress is to raise a lot of money and give it to your peers." Pelosi has "done what all political fund-raisers do: tell rich people things they already believe, demonize the other side, motivate the giving with Manichaean tales of good versus evil."

Harman Remains Angry Over Losing House Intelligence Chair. The Washington Post (1/4, A15, Romano, 690K) reports Rep. Jane Harman is "still quite irked that House Speaker-designee Nancy Pelosi nixed her for chairman of the House intelligence committee -- and she's not exactly being stoic about it." Friends and colleagues "say Harman has openly complained that she was cut loose by her fellow California Democrat and one-time friend, Pelosi, who picked instead Silvestre Reyes (D-Tex.), a former Border Patrol agent." Harman has "lamented that Congress has lost its luster for her and that she is hoping for a job in a Democratic administration, according to a friend. 'She's obsessed,' the source said. 'It's been hard for her not to take it personally, but it's over.'"

Three GOP Members Face Challenges Before House Administration Committee. USA Today (1/4, Radelat, 2.27M) reports that when Rep. Jim McCrery "takes the congressional oath of office Thursday, he'll be one of three Republican lawmakers whose elections to the House are still in dispute because of challenges filed by candidates they defeated." All three elections "may be scrutinized by the House Administration Committee, but in the meantime, McCrery and the other two House members will be allowed to serve. Their challengers stand only a slim chance of victory." The other GOP members who have been challenged are Reps. Tom Feeney and Vern Buchanan of Florida. Feeney's election "is being contested by Democrat Clint Curtis, and Buchanan is being challenged by Christine Jennings. An echo of Florida's problems in the 2000 presidential election, those challenges focus on the integrity of touch-screen voting machines used in the Nov. 7 elections."

Baucus Urges Democrats To Adopt Expansive Trade Policy. In a Wall Street Journal op-ed (1/4), Sen. Max Baucus says, "At a time when our country's competitive strength depends increasingly on an aggressive trade policy, Americans are far less willing to embrace one. Many equate trade and globalization with ballooning deficits, stagnating wages and layoffs. Meanwhile, even as China and India have continued their economic reawakening, America has lacked the leadership to tackle the associated challenges through trade. U.S. policy has lurched frantically from one trade agreement to the next, eking out just enough votes to push each one through Congress." Some "think that the new Democratic congressional majority will be bad for trade policy. While it is true that some candidates criticized trade in their campaigns, I believe that the new Congress will have both the desire and opportunity to renew U.S. trade policy, with a unifying purpose that Americans can understand and support." Congress "should begin by renewing the administration's fast-track negotiating authority for trade

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agreements," but it should include "better trade enforcement capability and better environmental and labor provisions."

Border-Patrol Veteran Reyes Set To Assume House Intel Panel Chairmanship. The Washington Post (1/4, C1, Montgomery, 690K) profiles TX16 Rep. Silvestre Reyes (D), who on Thursday "becomes the new chairman of the House Permanent Select Committee on Intelligence, assigned to ride herd on 16 spy agencies with an estimated collective budget of $42 billion." Describing Reyes' history, the Post notes, "Grows up on a cotton farm along the Rio Grande, oldest of 10. … Helicopter gunner in Vietnam, some college…lands a solid government job -- Border Patrol. He works like hell for 26 years, gets shot at by Mexican train robbers, rises from agent to bridge inspector to chief for West Texas and Arizona," before being elected to Congress. The Post adds, "Reyes is, in short, that most cherished of political properties, the real guy, a man of the people, not just someone who pretends to be." But "Can credential-crazy Washington countenance an intelligence chief with a two-year community college degree? Not to mention that ambush from Congressional Quarterly, where Reyes blew the question of whether al-Qaeda is Sunni or Shiite. It's a big challenge for a lawman from a dusty border town." The Post goes on to detail

Johnson Remains In Critical Condition. The Argus Leader (1/3, Bremmer) reported, "New test results show Sen. Tim Johnson, who has needed a ventilator to breathe and prolonged doses of medication to prevent swelling on his brain, has improved but will need several months of rehabilitation and physical therapy to continue his recovery from surgery. An angiogram Wednesday at George Washington University Hospital confirmed that surgeons had successfully corrected the tangle of arteries and veins that caused debilitating stroke-like symptoms and bleeding in Johnson's brain." But Johnson "remains in critical condition three weeks after emergency brain surgery Dec. 13 and his long-term outlook is not clear, Dr. Vivek Deshmukh, head of Johnson's surgical team, said Wednesday." The Rapid City Journal (1/4) reports Deshmukh "said Johnson has continued to respond to his family and to doctors. He has been following commands and squeezing his wife's hand." USA Today (1/4, Martin, 2.27M) and New York Times/AP (1/4) also report the story.

Feeney, Weldon Agree To Repay Personal Funds. The Hill (1/4, Crabtree) reports that Florida Rep. Tom Feeny and former Pennsylvania Rep. Curt Weldon "have agreed to repay the costs for two separate, privately funded overseas trips, which received new scrutiny as the scandal involving disgraced lobbyist Jack Abramoff unfolded." The House ethics committee "quietly released two succinct findings, concluding that the attendance by several members of Weldon's family on an undisclosed trip violated House gift rules, and that a trip Feeney took to Scotland in August 2003 with Abramoff also did not comply with House gift rules." Weldon must may over $23,000 and Feeney fine totals $5,643.

Federal Employees Sign Up For New Dental, Vision Benefit. The Washington Post's (1/4, D4, Barr) "Federal Diary" column reports, "More than 690,000 federal employees and retirees signed up for dental and vision insurance benefits during the program's inaugural enrollment season, the OPM announced. Interest in the new insurance program increased in the closing days of the enrollment period, jamming the program's Web site and telephone line." Congress "approved the program after learning in hearings that dental benefits provided to federal employees had not kept pace with benefits offered in the private sector."

Casey's Vote Could Determine Senate Override Of Stem Cell Veto. In a piece appearing in today's Washington Post (1/4, A17, 690K), syndicated columnist Bob Novak writes, "Near the top of the new Democratic congressional majority's agenda is passage of stem cell research legislation vetoed last year by President Bush, a measure that will answer a major question. There is no doubt the new bill will pass both houses of Congress. What remains in doubt are the votes to be cast by newly elected Democrats who campaigned as pro-life advocates, particularly Pennsylvania Sen.-elect Bob Casey Jr." Casey's vote "may determine whether Bush's second veto is overridden by the Senate. A veto would probably be sustained in the House, with or without help from the seven Democrats. But apart from the stem cell bill, what's at stake is whether pro-lifers have a place in today's Democratic Party. Certainly, that small fraction will be under intense pressure from party leaders. … The question of how much of a pro-lifer Casey is or can be in the 21st-century Democratic Party may be answered soon."

OTHER NEWS:

Fed Remains Concerned About Inflation. USA Today (1/4, Kirchhoff, 2.27M) reports, "Inflation is the Federal Reserve's top concern, despite indications the economy may be slowing more than expected, according to minutes of a Dec. 12 meeting released Wednesday. 'Several members judged…the downside risks to economic growth in the near term had increased a little and become a bit more broadly based than previously thought,' the minutes said." However, "all members agreed that the risk that inflation would fail to moderate as desired remained the predominant concern."

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The minutes "term the economy 'probably a touch softer' than expected," and "show that one member of the committee wanted the December statement changed to include the possibility of a rate cut as well as an increase."

The Wall Street Journal (1/4, A2, lp, 2.04M) says that while "some Federal Reserve officials may be beginning to share the bond market's pessimism about the outlook for economic growth…those reservations aren't widespread," and "a subsequent rebound in some recent economic indicators may have alleviated the anxiety at the Fed and lessened the odds that interest-rate cuts, which bond-market investors expect, will materialize."

The Financial Times (1/4, Guha, Kirchgaessner) reports "the tone of the minutes suggests the Fed still does not buy the market's view that the economy faces sustained weakness that will demand interest rate cuts. Wednesday's data appeared to support that view." The Washington Post/AP (1/3, Aversa) runs a similar report.

David Wessel, in his Wall Street Journal column (1/4, A6), "The Fed can't turn the dials on population growth or on productivity. All it can do is try to gauge trends accurately. Continued strong productivity growth will lead the Fed to tolerate faster economic growth." That "puts the onus on the rest of the society -- business, unions, workers, regulators, legislators, schools -- to work at doing what is possible to maintain healthy productivity growth, the secret to prosperity for our children and grandchildren."

Fed Minutes End Market Rally. The Wall Street Journal (1/4, A2, lp, 2.04M) reports, "A stock-market rally ended abruptly yesterday with stocks taking a sharp downward turn when the minutes were released at 2 p.m. as the market's recent optimism apparently was shaken by hints that some at the Fed have doubts about the economy. Stocks later rebounded, although they didn't recover all the lost ground." The Financial Times (1/4, Mackenzie, Gangahar) runs a similar report under the headline "US Markets Surrender To Inflation Fears."

NBC Nightly News (1/3, story 11, 0:20, Williams, 9.87M) reported, "On Wall Street today after a rare four-day closure for the exchange, stocks charged out of the gates with the blue chips up more than 100 points before falling back and closing slightly higher. Dow finished up a little over eleven points today [to close at 12,474.52]. NASDAQ was up almost eight points on the day [to close at 2,423.16]." The Wall Street Journal (1/4, Civils, 2.04M) notes the S&P 500-stock index was "off 1.67 to 1416.63 for the day." The New York Times (1/4, Bajaj, 1.16M) also reports the stock numbers this morning.

Manufacturing Bounces Back. The Financial Times (1/4, Callan) reports, "The US manufacturing sector bounced back from the brink of recession last month as factory activity rose in December after a slump." The Institute for Supply Management "said on Wednesday that that its index of manufacturing activity climbed into positive territory, rising to 51.4 last month after its first negative reading in five years. A reading below 50 indicates contraction, one above 50 signals expansion." The Wall Street Journal (1/4, Aeppel, 2.04M) also reports on the manufacturing data.

Small Business Labor Shortage Leading To Higher Wages. USA Today (1/4, 3B, Hopkins, 2.27M) reports, "Small employers ramping up hiring plans to levels not seen in two years face a labor shortage that's forcing many to increase wages and benefits. The pinch is tightest in 26 states with below-average jobless rates, new Labor Department data and private surveys show. More than half those states are especially dependent on small employers, those with fewer than 500 workers." USA Today adds, "Nationwide, the share of small firms planning to hire through early 2007 rose to 19% in November from 16% the month before, say surveys by the National Federation of Independent Business trade group. November's share was the highest since November 2004."

LATimes Says Bush, Congress Should Focus On Long-Term Economy. The Los Angeles Times (1/4, 850K) editorializes, "The economy enters the new year riding a couple of winning streaks," but "there's some grumbling about the prospects for 2007, particularly for those outside the executive suite." For the long term, the "best ways to improve wages" are to "create more highly skilled workers and provide a larger market for their talents." Congressional Democrats "should use this moment to promote policies that help more Americans share in the nation's economic growth," and President Bush "should be looking for ways to minimize the effect of the tax code on the economy."

Gerald Ford Laid To Rest In Michigan. ABC World News (1/3, lead story, 2:55, Gibson, 8.78M) reported, "In recent days, it has been a nation's good-bye to Gerald Ford at the Capitol, at the National Cathedral. Grand structures and grand ceremony. Today, it was a final good-bye. From family, from friends, much more intimate, in the city that forged Jerry Ford, Grand Rapids, Michigan. The eulogies were personal. The towns folk were saluting a neighbor, now buried in their midst."

NBC Nightly News (1/3, story 7, 3:35, Williams, 9.87M) noted that "it was an emotional day. … There were the Ford children, now familiar to us once again after years outside of the spotlight. There was Mrs. Ford, who at 88 had held up so well under the weight of the week's events until Donald Rumsfeld spoke of the boss he served over 30 years ago." Donald Rumsfeld, former Ford Chief of Staff: "Betty, as I recall your advice was unvarnished, sometimes unsolicited. Gerald Ford seemed to marvel every day at his good fortune at having met and married Elizabeth Ford." Williams: "And then former President Jimmy Carter spoke personally and passionately about the friendship between these two

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Presidents." Former President Jimmy Carter: "When we were traveling somewhere we hated to reach our destination because we enjoyed the private times that we had together. The four of us learned to love each other." Carter "was overcome when he reached his conclusion that the best thing he could say on this day was the first thing he said on his inauguration day." Former President Jimmy Carter: "For myself and for our nation I want to thank my predecessor for all that he did to heal our land." The CBS Evening News (1/3, story 9, 2:00, Plante, 7.66M) ran a similar report.

The AP (1/4, Hoffman) reports, "At a graveside service that included a 21-gun salute and a 21-aircraft flyover, Vice President Dick Cheney presented former first lady Betty Ford with the American flag that was draped over her husband's casket." USA Today (1/4, Keen, 2.27M), Washington Times (1/4, 88K), New York Times (1/4, Devey, 1.16M), Chicago Tribune (1/4, Jones, 617K), Los Angeles Times (1/4, Huffstutter, 850K) and Washington Post (1/4, A3, Slevin, 690K) run similar accounts.

McClatchy (1/4, Gray, Bello), in an analysis piece, says that "in recent year…Ford often lamented that partisanship was tearing apart the fabric of Congress and loyalty to special interests was displacing public duty. 'It was very disturbing to him,' said Martin Allen Jr., a friend from Grand Rapids and chairman emeritus of the Gerald R. Ford Foundation. 'As minority leader he always tried to craft a consensus.'" The foundation "now hopes to use Ford's record of bipartisanship as an example for future politicians."

Navy To Name Aircraft Carried After Ford. The AP (1/4) reports, "The Navy will name its next aircraft carrier USS Gerald R. Ford in honor of the president who was buried Wednesday in his home town of Grand Rapids, Mich., officials said." Rumsfeld "divulged the news during his eulogy at the funeral."

More Praise For Ford. Felix G. Rohatyn, chairman of New York's Municipal Assistance Corporation from 1975-1993, writes in today's Wall Street Journal (1/4, 2.04M), "Ford deserves great credit for his willingness to change his mind" about backing a financial support plan for New York during his presidency. He "signed legislation providing credit to the city; this unlocked other pieces of the package: from the banks, the pension funds and insurance companies. It saved New York but it did not save his presidency. Jimmy Carter was elected in 1976. … One of Ford's greatest achievements may have been that he knew when he had pushed New York City to the limit and that, contrary to some of his colleagues, he also knew when to stop."

Reid Missed Ford Funeral For South America Trip. The Washington Post (1/4, A15, Williamson, 690K) reports a "day after the death of former president Gerald R. Ford, Harry M. Reid (D-Nev.) embarked on what could be called his first official activity as the incoming Senate majority leader." But it "had nothing to do with Ford's funeral. Instead, Reid boarded a government plane bound for six days in South America, accompanied by wife Landra and five other Democratic and Republican senators and their spouses Dec. 27. Their mission: improved relations -- and New Year's in Machu Picchu." The "'Machu Men,' as they were dubbed, included Reid and Sens. Richard J. Durbin (D-Ill.), Ken Salazar (D-Colo.), Kent Conrad (D-N.D.), Judd Gregg (R-N.H.) and Robert F. Bennett (R-Utah). Highlighting their trip: three hours of presidential meetings and two days touring the Incan ruins in Peru." The senators "did not change course after Ford's death, figuring they would insult leaders in a region none too happy with the United States to begin with, according to a Reid aide."

Clinton Crafting '08 Campaign Strategy In Meetings With Supporters. The New York Times (1/4, Healy, Nagourney, 1.16M), noting that New York Sen. Hillary Clinton (D), at a recent dinner meeting, quizzed three supporters from New Hampshire on the political dynamics of the Democrats' Granite State sweep in the 2006 election, reports, "This meeting was one of a series of nearly nonstop political consultations that Mrs. Clinton has engaged in" since the midterm election, "in what her advisers say are preparations for a probable announcement that she is taking the first steps into the presidential campaign." Clinton "was described by participants as leaving little doubt that she plans to run, without saying so directly." Meeting participants say Clinton "has pressed to find out everything from whether former Vice President Al Gore will run again (he is inclined not to, people tell her) to how much support remains for" Massachusetts Sen. John Kerry (D) "among Democratic leaders (anemic, she has heard). Clinton told Democrats that she viewed her two strongest potential Democratic" foes as Illinois Sen. Barack Obama (D) and ex-North Carolina Sen. John Edwards (D). Democrats said Clinton "viewed Mr. Obama as her biggest obstacle to the nomination, but that she believed the threat of his candidacy will diminish as voters learn how inexperienced he is in government and foreign affairs." Meeting participants say "it is clear that Mrs. Clinton is far along in plotting a campaign, and she is honing strategy at the same time that she is making overtures to people in" key early presidential nominating states.

Giuliani Advisers Believe Campaign Playbook Was Pilfered In Florida. The New York Times (1/4, Healy, 1.16M) reports that ex-New York Mayor Rudy Giuliani's advisers "say that someone stole an aide's luggage during a political trip last fall, found a 140-page strategy notebook inside and photocopied it, then returned the luggage in some manner and gave the goods to a Giuliani opponent. The contents of the notebook ended up splashed across The Daily News in New York on Tuesday" and "The

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New York Post reported yesterday that political operatives believed that the theft happened on a campaign trip through Florida. While it does not prove anything per se, a spokeswoman for" Florida Gov. Charlie Crist (R) "confirmed yesterday that luggage from the Giuliani entourage was indeed missing during a campaign trip last fall. 'They were traveling with us, and we did find a piece of luggage, and we just worked as quickly as possible to get it back to the owner,'" said spokeswoman Erin Isaac, who said that "she had no information about allegations by Mr. Giuliani's office that someone, somewhere, stole and photocopied the notebook." Isaac "added that the governor's office was not conducting an inquiry into those allegations. She said that the piece of luggage was left on a Crist plane 'during the chaos of the campaign,' and that nothing fishy happened with the bag when it was in their custody."

Romney Files Paperwork With FEC To Form Presidential Exploratory Panel. ABC World News (1/3, story 4, 0:15, Gibson, 8.78M) reported, "The number of candidates for 2008, grew by one. Republican Mitt Romney filed papers to begin fundraising as he ended his only term as governor of Massachusetts. If elected President, Romney would be the first Mormon President."

The New York Times (1/4, 1.16M) reports that Romney, in a statement, said, "After talking to my family, I have decided to take this initial step of forming an exploratory committee in order to raise the resources and build the campaign organization required to pursue the highest office in our country."

The AP (1/4, Johnson) reports that Romney "filed papers to create an exploratory committee just an hour before he left the Statehouse for the final time on Wednesday, concluding his one and only term in elective office." While most polls show Arizona Sen. John McCain (R) and ex-New York Mayor Rudy Giuliani (R) sharing "the top spot," Romney, "registers in single digits." But Romney "has taken similar steps in pursuing the presidency, hiring staff and establishing a fundraising base a full year before the first primary votes are cast. 'Given his pedigree,' said Richard Bond, a former chairman of the Republican National Committee and declared backer of McCain, 'he is a serious candidate.'"

The Los Angeles Times (1/4, Gerstenzang, 850K) reports that Romney "has established support teams in some of the key small states that have played an important role in selecting presidential nominees, going head to head with McCain in the early effort to line up effective organizations in Iowa, New Hampshire and South Carolina. 'He has been extremely aggressive,' said Tobe Berkovitz, a longtime political consultant who is now associate dean at Boston University's school of communications. 'He's gotten himself in position to break into the top tier.'" Meanwhile, the DNC "on Wednesday challenged Romney over his past statements on abortion. In 1994, the party asserted, Romney said: 'I believe that abortion should be safe and legal.' Last February, Romney said, according to the Democrats: 'I've never used either title, pro-life or pro-choice, in the past. I said I don't favor abortion.' Last October, he said: 'I call myself firmly pro-life.' His position on such hot-button social issues, Berkovitz said, 'could be his Achilles heel with Republican activists.'"

Bloomberg (1/4, Przybyla) notes, "A Dec. 11-14 Gallup poll found McCain and Giuliani are tied for first place, each with 28 percent of the vote. Romney comes in fifth, with four percent, behind Secretary of State Condoleezza Rice and former House Speaker Newt Gingrich."

The Detroit News (1/4, Trowbridge) reports that Romney, the son of ex-Michigan Gov. George Romney, "becomes the closest thing to a favorite-son presidential candidate for Michigan since his father's unsuccessful 1968 bid for the GOP nomination." He's "has signed up big Michigan names such as state Attorney General Mike Cox and Oakland County Executive Brooks Patterson, as well as a number of big donors to President Bush in the state." However, "in Michigan and across the country, he faces a substantial obstacle: Sen. John McCain, R-Ariz. 'Last time around, McCain was very popular in Michigan,' said Philip Abbot, a political scientist at Wayne State University, who noted McCain's victory in Michigan's 2000 presidential primary. Since then, McCain has built his own formidable Michigan operation."

Romney To Move Quickly Into "Full-Scale Campaign" Mode. The Washington Post (1/4, A3, Balz, 690K) reports, "With a new headquarters open for business in Boston, Romney plans to move into full-scale campaign activity immediately. He will speak to a group of Southern conservatives this weekend in Georgia and will host a major fundraising event in Boston Monday. A formal announcement of his candidacy will come later, aides said." The Post goes on to discuss Romney's resume, noting among other things that in 1999, he "was called in to salvage the 2002 Winter Olympics in Salt Lake City after the organizing committee's scandals and financial problems threatened the Games' success," and that Romney made a failed challenge to Massachusetts Sen. Ted Kennedy (D) in 1994.

Fundraising Will Provide Early Test For Romney. The Boston Globe (1/4, Estes, Helman, 413K) reports, "Though the first presidential primary is more than a year away, a major test of Romney's viability will be how much money he can raise. Because there are federal contribution limits of $2,100 per person, Romney can no longer rely on a relatively small group of large contributors. His challenge now is to raise small donations from many contributors, and his fund-raisers have already been busy courting Republican

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players to help him do that. Through his Commonwealth Political Action Committee, which he set up in 2004 to support Republican candidates around the country, Romney raised $8.8 million by November."

Romney Said To Have Concluded Term With "Self-Celebratory" Exit. The Boston Herald (1/4, Ross, 184K) reports that Romney "last night turned the traditional 'long walk' out of the State House into a tightly scripted tribute to himself and his administration, crafted with an eye to the 2008 race for president he officially entered yesterday. Stopping along the way to talk to groups of well-wishers selected to represent his administration's achievements, Romney left the State House at about 5 p.m." His "self-celebratory walk-off drew hoots from political adversaries. 'What's going to follow him [on the presidential trail] is a litany of broken promises,' Democratic strategist Mary Anne Marsh said. 'He was supposed to be traveling the country and bringing us jobs. Instead, he was traveling the country and making jokes about Massachusetts.'" Romney campaign spokesman Kevin Madden "shot back, 'Any time the Democrats are attacking Gov. Romney, it shows two things: First, they're terrified of his prospective candidacy; and second…you must be doing something right.'"

The Boston Globe (1/4, Estes, Helman, 413K) reports that Romney's exit "from the State House, which took about 25 minutes, came one day earlier than the end of his four-year term of office. If he had left the building today, as has been the tradition, he would have been forced to walk through crowds of" supporters of Gov.-elect Deval Patrick (D) "gathered for the new governor's unusual outdoor inauguration. By staging the lone walk a day early, the governor commanded the spotlight, following a schedule that had been scripted down to the second."

Schwarzenegger To Propose Guaranteed Health Insurance For All Children. The Los Angeles Times (1/4, Rau, 850K) reports, "Gov. Arnold Schwarzenegger will propose that all Californian children, including those of undocumented immigrants, be guaranteed medical insurance as part of the health-care overhaul he intends to unveil next week, according to officials familiar with the plan." The plan "would affect about 763,000 children who currently lack insurance. While the administration has not revealed details of how it would pay for such a program, officials estimate that extending insurance to all children could cost the state as much as $400 million a year." That "would be a small piece of Schwarzenegger's stated goal: to ensure medical coverage for all of the 6.5 million Californians who now have none."

Web Site To Show Teacher Contract Provisions, State Education Rules. USA Today (1/4, 1A, Toppo, 2.27M) reports, "A website by the National Council on Teacher Quality (www.nctq.org/cb), scheduled to launch today, promises to shine a light on teachers' working conditions" by putting "the minutiae of union collective-bargaining agreements and state policies for the nation's 50 largest school districts into a consumer-friendly database." But "teachers unions say the data could be misinterpreted."

Will Argues Against Minimum Wage. George Will writes in the Washington Post (1/4, A10, 690K) that "the minimum wage should be the same everywhere: $0. Labor is a commodity; governments make messes when they decree commodities' prices. Washington, which has its hands full delivering the mail and defending the shores, should let the market do well what Washington does poorly."

US Navy Patrols Coast Of Somalia For Terrorists. The AP (1/4, Gedda) reports US Navy vessels are deployed off the coast of Somalia "to make sure al-Qaeda or allied jihadists don't escape the country by sea now that the once-dominant Islamist forces there are in retreat," the State Department said Wednesday. Of "particular concern is the fate of three al-Qaeda militants who were believed by US officials to be under the protection of the Islamic Courts Union in Mogadishu until Ethiopian forces drove the Courts from power in recent days." State Department spokesman Sean McCormack "said the missions off the coast are being carried out by a US task force" based in the Horn of Africa.

Frazer To Visit Mogadishu As US Mulls Presence. The Financial Times (1/4, Dinmore, England, Bounds, Turner) reports the US is "seeking to reestablish a presence in Mogadishu…after an absence of 12 years following the ousting of Islamist forces this week by Ethiopian-backed Somali allies." Assistant Secretary of State Jendayi Frazer "hopes to include Mogadishu in a tour that began on Wednesday with the aim of shoring up Somalia's transitional government with multinational African forces and US humanitarian aid." The Times notes that a "visible US presence in Mogadishu would represent at least a symbolically important moment of progress for the Bush administration in a widening region of conflict and proxy wars that have involved Somalia, Ethiopia, Eritrea, parts of Sudan, and the Central African Republic. But there are concerns in the administration and among its critics that the US will be seen in the Muslim world to be waging another proxy war against Islamist adversaries."

Kenya Closes Border But Denies Turning Back Refugees. The New York Times (1/4, A3, Gettleman, 1.16M) reports Kenyan officials announced Wednesday that they were closing their northern border "because of the conflict in Somalia, but denied that they had turned back hundreds of refugees." As Ethiopian-led forces continue "hunting down the remnants of Somalia's once powerful Islamist movement,"

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it "now seems that Somalia's problems have sucked in yet another country, and with the final throes of the conflict on their doorstep, Kenyan officials said they had no choice but to act."

Ahmadinejad Vows To Produce Nuclear Fuel Despite Sanctions. The New York Times (1/4, A3, Fathi, 1.16M) reports Iranian President Mahmoud Ahmadinejad "warned Wednesday that Iran would not back down from its nuclear ambitions and said his country would soon start producing nuclear fuel on an industrial scale." In a speech in southern Iran, Ahmadinejad said, "Iran has the fuel cycle, and very soon we will push the button on nuclear fuel production for industrial uses." AFP (1/4, Pouladi) reports Ahmadinejad "did not go into details on the scale of the fuel production, but producing nuclear fuel for an atomic power station would involve the continuous running of centrifuges to produce enriched uranium of high quality and quantity."

Iranian Official Urges New Nuclear Talks. The Financial Times (1/4, Bozorgmehr, Smyth) reports Hossein Mousavian, a former Iranian nuclear negotiator "close to the influential former president Akbar Hashemi Rafsanjani, called on Wednesday for renewed diplomacy with the west to break the crisis over Iran's nuclear programme." He also "implied that Iran had no choice but to accept last month's" UNSC resolution. Mousavian's "frank briefing reflected growing concern among pragmatists in Tehran at the direction of the international situation," and "suggest that Iran's pragmatists and reformists are taking a more active role in shaping Iran's policy after the poor showing in last month's elections" by allies of Ahmadinejad.

Olmert, Mubarak Look To Restart Peace Talks. The AP (1/4, Weizman) reports Israeli Prime Minister Ehud Olmert and Egyptian President Hosni Mubarak "will search for ways to restart Mideast peace talks and free a captured Israeli soldier when they meet Thursday, although Israeli officials said they did not expect a breakthrough on the prisoner issue." Israeli and Egyptian officials said Olmert and Mubarak will also discuss Palestinian President Mahmoud Abbas' "coalition-building efforts, bilateral Israel-Egyptian ties and the prospect of joint economic projects at the hour-long summit Thursday evening, and the dinner that will follow."

Five Palestinians Killed In Gaza Violence. The New York Times/AP (1/4) reports five Palestinians were killed Wednesday "in a resurgence of factional violence in Gaza, leading to fears an already fragile truce between the rival Hamas and Fatah factions would completely collapse." Meanwhile, aides to Palestinian Prime Minister Ismail Haniyeh of Hamas "said Wednesday he plans to cut short a tour of Arab nations to return to Gaza." The Washington Post (1/4, A13, Wilson, 690K) also reports briefly on the events.

Kim Jong Il Seeks Sympathy From People. The Christian Science Monitor (1/4, Marquand, 59K) reports, "As Kim Jong Il continues to elude efforts to constrain his nuclear program, a grudging regard for the North Korean leader's tactical skills is rising." Kim, who "was once thought to be over his head as a leader," is "showing brilliance as a dictator" that has "even created a new image for himself at home -- not as a towering patriarch -- but as a figure of sympathy, a beleaguered, America-taunted leader who eats soldier's gruel and deserves care by the masses." However, "In one sense, Kim is prisoner to his own fantastic ideology of isolation," and "to allow outside influences into the regime could snap the spell of his own Oz-like deification, experts say."

WSJournal Urges Ban To Help North Korean Refugees. The Wall Street Journal (1/4, 2.04M) editorializes, "Ban Ki Moon got off to a good start at the United Nations this week when he declined to criticize the execution of Saddam Hussein. Here's another way the new Secretary General could outshine his predecessor: Demand that Beijing live up to its international obligations to let the U.N. High Commissioner for Refugees help the tens of thousands of North Korean refugees hiding in northeast China." As a Korean, the Journal says Ban has "special moral authority to address this little-known humanitarian crisis," and "a good place to start would be by making a public plea on behalf of six refugees who tried, but failed, to obtain sanctuary in the US consulate in Shenyang, China, last month."

Mexican Diplomat Appointed To High UN Post. The New York Times (1/4, A10, Preston, 1.16M) reports UN Secretary-General Ban Ki-moon Wednesday "appointed a high-level United Nations insider, Alicia Bárcena Ibarra, to the top management post, a signal that he does not plan aggressive reforms in the much-criticized bureaucracy." United Nations diplomats pointed out that Bárcena, "a career diplomat from Mexico who served for most of last year as the chief of staff for Kofi Annan," had "little of the front-line administrative experience needed to run the unwieldy United Nations system." Several diplomats said the choice of Bárcena "cast doubt on statements Mr. Ban made on Tuesday, when he said in a meeting with United Nations staff members that he wanted to overhaul 'the working culture' of the organization."

Britain Repays World War II Debts. The Washington Times (1/4, A1, Webb, 88K) reports in a front page article that "more than six decades after the fact, Britain has finally paid back the billions of dollars it had borrowed from the United States and Canada to help pay for rebuilding the country after World War II." On "the last business day of 2006, $83.25 million was sent electronically winging to Washington and $22.7 million to Ottawa, to free Britain from

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annual installments it occasionally has struggled to pay." British Economic Secretary Ed Balls "hailed the dispatch of that last payment" on Dec. 29, telling journalists, "We finally honor our commitments to the US and Canada for the support they gave us 60 years ago."

German Economy Rebounding As Unemployment Drops. The Financial Times (1/4, Benoit) reports unemployment in Germany recorded "another steep monthly drop in December, underscoring the robustness of the year-old rebound under way in Europe's largest economy." Seasonally adjusted figures released by the Federal Labour Agency on Wednesday "put the number of jobseekers in Germany at 4.1 million, down 108,000 on the month, a far bigger drop than economists had anticipated after a 86,000 fall in November." The "extraordinary fall in unemployment," as described by the Agency, put the unemployment rate in the country at 9.8 percent.

Muslim Ritual Draws Criticism From Animal Activists In Belgium. On its front page, the Wall Street Journal (1/4, A1, Jacoby, 2.04M) reports that the annual Muslim ritual of slaughtering a sheep as part of the Eid al-Adha holiday "raises the ire of animal-rights activists" in Belgium, who have "for years, they have held anguished protests against the manner in which the sheep are slaughtered, arguing that the sheep should be stunned first to lessen their pain." While "similar conflicts play out across Europe, the tensions are particularly acute in Brussels," where "unlike France and other nations with large Muslim minorities, Muslims in Belgium aren't concentrated in ghettos outside major cities; they often live side-by-side with EU officials and other professionals in gentrifying urban neighborhoods."

Suspension Of ETA Talks Setback For Zapatero. The Financial Times (1/4, Mulligan, Burnett) reports the suspension of the ETA peace process after last week's bombing "marks the first big defeat" for Spanish Prime Minister José Luis Rodríguez Zapatero, "who has managed, through formidable charm, shrewdness and unshakeable conviction, to steer his country leftwards since winning a surprise victory in the March 2004 election, two days after devastating bomb attacks on the Madrid commuter rail network." It also "underlines the limitations of a determined optimist who, political insiders complain, fails to take counsel or heed political alarm bells."

Former US Officials Urge US To Curb Nuclear Proliferation. Former Secretary of State George P. Shultz, former Defense Secretary William J. Perry, former Secretary of State Henry A. Kissinger and former Sen. Sam Nunn write in the Wall Street Journal (1/4, 2.04M) that nuclear weapons "present tremendous dangers, but also an historic opportunity. US leadership will be required to take the world to the next stage -- to a solid consensus for reversing reliance on nuclear weapons globally as a vital contribution to preventing their proliferation into potentially dangerous hands, and ultimately ending them as a threat to the world." North Korea's recent nuclear test and Iran's refusal to stop its program to enrich uranium, they say, "highlight the fact that the world is now on the precipice of a new and dangerous nuclear era." Therefore, they urge "that a major effort should be launched by the United States to produce a positive answer through concrete stages." First, they recommend "intensive work with leaders of the countries in possession of nuclear weapons to turn the goal of a world without nuclear weapons into a joint enterprise."

Big Energy Projects In Canada To Help Supply US Market. The Wall Street Journal (1/4, Scott, 2.04M) reports, "The oil and natural-gas industry is increasingly looking to Canada as a home for big energy projects Americans don't want in their backyards." A possible "refinery development is the cornerstone of a concerted regional attempt to construct a huge 'energy hub' in New Brunswick, supplying the markets of Boston and New York with gasoline, natural gas and eventually petrochemicals and related products." The "effort is the latest sign of increased interest just outside US borders, in part to supply the U.S. market." The US "has been slow to invest in the infrastructure necessary to bring extra imports to consumers, due in part to concerns about the cyclical nature of the energy business. Also hurting matters is the widespread not-in-my-backyard attitude...toward new industrial investment, which has notably delayed development of LNG terminals in the U.S."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Gov. to seek insurance for all children."
"White, but his heart is Latino."
"L.A. mayor seeks federal aid to combat gangs."
"Pelosi shows she's the head of her party."
"Old guard back on Iraq policy."
"$210 million to step aside."

USA Today:

"Crunching Numbers District By District."
"Online Database Opens A Window For Parents To Compare Schools."
"NFL Playoffs Are An Open Field."

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"First Act For Dems Is Ethics Cleanup."

New York Times:
"Intelligence Chief Is Shifted To Deputy State Dept. Post."
"Ethics Overhaul Tops The Agenda In New Congress."
"Spitzer Requests Sweeping Array Of New Measures."
"In Padilla Wiretaps, Murky View Of 'Jihad' Case."
"Home Depot Ousts Highly Paid Chief."
"U.S. Bars Lab From Testing Electronic Voting."
"Mother Wonders If Psychosis Drug Helped Kill Son."

Washington Post:
"While the Nation Mourned, Their Trip Continued."
"Kenya Reinforces Border to Block Islamic Fighters."
"President Signals Budget Accord."
"Pelosi Walks Tightrope Enforcing Rules."
"New Orleans Repeats Mistakes."
"Episcopal Churches' Breakaway in Va. Evolved Over 30 Years."
"Iraq's Woes Are Adding Major Risks To Childbirth."
"Democrats Hope to Take From Oil, Give To Green Energy."

Washington Times:
"Cindy Sheehan Routs The Democrats."
"Bush Warns Democrats On Stalemate."
"Britain Free From WW II Payments."
"Social Security For Illegal Aliens."
"Virginia Children Rate Most Likely To Succeed."

Detroit Free Press:
"At Home. At Rest."

Atlanta Journal-Constitution:
"Nardellli Out."
"Democrats Plan; Bush Showes Back."
"Ex-President Of Morris Brown Gets Probation."
"'Spaceship Earth' Sculpture Makes Crash Landing At KSU."

Houston Chronicle:
"Challengers Unite Against Craddick."
"Another Setback For U.S. Spying."
"Consumer Aid On Minds Of Legislators This Session."
"A 'Soldier For God,' Country."
"Girl In 2005 Custody Fight Has Cancer Again, Dad Says."
"Democrats Flex Their Partisan Muscles."

Story Lineup From Last Night's Network News:
ABC: Gerald Ford's Service-Michigan; New Democratic Congress; New Democratic Congress-Analysis; Romney Presidential Bid; Hussein Execution Investigation; Hostage Tape-Iraq; Starving Cattle-Colorado; CEO's Severance Pay; New Football Coach; Duke Lacrosse Case; New Diet Drink; Youngest Person-Sailing Solo; Subway Superman.
CBS: Hussein Execution Investigation; Hussein Execution Aftermath; Troop Surge-Iraq; Hostage Tape-Iraq; New Democratic Congress; Duke Lacrosse Case; High School Shooting; Emergency Communications Planning; Gerald Ford's Service-Michigan; New Stroke Treatment; Nardelli Severance Pay; Subway Superman.
NBC: Starving Cattle; Hussein Execution Investigation; Hussein Execution Aftermath; New Democratic Congress; Negroponte Steps Down; Hostage Tape-Iraq; Gerald Ford's Service-Michigan; Bilingual Households; Duke Lacrosse Case; Max Mayfield Retires; Stock Market; Nardelli Severance Pay; Subway Superman.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: New Congress; Saddam Execution Cell Phone Video-Arrests Made; Negroponte Resignation; Exxon Mobil Disinformation Campaign Allegation; 9/11 Debris-More Bones Found; Duke University-Lacrosse Players Reinstated; Aircraft Carrier To Be Named For President Ford; Home Depot-CEO Resigns.
CBS: New Congress; Pentagon Plan For Increasing Troop Levels In Iraq Sent To President Bush; Iraq Violence; Saddam Execution Cell Phone Video-Arrests Made; WA-School Shooting; Mike Tyson-Drug Charges; IL-Couch Potato Contest.
NPR: Somalia-Rocket Attack By Islamist Forces; U.S. Navy Deployed Off Somali Coast; Kenya Meeting-U.S. To Promote Idea Of African Peacekeeping Force For Somalia; U.N. Special Investigator Condemns Iraqi Plan To Execute Two Of Saddam's Co-defendants; CO Snowstorm-Stranded Cattle; Southeast U.S.-Warm Temperatures; Negroponte Resignation; Calderon To Send Drug-Fighting Troops To Tijuana; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the Chancellor of Germany, Oval Office, The White House; makes statements to media with German Chancellor Angela Merkel, Cross Hall, White House.

VICE PRESIDENT CHENEY — Participates in the Senate swearing in ceremony for the 110th Congress, Capitol.

US Senate: FLOOR SCHEDULE _ 12 p.m. The Senate convenes for the first session of the 110th Congress, and newly-elected members take oaths of office.

US House: FLOOR SCHEDULE _ 12 p.m. The House convenes for the first session of the 110th Congress, and newly-elected members take oaths of office

Other: CHANCELLOR ANGELA MERKEL OF GERMANY _ Highlights: 5 p.m. Meets with President Bush, Oval Office.

PELOSI SWEARING IN WEEK _ Schedule for House Speaker- designate Nancy Pelosi. Highlights: 9 a.m.

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Bipartisan interfaith prayer service in honor of men and women in uniform. Closed press. With joint House leadership and members of the House. St. Peter's Catholic Church, 313 2nd St. SE. 12 p.m. Swearing in. House floor. 3 p.m. - 6 p.m. Ceremonial swearing in. Rayburn Room, Capitol. 6:30 p.m. Swearing in celebration concert. National Building Museum. Press will be escorted in for Pelosi's introduction and remarks only. Preset tripods at 5:30 p.m. Media must RSVP to pelosipressgmail.com.

LAW SCHOOLS-CONFERENCE _ Immigration debate, surveillance and security issues are among topics at the Association of American Law Schools Annual Meeting. Over 3,500 law faculty expected to attend. Highlights: 10:30 a.m. Section on Legislation presents ``The Roberts Court and the Regulation of Politics," examining two cases from the court's Oct. 2005 docket: the Vermont campaign finance case (Randall v. Sorrell) and the Texas re-redistricting case (Sessions v. Perry). 10:30 a.m. Forum on ``Prosecuting Leakers and Leakees: The End of National Security Muckracking?" 12:30 p.m. Luncheon address by Kenneth R. Feinberg, appointed Special Master of the Federal September 11th Victim Compensation Fund. 2:15 p.m. Forum on the lawyers as public servants, featuring Charles Ogletree (Harvard); Kurt Schmoke (Howard); Kenneth Starr (Pepperdine); and William H. Webster (Former Director, FBI and CIA, Washington, D.C.). 4 p.m. Immigration Law forum on ``'Histories of Naturalization." Location: Marriott Wardman Park.

BLACK CAUCUS SWEARING-IN _ 9 a.m. Swearing-in ceremony for the new leadership team of the Congressional Black Caucus. Reps. Carolyn Kilpatrick, D-MI, Barbara Lee, D-CA, Emanuel Cleaver II, D-MO, Danny Davis, D-IL, and Sheila Jackson-Lee, D-TX, will participate. Location: Library of Congress, Jefferson Bldg., Coolidge Auditorium, 1st and Independence SE.

JOINT CAUCUS _ 9 a.m. Photo op as Senate Democrats and Republicans will join before the opening of the new 110th Congress for a special Joint Caucus in the historic Old Senate Chamber. Location: Old Senate Chamber.

CHAMBER PRIORITIES _ 9:30 a.m. The US Chamber of Commerce holds a briefing to discuss its 2007 policy priorities, with CEO Thomas Donohue. Location: 1615 H St. NW.

FIRST AMENDMENT-UNIONS _ 9:30 a.m. - 11 a.m. There will be a discussion of two consolidated Supreme Court cases questioning whether the First Amendment protects political activity by unions paid for with non-member fees. Participants: Larry Gold, Associate General Counsel, AFL-CIO & of counsel, Lichtman, Trister & Ross, PLLC; and James Bopp, Jr., General Counsel, James Madison Center for Free Speech & Member, Bopp, Coleson & Bostrom Moderator, Amanda Frost, American University Washington College of Law. Location: National Press Club, Lisagor Room.

NEWS COVERAGE INDEX _ 10 a.m. Briefing to launch Project for Excellence in Journalism's weekly ``news coverage index." Project is seen as the largest effort to date at real-time and ongoing content analysis of the news media. Location: Pew Research conference room, 7th floor, 1615 L St. NW.

ANTI-WAR, ANTI-TORTURE _ 12 p.m. The ``World Can't Wait-Drive Out the Bush Regime" group holds demonstration to mark the opening of Congress. Protesters wearing ``orange Guantanamo torture jumpsuits" will call on Congress to begin impeachment hearings. Location: Upper Senate Park.

ECONOMISTS-RATCHET MORTGAGE _ 12 p.m. Bert Ely, president of Ely and Company, discusses ``The Ratchet Mortgage and its Many Benefits" at National Economists Club meeting. Location: Chinatown Garden Restaurant, 618 H St. NW.

CRISIS IN SOMALIA _ 12 p.m. - 1:30 p.m. Somalia experts Professor David Shinn, Elizabeth Spiro Clark, Gayle Smith and Professor William Zartman speak at MEI forum on ``Repercussions from the Current Crisis in Somalia." Location: SAIS at Johns Hopkins, Rome Bldg., 1619 Mass. Ave. NW.

STEM CELL RESEARCH _ 1:30 p.m. Opinion Research Corporation holds 1:30 p.m. EST news teleconference to release national poll on stem cell research and what Americans want the new Congress to do about it. Contacts: Patrick Mitchell, 703-276-3266. Notes: Call 800-860-2442. Ask for the ``stem cell research and the new Congress" event.

DEMOCRATS-ETHICS _ 3 p.m. Immediately prior to debate and votes on the Democratic ethics package, Rules Committee Chairwoman Louise Slaughter, Democratic Caucus Chairman Rahm Emanuel and newly sworn-in members of Congress including Congressman Zack Space, Congressman Chris Carney, Congressman Harry Mitchell and Congressman Tim Mahoney will discuss the ethics package. Location: Room HC-8, Capitol.

TSUNAMI RELIEF _ 3 p.m. Mark Ward, deputy assistant administrator for Asia and the Near East, USAID, and Eric Schwartz, special UN envoy for tsunami recovery, speak on ``Tsunami Relief and Recovery Efforts and What Remains to be Done." Location: National Press Club, 14th and F Sts. NW.

CONGRESSIONAL-HISPANICS _ 6 p.m. Ceremonial swearing in for the members of the Congressional Hispanic Caucus. Location: Washington Court Hotel, 525 New Jersey Ave. NW.

ANTI-WAR-SHEEHAN _ 7 p.m. The anti-war ``World Can't Wait-Drive Out the Bush Regime" group holds forum to call for impeachment hearings. Speakers include Cindy

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Sheehan and Michael Ratner. Location: National Press Club, 14th and F Sts. NW.

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Attachments:	dojclips070104.pdf; dojclips070104.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 4, 2007 7:45 AM EST

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TERRORISM NEWS:

Contractors Are Cited In Abuses At Guantanamo (WP)

By Griff Witte And Renae Merle

The Washington Post, January 4, 2007

New allegations of detainee abuse at Guantanamo Bay released by the FBI on Tuesday put private contractors at the center of interrogation operations, raising questions once again about where they fit in the military's chain of command.

The FBI's disclosures, which are based on eyewitness reports, refer several times to contractors directing the Army's interrogation efforts at the military detention center in Cuba. In at least one case, FBI agents were told that detainees may have been mistreated on orders from a contractor.

Taken together, the documents suggest a greater role for contractors than was previously known, and contracting experts said they indicate a further blurring of the limits on how much responsibility the private sector can carry in doing the public's work.

"These are incredibly sensitive and important government jobs. That's why you're supposed to have a very clear and public chain of command," said Brookings Institution scholar Peter W. Singer. "But now there's a confusion about proper roles."

DOJ_NMG_0112019

A Defense Department official yesterday denied that contractors are supervising military personnel at Guantanamo. "As contractors cannot issue orders to military personnel, military personnel are not required to obey orders from a contractor," said Navy Cmdr. Robert Durand, a spokesman for Task Force Guantanamo.

In the FBI documents, one agent described a 2002 incident involving a "civilian army contractor, who was in charge of the Army's interrogators." The agent reported being shown a bearded detainee with duct tape covering much of his head. Asked about it, the contractor "laughed and stated that the detainee had been chanting the Koran and would not stop," the documents said.

The same agent said his primary contact was a "civilian contractor employed by the military, who was responsible for the interrogations," the documents said. The contractor "directed military reservists who conducted the interrogations of the detainees."

The agent, apparently referring to the same contractor, also said the person "exhibited 'bizarre behavior,' meaning he displayed a range of emotions and often 'lost it' or became very angry when something insignificant occurred," the documents said.

Another agent reported seeing detainees in Delta Camp in sweltering rooms as loud rap music played. The agent was told the treatment had been ordered by military contractors, according to an FBI summary of the documents.

The disclosures, which are based on a 2004 survey of FBI personnel, do not mention which company employed the contractors at Guantanamo. Many of the incidents dated to 2002, but it could not be learned yesterday what company held the contract for some of that time. In November 2002, Affiliated Computer Systems was awarded a contract to supply 30 intelligence analysts and 15 to 20 interrogators and strategic debriefers to Guantanamo. ACS was acquired by Lockheed Martin, the Pentagon's largest contractor, in 2003.

"During our period of performance at Guantanamo, our employees were under the direct authority of" the U.S. Southern Command, said Lockheed spokesman Tom Jurkowsky. "We had no authority to, nor did we, direct the actions of any military member, active or reserve."

Lorton-based Chenega Federal Systems took over the work last year when it won a five-year, $152 million contract. The company had 16 "interrogators/strategic briefers" at Guantanamo Bay as of October, according to the Army.

"Chenega was not involved in debriefing or interrogating detainees in 2002 or early 2003," Chenega's communications director, Kristina Woolston, said in a written statement.

The FBI documents were released late Tuesday as part of a lawsuit by the American Civil Liberties Union, and include several new allegations of questionable treatment of Muslim prisoners at Guantanamo Bay. One interrogator infuriated a prisoner by squatting over a Koran, and two agents reported witnessing military personnel using vicious dogs to intimidate prisoners, the records show. The documents also expand upon earlier allegations of mistreatment, including two cases in which detainees were shackled to the floor, subjected to extreme temperatures and allowed to defecate on themselves.

The Army has previously acknowledged five incidents of intentional and unintentional mishandling of the Koran at Guantanamo Bay.

The allegations are reminiscent in certain respects to charges of mistreatment at Abu Ghraib prison in Iraq. There, too, contractors who supplied interrogation services were allegedly involved, and some U.S. military personnel said they had mistreated detainees under orders from contractors.

The U.S. attorney's office was assigned to investigate contractor behavior at Abu Ghraib, but no charges have been filed.

It's unclear how the law would apply to the contractors this time. Contractors have traditionally not been subject to the Uniform Code of Military Justice, the body of laws that governs the behavior of soldiers. Other laws apply to contractors, but many remain untested.

"You have two different types of people operating under different sets of rules," said Scott L. Silliman, executive director of the center on law, ethics and national security at Duke University.

Staff writer Dan Eggen and staff researcher Julie Tate contributed to this report.

In Padilla Wiretaps, Murky View Of 'Jihad' Case (NYT)

DOJ_NMG_0112020

By Deborah Sontag

The New York Times, January 4, 2007

In 1997, as the government listened in on their phone call, Adham Hassoun, a computer programmer in Broward County, Fla., proposed a road trip to Jose Padilla, a low-wage worker there. The excursion to Tampa would be his treat, Mr. Hassoun said, and a chance to meet "some nice, uh, brothers."

Jose Padilla, left, and Adham Hassoun, who was photographed in 1999, are co-defendants in a terrorism conspiracy case.

Threats & Responses

Go to Complete Coverage » Mr. Padilla, 36, a Brooklyn-born Puerto Rican who had converted to Islam a few years earlier, knew Mr. Hassoun, an outspoken Palestinian, from his mosque. Still, according to a transcript of the conversation obtained by The New York Times, Mr. Padilla equivocated as Mr. Hassoun exhorted.

"We take the whole family and have a blast," Mr. Hassoun said. "We go to, uh, our Busch Gardens, you know ... You won't regret it. Money-back guarantee."

Mr. Padilla, laughing, suggested that they not discuss the matter over the phone.

"Why?" Mr. Hassoun said. "We're going to Busch Gardens. What's the big deal!"

That conversation took place five years before Mr. Padilla, a United States citizen accused of plotting a "dirty bomb" attack against this country, was declared an enemy combatant. Given that Mr. Padilla and Mr. Hassoun are now criminal defendants in a terrorism conspiracy case in Miami, it sounds suspicious, as if Mr. Hassoun were proposing something more sinister than a weekend at the amusement park. He well may have been — but maybe, too, he was sincere or joking about a Muslim retreat.

Deciphering such chatter in order to construct a convincing narrative of conspiracy is a challenge. Yet, prosecutors say, the government will rely largely on wiretapped conversations when it puts Mr. Padilla, Mr. Hassoun, and a third defendant, Kifah Jayyousi, on trial as a "North American support cell" that sent money, goods and recruits abroad to assist "global jihad."

Tens of thousands of conversations were recorded. Some 230 phone calls form the core of the government's case, including 21 that make reference to Mr. Padilla, prosecutors said. But Mr. Padilla's voice is heard on only seven calls. And on those seven, which The Times obtained from a participant in the case, Mr. Padilla does not discuss violent plots.

But this is not the version of Mr. Padilla — Al Qaeda associate and would-be bomber — that John Ashcroft, then the attorney general, unveiled in 2002 when he interrupted a trip to Moscow to trumpet Mr. Padilla's capture. In the four and a half years since then, as the government tested the limits of its power to deal with terrorism outside the traditional law enforcement system, Mr. Padilla is the only accused terrorist to have gone from enemy combatant to criminal defendant.

His criminal trial, scheduled to begin late this month, will feature none of the initial claims about violent plotting with Al Qaeda that the government cited as justification for detaining Mr. Padilla without formal charges for three and a half years. Those claims came from the government's overseas interrogations of terrorism suspects, like Abu Zubaydah, which, the government said, Mr. Padilla corroborated, in part, during his own questioning in a military brig in South Carolina.

But, constrained by strict federal rules of evidence that would prohibit or limit the use of information obtained during such interrogations, the government will make a far more circumscribed case against Mr. Padilla in court, effectively demoting him from Al Qaeda's dirty bomber to foot soldier in a somewhat nebulous conspiracy.

The initial dirty bomb accusation did not disappear. It quietly resurfaced in Guantánamo Bay, Cuba. The government filed the dirty bomb charges against Mr. Padilla's supposed accomplice, an Ethiopian-born detainee, at about the same time it indicted Mr. Padilla on relatively lesser offenses in criminal court.

A Change in Strategy

The change in Mr. Padilla's status, from enemy combatant to criminal defendant, was abrupt. It came late in 2005 as the Supreme Court was weighing whether to take up the legality of his military detention and the Bush administration, by filing criminal charges, pre-empted its review. In a way, Mr. Padilla's prosecution was a legal maneuver that kept the issue of his detention without charges out of the Supreme Court. After apprehending him at O'Hare International Airport in Chicago in May 2002, the Bush administration made a choice: to detain Mr. Padilla militarily, in order to thwart further plotting, rather than to follow him in order to gather evidence that might serve a criminal prosecution.

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Senior government officials have said publicly that Mr. Padilla provided self-incriminating information during interrogations, admitting, they said, to undergoing basic terrorist training, to accepting an assignment to blow up apartment buildings in the United States, and to attending a farewell dinner with Khaled Sheikh Mohammed, the suspected master planner of the Sept. 11 attacks, before he flew to Chicago in 2002.

Go to Complete Coverage » But any confessions by Mr. Padilla while he was detained without charges and denied access to counsel — whether or not he was mistreated, as his lawyers claim — would not be admissible in court.

And it is unlikely that information obtained during the harsh questioning of Al Qaeda detainees would be admissible, either — and, further, the government is disinclined to expose sensitive intelligence or invite further scrutiny of secret jails overseas.

Probably as a consequence, the current criminal case zeroes in on what the government sees as an earlier stage of Mr. Padilla's involvement with terrorism. It focuses primarily on the other defendants' support during the 1990s for Muslim struggles overseas, especially in Bosnia, Kosovo and Chechnya. Mr. Padilla, who was appended to their pre-existing case, in which he had been an unnamed co-conspirator, is depicted as their recruit.

Although prosecutors have declined to discuss the government's strategy, their filings and statements in court provide a picture of the case they are expected to present at trial.

The most tangible allegation against Mr. Padilla is that in 2000 he filled out, under an alias, an Arab-language application to attend a terrorist training camp. That application is expected to be offered into evidence alongside the wiretapped conversations, but Mr. Padilla's lawyers say they will contest its admissibility, challenging the government's assertion that the "mujahideen data form" belonged to their client.

Robert Chesney, a specialist in national security law at Wake Forest University, called the prosecution a pragmatic one, analogous to "going after Al Capone on tax evasion."

But Deborah Pearlstein, a lawyer with Human Rights First who has consulted with Mr. Padilla's defense, said that his will never be an ordinary, pragmatic prosecution. "If Jose Padilla were from Day 1 just charged and tried, then maybe," she said. "But this is a case that comes after three and a half years of the most gross deprivation of human rights that we've seen in this country for a long time."

Further, Ms. Pearlstein noted, the government has reserved the option, should the prosecution fail, of returning Mr. Padilla to the military brig. This, she said, "casts a shadow" over the current prosecution.

The Bush administration's military case against Binyam Mohamed, 28, the Ethiopian detainee at Guantánamo, put the current proceedings in a different light, too.

In December 2005, Mr. Mohamed was referred to the military commission in Guantánamo on accusations that he conspired with Mr. Padilla on the dirty bomb plot. It was little noticed at the time.

But accusations against Mr. Padilla that are nowhere to be found in the indictment against him filled the pages of Mr. Mohamed's charging sheet, with Mr. Padilla repeatedly identified by name. The sheet referred to the two men meeting in Pakistan after Sept. 11, 2001, studying how to build an improvised dirty bomb, discussing the feasibility of a dirty bomb attack with Al Qaeda officials and agreeing to undertake the mission to blow up buildings.

Mr. Mohamed's lawyer, Clive Stafford Smith, said that these charges were based on a forced confession by Mr. Mohamed, who, he said, was tortured overseas into admitting to a story that was fed to him. "Binyam was told all along that his job was to be a witness against Padilla, Abu Zubaydah and Khaled Sheikh Mohammed," Mr. Stafford Smith said, adding that his client "has no conscience knowledge that he ever met" Mr. Padilla.

The charges against Mr. Mohamed and other Guantánamo detainees who were headed for prosecution there have been suspended temporarily as a result of the Military Commissions Act passed by Congress in October. Those charges are likely to be reinstated, a Pentagon official said yesterday.

That Mr. Mohamed faced dirty bomb charges and Mr. Padilla does not speaks to the central difference between being a terrorism suspect in Guantánamo and a criminal defendant charged with terrorism offenses in the United States.

Go to Complete Coverage » In Guantánamo, the military commission system that deals with foreign-born terrorism suspects is expected to allow, with some exceptions, the use of information obtained through coercion.

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"Federal court rules are restrictive," Professor Chesney of Wake Forest University School of Law said. "The very essence of why they're trying to have that separate military system was to create rules to use information that is deemed by the intelligence community to be trustworthy but wouldn't make it under the federal rules of evidence."

David Cole, a professor of law at Georgetown University and author of books on terrorism and civil liberties, sees the difference between the two systems more critically: "What this says clearly is that they feel that they can get away with using tainted evidence in the military commission system that they can't use in the criminal court system."

The Wiretapping Case

The criminal case against Mr. Padilla has its roots in the prosecution of Sheikh Omer Abdel Rahman, the blind Egyptian cleric who was convicted in 1995 of conspiring to blow up the United Nations and other New York landmarks.

In the early 1990s, Sheikh Rahman's telephone was tapped, and Mr. Hassoun and Dr. Jayyousi, a Jordanian-born American citizen who holds a doctorate in civil engineering, came to the government's attention through phone calls to or from his line. Then the government, under the Foreign Intelligence Surveillance Act, began to eavesdrop on them, which eventually pulled Mr. Padilla into their net, too.

The government presents the three defendants as "joined at the hip," as one prosecutor put it in a hearing last summer. But Judge Marcia G. Cooke of Federal District Court, noting that Mr. Padilla was appended to a case well under way, asked the government, "If they are so joined at the hip, why is Mr. Padilla so late to the dance?"

Dr. Jayyousi, a former school system administrator in both Detroit and Washington, D.C., never met Mr. Padilla, his lawyer, William Swor, said.

It is Mr. Hassoun, the government said, who recruited Mr. Padilla. But both Mr. Hassoun's and Mr. Padilla's lawyers deny that Mr. Padilla was recruited.

Seven Taped Phone Calls

Mr. Padilla's lawyers and relatives say that he left South Florida for Egypt in September 1998 on a spiritual journey. A former juvenile offender, he converted to Islam as part of an effort to straighten out his life, they say. His mosque in Fort Lauderdale sponsored his travel, he told friends, relatives and F.B.I. agents who interviewed him in 2002. Mr. Hassoun belonged to that mosque, and the telephone transcripts seem to indicate that Mr. Hassoun helped, at the least, with Mr. Padilla's travel plans.

The seven taped phone calls that bear Mr. Padilla's voice involve conversations with Mr. Hassoun from 1997 to 2000.

On those calls, Mr. Padilla, unlike some of the other defendants, does not employ what the government says is coded language. According to the government, other defendants refer to their jihad-related plans as "getting some fresh air," "participating in tourism," "opening up a market," "playing football," and so on. This leads to silly-sounding exchanges where "the brothers" discuss going on "picnics" in order "to smell fresh air and to eat cheese" or using $3,500 to buy "zucchini."

In contrast, Mr. Padilla's seven conversations with Mr. Hassoun range from straightforward — Mr. Hassoun tells Mr. Padilla that his grandmother has died; Mr. Padilla tells Mr. Hassoun that he has found himself an 18-year-old Egyptian bride who is willing to wear a veil — to vaguely suggestive or just odd.

In one phone call, the two men talked about a dream. It appeared to be the dream that Mr. Padilla, according to his relatives, cites as having played a crucial role in inspiring him to convert to Islam: the vision of a man in a turban, surrounded by the swirling dust of a desert.

Mr. Hassoun brought it up and told Mr. Padilla that he himself had experienced the same vision. "What do you mean you saw the same dream?" Mr. Padilla asked.

"I saw the dream of the uh ... person with the turban," Mr. Hassoun said.

Mr. Hassoun explained how, in his dream, the turban was wrongly wrapped and so he thought the man might be a spy, in which case, he was prepared "to split his body apart." But then, he said, he understood that "the brother ... was a good one."

"Yeah?" Mr. Padilla said.

In three of the seven conversations, Mr. Padilla made statements that the government has identified as "overt acts" in furtherance of the accused conspiracy.

In the first, Mr. Hassoun asked, "You're ready, right?" and Mr. Padilla said, "God willing, brother, it's going to happen soon." That was the summer of 1997, a year before Mr. Padilla left South Florida for Egypt.

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In the second, Mr. Padilla told Mr. Hassoun, during a 1999 conversation from Egypt, that he had asked his ex-wife in the United States to arrange for him to receive an army jacket, a book bag and a sleeping bag, supplies that he had requested because "there was a rumor here that the door was open somewhere." In the third, Mr. Padilla told Mr. Hassoun in April 2000, that he would need a recommendation to "connect me with the good brothers, with the right faith" if he were to travel to Yemen.

Prosecutors say Mr. Padilla is mentioned, although by his Muslim name Ibrahim or by another alias, on 21 additional tapes. One of them refers to Ibrahim as being "in the area of Usama," which the government takes to mean that he was near Osama bin Laden. But Mr. Padilla's lawyers contest that interpretation.

"That is just nonsensical, Your Honor, that these men who for years, according to the government, have been talking in code all of a sudden are going to throw Osama bin Laden's name around," Michael Caruso, a federal public defender, said in court.

Mr. Padilla has pleaded not guilty. But before his case goes before a jury, his fitness to stand trial will be evaluated. On the basis of Mr. Padilla's lawyers' assertion that he is mentally damaged as a result of his prolonged isolation and his interrogation in the brig, Judge Cooke has ordered a psychiatric evaluation by a Bureau of Prisons doctor to be completed this week.

Now that Mr. Padilla has ended up a criminal defendant after all, the prosecution's case does not fully reflect the Bush administration's view of who he is or what he did.

Leahy 'Brushed Off' On Secret Terror Docs (UPI)

United Press International, January 4, 2007

WASHINGTON, Jan. 3 (UPI) -- The incoming chairman of the powerful Senate Judiciary Committee says the U.S. Justice Department brushed off a request to see secret war-on-terror documents.

"The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for," said Leahy in a statement.

He accused the department and the the White House of "squander(ing) another opportunity to work cooperatively with Congress," and promised to take the matter up with Attorney General Alberto Gonzales at an early oversight hearing this month.

Last November, Leahy requested two documents concerning CIA interrogation methods, the existence of which officials recently acknowledged for the first time in a lawsuit.

In a letter to Gonzales, Leahy said he wanted to see a presidential directive regarding the CIA's interrogation methods and detention facilities located outside of the United States, and an August 2002 Department of Justice communication to the CIA's general counsel about agency interrogation policies and methods -- the so-called second Bybee memorandum.

Tuesday, Leahy released the response from the Justice Department in which officials said that the documents contained "extremely sensitive operational details ... including the specific interrogation techniques employed" by the CIA. The department said it was "longstanding practice" that "non-public" opinions from the department's Office of Legal Counsel were "not disclosed outside of the executive branch," because doing so would chill the administration's ability to get candid advice.

Leahy Spokeswoman Tracy Schmaler told United Press International that classification issues should not be a bar to disclosing the documents. "We have cleared staff, we have secure facilities," she said.

Make The CIA Talk (LAT)

The Los Angeles Times, January 4, 2007

HOWEVER ELSE it might modify its behavior in dealing with a new, Democratic-controlled Congress, the Bush administration is still stonewalling when it comes to sharing information about its tactics in the "war on terror." That's a mistake.

This week, Sen. Patrick J. Leahy (D-Vt.), the incoming chairman of the Senate Judiciary Committee, disclosed that the Justice Department had spurned his request for two documents. One is a presidential directive regarding Central Intelligence Agency interrogation methods and detention facilities outside the United States. The other is a 2002 Justice Department memo on the subject to the CIA's top lawyer.

Leahy, who raised the possibility of issuing subpoenas to obtain the documents, lamented that the rebuff from the Justice Department "is not the constructive step toward bipartisanship that I had hoped for, given President Bush's promise to work with us." In this case Leahy's complaint is justified.

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As Leahy pointed out in his letter to Atty. Gen. Alberto R. Gonzales, "photographs and reports of prisoner abuse in Iraq, Guantanamo Bay and elsewhere that have emerged during the past two years depict an interrogation and detention system operating contrary to U.S. law and the Geneva Conventions." Such revelations also have been a boon to anti-American propagandists.

The abuses have stoked suspicions about "alternative" methods used by the CIA in questioning high-profile suspected terrorists held in foreign prisons before being moved to Guantanamo. While insisting that those techniques didn't amount to torture, the president has suggested that they are vital in eliciting information.

Yet what those methods might be is anybody's guess. Congress — and not just its intelligence committees — has a right to know.

In declining to provide Leahy documents, acting Assistant Atty. Gen. James H. Clinger warned that "Al Qaeda seeks information on our interrogation techniques — their methods and their limits — and trains its operatives to resist them. We must avoid assisting their effort." Disclosing legally controversial defense procedures to a Senate committee chairman is not "assisting" Al Qaeda; it's respecting the separation of powers written in the Constitution and ensuring that no policy be declared off-limits to the law.

Leahy could offer to view the documents under safeguards created for sensitive intelligence. But the Judiciary Committee has a legitimate oversight responsibility to see what the CIA has been doing and whether it's violating the law. At some point in the next two years, Democrats may well abuse their majority status and pursue gratuitous or overtly political investigations. This request, however, is legitimate.

Millennium Bomber Changes Story About Friend (SEATIMES)

By Mike Carter

Seattle Times, January 4, 2007

Convicted millennium bomber Ahmed Ressam has recanted testimony that has been helping to detain a fellow Algerian as an enemy combatant in Guantánamo Bay, Cuba.

In a letter to U.S. District Judge John Coughenour, Ressam wrote that a Montreal friend, Hassan Zemiri, had nothing to do with plans to detonate bombs at Los Angeles International Airport over the New Year's holiday in 1999.

"It is not right or just to accuse somebody of something not true," Ressam wrote.

Ressam, 39, had testified at the 2001 trial of his co-conspirator, Mohktar Haouari, that Zemiri had aided in the plot.

Zemiri was captured in Afghanistan after an American airstrike in late 2001 near the caves of Tora Bora along the Afghanistan-Pakistan border, said his lawyer, Jim Dorsey of Minneapolis.

Dorsey said Zemiri was in Montreal in 1999 and knew Ressam, who had returned from Osama bin Laden's terrorist-training camps in Afghanistan. News broke in May 2001 that Ressam was cooperating with federal agents. Within weeks, Zemiri and his wife, a Canadian citizen, fled to Afghanistan, his lawyer said.

Zemiri is one of 529 people being held as enemy combatants at the U.S. military base in Cuba. Ressam's testimony about Zemiri's Montreal activities is the basis for Zemiri's five-year incarceration, his lawyer said.

Dorsey was unaware that Ressam had written the letter aiding his client until contacted by The Seattle Times on Wednesday. Dorsey said the letter was "great [but] you just don't know how much good it will do." He referred to the shifting legal status of the detainees as the "through-the-looking-glass weirdness down in Guantánamo."

Ressam sent Coughenour the letter, written in Arabic, in November. The judge ordered the letter translated but then withheld the original and the translation from the court file.

On Tuesday, The Times, through its attorney, asked the judge to file the letter and its translation in the court file. He did so on Wednesday.

According to the translation, Ressam denied that Zemiri "had provided aid and support for the operation I was about to carry out. This is not right, it is false."

Ressam said his initial account about Zemiri was given while "I was in shock and had a severe psychological disorder" after his April 2001 conviction on nine counts, including conspiracy to commit an act of international terrorism.

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Customs agents in Port Angeles caught Ressam with explosives in his rental car in December 1999.

Facing a lifetime in prison, Ressam agreed to cooperate and began providing information on his cohorts and others.

He testified only once: at the New York trial of Haouari, a member of Ressam's terrorist cell in Montreal.

After two years of interrogation and a nervous breakdown, Ressam stopped cooperating in 2003. As a result, federal prosecutors said, they had to dismiss indictments against two alleged terrorists: Samir Ait Mohamed, who Ressam had said once planned to detonate a gasoline truck in a Jewish neighborhood in Montreal; and Abu Doha, an alleged al-Qaida recruiter in London.

In testimony, Ressam has acknowledged that Zemiri gave him $3,500 and a video camera to use to make himself look like a tourist.

But Ressam testified that he never gave Zemiri details of his plans to bomb holiday travelers at the Los Angeles airport.

"He knew that you were going to commit a terrorist act, yes or no?" a prosecutor asked.

"A job in America, yes," Ressam replied.

In the recently released letter, Ressam said he had asked his lawyers a year ago to help him contact the FBI or prosecutors about changing his testimony. The lawyers said they would contact Zemiri's lawyers, Ressam wrote. "But recently, I have been having problems with my attorneys and I don't trust them or their promises anymore," Ressam wrote.

His lawyer, federal public defender Thomas Hillier, said Wednesday that he believes Ressam's continued isolation at the federal supermax prison in Colorado has led to the distrust.

"The truth is, we will fight even harder for him now," Hillier said.

My Father's Red Scare (NYT)

By PETER W. KLEIN

The New York Times, January 4, 2007

Vancouver, British Columbia

THIS week the United States government will begin automatically declassifying hundreds of millions of documents from the cold war, under a law meant to streamline the cost and hassle of keeping secret files that are more than 25 years old. Among the dossiers bearing names like Alger Hiss, Theodore Hall and Julius and Ethel Rosenberg will be one labeled "Frigyes Klein": my father, Fred Klein.

My father was never a spy, never a member of the Communist Party. He came by ship to the United States in 1956, fleeing Communism during the Hungarian revolution to pursue the American dream. He worked on a Ford automobile assembly line in Cincinnati by day and moonlighted sharpening lawnmowers at night, saving enough money in a few years to buy a small house. To him, treasonous behavior meant buying a car made outside of America. Nonetheless, as I discovered recently, the F.B.I. kept a file on him from the day he arrived in the United States.

J. Edgar Hoover sent a personal memo to the C.I.A. director calling my father a person of current interest; the case was handled by Alan Belmont, a top bureau official who was instrumental in the case against the Rosenbergs. I discovered this after filing a Freedom of Information Act inquiry as part of some family research for a book. I was shocked to receive 50 F.B.I. pages riddled with my father's name, the edges dotted with weathered stamps marked "SECRET." I matched what I read with stories I remembered from when he was alive, and began piecing the case together.

My father once mentioned that during the voyage over, he got into an altercation with another refugee, a man he didn't know from a town he had never visited. According to the file, this man told an Army captain that my father had been an agent for AVO — the Hungarian K.G.B. — in his town of Tatabanya, that he had interrogated and beaten the man for speaking out against the regime, and that he'd subsequently sent the man to a prison camp. The story was a complete fabrication.

I can only imagine how many names of patriotic, law-abiding Eastern European immigrants like my father are to be found in the millions of documents being released by the F.B.I. and other agencies. In a recent article in this newspaper about the declassification law, L. Britt Snider, a former intelligence official who is advising the White House on the process, warned that most of the documents were boring and suggested that the agencies concentrate first on those that were interesting and important.

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But I would caution intelligence officials not to discount both the interest and the importance of files like my father's, if only to avoid repeating some of the embarrassing legacies of the cold-war era.

It has already happened. Last year a Syrian informant told the New York police that five Arabs he knew were importing weapons for a suicide bombing. After several weeks and the involvement of more than 30 New York police agents, as well as federal customs officials, the F.B.I. and Israeli law enforcement, it was determined that the "weapons" were in fact jewelry. As with my father, the informant had a vendetta and had lied to the authorities.

My father's case remained open for more than a decade. His F.B.I. file contains a creepy secret memo from 1963 in which a mole inside the Hungarian community in Cincinnati reported to his handler that he had "heard rumors [about] a family named Klein who do not associate with the Hungarian group." The fact that this level of surveillance was taking place behind my family's back seven years after they arrived in America says something about the pathological level of paranoia during the Red Scare.

The Frigyes Klein file was finally closed in 1968, only after people from the informant's Hungarian hometown admitted to an F.B.I. special agent that my father had not been with the secret police. Twenty-five years from now, some unsuspecting son may stumble across a file about his own father — a patriotic, law-abiding Arab immigrant whose name inexplicably ended up on a list. Like the cold-war-era files, these new ones being drawn up could leave a historical paper trail about an era of scares and witch hunts — if intelligence officials do not learn from the lessons in the documents released today.

HOMELAND RESPONSE:

Pickle Says Terrorist Attack On The Capitol Is Inevitable (HILL)

By Albert Eisele

The Hill, January 4, 2007

Senate Sergeant at Arms Bill Pickle ended four years in office yesterday with a plea to lawmakers and law enforcement officials to keep their guard up against what he called an inevitable terrorist attack on the Capitol.

"Nothing has changed since 9/11," warned Pickle. "The Capitol is the symbol of America all over the world, and it's clearly the No. 1 or 2 target of terrorists, as it was on 9/11. I truly believe at some point in the future, and I don't know in what shape or form, we will be victimized again.

"Terrorists don't have to hit a home run by knocking down the Capitol Dome. All they have to do is attack the Capitol complex [with an airplane or chemical or biological agents] and cause damage and loss of life, and it would produce shock waves around the country."

Pickle, a 26-year veteran of the Secret Service who was chosen by then-Senate Majority Leader Bill Frist (R-Tenn.), criticized the outgoing Republican House leadership for resisting his efforts to develop a unified security strategy for the entire 233-acre Capitol complex.

He predicted that incoming Speaker Nancy Pelosi (D-Calif.) and the House Democratic leadership "are going to be more responsive" to his successor, former Capitol Police Chief Terrence Gainer, in beefing up Capitol security.

"My biggest regret is that I wish I had been able to overcome some resistance from the House leadership in the area of security," said Pickle, who emphasized he was "not finding fault" with the House sergeant at arms or the Capitol Police. "I haven't been successful in developing a unified strategy with the House, mainly for political reasons."

Asked what concrete steps he would take to improve security, Pickle, 56, said he would like "an aesthetically pleasing and historically accurate fence" around the 233-acre Capitol complex, even though "a number of senators are opposed to it."

It "would not take away from the grandeur and beauty of the Capitol but it would provide chokepoints and would control access to the Capitol campus," he said.

The new $584 million Capitol Visitors Center would not improve security, said Pickle, conceding that balancing the needs for access to the Capitol complex and security of the area may be an impossible goal.

"We have upwards of 100,000 people a day visiting and working in the Capitol complex, and there is a demand to keep it secure from attack, and also a demand to keep it open, and you can't reconcile the two," he said.

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"The … fact that we are such an open branch of government gives me great pause. While we might be doing a good job of protecting the Capitol, we have another 18 to 20 buildings with up to 15,000 employees to protect as well."

Pickle said some members and staff are defensive about the hundreds of millions of dollars spent to protect the complex. "My answer is that it's not about you, it's about the Constitution demanding that this body continue to meet and function."

Pickle, who described the last four years as "wonderful," said Frist asked him if he really wanted the job.

"When I said, 'Why do you ask?' he said, 'Because it's the worst job on the Hill. You have 100 bosses, all of whom think they're going to be the next president.'

"What I found was just the opposite of what many people outside the Beltway think. Everyone who comes here is so well-intentioned and nobody works harder than these senators."

Pickle, who plans to form a government-affairs firm specializing in homeland security, transportation and healthcare, displays portraits of his 36 predecessors on his office wall, going back to the first one in 1789.

One, who served from 1919 to 1933, wrote a tell-all book about his experience and was censured by the Senate for doing so.

Asked if he plans to write such a book, Pickle said, "I don't have enough to say."

U.S. Requiring Port Workers To Have IDs And Reviews (NYT)

By Eric Lipton

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — More than 750,000 port workers will be required to have criminal background and immigration checks in an antiterrorism program that the Homeland Security Department announced on Wednesday, and industry leaders say the effort could disrupt port traffic nationally.

The Homeland Security Department this week issued 469 pages of final rules for the program, which is intended to make it harder for terrorists to sneak into secure port areas.

Starting in March, workers like longshoremen and truck drivers will have to apply for the card, which will include a fingerprint and a digital photograph.

The applicants will have to prove that they are legally working in the United States. They also cannot have been convicted of any terrorism-related crimes like spying, sedition or treason, as well as other charges like murder, improper transport of hazardous materials or illegal possession or purchase of explosives.

Anyone convicted in the past seven years of a much longer list of crimes like possession of illegal firearms, bribery, arson, robbery or extortion will have to seek a waiver before obtaining a card. People involuntarily committed to mental health centers because of drug or alcohol addiction will have to prove that they have successfully completed rehabilitation.

Industry officials say the restrictions may disqualify thousands of workers, particularly truck drivers, based on estimates that a signification segment of the drivers may be working here illegally.

Union leaders have said workers with criminal records who have served their time or paid fines might lose their jobs.

"We don't want to keep people who are not a terrorist risk to be kept from doing their job," said Steve Stallone, a spokesman for the International Longshore and Warehouse Union.

Kip Hawley, assistant secretary of the Transportation Security Administration, said in an interview Wednesday that he was confident that the effects would be modest. Drivers of trucks carrying hazardous materials have similar background checks, with 1 percent disqualified, Mr. Hawley said.

"We do not anticipate this will be a huge issue," he added.

The government has expanded the appeals process so workers with criminal histories can present their cases to an administrative law judge.

The cards will first be issued at a few ports and then expand over 18 months until they cover the nation's estimated 770,000 maritime workers.

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Applicants will have to pay up to $159 for the card, which will be good for five years. Over all, the government estimates that the program will cost $1.8 billion over the next decade, factoring in related costs like paying escorts required for people without cards who need to enter secure port areas.

Port Workers To Pay Fee For Homeland Security Card (AP)

By Leslie Miller, Associated Press Writer

The AP, January 3, 2007

WASHINGTON --Truck drivers, longshoremen and mariners will have to pay up to $159 for a high-tech identity card that will grant them access to U.S. ports.

Groups representing truckers and longshoremen said the fee is too high and will force some workers -- especially truck drivers -- to quit their jobs.

Some workers will have to buy the cards as soon as March. But a time has not been specified for port operators and ship owners to buy the equipment that reads the cards, according to a rule announced Wednesday by the Homeland Security Department.

In Portland, Maine, as many 250 workers will receive the ID cards, but the employer often picks up the tab for them, said Jeffrey Monroe, Portland's ports and transportation director.

The agencies issuing the cards -- the Coast Guard and Transportation Security Administration -- still have to test the card readers and decide on specifications.

TSA chief Kip Hawley said the government's main interest is port security. Until card readers are installed, Coast Guard patrols will conduct random checks of the cards with handheld devices at ports, he said.

Todd Spencer, executive vice president of the Owner-Operator Independent Drivers Association in Grain Valley, Mo., described the fees as "really high" for a program "that isn't even functional." The group represents 148,000 drivers in an industry where turnover averages 120 percent a year, Spencer said.

"It's going to be another reason that drivers are simply going to say, 'Phooey, I'm not going to get any of it,'" Spencer said.

The cards were first ordered by Congress in 2002 as a way to strengthen security at seaports, considered vulnerable to terrorist attacks.

The project stalled, however. Congress passed a port security bill in October that included a requirement that rules for the new card be written by Jan. 1.

The Transportation Workers Identity Credential will be issued initially to 750,000 port workers who pass government background checks.

The card will contain the holder's photograph and name, an expiration date and a serial number. An integrated circuit chip will store the holder's fingerprint template, a PIN chosen by the individual and unique identifying information.

Steve Stallone, spokesman for the San Francisco-based International Longshore and Warehouse Union, said the cards at first would work like the cheap photo IDs already in use at ports.

"We're going to be paying $139 to $159 and we don't know how they work?" Stallone said.

Hawley said the fee was reasonable for a card that is good for five years and includes high-tech identification verification and a security threat assessment. Drivers who have had background checks, either because they carry hazardous material or cross the border, will pay less, he said.

"It's pretty hard to say, 'I can't afford $30 a year for a professional credential,'" Hawley said.

Kevin Hayes, vice president for Long Beach Container Terminal, Inc., at the Port of Los Angeles/Long Beach, said the program could make ports more efficient.

"As a uniform credential, it will speed things up because there will be a lot less thinking involved -- eventually," he said.

Ultimately, as many as 6 million transportation workers in rail yards, airports and seaports will have to buy the card to gain access to secure areas.

Last April, Homeland Security Secretary Michael Chertoff announced that seaport workers would be checked for links to terrorism and to ensure they are legal U.S. residents. Yet only port workers and longshoremen have been checked so far.

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People familiar with trucks that ferry cargo in and out of ports contend many drivers are illegally in the United States.

Hawley said the TSA has conducted background checks of truck drivers who have applied for credentials to carry hazardous materials. Fewer than 1 percent failed to pass the checks, he said. "We don't have any apology for requiring a legal residency," Hawley.

Yet Leigh Strope, spokeswoman for the International Brotherhood of Teamsters, said the union does not think it possible for the government to make the program work as it should.

On the Net:

Transportation Security Administration: http://www.tsa.gov

Port Workers Subject To New Security Rules (WT)

By Audrey Hudson

The Washington Times, January 4, 2007

Nearly 1 million workers accessing U.S. ports must undergo criminal background checks, submit fingerprints and pay more than $100 for a biometrics identification card under new rules announced yesterday by the Homeland Security Department.

The rules apply to "commercial drivers authorized to transport hazardous materials in commerce to merchant mariners and workers who require unescorted access to secure areas on vessels and at maritime facilities," the department said.

The technology required to read the biometrics cards, however, has not been created, so the expensive identification card will be used as a flashcard at checkpoints.

"They expect us to spend a lot of money on something that is just a photo ID at this point," said Steve Stallone, spokesman for the International Longshore and Warehouse Union.

Mr. Stallone said union officials are reviewing the new rules, but have not yet taken a position.

"There is a lot here to review and check to see what we think. It's hard to say at this point. But it looks like some of it we like, and some of it we don't like so much. We don't even know what they are doing yet to develop a reader," Mr. Stallone said.

The new rule for the Transportation Worker Identification Credential (TWIC) establishes the enrollment process, fees for the card ranging from $107 to $159, and crimes which will disqualify workers -- a task Congress failed to complete during the last session.

"TWIC applicants will undergo a comprehensive background check that looks at criminal history records, terrorist watch lists, immigration status, and outstanding wants and warrants," said a statement issued by the Homeland Security Department.

Enrollment in the program will begin in March at a small number of ports and then phased in nationwide.

Rather than scan the ID cards through a reader to decipher the biometrics information and fingerprints, workers will "present their cards to authorized personnel who will compare the holder to his or her photo, inspect security features on the TWIC and evaluate the card for signs of tampering."

"Until card-reader technology is tested and a regulation issued on access control, facility owners and operators will not be required to utilize TWIC readers for facility access," the statement said.

One industry insider said the system won't be effective until technology is created that does not require a pin or reader that requires direct contact by a swipe card.

"Contact readers can be destroyed easily in a marine environment. Right now it will be used as a flashcard until the next generation of technology is up and running."

Although the card-reader requirements are not being implemented at this time, "the Coast Guard will institute periodic unannounced checks to confirm the identity of the holder of the TWIC," says the new rules, which are spelled out over nearly 500 pages.

Homeland Security Chief Promises To Upgrade Emergency Communications In 2 Years (AP)

By Devlin Barrett

The AP, January 3, 2007

DOJ_NMG_0112030

WASHINGTON -- The nation's homeland security chief pledged Wednesday that 75 metropolitan areas would have advanced disaster communications systems by 2009, but acknowledged that friction among emergency agencies continues to hinder progress.

"We are determined to get this job done in the next two years," Homeland Security Secretary Michael Chertoff said at a news briefing.

He did not say how much the effort would cost, but so far the government has distributed more than $2.9 billion to communities around the country with mixed results. Democrats who will control Congress this year have also promised to make communications upgrades a priority, but have provided little detail.

Chertoff released a survey of how well the 75 U.S. communities have prepared their first responders to communicate during a catastrophe. More than five years after the attacks of Sept. 11, 2001, exposed severe weaknesses in the ability of emergency workers to communicate with each other, the report gave only six of the areas studied the highest grades.

Portions of the report had been obtained Tuesday by The Associated Press.

Chertoff said Wednesday that since the Sept. 11 terrorist attacks, agencies have tried to overcome old turf rivalries that can hamper emergency work.

"In some communities, not all, there are some longstanding cultural differences between different kinds of responders," including police, firefighters and medical personnel, Chertoff said. "I think that is a challenge and that culture has been a challenge."

The report found that while emergency agencies in more than 60 percent of the communities studied had the ability to talk to each other during a crisis, only 21 percent overall showed "the seamless use" of equipment needed to also communicate with state and federal officials.

The report's highest ratings went to the Washington, D.C., area; San Diego; Minneapolis-St. Paul; Columbus, Ohio; Sioux Falls, S.D.; and Laramie County, Wyo.

The lowest scores went to Chicago; Cleveland; Baton Rouge, La.; Mandan, N.D.; and American Samoa. The report includes large and small cities and their suburbs, along with U.S. territories.

In an overview, the report says all 75 areas surveyed have policies in place for helping their emergency workers communicate. But it also finds that "formalized governance (leadership and planning) across regions has lagged."

The study is likely to add fuel to what looms as a battle in Congress this year. Democrats who take over the majority this week have promised to try fixing the problem emergency agencies have communicating with each other but have not said specifically what they will do, how much it will cost or how they will pay for it.

"Five years after 9/11, we continue to turn a deaf ear to gaps in interoperable communications," -- the term used for emergency agencies' abilities to talk to each other, said Sen. Charles Schumer, D-N.Y. "If it didn't have such potentially devastating consequences, it would be laughable."

The attacks of Sept. 11, 2001, revealed major problems in how well emergency agencies were able to talk to each other during a catastrophe. Many firefighters climbing the World Trade Center towers died when they were unable to hear police radio warnings to leave the crumbling buildings.

The report says first responders in New York now have well-established systems to communicate with each other -- but not the best, most advanced possible. Thirteen U.S. cities score better than New York.

Communities were judged in three categories: operating procedures in place, use of communications systems and how effectively local governments have coordinated in preparation for a disaster.

Most of the areas surveyed included cities and their surrounding communities, based on the assumption that in a major crisis emergency personnel from all local jurisdictions would respond.

The areas with the six best scores were judged advanced in all three categories. The cities with the lowest grades had reached the early implementation stage for only one category, and intermediate grades in the other two categories.

The Chicago Office of Emergency Management and Communications took issue with the report's methodology and findings.

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"We strongly disagree with the results of this study, and feel that the parameters of the study were inconsistent and limited," the statement said.

Tammy Lapp, the emergency coordinator for Mandan and Morton County, N.D., said she was not surprised by their low ranking on the scorecard.

"We knew with our limited funds, we were going to fall short," she said.

Chertoff Vows Emergency Systems Upgrade (AP)

By Devlin Barrett

The AP, January 3, 2007

WASHINGTON (AP) — The nation's homeland security chief pledged Wednesday that 75 metropolitan areas would have modern disaster communications systems in place by 2009, even as a report by his agency conceded that many communities have a long way to go.

While providing no concrete detail, Homeland Security Secretary Michael Chertoff essentially promised to scrap old radios and ancient grudges that continue to bedevil communications during crises, even five years after the attacks of Sept. 11, 2001.

A survey released by his agency on Wednesday gave the highest grades for emergency communications to only six of 75 cities and regions studied. In effect, Chertoff was promising an ambitious two-year effort to give them a top-quality emergency communications system, a pledge that raised questions for some analysts.

Richard Rotanz, an adviser at Adelphi University and former emergency response official in Nassau County, N.Y., said the report was unclear about what standards the government planned to reach.

"They should have broken it all down more so you can understand where they are weak and strong," Rotanz said. "Instead, what you get is a very vague description of where things are and where they want to go."

Guy Clinch, an executive for Avaya Inc., which sells communications products to the federal and local governments, said the report seemed "almost intentionally vague" about what Chertoff hopes to accomplish.

Chertoff did not indicate what the price tag would be for the improvements or hard rules for specific technology upgrades.

Since 9/11, the government has distributed more than $2.9 billion to communities around the country with mixed results. Democrats who will control Congress this year have also promised to make communications upgrades a priority, but have provided little detail.

"We are determined to get this job done in the next two years," Chertoff said at a news briefing.

The Associated Press detailed major portions of the report on Tuesday.

The survey found that while emergency agencies in more than 60 percent of the communities studied had the ability to talk to each other during a crisis, only 21 percent overall showed "the seamless use" of equipment needed to also communicate with state and federal officials.

The danger of poor communications in a disaster was glaringly obvious in the 2001 terror attacks, when many New York fire personnel did not hear the call to evacuate the burning towers of the World Trade Center. Overall, 343 firefighters died.

Chertoff said Wednesday that among the hurdles are old turf rivalries between first responders that can hamper emergency work.

"In some communities, not all, there are some long-standing cultural differences between different kinds of responders — fire, police and EMS — that have caused resistance to working together," he said. EMS stands for emergency medical services.

One local official said a similar problem exists between federal and local agencies, but that it, too is improving.

"There has been a sea change since 9/11," said Gerry Connolly, the chairman of Fairfax County, Va., which is part of the nation's capital region.

For federal authorities working with the locals, Connolly said, "that's not a badge of shame any longer."

The report's highest ratings went to the Washington, D.C., area; San Diego; Minneapolis-St. Paul; Columbus, Ohio; Sioux Falls, S.D.; and Laramie County, Wyo.

The D.C.-area's communication system was put to use just this week in handling the funeral for former President Gerald R. Ford, Chertoff said.

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The report's lowest scores went to Chicago; Cleveland; Baton Rouge, La.; Mandan, N.D.; and American Samoa. The report includes large and small cities and their suburbs, along with U.S. territories.

Chicago Mayor Richard Daley said Wednesday he was very proud of his city's efforts, despite its low score, arguing that Chicago is "far ahead in dealing with homeland security."

Chertoff said cities in the scorecard should not be compared with each other because each faces a unique set of challenges. He praised Chicago, saying its low grade was because the city and surrounding Cook County need to improve their working relationships.

Other cities were found to need technological upgrades. The Houston area, for instance, has a 16-year-old radio system that "must be replaced," according to the scorecard.

The metropolitan area of New York and New Jersey, Chertoff said, has made a "very, very substantial amount of progress compared to where they were on 9/11," saying it is one place in particular that has seen a concerted effort to overcome long-standing rivalries between police and fire personnel.

New Orleans Repeats Mistakes As It Rebuilds (WP)

By Peter Whoriskey

The Washington Post, January 4, 2007

NEW ORLEANS -- By ones and twos, homeowners here are reinhabiting neighborhoods, even the most devastated ones, and many view their return as a triumph over adversity.

But experts involved in the rebuilding believe that the helter-skelter return of residents to this low-lying metropolis may represent another potential disaster.

After Katrina, teams of planners recommended that broad swaths of vulnerable neighborhoods be abandoned. Yet all areas of the city have at least some residents beginning to rebuild. With billions of dollars in federal relief for homeowners trickling in, more people are expected to follow.

Moreover, while new federal guidelines call for raising houses to reduce the damage of future floods, most returning homeowners do not have to comply or are finding ways around the costly requirement, according to city officials.

"It's terrifying: We're doing the same things we have in the past but expecting different results," said Robert G. Bea, a professor of civil engineering at the University of California at Berkeley and a former New Orleans resident who served as a member of the National Science Foundation panel that studied the city's levees.

"There are areas where it doesn't make any sense to rebuild -- they got 20 feet of water in Katrina," said Tom Murphy, a former Pittsburgh mayor who served on an Urban Land Institute panel for post-Katrina planning. "In those places, nature is talking to us, and we ought to be listening. I don't think we are."

A map of building permits in Orleans Parish, created by GCR & Associates, a New Orleans firm involved in the rebuilding, shows renovations distributed throughout the city's low-lying areas. A similar phenomenon is underway in neighboring St. Bernard Parish, which was even more devastated by the storm.

New Orleans Mayor C. Ray Nagin (D) so far has favored allowing evacuees to inhabit their old neighborhoods as they wish.

Mike Centineo, the city's building chief, said, "Legally and morally, we're doing the right thing," but he acknowledged that most returning homeowners are not raising their houses to meet the new flood guidelines. "You wouldn't want to put people through more than they can endure. It's a catastrophe that happened. No one wants it to happen again. But they're just rebuilding as best they can."

The chairman of the federal Gulf Coast rebuilding office, Donald E. Powell, said recently that "tough decisions" about where to repopulate this half-empty city are necessary.

"The President and I believe planning decisions should not be made in Washington, but rather at the local level," he said in a statement. "However at some point, there needs to be strong local leadership, and that includes making tough decisions about the city's size and the safety of her citizens. Federal tax dollars should not be used to rebuild in places that repeatedly flood or are damaged due to Mother Nature -- in New Orleans or elsewhere."

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Whatever decisions are to be made, however, none is likely to come soon. And as time rolls on, and as more houses in vulnerable neighborhoods are reinhabited, it will grow more difficult, politically and financially, to lead residents to safer areas.

Ed Blakely, the city's newly appointed recovery chief, begins work next week. He proposes that, once the Army Corps of Engineers issues reports this spring about which city neighborhoods are riskiest, some returning homeowners be offered the chance to swap their lots for others in less vulnerable locations.

"There is overwhelming evidence that people want to come back to a safer area," Blakely said. "But right now, no one is giving them that choice. They are only acting out of their own sense that they have to be housed."

Any drive around Orleans Parish or suburban St. Bernard Parish shows that people are coming back to even the hardest-hit neighborhoods, albeit sparsely, to renovate their flood-damaged homes.

In the Lakeview, New Orleans East and Gentilly areas of Orleans Parish and in most of St. Bernard Parish, neighborhoods are strange and desolate. Some homes and travel trailers are inhabited, but they are surrounded by empty houses and occasional debris piles. Returning residents say they wonder how long their neighborhoods will seem like ghost towns.

Rochelle Krantz, 64, and her husband are repairing their home in Chalmette. On the day before Christmas, their temporary trailer is adorned with a snowman and several Santa Clauses, but most of the surrounding houses are empty, and the post-flood gloom is pervasive.

"When we come out at night to sit, it's like a cemetery . . . very, very dark and very, very quiet," Krantz said. "We used to hear kids and cars going by. . . . Now, nothing."

Sometimes complete strangers, she said, come up to ask: " 'You're coming back?' And then they say, 'You're nuts!' "

But, she said, the house is paid for.

"We'll leave it in the good Lord's hands," Krantz said.

A few blocks over, Vincent Gangi, 54, a real estate broker, is restoring a large brick house adorned with Greek-revival statues.

"I just don't think it's going to happen again -- something like Katrina happens only once in a hundred years," he said. "By that time, I'll be dead."

The controversy over how to rebuild the New Orleans region began almost as soon as the waters receded.

In the fall of 2005, planners from the Urban Land Institute, working with the city's Bring New Orleans Back Commission, recommended that large sections of Lakeview, Gentilly, New Orleans East and the Lower Ninth Ward be abandoned, at least temporarily. The panel called for the government to purchase homes at pre-Katrina prices.

There were two reasons for the planners' proposals. First, the levees had proved catastrophically fallible. Even now, they are not guaranteed to stand during the strongest hurricanes. Moreover, the wetlands that once protected the city from storm surges continue to erode, and hurricane experts, including Max Mayfield, the outgoing director or the National Hurricane Center, have repeatedly warned that many homeowners are taking on unacceptable risks in U.S. coastal areas.

Second, it seemed likely that New Orleans's post-Katrina population was destined to be smaller. It made sense to consolidate neighborhoods, planners said, to prevent blight from overtaking sparsely populated, partially abandoned areas.

"What we said was that, in the areas that had gotten 10 feet of water, don't commit to rebuilding anything yet, because it probably won't happen anyway," said Joseph Brown, head of the urban design panel at the Urban Land Institute.

But Nagin, who was hearing complaints that shrinking the city's footprint was unfair, particularly to African Americans, rejected the idea. Everyone should be able to return to their homes, he said.

"I'm not ready to concede that neighborhoods need to be demolished," Nagin said at the time.

Officials in St. Bernard Parish, meanwhile, rejected closing off a particularly hard-hit 36-block section of Chalmette because they could not afford to buy out property owners.

Once the idea of neighborhood closures was dropped, many pinned their hopes for added safety on the new federal guidelines for elevating homes. "Substantially damaged" houses in the area now must be raised, often three feet above the ground. But the requirements contain enormous loopholes, and there is a huge financial incentive to avoid them.

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Raising a house can cost upwards of $50,000, especially for the modern suburban homes built on concrete slabs in some of the most flooded areas. The federal government offers grants of as much as $30,000 for repairs, but in many cases much more is required.

"The vast majority simply do not have the financial resources to rebuild differently," said Greg Rigamer, chief executive of GCR & Associates and a consultant in the rebuilding.

Residents could avoid having to comply with the new guidelines by getting permits before the rules were enacted locally -- thousands in New Orleans did -- or if their houses were determined to be less than 50 percent damaged by Katrina.

Many homes, even those that took on 10 feet of water for weeks, have been designated beneath that threshold, including hundreds whose owners appealed larger initial damage assessments.

Among those slowly repopulating the once-flooded areas, many turn to God when considering what will happen in the next hurricane.

"People always say, 'I'm going to pray,' " said Bea, the Berkeley civil engineer. "And I'm thinking, 'I hope God is listening.' "

WAR NEWS:

Bush Considering Smaller-than-expected Increase In Troops For Iraq (MCT)

By Warren P. Strobel And Nancy A. Youssef

McClatchy Newspapers, January 4, 2007

WASHINGTON - President Bush plans to order extra U.S. troops to Iraq as part of a new push to secure Baghdad, but in smaller numbers than previously reported, U.S. officials said Wednesday.

The president, who is completing a lengthy review of Iraq policy, is considering dispatching three to four U.S. combat brigades to Iraq, or no more than 15,000 to 20,000 U.S. troops, the officials said. Bush is expected to announce his decision next week.

Typically, a combat brigade comprises about 3,500 combat troops and more than 1,000 support personnel.

"Instead of a surge, it is a bump," said a State Department official. He spoke on condition of anonymity, because Bush hasn't yet unveiled details of what the White House is calling a "new way forward" in Iraq.

Bush had been considering proposals to send a much larger contingent into Baghdad -- as many as 30,000-40,000 soldiers and Marines.

Some experts doubt that the smaller deployment would be sufficient to halt Iraq's escalating civil war between Shiite and Sunni Muslims.

Details of Bush's Iraq strategy are still being finalized and could change. But the smaller troop increase appears to reflect the real-world constraints the president faces as he tries to persuade the American public that victory is still possible in Iraq.

Congressional Democrats, who formally take power on Capitol Hill Thursday, widely oppose any increase in the roughly 140,000 U.S. troops now in Iraq. Many want Bush to present a plan for withdrawing those troops.

Meanwhile, the U.S. military has been stretched by four years of war in Afghanistan and Iraq, meaning there are few active-duty combat units available for deployment.

To marshal even 15,000 to 20,000 additional troops, Bush would have to accelerate the return of some units to the battlefield, cutting their time to train between deployments.

Advocates of a "surge" in U.S. troop levels have argued that to be effective in halting the violence, the United States would have to send a significant number of troops for an extended period of time.

Frederick W. Kagan, a scholar at the American Enterprise Institute, a conservative policy research center, recently briefed the White House on his plan to send 32,000 additional soldiers and Marines to Baghdad and volatile Anbar province. The troops would remain in Iraq for 18 months.

On Wednesday, Kagan cautioned against over-interpreting the number of troops being sent. More important, he said, is the number of individual combat brigades and battalions sent to Iraq and how they're deployed.

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The State Department official said that, even at this late juncture, administration officials are debating what the extra troops would do.

Officials in Baghdad have said that extra troops could be used to secure the capital or add soldiers to military transition teams, who train alongside their Iraqi counterparts.

But in Washington, the thinking increasingly is that the troops would be used to try to secure Baghdad and protect the Iraqi population from relentless violence, State Department officials said.

A senior defense official said that a military study of strategy in Iraq, part of Bush's overall policy review, concluded that the current policy of rapidly training Iraqi security forces and turning responsibility over to them was the wrong course.

That policy was essentially "a rush to failure," the defense official said.

Bush is expected to announce his new Iraq policy to the nation next week, possibly as early as Wednesday, officials said.

The additional troop deployments are only one facet of the plan. The president also is expected to announce another initiative to reconcile Iraqi Sunni and Shia Muslims and to request additional funds to provide jobs to Iraqis who otherwise might join ethnic militias.

To date, billions of dollars in U.S. funds have gone to rebuild Iraq, but the bulk of that money has been awarded to American firms, which hire non-Iraqi contractors.

(Youssef reported from Baghdad.)

Snow: Military Levels In Baghdad Too Low (WT)

The Washington Times, January 4, 2007

White House spokesman Tony Snow said Wednesday it is clear there needs to be a greater military presence in Baghdad.

During a regular White House briefing, Snow told reporters current troop levels in Baghdad are "insufficient" to quell the violence.

Snow said he would leave the announcement of the details of what needs to be done to U.S. President George Bush, who is due to deliver a speech on whether he plans to send more U.S. troops to Iraq.

"I think it is safe to say that there needs to be more in the way of forces within Baghdad -- Iraqi forces in Baghdad, trained and equipped and ready, and this is what the prime minister has said," Snow said. "He's asked not only for larger forces and more responsibility but also more equipment to get the job done."

Snow said no final decisions have been made and discounted a BBC report indicating the president would call on Americans to sacrifice, saying the BBC must have found a "phantom" draft because the speech has yet to be written.

Awaiting Bush's Iraq Plan, Democrats Weigh Replies (NYT)

By Jeff Zeleny

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — Some key Senate Democrats say they could consider supporting a short-term increase in American troop levels in Iraq, a stance that reflects division within the party and could provide an opening for President Bush as he prepares to announce his revised plan for Iraq as early as next week.

Mr. Bush is expected to outline a strategy that would include adding to American forces, but would link that increase to a plan for economic development in Iraq. He has vowed to consult Congressional leaders before delivering his speech to the nation, and he began that process on Wednesday night by inviting House and Senate leaders to a White House reception, though officials said Iraq was not discussed.

Senator Carl Levin, the Michigan Democrat who will lead the Armed Services Committee, said he would not "prejudge" the president's proposal. While he would oppose an open-ended commitment, Mr. Levin said, he would not rule out supporting a plan to dispatch more troops if the proposal was tied to a broader strategy to begin reducing American involvement and sending troops home.

"The American people are skeptical about getting in deeper," he said in an interview. "But if it's truly conditional upon the Iraqis' actually meeting milestones and if it's part of an overall program of troop reduction that would begin in the next four to six months, it's something that would be worth considering."

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But Senator Joseph R. Biden Jr., the Delaware Democrat who will become chairman of the Foreign Relations Committee, has said he is opposed to increasing troop strength regardless of the plan, calling the idea the "absolute wrong strategy." In interviews on Wednesday, several Democratic senators echoed Mr. Biden's view, saying they believed that sending more troops would not resolve the predicament in Iraq.

Democrats have become well-practiced at playing the roles of critic and skeptic, particularly when the subject is the war in Iraq. But as the party formally assumes control of Congress on Thursday, the divisions between the committee leaders, party leadership and rank-and-file senators illustrate the fresh burden they face of articulating a response to Mr. Bush's revised Iraq strategy.

Democrats may find it difficult to speak with one voice in response to Mr. Bush's plan. And at this point, party strategists said, they do not necessarily intend to. Over the next three weeks, Senate Democrats plan to call at least 13 hearings on Iraq, to be held by committees that include Foreign Relations, Armed Services, Intelligence, Homeland Security and Judiciary.

Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates have agreed to testify, officials said, and invitations were sent this week to a raft of former administration officials, academics and military and Iraqi experts.

Short of reducing military financing, which even the staunchest Congressional war critics have been reluctant to do, Democrats say they believe that one of the most effective tools they have to influence policy is to hold televised hearings.

"What you are going to find is that this is no longer exclusively a Democratic criticism," said Senator Jack Reed, a Rhode Island Democrat who is a member of the Armed Services Committee. "A lot of Republicans are going to be standing up and saying, 'I don't understand what the president's strategy is.' A lot of people will be asking serious questions, and that will be healthy."

Senator Evan Bayh, an Indiana Democrat who also serves on the Armed Services Committee, said a troop increase "might lead to a temporary abatement to the violence, but will only postpone the ultimate day of reckoning."

In an interview, Mr. Bayh added, "This problem is not going to be solved in Washington by the president of the United States; it can only be resolved by Iraqis."

In a memorandum sent Wednesday to members of the Democratic caucus, Senator Harry Reid of Nevada, who becomes the majority leader, pledged that "Democrats will work with Republicans to bring oversight and accountability" to the war.

Mr. Reid has said that he will consider supporting a short-term increase in troops, but his spokesman, Jim Manley, declared, "If it's not temporary in nature, it's a nonstarter."

Representative Steny H. Hoyer, a Maryland Democrat who will be the House majority leader, stopped short of saying that Democrats would exercise the power of the purse and decrease financing for American troops. Yet he said the new Congress was "not going to sit silently by while policies are pursued with which we don't agree."

Still, the Bush administration intends to try to find support from the crop of newly elected members of Congress — particularly those who were elected from Republican districts — as the president works to build support for his Iraq strategy before the State of the Union address, now set for Jan. 23.

On the issue of sending more troops to Iraq, the White House is also reaching out to Senate Democrats who are facing re-election in 2008.

"I am not in favor of that unless the president can convince me otherwise," Senator Mark Pryor, an Arkansas Democrat who will serve on the Armed Services Committee, said of a possible troop increase.

"I think that the Congress, after 9/11, was willing to give him the benefit of the doubt on a whole range of issues related to Iraq," Mr. Pryor said, "but we've been there four years now and it's time for him to clearly have the burden of proof."

Analysis: Behind Troop Surge, A Neocon Force (LAT)

By Peter Spiegel

The Los Angeles Times, January 4, 2007

WASHINGTON — Ever since Iraq began spiraling toward chaos, the war's intellectual architects -- the so-called neoconservatives -- have found themselves under attack in Washington policy salons and, more important, within the Bush administration.

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Paul Wolfowitz, who was the Defense Department's most senior neocon, was shipped off to the World Bank. His Pentagon colleague Douglas Feith departed for academia. John Bolton left the State Department for the United Nations.

But other neocons have moved back into the mainstream of steering Iraq policy. A key part of the new Iraq plan that President Bush is expected to announce next week -- a surge in U.S. troops coupled with a more focused counterinsurgency effort -- has been one of the chief recommendations of these neocons since the fall of Saddam Hussein.

This group -- which includes William Kristol, editor of The Weekly Standard magazine, and Frederick Kagan, a military analyst at the American Enterprise Institute -- was expressing concerns about the administration's blueprint for Iraq even before the invasion almost four years ago. In these neoconservatives' view, not enough troops were being set aside to stabilize the country. They also worried that the Pentagon had formulated a plan that concentrated too heavily on killing insurgents rather than securing law and order for Iraqi citizens.

They have long advocated for a more classic counterinsurgency campaign: a manpower-heavy operation that would take U.S. soldiers out of their large bases dotted across the country and push them into small outposts in troubled towns and neighborhoods to interact with ordinary Iraqis.

Until now, it was an argument that had fallen on deaf ears.

"We have been pretty consistently in this direction from the outset," said Kagan, whose December study detailing his strategy is influencing the administration's current thinking. "I started making this argument even before the war began, because I watched in dismay as we messed up Afghanistan and then heard with dismay the rumors that we would apply some sort of Afghan model to Iraq."

If Bush goes ahead with the surge idea, along with a concomitant shift to a more aggressive counterinsurgency, it would in many ways represent a wholesale repudiation of the outgoing Pentagon leadership.

These leaders -- particularly former Defense Secretary Donald H. Rumsfeld and Army Gen. John Abizaid, the departing Middle East commander -- strongly resisted more U.S. troops and a larger push into troubled neighborhoods out of fear it would prevent Iraqis from taking over the job themselves and exacerbate the image of the United States as an occupier.

The plan the administration appears to be moving toward envisions an increase of 20,000 to 30,000 troops, the majority of whom would be sent to Baghdad. The increase would be achieved by delaying the departure of Marine units already in Iraq and speeding the deployment of Army brigades due this spring.

The neoconservative group as a whole had been the driving force in Washington behind a move against Iraq, even before the Sept. 11 terrorist attacks. They saw Saddam as a lingering threat to world security -- a view bolstered within the administration after the attacks. They argued that transforming Iraq into a democracy could serve as a model with potential to remake the Middle East's political dynamics.

The war effort's unraveling gradually undermined the clout they had wielded. But perhaps the more important hurdle -- especially on military matters -- was the White House's refusal to see its Iraq policy as a failure.

That changed this summer, when the spike in sectarian violence and the failure of an offensive to secure Baghdad created what one Pentagon adviser called a "psychological break" within the administration. Until then, neoconservatives argue, the administration saw little proof that Abizaid's plan, backed by Army Gen. George Casey, the military commander in Iraq, was failing.

The main reason for the new ascendancy of the neocon recommendations, said Kristol, is that "the Rumsfeld-Abizaid-Casey theory was tried and was found wanting. ... Some of us challenged it very early on, but, of course, then we were just challenging it as a competing theory."

Although Kristol, Kagan and their intellectual allies have pushed for their policy for more than three years, they bristle at the notion that the idea of a larger troop presence in Iraq and a different approach to securing the country is wholly a neoconservative idea.

Sen. John McCain, R-Ariz., a leading presidential contender, has been pushing for more troops and a different security strategy for nearly as long as Kristol and Kagan. Recently, support for a revised counterinsurgency plan has gained support among military officers, active and retired. Perhaps most notable is retired Army Gen. Jack Keane, a former Army chief of staff who signed onto Kagan's plan last month.

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The case for change has been bolstered by actions the military itself has taken, including a successful 2005 Army offensive in the northern Iraqi city of Tall Afar, where midlevel officers used counterinsurgency tactics to suppress sectarian violence. The Pentagon released a new counterinsurgency field manual last month that largely echoed the neocons' thinking.

The troop-surge proposal is not embraced by all neoconservatives. Wolfowitz, for instance, had ridiculed the notion that more troops would be needed to secure Iraq. Richard Perle, a former top adviser to the Pentagon who advocated for smaller troop numbers at the time of the invasion, is known to be skeptical of a surge.

The plan's advocates acknowledge the split within the neocon movement.

"Before the war, I was arguing for a quarter of a million troops in expectations we'd be there five or 10 years," said Gary Schmitt, an analyst at the American Enterprise Institute who has worked closely with Kristol and Kagan. "Richard Perle, obviously somebody else who's thought of as a neocon, thought we should go in" with far fewer U.S. forces.

The neocons calling for more troops in Iraq and different tactics have pressed their proposals in public writings and speeches and in private conversations within the administration.

Kenneth Adelman, a leading neoconservative thinker, recalled a meeting a year ago of the Defense Policy Board, a group of outside advisers to the Pentagon, during which he pressed Rumsfeld to implement more traditional counterinsurgency ideas, such as keeping soldiers longer in their deployed areas to get to know the local population better.

"What you need for counterinsurgency has been pretty clear for some time: You need to protect the population and get the population to fight the insurgents with you, or at least inform on them," Adelman said. "The fight is over the population, it's not over getting the enemy."

Much like they did when advocating for the invasion, these neocons have promoted their military strategy even at times when it was seen as politically unpalatable.

"What you can say about Fred Kagan and Bill Kristol ... is they've been constant in sounding this theme," said Eliot A. Cohen, a military analyst at Johns Hopkins University's international studies school in Washington who has advised the administration on Iraq policy. "You've had other people who have dropped in and out of this."

Getting The Middle East Back On Our Side (NYT)

By Brent Scowcroft

The New York Times, January 4, 2007

Washington

THE Iraq Study Group report was released into a sea of unrealistic expectations. Inevitably, it disappointed hopes for a clear path through the morass of Iraq, because there is no “silver bullet” solution to the difficulties in which we find ourselves.

But the report accomplished a great deal. It brought together some of America’s best minds across party lines, and it outlined with clarity and precision the key factors at issue in Iraq. In doing so, it helped catalyze the debate about our Iraq policy and crystallize the choices we face. Above all, it emphasized the importance of focusing on American national interests, not only in Iraq but in the region.

However, the report, which calls the situation in Iraq “grave and deteriorating,” does not focus on what could be the most likely outcome of its analysis. Should the Iraqis be unable or unwilling to play the role required of them, the report implies that we would have no choice but to withdraw, and then blame our withdrawal on Iraqi failures. But here the report essentially stops.

An American withdrawal before Iraq can, in the words of the president, “govern itself, sustain itself, and defend itself” would be a strategic defeat for American interests, with potentially catastrophic consequences both in the region and beyond. Our opponents would be hugely emboldened, our friends deeply demoralized.

Iran, heady with the withdrawal of its principal adversary, would expand its influence through Hezbollah and Hamas more deeply into Syria, Lebanon, the Palestinian territories and Jordan. Our Arab friends would rightly feel we had abandoned them to face alone a radicalism that has been greatly inflamed by American actions in the region and which could pose a serious threat to their own governments.

The effects would not be confined to Iraq and the Middle East. Energy resources and transit choke points vital to the global economy would be subjected to greatly increased risk. Terrorists and extremists elsewhere would be emboldened. And the

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perception, worldwide, would be that the American colossus had stumbled, was losing its resolve and could no longer be considered a reliable ally or friend — or the guarantor of peace and stability in this critical region.

To avoid these dire consequences, we need to secure the support of the countries of the region themselves. It is greatly in their self-interest to give that support, just as they did in the 1991 Persian Gulf conflict. Unfortunately, in recent years they have come to see it as dangerous to identify with the United States, and so they have largely stood on the sidelines.

A vigorously renewed effort to resolve the Arab-Israeli conflict could fundamentally change both the dynamics in the region and the strategic calculus of key leaders. Real progress would push Iran into a more defensive posture. Hezbollah and Hamas would lose their rallying principle. American allies like Egypt, Saudi Arabia and the gulf states would be liberated to assist in stabilizing Iraq. And Iraq would finally be seen by all as a key country that had to be set right in the pursuit of regional security.

Arab leaders are now keen to resolve the 50-year-old dispute. Prime Minister Ehud Olmert of Israel may be as well. His nation's long-term security can only be assured by resolving this issue once and for all. However, only the American president can bring them to the same table.

Resuming the Arab-Israeli peace process is not a matter of forcing concessions from Israel or dragooning the Palestinians into surrender. Most of the elements of a settlement are already agreed as a result of the negotiations of 2000 and the "road map" of 2002. What is required is to summon the will of Arab and Israeli leaders, led by a determined American president, to forge the various elements into a conclusion that all parties have already publicly accepted in principle.

As for Syria and Iran, we should not be afraid of opening channels of communication, but neither should we rush to engage them as negotiating "partners." Moreover, these two countries have differing interests, expectations and points of leverage and should not be treated as though they are indistinguishable.

Syria cannot be comfortable clutched solely in the embrace of Iran, and thus prying it away may be possible. Syria also has much to gain from a settlement with Israel and internal problems that such a deal might greatly ease. If we can make progress on the Palestinian front before adding Syria to the mix, it would both avoid overloading Israel's negotiating capacity and increase the incentives for Damascus to negotiate seriously.

Iran is different. It may not be wise to make Iran integral to the regional strategy at the outset. And the nuclear issue should be dealt with on a separate track. In its present state of euphoria, Iran has little interest in making things easier for us. If, however, we make clear our determination, and if the other regional states become more engaged in stabilizing Iraq, the Iranians might grow more inclined to negotiate seriously.

WHILE negotiations on the Arab-Israel peace process are under way, we should establish some political parameters inside Iraq that encourage moves toward reconciliation and unified government in Iraq. Other suggested options, such as an "80 percent solution" that excludes the Sunnis, or the division of the country into three parts, are not only inconsistent with reconciliation but would almost certainly pave the way to broader regional conflict and must be avoided.

American combat troops should be gradually redeployed away from intervening in sectarian conflict. That necessarily is a task for Iraqi troops, however poorly prepared they may be. Our troops should be redirected toward training the Iraqi Army, providing support and backup, combating insurgents, attenuating outside intervention and assisting in major infrastructure protection.

That does not mean the American presence should be reduced. Indeed, in the immediate future, the opposite may be true, though any increase in troop strength should be directed at accomplishing specific, defined missions. A generalized increase would be unlikely to demonstrably change the situation and, consequently, could result in increased clamor for withdrawal. But the central point is that withdrawing combat forces should not be a policy objective, but rather, the result of changes in our strategy and success in our efforts.

As we work our way through this seemingly intractable problem in Iraq, we must constantly remember that this is not just a troublesome issue from which we can walk away if it seems too costly to continue. What is at stake is not only Iraq and the stability of the Middle East, but the global perception of the reliability of the United States as a partner in a deeply troubled world. We cannot afford to fail that test.

Brent Scowcroft was national security adviser to Presidents Gerald R. Ford and George H. W. Bush. He is now president of the Forum for International Policy.

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Another Thousand Lives (NYT)

By Bob Herbert

The New York Times, January 4, 2007

How long can this go on?

Saddam is dead. The weapons of mass destruction were a mirage. More than 3,000 American G.I.s and scores of thousands of Iraqis have been killed. Voters in the United States have made it clear that they no longer support American involvement in this exercise in sustained barbarism. Incredibly, the U.S. military itself is turning against the war.

And yet the president, against the counsel of his commanders on the ground, apparently is ready to escalate — to send more American lives into the fire he set in Iraq.

In a devastating critique of the war, the newsweekly Army Times led its current edition with the headline: "About-Face on the War — After 3 years of support, troops sour on Iraq." The article detailed a Military Times Poll that found, for the first time, that "more troops disapprove of the president's handling of the war than approve of it."

Only a third of the service members surveyed approved of the president's conduct of the war, while 42 percent disapproved. Perhaps worse was the finding that only half of the troops believed that success in Iraq was likely.

The service members made it clear that they were not attacking their commander in chief personally. His overall approval rating remained high. What has turned them off has been the wretched reality of the war. In the article, David Segal, director of the Center for Research on Military Organization at the University of Maryland, said, "They're seeing more casualties and fatalities and less progress."

In other words, they're seeing the same thing everybody else is seeing — except, perhaps, Mr. Bush.

On New Year's Day, readers of The New York Times could see the excruciating photo layout of the latest 1,000 American service members to die in Iraq. As in all wars, most of them were young. Many of them were smiling in the photos. All of them died unnecessarily.

The war has been an exercise in futility and mind-boggling incompetence, and yet our involvement continues — with no end in sight, no plans for withdrawal, no idea of where we might be headed — as if the U.S. had fallen into some kind of bizarrely destructive trance from which it is unable to awaken.

And who is paying the price for this insanity — apart from ordinary Iraqis, who are paying the most grievous price of all? The burden of the war in the U.S. is being shouldered overwhelmingly by a contingent of Americans whom no one would categorize as economically privileged.

As Lizette Alvarez and Andrew Lehren wrote in Monday's Times:

"The service members who died during this latest period fit an unchanging profile. They were mostly white men from rural areas, soldiers so young they still held fresh memories of high school football heroics and teenage escapades. Many men and women were in Iraq for the second or third time. Some were going on their fourth, fifth or sixth deployment."

There is no way that this can be justified. It is just wrong.

I've said many times that if a war is worth fighting the way to do it is to mobilize the entire country, drawing the warriors from as wide a swath of the population as possible and raising taxes on everyone as part of an all-out effort to defeat a common enemy.

This war is not worth fighting. And if there were ever serious talk about enacting a draft or raising taxes to fight it, you'd see quickly enough that the vast majority of Americans would not find it worth fighting.

There must be a leader somewhere who can shake the U.S. out of this tragic hypnotic state, who can see that it is beyond crazy to continue our involvement in this war indefinitely, to sacrifice another 1,000 young lives, and then another thousand after that.

All of the tortured, twisted rationales for this war — all of the fatuous intellectual pyrotechnics dreamed up to justify it — have vaporized, and we're left with just the mad, mindless, meaningless and apparently endless slaughter.

Shakespeare, in "Henry VI," said: "Now thou art come unto a feast of death."

We should end our participation in the feast of death in Iraq. It is criminal to continue feeding our troops into the slaughter.

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If there were politicians here at home with some of the courage of the troops in the field, we could begin saving lives rather than watching helplessly as the Bush White House continues to sacrifice them. Three thousand and counting is enough.

Suggester In Chief (WP)

By David S. Broder

The Washington Post, January 4, 2007

An element of unreality has infected the speculation about President Bush's decision on a new strategy for Iraq. In the weeks since the Iraq Study Group issued its report and the president said he was going to canvass a variety of other sources before making up his mind, the assumption has grown that he will declare the next steps himself.

In reality, Bush's ability to act on his own is severely limited. His hands are tied both at home and abroad. At most, he can suggest what he would like to do, but he is dependent on others to actually do it.

The overseas constraints begin in Iraq, where any policy depends on the cooperation and dubious capacity of the struggling government in Baghdad. That government is consumed by factional fighting and has yet to find the will to deal with its own thuggish Shiite elements or to reach any kind of accommodation with the rebellious Sunni minority.

Cleaning up the corrupt and violence-prone national police force would be the first precondition for any plan to bring order to Iraq, and that is something only the Iraqis can do. Bush can wish it, but he cannot order it.

He is similarly constrained when it comes to improving the efficiency of Iraqi cabinet ministries, accelerating constitutional reform or securing an equitable division of oil royalties. Exhortation is his only tool.

Here at home, the limitations on his freedom of action are at least as tight.

The new Congress that starts today is not the same passive body that approved his decision to go to war and allowed him a free hand in managing or mismanaging the aftermath.

When the White House speculates about increasing the number of U.S. troops in Iraq for some indefinite period, it goes directly against the expressed policy wishes of the new Democratic majority and its most influential members. The incoming chairmen of the Senate Armed Services and Foreign Relations committees, Carl Levin and Joe Biden, have counseled strongly against such a course, and most of the Democrats in the House and Senate favor a gradual drawdown of American forces, not a buildup.

As commander in chief, the president can order more troops into the war zone, but such a step would undoubtedly provoke the most angry domestic debate of his term.

The larger point made by the Iraq Study Group in its unanimous bipartisan report is that no policy for Iraq can succeed without broad public and congressional support. The nation and its elected representatives, as co-chairmen James A. Baker III and Lee Hamilton warned, will not sustain the costs in lives and treasure it would take to rescue a deteriorating situation in Iraq unless there is broad agreement on the course of action.

Sending thousands more American troops into harm's way, when fewer than a fifth of Americans support such a step, is no way to build that support.

More and more of the president's fellow Republicans are making that point to him. Particularly significant were comments on Fox News on Sunday by Sen. Richard Lugar of Indiana, the outgoing chairman of the Foreign Relations Committee.

He expressed skepticism -- but not outright opposition -- to the idea of expanding the U.S. military presence in Iraq. But his main plea was for the president to take the temperature of Congress, by meeting personally with the Foreign Relations Committee and consulting seriously with its members, before settling on a policy for Iraq.

"The president needs some well-informed friends," Lugar said pointedly, and he warned Bush that people such as himself will not be ready to defend his decision if he simply waits and declares it after private discussions of the kind he has been holding within his war Cabinet.

After an election in which war-weariness was a motivating force for the defeat of Republican candidates, the president has to face the reality that the only decision on Iraq that can possibly command sustained public support is a collective decision shared with Congress -- not a personal order.

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Any action he takes may still be thwarted by Iraq's own divisions. But if he does not bring Congress and both parties into the process, the policy will inevitably fail. He has to face that reality.

davidbroder@washpost.com

Negroponte To Leave Intel Director Post (AP)

By Katherine Shrader

AP, January 4, 2007

WASHINGTON - National Intelligence Director John Negroponte will resign after 20 months in the job to become deputy secretary of state, two U.S. government officials said Wednesday night.

Negroponte took over in April 2005 as the nation's first intelligence chief, responsible for overseeing all 16 U.S. spy agencies. He will return to his roots as a career diplomat to become the No. 2 to Secretary of State Condoleezza Rice, the officials said.

One of the officials said that the timing of Negroponte's departure was uncertain but that it was expected soon. The officials spoke on condition of anonymity because there has been no announcement of the move.

Negroponte, 67, is stepping down as President Bush develops a new strategy on Iraq. The president has ordered reviews from his own agencies and the bipartisan Iraq Study Group, which recommended a series of changes to reverse the "slide toward chaos."

Negroponte has held a series of tough posts in the Bush administration and has been at the center of the Iraq debate since before the U.S.-led invasion in March 2003. He served as U.S. ambassador to the U.N. from 2001 to 2004 and ambassador to Baghdad until March 2005 before becoming intelligence chief. He also was ambassador to Mexico, from 1989-93.

Democrats taking control of Congress on Thursday have promised greater oversight of government agencies. The Senate Intelligence Committee, for instance, is planning hearings this month on the intelligence overhaul that Negroponte helped put in place.

A top candidate for the intelligence chief opening is retired Adm. Mike McConnell, the director of the National Security Agency from 1992 to 1996. McConnell is now a senior vice president at Booz Allen Hamilton, a government contractor and consulting firm.

A message left at McConnell's office Wednesday night was not immediately returned.

Negroponte's transition to the State Department must be confirmed by the Senate, as would Bush's choice for his replacement. Both changes will create new openings for the Democrats to debate the administration's intelligence and foreign policy direction.

The Office of the National Intelligence Director and the White House both declined to comment on Negroponte's resignation, which was first reported by NBC News.

The State Department also had no comment, but one official confirmed that Negroponte is to become deputy secretary of state. This official noted Negroponte's diplomatic credentials as a former ambassador.

In an interview with C-SPAN last month, Negroponte indicated that he wanted to stay on through the Bush administration.

Yet his answer to the question — will he "stay with it for a while?" — didn't close the door to a new assignment. Since last summer, it has been said he was interested in the vacancy at the State Department.

"In my own mind at least, I visualize staying with it through the end of this administration and, then I think, probably that'll be about the right time to pack it in," he told C-SPAN.

Robert Zoellick resigned as Rice's deputy in July to take a position with the Wall Street firm Goldman Sachs. She is said to have approached several candidates for what is widely regarded as a plum assignment, going for months without any takers.

Negroponte's departure creates uncertainty for the position of national intelligence director, which grew out of concerns over intelligence failures before the terrorist attacks of Sept. 11, 2001.

Congress established the post in late 2004, following the recommendation of the Sept. 11 commission. Bush tapped Negroponte to set up the new office from scratch.

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He brought together experts to focus on how the government collects and analyzes intelligence and helped create new organizations, including the National Counterproliferation Center, which studies the spread of weapons.

Yet, it has been at times a struggle for Negroponte and his staff to bring all 16 spy agencies together under one umbrella. Critics have questioned whether his staff of 1,500 is becoming another clumsy bureaucracy, even as it tries to avoid the intelligence lapses of 9/11 and Iraq.

In public speeches, Negroponte has praised efforts across government to strengthen intelligence, but also stressed its limitations.

"Intelligence is not a panacea — far from it — but we are making progress in intelligence reform, and that is important," he said recently.

Negroponte Stepping Aside As Top Spy To Become Deputy Secretary Of State (USAT)

By Alan Gomez

USA Today, January 4, 2007

National Intelligence Director John Negroponte will resign his position overseeing the nation's 16 spy agencies to become the deputy secretary of State, administration officials confirmed Wednesday night.

A senior State Department official said the announcement could come as early as this week. The official, and other administration officials who confirmed the appointment, spoke on condition of anonymity because the announcement will come from President Bush.

Negroponte's move comes as Bush finalizes a new course for the war in Iraq.

Negroponte, 67, was the first to head the newly created Office of the Director of National Intelligence in 2005.

The office was designed to consolidate the information and capabilities of the separate and sometimes bickering intelligence agencies. Congress created it on the recommendation of the 9/11 Commission and as a response to the intelligence failures and lack of communication between spy agencies leading up to the Sept. 11 attacks.

Tying together the agencies has been difficult.

Rep. Pete Hoekstra, who was head of the House Intelligence Committee, said this summer that the office was "not adding any value" by enlarging the bureaucracy. The Michigan Republican said the office had actually lengthened the time necessary to make things happen in the rapidly changing world of national intelligence.

"We want them to be lean and mean," Hoekstra said.

Hoekstra acknowledged that communication among agencies had improved, and Negroponte's staff pointed to a list the office compiled of 200,000 known terrorists.

Secretary of State Condoleezza Rice, who would be Negroponte's direct supervisor, questioned the nation's intelligence apparatus after the Bush administration was surprised by Hamas' victory in last January's Palestinian elections.

"Nobody saw it coming," she said.

In an interview with C-SPAN last month, Negroponte indicated that he wanted to stay on through the Bush administration.

Yet his answer to the question — will he "stay with it for a while?" — didn't close the door to a new assignment.

"In my own mind at least, I visualize staying with it through the end of this administration and, then I think, probably that'll be about the right time to pack it in," he told C-SPAN.

Negroponte's move must be confirmed by the Senate.

If confirmed, he would return to the same department where he made his rise in Washington.

A career diplomat, Negroponte rose to assistant secretary of State in the Reagan administration before becoming deputy national security adviser.

He then served as ambassador to Mexico, the Philippines, the United Nations and most recently Iraq from June 2004 to March 2005.

It was not immediately clear who would fill Negroponte's position.

The job of his No. 2 has been vacant since Gen. Michael Hayden became the CIA director in May.

Intelligence Chief Is Shifted To Deputy State Dept. Post (NYT)

By Mark Mazzetti

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — John D. Negroponte, whom President Bush installed less than two years ago as the first director of national intelligence, will soon leave his post to become the State Department's second-ranking official, administration officials said Wednesday.

Mr. Negroponte will fill a critical job that has been vacant for months, and he is expected to play a leading role in shaping policy in Iraq. But his transfer is another blow to an intelligence community that has seen little continuity at the top since the departure of George J. Tenet in 2004 as director of central intelligence.

Mr. Negroponte had been brought to the intelligence job to help restore credibility and effectiveness to agencies whose reputations were badly damaged by failures related to the attacks on Sept. 11, 2001, and mistaken prewar assessments of Iraq's illicit weapons. He has maintained a low public profile but provides Mr. Bush with a briefing most mornings.

President Bush has hailed the establishment of the intelligence post as an essential step in helping prevent another terrorist attack. On paper, the director of national intelligence outranks the deputy secretary of state, raising questions about why the White House would seek — and why Mr. Negroponte would agree to — the shift.

The move, expected to be announced this week, comes as the president prepares to announce a new strategy for Iraq as sectarian violence worsens there and approval ratings sag at home.

The administration has had great difficulty filling the State Department position. Secretary of State Condoleezza Rice has asked several people who have turned down the post, according to senior State Department officials.

But administration officials interviewed on Wednesday would not say whether Mr. Negroponte was moving because the White House saw him as uniquely qualified for the diplomatic post, or because President Bush was dissatisfied with his performance as intelligence chief, or whether it was a combination of the two.

Mr. Negroponte has served as ambassador to the United Nations and to Iraq, and administration officials say Ms. Rice was trying to recruit him to bring more Iraq expertise to her office.

Administration officials from two different agencies said Wednesday that the leading candidate to become the new intelligence chief is J. Michael McConnell, a retired vice admiral who led the National Security Agency from 1992 to 1996. Admiral McConnell was head of intelligence for the Joint Chiefs of Staff under Gen. Colin L. Powell during the first Persian Gulf war, in 1991.

Mr. Bush had at first been reluctant to set up the intelligence post, but ultimately bowed to Congressional pressure and for the first time made the office a cabinet-level position.

As deputy secretary of state, Mr. Negroponte, who would need Senate confirmation for the post, would fill a pivotal foreign policy position that has been vacant since Robert B. Zoellick resigned to take a post at Goldman Sachs.

The shift of Mr. Negroponte, first reported Wednesday evening by NBC News, marks a further transformation in President Bush's foreign policy team that has already seen Robert M. Gates take over as defense secretary from Donald H. Rumsfeld. Mr. Bush still has other top posts to fill, including that of ambassador to the United Nations, left vacant with the departure of John R. Bolton.

Mr. Negroponte would move to the State Department as the administration is preparing a shift in Iraq strategy.

As a career diplomat who also served as ambassador to Mexico, the Philippines and Honduras, Mr. Negroponte brought a policymaker's perspective to the role of intelligence chief, a post established by Congress at the end of 2004 to address a lack of coordination among intelligence agencies. He took over the job in April 2005, and said in an interview on C-Span last month that he expected to stay in his position until the end of the Bush administration.

Admiral McConnell is a career intelligence officer who is a senior vice president of Booz Allen Hamilton, an international consulting firm. During his tenure at the Pentagon and as director of the National Security Agency, Admiral McConnell worked closely with Mr. Gates during Mr. Gates's time as deputy national security adviser and as director of central intelligence, and with Dick Cheney while he was defense secretary during the first Persian Gulf war.

Senator Susan M. Collins, Republican of Maine and chairwoman of the Senate Government Reform Committee, was a major backer of the intelligence post, and on Wednesday she said of the reported transfer: "The director of national intelligence

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is an absolutely critical position. I'm disappointed that Negroponte would leave this critical position when it's still in its infancy. There are a number of people who could ably serve as deputy secretary of state, but few who can handle the challenges of chief of intelligence."

Representative Jane Harman, a California Democrat who also pressed for establishment of the intelligence job, said: "I'm worrying that our deficit in intelligence will not be corrected. I'm sorry Negroponte isn't completing his term because he at least understood intelligence."

Mr. Negroponte's move to the State Department has been rumored for months. Ms. Rice was pushing to bring Mr. Negroponte in as her deputy, and officials in Washington speculated that the career diplomat might be more comfortable returning to the State Department.

The White House press secretary, Tony Snow, declined to comment on the change. "We don't comment on personnel matters until the president has announced his intentions," Mr. Snow said in an e-mail message Wednesday night.

Officials said that one of the priorities in replacing Mr. Negroponte had been to select someone who could pass swiftly through the Senate confirmation process. They also cautioned that the choice of Admiral McConnell was not final.

The job of deputy director of national intelligence is also vacant, and the White House is conscious that a long nomination battle in the Senate, where Democrats are now in the majority, could throw the intelligence office into disarray.

Negroponte To Become Rice's Deputy (WSJ)

By Jay Solomon And Neil King Jr.

The Wall Street Journal, January 4, 2007

WASHINGTON -- As President Bush crafts a new strategy for the war in Iraq, the White House is set to name U.S. spy chief John Negroponte to the No. 2 position at the State Department to help implement the changes.

Mr. Negroponte, a career diplomat who served as U.S. ambassador to Iraq for a year following Saddam Hussein's fall, will play a central role in executing the new Iraq strategy as well as broader shifts in U.S. Middle East policy, a senior U.S. official said. Mr. Bush is expected to announce his policy changes in a major speech next week.

Mr. Negroponte, 67 years old, fills a key position left vacant since the departure in July of Secretary of State Condoleezza Rice's previous deputy, Robert Zoellick, who concentrated mainly on China. Mr. Negroponte's departure from the Office of the Director of National Intelligence, however, will leave open the DNI's top two positions, potentially frustrating efforts to solidify changes in the intelligence community brought on by the 9/11 attacks. The 9/11 Commission has sought a strong central command to oversee Washington's 16 different intelligence agencies.

Mr. Negroponte's move to State may well just be one key shift as the administration looks to fill other top foreign-policy posts, American diplomats said. The current U.S. ambassador to Iraq, Zalmay Khalilizad, is seen as leaving Baghdad soon to become ambassador to the United Nations, following the departure last month of John Bolton. That would put two senior figures with experience in Iraq into crucial diplomatic posts as the administration is looking to remold Iraq policy and bulk up its efforts to restrain Iran.

Mr. Negroponte is "a major expert on Iraq and that's why this moves make sense," said the U.S. official, who spoke on the condition of anonymity. The State Department's deputy job is traditionally an administrative post whose demands don't normally allow one to concentrate on heavy policy work. Mr. Zoellick cited the frustrations of a full plate of issues and concerns when he left the job last year.

The pick of Mr. Negroponte will bring to State another centrist and foreign-policy pragmatist, though so far there is little sign that Ms. Rice or her boss in the White House intend to alter their course in marked ways in their final two years.

Mr. Negroponte was named to the newly created position of DNI nearly two years ago and has faced the difficult task of trying to merge Washington's spy agencies under one command. The DNI's deputy slot became vacant following the move last spring of Gen. Michael Hayden to the directorship of the Central Intelligence Agency. The U.S. official said he expected Mr. Negroponte's successor at the DNI to be named "expeditiously."

Negroponte To Leave Job To Be State Dept. Deputy (WP)

By Glenn Kessler

The Washington Post, January 4, 2007

Secretary of State Condoleezza Rice has persuaded John D. Negroponte to leave his post as director of national intelligence and come to the State Department as her deputy, government officials said last night.

Negroponte's move would fill a crucial hole on Rice's team. She has been without a deputy since Robert B. Zoellick left in July for a Wall Street firm. It also comes as President Bush plans to announce a new Iraq strategy; as former Iraq envoy, Negroponte would be expected to play a major role in implementing that plan in his new role.

Negroponte's decision to step down as the nation's top spy for a sub-Cabinet position marks a sudden reversal. Rice had earlier sought to recruit Negroponte -- as well as other high-profile figures -- for the job, but last month he insisted he was staying at his post.

"In my own mind at least, I visualize staying . . . through the end of this administration, and then I think probably that'll be about the right time to pack it in," he told C-SPAN in an interview broadcast Dec. 3. "I've pulled together a very good team, and they've stayed with me for the past 18 months," he said, "and I hope they'll stay with me as long as I'm in the job."

He reiterated that commitment in an interview with Washington Post editors and reporters on Dec. 14. Negroponte is the first person to hold the post of intelligence czar, created after the Sept. 11, 2001, attacks.

NBC News first reported Negroponte's planned move to State. Administration officials said Negroponte's likely successor as head of U.S. intelligence is retired Navy Adm. John M. McConnell, who directed the National Security Agency from 1992 to 1996 under President Bill Clinton. McConnell is now a senior vice president at Booz Allen Hamilton, the Washington contractor and consulting agency.

Government officials last night declined to say how Rice lured Negroponte, 67, though some had suggested earlier that he was unhappy as director of national intelligence and that he would like to return to his roots at the State Department. Negroponte was a Foreign Service officer from 1960 to 1997, serving as ambassador to the Philippines, Honduras and Mexico.

Even with a Democratic-controlled Senate, Negroponte should have little trouble winning confirmation. In the current administration, he has been confirmed as permanent U.S. representative to the United Nations, ambassador to Iraq and director of national intelligence.

One U.S. official said an official announcement will come later this week, probably tomorrow. White House and State Department officials declined to comment.

Observers have been puzzled at how long it has taken Rice to fill the deputy position in a period of intense diplomatic activity.

Rice gave Zoellick wide berth as her deputy. He had primary responsibility for relations with China, the crisis in Sudan, Latin America, economic affairs and Southeast Asia. In a first for a deputy secretary of state, he frequently allowed reporters on his plane when he traveled abroad.

Zoellick left a Cabinet post -- U.S. trade representative -- to take the job as Rice's deputy.

Intelligence Czar Moving To No. 2 State Dept. Post (LAT)

By Paul Richter And Greg Miller

The Los Angeles Times, January 4, 2007

WASHINGTON — John D. Negroponte, who in 2005 became the first director of national intelligence, overseeing the 16 U.S. spy agencies, will give up that job to become deputy secretary of State, U.S. officials said Wednesday evening.

A veteran diplomat, Negroponte, 67, joined the new agency at a time of growing concern over the failures of U.S. intelligence to anticipate the Sept. 11, 2001, terrorist attacks and to accurately assess Iraq's illicit weapons programs before the 2003 U.S. invasion. By moving to the No. 2 diplomatic post, vacant since July, he would be returning to more familiar terrain.

A replacement for Negroponte has not been selected, a U.S. official said. But there was speculation that the post could go to J. Michael McConnell, a retired vice admiral who headed the National Security Agency from 1992 to 1996. Attempts to reach McConnell, now a senior vice president at the McLean, Va., consulting firm Booz Allen Hamilton, were unsuccessful.

Negroponte's office declined to comment on why the director would cut short his service, which includes giving President Bush his daily intelligence briefing, for what is considered a lower-ranking position. But people close to Negroponte, who spent

37 years as a Foreign Service officer, said they believed he was not happy trying to better integrate sometimes-rivalrous organizations in a specialty outside his own.

The creation of the office Negroponte is leaving was the principal recommendation of the independent commission that investigated the Sept. 11 attacks. It was designed, in part, to ensure that the 16 spy agencies shared crucial information.

Some U.S. officials expressed surprise at the news of Negroponte's departure, first reported by NBC, since only last month he seemed to have silenced rumors that he might be taking the State Department job. In an interview broadcast Dec. 3 on C-SPAN, Negroponte said he expected to remain in his current post "through the end of this administration, and then, I think, probably that'll be about the right time to pack it in."

A formal announcement of his change in jobs is expected later this week.

Negroponte's talents will be welcome in the senior ranks of the State Department, which has been stressed by simultaneous crises in the Middle East and elsewhere and has lost several top officials in recent months. Some foreign diplomats have complained that it has became increasingly difficult to win top-level attention on even urgent issues, except for critical items related to the Middle East.

The previous deputy secretary, Robert B. Zoellick, focused mostly on the issues of China, East Asia and trade. Negroponte, who earlier served as the first U.S. ambassador to Iraq, would come to the State Department as the Bush administration formulates a new strategy for U.S. involvement there.

Traditionally, the deputy functions as a kind of chief operating officer for the State Department, in charge of budgets and policy planning. But in practice, the assignments of those in that post have varied widely, depending on the wishes of the secretary and the deputy's own talents.

One State Department official said Secretary of State Condoleezza Rice and other officials would "obviously love to have" Negroponte, who "has had about every kind of big job there is. His resume is pretty hard to top."

The official noted that Negroponte had been ambassador to Mexico, the Philippines and Honduras as well as Iraq. He was U.S. ambassador to the United Nations before the Iraq invasion and was a deputy national security advisor during the Reagan administration, serving under then-national security advisor Colin L. Powell.

His new position requires Senate confirmation. That is not seen as an obstacle, even with the Democrats in control of the Senate; he won confirmation to his current job by a 98-2 vote.

John Brennan, a former senior CIA official and former head of the National Counterterrorism Center, said it would be natural for someone with Negroponte's background to want the deputy State Department post.

"The deputy secretary of State position is usually the aspiration of all officers," Brennan said. "I think that's where his heart is: I think that's where his talent is and his knowledge is."

Some intelligence specialists predicted that Negroponte's departure from the intelligence post would not create great turmoil, as he has been there only a relatively short time.

Mark Lowenthal, a former high-ranking CIA official, predicted that if McConnell was chosen for the intelligence post, the spy agencies would find him "very different from Negroponte. He has more background in intelligence. He comes in fresher than Negroponte — he's had the chance to see how this thing has run without being involved in it.

"I think what's missing right now is a sense of leadership and direction," he said. "After all the community has been through in the last several years — from 9/11 to Iraq to the creation of the DNI — they could use a more inspirational leader."

After joining Booz Allen, McConnell initially sought to steer clear of contracts dealing with the intelligence community, focusing instead on e-commerce and Internet security initiatives. But colleagues said he had become increasingly involved in intelligence-related contracts and was recently approached by the Bush administration about becoming Negroponte's deputy — a position that opened when Michael V. Hayden was confirmed as CIA director. McConnell turned down the offer, but remained on the Bush administration's radar.

Brennan said that if McConnell was given the job, his "objective would be to try to steady the intelligence ship, to continue to have it move forward on coordination and integration, not do a lot that's going to disrupt things or try to put something in place that might not have the legs to be realized under his tenure."

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Saddam Execution Video Leads To Arrests (AP)

By Steven R. Hurst, Associated Press Writer

AP, January 4, 2007

Iraqi authorities reported the arrests Wednesday of two guards and an official who supervised Saddam Hussein's hanging and said the guard force was infiltrated by outsiders who taunted the former leader and shot the video showing his body dangling at the end of a rope.

The unauthorized video, which ignited protests by Saddam's fellow Sunni Arabs in various Iraqi cities, threatens to turn the ousted dictator into a martyr. Saddam was shown never bowing his head as he faced death, and asking the hecklers if they were acting in a manly way.

The Bush administration sent conflicting signals Wednesday about the taunting and baiting that accompanied the execution, with the White House declining to join criticism of the procedure and the State Department and U.S. military publicly raising questions about it.

Saddam, who was convicted for the killings of 148 Shiites, was dignified and courteous to his American jailers up to the moment he was handed over to the Iraqis outside the execution chamber, a U.S. military spokesman said.

He "was courteous, as he always had been, to his U.S. military police guards," Maj. Gen. William B. Caldwell said. "He spoke very well to our military police, as he always had. And when getting off there at the prison site, he said farewell to his interpreter. He thanked the military police squad, the lieutenant, the squad leader, the medical doctor we had present, and the colonel that was on site."

Although Saddam "was still dignified toward us," Caldwell said his demeanor changed "at the prison facility when the Iraqi guards were assuming control of him."

National Security Adviser Mowaffak al-Rubaie and two other top officials variously reported one to three men were being questioned in the investigation into who heckled Saddam as he was minutes from death and took cell phone pictures of his execution.

"The investigation has already had an arrest warrant against one person and two to follow," al-Rubaie told CNN. He said the guard force at the execution was infiltrated by an Arab television station or another outsider.

The clandestine footage appeared on Al-Jazeera television and Web sites just hours after Saddam was hanged Saturday. The tumultuous scenes quickly overshadowed an official execution video, which was mute and showed none of the uproar among those on the floor of the chamber below the gallows.

Sami al-Askeri, a Shiite lawmaker who advises Prime Minister Nouri al-Maliki, said two "Justice Ministry guards were being questioned. The investigation committee is interrogating the men. If it is found that any official was involved, he will face legal measures."

A second key al-Maliki adviser, who spoke on condition of anonymity because he was not authorized to release the information, said, "In the past few hours, the government has arrested the person who videotaped Saddam's execution. He was an official who supervised the execution and now he is under investigation."

Prosecutor Munqith al-Faroon, one of 14 official witnesses to the execution, told The Associated Press that he saw two government officials using camera phones at the hanging.

"I saw two of the government officials who were ... present during the execution taking all the video of the execution, using the lights that were there for the official taping of the execution," he said. "They used mobile phone cameras. I do not know their names, but I would remember their faces."

Caldwell said no Americans were present for the hanging and that the tumultuous execution would have gone differently had the Americans been in charge.

As the storm over the handling of the hanging gained strength, Caldwell was among several U.S. officials who suggested displeasure with the conduct of the execution.

"If you are asking me: 'Would we have done things differently?' Yes, we would have. But that's not our decision. That's the government of Iraq's decision," the general said.

The White House declined to join in the criticism.

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"The president is focused on the new way forward in Iraq so these issues are best addressed out of Iraq, out of Baghdad," deputy White House press secretary Scott Stanzel said. "Prime Minister Maliki's staff have already expressed their disappointment in the filmings, so I guess we'll leave it at that."

Stanzel said the U.S. military and the U.S. Embassy in Iraq had expressed concerns about the timing of the execution and about "the process and what took place."

State Department spokesman Sean McCormack said U.S. officials had questioned holding the execution on a Muslim festival day, the opening of Eid al-Adha, and as well as some procedures.

U.S. Embassy spokesman Lou Fintor said Ambassador Zalmay Khalilzad and his diplomatic team "did engage the government of Iraq on issues relating to procedures involved in the timing of the execution (of Saddam), given the upcoming holy days. While the government of Iraq gave consideration to U.S. concerns, all decisions made regarding the execution were Iraqi decisions based on their own considerations."

Wednesday's remarks by U.S. officials were the first public confirmation of reports that the Americans had questioned the timing of the hanging.

The second-guessing over the conduct of the execution came as Iraqi and Arab media and an Iraqi government official said preparations were under way to hang two of Saddam's co-defendants in the next few days but that the details still have to be worked out with the American military.

A Cabinet official, speaking anonymously because of the sensitivity of the information, said the two men would hang "at the beginning of next week."

Caldwell said those executions, like Saddam's, were the responsibility of the Iraqi government. "It's a sovereign nation. It's their system. They make those decisions."

Saddam's half brother Barzan Ibrahim, a former intelligence chief, and Awad Hamed al-Bandar, the former chief justice of the Revolutionary Court, were originally scheduled to hang with Saddam. But their execution was delayed until after Eid al-Adha, which ended Wednesday for Iraq's majority Shiites.

Al-Arabiya satellite television and Al-Furat TV, run by Iraq's major Shiite Muslim political organization, both reported that Ibrahim and al-Bandar would go to the gallows on Thursday. However, Mariam al-Rays, an al-Maliki adviser, called such reports "baseless."

In Washington, U.S. Supreme Court Chief Justice John Roberts denied a request by a lawyer for Bandar to block the U.S. military from transferring custody of the condemned man to Iraqi authorities.

U.N. human rights chief Louise Arbour, backed by new Secretary-General Ban Ki-moon, appealed to Iraqi President Jalal Talabani to prevent the execution of Ibrahim and al-Bandar, saying she was concerned with "the fairness and impartiality" of their trials.

Despite Misgivings, White House Says Little Against Hanging (NYT)

By Sheryl Gay Stolberg

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — The White House declined Wednesday to criticize the conduct of the execution of Saddam Hussein, even as State Department officials and military leaders in Baghdad raised questions about the timing of the hanging and the way the condemned dictator was taunted by Shiite guards as he stood on the gallows.

Spokesmen for President Bush said he had not seen the video of the execution, and Mr. Bush himself refused to answer questions about it. Appearing in the Rose Garden with his cabinet to talk about a balanced budget, the president turned his back and walked away when a reporter called out to ask whether he believed that the hanging had been handled appropriately.

The circumstances surrounding the hanging have prompted public demonstrations among Mr. Hussein's Sunni loyalists in Iraq and outrage around the world. Yet, while Bush administration officials said in quiet background conversations that they agreed that the execution was bungled, the White House insisted in public on Wednesday that the president was concentrating on the future of Iraq and that he was content to leave the investigation to the Iraqis.

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"The most important thing to keep in mind is, this is a guy who killed hundreds of thousands of people and received justice," said Tony Snow, the White House press secretary. Mr. Snow said too much attention had been paid to "the last two minutes" of Mr. Hussein's life and not enough to the previous 69 years.

With Mr. Bush set to make a major speech, possibly as soon as next week, outlining a new strategy in Iraq, the handling of the execution has put the White House in a difficult position. The president in November proclaimed Prime Minister Nuri Kamal al-Maliki "the right guy for Iraq." Now Mr. Maliki faces international criticism for his decision to press ahead with the hanging, and questions about whether he is as committed as Mr. Bush to reconciling sectarian differences in Iraq.

The execution was carried out at the onset of a major Islamic festival that began on Saturday for Sunnis and on Sunday for Shiites. Mr. Hussein was subjected to mockery and cries of "Moktada!" — a reference to Moktada al-Sadr, the Shiite cleric whose militia has been responsible for attacks against Sunnis.

"It really was disappointing to see that they didn't have better control over the execution, so that you wouldn't have had that scene, with the demonstration from Moktada's supporters," said a senior administration official in Washington, speaking on condition of anonymity, to avoid the appearance of interfering in Iraq's sovereign affairs.

But another official said that the White House had decided the execution did not "rise to the level of a presidential comment" and that it was best to let other parts of the administration do the talking.

In Baghdad, Maj. Gen. William B. Caldwell IV, the top American military spokesman, conceded that the United States would have handled the execution differently, but said that the final decisions were up to the Iraqi government. The State Department spokesman, Sean McCormack, said that American officials had raised questions last week about the timing of the hanging, but that the execution had been warranted as the result of what he called a "very solid" judicial proceeding. He acknowledged that television images of Mr. Hussein being taunted at the gallows could further inflame tensions.

"This happened," Mr. McCormack said. "It wasn't supposed to have happened, but it happened."

Iraq Defends Hanging, But Holds Hussein Guard (NYT)

By James Glanz And John F. Burns

The New York Times, January 4, 2007

BAGHDAD, Jan. 3 — The Iraqi prime minister's office on Wednesday mounted its first public defense of the way the government carried out the execution of Saddam Hussein, and said that Iraqi authorities had detained a guard who they believed was involved in recording the moment in a macabre and unauthorized video that has generated revulsion around the world.

Iraqi officials, in their effort to dampen the video's impact, tried to challenge the impression it conveyed that Mr. Hussein, for all his brutal crimes, had behaved with far more dignity in his final minutes than his seemingly thuggish executioners.

"The execution operation has been mischaracterized for political purposes," said Sadiq al-Rikabi, an adviser to Prime Minister Nuri Kamal al-Maliki, who was present at the execution. Mr. Rikabi asserted that it had been carried out properly. "What has happened is not an insult or degradation," he said.

But even as Mr. Maliki's government tried to defend its actions, the United States military, which had held Mr. Hussein in custody until it transferred him to Iraqi authorities about an hour before he was hanged, sought to distance itself from any responsibility for the scenes revealed in the video.

"You know, if you're asking me, 'Would we have done things differently,' yes, we would have," said Maj. Gen. William B. Caldwell IV, an American military spokesman in Baghdad, at a news briefing on Wednesday.

"But that's not our decision," he added. "That's an Iraqi government decision."

The reaction from the American military seemed to widen a rift that has been opening recently between the Shiite-led government of Mr. Maliki and its American supporters on a range of issues. They include the government's tolerance of militias, the recent discovery of the unofficial presence of Iranian military officers in Baghdad and the swiftness with which the Iraqis put Mr. Hussein to death after his appeals had been exhausted.

Mr. Maliki's office confirmed Wednesday that until Mr. Hussein's final hours, the American Embassy had sought to delay the execution long enough to avoid having it on a Muslim holiday and to resolve some remaining legal issues.

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"The Americans wanted to postpone it," said Maryam al-Rayas, a legal adviser to the prime minister. The decision to go ahead, Ms. Rayas said, was "a victory for the Iraqi government."

The prime minister had decided that beginning the new year with Mr. Hussein dead trumped all other considerations, including the advice of the embassy, said Ms. Rayas, who also characterized the time frame as reasonable.

"There was no rush," she said.

The Iraqi government's detention of one of the guards generated some skepticism, with some Iraqi officials suggesting that Iraq was seeking a low-level scapegoat to blame for the almost Gothic display of intimidation and death that the images depict.

Mr. Rikabi refused to name or otherwise characterize the guard who had been arrested other than to say that he was being held in Baghdad after an investigation had determined that he had shot the video with a cellphone camera.

But Munkith al-Faroun, who was the prosecutor at Mr. Hussein's trial and was present at the execution, has said publicly that 2 of the 14 Iraqi officials and court representatives flown in by American helicopters to witness it were openly videotaping the event with cellphones.

When asked about Mr. Faroun's statements, Mr. Rikabi said, "I do not have this information."

On Wednesday, The New York Times erroneously quoted Mr. Faroun as saying that one of the officials he had seen holding up a cellphone during the execution was Mowaffak al-Rubaie, Mr. Maliki's national security adviser. Mr. Rubaie, in a telephone interview from London, said that along with all the Iraqi officials who were flown to the execution block by American helicopter, he had been searched at the Green Zone helipad and that his cellphone and even his keys were taken from him.

"I did not have a cellphone in the execution chamber," he said.

But, further undermining the assertion that only a single guard had videotaped the execution, Mr. Rubaie said he had seen "two or three" others in the official contingent who did have cellphones. He suggested that they might have been among officials who arrived at Camp Justice, the American camp in northern Baghdad where the hanging took place, by car.

The failure to call more senior officials to account raised suspicions among some Iraqis. "They want to blame it on a guard," one senior Iraqi official said.

Mr. Rubaie told CNN that there could have been as many as two others in the guard contingent who were associated with that scheme.

In the wake of the video's release, there were continuing condemnations of the way justice was meted out to Mr. Hussein after he lost his case in a court specially set up to judge crimes committed during his rule. On Wednesday, the United Nations high commissioner for human rights, Louise Arbour, renewed a previous call for restraint in carrying out the executions of two of Mr. Hussein's co-defendants who were also sentenced to death.

The manner of Mr. Hussein's execution appeared to give a boost to the remnants of his outlawed Baath Party. In the town of Huwaish, north of Baghdad, hundreds of people led by gunmen calling themselves the "mujahedeen of the Baath Party" marched in protest, and in the once prosperous Baghdad neighborhood of Monsour, a large black banner proclaimed that Mr. Hussein's death would set off fighting against "the Americans and their followers."

The banner was signed, in nicely printed lettering, "Baath Party."

At the same time, one of Mr. Hussein's most ruthless enforcers, Izzat Ibrahim al-Douri, who has eluded his American pursuers for nearly four years, was named the Baath Party leader on one of its Web sites. Although the claim could not be independently verified, Mr. Douri has long been considered a leader of the Baathist insurgency.

Asked repeatedly to describe how the American military would have carried out the execution differently, General Caldwell declined to elaborate, saying that the question was hypothetical, since the Iraqis were in control once they received custody of Mr. Hussein outside the execution block.

"It was not our decision as to what occurred at that point, but we would have done it differently," General Caldwell said.

Still, Mr. Rikabi, the prime minister's political adviser, said that the government rejected all criticism of the execution, including the point at which one of the guards shouted, "Moktada! Moktada! Moktada!" as Mr. Hussein stood on the trapdoor of the gallows — a reference to Moktada al-Sadr, the radical Shiite cleric who leads the militia called the Mahdi Army.

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The exclamation came at the end of a standard Muslim prayer that both the guards and Mr. Hussein were saying aloud, Mr. Rikabi said. But the guards were from the Shiite south, where Mr. Sadr is popular, and the prayer there typically ends with the reference to him, Mr. Rikabi said.

"If you go to any mosque in Karbala or Najaf you will hear them shouting like that," he said. "This is their habit."

Seemingly contradicting his own government, Mr. Rubaie said he was ashamed of what had happened during the execution, which he described as "unacceptable" and "disgusting."

"It is not professional, it's the wrong thing to do, and it should not have happened," he said. "But it shouldn't divert the mind of the people from the crimes that Saddam has been condemned to death for."

Guard Accused Of Recording Hanging (USAT)

By James Palmer

USA Today, January 4, 2007

BAGHDAD — The person suspected of illicitly recording Saddam Hussein's execution was arrested Wednesday, an adviser to Iraq's prime minister said.

Mariam al-Rayes, a Shiite lawmaker with close ties to Prime Minister Nouri al-Maliki's office, said a security guard had been arrested and accused of shooting video at the execution at dawn Saturday. The guard was not identified.

The clandestine footage, which was widely available around the world, showed an unruly scene in which the former Iraqi dictator was taunted and cursed in the moments before his death. The video sparked protests among Saddam's fellow Sunni Arabs and some international condemnation.

Britain's Deputy Prime Minister John Prescott described the manner of Saddam's hanging as "deplorable" and the leaking of the mobile phone recoding as "totally unacceptable."

MORE: U.N. chief appeals to Iraqi president

Al-Rayes called the recording and subsequent replay by Iraqi TV stations "an act by those working against the Iraqi government." She said the government had appointed a three-man commission to determine who shouted taunts at Saddam as he stood on the gallows.

There were conflicting reports about how many people have been targeted in the government investigation into the execution.

"The investigation has already had an arrest warrant against one person and two to follow," Iraqi national security adviser Mouwafak al-Rubaie told CNN. He said the guard force at the execution was infiltrated by an Arab television station or another outsider.

The United States distanced itself from the way in which Saddam, who was convicted for the killings of 148 Shiites in 1982, was executed.

"We had absolutely nothing to do with the facility where the execution took place," said Maj. Gen. William Caldwell, a U.S. military spokesman. "We did not dictate any requirements."

Caldwell said the United States would have handled the execution differently. "That was not our decision. That was the government of Iraq's decision. This is a sovereign nation, and they're going to learn from each thing they do," he said.

Caldwell said the military had no alternative but to release Saddam into the custody of the Iraqi government once his final appeal of the death sentence was denied. He said Saddam had been courteous to his American captors and thanked the guards and medical personnel who had cared for him.

The official video of the hanging, which never showed Saddam's actual death, was muted and gave the impression of a dignified execution.

The illicit video, apparently shot on a cellphone camera, showed Shiite officials mocking Saddam. The video inflamed sectarian passions in a country already on the brink of civil war.

Some of the last words Saddam heard, according to the video, were a chant of "Muqtada, Muqtada, Muqtada," a reference to Muqtada al-Sadr, the radical anti-American Shiite cleric whose Mahdi Army militia is believed responsible for killings that have targeted Sunnis and driven many from their homes.

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In other Iraq news:

U.S. troops detained 23 people suspected of having ties to senior al-Qaeda leaders during raids in western Iraq, the military said. The raids took place in Ramadi, the capital of Iraq's volatile western Anbar province.

Four Americans and an Austrian abducted in November in southern Iraq spoke briefly and appeared uninjured in a video believed to have been recorded nearly two weeks ago and delivered Wednesday to the Associated Press.

U.S. Voices Misgivings On Execution (WT)

By David R. Sands And Betsy Pisik

The Washington Times, January 4, 2007

Senior U.S. officials yesterday expressed unease with the Iraq government's handling of the execution of Saddam Hussein, as officials in Baghdad made final preparations to hang two of the former dictator's closest aides.

State Department spokesman Sean McCormack said U.S. officials raised concerns last week about the timing of Saturday's execution, held on the first day of a major Sunni Muslim holiday, and whether it conformed to Iraq's own legal processes.

In Baghdad, Maj. Gen. William B. Caldwell, spokesman for the U.S. military, also questioned the raucous final moments of Saddam's execution. An unauthorized cell-phone camera recording, widely shown on Arab-language television, shows Saddam being heckled and insulted by Shi'ite Muslims in the crowd as the noose is being placed around his neck.

"If you are asking me, 'Would we have done things differently?' -- yes, we would have," Gen. Caldwell said in a briefing. "But that's not our decision. That's the decision of Iraq's government."

Iraqi authorities reported the arrests yesterday of two guards and an official who supervised Saddam's hanging and said the guard force was infiltrated by outsiders who taunted the former leader and shot the video showing his body dangling at the end of a rope.

Iraqi officials also said they plan to proceed as early as today with the execution of two of Saddam's closest aides and co-defendants -- former intelligence chief Barzan Ibrahim, Saddam's half brother, and Awad Hamed al-Bandar, former chief justice of the Revolutionary Court.

The two were originally sentenced to die alongside Saddam for their role in the 1982 killings of 148 Shi'ite Muslims after a failed assassination attempt against Saddam, but their execution was delayed so Saddam could be "executed on a special day," said Moffawak al-Rubaie, Iraqi Prime Minister Nouri al-Maliki's national security adviser.

Both Gen. Caldwell and Mr. McCormack said no U.S. officials were present at Saddam's hanging or had any say on Saddam's treatment after he was transferred to Iraqi control shortly before his death.

Gen. Caldwell said Saddam thanked his American jailers for the way they treated him as they sent him to his death.

"Saddam ... was dignified, as always, he was courteous as he always had been to his U.S. military police guards," he told reporters in Baghdad.

Mr. McCormack noted that the al-Maliki government has expressed unhappiness with the manner in which the execution was carried out, ordering an investigation to determine who shot the cell-phone video that was quickly leaked to the press.

"It wasn't supposed to have happened, but it happened and the Iraqi government is launching an investigation into it," the State Department spokesman said.

Sunni Muslims have staged protests in the wake of Saddam's death, but Gen. Caldwell said there has been no spike in violence since the hanging, which occurred on the first day of a major Islamic religious holiday that ended yesterday.

In New York, U.N. officials stepped up their criticism of the Iraqi trials that produced the death sentences, appealing to Baghdad to postpone the executions of Saddam's two co-conspirators.

Louise Arbour, the world body's top human rights official, and Philip Alston, the U.N. special rapporteur on capital punishment, cited concerns about the conduct of Saddam's trial, the hasty appeals process and the unruly final moments of the dictator's life.

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Mr. Alston, a law professor at New York University, said, "The Iraqi government engaged in an unseemly and evidently politically motivated effort to expedite the execution by denying time for a meaningful appeal and by closing off every avenue to review the punishment."

Mrs. Arbour appealed directly to Iraqi President Jalal Talabani to block the planned executions, saying international law gave both condemned men the right to seek commutation of their sentences or to ask for a pardon.

White House spokesman Tony Snow said President Bush had not seen the footage of Saddam's execution. The president was far more focused on fashioning a new strategy for winning the war in Iraq, Mr. Snow said.

Both Mr. Snow and Mr. McCormack rejected criticisms of the Iraqi trial that led to Saturday's execution, saying Saddam was given a much fairer day in court than the vast number of Iraqis who died at the hands of his regime.

"At the end of the day, justice was served to Saddam Hussein," Mr. McCormack said.

Baghdad Downplays Saddam Recording (FT)

By Steve Negus

Financial Times, January 4, 2007

The Iraqi government distanced itself on Wednesday from the scandal surrounding the recording of Saddam Hussein's execution as reports that two other members of his regime would shortly face the gallows looked set to inflame violence.

Mowaffak al-Rubaie, Iraq's national security adviser, who was an official observer at the hanging, disavowed the behaviour in the execution chamber, where the former dictator was captured on grainy mobile phone images being taunted by masked executioners. He told CNN that the execution was "not a sectarian lynching" but that some of the behaviour in the execution chamber had been "unacceptable".

The Dubai-based Al Arabiya satellite network and al-Furat TV, run by one of the country's main Shia Islamist political movements, both broadcast that Barzan Ibrahim, Saddam's half-brother and former intelligence chief, and Awad Hamed al-Bandar, the former chief justice of the Revolutionary Court, would be put to death on Thursday.

Mr Ibrahim and Mr Bandar were convicted alongside Saddam on November 5 on charges related to the campaign of reprisals ordered against the village of Dujail, where the deposed president suffered a 1982 assassination attempt.

New executions could ignite sectarian tensions heightened by the manner in which Saddam's execution was carried out. A recording of the hanging that has circulated widely both inside and outside Iraq shows at least one of the guards chanting loudly a religious invocation associated with the radical Shia Sadrist movement.

Officials quoted by news agencies said the government had arrested the person who made the recording, although that could not be confirmed independently. Hameed Majeed, a prime ministerial media adviser, said that a guard had been arrested, while another person, quoted anonymously, said the arrested man was an "official".

The recording has become emblematic to many in Iraq of the degree to which radical Shia sentiment has penetrated the state.

The Bush administration waded into the controversy, revealing that it had "raised issues with respect to procedures and timing" of the hanging with the Iraqis.

Sean McCormack, a State Department spokesman, declined to give details but echoed Major General -William Caldwell, the US military spokesman in Baghdad, who said the US "would have done things differently". Officials stressed, however, that justice had been done and that what happened in the last two minutes of Saddam's life should not be compared to the crimes he committed over many years.

Guard At Hanging Blamed For Covert Video Of Hussein (WP)

By Joshua Partlow

The Washington Post, January 4, 2007

BAGHDAD, Jan. 3 -- The Iraqi government's dismay over the unauthorized release of footage of Saddam Hussein's execution led to the arrest Wednesday of a security guard who used a cellphone camera to record the hanging, according to an adviser to Prime Minister Nouri al-Maliki.

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The prime minister's political adviser, Sadiq al-Rikabi, said Iraqi authorities are questioning the guard to see whether he acted independently or was working with others to undermine the government's desire to reveal only a brief portion of the execution. Rikabi would not identify the guard, who had not been charged, or say where he was being held.

The video, which spread widely on the Internet, shows an unruly spectacle in which an onlooker taunts Hussein by yelling, "Go to hell." Another voice is heard chanting, "Moqtada, Moqtada, Moqtada," in reference to Moqtada al-Sadr, the Shiite Muslim cleric who leads one of Iraq's most powerful militias.

The video outraged Sunni Muslim loyalists of Hussein and was condemned by some Western leaders, such as Britain's deputy prime minister, John Prescott, who called the images "unacceptable."

The release of the footage was "a mistake. It was not something proper or acceptable," Rikabi said. "This execution was not an open event, to have been seen by the people all over the world. This is an implementation of justice, and we needed just a small piece about the execution, just to show the people this is Saddam," he said.

Rikabi said cellphones and cameras were collected from witnesses after the execution to prevent such an incident.

The allegation that a security guard was responsible for the grisly unofficial video was contradicted by the deputy prosecutor in Hussein's trail, Munqith al-Faroun, an official witness to the execution. He said he watched two other official observers using their cellphones to record the execution, but no guards.

Faroun insisted that "it was those who accompanied us who took that video, and I'm responsible for what I say. Maybe one of the guards did it secretly, but there were two officials who were doing it openly."

U.S. officials have privately expressed frustration that Hussein was executed just four days after an appeals court upheld his death sentence and at the start of a Muslim holiday, Eid al-Adha.

"The ambassador and U.S. mission personnel did engage the government of Iraq on issues relating to procedures involved, and the timing of the execution given the upcoming holy days," said Lou Fintor, a U.S. Embassy spokesman in Baghdad. "While the government of Iraq gave consideration to U.S. concerns, all decisions made regarding the execution were Iraqi decisions based on their own considerations."

During a briefing for reporters in Baghdad on Wednesday, Maj. Gen. William B. Caldwell stressed that the United States was not responsible for how the execution was conducted.

"If you are asking me, 'Would we have done things differently?' Yes, we would have," Caldwell said. "But that's not our decision. That's the government of Iraq's decision."

In Washington, White House spokesman Tony Snow said attention should focus on Hussein's crimes. "There seems to be a lot of concern about the last two minutes of Saddam Hussein's life and less about the first 69 [years] in which he murdered hundreds of thousands of people," he said.

Calls for clemency continued Wednesday for two other former Iraqi officials sentenced to hang for their participation in the killings of 148 people from the village of Dujail in the 1980s.

U.N. High Commissioner for Human Rights Louise Arbour issued a statement saying she "directly appealed" to Iraqi President Jalal Talabani to stay the executions of Awad Haman Bander, the former chief justice of the Revolutionary Court, and Barzan Ibrahim, Hussein's half brother.

"The concerns that I expressed just days ago with respect to the fairness and impartiality of Saddam Hussein's trial apply also to these two defendants," Arbour said.

Rikabi said he did not know when the two would be executed. Another Maliki adviser, Mariam Rayis, said on al-Arabiya television that the executions would not take place Thursday but might occur after the holiday ends Saturday.

Meanwhile, a video appeared on the Internet on Wednesday that purports to show five Western security contractors -- four Americans and an Austrian -- who were kidnapped Nov. 16 when their convoy was ambushed in southern Iraq.

In the video, one of the hostages says, "I'm well, my friends are well. We've been treated well."

Fintor, the U.S. Embassy spokesman, said he was aware of reports of the video but declined to comment further. He said U.S. officials remain in contact with the families of the kidnapped contractors and continue to call for their release.

The U.S. military announced Wednesday that a soldier was killed Dec. 31 when a roadside bomb exploded near a patrol south of Baghdad. The soldier's name was not released pending notification of family members.

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The daily discovery of bodies continued Wednesday as Iraqi national police patrols found 35 corpses, 25 of them in Baghdad, according to Col. Khalaf Jalil of the Interior Ministry. A roadside bomb exploded in southwest Baghdad, killing a policeman and wounding two others, he said.

Special correspondents Saad al-Izzi and Waleed Saffar and other Washington Post staff in Iraq, and staff writer Peter Baker in Washington contributed to this report.

From Hussein, A Florid Farewell To The Iraqi People (NYT)

By Marc Santora and John F. Burns

The New York Times, January 4, 2007

BAGHDAD, Jan. 3 — The dictator sat alone in his cell, three years in American custody. His beard had gone gray, his sons were dead and the gallows were being readied.

Saddam Hussein in those final days turned to poetry, so often his source of solace in times of difficulty, inspired by his vision of himself as inseparably tied to those he led.

The poem, "Unbind It," is his rallying call to be sounded from the grave.

It is a mixture of defiance and reflection, but no remorse. No mention of the tens of thousands of lives he was responsible for taking. No expression of guilt or sadness or regret.

The poem, flush with florid phrases that were his trademark, begins with what sounds like a paean to the love between himself and his people, who were about to lose him.

Unbind your soul. It is my soul mate and you are my soul's beloved.

No house could have sheltered my heart as you have.

He moves quickly to more aggressive language. He refers to the foreigners who swept him from power and to the Iraqis who rose to rule here in his place.

The enemies forced strangers into our sea

And he who serves them will be made to weep.

Here we unveil our chests to the wolves

And will not tremble before the beast.

The verses were written by Mr. Hussein after he was sentenced to death and, according to his relatives, are believed to be his last written words.

A handwritten copy of the poem was passed along by the Iraqi authorities to his family in Tikrit, along with his final will and testament, according to Mr. Hussein's cousin Muayed Dhamin al-Hazza.

Mr. Hazza read the poem on the telephone, saying he hoped Mr. Hussein's farewell would underline the manner in which the execution was carried out.

Iraqi and American officials confirmed that a poem left among Mr. Hussein's belongings at the American military detention center was delivered to his family.

In the poem, Mr. Hussein praises those who continue to fight for the Iraqi nation and condemns the "wolves" who have brought ruin through their invasion. He portrays himself as a martyr.

His poetry, like his speeches at decisive moments of his dictatorship, was often obscure, highly alliterative and difficult, even for Arabic speakers, to comprehend fully.

At the height of his power, Iraqis brave enough to discuss the subject would shake their heads at his rambling speeches and convoluted verse. Some would suggest, with glances over their shoulders, that in his efforts to show himself as a scholar of Arab history and literature, he inadvertently revealed some of the darker recesses of his mind.

According to news reports, Mr. Hussein even made gifts of his poetry to his American captors.

Iraqis familiar with his style helped translate his death cell poem. Sections that would have been unintelligible in a literal translation have been interpreted loosely in an attempt to reveal the meaning Mr. Hussein intended.

He is most clear when talking about how he sees himself in light of his impending death.

I sacrifice my soul for you and for our nation

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Blood is cheap in hard times.

Mr. Hussein told his official biographer that he cared little what people thought of him when he was alive, but that he hoped to be revered as one of the giants of history — as a Nebuchadnezzar or Saladin — 500 years from now.

He ordered that one in every 10 bricks used in reconstructing the ancient palace at Babylon be stamped with his name or an eight-pointed star to symbolize the eight letters in his name in the Arabic alphabet.

For a man whose vanity was in proportion to his brutality, he appears, from the poem, to have seen himself as dying for a greater good. It was a theme he returned to repeatedly in the courtroom where he was condemned to death for crimes against humanity, telling the judges that he was speaking to history.

Many Iraqis viewed the thousands of portraits of Mr. Hussein erected around the country — in business suits, as warrior, as Arab sheik — as a sort of guidebook to his illusions about himself. Even as his secret police murdered tens of thousands, he sealed himself off with the conviction that he was widely loved.

One of his favorite books was "The Old Man and the Sea," but his style could not be mistaken for Hemingway. No short crisp sentences for Mr. Hussein.

While still in power, he wrote, at least in part, two romantic novels. "Zabibah and the King," which is set in a fanciful Arabia of long ago, tells of a lonely king who, while powerful, feels cut off from his liegemen. He encounters Zabibah and is entranced by her beauty and wisdom. But outsiders soon invade the kingdom, which is described as the cradle of civilization, and Zabibah is raped — on Jan. 17, a reference to the beginning of the Persian Gulf war of 1991.

When the book was released, Central Intelligence Agency analysts reportedly pored over it searching for clues into Mr. Hussein's mind.

But they could just as easily have turned to "The Old Man and the Sea," which Mr. Hussein had first read as a young man in a different prison: "A man can be destroyed not defeated."

In that spirit, he urges his followers to be fierce and noble, saying:

We never kneel or bend when attacking

But we even treat our enemy with honor.

Iraq Postpones Execution Of Saddam Aides (AFP)

By Sabah Jerges

AFP, January 4, 2007

Iraq postponed hanging two of Saddam Hussein's henchmen amid international pressure following the ousted dictator's bungled and much criticised hanging.

Meanwhile, two justice ministry guards are being held for questioning in connection with the secret filming of Saddam's final moments.

Barzan Ibrahim al-Tikriti, Saddam's half brother and former intelligence chief and Awad Ahmed al-Bandar, the head of the revolutionary court, were to have been hanged on Thursday after the end of the Eid al-Adha holiday.

But a senior official from Prime Minister Nuri al-Maliki's office, speaking on condition of anonymity, said the execution was postponed "due to international pressure."

Baha al-Araji, an influential Shiite lawmaker from radical cleric Moqtada al-Sadr's parliamentary bloc, said: "I am sure it will be done on Sunday."

On Wednesday, UN spokeswoman Michele Montas said United Nations Secretary-General Ban Ki-moon was opposed to the death penalty.

"The Secretary General strongly believes in the wisdom of Article 3 of the Universal Declaration of Human Rights which states everyone has the right to life, liberty and security of person," she said.

"He fully endorses the call made today by (UN High Commissioner for Human Rights) Louise Arbour for restraint by the government of Iraq in the execution of the death sentences imposed by the Iraqi high tribunal," she added.

The US military has expressed concern over the manner in which Saddam was hanged, saying it would "have done things differently", and Britain has condemned the leaking of the video.

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On November 5, Saddam, Barzan and Bandar were found guilty of ordering the judicial murder 148 Shiite men and boys from the village Dujail in the 1980s, and sentenced to death for crimes against humanity.

Saddam's execution five days ago has angered members of Iraq's Sunni minority and triggered criticism from observers who felt he was humiliated minutes before put to death.

A top Iraqi official denied defended its conduct.

"Where was the humiliation? The shouting of the crowd?" demanded Iraq's National Security Advisor Mowaffaq al-Rubaie, who was present at the execution, during an interview on CNN.

A grisly unofficial video released after Saddam was hanged showed one of the members of the execution party shouting the name of radical Shiite cleric Moqtada al-Sadr, a bitter opponent of Saddam.

The two-and-half minute film shot on a mobile telephone camera has spread like wildfire on the Internet and triggered angry outbursts within the Sunni Arab community of Iraq and from international leaders.

One of those present at the execution could be heard shouting "Moqtada! Moqtada! Moqtada!" at a sneering Saddam, inspiring some observers to compare the execution to a sectarian lynching.

"Basically they were doing their congregational prayers and supplications, and they mentioned at the end of their supplication the name of Moqtada," Rubaie said.

"I can't see where is the humiliation, to be quite honest. Moqtada, Moqtada, Moqtada is not a dirty word, not an obscene word, they were not cursing."

Rubaie also explained why the executioners and Iraqi officials danced around Saddam's body after the hanging.

"This is the tradition of the Iraqis -- when they do something they dance around the body and they express their feelings," he said.

"What is wrong with that? If that upsets the feelings of some of the Arab nations and Arab rulers, I think: 'The best of luck to them'.

"To the best of my knowledge and belief after I left the scene I was proud of what had happened and it was played by the book, but when the video was released I saw some wrongdoing and this has to be addressed," he said.

Shiite deputy Sami al-Askari, who was also present at Saddam's execution, said two justice ministry guards had been held for questioning.

"Two guards who are employees of the justice ministry have been held, but there are no charges against them yet," he told AFP.

The Ugly Death Of Saddam Hussein (NYT)

The New York Times, January 4, 2007

Saddam Hussein deserves no one's pity. But as anyone who has seen the graphic cellphone video of his hanging can testify, his execution bore little resemblance to dispassionate, state-administered justice. The condemned dictator appeared to have been delivered from United States military custody into the hands of a Shiite lynch mob.

For the Bush administration, which insists it went to war in Iraq to implant democracy and justice, those globally viewed images were a shaming embarrassment. Unfortunately, all Americans will be blamed, while the Iraqi people are now likely to suffer still more. What should have been a symbolic passage out of Iraq's darkest era will instead fuel a grim new era of spiraling sectarian vengeance.

The ugly episode shows why Prime Minister Nuri Kamal al-Maliki is never likely to produce the national unity government that Washington keeps demanding and that Iraq so desperately needs.

Mr. Maliki is now scrambling to extricate himself from the public relations disaster. Yesterday, his office announced the arrest of a guard who allegedly took the unauthorized video. But the fundamental blame belongs to Mr. Maliki, who personally orchestrated the timing and circumstances of last Saturday's execution.

Mr. Maliki ignored pleas for delay from Washington and the legal niceties of Iraq's Constitution. He rushed to deliver Mr. Hussein's death as a holiday gift to his hard-line Shiite constituency, especially followers of the radical cleric and militia leader

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Moktada al-Sadr, who were allowed to chant abuse at the condemned dictator while he stood at the gallows with the noose around his neck.

Mr. Maliki's usual cheerleaders, President Bush and Britain's prime minister, Tony Blair, have distanced themselves from this repellent spectacle. Yet the Bush administration again finds that it has little credibility to lecture anyone on the basic dignity due to detainees. The Washington Post reported yesterday on an internal F.B.I. investigation that revealed a pattern of deliberate taunting of the religious beliefs of Muslim prisoners at Guantánamo.

As Mr. Bush prepares his latest plan for Iraq, he must face up to bleak realities. As of January, 2007, Iraq lacks an army capable of standing on its own. It lacks a justice system that puts the rule of law over political expediency, while its police force is dominated by sectarian militias and thugs. Most crucially, it lacks a government committed to protect the rights and personal safety of all Iraqis.

Most Americans, whatever their view of the war, understand that the rule of Saddam Hussein brought a murderous curse and untold suffering upon the Iraqi people. Mr. Hussein has now gone to his grave. But the outrageous manner of his killing, deliberately mimicking his own depraved methods, assures that his cruelty will outlive him.

The Voices On The Gallows (WP)

By Jim Hoagland

The Washington Post, January 4, 2007

This is a column I never expected to write.

I never expected to say that the Iraqis who put Saddam Hussein to death made the sadistic dictator look almost noble by their own depraved standards of behavior in that moment.

The mishandled execution carries a larger message that President Bush must absorb for the decisive address he plans to give on Iraq as early as next week: If Prime Minister Nouri al-Maliki and his aides cannot control a gallows chamber containing 20 people, how can they hope to manage a country that is disintegrating under the weight of religious and ethnic hatreds?

Was Maliki's office complicit in a grisly in-your-face payback by the prime minister's Dawa Party for Hussein's atrocities against its founders and Iraqis at large? Or -- and this could be worse -- did Maliki's people fail to foresee the consequences of their rush to rid themselves of this troublesome prisoner? Either way, the result is a sharp setback for a strategy that depends on national unity to underpin an orderly, secure U.S. exit from Iraq.

Iraqi national unity -- as conceived and manipulated by the Bush administration for its own ends -- has turned out to be fool's gold. (Unfortunately, I did expect to write that, and did so several times in the past year.) Bush now faces the prospect of an insurgent "government" declaring control over Anbar province and other Sunni-dominated areas in a matter of months -- with open support from Iraq's Arab neighbors -- if trends continue.

The urgent issues raised by Hussein's execution are political ones rather than judicial or moral ones. In a moral sense, there is no such thing as a dignified execution. So it is pointless to have wished for one for Saddam Hussein. The taking of a life, even one as despicable as his was, is a tragic moment.

But by turning the event into an occasion for settling 30-year-old scores, Hussein's executioners prevented it from being the chapter-ending event in Iraqi history that it should have been. They also inadvertently exposed the damaging inconsistencies of a U.S. policy that has repeatedly assumed that national unity encompassing Iraq's Shiite majority, its once-privileged Sunni minority and the Kurdish tribes of the north could be brought by Washington to the Iraqis, group by group.

While Washington sought to placate the Sunnis with political compromises and constitutional amendments that were either meaningless or beyond U.S. ability to deliver, the Sunnis responded with a "vote and fight" campaign to regain complete power.

Past American complicity with Hussein contributed to rising fears among Shiites of being abandoned again and to their own savage drive for revenge and protection through retaliatory atrocities. And as recently as November, senior U.S. officials visited Kurdistan to lecture the semi-independent Kurds on why they should be happy to surrender, for the sake of national unity, much of the prosperity and protection they have achieved. The Kurds smiled and promised nothing.

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The White House hoped to form a bloc of "moderate" Shiites and Kurds in an "80 percent solution" that would either encourage or force Maliki to renounce the political alliance his Dawa Party has with the radical cleric Moqtada al-Sadr. Instead of helping Maliki maintain Shiite unity and co-opt Sadr's forces into a political role, U.S. officials made clear that they would not rest until Sadr was destroyed.

That is one reason the outbursts praising Sadr at Hussein's hanging were so damaging. They demonstrated the continuing close links between Dawa and Sadr -- and the U.S. failure to change them in any meaningful way.

Bush now faces a far more radicalized situation than he did when he endorsed the national unity effort nearly a year ago. Announcing that he is putting an additional 30,000 U.S. troops into Iraq in pursuit of the same chimeras he has been chasing will not postpone disaster. He must instead set radical political goals.

"He should announce that the United States will turn over the Green Zone to the Iraqi government," an Iraqi friend -- who lives outside the U.S.-protected enclave that contains the U.S. Embassy and the homes and offices of Iraqi leaders -- said by telephone from Baghdad. "Our leaders meet there and say things are fine, protected from what their followers are doing to each other elsewhere. That might force them to get to work on the political settlement we need."

This symbolic proposal is meant to encourage the United States to step back from trying to impose an outside blueprint on Iraq's warring factions. Those factions must now find an internal balance on their own -- or watch their country quickly split into three warring entities.

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Saddam Should Have Been Studied, Not Executed (LAT)

By Richard Dawkins

The Los Angeles Times, January 4, 2007

THE OBVIOUS objections to the execution of Saddam Hussein are valid and well aired. His death will provoke violent strife between Sunni and Shiite Muslims, and between Iraqis in general and the American occupation forces. This was an opportunity to set a good example of civilized behavior in dealing with a barbarically uncivilized man. In any case, revenge is an ignoble motive. If President Bush and British Prime Minister Tony Blair are eventually put on trial for war crimes, I shall not be among those pressing for them to be hanged.

But I want to add another and less obvious objection: Hussein's mind would have been a unique resource for historical, political and psychological research, a resource that is now forever unavailable to scholars.

Imagine that some science-fiction equivalent of Simon Wiesenthal built a time machine, traveled back to 1945 and returned to the present with a manacled Adolf Hitler. What should we do with him? Execute him? No, a thousand times no. Historians squabbling over exactly what happened in the Third Reich and World War II would never forgive us for destroying the central witness to all the inside stories, and one of the pivotal influences on 20th century history. Psychologists, struggling to understand how an individual human being could be so evil and so devastatingly effective at persuading others to join him, would give their eyeteeth for such a rich research subject.

Kill Hitler? You would have to be mad to do so. Yet that is undoubtedly what we would have done if he hadn't killed himself in 1945. Hussein is not in the same league as Hitler, but, nevertheless, in a small way his execution represents a wanton and vandalistic destruction of important research data.

He should have been locked up, by all means. Kept him in jail for the rest of his life, to be sure. But to execute him was irresponsible. Hussein could have provided irreplaceable help to future historians of the Iran-Iraq war, of the invasion of Kuwait and of the subsequent era of sanctions culminating in the invasion. Uniquely privileged evidence on the American government's enthusiastic arming of Hussein in the 1980s is now snuffed out at the tug of a rope (no doubt to the relief of Donald Rumsfeld and other guilty parties; it is surely no accident that the trial of Hussein neglected those of his crimes that might — no, would — have implicated them).

Political scientists of the future, studying the processes by which unscrupulous leaders arise and take over national institutions, have now lost key evidence forever. But perhaps the most important research in which a living Saddam Hussein

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could have helped is psychological. Most people can't even come close to understanding how any man could be so cruel as Hitler or Hussein, or how such transparently evil monsters could secure sufficient support to take over an entire country.

What were the formative influences on these men? Was it something in their childhood that turned them bad? In their genes? In their testosterone levels? Could the danger have been nipped in the bud by an alert psychiatrist? How would Hitler or Hussein have responded to a different style of education? We don't have a clear answer to these questions. We need to do the research.

Are there lots of Husseins and lots of Hitlers in every society, with most ending up as football hooligans wrecking trains rather than dictators wrecking countries? If so, what singles out the minority that do come to power? Or were men such as these truly unusual? What can we do to prevent them gaining power in the future? Are there changes we could make to our political institutions that would make it harder for men of Hitler's or Hussein's psychological types to take them over?

These questions are not just academically fascinating but potentially of vital importance for our future. And they cannot be answered by prejudice or preconception or intuitive common sense. The only way to answer them is by research. It is in the nature of research on ruthless national dictators that the sample size is small. Wasn't the judicial destruction of one of the very few research subjects we had — and a prime specimen at that — an act of vandalism?

Richard Dawkins, An Evolutionary Biologist, Is A Professor At Oxford University.

Soldier Reaches Plea Deal In The Killing Of 3 Iraqis (NYT)

By Paul Von Zlielbauer

The New York Times, January 4, 2007

A soldier from the 101st Airborne Division is scheduled to plead guilty next Tuesday to a reduced charge for mercy killing in connection with the death of three unarmed Iraqi men shot by American infantrymen last spring, according to lawyers for other defendants in the case.

The terms of the plea arrangement will allow the soldier, Specialist Juston R. Graber, originally charged with capital murder, to be convicted of aggravated assault and to receive a nine-month prison sentence in exchange for his testifying against three other members of his squad, the lawyers said.

The three other soldiers, members of the same company as Specialist Graber in the division's Third Brigade, still face courts-martial on premeditated-murder charges, making them eligible for the death penalty or, barring that, life in prison. Army prosecutors have accused them of carrying out an impromptu plan, following a raid on a marshy island northwest of Baghdad, to kill the three Iraqis after cutting off their plastic handcuffs and forcing them to run, still blindfolded, from the squalid hut where they had been discovered.

The two soldiers accused of firing on the men as they fled — Specialist William B. Hunsaker and Pfc. Corey R. Clagett — have said they shot in self-defense after the three broke free from the thin "zip-tie" handcuffs and attacked them.

A third soldier, Staff Sgt. Raymond L. Girouard, the squad's ranking member, is accused of devising the plan to kill the men, then punching Private Clagett and cutting Specialist Hunsaker to give the appearance that they had been attacked.

None of these three defendants have entered a formal pea.

The guilty plea by Specialist Graber, to be entered before an Army judge at Fort Campbell, Ky., and his testimony against the other soldiers will make gaining their acquittal far more difficult than it would have been had all four kept a unified legal front, lawyers for the three others said.

"It changes the complexion of the entire case and makes the case much stronger against Clagett, Hunsaker and Girouard," said Paul Bergrin, a lawyer for Private Clagett who said he had not expected Specialist Graber to get "such an outstanding deal."

"It gives the government's case credibility and corroboration where they didn't have it before," Mr. Bergrin added. "It requires us to rethink our strategy."

Specialist Graber's two military lawyers, Capt. Shaun Lister and Capt. Will Suddeth, did not reply to e-mailed requests for comment or phone messages left with military officials at Fort Hood, Tex., where both are based. Their client's willingness to testify for the prosecution, though, was bitter news to the three other defendants.

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Michael Waddington, a lawyer for Specialist Hunsaker, said Specialist Graber's plea arrangement felt like a betrayal, "especially when we've been disclosing our strategy" to his lawyers for months. Specialist Graber's legal team had joined with Mr. Waddington, Mr. Bergrin and Capt. Ted Miller, a lawyer for Sergeant Girouard, in a collaborative pact known as a joint defense agreement, which lawyers often create if their clients face similar charges in the same incident.

Defense lawyers said Specialist Graber's plea was not particularly surprising, given the disparity between the evidence against him and the charges he had faced.

According to the evidence, Specialist Graber made a last-second decision to shoot the dying man after a squad medic declared him beyond help and, according to sworn statements from soldiers not charged in the case, after Sergeant Girouard said, "Put him out of his misery."

But Army prosecutors nonetheless charged Specialist Graber, 21, with premeditated murder, creating an enormous incentive, defense lawyers for the three other soldiers said, for him to plead guilty to a lesser charge that more closely fit the crime.

The first court-martial in the case will be Private Clagett's, scheduled to begin Jan. 15 at Fort Campbell, Mr. Bergrin said. Two other soldiers, Sgt. Leonel Lemus and Pfc. Bradley Mason, are expected to testify for the prosecution that they heard Sergeant Girouard conceive a plan to free the Iraqi men from their handcuffs and have Private Clagett and Specialist Hunsaker kill them.

But Mr. Bergrin said he would call a powerful witness of his own: Col. Michael Steele, the brigade commander, who, according to several soldiers' sworn testimony, told some soldiers to "kill all military-age males" they encountered during the raid, on May 9.

Colonel Steele's lawyer, Lt. Col. Raymond A. Jackson, said on Wednesday that Colonel Steele had never given such an order, a denial putting him at odds with several soldiers under his command.

The Army has granted Colonel Steele immunity to testify, Mr. Bergrin said, and once on the stand and under oath, "he's going to have to tell the truth."

Groups Large And Small Mark 3,000th U.S. Death (USAT)

By William M. Welch

USA Today, January 4, 2007

As the toll in Iraq passes 3,000 U.S. troop deaths, Americans are holding vigils and ceremonies to mark the grim milestone, honor the fallen and plead for an end to the war.

"Our slogan is, 'Yes to the troops, no to the war,' " says Chuck Fager, organizer of one vigil near Fort Bragg in North Carolina.

The small gathering Wednesday afternoon at a traffic circle in Fayetteville, near the home of the Army's 82nd Airborne Division, was one of several this week across the country.

Nancy Lessin of Military Families Speak Out, an organization of military family members, says more than 200 commemorations were using the start of the new year to renew their call for an end to the war.

"The best way to honor those that have died is to make sure no more die," Lessin says.

In Fayetteville, the names of all U.S. troops killed in Iraq were tape-recorded by volunteers to be played during the vigil. In Charleston, W.Va., a muted gong was being sounded 3,000 times at a vigil outside the Robert C. Byrd Courthouse. In Boston, protesters carrying candles and pictures of the 45 Massachusetts servicemembers who have been killed, greeted commuters at the Park Street subway station Tuesday evening.

In Trenton, N.J., a small group of demonstrators assembled Wednesday afternoon outside the Statehouse, where the names of 52 military members from the state who died in Iraq were read and a bell was rung in their honor. Other ceremonies over the past week marked the milestone in Chicago and Kansas City.

Anne Chay, an Andover, Mass., high school teacher whose 19-year-old son has been in Baghdad with the Army since July, spoke at the Boston protest and again Wednesday night in Andover. This was her son's first Christmas away from home.

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She described hearing a knock at the door in the night, fearing it could bring the message no mother wants to hear. She also voiced her feeling that the presence of U.S. troops was serving no good purpose.

"We don't appear to be welcome there," she said. "Hearing it firsthand from your son … it's just very discouraging.

Lessin, whose stepson has returned from Iraq with the Marines, says the change in control of Congress gives a new opportunity to press for an end to the war.

While the focus was on opponents of the war, other groups have gathered to demonstrate support for both the troops and the war.

Operation Support Our Troops held a candlelight vigil Christmas night outside Fort Lewis, Wash. Organizer Nadine Gulit, of Issaquah, Wash., whose three grandsons served in Iraq and Afghanistan, says she was saddened by the anti-war protests.

"The message that these protesters are sending to the kids is not what they need to hear," she says.

"The troops need to hear the positive, that the American people stand behind them, that they are not losing their lives in vain," Gulit says.

U.S. Military Deaths In Iraq Hit 3,005 (AP)

AP, January 3, 2007

As of Wednesday, Jan. 3, 2007, at least 3,005 members of the U.S. military have died since the beginning of the Iraq war in March 2003, according to an Associated Press count. The figure includes seven military civilians. At least 2,407 died as a result of hostile action, according to the military's numbers.

The AP count is 12 higher than the Defense Department's tally, last updated Wednesday at 10 a.m. EST.

The British military has reported 127 deaths; Italy, 33; Ukraine, 18; Poland, 18; Bulgaria, 13; Spain, 11; Denmark, six; El Salvador, five; Slovakia, four; Latvia, three; Estonia, Netherlands, Thailand, two each; and Australia, Hungary, Kazakhstan, Romania, one death each.

The count includes two deaths listed by the Department of Defense that could not be verified as Iraq-related casualties by the AP.

Since the start of U.S. military operations in Iraq, 22,565 U.S. service members have been wounded, according to a Defense Department tally.

Iraq's Woes Are Adding Major Risks To Childbirth (WP)

By Nancy Trejos

The Washington Post, January 4, 2007

BAGHDAD -- Noor Ibrahim lay shivering underneath two blankets on a bed at al-Jarrah Hospital. Steps away was a red plastic bassinet. It was empty.

A few doors down, her recently born son lay wrapped in a pink blanket. He was a chubby boy of nearly nine pounds with a big patch of black hair. His eyes were closed, his head cocked to the left, his mouth slightly open, his skin soft and pale.

The boy was not in a bassinet. He was in a cardboard box. He was not heading to his mother's room. He was heading to the morgue.

"Fresh death," Ibrahim's obstetrician said as she reached into the box and lifted the boy's limp right arm, still covered in blood and amniotic fluid.

Giving birth is painful enough as it is. In war-torn Iraq, it's also becoming more dangerous.

Spontaneous road closures, curfews and gun battles make even getting to the hospital a challenge for expectant mothers. Once they arrive, the women have no guarantee that they will receive adequate health care from a qualified physician.

"It's spiraling downward. It's getting worse each day," said Annees Sadik, an anesthesiologist at al-Jarrah.

Iraq once had a premier health-care system. But the trade embargo of the 1990s and now the exodus of medical professionals have made it no better than a third-world system, doctors say. Hospitals lack the equipment, drugs and medical expertise to make labor easier or to handle complications.

Women are forgoing prenatal visits to doctors as a result. Fearful of going into labor during the nighttime curfew, they are having elective Caesarean sections. Others are relying on midwives in their neighborhoods.

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Doctors, especially women, have been targeted by unknown groups for kidnapping and murder. The kidnappers often appear to be motivated by money, seizing professionals because they are among the wealthiest people in Iraq. But many Iraqis also say that insurgents are waging a campaign to eliminate the people with the skills most needed to rebuild Iraq.

As is often the case in Iraq, where bombs usually kill civilians rather than their intended targets, the death of Ibrahim's son was a matter of bad timing. Her mother-in-law, Amira Saeed, told their story as Ibrahim recovered at al-Jarrah. Ibrahim would later confirm the details.

Ibrahim felt labor pains at 9 p.m. Dec. 23 at her home in Madain, a town 15 miles south of Baghdad that has become a flash point for tension between Sunni and Shiite Muslims. Few ambulance crews are willing to pick up patients at night for fear of encountering death squads, militias or rogue police officers. Few doctors are willing to work at hospitals at that time for fear of kidnapping.

Ibrahim decided to bear the pain until morning rather than drive in the dark. At 3 a.m., her water broke. It was still too dark to go out. Once the sun rose, she, her husband and her mother-in-law drove to the public hospital in Madain.

When they arrived, there was no obstetrician and no anesthesiologist, Saeed recalled. A surgeon had just been kidnapped and the doctors refused to go to work. That left the nurses to deliver Ibrahim's baby.

For several hours, Ibrahim pushed. But her baby was big and she got tired. The nurses used forceps to try to pull him out. When that didn't work, they told her to go to another hospital, Saeed said.

The family decided to go to al-Jarrah, a private hospital in the Karrada district of Baghdad. The ambulance driver refused to take them into the capital, even after they offered to pay him, Saeed said.

Ibrahim, her husband and Saeed got back into their own car. They drove for 30 minutes, past several checkpoints, as Ibrahim's baby struggled to break free from her pelvis.An Exodus of Doctors

One of al-Jarrah's most experienced obstetricians carries a pistol to work.

She has received three death threats. Her ultrasound machine has been stolen. She agreed to speak to a reporter only if her name were not used because, she said, she feared for her life.

"I came here to serve my people," said the Iraqi-born and London-educated doctor, who wears a purple hijab, or head covering, and green scrubs when delivering babies.

According to a December 2006 report by the Washington-based Brookings Institution, 34,000 physicians were registered in Iraq before the 2003 U.S.-led invasion. Since then, about 12,000 have fled and 2,000 have been killed, it said.

At al-Jarrah, two doctors have been kidnapped and killed. Two were kidnapped and released. Three have left Baghdad. Thirteen remain on staff.

"It's a campaign to drain the country," said Aviad Najeed, a surgeon at al-Jarrah. "A very, very well-organized one. We don't know who's behind it."

Sitting in their lounge, a windowless room with lockers and leather chairs, four doctors at al-Jarrah talked about the hope they had after the invasion. They recalled buying oranges and flowers to greet U.S. troops. They thought the Americans would bring the best technology and medicines.

The Iraqi health-care system was once considered one of the best in the Middle East, with the most up-to-date equipment and well-educated doctors. Iraqis could get basic health care free, and each town had at least one hospital. That changed when the U.N. Security Council imposed an embargo after Iraq invaded Kuwait, leading to the 1991 Persian Gulf War.

Medical instruments and drugs used to be shipped from Germany, France, Japan and Switzerland. Now, hospitals buy cheaper supplies from Egypt, Jordan and India, the doctors said.

At al-Jarrah, staff members do not have fetal monitors, so they use a trumpetlike device held over the womb, the doctors said. The delivery room has a chair with rusted metal footrests and an examining table with a hole in the leather cushion.

The hospital has three ultrasound machines, but no one to operate them at night because administrators cannot find a qualified person to stay at the hospital during the curfew.

And when the hospital runs out of blood, which it often does, staff members have to go to Baghdad's central blood bank, located in a neighborhood with frequent shootings, too dangerous for even an ambulance to reach. What do they do when they need blood at night? "We hope for sunrise," said Sadik, the anesthesiologist.

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Many private hospitals have closed, and the public hospitals are overwhelmed by victims of the many car bombings and mortar attacks that happen across the city each day, the doctors said.

"I don't know why this is happening," said Najeed, a former military doctor who wore a gray suit and speaks perfect English. "Is this a punishment?"'They Killed Her Baby'

Ibrahim arrived at al-Jarrah on the afternoon of Dec. 24. She was in shock with a ruptured uterus and tears in her vagina.

The obstetrician performed an emergency Caesarean section. It was too late to save the baby. Now, the doctor had to concentrate on the mother.

The baby, the obstetrician said, died because the forceps had crushed his head. Ibrahim lived but might never be able to have another child.

"Look at this disaster," the obstetrician said as she lifted the baby's head, the top of which was slightly caved in. On the right side of his forehead was a spot of blood and a dark purple bruise.

"They killed her baby," the obstetrician said. Then she wrapped him in the pink blanket and sealed the box.

Women are increasingly asking doctors to schedule elective Caesarean sections to avoid experiences such as Ibrahim's, obstetricians said.

At al-Hayat Hospital in Baghdad, doctors used to perform 160 vaginal deliveries a week, said Maysoon Abbas, an obstetrician. As of Dec. 29, they had done 59 during the entire month.

Patients increasingly plead with her to let them have Caesareans before 5 p.m. because they don't want to drive to the hospital at night.

During curfew, ambulance drivers and even police officers sometimes charge women for rides to the hospital, or refuse to take their husbands out of fear that they are suicide bombers, doctors said.

"It's a tragedy," Abbas said. "It is a tragedy."

Unable or unwilling to go to hospitals, many women are receiving inadequate prenatal care, which is contributing to birth defects, doctors said. Al-Jarrah's obstetrician said she used to see one baby a week with congenital abnormalities. Now she sees five or six.

Many women are opting to go to neighborhood midwives when it is time to deliver.

Samira Najeeb, who delivers babies in a small room with pink walls next to her kitchen in her first-floor apartment in Karrada, insists that midwives are just as capable of delivering babies as doctors, despite having less formal training. Each year, she takes a one-month refresher course, she said.

Her mother was a midwife. Her sister is a midwife. Najeeb delivered her first baby when she was 12. Now 40, she keeps a handwritten record of the 350 or so babies she has delivered.

"When there's difficulty getting to the hospital, they come to me," she said. "Now work for me is better than before."A Mother's Painful Plea

In Ibrahim's room at al-Jarrah, 19 hours after their ordeal began, Saeed tended to her daughter-in-law. She had been wheeled out of surgery a few minutes earlier.

Ibrahim is 20 years old. She lost her father in the Iran-Iraq war when she was 2.

She lost her brother-in-law to a kidnapper four months ago.

Saeed did not want to tell her yet that she had lost her newborn son as well.

After her father died, Ibrahim went to live with her aunt because her mother had too many children to care for. She did not go to high school or college and has never worked at a job, Saeed said. All Ibrahim ever wanted was to be a wife and a mother.

At age 16, she had her first son.

Saeed recalled that her own son, 26, Ibrahim's husband and the owner of an auto parts store, was reluctant to have a second child. Shootouts happen in broad daylight in their neighborhood. Mortar shells destroy homes. But Ibrahim was insistent. She was going to name her new son after her murdered brother-in-law.

Ibrahim moved in and out of consciousness as she recovered. Her lips quivered. She coughed. She told Saeed she was cold.

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Saeed, a short, plump woman, took off her abaya and placed it on top of Ibrahim's blankets. "By the name of God, save her," she said, patting Ibrahim's curly, dark brown hair.

"Why am I here? Why am I feeling cold?" Ibrahim asked.

Saeed found a purple bathrobe and placed it on top of Ibrahim.

"My stomach hurts me," Ibrahim said.

She grew more agitated.

"What's wrong with my son?" she asked Saeed.

"Nothing is wrong with him," Saeed answered.

"Did he die?" Ibrahim asked.

"No, he didn't die. He's in the baby's room. He's very tired," Saeed said.

"I want to warm him up," Ibrahim said. "Please keep him warm."

Pentagon Helping Restart Iraqi Factories (AP)

By Pauline Jelinek

AP, January 3, 2007

WASHINGTON — As President Bush ponders how to salvage the Iraq military campaign, business minds at the Pentagon are moving ahead with a part of the equation _ fighting Iraq's unemployment and trying to boost its economy.

Under a new program, the Defense Department is already helping reopen factories that were owned by Saddam Hussein's government and abandoned by occupation authorities shortly after the 2003 U.S.-led invasion. The Pentagon may also start providing them with contracts to support U.S. troops.

One factory restarted operations in the last two weeks, and nine more are to open by the end of this month, adding some 11,000 Iraqis to employment rolls, a Pentagon official said Wednesday. The official spoke on condition of anonymity because the information had not been released yet.

Pentagon officials declined to identify the facilities for fear they or their employees could be attacked amid the country's increasing violence.

Reopening factories that produced everything from cement to buses for Saddam's regime is among the ideas that have been discussed by Bush as he struggles to find the way forward in Iraq after nearly four years of war.

Bush is expected to announce a new Iraq strategy next week. He is widely expected to say he wants to send additional U.S. troops there.

Military commanders have long seen employment as one of the keys to slowing the violence. The idea of restarting factories differs from some previous reconstruction efforts that have had limited success in that it's aimed at providing long-term employment for factory workers as opposed to short-term jobs that came with individual rebuilding projects.

The Pentagon formed a task force six months ago that has identified some 200 factories _ producers of textiles, industrial equipment and other goods _ that could be restarted.

Paul Brinkley, deputy undersecretary of defense in charge of business modernization efforts, said in a recent interview that putting idle Iraqis back to work should help calm violence because it will leave fewer disgruntled men willing to plant bombs or commit other crimes for money.

"I believe there's an indisputable correlation between peoples' livelihoods ... and unrest, civil unrest, social unrest," he said.

Iraqi unemployment is thought to be from 20 percent to 60 percent, with inflation above 50 percent. More than 1.5 million Iraqis, mostly professionals, are believed to have fled abroad, according to the U.N. and the bipartisan Iraq Study Group, which recommended a new Iraq strategy to Bush last month.

Officials hope the factory reopenings will be the first wave in a series of restarts that will stretch throughout the next year to restore jobs lost after the 2003 invasion. At that time, occupation officials of the U.S.-led Coalition Provisional Authority decided to do nothing with the government facilities, hoping they would quickly be taken over by the private sector.

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Privatization of the businesses never happened as violence gripped the country and disrupted the economy. But if the factories start producing and become well-functioning enterprises, that could be a step toward any privatization effort the new officials may decide upon.

Under the new program, private as well as government factories would be restarted. The American military expects to be among the customers for some of the restarted operations.

"We buy a lot of items, all kinds of items," such as cement and furniture, Brinkley said. "We import a portion of that. But if there are Iraqis who make things that we can buy, it just makes lots of good sense to buy it from Iraqis ... to stimulate the economy, build good will."

The U.S. military is spending more than $100 billion annually for the war. Brinkley said he hopes to spark the Iraqi economy by funneling some of it to newly restarted factories.

While the average worker in American supports four people, the average Iraqi workers supports 13, Brinkley said.

"For every Iraqi you put back to work, it has a huge cascading effect," he said.

5 Abducted In Iraq In November Appear Unhurt On Videotape (NYT/AP)

Associated Press

The New York Times, January 4, 2007

BAGHDAD, Jan. 3 (AP) — Four Americans and an Austrian abducted in November in southern Iraq spoke briefly and appeared uninjured in a video believed to have been recorded nearly two weeks ago and delivered Wednesday to The Associated Press.

The men — security contractors for the Crescent Security Group based in Kuwait — appeared separately on the edited video. Three of them said they were being treated well. They were kidnapped Nov. 16 when suspected militiamen in Iraqi police uniforms ambushed a convoy of trucks being escorted by Crescent Security on a highway near the southern border city of Safwan.

“My name is John R. Young,” one captive in a blue-and-white sweat-suit said in the video. “I’m 44 years old. I’m from Kansas City, Mo. The date is 21 December, 2006. I’m well, my friends are well, we’ve been treated well.”

Another man identified himself as Jon Cote of Buffalo, N.Y. Fidgeting and appearing uncomfortable, he said: “I can’t be released until the prisoners from the American jails and the British jails are released.”

The captives were dressed in civilian clothes and spoke in flat, impassive tones. Some had their hands folded in their laps.

A United States Embassy spokesman, Lou Fintor, said that embassy officials were aware that a second tape of the captives was circulating but declined to comment further.

Another video of the captives surfaced last week and was reported by McClatchy Newspapers. It was believed to have been recorded two weeks after the men were kidnapped. The kidnappers were not seen or heard in the video that surfaced Wednesday, which lasted one minute and 40 seconds and was stamped with the dates Dec. 21 and Dec. 22, 2006. It began with an image of a Koran and a map of Iraq over a green background, changing to a title that read, “The National Islamic Resistance in Iraq. The Furkan Brigades. The captivity operation was done in the Safwan district in Basra.”

Safwan is a Sunni Arab city in a predominantly Shiite area. It was unclear whether the kidnappers were holding the contractors to put political pressure on the American-led occupation forces and the Iraqi government, or were seeking a ransom.

Four of the captives were seen sitting alone and cross-legged on a carpet, with black fabric hanging behind them. The video showed only the upper body of the fifth man, who identified himself as Paul Johnson Reuben of Buffalo, Minn., which is near Minneapolis. Mr. Reuben said that the date was Dec. 22, 2006 and that he wanted his family to know he was being treated well. Another man with a beard and a mustache identified himself as Bert Nussbaumer, an Austrian citizen.

Another captive identified himself as Josh Munz, 23, of Redding, Calif.

“I joined the Marine Corps in 2001, and I got out in 2005,” Mr. Munz says. “After I got out of the Marine Corps, I went to work in the construction business, building swimming pools. After that, in July of 2006, I started working for Crescent Security out of Kuwait, and I don’t know how long I’ve been here doing this, but today is December 21, 2006.”

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Mr. Reuben's mother, Johnnie, was happy to hear that her son apparently recorded another video on Dec. 22. "That's recent, that's more recent. That makes me more hopeful," she said Wednesday.

In Vienna, Austria's Foreign Ministry said it was trying to get a copy of the video to confirm its authenticity, said a spokeswoman, Astrid Harz. Ms. Harz said the parents of Mr. Nussbaumer, 25, had been informed about the existence of the video. The audiotape that surfaced last week, containing a statement from Mr. Nussbaumer, appeared to be authentic, the Foreign Ministry said.

NATO Vows To Reduce Afghan Civilian Deaths (WP/AP)

By Jason Straziuso

The Washington Post, January 4, 2007

KABUL, Jan. 3 -- NATO officials said Wednesday that the organization's forces had killed too many Afghan civilians during fighting last year against a resurgent Taliban movement and would work to change that in 2007.

The acknowledgment came one day after President Hamid Karzai's latest plea for foreign forces to use maximum caution following the deaths of two civilians, reportedly involving NATO troops.

"The single thing that we have done wrong, and we are striving extremely hard to improve on, is killing innocent civilians," Brig. Richard E. Nugee, chief spokesman for NATO's International Security Assistance Force, said at a news conference.

Nugee said the alliance has been reviewing measures to reduce the number of civilian casualties, but he did not elaborate.

NATO forces were accused of killing dozens of civilians in airstrikes, battles and other engagements last year, prompting Karzai to issue several pleas for international forces to use greater caution in their operations.

Still, Nugee said, NATO forces had killed far fewer civilians than the Taliban had.

"There is absolutely no comparison to be made," he said. "The Taliban are killing significant numbers of their own people and showing no remorse at all."

Insurgents launched 117 suicide attacks in 2006, about a sixfold increase over 2005, killing 206 Afghan civilians, 54 Afghan security personnel and 18 NATO soldiers, according to NATO.

Karzai, in a statement Tuesday, expressed "deep regret" over the deaths of two civilians in Nangahar province a few days earlier. The Afghan Interior Ministry had said foreign troops were involved, although a NATO spokesman, Maj. Dominic Whyte, said no NATO or U.S.-led coalition soldiers were responsible.

NATO airstrikes in the Panjwayi district of southern Kandahar province in October reportedly killed dozens of civilians, including 20 members of one family, according to Afghan authorities. A joint Afghan-NATO investigation into the incident has never been released. The New York Times has reported that the investigation found 31 civilians were killed.

DOJ:

GTSI Wins $42M Justice Department Contract (WASHBIZ)

Washington Business Journal, January 4, 2007

Less than a month after winning an IT modernization contract from the Federal Aviation Administration worth as much as $63 million, GTSI has landed a $42 million contract from the Department of Justice.

GTSI says the contract calls for workstation, desktop and laptop computers as part of the Justice Department's efforts to standardize interoperability among its various offices, bureaus and divisions. GTSI is the sole recipient of the three year contract.

GTSI, which resells computer equipment and provides IT services, will work with computer maker Hewlett Packard for the Justice Department contract.

GTSI had been facing a Jan. 9 deadline to file its second and third quarter 2006 financial reports, along with restatements of 2003, 2004, 2005 and first quarter 2006 financial results. It filed its financial reports on Dec. 22, removing the risk of a Nasdaq delisting.

The company said in August it was restating financial results because of accounting errors related to lease sales agreements.

GTSI stock (NASDAQ: GTSI) was down 30 cents to $8.93 in Wednesday trading. Its shares have gained about 25 percent in the last year.

Justice Hardware Standardization Deal Goes To GTSI (GCN)

By Doug Beizer, Contributing Writer

Government Computer News, January 4, 2007

The Justice Department has signed a three-year, $42 million contract with GTSI Corp. to supply its various offices, bureaus and divisions with workstation, desktop and laptop solutions that promote standardization and interoperability.

Under a blanket purchase agreement, GTSI of Chantilly, Va., will furnish solutions and services, including imaging and integration, custom warranty and call support, asset management and reports, warehousing and managed logistics.

Among the solutions and services the company will provide are imaging and integration, custom warranty and call support, asset management and reports, warehousing and managed logistics. GTSI was the sole award winner of the contract.

The Justice Management Division, which is responsible for standardizing the department's IT infrastructure, awarded the contract to GTSI.

The company is teamed with Hewlett-Packard Co., Palo Alto, Calif., and Prism Pointe Technologies, Ridgeland, Miss., an IT services company. HP will serve as the primary hardware supplier on the deal.

Doug Beizer is a staff writer for Government Computer News' affiliate publication, Washington Technology.

$42M Justice Department BPA Goes To GTSI (FCW)

Federal Computer Week, January 4, 2007

The Justice Department has awarded GTSI a $42 million, three-year blanket purchase agreement to provide workstations, desktop and laptop computers, and equipment as part of DOJ's plan to unify the information technology among its offices, bureaus and divisions.

The BPA was awarded by Justice's Management Division, which is responsible for standardizing the department's IT infrastructure as called for by the Office of Management and Budget's strategic sourcing initiatives, GTSI said in an announcement today.

GTSI, a government IT solutions provider based in Chantilly, Va., has teamed with HP, the primary hardware supplier, and Prism Pointe Technologies, a global IT services company, to supply a full line of services, including imaging and integration, custom warranty and call support, asset management and reports, warehousing, and managed logistics.

"GTSI has a long-standing relationship with the DOJ to develop technology solutions that help the DOJ meet its mission of enforcing the law and defending the interests of the United States," said Tom Kennedy, vice president of civilian sales at GTSI, in a statement. "This BPA will enable the bureaus and divisions throughout DOJ to increase efficiencies inside their organization as well as work more effectively with other parts of DOJ."

DOJ's Management Division awarded the three-year blanket purchase agreement as part of the department's efforts to standardize its IT infrastructure.

CORPORATE SCANDALS:

Home Depot's CEO Resigns, And His Hefty Payout Raises Ire (WP)

By Ylan Q. Mui

The Washington Post, January 4, 2007

Robert L. Nardelli has abruptly resigned as chairman and chief executive of Home Depot, pocketing a lavish severance package and leaving shareholders with a stock that has languished even as sales have nearly doubled during his six-year tenure.

In a statement released yesterday, Home Depot's board of directors and Nardelli said they "mutually agreed" to the resignation, which took effect Tuesday. Under the terms of a separation agreement negotiated when he joined the company in

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2000, Nardelli, 58, is to receive about $210 million in cash and stock options, including a $20 million severance payment and retirement benefits of $32 million.

Frank Blake, 57, vice chairman and executive vice president, succeeds Nardelli as chairman and chief executive. Blake, like Nardelli, previously worked for General Electric and also was a former deputy secretary of the Energy Department.

Critics took aim yesterday at the size of Nardelli's payout, the latest in a string of extravagant executive bonuses and awards. Paul Hodgson, a senior research associate at the Corporate Library, an executive-compensation research firm, ranked the severance package among the largest he had ever seen, earning Nardelli a spot on his list of the 12 highest-paid chief executives of the worst-performing companies. Shareholder Evelyn Y. Davis called it "unbelievable." Incoming House Financial Services Committee Chairman Barney Frank (D-Mass.) criticized the package as a sign that executive pay had gotten "out of control."

"Mr. Nardelli's contribution to raising Home Depot's stock value consists of quitting and receiving hundreds of millions of dollars to do so," said Frank, who has vowed to study the issue of executive compensation this year.

The stock of the Atlanta home-improvement company closed yesterday at $41.07, up 91 cents, or 2.3 percent.

Nardelli has been subject to criticism since he took over the company in December 2000, promising to increase sales and profit and to centralize management in a chain once known for its freewheeling culture.

He has succeeded on many fronts, even as he fell short on others, and in recent years found himself defending his hefty salary. Revenue has nearly doubled, to $81.5 billion in 2005 from $45.7 billion in 2000, though that figure fell short of his goal of $100 billion. During that time, profit rose to $5.8 billion from $2.6 billion.

Nardelli replaced several top executives with former GE colleagues and implemented top-down management. At the same time, he expanded Home Depot's wholesale business to attract professional contractors. He also expanded the company outside the United States.

Yet Nardelli failed to have much effect on Home Depot's stock price, plagued by slowed store expansion, a cooling housing market and increased competition from rival Lowe's, several analysts said. On Dec. 4, 2000, the day before he was named chief executive, shares of the company closed at $40.75. On Friday, the last day of trading before Nardelli announced his resignation, the stock closed at $40.16. Last year, the stock's price ranged from a low of $32.85 to a high of $43.95, finishing down 0.8 percent.

"I think the financial results he delivered have been exceptional," said Stephanie Hoff, senior retail analyst at the investment firm Edward Jones. "The stock price just hasn't kept pace."

That has prompted some shareholders to question the size of Nardelli's compensation. Last year, he received more than $30 million in compensation and stock options. During his six years at the company, he earned about $125.57 million in annual salary, bonuses, stocks and other payments, according to Equilar, a compensation research firm in San Mateo, Calif.

At the company's annual shareholders meeting last spring, Nardelli was the only board member present. He did not give a speech and refused to answer questions, frustrating the 50 or so shareholders who showed up. Last month, activist shareholders Relational Investors sent a letter to Home Depot urging it reevaluate its strategy and the performance of the management team.

The company's board of directors at the time issued a statement saying it "unanimously supports" Nardelli. The about-face yesterday took many investors and industry experts by surprise.

"I think that there were numerous different public relations fiascos of 2006 that ultimately took its toll on Mr. Nardelli and the board," said Michael Cox, an analyst at the investment firm Piper Jaffray. "I think a fresh change is most likely good for the company right now."

Several analysts viewed Nardelli's replacement as an indication that Home Depot was not looking for a major overhaul, however. Hoff said she thought Blake would be more of a consensus-builder than Nardelli, who had a reputation for gruffness.

"This is not the board's response relative to the need for a strategic change in the company," Hoff said. "It's more about him."

Moving Out Behind Nardelli's Abrupt Exit (WSJ)

By Joann S. Lublin, Ann Zimmerman And Chad Terhune

DOJ_NMG_0112071

The Wall Street Journal, January 4, 2007

Last June, Home Depot Inc.'s board compensation committee decided to review the most contentious aspect of Chairman and Chief Executive Robert Nardelli's tenure: his pay package.

Mr. Nardelli submitted a one-page list of perks he was willing to drop, including personal use of the six corporate jets, according to one person involved in the matter. But he dug in his heels about his guaranteed $3 million annual bonus and his hefty supplemental pension arrangement.

CHANGE AT THE TOP

• The News: After negotiating with Home Depot's board, Robert Nardelli resigned as chairman and chief executive.

• The Background: Under his leadership, the retailer boosted sales, but his high pay and autocratic style drew criticism.

• What's Next: His successor, Frank Blake, must try to repair relations with shareholders. (See related article1)

"I know that things have to change," he said, according to a second person familiar with the situation.

Yesterday, Home Depot, the world's third-largest retailer by sales, announced a big change: Mr. Nardelli was leaving the company, taking an exit package valued at about $210 million, including $20 million in cash severance.

Mr. Nardelli failed to reignite Home Depot's slowing sales and sagging stock price. Other problems compounded his troubles. His autocratic style clashed with a freewheeling culture fostered by the company's founders. His aggressive handling of the company's most recent annual meeting, where no outside directors were on hand and limits were set on shareholders' questions, outraged some investors. And the pay package that had lured him to the company became a lightning rod for criticism that the board felt compelled to address.

Mr. Nardelli grew tired of the constant battering he was taking in the press and on Wall Street, according to a longtime acquaintance, and resented being blamed for Home Depot's share price when other chief executives, such as General Electric Co.'s Jeffrey Immelt, escaped such criticism.

Board members agreed over the past few weeks that Mr. Nardelli should step down, according to the second person familiar with the events. Mr. Nardelli, 58 years old, reached agreement with the board in a meeting Tuesday in Dallas, far from the company's Atlanta headquarters, "There was no smoking gun," this person says. "The board and Bob reached agreement that it was time for a change."

Pay was a central factor in luring Mr. Nardelli to Home Depot from GE, after he lost a three-man race to become CEO there, and it loomed large as he left. Mr. Nardelli received compensation valued at more than $240 million over his tenure at Home Depot, with a hefty chunk of it in stock options. In the fiscal year ended Jan. 31, 2006, the board awarded him a $7 million bonus and about $14.7 million worth of restricted shares.

In December, activist investor Relational Investors LLC began pushing Home Depot to establish a special committee to review the company's strategic direction and management performance, and to explore possible alternatives, including a sale of the company. It also alerted Home Depot it planned to nominate at least two directors at the company's next annual meeting, in May.

Yesterday, Barney Frank (D., Mass.), chairman designate of House Financial Services Committee, lambasted Mr. Nardelli's exit package, citing the rise of Home Depot shares on the news. "Some defenders of CEO pay argue that CEOs are rewarded for increasing the stock or the overall value of the company, but judging by today's market reaction, Mr. Nardelli's contribution to raising Home Depot's stock value consists of quitting and receiving hundreds of millions of dollars to do so," he said in a statement. The stock yesterday rose 91 cents, or 2.3%, to close at $41.07 a share.

Mr. Nardelli, who could not be reached for comment for this story, will be replaced by Frank Blake, 57, Home Depot's vice chairman and executive vice president, who headed strategic initiatives, among other areas. The new CEO's compensation package is still being determined, said a Home Depot spokesman.

Tough Times

Mr. Nardelli faced tough times for big retailers that have limited options for diversifying. Home Depot and Wal-Mart Stores Inc. ratcheted down their growth projections because new stores were stealing too much business from existing ones. Wall Street no longer views these retailers as growth stories, and their stock prices have languished.

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WSJ reporter Joann Lublin speaks17 to Dow Jones Online's Ed Crane about the resignation of Home Depot CEO Robert Nardelli. Plus, WSJ's Alan Murray18 and the CNBC "Squawk Box" team react.

Home Depot's share price fell 8% during Mr. Nardelli tenure, which began in December 2000. The company is locked in a fierce battle with Lowe's, which boasts newer, brighter stores and a better image with many shoppers. Lowe's stock has risen 188% in the past six years.

When he came to Home Depot, Mr. Nardelli had run mines and locomotive factories for General Electric but lacked retail experience. Short, balding, aggressive and hard-working, he was known at GE as a great manufacturing executive, and he pushed GE Power to record profits during the 1990s. But in 2000, he was passed over to succeed Chief Executive John F. Welch Jr., a decision that took him by surprise, according to people with knowledge of those events.

At that time, the number of high-growth markets in the U.S. without Home Depot branches was dwindling fast. New stores increasingly prospered only by stealing business from nearby Home Depots. The company was struggling to maintain earnings growth of 25% annually, a target it had hit with ease for years. The company shocked investors in October 2000 with a profit warning that sent the stock tumbling 28% in one day.

That setback spurred the board to recruit Mr. Nardelli to replace Chief Executive Arthur Blank, one of Home Depot's founders and inspirational leaders.

WHO'S WHO

Biographical information on Home Depot's former and current chiefs

Bob Nardelli, 58 years old

Position: Former CEO of Home Depot.

Career: Nardelli began his career at General Electric in 1971 and advanced through a series of leadership positions. In 1988, he left GE to join Case Corp. in Racine, Wis. Nardelli returned to GE in 1991 and was ultimately named president and CEO of GE Power Systems.

Education: Bachelor's degree in business, Western Illinois University. M.B.A., University of Louisville.

Frank Blake, 57

Position: New chief executive and chairman of Home Depot. Formerly served as vice chairman of Home Depot's board. He joined Home Depot in 2002 as executive vice president, business development and corporate operations.

Career: Blake previously served as deputy secretary for the Department of Energy. Before that, he served in a variety of executive roles at GE. Blake also served as general counsel for the U.S. Environmental Protection Agency and deputy counsel to the elder George Bush when he was vice president.

Education: Bachelors degree, Harvard. J.D., Columbia University School of Law.

Source: Associated Press

Mr. Nardelli set out to stamp out the decentralized "cowboy culture" of the company. Home Depot's founders had allowed store managers to run their stores as autonomous fiefdoms with little regard for uniformity or efficiency. This entrepreneurial spirit had made Home Depot one of the hottest growth stocks ever, and its store count doubled nearly every four years. Its surging stock price made hundreds of early employees millionaires.

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Mr. Nardelli's management style was a stark contrast to that of Home Depot's paternalistic founders, Bernard Marcus and Mr. Blank, who were treated like heroes during store tours and personally tutored employees on customer service. Mr. Nardelli often appeared uncomfortable donning the retailer's trademark orange apron and dealing with front-line employees one-on-one.

The pressure to grow intensified in the face of extraordinary returns from Lowe's, which outperformed Home Depot in same-store sales. Lowe's often chose to build across the street from aging Home Depot outlets. It outpaced Home Depot in appliance sales by giving the merchandise more space and by training dedicated salespeople. Lowe's attracted more female shoppers with brighter, cleaner stores. Home Depot now mimics many of these Lowe's techniques.

Mr. Nardelli moved to cut back on higher-paid full-time employees with experience as plumbers or handymen, and to rely more on part-time workers with less experience answering home-improvement questions from customers. Frequently, Mr. Nardelli found himself fending off questions about deteriorating customer service and about whether cost-cutting was the cause of that. Every few months, Home Depot management would roll out another program aimed at improving customer service, from employee bonuses to customer call buttons. But none appeared to have any lasting effect.

Looking for another engine for growth, Mr. Nardelli decided to expand into the building-supply business, spending more than $6 billion over the past two years to acquire more than 25 wholesale suppliers. Their customers range from utilities needing poles to builders looking for lumber to cities in need of fire hydrants.

But selling to the construction trades is a much different business from mass-merchandising tools and paints. Contractors rely on longstanding relationships with suppliers and trained salespeople. Many associate the Home Depot brand with do-it-yourselfers and soccer moms pushing shopping carts, and avoid the stores.

Some analysts and investors worried that Home Depot was snapping up supply businesses with lower profit margins than Home Depot's existing stores. Mr. Nardelli took criticism for not investing more money into renovating Home Depot's aging stores and for not hiring more seasoned employees capable of offering better home-improvement advice.

At Home Depot's annual meeting last May, with disappointment over shareholder returns mounting, Mr. Nardelli ignited a firestorm by refusing to respond to investor concerns about his hefty compensation and for enforcing a strict time limit on comments from the floor. The same month, the company surprised investors with a decision that it would no longer report quarterly same-store sales, a key industry benchmark, arguing that the expansion into building supplies had reduced the importance of that measure. Mr. Nardelli was forced to reverse that decision the following quarter.

Swept Up in Scandal

To make matters worse, Home Depot was also swept up in the scandal over backdated stock options. In mid-December, it wrapped up an internal investigation that concluded that the company routinely backdated stock options for 20 years, and as a result understated compensation expense by $200 million. The practice started in 1981 and ended just before the arrival of Mr. Nardelli. With fiscal 2006 sales of $81.5 billion, the home-improvement retailer is one of the largest companies to admit to backdating stock options. During the previous two decades, the company was run by founders Mr. Marcus and Mr. Blank, but neither founder received stock options. The company wouldn't say who did receive the awards and who made the decision to backdate them.

As criticism over his performance and pay mounted, Mr. Nardelli defended his record. Home Depot, he frequently pointed out, had posted earnings-per-share growth in excess of 20% for four consecutive years, one of only two companies in the Dow Jones Industrial Average to do so.

"There is hardly a financial metric you can point to where we haven't made progress," Mr. Nardelli said in an interview last May. "We are going through an enormous transformation. Sometimes transformation is unsettling, not only internally but also externally to Wall Street."

By late November, the board's review of Mr. Nardelli's pay package was coming to a head.

Home Depot was paying Mr. Nardelli even more than the amount promised under his contract, thanks in part to bonuses the board awarded him due to growth of sales and diluted earnings per share. A pay consultant retained by the compensation committee concluded that he was making more than his industry peers, according to a person familiar with the situation. In discussions with the committee, Mr. Nardelli had agreed to forgo some perks, but not his guaranteed bonus or supplemental pension.

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His demands were a problem for some board members, this person says. Directors would have been happier if he had been more "willing to make concessions on his pay package," says the acquaintance of his. But Mr. Nardelli felt further concessions would represent an admission that he didn't deserve what he had earned, the acquaintance says.

Board members realized that if they stuck strictly to the terms of Mr. Nardelli's written contract and did not give him anything more, his compensation was likely to be lower in fiscal 2006 than in 2005, according to the person familiar with the matter. For that reason, the board decided in November not to try to amend the contract. The directors tentatively agreed that Mr. Nardelli's fiscal 2006 bonus would be less than in 2005, but no final decision was reached, this person says.

The friction over pay was a factor in his departure, this person says. Directors met informally several times late last year prior to their final meeting on Tuesday with Mr. Nardelli.

Ralph Whitworth, co-founder of Relational Investors, says Mr. Nardelli's departure won't deter his firm from seeking board representation. "This paves the way for a review of the company's strategy," Mr. Whitworth says. "This wasn't about who, but about what -- about a strategy that was way off track."

The board briefly discussed, but did not pursue, one alternative -- going private, according to two people familiar with the matter.

Mr. Nardelli's successor, Mr. Blake, is a former GE colleague of his. Mr. Blake offered the advantage of being an established insider. That spared Home Depot a protracted period of uncertainty during an external search, and eliminated the need for it to dole out any "make whole" payments to anyone leaving another company, as Mr. Nardelli had received.

Directors are still working out final details of Mr. Blake's pay deal. They already have decided that Mr. Blake won't have an employment contract as CEO, the second person familiar with the matter says, and that elements of his pay package will resemble "what shareholders have been asking for."

Home Depot's Nardelli Takes $210 Million Severance Package (LAT)

By Martin Zimmerman And Kathy M. Kristof

The Los Angeles Times, January 4, 2007

Corporate pay critics were prepared to cheer the abrupt departure of beleaguered Home Depot Inc. chief Robert Nardelli Wednesday — but then they got a look at the bill.

Nardelli, who was one of the nation's best-paid chief executives, will get a severance package valued at $210 million. That dismayed some corporate watchdogs who have seen a string of departing CEOs collect high-dollar payouts in recent months.

"This board should be ashamed of themselves," said Nell Minow, an expert on executive compensation at Corporate Library, a research firm. "I would like to see several board members leave in acknowledgment of their utter failure."

Atlanta-based Home Depot, the nation's biggest home-improvement retailer, gave no reason for Nardelli's departure, which it said was "mutually agreed" upon. Nardelli, however, had become a lightning rod for criticism on several fronts.

Shareholder activists said he was a preeminent example of runaway executive pay, while investors saw the value of their Home Depot stock sink 12% in his tenure. One Wall Street analyst faulted him for an "autocratic" management style.

Despite disappointment over the severance pay, the surprise resignation counts as a win for shareholder advocates who zeroed in on pay packages that provided Nardelli more than $140 million since he took over in December 2000.

"It shows how focused shareholder groups can get results," said Ralph Ward, publisher of Boardroom Insider, an online newsletter that follows corporate pay and related issues. "It may not be quick, but eventually they can wear away a company's leadership by keeping up the pressure."

Daniel Pedrotty, director of the AFL-CIO's office of investment, said he also was distressed by the size of Nardelli's severance, but agreed that the resignation showed that shareholder activists could have an effect.

"I think the tide is beginning to turn," Pedrotty said. "We are extremely encouraged that boards are beginning to assert their independence, but there are miles to go before we are satisfied."

A spokesman declined to comment on the severance package other than to say it was included in the employment contract Nardelli signed when he came to Home Depot from General Electric Co. at the end of 2000.

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Some experts said the timing indicated that the Home Depot board might have grown tired of the criticism directed at the 58-year-old Nardelli by shareholder activists, union leaders and pension fund managers.

Nardelli was the only director to attend the company's annual meeting last May in Delaware, where he provoked critics by refusing to answer questions about his pay.

As recently as Dec. 18, Home Depot's board expressed full support for Nardelli and his management team after San Diego investment firm Relational Investors said it planned to submit a shareholder proposal calling for a review of the company's strategic direction.

"It must have been that the board reached a high level of frustration," said Edward Lawler, a professor at USC's Marshall School of Business, "probably starting with the criticism surrounding his compensation and followed by the controversy surrounding the annual meeting."

Home Depot's board includes Angelo R. Mozilo, chairman of Calasbas-based mortgage lender Countrywide Financial Corp., and Lawrence R. Johnston, chief executive of the Albertsons supermarket chain.

Nardelli's resignation comes amid a wave of executive departures. Through the end of November, U.S. companies had announced 1,347 CEO changes, more than for all of 2005.

A portion of that increase stems from a stock-options backdating scandal, but it also is a sign that executives are under greater scrutiny, said John A. Challenger of the outplacement firm Challenger, Gray & Christmas, which tracks the trend.

"We will likely see more and more shareholders revolt based on compensation issues, even if the executive is accomplishing his or her goals," Challenger said.

There was no indication that options backdating played a role in Nardelli's departure. During an internal investigation late last year, Home Depot found that stock options were routinely backdated at the company during the 1980s and 1990s, but the practice ended after Nardelli took over.

Over the six years that Nardelli was CEO of Home Depot, he took home $143 million in cash, stock and other compensation. In addition, he was granted stock options that would have been worth $469.7 million if the company's stock price had appreciated at the market's historic 10% average annual rate.

By comparison, the average compensation for Fortune 500 CEOs was $13.5 million in 2005, according to a study by the Corporate Library.

Lofty executive pay levels have been a target for corporate reformers for several years. But it's been severance packages that have drawn much of the attention recently.

KB Home CEO Bruce Karatz, who resigned under pressure from the Los Angeles homebuilder in November amid questions about stock option grants, could collect as much as $175 million under his severance agreement.

Henry A. McKinnell, the former CEO of drug maker Pfizer Inc. who was ousted in part because of investor anger about his rich retirement benefits, will get a package totaling more than $180 million.

Nardelli's $210 million deal tops both of those, but is far from a record. For example, former Exxon Mobil CEO Lee Raymond's retirement package was valued at $400 million when he stepped down last year.

A substantial amount of Nardelli's severance pay was included in the employment agreement that he secured before joining the company in 2000. The company promised him at least $4.5 million in annual salary and bonus, plus at least 450,000 stock options each year.

In addition, the company loaned Nardelli $10 million when it hired him and forgave $2 million of that loan each year.

To woo him from GE, Home Depot also gave Nardelli an initial option grant of 3.5 million shares, which would have been worth $285 million if the company's stock price had appreciated at 10% a year. And, it promised a pension equal to 50% of his pay and bonus.

U.S. Rep. Barney Frank, D-Mass., incoming chairman of the House Financial Services Committee, called the severance package "further confirmation of the need to deal with a pattern of CEO pay that appears to be out of control."

Some analysts noted, however, that much of Home Depot's poor stock market performance occurred during the first two years of Nardelli's reign, when he was struggling to turn the company around.

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Over the last four years, Home Depot's stock price rose more than 67%, beating the 61% turned in by the benchmark Standard & Poor's 500 index of big U.S. companies during that period.

In addition, the company's annual sales doubled to $81.5 billion during his tenure, and profit nearly doubled as well.

Home Depot has struggled as the housing market slowed — its stock fell almost 1% last year — but so has its well-regarded competitor Lowe's Cos.

"I think there was some unfair criticism" of Nardelli, said Stephanie Hoff, an analyst with brokerage firm Edward Jones & Co.

That said, Wall Street seemed pleased that Nardelli was being replaced as chairman and CEO by Frank Blake, who had been vice chairman. Home Depot's stock rose more than 2% Wednesday, adding 91 cents to $41.07.

Richard Ferlauto, director of pension and benefits policy at the American Federation of State, County and Municipal Employees, said the resignation takes the heat off Nardelli, but not the Home Depot board.

"It's Round One," Ferlauto said. "We are not sure who won. We are happy that he's gone, but it's the board that we hold responsible."

Home Depot Boots CEO Nardelli (USAT)

By Del Jones And Matt Krantz

USA Today, January 4, 2007

2006 was not a good year for Bob Nardelli, who lost his job Wednesday.

For one, the Western Illinois University Leathernecks football team blew a halftime lead in the final game to lose to Missouri State and finish the year with a losing record. Western Illinois is Nardelli's favorite team; it's where he was a star player 25 years ago and dreamed of going on to the NFL, but he was too small.

He replaced that dream with the dream of running a giant company. In 2000, he was a top-three finalist to replace Jack Welch as CEO of General Electric in perhaps the most-anticipated and most-hyped changing of the guard in America's corporate history.

He lost out to Jeffrey Immelt.

His next decision may have led to his downfall Wednesday. He weighed many offers and chose to become CEO of Home Depot, a company that had already grown so large, so fast, that it barely went noticed when in six years Nardelli made it twice as big and into the 14th-largest Fortune 500 company and second to Wal-Mart among retailers.

Net income in the most recent quarter, ended October 2006, was up 129% and revenue was up 100% from where they were in the same quarter of 2000, just before Nardelli joined. Net income and revenue of companies in the Standard & Poor's 500 were up about 65% during that time.

However, when Nardelli arrived, Home Depot had reached the $40 billion revenue mark faster than any retailer in history, even Wal-Mart. Investors and employees who remember those heady '90s have been unimpressed ever since. Employees have balked at his attempts to fix what they did not see as broken, and much of Home Depot's executive team resigned because they had become wealthy from stock options and didn't want to deal with change.

The second former GE executive who lost out to Immelt for the GE job was James McNerney, who did well at 3M before moving over to Boeing, where the stock is up 250% since March 2003.

In a September interview, McNerney said Nardelli's job was tougher because Home Depot had grown at an "ungodly rate" for 20 years. He said Nardelli should be measured not on the stock price but on how well he did in a tough situation.

The stock price has languished, most recently because of the slowing housing market and projections that Home Depot's growth is about to stall. The stock price is up 6% from when Nardelli took over, and that includes the 2.3% rise to $41.07 a share Wednesday on the news that the former altar boy, Boy Scout, class officer and ROTC cadet had been replaced by Frank Blake, Nardelli's longtime right-hand man.

By comparison, the S&P 500 is up 7.7%. Competitor Lowe's is up 230% since Nardelli joined Home Depot.

About the only good news for Nardelli is that Home Depot is giving him a $210 million severance package, whose terms were set in the employment contract he received in 2000. But that leaves him as the most visible target for Democrats now in control of Congress. House Financial Services Committee Chairman Barney Frank, D-Mass., pounced on the figure as more

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evidence that Congress needs to intervene in executive pay, and the Laborers' Union on Wednesday asked Home Depot to adopt a proposal requiring that the board get shareholder approval for what it called extraordinary retirement benefits.

John Challenger, CEO of his own outplacement consulting firm that tracks CEO turnover, says the Nardelli resignation was another sign of growing shareholder power. "We will likely see more and more shareholders revolt based on compensation issues," he said.

To Nardelli, such criticism is not new. Even as Home Depot stock remained stagnant, he was paid $124 million in his first five years, not including stock options. AFSCME, the government employees union whose pension fund owns nearly 23,000 Home Depot shares, estimates he will wind up with nearly $360 million total for his six years, including options' gains.

Nardelli enraged shareholders at Home Depot's annual meeting last spring when many came armed with tough questions about Home Depot's performance and direction and Nardelli's pay. But Nardelli surprised them by being the only board member to attend the meeting, and he restricted their comments to a total of 30 minutes and gave no response.

That caused activist shareholders to go on the attack. Ralph Whitworth's Relational Investors firm has a 0.6% stake in Home Depot and is demanding a meeting and wants to nominate two board members.

Nardelli's ouster "shows that you cannot be an ostrich when it comes to investors," says Nell Minow, editor of The Corporate Library, a shareholder research firm.

Nardelli has since said he believed corporate annual meetings in general had become little more than forums for attacks by labor unions, not true shareholders. But his strategy to change the way they are conducted backfired and fed into his reputation as being gruff and unresponsive.

Home Depot has also been at the forefront of an ongoing controversy over the backdating of stock options, which has spread to about 200 companies. Home Depot has admitted routinely changing the dates of options grants to benefit employees from 1981 until just before Nardelli became CEO in 2000. Nardelli was cleared by an internal investigation, and the company says it is cooperating with the Securities and Exchange Commission. Indeed, Nardelli appears to be stepping down as one of but a few prominent CEOs in recent years to exit without ethical baggage.

Neither Blake nor Nardelli were available for interviews Wednesday, but in an interview with USA TODAY published in July, Nardelli defended his compensation.

"In five years, we achieved records in sales, gross-margin expansion, earnings per share, average customer ticket and return on capital," Nardelli said.

Stephanie Hoff, a retailing analyst at Edward Jones, said Home Depot was performing well and that by firing Nardelli it had "caved" to critics, who were able to enlist the news media in making Nardelli's blunders overblown. She said it's unfair to blame Nardelli for his compensation package because it was put together by the board, and she hopes the board has taken more care in crafting Blake's package.

Minow also blames the directors for the exit package. "They overpaid him when he arrived. They overpaid him while he was there. And they overpaid him on the way out the door," she says. "They've handled this horribly from beginning to end."

Hoff predicts little if any strategy change at Home Depot under Blake because none is needed. "The only difference is that Blake is not Nardelli," Hoff said.

Some Home Depot customers, however, see room for improvement. An informal survey of USA TODAY's shopper panel found members critical of Home Depot's customer service. Several said it was so hard to find help that they were shopping more at Lowe's.

Such complaints now fall to Blake. At 57, he is one year younger than Nardelli and was prelaw at Harvard when Nardelli was studying business at Western Illinois. Blake was getting a law degree at Columbia when Nardelli was getting an MBA at Louisville. Blake was Nardelli's go-to executive when Nardelli was growing GE Power Systems from $770 million in operating income to $2.8 billion over six years.

Nardelli's biggest problem was that Home Depot's performance was constantly being compared with Lowe's, a competitor able to grow faster partly because it is smaller and not yet in every community.

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The rival home improvement retailer's net income and revenue have jumped 254% and 149%, respectively, between the quarters Nardelli was heading Home Depot. Lowe's earnings for this full fiscal year are expected to be 205% higher than in the year Nardelli took over Home Depot.

Home Depot's growth, while impressive, has cooled. Revenue and earnings growth slowed to 17.1% and 17.9%, respectively, during the fiscal year ended Feb. 3, 2002, the first full fiscal year Nardelli was at the helm, says Standard & Poor's Capital IQ. That was down from the more than 27% average annual growth rate in revenue and earnings from 1991until Nardelli joined.

Looking ahead, things are going to get much worse. Earnings growth in the current fiscal year that ends Jan. 28 is expected to be 4.9%, the slowest in the company's history. Earnings are expected to grow 2.8% in the fiscal year that ends Feb. 3, 2008, says Capital IQ.

The slowest earnings growth prior to Nardelli's reign was 10% in the fiscal year that ended in January 2001.

Rumors that Home Depot is setting the table to be bought by a private equity firm have gone unsubstantiated. "Can you finance a deal of this size and order of magnitude?" asks Ed Mullane of merger and buyout tracking service Mergermarket.

Hoff also considers the sale of Home Depot remote. It would approach $100 billion, rivaling AT&T's $102 billion acquisition of BellSouth, the largest deal in 2006.

A native of Old Forge, Pa., Nardelli likes NASCAR and football. Leading is like coaching football, he told USA TODAY in July. You review the film, find deficiencies, fix what you can, and sometimes get a new quarterback, Nardelli said.

Executive's Fatal Flaw: Failing To Understand New Demands On CEOs (WSJ)

By Alan Murray

The Wall Street Journal, January 4, 2007

Robert Nardelli's demise as chief executive of Home Depot resulted, in part, from his failure to understand how profoundly the job of CEO has changed in recent years.

Mr. Nardelli was old school. In an interview last fall, as his public-relations problems were compounding, he acknowledged he had gotten "too focused on the idea that you do your job, you take care of your numbers, and the rest will take care of itself." Some of Mr. Nardelli's numbers were hard to argue with. In six years on the job, he doubled Home Depot's sales and more than doubled its earnings.

What Mr. Nardelli missed, however, is that in the post-Enron world, CEOs have been forced to respond to a widening array of shareholder advocates, hedge funds, private-equity deal makers, legislators, regulators, attorneys general, nongovernmental organizations and countless others who want a say in how public companies manage their affairs. Today's CEO, in effect, has to play the role of a politician, answering to varied constituents. And it's in that role that Mr. Nardelli failed most spectacularly.

There were plenty of other reasons a board might want to dump him. He provided no return to shareholders. He pursued a controversial strategy of expanding into the low-margin wholesale business. And he accepted an exorbitant pay package.

But other CEOs have survived similar criticisms. Mr. Nardelli's failure to do so reflects, at least in part, his inability to adapt to a new era of greater scrutiny.

"I used to play football," he said when asked about the challenges of being a public company CEO today. "In football, you always know the score. Now, it's like we are ice-skating, and you've got a bunch of judges on the sideline shouting out the scores."

As failures go, Mr. Nardelli's isn't half bad. He walked away with an exit package of $210 million -- and that figure was calculated before announcement of his resignation boosted the potential value of his stock options yesterday.

Much of the package is due to the rich employment contract he negotiated with the Home Depot board before leaving General Electric Co., where he was one of three finalists to succeed Jack Welch. Mr. Welch convinced his board to give all three finalists large batches of stock options, telling board members they would have to make good on only one man's options, one director says. Upon leaving GE, the board was told, the two runners-up likely would use those awards to negotiate pay at their next jobs -- which is exactly what Mr. Nardelli and James McNerney, who is now CEO of Boeing, did.

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Yet Mr. Nardelli's extravagant pay became his biggest problem. It prompted an attack from shareholder advocates like Richard Ferlauto, who runs investment policy for the American Federation of State, County and Municipal Employees, one of the nation's largest labor unions.

Political Error

Mr. Ferlauto helped organize protests at Home Depot's annual meeting last year, prompting Mr. Nardelli to commit his gravest political error: Aware of the protests to come, he convinced other board members to stay away from the meeting, and restricted shareholder questions to one minute. That sealed his public image as a callous and entrenched corporate leader, and even prompted a call from his former boss, Mr. Welch.

In response, Mr. Nardelli belatedly tried to become a politician. He went on a "listening" tour to visit 25 of the company's largest shareholders, and he granted interviews to a number of television and newspaper reporters. He apologized for his ham-handed handling of the annual meeting.

But he didn't apologize for his pay package. And he didn't reduce it.

That left him vulnerable last month when an investment firm, Relational Investors LLC, announced it was mounting a proxy battle to put new directors on the Home Depot board. Ralph Whitworth, who heads Relational, said his complaint had less to do with Mr. Nardelli's pay than his strategy. Mr. Whitworth believes Home Depot erred in expanding into the contractor-supply business. But Mr. Nardelli's weakened standing greatly increased the odds that Mr. Whitworth might win his proxy battle. So Home Depot's directors acted first.

Raised in a blue-collar family and educated in public schools, Mr. Nardelli was upset when informed by Mr. Welch that he had lost out to Ivy Leaguer Jeffrey Immelt for the top job at GE. He believed he had been a better performer, building revenue at the company's power-turbine business from $770 million in 1995 to $2.8 billion in 2000.

But subsequent events have confirmed the wisdom of Mr. Welch's choice. Like Mr. Nardelli, Mr. Immelt has struggled with a languishing stock price. But in addition to generating good operating results, Mr. Immelt has played the CEO's political role with great skill. He has tied his own pay closely to performance. He has eschewed the kind of employment contract that is now rewarding Mr. Nardelli. He has reached out to a wide range of constituent groups. And he has adopted a number of popular initiatives, such as his "eco-imagination" program which, among other things, includes an effort to reduce GE's emissions of greenhouse gases.

As a result, Mr. Immelt wins awards, graces magazine covers, and is widely praised as one of America's best CEOs.

Learned the Lessons

Procter & Gamble Co.'s A.G. Lafley is another CEO who has learned the lessons of the post-Enron era. Instead of catering just to shareholders, he makes a broad appeal to "stakeholders" -- a group that, by his definition, includes shareholders, employees, customers, consumers and the communities in which all these people live. When I asked him last year whether that makes his job sound like that of a global politician, he responded: "Like it or not, we are in a global political world. I've concluded I'm in it anyway, and I might as well deal with it anyway."

No one exemplifies the new CEO more than Wal-Mart Chief Executive Lee Scott. When Mr. Scott found his company under attack by a well-organized political campaign, he responded in kind. He reached out to his opponents, took polls of opinion leaders and hired political consultants. He also embraced environmentally friendly policies, improved employee health-care coverage and began advocating policies like an increase in the minimum wage.

Mr. Scott insists the environmental positions he's taken and the other policies he's adopted are all good for the company's bottom line. In an interview in his office in Bentonville, Ark., last year, Mr. Scott said: "The generation of people I work with -- like A.G. Lafley, who has been here in this office in the last two months, or Jeff Immelt, who has been in this office in the last three weeks -- feel there is a business reason to do this."

Taking the political route may be necessary to success in the post-Enron world, but it, alone, is not sufficient. Citigroup CEO Charles Prince has tried to appease his critics by making ethics a hallmark of his time at the top, but that hasn't helped the bank's lagging performance or silenced its critics.

In any event, it's clear Mr. Nardelli never bought into the approach favored by his colleagues like Mr. Immelt, Mr. Lafley, and Mr. Scott. Instead, he fretted that the corporate system is under attack.

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"I am very concerned with the future of business and the capitalistic system in this country," he said last fall, expressing his concern about the repeated attacks on public companies. "Somebody has yelled fire in the auditorium. If you stand back, you've got to say that we as a country should share a growing concern as it relates to the capitalist system. The things that got us to where we are are under attack."

One consequence of the increased pressures on public companies and their CEOs, Mr. Nardelli noted, is a rush of both money and talent into private equity, which is shielded from many pressures that affect public companies. "Not everyone can go private," he said.

Not everyone, but how about Mr. Nardelli? He wasn't giving interviews or any hint of his plans yesterday. But his strong background in operational management, his distaste for the public spotlight and his hefty severance check in need of investing may make him the perfect candidate for a private-equity firm.

Out With The Old (NYT)

The New York Times, January 4, 2007

There was good news and bad news yesterday for shareholders of Home Depot. The good news is that Robert Nardelli, the imperious chief executive who had presided over a difficult, stagnant period for the company, has resigned. The bad news is that he'll be taking $210 million worth of compensation with him, one of the highest severance packages ever, which is saying a lot in this era of runaway executive pay.

Mr. Nardelli may be best known for his shocking performance at the company's annual meeting in May, which has become a symbol of the arrogance of overpaid, out-of-touch, and unresponsive executives.

As Joe Nocera reported in The Times after attending the meeting, Mr. Nardelli restricted shareholder comments to one minute and one question each — enforced with large digital timers. When one shareholder asked about perceived conflicts of interest for the board of directors, Mr. Nardelli refused to answer, declaring, "This is not the forum in which to address these comments."

The meeting, of course, was exactly the forum for shareholders to voice concerns about the board of directors they were being asked to elect.

Top executives, like Mr. Nardelli, have been coddled to the point that they expect and receive "golden hellos" worth millions on their way in, golden parachutes worth even more on their way out, and the equivalent of golden seat cushions to park on comfortably throughout their tenure — often largely unrelated to their actual performance.

While the fortune Mr. Nardelli is taking with him — including a $20 million cash severance payment — sticks in the craw, we hope this will be the beginning of a new era of accountable management for Home Depot. Robert Monks, the longtime corporate governance advocate, calls it "the scars of progress." There is no question that Mr. Nardelli's departure is a victory for the activist groups that attacked the status quo at Home Depot, and all those who would follow in their footsteps.

Don't Blame Nardelli (WP)

By Allan Sloan

The Washington Post, January 4, 2007

When regular people lose their jobs -- often through no fault of their own -- they've got to fight tooth and nail for every penny. Yet here's Home Depot's chief executive, Bob Nardelli, leaving with $210 million despite not having done much of a job for anyone other than himself.

It's tempting to huff and puff about executive pay being out of control, which in many cases it clearly is. What's truly amazing here is that if you read Home Depot's documents, you discover that Nardelli did not negotiate any special exit package. Home Depot, as best I can tell, is paying him nothing more than called for by the contract that he signed in 2000 when the company "won" the bidding war to get him.

The problem isn't what Nardelli's getting to leave Home Depot. It's what he got to join the company when he signed his employment contract on Dec. 4, 2000. At the time, Nardelli was considered one of the two hottest CEO prospects in the country, along with Jim McNerney, who now runs Boeing. Nardelli and McNerney, both longtime General Electric executives, had just lost out to Jeff Immelt in the highly publicized battle to succeed Jack Welch as GE's chief.

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Ken Langone, one of Home Depot's co-founders and a big fan of the "it's impossible to pay a good CEO too much" school of compensation, played a key role in signing Nardelli. Langone, you may recall, was also heavily involved in the controversial compensation package of Dick Grasso, the departed chief executive of the New York Stock Exchange. I wanted to talk to Langone about all this but, alas, he wouldn't take my call.

The size of Nardelli's package "isn't a surprise to me," said Paul Hodgson, senior research associate at the Corporate Library, which analyzes corporate governance. "The seeds of this debacle were sown in 2000," he said. "Everything was in his contract."

Though $210 million is a huge amount of money, there are corporate chieftains who've walked away with much more. Lee Raymond of Exxon Mobil got $400 million or so. Jack Welch left GE as a billionaire, and Roberto Goizueta left Coca-Cola in similar fashion. But Raymond, Welch and Goizueta were huge successes who spent essentially their whole careers working for one company. Nardelli, in contrast, is a latecomer leaving under a cloud because the performance of Home Depot's stock has lagged.

By Hodgson's math, Nardelli is actually walking away with less than another recently ousted CEO, Hank McKinnell of Pfizer. Hodgson puts McKinnell's package at $213 million, about $15 million more than the number Pfizer has used. Hodgson cautioned that his number for Nardelli may change when Home Depot (which wouldn't talk to me) releases more details.

It's not clear how much Home Depot is paying Nardelli to leave. The company said $210 million, but that includes stock he already owns and retirement benefits that have nothing to do with his departure. The split seems to be about 50-50.

Nardelli's cash severance is $20 million, which is about three years of his annual salary and bonus. He's also getting what the company described as "unvested deferred stock awards" worth about $77 million and unvested options worth $7 million. That adds up to about $104 million.

The rest of his package includes deferred stock in which Nardelli had vested, his various retirement packages and $18 million of miscellaneous benefits (whatever they are) that he stands to get over the next four years. I'm not trying to minimize Nardelli's swag, or to justify it. I'm just trying to show you how lush his contract was.

The world is full of people screaming about how unreasonable it is to lavish such riches on the likes of Nardelli. But as Hodgson says, the problem isn't Nardelli. It's the contract that Home Depot's board gave him. Under the agreement, he was paid mostly on the basis of how long he stayed, not on how well he or the company performed.

The other thing for which you can fault Home Depot's board is that it felt it had to go outside for a CEO six years ago, rather than feeling comfortable appointing someone from within. Hiring a CEO from the outside is expensive. Nardelli and McNerney, the two "losers" in the Jack Welch succession wars, got far more from their new employers to leave GE than Jeff Immelt got for staying.

Maybe someone will learn something from the Nardelli fiasco and companies will be more careful about what they agree to pay newly hired outsider CEOs. But I'll bet that when the cycle turns, companies will bid up the market for star CEOs again.

Repeat after me: The time to have the debate over CEO compensation isn't when the CEO is fired. It's when he's hired.

Suit Could Force Sarbanes-Oxley Review (LAW)

By Alexia Garamfalvi

Legal Times, January 4, 2007

Free Enterprise Fund's constitutional challenge might invalidate the act, tossing SOX debate back to Congress.

The new Congress convening this month may be more willing to tinker with the Sarbanes-Oxley Act than the previous one. After all, the law's chief architects, Rep. Michael Oxley (R-Ohio), former chairman of the House Financial Services Committee, and Sen. Paul Sarbanes (D-Md.), the former ranking member on the Banking Committee, have retired.

But even if Congress doesn't bring the 2002 corporate-reform law to the floor, a D.C.-based free market group's lawsuit challenging its constitutionality could force Congress to reconsider the law.

Late last month, Judge James Robertson of the U.S. District Court for the District of Columbia heard arguments in a case filed by the Free Enterprise Fund and Beckstead and Watts, a Nevada accounting firm that focuses its auditing businesses on

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small companies. Beckstead is under investigation by the Public Company Accounting Oversight Board (PCAOB) for auditing deficiencies.

The fund and Beckstead claim the PCAOB lacks accountability and that the provisions of Sarbanes-Oxley that established the board are unconstitutional because they violate the constitutional requirement that key executive branch officials be appointed by the president and infringe upon the president's authority.

Although the suit specifically targets the accounting board, the fund has made no bones about the fact that it hopes to prompt a full-scale review of the act, which Congress passed to restore investor confidence in the wake of a series of corporate scandals involving Enron, WorldCom, and a bevy of other companies. The board was created to oversee the formerly self-regulating accounting industry's auditing of public companies and make sure that accounting firms don't merely rubber-stamp bogus financial statements that were at the core of many of those scandals.

The provisions of the act are not severable, so if the court were to agree that the provisions establishing the board are unconstitutional, it would invalidate the entire law. Congress would then have to pass corrective legislation, which could become a vehicle to offer amendments to other provisions and spark a greater debate about the law.

Echoing many business leaders who have claimed that the costs of complying with Sarbanes-Oxley outweigh its benefits, the fund argues that the law has had enormous unintended consequences on the American economy and that it is driving public companies out of the United States.

Power points

The PCAOB "wields enormous coercive power," Michael Carvin, the fund's lawyer, said at the Dec. 21 oral arguments. In its desire to insulate the board from political pressure, Congress created a quasi-independent entity that is unaccountable to the executive branch, he added.

Carvin, a partner in Jones Day's Washington office, argued in front of the Florida Supreme Court on behalf of George W. Bush in the 2000 Florida election-recount controversy. The fund's counsel on the case includes other Republican luminaries, such as Kenneth Starr, who as independent counsel investigated President Bill Clinton and is now the dean of Pepperdine University's law school, and former Bush Justice Department official Viet Dinh, now a professor at Georgetown University Law Center.

The PCAOB has broad powers to set the standards regulating accounting firms and to investigate and bring disciplinary proceedings against noncompliant firms. Carvin argued that the exercise of this broad power makes the board's five members "principal officers" under the appointments clause of the Constitution, who must be appointed by the president with the advice and consent of the Senate.

The board's attorney, Jeffrey Lamken, a D.C.-based partner with Baker Botts and head of the firm's Supreme Court and appellate practice, countered that the board's members are, in fact, "inferior officers" under the appointments clause, because they are subject to pervasive supervision and oversight by the Securities and Exchange Commission.

But Carvin added that even accepting the government's argument that the board's members are inferior officers, the way in which they are appointed violates the appointments clause because they are appointed by the SEC as a whole, rather than the SEC chairman. The appointments clause calls for inferior officers to be appointed by the head of a department, he said.

Moreover, the way in which the board is structured, with broad powers and minimal oversight, violates separation-of-powers principles, Carvin argued. The Constitution requires that, at a minimum, the president have broad removal authority over all those who wield executive power. But the president has no say in removing board members and no ability to review the board's policies; he is effectively divested of any ability to control the PCAOB, Carvin said.

In fact, the president couldn't even do anything to fire a "board member who had engaged in Watergate-like crimes," Carvin added.

But Lamken argued that the Constitution doesn't require the president to have direct power to remove and supervise inferior officers such as the PCAOB members. "The board doesn't exist in a vacuum; it realizes everything it does is under SEC review," Lamken said, noting that the SEC reviews the board's regulations and decisions, can remove board members, has veto power over the board's budget, and controls the scope of the board's authority. For example, rules the board establishes aren't enforced until the SEC approves them, and sanctions issued by the board are stayed until the SEC reviews them.

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Moreover, Lamken pointed out that Beckstead could have asked the SEC to review the report the PCAOB issued as a result of its investigation, but it had never done so.

Executive action

Meanwhile, the government, which intervened in the case, wasn't sympathetic to the fund's claims that the board encroached on executive authority. The Justice Department's Robert Katerberg said the executive branch didn't take such claims lightly, but had concluded that "executive power isn't infringed."

Katerberg reiterated Lamken's argument that Sarbanes-Oxley vested the SEC with review power over every final legal action the PCAOB takes. He added that beyond those review powers, the SEC has the authority to create an even more rigorous system of oversight to rein in the board.

The fund, he claimed, was looking at Sarbanes-Oxley with a "jaundiced" view. "It's impossible not to come to the conclusion that they are looking for constitutional problems," Katerberg said and asked the judge to dismiss the case.

Robertson said he would rule as soon as he could. Although the attorneys at the Dec. 21 hearing argued the merits of the case, the judge could still throw it out on a technical issue. Robertson still has not ruled on the board's motion to dismiss made in May of last year, in which the board claimed that the plaintiffs should have challenged the board's rules before the SEC before being able to bring the lawsuit in court.

Meanwhile, late last month the SEC and the board announced proposed changes to some of Sarbanes-Oxley's most controversial provisions. The changes would relax the rules in the act's Section 404, which regulates how auditors sign off on the effectiveness of public companies' internal controls.

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CRIMINAL LAW:

Audit Questions Costs, Use Of Justice Grants (USAT)

By Kevin Johnson

USA Today, January 4, 2007

WASHINGTON — Thousands of Justice Department grants aimed at assisting police and local public-safety programs have been mismanaged, and auditors questioned $726 million in costs over eight years, according to an internal review released Wednesday by the department's inspector general.

Federal auditors found a backlog of more than 12,000 expired grants that had not been properly "closed out," meaning any legal, compliance or audit issues were not fully resolved. Money that could have been applied to other crime-fighting programs was left unused.

"If the grants had been closed out more timely, hundreds of millions of dollars in questioned costs could have been used to provide the Department of Justice with additional resources to fund other programs or returned to the federal government's general fund," the Justice Department's Office of Inspector General concluded in its report.

Federal auditors reviewed $25 billion in grants managed by the Community Oriented Policing Services (COPS), Office of Justice Programs (OJP) and the Office on Violence Against Women (OVW) between 1997 and 2005, before concluding that Justice had "substantially failed" to ensure that grants were closed out appropriately.

The audit also found that more than $106 million was awarded to recipients that did not comply with federal grant rules, such as reporting how the grant money was being used.

A sample of these unidentified grant recipients revealed 37 were awarded 129 additional grants.

Justice officials in the three designated agencies, the primary sources of grant funding to state, local and tribal governments, acknowledged delays in settling grant accounts.

In a written response, Assistant Attorney General Regina Schofield said the department established a system in August to track the grant "close-out" process.

The department said the $290 million, which the audit identified as "questioned costs," were appropriate reimbursements to grant recipients for costs incurred during the funding periods, Schofield said.

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The COPS program, established under the Clinton administration to hire an additional 100,000 police officers, has been the target of past criticism for its grant management program.

COPS Director Carl Peed said in a written response that the office was conducting an agency-wide review of "all current close-out policies and practices."

"The inspector general's report states the grant-making components of the Department of Justice are doing a better job of working with grantees to make sure that grants are spent in a timely effective manner," Justice spokesman Brian Roehrkasse said.

In recent years, police agencies, dogged by recent increases in violent crime and thinning ranks, have called for a reinvigoration of the COPS hiring program, which is being phased out.

Audit Finds Failed Grant Handling (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 4, 2007

The Justice Department's failure to administer federal grants "appropriately and in a timely manner" tied up hundreds of millions of dollars that could have been used for other programs or returned to the government's general fund, an audit said yesterday.

The 97-page audit by the Justice Department's Office of Inspector General (OIG) said that, as a result of the department's failure with grant programs, $726 million was tied up.

The audit said unused grant funds totaling an additional $172 million that were more than 90 days past the grant expiration date had not been freed up.

It also identified a backlog of 12,000 other expired grants, 67 percent of which had been void for more than two years; said 41 percent of the expired grants did not comply with financial- and program-reporting requirements; and noted that the department had awarded 129 new grants worth $106 million to noncompliant grantees.

"While the federal government continues to play an important role in crime-fighting, much of the responsibility for crime control and prevention rests with state, local and tribal governments," said Inspector General Glenn A. Fine, noting that the Justice Department has awarded billions of dollars in grants to help state and local governments improve their ability to prevent crime and administer criminal-justice programs.

"The timely closeout of grants is an essential financial management practice to identify any excess and unallowable funds that should be returned by the grantee, as well as unused funds that should be deobligated and put to better use," Mr. Fine said.

Only 13 percent of the department's grants, the audit said, were officially closed within required time frames after the programs expired. It also said that more than 8,000 grants had yet to be closed two years after their expiration date, and that the government improperly paid $554 million to programs after the grants expired.

Within the department, the Office of Community Oriented Policing Services, the Office of Justice Programs (OJP) and the Office on Violence Against Women are the primary agencies responsible for providing criminal-justice grant funding to state, local and tribal governments.

From Oct. 1, 1999, through March 31, according to the audit, the department awarded 49,151 grants with funds totaling $23.65 billion.

Officials in the three grant-writing agencies acknowledged the problems and agreed generally with most of 44 recommendations outlined in the inspector general's audit. They said delays were caused in many cases by state and local authorities who asked for more time to carry out the grants.

But the Office of Justice Programs, in a written response to the audit, denied allowing grant money to be spent on unauthorized projects, saying it has "never been OJP's practice to allow grantees to draw down any funds for unsupported expenditures."

Prior audits by OIG also have raised significant concerns on grant closeout and oversight procedures within the department. Grant management has been listed by the inspector general as one of the department's top 10 management challenges for the past six years.

DOJ_NMG_0112085

Audit: Agency Grants Had Lax Oversight (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 4, 2007

Lax oversight of federal law enforcement grants tied up hundreds of millions of dollars for eight years and potentially shortchanged state and local crime-fighting programs, a Justice Department audit found Wednesday.

The report by Inspector General Glenn A. Fine found that leftover money from thousands of expired grants between October 1997 and December 2005 sat unused because officials failed to keep close track of the programs once they ended.

If the offices had dealt with expired grants in a timely fashion, "hundreds of millions of dollars in questioned costs could have been used to provide the DOJ with additional resources to fund other programs or returned to the federal government's general fund," the audit concluded.

Justice Department spokesman Brian Roehrkasse disputed the bulk of the audit's findings and said that Congress last year took back $125 million in unused money from expired grants. He said Fine's office mistakenly interpreted regulations that govern the grant programs that, if followed, would deprive state, local and tribal authorities of funding.

At issue is the way three Justice Department offices manage grants for state, local and tribal law enforcement agencies. Fine's office has repeatedly raised what it termed serious concerns with the department's oversight of the grants for community policing, prosecuting crimes against women, and others awarded by the Office of Justice Programs.

The audit looked at nearly 61,000 grants, worth $25 billion, that expired during the eight-year period. Among its findings:

_Only 13 percent of the grants were officially closed — meaning that any administrative, compliance, legal, and audit issues were resolved — within required timeframes after the programs expired. More than 8,000 grants had yet to be closed two years after their expiration date.

_The department gave 129 grants, worth $106 million, to authorities that ultimately did not comply with program requirements, including reporting back how the money was being used.

_The government improperly paid $554 million to programs after the grants expired.

_An estimated $172 million in unused funding had not been redirected to other programs or returned to the Treasury within required timeframes.

In all, the delays tied up more than $726 million that could have been spent elsewhere, the audit concluded.

Justice Department officials in the three offices that managed the grants acknowledged the problems and generally agreed with most of the recommendations to fix them. But they said, in at least some cases, the delays were caused by state and local authorities who asked for more time to carry out the grants.

In a letter responding to the report, the Office of Justice Programs denied suggestions that it allows grant money to be spent on unauthorized projects. "It has not, and has never been OJP's practice to allow grantees to draw down any funds for unsupported expenditures," the letter said.

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On the Net:

The Justice Department audit can be found at: http://www.usdoj.gov/oig/reports/OJP/a0705/final.pdf

Prosecutors Demand Files Of 3 House Panels (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, January 4, 2007

The subpoenas step up a U.S. probe of earmarks in spending measures.

WASHINGTON — Federal prosecutors in San Diego have subpoenaed documents from three House committees as part of an investigation into special-interest earmarks in spending bills.

The demand ratchets up an investigation by the U.S. attorney's office in San Diego into contracts awarded by the Defense Department and other agencies. The probe stems from the bribery case against Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe), who pleaded guilty and resigned in 2005.

The scope of the investigation is unclear, although the request for documents is considered unusually broad.

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The subpoenas, which follow a failed attempt by the Justice Department to persuade the Republican Congress to voluntarily turn over thousands of documents, could test Democrats' pledge to reform ethics in the new Congress. Last year, House Minority Leader Nancy Pelosi (D-San Francisco) — who today becomes House speaker — opposed a broad-based Justice Department search warrant targeting Rep. William J. Jefferson (D-La.).

The subpoenas went to the armed services, appropriations and intelligence committees, whose Republican chairmen reported the subpoenas to outgoing House Speaker J. Dennis Hastert (R-Ill.) in letters dated two weeks ago.

The subpoenas were made public Wednesday by the Congressional Record online. The House is supposed to turn over the requested records by Jan. 11 or else file an objection with the U.S. District Court in San Diego. Typically, such deadlines are extended.

Prosecutors in San Diego and a spokesman for the general counsel of the House declined to comment, and a Pelosi spokeswoman had no immediate comment.

The subpoenas are an escalation of a nine-month tug-of-war between the Justice Department and House Republicans. Prosecutors had asked the committees to turn over the information voluntarily.

House leaders and their lawyers consider the request constitutionally suspect, saying it runs afoul of the "speech or debate" clause, which protects members of Congress from prosecution for their legislative acts, including earmarks. Some have also complained that the committees would need months to compile such data.

None of the requested documents had been turned over as of Wednesday.

Pelosi campaigned in the fall on a platform of open and honest government, and has made one of her first orders of business an ethics package that would identify members of Congress who inserted earmarks for pet projects into bills.

The use of earmarks has tripled over the last decade, the Congressional Research Service estimates, with 13,000 earmarks in the last fiscal year adding more than $67 billion to spending bills.

The "speech or debate" privilege is at the core of a legal fight over an FBI search of Jefferson's congressional office in May. The search and seizure of documents followed an FBI sting in which about $90,000 in foil-wrapped $100 bills was found in the freezer of Jefferson's Washington home.

Pelosi and Hastert criticized the office raid and urged the government to return the seized documents. Pelosi later led a successful effort to strip Jefferson of an influential committee assignment until the federal corruption investigation was completed. (Jefferson has not been charged.)

Former Rep. Cunningham is serving an eight-year prison term after pleading guilty to taking $2.4 million in bribes from defense contractors and evading more than $1 million in taxes.

A House Intelligence Committee report issued in October concluded that Cunningham had used his position on that panel to steer more than $70 million to companies run by cronies, with much of the money going to businessman Brent R. Wilkes of Poway, Calif.

Wilkes remains under investigation.

The San Diego federal prosecutors have also been examining the relationship between Wilkes and Kyle Dustin "Dusty" Foggo, who resigned as CIA executive director in the spring after federal agents searched his office and home.

Investigators have examined at least one contract that was awarded to Wilkes while Foggo was a senior CIA procurement officer in Germany.

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Los Angeles Seeks Federal Help To Fight Gangs (LAT)

By Megan Garvey And Patrick Mcgreevy

The Los Angeles Times, January 4, 2007

Los Angeles Mayor Antonio Villaraigosa on Wednesday appealed to U.S. Attorney General Alberto Gonzales for additional funding and prosecutorial help to combat gang-related crime, kicking off what officials say will be a year-long push to tackle one of the region's most intractable problems.

In the city of Los Angeles, gang crime increased 14 percent in 2006 -- the first rise in four years) and an uptick Villaraigosa and William J. Bratton, chief of the Los Angeles Police Department, say threatens to overshadow last year's overall 8 percent drop in serious and violent crime across the city.

"We agreed that Los Angeles is the epicenter of the nation's gang crisis, and an effective assault on gang crime will require increased suppression, intervention and prevention measures," Villaraigosa said after his 40-minute meeting with Gonzales in Washington, D.C.

The mayor sought millions of dollars in federal grants to target gangs in several trouble spots. In addition, the mayor said he would like the attorney general to provide help in prosecuting civil-rights cases when gang members target others based on race.

Bratton met with Sheriff Lee Baca this week to discuss the rise in racially motivated gang violence and map out ways to better coordinate their gang units, particularly in cases where gangs have shown a pattern of targeting victims because rac e.

"It's getting to where those rivalries are racially motivated and innocent people are getting shot," Baca said Wednesday.

The latest push to tackle gang crime comes on the heels of numerous anti-gang initiatives -- none of which have done much to diminish the influence and damage done by the region's scores of active street gangs.

A recent report prepared by civil-rights attorney Connie Rice found Los Angeles' gang efforts have floundered because of a lack of coordination among 23 anti-gang programs spread throughout city departments at a cost of $82 million a year.

"What the city is doing is designed to fail," Rice said Wednesday, again calling for a dramatic change in anti-gang efforts. "It's not about altering a program. It's about a paradigm shift. We need smart suppression, not blanket suppression."

Support has grown for creating a "gang czar" to coordinate efforts, something sources say Rice is expected to recommend in a follow-up report due this month. Bratton and others have said they would back such a shift.

LAPD officials blamed the jump in gang crime in part on racial tensions in county jails that resulted in riots earlier this year. At the same time, efforts to get gang members off the streets for minor crimes has been hampered by conditions in the county's jail system, the largest in the nation.

While gang injunctions and computer modeling have helped reduce gang activity in some areas, the early release of inmates from county jails -- where officials say the vast majority of those booked admit a gang affiliation -- has put many charged with offenses such as weapons violations or simple assaults quickly back on the street. More than 150,000 inmates sentenced to county jail have been released since mid-2002 after serving small fractions of their sentences because of budget cutbacks and federal orders against overcrowding.

The latest police pledge to deal with gang violence is one of many Malcolm Klein, a emeritus professor of sociology at the University of Southern California, has heard over the years.

"We've had this gang problem for multiple decades, and there is no reason to think its going to go away," said Klein, who has studied gang issues for 40 years. "The chief has been here four years, and he's shown very little understanding of gangs.'"

Street gangs come out of local communities that must change and be organized to reduce gang crime, the criminologist said.

Law enforcement officials say police presence remains key to improving dangerous communities. They point to Compton, where an aggressive Sheriff's Department crackdown last year led to a dramatic drop in killings there. In 2006, there were 45 homicides in areas patrolled by the Compton sheriff's station, which includes the city of Compton and nearby unincorporated areas. The year before they had 75. Within the city of Compton itself, last year there were 39 homicides, equaling a 20-year low in 2004.

"I think the more gang members realize that that level of field force is present its going to cause them to back off," said Capt. Ray Peavy, who heads the sheriff's homicide bureau. "Everyone says: 'What are we going to do about the gang problem?' It's the same thing you do about cockroaches or insects, you get someone in there to do whatever they can do to get rid of those creatures."

Baca said a substantial turnaround in local gang activity would "take some significant transformation within the policing community itself."

"Bratton and I have both said you can't arrest your way out of a gang problem," Baca said. "The real problem is these young people don't have an alternative for gangs."

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Wes McBride, president of the California Gang Investigators Association, agreed that suppression can only do so much.

"When the cop goes down the street in his car, he may own that street for that moment," McBride said, "but once he's off the street the gangs fill in behind them unless there's another cop car right around the corner."

Ex-coroner's Office Worker Pleads Guilty, To Cooperate (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 4, 2007

The former chief histologist in the Allegheny County coroner's office pleaded guilty yesterday to three federal charges and agreed to cooperate with prosecutors.

George Hollis, 60, originally was indicted on nine counts, but the remaining six will be dismissed at sentencing.

Mr. Hollis pleaded guilty to theft from an organization that receives federal funds, failure to file a tax return and making false statements.

He also agreed to "provide truthful assistance to the United States," presumably in the upcoming trial of his former boss, Dr. Cyril H. Wecht.

Mr. Hollis was indicted, along with Dr. Wecht, the former county coroner, last year. Dr. Wecht, a forensic pathologist, is charged with 84 counts that accuse him of using his public office for private gain. His trial has been put on hold while the 3rd U.S. Circuit Court of Appeals decides whether the judge in the case should be replaced.

Mr. Hollis, who prepared tissue slides in the office, was employed there until early 2005. During his public employment, according to Assistant U.S. Attorney Stephen S. Stallings, Mr. Hollis also did work for Dr. Wecht's private firm, Cyril H. Wecht and Pathology Associates Inc.

During the plea hearing yesterday, Mr. Stallings told U.S. District Judge Arthur J. Schwab that Mr. Hollis spent a "significant and substantial" part of his county work week doing private work.

The amount of lost public time attributable to Mr. Hollis' theft charge is $51,146, Mr. Stallings said. The loss from his failure to pay taxes was $12,182, he added.

The charge for making a false statement stemmed from an interview with the FBI in April 2005 in which Mr. Hollis said he only worked for Dr. Wecht's private business on weekends, Mr. Stallings said.

Former Allegheny County Coroner Aide Pleads Guilty (AP)

AP, January 4, 2007

PITTSBURGH (AP) — A former employee of the Allegheny County Coroner's Office pleaded guilty Wednesday to lying to the FBI during an investigation into former coroner Dr. Cyril Wecht.

George T. Hollis, 60, pleaded guilty in federal court to making false statements to law enforcement, theft from an organization that receives federal funds and failing to file a tax return.

As part of his plea deal with the U.S. Attorney's office, he also agreed to cooperate in any future proceedings.

Assistant U.S. Attorney Stephen Stallings told District Judge Arthur J. Schwab that Hollis spent a "significant and substantial" part of his county work week doing histology work for Wecht's private business. A histologist studies bodily tissue.

Hollis' theft charge related to the value of public time allegedly lost while he did Wecht's private work. Stallings figured the loss at $51,146.

Wecht was indicted in January on charges of using county employees to do work for his private pathology practice.

Hollis is scheduled to be sentenced on March 23.

McFadden-Weaver Indicted In Mortgage Fraud Case (KMBC)

KMBC-TV, January 4, 2007

Councilwoman Says She Won't Resign

KANSAS CITY, Mo. -- Kansas City Councilwoman Saundra McFadden-Weaver and two others were indicted Wednesday in a suspected mortgage fraud scheme.

DOJ_NMG_0112089

The seven-count indictment handed down in Kansas City federal court alleged conspiracy and wire fraud. Also indicted were Emanuel Kind, whom the councilwoman has described as an acquaintance and minority contractor. Ricky Hamilton, an employee of a mortgage company in Grandview, was also named.

"I've never intentionally broke the law, and I'm not about to start today," McFadden-Weaver said during a news conference.

The Kansas City Star reported in August that McFadden-Weaver bought a $400,000 Lee's Summit home in 2005. McFadden-Weaver signed mortgage documents attesting that she would live in the home, which would have violated a city charter requirement that she live inside the council district she represents.

McFadden-Weaver said she trusted Kind to make the loan payments.

"I trusted him and he didn't live up to his responsibilities. Now it looks like I've done something wrong," McFadden-Weaver said.

She told KMBC's Micheal Mahoney that she will not resign from the City Council and will continue to campaign for re-election this spring.

COUNCILWOMAN CHARGED WITH MORTGAGE FRAUD (KCS)

By Mark Morris, Lynn Horsley And Michael Mansur

The Kansas City Star, January 4, 2007

A Kansas City councilwoman said Wednesday she had no plans to resign despite federal mortgage-fraud charges filed against her earlier in the day.

Speaking at City Hall at the moment federal prosecutors announced the charges at a courthouse news conference, 3rd District Councilwoman Saundra McFadden-Weaver said she still intended to seek re-election this spring.

“I’m sure in the near future I will be vindicated,” she said of the indictment, which pertains to her $400,000 purchase of a Lee’s Summit home.

Her attorney, Ron Partee, also said the councilwoman would fight the allegations.

“While the indictment is not unexpected, we welcome the opportunity to contest these allegations in court,” Partee said. “We feel confident that the councilwoman will be totally vindicated of any criminal conduct.”

In addition to McFadden-Weaver, 47, the grand jury indicted Emanuel M. Kind, 51, a contractor whom the councilwoman has described as an acquaintance, and Ricky Hamilton, 52, an employee of a Grandview mortgage company.

Hamilton declined Wednesday to comment.

R. Pete Smith, an attorney for Kind, said he would reserve comment until he had time to review the indictment.

Each defendant faces one charge of conspiracy and six counts of wire fraud. If convicted, each could be sentenced to up to five years for conspiracy and 20 years on each of the fraud counts. But actual sentences generally are much lower for defendants without extensive criminal records.

At its core, the government’s case alleges that Kind and McFadden-Weaver — pastor at Community Fellowship Church of Jesus Christ — constructed an elaborate financial scheme to provide her with money to renovate a home on Benton Boulevard that she wanted to purchase from her church.

U.S. Attorney Bradley Schlozman said that after McFadden-Weaver failed to get financing for the renovations, she approached Kind in September 2005 to purchase a home in Lee’s Summit. Under the deal, the $400,000 mortgage would have paid for the home and provided McFadden-Weaver with about $35,000 for the renovations. Kind would have lived in the Lee’s Summit home.

Prosecutors contended that in loan documents, McFadden-Weaver misrepresented her income and promised to live in the Lee’s Summit house, which would have violated a city charter requirement that she live in her council district.

“Had the lender known the full truth about McFadden-Weaver’s finances or residency intentions, she would have either never received the loan in the first place or she would have had to pay a much higher interest rate,” Schlozman said.

Hamilton was charged because he agreed to broker the loan knowing that McFadden-Weaver did not intend to live in Lee’s Summit or be responsible for the property.

Ultimately, she bought the house, but never lived in it or made payments on it. After she and Kind unsuccessfully tried to refinance it, a bank foreclosed on the property for $255,500.

Since The Kansas City Star first reported irregularities with the mortgage in August, McFadden-Weaver has said she had not closely read the loan documents. She said Wednesday she trusted others that the deal was legitimate.

"I endeavored to help the wrong person," she said.

McFadden-Weaver held her impromptu news conference near a City Hall room where the city's Ethics Commission was deliberating behind closed doors over its investigation of the councilwoman.

McFadden-Weaver smiled for cameras and cited her successes as a council member, including being the only one to survive a recall vote. She made clear she had no intention of stepping down from the council or backing down from her re-election bid.

"I haven't done anything to feel guilty about, so I don't," she said.

She did say she may have been wrong in trusting Kind.

"He didn't take care of his responsibilities," she said.

McFadden-Weaver added that she probably should have taken more time to examine the loan closing documents. But she suggested she was the victim of a growing national problem of mortgage fraud.

Two hours later, the ethics panel emerged from executive session. Members declined to comment, saying they will issue findings soon.

The commission, inactive this decade until McFadden-Weaver requested its review, has met regularly since October, taking testimony from the councilwoman and others, including the escrow closer who said McFadden-Weaver received clear explanation of the documents she was signing and appeared to understand what she was signing.

Under the city's charter, council members are not required to resign if they face indictment.

Several of McFadden-Weaver's council colleagues said her decision to remain in office was a personal choice and she deserved her day in court. But Councilwoman Becky Nace said council members should be above reproach in their business dealings.

"Clearly, she's made an error in judgment in this instance," Nace said. "I think she should consider resigning her seat."

Mayor Kay Barnes said that although the charges were not related to McFadden-Weaver's public service, they were serious allegations.

"Of course, she is entitled to the presumption of innocence and will have every opportunity to defend herself against these allegations," Barnes said. "At the same time, the citizens of the 3rd Council District are also entitled to full and competent representation. It is important that Councilwoman McFadden-Weaver recognize that obligation."

Mortgage fraud has been a high-profile prosecution priority in western Missouri since summer 2004, when authorities began filing a series of cases against real estate investors and appraisers for transactions in Jackson County.

McFadden-Weaver narrowly lost runs for the council in 1995 and 1999 before she defeated Ron Finley in 2003 with 59 percent of the vote.

But her tenure has been rocky.

She clashed with Barnes in 2004 over her stance on a new downtown arena, and she beat back the recall election — the city's first — in February 2005. Disgruntled constituents cited a variety of complaints about her performance when they mounted the recall effort.

In October, the Missouri Ethics Commission fined McFadden-Weaver $10,000 for problems related to her council campaign committee. She filed campaign finance reports months late and did not properly identify contributors and expenditures, the commission said.

Supporters have said McFadden-Weaver has been unfairly attacked. They contend she still has strong backing in her district. She said she has worked hard to support programs for children and youth, to combat absentee landlords, to promote job opportunities for minorities, and to make sure affordable housing was available in her district.

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McFadden-Weaver is not the first council member to become ensnared in a federal investigation. In the mid 1990s, three council members — Michael Hernandez, Chuck Weber and D. Jeanne Robinson — were convicted of public corruption charges involving real estate transactions and financial irregularities.

@Go to KansasCity.com for video from City Hall.

Councilwoman Saundra McFadden-Weaver's indictment also pertains to her $400,000 purchase of a Lee's Summit home. A bank foreclosed on the property for $255,500.

KC Councilwoman Is Indicted For Mortgage Fraud (KCBIZ)

Kansas City Business Journal, January 4, 2007

Kansas City Councilwoman Saundra McFadden-Weaver was indicted on seven counts of conspiracy and wire fraud for her alleged role in a mortgage fraud scheme.

Also named in the indictment were Emanuel M. Kind and Ricky L. Hamilton.

A federal grand jury in Kansas City returned the indictment against the three at 12:15 p.m. Wednesday, said Bradley Schlozman, U.S. Attorney for the Western District of Missouri.

McFadden-Weaver, 47, and Kind, 51, both live in Kansas City. Hamilton, 52, lives in Grandview and is a mortgage broker at Trinity Mortgage.

The charges against McFadden-Weaver do not involve public money.

The first count of the indictment alleges that McFadden-Weaver, Kind and Hamilton conspired to defraud mortgage lenders by agreeing that McFadden-Weaver would get a loan to buy a home at 301 S.E. Hackamore in Lee's Summit. The alleged plan was to have Kind live in the house and pay the mortgage and other expenses, Schlozman said in a release.

McFadden-Weaver received two loans for a total of $400,000, which she used to buy the Lee's Summit house and to rehabilitate a house at 2518 Benton Blvd. in Kansas City.

Hamilton agreed to broker the loans for McFadden-Weaver, knowing that she did not intend to live in the Lee's Summit house and would have no responsibility for the property, according to the indictment.

As part of the alleged conspiracy, Schlozman said, the three prepared material false and fraudulent and misleading loan applications and documents in support of the loan applications, which were submitted to MILA Inc., a mortgage lending company with main office in Mountlake Terrace, Wash. MILA approved the loans based on the false information.

The lender lost $150,000 on the loans when the property was foreclosed on, Schlozman said.

The defendants each face maximum sentences of five years in prison for each conspiracy charge and 20 years for each wire fraud charge.

Assistant U.S. Attorney Linda Parker Marshall prosecuted the case, which the FBI investigated.

Bruno, Despite Investigation, Re-elected Senate Majority Leader (AP)

By Mark Johnson, The Associated Press

AP, January 4, 2007

ALBANY, N.Y. (AP) — Senate Majority Leader Joseph Bruno, who faces a federal inquiry into his outside business activities, was unanimously re-elected to his post Wednesday.

Bruno, 77, retained his position as the most powerful Republican in the Legislature on a voice vote and no one expressed opposition.

Bruno, who staged a coup against fellow Republican Ralph Marino to become majority leader in late 1994, stunned colleagues two weeks ago when he announced he is under federal scrutiny. Among other things, Bruno runs a private consulting business.

Advertisement

The investigation appears to center on Bruno's dealings with businessman Jared Abbruzzese and some of his associates. Bruno directed $500,000 in state grants over the past two years to a private company linked to Abbruzzese.

Bruno has said did nothing wrong and was cooperating with the investigation that he said began in the spring of this year.

"Judge me by what I have done, not what I have not done," Bruno said Wednesday.

Only one GOP state senator, John Bonacic of Orange County, had called for Bruno's ouster before Wednesday's vote. He said the investigation can be used against Republicans in the 2008 election.

Bonacic walked out as the rest of the chamber approved Bruno.

"I told Sen. Bruno I wasn't going to support him and I didn't want to make a speech on the floor," he told The Associated Press. "It would have been disrespectful to him and his family. This was the only way I knew to make sure everyone knew I wasn't supporting him."

Republicans hold a 33-28 majority in the Senate with the departure of state Sen. Michael Balboni. He is joining Gov. Eliot Spitzer's administration to head anti-terrorism efforts.

Sen. Malcolm Smith, a Queens Democrat, was tapped as Senate minority leader.

Assemblyman Ron Canestrari, an Albany County Democrat, was named Assembly majority leader. Canestrari, who heads the Assembly's Higher Education Committee, replaces Paul Tokasz of Cheektowaga who retired from the Assembly at the end of last year. Tokasz had been majority leader since January 2001.

Assembly Speaker Sheldon Silver was re-elected to his position as well. He has served as speaker since 1994. Democrats hold a 108-42 advantage in the Assembly.

Republican James Tedisco of Schenectady is continuing as Assembly minority leader.

Watchdog Sparked FBI Probe, Barks Bruno Pal (NYDN)

By Joe Mahoney, Daily News Albany Bureau Chief

New York Daily News, January 4, 2007

ALBANY - A top ally of embattled state Senate Majority Leader Joe Bruno blamed lobbying watchdog David Grandeau yesterday for stirring up the FBI probe of New York's most powerful Republican.

"I have no doubt David Grandeau is behind this," Sen. Dale Volker (R-Depew) told the Daily News yesterday, after Bruno (R-Rensselaer) swept to reelection as Senate president.

Volker also maintained that Bruno is "not the target" of the FBI, and said his boss has been beyond cooperative with investigators.

"He didn't even wait to get a subpoena" to send the feds all pertinent records, Volker said.

Grandeau shrugged off Volker's accusation, saying the lawmaker can offer no proof to support his claim.

"Who cares what Sen. Volker says?" he said.

FBI officials have declined to discuss the probe.

Grandeau, the executive director of the state Lobbying Commission, was once employed by a telecommunications company Bruno owned. Capitol insiders said the relationship between the two became strained in 2004 after a Bruno aide tried unsuccessfully to persuade Grandeau to drop an investigation into a Las Vegas casino that gave Assembly Speaker Sheldon Silver (D-Manhattan) a discounted rate on a luxury room.

Bruno declined yesterday to respond to questions concerning the FBI probe.

Before Bruno was reelected to lead the Senate, the only GOP senator who has publicly called on him to step down, John Bonacic of New Paltz, walked out of the chamber, refusing to vote.

Man Sentenced To 26 Years In Rosenbaum Killing (WP)

By Henri E. Cauvin

The Washington Post, January 4, 2007

One of the men who killed New York Times journalist David E. Rosenbaum last year was sentenced yesterday to 26 years in prison.

Originally charged with first-degree murder, Michael C. Hamlin, 24, could have faced a life sentence had he not agreed to plead guilty to second-degree murder and testify against his cousin and co-defendant, Percey Jordan.

Prosecutors said Jordan was the assailant who actually struck Rosenbaum on a Northwest Washington street last Jan. 6. Jordan was convicted in October of first-degree murder and is to be sentenced Jan. 12 in D.C. Superior Court.

DOJ_NMG_0112093

Rosenbaum, 63, died two days after he was robbed and beaten on Gramercy Street while taking an after-dinner walk in his neighborhood. What looked like a brutal, random attack soon swelled into a scandal, as investigators uncovered a string of errors in the emergency medical care provided to Rosenbaum, at the scene, in the ambulance and at Howard University Hospital, where he died.

During his campaign for mayor, Adrian M. Fenty blasted the chief of the Department of D.C. Fire and Emergency Medical Services for the failings. Last week, Fenty named an interim chief to replace Adrian H. Thompson as head of the department while the search for a permanent successor continues.

Rosenbaum's family, frustrated by what they say has been a lack of candor from the city and the hospital, filed a $20 million lawsuit in November in D.C. Superior Court, claiming he was a victim of official negligence and medical malpractice.

But yesterday was not about the emergency medical workers who assumed that Rosenbaum was a drunk old man who had taken a fall, or about the hospital emergency room workers who let Rosenbaum languish on a gurney, oblivious to his grave head injuries, or about any of the other errors catalogued in a 69-page report issued in June by the District's inspector general.

It was about the man a family still grieves for a year later, and about the man who came home from work one night last January and chose to join his cousin on a violent ride around Washington.

On the surface, Hamlin seemed an unlikely participant. He had a steady job collecting trash for a private hauler and lived with his mother, whom he dutifully drove to her weekly card game before venturing out that Friday night.

His cousin, Jordan, 43, lived closer to the fringes, often sleeping in cars and hustling for money. Testifying at Jordan's trial, Hamlin said Jordan wanted to do the robbery and struck Rosenbaum repeatedly.

Yesterday, he turned to Rosenbaum's relatives and asked for their forgiveness, telling them that they are "in his prayers" every night.

None of the relatives who addressed the court -- Rosenbaum's brother Marcus, son Daniel and son-in-law Toby, who is married to Rosenbaum's daughter, Dottie -- was prepared to offer such compassion yesterday.

Instead they spoke of the man they lost and the need for justice to be done.

"He was kind and he was the one I looked up to and wanted to emulate," Daniel Rosenbaum told Judge Erik P. Christian.

Now all he can think about is his dad dying on a cold sidewalk, all alone.

"I am haunted by the nightmare Michael Hamlin and his cousin inflicted on him -- and on me," Daniel Rosenbaum said.

Prosecutors Move To Dismiss Charges Against Former Scout Leader (AP)

AP, January 4, 2007

NEW HAVEN, Conn. -- Federal prosecutors have moved to dismiss charges against a retired FBI agent who was indicted on child sex charges dating back more than a decade when he was a Boy Scout leader, in response to the death of his accuser.

William Hutton, 63, of Killingworth, was arrested in February on charges that allege he enticed a member of his Scout troop to Maine for the purpose of sexual activity in 1994 and 1995.

Prosecutor John A. Danaher III moved to dismiss the indictment on Dec. 19, and Judge Mark R. Kravitz granted the motion three days later, federal court records show.

On Dec. 26, the prosecutor moved to dismiss a revised indictment that had been returned by a federal grand jury in late March. There was no indication in court records that Kravitz has issued a ruling on that indictment.

Both indictments alleged crimes against the same person, who has never been publicly identified. The newer indictment added allegations that an August 1995 trip also included a stop in New Hampshire for illegal sexual activity.

Both of Danaher's motions cited "the sudden and unexpected death" of the accuser.

Hutton's lawyer, Hugh F. Keefe of New Haven, stressed Hutton had pleaded not guilty.

"Mr. Hutton was very upset by the news of the passing of the gentleman," Keefe said.

Hutton had been released on a $200,000 bond. He may not own any firearms or have any unsupervised contact with children. He was also ordered to stay away from playgrounds, schools, arcades or anywhere children congregate.

The case had been scheduled to go to trial this month in U.S. District Court in New Haven.

Federal Trial Set For James Kopp In Killing Of Abortion Provider (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, January 4, 2007

BUFFALO, N.Y. -- More than eight years after James Kopp gunned down an abortion provider in his home, the government will get its chance to prosecute the anti-abortion extremist already convicted of murder _ with the goal of eliminating any distant chance for his release.

Kopp, 52, is serving a 25-year-to-life state sentence after being found guilty of second-degree murder in the 1998 sniper slaying of Dr. Barnett Slepian.

In a federal trial starting this week, the government will argue that by shooting an abortion provider, Kopp violated the 1994 Freedom of Access to Clinic Entrances Act. He is also charged with using a firearm _ a Russian assault rifle _ during a violent crime.

Conviction could carry a sentence of life without parole.

Although Kopp will be in his 70s before becoming eligible for release on the existing conviction, U.S. Attorney Terrance Flynn said consideration for Slepian's family factored into the decision to move forward on the federal charges.

"It was and has been from the beginning, the position of the Department of Justice that we would seek this life-without-parole conviction by a jury and that Mrs. Slepian and her four sons will never be subject to going through a parole hearing in their life," Flynn said.

National Abortion Federation President Vicki Saporta said the aggressive prosecution also would serve as a deterrent to those who share Kopp's extreme views.

"It's very important that we have laws like FACE and that they are, in fact, enforced," Saporta said.

Authorities hunted 2 1/2 years for Kopp after the shooting, adding him _ along with Osama bin Laden _ to the FBI's list of the Ten Most Wanted fugitives in June 1999. Kopp was captured in Dinan, France in March 2001.

Slepian's widow, Lynne, plans to testify about the Oct. 23, 1998, shooting, which happened just after the family arrived home from a memorial service for the doctor's late father.

One of the Slepian children called 911 after a bullet pierced a double-paned kitchen window, traveled through his father's body and ricocheted off a cabinet and tile wall before landing next to the fireplace in the living room.

Slepian, struck in the back, was bleeding profusely when medics arrived at the stately suburban Amherst home. He was pronounced dead in a hospital emergency room.

"You will hear (Lynne Slepian's) testimony with respect to the heinous act and all the events that led up to her husband's death in their home in front of her children," Flynn said. The testimony will be difficult, Flynn said, but "we feel that it's important that the public hear Mrs. Slepian tell what happened."

Kopp, meanwhile, after parting ways with a handful of lawyers, has been preparing his own defense from the Niagara County jail.

In numerous typewritten motions, the lifelong activist known among peers as "Atomic Dog," has sought to have the federal charges thrown out, arguing among other things that the shooting did not take place at a clinic entrance.

He also failed in a bid to tell jurors that the shooting was justified because it was intended to save the lives of soon-to-be aborted babies.

U.S. District Judge Richard Arcara ruled that a so-called necessity defense does not apply when someone is trying to prevent legal behavior, such as abortion. Kopp will not even be allowed to talk about his religious or moral reasons for opposing abortion, the judge ruled.

Kopp, who is suspected in four nonfatal shootings of doctors in Rochester and Canada in the decade before Slepian's death, has said he was only trying to wound Slepian to prevent him from performing abortions the following day. The bullet, he said, took a "crazy ricochet."

"How can a man get a fair trial if he's not allowed to say, `This is why I did this?'" said John Tomasello, a Kopp supporter who met the activist when they were both arrested during an abortion protest in Burlington, Vt., in 1990.

DOJ_NMG_0112095

Tomasello, listed as a character witness for Kopp, said supporters plan to be outside the courthouse with signs during the trial, but that they would honor a judge's order barring abortion-related pins and clothing from the courtroom. U.S. Marshals have been instructed to screen every person attending the trial for such displays.

Flynn said extra security is planned at the courthouse in Buffalo, a city that has seen violent anti-abortion protests in the past. More than 600 people were arrested during "Spring of Life" protests that blocked clinics and doctors' offices for two weeks in 1992.

Since Slepian's shooting, extreme violence against U.S. abortion clinics and providers has steadily waned, according to NAF. Last year, there were no successful violent attacks, though two potential arsons were thwarted when the suspects' acquaintances tipped off police, Saporta said. In 1998, the year Slepian was shot, NAF tracked four clinic arsons, a bombing and numerous incidents of acid being spread at clinics.

Saporta attributed the decline to improved law enforcement responses to clinic violence and the willingness of authorities to track down and prosecute extremists like Kopp and bomber Eric Rudolph.

Jury selection is scheduled to begin Thursday and opening statements are expected on Tuesday.

Coca-Cola Tries To Block Theft Suspect's Access To Sensitive Information (FINDLAW/AP)

By Harry R. Weber, Ap Business Writer

AP, January 4, 2007

(AP) - ATLANTA-The Coca-Cola Co. sought Wednesday to block a defense lawyer's request for documents in a trade secrets theft case that relate to products the world's largest beverage maker developed but never launched.

The Atlanta-based company filed a motion in federal court to quash a subpoena by Joya Williams' lawyer for the documents in preparation for Williams' Jan. 16 trial. Williams is charged with conspiring to steal trade secrets from Coca-Cola in an effort to sell them to rival Pepsi.

Two co-defendants have already pleaded guilty in the case, and at least one is expected to testify against Williams, a former Coca-Cola secretary who worked for the company's global brand director at its headquarters.

According to the motion, Williams' lawyer, Janice Singer, has subpoenaed 19 categories of records from Coca-Cola.

The company is objecting to production of two of the categories: documents reflecting all products Coca-Cola developed or which were in development which it decided not to launch within the last three years, and documents reflecting all marketing strategies formulated by or for Coca-Cola that were termed confidential or secret but were not used in the last three years.

Company lawyer Stephen Cowen said Singer's request for those categories of documents amounts to a "fishing expedition" for material that is sensitive and considered valuable trade secret information.

"Although the company may have determined in the recent past not to launch certain products under development or not to adopt certain marketing strategies, the unused products and strategies still very much constitute trade secrets," Cowen wrote.

Singer did not immediately return a call to her office Wednesday seeking comment.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted July 11 on federal conspiracy charges. The three were accused of stealing new product samples and confidential documents from Coca-Cola and trying to sell them to Purchase, New York-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Coca-Cola.

Williams has since been fired from her job at Coca-Cola. She has pleaded not guilty.

Former Qualcomm Employee Sentenced To 3 Years' Probation For Stealing Trade Secrets (SDUT/AP)

By Elliot Spagat, Associated Press

The San Diego Union-Tribune, January 4, 2007

SAN DIEGO – A former Qualcomm Inc. employee who downloaded nearly 450,000 files of secret source code to his home computer before quitting to take a job with rival Nokia Corp. was sentenced to three years' probation Wednesday for stealing trade secrets.

DOJ_NMG_0112096

Michael Laude, 47, had code that represented "virtually all of Qualcomm's product line," according to the U.S. attorney's office in San Diego.

A thorough investigation produced no evidence that he shared the code with his new employers at Nokia, a major Qualcomm rival, said Mitch Dembin, an assistant U.S. attorney, though Laude "had enough information to bring Qualcomm to its knees."

A Nokia spokesman, William Plummer, said Nokia was unaware of the theft and never benefited from stolen information. Nokia cooperated with the federal investigation.

Qualcomm, which licenses technology for mobile phones and manufactures semiconductor chips that run them, is embroiled in legal and trade disputes with Nokia and other companies that contend Qualcomm extracts excessive royalty payments for its devices.

Laude's attorney, Jeremy Warren, said his client made a mistake by failing to return the information when he left Qualcomm.

"It's a sad case because he's been a law-abiding guy his whole life and he got into trouble because he's a pack rat," Warren said. "It's been a very embarrassing moment in his life but, fortunately, no one got hurt here at all."

Laude held engineering and product management jobs at San Diego-based Qualcomm from June 1992 to October 2002, when he gave a day's notice that he was leaving. The following week, he joined Nokia, which is based in Espoo, Finland.

He pleaded guilty in October 2006 and was sentenced by U.S. District Judge James Lorenz in San Diego federal court.

Technology companies often grant engineers broad access to proprietary code as a way to foster innovation, Dembin said.

"They have always wanted engineers to play with the code, experiment with it, work on it 24 hours a day," he said. "That's why they have couches and video games in the office."

Qualcomm raised concerns about Laude to the FBI after Nokia identified him in 2004 as an architect of a software platform designed to compete with Qualcomm's own products, according to the federal government and Qualcomm.

Laude downloaded more than 300,000 Qualcomm files to his home computer during a two-week period after the company granted him access in June 2002 and amassed nearly 150,000 more on his hard drive before leaving the company four months later, the government said.

Qualcomm has since tightened its security practices, said Alex Rogers, a company attorney.

"Our assessment so far is that we were fortunate there was no damage," he said.

Ex-police Officer Gets 15 Years For Child Porn (FWNS)

The Fort Wayne News-Sentinel, January 4, 2007

MIDDLETOWN, Ind. - A former Henry County police officer was sentenced to 15 years in federal prison for producing child pornography.

U.S. District Court Judge David F. Hamilton sentenced Eric A. Rinehart, 34, of Middletown on Wednesday on two counts of producing pornography that showed minors engaging in sexually explicit conduct, U.S. Attorney Susan Brooks said.

Rinehart, who pleaded guilty to the charges, admitted to making sexually explicit photos and movies involving minors then 16 and 17 years old. The government seized Rinehart's camera and computer, Brooks said.

Hamilton also ordered Rinehart to serve probation when he is released from prison, prosecutors said.

Rinehart had been a five-year member of the Middletown Police Department and a member of a Henry County SWAT team when state police and FBI agents arrested him Aug. 12 at his home in Middletown, about 10 miles southwest of Muncie. He has since resigned.

Educator Charged With Sex Abuse (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 4, 2007

Teacher-Coach, 41, Alleged to Have Had Relationship With 13-Year-Old Student

A 41-year-old D.C. public school teacher has been charged with having sex with a 13-year-old girl in what authorities say was one of several sexual encounters he had with the junior high school student.

DOJ_NMG_0112097

Ricardo Roberts, a social studies teacher and basketball coach at J.H. Johnson Junior High School in Southeast Washington, was charged with first-degree child sex abuse after he was arrested last month at his Alexandria home.

He is being held without bond. School officials said he has been suspended from his job.

In charging documents filed after his arrest and in testimony yesterday in D.C. Superior Court, police said Roberts not only had sex with the girl in a classroom but also took her to his home and had sex with her there.

The alleged relationship came to light last month after a witness working in the school after hours Dec. 4 reported seeing the girl emerge from a room where Roberts had been seen changing his clothes a short time earlier, according to the charging papers.

The girl allegedly told a witness that she was in a sexual relationship with Roberts, and that led to a police investigation.

The charging documents gave this chronology of events:

When first interviewed Dec. 19, the girl denied that she and Roberts had sex. She acknowledged that there was talk around the school that she and Roberts were intimate, a rumor she attributed to her reputation for promiscuity.

Interviewed by police the same day at the school at 1400 Bruce Place SE, Roberts denied having a relationship with the girl. He, too, acknowledged rumors of a sexual relationship and, as the girl had, said such rumors were fueled by the girl's reputation for promiscuity, the documents said.

When the girl's mother learned of the investigation, she told police that she did not believe her daughter's account and brought her back to police for more questioning. In that interview, the girl said she had lied the day before because she did n't want to hurt "Coach Rob," who was her volleyball coach and social studies and homeroom teacher last year. She told detectives that between September and December, she and Roberts had sex several times, including two days earlier, on Dec. 18, at Roberts's home, the charging papers stated.

Arguing before Judge Lee F. Satterfield, Roberts's attorney, Kelli Neptune, assailed the credibility of the government's case.

But the prosecutor, Assistant U.S. Attorney Mark O'Brien, said that the witness statements corroborated key elements of the girl's account and that the girl was able to describe in detail the interior of the defendant's home.

The judge found a basis to proceed with the charge against Roberts, whose pregnant wife was in the courtroom yesterday, surrounded by relatives.

Staff writer V. Dion Haynes contributed to this report.

CIVIL LAW:

Seeking New Rule On Protective Gear, Unions File Lawsuit Against OSHA (HILL)

By Jessica Holzer

The Hill, January 4, 2007

The AFL-CIO and the largest union for food and commercial workers filed a lawsuit yesterday to force the Department of Labor to finalize a rule requiring employers to pay for face shields, rubber boots and other protective gear used by low-wage workers in the meatpacking, poultry and construction industries.

The labor groups contend that the Bush administration has been willfully dragging its feet on completing the standard, which was proposed in 1999 by the Clinton-era Occupational Safety and Health Administration (OSHA), due to an ideological opposition to regulating businesses.

OSHA proposed the regulation after the Occupational Safety and Health Review Commission ruled against the agency in a personal protective equipment (PPE) case, finding that the existing policy was ambiguous on whether employers should pay for PPE.

“The fact that they failed to do so is an indication of how loath they are to take any regulatory action,” asserted Peg Seminario, who heads up workplace safety for the AFL-CIO.

A spokesman from the Labor Department said, “We got the press release before the actual complaint arrived, so we are reviewing it now and we’ll have more to say in the near future.”

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The rule would not impose sweeping changes, as the vast majority of businesses already comply with OSHA's longstanding policy that employers, and not employees, pay for protective gear. By OSHA's own estimates, only roughly one in 10 workers covers the cost of such equipment himself.

"It's just not fair to those workers," said Jackie Nowell of the United Food and Commercial Workers (UFCW).

In its most recent notice in November, OSHA vowed to complete the rulemaking by May. But the agency has missed its self-imposed deadlines to finalize the standard since it first promised to do so by July 2000, despite pressure from Congress.

In each of the past four years, the House Appropriations Committee has criticized OSHA's inaction on the rule, and the Senate Appropriations Committee chimed in last year. In 2003, the Congressional Hispanic Caucus joined with the AFL-CIO and the UFCW to petition the agency to complete the rule.

"I'm hopeful that this lawsuit will compel OSHA to implement the rule it promised eight years ago to protect the safety of low-wage workers … We shouldn't have to compromise worker safety for the corporate bottom line," said Rep. Linda Sanchez (D-Calif.), a member of the caucus.

Nowell said that the unions took a deliberately "apolitical" approach by challenging the administration in court rather than pushing for legislation. But she conceded that the shift in power in Congress would put added pressure on OSHA to act.

"I think they'll see that there's another route," she said.

Lack Of Rules On Protective Gear Brings Suit Against Labor Dept. (NYT)

By Steven Greenhouse

The New York Times, January 4, 2007

The A.F.L.-C.I.O. and the United Food and Commercial Workers sued the Department of Labor yesterday, asserting that it broke the law by failing to issue regulations requiring employers to pay for protective equipment for their workers.

The two labor organizations said it was wrong for the Labor Department to require employers to provide protective equipment like helmets, face shields and gloves, while often letting employers charge workers for that equipment.

The groups complained that the Labor Department under President Bush had not issued final rules based on those the Clinton Labor Department proposed in 1999. Those proposals would have required companies to pay for all employee protective equipment required by the Occupational Safety and Health Administration, part of the Labor Department.

In an unusual move, the A.F.L.-C.I.O and the food workers' union asked the United States Court of Appeals for the District of Columbia Circuit to order Secretary of Labor Elaine L. Chao to issue final rules.

The A.F.L.-C.I.O.'s president, John J. Sweeney, said, "The Bush administration's failure to implement even this most basic safety rule spotlights how it has turned its back on workers in this country."

David James, a Labor Department spokesman, said officials were studying the lawsuit. He said the case "deals with complicated issues that will affect different employers and employees in different ways."

Mr. James said the department had reason to hesitate to turn the 1999 proposal into a final, enforceable rule. "The department takes pride in its excellent safety and enforcement records," he said. "But on this issue, a number of public comments we received take issue with the factual assumptions" in the rule proposed in 1999.

The lawsuit notes that by OSHA's own estimates 400,000 workers have been injured and 50 have died because of the absence of a rule.

A.F.L.-C.I.O. officials said the Labor Department was violating laws on administrative procedures and occupational safety by failing to issue final rules.

In 2004, Richard E. Fairfax, OSHA's director for enforcement, wrote a letter to a corporate safety director saying that while federal regulations required employers to provide personal protective equipment to ensure its use, "OSHA does not view this section as imposing an enforceable obligation on employers to pay for the P.P.E.," a reference to such equipment.

Peg Seminario, the A.F.L.-C.I.O.'s director of occupational safety and health, said that some meat and poultry companies required employees to pay for gloves and that some welding companies required them to pay for visors even though federal rules said employers must provide them.She said that 20 million workers used required protective equipment and that most employers did pay for it.

DOJ_NMG_0112099

Joseph Hansen, president of the United Food and Commercial Workers said, “Nothing is standing in the way of OSHA issuing a final rule to protect worker safety and health except the will to do so.”

Agencies Warned About Firing Probationary Employees (WP)

By Stephen Barr

The Washington Post, January 4, 2007

Most federal employees spend a year on probation after being hired, and the rules for job tryouts make it relatively easy for managers to weed out poor performers and show them the door.

But a new report suggests that agencies can no longer assume they have such leeway. Two federal court rulings have found that federal employees on probation may be entitled to challenge the merits of their dismissal, just as a permanent civil service employee can.

"Agencies must now proceed with caution when terminating probationary employees because the cost of violating a probationer's pre-termination procedural rights can be high," said the report by the Merit Systems Protection Board, released this week.

In addition to paying the cost of litigation, federal agencies may be ordered to reinstate people in their jobs and give them back pay and benefits, the report said.

The MSPB report said that "agencies are still learning about the impact" of the court rulings, though one case was decided in 1999 and the other in 2003.

In the two cases, the U.S. Court of Appeals for the Federal Circuit interpreted federal employment law and regulations to allow certain employees on probation to challenge agency decisions to end their employment.

An employee in one of the cases had been hired by the Health and Human Services Department in 1991 and was subject to the completion of a one-year probationary period. The employee completed probation, and in 1999, she asked to be moved to a job with the Air Force.

Because the employee was taking a new assignment, the Air Force decided to place her on probation for a year. About six months after the hiring, the Air Force let her go and said the termination had come during her probationary period.

The employee appealed, and the Federal Circuit found that she should be treated as a regular civil service employee, with rights to challenge her dismissal, because she had served for longer than a year in the government.

The MSPB report pointed out that the Office of Personnel Management has not amended federal regulations or the advice it provides agencies about how to determine when employees qualify for full job rights. The report recommended that OPM modify regulations to conform with the court rulings.

Kerry B. McTigue, general counsel at the OPM, said officials are reviewing the MSPB report and "truly considering our options." But he added that the OPM would prefer to have Congress change civil-service law to clarify probation periods and when a person gains procedural rights to challenge management's decisions.

The Bush administration proposed a legislative fix in 2005 as part of a larger, draft personnel bill that Congress has not taken up, McTigue said. New personnel laws for the Defense and Homeland Security departments do make clear the rules for job tryouts for those large workforces, he said.

The merit board regularly provides reports to the president and Congress on civil-service issues, and board members hear appeals from federal employees who face major disciplinary action by their agencies.The Numbers on Open Season

More than 690,000 federal employees and retirees signed up for dental and vision insurance benefits during the program's inaugural enrollment season, the OPM announced.

Interest in the new insurance program increased in the closing days of the enrollment period, jamming the program's Web site and telephone line. The snarl prompted the OPM to accept "belated enrollments" through Dec. 22 rather than end enrollments on Dec. 11 as planned.

Congress approved the program after learning in hearings that dental benefits provided to federal employees had not kept pace with benefits offered in the private sector. The new program permits federal employees to use pretax payroll deductions to pay dental and vision premiums.

DOJ_NMG_0112100

The OPM also announced that 227,000 federal employees have opened flexible spending accounts for 2007 to help pay their out-of-pocket medical bills and to help pay dependent care costs. Flexible-spending enrollments are up by 26 percent over the previous year, the OPM said.

Eugene Doctors' Case Faces Appeal (ERG)

By Tim Christie, The Register-Guard

Eugene (OR) Register-Guard, January 4, 2007

The U.S. Justice Department has appealed a judge's ruling that federal investigators could not gain access to a legal file created on behalf of four Eugene heart surgeons under investigation for alleged Medicare fraud.

Notice of the appeal to the U.S. 9th Circuit Court of Appeals was filed in U.S. District Court in Portland on Dec. 29.

Federal authorities want the appeals court to overturn U.S. District Judge Anna Brown's ruling that the four doctors each retained individual attorney-client privilege over the file. The documents in question were created by a Boston lawyer the doctors hired before they sold their practice to PeaceHealth, parent corporation of Sacred Heart Medical Center, in November 2004.

advertisement

Federal authorities want to see the file as part of their long-running investigation into the doctors.

The case involves Drs. David Duke, Stanley Baldwin, Warren Glover and the now-retired Richard Hicks, and their Eugene practice, Cardiovascular Surgical Associates.

The central allegation in the case, according to an affidavit filed in March by a federal investigator, is that the doctors billed Medicare and Medicaid for surgeries in which a single doctor would be listed as the lead surgeon on one operation and as the assisting surgeon on a second operation going on at the same time, or in which a single doctor would be shown assisting multiple surgeries that were happening at the same time.

Medicare regulations specifically prohibit doctors from billing for assisting more than one surgery at a time.

CIVIL RIGHTS:

Bush Protesters Face Trial Over Signs At Parade (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, January 4, 2007

(AP) - ALLENTOWN, Pennsylvania-When protesters were arrested at a St. Patrick's Day parade while holding signs likening President George W. Bush to Adolf Hitler, the crowd cheered the police.

Police say the two protesters, Kurt Shotko and Victor Bobrzyk, were arrested only after they refused to stop blocking people's views of the parade last year in Wilkes-Barre, Pennsylvania. The American Civil Liberties Union suspects a more sinister motive: an attempt to stifle unpopular speech.

Charged with disorderly conduct and resisting arrest, the pair are scheduled for trial in Luzerne County Court this month.

"We think it was about the content of the speech. They weren't blocking anybody's view," said ACLU lawyer Paula Knudson, who is defending Shotko and Bobrzyk in court. "They were being very respectful of the people in the parade."

Police Chief Gerry Dessoye said his officers acted professionally and that the arrests were justified.

"The issue wasn't the size or necessarily the content of the signs; the issue was they were blocking the view," said Dessoye. He contended the case has nothing to do with free speech, and that the protesters "want to turn it into something more than it is."

Amateur video of the March 13 parade, which included Democratic Gov. Ed Rendell and U.S. Rep. Paul Kanjorski, a Pennsylvania Democrat, shows Shotko and Bobrzyk standing in the crowd along the sidewalk, holding aloft large signs attached to wooden poles.

Shotko's banner was headlined, "The Face of Fascism," and had a Hitler-like figure mouthing the words, "Let's steal from the poor, and use the money to kill for God." Below that read: "Stop the Bush crime family."

Bobrzyk's banner was headlined, "Global business creates slavery," and had the Hitler figure saying: "Work makes you free." Below that read: "Adolf Bush."

DOJ_NMG_0112101

It is unclear from the video whether the signs blocked anybody's view. But according to a police affidavit, City Administrator J.J. Murphy, a top aide to Mayor Tom Leighton, approached Shotko and Bobrzyk and asked them to either lower the signs or move to the rear of the crowd.

"The signs had writing on them against the Bush administration and the federal government," the affidavit noted.

Police say the protesters refused Murphy's request, prompting him to ask police for their removal from the area.

The video depicts a brief scuffle between Bobrzyk and a police officer. As Bobrzyk and Shotko were placed in handcuffs, the video shows a friend of Shotko's trying to walk away with one of the signs, then an officer ripping it from her hands and throwing it to the ground.

Shotko, 39, of Scranton, Pennsylvania, who has been staging public protests since the early 1990s and has previous convictions for disorderly conduct, and Bobrzyk, 68, a naturalized American citizen from Poland, face up to several years in prison if convicted.

"You're not going to stop me from trying to talk to people about where our country is at," said Shotko, a one-time congressional candidate. "I'm not afraid of doing time for my free speech."

Atheists Challenge The Religious Right (CSM)

By Jane Lampman

The Christian Science Monitor, January 4, 2007

For some time, the religious right has decried "secular humanism," a philosophy that rejects the supernatural or spiritual as a basis for moral decisionmaking. But now, nonbelievers are vigorously fighting back.

Only a small percentage of Americans admit to being nontheists (between 2 and 9 percent, depending on the poll), but that equates to many millions. And religionists' role in debates over stem-cell research and evolution vs. intelligent design - as well as radical religion in world conflicts - have galvanized some atheists to mount a counteroffensive.

In bestselling books, on websites, and with a national lobbying effort, atheists and other nontheists are challenging the growing religious influence in government and public life. Some are attacking the foundations of religion itself.

Two particularly provocative books, in fact, hit the top of Publishers Weekly's religion bestseller list in December. No. 1, "The God Delusion," by evolutionary biologist Richard Dawkins, and No. 2, "Letter to a Christian Nation," by writer Sam Harris, are no-holds-barred, antireligion polemics that call for the eradication of all manifestations of faith.

"I am attacking God, all gods, anything and everything supernatural, wherever and whenever they have been or will be invented," declares Dr. Dawkins, the famed Oxford professor who wrote "The Selfish Gene."

These offerings are so intolerant of religion of any kind - liberal, moderate, or fundamentalist - that some scientists and secularists have critiqued their peers for oversimplification and for a secular fundamentalism.

"They undermine their own case by writing in a language that suffers from many things they say are true of believers - intolerance, disrespect, extremism," says Alan Wolfe, a professor of religion at Boston College, who is a secularist and author of several books on American religious perspectives.

Yet the authors are anything but modest about their efforts to supplant faith with pure scientific rationality. While critics point out that religion is a genuine reflection of people's experience and will always exist, Mr. Harris suggests it could be equated with slavery, which once was widely acceptable, but eventually was looked upon with horror. He sees it as responsible for many of life's tragedies.

Harris first hit the bestseller bull's-eye in 2004 with "The End of Faith," and he says the responses to that book, particularly those from Christians, spurred his latest epistle.

A mere 96 pages, "Letter" may be dismissed by many for its condescending tone or overheated rhetoric. Yet its bold arguments offer a useful window into nontheist perspectives and could also startle some complacent religionists into a rethinking and refining of perceptions.

Many nontheists don't share this militant perspective, but have decided that keeping silent in religious America no longer makes sense. They are astonished that a majority of Americans question evolution and support teaching intelligent design in the science classroom. They are distressed over polls that show that at least half of Americans are unwilling to vote for an atheist

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despite the Constitution's requirement that there be no religious test for public office. And they contend that in recent years, Congress has passed bills and the president has issued executive orders that have privileged religion in inappropriate and unconstitutional ways.

As a result, seven organizations of nontheists - including atheists, freethinkers, humanists, and agnostics - began the Secular Coalition for America (SCA), a lobby seeking to increase the visibility and respectability of nontheistic viewpoints in the United States.

"In some parts of the country, children are ostracized if someone finds out their families are atheists," says Lori Lipman Brown, SCA director. "We need to educate the public that people who don't have a god belief can be good neighbors and friends and moral and ethical people."

They also intend to stand up vigorously for their rights. "Some people want to go back to a time when religion was imposed, such as official prayer in public schools," she adds. "For someone to say they can't practice their religion appropriately if all schoolchildren are not required to recite a public prayer is very disturbing."

The SCA intends to lobby the new Congress to override a presidential veto on stem-cell research and to repeal land-use legislation and other laws seen as "privileging one religion over other religions or over those who don't follow religion."

Still, the group makes clear on its website that while it promotes reason and science as the bases for policymaking, it also supports religious tolerance.

"I have absolutely no problem with anyone believing differently than I believe, as long as they don't impose their religion on me or my government," says Ms. Brown, a former Nevada state senator.

To spotlight the prejudice against atheists holding public office - and to encourage atheists to "come out of the closet," SCA is sponsoring a contest to identify the highest US official who acknowledges being a nonbeliever. They expect to announce contest results in February.

Internet-based groups are also seeking to spread the atheist message, particularly among young adults. The Rational Response Squad (RRS) has chosen a provocative mode using the popular website YouTube. Their "blasphemy challenge" calls on young nonbelievers to create videos in which they renounce belief in the "sky God of Christianity" and upload it on the site; in return they'll receive a free documentary DVD, "The God Who Wasn't There," which includes interviews with Dawkins, Harris, and others. RRS is publicizing its campaign on 25 popular teen websites.

"We wanted to strike up more of a conversation about religion, and this was a way for people to show their nonbelief and encourage others to come out," says Brian Sapient, RRS cofounder.

Mr. Sapient says he was raised Catholic and then a born-again Christian, but later learned that many things he was taught were fictional. RRS now has some 20,000 people on message boards, with about 5,000 actively engaged in debunking religious claims, passing out fliers, and placing DVDs in churches.

As for the blasphemy challenge, "there's about 490 response videos so far, and 85,000 views on our trailer video," he says. Sapient acknowledges this approach may not persuade religious youths. "There are people with a more palatable approach to talking about religion," he says, "but I wonder if those people would be as effective if it weren't for us or Sam Harris or Richard Dawkins shaking up the group a bit."

He also insists that you don't really respect people unless you speak up when you think their beliefs are wrong. It's OK with him, he adds, if religious people try to convince him they are right.

Harris and Dawkins make it clear that they think faith has gotten off too easy for too long. Their books have spurred widespread commentary, much of it a strong critique of their arguments and lack of religious knowledge. But in a culture immersed in combativeness in politics and the media, the intemperate books are selling well.

Yet one critic, New York Times columnist Nicholas Kristof, calls for a truce: "We've suffered enough from religious intolerance that the last thing the world needs is irreligious intolerance."

The Truth About Oaths (USAT)

By Jonathan Turley

USA Today, January 4, 2007

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T

he newest member of the Minnesota delegation, Keith Ellison, would appear to be the very model of a god-fearing congressman whom conservatives have longed for. Yet Ellison has been denounced as a constitutional blasphemer after discussing his upcoming oath of office. The problem was not with Ellison's oath, but with his god — Ellison is Muslim (our nation's first in Congress) and intends to use the Quran today to pledge to serve faithfully before Allah.

Judging from the outcry, one would think that Ellison wanted to use the January edition of Penthouse. America's permanently angry class of religious zealots has organized protests. Some have called for a law requiring that all members use the Bible — regardless of whether they believe a single word in it. They do not expect Ellison's conversion, they just want him (and presumably the two new Buddhist members) to pay tribute to their faith system.

President Bush has not addressed the controversy, even though it was started by one of his appointees — a rabid talk show host named Dennis Prager whom Bush appointed to the prestigious United States Holocaust Museum Board.

"Insofar as a member of Congress taking an oath to serve America and uphold its values is concerned," Prager wrote, "America is interested in only one book, the Bible. If you are incapable of taking an oath on that book, don't serve in Congress."

Bush's silence is curious given his tireless campaign against "Islamofascists," extremists who seek to force people to conform to their Islamic faith. In this age of hyphenated fascism, what do we call Jews or Christians who want to force non-believers to swear to the Bible? Judeo-Christofascists?

Of course, the comparison with Islamofascists might not be fair — to Islamofascists. Take the quintessential, Bush-certified Islamofascist regime of Iran. Under Article 3 of the Iranian Constitution, "members representing minority religious groups will take the oath mentioning their own holy books."

It appears that though the Iranian government denies the Holocaust and calls for the eradication of Israel, it views Prager's idea of requiring people to swear to someone else's faith to be … well … extreme. (Iran's parliament has had a Jewish member, Morris Motamed, for years — though the Jewish population is about 25,000 out of 70 million). Various experts on Iran told me that such tailoring of oaths to religions goes back to early Islam. Indeed, Tehran University professor Hossein Bashiriyeh explained that "an oath taken with a holy book other than one's own cannot be religiously and morally 'binding.' … In effect it will amount to not taking an oath at all."

Nevertheless, last year, a North Carolina judge ruled that a Muslim would have to swear on a Bible rather than a Quran. His reason was a 1777 oath statute that referred to the use of "the Holy Scriptures" to guarantee that anyone lying would be "justly deprived of all the blessings of that holy book." Since Muslims are not seeking "the blessings of that holy book," it was the ultimate triumph of form over substance.

To their credit, various Jewish groups and leaders have denounced Prager, who is Jewish, as a bigot. The Anti-Defamation League called his views "intolerant, misinformed and downright un-American." (On the defensive, Prager recently suggested that he might accept Ellison's use of the Quran if he also brings a Bible "to honor it.")

Yet many leaders have supported Prager.

Rep. Virgil Goode, R-Va., even used Ellison as a lesson on illegal immigration. (Ellison was born in Detroit and converted to Islam in college.) Referring to "the Muslim representative from Minnesota," Goode stressed that "if American citizens don't wake up and adopt (my) position on immigration there will likely be many more Muslims elected to office and demanding the use of the Quran."

The powerful American Family Association has called for the use of the Bible for all members of Congress. AFA President Tim Wildmon explained that the Quran "represents a change in our society, our culture" if it is to be treated "as equivalent to the Holy Bible." In perhaps the only point of universal agreement, Wildmon noted that, "If calling the Bible superior to the Quran in American tradition and culture is intolerant, then I'm guilty."

Prager was equally unapologetic, dismissing the Quran as if it were some book-of-the-month selection: "Forgive me, but America should not give a hoot what Keith Ellison's favorite book is."

Both Prager and his allies show how intolerance is often based on ignorance. First, all members are actually sworn in at the same time using a generic oath that ends with "so help me God." The Bibles are pulled out for a later, purely ceremonial

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event for some members. Second, if Wildmon's law were passed, it would clearly violate Article VI of the Constitution, which states that "no religious test shall ever be required as a qualification to any office or public trust under the United States."

Third, it is entirely untrue that, as Prager claims, the use of a non-Bible would be "the first break of the tradition of having a Bible present at a ceremony of installation of a public official since George Washington inaugurated the tradition." Presidents such as John Quincy Adams, Theodore Roosevelt and Herbert Hoover opted not to use the Bible (Adams used a legal book). Franklin Pierce declined to take a sworn oath at all and instead simply affirmed. Likewise, other members have foregone the Christian Bible. As recently as 2005, Rep. Debbie Wasserman Schultz, D-Fla., used a Tanakh, a Hebrew Bible without the New Testament, to be sworn into office.

Nevertheless, Prager insists "if Keith Ellison is allowed to change that, he will be doing more damage to the unity of America and to the value system that has formed this country than the terrorists of 9/11." Another possibility: that Prager and his allies are doing the greatest damage to the unity of America by fostering religious divisions and promoting prejudice as principle.

Just as fascism is the ugly face of nationalist politics, Judeo-Christofascism is the ugly face of faith-based politics. When Ellison takes the oath with his hand on Thomas Jefferson's copy of the Quran, he will reaffirm our most basic values as a country and, in a single elegant moment, defeat those who use but do not live the tenets of faith.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and a member of USA TODAY's board of contributors.

ANTITRUST:

Northrop Refiles Essex Bid With FTC (AP)

By Donna Borak, Ap Business Writer

AP, January 4, 2007

WASHINGTON --Military contractor Northrop Grumman Corp. on Wednesday confirmed plans to refile its merger notice with federal regulators on its planned acquisition of small cybersecurity company Essex Corp.

Los Angeles-based Northrop confirmed Wednesday plans to withdraw and refile its pre-merger notice in order to extend the 30-day regulatory waiting period to provide additional time for federal antitrust authorities to review the proposed sale.

Analysts speculate possible stipulations in the proposed deal may not have been resolved ahead of the deadline, which could potentially delay the completion of the deal.

"There's been some objections or additional information requested by the regulators," analyst Paul Nisbet of JSA Research Inc., said in a telephone interview. "They must see some various areas that have been pointed out to them by competitors and they're wanting to take a closer look at."

Northrop initially filed its pre-merger notification with the Federal Trade Commission shortly after it announced plans to buy Essex on Nov. 8 for $24 per share, or about $580 million in cash, including assumed debt.

The proposed deal requires the approval of Essex shareholders and the regulatory agency.

Despite the extended review, Essex said shareholders would still meet on Jan. 10 to vote on the proposed acquisition. The deal requires two-thirds majority vote for approval.

The Columbia, Md.-based provider of signal, image and information processing for U.S. intelligence and defense customers said last Friday it had been notified by Northrop on plans to withdraw and refile its pre-merger notice.

"The right people were just not available in the time frame," said Ed Jaehne, chief strategy officer for Essex Corp. Jaehne blamed it on the confluence of the end of the year holiday period and the classified nature of the work conducted by both companies.

Essex expects Northrop to refile its pre-merger notice with the Federal Trade Commission "very shortly" and for the proposed deal to close during the first quarter of 2007, as initially planned.

"We don't envision or expect there to be any issues ultimately from this," said Jaehne.

Representatives from Northrop Grumman and the FTC declined to provide further comment on the review.

Many observers view the acquisition as a way for the military contractor to expand its intelligence and defense offerings.

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Essex is expected to be folded into Northrop Grumman Missions Systems division, considered to be one of the more highly classified areas of the defense company.

Antitrust and national security considerations such as the protection of the industrial base could be potential factors requiring additional time to review the acquisition, said Ray Bjorklund, a chief knowledge officer at Federal Sources, Inc., a research and consulting firm in McLean, Va.

Shares of Northrop gained 43 cents to close at $68.13 on the New York Stock Exchange, while shares of Essex gained 10 cents to $23.89 in aftermarket trading, after dropping 12 cents to $23.79 on the Nasdaq Stock Market.

Nokia, Samsung, Matsushita Sued Over Bluetooth (WSJ)

By Yun-hee Kim

The Wall Street Journal, January 4, 2007

A Seattle research foundation has filed a complaint against Matsushita Electric Industrial Co., Samsung Electronics Co. and Nokia Corp. for alleged violation of patents on products containing wireless Bluetooth chipsets.

Bluetooth allows two or more electronic devices to communicate with each other through a radio frequency rather than physical wire connections.

The suit, filed in the U.S. District Court for the Western District of Washington on Dec. 21 by the Washington Research Foundation, alleges that the three, along with their U.S. units, used and imported into the U.S. products containing Bluetooth chipsets made by companies other than Washington Research licensee Broadcom Corp.

The complaint said the products contained Bluetooth chipsets made by CSR PLC of the U.K.

"Washington Research Foundation therefore does not assert infringement...with regard to any of defendants' products that use only Broadcom's licensed chipsets to enable Bluetooth technology," it said in the complaint. The research group is seeking unspecified damages. A Samsung Electronics spokeswoman acknowledged the company has been sued by the foundation but declined to comment further. Officials at Matsushita and Nokia couldn't be reached for comment.

ENVIRONMENT:

Oak Ridge Contractor Pays Price For Contaminating Local Creek (WATE)

By Tim Miller, 6 News Anchor/Reporter

WATE-TV, January 4, 2007

KNOXVILLE (WATE) -- The environmental cleanup firm Duratek Federal Services has paid a $300,000 fine for sending thousands of gallons of radioactive waste into a local creek.

Duratek pleaded guilty on December 20 to discharging up to 400,000 gallons of water containing radionuclides, into Bear Creek, near Oak Ridge in September of 2002.

During a period of heavy rain, the company should have emptied overflow into a sediment pond as the permit required. But instead, the contaminated water was sent into a drainage ditch which emptied into the creek.

In announcing the fines at the U.S. Courthouse in Knoxville Wednesday afternoon, officials said Duratek had been contracted to clean up a site at an above-grade disposal facility on the Oak Ridge National Laboratory reservation.

An FBI special agent in charge said the company violated the trust put in them.

Guy Blackwell, a senior assistant U.S. attorney, was the lead prosecutor in the case. He said, "Their explanation was that we knew that we had to get it out of the ponds, we knew it was going to overflow, so we did the best we could under the circumstances. But that wasn't good enough for us."

Officials from the Tennessee Department of Environment and Conservation said the contamination did not do permanent damage to the environment or any health consequences, and that the company took immediate steps to ensure compliance with state and federal regulations.

Proceeds from the fine were distributed on Wednesday to several groups.

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TDEC received $240,000 for the maintenance of the ATG Facility on Bear Creek Road. The site has long been in need of environmental cleanup.

$20,000 went to TVA Police for their criminal investigative division. The money will fund specialized training and equipment in the environmental field.

Checks were also presented to the Southern Environmental Enforcement Network Inc. and to the Economic Crimes Funds in the Seventh and Ninth Judicial Districts.

Duratek has since merged with Envirocare and BNG America and is now known as EnergySolutions.

Green Arlington (WP)

The Washington Post, January 4, 2007

WITH A NEW Democratic Congress, you can expect to hear a lot more about global warming from federal legislators over the next two years. But as Congress and the White House inevitably spar over how and how much to cut greenhouse emissions, state and local governments across the country will choose to address climate change on their own. In the Washington area, the District and Montgomery County recently enacted solid measures to cut carbon emissions, joining states such as California and cities such as New York. Fortunately, other localities are following their lead.

Paul Ferguson, the new chairman of the Arlington County Board, announced this week that he wants to implement a raft of new measures to cut his jurisdiction's greenhouse emissions 10 percent by 2012. Under the plan, the county will voluntarily meet national "green" building standards -- which emphasize energy efficiency -- in its new public structures and give private developers incentives to do the same. Arlington will experiment with solar power panels and purchase 5 percent of its electricity from renewable sources -- at this point, energy from wind farms in West Virginia. And the county will plant more trees and pass out free energy-saving light bulbs.

The Post's Annie Gowen reported yesterday that slashing emissions will cost the county around $6 million -- a high price, perhaps, when the county is facing a budget shortfall. But, Mr. Ferguson points out, $5 million of that will go to improving public buildings, a cost spread out over years and mitigated by savings on electricity.

Altering building codes and encouraging the use of energy-efficient bulbs are some of the inexpensive yet effective ways to combat global climate change. Buildings alone are responsible for at least 38 percent of greenhouse emissions in the United States, and control over building codes and land use gives local governments the tools to quickly and relatively painlessly reduce that number. We hope that more cities, counties and states take note while the federal government fails to lead.

FBI/DEA/ATF/USMS:

FBI Releases Rehnquist Nomination Files (AP)

By MARK SHERMAN And PETE YOST, Associated Press Writers

AP, January 4, 2007

WASHINGTON (AP) - The FBI was directed by two Republican administrations to run background checks on Senate witnesses critical of William Rehnquist, first when he was named to the Supreme Court in 1971 and again when he was nominated as chief justice in 1986.

Newly released FBI documents show that the inquiries were ordered by officials in the Nixon administration and in the Reagan administration.

In addition, the documents provide details about Rehnquist's dependence on painkillers.

The disclosures were among 1,561 pages released by the bureau to The Associated Press, other news organizations and scholars in response to requests made under the Freedom of Information Act following Rehnquist's death in September 2005.

Another 207 pages were withheld under the federal disclosure law, while the FBI said an entire section of Rehnquist's file could not be found.

Much of the FBI's file on Rehnquist appear to have been compiled almost exclusively for his two Senate confirmations - his initial nomination to the court by President Nixon and his nomination as chief justice by Reagan in 1986.

Democrats were hopeful the FBI would turn up damaging material from Rehnquist's past, principally on civil rights issues. Top Republican officials appeared determined to prevent surprises from sinking his nominations.

In 1971, Deputy Attorney General Richard Kleindienst directed the FBI to conduct criminal investigations of witnesses who were planning to testify at a Senate hearing against Rehnquist's confirmation.

Fifteen years later, the FBI once again was enlisted to conduct background checks on witnesses who were scheduled to testify against Rehnquist's nomination to become chief justice.

``Thurmond just gave these names to Bolton they will testify for the Democrats and we want to know what they are going to say," Justice Department official Gene Hickhock told a counterpart at the FBI, according to a memo in Rehnquist's file.

The late Sen. Strom Thurmond, R-S.C., was chairman of the Senate Judiciary Committee in 1986 when Rehnquist was nominated to be chief justice. John Bolton, who resigned in December as President Bush's U.N. ambassador, was an assistant attorney general under Reagan.

Alexander Charns, a Durham, N.C., lawyer who also received the file and has extensively researched the FBI's relationship with the court, said the new disclosures show the two administrations went to some lengths to discredit Rehnquist opponents.

``In many ways, I guess it's the same old story of the political use of the FBI," Charns said.

The documents show that the FBI was aware in 1971 that Rehnquist had owned a home in Phoenix with a deed that allowed him to sell only to whites. The restrictive covenant was not disclosed until his 1986 confirmation hearings, at which Rehnquist said he became aware of the clause only days earlier.

Also detailed in the declassified file was Rehnquist's 1981 hospital stay for treatment of back pain and his dependence on powerful prescription pain-relief medication.

The FBI investigated his dependence on Placidyl, which Rehnquist had taken for at least 10 years, according to a summary of a 1970 medical examination.

When Rehnquist checked into a hospital in 1981 for a weeklong stay, doctors stopped administering the drug, causing what a hospital spokesman at the time said was a ``disturbance in mental clarity."

The FBI file, citing one of his physicians, said Rehnquist experienced withdrawal symptoms that included going to the hospital lobby in his pajamas in a bid to escape. He imagined that there was a Central Intelligence Agency plot against him, and he also seemed to discern changes in the patterns on the hospital curtains.

Rehnquist thought he heard voices outside his room discussing various plots against him.

The doctor said Placidyl is a highly toxic drug and that she could not understand why anyone would prescribe it, especially for long periods.

Prior to his hospitalization, Rehnquist occasionally slurred his speech in his questions to lawyers at Supreme Court arguments. Those problems ceased when he changed medications, the doctor said.

Charns said that some of the censored documents provide intriguing hints of what else Rehnquist's file might contain.

In one previously secret memo from 1971, an FBI official wrote, ``No persons interviewed during our current or 1969 investigation furnished information bearing adversely on Rehnquist's morals or professional integrity; however ..." The next third of the page is blacked out, under the disclosure law's exception for matters of national security.

``It would be nice to know what is still classified, three decades later," Charns said.

Rehnquist FBI File Sheds New Light On Drug Dependence, Confirmation Battles (LAW)

By Tony Mauro, Legal Times

Legal Times, January 4, 2007

The late Chief Justice William Rehnquist's Senate confirmation battles in 1971 and 1986 were more intense and political than previously known, according to a newly released FBI file that also offers dramatic new details about Rehnquist's 1981 hospitalization and dependence on a painkiller.

The FBI file on Rehnquist, released last week under the Freedom of Information Act, reveals that in 1971, as Rehnquist's confirmation hearings for associate justice approached, the Nixon Justice Department asked the FBI to run a criminal

background check on at least two potential witnesses who were expected to testify against Rehnquist. Then-FBI Director J. Edgar Hoover approved the request.

In July 1986, when President Ronald Reagan nominated Rehnquist to be chief justice, the Justice Department asked the FBI to interview witnesses who were preparing to testify that Rehnquist had intimidated minority voters as a Republican Party official in Arizona in the early 1960s. According to a memo in the Rehnquist file, an unnamed FBI official cautioned that the department "should be sensitive to the possibility that Democrats could charge the Republicans of misusing the FBI and intimidating the Democrats' witnesses." But then-Assistant Attorney General John Bolton -- who more recently served as ambassador to the United Nations -- signed off on the request and said he would "accept responsibility should concerns be raised about the role of the FBI." It is unclear whether the FBI ever interviewed the witnesses.

Also in 1986, the FBI conducted an intensive investigation into Rehnquist's dependence on Placidyl, a strong painkiller that he had taken since the early 1970s for insomnia and back pain. Rehnquist's bout with drug dependence had been made public in 1981, when he was hospitalized for his back pain and suffered withdrawal symptoms when he stopped taking the drug.

The FBI's 1986 report on Rehnquist's drug dependence was not released at the time of his confirmation, though some Democratic senators wanted it made public. But it is in Rehnquist's now-public file, and it contains new details about his behavior during his weeklong hospital stay in December 1981. One physician whose name is blocked out told the FBI that Rehnquist expressed "bizarre ideas and outrageous thoughts. He imagined, for example, that there was a CIA plot against him."

The doctor said Rehnquist "had also gone to the lobby in his pajamas in order to try to escape." The doctor said Rehnquist's delirium was consistent with him suddenly stopping his apparent daily dose of 1400 milligrams of the drug -- nearly three times higher than the 500-milligram maximum recommended by physicians. The doctor said, "Any physician who prescribed it was practicing very bad medicine, bordering on malpractice."

A GROWING DEPENDENCY

These and other nuggets of information are contained in the 1,561 pages of Rehnquist's file, which the FBI released to researchers and others including Legal Times last week in response to Freedom of Information Act requests filed after he died in September 2005. The Privacy Act bars public disclosure of such files during a person's lifetime. But that protection falls away after death, and it has become common for researchers to seek the files after a famous person dies as a window into the FBI's practices.

Alexander Charns, a Durham, N.C., lawyer who also received the Rehnquist file last week, says it gives evidence "showing how the FBI and DOJ were out to discredit opponents of Rehnquist." Charns, who wrote a 1992 book on the relationship between the FBI and the high court, says that aspect of the Rehnquist file "besmirched the fine legwork of the agents on the street" who aggressively investigated Rehnquist's drug dependence and the allegations of Arizona voter intimidation.

University of Cambridge professor David Garrow, who has written extensively on the mental and physical health of Supreme Court justices through history, did not receive the Rehnquist file. But when told of the new information about Rehnquist's drug dependence, Garrow said it again raised questions about "the long-term effect on Rehnquist of taking so much of so powerful a drug for so long."

The file reveals that a primary focus of the 1986 investigation -- launched at the request of the Senate Judiciary Committee -- was identifying all the doctors who prescribed Placidyl to Rehnquist. A July 26, 1986, memo sent by then-FBI Director William Webster to the Washington, D.C., field office advised agents that some physicians already interviewed indicated Rehnquist had been taking Placidyl since before 1972 -- earlier than had been previously disclosed. Agents were told that if, during their investigation, they considered contacting Rehnquist himself, "concurrence must be obtained" first from headquarters. The FBI report ultimately concluded that Rehnquist was already taking Placidyl in 1970, when he was given a physical at a government facility. By the 1980s the drug had fallen out of favor because of its potency and side effects, and even in the 1970s it was recommended only for short-term use.

Though his name was blacked out, Dr. Freeman Cary, then the attending physician of the Capitol -- whose services are also available to Supreme Court justices -- told agents that he began prescribing Placidyl to Rehnquist in 1972 for insomnia and continued to do so until the 1981 episode. For six or seven months before Rehnquist's hospitalization in 1981, Cary indicated,

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Rehnquist was re-filling three-month prescriptions for Placidyl every month -- suggesting he was taking close to 1,500 milligrams daily instead of 500.

When Rehnquist went into George Washington University Hospital in December 1981, he was seeking relief for his back but, according to some of the physicians interviewed, also knew he had a drug problem. Rehnquist's episode with delusions came when doctors ended his Placidyl. Doctors then resumed his high dosage so as to wean him off the drug slowly, reducing gradually until he stopped taking the drug altogether in February 1982. At that point, doctors said Rehnquist was cured of his dependence.

When he was hospitalized in 1981, journalists who cover the Court recalled, Rehnquist had been having some difficulty speaking from the bench and slurred his words for several weeks. But there were no indications at the time that Rehnquist's ability to function as a justice was otherwise impaired. All of the physicians interviewed by the FBI in 1986 said his previous drug dependence did not disqualify him from being elevated to the position of chief justice.

LEAVING NOTHING TO CHANCE

The 1986 investigation also included extensive interviews conducted to clarify Rehnquist's role as a Republican poll watcher in Arizona in the early 1960s. Witnesses had widely varying recollections, and the FBI did not offer the Senate a clear conclusion. It did suggest that at one point, when Rehnquist was explaining voter qualifications to fellow Republicans at a Phoenix polling place, some voters who overheard the conversation left, apparently discouraged.

Some of the 1971 memos make clear that, after the failure of two of its previous nominations to the Supreme Court --- Clement Haynsworth and G. Harrold Carswell -- the Nixon administration was leaving nothing to chance as Rehnquist's confirmation hearing approached.

An October 1971 memo from Alex Rosen to Clyde Tolson, two of Hoover's top aides, reported that then-Deputy Attorney General Richard Kleindienst had called "to have a criminal background check made" on two Phoenix residents -- their names are blocked out -- who were expected to give testimony that was critical of Rehnquist. At the bottom of the memo is a handwritten "ok" that was the characteristic mark of Hoover himself, according to Charns, the Durham lawyer.

A memo the next day reporting the results of the inquiry is heavily redacted, which could mean that the Phoenix office found some negative information on the two potential witnesses that was redacted to protect their privacy.

The FBI's interviews of other opponents of Rehnquist in 1971 became a matter of public controversy. The Washington Post reported on Oct. 29, 1971, that FBI agents had interviewed potential witnesses in five cities to find out, among other things, whether they would testify against Rehnquist and what they might say. Harvard Law School professor Laurence Tribe was visited by FBI agents three times, the story indicated. Hoover, always sensitive about negative publicity, was apparently upset about the Post article. Next to the clipping of the article, Hoover wrote, "Why do we ask if the person plans to fight the confirmation?"

This produced a flurry of memos between field offices and headquarters, but another aide to Hoover concluded that "none of the persons mentioned in the Washington Post article did pose any such questions as suggested in the news article."

A later letter to Attorney General John Mitchell, from a Harvard University official whose name is obscured, protested that anyone receiving such visits by the FBI would understandably find the visits "seriously intimidating." Mitchell forwarded the letter to Kleindienst, who asked Hoover what happened. In a Dec. 14 letter, Hoover assured Kleindienst that Tribe was only asked if he planned to study Rehnquist's record in the same way that he had studied the record of a previous potential nominee. "At no time was [Tribe] asked what he planned to do with any study he had made or might make," Hoover wrote. "He was never asked for any personal background information ... or the nature of his motivations."

Kleindienst then wrote to the Harvard official, "I have been assured and I am convinced" that Tribe had not been asked improper questions, and "any assumption that interviews were conducted with a view toward 'intimidation' is completely unjustified."

Even as the FBI was investigating Rehnquist's background, the bureau's legendary director was congratulating him on his nomination. In an Oct. 22, 1971, letter, Hoover told Rehnquist his nomination was "welcomed by all of us in law enforcement, as we know your judicial opinions will be in the best interest of all Americans."

During the 1971 investigation, some sources were not consulted by the FBI. An agent in the FBI office in Milwaukee, near where Rehnquist grew up, told headquarters that "because of the extreme ultra-liberal policies of the Milwaukee Journal and the

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Milwaukee Sentinel ... no inquiry [is] being conducted at these two newspapers." The level of detail is humorous at times. In the 1969 background check that preceded his nomination as assistant attorney general, Rehnquist acknowledged he might have been arrested in 1942.

Then a Kenyon College freshman, Rehnquist said, he went to Kent State University to visit a friend one weekend. Because of some miscommunication, the friend had left town, leaving Rehnquist with nowhere to stay. He said he "had no money with which to obtain a hotel room. I therefore lay down on the courthouse lawn at Ravenna, a neighboring town, to spend the night," Rehnquist told the FBI. "A policeman came along, told me that sleeping on the courthouse lawn was not allowed, that he would arrange for me to sleep in jail. This he did, and I believe, though I am not certain, that I was charged with vagrancy." Rehnquist added he was released the next morning and no further action was taken.

FBI No Longer Seeks Leaked Documents (MACT)

By Lara Jakes Jordan

The Macon Telegraph, January 4, 2007

WASHINGTON - The family of investigative reporter Jack Anderson is expressing relief that the government is no longer seeking to recover government documents that had been leaked to the late columnist during his long career.

According to Anderson's biographer, George Washington University journalism professor Mark Feldstein, he and family members had told the FBI there was no classified material in the hundreds of boxes holding Anderson's files.

The documents, which officials said might have contained classified information, were among the late columnist's confidential papers. They touched off a dispute between the FBI and the journalist's family and biographer.

"It was dusty old stuff that I couldn't imagine would be relevant to a criminal probe," Feldstein said.

The revelation that the government was backing off came in a letter dated Nov. 30, from Acting Associate Attorney General James H. Clinger, which was posted Wednesday on the Web site of the Federation of American Scientists.

Clinger's letter was addressed to outgoing Senate Judiciary Chairman Arlen Specter, R-Pa. It did not explain why the FBI had dropped the probe, and a Republican aide to the committee said Wednesday that was also unclear to lawmakers.

In response to questions posed by the committee, Clinger wrote: "The FBI met with the Anderson family in an effort to review the files with their consent. At this time, the FBI is not seeking to reclaim any documents."

An FBI spokesman declined to comment Wednesday evening.

"We've been holding our breath, wondering if they were going to come after us further," Feldstein said. "I'm relieved to hear they have backed away from what I think was a pretty egregious overreach, to be going after papers of a dead reporter for classified documents from decades ago."

Anderson died at age 83 in December 2005, after a career in which he broke several big scandals and earned a place on former President Nixon's "enemies list." Authorities on several occasions tried to find the source of leaked information that became a staple of his syndicated column.

Not long after his funeral, FBI agents called Anderson's widow to say they wanted to search his papers.

At the time, the FBI confirmed it wanted to remove any classified materials from Anderson's archives, located at George Washington University, before they are made available to the public. An FBI spokesman said then that the bureau had determined that some of Anderson's papers contained classified information about sources and methods used by U.S. intelligence agencies.

Anderson's son and his biographer said they were questioned by agents who expressed interest in documents that would aid the government's case against two former lobbyists for the American Israel Public Affairs Committee who have been charged with disclosing classified information.

Sentence Cut For Cooperating Son In Cocaine Cartel Case (ORS/AP)

By Associated Press

The Orlando Sentinel, January 4, 2007

MIAMI -- A Colombian man was rewarded with a nearly 17-year prison sentence reduction for helping prosecutors find billions of dollars in drug-tainted assets in the Cali cocaine cartel case against his kingpin father and uncle, court records show.

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William Rodriguez Abadia, 41, now has just more than four years to serve on his own drug trafficking conviction after U.S. District Judge Federico Moreno last month approved chopping his initial prison term from nearly 22 years.

While reduced sentences are not uncommon for cooperating defendants, a cut of this magnitude is rare. But Rodriguez Abadia's lawyer, Humberto Dominguez, said Wednesday the decision reflects the extraordinary assistance his client rendered in one of the federal government's biggest drug cases ever.

"It's sort of unprecedented," Dominguez said. "If you go this far, you get these types of rewards. This type of case should set the standard."

But Rodriguez Abadia knows that he, his wife and two young daughters can never return to Colombia, where cooperation with prosecutors is not acceptable in the violent cocaine underworld, Dominguez said. "They would be killed and they know it, in a heartbeat," he said.

Rodriguez Abadia is the son of Miguel Rodriguez Orejuela and nephew of Gilberto Rodriguez Orejuela, who pleaded guilty in September to U.S. drug charges and are each serving 30-year prison sentences. The two brothers built the Cali cartel into the world's biggest cocaine supplier, once responsible for 80 percent of the cocaine smuggled into the United States.

The brothers made a deal with prosecutors to forfeit $2.1 billion in global assets. But they also won concessions for 28 family members in Colombia, guaranteeing that six will not be prosecuted and allowing all to win release from U.S. Treasury Department restrictions that had frozen their assets and imposed other financial shackles.

Rodriguez Abadia was played a key role in the kingpins' guilty pleas and the other agreements. He spent months with prosecutors going over the worldwide financial holdings of the family and providing details of the inner workings of the trafficking cartel itself. Most important, he agreed to testify against his father and uncle, but never had to because of the guilty pleas.

Rodriguez Abadia was a fugitive from U.S. justice from 2003 until early 2006, when he surrendered to U.S. authorities in Panama.

Marc Seitles, the Miami attorney for the Colombian family members, said none of the others agreed to cooperate.

"Nonetheless, they understand William's decision to cooperate and support it. They understand the position he was in, facing charges in the United States," Seitles said.

Prosecutors in the office of U.S. Attorney R. Alexander Acosta declined comment Wednesday. But in court papers, prosecutor Matthew Axelrod had recommended a sentence reduction of 13 years.

"The United States believes that the defendant has provided substantial assistance in the prosecution of others," Axelrod wrote.

Moreno went with the higher 17-year reduction after a hearing on Dec. 21. Rodriguez Abadia had pleaded guilty in March to conspiracy to import cocaine.

Miguel and Gilberto are currently serving their prison sentences at separate high-security facilities in Pennsylvania even though prosecutors recommended they be housed together at the Coleman prison near Orlando, according to Bureau of Prisons records. Rodriguez Abadia is serving his time in a Miami-area facility.

Dominguez said it's possible that after serving prison time Rodriguez Abadia and his family will enter the federal witness protection program, which would give them new identities, employment and a place to live at government expense.

"He may not need to. Things change in time. If things are hot, he will. If they are not, he won't," the attorney said.

Bank Fights Forfeiture Order On West Buildings (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), January 4, 2007

Though $1.2M loan would be paid, SunTrust seeks to retain rights to properties

A big chunk of Market Square could be on the auction block within months - if a bank's bid to battle a final order of forfeiture in the case of entrepreneur turned pot peddler Scott West doesn't interfere with the deal.

It looked uncomplicated for the Internal Revenue Service Criminal Investigation Division, the agency tasked with selling the Market Square buildings renovated with drug money, just a few weeks ago.

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The U.S. Attorney's Office had filed a final order of forfeiture on the more than a half-dozen properties being seized as a result of West's ties to his brother's drug business.

In that order, the government agreed to pay off all claims filed against the properties, including a hefty note of more than $1.2 million that SunTrust Bank said was owed on a loan issued to West and his wife.

A bit of ink from a federal judge, and the buildings, which currently house businesses such as the popular Preservation Pub, would go up for sale to the highest bidder.

SunTrust is balking, however, filing late last week a motion in U.S. District Court asking federal Judge Thomas Phillips to set aside the forfeiture order and hold a hearing on its claim.

In short, the bank contends it should not have to give up its rights to Market Square buildings used as collateral on the loan "until such time as the entire debt secured is fully paid off according to its terms," attorney R. Louis Crossley Jr. wrote on behalf of the bank.

Crossley contends that the bank's claim is "superior to all other claimants and the United States." It is the federal government that should play second fiddle, allowing the bank to sell the property under the terms of the mortgage signed off on by the Wests, Crossley wrote.

The U.S. Attorney's Office has not had time yet to file a response. U.S. Attorney Russ Dedrick has repeatedly said his office has tried to act quickly in its handling of the case to maximize the value of the Market Square properties when the buildings go on the auction block.

It has only been six months since federal agents, including those with the IRS' criminal investigation division and the U.S. Drug Enforcement Administration, raided properties owned by West and his wife as part of a probe into a decade-long drug distribution network headed up by West's brother.

Federal prosecutors Hugh Ward and David Jennings soon secured guilty pleas from West, in which he admitted funneling more than $2.5 million in drug money into his Market Square properties. His wife, brother and sister-in-law also pleaded guilty.

As part of those pleas, the quartet agreed to give up any interest they or other relatives had in the properties. That paved the way for the final forfeiture order.

To further speed up the process, the U.S. Attorney's Office did not contest the claims filed against the properties and agreed not only to pay those note holders, but also to fork out interest and attorneys fees.

The final order proposes the following figures be paid from a sale of the properties:

Knoxville's Industrial Development Board would rack up $4,511 in attorneys fees for its handling of lease agreements that had given West substantial tax breaks on four Market Square lots.

Cardinal Enterprises Inc., operated by Metro Pulse owner Brian Conley, would be paid more than $111,000 and interest at a rate of $22.86 for every day the firm is left holding its note until the properties are sold.

Jason M. Crippen and Rob Gratigny, listed as trustees, would receive more than $54,000 as well as a daily interest payment of $13.44.

SunTrust Bank would rack up more than $1.4 million as well as a daily interest rate of $205.52.

Clayton Bank would be paid more than $115,000 plus accrued interest at a daily rate of $27.85.

Massachusetts businessman Fikret Gencay would receive more than $400,000 plus daily interest payments of $32.07.

There are several other properties that will wind up on the auction block as a result of the West case, including properties in Hawaii owned by Mike West. An order on those properties has not yet been filed, however.

Jamie Satterfield may be reached at 865-342-6308.

Prosecutor Wants Prison Term For Tyson (AP)

The New York Times, January 4, 2007

PHOENIX (AP) -- Former heavyweight champ Mike Tyson was charged Wednesday with drug possession and driving under the influence of drugs, and the Maricopa County prosecutor says he wants to send him to prison.

"He has run out of second chances, at least in my book," attorney Andrew Thomas said in a news conference.

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Tyson, 40, was charged with two felonies for drug possession and two misdemeanor counts of driving under the influence of drugs. If convicted of all four charges, he could be sentenced to between 2 1/4 and 7 1/2 years.

The charges stem from his arrest Friday in Scottsdale, where Tyson was pulled over after leaving a nightclub. An officer found bags of cocaine in his back pocket and another in a package of cigarettes in his car, according to court records.

Tyson's criminal attorney, Thomas Marlow, didn't return phone calls Wednesday from The Associated Press.

Tyson's arrest was the latest in a string of run-ins with the law, dating more than a decade.

In 1992, Tyson was convicted of rape in Indiana. Six years later, the former boxing champ pleaded no contest to misdemeanor assault charges in Maryland.

Thomas said Tyson's record makes him eligible for prison time instead of Arizona's drug treatment programs for nonviolent offenders.

"I don't take any pleasure out of doing this," Thomas said. "A week ago, my kids and I were watching Rocky Balboa in the movie theater, and we saw Mike Tyson make a cameo appearance in the movie, and now here we are and he's looking at going back to prison."

Tyson became the youngest heavyweight champion in history in 1986, when at 20 he knocked out Trevor Berbick. Four years later he was knocked out by James "Buster" Douglas. By 1997, Tyson's career hit its low point when he bit Evander Holyfield's ear during a fight.

Tyson recently got back in the ring for a series of four-round exhibitions. When announcing the world tour, Tyson told reporters he was deep in debt and wondered if people would still pay to watch him fight.

On Friday, Tyson was released without bond after a brief court appearance. He didn't make any comment to reporters, except to offer a greeting.

Thomas said Tyson should be back in court for a preliminary hearing within the next two weeks.

The car Tyson was driving was spotted weaving and nearly struck a police SUV after he ran a stop sign early Friday, according to a police probable cause statement filed in court. During the stop, police said they saw him trying to wipe a white powder off the console of his car.

No alcohol was detected in his system. But Thomas said Tyson failed a sobriety test and officers searching his vehicle found three bags that later tested positive for cocaine.

The officer who made the arrest wrote in his report that Tyson "admitted to using today and stated he is an addict and has a problem."

Tyson is required to submit to drug and alcohol testing and is prohibited from drinking or taking any nonprescription drugs while the case is pending.

County Files Criminal Drug Charges Against Mike Tyson (AR)

By Jahna Berry, The Arizona Republic

The Arizona Republic, January 4, 2007

Boxing legend Mike Tyson's bout with cocaine addiction could land him in prison for more than seven years if he's convicted on criminal charges filed Wednesday.

The Maricopa County Attorney's Office filed a direct complaint that accused the Paradise Valley resident of felony drug possession as well as felony possession of drug paraphernalia and two misdemeanor counts of driving under the influence.

Tyson was arrested in Scottsdale on Friday morning after a police officer saw Tyson's black BMW driving erratically, according to court documents.

The officer found cocaine in Tyson's car, and the boxer disclosed that he was addicted to cocaine, court papers say.

On Wednesday, County Attorney Andrew Thomas stressed that Tyson won't get special treatment but acknowledged Tyson's lingering star power a few minutes later.

"I don't take any pleasure out of doing this," Thomas said. "A week ago, my kids and I were watching Rocky Balboa and we saw Mike Tyson make a cameo appearance in the movie. Now, here we are, and he's looking at going back to prison."

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In a 2005 interview with The Arizona Republic, Tyson said he had mellowed over the years. But his previous run-ins with the law could haunt the boxer in court.

Because Tyson has convictions for violent crimes, he's not eligible for an Arizona program that could have allowed the boxer to avoid prison time for a first or second non-violent drug offense.

Tyson, 40, was convicted of rape in Indiana in 1992 and pleaded no contest to misdemeanor assault charges in Maryland in 1998.

Mexico Pres Encourages Soldiers Conducting Anti-Drug Ops (AP)

AP, January 3, 2007

MEXICO CITY (AP)--President Felipe Calderon on Wednesday paid a visit to federal police and soldiers in the central Mexican state of Michoacan, pledging to expand his ambitious anti-drug offensive across a nation hit hard by violence.

Donning a green army cap and jacket for a breakfast with 200 agents at a military base in the city of Apatzingan, Calderon reiterated his campaign promise to build "a Mexico in which peace, liberty, order and respect for the law prevail."

"You've shown that joint, coordinated action of the forces of order produces good results for society," Calderon said. "We are dedicated to recovering security ... in every region of Mexico that is threatened by organized crime."

Calderon launched his offensive shortly after taking office on Dec. 1, sending some 7,000 federal troops and police to his home state of Michoacan. On Tuesday he upped the ante, announcing the deployment of 3,300 more agents to the crime-plagued border city of Tijuana.

Drug gangs are blamed for more than 2,000 murders nationwide in 2006 and have left a particularly bloody trail in Michoacan and Tijuana, which lies just across the border from San Diego in Baja California state.

Authorities say rival gangs have been warring in Michoacan over marijuana plantations and smuggling routes. More than 300 people were slain last year in Tijuana, which has become a major smuggling route for cocaine and methamphetamine entering the U.S.

Troops in Michoacan have arrested more than 50 people so far, including several suspected cartel leaders, and seized large quantities of gold, bulletproof vests, military equipment and shirts with police logos.

But opposition politicians and residents have expressed doubt that Calderon's highly publicized campaign will have much of an impact.

His predecessor, Vicente Fox, also sent thousand of agents to fight drug trafficking, arresting several alleged top kingpins during his six-year term. But those actions appeared to spark more violence, as other traffickers battled to take over the smuggling routes of those killed or detained.

Soldiers, Police Pour Into Tijuana To Fight Drug Gangs (AP)

AP, January 4, 2007

TIJUANA, Mexico (AP)--Soldiers and federal police poured into the violent border city of Tijuana Wednesday, manning checkpoints and inspecting local police stations as part of President Felipe Calderon's latest offensive against powerful drug gangs.

Backed by helicopters, planes and boats, the force descending on the city across the border from San Diego, California will eventually consist of 3,300 troops, Mexico's government has said. It was not clear exactly how many had entered Tijuana by Wednesday night.

Soldiers went into at least two local police stations and checked the documents and weapons of hundreds of officers.

Federal investigators allege there is a corrupt network of police in the city supporting traffickers who smuggle tons of cocaine, methamphetamine and marijuana over the busy border crossing into the United States. There were no immediate reports of arrests by the soldiers.

Tijuana Mayor Jorge Hank Rhon has welcomed the troops but some residents complained about the military checkpoints in the city.

Dubbed "Operation Tijuana," the mobilization is the second major military offensive against drug gangs by Calderon, who took office on Dec. 1 promising to crack down on organized crime.

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Last month, he sent 7,000 troops to his native state of Michoacan in western Mexico, which has been plagued by execution-style killings and beheadings as rival gangs fight over marijuana plantations and smuggling routes.

Calderon made his first visit to these troops at a base in the Michoacan city of Apatzingan on Wednesday, donning a green army cap and jacket for a breakfast with 200 agents.

"This is not an easy task nor will it be fast," Calderon said. "It will take a long time, imply using enormous resources and even unfortunately the loss of human lives."

But, he added, "if we continue working as we have been until now, our cities and our land will not remain in the hands of criminals."

Drug gangs are blamed for more than 2,000 murders nationwide in 2006 and have left a particularly bloody trail in Michoacan and Tijuana, where more than 300 people were slain last year.

The gangs have taken to decapitating their victims and leaving their heads in front of government buildings, dumping them on public beaches and even rolling them onto a nightclub dance floor.

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His predecessor, Vicente Fox, also sent thousand of agents to fight drug trafficking, arresting several alleged top kingpins during his six-year term. But those actions appeared to spark more violence, as other traffickers battled to take over the smuggling routes of those killed or detained.

Calderon told the soldiers their efforts were not in vain.

"You've shown that joint, coordinated action of the forces of order produces good results for society," Calderon said at the base. "We are dedicated to recovering security ... in every region of Mexico that is threatened by organized crime."

Mexican President's Anti-drug Offensive Heads For Tijuana (LAT)

By Sam Enriquez And Richard Marosi, Times Staff Writers

The Los Angeles Times, January 4, 2007

More than 3,000 troops and police are sent to stop cartel bloodshed.

MEXICO CITY — Mexican President Felipe Calderon on Tuesday opened the second front in his campaign against drug violence, sending 3,300 soldiers, sailors and federal police to the troubled border city of Tijuana.

Tijuana and surrounding communities are a key battleground in the drug cartels' fight to control smuggling routes to the United States. Their bloody rivalries left more than 2,000 people dead in Mexico last year.

Operation Tijuana comes three weeks after Calderon sent troops to his home state of Michoacan, on the Pacific Coast, where federal authorities destroyed 600 acres of marijuana crops and seized more than 6 tons of harvested pot.

Corruption and incompetence among local and state police prompted Calderon, who took office Dec. 1, to promise federal forces to combat Mexico's drug violence. His top security officials said that every state eventually would get relief.

Tijuana and the state of Baja California have suffered increasing numbers of kidnappings and killings of drug traffickers, police officers, business owners and bystanders.

In 2006, nearly two dozen law enforcement officials were killed, including three police officers from Rosarito Beach who were beheaded.

"We won't let any state be hostage to drug trafficking or organized crime," Interior Secretary Francisco Ramirez Acuña said at a news conference Tuesday.

Tijuana's drug trade has long been controlled by the Arellano Felix cartel, once one of the country's most powerful drug-trafficking organizations. The cartel's leadership has been weakened by killings and arrests in recent years, but authorities say the organization and its rivals pose the main threat to peace in Tijuana.

The August capture of the cartel's alleged leader, Francisco Javier Arellano Felix, worsened the violence, as rivals fought to tear off a share of the business.

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Recent bloodshed has been notable for its brutality and increasingly professional execution. The Rosarito Beach officers, for example, were abducted by a paramilitary force.

Federal authorities said they would give a weekly count of arrests and drug seizures in Tijuana, as well as a tally of homicides, kidnappings and thefts. Drug cartels are thought to be behind a spree of kidnap-for-ransom schemes targeting businessmen and professionals.

Mexican authorities said troops would remain in Michoacan, a key transport state for cocaine, the country's most lucrative export drug.

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Enriquez reported from Mexico City and Marosi from Tijuana. Carlos Martínez and Cecilia Sánchez in The Times' Mexico City Bureau contributed to this report.

Man Attempts To Run Over Two Deputy U.S. Marshals (AP)

AP, January 4, 2007

WASHINGTON - Two Deputy U.S. Marshals were unharmed after a man attempted to strike them with his vehicle in Southeast D.C. Wednesday.

The deputies were preparing to serve a court order eviction at a home on 4th Street, when they say a suspect tried to run them over with his car. Shots were fired at the vehicle, but the suspect was able to drive away.

Dave Turner, a spokesman for U.S. Marshals, says the vehicle was later located several blocks away with evidence of blood in the car.

Officials learned a male was at Greater SE Hospital seeking medical attention for gunshot wounds. He was placed in custody of D.C. Police, and was taken to another hospital for treatment.

There were no injuries to U.S. Marshals.

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Jailed Olympian To Return To Canada On Custody Dispute Charges (AP)

By Alex Dominguez

AP, January 4, 2007

BALTIMORE - Jailed Olympic gold-medalist Myriam Bedard will be transferred to Canadian custody within 36 hours, a U.S. prosecutor told a federal judge Wednesday.

Bedard, dressed in a black jacket with her hair tied behind her head, did not speak during the short hearing, but smiled tightly and raised her eyebrows as she looked at her attorneys while leaving the courtroom.

Bedard's attorney, Kevin McCants, said after the hearing that his client was disappointed the judge did not free her on bail.

"She just said `thanks for trying,'" McCants said.

"It's just one more day, one more day, but every hour in jail is a tough hour."

McCants said the judge was just being cautious, but outside the courthouse Bedard's Quebec attorney, John T. Pepper Jr., was critical of Canadian authorities.

Pepper asked how it could "take 36 hours for a plane to take off from Quebec City and fly to Washington and fly her back. If the plane left at seven this morning she'd be in Quebec City and could have appeared this afternoon on the charges."

Pepper said Canadian authorities were not acting as quickly in extraditing Bedard as they have with less well-known defendants in the past.

Bedard, 37, was arrested Dec. 22 in Maryland and was being held on a warrant as an international fugitive for allegedly violating a child custody order by bringing her 12-year-old daughter to the United States. U.S. marshals found her and the girl, Maude, at a hotel in Columbia, a suburb located between Baltimore and Washington, D.C.

U.S. Magistrate Judge James K. Bredar, who has been impatient with the pace of extradition proceedings, postponed a decision on McCants' bail request after learning the two governments planned to transfer the Olympian. McCants asked that federal marshals escort her to an airport Wednesday so that she could fly home and surrender to Canadian authorities.

The Quebec native had been in the custody of U.S. marshals at the Howard County Detention Center since the arrest. Her daughter is back in Canada.

On Friday, U.S. Magistrate Judge James K. Bredar said he could not grant Bedard bail because of a U.S. extradition treaty with Canada which limits bail to "extraordinary circumstances." Bedard has waived extradition and is being held pending transfer to Canada.

Bedard faces up to 10 years for child abduction, but McCants contends she did not break the law.

Earlier, McCants said Bedard's ex-husband, Jean Paquet, acted prematurely in filing the complaint.

"He thought he wasn't going to get his week" of custody during the Christmas holiday, the attorney said.

Quebec City police obtained an arrest warrant against Bedard on Dec. 8 after Paquet alleged she had taken their daughter away from Quebec City without his permission, violating a child custody order. The Royal Canadian Mounted Police contacted the U.S. Marshals Service and the Capital Area Regional Fugitive Task Force on Dec. 15 to help find Bedard.

Bedard won two gold medals in the biathlon competition at the Olympic Games in Lillehammer, Norway, in 1994. She had been traveling in the United States with her current common-law spouse, Nima Mazhari. Mazhari has had his own share of legal problems. He was charged in 2005 with theft and possession of about 20 stolen paintings worth $100,000.

IMMIGRATION:

Social Security For Illegal Aliens (WT)

By Stephen Dinan

The Washington Times, January 4, 2007

An agreement the Bush administration reached with Mexico on Social Security benefits would allow illegal aliens granted amnesty in the future to claim credit for the time they worked illegally.

The deal was reached in 2004 but never released publicly because it hasn't been submitted to Congress. The TREA Senior Citizens League, a Social Security advocacy group, recently obtained the document through a Freedom of Information Act, and said it confirms the group's worst fears.

The document is a jumble of definitions and legal language, but a spokesman for the group said what's important is what's not in the text: It does nothing to prevent undocumented aliens who later get legal status from receiving benefits for the time they worked illegally. And that comes as the Social Security system's finances are about to be put under greater strain by the retirement of baby boomers.

"If you open up the trust fund to people who have been working in the country illegally for many years, that bankruptcy date can only come sooner," spokesman Brad Phillips said. "People on the other side of this, people who have been arguing that of course illegal aliens can't get their hands on Social Security benefits, now can't make that argument easily anymore."

But Mark Lassiter, a spokesman for the Social Security Administration, said the agreement doesn't change U.S. law. The law states that those who do not have authorization to work will not get benefits under a totalization agreement.

"To get Social Security benefits, you do have to be legally in the United States. This agreement does not address in any way immigration, immigration laws or override current law," he said, adding that a 2004 law, the Social Security Protection Act, prevents illegal aliens from getting benefits.

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But the seniors group said the 2004 law also states that if those aliens later get legal status -- through an amnesty or some sort of legalization plan such as the one President Bush and the Senate tried to enact last year -- they would be able to collect the benefits based on their time as illegal workers.

The deal has not taken effect because Mr. Bush has not signed it or submitted it to Congress. Once he does, Congress would have 60 days to vote against it or it automatically would become law.

Congress has never defeated any of the 21 other totalization agreements the United States has reached. Most of those have been with European nations, with the financial effects known to be smaller.

Some lawmakers say Mr. Bush has not submitted the agreement because it would get caught up in the debate over Social Security's poor fiscal health, which could doom the measure.

Totalization agreements end double taxation, so workers have to pay only into one country's system, and allow a worker who didn't have enough credits in any one country to qualify for benefits to pool his or her credits. In the United States, it takes 10 years, or 40 quarters, to qualify.

Mr. Lassiter said that's not to say Mexican workers who spent less time, such as the six quarters minimum needed to pool credits, would get benefits equal to someone who had worked his or her full life here.

As for the document's status, he said the Social Security Administration hasn't submitted it to the State Department because officials are still waiting for the Mexican government to help reach a side agreement on how to treat illegal aliens. The United States sent a diplomatic note trying to clarify the situation but has not heard back from the Mexican government, he said.

"At this point, there's no action that is planned or that will be taken until that process goes through," Mr. Lassiter said.

Rafael Laveaga, a spokesman for the Mexican Embassy in Washington, said the agreement has to be ratified by the Mexican Congress as well, but beyond that he had no details to offer.

The issue has been contentious for several years.

A 2003 report by the General Accounting Office, Congress' investigative branch, said the agreement with Mexico was shoddy work that didn't investigate the reliability of Mexico's data, or take into account the millions of illegal aliens who would become eligible.

The GAO also disputed the Social Security Administration's estimate that the agreement would cost $105 million a year for the first five years, saying the costs could be much higher given the uncertainty of who could benefit.

Immigrants A Driving Force Behind Start-Ups, Study Says (WP)

By Krissah Williams

The Washington Post, January 4, 2007

About 25 percent of the technology and engineering companies launched in the past decade had at least one foreign-born founder, according to a study released yesterday that throws new information into the debate over foreign workers who arrive in the United States on specialty visas.

The report, based on telephone surveys with 2,054 companies and projections by researchers at the University of California at Berkeley and at Duke University, found that immigrants -- mostly from India and China -- helped start hundreds of companies with estimated sales of nearly $50 billion. It was written by a former technology executive who was an immigrant himself.

Technology-industry lobbyists have already cited the study in a push to persuade Congress to increase the annual allotment of H-1B visas, which allow U.S. companies to sponsor temporary workers in specialty occupations, such as computer programming and systems analysis. The companies say they cannot find enough Americans to fill jobs; other proponents contend that globalization requires U.S. companies to import talented workers.

"This research shows that immigrants have become a significant driving force in the creation of new businesses and intellectual property in the U.S. -- and that their contributions have increased over the past decade," wrote Vivek Wadhwa, the study's author, who immigrated from India with his family as a young man.

Another study will be released next month by the Center for Immigration Studies, which supports low levels of immigration. That report says most specialty visa holders come to the United States to do low-level professional jobs for relatively low pay.

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Wadhwa's study looked at founders of engineering and technology companies started from 1995 to 2005, and analyzed the World Intellectual Property Organization Patent Cooperation Treaty database. About 25 percent of international patents filed in the United States in 2006 were submitted by immigrants.

Scott McNealy, chairman and co-founder of Sun Microsystems, is among the advocates for an expanded visa program, writing editorials, calling members of Congress and supporting political action committees.

McNealy noted that immigrants Vinod Kosla of India and Andy Bechtelsheim of Germany co-founded Sun. The company "created tens of thousands of jobs that have generated billions of dollars in exports and has created thousands of patents and intellectual-property positions," McNealy said. "Why would you have any arbitrary number on smart people?"

Last year, the industry raised the issue in the national debate over immigration reform, but Congress ended its session without acting on the Securing Knowledge, Innovation and Leadership Act. The bill would increase the annual quota on the H-1B visas to 115,000 from 65,000, eliminate green-card caps for some advanced-degree holders and streamline the processing of employment-based green cards. Tech lobbyists want to revive it.

"We are working on that new piece of legislation that will hopefully be a great fix for a lot of our companies," said Andrea Hoffman, vice president of government and political affairs for TechNet, an industry lobby backed by hundreds of technology companies, including Apple Computer, Microsoft and Google.

Those who favor low levels of immigration and oppose expanding the specialty-worker programs contend that foreigners accept lower pay and depress wages.

Jessica M. Vaughan, an analyst at the Center for Immigration Studies, said an increase in the cap would amount to "a subsidy for business because it allows them to bring cheaper labor from overseas."

It is unknown how many of the immigrants who founded technology companies had H-1B visas.

At least two Northern Virginia tech companies were founded by former H-1B holders. Sudhakar V. Shenoy, founder and chief executive of Reston-based Information Management Consultants, immigrated to the United States in 1970 after graduating from the Indian Institutes of Technology -- known informally as the "MIT of India" -- and attending graduate school in Connecticut. In 1974, he was offered an H-1B visa, and a manufacturing company sponsored his green card in 1977. Four years later, he founded IMC, which has 350 employees in Reston and 125 in Pune, India.

Peter Harrison came from Britain on the specialty visa and later became chief executive of GlobalLogic (formerly Induslogic), a Vienna-based software development company founded in 2000 by two men from India, who were also H-1B holders.

The company has grown rapidly and employs 1,600 people in the United States, India and Ukraine. Only a few dozen of them have H-1B visas.

"They are very, very hard to come by," Harrison said. "We are always at a challenge to recruit people."

Immigrant Processors Fall Behind (WP)

By Spencer S. Hsu

The Washington Post, January 4, 2007

As the White House and Congress prepare to overhaul the nation's immigration laws, U.S. officials have concluded that they lack the technology and resources to handle the millions of applications for legal residency that could result from the changes and that several efforts to modernize computers have gone astray.

Immigration officials have said for years that it is critical to update an antiquated, paper-based application process before the government grants a new path to citizenship for as many as 12 million illegal immigrants living in the United States or creates a temporary-worker program, as senators and the Bush administration propose.

But in recent months, U.S. Citizenship and Immigration Services (USCIS) officials have determined that the troubled, $2-billion-a-year agency is unable to effectively manage its existing work, much less a flood of new applications.

A report released Dec. 20 by Homeland Security Inspector General Richard L. Skinner cited a long list of setbacks and concurred with internal USCIS reviews that the bureau "lacks the processing capacity, systems integration and project management resources needed to manage a potential increase in workloads."

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A project to replace the nationwide computer network has been halted because the agency lacks $72 million to complete it. A staff reorganization was frozen because of deficiencies "that hinder day-to-day IT operations," according to the report.

USCIS is in the midst of its third major modernization effort in three years, leaving some employees confused over whether such efforts were completed or were ever begun, the report said.

Many legal immigrants already face years-long waits when they apply for green cards, often a first step toward obtaining citizenship.Another 100,000 names submitted to the FBI for background checks have been on hold for a year or more. Congressional auditors recently reported that 14 immigration offices had lost track of 111,000 files as of July.

The inspector's report noted that the agency shelved pilot programs to streamline one type of business-sponsored visa application in October and electronic processing of immigration benefits in March because of cost, timing and contracting challenges. "USCIS may be losing momentum and user confidence," the report said.

USCIS spokesman Chris Bentley said the agency had no comment beyond a written response to the report by Deputy Director Jonathan Scharfen.

"We acknowledge that we still have a great deal to do," Scharfen wrote, adding that re-engineering USCIS processes "remains a high priority." He noted that the agency has drafted new strategic and acquisition plans and hired a contractor to help.

The agency announced in September that it had cut its backlog of applications by 70 percent after a five-year, $560 million effort provided more personnel. In August, USCIS awarded a five-year, $150 million contract to convert 55 million files into electronic form.

Private analysts said that the report revealed a broken immigration system and that by funding USCIS through user fees, Congress hobbles its ability to pay upfront for expansions or upgrades.

"Congress needs to step up and provide the funding to ensure that USCIS is able to build a functioning infrastructure, regardless of the fate of immigration reform," said Crystal Williams, deputy director of programs for the American Immigration Lawyers Association.

Congress withheld $47 million from USCIS this year pending approval of a final technology overhaul plan by Homeland Security Secretary Michael Chertoff and Congress's audit arm, the Government Accountability Office. A USCIS contractor reported the plan would cost $400 million to $1.4 billion, depending on what the agency decides it needs.

Agency Paralyzed By Old Technology (WT/UPI)

By Shaun Waterman

The Washington Times, January 4, 2007

The agency that processes requests from foreigners to live in the U.S. and become citizens is crippled by antiquated technology, and its modernization efforts have largely stalled because of poor planning and management failures.

The Department of Homeland Security inspector general reviewed information-technology modernization efforts at U.S. Citizenship and Immigration Services (CIS) in a report issued last month.

"Because of repeated changes in focus and direction, [the agency] has tended to duplicate previous modernization initiatives and has not demonstrated the ability to execute its planned strategy," the report said.

For instance, because information-technology staff and assets were not centralized under the control of the agency's chief information officer, staff in field offices "continue to develop non-standard systems that may not integrate with the enterprise-wide infrastructure." As a result, some offices could not be upgraded to Windows XP, because locally developed software programs were not compatible with the new system, investigators found.

They added that work to transfer management of the staff and assets to the chief information officer had stalled. They also noted that neither risk-management nor security plans were in place for the modernization process, meaning that security professionals have not made a serious assessment of vulnerabilities that the proposed changes might create.

Michael Maxwell, the former head of the agency's office of security and investigations, who sought whistleblower protection after revealing security problems at the agency to Congress, told United Press International that he had been "concerned that foreign agencies might be able to hack into our computer systems."

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"Because the system wasn't modernized, it was vulnerable," he said. "We know that the Departments of Defense and Commerce were penetrated last year [by suspected Chinese military hackers]. Who's to say that [CIS] isn't on that list?"

Mr. Maxwell said hackers would be able to obtain immigration benefits for foreign agents or even terrorists if they could penetrate and manipulate the agency's systems.

The inspector general's report paints a picture of repeated, overlapping efforts to develop a modernization strategy but says that the agency often failed to implement its own plans.

If Congress enacts any immigration-reform legislation, the agency will face two huge tasks: It will be responsible for administering the "path to earned citizenship" -- derided by opponents as an amnesty -- for undocumented workers who want to regularize their status; and will have to handle any new verification process the law mandates to get employers to check the immigration status of workers they hire.

TAX:

Deferred Charge Against KPMG Is Dismissed In Tax-Shelter Case (WSJ)

By David Reilly And Paul Davies

The Wall Street Journal, January 4, 2007

A federal judge agreed to dismiss a deferred criminal charge against KPMG LLP, bringing to a close one chapter surrounding the sale of improper tax shelters that cost the U.S. government billions of dollars in lost revenue, brought the accounting giant to the brink of extinction and led to an overhaul of guidelines for federal prosecutors targeting corporate wrongdoing.

The criminal charge against KPMG was contained in a deferred-prosecution agreement the firm entered with the government in August 2005.

That agreement precluded a possible criminal indictment of the firm related to the sale of tax shelters, a move that could have led to KPMG's collapse, but required it to admit to a charge of conspiring to defraud the U.S. government and Internal Revenue Service. Investors and regulators feared the collapse of yet another accounting firm could have led to turmoil in global financial markets.

Still, the government contended those tax shelters were a sham designed to create paper losses for wealthy individuals to avoid paying billions of dollars in tax. By signing the deferred-prosecution agreement, KPMG admitted the shelters were flawed after steadfastly defending them.

Under the deferred-prosecution agreement, KPMG was required to pay a $456 million fine, submit to outside monitoring and shed some of its tax businesses. The government said it would dismiss the deferred charge after Dec. 31, 2006, if KPMG was in compliance with the agreement.

In a statement yesterday, KPMG Chairman Timothy Flynn said: "We regret the past activities that led to this charge," adding KPMG is focused on maintaining its ethics and compliance programs, which it believes will enable it to serve its clients with "the highest degree of professionalism."

KPMG escaped the indictment, but the government criminally charged 17 former executives of the firm, along with two others from outside firms, with fraud and tax evasion related to the sale of the tax shelters. One former KPMG executive has pleaded guilty and the remaining defendants have pleaded not guilty. The criminal trial is scheduled to begin Sept. 17.

U.S. District Judge Loretta Preska agreed to a request by the U.S. attorney for the Southern District of New York, Michael Garcia, to dismiss the charge against KPMG, despite a last-minute attempt by the firm's former deputy chairman to block such a move. Jeffrey Stein, the firm's former No. 2 executive and one of those facing criminal charges, asked Judge Preska for permission to oppose the dismissal of the deferred charge against KPMG and to be heard at a hearing on the matter.

In a legal filing, Mr. Stein claimed KPMG's refusal to pay his legal fees related to the criminal charges against him amounted to obstruction of justice and the firm shouldn't have been released from the deferred-prosecution agreement.

A spokeswoman for KPMG declined to comment on Mr. Stein's legal filing. Mr. Garcia said a federal monitor will remain in place until September 2008 to ensure KPMG abides by the terms of the deferred-prosecution agreement. "The charges against

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KPMG may be reinstituted if it is determined that KPMG has violated any provision of the [agreement]," Mr. Garcia said in a statement.

KPMG, Mr. Stein and the other former firm executives facing criminal charges are locked in a battle over the payment of legal fees. The federal judge overseeing the criminal case, Lewis Kaplan, ruled in June that the government violated the defendants' constitutional rights by pressuring KPMG to cut off payment of legal fees.

The ruling has delayed the criminal case while the Second U.S. Circuit Court of Appeals considers a civil claim by the former employees requesting KPMG to pay their legal fees. KPMG has said the fee dispute should be heard by an arbitration panel as set out in the firm's partnership agreement and not by the judge overseeing the criminal case.

Prosecutors End Tax-shelter Case Against KPMG, Dropping Charge After Settlement (FINDLAW/AP)

AP, January 4, 2007

(AP) - NEW YORK-Prosecutors have officially dropped a criminal conspiracy charge against KPMG LLP in a fraudulent tax-shelter case after the accounting firm fulfilled the terms of its nonprosecution agreement with the U.S. government.

In an order issued Tuesday and made public Wednesday, U.S. District Judge Loretta A. Preska signed off on a request by prosecutors to dismiss a one-count criminal information against the firm.

In August 2005, KPMG agreed to pay $456 million as part of a deferred prosecution agreement with the government in which it admitted to fraudulent conduct in the design and marketing of certain tax shelters. The agreement ran through December 2006.

By complying with the terms of that agreement, the firm avoids prosecution.

In a statement, U.S. Attorney Michael J. Garcia said prosecutors sought dismissal of the charge pursuant to the terms of the deferred prosecution agreement and based on the report and recommendation of the firm's outside monitor.

"The charges against KPMG may be reinstituted if it is determined that KPMG has violated any provision of the DPA," Garcia said. "The monitorship, which has been comprehensive and effective, will continue until September 2008, and may be extended if KPMG violates the DPA during the period of the monitorship."

The deferred prosecution agreement allowed KPMG to avoid the fate of auditing firm Arthur Andersen LLP, which collapsed following a criminal indictment against it as part of the government's probe into Enron Corp. A 2002 felony conviction against Andersen in the matter was overturned in 2005.

"Today's dismissal of the charge reflects our commitment to full and continuing compliance with the agreement we made with the government in August 2005," Timothy P. Flynn, KPMG chairman and chief executive, said in a statement. "We regret the past activities that led to these charges. The 20,000 people of KPMG today are focused on maintaining ethics and compliance programs that will serve as a role model for the profession and enable us to serve our clients with the highest degree of professionalism."

Criminal charges are still pending against 16 former KPMG executives and two others who have been accused of participating in a scheme that allowed wealthy people to avoid paying billions of dollars in taxes to the Internal Revenue Service. That case is tentatively set for trial in September 2007.

The criminal case against the former executives has been on hold while the 2nd Circuit Court of Appeals considers a civil dispute over whether KPMG should pay legal fees for the one-time executives.

In June, Judge Lewis A. Kaplan, who is presiding in the criminal case against the one-time KPMG executives, found that prosecutors violated the constitutional rights of those former executives by putting undue pressure on the firm not to advance them defense costs. The former executives have since filed a civil complaint against KPMG seeking advancement of defense costs.

Chad Bray is a Dow Jones Newswires correspondent.

Charge Against KPMG Dropped (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, January 4, 2007

Firm Cooperated Over Tax Shelters, Prosecutors Say

A federal judge dismissed a criminal conspiracy charge yesterday against the accounting firm KPMG after prosecutors said it had complied with an August 2005 deal that helped it avoid a possible death sentence.

U.S. District Judge Loretta A. Preska's action puts KPMG a step further from a scandal over the sale and marketing of abusive tax shelters that once threatened to put the firm out of business. A 2002 obstruction-of-justice indictment of accounting rival Arthur Andersen hastened that firm's demise and reduced competition in the audit industry, raising the stakes in the KPMG case.

In August 2005, after frenzied negotiations, KPMG eventually reached a deal with the U.S. attorney's office in the Southern District of New York, opening its operations to scrutiny by former Securities and Exchange Commission leader Richard C. Breeden and agreeing to pay the government $456 million to settle.

KPMG, the nation's fourth-largest accounting firm, still must submit to special oversight until September 2008, a term that could be extended if KPMG violates the terms of the deal, Manhattan U.S. Attorney Michael J. Garcia said in a statement.

"We regret the past activities that led to these charges," KPMG Chairman Timothy P. Flynn said in a statement. "The 20,000 people of KPMG today are focused on maintaining ethics and compliance programs that will serve as a role model for the profession."

Under Flynn and Executive Vice Chairman Sven Erik Holmes, the firm has cleaned house, imposing what it calls permanent changes in its tax operations and putting fresh leaders in charge of its key service units. KPMG also developed a new compliance and ethics program with the help of District-based law firm Williams & Connolly, where Holmes, a former federal judge, once worked as a partner.

Preska agreed to drop the conspiracy count despite protest from Jeffrey Stein, KPMG's former deputy chairman who was indicted in 2005 alongside more than a dozen other partners for their role in peddling tax shelters to help wealthy clients avoid or reduce tax payments. Stein's lawyer argued that KPMG had reneged on an agreement to pay his legal fees. The scheme cost the United States more than $2.5 billion in evaded taxes, according to Justice Department officials, who called it the largest tax prosecution ever.

Defense lawyers for the former partners say they followed laws then on the books and asserted that they were the victims of intense government pressure, an argument that has received support from U.S. District Judge Lewis A. Kaplan. He is overseeing the case against the former partners.

Last year, Kaplan ruled that the government had violated the former KPMG officials' constitutional rights by forcing the firm to stop paying attorneys' fees. An appeals court has yet to rule on that issue. The trial of the individual KPMG partners has been postponed, pending resolution of the fee appeal.

The case has touched off a debate in the business and legal communities over government tactics to combat fraud. In part because of the fallout from the KPMG prosecution, Deputy Attorney General Paul J. McNulty last month rolled out changes to guidelines that prosecutors use when deciding whether to indict corporations.

CONGRESS-ADMINISTRATION:

Bush Pushes Balanced Budget On Democrats (AP)

By Andrew Taylor

AP, January 4, 2007

President Bush on Wednesday challenged Democrats taking over Congress to join him in balancing the budget within five years and urged them to cut thousands of pet projects from future spending bills.

Top Democrats reacted cautiously — or not at all — to Bush's plan, which assumes Congress will renew tax rate cuts passed in 2001 and maintain tax cuts on investments, inheritances and many other items.

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"We welcome the president's newfound commitment to a balanced budget, but his comments make us wary," said incoming House Budget committee Chairman John Spratt, D-S.C. "They suggest that his budget will still embody the policies that led to the largest deficits in history."

Democrats have attacked Bush's tax agenda as being tilted in favor of upper-income taxpayers and say at least some of the cuts need to be rolled back to be able to reach a broader agreement on the budget.

But White House and lawmakers such as Spratt say there is at least a chance for Bush and his longtime Democratic rivals to come together on the budget. For starters, upcoming projections of tax revenues will show continued improvement, which could make it easier to bring the budget to balance by 2012, Bush's target year.

"We face a spending problem, not a revenue problem," said White House Budget chief Rob Portman. "We're not undertaxed right now."

Neither House Speaker-to-be Nancy Pelosi, D-Calif., nor incoming Majority Leader Harry Reid, D-Nev., responded to Bush's remarks.

Meanwhile, House Democrats are poised to pass some modest reforms to the much-maligned practice of "earmarking" home district projects in spending bills — but will fall short of several steps proposed by Bush on Wednesday.

The Democratic reforms will extend a GOP-passed rule requiring the names of lawmakers sponsoring earmarks to be listed in reports accompanying spending bills, and Democrats have announced a one-year moratorium on lawmaker's pet projects as they clean up $463 billion worth of unfinished spending bills for the current 2007 budget year.

Bush went further, saying Democrats should adopt earmark reforms requiring "full disclosure of the sponsors, the costs, the recipients and the justifications for every earmark" and that after the current moratorium, the cost of earmarks should be cut in half from 2006 levels of more than $16 billion.

And in a victory for deficit hawks, Democrats will reimpose a rule requiring tax cuts or new spending on benefit programs such as Medicare to be accompanied by revenue increases or tax cuts elsewhere in the budget. The rule could be easily waived, however.

While the initial work of the Democratic Congress will focus on ethics reform and a variety of Democratic priorities such as raising the minimum wage, a flurry of difficult but must-do budget work looms, including:

• A $100 billion-plus request to fund military operations in Iraq and Afghanistan, to be submitted along with Bush's Feb. 5 budget. While Democrats promise greater scrutiny of Bush's request, it's expected to pass largely as submitted since lawmakers are loath to interfere with money to protect overseas troops.

• A massive $463 billion or so catchall spending bill wrapping together nine unfinished appropriations for the budget year that began Oct. 1. They would fund the budgets for every Cabinet agency and in many cases will be frozen at last year's levels, though difficult work remains in figuring out which accounts — such as veterans medical programs — should receive increases to avoid shortfalls and layoffs of federal workers.

• A congressional budget measure setting targets for tax revenues, spending on so-called entitlements such as Social Security and Medicare and caps on the annual appropriations bills. If Bush and his Democratic rivals in fact make a good-faith effort to work together to balance the budget, this measure would serve as a blueprint for compromise.

That still seems like a long shot, given the rancorous history between Bush and Democrats, who say the president has to show flexibility on taxes if they are going to take on tough issues such as spiraling Medicare and Social Security costs.

"Everything has to be on the table and he's got to be serious about compromise," said incoming Senate Budget Committee Chairman Kent Conrad, D-N.D.

"We would expect (Bush) to do some ... kind of ante to get the game going," Spratt said.

Bush Signals Budget Accord (WP)

By Peter Baker

The Washington Post, January 4, 2007

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President Bush promised yesterday to produce a plan to balance the federal budget in five years and challenged lawmakers to slash their special pet projects in half next year, embracing priorities of the new Democratic leadership that will assume control of Congress today.

Appearing in the Rose Garden with his Cabinet, Bush said he has been encouraged by meetings with Democrats and thinks they can reach common ground on spending issues that have bitterly divided them for six years. He said that the budget proposal he will make Feb. 5 will erase the deficit by 2012, and he called on Congress "to end the dead-of-the-night" process in which earmarks are slipped into spending bills.

The president's announcements were greeted by Democrats as "me-tooism," as one senior leadership aide put it, that closely tracked goals outlined by the new majority. The incoming House and Senate budget committee chairmen have set 2012 as a target for balancing the budget, and the incoming House and Senate appropriations chairmen have decided to freeze earmarks this year and introduce further restrictions on such spending items, which are often called pork.

In trying to adopt such ambitions as his own, Bush hopes to regain the initiative after his party lost Congress in November and to counter his reputation as a president who took a budget surplus and turned it into record deficits, analysts said. Bush has never proposed a balanced budget since it went into deficit, never vetoed a spending bill when Republicans controlled Congress and offered little sustained objection to earmarks until the issue gained political traction last year.

But now for the first time since he took office, both parties have set a mutual target for eliminating the deficit -- an implicit agreement that raises the profile of the issue and may create a political imperative that prods the two sides to find ways to meet the goal or be held accountable for failing.

"We've all been entrusted with public office at a momentous time in our nation's history," Bush said. "And together we have important things to do. It's time to set aside politics and focus on the future."

Rob Portman, director of the White House Office of Management and Budget, made a point of calling Democratic leaders Tuesday night to preview the president's remarks. In an interview yesterday, he said the shared target was a powerful signal of progress.

"It makes a huge difference," he said. "It's good news for the taxpayers that you have both parties working toward the same goal."

They remain far apart, however, on how to get there, with Bush insisting yesterday that his tax cuts be made permanent and Democrats laying the groundwork for reversing some of those for the wealthiest taxpayers. Democrats responded to Bush's comments with deep skepticism. "It's real hard to look at the man's record and take him seriously on these issues," Kent Conrad (N.D.), the incoming Senate Budget Committee chairman, said in an interview. "He's got a lot to prove. Talk is cheap."

Bruce Reed, president of the Democratic Leadership Council and an aide to President Bill Clinton, said Bush must abandon some red-line positions to reach genuine agreement with Congress. "For Bush to announce that he shares Democrats' willingness to cut the deficit by 2012 doesn't mean a heck of a lot if he's ruling out any of the ways that Democrats want to get there," Reed said.

The dialogue on the eve of a new Democratic Congress felt reminiscent of 1995, when Clinton and new House Speaker Newt Gingrich (Ga.) jousted over balancing the budget. Gingrich and his Republicans vowed to eliminate the deficit in seven years; Clinton initially resisted, then announced his own 10-year balanced-budget plan. It took until 1997 for them to settle on a five-year balanced budget.

The deficit disappeared sooner than that, and when Clinton left office the nation had its first surplus in three decades. But fiscal fortunes took a turn under Bush as he ushered in huge tax cuts, an early recession took its toll and the attacks of Sept. 11, 2001, prompted a wave of new spending on the military and homeland defense.

After the deficit spiraled to a record $413 billion in 2004, Bush promised to cut it in half within five years. Using as a starting point a higher projection that the deficit never reached, Bush achieved his goal last year when the deficit fell to $248 billion on the strength of better-than-expected revenue. Bush credits his tax cuts with spurring the economy and in turn producing more tax receipts.

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But the government has spent more than $500 billion so far on the wars in Iraq and Afghanistan and counterterrorism operations elsewhere, and Bush plans to submit a new supplemental spending request at the same time he announces his regular budget next month, possibly near $100 billion.

Portman said that although war costs are appropriated separately, they will be counted in terms of balancing the budget by 2012. He offered no details about how Bush will accomplish that, other than saying that no tax increases will be included. Bush's past two budgets have frozen or even reduced non-security discretionary spending.

"It's going to require spending discipline," Portman said. "We've done a better job the last couple years."

Bush took aim at congressional perks as part of his message of fiscal discipline, praising Democrats for imposing a one-year moratorium on earmarks, proposing that they cut them in half next year and suggesting that the process be more transparent.

"One important message we all should take from the elections is that people want to end the secretive process by which Washington insiders are able to get billions of dollars directed to projects," he said. He also called again for a line-item veto.

Democrats plan to introduce legislation requiring lawmakers to attach their names to earmarks and to certify that such spending items would not financially benefit them or their spouses. "Given the track record of this administration, the last person in the universe who should lecture the Congress on fiscal responsibility is George Bush," said incoming House Appropriations Committee Chairman David R. Obey (D-Wis.).

Brian M. Riedl, an analyst at the Heritage Foundation, said the discussion of earmarks and a 2012 balanced budget will mean little unless Bush and Democrats tackle entitlements. With the cost of Social Security, Medicare and Medicaid on the rise, Riedl said he projects the annual deficit will grow to $750 billion in 10 years. "The reduced deficit of the last two years looks more like a short-term blip than a long-term trend," he said.

Bush Resolves To Slash Deficit By 2012 (LAT)

By Joel Havemann

The Los Angeles Times, January 4, 2007

WASHINGTON — President Bush, boasting that it took only two years to cut in half the record budget deficit from early in his tenure, said today that he will propose next month wiping out the other half by 2012 — a goal that could tie the hands of the Democrats as they take control of Congress.

Bush said he could accomplish his goal and still win the war on terrorism by making permanent the tax cuts of his first term that are set to expire after 2010. The cuts, he said, must be concentrated in the giant government benefit programs — Social Security, Medicare and Medicaid — that constitute more than 40% of federal spending.

Bush also called on the new Congress that will begin work Thursday — with Democrats in control of both the House and the Senate for the first time in Bush's presidency — to cut by half Congress' growing use of "earmarks" to provide funds for pet projects in lawmakers' home states and districts.

Bush's proposal to balance the budget in five years could make it difficult for the Democrats to use their newfound majority to enact their program. House Speaker-to-be Nancy Pelosi of San Francisco has included only one spending item — beefed-up college student loans — in her agenda for the first 100 hours of the new Congress, but other Democrats are likely to advance their own plans.

Rep. John Spratt (D-S.C.), who will chair the House Budget Committee, said he was "wary" of Bush's plan to balance the budget by 2012. How, he wondered, can Bush balance the budget while the wars in Afghanistan and Iraq have cost upwards of $100 billion a year? And he asked about how to provide relief from the alternative minimum tax, which was designed to hit only the rich but would ensnare growing numbers of middle-income taxpayers — at a cost to them of more than $60 billion a year.

Bush, reading a statement in the Rose Garden after meeting with his Cabinet, said, "It's time to set aside politics and focus on the future."

"The Congress has changed," Bush said. "Our obligations to the country haven't changed.

"Together," he said, referring to the Democrats, "we have important things to do."

But congressional Democrats said they had not been consulted about Bush's proposal to balance the budget.

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Bush, in his statement, said the budget that he will submit to Congress next month "will address the most urgent needs of our nation — in particular, the need to protect ourselves from radicals and terrorists; the need to win the war on terror; the need to maintain a strong national defense; and the need to keep this economy growing by making tax relief permanent."

Bush said Social Security, Medicare and Medicaid needed reform to ensure that the programs would survive "without bankrupting the country" when today's young people need them.

Turning to Congress' tendency to provide funding for pet projects back home, Bush said, "Earmarks often divert precious funds from vital priorities, like national defense, and each year they cost the taxpayers billions of dollars."

Bush proposed full disclosure of the sponsors, costs, recipients and justifications of all earmarks. Pelosi has included earmark reform in her agenda for the first 100 hours of the new Congress.

Bush Warns Democrats On Stalemate (WT)

By Stephen Dinan

The Washington Times, January 4, 2007

President Bush yesterday reasserted his role in domestic policy as the spender in chief and ultimate legislative backstop, urging Democrats to cut pork-barrel spending in half and telling them they will take the blame for stalemate if they send him bills he has to veto.

His warning came the day before Democrats take control of Congress, where they already have taken the first steps to consolidate their power and push through their own lobbying and ethics changes, new budget rules and an increase in the minimum wage.

In both a published column and in a statement he made after his first Cabinet meeting of the year, the president tried to get out ahead of Democrats by setting spending goals and promising cooperation -- to a point.

"If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate. If a different approach is taken, the next two years can be fruitful ones for our nation," Mr. Bush said in the Wall Street Journal column.

And in his Rose Garden remarks he vowed to introduce a budget next month that will eliminate the deficit by 2012, and challenged Congress to follow "one important message" voters sent in last year's elections by ending secret earmarks, or pork-barrel spending.

But he already has run afoul of Democratic leaders in the House, who said the president is making an executive branch power play and argued he doesn't have credibility on spending issues.

"Given the track record of this administration, the last person in the universe who should lecture the Congress on fiscal responsibility is George Bush," said Rep. David R. Obey, the Wisconsin Democrat who will become chairman of the House Appropriations Committee.

Mr. Bush has increased the annual federal budget by $800 billion, from $1.86 trillion in 2001 to $2.65 trillion in 2006, and has rung up deficits every year from 2002 to 2006.

Incoming House Majority Leader Steny H. Hoyer said Mr. Bush actually wants to eliminate earmarks altogether, and said that and the president's desire for a line-item veto are part of Mr. Bush's push to control the power of Congress.

"This administration has taken unto itself increasing executive authority, and we believe that the Congress has failed in its responsibility to exercise its duties under the Constitution," the Maryland Democrat said.

But Mr. Hoyer also said Mr. Bush is "right in concept" when he warned against trying to pass bills Democrats know won't be signed by the president.

Although both the House and Senate will be under Democrats' control, House Democrats have pushed their agenda the furthest, aided by rules that give the majority party in that chamber nearly unfettered power.

Two of the measures they have vowed to pass in the first 100 hours of legislative business run counter to Mr. Bush's stated positions, and one -- to expand federal funding for stem-cell research -- drew the first veto of Mr. Bush's administration when it passed last year.

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The other measure, to raise the minimum wage to $7.25 an hour, has Mr. Bush's support but only if it is coupled with tax or regulatory breaks for businesses to offset the costs. House Democrats are insisting on passing a "clean" bill that doesn't include those offsets.

And Mr. Bush is running into problems even among some Republicans.

Yesterday Rep. Michael N. Castle of Delaware, who is a leading voice among more liberal Republican lawmakers, said Mr. Bush must present a "realistic" budget that provides enough for education and health care spending as well as for defense.

He also said future tax cuts must be offset by spending cuts elsewhere in the budget.

"A one-sided equation does not get us back into the black," Mr. Castle said.

As Mr. Bush was asking to work with Democrats, the White House sent its strongest message since the election that the president stands by his push for private savings accounts as part of Social Security -- anathema to most Democrats -- and that he opposes tax increases to help finance the system.

"The president has made it clear he doesn't want tax increases and he wants savings accounts," White House press secretary Tony Snow said, though he said Mr. Bush will listen to any proposal for reforming entitlement spending.

Mr. Snow's statement came after reports in December that administration officials had signaled the president would consider some form of tax increases to pay for a Social Security overhaul.

Meanwhile, Mr. Bush yesterday laid out a set of requirements he wants to see for future earmark spending. He called for Democrats to adopt rules requiring disclosure of every earmark's sponsor, its cost, who the recipients are, and why the spending is justified.

He also told Democrats to "cut the number and cost of earmarks next year by at least half."

Mr. Bush did not say what those target numbers should be, and earmarks are often in the eye of the beholder.

Sen. Jim DeMint, South Carolina Republican, citing a Congressional Research Service report, said fiscal 2006 spending bills contained 12,852 earmarks with a value of more than $67 billion. But Citizens Against Government Waste put the 2006 figures at 9,963 projects and $29 billion.

Bush's 'zero Deficit' Pledge Challenged (FT)

By Krishna Guha In Washington

Financial Times, January 4, 2007

Prominent Democratic economists on Wednesday challenged President George W. Bush's pledge to present a budget next month that would cut the federal government deficit to zero by 2012 while making tax cuts permanent.

Jason Furman, director of the centrist Hamilton Project, said: "There will be a lot left out and I would bet it relies on deep, unspecified and improbable cuts in future discretionary spending."

He challenged Mr Bush to state specifically which programmes would bear the cost of spending cuts in all the years to 2012.

Jim Horney, a senior fellow at the Center on Budget and Policy Priorities, said the White House budget would not deal with the need to pay for a fix to the alternative minimum tax (AMT), which is catching a growing number of middle-class families. And he warned that it would not make adequate allowance for uncertain future costs in fighting the "war on terror".

The sceptical response follows the president's commitment in an article in the Wall Street Journal on Wednesday to set out a plan to "balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent".

A White House spokesman told the FT on Wednesday "it is an achievable goal" and pointed out that the Bush administration had achieved its previous promise of halving the deficit by 2008 a year early.

The year 2012 is an obvious medium-term target for balancing the budget, because it already shows the narrowest deficit on current forecasts: $54bn according to projections by the non-partisan Congressional Budget Office.

However, the CBO estimates that the deficit in 2012 would be $284bn higher if the Bush tax cuts are made permanent, even before allowing for any higher debt interest payments.

Economists on both sides of the political divide, and people close to the administration, expect the Bush proposal will bridge this gap by:

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•Proposing real-terms cuts for much of non-security related discretionary spending.

•Budgeting for a gradual reduction in spending on the wars in Iraq and Afghanistan, compared with the CBO baseline.

•Assuming slightly slower growth in spending on Medicare, which has come in lower than expected over the past year.

•Upgrading revenue forecasts in the light of the surprisingly high growth in tax receipts over the past two years.

In addition, there is unlikely to be any provision for fixing the AMT in the later years.

The White House spokesman refused to comment on any specifics, but said Mr Bush believed it would be possible to support his policy priorities with "limited growth in new spending" by redirecting resources from other programmes.

He said the president continued to view defence spending as his "number one priority" and something "that should receive the fullest funding".

A former budget official said only the detail of the president's budget proposal would show whether he was serious about cutting the deficit.

This would require putting forward policies that could be passed by a Democratic Congress in the remaining two years of the administration, rather than relying on deficit reduction under his successor as president.

Bush Faces Hurdles Delivering On His Balanced-Budget Vow (WSJ)

By Deborah Solomon

The Wall Street Journal, January 4, 2007

WASHINGTON -- President Bush's pledge to balance the budget by 2012 will be easier to project on paper than to actually achieve.

White House budget chief Rob Portman says Mr. Bush, who declared the balanced budget goal in a Wall Street Journal op-ed piece and a Rose Garden speech yesterday, plans to show how he will achieve his goal in the fiscal 2008 budget request next month. Balancing the budget won't come from tax increases but from tax receipts fueled by a growing economy and restrained government spending, Mr. Portman says.

But getting to a balanced budget by 2012 will require some big assumptions. Among them, the president's budget is unlikely to reflect the full cost of the wars in Iraq and Afghanistan and the cost of preventing the Alternative Minimum Tax from affecting more middle-class Americans.

"What we're very likely to see is a budget that's very unrealistic," said James Horney, senior fellow at the Center on Budget Policies and Priorities, a liberal think tank. "It's not going to be hard for him to put together a budget that on paper shows a balanced budget, but it is going to include a lot of unlikely assumptions."

Mr. Bush inherited a surplus, and on his watch -- because of an economic downturn, tax cuts and spending on homeland security and the war -- the deficit widened to a peak of $412.7 billion in 2004. Since then, it has come down to $248 billion in fiscal 2006 and is projected at $339 billion for 2007.

Mr. Bush credited his tax cuts with spurring the growth that has helped trim the shortfall. The most recent White House forecast, issued in July, projected a $127 billion gap for 2011, the latest year for which it made projections. The Congressional Budget Office estimates the U.S. will run a $158 billion deficit in 2012, assuming Mr. Bush's tax cuts are made permanent.

Mr. Portman said growth has been stronger than expected and the White House is now projecting annual revenue growth of 6% to 7%, up from its July prediction of 2.4% growth in 2007.

Mr. Bush urged lawmakers to "keep this economy growing" by making his tax cuts permanent and also called on them to restrain "wasteful" spending.

His comments sparked skepticism on Capitol Hill, with the incoming House Budget Committee chairman questioning how the Bush budget will reach its balanced budget goal. "There are some major questions raised and unanswered about what's included and what's not included," Rep. John Spratt, (D., S.C.) said. "For example, what does the budget assume with respect to the outyear costs of the war in Iraq and Afghanistan?"

The White House has largely financed the costs of Iraq and Afghanistan outside the normal budget process, through "emergency" supplemental spending bills approved by Congress. While the White House recently began including one- or two-year cost estimates for the war, those amounts have been far less than what has been requested and approved.

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At the same time, the White House hasn't included the cost of fixing the AMT -- estimated to cost $100 billion a year -- in its long-term projections. The AMT was designed to prevent upper-income earners from avoiding paying taxes altogether. But it was never indexed for inflation and has come to affect many middle-class families.

Mr. Portman said no decision has been made about whether to include AMT overhaul in the budget projections, but that the administration has long assumed any fix will be "budget neutral" and won't drive up the deficit.

Brian Riedl, a budget expert with the conservative Heritage Foundation think tank, said the White House will need to show some progress in taming costs. "Those growth rates must be reduced in order to balance the budget any time soon," he said.

What The Congress Can Do For America (WSJ)

By George W. Bush

The Wall Street Journal, January 3, 2007

Tomorrow, members of the 110th Congress will take their oaths of office here in Washington. I will have the privilege of working with them for the next two years -- one quarter of my presidency, plenty of time to accomplish important things for the American people.

Together, we have a chance to serve the American people by solving the complex problems that many don't expect us to tackle, let alone solve, in the partisan environment of today's Washington. To do that, however, we can't play politics as usual. Democrats will control the House and Senate, and therefore we share the responsibility for what we achieve.

In the days and weeks since the November elections, I have been encouraged by the productive meetings I've had with many of the new leaders in Congress from both parties. I am hopeful we can find common ground without compromising our principles.

I believe we share many of the same goals for the people we serve -- and with good will and hard effort, we can find practical ways to advance the American Dream and keep our nation safe.

My principles are no secret. I have campaigned on them in my races for governor and in two presidential contests, and I have worked hard during my presidency to translate these principles into sound policy.

I believe that when America is willing to use her influence abroad, the American people are safer and the world is more secure. I believe that wealth does not come from government. It comes from the hard work of America's workers, entrepreneurs and small businesses. I believe government closest to the people is more responsive and accountable. I believe government plays an important role in helping those who can't help themselves. Yet we must always remember that when people are hurting, they need a caring person, not a government bureaucracy.

These are all common-sense principles, and they provide the basis for how I will approach governing with the new Congress. We've proved it can be done: When our nation was attacked, Republicans and Democrats came together to pass the Patriot Act and reform our intelligence agencies. When our economy was struggling, we worked together to pass tax relief that has helped our economy grow, create jobs, and raise the standard of living for the American people. When we saw that our public schools were failing our children, we came together to pass the No Child Left Behind Act, insisting on high standards, accountability and better options for parents.

The outcome of the elections has changed the balance of power in Congress, yet the priorities for keeping our country safe and prosperous go beyond party labels.

Our priorities begin with defeating the terrorists who killed thousands of innocent Americans on September 11, 2001 -- and who are working hard to attack us again. These terrorists are part of a broader extremist movement that is now doing everything it can to defeat us in Iraq.

In the days ahead, I will be addressing our nation about a new strategy to help the Iraqi people gain control of the security situation and hasten the day when the Iraqi government gains full control over its affairs. Ultimately, Iraqis must resolve the most pressing issues facing them. We can't do it for them.

But we can help Iraq defeat the extremists inside and outside of Iraq -- and we can help provide the necessary breathing space for this young government to meet its responsibilities. If democracy fails and the extremists prevail in Iraq, America's

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enemies will be stronger, more lethal, and emboldened by our defeat. Leaders in both parties understand the stakes in this struggle. We now have the opportunity to build a bipartisan consensus to fight and win the war.

America's priorities also include keeping our economy strong. The elections have not reversed the laws of economics. It is a fact that economies do best when you reward hard work by allowing people to keep more of what they have earned. And we have seen that businesses can expand and hire more workers when they have more money to invest -- and since August 2003, America's employers have added more than seven million new jobs.

It is also a fact that our tax cuts have fueled robust economic growth and record revenues. Because revenues have grown and we've done a better job of holding the line on domestic spending, we met our goal of cutting the deficit in half three years ahead of schedule. By continuing these policies, we can balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent. In early February, I will submit a budget that does exactly that. The bottom line is tax relief and spending restraint are good for the American worker, good for the American taxpayer, and good for the federal budget. Now is not the time to raise taxes on the American people.

By balancing the budget through pro-growth economic policies and spending restraint, we are better positioned to tackle the longer term fiscal challenge facing our country: reforming entitlements -- Social Security, Medicare and Medicaid -- so future generations can benefit from these vital programs without bankrupting our country.

One important message I took away from the election is that people want to end the secretive process by which Washington insiders are able to slip into legislation billions of dollars of pork-barrel projects that have never been reviewed or voted on by Congress. I'm glad Senator Robert Byrd and Congressman Dave Obey -- the Democrats who will lead the appropriations process in the new Congress -- heard that message, too, and have indicated they will refrain from including additional earmarks in the continuing resolution for this fiscal year.

But we can and should do more. It's time Congress give the president a line-item veto. And today I will announce my own proposal to end this dead-of-the-night process and substantially cut the earmarks passed each year.

The strength of our economy also requires us to address some of the biggest issues facing the American people -- greater energy security, comprehensive immigration reform, and affordable health care. While progress has been made in each of these areas, we must do more. I look forward to working with Congress on these difficult issues. * * *

Our Founders believed in the wisdom of the American people to choose their leaders and provided for the concept of divided and effective government. The majority party in Congress gets to pass the bills it wants. The minority party, especially where the margins are close, has a strong say in the form bills take. And the Constitution leaves it to the president to use his judgment whether they should be signed into law.

That gives us a clear challenge and an opportunity. If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate. If a different approach is taken, the next two years can be fruitful ones for our nation. We can show the American people that Republicans and Democrats can come together to find ways to help make America a more secure, prosperous and hopeful society. And we will show our enemies that the open debate they believe is a fatal weakness is the great strength that has allowed democracies to flourish and succeed.

To the new members of the 110th Congress, I offer my welcome -- and my congratulations. The American people have entrusted us with public office at a momentous time for our nation. Let them say of these next two years: We used our time well.

The Democrats' Cautious Tiptoe Around The President's Tax Cuts (NYT)

By EDMUND L. ANDREWS

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — President Bush is all but daring Democratic leaders to attack his signature tax cuts as they take over Congress. But Democrats, perhaps to his frustration, are having none of it.

Skip to next paragraph

President Bush's Op-Ed (wsj.com) In an opening salvo on Wednesday, Mr. Bush proclaimed that he would present a budget next month that manages to project a balanced budget by 2012 while permanently extending more than $1 trillion in tax cuts.

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"It is also a fact that our tax cuts have fueled robust economic growth and record revenues," Mr. Bush wrote in an op-ed article for The Wall Street Journal. "We met our goal of cutting the deficit in half three years ahead of schedule."

The implicit message, which Republican lawmakers reinforced later, was that their tax cuts were popular with voters, that Republicans had proven the economic benefits of tax cuts and that Democrats would court disaster if they even hinted at rolling them back or repealing them.

But even as Democratic leaders continue to accuse Mr. Bush of having a reckless fiscal policy, they have refused to discuss dismantling his tax cuts or even to engage in a debate with him about the best way to stimulate economic growth.

"It's always the same old tired line with them — 'Tax and spend, tax and spend, tax and spend,' " said Senator Kent Conrad, the North Dakota Democrat who is chairman of the Senate Budget Committee. "We're not going there."

At least not now. Democratic leaders say they see no need to revisit Mr. Bush's tax cuts for several years because they are not set to expire until the end of 2010. And they contend that the government could increase revenues as much as $100 billion a year simply by closing the "tax gap," taxes that are owed but not paid.

When asked about their tax plans, as they have been again and again since Nov. 7, Democratic leaders insist they want to preserve many of the middle-class tax cuts like the child tax credit and a reduction in the so-called "marriage penalty" for two-income households.

The Democrats' coyness is less than candid. Although it is true that Mr. Bush's tax cuts have four more years of life, it is also true that Congress faces serious fiscal headaches that cannot be postponed for even a full year.

One of those challenges is the Iraq war. The conflict is likely to cost far more than $100 billion this year, even if the United States began reducing troop levels.

So far, Mr. Bush has kept war spending out of the regular budget request that he sends to Congress each February, instead seeking the money on an expedited as-needed basis.

Democrats say, however, that they will not accede to such requests, as their Republican predecessors did, because they sidestep the process by which Congress normally debates spending priorities.

Perhaps the bigger and more enduring problem is the alternative minimum tax, a tax that was originally intended for the richest households but that has been not adjusted for inflation and is rapidly engulfing tens of millions of middle-class families every year.

To prevent the alternative tax from becoming a de facto tax increase, Congress has been passing temporary fixes for the last several years. Those fixes now cost more than $50 billion a year, and the cost is expected to climb sharply for the rest of the decade.

Repealing the alternative minimum tax, a goal shared by Democrats and Republicans, would reduce government revenues by about $1 trillion over the next 10 years and would be a huge drain on the Treasury that nobody in either party has figured out how to finance.

Democrats, meanwhile, have a wish list of their own. House Democrats plan to reduce interest rates on student loans by half as part of their plan to pass measures that they have long favored in the first 100 legislative hours.

Democrats also want to funnel more money to develop alternative energy sources, domestic security and the Children's Health Insurance Program.

House Democrats plan to reintroduce tough new "pay-go" budget rules as early as this Friday. Under "pay-go," which governed spending measures in the 1990s but expired in 2002, new entitlement programs or new tax cuts have to be matched by comparable spending cuts or tax increases.

Politicians in both parties may be feeling a temporary reprieve from fiscal pressures because the budget deficit has indeed declined sharply in the last two years.

Largely because of big back-to-back increases in tax revenue for the last two years, the deficit shrank to $248 billion in 2006 from a peak of $412 billion in 2004

Newsview: Bush Fights To Stay Relevant (AP)

By Ben Feller

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AP, January 4, 2007

Weakened by election losses and hemmed in by time, President Bush is using what he's got left — a bully pulpit, a veto threat and a sudden interest in working with Democrats.

With two years to go in his presidency, Bush likes to talk about a sprint to the finish. One goal of that race is to remain relevant, and he tried to demonstrate Wednesday that no one should count him out.

"The Congress has changed. Our obligations to the country haven't changed," Bush said from the Rose Garden, backed by his Cabinet. On the eve of a new Democratic Congress, Bush's intended image for the cameras was clear: My team is ready to act.

He challenged lawmakers to control spending — targeting their own pet projects as never before. Then he touted other familiar priorities: making tax cuts permanent, defeating terrorists, reforming behemoths such as Social Security.

No slowdown here.

To assert his voice, Bush went so far as to spell out an entire agenda for Congress.

It came in the form of an op-ed column in The Wall Street Journal on Wednesday, just before Democrats assumed power on Capitol Hill. The headline: "What the Congress can do for America."

"He wants to regain the initiative and put them on the defensive," said Norman Ornstein, an analyst at the American Enterprise Institute who specializes in the presidency and Congress.

"He wants to create a sense in the country that he still has a substantial role to play in setting priorities, and that he's on his toes moving forward, not on his heels moving back."

The president has a lot of forces working against him.

For the first time in 12 years, Democrats control both chambers in Congress. The war in Iraq marches toward its fourth anniversary as Bush looks for a fresh solution. And history shows lame-duck presidents lose relevance.

"There's a reason why you don't read any books about the last two years of a two-term president," said Paul Light, a public policy professor and presidential historian at New York University. "The last years are focused almost entirely on the upcoming election. By the last year, he's almost completely irrelevant. It's gloomy, but it's realistic."

Presidents Reagan, Clinton and Eisenhower all faced the same problem, Light said. But at least they had residual influence because their vice presidents wanted the top job, which is not the case this time.

Bush has taken the defeat in the last election and reframed it.

It's now a chance to get things done with Democrats.

"We now have the opportunity to build a bipartisan consensus to fight and win the war," Bush said. Democrats say they welcome his new approach, then point out there was nothing stopping him before.

"We certainly want to work with the president," said Sen. Charles Schumer of New York, the Senate Democrats' campaign chief. "We hope that when the president says compromise, it means more than do it my way, which is what he's meant in the past."

The comment underscores the Washington theme these days — healthy doses of both hope and skepticism.

Bush and the Democratic leaders see genuine opportunities to work together on issues people care about: the minimum wage, energy alternatives, education, immigration and health care. If they do, both sides can benefit.

The honeymoon isn't over yet. Bush invited Democratic and Republican leaders of Congress and their spouses to share some good cheer in the Yellow Oval Room of the White House residence Wednesday night.

Yet Bush has also issued a warning to Democrats: Don't send me bills that amount to political statements, or they will end in stalemate. Bush has used his veto power only one time, on stem cell research, when Republicans ran Congress.

Accomplishing his agenda will require Bush to give up some ground on key issues, Ornstein said.

"Frankly, much of this is still up to the president," he said. "How much does his legacy matter, to the point where he wants to take on a portion of his base? If he doesn't do that, how much will he be able to get done?"

There have been big bipartisan successes for this White House. But the ones typically mentioned by Bush, including the Patriot Act and the No Child Left Behind education law, happened early in his first term and later became divisive.

Scott Lilly, a longtime Democratic leadership aide in Congress, said he's deeply skeptical that Bush has gone bipartisan.

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"This is much more about tactical advantage than it is a sincere effort to reach out to people," said Lilly, now a senior fellow at the liberal Center for American Progress. "He's trying to set the dialogue of the debate so that when there isn't cooperation, he can point the finger at Congress and say, 'I tried to do these things, but they wouldn't work with me.'"

For now, Bush has a big month ahead.

He plans to unveil a new strategy in Iraq, probably next week, followed by his annual State of the Union speech and his budget proposal. He is still the commander in chief, still the leader with the biggest microphone and the power of veto.

"He's got some weapons," Ornstein said. "I wouldn't count him out quite yet."

Iraq May Quash 'bipartisan' Congress (FT)

By Edward Luce

Financial Times, January 4, 2007

America's 110th Congress begins on Thursday, ushering in what both the new Democratic majority and President George W. Bush have promised will be a new era of bipartisanship.

But few believe the rhetoric of bipartisan co-operation will survive Mr Bush's announcement of a "new way forward in Iraq", which is expected within 10 days.

In spite of the electorate's repudiation of Mr Bush's Iraq strategy at midterm elections in November, the White House looks set to announce a "surge" of up to 30,000 new troops in a move that would also go against the recommendations of the bipartisan Iraq Study Group, which published its report last month.

Democratic leaders, in-cluding Nancy Pelosi, who will be sworn in on Thursday as America's first female speaker of the House of Representatives, and Harry Reid, the Senate leader, have ruled out supporting an increase in US forces in Iraq – as have a growing number of Republicans. Almost all Democrats and some Republicans favour a reduction in the existing 140,000 troop level.

But Mr Bush has made clear he does not feel bound by the results of the recent elections on his Iraq policy. In a statement yesterday, he promised to work with the new Congress but said: "The Congress has changed; our obligations to the country haven't changed."

Few believe Mr Bush is prepared to compromise on his most basic principles, which includes "victory" in Iraq, an extension of the controversial tax cuts that were pushed through in his first term, and opposition to the funding of stem cell research. The Democrats have promised contrary action on all three.

"Mr Bush talks the talk of bipartisanship but then he doesn't actually change his positions," says Thomas Mann, congressional scholar at the Brookings Institution. "His idea of bipartisanship is for members of both parties to support him."

For their part, the Democratic leaders are under fire for plans to bypass the normal deliberative committee process by going straight to a House floor vote to push through their six main election promises. "The Democrats are missing a golden tactical opportunity to prove they can work with Republicans," said Alice Rivlin, the first head of the Congressional Budget Office.

Ms Pelosi's pledges, to be passed within the first 100 legislative hours (in an echo of the Republican party's 100-day "contract with America" agenda in early 1995), include halving interest rates on student loans, raising the minimum wage, abolishing tax breaks for oil companies, reducing prescription drug prices and providing federal funding for stem cell research. Most of Ms Pelosi's 100-hour agenda is symbolic.

But Mr Bush, who has vetoed only one piece of legislation in six years, will almost certainly wield his pen for a second time over any moves to support stem cell research.

Mr Bush and Ms Pelosi do see eye to eye on the need to clean up the "culture of corruption" in Congress, which electoral analysts say was the second most important factor motivating people to vote last November.

On Thursday, Mr Bush called on Congress to halve within a year the number of "earmarks", or pork-barrel clauses, inserted into broader legislation.

"People want to end the secretive process by which Washington insiders are able to get billions of dollars directed to projects that have never been reviewed or voted on by Congress," he said.

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On Thursday Ms Pelosi is expected to announce a number of ethics reforms, including banning lawmakers from travelling in corporate jets, prohibiting gifts from lobby firms, establishing an independent ethics commission and forcing lawmakers to disclose the earmarks they sponsor.

White House officials are relatively confident about working with Democrats to reform US immigration, restructure social security and promote alternative energy fuels. But much of this could be rendered academic by the brewing storm over Iraq, which took another nasty turn last weekend when the 3,000th US soldier died, bringing to 25,000 the number of Americans killed or injured in Iraq.

If Mr Bush next week increases US troop exposure to the growing violence in Iraq without convincing Americans they are on the road to "victory", promises of bipartisan co-operation are likely to go up in smoke.

Rather than heralding a new era of partnership between the White House and Capitol Hill, the politics of the coming weeks and months are likely to pivot on one question, says Bruce Riedel, a former national security official: "Who lost Iraq?"

Bush Reaches Out, But Keeps One Hand On The Wheel (NYT)

By Jim Rutenberg

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — In an article published on a friendly op-ed page, and from the regal confines of the White House, President Bush greeted the incoming Democratic leadership of Congress on Wednesday with a message of bipartisanship.

But he also sent another message: I'm still the guy with the big plane, the big office (the oval one) and the presidential seal.

With the op-ed, in The Wall Street Journal, and in the Rose Garden appearance, Mr. Bush sought to set the governing agenda one day before Democrats were officially to take control of Congress and alter the balance of power that has favored Mr. Bush's party for nearly his entire presidency.

In doing so, Mr. Bush mixed calls for unity in governing with a series of red flags on his signature issues.

Tax increases? Forget it.

"The elections have not reversed the laws of economics," Mr. Bush wrote in The Journal. "It is a fact that economies do best when you reward hard work by allowing people to keep more of what they have earned."

The war in Iraq? "We now have the opportunity to build a bipartisan consensus to fight and win the war," he wrote. In other words, we're staying.

That new Democratic majority? It isn't really so big.

"The minority party, especially where the margins are close," Mr. Bush wrote, "has a strong say in the form bills take." And the president, he added — lest anyone forget — has the constitutional authority "to use his judgment whether they should be signed into law."

Several Democrats said Mr. Bush's words on Wednesday had raised questions about what kind of president would show up when they get down to the business of governing side by side.

Some Democrats may have hoped it would be the George W. Bush who contritely acknowledged a "thumpin' " for his party the day after the elections in November. But the evidence suggests it is more likely to be the man who all but ignored the disputed circumstances of his election in 2000, governed from then as if he had an expansive mandate and who — even as he has employed soothing tones in speaking to and about Democrats for the last two months — has gradually but firmly reasserted himself on both foreign and domestic policy.

"I think what the op-ed showed was the fundamental division within the White House and probably within the president's head whether to stick to the old issues and just talk bipartisanship versus really doing it," said Senator Charles E. Schumer of New York, the new vice chairman of the Democratic caucus in the Senate, in an interview.

The first few weeks of January are traditionally when the White House carefully rolls out new or repackaged policy initiatives before the president's State of the Union address, a period when he can set the agenda. But for the first time since early 2002, when Democrats controlled the Senate, Mr. Bush has to share power and the national microphone. He also has to show that he has a domestic agenda at a time when his presidency is largely consumed by Iraq.

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Both sides were making some effort on Wednesday to play nice. White House officials noted that the president had highlighted several areas in which he has shown a willingness to work more closely with Democrats, like on a new minimum wage and a new immigration law.

And the White House arranged for a plane to bring the incoming Senate majority leader, Harry Reid of Nevada, and Senator Richard J. Durbin, Democrat of Illinois, back to Washington from Gerald R. Ford's funeral in Grand Rapids, Mich., in time for a reception with Mr. Bush and the other Congressional leaders.

In a memorandum that Mr. Reid issued Wednesday to fellow Democrats, he wrote, "I'm encouraged that President Bush said today that he wants to work in bipartisanship."

But, he added, "I hope he means it." And in defining his own approach to bipartisanship, Mr. Reid went on to praise Senator Gordon H. Smith, Republican of Oregon, saying Mr. Smith's commentary last month on the administration's war policy — in which Mr. Smith said it "may even be criminal" — had "signaled a sea change over how Congress will address the Iraq war."

Mr. Reid promised to work with Republicans to "bring oversight and accountability to the Bush administration's conduct of the war and ensure a new policy that meets conditions on the ground" but also "allows our troops to come home."

Democrats were moving quickly to hold the administration accountable, in their view, for its mistakes, promising to hold as many as a dozen oversight hearings on the war alone in the next few weeks.

In interviews, White House officials did not hesitate to acknowledge that they were taking advantage of the last day before the Democrats take control to assert some presidential power.

Nor did they dispute Democrats' suspicions that the White House placed Mr. Bush's opinion piece in The Journal to reassure a target audience of nervous fiscal conservatives — and the financial markets — that he remained philosophically opposed to any tax increases.

But administration officials disputed Democratic assertions that the president was trying to upstage them before their big day.

"It's an appropriate time to say where we are on these things and to again reiterate the president's view that we can work together to find common ground," said Tony Fratto, a White House spokesman. "It also doesn't mean that a Democrat-controlled Congress passes whatever they want and we sign it — that's not bipartisanship."

But it was clear that as both sides spoke about bipartisanship, they were defining it on different terms.

Mr. Fratto acknowledged as much, saying, "We'll have to see as we go forward over the next six months, in particular, if everyone has the same understanding of what bipartisanship means."

Bush Seeks Cooperation 'Without Compromising Principles' (USAT)

By Douglas Stanglin

USA Today, January 4, 2007

On the eve of the Democratic takeover of Congress, President Bush is laying out his legislative agenda for the new year and calling on Congress and the White House to seek common ground "without compromising our principles."

"It's time to set aside politics and focus on the future," Bush said in remarks in the Rose Garden after meeting with his cabinet.

Bush, in his comments and in a column in The Wall Street Journal today, said he has been encouraged by the "productive meetings" he has held with news leaders in Congress from both parties.

ON DEADLINE: Read and comment on Bush's column | Video

"If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate," he said. "If a different approach is taken, the next two years can be fruitful ones for our nation."

"I am hopeful we can find common ground without compromising our principles," he wrote.

Among the items that Bush said are high on his priority list are: reforming entitlement programs like Social Security, Medicare and Medicaid; making tax cuts permanent, curbing "earmarks," or pork-barrel projects that have not been reviewed or voted on by Congress; and passing a line-item veto to allow presidents to veto individual budget items.

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Bush said he'll submit a five-year budget proposal that will balance the federal budget by 2012. He also said the two sides should come together on greater energy security, immigration reform and affordable health care.

When the 100th Congress convenes at noon Thursday, Democrats will hold a 233-202 edge in the House and will control the Senate by 51-49.

Nancy Pelosi, of California, will be sworn in on Thursday as the nation's first female speaker of the House and Sen. Harry Reid, of Nevada, will be selected as Majority Leader.

Bush said the change in leadership as a result of the November midterm elections offers Congress and the White House alike a challenge and an opportunity to find agreements acceptable to both sides.

Sen. Charles Schumer, D-N.Y., said Democrats ran in the midterm election on a message of compromise, and want to work with Bush.

"We hope that when the president says compromise, it means more than 'do it my way,' which is what he's meant in the past," Schumer said.

He said fiscal restraint is one area where the executive and legislative branches of government can work together.

On Iraq, an area that is sure to prove contentious between the White House and Congress, Bush called for a "bipartisan consensus to fight and win the war."

He noted that he will be addressing the nation in the days ahead on a new strategy on Iraq, but offered little preview except to say the United States can help Iraq "defeat the extremists" inside and outside of Iraq to give the new political leadership breathing space.

"Ultimately, Iraqis must resolve the most pressing issues facing them," Bush wrote. "We can't do it for them."

The president's list of priorities did not include two of the top items on the Democrats' list — a higher minimum wage and federal funding of embryonic stem cell research.

These are expected to be passed in the first 100 hours of business after the 110th Congress officially convenes at noon Thursday.

A boost to the $5.15-an-hour federal minimum wage would be the first since 1997. Democratic leaders have proposed raising it in stages to $7.25 an hour. President Bush has said he supports the idea, along with help for small businesses.

A new Associated Press-AOL News poll on legislative priorities found broad support for raising minimum wage and passing a stem cell bill, as well as an overwhelming majority in favor of making it easier for people to buy prescription drugs from other countries.

The AP said its poll showed 80% of survey respondents favor the increase in the minimum wage, while 69% of adults favor the government taking steps to make it easier for people to buy prescription drugs from other countries, where some medicines cost significantly less than in the U.S.

Some 56% of adults support easing restrictions on using federal money to pay for research on embryonic stem cells, the AP reported. Supporters say such research could lead to treatments for everything from Parkinson's disease to spinal cord injuries.

Bush and other opponents say the embryos from which the cells are extracted are human lives that should not be destroyed in the name of science.

Bush Tells Congress What He'd Like (CHIT)

By Jill Zuckman And Mark Silva

Chicago Tribune, January 4, 2007

WASHINGTON -- As President Bush used a Rose Garden moment Wednesday to offer up a menu of spending cuts, the newly empowered Democrats in Congress were poised to swiftly pass their own priorities, none of them on the president's wish list.

On the eve of the start of the 110th Congress, Bush outlined his legislative priorities—highlighted by calls to trim Social Security, Medicare and Medicaid and balance the federal budget in five years—that underscored the clear contrast with the agenda of Democrats who will control Capitol Hill for the first time in Bush's presidency.

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Bush promised to deliver a new budget that will hold back spending and set clear budget priorities.

"It will address the most urgent needs of our nation—in particular, the need to protect ourselves from radicals and terrorists, the needs to win the war on terror, the need to maintain a strong national defense, and the need to keep this economy growing by making tax relief permanent," Bush said as members of his Cabinet stood behind him.

And in the Wall Street Journal, Bush wrote of his desire to work in a bipartisan manner, something he has avoided for much of his presidency. After members of the new Congress take their oaths of office, "I will have the privilege of working with them for the next two years—one-quarter of my presidency, plenty of time to accomplish important things for the American people," he wrote.

But the newly elected members of Congress will be sworn in Thursday with swift plans for consideration of legislation that is decidedly not in sync with the president.

In the House, lawmakers plan to vote Tuesday to enact the recommendations of the Sept. 11 Commission. On Wednesday, they will vote to raise the minimum wage. On Thursday, Jan. 11, they will consider expanding federally funded embryonic stem cell research. And on Friday, Jan. 12, the House plans to vote on legislation allowing the federal government to negotiate for lower prescription drug prices for senior citizens participating in Medicare.

Democrats said they appreciated Bush's attempt at calling for a bipartisan working relationship, even if his proposals don't mesh with their own.

"I think he's right in concept," said the incoming House majority leader, Rep. Steny Hoyer (D-Md.). "The American public are hopeful, almost pleading, that the president and the House and the Senate sit down together and address the serious problems confronting our country. They want solutions, not politics. Hopefully we'll give them that."

New Senate Majority Leader Harry Reid (D-Nev.) predicted in a memo to Senate Democrats that the 110th Congress will be guided by bipartisan cooperation.

"I'm encouraged that President Bush said today that he wants to work in bipartisanship, and I hope he means it. We share many of America's priorities, and have committed to taking up business, lobbying and ethics reform that improves the earmarking process as our first order of business," Reid said, referring to lawmakers' practice of tacking pork-barrel spending items onto legislation on other topics.

Meanwhile, House Republicans have launched a public relations campaign complaining that the Democrats are not treating them fairly in the minority even though they do not officially become the minority party until noon Thursday.

"We are disappointed that at this point in the game, half of the Congress has been cut out of the process," said Rep. Adam Putnam (R-Fla.), chairman of the House Republican Conference.

Republicans say the new Democratic leaders won't let them offer amendments to the first half dozen bills to reach the House floor and have cut them out of the decision-making about how the bills are being drafted.

Hoyer, however, said Democrats made a commitment to the public during the 2006 elections to pass certain bills without change during the first 100 legislative hours.

"We view the first hundred hours as a mandate from the American people," Hoyer said. "We said if you elect us, this is what we will do."

Before any legislation is passed, lawmakers in the House and Senate will be sworn in Thursday, marking a historic shift in the balance of power in Washington. Republicans will lose control of the House after 12 years in power while the first woman speaker, Nancy Pelosi of California, takes office.

Republicans will also lose the upper hand in the Senate, where they have held the majority for the last four years. But Democrats have a tenuous grip on the majority with just 51 total votes. And one of those votes belongs to Sen. Tim Johnson (D-S.D.), who is still hospitalized following brain surgery.

In the House, Democrats plan to immediately offer a new set of rules to ban gifts and travel from lobbyists, end privately funded flights on corporate jets and institute pay-as-you-go requirements to cover the cost of new spending initiatives. The rules also call for the end of the two-day work week, a fixture of the last Congress.

Americans Question Whether Congress Will Be Able To Pass Laws, Survey Shows (WSJ)

DOJ_NMG_0112139

The Wall Street Journal, January 4, 2007

As the new Congress is sworn in this week, fewer Americans think Democrats, Republicans and President Bush will be able to work together to pass legislation in the next two years, according to a Harris Interactive poll.

Nearly half of Americans (47%) believe the results of the congressional elections were a good thing for the U.S., according to the online survey, while 19% say the outcome was bad and 35% aren't sure.

At the same time, 43% say having a president and a majority in Congress belonging to different parties is an advantage for the U.S., while 24% say it is worse for the country and 32% aren't sure.

When asked what will be the most likely outcome in Washington this year, 25% said they think Democrats and Republicans in Congress are likely to be able to work out compromise legislation, a third said Democrats will pass legislation, but the president will veto it, and 18% said Democrats and the president are most likely to compromise to pass legislation.

Among the series of issues that might be on the agenda of the new Congress, just over three-quarters of those polled said they would back a minimum wage increase from $5.15 an hour to $7.25 an hour, compared with 17% who oppose the increase; 69% back legislation to speed up the removal of troops from Iraq vs. 23% who oppose.

See full results of the poll: "In January, the new Congress, which was elected in November, will be sworn into office. How much would you support or oppose the following items that might be on the agenda of the new Congress?"

Base: All Adults

NOTE: Percentages may not add exactly to 100 due to rounding. * * * "In the beginning of January, the new Congress, which was elected in November will be sworn into office. How much would you support or oppose the following items that might be on the agenda of the new Congress?"

SUMMARY OF SUPPORT RESPONSES

Base: All Adults * * * "Thinking about the recent congressional elections, do you believe that the outcome is a good thing or bad thing for the United States?"

Base: All Adults

NOTE: Percentages may not add exactly to 100 due to rounding. * * * "Which of these is more likely to occur in Washington, DC in the next two years?"

Base: All Adults

NOTE: Percentages may not add exactly to 100 due to rounding. * * * "Not thinking of this time or any particular president, do you think it is better or worse for the country to have a president and a majority in Congress belonging to different parties?"

Base: All Adults

NOTE: Percentages may not add exactly to 100 due to rounding.

Methodology:

Harris Interactive conducted this online survey in the U.S., Dec. 12-18, 2006, among a nationwide cross section of 2,309 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 2 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

<hr/>About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com1. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com2.

Bush To Seek Renewal Of Education Law (AP)

By Nancy Zuckerbrod

AP, January 4, 2007

DOJ_NMG_0112140

President Bush plans to meet with lawmakers next week to jump-start talks over the renewal of the No Child Left Behind education law, a Democratic congressional aide said Wednesday.

The top Democrats and Republicans on the House and Senate committees that deal with education issues planned to attend the White House meeting Monday, said the aide on the condition of anonymity because the White House had not announced the session.

Monday is also the day the Bush administration is commemorating the fifth anniversary of the what is widely considered the most significant federal education law in decades.

Education Secretary Margaret Spellings, in an interview with The Associated Press on Wednesday, said she was "optimistic about the ability to make progress this year" on renewing the law for five more years.

The law aims to ensure that all children can read and do math at grade level by 2014, a goal that has placed unprecedented demands on schools. They have been required to increase testing, raise teacher quality and pay more attention on the achievements of minority children.

Poor schools that get federal aid but do not make enough progress must provide tutoring, offer public school choice to students or initiate other reforms such as overhauling their staffs.

Spellings said renewing the law is something upon which Bush and Democrats, who won control of Congress in November, agree.

"It's on everybody's list of things where we might forge agreement as we have done before," she said.

Spellings said there were a few "bright-line principles" that the administration would not agree to alter under a rewrite of the law. Among them is the requirement that all students are proficient in reading and math by 2014 — a goal many observers call unrealistic.

Spellings said the administration was open to debating how progress should be measured. Critics, including the teachers' unions, have said the current law does not give enough credit to schools that make significant strides in student achievement but fall short of reaching an annual target.

Democrats also say Republicans have not spent the money needed to fully fund the law. Sen. Edward Kennedy, D-Mass., and Rep. George Miller, D-Calif., who are to lead the committees overseeing education, say the administration has provided about $50 billion less than originally called for by Congress.

Republicans say it is common for legislation to be funded at less than the full level Congress authorizes.

Spellings declined to preview the amount Bush would seek when he releases his annual budget in February. She did indicate an interest in getting more money to teachers who work in schools that have difficulty attracting people.

Bush sought $500 million from Congress for that purpose last year and got about $100 million.

"Our best teachers, or are most experienced teachers, are in places with our least challenged learners," Spellings said.

Spellings also reaffirmed the administration's view that the law, which focuses on early and middle grades, should be expanded in high schools.

'No Child' Law On Track, Spellings Says (WP)

By Amit R. Paley

The Washington Post, January 4, 2007

U.S. Education Secretary Margaret Spellings said yesterday that she welcomed proposals to "perfect and tweak" the No Child Left Behind law as Congress prepares for what could become a divisive debate on renewal of the landmark education initiative.

But in an interview five days before the act's fifth anniversary, Spellings said its implementation was on track. She rejected calls for a major rewrite of the law, including some proposals advanced yesterday by a coalition of about 100 groups with a stake in education.

"We've made more progress in the last five years than the previous 28 years," Spellings said. "Can the law be improved? Should we build on what we've done and all of that sort of thing? You bet. But I don't hear people saying: 'You know what? We really don't need to have education for all students.' "

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Her remarks come as various groups begin to weigh in on the law and what they believe works and what does not. The No Child Left Behind law is scheduled to be reauthorized by Congress, but it is uncertain when lawmakers will act.

The Forum on Educational Accountability -- a coalition that includes education, religious, civil rights and disability rights groups -- said yesterday that the law overemphasizes standardized tests and arbitrary academic targets. The coalition also criticized penalties the law imposes on schools that fail to meet standards.

"We don't have to throw out the whole law and make a big political battle," said Reginald M Felton, a senior lobbyist for the National School Boards Association, a member of the coalition. "But we need to change from the punitive, 'gotcha!' kind of approach to actual support for progress."

The coalition includes the National Parent Teacher Association, the NAACP and the National Education Association, a teachers union. The coalition has called for more federal education funding to help schools meet the law's mandates.

Spellings said the past five years have laid the foundation for the law's key goal of ensuring that every child can read and write at grade level by 2014. Under the law, states must test all students in reading and math from grades 3 to 8 and once in high school. Schools that fail to make adequate progress face a range of penalties.

The Bush administration has granted some states flexibility in how they carry out the law. For example, North Carolina and Tennessee are experimenting with a way to rate schools that emphasizes the year-to-year academic growth of students rather than how scores compare with fixed benchmarks.

"Have we learned something as we've made public policy for the last five years that we ought to act on going forward? Absolutely," Spellings said. "And I've done some of those things."

She added, "Those are some of the areas that ought to be discussed in the context of reauthorization."

The law, which passed Congress in 2001 with overwhelming bipartisan support, was signed by President Bush on Jan. 8, 2002.

Yesterday, Spellings lauded the incoming education committee chairmen, Sen. Edward M. Kennedy (D-Mass.) and Rep. George Miller (D-Calif.), as "stalwarts" who have "stayed very true to the core principles of this law."

Gates Picks Intelligence Undersecretary (WP)

By Walter Pincus

The Washington Post, January 4, 2007

Defense Secretary Robert M. Gates has chosen a career military intelligence officer, retired Lt. Gen. James R. Clapper Jr., to be undersecretary of defense for intelligence, according to administration officials.

Clapper, who retired in June after five years as director of the National Geospatial-Intelligence Agency (NGA), ran the Defense Intelligence Agency (DIA) during the 1990s, and handled Air Force intelligence during the 1991 Persian Gulf War.

A senior intelligence official yesterday confirmed that Gates had chosen Clapper but added: "The White House has the final say." On Capitol Hill, a spokesperson for Sen. John D. Rockefeller IV (D-W.Va.), incoming chairman of the Senate Select Committee on Intelligence, said the staff had unofficially been told of Clapper as Gates's choice, but added that "nothing official has been sent to the senator." Maj. Patrick Ryder, a Defense Department spokesman, said that he could not confirm Clapper's choice, saying: "This is a presidential decision, which will come from the White House."

There was no comment late yesterday from the White House. Clapper did not return a call seeking comment.

Clapper would replace Stephen A. Cambone, who was the first person to hold the undersecretary for intelligence position, which was created by then-Defense Secretary Donald H. Rumsfeld in 2003 to coordinate the wide-ranging defense intelligence activities. While the director of national intelligence is the president's top intelligence advisor, the defense undersecretary coordinates the largest components of the intelligence community and almost 80 percent of the roughly $42 billion national intelligence budget.

Cambone was a close and longtime associate of Rumsfeld, but Clapper sometimes took positions opposite the secretary, such as in 2004 when he supported putting the NGA under the new director of national intelligence rather than within the Defense Department.

Staff writer Dafna Linzer contributed to this report.

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Bush, Democrats Joust Over Earmarks (LAT)

By Noam N. Levey

The Los Angeles Times, January 4, 2007

WASHINGTON — Eager to set themselves apart from a Republican-led Congress tarnished by scandal, Democrats outlined a plan Wednesday to end the secrecy around earmarks inserted in legislation to funnel public money to favored interests.

"We're going to stamp out corruption, and the proof is in the package," Rep. Louise M. Slaughter (D-N.Y.) said as she outlined reform measures that Democrats would put to a vote today and Friday.

But in a sign of how much the election has pushed reform to the top of the agenda, President Bush strode before cameras Wednesday to highlight his overhaul ideas even before the Democrats unveiled theirs.

"We need to do more," said the president, who read a brief statement in the Rose Garden that called on the new Democratic Congress to halve the number and cost of earmarks.

The jousting between the two ends of Pennsylvania Avenue raised the prospect of a tussle over who could claim the mantle of reform, and bolstered reformers' hopes that calls for change to the secretive earmarking process might no longer by ignored on Capitol Hill.

Under Republican congressional leadership, the amount of federal funds earmarked has nearly tripled since 1994, reaching $67.1 billion in fiscal 2006, according to the Congressional Research Service.

The new rules House Democrats plan to adopt would mandate disclosure of the authors of earmarks and more complete explanations of what the earmarks will fund — measures reformers have demanded for years.

House Democrats also plan to pass new bans on gifts and meals from lobbyists, and a prohibition on the use of corporate jets by House members.

Senate Democrats will soon draw up their own rules, but a spokesman for incoming Majority Leader Harry Reid (D-Nev.) would not discuss them.

The House reform package — which is among a list of initiatives Democrats promised to enact in their first days in power — comes after Republicans lost control of Congress amid ethics scandals that led to the resignations of four GOP House members since September 2005.

It drew praise from a number of reform advocates, including Fred Wertheimer, president of the watchdog group Democracy 21. Wertheimer called the ethics package "important progress in changing the way business is done in Congress."

But the plan neither settled the debate over earmarking nor allowed Democrats to claim control of the reform agenda without a challenge.

Though House Democratic leaders are seeking to dramatically increase transparency in the earmarking process, they would not mandate that information about who inserts an earmark be posted in a place the public can easily access it, such as the Internet.

"I want more," said Steve Ellis, vice president of Taxpayers for Common Sense, a nonpartisan watchdog that tracks congressional spending.

Democrats also do not plan to make it easier to remove earmarks when legislation comes to the full House for a vote.

Earmarks are often included in the conference reports that are drawn up by senior lawmakers from the House and Senate to settle differences between versions of legislation passed by the two chambers. These reports cannot be amended on the floor.

Rep. Jeff Flake (R-Ariz.), who has been complaining about earmarking for years, said he was particularly disappointed that lawmakers like him would often be unable to offer amendments that would strip out objectionable earmarks.

"I would have liked to see a requirement that earmarks be in the legislative text rather than in a conference committee report," Flake said. "When they are in a conference committee report, it's far more likely that they will end up in the middle in the night."

Democrats nonetheless were quick to label the expected adoption as historic.

"This is the most significant package that has ever passed the Congress," noted Rep. Martin T. Meehan (D-Mass.), a longtime reform advocate.

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But if Democrats were able to outmaneuver Republicans on ethics in the fall congressional campaign, they now could face a second showdown with the White House.

Bush has only occasionally criticized the proliferation of earmarking. And since taking office, he has never vetoed an appropriations bill, even as the number of earmarks in the spending measures more than doubled to about 13,000.

On Wednesday morning, however, the president made earmarks the focus of his public remarks as he outlined areas where he said he could work with the new Congress.

"People want to end the secretive process by which Washington insiders are able to get billions of dollars directed to projects, many of them pork-barrel projects that have never been reviewed or voted on by the Congress," Bush said just a few hours before Democrats announced their plans.

Casting himself as the reformer, Bush called on Congress to stop putting earmarks in conference reports and to disclose even more information about why earmarks are being sought.

And he reiterated calls he has made in the past for a version of the line-item veto, which Bush has said would help restrain spending by allowing him to strip out wasteful earmarks.

That suggestion was immediately rejected by incoming House Majority Leader Steny H. Hoyer (D-Md.), who gave a hint of how the battle over reform may turn into a showdown over congressional authority.

"The president would like to say to the United States: Only the president can add investments in communities, so Congress has to come hat in hand to the president," Hoyer said. "That would substantially skew the relationship and undermine the independence of the Congress of the United States."

GOP Earmark Epiphany (WSJ)

The Wall Street Journal, January 4, 2007

Could it be possible that one benefit of this new era of divided government in Washington is spending restraint? We'll believe it when we see it, but one good portent was President Bush's op-ed yesterday in these pages.

Mr. Bush stressed spending control, and yesterday he also offered his own proposal for Congress to restrain its "earmarking" of tens of thousands of pork-barrel projects each year. The White House wants Members to disclose the sponsor, the cost, the beneficiary and the justification for each such earmark -- in a move that echoes what such House GOP reformers as Jeff Flake of Arizona were trying to pass last year. John Boehner, the new House minority leader, quickly seconded this motion.

Our only caveat is: What took them so long? Mr. Bush never did say much about earmarks when the GOP was in charge and the likes of Jerry Lewis, Roy Blunt, Don Young and Dave Hobson were setting earmark records. Perhaps now that they're in the minority, Republicans can reclaim some of their fiscal virtue -- though the voters will be forgiven if they put such promises on probation given the GOP's recent past.

Competition between the parties doesn't always produce spending control or smaller government -- witness the late 1990s, when Bill Clinton gave the GOP higher defense outlays in return for more domestic spending. But at least in the early days of Democratic control, both parties are at least trying to sound like fiscal conservatives. Who knows? Maybe we'll even see a few vetoes.

Pelosi Walks Tightrope Enforcing Rules (WP)

By Michael Grunwald And Juliet Eilperin

The Washington Post, January 4, 2007

On June 15, beneath the crystal chandeliers and Corinthian pilasters of the Cannon Caucus Room, House Democrats had to decide how they really felt about the "culture of corruption." After months of expressing outrage over Republican scandals, what would they do about the $90,000 the FBI had found in the freezer of one of their own?

To House Minority Leader Nancy Pelosi (D-Calif.), the answer was obvious: Rep. William J. Jefferson (D-La.) had to give up his coveted spot on the Ways and Means Committee. But at the closed-door caucus meeting, several black Democrats complained that Pelosi was not their emperor or queen, while Jefferson implored his colleagues to keep him on Ways and Means for the sake of Hurricane Katrina's victims. No one spoke up for Pelosi -- except Pelosi.

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She began by praising Jefferson's wife and five daughters: Jamila, Jalila, Jelani, Nailah and Akilah. But she quickly made it clear that Jefferson's legal problems had become her political problem: "I am not an emperor or a queen. But neither am I a fool."

Pelosi explained that Democrats should be the party of ethics, that appearances count, that dealing forcefully with Jefferson's scandal would help everyone else in the room. "You didn't elect me emperor or queen," she said. "You elected me leader."

The Democrats overwhelmingly voted Jefferson off the committee. And in November, Americans voted Democrats into the majority, citing corruption as one of the issues that soured them on the GOP.

Today, after becoming the first Democratic speaker in 12 years and the first female speaker in the history of the House, Pelosi will offer a comprehensive package of ethics reforms, a down payment on her pledge to run "the most ethical Congress ever."

But it is not yet clear whether Jefferson's ouster heralded a new era of honesty and accountability, or just a one-off political calculation inspired by the 2006 campaign. After the midterm elections, Pelosi ignored the ethical cloud around Rep. John P. Murtha (D-Pa.) to support his bid to be majority leader, and she nearly chose Rep. Alcee L. Hastings (D-Fla.) to chair the intelligence committee even though the House once impeached him when he was a federal judge. And, in December, when Jefferson faced a fight for his political life in a runoff against state Rep. Karen R. Carter, an African American Democrat with none of his ethical baggage, Pelosi refused to get involved.

Today, Jefferson will take his seat in Pelosi's House. His inconvenient presence will be a constant reminder of the fine line the new speaker will have to walk between rhetoric and reality, between the cross-cutting demands of her caucus and the demands of the public.

"Pelosi wouldn't even take my calls," Carter said. "None of the Democrats in Washington would take my calls. They all said they wanted to get rid of corruption, but I guess it wasn't their top priority."

Pelosi and Jefferson declined to comment for this story. But Brendan Daly, Pelosi's spokesman, said his boss will be as outspoken about ethics while in power as she was while in the minority.

"If there's something that needs to be addressed, we'll address it," he said. "The politics are not the reason."'Culture of Corruption'

In 1994, Republicans seized control of the House as the party of reform, pledging in their "Contract With America" to "restore accountability to Congress." By 2006, that pledge was a punch line. House Majority Leader Tom DeLay (R-Tex.) and his K Street Project had turned the corporate lobbying community into a virtual subsidiary of the GOP. Republican leaders routinely moved bills stuffed with earmarks and special-interest giveaways late at night, without giving members a chance to read them. A huge scandal was swirling around Republican lobbyist Jack Abramoff, and investigators were swarming around DeLay, Rep. Randy "Duke" Cunningham (R-Calif.) and Rep. Robert W. Ney (R-Ohio).

Many House Democrats were genuinely outraged by what they regarded as misrule by the GOP. But Pelosi and her top political adviser, Rep. Rahm Emanuel (D-Ill.), also saw that the Republican "culture of corruption" could be a winning issue.

In 2005, the Democratic Congressional Campaign Committee (DCCC), led by Emanuel, unveiled a "House of Scandal" Web site, and Emanuel co-wrote a "Special Interest Lobbying and Ethics Accountability Act." Pelosi, who used to serve on the House ethics committee, later introduced an "Honest Leadership and Open Government Act." Their focus groups suggested that simple anti-corruption campaigns would not work, but that voters would respond to messages that tied Republican coziness with special interests such as the petroleum and pharmaceutical industries and to quality-of-life issues such as gas and drug prices.

"The point was that Republicans had sold the country to the highest bidder," Emanuel said.

But the Democrats had a few problems of their own, such as Rep. Alan B. Mollohan (W.Va.), the ranking Democrat on the ethics committee. Mollohan had fought Republican efforts to completely defang the already weakened committee, but a conservative nonprofit group revealed that he had become rich while serving in Congress, often through real estate deals with beneficiaries of his earmarks.

Pelosi liked Mollohan, and she thought that he was being targeted by House Speaker J. Dennis Hastert (Ill.) and other Republicans as payback. But the story of Mollohan's millions did not go away, and within days, she asked him to leave the Committee on Standards of Official Conduct, as the House ethics panel is formally known. She wanted to draw a clear distinction

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between Democrats and Republicans, who had given DeLay and Ney standing ovations long after their ethical problems became clear.

Mollohan grudgingly agreed to step aside. "There was no alternative," recalled Murtha, a close friend of Mollohan's and Pelosi's.

But Pelosi never pressured Mollohan to give up his seat on the House Appropriations Committee. "She would have talked to me if she was even considering it," Murtha said.

Pelosi faced a trickier dilemma with Jefferson, whose former aide had implicated him in a bribery scheme. For months, Pelosi took no action, saying the legal system should run its course. Jefferson was allowed to brief House Democrats about Katrina at a caucus meeting, and he held a campaign fundraiser at Democratic headquarters.

A Harvard Law School graduate who had picked cotton as a boy, Jefferson was Louisiana's first African American representative since Reconstruction. And Pelosi was wary of antagonizing the Congressional Black Caucus, one of her party's most influential factions.

But on May 20, 2006, at 7:15 p.m., federal agents raided Jefferson's office on Capitol Hill, the first time that had ever happened to a sitting congressman. And the FBI affidavit justifying the raid revealed the inconvenient $90,000 in the freezer, along with transcripts of a taped conversation that appeared to capture Jefferson soliciting a bribe.

Pelosi quickly realized that late-night jokes about "Dollar Bill" and his cold cash were muddying her message about GOP corruption. She joined with Hastert in condemning the raid as an executive-branch intrusion on congressional prerogatives, but she also met privately with Jefferson and asked him to leave Ways and Means.

He refused, saying his lawyers were not letting him tell his side of the story. But she insisted that he must step down, just as a police officer would be suspended during an official investigation. When he balked, she sent a formal letter requesting his resignation from Ways and Means, "in the interest of upholding the high ethical standard of the House Democratic Caucus."

Jefferson replied that Pelosi's request was "perplexing and unreasonable," noting that his legal problems had nothing to do with Ways and Means. He wrote that it was also "discriminatory" because no other House member under federal investigation has been asked to leave a "substantive, legislative committee," an obvious reference to Mollohan and the appropriations panel.

Jefferson's allies took up his cause. Rep. Melvin Watt (D-N.C.), a Yale Law School graduate who heads the Black Caucus, told Pelosi at the June meeting that her decisions on ethical issues would be totally arbitrary without a "bright line standard." Pelosi said her standard was common sense, noting: "Anybody with $90,000 in their freezer, you have a problem at that point."

That was not good enough for Watt. "Okay, how much cash in the freezer does it take?" he asked in an interview. "The problem is not that there's a double standard. The problem is there's no standard."

In early June, after Republicans retained Cunningham's seat in a special election, some pundits declared the corruption issue a political loser. But Pelosi saw that the GOP had been forced to spend heavily to defend a conservative district. She had faith in the corruption issue, as long as voters could see that the two parties were not equally corrupt. That meant distancing Democrats from "Dollar Bill." "We wanted our members to be able to say: 'We deal with this kind of thing, and they don't,' " one leadership aide recalled.

At the Democrats' June 15 meeting, Reps. Carolyn Cheeks Kilpatrick (Mich.), Jesse L. Jackson Jr. (Ill.) and Watt all spoke on Jefferson's behalf before Pelosi took the floor. Pelosi said that she did not want to force this decision on the caucus, but that Jefferson, unlike "other people" -- another reference to Mollohan -- had refused to step down. "We're about high ethical standards," she said.

When she was done, one of Jefferson's supporters demanded a secret ballot. "I would have it no other way," Pelosi replied.

The Democrats then followed their leader.

Pelosi is a San Francisco liberal, and some critics expect her to steer her caucus to the far left. But her allies say the Jefferson affair shows that she cares less about ideology than unity. "It was a real defining moment for her leadership," said Rep. Mike Thompson (D-Calif.).'Incumbent-Protection'

During the Democratic landslide on Nov. 7, more voters told exit pollsters that corruption was "extremely important" to their vote, rather than terrorism, the economy or the war in Iraq. Emanuel counted eight races in which charges of personal

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misconduct had cost incumbents their seats. That did not bode well for Jefferson, who had limped into a runoff with Carter, a young state legislator from a prominent Democratic family in New Orleans.

Carter ran on corruption, arguing that Jefferson had become a pariah in Washington. Louisiana Democrats endorsed her, and she hoped that the national party might as well. She knew the DCCC did not usually help challengers against Democratic incumbents, but she figured incumbents were not usually caught with $90,000 in their freezers.

So she called Pelosi. Several times. "Her people told me, 'She's very busy, Karen. Call back after the leadership elections," Carter recalled. So she did. Several times.

The result: "She's very busy, Karen."

Carter eventually got through to Pelosi's chief of staff, John Lawrence, but she never heard from Pelosi. She also made several calls to Emanuel but only heard back from his political director, Sean Sweeney.

"You know, this isn't my first rodeo. I understand they had a sitting congressman who hadn't been indicted," Carter said. "But they had run around the country saying they were going to end the 'culture of corruption.' I thought they might, at least, return my calls."

In fact, Democratic leaders never really considered helping Carter. "We're an incumbent-protection organization," said Sarah Feinberg, DCCC spokeswoman. The leaders privately rooted for Carter to unseat their most notorious albatross, but they did not want to alienate the Black Caucus or scare every Democratic incumbent with a potential primary opponent.

"Obviously, having Jefferson around complicates our message," said one leadership aide. "But taking him on would have created so many more problems." DCCC officials also thought that helping Carter would make her look like the candidate of Washington, and of whites.

But Carter was eager for the help. It would have bolstered her message that Jefferson was a Hill pariah, and would have undercut Jefferson's message that he was a victim of a GOP plot.

In the end, although she was supported by several prominent Louisiana political figures such as former senator John Breaux (D), Carter did not receive a single endorsement from incumbent House members.

Meanwhile, the Black Caucus -- as well as individual legislators such as incoming House Majority Whip James E. Clyburn (D-S.C.) -- poured money into Jefferson's campaign. Watt taped a radio ad for him, and Rep. Sheila Jackson Lee (D-Tex.) campaigned for him. Their calculations were simple. "Jefferson, over time, has supported me, and I've supported him," Clyburn explained.

Ultimately, Jefferson won handily enough that even Carter does not blame her defeat on national Democrats. But she does wonder about their commitment to reform.

"I kept saying: 'This is the culture of corruption, and you can help stop it,' " Carter said. "They chose to ignore me. If the leadership had made a clear statement that this kind of behavior was unacceptable, maybe they wouldn't have to deal with him anymore."

Pelosi has kept Jefferson off the Ways and Means Committee in the 110th Congress. She did grant him a spot on the Small Business Committee, but even clean-government advocates said that she has done all that could be expected.

The advocates are less impressed by her handling of Mollohan, who will lead the House Appropriations subcommittee that funds the FBI while its agents investigate him. Pelosi also raised eyebrows with her support for Murtha, whose candidacy for majority leader was doomed by ethical controversies from the 1980s. And after she backed off her plan to woo the Black Caucus by giving the intelligence committee to Hastings, who had lost his judgeship over bribery allegations, she reached out to the Hispanic caucus by turning to Rep. Silvestre Reyes (D-Tex.), who was also embroiled in his own ethical controversy over funding for a border-security firm.

Ultimately, Pelosi thinks she will be judged by the record of the Democratic majority, and by the ethics overhaul it will begin today. Members would be barred from accepting -- from lobbyists or their clients -- gifts, meals, flights on corporate jets or trips that last longer than a day. They would also have to disclose all of their earmarks, and to certify that the provisions will not benefit them personally. The goal is to end K Street's reign over Capitol Hill -- or, as Clyburn puts it, to "cut the umbilical cord between lobbyists and legislation."

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"She takes ethics really seriously," said George Crawford, a former Pelosi aide who is now a lobbyist. "She's not just going to bow to the politics of the moment."

But it is true that Pelosi's $90,000-in-the-freezer standard is not a real standard at all. She has handled Jefferson, Mollohan, Murtha and Hastings on a case-by-case basis, evaluating the seriousness of the allegations, as well as the potential fallout inside and outside the caucus. She is now the leader of the House, but she is still the leader of House Democrats.

"In the end, she's going to do what she thinks is in the best interests of the caucus," Crawford said.

House Democrats Prepare To Tighten Lobbyist Rules (WP)

By Jonathan Weisman And Jeffrey H. Birnbaum

The Washington Post, January 4, 2007

In their first act as the House majority, Democrats today will introduce a package of rule changes to ban gifts and trips from lobbyists, restrict privately funded junkets and begin to sever the cozy relations between lobbyists and lawmakers that scandalized the last Congress.

But a number of loopholes in the proposal have led ethics watchdogs to warn Democrats that their work will be far from done, even if the new rules are secured today. Under the changes, lobbying groups would be able to finance lawmakers' travel as long as those funds were channeled through a nonprofit foundation. And almost all banned perks would still be permitted if given in the context of a campaign fundraiser.

As if to underscore the need for rule changes, the House ethics committee found yesterday that Rep. Tom Feeney (R-Fla.) took part in a 2003 junket to Scotland financed by lobbyist Jack Abramoff that violated House rules. The panel decided against censuring Feeney after he agreed to reimburse the government the trip's $5,643 cost.

The details of the ethics package were greeted warmly by watchdog groups, which have been pushing for a strong response to the influence-peddling scandals that erupted last year. Fred Wertheimer, president of Democracy 21, called it a "strong package." Joan Claybrook, president of Public Citizen, hailed it as "a meaningful step forward."

But the same groups said Congress must establish an independent ethics watchdog to enforce the new rules, especially in light of actions such as yesterday's ruling on Feeney's trip. The ethics committee also decided yesterday not to punish anyone for not deterring the behavior of former congressman Mark Foley (R-Fla.).

Under the rule changes, "the importance of creating a new, stronger enforcement entity such as an Office of Public Integrity becomes even greater. Effective enforcement is the linchpin to this entire process," said Meredith McGehee, policy director of the Campaign Legal Center.

The changes would prohibit House members or employees from knowingly accepting gifts or travel from a registered lobbyist, foreign agent or lobbyist's client. Lawmakers could no longer fly on corporate jets. In addition, congressional travel financed by outside groups would have to be preapproved by the ethics committee and immediately disclosed to the public.

The rule changes would also combat many of the strong-arm tactics that Republicans used to leave House Democrats virtually irrelevant when the GOP was in control. Votes could no longer be held open indefinitely while leaders twist arms to win the outcome they want. Lawmakers in both parties would have to be notified before final legislative negotiations begin between the House and Senate. Those negotiations would largely have to be held in public, and once they were complete, changes could not be slipped into legislative agreements in the dead of night.

Another slate of changes is to be voted on tomorrow to rein in swollen budget deficits. Parliamentary rules approved in 1974 to block Senate filibusters on bills that raise taxes or cut entitlement spending could no longer be used to cut taxes and increase the deficit, as Republicans did several times. Under the new rules, any law that cuts taxes or increases spending would have to be offset by tax increases or spending cuts.

Special-interest or home-district pet projects -- known as earmarks -- would have to be claimed by their sponsors, who would have to spell out who benefits. That measure would apply not only to spending bills but also to tax measures and policy legislation, which in recent years have been larded with narrowly targeted provisions.

"My one-word reaction to these earmark transparency [changes] compared to previous efforts: better," said Steve Ellis, vice president of Taxpayers for Common Sense.

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The changes, especially the ban on lobbyist-funded meals and gifts, left some Washington businesses grumbling.

"If members of Congress are changing their votes because they are influenced by our [food], then this country is in a lot of trouble," said Patricia Beggiato, special events coordinator at Sesto Senso restaurant. "I guess lobbyists will just have to take each other out for lunch and dinner."

Matt Williams, spokesman for Washington Sports and Entertainment, which owns the Wizards basketball team, said: "This ban will certainly negatively affect the business we do with one of the major industries in our region -- the federal government."

Others said they are not concerned. "We don't believe it will have any effect," a Washington Redskins spokesman said.

Many lobbying groups would still be able to take lawmakers on junkets through their nonprofit foundation affiliates, despite the travel ban.

Lobbyists and their clients would continue to fete lawmakers at restaurants, sporting events and faraway resorts as long as those events are part of campaign fundraisers. Campaign finance laws, which are distinct from House rules, permit outsiders to provide all manner of benefits to lawmakers as long as those benefits are accompanied by checks written to the lawmakers' reelection coffers.

"We would be able to take people out to lunch, but only if we give them a check while we do it," said Paul A. Miller, immediate past president of the American League of Lobbyists. "That looks more corrupting than what we have under the current system."

In another exception, lawmakers would be allowed to attend receptions and other "widely attended events" paid for by interest groups and lobbyists, according to Kenneth Gross, an ethics expert at Skadden, Arps, Slate, Meagher & Flom LLP.

Ethics Overhaul Tops The Agenda In New Congress (NYT)

By Carl Hulse and David D. Kirkpatrick

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — On the brink of regaining power after 12 years, House Democrats said Wednesday that they would move immediately to try to sever ties between lawmakers and lobbyists who figured into scandals that helped Democrats win control of Congress.

Democrats, who campaigned relentlessly last year on the theme of a Republican culture of corruption, introduced the proposed ethics rules as part of a week of choreography designed to deliver the message that they did not intend to do business as usual in Washington. In some cases, like restrictions on the use of corporate jets, the rules on gifts and travel by lobbyists go further than what Democrats had pledged earlier.

Another part of the Democrats' package called for detailed disclosure of pet projects or special-interest tax benefits that individual lawmakers insert into major bills. On Wednesday, President Bush jumped into the debate on such spending projects, called earmarks, urging that their number and cost be cut in half this year, a proposal that Democrats immediately rejected.

The ethics issue continued to reverberate Wednesday, officially the last day of Republican control. Two House Republicans, Representative Curt Weldon of Pennsylvania and Tom Feeney of Florida, agreed to pay for trips that the ethics committee determined had been improperly paid for by outside interests.

Mr. Feeney's case involved a $5,640 trip to Scotland originally paid for by Jack Abramoff, the now-imprisoned lobbyist who was at the center of the Congressional corruption scandals. Mr. Weldon, who was defeated for re-election, will pay $23,000 for an undisclosed trip.

The rules changes would also take aim at the so-called K Street Project, the effort associated with the hardball tactics of the former Republican leader Tom DeLay, to pressure trade groups and lobbying firms to hire Republicans or face the legislative consequences. The proposal would prohibit lawmakers and staff members from trying to exert partisan influence on hiring decisions.

"I think this package is more than a good-faith effort," said Meredith McGehee, policy director of the Campaign Legal Center, an ethics group. Referring to the incoming House speaker, Nancy Pelosi, Ms. McGehee said, "If these rule changes are any indication, she is serious."

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But the ethics rules do not address the most valuable gifts that come from lobbyists and others interested in legislation: campaign donations. And the Democratic Party's fund-raising machine — revved up by the advantages of being in the majority — continued apace this week with individual members inviting lobbyists and other contributors to a host of events.

On Thursday night, Mrs. Pelosi is having a $1,000-a-head fund-raiser with performances by Tony Bennett, Carole King, Wyclef Jean and the surviving members of the Grateful Dead. "Ms. Pelosi is a huge Dead fan," her spokeswoman said.

Senator Richard J. Durbin was among those who stopped by a reception Wednesday evening for a fellow Illinois Democrat, Representative Melissa Bean, who won a close and expensive re-election race in November. The reception, at Johnny's Half Shell, a restaurant on Capitol Hill popular with lobbyists and lawmakers, drew lobbyists from both parties.

As they prepared for the pomp and festivities that will mark the Capitol Hill power switch, Democrats got a taste of the potential difficulties of governing with thin majorities in the House and Senate as well as a Republican White House and a presidential election two years off.

While Democrats sought to introduce their ethics legislation at a news conference, the antiwar activist Cindy Sheehan and others interrupted with chants of "Troops home now; de-escalate, investigate." The scene vividly illustrated the pressure that Democrats will face from the left wing of their party to challenge President Bush more aggressively on Iraq. Ms. Sheehan and other antiwar advocates felt they contributed to the Democrats' takeover of Congress.

At the same time, Republicans made clear they intend to hold Democrats accountable for their pledge to allow more minority party participation in legislation. They assailed Democrats' plans to push through major legislation right away without allowing Republican alternatives. Though the Republicans severely limited Democrats' input when they were in charge, they rejected accusations that they were hypocritical.

"The important point here is that the American people were promised a new way of doing business in the United States Congress," said Representative Adam H. Putnam of Florida, chairman of the House Republican Conference.

Representative Steny H. Hoyer of Maryland, the new majority leader, said Republicans would get their chance after Democrats disposed of legislation on national security, minimum wage, prescription drug costs, stem cell research, student loan costs and energy.

"We said to the American people, 'If you elect us, if you put us in charge, this is what we are going to do and we are going to do it in the first 100 hours,' " Mr. Hoyer told reporters.

Democrats were dogged by technical difficulties when a changeover in House Web sites delayed the formal posting of their ethics proposal.

The Senate will convene Thursday as well, with Democrats and Republicans meeting first in an unofficial closed-door session in the old Senate chambers to try to find some common ground. Aides said the Senate was going to take up its own ethics package next week, allowing a week or more of floor debate to shape legislation.

Besides the rules barring lawmakers from accepting gifts, meals or trips from lobbyists or the organizations that employ them, the House Democratic plan would also require preapproval from the Ethics Committee for any trips paid for by other outside groups aside from educational institutions.

On the subject of corporate jets, Democrats had previously discussed raising the rate at which lawmakers reimburse corporations or other sponsors for flights, but still allowing use of the jets. But the rules proposed Wednesday would bar lawmakers from any use of corporate jets.

Previous Democratic and Republican proposals about shedding light on earmarks, the pet projects lawmakers insert into major spending bills, left large loopholes, particularly in regard to military contracts.

In contrast, the new rules appear to apply to all spending earmarks as well as tax or tariff provisions that benefit fewer than 10 companies or people. They would also require disclosure of such items in each bill as well as the individual sponsors.

The rules would further require each House member requesting an earmark or limited tax provision to certify that he or she would not profit from the provision.

Democratic leaders also said that in February they would take up potential new restrictions on members of Congress and staff members becoming lobbyists, and that in March they would consider creating an outside panel to enforce the ethics rules — a step that lawmakers of both parties have resisted.

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President Bush called for the Democrats to adopt even more drastic restrictions on earmarks, a perennial bane to executive branch officials who resent Congressional meddling in their budgets.

"One important message we all should take from the elections is that people want to end the secretive process by which Washington insiders are able to get billions of dollars directed to projects, many of them pork barrel projects that have never been reviewed or voted on by the Congress," Mr. Bush said. He called on Democrats to require "full disclosure" of "the costs, the recipients, and the justifications for every earmark" as well as sponsors.

For New Congress, A Long 'To Do' List (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 4, 2007

WASHINGTON

Sweeping back into power in both the House and Senate, Democrats Thursday launch a 100-hour legislative blitz to signal new management on Capitol Hill.

Early action will come mainly from the House of Representatives, where a 31-seat margin gives Democrats - led by Rep. Nancy Pelosi of California, the nation's first female speaker - more room to maneuver than in the Senate, where Democrats have just a two-seat margin.

Most items on House Democrats' early-action agenda had been rejected by the previous 109th Congress, when Republicans ruled. Among them are pocketbook issues that, Democratic leaders say, will directly impact the lives of Americans: a higher minimum wage, lower interest rates on student loans, and a provision to empower the government to negotiate lower prescription-drug prices for seniors.

Other measures slated for the fast track, which are popular among voters and have support from at least some Republican lawmakers, include more federal funding for stem-cell research, reduced subsidies for big oil companies, and implementation of more recommendations of the 9/11 Commission.

At the same time, Democrats feel pressure - from their own caucus as well as from outside groups - to take up the tough issues that won them their majority, such as finding an exit strategy for the war in Iraq. That begins first in the Senate, where Democrats plan to begin hearings next week on the Iraq war, in anticipation of President Bush's expected announcement of a "new way forward" in Iraq.

The blitz on the House side begins Thursday with rule changes to break with the lobbyist scandals of the 109th Congress and ensure a more open government. Incoming Speaker Pelosi says the new ethics rules will change the GOP "auction house" back to the people's House, and give some rights to the minority.

Democrats campaigned to end the "culture of corruption" in Washington.

The House reform package would ban gifts and meals from lobbyists and the organizations that employ them, require pre-approval from the ethics committee for travel paid for by outside groups, prohibit the official use of corporate jets, require full disclosure of all earmarks, and consider creating an outside group to enforce ethics laws.

It also guarantees certain rights to the minority party, including adequate notice of meetings and time to review legislation.

But even before the final details on the new ethics rules were released, Republicans charged that they had been left out of the process - and hadn't seen a draft of proposed rules changes until a day before the vote.

"The idea that these are issues that have been around for a long time and that they don't need debate, that doesn't pass muster," said minority whip Roy Blunt (R) of Missouri at a press briefing Wednesday.

Other members concur. "You either believe in minority rights or you don't," says Jo Maney, a spokeswoman for Rep. David Dreier (R) of California, the outgoing chairman of the Rules Committee.

"When Republicans took control of the House in 1995 after 42 years, they pledged to restore minority rights by ending proxy voting and guaranteeing Democrats a vote on their own alternative bills. But with their slim majorities, Republicans often ruled out Democratic amendments on bills and held 15-minute votes open until GOP leaders could change the outcome on the floor.

In the new Congress, Republicans say they have no guarantee of a vote for their version of legislation.

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Senate Democrats, meanwhile, also plan to lead off with lobby and ethics reform this week, but will take more time for debate.

In the last Congress, the Senate passed a version of lobby reform by a 98 to 8 vote, but never reconciled its differences with the House over a final version of the bill. The Senate bill banned all gifts and meals from lobbyists and required lawmakers to wait two years before accepting lobby jobs after leaving Congress.

"The Senate passed a bill last year that will be the starter," says Jim Manley, a spokesman for incoming majority leader Harry Reid.

On the day before Congress officially convened, President Bush who will be working with a Democratic Congress for the first time in his tenure, called on lawmakers to make fiscal restraint a priority. He also asked Congress for the line-item veto, which would permit him to cut specific spending from legislation without vetoing the entire bill. He asked lawmakers to cut back on earmarks, or pet projects, and extend tax cuts. Bush said he will present Congress with a budget proposal next month that would balance the federal budget by 2012.

House Democrats already plan to make fiscal restraint a centerpiece of their agenda. They will vote to require pay-as-you-go budget rules as part of their "honest leadership, open government" rules package.

The Democratic caucus includes a record 44 members of the Blue Dog coalition of fiscal conservatives, who are expected to weigh in against unfunded new spending by freer-spending Democrats.

"We know that these moderates make the difference between being in the majority and being in the minority, and they will be given deference," said Rep. John Spratt (D) of South Carolina, incoming chairman of the House Budget Committee, in an interview on C-SPAN Wednesday. He has led House opposition to soaring budget deficits in the Bush years.

First Act For Dems Is Ethics Cleanup (USAT)

By Fredreka Schouten

USA Today, January 4, 2007

WASHINGTON — Democrats take control of the House today for the first time in a dozen years and plan as their first act to tackle a problem that helped them oust the Republicans in November: potential corruption involving lobbyists.

The changes range from a total ban on gifts and meals from lobbyists to greater restrictions on lawmakers' travel.

Efforts to cut down on the special projects that lawmakers add, often secretly, to spending bills, face a tougher battle. President Bush on Wednesday called for Congress to reduce the number and cost of those projects, known as earmarks, by half in the next year.

"Earmarks often divert precious funds from vital priorities like national defense," Bush said.

The ethics changes proposed by House Democrats would not limit earmarks. Instead, they would require lawmakers to disclose the special projects and declare in writing whether they or their spouses have financial stakes in the projects. Tax breaks that benefit 10 or fewer people also would be disclosed.

Incoming Majority Leader Steny Hoyer, D-Md., predicted there would be fewer earmarks in the Democratic Congress because of new rules. But he said Congress should retain the power to funnel money to specific projects. "Every president would like to say to Congress, 'Only the president can add (projects),' " Hoyer said. "That would substantially skew the relationship and undermine the independence of the U.S. Congress."

Spending watchdog David Williams of Citizens Against Government Waste said the new transparency is a good step. But "Democrats are still politicians and … the main way to get elected is to get pork," he said. For his part, Bush had "ample opportunity" to offer ways to clamp down on earmarks during his presidency but failed to do so, Williams said.

The number of earmarks and their price tag has grown dramatically in recent years. Williams' group reports that the pork-barrel spending has nearly tripled in the last decade to $29 billion in 2006.

Incoming Democratic leaders said the rules changes are designed to clean up a Congress buffeted by corruption charges that have led to investigations of several lawmakers and jail terms for former Republican congressman Duke Cunningham of California and former lobbyist Jack Abramoff.

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"We're bringing back a Congress we can be proud of," said Rep. Louise Slaughter, D-N.Y., who will lead the panel that oversees rules for House members.

Other House Democratic changes would:

•Ban gifts and meals from lobbyists. Current rules set a $100 limit on gifts and meals from the same person in one year.

•Trips organized and paid for by lobbyists also would be limited. Lawmakers still could travel at expense of colleges and foundations that want to influence public policy, but the travel would have to be approved beforehand by the House ethics panel.

•Bar congressional travel on corporate jets.

Democratic leaders have decided to delay until March a decision on whether to create an outside body to investigate and help enforce ethics violations.

Democrats Promise Action On Ethics, Iraq (AP)

By David Espo

AP, January 4, 2007

Congressional Democrats stepped hungrily to the brink of power on Wednesday, promising immediate action to limit the influence of lobbyists and constant prodding of the Bush administration to bring U.S. troops home from Iraq.

President Bush pushed back against the political opposition as he contemplated divided government for his final two years in the White House. He said he would soon propose a five-year plan to balance the budget, and he challenged Democrats to avoid passing "bills that are simply political" statements.

"There is nothing political about finding a policy to end the war in Iraq, raising the minimum wage, achieving energy independence or helping kids afford college," shot back Sen. Harry Reid of Nevada, due to become majority leader at the stroke of noon on Thursday. "In fact, politics has prevented progress on these issues for too many years."

Even as they prepared to take control of Congress, Democrats received a brusque reminder that they face pressure from the political left as well as resistance from Republicans.

At one point during the day, Rep. Rahm Emanuel, a member of the Democratic leadership, was addressing reporters when he was loudly interrupted by Cindy Sheehan and other anti-war activists. "De-escalate, investigate, troops home now!" they shouted, while he smiled gamely.

Rep. Nancy Pelosi, in line to become the nation's first female House speaker, spent much of her day at ceremonial events. She attended a Catholic Mass in remembrance of the children of Darfur and Katrina, then a tea in her honor.

That left it to her lieutenants to outline plans for the Democrats' initial stretch in the majority.

Rep. Steny Hoyer of Maryland, the incoming majority leader, said the first six bills and a series of stiffer ethics rules would be passed within two weeks.

The first step, he said, would take place by early evening on Thursday, and consist of several measures crafted in response to the scandals that weakened Republicans in last fall's elections.

In addition to expanding restrictions on privately financed trips enjoyed by lawmakers, House Democrats said they will prohibit travel on corporate jets and require greater disclosure of earmarks, the pet projects inserted into legislation at the behest of individual lawmakers.

The rules do not prohibit lawmakers from taking trips financed by foundations that seek to influence public opinion. Those trips will require pre-approval from the ethics committee.

Current rules ban congressional travel paid for by lobbyists or foreign governments, and violations of the existing restrictions played heavily in the scandal involving Republican lobbyist Jack Abramoff.

Democrats appeared to backtrack from their campaign-season pledge in at least one area. They were sharply critical last year of Republicans for keeping a roll call vote open for hours so leaders could find enough votes to pass Medicare legislation. But rather than ban the practice, the proposed new rule declares that a vote "shall not be held open for the sole purpose of reversing the outcome."

Two months after the voters ordered a change in congressional control, Democrats and Republicans in the House and Senate, as well as Bush, pledged to work in a bipartisan spirit.

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"Democrats are committed to working with Republicans to get results," Reid wrote in a memo distributed to the party's rank-and-file. He said an unprecedented all-senators meeting set for Thursday morning would "allow us to start off on the right foot, as colleagues instead of adversaries."

Those promises could scarcely obscure the political jockeying under way.

After long pledging a new era of civility and openness in the House, Democrats said they would not allow Republicans the chance to amend any of the first half-dozen bills to be brought to a vote during the first 100 hours of the new Congress. The measures relate to the minimum wage, stem cell research, energy, student loans and recommendations by the commission that investigated the terrorist attacks of 2001.

"We view the first 100 hours as essentially a mandate from the American people," Hoyer told reporters, explaining the decision to safeguard those measures from Republican attack.

Republicans were quick to complain — after spending years ignoring Democratic complaints along the same lines. Rep. David Dreier, R-Calif., sent Democrats a letter saying they were violating promises Pelosi had made to allow a "fair debate consisting of a full amendment process that grants the minority the right to offer its alternatives, including a substitute."

More broadly, Republican leaders lined up to support Bush's call for a balanced budget by 2012 while protecting tax cuts passed while they held power.

"In February, the president will submit a budget to Congress that will grow the economy by making tax cuts for working families permanent, and I support those efforts," said Rep. John Boehner of Ohio, the incoming Republican leader.

Bush said at the White House that his proposal "will restrain spending while setting priorities. It will address the most urgent needs of our nation, in particular the need to protect ourselves from radicals and terrorists, the need to win the war on terror, the need to maintain a strong national defense and the need to keep this economy growing by making tax relief permanent."

"We welcome the president's newfound commitment to a balanced budget, but his comments make us wary," said Rep. John Spratt of South Carolina, the incoming Democratic chairman of the House Budget Committee. "We will simply have to scrutinize the president's budget when it comes next month to see if the rhetoric matches reality."

New Congress, Leftover Challenge (NYT)

The New York Times, January 4, 2007

The nation should welcome the ambitious agenda being offered today by the new Congress's Democratic majority, from raising the minimum wage to advancing stem cell research to restoring oversight of the executive branch. But the real test for the 110th Congress will be its willingness to clean up its own act by adopting forceful and credible ethics reform. That is what the Democratic leadership promised voters. Any hesitation will be rightly seen as a cynical re-endorsement of the Capitol's lobbyist-enabling, corruption-steeped business as usual.

Congress's ethics rules have been rife with loopholes and wrist-slapping punishments that grease rather than police the quid pro quo world of Washington. Fixing some of these problems requires nothing more than a majority vote on the House or Senate rules.

House Democrats appear ready to start with a firm, and long needed, ban on gifts, entertainment and junket travel — including low-cost V.I.P. rides on corporate jets — arranged by lobbyists or their clients. The ban should cover staffers as well, and the Senate should match it. Even that will require wary monitoring, particularly of a provision that would allow members preapproved day trips for speeches, with travel paid by non-lobbying groups.

Both houses should also bar Congressional alumni and other lobbyists from the debating floors and other Capitol inner sanctums. And members of Congress with other ambitions should be blocked from slyly negotiating lucrative private jobs while they're still on the public's payroll and sworn to defend the public's interest. There should be early disclosure of all job feelers.

The back-scratching closeness of politicians seeking campaign donations and deep-pocket interests seeking favors is a capital disgrace. Part of the solution is to douse their dealings with sunshine through prompt and detailed filing disclosures. And there should be full disclosure of the cornucopia of "earmarks" — costly favors inserted without debate or any requirement to disclose authorship in mammoth spending bills. Earmark authors and beneficiaries should be unmasked in time to be mocked by taxpayers.

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Broader reforms will require longer legislative debate, not just a rule change. Paramount is the need to create an independent office for ethics enforcement to end the clubbiness that more often than not covers up or excuses abuses. House Speaker Nancy Pelosi has ordered a bipartisan study of this vital proposal by March. We expect this overdue step to receive the forceful support of Ms. Pelosi and Harry Reid, the Senate majority leader. The voters are watching, and lawmakers dare not slip away from the promise to clean up their act.

A Chance To Change The Game (WP)

By Barack Obama

The Washington Post, January 4, 2007

This past Election Day, the American people sent a clear message to Washington: Clean up your act.

After a year in which too many scandals revealed the influence special interests wield over Washington, it's no surprise that so many incumbents were defeated and that polls said "corruption" was the grievance cited most frequently by the voters.

It would be a mistake, however, to conclude that this message was intended for only one party or politician. The votes hadn't even been counted in November before we heard reports that corporations were already recruiting lobbyists with Democratic connections to carry their water in the next Congress.

That's why it's not enough to just change the players. We have to change the game.

Americans put their faith in Democrats because they want us to restore their faith in government -- and that means more than window dressing when it comes to ethics reform.

Last year, I was hopeful that scandals would finally shame Congress into meaningful ethics legislation. But after the headlines faded, so did the enthusiasm for reform. In the end, I found myself voting against the final ethics bill because it was too weak and unresponsive to the obvious need for comprehensive reform.

This time around, we must do more.

We must stop any and all practices that would lead a reasonable person to believe that a public servant has become indebted to a lobbyist. That means a full ban on gifts and meals. It means no free travel or subsidized travel on private jets. And it means closing the revolving door to ensure that Capitol Hill service -- whether as a member of Congress or as a staffer -- isn't all about lining up a high-paying lobbying job. We should no longer tolerate a House committee chairman shepherding the Medicare prescription drug bill through Congress at the same time he's negotiating for a job as the pharmaceutical industry's top lobbyist.

But real reform also means real enforcement. We need to finally take the politics and the partisanship out of ethics investigations. Whether or not the House ethics committee has been covering for its colleagues, the secrecy with which its members have operated has led people to question why legislators who are serving jail time were not caught and stopped by the committee in the first place. It's led people to wonder why Congress cannot seem to police itself.

I have long proposed a nonpartisan, independent ethics commission that would act as the American people's public watchdog over Congress. The commission would be staffed with former judges and former members of Congress from both parties, and it would allow any citizen to report possible ethics violations by lawmakers, staff members or lobbyists. Once a potential violation is reported, the commission would have the authority to conduct investigations, issue subpoenas, gather records, call witnesses, and provide a report to the Justice Department or the House and Senate ethics committees that -- unlike current ethics committee reports -- is available for all citizens to read.

This would improve the current process in two ways. First, it would take politics out of the fact-finding phase of ethics investigations. Second, it would exert greater public pressure on Congress to punish wrongdoing quickly and severely. Others have proposed similar good ideas on enforcement, and I am open to all options. We must restore the American people's confidence in the ethics process by ensuring that political self-interest can no longer prevent politicians from enforcing ethics rules.

The truth is, we cannot change the way Washington works unless we first change the way Congress works. On Nov. 7, voters gave Democrats the chance to do this. But if we miss this opportunity to clean up our act and restore this country's faith in government, the American people might not give us another one.

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The writer is a Democratic senator from Illinois.

An Ethics Down Payment (WP)

The Washington Post, January 4, 2007

THE ETHICS package unveiled by House Democrats yesterday represents a significant down payment on the promise to end the "culture of corruption." It would prohibit lawmakers and staff members from accepting gifts -- meals, entertainment and the like -- from lobbyists and organizations that employ lobbyists. It would prohibit lawmakers from taking cut-rate corporate jet flights for official or campaign travel, ending one of the most delicious perks of congressional leadership. It would dramatically curtail free trips.

Travel paid for by lobbyists or organizations that lobby would be prohibited in most instances; of such travel, only trips subsidized by universities or lasting a single day (with an overnight stay) would be permitted. We would have preferred an outright ban on such travel, as Democrats originally promised. Still, this formulation would eliminate the most abusive travel-as-free-vacation. Similarly, the proposal seeks to limit the potential for abusing travel paid for by nonprofit entities by requiring advance approval from the ethics committee, limiting lobbyists' involvement in such trips and preventing funds from other sources from being earmarked to pay for the travel (as with the golfing junkets arranged by lobbyist Jack Abramoff).

We would have liked to see more. For example, while ending gifts from lobbyists, the rules don't crack down on their ability to host glitzy convention parties to "honor" lawmakers. It makes little sense to bar a free lunch but permit a lavish party. In addition, spouses of lawmakers and staff members would remain free to tag along on trips, all expenses paid. There's no justification for permitting this freebie.

The key to the effectiveness of all these rules changes will be in their implementation, which is the challenge awaiting Speaker Nancy Pelosi (D-Calif.). One issue is how diligent the ethics committee will be in screening travel requests. Another is how ethics enforcement will be strengthened. Ms. Pelosi has said she will name a panel to look into creating some kind of independent ethics arm; one such model is discussed on the opposite page today by Sen. Barack Obama (D-Ill.). As the lackluster performance of the ethics committee over the past several years has shown, some such change is critical. Ethics rules that are not vigorously overseen and enforced are not worth the Congressional Record they're printed in.

The Democrats' Agenda (USAT)

USA Today, January 4, 2007

The most brazen failure of the previous Congress was its arrogant refusal to take its ethics lapses as seriously as voters did. Somehow, the spectacle of lawmakers being indicted and sent to prison failed to move GOP leaders to crack down on a seamy world in which lobbyists routinely shower members with meals, gifts and trips.

Now Democrats promise the discipline Republicans never got around to. Rules they unveiled late Wednesday, and plan to adopt today, include bans on lobbyist gifts and meals and most privately funded travel, with modest and seemingly legitimate exceptions.

In a major change, members would no longer be able to hitch rides on corporate jets, a beloved but outrageous perk that has afforded members elite level travel and given lobbyists priceless access.

This is a step forward, but if it is the only step it will not be enough. Money rules in Washington because even the most ethical candidates need wads of it to get elected and those of lesser principle are easily seduced by lobbyists' solicitations. Public financing of campaigns would have greater impact and is an idea that should be pursued later on.

Eye On The Clock, House Democrats Put Their Focus On '100 Hours' (WP)

By Jonathan Weisman

The Washington Post, January 4, 2007

It sure sounds like a race against time. Democrats have given themselves a mere 100 hours to break the bonds between lobbyist and lawmaker, boost homeland security, raise the minimum wage, fund stem cell research, lower prescription drug prices, slash student loan interest rates and free the country from its dependence on international oil.

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A hundred hours to pass at least eight significant pieces of legislation and rule changes -- 4.17 days! Heck, Republicans had all year to pass 11 routine spending bills and managed only two. But, hey, who's really counting?

"We think we'll do it in less than a hundred hours," boasted incoming House Majority Leader Steny H. Hoyer (D-Md.) in a fit of bravado yesterday. "But," he added, "it all depends on how you're counting a hundred hours."

To begin with, if you're a House Democrat, you don't start the clock running today, when the 110th Congress is sworn in and voting begins, or even tomorrow, when a package of measures reaches the floor to rein in fiscal profligacy. You fire the starting gun on Tuesday, six days into the 110th Congress. Now that's a head start.

Then you count only legislative hours, that is, the hours that the House is actually in session and voting. Forget the weekends, the night hours, Martin Luther King Day on Jan. 15, or, for that matter, the next day, when votes don't start until well after sundown.

If all goes according to plan, the House will get through its hundred-hour agenda in 15 days, or 360 hours, by standard definition. Today, the House will take up an ethics package. Tomorrow, new budget controls. On Tuesday, the House will enact most of the security recommendations of the bipartisan commission that examined the Sept. 11, 2001, terrorist attacks. On Wednesday, the minimum wage goes up. On Thursday, it's federal funding for stem cell research, and on Friday, Democrats intend to give the government the authority to negotiate drug prices for Medicare. On Jan. 17, interest rates for student borrowers will be slashed, and on Jan. 18, tax breaks for Big Oil will go by the wayside, making room for alternative energy research.

That may not be 100 hours, but let's not be too literal about these things. After all, the Bible tells us that Abraham died at 175; his wife, Sarah, gave birth to Isaac at the matronly age of 90; and Noah made it to age 950. Talk about a drain on the Social Security system.

Majority Playing The Name Game (HILL)

By Jim Snyder

The Hill, January 4, 2007

A Democratic majority may mean a new direction on big issues such as the Iraq war, immigration and trade. But before addressing such profound matters, Democrats will make a few decidedly more superficial changes to distinguish the 110th Congress from the 109th, when Republicans ran things.

Democrats, organizing their new majority this week, plan to tweak the names of several committees and subcommittees, in addition to altering the lobbying and congressional travel rules that are also part of the initial rules package.

What's in a name? Some changes seem to reflect a personal preference rather than indicate sweeping policy changes. The Committee on International Relations, for example, will once again be called the Committee on Foreign Affairs. New chairman Tom Lantos (D-Calif.) wanted the change in order to preserve the "traditions and history" of the committee, which for most of its life has gone by the Foreign Affairs title, said committee spokeswoman Lynne Weil.

But a new label can be more than mere wordplay, potentially signaling a change in the political priorities, responsibilities or emphases of a committee and its members.

The most salient change may be to the Committee of Government Reform, which will add the word "oversight" to its title. Democrats have accused House Republicans of going easy on the Bush administration. The "oversight" addition not only returns the committee name to its moniker under the last Democratic majority, but no doubt indicates the committee will serve as one of the more active investigative arms of Congress (see related story).

The Armed Services Committee keeps its name, but the Tactical Air and Land Forces subcommittee drops "tactical" to become the Air and Land Forces subcommittee.

Perhaps more substantive, the committee is adding an oversight and investigation subcommittee, which Republicans ditched when they took over.

Name changes typically accompany a shift in control of Congress, although committee names have been adopted after a change in chairmanship, or to reflect shifts in jurisdiction.

Republicans changed the name of the Education and Labor Committee to Education and the Workforce, even though Republicans were responsible for creating the Education and Labor Committee in the first place.

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Jehu Baker, an Illinois Republican, introduced a resolution to create the committee in 1867, declaring that "in view of the greater liberty and larger recognition of manhood which have followed the suppression of the rebellion, it is eminently fitting that the Government should be placed, if possible, in a better relation to the working people of the country," according to the National Archives website.

In years since, labor became a key Democratic ally, a fact underscored by the return to the old name under new chairman George Miller (D-Calif.).

In addition, the House Resources Committee will forthwith be known as the House Natural Resources Committee. The Science Committee will become the House Science and Technology Committee.

The Constitution does not mention committees, giving the House and Senate the authority to write their own procedural rules. Standing committees and their powers are defined in the rules adopted by each body.

One committee name with staying power has been the House Ways and Means Committee, the oldest standing committee in Congress. A select committee in the first Congress, Ways and Means earned permanent status in 1802. (The phrase "ways and means" is even older, used in the English Parliament and in colonial and state legislatures before Congress was established.)

As the only standing committee at that time, Ways and Means originally had broad authority, which included not only the power to raise revenue but also the power to spend it.

The Appropriations Committee wasn't established until after the Civil War, according to the National Archives. "It is utterly impossible in the present condition of our finances that our committee can do all this labor," an Ohio Democrat, Rep. Samuel Cox, said, according to the National Archives.

In 1946, Congress adopted broad changes to the committee structure. The act reduced the number of standing committees by consolidating jurisdictions, while also increasing the number of subcommittees, according to the Encyclopedia of Congress.

Rep. Frank Opens Door To Business (WSJ)

By Greg Ip And Christopher Conkey

The Wall Street Journal, January 4, 2007

WASHINGTON -- Businesses wondering how to deal with the Democrats taking charge in Congress today have a blunt offer from a top lawmaker in the majority: Support our priorities and we'll support yours.

The "grand bargain" laid out by Rep. Barney Frank represents a road map to how Democrats may strike deals to aid unionization, expand health-care coverage and find common ground on other issues, while giving businesses concessions on immigration, trade and investment.

In practice, it may be difficult for Mr. Frank either to deliver his party's side of the deal or find a partner with whom to bargain. Still, the Massachusetts Democrat's remarks may represent a guiding philosophy to how Capitol Hill's new majority will try to use popular unease over growing income inequality, flat wages and soaring executive pay as fuel for legislative priorities. Many Democrats exploited those concerns in winning November's midterm elections. (See related article.1)

"There are two outcomes possible," Mr. Frank said yesterday in a speech at the National Press Club. "Either people will join with us in solving the health-care problem, getting a humane immigration policy, good rules that welcome responsible foreign investment, going forward with trade with reasonable...environmental and labor standards, allowing people to join a union, and we will then be able to go forward in a pro-growth way, engage with the rest of the world, implement productivity-enhancing technology."

Alternatively, he said, conservatives can "continue...union busting" and leave a growing number of people without health care. "Then people should not be surprised when there is no renewal of trading authority, if you have resistance to sensible immigration policy. That's the choice that has to be made."

Mr. Frank takes over as chairman of the House Financial Services Committee, giving him formal sway over key business concerns ranging from regulation of mortgage companies Fannie Mae and Freddie Mac and executive pay, but not big issues such as trade, taxes and health care. That means his influence may be as much philosophical as practical.

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His influence "is more as a thinker than someone who has a big stick," says Andy Laperriere, a policy analyst for the brokerage firm ISI Group Inc. "In terms of who Democrats look to for someone who thinks about important economic issues, Frank is influential."

But, Mr. Laperriere said, "It's not clear how such a grand bargain can be agreed to on the business-community side. Exactly who is the business community? Thousands of major companies and hundreds of trade associations." Furthermore, he noted that some things business might agree to are anathema to Republicans.

Still, lobbyist Vin Weber said, "I would give more credence to this coming from Barney Frank than just about anybody else." Mr. Weber, a former Republican congressman from Minnesota who served with Mr. Frank, said he has credibility with liberal Democrats, "which is where the rub would come in terms of striking any kind of accommodation with the business community."

Some of Mr. Frank's proposals are largely symbolic: He plans hearings over the next two years on the causes, consequences and responses to increased inequality and weak wage growth. He also warned Federal Reserve Chairman Ben Bernanke against blaming higher wages for inflation.

More specifically, Mr. Frank wants to pass a bill allowing unions to organize workplaces when a majority of employees sign cards indicating their interest in a union. That would strip employers of the ability to call in federal regulators to oversee a secret ballot. The bill will speed unionization efforts and is a huge priority for labor groups, but it falls outside Mr. Frank's authority.

He has signaled a willingness to support renewing the president's authority to negotiate trade deals and then submit them to Congress for only an up-or-down vote, which expires this summer, but he wants those deals to contain environmental and worker protections. Trade deals, however, are under the jurisdiction of the Ways and Means Committee, headed by New York Rep. Charles Rangel.

In a telephone interview, Mr. Frank acknowledged his limitations. "What I'm trying to do is create a political climate where this sort of thing would be possible," he said.

Where his committee does have oversight, Mr. Frank said he is taking a cooperative approach. Mr. Frank said he would once again work with Donald Evans, former Commerce Secretary under President Bush and the current head of the Financial Services Forum, to pass rules governing the Committee on Foreign Investments in the United States. (The House passed legislation last year but it stalled in the Senate.) That committee has begun more tightly screening foreign purchases of U.S. companies after an uproar derailed a Dubai-based company's takeover of some U.S. ports.

Mr. Frank plans to reintroduce a bill tightening regulation of Fannie Mae and Freddie Mac that died last year over administration demands that the companies limit the size of their mortgage portfolios. Mr. Frank said he also favors authorizing the Federal Housing Administration to insure pricier, and presumably safer, mortgages in higher-cost markets as a way to offset defaults by lower-income borrowers. He also will aim, as he did last year, to significantly curtail the ability of nonfinancial companies to own banks with federal deposit insurance in the event the Federal Deposit Insurance Corp. doesn't do it.

Even if Mr. Frank is unable to shepherd many of his initiatives into law, he is still in a position to ensure that business priorities continue to stay bottled up in a divided congress. That, he suggested, should motivate business groups to compromise.

Democrats Hope To Take From Oil, Give To Green Energy (WP)

By Steven Mufson

Washington Post, January 4, 2007

House Democrats are crafting an energy package that would roll back billions of dollars worth of oil drilling incentives, raise billions more by boosting federal royalties paid by oil and gas companies for offshore production, and plow the money into new tax breaks for renewable energy sources, congressional sources said yesterday.

Eager to paint themselves as different from the Bush administration and the past Republican majority, Democratic leaders are targeting a manufacturing tax cut in 2004 that they say gave unneeded incentives to the oil industry, Majority Leader Steny H. Hoyer of Maryland said in a briefing yesterday. Hoyer said Democrats are also planning to force oil companies to pay royalties on deepwater Gulf of Mexico tracts leased in 1998 and 1999; the Interior Department has said that the leases inadvertently failed to include provisions for royalty payments once oil prices rose above certain thresholds.

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The repeal of the 2004 tax cuts for the oil and gas industry would generate nearly $5 billion, Democratic lawmakers said, quoting estimates by the Joint Committee on Taxation. The royalty payments would yield between $9 billion and $11 billion, Hoyer said.

But energy industry and congressional sources said that the details of the package remain in flux, in part because of disagreements among Democrats over how the revenue would be used and whether to also roll back oil and gas industry incentives in the Energy Policy Act of 2005, which was supported by many Democrats.

Democratic leaders said House Speaker Nancy Pelosi would introduce the energy package on Jan. 18, toward the end of the "100 hours" of legislative initiatives.

House Ways and Means Committee Chairman Charles B. Rangel and House Energy and Commerce Committee Chairman John D. Dingell want to be able to hold hearings before some of the key details of such a package are set. As a result, Pelosi will probably introduce the revenue-raising components first and set aside the money in a "fund" to be divvied up later.

Renewable energy lobbyists said that would set off a feeding frenzy among boosters of hydropower, nuclear, biofuel, geothermal and solar energy. Solar producers, for example, have a proposal to expand and extend tax credits for residential solar installations for eight years, which would cost $400 million.

"The Democrats are appropriately shifting money from the 20th-century technologies to the 21st-century industries," said Rhone Resch, president of the Solar Energy Industries Association. "If we want to see solar, wind and biofuels, we have to make that investment today."

Figuring out how to distribute incentives for renewable energy could be controversial. Some Democratic House members want to exclude nuclear power. Some renewable-energy advocates fear that Congress will scramble to provide too many incentives for corn-based ethanol production.

Pelosi's staff has asked the Congressional Budget Office to estimate revenue from several proposals, most based on ones introduced last year by Democratic lawmakers, including Reps. Maurice D. Hinchey (N.Y.), Edward J. Markey (Mass.), Jim McDermott (Wash.) and Brian Higgins (N.Y.).

McDermott's would alter the 2004 tax cut, which was adopted as a way to stimulate job growth by effectively trimming tax rates for a broad range of U.S. manufacturers, agriculture and extractive industries. Mark Kibbe, senior tax analyst for the American Petroleum Institute, said that when fully phased in by 2009 the provision would trim the corporate tax rate from 35 percent to 32 percent. McDermott's bill would eliminate the break for the oil and gas industry.

"From the perspective of our industry, it helped make U.S. oil and gas exploration projects or refining projects more cost-competitive with those abroad," Kibbe said.

The most likely change in the Energy Policy Act of 2005 would be the repeal of a clause that allowed oil companies to deduct geological and geophysical exploration costs instead of treating them as capital expenditures to be amortized over a longer period of time, said congressional aides and environmental lobbyists. This change would generate less than $1 billion in revenue over 10 years, they estimated.

A variety of proposals would target the question of royalties on the 1998 and 1999 Gulf of Mexico leases. (The Justice Department is investigating possible relationships between Interior Department officials and oil companies that received the leases, said two sources briefed on the investigations last month.)

Five companies representing about a quarter of the leases in dispute agreed last month to insert price thresholds for future royalty payments, but another four dozen firms have not agreed to change the terms of those leases.

"There are a lot of issues with that, such as the sanctity of contracts," said API's Kibbe. "The API doesn't think it's a bad idea to renegotiate contracts, as long as both parties think it's a good idea. "

But Democratic and many Republican lawmakers are adamant on the issue. Markey and Hinchey would bar companies that refuse to renegotiate those leases from getting any future leases on federal lands or in federal waters. Pelosi's office has even discussed a proposal made last year by then-GOP congressman Richard W. Pombo, who wanted to impose a $9-a-barrel "conservation fee" on oil produced in federal waters by companies that refused to renegotiate the 1998 and '99 leases.

"It deprives the American people of the production they own," Hinchey said. "If they think it's too expensive, we should leave it there."

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Many House Democrats also want to prod oil companies into making back payments on the disputed leases. Those back payments could amount to $900 million to $2 billion, according to the General Accounting Office.

Environmental groups were happy. "The oil and gas bill is a clear departure from the previous Congress's infatuation with oil and gas handouts," said Erich Pica of Friends of the Earth.

Dems To Push Part D; Opponents' Lobbies Ready For Medicare Battle (HILL)

By Jeffrey Young

The Hill, January 4, 2007

Although the House Democratic leadership plans to move swiftly to pass legislation requiring direct federal negotiation of prescription drug prices under Medicare, opponents of the policy expect the battle to continue in the coming months.

By taking immediate action on the Medicare Part D prescription-drug benefit as part of her "100 hours" agenda soon after the 110th Congress convenes today, House Speaker Nancy Pelosi (D-Calif.) will make it nearly impossible for drug makers, health-insurance companies and lobbies to stop the bill from passing.

Because the Democratic leadership also intends to skip the committee process and limit the Republican minority's ability to amend such early bills on the House floor, interest groups that want to obstruct additional federal involvement in Part D are looking forward.

Under the proposal, expected to hit the House floor as early as next week, the Department of Health and Human Services (HHS) would be required to negotiate with drug manufacturers on the prices they charge Medicare for their products, although the legislation would be short on specifics, according to reports.

Many Democratic candidates, as part of a nationwide strategy, made bulk negotiation of drug prices under Medicare a recurrent theme of their campaigns. Republicans and their allies in the healthcare sector countered by pointing to the high levels of satisfaction with Part D that beneficiaries have reported to independent pollsters.

Under current law, HHS is expressly forbidden to participate in or influence negotiations between the private companies that administer Part D on behalf of the government.

The administration and congressional Republicans generally regard negotiations as tantamount to federal price-setting, a view shared by anxious drug makers.

President Bush and HHS Secretary Mike Leavitt have repeatedly rejected negotiations, arguing that the private health insurers and pharmacy benefit managers that administer Part D plans are doing a better job lowering prices than the government could.

In the past, the Congressional Budget Office has backed up these assertions, although other analyses, such as one issued in October by the Democratic staff of the House Government Reform Committee, conclude that the Department of Veterans Affairs and other federal agencies pay less for many commonly used medicines than Part D plans do.

Healthcare businesses that stand to lose from Democratic action on Part D, led by the pharmaceutical sector, responded to the Democrats' electoral victory in November by signing on additional Democratic lobbyists and preparing to play defense on the new majority's attempts to make changes to Part D.

The efforts are not expected to bear fruit during the early weeks of the 110th Congress, but lobbies are anticipating attempts by congressional Democrats to propose a larger role for HHS in the negotiation of drug prices.

Rep. Pete Stark (D-Calif.), who chairs the Ways and Means Committee's Health Subcommittee, has pledged his support for the narrow bill headed for the floor, but also has suggested that additional legislation on drug pricing should be considered under Medicare.

According to members of the health-insurance industry, the debate over Part D will last longer than 100 hours.

"Our function will be to continue to show that our plans are providing value" by offering affordable drug coverage to Medicare beneficiaries and bringing down the price of medicines, a spokesman for America's Health Insurance Plans, Mohit Ghose, said. "We're open to making improvements [to Part D] provided that we're not undermining the successes that we've already achieved."

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Affected healthcare lobbies also are looking forward to the Senate's consideration of the issue. Senate Majority Leader Harry Reid (D-Nev.) joined Pelosi in promising during the campaign that Congress would pass legislation establishing federal negotiations of drug prices.

Such legislation faces less certain prospects in the more closely divided upper chamber. Finance Committee Chairman Max Baucus (D-Mont.), who was one of only two Democrats who helped draft the bill that created Part D, has not endorsed the leadership's plan.

Although Baucus has issued strong criticisms of the Bush administration's handling of the drug benefit, he does not share the view of many other Democrats that its structure is fundamentally flawed.

Moreover, Baucus has opposed legislation to establish HHS negotiation of drug prices. Twice last year, Baucus and Sen. Ben Nelson (D-Neb.) voted against such bills.

Business Mobilizes To Defend Turf (WSJ)

By John D. Mckinnon And John J. Fialka

The Wall Street Journal, January 4, 2007

The industries that expect to take the biggest hits from the new Democratic Congress are scrambling their marketing, public-relations and advertising forces to shore up their defenses.

Eager to demonstrate a sharp contrast with Republicans who dominated Capitol Hill for 12 years, new Democratic leaders are vowing to raise the federal minimum wage; reduce oil-company subsidies; give the government bargaining authority in purchasing Medicare prescription drugs; shrink student-loan fees; and impose mandatory controls on emissions of carbon dioxide and other so-called greenhouse gases that contribute to climate change.

LOBBYING PUSH

• The News: Businesses plan campaigns to burnish their image as Democrats take control in Congress.

• What's at Stake: Billions of dollars in subsidies and other breaks for oil companies, prescription-drug makers, student-loan firms and small businesses.

• What's Next: House will pass several measures soon, but some may stall in the Senate.

The worried industries and their trade groups are responding by hiring new lobbying talent, planning mass-market ad campaigns and, in some cases, focusing on getting goodies attached to legislation that they would rather see killed but know they can't stop.

The petroleum industry, for example, is preparing an ad campaign that seeks to justify oil companies' huge size -- and profits. The drug industry is weighing a mass-media counterattack of its own, emphasizing the good performance of the Medicare prescription-drug program. Student-loan titan Sallie Mae is rallying grass-roots support from college administrators. Small-business representatives are talking up tax breaks to offset what appears to be an inevitable increase in the minimum wage.

Many businesses "are gearing up to respond" both to unfriendly legislation and to the prospect of congressional investigations, says George Crawford, a former top aide to new House Speaker Nancy Pelosi. Now with the law firm of King & Spalding in Washington, he has attracted some big new clients in recent months, including Exxon Mobil Corp. and drug maker Amgen Inc.

Many businesses may find it challenging to win new allies among congressional Democrats. The petroleum industry, for example, was demonized as "Big Oil" by Democrats last summer as gasoline prices soared. Now, it faces vows by Ms. Pelosi to move quickly to roll back oil-company subsidies and use the money to establish a fund for wind, solar and other alternative-energy sources.

Democrats are targeting breaks that include tax incentives for geologic research to find oil and favorable royalty deals for domestic oil production. While details remain in flux, some environmentalists estimate the changes would cost the industry $15 billion to $20 billion in the next decade.

In response, the American Petroleum Institute will wage an image-improvement campaign on television and in newspapers to show why Big Oil needs to be big. "We're now in a global market, whether people like it or not," says Red Cavaney,

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the group's president. The industry contends that private companies hold only about 6% of the world's oil reserves, and that to get access to more oil, companies need to form partnerships with government-owned oil companies, which sit on about 80% of proven reserves. To do that, Mr. Cavaney says, companies must show they have the capital and expensive oil-finding technology to produce the oil.

Other energy interests are focused on highlighting the costs of climate-change proposals. The National Mining Association, which represents coal-mining companies and mining-equipment makers, recently met with about 20 staffers from the congressional energy committees to show off new tools the industry hopes lawmakers will use in writing legislation. One is a new computer model that, according to the association, calculates the cost of climate-change proposals. For example, a mandatory cap on coal emissions will produce higher electricity prices and job losses at companies that may have to shut down or move overseas because of rising energy costs, according to Luke Popovich, spokesman for the association.

The utilities lobby, lead by the Edison Electric Institute, will deal with emissions controls by emphasizing its efforts to promote energy efficiency and suggesting ways the government could help the industry get new technology that reduces pollution.

Drug companies and labor-intensive businesses such as retailers and restaurants also stand to lose out in the Democratic agenda. House Democrats have promised to pass an increase in the minimum wage to $7.25 from the current $5.15. They also have vowed to give the government the authority to bargain with pharmaceutical companies over Medicare drug prices. That was barred in a Republican-written law passed three years ago.

Already, critics of a minimum-wage increase, including the U.S. Chamber of Commerce, retailers and small-business groups, are sensing defeat and focusing on securing the best deal they can in whatever legislation passes. "We're working with the administration and members of both sides to minimize the damage," with offsets such as tax breaks and regulatory relief, says John Gay, senior vice president for government affairs at the National Restaurant Association.

Mr. Gay says he realized the political world had changed when Kentucky Sen. Mitch McConnell, the new Senate Republican leader, said after the November elections that he wanted to reach a deal with the Democrats on the minimum wage. And just before the holiday break, President Bush said in the strongest terms yet that he supports a $2.10 increase in the minimum wage, if it is paired with more help for the small businesses that will be disproportionately affected.

Small-business advocates such as the National Federation of Independent Business want any minimum-wage bill to increase the amount of new equipment their members can write off completely for tax purposes in the first year (as opposed to depreciating over a number of years). Restaurateurs are pressing for a broadening of another tax incentive involving the accelerated depreciation of additions and renovations. And some business interests are pushing for a three-year, rather than two-year, phase-in of any increase in the minimum wage.

House Democrats hope they can win a minimum-wage boost without the concessions. "Give us a clean vote on our issue, and [don't] tie us to other things that muddy the water," says Rep. Dennis Moore of Kansas. But industry lobbyists say Democratic leaders acknowledge privately that a deal with industry is likely to be necessary to get the measure through the closely divided Senate, where 60 votes are required to pass almost anything.

In contrast to those opposing the minimum-wage issue, the outlook for drug companies is brighter. While a proposal to allow the government to bargain with drug makers over Medicare drug prices is likely to pass the House, it could face a tougher time in the Senate. The drug industry will argue that the prescription-drug benefit has worked better than expected, is popular with seniors, and that Congress shouldn't tamper with its fundamental features.

"Messing with it and damaging it would not be a smart thing to do, and we are going to encourage Congress to think about that," says Billy Tauzin, a former Louisiana congressman who heads the Pharmaceutical Research and Manufacturers of America, the drug makers' trade group. He hinted that the industry is preparing a big ad campaign -- just in case.

If Congress heads toward passing "anything like price controls, we obviously have a big job to do," he says. "If Congress is reasonable and works with us to improve the program, it's a different matter."

The 100 Hours Rush (WSJ)

The Wall Street Journal, January 4, 2007

DOJ_NMG_0112163

Congratulations to Speaker Nancy Pelosi and her fellow Democrats, who begin their new control of Congress today. They also deserve full marks for paying attention while in the minority, because it's clear Democrats learned a few things from Tom DeLay -- to wit, how to rush through legislation without any minority participation or public debate.

House Democrats plan to pass a pile of legislation in their first 100 hours, bringing the measures quickly to the floor without committee hearings. These are issues they campaigned on last year and that do well in polls at first blush, such as a higher minimum wage, price controls on prescription drugs and "ethics reform." The rush is supposed to show Democratic resolve to get things done, but it's enough to make us wonder if they're afraid that some of their ideas won't hold up under scrutiny.

Take an increase in the federal minimum wage -- to $7.25 an hour in 2009 from $5.15. This was a big hit with Big Labor, and even President Bush has endorsed it in principle. Still, there are negative consequences when the government increases labor costs, and they deserve to be aired, not muffled. No serious economist disputes that a higher wage floor will reduce employment. The debate is only over how many people will lose their jobs. Minorities, low-skilled workers and small businesses get hit hardest, and if a wage hike does less harm this time it will be because in the current tight labor market most employers are already paying above the minimum.

The need for scrutiny is even more compelling on price controls for Medicare prescription drugs. Under the Medicare Part D benefit that took effect last year, private companies negotiate prices. Democrats want to allow the government to deal directly with drug companies. They argue that this would lead to lower prices for medicines, but the more likely outcome is fewer drug choices and price controls.

Democrats point to the Department of Veteran Affairs as a model, but we doubt seniors will like that story when they learn about it. The government already negotiates drug prices directly with the VA. But as Robert Goldberg wrote last month in the Weekly Standard, "Far from negotiating prices, the VA imposes them. Federal law requires companies to sell to the VA at 24% below wholesale price. If they won't, they are banned from selling medicines to Medicaid, Medicare and the public health service."

The VA has created a list of approved drugs for its patients. Companies that don't pay the VA price don't make the list, and a slew of drugs fall into that category. They include Azilect and Tysabri, two of the newest therapies for Parkinson's and multiple sclerosis, respectively. That's what happens when keeping prices down takes priority over getting the best available medicines to patients. Both drugs are available through Medicare Part D, by the way. Maybe Congress ought to debate this.

On ethics reform, Democrats are offering a hodge-podge of good, bad and ridiculous. The good includes earmark reform, if they are really serious in reducing the number and increasing the transparency of the spending process (see below). The ridiculous is a mandate for ethics training for all House employees, which makes us wonder who they're hiring in the first place.

As for the bad, most of the rest of these "reforms" are about controlling the lobbyists, not the Members, which gets it exactly backward. Putting restrictions on the right of citizens to petition government is a strange way of handling ethically challenged politicians. If a Member can be bought with a free lunch or skybox ticket from a lobbyist, he shouldn't be in Congress anyway. And even as they're forgoing lunch, the Members will still be telling corporate lobbyists they'd better ante up that PAC money, or else.

Most slippery is the attempt by Democrats to disguise so-called "pay as you go" budgeting, or paygo, as ethics reform. This is supposed to be a mechanism for reducing the deficit, but in practice it keeps the spending spigots open and makes tax cuts next to impossible. Under paygo, tax cuts must be offset by less spending, but existing entitlement programs that grow automatically every year are exempt from the rules. Under paygo rules, the Bush tax cuts that expire in 2010 have no chance of being extended -- as Democrats well know.

The country spoke loud and clear on behalf of Democrats last November, but we doubt this means it voted for everything on the party's partisan wish list. Attempting to shove these measures through the House without allowing votes on amendments or alternatives isn't the way a confident majority behaves. We guess this is why the Founders created the Senate.

GOP Will Push For 'Alternatives' (WT)

By Jon Ward

The Washington Times, January 4, 2007

DOJ_NMG_0112164

House Republican leaders yesterday said they will develop an agenda as the new Democrat-led Congress proceeds and decried plans to pass a series of measures immediately with little input from the minority.

"We think we need to have an opportunity to offer alternatives," said Rep. Roy Blunt of Missouri, who will be the minority whip when the 110th Congress convenes today.

Mr. Blunt, incoming Minority Leader John A. Boehner of Ohio and several other Republican leaders said Democrats promised voters "a new way of doing business" on Capitol Hill.

"The important point here is that the American people were promised ... a fresh start," said Rep. Adam H. Putnam of Florida, the chairman of the House Republican Conference. "This is a missed opportunity to really change the way the House does business."

The spokeswoman for House Speaker-designate Nancy Pelosi, California Democrat, said Republicans will have more opportunities "to put forward their proposals and have their ideas considered than Democrats ever did under Republican majorities."

In the first 100 hours, Democrats will pass measures that "weren't given a fair hearing in previous Congresses," Pelosi spokeswoman Jennifer Crider said.

Boehner spokesman Kevin Smith said Republicans did not shut out Democrats after taking leadership in 1995.

Rep. Steny H. Hoyer, the Maryland Democrat who will be sworn in as majority leader today, said that his party regained control of the House by promising six specific actions "immediately."

"We view the first 100 hours essentially as a mandate from the American people," Mr. Hoyer said. "We told everybody: If you elect us, this is what we're going to do immediately."

Democrats propose to enact recommendations from the National Commission on Terrorist Attacks Upon the United States, increase the minimum wage, expand federal funding of embryonic-stem-cell research, negotiate for lower prescription drug prices, cut student loan interest rates and reduce government subsidies for oil companies.

Those measures also will have to pass the Senate, and if they don't, Mr. Hoyer said, "the American people will make a judgment on that."

Mrs. Pelosi will present a rules package today that includes a series of ethics provisions that will ban gifts to and trips for congressmen funded by lobbyists.

The rules package is traditionally the first measure passed each Congress.

Republicans complained yesterday that Mrs. Pelosi shared the rules package with them less than 24 hours before the vote.

The first 100 hours is understood to mean the first 100 hours of legislative activity. Even though Congress will convene today, the Democrats are not scheduled to complete the last of their six measures until Jan. 18 or 19.

Hoyer Defends Democrats' Plan To Block Republican Amendments (BLM)

By Laura Litvan And Nicholas Johnston

Bloomberg, January 4, 2007

Jan. 3 (Bloomberg) -- The voters' decision last November to give Democrats control of Congress justifies party leaders in blocking Republicans from amending a wave of bills that will move through the House this month, said incoming House Majority Leader Steny Hoyer.

Hoyer, a Maryland Democrat, said his party campaigned on a ``100-hour" agenda that includes raising the minimum wage to $7.25 an hour from $5.15 and should be able to move that measure through the chamber without interference. Democrats will later make good on a separate campaign promise to allow the minority party more opportunity to amend bills on the House floor or in committee.

``We view the first 100 hours as essentially a mandate from the American people," Hoyer told reporters.

His comments come amid a controversy that began Dec. 14 when House Speaker-designate Nancy Pelosi, a California Democrat, said for the first time that Republicans wouldn't get a chance to offer amendments to those initial bills. House Republican leaders have protested the move, and some key committee chairmen yesterday sent letters to Democrats complaining that they are being locked out of the process.

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Democrats take control of the House and Senate at noon tomorrow after elections that left their party with 51 of the Senate's 100 seats and 233 of the House's 435 seats.

When Republicans were in the majority, they routinely blocked Democrats from amending bills and angered Democrats by often moving legislation to the floor without adequate time for lawmakers to review the contents.

Republican leaders today said Democrats weren't following campaign promises to run the House more openly.

`Totally Inconsistent'

``It's totally inconsistent with what we have been promised," David Drier of California, the senior Republican on the House Rules Committee, told reporters.

Republicans ``have not seen one line" of any proposed legislation, and committees won't be able to debate any of the bills that will be passed in the first weeks of the session, said incoming Minority Whip Roy Blunt of Missouri. When Republicans took control of the House in 1995, Blunt said all of their election-year agenda was first passed by committees.

``The American people were promised a new way of doing business," said Adam Putnam, a Floridian who is chairman of the Republican Conference. ``We are disappointed that, at this point in the game, half of the Congress has been cut out of the process."

In The House, Suddenly Righteous Republicans (WP)

By Dana Milbank

The Washington Post, January 4, 2007

Thirty-one-year-old Rep. Patrick McHenry (R-N.C.) is not a large man, standing perhaps 5 feet 3 inches tall in thick soles. But he packed a whole lot of chutzpah when he walked into the House TV gallery yesterday to demand that the new Democratic majority give the new Republican minority all the rights that Republicans had denied Democrats for years.

"The bill we offer today, the minority bill of rights, is crafted based on the exact text that then-Minority Leader Nancy Pelosi submitted in 2004 to then-Speaker of the House Dennis Hastert," declared McHenry, with 10 Republican colleagues arrayed around him. "We're submitting this minority bill of rights, which will ensure that all sides are protected, that fairness and openness is in fact granted by the new majority."

Omitted from McHenry's plea for fairness was the fact that the GOP had ignored Pelosi's 2004 request -- while routinely engaging in the procedural maneuvers that her plan would have corrected. Was the gentleman from North Carolina asking Democrats to do as he says, not as he did?

"Look, I'm a junior member," young McHenry protested. "I'm not beholden to what former congresses did."

Anne Kornblut of the New York Times asked McHenry if his complaint might come across as whining.

"I'm not whining," he whined.

Even before officially relinquishing majority status today when the 110th Congress convenes, Republicans were protesting the Democrats' heavy-handed leadership. But Republicans expecting Democrats to rule the House with an iron fist are likely to be pleasantly surprised: The incoming majority was having enough trouble keeping its own supporters in line.

House Democratic leaders were giving their first news conference of the year when the session in the Cannon building was hijacked by Cindy Sheehan and other antiwar demonstrators, some wearing tie-dyed apparel and pins comparing President Bush to Adolf Hitler. Just after Rep. Rahm Emanuel (D-Ill.) vowed, "We're gonna cut the interest rate in half for student loans," hecklers began to chant "De-escalate! Investigate! Troops home now!"

"That is exactly what we're talking about," Emanuel said, trying to appease the protesters. But the hecklers kept chanting, and he fled.

The Democratic leaders in retreat, Sheehan seized the microphone. "We put them back in power," she said of the Democrats. Passing out fliers calling for defunding the Iraq war, Sheehan shouted: "These are our demands. And they're not requests -- they're demands."

If yesterday was any indication, the 110th Congress will be highly entertaining, if not terribly productive. So far, it's hard to tell which will be a larger impediment to Democratic leaders: the McHenrys or the Sheehans.

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The day began when House Republican Conference Chairman Adam Putnam (Fla.) led fellow House GOP leaders to a news conference in a Capitol basement hall. At 32, he is a year older than McHenry, and several inches taller, but no less outraged by Democrats' refusal to bestow on Republicans the rights that Republicans refused to bestow on Democrats.

"We are disappointed," protested Putnam, whose fair skin was covered with a layer of makeup.

"We're clearly disappointed," seconded Roy Blunt (Mo.).

"I'm disappointed, as are some others," added Kay Granger (Tex.).

"I am very disappointed," concurred David Dreier (Calif.).

It fell to CNN's Dana Bash to point out the awkward truth. "You can play back, almost verbatim, Democrats . . . saying almost exactly what you all just said," she said. "So is there a little bit of hypocrisy in you saying that you want minority rights?"

"This is a missed opportunity to really change the way that the House does business," Putnam offered, citing Democrats' campaign promises for "a new way of doing business."

"What stopped you from taking that opportunity when you were still in the majority?" inquired Rick Klein of the Boston Globe.

"Well, I'll let Chairman Dreier speak to that," Putnam ventured.

Republicans must have known they'd have some explaining to do, because they scheduled back-to-back news conferences on their minority rights. As soon as Putnam's session ended, Granger took the elevator up three flights and joined McHenry and his cohort in the TV gallery.

Granger had not updated her talking points. "It's very disappointing," she said.

Further disappointment came when the first questioner elicited the confession that none of the lawmakers had previously sympathized with Pelosi's plea for minority rights. McHenry unfurled excuses: "We were not in Congress. . . . I didn't have the opportunity. . . . She did not put it in legislative form."

It had all the makings of a PR debacle. Fortunately for McHenry, the Democrats were otherwise engaged. An hour after fleeing the microphone because of Sheehan's heckling, Emanuel and other Democratic leaders returned for another attempt to talk about ethics and the minimum wage.

"Rahm, would you answer Cindy Sheehan, though?"

"An hour or so ago you had to stop your remarks because [of] Cindy Sheehan."

"What are Democrats going to do about the war in Iraq?"

For the new majority, it must have been, well, disappointing.

Lessons From The GOP (WT)

By Robert Walker

The Washington Times, January 4, 2007

Governing is hard. Governing is particularly hard in the legislative process when promises include explicit deadlines, a commitment to specific legislative proposals and an agreement to respect minority rights.

Just like the Democrats now taking control of the House of Representatives, Republicans in 1995 had promised a legislative process fraught with difficulty. And we immediately encountered the same problems that the Democratic leadership is now facing — concerns about the ability to meet the promised schedule, arguments about the details of the legislation and the potential for missteps if the minority really was given the right to debate, amend, modify or defeat the bills being offered.

In 2007 it remains to be seen if Democrats will be as successful at living up to their promises of minority rights as Republicans were a decade ago. In the earliest days of Republican control of the House our assurances of openness and protection of minority rights were implemented. We provided the minority with additional resources to do their job and eliminated many of the elements of committee fiefdoms that had previously existed. Seventy-five percent of the bills that encompassed the Republican action plan, the Contract with America, were considered under completely open rules or rules that limited only debate time but not the ability to offer amendments.

That Republican commitment to openness and minority participation came at some cost. Among the earliest bills we brought to the House floor was one to eliminate unfunded mandates, the practice of the federal government imposing costs on state and local governments. The bill took two weeks to complete with more than four dozen amendments offered of which 19

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were adopted. It was an experience that led the Republican leadership to restrict time on subsequent bills because we had promised to enact our whole agenda in 100 days. But even though time restrictions were adopted, the vast majority of bills were open to unrestricted amendment.

The extension of minority rights that we championed was enacted on the opening day of the 104th Congress. Among the reforms passed was an accurate congressional record, the elimination of proxy voting in committees and an allocation of one-third of the staff at committees to the minority. The purpose behind the changes grew from our experience in the minority where substantial changes in the Congressional Record altered the meaning of floor debate and thereby distorted the proceedings; votes in committee where the tally of those present gave a victory to the minority only to have that victory reversed when the chairman used proxy votes of those not present to enforce his view; and situations where the majority staff so significantly outnumbered the minority staff as to make legislation competition impossible.

In addition, within the Republican Party rules another major reform limited the ability of the majority to establish legislative fiefdoms where committee chairs exercised power in arbitrary ways. The party rules established a three term limit on committee chairmen assuring regular, orderly transfers of power.

Unfortunately, as the pressures of legislating grew, the Republicans in the House lost some of their zeal for openness and minority participation. Rules became more closed meaning that amendments were restricted or completely eliminated. And the result of the loss of openness was a loss of civility and comity in the House.

Some important things were kept — committee chairman term limits, elimination of ghost (proxy) votes, sufficient minority staffing and an accurate record of proceedings. But the restrictions on procedure more and more shut the Democrats out of offering their alternatives within the legislative process. And that situation led to calls for reform by the Democrats, calls that became a part of their 2006 political campaign and contributed to their victory.

How well will the Democrats do in keeping the campaign promises? The rules package offered on opening day in the 110th Congress contains special rules for enactment of their 100-hour legislative plan. Those special rules allow for no minority participation. The bills will not be considered in committee (unlike the 1995 Republican process that brought all the Contract bills through the appropriate committees) and no amendments will be permitted. The only action granted to the minority will be a motion to recommit the bill to a committee from which it never emerged. In addition, the Democrats have not imposed term limits on their committee chairmen, meaning at least one of the reforms of a decade ago has been abandoned.

Hopefully these initial steps are not harbingers of what is to come but are merely an indication of a party trying to govern and finding that governing is hard. But legislating by fiat is destructive. It destroys legislative quality. It destroys civility. And it destroys the debate on issues to which all American are entitled.

Republicans should have remained true to the principle of openness, full debate and minority participation. Democrats, we can hope, learned that lesson.

Former Rep. Robert Walker, who served as part of the House leadership under Speaker Newt Gingrich, is chairman of Wexler & Walker Public Policy Associates.

Political Gadfly Cindy Sheehan Disrupts Democrats' Policy Meet (AFP)

AFP, January 4, 2007

Antiwar activist Cindy Sheehan and about a dozen other peace protesters demonstrated at the House of Representatives to urge Democrats to aggressively investigate the war in Iraq.

"De-escalate! Investigate! Troops home now!" Sheehan and the other protesters chanted at Democratic leaders in the House Cannon Office Building, who had assembled for a press conference on their agenda as they prepare to take power Thursday.

Democrats, who take control of Congress Thursday for the first time in 12 years, have vowed to hold President George W. Bush's administration accountable for its handling of the Iraq war.

Protest organizer David Swanson told AFP said they wanted to underscore their displeasure that Democrats, in the view of peace activists, are not aggressively holding the Bush administration accountable for missteps in Iraq.

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"We were there to lobby. We wanted to tell them that 'we in the peace movement won this war for you, and we have the impression that you're turning your back on us from day one,'" he said.

"We want Democrats to turn off the money and investigate the crimes," Swanson said.

"Pelosi (incoming House speaker Nancy Pelosi) has said cutting off the money is off the table and impeachment is off the table. This is not what we elected her to do."

Sheehan, whose son Casey was killed in Iraq in April 2004, rose to national prominence that same summer when she camped outside of President George W. Bush's Texas ranch to demonstrate her opposition to the US-led war.

She has remained a constant gadfly on the Iraq issue, with antiwar protests, a book, letter writing campaigns, and various civil disobedience actions.

Cindy Sheehan Disrupts Democrats Talk On Ethics (HILL)

By Jonathan E. Kaplan

The Hill, January 4, 2007

The war in Iraq and congressional scandals, twin forces that helped Democrats recapture the House and Senate, collided yesterday when antiwar protesters' shouting forced House Democratic leaders to cut short a press conference hyping their proposed reforms.

House Democratic leaders had gathered in the Cannon Caucus room to discuss wide-ranging and symbolic changes to the House rules, including a complete gift ban and new restrictions on travel, earmarks and legislative procedures when activists, including Cindy Sheehan, drove lawmakers from the microphones.

If the rules are adopted after the full House votes on them today, lawmakers' ability to accept junkets from lobbyists will be curtailed, they will have to attach their names to earmarks and spending and tax deductions, credits, exclusions or preferences directed to 10 or fewer beneficiaries will be banned. The proposals also include measures to give the ethics committee power to pre-approve privately funded trips and require lawmakers to report more quickly the costs of the trips.

But when Democratic Caucus Chairman Rahm Emanuel (D-Ill.) stepped up to pronounce that Democrats fundamentally would "change the relationship between lawmakers and legislators," Sheehan and her allies started shouting, "De-escalate, investigate, bring our troops home now!"

Emanuel's aides said he was willing to talk to Sheehan and her cohorts, but he and Majority Leader Steny Hoyer (D-Md.), Majority Whip James Clyburn (D-S.C.) and incoming Rules Committee Chairman Louise Slaughter (D-N.Y.) headed inside the Cannon Caucus room when it appeared the shouting would not stop.

"They are not including the peace movement's voice," Sheehan said, adding that she would have talked to Emanuel and the other leaders had she noticed them waiting to listen. After the leaders huddled inside the closed-door meeting, the shouting stopped and the protesters left.

Most rank-and-file Democrats missed the commotion because they had retired inside their first meeting since recapturing the majority. But many lawmakers, including freshman Reps.-elect Chris Carney (D-Pa.) and Joe Sestak (D-Pa.), said this was the first time they had been able to see a draft of the ethics reforms. They, and the rest of the caucus, will have 24 hours to review the rules changes.

Despite the short review period, which complies with one of the rules changes giving lawmakers 24 hours to review legislation before it is considered at the subcommittee level and on the House floor, Democrats whipping the proposed changes had run into little resistance, said House Democratic sources.

"They talked about it enough during the campaign. It'll make some people uncomfortable and make lives a little more difficult," a Democratic lobbyist with close ties to leadership said. "But they got a message from voters and this is something they have to do. They'd rather be in the majority."

But some lawmakers raised concerns about whether they would be able to attend events in their district when House Democratic staffers briefed them in regional conference calls last month. For example, if a union held a barbeque could a lawmaker accept their food or if he visited a plant could he eat with the employees? The staffers did not have answers to the questions, said Democratic sources familiar with the calls.

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Democracy21 and Public Citizen, government watchdog groups, favorably greeted the proposed rules changes.

Still, the rules contain some loopholes. Lawmakers would be allowed to accept trips paid for by universities so they can speak at graduation ceremonies and junkets sponsored by other non-profit groups, such as the Faith and Politics Institute, which has flown lawmakers to South Africa to educate them on civil rights issues.

In addition, Democrats decided to address more complex issues later. They did not propose creating an independent ethics agency. While top Democrats are predisposed to such an agency, Hoyer and others are concerned about problems that the independent counsels have encountered since 1980, said a senior Democratic spokesman. A bipartisan panel will convene later this year to consider a plan.

There is no provision to strip lawmakers of their pensions if they are convicted of a crime while serving in office. It is unclear if such a provision will be considered later this year, Democratic aides said.

Moreover, some lobbyists voiced concerns that the culture of Washington is so ingrained that lawmakers and staffers would find ways to circumvent the measures. For example, to get around the gift ban, lobbyists might start paying for meals under the guise of a campaign event, and businesses could create non-profit foundations to organize fact-finding trips.

The Democrats also renamed committees, granted power to the newly named Oversight and Government Reform Committee to depose witnesses and banned lawmakers-turned-lobbyists and their spouses from using the House gym.

Meanwhile, Pelosi has moved to cement her authority by placing staffers in key Democratic offices. Her spokeswoman, Jennifer Crider, will become the communications director for newly appointed Democratic Congressional Campaign Committee Chairman Chris Van Hollen (D-Md.) and Carrie James, a press aide to Pelosi who worked for Rep.-elect Patrick Murphy's (D-Pa.) campaign, will become the deputy communications director for the Democratic Caucus.

And on Friday evening, freshman Democratic and Republican lawmakers leave for Williamsburg, Va., to attend a conference sponsored by the Congressional Research Service.

Cindy Sheehan Routs The Democrats (WT)

By S.a. Miller

The Washington Times, January 4, 2007

Cindy Sheehan, the "peace activist" who famously besieged President Bush at Prairie Chapel Ranch, yesterday routed the leaders of the new House Democratic majority from their press conference where they attempted to present their legislative agenda.

Chants of "de-escalate, investigate, troops home now," drowned out the new majority leaders, including Rep. Rahm Emanuel of Illinois, the chairman of the Democratic House Caucus.

The flustered lawmakers retreated to a room behind closed doors, and surrendered the field to Mrs. Sheehan, whose son, an Army soldier, was killed in Iraq in 2004.

With her quarry in full retreat, she scolded Speaker-elect Nancy Pelosi for abandoning the war issue in the agenda for the first 100 hours of the 110th Congress, which convenes today. The agenda focuses on other promises from last year's campaigns, including raising the minimum wage, stricter ethics rules and cutting student loan interest rates.

"Speaker Pelosi and the Democratic leadership can no longer tell us what is on the table," Mrs. Sheehan said. "We are the ones that put them in power and they are not including the peace movement. ... It needs to be at least included in the discussion."

She demanded the elimination of funding for the war, an investigation and impeachment of President Bush for what she called "lies" to justify the war.

Mrs. Sheehan was leading about 75 others lobbying congressional offices when they happened upon the press conference. The Democrats were there to present new ethics proposals as part of the 100-hour agenda with which they plan to begin the House majority today.

"Iraq is a high priority for Democrats," said Pelosi spokeswoman Jennifer Crider, and a legislative agenda was not the place to address the war issue.

She said the call last year from Rep. John P. Murtha, Pennsylvania Democrat, for troop withdrawal "changed the course of the debate [and] sent a signal that Democrats will stand up and hold the administration accountable."

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Mrs. Pelosi did not attend the press conference.

After the interruption by the Sheehan-led activists, Mr. Emanuel and other top Democrats returned to the microphone and, in response to reporters' questions, addressed some of Mrs. Sheehan's demands.

"Well, we're going to do the one thing that's been missing ... and that's oversight," Mr. Emanuel said. "We have had a policy where the Congress -- from resources to strategy -- has abdicated its responsibility of overseeing an administration's foreign policy in that area. And the American people, both in blood, treasure, and prestige, is now paying the price for a Congress that abdicated its responsibility."

Mr. Emanuel promised hearings on the war that would answer the types of questions Mrs. Sheehan and the voters are asking.

"That is the most important thing to do, because when you have questions asked, you do not get a Congress that just rubber-stamps the policy," he said. "Now you see the consequence of a rubber-stamp policy, which is what we have in Iraq."

After the press conference, Mrs. Sheehan told reporters that Democrats had abandoned the party's grass-roots anti-war supporters as soon as the election was over.

"I'm disappointed to see that they are talking about giving the president more money for the war," she said. "I'm disappointed to hear that impeachment is off the table. We are here to let them know that we are setting the table now."

Most analysts credited the Iraq war issue with fueling anti-Republican sentiment that propelled Democrats to a congressional majority for the first time in 12 years.

Where Up Is Still Down, But The Rest Is Changing (NYT)

By Mark Leibovich and Anne E. Kornblut

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — There were comparisons to “Alice in Wonderland,” “Star Trek,” “The Twilight Zone,” and all manner of clichés to convey the strangeness engulfing Washington this week as the Democrats prepared to assume control of Congress after 12 years in the minority wilderness. But nothing distilled the new aura of things like this conceit: Steny Hoyer, Rock Star.

“Here he comes, here he comes,” a member of the press throng effervesced when Mr. Hoyer of Maryland, the incoming House majority leader, strode into the room as if he owned the place. Which, in effect, he does — at least the larger, plusher office he is inheriting, which used to belong to Tom DeLay, Mr. Hoyer was compelled to point out. (Not that anyone’s keeping track.)

Mr. Hoyer surveyed the conference room and held his arms slightly apart, as if to frame the unusual site before him: a crush of 60 or so reporters, camera operators, TV types and assorted security people, staff members and hangers-on to befit the status of an emerging fuss magnet.

The fussers were present for Mr. Hoyer’s “pen and pad” briefing, and in considerably greater numbers than during his days in the minority.

“We’re going to reserve some seats for those who came to these pen and pads when I was irrelevant,” Mr. Hoyer said, a line he had deployed before, but which served the recurring purpose of marking the juxtaposition of fortunes that are on full display in the up-is-down realm of Capitol Hill. “There are some who think I’m still irrelevant,” he added, not proffering guesses.

Mr. Hoyer wore a shiny white dress shirt, a red power tie and an occasional look of stunned confusion. To his right, movers passed the window, carrying lamps and tables. Mr. Hoyer was hard to decipher at times, speaking in the mumble of someone accustomed to smaller audiences.

‘It’s Not Whining’

Not so the Republicans convened upstairs.

Waving his hands and stomping his feet, Representative Patrick T. McHenry of North Carolina acted out on Wednesday what the rest of the Republican caucus must have felt.

“It is so hypocritical, just on its face,” Mr. McHenry fumed.

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His complaint: That Democrats, on the verge of taking control of Congress, were planning to run the place their way, driving the legislative agenda themselves without input from the Republican minority.

Wasn't that, someone asked, how the Republicans had run Congress for more than a decade?

"We didn't campaign on this openness," Mr. McHenry argued, denying that he and his colleagues were just being sore losers. "It's not whining," he said. "It's a matter of calling them out on their rhetoric."

Democrats had not even taken over yet. But Republicans, suddenly facing a minimum two-year sentence out of power, coalesced on their first day back around a message of kvetching.

They held up reports that Democrats would conduct their first 100 hours without allowing amendments from Republicans. They held press conferences to deplore the new regime, citing letters from Mrs. Pelosi from when she was in the minority, requesting a piece of the legislative action.

"There are lots of messages that came across in this November election, and one of the messages was change in doing things differently," said Representative Kay Granger, Republican of Texas.

Watch for Falling Marble

Across town, Representative Rosa DeLauro of Connecticut presided over an afternoon tea that brought together Democratic women for what she described as "our understated way of saying we've arrived."

But as with much of the week's festivities, there was nothing understated about whom the celebration was for: a giant photograph of the incoming speaker, Nancy Pelosi, was on a screen at the front of the room, alongside one of Ann Richards, the first woman to be governor of Texas, who died in September.

When Mrs. Pelosi takes the gavel, Ms. DeLauro said, "The sound you hear will be the glass ceiling in this country, and the marble ceiling in this institution, shattering."

Drop the Pacifier and Smile

"Who is that guy?" a staffer asked, pointing to a big-shotty looking man with a small entourage in the Cannon office building. Must be a new member, he concluded.

Nope, it was Paul Pelosi, the new speaker's husband, leading members of the first family of Congress to get ID card photographs.

This included Paul Michael Vos, the 6-week-old grandson of the speaker and Mr. Pelosi and the son of the filmmaker Alexandra Pelosi, whose HBO documentary "Journeys with George" chronicled George W. Bush's first presidential campaign.

Paul's birth nearly conflicted with Grandma Pelosi's last-minute campaign plans, but he had the good sense not to go off message and showed up after Election Day.

And yes, newborns require photo ID's on Capitol Hill. His father, Michiel Vos, dutifully carried his son into the room marked "ID services." Fifteen minutes later, he emerged crying (the baby, not the father), but with a shiny new photo ID clipped to his adorable onesie.

Hello, but First, This Protest

Down the hallway, Representative Rahm Emanuel of Illinois was starting to address another news media mob that had waited for him to emerge from a meeting of the House Democratic Caucus. Mr. Emanuel wished everyone a happy new year, apologized for being late and was promptly drowned out by a group of antiwar protesters, led by the ubiquitous Cindy Sheehan.

"De-escalate, investigate," the group chanted. "Troops home now."

Mr. Emanuel and Mr. Hoyer consulted briefly and decided to leave their podium and return later.

"Looks like we're taking a little break," Mr. Hoyer said as he and Mr. Emmanuel rushed away.

Ms. Sheehan was happy to take over the microphone, not to mention the lingering throng of reporters.

She called for a greater role for the peace movement in the Democratic majority, which she said was ignoring the people who put them in power —the peace movement. She called for an end to financing the war.

"And these are not requests," said Ms. Sheehan, whose son Casey was killed in Iraq. "These are demands."

The Democrats eventually returned, and Ms. Sheehan vowed to stay around all week.

"It looks like business as usual, and that's why we're here," Ms. Sheehan said in a brief interview. "We want business as unusual."

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Pelosi Becomes First Female Speaker, Preparing To Confront Bush (BLOOM)

By Laura Litvan

Bloomberg, January 4, 2007

Jan. 4 (Bloomberg) -- Nancy Pelosi, making history today as the first female speaker of the House, is taking office with two goals: becoming an effective counterweight to President George W. Bush, and proving that a woman can thrive at the summit of U.S. political power.

Pelosi's attacks on Bush as minority leader are credited by many Democrats with helping them win control of Congress for the first time since 1992. As speaker, she'll be dealing with a narrow majority and a president with veto power, making decisions about when to work with Bush and when to confront him.

While women have served as Supreme Court justices, lawmakers and in senior Cabinet roles, none has ever led her party in political combat at this level. Her success at retiring the notion that women aren't qualified to manage the responsibilities of top leadership may affect others' aspirations, including New York Senator Hillary Rodham Clinton's possible bid for the White House in 2008.

``As people see Nancy Pelosi on the national stage, setting the agenda and leading the people's House, it helps to set the stage for Senator Clinton in her run for president, and indeed for other women who may want to run for Senate or run for governor," said Ellen Moran, executive director of EMILY's List, which raises political funds for Democratic women.

Second in Line

In an interview three days before the Nov. 7 elections, Pelosi, 66, said her ascension to the speakership would show that women ``can breathe in that rarified atmosphere." No woman has been as close to the presidency itself: The California congresswoman will be second in line, behind only Vice President Dick Cheney.

Over the past five years, Pelosi emerged as one of the top congressional critics of the war in Iraq. In 2002, she broke with then-Minority Leader Richard Gephardt of Missouri and led a bloc of Democrats who voted against the resolution authorizing the war. She was also one of the first members of Congress to question Bush's assertion that Iraq had weapons of mass destruction, a claim that was used to justify the March 2003 invasion and that later proved inaccurate.

Pelosi will have her first opportunity to spar with Bush over Iraq in February when the White House submits a request for more money for the war. Pelosi has warned that Democrats will attach conditions to the approval of further funds.

Unity and Discipline

Pelosi, who was largely able to maintain House Democrats' unity and discipline when they were in the minority, may have a tougher job now that they are in power. Members have already defied her by rejecting Representative John Murtha of Pennsylvania, her choice for the No. 2 job of majority leader, in favor of Steny Hoyer of Maryland, the current No. 2.

At the same time, she will face the task of trying to push her agenda through a still closely divided House. Democrats will hold 233 seats in the new House, Republicans 202. Things are even tighter in the Senate, where Democrats hold only 51 of the 100 seats -- and one Democrat, Tim Johnson of South Dakota, remains hospitalized after brain surgery.

Bush, 60, vowed yesterday to cooperate with the Democrats - - even as he warned that he would oppose tax increases. ``Congress has changed," he said in remarks at the White House after a meeting with his Cabinet. ``Our obligations to the country haven't changed."

House Republicans say Pelosi is already backsliding on promises to allow more open debate to the House floor. She indicated last month that she won't let Republicans try to amend key parts of Democrats' agenda, including legislation to raise the minimum wage to $7.25 an hour, curbing subsidies for oil and gas companies and reducing student-loan interest rates.

A Political Family

The new speaker is hardly a stranger to rough-and-tumble politics. Her father, Thomas D'Alesandro, was mayor of Baltimore and a congressman; a brother also served as Baltimore mayor.

Pelosi, who represents San Francisco, wasn't elected to Congress until 1987, when she was 47 and the youngest of her five children was in high school. She eventually rose to become the top Democrat on the intelligence committee and the appropriations subcommittee on foreign operations.

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In 2001, she defeated Hoyer to become Democratic whip. She became minority leader -- the first woman to lead a party in Congress -- after Gephardt stepped down late the next year.

Her elevation to speaker comes during a year when record numbers of women will hold seats in Congress -- 16 in the Senate and 71 in the House. Moran said the Washington-based EMILY's List group sees an opportunity to raise record levels of cash in 2008 after raising $45 million in 2006.

Susan MacManus, a political science professor at the University of South Florida in Tampa, said the significance of Pelosi's new role goes beyond issues of partisanship, showing that women can make decisions on the weightiest issues of government.

Even though two of the last three secretaries of state are women, ``quietly, people are thinking maybe women can't handle the stresses of war and international negotiations," MacManus said. ``Pelosi is going to be right there in the middle of military and foreign policy. Her dealings on these issues are absolutely essential to the success of other women."

Pelosi's Political Rise Is Breakthrough (AP)

By Stephen Ohlemacher

AP, January 4, 2007

It shouldn't be surprising that it took more than 200 years for Congress to select a female speaker of the House. The United States isn't exactly at the forefront when it comes to women in politics.

Women make up a larger share of the national legislature in 79 other countries, including China, Cuba, North Korea and Vietnam, according to the Inter-Parliamentary Union, an association of national legislatures. The U.S. even trails a couple of fledgling democracies: Afghanistan and Iraq.

"When my colleagues elect me as speaker on Jan. 4, we will not just break through a glass ceiling, we will break through a marble ceiling," said Rep. Nancy Pelosi, who is set to lead the House when the Democrats take over Thursday. "In more than 200 years of history, there was an established pecking order — and I cut in line."

At a tea to honor Pelosi and the late former Texas governor Ann Richards on Wednesday, Pelosi said her ascension hadn't come easily. "We have waited more than 200 years for this time to come. But we did not just wait, we worked," she said.

And she alluded to one of the reasons women have been slow to climb the political ladder, saying federal policy has never recognized women's need for child care. "This Congress is going to be about children," she said.

There were 22 women in the House when Pelosi was first elected to her California district in 1987. There will be a record 71 female representatives when she takes over as speaker, giving women 16 percent of the seats.

"The biggest obstacle women candidates face is not about gender, it's about the lack of opportunity," said Ellen R. Malcolm, president of EMILY's List, which helps Democratic women who favor abortion rights get elected to public office. "Ninety-eight percent of incumbents who run for re-election are re-elected in most years. ... The bottom line is there are very few opportunities."

Once women decide to run for office, they are just as successful as men, according to experts who study the issue. However, women are much less likely to run.

One big reason is child care. Women are much more likely than men to be responsible for child care, and that doesn't always fit into the usually chaotic schedule of a member of Congress.

"All these women, even if they are extremely qualified, they are still so much involved in their family life they couldn't even consider running for office," said Richard Fox, professor of political science at Union College in New York.

Fox did an extensive survey of women in professions that produce many lawmakers: education, business and the law. He worked on the study with Jennifer Lawless, an assistant political science professor at Brown University who ran for Congress this year, losing the Democratic primary in Rhode Island to incumbent Rep. James Langevin.

Among their conclusions:

_Women are less likely than men to be asked to run for office by party leaders and other officials.

_When women are asked to run, they are just as likely as men to do it.

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_Women are more likely than men to think they are unqualified to serve, even when they have the same qualifications as male candidates.

"A man can wake up one morning, look in the mirror and say, 'By God, I would be the best state legislator that Nebraska has ever seen,'" said Debbie Walsh, director of the Center for American Women and Politics at Rutgers University. "Men don't need to be asked."

Rep. Jeanette Rankin, R-Mont., was the first woman elected to Congress, in 1916, four years before the 19th Amendment gave women the right to vote (women could already vote in Montana).

Before 1970, more than 40 percent of the women in Congress gained office by succeeding their dead husbands. Since then, fewer than 10 percent have followed their husbands, according to data collected by Dennis Simon, a political science professor at Southern Methodist University.

The number of women in Congress has grown slowly, with the biggest jump coming in 1992, the "Year of the Woman," when it nearly doubled, to 54.

Pelosi, 66, grew up in politics as the daughter and sister of Baltimore mayors. But she waited until her youngest daughter was in high school before she ran for Congress, a path followed by many women.

Women are, on average, older than men when they are first elected to Congress, giving them less time to rise in leadership, which is based largely on seniority.

Lena Saradnik was elected in November to the Arizona State Legislature for the first time at age 59. She said it would have been tough to run for political office while her daughter, now 30, was still young.

Saradnik, a Democrat from Tucson, said she could see herself joining Pelosi in Congress some day, but she's realistic about her prospects.

"If I were younger, I would probably say, absolutely," Saradnik said.

Saradnik said she decided to run for office after being approached by a local Democratic official. She was helped by a training program called Emerge America, which teaches public speaking, fundraising and media skills to female Democrats. Republicans have a similar programs called the Excellence in Public Service Series.

Marya Stark, executive director of Emerge America, predicted that more women will be inspired to run for office with Pelosi serving as speaker and Sen. Hillary Rodham Clinton, D-N.Y., being a potential candidate for president.

Pelosi embraces her role as the first female speaker, but she wants to be judged by the same standards as the 51 men who came before her.

"I have always asked my colleagues to judge me by the quality of my leadership and the results we achieve together, not as the first woman," Pelosi said.

But, she added: "Becoming the first woman speaker will send a message to young girls and women across the country that anything is possible for them, that women can achieve power, wield power and breathe the air at that altitude. As the first woman speaker of the House, I will work to make certain that I will not be the last."

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On the Net:

Center for American Women and Politics: http://www.cawp.rutgers.edu/

Inter-Parliamentary Union: http://www.ipu.org/wmn-e/classif.htm

Pelosi Shows She's The Head Of Her Party (LAT)

By Faye Fiore And Tina Daunt

The Los Angeles Times, January 4, 2007

WASHINGTON — Most Americans still don't know who Nancy Pelosi is, and this was her last chance to script an introduction before Congress convenes today and she becomes the first female speaker of the House.

So on Wednesday, Pelosi kicked off a three-day celebration of her ascension packed with more product placement than an infomercial.

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The cannoli at the reception after the morning Mass were from the bakery on the street in Baltimore's Little Italy where she grew up. The white lilies on the altar were her favorite flower. The chapel belonged to Trinity University, the Roman Catholic women's college she graduated from in 1962.

Pelosi sat in the front row surrounded by five of her grandchildren. The sixth sounded off midservice and had to be walked around by his mother, reminding everyone that his grandmother ditched Washington seven weeks ago to sit at his crib side.

"We've waited over 200 years for this time," Pelosi said at an afternoon tea turned power rally. "America's working women, women working at home, whatever they choose to do, they have a friend in the Capitol of the United States."

Five hundred women wore Rosie the Riveter buttons with Pelosi's face superimposed, with pearl earrings, above the slogan: "A woman's place is in the House ... as Speaker."

It was her first full day on the national stage, and she used it to tell the country who she is, where she came from and where she plans to go — the little Italian American girl from a political household who later raised five children before running for the House and making history as the nation's highest-ranking elected woman in 217 years of government.

Unfurling a roadmap

The installation of a new speaker is the closest Congress comes to a presidential inauguration. Some critics accused her of putting on a "Nancy Fest," but supporters said the events were as much political roadmap as biography.

"This is fitting," said Democratic strategist Donna Brazile. "She's not just tracing her steps, we're learning the path she intends to take us on."

The morning Mass at Trinity University was dedicated to the children of Darfur and Hurricane Katrina, the afternoon tea to the late Texas Gov. Ann Richards and other female political luminaries whom Pelosi says she "stood on the shoulders of" to get where she is. An interfaith Mass this morning is dedicated to the armed forces.

But it wasn't all selfless tribute.

Pelosi is the House Democrats' most prolific fundraiser, and supporters will pay $1,000 a seat and political action committees $15,000 to hear Carole King, Wyclef Jean and Tony "I Left My Heart in San Francisco" Bennett perform at tonight's celebration concert at the National Building Museum in downtown Washington.

Democrats were in the mood to celebrate, and Pelosi planned to give them plenty of opportunity: a dinner at the Italian Embassy on Wednesday and a party Friday in Baltimore, during which the block she grew up on is to be renamed Via Nancy D'Alesandro Pelosi.

Plenty of California's top Democrats flew in — Los Angeles Mayor Antonio Villaraigosa, San Francisco Mayor Gavin Newsom, recently defeated gubernatorial candidate Phil Angelides and former California Senate leader John Burton.

Democrats dismissed criticism that it was over the top.

"We've eaten so much crow over the last 12 years I have no problem with popping the champagne, if only to remind us we've worked hard but now it's time for us to work for the American people," Brazile said.

But when it comes to Pelosi, there isn't much consensus in Washington. She will have to find common cause not only with Republicans but within her diverse caucus of conservative Blue Dogs and old-style liberals. With a 16-vote majority, she must hold the Democrats together on the contentious issues of war, Medicare overhaul and oil profit rollbacks while battling GOP rivals intent on sinking her in the next two years.

Already, there were signs of what's to come.

House Republicans grumbled that Pelosi planned to shut them out of the "First 100 Hours" agenda by refusing to allow hearings or amendments (which is what the GOP frequently did to Democrats, but Pelosi promised not to be like them).

Pelosi protesters

Outside the church, a tiny band of antiabortion protesters chanted, "Speaker Pelosi, Catholics don't kill children." And former U.S. Rep. Robert K. Dornan, an Orange County Republican known for his outbursts, sneaked into the invitation-only service and emerged to brand his former House colleague "the most arrogant pro-abortion person in Congress."

But those were blips on the celebration screen.

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An energy seemed to build around her throughout the day. The Mellon Auditorium, where finger sandwiches and petits fours were set out for 500, roared at times with approval for the most powerful woman in Washington, who at one point stood on the stage and flexed her biceps.

"Know your power," Pelosi said, recalling advice the late Rep. Lindy Boggs gave her, adding: "And we took it."

Her personal touch

Every event had personal or political significance that bore her stamp. A famous micromanager, Pelosi approved details down to the music for the Mass, which her eldest daughter had played over the phone before Christmas so her mother could review.

It included an African American spiritual, "Plenty Good Room," with lyrics that seemed to foreshadow the ethics package Pelosi has made the first order of House business today: "I would not be a sinner ... I would not be a liar ... I would not be a cheater."

One of Pelosi's campaign promises was to take the House gavel away from special interests and pass it to "the hands of America's children." And the theme of children was prominent Wednesday.

Banners with images of the young victims of Katrina and Darfur were displayed on the chapel walls. Father Robert F. Drinan, a Jesuit priest and former member of Congress, opened the homily saying, "Congress is 16% women and for the first time ever, the speaker is a mother. Today we are re-pledging our lives to the children."

Though the events were clearly designed to send a message, the day also had an insular feel. Television coverage focused on President Ford's burial, and what media interest there was in Pelosi was almost rebuffed by her office. Several events were closed to the press.

The media were held on the sidewalk outside the Trinity chapel, zoom lenses aimed at the steps almost a football field away, only to have Pelosi slip out a side door.

Pelosi Ready To Make History As New Speaker (WT)

By Charles Hurt

The Washington Times, January 4, 2007

A new Congress convenes today with a narrow Democratic majority lording over a despondent Republican minority.

While the full weight of Republicans' powerlessness sinks in after 12 years of control, Democrats are celebrating the historic election today of the first female speaker of the House.

"We have waited over 200 years for this time to come," Mrs. Pelosi said on the eve of her selection as speaker, a position that makes her second in line to the presidency after Vice President Dick Cheney.

"We will not just break through a glass ceiling, we will break through a marble ceiling," she said. "In more than 200 years of history, there was an established pecking order -- and I cut in line."

After calling herself "the most powerful woman in America," Mrs. Pelosi flexed her right muscle like a weight lifter to much applause at an event yesterday titled a "women's tea."

"All right, let's hear it for the power," she screamed as the jubilant applause continued.

When Mrs. Pelosi tried leaving the podium, Rep. Rosa DeLauro, Connecticut Democrat, asked her to stay.

"There is so much love and warmth that's in this room today and that's because of the new speaker," Mrs. DeLauro said. "And that tells you about what the future is all about in the House of Representatives."

Yesterday's event was part of three days of festivities to mark the historic moment. Later, Mrs. Pelosi and special guests dined at the Italian Embassy.

Today will be the official vote by her colleagues installing her as speaker, followed by a "swearing-in celebration concert" in the Great Hall of the National Building Museum.

Tomorrow will feature an "open house for the People's House," a nod to Democrats' professed commitment to the common man. For the rest of the day, Mrs. Pelosi will celebrate her roots with a visit to a statue of her late father, former Baltimore Mayor Thomas D'Alesandro, and later the dedication of a Baltimore street to Mrs. Pelosi.

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But wary of accusations of arrogance, Democrats have included other, less celebratory events. Those include a Mass yesterday at Trinity University in remembrance of "the children of Darfur and Katrina and a prayer service this morning at St. Peter's Catholic Church to honor the troops."

Out of the gate, Democrats are pushing through their "Six of '06" agenda that they say is a mandate after the November elections.

In less than two weeks -- during the first 100 hours of official action -- they vow to pass legislation implementing the September 11 panel recommendations, increasing the minimum wage, expanding stem-cell research, allowing the government to negotiate prices for prescription drugs, cutting interest rates on student loans and ending subsidies for oil companies while expanding renewable energy exploration.

"Next week, the clock will start ticking on the 100 hours agenda," said incoming Majority Leader Steny H. Hoyer, Maryland Democrat. "Democrats ran on this agenda and were elected on this agenda. We promised the American people swift passage of these bills and we fully intend to make good on that promise."

In particular, he pointed out the Democratic Party's determination to move toward energy independence with cleaner fuels.

"I don't mean that we will not use any energy from any other sources but that we will not be dependent upon foreign states for our economic well-being, our military security and well-being, as well as frankly energy independence, meaning that we need to become environmentally sensitive in our use of energy as the 60 degree weather today points out," he said. "I live 80 feet from a river, and in January, I have 60 degree weather and I am convinced that 20 years from now, my house is going to be under the river, not on the river. So I am very concerned about that, and we are as a party."

Also among the first items of their agenda will be raising the minimum wage by $2.10 over the next two years.

"With the minimum wage frozen at $5.15 per hour for the past nine years and four months, it is extremely difficult for minimum-wage earners to meet their basic needs, and yet millions of Americans are forced to live in these conditions," Mr. Hoyer said. "Americans who work hard to earn an honest living should not be relegated to poverty."

Not part of Democrats' early agenda, however, is anything to do with the war in Iraq, which many credit for giving them control of both chambers of Congress.

A press conference yesterday was crashed by anti-war activist Cindy Sheehan -- usually a thorn in the sides of pro-war Republicans -- who demanded that the new Democratic majority take immediate steps to end the war.

Shortly after, Rep. Rahm Emanuel, Illinois Democrat, promised to make sure "that the people's voices are heard in the people's house," Mrs. Sheehan and others stormed the press conference, chanting anti-war slogans.

Pelosi's Coming-Out Party (TIME)

By Ana Marie Cox

Time, January 4, 2007

It just so happens that incoming House Speaker Nancy Pelosi will be launching her career as Democratic House leader the same week that the District hosted memorial service for Gerald Ford. That small twist of fate points up one of the capitol's cardinal rules: in Washington, you never run out of chances to make a first impression.

After all, the Gerald Ford being honored this week is not the same man who tried to jolly America out of economic doldrums with "whip inflation now" buttons. He's also not the same person who came into the White House to begin with. Ford served as President for two and half years; he served in the House for 24 years. He arrived in 1949 as a surprise winner in his G.O.P. primary, who got to Congress largely because of his tenacious campaigning and charm. He was known as a congenial back-slapper and talented maneuverer among the House's often-vicious rivalries. When Nixon tapped him for the White House, the Vice Presidency came at the cost of giving up what Ford told colleagues was his true dream: Speaker of the House.

As Nancy Pelosi knows, that is the more powerful position — at least, it traditionally has been. The speaker's power comes not from public pomp or grand acts of statesmanship, but from hundreds of small ones, usually far beneath the radar of the general public. When Americans notice who the Speaker of the House is, it's usually because they've done something wrong — unless, like Tip O'Neill, they've been in office longer than any of the Presidents they served. Newt Gingrich's notoriety was a rare exception — and his steep fall from grace a cautionary example.

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So who can begrudge Pelosi her four-day "coronation," as right-wing wags have dubbed it? The events themselves are hardly ostentatious: there's a mass, a tea, and prayer service. The most raucous thing on the schedule is a concert by Tony Bennett. Add a tote bag and it'd be a PBS telethon. Indeed, the demographic-pleasing tenor of the events reeks of a self-conscious desire to highlight all soft-focus interest groups that come with the Pelosi package: Italian, female, Catholic, grandmother. With so many facets illuminated, perhaps Pelosi's people are hoping no one notices what's been left out: the only nod to Pelosi's actual home district and voting record may well be Bennett's theme song, "I Left My Heart in San Francisco."

Ford's minor claim on a presidential legacy came about in part because the skilled House gamesman was not prepared to manage expectations once he was elevated into the presidency. Observers assumed that he would tack hard to the side of openness and sunlight to escape Nixon's shadow. But he wound up relying on a coterie of insiders — Nixon's own shadows — from Henry Kissinger to the young Dick Cheney and Donald Rumsfeld, who had no less zeal for the imperial presidency than their predecessors under Nixon.

Pelosi's first challenge is similar to Ford's, and may provide the same kind of disappointment: To succeed, she needs to provide a solid counterpoint to the corruption and arrogance that doomed the G.O.P. Yet the Democrats' "100-hour agenda" already entails suspending the gauzy promise of bipartisan civility that moderate Democrats ran on. Rather, the Democrats will use House rules to prohibit opposition measures — the exact sort of "tyranny of the majority" that the former minority party has been railing against for years. Whatever the stage set (tea or Mass), the week ahead will likely be less a coronation for Pelosi than a long, behind-the-scenes horse-trading auction.

And yet this could be the good news. As the first female Speaker and a San Francisco liberal, Pelosi can use this moment in the spotlight to define herself as anything but a bleeding heart. Pelosi's brazen decision to have her "People's Open House" be invitation-only could paint her as cynical or, with the right spin, as simply a savvy realist. A successful reintroduction for Pelosi should combine the warm fuzzy of a northern California family woman with the bare-knuckle skills of a backroom pol: the iron grandma.

If Pelosi can pull it off, perhaps there's hope for another prominent female politician, whose White House ambitions have been dogged by an apparently immutable public image: Hillary Clinton. The last event of Pelosi's swearing-in celebrations is the renaming of the 200 block of Albemarle St., in Baltimore, as Via Nancy D'Alesandro Pelosi. President Street is only a block away.

A Snit In First Class (NYT)

By David Brooks

The New York Times, January 4, 2007

I have a dream, my friends. I have a dream that we are approaching the day when a ranch-owning millionaire Republican like George Bush will make peace with a vineyard-owning millionaire Democrat like Nancy Pelosi.

I have a dream that Pelosi, who was chauffeured to school as a child and who, with her investor husband, owns minority shares in the Auberge du Soleil resort hotel and the CordeValle Golf Club, will look over her famous strand of South Sea Tahitian pearls and forge bonds of understanding with the zillionaire corporate barons in the opposing party.

Furthermore, I dream of a great harmonic convergence among the obscenely rich — between Randian hedge fund managers on the right and helipad environmentalists on the left. I dream that the big-money people who seem to dominate our politics will put aside their partisan fury and discover the class solidarity that Karl Marx always said they shared, and their newfound civility will trickle down to the rest of us. I dream that Berkeley will make peace with Buckhead, Streisand with De Vos, Huffington with O'Reilly.

I have my dreams, but of course, I am realistic too, for I am aware that at present there is no peace among the secluded island villas. I look out across the second homes of America and its surrounding tropical regions and I see polarization among the Kate Spade devotees and bitterness among the Rolexes. And I know that both Bush and Pelosi are part of an upper-income whirlwind of strife.

Some people believe that Pelosi is an airhead, but that is wrong. Some people believe she is a radical San Francisco liberal, but that, too, is wrong. The main fact to know about Pelosi is that she is a creature of the modern fund-raising system.

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Some politicians rise because they run political machines. Some rise because they are great communicators. Pelosi has risen because she is a master of the thousand-dollar-a-plate fundraising circuit.

Living amid a web of investors, venture capitalists and West Coast technology tycoons, she raised heroic amounts of money for the Democratic Party before she ever thought of running for anything herself. In 1984, she was the state party chairwoman. In 1986, she was the national fund-raising chairwoman for the Senate Democrats.

Since coming to the House, she has discovered what many a savvy pol has discovered — that the fastest way to ascend in Congress is to raise a lot of money and give it to your peers.

She paid her dues selecting party favors, arranging seating charts (after that, legislation is easy), and laying thick dollops of obsequiousness on cranky old moguls and their helmet hair spa-spouses. She has done what all political fund-raisers do: tell rich people things they already believe, demonize the other side, motivate the giving with Manichaean tales of good versus evil.

It is no wonder The Los Angeles Times calls her a "rabid Democrat" or that Time magazine calls her "hyperpartisan." It is not a surprise, as The Washington Post reported this week, that despite campaign promises about changing the tone in Washington, Pelosi has decided to exclude Republicans from the first burst of legislation — to forbid them to offer amendments or alternatives.

She is part of the clash of the rival elites, with the dollars from Brookline battling dollars from Dallas, causing upper-class strife that even diminutive dogs, vibrant velvets and petite salades can't fully soothe.

It pains me to see plutocrats fight, because it sets such a poor example for those of us in the lower orders who fly commercial. It pains me even more because politicians from the rival blueblood clans go to embarrassing lengths to try to prove they are most authentically connected with working Americans.

Think of John Kerry visiting a Wendy's or Bill Frist impersonating a Bible thumper. This week, witness Pelosi going on her all-about-me inauguration tour, which is designed to rebrand her as a regular Catholic grandma from Baltimore. Members of the middle classes never have to mount campaign swings to prove how regular they are, but these upper-bracket types can't help themselves, and they always lay it on too thick.

So I harbor my dreams of reconciliation, but in the meantime, why oh why can't we have a decent overclass in this country — a group of highly attractive dimwits who spread bland but worthy stability over our political scene. Why oh why do we have to have this endless canapé war — the people of the vineyard against the people of the ranch.

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Passed Over By Pelosi, Harman Doesn't Get Even. She Gets Mad. (WP)

By Lois Romano

The Washington Post, January 4, 2007

Catfight aftermath:Rep. Jane Harmanis still quite irked that House Speaker-designeeNancy Pelosinixed her for chairman of the House intelligence committee -- and she's not exactly being stoic about it.

Friends and colleagues say Harman has openly complained that she was cut loose by her fellow California Democrat and one-time friend, Pelosi, who picked insteadSilvestreReyes(D-Tex.), a former Border Patrol agent. A Harvard Law graduate with a gold-plated political rÃ©sumÃ©, Harman was the ranking Democrat on the intelligence committee and first in line for the chairmanship.

She has lamented that Congress has lost its luster for her and that she is hoping for a job in a Democratic administration, according to a friend. "She's obsessed," the source said. "It's been hard for her not to take it personally, but it's over."

In 2003, Pelosi handpicked Harman to become the ranking Democrat on the panel, a post that Pelosi had occupied. But Pelosi made it known last year that Harman was out if Democrats took back the House. Pelosi and other liberal Democrats believed that Harman, a moderate, failed to challenge the administration's alleged abuses of intelligence. Harman was stunned by the news and launched an overtly aggressive campaign to win the chairmanship, which only served to strengthen Pelosi's resolve. A former House member who knows both women well said Harman "really needs to grow up" and "she's not simply entitled to a chairmanship."

Harman's office issued a statement saying the flap is "something in the past tense" and that the congresswoman is "looking forward to continuing to have a strong voice on national security issues" through her other committees.

As for Pelosi . . . she has clearly moved on.A Complex Greeting

Nothing is ever simple when it comes toJohn Kerry.

The senator from Massachusetts and his wife,Teresa Heinz Kerry, sent out 75,000 Christmas cards with pictures of trees at each season. The Kerrys gushed over their "gratitude for the beauty of these trees and the life they represent."

But it didn't end there.

The card came in an odd-looking envelope, one of those with a return-mail flap and instructions to send it to . . . well, to a recycling company, so "it can be made into new carpet tile."

Carpet tile?

We want a "world without waste . . . where every product either returns safely to the soil or becomes a new product."

So the card instructs: "1. Remove this panel and insert it along with the card into the envelope. 2. Expose adhesive strip and fold the flap over to seal the envelope. 3. Drop this mailer into any U.S. mailbox."

Who else would send a Christmas card with a to-do list?Food for Thought

Call it the McDonald's clause. Underpaid Hill aides who have long relied on journalists' expense accounts for pricey meals and fine wines better start thinking fast food.

The proposed ethics package, crafted by Democrats and first up on the House calendar, bans legislators and staffers from receiving gifts and meals not only from lobbyists but also from the organizations that employ them.

So, to spell it out: Any news organization that employs a lobbyist -- and there are many, including The Washington Post -- no longer will be able to court congressional sources over an expensive steak, or even cheap fries.

The new ban and how to interpret it has caused much confusion on the Hill. There is a long list of "common sense" exemptions, which would suggest that Hill folks will need to carry a laminated copy of the bill with them at all times.The Elephant in the Room

As the new Democratic Senate gets sworn in today, the big question is whether Sen.Tim Johnson's serious medical condition will affect the party's fragile majority.

His office made it clear yesterday that the South Dakota Democrat's recovery from a brain hemorrhage will be slow and that he will not be voting anytime soon. He spent his 60th birthday last week in the intensive-care unit of George Washington University Hospital, where he has been in critical condition since emergency brain surgery Dec. 13.

He has not spoken since the surgery, said a spokesman, and he remains on a ventilator at night. Johnson is up for reelection in two years, but until then no authority can remove him from office.

"One vote really shouldn't matter if senators keep their pledge and work in a bipartisan manner," saidJim Manley, spokesman for incoming Senate Majority LeaderHarry Reid(Nev.).

Julianne Fisher, a spokesman for Johnson, said his staff has sought guidance fromSen. Joseph Biden(D-Del.), who was out for seven months in 1988 after surgery for two brain aneurysms.

Biden's office offered this first piece of advice to Johnson's staff: Stop sending out mail in the senator's name.November Surprise

George McGovern, the liberal 1972 Democratic presidential nominee, dropped a little bombshell to Larry King the other night: He voted Republican in 1976, for Gerald Ford.

McGovern said he finally told his wife, Eleanor, that Thanksgiving. Her reply: "So did I."

House Panel To Review 3 Challenges To Elections Of GOP Lawmakers (USAT)

By Ana Radelat

USA Today, January 4, 2007

WASHINGTON — When Rep. Jim McCrery takes the congressional oath of office Thursday, he'll be one of three Republican lawmakers whose elections to the House are still in dispute because of challenges filed by candidates they defeated.

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All three elections may be scrutinized by the House Administration Committee, but in the meantime, McCrery and the other two House members will be allowed to serve.

Their challengers stand only a slim chance of victory.

More than 100 election challenges have been filed by losing candidates since 1933, but nearly all have been dismissed by the House.

"I am confident that this challenge will be dismissed, as similar challenges to other members of Congress have been in the past," McCrery said Wednesday.

Democrat Patti Cox filed a challenge with the House last month that says McCrery violated the qualification clause of the Constitution.

That clause requires a House member to be at least 25 years old, a citizen of the United States for at least seven years and, when elected, "an inhabitant of the state in which he shall be chosen."

McCrery sold his house in Shreveport in 2004 and moved his family to McLean, Va., across the Potomac River from Washington.

Cox says McCrery hasn't had a residence in Louisiana since then. But McCrery says he's had places to stay in Shreveport since his move.

"I was born in Shreveport, and have been a resident of Louisiana my entire life, except for three years in elementary school," McCrery said. "I own property in Caddo Parish and pay both property and income taxes in Louisiana. I vote in Louisiana, and have always kept a residence in Shreveport while serving in Congress."

The other lawmakers facing election-related challenges are Florida Republicans Tom Feeney and Vern Buchanan. Feeney's election is being contested by Democrat Clint Curtis, and Buchanan is being challenged by Christine Jennings.

An echo of Florida's problems in the 2000 presidential election, those challenges focus on the integrity of touch-screen voting machines used in the Nov. 7 elections.

George Shevlin, staff director for the Democrats who will take control of the House Administration Committee in the 110th Congress, said it's likely the panel will set up a three-member task force to review each complaint.

After the investigations, which could take months, the House would vote to accept or reject the panel's recommendation to keep or unseat a member.

Cox also has fought McCrery's re-election in state and federal courts in Louisiana. She said she knows she has little chance of success, but the fight "is consuming me."

She said what she wants McCrery to provide is simple — some evidence that he has lived in Louisiana recently.

"If he's a resident of Louisiana, he's in and that's that," Cox said.

McCrery, who is about to begin serving his 11th term, is preparing a response to the challenge, said spokesman Michael Steel.

An electoral complaint based on residency hasn't been upheld since 1824, when John Bailey, elected from Massachusetts to the 18th Congress, was unseated after House colleagues determined he was living in Washington instead of Massachusetts on Election Day.

The 110th Congress will seat 233 Democrats and 202 Republicans in the House. Those numbers could change, of course, if any of the election challenges are upheld.

Most challenges, including the two from Florida, are filed after a bitter, close election.

But McCrery was re-elected with about 57% of the vote and Cox received 13%. Two other candidates received the rest.

A Democratic Trade Agenda (WSJ)

By Max Baucus

The Wall Street Journal, January 4, 2007

Forty-five years ago, President Kennedy challenged America to confront competitive challenges in Europe and Asia with a new, expansive trade policy. In response, Congress passed a landmark bill creating the forerunner of the U.S. Trade Representative and trade adjustment assistance for workers hurt by international trade. Today we face another crossroads.

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At a time when our country's competitive strength depends increasingly on an aggressive trade policy, Americans are far less willing to embrace one. Many equate trade and globalization with ballooning deficits, stagnating wages and layoffs. Meanwhile, even as China and India have continued their economic reawakening, America has lacked the leadership to tackle the associated challenges through trade. U.S. policy has lurched frantically from one trade agreement to the next, eking out just enough votes to push each one through Congress.

Some think that the new Democratic congressional majority will be bad for trade policy. While it is true that some candidates criticized trade in their campaigns, I believe that the new Congress will have both the desire and opportunity to renew U.S. trade policy, with a unifying purpose that Americans can understand and support. Through trade, we must bolster the nation's innovative economy in an increasingly global marketplace. At the same time, we must tackle with equal vigor the negative domestic consequences of globalization, from trade deficits to job losses.

Congress should begin by renewing the administration's fast-track negotiating authority for trade agreements. The current grant expires in June, and trading partners will not negotiate trade agreements with us unless Congress gives the president the ability to bring these agreements to fruition. The success of America's ranches and farms, as well as the success of businesses big and small, requires that the president have this ability. Exports account for 10% of GDP; our $62.4 billion in agriculture exports alone generated an additional $92 billion in additional economic activity last year. My home state of Montana exports fully 60% of the wheat grown there.

Fast-track authority should be improved as it is renewed, with better trade enforcement capability and better environmental and labor provisions. By making those changes, we can protect American interests, project America's values, and help to create consumer classes capable of purchasing more U.S.-made goods. And as we address expiring fast-track authority, we must take on -- head-on -- globalization's downsides, especially worker displacement and the unsustainable trade deficit.

The trade deficit requires action on several fronts, which include beefing up U.S. export promotion programs and dedicating more time and resources to trade enforcement. We must also recognize that the trade deficit has causes closer to home, especially Americans' negative savings rate.

When it comes to helping workers, we must make the Trade Adjustment Assistance (TAA) program, which expires in September, more reflective of today's innovative economy.

TAA is our commitment that America will provide wage and health benefits while trade-displaced workers retool, retrain, and find better jobs. And a renewed TAA must do what today's program does not. TAA must be available to the eight out of 10 American workers who make their money in services professions; and it must apply to all workers displaced by trade, not just those affected by free-trade agreements. In fact, we should seriously examine the idea of expanding TAA into "GAA" -- Globalization Adjustment Assistance that would offer benefits not only to workers displaced by trade, but to those displaced by all aspects of globalization.

In addition to these new priorities, we must refocus current trade efforts. The Doha round is of obvious importance, but the world's economies do not appear ready to make the hard choices necessary to bring the round to an ambitious conclusion. Doha may yet progress in time, as the Uruguay round did after 1990. But until then, America should move forward on commercially significant initiatives with our largest trading partners. We should lay the foundations for a future free-trade agreement with the European Union and Japan by concluding a first ever free-trade agreement in services. We should stitch our current patchwork quilt of free-trade agreements into a seamless, coherent network that we can later open to other countries. Even more immediately, we must enforce China's trade and investment commitments. Doing that will help to boost the U.S. gross domestic product by $86.5 billion over the next three years.

President Kennedy's free-trade challenge helped to cement the nation's role as a global economic leader, and engaging with the world has helped Americans prosper at home. Twelve million American jobs depend on trade today -- and the right trade policy improvements will create more jobs and better opportunities for American workers and businesses in the future.

Mr. Baucus is a Democratic senator from Montana and the incoming chairman of the Finance Committee.

The Chairman's Turf (WP)

By David Montgomery

DOJ_NMG_0112183

The Washington Post, January 4, 2007

EL PASO Silvestre Reyes is straight out of Border Country, that place of lawmen and bandits, pluck and luck.

Grows up on a cotton farm along the Rio Grande, oldest of 10, struggling with English as a kid. Helicopter gunner in Vietnam, some college, marries his high school sweetheart (honeymoon at the Mesa Motel), lands a solid government job -- Border Patrol. He works like hell for 26 years, gets shot at by Mexican train robbers, rises from agent to bridge inspector to chief for West Texas and Arizona.

"Outdoor work," he calls it, for someone with "a flair for a little danger" -- but unexpected work for the boy who used to warn undocumented farm workers when la migra came around.

Next, a grateful citizenry sends its tough but soft-spoken lawman to Congress, reelects him five times, the first Latino to represent his 80 percent Hispanic district.

Reyes is, in short, that most cherished of political properties, the real guy, a man of the people, not just someone who pretends to be.

"He is a Real Life 101 politician. He's been there," says Cindy Ramos-Davidson, chief executive of the El Paso Hispanic Chamber of Commerce. "He can talk with the best of the best and the lowest of the lowest. There are a lot of people in elected office who have never had Real Life 101. It's wondering where the next paycheck is coming from, it's balancing family life and work life. It's helped him stay human, for lack of a better word. "

Now, though, he stands at a perilous political intersection. Today he becomes the new chairman of the House Permanent Select Committee on Intelligence, assigned to ride herd on 16 spy agencies with an estimated collective budget of $42 billion.

In Washington's power corridors you can hear the whispers. Isn't this one of those jobs that demand intellectual firepower? (Never mind those other whispers, as old as the republic, that not a few in Congress, even some of the stars, are, actually, well, dopes.)

All that Real Life stuff is swell. But the new outlaws are more lethal and formidable than ever. Is an instinct for the Common Man what the nation requires to ensure the global war on terror is successful -- and constitutional?

Can credential-crazy Washington countenance an intelligence chief with a two-year community college degree? Not to mention that ambush from Congressional Quarterly, where Reyes blew the question of whether al-Qaeda is Sunni or Shiite.

It's a big challenge for a lawman from a dusty border town.

"The border is a tough area to work," Reyes says one morning, standing down here in that dust at the edge of two countries. "Sometimes there are no rules. The big rule is 'Survive.' "A Sound of a Horn

His grandfather once rode with Mexican revolutionary Pancho Villa -- carried a rifle, wore bandoleers and a big sombrero, the full rebel regalia -- then fled to this valley to farm. His father dropped out of the sixth grade to work these fields. Up into this life came young Silvestre, named after his grandfather.

He didn't need much English to be the lookout.

"There was a kind of early-warning system whenever the Border Patrol was working the valley," Reyes recalls, gazing across the land at Mexico. "My job was to be at the entrance to our farm. We had a truck that had this big air horn. Whenever I saw the migra coming, I would blow three blasts on the horn. All the workers would scatter and hide.

"Of course the Border Patrol knew what was going on. They'd come up and ask me what I was doing.

"Just playing on the horn. "

A deadpan twinkle gleams out of Reyes's round face.

So his first job was in intelligence. Eight years old and already he was a little bit cagey and shrewd, this boy in Border Country.

Later, he tamed the wild El Paso-Juarez line, revolutionized border security for all of America, climbed from the edge of this desert to become the first Latino to chair such a key congressional committee. He'll soon find out if frontier wiles can tame the bureaucratic badlands of "black" budgets and shadow kingdoms. Already he's been outsmarted once.

The gotcha pop quiz, the ritual Washington hazing once you've achieved real power and better guard it in hostile territory: Reyes was doing all right until the al-Qaeda question.

"Predominantly -- probably Shiite," he said to Congressional Quarterly.

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Guess again, congressman! Ah, yes, that ineluctable rite of passage, a rookie pooh-bah's baptismal gaffe. Over to you, Jay Leno: "Apparently the term 'intelligence committee' is just a suggestion."

Reyes tried to brush it off, tried to explain -- it was late in the day; he knew the answer but misspoke; and heck: "I got through all the hard ones, I talked about the 12th Imam!"

Finally he stopped spinning and did something much more typical for someone who never intended to be a politician. He conceded his blunder.

"When you screw up," he says, "you admit it, then you move on."Accidental Career

Ask about Reyes, 62, around El Paso and Capitol Hill, and you keep hearing those cliched themes: He's a nice guy, he's "human," and "what you see is what you get."

You hear it enough about Reyes -- universally known as "Silver" since his school days, even by his wife of 38 years, Carolina -- that you wonder if he might be too nice to be intelligence chairman, not Machiavellian enough. To do a good job in Washington, backs must be stabbed.

He doesn't have the plotting ambition of the career pol. He wound up as intelligence chairman almost by accident, when Speaker Nancy Pelosi passed over two candidates ahead of him -- she didn't get along with one, didn't like the ethics cloud over the other. Reyes was in his garage building shelves to store Christmas decorations when she called to anoint him.

He landed in Congress in the first place only when, as the popular local Border Patrol chief, he reluctantly yielded to entreaties from El Paso business types to run.

"He has always started at the bottom," Carolina Reyes says. "He never said, 'I'm going to become chief.' He never said, 'I'm going to be a politician.' . . . He does his job, and comes up with good ideas, and gets promoted."

Yet here he is, astride the juncture of several key fault lines in American culture: a Latino Democrat, when his party is trying to solidify itself as the party for minorities; a veteran with a law enforcement background, when his party is trying to bolster its bona fides on national security; a congressional player on national security policy at a time of war; a former border guard who can shore up the Democrats' enforcement flank in the immigration debate.

That career with the Border Patrol was born only after he had taken every federal agency entrance exam he could think of, and the Border Patrol was the first to call.

He went from having been a lookout to being one of the lookers. For a few years, he worked one of the bridges between El Paso and Juarez.

Lean out the booth window, peer into the car: "Citizenship? What are you bringing from Mexico?" He learned how to read people fast. What were they leaving? What did they want? This is how intelligence works in the field.

Sometimes he practices a little craft on his colleagues. Behind the almost always deadpan face -- it is the jowly, deceptive deadpan of comedian Jonathan Winters, just before a deadly punch line -- is the winking soul of a connoisseur of pranks. Many have failed to recognize the twinkle until it's too late. They tell Silver Reyes stories, fondly, even as they plot paybacks.

"I get accused of all these weird things," Reyes protests.

Once, someone passed on to an aide of Vice President Gore the happy news that Rep. Solomon Ortiz (D-Tex.), a bachelor for decades, had just married someone with a made-up-sounding name like Ramona Corona. This happened at the vice president's residence, during a reception for the Hispanic Caucus. So Gore publicly congratulated Ortiz on his nuptials to Ramona Corona. Suddenly the dean of the caucus, who had been enjoying the company of two pretty young things seated on either side of him, had a lot of explaining to do.

"I knew real quick it came from Silver," says Ortiz, still single.

There was the time in 2003 when Reyes and Rep. Eliot Engel (D-N.Y.) were part of a delegation to North Korea whose representatives insisted on beginning each session with rote denunciations of the United States. Bored, Engel was slipping his shoes on and off beneath the table. Finally he tried to put them on, and they weren't there! He blindly probed the floor in all directions with his stocking feet while the North Koreans droned on.

"When the tirade ended, and the meeting ended, I got up, and I saw my shoes all the way on the other side of Silver," Engel says.

Just playing on the horn.

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A prankster is a student of human nature. A little part of him remains detached, on the lookout for weakness, absurdity, vanity. Good qualities, perhaps, for questioning spy chiefs. And an even more startling one:

"He doesn't think he knows everything," says Engel. "He's willing to listen and willing to learn."

"He asks tough questions," says Rep. Curt Weldon (R-Pa.), who just lost his reelection bid. "He won't be pushed around."

A final lesson from Real Life 101: He quit college to go to work, not realizing it would expose him to the draft. He went almost directly to boot camp, then to war. During an enemy rocket attack, he lost the hearing in his right ear.

Years later, in Congress, confronted with President Bush's eagerness to take on Iraq, Reyes recalled his direct experience with the unpredictable hell of war. He considered the intelligence he was privy to as a committee member. And on the Iraq war resolution, he voted no.

A lot of folks now say he passed that yes-or-no quiz with flying colors.Law of Absolutes

A border implies a binary logic of either or, one or the other, but Border Country teaches that nothing is that simple. No matter how far away he goes, Reyes carries within him this rich interior and exterior landscape -- paradoxical, organic, alive -- that shaped him.

From an overlook where the purple mountains cut triangles against the blue sky, El Paso and Ciudad Juarez look like a single city, with a combined population of 2.1 million, sprawling across the valley. But down on the ground, the picture sharpens, the border draws its distinctions -- riverbed, chain-link fence, markers in the lonely scrubland insisting vainly on who is who and where is where.

The billboards on both sides are in Spanish, but Juarez feels different. The streets meander, filled to bursting, traffic surging to el Norte . El Paso is a community with a bit of a chip on its shoulder. Eighty percent Hispanic, it feels isolated from the rest of Texas in a different time zone, disparaged by Anglo America, misunderstood by Washington, burdened yet bonded with Mexico.

One recent morning, Reyes stood in the dust of the frontier at the end of the infamous "black bridge," the old rail trestle where a friend and fellow agent was hit over the head and killed, where hundreds of would-be immigrants would mass on the Mexican side and sprint across in "banzai runs," overwhelming the Border Patrol.

"To appreciate the peace and tranquility that is here now, you've got to imagine what it was like," he says.

It was chaos.

When the river was dry, the Mexicans walked over. When the river flowed, entrepreneurs set up ferry services; peddlers sold Cokes and snacks. There were crazy hot-pursuit chases on downtown streets, through back yards, even across the campus of a high school on the border.

Enough! decided the first Latino sector chief in Border Patrol history. One Sunday morning in 1993, El Paso and Juarez awoke to find the border sealed by 400 agents spread along 20 miles.

At first there was an uproar. Protesters threw rocks, closed bridges, burned effigies. Merchants fretted about lost sales. The Catholic Church pleaded for mercy. The Mexican government complained to the State Department. Even Border Patrol brass in Washington gave Reyes a hard time.

On just whose side was this grandson of one of Pancho Villa's riders?

"This is the ex-Border Patrol agent who made a career of deporting his people," says El Paso immigration lawyer Carlos Spector.

Reyes made one concession: He changed the name of his crackdown from Operation Blockade to the more politically correct Operation Hold the Line. He was ready to outlast a political siege of weeks. "I knew the system pretty well, I could identify overtime money that I needed to get through the first four to six weeks," he recalls with relish, and he had squirreled it away in anticipation. Daily illegal crossings plummeted from up to 10,000 to a few hundred. Reyes was summoned to the Oval Office, where, standing humbly in his pressed green uniform like a Boy Scout with an easel and a wooden pointer, he briefed President Clinton and Attorney General Janet Reno.

"He literally changed the culture of the Border Patrol through his own initiative," says David Aguilar, the current national chief of the Border Patrol. "He is very innovative, very aggressive, very focused."

The Border Patrol adopted the maverick chief's innovation nationwide -- and Reyes became a hero to the tough-on-illegal-immigrants crowd, the Minuteman types.

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His own view is not so simple. He felt -- feels -- compassion for border crossers, understands their yearning and risk-taking. He was once their lookout.

"You see the misery coming across the border," he says. "You recognize that they're not criminals, that these are people that are down and out because of economic circumstances. . . . The only difference between you and them is fate."

Haunted by the misery, he used to startle his wife, coming in unexpectedly from his midnight shift. He would start pulling clothes out of his closet to give to border crossers he had detained. "He would also come home for lunch during the day," Carolina Reyes says, "and I would say, 'But you took your lunch,' and he would say, 'We gave our lunches to the people that we found. They were starving.' "

Then he would deport them. Dash those dreams, not unlike the dreams of his grandfather. "You took an oath to enforce the law, you're carrying a badge and a gun," Reyes says. "The way you honor that commitment is by treating them with dignity and respect."

His perspective on the immigration debate is formed by the messy reality on the ground in Border Country. He calls the 700-mile border fence law signed by President Bush "ridiculous, ludicrous and stupid." He supports a path to citizenship for undocumented workers.

"People talk about illegal immigration and they cite statistics," he says. "You're handling not statistics, but people, family units."

Still: The 12 million undocumented immigrants in the United States are "a shadow world where people who want to hurt us can operate," he says. "The only way we are going to reduce that shadow world is to have a legalization program. I think it's a part of the national security strategy."

A quarter-century in the field of Border Country yields Reyes this intelligence: Misery can lead to desperation, and desperation sometimes turns peace into chaos.Invisible Borders

On a recent night in December, all of El Paso society has converged at the downtown art museum to salute Reyes -- 1,000 people from politics, business, the military, education, charity, bursting with local pride. They blame the "sharks" in Washington for the public shaming of the pop quiz.

Reyes gets up to speak, and the microphone begins to squeal. "It's already the CIA doing this," he cracks. Then he chokes up. The audience is equally emotional. He is the local boy, he has made good. "Que viva Silvestre!" they shout, and they send him off to cross one more frontier, migrating from a mid-bench seat in the political minority into the leadership.

The borders in Washington are no less dicey for being invisible. They define fiefdoms -- Congress, the White House, the media, the intelligence agencies -- and are subject to rogue incursions and political banditry.

"One of the first things we're going to have to do is reclaim our turf," reflects the chairman. "We have ceded and abdicated our role as a co-equal branch of government."

Today, he goes on the lookout again. On border patrol.

Staff researcher Rena Kirsch contributed to this report.

Johnson Improving; Will Still Need Months Of Rehabilitation (AL)

By Faith Bremner

Argus Leader, January 4, 2007

WASHINGTON – New test results show Sen. Tim Johnson, who has needed a ventilator to breathe and prolonged doses of medication to prevent swelling on his brain, has improved but will need several months of rehabilitation and physical therapy to continue his recovery from surgery.

An angiogram Wednesday at George Washington University Hospital confirmed that surgeons had successfully corrected the tangle of arteries and veins that caused debilitating stroke-like symptoms and bleeding in Johnson's brain. The procedure involves injecting dye into an artery to light up the blood vessels.

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But Johnson, 60, remains in critical condition three weeks after emergency brain surgery Dec. 13 and his long-term outlook is not clear, Dr. Vivek Deshmukh, head of Johnson's surgical team, said Wednesday.
Deshmukh said the senator had developed fluid in his lungs, an effect of the initial bleeding, which is why Johnson has been on a ventilator. Johnson also had been sedated for about two weeks to rest and minimize swelling on his brain.
That was a relatively long stretch – often patients are sedated for only a few days – that doctors say indicates the senator's condition is severe, his symptoms difficult to shake, and the risk of long-term damage that could affect his ability to move and talk still significant.
Johnson was rushed to the hospital after becoming disoriented on a call with reporters and had surgery hours later.
Johnson's doctors have said that when he arrived at the hospital, he was feeling weakness on his right side. Based on that, doctors have said the tangle of vessels probably was on the left side of Johnson's brain. Damage in that area can cause permanent speech problems and areas of paralysis on the right side of a patient's body.
Dr. Keith Siller, medical director of the Comprehensive Stroke Care Center at New York University Medical Center, who is not involved in Johnson's care, said the big question, now, is how much damage Johnson's brain suffered in the initial bleed.
"The surgery does not erase the stroke that has taken place," he said.
Dr. Sean Grady, chairman of the Department of Neurosurgery at the University of Pennsylvania, said it probably will be days to weeks before doctors can judge whether Johnson will be able to speak, because the ventilator tube has obstructed his vocal cords.
The key neurological milestone will come in about three months, when doctors assess how much his brain has recovered from the injury. Typically, Grady said, recovery takes six to 12 months.
Deshmukh said in a statement that Johnson's "overall medical condition has improved steadily" since the surgery and that the senator is approaching "the next phase" of his recovery: physical therapy.
Johnson has been removed from sedation and now needs ventilator assistance only at night.
Deshmukh said the two-term Democrat's breathing is stronger and he "continues to be responsive to both his family and physicians – following commands, squeezing his wife's hand and understanding speech."
Johnson's wife, Barbara, said Wednesday that "Tim has had some challenging days since surgery, but step by step, he's been making great progress.
"We know there is a long road in front of us," she added, "but Tim's determination will make all the difference and he'll be back at work as soon as he can be."
The tangle of blood vessels that caused Johnson's illness is called arteriovenous malformation. Doctors say people are typically born with it and only suffer severe problems if the tangled vessels grow too large and

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burst, causing bleeding in the brain, as in Johnson's case.

According to the National Library of Medicine, about 300,000 Americans have the condition, but only about 36,000 show symptoms. Of those who suffer ruptures, about 10 percent die.

Sen. Johnson Angiogram Good News (RCJA)

By Bill Harlan

Rapid City Journal Johnson's Angiogram, January 4, 2007

An angiogram Wednesday morning showed no sign of the blood-vessel defect that felled Sen. Tim Johnson three weeks ago, and a neurosurgeon says the senator is being weaned off the ventilator that has helped him breath since his emergency brain surgery.

"His breathing has steadily improved and now he only requires ventilator assistance at night," Dr. Vivek Deshmukh said in a written statement released by Johnson's office.

The ventilator was necessary because fluid had developed in Johnson's lungs as a result of a leaking "arteriovenous malformation," or "AVM."

Doctors describe AVMs as tangles of blood vessels that are often present from birth. AVMs can go undetected for decades. But they also can leak, causing an "intracranial hemorrhage" that results in stroke-like symptoms.

Johnson's symptoms were first noticed when he had difficulty speaking during a conference call with reporters Dec. 13. He also had weakness on the right side of his body.

Johnson was sedated for more than two weeks after the surgery, but Julianne Fisher, a spokesman for the senator, said doctors had discontinued the sedation.

The senator's wife, Barb Johnson, said Wednesday that the family was pleased with the angiogram results.

"Tim has had some challenging days since surgery, but step by step, he's been making great progress," she said in a written statement. "We know there is a long road in front of us, but Tim's determination will make all the difference, and he'll be back at work as soon as he can be."

Deshmukh said Johnson has continued to respond to his family and to doctors. He has been following commands and squeezing his wife's hand.

Johnson also understands speech, Fisher said, but he has not spoken. The ventilator -- a mechanical device that aids breathing through an incision in the neck and a tube down the throat -- prevents him from talking, Fisher said. Doctors hope to take Johnson off the ventilator within a week, she said. Then they'll test his speech.

Fisher said Johnson's condition has steadily improved in the past three weeks but that his recovery is expected to take "several months." Treatment will include physical therapy.

Johnson remains in intensive care at George Washington University Hospital. He's still listed in critical condition, Fisher said, because he's in intensive care and because he's still using the ventilator.

Johnson's illness could have significant political consequences because Democrats hold a 51-49 majority in the upcoming Senate. Republican Gov. Mike Rounds would appoint a replacement if Johnson resigned or died, and Vice President Dick Cheney would cast tie-breaking votes in a 50-50 Senate.

However, there is precedent for senators keeping their seats while they are incapacitated, even for long periods of time.

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Johnson Recovery Expected To Require Several Months (USAT)

By Jeff Martin

USA Today, January 4, 2007

Sen. Tim Johnson, D-S.D., has been on a ventilator to help with his breathing after he developed fluid in his lungs, a doctor said today, but medical experts see his test today as a positive sign for his recovery.

Johnson underwent an angiogram this morning at George Washington University Hospital, according to a statement.

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"Today's angiogram revealed no evidence of residual arteriovenous malformation," said neurosurgeon Vivek Deshmukh said of the condition that caused bleeding in Johnson's brain.

The senator's recovery, which will involve physical therapy and rehabilitation, is expected to take several months, Johnson's office said in a statement.

Johnson "continues to be responsive to both his family and physicians— following commands, squeezing his wife's hand, and understanding speech."

Johnson underwent surgery Dec. 13 in Washington for a condition known as arteriovenous malformation. At the time, his condition put Democrats' control of the Senate in doubt. Losing the South Dakota senator could have split the chamber evenly between Democrats and Republicans, which would effectively put the chamber in GOP control, since Vice President Cheney has the power to break ties.

Though doctors had placed him on a ventilator, "his breathing has steadily improved and now he only requires ventilator assistance at night," Deshmukh said.

"My family and I are so pleased with today's angiogram results, and I want thank everyone for their constant prayers and support," the senator's wife, Barb Johnson, said in a statement.

"Tim has had some challenging days since surgery, but step by step, he's been making great progress. We know there is a long road in front of us, but Tim's determination will make all the difference and he'll be back at work as soon as he can be. We ask that everyone keep us in their prayers," she said.

Senator's Recovery Could Take Months (NYT)

The New York Times, January 4, 2007

Senator Tim Johnson's recovery from a brain hemorrhage is expected to take several months, the senator's office said. A test showed that Mr. Johnson, a South Dakota Democrat, no longer had the tangle of arteries and veins in his brain that caused bleeding last month, resulting in emergency surgery. He has been in critical condition since Dec. 13. While the statement said Mr. Johnson's overall medical condition had steadily improved, it also said he faced several months of physical therapy and rehabilitation. Dr. Vivek Deshmukh, who leads Mr. Johnson's surgical team, said in a statement that the senator "continues to be responsive to both his family and physicians — following commands, squeezing his wife's hand and understanding speech." The senator's illness raised questions about his party's keeping its one-vote majority in the Senate.

Reps. Agree To Pay Back Travel Costs (HILL)

By Susan Crabtree

The Hill, January 4, 2007

Rep. Tom Feeney (R-Fla.) and former Rep. Curt Weldon (R-Pa.) have agreed to repay the costs for two separate, privately funded overseas trips, which received new scrutiny as the scandal involving disgraced lobbyist Jack Abramoff unfolded.

One day before members are sworn in and a new Congress begins, the House ethics committee quietly released two succinct findings, concluding that the attendance by several members of Weldon's family on an undisclosed trip violated House gift rules, and that a trip Feeney took to Scotland in August 2003 with Abramoff also did not comply with House gift rules.

The panel notified Weldon that he must pay "certain expenses of the trip, which exceeded $23,000" to the trip's donors, and noted that Weldon, through counsel, had agreed to make the payments and notify the committee when he has done so.

"We intend to monitor his efforts to repay the expense and to make further public statements if necessary or appropriate," the panel reported in a written statement from Chairman Doc Hastings (R-Wash.) and ranking member Howard Berman (D-Calif.)

The committee reported that Feeney contacted it in March 2005 after media reports alleged that Abramoff had paid for the golfing trip to Scotland's renowned St. Andrews course and that the trip was substantially recreational in nature. House rules bar lobbyists from paying for members' travel, and purely recreational junkets. As required, Feeney had reported the trip, noting in his disclosure that expenses related to it totaled $5,643.

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After Feeney voluntarily provided "additional information" about the trip, the members of the panel concluded that it "did not comply with House rules," the one-paragraph release said, adding that Feeney has agreed to pay the cost of the trip to the U.S. Treasury.

"Once we found out that there was some discrepancy, we wanted to do something to make it right," said Feeney Chief of Staff Jason Roe, adding that his boss agrees with the committee's conclusions "100 percent."

The ethics committee did not disclose the details of the Weldon trip in question, noting only that it occurred in January 2003. According to PoliticalMoneyLine, the only trip Weldon took that month was to Russia on the 25th to "speak on topic (sic) of U.S. Russian energy cooperation at the opening event of a Russian energy company."

The FBI is investigating whether Weldon used his influence to help secure lobbying and consulting contracts for his daughter. In particular, the agents were looking into whether Weldon's work between 2002 and 2004 to help two Russian companies and two Serbian brothers connected to former Yugoslav President Slobodan Milosevic, according to The Washington Post.

In their three-paragraph finding, the committee yesterday said Weldon had contacted the panel prior to taking the trip to seek guidance on whether the trip complied with gift rule provisions allowing a member to accept travel and other benefits resulting from outside activities unrelated to official duties. The panel said at the time its counsel advised Weldon through his staff that he could not "rely on that provision of the gift rule." He then sought a gift rule waiver, but withdrew the request prior to a written response.

The committee reported that Weldon, through his counsel, maintained that he and the trip's sponsor believed that the trip was unrelated to his official duties and, therefore, not subject to gift-rule limitations. The panel, however, disagreed. It concluded that the trip was indeed "officially-connected," and because of that, and the fact that several members of Weldon's family had accompanied him, violated House gift rules. At the time, gift rules allowed only a spouse or child to accompany members on privately sponsored trips.

The committee also noted that it had made these conclusions and called on Weldon to pay the trip's donors in the "middle of this year." News of the FBI probe broke in the middle of a tough campaign that Weldon lost.

Gary Ruskin, who runs the Congressional Accountability Project, was not surprised that the panel waited until the last day of the 109th Congress to release the findings.

"You have to expect the worst from this ethics committee," Ruskin said. "It is unusually harsh for the toothless House ethics committee, which wouldn't even slap Attila the Hun on the wrist."

Even though Feeney voluntarily contacted the panel, Ruskin said the requirement that he pay back the cost of the trip wouldn't act as a deterrent for others because there was no censure or any other kind of punishment.

The Feeney finding also raises new questions about other members and staff who were on the Scotland trip, as well as other foreign travel that has come under FBI scrutiny in the Abramoff-related investigations.

Roe brushed off suggestions that Feeney was singled out by the ethics panel after voluntarily contacting it.

"I'm not going to pass judgment on other people's situations," Roe said. "I work for Tom Feeney and we are primarily concerned about Tom Feeney and his reputation."

The ethics committee on Dec. 29 quietly issued findings on Rep. John Conyers (D-Mich.) in the wake of allegations that members of his staff were compelled to carry out campaign-related work or personal work for the congressman. Conyers acknowledged what he characterized as a "lack of clarity" in his communications with staff members regarding their official duties and responsibilities, and accepted responsibility for his actions, according to the panel's statement.

Litmus Test For Pro-Life Democrats (WP)

By Robert D. Novak

The Washington Post, January 4, 2007

Near the top of the new Democratic congressional majority's agenda is passage of stem cell research legislation vetoed last year by President Bush, a measure that will answer a major question. There is no doubt the new bill will pass both houses of

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Congress. What remains in doubt are the votes to be cast by newly elected Democrats who campaigned as pro-life advocates, particularly Pennsylvania Sen.-elect Bob Casey Jr.

Outside the boundaries of his state, Casey is best known as the son of the Democrat most revered in the pro-life movement: the late Gov. Robert Casey. Denied the podium at the 1992 Democratic National Convention because of his antiabortion views, the elder Casey planned a serious independent campaign for president before being stopped by poor health. But will the son, less ardent a pro-lifer than the father, vote against the embryonic stem cell research bill as he promised during the campaign? Will seven self-described pro-life Democrats newly elected to the House do the same?

Casey's vote may determine whether Bush's second veto is overridden by the Senate. A veto would probably be sustained in the House, with or without help from the seven Democrats. But apart from the stem cell bill, what's at stake is whether pro-lifers have a place in today's Democratic Party. Certainly, that small fraction will be under intense pressure from party leaders.

Casey won a nationally spotlighted contest, defeating the eminent Republican conservative Sen. Rick Santorum. He cut into Santorum's conservative base by winning 36 percent of the state's hard pro-life vote.

The only recorded statement by Casey on stem cell research came in an interview on the Catholic Web site IgnatiusInsight.com on July 29, 2005: "I am and I have always been pro-life. I support the current federal policy on embryonic stem cell research and would oppose the Castle bill to expand federal support of embryonic stem cell research."

That referred to the bill sponsored by Republican Rep. Mike Castle of Delaware that died in 2006 when the House sustained Bush's veto. But a new version is likely to be considered in the Senate, where a supporter -- then-Majority Leader Bill Frist -- conceded in a private session last year that the Castle bill was flawed and needed to be rewritten.

So would Casey oppose any legislation that authorizes federally financed stem cell research on "leftover" embryos from in-vitro fertilization clinics, as the Castle bill did? Casey the younger plays his cards close to his vest, and my efforts to get a commitment one way or another from the new senator or an aide were unavailing.

This is the arithmetic in the Senate, where a vetoed bill would go first: It would take 33 senators to sustain a Bush veto, if ailing Democratic Sen. Tim Johnson (S.D.) were unable to vote. Of the 36 Republicans who voted against the Castle bill, five were defeated for reelection: Santorum, George Allen in Virginia, Conrad Burns in Montana, Mike DeWine in Ohio and James Talent in Missouri. Nebraska Sen. Ben Nelson was the only Senate Democrat who voted no last year, and that means one more Democrat would be needed this year. Casey's vote could be central.

The House sustained last year's veto by a 50-vote margin, and 13 of those members were defeated in November. So even if there are Republican defections, the burden will not fall on seven avowedly pro-life Democrats newly elected to the House: Heath Shuler (N.C.), Charlie Wilson (Ohio), Joe Donnelly (Ind.), Brad Ellsworth (Ind.), Baron Hill (Ind.), Jason Altmire (Pa.) and Chris Carney (Pa.).

But with incoming Speaker Nancy Pelosi putting this legislation on her "100 hours" list, these pro-life House Democrats nevertheless will be under intense pressure, as will Nelson; Sen.-elect Jon Tester, the pro-lifer who defeated Burns in Montana; and Bobby Casey.

Casey was embraced by pro-choice Democrats -- led by Sen. Chuck Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, and Pennsylvania Gov. Ed Rendell -- as the best bet against Santorum. But they may not have bargained on Casey opposing them on the central party issue of stem cell research. The question of how much of a pro-lifer Casey is or can be in the 21st-century Democratic Party may be answered soon.

OTHER NEWS:

Inflation Remains Chief Concern For Fed Members (USAT)

By Sue Kirchhoff

USA Today, January 4, 2007

WASHINGTON — Inflation is the Federal Reserve's top concern, despite indications the economy may be slowing more than expected, according to minutes of a Dec. 12 meeting released Wednesday.

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"Several members judged … the downside risks to economic growth in the near term had increased a little and become a bit more broadly based than previously thought," the minutes said.

"Nonetheless, all members agreed that the risk that inflation would fail to moderate as desired remained the predominant concern," according to the minutes of the policymaking Federal Open Market Committee.

The Fed voted in December to hold rates steady at 5.25%, while adding in a statement that additional rate increases were possible.

The minutes, which term the economy "probably a touch softer" than expected, also show that one member of the committee wanted the December statement changed to include the possibility of a rate cut as well as an increase.

But the emphasis was on inflation, with the minutes saying "price pressures were not viewed as convincingly on a downward trend."

Policymakers' next meeting is Jan. 30-31.

The minutes put a damper on stock and bond markets, which have been pricing in rate cuts based on slower economic activity. The Dow Jones industrial average closed at 12,474.52, up 11.37 after hitting an all-time high of 12,580.35 earlier in the day.

Stephen Stanley of Greenwich Capital Markets noted that the inflation picture has improved since the Fed meeting, but that recent data also show economic growth a bit better.

"The Fed remains firmly on hold, nowhere near a tightening or an ease (and quite possibly even further away from a move in either direction)," Stanley told clients.

The Fed raised its target for short-term interest rates from mid-2004 to mid-2006 to blunt inflation. Rates have been at 5.25% since June. Core inflation, which excludes food and energy prices, is at a 2.6% annual pace, above the Fed's informal, preferred 1%-2% range.

Recent data have been mixed. U.S. construction spending fell 0.2% in November, bogged down by the eighth monthly decline in housing. That was partly offset by strong non-residential construction.

Also Wednesday, the private Institute for Supply Management said manufacturing activity rose a bit in December as new orders and production improved. The index moved from 49.5 to 51.4. A reading under 50 signifies contraction.

Data is just one Fed concern. The new, Democrat-controlled Congress will be watching the Fed closely.

Rep. Barney Frank, D-Mass., incoming chairman of the House Financial Services Committee, said Wednesday he was concerned the Fed would use recent improvement in wages as a reason to raise rates. Rising wages help workers, but can breed inflation.

"I'm afraid … you'll have people in the Fed saying, 'Geez, wages are going up, we better raise interest rates,' " Frank said, noting wages have been stagnant in recent years. "If corporate profits go up, it's a good thing. If wages go up, it's (viewed as) a bad thing."

Fed Worry Tests Rosy Outlook (WSJ)

By Greg Ip

The Wall Street Journal, January 4, 2007

WASHINGTON -- Some Federal Reserve officials may be beginning to share the bond market's pessimism about the outlook for economic growth, a summary of the Fed's Dec. 12 policy meeting shows.

But those reservations aren't widespread, and a subsequent rebound in some recent economic indicators may have alleviated the anxiety at the Fed and lessened the odds that interest-rate cuts, which bond-market investors expect, will materialize.

A stock-market rally ended abruptly yesterday with stocks taking a sharp downward turn when the minutes were released at 2 p.m. as the market's recent optimism apparently was shaken by hints that some at the Fed have doubts about the economy. Stocks later rebounded, although they didn't recover all the lost ground (See related story.6)

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At the December meeting, Fed officials said their "outlook for economic growth and inflation...changed relatively little" from the late-October meeting. While the economy "was probably a touch softer than had been expected" then, policy makers still expected it to grow at a bit below its long-term trend over the coming year.

At that meeting, the Fed left its short-term interest-rate target at 5.25% and said afterward that inflation was its principal concern and that any decision on raising rates would depend on incoming data. The language suggested that the Fed, at least in mid-December, saw its next decision as whether to raise rates or leave them alone.

The minutes suggest Fed officials see monetary policy on hold for some months. "Nearly all members felt that maintaining the current target for now was most likely to foster moderate economic growth and a gradual ebbing of core inflation from its elevated levels."

But the summary said that "several" of the Fed's 11 voting policy makers thought the "subdued tone" of some recent economic indicators "meant that the downside risks to economic growth in the near term had increased a little and become a bit more broadly based than previously thought." One of those, whom the minutes didn't name, argued the statement released after the meeting should say rates could be either raised or lowered depending on the evolution of growth and inflation. If the Fed does adopt such a "neutral" statement in coming months, it would likely be seen as a prelude to cutting rates, which markets have expected for months despite Fed officials' rhetoric to the contrary.

ECONOMIC FORECASTING SURVEY

7

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Some of the concerns officials had about growth at the December meeting may have been mollified by recent data. Yesterday's data showed strength in nonresidential construction, a reflection of business capital spending. And an upturn in a purchasing managers' survey for December may have eased concerns of Fed officials who, at the December meeting, called manufacturing a source of "downside risk."

Also, in December, Fed officials said they didn't see signs that inflation was "convincingly on a downward trend," but subsequent data has added to the evidence that it might be.

The minutes were released yesterday, a day later than the usual three-week lag because of the day of mourning for President Gerald Ford.

Fed Remains Focused On Risks To Inflation (FT)

By Krishna Guha And Stephanie Kirchgaessner In Washington

Financial Times, January 4, 2007

The new Democrat Congress will take a tougher approach to supervising the Federal Reserve than its Republican predecessor, Barney Frank, the incoming chairman of the House financial services committee, signalled on Wednesday.

His remarks came as the Fed released minutes from its December 12 policy meeting showing it was largely unmoved by signs of economic weakness in the final months of 2006 and remained defiantly focused on the risks to inflation. The minutes, coupled with a stronger-than-expected survey of manufacturing, sent equities lower, while bond yields fell slightly.

In a speech to the National Press Club, Mr Frank said “there are people who think the Fed should be above democracy”.

He added: “We can debate the most fundamental questions in human existence, but God forbid anybody in elected office should talk about whether or not we need a 25 basis-point increase from the Fed.”

Mr Frank said interest rates were a matter of “public policy” and suggested the Democrat Congress would be both more hands-on and less deferential in its scrutiny of the Fed than the outgoing Republican Congress.

His remarks may trouble Fed policymakers, who will not want interest rate decisions to be politicised. They could also make some Fed officials additionally cautious about raising the issue of a numerical inflation objective, for fear that this could trigger a broader debate about what the Fed should target.

However, Fed insiders do not expect Mr Frank or his party to be hostile to the central bank.

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Ben Bernanke, chairman of the Fed, recognises the importance of the Fed being seen to be accountable to Congress, and has invested considerable time meeting senior elected officials, including Mr Frank. If he does decide to push ahead with an inflation objective, he will try to explain why he sees this as consistent with the Fed's existing Congressional mandate.

Nonetheless, an increase in political scrutiny would come at an awkward time, with the Fed at odds with the bond market over the prospects for the US economy. Wednesday's minutes show the Fed policymakers meeting on December 12 viewed near-term weakness as primarily the result of short-term factors that would not significantly effect the forecasts on which it bases its policy decisions.

Indeed, "the outlook for economic growth and inflation was thought to have changed relatively little since the previous meeting" in late October. All the policymakers also "agreed that the risk that inflation would fail to moderate as desired remained the predominant concern".

Fed officials did not ignore the weaker data entirely. Several policymakers judged that "the downside risks to economic growth in the near term had increased a little".

And for the first time in recent months, one committee member suggested the Fed explicitly refer to the possibility that it might have to cut rates if growth weakened further.

However, the tone of the minutes suggests the Fed still does not buy the market's view that the economy faces sustained weakness that will demand interest rate cuts. Wednesday's data appeared to support that view.

The Institute for Supply Management said its index of manufacturing activity climbed into positive territory in December.

The index rose to 51.4 last month after its worst reading in five years in the previous month, when it fell below the 50 mark – indicating a contraction.

Additional reporting by Anuj Gangahar in New York and Eoin Callan in Washington

Fed Reveals Concern Over Housing Slump (WP/AP)

By Jeannine Aversa And Tim Paradis

The Washington Post/AP, January 4, 2007

Heightened concern about a harsher-than-expected housing slump was a key factor in the Federal Reserve's decision to hold interest rates steady at its policymaking meeting last month.

Minutes of the Fed's deliberations, released yesterday, show that policymakers expressed worry over the real estate bust while they repeated that their aim was to make sure inflation continues to recede.

The bleak assessment of the housing market unnerved investors who were betting that the sector's problems would not spill over into other sectors of the economy. Release of the minutes sapped strength from the market on a day that had seen triple-digit gains and a new trading high for the Dow Jones industrials. The Dow ended the day up 11.37, or 0.09 percent, at 12,474.52.

"The concern is that the Fed was seeing something at their last meeting that suggested potentially more pronounced weakness than we had all been anticipating in the economy," said Drew Matus, senior economist at Lehman Brothers.

The Fed left its benchmark short-term interest rate unchanged at 5.25 percent last month, its fourth straight meeting without changing the rate. But the Fed also left the door open to a rate increase, if needed, to thwart inflation.

However, one Fed member, who was not identified in the minutes, said the central bank should have held out the possibility of a rate cut. That member thought the Fed's statement last month "should emphasize that policy could be adjusted in either direction, depending on the evolution of the outlook for inflation and economic growth."

The Fed's statement after the meeting, however, did not speculate about a rate cut. Rather, policymakers stuck to previous language about the possibility of a rate increase, something most economists think is not likely to happen.

Many economists say the Fed will hold rates steady at its next meeting, Jan. 30-31, and further into the new year. The next rate move, many analysts and investors say, will probably be a rate cut later in 2007.

At their December meeting, Fed policymakers said economic growth had slowed in 2006, partly reflecting a "substantial cooling" of the housing market. That description went beyond the Fed's previous assessment in late October and suggested that a sharper slump in housing could be taking place.

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The policymakers suggested that the economy was in for sluggish growth because of the housing slump and that people needed to stay alert for signs that weakness in housing could infect the rest of the economy.

The minutes noted that growth in business investment had slowed and manufacturing had cooled, in part reflecting the struggling automotive industry. Consumer spending -- the lifeblood of the economy -- seemed to be holding up fairly well, yet there were risks that could change.

"Considerable uncertainty regarding the ultimate extent of the housing market correction meant that spillovers to consumption could become more evident, especially if house prices were to decline significantly," the minutes said.

Meanwhile, policymakers also made clear that they wanted to see "core" inflation, which excludes food and energy prices, move lower. They stuck to their forecast that this was likely to occur in the months ahead.

That said, "all members agreed that the risk that inflation would fail to moderate as desired remained the predominant concern," according to the minutes.

Fed's Ideal Rate Of Growth Could Be Slower In The Future (WSJ)

By David Wessel

The Wall Street Journal, January 4, 2007

It is easy to cast this as an academic, number-clogged debate. In fact, it is an instance where what the Fed thinks matters to all of us, not just bond traders. The Fed's estimate for trend growth determines whether officials will let the economy expand at, say, 3% on average, or just 2.75%. The difference sounds small, but adds up over time. An extra one-quarter percentage point in annual growth would mean $130 billion more goods and services for Americans to share by 2026.

An economy's speed limit is largely defined by two factors: how rapidly the number of workers increases and their "productivity," or how much each of them produces.

The Fed doesn't disclose its precise projection for the safe speed limit. A public summary of Fed officials' October meeting noted that "the staff...had again reduced its projection for potential...growth." The comment followed a research paper that argued that something significant is happening to the U.S. labor force: Growth is slowing, and the phenomenon isn't temporary. The aging of the big baby-boom generation is bringing it to the brink of retirement, and the proportion of women who work seems to have peaked.

Nothing is certain here. Improved health and longevity or skimpier pensions may keep baby boomers working longer. Technology may reduce employers' demand for labor. Immigration could increase. Fed Chairman Ben Bernanke, in a speech in November, said: "Some slowing in the growth of the labor force...seems likely over the next few years at least." Fed board member Susan Bies has noted that a 0.2-percentage-point slowdown in labor-force growth means it takes fewer new jobs to keep the nation's unemployment rate steady -- 110,000 jobs a month, instead of 140,000 a month.

Productivity is particularly tough to forecast. After a remarkable spurt that survived the bursting of the tech-stock bubble, the Sept. 11, 2001, attacks, and the energy-price increases exacerbated by war in the Middle East, there are some signs that productivity growth may be slowing a bit from the pace of the early 2000s.

Former Fed Chairman Alan Greenspan made the call of his career when he saw, before nearly anyone else, that productivity was taking off in the mid-1990s. His successor hasn't, yet, joined the productivity pessimists. "I remain optimistic," Mr. Bernanke said in November, "that the recent favorable [productivity] trends will continue." He pointed to the continued decline in the price of computer power and said that was spurring on biotechnology and other new industries, while increasing the efficiency of old ones.

The just-released minutes of the Fed's December meeting record concern that the underlying pace of productivity growth "could be weaker than currently thought."

Bank of America economists Mickey Levy and Peter Kretzmer point out in a recent research note that even if marked down a bit, the potential growth rate of the U.S. economy remains higher than that of nearly any other industrialized country -- roughly 3% for the U.S. by today's consensus, versus 2% or 2.25% for continental Europe and 1.75% for Japan.

That means the overall U.S. economy will be even bigger relative to Europe and Japan 20 years hence than it is now. It doesn't mean Europeans and Japanese will be miserable: With a slower-growing population, it takes less growth to deliver rising

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living standards to each person. (A country with a population increasing 10% a year has to have economic growth of 10% a year just to break even.)

The Fed can't turn the dials on population growth or on productivity. All it can do is try to gauge trends accurately. Continued strong productivity growth will lead the Fed to tolerate faster economic growth. That puts the onus on the rest of the society -- business, unions, workers, regulators, legislators, schools -- to work at doing what is possible to maintain healthy productivity growth, the secret to prosperity for our children and grandchildren.

US Markets Surrender To Inflation Fears (FT)

By Michael Mackenzie And Anuj Gangahar

Financial Times, January 4, 2007

US stocks surrendered a firm start to the new trading year on Wednesday after the Federal Reserve signalled there was little chance of an interest rate cut until core inflation moderates.

Stock investors returned from a four-day break amid lower oil prices and evidence of better-than-expected holiday retail sales. The bullish mood continued after a manufacturing survey proved to be stronger than expected and price pressures fell, reducing inflation fears.

The Dow Jones Industrial Average set a new intra-day record high of 12,580.35 during morning trade, while technology shares boosted the Nasdaq Composite.

Stocks then pared some of their gains ahead of the Fed's December meeting minutes being released. The Fed then released minutes from its December 12 policy meeting showing it was largely unmoved by signs of economic weakness in the final months of 2006 and remained defiantly focused on the risks to inflation.

Selling erupted at policy makers' concerns over core inflation. "The market was set up for a bout of profit taking this week, it just required a catalyst," said Marc Pado, chief market strategist at Cantor Fitzgerald.

He expects choppy trading will continue until next week and then the focus will shift to fourth-quarter earnings results.

At the close, the S&P 500 fell 0.1 per cent, or 1.53 points, to 1,416.77. Industrials was the best performing main group in the index while the energy sector led losses.

The Nasdaq Composite, led the leading averages, rising 1.6 per cent at one stage before it settled 0.3 per cent, or 7.87 points, firmer at 2,413.87. The Dow closed 0.1 per cent, or 11.37 points, higher at 12,474.52.

Earlier in the day US stocks and bonds had staged a powerful surge as investors responded to news of a stronger than expected holiday shopping season, fresh economic data on employment and a decline in oil prices.

A decline in oil prices added to the strong sentiment that drove the Dow Jones industrials to a triple-digit or 0.9 per cent advance and a new trading high of 12,580.35 before midday in New York. Crude oil fell to less than $60 a barrel as the mild weather in the northeast US curbed heating demand.

Investors appeared to shrug off a weak employment report from a division of payroll company Automatic Data Processing that unnerved the bond market briefly early in the day.

Bonds rose in response to the ADP report, with the yield on the benchmark 10-year Treasury note falling to 4.69 percent from 4.71 percent late on Friday. Analysts said the report might improve the chances for an interest rate cut in the early part of the year.

With markets closed on Tuesday to mark the funeral of President Ford, Wednesday marked the end of the longest hiatus on Wall Street since the aftermath of the September 11, 2001 terrorist attacks.

Stocks Give Up Early Gains (WSJ)

By Worth Civils

The Wall Street Journal, January 4, 2007

The New Year's celebration on Wall Street was short-lived, as stocks gave up big gains that had taken the Dow Jones Industrial Average to a new intraday high Wednesday, the first trading day of the year after a four-day break.

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Traders weighed mixed economic data and the minutes from the latest meeting of Federal Reserve policy makers. A key manufacturing report was stronger than expected, allaying fears of a recession, but a weak forecast of monthly payrolls data to be released Friday surprised and unnerved some investors.

The Fed minutes showed1 policy makers were more worried about an economic slowdown, but were also still on the lookout for inflation pressures, indicating they could keep rates unchanged for a while. "My sense is that the minutes amplified the…growing perception that [the Fed] is not cutting rates anytime soon," said Peter Hooper, chief economist at Deutsche Bank Securities.

The combination of slowing growth and a still-hawkish Fed was not welcomed by stock investors, many of whom had expected a cut in interest rates early this year. Helped in part by stock gains in foreign markets on Tuesday, the Dow industrials were up more than 100 points earlier in the session, reaching a new intraday high of 12580.35 on the back of Wal-Mart Stores and Home Depot. But the gains slowly eroded in afternoon trading, with most of the losses coming after the Fed minutes were released at 2 p.m. EST.

The Dow, which fell more than 50 points into the red at one point, finished the day up just 11.37 points at 12474.52. The biggest decliner was General Motors, off 4.1% amid disappointing auto sales last month. Exxon Mobil lost 3.3% as crude-oil prices sank $2.73, or 4.5%, to $58.32 a barrel on the New York Mercantile Exchange.

Other averages also turned negative after broad gains earlier in the session, with the S&P 500-stock index off 1.67 to 1416.63 for the day. The technology-heavy Nasdaq Composite Index, which had been up as much as 1.5% earlier, finished ahead 7.87 at 2423.16, helped by a 1.6% gain in Dell shares and a 1.5% rise by Cisco Systems.

Some observers were skeptical of the Fed-induced selloff. "I don't understand what the reaction was to the minutes -- they were not that different than before," said David Wyss, chief economist at Standard & Poor's. "I think to some extent, the minutes were more of an excuse than a reason," Mr. Wyss said. He thinks some of pullback can be attributed to tax-related selling. "There is a tendency to rebalance [portfolios] after the first of the year," he said.

The volatile action Wednesday could also reflect still holiday-thin trading desks, as the stock market is open only three days this week after a four-day break, the longest since the aftermath of the Sept. 11 terrorist attacks. The market was closed Monday for New Year's Day and Tuesday in honor of former President Gerald R. Ford, who died last week.

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Dow Drops on Last Day of 20068

In economic data, the Institute of Supply Management's manufacturing survey for December beat expectations9, coming in at 51.4. It fell last month below the 50 mark, indicating contraction in the sector, for the first time since early 2003. The slowdown in another closely watched sector of the economy, housing, hit construction spending, which the Commerce Department said fell 0.2% in November, following declines in previous months.

Earlier, Automatic Data Processing estimated that private, non-farm payrolls shrank by 40,000 jobs in December, the first negative reading on job growth in more than three years. Several economists lowered their own forecasts after the ADP figure, even though it has proved unreliable in the past. The consensus estimate for December's report is for total payroll growth of 115,000 jobs.

Monthly auto sales reports10 mostly disappointed investors, as well. Ford Motor and GM both reported a 13% drop in U.S. sales last month. Chrysler said its December sales rose less than 1% amid a new customer-incentive plan. In addition to GM's slide, shares of Ford were flat, while the American-traded shares of DaimlerChrysler were ahead 1%.

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Home Depot got a 2.3% boost after it announced that Bob Nardelli will leave11 his position as chairman, president and CEO. Frank Blake, the retailer's current vice chairman of the board and executive vice president, succeeds Mr. Nardelli, effective immediately. Wal-Mart was up 3% after the giant retailer said December same-store sales were expected to be up 1.6% over year-earlier levels, well above the company's previous estimate of a 1% gain.

In major market action:

Stocks rose12. On the New York Stock Exchange, 1,815 stocks advanced and 1,610 declined on volume of 2.07 billion shares.

Bonds were up.13The 10-year Treasury note added 6/32, or $1.88 per $1,000 invested, to yield 4.66, and the 30-year bond gained 12/32, yielding 4.77%.

The dollar advanced.14The euro traded at $1.3161 from $1.3279 late Tuesday, and the dollar was at 119.39 yen from 118.81 yen.

Markets Finish Mixed As Fed Hints At Nagging Concern With Inflation (NYT)

By Vikas Bajaj

The New York Times, January 4, 2007

Stocks surged early yesterday, the first trading day of 2007, but fell sharply after minutes from a Federal Reserve meeting indicated that inflation remained the chief concern of policy makers even as they started to worry about a weakening economy. Markets closed mixed for the day.

The Standard & Poor's 500-stock index closed down slightly, at 1,416.63, after being up 0.8 percent. The Nasdaq composite index surged 1.6 percent early, but reversed course in the afternoon, falling 0.9 percent; it closed up 7.87 points, or 0.33 percent, at 2,423.16.

The Dow Jones industrial average also seesawed to a modest gain of 11.37 points, closing at 12,474.52. Bonds were up slightly and the dollar rose against the euro and yen.

Like markets in Europe and Asia, American stock markets, which were closed Tuesday in observance of the day of mourning for President Gerald R. Ford, began the year on an upbeat note. Investors were encouraged by Wal-Mart's posting of sales that were stronger than expected, and by a report showing an increase in manufacturing activity last month.

But the rally started to sag in early afternoon and collapsed shortly after the Fed released the minutes of its Dec. 12 meeting. Energy stocks were among the biggest losers as crude oil futures fell by $2.73, to $58.32 a barrel, the first time they have closed below $60 since November.

The Fed, as it has done repeatedly in recent months, indicated in its minutes that while inflation had moderated, the central bank's policy makers were worried that it remained too high and that they might need to raise short-term interest rates. The minutes noted, however, that one unnamed member of the policy-making committee wanted the Fed to acknowledge that it could also cut rates to reinvigorate the economy.

"It was a blunt reminder to the stock market that the Fed's going to err on the side of avoiding inflation," said Ethan S. Harris, chief United States economist at Lehman Brothers.

Stocks climbed steadily in the last six months of 2006, partly on the expectation that the Fed, which last raised interest rates in June, to 5.25 percent, would start cutting rates in the first half of 2007. But some economists and market specialists have suggested that that view was inconsistent with investors' optimism that the economy and corporate profits would hold up well in the coming year.

"There is a sense in the stock market that you can have your cake and eat it too, that you can have good growth and rate cuts from the Fed," Mr. Harris said.

The bond and futures markets, by contrast, have become a little less hopeful in recent weeks about interest rate cuts, and are now priced with the expectation that the Fed's first rate cut will come in late June. Yields on the 10-year Treasury note, which move in the opposite direction of the price, have risen to 4.66 percent, from a low of 4.02 percent at the start of December. Bond prices and yields were little changed in yesterday's trading after the Fed's announcement.

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"The bond market got the reaction to the Fed minutes right," said Joseph Biondo, a senior portfolio manager at Biondo Investment Advisors, "and the stock market didn't."

Still, market specialists said the stocks' late-afternoon recovery suggested that investors were not as moved by the Fed as it first seemed. Also, the energy sector was responsible for much of the decline in stock prices — the S.& P. Energy index fell 3.7 percent for the day. Analysts said warmer-than-expected temperatures on the East Coast helped drive down prices for crude oil and other commodities.

Another concern for the markets is the possibility that profit growth will slow. Companies will start reporting results for the fourth quarter later this month and, for the first time in four and a half years, profits may not post double-digit gains, said Sam Stovall, chief investment strategist for S.& P.'s Equity Research Service. He said he expected stocks to register a gain in 2007, but that the markets might first experience a correction typically seen late in an economic expansion.

US Manufacturing Pulls Back From Brink Of Recession (FT)

By Eoin Callan In Washington

Financial Times, January 4, 2007

The US manufacturing sector bounced back from the brink of recession last month as factory activity rose in December after a slump.

The Institute for Supply Management said on Wednesday that that its index of manufacturing activity climbed into positive territory, rising to 51.4 last month after its first negative reading in five years.

A reading below 50 indicates contraction, one above 50 signals expansion.

The rise in the index was greater than economists expected and signals that factories are continuing to expand in spite of recent weakness in a number of key sectors. Computer and auto makers reported a pick up in demand, while chemicals manufacturers experienced a slowdown.

Manufacturers remain upbeat about the year ahead and are looking to overseas demand to offset a slowdown in domestic orders.

Jeoff Hall, an economist at Thomson Financial, said: "The manufacturing recession will be shallow and not tip the wider economy into recession. Given the high level of export orders, we were surprised to see such a rapid deterioration in business conditions recently."

Investors responded positively to the benign economic data, propelling US stocks higher on the opening trading day of the year. The Dow Jones Industrial Average touched a new intra-day record high of 12,566.57.

However, there was continued weakness in residential construction activity as spending fell, according to a separate report, but the decline was less than expected.

Why Manufacturing Shows Resilience (WSJ)

By Timothy Aeppel

The Wall Street Journal, January 4, 2007

U.S. manufacturing is showing surprising resilience in the face of a sharp slump in autos and housing, and in the coming year it is expected to expand roughly in line with the overall economy.

A closely watched manufacturing index turned positive in December, reversing a decline the month before that had sparked gloom about the outlook for the sector. New orders and production both edged up last month, while pricing pressures eased.

IN SUMMARY

• The News: A new report points to unexpected vitality in factory sector.

• The Background: After a prolonged boom, many manufacturers got stuck with excess inventories as the economy slowed in recent months.

• The Bottom Line: No manufacturing recession, but growth in the sector will fall into line with slower growth of the larger economy.

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Norbert Ore, an economist at the Institute for Supply Management, which released the report yesterday, said some manufacturers are suffering -- including makers of housing-related products from bricks and backhoes to rugs and refrigerators. "But there are also pockets of strength," he said, such as oil exploration and aerospace.

Manufacturing is just one part of the nation's economy that has been sending mixed signals lately. Another report released yesterday suggests the U.S. job market may have shed workers in December. Private employment fell a seasonally adjusted 40,000 last month, according to a report by Automatic Data Processing, the payroll-processing company, and Macroeconomic Advisers, an economic-forecasting firm. The government releases its monthly jobs report tomorrow.

Separately, the U.S. Commerce Department said yesterday that total construction spending fell 0.2% in November to a seasonally adjusted annual rate of $1.184 trillion. That report also offered a mixed picture, with residential construction down 1.6% from the previous month, the eighth consecutive monthly decline, while nonresidential construction of hotels and office buildings rose 1.2%.

Manufacturing is coming off a boom that prompted producers to expand. Factory construction rose 20% last year and, in many cases, manufacturers ended up with bloated warehouses as economic growth cooled in recent months. While the economy expanded an estimated 3.3% last year, manufacturing output surged 4.8%.

That is likely to change. "What you're going to see, going forward, is a manufacturing sector that, instead of growing a lot faster than the overall economy, will be growing more in line with the economy," said David Huether, chief economist at the National Association of Manufacturers. Forecasters expect the U.S. economy to expand about 2.3% this year.

The Manufacturers Alliance/MAPI, an Arlington, Va., policy and research group, is predicting a "pronounced slowing" in manufacturing growth this year. For instance, household-appliance production is expected to decline 5% and output of heavy-duty trucks to fall 23%. Surging demand for cellular phones and digital televisions is set to push up semiconductor shipments 10% this year and shipments of airplane parts 9%.

Machinery production has been one of the bright spots for manufacturing during the past two years and, overall, is expected to remain robust. But Daniel Meckstroth, one of the group's economists, noted that output of construction machinery is expected to slide 1% in 2007, as a result of the housing slump, while output of oil and gas machinery is expected to grow 11% and industrial machinery 8%.

One nagging problem is inventories. As long as producers are stuck with excess goods, they will be focused on curbing output in line with demand. The latest ISM report showed customer inventories stood at 50.5% in December, the third straight month above 50%, which indicates that inventories are too high. Inventories of autos are particularly large.

Van Jolissaint, chief economist of auto maker DaimlerChrysler AG, said he thinks most of the big production cuts already have been made in his sector and that conditions should improve by the second half of the year, particularly if employment and income gains don't falter.

As the year progresses, he added, the housing sector should bottom out, too. "I'm actually pretty optimistic, not from the auto point of view, but from the point of view of the overall economy in 2007," Mr. Jolissaint said.

Many U.S. manufacturers are counting on exports to soften the blow of slower growth at home. Nordson Corp., a Westlake, Ohio, maker of machines used to spread adhesives on assembly lines, sells two-thirds of its machines outside the U.S. and says surging exports have more than offset the drop in sales at home. The company expects strong overseas growth to continue this year.Some sectors face an uncertain future. "We saw the contraction in housing hit us fairly rapidly this last fall," said Fletcher Steele, president of Pine Hall Brick Co. in Winston-Salem, N.C. Sales at the closely held company plunged 30% in November from a year earlier and were down 20% in December, he said.

Pine Hall, which sells more than 80% of its bricks to homebuilders, has idled half of the eight kilns in its four factories in North Carolina and Georgia. The company normally builds inventories during the slow winter months, but this year Mr. Steele isn't sure how much inventory building he will do.

The recent decline in commodity prices has been a double-edged sword for manufacturers. Less costly commodities, which translate into lower raw-materials costs, are a welcome break for factories after several years of hefty increases; yesterday, sharp declines in metals prices pummeled mining stocks, sending Freeport McMoRan Copper & Gold Inc. plunging $5.24, or 9.4%, to $50.49 as of 4 p.m. New York Stock Exchange composite trading.

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Many manufacturers, however, built up supplies of metals and other commodities when prices were high, anticipating further price increases. Those companies now are stuck with pricey stockpiles and are unlikely to feel any immediate relief from lower raw-materials prices.

Another uncertainty dogging manufacturers is the value of the dollar. Ronald DeFeo, chief executive of Terex Corp., a Westport, Conn., maker of mining and construction machinery, says he worries the dollar's value could continue to fall relative to other major countries. While the weaker dollar benefits his big factory in Redmond, Wash., which makes aerial platforms that are exported world-wide, it hurts his crane and other equipment operations in Europe.

Small Employers Struggle To Fill Jobs (USAT)

By Jim Hopkins

USA Today, January 4, 2007

SAN FRANCISCO — Small employers ramping up hiring plans to levels not seen in two years face a labor shortage that's forcing many to increase wages and benefits.

The pinch is tightest in 26 states with below-average jobless rates, new Labor Department data and private surveys show. More than half those states are especially dependent on small employers, those with fewer than 500 workers.

Nationwide, the share of small firms planning to hire through early 2007 rose to 19% in November from 16% the month before, say surveys by the National Federation of Independent Business trade group. November's share was the highest since November 2004.

In New Hampshire, Jody Rodgers plans to hire up to 20 workers as she expands her 55-employee pet boarding and grooming chain, The Barking Dog. She offers "great benefits," including health insurance, bonuses and paid vacations.

Still, Rodgers struggles to find qualified applicants amid a tight labor supply. "It's not pretty out there," she says.

New Hampshire is one of the 26 states. Its jobless rate rose slightly to 3.5% in November. But it remains well below the 4.5% U.S. average.

Small-business advisers say many of the USA's 5.7 million small employers must consider raising wages and adding benefits such as flexible working hours to better compete with big corporations.

"This position that you have traditionally paid $12 an hour for, you're going to need to now pay $14 to $15 an hour," says Sandra Dickerson, CEO of Your People Professionals, a recruiter and employment manager in Santa Maria, Calif.

The National Federation of Independent Business says wages already are headed higher. In November's survey of 451 companies, 20% planned to raise wages, up from 18% the month before.

"More owners are paying more, trying to keep workers and to get workers," says Bill Dunkelberg, the 600,000-member trade group's chief economist.

Small employers that don't want to raise wages can try other carrots that don't require spending more right away, says Tim Doherty, CEO of Doherty Employer Services in Minneapolis. Non-cash incentives include letting employees work from home one day a week or giving more personal time off.

Those are options small companies can offer to be more competitive with corporate giants that have less-flexible workplace policies. "They don't need to be bound by large-company constraints," Doherty says.

A Mostly Winning Economy (LAT)

The Los Angeles Times, January 4, 2007

ECONOMIC PROSPERITY prompts presidents to exaggerate their influence, while privation causes them to lament their impotence. So it was hardly surprising to hear President Bush emerge from his first Cabinet meeting of 2007 on Wednesday talking about "the need to keep this economy growing by making tax relief permanent." Bush's fondness for his first-term tax cuts, most of which are to expire in 2010, is well known. But if he and Congress want to keep the economy growing, they should shore up its foundation.

The economy enters the new year riding a couple of winning streaks. The U.S. gross domestic product has been growing for a record 20 consecutive quarters, and blue-chip companies in the Standard & Poor's 500 have racked up 18 straight quarters of 10% or greater increases in profits. Those streaks began before the Bush tax cuts took full effect, though they have been

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abetted by the twin stimuli of the tax cuts and large increases in federal spending. "Making tax relief permanent" makes for a good political sound bite, but it hardly amounts to economic policy.

Nevertheless, there's some grumbling about the prospects for 2007, particularly for those outside the executive suite. The deflation of the housing bubble continues, taking a toll on the residential construction industry and putting a damper on consumer spending. The long decline of the U.S. industrial sector, most evident in the auto industry, continues as well.

Yet the economy may be able to dodge those bullets. Housing sales crept upward at the end of the year. Moreover, with the decline in homebuilding, the price of materials has fallen, helping other construction sectors. At the same time, low interest rates, reduced energy prices and strength in other parts of the economy have led most forecasters to predict continued GDP growth in 2007.

Boosting the industrial sector is a harder task. Some Democrats on Capitol Hill, along with some liberal think tanks and advocacy groups, have raised the specter of protectionist trade policies and new rules to limit offshoring. When combined with higher barriers to immigration, they say, these policies would also help narrow the gap between the wealthiest Americans and everybody else. Such steps would be misguided, particularly at a time when the tightening labor market has finally started to drive up real wages.

In the long term, the best ways to improve wages are to create more highly skilled workers and provide a larger market for their talents. House Democratic leaders already have acknowledged this; when they unveiled their economic strategy in November 2005, one of the first three planks called for training more scientists and engineers and extending high-speed Internet access throughout the country.

In times of relative prosperity, Washington has the luxury of focusing more on the long term. Congressional Democrats should use this moment to promote policies that help more Americans share in the nation's economic growth, not to advocate for a return to a less globalized, more protectionist era. Bush, for his part, should be looking for ways to minimize the effect of the tax code on the economy, not embellishing its effect.

Gerald Ford Is Laid To Rest In Michigan (AP)

By Kathy Barks Hoffman

AP, January 4, 2007

Gerald R. Ford was laid to rest on the grounds of his presidential museum Wednesday after eight days of mourning and remembrance that spanned the country, from the California desert to the nation's capital and back to Ford's boyhood home.

The sunset burial capped the official mourning for the 38th president, from services in California, to ceremonies at the nation's capital, and a 17-hour viewing Tuesday night and Wednesday at the museum in his hometown.

At a graveside service that included a 21-gun salute and a 21-aircraft flyover, Vice President Dick Cheney presented former first lady Betty Ford with the American flag that was draped over her husband's casket.

Earlier at the Ford family's longtime church, Ford was remembered as a man not afraid to laugh, make tough decisions or listen to the advice of his independent wife in eulogies delivered during a funeral at the church the couple attended for six decades.

An honor guard carried the casket inside Grace Episcopal Church, where Ford's defense secretary, Donald Rumsfeld, and Ford's successor, Jimmy Carter, recalled his public service.

His widow, Betty, wiped away tears as she sat with the couple's four children and more than 300 dignitaries and family friends, including Vice President Dick Cheney and golfing legend Jack Nicklaus.

"He was one of us," Rumsfeld said, "And that made him special and needed in a dark and dangerous hour for our nation."

Rumsfeld, who recently left his post as President Bush's defense secretary, remembered Ford as a courageous and steady leader who healed the nation after Watergate.

Rumsfeld said the Navy is considering naming a new aircraft carrier after Ford, a Navy veteran. A decision is expected later this month.

"How fitting it would be that the name Gerald R. Ford will patrol the high seas for decades to come in defense of the nation he loved so much," he said.

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Carter described the close personal friendship he and Ford developed over the years.

"I relished his sound advice," Carter said as his wife, Rosalynn, cried. "I want to thank my predecessor for all he did to heal our land."

Thousands of flag-waving mourners lined the roads under sunny skies as the motorcade bearing Ford's casket traveled between his presidential museum in downtown Grand Rapids to the church, before returning to the museum.

The viewing had to be extended Wednesday until nearly noon so everyone in line could pay their respects. Some 57,000 mourners waited hours to file past the flag-draped casket during the night. Some stopped and made silent prayers.

"We're here to honor him," said Philip Bareham of Lansing, who was the last person to view the casket and whose parents were among Ford's earliest supporters and political allies. "We just love this family. They are so down to earth."

Ford represented Grand Rapids in Congress for 25 years. His family had belonged to Grace Episcopal Church since the early 1940s.

Richard Norton Smith, an author, presidential historian and former director of Ford's museum and library, reminded mourners how important Ford's hometown was to him.

"Grand Rapids returned his affection many times over," which was "unforgettably demonstrated by the tens of thousands who stood in line for hours outside the museum, braving the cold to assure that his last night was anything but lonely," Smith said.

Draped over the back of one pew at the funeral was a blue blanket with the letter "M" emblazoned on it, symbolizing Ford's alma mater, the University of Michigan, where he played football for national championship teams in 1932 and 1933.

Many of the mourners at the museum and lining the roads during his funeral procession on Wednesday wore Michigan hats and sweat shirts in his honor.

Ford, who became president after Richard Nixon resigned, died Dec. 26 at his home in Rancho Mirage, Calif. He was 93.

Pride, Grief Flow As Ford Laid To Rest In Hometown (USAT)

By Judy Keen

USA Today, January 4, 2007

GRAND RAPIDS, Mich. — Gerald Rudolph Ford was buried on a hillside at his presidential museum Wednesday after a poignant send-off from his hometown and tributes from a protégé and a former rival.

The final moments of a week-long commemoration of the 38th president's life were marked by a 21-gun salute, a bugler sounding tapsand a flyover of 21 military jets in the "missing man" formation, with one jet veering off from the others.

Betty Ford sat at the gravesite as the U.S. Army Chorus sang Goin' Home. Her daughter, Susan Ford Bales, put an arm around her mother to comfort her.

As Eternal Father, Strong to Save was played and the sun neared the horizon, Vice President Cheney presented the U.S. flag that had covered Ford's casket to the former first lady. She kissed the folded flag.

Ford died Dec. 26 at his home in Rancho Mirage, Calif. He was 93.

The funeral, which Ford helped plan, prompted tears and laughter from family, friends and politicians. Mrs. Ford dabbed her eyes with a handkerchief as the casket was carried down the aisle of Grace Episcopal Church in East Grand Rapids.

She smiled, though, when Donald Rumsfeld, who served as her husband's Defense secretary and White House chief of staff, began his eulogy. He described the former president as "one of us." Sniffing back tears, he said Ford was "special and needed in a dark and dangerous hour for our nation" after President Nixon's resignation in the wake of the Watergate scandal.

Neighbors and friends

Jimmy Carter, who beat Ford in the 1976 presidential election, began and ended his eulogy with the first sentence of his inaugural address. "For myself and for our nation, I want to thank my predecessor for all he has done to heal our land," Carter said, his voice breaking, after describing the "intense personal friendship" he and Ford shared after their White House years.

Betty Ford, 88, sat with her daughter and sons Michael, Jack and Steven. Michael and Steven Ford gave readings, and three of the Fords' grandchildren read prayers at the funeral, which ended about an hour behind schedule.

In the other front pew were Cheney and his wife, Lynne; Carter and his wife, Rosalynn; and Rumsfeld and his wife, Joyce. Nearby, a blue stadium blanket was draped over a pew to honor Bo Schembechler, the former football coach at Ford's alma

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mater, the University of Michigan. Schembechler died in November. Ford's passion for another sport was represented, too: Golfer Jack Nicklaus was an honorary pallbearer.

Ford lived in California for his last 30 years, and services for him were held in Palm Desert, Calif., and in Washington, D.C. But the farewell in this city of 164,000 was different. There was a heartfelt outpouring of pride and grief from people who consider themselves his neighbors and friends.

Thousands of people lined the streets and bridges between the church and the museum. Some wept or waved flags as the black hearse with presidential seals on its doors moved slowly past.

The skies were clear with a steady breeze, but temperatures were in the 40s.

Military officials said about 57,000 people filed past Ford's casket during 18 hours of public viewing in the museum. Ryan Sharpe, 25, a computer software technician, was born after Ford's presidency, but he came to represent family members who couldn't be here.

"He was a simple man, somebody you might want to have a beer with," Sharpe said. "I just wanted to say, 'Rest in peace, Mr. President.' "

Antoinette Tomaszewski, a floral designer in her 50s, said a prayer as she walked by the casket. "You could feel a quieting come over you," she said. "All we can do is pray for him now." The visit was important to her because Ford's signature is on the naturalization papers of her father, an immigrant from Kiev, Ukraine, she said.

"You could hear a pin drop," said Bill Kleinhans, 59, who helps inventors market their products. "You feel a sadness at the loss of such a great man, but the good part is that his life story is now being told — things like his personal integrity."

'I'm from Grand Rapids'

Ford loved his hometown. His mother brought him here from Omaha when he was just 2 weeks old. He was a football star at South High School, which is now the Gerald R. Ford Job Corps Center. He worked in a paint store and at a hamburger stand.

He came back after attending Yale Law School to open a law practice and later represented Grand Rapids in Congress for a quarter-century. In August 1947, mutual friends introduced him to a local woman, Betty Bloomer Warren. They were married for 58 years.

"The proudest boast I can make is that I'm from Grand Rapids," Ford said in May 2000 after the airport here was renamed for him. "About 86 years ago, the people of Grand Rapids took me in for the first time," he said. "Their hearts, their support have never faded. What I've accomplished in this life, I owe to Grand Rapids."

In his eulogy, Richard Norton Smith, former director of the Gerald R. Ford Museum and Library, recalled Ford recently saying, "When I wake up at night and can't sleep, I remember Grand Rapids."

Because tens of thousands of people lined up through a cold night to say goodbye, Smith said, "His last night was anything but lonely."

Ford Buried At Presidential Museum In Michigan (WT/AP)

The Washington Times, January 4, 2007

GRAND RAPIDS, Mich. (AP) -- Gerald R. Ford was laid to rest on the grounds of his presidential museum yesterday during a ceremony watched by thousands who lined streets and bridges to catch a glimpse of history.

The sunset burial capped the official mourning for the 38th president, from services in California to ceremonies in the nation's capital to a 17-hour viewing Tuesday night and yesterday at the museum in his hometown.

At a graveside service that included a 21-gun salute and a 21-aircraft flyover, Vice President Dick Cheney presented former first lady Betty Ford with the American flag that was draped over her husband's casket.

At the funeral, former Defense Secretary Donald H. Rumsfeld -- who held the same position in Mr. Ford's administration -- announced that the Navy will name its next aircraft carrier USS Gerald R. Ford.

The Navy had not planned to make the announcement so quickly, but Pentagon officials later confirmed what Mr. Rumsfeld said during his eulogy at the funeral.

"How fitting it would be that the name Gerald R. Ford will patrol the high seas for decades to come in defense of the nation he loved so much," Mr. Rumsfeld said.

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In eulogies delivered during a funeral at the church that Mr. and Mrs. Ford attended for six decades, the former president was remembered as a man not afraid to laugh, make tough decisions or listen to the advice of his independent wife.

An honor guard carried the casket inside Grace Episcopal Church. Both Mr. Rumsfeld and Mr. Ford's successor, Jimmy Carter, recalled his public service.

Mrs. Ford wiped away tears as she sat with the couple's four children and more than 300 dignitaries and family friends.

"He was one of us," Mr. Rumsfeld said. "And that made him special and needed in a dark and dangerous hour for our nation."

Mr. Rumsfeld, who recently left his post as President Bush's defense secretary, remembered Mr. Ford as a courageous and steady leader who healed the nation after Watergate.

Mr. Carter described the close personal friendship that he and Mr. Ford developed over the years.

"I relished his sound advice," Mr. Carter said. "I want to thank my predecessor for all he did to heal our land."

Thousands of flag-waving mourners lined the roads under sunny skies as the motorcade bearing Mr. Ford's casket traveled between his presidential museum in downtown Grand Rapids to the church, before returning to the museum.

The viewing had to be extended yesterday until nearly noon so everyone in line could pay their respects. About 57,000 mourners waited hours to file past the flag-draped casket during the night. Some stopped and made silent prayers.

"We're here to honor him," said Philip Bareham of Lansing, who was the last person to view the casket and whose parents were among Mr. Ford's earliest supporters and political allies. "We just love this family. They are so down-to-earth."

Mr. Ford represented Grand Rapids in Congress for 25 years and became president after Richard M. Nixon resigned. He died Dec. 26 at his home in Rancho Mirage, Calif., at age 93.

Ford Is Buried After Thousands In Hometown Pay Respects (NYT)

By Monica Davey

The New York Times, January 4, 2007

GRAND RAPIDS, Mich., Jan. 3 — Gerald R. Ford was buried on Wednesday on a grassy hill beside the rushing waters of the Grand River as the sun set, a final farewell in a week of remembrances for the nation's 38th president.

Though Mr. Ford had lived elsewhere for decades, Grand Rapids made it clear that it still considered this his true home and that it still considered him one of its most beloved, famous — and yet ordinary — men.

In a city of 195,000 residents, some 57,000 waited since Tuesday evening in a line that wound through two miles of downtown to walk silently past Mr. Ford's coffin inside his presidential museum, steps from where he would be buried.

In temperatures that dipped into the low 30s, some people cheerfully waited six hours, deep into the night and morning, for a minute or two beside the former president, who died on Dec. 26 at age 93.

"We needed to be here — this is how we feel about him here," Mary Castro said shortly before 3 a.m. Wednesday, still waiting to reach the museum after four hours in line. A family, carrying a 2-year-old in blankets beside her, nodded.

"He was an everyday, down-to-earth guy, so accessible, not one of these politicians nowadays who needs all sorts of bodyguards," said Ms. Castro, 62, of suburban Comstock Park. "And he understood the importance of forgiveness."

If the nation remembered Mr. Ford for his sudden arrival as president in 1974 in the midst of turmoil over the Watergate scandal and for his decision to pardon President Richard M. Nixon, Grand Rapids's memory was utterly different. Here, he was the boy who grew up on these streets, who played football for South High School, who became an Eagle Scout and who this region sent to the House of Representatives from 1949 until the 1970s.

He had taken the time to speak to elementary school government classes, to write birthday cards, to present crowns to homecoming queens. He was, some said, a perfect reflection of what people here are about.

"He was one of us," said Dwayne Hiljer, 69 and a retired salesman who drove three hours from his home near Detroit. "I've been around for presidents since Roosevelt, and this is the only one that was always totally honest with you."

Even after Mr. Ford's body was driven away from the museum — the lines cut short when time ran out — Grand Rapids followed him. Residents lined the streets, Boy Scouts in uniforms (and no coats) saluting, as his hearse and motorcade led the

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way to a final funeral service. The city gathered again along the bridges and the roofs of downtown buildings at dusk when the burial service began.

Mr. Ford was actually born in Omaha, but moved here as an infant with his mother. He had lived, at various times, in eight homes in the area.

During the funeral at Grace Episcopal Church, gleaming with stained glass, in East Grand Rapids, mourners remembered his modest roots and modest approach.

"There's an old saying in Washington that every member of the United States Congress looks in the mirror and sees a future president," Donald H. Rumsfeld, who served as defense secretary and chief of staff to Mr. Ford, said in a eulogy. "Well, Jerry Ford was different. I suspect that when he looked in the mirror even after he became president, he saw a citizen and a public servant."

The Fords had been longtime members of the church. Mr. Ford married his wife, Betty, at the parish's earlier building in 1948. Their first three children were baptized there. The funerals for Mr. Ford's mother and stepfather were held there.

The service on Wednesday, before 400 people, was more intimate, more personal than some earlier events.

Mr. Ford's grandchildren read prayers. Honorary pallbearers included a list of community leaders and friends from Grand Rapids, as well as Jack Nicklaus, the golfer; Mary Sue Coleman, the University of Michigan president; and Pepi Gramshammer, the skier. A University of Michigan blanket, yellow and blue, was left on a pew in honor of Bo Schembechler, the longtime Michigan football coach whom Mr. Ford had chosen to be an honorary pallbearer but who died late last year. Mr. Ford played for Michigan in the 1930s.

Richard Norton Smith, who used to be the director of the Ford museum and presidential library, described a man who knew how to laugh at himself and to get along despite divisiveness and partisanship.

"No one ever called Gerald Ford an imperial president," Mr. Smith said. "Perhaps that was because no figure in memory was so immune to Washington's besetting disease of self-importance."

Mr. Ford, a longtime member of Congress, succeeded Vice President Spiro T. Agnew and then Mr. Nixon after both men left office because of scandals.

Former President Jimmy Carter, who defeated Mr. Ford in 1976 but later became his close friend, said the precise words he used in his own inauguration — 30 years ago — remained the most appropriate tribute he could make to Mr. Ford, whose decision to pardon Mr. Nixon had drawn angry critics as well as supporters, who said he had helped spare the country more turmoil.

"For myself and for our nation, I want to thank my predecessor," Mr. Carter said on Wednesday, pausing to gather his emotions, "for all he did to heal our land."

As dusk fell on a cold, clear afternoon, Mr. Ford's family, emotional and holding on to one another, gathered for the burial outside the Gerald R. Ford Presidential Museum, near the grass beside the Grand River. The Army chorus somberly sang "Goin' Home." The Rev. Dr. Robert G. Certain said a prayer. Canons sent a cloud of thick smoke and loud echoes across a silent downtown. F-15s zipped loudly past in formation, traveling north along the river's edge.

Vice President Dick Cheney handed the flag — the carefully folded flag from Mr. Ford's coffin — to Mrs. Ford, who nodded and clutched it briefly to her face.

Ford Laid To Rest In Michigan (CHIT)

By Tim Jones

Chicago Tribune, January 4, 2007

GRAND RAPIDS, Mich. -- The hometown that nurtured, voted for and never forgot Gerald R. Ford laid him to rest Wednesday after a simple but heartfelt funeral and an extraordinary display of public affection.

This was the final homecoming for the nation's 38th president, who on a day of brilliant sunshine and cold temperatures was hailed as a citizen, public servant and, as a young congressman, a most unusual Washington politician—one who did not see a future president whenever he looked in the mirror.

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"He put us on the right path when the way ahead was uncertain," said an emotional Donald Rumsfeld, who sniffled every few seconds as he struggled through his 12-minute eulogy. Rumsfeld, the former Defense Secretary, served in the Ford administration.

Wednesday's ceremonies marked the official end of national mourning that started in California, moved to Washington and concluded in the western Michigan city where Ford grew up, practiced law and later represented in Congress. This stop, lasting a little more than 24 hours, packed an emotional wallop.

While the 80-minute funeral at Grace Episcopal Church was dominated by personal friends and dignitaries, including Vice President Dick Cheney, former President Jimmy Carter, golf legend Jack Nicklaus and Rumsfeld, the goodbye was led by tens of thousands of Grand Rapids and Michigan residents who lined the streets and filed through the Gerald R. Ford Museum to pay their respects.

Ford helped plan his own funeral and wanted it to be an unpretentious reflection of his life. For all of the careful orchestration, there was no anticipating the throng of people who started showing up before Ford's casket arrived Tuesday afternoon.

About 57,000 people, many of whom waited outside for up to eight hours in freezing overnight temperatures, walked through the museum during the 17 hours that Ford's body lay in state. The lines never stopped until authorities cut them off late Wednesday morning, about two hours before the start of the funeral.

"His last night was anything but lonely," Richard Norton Smith, presidential historian and former director of the Ford Museum, in downtown Grand Rapids, said in his eulogy.

Crowds of people, including a little girl with long red hair holding a small American flag as she leaned over a security fence, stood along city streets as the motorcade slowly drove the 6 miles between the museum and the church, and then back. The drapes in the hearse were open, allowing those gathered to catch a glimpse of the flag-draped casket.

People who had had never met or seen Ford showed up hours in advance, bundling their young children in blankets and effectively camping out along the funeral route.

At Grace Episcopal, 88-year-old former First Lady Betty Ford, always accompanied by her daughter and three sons, dabbed at her eyes with a handkerchief as Rumsfeld, Carter and Smith eulogized the former president, often poignantly. Ford was a president who was not afraid to laugh at himself, Smith said.

For all of the solemnity of the event, the 93-year-old Ford's return to the city he left more than 50 years ago was not a regal affair. It was more Truman-esque in tone, in keeping with the plainspoken tendencies of Ford, who represented this area in Congress for 25 years before assuming the vice presidency in 1973. He became president the next year.

Ford, like former President Harry Truman when he died, has enjoyed a rehabilitation of his reputation. In the weeklong series of funerals and remembrances, Ford's controversial pardon of former President Richard Nixon in 1974, which probably cost him his bid for election two years later, is now praised as a nation-healing gesture.

"He was better at statesmanship than salesmanship," Smith observed, underscoring a recurring theme heard on the streets in Grand Rapids and even echoed in the funeral service—that national politics has taken a turn for the worse.

Carter, a Democrat who defeated Ford in 1976, recalled the "intense personal friendship" he and his wife Rosalynn shared with the Fords.

"I want to thank my predecessor for all he did to heal our land," Carter said in his eulogy, as his wife Rosalynn cried. That was also the first remark Carter made in his inaugural address in 1977.

Carter said that when the two couples traveled together, he always regretted reaching their destination because it meant the end of the time they would enjoy each other.

As the sun began to set, a gravesite service outside the museum featured a Marine Corps choir, a 21-gun salute and a thundering 21-aircraft flyover that shook windows in the downtown area.

After the flag that draped Ford's casket was removed and folded, Cheney, a former chief of staff for Ford, presented it to Betty Ford. She gently hugged it.

Ford's Body Is Laid To Rest In Hometown (LAT)

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By P.j. Huffstutter

The Los Angeles Times, January 4, 2007

GRAND RAPIDS, MICH. — Gerald Rudolph Ford was laid to rest on the grounds of his presidential museum along the grassy shore of the Grand River on Wednesday after an intimate service attuned to close friends and family.

As the sun set over his hometown, the ceremonies ended nearly a week of mourning for the earnest Midwestern congressman who became an unelected president — and the man who steadied the nation in the wake of the Watergate scandal and the Vietnam War.

Ford died Dec. 26 at age 93 at his home in Rancho Mirage.

A presidential jet delivered his body home to Michigan on Tuesday, where in an 18-hour period an estimated 57,000 people came to view his casket and pay their final respects.

Wednesday began and ended with crisp temperatures and crystal blue skies. Mourners lined the streets, filled alleys and crowded onto bridges to see the hearse and military motorcade as it traveled the six-mile route to Grace Episcopal Church for a final private service.

In front of the church, the crowd stood 20 people deep. No one spoke. No one jostled for space or a better view as the hearse pulled up. Some saluted as the motorcade pulled to a stop.

Only the sound of American flags snapping in the wind could be heard as a military honor guard carried the casket up the curved driveway and into the two-story brick church.

"I waited eight hours to see his casket," said Joe Hogan, 56, a truck driver from Allendale. "I came to the church to say a final goodbye. He was our man. He was Michigan's president.

"It's only fitting that he's home with us now."

Inside the church, former President Carter, Vice President Dick Cheney and recently resigned Defense Secretary Donald H. Rumsfeld, who was Ford's chief of staff and later his Defense secretary, joined other dignitaries, friends and family members.

Widow Betty Ford, who looked frail and spent, swayed slightly as the casket moved down the aisle. Her sons discreetly put their arms around her as their father's body was placed in front of a simple wooden altar and an ornate deep-blue stained glass window.

Throughout the nearly two-hour service, formal tributes gave way to moments of personal sorrow and warm humor.

Speaking to those gathered in the 350-seat church, to which the family has belonged since the 1940s, Carter remembered a deal he had struck long ago with Ford: Whoever died first would deliver the other's eulogy.

Carter began and ended his tribute to his close friend and former political rival by quoting his 1977 inauguration speech: "For myself, and for our nation, I want to thank my predecessor for all that he has done to heal our land."

Richard Norton Smith, former director of the Gerald R. Ford Presidential Library & Museum, recounted a meeting he had at the family home seven years ago to discuss the former president's funeral plans. After a review of the events to come, Smith said, Ford was called out of the room to take a phone call.

"A few minutes later, he returned with a grin on his face and a question on his lips," Smith said. " 'Well,' he asked in a booming voice, 'Have you got me resurrected yet?' I told him I was afraid that was somewhat outside the purview of the Military District of Washington."

The crowd burst into laughter. Betty Ford giggled so hard, she bent over and her face brightened for a moment.

Rumsfeld recalled the many hurdles Ford faced when he pardoned former President Nixon.

"Because Gerald Ford was there to restore the strength of the presidency, to rebuild our defenses and to demonstrate firmness and clarity, America could again, in Lincoln's words, stand as 'the last best hope of Earth,' " Rumsfeld said, his voice cracking. "He reminded Americans of who they were, and he put us on the right path when the way ahead was, at best, uncertain."

As the hearse slowly drove back to the museum, the motorcade passed a wooden sign that had been covered in red, white and blue ribbons: "Welcome to East Grand Rapids. Home of Gerald R. Ford. 38th President of the United States."

The day's journey ended at the museum — a center Ford helped design down to the smallest detail.

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At a graveside service that included a 21-gun salute, cannon smoke wafted across the river as the rumbling shots shook nearby buildings. After a 21-aircraft flyover roared across a sunset sky, Cheney presented Betty Ford with the American flag that had been draped over her husband's casket.

Tears pooling in her eyes, she gently kissed the flag and clutched it to her chest.

A Final Return Home (WP)

By Peter Slevin

The Washington Post, January 4, 2007

GRAND RAPIDS, Mich., Jan. 3 -- Gerald R. Ford's family and closest friends laid the former president to rest beside a fast-flowing river in the heart of a city that adored him. During the last stretch of a somber week of benedictions, an admirer praised him as a courageous leader "who never confused moderation with weakness nor compromise with surrender."

A once bright winter sun melted into twilight as Ford's widow, Betty, received from Vice President Cheney the American flag that had adorned the coffin of the 38th president. Ford's death Dec. 26 at age 93 ended an odyssey that carried him from a humble start in the Midwest to a heartfelt national farewell.

Former president Jimmy Carter, who defeated Ford in 1976 and later became a friend, began and ended his benediction the way he began his inaugural address. Now white-haired, his voice breaking, Carter repeated: "For myself and for our nation, I want to thank my predecessor for all he did to heal our land."

The memorial service, held at Grace Episcopal Church, where Gerald and Betty Ford were married in 1948, brought together a lifetime of friends and acquaintances from the highly placed to the less than mighty.

Among the eulogists was former defense secretary Donald H. Rumsfeld, who recalled the calamity of President Richard M. Nixon's resignation, which thrust Ford into the Oval Office on Aug. 9, 1974. It was a time when "the pressures were enormous . . . and the American people were holding their breath, wondering what would happen next."

When Ford reassured the country, Rumsfeld said, "his special magic" was that few doubted his word.

Historian Richard Norton Smith, who often visited Ford, described him to mourners as "utterly without pretense." He recalled that in the last chapter of his life, the former president told him, "When I wake up at night and can't sleep, I think of Grand Rapids."

The city returned the favor Tuesday and Wednesday. Tens of thousands of residents lined the streets to glimpse his passing hearse or stood for hours in the windy cold to view his coffin.

It seemed every third mourner had a personal story to share. Often, it was about a good deed that Ford had done, or a recollection that suggested a simpler, more civil time when the people felt closer to those in power.

Eagle Scout Jason Beaton, 18, related that his grandmother used to double-date with Ford. Linda Komejan, 52, said Ford interceded to get a driver's license for her mentally handicapped uncle, allowing him to get to work.

Retired teacher Marian Krupiczewicz, 59, recalled going to Ford's Capitol Hill office in the 1960s as a teenager and sitting in his chair: "There'd even be papers on his desk. It was different then."

"I remember as a kid going out to East Grand Rapids, riding my bike out there, because the president was coming to town," said William Dekker, 46. "Thirty years later, it's the same thing."

Handmade signs declared, "Welcome Home, Mr. President."

As the Episcopal service of thanksgiving began, many of the 31 men and women named honorary pallbearers took their seats, among them Cheney and golfer Jack Nicklaus. A maize-and-blue University of Michigan football blanket marked the pew that former coach Bo Schembechler, who died in November, would have occupied.

Son Michael Ford read the 23rd Psalm and son Steven read in a quavering voice from Paul's Letter to the Romans. Rumsfeld, who served as Ford's White House chief of staff, recalled that Ford never lowered himself to the partisanship that often marked Washington dealings.

"He reminded Americans of who they were and he put us on the right path when the way ahead was at best uncertain," Rumsfeld said, recalling Ford's 895-day presidency. "It is commonly said that Ford healed the nation, and he did."

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After the church service, the cortege made its way back across town to the gravesite beside the Gerald R. Ford Presidential Museum. A military band played "Ruffles and Flourishes" for the final time, followed by a medley of patriotic songs, among them "The Star-Spangled Banner" and "God Bless America."

The family followed the pallbearers and the coffin, Betty Ford helped from a wheelchair by Steven Ford and her military escort. As artillery fired a 21-gun salute and 21 military jets staged a precision flyover, the coffin lay beneath an inscription chosen by the Fords: "Lives committed to God, country and love."

Ford's Legacy: A Call For Unity In Congress (BSH)

By Kathleen Gray And Marisol Bello

Biloxi Sun Herald, January 4, 2007

GRAND RAPIDS, Mich. - In recent years, former President Gerald R. Ford often lamented that partisanship was tearing apart the fabric of Congress and loyalty to special interests was displacing public duty.

"It was very disturbing to him," said Martin Allen Jr., a friend from Grand Rapids and chairman emeritus of the Gerald R. Ford Foundation. "As minority leader he always tried to craft a consensus."

The foundation now hopes to use Ford's record of bipartisanship as an example for future politicians.

"We want to study his legacy and show people interested in running for office that there's another way," Allen said Tuesday night.

The foundation sponsored a conference in Washington last year to examine how Ford did his job and now hopes to make it an annual event, promoting a legacy dedicated to Ford's strong sense of patriotism before partisanship.

As a Republican president, Ford didn't always get along with Democrats, vetoing 66 bills in his two years in office. Democrats mustered the votes to override 12 of the vetoes. But both the Democrat-controlled House and Senate overwhelmingly confirmed Ford's appointment as vice president (the combined vote was 479-38).

In the mourning since Ford's death, historians, Democrats and Republicans have all remarked on Ford's ability to work with both parties.

Friends recalled that Ford shared staffers with John F. Kennedy when they were congressmen and that Ford was c lose to Thomas (Tip) O'Neill, a powerful Boston Democrat in the House.

"He loved that part of it," Allen said of working with the other party. "You don't find very much of that anymore."

In his eulogy Wednesday, former President Jimmy Carter spoke fondly of the friendship he forged with Ford after the two battled for the presidency in 1976.

"I relished his strong advice. He reluctantly departed from his party to give me support on some of my most difficult challenges," Carter said, adding that the one call that he, Anwar Sadat and Menachem Begin made together after crafting a Middle East peace accord was to Ford.

"Our mutual respect blossomed into a valued personal friendship," Carter said.

Sen. Carl Levin, D-Mich., said after Ford's death that a fitting tribute to his memory would be a return to civility in Washington.

The thousands of people who stood hours in line for a momentary glimpse of his casket were a testament to the public's hunger to see a return to the collegiality that marked the Congress of Ford's generation, Allen said.

"We have more politicians than statesmen and we need a statesman more than ever," said Philip Bareham, 46, of Lansing, Mich. "Today, it's like a boxing match."

Sarah Parker-Hermuth, 30, of Grand Rapids said the country could use a politician like Ford again, but she wondered whether such a candidate would survive today. "He would not adhere to the same campaign tactics," she said.

That was a lesson that Ford taught Allen.

"He told me once to go back to the museum and look at all the commercials from the 1976 campaign," Allen said, referring to the Gerald R. Ford Museum in Grand Rapids. "There were no personal attacks."

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Former Rep. Joe Schwarz of Battle Creek, Mich., a moderate Republican who was targeted by conservative groups in his failed bid for re-election last year, said the Ford foundation's goals are honorable and a welcome initiative. But he said he doubts change will come quickly.

When he reached across the aisle in the past two years to develop working relationships with Democrats, Schwarz said he lost points with the GOP.

"In the House, the conservatives really stick together. They have their own agenda and pursue that agenda above all else," Schwarz said. "Gerald Ford didn't look at ideas as Republican or Democrat. He took each idea ... on its merits."

Norman Ornstein, co-author of "The Broken Branch," which examined Congress, said he's "wildly enthusiastic" about the foundation's initiative and hopes to help.

"What we've had in the past few years is generally corrosive, tribal politics," he said. "Putting some resources and prestige of the foundation into socializing and educating politicians into the cost of continuing to behave this way would be wonderful."

Navy To Name Aircraft Carrier After Ford (AP)

AP, January 4, 2007

The Navy will name its next aircraft carrier USS Gerald R. Ford in honor of the president who was buried Wednesday in his home town of Grand Rapids, Mich., officials said.

The Navy had not planned to make the announcement yet, but Donald H. Rumsfeld, the former defense secretary who served in the Ford administration, divulged the news during his eulogy at the funeral.

"How fitting it would be that the name Gerald R. Ford will patrol the high seas for decades to come in defense of the nation he loved so much," he said.

Later at the Pentagon the Navy confirmed that it would make an official announcement "in a few weeks." It said it was still working on details of the ceremony with members of the Ford family.

Ford served in the Navy during World War II.

Ford To City: OK (WSJ)

By Felix G. Rohatyn

The Wall Street Journal, January 4, 2007

NEW YORK -- The year 1975 was a difficult one for the city. A new mayor, Abe Beame, and a new governor, Hugh Carey, were elected as the economy was faltering due to a recession, an Arab oil boycott, the war in Vietnam and inflation. At the national level, Watergate and the Nixon resignation suddenly elevated Gerald Ford to the presidency.

But a crisis had been building up here for some time. The city's financial condition was deeply concerning, running a significant deficit as a result of an exodus of private sector jobs and an influx of new municipal employees. Politically New York was always a Democratic city, a union city, with a strong Republican business community and little contact between the two. Morale was bad, the city was dirty, crime was up and the economy was weak.

In April, New York and its lead underwriter, the Bankers Trust Company, was preparing its spring financing when I took a call from a broker offering to sell short-term city notes. "It is a bargain," he said, "9.5% interest, triple tax free, backed by the city's credit. How can you say no?" The terms reflected desperation more than a bargain. Sure enough, soon thereafter, Bankers Trust refused to proceed with the offering to underwrite the city's financing on the grounds that there was "insufficient assurance of repayment." Almost without anyone noticing, the markets had closed on New York.

Year after year, and with the support of the state, the city spent more than it took in. It had the choice of raising taxes, cutting spending or borrowing. Naturally the politicians chose to borrow and, in addition, characterized tens of millions of expenses as capital investments. The result was to constantly reduce the city's ability to make capital improvements while, simultaneously, increasing the debt by $1 billion annually. While the mayor had just agreed to a major pay increase for the municipal work force, no one really knew the level of the city's deficit.

By the beginning of May we had little over a month to avoid a default -- the next debt maturity of $1 billion would occur on June 18. At that point, Gov. Carey, brilliant and courageous, stepped into the picture. Since the state did not have the wherewithal to bail out the city, he and Mayor Beame turned to Washington and to President Ford for an emergency loan. Ford was a man of

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decency and common sense. He was also in the middle of the presidential campaign of 1976, which pushed him further to the right. His most important advisers and cabinet members were ideological conservatives, led by Treasury Secretary Bill Simon. New York was viewed as the liberal capital of the U.S. and any thought of "bailing out" the city unleashed strong opposition in Congress. Secretary Simon rejected our request and suggested we return with a plan. His idea of a plan included large increases in sales taxes and transit fares, tuition at City University and significant cutback in labor costs and benefits, conditions no Democratic governor could accept.

Gov. Carey appointed a bipartisan committee of business leaders to review the impact of a New York bankruptcy. The committee unanimously recommended against it because of its unfathomable risks and we turned to a structure which became the Municipal Assistance Corporation. The MAC was a financing mechanism, which could sell its own bonds backed by the New York sales tax and which might give the city time to bring its budget into balance. The banks and labor leadership joined in the recommendation and on June 18 the state legislature voted to create MAC. Gov. Carey immediately christened it "Big MAC" and the underwriters began selling its bonds.

Unfortunately, Mayor Beame, who had obtained significant concessions from labor in our prior negotiations, gave them all back as soon as MAC was established; the result was a collapse in the price of MAC bonds, a market loss of $100 million after the public offering and a closing of the public market for MAC bonds, as well as for city bonds. By now we knew we had to take authority for the city's finances away from the mayor if we had any hope of avoiding bankruptcy. We could only rely on the governor and, ultimately, we knew we would need federal assistance.

We created the Emergency Financial Control Board, chaired by the governor, to control the budget. With the EFCB in control of the budget and the MAC in control of the financing, the state effectively controlled the city. The unions went along even though they were kept outside these structures because they knew this was the city's only chance. They committed to investing part of their pension funds in MAC bonds while the banks extended their existing loans.

During the summer we floated a few bond issues but we knew we only had limited capabilities and that we would run out of capacity before Christmas. By the beginning of November things looked bleaker and bleaker.

In Washington we testified in front of congressional committees, facing the opposition of the president, although that opposition seemed to soften somewhat due to the weakness of the securities and the foreign exchange markets facing a New York bankruptcy. And then, on Oct. 29, Ford gave his famous "drop dead" speech. He never spoke those words; but he indicated that he would veto any legislation proposing a financial bailout -- and the meaning was quite similar. The Daily News engraved them in stone.

At the first Western Economic Summit in France, with Ford in attendance, Fed Chairman Arthur Burns asked French President Valéry Giscard d'Estaing and German Chancellor Helmut Schmidt their opinion of the potential economic impact of a New York bankruptcy. They were direct in their answer: "It would be a catastrophe. It would cause a global dollar crisis."

Ford deserves great credit for his willingness to change his mind. On his return to Washington, he signed legislation providing credit to the city; this unlocked other pieces of the package: from the banks, the pension funds and insurance companies. It saved New York but it did not save his presidency. Jimmy Carter was elected in 1976.

In 1980 the city balanced its budget; in 1981 it re-entered the securities markets and repaid the government guarantees. Since those dark days the city's recovery was uninterrupted, except for 9/11. New York's present economic boom is ample proof that those who opposed bankruptcy were right, and that in a crisis, bipartisanship and business-labor cooperation will go a long way. One of Ford's greatest achievements may have been that he knew when he had pushed New York City to the limit and that, contrary to some of his colleagues, he also knew when to stop.

Mr. Rohatyn was chairman of New York's Municipal Assistance Corporation from 1975-1993.

While The Nation Mourned, Their Trip Continued (WP)

By Elizabeth Williamson

The Washington Post, January 4, 2007

A day after the death of former president Gerald R. Ford, Harry M. Reid (D-Nev.) embarked on what could be called his first official activity as the incoming Senate majority leader.

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But it had nothing to do with Ford's funeral. Instead, Reid boarded a government plane bound for six days in South America, accompanied by wife Landra and five other Democratic and Republican senators and their spouses Dec. 27. Their mission: improved relations -- and New Year's in Machu Picchu.

The "Machu Men," as they were dubbed, included Reid and Sens. Richard J. Durbin (D-Ill.), Ken Salazar (D-Colo.), Kent Conrad (D-N.D.), Judd Gregg (R-N.H.) and Robert F. Bennett (R-Utah).

Highlighting their trip: three hours of presidential meetings and two days touring the Incan ruins in Peru.

The senators did not change course after Ford's death, figuring they would insult leaders in a region none too happy with the United States to begin with, according to a Reid aide.

"This was a critical trip," said Reid spokesman James Manley. The group was seeking "cooperation on several fronts, including trade," as shown in official meetings -- and shopping at handicrafts bazaars.

They reported first to the U.S. embassy in Bolivia, for briefings -- a crafts exhibit, lunch and bipartisan gift-giving. Reid received a replica of the hand-knit sweater President Evo Morales wore on the campaign trail. Bennett got a "multicolored, pretty silly-looking hat," according to someone who saw it.

At the presidential palace, the senators had a "long, intense conversation," with Morales, Reid told reporters afterwards.

Dec. 29, it was on to Ecuador, for nearly an hour with President-elect Rafael Correa, known for his colorful neckties and epithets. The senators agreed to support extended trade benefits for Ecuador, despite Correa's vow to kill the lease on an air base used by the United States to hunt coke smugglers.

"We respect the sovereignty of Ecuador," Reid said, before the group left to see indigenous villages, their leaders and handicrafts.

Next came New Year's Eve, and two official holidays, meaning "not paid for with government money." The group dined in Cuzco and left early on New Year's Day for sightseeing in Machu Picchu.

Tuesday, as official Washington mourned Ford, the group clocked an hour with Peruvian President Alan Garcia, then flew home. Reid and Durbin, seeking a last chance to express their grief, then scored a government jet to Michigan for Ford's burial yesterday.

The senators and their spouses, Manley pointed out, were "the most high-powered, largest delegation to visit this region in many years."

After their visit, however, Morales announced that from now on, American tourists will need visas.

In Meetings With Allies, Clinton Hones ’08 Strategy (NYT)

By PATRICK HEALY And ADAM NAGOURNEY

The New York Times, January 4, 2007

The topic was the Democratic sweep in New Hampshire in November, and Senator Hillary Rodham Clinton couldn’t get enough of it.

Skip to next paragraph Dining in Washington recently with three allies from New Hampshire, which has the first-in-the-nation primary, Mrs. Clinton was by turns probing and absorbing and, a participant said, clearly informed. How did the Democrats manage to unseat the state’s two Republican members of Congress? What were the key issues? And who were the new players to have emerged there in the 10 years since she last visited — and since her husband, Bill Clinton, used a strong second-place finish in the New Hampshire primary to vault his way to the Democratic nomination and the White House 15 years ago?

“She’s always been a student of government and of how you get there,” said Patricia McMahon, one of the dinner guests, a former Clinton White House aide who is now a state representative.

This meeting was one of a series of nearly nonstop political consultations that Mrs. Clinton has engaged in — over dinner and drinks, at private offices and at her home in Washington — since Election Day, in what her advisers say are preparations for a probable announcement that she is taking the first steps into the presidential campaign.

Mrs. Clinton, the New York Democrat, was described by participants as leaving little doubt that she plans to run, without saying so directly. Depending on her audience, she appears to be either seeking information to use in campaign strategy,

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pressing potential supporters to hold tight and wait for her to announce, or gauging how certain issues — in particular, her initial vote for the war in Iraq — might play.

The sessions are the subject of much discussion in Democratic circles, and they seem designed in part to counter any impression that Mrs. Clinton is surrounded by an insular circle of longtime advisers and friends who are detached from many of the grassroots Democrats who have grown in influence since the last time a Clinton ran for president.

According to participants, Mrs. Clinton has pressed to find out everything from whether former Vice President Al Gore will run again (he is inclined not to, people tell her) to how much support remains for Senator John Kerry of Massachusetts, the party's 2004 candidate, among Democratic leaders (anemic, she has heard).

Mrs. Clinton told Democrats that she viewed her two strongest potential Democratic opponents as Senator Barack Obama of Illinois and John Edwards, the former senator from North Carolina. They said that she viewed Mr. Obama as her biggest obstacle to the nomination, but that she believed the threat of his candidacy will diminish as voters learn how inexperienced he is in government and foreign affairs.

Without mentioning Mr. Obama by name, Mrs. Clinton and her camp are already asserting that experience will be a key attribute for any successful candidate during difficult times — an argument that her team will no doubt make in a more aggressive way against Mr. Obama if they both jump into the race.

Mrs. Clinton is holding her discussions at a time of tremendous fluidity in presidential politics. The emergence of Mr. Obama, the Democratic takeover of Congress, the continued deterioration in Iraq, and the decisions by Senator Evan Bayh of Indiana and former Governor Mark Warner of Virginia not to run all have made her consultations more important and the situation she faces more complex.

According to participants, it is clear that Mrs. Clinton is far along in plotting a campaign, and she is honing strategy at the same time that she is making overtures to people in states that heavily influence the presidential nominating process. New Hampshire is expected to hold the first primary in January 2008, after caucuses in Iowa and Nevada.

Mrs. Clinton has gone to great lengths to try to keep these meetings private. She and her aides have strongly asked Democrats not to report what has taken place there, from what she says to what she eats and where (she had the lamb at Ruth's Chris, the Dover sole at the Four Seasons). Many people who discussed the meetings did so on the condition of anonymity, and some of her advisers pointedly refused to talk, including Paul Begala, the Democratic consultant who worked as a senior adviser to Mr. Clinton in the 1992 race and is close to Mrs. Clinton.

"As I tell the boys: N.H.D.: Not. Happening. Dude," Mr. Begala wrote in an e-mail, the boys a reference to his sons.

Still, several Democrats were willing to share what they described as long discussions about politics and policy with a former first lady who wants to be president.

Senator Clinton told one New Hampshire Democrat that if all things were equal, she would prefer to delay the formal start of her campaign until later this year and focus instead on notching accomplishments as a prominent member of the new Democratic majority in the Senate. At several meetings, Mrs. Clinton has wondered, with obvious exasperation, why her husband was able to delay making his presidential announcement in 1991 until October, while she is under increasing pressure to make hers earlier in the year, participants said.

"I recommended that she didn't need to jump in early, that I would like to see some progress in the Senate, and she said she felt the same way," said the Democrat, William Shaheen, who was a senior New Hampshire aide to Mr. Gore in 2000 and Mr. Kerry in 2004.

Skip to next paragraph Some of her aides said that while she is likely to announce within the next few weeks that she is creating a presidential exploratory committee, a step that would allow her to start raising money, a formal announcement might take longer. And some of the advice she has heard has been to wait.

"Senator Clinton was clear that she'd like to focus on the Senate, but sometimes events come into it, other people start beating the drum quicker, and you can lose key people if you wait," Mr. Shaheen said.

Jeanne Shaheen, a former New Hampshire governor and Mr. Shaheen's wife, said that Mrs. Clinton had consulted her as well, and that she had asked "all the right kinds of questions."

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"She clearly is thinking about what to do and not taking anything for granted," said Mrs. Shaheen, who is now the director of the Institute of Politics at Harvard. "She has a special relationship with the people in New Hampshire, from her years in the White House, and I think she was trying to get a sense of what a campaign would be like if she decides to run."

Mrs. Clinton has talked, both in person or by telephone, to influential Democrats in New Hampshire, Iowa, South Carolina and Nevada, the states that will begin the nomination process with caucuses and primaries a year from now. She has pressed Democrats to find out what campaign staff her prospective opponents like Mr. Edwards have assembled in states like Iowa. And she asked precisely where she should go in places like Iowa and New Hampshire if she, as expected, does a round of trips there after forming a presidential exploratory committee.

No detail has been too minor for Mrs. Clinton. She has asked Democrats from New Hampshire and Iowa about the concerns in certain regions and counties of their states, dwelling on energy issues, health care, education and the war in Iraq. She has asked about the influence of independent voters (they make up the biggest voting bloc in New Hampshire and can vote in the Democratic primary there). Mrs. Clinton has less experience with presidential politics in Iowa than in New Hampshire because in 1992, when her husband ran, Senator Tom Harkin of Iowa was also seeking the presidential nomination, so the rest of the candidates steered clear of that state's race.

Mrs. Clinton has not been to Iowa since the 2004 election.

The senator spent the week between Christmas and New Year's Day on vacation with her husband in the Caribbean, but her associates said Tuesday that she would return this week to working through her long call list with Democrats around the country and holding private lunches and dinners in Washington and New York.

The New Hampshire Democratic Party has invited Senator Clinton to be a keynote speaker at a major fund-raiser this winter, and officials there say they expect her to attend and are waiting to hear about a date. They say it could be anytime from late January through March.

Some New Hampshire Democrats expressed concern that Mrs. Clinton's first dinner with political players from their state, on Dec. 9, was limited to three Democrats who were active in her husband's campaigns in the 1990s and not a broader group that reflected the vanguard of state party politics today.

Terie Norelli, who became speaker of the New Hampshire House in December and the first Democratic speaker in 70 years, said she had not heard from Mrs. Clinton. "It'll only be tricky for her if she stops with those people," Ms. Norelli said. "Democratic politics has certainly changed since the 1990s, if you look at how many Democrats have been elected to the House, and the two new Democrats going to Congress. It would be wise for any candidate to move on and reach out to many of the new activists that we have."

Giuliani Leak: Attention Turns To Florida (NYT)

By Patrick Healy

The New York Times, January 4, 2007

Mischief in presidential politics in Florida?

The mystery thus far: Advisers to Rudolph W. Giuliani say that someone stole an aide's luggage during a political trip last fall, found a 140-page strategy notebook inside and photocopied it, then returned the luggage in some manner and gave the goods to a Giuliani opponent.

The contents of the notebook ended up splashed across The Daily News in New York on Tuesday. Not to be outdone, The New York Post reported yesterday that political operatives believed that the theft happened on a campaign trip through Florida.

While it does not prove anything per se, a spokeswoman for the governor of Florida, Charlie Crist, a Republican, confirmed yesterday that luggage from the Giuliani entourage was indeed missing during a campaign trip last fall.

"They were traveling with us, and we did find a piece of luggage, and we just worked as quickly as possible to get it back to the owner," said Erin Isaac, the spokeswoman.

Ms. Isaac said she had no information about allegations by Mr. Giuliani's office that someone, somewhere, stole and photocopied the notebook; she added that the governor's office was not conducting an inquiry into those allegations.

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She said that the piece of luggage was left on a Crist plane "during the chaos of the campaign," and that nothing fishy happened with the bag when it was in their custody.

"No copies were made. The bag was found and held until we were able to return it to the owner," Ms. Isaac said.

She said that Mr. Crist's campaign switched planes all the time last fall, and that she did not have specifics about the plane, luggage or trip involving the Giuliani contingent.

Sunny Mindel, a spokeswoman for Mr. Giuliani, the former mayor of New York, issued a statement yesterday that underscored one certainty in this mystery: Mr. Giuliani, as a possible Republican candidate for president, cannot afford to alienate the Republican who is set to lead Florida through the 2008 balloting.

"We have no question that whatever happened had nothing to do with Governor Crist or his staff," said the statement from Anthony Carbonetti, a senior political adviser to Mr. Giuliani. "The mayor has the highest regard for Governor Crist."

Romney Takes Step Toward An '08 Run (NYT)

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — On his last full day as governor of Massachusetts, Mitt Romney created a presidential exploratory committee Wednesday, the first formal step in a likely run for the 2008 Republican nomination.

Kate Phillips and The Times's politics staff report on the latest political news from around the nation.

More Politics News"After talking to my family, I have decided to take this initial step of forming an exploratory committee in order to raise the resources and build the campaign organization required to pursue the highest office in our country," Mr. Romney said in a statement issued in Boston.

By filing papers here, Mr. Romney became the latest in a parade of prospects who have formed such committees, a step that permits them to raise and spend money specifically on exploratory efforts.

Romney Submits Paperwork For 2008 Bid (AP)

By Glen Johnson

AP, January 4, 2007

Massachusetts Gov. Mitt Romney took the initial step in a 2008 presidential bid, another hopeful in a crowded Republican field headlined by the party's more familiar names of John McCain and Rudy Giuliani.

The governor filed papers to create an exploratory committee just an hour before he left the Statehouse for the final time on Wednesday, concluding his one and only term in elective office. Democrat Deval Patrick will succeed Romney on Thursday.

"After talking to my family, I have decided to take this initial step of forming an exploratory committee in order to raise the resources and build the campaign organization required to pursue the highest office in our country," Romney said in a statement.

If elected, Romney would become the first Mormon president. The 59-year-old former venture capitalist is the son of former Michigan Gov. George Romney, who waged a short-lived campaign for the Republican nomination in 1968.

In opinion polls, McCain, the Arizona senator and 2000 candidate, and former New York Mayor Giuliani often share the top spot while Romney, best known for his work on the 2002 Winter Olympics, registers in single digits. But the governor has taken similar steps in pursuing the presidency, hiring staff and establishing a fundraising base a full year before the first primary votes are cast.

"Given his pedigree," said Richard Bond, a former chairman of the Republican National Committee and declared backer of McCain, "he is a serious candidate."

Other Republican candidates include Kansas Sen. Sam Brownback and former Wisconsin Gov. Tommy Thompson, who have established exploratory committees. California Rep. Duncan Hunter and former Virginia Gov. Jim Gilmore have said they intend to follow suit. Others said to be mulling a bid include Arkansas Gov. Mike Huckabee, New York Gov. George Pataki, Nebraska Sen. Chuck Hagel, and former Oklahoma Gov. Frank Keating.

In recent weeks, Romney has faced questions about his conservative credentials on issues such as gay rights and abortion. Romney challenged Democratic Sen. Edward Kennedy in 1994, and in a letter he promised a gay Republican group he would be a stronger advocate for gays than his rival.

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Romney ran as a moderate during his gubernatorial campaign. Despite saying he personally opposed abortion, he not only pledged to leave the state's abortion laws intact, but noted his mother, Lenore, ran for U.S. Senate in Michigan in 1970 as a supporter of abortion rights.

He now stresses his opposition to abortion in speeches across the country.

In 2002, Romney's supporters also handed out fliers with well wishes from him and his running mate at Boston's annual Gay Pride Parade. And he was endorsed by the Log Cabin Republicans, a group of gay party activists.

Nonetheless, Romney has insisted his opposition to gay marriage has been unflinching. He has lambasted the Supreme Judicial Court for its November 2003 decision making Massachusetts the first state to legalize gay marriage.

"While Mitt Romney says he's not a multiple-choice candidate, his record shows that he has routinely changed his position on everything from abortion to taxes, making it difficult to know where he stands," said Democratic National Committee spokeswoman Stacie Paxton.

Willard Mitt Romney received his B.A. in 1971 from Brigham Young University, where he was class valedictorian, and then went on to simultaneously earn degrees from Harvard Business and Law schools, graduating cum laude from law school and in the top 5 percent of his business school class.

The Michigan native remained in Boston, where he helped found a multibillion-dollar venture capital firm, Bain Capital, and amassed a multimillion-dollar fortune funding such companies as Staples, the office-supply giant.

His only major failure was an unsuccessful campaign in 1994 against Sen. Edward M. Kennedy, D-Mass. Romney rebounded politically in 2002, when he won the governor's office.

Romney sought and won the chairmanship of the Republican Governors Association, which allowed him to spend the 2006 midterm elections traveling the country and dispensing cash to his party's gubernatorial candidates.

He raised a record $20 million and was especially generous with RGA money in early presidential states like Iowa, Florida and his native Michigan.

Romney Takes 1st Step For Presidential Bid (LAT)

By James Gerstenzang

The Los Angeles Times, January 4, 2007

WASHINGTON — Leaving one political office with his eyes on another, Mitt Romney took the first formal step Wednesday into the race for the Republican presidential nomination on his last full day as governor of Massachusetts.

While not yet declaring his candidacy, Romney filed papers with the Federal Election Commission setting up a presidential exploratory committee, a step that allows him to raise and spend money in the initial pursuit of the party's 2008 nomination.

The one-term governor is positioning himself as a conservative alternative to Arizona Sen. John McCain and former New York Mayor Rudolph W. Giuliani. McCain and Giuliani formed exploratory committees late last year.

Romney has established support teams in some of the small states that have played an important role in selecting presidential nominees, going head-to-head with McCain in the early effort to line up effective organizations in Iowa, New Hampshire and South Carolina.

"He has been extremely aggressive," said Tobe Berkovitz, a longtime political consultant who is now associate dean at Boston University's school of communications. "He's gotten himself in position to break into the top tier."

Romney, who ran unsuccessfully for the Senate against Sen. Edward M. Kennedy in 1994, is already facing accusations that he has shifted positions on several social issues, such as gay rights. He opposes same-sex marriage after having sought to position himself in the 1994 campaign as a stronger supporter of "full equality for America's gay and lesbian citizens" than Kennedy.

The Democratic National Committee on Wednesday challenged Romney over his past statements on abortion. In 1994, the Democrats contend, Romney said: "I believe that abortion should be safe and legal." Last February, Romney said, according to the Democrats: "I've never used either title, pro-life or pro-choice, in the past. I said I don't favor abortion."

In October, he said: "I call myself firmly pro-life."

His position on such hot-button social issues, Berkovitz said, "could be his Achilles' heel with Republican activists."

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Romney's communications director, Kevin Madden, said: "If the DNC is after us, we must be doing something right."

Romney, 59, would be the first president to be a member of the Church of Jesus Christ of Latter--day Saints, if elected.

In a Los Angeles Times/Bloomberg poll in June, 37% of those surveyed said they did not think they could vote for a Mormon for the presidency — a challenge Romney's father, Gov. George Romney of Michigan, faced in 1968 when he ran for the Republican presidential nomination.

Ron Kaufman, a longtime political advisor to the family of President Bush and a member of the Republican National Committee from Massachusetts who is assisting Romney, said religion would not matter to voters in 2008.

"People are going to want someone who is a moral, ethical person," he said, adding that Romney "governed a very, very blue state as a conservative."

Romney plans to hold a daylong fundraising effort on Monday, summoning supporters to phone banks at Boston's waterfront convention center.

Announcing the formation of the campaign exploration organization, he told reporters in Boston: "I have a feeling we are going to be pretty busy. We have filed exploratory papers today. So, the process is moving forward on that front."

Governor Romney Will Form Presidential Exploratory Committee (BLOOM)

By Heidi Przybyla

Bloomberg, January 4, 2007

Jan. 3 (Bloomberg) -- Massachusetts Governor Mitt Romney will take his first formal step toward a presidential run later today by filing papers to form an exploratory committee, a senior aide said.

The registration with the Federal Election Commission will allow the Republican governor to raise and spend money for a likely presidential campaign, the aide said, requesting anonymity because Romney hasn't yet made an official announcement about the exploratory committee. Romney leaves office tomorrow after deciding not to seek a second term.

In the past year Romney, 59, has moved closer to the front of the Republican field, aided by a signature health care bill in Massachusetts and the withdrawal of two high-profile rivals from contention for the 2008 Republican presidential nomination, outgoing Senators George Allen of Virginia and Bill Frist of Tennessee.

Romney plans to make an official announcement about his presidential campaign later this year. For now he'll focus on traveling the country raising money and gauging support for his likely run, according to the aide. Polls show he trails both Senator John McCain and former New York Mayor Rudy Giuliani, both of whom have formed exploratory committees.

A Dec. 11-14 Gallup poll found McCain and Giuliani are tied for first place, each with 28 percent of the vote. Romney comes in fifth, with four percent, behind Secretary of State Condoleezza Rice and former House Speaker Newt Gingrich.

Romney is a former chairman of Boston-based management- consulting firm Bain & Co. He also oversaw the 2002 Salt Lake City Winter Olympics Games before running for governor. He lost a 1994 campaign to unseat Democratic Senator Edward Kennedy.

Romney Files For '08 Campaign (DN)

By Gordon Trowbridge

Detroit News, January 4, 2007

WASHINGTON -- Former Massachusetts Gov. Mitt Romney, the son of a Michigan governor, kicked off his 2008 presidential campaign Wednesday, filing documents with the Federal Election Commission that allow his fledgling campaign to make and spend money.

The filing is an all-but-final declaration of a run by Romney, who as the son of Gov. George Romney grew up in Bloomfield Hills before moving on to financial and political success in Massachusetts. He becomes the closest thing to a favorite-son presidential candidate for Michigan since his father's unsuccessful 1968 bid for the GOP nomination.

Romney has made regular trips to Michigan in the past year, campaigning for state Republicans and building political connections. He has signed up big Michigan names such as state Attorney General Mike Cox and Oakland County Executive Brooks Patterson, as well as a number of big donors to President Bush in the state. There was even talk for much of last year that he would base his presidential campaign in Oakland County.

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But in Michigan and across the country, he faces a substantial obstacle: Sen. John McCain, R-Ariz.

"Last time around, McCain was very popular in Michigan," said Philip Abbot, a political scientist at Wayne State University, who noted McCain's victory in Michigan's 2000 presidential primary. Since then, McCain has built his own formidable Michigan operation.

Former New York Mayor Rudolph Giuliani also has spent plenty of time campaigning for GOP candidates in the state.

Romney Forms Presidential Committee, Focuses On Fundraising (WP)

By Dan Balz

The Washington Post, January 4, 2007

Outgoing Massachusetts Gov. Mitt Romney, a successful businessman from a prominent Michigan Republican family, joined the 2008 sweepstakes yesterday, formally establishing a presidential committee and turning his attention to the substantial fundraising and organizational demands of a national campaign.

On a day he participated in a ritualistic walk from the statehouse that symbolically marked the end of his single term as governor of one of the most liberal states in the union, Romney set his sights on winning his party's presidential nomination against such nationally known opponents as Sen. John McCain (Ariz.) and former New York mayor Rudolph W. Giuliani.

Romney's filing, delayed for a day out of respect for the national day of mourning for former president Gerald R. Ford, set up what is called a presidential exploratory committee, but the time for exploring ended for Romney some time ago. Along with McCain, Romney has been aggressively building a national network for months, particularly in Iowa, New Hampshire, South Carolina and Michigan -- all states with early caucuses or primaries next year.

With a new headquarters open for business in Boston, Romney plans to move into full-scale campaign activity immediately. He will speak to a group of Southern conservatives this weekend in Georgia and will host a major fundraising event in Boston Monday. A formal announcement of his candidacy will come later, aides said.

Romney trails far behind McCain and Giuliani in national polls, which at this stage often reflect the best name recognition. Republican strategists see the little-known Romney as a potentially formidable candidate whose stage presence, discipline and communications skills will help offset his limited experience as an elected official.

Romney, 59, is the son of the late George Romney, who was governor of Michigan from 1963 to 1969 and who unsuccessfully sought the Republican presidential nomination in 1968. Mitt Romney is a graduate of Harvard Law School and Harvard Business School and served as chief executive of Bain & Co. Inc., a management consulting firm, and later founded Bain Capital, a venture capital firm.

In 1999, Romney was called in to salvage the 2002 Winter Olympics in Salt Lake City after the organizing committee's scandals and financial problems threatened the Games' success. He turned around the operation, eliminated a huge deficit and helped to stage what were ultimately highly successful Games.

His first try in politics ended in failure. He ran for the Senate in 1994 against a Massachusetts icon, Sen. Edward M. Kennedy (D), losing by 17 percentage points but establishing himself as an effective campaigner.

The echoes of that race could affect his bid for the Republican nomination in 2008. He said then that he would be a more effective advocate for gay rights than Kennedy was, and he defended Roe v. Wade, the Supreme Court decision that legalized abortion, while declaring himself personally opposed to abortion.

Romney has since said that his views on abortion have changed dramatically -- he now favors overturning Roe-- and he has become a leading opponent of same-sex marriage. Critics say he has shifted positions to make himself more acceptable to social and religious conservatives. His advisers say that his conversion on abortion is genuine and that, although he is vocal on the issue of same-sex marriage, he still opposes discrimination against gays.

Romney is a Mormon and has played leadership roles in his church. His religion could provide an obstacle to his success in GOP primaries and caucuses, given reservations about the Mormon church among many evangelicals. Recent polling by The Washington Post and ABC News showed that one in three Americans said they are less likely to support a Mormon presidential candidate.

Romney Exits With Pomp, Ambition (BOS)

By Andrea Estes And Scott Helman

The Boston Globe, January 4, 2007

Governor Mitt Romney took the ceremonial "lone walk" out of the State House and into the 2008 presidential race yesterday, concluding his final day as governor by filing papers to set up an exploratory committee for a campaign for president.

The one-term governor turned over symbolic gifts to incoming governor Deval Patrick, then joined his wife, Ann, on a red-carpeted walk down the 31 State House steps, where about 200 supporters cheered and cannons fired a 19-gun salute.

As Romney was wrapping up his State House duties, his campaign operatives were filing papers with the Federal Election Commission, allowing Romney to start raising money for his White House campaign. They set up a committee and launched a new website, www.MittRomney.com.

The filing begins a march toward next year's primaries, joining a Republican field that includes Senator John McCain of Arizona and former mayor Rudy Giuliani of New York City.

Today, Romney is to address the media from his new presidential campaign headquarters in the North End. He is not expected to join Patrick at his inauguration.

Romney this weekend is to head to Georgia for a gathering of southern conservatives, and on Monday hold a major fund-raiser for his presidential campaign at the South Boston convention center.

Though the first presidential primary is more than a year away, a major test of Romney's viability will be how much money he can raise. Because there are federal contribution limits of $2,100 per person, Romney can no longer rely on a relatively small group of large contributors. His challenge now is to raise small donations from many contributors, and his fund-raisers have already been busy courting Republican players to help him do that.

Through his Commonwealth Political Action Committee, which he set up in 2004 to support Republican candidates around the country, Romney raised $8.8 million by November.

Romney's departure from the State House, which took about 25 minutes, came one day earlier than the end of his four-year term of office. If he had left the building today, as has been the tradition, he would have been forced to walk through crowds of Patrick supporters gathered for the new governor's unusual outdoor inauguration. By staging the lone walk a day early, the governor commanded the spotlight, following a schedule that had been scripted down to the second.

Romney, who yesterday called being governor "a great job," turned over the symbols of office to Patrick at around 5 p.m. inside the governor's office. As photographers snapped pictures, Romney described the gifts -- a pewter key to the governor's office door; a Bible left by Governor Benjamin Butler when he left office in 1884, a gavel and a copy of the Massachusetts General Laws inscribed by each governor with a note to his or her successor.

Romney read aloud his inscription to Patrick. "Transmitted to Governor Patrick and the People of Massachusetts," said Romney. "To serve another person is an honor. To serve a great people has been a great honor. To help another person is rewarding. To help many thousands of people has been immeasurably rewarding. Each of those who has served and helped others these last four years, has spent themself in a great work, and so leaves a far richer person. May God continue to bless the people of the Commonwealth of Massachusetts."

"Thank you so much," Patrick said. "Thank you for your service."

The two men left the office -- Romney to begin his walk out of the State House and Patrick to attend an inaugural event in Worcester.

After walking out of the governor's office, Romney made a series of stops, greeting people who he said symbolized achievements of his administration. He met with the family of Melanie Powell of Marshfield, who was killed by a drunk driver, and in whose memory the state's drunken driving bill was enacted in 2005. He also met with a family that lost their home in Hurricane Katrina, two families who couldn't afford medical care before the state's new healthcare law was passed, and with members of the National Guard. He also greeted a group of students who received new scholarships to state colleges because of their high MCAS scores.

He also shook hands with Lieutenant Governor Kerry Healey, who was defeated by Patrick in the November election.

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Several minutes ahead of schedule, Romney and his wife emerged from the center doors of the State House. They paused halfway down the steps, bathed in light, for the cannon salute. When they reached the street, they shook hands with supporters who lined both sides of Beacon Street. The crowd applauded; supporters took photos of the couple with their cellphones.

One of the first to say goodbye was Kris Mineau, president of the Massachusetts Family Institute, who stood at the front of the crowd. He has worked closely with Romney on a constitutional amendment to ban same-sex marriage intended for the 2008 ballot.

Two hecklers followed Romney through Boston Common to a waiting car, one of them shouting "You're a hateful man." A supporter tried to drown the hecklers out, shouting, "There's our next president."

Though technically still governor until Patrick is sworn in today, Romney completed his final work day yesterday. After swearing in the Legislature, Romney signed a few dozen bills, including one that allows racetracks to continue simulcasting and another that overhauls rules for teenage drivers. He failed to sign a bill increasing the pay of the Boston Licensing Board, but OK'd a 4.8 percent payraise for state lawmakers over two years.

Though he just took the first formal step toward a presidential run, Romney has made it clear for the past two years that he was seriously considering getting into the race. His frequent out-of-state travel and jokes about Massachusetts' liberal reputation has irked some political leaders, both Democrats and Republicans, who have accused him of ignoring the job he was elected to do in 2002.

"I think once voters in other states understand what happened under Mitt Romney's leadership in Massachusetts, they will recoil from the notion that he should lead the country," said Philip Johnston, chairman of the state Democratic Party.

Yesterday's paperwork was filed by Benjamin Ginsberg, a prominent Republican lawyer, who will serve as Romney's national counsel. Romney has spent months signing up political talent in preparation for his run.

On Monday, Romney is to host a fund-raiser at the Boston Convention & Exhibition Center in South Boston. Supporters and activists working for Romney around the country are to gather to raise money and begin to plot out a campaign strategy. The event is to run from 9 a.m. to 5 p.m. A call center is to be set up for the day, where volunteers will raise money.

Mitt's Maximum Exposure: '08 Contender Makes Most Of Exit (BOSH)

By Casey Ross

Boston Herald, January 4, 2007

Gov. Mitt Romney last night turned the traditional "long walk" out of the State House into a tightly scripted tribute to himself and his administration, crafted with an eye to the 2008 race for president he officially entered yesterday.

Stopping along the way to talk to groups of well-wishers selected to represent his administration's achievements, Romney left the State House at about 5 p.m. and entered a crowded presidential field where he faces tough competition, questions about his Mormonism and inevitable attacks on his record in Massachusetts.

Romney's self-celebratory walk-off drew hoots from political adversaries.

"What's going to follow him (on the presidential trail) is a litany of broken promises," Democratic strategist Mary Anne Marsh said. "He was supposed to be traveling the country and bringing us jobs. Instead, he was traveling the country and making jokes about Massachusetts."

Kevin Madden, spokesman for Romney's campaign, shot back, "Any time the Democrats are attacking Gov. Romney, it shows two things: First, they're terrified of his prospective candidacy; and second . . . you must be doing something right."

About an hour before Romney left the State House, he filed paperwork establishing an exploratory committee that allows him to raise money for his 2008 presidential bid.

Romney, who was out of state much of the last year, also signed several bills into law yesterday, including a teen safe-driving bill. But he failed to take action on several others that now must start over in the Legislature.

Among the unsigned bills were proposals to expand patient confidentiality protection and increase salaries for the Boston Licensing Commission.

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An aide said Romney did not have enough time to scrutinize the bills piled on his desk by the Legislature. “There simply was not enough time left in the session to adequately review each and every piece of legislation,” Romney spokesman Eric Fehrnstrom said.

During a brief ceremony with Gov.-elect Deval Patrick, Romney said he was honored to have served as governor. He then handed over the symbols of office to Patrick, including a set of the General Laws that bears a personal inscription from each governor.

Romney’s inscription to Patrick reads, in part: “To serve another person is an honor, to serve a great people has been a great honor . . . Each of those who has served and helped others these last four years, has spent themself in a great work, and so leaves a far richer person.”

Romney’s red-carpeted exit ended unceremoniously, with a heckler holding a sign reading “Go to hell, Mitt!” The heckler yelled, “You’re filthy scum!” as the governor ducked into a waiting car with his wife.

Romney campaign officials said he’ll start building his exploratory committee today in his new North End office. Romney yesterday launched a campaign Web site - www.MittRomney.com - immediately after he filed paperwork with the Federal Election Commission. [continue]

Gov. Seeks To Guarantee Health Insurance For All Calif. Kids (LAT)

By Jordan Rau

The Los Angeles Times, January 4, 2007

SACRAMENTO, Calif. — Gov. Arnold Schwarzenegger will propose that all Californian children, including those of undocumented immigrants, be guaranteed medical insurance as part of the health-care overhaul he intends to unveil next week, according to officials familiar with the plan.

If enacted by the Legislature, his proposal would affect about 763,000 children who currently lack insurance. While the administration has not revealed details of how it would pay for such a program, officials estimate that extending insurance to all children could cost the state as much as $400 million a year.

That would be a small piece of Schwarzenegger's stated goal: to ensure medical coverage for all of the 6.5 million Californians who now have none. Experts say that could cost upward of $10 billion a year.If successful, the governor's effort to cover all children would be a substantial political feat. Only a handful of other states guarantee coverage for all those under 18. Schwarzenegger himself vetoed a measure to cover all children in 2005, complaining that lawmakers offered no way to pay for it.

California's Republican legislators, who blocked a more modest effort to extend health care coverage last year, are sure to rebel against a plan that includes children of illegal immigrants.

Schwarzenegger is scheduled to announce his full health plan Monday. His office is still finalizing many parts of that package, but aides have made clear that it will be an ambitious effort to restrain health care costs and reduce the state's uninsured population.

All sectors of the health care industry, including hospitals, insurers, doctors, patients, businesses and government, would pay some of the costs under Schwarzenegger's plan. People familiar with the proposal say it includes new requirements for businesses to cover employees, though the details were unclear. The more cost employers and workers shouldered, the less the state would have to spend.

In addition, a number of measures favored by some aides, such as limiting the profits of insurers, remain undecided.

"There is no final health plan," said Adam Mendelsohn, Schwarzenegger's communications director. "As has been the case from the start, all ideas are on the table and the final touches are being applied. The administration is not confirming the inclusion of any one piece."

But several independent sources said Schwarzenegger has committed to the framework of the children's insurance portion. Administration officials have privately told people outside government that they intend to guarantee medical coverage for children of families earning up to 300 percent of the poverty level, or $60,000 a year for a family of four. Those families have 90 percent of the children without insurance, but the cutoff is not yet set in stone.

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Schwarzenegger's proposal goes further than one put forward last month by Senate President Pro Tem Don Perata, D-Oakland, which excluded illegal immigrants. Assembly Speaker Fabian Nunez, D-Los Angeles, incorporated children of undocumented residents into his plan, which was also announced in December.

"A lot of us are really looking to (Schwarzenegger) for leadership," said Wendy Lazarus, founder of the Children's Partnership, a nonpartisan child advocacy group based in Santa Monica and Washington, D.C. "Assuming he is going to tell us that he is going to cover all kids, this is great news for California's kids."

About 90 percent of California's children already have insurance, either through their parents' coverage or through state Medi-Cal programs that help the impoverished. For years, advocates have been pressing lawmakers to finish the job, arguing that the electorate would be particularly sympathetic to the plight of children.

"It's the low-hanging fruit of the health-care reform debate," said Dr. Bob Ross, president of the California Endowment, a private foundation in Los Angeles created to push for expanded access to health care.

"Kids are relatively cheaper to cover" than adults, he said. "From a public health standpoint, it's smarter to cover all children regardless of immigration. You just don't want unimmunized kids surfing around in the population."

Such arguments have yet to win the day in Sacramento. Last year, Schwarzenegger backed a budget plan that would have helped fund local children's initiatives. Republican lawmakers blocked the proposal, because it would have included coverage for children of illegal immigrants.

"We believe Californians do not want to reward illegal behavior," said the Assembly Republican leader, Mike Villines of Clovis. "There are so many here (legally) who are hurting and trying to make ends meet, we've got to focus on them first."

The GOP is a minority in both houses of the Legislature, but most proposals involving state spending require a two-thirds vote, giving Republicans the power to stop them. However, it is possible that Schwarzenegger's plan could be molded to need a simple majority vote, like the last major piece of health care legislation to become law.

That measure, a 2003 mandate that most employers provide insurance for their workers, was repealed by the voters the following year.

Schwarzenegger has previously taken incremental steps to expand existing programs aimed at children's health, including the addition of $80 million to the state budget last year.

Martha Escutia, a former Democratic state senator from Whittier who pressed for coverage of all children including those of illegal immigrants, said Schwarzenegger told her in 2004 that he agreed with her.

"I said very bluntly that there was no way we could distinguish between children based on legal status," she recalled Wednesday. "And the governor agreed. He said, 'Children are children.' I remember him saying that very clearly."

Sixty-nine percent of Californian children without health insurance in 2005 were eligible for existing programs but were not enrolled, according to the UCLA Center for Health Policy Research. That was due to a variety of factors, including inadequate funds in some country programs to cover all those who qualified, and some of the bureaucratic requirements for entering state programs.

Many parents, for instance, are required to prove that their earnings are low enough to qualify their children.

There is disagreement about how many of the uninsured children are from undocumented families. A 2003 UCLA survey said that 33 percent were not citizens, but that does not mean they were in the country illegally. Ross, of the California Endowment, said the number was below 15 percent.

Most of the other states that already guarantee coverage for all children do it through state-paid programs for those from poor families, and by allowing better-off families to cover their children by paying a portion of the costs for the same programs.

Typically, the more a family earns, the more it pays. Connecticut, Illinois, Maine, Maryland, New Hampshire, New Jersey and Vermont all have such programs.

Lazarus, of the Children's Partnership, said that while California would not be the first to cover all children, it has fewer employers providing insurance and more illegal immigrants than other states, making coverage more challenging.

"For California to step up at this time when states and Congress are really focused on health care reform means that California could have a really significant leadership role across the nation," she said.

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Online Database Opens A Window For Parents To Compare Schools (USAT)

By Greg Toppo

USA Today, January 4, 2007

Want to know how early your son's second-grade teacher has to arrive at school each morning? Whether she hands in lesson plans each week?

Whether she's allowed to spank your son?

A website by the National Council on Teacher Quality (www.nctq.org/cb), scheduled to launch today, promises to shine a light on teachers' working conditions. It gathers the minutiae of union collective-bargaining agreements and state policies for the nation's 50 largest school districts into a consumer-friendly database that allows anyone to compare districts. Together, the 50 districts educate 8 million children — about one in six public school children in the USA — and employ nearly half a million teachers.

The council, a Washington-based research group, hopes to expand the database by year's end to include the top 100 districts.

Director Kate Walsh says the site will help parents, policymakers, journalists and others understand how teacher contracts work by giving them access to largely unfiltered information about teachers' workdays, salaries, benefits and more.

"None of us benefits from having our heads in the sand," she says.

Want to find out how many days teachers in Duval County, Fla., work without students in the building? It comes out to 18. In New York City, it's 5.5. In Albuquerque, zero.

Teachers unions say the data could be misinterpreted — unions often agree to contract provisions to comply with local or state regulations, or contracts are hard to compare for other reasons, says Edward McElroy, president of the American Federation of Teachers.

"It is important for the public to realize that labor relations are far more complex than what this database captures," McElroy says. "This is just one layer of a three-dimensional onion."

Bill Raabe, director of collective bargaining and member advocacy for the National Education Association, the USA's largest teachers union, says he's concerned that users could draw "erroneous conclusions" from what they read — for instance, if a contract is silent on class size, it doesn't mean that the union didn't address it. The issue could simply be dealt with by state law.

"The contract is really just a piece of the picture," he says.

In the end, the new database could aid teachers in a few districts during their next round of contract talks: What better way to show they're getting a raw deal, comparatively speaking?

"It's a whole field that's largely unexplored," Walsh says.

The contracts are public documents, but they're not always accessible, says Andrew Rotherham, co-editor of the 2006 book Collective Bargaining in Education.

He says he was "stunned" at the lack of information available in most districts. Walsh's database, he adds, "moves you past the sort of anecdotes" that typically frame teacher issues.

"This transparency is good for everyone."

The Right Minimum Wage (WP)

By George F. Will

The Washington Post, January 4, 2007

A federal minimum wage is an idea whose time came in 1938, when public confidence in markets was at a nadir and the federal government's confidence in itself was at an apogee. This, in spite of the fact that with 19 percent unemployment and the economy contracting by 6.2 percent in 1938, the New Deal's frenetic attempts had failed to end, and perhaps had prolonged, the Depression.

Today, raising the federal minimum wage is a bad idea whose time has come, for two reasons, the first of which is that some Democrats have an evidently incurable disease -- New Deal Nostalgia. Witness Nancy Pelosi's "100 hours" agenda, a genuflection to FDR's 100 Days. Perhaps this nostalgia resonates with the 5 percent of Americans who remember the 1930s.

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Second, President Bush has endorsed raising the hourly minimum from $5.15 to $7.25 by the spring of 2009. The Democratic Congress will favor that, and he may reason that vetoing this minor episode of moral grandstanding would not be worth the predictable uproar -- Washington uproar often is inversely proportional to the importance of the occasion for it. Besides, there would be something disproportionate about the president vetoing this feel-good bit of legislative fluff after not vetoing the absurdly expensive 2002 farm bill, or the 2005 highway bill larded with 6,371 earmarks or the anti-constitutional McCain-Feingold speech-rationing bill.

Democrats consider the minimum-wage increase a signature issue. So, consider what it says about them:

Most of the working poor earn more than the minimum wage, and most of the 0.6 percent (479,000 in 2005) of America's wage workers earning the minimum wage are not poor. Only one in five workers earning the federal minimum lives in families with earnings below the poverty line. Sixty percent work part time, and their average household income is well over $40,000. (The average and median household incomes are $63,344 and $46,326, respectively.)

Forty percent of American workers are salaried. Of the 75.6 million paid by the hour, 1.9 million earn the federal minimum or less, and of these, more than half are under 25 and more than a quarter are between ages 16 and 19. Many are students or other part-time workers. Sixty percent of those earning the federal minimum or less work in restaurants and bars and earn tips -- often untaxed, perhaps -- in addition to wages. Two-thirds of those earning the federal minimum today will, a year from now, have been promoted and be earning 10 percent more. Raising the minimum wage predictably makes work more attractive relative to school for some teenagers and raises the dropout rate. Two scholars report that in states that allow people to leave school before 18, a 10 percent increase in the state minimum wage caused teenage school enrollment to drop 2 percent.

The federal minimum wage has not been raised since 1997, so 29 states with 70 percent of the nation's workforce have set minimum wages between $6.15 and $7.93 an hour. Because aging liberals, clinging to the moral clarities of their youth, also have Sixties Nostalgia, they are suspicious of states' rights. But regarding minimum wages, many have become Brandeisians, invoking Justice Louis Brandeis's thought about states being laboratories of democracy.

But wait. Ronald Blackwell, the AFL-CIO's chief economist, tells the New York Times that state minimum-wage differences entice companies to shift jobs to lower-wage states. So: States' rights are bad, after all, at least concerning -- let's use liberalism's highest encomium -- diversity of economic policies.

The problem is that demand for almost everything is elastic: When the price of something goes up, demand for it goes down. Obviously were the minimum wage to jump to, say, $15 an hour, that would cause significant unemployment among persons just reaching for the bottom rung of the ladder of upward mobility. But suppose those scholars are correct who say that when the minimum wage is low and is increased slowly -- proposed legislation would take it to $7.25 in three steps -- the negative impact on employment is negligible. Still, because there are large differences among states' costs of living and the nature of their economies, Sen. Jim DeMint (R-S.C.) sensibly suggests that each state be allowed to set a lower minimum.

But the minimum wage should be the same everywhere: $0. Labor is a commodity; governments make messes when they decree commodities' prices. Washington, which has its hands full delivering the mail and defending the shores, should let the market do well what Washington does poorly. But that is a good idea whose time will never come again.

U.S. Patrols Somalia For Terrorist Watch (AP)

By George Gedda

AP, January 4, 2007

U.S. Navy vessels are deployed off the coast of Somalia to make sure al-Qaida or allied jihadists don't escape the country by sea now that the once-dominant Islamist forces there are in retreat, the State Department said Wednesday.

Of particular concern is the fate of three al-Qaida militants who were believed by U.S. officials to be under the protection of the Islamic Courts Union in Mogadishu until Ethiopian forces drove the Courts from power in recent days.

State Department spokesman Sean McCormack said the missions off the coast are being carried out by a U.S. task force based in the Horn of Africa,

The al-Qaida militants are believed to have had a role in the 1998 bombings of U.S. embassies in Kenya and Tanzania, and in the 2002 bombing of a hotel in Kenya.

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Kenya sent extra troops to its border with Somalia on Wednesday to keep Islamic militants from entering the country

McCormack said the administration is planning to provide food to Somalia, adding that U.S. officials will take part in a donors conference soon to determine further needs and how they can be met.

Also planned is a meeting of U.S., European and African countries, along with international institutions on Friday in Kenya for a discussion of humanitarian and security issues.

McCormack said the United States continues to support the creation of an all-Africa force to help out the transitional government as it seeks to consolidate its authority in Mogadishu. Until the Islamic Courts were forced out, the government had been confined to the western town of Baidoa, unable to assert its authority nationwide despite U.N. and United States backing.

The U.S. efforts on the humanitarian and peacekeeping fronts are part of an overall international initiative "to move Somalia out of the category of a failed state," McCormack said.

The spokesman stopped short of an outright endorsement of the Ethiopian attack but said it was apparent that the Islamic Courts had fallen under the control "of those that had links to al-Qaida and other terrorist groups."

These groups, he said, "quite clearly were interested in imposing draconian types of interpretations" of Islamic law on Somalia in contravention of the polices of the transitional government.

Before Ethiopian troops launched their offensive last week, "we certainly would have hoped that there could have been a negotiated, political dialogue," McCormack said.

"But it became apparent over time, and certainly very apparent in the recent weeks, that that wasn't going to happen and that the Islamic Courts were intent upon trying to seize control over all of Somalia through use of arms," he said.

US Seeks Return To Mogadishu (FT)

Financial Times, January 4, 2007

The US is seeking to re-establish a presence in Mogadishu, capital of Somalia, after an absence of 12 years following the ousting of Islamist forces this week by Ethiopian-backed Somali allies.

Jendayi Frazer, assistant secretary of state, hopes to include Mogadishu in a tour that began on Wednesday with the aim of shoring up Somalia's transitional government with multinational African forces and US humanitarian aid.

A US official confirmed that if the visit went ahead, Ms Frazer would be the most senior US official to set foot in Somalia since before the 1993 battle against a Mogadishu warlord that cost the lives of 19 American servicemen in one day and precipitated the US withdrawal in 1994.

The Bush administration tacitly supported Ethiopia's intervention last month but now fears Meles Zenawi, the prime minister, will pull out his forces before Somalia is stabilised. Ms Frazer is expected to meet Mr Meles and Yoweri Museveni, the Ugandan president, in Addis Ababa, and co-host an international meeting on Somalia in Nairobi tomorrow.

The US sees Uganda playing a key role in an African stabilisation force in Somalia. So far only Uganda and Nigeria have indicated willingness to participate.

Ms Frazer last month accused the Islamic Courts Union, which had seized power in Mogadishu from US-backed warlords in June, of being under the control of "East Africa al-Qaeda cells".

US warships are patrolling the Somali coast to prevent the escape of al-Qaeda suspects.

A Kenyan official said refugees were being allowed across the border under tight security but the frontier was otherwise closed. Somali and Ethiopian troops pursued Islamist fighters in the south of the country.

A visible US presence in Mogadishu would represent at least a symbolically important moment of progress for the Bush administration in a widening region of conflict and proxy wars that have involved Somalia, Ethiopia, Eritrea, parts of Sudan, and the Central African Republic.

But there are concerns in the administration and among its critics that the US will be seen in the Muslim world to be waging another proxy war against Islamist adversaries.

Officials at a European Union meeting in Brussels urged Somalia's transitional government to negotiate with opposition forces to pave the way for a peacekeeping force. John Sawers, a UK official, said: "It is important we create the conditions

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whereby Ethiopia can withdraw." But he said it was unlikely a pull-out would be possible within the two weeks suggested by Mr Meles.

Reporting by Guy Dinmore in Washington, Andrew England in Cairo, Andrew Bounds in Brussels and Mark Turner at the United Nations

Kenya Closes Border But Denies Turning Back Refugees (NYT)

By Jeffrey Gettleman

The New York Times, January 4, 2007

BAIDOA, Somalia, Jan. 3 — Kenyan officials announced Wednesday that they were closing their northern border because of the conflict in Somalia, but denied that they had turned back hundreds of refugees.

For the past few days, Ethiopian-led forces have been hunting down the remnants of Somalia's once powerful Islamist movement, pushing fighters steadily south toward the Kenyan border. Ethiopian officials have said the Islamist fighters are headed to a remote jungle outpost called Ras Kamboni, which terrorism suspects have used before as a hide-out.

It now seems that Somalia's problems have sucked in yet another country, and with the final throes of the conflict on their doorstep, Kenyan officials said they had no choice but to act.

"We needed to close the border so we could closely vet all refugees," said Alfred N. Mutua, a spokesman for the Kenyan government.

But Mr. Mutua denied news reports and accusations from United Nations officials that Kenyan border guards had deported 600 Somalis seeking asylum, saying that the closing applied only to cross-border trade and nonrefugee traffic, to prevent the Islamists from slipping into the country.

United Nations High Commissioner for Refugees António Guterres told Agence France-Presse on Wednesday that Kenya "has a humanitarian obligation to allow civilians at risk to seek asylum on its territory."

Mr. Mutua said that 10 foreign Islamist fighters were caught Monday trying to cross the border in a throng of refugees. The fighters were carrying briefcases packed with cash. Kenyan officials said they probably had been financiers of Somalia's Islamist movement, which was routed last week by Ethiopian soldiers supporting Somalia's transitional government.

As hundreds of Somalis continue to line up at the border each day, hoping for asylum, Kenya has buttressed its patrols with extra troops and helicopters. Residents on the Kenyan side of the border have reported skirmishes in Kenya, but Mr. Mutua said that was not the case.

"We're just trying to make sure none of the problems from Somalia spill across the border, and so far none has," he said.

In Mogadishu, Somalia's battle-scarred capital, several weapons were collected Wednesday in the transitional government's drive to disarm one of the most heavily armed citizenries in the world. On Monday, Ali Mohammed Gedi, the transitional prime minister, issued one of his first edicts, demanding that Somali warlords and gunmen turn in their military-grade weapons by Thursday. If they did not, he said, homes would be searched.

Elders from one of Mogadishu's more powerful subclans turned over a pickup truck equipped with an antiaircraft gun and 20 young fighters. Transitional government officials said the weapons and men would be folded into Somalia's new national army.

Meanwhile, Islamist leaders continued to insist that they had not been defeated.

"I cannot say where we are, but we are in Somalia and we are not afraid anymore," Abdulrahim Ali Modei, the Islamists' spokesman, said Wednesday in a telephone call to a Somali radio station.

Iran's President Promises More Nuclear Fuel And A Celebration (NYT)

By Nazila Fathi

The New York Times, January 4, 2007

TEHRAN, Jan. 3 — President Mahmoud Ahmadinejad warned Wednesday that Iran would not back down from its nuclear ambitions and said his country would soon start producing nuclear fuel on an industrial scale.

"Iran has the fuel cycle, and very soon we will push the button on nuclear fuel production for industrial uses," Mr. Ahmadinejad said in a speech in the southern city of Ghotvand in Khuzestan Province, according to the ISNA news agency.

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The United Nations Security Council passed a resolution late last month banning the trade of goods and technology that could benefit Iran's uranium enrichment, reprocessing and ballistic missile systems. Enriched uranium can be used for making nuclear weapons or as fuel for nuclear plants.

The resolution gave Iran a two-month deadline to suspend its enrichment program, but Iran says that it has the right to enrich uranium as a member of the Nuclear Nonproliferation Treaty.

"The Iranian people will not retreat one iota from their rights," Mr. Ahmadinejad vowed Wednesday, adding that Iran would celebrate its nuclear achievements in February, on the 28th anniversary of the victory of the Iranian revolution of 1979.

"The Iranian people have made their decision to continue this path wisely and will not pay attention to empty cries of the materialists and the bullying of the decadent powers," he said.

Other senior officials have also warned that Iran would not surrender in the face of pressure.

Akbar Hashemi Rafsanjani, an influential cleric and head of the Expediency Council, warned last week that pressing Iran could have consequences.

"This is a very dangerous resolution," he said during Friday Prayer at Tehran University. "They are creating problems for themselves and the region," he said, adding that "many will suffer from the smoke of this fire."

One former nuclear negotiator for Iran, Hossein Moussavian, warned the nation's current negotiators on Wednesday that ignoring the resolution and calling it illegal would not help. He said the resolution could have severe consequences for Iran, ISNA reported. "We can say inside the country that this resolution is illegal, but we have to have a correct understanding of the international community's considerations," he was quoted as saying.

Iran To Launch Production Of Industrial Nuclear Fuel (AFP)

By Farhad Pouladi

AFP, January 4, 2007

President Mahmoud Ahmadinejad has vowed Iran will step up its atomic programme despite UN sanctions, predicting Tehran would soon "push the button" to produce nuclear fuel for industrial uses.

"Iran has the fuel cycle and very soon we will push the button on nuclear fuel production for industrial uses," said Ahmadinejad in a speech in Ghotvand, in western Khuzestan province, according to the IRNA news agency on Wednesday.

"The Iranian people have taken their decision and will in no way pay attention to empty cries of the materialists and the bullying of the decadent powers."

Iran has already announced it has enriched uranium to levels of around five percent. Producing nuclear fuel that could theoretically be used in a power station would be another important step in mastering the nuclear fuel cycle.

Ahmadinejad's latest comments come in defiance of a UN Security Council resolution at the end of last year which imposed sanctions against Tehran for its failure to suspend uranium enrichment.

Western powers want Iran to suspend enrichment, a process that they fear could be used to make nuclear weapons. Iran insists its atomic programme is entirely peaceful and it has every right to the full nuclear fuel cycle.

Iranian officials have already predicted Iran would be able to make a major announcement on its nuclear programme during the 28th anniversary celebrations of the Islamic revolution in February.

"The Iranian people will not retreat one iota from their rights and the revolutionary celebration will be a celebration that proves Iran's nuclear rights," Ahmadinejad said.

"The Iranian people are insisting on their position and want nothing more than their rights. The bullying powers should know that whatever fuss they make they have to surrender to the Iranian people's will."

He did not go into details on the scale of the fuel production, but producing nuclear fuel for an atomic power station would involve the continuous running of centrifuges to produce enriched uranium of high quality and quantity.

Iran has also said it wants to install 3,000 uranium enriching centrifuges at its enrichment plant in Natanz, central Iran, by March but it is unclear which stage these plans have reached.

In October, Iran only had two cascades of 164 centrifuges in Natanz declared to the International Atomic Energy Agency (IAEA) so the plan to install 3,000 centrifuges would take its enrichment to a new level.

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Russia is building Iran's first nuclear power station in the southern city of Bushehr, a much delayed project which is due to be opened in September 2007. Moscow plans on delivering fuel for the plant in March.

However, Iran has also insisted it has every right to produce its own nuclear fuel on Iranian soil in defiance of international calls for the work to be carried outside the Islamic republic.

Iranian Official Urges New Nuclear Talks (FT)

By Najmeh Bozorgmehr And Gareth Smyth

Financial Times, January 4, 2007

Hossein Mousavian, a former Iranian nuclear negotiator close to the influential former president Akbar Hashemi Rafsanjani, called on Wednesday for renewed diplomacy with the west to break the crisis over Iran's nuclear programme.

He also implied that Iran had no choice but to accept last month's United Nations Security Council resolution, which imposed sanctions and set a two-month deadline for Tehran to suspend almost all its nuclear activities. But he said Tehran should also continue to bargain over its "rights" to a nuclear fuel cycle.

Mr Mousavian's frank briefing reflected growing concern among pragmatists in Tehran at the direction of the international situation.

President Mahmoud Ahmadi-Nejad has favoured defiance over the nuclear issue and has dismissed the UN resolution as "invalid". The state-run Islamic Republic News Agency on Tuesday quoted him as saying that the country would soon start producing nuclear fuel on an industrial scale and "defend its interests powerfully".

But Mr Mousavian said the UN resolution was "very tricky" and could lead to further sanctions in addition to the measures already agreed against individual Iranians and companies involved in the atomic programme.

"It is easy to get into [the attention of] the Security Council but very difficult to get out," he said.

"The Security Council is the highest authority on international peace and stability, and there is no other authority to which we can appeal."

The remarks suggest that Iran's pragmatists and reformists are taking a more active role in shaping Iran's policy after the poor showing in last month's elections by allies of Mr Ahmadi-Nejad.

In spite of Mr Ahmadi-Nejad's comments on the UN resolution, Ayatollah Ali Khamenei – Iran's supreme leader who has a pre-eminent say in Iran's leadership group – has not as yet spoken in public on Tehran's response.

"Any comment by the leader would be the final word from Iran – and I think he is studying the case as the policymakers discuss how we can make a breakthrough," said a leading Iranian journalist.

Mr Mousavian was centrally involved in Tehran's nuclear negotiations with the European Union between 2003 and 2005, before he and several colleagues were removed after Mr Ahmadi-Nejad's 2005 election win.

He is deputy head of the Centre for Strategic Research, a state body that briefs Iran's leaders and which is associated Mr Rafsanjani.

Iran's pragmatists and reformists polled better than expected three weeks ago in elections for municipal councils and for the Experts Assembly, a clerical body that supervises Ayatollah Khamenei.

Olmert, Mubarak Seek Restart Peace Talks (AP)

By Steve Weizman

AP, January 4, 2007

Israeli Prime Minister Ehud Olmert and Egyptian President Hosni Mubarak will search for ways to restart Mideast peace talks and free a captured Israeli soldier when they meet Thursday, although Israeli officials said they did not expect a breakthrough on the prisoner issue.

The Red Sea summit comes amid international calls for Israel and the Palestinians to negotiate an end their dispute, in the interest of stabilizing the Middle East in general and Iraq in particular.

Egyptian Foreign Minister Ahmed Aboul Gheit said Friday the summit will explore ways to revive peace talks, stalled since the outbreak of the current Palestinian uprising in September 2000.

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Militants linked to the Islamic Hamas seized Cpl. Gilad Shalit in June, and a Hamas official on Sunday claimed progress toward an agreement for his release, in exchange for Israel freeing some of the 9,100 Palestinians in its prisons.

A Palestinian prisoner release would bolster the domestic standing of Palestinian President Mahmoud Abbas and aid his efforts to build a more pragmatic coalition with the governing Hamas. Israel, meanwhile, says freeing the soldier is key to reviving peace talks with the Palestinians.

Egypt has been mediating efforts to end the standoff since Shalit was captured, and it brokered a shaky Nov. 26 truce with Hamas.

The Israelis and Palestinians each hope for some movement on the prisoner issue but warn that no deal has been struck.

"Gilad Shalit is not going to be freed tomorrow, there is not going to be a dramatic announcement," Olmert spokeswoman Miri Eisin told The Associated Press on Wednesday. "It will be discussed, but unfortunately we're not at that point yet."

Palestinian negotiator Saeb Erekat, who is close to Abbas, agreed.

"To speak of an agreement, at this stage, is premature," he said.

Olmert and Mubarak last met on June 4, 2006, also in Sharm el-Sheik. Mubarak hosted Abbas in the Red Sea town on Dec. 27, when the Palestinian president proposed closed-door talks with Israel on some of the thorniest issues dividing them, including the status of Jerusalem and Palestinian refugees.

Israeli and Egyptian officials said Olmert and Mubarak will discuss Abbas' coalition-building efforts, bilateral Israel-Egyptian ties and the prospect of joint economic projects at the hour-long summit Thursday evening, and the dinner that will follow. There will also be talk on the broader Middle East, including Iran's nuclear ambitions.

A bipartisan U.S. panel on Iraq headed by former Secretary of State James A. Baker III has said progress on the Israeli-Palestinian dispute could help ease tensions in Iraq and British Prime Minister Tony Blair says a resolution to the conflict is key to Middle East stability. Israel disputes that conclusion.

Olmert met Abbas last month in the first Israeli-Palestinian summit since June 2005, when then-Prime Minister Ariel Sharon met the Palestinian leader.

A state-run Egyptian newspaper Wednesday quoted Mubarak spokesman Suleiman Awad as saying that Olmert's meeting with Mubarak would be followed at an unspecified date by another Olmert-Abbas meeting, in Sharm el-Sheik.

5 In Gaza Killed In Fatah-Hamas Clashes (NYT/AP)

Associated Press

The New York Times, January 4, 2007

GAZA, Jan. 3 — Five Palestinians were killed Wednesday in a resurgence of factional violence in the Gaza Strip, leading to fears that an already fragile truce between the rival Hamas and Fatah factions would completely collapse.

The latest fighting came two days after Fatah and Hamas militants carried out a series of kidnappings and engaged in gun battles, in violation of a mid-December truce between the groups, which are vying to control the Palestinian government.

Rival gunmen poured into the streets of the northern Gaza town of Beit Lahiya on Wednesday after a 25-year-old militant from Fatah, the faction led by the Palestinian Authority president, Mahmoud Abbas, was shot and killed. A woman was shot in the head and killed in the ensuing gun battle, and 12 other people suffered moderate wounds, hospital and security officials said.

Later in the afternoon, gunmen ambushed Fatah-allied Palestinian security officers in the southern Gaza town of Khan Yunis, blasting their police car with bullets and a rocket-propelled grenade, and killing two of the officers, witnesses said. A third officer later died of his wounds.

The security officers were trying to take another officer to a hospital after he was wounded in an earlier clash, Fatah officials said in a statement. The officers had stormed a house where they believed that a kidnapped colleague was being held, it said.

Fatah officials blamed Hamas militiamen for the attack, while Hamas said Fatah militants had initiated the incident.

After nightfall, three smaller militant groups brought Hamas and Fatah officials in together in Khan Yunis and forged an accord to remove gunmen from the streets and release kidnapped activists, according to a statement released after the meeting. But it is unclear if that will lead to a truce in the rest of the territory.

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Also on Wednesday, the news agency Agence France-Presse demanded the immediate release of one of its photographers, who had been abducted at gunpoint in Gaza City on Monday. In a statement, the agency said there had been no word on the fate of the photographer, Jaime Rázuri, 50, a Peruvian.

"Despite assurances from Palestinian officials that they are doing everything possible to help with the search, we are deeply concerned over Jaime's health and safety," the statement said.

In the past most journalists and other foreigners kidnapped in the Gaza Strip have been released unharmed after a few hours. An exception was the abduction last summer of two Fox News journalists, who were held for two weeks but then finally released.

Talks between Fatah and Hamas on forming a national unity government broke down in November, fueling an increase in violence. Mr. Abbas has since threatened to call an early election, which Hamas said it would boycott, calling it a coup attempt. Mr. Abbas wants to resume peace talks with Israel.

Fatah led the Palestinian government since its establishment in 1994, but Hamas won legislative elections last January and formed a government in March.

Late Monday, clashes in the Jabaliya refugee camp near Gaza City broke a weeklong lull in fighting between the groups. In the last few weeks, 17 people have been killed in the internal fighting, leading to fears of civil war.

Aides to the Palestinian prime minister, Ismail Haniya of Hamas, said Wednesday that he planned to cut short a tour of Arab countries to return to Gaza. He was scheduled to travel later this week to Jordan, which has offered to be the host of a meeting between Mr. Haniya and Mr. Abbas in an effort to defuse the tensions between their factions.

Mr. Haniya and Mr. Abbas have agreed in principle to such a meeting, but no date has been announced.

5 Palestinians Killed In Gaza Strip (WP)

By Scott Wilson

The Washington Post, January 4, 2007

JERUSALEM, Jan. 3 -- Renewed factional fighting Wednesday between the rival Hamas and Fatah movements in the Gaza Strip killed five Palestinians, including a 22-year-old woman. More than 10 others were wounded.

The deaths were the first in two weeks as a result of partisan violence, which has spiked periodically over the past year during times of political tension. The fighting brought angry recriminations from leaders of both parties, indicating an end to the short period of calm in Gaza as talks to resolve the political stalemate remain stalled.

In the most brazen act, gunmen opened fire on a car and killed three men belonging to a security service loyal to Palestinian Authority President Mahmoud Abbas, a leader of the secular Fatah party that lost parliamentary elections to Hamas almost a year ago. Fatah leaders blamed Hamas, a radical Islamic movement that does not recognize Israel, for the ambush in the Gaza city of Khan Younis.

A gunman from the al-Aqsa Martyrs Brigades, Fatah's armed wing, was fatally shot north of Gaza City. The woman, Mona Salha, died after being wounded with about a dozen others caught in a Hamas-Fatah skirmish in the same area.

After failing to form a power-sharing government with Hamas acceptable to international donors, who provide nearly half the Palestinian government's annual budget, Abbas announced last month that he intends to call early elections, including for his own office. But he has yet to set a date for the vote, which Hamas officials have called an illegal attempt to overturn their election victory.

Also in Gaza on Wednesday, colleagues of a kidnapped Peruvian photographer with Agence France-Presse warned that his life is in danger unless he receives heart medication soon. Jaime Razuri, 50, was taken Monday by armed men outside the agency's Gaza offices. The agency's office manager, Sakher Abu El-Awn, told [a news agency] that Razuri is suffering from a heart disease that requires regular medication.

"We believe his life is at serious risk, and we urge his captors to release him immediately," Abu El-Awn told the agency.

In another development, an Israeli woman sentenced to three years in prison for aiding a Palestinian group that Israel considers a terrorist organization was released Wednesday after serving 26 months of her term.

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Tali Fahima pleaded guilty in December 2005 to having contacts with a foreign agent, passing information to the enemy and violating the law prohibiting Israelis from entering areas controlled by the Palestinian Authority. The charges stemmed from her association with Zakaria Zubeidi, leader of the al-Aqsa Martyrs Brigades in Jenin, whom she said she would protect as a "human shield."

Fahima spent 13 months in jail without being charged -- a status known as administrative detention -- before pleading guilty. That time was counted toward her sentence. Her term was to expire in November, but she was released early for good behavior.

How Kim Jong Il Controls A Nation (CSM)

By Robert Marquand

The Christian Science Monitor, January 4, 2007

SEOUL, SOUTH KOREA

As Kim Jong Il continues to elude efforts to constrain his nuclear program, a grudging regard for the North Korean leader's tactical skills is rising.

Mr. Kim was once thought to be over his head as a leader. But 12 years after the death of his father, Kim Il Sung, the son is showing brilliance as a dictator. Some experts say that Kim, in his own way, may be shrewder than the father who built the nation.

"Kim was in many ways dealt a weaker hand than his father, but he has played it better," says Brian Myers, a North Korea specialist at Dongseo University in Busan, South Korea.

Certainly, Kim has become a skillful player on the world stage. He retains firm hold of the most totalitarian state on earth. His nation has survived an epic famine. Kim has astutely nullified a dawning realization among his people that the world beyond North Korea's borders is a better place. He's even created a new image for himself at home - not as a towering patriarch - but as a figure of sympathy, a beleaguered, America-taunted leader who eats soldier's gruel and deserves care by the masses. He's played a smart propaganda game in South Korea, where some elites admire him as a nationalist torchbearer for "true Korean-ness," and for outwitting the great powers.

Now, Kim has tested a nuclear weapon - the eighth nation to publicly do so - and has developed a ballistic missile program.

"Why shouldn't Kim be seen as extraordinary?" asks Alexander Mansourov of the Asia Pacific Center for Security Studies in Honolulu. "He's poked his finger in the eye of the US hegemon. He's tested missiles and nukes. At home he's more popular than ever."

Abroad, Kim is seen as enigmatic, reclusive - part fox, part oddball. He's reported to hold all-night parties that serve as loyalty tests. He chain-smokes, loves Ferraris, goes gaga over gourmet food, has 30 homes, wears 12-centimeter high (4.7 inch) platform shoes, kidnaps the occasional South Korean actress, and is crazy about karaoke, James Bond films, and the Internet.

Yet that image, though partly true, is itself propaganda, say former Pyongyang diplomats, high-level defectors, and Korea experts. They say the real Kim is a bit unsure, frightened of China and the US, and may suffer from a learning disability. Kim's sister-in-law told a diplomat that Kim is "often timid." His father may not have offered him much respect. Not a TV personality

Bradley Martin, author of "Under the Loving Care of the Fatherly Leader: North Korea and the Kim Dynasty," says Kim may suffer from stage fright. Surprisingly for a state leader, especially a "godhead," Kim's voice has been heard only once by the nation, for a total of nine words. "Glory to the heroic soldiers of the People's Army," he said in 1992 at an obscure rally at a military base. Invitations to one state reception noted that one may speak to Kim, but that Kim would "not speak in reply," a Eastern European diplomat remembers. Kim has never appeared live on TV. Even in the period of mourning after the death of his father, the "Great Leader" - when posters stated mystically that "Kim Jong Il is now Kim Il Sung" - there was no fireside chat by Kim junior to his people.

Yet Kim reportedly micromanages the entire country. His state is a hermetically sealed cult that allows no debate; even top generals and their extended families undergo loyalty tests. A half-dozen concentration camps hold 200,000 inmates, a dozen intelligence units spy on the people and each other. North Korea has the world's fifth-largest army.

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"Everything goes up to Kim, and everything comes down from him. There isn't a whole lot of lateral motion in the North," says Stephen Bradner, a civilian expert in Seoul and longtime adviser to the US military. "We often ask the wrong question. The question is not what North Korea needs, but what Kim Jong Il wants."

"I used to think Kim was irrational and unrealistic," says Lee Jong Heon, who has just published a structural analysis of the North at Chung-Ang University in Seoul. "But when you study his moves, he has kept a grip on the people, and he now heads one of eight nuclear nations. He's been highly rational from his standpoint." But a busy populist

One side of Kim only now emerging is how closely he stays in touch with the people. The Dear Leader is on the road, working the crowds, a great deal. Studies of Korean media show Kim averages about 150 local visits a year. He may not make live televised speeches, but he's at a school, a factory, a farm, a military base - every three days. (He shows up at a military unit once a week.) This suggests a populist streak.

"When someone you worship comes to your factory, it's a personal connection. We tend to overlook this simple fact," says Mr. Mansourov, who has tracked Kim's appearances. "Kim knows the local leaders, the opinion makers, the local cadres. He's not in a fishbowl. He may be a dictator, but he's also a populist."

Kim also appears today to be intensifying his ethnic nationalist message: Korea is different, special, unique, pure - and must remain so. The message has more affinity with Imperial-era race-based fascism in Japan, than to the Stalinism he's often depicted as emulating, argues Mr. Myers.

"The North may not have plasma TVs and shiny cars, but it has people with character and virtue, that's Kim's message," says Myers. "South Korea is physically and spiritually polluted, misogynistic, occupied by the US, [has been] sold down the river, [and] lets its young people grow soft. The real Korean spirit is being held in trust in the North - that message appeals."

There's another fact often overlooked, say North watchers: Kim is getting older. There may be a new urgency to resolve the nuclear question, to seal his dynasty.

Kim was born "Uri" or George, in Khabarovsk lower Siberia in 1942 or '43 (the date is disputed), in a medicine supply house of the Soviet 88th Reconnaissance Brigade, according to South Korean scholar Suh Dae Sook. Kim Il Sung's guerrilla brigade had been bloodied in Manchuria by the Japanese, and he escaped to Russia with his wife. Young Kim was cared for by Korean and Russian servants. This early mix of foreign contact continued later in Pyongyang, so Kim never entirely imbibed Korean habits, where "sameness" is prized. He was early an individualist - adopting different hair-styles, dress, shoes, and behavior.

That "difference" has helped set Kim apart. Now he has nuclear capability. Yet the depths of Kim's pride, how he views his place in history, or how he would react in a threatening crisis, is not clear. In the former Soviet Union and China, and presumably in India and Pakistan, nuclear weapons are held by "mediating structures" of party and military decisionmaking committees. But Kim alone controls the dreaded button in the North.

It is unknown if Kim might ever find it "rational" to use his weapons, say experts. For example, might Kim behave like a jilted husband or postal worker who shoots his family or co-workers, then turns the gun on himself? Mostly, it is felt that Kim wants to avoid the fate that befell dictators such as Nicolae Ceausescu of Romania, who was overthrown and killed.

"If we aren't careful, Kim could see using his weapons as rational," argues Mr. Lee.

Army lore in North Korea, in fact, has Kim telling his generals that if " 'we are ever losing in a war, I will destroy the world if I can. I will not go down quietly,' " Mr. Martin points out. Opportunities lost?

Despite Kim's adroit nuclear card playing, Asia watchers say any appraisal must weighed against what Kim might have done with his rule. Fifteen years ago, as the Soviet Union was collapsing, there was genuine hope in Asia that Kim might be a new kind of leader. He might open up the economy, tone down the cult worship, act more like former Soviet leader Mikhail Gorbachev. Kim could have created special economic zones as China did. Yet Kim has systematically quashed his own reforms, including those of a brilliant technocrat, Kim Dal Hyon, former deputy prime minister of the economy who experimented with the free market in the Tumen River project.

In one sense, Kim is prisoner to his own fantastic ideology of isolation. To allow outside influences into the regime could snap the spell of his own Oz-like deification, experts say.

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"North Korea actually has everything," says Krzysztof Darewicz, a Polish journalist based in Pyongyang during the 1990s. "There's a wealth of valuable minerals, uranium and gold. It is smack-dab in the crossroads of Asia's current economic rise; trade and wealth surround the North. But what has it become? Nothing.

"Kim inherited a nuclear card with no idea what to do next," he adds.

"Kim is one hell of a tactician, but what is his strategy and where will it lead?" asks Martin. "What about his people?" Kim Facts

North Korea's "Dear Leader" Kim Jong Il ...

• Was born in Siberia in 1942 or 43.

• Is 5-foot, 3-inches tall and wears 12-centimeter (4.7 inch) high platform shoes.

• Has only been heard by North Koreans once, in 1992, in a national broadcast. He said: "Glory to the heroic soldiers of the People's Army."

• Has never appeared speaking live on TV in North Korea.

• Has the world's fifth-largest army.

• Gives his top generals loyalty tests.

• Averages about 150 visits per year to schools, military bases, factories.

The Shenyang Six (WSJ)

The Wall Street Journal, January 4, 2007

Ban Ki Moon got off to a good start at the United Nations this week when he declined to criticize the execution of Saddam Hussein. Here's another way the new Secretary General could outshine his predecessor: Demand that Beijing live up to its international obligations to let the U.N. High Commissioner for Refugees help the tens of thousands of North Korean refugees hiding in northeast China.

As a fellow Korean, Mr. Ban has special moral authority to address this little-known humanitarian crisis. A good place to start would be by making a public plea on behalf of six refugees who tried, but failed, to obtain sanctuary in the U.S. consulate in Shenyang, China, last month. The six are in jail in Shenyang, awaiting deportation under China's policy regarding the North Korean refugees it tracks down.

China's treatment of the North Koreans violates the International Convention Regarding the Status of Refugees, to which it is a party and which bars "refoulement," or the repatriation of refugees to places where their lives or freedom would be in jeopardy. North Koreans who are sent home by Beijing face execution or a term in one of Kim Jong Il's prison camps, which can amount to a death sentence.

The six refugees in jail in Shenyang include two orphan boys, ages 16 and 17; a 22-year-old woman; and three women in their 40s. One of the older women is the mother of a 19-year-old who made it to safety in the U.S. consulate last year and is awaiting resettlement in the U.S. along with two orphan boys -- if China lets them leave. One of the women has relatives in Hawaii; another has family in South Korea.

The six were captured just before Christmas along with two Americans who had been sheltering them in safe houses in another city and were accompanying them to the consulate. Their rescuers -- young women who don't want their names used -- belong to Liberty in North Korea, or LINK, a U.S. non-profit dedicated to helping the refugees. LINK's director, Adrian Hong, was also arrested -- pulled out of his hotel room in Beijing and taken to a prison cell in Shenyang. The three rescuers were deported this week.

That's progress of sorts. Steve Kim, a Huntington, New York, businessman who provided funds to house and care for refugees, was tried, convicted and has been in jail in China since September 2003. Phillip Buck, a pastor from Seattle, was released in August after serving 15 months in prison for helping North Koreans.

Beyond the six jailed refugees is the larger tragedy of the tens of thousands of North Koreans in northeast China and the thousands more who may flee if famine hits North Korea this winter, as expected. The humane solution would be to allow the UNHCR to set up processing centers in China for the refugees, who could then be transferred to transit camps in neighboring countries before being resettled elsewhere.

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South Korea's constitution requires it to accept escapees from the North, and North Korean asylum seekers are welcome in the U.S. under 2004 legislation. In one of his last acts as Senate Majority Leader, Bill Frist introduced a bill that would authorize $10 billion for the relief and relocation of North Korean refugees. That's a good idea that other Senators could adopt.

Meanwhile, the six refugees incarcerated in Shenyang await a decision from Beijing. As he was being escorted from jail this week, Mr. Hong says he passed the cell where several of the North Koreans were being held. "There is nothing like looking in the eyes of someone who thinks they are going to die," he says. "They all had that look -- like there was no hope."

Mexican U.N. Insider Gets Manager's Post (NYT)

By Julia Preston

The New York Times, January 4, 2007

UNITED NATIONS, Jan. 3 — Ban Ki-moon, on his second day as secretary general, appointed a high-level United Nations insider, Alicia Bárcena Ibarra, to the top management post, a signal that he does not plan aggressive reforms in the much-criticized bureaucracy.

Ms. Bárcena, 54, is a career diplomat from Mexico who served for most of last year as the chief of staff for Kofi Annan, Mr. Ban's predecessor. Before that, since July 2003, Ms. Bárcena had been the deputy executive secretary of the Economic Commission for Latin America and the Caribbean, a United Nations development agency based in Chile.

United Nations diplomats pointed out that Ms. Bárcena, although a well-regarded diplomat, had little of the front-line administrative experience needed to run the unwieldy United Nations system, which employs 16,500 people worldwide.

Her appointment marked the first time since 1992 that her position, under secretary general for management, has not been held by an American. In years past, the United States government has battled for the position, but this time Washington is lobbying instead for the top policy-making job, under secretary general for political affairs.

Several diplomats said the choice of Ms. Bárcena cast doubt on statements Mr. Ban made on Tuesday, when he said in a meeting with United Nations staff members that he wanted to overhaul "the working culture" of the organization.

"It's a missed opportunity in terms of having a clean break from the Kofi Annan era," said one Security Council diplomat. "It would have made sense if she had immense financial and management experience. But to the contrary, she doesn't."

But the announcement cited Ms. Bárcena's broad knowledge of the sprawling United Nations organization. She has also worked closely with Mr. Ban during the transition from Mr. Annan's leadership, and Mr. Ban has said he will appoint more women to senior positions.

"He has set his agenda, and I am sure that Ms. Bárcena agrees with that agenda," said Michèle Montas, Mr. Ban's spokeswoman.

The management post had been filled since June 2005 by Christopher B. Burnham, a former Marine Corps reserve colonel and investment banker. Under his tenure, the United Nations adopted new protections for whistleblowers, formed an ethics office, updated its financial disclosure policies and reorganized the procurement department, which has been the target of several criminal fraud indictments. Mr. Burnham stepped down in November.

In the meeting Tuesday with Mr. Ban, Stephen Kisambira, the president of the staff members' union, said the United Nations needed "a fundamental change in the mindset of senior management" from a current approach that he said was based on "dominance, disregard and fear."

Mr. Ban also appointed Sir John Holmes, the British ambassador to France, as under secretary general for humanitarian affairs and coordinator of emergency relief.

Britain Free From WWII Payments (WT)

By Al Webb

The Washington Times, January 4, 2007

LONDON -- More than six decades after the fact, Britain has finally paid back the billions of dollars it had borrowed from the United States and Canada to help pay for rebuilding the country after World War II.

At the click of a few computer keys in London on the last business day of 2006, $83.25 million was sent electronically winging to Washington and $22.7 million to Ottawa, to free Britain from annual installments it occasionally has struggled to pay.

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The original loan of $4.34 billion -- the equivalent of $27 billion in today's money -- was negotiated by a London team headed by economic mastermind John Maynard Keynes in 1945 to stave off the bankruptcy that posed a serious threat to Britain in the wake of the war's wreckage.

The Canadian share of the loan was $1.2 billion.

The loan was paid off in 50 installments, the last of which leaves Britain free of that debt for the first time since a devastated Nazi Germany surrendered to Allied forces more than 61 years ago.

British Economic Secretary Ed Balls hailed the dispatch of that last payment on Dec. 29, telling journalists, "We finally honor our commitments to the U.S. and Canada for the support they gave us 60 years ago."

"It was vital support which helped Britain defeat Nazi Germany and secure peace and prosperity in the postwar period," Mr. Balls said.

In fact, it was much more than that. World War II had left Britain an economic mess -- a "financial Dunkirk," as Mr. Keynes put it -- and with the abrupt termination in September 1945 of the lend-lease arrangement that had it afloat through the hostilities, the country was on the verge of collapse.

Under the Lend-Lease Act of 1941, signed by President Franklin Delano Roosevelt, Washington sent war supplies to allies. Britain received most of that assistance -- $31.4 billion out of the total $50.1 billion. Other major countries that benefited from the Lend-Lease Act were the Soviet Union ($11.3 billion), France ($3.2 billion) and China ($1.6 billion).

No payment was required for supplies sent under the program. The allies' compensation came in the form of services, rent and use of air bases.

However, Washington suddenly terminated the lend-lease shipments on Sept. 2, 1945, with goods still in transit, forcing Britain to negotiate new loans from the United States and Canada for reconstruction.

The large consignment of goods in transit or already in Britain were sold to Britain for about 10 cents on the dollar under the new 50-year loan agreement.

Mr. Keynes and his team won during their negotiations with the U.S. government what amounted to an economic lifeline that allowed Britain to pay for food, fuel and other essentials, while coping with massive bills for arms and munitions left over from the war as it began rebuilding its shattered economy.

"The Americans gave us an excellent deal in two senses," Tim Leunig, an economics history lecturer at the London School of Economics, told the Scotsman newspaper -- the 2 percent rate of interest on the loan, and the fact that the United States even agreed to such a loan.

"First of all," Mr. Leunig said, "2 percent has always been a very low rate of interest. Second, to lend to someone in wartime is very risky."

For his part, Mr. Keynes at the time was less than pleased, particularly about the 2 percent interest on the debt. He accused the United States of behaving badly, suggesting that Washington should write off the loan as a gift, or at least make it interest-free.

Still, it was viewed in economic circles as a bargain, which meant that by the time the last installment cleared the books, the original loan of $4.34 billion had totaled barely $7.1 billion including interest -- little more than small change to today's global economies and the multibillionaires they steadily churn out.

Even so, the repayment road has not always been an easy one for Britain. The installment payments that started in 1950 were deferred six times -- in 1956, 1957, 1964, 1965, 1968 and 1976 -- because of various economic crises, pressures on official reserves and adverse international exchange rates.

So that last payment was, in fact, six years late. Never mind, said a British Treasury spokesman, the important point is, "Britain always repays her debts."

Well, not quite. Britain borrowed money from the United States during World War I, but has never repaid the debt -- although they blame the Americans.

President Hoover declared a moratorium on World War I debts during the Great Depression and global financial crisis, and it was never rescinded.

‘Extraordinary’ Fall In German Jobless (FT)

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By Bertrand Benoit In Berlin

Financial Times, January 4, 2007

Unemployment in Germany recorded another steep monthly drop in December, underscoring the robustness of the year-old rebound under way in Europe's largest economy.

Seasonally adjusted figures released by the Federal Labour Agency on Wednesday put the number of jobseekers in Germany at 4.1m, down 108,000 on the month, a far bigger drop than economists had anticipated after a 86,000 fall in November.

The "extraordinary fall in unemployment", as described by the Agency, put the unemployment rate in the country at 9.8 per cent.

"These figures are considerably better than expected and underpin the view that the recovery in Germany has become self-sustaining," Elga Bartsch, economist at Morgan Stanley, said.

The data, following very upbeat business sentiment surveys at the end of December, will buttress the view shared by a majority of economists that the strong German recovery will last well into 2007 despite a three-point rise in value-added tax, the biggest tax increase in post-war history, this month.

The closely followed Ifo business sentiment index surged to a 16-year high last month after notching up the fastest growth last year since the start of the decade. The German economy is expected to have grown by 2.5 per cent in 2006, exceeding French growth for the first time since 1994.

"The positive development in unemployment is mainly down to the cyclical rebound in job creation," the Labour Agency wrote in its monthly report.

However, economists said several factors, including mild weather in December and new benefits available to unoccupied construction workers as of December 1st, might have flattered the unemployment figures somewhat.

In November, the latest month for which employment data was available, the Agency recorded 46,000 job creations, bringing the total number of positions created in the past year close to half a million.

The main question for economists regarding the fate of the German recovery this year hinges on consumers' reaction to the VAT increase and the magnitude and duration of the expected lull in growth this hefty tax increase could cause.

Anecdotal evidence of robust retail sales over the holiday season, and the positive sentiment evidenced in the retail sub-section of December's Ifo index, suggest consumption picked up at the end of 2006.

However, private spending remains low and some forecasters fear consumers might have brought forward big-ticket purchases in anticipation to the VAT rise, pointing to a possible drop in spending in the first quarter even though the tax increase may take longer to find its way into higher retail prices.

Ritual Sacrifice? Not On My Street, Some Belgians Say (WSJ)

By Mary Jacoby

The Wall Street Journal, January 4, 2007

BRUSSELS -- At a slaughterhouse here last week, Mohamed Mimoun wrestled a sheep between his legs and took a number. He gasped: It was a two-hour wait to sacrifice his animal for Eid al-Adha, an important Islamic religious festival.

"I should have done this at home, like everyone else," he moaned.

That would have saved Mr. Mimoun a long wait in drenching rain, but it would have been against the law. Killing an animal at home to eat it is legal in Belgium. But a 1988 law expressly forbids the ritual slaughter of animals at home.

Living cheek by jowl in Brussels with the many bureaucrats who run the European Union, Muslims in the city turned an estimated 25,000 sheep toward Mecca this year and cut their throats to celebrate the story of Abraham's willingness to sacrifice his son to God. Eid al-Adha commemorates God's reprieve which allowed Abraham to kill a ram instead of his son. While some, like Mr. Mimoun, head to official slaughterhouses, many Muslims, fearing long waits, kill their sheep illegally in their backyards and basements instead.

Whether at a slaughterhouse or at home, the practice raises the ire of animal-rights activists. For years, they have held anguished protests against the manner in which the sheep are slaughtered, arguing that the sheep should be stunned first to

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lessen their pain. "It's not normal to have thousands of sheep slaughtered like this in the middle of a major European city," says Ann De Greef, a Belgian animal-rights campaigner.

On his way to the slaughterhouse, Mr. Mimoun was fined by a policewoman for transporting a live sheep in the closed trunk of his Toyota. By law, it should have been in the back seat.

"She told me I needed to have a seat belt on the sheep," Mr. Mimoun said. The policewoman later said she was joking about the seat belt.

Brussels' Muslim population has grown to more than 15% of the city's one million inhabitants, and what began two decades ago as a debate over animal welfare and hygiene has been transformed into a test of political might. The result is a stalemate.

"We have the right to practice our religion," says Coskun Beyazgül, head of the Muslim Executive Office, a state-sponsored Islamic authority.

While Muslim authorities in France sanction the use of electronic stunning methods, Muslim authorities in Belgium forbid it. For the sacrifice to be completed in accordance with Islam, says Mr. Beyazgül, the lamb must die from a loss of blood while its head is turned toward Mecca in Saudi Arabia, birthplace of the Prophet Muhammad. Stunning the animals before slitting their throats, he says, could lead to the animal dying prematurely, against Islamic principles.

Mr. Beyazgül is also against making donations of money to charity in lieu of sacrificing a live animal, as many Muslims do in the U.S. and other countries. He adds that Muslims here ignore the home-slaughtering ban because Belgian authorities aren't willing to invest in enough capacity at legal slaughtering facilities.

While similar conflicts play out across Europe, the tensions are particularly acute in Brussels, Europe's political capital. Unlike France and other nations with large Muslim minorities, Muslims in Belgium aren't concentrated in ghettos outside major cities; they often live side-by-side with EU officials and other professionals in gentrifying urban neighborhoods.

One man got his lamb home last year on a leash. "It looked like his pet," says Pierre-Yves Lambert, a local political commentator and social worker. "But everyone knew where it was going."

To ease the strain on slaughterhouses, city leaders have suggested the Muslim community spread out the sacrifice over the three days of the festival, which ended this year on Jan. 1. Nothing doing, says Mr. Beyazgül. "Everyone wants to kill their sheep in the morning of the first day," he says. "They want to eat their sheep for lunch."

The rush to slaughter so many sheep within hours led to catastrophe during last year's festival. A temporary slaughterhouse became overwhelmed with long lines and malfunctioning water and drainage systems. In a hurry to get home, some celebrants began slaughtering sheep on top of live sheep as large pools of blood formed.

In response, Belgian politician Jean-Marie Dedecker last year introduced a bill that would have required Muslims to stun the sheep before killing them. Muslims protested, and the bill died.

Mr. Dedecker, who hails from Belgium's Dutch-speaking North, blames Laurette Onkelinx, Belgium's Justice Minister and a French-speaking Socialist, for its defeat. "Most of the Muslims speak French and vote for the Socialists, and Ms. Onkelinx needs their votes to stay in office," he says.

Representatives of Ms. Onkelinx did not return phone calls.

Ms. De Greef and her group, Global Action in the Interest of Animals, scored a win in 2003, when they successfully sued to stop municipal authorities from placing collection bins on city streets for animals' remains. Providing such bins is tantamount to sanctioning illegal home sacrifice, she says.

"The Muslims portray this as an attack on their religion," says Ms. De Greef. "But we think the law is for everybody."

Still, authorities in several towns outside Brussels continued to provide waste bins for last week's festival, drawing protests from Ms. De Greef's group. More than 100,000 sheep were sacrificed in Belgium this year for the religious festival, Mr. Beyazgül said.

But for Muslims like 48-year-old Mr. Mimoun, who want to slaughter their sheep in legal facilities, the annual festival can be costly.

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Mr. Mimoun paid a farmer $230 for his sheep. Then he paid $60 to have a certified Muslim sacrificateur perform the ritual killing for him at the slaughter facility. And he'll have to pay a fine -- the amount of which will be determined by a judge -- for transporting the animal in the trunk of his car.

But Mr. Mimoun, who moved to Belgium from Morocco when he was 4 years old, said it was worth it. "I am a Belgian. This is Europe. I respect the law," he said.

Besides, he added: "I don't like blood."

Spanish PM Pays Price After Bomb Derails Eta Peace Talks (FT)

By Mark Mulligan And Victoria Burnett

Financial Times, January 4, 2007

It was a buoyant José Luis Rodríguez Zapatero who last Friday delivered an unerringly upbeat review of the Spanish government's achievements in 2006.

As well as presiding over a roaring economy and laying the legislative foundation for a healthier, more tolerant Spain, the prime minister had sown the seeds of a peace process that could end 40 years of violence by Eta, the Basque separatist group.

Mr Zapatero ventured that Spain would be even "better off in a year's time than it was at the end of 2006". Less than 24 hours after uttering those words, Mr Zapatero was forced to eat them. A powerful car bomb at Madrid's Barajas airport that killed two people made a mockery of his optimism as it derailed the peace process on which he had staked much of his political credibility.

"This is a huge setback for the prime minister," said Antonio Camuñas, the head of Global Strategies, the Madrid-based lobbying group. "By making the peace process his personal project – there were no teams, no delegation – there was always the risk that a failure would be a personal failure."

The suspension of the Eta process marks the first big defeat for a leader who has managed, through formidable charm, shrewdness and unshakeable conviction, to steer his country leftwards since winning a surprise victory in the March 2004 election, two days after devastating bomb attacks on the Madrid commuter rail network. It underlines the limitations of a determined optimist who, political insiders complain, fails to take counsel or heed political alarm bells.

"Mr Zapatero has dominated his own party much like Tony Blair has dominated the [British] Labour party," said David Mathieson from Fride, a left-leaning Madrid think-tank. "When thing are going well for him, it reflects well on the government; when he stumbles, the whole government wobbles."

The setback over Eta talks had exposed a fundamental flaw in the power base built by Mr Zapatero since election victory, said Mr Camuñas. By alienating moderates within his own socialist party, and securing parliamentary support by ceding to the, at times, radical demands of Spain's regionalist parties, he had driven the opposition Popular party further to the right.

Mr Zapatero must now scramble to regain momentum before next year's general election, analysts say. The Eta talks dominated the agenda in Spain in recent months – to the chagrin of Mr Zapatero's aides – leaving little space to highlight the success of the government's more grassroots policies.

On Friday, Mr Zapatero pointed to tax cuts, market reforms and unprecedented spending on research and development and education. His government has clamped down on smoking in public, drink-driving, domestic violence and pushed through a law to help those caring for the elderly and disabled.

However, critics claim that on the international stage, Mr Zapatero has failed to win Spain a voice commensurate with its growing economic stature.

He has failed to back up ambitious, yet vague, foreign policy proposals with action. Despite promoting a Middle East initiative, the prime minister has not visited the region. He has stopped Spanish troops in Afghanistan from moving to the region where fighting is fiercest.

Allies, however, point to his deft management of issues close to Spanish hearts. Mr Zapatero was quick to withdraw troops from Iraq following his election. He defied sceptics when he won continued European Union development funds for the next five years and has secured promises of greater assistance dealing with the flood of African immigrants who use Spain as a backdoor into Europe.

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Foreign policy also does not traditionally rank high on the electorate's agenda. "Foreign policy is never a vote winner – it can be a vote loser," says Charles Powell, history professor at the San Pablo CEU university in Madrid.

In an attempt to regain political ground at home, the government this week was planning a series of social policy initiatives "that Spaniards really care about", said a Socialist party official.

In an apparent effort to bury the hatchet with the opposition Popular party, the government next week will seek a new, multi-party anti-terrorism pact.

However, officials admitted the chances of reviving peace talks during Mr Zapatero's term in office were virtually nil.

A World Free Of Nuclear Weapons (WSJ)

By George P. Shultz, William J. Perry, Henry A. Kissinger And Sam Nunn

The Wall Street Journal, January 4, 2007

Nuclear weapons today present tremendous dangers, but also an historic opportunity. U.S. leadership will be required to take the world to the next stage -- to a solid consensus for reversing reliance on nuclear weapons globally as a vital contribution to preventing their proliferation into potentially dangerous hands, and ultimately ending them as a threat to the world.

Nuclear weapons were essential to maintaining international security during the Cold War because they were a means of deterrence. The end of the Cold War made the doctrine of mutual Soviet-American deterrence obsolete. Deterrence continues to be a relevant consideration for many states with regard to threats from other states. But reliance on nuclear weapons for this purpose is becoming increasingly hazardous and decreasingly effective.

North Korea's recent nuclear test and Iran's refusal to stop its program to enrich uranium -- potentially to weapons grade -- highlight the fact that the world is now on the precipice of a new and dangerous nuclear era. Most alarmingly, the likelihood that non-state terrorists will get their hands on nuclear weaponry is increasing. In today's war waged on world order by terrorists, nuclear weapons are the ultimate means of mass devastation. And non-state terrorist groups with nuclear weapons are conceptually outside the bounds of a deterrent strategy and present difficult new security challenges.

Apart from the terrorist threat, unless urgent new actions are taken, the U.S. soon will be compelled to enter a new nuclear era that will be more precarious, psychologically disorienting, and economically even more costly than was Cold War deterrence. It is far from certain that we can successfully replicate the old Soviet-American "mutually assured destruction" with an increasing number of potential nuclear enemies world-wide without dramatically increasing the risk that nuclear weapons will be used. New nuclear states do not have the benefit of years of step-by-step safeguards put in effect during the Cold War to prevent nuclear accidents, misjudgments or unauthorized launches. The United States and the Soviet Union learned from mistakes that were less than fatal. Both countries were diligent to ensure that no nuclear weapon was used during the Cold War by design or by accident. Will new nuclear nations and the world be as fortunate in the next 50 years as we were during the Cold War? * * *

Leaders addressed this issue in earlier times. In his "Atoms for Peace" address to the United Nations in 1953, Dwight D. Eisenhower pledged America's "determination to help solve the fearful atomic dilemma -- to devote its entire heart and mind to find the way by which the miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life." John F. Kennedy, seeking to break the logjam on nuclear disarmament, said, "The world was not meant to be a prison in which man awaits his execution."

Rajiv Gandhi, addressing the U.N. General Assembly on June 9, 1988, appealed, "Nuclear war will not mean the death of a hundred million people. Or even a thousand million. It will mean the extinction of four thousand million: the end of life as we know it on our planet earth. We come to the United Nations to seek your support. We seek your support to put a stop to this madness."

Ronald Reagan called for the abolishment of "all nuclear weapons," which he considered to be "totally irrational, totally inhumane, good for nothing but killing, possibly destructive of life on earth and civilization." Mikhail Gorbachev shared this vision, which had also been expressed by previous American presidents.

Although Reagan and Mr. Gorbachev failed at Reykjavik to achieve the goal of an agreement to get rid of all nuclear weapons, they did succeed in turning the arms race on its head. They initiated steps leading to significant reductions in deployed long- and intermediate-range nuclear forces, including the elimination of an entire class of threatening missiles.

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What will it take to rekindle the vision shared by Reagan and Mr. Gorbachev? Can a world-wide consensus be forged that defines a series of practical steps leading to major reductions in the nuclear danger? There is an urgent need to address the challenge posed by these two questions.

The Non-Proliferation Treaty (NPT) envisioned the end of all nuclear weapons. It provides (a) that states that did not possess nuclear weapons as of 1967 agree not to obtain them, and (b) that states that do possess them agree to divest themselves of these weapons over time. Every president of both parties since Richard Nixon has reaffirmed these treaty obligations, but non-nuclear weapon states have grown increasingly skeptical of the sincerity of the nuclear powers.

Strong non-proliferation efforts are under way. The Cooperative Threat Reduction program, the Global Threat Reduction Initiative, the Proliferation Security Initiative and the Additional Protocols are innovative approaches that provide powerful new tools for detecting activities that violate the NPT and endanger world security. They deserve full implementation. The negotiations on proliferation of nuclear weapons by North Korea and Iran, involving all the permanent members of the Security Council plus Germany and Japan, are crucially important. They must be energetically pursued.

But by themselves, none of these steps are adequate to the danger. Reagan and General Secretary Gorbachev aspired to accomplish more at their meeting in Reykjavik 20 years ago -- the elimination of nuclear weapons altogether. Their vision shocked experts in the doctrine of nuclear deterrence, but galvanized the hopes of people around the world. The leaders of the two countries with the largest arsenals of nuclear weapons discussed the abolition of their most powerful weapons. * * *

What should be done? Can the promise of the NPT and the possibilities envisioned at Reykjavik be brought to fruition? We believe that a major effort should be launched by the United States to produce a positive answer through concrete stages.

First and foremost is intensive work with leaders of the countries in possession of nuclear weapons to turn the goal of a world without nuclear weapons into a joint enterprise. Such a joint enterprise, by involving changes in the disposition of the states possessing nuclear weapons, would lend additional weight to efforts already under way to avoid the emergence of a nuclear-armed North Korea and Iran.

The program on which agreements should be sought would constitute a series of agreed and urgent steps that would lay the groundwork for a world free of the nuclear threat. Steps would include:

• Changing the Cold War posture of deployed nuclear weapons to increase warning time and thereby reduce the danger of an accidental or unauthorized use of a nuclear weapon.

• Continuing to reduce substantially the size of nuclear forces in all states that possess them.

• Eliminating short-range nuclear weapons designed to be forward-deployed.

• Initiating a bipartisan process with the Senate, including understandings to increase confidence and provide for periodic review, to achieve ratification of the Comprehensive Test Ban Treaty, taking advantage of recent technical advances, and working to secure ratification by other key states.

• Providing the highest possible standards of security for all stocks of weapons, weapons-usable plutonium, and highly enriched uranium everywhere in the world.

• Getting control of the uranium enrichment process, combined with the guarantee that uranium for nuclear power reactors could be obtained at a reasonable price, first from the Nuclear Suppliers Group and then from the International Atomic Energy Agency (IAEA) or other controlled international reserves. It will also be necessary to deal with proliferation issues presented by spent fuel from reactors producing electricity.

• Halting the production of fissile material for weapons globally; phasing out the use of highly enriched uranium in civil commerce and removing weapons-usable uranium from research facilities around the world and rendering the materials safe.

• Redoubling our efforts to resolve regional confrontations and conflicts that give rise to new nuclear powers.

Achieving the goal of a world free of nuclear weapons will also require effective measures to impede or counter any nuclear-related conduct that is potentially threatening to the security of any state or peoples.

Reassertion of the vision of a world free of nuclear weapons and practical measures toward achieving that goal would be, and would be perceived as, a bold initiative consistent with America's moral heritage. The effort could have a profoundly positive impact on the security of future generations. Without the bold vision, the actions will not be perceived as fair or urgent. Without the actions, the vision will not be perceived as realistic or possible.

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We endorse setting the goal of a world free of nuclear weapons and working energetically on the actions required to achieve that goal, beginning with the measures outlined above.

Mr. Shultz, a distinguished fellow at the Hoover Institution at Stanford, was secretary of state from 1982 to 1989. Mr. Perry was secretary of defense from 1994 to 1997. Mr. Kissinger, chairman of Kissinger Associates, was secretary of state from 1973 to 1977. Mr. Nunn is former chairman of the Senate Armed Services Committee.

A conference organized by Mr. Shultz and Sidney D. Drell was held at Hoover to reconsider the vision that Reagan and Mr. Gorbachev brought to Reykjavik. In addition to Messrs. Shultz and Drell, the following participants also endorse the view in this statement: Martin Anderson, Steve Andreasen, Michael Armacost, William Crowe, James Goodby, Thomas Graham Jr., Thomas Henriksen, David Holloway, Max Kampelman, Jack Matlock, John McLaughlin, Don Oberdorfer, Rozanne Ridgway, Henry Rowen, Roald Sagdeev and Abraham Sofaer.

Energy From Another Backyard (WSJ)

By Norval Scott

Wall Street Journal, January 4, 2007

Saint John, New Brunswick

The oil and natural-gas industry is increasingly looking to Canada as a home for big energy projects Americans don't want in their backyards.

A patch of coniferous forest near here, on Canada's Atlantic coastline, represents both the promise and the challenges of that approach. The land, owned by closely held Canadian energy company Irving Oil, is earmarked for the possible construction of a 300,000-barrel-a-day crude-oil refinery that would cost $5 billion to $7 billion -- the first new refinery in the U.S. or Canada in more than 25 years. Irving hopes a refinery, if it chooses to build one, would be operational by 2013.

The challenges include drawing international partners and a skilled work force to the sparsely populated area, as well as convincing locals that the changes are for the better.

The refinery development is the cornerstone of a concerted regional attempt to construct a huge "energy hub" in New Brunswick, supplying the markets of Boston and New York with gasoline, natural gas and eventually petrochemicals and related products. That would increase U.S. energy reliance on Canada, which already supplies 16% of its imported oil and oil products and about 85% of its imported natural gas.

The effort is the latest sign of increased interest just outside U.S. borders, in part to supply the U.S. market. Two liquefied-natural-gas where gas shipped from overseas in transportable liquid form will be processed for consumer use -- are planned for British Columbia.

Mexico also has drawn interest. In August, an LNG terminal on the country's east coast owned by Royal Dutch Shell PLC of the U.K., Total SA of France and Mitsui & Co. of Japan accepted its first delivery. Others are planned for Mexico's west coast, intended to supply some gas to Southern California. But Mexico's energy infrastructure is less-developed and the nation faces its own supply concerns.

Confronting 'Nimby'

The rise in U.S. energy demand shows no signs of easing, despite higher prices as supplies world-wide become harder to find. The country also has been slow to invest in the infrastructure necessary to bring extra imports to consumers, due in part to concerns about the cyclical nature of the energy business. Also hurting matters is the widespread not-in-my-backyard attitude -- "Nimby" for short -- toward new industrial investment, which has notably delayed development of LNG terminals in the U.S.

Saint John, which is conveniently close to the U.S. Northeast, has both a natural deepwater port that could accommodate more shipping and a large amount of unused land suited for industrial development.

Irving Oil, which already has a 300,000-barrel-a-day refinery at Saint John that exports petroleum products to the U.S., also is building an LNG terminal there in conjunction with Spanish energy company Repsol YPF SA, with plans to import about one billion cubic feet of natural gas a day to meet U.S. demand.

Irving is in talks with potential partners and is gauging local support for the possible new refinery, with an eye to applying for a refining permit early this year. Local officials hope that will contribute to the economic regeneration needed by Saint John, a city

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hard hit by the decline of both the shipbuilding industry and Atlantic cod stocks. The campaign of New Brunswick's recently elected premier, Shawn Graham, focused on making the province a leader in energy generation.

"Canada has been a reliable supplier of energy to the U.S., and that's something we'd like to expand," said Irving Oil President Kenneth Irving, grandson of the company founder. "As long as we keep getting [local] encouragement, we're going to try our best to make this a reality."

The company says it is negotiating with potential oil-supplying partners, though it won't disclose names. To attract a partner, Irving is touting the potential refinery as a processor of heavier grades of crude oil, which are tougher to refine and which oil producers can find harder to sell in world markets.

Irving and local supporters hope to win locals and attract skilled labor, which has left the region in recent years due to a lack of work and the oil-sands boom in faraway Alberta. Last month, regional advocacy group Atlantic Canada published a brochure in Alberta's major cities, seeking to draw workers back to Eastern Canada by illustrating the region's affordable living and laid-back lifestyle.

The Irving family owns many local businesses, in fields from construction and shipbuilding to forestry and newspapers. The family's local dominance has led some locals to question whether the regional government is holding Irving Oil to full account. In 2005, the New Brunswick legislature capped property taxes on the LNG terminal at 500,000 Canadian dollars (US$430,000) a year for 25 years. Opponents of the deal say that's about a tenth of what U.S.-based Anadarko Petroleum Corp. will pay in taxes on the similarly-sized, though less expensive, Bear Head LNG terminal in Nova Scotia.

Power Play

"Irving Oil has so much power in Saint John and New Brunswick that people are afraid to stand up to them," said Leland Thomas, a founding member of the group Friends of Rockwood Park, which opposes the route chosen for the pipeline to the LNG plant. "They're not paying full value for what they're getting."

City officials claim the property tax cap was vital to ensure the LNG terminal was built in Saint John. At the time, Mayor Norm McFarlane said the decision "would rest well for the next 50 years here."

Some locals still see the terminal as a safety hazard, with a terrorist attack on LNG facilities a particular concern. "We're taking all the risk, and yet all the supplies are going to the U.S.," said Carol Brown, a Saint John restaurateur who refuses to refuel her car at Irving Oil stations.

Irving Oil says it's had a largely positive response from the local community. The company believes its policy of consulting with locals about the project at an early stage -- before applying for any permits have been made -- will enable it to convince them of its merits. "The information we've had so far has been very encouraging," said Mr. Irving. "We believe this project has the right balance of aligning commercial interests along with those of the community."

DOJ_NMG_0112244

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 4, 2007 7:45 AM EST

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TERRORISM NEWS:

Contractors Are Cited In Abuses At Guantanamo (WP)

By Griff Witte And Renae Merle

The Washington Post, January 4, 2007

New allegations of detainee abuse at Guantanamo Bay released by the FBI on Tuesday put private contractors at the center of interrogation operations, raising questions once again about where they fit in the military's chain of command.

The FBI's disclosures, which are based on eyewitness reports, refer several times to contractors directing the Army's interrogation efforts at the military detention center in Cuba. In at least one case, FBI agents were told that detainees may have been mistreated on orders from a contractor.

Taken together, the documents suggest a greater role for contractors than was previously known, and contracting experts said they indicate a further blurring of the limits on how much responsibility the private sector can carry in doing the public's work.

"These are incredibly sensitive and important government jobs. That's why you're supposed to have a very clear and public chain of command," said Brookings Institution scholar Peter W. Singer. "But now there's a confusion about proper roles."

A Defense Department official yesterday denied that contractors are supervising military personnel at Guantanamo. "As contractors cannot issue orders to military personnel, military personnel are not required to obey orders from a contractor," said Navy Cmdr. Robert Durand, a spokesman for Task Force Guantanamo.

In the FBI documents, one agent described a 2002 incident involving a "civilian army contractor, who was in charge of the Army's interrogators." The agent reported being shown a bearded detainee with duct tape covering much of his head. Asked about it, the contractor "laughed and stated that the detainee had been chanting the Koran and would not stop," the documents said.

The same agent said his primary contact was a "civilian contractor employed by the military, who was responsible for the interrogations," the documents said. The contractor "directed military reservists who conducted the interrogations of the detainees."

The agent, apparently referring to the same contractor, also said the person "exhibited 'bizarre behavior,' meaning he displayed a range of emotions and often 'lost it' or became very angry when something insignificant occurred," the documents said.

Another agent reported seeing detainees in Delta Camp in sweltering rooms as loud rap music played. The agent was told the treatment had been ordered by military contractors, according to an FBI summary of the documents.

The disclosures, which are based on a 2004 survey of FBI personnel, do not mention which company employed the contractors at Guantanamo. Many of the incidents dated to 2002, but it could not be learned yesterday what company held the contract for some of that time. In November 2002, Affiliated Computer Systems was awarded a contract to supply 30 intelligence analysts and 15 to 20 interrogators and strategic debriefers to Guantanamo. ACS was acquired by Lockheed Martin, the Pentagon's largest contractor, in 2003.

"During our period of performance at Guantanamo, our employees were under the direct authority of" the U.S. Southern Command, said Lockheed spokesman Tom Jurkowsky. "We had no authority to, nor did we, direct the actions of any military member, active or reserve."

Lorton-based Chenega Federal Systems took over the work last year when it won a five-year, $152 million contract. The company had 16 "interrogators/strategic briefers" at Guantanamo Bay as of October, according to the Army.

"Chenega was not involved in debriefing or interrogating detainees in 2002 or early 2003," Chenega's communications director, Kristina Woolston, said in a written statement.

The FBI documents were released late Tuesday as part of a lawsuit by the American Civil Liberties Union, and include several new allegations of questionable treatment of Muslim prisoners at Guantanamo Bay. One interrogator infuriated a prisoner by squatting over a Koran, and two agents reported witnessing military personnel using vicious dogs to intimidate prisoners, the records show. The documents also expand upon earlier allegations of mistreatment, including two cases in which detainees were shackled to the floor, subjected to extreme temperatures and allowed to defecate on themselves.

The Army has previously acknowledged five incidents of intentional and unintentional mishandling of the Koran at Guantanamo Bay.

The allegations are reminiscent in certain respects to charges of mistreatment at Abu Ghraib prison in Iraq. There, too, contractors who supplied interrogation services were allegedly involved, and some U.S. military personnel said they had mistreated detainees under orders from contractors.

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The U.S. attorney's office was assigned to investigate contractor behavior at Abu Ghraib, but no charges have been filed.

It's unclear how the law would apply to the contractors this time. Contractors have traditionally not been subject to the Uniform Code of Military Justice, the body of laws that governs the behavior of soldiers. Other laws apply to contractors, but many remain untested.

"You have two different types of people operating under different sets of rules," said Scott L. Silliman, executive director of the center on law, ethics and national security at Duke University.

Staff writer Dan Eggen and staff researcher Julie Tate contributed to this report.

In Padilla Wiretaps, Murky View Of 'Jihad' Case (NYT)

By Deborah Sontag

The New York Times, January 4, 2007

In 1997, as the government listened in on their phone call, Adham Hassoun, a computer programmer in Broward County, Fla., proposed a road trip to Jose Padilla, a low-wage worker there. The excursion to Tampa would be his treat, Mr. Hassoun said, and a chance to meet "some nice, uh, brothers."

Jose Padilla, left, and Adham Hassoun, who was photographed in 1999, are co-defendants in a terrorism conspiracy case.

Threats & Responses

Go to Complete Coverage » Mr. Padilla, 36, a Brooklyn-born Puerto Rican who had converted to Islam a few years earlier, knew Mr. Hassoun, an outspoken Palestinian, from his mosque. Still, according to a transcript of the conversation obtained by The New York Times, Mr. Padilla equivocated as Mr. Hassoun exhorted.

"We take the whole family and have a blast," Mr. Hassoun said. "We go to, uh, our Busch Gardens, you know ... You won't regret it. Money-back guarantee."

Mr. Padilla, laughing, suggested that they not discuss the matter over the phone.

"Why?" Mr. Hassoun said. "We're going to Busch Gardens. What's the big deal!"

That conversation took place five years before Mr. Padilla, a United States citizen accused of plotting a "dirty bomb" attack against this country, was declared an enemy combatant. Given that Mr. Padilla and Mr. Hassoun are now criminal defendants in a terrorism conspiracy case in Miami, it sounds suspicious, as if Mr. Hassoun were proposing something more sinister than a weekend at the amusement park. He well may have been — but maybe, too, he was sincere or joking about a Muslim retreat.

Deciphering such chatter in order to construct a convincing narrative of conspiracy is a challenge. Yet, prosecutors say, the government will rely largely on wiretapped conversations when it puts Mr. Padilla, Mr. Hassoun, and a third defendant, Kifah Jayyousi, on trial as a "North American support cell" that sent money, goods and recruits abroad to assist "global jihad."

Tens of thousands of conversations were recorded. Some 230 phone calls form the core of the government's case, including 21 that make reference to Mr. Padilla, prosecutors said. But Mr. Padilla's voice is heard on only seven calls. And on those seven, which The Times obtained from a participant in the case, Mr. Padilla does not discuss violent plots.

But this is not the version of Mr. Padilla — Al Qaeda associate and would-be bomber — that John Ashcroft, then the attorney general, unveiled in 2002 when he interrupted a trip to Moscow to trumpet Mr. Padilla's capture. In the four and a half years since then, as the government tested the limits of its power to deal with terrorism outside the traditional law enforcement system, Mr. Padilla is the only accused terrorist to have gone from enemy combatant to criminal defendant.

His criminal trial, scheduled to begin late this month, will feature none of the initial claims about violent plotting with Al Qaeda that the government cited as justification for detaining Mr. Padilla without formal charges for three and a half years. Those claims came from the government's overseas interrogations of terrorism suspects, like Abu Zubaydah, which, the government said, Mr. Padilla corroborated, in part, during his own questioning in a military brig in South Carolina.

But, constrained by strict federal rules of evidence that would prohibit or limit the use of information obtained during such interrogations, the government will make a far more circumscribed case against Mr. Padilla in court, effectively demoting him from Al Qaeda's dirty bomber to foot soldier in a somewhat nebulous conspiracy.

The initial dirty bomb accusation did not disappear. It quietly resurfaced in Guantánamo Bay, Cuba. The government filed the dirty bomb charges against Mr. Padilla's supposed accomplice, an Ethiopian-born detainee, at about the same time it indicted Mr. Padilla on relatively lesser offenses in criminal court.

A Change in Strategy

The change in Mr. Padilla's status, from enemy combatant to criminal defendant, was abrupt. It came late in 2005 as the Supreme Court was weighing whether to take up the legality of his military detention and the Bush administration, by filing criminal charges, pre-empted its review. In a way, Mr. Padilla's prosecution was a legal maneuver that kept the issue of his detention without charges out of the Supreme Court. After apprehending him at O'Hare International Airport in Chicago in May

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2002, the Bush administration made a choice: to detain Mr. Padilla militarily, in order to thwart further plotting, rather than to follow him in order to gather evidence that might serve a criminal prosecution.

Senior government officials have said publicly that Mr. Padilla provided self-incriminating information during interrogations, admitting, they said, to undergoing basic terrorist training, to accepting an assignment to blow up apartment buildings in the United States, and to attending a farewell dinner with Khaled Sheikh Mohammed, the suspected master planner of the Sept. 11 attacks, before he flew to Chicago in 2002.

Go to Complete Coverage » But any confessions by Mr. Padilla while he was detained without charges and denied access to counsel — whether or not he was mistreated, as his lawyers claim — would not be admissible in court.

And it is unlikely that information obtained during the harsh questioning of Al Qaeda detainees would be admissible, either — and, further, the government is disinclined to expose sensitive intelligence or invite further scrutiny of secret jails overseas.

Probably as a consequence, the current criminal case zeroes in on what the government sees as an earlier stage of Mr. Padilla's involvement with terrorism. It focuses primarily on the other defendants' support during the 1990s for Muslim struggles overseas, especially in Bosnia, Kosovo and Chechnya. Mr. Padilla, who was appended to their pre-existing case, in which he had been an unnamed co-conspirator, is depicted as their recruit.

Although prosecutors have declined to discuss the government's strategy, their filings and statements in court provide a picture of the case they are expected to present at trial.

The most tangible allegation against Mr. Padilla is that in 2000 he filled out, under an alias, an Arab-language application to attend a terrorist training camp. That application is expected to be offered into evidence alongside the wiretapped conversations, but Mr. Padilla's lawyers say they will contest its admissibility, challenging the government's assertion that the "mujahideen data form" belonged to their client.

Robert Chesney, a specialist in national security law at Wake Forest University, called the prosecution a pragmatic one, analogous to "going after Al Capone on tax evasion."

But Deborah Pearlstein, a lawyer with Human Rights First who has consulted with Mr. Padilla's defense, said that his will never be an ordinary, pragmatic prosecution. "If Jose Padilla were from Day 1 just charged and tried, then maybe," she said. "But this is a case that comes after three and a half years of the most gross deprivation of human rights that we've seen in this country for a long time."

Further, Ms. Pearlstein noted, the government has reserved the option, should the prosecution fail, of returning Mr. Padilla to the military brig. This, she said, "casts a shadow" over the current prosecution.

The Bush administration's military case against Binyam Mohamed, 28, the Ethiopian detainee at Guantánamo, put the current proceedings in a different light, too.

In December 2005, Mr. Mohamed was referred to the military commission in Guantánamo on accusations that he conspired with Mr. Padilla on the dirty bomb plot. It was little noticed at the time.

But accusations against Mr. Padilla that are nowhere to be found in the indictment against him filled the pages of Mr. Mohamed's charging sheet, with Mr. Padilla repeatedly identified by name. The sheet referred to the two men meeting in Pakistan after Sept. 11, 2001, studying how to build an improvised dirty bomb, discussing the feasibility of a dirty bomb attack with Al Qaeda officials and agreeing to undertake the mission to blow up buildings.

Mr. Mohamed's lawyer, Clive Stafford Smith, said that these charges were based on a forced confession by Mr. Mohamed, who, he said, was tortured overseas into admitting to a story that was fed to him. "Binyam was told all along that his job was to be a witness against Padilla, Abu Zubaydah and Khaled Sheikh Mohammed," Mr. Stafford Smith said, adding that his client "has no conscience knowledge that he ever met" Mr. Padilla.

The charges against Mr. Mohamed and other Guantánamo detainees who were headed for prosecution there have been suspended temporarily as a result of the Military Commissions Act passed by Congress in October. Those charges are likely to be reinstated, a Pentagon official said yesterday.

That Mr. Mohamed faced dirty bomb charges and Mr. Padilla does not speaks to the central difference between being a terrorism suspect in Guantánamo and a criminal defendant charged with terrorism offenses in the United States.

Go to Complete Coverage » In Guantánamo, the military commission system that deals with foreign-born terrorism suspects is expected to allow, with some exceptions, the use of information obtained through coercion.

"Federal court rules are restrictive," Professor Chesney of Wake Forest University School of Law said. "The very essence of why they're trying to have that separate military system was to create rules to use information that is deemed by the intelligence community to be trustworthy but wouldn't make it under the federal rules of evidence."

David Cole, a professor of law at Georgetown University and author of books on terrorism and civil liberties, sees the difference between the two systems more critically: "What this says clearly is that they feel that they can get away with using tainted evidence in the military commission system that they can't use in the criminal court system."

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The Wiretapping Case

The criminal case against Mr. Padilla has its roots in the prosecution of Sheikh Omer Abdel Rahman, the blind Egyptian cleric who was convicted in 1995 of conspiring to blow up the United Nations and other New York landmarks.

In the early 1990s, Sheikh Rahman's telephone was tapped, and Mr. Hassoun and Dr. Jayyousi, a Jordanian-born American citizen who holds a doctorate in civil engineering, came to the government's attention through phone calls to or from his line. Then the government, under the Foreign Intelligence Surveillance Act, began to eavesdrop on them, which eventually pulled Mr. Padilla into their net, too.

The government presents the three defendants as "joined at the hip," as one prosecutor put it in a hearing last summer. But Judge Marcia G. Cooke of Federal District Court, noting that Mr. Padilla was appended to a case well under way, asked the government, "If they are so joined at the hip, why is Mr. Padilla so late to the dance?"

Dr. Jayyousi, a former school system administrator in both Detroit and Washington, D.C., never met Mr. Padilla, his lawyer, William Swor, said.

It is Mr. Hassoun, the government said, who recruited Mr. Padilla. But both Mr. Hassoun's and Mr. Padilla's lawyers deny that Mr. Padilla was recruited.

Seven Taped Phone Calls

Mr. Padilla's lawyers and relatives say that he left South Florida for Egypt in September 1998 on a spiritual journey. A former juvenile offender, he converted to Islam as part of an effort to straighten out his life, they say. His mosque in Fort Lauderdale sponsored his travel, he told friends, relatives and F.B.I. agents who interviewed him in 2002. Mr. Hassoun belonged to that mosque, and the telephone transcripts seem to indicate that Mr. Hassoun helped, at the least, with Mr. Padilla's travel plans.

The seven taped phone calls that bear Mr. Padilla's voice involve conversations with Mr. Hassoun from 1997 to 2000.

On those calls, Mr. Padilla, unlike some of the other defendants, does not employ what the government says is coded language. According to the government, other defendants refer to their jihad-related plans as "getting some fresh air," "participating in tourism," "opening up a market," "playing football," and so on. This leads to silly-sounding exchanges where "the brothers" discuss going on "picnics" in order "to smell fresh air and to eat cheese" or using $3,500 to buy "zucchini."

In contrast, Mr. Padilla's seven conversations with Mr. Hassoun range from straightforward — Mr. Hassoun tells Mr. Padilla that his grandmother has died; Mr. Padilla tells Mr. Hassoun that he has found himself an 18-year-old Egyptian bride who is willing to wear a veil — to vaguely suggestive or just odd.

In one phone call, the two men talked about a dream. It appeared to be the dream that Mr. Padilla, according to his relatives, cites as having played a crucial role in inspiring him to convert to Islam: the vision of a man in a turban, surrounded by the swirling dust of a desert.

Mr. Hassoun brought it up and told Mr. Padilla that he himself had experienced the same vision. "What do you mean you saw the same dream?" Mr. Padilla asked.

"I saw the dream of the uh ... person with the turban," Mr. Hassoun said.

Mr. Hassoun explained how, in his dream, the turban was wrongly wrapped and so he thought the man might be a spy, in which case, he was prepared "to split his body apart." But then, he said, he understood that "the brother ... was a good one."

"Yeah?" Mr. Padilla said.

In three of the seven conversations, Mr. Padilla made statements that the government has identified as "overt acts" in furtherance of the accused conspiracy.

In the first, Mr. Hassoun asked, "You're ready, right?" and Mr. Padilla said, "God willing, brother, it's going to happen soon." That was the summer of 1997, a year before Mr. Padilla left South Florida for Egypt.

In the second, Mr. Padilla told Mr. Hassoun, during a 1999 conversation from Egypt, that he had asked his ex-wife in the United States to arrange for him to receive an army jacket, a book bag and a sleeping bag, supplies that he had requested because "there was a rumor here that the door was open somewhere." In the third, Mr. Padilla told Mr. Hassoun in April 2000, that he would need a recommendation to "connect me with the good brothers, with the right faith" if he were to travel to Yemen.

Prosecutors say Mr. Padilla is mentioned, although by his Muslim name Ibrahim or by another alias, on 21 additional tapes. One of them refers to Ibrahim as being "in the area of Usama," which the government takes to mean that he was near Osama bin Laden. But Mr. Padilla's lawyers contest that interpretation.

"That is just nonsensical, Your Honor, that these men who for years, according to the government, have been talking in code all of a sudden are going to throw Osama bin Laden's name around," Michael Caruso, a federal public defender, said in court.

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Mr. Padilla has pleaded not guilty. But before his case goes before a jury, his fitness to stand trial will be evaluated. On the basis of Mr. Padilla's lawyers' assertion that he is mentally damaged as a result of his prolonged isolation and his interrogation in the brig, Judge Cooke has ordered a psychiatric evaluation by a Bureau of Prisons doctor to be completed this week.

Now that Mr. Padilla has ended up a criminal defendant after all, the prosecution's case does not fully reflect the Bush administration's view of who he is or what he did.

Leahy 'Brushed Off' On Secret Terror Docs (UPI)

United Press International, January 4, 2007

WASHINGTON, Jan. 3 (UPI) -- The incoming chairman of the powerful Senate Judiciary Committee says the U.S. Justice Department brushed off a request to see secret war-on-terror documents.

"The department's decision to brush off my request for information about the administration's troubling interrogation policies is not the constructive step toward bipartisanship that I had hoped for," said Leahy in a statement.

He accused the department and the the White House of "squander(ing) another opportunity to work cooperatively with Congress," and promised to take the matter up with Attorney General Alberto Gonzales at an early oversight hearing this month.

Last November, Leahy requested two documents concerning CIA interrogation methods, the existence of which officials recently acknowledged for the first time in a lawsuit.

In a letter to Gonzales, Leahy said he wanted to see a presidential directive regarding the CIA's interrogation methods and detention facilities located outside of the United States, and an August 2002 Department of Justice communication to the CIA's general counsel about agency interrogation policies and methods -- the so-called second Bybee memorandum.

Tuesday, Leahy released the response from the Justice Department in which officials said that the documents contained "extremely sensitive operational details ... including the specific interrogation techniques employed" by the CIA. The department said it was "longstanding practice" that "non-public" opinions from the department's Office of Legal Counsel were "not disclosed outside of the executive branch," because doing so would chill the administration's ability to get candid advice.

Leahy Spokeswoman Tracy Schmaler told United Press International that classification issues should not be a bar to disclosing the documents. "We have cleared staff, we have secure facilities," she said.

Make The CIA Talk (LAT)

The Los Angeles Times, January 4, 2007

HOWEVER ELSE it might modify its behavior in dealing with a new, Democratic-controlled Congress, the Bush administration is still stonewalling when it comes to sharing information about its tactics in the "war on terror." That's a mistake.

This week, Sen. Patrick J. Leahy (D-Vt.), the incoming chairman of the Senate Judiciary Committee, disclosed that the Justice Department had spurned his request for two documents. One is a presidential directive regarding Central Intelligence Agency interrogation methods and detention facilities outside the United States. The other is a 2002 Justice Department memo on the subject to the CIA's top lawyer.

Leahy, who raised the possibility of issuing subpoenas to obtain the documents, lamented that the rebuff from the Justice Department "is not the constructive step toward bipartisanship that I had hoped for, given President Bush's promise to work with us." In this case Leahy's complaint is justified.

As Leahy pointed out in his letter to Atty. Gen. Alberto R. Gonzales, "photographs and reports of prisoner abuse in Iraq, Guantanamo Bay and elsewhere that have emerged during the past two years depict an interrogation and detention system operating contrary to U.S. law and the Geneva Conventions." Such revelations also have been a boon to anti-American propagandists.

The abuses have stoked suspicions about "alternative" methods used by the CIA in questioning high-profile suspected terrorists held in foreign prisons before being moved to Guantanamo. While insisting that those techniques didn't amount to torture, the president has suggested that they are vital in eliciting information.

Yet what those methods might be is anybody's guess. Congress — and not just its intelligence committees — has a right to know.

In declining to provide Leahy documents, acting Assistant Atty. Gen. James H. Clinger warned that "Al Qaeda seeks information on our interrogation techniques — their methods and their limits — and trains its operatives to resist them. We must avoid assisting their effort." Disclosing legally controversial defense procedures to a Senate committee chairman is not "assisting" Al Qaeda; it's respecting the separation of powers written in the Constitution and ensuring that no policy be declared off-limits to the law.

Leahy could offer to view the documents under safeguards created for sensitive intelligence. But the Judiciary Committee has a legitimate oversight responsibility to see what the CIA has been doing and whether it's violating the law. At some point in

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the next two years, Democrats may well abuse their majority status and pursue gratuitous or overtly political investigations. This request, however, is legitimate.

Millennium Bomber Changes Story About Friend (SEATIMES)

By Mike Carter

Seattle Times, January 4, 2007

Convicted millennium bomber Ahmed Ressam has recanted testimony that has been helping to detain a fellow Algerian as an enemy combatant in Guantánamo Bay, Cuba.

In a letter to U.S. District Judge John Coughenour, Ressam wrote that a Montreal friend, Hassan Zemiri, had nothing to do with plans to detonate bombs at Los Angeles International Airport over the New Year's holiday in 1999.

"It is not right or just to accuse somebody of something not true," Ressam wrote.

Ressam, 39, had testified at the 2001 trial of his co-conspirator, Mohktar Haouari, that Zemiri had aided in the plot.

Zemiri was captured in Afghanistan after an American airstrike in late 2001 near the caves of Tora Bora along the Afghanistan-Pakistan border, said his lawyer, Jim Dorsey of Minneapolis.

Dorsey said Zemiri was in Montreal in 1999 and knew Ressam, who had returned from Osama bin Laden's terrorist-training camps in Afghanistan. News broke in May 2001 that Ressam was cooperating with federal agents. Within weeks, Zemiri and his wife, a Canadian citizen, fled to Afghanistan, his lawyer said.

Zemiri is one of 529 people being held as enemy combatants at the U.S. military base in Cuba. Ressam's testimony about Zemiri's Montreal activities is the basis for Zemiri's five-year incarceration, his lawyer said.

Dorsey was unaware that Ressam had written the letter aiding his client until contacted by The Seattle Times on Wednesday. Dorsey said the letter was "great [but] you just don't know how much good it will do." He referred to the shifting legal status of the detainees as the "through-the-looking-glass weirdness down in Guantánamo."

Ressam sent Coughenour the letter, written in Arabic, in November. The judge ordered the letter translated but then withheld the original and the translation from the court file.

On Tuesday, The Times, through its attorney, asked the judge to file the letter and its translation in the court file. He did so on Wednesday.

According to the translation, Ressam denied that Zemiri "had provided aid and support for the operation I was about to carry out. This is not right, it is false."

Ressam said his initial account about Zemiri was given while "I was in shock and had a severe psychological disorder" after his April 2001 conviction on nine counts, including conspiracy to commit an act of international terrorism.

Customs agents in Port Angeles caught Ressam with explosives in his rental car in December 1999.

Facing a lifetime in prison, Ressam agreed to cooperate and began providing information on his cohorts and others.

He testified only once: at the New York trial of Haouari, a member of Ressam's terrorist cell in Montreal.

After two years of interrogation and a nervous breakdown, Ressam stopped cooperating in 2003. As a result, federal prosecutors said, they had to dismiss indictments against two alleged terrorists: Samir Ait Mohamed, who Ressam had said once planned to detonate a gasoline truck in a Jewish neighborhood in Montreal; and Abu Doha, an alleged al-Qaida recruiter in London.

In testimony, Ressam has acknowledged that Zemiri gave him $3,500 and a video camera to use to make himself look like a tourist.

But Ressam testified that he never gave Zemiri details of his plans to bomb holiday travelers at the Los Angeles airport.

"He knew that you were going to commit a terrorist act, yes or no?" a prosecutor asked.

"A job in America, yes," Ressam replied.

In the recently released letter, Ressam said he had asked his lawyers a year ago to help him contact the FBI or prosecutors about changing his testimony. The lawyers said they would contact Zemiri's lawyers, Ressam wrote. "But recently, I have been having problems with my attorneys and I don't trust them or their promises anymore," Ressam wrote.

His lawyer, federal public defender Thomas Hillier, said Wednesday that he believes Ressam's continued isolation at the federal supermax prison in Colorado has led to the distrust.

"The truth is, we will fight even harder for him now," Hillier said.

My Father's Red Scare (NYT)

By PETER W. KLEIN

The New York Times, January 4, 2007

Vancouver, British Columbia

THIS week the United States government will begin automatically declassifying hundreds of millions of documents from the cold war, under a law meant to streamline the cost and hassle of keeping secret files that are more than 25 years old. Among the dossiers bearing names like Alger Hiss, Theodore Hall and Julius and Ethel Rosenberg will be one labeled "Frigyes Klein": my father, Fred Klein.

My father was never a spy, never a member of the Communist Party. He came by ship to the United States in 1956, fleeing Communism during the Hungarian revolution to pursue the American dream. He worked on a Ford automobile assembly line in Cincinnati by day and moonlighted sharpening lawnmowers at night, saving enough money in a few years to buy a small house. To him, treasonous behavior meant buying a car made outside of America. Nonetheless, as I discovered recently, the F.B.I. kept a file on him from the day he arrived in the United States.

J. Edgar Hoover sent a personal memo to the C.I.A. director calling my father a person of current interest; the case was handled by Alan Belmont, a top bureau official who was instrumental in the case against the Rosenbergs. I discovered this after filing a Freedom of Information Act inquiry as part of some family research for a book. I was shocked to receive 50 F.B.I. pages riddled with my father's name, the edges dotted with weathered stamps marked "SECRET." I matched what I read with stories I remembered from when he was alive, and began piecing the case together.

My father once mentioned that during the voyage over, he got into an altercation with another refugee, a man he didn't know from a town he had never visited. According to the file, this man told an Army captain that my father had been an agent for AVO — the Hungarian K.G.B. — in his town of Tatabanya, that he had interrogated and beaten the man for speaking out against the regime, and that he'd subsequently sent the man to a prison camp. The story was a complete fabrication.

I can only imagine how many names of patriotic, law-abiding Eastern European immigrants like my father are to be found in the millions of documents being released by the F.B.I. and other agencies. In a recent article in this newspaper about the declassification law, L. Britt Snider, a former intelligence official who is advising the White House on the process, warned that most of the documents were boring and suggested that the agencies concentrate first on those that were interesting and important.

But I would caution intelligence officials not to discount both the interest and the importance of files like my father's, if only to avoid repeating some of the embarrassing legacies of the cold-war era.

It has already happened. Last year a Syrian informant told the New York police that five Arabs he knew were importing weapons for a suicide bombing. After several weeks and the involvement of more than 30 New York police agents, as well as federal customs officials, the F.B.I. and Israeli law enforcement, it was determined that the "weapons" were in fact jewelry. As with my father, the informant had a vendetta and had lied to the authorities.

My father's case remained open for more than a decade. His F.B.I. file contains a creepy secret memo from 1963 in which a mole inside the Hungarian community in Cincinnati reported to his handler that he had "heard rumors [about] a family named Klein who do not associate with the Hungarian group." The fact that this level of surveillance was taking place behind my family's back seven years after they arrived in America says something about the pathological level of paranoia during the Red Scare.

The Frigyes Klein file was finally closed in 1968, only after people from the informant's Hungarian hometown admitted to an F.B.I. special agent that my father had not been with the secret police. Twenty-five years from now, some unsuspecting son may stumble across a file about his own father — a patriotic, law-abiding Arab immigrant whose name inexplicably ended up on a list. Like the cold-war-era files, these new ones being drawn up could leave a historical paper trail about an era of scares and witch hunts — if intelligence officials do not learn from the lessons in the documents released today.

HOMELAND RESPONSE:

Pickle Says Terrorist Attack On The Capitol Is Inevitable (HILL)

By Albert Eisele

The Hill, January 4, 2007

Senate Sergeant at Arms Bill Pickle ended four years in office yesterday with a plea to lawmakers and law enforcement officials to keep their guard up against what he called an inevitable terrorist attack on the Capitol.

"Nothing has changed since 9/11," warned Pickle. "The Capitol is the symbol of America all over the world, and it's clearly the No. 1 or 2 target of terrorists, as it was on 9/11. I truly believe at some point in the future, and I don't know in what shape or form, we will be victimized again.

"Terrorists don't have to hit a home run by knocking down the Capitol Dome. All they have to do is attack the Capitol complex [with an airplane or chemical or biological agents] and cause damage and loss of life, and it would produce shock waves around the country."

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Pickle, a 26-year veteran of the Secret Service who was chosen by then-Senate Majority Leader Bill Frist (R-Tenn.), criticized the outgoing Republican House leadership for resisting his efforts to develop a unified security strategy for the entire 233-acre Capitol complex.

He predicted that incoming Speaker Nancy Pelosi (D-Calif.) and the House Democratic leadership "are going to be more responsive" to his successor, former Capitol Police Chief Terrence Gainer, in beefing up Capitol security.

"My biggest regret is that I wish I had been able to overcome some resistance from the House leadership in the area of security," said Pickle, who emphasized he was "not finding fault" with the House sergeant at arms or the Capitol Police. "I haven't been successful in developing a unified strategy with the House, mainly for political reasons."

Asked what concrete steps he would take to improve security, Pickle, 56, said he would like "an aesthetically pleasing and historically accurate fence" around the 233-acre Capitol complex, even though "a number of senators are opposed to it."

It "would not take away from the grandeur and beauty of the Capitol but it would provide chokepoints and would control access to the Capitol campus," he said.

The new $584 million Capitol Visitors Center would not improve security, said Pickle, conceding that balancing the needs for access to the Capitol complex and security of the area may be an impossible goal.

"We have upwards of 100,000 people a day visiting and working in the Capitol complex, and there is a demand to keep it secure from attack, and also a demand to keep it open, and you can't reconcile the two," he said.

"The … fact that we are such an open branch of government gives me great pause. While we might be doing a good job of protecting the Capitol, we have another 18 to 20 buildings with up to 15,000 employees to protect as well."

Pickle said some members and staff are defensive about the hundreds of millions of dollars spent to protect the complex. "My answer is that it's not about you, it's about the Constitution demanding that this body continue to meet and function."

Pickle, who described the last four years as "wonderful," said Frist asked him if he really wanted the job.

"When I said, 'Why do you ask?' he said, 'Because it's the worst job on the Hill. You have 100 bosses, all of whom think they're going to be the next president.'

"What I found was just the opposite of what many people outside the Beltway think. Everyone who comes here is so well-intentioned and nobody works harder than these senators."

Pickle, who plans to form a government-affairs firm specializing in homeland security, transportation and healthcare, displays portraits of his 36 predecessors on his office wall, going back to the first one in 1789.

One, who served from 1919 to 1933, wrote a tell-all book about his experience and was censured by the Senate for doing so.

Asked if he plans to write such a book, Pickle said, "I don't have enough to say."

U.S. Requiring Port Workers To Have IDs And Reviews (NYT)

By Eric Lipton

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — More than 750,000 port workers will be required to have criminal background and immigration checks in an antiterrorism program that the Homeland Security Department announced on Wednesday, and industry leaders say the effort could disrupt port traffic nationally.

The Homeland Security Department this week issued 469 pages of final rules for the program, which is intended to make it harder for terrorists to sneak into secure port areas.

Starting in March, workers like longshoremen and truck drivers will have to apply for the card, which will include a fingerprint and a digital photograph.

The applicants will have to prove that they are legally working in the United States. They also cannot have been convicted of any terrorism-related crimes like spying, sedition or treason, as well as other charges like murder, improper transport of hazardous materials or illegal possession or purchase of explosives.

Anyone convicted in the past seven years of a much longer list of crimes like possession of illegal firearms, bribery, arson, robbery or extortion will have to seek a waiver before obtaining a card. People involuntarily committed to mental health centers because of drug or alcohol addiction will have to prove that they have successfully completed rehabilitation.

Industry officials say the restrictions may disqualify thousands of workers, particularly truck drivers, based on estimates that a signification segment of the drivers may be working here illegally.

Union leaders have said workers with criminal records who have served their time or paid fines might lose their jobs.

"We don't want to keep people who are not a terrorist risk to be kept from doing their job," said Steve Stallone, a spokesman for the International Longshore and Warehouse Union.

DOJ_NMG_0112255

Kip Hawley, assistant secretary of the Transportation Security Administration, said in an interview Wednesday that he was confident that the effects would be modest. Drivers of trucks carrying hazardous materials have similar background checks, with 1 percent disqualified, Mr. Hawley said.

"We do not anticipate this will be a huge issue," he added.

The government has expanded the appeals process so workers with criminal histories can present their cases to an administrative law judge.

The cards will first be issued at a few ports and then expand over 18 months until they cover the nation's estimated 770,000 maritime workers.

Applicants will have to pay up to $159 for the card, which will be good for five years. Over all, the government estimates that the program will cost $1.8 billion over the next decade, factoring in related costs like paying escorts required for people without cards who need to enter secure port areas.

Port Workers To Pay Fee For Homeland Security Card (AP)

By Leslie Miller, Associated Press Writer

The AP, January 3, 2007

WASHINGTON --Truck drivers, longshoremen and mariners will have to pay up to $159 for a high-tech identity card that will grant them access to U.S. ports.

Groups representing truckers and longshoremen said the fee is too high and will force some workers -- especially truck drivers -- to quit their jobs.

Some workers will have to buy the cards as soon as March. But a time has not been specified for port operators and ship owners to buy the equipment that reads the cards, according to a rule announced Wednesday by the Homeland Security Department.

In Portland, Maine, as many 250 workers will receive the ID cards, but the employer often picks up the tab for them, said Jeffrey Monroe, Portland's ports and transportation director.

The agencies issuing the cards -- the Coast Guard and Transportation Security Administration -- still have to test the card readers and decide on specifications.

TSA chief Kip Hawley said the government's main interest is port security. Until card readers are installed, Coast Guard patrols will conduct random checks of the cards with handheld devices at ports, he said.

Todd Spencer, executive vice president of the Owner-Operator Independent Drivers Association in Grain Valley, Mo., described the fees as "really high" for a program "that isn't even functional." The group represents 148,000 drivers in an industry where turnover averages 120 percent a year, Spencer said.

"It's going to be another reason that drivers are simply going to say, 'Phooey, I'm not going to get any of it,'" Spencer said.

The cards were first ordered by Congress in 2002 as a way to strengthen security at seaports, considered vulnerable to terrorist attacks.

The project stalled, however. Congress passed a port security bill in October that included a requirement that rules for the new card be written by Jan. 1.

The Transportation Workers Identity Credential will be issued initially to 750,000 port workers who pass government background checks.

The card will contain the holder's photograph and name, an expiration date and a serial number. An integrated circuit chip will store the holder's fingerprint template, a PIN chosen by the individual and unique identifying information.

Steve Stallone, spokesman for the San Francisco-based International Longshore and Warehouse Union, said the cards at first would work like the cheap photo IDs already in use at ports.

"We're going to be paying $139 to $159 and we don't know how they work?" Stallone said.

Hawley said the fee was reasonable for a card that is good for five years and includes high-tech identification verification and a security threat assessment. Drivers who have had background checks, either because they carry hazardous material or cross the border, will pay less, he said.

"It's pretty hard to say, 'I can't afford $30 a year for a professional credential,'" Hawley said.

Kevin Hayes, vice president for Long Beach Container Terminal, Inc., at the Port of Los Angeles/Long Beach, said the program could make ports more efficient.

"As a uniform credential, it will speed things up because there will be a lot less thinking involved -- eventually," he said.

Ultimately, as many as 6 million transportation workers in rail yards, airports and seaports will have to buy the card to gain access to secure areas.

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Last April, Homeland Security Secretary Michael Chertoff announced that seaport workers would be checked for links to terrorism and to ensure they are legal U.S. residents. Yet only port workers and longshoremen have been checked so far.

People familiar with trucks that ferry cargo in and out of ports contend many drivers are illegally in the United States.

Hawley said the TSA has conducted background checks of truck drivers who have applied for credentials to carry hazardous materials. Fewer than 1 percent failed to pass the checks, he said. "We don't have any apology for requiring a legal residency," Hawley.

Yet Leigh Strope, spokeswoman for the International Brotherhood of Teamsters, said the union does not think it possible for the government to make the program work as it should.

On the Net:

Transportation Security Administration: http://www.tsa.gov

Port Workers Subject To New Security Rules (WT)

By Audrey Hudson

The Washington Times, January 4, 2007

Nearly 1 million workers accessing U.S. ports must undergo criminal background checks, submit fingerprints and pay more than $100 for a biometrics identification card under new rules announced yesterday by the Homeland Security Department.

The rules apply to "commercial drivers authorized to transport hazardous materials in commerce to merchant mariners and workers who require unescorted access to secure areas on vessels and at maritime facilities," the department said.

The technology required to read the biometrics cards, however, has not been created, so the expensive identification card will be used as a flashcard at checkpoints.

"They expect us to spend a lot of money on something that is just a photo ID at this point," said Steve Stallone, spokesman for the International Longshore and Warehouse Union.

Mr. Stallone said union officials are reviewing the new rules, but have not yet taken a position.

"There is a lot here to review and check to see what we think. It's hard to say at this point. But it looks like some of it we like, and some of it we don't like so much. We don't even know what they are doing yet to develop a reader," Mr. Stallone said.

The new rule for the Transportation Worker Identification Credential (TWIC) establishes the enrollment process, fees for the card ranging from $107 to $159, and crimes which will disqualify workers -- a task Congress failed to complete during the last session.

"TWIC applicants will undergo a comprehensive background check that looks at criminal history records, terrorist watch lists, immigration status, and outstanding wants and warrants," said a statement issued by the Homeland Security Department.

Enrollment in the program will begin in March at a small number of ports and then phased in nationwide.

Rather than scan the ID cards through a reader to decipher the biometrics information and fingerprints, workers will "present their cards to authorized personnel who will compare the holder to his or her photo, inspect security features on the TWIC and evaluate the card for signs of tampering."

"Until card-reader technology is tested and a regulation issued on access control, facility owners and operators will not be required to utilize TWIC readers for facility access," the statement said.

One industry insider said the system won't be effective until technology is created that does not require a pin or reader that requires direct contact by a swipe card.

"Contact readers can be destroyed easily in a marine environment. Right now it will be used as a flashcard until the next generation of technology is up and running."

Although the card-reader requirements are not being implemented at this time, "the Coast Guard will institute periodic unannounced checks to confirm the identity of the holder of the TWIC," says the new rules, which are spelled out over nearly 500 pages.

Homeland Security Chief Promises To Upgrade Emergency Communications In 2 Years (AP)

By Devlin Barrett

The AP, January 3, 2007

WASHINGTON -- The nation's homeland security chief pledged Wednesday that 75 metropolitan areas would have advanced disaster communications systems by 2009, but acknowledged that friction among emergency agencies continues to hinder progress.

"We are determined to get this job done in the next two years," Homeland Security Secretary Michael Chertoff said at a news briefing.

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He did not say how much the effort would cost, but so far the government has distributed more than $2.9 billion to communities around the country with mixed results. Democrats who will control Congress this year have also promised to make communications upgrades a priority, but have provided little detail.

Chertoff released a survey of how well the 75 U.S. communities have prepared their first responders to communicate during a catastrophe. More than five years after the attacks of Sept. 11, 2001, exposed severe weaknesses in the ability of emergency workers to communicate with each other, the report gave only six of the areas studied the highest grades.

Portions of the report had been obtained Tuesday by The Associated Press.

Chertoff said Wednesday that since the Sept. 11 terrorist attacks, agencies have tried to overcome old turf rivalries that can hamper emergency work.

"In some communities, not all, there are some longstanding cultural differences between different kinds of responders," including police, firefighters and medical personnel, Chertoff said. "I think that is a challenge and that culture has been a challenge."

The report found that while emergency agencies in more than 60 percent of the communities studied had the ability to talk to each other during a crisis, only 21 percent overall showed "the seamless use" of equipment needed to also communicate with state and federal officials.

The report's highest ratings went to the Washington, D.C., area; San Diego; Minneapolis-St. Paul; Columbus, Ohio; Sioux Falls, S.D.; and Laramie County, Wyo.

The lowest scores went to Chicago; Cleveland; Baton Rouge, La.; Mandan, N.D.; and American Samoa. The report includes large and small cities and their suburbs, along with U.S. territories.

In an overview, the report says all 75 areas surveyed have policies in place for helping their emergency workers communicate. But it also finds that "formalized governance (leadership and planning) across regions has lagged."

The study is likely to add fuel to what looms as a battle in Congress this year. Democrats who take over the majority this week have promised to try fixing the problem emergency agencies have communicating with each other but have not said specifically what they will do, how much it will cost or how they will pay for it.

"Five years after 9/11, we continue to turn a deaf ear to gaps in interoperable communications," -- the term used for emergency agencies' abilities to talk to each other, said Sen. Charles Schumer, D-N.Y. "If it didn't have such potentially devastating consequences, it would be laughable."

The attacks of Sept. 11, 2001, revealed major problems in how well emergency agencies were able to talk to each other during a catastrophe. Many firefighters climbing the World Trade Center towers died when they were unable to hear police radio warnings to leave the crumbling buildings.

The report says first responders in New York now have well-established systems to communicate with each other -- but not the best, most advanced possible. Thirteen U.S. cities score better than New York.

Communities were judged in three categories: operating procedures in place, use of communications systems and how effectively local governments have coordinated in preparation for a disaster.

Most of the areas surveyed included cities and their surrounding communities, based on the assumption that in a major crisis emergency personnel from all local jurisdictions would respond.

The areas with the six best scores were judged advanced in all three categories. The cities with the lowest grades had reached the early implementation stage for only one category, and intermediate grades in the other two categories.

The Chicago Office of Emergency Management and Communications took issue with the report's methodology and findings.

"We strongly disagree with the results of this study, and feel that the parameters of the study were inconsistent and limited," the statement said.

Tammy Lapp, the emergency coordinator for Mandan and Morton County, N.D., said she was not surprised by their low ranking on the scorecard.

"We knew with our limited funds, we were going to fall short," she said.

Chertoff Vows Emergency Systems Upgrade (AP)

By Devlin Barrett

The AP, January 3, 2007

WASHINGTON (AP) — The nation's homeland security chief pledged Wednesday that 75 metropolitan areas would have modern disaster communications systems in place by 2009, even as a report by his agency conceded that many communities have a long way to go.

DOJ_NMG_0112258

While providing no concrete detail, Homeland Security Secretary Michael Chertoff essentially promised to scrap old radios and ancient grudges that continue to bedevil communications during crises, even five years after the attacks of Sept. 11, 2001.

A survey released by his agency on Wednesday gave the highest grades for emergency communications to only six of 75 cities and regions studied. In effect, Chertoff was promising an ambitious two-year effort to give them a top-quality emergency communications system, a pledge that raised questions for some analysts.

Richard Rotanz, an adviser at Adelphi University and former emergency response official in Nassau County, N.Y., said the report was unclear about what standards the government planned to reach.

"They should have broken it all down more so you can understand where they are weak and strong," Rotanz said. "Instead, what you get is a very vague description of where things are and where they want to go."

Guy Clinch, an executive for Avaya Inc., which sells communications products to the federal and local governments, said the report seemed "almost intentionally vague" about what Chertoff hopes to accomplish.

Chertoff did not indicate what the price tag would be for the improvements or hard rules for specific technology upgrades.

Since 9/11, the government has distributed more than $2.9 billion to communities around the country with mixed results. Democrats who will control Congress this year have also promised to make communications upgrades a priority, but have provided little detail.

"We are determined to get this job done in the next two years," Chertoff said at a news briefing.

The Associated Press detailed major portions of the report on Tuesday.

The survey found that while emergency agencies in more than 60 percent of the communities studied had the ability to talk to each other during a crisis, only 21 percent overall showed "the seamless use" of equipment needed to also communicate with state and federal officials.

The danger of poor communications in a disaster was glaringly obvious in the 2001 terror attacks, when many New York fire personnel did not hear the call to evacuate the burning towers of the World Trade Center. Overall, 343 firefighters died.

Chertoff said Wednesday that among the hurdles are old turf rivalries between first responders that can hamper emergency work.

"In some communities, not all, there are some long-standing cultural differences between different kinds of responders — fire, police and EMS — that have caused resistance to working together," he said. EMS stands for emergency medical services.

One local official said a similar problem exists between federal and local agencies, but that it, too is improving.

"There has been a sea change since 9/11," said Gerry Connolly, the chairman of Fairfax County, Va., which is part of the nation's capital region.

For federal authorities working with the locals, Connolly said, "that's not a badge of shame any longer."

The report's highest ratings went to the Washington, D.C., area; San Diego; Minneapolis-St. Paul; Columbus, Ohio; Sioux Falls, S.D.; and Laramie County, Wyo.

The D.C.-area's communication system was put to use just this week in handling the funeral for former President Gerald R. Ford, Chertoff said.

The report's lowest scores went to Chicago; Cleveland; Baton Rouge, La.; Mandan, N.D.; and American Samoa. The report includes large and small cities and their suburbs, along with U.S. territories.

Chicago Mayor Richard Daley said Wednesday he was very proud of his city's efforts, despite its low score, arguing that Chicago is "far ahead in dealing with homeland security."

Chertoff said cities in the scorecard should not be compared with each other because each faces a unique set of challenges. He praised Chicago, saying its low grade was because the city and surrounding Cook County need to improve their working relationships.

Other cities were found to need technological upgrades. The Houston area, for instance, has a 16-year-old radio system that "must be replaced," according to the scorecard.

The metropolitan area of New York and New Jersey, Chertoff said, has made a "very, very substantial amount of progress compared to where they were on 9/11," saying it is one place in particular that has seen a concerted effort to overcome long-standing rivalries between police and fire personnel.

New Orleans Repeats Mistakes As It Rebuilds (WP)

By Peter Whoriskey

The Washington Post, January 4, 2007

NEW ORLEANS -- By ones and twos, homeowners here are reinhabiting neighborhoods, even the most devastated ones, and many view their return as a triumph over adversity.

DOJ_NMG_0112259

But experts involved in the rebuilding believe that the helter-skelter return of residents to this low-lying metropolis may represent another potential disaster.

After Katrina, teams of planners recommended that broad swaths of vulnerable neighborhoods be abandoned. Yet all areas of the city have at least some residents beginning to rebuild. With billions of dollars in federal relief for homeowners trickling in, more people are expected to follow.

Moreover, while new federal guidelines call for raising houses to reduce the damage of future floods, most returning homeowners do not have to comply or are finding ways around the costly requirement, according to city officials.

"It's terrifying: We're doing the same things we have in the past but expecting different results," said Robert G. Bea, a professor of civil engineering at the University of California at Berkeley and a former New Orleans resident who served as a member of the National Science Foundation panel that studied the city's levees.

"There are areas where it doesn't make any sense to rebuild -- they got 20 feet of water in Katrina," said Tom Murphy, a former Pittsburgh mayor who served on an Urban Land Institute panel for post-Katrina planning. "In those places, nature is talking to us, and we ought to be listening. I don't think we are."

A map of building permits in Orleans Parish, created by GCR & Associates, a New Orleans firm involved in the rebuilding, shows renovations distributed throughout the city's low-lying areas. A similar phenomenon is underway in neighboring St. Bernard Parish, which was even more devastated by the storm.

New Orleans Mayor C. Ray Nagin (D) so far has favored allowing evacuees to inhabit their old neighborhoods as they wish.

Mike Centineo, the city's building chief, said, "Legally and morally, we're doing the right thing," but he acknowledged that most returning homeowners are not raising their houses to meet the new flood guidelines. "You wouldn't want to put people through more than they can endure. It's a catastrophe that happened. No one wants it to happen again. But they're just rebuilding as best they can."

The chairman of the federal Gulf Coast rebuilding office, Donald E. Powell, said recently that "tough decisions" about where to repopulate this half-empty city are necessary.

"The President and I believe planning decisions should not be made in Washington, but rather at the local level," he said in a statement. "However at some point, there needs to be strong local leadership, and that includes making tough decisions about the city's size and the safety of her citizens. Federal tax dollars should not be used to rebuild in places that repeatedly flood or are damaged due to Mother Nature -- in New Orleans or elsewhere."

Whatever decisions are to be made, however, none is likely to come soon. And as time rolls on, and as more houses in vulnerable neighborhoods are reinhabited, it will grow more difficult, politically and financially, to lead residents to safer areas.

Ed Blakely, the city's newly appointed recovery chief, begins work next week. He proposes that, once the Army Corps of Engineers issues reports this spring about which city neighborhoods are riskiest, some returning homeowners be offered the chance to swap their lots for others in less vulnerable locations.

"There is overwhelming evidence that people want to come back to a safer area," Blakely said. "But right now, no one is giving them that choice. They are only acting out of their own sense that they have to be housed."

Any drive around Orleans Parish or suburban St. Bernard Parish shows that people are coming back to even the hardest-hit neighborhoods, albeit sparsely, to renovate their flood-damaged homes.

In the Lakeview, New Orleans East and Gentilly areas of Orleans Parish and in most of St. Bernard Parish, neighborhoods are strange and desolate. Some homes and travel trailers are inhabited, but they are surrounded by empty houses and occasional debris piles. Returning residents say they wonder how long their neighborhoods will seem like ghost towns.

Rochelle Krantz, 64, and her husband are repairing their home in Chalmette. On the day before Christmas, their temporary trailer is adorned with a snowman and several Santa Clauses, but most of the surrounding houses are empty, and the post-flood gloom is pervasive.

"When we come out at night to sit, it's like a cemetery . . . very, very dark and very, very quiet," Krantz said. "We used to hear kids and cars going by. . . . Now, nothing."

Sometimes complete strangers, she said, come up to ask: " 'You're coming back?' And then they say, 'You're nuts!' "

But, she said, the house is paid for.

"We'll leave it in the good Lord's hands," Krantz said.

A few blocks over, Vincent Gangi, 54, a real estate broker, is restoring a large brick house adorned with Greek-revival statues.

"I just don't think it's going to happen again -- something like Katrina happens only once in a hundred years," he said. "By that time, I'll be dead."

The controversy over how to rebuild the New Orleans region began almost as soon as the waters receded.

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In the fall of 2005, planners from the Urban Land Institute, working with the city's Bring New Orleans Back Commission, recommended that large sections of Lakeview, Gentilly, New Orleans East and the Lower Ninth Ward be abandoned, at least temporarily. The panel called for the government to purchase homes at pre-Katrina prices.

There were two reasons for the planners' proposals. First, the levees had proved catastrophically fallible. Even now, they are not guaranteed to stand during the strongest hurricanes. Moreover, the wetlands that once protected the city from storm surges continue to erode, and hurricane experts, including Max Mayfield, the outgoing director or the National Hurricane Center, have repeatedly warned that many homeowners are taking on unacceptable risks in U.S. coastal areas.

Second, it seemed likely that New Orleans's post-Katrina population was destined to be smaller. It made sense to consolidate neighborhoods, planners said, to prevent blight from overtaking sparsely populated, partially abandoned areas.

"What we said was that, in the areas that had gotten 10 feet of water, don't commit to rebuilding anything yet, because it probably won't happen anyway," said Joseph Brown, head of the urban design panel at the Urban Land Institute.

But Nagin, who was hearing complaints that shrinking the city's footprint was unfair, particularly to African Americans, rejected the idea. Everyone should be able to return to their homes, he said.

"I'm not ready to concede that neighborhoods need to be demolished," Nagin said at the time.

Officials in St. Bernard Parish, meanwhile, rejected closing off a particularly hard-hit 36-block section of Chalmette because they could not afford to buy out property owners.

Once the idea of neighborhood closures was dropped, many pinned their hopes for added safety on the new federal guidelines for elevating homes. "Substantially damaged" houses in the area now must be raised, often three feet above the ground. But the requirements contain enormous loopholes, and there is a huge financial incentive to avoid them.

Raising a house can cost upwards of $50,000, especially for the modern suburban homes built on concrete slabs in some of the most flooded areas. The federal government offers grants of as much as $30,000 for repairs, but in many cases much more is required.

"The vast majority simply do not have the financial resources to rebuild differently," said Greg Rigamer, chief executive of GCR & Associates and a consultant in the rebuilding.

Residents could avoid having to comply with the new guidelines by getting permits before the rules were enacted locally -- thousands in New Orleans did -- or if their houses were determined to be less than 50 percent damaged by Katrina.

Many homes, even those that took on 10 feet of water for weeks, have been designated beneath that threshold, including hundreds whose owners appealed larger initial damage assessments.

Among those slowly repopulating the once-flooded areas, many turn to God when considering what will happen in the next hurricane.

"People always say, 'I'm going to pray,' " said Bea, the Berkeley civil engineer. "And I'm thinking, 'I hope God is listening.' "

WAR NEWS:

Bush Considering Smaller-than-expected Increase In Troops For Iraq (MCT)

By Warren P. Strobel And Nancy A. Youssef

McClatchy Newspapers, January 4, 2007

WASHINGTON - President Bush plans to order extra U.S. troops to Iraq as part of a new push to secure Baghdad, but in smaller numbers than previously reported, U.S. officials said Wednesday.

The president, who is completing a lengthy review of Iraq policy, is considering dispatching three to four U.S. combat brigades to Iraq, or no more than 15,000 to 20,000 U.S. troops, the officials said. Bush is expected to announce his decision next week.

Typically, a combat brigade comprises about 3,500 combat troops and more than 1,000 support personnel.

"Instead of a surge, it is a bump," said a State Department official. He spoke on condition of anonymity, because Bush hasn't yet unveiled details of what the White House is calling a "new way forward" in Iraq.

Bush had been considering proposals to send a much larger contingent into Baghdad -- as many as 30,000-40,000 soldiers and Marines.

Some experts doubt that the smaller deployment would be sufficient to halt Iraq's escalating civil war between Shiite and Sunni Muslims.

Details of Bush's Iraq strategy are still being finalized and could change. But the smaller troop increase appears to reflect the real-world constraints the president faces as he tries to persuade the American public that victory is still possible in Iraq.

DOJ_NMG_0112261

Congressional Democrats, who formally take power on Capitol Hill Thursday, widely oppose any increase in the roughly 140,000 U.S. troops now in Iraq. Many want Bush to present a plan for withdrawing those troops.

Meanwhile, the U.S. military has been stretched by four years of war in Afghanistan and Iraq, meaning there are few active-duty combat units available for deployment.

To marshal even 15,000 to 20,000 additional troops, Bush would have to accelerate the return of some units to the battlefield, cutting their time to train between deployments.

Advocates of a "surge" in U.S. troop levels have argued that to be effective in halting the violence, the United States would have to send a significant number of troops for an extended period of time.

Frederick W. Kagan, a scholar at the American Enterprise Institute, a conservative policy research center, recently briefed the White House on his plan to send 32,000 additional soldiers and Marines to Baghdad and volatile Anbar province. The troops would remain in Iraq for 18 months.

On Wednesday, Kagan cautioned against over-interpreting the number of troops being sent. More important, he said, is the number of individual combat brigades and battalions sent to Iraq and how they're deployed.

The State Department official said that, even at this late juncture, administration officials are debating what the extra troops would do.

Officials in Baghdad have said that extra troops could be used to secure the capital or add soldiers to military transition teams, who train alongside their Iraqi counterparts.

But in Washington, the thinking increasingly is that the troops would be used to try to secure Baghdad and protect the Iraqi population from relentless violence, State Department officials said.

A senior defense official said that a military study of strategy in Iraq, part of Bush's overall policy review, concluded that the current policy of rapidly training Iraqi security forces and turning responsibility over to them was the wrong course.

That policy was essentially "a rush to failure," the defense official said.

Bush is expected to announce his new Iraq policy to the nation next week, possibly as early as Wednesday, officials said.

The additional troop deployments are only one facet of the plan. The president also is expected to announce another initiative to reconcile Iraqi Sunni and Shia Muslims and to request additional funds to provide jobs to Iraqis who otherwise might join ethnic militias.

To date, billions of dollars in U.S. funds have gone to rebuild Iraq, but the bulk of that money has been awarded to American firms, which hire non-Iraqi contractors.

(Youssef reported from Baghdad.)

Snow: Military Levels In Baghdad Too Low (WT)

The Washington Times, January 4, 2007

White House spokesman Tony Snow said Wednesday it is clear there needs to be a greater military presence in Baghdad.

During a regular White House briefing, Snow told reporters current troop levels in Baghdad are "insufficient" to quell the violence.

Snow said he would leave the announcement of the details of what needs to be done to U.S. President George Bush, who is due to deliver a speech on whether he plans to send more U.S. troops to Iraq.

"I think it is safe to say that there needs to be more in the way of forces within Baghdad -- Iraqi forces in Baghdad, trained and equipped and ready, and this is what the prime minister has said," Snow said. "He's asked not only for larger forces and more responsibility but also more equipment to get the job done."

Snow said no final decisions have been made and discounted a BBC report indicating the president would call on Americans to sacrifice, saying the BBC must have found a "phantom" draft because the speech has yet to be written.

Awaiting Bush's Iraq Plan, Democrats Weigh Replies (NYT)

By Jeff Zeleny

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — Some key Senate Democrats say they could consider supporting a short-term increase in American troop levels in Iraq, a stance that reflects division within the party and could provide an opening for President Bush as he prepares to announce his revised plan for Iraq as early as next week.

Mr. Bush is expected to outline a strategy that would include adding to American forces, but would link that increase to a plan for economic development in Iraq. He has vowed to consult Congressional leaders before delivering his speech to the nation, and he began that process on Wednesday night by inviting House and Senate leaders to a White House reception, though officials said Iraq was not discussed.

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Senator Carl Levin, the Michigan Democrat who will lead the Armed Services Committee, said he would not "prejudge" the president's proposal. While he would oppose an open-ended commitment, Mr. Levin said, he would not rule out supporting a plan to dispatch more troops if the proposal was tied to a broader strategy to begin reducing American involvement and sending troops home.

"The American people are skeptical about getting in deeper," he said in an interview. "But if it's truly conditional upon the Iraqis' actually meeting milestones and if it's part of an overall program of troop reduction that would begin in the next four to six months, it's something that would be worth considering."

But Senator Joseph R. Biden Jr., the Delaware Democrat who will become chairman of the Foreign Relations Committee, has said he is opposed to increasing troop strength regardless of the plan, calling the idea the "absolute wrong strategy." In interviews on Wednesday, several Democratic senators echoed Mr. Biden's view, saying they believed that sending more troops would not resolve the predicament in Iraq.

Democrats have become well-practiced at playing the roles of critic and skeptic, particularly when the subject is the war in Iraq. But as the party formally assumes control of Congress on Thursday, the divisions between the committee leaders, party leadership and rank-and-file senators illustrate the fresh burden they face of articulating a response to Mr. Bush's revised Iraq strategy.

Democrats may find it difficult to speak with one voice in response to Mr. Bush's plan. And at this point, party strategists said, they do not necessarily intend to. Over the next three weeks, Senate Democrats plan to call at least 13 hearings on Iraq, to be held by committees that include Foreign Relations, Armed Services, Intelligence, Homeland Security and Judiciary.

Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates have agreed to testify, officials said, and invitations were sent this week to a raft of former administration officials, academics and military and Iraqi experts.

Short of reducing military financing, which even the staunchest Congressional war critics have been reluctant to do, Democrats say they believe that one of the most effective tools they have to influence policy is to hold televised hearings.

"What you are going to find is that this is no longer exclusively a Democratic criticism," said Senator Jack Reed, a Rhode Island Democrat who is a member of the Armed Services Committee. "A lot of Republicans are going to be standing up and saying, 'I don't understand what the president's strategy is.' A lot of people will be asking serious questions, and that will be healthy."

Senator Evan Bayh, an Indiana Democrat who also serves on the Armed Services Committee, said a troop increase "might lead to a temporary abatement to the violence, but will only postpone the ultimate day of reckoning."

In an interview, Mr. Bayh added, "This problem is not going to be solved in Washington by the president of the United States; it can only be resolved by Iraqis."

In a memorandum sent Wednesday to members of the Democratic caucus, Senator Harry Reid of Nevada, who becomes the majority leader, pledged that "Democrats will work with Republicans to bring oversight and accountability" to the war.

Mr. Reid has said that he will consider supporting a short-term increase in troops, but his spokesman, Jim Manley, declared, "If it's not temporary in nature, it's a nonstarter."

Representative Steny H. Hoyer, a Maryland Democrat who will be the House majority leader, stopped short of saying that Democrats would exercise the power of the purse and decrease financing for American troops. Yet he said the new Congress was "not going to sit silently by while policies are pursued with which we don't agree."

Still, the Bush administration intends to try to find support from the crop of newly elected members of Congress — particularly those who were elected from Republican districts — as the president works to build support for his Iraq strategy before the State of the Union address, now set for Jan. 23.

On the issue of sending more troops to Iraq, the White House is also reaching out to Senate Democrats who are facing re-election in 2008.

"I am not in favor of that unless the president can convince me otherwise," Senator Mark Pryor, an Arkansas Democrat who will serve on the Armed Services Committee, said of a possible troop increase.

"I think that the Congress, after 9/11, was willing to give him the benefit of the doubt on a whole range of issues related to Iraq," Mr. Pryor said, "but we've been there four years now and it's time for him to clearly have the burden of proof."

Analysis: Behind Troop Surge, A Neocon Force (LAT)

By Peter Spiegel

The Los Angeles Times, January 4, 2007

WASHINGTON — Ever since Iraq began spiraling toward chaos, the war's intellectual architects -- the so-called neoconservatives -- have found themselves under attack in Washington policy salons and, more important, within the Bush administration.

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Paul Wolfowitz, who was the Defense Department's most senior neocon, was shipped off to the World Bank. His Pentagon colleague Douglas Feith departed for academia. John Bolton left the State Department for the United Nations.

But other neocons have moved back into the mainstream of steering Iraq policy. A key part of the new Iraq plan that President Bush is expected to announce next week -- a surge in U.S. troops coupled with a more focused counterinsurgency effort -- has been one of the chief recommendations of these neocons since the fall of Saddam Hussein.

This group -- which includes William Kristol, editor of The Weekly Standard magazine, and Frederick Kagan, a military analyst at the American Enterprise Institute -- was expressing concerns about the administration's blueprint for Iraq even before the invasion almost four years ago. In these neoconservatives' view, not enough troops were being set aside to stabilize the country. They also worried that the Pentagon had formulated a plan that concentrated too heavily on killing insurgents rather than securing law and order for Iraqi citizens.

They have long advocated for a more classic counterinsurgency campaign: a manpower-heavy operation that would take U.S. soldiers out of their large bases dotted across the country and push them into small outposts in troubled towns and neighborhoods to interact with ordinary Iraqis.

Until now, it was an argument that had fallen on deaf ears.

"We have been pretty consistently in this direction from the outset," said Kagan, whose December study detailing his strategy is influencing the administration's current thinking. "I started making this argument even before the war began, because I watched in dismay as we messed up Afghanistan and then heard with dismay the rumors that we would apply some sort of Afghan model to Iraq."

If Bush goes ahead with the surge idea, along with a concomitant shift to a more aggressive counterinsurgency, it would in many ways represent a wholesale repudiation of the outgoing Pentagon leadership.

These leaders -- particularly former Defense Secretary Donald H. Rumsfeld and Army Gen. John Abizaid, the departing Middle East commander -- strongly resisted more U.S. troops and a larger push into troubled neighborhoods out of fear it would prevent Iraqis from taking over the job themselves and exacerbate the image of the United States as an occupier.

The plan the administration appears to be moving toward envisions an increase of 20,000 to 30,000 troops, the majority of whom would be sent to Baghdad. The increase would be achieved by delaying the departure of Marine units already in Iraq and speeding the deployment of Army brigades due this spring.

The neoconservative group as a whole had been the driving force in Washington behind a move against Iraq, even before the Sept. 11 terrorist attacks. They saw Saddam as a lingering threat to world security -- a view bolstered within the administration after the attacks. They argued that transforming Iraq into a democracy could serve as a model with potential to remake the Middle East's political dynamics.

The war effort's unraveling gradually undermined the clout they had wielded. But perhaps the more important hurdle -- especially on military matters -- was the White House's refusal to see its Iraq policy as a failure.

That changed this summer, when the spike in sectarian violence and the failure of an offensive to secure Baghdad created what one Pentagon adviser called a "psychological break" within the administration. Until then, neoconservatives argue, the administration saw little proof that Abizaid's plan, backed by Army Gen. George Casey, the military commander in Iraq, was failing.

The main reason for the new ascendancy of the neocon recommendations, said Kristol, is that "the Rumsfeld-Abizaid-Casey theory was tried and was found wanting. ... Some of us challenged it very early on, but, of course, then we were just challenging it as a competing theory."

Although Kristol, Kagan and their intellectual allies have pushed for their policy for more than three years, they bristle at the notion that the idea of a larger troop presence in Iraq and a different approach to securing the country is wholly a neoconservative idea.

Sen. John McCain, R-Ariz., a leading presidential contender, has been pushing for more troops and a different security strategy for nearly as long as Kristol and Kagan. Recently, support for a revised counterinsurgency plan has gained support among military officers, active and retired. Perhaps most notable is retired Army Gen. Jack Keane, a former Army chief of staff who signed onto Kagan's plan last month.

The case for change has been bolstered by actions the military itself has taken, including a successful 2005 Army offensive in the northern Iraqi city of Tall Afar, where midlevel officers used counterinsurgency tactics to suppress sectarian violence. The Pentagon released a new counterinsurgency field manual last month that largely echoed the neocons' thinking.

The troop-surge proposal is not embraced by all neoconservatives. Wolfowitz, for instance, had ridiculed the notion that more troops would be needed to secure Iraq. Richard Perle, a former top adviser to the Pentagon who advocated for smaller troop numbers at the time of the invasion, is known to be skeptical of a surge.

The plan's advocates acknowledge the split within the neocon movement.

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"Before the war, I was arguing for a quarter of a million troops in expectations we'd be there five or 10 years," said Gary Schmitt, an analyst at the American Enterprise Institute who has worked closely with Kristol and Kagan. "Richard Perle, obviously somebody else who's thought of as a neocon, thought we should go in" with far fewer U.S. forces.

The neocons calling for more troops in Iraq and different tactics have pressed their proposals in public writings and speeches and in private conversations within the administration.

Kenneth Adelman, a leading neoconservative thinker, recalled a meeting a year ago of the Defense Policy Board, a group of outside advisers to the Pentagon, during which he pressed Rumsfeld to implement more traditional counterinsurgency ideas, such as keeping soldiers longer in their deployed areas to get to know the local population better.

"What you need for counterinsurgency has been pretty clear for some time: You need to protect the population and get the population to fight the insurgents with you, or at least inform on them," Adelman said. "The fight is over the population, it's not over getting the enemy."

Much like they did when advocating for the invasion, these neocons have promoted their military strategy even at times when it was seen as politically unpalatable.

"What you can say about Fred Kagan and Bill Kristol ... is they've been constant in sounding this theme," said Eliot A. Cohen, a military analyst at Johns Hopkins University's international studies school in Washington who has advised the administration on Iraq policy. "You've had other people who have dropped in and out of this."

Getting The Middle East Back On Our Side (NYT)

By Brent Scowcroft

The New York Times, January 4, 2007

Washington

THE Iraq Study Group report was released into a sea of unrealistic expectations. Inevitably, it disappointed hopes for a clear path through the morass of Iraq, because there is no “silver bullet” solution to the difficulties in which we find ourselves.

But the report accomplished a great deal. It brought together some of America’s best minds across party lines, and it outlined with clarity and precision the key factors at issue in Iraq. In doing so, it helped catalyze the debate about our Iraq policy and crystallize the choices we face. Above all, it emphasized the importance of focusing on American national interests, not only in Iraq but in the region.

However, the report, which calls the situation in Iraq “grave and deteriorating,” does not focus on what could be the most likely outcome of its analysis. Should the Iraqis be unable or unwilling to play the role required of them, the report implies that we would have no choice but to withdraw, and then blame our withdrawal on Iraqi failures. But here the report essentially stops.

An American withdrawal before Iraq can, in the words of the president, “govern itself, sustain itself, and defend itself” would be a strategic defeat for American interests, with potentially catastrophic consequences both in the region and beyond. Our opponents would be hugely emboldened, our friends deeply demoralized.

Iran, heady with the withdrawal of its principal adversary, would expand its influence through Hezbollah and Hamas more deeply into Syria, Lebanon, the Palestinian territories and Jordan. Our Arab friends would rightly feel we had abandoned them to face alone a radicalism that has been greatly inflamed by American actions in the region and which could pose a serious threat to their own governments.

The effects would not be confined to Iraq and the Middle East. Energy resources and transit choke points vital to the global economy would be subjected to greatly increased risk. Terrorists and extremists elsewhere would be emboldened. And the perception, worldwide, would be that the American colossus had stumbled, was losing its resolve and could no longer be considered a reliable ally or friend — or the guarantor of peace and stability in this critical region.

To avoid these dire consequences, we need to secure the support of the countries of the region themselves. It is greatly in their self-interest to give that support, just as they did in the 1991 Persian Gulf conflict. Unfortunately, in recent years they have come to see it as dangerous to identify with the United States, and so they have largely stood on the sidelines.

A vigorously renewed effort to resolve the Arab-Israeli conflict could fundamentally change both the dynamics in the region and the strategic calculus of key leaders. Real progress would push Iran into a more defensive posture. Hezbollah and Hamas would lose their rallying principle. American allies like Egypt, Saudi Arabia and the gulf states would be liberated to assist in stabilizing Iraq. And Iraq would finally be seen by all as a key country that had to be set right in the pursuit of regional security.

Arab leaders are now keen to resolve the 50-year-old dispute. Prime Minister Ehud Olmert of Israel may be as well. His nation’s long-term security can only be assured by resolving this issue once and for all. However, only the American president can bring them to the same table.

Resuming the Arab-Israeli peace process is not a matter of forcing concessions from Israel or dragooning the Palestinians into surrender. Most of the elements of a settlement are already agreed as a result of the negotiations of 2000 and the “road

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map" of 2002. What is required is to summon the will of Arab and Israeli leaders, led by a determined American president, to forge the various elements into a conclusion that all parties have already publicly accepted in principle.

As for Syria and Iran, we should not be afraid of opening channels of communication, but neither should we rush to engage them as negotiating "partners." Moreover, these two countries have differing interests, expectations and points of leverage and should not be treated as though they are indistinguishable.

Syria cannot be comfortable clutched solely in the embrace of Iran, and thus prying it away may be possible. Syria also has much to gain from a settlement with Israel and internal problems that such a deal might greatly ease. If we can make progress on the Palestinian front before adding Syria to the mix, it would both avoid overloading Israel's negotiating capacity and increase the incentives for Damascus to negotiate seriously.

Iran is different. It may not be wise to make Iran integral to the regional strategy at the outset. And the nuclear issue should be dealt with on a separate track. In its present state of euphoria, Iran has little interest in making things easier for us. If, however, we make clear our determination, and if the other regional states become more engaged in stabilizing Iraq, the Iranians might grow more inclined to negotiate seriously.

WHILE negotiations on the Arab-Israel peace process are under way, we should establish some political parameters inside Iraq that encourage moves toward reconciliation and unified government in Iraq. Other suggested options, such as an "80 percent solution" that excludes the Sunnis, or the division of the country into three parts, are not only inconsistent with reconciliation but would almost certainly pave the way to broader regional conflict and must be avoided.

American combat troops should be gradually redeployed away from intervening in sectarian conflict. That necessarily is a task for Iraqi troops, however poorly prepared they may be. Our troops should be redirected toward training the Iraqi Army, providing support and backup, combating insurgents, attenuating outside intervention and assisting in major infrastructure protection.

That does not mean the American presence should be reduced. Indeed, in the immediate future, the opposite may be true, though any increase in troop strength should be directed at accomplishing specific, defined missions. A generalized increase would be unlikely to demonstrably change the situation and, consequently, could result in increased clamor for withdrawal. But the central point is that withdrawing combat forces should not be a policy objective, but rather, the result of changes in our strategy and success in our efforts.

As we work our way through this seemingly intractable problem in Iraq, we must constantly remember that this is not just a troublesome issue from which we can walk away if it seems too costly to continue. What is at stake is not only Iraq and the stability of the Middle East, but the global perception of the reliability of the United States as a partner in a deeply troubled world. We cannot afford to fail that test.

Brent Scowcroft was national security adviser to Presidents Gerald R. Ford and George H. W. Bush. He is now president of the Forum for International Policy.

Another Thousand Lives (NYT)

By Bob Herbert

The New York Times, January 4, 2007

How long can this go on?

Saddam is dead. The weapons of mass destruction were a mirage. More than 3,000 American G.I.s and scores of thousands of Iraqis have been killed. Voters in the United States have made it clear that they no longer support American involvement in this exercise in sustained barbarism. Incredibly, the U.S. military itself is turning against the war.

And yet the president, against the counsel of his commanders on the ground, apparently is ready to escalate — to send more American lives into the fire he set in Iraq.

In a devastating critique of the war, the newsweekly Army Times led its current edition with the headline: "About-Face on the War — After 3 years of support, troops sour on Iraq." The article detailed a Military Times Poll that found, for the first time, that "more troops disapprove of the president's handling of the war than approve of it."

Only a third of the service members surveyed approved of the president's conduct of the war, while 42 percent disapproved. Perhaps worse was the finding that only half of the troops believed that success in Iraq was likely.

The service members made it clear that they were not attacking their commander in chief personally. His overall approval rating remained high. What has turned them off has been the wretched reality of the war. In the article, David Segal, director of the Center for Research on Military Organization at the University of Maryland, said, "They're seeing more casualties and fatalities and less progress."

In other words, they're seeing the same thing everybody else is seeing — except, perhaps, Mr. Bush.

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On New Year's Day, readers of The New York Times could see the excruciating photo layout of the latest 1,000 American service members to die in Iraq. As in all wars, most of them were young. Many of them were smiling in the photos. All of them died unnecessarily.

The war has been an exercise in futility and mind-boggling incompetence, and yet our involvement continues — with no end in sight, no plans for withdrawal, no idea of where we might be headed — as if the U.S. had fallen into some kind of bizarrely destructive trance from which it is unable to awaken.

And who is paying the price for this insanity — apart from ordinary Iraqis, who are paying the most grievous price of all? The burden of the war in the U.S. is being shouldered overwhelmingly by a contingent of Americans whom no one would categorize as economically privileged.

As Lizette Alvarez and Andrew Lehren wrote in Monday's Times:

"The service members who died during this latest period fit an unchanging profile. They were mostly white men from rural areas, soldiers so young they still held fresh memories of high school football heroics and teenage escapades. Many men and women were in Iraq for the second or third time. Some were going on their fourth, fifth or sixth deployment."

There is no way that this can be justified. It is just wrong.

I've said many times that if a war is worth fighting the way to do it is to mobilize the entire country, drawing the warriors from as wide a swath of the population as possible and raising taxes on everyone as part of an all-out effort to defeat a common enemy.

This war is not worth fighting. And if there were ever serious talk about enacting a draft or raising taxes to fight it, you'd see quickly enough that the vast majority of Americans would not find it worth fighting.

There must be a leader somewhere who can shake the U.S. out of this tragic hypnotic state, who can see that it is beyond crazy to continue our involvement in this war indefinitely, to sacrifice another 1,000 young lives, and then another thousand after that.

All of the tortured, twisted rationales for this war — all of the fatuous intellectual pyrotechnics dreamed up to justify it — have vaporized, and we're left with just the mad, mindless, meaningless and apparently endless slaughter.

Shakespeare, in "Henry VI," said: "Now thou art come unto a feast of death."

We should end our participation in the feast of death in Iraq. It is criminal to continue feeding our troops into the slaughter.

If there were politicians here at home with some of the courage of the troops in the field, we could begin saving lives rather than watching helplessly as the Bush White House continues to sacrifice them. Three thousand and counting is enough.

Suggester In Chief (WP)

By David S. Broder

The Washington Post, January 4, 2007

An element of unreality has infected the speculation about President Bush's decision on a new strategy for Iraq. In the weeks since the Iraq Study Group issued its report and the president said he was going to canvass a variety of other sources before making up his mind, the assumption has grown that he will declare the next steps himself.

In reality, Bush's ability to act on his own is severely limited. His hands are tied both at home and abroad. At most, he can suggest what he would like to do, but he is dependent on others to actually do it.

The overseas constraints begin in Iraq, where any policy depends on the cooperation and dubious capacity of the struggling government in Baghdad. That government is consumed by factional fighting and has yet to find the will to deal with its own thuggish Shiite elements or to reach any kind of accommodation with the rebellious Sunni minority.

Cleaning up the corrupt and violence-prone national police force would be the first precondition for any plan to bring order to Iraq, and that is something only the Iraqis can do. Bush can wish it, but he cannot order it.

He is similarly constrained when it comes to improving the efficiency of Iraqi cabinet ministries, accelerating constitutional reform or securing an equitable division of oil royalties. Exhortation is his only tool.

Here at home, the limitations on his freedom of action are at least as tight.

The new Congress that starts today is not the same passive body that approved his decision to go to war and allowed him a free hand in managing or mismanaging the aftermath.

When the White House speculates about increasing the number of U.S. troops in Iraq for some indefinite period, it goes directly against the expressed policy wishes of the new Democratic majority and its most influential members. The incoming chairmen of the Senate Armed Services and Foreign Relations committees, Carl Levin and Joe Biden, have counseled strongly against such a course, and most of the Democrats in the House and Senate favor a gradual drawdown of American forces, not a buildup.

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As commander in chief, the president can order more troops into the war zone, but such a step would undoubtedly provoke the most angry domestic debate of his term.

The larger point made by the Iraq Study Group in its unanimous bipartisan report is that no policy for Iraq can succeed without broad public and congressional support. The nation and its elected representatives, as co-chairmen James A. Baker III and Lee Hamilton warned, will not sustain the costs in lives and treasure it would take to rescue a deteriorating situation in Iraq unless there is broad agreement on the course of action.

Sending thousands more American troops into harm's way, when fewer than a fifth of Americans support such a step, is no way to build that support.

More and more of the president's fellow Republicans are making that point to him. Particularly significant were comments on Fox News on Sunday by Sen. Richard Lugar of Indiana, the outgoing chairman of the Foreign Relations Committee.

He expressed skepticism -- but not outright opposition -- to the idea of expanding the U.S. military presence in Iraq. But his main plea was for the president to take the temperature of Congress, by meeting personally with the Foreign Relations Committee and consulting seriously with its members, before settling on a policy for Iraq.

"The president needs some well-informed friends," Lugar said pointedly, and he warned Bush that people such as himself will not be ready to defend his decision if he simply waits and declares it after private discussions of the kind he has been holding within his war Cabinet.

After an election in which war-weariness was a motivating force for the defeat of Republican candidates, the president has to face the reality that the only decision on Iraq that can possibly command sustained public support is a collective decision shared with Congress -- not a personal order.

Any action he takes may still be thwarted by Iraq's own divisions. But if he does not bring Congress and both parties into the process, the policy will inevitably fail. He has to face that reality.

davidbroder@washpost.com

Negroponte To Leave Intel Director Post (AP)

By Katherine Shrader

AP, January 4, 2007

WASHINGTON - National Intelligence Director John Negroponte will resign after 20 months in the job to become deputy secretary of state, two U.S. government officials said Wednesday night.

Negroponte took over in April 2005 as the nation's first intelligence chief, responsible for overseeing all 16 U.S. spy agencies. He will return to his roots as a career diplomat to become the No. 2 to Secretary of State Condoleezza Rice, the officials said.

One of the officials said that the timing of Negroponte's departure was uncertain but that it was expected soon. The officials spoke on condition of anonymity because there has been no announcement of the move.

Negroponte, 67, is stepping down as President Bush develops a new strategy on Iraq. The president has ordered reviews from his own agencies and the bipartisan Iraq Study Group, which recommended a series of changes to reverse the "slide toward chaos."

Negroponte has held a series of tough posts in the Bush administration and has been at the center of the Iraq debate since before the U.S.-led invasion in March 2003. He served as U.S. ambassador to the U.N. from 2001 to 2004 and ambassador to Baghdad until March 2005 before becoming intelligence chief. He also was ambassador to Mexico, from 1989-93.

Democrats taking control of Congress on Thursday have promised greater oversight of government agencies. The Senate Intelligence Committee, for instance, is planning hearings this month on the intelligence overhaul that Negroponte helped put in place.

A top candidate for the intelligence chief opening is retired Adm. Mike McConnell, the director of the National Security Agency from 1992 to 1996. McConnell is now a senior vice president at Booz Allen Hamilton, a government contractor and consulting firm.

A message left at McConnell's office Wednesday night was not immediately returned.

Negroponte's transition to the State Department must be confirmed by the Senate, as would Bush's choice for his replacement. Both changes will create new openings for the Democrats to debate the administration's intelligence and foreign policy direction.

The Office of the National Intelligence Director and the White House both declined to comment on Negroponte's resignation, which was first reported by NBC News.

The State Department also had no comment, but one official confirmed that Negroponte is to become deputy secretary of state. This official noted Negroponte's diplomatic credentials as a former ambassador.

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In an interview with C-SPAN last month, Negroponte indicated that he wanted to stay on through the Bush administration.

Yet his answer to the question — will he "stay with it for a while?" — didn't close the door to a new assignment. Since last summer, it has been said he was interested in the vacancy at the State Department.

"In my own mind at least, I visualize staying with it through the end of this administration and, then I think, probably that'll be about the right time to pack it in," he told C-SPAN.

Robert Zoellick resigned as Rice's deputy in July to take a position with the Wall Street firm Goldman Sachs. She is said to have approached several candidates for what is widely regarded as a plum assignment, going for months without any takers.

Negroponte's departure creates uncertainty for the position of national intelligence director, which grew out of concerns over intelligence failures before the terrorist attacks of Sept. 11, 2001.

Congress established the post in late 2004, following the recommendation of the Sept. 11 commission. Bush tapped Negroponte to set up the new office from scratch.

He brought together experts to focus on how the government collects and analyzes intelligence and helped create new organizations, including the National Counterproliferation Center, which studies the spread of weapons.

Yet, it has been at times a struggle for Negroponte and his staff to bring all 16 spy agencies together under one umbrella. Critics have questioned whether his staff of 1,500 is becoming another clumsy bureaucracy, even as it tries to avoid the intelligence lapses of 9/11 and Iraq.

In public speeches, Negroponte has praised efforts across government to strengthen intelligence, but also stressed its limitations.

"Intelligence is not a panacea — far from it — but we are making progress in intelligence reform, and that is important," he said recently.

Negroponte Stepping Aside As Top Spy To Become Deputy Secretary Of State (USAT)

By Alan Gomez

USA Today, January 4, 2007

National Intelligence Director John Negroponte will resign his position overseeing the nation's 16 spy agencies to become the deputy secretary of State, administration officials confirmed Wednesday night.

A senior State Department official said the announcement could come as early as this week. The official, and other administration officials who confirmed the appointment, spoke on condition of anonymity because the announcement will come from President Bush.

Negroponte's move comes as Bush finalizes a new course for the war in Iraq.

Negroponte, 67, was the first to head the newly created Office of the Director of National Intelligence in 2005.

The office was designed to consolidate the information and capabilities of the separate and sometimes bickering intelligence agencies. Congress created it on the recommendation of the 9/11 Commission and as a response to the intelligence failures and lack of communication between spy agencies leading up to the Sept. 11 attacks.

Tying together the agencies has been difficult.

Rep. Pete Hoekstra, who was head of the House Intelligence Committee, said this summer that the office was "not adding any value" by enlarging the bureaucracy. The Michigan Republican said the office had actually lengthened the time necessary to make things happen in the rapidly changing world of national intelligence.

"We want them to be lean and mean," Hoekstra said.

Hoekstra acknowledged that communication among agencies had improved, and Negroponte's staff pointed to a list the office compiled of 200,000 known terrorists.

Secretary of State Condoleezza Rice, who would be Negroponte's direct supervisor, questioned the nation's intelligence apparatus after the Bush administration was surprised by Hamas' victory in last January's Palestinian elections.

"Nobody saw it coming," she said.

In an interview with C-SPAN last month, Negroponte indicated that he wanted to stay on through the Bush administration.

Yet his answer to the question — will he "stay with it for a while?" — didn't close the door to a new assignment.

"In my own mind at least, I visualize staying with it through the end of this administration and, then I think, probably that'll be about the right time to pack it in," he told C-SPAN.

Negroponte's move must be confirmed by the Senate.

If confirmed, he would return to the same department where he made his rise in Washington.

A career diplomat, Negroponte rose to assistant secretary of State in the Reagan administration before becoming deputy national security adviser.

He then served as ambassador to Mexico, the Philippines, the United Nations and most recently Iraq from June 2004 to March 2005.

It was not immediately clear who would fill Negroponte's position.

The job of his No. 2 has been vacant since Gen. Michael Hayden became the CIA director in May.

Intelligence Chief Is Shifted To Deputy State Dept. Post (NYT)

By Mark Mazzetti

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — John D. Negroponte, whom President Bush installed less than two years ago as the first director of national intelligence, will soon leave his post to become the State Department's second-ranking official, administration officials said Wednesday.

Mr. Negroponte will fill a critical job that has been vacant for months, and he is expected to play a leading role in shaping policy in Iraq. But his transfer is another blow to an intelligence community that has seen little continuity at the top since the departure of George J. Tenet in 2004 as director of central intelligence.

Mr. Negroponte had been brought to the intelligence job to help restore credibility and effectiveness to agencies whose reputations were badly damaged by failures related to the attacks on Sept. 11, 2001, and mistaken prewar assessments of Iraq's illicit weapons. He has maintained a low public profile but provides Mr. Bush with a briefing most mornings.

President Bush has hailed the establishment of the intelligence post as an essential step in helping prevent another terrorist attack. On paper, the director of national intelligence outranks the deputy secretary of state, raising questions about why the White House would seek — and why Mr. Negroponte would agree to — the shift.

The move, expected to be announced this week, comes as the president prepares to announce a new strategy for Iraq as sectarian violence worsens there and approval ratings sag at home.

The administration has had great difficulty filling the State Department position. Secretary of State Condoleezza Rice has asked several people who have turned down the post, according to senior State Department officials.

But administration officials interviewed on Wednesday would not say whether Mr. Negroponte was moving because the White House saw him as uniquely qualified for the diplomatic post, or because President Bush was dissatisfied with his performance as intelligence chief, or whether it was a combination of the two.

Mr. Negroponte has served as ambassador to the United Nations and to Iraq, and administration officials say Ms. Rice was trying to recruit him to bring more Iraq expertise to her office.

Administration officials from two different agencies said Wednesday that the leading candidate to become the new intelligence chief is J. Michael McConnell, a retired vice admiral who led the National Security Agency from 1992 to 1996. Admiral McConnell was head of intelligence for the Joint Chiefs of Staff under Gen. Colin L. Powell during the first Persian Gulf war, in 1991.

Mr. Bush had at first been reluctant to set up the intelligence post, but ultimately bowed to Congressional pressure and for the first time made the office a cabinet-level position.

As deputy secretary of state, Mr. Negroponte, who would need Senate confirmation for the post, would fill a pivotal foreign policy position that has been vacant since Robert B. Zoellick resigned to take a post at Goldman Sachs.

The shift of Mr. Negroponte, first reported Wednesday evening by NBC News, marks a further transformation in President Bush's foreign policy team that has already seen Robert M. Gates take over as defense secretary from Donald H. Rumsfeld. Mr. Bush still has other top posts to fill, including that of ambassador to the United Nations, left vacant with the departure of John R. Bolton.

Mr. Negroponte would move to the State Department as the administration is preparing a shift in Iraq strategy.

As a career diplomat who also served as ambassador to Mexico, the Philippines and Honduras, Mr. Negroponte brought a policymaker's perspective to the role of intelligence chief, a post established by Congress at the end of 2004 to address a lack of coordination among intelligence agencies. He took over the job in April 2005, and said in an interview on C-Span last month that he expected to stay in his position until the end of the Bush administration.

Admiral McConnell is a career intelligence officer who is a senior vice president of Booz Allen Hamilton, an international consulting firm. During his tenure at the Pentagon and as director of the National Security Agency, Admiral McConnell worked closely with Mr. Gates during Mr. Gates's time as deputy national security adviser and as director of central intelligence, and with Dick Cheney while he was defense secretary during the first Persian Gulf war.

Senator Susan M. Collins, Republican of Maine and chairwoman of the Senate Government Reform Committee, was a major backer of the intelligence post, and on Wednesday she said of the reported transfer: "The director of national intelligence is an absolutely critical position. I'm disappointed that Negroponte would leave this critical position when it's still in its infancy. There

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are a number of people who could ably serve as deputy secretary of state, but few who can handle the challenges of chief of intelligence."

Representative Jane Harman, a California Democrat who also pressed for establishment of the intelligence job, said: "I'm worrying that our deficit in intelligence will not be corrected. I'm sorry Negroponte isn't completing his term because he at least understood intelligence."

Mr. Negroponte's move to the State Department has been rumored for months. Ms. Rice was pushing to bring Mr. Negroponte in as her deputy, and officials in Washington speculated that the career diplomat might be more comfortable returning to the State Department.

The White House press secretary, Tony Snow, declined to comment on the change. "We don't comment on personnel matters until the president has announced his intentions," Mr. Snow said in an e-mail message Wednesday night.

Officials said that one of the priorities in replacing Mr. Negroponte had been to select someone who could pass swiftly through the Senate confirmation process. They also cautioned that the choice of Admiral McConnell was not final.

The job of deputy director of national intelligence is also vacant, and the White House is conscious that a long nomination battle in the Senate, where Democrats are now in the majority, could throw the intelligence office into disarray.

Negroponte To Become Rice's Deputy (WSJ)

By Jay Solomon And Neil King Jr.

The Wall Street Journal, January 4, 2007

WASHINGTON -- As President Bush crafts a new strategy for the war in Iraq, the White House is set to name U.S. spy chief John Negroponte to the No. 2 position at the State Department to help implement the changes.

Mr. Negroponte, a career diplomat who served as U.S. ambassador to Iraq for a year following Saddam Hussein's fall, will play a central role in executing the new Iraq strategy as well as broader shifts in U.S. Middle East policy, a senior U.S. official said. Mr. Bush is expected to announce his policy changes in a major speech next week.

Mr. Negroponte, 67 years old, fills a key position left vacant since the departure in July of Secretary of State Condoleezza Rice's previous deputy, Robert Zoellick, who concentrated mainly on China. Mr. Negroponte's departure from the Office of the Director of National Intelligence, however, will leave open the DNI's top two positions, potentially frustrating efforts to solidify changes in the intelligence community brought on by the 9/11 attacks. The 9/11 Commission has sought a strong central command to oversee Washington's 16 different intelligence agencies.

Mr. Negroponte's move to State may well just be one key shift as the administration looks to fill other top foreign-policy posts, American diplomats said. The current U.S. ambassador to Iraq, Zalmay Khalilizad, is seen as leaving Baghdad soon to become ambassador to the United Nations, following the departure last month of John Bolton. That would put two senior figures with experience in Iraq into crucial diplomatic posts as the administration is looking to remold Iraq policy and bulk up its efforts to restrain Iran.

Mr. Negroponte is "a major expert on Iraq and that's why this moves make sense," said the U.S. official, who spoke on the condition of anonymity. The State Department's deputy job is traditionally an administrative post whose demands don't normally allow one to concentrate on heavy policy work. Mr. Zoellick cited the frustrations of a full plate of issues and concerns when he left the job last year.

The pick of Mr. Negroponte will bring to State another centrist and foreign-policy pragmatist, though so far there is little sign that Ms. Rice or her boss in the White House intend to alter their course in marked ways in their final two years.

Mr. Negroponte was named to the newly created position of DNI nearly two years ago and has faced the difficult task of trying to merge Washington's spy agencies under one command. The DNI's deputy slot became vacant following the move last spring of Gen. Michael Hayden to the directorship of the Central Intelligence Agency. The U.S. official said he expected Mr. Negroponte's successor at the DNI to be named "expeditiously."

Negroponte To Leave Job To Be State Dept. Deputy (WP)

By Glenn Kessler

The Washington Post, January 4, 2007

Secretary of State Condoleezza Rice has persuaded John D. Negroponte to leave his post as director of national intelligence and come to the State Department as her deputy, government officials said last night.

Negroponte's move would fill a crucial hole on Rice's team. She has been without a deputy since Robert B. Zoellick left in July for a Wall Street firm. It also comes as President Bush plans to announce a new Iraq strategy; as former Iraq envoy, Negroponte would be expected to play a major role in implementing that plan in his new role.

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Negroponte's decision to step down as the nation's top spy for a sub-Cabinet position marks a sudden reversal. Rice had earlier sought to recruit Negroponte -- as well as other high-profile figures -- for the job, but last month he insisted he was staying at his post.

"In my own mind at least, I visualize staying . . . through the end of this administration, and then I think probably that'll be about the right time to pack it in," he told C-SPAN in an interview broadcast Dec. 3. "I've pulled together a very good team, and they've stayed with me for the past 18 months," he said, "and I hope they'll stay with me as long as I'm in the job."

He reiterated that commitment in an interview with Washington Post editors and reporters on Dec. 14. Negroponte is the first person to hold the post of intelligence czar, created after the Sept. 11, 2001, attacks.

NBC News first reported Negroponte's planned move to State. Administration officials said Negroponte's likely successor as head of U.S. intelligence is retired Navy Adm. John M. McConnell, who directed the National Security Agency from 1992 to 1996 under President Bill Clinton. McConnell is now a senior vice president at Booz Allen Hamilton, the Washington contractor and consulting agency.

Government officials last night declined to say how Rice lured Negroponte, 67, though some had suggested earlier that he was unhappy as director of national intelligence and that he would like to return to his roots at the State Department. Negroponte was a Foreign Service officer from 1960 to 1997, serving as ambassador to the Philippines, Honduras and Mexico.

Even with a Democratic-controlled Senate, Negroponte should have little trouble winning confirmation. In the current administration, he has been confirmed as permanent U.S. representative to the United Nations, ambassador to Iraq and director of national intelligence.

One U.S. official said an official announcement will come later this week, probably tomorrow. White House and State Department officials declined to comment.

Observers have been puzzled at how long it has taken Rice to fill the deputy position in a period of intense diplomatic activity.

Rice gave Zoellick wide berth as her deputy. He had primary responsibility for relations with China, the crisis in Sudan, Latin America, economic affairs and Southeast Asia. In a first for a deputy secretary of state, he frequently allowed reporters on his plane when he traveled abroad.

Zoellick left a Cabinet post -- U.S. trade representative -- to take the job as Rice's deputy.

Intelligence Czar Moving To No. 2 State Dept. Post (LAT)

By Paul Richter And Greg Miller

The Los Angeles Times, January 4, 2007

WASHINGTON — John D. Negroponte, who in 2005 became the first director of national intelligence, overseeing the 16 U.S. spy agencies, will give up that job to become deputy secretary of State, U.S. officials said Wednesday evening.

A veteran diplomat, Negroponte, 67, joined the new agency at a time of growing concern over the failures of U.S. intelligence to anticipate the Sept. 11, 2001, terrorist attacks and to accurately assess Iraq's illicit weapons programs before the 2003 U.S. invasion. By moving to the No. 2 diplomatic post, vacant since July, he would be returning to more familiar terrain.

A replacement for Negroponte has not been selected, a U.S. official said. But there was speculation that the post could go to J. Michael McConnell, a retired vice admiral who headed the National Security Agency from 1992 to 1996. Attempts to reach McConnell, now a senior vice president at the McLean, Va., consulting firm Booz Allen Hamilton, were unsuccessful.

Negroponte's office declined to comment on why the director would cut short his service, which includes giving President Bush his daily intelligence briefing, for what is considered a lower-ranking position. But people close to Negroponte, who spent 37 years as a Foreign Service officer, said they believed he was not happy trying to better integrate sometimes-rivalrous organizations in a specialty outside his own.

The creation of the office Negroponte is leaving was the principal recommendation of the independent commission that investigated the Sept. 11 attacks. It was designed, in part, to ensure that the 16 spy agencies shared crucial information.

Some U.S. officials expressed surprise at the news of Negroponte's departure, first reported by NBC, since only last month he seemed to have silenced rumors that he might be taking the State Department job. In an interview broadcast Dec. 3 on C-SPAN, Negroponte said he expected to remain in his current post "through the end of this administration, and then, I think, probably that'll be about the right time to pack it in."

A formal announcement of his change in jobs is expected later this week.

Negroponte's talents will be welcome in the senior ranks of the State Department, which has been stressed by simultaneous crises in the Middle East and elsewhere and has lost several top officials in recent months. Some foreign diplomats have complained that it has became increasingly difficult to win top-level attention on even urgent issues, except for critical items related to the Middle East.

The previous deputy secretary, Robert B. Zoellick, focused mostly on the issues of China, East Asia and trade. Negroponte, who earlier served as the first U.S. ambassador to Iraq, would come to the State Department as the Bush administration formulates a new strategy for U.S. involvement there.

Traditionally, the deputy functions as a kind of chief operating officer for the State Department, in charge of budgets and policy planning. But in practice, the assignments of those in that post have varied widely, depending on the wishes of the secretary and the deputy's own talents.

One State Department official said Secretary of State Condoleezza Rice and other officials would "obviously love to have" Negroponte, who "has had about every kind of big job there is. His resume is pretty hard to top."

The official noted that Negroponte had been ambassador to Mexico, the Philippines and Honduras as well as Iraq. He was U.S. ambassador to the United Nations before the Iraq invasion and was a deputy national security advisor during the Reagan administration, serving under then-national security advisor Colin L. Powell.

His new position requires Senate confirmation. That is not seen as an obstacle, even with the Democrats in control of the Senate; he won confirmation to his current job by a 98-2 vote.

John Brennan, a former senior CIA official and former head of the National Counterterrorism Center, said it would be natural for someone with Negroponte's background to want the deputy State Department post.

"The deputy secretary of State position is usually the aspiration of all officers," Brennan said. "I think that's where his heart is: I think that's where his talent is and his knowledge is."

Some intelligence specialists predicted that Negroponte's departure from the intelligence post would not create great turmoil, as he has been there only a relatively short time.

Mark Lowenthal, a former high-ranking CIA official, predicted that if McConnell was chosen for the intelligence post, the spy agencies would find him "very different from Negroponte. He has more background in intelligence. He comes in fresher than Negroponte — he's had the chance to see how this thing has run without being involved in it.

"I think what's missing right now is a sense of leadership and direction," he said. "After all the community has been through in the last several years — from 9/11 to Iraq to the creation of the DNI — they could use a more inspirational leader."

After joining Booz Allen, McConnell initially sought to steer clear of contracts dealing with the intelligence community, focusing instead on e-commerce and Internet security initiatives. But colleagues said he had become increasingly involved in intelligence-related contracts and was recently approached by the Bush administration about becoming Negroponte's deputy — a position that opened when Michael V. Hayden was confirmed as CIA director. McConnell turned down the offer, but remained on the Bush administration's radar.

Brennan said that if McConnell was given the job, his "objective would be to try to steady the intelligence ship, to continue to have it move forward on coordination and integration, not do a lot that's going to disrupt things or try to put something in place that might not have the legs to be realized under his tenure."

Saddam Execution Video Leads To Arrests (AP)

By Steven R. Hurst, Associated Press Writer

AP, January 4, 2007

Iraqi authorities reported the arrests Wednesday of two guards and an official who supervised Saddam Hussein's hanging and said the guard force was infiltrated by outsiders who taunted the former leader and shot the video showing his body dangling at the end of a rope.

The unauthorized video, which ignited protests by Saddam's fellow Sunni Arabs in various Iraqi cities, threatens to turn the ousted dictator into a martyr. Saddam was shown never bowing his head as he faced death, and asking the hecklers if they were acting in a manly way.

The Bush administration sent conflicting signals Wednesday about the taunting and baiting that accompanied the execution, with the White House declining to join criticism of the procedure and the State Department and U.S. military publicly raising questions about it.

Saddam, who was convicted for the killings of 148 Shiites, was dignified and courteous to his American jailers up to the moment he was handed over to the Iraqis outside the execution chamber, a U.S. military spokesman said.

He "was courteous, as he always had been, to his U.S. military police guards," Maj. Gen. William B. Caldwell said. "He spoke very well to our military police, as he always had. And when getting off there at the prison site, he said farewell to his interpreter. He thanked the military police squad, the lieutenant, the squad leader, the medical doctor we had present, and the colonel that was on site."

Although Saddam "was still dignified toward us," Caldwell said his demeanor changed "at the prison facility when the Iraqi guards were assuming control of him."

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National Security Adviser Mowaffak al-Rubaie and two other top officials variously reported one to three men were being questioned in the investigation into who heckled Saddam as he was minutes from death and took cell phone pictures of his execution.

"The investigation has already had an arrest warrant against one person and two to follow," al-Rubaie told CNN. He said the guard force at the execution was infiltrated by an Arab television station or another outsider.

The clandestine footage appeared on Al-Jazeera television and Web sites just hours after Saddam was hanged Saturday. The tumultuous scenes quickly overshadowed an official execution video, which was mute and showed none of the uproar among those on the floor of the chamber below the gallows.

Sami al-Askeri, a Shiite lawmaker who advises Prime Minister Nouri al-Maliki, said two "Justice Ministry guards were being questioned. The investigation committee is interrogating the men. If it is found that any official was involved, he will face legal measures."

A second key al-Maliki adviser, who spoke on condition of anonymity because he was not authorized to release the information, said, "In the past few hours, the government has arrested the person who videotaped Saddam's execution. He was an official who supervised the execution and now he is under investigation."

Prosecutor Munqith al-Faroon, one of 14 official witnesses to the execution, told The Associated Press that he saw two government officials using camera phones at the hanging.

"I saw two of the government officials who were ... present during the execution taking all the video of the execution, using the lights that were there for the official taping of the execution," he said. "They used mobile phone cameras. I do not know their names, but I would remember their faces."

Caldwell said no Americans were present for the hanging and that the tumultuous execution would have gone differently had the Americans been in charge.

As the storm over the handling of the hanging gained strength, Caldwell was among several U.S. officials who suggested displeasure with the conduct of the execution.

"If you are asking me: 'Would we have done things differently?' Yes, we would have. But that's not our decision. That's the government of Iraq's decision," the general said.

The White House declined to join in the criticism.

"The president is focused on the new way forward in Iraq so these issues are best addressed out of Iraq, out of Baghdad," deputy White House press secretary Scott Stanzel said. "Prime Minister Maliki's staff have already expressed their disappointment in the filmings, so I guess we'll leave it at that."

Stanzel said the U.S. military and the U.S. Embassy in Iraq had expressed concerns about the timing of the execution and about "the process and what took place."

State Department spokesman Sean McCormack said U.S. officials had questioned holding the execution on a Muslim festival day, the opening of Eid al-Adha, and as well as some procedures.

U.S. Embassy spokesman Lou Fintor said Ambassador Zalmay Khalilzad and his diplomatic team "did engage the government of Iraq on issues relating to procedures involved in the timing of the execution (of Saddam), given the upcoming holy days. While the government of Iraq gave consideration to U.S. concerns, all decisions made regarding the execution were Iraqi decisions based on their own considerations."

Wednesday's remarks by U.S. officials were the first public confirmation of reports that the Americans had questioned the timing of the hanging.

The second-guessing over the conduct of the execution came as Iraqi and Arab media and an Iraqi government official said preparations were under way to hang two of Saddam's co-defendants in the next few days but that the details still have to be worked out with the American military.

A Cabinet official, speaking anonymously because of the sensitivity of the information, said the two men would hang "at the beginning of next week."

Caldwell said those executions, like Saddam's, were the responsibility of the Iraqi government. "It's a sovereign nation. It's their system. They make those decisions."

Saddam's half brother Barzan Ibrahim, a former intelligence chief, and Awad Hamed al-Bandar, the former chief justice of the Revolutionary Court, were originally scheduled to hang with Saddam. But their execution was delayed until after Eid al-Adha, which ended Wednesday for Iraq's majority Shiites.

Al-Arabiya satellite television and Al-Furat TV, run by Iraq's major Shiite Muslim political organization, both reported that Ibrahim and al-Bandar would go to the gallows on Thursday. However, Mariam al-Rays, an al-Maliki adviser, called such reports "baseless."

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In Washington, U.S. Supreme Court Chief Justice John Roberts denied a request by a lawyer for Bandar to block the U.S. military from transferring custody of the condemned man to Iraqi authorities.

U.N. human rights chief Louise Arbour, backed by new Secretary-General Ban Ki-moon, appealed to Iraqi President Jalal Talabani to prevent the execution of Ibrahim and al-Bandar, saying she was concerned with "the fairness and impartiality" of their trials.

Despite Misgivings, White House Says Little Against Hanging (NYT)

By Sheryl Gay Stolberg

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — The White House declined Wednesday to criticize the conduct of the execution of Saddam Hussein, even as State Department officials and military leaders in Baghdad raised questions about the timing of the hanging and the way the condemned dictator was taunted by Shiite guards as he stood on the gallows.

Spokesmen for President Bush said he had not seen the video of the execution, and Mr. Bush himself refused to answer questions about it. Appearing in the Rose Garden with his cabinet to talk about a balanced budget, the president turned his back and walked away when a reporter called out to ask whether he believed that the hanging had been handled appropriately.

The circumstances surrounding the hanging have prompted public demonstrations among Mr. Hussein's Sunni loyalists in Iraq and outrage around the world. Yet, while Bush administration officials said in quiet background conversations that they agreed that the execution was bungled, the White House insisted in public on Wednesday that the president was concentrating on the future of Iraq and that he was content to leave the investigation to the Iraqis.

"The most important thing to keep in mind is, this is a guy who killed hundreds of thousands of people and received justice," said Tony Snow, the White House press secretary. Mr. Snow said too much attention had been paid to "the last two minutes" of Mr. Hussein's life and not enough to the previous 69 years.

With Mr. Bush set to make a major speech, possibly as soon as next week, outlining a new strategy in Iraq, the handling of the execution has put the White House in a difficult position. The president in November proclaimed Prime Minister Nuri Kamal al-Maliki "the right guy for Iraq." Now Mr. Maliki faces international criticism for his decision to press ahead with the hanging, and questions about whether he is as committed as Mr. Bush to reconciling sectarian differences in Iraq.

The execution was carried out at the onset of a major Islamic festival that began on Saturday for Sunnis and on Sunday for Shiites. Mr. Hussein was subjected to mockery and cries of "Moktada!" — a reference to Moktada al-Sadr, the Shiite cleric whose militia has been responsible for attacks against Sunnis.

"It really was disappointing to see that they didn't have better control over the execution, so that you wouldn't have had that scene, with the demonstration from Moktada's supporters," said a senior administration official in Washington, speaking on condition of anonymity, to avoid the appearance of interfering in Iraq's sovereign affairs.

But another official said that the White House had decided the execution did not "rise to the level of a presidential comment" and that it was best to let other parts of the administration do the talking.

In Baghdad, Maj. Gen. William B. Caldwell IV, the top American military spokesman, conceded that the United States would have handled the execution differently, but said that the final decisions were up to the Iraqi government. The State Department spokesman, Sean McCormack, said that American officials had raised questions last week about the timing of the hanging, but that the execution had been warranted as the result of what he called a "very solid" judicial proceeding. He acknowledged that television images of Mr. Hussein being taunted at the gallows could further inflame tensions.

"This happened," Mr. McCormack said. "It wasn't supposed to have happened, but it happened."

Iraq Defends Hanging, But Holds Hussein Guard (NYT)

By James Glanz And John F. Burns

The New York Times, January 4, 2007

BAGHDAD, Jan. 3 — The Iraqi prime minister's office on Wednesday mounted its first public defense of the way the government carried out the execution of Saddam Hussein, and said that Iraqi authorities had detained a guard who they believed was involved in recording the moment in a macabre and unauthorized video that has generated revulsion around the world.

Iraqi officials, in their effort to dampen the video's impact, tried to challenge the impression it conveyed that Mr. Hussein, for all his brutal crimes, had behaved with far more dignity in his final minutes than his seemingly thuggish executioners.

"The execution operation has been mischaracterized for political purposes," said Sadiq al-Rikabi, an adviser to Prime Minister Nuri Kamal al-Maliki, who was present at the execution. Mr. Rikabi asserted that it had been carried out properly. "What has happened is not an insult or degradation," he said.

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But even as Mr. Maliki's government tried to defend its actions, the United States military, which had held Mr. Hussein in custody until it transferred him to Iraqi authorities about an hour before he was hanged, sought to distance itself from any responsibility for the scenes revealed in the video.

"You know, if you're asking me, 'Would we have done things differently,' yes, we would have," said Maj. Gen. William B. Caldwell IV, an American military spokesman in Baghdad, at a news briefing on Wednesday.

"But that's not our decision," he added. "That's an Iraqi government decision."

The reaction from the American military seemed to widen a rift that has been opening recently between the Shiite-led government of Mr. Maliki and its American supporters on a range of issues. They include the government's tolerance of militias, the recent discovery of the unofficial presence of Iranian military officers in Baghdad and the swiftness with which the Iraqis put Mr. Hussein to death after his appeals had been exhausted.

Mr. Maliki's office confirmed Wednesday that until Mr. Hussein's final hours, the American Embassy had sought to delay the execution long enough to avoid having it on a Muslim holiday and to resolve some remaining legal issues.

"The Americans wanted to postpone it," said Maryam al-Rayas, a legal adviser to the prime minister. The decision to go ahead, Ms. Rayas said, was "a victory for the Iraqi government."

The prime minister had decided that beginning the new year with Mr. Hussein dead trumped all other considerations, including the advice of the embassy, said Ms. Rayas, who also characterized the time frame as reasonable.

"There was no rush," she said.

The Iraqi government's detention of one of the guards generated some skepticism, with some Iraqi officials suggesting that Iraq was seeking a low-level scapegoat to blame for the almost Gothic display of intimidation and death that the images depict.

Mr. Rikabi refused to name or otherwise characterize the guard who had been arrested other than to say that he was being held in Baghdad after an investigation had determined that he had shot the video with a cellphone camera.

But Munkith al-Faroun, who was the prosecutor at Mr. Hussein's trial and was present at the execution, has said publicly that 2 of the 14 Iraqi officials and court representatives flown in by American helicopters to witness it were openly videotaping the event with cellphones.

When asked about Mr. Faroun's statements, Mr. Rikabi said, "I do not have this information."

On Wednesday, The New York Times erroneously quoted Mr. Faroun as saying that one of the officials he had seen holding up a cellphone during the execution was Mowaffak al-Rubaie, Mr. Maliki's national security adviser. Mr. Rubaie, in a telephone interview from London, said that along with all the Iraqi officials who were flown to the execution block by American helicopter, he had been searched at the Green Zone helipad and that his cellphone and even his keys were taken from him.

"I did not have a cellphone in the execution chamber," he said.

But, further undermining the assertion that only a single guard had videotaped the execution, Mr. Rubaie said he had seen "two or three" others in the official contingent who did have cellphones. He suggested that they might have been among officials who arrived at Camp Justice, the American camp in northern Baghdad where the hanging took place, by car.

The failure to call more senior officials to account raised suspicions among some Iraqis. "They want to blame it on a guard," one senior Iraqi official said.

Mr. Rubaie told CNN that there could have been as many as two others in the guard contingent who were associated with that scheme.

In the wake of the video's release, there were continuing condemnations of the way justice was meted out to Mr. Hussein after he lost his case in a court specially set up to judge crimes committed during his rule. On Wednesday, the United Nations high commissioner for human rights, Louise Arbour, renewed a previous call for restraint in carrying out the executions of two of Mr. Hussein's co-defendants who were also sentenced to death.

The manner of Mr. Hussein's execution appeared to give a boost to the remnants of his outlawed Baath Party. In the town of Huwaish, north of Baghdad, hundreds of people led by gunmen calling themselves the "mujahedeen of the Baath Party" marched in protest, and in the once prosperous Baghdad neighborhood of Monsour, a large black banner proclaimed that Mr. Hussein's death would set off fighting against "the Americans and their followers."

The banner was signed, in nicely printed lettering, "Baath Party."

At the same time, one of Mr. Hussein's most ruthless enforcers, Izzat Ibrahim al-Douri, who has eluded his American pursuers for nearly four years, was named the Baath Party leader on one of its Web sites. Although the claim could not be independently verified, Mr. Douri has long been considered a leader of the Baathist insurgency.

Asked repeatedly to describe how the American military would have carried out the execution differently, General Caldwell declined to elaborate, saying that the question was hypothetical, since the Iraqis were in control once they received custody of Mr. Hussein outside the execution block.

"It was not our decision as to what occurred at that point, but we would have done it differently," General Caldwell said.

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Still, Mr. Rikabi, the prime minister's political adviser, said that the government rejected all criticism of the execution, including the point at which one of the guards shouted, "Moktada! Moktada! Moktada!" as Mr. Hussein stood on the trapdoor of the gallows — a reference to Moktada al-Sadr, the radical Shiite cleric who leads the militia called the Mahdi Army.

The exclamation came at the end of a standard Muslim prayer that both the guards and Mr. Hussein were saying aloud, Mr. Rikabi said. But the guards were from the Shiite south, where Mr. Sadr is popular, and the prayer there typically ends with the reference to him, Mr. Rikabi said.

"If you go to any mosque in Karbala or Najaf you will hear them shouting like that," he said. "This is their habit."

Seemingly contradicting his own government, Mr. Rubaie said he was ashamed of what had happened during the execution, which he described as "unacceptable" and "disgusting."

"It is not professional, it's the wrong thing to do, and it should not have happened," he said. "But it shouldn't divert the mind of the people from the crimes that Saddam has been condemned to death for."

Guard Accused Of Recording Hanging (USAT)

By James Palmer

USA Today, January 4, 2007

BAGHDAD — The person suspected of illicitly recording Saddam Hussein's execution was arrested Wednesday, an adviser to Iraq's prime minister said.

Mariam al-Rayes, a Shiite lawmaker with close ties to Prime Minister Nouri al-Maliki's office, said a security guard had been arrested and accused of shooting video at the execution at dawn Saturday. The guard was not identified.

The clandestine footage, which was widely available around the world, showed an unruly scene in which the former Iraqi dictator was taunted and cursed in the moments before his death. The video sparked protests among Saddam's fellow Sunni Arabs and some international condemnation.

Britain's Deputy Prime Minister John Prescott described the manner of Saddam's hanging as "deplorable" and the leaking of the mobile phone recoding as "totally unacceptable."

MORE: U.N. chief appeals to Iraqi president

Al-Rayes called the recording and subsequent replay by Iraqi TV stations "an act by those working against the Iraqi government." She said the government had appointed a three-man commission to determine who shouted taunts at Saddam as he stood on the gallows.

There were conflicting reports about how many people have been targeted in the government investigation into the execution.

"The investigation has already had an arrest warrant against one person and two to follow," Iraqi national security adviser Mouwafak al-Rubaie told CNN. He said the guard force at the execution was infiltrated by an Arab television station or another outsider.

The United States distanced itself from the way in which Saddam, who was convicted for the killings of 148 Shiites in 1982, was executed.

"We had absolutely nothing to do with the facility where the execution took place," said Maj. Gen. William Caldwell, a U.S. military spokesman. "We did not dictate any requirements."

Caldwell said the United States would have handled the execution differently. "That was not our decision. That was the government of Iraq's decision. This is a sovereign nation, and they're going to learn from each thing they do," he said.

Caldwell said the military had no alternative but to release Saddam into the custody of the Iraqi government once his final appeal of the death sentence was denied. He said Saddam had been courteous to his American captors and thanked the guards and medical personnel who had cared for him.

The official video of the hanging, which never showed Saddam's actual death, was muted and gave the impression of a dignified execution.

The illicit video, apparently shot on a cellphone camera, showed Shiite officials mocking Saddam. The video inflamed sectarian passions in a country already on the brink of civil war.

Some of the last words Saddam heard, according to the video, were a chant of "Muqtada, Muqtada, Muqtada," a reference to Muqtada al-Sadr, the radical anti-American Shiite cleric whose Mahdi Army militia is believed responsible for killings that have targeted Sunnis and driven many from their homes.

In other Iraq news:

U.S. troops detained 23 people suspected of having ties to senior al-Qaeda leaders during raids in western Iraq, the military said. The raids took place in Ramadi, the capital of Iraq's volatile western Anbar province.

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Four Americans and an Austrian abducted in November in southern Iraq spoke briefly and appeared uninjured in a video believed to have been recorded nearly two weeks ago and delivered Wednesday to the Associated Press.

U.S. Voices Misgivings On Execution (WT)

By David R. Sands And Betsy Pisik

The Washington Times, January 4, 2007

Senior U.S. officials yesterday expressed unease with the Iraq government's handling of the execution of Saddam Hussein, as officials in Baghdad made final preparations to hang two of the former dictator's closest aides.

State Department spokesman Sean McCormack said U.S. officials raised concerns last week about the timing of Saturday's execution, held on the first day of a major Sunni Muslim holiday, and whether it conformed to Iraq's own legal processes.

In Baghdad, Maj. Gen. William B. Caldwell, spokesman for the U.S. military, also questioned the raucous final moments of Saddam's execution. An unauthorized cell-phone camera recording, widely shown on Arab-language television, shows Saddam being heckled and insulted by Shi'ite Muslims in the crowd as the noose is being placed around his neck.

"If you are asking me, 'Would we have done things differently?' -- yes, we would have," Gen. Caldwell said in a briefing. "But that's not our decision. That's the decision of Iraq's government."

Iraqi authorities reported the arrests yesterday of two guards and an official who supervised Saddam's hanging and said the guard force was infiltrated by outsiders who taunted the former leader and shot the video showing his body dangling at the end of a rope.

Iraqi officials also said they plan to proceed as early as today with the execution of two of Saddam's closest aides and co-defendants -- former intelligence chief Barzan Ibrahim, Saddam's half brother, and Awad Hamed al-Bandar, former chief justice of the Revolutionary Court.

The two were originally sentenced to die alongside Saddam for their role in the 1982 killings of 148 Shi'ite Muslims after a failed assassination attempt against Saddam, but their execution was delayed so Saddam could be "executed on a special day," said Moffawak al-Rubaie, Iraqi Prime Minister Nouri al-Maliki's national security adviser.

Both Gen. Caldwell and Mr. McCormack said no U.S. officials were present at Saddam's hanging or had any say on Saddam's treatment after he was transferred to Iraqi control shortly before his death.

Gen. Caldwell said Saddam thanked his American jailers for the way they treated him as they sent him to his death.

"Saddam ... was dignified, as always, he was courteous as he always had been to his U.S. military police guards," he told reporters in Baghdad.

Mr. McCormack noted that the al-Maliki government has expressed unhappiness with the manner in which the execution was carried out, ordering an investigation to determine who shot the cell-phone video that was quickly leaked to the press.

"It wasn't supposed to have happened, but it happened and the Iraqi government is launching an investigation into it," the State Department spokesman said.

Sunni Muslims have staged protests in the wake of Saddam's death, but Gen. Caldwell said there has been no spike in violence since the hanging, which occurred on the first day of a major Islamic religious holiday that ended yesterday.

In New York, U.N. officials stepped up their criticism of the Iraqi trials that produced the death sentences, appealing to Baghdad to postpone the executions of Saddam's two co-conspirators.

Louise Arbour, the world body's top human rights official, and Philip Alston, the U.N. special rapporteur on capital punishment, cited concerns about the conduct of Saddam's trial, the hasty appeals process and the unruly final moments of the dictator's life.

Mr. Alston, a law professor at New York University, said, "The Iraqi government engaged in an unseemly and evidently politically motivated effort to expedite the execution by denying time for a meaningful appeal and by closing off every avenue to review the punishment."

Mrs. Arbour appealed directly to Iraqi President Jalal Talabani to block the planned executions, saying international law gave both condemned men the right to seek commutation of their sentences or to ask for a pardon.

White House spokesman Tony Snow said President Bush had not seen the footage of Saddam's execution. The president was far more focused on fashioning a new strategy for winning the war in Iraq, Mr. Snow said.

Both Mr. Snow and Mr. McCormack rejected criticisms of the Iraqi trial that led to Saturday's execution, saying Saddam was given a much fairer day in court than the vast number of Iraqis who died at the hands of his regime.

"At the end of the day, justice was served to Saddam Hussein," Mr. McCormack said.

Baghdad Downplays Saddam Recording (FT)

DOJ_NMG_0112278

By Steve Negus

Financial Times, January 4, 2007

The Iraqi government distanced itself on Wednesday from the scandal surrounding the recording of Saddam Hussein's execution as reports that two other members of his regime would shortly face the gallows looked set to inflame violence.

Mowaffak al-Rubaie, Iraq's national security adviser, who was an official observer at the hanging, disavowed the behaviour in the execution chamber, where the former dictator was captured on grainy mobile phone images being taunted by masked executioners. He told CNN that the execution was "not a sectarian lynching" but that some of the behaviour in the execution chamber had been "unacceptable".

The Dubai-based Al Arabiya satellite network and al-Furat TV, run by one of the country's main Shia Islamist political movements, both broadcast that Barzan Ibrahim, Saddam's half-brother and former intelligence chief, and Awad Hamed al-Bandar, the former chief justice of the Revolutionary Court, would be put to death on Thursday.

Mr Ibrahim and Mr Bandar were convicted alongside Saddam on November 5 on charges related to the campaign of reprisals ordered against the village of Dujail, where the deposed president suffered a 1982 assassination attempt.

New executions could ignite sectarian tensions heightened by the manner in which Saddam's execution was carried out. A recording of the hanging that has circulated widely both inside and outside Iraq shows at least one of the guards chanting loudly a religious invocation associated with the radical Shia Sadrist movement.

Officials quoted by news agencies said the government had arrested the person who made the recording, although that could not be confirmed independently. Hameed Majeed, a prime ministerial media adviser, said that a guard had been arrested, while another person, quoted anonymously, said the arrested man was an "official".

The recording has become emblematic to many in Iraq of the degree to which radical Shia sentiment has penetrated the state.

The Bush administration waded into the controversy, revealing that it had "raised issues with respect to procedures and timing" of the hanging with the Iraqis.

Sean McCormack, a State Department spokesman, declined to give details but echoed Major General -William Caldwell, the US military spokesman in Baghdad, who said the US "would have done things differently". Officials stressed, however, that justice had been done and that what happened in the last two minutes of Saddam's life should not be compared to the crimes he committed over many years.

Guard At Hanging Blamed For Covert Video Of Hussein (WP)

By Joshua Partlow

The Washington Post, January 4, 2007

BAGHDAD, Jan. 3 -- The Iraqi government's dismay over the unauthorized release of footage of Saddam Hussein's execution led to the arrest Wednesday of a security guard who used a cellphone camera to record the hanging, according to an adviser to Prime Minister Nouri al-Maliki.

The prime minister's political adviser, Sadiq al-Rikabi, said Iraqi authorities are questioning the guard to see whether he acted independently or was working with others to undermine the government's desire to reveal only a brief portion of the execution. Rikabi would not identify the guard, who had not been charged, or say where he was being held.

The video, which spread widely on the Internet, shows an unruly spectacle in which an onlooker taunts Hussein by yelling, "Go to hell." Another voice is heard chanting, "Moqtada, Moqtada, Moqtada," in reference to Moqtada al-Sadr, the Shiite Muslim cleric who leads one of Iraq's most powerful militias.

The video outraged Sunni Muslim loyalists of Hussein and was condemned by some Western leaders, such as Britain's deputy prime minister, John Prescott, who called the images "unacceptable."

The release of the footage was "a mistake. It was not something proper or acceptable," Rikabi said. "This execution was not an open event, to have been seen by the people all over the world. This is an implementation of justice, and we needed just a small piece about the execution, just to show the people this is Saddam," he said.

Rikabi said cellphones and cameras were collected from witnesses after the execution to prevent such an incident.

The allegation that a security guard was responsible for the grisly unofficial video was contradicted by the deputy prosecutor in Hussein's trail, Munqith al-Faroun, an official witness to the execution. He said he watched two other official observers using their cellphones to record the execution, but no guards.

Faroun insisted that "it was those who accompanied us who took that video, and I'm responsible for what I say. Maybe one of the guards did it secretly, but there were two officials who were doing it openly."

U.S. officials have privately expressed frustration that Hussein was executed just four days after an appeals court upheld his death sentence and at the start of a Muslim holiday, Eid al-Adha.

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"The ambassador and U.S. mission personnel did engage the government of Iraq on issues relating to procedures involved, and the timing of the execution given the upcoming holy days," said Lou Fintor, a U.S. Embassy spokesman in Baghdad. "While the government of Iraq gave consideration to U.S. concerns, all decisions made regarding the execution were Iraqi decisions based on their own considerations."

During a briefing for reporters in Baghdad on Wednesday, Maj. Gen. William B. Caldwell stressed that the United States was not responsible for how the execution was conducted.

"If you are asking me, 'Would we have done things differently?' Yes, we would have," Caldwell said. "But that's not our decision. That's the government of Iraq's decision."

In Washington, White House spokesman Tony Snow said attention should focus on Hussein's crimes. "There seems to be a lot of concern about the last two minutes of Saddam Hussein's life and less about the first 69 [years] in which he murdered hundreds of thousands of people," he said.

Calls for clemency continued Wednesday for two other former Iraqi officials sentenced to hang for their participation in the killings of 148 people from the village of Dujail in the 1980s.

U.N. High Commissioner for Human Rights Louise Arbour issued a statement saying she "directly appealed" to Iraqi President Jalal Talabani to stay the executions of Awad Haman Bander, the former chief justice of the Revolutionary Court, and Barzan Ibrahim, Hussein's half brother.

"The concerns that I expressed just days ago with respect to the fairness and impartiality of Saddam Hussein's trial apply also to these two defendants," Arbour said.

Rikabi said he did not know when the two would be executed. Another Maliki adviser, Mariam Rayis, said on al-Arabiya television that the executions would not take place Thursday but might occur after the holiday ends Saturday.

Meanwhile, a video appeared on the Internet on Wednesday that purports to show five Western security contractors -- four Americans and an Austrian -- who were kidnapped Nov. 16 when their convoy was ambushed in southern Iraq.

In the video, one of the hostages says, "I'm well, my friends are well. We've been treated well."

Fintor, the U.S. Embassy spokesman, said he was aware of reports of the video but declined to comment further. He said U.S. officials remain in contact with the families of the kidnapped contractors and continue to call for their release.

The U.S. military announced Wednesday that a soldier was killed Dec. 31 when a roadside bomb exploded near a patrol south of Baghdad. The soldier's name was not released pending notification of family members.

The daily discovery of bodies continued Wednesday as Iraqi national police patrols found 35 corpses, 25 of them in Baghdad, according to Col. Khalaf Jalil of the Interior Ministry. A roadside bomb exploded in southwest Baghdad, killing a policeman and wounding two others, he said.

Special correspondents Saad al-Izzi and Waleed Saffar and other Washington Post staff in Iraq, and staff writer Peter Baker in Washington contributed to this report.

From Hussein, A Florid Farewell To The Iraqi People (NYT)

By Marc Santora and John F. Burns

The New York Times, January 4, 2007

BAGHDAD, Jan. 3 — The dictator sat alone in his cell, three years in American custody. His beard had gone gray, his sons were dead and the gallows were being readied.

Saddam Hussein in those final days turned to poetry, so often his source of solace in times of difficulty, inspired by his vision of himself as inseparably tied to those he led.

The poem, “Unbind It,” is his rallying call to be sounded from the grave.

It is a mixture of defiance and reflection, but no remorse. No mention of the tens of thousands of lives he was responsible for taking. No expression of guilt or sadness or regret.

The poem, flush with florid phrases that were his trademark, begins with what sounds like a paean to the love between himself and his people, who were about to lose him.

Unbind your soul. It is my soul mate and you are my soul’s beloved.

No house could have sheltered my heart as you have.

He moves quickly to more aggressive language. He refers to the foreigners who swept him from power and to the Iraqis who rose to rule here in his place.

The enemies forced strangers into our sea
And he who serves them will be made to weep.
Here we unveil our chests to the wolves
And will not tremble before the beast.

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The verses were written by Mr. Hussein after he was sentenced to death and, according to his relatives, are believed to be his last written words.

A handwritten copy of the poem was passed along by the Iraqi authorities to his family in Tikrit, along with his final will and testament, according to Mr. Hussein's cousin Muayed Dhamin al-Hazza.

Mr. Hazza read the poem on the telephone, saying he hoped Mr. Hussein's farewell would underline the manner in which the execution was carried out.

Iraqi and American officials confirmed that a poem left among Mr. Hussein's belongings at the American military detention center was delivered to his family.

In the poem, Mr. Hussein praises those who continue to fight for the Iraqi nation and condemns the "wolves" who have brought ruin through their invasion. He portrays himself as a martyr.

His poetry, like his speeches at decisive moments of his dictatorship, was often obscure, highly alliterative and difficult, even for Arabic speakers, to comprehend fully.

At the height of his power, Iraqis brave enough to discuss the subject would shake their heads at his rambling speeches and convoluted verse. Some would suggest, with glances over their shoulders, that in his efforts to show himself as a scholar of Arab history and literature, he inadvertently revealed some of the darker recesses of his mind.

According to news reports, Mr. Hussein even made gifts of his poetry to his American captors.

Iraqis familiar with his style helped translate his death cell poem. Sections that would have been unintelligible in a literal translation have been interpreted loosely in an attempt to reveal the meaning Mr. Hussein intended.

He is most clear when talking about how he sees himself in light of his impending death.

I sacrifice my soul for you and for our nation

Blood is cheap in hard times.

Mr. Hussein told his official biographer that he cared little what people thought of him when he was alive, but that he hoped to be revered as one of the giants of history — as a Nebuchadnezzar or Saladin — 500 years from now.

He ordered that one in every 10 bricks used in reconstructing the ancient palace at Babylon be stamped with his name or an eight-pointed star to symbolize the eight letters in his name in the Arabic alphabet.

For a man whose vanity was in proportion to his brutality, he appears, from the poem, to have seen himself as dying for a greater good. It was a theme he returned to repeatedly in the courtroom where he was condemned to death for crimes against humanity, telling the judges that he was speaking to history.

Many Iraqis viewed the thousands of portraits of Mr. Hussein erected around the country — in business suits, as warrior, as Arab sheik — as a sort of guidebook to his illusions about himself. Even as his secret police murdered tens of thousands, he sealed himself off with the conviction that he was widely loved.

One of his favorite books was "The Old Man and the Sea," but his style could not be mistaken for Hemingway. No short crisp sentences for Mr. Hussein.

While still in power, he wrote, at least in part, two romantic novels. "Zabibah and the King," which is set in a fanciful Arabia of long ago, tells of a lonely king who, while powerful, feels cut off from his liegemen. He encounters Zabibah and is entranced by her beauty and wisdom. But outsiders soon invade the kingdom, which is described as the cradle of civilization, and Zabibah is raped — on Jan. 17, a reference to the beginning of the Persian Gulf war of 1991.

When the book was released, Central Intelligence Agency analysts reportedly pored over it searching for clues into Mr. Hussein's mind.

But they could just as easily have turned to "The Old Man and the Sea," which Mr. Hussein had first read as a young man in a different prison: "A man can be destroyed not defeated."

In that spirit, he urges his followers to be fierce and noble, saying:

We never kneel or bend when attacking

But we even treat our enemy with honor.

Iraq Postpones Execution Of Saddam Aides (AFP)

By Sabah Jerges

AFP, January 4, 2007

Iraq postponed hanging two of Saddam Hussein's henchmen amid international pressure following the ousted dictator's bungled and much criticised hanging.

Meanwhile, two justice ministry guards are being held for questioning in connection with the secret filming of Saddam's final moments.

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Barzan Ibrahim al-Tikriti, Saddam's half brother and former intelligence chief and Awad Ahmed al-Bandar, the head of the revolutionary court, were to have been hanged on Thursday after the end of the Eid al-Adha holiday.

But a senior official from Prime Minister Nuri al-Maliki's office, speaking on condition of anonymity, said the execution was postponed "due to international pressure."

Baha al-Araji, an influential Shiite lawmaker from radical cleric Moqtada al-Sadr's parliamentary bloc, said: "I am sure it will be done on Sunday."

On Wednesday, UN spokeswoman Michele Montas said United Nations Secretary-General Ban Ki-moon was opposed to the death penalty.

"The Secretary General strongly believes in the wisdom of Article 3 of the Universal Declaration of Human Rights which states everyone has the right to life, liberty and security of person," she said.

"He fully endorses the call made today by (UN High Commissioner for Human Rights) Louise Arbour for restraint by the government of Iraq in the execution of the death sentences imposed by the Iraqi high tribunal," she added.

The US military has expressed concern over the manner in which Saddam was hanged, saying it would "have done things differently", and Britain has condemned the leaking of the video.

On November 5, Saddam, Barzan and Bandar were found guilty of ordering the judicial murder 148 Shiite men and boys from the village Dujail in the 1980s, and sentenced to death for crimes against humanity.

Saddam's execution five days ago has angered members of Iraq's Sunni minority and triggered criticism from observers who felt he was humiliated minutes before put to death.

A top Iraqi official denied defended its conduct.

"Where was the humiliation? The shouting of the crowd?" demanded Iraq's National Security Advisor Mowaffaq al-Rubaie, who was present at the execution, during an interview on CNN.

A grisly unofficial video released after Saddam was hanged showed one of the members of the execution party shouting the name of radical Shiite cleric Moqtada al-Sadr, a bitter opponent of Saddam.

The two-and-half minute film shot on a mobile telephone camera has spread like wildfire on the Internet and triggered angry outbursts within the Sunni Arab community of Iraq and from international leaders.

One of those present at the execution could be heard shouting "Moqtada! Moqtada! Moqtada!" at a sneering Saddam, inspiring some observers to compare the execution to a sectarian lynching.

"Basically they were doing their congregational prayers and supplications, and they mentioned at the end of their supplication the name of Moqtada," Rubaie said.

"I can't see where is the humiliation, to be quite honest. Moqtada, Moqtada, Moqtada is not a dirty word, not an obscene word, they were not cursing."

Rubaie also explained why the executioners and Iraqi officials danced around Saddam's body after the hanging.

"This is the tradition of the Iraqis -- when they do something they dance around the body and they express their feelings," he said.

"What is wrong with that? If that upsets the feelings of some of the Arab nations and Arab rulers, I think: 'The best of luck to them'.

"To the best of my knowledge and belief after I left the scene I was proud of what had happened and it was played by the book, but when the video was released I saw some wrongdoing and this has to be addressed," he said.

Shiite deputy Sami al-Askari, who was also present at Saddam's execution, said two justice ministry guards had been held for questioning.

"Two guards who are employees of the justice ministry have been held, but there are no charges against them yet," he told AFP.

The Ugly Death Of Saddam Hussein (NYT)

The New York Times, January 4, 2007

Saddam Hussein deserves no one's pity. But as anyone who has seen the graphic cellphone video of his hanging can testify, his execution bore little resemblance to dispassionate, state-administered justice. The condemned dictator appeared to have been delivered from United States military custody into the hands of a Shiite lynch mob.

For the Bush administration, which insists it went to war in Iraq to implant democracy and justice, those globally viewed images were a shaming embarrassment. Unfortunately, all Americans will be blamed, while the Iraqi people are now likely to suffer still more. What should have been a symbolic passage out of Iraq's darkest era will instead fuel a grim new era of spiraling sectarian vengeance.

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The ugly episode shows why Prime Minister Nuri Kamal al-Maliki is never likely to produce the national unity government that Washington keeps demanding and that Iraq so desperately needs.

Mr. Maliki is now scrambling to extricate himself from the public relations disaster. Yesterday, his office announced the arrest of a guard who allegedly took the unauthorized video. But the fundamental blame belongs to Mr. Maliki, who personally orchestrated the timing and circumstances of last Saturday's execution.

Mr. Maliki ignored pleas for delay from Washington and the legal niceties of Iraq's Constitution. He rushed to deliver Mr. Hussein's death as a holiday gift to his hard-line Shiite constituency, especially followers of the radical cleric and militia leader Moktada al-Sadr, who were allowed to chant abuse at the condemned dictator while he stood at the gallows with the noose around his neck.

Mr. Maliki's usual cheerleaders, President Bush and Britain's prime minister, Tony Blair, have distanced themselves from this repellent spectacle. Yet the Bush administration again finds that it has little credibility to lecture anyone on the basic dignity due to detainees. The Washington Post reported yesterday on an internal F.B.I. investigation that revealed a pattern of deliberate taunting of the religious beliefs of Muslim prisoners at Guantánamo.

As Mr. Bush prepares his latest plan for Iraq, he must face up to bleak realities. As of January, 2007, Iraq lacks an army capable of standing on its own. It lacks a justice system that puts the rule of law over political expediency, while its police force is dominated by sectarian militias and thugs. Most crucially, it lacks a government committed to protect the rights and personal safety of all Iraqis.

Most Americans, whatever their view of the war, understand that the rule of Saddam Hussein brought a murderous curse and untold suffering upon the Iraqi people. Mr. Hussein has now gone to his grave. But the outrageous manner of his killing, deliberately mimicking his own depraved methods, assures that his cruelty will outlive him.

The Voices On The Gallows (WP)

By Jim Hoagland

The Washington Post, January 4, 2007

This is a column I never expected to write.

I never expected to say that the Iraqis who put Saddam Hussein to death made the sadistic dictator look almost noble by their own depraved standards of behavior in that moment.

The mishandled execution carries a larger message that President Bush must absorb for the decisive address he plans to give on Iraq as early as next week: If Prime Minister Nouri al-Maliki and his aides cannot control a gallows chamber containing 20 people, how can they hope to manage a country that is disintegrating under the weight of religious and ethnic hatreds?

Was Maliki's office complicit in a grisly in-your-face payback by the prime minister's Dawa Party for Hussein's atrocities against its founders and Iraqis at large? Or -- and this could be worse -- did Maliki's people fail to foresee the consequences of their rush to rid themselves of this troublesome prisoner? Either way, the result is a sharp setback for a strategy that depends on national unity to underpin an orderly, secure U.S. exit from Iraq.

Iraqi national unity -- as conceived and manipulated by the Bush administration for its own ends -- has turned out to be fool's gold. (Unfortunately, I did expect to write that, and did so several times in the past year.) Bush now faces the prospect of an insurgent "government" declaring control over Anbar province and other Sunni-dominated areas in a matter of months -- with open support from Iraq's Arab neighbors -- if trends continue.

The urgent issues raised by Hussein's execution are political ones rather than judicial or moral ones. In a moral sense, there is no such thing as a dignified execution. So it is pointless to have wished for one for Saddam Hussein. The taking of a life, even one as despicable as his was, is a tragic moment.

But by turning the event into an occasion for settling 30-year-old scores, Hussein's executioners prevented it from being the chapter-ending event in Iraqi history that it should have been. They also inadvertently exposed the damaging inconsistencies of a U.S. policy that has repeatedly assumed that national unity encompassing Iraq's Shiite majority, its once-privileged Sunni minority and the Kurdish tribes of the north could be brought by Washington to the Iraqis, group by group.

While Washington sought to placate the Sunnis with political compromises and constitutional amendments that were either meaningless or beyond U.S. ability to deliver, the Sunnis responded with a "vote and fight" campaign to regain complete power.

Past American complicity with Hussein contributed to rising fears among Shiites of being abandoned again and to their own savage drive for revenge and protection through retaliatory atrocities. And as recently as November, senior U.S. officials visited Kurdistan to lecture the semi-independent Kurds on why they should be happy to surrender, for the sake of national unity, much of the prosperity and protection they have achieved. The Kurds smiled and promised nothing.

The White House hoped to form a bloc of "moderate" Shiites and Kurds in an "80 percent solution" that would either encourage or force Maliki to renounce the political alliance his Dawa Party has with the radical cleric Moqtada al-Sadr. Instead of

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helping Maliki maintain Shiite unity and co-opt Sadr's forces into a political role, U.S. officials made clear that they would not rest until Sadr was destroyed.

That is one reason the outbursts praising Sadr at Hussein's hanging were so damaging. They demonstrated the continuing close links between Dawa and Sadr -- and the U.S. failure to change them in any meaningful way.

Bush now faces a far more radicalized situation than he did when he endorsed the national unity effort nearly a year ago. Announcing that he is putting an additional 30,000 U.S. troops into Iraq in pursuit of the same chimeras he has been chasing will not postpone disaster. He must instead set radical political goals.

"He should announce that the United States will turn over the Green Zone to the Iraqi government," an Iraqi friend -- who lives outside the U.S.-protected enclave that contains the U.S. Embassy and the homes and offices of Iraqi leaders -- said by telephone from Baghdad. "Our leaders meet there and say things are fine, protected from what their followers are doing to each other elsewhere. That might force them to get to work on the political settlement we need."

This symbolic proposal is meant to encourage the United States to step back from trying to impose an outside blueprint on Iraq's warring factions. Those factions must now find an internal balance on their own -- or watch their country quickly split into three warring entities.

jimhoagland@washpost.com

Saddam Should Have Been Studied, Not Executed (LAT)

By Richard Dawkins

The Los Angeles Times, January 4, 2007

THE OBVIOUS objections to the execution of Saddam Hussein are valid and well aired. His death will provoke violent strife between Sunni and Shiite Muslims, and between Iraqis in general and the American occupation forces. This was an opportunity to set a good example of civilized behavior in dealing with a barbarically uncivilized man. In any case, revenge is an ignoble motive. If President Bush and British Prime Minister Tony Blair are eventually put on trial for war crimes, I shall not be among those pressing for them to be hanged.

But I want to add another and less obvious objection: Hussein's mind would have been a unique resource for historical, political and psychological research, a resource that is now forever unavailable to scholars.

Imagine that some science-fiction equivalent of Simon Wiesenthal built a time machine, traveled back to 1945 and returned to the present with a manacled Adolf Hitler. What should we do with him? Execute him? No, a thousand times no. Historians squabbling over exactly what happened in the Third Reich and World War II would never forgive us for destroying the central witness to all the inside stories, and one of the pivotal influences on 20th century history. Psychologists, struggling to understand how an individual human being could be so evil and so devastatingly effective at persuading others to join him, would give their eyeteeth for such a rich research subject.

Kill Hitler? You would have to be mad to do so. Yet that is undoubtedly what we would have done if he hadn't killed himself in 1945. Hussein is not in the same league as Hitler, but, nevertheless, in a small way his execution represents a wanton and vandalistic destruction of important research data.

He should have been locked up, by all means. Kept him in jail for the rest of his life, to be sure. But to execute him was irresponsible. Hussein could have provided irreplaceable help to future historians of the Iran-Iraq war, of the invasion of Kuwait and of the subsequent era of sanctions culminating in the invasion. Uniquely privileged evidence on the American government's enthusiastic arming of Hussein in the 1980s is now snuffed out at the tug of a rope (no doubt to the relief of Donald Rumsfeld and other guilty parties; it is surely no accident that the trial of Hussein neglected those of his crimes that might — no, would — have implicated them).

Political scientists of the future, studying the processes by which unscrupulous leaders arise and take over national institutions, have now lost key evidence forever. But perhaps the most important research in which a living Saddam Hussein could have helped is psychological. Most people can't even come close to understanding how any man could be so cruel as Hitler or Hussein, or how such transparently evil monsters could secure sufficient support to take over an entire country.

What were the formative influences on these men? Was it something in their childhood that turned them bad? In their genes? In their testosterone levels? Could the danger have been nipped in the bud by an alert psychiatrist? How would Hitler or Hussein have responded to a different style of education? We don't have a clear answer to these questions. We need to do the research.

Are there lots of Husseins and lots of Hitlers in every society, with most ending up as football hooligans wrecking trains rather than dictators wrecking countries? If so, what singles out the minority that do come to power? Or were men such as these truly unusual? What can we do to prevent them gaining power in the future? Are there changes we could make to our political institutions that would make it harder for men of Hitler's or Hussein's psychological types to take them over?

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These questions are not just academically fascinating but potentially of vital importance for our future. And they cannot be answered by prejudice or preconception or intuitive common sense. The only way to answer them is by research. It is in the nature of research on ruthless national dictators that the sample size is small. Wasn't the judicial destruction of one of the very few research subjects we had — and a prime specimen at that — an act of vandalism?

Richard Dawkins, An Evolutionary Biologist, Is A Professor At Oxford University.

Soldier Reaches Plea Deal In The Killing Of 3 Iraqis (NYT)

By Paul Von Zlielbauer

The New York Times, January 4, 2007

A soldier from the 101st Airborne Division is scheduled to plead guilty next Tuesday to a reduced charge for mercy killing in connection with the death of three unarmed Iraqi men shot by American infantrymen last spring, according to lawyers for other defendants in the case.

The terms of the plea arrangement will allow the soldier, Specialist Juston R. Graber, originally charged with capital murder, to be convicted of aggravated assault and to receive a nine-month prison sentence in exchange for his testifying against three other members of his squad, the lawyers said.

The three other soldiers, members of the same company as Specialist Graber in the division's Third Brigade, still face courts-martial on premeditated-murder charges, making them eligible for the death penalty or, barring that, life in prison. Army prosecutors have accused them of carrying out an impromptu plan, following a raid on a marshy island northwest of Baghdad, to kill the three Iraqis after cutting off their plastic handcuffs and forcing them to run, still blindfolded, from the squalid hut where they had been discovered.

The two soldiers accused of firing on the men as they fled — Specialist William B. Hunsaker and Pfc. Corey R. Clagett — have said they shot in self-defense after the three broke free from the thin "zip-tie" handcuffs and attacked them.

A third soldier, Staff Sgt. Raymond L. Girouard, the squad's ranking member, is accused of devising the plan to kill the men, then punching Private Clagett and cutting Specialist Hunsaker to give the appearance that they had been attacked.

None of these three defendants have entered a formal pea.

The guilty plea by Specialist Graber, to be entered before an Army judge at Fort Campbell, Ky., and his testimony against the other soldiers will make gaining their acquittal far more difficult than it would have been had all four kept a unified legal front, lawyers for the three others said.

"It changes the complexion of the entire case and makes the case much stronger against Clagett, Hunsaker and Girouard," said Paul Bergrin, a lawyer for Private Clagett who said he had not expected Specialist Graber to get "such an outstanding deal."

"It gives the government's case credibility and corroboration where they didn't have it before," Mr. Bergrin added. "It requires us to rethink our strategy."

Specialist Graber's two military lawyers, Capt. Shaun Lister and Capt. Will Suddeth, did not reply to e-mailed requests for comment or phone messages left with military officials at Fort Hood, Tex., where both are based. Their client's willingness to testify for the prosecution, though, was bitter news to the three other defendants.

Michael Waddington, a lawyer for Specialist Hunsaker, said Specialist Graber's plea arrangement felt like a betrayal, "especially when we've been disclosing our strategy" to his lawyers for months. Specialist Graber's legal team had joined with Mr. Waddington, Mr. Bergrin and Capt. Ted Miller, a lawyer for Sergeant Girouard, in a collaborative pact known as a joint defense agreement, which lawyers often create if their clients face similar charges in the same incident.

Defense lawyers said Specialist Graber's plea was not particularly surprising, given the disparity between the evidence against him and the charges he had faced.

According to the evidence, Specialist Graber made a last-second decision to shoot the dying man after a squad medic declared him beyond help and, according to sworn statements from soldiers not charged in the case, after Sergeant Girouard said, "Put him out of his misery."

But Army prosecutors nonetheless charged Specialist Graber, 21, with premeditated murder, creating an enormous incentive, defense lawyers for the three other soldiers said, for him to plead guilty to a lesser charge that more closely fit the crime.

The first court-martial in the case will be Private Clagett's, scheduled to begin Jan. 15 at Fort Campbell, Mr. Bergrin said. Two other soldiers, Sgt. Leonel Lemus and Pfc. Bradley Mason, are expected to testify for the prosecution that they heard Sergeant Girouard conceive a plan to free the Iraqi men from their handcuffs and have Private Clagett and Specialist Hunsaker kill them.

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But Mr. Bergrin said he would call a powerful witness of his own: Col. Michael Steele, the brigade commander, who, according to several soldiers' sworn testimony, told some soldiers to "kill all military-age males" they encountered during the raid, on May 9.

Colonel Steele's lawyer, Lt. Col. Raymond A. Jackson, said on Wednesday that Colonel Steele had never given such an order, a denial putting him at odds with several soldiers under his command.

The Army has granted Colonel Steele immunity to testify, Mr. Bergrin said, and once on the stand and under oath, "he's going to have to tell the truth."

Groups Large And Small Mark 3,000th U.S. Death (USAT)

By William M. Welch

USA Today, January 4, 2007

As the toll in Iraq passes 3,000 U.S. troop deaths, Americans are holding vigils and ceremonies to mark the grim milestone, honor the fallen and plead for an end to the war.

"Our slogan is, 'Yes to the troops, no to the war,' " says Chuck Fager, organizer of one vigil near Fort Bragg in North Carolina.

The small gathering Wednesday afternoon at a traffic circle in Fayetteville, near the home of the Army's 82nd Airborne Division, was one of several this week across the country.

Nancy Lessin of Military Families Speak Out, an organization of military family members, says more than 200 commemorations were using the start of the new year to renew their call for an end to the war.

"The best way to honor those that have died is to make sure no more die," Lessin says.

In Fayetteville, the names of all U.S. troops killed in Iraq were tape-recorded by volunteers to be played during the vigil. In Charleston, W.Va., a muted gong was being sounded 3,000 times at a vigil outside the Robert C. Byrd Courthouse. In Boston, protesters carrying candles and pictures of the 45 Massachusetts servicemembers who have been killed, greeted commuters at the Park Street subway station Tuesday evening.

In Trenton, N.J., a small group of demonstrators assembled Wednesday afternoon outside the Statehouse, where the names of 52 military members from the state who died in Iraq were read and a bell was rung in their honor. Other ceremonies over the past week marked the milestone in Chicago and Kansas City.

Anne Chay, an Andover, Mass., high school teacher whose 19-year-old son has been in Baghdad with the Army since July, spoke at the Boston protest and again Wednesday night in Andover. This was her son's first Christmas away from home.

She described hearing a knock at the door in the night, fearing it could bring the message no mother wants to hear. She also voiced her feeling that the presence of U.S. troops was serving no good purpose.

"We don't appear to be welcome there," she said. "Hearing it firsthand from your son … it's just very discouraging.

Lessin, whose stepson has returned from Iraq with the Marines, says the change in control of Congress gives a new opportunity to press for an end to the war.

While the focus was on opponents of the war, other groups have gathered to demonstrate support for both the troops and the war.

Operation Support Our Troops held a candlelight vigil Christmas night outside Fort Lewis, Wash. Organizer Nadine Gulit, of Issaquah, Wash., whose three grandsons served in Iraq and Afghanistan, says she was saddened by the anti-war protests.

"The message that these protesters are sending to the kids is not what they need to hear," she says.

"The troops need to hear the positive, that the American people stand behind them, that they are not losing their lives in vain," Gulit says.

U.S. Military Deaths In Iraq Hit 3,005 (AP)

AP, January 3, 2007

As of Wednesday, Jan. 3, 2007, at least 3,005 members of the U.S. military have died since the beginning of the Iraq war in March 2003, according to an Associated Press count. The figure includes seven military civilians. At least 2,407 died as a result of hostile action, according to the military's numbers.

The AP count is 12 higher than the Defense Department's tally, last updated Wednesday at 10 a.m. EST.

The British military has reported 127 deaths; Italy, 33; Ukraine, 18; Poland, 18; Bulgaria, 13; Spain, 11; Denmark, six; El Salvador, five; Slovakia, four; Latvia, three; Estonia, Netherlands, Thailand, two each; and Australia, Hungary, Kazakhstan, Romania, one death each.

The count includes two deaths listed by the Department of Defense that could not be verified as Iraq-related casualties by the AP.

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Since the start of U.S. military operations in Iraq, 22,565 U.S. service members have been wounded, according to a Defense Department tally.

Iraq's Woes Are Adding Major Risks To Childbirth (WP)

By Nancy Trejos

The Washington Post, January 4, 2007

BAGHDAD -- Noor Ibrahim lay shivering underneath two blankets on a bed at al-Jarrah Hospital. Steps away was a red plastic bassinet. It was empty.

A few doors down, her recently born son lay wrapped in a pink blanket. He was a chubby boy of nearly nine pounds with a big patch of black hair. His eyes were closed, his head cocked to the left, his mouth slightly open, his skin soft and pale.

The boy was not in a bassinet. He was in a cardboard box. He was not heading to his mother's room. He was heading to the morgue.

"Fresh death," Ibrahim's obstetrician said as she reached into the box and lifted the boy's limp right arm, still covered in blood and amniotic fluid.

Giving birth is painful enough as it is. In war-torn Iraq, it's also becoming more dangerous.

Spontaneous road closures, curfews and gun battles make even getting to the hospital a challenge for expectant mothers. Once they arrive, the women have no guarantee that they will receive adequate health care from a qualified physician.

"It's spiraling downward. It's getting worse each day," said Annees Sadik, an anesthesiologist at al-Jarrah.

Iraq once had a premier health-care system. But the trade embargo of the 1990s and now the exodus of medical professionals have made it no better than a third-world system, doctors say. Hospitals lack the equipment, drugs and medical expertise to make labor easier or to handle complications.

Women are forgoing prenatal visits to doctors as a result. Fearful of going into labor during the nighttime curfew, they are having elective Caesarean sections. Others are relying on midwives in their neighborhoods.

Doctors, especially women, have been targeted by unknown groups for kidnapping and murder. The kidnappers often appear to be motivated by money, seizing professionals because they are among the wealthiest people in Iraq. But many Iraqis also say that insurgents are waging a campaign to eliminate the people with the skills most needed to rebuild Iraq.

As is often the case in Iraq, where bombs usually kill civilians rather than their intended targets, the death of Ibrahim's son was a matter of bad timing. Her mother-in-law, Amira Saeed, told their story as Ibrahim recovered at al-Jarrah. Ibrahim would later confirm the details.

Ibrahim felt labor pains at 9 p.m. Dec. 23 at her home in Madain, a town 15 miles south of Baghdad that has become a flash point for tension between Sunni and Shiite Muslims. Few ambulance crews are willing to pick up patients at night for fear of encountering death squads, militias or rogue police officers. Few doctors are willing to work at hospitals at that time for fear of kidnapping.

Ibrahim decided to bear the pain until morning rather than drive in the dark. At 3 a.m., her water broke. It was still too dark to go out. Once the sun rose, she, her husband and her mother-in-law drove to the public hospital in Madain.

When they arrived, there was no obstetrician and no anesthesiologist, Saeed recalled. A surgeon had just been kidnapped and the doctors refused to go to work. That left the nurses to deliver Ibrahim's baby.

For several hours, Ibrahim pushed. But her baby was big and she got tired. The nurses used forceps to try to pull him out. When that didn't work, they told her to go to another hospital, Saeed said.

The family decided to go to al-Jarrah, a private hospital in the Karrada district of Baghdad. The ambulance driver refused to take them into the capital, even after they offered to pay him, Saeed said.

Ibrahim, her husband and Saeed got back into their own car. They drove for 30 minutes, past several checkpoints, as Ibrahim's baby struggled to break free from her pelvis.An Exodus of Doctors

One of al-Jarrah's most experienced obstetricians carries a pistol to work.

She has received three death threats. Her ultrasound machine has been stolen. She agreed to speak to a reporter only if her name were not used because, she said, she feared for her life.

"I came here to serve my people," said the Iraqi-born and London-educated doctor, who wears a purple hijab, or head covering, and green scrubs when delivering babies.

According to a December 2006 report by the Washington-based Brookings Institution, 34,000 physicians were registered in Iraq before the 2003 U.S.-led invasion. Since then, about 12,000 have fled and 2,000 have been killed, it said.

At al-Jarrah, two doctors have been kidnapped and killed. Two were kidnapped and released. Three have left Baghdad. Thirteen remain on staff.

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"It's a campaign to drain the country," said Aviad Najeed, a surgeon at al-Jarrah. "A very, very well-organized one. We don't know who's behind it."

Sitting in their lounge, a windowless room with lockers and leather chairs, four doctors at al-Jarrah talked about the hope they had after the invasion. They recalled buying oranges and flowers to greet U.S. troops. They thought the Americans would bring the best technology and medicines.

The Iraqi health-care system was once considered one of the best in the Middle East, with the most up-to-date equipment and well-educated doctors. Iraqis could get basic health care free, and each town had at least one hospital. That changed when the U.N. Security Council imposed an embargo after Iraq invaded Kuwait, leading to the 1991 Persian Gulf War.

Medical instruments and drugs used to be shipped from Germany, France, Japan and Switzerland. Now, hospitals buy cheaper supplies from Egypt, Jordan and India, the doctors said.

At al-Jarrah, staff members do not have fetal monitors, so they use a trumpetlike device held over the womb, the doctors said. The delivery room has a chair with rusted metal footrests and an examining table with a hole in the leather cushion.

The hospital has three ultrasound machines, but no one to operate them at night because administrators cannot find a qualified person to stay at the hospital during the curfew.

And when the hospital runs out of blood, which it often does, staff members have to go to Baghdad's central blood bank, located in a neighborhood with frequent shootings, too dangerous for even an ambulance to reach. What do they do when they need blood at night? "We hope for sunrise," said Sadik, the anesthesiologist.

Many private hospitals have closed, and the public hospitals are overwhelmed by victims of the many car bombings and mortar attacks that happen across the city each day, the doctors said.

"I don't know why this is happening," said Najeed, a former military doctor who wore a gray suit and speaks perfect English. "Is this a punishment?"'They Killed Her Baby'

Ibrahim arrived at al-Jarrah on the afternoon of Dec. 24. She was in shock with a ruptured uterus and tears in her vagina.

The obstetrician performed an emergency Caesarean section. It was too late to save the baby. Now, the doctor had to concentrate on the mother.

The baby, the obstetrician said, died because the forceps had crushed his head. Ibrahim lived but might never be able to have another child.

"Look at this disaster," the obstetrician said as she lifted the baby's head, the top of which was slightly caved in. On the right side of his forehead was a spot of blood and a dark purple bruise.

"They killed her baby," the obstetrician said. Then she wrapped him in the pink blanket and sealed the box.

Women are increasingly asking doctors to schedule elective Caesarean sections to avoid experiences such as Ibrahim's, obstetricians said.

At al-Hayat Hospital in Baghdad, doctors used to perform 160 vaginal deliveries a week, said Maysoon Abbas, an obstetrician. As of Dec. 29, they had done 59 during the entire month.

Patients increasingly plead with her to let them have Caesareans before 5 p.m. because they don't want to drive to the hospital at night.

During curfew, ambulance drivers and even police officers sometimes charge women for rides to the hospital, or refuse to take their husbands out of fear that they are suicide bombers, doctors said.

"It's a tragedy," Abbas said. "It is a tragedy."

Unable or unwilling to go to hospitals, many women are receiving inadequate prenatal care, which is contributing to birth defects, doctors said. Al-Jarrah's obstetrician said she used to see one baby a week with congenital abnormalities. Now she sees five or six.

Many women are opting to go to neighborhood midwives when it is time to deliver.

Samira Najeeb, who delivers babies in a small room with pink walls next to her kitchen in her first-floor apartment in Karrada, insists that midwives are just as capable of delivering babies as doctors, despite having less formal training. Each year, she takes a one-month refresher course, she said.

Her mother was a midwife. Her sister is a midwife. Najeeb delivered her first baby when she was 12. Now 40, she keeps a handwritten record of the 350 or so babies she has delivered.

"When there's difficulty getting to the hospital, they come to me," she said. "Now work for me is better than before."A Mother's Painful Plea

In Ibrahim's room at al-Jarrah, 19 hours after their ordeal began, Saeed tended to her daughter-in-law. She had been wheeled out of surgery a few minutes earlier.

Ibrahim is 20 years old. She lost her father in the Iran-Iraq war when she was 2.

She lost her brother-in-law to a kidnapper four months ago.

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Saeed did not want to tell her yet that she had lost her newborn son as well.

After her father died, Ibrahim went to live with her aunt because her mother had too many children to care for. She did not go to high school or college and has never worked at a job, Saeed said. All Ibrahim ever wanted was to be a wife and a mother.

At age 16, she had her first son.

Saeed recalled that her own son, 26, Ibrahim's husband and the owner of an auto parts store, was reluctant to have a second child. Shootouts happen in broad daylight in their neighborhood. Mortar shells destroy homes. But Ibrahim was insistent. She was going to name her new son after her murdered brother-in-law.

Ibrahim moved in and out of consciousness as she recovered. Her lips quivered. She coughed. She told Saeed she was cold.

Saeed, a short, plump woman, took off her abaya and placed it on top of Ibrahim's blankets. "By the name of God, save her," she said, patting Ibrahim's curly, dark brown hair.

"Why am I here? Why am I feeling cold?" Ibrahim asked.

Saeed found a purple bathrobe and placed it on top of Ibrahim.

"My stomach hurts me," Ibrahim said.

She grew more agitated.

"What's wrong with my son?" she asked Saeed.

"Nothing is wrong with him," Saeed answered.

"Did he die?" Ibrahim asked.

"No, he didn't die. He's in the baby's room. He's very tired," Saeed said.

"I want to warm him up," Ibrahim said. "Please keep him warm."

Pentagon Helping Restart Iraqi Factories (AP)

By Pauline Jelinek

AP, January 3, 2007

WASHINGTON — As President Bush ponders how to salvage the Iraq military campaign, business minds at the Pentagon are moving ahead with a part of the equation _ fighting Iraq's unemployment and trying to boost its economy.

Under a new program, the Defense Department is already helping reopen factories that were owned by Saddam Hussein's government and abandoned by occupation authorities shortly after the 2003 U.S.-led invasion. The Pentagon may also start providing them with contracts to support U.S. troops.

One factory restarted operations in the last two weeks, and nine more are to open by the end of this month, adding some 11,000 Iraqis to employment rolls, a Pentagon official said Wednesday. The official spoke on condition of anonymity because the information had not been released yet.

Pentagon officials declined to identify the facilities for fear they or their employees could be attacked amid the country's increasing violence.

Reopening factories that produced everything from cement to buses for Saddam's regime is among the ideas that have been discussed by Bush as he struggles to find the way forward in Iraq after nearly four years of war.

Bush is expected to announce a new Iraq strategy next week. He is widely expected to say he wants to send additional U.S. troops there.

Military commanders have long seen employment as one of the keys to slowing the violence. The idea of restarting factories differs from some previous reconstruction efforts that have had limited success in that it's aimed at providing long-term employment for factory workers as opposed to short-term jobs that came with individual rebuilding projects.

The Pentagon formed a task force six months ago that has identified some 200 factories _ producers of textiles, industrial equipment and other goods _ that could be restarted.

Paul Brinkley, deputy undersecretary of defense in charge of business modernization efforts, said in a recent interview that putting idle Iraqis back to work should help calm violence because it will leave fewer disgruntled men willing to plant bombs or commit other crimes for money.

"I believe there's an indisputable correlation between peoples' livelihoods ... and unrest, civil unrest, social unrest," he said.

Iraqi unemployment is thought to be from 20 percent to 60 percent, with inflation above 50 percent. More than 1.5 million Iraqis, mostly professionals, are believed to have fled abroad, according to the U.N. and the bipartisan Iraq Study Group, which recommended a new Iraq strategy to Bush last month.

Officials hope the factory reopenings will be the first wave in a series of restarts that will stretch throughout the next year to restore jobs lost after the 2003 invasion. At that time, occupation officials of the U.S.-led Coalition Provisional Authority decided to do nothing with the government facilities, hoping they would quickly be taken over by the private sector.

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Privatization of the businesses never happened as violence gripped the country and disrupted the economy. But if the factories start producing and become well-functioning enterprises, that could be a step toward any privatization effort the new officials may decide upon.

Under the new program, private as well as government factories would be restarted. The American military expects to be among the customers for some of the restarted operations.

"We buy a lot of items, all kinds of items," such as cement and furniture, Brinkley said. "We import a portion of that. But if there are Iraqis who make things that we can buy, it just makes lots of good sense to buy it from Iraqis ... to stimulate the economy, build good will."

The U.S. military is spending more than $100 billion annually for the war. Brinkley said he hopes to spark the Iraqi economy by funneling some of it to newly restarted factories.

While the average worker in American supports four people, the average Iraqi workers supports 13, Brinkley said.

"For every Iraqi you put back to work, it has a huge cascading effect," he said.

5 Abducted In Iraq In November Appear Unhurt On Videotape (NYT/AP)

Associated Press

The New York Times, January 4, 2007

BAGHDAD, Jan. 3 (AP) — Four Americans and an Austrian abducted in November in southern Iraq spoke briefly and appeared uninjured in a video believed to have been recorded nearly two weeks ago and delivered Wednesday to The Associated Press.

The men — security contractors for the Crescent Security Group based in Kuwait — appeared separately on the edited video. Three of them said they were being treated well. They were kidnapped Nov. 16 when suspected militiamen in Iraqi police uniforms ambushed a convoy of trucks being escorted by Crescent Security on a highway near the southern border city of Safwan.

“My name is John R. Young,” one captive in a blue-and-white sweat-suit said in the video. “I’m 44 years old. I’m from Kansas City, Mo. The date is 21 December, 2006. I’m well, my friends are well, we’ve been treated well.”

Another man identified himself as Jon Cote of Buffalo, N.Y. Fidgeting and appearing uncomfortable, he said: “I can’t be released until the prisoners from the American jails and the British jails are released.”

The captives were dressed in civilian clothes and spoke in flat, impassive tones. Some had their hands folded in their laps.

A United States Embassy spokesman, Lou Fintor, said that embassy officials were aware that a second tape of the captives was circulating but declined to comment further.

Another video of the captives surfaced last week and was reported by McClatchy Newspapers. It was believed to have been recorded two weeks after the men were kidnapped. The kidnappers were not seen or heard in the video that surfaced Wednesday, which lasted one minute and 40 seconds and was stamped with the dates Dec. 21 and Dec. 22, 2006. It began with an image of a Koran and a map of Iraq over a green background, changing to a title that read, “The National Islamic Resistance in Iraq. The Furkan Brigades. The captivity operation was done in the Safwan district in Basra.”

Safwan is a Sunni Arab city in a predominantly Shiite area. It was unclear whether the kidnappers were holding the contractors to put political pressure on the American-led occupation forces and the Iraqi government, or were seeking a ransom.

Four of the captives were seen sitting alone and cross-legged on a carpet, with black fabric hanging behind them. The video showed only the upper body of the fifth man, who identified himself as Paul Johnson Reuben of Buffalo, Minn., which is near Minneapolis. Mr. Reuben said that the date was Dec. 22, 2006 and that he wanted his family to know he was being treated well. Another man with a beard and a mustache identified himself as Bert Nussbaumer, an Austrian citizen.

Another captive identified himself as Josh Munz, 23, of Redding, Calif.

“I joined the Marine Corps in 2001, and I got out in 2005,” Mr. Munz says. “After I got out of the Marine Corps, I went to work in the construction business, building swimming pools. After that, in July of 2006, I started working for Crescent Security out of Kuwait, and I don’t know how long I’ve been here doing this, but today is December 21, 2006.”

Mr. Reuben’s mother, Johnnie, was happy to hear that her son apparently recorded another video on Dec. 22. “That’s recent, that’s more recent. That makes me more hopeful,” she said Wednesday.

In Vienna, Austria’s Foreign Ministry said it was trying to get a copy of the video to confirm its authenticity, said a spokeswoman, Astrid Harz. Ms. Harz said the parents of Mr. Nussbaumer, 25, had been informed about the existence of the video. The audiotape that surfaced last week, containing a statement from Mr. Nussbaumer, appeared to be authentic, the Foreign Ministry said.

NATO Vows To Reduce Afghan Civilian Deaths (WP/AP)

DOJ_NMG_0112290

By Jason Straziuso

The Washington Post, January 4, 2007

KABUL, Jan. 3 -- NATO officials said Wednesday that the organization's forces had killed too many Afghan civilians during fighting last year against a resurgent Taliban movement and would work to change that in 2007.

The acknowledgment came one day after President Hamid Karzai's latest plea for foreign forces to use maximum caution following the deaths of two civilians, reportedly involving NATO troops.

"The single thing that we have done wrong, and we are striving extremely hard to improve on, is killing innocent civilians," Brig. Richard E. Nugee, chief spokesman for NATO's International Security Assistance Force, said at a news conference.

Nugee said the alliance has been reviewing measures to reduce the number of civilian casualties, but he did not elaborate.

NATO forces were accused of killing dozens of civilians in airstrikes, battles and other engagements last year, prompting Karzai to issue several pleas for international forces to use greater caution in their operations.

Still, Nugee said, NATO forces had killed far fewer civilians than the Taliban had.

"There is absolutely no comparison to be made," he said. "The Taliban are killing significant numbers of their own people and showing no remorse at all."

Insurgents launched 117 suicide attacks in 2006, about a sixfold increase over 2005, killing 206 Afghan civilians, 54 Afghan security personnel and 18 NATO soldiers, according to NATO.

Karzai, in a statement Tuesday, expressed "deep regret" over the deaths of two civilians in Nangahar province a few days earlier. The Afghan Interior Ministry had said foreign troops were involved, although a NATO spokesman, Maj. Dominic Whyte, said no NATO or U.S.-led coalition soldiers were responsible.

NATO airstrikes in the Panjwayi district of southern Kandahar province in October reportedly killed dozens of civilians, including 20 members of one family, according to Afghan authorities. A joint Afghan-NATO investigation into the incident has never been released. The New York Times has reported that the investigation found 31 civilians were killed.

DOJ:

GTSI Wins $42M Justice Department Contract (WASHBIZ)

Washington Business Journal, January 4, 2007

Less than a month after winning an IT modernization contract from the Federal Aviation Administration worth as much as $63 million, GTSI has landed a $42 million contract from the Department of Justice.

GTSI says the contract calls for workstation, desktop and laptop computers as part of the Justice Department's efforts to standardize interoperability among its various offices, bureaus and divisions. GTSI is the sole recipient of the three year contract.

GTSI, which resells computer equipment and provides IT services, will work with computer maker Hewlett Packard for the Justice Department contract.

GTSI had been facing a Jan. 9 deadline to file its second and third quarter 2006 financial reports, along with restatements of 2003, 2004, 2005 and first quarter 2006 financial results. It filed its financial reports on Dec. 22, removing the risk of a Nasdaq delisting.

The company said in August it was restating financial results because of accounting errors related to lease sales agreements.

GTSI stock (NASDAQ: GTSI) was down 30 cents to $8.93 in Wednesday trading. Its shares have gained about 25 percent in the last year.

Justice Hardware Standardization Deal Goes To GTSI (GCN)

By Doug Beizer, Contributing Writer

Government Computer News, January 4, 2007

The Justice Department has signed a three-year, $42 million contract with GTSI Corp. to supply its various offices, bureaus and divisions with workstation, desktop and laptop solutions that promote standardization and interoperability.

Under a blanket purchase agreement, GTSI of Chantilly, Va., will furnish solutions and services, including imaging and integration, custom warranty and call support, asset management and reports, warehousing and managed logistics.

Among the solutions and services the company will provide are imaging and integration, custom warranty and call support, asset management and reports, warehousing and managed logistics. GTSI was the sole award winner of the contract.

The Justice Management Division, which is responsible for standardizing the department's IT infrastructure, awarded the contract to GTSI.

The company is teamed with Hewlett-Packard Co., Palo Alto, Calif., and Prism Pointe Technologies, Ridgeland, Miss., an IT services company. HP will serve as the primary hardware supplier on the deal.

Doug Beizer is a staff writer for Government Computer News' affiliate publication, Washington Technology.

$42M Justice Department BPA Goes To GTSI (FCW)

Federal Computer Week, January 4, 2007

The Justice Department has awarded GTSI a $42 million, three-year blanket purchase agreement to provide workstations, desktop and laptop computers, and equipment as part of DOJ's plan to unify the information technology among its offices, bureaus and divisions.

The BPA was awarded by Justice's Management Division, which is responsible for standardizing the department's IT infrastructure as called for by the Office of Management and Budget's strategic sourcing initiatives, GTSI said in an announcement today.

GTSI, a government IT solutions provider based in Chantilly, Va., has teamed with HP, the primary hardware supplier, and Prism Pointe Technologies, a global IT services company, to supply a full line of services, including imaging and integration, custom warranty and call support, asset management and reports, warehousing, and managed logistics.

"GTSI has a long-standing relationship with the DOJ to develop technology solutions that help the DOJ meet its mission of enforcing the law and defending the interests of the United States," said Tom Kennedy, vice president of civilian sales at GTSI, in a statement. "This BPA will enable the bureaus and divisions throughout DOJ to increase efficiencies inside their organization as well as work more effectively with other parts of DOJ."

DOJ's Management Division awarded the three-year blanket purchase agreement as part of the department's efforts to standardize its IT infrastructure.

CORPORATE SCANDALS:

Home Depot's CEO Resigns, And His Hefty Payout Raises Ire (WP)

By Ylan Q. Mui

The Washington Post, January 4, 2007

Robert L. Nardelli has abruptly resigned as chairman and chief executive of Home Depot, pocketing a lavish severance package and leaving shareholders with a stock that has languished even as sales have nearly doubled during his six-year tenure.

In a statement released yesterday, Home Depot's board of directors and Nardelli said they "mutually agreed" to the resignation, which took effect Tuesday. Under the terms of a separation agreement negotiated when he joined the company in 2000, Nardelli, 58, is to receive about $210 million in cash and stock options, including a $20 million severance payment and retirement benefits of $32 million.

Frank Blake, 57, vice chairman and executive vice president, succeeds Nardelli as chairman and chief executive. Blake, like Nardelli, previously worked for General Electric and also was a former deputy secretary of the Energy Department.

Critics took aim yesterday at the size of Nardelli's payout, the latest in a string of extravagant executive bonuses and awards. Paul Hodgson, a senior research associate at the Corporate Library, an executive-compensation research firm, ranked the severance package among the largest he had ever seen, earning Nardelli a spot on his list of the 12 highest-paid chief executives of the worst-performing companies. Shareholder Evelyn Y. Davis called it "unbelievable." Incoming House Financial Services Committee Chairman Barney Frank (D-Mass.) criticized the package as a sign that executive pay had gotten "out of control."

"Mr. Nardelli's contribution to raising Home Depot's stock value consists of quitting and receiving hundreds of millions of dollars to do so," said Frank, who has vowed to study the issue of executive compensation this year.

The stock of the Atlanta home-improvement company closed yesterday at $41.07, up 91 cents, or 2.3 percent.

Nardelli has been subject to criticism since he took over the company in December 2000, promising to increase sales and profit and to centralize management in a chain once known for its freewheeling culture.

He has succeeded on many fronts, even as he fell short on others, and in recent years found himself defending his hefty salary. Revenue has nearly doubled, to $81.5 billion in 2005 from $45.7 billion in 2000, though that figure fell short of his goal of $100 billion. During that time, profit rose to $5.8 billion from $2.6 billion.

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Nardelli replaced several top executives with former GE colleagues and implemented top-down management. At the same time, he expanded Home Depot's wholesale business to attract professional contractors. He also expanded the company outside the United States.

Yet Nardelli failed to have much effect on Home Depot's stock price, plagued by slowed store expansion, a cooling housing market and increased competition from rival Lowe's, several analysts said. On Dec. 4, 2000, the day before he was named chief executive, shares of the company closed at $40.75. On Friday, the last day of trading before Nardelli announced his resignation, the stock closed at $40.16. Last year, the stock's price ranged from a low of $32.85 to a high of $43.95, finishing down 0.8 percent.

"I think the financial results he delivered have been exceptional," said Stephanie Hoff, senior retail analyst at the investment firm Edward Jones. "The stock price just hasn't kept pace."

That has prompted some shareholders to question the size of Nardelli's compensation. Last year, he received more than $30 million in compensation and stock options. During his six years at the company, he earned about $125.57 million in annual salary, bonuses, stocks and other payments, according to Equilar, a compensation research firm in San Mateo, Calif.

At the company's annual shareholders meeting last spring, Nardelli was the only board member present. He did not give a speech and refused to answer questions, frustrating the 50 or so shareholders who showed up. Last month, activist shareholders Relational Investors sent a letter to Home Depot urging it reevaluate its strategy and the performance of the management team.

The company's board of directors at the time issued a statement saying it "unanimously supports" Nardelli. The about-face yesterday took many investors and industry experts by surprise.

"I think that there were numerous different public relations fiascos of 2006 that ultimately took its toll on Mr. Nardelli and the board," said Michael Cox, an analyst at the investment firm Piper Jaffray. "I think a fresh change is most likely good for the company right now."

Several analysts viewed Nardelli's replacement as an indication that Home Depot was not looking for a major overhaul, however. Hoff said she thought Blake would be more of a consensus-builder than Nardelli, who had a reputation for gruffness.

"This is not the board's response relative to the need for a strategic change in the company," Hoff said. "It's more about him."

Moving Out Behind Nardelli's Abrupt Exit (WSJ)

By Joann S. Lublin, Ann Zimmerman And Chad Terhune

The Wall Street Journal, January 4, 2007

Last June, Home Depot Inc.'s board compensation committee decided to review the most contentious aspect of Chairman and Chief Executive Robert Nardelli's tenure: his pay package.

Mr. Nardelli submitted a one-page list of perks he was willing to drop, including personal use of the six corporate jets, according to one person involved in the matter. But he dug in his heels about his guaranteed $3 million annual bonus and his hefty supplemental pension arrangement.

CHANGE AT THE TOP

· The News: After negotiating with Home Depot's board, Robert Nardelli resigned as chairman and chief executive.

· The Background: Under his leadership, the retailer boosted sales, but his high pay and autocratic style drew criticism.

· What's Next: His successor, Frank Blake, must try to repair relations with shareholders. (See related article1)

"I know that things have to change," he said, according to a second person familiar with the situation.

Yesterday, Home Depot, the world's third-largest retailer by sales, announced a big change: Mr. Nardelli was leaving the company, taking an exit package valued at about $210 million, including $20 million in cash severance.

Mr. Nardelli failed to reignite Home Depot's slowing sales and sagging stock price. Other problems compounded his troubles. His autocratic style clashed with a freewheeling culture fostered by the company's founders. His aggressive handling of the company's most recent annual meeting, where no outside directors were on hand and limits were set on shareholders' questions, outraged some investors. And the pay package that had lured him to the company became a lightning rod for criticism that the board felt compelled to address.

Mr. Nardelli grew tired of the constant battering he was taking in the press and on Wall Street, according to a longtime acquaintance, and resented being blamed for Home Depot's share price when other chief executives, such as General Electric Co.'s Jeffrey Immelt, escaped such criticism.

Board members agreed over the past few weeks that Mr. Nardelli should step down, according to the second person familiar with the events. Mr. Nardelli, 58 years old, reached agreement with the board in a meeting Tuesday in Dallas, far from the company's Atlanta headquarters, "There was no smoking gun," this person says. "The board and Bob reached agreement that it was time for a change."

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Pay was a central factor in luring Mr. Nardelli to Home Depot from GE, after he lost a three-man race to become CEO there, and it loomed large as he left. Mr. Nardelli received compensation valued at more than $240 million over his tenure at Home Depot, with a hefty chunk of it in stock options. In the fiscal year ended Jan. 31, 2006, the board awarded him a $7 million bonus and about $14.7 million worth of restricted shares.

In December, activist investor Relational Investors LLC began pushing Home Depot to establish a special committee to review the company's strategic direction and management performance, and to explore possible alternatives, including a sale of the company. It also alerted Home Depot it planned to nominate at least two directors at the company's next annual meeting, in May.

Yesterday, Barney Frank (D., Mass.), chairman designate of House Financial Services Committee, lambasted Mr. Nardelli's exit package, citing the rise of Home Depot shares on the news. "Some defenders of CEO pay argue that CEOs are rewarded for increasing the stock or the overall value of the company, but judging by today's market reaction, Mr. Nardelli's contribution to raising Home Depot's stock value consists of quitting and receiving hundreds of millions of dollars to do so," he said in a statement. The stock yesterday rose 91 cents, or 2.3%, to close at $41.07 a share.

Mr. Nardelli, who could not be reached for comment for this story, will be replaced by Frank Blake, 57, Home Depot's vice chairman and executive vice president, who headed strategic initiatives, among other areas. The new CEO's compensation package is still being determined, said a Home Depot spokesman.

Tough Times

Mr. Nardelli faced tough times for big retailers that have limited options for diversifying. Home Depot and Wal-Mart Stores Inc. ratcheted down their growth projections because new stores were stealing too much business from existing ones. Wall Street no longer views these retailers as growth stories, and their stock prices have languished.

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WSJ reporter Joann Lublin speaks17 to Dow Jones Online's Ed Crane about the resignation of Home Depot CEO Robert Nardelli. Plus, WSJ's Alan Murray18 and the CNBC "Squawk Box" team react.

Home Depot's share price fell 8% during Mr. Nardelli tenure, which began in December 2000. The company is locked in a fierce battle with Lowe's, which boasts newer, brighter stores and a better image with many shoppers. Lowe's stock has risen 188% in the past six years.

When he came to Home Depot, Mr. Nardelli had run mines and locomotive factories for General Electric but lacked retail experience. Short, balding, aggressive and hard-working, he was known at GE as a great manufacturing executive, and he pushed GE Power to record profits during the 1990s. But in 2000, he was passed over to succeed Chief Executive John F. Welch Jr., a decision that took him by surprise, according to people with knowledge of those events.

At that time, the number of high-growth markets in the U.S. without Home Depot branches was dwindling fast. New stores increasingly prospered only by stealing business from nearby Home Depots. The company was struggling to maintain earnings growth of 25% annually, a target it had hit with ease for years. The company shocked investors in October 2000 with a profit warning that sent the stock tumbling 28% in one day.

That setback spurred the board to recruit Mr. Nardelli to replace Chief Executive Arthur Blank, one of Home Depot's founders and inspirational leaders.

WHO'S WHO

Biographical information on Home Depot's former and current chiefs

Bob Nardelli, 58 years old

Position: Former CEO of Home Depot.

Career: Nardelli began his career at General Electric in 1971 and advanced through a series of leadership positions. In 1988, he left GE to join Case Corp. in Racine, Wis. Nardelli returned to GE in 1991 and was ultimately named president and CEO of GE Power Systems.

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Education: Bachelor's degree in business, Western Illinois University. M.B.A., University of Louisville.

Frank Blake, 57

Position: New chief executive and chairman of Home Depot. Formerly served as vice chairman of Home Depot's board. He joined Home Depot in 2002 as executive vice president, business development and corporate operations.

Career: Blake previously served as deputy secretary for the Department of Energy. Before that, he served in a variety of executive roles at GE. Blake also served as general counsel for the U.S. Environmental Protection Agency and deputy counsel to the elder George Bush when he was vice president.

Education: Bachelors degree, Harvard. J.D., Columbia University School of Law.

Source: Associated Press

Mr. Nardelli set out to stamp out the decentralized "cowboy culture" of the company. Home Depot's founders had allowed store managers to run their stores as autonomous fiefdoms with little regard for uniformity or efficiency. This entrepreneurial spirit had made Home Depot one of the hottest growth stocks ever, and its store count doubled nearly every four years. Its surging stock price made hundreds of early employees millionaires.

Mr. Nardelli's management style was a stark contrast to that of Home Depot's paternalistic founders, Bernard Marcus and Mr. Blank, who were treated like heroes during store tours and personally tutored employees on customer service. Mr. Nardelli often appeared uncomfortable donning the retailer's trademark orange apron and dealing with front-line employees one-on-one.

The pressure to grow intensified in the face of extraordinary returns from Lowe's, which outperformed Home Depot in same-store sales. Lowe's often chose to build across the street from aging Home Depot outlets. It outpaced Home Depot in appliance sales by giving the merchandise more space and by training dedicated salespeople. Lowe's attracted more female shoppers with brighter, cleaner stores. Home Depot now mimics many of these Lowe's techniques.

Mr. Nardelli moved to cut back on higher-paid full-time employees with experience as plumbers or handymen, and to rely more on part-time workers with less experience answering home-improvement questions from customers. Frequently, Mr. Nardelli found himself fending off questions about deteriorating customer service and about whether cost-cutting was the cause of that. Every few months, Home Depot management would roll out another program aimed at improving customer service, from employee bonuses to customer call buttons. But none appeared to have any lasting effect.

Looking for another engine for growth, Mr. Nardelli decided to expand into the building-supply business, spending more than $6 billion over the past two years to acquire more than 25 wholesale suppliers. Their customers range from utilities needing poles to builders looking for lumber to cities in need of fire hydrants.

But selling to the construction trades is a much different business from mass-merchandising tools and paints. Contractors rely on longstanding relationships with suppliers and trained salespeople. Many associate the Home Depot brand with do-it-yourselfers and soccer moms pushing shopping carts, and avoid the stores.

Some analysts and investors worried that Home Depot was snapping up supply businesses with lower profit margins than Home Depot's existing stores. Mr. Nardelli took criticism for not investing more money into renovating Home Depot's aging stores and for not hiring more seasoned employees capable of offering better home-improvement advice.

At Home Depot's annual meeting last May, with disappointment over shareholder returns mounting, Mr. Nardelli ignited a firestorm by refusing to respond to investor concerns about his hefty compensation and for enforcing a strict time limit on comments from the floor. The same month, the company surprised investors with a decision that it would no longer report quarterly same-store sales, a key industry benchmark, arguing that the expansion into building supplies had reduced the importance of that measure. Mr. Nardelli was forced to reverse that decision the following quarter.

Swept Up in Scandal

To make matters worse, Home Depot was also swept up in the scandal over backdated stock options. In mid-December, it wrapped up an internal investigation that concluded that the company routinely backdated stock options for 20 years, and as a result understated compensation expense by $200 million. The practice started in 1981 and ended just before the arrival of Mr. Nardelli. With fiscal 2006 sales of $81.5 billion, the home-improvement retailer is one of the largest companies to admit to backdating stock options. During the previous two decades, the company was run by founders Mr. Marcus and Mr. Blank, but neither founder received stock options. The company wouldn't say who did receive the awards and who made the decision to backdate them.

As criticism over his performance and pay mounted, Mr. Nardelli defended his record. Home Depot, he frequently pointed out, had posted earnings-per-share growth in excess of 20% for four consecutive years, one of only two companies in the Dow Jones Industrial Average to do so.

"There is hardly a financial metric you can point to where we haven't made progress," Mr. Nardelli said in an interview last May. "We are going through an enormous transformation. Sometimes transformation is unsettling, not only internally but also externally to Wall Street."

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By late November, the board's review of Mr. Nardelli's pay package was coming to a head.

Home Depot was paying Mr. Nardelli even more than the amount promised under his contract, thanks in part to bonuses the board awarded him due to growth of sales and diluted earnings per share. A pay consultant retained by the compensation committee concluded that he was making more than his industry peers, according to a person familiar with the situation. In discussions with the committee, Mr. Nardelli had agreed to forgo some perks, but not his guaranteed bonus or supplemental pension.

His demands were a problem for some board members, this person says. Directors would have been happier if he had been more "willing to make concessions on his pay package," says the acquaintance of his. But Mr. Nardelli felt further concessions would represent an admission that he didn't deserve what he had earned, the acquaintance says.

Board members realized that if they stuck strictly to the terms of Mr. Nardelli's written contract and did not give him anything more, his compensation was likely to be lower in fiscal 2006 than in 2005, according to the person familiar with the matter. For that reason, the board decided in November not to try to amend the contract. The directors tentatively agreed that Mr. Nardelli's fiscal 2006 bonus would be less than in 2005, but no final decision was reached, this person says.

The friction over pay was a factor in his departure, this person says. Directors met informally several times late last year prior to their final meeting on Tuesday with Mr. Nardelli.

Ralph Whitworth, co-founder of Relational Investors, says Mr. Nardelli's departure won't deter his firm from seeking board representation. "This paves the way for a review of the company's strategy," Mr. Whitworth says. "This wasn't about who, but about what -- about a strategy that was way off track."

The board briefly discussed, but did not pursue, one alternative -- going private, according to two people familiar with the matter.

Mr. Nardelli's successor, Mr. Blake, is a former GE colleague of his. Mr. Blake offered the advantage of being an established insider. That spared Home Depot a protracted period of uncertainty during an external search, and eliminated the need for it to dole out any "make whole" payments to anyone leaving another company, as Mr. Nardelli had received.

Directors are still working out final details of Mr. Blake's pay deal. They already have decided that Mr. Blake won't have an employment contract as CEO, the second person familiar with the matter says, and that elements of his pay package will resemble "what shareholders have been asking for."

Home Depot's Nardelli Takes $210 Million Severance Package (LAT)

By Martin Zimmerman And Kathy M. Kristof

The Los Angeles Times, January 4, 2007

Corporate pay critics were prepared to cheer the abrupt departure of beleaguered Home Depot Inc. chief Robert Nardelli Wednesday — but then they got a look at the bill.

Nardelli, who was one of the nation's best-paid chief executives, will get a severance package valued at $210 million. That dismayed some corporate watchdogs who have seen a string of departing CEOs collect high-dollar payouts in recent months.

"This board should be ashamed of themselves," said Nell Minow, an expert on executive compensation at Corporate Library, a research firm. "I would like to see several board members leave in acknowledgment of their utter failure."

Atlanta-based Home Depot, the nation's biggest home-improvement retailer, gave no reason for Nardelli's departure, which it said was "mutually agreed" upon. Nardelli, however, had become a lightning rod for criticism on several fronts.

Shareholder activists said he was a preeminent example of runaway executive pay, while investors saw the value of their Home Depot stock sink 12% in his tenure. One Wall Street analyst faulted him for an "autocratic" management style.

Despite disappointment over the severance pay, the surprise resignation counts as a win for shareholder advocates who zeroed in on pay packages that provided Nardelli more than $140 million since he took over in December 2000.

"It shows how focused shareholder groups can get results," said Ralph Ward, publisher of Boardroom Insider, an online newsletter that follows corporate pay and related issues. "It may not be quick, but eventually they can wear away a company's leadership by keeping up the pressure."

Daniel Pedrotty, director of the AFL-CIO's office of investment, said he also was distressed by the size of Nardelli's severance, but agreed that the resignation showed that shareholder activists could have an effect.

"I think the tide is beginning to turn," Pedrotty said. "We are extremely encouraged that boards are beginning to assert their independence, but there are miles to go before we are satisfied."

A spokesman declined to comment on the severance package other than to say it was included in the employment contract Nardelli signed when he came to Home Depot from General Electric Co. at the end of 2000.

Some experts said the timing indicated that the Home Depot board might have grown tired of the criticism directed at the 58-year-old Nardelli by shareholder activists, union leaders and pension fund managers.

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Nardelli was the only director to attend the company's annual meeting last May in Delaware, where he provoked critics by refusing to answer questions about his pay.

As recently as Dec. 18, Home Depot's board expressed full support for Nardelli and his management team after San Diego investment firm Relational Investors said it planned to submit a shareholder proposal calling for a review of the company's strategic direction.

"It must have been that the board reached a high level of frustration," said Edward Lawler, a professor at USC's Marshall School of Business, "probably starting with the criticism surrounding his compensation and followed by the controversy surrounding the annual meeting."

Home Depot's board includes Angelo R. Mozilo, chairman of Calasbas-based mortgage lender Countrywide Financial Corp., and Lawrence R. Johnston, chief executive of the Albertsons supermarket chain.

Nardelli's resignation comes amid a wave of executive departures. Through the end of November, U.S. companies had announced 1,347 CEO changes, more than for all of 2005.

A portion of that increase stems from a stock-options backdating scandal, but it also is a sign that executives are under greater scrutiny, said John A. Challenger of the outplacement firm Challenger, Gray & Christmas, which tracks the trend.

"We will likely see more and more shareholders revolt based on compensation issues, even if the executive is accomplishing his or her goals," Challenger said.

There was no indication that options backdating played a role in Nardelli's departure. During an internal investigation late last year, Home Depot found that stock options were routinely backdated at the company during the 1980s and 1990s, but the practice ended after Nardelli took over.

Over the six years that Nardelli was CEO of Home Depot, he took home $143 million in cash, stock and other compensation. In addition, he was granted stock options that would have been worth $469.7 million if the company's stock price had appreciated at the market's historic 10% average annual rate.

By comparison, the average compensation for Fortune 500 CEOs was $13.5 million in 2005, according to a study by the Corporate Library.

Lofty executive pay levels have been a target for corporate reformers for several years. But it's been severance packages that have drawn much of the attention recently.

KB Home CEO Bruce Karatz, who resigned under pressure from the Los Angeles homebuilder in November amid questions about stock option grants, could collect as much as $175 million under his severance agreement.

Henry A. McKinnell, the former CEO of drug maker Pfizer Inc. who was ousted in part because of investor anger about his rich retirement benefits, will get a package totaling more than $180 million.

Nardelli's $210 million deal tops both of those, but is far from a record. For example, former Exxon Mobil CEO Lee Raymond's retirement package was valued at $400 million when he stepped down last year.

A substantial amount of Nardelli's severance pay was included in the employment agreement that he secured before joining the company in 2000. The company promised him at least $4.5 million in annual salary and bonus, plus at least 450,000 stock options each year.

In addition, the company loaned Nardelli $10 million when it hired him and forgave $2 million of that loan each year.

To woo him from GE, Home Depot also gave Nardelli an initial option grant of 3.5 million shares, which would have been worth $285 million if the company's stock price had appreciated at 10% a year. And, it promised a pension equal to 50% of his pay and bonus.

U.S. Rep. Barney Frank, D-Mass., incoming chairman of the House Financial Services Committee, called the severance package "further confirmation of the need to deal with a pattern of CEO pay that appears to be out of control."

Some analysts noted, however, that much of Home Depot's poor stock market performance occurred during the first two years of Nardelli's reign, when he was struggling to turn the company around.

Over the last four years, Home Depot's stock price rose more than 67%, beating the 61% turned in by the benchmark Standard & Poor's 500 index of big U.S. companies during that period.

In addition, the company's annual sales doubled to $81.5 billion during his tenure, and profit nearly doubled as well.

Home Depot has struggled as the housing market slowed — its stock fell almost 1% last year — but so has its well-regarded competitor Lowe's Cos.

"I think there was some unfair criticism" of Nardelli, said Stephanie Hoff, an analyst with brokerage firm Edward Jones & Co.

That said, Wall Street seemed pleased that Nardelli was being replaced as chairman and CEO by Frank Blake, who had been vice chairman. Home Depot's stock rose more than 2% Wednesday, adding 91 cents to $41.07.

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Richard Ferlauto, director of pension and benefits policy at the American Federation of State, County and Municipal Employees, said the resignation takes the heat off Nardelli, but not the Home Depot board.

"It's Round One," Ferlauto said. "We are not sure who won. We are happy that he's gone, but it's the board that we hold responsible."

Home Depot Boots CEO Nardelli (USAT)

By Del Jones And Matt Krantz

USA Today, January 4, 2007

2006 was not a good year for Bob Nardelli, who lost his job Wednesday.

For one, the Western Illinois University Leathernecks football team blew a halftime lead in the final game to lose to Missouri State and finish the year with a losing record. Western Illinois is Nardelli's favorite team; it's where he was a star player 25 years ago and dreamed of going on to the NFL, but he was too small.

He replaced that dream with the dream of running a giant company. In 2000, he was a top-three finalist to replace Jack Welch as CEO of General Electric in perhaps the most-anticipated and most-hyped changing of the guard in America's corporate history.

He lost out to Jeffrey Immelt.

His next decision may have led to his downfall Wednesday. He weighed many offers and chose to become CEO of Home Depot, a company that had already grown so large, so fast, that it barely went noticed when in six years Nardelli made it twice as big and into the 14th-largest Fortune 500 company and second to Wal-Mart among retailers.

Net income in the most recent quarter, ended October 2006, was up 129% and revenue was up 100% from where they were in the same quarter of 2000, just before Nardelli joined. Net income and revenue of companies in the Standard & Poor's 500 were up about 65% during that time.

However, when Nardelli arrived, Home Depot had reached the $40 billion revenue mark faster than any retailer in history, even Wal-Mart. Investors and employees who remember those heady '90s have been unimpressed ever since. Employees have balked at his attempts to fix what they did not see as broken, and much of Home Depot's executive team resigned because they had become wealthy from stock options and didn't want to deal with change.

The second former GE executive who lost out to Immelt for the GE job was James McNerney, who did well at 3M before moving over to Boeing, where the stock is up 250% since March 2003.

In a September interview, McNerney said Nardelli's job was tougher because Home Depot had grown at an "ungodly rate" for 20 years. He said Nardelli should be measured not on the stock price but on how well he did in a tough situation.

The stock price has languished, most recently because of the slowing housing market and projections that Home Depot's growth is about to stall. The stock price is up 6% from when Nardelli took over, and that includes the 2.3% rise to $41.07 a share Wednesday on the news that the former altar boy, Boy Scout, class officer and ROTC cadet had been replaced by Frank Blake, Nardelli's longtime right-hand man.

By comparison, the S&P 500 is up 7.7%. Competitor Lowe's is up 230% since Nardelli joined Home Depot.

About the only good news for Nardelli is that Home Depot is giving him a $210 million severance package, whose terms were set in the employment contract he received in 2000. But that leaves him as the most visible target for Democrats now in control of Congress. House Financial Services Committee Chairman Barney Frank, D-Mass., pounced on the figure as more evidence that Congress needs to intervene in executive pay, and the Laborers' Union on Wednesday asked Home Depot to adopt a proposal requiring that the board get shareholder approval for what it called extraordinary retirement benefits.

John Challenger, CEO of his own outplacement consulting firm that tracks CEO turnover, says the Nardelli resignation was another sign of growing shareholder power. "We will likely see more and more shareholders revolt based on compensation issues," he said.

To Nardelli, such criticism is not new. Even as Home Depot stock remained stagnant, he was paid $124 million in his first five years, not including stock options. AFSCME, the government employees union whose pension fund owns nearly 23,000 Home Depot shares, estimates he will wind up with nearly $360 million total for his six years, including options' gains.

Nardelli enraged shareholders at Home Depot's annual meeting last spring when many came armed with tough questions about Home Depot's performance and direction and Nardelli's pay. But Nardelli surprised them by being the only board member to attend the meeting, and he restricted their comments to a total of 30 minutes and gave no response.

That caused activist shareholders to go on the attack. Ralph Whitworth's Relational Investors firm has a 0.6% stake in Home Depot and is demanding a meeting and wants to nominate two board members.

Nardelli's ouster "shows that you cannot be an ostrich when it comes to investors," says Nell Minow, editor of The Corporate Library, a shareholder research firm.

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Nardelli has since said he believed corporate annual meetings in general had become little more than forums for attacks by labor unions, not true shareholders. But his strategy to change the way they are conducted backfired and fed into his reputation as being gruff and unresponsive.

Home Depot has also been at the forefront of an ongoing controversy over the backdating of stock options, which has spread to about 200 companies. Home Depot has admitted routinely changing the dates of options grants to benefit employees from 1981 until just before Nardelli became CEO in 2000. Nardelli was cleared by an internal investigation, and the company says it is cooperating with the Securities and Exchange Commission. Indeed, Nardelli appears to be stepping down as one of but a few prominent CEOs in recent years to exit without ethical baggage.

Neither Blake nor Nardelli were available for interviews Wednesday, but in an interview with USA TODAY published in July, Nardelli defended his compensation.

"In five years, we achieved records in sales, gross-margin expansion, earnings per share, average customer ticket and return on capital," Nardelli said.

Stephanie Hoff, a retailing analyst at Edward Jones, said Home Depot was performing well and that by firing Nardelli it had "caved" to critics, who were able to enlist the news media in making Nardelli's blunders overblown. She said it's unfair to blame Nardelli for his compensation package because it was put together by the board, and she hopes the board has taken more care in crafting Blake's package.

Minow also blames the directors for the exit package. "They overpaid him when he arrived. They overpaid him while he was there. And they overpaid him on the way out the door," she says. "They've handled this horribly from beginning to end."

Hoff predicts little if any strategy change at Home Depot under Blake because none is needed. "The only difference is that Blake is not Nardelli," Hoff said.

Some Home Depot customers, however, see room for improvement. An informal survey of USA TODAY's shopper panel found members critical of Home Depot's customer service. Several said it was so hard to find help that they were shopping more at Lowe's.

Such complaints now fall to Blake. At 57, he is one year younger than Nardelli and was prelaw at Harvard when Nardelli was studying business at Western Illinois. Blake was getting a law degree at Columbia when Nardelli was getting an MBA at Louisville. Blake was Nardelli's go-to executive when Nardelli was growing GE Power Systems from $770 million in operating income to $2.8 billion over six years.

Nardelli's biggest problem was that Home Depot's performance was constantly being compared with Lowe's, a competitor able to grow faster partly because it is smaller and not yet in every community.

The rival home improvement retailer's net income and revenue have jumped 254% and 149%, respectively, between the quarters Nardelli was heading Home Depot. Lowe's earnings for this full fiscal year are expected to be 205% higher than in the year Nardelli took over Home Depot.

Home Depot's growth, while impressive, has cooled. Revenue and earnings growth slowed to 17.1% and 17.9%, respectively, during the fiscal year ended Feb. 3, 2002, the first full fiscal year Nardelli was at the helm, says Standard & Poor's Capital IQ. That was down from the more than 27% average annual growth rate in revenue and earnings from 1991until Nardelli joined.

Looking ahead, things are going to get much worse. Earnings growth in the current fiscal year that ends Jan. 28 is expected to be 4.9%, the slowest in the company's history. Earnings are expected to grow 2.8% in the fiscal year that ends Feb. 3, 2008, says Capital IQ.

The slowest earnings growth prior to Nardelli's reign was 10% in the fiscal year that ended in January 2001.

Rumors that Home Depot is setting the table to be bought by a private equity firm have gone unsubstantiated. "Can you finance a deal of this size and order of magnitude?" asks Ed Mullane of merger and buyout tracking service Mergermarket.

Hoff also considers the sale of Home Depot remote. It would approach $100 billion, rivaling AT&T's $102 billion acquisition of BellSouth, the largest deal in 2006.

A native of Old Forge, Pa., Nardelli likes NASCAR and football. Leading is like coaching football, he told USA TODAY in July. You review the film, find deficiencies, fix what you can, and sometimes get a new quarterback, Nardelli said.

Executive's Fatal Flaw: Failing To Understand New Demands On CEOs (WSJ)

By Alan Murray

The Wall Street Journal, January 4, 2007

Robert Nardelli's demise as chief executive of Home Depot resulted, in part, from his failure to understand how profoundly the job of CEO has changed in recent years.

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Mr. Nardelli was old school. In an interview last fall, as his public-relations problems were compounding, he acknowledged he had gotten "too focused on the idea that you do your job, you take care of your numbers, and the rest will take care of itself." Some of Mr. Nardelli's numbers were hard to argue with. In six years on the job, he doubled Home Depot's sales and more than doubled its earnings.

What Mr. Nardelli missed, however, is that in the post-Enron world, CEOs have been forced to respond to a widening array of shareholder advocates, hedge funds, private-equity deal makers, legislators, regulators, attorneys general, nongovernmental organizations and countless others who want a say in how public companies manage their affairs. Today's CEO, in effect, has to play the role of a politician, answering to varied constituents. And it's in that role that Mr. Nardelli failed most spectacularly.

There were plenty of other reasons a board might want to dump him. He provided no return to shareholders. He pursued a controversial strategy of expanding into the low-margin wholesale business. And he accepted an exorbitant pay package.

But other CEOs have survived similar criticisms. Mr. Nardelli's failure to do so reflects, at least in part, his inability to adapt to a new era of greater scrutiny.

"I used to play football," he said when asked about the challenges of being a public company CEO today. "In football, you always know the score. Now, it's like we are ice-skating, and you've got a bunch of judges on the sideline shouting out the scores."

As failures go, Mr. Nardelli's isn't half bad. He walked away with an exit package of $210 million -- and that figure was calculated before announcement of his resignation boosted the potential value of his stock options yesterday.

Much of the package is due to the rich employment contract he negotiated with the Home Depot board before leaving General Electric Co., where he was one of three finalists to succeed Jack Welch. Mr. Welch convinced his board to give all three finalists large batches of stock options, telling board members they would have to make good on only one man's options, one director says. Upon leaving GE, the board was told, the two runners-up likely would use those awards to negotiate pay at their next jobs -- which is exactly what Mr. Nardelli and James McNerney, who is now CEO of Boeing, did.

Yet Mr. Nardelli's extravagant pay became his biggest problem. It prompted an attack from shareholder advocates like Richard Ferlauto, who runs investment policy for the American Federation of State, County and Municipal Employees, one of the nation's largest labor unions.

Political Error

Mr. Ferlauto helped organize protests at Home Depot's annual meeting last year, prompting Mr. Nardelli to commit his gravest political error: Aware of the protests to come, he convinced other board members to stay away from the meeting, and restricted shareholder questions to one minute. That sealed his public image as a callous and entrenched corporate leader, and even prompted a call from his former boss, Mr. Welch.

In response, Mr. Nardelli belatedly tried to become a politician. He went on a "listening" tour to visit 25 of the company's largest shareholders, and he granted interviews to a number of television and newspaper reporters. He apologized for his ham-handed handling of the annual meeting.

But he didn't apologize for his pay package. And he didn't reduce it.

That left him vulnerable last month when an investment firm, Relational Investors LLC, announced it was mounting a proxy battle to put new directors on the Home Depot board. Ralph Whitworth, who heads Relational, said his complaint had less to do with Mr. Nardelli's pay than his strategy. Mr. Whitworth believes Home Depot erred in expanding into the contractor-supply business. But Mr. Nardelli's weakened standing greatly increased the odds that Mr. Whitworth might win his proxy battle. So Home Depot's directors acted first.

Raised in a blue-collar family and educated in public schools, Mr. Nardelli was upset when informed by Mr. Welch that he had lost out to Ivy Leaguer Jeffrey Immelt for the top job at GE. He believed he had been a better performer, building revenue at the company's power-turbine business from $770 million in 1995 to $2.8 billion in 2000.

But subsequent events have confirmed the wisdom of Mr. Welch's choice. Like Mr. Nardelli, Mr. Immelt has struggled with a languishing stock price. But in addition to generating good operating results, Mr. Immelt has played the CEO's political role with great skill. He has tied his own pay closely to performance. He has eschewed the kind of employment contract that is now rewarding Mr. Nardelli. He has reached out to a wide range of constituent groups. And he has adopted a number of popular initiatives, such as his "eco-imagination" program which, among other things, includes an effort to reduce GE's emissions of greenhouse gases.

As a result, Mr. Immelt wins awards, graces magazine covers, and is widely praised as one of America's best CEOs.

Learned the Lessons

Procter & Gamble Co.'s A.G. Lafley is another CEO who has learned the lessons of the post-Enron era. Instead of catering just to shareholders, he makes a broad appeal to "stakeholders" -- a group that, by his definition, includes shareholders, employees, customers, consumers and the communities in which all these people live. When I asked him last year whether that

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makes his job sound like that of a global politician, he responded: "Like it or not, we are in a global political world. I've concluded I'm in it anyway, and I might as well deal with it anyway."

No one exemplifies the new CEO more than Wal-Mart Chief Executive Lee Scott. When Mr. Scott found his company under attack by a well-organized political campaign, he responded in kind. He reached out to his opponents, took polls of opinion leaders and hired political consultants. He also embraced environmentally friendly policies, improved employee health-care coverage and began advocating policies like an increase in the minimum wage.

Mr. Scott insists the environmental positions he's taken and the other policies he's adopted are all good for the company's bottom line. In an interview in his office in Bentonville, Ark., last year, Mr. Scott said: "The generation of people I work with -- like A.G. Lafley, who has been here in this office in the last two months, or Jeff Immelt, who has been in this office in the last three weeks -- feel there is a business reason to do this."

Taking the political route may be necessary to success in the post-Enron world, but it, alone, is not sufficient. Citigroup CEO Charles Prince has tried to appease his critics by making ethics a hallmark of his time at the top, but that hasn't helped the bank's lagging performance or silenced its critics.

In any event, it's clear Mr. Nardelli never bought into the approach favored by his colleagues like Mr. Immelt, Mr. Lafley, and Mr. Scott. Instead, he fretted that the corporate system is under attack.

"I am very concerned with the future of business and the capitalistic system in this country," he said last fall, expressing his concern about the repeated attacks on public companies. "Somebody has yelled fire in the auditorium. If you stand back, you've got to say that we as a country should share a growing concern as it relates to the capitalist system. The things that got us to where we are are under attack."

One consequence of the increased pressures on public companies and their CEOs, Mr. Nardelli noted, is a rush of both money and talent into private equity, which is shielded from many pressures that affect public companies. "Not everyone can go private," he said.

Not everyone, but how about Mr. Nardelli? He wasn't giving interviews or any hint of his plans yesterday. But his strong background in operational management, his distaste for the public spotlight and his hefty severance check in need of investing may make him the perfect candidate for a private-equity firm.

Out With The Old (NYT)

The New York Times, January 4, 2007

There was good news and bad news yesterday for shareholders of Home Depot. The good news is that Robert Nardelli, the imperious chief executive who had presided over a difficult, stagnant period for the company, has resigned. The bad news is that he'll be taking $210 million worth of compensation with him, one of the highest severance packages ever, which is saying a lot in this era of runaway executive pay.

Mr. Nardelli may be best known for his shocking performance at the company's annual meeting in May, which has become a symbol of the arrogance of overpaid, out-of-touch, and unresponsive executives.

As Joe Nocera reported in The Times after attending the meeting, Mr. Nardelli restricted shareholder comments to one minute and one question each — enforced with large digital timers. When one shareholder asked about perceived conflicts of interest for the board of directors, Mr. Nardelli refused to answer, declaring, "This is not the forum in which to address these comments."

The meeting, of course, was exactly the forum for shareholders to voice concerns about the board of directors they were being asked to elect.

Top executives, like Mr. Nardelli, have been coddled to the point that they expect and receive "golden hellos" worth millions on their way in, golden parachutes worth even more on their way out, and the equivalent of golden seat cushions to park on comfortably throughout their tenure — often largely unrelated to their actual performance.

While the fortune Mr. Nardelli is taking with him — including a $20 million cash severance payment — sticks in the craw, we hope this will be the beginning of a new era of accountable management for Home Depot. Robert Monks, the longtime corporate governance advocate, calls it "the scars of progress." There is no question that Mr. Nardelli's departure is a victory for the activist groups that attacked the status quo at Home Depot, and all those who would follow in their footsteps.

Don't Blame Nardelli (WP)

By Allan Sloan

The Washington Post, January 4, 2007

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When regular people lose their jobs -- often through no fault of their own -- they've got to fight tooth and nail for every penny. Yet here's Home Depot's chief executive, Bob Nardelli, leaving with $210 million despite not having done much of a job for anyone other than himself.

It's tempting to huff and puff about executive pay being out of control, which in many cases it clearly is. What's truly amazing here is that if you read Home Depot's documents, you discover that Nardelli did not negotiate any special exit package. Home Depot, as best I can tell, is paying him nothing more than called for by the contract that he signed in 2000 when the company "won" the bidding war to get him.

The problem isn't what Nardelli's getting to leave Home Depot. It's what he got to join the company when he signed his employment contract on Dec. 4, 2000. At the time, Nardelli was considered one of the two hottest CEO prospects in the country, along with Jim McNerney, who now runs Boeing. Nardelli and McNerney, both longtime General Electric executives, had just lost out to Jeff Immelt in the highly publicized battle to succeed Jack Welch as GE's chief.

Ken Langone, one of Home Depot's co-founders and a big fan of the "it's impossible to pay a good CEO too much" school of compensation, played a key role in signing Nardelli. Langone, you may recall, was also heavily involved in the controversial compensation package of Dick Grasso, the departed chief executive of the New York Stock Exchange. I wanted to talk to Langone about all this but, alas, he wouldn't take my call.

The size of Nardelli's package "isn't a surprise to me," said Paul Hodgson, senior research associate at the Corporate Library, which analyzes corporate governance. "The seeds of this debacle were sown in 2000," he said. "Everything was in his contract."

Though $210 million is a huge amount of money, there are corporate chieftains who've walked away with much more. Lee Raymond of Exxon Mobil got $400 million or so. Jack Welch left GE as a billionaire, and Roberto Goizueta left Coca-Cola in similar fashion. But Raymond, Welch and Goizueta were huge successes who spent essentially their whole careers working for one company. Nardelli, in contrast, is a latecomer leaving under a cloud because the performance of Home Depot's stock has lagged.

By Hodgson's math, Nardelli is actually walking away with less than another recently ousted CEO, Hank McKinnell of Pfizer. Hodgson puts McKinnell's package at $213 million, about $15 million more than the number Pfizer has used. Hodgson cautioned that his number for Nardelli may change when Home Depot (which wouldn't talk to me) releases more details.

It's not clear how much Home Depot is paying Nardelli to leave. The company said $210 million, but that includes stock he already owns and retirement benefits that have nothing to do with his departure. The split seems to be about 50-50.

Nardelli's cash severance is $20 million, which is about three years of his annual salary and bonus. He's also getting what the company described as "unvested deferred stock awards" worth about $77 million and unvested options worth $7 million. That adds up to about $104 million.

The rest of his package includes deferred stock in which Nardelli had vested, his various retirement packages and $18 million of miscellaneous benefits (whatever they are) that he stands to get over the next four years. I'm not trying to minimize Nardelli's swag, or to justify it. I'm just trying to show you how lush his contract was.

The world is full of people screaming about how unreasonable it is to lavish such riches on the likes of Nardelli. But as Hodgson says, the problem isn't Nardelli. It's the contract that Home Depot's board gave him. Under the agreement, he was paid mostly on the basis of how long he stayed, not on how well he or the company performed.

The other thing for which you can fault Home Depot's board is that it felt it had to go outside for a CEO six years ago, rather than feeling comfortable appointing someone from within. Hiring a CEO from the outside is expensive. Nardelli and McNerney, the two "losers" in the Jack Welch succession wars, got far more from their new employers to leave GE than Jeff Immelt got for staying.

Maybe someone will learn something from the Nardelli fiasco and companies will be more careful about what they agree to pay newly hired outsider CEOs. But I'll bet that when the cycle turns, companies will bid up the market for star CEOs again.

Repeat after me: The time to have the debate over CEO compensation isn't when the CEO is fired. It's when he's hired.

Suit Could Force Sarbanes-Oxley Review (LAW)

By Alexia Garamfalvi

Legal Times, January 4, 2007

Free Enterprise Fund's constitutional challenge might invalidate the act, tossing SOX debate back to Congress.

The new Congress convening this month may be more willing to tinker with the Sarbanes-Oxley Act than the previous one. After all, the law's chief architects, Rep. Michael Oxley (R-Ohio), former chairman of the House Financial Services Committee, and Sen. Paul Sarbanes (D-Md.), the former ranking member on the Banking Committee, have retired.

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But even if Congress doesn't bring the 2002 corporate-reform law to the floor, a D.C.-based free market group's lawsuit challenging its constitutionality could force Congress to reconsider the law.

Late last month, Judge James Robertson of the U.S. District Court for the District of Columbia heard arguments in a case filed by the Free Enterprise Fund and Beckstead and Watts, a Nevada accounting firm that focuses its auditing businesses on small companies. Beckstead is under investigation by the Public Company Accounting Oversight Board (PCAOB) for auditing deficiencies.

The fund and Beckstead claim the PCAOB lacks accountability and that the provisions of Sarbanes-Oxley that established the board are unconstitutional because they violate the constitutional requirement that key executive branch officials be appointed by the president and infringe upon the president's authority.

Although the suit specifically targets the accounting board, the fund has made no bones about the fact that it hopes to prompt a full-scale review of the act, which Congress passed to restore investor confidence in the wake of a series of corporate scandals involving Enron, WorldCom, and a bevy of other companies. The board was created to oversee the formerly self-regulating accounting industry's auditing of public companies and make sure that accounting firms don't merely rubber-stamp bogus financial statements that were at the core of many of those scandals.

The provisions of the act are not severable, so if the court were to agree that the provisions establishing the board are unconstitutional, it would invalidate the entire law. Congress would then have to pass corrective legislation, which could become a vehicle to offer amendments to other provisions and spark a greater debate about the law.

Echoing many business leaders who have claimed that the costs of complying with Sarbanes-Oxley outweigh its benefits, the fund argues that the law has had enormous unintended consequences on the American economy and that it is driving public companies out of the United States.

Power points

The PCAOB "wields enormous coercive power," Michael Carvin, the fund's lawyer, said at the Dec. 21 oral arguments. In its desire to insulate the board from political pressure, Congress created a quasi-independent entity that is unaccountable to the executive branch, he added.

Carvin, a partner in Jones Day's Washington office, argued in front of the Florida Supreme Court on behalf of George W. Bush in the 2000 Florida election-recount controversy. The fund's counsel on the case includes other Republican luminaries, such as Kenneth Starr, who as independent counsel investigated President Bill Clinton and is now the dean of Pepperdine University's law school, and former Bush Justice Department official Viet Dinh, now a professor at Georgetown University Law Center.

The PCAOB has broad powers to set the standards regulating accounting firms and to investigate and bring disciplinary proceedings against noncompliant firms. Carvin argued that the exercise of this broad power makes the board's five members "principal officers" under the appointments clause of the Constitution, who must be appointed by the president with the advice and consent of the Senate.

The board's attorney, Jeffrey Lamken, a D.C.-based partner with Baker Botts and head of the firm's Supreme Court and appellate practice, countered that the board's members are, in fact, "inferior officers" under the appointments clause, because they are subject to pervasive supervision and oversight by the Securities and Exchange Commission.

But Carvin added that even accepting the government's argument that the board's members are inferior officers, the way in which they are appointed violates the appointments clause because they are appointed by the SEC as a whole, rather than the SEC chairman. The appointments clause calls for inferior officers to be appointed by the head of a department, he said.

Moreover, the way in which the board is structured, with broad powers and minimal oversight, violates separation-of-powers principles, Carvin argued. The Constitution requires that, at a minimum, the president have broad removal authority over all those who wield executive power. But the president has no say in removing board members and no ability to review the board's policies; he is effectively divested of any ability to control the PCAOB, Carvin said.

In fact, the president couldn't even do anything to fire a "board member who had engaged in Watergate-like crimes," Carvin added.

But Lamken argued that the Constitution doesn't require the president to have direct power to remove and supervise inferior officers such as the PCAOB members. "The board doesn't exist in a vacuum; it realizes everything it does is under SEC review," Lamken said, noting that the SEC reviews the board's regulations and decisions, can remove board members, has veto power over the board's budget, and controls the scope of the board's authority. For example, rules the board establishes aren't enforced until the SEC approves them, and sanctions issued by the board are stayed until the SEC reviews them.

Moreover, Lamken pointed out that Beckstead could have asked the SEC to review the report the PCAOB issued as a result of its investigation, but it had never done so.

Executive action

Meanwhile, the government, which intervened in the case, wasn't sympathetic to the fund's claims that the board encroached on executive authority. The Justice Department's Robert Katerberg said the executive branch didn't take such claims lightly, but had concluded that "executive power isn't infringed."

Katerberg reiterated Lamken's argument that Sarbanes-Oxley vested the SEC with review power over every final legal action the PCAOB takes. He added that beyond those review powers, the SEC has the authority to create an even more rigorous system of oversight to rein in the board.

The fund, he claimed, was looking at Sarbanes-Oxley with a "jaundiced" view. "It's impossible not to come to the conclusion that they are looking for constitutional problems," Katerberg said and asked the judge to dismiss the case.

Robertson said he would rule as soon as he could. Although the attorneys at the Dec. 21 hearing argued the merits of the case, the judge could still throw it out on a technical issue. Robertson still has not ruled on the board's motion to dismiss made in May of last year, in which the board claimed that the plaintiffs should have challenged the board's rules before the SEC before being able to bring the lawsuit in court.

Meanwhile, late last month the SEC and the board announced proposed changes to some of Sarbanes-Oxley's most controversial provisions. The changes would relax the rules in the act's Section 404, which regulates how auditors sign off on the effectiveness of public companies' internal controls.

Alexia Garamfalvi can be contacted at agaramfalvi@alm.com.

CRIMINAL LAW:

Audit Questions Costs, Use Of Justice Grants (USAT)

By Kevin Johnson

USA Today, January 4, 2007

WASHINGTON — Thousands of Justice Department grants aimed at assisting police and local public-safety programs have been mismanaged, and auditors questioned $726 million in costs over eight years, according to an internal review released Wednesday by the department's inspector general.

Federal auditors found a backlog of more than 12,000 expired grants that had not been properly "closed out," meaning any legal, compliance or audit issues were not fully resolved. Money that could have been applied to other crime-fighting programs was left unused.

"If the grants had been closed out more timely, hundreds of millions of dollars in questioned costs could have been used to provide the Department of Justice with additional resources to fund other programs or returned to the federal government's general fund," the Justice Department's Office of Inspector General concluded in its report.

Federal auditors reviewed $25 billion in grants managed by the Community Oriented Policing Services (COPS), Office of Justice Programs (OJP) and the Office on Violence Against Women (OVW) between 1997 and 2005, before concluding that Justice had "substantially failed" to ensure that grants were closed out appropriately.

The audit also found that more than $106 million was awarded to recipients that did not comply with federal grant rules, such as reporting how the grant money was being used.

A sample of these unidentified grant recipients revealed 37 were awarded 129 additional grants.

Justice officials in the three designated agencies, the primary sources of grant funding to state, local and tribal governments, acknowledged delays in settling grant accounts.

In a written response, Assistant Attorney General Regina Schofield said the department established a system in August to track the grant "close-out" process.

The department said the $290 million, which the audit identified as "questioned costs," were appropriate reimbursements to grant recipients for costs incurred during the funding periods, Schofield said.

The COPS program, established under the Clinton administration to hire an additional 100,000 police officers, has been the target of past criticism for its grant management program.

COPS Director Carl Peed said in a written response that the office was conducting an agency-wide review of "all current close-out policies and practices."

"The inspector general's report states the grant-making components of the Department of Justice are doing a better job of working with grantees to make sure that grants are spent in a timely effective manner," Justice spokesman Brian Roehrkasse said.

In recent years, police agencies, dogged by recent increases in violent crime and thinning ranks, have called for a reinvigoration of the COPS hiring program, which is being phased out.

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Audit Finds Failed Grant Handling (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 4, 2007

The Justice Department's failure to administer federal grants "appropriately and in a timely manner" tied up hundreds of millions of dollars that could have been used for other programs or returned to the government's general fund, an audit said yesterday.

The 97-page audit by the Justice Department's Office of Inspector General (OIG) said that, as a result of the department's failure with grant programs, $726 million was tied up.

The audit said unused grant funds totaling an additional $172 million that were more than 90 days past the grant expiration date had not been freed up.

It also identified a backlog of 12,000 other expired grants, 67 percent of which had been void for more than two years; said 41 percent of the expired grants did not comply with financial- and program-reporting requirements; and noted that the department had awarded 129 new grants worth $106 million to noncompliant grantees.

"While the federal government continues to play an important role in crime-fighting, much of the responsibility for crime control and prevention rests with state, local and tribal governments," said Inspector General Glenn A. Fine, noting that the Justice Department has awarded billions of dollars in grants to help state and local governments improve their ability to prevent crime and administer criminal-justice programs.

"The timely closeout of grants is an essential financial management practice to identify any excess and unallowable funds that should be returned by the grantee, as well as unused funds that should be deobligated and put to better use," Mr. Fine said.

Only 13 percent of the department's grants, the audit said, were officially closed within required time frames after the programs expired. It also said that more than 8,000 grants had yet to be closed two years after their expiration date, and that the government improperly paid $554 million to programs after the grants expired.

Within the department, the Office of Community Oriented Policing Services, the Office of Justice Programs (OJP) and the Office on Violence Against Women are the primary agencies responsible for providing criminal-justice grant funding to state, local and tribal governments.

From Oct. 1, 1999, through March 31, according to the audit, the department awarded 49,151 grants with funds totaling $23.65 billion.

Officials in the three grant-writing agencies acknowledged the problems and agreed generally with most of 44 recommendations outlined in the inspector general's audit. They said delays were caused in many cases by state and local authorities who asked for more time to carry out the grants.

But the Office of Justice Programs, in a written response to the audit, denied allowing grant money to be spent on unauthorized projects, saying it has "never been OJP's practice to allow grantees to draw down any funds for unsupported expenditures."

Prior audits by OIG also have raised significant concerns on grant closeout and oversight procedures within the department. Grant management has been listed by the inspector general as one of the department's top 10 management challenges for the past six years.

Audit: Agency Grants Had Lax Oversight (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 4, 2007

Lax oversight of federal law enforcement grants tied up hundreds of millions of dollars for eight years and potentially shortchanged state and local crime-fighting programs, a Justice Department audit found Wednesday.

The report by Inspector General Glenn A. Fine found that leftover money from thousands of expired grants between October 1997 and December 2005 sat unused because officials failed to keep close track of the programs once they ended.

If the offices had dealt with expired grants in a timely fashion, "hundreds of millions of dollars in questioned costs could have been used to provide the DOJ with additional resources to fund other programs or returned to the federal government's general fund," the audit concluded.

Justice Department spokesman Brian Roehrkasse disputed the bulk of the audit's findings and said that Congress last year took back $125 million in unused money from expired grants. He said Fine's office mistakenly interpreted regulations that govern the grant programs that, if followed, would deprive state, local and tribal authorities of funding.

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At issue is the way three Justice Department offices manage grants for state, local and tribal law enforcement agencies. Fine's office has repeatedly raised what it termed serious concerns with the department's oversight of the grants for community policing, prosecuting crimes against women, and others awarded by the Office of Justice Programs.

The audit looked at nearly 61,000 grants, worth $25 billion, that expired during the eight-year period. Among its findings:

_Only 13 percent of the grants were officially closed — meaning that any administrative, compliance, legal, and audit issues were resolved — within required timeframes after the programs expired. More than 8,000 grants had yet to be closed two years after their expiration date.

_The department gave 129 grants, worth $106 million, to authorities that ultimately did not comply with program requirements, including reporting back how the money was being used.

_The government improperly paid $554 million to programs after the grants expired.

_An estimated $172 million in unused funding had not been redirected to other programs or returned to the Treasury within required timeframes.

In all, the delays tied up more than $726 million that could have been spent elsewhere, the audit concluded.

Justice Department officials in the three offices that managed the grants acknowledged the problems and generally agreed with most of the recommendations to fix them. But they said, in at least some cases, the delays were caused by state and local authorities who asked for more time to carry out the grants.

In a letter responding to the report, the Office of Justice Programs denied suggestions that it allows grant money to be spent on unauthorized projects. "It has not, and has never been OJP's practice to allow grantees to draw down any funds for unsupported expenditures," the letter said.

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On the Net:

The Justice Department audit can be found at: http://www.usdoj.gov/oig/reports/OJP/a0705/final.pdf

Prosecutors Demand Files Of 3 House Panels (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, January 4, 2007

The subpoenas step up a U.S. probe of earmarks in spending measures.

WASHINGTON — Federal prosecutors in San Diego have subpoenaed documents from three House committees as part of an investigation into special-interest earmarks in spending bills.

The demand ratchets up an investigation by the U.S. attorney's office in San Diego into contracts awarded by the Defense Department and other agencies. The probe stems from the bribery case against Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe), who pleaded guilty and resigned in 2005.

The scope of the investigation is unclear, although the request for documents is considered unusually broad.

The subpoenas, which follow a failed attempt by the Justice Department to persuade the Republican Congress to voluntarily turn over thousands of documents, could test Democrats' pledge to reform ethics in the new Congress. Last year, House Minority Leader Nancy Pelosi (D-San Francisco) — who today becomes House speaker — opposed a broad-based Justice Department search warrant targeting Rep. William J. Jefferson (D-La.).

The subpoenas went to the armed services, appropriations and intelligence committees, whose Republican chairmen reported the subpoenas to outgoing House Speaker J. Dennis Hastert (R-Ill.) in letters dated two weeks ago.

The subpoenas were made public Wednesday by the Congressional Record online. The House is supposed to turn over the requested records by Jan. 11 or else file an objection with the U.S. District Court in San Diego. Typically, such deadlines are extended.

Prosecutors in San Diego and a spokesman for the general counsel of the House declined to comment, and a Pelosi spokeswoman had no immediate comment.

The subpoenas are an escalation of a nine-month tug-of-war between the Justice Department and House Republicans. Prosecutors had asked the committees to turn over the information voluntarily.

House leaders and their lawyers consider the request constitutionally suspect, saying it runs afoul of the "speech or debate" clause, which protects members of Congress from prosecution for their legislative acts, including earmarks. Some have also complained that the committees would need months to compile such data.

None of the requested documents had been turned over as of Wednesday.

Pelosi campaigned in the fall on a platform of open and honest government, and has made one of her first orders of business an ethics package that would identify members of Congress who inserted earmarks for pet projects into bills.

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The use of earmarks has tripled over the last decade, the Congressional Research Service estimates, with 13,000 earmarks in the last fiscal year adding more than $67 billion to spending bills.

The "speech or debate" privilege is at the core of a legal fight over an FBI search of Jefferson's congressional office in May. The search and seizure of documents followed an FBI sting in which about $90,000 in foil-wrapped $100 bills was found in the freezer of Jefferson's Washington home.

Pelosi and Hastert criticized the office raid and urged the government to return the seized documents. Pelosi later led a successful effort to strip Jefferson of an influential committee assignment until the federal corruption investigation was completed. (Jefferson has not been charged.)

Former Rep. Cunningham is serving an eight-year prison term after pleading guilty to taking $2.4 million in bribes from defense contractors and evading more than $1 million in taxes.

A House Intelligence Committee report issued in October concluded that Cunningham had used his position on that panel to steer more than $70 million to companies run by cronies, with much of the money going to businessman Brent R. Wilkes of Poway, Calif.

Wilkes remains under investigation.

The San Diego federal prosecutors have also been examining the relationship between Wilkes and Kyle Dustin "Dusty" Foggo, who resigned as CIA executive director in the spring after federal agents searched his office and home.

Investigators have examined at least one contract that was awarded to Wilkes while Foggo was a senior CIA procurement officer in Germany.

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Los Angeles Seeks Federal Help To Fight Gangs (LAT)

By Megan Garvey And Patrick Mcgreevy

The Los Angeles Times, January 4, 2007

Los Angeles Mayor Antonio Villaraigosa on Wednesday appealed to U.S. Attorney General Alberto Gonzales for additional funding and prosecutorial help to combat gang-related crime, kicking off what officials say will be a year-long push to tackle one of the region's most intractable problems.

In the city of Los Angeles, gang crime increased 14 percent in 2006 -- the first rise in four years) and an uptick Villaraigosa and William J. Bratton, chief of the Los Angeles Police Department, say threatens to overshadow last year's overall 8 percent drop in serious and violent crime across the city.

"We agreed that Los Angeles is the epicenter of the nation's gang crisis, and an effective assault on gang crime will require increased suppression, intervention and prevention measures," Villaraigosa said after his 40-minute meeting with Gonzales in Washington, D.C.

The mayor sought millions of dollars in federal grants to target gangs in several trouble spots. In addition, the mayor said he would like the attorney general to provide help in prosecuting civil-rights cases when gang members target others based on race.

Bratton met with Sheriff Lee Baca this week to discuss the rise in racially motivated gang violence and map out ways to better coordinate their gang units, particularly in cases where gangs have shown a pattern of targeting victims because race.

"It's getting to where those rivalries are racially motivated and innocent people are getting shot," Baca said Wednesday.

The latest push to tackle gang crime comes on the heels of numerous anti-gang initiatives -- none of which have done much to diminish the influence and damage done by the region's scores of active street gangs.

A recent report prepared by civil-rights attorney Connie Rice found Los Angeles' gang efforts have floundered because of a lack of coordination among 23 anti-gang programs spread throughout city departments at a cost of $82 million a year.

"What the city is doing is designed to fail," Rice said Wednesday, again calling for a dramatic change in anti-gang efforts. "It's not about altering a program. It's about a paradigm shift. We need smart suppression, not blanket suppression."

Support has grown for creating a "gang czar" to coordinate efforts, something sources say Rice is expected to recommend in a follow-up report due this month. Bratton and others have said they would back such a shift.

LAPD officials blamed the jump in gang crime in part on racial tensions in county jails that resulted in riots earlier this year. At the same time, efforts to get gang members off the streets for minor crimes has been hampered by conditions in the county's jail system, the largest in the nation.

While gang injunctions and computer modeling have helped reduce gang activity in some areas, the early release of inmates from county jails -- where officials say the vast majority of those booked admit a gang affiliation -- has put many charged with offenses such as weapons violations or simple assaults quickly back on the street. More than 150,000 inmates sentenced to

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county jail have been released since mid-2002 after serving small fractions of their sentences because of budget cutbacks and federal orders against overcrowding.

The latest police pledge to deal with gang violence is one of many Malcolm Klein, a emeritus professor of sociology at the University of Southern California, has heard over the years.

"We've had this gang problem for multiple decades, and there is no reason to think its going to go away," said Klein, who has studied gang issues for 40 years. "The chief has been here four years, and he's shown very little understanding of gangs.'"

Street gangs come out of local communities that must change and be organized to reduce gang crime, the criminologist said.

Law enforcement officials say police presence remains key to improving dangerous communities. They point to Compton, where an aggressive Sheriff's Department crackdown last year led to a dramatic drop in killings there. In 2006, there were 45 homicides in areas patrolled by the Compton sheriff's station, which includes the city of Compton and nearby unincorporated areas. The year before they had 75. Within the city of Compton itself, last year there were 39 homicides, equaling a 20-year low in 2004.

"I think the more gang members realize that that level of field force is present its going to cause them to back off," said Capt. Ray Peavy, who heads the sheriff's homicide bureau. "Everyone says: 'What are we going to do about the gang problem?' It's the same thing you do about cockroaches or insects, you get someone in there to do whatever they can do to get rid of those creatures."

Baca said a substantial turnaround in local gang activity would "take some significant transformation within the policing community itself."

"Bratton and I have both said you can't arrest your way out of a gang problem," Baca said. "The real problem is these young people don't have an alternative for gangs."

Wes McBride, president of the California Gang Investigators Association, agreed that suppression can only do so much.

"When the cop goes down the street in his car, he may own that street for that moment," McBride said, "but once he's off the street the gangs fill in behind them unless there's another cop car right around the corner."

Ex-coroner's Office Worker Pleads Guilty, To Cooperate (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 4, 2007

The former chief histologist in the Allegheny County coroner's office pleaded guilty yesterday to three federal charges and agreed to cooperate with prosecutors.

George Hollis, 60, originally was indicted on nine counts, but the remaining six will be dismissed at sentencing.

Mr. Hollis pleaded guilty to theft from an organization that receives federal funds, failure to file a tax return and making false statements.

He also agreed to "provide truthful assistance to the United States," presumably in the upcoming trial of his former boss, Dr. Cyril H. Wecht.

Mr. Hollis was indicted, along with Dr. Wecht, the former county coroner, last year. Dr. Wecht, a forensic pathologist, is charged with 84 counts that accuse him of using his public office for private gain. His trial has been put on hold while the 3rd U.S. Circuit Court of Appeals decides whether the judge in the case should be replaced.

Mr. Hollis, who prepared tissue slides in the office, was employed there until early 2005. During his public employment, according to Assistant U.S. Attorney Stephen S. Stallings, Mr. Hollis also did work for Dr. Wecht's private firm, Cyril H. Wecht and Pathology Associates Inc.

During the plea hearing yesterday, Mr. Stallings told U.S. District Judge Arthur J. Schwab that Mr. Hollis spent a "significant and substantial" part of his county work week doing private work.

The amount of lost public time attributable to Mr. Hollis' theft charge is $51,146, Mr. Stallings said. The loss from his failure to pay taxes was $12,182, he added.

The charge for making a false statement stemmed from an interview with the FBI in April 2005 in which Mr. Hollis said he only worked for Dr. Wecht's private business on weekends, Mr. Stallings said.

Former Allegheny County Coroner Aide Pleads Guilty (AP)

AP, January 4, 2007

PITTSBURGH (AP) — A former employee of the Allegheny County Coroner's Office pleaded guilty Wednesday to lying to the FBI during an investigation into former coroner Dr. Cyril Wecht.

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George T. Hollis, 60, pleaded guilty in federal court to making false statements to law enforcement, theft from an organization that receives federal funds and failing to file a tax return.

As part of his plea deal with the U.S. Attorney's office, he also agreed to cooperate in any future proceedings.

Assistant U.S. Attorney Stephen Stallings told District Judge Arthur J. Schwab that Hollis spent a "significant and substantial" part of his county work week doing histology work for Wecht's private business. A histologist studies bodily tissue.

Hollis' theft charge related to the value of public time allegedly lost while he did Wecht's private work. Stallings figured the loss at $51,146.

Wecht was indicted in January on charges of using county employees to do work for his private pathology practice.

Hollis is scheduled to be sentenced on March 23.

McFadden-Weaver Indicted In Mortgage Fraud Case (KMBC)

KMBC-TV, January 4, 2007

Councilwoman Says She Won't Resign

KANSAS CITY, Mo. -- Kansas City Councilwoman Saundra McFadden-Weaver and two others were indicted Wednesday in a suspected mortgage fraud scheme.

The seven-count indictment handed down in Kansas City federal court alleged conspiracy and wire fraud. Also indicted were Emanuel Kind, whom the councilwoman has described as an acquaintance and minority contractor. Ricky Hamilton, an employee of a mortgage company in Grandview, was also named.

"I've never intentionally broke the law, and I'm not about to start today," McFadden-Weaver said during a news conference.

The Kansas City Star reported in August that McFadden-Weaver bought a $400,000 Lee's Summit home in 2005. McFadden-Weaver signed mortgage documents attesting that she would live in the home, which would have violated a city charter requirement that she live inside the council district she represents.

McFadden-Weaver said she trusted Kind to make the loan payments.

"I trusted him and he didn't live up to his responsibilities. Now it looks like I've done something wrong," McFadden-Weaver said.

She told KMBC's Micheal Mahoney that she will not resign from the City Council and will continue to campaign for re-election this spring.

COUNCILWOMAN CHARGED WITH MORTGAGE FRAUD (KCS)

By Mark Morris, Lynn Horsley And Michael Mansur

The Kansas City Star, January 4, 2007

A Kansas City councilwoman said Wednesday she had no plans to resign despite federal mortgage-fraud charges filed against her earlier in the day.

Speaking at City Hall at the moment federal prosecutors announced the charges at a courthouse news conference, 3rd District Councilwoman Saundra McFadden-Weaver said she still intended to seek re-election this spring.

“I’m sure in the near future I will be vindicated,” she said of the indictment, which pertains to her $400,000 purchase of a Lee’s Summit home.

Her attorney, Ron Partee, also said the councilwoman would fight the allegations.

“While the indictment is not unexpected, we welcome the opportunity to contest these allegations in court,” Partee said. “We feel confident that the councilwoman will be totally vindicated of any criminal conduct.”

In addition to McFadden-Weaver, 47, the grand jury indicted Emanuel M. Kind, 51, a contractor whom the councilwoman has described as an acquaintance, and Ricky Hamilton, 52, an employee of a Grandview mortgage company.

Hamilton declined Wednesday to comment.

R. Pete Smith, an attorney for Kind, said he would reserve comment until he had time to review the indictment.

Each defendant faces one charge of conspiracy and six counts of wire fraud. If convicted, each could be sentenced to up to five years for conspiracy and 20 years on each of the fraud counts. But actual sentences generally are much lower for defendants without extensive criminal records.

At its core, the government’s case alleges that Kind and McFadden-Weaver — pastor at Community Fellowship Church of Jesus Christ — constructed an elaborate financial scheme to provide her with money to renovate a home on Benton Boulevard that she wanted to purchase from her church.

U.S. Attorney Bradley Schlozman said that after McFadden-Weaver failed to get financing for the renovations, she approached Kind in September 2005 to purchase a home in Lee’s Summit. Under the deal, the $400,000 mortgage would have

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paid for the home and provided McFadden-Weaver with about $35,000 for the renovations. Kind would have lived in the Lee's Summit home.

Prosecutors contended that in loan documents, McFadden-Weaver misrepresented her income and promised to live in the Lee's Summit house, which would have violated a city charter requirement that she live in her council district.

"Had the lender known the full truth about McFadden-Weaver's finances or residency intentions, she would have either never received the loan in the first place or she would have had to pay a much higher interest rate," Schlozman said.

Hamilton was charged because he agreed to broker the loan knowing that McFadden-Weaver did not intend to live in Lee's Summit or be responsible for the property.

Ultimately, she bought the house, but never lived in it or made payments on it. After she and Kind unsuccessfully tried to refinance it, a bank foreclosed on the property for $255,500.

Since The Kansas City Star first reported irregularities with the mortgage in August, McFadden-Weaver has said she had not closely read the loan documents. She said Wednesday she trusted others that the deal was legitimate.

"I endeavored to help the wrong person," she said.

McFadden-Weaver held her impromptu news conference near a City Hall room where the city's Ethics Commission was deliberating behind closed doors over its investigation of the councilwoman.

McFadden-Weaver smiled for cameras and cited her successes as a council member, including being the only one to survive a recall vote. She made clear she had no intention of stepping down from the council or backing down from her re-election bid.

"I haven't done anything to feel guilty about, so I don't," she said.

She did say she may have been wrong in trusting Kind.

"He didn't take care of his responsibilities," she said.

McFadden-Weaver added that she probably should have taken more time to examine the loan closing documents. But she suggested she was the victim of a growing national problem of mortgage fraud.

Two hours later, the ethics panel emerged from executive session. Members declined to comment, saying they will issue findings soon.

The commission, inactive this decade until McFadden-Weaver requested its review, has met regularly since October, taking testimony from the councilwoman and others, including the escrow closer who said McFadden-Weaver received clear explanation of the documents she was signing and appeared to understand what she was signing.

Under the city's charter, council members are not required to resign if they face indictment.

Several of McFadden-Weaver's council colleagues said her decision to remain in office was a personal choice and she deserved her day in court. But Councilwoman Becky Nace said council members should be above reproach in their business dealings.

"Clearly, she's made an error in judgment in this instance," Nace said. "I think she should consider resigning her seat."

Mayor Kay Barnes said that although the charges were not related to McFadden-Weaver's public service, they were serious allegations.

"Of course, she is entitled to the presumption of innocence and will have every opportunity to defend herself against these allegations," Barnes said. "At the same time, the citizens of the 3rd Council District are also entitled to full and competent representation. It is important that Councilwoman McFadden-Weaver recognize that obligation."

Mortgage fraud has been a high-profile prosecution priority in western Missouri since summer 2004, when authorities began filing a series of cases against real estate investors and appraisers for transactions in Jackson County.

McFadden-Weaver narrowly lost runs for the council in 1995 and 1999 before she defeated Ron Finley in 2003 with 59 percent of the vote.

But her tenure has been rocky.

She clashed with Barnes in 2004 over her stance on a new downtown arena, and she beat back the recall election — the city's first — in February 2005. Disgruntled constituents cited a variety of complaints about her performance when they mounted the recall effort.

In October, the Missouri Ethics Commission fined McFadden-Weaver $10,000 for problems related to her council campaign committee. She filed campaign finance reports months late and did not properly identify contributors and expenditures, the commission said.

Supporters have said McFadden-Weaver has been unfairly attacked. They contend she still has strong backing in her district. She said she has worked hard to support programs for children and youth, to combat absentee landlords, to promote job opportunities for minorities, and to make sure affordable housing was available in her district.

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McFadden-Weaver is not the first council member to become ensnared in a federal investigation. In the mid 1990s, three council members — Michael Hernandez, Chuck Weber and D. Jeanne Robinson — were convicted of public corruption charges involving real estate transactions and financial irregularities.

@Go to KansasCity.com for video from City Hall.

Councilwoman Saundra McFadden-Weaver's indictment also pertains to her $400,000 purchase of a Lee's Summit home. A bank foreclosed on the property for $255,500.

KC Councilwoman Is Indicted For Mortgage Fraud (KCBIZ)

Kansas City Business Journal, January 4, 2007

Kansas City Councilwoman Saundra McFadden-Weaver was indicted on seven counts of conspiracy and wire fraud for her alleged role in a mortgage fraud scheme.

Also named in the indictment were Emanuel M. Kind and Ricky L. Hamilton.

A federal grand jury in Kansas City returned the indictment against the three at 12:15 p.m. Wednesday, said Bradley Schlozman, U.S. Attorney for the Western District of Missouri.

McFadden-Weaver, 47, and Kind, 51, both live in Kansas City. Hamilton, 52, lives in Grandview and is a mortgage broker at Trinity Mortgage.

The charges against McFadden-Weaver do not involve public money.

The first count of the indictment alleges that McFadden-Weaver, Kind and Hamilton conspired to defraud mortgage lenders by agreeing that McFadden-Weaver would get a loan to buy a home at 301 S.E. Hackamore in Lee's Summit. The alleged plan was to have Kind live in the house and pay the mortgage and other expenses, Schlozman said in a release.

McFadden-Weaver received two loans for a total of $400,000, which she used to buy the Lee's Summit house and to rehabilitate a house at 2518 Benton Blvd. in Kansas City.

Hamilton agreed to broker the loans for McFadden-Weaver, knowing that she did not intend to live in the Lee's Summit house and would have no responsibility for the property, according to the indictment.

As part of the alleged conspiracy, Schlozman said, the three prepared material false and fraudulent and misleading loan applications and documents in support of the loan applications, which were submitted to MILA Inc., a mortgage lending company with main office in Mountlake Terrace, Wash. MILA approved the loans based on the false information.

The lender lost $150,000 on the loans when the property was foreclosed on, Schlozman said.

The defendants each face maximum sentences of five years in prison for each conspiracy charge and 20 years for each wire fraud charge.

Assistant U.S. Attorney Linda Parker Marshall prosecuted the case, which the FBI investigated.

Bruno, Despite Investigation, Re-elected Senate Majority Leader (AP)

By Mark Johnson, The Associated Press

AP, January 4, 2007

ALBANY, N.Y. (AP) — Senate Majority Leader Joseph Bruno, who faces a federal inquiry into his outside business activities, was unanimously re-elected to his post Wednesday.

Bruno, 77, retained his position as the most powerful Republican in the Legislature on a voice vote and no one expressed opposition.

Bruno, who staged a coup against fellow Republican Ralph Marino to become majority leader in late 1994, stunned colleagues two weeks ago when he announced he is under federal scrutiny. Among other things, Bruno runs a private consulting business.

Advertisement

The investigation appears to center on Bruno's dealings with businessman Jared Abbruzzese and some of his associates. Bruno directed $500,000 in state grants over the past two years to a private company linked to Abbruzzese.

Bruno has said did nothing wrong and was cooperating with the investigation that he said began in the spring of this year.

"Judge me by what I have done, not what I have not done," Bruno said Wednesday.

Only one GOP state senator, John Bonacic of Orange County, had called for Bruno's ouster before Wednesday's vote. He said the investigation can be used against Republicans in the 2008 election.

Bonacic walked out as the rest of the chamber approved Bruno.

"I told Sen. Bruno I wasn't going to support him and I didn't want to make a speech on the floor," he told The Associated Press. "It would have been disrespectful to him and his family. This was the only way I knew to make sure everyone knew I wasn't supporting him."

Republicans hold a 33-28 majority in the Senate with the departure of state Sen. Michael Balboni. He is joining Gov. Eliot Spitzer's administration to head anti-terrorism efforts.

Sen. Malcolm Smith, a Queens Democrat, was tapped as Senate minority leader.

Assemblyman Ron Canestrari, an Albany County Democrat, was named Assembly majority leader. Canestrari, who heads the Assembly's Higher Education Committee, replaces Paul Tokasz of Cheektowaga who retired from the Assembly at the end of last year. Tokasz had been majority leader since January 2001.

Assembly Speaker Sheldon Silver was re-elected to his position as well. He has served as speaker since 1994. Democrats hold a 108-42 advantage in the Assembly.

Republican James Tedisco of Schenectady is continuing as Assembly minority leader.

Watchdog Sparked FBI Probe, Barks Bruno Pal (NYDN)

By Joe Mahoney, Daily News Albany Bureau Chief

New York Daily News, January 4, 2007

ALBANY - A top ally of embattled state Senate Majority Leader Joe Bruno blamed lobbying watchdog David Grandeau yesterday for stirring up the FBI probe of New York's most powerful Republican.

"I have no doubt David Grandeau is behind this," Sen. Dale Volker (R-Depew) told the Daily News yesterday, after Bruno (R-Rensselaer) swept to reelection as Senate president.

Volker also maintained that Bruno is "not the target" of the FBI, and said his boss has been beyond cooperative with investigators.

"He didn't even wait to get a subpoena" to send the feds all pertinent records, Volker said.

Grandeau shrugged off Volker's accusation, saying the lawmaker can offer no proof to support his claim.

"Who cares what Sen. Volker says?" he said.

FBI officials have declined to discuss the probe.

Grandeau, the executive director of the state Lobbying Commission, was once employed by a telecommunications company Bruno owned. Capitol insiders said the relationship between the two became strained in 2004 after a Bruno aide tried unsuccessfully to persuade Grandeau to drop an investigation into a Las Vegas casino that gave Assembly Speaker Sheldon Silver (D-Manhattan) a discounted rate on a luxury room.

Bruno declined yesterday to respond to questions concerning the FBI probe.

Before Bruno was reelected to lead the Senate, the only GOP senator who has publicly called on him to step down, John Bonacic of New Paltz, walked out of the chamber, refusing to vote.

Man Sentenced To 26 Years In Rosenbaum Killing (WP)

By Henri E. Cauvin

The Washington Post, January 4, 2007

One of the men who killed New York Times journalist David E. Rosenbaum last year was sentenced yesterday to 26 years in prison.

Originally charged with first-degree murder, Michael C. Hamlin, 24, could have faced a life sentence had he not agreed to plead guilty to second-degree murder and testify against his cousin and co-defendant, Percey Jordan.

Prosecutors said Jordan was the assailant who actually struck Rosenbaum on a Northwest Washington street last Jan. 6. Jordan was convicted in October of first-degree murder and is to be sentenced Jan. 12 in D.C. Superior Court.

Rosenbaum, 63, died two days after he was robbed and beaten on Gramercy Street while taking an after-dinner walk in his neighborhood. What looked like a brutal, random attack soon swelled into a scandal, as investigators uncovered a string of errors in the emergency medical care provided to Rosenbaum, at the scene, in the ambulance and at Howard University Hospital, where he died.

During his campaign for mayor, Adrian M. Fenty blasted the chief of the Department of D.C. Fire and Emergency Medical Services for the failings. Last week, Fenty named an interim chief to replace Adrian H. Thompson as head of the department while the search for a permanent successor continues.

Rosenbaum's family, frustrated by what they say has been a lack of candor from the city and the hospital, filed a $20 million lawsuit in November in D.C. Superior Court, claiming he was a victim of official negligence and medical malpractice.

But yesterday was not about the emergency medical workers who assumed that Rosenbaum was a drunk old man who had taken a fall, or about the hospital emergency room workers who let Rosenbaum languish on a gurney, oblivious to his grave head injuries, or about any of the other errors catalogued in a 69-page report issued in June by the District's inspector general.

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It was about the man a family still grieves for a year later, and about the man who came home from work one night last January and chose to join his cousin on a violent ride around Washington.

On the surface, Hamlin seemed an unlikely participant. He had a steady job collecting trash for a private hauler and lived with his mother, whom he dutifully drove to her weekly card game before venturing out that Friday night.

His cousin, Jordan, 43, lived closer to the fringes, often sleeping in cars and hustling for money. Testifying at Jordan's trial, Hamlin said Jordan wanted to do the robbery and struck Rosenbaum repeatedly.

Yesterday, he turned to Rosenbaum's relatives and asked for their forgiveness, telling them that they are "in his prayers" every night.

None of the relatives who addressed the court -- Rosenbaum's brother Marcus, son Daniel and son-in-law Toby, who is married to Rosenbaum's daughter, Dottie -- was prepared to offer such compassion yesterday.

Instead they spoke of the man they lost and the need for justice to be done.

"He was kind and he was the one I looked up to and wanted to emulate," Daniel Rosenbaum told Judge Erik P. Christian.

Now all he can think about is his dad dying on a cold sidewalk, all alone.

"I am haunted by the nightmare Michael Hamlin and his cousin inflicted on him -- and on me," Daniel Rosenbaum said.

Prosecutors Move To Dismiss Charges Against Former Scout Leader (AP)

AP, January 4, 2007

NEW HAVEN, Conn. -- Federal prosecutors have moved to dismiss charges against a retired FBI agent who was indicted on child sex charges dating back more than a decade when he was a Boy Scout leader, in response to the death of his accuser.

William Hutton, 63, of Killingworth, was arrested in February on charges that allege he enticed a member of his Scout troop to Maine for the purpose of sexual activity in 1994 and 1995.

Prosecutor John A. Danaher III moved to dismiss the indictment on Dec. 19, and Judge Mark R. Kravitz granted the motion three days later, federal court records show.

On Dec. 26, the prosecutor moved to dismiss a revised indictment that had been returned by a federal grand jury in late March. There was no indication in court records that Kravitz has issued a ruling on that indictment.

Both indictments alleged crimes against the same person, who has never been publicly identified. The newer indictment added allegations that an August 1995 trip also included a stop in New Hampshire for illegal sexual activity.

Both of Danaher's motions cited "the sudden and unexpected death" of the accuser.

Hutton's lawyer, Hugh F. Keefe of New Haven, stressed Hutton had pleaded not guilty.

"Mr. Hutton was very upset by the news of the passing of the gentleman," Keefe said.

Hutton had been released on a $200,000 bond. He may not own any firearms or have any unsupervised contact with children. He was also ordered to stay away from playgrounds, schools, arcades or anywhere children congregate.

The case had been scheduled to go to trial this month in U.S. District Court in New Haven.

Federal Trial Set For James Kopp In Killing Of Abortion Provider (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, January 4, 2007

BUFFALO, N.Y. -- More than eight years after James Kopp gunned down an abortion provider in his home, the government will get its chance to prosecute the anti-abortion extremist already convicted of murder _ with the goal of eliminating any distant chance for his release.

Kopp, 52, is serving a 25-year-to-life state sentence after being found guilty of second-degree murder in the 1998 sniper slaying of Dr. Barnett Slepian.

In a federal trial starting this week, the government will argue that by shooting an abortion provider, Kopp violated the 1994 Freedom of Access to Clinic Entrances Act. He is also charged with using a firearm _ a Russian assault rifle _ during a violent crime.

Conviction could carry a sentence of life without parole.

Although Kopp will be in his 70s before becoming eligible for release on the existing conviction, U.S. Attorney Terrance Flynn said consideration for Slepian's family factored into the decision to move forward on the federal charges.

"It was and has been from the beginning, the position of the Department of Justice that we would seek this life-without-parole conviction by a jury and that Mrs. Slepian and her four sons will never be subject to going through a parole hearing in their life," Flynn said.

National Abortion Federation President Vicki Saporta said the aggressive prosecution also would serve as a deterrent to those who share Kopp's extreme views.

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"It's very important that we have laws like FACE and that they are, in fact, enforced," Saporta said.

Authorities hunted 2 1/2 years for Kopp after the shooting, adding him _ along with Osama bin Laden _ to the FBI's list of the Ten Most Wanted fugitives in June 1999. Kopp was captured in Dinan, France in March 2001.

Slepian's widow, Lynne, plans to testify about the Oct. 23, 1998, shooting, which happened just after the family arrived home from a memorial service for the doctor's late father.

One of the Slepian children called 911 after a bullet pierced a double-paned kitchen window, traveled through his father's body and ricocheted off a cabinet and tile wall before landing next to the fireplace in the living room.

Slepian, struck in the back, was bleeding profusely when medics arrived at the stately suburban Amherst home. He was pronounced dead in a hospital emergency room.

"You will hear (Lynne Slepian's) testimony with respect to the heinous act and all the events that led up to her husband's death in their home in front of her children," Flynn said. The testimony will be difficult, Flynn said, but "we feel that it's important that the public hear Mrs. Slepian tell what happened."

Kopp, meanwhile, after parting ways with a handful of lawyers, has been preparing his own defense from the Niagara County jail.

In numerous typewritten motions, the lifelong activist known among peers as "Atomic Dog," has sought to have the federal charges thrown out, arguing among other things that the shooting did not take place at a clinic entrance.

He also failed in a bid to tell jurors that the shooting was justified because it was intended to save the lives of soon-to-be aborted babies.

U.S. District Judge Richard Arcara ruled that a so-called necessity defense does not apply when someone is trying to prevent legal behavior, such as abortion. Kopp will not even be allowed to talk about his religious or moral reasons for opposing abortion, the judge ruled.

Kopp, who is suspected in four nonfatal shootings of doctors in Rochester and Canada in the decade before Slepian's death, has said he was only trying to wound Slepian to prevent him from performing abortions the following day. The bullet, he said, took a "crazy ricochet."

"How can a man get a fair trial if he's not allowed to say, `This is why I did this?'" said John Tomasello, a Kopp supporter who met the activist when they were both arrested during an abortion protest in Burlington, Vt., in 1990.

Tomasello, listed as a character witness for Kopp, said supporters plan to be outside the courthouse with signs during the trial, but that they would honor a judge's order barring abortion-related pins and clothing from the courtroom. U.S. Marshals have been instructed to screen every person attending the trial for such displays.

Flynn said extra security is planned at the courthouse in Buffalo, a city that has seen violent anti-abortion protests in the past. More than 600 people were arrested during "Spring of Life" protests that blocked clinics and doctors' offices for two weeks in 1992.

Since Slepian's shooting, extreme violence against U.S. abortion clinics and providers has steadily waned, according to NAF. Last year, there were no successful violent attacks, though two potential arsons were thwarted when the suspects' acquaintances tipped off police, Saporta said. In 1998, the year Slepian was shot, NAF tracked four clinic arsons, a bombing and numerous incidents of acid being spread at clinics.

Saporta attributed the decline to improved law enforcement responses to clinic violence and the willingness of authorities to track down and prosecute extremists like Kopp and bomber Eric Rudolph.

Jury selection is scheduled to begin Thursday and opening statements are expected on Tuesday.

Coca-Cola Tries To Block Theft Suspect's Access To Sensitive Information (FINDLAW/AP)

By Harry R. Weber, Ap Business Writer

AP, January 4, 2007

(AP) - ATLANTA-The Coca-Cola Co. sought Wednesday to block a defense lawyer's request for documents in a trade secrets theft case that relate to products the world's largest beverage maker developed but never launched.

The Atlanta-based company filed a motion in federal court to quash a subpoena by Joya Williams' lawyer for the documents in preparation for Williams' Jan. 16 trial. Williams is charged with conspiring to steal trade secrets from Coca-Cola in an effort to sell them to rival Pepsi.

Two co-defendants have already pleaded guilty in the case, and at least one is expected to testify against Williams, a former Coca-Cola secretary who worked for the company's global brand director at its headquarters.

According to the motion, Williams' lawyer, Janice Singer, has subpoenaed 19 categories of records from Coca-Cola.

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The company is objecting to production of two of the categories: documents reflecting all products Coca-Cola developed or which were in development which it decided not to launch within the last three years, and documents reflecting all marketing strategies formulated by or for Coca-Cola that were termed confidential or secret but were not used in the last three years.

Company lawyer Stephen Cowen said Singer's request for those categories of documents amounts to a "fishing expedition" for material that is sensitive and considered valuable trade secret information.

"Although the company may have determined in the recent past not to launch certain products under development or not to adopt certain marketing strategies, the unused products and strategies still very much constitute trade secrets," Cowen wrote.

Singer did not immediately return a call to her office Wednesday seeking comment.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted July 11 on federal conspiracy charges. The three were accused of stealing new product samples and confidential documents from Coca-Cola and trying to sell them to Purchase, New York-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Coca-Cola.

Williams has since been fired from her job at Coca-Cola. She has pleaded not guilty.

Former Qualcomm Employee Sentenced To 3 Years' Probation For Stealing Trade Secrets (SDUT/AP)

By Elliot Spagat, Associated Press

The San Diego Union-Tribune, January 4, 2007

SAN DIEGO – A former Qualcomm Inc. employee who downloaded nearly 450,000 files of secret source code to his home computer before quitting to take a job with rival Nokia Corp. was sentenced to three years' probation Wednesday for stealing trade secrets.

Michael Laude, 47, had code that represented “virtually all of Qualcomm's product line,” according to the U.S. attorney's office in San Diego.

A thorough investigation produced no evidence that he shared the code with his new employers at Nokia, a major Qualcomm rival, said Mitch Dembin, an assistant U.S. attorney, though Laude “had enough information to bring Qualcomm to its knees.”

A Nokia spokesman, William Plummer, said Nokia was unaware of the theft and never benefited from stolen information. Nokia cooperated with the federal investigation.

Qualcomm, which licenses technology for mobile phones and manufactures semiconductor chips that run them, is embroiled in legal and trade disputes with Nokia and other companies that contend Qualcomm extracts excessive royalty payments for its devices.

Laude's attorney, Jeremy Warren, said his client made a mistake by failing to return the information when he left Qualcomm.

“It's a sad case because he's been a law-abiding guy his whole life and he got into trouble because he's a pack rat,” Warren said. “It's been a very embarrassing moment in his life but, fortunately, no one got hurt here at all.”

Laude held engineering and product management jobs at San Diego-based Qualcomm from June 1992 to October 2002, when he gave a day's notice that he was leaving. The following week, he joined Nokia, which is based in Espoo, Finland.

He pleaded guilty in October 2006 and was sentenced by U.S. District Judge James Lorenz in San Diego federal court.

Technology companies often grant engineers broad access to proprietary code as a way to foster innovation, Dembin said.

“They have always wanted engineers to play with the code, experiment with it, work on it 24 hours a day,” he said. “That's why they have couches and video games in the office.”

Qualcomm raised concerns about Laude to the FBI after Nokia identified him in 2004 as an architect of a software platform designed to compete with Qualcomm's own products, according to the federal government and Qualcomm.

Laude downloaded more than 300,000 Qualcomm files to his home computer during a two-week period after the company granted him access in June 2002 and amassed nearly 150,000 more on his hard drive before leaving the company four months later, the government said.

Qualcomm has since tightened its security practices, said Alex Rogers, a company attorney.

“Our assessment so far is that we were fortunate there was no damage,” he said.

Ex-police Officer Gets 15 Years For Child Porn (FWNS)

The Fort Wayne News-Sentinel, January 4, 2007

MIDDLETOWN, Ind. - A former Henry County police officer was sentenced to 15 years in federal prison for producing child pornography.

U.S. District Court Judge David F. Hamilton sentenced Eric A. Rinehart, 34, of Middletown on Wednesday on two counts of producing pornography that showed minors engaging in sexually explicit conduct, U.S. Attorney Susan Brooks said.

Rinehart, who pleaded guilty to the charges, admitted to making sexually explicit photos and movies involving minors then 16 and 17 years old. The government seized Rinehart's camera and computer, Brooks said.

Hamilton also ordered Rinehart to serve probation when he is released from prison, prosecutors said.

Rinehart had been a five-year member of the Middletown Police Department and a member of a Henry County SWAT team when state police and FBI agents arrested him Aug. 12 at his home in Middletown, about 10 miles southwest of Muncie. He has since resigned.

Educator Charged With Sex Abuse (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 4, 2007

Teacher-Coach, 41, Alleged to Have Had Relationship With 13-Year-Old Student

A 41-year-old D.C. public school teacher has been charged with having sex with a 13-year-old girl in what authorities say was one of several sexual encounters he had with the junior high school student.

Ricardo Roberts, a social studies teacher and basketball coach at J.H. Johnson Junior High School in Southeast Washington, was charged with first-degree child sex abuse after he was arrested last month at his Alexandria home.

He is being held without bond. School officials said he has been suspended from his job.

In charging documents filed after his arrest and in testimony yesterday in D.C. Superior Court, police said Roberts not only had sex with the girl in a classroom but also took her to his home and had sex with her there.

The alleged relationship came to light last month after a witness working in the school after hours Dec. 4 reported seeing the girl emerge from a room where Roberts had been seen changing his clothes a short time earlier, according to the charging papers.

The girl allegedly told a witness that she was in a sexual relationship with Roberts, and that led to a police investigation.

The charging documents gave this chronology of events:

When first interviewed Dec. 19, the girl denied that she and Roberts had sex. She acknowledged that there was talk around the school that she and Roberts were intimate, a rumor she attributed to her reputation for promiscuity.

Interviewed by police the same day at the school at 1400 Bruce Place SE, Roberts denied having a relationship with the girl. He, too, acknowledged rumors of a sexual relationship and, as the girl had, said such rumors were fueled by the girl's reputation for promiscuity, the documents said.

When the girl's mother learned of the investigation, she told police that she did not believe her daughter's account and brought her back to police for more questioning. In that interview, the girl said she had lied the day before because she didn't want to hurt "Coach Rob," who was her volleyball coach and social studies and homeroom teacher last year. She told detectives that between September and December, she and Roberts had sex several times, including two days earlier, on Dec. 18, at Roberts's home, the charging papers stated.

Arguing before Judge Lee F. Satterfield, Roberts's attorney, Kelli Neptune, assailed the credibility of the government's case.

But the prosecutor, Assistant U.S. Attorney Mark O'Brien, said that the witness statements corroborated key elements of the girl's account and that the girl was able to describe in detail the interior of the defendant's home.

The judge found a basis to proceed with the charge against Roberts, whose pregnant wife was in the courtroom yesterday, surrounded by relatives.

Staff writer V. Dion Haynes contributed to this report.

CIVIL LAW:

Seeking New Rule On Protective Gear, Unions File Lawsuit Against OSHA (HILL)

By Jessica Holzer

The Hill, January 4, 2007

The AFL-CIO and the largest union for food and commercial workers filed a lawsuit yesterday to force the Department of Labor to finalize a rule requiring employers to pay for face shields, rubber boots and other protective gear used by low-wage workers in the meatpacking, poultry and construction industries.

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The labor groups contend that the Bush administration has been willfully dragging its feet on completing the standard, which was proposed in 1999 by the Clinton-era Occupational Safety and Health Administration (OSHA), due to an ideological opposition to regulating businesses.

OSHA proposed the regulation after the Occupational Safety and Health Review Commission ruled against the agency in a personal protective equipment (PPE) case, finding that the existing policy was ambiguous on whether employers should pay for PPE.

"The fact that they failed to do so is an indication of how loath they are to take any regulatory action," asserted Peg Seminario, who heads up workplace safety for the AFL-CIO.

A spokesman from the Labor Department said, "We got the press release before the actual complaint arrived, so we are reviewing it now and we'll have more to say in the near future."

The rule would not impose sweeping changes, as the vast majority of businesses already comply with OSHA's longstanding policy that employers, and not employees, pay for protective gear. By OSHA's own estimates, only roughly one in 10 workers covers the cost of such equipment himself.

"It's just not fair to those workers," said Jackie Nowell of the United Food and Commercial Workers (UFCW).

In its most recent notice in November, OSHA vowed to complete the rulemaking by May. But the agency has missed its self-imposed deadlines to finalize the standard since it first promised to do so by July 2000, despite pressure from Congress.

In each of the past four years, the House Appropriations Committee has criticized OSHA's inaction on the rule, and the Senate Appropriations Committee chimed in last year. In 2003, the Congressional Hispanic Caucus joined with the AFL-CIO and the UFCW to petition the agency to complete the rule.

"I'm hopeful that this lawsuit will compel OSHA to implement the rule it promised eight years ago to protect the safety of low-wage workers … We shouldn't have to compromise worker safety for the corporate bottom line," said Rep. Linda Sanchez (D-Calif.), a member of the caucus.

Nowell said that the unions took a deliberately "apolitical" approach by challenging the administration in court rather than pushing for legislation. But she conceded that the shift in power in Congress would put added pressure on OSHA to act.

"I think they'll see that there's another route," she said.

Lack Of Rules On Protective Gear Brings Suit Against Labor Dept. (NYT)

By Steven Greenhouse

The New York Times, January 4, 2007

The A.F.L.-C.I.O. and the United Food and Commercial Workers sued the Department of Labor yesterday, asserting that it broke the law by failing to issue regulations requiring employers to pay for protective equipment for their workers.

The two labor organizations said it was wrong for the Labor Department to require employers to provide protective equipment like helmets, face shields and gloves, while often letting employers charge workers for that equipment.

The groups complained that the Labor Department under President Bush had not issued final rules based on those the Clinton Labor Department proposed in 1999. Those proposals would have required companies to pay for all employee protective equipment required by the Occupational Safety and Health Administration, part of the Labor Department.

In an unusual move, the A.F.L.-C.I.O and the food workers' union asked the United States Court of Appeals for the District of Columbia Circuit to order Secretary of Labor Elaine L. Chao to issue final rules.

The A.F.L.-C.I.O.'s president, John J. Sweeney, said, "The Bush administration's failure to implement even this most basic safety rule spotlights how it has turned its back on workers in this country."

David James, a Labor Department spokesman, said officials were studying the lawsuit. He said the case "deals with complicated issues that will affect different employers and employees in different ways."

Mr. James said the department had reason to hesitate to turn the 1999 proposal into a final, enforceable rule. "The department takes pride in its excellent safety and enforcement records," he said. "But on this issue, a number of public comments we received take issue with the factual assumptions" in the rule proposed in 1999.

The lawsuit notes that by OSHA's own estimates 400,000 workers have been injured and 50 have died because of the absence of a rule.

A.F.L.-C.I.O. officials said the Labor Department was violating laws on administrative procedures and occupational safety by failing to issue final rules.

In 2004, Richard E. Fairfax, OSHA's director for enforcement, wrote a letter to a corporate safety director saying that while federal regulations required employers to provide personal protective equipment to ensure its use, "OSHA does not view this section as imposing an enforceable obligation on employers to pay for the P.P.E.," a reference to such equipment.

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Peg Seminario, the A.F.L.-C.I.O.'s director of occupational safety and health, said that some meat and poultry companies required employees to pay for gloves and that some welding companies required them to pay for visors even though federal rules said employers must provide them.She said that 20 million workers used required protective equipment and that most employers did pay for it.

Joseph Hansen, president of the United Food and Commercial Workers said, "Nothing is standing in the way of OSHA issuing a final rule to protect worker safety and health except the will to do so."

Agencies Warned About Firing Probationary Employees (WP)

By Stephen Barr

The Washington Post, January 4, 2007

Most federal employees spend a year on probation after being hired, and the rules for job tryouts make it relatively easy for managers to weed out poor performers and show them the door.

But a new report suggests that agencies can no longer assume they have such leeway. Two federal court rulings have found that federal employees on probation may be entitled to challenge the merits of their dismissal, just as a permanent civil service employee can.

"Agencies must now proceed with caution when terminating probationary employees because the cost of violating a probationer's pre-termination procedural rights can be high," said the report by the Merit Systems Protection Board, released this week.

In addition to paying the cost of litigation, federal agencies may be ordered to reinstate people in their jobs and give them back pay and benefits, the report said.

The MSPB report said that "agencies are still learning about the impact" of the court rulings, though one case was decided in 1999 and the other in 2003.

In the two cases, the U.S. Court of Appeals for the Federal Circuit interpreted federal employment law and regulations to allow certain employees on probation to challenge agency decisions to end their employment.

An employee in one of the cases had been hired by the Health and Human Services Department in 1991 and was subject to the completion of a one-year probationary period. The employee completed probation, and in 1999, she asked to be moved to a job with the Air Force.

Because the employee was taking a new assignment, the Air Force decided to place her on probation for a year. About six months after the hiring, the Air Force let her go and said the termination had come during her probationary period.

The employee appealed, and the Federal Circuit found that she should be treated as a regular civil service employee, with rights to challenge her dismissal, because she had served for longer than a year in the government.

The MSPB report pointed out that the Office of Personnel Management has not amended federal regulations or the advice it provides agencies about how to determine when employees qualify for full job rights. The report recommended that OPM modify regulations to conform with the court rulings.

Kerry B. McTigue, general counsel at the OPM, said officials are reviewing the MSPB report and "truly considering our options." But he added that the OPM would prefer to have Congress change civil-service law to clarify probation periods and when a person gains procedural rights to challenge management's decisions.

The Bush administration proposed a legislative fix in 2005 as part of a larger, draft personnel bill that Congress has not taken up, McTigue said. New personnel laws for the Defense and Homeland Security departments do make clear the rules for job tryouts for those large workforces, he said.

The merit board regularly provides reports to the president and Congress on civil-service issues, and board members hear appeals from federal employees who face major disciplinary action by their agencies.The Numbers on Open Season

More than 690,000 federal employees and retirees signed up for dental and vision insurance benefits during the program's inaugural enrollment season, the OPM announced.

Interest in the new insurance program increased in the closing days of the enrollment period, jamming the program's Web site and telephone line. The snarl prompted the OPM to accept "belated enrollments" through Dec. 22 rather than end enrollments on Dec. 11 as planned.

Congress approved the program after learning in hearings that dental benefits provided to federal employees had not kept pace with benefits offered in the private sector. The new program permits federal employees to use pretax payroll deductions to pay dental and vision premiums.

The OPM also announced that 227,000 federal employees have opened flexible spending accounts for 2007 to help pay their out-of-pocket medical bills and to help pay dependent care costs. Flexible-spending enrollments are up by 26 percent over the previous year, the OPM said.

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Eugene Doctors' Case Faces Appeal (ERG)

By Tim Christie, The Register-Guard

Eugene (OR) Register-Guard, January 4, 2007

The U.S. Justice Department has appealed a judge's ruling that federal investigators could not gain access to a legal file created on behalf of four Eugene heart surgeons under investigation for alleged Medicare fraud.

Notice of the appeal to the U.S. 9th Circuit Court of Appeals was filed in U.S. District Court in Portland on Dec. 29.

Federal authorities want the appeals court to overturn U.S. District Judge Anna Brown's ruling that the four doctors each retained individual attorney-client privilege over the file. The documents in question were created by a Boston lawyer the doctors hired before they sold their practice to PeaceHealth, parent corporation of Sacred Heart Medical Center, in November 2004.

advertisement

Federal authorities want to see the file as part of their long-running investigation into the doctors.

The case involves Drs. David Duke, Stanley Baldwin, Warren Glover and the now-retired Richard Hicks, and their Eugene practice, Cardiovascular Surgical Associates.

The central allegation in the case, according to an affidavit filed in March by a federal investigator, is that the doctors billed Medicare and Medicaid for surgeries in which a single doctor would be listed as the lead surgeon on one operation and as the assisting surgeon on a second operation going on at the same time, or in which a single doctor would be shown assisting multiple surgeries that were happening at the same time.

Medicare regulations specifically prohibit doctors from billing for assisting more than one surgery at a time.

CIVIL RIGHTS:

Bush Protesters Face Trial Over Signs At Parade (FINDLAW/AP)

By Michael Rubinkam, Associated Press Writer

AP, January 4, 2007

(AP) - ALLENTOWN, Pennsylvania-When protesters were arrested at a St. Patrick's Day parade while holding signs likening President George W. Bush to Adolf Hitler, the crowd cheered the police.

Police say the two protesters, Kurt Shotko and Victor Bobrzyk, were arrested only after they refused to stop blocking people's views of the parade last year in Wilkes-Barre, Pennsylvania. The American Civil Liberties Union suspects a more sinister motive: an attempt to stifle unpopular speech.

Charged with disorderly conduct and resisting arrest, the pair are scheduled for trial in Luzerne County Court this month.

"We think it was about the content of the speech. They weren't blocking anybody's view," said ACLU lawyer Paula Knudson, who is defending Shotko and Bobrzyk in court. "They were being very respectful of the people in the parade."

Police Chief Gerry Dessoye said his officers acted professionally and that the arrests were justified.

"The issue wasn't the size or necessarily the content of the signs; the issue was they were blocking the view," said Dessoye. He contended the case has nothing to do with free speech, and that the protesters "want to turn it into something more than it is."

Amateur video of the March 13 parade, which included Democratic Gov. Ed Rendell and U.S. Rep. Paul Kanjorski, a Pennsylvania Democrat, shows Shotko and Bobrzyk standing in the crowd along the sidewalk, holding aloft large signs attached to wooden poles.

Shotko's banner was headlined, "The Face of Fascism," and had a Hitler-like figure mouthing the words, "Let's steal from the poor, and use the money to kill for God." Below that read: "Stop the Bush crime family."

Bobrzyk's banner was headlined, "Global business creates slavery," and had the Hitler figure saying: "Work makes you free." Below that read: "Adolf Bush."

It is unclear from the video whether the signs blocked anybody's view. But according to a police affidavit, City Administrator J.J. Murphy, a top aide to Mayor Tom Leighton, approached Shotko and Bobrzyk and asked them to either lower the signs or move to the rear of the crowd.

"The signs had writing on them against the Bush administration and the federal government," the affidavit noted.

Police say the protesters refused Murphy's request, prompting him to ask police for their removal from the area.

The video depicts a brief scuffle between Bobrzyk and a police officer. As Bobrzyk and Shotko were placed in handcuffs, the video shows a friend of Shotko's trying to walk away with one of the signs, then an officer ripping it from her hands and throwing it to the ground.

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Shotko, 39, of Scranton, Pennsylvania, who has been staging public protests since the early 1990s and has previous convictions for disorderly conduct, and Bobrzyk, 68, a naturalized American citizen from Poland, face up to several years in prison if convicted.

"You're not going to stop me from trying to talk to people about where our country is at," said Shotko, a one-time congressional candidate. "I'm not afraid of doing time for my free speech."

Atheists Challenge The Religious Right (CSM)

By Jane Lampman

The Christian Science Monitor, January 4, 2007

For some time, the religious right has decried "secular humanism," a philosophy that rejects the supernatural or spiritual as a basis for moral decisionmaking. But now, nonbelievers are vigorously fighting back.

Only a small percentage of Americans admit to being nontheists (between 2 and 9 percent, depending on the poll), but that equates to many millions. And religionists' role in debates over stem-cell research and evolution vs. intelligent design - as well as radical religion in world conflicts - have galvanized some atheists to mount a counteroffensive.

In bestselling books, on websites, and with a national lobbying effort, atheists and other nontheists are challenging the growing religious influence in government and public life. Some are attacking the foundations of religion itself.

Two particularly provocative books, in fact, hit the top of Publishers Weekly's religion bestseller list in December. No. 1, "The God Delusion," by evolutionary biologist Richard Dawkins, and No. 2, "Letter to a Christian Nation," by writer Sam Harris, are no-holds-barred, antireligion polemics that call for the eradication of all manifestations of faith.

"I am attacking God, all gods, anything and everything supernatural, wherever and whenever they have been or will be invented," declares Dr. Dawkins, the famed Oxford professor who wrote "The Selfish Gene."

These offerings are so intolerant of religion of any kind - liberal, moderate, or fundamentalist - that some scientists and secularists have critiqued their peers for oversimplification and for a secular fundamentalism.

"They undermine their own case by writing in a language that suffers from many things they say are true of believers - intolerance, disrespect, extremism," says Alan Wolfe, a professor of religion at Boston College, who is a secularist and author of several books on American religious perspectives.

Yet the authors are anything but modest about their efforts to supplant faith with pure scientific rationality. While critics point out that religion is a genuine reflection of people's experience and will always exist, Mr. Harris suggests it could be equated with slavery, which once was widely acceptable, but eventually was looked upon with horror. He sees it as responsible for many of life's tragedies.

Harris first hit the bestseller bull's-eye in 2004 with "The End of Faith," and he says the responses to that book, particularly those from Christians, spurred his latest epistle.

A mere 96 pages, "Letter" may be dismissed by many for its condescending tone or overheated rhetoric. Yet its bold arguments offer a useful window into nontheist perspectives and could also startle some complacent religionists into a rethinking and refining of perceptions.

Many nontheists don't share this militant perspective, but have decided that keeping silent in religious America no longer makes sense. They are astonished that a majority of Americans question evolution and support teaching intelligent design in the science classroom. They are distressed over polls that show that at least half of Americans are unwilling to vote for an atheist despite the Constitution's requirement that there be no religious test for public office. And they contend that in recent years, Congress has passed bills and the president has issued executive orders that have privileged religion in inappropriate and unconstitutional ways.

As a result, seven organizations of nontheists - including atheists, freethinkers, humanists, and agnostics - began the Secular Coalition for America (SCA), a lobby seeking to increase the visibility and respectability of nontheistic viewpoints in the United States.

"In some parts of the country, children are ostracized if someone finds out their families are atheists," says Lori Lipman Brown, SCA director. "We need to educate the public that people who don't have a god belief can be good neighbors and friends and moral and ethical people."

They also intend to stand up vigorously for their rights. "Some people want to go back to a time when religion was imposed, such as official prayer in public schools," she adds. "For someone to say they can't practice their religion appropriately if all schoolchildren are not required to recite a public prayer is very disturbing."

The SCA intends to lobby the new Congress to override a presidential veto on stem-cell research and to repeal land-use legislation and other laws seen as "privileging one religion over other religions or over those who don't follow religion."

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Still, the group makes clear on its website that while it promotes reason and science as the bases for policymaking, it also supports religious tolerance.

"I have absolutely no problem with anyone believing differently than I believe, as long as they don't impose their religion on me or my government," says Ms. Brown, a former Nevada state senator.

To spotlight the prejudice against atheists holding public office - and to encourage atheists to "come out of the closet," SCA is sponsoring a contest to identify the highest US official who acknowledges being a nonbeliever. They expect to announce contest results in February.

Internet-based groups are also seeking to spread the atheist message, particularly among young adults. The Rational Response Squad (RRS) has chosen a provocative mode using the popular website YouTube. Their "blasphemy challenge" calls on young nonbelievers to create videos in which they renounce belief in the "sky God of Christianity" and upload it on the site; in return they'll receive a free documentary DVD, "The God Who Wasn't There," which includes interviews with Dawkins, Harris, and others. RRS is publicizing its campaign on 25 popular teen websites.

"We wanted to strike up more of a conversation about religion, and this was a way for people to show their nonbelief and encourage others to come out," says Brian Sapient, RRS cofounder.

Mr. Sapient says he was raised Catholic and then a born-again Christian, but later learned that many things he was taught were fictional. RRS now has some 20,000 people on message boards, with about 5,000 actively engaged in debunking religious claims, passing out fliers, and placing DVDs in churches.

As for the blasphemy challenge, "there's about 490 response videos so far, and 85,000 views on our trailer video," he says. Sapient acknowledges this approach may not persuade religious youths. "There are people with a more palatable approach to talking about religion," he says, "but I wonder if those people would be as effective if it weren't for us or Sam Harris or Richard Dawkins shaking up the group a bit."

He also insists that you don't really respect people unless you speak up when you think their beliefs are wrong. It's OK with him, he adds, if religious people try to convince him they are right.

Harris and Dawkins make it clear that they think faith has gotten off too easy for too long. Their books have spurred widespread commentary, much of it a strong critique of their arguments and lack of religious knowledge. But in a culture immersed in combativeness in politics and the media, the intemperate books are selling well.

Yet one critic, New York Times columnist Nicholas Kristof, calls for a truce: "We've suffered enough from religious intolerance that the last thing the world needs is irreligious intolerance."

The Truth About Oaths (USAT)

By Jonathan Turley

USA Today, January 4, 2007

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he newest member of the Minnesota delegation, Keith Ellison, would appear to be the very model of a god-fearing congressman whom conservatives have longed for. Yet Ellison has been denounced as a constitutional blasphemer after discussing his upcoming oath of office. The problem was not with Ellison's oath, but with his god — Ellison is Muslim (our nation's first in Congress) and intends to use the Quran today to pledge to serve faithfully before Allah.

Judging from the outcry, one would think that Ellison wanted to use the January edition of Penthouse. America's permanently angry class of religious zealots has organized protests. Some have called for a law requiring that all members use the Bible — regardless of whether they believe a single word in it. They do not expect Ellison's conversion, they just want him (and presumably the two new Buddhist members) to pay tribute to their faith system.

President Bush has not addressed the controversy, even though it was started by one of his appointees — a rabid talk show host named Dennis Prager whom Bush appointed to the prestigious United States Holocaust Museum Board.

"Insofar as a member of Congress taking an oath to serve America and uphold its values is concerned," Prager wrote, "America is interested in only one book, the Bible. If you are incapable of taking an oath on that book, don't serve in Congress."

Bush's silence is curious given his tireless campaign against "Islamofascists," extremists who seek to force people to conform to their Islamic faith. In this age of hyphenated fascism, what do we call Jews or Christians who want to force non-believers to swear to the Bible? Judeo-Christofascists?

Of course, the comparison with Islamofascists might not be fair — to Islamofascists. Take the quintessential, Bush-certified Islamofascist regime of Iran. Under Article 3 of the Iranian Constitution, "members representing minority religious groups will take the oath mentioning their own holy books."

It appears that though the Iranian government denies the Holocaust and calls for the eradication of Israel, it views Prager's idea of requiring people to swear to someone else's faith to be … well … extreme. (Iran's parliament has had a Jewish member,

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Morris Motamed, for years — though the Jewish population is about 25,000 out of 70 million). Various experts on Iran told me that such tailoring of oaths to religions goes back to early Islam. Indeed, Tehran University professor Hossein Bashiriyeh explained that "an oath taken with a holy book other than one's own cannot be religiously and morally 'binding.' … In effect it will amount to not taking an oath at all."

Nevertheless, last year, a North Carolina judge ruled that a Muslim would have to swear on a Bible rather than a Quran. His reason was a 1777 oath statute that referred to the use of "the Holy Scriptures" to guarantee that anyone lying would be "justly deprived of all the blessings of that holy book." Since Muslims are not seeking "the blessings of that holy book," it was the ultimate triumph of form over substance.

To their credit, various Jewish groups and leaders have denounced Prager, who is Jewish, as a bigot. The Anti-Defamation League called his views "intolerant, misinformed and downright un-American." (On the defensive, Prager recently suggested that he might accept Ellison's use of the Quran if he also brings a Bible "to honor it.")

Yet many leaders have supported Prager.

Rep. Virgil Goode, R-Va., even used Ellison as a lesson on illegal immigration. (Ellison was born in Detroit and converted to Islam in college.) Referring to "the Muslim representative from Minnesota," Goode stressed that "if American citizens don't wake up and adopt (my) position on immigration there will likely be many more Muslims elected to office and demanding the use of the Quran."

The powerful American Family Association has called for the use of the Bible for all members of Congress. AFA President Tim Wildmon explained that the Quran "represents a change in our society, our culture" if it is to be treated "as equivalent to the Holy Bible." In perhaps the only point of universal agreement, Wildmon noted that, "If calling the Bible superior to the Quran in American tradition and culture is intolerant, then I'm guilty."

Prager was equally unapologetic, dismissing the Quran as if it were some book-of-the-month selection: "Forgive me, but America should not give a hoot what Keith Ellison's favorite book is."

Both Prager and his allies show how intolerance is often based on ignorance. First, all members are actually sworn in at the same time using a generic oath that ends with "so help me God." The Bibles are pulled out for a later, purely ceremonial event for some members. Second, if Wildmon's law were passed, it would clearly violate Article VI of the Constitution, which states that "no religious test shall ever be required as a qualification to any office or public trust under the United States."

Third, it is entirely untrue that, as Prager claims, the use of a non-Bible would be "the first break of the tradition of having a Bible present at a ceremony of installation of a public official since George Washington inaugurated the tradition." Presidents such as John Quincy Adams, Theodore Roosevelt and Herbert Hoover opted not to use the Bible (Adams used a legal book). Franklin Pierce declined to take a sworn oath at all and instead simply affirmed. Likewise, other members have foregone the Christian Bible. As recently as 2005, Rep. Debbie Wasserman Schultz, D-Fla., used a Tanakh, a Hebrew Bible without the New Testament, to be sworn into office.

Nevertheless, Prager insists "if Keith Ellison is allowed to change that, he will be doing more damage to the unity of America and to the value system that has formed this country than the terrorists of 9/11." Another possibility: that Prager and his allies are doing the greatest damage to the unity of America by fostering religious divisions and promoting prejudice as principle.

Just as fascism is the ugly face of nationalist politics, Judeo-Christofascism is the ugly face of faith-based politics. When Ellison takes the oath with his hand on Thomas Jefferson's copy of the Quran, he will reaffirm our most basic values as a country and, in a single elegant moment, defeat those who use but do not live the tenets of faith.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and a member of USA TODAY's board of contributors.

ANTITRUST:

Northrop Refiles Essex Bid With FTC (AP)

By Donna Borak, Ap Business Writer

AP, January 4, 2007

WASHINGTON --Military contractor Northrop Grumman Corp. on Wednesday confirmed plans to refile its merger notice with federal regulators on its planned acquisition of small cybersecurity company Essex Corp.

Los Angeles-based Northrop confirmed Wednesday plans to withdraw and refile its pre-merger notice in order to extend the 30-day regulatory waiting period to provide additional time for federal antitrust authorities to review the proposed sale.

Analysts speculate possible stipulations in the proposed deal may not have been resolved ahead of the deadline, which could potentially delay the completion of the deal.

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"There's been some objections or additional information requested by the regulators," analyst Paul Nisbet of JSA Research Inc., said in a telephone interview. "They must see some various areas that have been pointed out to them by competitors and they're wanting to take a closer look at."

Northrop initially filed its pre-merger notification with the Federal Trade Commission shortly after it announced plans to buy Essex on Nov. 8 for $24 per share, or about $580 million in cash, including assumed debt.

The proposed deal requires the approval of Essex shareholders and the regulatory agency.

Despite the extended review, Essex said shareholders would still meet on Jan. 10 to vote on the proposed acquisition. The deal requires two-thirds majority vote for approval.

The Columbia, Md.-based provider of signal, image and information processing for U.S. intelligence and defense customers said last Friday it had been notified by Northrop on plans to withdraw and refile its pre-merger notice.

"The right people were just not available in the time frame," said Ed Jaehne, chief strategy officer for Essex Corp. Jaehne blamed it on the confluence of the end of the year holiday period and the classified nature of the work conducted by both companies.

Essex expects Northrop to refile its pre-merger notice with the Federal Trade Commission "very shortly" and for the proposed deal to close during the first quarter of 2007, as initially planned.

"We don't envision or expect there to be any issues ultimately from this," said Jaehne.

Representatives from Northrop Grumman and the FTC declined to provide further comment on the review.

Many observers view the acquisition as a way for the military contractor to expand its intelligence and defense offerings.

Essex is expected to be folded into Northrop Grumman Missions Systems division, considered to be one of the more highly classified areas of the defense company.

Antitrust and national security considerations such as the protection of the industrial base could be potential factors requiring additional time to review the acquisition, said Ray Bjorklund, a chief knowledge officer at Federal Sources, Inc., a research and consulting firm in McLean, Va.

Shares of Northrop gained 43 cents to close at $68.13 on the New York Stock Exchange, while shares of Essex gained 10 cents to $23.89 in aftermarket trading, after dropping 12 cents to $23.79 on the Nasdaq Stock Market.

Nokia, Samsung, Matsushita Sued Over Bluetooth (WSJ)

By Yun-hee Kim

The Wall Street Journal, January 4, 2007

A Seattle research foundation has filed a complaint against Matsushita Electric Industrial Co., Samsung Electronics Co. and Nokia Corp. for alleged violation of patents on products containing wireless Bluetooth chipsets.

Bluetooth allows two or more electronic devices to communicate with each other through a radio frequency rather than physical wire connections.

The suit, filed in the U.S. District Court for the Western District of Washington on Dec. 21 by the Washington Research Foundation, alleges that the three, along with their U.S. units, used and imported into the U.S. products containing Bluetooth chipsets made by companies other than Washington Research licensee Broadcom Corp.

The complaint said the products contained Bluetooth chipsets made by CSR PLC of the U.K.

"Washington Research Foundation therefore does not assert infringement...with regard to any of defendants' products that use only Broadcom's licensed chipsets to enable Bluetooth technology," it said in the complaint. The research group is seeking unspecified damages. A Samsung Electronics spokeswoman acknowledged the company has been sued by the foundation but declined to comment further. Officials at Matsushita and Nokia couldn't be reached for comment.

ENVIRONMENT:

Oak Ridge Contractor Pays Price For Contaminating Local Creek (WATE)

By Tim Miller, 6 News Anchor/Reporter

WATE-TV, January 4, 2007

KNOXVILLE (WATE) -- The environmental cleanup firm Duratek Federal Services has paid a $300,000 fine for sending thousands of gallons of radioactive waste into a local creek.

Duratek pleaded guilty on December 20 to discharging up to 400,000 gallons of water containing radionuclides, into Bear Creek, near Oak Ridge in September of 2002.

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During a period of heavy rain, the company should have emptied overflow into a sediment pond as the permit required. But instead, the contaminated water was sent into a drainage ditch which emptied into the creek.

In announcing the fines at the U.S. Courthouse in Knoxville Wednesday afternoon, officials said Duratek had been contracted to clean up a site at an above-grade disposal facility on the Oak Ridge National Laboratory reservation.

An FBI special agent in charge said the company violated the trust put in them.

Guy Blackwell, a senior assistant U.S. attorney, was the lead prosecutor in the case. He said, "Their explanation was that we knew that we had to get it out of the ponds, we knew it was going to overflow, so we did the best we could under the circumstances. But that wasn't good enough for us."

Officials from the Tennessee Department of Environment and Conservation said the contamination did not do permanent damage to the environment or any health consequences, and that the company took immediate steps to ensure compliance with state and federal regulations.

Proceeds from the fine were distributed on Wednesday to several groups.

TDEC received $240,000 for the maintenance of the ATG Facility on Bear Creek Road. The site has long been in need of environmental cleanup.

$20,000 went to TVA Police for their criminal investigative division. The money will fund specialized training and equipment in the environmental field.

Checks were also presented to the Southern Environmental Enforcement Network Inc. and to the Economic Crimes Funds in the Seventh and Ninth Judicial Districts.

Duratek has since merged with Envirocare and BNG America and is now known as EnergySolutions.

Green Arlington (WP)

The Washington Post, January 4, 2007

WITH A NEW Democratic Congress, you can expect to hear a lot more about global warming from federal legislators over the next two years. But as Congress and the White House inevitably spar over how and how much to cut greenhouse emissions, state and local governments across the country will choose to address climate change on their own. In the Washington area, the District and Montgomery County recently enacted solid measures to cut carbon emissions, joining states such as California and cities such as New York. Fortunately, other localities are following their lead.

Paul Ferguson, the new chairman of the Arlington County Board, announced this week that he wants to implement a raft of new measures to cut his jurisdiction's greenhouse emissions 10 percent by 2012. Under the plan, the county will voluntarily meet national "green" building standards -- which emphasize energy efficiency -- in its new public structures and give private developers incentives to do the same. Arlington will experiment with solar power panels and purchase 5 percent of its electricity from renewable sources -- at this point, energy from wind farms in West Virginia. And the county will plant more trees and pass out free energy-saving light bulbs.

The Post's Annie Gowen reported yesterday that slashing emissions will cost the county around $6 million -- a high price, perhaps, when the county is facing a budget shortfall. But, Mr. Ferguson points out, $5 million of that will go to improving public buildings, a cost spread out over years and mitigated by savings on electricity.

Altering building codes and encouraging the use of energy-efficient bulbs are some of the inexpensive yet effective ways to combat global climate change. Buildings alone are responsible for at least 38 percent of greenhouse emissions in the United States, and control over building codes and land use gives local governments the tools to quickly and relatively painlessly reduce that number. We hope that more cities, counties and states take note while the federal government fails to lead.

FBI/DEA/ATF/USMS:

FBI Releases Rehnquist Nomination Files (AP)

By MARK SHERMAN And PETE YOST, Associated Press Writers

AP, January 4, 2007

WASHINGTON (AP) - The FBI was directed by two Republican administrations to run background checks on Senate witnesses critical of William Rehnquist, first when he was named to the Supreme Court in 1971 and again when he was nominated as chief justice in 1986.

Newly released FBI documents show that the inquiries were ordered by officials in the Nixon administration and in the Reagan administration.

In addition, the documents provide details about Rehnquist's dependence on painkillers.

The disclosures were among 1,561 pages released by the bureau to The Associated Press, other news organizations and scholars in response to requests made under the Freedom of Information Act following Rehnquist's death in September 2005.

Another 207 pages were withheld under the federal disclosure law, while the FBI said an entire section of Rehnquist's file could not be found.

Much of the FBI's file on Rehnquist appear to have been compiled almost exclusively for his two Senate confirmations - his initial nomination to the court by President Nixon and his nomination as chief justice by Reagan in 1986.

Democrats were hopeful the FBI would turn up damaging material from Rehnquist's past, principally on civil rights issues. Top Republican officials appeared determined to prevent surprises from sinking his nominations.

In 1971, Deputy Attorney General Richard Kleindienst directed the FBI to conduct criminal investigations of witnesses who were planning to testify at a Senate hearing against Rehnquist's confirmation.

Fifteen years later, the FBI once again was enlisted to conduct background checks on witnesses who were scheduled to testify against Rehnquist's nomination to become chief justice.

``Thurmond just gave these names to Bolton they will testify for the Democrats and we want to know what they are going to say," Justice Department official Gene Hickhock told a counterpart at the FBI, according to a memo in Rehnquist's file.

The late Sen. Strom Thurmond, R-S.C., was chairman of the Senate Judiciary Committee in 1986 when Rehnquist was nominated to be chief justice. John Bolton, who resigned in December as President Bush's U.N. ambassador, was an assistant attorney general under Reagan.

Alexander Charns, a Durham, N.C., lawyer who also received the file and has extensively researched the FBI's relationship with the court, said the new disclosures show the two administrations went to some lengths to discredit Rehnquist opponents.

``In many ways, I guess it's the same old story of the political use of the FBI," Charns said.

The documents show that the FBI was aware in 1971 that Rehnquist had owned a home in Phoenix with a deed that allowed him to sell only to whites. The restrictive covenant was not disclosed until his 1986 confirmation hearings, at which Rehnquist said he became aware of the clause only days earlier.

Also detailed in the declassified file was Rehnquist's 1981 hospital stay for treatment of back pain and his dependence on powerful prescription pain-relief medication.

The FBI investigated his dependence on Placidyl, which Rehnquist had taken for at least 10 years, according to a summary of a 1970 medical examination.

When Rehnquist checked into a hospital in 1981 for a weeklong stay, doctors stopped administering the drug, causing what a hospital spokesman at the time said was a ``disturbance in mental clarity."

The FBI file, citing one of his physicians, said Rehnquist experienced withdrawal symptoms that included going to the hospital lobby in his pajamas in a bid to escape. He imagined that there was a Central Intelligence Agency plot against him, and he also seemed to discern changes in the patterns on the hospital curtains.

Rehnquist thought he heard voices outside his room discussing various plots against him.

The doctor said Placidyl is a highly toxic drug and that she could not understand why anyone would prescribe it, especially for long periods.

Prior to his hospitalization, Rehnquist occasionally slurred his speech in his questions to lawyers at Supreme Court arguments. Those problems ceased when he changed medications, the doctor said.

Charns said that some of the censored documents provide intriguing hints of what else Rehnquist's file might contain.

In one previously secret memo from 1971, an FBI official wrote, ``No persons interviewed during our current or 1969 investigation furnished information bearing adversely on Rehnquist's morals or professional integrity; however ..." The next third of the page is blacked out, under the disclosure law's exception for matters of national security.

``It would be nice to know what is still classified, three decades later," Charns said.

Rehnquist FBI File Sheds New Light On Drug Dependence, Confirmation Battles (LAW)

By Tony Mauro, Legal Times

Legal Times, January 4, 2007

The late Chief Justice William Rehnquist's Senate confirmation battles in 1971 and 1986 were more intense and political than previously known, according to a newly released FBI file that also offers dramatic new details about Rehnquist's 1981 hospitalization and dependence on a painkiller.

The FBI file on Rehnquist, released last week under the Freedom of Information Act, reveals that in 1971, as Rehnquist's confirmation hearings for associate justice approached, the Nixon Justice Department asked the FBI to run a criminal background check on at least two potential witnesses who were expected to testify against Rehnquist. Then-FBI Director J. Edgar Hoover approved the request.

In July 1986, when President Ronald Reagan nominated Rehnquist to be chief justice, the Justice Department asked the FBI to interview witnesses who were preparing to testify that Rehnquist had intimidated minority voters as a Republican Party official in Arizona in the early 1960s. According to a memo in the Rehnquist file, an unnamed FBI official cautioned that the department "should be sensitive to the possibility that Democrats could charge the Republicans of misusing the FBI and intimidating the Democrats' witnesses." But then-Assistant Attorney General John Bolton -- who more recently served as ambassador to the United Nations -- signed off on the request and said he would "accept responsibility should concerns be raised about the role of the FBI." It is unclear whether the FBI ever interviewed the witnesses.

Also in 1986, the FBI conducted an intensive investigation into Rehnquist's dependence on Placidyl, a strong painkiller that he had taken since the early 1970s for insomnia and back pain. Rehnquist's bout with drug dependence had been made public in 1981, when he was hospitalized for his back pain and suffered withdrawal symptoms when he stopped taking the drug.

The FBI's 1986 report on Rehnquist's drug dependence was not released at the time of his confirmation, though some Democratic senators wanted it made public. But it is in Rehnquist's now-public file, and it contains new details about his behavior during his weeklong hospital stay in December 1981. One physician whose name is blocked out told the FBI that Rehnquist expressed "bizarre ideas and outrageous thoughts. He imagined, for example, that there was a CIA plot against him."

The doctor said Rehnquist "had also gone to the lobby in his pajamas in order to try to escape." The doctor said Rehnquist's delirium was consistent with him suddenly stopping his apparent daily dose of 1400 milligrams of the drug -- nearly three times higher than the 500-milligram maximum recommended by physicians. The doctor said, "Any physician who prescribed it was practicing very bad medicine, bordering on malpractice."

A GROWING DEPENDENCY

These and other nuggets of information are contained in the 1,561 pages of Rehnquist's file, which the FBI released to researchers and others including Legal Times last week in response to Freedom of Information Act requests filed after he died in September 2005. The Privacy Act bars public disclosure of such files during a person's lifetime. But that protection falls away after death, and it has become common for researchers to seek the files after a famous person dies as a window into the FBI's practices.

Alexander Charns, a Durham, N.C., lawyer who also received the Rehnquist file last week, says it gives evidence "showing how the FBI and DOJ were out to discredit opponents of Rehnquist." Charns, who wrote a 1992 book on the relationship between the FBI and the high court, says that aspect of the Rehnquist file "besmirched the fine legwork of the agents on the street" who aggressively investigated Rehnquist's drug dependence and the allegations of Arizona voter intimidation.

University of Cambridge professor David Garrow, who has written extensively on the mental and physical health of Supreme Court justices through history, did not receive the Rehnquist file. But when told of the new information about Rehnquist's drug dependence, Garrow said it again raised questions about "the long-term effect on Rehnquist of taking so much of so powerful a drug for so long."

The file reveals that a primary focus of the 1986 investigation -- launched at the request of the Senate Judiciary Committee -- was identifying all the doctors who prescribed Placidyl to Rehnquist. A July 26, 1986, memo sent by then-FBI Director William Webster to the Washington, D.C., field office advised agents that some physicians already interviewed indicated Rehnquist had been taking Placidyl since before 1972 -- earlier than had been previously disclosed. Agents were told that if, during their investigation, they considered contacting Rehnquist himself, "concurrence must be obtained" first from headquarters. The FBI report ultimately concluded that Rehnquist was already taking Placidyl in 1970, when he was given a physical at a government facility. By the 1980s the drug had fallen out of favor because of its potency and side effects, and even in the 1970s it was recommended only for short-term use.

Though his name was blacked out, Dr. Freeman Cary, then the attending physician of the Capitol -- whose services are also available to Supreme Court justices -- told agents that he began prescribing Placidyl to Rehnquist in 1972 for insomnia and continued to do so until the 1981 episode. For six or seven months before Rehnquist's hospitalization in 1981, Cary indicated, Rehnquist was re-filling three-month prescriptions for Placidyl every month -- suggesting he was taking close to 1,500 milligrams daily instead of 500.

When Rehnquist went into George Washington University Hospital in December 1981, he was seeking relief for his back but, according to some of the physicians interviewed, also knew he had a drug problem. Rehnquist's episode with delusions came when doctors ended his Placidyl. Doctors then resumed his high dosage so as to wean him off the drug slowly, reducing gradually until he stopped taking the drug altogether in February 1982. At that point, doctors said Rehnquist was cured of his dependence.

When he was hospitalized in 1981, journalists who cover the Court recalled, Rehnquist had been having some difficulty speaking from the bench and slurred his words for several weeks. But there were no indications at the time that Rehnquist's

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ability to function as a justice was otherwise impaired. All of the physicians interviewed by the FBI in 1986 said his previous drug dependence did not disqualify him from being elevated to the position of chief justice.

LEAVING NOTHING TO CHANCE

The 1986 investigation also included extensive interviews conducted to clarify Rehnquist's role as a Republican poll watcher in Arizona in the early 1960s. Witnesses had widely varying recollections, and the FBI did not offer the Senate a clear conclusion. It did suggest that at one point, when Rehnquist was explaining voter qualifications to fellow Republicans at a Phoenix polling place, some voters who overheard the conversation left, apparently discouraged.

Some of the 1971 memos make clear that, after the failure of two of its previous nominations to the Supreme Court --- Clement Haynsworth and G. Harrold Carswell -- the Nixon administration was leaving nothing to chance as Rehnquist's confirmation hearing approached.

An October 1971 memo from Alex Rosen to Clyde Tolson, two of Hoover's top aides, reported that then-Deputy Attorney General Richard Kleindienst had called "to have a criminal background check made" on two Phoenix residents -- their names are blocked out -- who were expected to give testimony that was critical of Rehnquist. At the bottom of the memo is a handwritten "ok" that was the characteristic mark of Hoover himself, according to Charns, the Durham lawyer.

A memo the next day reporting the results of the inquiry is heavily redacted, which could mean that the Phoenix office found some negative information on the two potential witnesses that was redacted to protect their privacy.

The FBI's interviews of other opponents of Rehnquist in 1971 became a matter of public controversy. The Washington Post reported on Oct. 29, 1971, that FBI agents had interviewed potential witnesses in five cities to find out, among other things, whether they would testify against Rehnquist and what they might say. Harvard Law School professor Laurence Tribe was visited by FBI agents three times, the story indicated. Hoover, always sensitive about negative publicity, was apparently upset about the Post article. Next to the clipping of the article, Hoover wrote, "Why do we ask if the person plans to fight the confirmation?"

This produced a flurry of memos between field offices and headquarters, but another aide to Hoover concluded that "none of the persons mentioned in the Washington Post article did pose any such questions as suggested in the news article."

A later letter to Attorney General John Mitchell, from a Harvard University official whose name is obscured, protested that anyone receiving such visits by the FBI would understandably find the visits "seriously intimidating." Mitchell forwarded the letter to Kleindienst, who asked Hoover what happened. In a Dec. 14 letter, Hoover assured Kleindienst that Tribe was only asked if he planned to study Rehnquist's record in the same way that he had studied the record of a previous potential nominee. "At no time was [Tribe] asked what he planned to do with any study he had made or might make," Hoover wrote. "He was never asked for any personal background information ... or the nature of his motivations."

Kleindienst then wrote to the Harvard official, "I have been assured and I am convinced" that Tribe had not been asked improper questions, and "any assumption that interviews were conducted with a view toward 'intimidation' is completely unjustified."

Even as the FBI was investigating Rehnquist's background, the bureau's legendary director was congratulating him on his nomination. In an Oct. 22, 1971, letter, Hoover told Rehnquist his nomination was "welcomed by all of us in law enforcement, as we know your judicial opinions will be in the best interest of all Americans."

During the 1971 investigation, some sources were not consulted by the FBI. An agent in the FBI office in Milwaukee, near where Rehnquist grew up, told headquarters that "because of the extreme ultra-liberal policies of the Milwaukee Journal and the Milwaukee Sentinel ... no inquiry [is] being conducted at these two newspapers." The level of detail is humorous at times. In the 1969 background check that preceded his nomination as assistant attorney general, Rehnquist acknowledged he might have been arrested in 1942.

Then a Kenyon College freshman, Rehnquist said, he went to Kent State University to visit a friend one weekend. Because of some miscommunication, the friend had left town, leaving Rehnquist with nowhere to stay. He said he "had no money with which to obtain a hotel room. I therefore lay down on the courthouse lawn at Ravenna, a neighboring town, to spend the night," Rehnquist told the FBI. "A policeman came along, told me that sleeping on the courthouse lawn was not allowed, that he would arrange for me to sleep in jail. This he did, and I believe, though I am not certain, that I was charged with vagrancy." Rehnquist added he was released the next morning and no further action was taken.

FBI No Longer Seeks Leaked Documents (MACT)

By Lara Jakes Jordan

The Macon Telegraph, January 4, 2007

WASHINGTON - The family of investigative reporter Jack Anderson is expressing relief that the government is no longer seeking to recover government documents that had been leaked to the late columnist during his long career.

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According to Anderson's biographer, George Washington University journalism professor Mark Feldstein, he and family members had told the FBI there was no classified material in the hundreds of boxes holding Anderson's files.

The documents, which officials said might have contained classified information, were among the late columnist's confidential papers. They touched off a dispute between the FBI and the journalist's family and biographer.

"It was dusty old stuff that I couldn't imagine would be relevant to a criminal probe," Feldstein said.

The revelation that the government was backing off came in a letter dated Nov. 30, from Acting Associate Attorney General James H. Clinger, which was posted Wednesday on the Web site of the Federation of American Scientists.

Clinger's letter was addressed to outgoing Senate Judiciary Chairman Arlen Specter, R-Pa. It did not explain why the FBI had dropped the probe, and a Republican aide to the committee said Wednesday that was also unclear to lawmakers.

In response to questions posed by the committee, Clinger wrote: "The FBI met with the Anderson family in an effort to review the files with their consent. At this time, the FBI is not seeking to reclaim any documents."

An FBI spokesman declined to comment Wednesday evening.

"We've been holding our breath, wondering if they were going to come after us further," Feldstein said. "I'm relieved to hear they have backed away from what I think was a pretty egregious overreach, to be going after papers of a dead reporter for classified documents from decades ago."

Anderson died at age 83 in December 2005, after a career in which he broke several big scandals and earned a place on former President Nixon's "enemies list." Authorities on several occasions tried to find the source of leaked information that became a staple of his syndicated column.

Not long after his funeral, FBI agents called Anderson's widow to say they wanted to search his papers.

At the time, the FBI confirmed it wanted to remove any classified materials from Anderson's archives, located at George Washington University, before they are made available to the public. An FBI spokesman said then that the bureau had determined that some of Anderson's papers contained classified information about sources and methods used by U.S. intelligence agencies.

Anderson's son and his biographer said they were questioned by agents who expressed interest in documents that would aid the government's case against two former lobbyists for the American Israel Public Affairs Committee who have been charged with disclosing classified information.

Sentence Cut For Cooperating Son In Cocaine Cartel Case (ORS/AP)

By Associated Press

The Orlando Sentinel, January 4, 2007

MIAMI -- A Colombian man was rewarded with a nearly 17-year prison sentence reduction for helping prosecutors find billions of dollars in drug-tainted assets in the Cali cocaine cartel case against his kingpin father and uncle, court records show.

William Rodriguez Abadia, 41, now has just more than four years to serve on his own drug trafficking conviction after U.S. District Judge Federico Moreno last month approved chopping his initial prison term from nearly 22 years.

While reduced sentences are not uncommon for cooperating defendants, a cut of this magnitude is rare. But Rodriguez Abadia's lawyer, Humberto Dominguez, said Wednesday the decision reflects the extraordinary assistance his client rendered in one of the federal government's biggest drug cases ever.

"It's sort of unprecedented," Dominguez said. "If you go this far, you get these types of rewards. This type of case should set the standard."

But Rodriguez Abadia knows that he, his wife and two young daughters can never return to Colombia, where cooperation with prosecutors is not acceptable in the violent cocaine underworld, Dominguez said. "They would be killed and they know it, in a heartbeat," he said.

Rodriguez Abadia is the son of Miguel Rodriguez Orejuela and nephew of Gilberto Rodriguez Orejuela, who pleaded guilty in September to U.S. drug charges and are each serving 30-year prison sentences. The two brothers built the Cali cartel into the world's biggest cocaine supplier, once responsible for 80 percent of the cocaine smuggled into the United States.

The brothers made a deal with prosecutors to forfeit $2.1 billion in global assets. But they also won concessions for 28 family members in Colombia, guaranteeing that six will not be prosecuted and allowing all to win release from U.S. Treasury Department restrictions that had frozen their assets and imposed other financial shackles.

Rodriguez Abadia was played a key role in the kingpins' guilty pleas and the other agreements. He spent months with prosecutors going over the worldwide financial holdings of the family and providing details of the inner workings of the trafficking cartel itself. Most important, he agreed to testify against his father and uncle, but never had to because of the guilty pleas.

Rodriguez Abadia was a fugitive from U.S. justice from 2003 until early 2006, when he surrendered to U.S. authorities in Panama.

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Marc Seitles, the Miami attorney for the Colombian family members, said none of the others agreed to cooperate.

"Nonetheless, they understand William's decision to cooperate and support it. They understand the position he was in, facing charges in the United States," Seitles said.

Prosecutors in the office of U.S. Attorney R. Alexander Acosta declined comment Wednesday. But in court papers, prosecutor Matthew Axelrod had recommended a sentence reduction of 13 years.

"The United States believes that the defendant has provided substantial assistance in the prosecution of others," Axelrod wrote.

Moreno went with the higher 17-year reduction after a hearing on Dec. 21. Rodriguez Abadia had pleaded guilty in March to conspiracy to import cocaine.

Miguel and Gilberto are currently serving their prison sentences at separate high-security facilities in Pennsylvania even though prosecutors recommended they be housed together at the Coleman prison near Orlando, according to Bureau of Prisons records. Rodriguez Abadia is serving his time in a Miami-area facility.

Dominguez said it's possible that after serving prison time Rodriguez Abadia and his family will enter the federal witness protection program, which would give them new identities, employment and a place to live at government expense.

"He may not need to. Things change in time. If things are hot, he will. If they are not, he won't," the attorney said.

Bank Fights Forfeiture Order On West Buildings (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), January 4, 2007

Though $1.2M loan would be paid, SunTrust seeks to retain rights to properties

A big chunk of Market Square could be on the auction block within months - if a bank's bid to battle a final order of forfeiture in the case of entrepreneur turned pot peddler Scott West doesn't interfere with the deal.

It looked uncomplicated for the Internal Revenue Service Criminal Investigation Division, the agency tasked with selling the Market Square buildings renovated with drug money, just a few weeks ago.

The U.S. Attorney's Office had filed a final order of forfeiture on the more than a half-dozen properties being seized as a result of West's ties to his brother's drug business.

In that order, the government agreed to pay off all claims filed against the properties, including a hefty note of more than $1.2 million that SunTrust Bank said was owed on a loan issued to West and his wife.

A bit of ink from a federal judge, and the buildings, which currently house businesses such as the popular Preservation Pub, would go up for sale to the highest bidder.

SunTrust is balking, however, filing late last week a motion in U.S. District Court asking federal Judge Thomas Phillips to set aside the forfeiture order and hold a hearing on its claim.

In short, the bank contends it should not have to give up its rights to Market Square buildings used as collateral on the loan "until such time as the entire debt secured is fully paid off according to its terms," attorney R. Louis Crossley Jr. wrote on behalf of the bank.

Crossley contends that the bank's claim is "superior to all other claimants and the United States." It is the federal government that should play second fiddle, allowing the bank to sell the property under the terms of the mortgage signed off on by the Wests, Crossley wrote.

The U.S. Attorney's Office has not had time yet to file a response. U.S. Attorney Russ Dedrick has repeatedly said his office has tried to act quickly in its handling of the case to maximize the value of the Market Square properties when the buildings go on the auction block.

It has only been six months since federal agents, including those with the IRS' criminal investigation division and the U.S. Drug Enforcement Administration, raided properties owned by West and his wife as part of a probe into a decade-long drug distribution network headed up by West's brother.

Federal prosecutors Hugh Ward and David Jennings soon secured guilty pleas from West, in which he admitted funneling more than $2.5 million in drug money into his Market Square properties. His wife, brother and sister-in-law also pleaded guilty.

As part of those pleas, the quartet agreed to give up any interest they or other relatives had in the properties. That paved the way for the final forfeiture order.

To further speed up the process, the U.S. Attorney's Office did not contest the claims filed against the properties and agreed not only to pay those note holders, but also to fork out interest and attorneys fees.

The final order proposes the following figures be paid from a sale of the properties:

Knoxville's Industrial Development Board would rack up $4,511 in attorneys fees for its handling of lease agreements that had given West substantial tax breaks on four Market Square lots.

Cardinal Enterprises Inc., operated by Metro Pulse owner Brian Conley, would be paid more than $111,000 and interest at a rate of $22.86 for every day the firm is left holding its note until the properties are sold.

Jason M. Crippen and Rob Gratigny, listed as trustees, would receive more than $54,000 as well as a daily interest payment of $13.44.

SunTrust Bank would rack up more than $1.4 million as well as a daily interest rate of $205.52.

Clayton Bank would be paid more than $115,000 plus accrued interest at a daily rate of $27.85.

Massachusetts businessman Fikret Gencay would receive more than $400,000 plus daily interest payments of $32.07.

There are several other properties that will wind up on the auction block as a result of the West case, including properties in Hawaii owned by Mike West. An order on those properties has not yet been filed, however.

Jamie Satterfield may be reached at 865-342-6308.

Prosecutor Wants Prison Term For Tyson (AP)

The New York Times, January 4, 2007

PHOENIX (AP) -- Former heavyweight champ Mike Tyson was charged Wednesday with drug possession and driving under the influence of drugs, and the Maricopa County prosecutor says he wants to send him to prison.

"He has run out of second chances, at least in my book," attorney Andrew Thomas said in a news conference.

Tyson, 40, was charged with two felonies for drug possession and two misdemeanor counts of driving under the influence of drugs. If convicted of all four charges, he could be sentenced to between 2 1/4 and 7 1/2 years.

The charges stem from his arrest Friday in Scottsdale, where Tyson was pulled over after leaving a nightclub. An officer found bags of cocaine in his back pocket and another in a package of cigarettes in his car, according to court records.

Tyson's criminal attorney, Thomas Marlow, didn't return phone calls Wednesday from The Associated Press.

Tyson's arrest was the latest in a string of run-ins with the law, dating more than a decade.

In 1992, Tyson was convicted of rape in Indiana. Six years later, the former boxing champ pleaded no contest to misdemeanor assault charges in Maryland.

Thomas said Tyson's record makes him eligible for prison time instead of Arizona's drug treatment programs for nonviolent offenders.

"I don't take any pleasure out of doing this," Thomas said. "A week ago, my kids and I were watching Rocky Balboa in the movie theater, and we saw Mike Tyson make a cameo appearance in the movie, and now here we are and he's looking at going back to prison."

Tyson became the youngest heavyweight champion in history in 1986, when at 20 he knocked out Trevor Berbick. Four years later he was knocked out by James "Buster" Douglas. By 1997, Tyson's career hit its low point when he bit Evander Holyfield's ear during a fight.

Tyson recently got back in the ring for a series of four-round exhibitions. When announcing the world tour, Tyson told reporters he was deep in debt and wondered if people would still pay to watch him fight.

On Friday, Tyson was released without bond after a brief court appearance. He didn't make any comment to reporters, except to offer a greeting.

Thomas said Tyson should be back in court for a preliminary hearing within the next two weeks.

The car Tyson was driving was spotted weaving and nearly struck a police SUV after he ran a stop sign early Friday, according to a police probable cause statement filed in court. During the stop, police said they saw him trying to wipe a white powder off the console of his car.

No alcohol was detected in his system. But Thomas said Tyson failed a sobriety test and officers searching his vehicle found three bags that later tested positive for cocaine.

The officer who made the arrest wrote in his report that Tyson "admitted to using today and stated he is an addict and has a problem."

Tyson is required to submit to drug and alcohol testing and is prohibited from drinking or taking any nonprescription drugs while the case is pending.

County Files Criminal Drug Charges Against Mike Tyson (AR)

By Jahna Berry, The Arizona Republic

The Arizona Republic, January 4, 2007

Boxing legend Mike Tyson's bout with cocaine addiction could land him in prison for more than seven years if he's convicted on criminal charges filed Wednesday.

DOJ_NMG_0112330

The Maricopa County Attorney's Office filed a direct complaint that accused the Paradise Valley resident of felony drug possession as well as felony possession of drug paraphernalia and two misdemeanor counts of driving under the influence.

Tyson was arrested in Scottsdale on Friday morning after a police officer saw Tyson's black BMW driving erratically, according to court documents.

The officer found cocaine in Tyson's car, and the boxer disclosed that he was addicted to cocaine, court papers say.

On Wednesday, County Attorney Andrew Thomas stressed that Tyson won't get special treatment but acknowledged Tyson's lingering star power a few minutes later.

"I don't take any pleasure out of doing this," Thomas said. "A week ago, my kids and I were watching Rocky Balboa and we saw Mike Tyson make a cameo appearance in the movie. Now, here we are, and he's looking at going back to prison."

In a 2005 interview with The Arizona Republic, Tyson said he had mellowed over the years. But his previous run-ins with the law could haunt the boxer in court.

Because Tyson has convictions for violent crimes, he's not eligible for an Arizona program that could have allowed the boxer to avoid prison time for a first or second non-violent drug offense.

Tyson, 40, was convicted of rape in Indiana in 1992 and pleaded no contest to misdemeanor assault charges in Maryland in 1998.

Mexico Pres Encourages Soldiers Conducting Anti-Drug Ops (AP)

AP, January 3, 2007

MEXICO CITY (AP)--President Felipe Calderon on Wednesday paid a visit to federal police and soldiers in the central Mexican state of Michoacan, pledging to expand his ambitious anti-drug offensive across a nation hit hard by violence.

Donning a green army cap and jacket for a breakfast with 200 agents at a military base in the city of Apatzingan, Calderon reiterated his campaign promise to build "a Mexico in which peace, liberty, order and respect for the law prevail."

"You've shown that joint, coordinated action of the forces of order produces good results for society," Calderon said. "We are dedicated to recovering security ... in every region of Mexico that is threatened by organized crime."

Calderon launched his offensive shortly after taking office on Dec. 1, sending some 7,000 federal troops and police to his home state of Michoacan. On Tuesday he upped the ante, announcing the deployment of 3,300 more agents to the crime-plagued border city of Tijuana.

Drug gangs are blamed for more than 2,000 murders nationwide in 2006 and have left a particularly bloody trail in Michoacan and Tijuana, which lies just across the border from San Diego in Baja California state.

Authorities say rival gangs have been warring in Michoacan over marijuana plantations and smuggling routes. More than 300 people were slain last year in Tijuana, which has become a major smuggling route for cocaine and methamphetamine entering the U.S.

Troops in Michoacan have arrested more than 50 people so far, including several suspected cartel leaders, and seized large quantities of gold, bulletproof vests, military equipment and shirts with police logos.

But opposition politicians and residents have expressed doubt that Calderon's highly publicized campaign will have much of an impact.

His predecessor, Vicente Fox, also sent thousand of agents to fight drug trafficking, arresting several alleged top kingpins during his six-year term. But those actions appeared to spark more violence, as other traffickers battled to take over the smuggling routes of those killed or detained.

Soldiers, Police Pour Into Tijuana To Fight Drug Gangs (AP)

AP, January 4, 2007

TIJUANA, Mexico (AP)--Soldiers and federal police poured into the violent border city of Tijuana Wednesday, manning checkpoints and inspecting local police stations as part of President Felipe Calderon's latest offensive against powerful drug gangs.

Backed by helicopters, planes and boats, the force descending on the city across the border from San Diego, California will eventually consist of 3,300 troops, Mexico's government has said. It was not clear exactly how many had entered Tijuana by Wednesday night.

Soldiers went into at least two local police stations and checked the documents and weapons of hundreds of officers.

Federal investigators allege there is a corrupt network of police in the city supporting traffickers who smuggle tons of cocaine, methamphetamine and marijuana over the busy border crossing into the United States. There were no immediate reports of arrests by the soldiers.

DOJ_NMG_0112331

Tijuana Mayor Jorge Hank Rhon has welcomed the troops but some residents complained about the military checkpoints in the city.

Dubbed "Operation Tijuana," the mobilization is the second major military offensive against drug gangs by Calderon, who took office on Dec. 1 promising to crack down on organized crime.

Last month, he sent 7,000 troops to his native state of Michoacan in western Mexico, which has been plagued by execution-style killings and beheadings as rival gangs fight over marijuana plantations and smuggling routes.

Calderon made his first visit to these troops at a base in the Michoacan city of Apatzingan on Wednesday, donning a green army cap and jacket for a breakfast with 200 agents.

"This is not an easy task nor will it be fast," Calderon said. "It will take a long time, imply using enormous resources and even unfortunately the loss of human lives."

But, he added, "if we continue working as we have been until now, our cities and our land will not remain in the hands of criminals."

Drug gangs are blamed for more than 2,000 murders nationwide in 2006 and have left a particularly bloody trail in Michoacan and Tijuana, where more than 300 people were slain last year.

The gangs have taken to decapitating their victims and leaving their heads in front of government buildings, dumping them on public beaches and even rolling them onto a nightclub dance floor.

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His predecessor, Vicente Fox, also sent thousand of agents to fight drug trafficking, arresting several alleged top kingpins during his six-year term. But those actions appeared to spark more violence, as other traffickers battled to take over the smuggling routes of those killed or detained.

Calderon told the soldiers their efforts were not in vain.

"You've shown that joint, coordinated action of the forces of order produces good results for society," Calderon said at the base. "We are dedicated to recovering security ... in every region of Mexico that is threatened by organized crime."

Mexican President's Anti-drug Offensive Heads For Tijuana (LAT)

By Sam Enriquez And Richard Marosi, Times Staff Writers

The Los Angeles Times, January 4, 2007

More than 3,000 troops and police are sent to stop cartel bloodshed.

MEXICO CITY — Mexican President Felipe Calderon on Tuesday opened the second front in his campaign against drug violence, sending 3,300 soldiers, sailors and federal police to the troubled border city of Tijuana.

Tijuana and surrounding communities are a key battleground in the drug cartels' fight to control smuggling routes to the United States. Their bloody rivalries left more than 2,000 people dead in Mexico last year.

Operation Tijuana comes three weeks after Calderon sent troops to his home state of Michoacan, on the Pacific Coast, where federal authorities destroyed 600 acres of marijuana crops and seized more than 6 tons of harvested pot.

Corruption and incompetence among local and state police prompted Calderon, who took office Dec. 1, to promise federal forces to combat Mexico's drug violence. His top security officials said that every state eventually would get relief.

Tijuana and the state of Baja California have suffered increasing numbers of kidnappings and killings of drug traffickers, police officers, business owners and bystanders.

In 2006, nearly two dozen law enforcement officials were killed, including three police officers from Rosarito Beach who were beheaded.

"We won't let any state be hostage to drug trafficking or organized crime," Interior Secretary Francisco Ramirez Acuña said at a news conference Tuesday.

Tijuana's drug trade has long been controlled by the Arellano Felix cartel, once one of the country's most powerful drug-trafficking organizations. The cartel's leadership has been weakened by killings and arrests in recent years, but authorities say the organization and its rivals pose the main threat to peace in Tijuana.

The August capture of the cartel's alleged leader, Francisco Javier Arellano Felix, worsened the violence, as rivals fought to tear off a share of the business.

Recent bloodshed has been notable for its brutality and increasingly professional execution. The Rosarito Beach officers, for example, were abducted by a paramilitary force.

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Federal authorities said they would give a weekly count of arrests and drug seizures in Tijuana, as well as a tally of homicides, kidnappings and thefts. Drug cartels are thought to be behind a spree of kidnap-for-ransom schemes targeting businessmen and professionals.

Mexican authorities said troops would remain in Michoacan, a key transport state for cocaine, the country's most lucrative export drug.

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Enriquez reported from Mexico City and Marosi from Tijuana. Carlos Martínez and Cecilia Sánchez in The Times' Mexico City Bureau contributed to this report.

Man Attempts To Run Over Two Deputy U.S. Marshals (AP)

AP, January 4, 2007

WASHINGTON - Two Deputy U.S. Marshals were unharmed after a man attempted to strike them with his vehicle in Southeast D.C. Wednesday.

The deputies were preparing to serve a court order eviction at a home on 4th Street, when they say a suspect tried to run them over with his car. Shots were fired at the vehicle, but the suspect was able to drive away.

Dave Turner, a spokesman for U.S. Marshals, says the vehicle was later located several blocks away with evidence of blood in the car.

Officials learned a male was at Greater SE Hospital seeking medical attention for gunshot wounds. He was placed in custody of D.C. Police, and was taken to another hospital for treatment.

There were no injuries to U.S. Marshals.

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Jailed Olympian To Return To Canada On Custody Dispute Charges (AP)

By Alex Dominguez

AP, January 4, 2007

BALTIMORE - Jailed Olympic gold-medalist Myriam Bedard will be transferred to Canadian custody within 36 hours, a U.S. prosecutor told a federal judge Wednesday.

Bedard, dressed in a black jacket with her hair tied behind her head, did not speak during the short hearing, but smiled tightly and raised her eyebrows as she looked at her attorneys while leaving the courtroom.

Bedard's attorney, Kevin McCants, said after the hearing that his client was disappointed the judge did not free her on bail.

"She just said `thanks for trying,'" McCants said.

"It's just one more day, one more day, but every hour in jail is a tough hour."

McCants said the judge was just being cautious, but outside the courthouse Bedard's Quebec attorney, John T. Pepper Jr., was critical of Canadian authorities.

Pepper asked how it could "take 36 hours for a plane to take off from Quebec City and fly to Washington and fly her back. If the plane left at seven this morning she'd be in Quebec City and could have appeared this afternoon on the charges."

Pepper said Canadian authorities were not acting as quickly in extraditing Bedard as they have with less well-known defendants in the past.

Bedard, 37, was arrested Dec. 22 in Maryland and was being held on a warrant as an international fugitive for allegedly violating a child custody order by bringing her 12-year-old daughter to the United States. U.S. marshals found her and the girl, Maude, at a hotel in Columbia, a suburb located between Baltimore and Washington, D.C.

U.S. Magistrate Judge James K. Bredar, who has been impatient with the pace of extradition proceedings, postponed a decision on McCants' bail request after learning the two governments planned to transfer the Olympian. McCants asked that federal marshals escort her to an airport Wednesday so that she could fly home and surrender to Canadian authorities.

The Quebec native had been in the custody of U.S. marshals at the Howard County Detention Center since the arrest. Her daughter is back in Canada.

On Friday, U.S. Magistrate Judge James K. Bredar said he could not grant Bedard bail because of a U.S. extradition treaty with Canada which limits bail to "extraordinary circumstances." Bedard has waived extradition and is being held pending transfer to Canada.

Bedard faces up to 10 years for child abduction, but McCants contends she did not break the law.

Earlier, McCants said Bedard's ex-husband, Jean Paquet, acted prematurely in filing the complaint.

"He thought he wasn't going to get his week" of custody during the Christmas holiday, the attorney said.

Quebec City police obtained an arrest warrant against Bedard on Dec. 8 after Paquet alleged she had taken their daughter away from Quebec City without his permission, violating a child custody order. The Royal Canadian Mounted Police contacted the U.S. Marshals Service and the Capital Area Regional Fugitive Task Force on Dec. 15 to help find Bedard.

Bedard won two gold medals in the biathlon competition at the Olympic Games in Lillehammer, Norway, in 1994. She had been traveling in the United States with her current common-law spouse, Nima Mazhari. Mazhari has had his own share of legal problems. He was charged in 2005 with theft and possession of about 20 stolen paintings worth $100,000.

IMMIGRATION:

Social Security For Illegal Aliens (WT)

By Stephen Dinan

The Washington Times, January 4, 2007

An agreement the Bush administration reached with Mexico on Social Security benefits would allow illegal aliens granted amnesty in the future to claim credit for the time they worked illegally.

The deal was reached in 2004 but never released publicly because it hasn't been submitted to Congress. The TREA Senior Citizens League, a Social Security advocacy group, recently obtained the document through a Freedom of Information Act, and said it confirms the group's worst fears.

The document is a jumble of definitions and legal language, but a spokesman for the group said what's important is what's not in the text: It does nothing to prevent undocumented aliens who later get legal status from receiving benefits for the time they worked illegally. And that comes as the Social Security system's finances are about to be put under greater strain by the retirement of baby boomers.

"If you open up the trust fund to people who have been working in the country illegally for many years, that bankruptcy date can only come sooner," spokesman Brad Phillips said. "People on the other side of this, people who have been arguing that of course illegal aliens can't get their hands on Social Security benefits, now can't make that argument easily anymore."

But Mark Lassiter, a spokesman for the Social Security Administration, said the agreement doesn't change U.S. law. The law states that those who do not have authorization to work will not get benefits under a totalization agreement.

"To get Social Security benefits, you do have to be legally in the United States. This agreement does not address in any way immigration, immigration laws or override current law," he said, adding that a 2004 law, the Social Security Protection Act, prevents illegal aliens from getting benefits.

But the seniors group said the 2004 law also states that if those aliens later get legal status -- through an amnesty or some sort of legalization plan such as the one President Bush and the Senate tried to enact last year -- they would be able to collect the benefits based on their time as illegal workers.

The deal has not taken effect because Mr. Bush has not signed it or submitted it to Congress. Once he does, Congress would have 60 days to vote against it or it automatically would become law.

Congress has never defeated any of the 21 other totalization agreements the United States has reached. Most of those have been with European nations, with the financial effects known to be smaller.

Some lawmakers say Mr. Bush has not submitted the agreement because it would get caught up in the debate over Social Security's poor fiscal health, which could doom the measure.

Totalization agreements end double taxation, so workers have to pay only into one country's system, and allow a worker who didn't have enough credits in any one country to qualify for benefits to pool his or her credits. In the United States, it takes 10 years, or 40 quarters, to qualify.

Mr. Lassiter said that's not to say Mexican workers who spent less time, such as the six quarters minimum needed to pool credits, would get benefits equal to someone who had worked his or her full life here.

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As for the document's status, he said the Social Security Administration hasn't submitted it to the State Department because officials are still waiting for the Mexican government to help reach a side agreement on how to treat illegal aliens. The United States sent a diplomatic note trying to clarify the situation but has not heard back from the Mexican government, he said.

"At this point, there's no action that is planned or that will be taken until that process goes through," Mr. Lassiter said.

Rafael Laveaga, a spokesman for the Mexican Embassy in Washington, said the agreement has to be ratified by the Mexican Congress as well, but beyond that he had no details to offer.

The issue has been contentious for several years.

A 2003 report by the General Accounting Office, Congress' investigative branch, said the agreement with Mexico was shoddy work that didn't investigate the reliability of Mexico's data, or take into account the millions of illegal aliens who would become eligible.

The GAO also disputed the Social Security Administration's estimate that the agreement would cost $105 million a year for the first five years, saying the costs could be much higher given the uncertainty of who could benefit.

Immigrants A Driving Force Behind Start-Ups, Study Says (WP)

By Krissah Williams

The Washington Post, January 4, 2007

About 25 percent of the technology and engineering companies launched in the past decade had at least one foreign-born founder, according to a study released yesterday that throws new information into the debate over foreign workers who arrive in the United States on specialty visas.

The report, based on telephone surveys with 2,054 companies and projections by researchers at the University of California at Berkeley and at Duke University, found that immigrants -- mostly from India and China -- helped start hundreds of companies with estimated sales of nearly $50 billion. It was written by a former technology executive who was an immigrant himself.

Technology-industry lobbyists have already cited the study in a push to persuade Congress to increase the annual allotment of H-1B visas, which allow U.S. companies to sponsor temporary workers in specialty occupations, such as computer programming and systems analysis. The companies say they cannot find enough Americans to fill jobs; other proponents contend that globalization requires U.S. companies to import talented workers.

"This research shows that immigrants have become a significant driving force in the creation of new businesses and intellectual property in the U.S. -- and that their contributions have increased over the past decade," wrote Vivek Wadhwa, the study's author, who immigrated from India with his family as a young man.

Another study will be released next month by the Center for Immigration Studies, which supports low levels of immigration. That report says most specialty visa holders come to the United States to do low-level professional jobs for relatively low pay.

Wadhwa's study looked at founders of engineering and technology companies started from 1995 to 2005, and analyzed the World Intellectual Property Organization Patent Cooperation Treaty database. About 25 percent of international patents filed in the United States in 2006 were submitted by immigrants.

Scott McNealy, chairman and co-founder of Sun Microsystems, is among the advocates for an expanded visa program, writing editorials, calling members of Congress and supporting political action committees.

McNealy noted that immigrants Vinod Kosla of India and Andy Bechtelsheim of Germany co-founded Sun. The company "created tens of thousands of jobs that have generated billions of dollars in exports and has created thousands of patents and intellectual-property positions," McNealy said. "Why would you have any arbitrary number on smart people?"

Last year, the industry raised the issue in the national debate over immigration reform, but Congress ended its session without acting on the Securing Knowledge, Innovation and Leadership Act. The bill would increase the annual quota on the H-1B visas to 115,000 from 65,000, eliminate green-card caps for some advanced-degree holders and streamline the processing of employment-based green cards. Tech lobbyists want to revive it.

"We are working on that new piece of legislation that will hopefully be a great fix for a lot of our companies," said Andrea Hoffman, vice president of government and political affairs for TechNet, an industry lobby backed by hundreds of technology companies, including Apple Computer, Microsoft and Google.

Those who favor low levels of immigration and oppose expanding the specialty-worker programs contend that foreigners accept lower pay and depress wages.

Jessica M. Vaughan, an analyst at the Center for Immigration Studies, said an increase in the cap would amount to "a subsidy for business because it allows them to bring cheaper labor from overseas."

It is unknown how many of the immigrants who founded technology companies had H-1B visas.

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At least two Northern Virginia tech companies were founded by former H-1B holders. Sudhakar V. Shenoy, founder and chief executive of Reston-based Information Management Consultants, immigrated to the United States in 1970 after graduating from the Indian Institutes of Technology -- known informally as the "MIT of India" -- and attending graduate school in Connecticut. In 1974, he was offered an H-1B visa, and a manufacturing company sponsored his green card in 1977. Four years later, he founded IMC, which has 350 employees in Reston and 125 in Pune, India.

Peter Harrison came from Britain on the specialty visa and later became chief executive of GlobalLogic (formerly Induslogic), a Vienna-based software development company founded in 2000 by two men from India, who were also H-1B holders.

The company has grown rapidly and employs 1,600 people in the United States, India and Ukraine. Only a few dozen of them have H-1B visas.

"They are very, very hard to come by," Harrison said. "We are always at a challenge to recruit people."

Immigrant Processors Fall Behind (WP)

By Spencer S. Hsu

The Washington Post, January 4, 2007

As the White House and Congress prepare to overhaul the nation's immigration laws, U.S. officials have concluded that they lack the technology and resources to handle the millions of applications for legal residency that could result from the changes and that several efforts to modernize computers have gone astray.

Immigration officials have said for years that it is critical to update an antiquated, paper-based application process before the government grants a new path to citizenship for as many as 12 million illegal immigrants living in the United States or creates a temporary-worker program, as senators and the Bush administration propose.

But in recent months, U.S. Citizenship and Immigration Services (USCIS) officials have determined that the troubled, $2-billion-a-year agency is unable to effectively manage its existing work, much less a flood of new applications.

A report released Dec. 20 by Homeland Security Inspector General Richard L. Skinner cited a long list of setbacks and concurred with internal USCIS reviews that the bureau "lacks the processing capacity, systems integration and project management resources needed to manage a potential increase in workloads."

A project to replace the nationwide computer network has been halted because the agency lacks $72 million to complete it. A staff reorganization was frozen because of deficiencies "that hinder day-to-day IT operations," according to the report.

USCIS is in the midst of its third major modernization effort in three years, leaving some employees confused over whether such efforts were completed or were ever begun, the report said.

Many legal immigrants already face years-long waits when they apply for green cards, often a first step toward obtaining citizenship.Another 100,000 names submitted to the FBI for background checks have been on hold for a year or more. Congressional auditors recently reported that 14 immigration offices had lost track of 111,000 files as of July.

The inspector's report noted that the agency shelved pilot programs to streamline one type of business-sponsored visa application in October and electronic processing of immigration benefits in March because of cost, timing and contracting challenges. "USCIS may be losing momentum and user confidence," the report said.

USCIS spokesman Chris Bentley said the agency had no comment beyond a written response to the report by Deputy Director Jonathan Scharfen.

"We acknowledge that we still have a great deal to do," Scharfen wrote, adding that re-engineering USCIS processes "remains a high priority." He noted that the agency has drafted new strategic and acquisition plans and hired a contractor to help.

The agency announced in September that it had cut its backlog of applications by 70 percent after a five-year, $560 million effort provided more personnel. In August, USCIS awarded a five-year, $150 million contract to convert 55 million files into electronic form.

Private analysts said that the report revealed a broken immigration system and that by funding USCIS through user fees, Congress hobbles its ability to pay upfront for expansions or upgrades.

"Congress needs to step up and provide the funding to ensure that USCIS is able to build a functioning infrastructure, regardless of the fate of immigration reform," said Crystal Williams, deputy director of programs for the American Immigration Lawyers Association.

Congress withheld $47 million from USCIS this year pending approval of a final technology overhaul plan by Homeland Security Secretary Michael Chertoff and Congress's audit arm, the Government Accountability Office. A USCIS contractor reported the plan would cost $400 million to $1.4 billion, depending on what the agency decides it needs.

Agency Paralyzed By Old Technology (WT/UPI)

By Shaun Waterman

The Washington Times, January 4, 2007

The agency that processes requests from foreigners to live in the U.S. and become citizens is crippled by antiquated technology, and its modernization efforts have largely stalled because of poor planning and management failures.

The Department of Homeland Security inspector general reviewed information-technology modernization efforts at U.S. Citizenship and Immigration Services (CIS) in a report issued last month.

"Because of repeated changes in focus and direction, [the agency] has tended to duplicate previous modernization initiatives and has not demonstrated the ability to execute its planned strategy," the report said.

For instance, because information-technology staff and assets were not centralized under the control of the agency's chief information officer, staff in field offices "continue to develop non-standard systems that may not integrate with the enterprise-wide infrastructure." As a result, some offices could not be upgraded to Windows XP, because locally developed software programs were not compatible with the new system, investigators found.

They added that work to transfer management of the staff and assets to the chief information officer had stalled. They also noted that neither risk-management nor security plans were in place for the modernization process, meaning that security professionals have not made a serious assessment of vulnerabilities that the proposed changes might create.

Michael Maxwell, the former head of the agency's office of security and investigations, who sought whistleblower protection after revealing security problems at the agency to Congress, told United Press International that he had been "concerned that foreign agencies might be able to hack into our computer systems."

"Because the system wasn't modernized, it was vulnerable," he said. "We know that the Departments of Defense and Commerce were penetrated last year [by suspected Chinese military hackers]. Who's to say that [CIS] isn't on that list?"

Mr. Maxwell said hackers would be able to obtain immigration benefits for foreign agents or even terrorists if they could penetrate and manipulate the agency's systems.

The inspector general's report paints a picture of repeated, overlapping efforts to develop a modernization strategy but says that the agency often failed to implement its own plans.

If Congress enacts any immigration-reform legislation, the agency will face two huge tasks: It will be responsible for administering the "path to earned citizenship" -- derided by opponents as an amnesty -- for undocumented workers who want to regularize their status; and will have to handle any new verification process the law mandates to get employers to check the immigration status of workers they hire.

TAX:

Deferred Charge Against KPMG Is Dismissed In Tax-Shelter Case (WSJ)

By David Reilly And Paul Davies

The Wall Street Journal, January 4, 2007

A federal judge agreed to dismiss a deferred criminal charge against KPMG LLP, bringing to a close one chapter surrounding the sale of improper tax shelters that cost the U.S. government billions of dollars in lost revenue, brought the accounting giant to the brink of extinction and led to an overhaul of guidelines for federal prosecutors targeting corporate wrongdoing.

The criminal charge against KPMG was contained in a deferred-prosecution agreement the firm entered with the government in August 2005.

That agreement precluded a possible criminal indictment of the firm related to the sale of tax shelters, a move that could have led to KPMG's collapse, but required it to admit to a charge of conspiring to defraud the U.S. government and Internal Revenue Service. Investors and regulators feared the collapse of yet another accounting firm could have led to turmoil in global financial markets.

Still, the government contended those tax shelters were a sham designed to create paper losses for wealthy individuals to avoid paying billions of dollars in tax. By signing the deferred-prosecution agreement, KPMG admitted the shelters were flawed after steadfastly defending them.

Under the deferred-prosecution agreement, KPMG was required to pay a $456 million fine, submit to outside monitoring and shed some of its tax businesses. The government said it would dismiss the deferred charge after Dec. 31, 2006, if KPMG was in compliance with the agreement.

DOJ_NMG_0112337

In a statement yesterday, KPMG Chairman Timothy Flynn said: "We regret the past activities that led to this charge," adding KPMG is focused on maintaining its ethics and compliance programs, which it believes will enable it to serve its clients with "the highest degree of professionalism."

KPMG escaped the indictment, but the government criminally charged 17 former executives of the firm, along with two others from outside firms, with fraud and tax evasion related to the sale of the tax shelters. One former KPMG executive has pleaded guilty and the remaining defendants have pleaded not guilty. The criminal trial is scheduled to begin Sept. 17.

U.S. District Judge Loretta Preska agreed to a request by the U.S. attorney for the Southern District of New York, Michael Garcia, to dismiss the charge against KPMG, despite a last-minute attempt by the firm's former deputy chairman to block such a move. Jeffrey Stein, the firm's former No. 2 executive and one of those facing criminal charges, asked Judge Preska for permission to oppose the dismissal of the deferred charge against KPMG and to be heard at a hearing on the matter.

In a legal filing, Mr. Stein claimed KPMG's refusal to pay his legal fees related to the criminal charges against him amounted to obstruction of justice and the firm shouldn't have been released from the deferred-prosecution agreement.

A spokeswoman for KPMG declined to comment on Mr. Stein's legal filing. Mr. Garcia said a federal monitor will remain in place until September 2008 to ensure KPMG abides by the terms of the deferred-prosecution agreement. "The charges against KPMG may be reinstituted if it is determined that KPMG has violated any provision of the [agreement]," Mr. Garcia said in a statement.

KPMG, Mr. Stein and the other former firm executives facing criminal charges are locked in a battle over the payment of legal fees. The federal judge overseeing the criminal case, Lewis Kaplan, ruled in June that the government violated the defendants' constitutional rights by pressuring KPMG to cut off payment of legal fees.

The ruling has delayed the criminal case while the Second U.S. Circuit Court of Appeals considers a civil claim by the former employees requesting KPMG to pay their legal fees. KPMG has said the fee dispute should be heard by an arbitration panel as set out in the firm's partnership agreement and not by the judge overseeing the criminal case.

Prosecutors End Tax-shelter Case Against KPMG, Dropping Charge After Settlement (FINDLAW/AP)

AP, January 4, 2007

(AP) - NEW YORK-Prosecutors have officially dropped a criminal conspiracy charge against KPMG LLP in a fraudulent tax-shelter case after the accounting firm fulfilled the terms of its nonprosecution agreement with the U.S. government.

In an order issued Tuesday and made public Wednesday, U.S. District Judge Loretta A. Preska signed off on a request by prosecutors to dismiss a one-count criminal information against the firm.

In August 2005, KPMG agreed to pay $456 million as part of a deferred prosecution agreement with the government in which it admitted to fraudulent conduct in the design and marketing of certain tax shelters. The agreement ran through December 2006.

By complying with the terms of that agreement, the firm avoids prosecution.

In a statement, U.S. Attorney Michael J. Garcia said prosecutors sought dismissal of the charge pursuant to the terms of the deferred prosecution agreement and based on the report and recommendation of the firm's outside monitor.

"The charges against KPMG may be reinstituted if it is determined that KPMG has violated any provision of the DPA," Garcia said. "The monitorship, which has been comprehensive and effective, will continue until September 2008, and may be extended if KPMG violates the DPA during the period of the monitorship."

The deferred prosecution agreement allowed KPMG to avoid the fate of auditing firm Arthur Andersen LLP, which collapsed following a criminal indictment against it as part of the government's probe into Enron Corp. A 2002 felony conviction against Andersen in the matter was overturned in 2005.

"Today's dismissal of the charge reflects our commitment to full and continuing compliance with the agreement we made with the government in August 2005," Timothy P. Flynn, KPMG chairman and chief executive, said in a statement. "We regret the past activities that led to these charges. The 20,000 people of KPMG today are focused on maintaining ethics and compliance programs that will serve as a role model for the profession and enable us to serve our clients with the highest degree of professionalism."

Criminal charges are still pending against 16 former KPMG executives and two others who have been accused of participating in a scheme that allowed wealthy people to avoid paying billions of dollars in taxes to the Internal Revenue Service. That case is tentatively set for trial in September 2007.

The criminal case against the former executives has been on hold while the 2nd Circuit Court of Appeals considers a civil dispute over whether KPMG should pay legal fees for the one-time executives.

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In June, Judge Lewis A. Kaplan, who is presiding in the criminal case against the one-time KPMG executives, found that prosecutors violated the constitutional rights of those former executives by putting undue pressure on the firm not to advance them defense costs. The former executives have since filed a civil complaint against KPMG seeking advancement of defense costs.

Chad Bray is a Dow Jones Newswires correspondent.

Charge Against KPMG Dropped (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, January 4, 2007

Firm Cooperated Over Tax Shelters, Prosecutors Say

A federal judge dismissed a criminal conspiracy charge yesterday against the accounting firm KPMG after prosecutors said it had complied with an August 2005 deal that helped it avoid a possible death sentence.

U.S. District Judge Loretta A. Preska's action puts KPMG a step further from a scandal over the sale and marketing of abusive tax shelters that once threatened to put the firm out of business. A 2002 obstruction-of-justice indictment of accounting rival Arthur Andersen hastened that firm's demise and reduced competition in the audit industry, raising the stakes in the KPMG case.

In August 2005, after frenzied negotiations, KPMG eventually reached a deal with the U.S. attorney's office in the Southern District of New York, opening its operations to scrutiny by former Securities and Exchange Commission leader Richard C. Breeden and agreeing to pay the government $456 million to settle.

KPMG, the nation's fourth-largest accounting firm, still must submit to special oversight until September 2008, a term that could be extended if KPMG violates the terms of the deal, Manhattan U.S. Attorney Michael J. Garcia said in a statement.

"We regret the past activities that led to these charges," KPMG Chairman Timothy P. Flynn said in a statement. "The 20,000 people of KPMG today are focused on maintaining ethics and compliance programs that will serve as a role model for the profession."

Under Flynn and Executive Vice Chairman Sven Erik Holmes, the firm has cleaned house, imposing what it calls permanent changes in its tax operations and putting fresh leaders in charge of its key service units. KPMG also developed a new compliance and ethics program with the help of District-based law firm Williams & Connolly, where Holmes, a former federal judge, once worked as a partner.

Preska agreed to drop the conspiracy count despite protest from Jeffrey Stein, KPMG's former deputy chairman who was indicted in 2005 alongside more than a dozen other partners for their role in peddling tax shelters to help wealthy clients avoid or reduce tax payments. Stein's lawyer argued that KPMG had reneged on an agreement to pay his legal fees. The scheme cost the United States more than $2.5 billion in evaded taxes, according to Justice Department officials, who called it the largest tax prosecution ever.

Defense lawyers for the former partners say they followed laws then on the books and asserted that they were the victims of intense government pressure, an argument that has received support from U.S. District Judge Lewis A. Kaplan. He is overseeing the case against the former partners.

Last year, Kaplan ruled that the government had violated the former KPMG officials' constitutional rights by forcing the firm to stop paying attorneys' fees. An appeals court has yet to rule on that issue. The trial of the individual KPMG partners has been postponed, pending resolution of the fee appeal.

The case has touched off a debate in the business and legal communities over government tactics to combat fraud. In part because of the fallout from the KPMG prosecution, Deputy Attorney General Paul J. McNulty last month rolled out changes to guidelines that prosecutors use when deciding whether to indict corporations.

CONGRESS-ADMINISTRATION:

Bush Pushes Balanced Budget On Democrats (AP)

By Andrew Taylor

AP, January 4, 2007

President Bush on Wednesday challenged Democrats taking over Congress to join him in balancing the budget within five years and urged them to cut thousands of pet projects from future spending bills.

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Top Democrats reacted cautiously — or not at all — to Bush's plan, which assumes Congress will renew tax rate cuts passed in 2001 and maintain tax cuts on investments, inheritances and many other items.

"We welcome the president's newfound commitment to a balanced budget, but his comments make us wary," said incoming House Budget committee Chairman John Spratt, D-S.C. "They suggest that his budget will still embody the policies that led to the largest deficits in history."

Democrats have attacked Bush's tax agenda as being tilted in favor of upper-income taxpayers and say at least some of the cuts need to be rolled back to be able to reach a broader agreement on the budget.

But White House and lawmakers such as Spratt say there is at least a chance for Bush and his longtime Democratic rivals to come together on the budget. For starters, upcoming projections of tax revenues will show continued improvement, which could make it easier to bring the budget to balance by 2012, Bush's target year.

"We face a spending problem, not a revenue problem," said White House Budget chief Rob Portman. "We're not undertaxed right now."

Neither House Speaker-to-be Nancy Pelosi, D-Calif., nor incoming Majority Leader Harry Reid, D-Nev., responded to Bush's remarks.

Meanwhile, House Democrats are poised to pass some modest reforms to the much-maligned practice of "earmarking" home district projects in spending bills — but will fall short of several steps proposed by Bush on Wednesday.

The Democratic reforms will extend a GOP-passed rule requiring the names of lawmakers sponsoring earmarks to be listed in reports accompanying spending bills, and Democrats have announced a one-year moratorium on lawmaker's pet projects as they clean up $463 billion worth of unfinished spending bills for the current 2007 budget year.

Bush went further, saying Democrats should adopt earmark reforms requiring "full disclosure of the sponsors, the costs, the recipients and the justifications for every earmark" and that after the current moratorium, the cost of earmarks should be cut in half from 2006 levels of more than $16 billion.

And in a victory for deficit hawks, Democrats will reimpose a rule requiring tax cuts or new spending on benefit programs such as Medicare to be accompanied by revenue increases or tax cuts elsewhere in the budget. The rule could be easily waived, however.

While the initial work of the Democratic Congress will focus on ethics reform and a variety of Democratic priorities such as raising the minimum wage, a flurry of difficult but must-do budget work looms, including:

· A $100 billion-plus request to fund military operations in Iraq and Afghanistan, to be submitted along with Bush's Feb. 5 budget. While Democrats promise greater scrutiny of Bush's request, it's expected to pass largely as submitted since lawmakers are loath to interfere with money to protect overseas troops.

· A massive $463 billion or so catchall spending bill wrapping together nine unfinished appropriations for the budget year that began Oct. 1. They would fund the budgets for every Cabinet agency and in many cases will be frozen at last year's levels, though difficult work remains in figuring out which accounts — such as veterans medical programs — should receive increases to avoid shortfalls and layoffs of federal workers.

· A congressional budget measure setting targets for tax revenues, spending on so-called entitlements such as Social Security and Medicare and caps on the annual appropriations bills. If Bush and his Democratic rivals in fact make a good-faith effort to work together to balance the budget, this measure would serve as a blueprint for compromise.

That still seems like a long shot, given the rancorous history between Bush and Democrats, who say the president has to show flexibility on taxes if they are going to take on tough issues such as spiraling Medicare and Social Security costs.

"Everything has to be on the table and he's got to be serious about compromise," said incoming Senate Budget Committee Chairman Kent Conrad, D-N.D.

"We would expect (Bush) to do some ... kind of ante to get the game going," Spratt said.

Bush Signals Budget Accord (WP)

By Peter Baker

The Washington Post, January 4, 2007

President Bush promised yesterday to produce a plan to balance the federal budget in five years and challenged lawmakers to slash their special pet projects in half next year, embracing priorities of the new Democratic leadership that will assume control of Congress today.

Appearing in the Rose Garden with his Cabinet, Bush said he has been encouraged by meetings with Democrats and thinks they can reach common ground on spending issues that have bitterly divided them for six years. He said that the budget proposal he will make Feb. 5 will erase the deficit by 2012, and he called on Congress "to end the dead-of-the-night" process in which earmarks are slipped into spending bills.

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The president's announcements were greeted by Democrats as "me-tooism," as one senior leadership aide put it, that closely tracked goals outlined by the new majority. The incoming House and Senate budget committee chairmen have set 2012 as a target for balancing the budget, and the incoming House and Senate appropriations chairmen have decided to freeze earmarks this year and introduce further restrictions on such spending items, which are often called pork.

In trying to adopt such ambitions as his own, Bush hopes to regain the initiative after his party lost Congress in November and to counter his reputation as a president who took a budget surplus and turned it into record deficits, analysts said. Bush has never proposed a balanced budget since it went into deficit, never vetoed a spending bill when Republicans controlled Congress and offered little sustained objection to earmarks until the issue gained political traction last year.

But now for the first time since he took office, both parties have set a mutual target for eliminating the deficit -- an implicit agreement that raises the profile of the issue and may create a political imperative that prods the two sides to find ways to meet the goal or be held accountable for failing.

"We've all been entrusted with public office at a momentous time in our nation's history," Bush said. "And together we have important things to do. It's time to set aside politics and focus on the future."

Rob Portman, director of the White House Office of Management and Budget, made a point of calling Democratic leaders Tuesday night to preview the president's remarks. In an interview yesterday, he said the shared target was a powerful signal of progress.

"It makes a huge difference," he said. "It's good news for the taxpayers that you have both parties working toward the same goal."

They remain far apart, however, on how to get there, with Bush insisting yesterday that his tax cuts be made permanent and Democrats laying the groundwork for reversing some of those for the wealthiest taxpayers. Democrats responded to Bush's comments with deep skepticism. "It's real hard to look at the man's record and take him seriously on these issues," Kent Conrad (N.D.), the incoming Senate Budget Committee chairman, said in an interview. "He's got a lot to prove. Talk is cheap."

Bruce Reed, president of the Democratic Leadership Council and an aide to President Bill Clinton, said Bush must abandon some red-line positions to reach genuine agreement with Congress. "For Bush to announce that he shares Democrats' willingness to cut the deficit by 2012 doesn't mean a heck of a lot if he's ruling out any of the ways that Democrats want to get there," Reed said.

The dialogue on the eve of a new Democratic Congress felt reminiscent of 1995, when Clinton and new House Speaker Newt Gingrich (Ga.) jousted over balancing the budget. Gingrich and his Republicans vowed to eliminate the deficit in seven years; Clinton initially resisted, then announced his own 10-year balanced-budget plan. It took until 1997 for them to settle on a five-year balanced budget.

The deficit disappeared sooner than that, and when Clinton left office the nation had its first surplus in three decades. But fiscal fortunes took a turn under Bush as he ushered in huge tax cuts, an early recession took its toll and the attacks of Sept. 11, 2001, prompted a wave of new spending on the military and homeland defense.

After the deficit spiraled to a record $413 billion in 2004, Bush promised to cut it in half within five years. Using as a starting point a higher projection that the deficit never reached, Bush achieved his goal last year when the deficit fell to $248 billion on the strength of better-than-expected revenue. Bush credits his tax cuts with spurring the economy and in turn producing more tax receipts.

But the government has spent more than $500 billion so far on the wars in Iraq and Afghanistan and counterterrorism operations elsewhere, and Bush plans to submit a new supplemental spending request at the same time he announces his regular budget next month, possibly near $100 billion.

Portman said that although war costs are appropriated separately, they will be counted in terms of balancing the budget by 2012. He offered no details about how Bush will accomplish that, other than saying that no tax increases will be included. Bush's past two budgets have frozen or even reduced non-security discretionary spending.

"It's going to require spending discipline," Portman said. "We've done a better job the last couple years."

Bush took aim at congressional perks as part of his message of fiscal discipline, praising Democrats for imposing a one-year moratorium on earmarks, proposing that they cut them in half next year and suggesting that the process be more transparent.

"One important message we all should take from the elections is that people want to end the secretive process by which Washington insiders are able to get billions of dollars directed to projects," he said. He also called again for a line-item veto.

Democrats plan to introduce legislation requiring lawmakers to attach their names to earmarks and to certify that such spending items would not financially benefit them or their spouses. "Given the track record of this administration, the last person in the universe who should lecture the Congress on fiscal responsibility is George Bush," said incoming House Appropriations Committee Chairman David R. Obey (D-Wis.).

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Brian M. Riedl, an analyst at the Heritage Foundation, said the discussion of earmarks and a 2012 balanced budget will mean little unless Bush and Democrats tackle entitlements. With the cost of Social Security, Medicare and Medicaid on the rise, Riedl said he projects the annual deficit will grow to $750 billion in 10 years. "The reduced deficit of the last two years looks more like a short-term blip than a long-term trend," he said.

Bush Resolves To Slash Deficit By 2012 (LAT)

By Joel Havemann

The Los Angeles Times, January 4, 2007

WASHINGTON — President Bush, boasting that it took only two years to cut in half the record budget deficit from early in his tenure, said today that he will propose next month wiping out the other half by 2012 — a goal that could tie the hands of the Democrats as they take control of Congress.

Bush said he could accomplish his goal and still win the war on terrorism by making permanent the tax cuts of his first term that are set to expire after 2010. The cuts, he said, must be concentrated in the giant government benefit programs — Social Security, Medicare and Medicaid — that constitute more than 40% of federal spending.

Bush also called on the new Congress that will begin work Thursday — with Democrats in control of both the House and the Senate for the first time in Bush's presidency — to cut by half Congress' growing use of "earmarks" to provide funds for pet projects in lawmakers' home states and districts.

Bush's proposal to balance the budget in five years could make it difficult for the Democrats to use their newfound majority to enact their program. House Speaker-to-be Nancy Pelosi of San Francisco has included only one spending item — beefed-up college student loans — in her agenda for the first 100 hours of the new Congress, but other Democrats are likely to advance their own plans.

Rep. John Spratt (D-S.C.), who will chair the House Budget Committee, said he was "wary" of Bush's plan to balance the budget by 2012. How, he wondered, can Bush balance the budget while the wars in Afghanistan and Iraq have cost upwards of $100 billion a year? And he asked about how to provide relief from the alternative minimum tax, which was designed to hit only the rich but would ensnare growing numbers of middle-income taxpayers — at a cost to them of more than $60 billion a year.

Bush, reading a statement in the Rose Garden after meeting with his Cabinet, said, "It's time to set aside politics and focus on the future."

"The Congress has changed," Bush said. "Our obligations to the country haven't changed.

"Together," he said, referring to the Democrats, "we have important things to do."

But congressional Democrats said they had not been consulted about Bush's proposal to balance the budget.

Bush, in his statement, said the budget that he will submit to Congress next month "will address the most urgent needs of our nation — in particular, the need to protect ourselves from radicals and terrorists; the need to win the war on terror; the need to maintain a strong national defense; and the need to keep this economy growing by making tax relief permanent."

Bush said Social Security, Medicare and Medicaid needed reform to ensure that the programs would survive "without bankrupting the country" when today's young people need them.

Turning to Congress' tendency to provide funding for pet projects back home, Bush said, "Earmarks often divert precious funds from vital priorities, like national defense, and each year they cost the taxpayers billions of dollars."

Bush proposed full disclosure of the sponsors, costs, recipients and justifications of all earmarks. Pelosi has included earmark reform in her agenda for the first 100 hours of the new Congress.

Bush Warns Democrats On Stalemate (WT)

By Stephen Dinan

The Washington Times, January 4, 2007

President Bush yesterday reasserted his role in domestic policy as the spender in chief and ultimate legislative backstop, urging Democrats to cut pork-barrel spending in half and telling them they will take the blame for stalemate if they send him bills he has to veto.

His warning came the day before Democrats take control of Congress, where they already have taken the first steps to consolidate their power and push through their own lobbying and ethics changes, new budget rules and an increase in the minimum wage.

In both a published column and in a statement he made after his first Cabinet meeting of the year, the president tried to get out ahead of Democrats by setting spending goals and promising cooperation -- to a point.

"If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate. If a different approach is taken, the next two years can be fruitful ones for our nation," Mr. Bush said in the Wall Street Journal column.

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And in his Rose Garden remarks he vowed to introduce a budget next month that will eliminate the deficit by 2012, and challenged Congress to follow "one important message" voters sent in last year's elections by ending secret earmarks, or pork-barrel spending.

But he already has run afoul of Democratic leaders in the House, who said the president is making an executive branch power play and argued he doesn't have credibility on spending issues.

"Given the track record of this administration, the last person in the universe who should lecture the Congress on fiscal responsibility is George Bush," said Rep. David R. Obey, the Wisconsin Democrat who will become chairman of the House Appropriations Committee.

Mr. Bush has increased the annual federal budget by $800 billion, from $1.86 trillion in 2001 to $2.65 trillion in 2006, and has rung up deficits every year from 2002 to 2006.

Incoming House Majority Leader Steny H. Hoyer said Mr. Bush actually wants to eliminate earmarks altogether, and said that and the president's desire for a line-item veto are part of Mr. Bush's push to control the power of Congress.

"This administration has taken unto itself increasing executive authority, and we believe that the Congress has failed in its responsibility to exercise its duties under the Constitution," the Maryland Democrat said.

But Mr. Hoyer also said Mr. Bush is "right in concept" when he warned against trying to pass bills Democrats know won't be signed by the president.

Although both the House and Senate will be under Democrats' control, House Democrats have pushed their agenda the furthest, aided by rules that give the majority party in that chamber nearly unfettered power.

Two of the measures they have vowed to pass in the first 100 hours of legislative business run counter to Mr. Bush's stated positions, and one -- to expand federal funding for stem-cell research -- drew the first veto of Mr. Bush's administration when it passed last year.

The other measure, to raise the minimum wage to $7.25 an hour, has Mr. Bush's support but only if it is coupled with tax or regulatory breaks for businesses to offset the costs. House Democrats are insisting on passing a "clean" bill that doesn't include those offsets.

And Mr. Bush is running into problems even among some Republicans.

Yesterday Rep. Michael N. Castle of Delaware, who is a leading voice among more liberal Republican lawmakers, said Mr. Bush must present a "realistic" budget that provides enough for education and health care spending as well as for defense.

He also said future tax cuts must be offset by spending cuts elsewhere in the budget.

"A one-sided equation does not get us back into the black," Mr. Castle said.

As Mr. Bush was asking to work with Democrats, the White House sent its strongest message since the election that the president stands by his push for private savings accounts as part of Social Security -- anathema to most Democrats -- and that he opposes tax increases to help finance the system.

"The president has made it clear he doesn't want tax increases and he wants savings accounts," White House press secretary Tony Snow said, though he said Mr. Bush will listen to any proposal for reforming entitlement spending.

Mr. Snow's statement came after reports in December that administration officials had signaled the president would consider some form of tax increases to pay for a Social Security overhaul.

Meanwhile, Mr. Bush yesterday laid out a set of requirements he wants to see for future earmark spending. He called for Democrats to adopt rules requiring disclosure of every earmark's sponsor, its cost, who the recipients are, and why the spending is justified.

He also told Democrats to "cut the number and cost of earmarks next year by at least half."

Mr. Bush did not say what those target numbers should be, and earmarks are often in the eye of the beholder.

Sen. Jim DeMint, South Carolina Republican, citing a Congressional Research Service report, said fiscal 2006 spending bills contained 12,852 earmarks with a value of more than $67 billion. But Citizens Against Government Waste put the 2006 figures at 9,963 projects and $29 billion.

Bush's 'zero Deficit' Pledge Challenged (FT)

By Krishna Guha In Washington

Financial Times, January 4, 2007

Prominent Democratic economists on Wednesday challenged President George W. Bush's pledge to present a budget next month that would cut the federal government deficit to zero by 2012 while making tax cuts permanent.

Jason Furman, director of the centrist Hamilton Project, said: "There will be a lot left out and I would bet it relies on deep, unspecified and improbable cuts in future discretionary spending."

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He challenged Mr Bush to state specifically which programmes would bear the cost of spending cuts in all the years to 2012.

Jim Horney, a senior fellow at the Center on Budget and Policy Priorities, said the White House budget would not deal with the need to pay for a fix to the alternative minimum tax (AMT), which is catching a growing number of middle-class families. And he warned that it would not make adequate allowance for uncertain future costs in fighting the "war on terror".

The sceptical response follows the president's commitment in an article in the Wall Street Journal on Wednesday to set out a plan to "balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent".

A White House spokesman told the FT on Wednesday "it is an achievable goal" and pointed out that the Bush administration had achieved its previous promise of halving the deficit by 2008 a year early.

The year 2012 is an obvious medium-term target for balancing the budget, because it already shows the narrowest deficit on current forecasts: $54bn according to projections by the non-partisan Congressional Budget Office.

However, the CBO estimates that the deficit in 2012 would be $284bn higher if the Bush tax cuts are made permanent, even before allowing for any higher debt interest payments.

Economists on both sides of the political divide, and people close to the administration, expect the Bush proposal will bridge this gap by:

·Proposing real-terms cuts for much of non-security related discretionary spending.

·Budgeting for a gradual reduction in spending on the wars in Iraq and Afghanistan, compared with the CBO baseline.

·Assuming slightly slower growth in spending on Medicare, which has come in lower than expected over the past year.

·Upgrading revenue forecasts in the light of the surprisingly high growth in tax receipts over the past two years.

In addition, there is unlikely to be any provision for fixing the AMT in the later years.

The White House spokesman refused to comment on any specifics, but said Mr Bush believed it would be possible to support his policy priorities with "limited growth in new spending" by redirecting resources from other programmes.

He said the president continued to view defence spending as his "number one priority" and something "that should receive the fullest funding".

A former budget official said only the detail of the president's budget proposal would show whether he was serious about cutting the deficit.

This would require putting forward policies that could be passed by a Democratic Congress in the remaining two years of the administration, rather than relying on deficit reduction under his successor as president.

Bush Faces Hurdles Delivering On His Balanced-Budget Vow (WSJ)

By Deborah Solomon

The Wall Street Journal, January 4, 2007

WASHINGTON -- President Bush's pledge to balance the budget by 2012 will be easier to project on paper than to actually achieve.

White House budget chief Rob Portman says Mr. Bush, who declared the balanced budget goal in a Wall Street Journal op-ed piece and a Rose Garden speech yesterday, plans to show how he will achieve his goal in the fiscal 2008 budget request next month. Balancing the budget won't come from tax increases but from tax receipts fueled by a growing economy and restrained government spending, Mr. Portman says.

But getting to a balanced budget by 2012 will require some big assumptions. Among them, the president's budget is unlikely to reflect the full cost of the wars in Iraq and Afghanistan and the cost of preventing the Alternative Minimum Tax from affecting more middle-class Americans.

"What we're very likely to see is a budget that's very unrealistic," said James Horney, senior fellow at the Center on Budget Policies and Priorities, a liberal think tank. "It's not going to be hard for him to put together a budget that on paper shows a balanced budget, but it is going to include a lot of unlikely assumptions."

Mr. Bush inherited a surplus, and on his watch -- because of an economic downturn, tax cuts and spending on homeland security and the war -- the deficit widened to a peak of $412.7 billion in 2004. Since then, it has come down to $248 billion in fiscal 2006 and is projected at $339 billion for 2007.

Mr. Bush credited his tax cuts with spurring the growth that has helped trim the shortfall. The most recent White House forecast, issued in July, projected a $127 billion gap for 2011, the latest year for which it made projections. The Congressional Budget Office estimates the U.S. will run a $158 billion deficit in 2012, assuming Mr. Bush's tax cuts are made permanent.

Mr. Portman said growth has been stronger than expected and the White House is now projecting annual revenue growth of 6% to 7%, up from its July prediction of 2.4% growth in 2007.

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Mr. Bush urged lawmakers to "keep this economy growing" by making his tax cuts permanent and also called on them to restrain "wasteful" spending.

His comments sparked skepticism on Capitol Hill, with the incoming House Budget Committee chairman questioning how the Bush budget will reach its balanced budget goal. "There are some major questions raised and unanswered about what's included and what's not included," Rep. John Spratt, (D., S.C.) said. "For example, what does the budget assume with respect to the outyear costs of the war in Iraq and Afghanistan?"

The White House has largely financed the costs of Iraq and Afghanistan outside the normal budget process, through "emergency" supplemental spending bills approved by Congress. While the White House recently began including one- or two-year cost estimates for the war, those amounts have been far less than what has been requested and approved.

At the same time, the White House hasn't included the cost of fixing the AMT -- estimated to cost $100 billion a year -- in its long-term projections. The AMT was designed to prevent upper-income earners from avoiding paying taxes altogether. But it was never indexed for inflation and has come to affect many middle-class families.

Mr. Portman said no decision has been made about whether to include AMT overhaul in the budget projections, but that the administration has long assumed any fix will be "budget neutral" and won't drive up the deficit.

Brian Riedl, a budget expert with the conservative Heritage Foundation think tank, said the White House will need to show some progress in taming costs. "Those growth rates must be reduced in order to balance the budget any time soon," he said.

What The Congress Can Do For America (WSJ)

By George W. Bush

The Wall Street Journal, January 3, 2007

Tomorrow, members of the 110th Congress will take their oaths of office here in Washington. I will have the privilege of working with them for the next two years -- one quarter of my presidency, plenty of time to accomplish important things for the American people.

Together, we have a chance to serve the American people by solving the complex problems that many don't expect us to tackle, let alone solve, in the partisan environment of today's Washington. To do that, however, we can't play politics as usual. Democrats will control the House and Senate, and therefore we share the responsibility for what we achieve.

In the days and weeks since the November elections, I have been encouraged by the productive meetings I've had with many of the new leaders in Congress from both parties. I am hopeful we can find common ground without compromising our principles.

I believe we share many of the same goals for the people we serve -- and with good will and hard effort, we can find practical ways to advance the American Dream and keep our nation safe.

My principles are no secret. I have campaigned on them in my races for governor and in two presidential contests, and I have worked hard during my presidency to translate these principles into sound policy.

I believe that when America is willing to use her influence abroad, the American people are safer and the world is more secure. I believe that wealth does not come from government. It comes from the hard work of America's workers, entrepreneurs and small businesses. I believe government closest to the people is more responsive and accountable. I believe government plays an important role in helping those who can't help themselves. Yet we must always remember that when people are hurting, they need a caring person, not a government bureaucracy.

These are all common-sense principles, and they provide the basis for how I will approach governing with the new Congress. We've proved it can be done: When our nation was attacked, Republicans and Democrats came together to pass the Patriot Act and reform our intelligence agencies. When our economy was struggling, we worked together to pass tax relief that has helped our economy grow, create jobs, and raise the standard of living for the American people. When we saw that our public schools were failing our children, we came together to pass the No Child Left Behind Act, insisting on high standards, accountability and better options for parents.

The outcome of the elections has changed the balance of power in Congress, yet the priorities for keeping our country safe and prosperous go beyond party labels.

Our priorities begin with defeating the terrorists who killed thousands of innocent Americans on September 11, 2001 -- and who are working hard to attack us again. These terrorists are part of a broader extremist movement that is now doing everything it can to defeat us in Iraq.

In the days ahead, I will be addressing our nation about a new strategy to help the Iraqi people gain control of the security situation and hasten the day when the Iraqi government gains full control over its affairs. Ultimately, Iraqis must resolve the most pressing issues facing them. We can't do it for them.

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But we can help Iraq defeat the extremists inside and outside of Iraq -- and we can help provide the necessary breathing space for this young government to meet its responsibilities. If democracy fails and the extremists prevail in Iraq, America's enemies will be stronger, more lethal, and emboldened by our defeat. Leaders in both parties understand the stakes in this struggle. We now have the opportunity to build a bipartisan consensus to fight and win the war.

America's priorities also include keeping our economy strong. The elections have not reversed the laws of economics. It is a fact that economies do best when you reward hard work by allowing people to keep more of what they have earned. And we have seen that businesses can expand and hire more workers when they have more money to invest -- and since August 2003, America's employers have added more than seven million new jobs.

It is also a fact that our tax cuts have fueled robust economic growth and record revenues. Because revenues have grown and we've done a better job of holding the line on domestic spending, we met our goal of cutting the deficit in half three years ahead of schedule. By continuing these policies, we can balance the federal budget by 2012 while funding our priorities and making the tax cuts permanent. In early February, I will submit a budget that does exactly that. The bottom line is tax relief and spending restraint are good for the American worker, good for the American taxpayer, and good for the federal budget. Now is not the time to raise taxes on the American people.

By balancing the budget through pro-growth economic policies and spending restraint, we are better positioned to tackle the longer term fiscal challenge facing our country: reforming entitlements -- Social Security, Medicare and Medicaid -- so future generations can benefit from these vital programs without bankrupting our country.

One important message I took away from the election is that people want to end the secretive process by which Washington insiders are able to slip into legislation billions of dollars of pork-barrel projects that have never been reviewed or voted on by Congress. I'm glad Senator Robert Byrd and Congressman Dave Obey -- the Democrats who will lead the appropriations process in the new Congress -- heard that message, too, and have indicated they will refrain from including additional earmarks in the continuing resolution for this fiscal year.

But we can and should do more. It's time Congress give the president a line-item veto. And today I will announce my own proposal to end this dead-of-the-night process and substantially cut the earmarks passed each year.

The strength of our economy also requires us to address some of the biggest issues facing the American people -- greater energy security, comprehensive immigration reform, and affordable health care. While progress has been made in each of these areas, we must do more. I look forward to working with Congress on these difficult issues. * * *

Our Founders believed in the wisdom of the American people to choose their leaders and provided for the concept of divided and effective government. The majority party in Congress gets to pass the bills it wants. The minority party, especially where the margins are close, has a strong say in the form bills take. And the Constitution leaves it to the president to use his judgment whether they should be signed into law.

That gives us a clear challenge and an opportunity. If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate. If a different approach is taken, the next two years can be fruitful ones for our nation. We can show the American people that Republicans and Democrats can come together to find ways to help make America a more secure, prosperous and hopeful society. And we will show our enemies that the open debate they believe is a fatal weakness is the great strength that has allowed democracies to flourish and succeed.

To the new members of the 110th Congress, I offer my welcome -- and my congratulations. The American people have entrusted us with public office at a momentous time for our nation. Let them say of these next two years: We used our time well.

The Democrats' Cautious Tiptoe Around The President's Tax Cuts (NYT)

By EDMUND L. ANDREWS

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — President Bush is all but daring Democratic leaders to attack his signature tax cuts as they take over Congress. But Democrats, perhaps to his frustration, are having none of it.

Skip to next paragraph

President Bush's Op-Ed (wsj.com) In an opening salvo on Wednesday, Mr. Bush proclaimed that he would present a budget next month that manages to project a balanced budget by 2012 while permanently extending more than $1 trillion in tax cuts.

"It is also a fact that our tax cuts have fueled robust economic growth and record revenues," Mr. Bush wrote in an op-ed article for The Wall Street Journal. "We met our goal of cutting the deficit in half three years ahead of schedule."

The implicit message, which Republican lawmakers reinforced later, was that their tax cuts were popular with voters, that Republicans had proven the economic benefits of tax cuts and that Democrats would court disaster if they even hinted at rolling them back or repealing them.

DOJ_NMG_0112346

But even as Democratic leaders continue to accuse Mr. Bush of having a reckless fiscal policy, they have refused to discuss dismantling his tax cuts or even to engage in a debate with him about the best way to stimulate economic growth.

"It's always the same old tired line with them — 'Tax and spend, tax and spend, tax and spend,' " said Senator Kent Conrad, the North Dakota Democrat who is chairman of the Senate Budget Committee. "We're not going there."

At least not now. Democratic leaders say they see no need to revisit Mr. Bush's tax cuts for several years because they are not set to expire until the end of 2010. And they contend that the government could increase revenues as much as $100 billion a year simply by closing the "tax gap," taxes that are owed but not paid.

When asked about their tax plans, as they have been again and again since Nov. 7, Democratic leaders insist they want to preserve many of the middle-class tax cuts like the child tax credit and a reduction in the so-called "marriage penalty" for two-income households.

The Democrats' coyness is less than candid. Although it is true that Mr. Bush's tax cuts have four more years of life, it is also true that Congress faces serious fiscal headaches that cannot be postponed for even a full year.

One of those challenges is the Iraq war. The conflict is likely to cost far more than $100 billion this year, even if the United States began reducing troop levels.

So far, Mr. Bush has kept war spending out of the regular budget request that he sends to Congress each February, instead seeking the money on an expedited as-needed basis.

Democrats say, however, that they will not accede to such requests, as their Republican predecessors did, because they sidestep the process by which Congress normally debates spending priorities.

Perhaps the bigger and more enduring problem is the alternative minimum tax, a tax that was originally intended for the richest households but that has been not adjusted for inflation and is rapidly engulfing tens of millions of middle-class families every year.

To prevent the alternative tax from becoming a de facto tax increase, Congress has been passing temporary fixes for the last several years. Those fixes now cost more than $50 billion a year, and the cost is expected to climb sharply for the rest of the decade.

Repealing the alternative minimum tax, a goal shared by Democrats and Republicans, would reduce government revenues by about $1 trillion over the next 10 years and would be a huge drain on the Treasury that nobody in either party has figured out how to finance.

Democrats, meanwhile, have a wish list of their own. House Democrats plan to reduce interest rates on student loans by half as part of their plan to pass measures that they have long favored in the first 100 legislative hours.

Democrats also want to funnel more money to develop alternative energy sources, domestic security and the Children's Health Insurance Program.

House Democrats plan to reintroduce tough new "pay-go" budget rules as early as this Friday. Under "pay-go," which governed spending measures in the 1990s but expired in 2002, new entitlement programs or new tax cuts have to be matched by comparable spending cuts or tax increases.

Politicians in both parties may be feeling a temporary reprieve from fiscal pressures because the budget deficit has indeed declined sharply in the last two years.

Largely because of big back-to-back increases in tax revenue for the last two years, the deficit shrank to $248 billion in 2006 from a peak of $412 billion in 2004

Newsview: Bush Fights To Stay Relevant (AP)

By Ben Feller

AP, January 4, 2007

Weakened by election losses and hemmed in by time, President Bush is using what he's got left — a bully pulpit, a veto threat and a sudden interest in working with Democrats.

With two years to go in his presidency, Bush likes to talk about a sprint to the finish. One goal of that race is to remain relevant, and he tried to demonstrate Wednesday that no one should count him out.

"The Congress has changed. Our obligations to the country haven't changed," Bush said from the Rose Garden, backed by his Cabinet. On the eve of a new Democratic Congress, Bush's intended image for the cameras was clear: My team is ready to act.

He challenged lawmakers to control spending — targeting their own pet projects as never before. Then he touted other familiar priorities: making tax cuts permanent, defeating terrorists, reforming behemoths such as Social Security.

No slowdown here.

To assert his voice, Bush went so far as to spell out an entire agenda for Congress.

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It came in the form of an op-ed column in The Wall Street Journal on Wednesday, just before Democrats assumed power on Capitol Hill. The headline: "What the Congress can do for America."

"He wants to regain the initiative and put them on the defensive," said Norman Ornstein, an analyst at the American Enterprise Institute who specializes in the presidency and Congress.

"He wants to create a sense in the country that he still has a substantial role to play in setting priorities, and that he's on his toes moving forward, not on his heels moving back."

The president has a lot of forces working against him.

For the first time in 12 years, Democrats control both chambers in Congress. The war in Iraq marches toward its fourth anniversary as Bush looks for a fresh solution. And history shows lame-duck presidents lose relevance.

"There's a reason why you don't read any books about the last two years of a two-term president," said Paul Light, a public policy professor and presidential historian at New York University. "The last years are focused almost entirely on the upcoming election. By the last year, he's almost completely irrelevant. It's gloomy, but it's realistic."

Presidents Reagan, Clinton and Eisenhower all faced the same problem, Light said. But at least they had residual influence because their vice presidents wanted the top job, which is not the case this time.

Bush has taken the defeat in the last election and reframed it.

It's now a chance to get things done with Democrats.

"We now have the opportunity to build a bipartisan consensus to fight and win the war," Bush said. Democrats say they welcome his new approach, then point out there was nothing stopping him before.

"We certainly want to work with the president," said Sen. Charles Schumer of New York, the Senate Democrats' campaign chief. "We hope that when the president says compromise, it means more than do it my way, which is what he's meant in the past."

The comment underscores the Washington theme these days — healthy doses of both hope and skepticism.

Bush and the Democratic leaders see genuine opportunities to work together on issues people care about: the minimum wage, energy alternatives, education, immigration and health care. If they do, both sides can benefit.

The honeymoon isn't over yet. Bush invited Democratic and Republican leaders of Congress and their spouses to share some good cheer in the Yellow Oval Room of the White House residence Wednesday night.

Yet Bush has also issued a warning to Democrats: Don't send me bills that amount to political statements, or they will end in stalemate. Bush has used his veto power only one time, on stem cell research, when Republicans ran Congress.

Accomplishing his agenda will require Bush to give up some ground on key issues, Ornstein said.

"Frankly, much of this is still up to the president," he said. "How much does his legacy matter, to the point where he wants to take on a portion of his base? If he doesn't do that, how much will he be able to get done?"

There have been big bipartisan successes for this White House. But the ones typically mentioned by Bush, including the Patriot Act and the No Child Left Behind education law, happened early in his first term and later became divisive.

Scott Lilly, a longtime Democratic leadership aide in Congress, said he's deeply skeptical that Bush has gone bipartisan.

"This is much more about tactical advantage than it is a sincere effort to reach out to people," said Lilly, now a senior fellow at the liberal Center for American Progress. "He's trying to set the dialogue of the debate so that when there isn't cooperation, he can point the finger at Congress and say, 'I tried to do these things, but they wouldn't work with me.'"

For now, Bush has a big month ahead.

He plans to unveil a new strategy in Iraq, probably next week, followed by his annual State of the Union speech and his budget proposal. He is still the commander in chief, still the leader with the biggest microphone and the power of veto.

"He's got some weapons," Ornstein said. "I wouldn't count him out quite yet."

Iraq May Quash 'bipartisan' Congress (FT)

By Edward Luce

Financial Times, January 4, 2007

America's 110th Congress begins on Thursday, ushering in what both the new Democratic majority and President George W. Bush have promised will be a new era of bipartisanship.

But few believe the rhetoric of bipartisan co-operation will survive Mr Bush's announcement of a "new way forward in Iraq", which is expected within 10 days.

In spite of the electorate's repudiation of Mr Bush's Iraq strategy at midterm elections in November, the White House looks set to announce a "surge" of up to 30,000 new troops in a move that would also go against the recommendations of the bipartisan Iraq Study Group, which published its report last month.

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Democratic leaders, in-cluding Nancy Pelosi, who will be sworn in on Thursday as America's first female speaker of the House of Representatives, and Harry Reid, the Senate leader, have ruled out supporting an increase in US forces in Iraq – as have a growing number of Republicans. Almost all Democrats and some Republicans favour a reduction in the existing 140,000 troop level.

But Mr Bush has made clear he does not feel bound by the results of the recent elections on his Iraq policy. In a statement yesterday, he promised to work with the new Congress but said: "The Congress has changed; our obligations to the country haven't changed."

Few believe Mr Bush is prepared to compromise on his most basic principles, which includes "victory" in Iraq, an extension of the controversial tax cuts that were pushed through in his first term, and opposition to the funding of stem cell research. The Democrats have promised contrary action on all three.

"Mr Bush talks the talk of bipartisanship but then he doesn't actually change his positions," says Thomas Mann, congressional scholar at the Brookings Institution. "His idea of bipartisanship is for members of both parties to support him."

For their part, the Democratic leaders are under fire for plans to bypass the normal deliberative committee process by going straight to a House floor vote to push through their six main election promises. "The Democrats are missing a golden tactical opportunity to prove they can work with Republicans," said Alice Rivlin, the first head of the Congressional Budget Office.

Ms Pelosi's pledges, to be passed within the first 100 legislative hours (in an echo of the Republican party's 100-day "contract with America" agenda in early 1995), include halving interest rates on student loans, raising the minimum wage, abolishing tax breaks for oil companies, reducing prescription drug prices and providing federal funding for stem cell research. Most of Ms Pelosi's 100-hour agenda is symbolic.

But Mr Bush, who has vetoed only one piece of legislation in six years, will almost certainly wield his pen for a second time over any moves to support stem cell research.

Mr Bush and Ms Pelosi do see eye to eye on the need to clean up the "culture of corruption" in Congress, which electoral analysts say was the second most important factor motivating people to vote last November.

On Thursday, Mr Bush called on Congress to halve within a year the number of "earmarks", or pork-barrel clauses, inserted into broader legislation.

"People want to end the secretive process by which Washington insiders are able to get billions of dollars directed to projects that have never been reviewed or voted on by Congress," he said.

On Thursday Ms Pelosi is expected to announce a number of ethics reforms, including banning lawmakers from travelling in corporate jets, prohibiting gifts from lobby firms, establishing an independent ethics commission and forcing lawmakers to disclose the earmarks they sponsor.

White House officials are relatively confident about working with Democrats to reform US immigration, restructure social security and promote alternative energy fuels. But much of this could be rendered academic by the brewing storm over Iraq, which took another nasty turn last weekend when the 3,000th US soldier died, bringing to 25,000 the number of Americans killed or injured in Iraq.

If Mr Bush next week increases US troop exposure to the growing violence in Iraq without convincing Americans they are on the road to "victory", promises of bipartisan co-operation are likely to go up in smoke.

Rather than heralding a new era of partnership between the White House and Capitol Hill, the politics of the coming weeks and months are likely to pivot on one question, says Bruce Riedel, a former national security official: "Who lost Iraq?"

Bush Reaches Out, But Keeps One Hand On The Wheel (NYT)

By Jim Rutenberg

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — In an article published on a friendly op-ed page, and from the regal confines of the White House, President Bush greeted the incoming Democratic leadership of Congress on Wednesday with a message of bipartisanship.

But he also sent another message: I'm still the guy with the big plane, the big office (the oval one) and the presidential seal.

With the op-ed, in The Wall Street Journal, and in the Rose Garden appearance, Mr. Bush sought to set the governing agenda one day before Democrats were officially to take control of Congress and alter the balance of power that has favored Mr. Bush's party for nearly his entire presidency.

In doing so, Mr. Bush mixed calls for unity in governing with a series of red flags on his signature issues.

Tax increases? Forget it.

"The elections have not reversed the laws of economics," Mr. Bush wrote in The Journal. "It is a fact that economies do best when you reward hard work by allowing people to keep more of what they have earned."

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The war in Iraq? "We now have the opportunity to build a bipartisan consensus to fight and win the war," he wrote. In other words, we're staying.

That new Democratic majority? It isn't really so big.

"The minority party, especially where the margins are close," Mr. Bush wrote, "has a strong say in the form bills take." And the president, he added — lest anyone forget — has the constitutional authority "to use his judgment whether they should be signed into law."

Several Democrats said Mr. Bush's words on Wednesday had raised questions about what kind of president would show up when they get down to the business of governing side by side.

Some Democrats may have hoped it would be the George W. Bush who contritely acknowledged a "thumpin' " for his party the day after the elections in November. But the evidence suggests it is more likely to be the man who all but ignored the disputed circumstances of his election in 2000, governed from then as if he had an expansive mandate and who — even as he has employed soothing tones in speaking to and about Democrats for the last two months — has gradually but firmly reasserted himself on both foreign and domestic policy.

"I think what the op-ed showed was the fundamental division within the White House and probably within the president's head whether to stick to the old issues and just talk bipartisanship versus really doing it," said Senator Charles E. Schumer of New York, the new vice chairman of the Democratic caucus in the Senate, in an interview.

The first few weeks of January are traditionally when the White House carefully rolls out new or repackaged policy initiatives before the president's State of the Union address, a period when he can set the agenda. But for the first time since early 2002, when Democrats controlled the Senate, Mr. Bush has to share power and the national microphone. He also has to show that he has a domestic agenda at a time when his presidency is largely consumed by Iraq.

Both sides were making some effort on Wednesday to play nice. White House officials noted that the president had highlighted several areas in which he has shown a willingness to work more closely with Democrats, like on a new minimum wage and a new immigration law.

And the White House arranged for a plane to bring the incoming Senate majority leader, Harry Reid of Nevada, and Senator Richard J. Durbin, Democrat of Illinois, back to Washington from Gerald R. Ford's funeral in Grand Rapids, Mich., in time for a reception with Mr. Bush and the other Congressional leaders.

In a memorandum that Mr. Reid issued Wednesday to fellow Democrats, he wrote, "I'm encouraged that President Bush said today that he wants to work in bipartisanship."

But, he added, "I hope he means it." And in defining his own approach to bipartisanship, Mr. Reid went on to praise Senator Gordon H. Smith, Republican of Oregon, saying Mr. Smith's commentary last month on the administration's war policy — in which Mr. Smith said it "may even be criminal" — had "signaled a sea change over how Congress will address the Iraq war."

Mr. Reid promised to work with Republicans to "bring oversight and accountability to the Bush administration's conduct of the war and ensure a new policy that meets conditions on the ground" but also "allows our troops to come home."

Democrats were moving quickly to hold the administration accountable, in their view, for its mistakes, promising to hold as many as a dozen oversight hearings on the war alone in the next few weeks.

In interviews, White House officials did not hesitate to acknowledge that they were taking advantage of the last day before the Democrats take control to assert some presidential power.

Nor did they dispute Democrats' suspicions that the White House placed Mr. Bush's opinion piece in The Journal to reassure a target audience of nervous fiscal conservatives — and the financial markets — that he remained philosophically opposed to any tax increases.

But administration officials disputed Democratic assertions that the president was trying to upstage them before their big day.

"It's an appropriate time to say where we are on these things and to again reiterate the president's view that we can work together to find common ground," said Tony Fratto, a White House spokesman. "It also doesn't mean that a Democrat-controlled Congress passes whatever they want and we sign it — that's not bipartisanship."

But it was clear that as both sides spoke about bipartisanship, they were defining it on different terms.

Mr. Fratto acknowledged as much, saying, "We'll have to see as we go forward over the next six months, in particular, if everyone has the same understanding of what bipartisanship means."

Bush Seeks Cooperation 'Without Compromising Principles' (USAT)

By Douglas Stanglin

USA Today, January 4, 2007

DOJ_NMG_0112350

On the eve of the Democratic takeover of Congress, President Bush is laying out his legislative agenda for the new year and calling on Congress and the White House to seek common ground "without compromising our principles."

"It's time to set aside politics and focus on the future," Bush said in remarks in the Rose Garden after meeting with his cabinet.

Bush, in his comments and in a column in The Wall Street Journal today, said he has been encouraged by the "productive meetings" he has held with news leaders in Congress from both parties.

ON DEADLINE: Read and comment on Bush's column | Video

"If the Congress chooses to pass bills that are simply political statements, they will have chosen stalemate," he said. "If a different approach is taken, the next two years can be fruitful ones for our nation."

"I am hopeful we can find common ground without compromising our principles," he wrote.

Among the items that Bush said are high on his priority list are: reforming entitlement programs like Social Security, Medicare and Medicaid; making tax cuts permanent, curbing "earmarks," or pork-barrel projects that have not been reviewed or voted on by Congress; and passing a line-item veto to allow presidents to veto individual budget items.

Bush said he'll submit a five-year budget proposal that will balance the federal budget by 2012. He also said the two sides should come together on greater energy security, immigration reform and affordable health care.

When the 100th Congress convenes at noon Thursday, Democrats will hold a 233-202 edge in the House and will control the Senate by 51-49.

Nancy Pelosi, of California, will be sworn in on Thursday as the nation's first female speaker of the House and Sen. Harry Reid, of Nevada, will be selected as Majority Leader.

Bush said the change in leadership as a result of the November midterm elections offers Congress and the White House alike a challenge and an opportunity to find agreements acceptable to both sides.

Sen. Charles Schumer, D-N.Y., said Democrats ran in the midterm election on a message of compromise, and want to work with Bush.

"We hope that when the president says compromise, it means more than 'do it my way,' which is what he's meant in the past," Schumer said.

He said fiscal restraint is one area where the executive and legislative branches of government can work together.

On Iraq, an area that is sure to prove contentious between the White House and Congress, Bush called for a "bipartisan consensus to fight and win the war."

He noted that he will be addressing the nation in the days ahead on a new strategy on Iraq, but offered little preview except to say the United States can help Iraq "defeat the extremists" inside and outside of Iraq to give the new political leadership breathing space.

"Ultimately, Iraqis must resolve the most pressing issues facing them," Bush wrote. "We can't do it for them."

The president's list of priorities did not include two of the top items on the Democrats' list — a higher minimum wage and federal funding of embryonic stem cell research.

These are expected to be passed in the first 100 hours of business after the 110th Congress officially convenes at noon Thursday.

A boost to the $5.15-an-hour federal minimum wage would be the first since 1997. Democratic leaders have proposed raising it in stages to $7.25 an hour. President Bush has said he supports the idea, along with help for small businesses.

A new Associated Press-AOL News poll on legislative priorities found broad support for raising minimum wage and passing a stem cell bill, as well as an overwhelming majority in favor of making it easier for people to buy prescription drugs from other countries.

The AP said its poll showed 80% of survey respondents favor the increase in the minimum wage, while 69% of adults favor the government taking steps to make it easier for people to buy prescription drugs from other countries, where some medicines cost significantly less than in the U.S.

Some 56% of adults support easing restrictions on using federal money to pay for research on embryonic stem cells, the AP reported. Supporters say such research could lead to treatments for everything from Parkinson's disease to spinal cord injuries.

Bush and other opponents say the embryos from which the cells are extracted are human lives that should not be destroyed in the name of science.

Bush Tells Congress What He'd Like (CHIT)

By Jill Zuckman And Mark Silva

Chicago Tribune, January 4, 2007

DOJ_NMG_0112351

WASHINGTON -- As President Bush used a Rose Garden moment Wednesday to offer up a menu of spending cuts, the newly empowered Democrats in Congress were poised to swiftly pass their own priorities, none of them on the president's wish list.

On the eve of the start of the 110th Congress, Bush outlined his legislative priorities—highlighted by calls to trim Social Security, Medicare and Medicaid and balance the federal budget in five years—that underscored the clear contrast with the agenda of Democrats who will control Capitol Hill for the first time in Bush's presidency.

Bush promised to deliver a new budget that will hold back spending and set clear budget priorities.

"It will address the most urgent needs of our nation—in particular, the need to protect ourselves from radicals and terrorists, the needs to win the war on terror, the need to maintain a strong national defense, and the need to keep this economy growing by making tax relief permanent," Bush said as members of his Cabinet stood behind him.

And in the Wall Street Journal, Bush wrote of his desire to work in a bipartisan manner, something he has avoided for much of his presidency. After members of the new Congress take their oaths of office, "I will have the privilege of working with them for the next two years—one-quarter of my presidency, plenty of time to accomplish important things for the American people," he wrote.

But the newly elected members of Congress will be sworn in Thursday with swift plans for consideration of legislation that is decidedly not in sync with the president.

In the House, lawmakers plan to vote Tuesday to enact the recommendations of the Sept. 11 Commission. On Wednesday, they will vote to raise the minimum wage. On Thursday, Jan. 11, they will consider expanding federally funded embryonic stem cell research. And on Friday, Jan. 12, the House plans to vote on legislation allowing the federal government to negotiate for lower prescription drug prices for senior citizens participating in Medicare.

Democrats said they appreciated Bush's attempt at calling for a bipartisan working relationship, even if his proposals don't mesh with their own.

"I think he's right in concept," said the incoming House majority leader, Rep. Steny Hoyer (D-Md.). "The American public are hopeful, almost pleading, that the president and the House and the Senate sit down together and address the serious problems confronting our country. They want solutions, not politics. Hopefully we'll give them that."

New Senate Majority Leader Harry Reid (D-Nev.) predicted in a memo to Senate Democrats that the 110th Congress will be guided by bipartisan cooperation.

"I'm encouraged that President Bush said today that he wants to work in bipartisanship, and I hope he means it. We share many of America's priorities, and have committed to taking up business, lobbying and ethics reform that improves the earmarking process as our first order of business," Reid said, referring to lawmakers' practice of tacking pork-barrel spending items onto legislation on other topics.

Meanwhile, House Republicans have launched a public relations campaign complaining that the Democrats are not treating them fairly in the minority even though they do not officially become the minority party until noon Thursday.

"We are disappointed that at this point in the game, half of the Congress has been cut out of the process," said Rep. Adam Putnam (R-Fla.), chairman of the House Republican Conference.

Republicans say the new Democratic leaders won't let them offer amendments to the first half dozen bills to reach the House floor and have cut them out of the decision-making about how the bills are being drafted.

Hoyer, however, said Democrats made a commitment to the public during the 2006 elections to pass certain bills without change during the first 100 legislative hours.

"We view the first hundred hours as a mandate from the American people," Hoyer said. "We said if you elect us, this is what we will do."

Before any legislation is passed, lawmakers in the House and Senate will be sworn in Thursday, marking a historic shift in the balance of power in Washington. Republicans will lose control of the House after 12 years in power while the first woman speaker, Nancy Pelosi of California, takes office.

Republicans will also lose the upper hand in the Senate, where they have held the majority for the last four years. But Democrats have a tenuous grip on the majority with just 51 total votes. And one of those votes belongs to Sen. Tim Johnson (D-S.D.), who is still hospitalized following brain surgery.

In the House, Democrats plan to immediately offer a new set of rules to ban gifts and travel from lobbyists, end privately funded flights on corporate jets and institute pay-as-you-go requirements to cover the cost of new spending initiatives. The rules also call for the end of the two-day work week, a fixture of the last Congress.

Americans Question Whether Congress Will Be Able To Pass Laws, Survey Shows (WSJ)

The Wall Street Journal, January 4, 2007

DOJ_NMG_0112352

As the new Congress is sworn in this week, fewer Americans think Democrats, Republicans and President Bush will be able to work together to pass legislation in the next two years, according to a Harris Interactive poll.

Nearly half of Americans (47%) believe the results of the congressional elections were a good thing for the U.S., according to the online survey, while 19% say the outcome was bad and 35% aren't sure.

At the same time, 43% say having a president and a majority in Congress belonging to different parties is an advantage for the U.S., while 24% say it is worse for the country and 32% aren't sure.

When asked what will be the most likely outcome in Washington this year, 25% said they think Democrats and Republicans in Congress are likely to be able to work out compromise legislation, a third said Democrats will pass legislation, but the president will veto it, and 18% said Democrats and the president are most likely to compromise to pass legislation.

Among the series of issues that might be on the agenda of the new Congress, just over three-quarters of those polled said they would back a minimum wage increase from $5.15 an hour to $7.25 an hour, compared with 17% who oppose the increase; 69% back legislation to speed up the removal of troops from Iraq vs. 23% who oppose.

See full results of the poll: "In January, the new Congress, which was elected in November, will be sworn into office. How much would you support or oppose the following items that might be on the agenda of the new Congress?"

Base: All Adults

NOTE: Percentages may not add exactly to 100 due to rounding. * * * "In the beginning of January, the new Congress, which was elected in November will be sworn into office. How much would you support or oppose the following items that might be on the agenda of the new Congress?"

SUMMARY OF SUPPORT RESPONSES

Base: All Adults * * * "Thinking about the recent congressional elections, do you believe that the outcome is a good thing or bad thing for the United States?"

Base: All Adults

NOTE: Percentages may not add exactly to 100 due to rounding. * * * "Which of these is more likely to occur in Washington, DC in the next two years?"

Base: All Adults

NOTE: Percentages may not add exactly to 100 due to rounding. * * * "Not thinking of this time or any particular president, do you think it is better or worse for the country to have a president and a majority in Congress belonging to different parties?"

Base: All Adults

NOTE: Percentages may not add exactly to 100 due to rounding.

Methodology:

Harris Interactive conducted this online survey in the U.S., Dec. 12-18, 2006, among a nationwide cross section of 2,309 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 2 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

<hr/>About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com1. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com2.

Bush To Seek Renewal Of Education Law (AP)

By Nancy Zuckerbrod

AP, January 4, 2007

President Bush plans to meet with lawmakers next week to jump-start talks over the renewal of the No Child Left Behind education law, a Democratic congressional aide said Wednesday.

The top Democrats and Republicans on the House and Senate committees that deal with education issues planned to attend the White House meeting Monday, said the aide on the condition of anonymity because the White House had not announced the session.

Monday is also the day the Bush administration is commemorating the fifth anniversary of the what is widely considered the most significant federal education law in decades.

Education Secretary Margaret Spellings, in an interview with The Associated Press on Wednesday, said she was "optimistic about the ability to make progress this year" on renewing the law for five more years.

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The law aims to ensure that all children can read and do math at grade level by 2014, a goal that has placed unprecedented demands on schools. They have been required to increase testing, raise teacher quality and pay more attention on the achievements of minority children.

Poor schools that get federal aid but do not make enough progress must provide tutoring, offer public school choice to students or initiate other reforms such as overhauling their staffs.

Spellings said renewing the law is something upon which Bush and Democrats, who won control of Congress in November, agree.

"It's on everybody's list of things where we might forge agreement as we have done before," she said.

Spellings said there were a few "bright-line principles" that the administration would not agree to alter under a rewrite of the law. Among them is the requirement that all students are proficient in reading and math by 2014 — a goal many observers call unrealistic.

Spellings said the administration was open to debating how progress should be measured. Critics, including the teachers' unions, have said the current law does not give enough credit to schools that make significant strides in student achievement but fall short of reaching an annual target.

Democrats also say Republicans have not spent the money needed to fully fund the law. Sen. Edward Kennedy, D-Mass., and Rep. George Miller, D-Calif., who are to lead the committees overseeing education, say the administration has provided about $50 billion less than originally called for by Congress.

Republicans say it is common for legislation to be funded at less than the full level Congress authorizes.

Spellings declined to preview the amount Bush would seek when he releases his annual budget in February. She did indicate an interest in getting more money to teachers who work in schools that have difficulty attracting people.

Bush sought $500 million from Congress for that purpose last year and got about $100 million.

"Our best teachers, or are most experienced teachers, are in places with our least challenged learners," Spellings said.

Spellings also reaffirmed the administration's view that the law, which focuses on early and middle grades, should be expanded in high schools.

'No Child' Law On Track, Spellings Says (WP)

By Amit R. Paley

The Washington Post, January 4, 2007

U.S. Education Secretary Margaret Spellings said yesterday that she welcomed proposals to "perfect and tweak" the No Child Left Behind law as Congress prepares for what could become a divisive debate on renewal of the landmark education initiative.

But in an interview five days before the act's fifth anniversary, Spellings said its implementation was on track. She rejected calls for a major rewrite of the law, including some proposals advanced yesterday by a coalition of about 100 groups with a stake in education.

"We've made more progress in the last five years than the previous 28 years," Spellings said. "Can the law be improved? Should we build on what we've done and all of that sort of thing? You bet. But I don't hear people saying: 'You know what? We really don't need to have education for all students.' "

Her remarks come as various groups begin to weigh in on the law and what they believe works and what does not. The No Child Left Behind law is scheduled to be reauthorized by Congress, but it is uncertain when lawmakers will act.

The Forum on Educational Accountability -- a coalition that includes education, religious, civil rights and disability rights groups -- said yesterday that the law overemphasizes standardized tests and arbitrary academic targets. The coalition also criticized penalties the law imposes on schools that fail to meet standards.

"We don't have to throw out the whole law and make a big political battle," said Reginald M Felton, a senior lobbyist for the National School Boards Association, a member of the coalition. "But we need to change from the punitive, 'gotcha!' kind of approach to actual support for progress."

The coalition includes the National Parent Teacher Association, the NAACP and the National Education Association, a teachers union. The coalition has called for more federal education funding to help schools meet the law's mandates.

Spellings said the past five years have laid the foundation for the law's key goal of ensuring that every child can read and write at grade level by 2014. Under the law, states must test all students in reading and math from grades 3 to 8 and once in high school. Schools that fail to make adequate progress face a range of penalties.

The Bush administration has granted some states flexibility in how they carry out the law. For example, North Carolina and Tennessee are experimenting with a way to rate schools that emphasizes the year-to-year academic growth of students rather than how scores compare with fixed benchmarks.

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"Have we learned something as we've made public policy for the last five years that we ought to act on going forward? Absolutely," Spellings said. "And I've done some of those things."

She added, "Those are some of the areas that ought to be discussed in the context of reauthorization."

The law, which passed Congress in 2001 with overwhelming bipartisan support, was signed by President Bush on Jan. 8, 2002.

Yesterday, Spellings lauded the incoming education committee chairmen, Sen. Edward M. Kennedy (D-Mass.) and Rep. George Miller (D-Calif.), as "stalwarts" who have "stayed very true to the core principles of this law."

Gates Picks Intelligence Undersecretary (WP)

By Walter Pincus

The Washington Post, January 4, 2007

Defense Secretary Robert M. Gates has chosen a career military intelligence officer, retired Lt. Gen. James R. Clapper Jr., to be undersecretary of defense for intelligence, according to administration officials.

Clapper, who retired in June after five years as director of the National Geospatial-Intelligence Agency (NGA), ran the Defense Intelligence Agency (DIA) during the 1990s, and handled Air Force intelligence during the 1991 Persian Gulf War.

A senior intelligence official yesterday confirmed that Gates had chosen Clapper but added: "The White House has the final say." On Capitol Hill, a spokesperson for Sen. John D. Rockefeller IV (D-W.Va.), incoming chairman of the Senate Select Committee on Intelligence, said the staff had unofficially been told of Clapper as Gates's choice, but added that "nothing official has been sent to the senator." Maj. Patrick Ryder, a Defense Department spokesman, said that he could not confirm Clapper's choice, saying: "This is a presidential decision, which will come from the White House."

There was no comment late yesterday from the White House. Clapper did not return a call seeking comment.

Clapper would replace Stephen A. Cambone, who was the first person to hold the undersecretary for intelligence position, which was created by then-Defense Secretary Donald H. Rumsfeld in 2003 to coordinate the wide-ranging defense intelligence activities. While the director of national intelligence is the president's top intelligence advisor, the defense undersecretary coordinates the largest components of the intelligence community and almost 80 percent of the roughly $42 billion national intelligence budget.

Cambone was a close and longtime associate of Rumsfeld, but Clapper sometimes took positions opposite the secretary, such as in 2004 when he supported putting the NGA under the new director of national intelligence rather than within the Defense Department.

Staff writer Dafna Linzer contributed to this report.

Bush, Democrats Joust Over Earmarks (LAT)

By Noam N. Levey

The Los Angeles Times, January 4, 2007

WASHINGTON — Eager to set themselves apart from a Republican-led Congress tarnished by scandal, Democrats outlined a plan Wednesday to end the secrecy around earmarks inserted in legislation to funnel public money to favored interests.

"We're going to stamp out corruption, and the proof is in the package," Rep. Louise M. Slaughter (D-N.Y.) said as she outlined reform measures that Democrats would put to a vote today and Friday.

But in a sign of how much the election has pushed reform to the top of the agenda, President Bush strode before cameras Wednesday to highlight his overhaul ideas even before the Democrats unveiled theirs.

"We need to do more," said the president, who read a brief statement in the Rose Garden that called on the new Democratic Congress to halve the number and cost of earmarks.

The jousting between the two ends of Pennsylvania Avenue raised the prospect of a tussle over who could claim the mantle of reform, and bolstered reformers' hopes that calls for change to the secretive earmarking process might no longer by ignored on Capitol Hill.

Under Republican congressional leadership, the amount of federal funds earmarked has nearly tripled since 1994, reaching $67.1 billion in fiscal 2006, according to the Congressional Research Service.

The new rules House Democrats plan to adopt would mandate disclosure of the authors of earmarks and more complete explanations of what the earmarks will fund — measures reformers have demanded for years.

House Democrats also plan to pass new bans on gifts and meals from lobbyists, and a prohibition on the use of corporate jets by House members.

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Senate Democrats will soon draw up their own rules, but a spokesman for incoming Majority Leader Harry Reid (D-Nev.) would not discuss them.

The House reform package — which is among a list of initiatives Democrats promised to enact in their first days in power — comes after Republicans lost control of Congress amid ethics scandals that led to the resignations of four GOP House members since September 2005.

It drew praise from a number of reform advocates, including Fred Wertheimer, president of the watchdog group Democracy 21. Wertheimer called the ethics package "important progress in changing the way business is done in Congress."

But the plan neither settled the debate over earmarking nor allowed Democrats to claim control of the reform agenda without a challenge.

Though House Democratic leaders are seeking to dramatically increase transparency in the earmarking process, they would not mandate that information about who inserts an earmark be posted in a place the public can easily access it, such as the Internet.

"I want more," said Steve Ellis, vice president of Taxpayers for Common Sense, a nonpartisan watchdog that tracks congressional spending.

Democrats also do not plan to make it easier to remove earmarks when legislation comes to the full House for a vote.

Earmarks are often included in the conference reports that are drawn up by senior lawmakers from the House and Senate to settle differences between versions of legislation passed by the two chambers. These reports cannot be amended on the floor.

Rep. Jeff Flake (R-Ariz.), who has been complaining about earmarking for years, said he was particularly disappointed that lawmakers like him would often be unable to offer amendments that would strip out objectionable earmarks.

"I would have liked to see a requirement that earmarks be in the legislative text rather than in a conference committee report," Flake said. "When they are in a conference committee report, it's far more likely that they will end up in the middle in the night."

Democrats nonetheless were quick to label the expected adoption as historic.

"This is the most significant package that has ever passed the Congress," noted Rep. Martin T. Meehan (D-Mass.), a longtime reform advocate.

But if Democrats were able to outmaneuver Republicans on ethics in the fall congressional campaign, they now could face a second showdown with the White House.

Bush has only occasionally criticized the proliferation of earmarking. And since taking office, he has never vetoed an appropriations bill, even as the number of earmarks in the spending measures more than doubled to about 13,000.

On Wednesday morning, however, the president made earmarks the focus of his public remarks as he outlined areas where he said he could work with the new Congress.

"People want to end the secretive process by which Washington insiders are able to get billions of dollars directed to projects, many of them pork-barrel projects that have never been reviewed or voted on by the Congress," Bush said just a few hours before Democrats announced their plans.

Casting himself as the reformer, Bush called on Congress to stop putting earmarks in conference reports and to disclose even more information about why earmarks are being sought.

And he reiterated calls he has made in the past for a version of the line-item veto, which Bush has said would help restrain spending by allowing him to strip out wasteful earmarks.

That suggestion was immediately rejected by incoming House Majority Leader Steny H. Hoyer (D-Md.), who gave a hint of how the battle over reform may turn into a showdown over congressional authority.

"The president would like to say to the United States: Only the president can add investments in communities, so Congress has to come hat in hand to the president," Hoyer said. "That would substantially skew the relationship and undermine the independence of the Congress of the United States."

GOP Earmark Epiphany (WSJ)

The Wall Street Journal, January 4, 2007

Could it be possible that one benefit of this new era of divided government in Washington is spending restraint? We'll believe it when we see it, but one good portent was President Bush's op-ed yesterday in these pages.

Mr. Bush stressed spending control, and yesterday he also offered his own proposal for Congress to restrain its "earmarking" of tens of thousands of pork-barrel projects each year. The White House wants Members to disclose the sponsor, the cost, the beneficiary and the justification for each such earmark -- in a move that echoes what such House GOP reformers as Jeff Flake of Arizona were trying to pass last year. John Boehner, the new House minority leader, quickly seconded this motion.

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Our only caveat is: What took them so long? Mr. Bush never did say much about earmarks when the GOP was in charge and the likes of Jerry Lewis, Roy Blunt, Don Young and Dave Hobson were setting earmark records. Perhaps now that they're in the minority, Republicans can reclaim some of their fiscal virtue -- though the voters will be forgiven if they put such promises on probation given the GOP's recent past.

Competition between the parties doesn't always produce spending control or smaller government -- witness the late 1990s, when Bill Clinton gave the GOP higher defense outlays in return for more domestic spending. But at least in the early days of Democratic control, both parties are at least trying to sound like fiscal conservatives. Who knows? Maybe we'll even see a few vetoes.

Pelosi Walks Tightrope Enforcing Rules (WP)

By Michael Grunwald And Juliet Eilperin

The Washington Post, January 4, 2007

On June 15, beneath the crystal chandeliers and Corinthian pilasters of the Cannon Caucus Room, House Democrats had to decide how they really felt about the "culture of corruption." After months of expressing outrage over Republican scandals, what would they do about the $90,000 the FBI had found in the freezer of one of their own?

To House Minority Leader Nancy Pelosi (D-Calif.), the answer was obvious: Rep. William J. Jefferson (D-La.) had to give up his coveted spot on the Ways and Means Committee. But at the closed-door caucus meeting, several black Democrats complained that Pelosi was not their emperor or queen, while Jefferson implored his colleagues to keep him on Ways and Means for the sake of Hurricane Katrina's victims. No one spoke up for Pelosi -- except Pelosi.

She began by praising Jefferson's wife and five daughters: Jamila, Jalila, Jelani, Nailah and Akilah. But she quickly made it clear that Jefferson's legal problems had become her political problem: "I am not an emperor or a queen. But neither am I a fool."

Pelosi explained that Democrats should be the party of ethics, that appearances count, that dealing forcefully with Jefferson's scandal would help everyone else in the room. "You didn't elect me emperor or queen," she said. "You elected me leader."

The Democrats overwhelmingly voted Jefferson off the committee. And in November, Americans voted Democrats into the majority, citing corruption as one of the issues that soured them on the GOP.

Today, after becoming the first Democratic speaker in 12 years and the first female speaker in the history of the House, Pelosi will offer a comprehensive package of ethics reforms, a down payment on her pledge to run "the most ethical Congress ever."

But it is not yet clear whether Jefferson's ouster heralded a new era of honesty and accountability, or just a one-off political calculation inspired by the 2006 campaign. After the midterm elections, Pelosi ignored the ethical cloud around Rep. John P. Murtha (D-Pa.) to support his bid to be majority leader, and she nearly chose Rep. Alcee L. Hastings (D-Fla.) to chair the intelligence committee even though the House once impeached him when he was a federal judge. And, in December, when Jefferson faced a fight for his political life in a runoff against state Rep. Karen R. Carter, an African American Democrat with none of his ethical baggage, Pelosi refused to get involved.

Today, Jefferson will take his seat in Pelosi's House. His inconvenient presence will be a constant reminder of the fine line the new speaker will have to walk between rhetoric and reality, between the cross-cutting demands of her caucus and the demands of the public.

"Pelosi wouldn't even take my calls," Carter said. "None of the Democrats in Washington would take my calls. They all said they wanted to get rid of corruption, but I guess it wasn't their top priority."

Pelosi and Jefferson declined to comment for this story. But Brendan Daly, Pelosi's spokesman, said his boss will be as outspoken about ethics while in power as she was while in the minority.

"If there's something that needs to be addressed, we'll address it," he said. "The politics are not the reason."'Culture of Corruption'

In 1994, Republicans seized control of the House as the party of reform, pledging in their "Contract With America" to "restore accountability to Congress." By 2006, that pledge was a punch line. House Majority Leader Tom DeLay (R-Tex.) and his K Street Project had turned the corporate lobbying community into a virtual subsidiary of the GOP. Republican leaders routinely moved bills stuffed with earmarks and special-interest giveaways late at night, without giving members a chance to read them. A huge scandal was swirling around Republican lobbyist Jack Abramoff, and investigators were swarming around DeLay, Rep. Randy "Duke" Cunningham (R-Calif.) and Rep. Robert W. Ney (R-Ohio).

Many House Democrats were genuinely outraged by what they regarded as misrule by the GOP. But Pelosi and her top political adviser, Rep. Rahm Emanuel (D-Ill.), also saw that the Republican "culture of corruption" could be a winning issue.

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In 2005, the Democratic Congressional Campaign Committee (DCCC), led by Emanuel, unveiled a "House of Scandal" Web site, and Emanuel co-wrote a "Special Interest Lobbying and Ethics Accountability Act." Pelosi, who used to serve on the House ethics committee, later introduced an "Honest Leadership and Open Government Act." Their focus groups suggested that simple anti-corruption campaigns would not work, but that voters would respond to messages that tied Republican coziness with special interests such as the petroleum and pharmaceutical industries and to quality-of-life issues such as gas and drug prices.

"The point was that Republicans had sold the country to the highest bidder," Emanuel said.

But the Democrats had a few problems of their own, such as Rep. Alan B. Mollohan (W.Va.), the ranking Democrat on the ethics committee. Mollohan had fought Republican efforts to completely defang the already weakened committee, but a conservative nonprofit group revealed that he had become rich while serving in Congress, often through real estate deals with beneficiaries of his earmarks.

Pelosi liked Mollohan, and she thought that he was being targeted by House Speaker J. Dennis Hastert (Ill.) and other Republicans as payback. But the story of Mollohan's millions did not go away, and within days, she asked him to leave the Committee on Standards of Official Conduct, as the House ethics panel is formally known. She wanted to draw a clear distinction between Democrats and Republicans, who had given DeLay and Ney standing ovations long after their ethical problems became clear.

Mollohan grudgingly agreed to step aside. "There was no alternative," recalled Murtha, a close friend of Mollohan's and Pelosi's.

But Pelosi never pressured Mollohan to give up his seat on the House Appropriations Committee. "She would have talked to me if she was even considering it," Murtha said.

Pelosi faced a trickier dilemma with Jefferson, whose former aide had implicated him in a bribery scheme. For months, Pelosi took no action, saying the legal system should run its course. Jefferson was allowed to brief House Democrats about Katrina at a caucus meeting, and he held a campaign fundraiser at Democratic headquarters.

A Harvard Law School graduate who had picked cotton as a boy, Jefferson was Louisiana's first African American representative since Reconstruction. And Pelosi was wary of antagonizing the Congressional Black Caucus, one of her party's most influential factions.

But on May 20, 2006, at 7:15 p.m., federal agents raided Jefferson's office on Capitol Hill, the first time that had ever happened to a sitting congressman. And the FBI affidavit justifying the raid revealed the inconvenient $90,000 in the freezer, along with transcripts of a taped conversation that appeared to capture Jefferson soliciting a bribe.

Pelosi quickly realized that late-night jokes about "Dollar Bill" and his cold cash were muddying her message about GOP corruption. She joined with Hastert in condemning the raid as an executive-branch intrusion on congressional prerogatives, but she also met privately with Jefferson and asked him to leave Ways and Means.

He refused, saying his lawyers were not letting him tell his side of the story. But she insisted that he must step down, just as a police officer would be suspended during an official investigation. When he balked, she sent a formal letter requesting his resignation from Ways and Means, "in the interest of upholding the high ethical standard of the House Democratic Caucus."

Jefferson replied that Pelosi's request was "perplexing and unreasonable," noting that his legal problems had nothing to do with Ways and Means. He wrote that it was also "discriminatory" because no other House member under federal investigation has been asked to leave a "substantive, legislative committee," an obvious reference to Mollohan and the appropriations panel.

Jefferson's allies took up his cause. Rep. Melvin Watt (D-N.C.), a Yale Law School graduate who heads the Black Caucus, told Pelosi at the June meeting that her decisions on ethical issues would be totally arbitrary without a "bright line standard." Pelosi said her standard was common sense, noting: "Anybody with $90,000 in their freezer, you have a problem at that point."

That was not good enough for Watt. "Okay, how much cash in the freezer does it take?" he asked in an interview. "The problem is not that there's a double standard. The problem is there's no standard."

In early June, after Republicans retained Cunningham's seat in a special election, some pundits declared the corruption issue a political loser. But Pelosi saw that the GOP had been forced to spend heavily to defend a conservative district. She had faith in the corruption issue, as long as voters could see that the two parties were not equally corrupt. That meant distancing Democrats from "Dollar Bill." "We wanted our members to be able to say: 'We deal with this kind of thing, and they don't,' " one leadership aide recalled.

At the Democrats' June 15 meeting, Reps. Carolyn Cheeks Kilpatrick (Mich.), Jesse L. Jackson Jr. (Ill.) and Watt all spoke on Jefferson's behalf before Pelosi took the floor. Pelosi said that she did not want to force this decision on the caucus, but that Jefferson, unlike "other people" -- another reference to Mollohan -- had refused to step down. "We're about high ethical standards," she said.

When she was done, one of Jefferson's supporters demanded a secret ballot. "I would have it no other way," Pelosi replied.

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The Democrats then followed their leader.

Pelosi is a San Francisco liberal, and some critics expect her to steer her caucus to the far left. But her allies say the Jefferson affair shows that she cares less about ideology than unity. "It was a real defining moment for her leadership," said Rep. Mike Thompson (D-Calif.).'Incumbent-Protection'

During the Democratic landslide on Nov. 7, more voters told exit pollsters that corruption was "extremely important" to their vote, rather than terrorism, the economy or the war in Iraq. Emanuel counted eight races in which charges of personal misconduct had cost incumbents their seats. That did not bode well for Jefferson, who had limped into a runoff with Carter, a young state legislator from a prominent Democratic family in New Orleans.

Carter ran on corruption, arguing that Jefferson had become a pariah in Washington. Louisiana Democrats endorsed her, and she hoped that the national party might as well. She knew the DCCC did not usually help challengers against Democratic incumbents, but she figured incumbents were not usually caught with $90,000 in their freezers.

So she called Pelosi. Several times. "Her people told me, 'She's very busy, Karen. Call back after the leadership elections," Carter recalled. So she did. Several times.

The result: "She's very busy, Karen."

Carter eventually got through to Pelosi's chief of staff, John Lawrence, but she never heard from Pelosi. She also made several calls to Emanuel but only heard back from his political director, Sean Sweeney.

"You know, this isn't my first rodeo. I understand they had a sitting congressman who hadn't been indicted," Carter said. "But they had run around the country saying they were going to end the 'culture of corruption.' I thought they might, at least, return my calls."

In fact, Democratic leaders never really considered helping Carter. "We're an incumbent-protection organization," said Sarah Feinberg, DCCC spokeswoman. The leaders privately rooted for Carter to unseat their most notorious albatross, but they did not want to alienate the Black Caucus or scare every Democratic incumbent with a potential primary opponent.

"Obviously, having Jefferson around complicates our message," said one leadership aide. "But taking him on would have created so many more problems." DCCC officials also thought that helping Carter would make her look like the candidate of Washington, and of whites.

But Carter was eager for the help. It would have bolstered her message that Jefferson was a Hill pariah, and would have undercut Jefferson's message that he was a victim of a GOP plot.

In the end, although she was supported by several prominent Louisiana political figures such as former senator John Breaux (D), Carter did not receive a single endorsement from incumbent House members.

Meanwhile, the Black Caucus -- as well as individual legislators such as incoming House Majority Whip James E. Clyburn (D-S.C.) -- poured money into Jefferson's campaign. Watt taped a radio ad for him, and Rep. Sheila Jackson Lee (D-Tex.) campaigned for him. Their calculations were simple. "Jefferson, over time, has supported me, and I've supported him," Clyburn explained.

Ultimately, Jefferson won handily enough that even Carter does not blame her defeat on national Democrats. But she does wonder about their commitment to reform.

"I kept saying: 'This is the culture of corruption, and you can help stop it,' " Carter said. "They chose to ignore me. If the leadership had made a clear statement that this kind of behavior was unacceptable, maybe they wouldn't have to deal with him anymore."

Pelosi has kept Jefferson off the Ways and Means Committee in the 110th Congress. She did grant him a spot on the Small Business Committee, but even clean-government advocates said that she has done all that could be expected.

The advocates are less impressed by her handling of Mollohan, who will lead the House Appropriations subcommittee that funds the FBI while its agents investigate him. Pelosi also raised eyebrows with her support for Murtha, whose candidacy for majority leader was doomed by ethical controversies from the 1980s. And after she backed off her plan to woo the Black Caucus by giving the intelligence committee to Hastings, who had lost his judgeship over bribery allegations, she reached out to the Hispanic caucus by turning to Rep. Silvestre Reyes (D-Tex.), who was also embroiled in his own ethical controversy over funding for a border-security firm.

Ultimately, Pelosi thinks she will be judged by the record of the Democratic majority, and by the ethics overhaul it will begin today. Members would be barred from accepting -- from lobbyists or their clients -- gifts, meals, flights on corporate jets or trips that last longer than a day. They would also have to disclose all of their earmarks, and to certify that the provisions will not benefit them personally. The goal is to end K Street's reign over Capitol Hill -- or, as Clyburn puts it, to "cut the umbilical cord between lobbyists and legislation."

"She takes ethics really seriously," said George Crawford, a former Pelosi aide who is now a lobbyist. "She's not just going to bow to the politics of the moment."

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But it is true that Pelosi's $90,000-in-the-freezer standard is not a real standard at all. She has handled Jefferson, Mollohan, Murtha and Hastings on a case-by-case basis, evaluating the seriousness of the allegations, as well as the potential fallout inside and outside the caucus. She is now the leader of the House, but she is still the leader of House Democrats.

"In the end, she's going to do what she thinks is in the best interests of the caucus," Crawford said.

House Democrats Prepare To Tighten Lobbyist Rules (WP)

By Jonathan Weisman And Jeffrey H. Birnbaum

The Washington Post, January 4, 2007

In their first act as the House majority, Democrats today will introduce a package of rule changes to ban gifts and trips from lobbyists, restrict privately funded junkets and begin to sever the cozy relations between lobbyists and lawmakers that scandalized the last Congress.

But a number of loopholes in the proposal have led ethics watchdogs to warn Democrats that their work will be far from done, even if the new rules are secured today. Under the changes, lobbying groups would be able to finance lawmakers' travel as long as those funds were channeled through a nonprofit foundation. And almost all banned perks would still be permitted if given in the context of a campaign fundraiser.

As if to underscore the need for rule changes, the House ethics committee found yesterday that Rep. Tom Feeney (R-Fla.) took part in a 2003 junket to Scotland financed by lobbyist Jack Abramoff that violated House rules. The panel decided against censuring Feeney after he agreed to reimburse the government the trip's $5,643 cost.

The details of the ethics package were greeted warmly by watchdog groups, which have been pushing for a strong response to the influence-peddling scandals that erupted last year. Fred Wertheimer, president of Democracy 21, called it a "strong package." Joan Claybrook, president of Public Citizen, hailed it as "a meaningful step forward."

But the same groups said Congress must establish an independent ethics watchdog to enforce the new rules, especially in light of actions such as yesterday's ruling on Feeney's trip. The ethics committee also decided yesterday not to punish anyone for not deterring the behavior of former congressman Mark Foley (R-Fla.).

Under the rule changes, "the importance of creating a new, stronger enforcement entity such as an Office of Public Integrity becomes even greater. Effective enforcement is the linchpin to this entire process," said Meredith McGehee, policy director of the Campaign Legal Center.

The changes would prohibit House members or employees from knowingly accepting gifts or travel from a registered lobbyist, foreign agent or lobbyist's client. Lawmakers could no longer fly on corporate jets. In addition, congressional travel financed by outside groups would have to be preapproved by the ethics committee and immediately disclosed to the public.

The rule changes would also combat many of the strong-arm tactics that Republicans used to leave House Democrats virtually irrelevant when the GOP was in control. Votes could no longer be held open indefinitely while leaders twist arms to win the outcome they want. Lawmakers in both parties would have to be notified before final legislative negotiations begin between the House and Senate. Those negotiations would largely have to be held in public, and once they were complete, changes could not be slipped into legislative agreements in the dead of night.

Another slate of changes is to be voted on tomorrow to rein in swollen budget deficits. Parliamentary rules approved in 1974 to block Senate filibusters on bills that raise taxes or cut entitlement spending could no longer be used to cut taxes and increase the deficit, as Republicans did several times. Under the new rules, any law that cuts taxes or increases spending would have to be offset by tax increases or spending cuts.

Special-interest or home-district pet projects -- known as earmarks -- would have to be claimed by their sponsors, who would have to spell out who benefits. That measure would apply not only to spending bills but also to tax measures and policy legislation, which in recent years have been larded with narrowly targeted provisions.

"My one-word reaction to these earmark transparency [changes] compared to previous efforts: better," said Steve Ellis, vice president of Taxpayers for Common Sense.

The changes, especially the ban on lobbyist-funded meals and gifts, left some Washington businesses grumbling.

"If members of Congress are changing their votes because they are influenced by our [food], then this country is in a lot of trouble," said Patricia Beggiato, special events coordinator at Sesto Senso restaurant. "I guess lobbyists will just have to take each other out for lunch and dinner."

Matt Williams, spokesman for Washington Sports and Entertainment, which owns the Wizards basketball team, said: "This ban will certainly negatively affect the business we do with one of the major industries in our region -- the federal government."

Others said they are not concerned. "We don't believe it will have any effect," a Washington Redskins spokesman said.

Many lobbying groups would still be able to take lawmakers on junkets through their nonprofit foundation affiliates, despite the travel ban.

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Lobbyists and their clients would continue to fete lawmakers at restaurants, sporting events and faraway resorts as long as those events are part of campaign fundraisers. Campaign finance laws, which are distinct from House rules, permit outsiders to provide all manner of benefits to lawmakers as long as those benefits are accompanied by checks written to the lawmakers' reelection coffers.

"We would be able to take people out to lunch, but only if we give them a check while we do it," said Paul A. Miller, immediate past president of the American League of Lobbyists. "That looks more corrupting than what we have under the current system."

In another exception, lawmakers would be allowed to attend receptions and other "widely attended events" paid for by interest groups and lobbyists, according to Kenneth Gross, an ethics expert at Skadden, Arps, Slate, Meagher & Flom LLP.

Ethics Overhaul Tops The Agenda In New Congress (NYT)

By Carl Hulse and David D. Kirkpatrick

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — On the brink of regaining power after 12 years, House Democrats said Wednesday that they would move immediately to try to sever ties between lawmakers and lobbyists who figured into scandals that helped Democrats win control of Congress.

Democrats, who campaigned relentlessly last year on the theme of a Republican culture of corruption, introduced the proposed ethics rules as part of a week of choreography designed to deliver the message that they did not intend to do business as usual in Washington. In some cases, like restrictions on the use of corporate jets, the rules on gifts and travel by lobbyists go further than what Democrats had pledged earlier.

Another part of the Democrats' package called for detailed disclosure of pet projects or special-interest tax benefits that individual lawmakers insert into major bills. On Wednesday, President Bush jumped into the debate on such spending projects, called earmarks, urging that their number and cost be cut in half this year, a proposal that Democrats immediately rejected.

The ethics issue continued to reverberate Wednesday, officially the last day of Republican control. Two House Republicans, Representative Curt Weldon of Pennsylvania and Tom Feeney of Florida, agreed to pay for trips that the ethics committee determined had been improperly paid for by outside interests.

Mr. Feeney's case involved a $5,640 trip to Scotland originally paid for by Jack Abramoff, the now-imprisoned lobbyist who was at the center of the Congressional corruption scandals. Mr. Weldon, who was defeated for re-election, will pay $23,000 for an undisclosed trip.

The rules changes would also take aim at the so-called K Street Project, the effort associated with the hardball tactics of the former Republican leader Tom DeLay, to pressure trade groups and lobbying firms to hire Republicans or face the legislative consequences. The proposal would prohibit lawmakers and staff members from trying to exert partisan influence on hiring decisions.

"I think this package is more than a good-faith effort," said Meredith McGehee, policy director of the Campaign Legal Center, an ethics group. Referring to the incoming House speaker, Nancy Pelosi, Ms. McGehee said, "If these rule changes are any indication, she is serious."

But the ethics rules do not address the most valuable gifts that come from lobbyists and others interested in legislation: campaign donations. And the Democratic Party's fund-raising machine — revved up by the advantages of being in the majority — continued apace this week with individual members inviting lobbyists and other contributors to a host of events.

On Thursday night, Mrs. Pelosi is having a $1,000-a-head fund-raiser with performances by Tony Bennett, Carole King, Wyclef Jean and the surviving members of the Grateful Dead. "Ms. Pelosi is a huge Dead fan," her spokeswoman said.

Senator Richard J. Durbin was among those who stopped by a reception Wednesday evening for a fellow Illinois Democrat, Representative Melissa Bean, who won a close and expensive re-election race in November. The reception, at Johnny's Half Shell, a restaurant on Capitol Hill popular with lobbyists and lawmakers, drew lobbyists from both parties.

As they prepared for the pomp and festivities that will mark the Capitol Hill power switch, Democrats got a taste of the potential difficulties of governing with thin majorities in the House and Senate as well as a Republican White House and a presidential election two years off.

While Democrats sought to introduce their ethics legislation at a news conference, the antiwar activist Cindy Sheehan and others interrupted with chants of "Troops home now; de-escalate, investigate." The scene vividly illustrated the pressure that Democrats will face from the left wing of their party to challenge President Bush more aggressively on Iraq. Ms. Sheehan and other antiwar advocates felt they contributed to the Democrats' takeover of Congress.

At the same time, Republicans made clear they intend to hold Democrats accountable for their pledge to allow more minority party participation in legislation. They assailed Democrats' plans to push through major legislation right away without

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allowing Republican alternatives. Though the Republicans severely limited Democrats' input when they were in charge, they rejected accusations that they were hypocritical.

"The important point here is that the American people were promised a new way of doing business in the United States Congress," said Representative Adam H. Putnam of Florida, chairman of the House Republican Conference.

Representative Steny H. Hoyer of Maryland, the new majority leader, said Republicans would get their chance after Democrats disposed of legislation on national security, minimum wage, prescription drug costs, stem cell research, student loan costs and energy.

"We said to the American people, 'If you elect us, if you put us in charge, this is what we are going to do and we are going to do it in the first 100 hours,' " Mr. Hoyer told reporters.

Democrats were dogged by technical difficulties when a changeover in House Web sites delayed the formal posting of their ethics proposal.

The Senate will convene Thursday as well, with Democrats and Republicans meeting first in an unofficial closed-door session in the old Senate chambers to try to find some common ground. Aides said the Senate was going to take up its own ethics package next week, allowing a week or more of floor debate to shape legislation.

Besides the rules barring lawmakers from accepting gifts, meals or trips from lobbyists or the organizations that employ them, the House Democratic plan would also require preapproval from the Ethics Committee for any trips paid for by other outside groups aside from educational institutions.

On the subject of corporate jets, Democrats had previously discussed raising the rate at which lawmakers reimburse corporations or other sponsors for flights, but still allowing use of the jets. But the rules proposed Wednesday would bar lawmakers from any use of corporate jets.

Previous Democratic and Republican proposals about shedding light on earmarks, the pet projects lawmakers insert into major spending bills, left large loopholes, particularly in regard to military contracts.

In contrast, the new rules appear to apply to all spending earmarks as well as tax or tariff provisions that benefit fewer than 10 companies or people. They would also require disclosure of such items in each bill as well as the individual sponsors.

The rules would further require each House member requesting an earmark or limited tax provision to certify that he or she would not profit from the provision.

Democratic leaders also said that in February they would take up potential new restrictions on members of Congress and staff members becoming lobbyists, and that in March they would consider creating an outside panel to enforce the ethics rules — a step that lawmakers of both parties have resisted.

President Bush called for the Democrats to adopt even more drastic restrictions on earmarks, a perennial bane to executive branch officials who resent Congressional meddling in their budgets.

"One important message we all should take from the elections is that people want to end the secretive process by which Washington insiders are able to get billions of dollars directed to projects, many of them pork barrel projects that have never been reviewed or voted on by the Congress," Mr. Bush said. He called on Democrats to require "full disclosure" of "the costs, the recipients, and the justifications for every earmark" as well as sponsors.

For New Congress, A Long 'To Do' List (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 4, 2007

WASHINGTON

Sweeping back into power in both the House and Senate, Democrats Thursday launch a 100-hour legislative blitz to signal new management on Capitol Hill.

Early action will come mainly from the House of Representatives, where a 31-seat margin gives Democrats - led by Rep. Nancy Pelosi of California, the nation's first female speaker - more room to maneuver than in the Senate, where Democrats have just a two-seat margin.

Most items on House Democrats' early-action agenda had been rejected by the previous 109th Congress, when Republicans ruled. Among them are pocketbook issues that, Democratic leaders say, will directly impact the lives of Americans: a higher minimum wage, lower interest rates on student loans, and a provision to empower the government to negotiate lower prescription-drug prices for seniors.

Other measures slated for the fast track, which are popular among voters and have support from at least some Republican lawmakers, include more federal funding for stem-cell research, reduced subsidies for big oil companies, and implementation of more recommendations of the 9/11 Commission.

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At the same time, Democrats feel pressure - from their own caucus as well as from outside groups - to take up the tough issues that won them their majority, such as finding an exit strategy for the war in Iraq. That begins first in the Senate, where Democrats plan to begin hearings next week on the Iraq war, in anticipation of President Bush's expected announcement of a "new way forward" in Iraq.

The blitz on the House side begins Thursday with rule changes to break with the lobbyist scandals of the 109th Congress and ensure a more open government. Incoming Speaker Pelosi says the new ethics rules will change the GOP "auction house" back to the people's House, and give some rights to the minority.

Democrats campaigned to end the "culture of corruption" in Washington.

The House reform package would ban gifts and meals from lobbyists and the organizations that employ them, require pre-approval from the ethics committee for travel paid for by outside groups, prohibit the official use of corporate jets, require full disclosure of all earmarks, and consider creating an outside group to enforce ethics laws.

It also guarantees certain rights to the minority party, including adequate notice of meetings and time to review legislation.

But even before the final details on the new ethics rules were released, Republicans charged that they had been left out of the process - and hadn't seen a draft of proposed rules changes until a day before the vote.

"The idea that these are issues that have been around for a long time and that they don't need debate, that doesn't pass muster," said minority whip Roy Blunt (R) of Missouri at a press briefing Wednesday.

Other members concur. "You either believe in minority rights or you don't," says Jo Maney, a spokeswoman for Rep. David Dreier (R) of California, the outgoing chairman of the Rules Committee.

"When Republicans took control of the House in 1995 after 42 years, they pledged to restore minority rights by ending proxy voting and guaranteeing Democrats a vote on their own alternative bills. But with their slim majorities, Republicans often ruled out Democratic amendments on bills and held 15-minute votes open until GOP leaders could change the outcome on the floor.

In the new Congress, Republicans say they have no guarantee of a vote for their version of legislation.

Senate Democrats, meanwhile, also plan to lead off with lobby and ethics reform this week, but will take more time for debate.

In the last Congress, the Senate passed a version of lobby reform by a 98 to 8 vote, but never reconciled its differences with the House over a final version of the bill. The Senate bill banned all gifts and meals from lobbyists and required lawmakers to wait two years before accepting lobby jobs after leaving Congress.

"The Senate passed a bill last year that will be the starter," says Jim Manley, a spokesman for incoming majority leader Harry Reid.

On the day before Congress officially convened, President Bush who will be working with a Democratic Congress for the first time in his tenure, called on lawmakers to make fiscal restraint a priority. He also asked Congress for the line-item veto, which would permit him to cut specific spending from legislation without vetoing the entire bill. He asked lawmakers to cut back on earmarks, or pet projects, and extend tax cuts. Bush said he will present Congress with a budget proposal next month that would balance the federal budget by 2012.

House Democrats already plan to make fiscal restraint a centerpiece of their agenda. They will vote to require pay-as-you-go budget rules as part of their "honest leadership, open government" rules package.

The Democratic caucus includes a record 44 members of the Blue Dog coalition of fiscal conservatives, who are expected to weigh in against unfunded new spending by freer-spending Democrats.

"We know that these moderates make the difference between being in the majority and being in the minority, and they will be given deference," said Rep. John Spratt (D) of South Carolina, incoming chairman of the House Budget Committee, in an interview on C-SPAN Wednesday. He has led House opposition to soaring budget deficits in the Bush years.

First Act For Dems Is Ethics Cleanup (USAT)

By Fredreka Schouten

USA Today, January 4, 2007

WASHINGTON — Democrats take control of the House today for the first time in a dozen years and plan as their first act to tackle a problem that helped them oust the Republicans in November: potential corruption involving lobbyists.

The changes range from a total ban on gifts and meals from lobbyists to greater restrictions on lawmakers' travel.

Efforts to cut down on the special projects that lawmakers add, often secretly, to spending bills, face a tougher battle. President Bush on Wednesday called for Congress to reduce the number and cost of those projects, known as earmarks, by half in the next year.

"Earmarks often divert precious funds from vital priorities like national defense," Bush said.

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The ethics changes proposed by House Democrats would not limit earmarks. Instead, they would require lawmakers to disclose the special projects and declare in writing whether they or their spouses have financial stakes in the projects. Tax breaks that benefit 10 or fewer people also would be disclosed.

Incoming Majority Leader Steny Hoyer, D-Md., predicted there would be fewer earmarks in the Democratic Congress because of new rules. But he said Congress should retain the power to funnel money to specific projects. "Every president would like to say to Congress, 'Only the president can add (projects),' " Hoyer said. "That would substantially skew the relationship and undermine the independence of the U.S. Congress."

Spending watchdog David Williams of Citizens Against Government Waste said the new transparency is a good step. But "Democrats are still politicians and … the main way to get elected is to get pork," he said. For his part, Bush had "ample opportunity" to offer ways to clamp down on earmarks during his presidency but failed to do so, Williams said.

The number of earmarks and their price tag has grown dramatically in recent years. Williams' group reports that the pork-barrel spending has nearly tripled in the last decade to $29 billion in 2006.

Incoming Democratic leaders said the rules changes are designed to clean up a Congress buffeted by corruption charges that have led to investigations of several lawmakers and jail terms for former Republican congressman Duke Cunningham of California and former lobbyist Jack Abramoff.

"We're bringing back a Congress we can be proud of," said Rep. Louise Slaughter, D-N.Y., who will lead the panel that oversees rules for House members.

Other House Democratic changes would:

·Ban gifts and meals from lobbyists. Current rules set a $100 limit on gifts and meals from the same person in one year.

·Trips organized and paid for by lobbyists also would be limited. Lawmakers still could travel at expense of colleges and foundations that want to influence public policy, but the travel would have to be approved beforehand by the House ethics panel.

·Bar congressional travel on corporate jets.

Democratic leaders have decided to delay until March a decision on whether to create an outside body to investigate and help enforce ethics violations.

Democrats Promise Action On Ethics, Iraq (AP)

By David Espo

AP, January 4, 2007

Congressional Democrats stepped hungrily to the brink of power on Wednesday, promising immediate action to limit the influence of lobbyists and constant prodding of the Bush administration to bring U.S. troops home from Iraq.

President Bush pushed back against the political opposition as he contemplated divided government for his final two years in the White House. He said he would soon propose a five-year plan to balance the budget, and he challenged Democrats to avoid passing "bills that are simply political" statements.

"There is nothing political about finding a policy to end the war in Iraq, raising the minimum wage, achieving energy independence or helping kids afford college," shot back Sen. Harry Reid of Nevada, due to become majority leader at the stroke of noon on Thursday. "In fact, politics has prevented progress on these issues for too many years."

Even as they prepared to take control of Congress, Democrats received a brusque reminder that they face pressure from the political left as well as resistance from Republicans.

At one point during the day, Rep. Rahm Emanuel, a member of the Democratic leadership, was addressing reporters when he was loudly interrupted by Cindy Sheehan and other anti-war activists. "De-escalate, investigate, troops home now!" they shouted, while he smiled gamely.

Rep. Nancy Pelosi, in line to become the nation's first female House speaker, spent much of her day at ceremonial events. She attended a Catholic Mass in remembrance of the children of Darfur and Katrina, then a tea in her honor.

That left it to her lieutenants to outline plans for the Democrats' initial stretch in the majority.

Rep. Steny Hoyer of Maryland, the incoming majority leader, said the first six bills and a series of stiffer ethics rules would be passed within two weeks.

The first step, he said, would take place by early evening on Thursday, and consist of several measures crafted in response to the scandals that weakened Republicans in last fall's elections.

In addition to expanding restrictions on privately financed trips enjoyed by lawmakers, House Democrats said they will prohibit travel on corporate jets and require greater disclosure of earmarks, the pet projects inserted into legislation at the behest of individual lawmakers.

The rules do not prohibit lawmakers from taking trips financed by foundations that seek to influence public opinion. Those trips will require pre-approval from the ethics committee.

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Current rules ban congressional travel paid for by lobbyists or foreign governments, and violations of the existing restrictions played heavily in the scandal involving Republican lobbyist Jack Abramoff.

Democrats appeared to backtrack from their campaign-season pledge in at least one area. They were sharply critical last year of Republicans for keeping a roll call vote open for hours so leaders could find enough votes to pass Medicare legislation. But rather than ban the practice, the proposed new rule declares that a vote "shall not be held open for the sole purpose of reversing the outcome."

Two months after the voters ordered a change in congressional control, Democrats and Republicans in the House and Senate, as well as Bush, pledged to work in a bipartisan spirit.

"Democrats are committed to working with Republicans to get results," Reid wrote in a memo distributed to the party's rank-and-file. He said an unprecedented all-senators meeting set for Thursday morning would "allow us to start off on the right foot, as colleagues instead of adversaries."

Those promises could scarcely obscure the political jockeying under way.

After long pledging a new era of civility and openness in the House, Democrats said they would not allow Republicans the chance to amend any of the first half-dozen bills to be brought to a vote during the first 100 hours of the new Congress. The measures relate to the minimum wage, stem cell research, energy, student loans and recommendations by the commission that investigated the terrorist attacks of 2001.

"We view the first 100 hours as essentially a mandate from the American people," Hoyer told reporters, explaining the decision to safeguard those measures from Republican attack.

Republicans were quick to complain — after spending years ignoring Democratic complaints along the same lines. Rep. David Dreier, R-Calif., sent Democrats a letter saying they were violating promises Pelosi had made to allow a "fair debate consisting of a full amendment process that grants the minority the right to offer its alternatives, including a substitute."

More broadly, Republican leaders lined up to support Bush's call for a balanced budget by 2012 while protecting tax cuts passed while they held power.

"In February, the president will submit a budget to Congress that will grow the economy by making tax cuts for working families permanent, and I support those efforts," said Rep. John Boehner of Ohio, the incoming Republican leader.

Bush said at the White House that his proposal "will restrain spending while setting priorities. It will address the most urgent needs of our nation, in particular the need to protect ourselves from radicals and terrorists, the need to win the war on terror, the need to maintain a strong national defense and the need to keep this economy growing by making tax relief permanent."

"We welcome the president's newfound commitment to a balanced budget, but his comments make us wary," said Rep. John Spratt of South Carolina, the incoming Democratic chairman of the House Budget Committee. "We will simply have to scrutinize the president's budget when it comes next month to see if the rhetoric matches reality."

New Congress, Leftover Challenge (NYT)

The New York Times, January 4, 2007

The nation should welcome the ambitious agenda being offered today by the new Congress's Democratic majority, from raising the minimum wage to advancing stem cell research to restoring oversight of the executive branch. But the real test for the 110th Congress will be its willingness to clean up its own act by adopting forceful and credible ethics reform. That is what the Democratic leadership promised voters. Any hesitation will be rightly seen as a cynical re-endorsement of the Capitol's lobbyist-enabling, corruption-steeped business as usual.

Congress's ethics rules have been rife with loopholes and wrist-slapping punishments that grease rather than police the quid pro quo world of Washington. Fixing some of these problems requires nothing more than a majority vote on the House or Senate rules.

House Democrats appear ready to start with a firm, and long needed, ban on gifts, entertainment and junket travel — including low-cost V.I.P. rides on corporate jets — arranged by lobbyists or their clients. The ban should cover staffers as well, and the Senate should match it. Even that will require wary monitoring, particularly of a provision that would allow members preapproved day trips for speeches, with travel paid by non-lobbying groups.

Both houses should also bar Congressional alumni and other lobbyists from the debating floors and other Capitol inner sanctums. And members of Congress with other ambitions should be blocked from slyly negotiating lucrative private jobs while they're still on the public's payroll and sworn to defend the public's interest. There should be early disclosure of all job feelers.

The back-scratching closeness of politicians seeking campaign donations and deep-pocket interests seeking favors is a capital disgrace. Part of the solution is to douse their dealings with sunshine through prompt and detailed filing disclosures. And there should be full disclosure of the cornucopia of "earmarks" — costly favors inserted without debate or any requirement to

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disclose authorship in mammoth spending bills. Earmark authors and beneficiaries should be unmasked in time to be mocked by taxpayers.

Broader reforms will require longer legislative debate, not just a rule change. Paramount is the need to create an independent office for ethics enforcement to end the clubbiness that more often than not covers up or excuses abuses. House Speaker Nancy Pelosi has ordered a bipartisan study of this vital proposal by March. We expect this overdue step to receive the forceful support of Ms. Pelosi and Harry Reid, the Senate majority leader. The voters are watching, and lawmakers dare not slip away from the promise to clean up their act.

A Chance To Change The Game (WP)

By Barack Obama

The Washington Post, January 4, 2007

This past Election Day, the American people sent a clear message to Washington: Clean up your act.

After a year in which too many scandals revealed the influence special interests wield over Washington, it's no surprise that so many incumbents were defeated and that polls said "corruption" was the grievance cited most frequently by the voters.

It would be a mistake, however, to conclude that this message was intended for only one party or politician. The votes hadn't even been counted in November before we heard reports that corporations were already recruiting lobbyists with Democratic connections to carry their water in the next Congress.

That's why it's not enough to just change the players. We have to change the game.

Americans put their faith in Democrats because they want us to restore their faith in government -- and that means more than window dressing when it comes to ethics reform.

Last year, I was hopeful that scandals would finally shame Congress into meaningful ethics legislation. But after the headlines faded, so did the enthusiasm for reform. In the end, I found myself voting against the final ethics bill because it was too weak and unresponsive to the obvious need for comprehensive reform.

This time around, we must do more.

We must stop any and all practices that would lead a reasonable person to believe that a public servant has become indebted to a lobbyist. That means a full ban on gifts and meals. It means no free travel or subsidized travel on private jets. And it means closing the revolving door to ensure that Capitol Hill service -- whether as a member of Congress or as a staffer -- isn't all about lining up a high-paying lobbying job. We should no longer tolerate a House committee chairman shepherding the Medicare prescription drug bill through Congress at the same time he's negotiating for a job as the pharmaceutical industry's top lobbyist.

But real reform also means real enforcement. We need to finally take the politics and the partisanship out of ethics investigations. Whether or not the House ethics committee has been covering for its colleagues, the secrecy with which its members have operated has led people to question why legislators who are serving jail time were not caught and stopped by the committee in the first place. It's led people to wonder why Congress cannot seem to police itself.

I have long proposed a nonpartisan, independent ethics commission that would act as the American people's public watchdog over Congress. The commission would be staffed with former judges and former members of Congress from both parties, and it would allow any citizen to report possible ethics violations by lawmakers, staff members or lobbyists. Once a potential violation is reported, the commission would have the authority to conduct investigations, issue subpoenas, gather records, call witnesses, and provide a report to the Justice Department or the House and Senate ethics committees that -- unlike current ethics committee reports -- is available for all citizens to read.

This would improve the current process in two ways. First, it would take politics out of the fact-finding phase of ethics investigations. Second, it would exert greater public pressure on Congress to punish wrongdoing quickly and severely. Others have proposed similar good ideas on enforcement, and I am open to all options. We must restore the American people's confidence in the ethics process by ensuring that political self-interest can no longer prevent politicians from enforcing ethics rules.

The truth is, we cannot change the way Washington works unless we first change the way Congress works. On Nov. 7, voters gave Democrats the chance to do this. But if we miss this opportunity to clean up our act and restore this country's faith in government, the American people might not give us another one.

The writer is a Democratic senator from Illinois.

An Ethics Down Payment (WP)

The Washington Post, January 4, 2007

THE ETHICS package unveiled by House Democrats yesterday represents a significant down payment on the promise to end the "culture of corruption." It would prohibit lawmakers and staff members from accepting gifts -- meals, entertainment and

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the like -- from lobbyists and organizations that employ lobbyists. It would prohibit lawmakers from taking cut-rate corporate jet flights for official or campaign travel, ending one of the most delicious perks of congressional leadership. It would dramatically curtail free trips.

Travel paid for by lobbyists or organizations that lobby would be prohibited in most instances; of such travel, only trips subsidized by universities or lasting a single day (with an overnight stay) would be permitted. We would have preferred an outright ban on such travel, as Democrats originally promised. Still, this formulation would eliminate the most abusive travel-as-free-vacation. Similarly, the proposal seeks to limit the potential for abusing travel paid for by nonprofit entities by requiring advance approval from the ethics committee, limiting lobbyists' involvement in such trips and preventing funds from other sources from being earmarked to pay for the travel (as with the golfing junkets arranged by lobbyist Jack Abramoff).

We would have liked to see more. For example, while ending gifts from lobbyists, the rules don't crack down on their ability to host glitzy convention parties to "honor" lawmakers. It makes little sense to bar a free lunch but permit a lavish party. In addition, spouses of lawmakers and staff members would remain free to tag along on trips, all expenses paid. There's no justification for permitting this freebie.

The key to the effectiveness of all these rules changes will be in their implementation, which is the challenge awaiting Speaker Nancy Pelosi (D-Calif.). One issue is how diligent the ethics committee will be in screening travel requests. Another is how ethics enforcement will be strengthened. Ms. Pelosi has said she will name a panel to look into creating some kind of independent ethics arm; one such model is discussed on the opposite page today by Sen. Barack Obama (D-Ill.). As the lackluster performance of the ethics committee over the past several years has shown, some such change is critical. Ethics rules that are not vigorously overseen and enforced are not worth the Congressional Record they're printed in.

The Democrats' Agenda (USAT)

USA Today, January 4, 2007

The most brazen failure of the previous Congress was its arrogant refusal to take its ethics lapses as seriously as voters did. Somehow, the spectacle of lawmakers being indicted and sent to prison failed to move GOP leaders to crack down on a seamy world in which lobbyists routinely shower members with meals, gifts and trips.

Now Democrats promise the discipline Republicans never got around to. Rules they unveiled late Wednesday, and plan to adopt today, include bans on lobbyist gifts and meals and most privately funded travel, with modest and seemingly legitimate exceptions.

In a major change, members would no longer be able to hitch rides on corporate jets, a beloved but outrageous perk that has afforded members elite level travel and given lobbyists priceless access.

This is a step forward, but if it is the only step it will not be enough. Money rules in Washington because even the most ethical candidates need wads of it to get elected and those of lesser principle are easily seduced by lobbyists' solicitations. Public financing of campaigns would have greater impact and is an idea that should be pursued later on.

Eye On The Clock, House Democrats Put Their Focus On '100 Hours' (WP)

By Jonathan Weisman

The Washington Post, January 4, 2007

It sure sounds like a race against time. Democrats have given themselves a mere 100 hours to break the bonds between lobbyist and lawmaker, boost homeland security, raise the minimum wage, fund stem cell research, lower prescription drug prices, slash student loan interest rates and free the country from its dependence on international oil.

A hundred hours to pass at least eight significant pieces of legislation and rule changes -- 4.17 days! Heck, Republicans had all year to pass 11 routine spending bills and managed only two. But, hey, who's really counting?

"We think we'll do it in less than a hundred hours," boasted incoming House Majority Leader Steny H. Hoyer (D-Md.) in a fit of bravado yesterday. "But," he added, "it all depends on how you're counting a hundred hours."

To begin with, if you're a House Democrat, you don't start the clock running today, when the 110th Congress is sworn in and voting begins, or even tomorrow, when a package of measures reaches the floor to rein in fiscal profligacy. You fire the starting gun on Tuesday, six days into the 110th Congress. Now that's a head start.

Then you count only legislative hours, that is, the hours that the House is actually in session and voting. Forget the weekends, the night hours, Martin Luther King Day on Jan. 15, or, for that matter, the next day, when votes don't start until well after sundown.

If all goes according to plan, the House will get through its hundred-hour agenda in 15 days, or 360 hours, by standard definition. Today, the House will take up an ethics package. Tomorrow, new budget controls. On Tuesday, the House will enact most of the security recommendations of the bipartisan commission that examined the Sept. 11, 2001, terrorist attacks. On

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Wednesday, the minimum wage goes up. On Thursday, it's federal funding for stem cell research, and on Friday, Democrats intend to give the government the authority to negotiate drug prices for Medicare. On Jan. 17, interest rates for student borrowers will be slashed, and on Jan. 18, tax breaks for Big Oil will go by the wayside, making room for alternative energy research.

That may not be 100 hours, but let's not be too literal about these things. After all, the Bible tells us that Abraham died at 175; his wife, Sarah, gave birth to Isaac at the matronly age of 90; and Noah made it to age 950. Talk about a drain on the Social Security system.

Majority Playing The Name Game (HILL)

By Jim Snyder

The Hill, January 4, 2007

A Democratic majority may mean a new direction on big issues such as the Iraq war, immigration and trade. But before addressing such profound matters, Democrats will make a few decidedly more superficial changes to distinguish the 110th Congress from the 109th, when Republicans ran things.

Democrats, organizing their new majority this week, plan to tweak the names of several committees and subcommittees, in addition to altering the lobbying and congressional travel rules that are also part of the initial rules package.

What's in a name? Some changes seem to reflect a personal preference rather than indicate sweeping policy changes. The Committee on International Relations, for example, will once again be called the Committee on Foreign Affairs. New chairman Tom Lantos (D-Calif.) wanted the change in order to preserve the "traditions and history" of the committee, which for most of its life has gone by the Foreign Affairs title, said committee spokeswoman Lynne Weil.

But a new label can be more than mere wordplay, potentially signaling a change in the political priorities, responsibilities or emphases of a committee and its members.

The most salient change may be to the Committee of Government Reform, which will add the word "oversight" to its title. Democrats have accused House Republicans of going easy on the Bush administration. The "oversight" addition not only returns the committee name to its moniker under the last Democratic majority, but no doubt indicates the committee will serve as one of the more active investigative arms of Congress (see related story).

The Armed Services Committee keeps its name, but the Tactical Air and Land Forces subcommittee drops "tactical" to become the Air and Land Forces subcommittee.

Perhaps more substantive, the committee is adding an oversight and investigation subcommittee, which Republicans ditched when they took over.

Name changes typically accompany a shift in control of Congress, although committee names have been adopted after a change in chairmanship, or to reflect shifts in jurisdiction.

Republicans changed the name of the Education and Labor Committee to Education and the Workforce, even though Republicans were responsible for creating the Education and Labor Committee in the first place.

Jehu Baker, an Illinois Republican, introduced a resolution to create the committee in 1867, declaring that "in view of the greater liberty and larger recognition of manhood which have followed the suppression of the rebellion, it is eminently fitting that the Government should be placed, if possible, in a better relation to the working people of the country," according to the National Archives website.

In years since, labor became a key Democratic ally, a fact underscored by the return to the old name under new chairman George Miller (D-Calif.).

In addition, the House Resources Committee will forthwith be known as the House Natural Resources Committee. The Science Committee will become the House Science and Technology Committee.

The Constitution does not mention committees, giving the House and Senate the authority to write their own procedural rules. Standing committees and their powers are defined in the rules adopted by each body.

One committee name with staying power has been the House Ways and Means Committee, the oldest standing committee in Congress. A select committee in the first Congress, Ways and Means earned permanent status in 1802. (The phrase "ways and means" is even older, used in the English Parliament and in colonial and state legislatures before Congress was established.)

As the only standing committee at that time, Ways and Means originally had broad authority, which included not only the power to raise revenue but also the power to spend it.

The Appropriations Committee wasn't established until after the Civil War, according to the National Archives. "It is utterly impossible in the present condition of our finances that our committee can do all this labor," an Ohio Democrat, Rep. Samuel Cox, said, according to the National Archives.

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In 1946, Congress adopted broad changes to the committee structure. The act reduced the number of standing committees by consolidating jurisdictions, while also increasing the number of subcommittees, according to the Encyclopedia of Congress.

Rep. Frank Opens Door To Business (WSJ)

By Greg Ip And Christopher Conkey

The Wall Street Journal, January 4, 2007

WASHINGTON -- Businesses wondering how to deal with the Democrats taking charge in Congress today have a blunt offer from a top lawmaker in the majority: Support our priorities and we'll support yours.

The "grand bargain" laid out by Rep. Barney Frank represents a road map to how Democrats may strike deals to aid unionization, expand health-care coverage and find common ground on other issues, while giving businesses concessions on immigration, trade and investment.

In practice, it may be difficult for Mr. Frank either to deliver his party's side of the deal or find a partner with whom to bargain. Still, the Massachusetts Democrat's remarks may represent a guiding philosophy to how Capitol Hill's new majority will try to use popular unease over growing income inequality, flat wages and soaring executive pay as fuel for legislative priorities. Many Democrats exploited those concerns in winning November's midterm elections. (See related article.1)

"There are two outcomes possible," Mr. Frank said yesterday in a speech at the National Press Club. "Either people will join with us in solving the health-care problem, getting a humane immigration policy, good rules that welcome responsible foreign investment, going forward with trade with reasonable...environmental and labor standards, allowing people to join a union, and we will then be able to go forward in a pro-growth way, engage with the rest of the world, implement productivity-enhancing technology."

Alternatively, he said, conservatives can "continue...union busting" and leave a growing number of people without health care. "Then people should not be surprised when there is no renewal of trading authority, if you have resistance to sensible immigration policy. That's the choice that has to be made."

Mr. Frank takes over as chairman of the House Financial Services Committee, giving him formal sway over key business concerns ranging from regulation of mortgage companies Fannie Mae and Freddie Mac and executive pay, but not big issues such as trade, taxes and health care. That means his influence may be as much philosophical as practical.

His influence "is more as a thinker than someone who has a big stick," says Andy Laperriere, a policy analyst for the brokerage firm ISI Group Inc. "In terms of who Democrats look to for someone who thinks about important economic issues, Frank is influential."

But, Mr. Laperriere said, "It's not clear how such a grand bargain can be agreed to on the business-community side. Exactly who is the business community? Thousands of major companies and hundreds of trade associations." Furthermore, he noted that some things business might agree to are anathema to Republicans.

Still, lobbyist Vin Weber said, "I would give more credence to this coming from Barney Frank than just about anybody else." Mr. Weber, a former Republican congressman from Minnesota who served with Mr. Frank, said he has credibility with liberal Democrats, "which is where the rub would come in terms of striking any kind of accommodation with the business community."

Some of Mr. Frank's proposals are largely symbolic: He plans hearings over the next two years on the causes, consequences and responses to increased inequality and weak wage growth. He also warned Federal Reserve Chairman Ben Bernanke against blaming higher wages for inflation.

More specifically, Mr. Frank wants to pass a bill allowing unions to organize workplaces when a majority of employees sign cards indicating their interest in a union. That would strip employers of the ability to call in federal regulators to oversee a secret ballot. The bill will speed unionization efforts and is a huge priority for labor groups, but it falls outside Mr. Frank's authority.

He has signaled a willingness to support renewing the president's authority to negotiate trade deals and then submit them to Congress for only an up-or-down vote, which expires this summer, but he wants those deals to contain environmental and worker protections. Trade deals, however, are under the jurisdiction of the Ways and Means Committee, headed by New York Rep. Charles Rangel.

In a telephone interview, Mr. Frank acknowledged his limitations. "What I'm trying to do is create a political climate where this sort of thing would be possible," he said.

Where his committee does have oversight, Mr. Frank said he is taking a cooperative approach. Mr. Frank said he would once again work with Donald Evans, former Commerce Secretary under President Bush and the current head of the Financial Services Forum, to pass rules governing the Committee on Foreign Investments in the United States. (The House passed legislation last year but it stalled in the Senate.) That committee has begun more tightly screening foreign purchases of U.S. companies after an uproar derailed a Dubai-based company's takeover of some U.S. ports.

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Mr. Frank plans to reintroduce a bill tightening regulation of Fannie Mae and Freddie Mac that died last year over administration demands that the companies limit the size of their mortgage portfolios. Mr. Frank said he also favors authorizing the Federal Housing Administration to insure pricier, and presumably safer, mortgages in higher-cost markets as a way to offset defaults by lower-income borrowers. He also will aim, as he did last year, to significantly curtail the ability of nonfinancial companies to own banks with federal deposit insurance in the event the Federal Deposit Insurance Corp. doesn't do it.

Even if Mr. Frank is unable to shepherd many of his initiatives into law, he is still in a position to ensure that business priorities continue to stay bottled up in a divided congress. That, he suggested, should motivate business groups to compromise.

Democrats Hope To Take From Oil, Give To Green Energy (WP)

By Steven Mufson

Washington Post, January 4, 2007

House Democrats are crafting an energy package that would roll back billions of dollars worth of oil drilling incentives, raise billions more by boosting federal royalties paid by oil and gas companies for offshore production, and plow the money into new tax breaks for renewable energy sources, congressional sources said yesterday.

Eager to paint themselves as different from the Bush administration and the past Republican majority, Democratic leaders are targeting a manufacturing tax cut in 2004 that they say gave unneeded incentives to the oil industry, Majority Leader Steny H. Hoyer of Maryland said in a briefing yesterday. Hoyer said Democrats are also planning to force oil companies to pay royalties on deepwater Gulf of Mexico tracts leased in 1998 and 1999; the Interior Department has said that the leases inadvertently failed to include provisions for royalty payments once oil prices rose above certain thresholds.

The repeal of the 2004 tax cuts for the oil and gas industry would generate nearly $5 billion, Democratic lawmakers said, quoting estimates by the Joint Committee on Taxation. The royalty payments would yield between $9 billion and $11 billion, Hoyer said.

But energy industry and congressional sources said that the details of the package remain in flux, in part because of disagreements among Democrats over how the revenue would be used and whether to also roll back oil and gas industry incentives in the Energy Policy Act of 2005, which was supported by many Democrats.

Democratic leaders said House Speaker Nancy Pelosi would introduce the energy package on Jan. 18, toward the end of the "100 hours" of legislative initiatives.

House Ways and Means Committee Chairman Charles B. Rangel and House Energy and Commerce Committee Chairman John D. Dingell want to be able to hold hearings before some of the key details of such a package are set. As a result, Pelosi will probably introduce the revenue-raising components first and set aside the money in a "fund" to be divvied up later.

Renewable energy lobbyists said that would set off a feeding frenzy among boosters of hydropower, nuclear, biofuel, geothermal and solar energy. Solar producers, for example, have a proposal to expand and extend tax credits for residential solar installations for eight years, which would cost $400 million.

"The Democrats are appropriately shifting money from the 20th-century technologies to the 21st-century industries," said Rhone Resch, president of the Solar Energy Industries Association. "If we want to see solar, wind and biofuels, we have to make that investment today."

Figuring out how to distribute incentives for renewable energy could be controversial. Some Democratic House members want to exclude nuclear power. Some renewable-energy advocates fear that Congress will scramble to provide too many incentives for corn-based ethanol production.

Pelosi's staff has asked the Congressional Budget Office to estimate revenue from several proposals, most based on ones introduced last year by Democratic lawmakers, including Reps. Maurice D. Hinchey (N.Y.), Edward J. Markey (Mass.), Jim McDermott (Wash.) and Brian Higgins (N.Y.).

McDermott's would alter the 2004 tax cut, which was adopted as a way to stimulate job growth by effectively trimming tax rates for a broad range of U.S. manufacturers, agriculture and extractive industries. Mark Kibbe, senior tax analyst for the American Petroleum Institute, said that when fully phased in by 2009 the provision would trim the corporate tax rate from 35 percent to 32 percent. McDermott's bill would eliminate the break for the oil and gas industry.

"From the perspective of our industry, it helped make U.S. oil and gas exploration projects or refining projects more cost-competitive with those abroad," Kibbe said.

The most likely change in the Energy Policy Act of 2005 would be the repeal of a clause that allowed oil companies to deduct geological and geophysical exploration costs instead of treating them as capital expenditures to be amortized over a longer period of time, said congressional aides and environmental lobbyists. This change would generate less than $1 billion in revenue over 10 years, they estimated.

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A variety of proposals would target the question of royalties on the 1998 and 1999 Gulf of Mexico leases. (The Justice Department is investigating possible relationships between Interior Department officials and oil companies that received the leases, said two sources briefed on the investigations last month.)

Five companies representing about a quarter of the leases in dispute agreed last month to insert price thresholds for future royalty payments, but another four dozen firms have not agreed to change the terms of those leases.

"There are a lot of issues with that, such as the sanctity of contracts," said API's Kibbe. "The API doesn't think it's a bad idea to renegotiate contracts, as long as both parties think it's a good idea. "

But Democratic and many Republican lawmakers are adamant on the issue. Markey and Hinchey would bar companies that refuse to renegotiate those leases from getting any future leases on federal lands or in federal waters. Pelosi's office has even discussed a proposal made last year by then-GOP congressman Richard W. Pombo, who wanted to impose a $9-a-barrel "conservation fee" on oil produced in federal waters by companies that refused to renegotiate the 1998 and '99 leases.

"It deprives the American people of the production they own," Hinchey said. "If they think it's too expensive, we should leave it there."

Many House Democrats also want to prod oil companies into making back payments on the disputed leases. Those back payments could amount to $900 million to $2 billion, according to the General Accounting Office.

Environmental groups were happy. "The oil and gas bill is a clear departure from the previous Congress's infatuation with oil and gas handouts," said Erich Pica of Friends of the Earth.

Dems To Push Part D; Opponents' Lobbies Ready For Medicare Battle (HILL)

By Jeffrey Young

The Hill, January 4, 2007

Although the House Democratic leadership plans to move swiftly to pass legislation requiring direct federal negotiation of prescription drug prices under Medicare, opponents of the policy expect the battle to continue in the coming months.

By taking immediate action on the Medicare Part D prescription-drug benefit as part of her "100 hours" agenda soon after the 110th Congress convenes today, House Speaker Nancy Pelosi (D-Calif.) will make it nearly impossible for drug makers, health-insurance companies and lobbies to stop the bill from passing.

Because the Democratic leadership also intends to skip the committee process and limit the Republican minority's ability to amend such early bills on the House floor, interest groups that want to obstruct additional federal involvement in Part D are looking forward.

Under the proposal, expected to hit the House floor as early as next week, the Department of Health and Human Services (HHS) would be required to negotiate with drug manufacturers on the prices they charge Medicare for their products, although the legislation would be short on specifics, according to reports.

Many Democratic candidates, as part of a nationwide strategy, made bulk negotiation of drug prices under Medicare a recurrent theme of their campaigns. Republicans and their allies in the healthcare sector countered by pointing to the high levels of satisfaction with Part D that beneficiaries have reported to independent pollsters.

Under current law, HHS is expressly forbidden to participate in or influence negotiations between the private companies that administer Part D on behalf of the government.

The administration and congressional Republicans generally regard negotiations as tantamount to federal price-setting, a view shared by anxious drug makers.

President Bush and HHS Secretary Mike Leavitt have repeatedly rejected negotiations, arguing that the private health insurers and pharmacy benefit managers that administer Part D plans are doing a better job lowering prices than the government could.

In the past, the Congressional Budget Office has backed up these assertions, although other analyses, such as one issued in October by the Democratic staff of the House Government Reform Committee, conclude that the Department of Veterans Affairs and other federal agencies pay less for many commonly used medicines than Part D plans do.

Healthcare businesses that stand to lose from Democratic action on Part D, led by the pharmaceutical sector, responded to the Democrats' electoral victory in November by signing on additional Democratic lobbyists and preparing to play defense on the new majority's attempts to make changes to Part D.

The efforts are not expected to bear fruit during the early weeks of the 110th Congress, but lobbies are anticipating attempts by congressional Democrats to propose a larger role for HHS in the negotiation of drug prices.

Rep. Pete Stark (D-Calif.), who chairs the Ways and Means Committee's Health Subcommittee, has pledged his support for the narrow bill headed for the floor, but also has suggested that additional legislation on drug pricing should be considered under Medicare.

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According to members of the health-insurance industry, the debate over Part D will last longer than 100 hours.

"Our function will be to continue to show that our plans are providing value" by offering affordable drug coverage to Medicare beneficiaries and bringing down the price of medicines, a spokesman for America's Health Insurance Plans, Mohit Ghose, said. "We're open to making improvements [to Part D] provided that we're not undermining the successes that we've already achieved."

Affected healthcare lobbies also are looking forward to the Senate's consideration of the issue. Senate Majority Leader Harry Reid (D-Nev.) joined Pelosi in promising during the campaign that Congress would pass legislation establishing federal negotiations of drug prices.

Such legislation faces less certain prospects in the more closely divided upper chamber. Finance Committee Chairman Max Baucus (D-Mont.), who was one of only two Democrats who helped draft the bill that created Part D, has not endorsed the leadership's plan.

Although Baucus has issued strong criticisms of the Bush administration's handling of the drug benefit, he does not share the view of many other Democrats that its structure is fundamentally flawed.

Moreover, Baucus has opposed legislation to establish HHS negotiation of drug prices. Twice last year, Baucus and Sen. Ben Nelson (D-Neb.) voted against such bills.

Business Mobilizes To Defend Turf (WSJ)

By John D. Mckinnon And John J. Fialka

The Wall Street Journal, January 4, 2007

The industries that expect to take the biggest hits from the new Democratic Congress are scrambling their marketing, public-relations and advertising forces to shore up their defenses.

Eager to demonstrate a sharp contrast with Republicans who dominated Capitol Hill for 12 years, new Democratic leaders are vowing to raise the federal minimum wage; reduce oil-company subsidies; give the government bargaining authority in purchasing Medicare prescription drugs; shrink student-loan fees; and impose mandatory controls on emissions of carbon dioxide and other so-called greenhouse gases that contribute to climate change.

LOBBYING PUSH

· The News: Businesses plan campaigns to burnish their image as Democrats take control in Congress.

· What's at Stake: Billions of dollars in subsidies and other breaks for oil companies, prescription-drug makers, student-loan firms and small businesses.

· What's Next: House will pass several measures soon, but some may stall in the Senate.

The worried industries and their trade groups are responding by hiring new lobbying talent, planning mass-market ad campaigns and, in some cases, focusing on getting goodies attached to legislation that they would rather see killed but know they can't stop.

The petroleum industry, for example, is preparing an ad campaign that seeks to justify oil companies' huge size -- and profits. The drug industry is weighing a mass-media counterattack of its own, emphasizing the good performance of the Medicare prescription-drug program. Student-loan titan Sallie Mae is rallying grass-roots support from college administrators. Small-business representatives are talking up tax breaks to offset what appears to be an inevitable increase in the minimum wage.

Many businesses "are gearing up to respond" both to unfriendly legislation and to the prospect of congressional investigations, says George Crawford, a former top aide to new House Speaker Nancy Pelosi. Now with the law firm of King & Spalding in Washington, he has attracted some big new clients in recent months, including Exxon Mobil Corp. and drug maker Amgen Inc.

Many businesses may find it challenging to win new allies among congressional Democrats. The petroleum industry, for example, was demonized as "Big Oil" by Democrats last summer as gasoline prices soared. Now, it faces vows by Ms. Pelosi to move quickly to roll back oil-company subsidies and use the money to establish a fund for wind, solar and other alternative-energy sources.

Democrats are targeting breaks that include tax incentives for geologic research to find oil and favorable royalty deals for domestic oil production. While details remain in flux, some environmentalists estimate the changes would cost the industry $15 billion to $20 billion in the next decade.

In response, the American Petroleum Institute will wage an image-improvement campaign on television and in newspapers to show why Big Oil needs to be big. "We're now in a global market, whether people like it or not," says Red Cavaney, the group's president. The industry contends that private companies hold only about 6% of the world's oil reserves, and that to get access to more oil, companies need to form partnerships with government-owned oil companies, which sit on about 80% of

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proven reserves. To do that, Mr. Cavaney says, companies must show they have the capital and expensive oil-finding technology to produce the oil.

Other energy interests are focused on highlighting the costs of climate-change proposals. The National Mining Association, which represents coal-mining companies and mining-equipment makers, recently met with about 20 staffers from the congressional energy committees to show off new tools the industry hopes lawmakers will use in writing legislation. One is a new computer model that, according to the association, calculates the cost of climate-change proposals. For example, a mandatory cap on coal emissions will produce higher electricity prices and job losses at companies that may have to shut down or move overseas because of rising energy costs, according to Luke Popovich, spokesman for the association.

The utilities lobby, lead by the Edison Electric Institute, will deal with emissions controls by emphasizing its efforts to promote energy efficiency and suggesting ways the government could help the industry get new technology that reduces pollution.

Drug companies and labor-intensive businesses such as retailers and restaurants also stand to lose out in the Democratic agenda. House Democrats have promised to pass an increase in the minimum wage to $7.25 from the current $5.15. They also have vowed to give the government the authority to bargain with pharmaceutical companies over Medicare drug prices. That was barred in a Republican-written law passed three years ago.

Already, critics of a minimum-wage increase, including the U.S. Chamber of Commerce, retailers and small-business groups, are sensing defeat and focusing on securing the best deal they can in whatever legislation passes. "We're working with the administration and members of both sides to minimize the damage," with offsets such as tax breaks and regulatory relief, says John Gay, senior vice president for government affairs at the National Restaurant Association.

Mr. Gay says he realized the political world had changed when Kentucky Sen. Mitch McConnell, the new Senate Republican leader, said after the November elections that he wanted to reach a deal with the Democrats on the minimum wage. And just before the holiday break, President Bush said in the strongest terms yet that he supports a $2.10 increase in the minimum wage, if it is paired with more help for the small businesses that will be disproportionately affected.

Small-business advocates such as the National Federation of Independent Business want any minimum-wage bill to increase the amount of new equipment their members can write off completely for tax purposes in the first year (as opposed to depreciating over a number of years). Restaurateurs are pressing for a broadening of another tax incentive involving the accelerated depreciation of additions and renovations. And some business interests are pushing for a three-year, rather than two-year, phase-in of any increase in the minimum wage.

House Democrats hope they can win a minimum-wage boost without the concessions. "Give us a clean vote on our issue, and [don't] tie us to other things that muddy the water," says Rep. Dennis Moore of Kansas. But industry lobbyists say Democratic leaders acknowledge privately that a deal with industry is likely to be necessary to get the measure through the closely divided Senate, where 60 votes are required to pass almost anything.

In contrast to those opposing the minimum-wage issue, the outlook for drug companies is brighter. While a proposal to allow the government to bargain with drug makers over Medicare drug prices is likely to pass the House, it could face a tougher time in the Senate. The drug industry will argue that the prescription-drug benefit has worked better than expected, is popular with seniors, and that Congress shouldn't tamper with its fundamental features.

"Messing with it and damaging it would not be a smart thing to do, and we are going to encourage Congress to think about that," says Billy Tauzin, a former Louisiana congressman who heads the Pharmaceutical Research and Manufacturers of America, the drug makers' trade group. He hinted that the industry is preparing a big ad campaign -- just in case.

If Congress heads toward passing "anything like price controls, we obviously have a big job to do," he says. "If Congress is reasonable and works with us to improve the program, it's a different matter."

The 100 Hours Rush (WSJ)

The Wall Street Journal, January 4, 2007

Congratulations to Speaker Nancy Pelosi and her fellow Democrats, who begin their new control of Congress today. They also deserve full marks for paying attention while in the minority, because it's clear Democrats learned a few things from Tom DeLay -- to wit, how to rush through legislation without any minority participation or public debate.

House Democrats plan to pass a pile of legislation in their first 100 hours, bringing the measures quickly to the floor without committee hearings. These are issues they campaigned on last year and that do well in polls at first blush, such as a higher minimum wage, price controls on prescription drugs and "ethics reform." The rush is supposed to show Democratic resolve to get things done, but it's enough to make us wonder if they're afraid that some of their ideas won't hold up under scrutiny.

Take an increase in the federal minimum wage -- to $7.25 an hour in 2009 from $5.15. This was a big hit with Big Labor, and even President Bush has endorsed it in principle. Still, there are negative consequences when the government increases

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labor costs, and they deserve to be aired, not muffled. No serious economist disputes that a higher wage floor will reduce employment. The debate is only over how many people will lose their jobs. Minorities, low-skilled workers and small businesses get hit hardest, and if a wage hike does less harm this time it will be because in the current tight labor market most employers are already paying above the minimum.

The need for scrutiny is even more compelling on price controls for Medicare prescription drugs. Under the Medicare Part D benefit that took effect last year, private companies negotiate prices. Democrats want to allow the government to deal directly with drug companies. They argue that this would lead to lower prices for medicines, but the more likely outcome is fewer drug choices and price controls.

Democrats point to the Department of Veteran Affairs as a model, but we doubt seniors will like that story when they learn about it. The government already negotiates drug prices directly with the VA. But as Robert Goldberg wrote last month in the Weekly Standard, "Far from negotiating prices, the VA imposes them. Federal law requires companies to sell to the VA at 24% below wholesale price. If they won't, they are banned from selling medicines to Medicaid, Medicare and the public health service."

The VA has created a list of approved drugs for its patients. Companies that don't pay the VA price don't make the list, and a slew of drugs fall into that category. They include Azilect and Tysabri, two of the newest therapies for Parkinson's and multiple sclerosis, respectively. That's what happens when keeping prices down takes priority over getting the best available medicines to patients. Both drugs are available through Medicare Part D, by the way. Maybe Congress ought to debate this.

On ethics reform, Democrats are offering a hodge-podge of good, bad and ridiculous. The good includes earmark reform, if they are really serious in reducing the number and increasing the transparency of the spending process (see below). The ridiculous is a mandate for ethics training for all House employees, which makes us wonder who they're hiring in the first place.

As for the bad, most of the rest of these "reforms" are about controlling the lobbyists, not the Members, which gets it exactly backward. Putting restrictions on the right of citizens to petition government is a strange way of handling ethically challenged politicians. If a Member can be bought with a free lunch or skybox ticket from a lobbyist, he shouldn't be in Congress anyway. And even as they're forgoing lunch, the Members will still be telling corporate lobbyists they'd better ante up that PAC money, or else.

Most slippery is the attempt by Democrats to disguise so-called "pay as you go" budgeting, or paygo, as ethics reform. This is supposed to be a mechanism for reducing the deficit, but in practice it keeps the spending spigots open and makes tax cuts next to impossible. Under paygo, tax cuts must be offset by less spending, but existing entitlement programs that grow automatically every year are exempt from the rules. Under paygo rules, the Bush tax cuts that expire in 2010 have no chance of being extended -- as Democrats well know.

The country spoke loud and clear on behalf of Democrats last November, but we doubt this means it voted for everything on the party's partisan wish list. Attempting to shove these measures through the House without allowing votes on amendments or alternatives isn't the way a confident majority behaves. We guess this is why the Founders created the Senate.

GOP Will Push For 'Alternatives' (WT)

By Jon Ward

The Washington Times, January 4, 2007

House Republican leaders yesterday said they will develop an agenda as the new Democrat-led Congress proceeds and decried plans to pass a series of measures immediately with little input from the minority.

"We think we need to have an opportunity to offer alternatives," said Rep. Roy Blunt of Missouri, who will be the minority whip when the 110th Congress convenes today.

Mr. Blunt, incoming Minority Leader John A. Boehner of Ohio and several other Republican leaders said Democrats promised voters "a new way of doing business" on Capitol Hill.

"The important point here is that the American people were promised ... a fresh start," said Rep. Adam H. Putnam of Florida, the chairman of the House Republican Conference. "This is a missed opportunity to really change the way the House does business."

The spokeswoman for House Speaker-designate Nancy Pelosi, California Democrat, said Republicans will have more opportunities "to put forward their proposals and have their ideas considered than Democrats ever did under Republican majorities."

In the first 100 hours, Democrats will pass measures that "weren't given a fair hearing in previous Congresses," Pelosi spokeswoman Jennifer Crider said.

Boehner spokesman Kevin Smith said Republicans did not shut out Democrats after taking leadership in 1995.

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Rep. Steny H. Hoyer, the Maryland Democrat who will be sworn in as majority leader today, said that his party regained control of the House by promising six specific actions "immediately."

"We view the first 100 hours essentially as a mandate from the American people," Mr. Hoyer said. "We told everybody: If you elect us, this is what we're going to do immediately."

Democrats propose to enact recommendations from the National Commission on Terrorist Attacks Upon the United States, increase the minimum wage, expand federal funding of embryonic-stem-cell research, negotiate for lower prescription drug prices, cut student loan interest rates and reduce government subsidies for oil companies.

Those measures also will have to pass the Senate, and if they don't, Mr. Hoyer said, "the American people will make a judgment on that."

Mrs. Pelosi will present a rules package today that includes a series of ethics provisions that will ban gifts to and trips for congressmen funded by lobbyists.

The rules package is traditionally the first measure passed each Congress.

Republicans complained yesterday that Mrs. Pelosi shared the rules package with them less than 24 hours before the vote.

The first 100 hours is understood to mean the first 100 hours of legislative activity. Even though Congress will convene today, the Democrats are not scheduled to complete the last of their six measures until Jan. 18 or 19.

Hoyer Defends Democrats' Plan To Block Republican Amendments (BLM)

By Laura Litvan And Nicholas Johnston

Bloomberg, January 4, 2007

Jan. 3 (Bloomberg) -- The voters' decision last November to give Democrats control of Congress justifies party leaders in blocking Republicans from amending a wave of bills that will move through the House this month, said incoming House Majority Leader Steny Hoyer.

Hoyer, a Maryland Democrat, said his party campaigned on a ``100-hour" agenda that includes raising the minimum wage to $7.25 an hour from $5.15 and should be able to move that measure through the chamber without interference. Democrats will later make good on a separate campaign promise to allow the minority party more opportunity to amend bills on the House floor or in committee.

``We view the first 100 hours as essentially a mandate from the American people," Hoyer told reporters.

His comments come amid a controversy that began Dec. 14 when House Speaker-designate Nancy Pelosi, a California Democrat, said for the first time that Republicans wouldn't get a chance to offer amendments to those initial bills. House Republican leaders have protested the move, and some key committee chairmen yesterday sent letters to Democrats complaining that they are being locked out of the process.

Democrats take control of the House and Senate at noon tomorrow after elections that left their party with 51 of the Senate's 100 seats and 233 of the House's 435 seats.

When Republicans were in the majority, they routinely blocked Democrats from amending bills and angered Democrats by often moving legislation to the floor without adequate time for lawmakers to review the contents.

Republican leaders today said Democrats weren't following campaign promises to run the House more openly.

`Totally Inconsistent'

``It's totally inconsistent with what we have been promised," David Drier of California, the senior Republican on the House Rules Committee, told reporters.

Republicans ``have not seen one line" of any proposed legislation, and committees won't be able to debate any of the bills that will be passed in the first weeks of the session, said incoming Minority Whip Roy Blunt of Missouri. When Republicans took control of the House in 1995, Blunt said all of their election-year agenda was first passed by committees.

``The American people were promised a new way of doing business," said Adam Putnam, a Floridian who is chairman of the Republican Conference. ``We are disappointed that, at this point in the game, half of the Congress has been cut out of the process."

In The House, Suddenly Righteous Republicans (WP)

By Dana Milbank

The Washington Post, January 4, 2007

Thirty-one-year-old Rep. Patrick McHenry (R-N.C.) is not a large man, standing perhaps 5 feet 3 inches tall in thick soles. But he packed a whole lot of chutzpah when he walked into the House TV gallery yesterday to demand that the new Democratic majority give the new Republican minority all the rights that Republicans had denied Democrats for years.

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"The bill we offer today, the minority bill of rights, is crafted based on the exact text that then-Minority Leader Nancy Pelosi submitted in 2004 to then-Speaker of the House Dennis Hastert," declared McHenry, with 10 Republican colleagues arrayed around him. "We're submitting this minority bill of rights, which will ensure that all sides are protected, that fairness and openness is in fact granted by the new majority."

Omitted from McHenry's plea for fairness was the fact that the GOP had ignored Pelosi's 2004 request -- while routinely engaging in the procedural maneuvers that her plan would have corrected. Was the gentleman from North Carolina asking Democrats to do as he says, not as he did?

"Look, I'm a junior member," young McHenry protested. "I'm not beholden to what former congresses did."

Anne Kornblut of the New York Times asked McHenry if his complaint might come across as whining.

"I'm not whining," he whined.

Even before officially relinquishing majority status today when the 110th Congress convenes, Republicans were protesting the Democrats' heavy-handed leadership. But Republicans expecting Democrats to rule the House with an iron fist are likely to be pleasantly surprised: The incoming majority was having enough trouble keeping its own supporters in line.

House Democratic leaders were giving their first news conference of the year when the session in the Cannon building was hijacked by Cindy Sheehan and other antiwar demonstrators, some wearing tie-dyed apparel and pins comparing President Bush to Adolf Hitler. Just after Rep. Rahm Emanuel (D-Ill.) vowed, "We're gonna cut the interest rate in half for student loans," hecklers began to chant "De-escalate! Investigate! Troops home now!"

"That is exactly what we're talking about," Emanuel said, trying to appease the protesters. But the hecklers kept chanting, and he fled.

The Democratic leaders in retreat, Sheehan seized the microphone. "We put them back in power," she said of the Democrats. Passing out fliers calling for defunding the Iraq war, Sheehan shouted: "These are our demands. And they're not requests -- they're demands."

If yesterday was any indication, the 110th Congress will be highly entertaining, if not terribly productive. So far, it's hard to tell which will be a larger impediment to Democratic leaders: the McHenrys or the Sheehans.

The day began when House Republican Conference Chairman Adam Putnam (Fla.) led fellow House GOP leaders to a news conference in a Capitol basement hall. At 32, he is a year older than McHenry, and several inches taller, but no less outraged by Democrats' refusal to bestow on Republicans the rights that Republicans refused to bestow on Democrats.

"We are disappointed," protested Putnam, whose fair skin was covered with a layer of makeup.

"We're clearly disappointed," seconded Roy Blunt (Mo.).

"I'm disappointed, as are some others," added Kay Granger (Tex.).

"I am very disappointed," concurred David Dreier (Calif.).

It fell to CNN's Dana Bash to point out the awkward truth. "You can play back, almost verbatim, Democrats . . . saying almost exactly what you all just said," she said. "So is there a little bit of hypocrisy in you saying that you want minority rights?"

"This is a missed opportunity to really change the way that the House does business," Putnam offered, citing Democrats' campaign promises for "a new way of doing business."

"What stopped you from taking that opportunity when you were still in the majority?" inquired Rick Klein of the Boston Globe.

"Well, I'll let Chairman Dreier speak to that," Putnam ventured.

Republicans must have known they'd have some explaining to do, because they scheduled back-to-back news conferences on their minority rights. As soon as Putnam's session ended, Granger took the elevator up three flights and joined McHenry and his cohort in the TV gallery.

Granger had not updated her talking points. "It's very disappointing," she said.

Further disappointment came when the first questioner elicited the confession that none of the lawmakers had previously sympathized with Pelosi's plea for minority rights. McHenry unfurled excuses: "We were not in Congress. . . . I didn't have the opportunity. . . . She did not put it in legislative form."

It had all the makings of a PR debacle. Fortunately for McHenry, the Democrats were otherwise engaged. An hour after fleeing the microphone because of Sheehan's heckling, Emanuel and other Democratic leaders returned for another attempt to talk about ethics and the minimum wage.

"Rahm, would you answer Cindy Sheehan, though?"

"An hour or so ago you had to stop your remarks because [of] Cindy Sheehan."

"What are Democrats going to do about the war in Iraq?"

For the new majority, it must have been, well, disappointing.

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Lessons From The GOP (WT)

By Robert Walker

The Washington Times, January 4, 2007

Governing is hard. Governing is particularly hard in the legislative process when promises include explicit deadlines, a commitment to specific legislative proposals and an agreement to respect minority rights.

Just like the Democrats now taking control of the House of Representatives, Republicans in 1995 had promised a legislative process fraught with difficulty. And we immediately encountered the same problems that the Democratic leadership is now facing — concerns about the ability to meet the promised schedule, arguments about the details of the legislation and the potential for missteps if the minority really was given the right to debate, amend, modify or defeat the bills being offered.

In 2007 it remains to be seen if Democrats will be as successful at living up to their promises of minority rights as Republicans were a decade ago. In the earliest days of Republican control of the House our assurances of openness and protection of minority rights were implemented. We provided the minority with additional resources to do their job and eliminated many of the elements of committee fiefdoms that had previously existed. Seventy-five percent of the bills that encompassed the Republican action plan, the Contract with America, were considered under completely open rules or rules that limited only debate time but not the ability to offer amendments.

That Republican commitment to openness and minority participation came at some cost. Among the earliest bills we brought to the House floor was one to eliminate unfunded mandates, the practice of the federal government imposing costs on state and local governments. The bill took two weeks to complete with more than four dozen amendments offered of which 19 were adopted. It was an experience that led the Republican leadership to restrict time on subsequent bills because we had promised to enact our whole agenda in 100 days. But even though time restrictions were adopted, the vast majority of bills were open to unrestricted amendment.

The extension of minority rights that we championed was enacted on the opening day of the 104th Congress. Among the reforms passed was an accurate congressional record, the elimination of proxy voting in committees and an allocation of one-third of the staff at committees to the minority. The purpose behind the changes grew from our experience in the minority where substantial changes in the Congressional Record altered the meaning of floor debate and thereby distorted the proceedings; votes in committee where the tally of those present gave a victory to the minority only to have that victory reversed when the chairman used proxy votes of those not present to enforce his view; and situations where the majority staff so significantly outnumbered the minority staff as to make legislation competition impossible.

In addition, within the Republican Party rules another major reform limited the ability of the majority to establish legislative fiefdoms where committee chairs exercised power in arbitrary ways. The party rules established a three term limit on committee chairmen assuring regular, orderly transfers of power.

Unfortunately, as the pressures of legislating grew, the Republicans in the House lost some of their zeal for openness and minority participation. Rules became more closed meaning that amendments were restricted or completely eliminated. And the result of the loss of openness was a loss of civility and comity in the House.

Some important things were kept — committee chairman term limits, elimination of ghost (proxy) votes, sufficient minority staffing and an accurate record of proceedings. But the restrictions on procedure more and more shut the Democrats out of offering their alternatives within the legislative process. And that situation led to calls for reform by the Democrats, calls that became a part of their 2006 political campaign and contributed to their victory.

How well will the Democrats do in keeping the campaign promises? The rules package offered on opening day in the 110th Congress contains special rules for enactment of their 100-hour legislative plan. Those special rules allow for no minority participation. The bills will not be considered in committee (unlike the 1995 Republican process that brought all the Contract bills through the appropriate committees) and no amendments will be permitted. The only action granted to the minority will be a motion to recommit the bill to a committee from which it never emerged. In addition, the Democrats have not imposed term limits on their committee chairmen, meaning at least one of the reforms of a decade ago has been abandoned.

Hopefully these initial steps are not harbingers of what is to come but are merely an indication of a party trying to govern and finding that governing is hard. But legislating by fiat is destructive. It destroys legislative quality. It destroys civility. And it destroys the debate on issues to which all American are entitled.

Republicans should have remained true to the principle of openness, full debate and minority participation. Democrats, we can hope, learned that lesson.

Former Rep. Robert Walker, who served as part of the House leadership under Speaker Newt Gingrich, is chairman of Wexler & Walker Public Policy Associates.

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Political Gadfly Cindy Sheehan Disrupts Democrats' Policy Meet (AFP)

AFP, January 4, 2007

Antiwar activist Cindy Sheehan and about a dozen other peace protesters demonstrated at the House of Representatives to urge Democrats to aggressively investigate the war in Iraq.

"De-escalate! Investigate! Troops home now!" Sheehan and the other protesters chanted at Democratic leaders in the House Cannon Office Building, who had assembled for a press conference on their agenda as they prepare to take power Thursday.

Democrats, who take control of Congress Thursday for the first time in 12 years, have vowed to hold President George W. Bush's administration accountable for its handling of the Iraq war.

Protest organizer David Swanson told AFP said they wanted to underscore their displeasure that Democrats, in the view of peace activists, are not aggressively holding the Bush administration accountable for missteps in Iraq.

"We were there to lobby. We wanted to tell them that 'we in the peace movement won this war for you, and we have the impression that you're turning your back on us from day one,'" he said.

"We want Democrats to turn off the money and investigate the crimes," Swanson said.

"Pelosi (incoming House speaker Nancy Pelosi) has said cutting off the money is off the table and impeachment is off the table. This is not what we elected her to do."

Sheehan, whose son Casey was killed in Iraq in April 2004, rose to national prominence that same summer when she camped outside of President George W. Bush's Texas ranch to demonstrate her opposition to the US-led war.

She has remained a constant gadfly on the Iraq issue, with antiwar protests, a book, letter writing campaigns, and various civil disobedience actions.

Cindy Sheehan Disrupts Democrats Talk On Ethics (HILL)

By Jonathan E. Kaplan

The Hill, January 4, 2007

The war in Iraq and congressional scandals, twin forces that helped Democrats recapture the House and Senate, collided yesterday when antiwar protesters' shouting forced House Democratic leaders to cut short a press conference hyping their proposed reforms.

House Democratic leaders had gathered in the Cannon Caucus room to discuss wide-ranging and symbolic changes to the House rules, including a complete gift ban and new restrictions on travel, earmarks and legislative procedures when activists, including Cindy Sheehan, drove lawmakers from the microphones.

If the rules are adopted after the full House votes on them today, lawmakers' ability to accept junkets from lobbyists will be curtailed, they will have to attach their names to earmarks and spending and tax deductions, credits, exclusions or preferences directed to 10 or fewer beneficiaries will be banned. The proposals also include measures to give the ethics committee power to pre-approve privately funded trips and require lawmakers to report more quickly the costs of the trips.

But when Democratic Caucus Chairman Rahm Emanuel (D-Ill.) stepped up to pronounce that Democrats fundamentally would "change the relationship between lawmakers and legislators," Sheehan and her allies started shouting, "De-escalate, investigate, bring our troops home now!"

Emanuel's aides said he was willing to talk to Sheehan and her cohorts, but he and Majority Leader Steny Hoyer (D-Md.), Majority Whip James Clyburn (D-S.C.) and incoming Rules Committee Chairman Louise Slaughter (D-N.Y.) headed inside the Cannon Caucus room when it appeared the shouting would not stop.

"They are not including the peace movement's voice," Sheehan said, adding that she would have talked to Emanuel and the other leaders had she noticed them waiting to listen. After the leaders huddled inside the closed-door meeting, the shouting stopped and the protesters left.

Most rank-and-file Democrats missed the commotion because they had retired inside their first meeting since recapturing the majority. But many lawmakers, including freshman Reps.-elect Chris Carney (D-Pa.) and Joe Sestak (D-Pa.), said this was the first time they had been able to see a draft of the ethics reforms. They, and the rest of the caucus, will have 24 hours to review the rules changes.

Despite the short review period, which complies with one of the rules changes giving lawmakers 24 hours to review legislation before it is considered at the subcommittee level and on the House floor, Democrats whipping the proposed changes had run into little resistance, said House Democratic sources.

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"They talked about it enough during the campaign. It'll make some people uncomfortable and make lives a little more difficult," a Democratic lobbyist with close ties to leadership said. "But they got a message from voters and this is something they have to do. They'd rather be in the majority."

But some lawmakers raised concerns about whether they would be able to attend events in their district when House Democratic staffers briefed them in regional conference calls last month. For example, if a union held a barbeque could a lawmaker accept their food or if he visited a plant could he eat with the employees? The staffers did not have answers to the questions, said Democratic sources familiar with the calls.

Democracy21 and Public Citizen, government watchdog groups, favorably greeted the proposed rules changes.

Still, the rules contain some loopholes. Lawmakers would be allowed to accept trips paid for by universities so they can speak at graduation ceremonies and junkets sponsored by other non-profit groups, such as the Faith and Politics Institute, which has flown lawmakers to South Africa to educate them on civil rights issues.

In addition, Democrats decided to address more complex issues later. They did not propose creating an independent ethics agency. While top Democrats are predisposed to such an agency, Hoyer and others are concerned about problems that the independent counsels have encountered since 1980, said a senior Democratic spokesman. A bipartisan panel will convene later this year to consider a plan.

There is no provision to strip lawmakers of their pensions if they are convicted of a crime while serving in office. It is unclear if such a provision will be considered later this year, Democratic aides said.

Moreover, some lobbyists voiced concerns that the culture of Washington is so ingrained that lawmakers and staffers would find ways to circumvent the measures. For example, to get around the gift ban, lobbyists might start paying for meals under the guise of a campaign event, and businesses could create non-profit foundations to organize fact-finding trips.

The Democrats also renamed committees, granted power to the newly named Oversight and Government Reform Committee to depose witnesses and banned lawmakers-turned-lobbyists and their spouses from using the House gym.

Meanwhile, Pelosi has moved to cement her authority by placing staffers in key Democratic offices. Her spokeswoman, Jennifer Crider, will become the communications director for newly appointed Democratic Congressional Campaign Committee Chairman Chris Van Hollen (D-Md.) and Carrie James, a press aide to Pelosi who worked for Rep.-elect Patrick Murphy's (D-Pa.) campaign, will become the deputy communications director for the Democratic Caucus.

And on Friday evening, freshman Democratic and Republican lawmakers leave for Williamsburg, Va., to attend a conference sponsored by the Congressional Research Service.

Cindy Sheehan Routs The Democrats (WT)

By S.a. Miller

The Washington Times, January 4, 2007

Cindy Sheehan, the "peace activist" who famously besieged President Bush at Prairie Chapel Ranch, yesterday routed the leaders of the new House Democratic majority from their press conference where they attempted to present their legislative agenda.

Chants of "de-escalate, investigate, troops home now," drowned out the new majority leaders, including Rep. Rahm Emanuel of Illinois, the chairman of the Democratic House Caucus.

The flustered lawmakers retreated to a room behind closed doors, and surrendered the field to Mrs. Sheehan, whose son, an Army soldier, was killed in Iraq in 2004.

With her quarry in full retreat, she scolded Speaker-elect Nancy Pelosi for abandoning the war issue in the agenda for the first 100 hours of the 110th Congress, which convenes today. The agenda focuses on other promises from last year's campaigns, including raising the minimum wage, stricter ethics rules and cutting student loan interest rates.

"Speaker Pelosi and the Democratic leadership can no longer tell us what is on the table," Mrs. Sheehan said. "We are the ones that put them in power and they are not including the peace movement. ... It needs to be at least included in the discussion."

She demanded the elimination of funding for the war, an investigation and impeachment of President Bush for what she called "lies" to justify the war.

Mrs. Sheehan was leading about 75 others lobbying congressional offices when they happened upon the press conference. The Democrats were there to present new ethics proposals as part of the 100-hour agenda with which they plan to begin the House majority today.

"Iraq is a high priority for Democrats," said Pelosi spokeswoman Jennifer Crider, and a legislative agenda was not the place to address the war issue.

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She said the call last year from Rep. John P. Murtha, Pennsylvania Democrat, for troop withdrawal "changed the course of the debate [and] sent a signal that Democrats will stand up and hold the administration accountable."

Mrs. Pelosi did not attend the press conference.

After the interruption by the Sheehan-led activists, Mr. Emanuel and other top Democrats returned to the microphone and, in response to reporters' questions, addressed some of Mrs. Sheehan's demands.

"Well, we're going to do the one thing that's been missing ... and that's oversight," Mr. Emanuel said. "We have had a policy where the Congress -- from resources to strategy -- has abdicated its responsibility of overseeing an administration's foreign policy in that area. And the American people, both in blood, treasure, and prestige, is now paying the price for a Congress that abdicated its responsibility."

Mr. Emanuel promised hearings on the war that would answer the types of questions Mrs. Sheehan and the voters are asking.

"That is the most important thing to do, because when you have questions asked, you do not get a Congress that just rubber-stamps the policy," he said. "Now you see the consequence of a rubber-stamp policy, which is what we have in Iraq."

After the press conference, Mrs. Sheehan told reporters that Democrats had abandoned the party's grass-roots anti-war supporters as soon as the election was over.

"I'm disappointed to see that they are talking about giving the president more money for the war," she said. "I'm disappointed to hear that impeachment is off the table. We are here to let them know that we are setting the table now."

Most analysts credited the Iraq war issue with fueling anti-Republican sentiment that propelled Democrats to a congressional majority for the first time in 12 years.

Where Up Is Still Down, But The Rest Is Changing (NYT)

By Mark Leibovich and Anne E. Kornblut

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — There were comparisons to “Alice in Wonderland,” “Star Trek,” “The Twilight Zone,” and all manner of clichés to convey the strangeness engulfing Washington this week as the Democrats prepared to assume control of Congress after 12 years in the minority wilderness. But nothing distilled the new aura of things like this conceit: Steny Hoyer, Rock Star.

“Here he comes, here he comes,” a member of the press throng effervesced when Mr. Hoyer of Maryland, the incoming House majority leader, strode into the room as if he owned the place. Which, in effect, he does — at least the larger, plusher office he is inheriting, which used to belong to Tom DeLay, Mr. Hoyer was compelled to point out. (Not that anyone’s keeping track.)

Mr. Hoyer surveyed the conference room and held his arms slightly apart, as if to frame the unusual site before him: a crush of 60 or so reporters, camera operators, TV types and assorted security people, staff members and hangers-on to befit the status of an emerging fuss magnet.

The fussers were present for Mr. Hoyer’s “pen and pad” briefing, and in considerably greater numbers than during his days in the minority.

“We’re going to reserve some seats for those who came to these pen and pads when I was irrelevant,” Mr. Hoyer said, a line he had deployed before, but which served the recurring purpose of marking the juxtaposition of fortunes that are on full display in the up-is-down realm of Capitol Hill. “There are some who think I’m still irrelevant,” he added, not proffering guesses.

Mr. Hoyer wore a shiny white dress shirt, a red power tie and an occasional look of stunned confusion. To his right, movers passed the window, carrying lamps and tables. Mr. Hoyer was hard to decipher at times, speaking in the mumble of someone accustomed to smaller audiences.

‘It’s Not Whining’

Not so the Republicans convened upstairs.

Waving his hands and stomping his feet, Representative Patrick T. McHenry of North Carolina acted out on Wednesday what the rest of the Republican caucus must have felt.

“It is so hypocritical, just on its face,” Mr. McHenry fumed.

His complaint: That Democrats, on the verge of taking control of Congress, were planning to run the place their way, driving the legislative agenda themselves without input from the Republican minority.

Wasn’t that, someone asked, how the Republicans had run Congress for more than a decade?

“We didn’t campaign on this openness,” Mr. McHenry argued, denying that he and his colleagues were just being sore losers. “It’s not whining,” he said. “It’s a matter of calling them out on their rhetoric.”

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Democrats had not even taken over yet. But Republicans, suddenly facing a minimum two-year sentence out of power, coalesced on their first day back around a message of kvetching.

They held up reports that Democrats would conduct their first 100 hours without allowing amendments from Republicans. They held press conferences to deplore the new regime, citing letters from Mrs. Pelosi from when she was in the minority, requesting a piece of the legislative action.

"There are lots of messages that came across in this November election, and one of the messages was change in doing things differently," said Representative Kay Granger, Republican of Texas.

Watch for Falling Marble

Across town, Representative Rosa DeLauro of Connecticut presided over an afternoon tea that brought together Democratic women for what she described as "our understated way of saying we've arrived."

But as with much of the week's festivities, there was nothing understated about whom the celebration was for: a giant photograph of the incoming speaker, Nancy Pelosi, was on a screen at the front of the room, alongside one of Ann Richards, the first woman to be governor of Texas, who died in September.

When Mrs. Pelosi takes the gavel, Ms. DeLauro said, "The sound you hear will be the glass ceiling in this country, and the marble ceiling in this institution, shattering."

Drop the Pacifier and Smile

"Who is that guy?" a staffer asked, pointing to a big-shotty looking man with a small entourage in the Cannon office building. Must be a new member, he concluded.

Nope, it was Paul Pelosi, the new speaker's husband, leading members of the first family of Congress to get ID card photographs.

This included Paul Michael Vos, the 6-week-old grandson of the speaker and Mr. Pelosi and the son of the filmmaker Alexandra Pelosi, whose HBO documentary "Journeys with George" chronicled George W. Bush's first presidential campaign.

Paul's birth nearly conflicted with Grandma Pelosi's last-minute campaign plans, but he had the good sense not to go off message and showed up after Election Day.

And yes, newborns require photo ID's on Capitol Hill. His father, Michiel Vos, dutifully carried his son into the room marked "ID services." Fifteen minutes later, he emerged crying (the baby, not the father), but with a shiny new photo ID clipped to his adorable onesie.

Hello, but First, This Protest

Down the hallway, Representative Rahm Emanuel of Illinois was starting to address another news media mob that had waited for him to emerge from a meeting of the House Democratic Caucus. Mr. Emanuel wished everyone a happy new year, apologized for being late and was promptly drowned out by a group of antiwar protesters, led by the ubiquitous Cindy Sheehan.

"De-escalate, investigate," the group chanted. "Troops home now."

Mr. Emanuel and Mr. Hoyer consulted briefly and decided to leave their podium and return later.

"Looks like we're taking a little break," Mr. Hoyer said as he and Mr. Emmanuel rushed away.

Ms. Sheehan was happy to take over the microphone, not to mention the lingering throng of reporters.

She called for a greater role for the peace movement in the Democratic majority, which she said was ignoring the people who put them in power —the peace movement. She called for an end to financing the war.

"And these are not requests," said Ms. Sheehan, whose son Casey was killed in Iraq. "These are demands."

The Democrats eventually returned, and Ms. Sheehan vowed to stay around all week.

"It looks like business as usual, and that's why we're here," Ms. Sheehan said in a brief interview. "We want business as unusual."

Pelosi Becomes First Female Speaker, Preparing To Confront Bush (BLOOM)

By Laura Litvan

Bloomberg, January 4, 2007

Jan. 4 (Bloomberg) -- Nancy Pelosi, making history today as the first female speaker of the House, is taking office with two goals: becoming an effective counterweight to President George W. Bush, and proving that a woman can thrive at the summit of U.S. political power.

Pelosi's attacks on Bush as minority leader are credited by many Democrats with helping them win control of Congress for the first time since 1992. As speaker, she'll be dealing with a narrow majority and a president with veto power, making decisions about when to work with Bush and when to confront him.

While women have served as Supreme Court justices, lawmakers and in senior Cabinet roles, none has ever led her party in political combat at this level. Her success at retiring the notion that women aren't qualified to manage the responsibilities of top

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leadership may affect others' aspirations, including New York Senator Hillary Rodham Clinton's possible bid for the White House in 2008.

``As people see Nancy Pelosi on the national stage, setting the agenda and leading the people's House, it helps to set the stage for Senator Clinton in her run for president, and indeed for other women who may want to run for Senate or run for governor," said Ellen Moran, executive director of EMILY's List, which raises political funds for Democratic women.

Second in Line

In an interview three days before the Nov. 7 elections, Pelosi, 66, said her ascension to the speakership would show that women ``can breathe in that rarified atmosphere." No woman has been as close to the presidency itself: The California congresswoman will be second in line, behind only Vice President Dick Cheney.

Over the past five years, Pelosi emerged as one of the top congressional critics of the war in Iraq. In 2002, she broke with then-Minority Leader Richard Gephardt of Missouri and led a bloc of Democrats who voted against the resolution authorizing the war. She was also one of the first members of Congress to question Bush's assertion that Iraq had weapons of mass destruction, a claim that was used to justify the March 2003 invasion and that later proved inaccurate.

Pelosi will have her first opportunity to spar with Bush over Iraq in February when the White House submits a request for more money for the war. Pelosi has warned that Democrats will attach conditions to the approval of further funds.

Unity and Discipline

Pelosi, who was largely able to maintain House Democrats' unity and discipline when they were in the minority, may have a tougher job now that they are in power. Members have already defied her by rejecting Representative John Murtha of Pennsylvania, her choice for the No. 2 job of majority leader, in favor of Steny Hoyer of Maryland, the current No. 2.

At the same time, she will face the task of trying to push her agenda through a still closely divided House. Democrats will hold 233 seats in the new House, Republicans 202. Things are even tighter in the Senate, where Democrats hold only 51 of the 100 seats -- and one Democrat, Tim Johnson of South Dakota, remains hospitalized after brain surgery.

Bush, 60, vowed yesterday to cooperate with the Democrats - - even as he warned that he would oppose tax increases. ``Congress has changed," he said in remarks at the White House after a meeting with his Cabinet. ``Our obligations to the country haven't changed."

House Republicans say Pelosi is already backsliding on promises to allow more open debate to the House floor. She indicated last month that she won't let Republicans try to amend key parts of Democrats' agenda, including legislation to raise the minimum wage to $7.25 an hour, curbing subsidies for oil and gas companies and reducing student-loan interest rates.

A Political Family

The new speaker is hardly a stranger to rough-and-tumble politics. Her father, Thomas D'Alesandro, was mayor of Baltimore and a congressman; a brother also served as Baltimore mayor.

Pelosi, who represents San Francisco, wasn't elected to Congress until 1987, when she was 47 and the youngest of her five children was in high school. She eventually rose to become the top Democrat on the intelligence committee and the appropriations subcommittee on foreign operations.

In 2001, she defeated Hoyer to become Democratic whip. She became minority leader -- the first woman to lead a party in Congress -- after Gephardt stepped down late the next year.

Her elevation to speaker comes during a year when record numbers of women will hold seats in Congress -- 16 in the Senate and 71 in the House. Moran said the Washington-based EMILY's List group sees an opportunity to raise record levels of cash in 2008 after raising $45 million in 2006.

Susan MacManus, a political science professor at the University of South Florida in Tampa, said the significance of Pelosi's new role goes beyond issues of partisanship, showing that women can make decisions on the weightiest issues of government.

Even though two of the last three secretaries of state are women, ``quietly, people are thinking maybe women can't handle the stresses of war and international negotiations," MacManus said. ``Pelosi is going to be right there in the middle of military and foreign policy. Her dealings on these issues are absolutely essential to the success of other women."

Pelosi's Political Rise Is Breakthrough (AP)

By Stephen Ohlemacher

AP, January 4, 2007

It shouldn't be surprising that it took more than 200 years for Congress to select a female speaker of the House. The United States isn't exactly at the forefront when it comes to women in politics.

Women make up a larger share of the national legislature in 79 other countries, including China, Cuba, North Korea and Vietnam, according to the Inter-Parliamentary Union, an association of national legislatures. The U.S. even trails a couple of fledgling democracies: Afghanistan and Iraq.

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"When my colleagues elect me as speaker on Jan. 4, we will not just break through a glass ceiling, we will break through a marble ceiling," said Rep. Nancy Pelosi, who is set to lead the House when the Democrats take over Thursday. "In more than 200 years of history, there was an established pecking order — and I cut in line."

At a tea to honor Pelosi and the late former Texas governor Ann Richards on Wednesday, Pelosi said her ascension hadn't come easily. "We have waited more than 200 years for this time to come. But we did not just wait, we worked," she said.

And she alluded to one of the reasons women have been slow to climb the political ladder, saying federal policy has never recognized women's need for child care. "This Congress is going to be about children," she said.

There were 22 women in the House when Pelosi was first elected to her California district in 1987. There will be a record 71 female representatives when she takes over as speaker, giving women 16 percent of the seats.

"The biggest obstacle women candidates face is not about gender, it's about the lack of opportunity," said Ellen R. Malcolm, president of EMILY's List, which helps Democratic women who favor abortion rights get elected to public office. "Ninety-eight percent of incumbents who run for re-election are re-elected in most years. ... The bottom line is there are very few opportunities."

Once women decide to run for office, they are just as successful as men, according to experts who study the issue. However, women are much less likely to run.

One big reason is child care. Women are much more likely than men to be responsible for child care, and that doesn't always fit into the usually chaotic schedule of a member of Congress.

"All these women, even if they are extremely qualified, they are still so much involved in their family life they couldn't even consider running for office," said Richard Fox, professor of political science at Union College in New York.

Fox did an extensive survey of women in professions that produce many lawmakers: education, business and the law. He worked on the study with Jennifer Lawless, an assistant political science professor at Brown University who ran for Congress this year, losing the Democratic primary in Rhode Island to incumbent Rep. James Langevin.

Among their conclusions:

_Women are less likely than men to be asked to run for office by party leaders and other officials.

_When women are asked to run, they are just as likely as men to do it.

_Women are more likely than men to think they are unqualified to serve, even when they have the same qualifications as male candidates.

"A man can wake up one morning, look in the mirror and say, 'By God, I would be the best state legislator that Nebraska has ever seen,'" said Debbie Walsh, director of the Center for American Women and Politics at Rutgers University. "Men don't need to be asked."

Rep. Jeanette Rankin, R-Mont., was the first woman elected to Congress, in 1916, four years before the 19th Amendment gave women the right to vote (women could already vote in Montana).

Before 1970, more than 40 percent of the women in Congress gained office by succeeding their dead husbands. Since then, fewer than 10 percent have followed their husbands, according to data collected by Dennis Simon, a political science professor at Southern Methodist University.

The number of women in Congress has grown slowly, with the biggest jump coming in 1992, the "Year of the Woman," when it nearly doubled, to 54.

Pelosi, 66, grew up in politics as the daughter and sister of Baltimore mayors. But she waited until her youngest daughter was in high school before she ran for Congress, a path followed by many women.

Women are, on average, older than men when they are first elected to Congress, giving them less time to rise in leadership, which is based largely on seniority.

Lena Saradnik was elected in November to the Arizona State Legislature for the first time at age 59. She said it would have been tough to run for political office while her daughter, now 30, was still young.

Saradnik, a Democrat from Tucson, said she could see herself joining Pelosi in Congress some day, but she's realistic about her prospects.

"If I were younger, I would probably say, absolutely," Saradnik said.

Saradnik said she decided to run for office after being approached by a local Democratic official. She was helped by a training program called Emerge America, which teaches public speaking, fundraising and media skills to female Democrats. Republicans have a similar programs called the Excellence in Public Service Series.

Marya Stark, executive director of Emerge America, predicted that more women will be inspired to run for office with Pelosi serving as speaker and Sen. Hillary Rodham Clinton, D-N.Y., being a potential candidate for president.

Pelosi embraces her role as the first female speaker, but she wants to be judged by the same standards as the 51 men who came before her.

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"I have always asked my colleagues to judge me by the quality of my leadership and the results we achieve together, not as the first woman," Pelosi said.

But, she added: "Becoming the first woman speaker will send a message to young girls and women across the country that anything is possible for them, that women can achieve power, wield power and breathe the air at that altitude. As the first woman speaker of the House, I will work to make certain that I will not be the last."

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On the Net:

Center for American Women and Politics: http://www.cawp.rutgers.edu/

Inter-Parliamentary Union: http://www.ipu.org/wmn-e/classif.htm

Pelosi Shows She's The Head Of Her Party (LAT)

By Faye Fiore And Tina Daunt

The Los Angeles Times, January 4, 2007

WASHINGTON — Most Americans still don't know who Nancy Pelosi is, and this was her last chance to script an introduction before Congress convenes today and she becomes the first female speaker of the House.

So on Wednesday, Pelosi kicked off a three-day celebration of her ascension packed with more product placement than an infomercial.

The cannoli at the reception after the morning Mass were from the bakery on the street in Baltimore's Little Italy where she grew up. The white lilies on the altar were her favorite flower. The chapel belonged to Trinity University, the Roman Catholic women's college she graduated from in 1962.

Pelosi sat in the front row surrounded by five of her grandchildren. The sixth sounded off midservice and had to be walked around by his mother, reminding everyone that his grandmother ditched Washington seven weeks ago to sit at his crib side.

"We've waited over 200 years for this time," Pelosi said at an afternoon tea turned power rally. "America's working women, women working at home, whatever they choose to do, they have a friend in the Capitol of the United States."

Five hundred women wore Rosie the Riveter buttons with Pelosi's face superimposed, with pearl earrings, above the slogan: "A woman's place is in the House ... as Speaker."

It was her first full day on the national stage, and she used it to tell the country who she is, where she came from and where she plans to go — the little Italian American girl from a political household who later raised five children before running for the House and making history as the nation's highest-ranking elected woman in 217 years of government.

Unfurling a roadmap

The installation of a new speaker is the closest Congress comes to a presidential inauguration. Some critics accused her of putting on a "Nancy Fest," but supporters said the events were as much political roadmap as biography.

"This is fitting," said Democratic strategist Donna Brazile. "She's not just tracing her steps, we're learning the path she intends to take us on."

The morning Mass at Trinity University was dedicated to the children of Darfur and Hurricane Katrina, the afternoon tea to the late Texas Gov. Ann Richards and other female political luminaries whom Pelosi says she "stood on the shoulders of" to get where she is. An interfaith Mass this morning is dedicated to the armed forces.

But it wasn't all selfless tribute.

Pelosi is the House Democrats' most prolific fundraiser, and supporters will pay $1,000 a seat and political action committees $15,000 to hear Carole King, Wyclef Jean and Tony "I Left My Heart in San Francisco" Bennett perform at tonight's celebration concert at the National Building Museum in downtown Washington.

Democrats were in the mood to celebrate, and Pelosi planned to give them plenty of opportunity: a dinner at the Italian Embassy on Wednesday and a party Friday in Baltimore, during which the block she grew up on is to be renamed Via Nancy D'Alesandro Pelosi.

Plenty of California's top Democrats flew in — Los Angeles Mayor Antonio Villaraigosa, San Francisco Mayor Gavin Newsom, recently defeated gubernatorial candidate Phil Angelides and former California Senate leader John Burton.

Democrats dismissed criticism that it was over the top.

"We've eaten so much crow over the last 12 years I have no problem with popping the champagne, if only to remind us we've worked hard but now it's time for us to work for the American people," Brazile said.

But when it comes to Pelosi, there isn't much consensus in Washington. She will have to find common cause not only with Republicans but within her diverse caucus of conservative Blue Dogs and old-style liberals. With a 16-vote majority, she must hold the Democrats together on the contentious issues of war, Medicare overhaul and oil profit rollbacks while battling GOP rivals intent on sinking her in the next two years.

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Already, there were signs of what's to come.

House Republicans grumbled that Pelosi planned to shut them out of the "First 100 Hours" agenda by refusing to allow hearings or amendments (which is what the GOP frequently did to Democrats, but Pelosi promised not to be like them).

Pelosi protesters

Outside the church, a tiny band of antiabortion protesters chanted, "Speaker Pelosi, Catholics don't kill children." And former U.S. Rep. Robert K. Dornan, an Orange County Republican known for his outbursts, sneaked into the invitation-only service and emerged to brand his former House colleague "the most arrogant pro-abortion person in Congress."

But those were blips on the celebration screen.

An energy seemed to build around her throughout the day. The Mellon Auditorium, where finger sandwiches and petits fours were set out for 500, roared at times with approval for the most powerful woman in Washington, who at one point stood on the stage and flexed her biceps.

"Know your power," Pelosi said, recalling advice the late Rep. Lindy Boggs gave her, adding: "And we took it."

Her personal touch

Every event had personal or political significance that bore her stamp. A famous micromanager, Pelosi approved details down to the music for the Mass, which her eldest daughter had played over the phone before Christmas so her mother could review.

It included an African American spiritual, "Plenty Good Room," with lyrics that seemed to foreshadow the ethics package Pelosi has made the first order of House business today: "I would not be a sinner ... I would not be a liar ... I would not be a cheater."

One of Pelosi's campaign promises was to take the House gavel away from special interests and pass it to "the hands of America's children." And the theme of children was prominent Wednesday.

Banners with images of the young victims of Katrina and Darfur were displayed on the chapel walls. Father Robert F. Drinan, a Jesuit priest and former member of Congress, opened the homily saying, "Congress is 16% women and for the first time ever, the speaker is a mother. Today we are re-pledging our lives to the children."

Though the events were clearly designed to send a message, the day also had an insular feel. Television coverage focused on President Ford's burial, and what media interest there was in Pelosi was almost rebuffed by her office. Several events were closed to the press.

The media were held on the sidewalk outside the Trinity chapel, zoom lenses aimed at the steps almost a football field away, only to have Pelosi slip out a side door.

Pelosi Ready To Make History As New Speaker (WT)

By Charles Hurt

The Washington Times, January 4, 2007

A new Congress convenes today with a narrow Democratic majority lording over a despondent Republican minority.

While the full weight of Republicans' powerlessness sinks in after 12 years of control, Democrats are celebrating the historic election today of the first female speaker of the House.

"We have waited over 200 years for this time to come," Mrs. Pelosi said on the eve of her selection as speaker, a position that makes her second in line to the presidency after Vice President Dick Cheney.

"We will not just break through a glass ceiling, we will break through a marble ceiling," she said. "In more than 200 years of history, there was an established pecking order -- and I cut in line."

After calling herself "the most powerful woman in America," Mrs. Pelosi flexed her right muscle like a weight lifter to much applause at an event yesterday titled a "women's tea."

"All right, let's hear it for the power," she screamed as the jubilant applause continued.

When Mrs. Pelosi tried leaving the podium, Rep. Rosa DeLauro, Connecticut Democrat, asked her to stay.

"There is so much love and warmth that's in this room today and that's because of the new speaker," Mrs. DeLauro said. "And that tells you about what the future is all about in the House of Representatives."

Yesterday's event was part of three days of festivities to mark the historic moment. Later, Mrs. Pelosi and special guests dined at the Italian Embassy.

Today will be the official vote by her colleagues installing her as speaker, followed by a "swearing-in celebration concert" in the Great Hall of the National Building Museum.

Tomorrow will feature an "open house for the People's House," a nod to Democrats' professed commitment to the common man. For the rest of the day, Mrs. Pelosi will celebrate her roots with a visit to a statue of her late father, former Baltimore Mayor Thomas D'Alesandro, and later the dedication of a Baltimore street to Mrs. Pelosi.

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But wary of accusations of arrogance, Democrats have included other, less celebratory events. Those include a Mass yesterday at Trinity University in remembrance of "the children of Darfur and Katrina and a prayer service this morning at St. Peter's Catholic Church to honor the troops."

Out of the gate, Democrats are pushing through their "Six of '06" agenda that they say is a mandate after the November elections.

In less than two weeks -- during the first 100 hours of official action -- they vow to pass legislation implementing the September 11 panel recommendations, increasing the minimum wage, expanding stem-cell research, allowing the government to negotiate prices for prescription drugs, cutting interest rates on student loans and ending subsidies for oil companies while expanding renewable energy exploration.

"Next week, the clock will start ticking on the 100 hours agenda," said incoming Majority Leader Steny H. Hoyer, Maryland Democrat. "Democrats ran on this agenda and were elected on this agenda. We promised the American people swift passage of these bills and we fully intend to make good on that promise."

In particular, he pointed out the Democratic Party's determination to move toward energy independence with cleaner fuels.

"I don't mean that we will not use any energy from any other sources but that we will not be dependent upon foreign states for our economic well-being, our military security and well-being, as well as frankly energy independence, meaning that we need to become environmentally sensitive in our use of energy as the 60 degree weather today points out," he said. "I live 80 feet from a river, and in January, I have 60 degree weather and I am convinced that 20 years from now, my house is going to be under the river, not on the river. So I am very concerned about that, and we are as a party."

Also among the first items of their agenda will be raising the minimum wage by $2.10 over the next two years.

"With the minimum wage frozen at $5.15 per hour for the past nine years and four months, it is extremely difficult for minimum-wage earners to meet their basic needs, and yet millions of Americans are forced to live in these conditions," Mr. Hoyer said. "Americans who work hard to earn an honest living should not be relegated to poverty."

Not part of Democrats' early agenda, however, is anything to do with the war in Iraq, which many credit for giving them control of both chambers of Congress.

A press conference yesterday was crashed by anti-war activist Cindy Sheehan -- usually a thorn in the sides of pro-war Republicans -- who demanded that the new Democratic majority take immediate steps to end the war.

Shortly after, Rep. Rahm Emanuel, Illinois Democrat, promised to make sure "that the people's voices are heard in the people's house," Mrs. Sheehan and others stormed the press conference, chanting anti-war slogans.

Pelosi's Coming-Out Party (TIME)

By Ana Marie Cox

Time, January 4, 2007

It just so happens that incoming House Speaker Nancy Pelosi will be launching her career as Democratic House leader the same week that the District hosted memorial service for Gerald Ford. That small twist of fate points up one of the capitol's cardinal rules: in Washington, you never run out of chances to make a first impression.

After all, the Gerald Ford being honored this week is not the same man who tried to jolly America out of economic doldrums with "whip inflation now" buttons. He's also not the same person who came into the White House to begin with. Ford served as President for two and half years; he served in the House for 24 years. He arrived in 1949 as a surprise winner in his G.O.P. primary, who got to Congress largely because of his tenacious campaigning and charm. He was known as a congenial back-slapper and talented maneuverer among the House's often-vicious rivalries. When Nixon tapped him for the White House, the Vice Presidency came at the cost of giving up what Ford told colleagues was his true dream: Speaker of the House.

As Nancy Pelosi knows, that is the more powerful position — at least, it traditionally has been. The speaker's power comes not from public pomp or grand acts of statesmanship, but from hundreds of small ones, usually far beneath the radar of the general public. When Americans notice who the Speaker of the House is, it's usually because they've done something wrong — unless, like Tip O'Neill, they've been in office longer than any of the Presidents they served. Newt Gingrich's notoriety was a rare exception — and his steep fall from grace a cautionary example.

So who can begrudge Pelosi her four-day "coronation," as right-wing wags have dubbed it? The events themselves are hardly ostentatious: there's a mass, a tea, and prayer service. The most raucous thing on the schedule is a concert by Tony Bennett. Add a tote bag and it'd be a PBS telethon. Indeed, the demographic-pleasing tenor of the events reeks of a self-conscious desire to highlight all soft-focus interest groups that come with the Pelosi package: Italian, female, Catholic, grandmother. With so many facets illuminated, perhaps Pelosi's people are hoping no one notices what's been left out: the only nod to Pelosi's actual home district and voting record may well be Bennett's theme song, "I Left My Heart in San Francisco."

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Ford's minor claim on a presidential legacy came about in part because the skilled House gamesman was not prepared to manage expectations once he was elevated into the presidency. Observers assumed that he would tack hard to the side of openness and sunlight to escape Nixon's shadow. But he wound up relying on a coterie of insiders — Nixon's own shadows — from Henry Kissinger to the young Dick Cheney and Donald Rumsfeld, who had no less zeal for the imperial presidency than their predecessors under Nixon.

Pelosi's first challenge is similar to Ford's, and may provide the same kind of disappointment: To succeed, she needs to provide a solid counterpoint to the corruption and arrogance that doomed the G.O.P. Yet the Democrats' "100-hour agenda" already entails suspending the gauzy promise of bipartisan civility that moderate Democrats ran on. Rather, the Democrats will use House rules to prohibit opposition measures — the exact sort of "tyranny of the majority" that the former minority party has been railing against for years. Whatever the stage set (tea or Mass), the week ahead will likely be less a coronation for Pelosi than a long, behind-the-scenes horse-trading auction.

And yet this could be the good news. As the first female Speaker and a San Francisco liberal, Pelosi can use this moment in the spotlight to define herself as anything but a bleeding heart. Pelosi's brazen decision to have her "People's Open House" be invitation-only could paint her as cynical or, with the right spin, as simply a savvy realist. A successful reintroduction for Pelosi should combine the warm fuzzy of a northern California family woman with the bare-knuckle skills of a backroom pol: the iron grandma.

If Pelosi can pull it off, perhaps there's hope for another prominent female politician, whose White House ambitions have been dogged by an apparently immutable public image: Hillary Clinton. The last event of Pelosi's swearing-in celebrations is the renaming of the 200 block of Albemarle St., in Baltimore, as Via Nancy D'Alesandro Pelosi. President Street is only a block away.

A Snit In First Class (NYT)

By David Brooks

The New York Times, January 4, 2007

I have a dream, my friends. I have a dream that we are approaching the day when a ranch-owning millionaire Republican like George Bush will make peace with a vineyard-owning millionaire Democrat like Nancy Pelosi.

I have a dream that Pelosi, who was chauffeured to school as a child and who, with her investor husband, owns minority shares in the Auberge du Soleil resort hotel and the CordeValle Golf Club, will look over her famous strand of South Sea Tahitian pearls and forge bonds of understanding with the zillionaire corporate barons in the opposing party.

Furthermore, I dream of a great harmonic convergence among the obscenely rich — between Randian hedge fund managers on the right and helipad environmentalists on the left. I dream that the big-money people who seem to dominate our politics will put aside their partisan fury and discover the class solidarity that Karl Marx always said they shared, and their newfound civility will trickle down to the rest of us. I dream that Berkeley will make peace with Buckhead, Streisand with DeVos, Huffington with O'Reilly.

I have my dreams, but of course, I am realistic too, for I am aware that at present there is no peace among the secluded island villas. I look out across the second homes of America and its surrounding tropical regions and I see polarization among the Kate Spade devotees and bitterness among the Rolexes. And I know that both Bush and Pelosi are part of an upper-income whirlwind of strife.

Some people believe that Pelosi is an airhead, but that is wrong. Some people believe she is a radical San Francisco liberal, but that, too, is wrong. The main fact to know about Pelosi is that she is a creature of the modern fund-raising system. Some politicians rise because they run political machines. Some rise because they are great communicators. Pelosi has risen because she is a master of the thousand-dollar-a-plate fundraising circuit.

Living amid a web of investors, venture capitalists and West Coast technology tycoons, she raised heroic amounts of money for the Democratic Party before she ever thought of running for anything herself. In 1984, she was the state party chairwoman. In 1986, she was the national fund-raising chairwoman for the Senate Democrats.

Since coming to the House, she has discovered what many a savvy pol has discovered — that the fastest way to ascend in Congress is to raise a lot of money and give it to your peers.

She paid her dues selecting party favors, arranging seating charts (after that, legislation is easy), and laying thick dollops of obsequiousness on cranky old moguls and their helmet hair spa-spouses. She has done what all political fund-raisers do: tell rich people things they already believe, demonize the other side, motivate the giving with Manichaean tales of good versus evil.

It is no wonder The Los Angeles Times calls her a "rabid Democrat" or that Time magazine calls her "hyperpartisan." It is not a surprise, as The Washington Post reported this week, that despite campaign promises about changing the tone in Washington, Pelosi has decided to exclude Republicans from the first burst of legislation — to forbid them to offer amendments or alternatives.

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She is part of the clash of the rival elites, with the dollars from Brookline battling dollars from Dallas, causing upper-class strife that even diminutive dogs, vibrant velvets and petite salades can't fully soothe.

It pains me to see plutocrats fight, because it sets such a poor example for those of us in the lower orders who fly commercial. It pains me even more because politicians from the rival blueblood clans go to embarrassing lengths to try to prove they are most authentically connected with working Americans.

Think of John Kerry visiting a Wendy's or Bill Frist impersonating a Bible thumper. This week, witness Pelosi going on her all-about-me inauguration tour, which is designed to rebrand her as a regular Catholic grandma from Baltimore. Members of the middle classes never have to mount campaign swings to prove how regular they are, but these upper-bracket types can't help themselves, and they always lay it on too thick.

So I harbor my dreams of reconciliation, but in the meantime, why oh why can't we have a decent overclass in this country — a group of highly attractive dimwits who spread bland but worthy stability over our political scene. Why oh why do we have to have this endless canapé war — the people of the vineyard against the people of the ranch.

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Passed Over By Pelosi, Harman Doesn't Get Even. She Gets Mad. (WP)

By Lois Romano

The Washington Post, January 4, 2007

Catfight aftermath:Rep. Jane Harmanis still quite irked that House Speaker-designeeNancy Pelosinixed her for chairman of the House intelligence committee -- and she's not exactly being stoic about it.

Friends and colleagues say Harman has openly complained that she was cut loose by her fellow California Democrat and one-time friend, Pelosi, who picked insteadSilvestreReyes(D-Tex.), a former Border Patrol agent. A Harvard Law graduate with a gold-plated political rÃ©sumÃ©, Harman was the ranking Democrat on the intelligence committee and first in line for the chairmanship.

She has lamented that Congress has lost its luster for her and that she is hoping for a job in a Democratic administration, according to a friend. "She's obsessed," the source said. "It's been hard for her not to take it personally, but it's over."

In 2003, Pelosi handpicked Harman to become the ranking Democrat on the panel, a post that Pelosi had occupied. But Pelosi made it known last year that Harman was out if Democrats took back the House. Pelosi and other liberal Democrats believed that Harman, a moderate, failed to challenge the administration's alleged abuses of intelligence. Harman was stunned by the news and launched an overtly aggressive campaign to win the chairmanship, which only served to strengthen Pelosi's resolve. A former House member who knows both women well said Harman "really needs to grow up" and "she's not simply entitled to a chairmanship."

Harman's office issued a statement saying the flap is "something in the past tense" and that the congresswoman is "looking forward to continuing to have a strong voice on national security issues" through her other committees.

As for Pelosi . . . she has clearly moved on.A Complex Greeting

Nothing is ever simple when it comes toJohn Kerry.

The senator from Massachusetts and his wife,Teresa Heinz Kerry, sent out 75,000 Christmas cards with pictures of trees at each season. The Kerrys gushed over their "gratitude for the beauty of these trees and the life they represent."

But it didn't end there.

The card came in an odd-looking envelope, one of those with a return-mail flap and instructions to send it to . . . well, to a recycling company, so "it can be made into new carpet tile."

Carpet tile?

We want a "world without waste . . . where every product either returns safely to the soil or becomes a new product."

So the card instructs: "1. Remove this panel and insert it along with the card into the envelope. 2. Expose adhesive strip and fold the flap over to seal the envelope. 3. Drop this mailer into any U.S. mailbox."

Who else would send a Christmas card with a to-do list?Food for Thought

Call it the McDonald's clause. Underpaid Hill aides who have long relied on journalists' expense accounts for pricey meals and fine wines better start thinking fast food.

The proposed ethics package, crafted by Democrats and first up on the House calendar, bans legislators and staffers from receiving gifts and meals not only from lobbyists but also from the organizations that employ them.

So, to spell it out: Any news organization that employs a lobbyist -- and there are many, including The Washington Post -- no longer will be able to court congressional sources over an expensive steak, or even cheap fries.

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The new ban and how to interpret it has caused much confusion on the Hill. There is a long list of "common sense" exemptions, which would suggest that Hill folks will need to carry a laminated copy of the bill with them at all times.The Elephant in the Room

As the new Democratic Senate gets sworn in today, the big question is whether Sen.Tim Johnson's serious medical condition will affect the party's fragile majority.

His office made it clear yesterday that the South Dakota Democrat's recovery from a brain hemorrhage will be slow and that he will not be voting anytime soon. He spent his 60th birthday last week in the intensive-care unit of George Washington University Hospital, where he has been in critical condition since emergency brain surgery Dec. 13.

He has not spoken since the surgery, said a spokesman, and he remains on a ventilator at night. Johnson is up for reelection in two years, but until then no authority can remove him from office.

"One vote really shouldn't matter if senators keep their pledge and work in a bipartisan manner," saidJim Manley, spokesman for incoming Senate Majority LeaderHarry Reid(Nev.).

Julianne Fisher, a spokesman for Johnson, said his staff has sought guidance fromSen. Joseph Biden(D-Del.), who was out for seven months in 1988 after surgery for two brain aneurysms.

Biden's office offered this first piece of advice to Johnson's staff: Stop sending out mail in the senator's name.November Surprise

George McGovern, the liberal 1972 Democratic presidential nominee, dropped a little bombshell to Larry King the other night: He voted Republican in 1976, for Gerald Ford.

McGovern said he finally told his wife, Eleanor, that Thanksgiving. Her reply: "So did I."

House Panel To Review 3 Challenges To Elections Of GOP Lawmakers (USAT)

By Ana Radelat

USA Today, January 4, 2007

WASHINGTON — When Rep. Jim McCrery takes the congressional oath of office Thursday, he'll be one of three Republican lawmakers whose elections to the House are still in dispute because of challenges filed by candidates they defeated.

All three elections may be scrutinized by the House Administration Committee, but in the meantime, McCrery and the other two House members will be allowed to serve.

Their challengers stand only a slim chance of victory.

More than 100 election challenges have been filed by losing candidates since 1933, but nearly all have been dismissed by the House.

"I am confident that this challenge will be dismissed, as similar challenges to other members of Congress have been in the past," McCrery said Wednesday.

Democrat Patti Cox filed a challenge with the House last month that says McCrery violated the qualification clause of the Constitution.

That clause requires a House member to be at least 25 years old, a citizen of the United States for at least seven years and, when elected, "an inhabitant of the state in which he shall be chosen."

McCrery sold his house in Shreveport in 2004 and moved his family to McLean, Va., across the Potomac River from Washington.

Cox says McCrery hasn't had a residence in Louisiana since then. But McCrery says he's had places to stay in Shreveport since his move.

"I was born in Shreveport, and have been a resident of Louisiana my entire life, except for three years in elementary school," McCrery said. "I own property in Caddo Parish and pay both property and income taxes in Louisiana. I vote in Louisiana, and have always kept a residence in Shreveport while serving in Congress."

The other lawmakers facing election-related challenges are Florida Republicans Tom Feeney and Vern Buchanan. Feeney's election is being contested by Democrat Clint Curtis, and Buchanan is being challenged by Christine Jennings.

An echo of Florida's problems in the 2000 presidential election, those challenges focus on the integrity of touch-screen voting machines used in the Nov. 7 elections.

George Shevlin, staff director for the Democrats who will take control of the House Administration Committee in the 110th Congress, said it's likely the panel will set up a three-member task force to review each complaint.

After the investigations, which could take months, the House would vote to accept or reject the panel's recommendation to keep or unseat a member.

Cox also has fought McCrery's re-election in state and federal courts in Louisiana. She said she knows she has little chance of success, but the fight "is consuming me."

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She said what she wants McCrery to provide is simple — some evidence that he has lived in Louisiana recently.

"If he's a resident of Louisiana, he's in and that's that," Cox said.

McCrery, who is about to begin serving his 11th term, is preparing a response to the challenge, said spokesman Michael Steel.

An electoral complaint based on residency hasn't been upheld since 1824, when John Bailey, elected from Massachusetts to the 18th Congress, was unseated after House colleagues determined he was living in Washington instead of Massachusetts on Election Day.

The 110th Congress will seat 233 Democrats and 202 Republicans in the House. Those numbers could change, of course, if any of the election challenges are upheld.

Most challenges, including the two from Florida, are filed after a bitter, close election.

But McCrery was re-elected with about 57% of the vote and Cox received 13%. Two other candidates received the rest.

A Democratic Trade Agenda (WSJ)

By Max Baucus

The Wall Street Journal, January 4, 2007

Forty-five years ago, President Kennedy challenged America to confront competitive challenges in Europe and Asia with a new, expansive trade policy. In response, Congress passed a landmark bill creating the forerunner of the U.S. Trade Representative and trade adjustment assistance for workers hurt by international trade. Today we face another crossroads.

At a time when our country's competitive strength depends increasingly on an aggressive trade policy, Americans are far less willing to embrace one. Many equate trade and globalization with ballooning deficits, stagnating wages and layoffs. Meanwhile, even as China and India have continued their economic reawakening, America has lacked the leadership to tackle the associated challenges through trade. U.S. policy has lurched frantically from one trade agreement to the next, eking out just enough votes to push each one through Congress.

Some think that the new Democratic congressional majority will be bad for trade policy. While it is true that some candidates criticized trade in their campaigns, I believe that the new Congress will have both the desire and opportunity to renew U.S. trade policy, with a unifying purpose that Americans can understand and support. Through trade, we must bolster the nation's innovative economy in an increasingly global marketplace. At the same time, we must tackle with equal vigor the negative domestic consequences of globalization, from trade deficits to job losses.

Congress should begin by renewing the administration's fast-track negotiating authority for trade agreements. The current grant expires in June, and trading partners will not negotiate trade agreements with us unless Congress gives the president the ability to bring these agreements to fruition. The success of America's ranches and farms, as well as the success of businesses big and small, requires that the president have this ability. Exports account for 10% of GDP; our $62.4 billion in agriculture exports alone generated an additional $92 billion in additional economic activity last year. My home state of Montana exports fully 60% of the wheat grown there.

Fast-track authority should be improved as it is renewed, with better trade enforcement capability and better environmental and labor provisions. By making those changes, we can protect American interests, project America's values, and help to create consumer classes capable of purchasing more U.S.-made goods. And as we address expiring fast-track authority, we must take on -- head-on -- globalization's downsides, especially worker displacement and the unsustainable trade deficit.

The trade deficit requires action on several fronts, which include beefing up U.S. export promotion programs and dedicating more time and resources to trade enforcement. We must also recognize that the trade deficit has causes closer to home, especially Americans' negative savings rate.

When it comes to helping workers, we must make the Trade Adjustment Assistance (TAA) program, which expires in September, more reflective of today's innovative economy.

TAA is our commitment that America will provide wage and health benefits while trade-displaced workers retool, retrain, and find better jobs. And a renewed TAA must do what today's program does not. TAA must be available to the eight out of 10 American workers who make their money in services professions; and it must apply to all workers displaced by trade, not just those affected by free-trade agreements. In fact, we should seriously examine the idea of expanding TAA into "GAA" -- Globalization Adjustment Assistance that would offer benefits not only to workers displaced by trade, but to those displaced by all aspects of globalization.

In addition to these new priorities, we must refocus current trade efforts. The Doha round is of obvious importance, but the world's economies do not appear ready to make the hard choices necessary to bring the round to an ambitious conclusion. Doha may yet progress in time, as the Uruguay round did after 1990. But until then, America should move forward on commercially significant initiatives with our largest trading partners. We should lay the foundations for a future free-trade agreement with the

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European Union and Japan by concluding a first ever free-trade agreement in services. We should stitch our current patchwork quilt of free-trade agreements into a seamless, coherent network that we can later open to other countries. Even more immediately, we must enforce China's trade and investment commitments. Doing that will help to boost the U.S. gross domestic product by $86.5 billion over the next three years.

President Kennedy's free-trade challenge helped to cement the nation's role as a global economic leader, and engaging with the world has helped Americans prosper at home. Twelve million American jobs depend on trade today -- and the right trade policy improvements will create more jobs and better opportunities for American workers and businesses in the future.

Mr. Baucus is a Democratic senator from Montana and the incoming chairman of the Finance Committee.

The Chairman's Turf (WP)

By David Montgomery

The Washington Post, January 4, 2007

EL PASO Silvestre Reyes is straight out of Border Country, that place of lawmen and bandits, pluck and luck.

Grows up on a cotton farm along the Rio Grande, oldest of 10, struggling with English as a kid. Helicopter gunner in Vietnam, some college, marries his high school sweetheart (honeymoon at the Mesa Motel), lands a solid government job -- Border Patrol. He works like hell for 26 years, gets shot at by Mexican train robbers, rises from agent to bridge inspector to chief for West Texas and Arizona.

"Outdoor work," he calls it, for someone with "a flair for a little danger" -- but unexpected work for the boy who used to warn undocumented farm workers when la migra came around.

Next, a grateful citizenry sends its tough but soft-spoken lawman to Congress, reelects him five times, the first Latino to represent his 80 percent Hispanic district.

Reyes is, in short, that most cherished of political properties, the real guy, a man of the people, not just someone who pretends to be.

"He is a Real Life 101 politician. He's been there," says Cindy Ramos-Davidson, chief executive of the El Paso Hispanic Chamber of Commerce. "He can talk with the best of the best and the lowest of the lowest. There are a lot of people in elected office who have never had Real Life 101. It's wondering where the next paycheck is coming from, it's balancing family life and work life. It's helped him stay human, for lack of a better word. "

Now, though, he stands at a perilous political intersection. Today he becomes the new chairman of the House Permanent Select Committee on Intelligence, assigned to ride herd on 16 spy agencies with an estimated collective budget of $42 billion.

In Washington's power corridors you can hear the whispers. Isn't this one of those jobs that demand intellectual firepower? (Never mind those other whispers, as old as the republic, that not a few in Congress, even some of the stars, are, actually, well, dopes.)

All that Real Life stuff is swell. But the new outlaws are more lethal and formidable than ever. Is an instinct for the Common Man what the nation requires to ensure the global war on terror is successful -- and constitutional?

Can credential-crazy Washington countenance an intelligence chief with a two-year community college degree? Not to mention that ambush from Congressional Quarterly, where Reyes blew the question of whether al-Qaeda is Sunni or Shiite.

It's a big challenge for a lawman from a dusty border town.

"The border is a tough area to work," Reyes says one morning, standing down here in that dust at the edge of two countries. "Sometimes there are no rules. The big rule is 'Survive.' "A Sound of a Horn

His grandfather once rode with Mexican revolutionary Pancho Villa -- carried a rifle, wore bandoleers and a big sombrero, the full rebel regalia -- then fled to this valley to farm. His father dropped out of the sixth grade to work these fields. Up into this life came young Silvestre, named after his grandfather.

He didn't need much English to be the lookout.

"There was a kind of early-warning system whenever the Border Patrol was working the valley," Reyes recalls, gazing across the land at Mexico. "My job was to be at the entrance to our farm. We had a truck that had this big air horn. Whenever I saw the migra coming, I would blow three blasts on the horn. All the workers would scatter and hide.

"Of course the Border Patrol knew what was going on. They'd come up and ask me what I was doing.

"Just playing on the horn. "

A deadpan twinkle gleams out of Reyes's round face.

So his first job was in intelligence. Eight years old and already he was a little bit cagey and shrewd, this boy in Border Country.

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Later, he tamed the wild El Paso-Juarez line, revolutionized border security for all of America, climbed from the edge of this desert to become the first Latino to chair such a key congressional committee. He'll soon find out if frontier wiles can tame the bureaucratic badlands of "black" budgets and shadow kingdoms. Already he's been outsmarted once.

The gotcha pop quiz, the ritual Washington hazing once you've achieved real power and better guard it in hostile territory: Reyes was doing all right until the al-Qaeda question.

"Predominantly -- probably Shiite," he said to Congressional Quarterly.

Guess again, congressman! Ah, yes, that ineluctable rite of passage, a rookie pooh-bah's baptismal gaffe. Over to you, Jay Leno: "Apparently the term 'intelligence committee' is just a suggestion."

Reyes tried to brush it off, tried to explain -- it was late in the day; he knew the answer but misspoke; and heck: "I got through all the hard ones, I talked about the 12th Imam!"

Finally he stopped spinning and did something much more typical for someone who never intended to be a politician. He conceded his blunder.

"When you screw up," he says, "you admit it, then you move on."Accidental Career

Ask about Reyes, 62, around El Paso and Capitol Hill, and you keep hearing those cliched themes: He's a nice guy, he's "human," and "what you see is what you get."

You hear it enough about Reyes -- universally known as "Silver" since his school days, even by his wife of 38 years, Carolina -- that you wonder if he might be too nice to be intelligence chairman, not Machiavellian enough. To do a good job in Washington, backs must be stabbed.

He doesn't have the plotting ambition of the career pol. He wound up as intelligence chairman almost by accident, when Speaker Nancy Pelosi passed over two candidates ahead of him -- she didn't get along with one, didn't like the ethics cloud over the other. Reyes was in his garage building shelves to store Christmas decorations when she called to anoint him.

He landed in Congress in the first place only when, as the popular local Border Patrol chief, he reluctantly yielded to entreaties from El Paso business types to run.

"He has always started at the bottom," Carolina Reyes says. "He never said, 'I'm going to become chief.' He never said, 'I'm going to be a politician.' . . . He does his job, and comes up with good ideas, and gets promoted."

Yet here he is, astride the juncture of several key fault lines in American culture: a Latino Democrat, when his party is trying to solidify itself as the party for minorities; a veteran with a law enforcement background, when his party is trying to bolster its bona fides on national security; a congressional player on national security policy at a time of war; a former border guard who can shore up the Democrats' enforcement flank in the immigration debate.

That career with the Border Patrol was born only after he had taken every federal agency entrance exam he could think of, and the Border Patrol was the first to call.

He went from having been a lookout to being one of the lookers. For a few years, he worked one of the bridges between El Paso and Juarez.

Lean out the booth window, peer into the car: "Citizenship? What are you bringing from Mexico?" He learned how to read people fast. What were they leaving? What did they want? This is how intelligence works in the field.

Sometimes he practices a little craft on his colleagues. Behind the almost always deadpan face -- it is the jowly, deceptive deadpan of comedian Jonathan Winters, just before a deadly punch line -- is the winking soul of a connoisseur of pranks. Many have failed to recognize the twinkle until it's too late. They tell Silver Reyes stories, fondly, even as they plot paybacks.

"I get accused of all these weird things," Reyes protests.

Once, someone passed on to an aide of Vice President Gore the happy news that Rep. Solomon Ortiz (D-Tex.), a bachelor for decades, had just married someone with a made-up-sounding name like Ramona Corona. This happened at the vice president's residence, during a reception for the Hispanic Caucus. So Gore publicly congratulated Ortiz on his nuptials to Ramona Corona. Suddenly the dean of the caucus, who had been enjoying the company of two pretty young things seated on either side of him, had a lot of explaining to do.

"I knew real quick it came from Silver," says Ortiz, still single.

There was the time in 2003 when Reyes and Rep. Eliot Engel (D-N.Y.) were part of a delegation to North Korea whose representatives insisted on beginning each session with rote denunciations of the United States. Bored, Engel was slipping his shoes on and off beneath the table. Finally he tried to put them on, and they weren't there! He blindly probed the floor in all directions with his stocking feet while the North Koreans droned on.

"When the tirade ended, and the meeting ended, I got up, and I saw my shoes all the way on the other side of Silver," Engel says.

Just playing on the horn.

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A prankster is a student of human nature. A little part of him remains detached, on the lookout for weakness, absurdity, vanity. Good qualities, perhaps, for questioning spy chiefs. And an even more startling one:

"He doesn't think he knows everything," says Engel. "He's willing to listen and willing to learn."

"He asks tough questions," says Rep. Curt Weldon (R-Pa.), who just lost his reelection bid. "He won't be pushed around."

A final lesson from Real Life 101: He quit college to go to work, not realizing it would expose him to the draft. He went almost directly to boot camp, then to war. During an enemy rocket attack, he lost the hearing in his right ear.

Years later, in Congress, confronted with President Bush's eagerness to take on Iraq, Reyes recalled his direct experience with the unpredictable hell of war. He considered the intelligence he was privy to as a committee member. And on the Iraq war resolution, he voted no.

A lot of folks now say he passed that yes-or-no quiz with flying colors.Law of Absolutes

A border implies a binary logic of either or, one or the other, but Border Country teaches that nothing is that simple. No matter how far away he goes, Reyes carries within him this rich interior and exterior landscape -- paradoxical, organic, alive -- that shaped him.

From an overlook where the purple mountains cut triangles against the blue sky, El Paso and Ciudad Juarez look like a single city, with a combined population of 2.1 million, sprawling across the valley. But down on the ground, the picture sharpens, the border draws its distinctions -- riverbed, chain-link fence, markers in the lonely scrubland insisting vainly on who is who and where is where.

The billboards on both sides are in Spanish, but Juarez feels different. The streets meander, filled to bursting, traffic surging to el Norte . El Paso is a community with a bit of a chip on its shoulder. Eighty percent Hispanic, it feels isolated from the rest of Texas in a different time zone, disparaged by Anglo America, misunderstood by Washington, burdened yet bonded with Mexico.

One recent morning, Reyes stood in the dust of the frontier at the end of the infamous "black bridge," the old rail trestle where a friend and fellow agent was hit over the head and killed, where hundreds of would-be immigrants would mass on the Mexican side and sprint across in "banzai runs," overwhelming the Border Patrol.

"To appreciate the peace and tranquility that is here now, you've got to imagine what it was like," he says.

It was chaos.

When the river was dry, the Mexicans walked over. When the river flowed, entrepreneurs set up ferry services; peddlers sold Cokes and snacks. There were crazy hot-pursuit chases on downtown streets, through back yards, even across the campus of a high school on the border.

Enough! decided the first Latino sector chief in Border Patrol history. One Sunday morning in 1993, El Paso and Juarez awoke to find the border sealed by 400 agents spread along 20 miles.

At first there was an uproar. Protesters threw rocks, closed bridges, burned effigies. Merchants fretted about lost sales. The Catholic Church pleaded for mercy. The Mexican government complained to the State Department. Even Border Patrol brass in Washington gave Reyes a hard time.

On just whose side was this grandson of one of Pancho Villa's riders?

"This is the ex-Border Patrol agent who made a career of deporting his people," says El Paso immigration lawyer Carlos Spector.

Reyes made one concession: He changed the name of his crackdown from Operation Blockade to the more politically correct Operation Hold the Line. He was ready to outlast a political siege of weeks. "I knew the system pretty well, I could identify overtime money that I needed to get through the first four to six weeks," he recalls with relish, and he had squirreled it away in anticipation. Daily illegal crossings plummeted from up to 10,000 to a few hundred. Reyes was summoned to the Oval Office, where, standing humbly in his pressed green uniform like a Boy Scout with an easel and a wooden pointer, he briefed President Clinton and Attorney General Janet Reno.

"He literally changed the culture of the Border Patrol through his own initiative," says David Aguilar, the current national chief of the Border Patrol. "He is very innovative, very aggressive, very focused."

The Border Patrol adopted the maverick chief's innovation nationwide -- and Reyes became a hero to the tough-on-illegal-immigrants crowd, the Minuteman types.

His own view is not so simple. He felt -- feels -- compassion for border crossers, understands their yearning and risk-taking. He was once their lookout.

"You see the misery coming across the border," he says. "You recognize that they're not criminals, that these are people that are down and out because of economic circumstances. . . . The only difference between you and them is fate."

Haunted by the misery, he used to startle his wife, coming in unexpectedly from his midnight shift. He would start pulling clothes out of his closet to give to border crossers he had detained. "He would also come home for lunch during the day,"

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Carolina Reyes says, "and I would say, 'But you took your lunch,' and he would say, 'We gave our lunches to the people that we found. They were starving.' "

Then he would deport them. Dash those dreams, not unlike the dreams of his grandfather. "You took an oath to enforce the law, you're carrying a badge and a gun," Reyes says. "The way you honor that commitment is by treating them with dignity and respect."

His perspective on the immigration debate is formed by the messy reality on the ground in Border Country. He calls the 700-mile border fence law signed by President Bush "ridiculous, ludicrous and stupid." He supports a path to citizenship for undocumented workers.

"People talk about illegal immigration and they cite statistics," he says. "You're handling not statistics, but people, family units."

Still: The 12 million undocumented immigrants in the United States are "a shadow world where people who want to hurt us can operate," he says. "The only way we are going to reduce that shadow world is to have a legalization program. I think it's a part of the national security strategy."

A quarter-century in the field of Border Country yields Reyes this intelligence: Misery can lead to desperation, and desperation sometimes turns peace into chaos.Invisible Borders

On a recent night in December, all of El Paso society has converged at the downtown art museum to salute Reyes -- 1,000 people from politics, business, the military, education, charity, bursting with local pride. They blame the "sharks" in Washington for the public shaming of the pop quiz.

Reyes gets up to speak, and the microphone begins to squeal. "It's already the CIA doing this," he cracks. Then he chokes up. The audience is equally emotional. He is the local boy, he has made good. "Que viva Silvestre!" they shout, and they send him off to cross one more frontier, migrating from a mid-bench seat in the political minority into the leadership.

The borders in Washington are no less dicey for being invisible. They define fiefdoms -- Congress, the White House, the media, the intelligence agencies -- and are subject to rogue incursions and political banditry.

"One of the first things we're going to have to do is reclaim our turf," reflects the chairman. "We have ceded and abdicated our role as a co-equal branch of government."

Today, he goes on the lookout again. On border patrol.

Staff researcher Rena Kirsch contributed to this report.

Johnson Improving; Will Still Need Months Of Rehabilitation (AL)

By Faith Bremner

Argus Leader, January 4, 2007

WASHINGTON – New test results show Sen. Tim Johnson, who has needed a ventilator to breathe and prolonged doses of medication to prevent swelling on his brain, has improved but will need several months of rehabilitation and physical therapy to continue his recovery from surgery.

An angiogram Wednesday at George Washington University Hospital confirmed that surgeons had successfully corrected the tangle of arteries and veins that caused debilitating stroke-like symptoms and bleeding in Johnson's brain. The procedure involves injecting dye into an artery to light up the blood vessels.

But Johnson, 60, remains in critical condition three weeks after emergency brain surgery Dec. 13 and his long-term outlook is not clear, Dr. Vivek Deshmukh, head of Johnson's surgical team, said Wednesday.

Deshmukh said the senator had developed fluid in his lungs, an effect of the initial bleeding, which is why Johnson has been on a ventilator. Johnson also had been sedated for about two weeks to rest and minimize swelling on his brain.

That was a relatively long stretch – often patients are sedated for only a few days – that doctors say indicates the senator's condition is severe, his symptoms difficult to shake, and the risk of long-term damage that could affect his ability to move and talk still significant.

Johnson was rushed to the hospital after becoming disoriented on a call with reporters and had surgery hours later.

Johnson's doctors have said that when he arrived at the hospital, he was feeling weakness on his right side. Based on that, doctors have said the tangle of vessels probably was on the left side of Johnson's brain. Damage in that area can cause permanent speech problems and areas of paralysis on the right side of a patient's body.

Dr. Keith Siller, medical director of the Comprehensive Stroke Care Center at New York University Medical Center, who is not involved in Johnson's care, said the big question, now, is how much damage Johnson's brain suffered in the initial bleed.

"The surgery does not erase the stroke that has taken place," he said.

Dr. Sean Grady, chairman of the Department of Neurosurgery at the University of Pennsylvania, said it probably will be days to weeks before doctors can judge whether Johnson will be able to speak, because the ventilator tube has obstructed his vocal cords.

The key neurological milestone will come in about three months, when doctors assess how much his brain has recovered from the injury. Typically, Grady said, recovery takes six to 12 months.

Deshmukh said in a statement that Johnson's "overall medical condition has improved steadily" since the surgery and that the senator is approaching "the next phase" of his recovery: physical therapy.

Johnson has been removed from sedation and now needs ventilator assistance only at night.

Deshmukh said the two-term Democrat's breathing is stronger and he "continues to be responsive to both his family and physicians – following commands, squeezing his wife's hand and understanding speech."

Johnson's wife, Barbara, said Wednesday that "Tim has had some challenging days since surgery, but step by step, he's been making great progress.

"We know there is a long road in front of us," she added, "but Tim's determination will make all the difference and he'll be back at work as soon as he can be."

The tangle of blood vessels that caused Johnson's illness is called arteriovenous malformation. Doctors say people are typically born with it and only suffer severe problems if the tangled vessels grow too large and burst, causing bleeding in the brain, as in Johnson's case.

According to the National Library of Medicine, about 300,000 Americans have the condition, but only about 36,000 show symptoms. Of those who suffer ruptures, about 10 percent die.

Sen. Johnson Angiogram Good News (RCJA)

By Bill Harlan

Rapid City Journal Johnson's Angiogram, January 4, 2007

An angiogram Wednesday morning showed no sign of the blood-vessel defect that felled Sen. Tim Johnson three weeks ago, and a neurosurgeon says the senator is being weaned off the ventilator that has helped him breath since his emergency brain surgery.

"His breathing has steadily improved and now he only requires ventilator assistance at night," Dr. Vivek Deshmukh said in a written statement released by Johnson's office.

The ventilator was necessary because fluid had developed in Johnson's lungs as a result of a leaking "arteriovenous malformation," or "AVM."

Doctors describe AVMs as tangles of blood vessels that are often present from birth. AVMs can go undetected for decades. But they also can leak, causing an "intracranial hemorrhage" that results in stroke-like symptoms.

Johnson's symptoms were first noticed when he had difficulty speaking during a conference call with reporters Dec. 13. He also had weakness on the right side of his body.

Johnson was sedated for more than two weeks after the surgery, but Julianne Fisher, a spokesman for the senator, said doctors had discontinued the sedation.

The senator's wife, Barb Johnson, said Wednesday that the family was pleased with the angiogram results.

"Tim has had some challenging days since surgery, but step by step, he's been making great progress," she said in a written statement. "We know there is a long road in front of us, but Tim's determination will make all the difference, and he'll be back at work as soon as he can be."

Deshmukh said Johnson has continued to respond to his family and to doctors. He has been following commands and squeezing his wife's hand.

Johnson also understands speech, Fisher said, but he has not spoken. The ventilator -- a mechanical device that aids breathing through an incision in the neck and a tube down the throat -- prevents him from talking, Fisher said. Doctors hope to take Johnson off the ventilator within a week, she said. Then they'll test his speech.

Fisher said Johnson's condition has steadily improved in the past three weeks but that his recovery is expected to take "several months." Treatment will include physical therapy.

Johnson remains in intensive care at George Washington University Hospital. He's still listed in critical condition, Fisher said, because he's in intensive care and because he's still using the ventilator.

Johnson's illness could have significant political consequences because Democrats hold a 51-49 majority in the upcoming Senate. Republican Gov. Mike Rounds would appoint a replacement if Johnson resigned or died, and Vice President Dick Cheney would cast tie-breaking votes in a 50-50 Senate.

However, there is precedent for senators keeping their seats while they are incapacitated, even for long periods of time.

Contact Bill Harlan at 394-8424 or at bill.harlan@rapidcityjournal.com

Johnson Recovery Expected To Require Several Months (USAT)

By Jeff Martin

USA Today, January 4, 2007

Sen. Tim Johnson, D-S.D., has been on a ventilator to help with his breathing after he developed fluid in his lungs, a doctor said today, but medical experts see his test today as a positive sign for his recovery.

Johnson underwent an angiogram this morning at George Washington University Hospital, according to a statement.

"Today's angiogram revealed no evidence of residual arteriovenous malformation," said neurosurgeon Vivek Deshmukh said of the condition that caused bleeding in Johnson's brain.

The senator's recovery, which will involve physical therapy and rehabilitation, is expected to take several months, Johnson's office said in a statement.

Johnson "continues to be responsive to both his family and physicians— following commands, squeezing his wife's hand, and understanding speech."

Johnson underwent surgery Dec. 13 in Washington for a condition known as arteriovenous malformation. At the time, his condition put Democrats' control of the Senate in doubt. Losing the South Dakota senator could have split the chamber evenly between Democrats and Republicans, which would effectively put the chamber in GOP control, since Vice President Cheney has the power to break ties.

Though doctors had placed him on a ventilator, "his breathing has steadily improved and now he only requires ventilator assistance at night," Deshmukh said.

"My family and I are so pleased with today's angiogram results, and I want thank everyone for their constant prayers and support," the senator's wife, Barb Johnson, said in a statement.

"Tim has had some challenging days since surgery, but step by step, he's been making great progress. We know there is a long road in front of us, but Tim's determination will make all the difference and he'll be back at work as soon as he can be. We ask that everyone keep us in their prayers," she said.

Senator's Recovery Could Take Months (NYT)

The New York Times, January 4, 2007

Senator Tim Johnson's recovery from a brain hemorrhage is expected to take several months, the senator's office said. A test showed that Mr. Johnson, a South Dakota Democrat, no longer had the tangle of arteries and veins in his brain that caused bleeding last month, resulting in emergency surgery. He has been in critical condition since Dec. 13. While the statement said Mr. Johnson's overall medical condition had steadily improved, it also said he faced several months of physical therapy and rehabilitation. Dr. Vivek Deshmukh, who leads Mr. Johnson's surgical team, said in a statement that the senator "continues to be

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responsive to both his family and physicians — following commands, squeezing his wife's hand and understanding speech." The senator's illness raised questions about his party's keeping its one-vote majority in the Senate.

Reps. Agree To Pay Back Travel Costs (HILL)

By Susan Crabtree

The Hill, January 4, 2007

Rep. Tom Feeney (R-Fla.) and former Rep. Curt Weldon (R-Pa.) have agreed to repay the costs for two separate, privately funded overseas trips, which received new scrutiny as the scandal involving disgraced lobbyist Jack Abramoff unfolded.

One day before members are sworn in and a new Congress begins, the House ethics committee quietly released two succinct findings, concluding that the attendance by several members of Weldon's family on an undisclosed trip violated House gift rules, and that a trip Feeney took to Scotland in August 2003 with Abramoff also did not comply with House gift rules.

The panel notified Weldon that he must pay "certain expenses of the trip, which exceeded $23,000" to the trip's donors, and noted that Weldon, through counsel, had agreed to make the payments and notify the committee when he has done so.

"We intend to monitor his efforts to repay the expense and to make further public statements if necessary or appropriate," the panel reported in a written statement from Chairman Doc Hastings (R-Wash.) and ranking member Howard Berman (D-Calif.)

The committee reported that Feeney contacted it in March 2005 after media reports alleged that Abramoff had paid for the golfing trip to Scotland's renowned St. Andrews course and that the trip was substantially recreational in nature. House rules bar lobbyists from paying for members' travel, and purely recreational junkets. As required, Feeney had reported the trip, noting in his disclosure that expenses related to it totaled $5,643.

After Feeney voluntarily provided "additional information" about the trip, the members of the panel concluded that it "did not comply with House rules," the one-paragraph release said, adding that Feeney has agreed to pay the cost of the trip to the U.S. Treasury.

"Once we found out that there was some discrepancy, we wanted to do something to make it right," said Feeney Chief of Staff Jason Roe, adding that his boss agrees with the committee's conclusions "100 percent."

The ethics committee did not disclose the details of the Weldon trip in question, noting only that it occurred in January 2003. According to PoliticalMoneyLine, the only trip Weldon took that month was to Russia on the 25th to "speak on topic (sic) of U.S. Russian energy cooperation at the opening event of a Russian energy company."

The FBI is investigating whether Weldon used his influence to help secure lobbying and consulting contracts for his daughter. In particular, the agents were looking into whether Weldon's work between 2002 and 2004 to help two Russian companies and two Serbian brothers connected to former Yugoslav President Slobodan Milosevic, according to The Washington Post.

In their three-paragraph finding, the committee yesterday said Weldon had contacted the panel prior to taking the trip to seek guidance on whether the trip complied with gift rule provisions allowing a member to accept travel and other benefits resulting from outside activities unrelated to official duties. The panel said at the time its counsel advised Weldon through his staff that he could not "rely on that provision of the gift rule." He then sought a gift rule waiver, but withdrew the request prior to a written response.

The committee reported that Weldon, through his counsel, maintained that he and the trip's sponsor believed that the trip was unrelated to his official duties and, therefore, not subject to gift-rule limitations. The panel, however, disagreed. It concluded that the trip was indeed "officially-connected," and because of that, and the fact that several members of Weldon's family had accompanied him, violated House gift rules. At the time, gift rules allowed only a spouse or child to accompany members on privately sponsored trips.

The committee also noted that it had made these conclusions and called on Weldon to pay the trip's donors in the "middle of this year." News of the FBI probe broke in the middle of a tough campaign that Weldon lost.

Gary Ruskin, who runs the Congressional Accountability Project, was not surprised that the panel waited until the last day of the 109th Congress to release the findings.

"You have to expect the worst from this ethics committee," Ruskin said. "It is unusually harsh for the toothless House ethics committee, which wouldn't even slap Attila the Hun on the wrist."

Even though Feeney voluntarily contacted the panel, Ruskin said the requirement that he pay back the cost of the trip wouldn't act as a deterrent for others because there was no censure or any other kind of punishment.

The Feeney finding also raises new questions about other members and staff who were on the Scotland trip, as well as other foreign travel that has come under FBI scrutiny in the Abramoff-related investigations.

Roe brushed off suggestions that Feeney was singled out by the ethics panel after voluntarily contacting it.

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"I'm not going to pass judgment on other people's situations," Roe said. "I work for Tom Feeney and we are primarily concerned about Tom Feeney and his reputation."

The ethics committee on Dec. 29 quietly issued findings on Rep. John Conyers (D-Mich.) in the wake of allegations that members of his staff were compelled to carry out campaign-related work or personal work for the congressman. Conyers acknowledged what he characterized as a "lack of clarity" in his communications with staff members regarding their official duties and responsibilities, and accepted responsibility for his actions, according to the panel's statement.

Litmus Test For Pro-Life Democrats (WP)

By Robert D. Novak

The Washington Post, January 4, 2007

Near the top of the new Democratic congressional majority's agenda is passage of stem cell research legislation vetoed last year by President Bush, a measure that will answer a major question. There is no doubt the new bill will pass both houses of Congress. What remains in doubt are the votes to be cast by newly elected Democrats who campaigned as pro-life advocates, particularly Pennsylvania Sen.-elect Bob Casey Jr.

Outside the boundaries of his state, Casey is best known as the son of the Democrat most revered in the pro-life movement: the late Gov. Robert Casey. Denied the podium at the 1992 Democratic National Convention because of his antiabortion views, the elder Casey planned a serious independent campaign for president before being stopped by poor health. But will the son, less ardent a pro-lifer than the father, vote against the embryonic stem cell research bill as he promised during the campaign? Will seven self-described pro-life Democrats newly elected to the House do the same?

Casey's vote may determine whether Bush's second veto is overridden by the Senate. A veto would probably be sustained in the House, with or without help from the seven Democrats. But apart from the stem cell bill, what's at stake is whether pro-lifers have a place in today's Democratic Party. Certainly, that small fraction will be under intense pressure from party leaders.

Casey won a nationally spotlighted contest, defeating the eminent Republican conservative Sen. Rick Santorum. He cut into Santorum's conservative base by winning 36 percent of the state's hard pro-life vote.

The only recorded statement by Casey on stem cell research came in an interview on the Catholic Web site IgnatiusInsight.com on July 29, 2005: "I am and I have always been pro-life. I support the current federal policy on embryonic stem cell research and would oppose the Castle bill to expand federal support of embryonic stem cell research."

That referred to the bill sponsored by Republican Rep. Mike Castle of Delaware that died in 2006 when the House sustained Bush's veto. But a new version is likely to be considered in the Senate, where a supporter -- then-Majority Leader Bill Frist -- conceded in a private session last year that the Castle bill was flawed and needed to be rewritten.

So would Casey oppose any legislation that authorizes federally financed stem cell research on "leftover" embryos from in-vitro fertilization clinics, as the Castle bill did? Casey the younger plays his cards close to his vest, and my efforts to get a commitment one way or another from the new senator or an aide were unavailing.

This is the arithmetic in the Senate, where a vetoed bill would go first: It would take 33 senators to sustain a Bush veto, if ailing Democratic Sen. Tim Johnson (S.D.) were unable to vote. Of the 36 Republicans who voted against the Castle bill, five were defeated for reelection: Santorum, George Allen in Virginia, Conrad Burns in Montana, Mike DeWine in Ohio and James Talent in Missouri. Nebraska Sen. Ben Nelson was the only Senate Democrat who voted no last year, and that means one more Democrat would be needed this year. Casey's vote could be central.

The House sustained last year's veto by a 50-vote margin, and 13 of those members were defeated in November. So even if there are Republican defections, the burden will not fall on seven avowedly pro-life Democrats newly elected to the House: Heath Shuler (N.C.), Charlie Wilson (Ohio), Joe Donnelly (Ind.), Brad Ellsworth (Ind.), Baron Hill (Ind.), Jason Altmire (Pa.) and Chris Carney (Pa.).

But with incoming Speaker Nancy Pelosi putting this legislation on her "100 hours" list, these pro-life House Democrats nevertheless will be under intense pressure, as will Nelson; Sen.-elect Jon Tester, the pro-lifer who defeated Burns in Montana; and Bobby Casey.

Casey was embraced by pro-choice Democrats -- led by Sen. Chuck Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee, and Pennsylvania Gov. Ed Rendell -- as the best bet against Santorum. But they may not have bargained on Casey opposing them on the central party issue of stem cell research. The question of how much of a pro-lifer Casey is or can be in the 21st-century Democratic Party may be answered soon.

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OTHER NEWS:

Inflation Remains Chief Concern For Fed Members (USAT)

By Sue Kirchhoff

USA Today, January 4, 2007

WASHINGTON — Inflation is the Federal Reserve's top concern, despite indications the economy may be slowing more than expected, according to minutes of a Dec. 12 meeting released Wednesday.

"Several members judged … the downside risks to economic growth in the near term had increased a little and become a bit more broadly based than previously thought," the minutes said.

"Nonetheless, all members agreed that the risk that inflation would fail to moderate as desired remained the predominant concern," according to the minutes of the policymaking Federal Open Market Committee.

The Fed voted in December to hold rates steady at 5.25%, while adding in a statement that additional rate increases were possible.

The minutes, which term the economy "probably a touch softer" than expected, also show that one member of the committee wanted the December statement changed to include the possibility of a rate cut as well as an increase.

But the emphasis was on inflation, with the minutes saying "price pressures were not viewed as convincingly on a downward trend."

Policymakers' next meeting is Jan. 30-31.

The minutes put a damper on stock and bond markets, which have been pricing in rate cuts based on slower economic activity. The Dow Jones industrial average closed at 12,474.52, up 11.37 after hitting an all-time high of 12,580.35 earlier in the day.

Stephen Stanley of Greenwich Capital Markets noted that the inflation picture has improved since the Fed meeting, but that recent data also show economic growth a bit better.

"The Fed remains firmly on hold, nowhere near a tightening or an ease (and quite possibly even further away from a move in either direction)," Stanley told clients.

The Fed raised its target for short-term interest rates from mid-2004 to mid-2006 to blunt inflation. Rates have been at 5.25% since June. Core inflation, which excludes food and energy prices, is at a 2.6% annual pace, above the Fed's informal, preferred 1%-2% range.

Recent data have been mixed. U.S. construction spending fell 0.2% in November, bogged down by the eighth monthly decline in housing. That was partly offset by strong non-residential construction.

Also Wednesday, the private Institute for Supply Management said manufacturing activity rose a bit in December as new orders and production improved. The index moved from 49.5 to 51.4. A reading under 50 signifies contraction.

Data is just one Fed concern. The new, Democrat-controlled Congress will be watching the Fed closely.

Rep. Barney Frank, D-Mass., incoming chairman of the House Financial Services Committee, said Wednesday he was concerned the Fed would use recent improvement in wages as a reason to raise rates. Rising wages help workers, but can breed inflation.

"I'm afraid … you'll have people in the Fed saying, 'Geez, wages are going up, we better raise interest rates,' " Frank said, noting wages have been stagnant in recent years. "If corporate profits go up, it's a good thing. If wages go up, it's (viewed as) a bad thing."

Fed Worry Tests Rosy Outlook (WSJ)

By Greg Ip

The Wall Street Journal, January 4, 2007

WASHINGTON -- Some Federal Reserve officials may be beginning to share the bond market's pessimism about the outlook for economic growth, a summary of the Fed's Dec. 12 policy meeting shows.

But those reservations aren't widespread, and a subsequent rebound in some recent economic indicators may have alleviated the anxiety at the Fed and lessened the odds that interest-rate cuts, which bond-market investors expect, will materialize.

A stock-market rally ended abruptly yesterday with stocks taking a sharp downward turn when the minutes were released at 2 p.m. as the market's recent optimism apparently was shaken by hints that some at the Fed have doubts about the economy. Stocks later rebounded, although they didn't recover all the lost ground (See related story.6)

DOJ_NMG_0112399

At the December meeting, Fed officials said their "outlook for economic growth and inflation...changed relatively little" from the late-October meeting. While the economy "was probably a touch softer than had been expected" then, policy makers still expected it to grow at a bit below its long-term trend over the coming year.

At that meeting, the Fed left its short-term interest-rate target at 5.25% and said afterward that inflation was its principal concern and that any decision on raising rates would depend on incoming data. The language suggested that the Fed, at least in mid-December, saw its next decision as whether to raise rates or leave them alone.

The minutes suggest Fed officials see monetary policy on hold for some months. "Nearly all members felt that maintaining the current target for now was most likely to foster moderate economic growth and a gradual ebbing of core inflation from its elevated levels."

But the summary said that "several" of the Fed's 11 voting policy makers thought the "subdued tone" of some recent economic indicators "meant that the downside risks to economic growth in the near term had increased a little and become a bit more broadly based than previously thought." One of those, whom the minutes didn't name, argued the statement released after the meeting should say rates could be either raised or lowered depending on the evolution of growth and inflation. If the Fed does adopt such a "neutral" statement in coming months, it would likely be seen as a prelude to cutting rates, which markets have expected for months despite Fed officials' rhetoric to the contrary.

ECONOMIC FORECASTING SURVEY

7

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Some of the concerns officials had about growth at the December meeting may have been mollified by recent data. Yesterday's data showed strength in nonresidential construction, a reflection of business capital spending. And an upturn in a purchasing managers' survey for December may have eased concerns of Fed officials who, at the December meeting, called manufacturing a source of "downside risk."

Also, in December, Fed officials said they didn't see signs that inflation was "convincingly on a downward trend," but subsequent data has added to the evidence that it might be.

The minutes were released yesterday, a day later than the usual three-week lag because of the day of mourning for President Gerald Ford.

Fed Remains Focused On Risks To Inflation (FT)

By Krishna Guha And Stephanie Kirchgaessner In Washington

Financial Times, January 4, 2007

The new Democrat Congress will take a tougher approach to supervising the Federal Reserve than its Republican predecessor, Barney Frank, the incoming chairman of the House financial services committee, signalled on Wednesday.

His remarks came as the Fed released minutes from its December 12 policy meeting showing it was largely unmoved by signs of economic weakness in the final months of 2006 and remained defiantly focused on the risks to inflation. The minutes, coupled with a stronger-than-expected survey of manufacturing, sent equities lower, while bond yields fell slightly.

In a speech to the National Press Club, Mr Frank said “there are people who think the Fed should be above democracy”.

He added: “We can debate the most fundamental questions in human existence, but God forbid anybody in elected office should talk about whether or not we need a 25 basis-point increase from the Fed.”

Mr Frank said interest rates were a matter of “public policy” and suggested the Democrat Congress would be both more hands-on and less deferential in its scrutiny of the Fed than the outgoing Republican Congress.

His remarks may trouble Fed policymakers, who will not want interest rate decisions to be politicised. They could also make some Fed officials additionally cautious about raising the issue of a numerical inflation objective, for fear that this could trigger a broader debate about what the Fed should target.

However, Fed insiders do not expect Mr Frank or his party to be hostile to the central bank.

Ben Bernanke, chairman of the Fed, recognises the importance of the Fed being seen to be accountable to Congress, and has invested considerable time meeting senior elected officials, including Mr Frank. If he does decide to push ahead with an inflation objective, he will try to explain why he sees this as consistent with the Fed’s existing Congressional mandate.

Nonetheless, an increase in political scrutiny would come at an awkward time, with the Fed at odds with the bond market over the prospects for the US economy. Wednesday’s minutes show the Fed policymakers meeting on December 12 viewed near-term weakness as primarily the result of short-term factors that would not significantly effect the forecasts on which it bases its policy decisions.

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Indeed, “the outlook for economic growth and inflation was thought to have changed relatively little since the previous meeting” in late October. All the policymakers also “agreed that the risk that inflation would fail to moderate as desired remained the predominant concern”.

Fed officials did not ignore the weaker data entirely. Several policymakers judged that “the downside risks to economic growth in the near term had increased a little”.

And for the first time in recent months, one committee member suggested the Fed explicitly refer to the possibility that it might have to cut rates if growth weakened further.

However, the tone of the minutes suggests the Fed still does not buy the market’s view that the economy faces sustained weakness that will demand interest rate cuts. Wednesday’s data appeared to support that view.

The Institute for Supply Management said its index of manufacturing activity climbed into positive territory in December.

The index rose to 51.4 last month after its worst reading in five years in the previous month, when it fell below the 50 mark – indicating a contraction.

Additional reporting by Anuj Gangahar in New York and Eoin Callan in Washington

Fed Reveals Concern Over Housing Slump (WP/AP)

By Jeannine Aversa And Tim Paradis

The Washington Post/AP, January 4, 2007

Heightened concern about a harsher-than-expected housing slump was a key factor in the Federal Reserve's decision to hold interest rates steady at its policymaking meeting last month.

Minutes of the Fed's deliberations, released yesterday, show that policymakers expressed worry over the real estate bust while they repeated that their aim was to make sure inflation continues to recede.

The bleak assessment of the housing market unnerved investors who were betting that the sector's problems would not spill over into other sectors of the economy. Release of the minutes sapped strength from the market on a day that had seen triple-digit gains and a new trading high for the Dow Jones industrials. The Dow ended the day up 11.37, or 0.09 percent, at 12,474.52.

"The concern is that the Fed was seeing something at their last meeting that suggested potentially more pronounced weakness than we had all been anticipating in the economy," said Drew Matus, senior economist at Lehman Brothers.

The Fed left its benchmark short-term interest rate unchanged at 5.25 percent last month, its fourth straight meeting without changing the rate. But the Fed also left the door open to a rate increase, if needed, to thwart inflation.

However, one Fed member, who was not identified in the minutes, said the central bank should have held out the possibility of a rate cut. That member thought the Fed's statement last month "should emphasize that policy could be adjusted in either direction, depending on the evolution of the outlook for inflation and economic growth."

The Fed's statement after the meeting, however, did not speculate about a rate cut. Rather, policymakers stuck to previous language about the possibility of a rate increase, something most economists think is not likely to happen.

Many economists say the Fed will hold rates steady at its next meeting, Jan. 30-31, and further into the new year. The next rate move, many analysts and investors say, will probably be a rate cut later in 2007.

At their December meeting, Fed policymakers said economic growth had slowed in 2006, partly reflecting a "substantial cooling" of the housing market. That description went beyond the Fed's previous assessment in late October and suggested that a sharper slump in housing could be taking place.

The policymakers suggested that the economy was in for sluggish growth because of the housing slump and that people needed to stay alert for signs that weakness in housing could infect the rest of the economy.

The minutes noted that growth in business investment had slowed and manufacturing had cooled, in part reflecting the struggling automotive industry. Consumer spending -- the lifeblood of the economy -- seemed to be holding up fairly well, yet there were risks that could change.

"Considerable uncertainty regarding the ultimate extent of the housing market correction meant that spillovers to consumption could become more evident, especially if house prices were to decline significantly," the minutes said.

Meanwhile, policymakers also made clear that they wanted to see "core" inflation, which excludes food and energy prices, move lower. They stuck to their forecast that this was likely to occur in the months ahead.

That said, "all members agreed that the risk that inflation would fail to moderate as desired remained the predominant concern," according to the minutes.

Fed's Ideal Rate Of Growth Could Be Slower In The Future (WSJ)

By David Wessel

DOJ_NMG_0112401

The Wall Street Journal, January 4, 2007

It is easy to cast this as an academic, number-clogged debate. In fact, it is an instance where what the Fed thinks matters to all of us, not just bond traders. The Fed's estimate for trend growth determines whether officials will let the economy expand at, say, 3% on average, or just 2.75%. The difference sounds small, but adds up over time. An extra one-quarter percentage point in annual growth would mean $130 billion more goods and services for Americans to share by 2026.

An economy's speed limit is largely defined by two factors: how rapidly the number of workers increases and their "productivity," or how much each of them produces.

The Fed doesn't disclose its precise projection for the safe speed limit. A public summary of Fed officials' October meeting noted that "the staff...had again reduced its projection for potential...growth." The comment followed a research paper that argued that something significant is happening to the U.S. labor force: Growth is slowing, and the phenomenon isn't temporary. The aging of the big baby-boom generation is bringing it to the brink of retirement, and the proportion of women who work seems to have peaked.

Nothing is certain here. Improved health and longevity or skimpier pensions may keep baby boomers working longer. Technology may reduce employers' demand for labor. Immigration could increase. Fed Chairman Ben Bernanke, in a speech in November, said: "Some slowing in the growth of the labor force...seems likely over the next few years at least." Fed board member Susan Bies has noted that a 0.2-percentage-point slowdown in labor-force growth means it takes fewer new jobs to keep the nation's unemployment rate steady -- 110,000 jobs a month, instead of 140,000 a month.

Productivity is particularly tough to forecast. After a remarkable spurt that survived the bursting of the tech-stock bubble, the Sept. 11, 2001, attacks, and the energy-price increases exacerbated by war in the Middle East, there are some signs that productivity growth may be slowing a bit from the pace of the early 2000s.

Former Fed Chairman Alan Greenspan made the call of his career when he saw, before nearly anyone else, that productivity was taking off in the mid-1990s. His successor hasn't, yet, joined the productivity pessimists. "I remain optimistic," Mr. Bernanke said in November, "that the recent favorable [productivity] trends will continue." He pointed to the continued decline in the price of computer power and said that was spurring on biotechnology and other new industries, while increasing the efficiency of old ones.

The just-released minutes of the Fed's December meeting record concern that the underlying pace of productivity growth "could be weaker than currently thought."

Bank of America economists Mickey Levy and Peter Kretzmer point out in a recent research note that even if marked down a bit, the potential growth rate of the U.S. economy remains higher than that of nearly any other industrialized country -- roughly 3% for the U.S. by today's consensus, versus 2% or 2.25% for continental Europe and 1.75% for Japan.

That means the overall U.S. economy will be even bigger relative to Europe and Japan 20 years hence than it is now. It doesn't mean Europeans and Japanese will be miserable: With a slower-growing population, it takes less growth to deliver rising living standards to each person. (A country with a population increasing 10% a year has to have economic growth of 10% a year just to break even.)

The Fed can't turn the dials on population growth or on productivity. All it can do is try to gauge trends accurately. Continued strong productivity growth will lead the Fed to tolerate faster economic growth. That puts the onus on the rest of the society -- business, unions, workers, regulators, legislators, schools -- to work at doing what is possible to maintain healthy productivity growth, the secret to prosperity for our children and grandchildren.

US Markets Surrender To Inflation Fears (FT)

By Michael Mackenzie And Anuj Gangahar

Financial Times, January 4, 2007

US stocks surrendered a firm start to the new trading year on Wednesday after the Federal Reserve signalled there was little chance of an interest rate cut until core inflation moderates.

Stock investors returned from a four-day break amid lower oil prices and evidence of better-than-expected holiday retail sales. The bullish mood continued after a manufacturing survey proved to be stronger than expected and price pressures fell, reducing inflation fears.

The Dow Jones Industrial Average set a new intra-day record high of 12,580.35 during morning trade, while technology shares boosted the Nasdaq Composite.

Stocks then pared some of their gains ahead of the Fed's December meeting minutes being released. The Fed then released minutes from its December 12 policy meeting showing it was largely unmoved by signs of economic weakness in the final months of 2006 and remained defiantly focused on the risks to inflation.

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Selling erupted at policy makers' concerns over core inflation. "The market was set up for a bout of profit taking this week, it just required a catalyst," said Marc Pado, chief market strategist at Cantor Fitzgerald.

He expects choppy trading will continue until next week and then the focus will shift to fourth-quarter earnings results.

At the close, the S&P 500 fell 0.1 per cent, or 1.53 points, to 1,416.77. Industrials was the best performing main group in the index while the energy sector led losses.

The Nasdaq Composite, led the leading averages, rising 1.6 per cent at one stage before it settled 0.3 per cent, or 7.87 points, firmer at 2,413.87. The Dow closed 0.1 per cent, or 11.37 points, higher at 12,474.52.

Earlier in the day US stocks and bonds had staged a powerful surge as investors responded to news of a stronger than expected holiday shopping season, fresh economic data on employment and a decline in oil prices.

A decline in oil prices added to the strong sentiment that drove the Dow Jones industrials to a triple-digit or 0.9 per cent advance and a new trading high of 12,580.35 before midday in New York. Crude oil fell to less than $60 a barrel as the mild weather in the northeast US curbed heating demand.

Investors appeared to shrug off a weak employment report from a division of payroll company Automatic Data Processing that unnerved the bond market briefly early in the day.

Bonds rose in response to the ADP report, with the yield on the benchmark 10-year Treasury note falling to 4.69 percent from 4.71 percent late on Friday. Analysts said the report might improve the chances for an interest rate cut in the early part of the year.

With markets closed on Tuesday to mark the funeral of President Ford, Wednesday marked the end of the longest hiatus on Wall Street since the aftermath of the September 11, 2001 terrorist attacks.

Stocks Give Up Early Gains (WSJ)

By Worth Civils

The Wall Street Journal, January 4, 2007

The New Year's celebration on Wall Street was short-lived, as stocks gave up big gains that had taken the Dow Jones Industrial Average to a new intraday high Wednesday, the first trading day of the year after a four-day break.

Traders weighed mixed economic data and the minutes from the latest meeting of Federal Reserve policy makers. A key manufacturing report was stronger than expected, allaying fears of a recession, but a weak forecast of monthly payrolls data to be released Friday surprised and unnerved some investors.

The Fed minutes showed1 policy makers were more worried about an economic slowdown, but were also still on the lookout for inflation pressures, indicating they could keep rates unchanged for a while. "My sense is that the minutes amplified the…growing perception that [the Fed] is not cutting rates anytime soon," said Peter Hooper, chief economist at Deutsche Bank Securities.

The combination of slowing growth and a still-hawkish Fed was not welcomed by stock investors, many of whom had expected a cut in interest rates early this year. Helped in part by stock gains in foreign markets on Tuesday, the Dow industrials were up more than 100 points earlier in the session, reaching a new intraday high of 12580.35 on the back of Wal-Mart Stores and Home Depot. But the gains slowly eroded in afternoon trading, with most of the losses coming after the Fed minutes were released at 2 p.m. EST.

The Dow, which fell more than 50 points into the red at one point, finished the day up just 11.37 points at 12474.52. The biggest decliner was General Motors, off 4.1% amid disappointing auto sales last month. Exxon Mobil lost 3.3% as crude-oil prices sank $2.73, or 4.5%, to $58.32 a barrel on the New York Mercantile Exchange.

Other averages also turned negative after broad gains earlier in the session, with the S&P 500-stock index off 1.67 to 1416.63 for the day. The technology-heavy Nasdaq Composite Index, which had been up as much as 1.5% earlier, finished ahead 7.87 at 2423.16, helped by a 1.6% gain in Dell shares and a 1.5% rise by Cisco Systems.

Some observers were skeptical of the Fed-induced selloff. "I don't understand what the reaction was to the minutes -- they were not that different than before," said David Wyss, chief economist at Standard & Poor's. "I think to some extent, the minutes were more of an excuse than a reason," Mr. Wyss said. He thinks some of pullback can be attributed to tax-related selling. "There is a tendency to rebalance [portfolios] after the first of the year," he said.

The volatile action Wednesday could also reflect still holiday-thin trading desks, as the stock market is open only three days this week after a four-day break, the longest since the aftermath of the Sept. 11 terrorist attacks. The market was closed Monday for New Year's Day and Tuesday in honor of former President Gerald R. Ford, who died last week.

THE YEAR IN MARKETS

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In economic data, the Institute of Supply Management's manufacturing survey for December beat expectations9, coming in at 51.4. It fell last month below the 50 mark, indicating contraction in the sector, for the first time since early 2003. The slowdown in another closely watched sector of the economy, housing, hit construction spending, which the Commerce Department said fell 0.2% in November, following declines in previous months.

Earlier, Automatic Data Processing estimated that private, non-farm payrolls shrank by 40,000 jobs in December, the first negative reading on job growth in more than three years. Several economists lowered their own forecasts after the ADP figure, even though it has proved unreliable in the past. The consensus estimate for December's report is for total payroll growth of 115,000 jobs.

Monthly auto sales reports10 mostly disappointed investors, as well. Ford Motor and GM both reported a 13% drop in U.S. sales last month. Chrysler said its December sales rose less than 1% amid a new customer-incentive plan. In addition to GM's slide, shares of Ford were flat, while the American-traded shares of DaimlerChrysler were ahead 1%.

Home Depot got a 2.3% boost after it announced that Bob Nardelli will leave11 his position as chairman, president and CEO. Frank Blake, the retailer's current vice chairman of the board and executive vice president, succeeds Mr. Nardelli, effective immediately. Wal-Mart was up 3% after the giant retailer said December same-store sales were expected to be up 1.6% over year-earlier levels, well above the company's previous estimate of a 1% gain.

In major market action:

Stocks rose12. On the New York Stock Exchange, 1,815 stocks advanced and 1,610 declined on volume of 2.07 billion shares.

Bonds were up.13The 10-year Treasury note added 6/32, or $1.88 per $1,000 invested, to yield 4.66, and the 30-year bond gained 12/32, yielding 4.77%.

The dollar advanced.14The euro traded at $1.3161 from $1.3279 late Tuesday, and the dollar was at 119.39 yen from 118.81 yen.

Markets Finish Mixed As Fed Hints At Nagging Concern With Inflation (NYT)

By Vikas Bajaj

The New York Times, January 4, 2007

Stocks surged early yesterday, the first trading day of 2007, but fell sharply after minutes from a Federal Reserve meeting indicated that inflation remained the chief concern of policy makers even as they started to worry about a weakening economy. Markets closed mixed for the day.

The Standard & Poor's 500-stock index closed down slightly, at 1,416.63, after being up 0.8 percent. The Nasdaq composite index surged 1.6 percent early, but reversed course in the afternoon, falling 0.9 percent; it closed up 7.87 points, or 0.33 percent, at 2,423.16.

The Dow Jones industrial average also seesawed to a modest gain of 11.37 points, closing at 12,474.52. Bonds were up slightly and the dollar rose against the euro and yen.

Like markets in Europe and Asia, American stock markets, which were closed Tuesday in observance of the day of mourning for President Gerald R. Ford, began the year on an upbeat note. Investors were encouraged by Wal-Mart's posting of sales that were stronger than expected, and by a report showing an increase in manufacturing activity last month.

But the rally started to sag in early afternoon and collapsed shortly after the Fed released the minutes of its Dec. 12 meeting. Energy stocks were among the biggest losers as crude oil futures fell by $2.73, to $58.32 a barrel, the first time they have closed below $60 since November.

The Fed, as it has done repeatedly in recent months, indicated in its minutes that while inflation had moderated, the central bank's policy makers were worried that it remained too high and that they might need to raise short-term interest rates. The minutes noted, however, that one unnamed member of the policy-making committee wanted the Fed to acknowledge that it could also cut rates to reinvigorate the economy.

"It was a blunt reminder to the stock market that the Fed's going to err on the side of avoiding inflation," said Ethan S. Harris, chief United States economist at Lehman Brothers.

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Stocks climbed steadily in the last six months of 2006, partly on the expectation that the Fed, which last raised interest rates in June, to 5.25 percent, would start cutting rates in the first half of 2007. But some economists and market specialists have suggested that that view was inconsistent with investors' optimism that the economy and corporate profits would hold up well in the coming year.

"There is a sense in the stock market that you can have your cake and eat it too, that you can have good growth and rate cuts from the Fed," Mr. Harris said.

The bond and futures markets, by contrast, have become a little less hopeful in recent weeks about interest rate cuts, and are now priced with the expectation that the Fed's first rate cut will come in late June. Yields on the 10-year Treasury note, which move in the opposite direction of the price, have risen to 4.66 percent, from a low of 4.02 percent at the start of December. Bond prices and yields were little changed in yesterday's trading after the Fed's announcement.

"The bond market got the reaction to the Fed minutes right," said Joseph Biondo, a senior portfolio manager at Biondo Investment Advisors, "and the stock market didn't."

Still, market specialists said the stocks' late-afternoon recovery suggested that investors were not as moved by the Fed as it first seemed. Also, the energy sector was responsible for much of the decline in stock prices — the S.& P. Energy index fell 3.7 percent for the day. Analysts said warmer-than-expected temperatures on the East Coast helped drive down prices for crude oil and other commodities.

Another concern for the markets is the possibility that profit growth will slow. Companies will start reporting results for the fourth quarter later this month and, for the first time in four and a half years, profits may not post double-digit gains, said Sam Stovall, chief investment strategist for S.& P.'s Equity Research Service. He said he expected stocks to register a gain in 2007, but that the markets might first experience a correction typically seen late in an economic expansion.

US Manufacturing Pulls Back From Brink Of Recession (FT)

By Eoin Callan In Washington

Financial Times, January 4, 2007

The US manufacturing sector bounced back from the brink of recession last month as factory activity rose in December after a slump.

The Institute for Supply Management said on Wednesday that that its index of manufacturing activity climbed into positive territory, rising to 51.4 last month after its first negative reading in five years.

A reading below 50 indicates contraction, one above 50 signals expansion.

The rise in the index was greater than economists expected and signals that factories are continuing to expand in spite of recent weakness in a number of key sectors. Computer and auto makers reported a pick up in demand, while chemicals manufacturers experienced a slowdown.

Manufacturers remain upbeat about the year ahead and are looking to overseas demand to offset a slowdown in domestic orders.

Jeoff Hall, an economist at Thomson Financial, said: "The manufacturing recession will be shallow and not tip the wider economy into recession. Given the high level of export orders, we were surprised to see such a rapid deterioration in business conditions recently."

Investors responded positively to the benign economic data, propelling US stocks higher on the opening trading day of the year. The Dow Jones Industrial Average touched a new intra-day record high of 12,566.57.

However, there was continued weakness in residential construction activity as spending fell, according to a separate report, but the decline was less than expected.

Why Manufacturing Shows Resilience (WSJ)

By Timothy Aeppel

The Wall Street Journal, January 4, 2007

U.S. manufacturing is showing surprising resilience in the face of a sharp slump in autos and housing, and in the coming year it is expected to expand roughly in line with the overall economy.

A closely watched manufacturing index turned positive in December, reversing a decline the month before that had sparked gloom about the outlook for the sector. New orders and production both edged up last month, while pricing pressures eased.

IN SUMMARY

· The News: A new report points to unexpected vitality in factory sector.

DOJ_NMG_0112405

· The Background: After a prolonged boom, many manufacturers got stuck with excess inventories as the economy slowed in recent months.

· The Bottom Line: No manufacturing recession, but growth in the sector will fall into line with slower growth of the larger economy.

Norbert Ore, an economist at the Institute for Supply Management, which released the report yesterday, said some manufacturers are suffering -- including makers of housing-related products from bricks and backhoes to rugs and refrigerators. "But there are also pockets of strength," he said, such as oil exploration and aerospace.

Manufacturing is just one part of the nation's economy that has been sending mixed signals lately. Another report released yesterday suggests the U.S. job market may have shed workers in December. Private employment fell a seasonally adjusted 40,000 last month, according to a report by Automatic Data Processing, the payroll-processing company, and Macroeconomic Advisers, an economic-forecasting firm. The government releases its monthly jobs report tomorrow.

Separately, the U.S. Commerce Department said yesterday that total construction spending fell 0.2% in November to a seasonally adjusted annual rate of $1.184 trillion. That report also offered a mixed picture, with residential construction down 1.6% from the previous month, the eighth consecutive monthly decline, while nonresidential construction of hotels and office buildings rose 1.2%.

Manufacturing is coming off a boom that prompted producers to expand. Factory construction rose 20% last year and, in many cases, manufacturers ended up with bloated warehouses as economic growth cooled in recent months. While the economy expanded an estimated 3.3% last year, manufacturing output surged 4.8%.

That is likely to change. "What you're going to see, going forward, is a manufacturing sector that, instead of growing a lot faster than the overall economy, will be growing more in line with the economy," said David Huether, chief economist at the National Association of Manufacturers. Forecasters expect the U.S. economy to expand about 2.3% this year.

The Manufacturers Alliance/MAPI, an Arlington, Va., policy and research group, is predicting a "pronounced slowing" in manufacturing growth this year. For instance, household-appliance production is expected to decline 5% and output of heavy-duty trucks to fall 23%. Surging demand for cellular phones and digital televisions is set to push up semiconductor shipments 10% this year and shipments of airplane parts 9%.

Machinery production has been one of the bright spots for manufacturing during the past two years and, overall, is expected to remain robust. But Daniel Meckstroth, one of the group's economists, noted that output of construction machinery is expected to slide 1% in 2007, as a result of the housing slump, while output of oil and gas machinery is expected to grow 11% and industrial machinery 8%.

One nagging problem is inventories. As long as producers are stuck with excess goods, they will be focused on curbing output in line with demand. The latest ISM report showed customer inventories stood at 50.5% in December, the third straight month above 50%, which indicates that inventories are too high. Inventories of autos are particularly large.

Van Jolissaint, chief economist of auto maker DaimlerChrysler AG, said he thinks most of the big production cuts already have been made in his sector and that conditions should improve by the second half of the year, particularly if employment and income gains don't falter.

As the year progresses, he added, the housing sector should bottom out, too. "I'm actually pretty optimistic, not from the auto point of view, but from the point of view of the overall economy in 2007," Mr. Jolissaint said.

Many U.S. manufacturers are counting on exports to soften the blow of slower growth at home. Nordson Corp., a Westlake, Ohio, maker of machines used to spread adhesives on assembly lines, sells two-thirds of its machines outside the U.S. and says surging exports have more than offset the drop in sales at home. The company expects strong overseas growth to continue this year.Some sectors face an uncertain future. "We saw the contraction in housing hit us fairly rapidly this last fall," said Fletcher Steele, president of Pine Hall Brick Co. in Winston-Salem, N.C. Sales at the closely held company plunged 30% in November from a year earlier and were down 20% in December, he said.

Pine Hall, which sells more than 80% of its bricks to homebuilders, has idled half of the eight kilns in its four factories in North Carolina and Georgia. The company normally builds inventories during the slow winter months, but this year Mr. Steele isn't sure how much inventory building he will do.

The recent decline in commodity prices has been a double-edged sword for manufacturers. Less costly commodities, which translate into lower raw-materials costs, are a welcome break for factories after several years of hefty increases; yesterday, sharp declines in metals prices pummeled mining stocks, sending Freeport McMoRan Copper & Gold Inc. plunging $5.24, or 9.4%, to $50.49 as of 4 p.m. New York Stock Exchange composite trading.

Many manufacturers, however, built up supplies of metals and other commodities when prices were high, anticipating further price increases. Those companies now are stuck with pricey stockpiles and are unlikely to feel any immediate relief from lower raw-materials prices.

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Another uncertainty dogging manufacturers is the value of the dollar. Ronald DeFeo, chief executive of Terex Corp., a Westport, Conn., maker of mining and construction machinery, says he worries the dollar's value could continue to fall relative to other major countries. While the weaker dollar benefits his big factory in Redmond, Wash., which makes aerial platforms that are exported world-wide, it hurts his crane and other equipment operations in Europe.

Small Employers Struggle To Fill Jobs (USAT)

By Jim Hopkins

USA Today, January 4, 2007

SAN FRANCISCO — Small employers ramping up hiring plans to levels not seen in two years face a labor shortage that's forcing many to increase wages and benefits.

The pinch is tightest in 26 states with below-average jobless rates, new Labor Department data and private surveys show. More than half those states are especially dependent on small employers, those with fewer than 500 workers.

Nationwide, the share of small firms planning to hire through early 2007 rose to 19% in November from 16% the month before, say surveys by the National Federation of Independent Business trade group. November's share was the highest since November 2004.

In New Hampshire, Jody Rodgers plans to hire up to 20 workers as she expands her 55-employee pet boarding and grooming chain, The Barking Dog. She offers "great benefits," including health insurance, bonuses and paid vacations.

Still, Rodgers struggles to find qualified applicants amid a tight labor supply. "It's not pretty out there," she says.

New Hampshire is one of the 26 states. Its jobless rate rose slightly to 3.5% in November. But it remains well below the 4.5% U.S. average.

Small-business advisers say many of the USA's 5.7 million small employers must consider raising wages and adding benefits such as flexible working hours to better compete with big corporations.

"This position that you have traditionally paid $12 an hour for, you're going to need to now pay $14 to $15 an hour," says Sandra Dickerson, CEO of Your People Professionals, a recruiter and employment manager in Santa Maria, Calif.

The National Federation of Independent Business says wages already are headed higher. In November's survey of 451 companies, 20% planned to raise wages, up from 18% the month before.

"More owners are paying more, trying to keep workers and to get workers," says Bill Dunkelberg, the 600,000-member trade group's chief economist.

Small employers that don't want to raise wages can try other carrots that don't require spending more right away, says Tim Doherty, CEO of Doherty Employer Services in Minneapolis. Non-cash incentives include letting employees work from home one day a week or giving more personal time off.

Those are options small companies can offer to be more competitive with corporate giants that have less-flexible workplace policies. "They don't need to be bound by large-company constraints," Doherty says.

A Mostly Winning Economy (LAT)

The Los Angeles Times, January 4, 2007

ECONOMIC PROSPERITY prompts presidents to exaggerate their influence, while privation causes them to lament their impotence. So it was hardly surprising to hear President Bush emerge from his first Cabinet meeting of 2007 on Wednesday talking about "the need to keep this economy growing by making tax relief permanent." Bush's fondness for his first-term tax cuts, most of which are to expire in 2010, is well known. But if he and Congress want to keep the economy growing, they should shore up its foundation.

The economy enters the new year riding a couple of winning streaks. The U.S. gross domestic product has been growing for a record 20 consecutive quarters, and blue-chip companies in the Standard & Poor's 500 have racked up 18 straight quarters of 10% or greater increases in profits. Those streaks began before the Bush tax cuts took full effect, though they have been abetted by the twin stimuli of the tax cuts and large increases in federal spending. "Making tax relief permanent" makes for a good political sound bite, but it hardly amounts to economic policy.

Nevertheless, there's some grumbling about the prospects for 2007, particularly for those outside the executive suite. The deflation of the housing bubble continues, taking a toll on the residential construction industry and putting a damper on consumer spending. The long decline of the U.S. industrial sector, most evident in the auto industry, continues as well.

Yet the economy may be able to dodge those bullets. Housing sales crept upward at the end of the year. Moreover, with the decline in homebuilding, the price of materials has fallen, helping other construction sectors. At the same time, low interest rates, reduced energy prices and strength in other parts of the economy have led most forecasters to predict continued GDP growth in 2007.

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Boosting the industrial sector is a harder task. Some Democrats on Capitol Hill, along with some liberal think tanks and advocacy groups, have raised the specter of protectionist trade policies and new rules to limit offshoring. When combined with higher barriers to immigration, they say, these policies would also help narrow the gap between the wealthiest Americans and everybody else. Such steps would be misguided, particularly at a time when the tightening labor market has finally started to drive up real wages.

In the long term, the best ways to improve wages are to create more highly skilled workers and provide a larger market for their talents. House Democratic leaders already have acknowledged this; when they unveiled their economic strategy in November 2005, one of the first three planks called for training more scientists and engineers and extending high-speed Internet access throughout the country.

In times of relative prosperity, Washington has the luxury of focusing more on the long term. Congressional Democrats should use this moment to promote policies that help more Americans share in the nation's economic growth, not to advocate for a return to a less globalized, more protectionist era. Bush, for his part, should be looking for ways to minimize the effect of the tax code on the economy, not embellishing its effect.

Gerald Ford Is Laid To Rest In Michigan (AP)

By Kathy Barks Hoffman

AP, January 4, 2007

Gerald R. Ford was laid to rest on the grounds of his presidential museum Wednesday after eight days of mourning and remembrance that spanned the country, from the California desert to the nation's capital and back to Ford's boyhood home.

The sunset burial capped the official mourning for the 38th president, from services in California, to ceremonies at the nation's capital, and a 17-hour viewing Tuesday night and Wednesday at the museum in his hometown.

At a graveside service that included a 21-gun salute and a 21-aircraft flyover, Vice President Dick Cheney presented former first lady Betty Ford with the American flag that was draped over her husband's casket.

Earlier at the Ford family's longtime church, Ford was remembered as a man not afraid to laugh, make tough decisions or listen to the advice of his independent wife in eulogies delivered during a funeral at the church the couple attended for six decades.

An honor guard carried the casket inside Grace Episcopal Church, where Ford's defense secretary, Donald Rumsfeld, and Ford's successor, Jimmy Carter, recalled his public service.

His widow, Betty, wiped away tears as she sat with the couple's four children and more than 300 dignitaries and family friends, including Vice President Dick Cheney and golfing legend Jack Nicklaus.

"He was one of us," Rumsfeld said, "And that made him special and needed in a dark and dangerous hour for our nation."

Rumsfeld, who recently left his post as President Bush's defense secretary, remembered Ford as a courageous and steady leader who healed the nation after Watergate.

Rumsfeld said the Navy is considering naming a new aircraft carrier after Ford, a Navy veteran. A decision is expected later this month.

"How fitting it would be that the name Gerald R. Ford will patrol the high seas for decades to come in defense of the nation he loved so much," he said.

Carter described the close personal friendship he and Ford developed over the years.

"I relished his sound advice," Carter said as his wife, Rosalynn, cried. "I want to thank my predecessor for all he did to heal our land."

Thousands of flag-waving mourners lined the roads under sunny skies as the motorcade bearing Ford's casket traveled between his presidential museum in downtown Grand Rapids to the church, before returning to the museum.

The viewing had to be extended Wednesday until nearly noon so everyone in line could pay their respects. Some 57,000 mourners waited hours to file past the flag-draped casket during the night. Some stopped and made silent prayers.

"We're here to honor him," said Philip Bareham of Lansing, who was the last person to view the casket and whose parents were among Ford's earliest supporters and political allies. "We just love this family. They are so down to earth."

Ford represented Grand Rapids in Congress for 25 years. His family had belonged to Grace Episcopal Church since the early 1940s.

Richard Norton Smith, an author, presidential historian and former director of Ford's museum and library, reminded mourners how important Ford's hometown was to him.

"Grand Rapids returned his affection many times over," which was "unforgettably demonstrated by the tens of thousands who stood in line for hours outside the museum, braving the cold to assure that his last night was anything but lonely," Smith said.

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Draped over the back of one pew at the funeral was a blue blanket with the letter "M" emblazoned on it, symbolizing Ford's alma mater, the University of Michigan, where he played football for national championship teams in 1932 and 1933.

Many of the mourners at the museum and lining the roads during his funeral procession on Wednesday wore Michigan hats and sweat shirts in his honor.

Ford, who became president after Richard Nixon resigned, died Dec. 26 at his home in Rancho Mirage, Calif. He was 93.

Pride, Grief Flow As Ford Laid To Rest In Hometown (USAT)

By Judy Keen

USA Today, January 4, 2007

GRAND RAPIDS, Mich. — Gerald Rudolph Ford was buried on a hillside at his presidential museum Wednesday after a poignant send-off from his hometown and tributes from a protégé and a former rival.

The final moments of a week-long commemoration of the 38th president's life were marked by a 21-gun salute, a bugler sounding tapsand a flyover of 21 military jets in the "missing man" formation, with one jet veering off from the others.

Betty Ford sat at the gravesite as the U.S. Army Chorus sang Goin' Home. Her daughter, Susan Ford Bales, put an arm around her mother to comfort her.

As Eternal Father, Strong to Save was played and the sun neared the horizon, Vice President Cheney presented the U.S. flag that had covered Ford's casket to the former first lady. She kissed the folded flag.

Ford died Dec. 26 at his home in Rancho Mirage, Calif. He was 93.

The funeral, which Ford helped plan, prompted tears and laughter from family, friends and politicians. Mrs. Ford dabbed her eyes with a handkerchief as the casket was carried down the aisle of Grace Episcopal Church in East Grand Rapids.

She smiled, though, when Donald Rumsfeld, who served as her husband's Defense secretary and White House chief of staff, began his eulogy. He described the former president as "one of us." Sniffing back tears, he said Ford was "special and needed in a dark and dangerous hour for our nation" after President Nixon's resignation in the wake of the Watergate scandal.

Neighbors and friends

Jimmy Carter, who beat Ford in the 1976 presidential election, began and ended his eulogy with the first sentence of his inaugural address. "For myself and for our nation, I want to thank my predecessor for all he has done to heal our land," Carter said, his voice breaking, after describing the "intense personal friendship" he and Ford shared after their White House years.

Betty Ford, 88, sat with her daughter and sons Michael, Jack and Steven. Michael and Steven Ford gave readings, and three of the Fords' grandchildren read prayers at the funeral, which ended about an hour behind schedule.

In the other front pew were Cheney and his wife, Lynne; Carter and his wife, Rosalynn; and Rumsfeld and his wife, Joyce. Nearby, a blue stadium blanket was draped over a pew to honor Bo Schembechler, the former football coach at Ford's alma mater, the University of Michigan. Schembechler died in November. Ford's passion for another sport was represented, too: Golfer Jack Nicklaus was an honorary pallbearer.

Ford lived in California for his last 30 years, and services for him were held in Palm Desert, Calif., and in Washington, D.C. But the farewell in this city of 164,000 was different. There was a heartfelt outpouring of pride and grief from people who consider themselves his neighbors and friends.

Thousands of people lined the streets and bridges between the church and the museum. Some wept or waved flags as the black hearse with presidential seals on its doors moved slowly past.

The skies were clear with a steady breeze, but temperatures were in the 40s.

Military officials said about 57,000 people filed past Ford's casket during 18 hours of public viewing in the museum. Ryan Sharpe, 25, a computer software technician, was born after Ford's presidency, but he came to represent family members who couldn't be here.

"He was a simple man, somebody you might want to have a beer with," Sharpe said. "I just wanted to say, 'Rest in peace, Mr. President.' "

Antoinette Tomaszewski, a floral designer in her 50s, said a prayer as she walked by the casket. "You could feel a quieting come over you," she said. "All we can do is pray for him now." The visit was important to her because Ford's signature is on the naturalization papers of her father, an immigrant from Kiev, Ukraine, she said.

"You could hear a pin drop," said Bill Kleinhans, 59, who helps inventors market their products. "You feel a sadness at the loss of such a great man, but the good part is that his life story is now being told — things like his personal integrity."

'I'm from Grand Rapids'

Ford loved his hometown. His mother brought him here from Omaha when he was just 2 weeks old. He was a football star at South High School, which is now the Gerald R. Ford Job Corps Center. He worked in a paint store and at a hamburger stand.

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He came back after attending Yale Law School to open a law practice and later represented Grand Rapids in Congress for a quarter-century. In August 1947, mutual friends introduced him to a local woman, Betty Bloomer Warren. They were married for 58 years.

"The proudest boast I can make is that I'm from Grand Rapids," Ford said in May 2000 after the airport here was renamed for him. "About 86 years ago, the people of Grand Rapids took me in for the first time," he said. "Their hearts, their support have never faded. What I've accomplished in this life, I owe to Grand Rapids."

In his eulogy, Richard Norton Smith, former director of the Gerald R. Ford Museum and Library, recalled Ford recently saying, "When I wake up at night and can't sleep, I remember Grand Rapids."

Because tens of thousands of people lined up through a cold night to say goodbye, Smith said, "His last night was anything but lonely."

Ford Buried At Presidential Museum In Michigan (WT/AP)

The Washington Times, January 4, 2007

GRAND RAPIDS, Mich. (AP) -- Gerald R. Ford was laid to rest on the grounds of his presidential museum yesterday during a ceremony watched by thousands who lined streets and bridges to catch a glimpse of history.

The sunset burial capped the official mourning for the 38th president, from services in California to ceremonies in the nation's capital to a 17-hour viewing Tuesday night and yesterday at the museum in his hometown.

At a graveside service that included a 21-gun salute and a 21-aircraft flyover, Vice President Dick Cheney presented former first lady Betty Ford with the American flag that was draped over her husband's casket.

At the funeral, former Defense Secretary Donald H. Rumsfeld -- who held the same position in Mr. Ford's administration -- announced that the Navy will name its next aircraft carrier USS Gerald R. Ford.

The Navy had not planned to make the announcement so quickly, but Pentagon officials later confirmed what Mr. Rumsfeld said during his eulogy at the funeral.

"How fitting it would be that the name Gerald R. Ford will patrol the high seas for decades to come in defense of the nation he loved so much," Mr. Rumsfeld said.

In eulogies delivered during a funeral at the church that Mr. and Mrs. Ford attended for six decades, the former president was remembered as a man not afraid to laugh, make tough decisions or listen to the advice of his independent wife.

An honor guard carried the casket inside Grace Episcopal Church. Both Mr. Rumsfeld and Mr. Ford's successor, Jimmy Carter, recalled his public service.

Mrs. Ford wiped away tears as she sat with the couple's four children and more than 300 dignitaries and family friends.

"He was one of us," Mr. Rumsfeld said. "And that made him special and needed in a dark and dangerous hour for our nation."

Mr. Rumsfeld, who recently left his post as President Bush's defense secretary, remembered Mr. Ford as a courageous and steady leader who healed the nation after Watergate.

Mr. Carter described the close personal friendship that he and Mr. Ford developed over the years.

"I relished his sound advice," Mr. Carter said. "I want to thank my predecessor for all he did to heal our land."

Thousands of flag-waving mourners lined the roads under sunny skies as the motorcade bearing Mr. Ford's casket traveled between his presidential museum in downtown Grand Rapids to the church, before returning to the museum.

The viewing had to be extended yesterday until nearly noon so everyone in line could pay their respects. About 57,000 mourners waited hours to file past the flag-draped casket during the night. Some stopped and made silent prayers.

"We're here to honor him," said Philip Bareham of Lansing, who was the last person to view the casket and whose parents were among Mr. Ford's earliest supporters and political allies. "We just love this family. They are so down-to-earth."

Mr. Ford represented Grand Rapids in Congress for 25 years and became president after Richard M. Nixon resigned. He died Dec. 26 at his home in Rancho Mirage, Calif., at age 93.

Ford Is Buried After Thousands In Hometown Pay Respects (NYT)

By Monica Davey

The New York Times, January 4, 2007

GRAND RAPIDS, Mich., Jan. 3 — Gerald R. Ford was buried on Wednesday on a grassy hill beside the rushing waters of the Grand River as the sun set, a final farewell in a week of remembrances for the nation's 38th president.

Though Mr. Ford had lived elsewhere for decades, Grand Rapids made it clear that it still considered this his true home and that it still considered him one of its most beloved, famous — and yet ordinary — men.

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In a city of 195,000 residents, some 57,000 waited since Tuesday evening in a line that wound through two miles of downtown to walk silently past Mr. Ford's coffin inside his presidential museum, steps from where he would be buried.

In temperatures that dipped into the low 30s, some people cheerfully waited six hours, deep into the night and morning, for a minute or two beside the former president, who died on Dec. 26 at age 93.

"We needed to be here — this is how we feel about him here," Mary Castro said shortly before 3 a.m. Wednesday, still waiting to reach the museum after four hours in line. A family, carrying a 2-year-old in blankets beside her, nodded.

"He was an everyday, down-to-earth guy, so accessible, not one of these politicians nowadays who needs all sorts of bodyguards," said Ms. Castro, 62, of suburban Comstock Park. "And he understood the importance of forgiveness."

If the nation remembered Mr. Ford for his sudden arrival as president in 1974 in the midst of turmoil over the Watergate scandal and for his decision to pardon President Richard M. Nixon, Grand Rapids's memory was utterly different. Here, he was the boy who grew up on these streets, who played football for South High School, who became an Eagle Scout and who this region sent to the House of Representatives from 1949 until the 1970s.

He had taken the time to speak to elementary school government classes, to write birthday cards, to present crowns to homecoming queens. He was, some said, a perfect reflection of what people here are about.

"He was one of us," said Dwayne Hiljer, 69 and a retired salesman who drove three hours from his home near Detroit. "I've been around for presidents since Roosevelt, and this is the only one that was always totally honest with you."

Even after Mr. Ford's body was driven away from the museum — the lines cut short when time ran out — Grand Rapids followed him. Residents lined the streets, Boy Scouts in uniforms (and no coats) saluting, as his hearse and motorcade led the way to a final funeral service. The city gathered again along the bridges and the roofs of downtown buildings at dusk when the burial service began.

Mr. Ford was actually born in Omaha, but moved here as an infant with his mother. He had lived, at various times, in eight homes in the area.

During the funeral at Grace Episcopal Church, gleaming with stained glass, in East Grand Rapids, mourners remembered his modest roots and modest approach.

"There's an old saying in Washington that every member of the United States Congress looks in the mirror and sees a future president," Donald H. Rumsfeld, who served as defense secretary and chief of staff to Mr. Ford, said in a eulogy. "Well, Jerry Ford was different. I suspect that when he looked in the mirror even after he became president, he saw a citizen and a public servant."

The Fords had been longtime members of the church. Mr. Ford married his wife, Betty, at the parish's earlier building in 1948. Their first three children were baptized there. The funerals for Mr. Ford's mother and stepfather were held there.

The service on Wednesday, before 400 people, was more intimate, more personal than some earlier events.

Mr. Ford's grandchildren read prayers. Honorary pallbearers included a list of community leaders and friends from Grand Rapids, as well as Jack Nicklaus, the golfer; Mary Sue Coleman, the University of Michigan president; and Pepi Gramshammer, the skier. A University of Michigan blanket, yellow and blue, was left on a pew in honor of Bo Schembechler, the longtime Michigan football coach whom Mr. Ford had chosen to be an honorary pallbearer but who died late last year. Mr. Ford played for Michigan in the 1930s.

Richard Norton Smith, who used to be the director of the Ford museum and presidential library, described a man who knew how to laugh at himself and to get along despite divisiveness and partisanship.

"No one ever called Gerald Ford an imperial president," Mr. Smith said. "Perhaps that was because no figure in memory was so immune to Washington's besetting disease of self-importance."

Mr. Ford, a longtime member of Congress, succeeded Vice President Spiro T. Agnew and then Mr. Nixon after both men left office because of scandals.

Former President Jimmy Carter, who defeated Mr. Ford in 1976 but later became his close friend, said the precise words he used in his own inauguration — 30 years ago — remained the most appropriate tribute he could make to Mr. Ford, whose decision to pardon Mr. Nixon had drawn angry critics as well as supporters, who said he had helped spare the country more turmoil.

"For myself and for our nation, I want to thank my predecessor," Mr. Carter said on Wednesday, pausing to gather his emotions, "for all he did to heal our land."

As dusk fell on a cold, clear afternoon, Mr. Ford's family, emotional and holding on to one another, gathered for the burial outside the Gerald R. Ford Presidential Museum, near the grass beside the Grand River. The Army chorus somberly sang "Goin' Home." The Rev. Dr. Robert G. Certain said a prayer. Canons sent a cloud of thick smoke and loud echoes across a silent downtown. F-15s zipped loudly past in formation, traveling north along the river's edge.

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Vice President Dick Cheney handed the flag — the carefully folded flag from Mr. Ford's coffin — to Mrs. Ford, who nodded and clutched it briefly to her face.

Ford Laid To Rest In Michigan (CHIT)

By Tim Jones

Chicago Tribune, January 4, 2007

GRAND RAPIDS, Mich. -- The hometown that nurtured, voted for and never forgot Gerald R. Ford laid him to rest Wednesday after a simple but heartfelt funeral and an extraordinary display of public affection.

This was the final homecoming for the nation's 38th president, who on a day of brilliant sunshine and cold temperatures was hailed as a citizen, public servant and, as a young congressman, a most unusual Washington politician—one who did not see a future president whenever he looked in the mirror.

"He put us on the right path when the way ahead was uncertain," said an emotional Donald Rumsfeld, who sniffled every few seconds as he struggled through his 12-minute eulogy. Rumsfeld, the former Defense Secretary, served in the Ford administration.

Wednesday's ceremonies marked the official end of national mourning that started in California, moved to Washington and concluded in the western Michigan city where Ford grew up, practiced law and later represented in Congress. This stop, lasting a little more than 24 hours, packed an emotional wallop.

While the 80-minute funeral at Grace Episcopal Church was dominated by personal friends and dignitaries, including Vice President Dick Cheney, former President Jimmy Carter, golf legend Jack Nicklaus and Rumsfeld, the goodbye was led by tens of thousands of Grand Rapids and Michigan residents who lined the streets and filed through the Gerald R. Ford Museum to pay their respects.

Ford helped plan his own funeral and wanted it to be an unpretentious reflection of his life. For all of the careful orchestration, there was no anticipating the throng of people who started showing up before Ford's casket arrived Tuesday afternoon.

About 57,000 people, many of whom waited outside for up to eight hours in freezing overnight temperatures, walked through the museum during the 17 hours that Ford's body lay in state. The lines never stopped until authorities cut them off late Wednesday morning, about two hours before the start of the funeral.

"His last night was anything but lonely," Richard Norton Smith, presidential historian and former director of the Ford Museum, in downtown Grand Rapids, said in his eulogy.

Crowds of people, including a little girl with long red hair holding a small American flag as she leaned over a security fence, stood along city streets as the motorcade slowly drove the 6 miles between the museum and the church, and then back. The drapes in the hearse were open, allowing those gathered to catch a glimpse of the flag-draped casket.

People who had had never met or seen Ford showed up hours in advance, bundling their young children in blankets and effectively camping out along the funeral route.

At Grace Episcopal, 88-year-old former First Lady Betty Ford, always accompanied by her daughter and three sons, dabbed at her eyes with a handkerchief as Rumsfeld, Carter and Smith eulogized the former president, often poignantly. Ford was a president who was not afraid to laugh at himself, Smith said.

For all of the solemnity of the event, the 93-year-old Ford's return to the city he left more than 50 years ago was not a regal affair. It was more Truman-esque in tone, in keeping with the plainspoken tendencies of Ford, who represented this area in Congress for 25 years before assuming the vice presidency in 1973. He became president the next year.

Ford, like former President Harry Truman when he died, has enjoyed a rehabilitation of his reputation. In the weeklong series of funerals and remembrances, Ford's controversial pardon of former President Richard Nixon in 1974, which probably cost him his bid for election two years later, is now praised as a nation-healing gesture.

"He was better at statesmanship than salesmanship," Smith observed, underscoring a recurring theme heard on the streets in Grand Rapids and even echoed in the funeral service—that national politics has taken a turn for the worse.

Carter, a Democrat who defeated Ford in 1976, recalled the "intense personal friendship" he and his wife Rosalynn shared with the Fords.

"I want to thank my predecessor for all he did to heal our land," Carter said in his eulogy, as his wife Rosalynn cried. That was also the first remark Carter made in his inaugural address in 1977.

Carter said that when the two couples traveled together, he always regretted reaching their destination because it meant the end of the time they would enjoy each other.

As the sun began to set, a gravesite service outside the museum featured a Marine Corps choir, a 21-gun salute and a thundering 21-aircraft flyover that shook windows in the downtown area.

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After the flag that draped Ford's casket was removed and folded, Cheney, a former chief of staff for Ford, presented it to Betty Ford. She gently hugged it.

Ford's Body Is Laid To Rest In Hometown (LAT)

By P.j. Huffstutter

The Los Angeles Times, January 4, 2007

GRAND RAPIDS, MICH. — Gerald Rudolph Ford was laid to rest on the grounds of his presidential museum along the grassy shore of the Grand River on Wednesday after an intimate service attuned to close friends and family.

As the sun set over his hometown, the ceremonies ended nearly a week of mourning for the earnest Midwestern congressman who became an unelected president — and the man who steadied the nation in the wake of the Watergate scandal and the Vietnam War.

Ford died Dec. 26 at age 93 at his home in Rancho Mirage.

A presidential jet delivered his body home to Michigan on Tuesday, where in an 18-hour period an estimated 57,000 people came to view his casket and pay their final respects.

Wednesday began and ended with crisp temperatures and crystal blue skies. Mourners lined the streets, filled alleys and crowded onto bridges to see the hearse and military motorcade as it traveled the six-mile route to Grace Episcopal Church for a final private service.

In front of the church, the crowd stood 20 people deep. No one spoke. No one jostled for space or a better view as the hearse pulled up. Some saluted as the motorcade pulled to a stop.

Only the sound of American flags snapping in the wind could be heard as a military honor guard carried the casket up the curved driveway and into the two-story brick church.

"I waited eight hours to see his casket," said Joe Hogan, 56, a truck driver from Allendale. "I came to the church to say a final goodbye. He was our man. He was Michigan's president.

"It's only fitting that he's home with us now."

Inside the church, former President Carter, Vice President Dick Cheney and recently resigned Defense Secretary Donald H. Rumsfeld, who was Ford's chief of staff and later his Defense secretary, joined other dignitaries, friends and family members.

Widow Betty Ford, who looked frail and spent, swayed slightly as the casket moved down the aisle. Her sons discreetly put their arms around her as their father's body was placed in front of a simple wooden altar and an ornate deep-blue stained glass window.

Throughout the nearly two-hour service, formal tributes gave way to moments of personal sorrow and warm humor.

Speaking to those gathered in the 350-seat church, to which the family has belonged since the 1940s, Carter remembered a deal he had struck long ago with Ford: Whoever died first would deliver the other's eulogy.

Carter began and ended his tribute to his close friend and former political rival by quoting his 1977 inauguration speech: "For myself, and for our nation, I want to thank my predecessor for all that he has done to heal our land."

Richard Norton Smith, former director of the Gerald R. Ford Presidential Library & Museum, recounted a meeting he had at the family home seven years ago to discuss the former president's funeral plans. After a review of the events to come, Smith said, Ford was called out of the room to take a phone call.

"A few minutes later, he returned with a grin on his face and a question on his lips," Smith said. " 'Well,' he asked in a booming voice, 'Have you got me resurrected yet?' I told him I was afraid that was somewhat outside the purview of the Military District of Washington."

The crowd burst into laughter. Betty Ford giggled so hard, she bent over and her face brightened for a moment.

Rumsfeld recalled the many hurdles Ford faced when he pardoned former President Nixon.

"Because Gerald Ford was there to restore the strength of the presidency, to rebuild our defenses and to demonstrate firmness and clarity, America could again, in Lincoln's words, stand as 'the last best hope of Earth,' " Rumsfeld said, his voice cracking. "He reminded Americans of who they were, and he put us on the right path when the way ahead was, at best, uncertain."

As the hearse slowly drove back to the museum, the motorcade passed a wooden sign that had been covered in red, white and blue ribbons: "Welcome to East Grand Rapids. Home of Gerald R. Ford. 38th President of the United States."

The day's journey ended at the museum — a center Ford helped design down to the smallest detail.

At a graveside service that included a 21-gun salute, cannon smoke wafted across the river as the rumbling shots shook nearby buildings. After a 21-aircraft flyover roared across a sunset sky, Cheney presented Betty Ford with the American flag that had been draped over her husband's casket.

Tears pooling in her eyes, she gently kissed the flag and clutched it to her chest.

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A Final Return Home (WP)

By Peter Slevin

The Washington Post, January 4, 2007

GRAND RAPIDS, Mich., Jan. 3 -- Gerald R. Ford's family and closest friends laid the former president to rest beside a fast-flowing river in the heart of a city that adored him. During the last stretch of a somber week of benedictions, an admirer praised him as a courageous leader "who never confused moderation with weakness nor compromise with surrender."

A once bright winter sun melted into twilight as Ford's widow, Betty, received from Vice President Cheney the American flag that had adorned the coffin of the 38th president. Ford's death Dec. 26 at age 93 ended an odyssey that carried him from a humble start in the Midwest to a heartfelt national farewell.

Former president Jimmy Carter, who defeated Ford in 1976 and later became a friend, began and ended his benediction the way he began his inaugural address. Now white-haired, his voice breaking, Carter repeated: "For myself and for our nation, I want to thank my predecessor for all he did to heal our land."

The memorial service, held at Grace Episcopal Church, where Gerald and Betty Ford were married in 1948, brought together a lifetime of friends and acquaintances from the highly placed to the less than mighty.

Among the eulogists was former defense secretary Donald H. Rumsfeld, who recalled the calamity of President Richard M. Nixon's resignation, which thrust Ford into the Oval Office on Aug. 9, 1974. It was a time when "the pressures were enormous . . . and the American people were holding their breath, wondering what would happen next."

When Ford reassured the country, Rumsfeld said, "his special magic" was that few doubted his word.

Historian Richard Norton Smith, who often visited Ford, described him to mourners as "utterly without pretense." He recalled that in the last chapter of his life, the former president told him, "When I wake up at night and can't sleep, I think of Grand Rapids."

The city returned the favor Tuesday and Wednesday. Tens of thousands of residents lined the streets to glimpse his passing hearse or stood for hours in the windy cold to view his coffin.

It seemed every third mourner had a personal story to share. Often, it was about a good deed that Ford had done, or a recollection that suggested a simpler, more civil time when the people felt closer to those in power.

Eagle Scout Jason Beaton, 18, related that his grandmother used to double-date with Ford. Linda Komejan, 52, said Ford interceded to get a driver's license for her mentally handicapped uncle, allowing him to get to work.

Retired teacher Marian Krupiczewicz, 59, recalled going to Ford's Capitol Hill office in the 1960s as a teenager and sitting in his chair: "There'd even be papers on his desk. It was different then."

"I remember as a kid going out to East Grand Rapids, riding my bike out there, because the president was coming to town," said William Dekker, 46. "Thirty years later, it's the same thing."

Handmade signs declared, "Welcome Home, Mr. President."

As the Episcopal service of thanksgiving began, many of the 31 men and women named honorary pallbearers took their seats, among them Cheney and golfer Jack Nicklaus. A maize-and-blue University of Michigan football blanket marked the pew that former coach Bo Schembechler, who died in November, would have occupied.

Son Michael Ford read the 23rd Psalm and son Steven read in a quavering voice from Paul's Letter to the Romans. Rumsfeld, who served as Ford's White House chief of staff, recalled that Ford never lowered himself to the partisanship that often marked Washington dealings.

"He reminded Americans of who they were and he put us on the right path when the way ahead was at best uncertain," Rumsfeld said, recalling Ford's 895-day presidency. "It is commonly said that Ford healed the nation, and he did."

After the church service, the cortege made its way back across town to the gravesite beside the Gerald R. Ford Presidential Museum. A military band played "Ruffles and Flourishes" for the final time, followed by a medley of patriotic songs, among them "The Star-Spangled Banner" and "God Bless America."

The family followed the pallbearers and the coffin, Betty Ford helped from a wheelchair by Steven Ford and her military escort. As artillery fired a 21-gun salute and 21 military jets staged a precision flyover, the coffin lay beneath an inscription chosen by the Fords: "Lives committed to God, country and love."

Ford's Legacy: A Call For Unity In Congress (BSH)

By Kathleen Gray And Marisol Bello

Biloxi Sun Herald, January 4, 2007

GRAND RAPIDS, Mich. - In recent years, former President Gerald R. Ford often lamented that partisanship was tearing apart the fabric of Congress and loyalty to special interests was displacing public duty.

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"It was very disturbing to him," said Martin Allen Jr., a friend from Grand Rapids and chairman emeritus of the Gerald R. Ford Foundation. "As minority leader he always tried to craft a consensus."

The foundation now hopes to use Ford's record of bipartisanship as an example for future politicians.

"We want to study his legacy and show people interested in running for office that there's another way," Allen said Tuesday night.

The foundation sponsored a conference in Washington last year to examine how Ford did his job and now hopes to make it an annual event, promoting a legacy dedicated to Ford's strong sense of patriotism before partisanship.

As a Republican president, Ford didn't always get along with Democrats, vetoing 66 bills in his two years in office. Democrats mustered the votes to override 12 of the vetoes. But both the Democrat-controlled House and Senate overwhelmingly confirmed Ford's appointment as vice president (the combined vote was 479-38).

In the mourning since Ford's death, historians, Democrats and Republicans have all remarked on Ford's ability to work with both parties.

Friends recalled that Ford shared staffers with John F. Kennedy when they were congressmen and that Ford was close to Thomas (Tip) O'Neill, a powerful Boston Democrat in the House.

"He loved that part of it," Allen said of working with the other party. "You don't find very much of that anymore."

In his eulogy Wednesday, former President Jimmy Carter spoke fondly of the friendship he forged with Ford after the two battled for the presidency in 1976.

"I relished his strong advice. He reluctantly departed from his party to give me support on some of my most difficult challenges," Carter said, adding that the one call that he, Anwar Sadat and Menachem Begin made together after crafting a Middle East peace accord was to Ford.

"Our mutual respect blossomed into a valued personal friendship," Carter said.

Sen. Carl Levin, D-Mich., said after Ford's death that a fitting tribute to his memory would be a return to civility in Washington.

The thousands of people who stood hours in line for a momentary glimpse of his casket were a testament to the public's hunger to see a return to the collegiality that marked the Congress of Ford's generation, Allen said.

"We have more politicians than statesmen and we need a statesman more than ever," said Philip Bareham, 46, of Lansing, Mich. "Today, it's like a boxing match."

Sarah Parker-Hermuth, 30, of Grand Rapids said the country could use a politician like Ford again, but she wondered whether such a candidate would survive today. "He would not adhere to the same campaign tactics," she said.

That was a lesson that Ford taught Allen.

"He told me once to go back to the museum and look at all the commercials from the 1976 campaign," Allen said, referring to the Gerald R. Ford Museum in Grand Rapids. "There were no personal attacks."

Former Rep. Joe Schwarz of Battle Creek, Mich., a moderate Republican who was targeted by conservative groups in his failed bid for re-election last year, said the Ford foundation's goals are honorable and a welcome initiative. But he said he doubts change will come quickly.

When he reached across the aisle in the past two years to develop working relationships with Democrats, Schwarz said he lost points with the GOP.

"In the House, the conservatives really stick together. They have their own agenda and pursue that agenda above all else," Schwarz said. "Gerald Ford didn't look at ideas as Republican or Democrat. He took each idea ... on its merits."

Norman Ornstein, co-author of "The Broken Branch," which examined Congress, said he's "wildly enthusiastic" about the foundation's initiative and hopes to help.

"What we've had in the past few years is generally corrosive, tribal politics," he said. "Putting some resources and prestige of the foundation into socializing and educating politicians into the cost of continuing to behave this way would be wonderful."

Navy To Name Aircraft Carrier After Ford (AP)

AP, January 4, 2007

The Navy will name its next aircraft carrier USS Gerald R. Ford in honor of the president who was buried Wednesday in his home town of Grand Rapids, Mich., officials said.

The Navy had not planned to make the announcement yet, but Donald H. Rumsfeld, the former defense secretary who served in the Ford administration, divulged the news during his eulogy at the funeral.

"How fitting it would be that the name Gerald R. Ford will patrol the high seas for decades to come in defense of the nation he loved so much," he said.

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Later at the Pentagon the Navy confirmed that it would make an official announcement "in a few weeks." It said it was still working on details of the ceremony with members of the Ford family.

Ford served in the Navy during World War II.

Ford To City: OK (WSJ)

By Felix G. Rohatyn

The Wall Street Journal, January 4, 2007

NEW YORK -- The year 1975 was a difficult one for the city. A new mayor, Abe Beame, and a new governor, Hugh Carey, were elected as the economy was faltering due to a recession, an Arab oil boycott, the war in Vietnam and inflation. At the national level, Watergate and the Nixon resignation suddenly elevated Gerald Ford to the presidency.

But a crisis had been building up here for some time. The city's financial condition was deeply concerning, running a significant deficit as a result of an exodus of private sector jobs and an influx of new municipal employees. Politically New York was always a Democratic city, a union city, with a strong Republican business community and little contact between the two. Morale was bad, the city was dirty, crime was up and the economy was weak.

In April, New York and its lead underwriter, the Bankers Trust Company, was preparing its spring financing when I took a call from a broker offering to sell short-term city notes. "It is a bargain," he said, "9.5% interest, triple tax free, backed by the city's credit. How can you say no?" The terms reflected desperation more than a bargain. Sure enough, soon thereafter, Bankers Trust refused to proceed with the offering to underwrite the city's financing on the grounds that there was "insufficient assurance of repayment." Almost without anyone noticing, the markets had closed on New York.

Year after year, and with the support of the state, the city spent more than it took in. It had the choice of raising taxes, cutting spending or borrowing. Naturally the politicians chose to borrow and, in addition, characterized tens of millions of expenses as capital investments. The result was to constantly reduce the city's ability to make capital improvements while, simultaneously, increasing the debt by $1 billion annually. While the mayor had just agreed to a major pay increase for the municipal work force, no one really knew the level of the city's deficit.

By the beginning of May we had little over a month to avoid a default -- the next debt maturity of $1 billion would occur on June 18. At that point, Gov. Carey, brilliant and courageous, stepped into the picture. Since the state did not have the wherewithal to bail out the city, he and Mayor Beame turned to Washington and to President Ford for an emergency loan. Ford was a man of decency and common sense. He was also in the middle of the presidential campaign of 1976, which pushed him further to the right. His most important advisers and cabinet members were ideological conservatives, led by Treasury Secretary Bill Simon. New York was viewed as the liberal capital of the U.S. and any thought of "bailing out" the city unleashed strong opposition in Congress. Secretary Simon rejected our request and suggested we return with a plan. His idea of a plan included large increases in sales taxes and transit fares, tuition at City University and significant cutback in labor costs and benefits, conditions no Democratic governor could accept.

Gov. Carey appointed a bipartisan committee of business leaders to review the impact of a New York bankruptcy. The committee unanimously recommended against it because of its unfathomable risks and we turned to a structure which became the Municipal Assistance Corporation. The MAC was a financing mechanism, which could sell its own bonds backed by the New York sales tax and which might give the city time to bring its budget into balance. The banks and labor leadership joined in the recommendation and on June 18 the state legislature voted to create MAC. Gov. Carey immediately christened it "Big MAC" and the underwriters began selling its bonds.

Unfortunately, Mayor Beame, who had obtained significant concessions from labor in our prior negotiations, gave them all back as soon as MAC was established; the result was a collapse in the price of MAC bonds, a market loss of $100 million after the public offering and a closing of the public market for MAC bonds, as well as for city bonds. By now we knew we had to take authority for the city's finances away from the mayor if we had any hope of avoiding bankruptcy. We could only rely on the governor and, ultimately, we knew we would need federal assistance.

We created the Emergency Financial Control Board, chaired by the governor, to control the budget. With the EFCB in control of the budget and the MAC in control of the financing, the state effectively controlled the city. The unions went along even though they were kept outside these structures because they knew this was the city's only chance. They committed to investing part of their pension funds in MAC bonds while the banks extended their existing loans.

During the summer we floated a few bond issues but we knew we only had limited capabilities and that we would run out of capacity before Christmas. By the beginning of November things looked bleaker and bleaker.

In Washington we testified in front of congressional committees, facing the opposition of the president, although that opposition seemed to soften somewhat due to the weakness of the securities and the foreign exchange markets facing a New York bankruptcy. And then, on Oct. 29, Ford gave his famous "drop dead" speech. He never spoke those words; but he indicated

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that he would veto any legislation proposing a financial bailout -- and the meaning was quite similar. The Daily News engraved them in stone.

At the first Western Economic Summit in France, with Ford in attendance, Fed Chairman Arthur Burns asked French President Valéry Giscard d'Estaing and German Chancellor Helmut Schmidt their opinion of the potential economic impact of a New York bankruptcy. They were direct in their answer: "It would be a catastrophe. It would cause a global dollar crisis."

Ford deserves great credit for his willingness to change his mind. On his return to Washington, he signed legislation providing credit to the city; this unlocked other pieces of the package: from the banks, the pension funds and insurance companies. It saved New York but it did not save his presidency. Jimmy Carter was elected in 1976.

In 1980 the city balanced its budget; in 1981 it re-entered the securities markets and repaid the government guarantees. Since those dark days the city's recovery was uninterrupted, except for 9/11. New York's present economic boom is ample proof that those who opposed bankruptcy were right, and that in a crisis, bipartisanship and business-labor cooperation will go a long way. One of Ford's greatest achievements may have been that he knew when he had pushed New York City to the limit and that, contrary to some of his colleagues, he also knew when to stop.

Mr. Rohatyn was chairman of New York's Municipal Assistance Corporation from 1975-1993.

While The Nation Mourned, Their Trip Continued (WP)

By Elizabeth Williamson

The Washington Post, January 4, 2007

A day after the death of former president Gerald R. Ford, Harry M. Reid (D-Nev.) embarked on what could be called his first official activity as the incoming Senate majority leader.

But it had nothing to do with Ford's funeral. Instead, Reid boarded a government plane bound for six days in South America, accompanied by wife Landra and five other Democratic and Republican senators and their spouses Dec. 27. Their mission: improved relations -- and New Year's in Machu Picchu.

The "Machu Men," as they were dubbed, included Reid and Sens. Richard J. Durbin (D-Ill.), Ken Salazar (D-Colo.), Kent Conrad (D-N.D.), Judd Gregg (R-N.H.) and Robert F. Bennett (R-Utah).

Highlighting their trip: three hours of presidential meetings and two days touring the Incan ruins in Peru.

The senators did not change course after Ford's death, figuring they would insult leaders in a region none too happy with the United States to begin with, according to a Reid aide.

"This was a critical trip," said Reid spokesman James Manley. The group was seeking "cooperation on several fronts, including trade," as shown in official meetings -- and shopping at handicrafts bazaars.

They reported first to the U.S. embassy in Bolivia, for briefings -- a crafts exhibit, lunch and bipartisan gift-giving. Reid received a replica of the hand-knit sweater President Evo Morales wore on the campaign trail. Bennett got a "multicolored, pretty silly-looking hat," according to someone who saw it.

At the presidential palace, the senators had a "long, intense conversation," with Morales, Reid told reporters afterwards.

Dec. 29, it was on to Ecuador, for nearly an hour with President-elect Rafael Correa, known for his colorful neckties and epithets. The senators agreed to support extended trade benefits for Ecuador, despite Correa's vow to kill the lease on an air base used by the United States to hunt coke smugglers.

"We respect the sovereignty of Ecuador," Reid said, before the group left to see indigenous villages, their leaders and handicrafts.

Next came New Year's Eve, and two official holidays, meaning "not paid for with government money." The group dined in Cuzco and left early on New Year's Day for sightseeing in Machu Picchu.

Tuesday, as official Washington mourned Ford, the group clocked an hour with Peruvian President Alan Garcia, then flew home. Reid and Durbin, seeking a last chance to express their grief, then scored a government jet to Michigan for Ford's burial yesterday.

The senators and their spouses, Manley pointed out, were "the most high-powered, largest delegation to visit this region in many years."

After their visit, however, Morales announced that from now on, American tourists will need visas.

In Meetings With Allies, Clinton Hones '08 Strategy (NYT)

By PATRICK HEALY And ADAM NAGOURNEY

The New York Times, January 4, 2007

The topic was the Democratic sweep in New Hampshire in November, and Senator Hillary Rodham Clinton couldn't get enough of it.

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Skip to next paragraph Dining in Washington recently with three allies from New Hampshire, which has the first-in-the-nation primary, Mrs. Clinton was by turns probing and absorbing and, a participant said, clearly informed. How did the Democrats manage to unseat the state's two Republican members of Congress? What were the key issues? And who were the new players to have emerged there in the 10 years since she last visited — and since her husband, Bill Clinton, used a strong second-place finish in the New Hampshire primary to vault his way to the Democratic nomination and the White House 15 years ago?

"She's always been a student of government and of how you get there," said Patricia McMahon, one of the dinner guests, a former Clinton White House aide who is now a state representative.

This meeting was one of a series of nearly nonstop political consultations that Mrs. Clinton has engaged in — over dinner and drinks, at private offices and at her home in Washington — since Election Day, in what her advisers say are preparations for a probable announcement that she is taking the first steps into the presidential campaign.

Mrs. Clinton, the New York Democrat, was described by participants as leaving little doubt that she plans to run, without saying so directly. Depending on her audience, she appears to be either seeking information to use in campaign strategy, pressing potential supporters to hold tight and wait for her to announce, or gauging how certain issues — in particular, her initial vote for the war in Iraq — might play.

The sessions are the subject of much discussion in Democratic circles, and they seem designed in part to counter any impression that Mrs. Clinton is surrounded by an insular circle of longtime advisers and friends who are detached from many of the grassroots Democrats who have grown in influence since the last time a Clinton ran for president.

According to participants, Mrs. Clinton has pressed to find out everything from whether former Vice President Al Gore will run again (he is inclined not to, people tell her) to how much support remains for Senator John Kerry of Massachusetts, the party's 2004 candidate, among Democratic leaders (anemic, she has heard).

Mrs. Clinton told Democrats that she viewed her two strongest potential Democratic opponents as Senator Barack Obama of Illinois and John Edwards, the former senator from North Carolina. They said that she viewed Mr. Obama as her biggest obstacle to the nomination, but that she believed the threat of his candidacy will diminish as voters learn how inexperienced he is in government and foreign affairs.

Without mentioning Mr. Obama by name, Mrs. Clinton and her camp are already asserting that experience will be a key attribute for any successful candidate during difficult times — an argument that her team will no doubt make in a more aggressive way against Mr. Obama if they both jump into the race.

Mrs. Clinton is holding her discussions at a time of tremendous fluidity in presidential politics. The emergence of Mr. Obama, the Democratic takeover of Congress, the continued deterioration in Iraq, and the decisions by Senator Evan Bayh of Indiana and former Governor Mark Warner of Virginia not to run all have made her consultations more important and the situation she faces more complex.

According to participants, it is clear that Mrs. Clinton is far along in plotting a campaign, and she is honing strategy at the same time that she is making overtures to people in states that heavily influence the presidential nominating process. New Hampshire is expected to hold the first primary in January 2008, after caucuses in Iowa and Nevada.

Mrs. Clinton has gone to great lengths to try to keep these meetings private. She and her aides have strongly asked Democrats not to report what has taken place there, from what she says to what she eats and where (she had the lamb at Ruth's Chris, the Dover sole at the Four Seasons). Many people who discussed the meetings did so on the condition of anonymity, and some of her advisers pointedly refused to talk, including Paul Begala, the Democratic consultant who worked as a senior adviser to Mr. Clinton in the 1992 race and is close to Mrs. Clinton.

"As I tell the boys: N.H.D.: Not. Happening. Dude," Mr. Begala wrote in an e-mail, the boys a reference to his sons.

Still, several Democrats were willing to share what they described as long discussions about politics and policy with a former first lady who wants to be president.

Senator Clinton told one New Hampshire Democrat that if all things were equal, she would prefer to delay the formal start of her campaign until later this year and focus instead on notching accomplishments as a prominent member of the new Democratic majority in the Senate. At several meetings, Mrs. Clinton has wondered, with obvious exasperation, why her husband was able to delay making his presidential announcement in 1991 until October, while she is under increasing pressure to make hers earlier in the year, participants said.

"I recommended that she didn't need to jump in early, that I would like to see some progress in the Senate, and she said she felt the same way," said the Democrat, William Shaheen, who was a senior New Hampshire aide to Mr. Gore in 2000 and Mr. Kerry in 2004.

Skip to next paragraph Some of her aides said that while she is likely to announce within the next few weeks that she is creating a presidential exploratory committee, a step that would allow her to start raising money, a formal announcement might take longer. And some of the advice she has heard has been to wait.

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"Senator Clinton was clear that she'd like to focus on the Senate, but sometimes events come into it, other people start beating the drum quicker, and you can lose key people if you wait," Mr. Shaheen said.

Jeanne Shaheen, a former New Hampshire governor and Mr. Shaheen's wife, said that Mrs. Clinton had consulted her as well, and that she had asked "all the right kinds of questions."

"She clearly is thinking about what to do and not taking anything for granted," said Mrs. Shaheen, who is now the director of the Institute of Politics at Harvard. "She has a special relationship with the people in New Hampshire, from her years in the White House, and I think she was trying to get a sense of what a campaign would be like if she decides to run."

Mrs. Clinton has talked, both in person or by telephone, to influential Democrats in New Hampshire, Iowa, South Carolina and Nevada, the states that will begin the nomination process with caucuses and primaries a year from now. She has pressed Democrats to find out what campaign staff her prospective opponents like Mr. Edwards have assembled in states like Iowa. And she asked precisely where she should go in places like Iowa and New Hampshire if she, as expected, does a round of trips there after forming a presidential exploratory committee.

No detail has been too minor for Mrs. Clinton. She has asked Democrats from New Hampshire and Iowa about the concerns in certain regions and counties of their states, dwelling on energy issues, health care, education and the war in Iraq. She has asked about the influence of independent voters (they make up the biggest voting bloc in New Hampshire and can vote in the Democratic primary there). Mrs. Clinton has less experience with presidential politics in Iowa than in New Hampshire because in 1992, when her husband ran, Senator Tom Harkin of Iowa was also seeking the presidential nomination, so the rest of the candidates steered clear of that state's race.

Mrs. Clinton has not been to Iowa since the 2004 election.

The senator spent the week between Christmas and New Year's Day on vacation with her husband in the Caribbean, but her associates said Tuesday that she would return this week to working through her long call list with Democrats around the country and holding private lunches and dinners in Washington and New York.

The New Hampshire Democratic Party has invited Senator Clinton to be a keynote speaker at a major fund-raiser this winter, and officials there say they expect her to attend and are waiting to hear about a date. They say it could be anytime from late January through March.

Some New Hampshire Democrats expressed concern that Mrs. Clinton's first dinner with political players from their state, on Dec. 9, was limited to three Democrats who were active in her husband's campaigns in the 1990s and not a broader group that reflected the vanguard of state party politics today.

Terie Norelli, who became speaker of the New Hampshire House in December and the first Democratic speaker in 70 years, said she had not heard from Mrs. Clinton. "It'll only be tricky for her if she stops with those people," Ms. Norelli said. "Democratic politics has certainly changed since the 1990s, if you look at how many Democrats have been elected to the House, and the two new Democrats going to Congress. It would be wise for any candidate to move on and reach out to many of the new activists that we have."

Giuliani Leak: Attention Turns To Florida (NYT)

By Patrick Healy

The New York Times, January 4, 2007

Mischief in presidential politics in Florida?

The mystery thus far: Advisers to Rudolph W. Giuliani say that someone stole an aide's luggage during a political trip last fall, found a 140-page strategy notebook inside and photocopied it, then returned the luggage in some manner and gave the goods to a Giuliani opponent.

The contents of the notebook ended up splashed across The Daily News in New York on Tuesday. Not to be outdone, The New York Post reported yesterday that political operatives believed that the theft happened on a campaign trip through Florida.

While it does not prove anything per se, a spokeswoman for the governor of Florida, Charlie Crist, a Republican, confirmed yesterday that luggage from the Giuliani entourage was indeed missing during a campaign trip last fall.

"They were traveling with us, and we did find a piece of luggage, and we just worked as quickly as possible to get it back to the owner," said Erin Isaac, the spokeswoman.

Ms. Isaac said she had no information about allegations by Mr. Giuliani's office that someone, somewhere, stole and photocopied the notebook; she added that the governor's office was not conducting an inquiry into those allegations.

She said that the piece of luggage was left on a Crist plane "during the chaos of the campaign," and that nothing fishy happened with the bag when it was in their custody.

"No copies were made. The bag was found and held until we were able to return it to the owner," Ms. Isaac said.

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She said that Mr. Crist's campaign switched planes all the time last fall, and that she did not have specifics about the plane, luggage or trip involving the Giuliani contingent.

Sunny Mindel, a spokeswoman for Mr. Giuliani, the former mayor of New York, issued a statement yesterday that underscored one certainty in this mystery: Mr. Giuliani, as a possible Republican candidate for president, cannot afford to alienate the Republican who is set to lead Florida through the 2008 balloting.

"We have no question that whatever happened had nothing to do with Governor Crist or his staff," said the statement from Anthony Carbonetti, a senior political adviser to Mr. Giuliani. "The mayor has the highest regard for Governor Crist."

Romney Takes Step Toward An '08 Run (NYT)

The New York Times, January 4, 2007

WASHINGTON, Jan. 3 — On his last full day as governor of Massachusetts, Mitt Romney created a presidential exploratory committee Wednesday, the first formal step in a likely run for the 2008 Republican nomination.

Kate Phillips and The Times's politics staff report on the latest political news from around the nation.

More Politics News"After talking to my family, I have decided to take this initial step of forming an exploratory committee in order to raise the resources and build the campaign organization required to pursue the highest office in our country," Mr. Romney said in a statement issued in Boston.

By filing papers here, Mr. Romney became the latest in a parade of prospects who have formed such committees, a step that permits them to raise and spend money specifically on exploratory efforts.

Romney Submits Paperwork For 2008 Bid (AP)

By Glen Johnson

AP, January 4, 2007

Massachusetts Gov. Mitt Romney took the initial step in a 2008 presidential bid, another hopeful in a crowded Republican field headlined by the party's more familiar names of John McCain and Rudy Giuliani.

The governor filed papers to create an exploratory committee just an hour before he left the Statehouse for the final time on Wednesday, concluding his one and only term in elective office. Democrat Deval Patrick will succeed Romney on Thursday.

"After talking to my family, I have decided to take this initial step of forming an exploratory committee in order to raise the resources and build the campaign organization required to pursue the highest office in our country," Romney said in a statement.

If elected, Romney would become the first Mormon president. The 59-year-old former venture capitalist is the son of former Michigan Gov. George Romney, who waged a short-lived campaign for the Republican nomination in 1968.

In opinion polls, McCain, the Arizona senator and 2000 candidate, and former New York Mayor Giuliani often share the top spot while Romney, best known for his work on the 2002 Winter Olympics, registers in single digits. But the governor has taken similar steps in pursuing the presidency, hiring staff and establishing a fundraising base a full year before the first primary votes are cast.

"Given his pedigree," said Richard Bond, a former chairman of the Republican National Committee and declared backer of McCain, "he is a serious candidate."

Other Republican candidates include Kansas Sen. Sam Brownback and former Wisconsin Gov. Tommy Thompson, who have established exploratory committees. California Rep. Duncan Hunter and former Virginia Gov. Jim Gilmore have said they intend to follow suit. Others said to be mulling a bid include Arkansas Gov. Mike Huckabee, New York Gov. George Pataki, Nebraska Sen. Chuck Hagel, and former Oklahoma Gov. Frank Keating.

In recent weeks, Romney has faced questions about his conservative credentials on issues such as gay rights and abortion. Romney challenged Democratic Sen. Edward Kennedy in 1994, and in a letter he promised a gay Republican group he would be a stronger advocate for gays than his rival.

Romney ran as a moderate during his gubernatorial campaign. Despite saying he personally opposed abortion, he not only pledged to leave the state's abortion laws intact, but noted his mother, Lenore, ran for U.S. Senate in Michigan in 1970 as a supporter of abortion rights.

He now stresses his opposition to abortion in speeches across the country.

In 2002, Romney's supporters also handed out fliers with well wishes from him and his running mate at Boston's annual Gay Pride Parade. And he was endorsed by the Log Cabin Republicans, a group of gay party activists.

Nonetheless, Romney has insisted his opposition to gay marriage has been unflinching. He has lambasted the Supreme Judicial Court for its November 2003 decision making Massachusetts the first state to legalize gay marriage.

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"While Mitt Romney says he's not a multiple-choice candidate, his record shows that he has routinely changed his position on everything from abortion to taxes, making it difficult to know where he stands," said Democratic National Committee spokeswoman Stacie Paxton.

Willard Mitt Romney received his B.A. in 1971 from Brigham Young University, where he was class valedictorian, and then went on to simultaneously earn degrees from Harvard Business and Law schools, graduating cum laude from law school and in the top 5 percent of his business school class.

The Michigan native remained in Boston, where he helped found a multibillion-dollar venture capital firm, Bain Capital, and amassed a multimillion-dollar fortune funding such companies as Staples, the office-supply giant.

His only major failure was an unsuccessful campaign in 1994 against Sen. Edward M. Kennedy, D-Mass. Romney rebounded politically in 2002, when he won the governor's office.

Romney sought and won the chairmanship of the Republican Governors Association, which allowed him to spend the 2006 midterm elections traveling the country and dispensing cash to his party's gubernatorial candidates.

He raised a record $20 million and was especially generous with RGA money in early presidential states like Iowa, Florida and his native Michigan.

Romney Takes 1st Step For Presidential Bid (LAT)

By James Gerstenzang

The Los Angeles Times, January 4, 2007

WASHINGTON — Leaving one political office with his eyes on another, Mitt Romney took the first formal step Wednesday into the race for the Republican presidential nomination on his last full day as governor of Massachusetts.

While not yet declaring his candidacy, Romney filed papers with the Federal Election Commission setting up a presidential exploratory committee, a step that allows him to raise and spend money in the initial pursuit of the party's 2008 nomination.

The one-term governor is positioning himself as a conservative alternative to Arizona Sen. John McCain and former New York Mayor Rudolph W. Giuliani. McCain and Giuliani formed exploratory committees late last year.

Romney has established support teams in some of the small states that have played an important role in selecting presidential nominees, going head-to-head with McCain in the early effort to line up effective organizations in Iowa, New Hampshire and South Carolina.

"He has been extremely aggressive," said Tobe Berkovitz, a longtime political consultant who is now associate dean at Boston University's school of communications. "He's gotten himself in position to break into the top tier."

Romney, who ran unsuccessfully for the Senate against Sen. Edward M. Kennedy in 1994, is already facing accusations that he has shifted positions on several social issues, such as gay rights. He opposes same-sex marriage after having sought to position himself in the 1994 campaign as a stronger supporter of "full equality for America's gay and lesbian citizens" than Kennedy.

The Democratic National Committee on Wednesday challenged Romney over his past statements on abortion. In 1994, the Democrats contend, Romney said: "I believe that abortion should be safe and legal." Last February, Romney said, according to the Democrats: "I've never used either title, pro-life or pro-choice, in the past. I said I don't favor abortion."

In October, he said: "I call myself firmly pro-life."

His position on such hot-button social issues, Berkovitz said, "could be his Achilles' heel with Republican activists."

Romney's communications director, Kevin Madden, said: "If the DNC is after us, we must be doing something right."

Romney, 59, would be the first president to be a member of the Church of Jesus Christ of Latter--day Saints, if elected.

In a Los Angeles Times/Bloomberg poll in June, 37% of those surveyed said they did not think they could vote for a Mormon for the presidency — a challenge Romney's father, Gov. George Romney of Michigan, faced in 1968 when he ran for the Republican presidential nomination.

Ron Kaufman, a longtime political advisor to the family of President Bush and a member of the Republican National Committee from Massachusetts who is assisting Romney, said religion would not matter to voters in 2008.

"People are going to want someone who is a moral, ethical person," he said, adding that Romney "governed a very, very blue state as a conservative."

Romney plans to hold a daylong fundraising effort on Monday, summoning supporters to phone banks at Boston's waterfront convention center.

Announcing the formation of the campaign exploration organization, he told reporters in Boston: "I have a feeling we are going to be pretty busy. We have filed exploratory papers today. So, the process is moving forward on that front."

Governor Romney Will Form Presidential Exploratory Committee (BLOOM)

By Heidi Przybyla
Bloomberg, January 4, 2007

Jan. 3 (Bloomberg) -- Massachusetts Governor Mitt Romney will take his first formal step toward a presidential run later today by filing papers to form an exploratory committee, a senior aide said.

The registration with the Federal Election Commission will allow the Republican governor to raise and spend money for a likely presidential campaign, the aide said, requesting anonymity because Romney hasn't yet made an official announcement about the exploratory committee. Romney leaves office tomorrow after deciding not to seek a second term.

In the past year Romney, 59, has moved closer to the front of the Republican field, aided by a signature health care bill in Massachusetts and the withdrawal of two high-profile rivals from contention for the 2008 Republican presidential nomination, outgoing Senators George Allen of Virginia and Bill Frist of Tennessee.

Romney plans to make an official announcement about his presidential campaign later this year. For now he'll focus on traveling the country raising money and gauging support for his likely run, according to the aide. Polls show he trails both Senator John McCain and former New York Mayor Rudy Giuliani, both of whom have formed exploratory committees.

A Dec. 11-14 Gallup poll found McCain and Giuliani are tied for first place, each with 28 percent of the vote. Romney comes in fifth, with four percent, behind Secretary of State Condoleezza Rice and former House Speaker Newt Gingrich.

Romney is a former chairman of Boston-based management- consulting firm Bain & Co. He also oversaw the 2002 Salt Lake City Winter Olympics Games before running for governor. He lost a 1994 campaign to unseat Democratic Senator Edward Kennedy.

Romney Files For '08 Campaign (DN)

By Gordon Trowbridge
Detroit News, January 4, 2007

WASHINGTON -- Former Massachusetts Gov. Mitt Romney, the son of a Michigan governor, kicked off his 2008 presidential campaign Wednesday, filing documents with the Federal Election Commission that allow his fledgling campaign to make and spend money.

The filing is an all-but-final declaration of a run by Romney, who as the son of Gov. George Romney grew up in Bloomfield Hills before moving on to financial and political success in Massachusetts. He becomes the closest thing to a favorite-son presidential candidate for Michigan since his father's unsuccessful 1968 bid for the GOP nomination.

Romney has made regular trips to Michigan in the past year, campaigning for state Republicans and building political connections. He has signed up big Michigan names such as state Attorney General Mike Cox and Oakland County Executive Brooks Patterson, as well as a number of big donors to President Bush in the state. There was even talk for much of last year that he would base his presidential campaign in Oakland County.

But in Michigan and across the country, he faces a substantial obstacle: Sen. John McCain, R-Ariz.

"Last time around, McCain was very popular in Michigan," said Philip Abbot, a political scientist at Wayne State University, who noted McCain's victory in Michigan's 2000 presidential primary. Since then, McCain has built his own formidable Michigan operation.

Former New York Mayor Rudolph Giuliani also has spent plenty of time campaigning for GOP candidates in the state.

Romney Forms Presidential Committee, Focuses On Fundraising (WP)

By Dan Balz
The Washington Post, January 4, 2007

Outgoing Massachusetts Gov. Mitt Romney, a successful businessman from a prominent Michigan Republican family, joined the 2008 sweepstakes yesterday, formally establishing a presidential committee and turning his attention to the substantial fundraising and organizational demands of a national campaign.

On a day he participated in a ritualistic walk from the statehouse that symbolically marked the end of his single term as governor of one of the most liberal states in the union, Romney set his sights on winning his party's presidential nomination against such nationally known opponents as Sen. John McCain (Ariz.) and former New York mayor Rudolph W. Giuliani.

Romney's filing, delayed for a day out of respect for the national day of mourning for former president Gerald R. Ford, set up what is called a presidential exploratory committee, but the time for exploring ended for Romney some time ago. Along with McCain, Romney has been aggressively building a national network for months, particularly in Iowa, New Hampshire, South Carolina and Michigan -- all states with early caucuses or primaries next year.

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With a new headquarters open for business in Boston, Romney plans to move into full-scale campaign activity immediately. He will speak to a group of Southern conservatives this weekend in Georgia and will host a major fundraising event in Boston Monday. A formal announcement of his candidacy will come later, aides said.

Romney trails far behind McCain and Giuliani in national polls, which at this stage often reflect the best name recognition. Republican strategists see the little-known Romney as a potentially formidable candidate whose stage presence, discipline and communications skills will help offset his limited experience as an elected official.

Romney, 59, is the son of the late George Romney, who was governor of Michigan from 1963 to 1969 and who unsuccessfully sought the Republican presidential nomination in 1968. Mitt Romney is a graduate of Harvard Law School and Harvard Business School and served as chief executive of Bain & Co. Inc., a management consulting firm, and later founded Bain Capital, a venture capital firm.

In 1999, Romney was called in to salvage the 2002 Winter Olympics in Salt Lake City after the organizing committee's scandals and financial problems threatened the Games' success. He turned around the operation, eliminated a huge deficit and helped to stage what were ultimately highly successful Games.

His first try in politics ended in failure. He ran for the Senate in 1994 against a Massachusetts icon, Sen. Edward M. Kennedy (D), losing by 17 percentage points but establishing himself as an effective campaigner.

The echoes of that race could affect his bid for the Republican nomination in 2008. He said then that he would be a more effective advocate for gay rights than Kennedy was, and he defended Roe v. Wade, the Supreme Court decision that legalized abortion, while declaring himself personally opposed to abortion.

Romney has since said that his views on abortion have changed dramatically -- he now favors overturning Roe-- and he has become a leading opponent of same-sex marriage. Critics say he has shifted positions to make himself more acceptable to social and religious conservatives. His advisers say that his conversion on abortion is genuine and that, although he is vocal on the issue of same-sex marriage, he still opposes discrimination against gays.

Romney is a Mormon and has played leadership roles in his church. His religion could provide an obstacle to his success in GOP primaries and caucuses, given reservations about the Mormon church among many evangelicals. Recent polling by The Washington Post and ABC News showed that one in three Americans said they are less likely to support a Mormon presidential candidate.

Romney Exits With Pomp, Ambition (BOS)

By Andrea Estes And Scott Helman

The Boston Globe, January 4, 2007

Governor Mitt Romney took the ceremonial "lone walk" out of the State House and into the 2008 presidential race yesterday, concluding his final day as governor by filing papers to set up an exploratory committee for a campaign for president.

The one-term governor turned over symbolic gifts to incoming governor Deval Patrick, then joined his wife, Ann, on a red-carpeted walk down the 31 State House steps, where about 200 supporters cheered and cannons fired a 19-gun salute.

As Romney was wrapping up his State House duties, his campaign operatives were filing papers with the Federal Election Commission, allowing Romney to start raising money for his White House campaign. They set up a committee and launched a new website, www.MittRomney.com.

The filing begins a march toward next year's primaries, joining a Republican field that includes Senator John McCain of Arizona and former mayor Rudy Giuliani of New York City.

Today, Romney is to address the media from his new presidential campaign headquarters in the North End. He is not expected to join Patrick at his inauguration.

Romney this weekend is to head to Georgia for a gathering of southern conservatives, and on Monday hold a major fund-raiser for his presidential campaign at the South Boston convention center.

Though the first presidential primary is more than a year away, a major test of Romney's viability will be how much money he can raise. Because there are federal contribution limits of $2,100 per person, Romney can no longer rely on a relatively small group of large contributors. His challenge now is to raise small donations from many contributors, and his fund-raisers have already been busy courting Republican players to help him do that.

Through his Commonwealth Political Action Committee, which he set up in 2004 to support Republican candidates around the country, Romney raised $8.8 million by November.

Romney's departure from the State House, which took about 25 minutes, came one day earlier than the end of his four-year term of office. If he had left the building today, as has been the tradition, he would have been forced to walk through crowds of Patrick supporters gathered for the new governor's unusual outdoor inauguration. By staging the lone walk a day early, the governor commanded the spotlight, following a schedule that had been scripted down to the second.

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Romney, who yesterday called being governor "a great job," turned over the symbols of office to Patrick at around 5 p.m. inside the governor's office. As photographers snapped pictures, Romney described the gifts -- a pewter key to the governor's office door; a Bible left by Governor Benjamin Butler when he left office in 1884, a gavel and a copy of the Massachusetts General Laws inscribed by each governor with a note to his or her successor.

Romney read aloud his inscription to Patrick. "Transmitted to Governor Patrick and the People of Massachusetts," said Romney. "To serve another person is an honor. To serve a great people has been a great honor. To help another person is rewarding. To help many thousands of people has been immeasurably rewarding. Each of those who has served and helped others these last four years, has spent them self in a great work, and so leaves a far richer person. May God continue to bless the people of the Commonwealth of Massachusetts."

"Thank you so much," Patrick said. "Thank you for your service."

The two men left the office -- Romney to begin his walk out of the State House and Patrick to attend an inaugural event in Worcester.

After walking out of the governor's office, Romney made a series of stops, greeting people who he said symbolized achievements of his administration. He met with the family of Melanie Powell of Marshfield, who was killed by a drunk driver, and in whose memory the state's drunken driving bill was enacted in 2005. He also met with a family that lost their home in Hurricane Katrina, two families who couldn't afford medical care before the state's new healthcare law was passed, and with members of the National Guard. He also greeted a group of students who received new scholarships to state colleges because of their high MCAS scores.

He also shook hands with Lieutenant Governor Kerry Healey, who was defeated by Patrick in the November election.

Several minutes ahead of schedule, Romney and his wife emerged from the center doors of the State House. They paused halfway down the steps, bathed in light, for the cannon salute. When they reached the street, they shook hands with supporters who lined both sides of Beacon Street. The crowd applauded; supporters took photos of the couple with their cellphones.

One of the first to say goodbye was Kris Mineau, president of the Massachusetts Family Institute, who stood at the front of the crowd. He has worked closely with Romney on a constitutional amendment to ban same-sex marriage intended for the 2008 ballot.

Two hecklers followed Romney through Boston Common to a waiting car, one of them shouting "You're a hateful man." A supporter tried to drown the hecklers out, shouting, "There's our next president."

Though technically still governor until Patrick is sworn in today, Romney completed his final work day yesterday. After swearing in the Legislature, Romney signed a few dozen bills, including one that allows racetracks to continue simulcasting and another that overhauls rules for teenage drivers. He failed to sign a bill increasing the pay of the Boston Licensing Board, but OK'd a 4.8 percent payraise for state lawmakers over two years.

Though he just took the first formal step toward a presidential run, Romney has made it clear for the past two years that he was seriously considering getting into the race. His frequent out-of-state travel and jokes about Massachusetts' liberal reputation has irked some political leaders, both Democrats and Republicans, who have accused him of ignoring the job he was elected to do in 2002.

"I think once voters in other states understand what happened under Mitt Romney's leadership in Massachusetts, they will recoil from the notion that he should lead the country," said Philip Johnston, chairman of the state Democratic Party.

Yesterday's paperwork was filed by Benjamin Ginsberg, a prominent Republican lawyer, who will serve as Romney's national counsel. Romney has spent months signing up political talent in preparation for his run.

On Monday, Romney is to host a fund-raiser at the Boston Convention & Exhibition Center in South Boston. Supporters and activists working for Romney around the country are to gather to raise money and begin to plot out a campaign strategy. The event is to run from 9 a.m. to 5 p.m. A call center is to be set up for the day, where volunteers will raise money.

Mitt's Maximum Exposure: '08 Contender Makes Most Of Exit (BOSH)

By Casey Ross

Boston Herald, January 4, 2007

Gov. Mitt Romney last night turned the traditional "long walk" out of the State House into a tightly scripted tribute to himself and his administration, crafted with an eye to the 2008 race for president he officially entered yesterday.

Stopping along the way to talk to groups of well-wishers selected to represent his administration's achievements, Romney left the State House at about 5 p.m. and entered a crowded presidential field where he faces tough competition, questions about his Mormonism and inevitable attacks on his record in Massachusetts.

Romney's self-celebratory walk-off drew hoots from political adversaries.

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"What's going to follow him (on the presidential trail) is a litany of broken promises," Democratic strategist Mary Anne Marsh said. "He was supposed to be traveling the country and bringing us jobs. Instead, he was traveling the country and making jokes about Massachusetts."

Kevin Madden, spokesman for Romney's campaign, shot back, "Any time the Democrats are attacking Gov. Romney, it shows two things: First, they're terrified of his prospective candidacy; and second . . . you must be doing something right."

About an hour before Romney left the State House, he filed paperwork establishing an exploratory committee that allows him to raise money for his 2008 presidential bid.

Romney, who was out of state much of the last year, also signed several bills into law yesterday, including a teen safe-driving bill. But he failed to take action on several others that now must start over in the Legislature.

Among the unsigned bills were proposals to expand patient confidentiality protection and increase salaries for the Boston Licensing Commission.

An aide said Romney did not have enough time to scrutinize the bills piled on his desk by the Legislature. "There simply was not enough time left in the session to adequately review each and every piece of legislation," Romney spokesman Eric Fehrnstrom said.

During a brief ceremony with Gov.-elect Deval Patrick, Romney said he was honored to have served as governor. He then handed over the symbols of office to Patrick, including a set of the General Laws that bears a personal inscription from each governor.

Romney's inscription to Patrick reads, in part: "To serve another person is an honor, to serve a great people has been a great honor . . . Each of those who has served and helped others these last four years, has spent themself in a great work, and so leaves a far richer person."

Romney's red-carpeted exit ended unceremoniously, with a heckler holding a sign reading "Go to hell, Mitt!" The heckler yelled, "You're filthy scum!" as the governor ducked into a waiting car with his wife.

Romney campaign officials said he'll start building his exploratory committee today in his new North End office. Romney yesterday launched a campaign Web site - www.MittRomney.com - immediately after he filed paperwork with the Federal Election Commission. [continue]

Gov. Seeks To Guarantee Health Insurance For All Calif. Kids (LAT)

By Jordan Rau

The Los Angeles Times, January 4, 2007

SACRAMENTO, Calif. — Gov. Arnold Schwarzenegger will propose that all Californian children, including those of undocumented immigrants, be guaranteed medical insurance as part of the health-care overhaul he intends to unveil next week, according to officials familiar with the plan.

If enacted by the Legislature, his proposal would affect about 763,000 children who currently lack insurance. While the administration has not revealed details of how it would pay for such a program, officials estimate that extending insurance to all children could cost the state as much as $400 million a year.

That would be a small piece of Schwarzenegger's stated goal: to ensure medical coverage for all of the 6.5 million Californians who now have none. Experts say that could cost upward of $10 billion a year.If successful, the governor's effort to cover all children would be a substantial political feat. Only a handful of other states guarantee coverage for all those under 18. Schwarzenegger himself vetoed a measure to cover all children in 2005, complaining that lawmakers offered no way to pay for it.

California's Republican legislators, who blocked a more modest effort to extend health care coverage last year, are sure to rebel against a plan that includes children of illegal immigrants.

Schwarzenegger is scheduled to announce his full health plan Monday. His office is still finalizing many parts of that package, but aides have made clear that it will be an ambitious effort to restrain health care costs and reduce the state's uninsured population.

All sectors of the health care industry, including hospitals, insurers, doctors, patients, businesses and government, would pay some of the costs under Schwarzenegger's plan. People familiar with the proposal say it includes new requirements for businesses to cover employees, though the details were unclear. The more cost employers and workers shouldered, the less the state would have to spend.

In addition, a number of measures favored by some aides, such as limiting the profits of insurers, remain undecided.

"There is no final health plan," said Adam Mendelsohn, Schwarzenegger's communications director. "As has been the case from the start, all ideas are on the table and the final touches are being applied. The administration is not confirming the inclusion of any one piece."

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But several independent sources said Schwarzenegger has committed to the framework of the children's insurance portion. Administration officials have privately told people outside government that they intend to guarantee medical coverage for children of families earning up to 300 percent of the poverty level, or $60,000 a year for a family of four. Those families have 90 percent of the children without insurance, but the cutoff is not yet set in stone.

Schwarzenegger's proposal goes further than one put forward last month by Senate President Pro Tem Don Perata, D-Oakland, which excluded illegal immigrants. Assembly Speaker Fabian Nunez, D-Los Angeles, incorporated children of undocumented residents into his plan, which was also announced in December.

"A lot of us are really looking to (Schwarzenegger) for leadership," said Wendy Lazarus, founder of the Children's Partnership, a nonpartisan child advocacy group based in Santa Monica and Washington, D.C. "Assuming he is going to tell us that he is going to cover all kids, this is great news for California's kids."

About 90 percent of California's children already have insurance, either through their parents' coverage or through state Medi-Cal programs that help the impoverished. For years, advocates have been pressing lawmakers to finish the job, arguing that the electorate would be particularly sympathetic to the plight of children.

"It's the low-hanging fruit of the health-care reform debate," said Dr. Bob Ross, president of the California Endowment, a private foundation in Los Angeles created to push for expanded access to health care.

"Kids are relatively cheaper to cover" than adults, he said. "From a public health standpoint, it's smarter to cover all children regardless of immigration. You just don't want unimmunized kids surfing around in the population."

Such arguments have yet to win the day in Sacramento. Last year, Schwarzenegger backed a budget plan that would have helped fund local children's initiatives. Republican lawmakers blocked the proposal, because it would have included coverage for children of illegal immigrants.

"We believe Californians do not want to reward illegal behavior," said the Assembly Republican leader, Mike Villines of Clovis. "There are so many here (legally) who are hurting and trying to make ends meet, we've got to focus on them first."

The GOP is a minority in both houses of the Legislature, but most proposals involving state spending require a two-thirds vote, giving Republicans the power to stop them. However, it is possible that Schwarzenegger's plan could be molded to need a simple majority vote, like the last major piece of health care legislation to become law.

That measure, a 2003 mandate that most employers provide insurance for their workers, was repealed by the voters the following year.

Schwarzenegger has previously taken incremental steps to expand existing programs aimed at children's health, including the addition of $80 million to the state budget last year.

Martha Escutia, a former Democratic state senator from Whittier who pressed for coverage of all children including those of illegal immigrants, said Schwarzenegger told her in 2004 that he agreed with her.

"I said very bluntly that there was no way we could distinguish between children based on legal status," she recalled Wednesday. "And the governor agreed. He said, 'Children are children.' I remember him saying that very clearly."

Sixty-nine percent of Californian children without health insurance in 2005 were eligible for existing programs but were not enrolled, according to the UCLA Center for Health Policy Research. That was due to a variety of factors, including inadequate funds in some country programs to cover all those who qualified, and some of the bureaucratic requirements for entering state programs.

Many parents, for instance, are required to prove that their earnings are low enough to qualify their children.

There is disagreement about how many of the uninsured children are from undocumented families. A 2003 UCLA survey said that 33 percent were not citizens, but that does not mean they were in the country illegally. Ross, of the California Endowment, said the number was below 15 percent.

Most of the other states that already guarantee coverage for all children do it through state-paid programs for those from poor families, and by allowing better-off families to cover their children by paying a portion of the costs for the same programs.

Typically, the more a family earns, the more it pays. Connecticut, Illinois, Maine, Maryland, New Hampshire, New Jersey and Vermont all have such programs.

Lazarus, of the Children's Partnership, said that while California would not be the first to cover all children, it has fewer employers providing insurance and more illegal immigrants than other states, making coverage more challenging.

"For California to step up at this time when states and Congress are really focused on health care reform means that California could have a really significant leadership role across the nation," she said.

Online Database Opens A Window For Parents To Compare Schools (USAT)

By Greg Toppo

USA Today, January 4, 2007

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Want to know how early your son's second-grade teacher has to arrive at school each morning? Whether she hands in lesson plans each week?

Whether she's allowed to spank your son?

A website by the National Council on Teacher Quality (www.nctq.org/cb), scheduled to launch today, promises to shine a light on teachers' working conditions. It gathers the minutiae of union collective-bargaining agreements and state policies for the nation's 50 largest school districts into a consumer-friendly database that allows anyone to compare districts. Together, the 50 districts educate 8 million children — about one in six public school children in the USA — and employ nearly half a million teachers.

The council, a Washington-based research group, hopes to expand the database by year's end to include the top 100 districts.

Director Kate Walsh says the site will help parents, policymakers, journalists and others understand how teacher contracts work by giving them access to largely unfiltered information about teachers' workdays, salaries, benefits and more.

"None of us benefits from having our heads in the sand," she says.

Want to find out how many days teachers in Duval County, Fla., work without students in the building? It comes out to 18. In New York City, it's 5.5. In Albuquerque, zero.

Teachers unions say the data could be misinterpreted — unions often agree to contract provisions to comply with local or state regulations, or contracts are hard to compare for other reasons, says Edward McElroy, president of the American Federation of Teachers.

"It is important for the public to realize that labor relations are far more complex than what this database captures," McElroy says. "This is just one layer of a three-dimensional onion."

Bill Raabe, director of collective bargaining and member advocacy for the National Education Association, the USA's largest teachers union, says he's concerned that users could draw "erroneous conclusions" from what they read — for instance, if a contract is silent on class size, it doesn't mean that the union didn't address it. The issue could simply be dealt with by state law.

"The contract is really just a piece of the picture," he says.

In the end, the new database could aid teachers in a few districts during their next round of contract talks: What better way to show they're getting a raw deal, comparatively speaking?

"It's a whole field that's largely unexplored," Walsh says.

The contracts are public documents, but they're not always accessible, says Andrew Rotherham, co-editor of the 2006 book Collective Bargaining in Education.

He says he was "stunned" at the lack of information available in most districts. Walsh's database, he adds, "moves you past the sort of anecdotes" that typically frame teacher issues.

"This transparency is good for everyone."

The Right Minimum Wage (WP)

By George F. Will

The Washington Post, January 4, 2007

A federal minimum wage is an idea whose time came in 1938, when public confidence in markets was at a nadir and the federal government's confidence in itself was at an apogee. This, in spite of the fact that with 19 percent unemployment and the economy contracting by 6.2 percent in 1938, the New Deal's frenetic attempts had failed to end, and perhaps had prolonged, the Depression.

Today, raising the federal minimum wage is a bad idea whose time has come, for two reasons, the first of which is that some Democrats have an evidently incurable disease -- New Deal Nostalgia. Witness Nancy Pelosi's "100 hours" agenda, a genuflection to FDR's 100 Days. Perhaps this nostalgia resonates with the 5 percent of Americans who remember the 1930s.

Second, President Bush has endorsed raising the hourly minimum from $5.15 to $7.25 by the spring of 2009. The Democratic Congress will favor that, and he may reason that vetoing this minor episode of moral grandstanding would not be worth the predictable uproar -- Washington uproar often is inversely proportional to the importance of the occasion for it. Besides, there would be something disproportionate about the president vetoing this feel-good bit of legislative fluff after not vetoing the absurdly expensive 2002 farm bill, or the 2005 highway bill larded with 6,371 earmarks or the anti-constitutional McCain-Feingold speech-rationing bill.

Democrats consider the minimum-wage increase a signature issue. So, consider what it says about them:

Most of the working poor earn more than the minimum wage, and most of the 0.6 percent (479,000 in 2005) of America's wage workers earning the minimum wage are not poor. Only one in five workers earning the federal minimum lives in families

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with earnings below the poverty line. Sixty percent work part time, and their average household income is well over $40,000. (The average and median household incomes are $63,344 and $46,326, respectively.)

Forty percent of American workers are salaried. Of the 75.6 million paid by the hour, 1.9 million earn the federal minimum or less, and of these, more than half are under 25 and more than a quarter are between ages 16 and 19. Many are students or other part-time workers. Sixty percent of those earning the federal minimum or less work in restaurants and bars and earn tips -- often untaxed, perhaps -- in addition to wages. Two-thirds of those earning the federal minimum today will, a year from now, have been promoted and be earning 10 percent more. Raising the minimum wage predictably makes work more attractive relative to school for some teenagers and raises the dropout rate. Two scholars report that in states that allow people to leave school before 18, a 10 percent increase in the state minimum wage caused teenage school enrollment to drop 2 percent.

The federal minimum wage has not been raised since 1997, so 29 states with 70 percent of the nation's workforce have set minimum wages between $6.15 and $7.93 an hour. Because aging liberals, clinging to the moral clarities of their youth, also have Sixties Nostalgia, they are suspicious of states' rights. But regarding minimum wages, many have become Brandeisians, invoking Justice Louis Brandeis's thought about states being laboratories of democracy.

But wait. Ronald Blackwell, the AFL-CIO's chief economist, tells the New York Times that state minimum-wage differences entice companies to shift jobs to lower-wage states. So: States' rights are bad, after all, at least concerning -- let's use liberalism's highest encomium -- diversity of economic policies.

The problem is that demand for almost everything is elastic: When the price of something goes up, demand for it goes down. Obviously were the minimum wage to jump to, say, $15 an hour, that would cause significant unemployment among persons just reaching for the bottom rung of the ladder of upward mobility. But suppose those scholars are correct who say that when the minimum wage is low and is increased slowly -- proposed legislation would take it to $7.25 in three steps -- the negative impact on employment is negligible. Still, because there are large differences among states' costs of living and the nature of their economies, Sen. Jim DeMint (R-S.C.) sensibly suggests that each state be allowed to set a lower minimum.

But the minimum wage should be the same everywhere: $0. Labor is a commodity; governments make messes when they decree commodities' prices. Washington, which has its hands full delivering the mail and defending the shores, should let the market do well what Washington does poorly. But that is a good idea whose time will never come again.

U.S. Patrols Somalia For Terrorist Watch (AP)

By George Gedda

AP, January 4, 2007

U.S. Navy vessels are deployed off the coast of Somalia to make sure al-Qaida or allied jihadists don't escape the country by sea now that the once-dominant Islamist forces there are in retreat, the State Department said Wednesday.

Of particular concern is the fate of three al-Qaida militants who were believed by U.S. officials to be under the protection of the Islamic Courts Union in Mogadishu until Ethiopian forces drove the Courts from power in recent days.

State Department spokesman Sean McCormack said the missions off the coast are being carried out by a U.S. task force based in the Horn of Africa,

The al-Qaida militants are believed to have had a role in the 1998 bombings of U.S. embassies in Kenya and Tanzania, and in the 2002 bombing of a hotel in Kenya.

Kenya sent extra troops to its border with Somalia on Wednesday to keep Islamic militants from entering the country

McCormack said the administration is planning to provide food to Somalia, adding that U.S. officials will take part in a donors conference soon to determine further needs and how they can be met.

Also planned is a meeting of U.S., European and African countries, along with international institutions on Friday in Kenya for a discussion of humanitarian and security issues.

McCormack said the United States continues to support the creation of an all-Africa force to help out the transitional government as it seeks to consolidate its authority in Mogadishu. Until the Islamic Courts were forced out, the government had been confined to the western town of Baidoa, unable to assert its authority nationwide despite U.N. and United States backing.

The U.S. efforts on the humanitarian and peacekeeping fronts are part of an overall international initiative "to move Somalia out of the category of a failed state," McCormack said.

The spokesman stopped short of an outright endorsement of the Ethiopian attack but said it was apparent that the Islamic Courts had fallen under the control "of those that had links to al-Qaida and other terrorist groups."

These groups, he said, "quite clearly were interested in imposing draconian types of interpretations" of Islamic law on Somalia in contravention of the polices of the transitional government.

Before Ethiopian troops launched their offensive last week, "we certainly would have hoped that there could have been a negotiated, political dialogue," McCormack said.

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"But it became apparent over time, and certainly very apparent in the recent weeks, that that wasn't going to happen and that the Islamic Courts were intent upon trying to seize control over all of Somalia through use of arms," he said.

US Seeks Return To Mogadishu (FT)

Financial Times, January 4, 2007

The US is seeking to re-establish a presence in Mogadishu, capital of Somalia, after an absence of 12 years following the ousting of Islamist forces this week by Ethiopian-backed Somali allies.

Jendayi Frazer, assistant secretary of state, hopes to include Mogadishu in a tour that began on Wednesday with the aim of shoring up Somalia's transitional government with multinational African forces and US humanitarian aid.

A US official confirmed that if the visit went ahead, Ms Frazer would be the most senior US official to set foot in Somalia since before the 1993 battle against a Mogadishu warlord that cost the lives of 19 American servicemen in one day and precipitated the US withdrawal in 1994.

The Bush administration tacitly supported Ethiopia's intervention last month but now fears Meles Zenawi, the prime minister, will pull out his forces before Somalia is stabilised. Ms Frazer is expected to meet Mr Meles and Yoweri Museveni, the Ugandan president, in Addis Ababa, and co-host an international meeting on Somalia in Nairobi tomorrow.

The US sees Uganda playing a key role in an African stabilisation force in Somalia. So far only Uganda and Nigeria have indicated willingness to participate.

Ms Frazer last month accused the Islamic Courts Union, which had seized power in Mogadishu from US-backed warlords in June, of being under the control of "East Africa al-Qaeda cells".

US warships are patrolling the Somali coast to prevent the escape of al-Qaeda suspects.

A Kenyan official said refugees were being allowed across the border under tight security but the frontier was otherwise closed. Somali and Ethiopian troops pursued Islamist fighters in the south of the country.

A visible US presence in Mogadishu would represent at least a symbolically important moment of progress for the Bush administration in a widening region of conflict and proxy wars that have involved Somalia, Ethiopia, Eritrea, parts of Sudan, and the Central African Republic.

But there are concerns in the administration and among its critics that the US will be seen in the Muslim world to be waging another proxy war against Islamist adversaries.

Officials at a European Union meeting in Brussels urged Somalia's transitional government to negotiate with opposition forces to pave the way for a peacekeeping force. John Sawers, a UK official, said: "It is important we create the conditions whereby Ethiopia can withdraw." But he said it was unlikely a pull-out would be possible within the two weeks suggested by Mr Meles.

Reporting by Guy Dinmore in Washington, Andrew England in Cairo, Andrew Bounds in Brussels and Mark Turner at the United Nations

Kenya Closes Border But Denies Turning Back Refugees (NYT)

By Jeffrey Gettleman

The New York Times, January 4, 2007

BAIDOA, Somalia, Jan. 3 — Kenyan officials announced Wednesday that they were closing their northern border because of the conflict in Somalia, but denied that they had turned back hundreds of refugees.

For the past few days, Ethiopian-led forces have been hunting down the remnants of Somalia's once powerful Islamist movement, pushing fighters steadily south toward the Kenyan border. Ethiopian officials have said the Islamist fighters are headed to a remote jungle outpost called Ras Kamboni, which terrorism suspects have used before as a hide-out.

It now seems that Somalia's problems have sucked in yet another country, and with the final throes of the conflict on their doorstep, Kenyan officials said they had no choice but to act.

"We needed to close the border so we could closely vet all refugees," said Alfred N. Mutua, a spokesman for the Kenyan government.

But Mr. Mutua denied news reports and accusations from United Nations officials that Kenyan border guards had deported 600 Somalis seeking asylum, saying that the closing applied only to cross-border trade and nonrefugee traffic, to prevent the Islamists from slipping into the country.

United Nations High Commissioner for Refugees António Guterres told Agence France-Presse on Wednesday that Kenya "has a humanitarian obligation to allow civilians at risk to seek asylum on its territory."

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Mr. Mutua said that 10 foreign Islamist fighters were caught Monday trying to cross the border in a throng of refugees. The fighters were carrying briefcases packed with cash. Kenyan officials said they probably had been financiers of Somalia's Islamist movement, which was routed last week by Ethiopian soldiers supporting Somalia's transitional government.

As hundreds of Somalis continue to line up at the border each day, hoping for asylum, Kenya has buttressed its patrols with extra troops and helicopters. Residents on the Kenyan side of the border have reported skirmishes in Kenya, but Mr. Mutua said that was not the case.

"We're just trying to make sure none of the problems from Somalia spill across the border, and so far none has," he said.

In Mogadishu, Somalia's battle-scarred capital, several weapons were collected Wednesday in the transitional government's drive to disarm one of the most heavily armed citizenries in the world. On Monday, Ali Mohammed Gedi, the transitional prime minister, issued one of his first edicts, demanding that Somali warlords and gunmen turn in their military-grade weapons by Thursday. If they did not, he said, homes would be searched.

Elders from one of Mogadishu's more powerful subclans turned over a pickup truck equipped with an antiaircraft gun and 20 young fighters. Transitional government officials said the weapons and men would be folded into Somalia's new national army.

Meanwhile, Islamist leaders continued to insist that they had not been defeated.

"I cannot say where we are, but we are in Somalia and we are not afraid anymore," Abdulrahim Ali Modei, the Islamists' spokesman, said Wednesday in a telephone call to a Somali radio station.

Iran's President Promises More Nuclear Fuel And A Celebration (NYT)

By Nazila Fathi

The New York Times, January 4, 2007

TEHRAN, Jan. 3 — President Mahmoud Ahmadinejad warned Wednesday that Iran would not back down from its nuclear ambitions and said his country would soon start producing nuclear fuel on an industrial scale.

"Iran has the fuel cycle, and very soon we will push the button on nuclear fuel production for industrial uses," Mr. Ahmadinejad said in a speech in the southern city of Ghotvand in Khuzestan Province, according to the ISNA news agency.

The United Nations Security Council passed a resolution late last month banning the trade of goods and technology that could benefit Iran's uranium enrichment, reprocessing and ballistic missile systems. Enriched uranium can be used for making nuclear weapons or as fuel for nuclear plants.

The resolution gave Iran a two-month deadline to suspend its enrichment program, but Iran says that it has the right to enrich uranium as a member of the Nuclear Nonproliferation Treaty.

"The Iranian people will not retreat one iota from their rights," Mr. Ahmadinejad vowed Wednesday, adding that Iran would celebrate its nuclear achievements in February, on the 28th anniversary of the victory of the Iranian revolution of 1979.

"The Iranian people have made their decision to continue this path wisely and will not pay attention to empty cries of the materialists and the bullying of the decadent powers," he said.

Other senior officials have also warned that Iran would not surrender in the face of pressure.

Akbar Hashemi Rafsanjani, an influential cleric and head of the Expediency Council, warned last week that pressing Iran could have consequences.

"This is a very dangerous resolution," he said during Friday Prayer at Tehran University. "They are creating problems for themselves and the region," he said, adding that "many will suffer from the smoke of this fire."

One former nuclear negotiator for Iran, Hossein Moussavian, warned the nation's current negotiators on Wednesday that ignoring the resolution and calling it illegal would not help. He said the resolution could have severe consequences for Iran, ISNA reported. "We can say inside the country that this resolution is illegal, but we have to have a correct understanding of the international community's considerations," he was quoted as saying.

Iran To Launch Production Of Industrial Nuclear Fuel (AFP)

By Farhad Pouladi

AFP, January 4, 2007

President Mahmoud Ahmadinejad has vowed Iran will step up its atomic programme despite UN sanctions, predicting Tehran would soon "push the button" to produce nuclear fuel for industrial uses.

"Iran has the fuel cycle and very soon we will push the button on nuclear fuel production for industrial uses," said Ahmadinejad in a speech in Ghotvand, in western Khuzestan province, according to the IRNA news agency on Wednesday.

"The Iranian people have taken their decision and will in no way pay attention to empty cries of the materialists and the bullying of the decadent powers."

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Iran has already announced it has enriched uranium to levels of around five percent. Producing nuclear fuel that could theoretically be used in a power station would be another important step in mastering the nuclear fuel cycle.

Ahmadinejad's latest comments come in defiance of a UN Security Council resolution at the end of last year which imposed sanctions against Tehran for its failure to suspend uranium enrichment.

Western powers want Iran to suspend enrichment, a process that they fear could be used to make nuclear weapons. Iran insists its atomic programme is entirely peaceful and it has every right to the full nuclear fuel cycle.

Iranian officials have already predicted Iran would be able to make a major announcement on its nuclear programme during the 28th anniversary celebrations of the Islamic revolution in February.

"The Iranian people will not retreat one iota from their rights and the revolutionary celebration will be a celebration that proves Iran's nuclear rights," Ahmadinejad said.

"The Iranian people are insisting on their position and want nothing more than their rights. The bullying powers should know that whatever fuss they make they have to surrender to the Iranian people's will."

He did not go into details on the scale of the fuel production, but producing nuclear fuel for an atomic power station would involve the continuous running of centrifuges to produce enriched uranium of high quality and quantity.

Iran has also said it wants to install 3,000 uranium enriching centrifuges at its enrichment plant in Natanz, central Iran, by March but it is unclear which stage these plans have reached.

In October, Iran only had two cascades of 164 centrifuges in Natanz declared to the International Atomic Energy Agency (IAEA) so the plan to install 3,000 centrifuges would take its enrichment to a new level.

Russia is building Iran's first nuclear power station in the southern city of Bushehr, a much delayed project which is due to be opened in September 2007. Moscow plans on delivering fuel for the plant in March.

However, Iran has also insisted it has every right to produce its own nuclear fuel on Iranian soil in defiance of international calls for the work to be carried outside the Islamic republic.

Iranian Official Urges New Nuclear Talks (FT)

By Najmeh Bozorgmehr And Gareth Smyth

Financial Times, January 4, 2007

Hossein Mousavian, a former Iranian nuclear negotiator close to the influential former president Akbar Hashemi Rafsanjani, called on Wednesday for renewed diplomacy with the west to break the crisis over Iran's nuclear programme.

He also implied that Iran had no choice but to accept last month's United Nations Security Council resolution, which imposed sanctions and set a two-month deadline for Tehran to suspend almost all its nuclear activities. But he said Tehran should also continue to bargain over its "rights" to a nuclear fuel cycle.

Mr Mousavian's frank briefing reflected growing concern among pragmatists in Tehran at the direction of the international situation.

President Mahmoud Ahmadi-Nejad has favoured defiance over the nuclear issue and has dismissed the UN resolution as "invalid". The state-run Islamic Republic News Agency on Tuesday quoted him as saying that the country would soon start producing nuclear fuel on an industrial scale and "defend its interests powerfully".

But Mr Mousavian said the UN resolution was "very tricky" and could lead to further sanctions in addition to the measures already agreed against individual Iranians and companies involved in the atomic programme.

"It is easy to get into [the attention of] the Security Council but very difficult to get out," he said.

"The Security Council is the highest authority on international peace and stability, and there is no other authority to which we can appeal."

The remarks suggest that Iran's pragmatists and reformists are taking a more active role in shaping Iran's policy after the poor showing in last month's elections by allies of Mr Ahmadi-Nejad.

In spite of Mr Ahmadi-Nejad's comments on the UN resolution, Ayatollah Ali Khamenei – Iran's supreme leader who has a pre-eminent say in Iran's leadership group – has not as yet spoken in public on Tehran's response.

"Any comment by the leader would be the final word from Iran – and I think he is studying the case as the policymakers discuss how we can make a breakthrough," said a leading Iranian journalist.

Mr Mousavian was centrally involved in Tehran's nuclear negotiations with the European Union between 2003 and 2005, before he and several colleagues were removed after Mr Ahmadi-Nejad's 2005 election win.

He is deputy head of the Centre for Strategic Research, a state body that briefs Iran's leaders and which is associated Mr Rafsanjani.

Iran's pragmatists and reformists polled better than expected three weeks ago in elections for municipal councils and for the Experts Assembly, a clerical body that supervises Ayatollah Khamenei.

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Olmert, Mubarak Seek Restart Peace Talks (AP)

By Steve Weizman

AP, January 4, 2007

Israeli Prime Minister Ehud Olmert and Egyptian President Hosni Mubarak will search for ways to restart Mideast peace talks and free a captured Israeli soldier when they meet Thursday, although Israeli officials said they did not expect a breakthrough on the prisoner issue.

The Red Sea summit comes amid international calls for Israel and the Palestinians to negotiate an end their dispute, in the interest of stabilizing the Middle East in general and Iraq in particular.

Egyptian Foreign Minister Ahmed Aboul Gheit said Friday the summit will explore ways to revive peace talks, stalled since the outbreak of the current Palestinian uprising in September 2000.

Militants linked to the Islamic Hamas seized Cpl. Gilad Shalit in June, and a Hamas official on Sunday claimed progress toward an agreement for his release, in exchange for Israel freeing some of the 9,100 Palestinians in its prisons.

A Palestinian prisoner release would bolster the domestic standing of Palestinian President Mahmoud Abbas and aid his efforts to build a more pragmatic coalition with the governing Hamas. Israel, meanwhile, says freeing the soldier is key to reviving peace talks with the Palestinians.

Egypt has been mediating efforts to end the standoff since Shalit was captured, and it brokered a shaky Nov. 26 truce with Hamas.

The Israelis and Palestinians each hope for some movement on the prisoner issue but warn that no deal has been struck.

"Gilad Shalit is not going to be freed tomorrow, there is not going to be a dramatic announcement," Olmert spokeswoman Miri Eisin told The Associated Press on Wednesday. "It will be discussed, but unfortunately we're not at that point yet."

Palestinian negotiator Saeb Erekat, who is close to Abbas, agreed.

"To speak of an agreement, at this stage, is premature," he said.

Olmert and Mubarak last met on June 4, 2006, also in Sharm el-Sheik. Mubarak hosted Abbas in the Red Sea town on Dec. 27, when the Palestinian president proposed closed-door talks with Israel on some of the thorniest issues dividing them, including the status of Jerusalem and Palestinian refugees.

Israeli and Egyptian officials said Olmert and Mubarak will discuss Abbas' coalition-building efforts, bilateral Israel-Egyptian ties and the prospect of joint economic projects at the hour-long summit Thursday evening, and the dinner that will follow. There will also be talk on the broader Middle East, including Iran's nuclear ambitions.

A bipartisan U.S. panel on Iraq headed by former Secretary of State James A. Baker III has said progress on the Israeli-Palestinian dispute could help ease tensions in Iraq and British Prime Minister Tony Blair says a resolution to the conflict is key to Middle East stability. Israel disputes that conclusion.

Olmert met Abbas last month in the first Israeli-Palestinian summit since June 2005, when then-Prime Minister Ariel Sharon met the Palestinian leader.

A state-run Egyptian newspaper Wednesday quoted Mubarak spokesman Suleiman Awad as saying that Olmert's meeting with Mubarak would be followed at an unspecified date by another Olmert-Abbas meeting, in Sharm el-Sheik.

5 In Gaza Killed In Fatah-Hamas Clashes (NYT/AP)

Associated Press

The New York Times, January 4, 2007

GAZA, Jan. 3 — Five Palestinians were killed Wednesday in a resurgence of factional violence in the Gaza Strip, leading to fears that an already fragile truce between the rival Hamas and Fatah factions would completely collapse.

The latest fighting came two days after Fatah and Hamas militants carried out a series of kidnappings and engaged in gun battles, in violation of a mid-December truce between the groups, which are vying to control the Palestinian government.

Rival gunmen poured into the streets of the northern Gaza town of Beit Lahiya on Wednesday after a 25-year-old militant from Fatah, the faction led by the Palestinian Authority president, Mahmoud Abbas, was shot and killed. A woman was shot in the head and killed in the ensuing gun battle, and 12 other people suffered moderate wounds, hospital and security officials said.

Later in the afternoon, gunmen ambushed Fatah-allied Palestinian security officers in the southern Gaza town of Khan Yunis, blasting their police car with bullets and a rocket-propelled grenade, and killing two of the officers, witnesses said. A third officer later died of his wounds.

The security officers were trying to take another officer to a hospital after he was wounded in an earlier clash, Fatah officials said in a statement. The officers had stormed a house where they believed that a kidnapped colleague was being held, it said.

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Fatah officials blamed Hamas militiamen for the attack, while Hamas said Fatah militants had initiated the incident.

After nightfall, three smaller militant groups brought Hamas and Fatah officials in together in Khan Yunis and forged an accord to remove gunmen from the streets and release kidnapped activists, according to a statement released after the meeting. But it is unclear if that will lead to a truce in the rest of the territory.

Also on Wednesday, the news agency Agence France-Presse demanded the immediate release of one of its photographers, who had been abducted at gunpoint in Gaza City on Monday. In a statement, the agency said there had been no word on the fate of the photographer, Jaime Rázuri, 50, a Peruvian.

”Despite assurances from Palestinian officials that they are doing everything possible to help with the search, we are deeply concerned over Jaime’s health and safety,” the statement said.

In the past most journalists and other foreigners kidnapped in the Gaza Strip have been released unharmed after a few hours. An exception was the abduction last summer of two Fox News journalists, who were held for two weeks but then finally released.

Talks between Fatah and Hamas on forming a national unity government broke down in November, fueling an increase in violence. Mr. Abbas has since threatened to call an early election, which Hamas said it would boycott, calling it a coup attempt. Mr. Abbas wants to resume peace talks with Israel.

Fatah led the Palestinian government since its establishment in 1994, but Hamas won legislative elections last January and formed a government in March.

Late Monday, clashes in the Jabaliya refugee camp near Gaza City broke a weeklong lull in fighting between the groups. In the last few weeks, 17 people have been killed in the internal fighting, leading to fears of civil war.

Aides to the Palestinian prime minister, Ismail Haniya of Hamas, said Wednesday that he planned to cut short a tour of Arab countries to return to Gaza. He was scheduled to travel later this week to Jordan, which has offered to be the host of a meeting between Mr. Haniya and Mr. Abbas in an effort to defuse the tensions between their factions.

Mr. Haniya and Mr. Abbas have agreed in principle to such a meeting, but no date has been announced.

5 Palestinians Killed In Gaza Strip (WP)

By Scott Wilson

The Washington Post, January 4, 2007

JERUSALEM, Jan. 3 -- Renewed factional fighting Wednesday between the rival Hamas and Fatah movements in the Gaza Strip killed five Palestinians, including a 22-year-old woman. More than 10 others were wounded.

The deaths were the first in two weeks as a result of partisan violence, which has spiked periodically over the past year during times of political tension. The fighting brought angry recriminations from leaders of both parties, indicating an end to the short period of calm in Gaza as talks to resolve the political stalemate remain stalled.

In the most brazen act, gunmen opened fire on a car and killed three men belonging to a security service loyal to Palestinian Authority President Mahmoud Abbas, a leader of the secular Fatah party that lost parliamentary elections to Hamas almost a year ago. Fatah leaders blamed Hamas, a radical Islamic movement that does not recognize Israel, for the ambush in the Gaza city of Khan Younis.

A gunman from the al-Aqsa Martyrs Brigades, Fatah's armed wing, was fatally shot north of Gaza City. The woman, Mona Salha, died after being wounded with about a dozen others caught in a Hamas-Fatah skirmish in the same area.

After failing to form a power-sharing government with Hamas acceptable to international donors, who provide nearly half the Palestinian government's annual budget, Abbas announced last month that he intends to call early elections, including for his own office. But he has yet to set a date for the vote, which Hamas officials have called an illegal attempt to overturn their election victory.

Also in Gaza on Wednesday, colleagues of a kidnapped Peruvian photographer with Agence France-Presse warned that his life is in danger unless he receives heart medication soon. Jaime Razuri, 50, was taken Monday by armed men outside the agency's Gaza offices. The agency's office manager, Sakher Abu El-Awn, told [a news agency] that Razuri is suffering from a heart disease that requires regular medication.

"We believe his life is at serious risk, and we urge his captors to release him immediately," Abu El-Awn told the agency.

In another development, an Israeli woman sentenced to three years in prison for aiding a Palestinian group that Israel considers a terrorist organization was released Wednesday after serving 26 months of her term.

Tali Fahima pleaded guilty in December 2005 to having contacts with a foreign agent, passing information to the enemy and violating the law prohibiting Israelis from entering areas controlled by the Palestinian Authority. The charges stemmed from her association with Zakaria Zubeidi, leader of the al-Aqsa Martyrs Brigades in Jenin, whom she said she would protect as a "human shield."

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Fahima spent 13 months in jail without being charged -- a status known as administrative detention -- before pleading guilty. That time was counted toward her sentence. Her term was to expire in November, but she was released early for good behavior.

How Kim Jong Il Controls A Nation (CSM)

By Robert Marquand

The Christian Science Monitor, January 4, 2007

SEOUL, SOUTH KOREA

As Kim Jong Il continues to elude efforts to constrain his nuclear program, a grudging regard for the North Korean leader's tactical skills is rising.

Mr. Kim was once thought to be over his head as a leader. But 12 years after the death of his father, Kim Il Sung, the son is showing brilliance as a dictator. Some experts say that Kim, in his own way, may be shrewder than the father who built the nation.

"Kim was in many ways dealt a weaker hand than his father, but he has played it better," says Brian Myers, a North Korea specialist at Dongseo University in Busan, South Korea.

Certainly, Kim has become a skillful player on the world stage. He retains firm hold of the most totalitarian state on earth. His nation has survived an epic famine. Kim has astutely nullified a dawning realization among his people that the world beyond North Korea's borders is a better place. He's even created a new image for himself at home - not as a towering patriarch - but as a figure of sympathy, a beleaguered, America-taunted leader who eats soldier's gruel and deserves care by the masses. He's played a smart propaganda game in South Korea, where some elites admire him as a nationalist torchbearer for "true Korean-ness," and for outwitting the great powers.

Now, Kim has tested a nuclear weapon - the eighth nation to publicly do so - and has developed a ballistic missile program.

"Why shouldn't Kim be seen as extraordinary?" asks Alexander Mansourov of the Asia Pacific Center for Security Studies in Honolulu. "He's poked his finger in the eye of the US hegemon. He's tested missiles and nukes. At home he's more popular than ever."

Abroad, Kim is seen as enigmatic, reclusive - part fox, part oddball. He's reported to hold all-night parties that serve as loyalty tests. He chain-smokes, loves Ferraris, goes gaga over gourmet food, has 30 homes, wears 12-centimeter high (4.7 inch) platform shoes, kidnaps the occasional South Korean actress, and is crazy about karaoke, James Bond films, and the Internet.

Yet that image, though partly true, is itself propaganda, say former Pyongyang diplomats, high-level defectors, and Korea experts. They say the real Kim is a bit unsure, frightened of China and the US, and may suffer from a learning disability. Kim's sister-in-law told a diplomat that Kim is "often timid." His father may not have offered him much respect. Not a TV personality

Bradley Martin, author of "Under the Loving Care of the Fatherly Leader: North Korea and the Kim Dynasty," says Kim may suffer from stage fright. Surprisingly for a state leader, especially a "godhead," Kim's voice has been heard only once by the nation, for a total of nine words. "Glory to the heroic soldiers of the People's Army," he said in 1992 at an obscure rally at a military base. Invitations to one state reception noted that one may speak to Kim, but that Kim would "not speak in reply," a Eastern European diplomat remembers. Kim has never appeared live on TV. Even in the period of mourning after the death of his father, the "Great Leader" - when posters stated mystically that "Kim Jong Il is now Kim Il Sung" - there was no fireside chat by Kim junior to his people.

Yet Kim reportedly micromanages the entire country. His state is a hermetically sealed cult that allows no debate; even top generals and their extended families undergo loyalty tests. A half-dozen concentration camps hold 200,000 inmates, a dozen intelligence units spy on the people and each other. North Korea has the world's fifth-largest army.

"Everything goes up to Kim, and everything comes down from him. There isn't a whole lot of lateral motion in the North," says Stephen Bradner, a civilian expert in Seoul and longtime adviser to the US military. "We often ask the wrong question. The question is not what North Korea needs, but what Kim Jong Il wants."

"I used to think Kim was irrational and unrealistic," says Lee Jong Heon, who has just published a structural analysis of the North at Chung-Ang University in Seoul. "But when you study his moves, he has kept a grip on the people, and he now heads one of eight nuclear nations. He's been highly rational from his standpoint." But a busy populist

One side of Kim only now emerging is how closely he stays in touch with the people. The Dear Leader is on the road, working the crowds, a great deal. Studies of Korean media show Kim averages about 150 local visits a year. He may not make live televised speeches, but he's at a school, a factory, a farm, a military base - every three days. (He shows up at a military unit once a week.) This suggests a populist streak.

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"When someone you worship comes to your factory, it's a personal connection. We tend to overlook this simple fact," says Mr. Mansourov, who has tracked Kim's appearances. "Kim knows the local leaders, the opinion makers, the local cadres. He's not in a fishbowl. He may be a dictator, but he's also a populist."

Kim also appears today to be intensifying his ethnic nationalist message: Korea is different, special, unique, pure - and must remain so. The message has more affinity with Imperial-era race-based fascism in Japan, than to the Stalinism he's often depicted as emulating, argues Mr. Myers.

"The North may not have plasma TVs and shiny cars, but it has people with character and virtue, that's Kim's message," says Myers. "South Korea is physically and spiritually polluted, misogynistic, occupied by the US, [has been] sold down the river, [and] lets its young people grow soft. The real Korean spirit is being held in trust in the North - that message appeals."

There's another fact often overlooked, say North watchers: Kim is getting older. There may be a new urgency to resolve the nuclear question, to seal his dynasty.

Kim was born "Uri" or George, in Khabarovsk lower Siberia in 1942 or '43 (the date is disputed), in a medicine supply house of the Soviet 88th Reconnaissance Brigade, according to South Korean scholar Suh Dae Sook. Kim Il Sung's guerrilla brigade had been bloodied in Manchuria by the Japanese, and he escaped to Russia with his wife. Young Kim was cared for by Korean and Russian servants. This early mix of foreign contact continued later in Pyongyang, so Kim never entirely imbibed Korean habits, where "sameness" is prized. He was early an individualist - adopting different hair-styles, dress, shoes, and behavior.

That "difference" has helped set Kim apart. Now he has nuclear capability. Yet the depths of Kim's pride, how he views his place in history, or how he would react in a threatening crisis, is not clear. In the former Soviet Union and China, and presumably in India and Pakistan, nuclear weapons are held by "mediating structures" of party and military decisionmaking committees. But Kim alone controls the dreaded button in the North.

It is unknown if Kim might ever find it "rational" to use his weapons, say experts. For example, might Kim behave like a jilted husband or postal worker who shoots his family or co-workers, then turns the gun on himself? Mostly, it is felt that Kim wants to avoid the fate that befell dictators such as Nicolae Ceausescu of Romania, who was overthrown and killed.

"If we aren't careful, Kim could see using his weapons as rational," argues Mr. Lee.

Army lore in North Korea, in fact, has Kim telling his generals that if " 'we are ever losing in a war, I will destroy the world if I can. I will not go down quietly,' " Mr. Martin points out. Opportunities lost?

Despite Kim's adroit nuclear card playing, Asia watchers say any appraisal must weighed against what Kim might have done with his rule. Fifteen years ago, as the Soviet Union was collapsing, there was genuine hope in Asia that Kim might be a new kind of leader. He might open up the economy, tone down the cult worship, act more like former Soviet leader Mikhail Gorbachev. Kim could have created special economic zones as China did. Yet Kim has systematically quashed his own reforms, including those of a brilliant technocrat, Kim Dal Hyon, former deputy prime minister of the economy who experimented with the free market in the Tumen River project.

In one sense, Kim is prisoner to his own fantastic ideology of isolation. To allow outside influences into the regime could snap the spell of his own Oz-like deification, experts say.

"North Korea actually has everything," says Krzysztof Darewicz, a Polish journalist based in Pyongyang during the 1990s. "There's a wealth of valuable minerals, uranium and gold. It is smack-dab in the crossroads of Asia's current economic rise; trade and wealth surround the North. But what has it become? Nothing.

"Kim inherited a nuclear card with no idea what to do next," he adds.

"Kim is one hell of a tactician, but what is his strategy and where will it lead?" asks Martin. "What about his people?" Kim Facts

North Korea's "Dear Leader" Kim Jong Il ...

· Was born in Siberia in 1942 or 43.

· Is 5-foot, 3-inches tall and wears 12-centimeter (4.7 inch) high platform shoes.

· Has only been heard by North Koreans once, in 1992, in a national broadcast. He said: "Glory to the heroic soldiers of the People's Army."

· Has never appeared speaking live on TV in North Korea.

· Has the world's fifth-largest army.

· Gives his top generals loyalty tests.

· Averages about 150 visits per year to schools, military bases, factories.

The Shenyang Six (WSJ)

The Wall Street Journal, January 4, 2007

DOJ_NMG_0112435

Ban Ki Moon got off to a good start at the United Nations this week when he declined to criticize the execution of Saddam Hussein. Here's another way the new Secretary General could outshine his predecessor: Demand that Beijing live up to its international obligations to let the U.N. High Commissioner for Refugees help the tens of thousands of North Korean refugees hiding in northeast China.

As a fellow Korean, Mr. Ban has special moral authority to address this little-known humanitarian crisis. A good place to start would be by making a public plea on behalf of six refugees who tried, but failed, to obtain sanctuary in the U.S. consulate in Shenyang, China, last month. The six are in jail in Shenyang, awaiting deportation under China's policy regarding the North Korean refugees it tracks down.

China's treatment of the North Koreans violates the International Convention Regarding the Status of Refugees, to which it is a party and which bars "refoulement," or the repatriation of refugees to places where their lives or freedom would be in jeopardy. North Koreans who are sent home by Beijing face execution or a term in one of Kim Jong Il's prison camps, which can amount to a death sentence.

The six refugees in jail in Shenyang include two orphan boys, ages 16 and 17; a 22-year-old woman; and three women in their 40s. One of the older women is the mother of a 19-year-old who made it to safety in the U.S. consulate last year and is awaiting resettlement in the U.S. along with two orphan boys -- if China lets them leave. One of the women has relatives in Hawaii; another has family in South Korea.

The six were captured just before Christmas along with two Americans who had been sheltering them in safe houses in another city and were accompanying them to the consulate. Their rescuers -- young women who don't want their names used -- belong to Liberty in North Korea, or LINK, a U.S. non-profit dedicated to helping the refugees. LINK's director, Adrian Hong, was also arrested -- pulled out of his hotel room in Beijing and taken to a prison cell in Shenyang. The three rescuers were deported this week.

That's progress of sorts. Steve Kim, a Huntington, New York, businessman who provided funds to house and care for refugees, was tried, convicted and has been in jail in China since September 2003. Phillip Buck, a pastor from Seattle, was released in August after serving 15 months in prison for helping North Koreans.

Beyond the six jailed refugees is the larger tragedy of the tens of thousands of North Koreans in northeast China and the thousands more who may flee if famine hits North Korea this winter, as expected. The humane solution would be to allow the UNHCR to set up processing centers in China for the refugees, who could then be transferred to transit camps in neighboring countries before being resettled elsewhere.

South Korea's constitution requires it to accept escapees from the North, and North Korean asylum seekers are welcome in the U.S. under 2004 legislation. In one of his last acts as Senate Majority Leader, Bill Frist introduced a bill that would authorize $10 billion for the relief and relocation of North Korean refugees. That's a good idea that other Senators could adopt.

Meanwhile, the six refugees incarcerated in Shenyang await a decision from Beijing. As he was being escorted from jail this week, Mr. Hong says he passed the cell where several of the North Koreans were being held. "There is nothing like looking in the eyes of someone who thinks they are going to die," he says. "They all had that look -- like there was no hope."

Mexican U.N. Insider Gets Manager's Post (NYT)

By Julia Preston

The New York Times, January 4, 2007

UNITED NATIONS, Jan. 3 — Ban Ki-moon, on his second day as secretary general, appointed a high-level United Nations insider, Alicia Bárcena Ibarra, to the top management post, a signal that he does not plan aggressive reforms in the much-criticized bureaucracy.

Ms. Bárcena, 54, is a career diplomat from Mexico who served for most of last year as the chief of staff for Kofi Annan, Mr. Ban's predecessor. Before that, since July 2003, Ms. Bárcena had been the deputy executive secretary of the Economic Commission for Latin America and the Caribbean, a United Nations development agency based in Chile.

United Nations diplomats pointed out that Ms. Bárcena, although a well-regarded diplomat, had little of the front-line administrative experience needed to run the unwieldy United Nations system, which employs 16,500 people worldwide.

Her appointment marked the first time since 1992 that her position, under secretary general for management, has not been held by an American. In years past, the United States government has battled for the position, but this time Washington is lobbying instead for the top policy-making job, under secretary general for political affairs.

Several diplomats said the choice of Ms. Bárcena cast doubt on statements Mr. Ban made on Tuesday, when he said in a meeting with United Nations staff members that he wanted to overhaul "the working culture" of the organization.

"It's a missed opportunity in terms of having a clean break from the Kofi Annan era," said one Security Council diplomat. "It would have made sense if she had immense financial and management experience. But to the contrary, she doesn't."

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But the announcement cited Ms. Bárcena's broad knowledge of the sprawling United Nations organization. She has also worked closely with Mr. Ban during the transition from Mr. Annan's leadership, and Mr. Ban has said he will appoint more women to senior positions.

"He has set his agenda, and I am sure that Ms. Bárcena agrees with that agenda," said Michèle Montas, Mr. Ban's spokeswoman.

The management post had been filled since June 2005 by Christopher B. Burnham, a former Marine Corps reserve colonel and investment banker. Under his tenure, the United Nations adopted new protections for whistleblowers, formed an ethics office, updated its financial disclosure policies and reorganized the procurement department, which has been the target of several criminal fraud indictments. Mr. Burnham stepped down in November.

In the meeting Tuesday with Mr. Ban, Stephen Kisambira, the president of the staff members' union, said the United Nations needed "a fundamental change in the mindset of senior management" from a current approach that he said was based on "dominance, disregard and fear."

Mr. Ban also appointed Sir John Holmes, the British ambassador to France, as under secretary general for humanitarian affairs and coordinator of emergency relief.

Britain Free From WWII Payments (WT)

By Al Webb

The Washington Times, January 4, 2007

LONDON -- More than six decades after the fact, Britain has finally paid back the billions of dollars it had borrowed from the United States and Canada to help pay for rebuilding the country after World War II.

At the click of a few computer keys in London on the last business day of 2006, $83.25 million was sent electronically winging to Washington and $22.7 million to Ottawa, to free Britain from annual installments it occasionally has struggled to pay.

The original loan of $4.34 billion -- the equivalent of $27 billion in today's money -- was negotiated by a London team headed by economic mastermind John Maynard Keynes in 1945 to stave off the bankruptcy that posed a serious threat to Britain in the wake of the war's wreckage.

The Canadian share of the loan was $1.2 billion.

The loan was paid off in 50 installments, the last of which leaves Britain free of that debt for the first time since a devastated Nazi Germany surrendered to Allied forces more than 61 years ago.

British Economic Secretary Ed Balls hailed the dispatch of that last payment on Dec. 29, telling journalists, "We finally honor our commitments to the U.S. and Canada for the support they gave us 60 years ago."

"It was vital support which helped Britain defeat Nazi Germany and secure peace and prosperity in the postwar period," Mr. Balls said.

In fact, it was much more than that. World War II had left Britain an economic mess -- a "financial Dunkirk," as Mr. Keynes put it -- and with the abrupt termination in September 1945 of the lend-lease arrangement that had it afloat through the hostilities, the country was on the verge of collapse.

Under the Lend-Lease Act of 1941, signed by President Franklin Delano Roosevelt, Washington sent war supplies to allies. Britain received most of that assistance -- $31.4 billion out of the total $50.1 billion. Other major countries that benefited from the Lend-Lease Act were the Soviet Union ($11.3 billion), France ($3.2 billion) and China ($1.6 billion).

No payment was required for supplies sent under the program. The allies' compensation came in the form of services, rent and use of air bases.

However, Washington suddenly terminated the lend-lease shipments on Sept. 2, 1945, with goods still in transit, forcing Britain to negotiate new loans from the United States and Canada for reconstruction.

The large consignment of goods in transit or already in Britain were sold to Britain for about 10 cents on the dollar under the new 50-year loan agreement.

Mr. Keynes and his team won during their negotiations with the U.S. government what amounted to an economic lifeline that allowed Britain to pay for food, fuel and other essentials, while coping with massive bills for arms and munitions left over from the war as it began rebuilding its shattered economy.

"The Americans gave us an excellent deal in two senses," Tim Leunig, an economics history lecturer at the London School of Economics, told the Scotsman newspaper -- the 2 percent rate of interest on the loan, and the fact that the United States even agreed to such a loan.

"First of all," Mr. Leunig said, "2 percent has always been a very low rate of interest. Second, to lend to someone in wartime is very risky."

For his part, Mr. Keynes at the time was less than pleased, particularly about the 2 percent interest on the debt. He accused the United States of behaving badly, suggesting that Washington should write off the loan as a gift, or at least make it interest-free.

Still, it was viewed in economic circles as a bargain, which meant that by the time the last installment cleared the books, the original loan of $4.34 billion had totaled barely $7.1 billion including interest -- little more than small change to today's global economies and the multibillionaires they steadily churn out.

Even so, the repayment road has not always been an easy one for Britain. The installment payments that started in 1950 were deferred six times -- in 1956, 1957, 1964, 1965, 1968 and 1976 -- because of various economic crises, pressures on official reserves and adverse international exchange rates.

So that last payment was, in fact, six years late. Never mind, said a British Treasury spokesman, the important point is, "Britain always repays her debts."

Well, not quite. Britain borrowed money from the United States during World War I, but has never repaid the debt -- although they blame the Americans.

President Hoover declared a moratorium on World War I debts during the Great Depression and global financial crisis, and it was never rescinded.

'Extraordinary' Fall In German Jobless (FT)

By Bertrand Benoit In Berlin

Financial Times, January 4, 2007

Unemployment in Germany recorded another steep monthly drop in December, underscoring the robustness of the year-old rebound under way in Europe's largest economy.

Seasonally adjusted figures released by the Federal Labour Agency on Wednesday put the number of jobseekers in Germany at 4.1m, down 108,000 on the month, a far bigger drop than economists had anticipated after a 86,000 fall in November.

The "extraordinary fall in unemployment", as described by the Agency, put the unemployment rate in the country at 9.8 per cent.

"These figures are considerably better than expected and underpin the view that the recovery in Germany has become self-sustaining," Elga Bartsch, economist at Morgan Stanley, said.

The data, following very upbeat business sentiment surveys at the end of December, will buttress the view shared by a majority of economists that the strong German recovery will last well into 2007 despite a three-point rise in value-added tax, the biggest tax increase in post-war history, this month.

The closely followed Ifo business sentiment index surged to a 16-year high last month after notching up the fastest growth last year since the start of the decade. The German economy is expected to have grown by 2.5 per cent in 2006, exceeding French growth for the first time since 1994.

"The positive development in unemployment is mainly down to the cyclical rebound in job creation," the Labour Agency wrote in its monthly report.

However, economists said several factors, including mild weather in December and new benefits available to unoccupied construction workers as of December 1st, might have flattered the unemployment figures somewhat.

In November, the latest month for which employment data was available, the Agency recorded 46,000 job creations, bringing the total number of positions created in the past year close to half a million.

The main question for economists regarding the fate of the German recovery this year hinges on consumers' reaction to the VAT increase and the magnitude and duration of the expected lull in growth this hefty tax increase could cause.

Anecdotal evidence of robust retail sales over the holiday season, and the positive sentiment evidenced in the retail sub-section of December's Ifo index, suggest consumption picked up at the end of 2006.

However, private spending remains low and some forecasters fear consumers might have brought forward big-ticket purchases in anticipation to the VAT rise, pointing to a possible drop in spending in the first quarter even though the tax increase may take longer to find its way into higher retail prices.

Ritual Sacrifice? Not On My Street, Some Belgians Say (WSJ)

By Mary Jacoby

The Wall Street Journal, January 4, 2007

BRUSSELS -- At a slaughterhouse here last week, Mohamed Mimoun wrestled a sheep between his legs and took a number. He gasped: It was a two-hour wait to sacrifice his animal for Eid al-Adha, an important Islamic religious festival.

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"I should have done this at home, like everyone else," he moaned.

That would have saved Mr. Mimoun a long wait in drenching rain, but it would have been against the law. Killing an animal at home to eat it is legal in Belgium. But a 1988 law expressly forbids the ritual slaughter of animals at home.

Living cheek by jowl in Brussels with the many bureaucrats who run the European Union, Muslims in the city turned an estimated 25,000 sheep toward Mecca this year and cut their throats to celebrate the story of Abraham's willingness to sacrifice his son to God. Eid al-Adha commemorates God's reprieve which allowed Abraham to kill a ram instead of his son. While some, like Mr. Mimoun, head to official slaughterhouses, many Muslims, fearing long waits, kill their sheep illegally in their backyards and basements instead.

Whether at a slaughterhouse or at home, the practice raises the ire of animal-rights activists. For years, they have held anguished protests against the manner in which the sheep are slaughtered, arguing that the sheep should be stunned first to lessen their pain. "It's not normal to have thousands of sheep slaughtered like this in the middle of a major European city," says Ann De Greef, a Belgian animal-rights campaigner.

On his way to the slaughterhouse, Mr. Mimoun was fined by a policewoman for transporting a live sheep in the closed trunk of his Toyota. By law, it should have been in the back seat.

"She told me I needed to have a seat belt on the sheep," Mr. Mimoun said. The policewoman later said she was joking about the seat belt.

Brussels' Muslim population has grown to more than 15% of the city's one million inhabitants, and what began two decades ago as a debate over animal welfare and hygiene has been transformed into a test of political might. The result is a stalemate.

"We have the right to practice our religion," says Coskun Beyazgül, head of the Muslim Executive Office, a state-sponsored Islamic authority.

While Muslim authorities in France sanction the use of electronic stunning methods, Muslim authorities in Belgium forbid it. For the sacrifice to be completed in accordance with Islam, says Mr. Beyazgül, the lamb must die from a loss of blood while its head is turned toward Mecca in Saudi Arabia, birthplace of the Prophet Muhammad. Stunning the animals before slitting their throats, he says, could lead to the animal dying prematurely, against Islamic principles.

Mr. Beyazgül is also against making donations of money to charity in lieu of sacrificing a live animal, as many Muslims do in the U.S. and other countries. He adds that Muslims here ignore the home-slaughtering ban because Belgian authorities aren't willing to invest in enough capacity at legal slaughtering facilities.

While similar conflicts play out across Europe, the tensions are particularly acute in Brussels, Europe's political capital. Unlike France and other nations with large Muslim minorities, Muslims in Belgium aren't concentrated in ghettos outside major cities; they often live side-by-side with EU officials and other professionals in gentrifying urban neighborhoods.

One man got his lamb home last year on a leash. "It looked like his pet," says Pierre-Yves Lambert, a local political commentator and social worker. "But everyone knew where it was going."

To ease the strain on slaughterhouses, city leaders have suggested the Muslim community spread out the sacrifice over the three days of the festival, which ended this year on Jan. 1. Nothing doing, says Mr. Beyazgül. "Everyone wants to kill their sheep in the morning of the first day," he says. "They want to eat their sheep for lunch."

The rush to slaughter so many sheep within hours led to catastrophe during last year's festival. A temporary slaughterhouse became overwhelmed with long lines and malfunctioning water and drainage systems. In a hurry to get home, some celebrants began slaughtering sheep on top of live sheep as large pools of blood formed.

In response, Belgian politician Jean-Marie Dedecker last year introduced a bill that would have required Muslims to stun the sheep before killing them. Muslims protested, and the bill died.

Mr. Dedecker, who hails from Belgium's Dutch-speaking North, blames Laurette Onkelinx, Belgium's Justice Minister and a French-speaking Socialist, for its defeat. "Most of the Muslims speak French and vote for the Socialists, and Ms. Onkelinx needs their votes to stay in office," he says.

Representatives of Ms. Onkelinx did not return phone calls.

Ms. De Greef and her group, Global Action in the Interest of Animals, scored a win in 2003, when they successfully sued to stop municipal authorities from placing collection bins on city streets for animals' remains. Providing such bins is tantamount to sanctioning illegal home sacrifice, she says.

"The Muslims portray this as an attack on their religion," says Ms. De Greef. "But we think the law is for everybody."

Still, authorities in several towns outside Brussels continued to provide waste bins for last week's festival, drawing protests from Ms. De Greef's group. More than 100,000 sheep were sacrificed in Belgium this year for the religious festival, Mr. Beyazgül said.

But for Muslims like 48-year-old Mr. Mimoun, who want to slaughter their sheep in legal facilities, the annual festival can be costly.

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Mr. Mimoun paid a farmer $230 for his sheep. Then he paid $60 to have a certified Muslim sacrificateur perform the ritual killing for him at the slaughter facility. And he'll have to pay a fine -- the amount of which will be determined by a judge -- for transporting the animal in the trunk of his car.

But Mr. Mimoun, who moved to Belgium from Morocco when he was 4 years old, said it was worth it. "I am a Belgian. This is Europe. I respect the law," he said.

Besides, he added: "I don't like blood."

Spanish PM Pays Price After Bomb Derails Eta Peace Talks (FT)

By Mark Mulligan And Victoria Burnett

Financial Times, January 4, 2007

It was a buoyant José Luis Rodríguez Zapatero who last Friday delivered an unerringly upbeat review of the Spanish government's achievements in 2006.

As well as presiding over a roaring economy and laying the legislative foundation for a healthier, more tolerant Spain, the prime minister had sown the seeds of a peace process that could end 40 years of violence by Eta, the Basque separatist group.

Mr Zapatero ventured that Spain would be even "better off in a year's time than it was at the end of 2006". Less than 24 hours after uttering those words, Mr Zapatero was forced to eat them. A powerful car bomb at Madrid's Barajas airport that killed two people made a mockery of his optimism as it derailed the peace process on which he had staked much of his political credibility.

"This is a huge setback for the prime minister," said Antonio Camuñas, the head of Global Strategies, the Madrid-based lobbying group. "By making the peace process his personal project – there were no teams, no delegation – there was always the risk that a failure would be a personal failure."

The suspension of the Eta process marks the first big defeat for a leader who has managed, through formidable charm, shrewdness and unshakeable conviction, to steer his country leftwards since winning a surprise victory in the March 2004 election, two days after devastating bomb attacks on the Madrid commuter rail network. It underlines the limitations of a determined optimist who, political insiders complain, fails to take counsel or heed political alarm bells.

"Mr Zapatero has dominated his own party much like Tony Blair has dominated the [British] Labour party," said David Mathieson from Fride, a left-leaning Madrid think-tank. "When thing are going well for him, it reflects well on the government; when he stumbles, the whole government wobbles."

The setback over Eta talks had exposed a fundamental flaw in the power base built by Mr Zapatero since election victory, said Mr Camuñas. By alienating moderates within his own socialist party, and securing parliamentary support by ceding to the, at times, radical demands of Spain's regionalist parties, he had driven the opposition Popular party further to the right.

Mr Zapatero must now scramble to regain momentum before next year's general election, analysts say. The Eta talks dominated the agenda in Spain in recent months – to the chagrin of Mr Zapatero's aides – leaving little space to highlight the success of the government's more grassroots policies.

On Friday, Mr Zapatero pointed to tax cuts, market reforms and unprecedented spending on research and development and education. His government has clamped down on smoking in public, drink-driving, domestic violence and pushed through a law to help those caring for the elderly and disabled.

However, critics claim that on the international stage, Mr Zapatero has failed to win Spain a voice commensurate with its growing economic stature.

He has failed to back up ambitious, yet vague, foreign policy proposals with action. Despite promoting a Middle East initiative, the prime minister has not visited the region. He has stopped Spanish troops in Afghanistan from moving to the region where fighting is fiercest.

Allies, however, point to his deft management of issues close to Spanish hearts. Mr Zapatero was quick to withdraw troops from Iraq following his election. He defied sceptics when he won continued European Union development funds for the next five years and has secured promises of greater assistance dealing with the flood of African immigrants who use Spain as a backdoor into Europe.

Foreign policy also does not traditionally rank high on the electorate's agenda. "Foreign policy is never a vote winner – it can be a vote loser," says Charles Powell, history professor at the San Pablo CEU university in Madrid.

In an attempt to regain political ground at home, the government this week was planning a series of social policy initiatives "that Spaniards really care about", said a Socialist party official.

In an apparent effort to bury the hatchet with the opposition Popular party, the government next week will seek a new, multi-party anti-terrorism pact.

However, officials admitted the chances of reviving peace talks during Mr Zapatero's term in office were virtually nil.

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A World Free Of Nuclear Weapons (WSJ)

By George P. Shultz, William J. Perry, Henry A. Kissinger And Sam Nunn

The Wall Street Journal, January 4, 2007

Nuclear weapons today present tremendous dangers, but also an historic opportunity. U.S. leadership will be required to take the world to the next stage -- to a solid consensus for reversing reliance on nuclear weapons globally as a vital contribution to preventing their proliferation into potentially dangerous hands, and ultimately ending them as a threat to the world.

Nuclear weapons were essential to maintaining international security during the Cold War because they were a means of deterrence. The end of the Cold War made the doctrine of mutual Soviet-American deterrence obsolete. Deterrence continues to be a relevant consideration for many states with regard to threats from other states. But reliance on nuclear weapons for this purpose is becoming increasingly hazardous and decreasingly effective.

North Korea's recent nuclear test and Iran's refusal to stop its program to enrich uranium -- potentially to weapons grade -- highlight the fact that the world is now on the precipice of a new and dangerous nuclear era. Most alarmingly, the likelihood that non-state terrorists will get their hands on nuclear weaponry is increasing. In today's war waged on world order by terrorists, nuclear weapons are the ultimate means of mass devastation. And non-state terrorist groups with nuclear weapons are conceptually outside the bounds of a deterrent strategy and present difficult new security challenges.

Apart from the terrorist threat, unless urgent new actions are taken, the U.S. soon will be compelled to enter a new nuclear era that will be more precarious, psychologically disorienting, and economically even more costly than was Cold War deterrence. It is far from certain that we can successfully replicate the old Soviet-American "mutually assured destruction" with an increasing number of potential nuclear enemies world-wide without dramatically increasing the risk that nuclear weapons will be used. New nuclear states do not have the benefit of years of step-by-step safeguards put in effect during the Cold War to prevent nuclear accidents, misjudgments or unauthorized launches. The United States and the Soviet Union learned from mistakes that were less than fatal. Both countries were diligent to ensure that no nuclear weapon was used during the Cold War by design or by accident. Will new nuclear nations and the world be as fortunate in the next 50 years as we were during the Cold War? * * *

Leaders addressed this issue in earlier times. In his "Atoms for Peace" address to the United Nations in 1953, Dwight D. Eisenhower pledged America's "determination to help solve the fearful atomic dilemma -- to devote its entire heart and mind to find the way by which the miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life." John F. Kennedy, seeking to break the logjam on nuclear disarmament, said, "The world was not meant to be a prison in which man awaits his execution."

Rajiv Gandhi, addressing the U.N. General Assembly on June 9, 1988, appealed, "Nuclear war will not mean the death of a hundred million people. Or even a thousand million. It will mean the extinction of four thousand million: the end of life as we know it on our planet earth. We come to the United Nations to seek your support. We seek your support to put a stop to this madness."

Ronald Reagan called for the abolishment of "all nuclear weapons," which he considered to be "totally irrational, totally inhumane, good for nothing but killing, possibly destructive of life on earth and civilization." Mikhail Gorbachev shared this vision, which had also been expressed by previous American presidents.

Although Reagan and Mr. Gorbachev failed at Reykjavik to achieve the goal of an agreement to get rid of all nuclear weapons, they did succeed in turning the arms race on its head. They initiated steps leading to significant reductions in deployed long- and intermediate-range nuclear forces, including the elimination of an entire class of threatening missiles.

What will it take to rekindle the vision shared by Reagan and Mr. Gorbachev? Can a world-wide consensus be forged that defines a series of practical steps leading to major reductions in the nuclear danger? There is an urgent need to address the challenge posed by these two questions.

The Non-Proliferation Treaty (NPT) envisioned the end of all nuclear weapons. It provides (a) that states that did not possess nuclear weapons as of 1967 agree not to obtain them, and (b) that states that do possess them agree to divest themselves of these weapons over time. Every president of both parties since Richard Nixon has reaffirmed these treaty obligations, but non-nuclear weapon states have grown increasingly skeptical of the sincerity of the nuclear powers.

Strong non-proliferation efforts are under way. The Cooperative Threat Reduction program, the Global Threat Reduction Initiative, the Proliferation Security Initiative and the Additional Protocols are innovative approaches that provide powerful new tools for detecting activities that violate the NPT and endanger world security. They deserve full implementation. The negotiations on proliferation of nuclear weapons by North Korea and Iran, involving all the permanent members of the Security Council plus Germany and Japan, are crucially important. They must be energetically pursued.

But by themselves, none of these steps are adequate to the danger. Reagan and General Secretary Gorbachev aspired to accomplish more at their meeting in Reykjavik 20 years ago -- the elimination of nuclear weapons altogether. Their vision

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shocked experts in the doctrine of nuclear deterrence, but galvanized the hopes of people around the world. The leaders of the two countries with the largest arsenals of nuclear weapons discussed the abolition of their most powerful weapons. * * *

What should be done? Can the promise of the NPT and the possibilities envisioned at Reykjavik be brought to fruition? We believe that a major effort should be launched by the United States to produce a positive answer through concrete stages.

First and foremost is intensive work with leaders of the countries in possession of nuclear weapons to turn the goal of a world without nuclear weapons into a joint enterprise. Such a joint enterprise, by involving changes in the disposition of the states possessing nuclear weapons, would lend additional weight to efforts already under way to avoid the emergence of a nuclear-armed North Korea and Iran.

The program on which agreements should be sought would constitute a series of agreed and urgent steps that would lay the groundwork for a world free of the nuclear threat. Steps would include:

· Changing the Cold War posture of deployed nuclear weapons to increase warning time and thereby reduce the danger of an accidental or unauthorized use of a nuclear weapon.

· Continuing to reduce substantially the size of nuclear forces in all states that possess them.

· Eliminating short-range nuclear weapons designed to be forward-deployed.

· Initiating a bipartisan process with the Senate, including understandings to increase confidence and provide for periodic review, to achieve ratification of the Comprehensive Test Ban Treaty, taking advantage of recent technical advances, and working to secure ratification by other key states.

· Providing the highest possible standards of security for all stocks of weapons, weapons-usable plutonium, and highly enriched uranium everywhere in the world.

· Getting control of the uranium enrichment process, combined with the guarantee that uranium for nuclear power reactors could be obtained at a reasonable price, first from the Nuclear Suppliers Group and then from the International Atomic Energy Agency (IAEA) or other controlled international reserves. It will also be necessary to deal with proliferation issues presented by spent fuel from reactors producing electricity.

· Halting the production of fissile material for weapons globally; phasing out the use of highly enriched uranium in civil commerce and removing weapons-usable uranium from research facilities around the world and rendering the materials safe.

· Redoubling our efforts to resolve regional confrontations and conflicts that give rise to new nuclear powers.

Achieving the goal of a world free of nuclear weapons will also require effective measures to impede or counter any nuclear-related conduct that is potentially threatening to the security of any state or peoples.

Reassertion of the vision of a world free of nuclear weapons and practical measures toward achieving that goal would be, and would be perceived as, a bold initiative consistent with America's moral heritage. The effort could have a profoundly positive impact on the security of future generations. Without the bold vision, the actions will not be perceived as fair or urgent. Without the actions, the vision will not be perceived as realistic or possible.

We endorse setting the goal of a world free of nuclear weapons and working energetically on the actions required to achieve that goal, beginning with the measures outlined above.

Mr. Shultz, a distinguished fellow at the Hoover Institution at Stanford, was secretary of state from 1982 to 1989. Mr. Perry was secretary of defense from 1994 to 1997. Mr. Kissinger, chairman of Kissinger Associates, was secretary of state from 1973 to 1977. Mr. Nunn is former chairman of the Senate Armed Services Committee.

A conference organized by Mr. Shultz and Sidney D. Drell was held at Hoover to reconsider the vision that Reagan and Mr. Gorbachev brought to Reykjavik. In addition to Messrs. Shultz and Drell, the following participants also endorse the view in this statement: Martin Anderson, Steve Andreasen, Michael Armacost, William Crowe, James Goodby, Thomas Graham Jr., Thomas Henriksen, David Holloway, Max Kampelman, Jack Matlock, John McLaughlin, Don Oberdorfer, Rozanne Ridgway, Henry Rowen, Roald Sagdeev and Abraham Sofaer.

Energy From Another Backyard (WSJ)

By Norval Scott

Wall Street Journal, January 4, 2007

Saint John, New Brunswick

The oil and natural-gas industry is increasingly looking to Canada as a home for big energy projects Americans don't want in their backyards.

A patch of coniferous forest near here, on Canada's Atlantic coastline, represents both the promise and the challenges of that approach. The land, owned by closely held Canadian energy company Irving Oil, is earmarked for the possible construction of a 300,000-barrel-a-day crude-oil refinery that would cost $5 billion to $7 billion -- the first new refinery in the U.S. or Canada in more than 25 years. Irving hopes a refinery, if it chooses to build one, would be operational by 2013.

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The challenges include drawing international partners and a skilled work force to the sparsely populated area, as well as convincing locals that the changes are for the better.

The refinery development is the cornerstone of a concerted regional attempt to construct a huge "energy hub" in New Brunswick, supplying the markets of Boston and New York with gasoline, natural gas and eventually petrochemicals and related products. That would increase U.S. energy reliance on Canada, which already supplies 16% of its imported oil and oil products and about 85% of its imported natural gas.

The effort is the latest sign of increased interest just outside U.S. borders, in part to supply the U.S. market. Two liquefied-natural-gas where gas shipped from overseas in transportable liquid form will be processed for consumer use -- are planned for British Columbia.

Mexico also has drawn interest. In August, an LNG terminal on the country's east coast owned by Royal Dutch Shell PLC of the U.K., Total SA of France and Mitsui & Co. of Japan accepted its first delivery. Others are planned for Mexico's west coast, intended to supply some gas to Southern California. But Mexico's energy infrastructure is less-developed and the nation faces its own supply concerns.

Confronting 'Nimby'

The rise in U.S. energy demand shows no signs of easing, despite higher prices as supplies world-wide become harder to find. The country also has been slow to invest in the infrastructure necessary to bring extra imports to consumers, due in part to concerns about the cyclical nature of the energy business. Also hurting matters is the widespread not-in-my-backyard attitude -- "Nimby" for short -- toward new industrial investment, which has notably delayed development of LNG terminals in the U.S.

Saint John, which is conveniently close to the U.S. Northeast, has both a natural deepwater port that could accommodate more shipping and a large amount of unused land suited for industrial development.

Irving Oil, which already has a 300,000-barrel-a-day refinery at Saint John that exports petroleum products to the U.S., also is building an LNG terminal there in conjunction with Spanish energy company Repsol YPF SA, with plans to import about one billion cubic feet of natural gas a day to meet U.S. demand.

Irving is in talks with potential partners and is gauging local support for the possible new refinery, with an eye to applying for a refining permit early this year. Local officials hope that will contribute to the economic regeneration needed by Saint John, a city hard hit by the decline of both the shipbuilding industry and Atlantic cod stocks. The campaign of New Brunswick's recently elected premier, Shawn Graham, focused on making the province a leader in energy generation.

"Canada has been a reliable supplier of energy to the U.S., and that's something we'd like to expand," said Irving Oil President Kenneth Irving, grandson of the company founder. "As long as we keep getting [local] encouragement, we're going to try our best to make this a reality."

The company says it is negotiating with potential oil-supplying partners, though it won't disclose names. To attract a partner, Irving is touting the potential refinery as a processor of heavier grades of crude oil, which are tougher to refine and which oil producers can find harder to sell in world markets.

Irving and local supporters hope to win locals and attract skilled labor, which has left the region in recent years due to a lack of work and the oil-sands boom in faraway Alberta. Last month, regional advocacy group Atlantic Canada published a brochure in Alberta's major cities, seeking to draw workers back to Eastern Canada by illustrating the region's affordable living and laid-back lifestyle.

The Irving family owns many local businesses, in fields from construction and shipbuilding to forestry and newspapers. The family's local dominance has led some locals to question whether the regional government is holding Irving Oil to full account. In 2005, the New Brunswick legislature capped property taxes on the LNG terminal at 500,000 Canadian dollars (US$430,000) a year for 25 years. Opponents of the deal say that's about a tenth of what U.S.-based Anadarko Petroleum Corp. will pay in taxes on the similarly-sized, though less expensive, Bear Head LNG terminal in Nova Scotia.

Power Play

"Irving Oil has so much power in Saint John and New Brunswick that people are afraid to stand up to them," said Leland Thomas, a founding member of the group Friends of Rockwood Park, which opposes the route chosen for the pipeline to the LNG plant. "They're not paying full value for what they're getting."

City officials claim the property tax cap was vital to ensure the LNG terminal was built in Saint John. At the time, Mayor Norm McFarlane said the decision "would rest well for the next 50 years here."

Some locals still see the terminal as a safety hazard, with a terrorist attack on LNG facilities a particular concern. "We're taking all the risk, and yet all the supplies are going to the U.S.," said Carol Brown, a Saint John restaurateur who refuses to refuel her car at Irving Oil stations.

Irving Oil says it's had a largely positive response from the local community. The company believes its policy of consulting with locals about the project at an early stage -- before applying for any permits have been made -- will enable it to convince

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them of its merits. "The information we've had so far has been very encouraging," said Mr. Irving. "We believe this project has the right balance of aligning commercial interests along with those of the community."

DOJ_NMG_0112444

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 5, 2007 7:45 AM EST

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TERRORISM NEWS:

W Pushes Envelope On U.S. Spying (NYDN)

By James Gordon Meek

New York Daily News, January 4, 2007

WASHINGTON - President Bush has quietly claimed sweeping new powers to open Americans' mail without a judge's warrant, the Daily News has learned.

The President asserted his new authority when he signed a postal reform bill into law on Dec. 20. Bush then issued a "signing statement" that declared his right to open people's mail under emergency conditions.

That claim is contrary to existing law and contradicted the bill he had just signed, say experts who have reviewed it.

Bush's move came during the winter congressional recess and a year after his secret domestic electronic eavesdropping program was first revealed. It caught Capitol Hill by surprise.

"Despite the President's statement that he may be able to circumvent a basic privacy protection, the new postal law continues to prohibit the government from snooping into people's mail without a warrant," said Rep. Henry Waxman (D-Calif.), the incoming House Government Reform Committee chairman, who co-sponsored the bill.

Experts said the new powers could be easily abused and used to vacuum up large amounts of mail.

"The [Bush] signing statement claims authority to open domestic mail without a warrant, and that would be new and quite alarming," said Kate Martin, director of the Center for National Security Studies in Washington.

"The danger is they're reading Americans' mail," she said.

"You have to be concerned," agreed a career senior U.S. official who reviewed the legal underpinnings of Bush's claim. "It takes Executive Branch authority beyond anything we've ever known."

A top Senate Intelligence Committee aide promised, "It's something we're going to look into."

Most of the Postal Accountability and Enhancement Act deals with mundane reform measures. But it also explicitly reinforced protections of first-class mail from searches without a court's approval.

Yet in his statement Bush said he will "construe" an exception, "which provides for opening of an item of a class of mail otherwise sealed against inspection in a manner consistent ... with the need to conduct searches in exigent circumstances."

Bush cited as examples the need to "protect human life and safety against hazardous materials and the need for physical searches specifically authorized by law for foreign intelligence collection."

White House spokeswoman Emily Lawrimore denied Bush was claiming any new authority.

"In certain circumstances - such as with the proverbial 'ticking bomb' - the Constitution does not require warrants for reasonable searches," she said.

Bush, however, cited "exigent circumstances" which could refer to an imminent danger or a longstanding state of emergency.

Critics point out the administration could quickly get a warrant from a criminal court or a Foreign Intelligence Surveillance Court judge to search targeted mail, and the Postal Service could block delivery in the meantime.

But the Bush White House appears to be taking no chances on a judge saying no while a terror attack is looming, national security experts agreed.

Martin said that Bush is "using the same legal reasoning to justify warrantless opening of domestic mail" as he did with warrantless eavesdropping.

Bush Administration Defends Emergency Mail Inspection (USAT)

By Mimi Hall And David Jackson

USA Today, January 5, 2007

DOJ_NMG_0112450

WASHINGTON — The White House on Thursday defended a policy allowing the government to open mail without a warrant, despite criticism that the crime-fighting tactic might lead to privacy breaches.

Bush administration and Postal Service officials said citizens' mail remains constitutionally protected from unreasonable search and seizure. But White House spokesman Tony Snow said the United States needs to have the power to inspect mail in emergencies.

The mail controversy erupted Wednesday after a report in the New York Daily News that President Bush on Dec. 20 attached a so-called signing statement to a new postal law. The statement grants the government the authority during emergencies to bypass a law forbidding mail to be opened without a warrant.

Snow said Bush was simply reiterating authority the government already has under the law.

U.S. Postal Service spokesman Thomas Day concurred. "The president is not exerting any new authority," he said.

Snow did not say what emergency circumstances might warrant inspections of the mail.

Brian Walsh, a lawyer at the conservative Heritage Foundation, said the authority likely would only be used in extreme cases, such as if police learned a bomb or an envelope containing anthrax or another biohazard was in the mail.

If the government didn't have the authority for prompt inspections, the mail — particularly overnight delivery — could become "a courier service for drug dealers or terrorists," Walsh said.

Privacy rights advocates expressed concern that the administration could loosely define emergency situations to include looking at mail sent by or delivered to people who might wrongly be included on the government's terrorist watch lists.

The American Civil Liberties Union said such "deliberate ambiguity" was troublesome.

It "raises a red flag because of President Bush's history of asserting broad powers to spy on Americans," ACLU Director Anthony Romero said.

Others accused Bush of making an end-run around the Constitution and Congress.

"This opens the door into the government prying into private communications," said Jonathan Hafetz, a lawyer with the Brennan Center for Justice. "It's something we associate with a totalitarian or police state."

In Congress, where Democrats took control of both houses Thursday for the first time in 12 years, some lawmakers expressed unease about the practice.

"Every American wants foolproof protection against terrorism," Sen. Charles Schumer, D-N.Y., said. "But history has shown it can and should be done within the confines of the Constitution. This last-minute, irregular and unauthorized reinterpretation of a duly passed law is the exact type of maneuver that voters so resoundingly rejected in November."

White House Denies Switch In Mail Policy (NYT)

By Eric Lichtblau

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — The White House said Thursday that President Bush was not claiming any new executive authority last month when he issued a statement suggesting that postal inspectors could open mail without a warrant in emergency circumstances.

Tony Snow, the White House spokesman, said the statement Mr. Bush issued in signing postal legislation was merely a restatement of existing law allowing mail to be opened without a warrant in “exigent circumstances” to protect public safety.

“All this is saying is that there are provisions at law for, in exigent circumstances, for such inspections,” Mr. Snow said. “It has been thus. This is not a change in the law. This is not new.”

The questions arose after The New York Daily News published an article Thursday drawing attention to the Dec. 20 signing statement and legal questions surrounding it. The front page featured a photo of Mr. Bush alongside the banner headline: “I’ve got mail! And it’s yours!”

Federal law, in keeping with the constitutional prohibition on unreasonable searches, generally prohibits the government from opening first-class mail without a warrant. But a 1996 postal provision allows postal inspectors to open mail without a warrant in narrow circumstances if there is credible evidence that a package contains a bomb or other dangerous material.

DOJ_NMG_0112451

Mr. Bush has drawn intense scrutiny and criticism from Democrats and groups like the American Bar Association for issuing signing statements reserving the right to disregard more than 800 selected provisions of measures he signed into law , often on the grounds that they represented an unconstitutional infringement on executive authority.

In signing the postal legislation last month, Mr. Bush said that its restrictions on the opening of mail should be construed "in a manner consistent, to the maximum extent permissible, with the need to conduct searches in exigent circumstances, such as to protect human life and safety against hazardous materials, and the need for physical searches specifically authorized by law for foreign intelligence collection."

Mr. Snow said Mr. Bush had not claimed any "sweeping new powers" through the statement, as The Daily News article asserted, and the Postal Service issued a statement Thursday echoing that assessment.

"As has been the longstanding practice, first-class mail is protected from unreasonable search and seizure when in postal custody," said Thomas Day, a senior vice president for the Postal Service. "Nothing in the Postal Accountability and Enhancement Act changes this protection. The president is not exerting any new authority."

Critics were not so certain.

Senator Charles E. Schumer, Democrat of New York, called Mr. Bush's signing statement a "last-minute, irregular and unauthorized reinterpretation of a duly passed law" protecting the privacy of mail users. The American Civil Liberties Union said it would press to find out how often mailings had been opened without a warrant.

Bush Warned About Mail-Opening Authority (WP)

By Dan Eggen

The Washington Post, January 5, 2007

President Bush signed a little-noticed statement last month asserting the authority to open U.S. mail without judicial warrants in emergencies or foreign intelligence cases, prompting warnings yesterday from Democrats and privacy advocates that the administration is attempting to circumvent legal restrictions on its powers.

A "signing statement" attached to a postal reform bill on Dec. 20 says the Bush administration "shall construe" a section of that law to allow the opening of sealed mail to protect life, guard against hazardous materials or conduct "physical searches specifically authorized by law for foreign intelligence collection."

White House and U.S. Postal Service officials said the statement was not intended to expand the powers of the executive branch but merely to clarify existing ones for extreme cases.

"This is not a change in law, this is not new, it is not . . . a sweeping new power by the president," spokesman Tony Snow told reporters. "It is, in fact, merely a statement of present law and present authorities granted to the president of the United States."

But some civil liberties and national-security law experts said the statement's language is unduly vague and appears to go beyond long-recognized limits on the ability of the government to open letters and other U.S. mail without approval from a judge.

Kate Martin, director of the Center for National Security Studies in Washington, said the government has long been able to legally open mail believed to contain a bomb or other imminent threat. But authorities are generally required to seek a warrant from a criminal or special intelligence court in other cases, Martin and other experts said.

"The administration is playing games about warrants," Martin said. "If they are not claiming new powers, then why did they need to issue a signing statement?"

Administration critics said they were particularly confused because the relevant portion of the postal reform legislation -- which prohibits opening mail without warrants in most circumstances -- remains unchanged.

A White House official, who was not authorized to speak on the record, said the signing statement, first revealed by the New York Daily News, was intended only to make clear that the new law would not limit the ability of the president or attorney general to open mail under emergency provisions of the 1978 Foreign Intelligence Surveillance Act, which governs spying in the United States. That law allows authorities to conduct searches and surveillance without warrants in emergency situations, although they must apply for a warrant later.

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"The point was that because Congress was passing this anew, the concern was that there would be some confusion," the official said. "The law that's been around since 1978 still allows you to conduct warrantless physical searches under some circumstances, and nothing changes that authority."

The debate over the signing statement comes after disclosures over the past year that Bush authorized a program that allows the National Security Agency to monitor telephone and e-mail communications between the United States and other countrieswithout court oversight. The administration has strongly defended the legality of the NSA spying program, arguing that Congress authorized it as part of the war on al-Qaeda and, even if it had not, that the president has the power to order such surveillance.

In addition to searching for a bomb or other hazardous device, postal officials are legally allowed to open letters that cannot be delivered as addressed, but only to find a correct destination for the parcel. The FBI and other law enforcement agencies are also allowed to obtain authority from postal inspectors to track mail without opening it.

The latest statement caused a small ruckus on Capitol Hill yesterday just as Democrats were taking control of Congress. Charles E. Schumer (D-N.Y.), a member of the Senate Judiciary Committee, called the statement a "last-minute, irregular and unauthorized reinterpretation of a duly passed law."

Sharp limits have been placed on the government's power to open mail since the 1970s, when a congressional committee investigating abuses found that, for three decades, the CIA and FBI had illegally opened hundreds of thousands of pieces of U.S. mail. Among the targets were "large numbers of American dissidents, including those who challenged the condition of racial minorities and those who opposed the war in Vietnam," according to a report by the Senate panel, known as the Church committee. Also surveilled was "the mail of Senators, Congressmen, journalists, businessmen, and even a Presidential candidate," the report said.

During his tenure, Bush has made plentiful use of signing statements, which are issued along with a president's signature on legislation. Although previous presidents used them as guidance for the executive branch, Bush has offered revised interpretations of laws on constitutional or national security grounds in some of his statements.

Bush: Mail Subject To Warrantless Searches (CBS)

CBS News, January 5, 2007

Presidential Signing Statement Claims Feds Can Open Mail In Certain Circumstances

(CBS/AP) President George W. Bush has created more controversy over his domestic intelligence gathering policies with a previously unnoticed "Signing Statement" attached to a postal reform bill which claims federal officials can open U.S. mail without a warrant.

The law as passed by the House and Senate requires government agents to get warrants to open first-class letters.

But the presidential statement, signed on December 20, added that sealed mail can be searched in "exigent circumstances, such as to protect human life and safety against hazardous materials, and the need for physical searches specifically authorized by law for foreign intelligence."

The White House said the president is not claiming any new authority and that the statement does not change the scope of current law.

Spokeswoman Emily Lawrimore told CBS News White House correspondent Mark Knoller, "The signing statement merely recognizes a legal proposition that is totally uncontroversial: that in certain circumstances – such as with the proverbial 'ticking bomb' – the Constitution does not require warrants for reasonable searches."

But CBS News legal analyst Andrew Cohen questioned why the president felt it necessary to attach the language to the bill if nothing has changed.

"I don't think the White House would have included this language into a signing statement unless the feds were either already searching mail without a warrant or planning to do so," Cohen said. "And if the legal right to do so were as clear as the White House now says it's hard to believe that there was a need to remind everyone of the fact in a bill about the postal service."

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"The signing statement raises serious questions whether he is authorizing opening of mail contrary to the Constitution and to laws enacted by Congress," said Ann Beeson, an attorney with the American Civil Liberties Union. "What is the purpose of the signing statement if it isn't that?"

She said the group is planning to file request for information on how this exception will be used and also asking whether it has already been used to open mail.

Postal Vice President Tom Day said Thursday: "As has been the long-standing practice, first class mail is protected from unreasonable search and seizure when in postal custody. Nothing in the Postal Accountability and Enhancement Act changes this protection. The president is not exerting any new authority."

However, Sen. Charles E. Schumer, D-N.Y., criticized Bush's action.

"Every American wants foolproof protection against terrorism. But history has shown it can and should be done within the confines of the Constitution. This last-minute, irregular and unauthorized reinterpretation of a duly passed law is the exact type of maneuver that voters so resoundingly rejected in November," Schumer said.

The White House first came under scrutiny for its domestic surveillance policies in December 2005 when the New York Times revealed a National Security Agency program which eavesdropped on phone calls without warrants to do so.

Mr. Bush claimed the NSA program is needed in the war on terrorism; opponents say it oversteps constitutional boundaries on free speech, privacy and executive powers.

In October, a federal appeals court allowed the domestic spying program to continue after a lower court had ordered it stopped.

President Bush has also come under fire from legal experts for creating or expanding presidential powers in bill signing statements. In July, an American Bar Association task force said that the president was violating the Constitution by doing so.

"If left unchecked, the president's practice does grave harm to the separation of powers doctrine, and the system of checks and balances that have sustained our democracy for more than two centuries," ABA president Michael Greco said at the time.

Bush has issued at least 750 signing statements during his presidency, more than all other presidents combined, according to the ABA.

Typically, presidents have used signing statements for such purposes as instructing executive agencies how to carry out new laws.

Bush's statements often reserve the right to revise, interpret or disregard laws on national security and constitutional grounds.

Both the warrantless searches and the president's use of signing statement's could be challenged by the newly convened Democratic congress.

"With Democrats now in control of Congress, don't be surprised if we see an investigation into these sorts of uses of signing statements and of the White House's legal authority to undertake searches like this without a warrant or other court order," Cohen said.

A Terror Detainee Longs For Court (NYT)

By Adam Liptak

The New York Times, January 5, 2007

Ali al-Marri, whom the government calls a sleeper agent for Al Qaeda and who is the only person on the American mainland still held as an enemy combatant, spends his days in a small cell in solitary confinement at the Navy brig in Charleston, S.C. When he is in an ironic mood, his lawyers say, he calls the cell his villa.

Mr. Marri waits there for word from his wife, two sons and three daughters, whom he last saw in 2001, just before his arrest in Peoria, Ill., where he was studying computer science at Bradley University.

Letters arrive, but they are late and have words and sentences blacked out. A note his wife sent to him 10 months ago landed recently. It began with a standard Muslim invocation, but a word was missing. Mr. Marri is pretty sure it was “Allah.”

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But mostly Mr. Marri waits for word from a federal appeals court, which will soon rule on one of the most urgent questions in American law, one his case presents in stark form: May the government indefinitely detain a foreigner living legally in the United States, without charges and without access to the courts?

Mr. Marri, who is 41 and a citizen of Qatar, wants the right to challenge President Bush's assertion that he is a terrorist and "a grave danger to the national security of the United States."

The Bush administration says the courts cannot second-guess the president when he decides that someone is an enemy combatant, at least when noncitizens are involved. Detaining combatants is a military rather than a criminal matter, the administration says, adding that its purpose is not to punish the prisoner but to stop him from returning to the battlefield.

The implications of that position are startling, according to a brief filed last month in Mr. Marri's case by some 30 constitutional scholars. "The government's interpretation would be vastly threatening to the liberty of more than 20 million noncitizens residing in the United States," the brief said, "exposing them to the risk of irremediable indefinite detention on the basis of unfounded rumors, mistaken identity, the desperation of other detainees subject to coercive interrogation, and the deliberate lies of actual terrorists."

Kathleen M. Blomquist, a spokeswoman for the Justice Department, disputed that contention.

"Of all the terrorists currently in the custody of the United States military, al-Marri is the only one who was captured in the United States," Ms. Blomquist said, adding that the notion that millions of people are at risk is "unfounded and absurd."

Mr. Bush's determination that Mr. Marri is an enemy combatant, she said, was based on substantial evidence, including "his association with Khalid Shaikh Mohammed, mastermind of the 9/11 attacks, and files found on his computer concerning chemical weapons of mass destruction."

Mr. Marri maintains his innocence, his lawyers say. But they have refused to offer point-by-point rebuttals of the government's detailed assertions, calling instead for prosecutors to offer evidence to back them up in court.

"In a civilized society and under American law and tradition," said Jonathan Hafetz, a lawyer for Mr. Marri with the Brennan Center for Justice at New York University School of Law, "the government has the obligation to prove its case."

One of Mr. Marri's brothers, Mohammed Marri, in a telephone interview from Qatar, rejected the charge that Mr. Marri is a terrorist. "For sure it's not true," he said.

A third brother, Jarallah, is at Guantánamo Bay, Cuba, held as an enemy combatant based on accusations that he had visited a Qaeda camp. "This is not a proper way to treat other people from other countries," Mohammed Marri said of his brothers and other detainees. "If they are guilty, let them prove it in court."

An Exclusive Club

The Charleston brig can hold 288 military prisoners and 6 enemy combatants, but there have never been more than 3 in the exclusive enemy combatant club. Two of them are now gone.

One of them, Yaser Hamdi, was freed and sent to Saudi Arabia after the United States Supreme Court allowed him to challenge his detention in 2004. Jose Padilla was transferred to the criminal justice system last year just as the Supreme Court was considering whether to review his case. That leaves only Mr. Marri.

Mr. Hamdi and Mr. Padilla are American citizens, but Mr. Marri is not. They were seized abroad or on their way back to the United States, while Mr. Marri was living what seemed to be an ordinary life, in Peoria, a city often caricatured as the nation's most ordinary, with a family and a minivan.

The government contends in a partly declassified declaration from a senior defense intelligence official, Jeffrey N. Rapp, and in a recent book by former Attorney General John Ashcroft, that Mr. Marri was a Qaeda sleeper agent sent to the United States to commit mass murder and disrupt the banking system.

The assertions have not been tested in court, and human rights groups say they are based on unreliable evidence "There is substantial reason to believe," lawyers for two of the groups wrote in a brief in November, "that the allegations of the Rapp declaration are derived from the torture of two men interrogated at Guantánamo Bay and other detention sites: Khalid Shaikh Mohammed and Mustafa Ahmed al-Hawsawi."

The government says that Mr. Hawsawi was one of the financiers of the Sept. 11 attacks.

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Mr. Rapp's declaration cites the personal views of Mr. Mohammed, who is often referred to as K.S.M. "K.S.M. considered al-Marri an ideal sleeper agent," Mr. Rapp wrote.

Kept in Isolation

Mr. Marri was kept in isolation at the brig and, according to his court filings, subjected to tough interrogation. Interrogators threatened to send him to Egypt or Saudi Arabia, according to a lawsuit filed on his behalf in 2005, "where, they told him, he would be tortured and sodomized and where his wife would be raped in front on him."

"By winter '05," Andrew J. Savage, who also represents Mr. Marri, said in a recent interview, "I genuinely thought he was losing his mind. He told me in this sort of indirect way that he might not be able to hold on, that his mind was playing tricks on him."

Mr. Padilla's lawyers have said that their client's time in the brig was so grueling that he is not fit to stand trial. But while Mr. Padilla was passive, Mr. Marri pushed back. He put wet toilet paper on the video camera, for instance. The brig responded by taking away his mattress, Koran and hygienic products, including his toilet paper.

"There is almost nothing to distract him from his torment," his lawyers wrote in the lawsuit, "and he therefore becomes preoccupied with his pain and the degradation he suffers."

Perhaps as a consequence of the lawsuit, conditions have improved.

When Mr. Marri's lawyers were first allowed to see him in October 2004, after the decision in Mr. Hamdi's case, Mr. Marri was behind a transparent barrier and bound in leg-irons and handcuffs that were linked to a belly-chain and fastened to the floor. Officials from the Defense Intelligence Agency and the brig were present, and the conversation was videotaped.

On a recent visit, Mr. Savage said, he met his client in a visiting lounge. Mr. Marri, who was not restrained, was wearing stylish bifocals rather than institutional prison glasses. He was also wearing a watch, which makes it easier for him to know when to pray.

Mr. Savage brought hummus and pita bread. "We sat down, we broke bread, and we had a three-and-a-half hour conversation, unmonitored," Mr. Savage said.

Mr. Marri is now allowed to watch television in the evening, but not the news. He reads newspapers and magazines, but they are edited. "Brig staff remove all materials associated with the war on terror from them," Cmdr. Stephanie L. Wright, the brig's commanding officer, said in court filing in July.

Sometimes that makes for a thin newspaper. "All I get is sports and obits," Mr. Marri has complained, Mr. Savage said. He is critical of the former, saying there is not enough soccer coverage.

The Defense Department has allowed journalists and others to tour the Guantánamo facility, where Mr. Marri's brother Jarallah and 400 other men are being held. All of the Guantánamo prisoners are foreigners who were seized abroad. The government has not asserted that the brothers were working together.

The Defense Department refused a recent request to inspect the Charleston brig. A spokesman, Cmdr. J. D. Gordon, cited "operational security concerns surrounding the detention of an alleged al Qaeda-linked operative in the U.S. mainland," a reference to Mr. Marri. Commander Gordon added that "it has always been our policy to treat all detainees humanely."

Return to the United States

Mr. Marri spent eight years in the United States as a young man, graduating from Bradley with an undergraduate degree in business administration in 1991. When he returned to the United States 10 years later, he brought his family.

In his declaration, Mr. Rapp noted that Mr. Marri's profile "differed significantly from that of the Sept. 11, 2001, hijackers." Those differences, Mr. Rapp said, made Mr. Marri all the more attractive to Al Qaeda.

The years between Mr. Marri's two stints at Bradley are a mystery. The government says he trained at a Qaeda camp in Afghanistan for about a year and a half between 1996 and 1998, specializing in poisons. The government also says that Mr. Marri visited the United States briefly in 2000, which Mr. Marri has denied.

In the summer of 2001, Mr. Rapp wrote, Mr. Mohammed introduced Mr. Marri to Osama bin Laden. Mr. Marri "offered to be an Al Qaeda martyr," Mr. Rapp wrote.

"Al Qaeda instructed al-Marri that it was imperative that he arrive in the United States prior to Sept. 11, 2001, and that if al-Marri could not do so, that he should cancel all his plans and go to Pakistan," Mr. Rapp wrote.

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The Marris arrived in Peoria on Sept. 10, 2001.

Mr. Marri soon came to the attention of the F.B.I., which first interviewed him less than a month later. In December, agents searched his laptop, finding "research consistent with the tradecraft and teachings associated with Al Qaeda," Mr. Rapp wrote. Mr. Marri was arrested on Dec. 12, 2001, and held as a material witness at the request of prosecutors in New York. He was indicted two months later on charges of credit card fraud. In January 2003, the government added charges of lying to federal agents and financial institutions, and identity theft. Mr. Marri pleaded not guilty. His family has since returned to the Middle East.

For a year and a half, the government pursued a conventional criminal case. Mr. Ashcroft, in his book "Never Again," which was published in October, wrote that Mr. Marri "rejected numerous offers to improve his lot" by cooperating with investigators. "He insisted," Mr. Ashcroft wrote, "on becoming a 'hard case.' "

In June 2003, as the case was nearing trial, the government abruptly changed course, taking Mr. Marri out of the criminal system and moving him into indefinite military detention. That means, Mr. Ashcroft later wrote, that Mr. Marri can be held "at least until the war against Al Qaeda was over."

In its rush to move Mr. Marri, the government short-circuited its criminal case. On hearing that a federal judge in Peoria would allow Mr. Marri's lawyers to file papers opposing the transfer as long as the criminal case was alive, the government agreed to dismiss the criminal charges with prejudice, meaning they cannot be refiled.

The decision, however, would not prevent the government from charging Mr. Marri with other crimes outlined in Mr. Rapp's declaration.

The declaration has served the purpose for which it was designed. In August, it persuaded Henry F. Floyd, a federal judge in Spartanburg, S.C., to deny a habeas corpus petition challenging Mr. Marri's detention. Saying that Mr. Marri had "offered nothing more than a general denial" of the assertions in the declaration, Judge Floyd dismissed the petition.

Neither side was happy with the ruling. Mr. Marri has appealed to the United States Court of Appeals for the Fourth Circuit in Richmond, saying that the president does not have the power to detain him as an enemy combatant.

A foreigner living legally in the United States, his lawyers say, is not the same as a soldier captured on a battlefield. Even if the president does have the power, they say, he should be required to support his assertions with evidence.

The government argues that Judge Floyd gave Mr. Marri too full a hearing. It cited the recent Military Commissions Act, which says that the courts have no jurisdiction to hear challenges from any alien "who has been determined by the United States to have been properly detained as an enemy combatant."

The case will be heard Feb. 1

The government offered Mr. Marri a sort of consolation prize should the appeals court dismiss his case. It said he could try to persuade a combatant status review tribunal, convened by the Defense Department, that he was not an enemy combatant. That would apparently be the first such proceeding on the mainland; all of the others known to have been conducted were at Guantánamo Bay.

A Different View

In a brief filed in November, eight former Justice Department officials, including Janet Reno, the attorney general in the Clinton administration, said that taking Mr. Marri out of the criminal system as his case approached trial "has given to the appearance of manipulation of the judicial process." The brief listed several criminal statutes available to prosecute people accused of terrorism along with many successful prosecutions under them.

"The criminal justice system has proven that it can make the cases," Ms. Reno said in an interview. "For the president to be able to designate someone as an enemy combatant, without process and without regulation, just doesn't make any sense and isn't necessary."

Ms. Blomquist, the Justice Department spokeswoman, said, "While we respect the views of former law enforcement officials, the United States cannot afford to retreat to a pre-September 11 mind-set that treats terrorism solely as a domestic law enforcement problem."

Mr. Marri shared a fantasy with one of his lawyers not long ago. "I'd love to be taken back to Saudi Arabia and they would beat the" — here, he swore — "out of me for six months," Mr. Marri said, according to Mr. Savage. "It would be brutal, but it would be finite."

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Defense Rests After Hearing From Torture Expert At Hamas Trial In U.S. (AP)

By Mike Robinson, Ap Legal Affairs Writer

AP, January 5, 2007

(AP) - CHICAGO-Attorneys for one of two men accused of furnishing thousands of dollars (euros) and fresh recruits to a Palestinian terrorist network rested their case Thursday following testimony from an expert on torture.

Closing arguments were set for Monday at the racketeering trial of former Chicago grocer Muhammad Salah, 53, and Abdelhaleem Ashqar, 48, a former assistant professor of business at Washington's Howard University.

Federal prosecutors say the two men were members of the Palestinian militant group Hamas and helped to bankroll a wave of terror that included bombings, kidnappings and murder aimed at toppling the Israeli government.

"Ladies and gentlemen, we are done with the evidentiary portion of this case," U.S. District Judge Amy J. St. Eve, who has presided over the 10-week trial, told the jurors before sending them home for the weekend.

Attorney William Moffitt, who represents Ashqar, rested his case weeks ago. Salah attorney Michael E. Deutsch rested Thursday following testimony from a psychiatrist and torture expert, Dr. Metin Basoglu.

Basoglu, an authority on the psychological mechanisms created by torture, testified over a live video feed from Istanbul where he lives.

Basoglu said a slipped disc in his back kept him from traveling.

Salah's attorneys are hoping Basoglu's testimony will reinforce Salah's claim that after his January 1993 arrest he was tortured by Israel's Shin Bet security agents into making incriminating statements.

Israeli police confiscated $97,000 in cash in his East Jerusalem hotel room, money they say was earmarked to pay for guns and bombs for Hamas.

The soft-spoken Salah, who grew up in a squalid West Bank refugee camp and later became a U.S. citizen, says the money was for Muslim charities.

He served almost five years in Israeli prisons before he returned to the U.S., where he immediately came under intense scrutiny by the FBI.

Basoglu, a specialist in psychiatry at Istanbul University and a senior lecturer at the University of London, said torture causes acute stress by making victims feel they have lost control of their situation.

He said the anxiety torture victims suffer during interrogation by the military or the police can become so intense as to be unbearable.

"Any one of us would comply in that situation," he said.

The trial began with opening statements in October. The prosecution's initial witnesses were two Shin Bet agents who interrogated Salah in 1993.

They testified under aliases in a courtroom cleared of spectators to protect them against possible reprisals by Hamas. But reporters were allowed to hear their testimony on closed-circuit TV in another room.

Both men denied Salah ever was tortured. Salah did not take the stand but his attorneys say he was put in a freezing cell with no blanket, forced to wear a foul-smelling hood and otherwise mistreated for weeks.

Former New York Times reporter Judith Miller testified that she witnessed part of Salah's 54-day interrogation at a high-security prison in Ramallah. She said he seemed to be in good spirits. Salah attorneys say Miller saw only a small fraction of what went on and was easily fooled.

Prosecution witnesses testified that when agents searched Ashqar's home they found Hamas records and literature and that he took part in a Philadelphia meeting at which the group's organizers mapped strategy.

His attorneys maintain that he merely was exercising his right to free speech and that nothing he did violated the law.

There is a third defendant in the case - Mousa Mohammad Abu Marzouk - allegedly a high-ranking member of the Hamas command now believed to be living in Damascus and classified as a fugitive.

A crowded courtroom was expected for closing arguments Monday. The case has drawn wide interest since August 2004 when then Attorney General John Ashcroft unveiled the indictment at a news conference, saying the three operated "a U.S.-based terrorist recruiting and financing cell."

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Grocer Pleads Guilty To Misleading Federal Agents (NSDY/AP)

Long Island Newsday, January 5, 2007

ROCHESTER, N.Y. (AP) _ A Rochester grocer pleaded guilty Thursday to misleading FBI agents about his brother's intentions to leave the U.S. for Israel and become a suicide bomber.

Mohamed Subeh, 43, admitted in U.S. District Court that he deceived federal agents when he denied seeing a letter from his brother that indicated he wanted to become a suicide bomber. Prosecutors said Subeh destroyed the letter, but not before investigators had the opportunity to photocopy it and have it translated.

Subeh, a naturalized U.S. citizen, on April 4 will face a sentence ranging from probation to six months in prison.

Subeh's brother, Ismail Dorgham, 24, was stopped in 2003 at the Greater Rochester International Airport when he used cash to purchase a one-way ticket to Jordan and had no luggage in tow.

While he was questioned, an FBI counterterrorism agent found the note to Subeh _ written in Arabic _ in Dorham's possesion. The FBI translated a copy of the document a week later and concluded that Dorgham intended to become a suicide bomber on behalf of a terrorist organization.

Dorgham is currently married and living with his wife and his 2 {-year-old son in Bethlehem, Subeh's lawyer, John Parrinello said.

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Information from: Rochester Democrat and Chronicle, http://www.democratandchronicle.com

HOMELAND RESPONSE:

Court To Consider Conflicting Portraits Of Would-be Subway Bomber (AP)

By Tom Hays, The Associated Press

AP, January 5, 2007

NEW YORK (AP) — Shahawar Matin Siraj was either a naive stooge lured into a phony bomb plot or a homegrown terrorist determined to inflict misery on New Yorkers as revenge for wartime abuses of Iraqis.

The conflicting portraits of Siraj — convicted on conspiracy charges in a scheme to blow up one of the city's busiest subway stations — were painted in court papers recently filed in advance of his sentencing on Monday in federal court in Brooklyn.

Defense attorneys have sought to convince a judge that their client's sentence should not exceed 10 years since the attack never came close to being carried out.

Siraj, a 21-year-old high school dropout at the time of his arrest, "is not a dangerous psychopath, but more of a confused and misguided youngster," the defense team argued in its papers.

Prosecutors countered that the Pakistani immigrant deserves at least 30 years — and possibly life — behind bars as the "driving force" behind a "workable terrorist plot" to set off explosives at the subway station of Herald Square, a dense shopping district that includes Macy's flagship department store.

"The offense was the brainchild and handiwork of the defendant," the government's papers said.

On Thursday, U.S. District Judge Nina Gershon denied a defense motion for a new trial, saying in a written ruling that "the evidence as to the defendant's guilt was overwhelming."

Siraj and another man suspected in the plot, James Elshafay, were arrested on the eve of the 2004 Republican National Convention carrying crude diagrams of Herald square. Elshafay immediately agreed to cooperate with the government.

Authorities said Siraj had no affiliation with known terrorist organizations. Instead, he was a relative loner whose anti-American rants caught the attention of a police informant, Osama Eldawoody, and an undercover officer.

Eldawoody, a naturalized U.S. citizen from Egypt, had been assigned by the NYPD to identify and track Islamic extremists in Muslim neighborhoods after Sept. 11. He and the undercover officer emerged last year at Siraj's trial as the government's star witnesses.

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While wearing a wire and assuming the role of an accomplice, Eldawoody assured Siraj that any plan he concocted would have the backing of a fictitious faction called The Brotherhood. On tape, Siraj was recorded musing about possibly destroying the Verrazano-Narrows and three other bridges serving Staten Island or killing Microsoft founder Bill Gates before settling on Herald Square as a target.

Testifying in his own defense, Siraj said he never had a violent thought before he fell under the spell of the 50-year-old Eldawoody. He said the older man became a mentor and instructed him that there was a fatwa, or religious edict, permitting the killing of U.S. soldiers and law enforcement agents.

Eldawoody had himself talked about "blowing up the buildings and blowing up the Wall Street places," the defendant said. He admitted taking steps to attack the subway station, but only after the informant inflamed him by showing him photos of prisoners being abused at Abu Ghraib prison in Iraq.

According to the recent defense filings, he has since expressed his regret.

"I feel really, really bad and apologize to everybody," he told a psychologist. "I was just foolish, just angry."

Ill. Man Indicted In Hand Grenade Case (AP)

AP, January 5, 2007

CHICAGO - A man accused of plotting to use hand grenades in an attack on holiday shoppers was indicted Thursday on charges of attempting to use weapons of mass destruction.

Derrick Shareef, 22, was arrested Dec. 6 by an FBI-led anti-terrorism task force following a sting operation in which an undercover informant secretly tape-recorded his plans.

Shareef was arrested when he met an undercover agent to trade a pair of stereo speakers for four hand grenades and a handgun to use at the CherryVale shopping mall in Rockford, about 90 miles northwest of Chicago, federal prosecutors said.

Shareef is being held in the government's Metropolitan Correctional Center pending a court hearing. No date has been set.

Defense attorney Michael B. Mann, who was appointed to represent Shareef at his initial court appearance in December, was unavailable for comment. A message left on his office voicemail was not immediately returned.

Prosecutors have said they were convinced Shareef had operated alone and there had been no imminent danger to the public.

Federal Grand Jury Indicts Shareef (RRS)

Rockford Register Star, January 5, 2007

ROCKFORD — A federal grand jury on Thursday formally indicted Derrick Shareef with attempting to use a weapon of mass destruction and attempting to destroy real and personal property by use of explosives.

“The complaint is one way to charge a suspect, but that has to be followed up by an indictment within 30 days,” said Kim Nerheim, a spokeswoman with the U.S. attorney’s office in Chicago, where the grand jury revealed the indictment.

“That’s what this was and that’s why it is so similar to the complaint,” Nerheim said.

Shareef, 22, allegedly wanted to use grenades in an attack on patrons of CherryVale Mall to wage jihad against people in the United States.

He was arrested Dec. 6 after he exchanged some stereo speakers for some nonfunctioning grenades and a firearm.

Shareef remains in federal custody in Chicago awaiting his arraignment, a date that has not been set.

Democrats Set Homeland Security Changes (AP)

By Leslie Miller

AP, January 5, 2007

Hours after taking control of Congress, House Democrats disclosed a plan they said would strengthen homeland security after five years of complaining that Republicans weren't doing enough.

Democrats say their legislation bill would implement the unfinished 9/11 Commission recommendations that fall under the Homeland Security Committee's jurisdiction.

The bill would require private companies to prepare for terrorism and the government would have to inspect cargo on passenger planes and shipping containers leaving the largest ports. Airport screeners would be given whistle-blower protection, money would be set aside to develop technology for detecting explosives at checkpoints and an appeals process would be established for airline passengers mistaken for terrorists on watch lists.

Democrats have said the Republican-controlled Congress didn't implement the commission's 41 recommendations aimed at improving safety after the Sept. 11, 2001, terror attacks.

The commission itself met a year ago to hand out failing grades to the government, giving an "F," for example, to improving airline passenger screening and homeland security spending for cities considered most at risk of attack.

The bill will be debated and voted on Tuesday — without going through the committee process — as part of the Democrats' "100 hours" plan to quickly accomplish their priorities.

Republicans objected to the speed with which the Democrats are moving.

New York Rep. Peter King, ranking Republican on the Homeland Security Committee, sent a letter Tuesday to committee chairman and lead sponsor of the bill, Rep. Bennie Thompson, D-Miss. In it, King said that bypassing the committee would contradict an "open, full and fair debate" promised by incoming Speaker Nancy Pelosi, D-Calif.

"Homeland security is far too important an issue to play politics with, and any new homeland security measure should be given the review and oversight it deserves," King wrote.

The "9/11 Commission" bill isn't filed yet. According to a draft, it would tackle a knotty problem: spending homeland security funds on cities most at risk of terrorist attack.

Currently, the grant formula gives each state .75 percent of the total pot of money before its risk is assessed. The bill would reduce that to .25 percent, except states with large international borders would start off with .45 percent.

Homeland Security analysts have said there are no remaining proposals that can easily be enacted into law because they are politically difficult.

For example, the commission recommended that oversight of Homeland Security be given to a single committee. The Homeland Security Department said it reported to 86 committees and subcommittees and gave more than 4,000 briefings in 2005-06. But soon after House Democrats unveiled the 9/11 bill, they announced that the Transportation Committee would share jurisdiction over two Homeland Security agencies: the Coast Guard and Federal Emergency Management Agency.

One problem for congressional Democrats in fulfilling their promise is that some of the commission's recommendations to change foreign policy — such as supporting Pakistan and reforming Saudi Arabia — don't fall under the purview of Congress. Those aren't addressed in the bill.

4 Cities Cut, 4 Added For Terror Grants (AP)

By Devlin Barrett

AP, January 5, 2007

Four U.S. cities will get a fresh infusion of federal anti-terror grant money, and four others will be cut off from such grants, under a new government list of urban areas considered at serious risk of attacks and eligible to share $747 million.

The list obtained Thursday by The Associated Press shows the four newly eligible cities are El Paso, Texas; Norfolk, Va.; Providence, R.I.; and Tucson, Ariz.

The cities that were cut from the list of 45 metropolitan areas are Toledo, Ohio; Baton Rouge, La.; Louisville, Ky.; and Omaha, Neb.

The Homeland Security Department has come under intense scrutiny for its decisions in the Urban Area Security Initiative, or UASI, which is the only pool of federal money designed to go to localities based solely on their risk of terror attacks.

Officials in New York and several other major cities were furious last year when the agency announced major cuts to their funding while sending millions of dollars to places like Omaha and Louisville, which are generally considered to face less risk of terrorism.

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The agency may officially announce the decision as early as Friday, though the designations do not yet come with fixed dollar amounts. Those are expected later this year, most likely in May, after the government has reviewed the cities' grant applications.

Under the program, DHS awards money not just to an individual city, but to the entire metropolitan area.

This year, DHS chose to lump together New York City and northern New Jersey into a single area. Last year, the agency kept them separate, giving money directly to Jersey City and Newark.

While the agency did cut four cities from the list, it spared several others that were warned in 2006 that they might be cut off. Those spared cities were Las Vegas, Nev., Buffalo, N.Y., Oklahoma City, Okla.; Tampa, Fla.; San Diego, Calif.; Sacramento, Calif.; and Phoenix, Ariz.

The UASI list also does not include a smaller, separate pot of grant money to protect urban infrastructure, like public transit systems. An announcement on that money is expected next week.

The actual UASI payments vary widely from place to place, and even year to year. In the 2005 budget year, for example, Los Angeles received $65 million, while Jacksonville, Fla. got $6.9 million.

Since the Sept. 11 attacks cities like New York and Washington have received the lion's share of the UASI money, but city officials protested furiously last May when funding for each was cut by 40 percent.

The program was launched after the terrorist attacks of Sept. 11, 2001, and has since been the focus of yearly wrangling between the Bush administration and some in Congress who want a larger share of federal largesse to be distributed based solely on risk.

Sen. Charles Schumer, D-N.Y., said Thursday he was concerned New York might be put at a disadvantage by having to split its share of funding with northern New Jersey.

"This could spell trouble. If they give out one pot of money to two areas, we cannot let that translate into fewer dollars," said Schumer.

The new Democratic majority in Congress, sworn in Thursday, has pledged to revise grant spending to distribute billions of federal anti-terror grants based on risk. The House is expected to take up such legislation next week as part of a package based on the recommendations of the 9/11 Commission.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, January 5, 2007

Prime target

The difficulty of trying to rebuild Iraq as insurgents try to destroy it was hammered home by an incident in November.

The U.S. operates Camp Loyalty, a forward operating base near Baghdad, and stores building material there. In this case, they were husbanding a huge amount of electrical wiring and components to help turn the lights on in Sadr City, the capital's Shi'ite slum.

Then, insurgent mortar rounds hit the base storage yard. Everyone took cover. When the barrage ended, most of the supplies disappeared in flames.

"Media there never covers the fact that Iraqi bad guys are blowing up Iraq's own reconstruction," said a military official. "Congress is told subliminally by others that reconstructors are all crooks or political incompetents."

CIA on China threat

CIA Director Michael V. Hayden spoke to CIA employees yesterday for a town-hall-style meeting where he revealed the agency's new "Strategic Intent" report and outlined some of the reforms taken. They include setting up a new operations center with representatives from the collection, analysis and technical services branches.

The report lists the long war on terrorism, arms proliferation and the rise of China and India as part of the current "unstable and dangerous " strategic environment.

One initiative: the creation of a CIA associate deputy director for counterintelligence that supporters hope will give the agency something it badly needs in the current environment of aggressive foreign intelligence activities. "Counterintelligence is

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too critical an issue not to have a senior member of our leadership team committed to it 24/7," Gen. Hayden said in announcing the post.

Counterintelligence at CIA has been a backwater support function since the ouster of master counterspy James Jesus Angleton in the 1970s. Mr. Angleton oversaw an aggressive independent counterintelligence branch that conducted several mole hunts that upset veteran spies.

The CIA still has not fully recovered from the decadeslong betrayal of CIA officer Aldrich Ames, who gave Russia the names and identities of virtually all the CIA's recruited agents working against the Soviet Union. Ames was caught in 1993.

Other reforms outlined by Gen. Hayden include a "revitalized" covert action review group that will direct semi-secret CIA-sponsored activities ranging from political operations to paramilitary forces.

The CIA also has a new External Advisory Board that includes former Chairman of the Joint Chiefs of Staff Gen. Richard B. Myers, former Deputy Defense Secretary John Hamre and former Hewlett-Packard Chief Executive Officer Carly Fiorina.

Test run

The intelligence community would just as well forget the flawed 2002 National Intelligence Estimate (NIE) on Iraq and work on making sure such a mistaken analysis does not happen again.

One new look is Intellipedia, a classified form of the Wikipedia, the Internet encyclopedia where people can use the "wiki" software to add information on a given subject.

Intellipedia debuted in April on the government's top-secret network. Today, there are more than 28,000 Web pages, over 13 million "hits" and 3,600 registered users.

The Office of the Director of National Intelligence is experimenting with that concept, via Intellipedia, to see if intelligence analysts collectively can produce an accurate NIE on various subjects. Another aim is to get rid of the "stovepipes" — the metaphor for analysts not sharing information with other analysts in different fields but similar subjects.

"With all edits being attributable in Intellipedia, it actually kind of allows our officers to be much more collegial with one another, and it builds a community, which is what we're trying to do," Sean Dennehy, a CIA analyst, said at a recent round-table discussion.

Intellipedia will be a communal site for all types of intelligence articles, which can be edited by other analysts, while keeping the assessment's historical thread. You can have analysts from U.S. Pacific Command, the CIA and a satellite reconnaissance office talking to one another at the same time on the same topic via Intellipedia.

The DNI is also doing an experimental NIE, the intelligence community's crown jewel produced by the National Intelligence Council. The initial Intellipedia NIE will be on the troubled African nation of Nigeria. Intellipedia will be the recipient of analysts assessments on that country for use by the council to write the NIE.

Changing Air Force

Gen. T. Michael Moseley, Air Force chief of staff, has made the war on terror his top service priority, followed by caring for airmen and their families, and buying new combat aircraft and space assets.

A recent message from headquarters shows how the Air Force is changing. Last fall, the Air Force dropped its first small-diameter bomb, the GBU-39/B, from an F-15E Strike Eagle supporting troops in Iraq. The 250-pound bomb allows jet fighters to carry a larger bombs-to-targets ratio, meaning a pilot can hit multiple suspected terror safe houses and reduce collateral damage.

The Air Force this summer also helped the Army by sending "several hundred" airmen to ground combat training before deploying to Iraq or Afghanistan. The Army is stressed by frequent war deployments. President Bush announced in December that he will ask Congress to increase the number of soldiers by an unspecified number. The military even has come up with a name for airmen changing their traditional missions. It's called "in-lieu-of."

The war on terror is also putting an unprecedented demand on the Predator, an unmanned aerial vehicle that can spy on the enemy and unleash deadly Hellfire missiles. The Air Force message called it "one of the most sought-after weapons by combatant commanders."

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WAR NEWS:

Bush Will Seek Aid, Jobs Funds To Bolster Iraq (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, January 5, 2007

WASHINGTON -- The Bush administration's new strategy for Iraq, which the president is set to announce next week, will include a big boost in spending to fund reconstruction, economic growth and job creation, as part of a broader effort to help embattled Iraqi Prime Minister Nouri al-Maliki.

People familiar with the matter say that Mr. Bush will detail his request for billions of dollars in new aid for Iraq next week in an eagerly awaited speech on his strategy to contain sectarian violence there and clear the way for an eventual U.S. military withdrawal. In his speech, Mr. Bush will also call for the deployment of as many as 20,000 additional American combat troops to Iraq as part of a controversial "surge" designed to stabilize Baghdad and other violent regions of the country.

The administration's emerging Iraq strategy, which it is calling "The New Way Forward," will also include an effort to funnel U.S. money to moderate Iraqi political parties as a means of building a centrist political coalition to support Mr. Maliki, according to people familiar with the matter.

The proposals are part of what is shaping up as an effort by Mr. Bush to retool his Iraq strategy across all fronts. The measures are certain to prove controversial and could set the administration on a collision course with the new Democratic-controlled Congress, which was formally sworn in yesterday3.

Other pieces of that strategy began falling into place yesterday, as the president made additional changes in his national-security team. Those changes will leave a significantly different cast of diplomatic and military policy makers in charge of implementing the new strategy.

Administration officials said Mr. Bush is likely to nominate Navy Adm. William Fallon to replace Gen. John Abizaid as the head of the U.S. military's Central Command, which is responsible for leading the war efforts in Iraq and Afghanistan. Mr. Bush will also tag Lt. Gen. David Petraeus to replace Gen. George Casey as the top American military commander in Iraq.

In addition, White House officials said that Mr. Bush plans to nominate Zalmay Khalilzad, now U.S. ambassador to Iraq, as the next American ambassador to the United Nations.

• The News: The new Bush strategy on Iraq will include more money as well as troops, to boost reconstruction.

• What's at Stake: The plan calls for spending billions of dollars beyond the sum already provided in economic assistance.

• What's Next: The plan, to be unveiled next week, could set Bush on a collision course with congressional Democrats.

The changes come just weeks after Mr. Bush ousted former Secretary of Defense Donald Rumsfeld, the policy maker most closely identified with the old Iraq strategy, which the administration acknowledges has failed.

Most Democrats have already expressed opposition to the idea of temporarily boosting the number of U.S. combat personnel in Iraq, and have instead coalesced around a proposal to begin withdrawing American military forces from Iraq later this spring.

Democratic leaders have ruled out trying to stymie the administration by barring funding for the additional forces, however. The new aid request for Iraq could emerge as a bigger flash point with Congress than the troop surge, in part because Democrats may view the proposed aid as an investment in an Iraqi government about which they have developed doubts.

The new Iraq money would come on top of the more than $20.9 billion that has already been spent on large-scale, U.S.-funded reconstruction projects in the country that have largely failed to restore the country's electricity output, water supply or sewage capabilities to prewar levels. The costly effort to rebuild Iraq's war-shattered infrastructure has been mired in controversy from the very beginning because most of the money went to large American contractors like Bechtel Group Inc., rather than smaller Iraqi firms.

A range of U.S. government audits later found evidence that the administration had seriously mismanaged the rebuilding effort, allowing billions of dollars to be misspent or lost to outright fraud and corruption.

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The new aid would be different, because it would be meant to go largely to Iraqis and Iraqi companies, rather than to large American contractors, officials said.

Still, Democrats have promised stringent oversight of funds spent on Iraq, and they will now have extensive influence over how much money is allocated and how it is spent. Democrats are also deeply skeptical about Mr. Maliki's intentions and capabilities, and are likely to resist any White House effort to funnel more money to him and his allies.

Expanded White House support for Mr. Maliki could also run counter to some recommendations made in a recent report by the Iraq Study Group, the panel of outside experts Congress formed to suggest changes in Iraq policy. The panel urged Mr. Bush to condition future American military and economic support on the Shiite-led Iraqi government's making the tough political compromises needed to restart Iraq's stalled political process by drawing in the country's Sunni minority. Mr. Maliki has to date failed to take such steps, and the rushed and chaotic execution of deposed Iraqi ruler Saddam Hussein, a Sunni, last weekend ratcheted Iraq's sectarian tensions even higher.

Administration officials say they are still putting the finishing touches on the economic aspects of the new Iraq strategy, but say the broad contours have largely been decided upon. One official involved in devising the new Iraq strategy said the administration hopes that the expanded job-creation and economic-development programs would make it harder for militias and insurgent groups in Iraq to recruit jobless young men.

The State Department section of the administration's fiscal year 2008 budget will ask lawmakers to appropriate $1.46 billion in aid for the Iraqi government, according to people familiar with the matter. These people said the request includes $335 million in security-related aid, $373 million in funding designed to help spur economic growth and $239 million for education and job creation. The largest share of the new money, $486 million, would go toward Iraqi political parties, human-rights groups and other players in the country's nascent democratic system.

The administration will request additional Iraq-related money in a supplemental spending bill that will be presented to lawmakers along with the standard budget.

The supplemental spending bill will ask for a "significant increase" in the money allocated to the so-called Commander's Emergency Response Program, which gives military officers in Iraq money they can use on small-scale reconstruction and job-creation projects that they hope will help stabilize the areas they patrol, according to a senior Pentagon official.

A second senior official said the increase could double the current size of the program from $720 million this past year to more than $1 billion in 2007.

Bush Talks To Al-Maliki, Set To Reveal New Iraq Strategy (WT)

By Joseph Curl

The Washington Times, January 5, 2007

President Bush, who will announce a new strategy for the Iraq war next week, spoke with Iraqi Prime Minister Nouri al-Maliki for nearly two hours yesterday, and said last night that he had been trying to determine whether Mr. al-Maliki "has the will necessary to do the hard work to protect his people."

"I told him, I said that you show the will, we will help you," Mr. Bush said in a brief White House press conference with German Chancellor Angela Merkel. "I believe Prime Minister Maliki has the will necessary to make the tough decisions. That's one of the things I learned today."

Mr. Bush said he was "in the process of making up my final decision as to what to recommend" on a way forward in Iraq, where more than 3,000 U.S. troops have died since the war began in March 2003.

"I'll be ready to outline a strategy that will help the Iraqis achieve the objective of a country that can govern, sustain and defend itself sometime next week," Mr. Bush said. "I've still got consultations to go through. Whatever decision I make, though, will be all aimed at achieving our objectives."

Mrs. Merkel, who will wield extraordinary clout among European leaders as she is simultaneously president of the European Union and host of the Group of Eight summit, said she will urge her neighbors to support efforts to stabilize Iraq.

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"Allow me to say although Germany is not militarily present in Iraq, we have every interest in seeing Iraq taking a turn for a more peaceful development where people no longer need to be in fear of their lives, and that politically we shall do everything we can in order to give support to such a positive development," she said through a translator.

Mr. Bush next week is expected to order a "surge" -- a short-term increase of U.S. troops -- in Iraq, and the White House said yesterday that the president and Mr. al-Maliki agreed on the need to call in enough military to quell the sectarian violence that has spiraled out of control.

The two leaders spoke by secure video conference, with about half of the conversation limited to the president and prime minister and their translators, press secretary Tony Snow said.

The top generals in the Army and the Marine Corps have said recently that any increase of troops needs to be coupled with a well-defined strategy to secure and stabilize Iraq. Mr. Bush said yesterday that is precisely what he will demand.

"One thing is for certain: I will want to make sure that the mission is clear and specific and can be accomplished," he said.

Mr. Bush also said he wished the execution of Saddam Hussein "had gone in a more dignified way," but noted that the deposed Iraqi dictator "was given justice; the thousands of people he killed were not."

Shortly after Saddam was hanged last week, a video appeared on the Internet showing him being taunted before his execution. The video has sparked a firestorm across the Middle East and in Washington, where reporters have questioned the White House daily about it.

"One thing is for certain: A horrific chapter in Iraqi history has been closed. And now we're talking about a more hopeful chapter for the Iraqi people," Mr. Bush said.

The president, who met for more than an hour with Mrs. Merkel and discussed matters such as global trade, the genocide in Darfur, the environment, Lebanon, Iran and the war in Afghanistan, praised the German chancellor for her support of a strong U.N. Security Council resolution to punish Iran for continuing its uranium-enrichment program.

"It was an important message to send Iran that the free world wants there to be a peaceful future, and we don't see a peaceful future with the Iranians developing a nuclear weapon," he said.

The short press conference in the Cross Hall of the White House ended on a humorous note. After shaking hands with the German leader, Mr. Bush smiled impishly and said, "No back rubs," a reference to criticism he received when he briefly massaged her shoulders last year at a G-8 meeting in St. Petersburg. The chancellor smiled, and the two headed off to dinner.

Bush Making Changes In His Iraq Team (WP)

By Robin Wright And Michael Abramowitz

The Washington Post, January 5, 2007

President Bush is overhauling his top diplomatic and military team in Iraq, as the White House scrambles to complete its new war policy package in time for the president to unveil it in a speech to the nation next week, officials said.

But the White House is struggling to overcome deep differences among advisers over both the deployment of additional U.S. troops and whether the government of Iraqi Prime Minister Nouri al-Maliki can deliver long-delayed political and military actions, according to officials familiar with the debate.

With significant policy details left to be worked out this weekend, the administration is nonetheless moving ahead on several personnel changes. It is set to announce that Army Lt. Gen. David H. Petraeus, who gained fame for his early success in training Iraqi troops and securing a volatile city in northern Iraq, will replace Gen. George W. Casey Jr. as commander of the multinational forces in Iraq, officials say.

The administration also intends to nominate Navy Adm. William J. Fallon to head the Central Command, replacing Gen. John P. Abizaid as the top U.S. military commander for the Middle East. Some military officials consider Fallon an unusual choice, because he is a naval officer in charge of the Pacific Command with limited experience in the Middle East and would be in charge of two ground wars in Iraq and Afghanistan.

On the diplomatic side, the White House will appoint veteran U.S. diplomat Ryan C. Crocker, the current envoy to Pakistan, who began his career in the 1970s in Iraq, as the new ambassador to Baghdad. The controversial current ambassador to Iraq,

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Zalmay Khalilzad, will be nominated to become the top U.S. envoy at the United Nations, replacing John R. Bolton, U.S. officials say.

The president is tentatively set to speak on Wednesday about his new plan for Iraq, with Maliki due to unveil his own new security plan a day or two before. Bush spoke for almost two hours with Maliki yesterday by videoconference, half of which was just the two of them and translators.

Maliki pledged to Bush that he will announce the deployment of three additional Iraqi army brigades to help secure Baghdad, U.S. officials said. The Iraq commitment would be in the neighborhood of some 4,500 troops, according to their brigade strengths.

After a meeting with German Chancellor Angela Merkel yesterday, Bush told reporters he had a good conversation with Maliki. "One thing I was looking for was . . . to determine whether or not he has the will necessary to do the hard work to protect his people," Bush said.

On deploying new U.S. troops in Iraq, Bush pledged to make sure that the mission is "clear and specific and can be accomplished."

But deep divisions remain between the White House on one side and the Joint Chiefs and congressional leaders on the other about whether a surge of up to 20,000 troops will turn around the deteriorating situation, according to U.S. officials.

The U.S. military is increasingly resigned to the probability that Bush will deploy a relatively small number of additional troops -- between one and five brigades -- in part because he has few other dramatic options available to signal U.S. determination in Iraq, officials said. But the Joint Chiefs have not given up making the case that the potential dangers outweigh the benefits for several reasons, officials said.

There are already signs that a limited U.S. escalation, even when complemented by new political and economic steps, may not satisfy either supporters or critics of a surge. Pentagon officials and military experts say far more troops are needed to make a real difference, but the United States would have to remobilize reserves, extend current tours of duty and accelerate planned deployments just to come up with 20,000 troops, U.S. officials say. And such a surge would strap the military for other potential crises, they add.

After more than a month of interagency discussions chaired by deputy national security adviser J.D. Crouch II, deep differences also remain among administration officials over the fundamental question of whether Iraq's Shiites can pull together a moderate political center.

Washington needs Baghdad to provide military manpower to confront the illegal Shiite militias that are fueling sectarian violence and to take political steps to accommodate Sunni grievances, notably in promised but long-delayed amendments to the new constitution.

But the crude execution of Saddam Hussein and the Iraqi government's insistence that two top officials of the Iranian Revolutionary Guards, who were captured in a U.S. military raid, had to be handed back to Tehran have fueled U.S. concern that the government is under the partial control of Shiite militias and Iran. Though the White House has officially endorsed Maliki, U.S. officials are divided about whether the prime minister will really deliver, particularly badly needed Iraqi troops.

Last summer, Iraq failed to provide promised troops in Operation Together Forward, the highly publicized effort to secure Baghdad. Maliki pledged six battalions but provided only two -- and has not delivered the remainder, according to U.S. officials. Iraqi troops are essential to hold areas of the city after they are cleared of insurgents and other threats. The joint operation has instead resulted in escalating violence and increased U.S. and Iraqi deaths.

Some Iraqi units ordered to the capital suffered serious attrition or simply refused to go, which also happened in earlier joint U.S.-Iraqi operations. The AWOL rates among Iraqi units have averaged 5 to 8 percent but can rise to more than 50 percent when units are directed to deploy outside their normal areas of operation, according to a recent Pentagon report.

There is currently no military judicial system in the Iraqi army, and Iraqi commanders do not have the legal leverage to compel their soldiers into combat, according to the Pentagon. U.S. military commanders have long expressed frustration over the Iraqi military's failure to provide sufficient troops.

After yesterday's videoconference, White House spokesman Tony Snow said the president did not press Maliki to crack down on Shiite militias because Maliki brought it up himself. "The prime minister stressed his determination to go after anybody

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responsible for violence," Snow said. "That would include not only insurgent groups and Saddam loyalists, but also militias within Iraq."

Bush also spoke for the first time yesterday about Hussein's execution, saying he wished the proceedings had unfolded in a "more dignified way."

But he said Hussein was given justice. "My personal reaction is that Saddam Hussein was given a trial that he was unwilling to give the thousands of people he killed," Bush said. "He was given a fair trial, something he was unwilling to give thousands of Iraqi citizens who he brutalized."

The White House declined to comment yesterday on its personnel moves, but a senior administration official said the changes are a precursor to revamping policy. "It is appropriate to have the people in place as soon as possible to implement the new policy," said the official, who declined to be identified because the president has not made his announcement.

Bush is expected to announce today that Director of National Intelligence John D. Negroponte will return to the State Department as deputy to Condoleezza Rice, and retired Navy Adm. John M. McConnell will take the top U.S. intelligence job, U.S. officials say. McConnell directed the National Security Agency from 1992 to 1996 under President Bill Clinton.

As part of his congressional consultations before next week's speech, Bush has invited a group of lawmakers to talk today about Iraq, including moderate Democratic Sens. Ben Nelson (Neb.) and Blanche Lincoln (Ark.). He will meet with more lawmakers on Monday.

Staff writers Glenn Kessler, Ann Scott Tyson and Peter Baker contributed to this report.

Why America Should Operate From Iraq's Borders (FT)

By Dov Zakheim

Financial Times, January 5, 2007

As the US administration has made very clear, the report of the Iraq Study Group will in no way represent the final word on American strategy in Iraq. The White House accepts that there has to be a change in approach. But its underlying premises - that Iraq's sectarian strife is not a civil war and that the keys to a stable Iraq are a stable Baghdad and Anbar province - are the same as before. These assumptions need to be revisited, fast.

As government has followed government in Baghdad, the promise of strength has been succeeded by the reality of weakness, incompetence and corruption. Meanwhile, too many Americans are being maimed or dying in a war that seems to have no end and no clear path to victory. It is not enough for government officials to mourn the dead or to hand out medals and personalised coins to the wounded. We must give our forces a fighting chance to succeed in their mission. This is not the case at present.

There is no doubt that Iraq is enmeshed in a bitter civil war. The US has had minimal impact on the course of that war. Iraqi casualties continue to mount, as do the number of Iraqis who have decided to kill their fellow citizens. Americans are caught in the crossfire. They cannot stop the sectarian forces that are determined to kill one another. The US could not do so in Lebanon during the 1980s and cannot do so today in Iraq.

It is equally clear that democracy, as it is understood in the west in general and in Washington in particular, is nowhere in sight in Iraq. It is hardly the highest priority for most Iraqis. What they want is stability. So do their neighbours throughout the region.

Continuing to rely on the Iraqi government to provide stability throughout the country is doomed. But pulling out of Iraq would further undermine stability in the region as a whole. Thus the US objective should be framed in terms of the wider region: stopping Iraq from launching attacks against its neighbours, preventing any invasion by Turkey in the north and barring Iranian domination in the south.

The first step is recognising that primary responsibility for pacifying Baghdad, where we are having minimal success and suffering the most casualties, lies with the Iraqi army and police. Efforts to train the Iraqis to cope with the civil war that has ravaged their capital must be stepped up. But why train them while they are in harm's way? Only when they are truly ready for combat should they be deployed to Baghdad or other violent areas.

Then the US must reposition its forces to foster regional stability and minimise casualties. Up to two brigades should be devoted to Kurdistan and a roughly equal number to the far west of Anbar province.

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The forces in Kurdistan would help forestall a Kurdish declaration of independence that would prompt a Turkish invasion. The troops in western Iraq would help prevent both terrorist infiltration into Jordan and serious incursions from Syria. They would also indicate to Damascus that it should not misinterpret a readiness to talk as a concession.

The Pentagon should also move a division-sized force to the south, with a significant presence on the border with Iran. Tehran must understand that the US will not tolerate its domination of Iraq's south. Nor, as with Syria, would Washington's willingness to talk mean a readiness to appease.

Finally, US allies must be pressed to take the lead in establishing a network of provincial reconstruction teams similar to those that have met with some success in Afghanistan.

No doubt some will see this as the US giving up on democracy and being content to stand by as Iraqis kill each other. Yet clearly democracy in Iraq must await the end of the civil war. The quicker the Iraqis can be trained and equipped, the quicker the warring parties will exhaust themselves. It took 14 years in Lebanon; it is still notcompletely over in the Balkans. Peace will not come any time soon in Iraq, but the war need not last as long as a decade if there is a viable Iraqi army in place.

We should not "cut and run". Nevertheless, by assigning the lead for military operations in Baghdad where it properly belongs, with the Iraqi forces, the US can refocus. With a total force that would probably not exceed 75,000 troops, buttressed by perhaps 15,000 troops in the southern Gulf, the Pentagon could ease pressure on the active forces and reserves. At the same time, US forces could give better training to more Iraqi soldiers and police - in relative safety.

By operating from Iraq's borders American forces would be well placed to prevent the establishment of terrorist training camps anywhere in Iraq, including Anbar province. In addition, it ensures that US forces have a realisable mission. They may be unable to bring stability to all of Iraq, but they can certainly bring a degree of stability to the region. The US can thus reassert its leading role in a peaceful Middle East.

The strategic shift would bring relief to our overstretched and over-deployed military. It would reduce combat losses. Above all, it would give the military a mission that they can achieve. This way we can finally bring to an end a bitter domestic debate over Iraq policy that has so undermined public faith in the judgment and wisdom of their leaders on both sides of the political aisle.

The writer was US under-secretary of defence (comptroller) from 2001 to 2004

The Hanging: Beyond Travesty (WP)

By Charles Krauthammer

The Washington Post, January 5, 2007

Of the 6 billion people on this Earth, not one killed more people than Saddam Hussein. And not just killed but tortured and mutilated -- doing so often with his own hands and for pleasure. It is quite a distinction to be the preeminent monster on the planet. If the death penalty was ever deserved, no one was more richly deserving than Saddam Hussein.

For the Iraqi government to have botched both his trial and execution, therefore, and turned monster into victim, is not just a tragedy but a crime -- against the new Iraq that Americans are dying for and against justice itself.

In late 2005, I wrote about the incompetence of the Hussein trial and how it was an opportunity missed. Instead of exposing, elucidating and irrefutably making the case for the crimes of the accused -- as was done at Nuremberg and the Eichmann trial -- the Iraqi government lost control and inadvertently turned it into a stage for Hussein. The trial managed to repair the image of the man the world had last seen as a bedraggled nobody pulled cowering from a filthy hole. Now coiffed and cleaned, he acted the imperious president of Iraq, drowning out the testimony of his victims in coverage seen around the world.

That was bad enough. Then came the execution, a rushed, botched, unholy mess that exposed the hopelessly sectarian nature of the Maliki government.

Consider the timing. It was carried out on a religious holiday. We would not ordinarily care about this, except for the fact that it was in contravention of Iraqi law. It was done on the first day of Eid al-Adha as celebrated by Sunnis. The Shiite Eid began the next day, which tells you in whose name the execution was performed.

It was also carried out extra-constitutionally. The constitution requires a death sentence to have the signature of the president and two vice presidents, each representing one of the three major ethnic groups in the country (Sunni, Shiite and Kurd). That provision is meant to prevent sectarian killings. The president did not sign. Nouri al-Maliki contrived some work-around.

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True, Hussein's hanging was just and, in principle, nonsectarian. But the next hanging might not be. Breaking precedent completely undermines the death penalty provision, opening the way to future revenge and otherwise lawless hangings.

Moreover, Maliki's rush to execute short-circuited the judicial process that was at the time considering Hussein's crimes against the Kurds. He was hanged for the killing of 148 men and boys in the Shiite village of Dujail. This was a perfectly good starting point -- a specific incident as a prelude to an inquiry into the larger canvas of his crimes. The trial for his genocidal campaign against the Kurds was just beginning.

That larger canvas will never be painted. The starting point became the endpoint. The only charge for which Hussein was executed was that 1982 killing of Shiites -- interestingly, his response to a failed assassination attempt by Maliki's Dawa Party.

Maliki ultimately got his revenge, completing Dawa's mission a quarter-century later. However, Saddam Hussein will now never be tried for the Kurdish genocide, the decimation of the Marsh Arabs, the multiple war crimes and all the rest.

Finally, there was the motley crew -- handpicked by the government -- that constituted the hanging party. They turned what was an act of national justice into a scene of sectarian vengeance. The world has now seen the smuggled video of the shouting and taunting that turned Saddam Hussein into the most dignified figure in the room -- another remarkable achievement in burnishing the image of the most evil man of his time.

Worse was the content of the taunts: "Moqtada, Moqtada," the name of the radical and murderous Shiite extremist whose goons were obviously in the chamber. The world saw Hussein falling through the trapdoor, executed not in the name of a new and democratic Iraq but in the name of Moqtada al-Sadr, whose death squads have learned much from Hussein.

The whole sorry affair illustrates not just incompetence but also the ingrained intolerance and sectarianism of the Maliki government. It stands for Shiite unity and Shiite dominance above all else.

We should not be surging American troops in defense of such a government. This governing coalition -- Maliki's Dawa, Abdul Aziz al-Hakim's Supreme Council for the Islamic Revolution in Iraq and Sadr's Mahdi Army -- seems intent on crushing the Sunnis at all costs. Maliki should be made to know that if he insists on having this sectarian war, he can well have it without us.

Dynamic Ideas For Iraq (WSJ)

By Dan Senor And Roman Martinez

The Wall Street Journal, January 5, 2007

The president is on the cusp of making the most important decision of his second term: increasing our troop presence in Baghdad and Anbar in an effort to stave off Iraqi civil war. A troop surge into Baghdad will not solve problems overnight. But by helping to establish security, more troops can weaken the insurgency, which is the first step to addressing most of Iraq's other problems, including the growth of Shiite militias. Here are things for the president to consider as he moves forward:

No more half measures. With a possible troop increase gaining steam, some military officers at the Pentagon and in Baghdad are advocating only a temporary and minor increase of forces which they view as a reasonable compromise from their minimalist position. But 10,000-15,000 more troops would be insufficient to stabilize Baghdad and at the same time maintain a strong presence in Anbar, where the insurgency is likely to spill over if chased out of the capital. Such an approach would replicate the failures of "Operations Together Forward I and II" in 2006, when troop increases of 7,000 and 3,500 were unable to bring down the violence.

In light of the deteriorating situation in Iraq -- and the president's anemic poll ratings -- this may be his last opportunity to shift his Iraq policy for good. This means erring on the side of more troops, not fewer -- even if it is politically painful in the short run. If the president decides to add more troops, he will not score points at home for deciding on a smaller increase. Any size surge will be controversial. So he should go for a number that maximizes chances for success.

A new military strategy calls for military leaders who "own" the change. Donald Rumsfeld has been cast as the architect of our current military strategy -- focused on training Iraqi soldiers and minimizing the U.S. footprint. But outgoing Central Command Chief John Abizaid and Iraq Commanding Gen. George Casey have also been firm backers of Mr. Rumsfeld's approach.

A fresh plan centered around a surge in troops will require military leaders who are as invested in the new strategy as Gens. Abizaid and Casey are behind the current approach. Gen. Jack Keane, a former vice chief of the U.S. Army, has been an instrumental advocate for a substantial surge. He is well-respected among the Pentagon brass, rank-and-file troops and civilian

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policy makers. The president should call him out of retirement and appoint him to head Central Command, as Gen. Abizaid's successor. He should also send Lt. Gen. David Petraeus -- a two-tour Iraq veteran who just finished crafting a new counterinsurgency doctrine for U.S. forces -- back to Baghdad to replace Gen. Casey, who is set to rotate out of Iraq in the coming months.

Economic aid must be matched by dramatic distribution reform. The administration is considering proposals by the Joint Chiefs of Staff and field commanders to pair a troop increase with a funding surge for new Iraq jobs programs. But this only makes sense if there are vast changes in how the new programs are managed by the U.S. and Iraqi bureaucracies.

The funds appropriated by our government barely affect the lives of average Iraqis. This is because large-scale U.S. reconstruction programs continue to be subject to Federal Acquisition Regulations applicable in peacetime. This means that major government contracts for Iraq are subjected, in advance, to the slow and cumbersome "Request For Proposal" process. An even larger cause of the bottleneck is that the Iraqi government lacks the manpower, infrastructure and decisiveness in its ministries to disperse funds effectively. So of those funds appropriated to the Iraqi government, only a small percentage ever moves from the government to the Iraqi people.

To make a "New Deal"-style jobs program work in Iraq, the president should propose that Congress streamline the acquisition process to allow for rapid project approval, following the model of the enormously successful Commander's Emergency Response Program. He should also appoint a respected retired military leader or business executive with expertise in logistics management to oversee distribution of aid on the ground. Anything related to funding and contracting for Iraq is understandably a sensitive issue, especially given the new Democratic majority's focus on oversight. So the president should ask the Democratic congressional leadership to propose a candidate for this position of "counterinsurgency economic czar."

Continue to support democracy and constitutionalism. As the situation has grown worse, some have called for abandoning the goal of democracy. If giving up on democracy could magically solve Iraq's other problems, it might be worth considering. But dropping support for democracy would be radically destabilizing. Shiite and Kurdish leaders would fear a move to disenfranchise their communities and restore a Sunni strongman to power. Instead, the president should continue to seek political solutions -- alongside a new security strategy -- via existing political and constitutional structures. This is an area where he deserves enormous credit: His commitment to democracy has been admirably steadfast.

Become the briefer in chief. When announcing the troop surge, the president should also announce that he will come before the American people every four weeks with a prime-time update on the war. The goal should be to emulate FDR's wartime fireside chats, when Americans were told to be ready with their atlases so they could follow along. Each month, President Bush could provide Americans a live update -- perhaps alongside his commanders, with maps, statistics, etc. -- charting progress from the previous four weeks and outlining metrics for the next month.

This would be a dramatic change in the president's public management of the war, to be sure. But the hands-off, "trust-my-generals" style is not working. Rightly or wrongly, too many citizens believe the president does not own his military campaign. Now is the time to change the dynamic.

Messrs. Senor and Martinez served as foreign-policy advisers to the Bush administration, based in Baghdad from April 2003 through June 2004.

New Congress Leery Of Bush's Iraq Plans (LAT)

By Noam N. Levey

The Los Angeles Times, January 5, 2007

WASHINGTON — As President Bush prepares a major new initiative for Iraq, he confronts a wary and distrustful new Congress eager for solutions but unconvinced the administration can chart a successful exit from the war.

The new Democratic majorities in the House and Senate are reluctant to assume responsibility for the war, leaving unclear Congress' willingness to block any troop escalation or to compel Bush to change strategy.

As lawmakers convened Thursday, the misgivings highlighted how difficult it will be for the president to achieve anything close to consensus as he plots a new course in Iraq.

Democrats and Republicans voiced deep reservations about any plan that would send more troops to Iraq.

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They also complained about how little they knew of the president's plans, warning that the lack of information further impeded congressional support.

"The president will need strong friends," said Indiana Sen. Richard G. Lugar, the senior Republican on the Foreign Relations Committee. Complaining that he had heard nothing from Bush, he added: "There need to be some informed persons if there is to be support for the president's proposal…. You need people on the takeoff if they are going to be there on the landing."

Next week, Bush is expected to unveil a new Iraq plan that would feature at least a temporary increase in troop levels in an effort to control sectarian violence.

Troop increases have been endorsed by a few lawmakers, including Sens. John McCain (R-Ariz.) and Joe Lieberman (D-Conn.).

But such a proposal is certain to be fiercely opposed by most Democrats.

For months, the party's leaders have been calling for the president to embrace various scenarios that would start the withdrawal of troops. On Thursday, they reiterated their views.

"The president's new plan must ensure the Iraqis take responsibility for their own future," Senate Majority Leader Harry Reid (D-Nev.) said on the chamber's floor as he assumed his new post.

The plan also "must remove our troops from a dangerous civil war," he said.

Sen. Carl Levin (D-Mich.), new chairman of the Armed Services Committee, said he would reintroduce a resolution calling for a phased withdrawal of troops starting this year unless Bush sets a timetable for removing them from Iraq.

A similar move sponsored by Levin and Sen. Jack Reed (D-R.I.) failed last year.

Levin — who is one of five Democratic committee leaders in the Senate and House who plan hearings this month that are expected to spotlight criticisms of the administration's handling of the war — said Thursday that any temporary increase in troops must include conditions on the Iraqi government.

"You could condition a surge [in troops] on the Iraqis actually meeting political milestones" that signify a functioning government, Levin said.

Perhaps most ominously for Bush, it is not just Democrats who are expressing concern about what he may announce.

Many Republicans, who until recently have overwhelmingly backed his foreign policy, fretted that the administration's plans to significantly reduce sectarian violence in Iraq remained unclear.

"We need to know what the mission is and what it will take to do the mission," said Sen. Kay Bailey Hutchison, a Texas Republican close to the president.

A few months ago, Hutchison called for more troops in Iraq; on Thursday, she said she was unsure that would be the wisest course.

"This is a hard call right now," said Hutchison, who added that she had not had any conversations with the White House about Bush's announcement.

Sen. John E. Sununu (R-N.H.) said any troop increase would have to be accompanied by a political plan to advance reconciliation between Shiites and Sunnis.

If the new strategy "is going to be well-received by both Republicans and Democrats, there has to be substance and objectives" that advance that goal, he said.

Some Republicans appear unwilling to accept troop increases under any conditions.

"Baghdad needs reconciliation between Shiites and Sunnis. It doesn't need more Americans in the cross hairs," said Sen. Norm Coleman of Minnesota, who recently visited Iraq and who is to seek reelection in 2008.

Five to 10 GOP senators are wavering in their support for any White House initiative to boost troop levels, said an aide to a senior Republican lawmaker. The aide requested anonymity when discussing the opinions of the senators.

Sen. Susan Collins (R-Maine), who also is up for reelection next year, said that on a recent trip to Iraq, an American general told her confidentially that a jobs program for Iraqis would be more effective in reducing violence than an increase in U.S. troop levels.

The White House has begun to reach out to some lawmakers, including Coleman and Sununu; they said they had been invited to the White House today.

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Other lawmakers have similar meetings scheduled Monday, said Senate Assistant Minority Leader Trent Lott (R-Miss.).

"We're going to have some more consultation," Lott said, declining to discuss any details.

Iowa Republican Sen. Charles E. Grassley, who said he had not heard anything from the White House yet, said Bush needed to reach out to build support for a revised policy.

"It will be foolhardy for the president to come up with a new plan and not involve Congress," Grassley said.

McCain Reaffirms Support For US Troop 'Surge' In Iraq (AFP)

AFP, January 5, 2007

US Senator John McCain reaffirmed his support for the deployment of thousands of additional US troops in Iraq, a proposal expected to figure in President George W. Bush's upcoming reassessment of US strategy there.

"When I raise my hand and vote to send young men and women, American men and women into harm's way and fight a war, I am committing to accomplishing the mission," McCain, an early frontrunner for the 2008 Republican presidential nomination, told MSNBC.

He said the fight against Islamic extremism must be joined with renewed fervor.

"The consequences of failure are chaos and disaster. And these people ... want to destroy the United States of America," McCain said.

His remarks came as Bush prepares to announce a shakeup of US Iraq policy, which reportedly could include sending tens of thousands of additional troops to supplement 140,000-strong US force already there.

But a troop surge has found little support in Congress, with McCain one of only very few voices speaking up in favor of such a policy.

McCain takes over this week as the top Republican in the Democrat-led Senate Armed Services Committee. The Democrats took control of the Senate and House of Representatives Thursday following their November elections triumph.

McCain said he believes US soldiers there are equally committed to the goal of fighting on in Iraq.

"I just recently visited them, including some who have been involuntarily extended," said McCain. "The morale is good. They understand what the mission is and they know what they need to do."

"I am convinced that if we leave and lose this conflict, the conflict will spread in the region, there will be chaos, and we will be sending in men and women into harm's way both in the region and other parts of the world," the former Navy pilot and former Vietnam prisoner of war told MSNBC.

"I've said for more than three years, it's long, hard, tough," McCain said.

"It's going to be very, very difficult. And we have to understand that. But we also have understand the sequences of failure."

Short-Circuiting The Surge (WP)

By E. J. Dionne Jr.

The Washington Post, January 5, 2007

The shift in power heralded by the Democrats' assumption of control in the House and Senate yesterday could lead quickly to a direct confrontation with President Bush if he chooses, as many expect, to "surge" additional troops into Iraq.

The surge, which opponents look upon as a soothing label for an outright escalation of an unpopular war, is seen by most Democrats and some Republicans as a rebuke to the majority whose November ballots signaled a negative verdict on the Iraq war.

They also argue that the surge cannot work because it proposes a military solution to what is primarily a political problem: the increasingly deadly confrontation between Iraq's Sunni and Shiite communities. The violent reaction to the taunting of Saddam Hussein by Shiite executioners underscored the futility of expecting additional U.S. troops to repair the damage done by three years of flawed policies.

But Democrats will barely have time to celebrate their new congressional authority before confronting a hard fact of the American constitutional system: If Bush wants to continue or expand the Iraq war, Congress has precious few tools available to stop the commander in chief.

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As a result, Democrats are quietly but urgently seeking ways of pressuring the president to change course, including the possibility of having Congress reconsider its original authorization of force, passed in October 2002.

Even Bush's critics doubt that the broadest measure, cutting off funds for the president's policies, could be effective or has the votes to pass. Yet Bush's opponents will be emboldened if he embarks on a surge, especially if it is not linked to what Sen. Carl Levin (D-Mich.), the new chairman of the Armed Services Committee, calls "milestones" for political reconciliation that the Iraqi government will have to reach. Levin, whose views are shared by many Democrats, also insists that any surge should be part of an "overall plan of troop reduction" that would begin "within four to six months."

Given the limited options, Sen. Joe Biden (D-Del.), the Foreign Relations Committee chairman, has suggested to his colleagues that the strongest response to the surge would be a congressional resolution explicitly opposing the step.

Whereas cutting off funds is a "hollow threat," Biden said in an interview this week, a congressional resolution could have a powerful effect if it drew support from the significant number of Republican senators who are increasingly alienated from Bush's policies. Biden, who expects to offer his proposal at a meeting of Democratic senators today, argued that an anti-surge resolution might not bind the president but would exert considerable pressure on him to reconsider his approach.

More intriguing, Biden is studying whether Congress might reconsider the original Iraq war resolution, now as out of date as the administration's prewar claims. The resolution includes references to a "significant chemical and biological weapons capability" that Iraq didn't have and repeated condemnations of "the current Iraqi regime," i.e., the Saddam Hussein regime that fell long ago. In effect, the resolution authorizes a war on an enemy who no longer exists and for purposes that are no longer relevant.

Biden candidly acknowledges that it is difficult to find precedent for reconsidering a war resolution. But his idea is not as far-fetched as it might seem, as legal scholars -- including Michael J. Glennon on this page last month -- have noted that the war being fought on behalf of the Maliki government bears little resemblance to the war Congress authorized. Yet his idea of revisiting the authority granted Bush could be a forceful way for Congress to reassert itself and encourage a full-scale debate on the future of American policy in Iraq and in Afghanistan.

Biden, along with many others in both parties, is alarmed that the intense focus on Iraq is distracting attention from a disaster in the making in Afghanistan, with the resurgence of the Taliban. "If we're surging troops anywhere, it should be in Afghanistan," Biden said. Adding troops there would give the United States "the moral high ground" in its quest for more forces from NATO allies.

For his part, Levin believes that an anti-surge resolution has a reasonable chance of passing the Senate. He is also considering pressing for a resolution that he and Sen. Jack Reed (D-R.I.) have crafted that calls for benchmarks and a withdrawal plan.

Bush's critics are careful to say they still hope he will abandon the surge idea, which Levin sees as a desperate "Hail Mary" pass. Yes, Bush has the power to order a surge. But if he insists on doing so in the face of widespread skepticism, a president proudly famous for relying on his gut will discover that he faces a Congress that does not regard his instincts as a reliable guide to the defense of American interests.

Jubilant Democrats Assume Control On Capitol Hill (NYT)

By John M. Broder

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — In a day of transition and pageantry, exultant Democrats on Thursday took control of both houses of Congress for the first time in a dozen years and elected the first woman to be speaker of the House.

Representative Nancy Pelosi of California took the speaker's gavel at 2:08 p.m. from Representative John A. Boehner of Ohio, the Republican leader, whom she defeated by a vote of 233 to 202, the 31-seat margin of the new Democratic majority. The floor and the packed galleries erupted in cheers when the vote was announced.

Even Republicans grudgingly acknowledged the unprecedented nature of the day on which a woman ascended to power on Capitol Hill by rising as one to applaud her.

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"This is an historic moment," Mrs. Pelosi said in her first remarks as speaker of the 110th Congress. "It's an historic moment for the Congress. It's an historic moment for the women of America. It is a moment for which we have waited for over 200 years."

Earlier in the day, on the other side of the Capitol dome, Senator Harry Reid, Democrat of Nevada, became majority leader, a result of his party's one-seat victory margin in the November elections.

Both Senator Reid and Speaker Pelosi promised a new era of cooperation after years of partisan passion and gridlock. "Guided by the spirit of bipartisanship," Mr. Reid said, "Democrats are ready to take this country in a new direction."

The House opened the session by passing, by a large bipartisan margin, new ethics rules. [Page A13.]

But there were signs, too, of division among Democrats over how hard to push to undo the fruits of years of Republican rule. Many Democrats say those years moved the nation too far right, but others argue that the big tax cuts and regulatory relaxations are part of the permanent legislative framework that should be accepted. [News analysis, Page A12.]

In her remarks, Mrs. Pelosi delivered the obligatory promise of partnership with Republicans. But she immediately added a blunt warning to Mr. Bush on the war in Iraq.

"The American people rejected an open-ended obligation to a war without end," she said, bringing Democrats to their feet.

She signaled to Mr. Bush that any plan to increase the American military presence in Iraq would meet stiff opposition in the new Congress.

"It is the responsibility of the president to articulate a new plan for Iraq that makes it clear to the Iraqis that they must defend their own streets and their own security," she said, "a plan that promotes stability in the region and a plan that allows us to responsibly redeploy our troops."

Mrs. Pelosi's triumphal 20-minute remarks were frequently interrupted by applause, much like a presidential State of the Union address, which is delivered annually from the same rostrum in the House chamber. Cheering her on from the gallery were members of her family, dozens of California supporters and celebrities including Tony Bennett, Carole King and Richard Gere.

Mr. Boehner sat glum and unmoving in his seat for much of the hour it took to record the vote that put Mrs. Pelosi in the speaker's chair. The former speaker, J. Dennis Hastert, now just a Republican member of Congress from Illinois, stood hunched and hulking by the back rail of the chamber.

Mrs. Pelosi sat on the House floor with several of her grandchildren as her Democratic colleagues rose to record their votes, many adding footnotes. Representative Loretta Sanchez, Democrat of California, said she voted "for the empowerment of all women in the world." Seventy-one women will be in the House, a record.

The jubilant Democratic takeover of the House was an echo of the Republican "revolution" of 1994 in which Republicans took control of the House after 40 uninterrupted years of Democratic dominance.

In the Senate, Vice President Dick Cheney, in his constitutional role as president of the chamber, swore in the members, including 10 new senators, only one a Republican, Bob Corker of Tennessee. A beaming Bill Clinton, accompanied by his daughter, Chelsea, and his mother-in-law, Dorothy Rodham, looked from the gallery as Senator Hillary Rodham Clinton of New York took the oath at the outset of her second term, perhaps dreaming of another oath-taking that might be two years hence.

The first order of business for the new Democratic-led House was passage of a measure to limit gifts to lawmakers from lobbyists and to restrict subsidized flights on private aircraft. The bill is part of a larger package of ethics changes that Democrats are pushing as part of a promise to voters to end what they called a "culture of corruption" in Congress that led to several indictments and resignations of members last year.

Next week, the Democrats plan a 100-hour blitz to raise the minimum wage, lift restrictions on federal financing of embryonic stem cell research and allow the government to negotiate price cuts with pharmaceutical companies for the Medicare prescription drug program, among other matters. By the time they have clocked the 100 hours of legislative debate, House Democrats also plan to have passed bills to cut interest rates on student loans and roll back subsidies for oil and gas producers, seeking to make a statement of priorities, pressure the Senate to act and put an active agenda before the country before Mr. Bush's State of the Union address on Jan. 23.

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In an early sign of bipartisanship, Senators Max Baucus, Democrat of Montana, and Charles E. Grassley, Republican of Iowa, introduced a bill to repeal the individual alternative minimum tax, which is imposing an increasingly heavy burden on middle-income taxpayers.

But before much real business was conducted, Democratic lawmakers adjourned for a round of festivities to celebrate their victories and to lubricate their donors in what resembled nothing so much as a scaled-down presidential inaugural.

Representative Rahm Emanuel of Illinois, who engineered the election of 42 new Democrats to the House as leader of the party's Congressional campaign committee, threw a huge reception at Johnny's Half Shell across the street from the Capitol. Mrs. Pelosi was the host of a gala at the National Building Museum at which Mr. Bennett and Ms. King were scheduled to perform.

Senator Claire McCaskill, the newly elected Democrat from Missouri and one of 16 women in the Senate, seemed a bit in awe after taking the oath of office on Thursday afternoon.

"Anybody who would go through that and not feel overwhelmed with the enormity of the institution and the men and women who have served there would have to be in a coma," Ms. McCaskill said in the lobby outside the Senate chamber. "I'm sure there will be tough times ahead, but it's thrilling to be part of one of this country's enduring institutions."

House Dems Lead Quick Action On Ethics Pelosi Assumes Speaker's Post Amid Pledges Of Bipartisanship (AJC)

By Julia Malone

The Atlanta Journal-Constitution, January 5, 2007

Washington — The 110th Congress opened Thursday with a burst of ceremony, quick action on ethics reform and the historic election of California Rep. Nancy Pelosi as the first female Speaker of the House.

Democrats took majority control of both houses for the first time in a dozen years with promises of bipartisan cooperation, despite deep divisions over the war in Iraq and a looming 2008 presidential race that has already begun to heat up.

Foreshadowing a possible clash with the Bush administration, Pelosi said the American people in the last election "rejected an open-ended obligation to a war without end."

She called on President Bush to "articulate a new plan" on Iraq when he addresses the nation on the subject as early as next week.

However, she stopped short of outlining a Democratic position on the war.

On the Senate side, where the Democratic margin is a mere 51-49 and where the pace is much slower, new Majority Leader Harry Reid of Nevada was even less specific.

"Iraq is an issue that we all need to work on, and we will work on that," he said as he emerged from a closed-door bipartisan meeting for the entire Senate membership.

He and Sen. Mitch McConnell (R-Ky.), the new minority leader, said they would work across party lines.

By contrast, the new Democratic management of the House was rushing forward on a series of other measures, beginning with dealing with what Pelosi and her party have dubbed the "culture of corruption" that led to lobbying and bribery scandals.

"Let us join together in the first 100 hours to make this Congress the most honest and open in history," Pelosi told the House.

She quickly dispensed with a lingering dispute by allowing the seating of Vern Buchanan, a Republican, to represent the Florida 13th district at least until a legal challenge by Democrat Christine Jennings is resolved over the vote count in that close election.

Then the House leadership speedily guided the first of two major sets of rules changes into passage by a vote of 430-1. Rep. Dan Burton (R-Ind.) cast the sole negative vote.

Among the ethics reforms approved Thursday:

• Members of the House will be barred from accepting gifts from lobbyists.

• Members won't be allowed to accept reimbursement for travel when the trips are arranged by lobbyists or when lobbyists go along (unless the trip involves a college or university).

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• Lawmakers won't be able to accept offers from corporations to fly on their private airplanes.

• The House ethics committee will be charged to set guidelines to determine whether a proposed trip sponsored by any outside group is relevant to a member's official duties.

The House, which begins a new five-day legislating week instead of the previous practice of voting chiefly Tuesday through Thursday, is set to approve additional rules today.

These include regulations requiring that members publicly disclose any "earmarked" spending or other benefit they obtain through legislation for their home state or district.

The House is also expected to pass a "paygo" measure that forbids passage of new spending unless the House first agrees to cuts elsewhere or a revenue increase.

Other rules set for adoption are aimed at promoting "civility" in the House and keeping procedures open to public disclosure.

However, the rules drew protests from the Republican minority, as members complained they had not been allowed to offer competing proposals for priorities that Pelosi and the Democrats have set for the first 100 hours of the legislative session.

All of the measures have been slated for action in the next two weeks, without the customary committee hearings and with only limited floor debate. However, unlike the House rules changes, the rest of the legislation would require Senate approval and a presidential signature. Some measures would almost certainly be headed for a presidential veto.

New Congress, Old Fights; Choosing Teams For 2008 (WSJ)

By John Harwood

The Wall Street Journal, January 5, 2007

See updates to Washington Wire each weekday at www.washwire.com1.

DEMOCRATS FACE conflicting pressures on potential Iraq troop "surge."

With Bush preparing to unveil new strategy, Democratic leaders re-affirm commitment not to block troop funding. But Moveon.org plans protest outside speech today by Sens. McCain and Lieberman backing a surge, underscoring ire of Democratic base.

Senate Democrats plan to grill Rice and Gates as part of more than a dozen hearings to mobilize public opposition over next three weeks. Republicans brace for additional defections, while McCain cautions that 20,000 more soldiers might not be enough.

"There are still people around [Bush] who think things aren't that bad," McCain frets.

HEALTH ISSUES may spark first big clash between Bush and new Congress.

The House votes next week on lifting federal stem-cell research limits, but proponents lack two-thirds needed to override another Bush veto. Senate backers claim the votes to do so, and most Republican 2008 presidential candidates back expanded research. "The ball is in [Bush's] court," says a spokesman for Democratic Senate leader Reid.

Administration aides and pharmaceutical lobbyists say Bush would veto as "price controls" the House Democratic plan to require government negotiations with drug makers for lower Medicare costs. But the Senate may water down the legislation by merely permitting negotiations.

EDWARDS REACHES for feminists' backing while Clinton and Obama ponder options.

Abortion-rights activist Kate Michelman is expected to endorse the former North Carolina senator, who seeks fast new year's start. Aides expect Clinton to signal her candidacy this month, but she says, "I'm not making any decisions yet" as new Congress opens.

Some Democratic operatives question dearth of black campaign professionals on her team as Obama becomes top potential rival.

A Clinton strategist notes that the senator's aide, Patti Solis Doyle, would be the first Hispanic campaign manager ever, and that her staff will "absolutely reflect the diversity of our party."

Obama, back from Hawaii vacation, makes no commitments on candidacy to those interviewing for staff jobs.

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CONSUMER GROUPS PREPARE to assail rumored Bush candidate to head Consumer Product Safety Commission, National Association of Manufacturers lobbyist Michael Baroody. "It's sort of astonishing that the administration would pick someone from a regulated industry," says Rachel Weintraub of the Consumer Federation of America. The agency will lose its ability to make rules or levy fines on Jan. 14 unless chairman's vacancy is filled.

PRESSURE TACTIC: The recent arrest of Iranian diplomats in Baghdad, allegedly for ties to militants, was part of Pentagon strategy to ratchet up efforts to curb Tehran's growing influence inside Iraq. "I think you can expect more" in the months ahead, said one official.

NOT SO FAST: FEC admonishes Nascar driver Kirk Shelmerdine for putting Bush-Cheney decal on his car during 2004 campaign. While declining to fine Shelmerdine, the election-watchdog agency said the bumper sticker amounted to an independent expenditure that should have been reported to the FEC.

UPSIDE DOWN? Republican Sen. Sessions of Alabama may find better luck under Democratic control with his bill to reduce the sentencing disparity between crack and powder cocaine. Democratic backers want to eliminate the disparity altogether, arguing it discriminates against black defendants. But they face law-enforcement resistance, leaving Sessions's proposal as a potential compromise.

DINGELL ALARMS FCC Democrats, too.

Back as chairman of House Energy and Commerce panel after 12 years, the Michigan Democrat has blasted the Republican-controlled communications panel. But his statement of "significant concerns" about ATT-BellSouth merger rankled Democratic commissioners. The agency's two Democratic board members had won concessions from AT&T to approve the deal. A Dingell aide said he wasn't referring to the Democrats' actions.

FCC officials brace for frequent Hill trips for oversight hearings.

MINOR MEMOS: More than a decade after President Clinton said "The era of big government is over," liberal activist Bob Borosage proclaims, "The conservative era is over"....In release to members and reporters, new House Majority Leader Hoyer prints Democrats' first-day agenda in typeface called "Comic."

War Foes Set Sights On New Majority (WT)

By Amy Fagan

The Washington Times, January 5, 2007

As Democrats reveled in their new majority yesterday, anti-war activists complained of cowardice on the Iraq war and pledged that they won't let Democrats cave to President Bush.

Cindy Sheehan, who opposes the war in Iraq, told more than 100 activists who rallied across the street from the Capitol that Democrats are behaving like Republicans and soon will be held to account.

"We're not going to give them a free pass and they found that out yesterday," Mrs. Sheehan said. On Wednesday, Mrs. Sheehan led a group of about 75 protesters who chased top Democrats out of their own press conference with chants of "de-escalate, investigate, troops home now."

Activists yesterday pledged to keep pressuring Democrats to stop funding the military campaign, force a withdrawal of troops, and investigate and impeach Mr. Bush for what they called "lies" that led to the war. They complained that Democrats continue to vote for war funding and have not put impeachment on their legislative agenda.

"They need a backbone transplant," Ray McGovern, a retired CIA analyst, told the crowd.

Elaine Brower, whose organization sponsored the protest, said House Democrats "need to add to those first 100 hours what we are demanding today."

Democrats plan to hold oversight hearings on the war, but activist David Swanson said that doesn't go far enough.

"Prodding Bush is like teaching calculus to a pig," he said. "They are telling us that impeachment is off the table. They are doing for Bush what Ford did for Nixon: They are pardoning."

The rally was sponsored by World Can't Wait/Drive Out the Bush Regime. The group displayed banners calling Mr. Bush a "torturer," "war criminal" and "murderer."

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About 30 hooded protesters in orange jumpsuits argued that the government is sanctioning torture at U.S. Naval Base Guantanamo Bay, Cuba.

Mr. Swanson said the congressional leadership needs to be more aggressive, but it is up to war opponents to take action on impeachment.

"We are going to remove Bush and Cheney from office whether Democrats want it or not," he said.

Mrs. Sheehan, who gained national prominence as a war opponent after her son died while serving in Iraq, told the crowd that her "biggest fear" is that her allies will relax now that Democrats are in charge of Congress.

"They've proven to us that we can't relax," she said.

White House Postponing Loss Of Iraq, Biden Says (WP)

By Glenn Kessler

The Washington Post, January 5, 2007

Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, said yesterday that he believes top officials in the Bush administration have privately concluded they have lost Iraq and are simply trying to postpone disaster so the next president will "be the guy landing helicopters inside the Green Zone, taking people off the roof," in a chaotic withdrawal reminiscent of Vietnam.

"I have reached the tentative conclusion that a significant portion of this administration, maybe even including the vice president, believes Iraq is lost," Biden said. "They have no answer to deal with how badly they have screwed it up. I am not being facetious now. Therefore, the best thing to do is keep it from totally collapsing on your watch and hand it off to the next guy -- literally, not figuratively."

Biden gave the comments in an interview as he outlined an ambitious agenda for the committee, including holding four weeks of hearings focused on every aspect of U.S. policy in Iraq. The hearings will call top political, economic and intelligence experts; foreign diplomats; and former and current senior U.S. officials to examine the situation in Iraq and possible plans for dealing with it. Secretary of State Condoleezza Rice will probably testify next Thursday to defend the president's new plan, but at least eight other plans will be examined over several sessions of the committee.

Other witnesses invited for at least 10 days of hearings include former national security advisers and secretaries of state, including Brent Scowcroft, Samuel R. "Sandy" Berger, Zbigniew Brzezinski, Henry A. Kissinger, Madeleine K. Albright and George P. Shultz.

Biden expressed opposition to the president's plan for a "surge" of additional U.S. troops and said he has grave doubts about whether the Iraqi government has the will or the capacity to help implement a new approach. He said he hopes to use the hearings to "illuminate the alternatives available to this president" and to provide a platform for influencing Americans, especially Republican lawmakers.

"There is nothing a United States Senate can do to stop a president from conducting his war," Biden said. "The only thing that is going to change the president's mind, if he continues on a course that is counterproductive, is having his party walk away from his position."

Biden said that Vice President Cheney and former defense secretary Donald H. Rumsfeld "are really smart guys who made a very, very, very, very bad bet, and it blew up in their faces. Now, what do they do with it? I think they have concluded they can't fix it, so how do you keep it stitched together without it completely unraveling?"

Shays Says More Troops In Iraq Is A 'Huge Mistake' (HARTC)

By Brian Lockhart

The Hartford Courant, January 5, 2007

U.S. Rep. Christopher Shays said yesterday it would be a "huge mistake" to send more American troops to Iraq if that country's government "doesn't do the heavy lifting it has to do."

Shays, R-Bridgeport, was in Hartford for the inauguration of Gov. M. Jodi Rell and swearing-in of members of the General Assembly. He returns to Washington today to begin his 10th term after fending off a second challenge from former Westport First Selectwoman Diane Farrell in November.

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He was the only Republican congressman re-elected in Connecticut and New England.

"You're representing all of New England now," a visitor to the Capitol said upon recognizing Shays.

The 4th District congressman said the next two years will be pivotal for America's policies in Iraq.

"We went in on a bipartisan basis and we need to find a way to leave on a bipartisan basis," Shays said.

The Iraq Study Group's report, released a month ago, was a good start, he said.

The bipartisan group "nailed it pretty solidly," Shays said.

The report said the United States must not make an open-ended commitment to keep large numbers of American troops in Iraq but warned against a rapid reduction. U.S. combat brigades not needed for force protection could be withdrawn by the first quarter of 2008, it said.

President Bush is considering sending tens of thousands more troops to Iraq, where 140,000 are currently stationed.

Though a longtime proponent of the Iraq invasion, Shays said in the final days of his re-election campaign that there should be a timeline for troop withdrawal. After his 15th visit to Iraq last month, Shays said the country is in chaos and reiterated the need for a timeline.

"Saying we're not going to leave until the job is done is an invitation to Iraqis to let us do the job," Shays said at the time.

U.S. Sens. Christopher Dodd and Joseph Lieberman, both D-Conn., took separate trips to the Middle East last month.

Dodd said sending more troops would create additional targets for Iraq's warring factions. Lieberman wrote an opinion piece for the Washington Post - "Why We Need More Troops in Iraq."

Dodd also visited Syria, saying he supports the Iraq Study Group's conclusion that the United States must begin talks with that country.

Lieberman has said turning to Syria for help would be akin to asking an arsonist to help put out a fire.

Dodd and Lieberman also attended Rell's inauguration yesterday.

Shays yesterday would not comment on the senators' observations.

"That's what they believe," Shays said. "Ultimately the president determines foreign policy."

Shays said he asked the White House and State Department if he could visit Syria last month and was advised not to put it on his itinerary.

"I'm sorry they asked me not to," he said, because it is "crazy" not to engage Iraq's neighbors.

He said he supports the Iraq Study Group's proposals to set conditions for transferring more responsibilities from America to Iraq and for mending the rifts between the Sunnis and the Shiite-led government.

Despite his concerns about the war in Iraq, Shays praised last week's execution of toppled dictator Saddam Hussein.

Had Saddam lived, he would have grasped victory from defeat, just as he bolstered his image after the Gulf War, Shays said.

"If he had survived, given all he did, it was a message that he was more powerful than life," Shays said.

Bush Shaking Up Team Responsible For Carrying Out Iraq Strategies (USAT/AP)

USA Today, January 5, 2007

WASHINGTON (AP) — President Bush is shaking up the team responsible for carrying out his military and diplomatic strategies in Iraq as he prepares to outline a new direction for the war that has raged for nearly four years.

Bush will replace Gen. John P. Abizaid, the top U.S. commander in the Middle East, and Gen. George Casey, the chief general in Iraq, in the coming weeks, according to media reports Thursday. A revamping of the administration's national security team was already underway.

Bush wants to replace Abizaid with Adm. William Fallon, the top U.S. commander in the Pacific, and Casey's replacement will be Army Lt. Gen. David Petraeus, who headed the effort to train Iraqi security forces, the reports citing administration officials said.

Giving Fallon and Petraeus the top military posts in the Middle East would help Bush to assert that he is taking a fresh approach in the region and help pave the way for him to turn policy there in a new direction. Both Abizaid and Casey have expressed reservations about the potential effectiveness of boosting troop strength in Iraq.

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Sen. Daniel K. Inouye, the ranking Democrat on the Senate Defense appropriations subcommittee, told The Associated Press on Thursday that he understands Bush wants to appoint Fallon to head the U.S. Central Command, a position responsible for directing the wars in both Iraq and Afghanistan.

"He's highly knowledgeable and well-educated and respected," Inouye said of Fallon. "I would think that his nomination, if the president is to submit it, would go flying through."

In a news conference Thursday, Bush said that he would go before the nation next week with his long-anticipated speech about the next steps in Iraq. The war was a major factor in the Republicans' loss of Congress and Bush's slide in the polls. More than 3,000 members of the U.S. military have lost their lives in the war.

"I'll be ready to outline a strategy that will help the Iraqis achieve the objective of a country that can govern, sustain and defend itself sometime next week," the president said. "I've still got consultations to go through." Some members of Congress have been invited to the White House on Friday for discussions about Iraq.

Considering more troops to deal with the rising violence in Baghdad, Bush said, "One thing is for certain: I will want to make sure the mission is clear and specific and can be accomplished." Senior generals have cautioned against sending additional troops unless their role is defined.

Abizaid and Casey have at times sounded skeptical about increasing the size of the U.S. force in Iraq.

In November, Abizaid told the Senate Armed Services Committee that boosting the roughly 140,000 U.S. troops in Iraq by 20,000 would have a temporary impact, but he warned that the military's ability to maintain in increase of that size "is simply not something that we have right now."

Casey told reporters in Iraq last month that he is "not necessarily opposed to the idea" of sending in more troops, but said any increase would have to "help us progress to our strategic objectives."

Along with changes in policy in Iraq, Bush is rearranging his national security team. Retired Vice Adm. Mike McConnell, a veteran of more than 25 years in the intelligence field, will be named Friday to succeed John Negroponte as national intelligence director, officials said.

In addition, Zalmay Khalilzad, the U.S. ambassador to Iraq, will be nominated to become the U.S. envoy to the United Nations, according to a senior Bush administration official. He is likely to be replaced in Baghdad by Ryan Crocker, a veteran American diplomat now U.S. envoy to Pakistan.

Bush's new plan for Iraq is expected to contain economic, political and diplomatic components.

Given the need to reduce high unemployment and draw Iraqis away from Shiite militias and the Sunni insurgency, the president is considering loans to businesses. He is looking at getting Iraqis into short-term jobs by proposing a significant increase in the discretionary funds that military commanders can use for reconstruction projects.

Questions about what the president's plan will mean for the U.S. military presence in Iraq have gotten the most attention.

One option presented to Bush calls for an initial infusion of 8,000 to 9,000 troops, mainly to reinforce Baghdad. The option involves sending two additional Army brigades, or roughly 7,000 soldiers, to Baghdad, and two Marine battalions, totaling about 1,500 troops, to western Anbar Province, the center of the Sunni Arab insurgency.

Sen. Ben Nelson, a member of the Armed Services Committee, was one of those asked to Friday's meeting at the White House. Nelson, D-Neb., said he planned to urge the president to resist sending more troops without setting firm conditions.

Bush and Prime Minister Nouri al-Maliki spoke on a secure video hookup for nearly two hours Thursday. He appeared later in the day with German Chancellor Angela Merkel and recounted some of his discussions with al-Maliki.

The president said he talked with the prime minister about the final moments of Saddam's life, when he was taunted before being hanged. An unauthorized video showed images of Saddam's dangling body. The White House has been reluctant to criticize the proceedings, which have been condemned by some world leaders as deplorable.

"My personal reaction is that Saddam Hussein was given a trial that he was unwilling to give the thousands of people he killed," Bush said. "I wish, obviously, that the proceedings had gone on in a more dignified way."

Bush To Make Changes In Key National Security Jobs (MCT)

By Ron Hutcheson And Warren P. Strobel

DOJ_NMG_0112481

McClatchy Newspapers, January 5, 2007

WASHINGTON - President Bush is preparing to shake up his national security team and bring new faces to the United Nations, the military, the State Department and the U.S. embassy in Iraq, administration officials said Thursday.

In one high-profile shift, Adm. William Fallon, the head of the U.S. Pacific Command, would be nominated to succeed Army Gen. John Abizaid as the commander of the U.S. Central Command. Abizaid, who's been skeptical about the wisdom of sending more troops to Iraq, is scheduled to retire in March.

Bush is also expected to name a replacement for Army Gen. George Casey, the top U.S. commander in Iraq, and to appoint the American ambassador to Iraq, Zalmay Khalilzad, to be the U.S. representative at the United Nations. Khalilzad's likely replacement in Baghdad is Ryan Crocker, a veteran Mideast expert who's now the U.S. ambassador to Pakistan.

At the same time, Director of National Intelligence John Negroponte, the nation's top intelligence official and Khalilzad's predecessor as ambassador to Iraq, is in line to be named deputy secretary of state on Friday.

Administration officials discussed the changes on the condition of anonymity because White House policy prohibits discussing personnel moves before they're announced. Some of the contemplated changes could be derailed by last-minute developments.

The overhaul of Bush's military, intelligence and diplomatic team comes as the president is putting the finishing touches on a new strategy for Iraq. He's expected to announce his latest Iraq plan next week.

The president spoke briefly about his emerging Iraq plan after meeting with German Chancellor Angela Merkel early Thursday evening.

"My thinking is taking shape," Bush said. "I've still got consultations to go through."

The personnel shuffle is in keeping with Bush's desire for a fresh start in Iraq, but it doesn't appear to signal a major shift in policy. All the potential appointees are Bush loyalists who've supported the president's Iraq policy.

Fallon would be the first naval officer to head the Central Command, which oversees all U.S. military operations in South and Central Asia, the Middle East and North Africa. In the Pacific Command, Fallon helped develop a strategy to combat terrorist groups in the Philippines and Indonesia that relied as much on diplomacy and working with local allies as it did on military force.

Khalilzad, a highly regarded diplomat, became a top prospect for the U.N. job when former Ambassador John Bolton resigned in December. Bolton had been appointed to the post when Congress was in recess, and he stepped down when it became clear that he couldn't win Senate confirmation.

Khalilzad, the Bush administration's highest-ranking Muslim, reportedly has been eager to leave Baghdad for months. He's known as a consummate back-room deal maker, having played key roles in helping form the first post-Taliban government in Afghanistan and trying to reconcile Sunni Muslim, Shiite and Kurdish politicians in Iraq.

But his efforts to reach out to Iraq's Sunnis, who launched an insurgency after the fall of the late President Saddam Hussein, made Khalilzad some enemies in Washington, particularly in Vice President Dick Cheney's office, a State Department official said.

Negroponte interrupted his diplomatic career in April 2005 to become the nation's first Director of National Intelligence, a job created in response to the 2001 terrorist attacks.

He's expected to play a major role in helping Secretary of State Condoleezza Rice with Iraq policy and efforts to revive Arab-Israeli peace negotiations.

"He's a diplomat's diplomat," State Department spokesman Sean McCormack said, without confirming the personnel shift. "She has a very good working relationship with him, and he is also somebody who has the confidence of the president."

Retired Navy Vice Admiral Mike McConnell, currently a top executive at the Booz Allen Hamilton consulting firm, is Bush's choice to replace Negroponte in the intelligence job. McConnell formerly headed the National Security Agency.

Bush To Name A New General To Oversee Iraq (NYT)

By Michael R. Gordon And Thom Shanker

The New York Times, January 5, 2007

DOJ_NMG_0112482

WASHINGTON, Jan. 4 — President Bush has decided to name Lt. Gen. David H. Petraeus as the top American military commander in Iraq, part of a broad revamping of the military team that will carry out the administration's new Iraq strategy, administration officials said Thursday.

In addition to the promotion of General Petraeus, who will replace Gen. George W. Casey Jr., the choice to succeed Gen. John P. Abizaid as the head of the Central Command is expected to be Adm. William J. Fallon, who is the top American military officer in the Pacific, officials said.

The changes are being made as the White House is considering an option to increase American combat power in Baghdad by five brigades as well as adding two battalions of reinforcements to the volatile province of Anbar in western Iraq.

Mr. Bush, who said Thursday that he would present details of his overall strategy for Iraq next week, and several top aides held a video teleconference on Thursday, speaking with Prime Minister Nuri Kamal al-Maliki of Iraq and his top deputies about plans to add forces in the capital and other matters. The session lasted roughly an hour and 45 minutes.

"I said that 'You show the will, we will help you,' " Mr. Bush told reporters.

Echoing the comments of both military and political advisers in recent weeks, he added, "One thing is for certain: I will want to make sure that the mission is clear and specific and can be accomplished."

Senior administration officials said that the choice of General Petraeus was part of a broader effort to change almost all of the top American officials in Iraq as Mr. Bush changes his strategy there.

"The idea is to put the whole new team in at roughly the same time, and send some clear messages that we are trying a new approach," a senior administration official said Thursday.

In addition to the military changes, Mr. Bush intends to appoint the ambassador to Iraq, Zalmay Khalilzad, as the new United States ambassador to the United Nations, a senior administration official said Thursday.

"It was clearly time to move the players around on the field," said the senior official, who spoke on condition of anonymity because Mr. Bush had yet to announce the changes. "This helps the president to make the case that this is a fresh start."

Admiral Fallon would be the first Navy officer to serve as the senior officer of the Central Command, which is managing simultaneous ground wars in Iraq and Afghanistan. Admiral Fallon is regarded within the military as one of its stronger regional combat commanders, and his possible appointment also reflects a greater emphasis on countering Iranian power, a mission that relies heavily on naval forces and combat airpower to project American influence in the Persian Gulf.

General Petraeus, who is now the head of the Army's Combined Arms Center at Fort Leavenworth, Kan., helped oversee the drafting of the military's comprehensive new manual on counterinsurgency. He has served two previous tours in Iraq, and some former officers say he sees the need for additional troops in Baghdad.

He will replace General Casey, whose plan for troop reductions in Iraq faltered last year in the face of escalating sectarian strife and who initially expressed public wariness about any short-term increase in troops in Iraq, a move that is now a leading option under consideration by the White House.

The departures of both General Casey and General Abizaid were expected, though in General Casey's case it appears to have been moved up several months from the originally anticipated shift in spring or summer. General Abizaid's tour had already been extended for a full year beyond the typical two-year stint, and he has announced that he will retire soon.

The troop increase option under discussion would focus on improving security in Baghdad. Under this approach, two Army combat brigades would be sent to the capital during the first phase of the operation. A combat brigade generally consists of about 3,500 soldiers. At the same time, a third brigade would be positioned in Kuwait as a reserve, and two more brigades would be on call in the United States.

The expectation is that these three brigades would eventually be sent to Baghdad as well, though the president would have the option to limit the reinforcements. Part of the increase could be achieved by holding some units past their currently scheduled return home.

Scaling up by five brigades would more than double the number of American combat troops involved in security operations in the Iraqi capital. The emphasis on Baghdad reflects the view that stability in the capital is a precondition for any broader effort to bring calm to the whole country. It is also a recognition that the administration sees sectarian violence as a greater threat to Iraq's stability than the Sunni Arab insurgency.

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While Baghdad is the principal focus, the option also provides for sending two battalions of reinforcements to Anbar, where overstretched Marine and Army forces have been battling Sunni Arab insurgents. A basic battalion generally consists of 1,200 troops.

One issue under discussion is how to mesh the emerging American strategy with the Iraqis' capabilities. Bush administration officials say they want the increase in American troops to be paralleled by a considerable rise in the number of functional Iraqi troops. But the Iraqis failed in the summer to send all the reinforcements that had been requested, and some Iraqi security forces, particularly the police, have been infiltrated by militias.

Another point of contention is that some senior aides to Mr. Maliki have been notably unenthusiastic about an increase in American troops in Baghdad. During his meeting with Mr. Bush in Jordan in November, Mr. Maliki presented a plan that would shift most Americans to the periphery of Baghdad so they could concentrate on fighting Sunni insurgents while the Shiite-dominated Iraqi government asserted more control over the capital. That has left some American officials wondering whether the Maliki government was making a legitimate bid to exercise sovereignty or is committed to a sectarian Shiite agenda.

Bush administration officials believe that their new Iraqi strategy must involve political steps toward reconciliation and reconstruction programs to produce jobs.

In their teleconference, Mr. Bush and Mr. Maliki discussed the Iraqi government's efforts at political reconciliation and the Iraqi prime minister's vows to rein in militias, the pace of which American officials have found painfully slow. Discussing the execution of Saddam Hussein, Mr. Bush said the Maliki government was right to investigate the circumstances surrounding the hanging.

General Petraeus participated in the initial invasion of Iraq as the commander of the 101st Airborne Division. The division fought its way toward Baghdad and was later sent to Mosul in northern Iraq, where the general focused on political and economic reconstruction efforts.

"We are in a race to win over the people," read a sign in his Mosul headquarters. "What have you and your element done today to contribute to victory?"

General Petraeus did a second tour in Iraq in which he oversaw the efforts to train the Iraqi Army. At his current post at Fort Leavenworth, he has been involved in the push to change the United States Army's training and education to emphasize counterinsurgency operations.

Jack Keane, the retired Army general who served as vice chief of the Army, called General Petraeus an "imaginative commander who is experienced and knows how to deal with irregular warfare," as the Army refers to insurgencies.

The Iraq commander post is considered a four-star general's command, a promotion that would add a star to General Petraeus's shoulder.

Officials also said Admiral Fallon received a persuasive recommendation from the Joint Chiefs as one of the military's stronger commanders of a geographic theater, with his current command including the challenges of North Korea and China.

In that capacity, he also took the unusual and punitive move in December of canceling a large, annual field exercise with the Philippines over a local judge's failure to honor the bilateral treaty governing protections for American military personnel. The judge refused to honor the agreement's rule that American military personnel remain in American custody pending final appeal of all criminal proceedings against them, and ordered a marine convicted of rape held in a local jail even though the case was on appeal.

Bush To Reveal New Commanders, War Strategy Next Week (LAT)

By Peter Spiegel

The Los Angeles Times, January 5, 2007

WASHINGTON -- President Bush intends to name two new military commanders to oversee the war and help establish a new direction in Iraq as part of his shift in strategy to be announced next week, according to a defense official.

Navy Adm. William J. Fallon, currently the commander of all U.S. forces in east Asia and the Pacific, will be nominated as the new head of U.S. Central Command, the military headquarters responsible for operations in the Middle East, replacing retiring Army Gen. John P. Abizaid.

DOJ_NMG_0112484

And Army Lt. Gen. David H. Petraeus, a veteran of two tours in Iraq, will become the new four-star commander in Iraq, replacing Army Gen. George W. Casey Jr. Both would have to be confirmed by the Democratic-controlled Senate for their new posts.

The changes would be among the first major steps in Bush's overhaul of his Iraq policy. They were first reported Thursday night by ABC News and confirmed by the defense official who requested not to be named since the announcement is pending.

Although both Abizaid and Casey were expected to leave their posts early this year, Bush's decision to name their successors at about the same time he unveils his revised strategy is a signal of how thoroughly he intends break from past policies, which he recently conceded are failing.

The choice of Petraeus in particular could have wide-ranging significance. Although his selection does not come as a surprise, Petraeus is closely associated with the push for a more complex counterinsurgency campaign, which would move U.S. soldiers out of their large bases and into smaller outposts in troubled neighborhoods.

Advocates of such a plan argue that it is the only way to gain the confidence of Iraqi civilians and protect them from attacks. Abizaid and Casey have resisted such moves, arguing a more visible U.S. presence would inflame locals and prevent Iraqi forces from shouldering the security burden.

Petraeus has risen quickly through the ranks after earning praise for commanding the 101st Airborne Division during the Iraq invasion.

"Dave Petraeus may be the most talented person I ever met," retired Army Gen. Barry McCafferey said in a recent interview. "He's got phenomenal intellectual gifts."

Petraeus currently oversees most of the Army's leading military colleges, where he supervised work on the new Army and Marine Corps counterinsurgency manual, issued last month. The manual advocated multiple manpower-intensive tactics that would break sharply from many of Casey's views for a lighter U.S. footprint in Iraq.

Bush's selection of Fallon would be more unexpected. Fallon, whose nickname is "Fox," would become the first Naval officer to take command of the Middle East headquarters since its creation in 1983. Because most threats in the region have been land-based, the command, known colloquially as Centcom, has alternated between Army and Marine generals.

Fallon has been viewed as somewhat out of step with Bush administration policy in Asia. He has advocated closer military relationships with China and downplayed the threat posed by North Korea's missile program. In contrast, former Secretary of Defense Donald H. Rumsfeld repeatedly raised concerns about the North Korean missile program and the lack of transparency of China's military buildup while he was in office.

Despite Fallon's differences with Rumsfeld, the former fighter pilot and Vietnam veteran is highly regarded within the Pentagon for his willingness to speak his mind and for his openness to subordinates. If he takes the reins of Centcom in March, when Abizaid is expected to retire, he will have served as head of Pacific Command for only a year.

Fallon was not Bush's first choice to head the Pacific Command when he was nominated in January 2005. The White House had originally nominated Air Force Gen. Gregory S. Martin for the command, but was forced to withdraw the selection when Sen. John McCain, R-Ariz., objected to his ties to an Air Force officer involved in a procurement scandal.

The selection of a Naval officer to head Centcom could signal the Pentagon's interest in devoting more attention to countries in the region other than Iraq.

Pentagon officials have repeatedly raised concerns about the smuggling of weapons and personnel by terrorist groups on the region's seas, while any military move against Iran would likely rely heavily on ship-based missiles and fighter aircraft.

Concern As Spy Chief Quits To Join Rice (FT)

By Guy Dinmore

Financial Times, January 5, 2007

John Negroponte's abrupt shift from being the first US director of national intelligence to number two at the State Department reflects continued troubles in the intelligence community and a further concentration of power around Condoleezza Rice, secretary of state.

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Analysts see the return of the career diplomat to the State Department as part of a broader and somewhat confused reshuffle of the Bush administration that began with the sacking of Donald Rumsfeld as defence secretary and has Iraq and the wider Middle East as its focus.

Mr Negroponte's expected replacement by a retired admiral, Mike McConnell, would also mean that key intelligence posts would all be filled by active or former military personnel – an issue of concern to civilians in the community.

Officials said President George W. Bush would announce the changes on Friday, possibly including his nomination of Zalmay Khalilzad, ambassador to Baghdad, as the new US envoy to the UN.

There was also speculation on Thursday night that Ryan Crocker, US ambassador to Pakistan, would replace Mr Khalilzad in Baghdad, and that David Petraeus would replace George Casey, the senior US general in Iraq. Gen Petraeus's appointment would be taken as a signal that the US military could change course in Iraq to emphasise a "hearts and minds" approach, designed to isolate the insurgents and reduce support for sectarian groups.

According to leaks put out by [a news agency] and ABC on Thursday night, Mr Bush is also expected to replace John Abizaid with Admiral William Fallon as head of central command, which oversees the Iraq and Afghanistan wars.

With a week to go before Mr Bush is expected to announce his "new way forward in Iraq", the president spoke on Thursday for nearly two hours by video conference with Nouri al-Maliki, the Iraqi prime minister.

Less than two years ago, Mr Negroponte was elevated to co-ordinate all 16 distinct spy agencies following the 9/11 commission probe into the intelligence failures surrounding al-Qaeda's attacks. However, former intelligence officials say that the overhaul only succeeded in creating another layer of bureaucracy with inadequate powers.

Paul Pillar, a former senior CIA analyst who has accused the Bush administration of ignoring the agency's findings before invading Iraq, said Mr Negroponte had been unfairly criticised by some in Congress and that he did not have enough control over the defence department's intelligence operations.

Reuel Gerecht, a former CIA officer and a critic of the agency, called the creation of the director of national intelligence (DNI) a "lame idea".

"It has only made an overstaffed intelligence establishment even fatter," he said.

Another former CIA operative who asked not to be named said Mr Negroponte had never wanted the job and had clashed with Mr Rumsfeld, who controlled more than 80 per cent of the intelligence budget. "Negroponte gave in," he said.

Tensions between the DNI and the Pentagon may ease with the replacement of Mr Rumsfeld by Robert Gates, a former CIA director who has said he wants to yield important Pentagon intelligence activities.

Mr Gates is expected to appoint Lt-Gen James Clapper, who had fallen out of favour with Mr Rumsfeld, as his top intelligence official.

Former intelligence officials said Mr Negroponte was tired of bureaucratic turf wars and wanted to return to his diplomatic career.

Mr McConnell, a former head of the National Security Agency, is tipped to leave his consulting job to replace Mr Negroponte.

Members of Congress expressed dismay at Mr Negroponte's early departure, concerned at the apparent disarray at the top of the intelligence apparatus.

Mr Negroponte, who was the first post-occupation ambassador to Iraq, brings his experience to the State Department at a time when Ms Rice is focused on shoring up Iraq's government while building alliances among Arab allies to contain Iran and moderate the Palestinian leadership.

At a press conference, Tony Snow, White House spokesman, rolled his eyes at a suggestion that Ms Rice, perhaps the closest in the cabinet to the president and now no longer challenged by Mr Rumsfeld, was set to move on.

Additional reporting by Edward Luce in Washington

Bush Is Expected To Shift U.S. Ambassador In Iraq To U.N. (NYT)

By Sheryl Gay Stolberg

The New York Times, January 5, 2007

DOJ_NMG_0112486

WASHINGTON, Jan. 4 — President Bush intends to name Zalmay Khalilzad, the Afghan-born diplomat who has been ambassador to Iraq for the past 21 months, to be the new envoy to the United Nations, part of a diplomatic shakeup as Mr. Bush prepares to announce a new strategy for the war.

A senior administration official, who had been briefed on the decision but had to discuss it anonymously because the change had not been formally announced, confirmed Thursday that the president had decided to nominate Mr. Khalilzad to the United Nations post.

The official said Mr. Bush intended to name Ryan C. Crocker, the ambassador to Pakistan, to replace Mr. Khalilzad in Baghdad.

If confirmed by the Senate, the appointments would put seasoned, respected diplomats into two of the State Department's most challenging posts. Mr. Khalilzad would replace John R. Bolton, who served temporarily as United Nations ambassador but resigned late last year after concluding he could not win Senate confirmation.

Mr. Bush's decision to transfer Mr. Khalilzad, among the most visible Americans working in Iraq, would effectively accomplish two goals for the administration. As a Sunni Muslim, Mr. Khalilzad has been perceived by some Iraqi Shiites as not sympathetic enough to their views; removing him from Baghdad would help Mr. Bush make a fresh start there. And Mr. Khalilzad had told colleagues that he was ready to leave.

The change also would give the United States the strong voice it needs at the United Nations, particularly after the storm surrounding Mr. Bolton.

The senior administration official said the White House believed that Mr. Khalilzad, as a Muslim who had extensive experience overseas including a stint as ambassador to his native Afghanistan, would bring an important understanding of the Muslim world to his work at the United Nations.

Daniel P. Serwer, the executive director of the bipartisan Iraq Study Group, which recently issued a report recommending a new strategy for Iraq, said a Khalilzad nomination would send a message "that we are taking the U.N. seriously and sending somebody who has real weight with this administration, and who has served in our toughest post."

But Leon E. Panetta, a former chief of staff to President Bill Clinton who was one of five Democrats on the study group, said he feared removing Mr. Khalilzad from Baghdad would leave "a vacuum" there at a critical time.

"The problem we've had in Iraq is that the people who finally get to understand how that country works suddenly leave," Mr. Panetta said. "He's probably a pretty good appointment for the U.N., but you do have to be nervous about who is going to speak for us in Iraq."

But some in the administration have suggested that perhaps Mr. Khalilzad has been too prominent a figure in Iraq.

In a classified memorandum written Nov. 8 after visiting Prime Minister Nuri Kamal al-Maliki in Baghdad, President Bush's national security adviser, Stephen J. Hadley, said that the president might urge Mr. Khalilzad, who goes by the nickname Zal, to take a lower profile as one way to buttress the Maliki government.

Under the heading "What we can do to help Maliki," Mr. Hadley ticked off a list of suggestions, among them: "Encourage Zal to move into the background and let Maliki take more credit for positive developments. (We want Maliki to exert his authority — and demonstrate to Iraqis that he is a strong leader — by taking action against extremists, not by pushing back on the United States and the Coalition.)"

Unlike the other changes to Mr. Bush's foreign policy team in the last 24 hours, which caught much of Washington off guard, the moves involving Mr. Khalilzad and Mr. Crocker have been the subject of speculation here for weeks, since Mr. Bolton resigned on Dec. 5.

By that time Mr. Khalilzad had already told colleagues that he was ready to for a change of assignment. ABC News first reported the decision about Mr. Khalilzad on its Web site on Thursday afternoon.

Educated in Beirut and the United States (he holds a doctorate from the University of Chicago), the blunt-spoken Mr. Khalilzad, 55, has been a prominent figure in American foreign policy circles since the Reagan administration, when he advised the State Department on the Iran-Iraq war and the Soviet war in Afghanistan.

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He later joined the administration of the first President Bush, where he earned a reputation as a hawk who called for the ouster of Saddam Hussein, advice that administration did not take. More recently, senior administration officials say, he was considered for the No. 2 State Department job that John D. Negroponte is expected to take.

Mr. Crocker, 57, has been a Foreign Service officer since 1971 and is among the State Department's most respected voices in the Middle East. He has been ambassador to Pakistan since 2004, and has served as ambassador to Syria, Kuwait and Lebanon.

Negroponte Moves To Job Considered Crucial At State Dept. (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, January 5, 2007

John D. Negroponte's departure as the nation's first director of national intelligence comes as the two-year-old office and the broad, post-Sept. 11 reorganization that created it have yet to reach the goal of uniting the intelligence community under a single leader.

But Negroponte's move to become Secretary of State Condoleezza Rice's deputy, and his replacement by retired Navy Adm. John M. McConnell, had little to do with any assessment of Negroponte's tenure or with the unfinished state of intelligence integration, a range of senior administration officials said.

Instead, it stemmed directly from the urgent need to fill a State Department job, vacant since early last summer, that was seen as crucial to implementing the new Iraq policy that President Bush plans to announce next week.

Negroponte will take charge of State's Iraq account as the administration begins a sharply uphill effort to turn around a failing war and persuade the new Democratic Congress to follow its lead. A career diplomat who served as Bush's ambassador at the United Nations and in Baghdad before becoming intelligence chief in April 2005, Negroponte will also have primary responsibility for policy toward China and Northeast Asia, especially the North Korean nuclear issue. Rice will focus on Iran, the Israeli-Palestinian peace process and other issues.

"This is a key job, a really important job," said one State Department official, who noted that other senior vacancies remain. "We've had a thin bench."

Rice broached the subject with Negroponte last summer, but the White House refused to consider his departure until a replacement had been arranged, one official said. As with several others who agreed to discuss the matter, he requested anonymity before the nominations, which must be confirmed by the Senate, are announced today.

By fall, several candidates for the intelligence position, including Gen. John P. Abizaid, head of the military's Central Command, had turned it down. Others considered as Rice's deputy -- among them NATO military chief Gen. James L. Jones -- were similarly uninterested. The White House decided to postpone consideration of the issue until after the November midterm elections.

McConnell had already turned down an offer to become Negroponte's intelligence deputy -- a job vacated last spring when Gen. Michael V. Hayden became CIA director. It was only over the Christmas holidays, when Bush and Vice President Cheney appealed to McConnell to leave his private-sector position as senior vice president of the consulting firm Booz Allen Hamilton to take the lead intelligence job, that a deal was struck. Bush telephoned Negroponte, on vacation in Florida, to revive Rice's request.

Word of Negroponte's replacement was met with some concern on Capitol Hill yesterday. Senate intelligence committee Chairman John D. Rockefeller IV (D-W.Va.) said he was "troubled by the timing" and that the committee was neither consulted nor apprised of the moves before they became public on Wednesday.

He praised Negroponte for building the director of national intelligence (DNI) office "from scratch," but said the creation of a truly integrated intelligence community needs to move faster.

Susan Collins (R-Maine), who as chairman of the Senate Homeland Security and Government Affairs Committee shepherded the reform bill in 2004, said she is disappointed that Negroponte is leaving. She called it "a critical time in establishing the authority of the DNI, and he was making progress."

DOJ_NMG_0112488

Former House intelligence committee chairman Rep. Peter Hoekstra (R-Mich.) said he is troubled that virtually all of the nation's senior intelligence positions will now be filled by military officers: McConnell, Hayden at the CIA, retired Vice Adm. John Scott Redd at the National Counterterrorism Center and retired Lt. Gen. James R. Clapper Jr., who has reportedly been chosen by Defense Secretary Robert M. Gates as undersecretary for intelligence.

"This is nothing against these people as individuals," Hoekstra said. But "when we crafted the intelligence reform bill, we put protections in there to make sure the military was represented. . . . We should have put language in there that protected civilian oversight. The administration clearly has a bias, almost a criterion, that to be in the intelligence community, you better have a military background. That's not what I envisioned, and I don't believe that's healthy."

Others pointed out that Hayden, who formerly served as Negroponte's DNI deputy, and Clapper, who retired in June after five years as director of the National Geospatial-Intelligence Agency (NGA), had argued with former Defense Secretary Donald H. Rumsfeld over the growth of Pentagon control over intelligence. Along with McConnell, the head of the National Security Agency during the Clinton administration, the three are recognized as military men who, in the past, have responded well to the needs of the president and civilian policymakers.

The still-vacant job of deputy DNI is likely to be filled with a civilian. One candidate is Thomas Fingar, one of Negroponte's first appointments as deputy director of national intelligence for analysis and now chairman of the National Intelligence Council.

As DNI, Negroponte has focused on building common information-sharing and tradecraft training rather than day-to-day analysis or operations, said John E. McLaughlin, the former deputy CIA director. Negroponte has been criticized by Congress for being too diplomatic with the intelligence community's 16 agencies, some of whose members have resisted relinquishing traditional roles and perquisites in the name of integration.

But McLaughlin said Negroponte had "exercised his own authority" in pushing through a fiscal 2008 budget request that wrested money from more powerful elements of the community -- particularly the Pentagon.

At the CIA, Hayden has reflected his own close association with Negroponte even as he has tried to boost low morale. In a speech to agency employees yesterday, Hayden released the agency's five-year "Strategic Intent," subtitled "One Agency, One Community."

Its emphasis, said former senior CIA official Paul Pillar, was on "the strongly felt need for greater coordination across different organizations," while "quelling any thought that this is an agency that is in a state of transition to something much less than it once was."

Negroponte To State? You Heard It Here First. (WP)

By Al Kamen

The Washington Post, January 5, 2007

Director of National Intelligence John D. Negroponte's selection as deputy secretary of state was not, despite his public demurrals, shocking news.

Loop Fans may recall that on Nov. 15, not long after we first heard the deal was struck -- the delay apparently was finding a replacement for Negroponte -- we noted that he "was said to be unhappy" as DNI and "itching to move to a diplomatic post," maybe something like "deputy secretary of state."

The reasons, we wrote, were obvious: "The diplo world is home, because he has served as ambassador to Honduras, Iraq, the Philippines and the United Nations. Also, being deputy to Secretary Condoleezza Rice wouldn't be so bad, because at heart she's a sharing person."

We hear she's thinking of handing him such fine portfolios as Northeast Asia -- where he can deal with the Chicoms and the lunatic North Koreans -- and Iraq. That's two-thirds of the Axis of Evil (A of E) all for himself.

Of course, in a C-SPAN interview aired Dec. 3, Negroponte, when asked about his plans, said, "In my own mind at least, I visualize staying . . . through the end of the administration." And he reiterated that in a Dec. 14 chat with Washington Post reporters and editors.

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But Negroponte is a guy who clearly can't hold a job. This would be his fourth since joining the administration just over five years ago. And the chatter has already begun that he may not be in this one too long before he moves up one level.The Lowest of the High: Former Veep

John Nance Garner famously said being vice president wasn't worth "a warm bucket of spit." (Apparently he didn't say "spit," but reporters cleaned up the language.) Well, imagine what being a former vice president is worth.

And there they were, the three living former veeps who never made it to the Oval Office, lingering after Gerald R. Ford's funeral at Washington National Cathedral. Former presidents Carter, Bush and Clinton and their wives had all been escorted out to their limousines and motorcades.

But Walter F. Mondale, Dan Quayle and Al Gore were left to cool their heels in a long line that didn't seem to move for 20 or 30 minutes, our colleague Peter Baker reports. Quayle was first to break under the pressure. Alone and unbothered by others, he broke out of the line, moved around the chairs and crept around the line to the front to try to see why it wasn't moving. Mondale and Gore showed a little more patience -- they and stood and waited behind a hundred or so people who have never been one heartbeat away from the presidency. They fidgeted and tried to make small talk.

Eventually they, too, couldn't take it and, with their wives, bolted out of line in search of an exit through which they could actually leave the building. (No truth to the speculation that the line wasn't moving because Bill Clinton planted himself outside the door to shake hands with everyone leaving.)Who Might KBR Intend to Fund?

'Twas the day after Christmas and Halliburton subsidiary KBR, the U.S. military's largest contractor in Iraq, was filing its forms with the Federal Election Commission to set up its new political action committee, KBRPAC.

So why was the company, which just agreed to pay the government $8 million to settle allegations of overbilling for work in the Balkans and which has a number of False Claims Act and congressional investigations pending, setting up its very own PAC? Most likely because it's spinning off from parent Halliburton and needs its own operation. Or it could be because of two words: Henry Waxman.Osama's Not Dead; He's Resting

And now, the Monty Python Dead Parrot Award for 2006. It's always best to wait till the very end of the year before declaring the winner of this prestigious spinmeister award -- given in honor of the iconic scene in which Michael Palin, as a pet-shop owner, insists that the obviously dead parrot he just sold John Cleese's character is merely napping.

And, sure enough, the winning entry came in on Dec. 28, when CNN's Ed Henry interviewed White House homeland security adviser Frances Fragos Townsend.

Henry pressed her to admit that the administration's failure to kill or capture Osama bin Laden in the past five years was, well, a failure. She wouldn't.

"Well, I'm not sure," Townsend said. "It's a success that hasn't occurred yet. I don't know that I view that as a failure."Britain, Finally in the Black

A happy new year to the Brits, who began 2007 debt-free for the first time since World War II. The British, according to wire services, transferred $84 million to the U.S. Treasury, the final installment in repayment of a $4.34 billion loan made in 1945 so they could stave off bankruptcy after having spent almost all their resources fighting Nazi Germany.

The loan, the equivalent of $232 billion in today's money, according to Bloomberg News, was double the size of Britain's economy at the time.Castro's Down but Not Out

Meanwhile, Cuban dictator Fidel Castro sent a New Year's Eve message to the media to mark his 48 years in power. "Regarding my recovery," he said in the note read on state television, "I have always warned that it could be a prolonged process, but it is far from being a lost battle."

Castro, according to the Associated Press, "said he was still 'in the loop' when it came to matters of state."

Speculation Surrounds Choice By Spy Chief To Take Step Back (NYT)

By Mark Mazzetti And David E. Sanger

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — From the start, John D. Negroponte felt miscast as the nation's first director of national intelligence, a diplomat who never seemed comfortable in spook's clothing, colleagues and friends of his said.

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Even at age 67, Mr. Negroponte longed to be back in the thick of policymaking, they said. But he knew it was the one role he was barred from playing as long as he remained the nation's top intelligence chief, whose role is to step into the Oval Office each morning as a neutral, impartial adviser on the threats lurking around the globe.

It was because of this, officials said, that he agreed to do something generally unheard of in a city obsessed with the bureaucratic totem pole: trade a cabinet-level job for a subcabinet post as deputy secretary of state, a job that essentially requires him to handle tasks that Condoleezza Rice would rather not deal with.

Mr. Negroponte leaves his office at Bolling Air Force Base after only 19 months and with mixed reviews. The base is the home of a new intelligence bureaucracy created to solve the problems laid bare after the Sept. 11 attacks, but Mr. Negroponte barely had time to get it running. All over Washington on Thursday, there were questions about whether Mr. Negroponte was there long enough to lay the foundations of real change and whether his transfer suggested that the Bush administration was less committed than it claimed to be to an intelligence overhaul that President Bush had billed as the most significant restructuring of American spy agencies in half a century.

Senior administration officials said it was Mr. Bush who personally asked Mr. Negroponte to take on the diplomatic post sometime last month. It was the second time in two years that Mr. Bush had turned to Mr. Negroponte to fill a critical job: Mr. Negroponte became the director of national intelligence only after several other candidates had turned down the job. This time around, Ms. Rice had requested over the summer that Mr. Negroponte become her deputy. But the decision languished for months as the White House sought an adequate replacement for the spy chief, and as Mr. Negroponte vacillated between remaining at the helm of an intelligence community that numbered roughly 100,000 people and a return to the State Department, in the shadow of the administration's most visible international figure.

Senior administration officials said that Ms. Rice wanted Mr. Negroponte to focus on China and North Korea, which have been among his focuses in the intelligence post, and on Iraq, a country he knows particularly well.

Mr. Negroponte has also served as ambassador to the United Nations, Mexico, the Philippines and Honduras, in a Foreign Service career that spanned more than three decades. A senior administration official who was involved in discussions about his nomination said that Ms. Rice regarded him as a foreign policy moderate who could help fill the big voids left by the departure of Robert B. Zoellick, who stepped down as deputy secretary last summer, and Philip D. Zelikow, who left the job of State Department counselor last month.

Ms. Rice would continue to play a central role in Iraq policy, the official said, but she has also made it clear that she wants to devote more time to a broader diplomatic initiative aimed at Middle East peace.

Mr. Bush is expected to nominate Mike McConnell, a retired vice admiral and former chief of the National Security Agency, to be Mr. Negroponte's successor.

John E. McLaughlin, a former director of central intelligence who is a friend of Mr. Negroponte, said that he managed to make the transition from career Foreign Service officer to the intelligence arena with little difficulty, but that Mr. Negroponte was now returning to the world where he felt most at ease.

Mr. McLaughlin said he believed that Mr. Negroponte's familiarity with the latest intelligence from Iraq would help to bring a "realistic" view of the situation there as the administration works to develop a new strategy.

But other intelligence experts expressed concern about what Mr. Negroponte's departure might mean to the office he helped to establish. "My major concern about this appointment is not about the State Department, but what happens at the D.N.I. office," said Lee H. Hamilton, who served as co-chairman of both the 9/11 commission and the Iraq Study Group. "The future of that office and the concept of intelligence-sharing is on the line."

Top Congressional officials responded angrily to the news of Mr. Negroponte's departure.

"I think he walked off the job, and I don't like it," said Senator John D. Rockefeller IV of West Virginia, the new chairman of the Senate Intelligence Committee.

Just as Mr. Negroponte is leaving his post, his office is finishing a major National Intelligence Estimate on Iraq's chances of surviving as a unified, independent country — a review that was commissioned only after a Congressional request over the summer, on a problem that Mr. Negroponte will have to help manage in his new post.

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"He came into it after just a year in Iraq, and someone without a strong background in intelligence, and I think he is leaving awfully early, given the importance of getting this right," said Robert Hutchings, the senior diplomat in residence at the Woodrow Wilson School of Public and International Affairs at Princeton, who once headed the National Intelligence Council.

"I think it is quite irresponsible," he said.

Mr. Hutchings said the departure would compound "three or four years of nonstop turmoil" within American intelligence agencies.

Bush administration officials noted several successes during Mr. Negroponte's tenure, most significant the creation and progress of the National Counterterrorism Center. Terrorism experts have credited the center with fusing information from across the intelligence community to understand better the global terrorism threat.

But as he assembled a staff of more than 1,500 people, he was criticized for simply adding another layer to a bureaucracy he was assigned to streamline. But some intelligence experts said that the criticism was unfair, and that the real blame rested with Congress for passing convoluted legislation that made bureaucratic bloat at the director of national intelligence office inevitable. Some critics say that the job of spy czar was never necessary to begin with. Some of those whom the White House first approached to take the job nearly two years ago — including Robert M. Gates, the newly installed secretary of defense — were deeply skeptical about whether that structure would work.

The White House spokesman, Tony Snow, said that President Bush was "very impressed" with the job Mr. Negroponte had done.

One of the greatest difficulties of Mr. Negroponte's position has been trying to wrest control over multibillion dollar spy satellites and other gadgetry from the Pentagon, which historically had been in charge of 80 percent of the nation's intelligence budget.

One of the top priorities of the former defense secretary, Donald H. Rumsfeld, was to expand the Pentagon's role in intelligence gathering, and some members of Congress say that Mr. Negroponte was not aggressive enough in bringing the Pentagon's intelligence budget more under his control.

Some intelligence experts believe that Mr. Gates is likely to be less territorial than Mr. Rumsfeld was about the Pentagon's intelligence functions, and may even be eager to cede some of the Pentagon's authority to the new intelligence chief. Others said that the job of corralling 16 sometimes dysfunctional intelligence agencies is an often thankless task, and one where it is difficult to have a noticeable impact. Mr. Negroponte is said by associates to have grown particularly weary of clashes with members of Congress.

"I think it's pretty telling that both Bob Gates and John Negroponte prefer jobs trying to bail us out of Iraq to the job of trying to fix U.S. intelligence," said Amy Zegart, a professor at the University of California at Los Angeles and an expert in intelligence overhaul.

Negroponte Shift Is Ruffling Feathers (LAT)

By Greg Miller

The Los Angeles Times, January 5, 2007

WASHINGTON — The abrupt departure of John D. Negroponte as the nation's spy chief prompted angry responses from Capitol Hill and triggered new debate Thursday over whether a position created to fix the nation's intelligence problems is itself fundamentally flawed.

President Bush is expected to announce today that Negroponte will become the top deputy at the State Department. Bush also is set to nominate retired Navy Vice Adm. J. Michael McConnell to be the next director of national intelligence.

The shuffle comes 18 months into Negroponte's tenure at the job. And though he has received mixed reviews for his reform efforts, lawmakers and senior intelligence officials said the switch was a significant setback for the office, which oversees the 16 U.S. intelligence agencies, including the CIA.

"I'm very concerned that taking out the top guy at a critical juncture is going to cause some backsliding," said Rep. Jane Harman of Venice, who was the senior Democrat on the Intelligence Committee when Congress passed the legislation creating the post of director of national intelligence. "It's a very steep learning curve. And any new person will have to play catch-up."

Negroponte's departure is the second major exit from the office of the directorate in a matter of months. His top deputy, Air Force Gen. Michael V. Hayden, left in the spring to become CIA director. When Negroponte and Hayden were nominated for the intelligence posts in 2005, they were described as a team whose skills and expertise were indispensable to the success of establishing the new agency and enacting sweeping intelligence changes passed in 2004 by Congress.

"I'm disappointed that both he and Hayden have left," said Lee H. Hamilton, a member of the Sept. 11 commission, which designated the creation of a intelligence director one of its principal recommendations.

"I think we are beginning to see better sharing of information in the intelligence community, and I also think it's a work in progress and an awful lot needs to be done," Hamilton said. "It is therefore a little unsettling to me that your two top leaders move out of the DNI office within a matter of months." The deputy job held by Hayden remains unfilled.

In another of a series of moves among top foreign policy posts, officials said Bush was likely to nominate Zalmay Khalilzad, U.S. ambassador to Iraq, as U.S. ambassador to the United Nations. Khalilzad would replace John R. Bolton, who resigned last month after serving 16 months as a Bush appointee but not winning Senate confirmation to remain in the job.

The U.N. move could be logical for Khalilzad, who has been ambassador to Iraq since June 2005. Bush is expected to announce a new plan for Iraq. Khalilzad has faced increasing tension with the Shiite leadership of the government, which has sometimes complained that he has gone too far in pushing for the interests of the country's Sunni minority.

Negroponte's departure as national intelligence director has been rumored for weeks, and officials close to him have said that the career diplomat is eager to return to the State Department, particularly in such a senior role. Negroponte is expected to play a leading role in revamping the State Department's Iraq policy by putting more pressure on the fledgling government there and enlisting more help from regional allies.

Intelligence veterans said it was clear that Negroponte had been chafing under the limitations of his position as intelligence chief. Though the job was created to coordinate the activities of the nation's spy agencies and improve communication among them, it lacks complete authority over those agencies' operations, personnel and budgets.

"He's in charge of everything and in charge of nothing," said Richard J. Kerr, a former CIA deputy director. "He has a whole bunch of independent organizations he's trying to get to work together — a lot by persuasion and some by coercion."

Kerr said that was partly why others, including new Defense Secretary Robert M. Gates, had previously spurned the position.

Negroponte was credited with improving the flow of information among spy agencies, and with winning several budget showdowns with the Pentagon over spending on spy satellites and other classified programs.

New Senate Intelligence Committee Chairman John D. Rockefeller IV (D-W.Va.) said Negroponte was essentially walking out on an unfinished job. "I am deeply troubled by the timing of this announcement and the void of leadership at the top of our intelligence community," said Rockefeller, who announced hearings this month focusing partly on intelligence reform.

Negroponte was criticized by members of the Sept. 11 commission, among others, for creating a new intelligence bureaucracy, with about 1,500 employees in the national intelligence office.

The Bush administration's plan to replace Negroponte with a retired naval officer prompted concern among some lawmakers that the intelligence community would be dominated by the military. McConnell was the military's top intelligence officer during the 1991 Persian Gulf War, and subsequently became National Security Agency director.

The top jobs at the CIA and NSA, as well as other agencies, are held by military officers.

"If it's McConnell [for director of national intelligence], it's one more uniform," Rep. Harman said, adding that it raised "at least a question mark about the military takeover of our intelligence organizations."

Kerr, the former CIA deputy director, voiced similar concerns, saying that civilian leadership of intelligence organizations was particularly important now because of the wars in Iraq and Afghanistan. "The military can get themselves so committed to the mission that their objectivity at times can be less than it should be," he said.

Negroponte To Shift To No. 2 Diplomat (WT)

By Bill Gertz And David R. Sands

The Washington Times, January 5, 2007

DOJ_NMG_0112493

In a day of shake-ups for the Bush administration yesterday, President Bush lost his chief counsel and signaled he will shift the top intelligence official to become the No. 2 diplomat at the State Department, and will tap a former admiral to take his place as head of the intelligence community.

Meanwhile, several press reports say Mr. Bush has decided to move the U.S. ambassador to Iraq to become the ambassador to the United Nations, and has chosen a new military leader to lead U.S. forces in the war on terrorism.

The changes come as he is working on a new strategy for Iraq, which Mr. Bush said he will announce next week.

Mr. Bush today will tap John D. Negroponte, the director of national intelligence (DNI), to become Secretary of State Condoleezza Rice's deputy, and will nominate retired Navy Vice Adm. Mike McConnell to fill his intelligence post, according to a senior administration official.

"What you've got are two guys of undisputed quality," the official told reporters.

Both positions require Senate confirmation, and the official predicted easy confirmation. Mr. Negroponte was confirmed 98-2 by the Senate for the intelligence post in 2005, and the official said Adm. McConnell will impress senators when he meets them.

But senators said they were disappointed Mr. Negroponte was leaving the position he has held since it was created just two years ago, saying he has made strides but there is a lot more work to be done.

Sen. John D. Rockefeller IV, West Virginia Democrat and chairman of the Senate intelligence committee, said the vacancy is all the more troubling because the intelligence deputy's slot has been vacant since May. He said he will try to make sure a replacement is confirmed before Mr. Negroponte departs for the diplomatic post.

Officials said the move to the State Department would suit Mr. Negroponte, a career Foreign Service officer.

At the State Department, spokesman Sean McCormack described Mr. Negroponte as a "diplomat's diplomat" with all the qualifications required to fill the department's second-most-powerful post.

His appointment would fill the vacancy created when former Deputy Secretary Robert B. Zoellick left in July for a job on Wall Street.

Adm. McConnell would bring intelligence experience to the DNI post, having headed the National Security Agency from 1992 to 1996.

He is a well-regarded career military intelligence specialist but also someone who is not expected to initiate or oversee major reforms, current and former intelligence officials said.

"If you give him a problem, he can fix it," said one former senior intelligence official who supports Adm. McConnell. "But he's not going to make major reforms that are needed."

Mr. Negroponte was the first DNI under reforms that grew out of the September 11 intelligence failures, and critics of the new office say it created a new layer of bureaucracy in an overly bureaucratic intelligence system.

Meanwhile, both [a] news agency and ABC News reported that Zalmay Khalilzad, the U.S. ambassador to Iraq, will be nominated as the next ambassador to the United Nations, and ABC reported Mr. Bush has chosen Adm. William J. Fallon to replace Gen. John Abizaid as the head of U.S. Central Command, which is in charge of U.S. military operations in Iraq and Afghanistan.

In the change that hits closest to Mr. Bush, Harriet E. Miers, the White House's chief counsel who conservatives blocked from becoming a Supreme Court justice in 2005, announced she is resigning her position in the administration.

Miss Miers, 61, had followed Mr. Bush from Texas, where she was his personal lawyer and counsel to his campaign, to the White House. There, she was staff secretary and deputy chief of staff before becoming chief counsel two years ago.

"She's been here for six years. It's hard duty," White House press secretary Tony Snow said in announcing her departure, which is effective Jan. 31.

Bush To Nominate Khalilzad For U.N. Job (AP)

By Barry Schweid

AP, January 5, 2007

DOJ_NMG_0112494

Zalmay Khalilzad, the U.S. ambassador to Iraq, will be nominated by President Bush to become the U.S. envoy to the United Nations, a senior administration official said Thursday.

Khalilzad, who is Afghan born, has served also as ambassador to Afghanistan. He is likely to be replaced in Baghdad by Ryan Crocker, a veteran American diplomat, said the official, who spoke on condition of anonymity because he was not authorized to make an announcement for the White House.

Khalilzad would replace John Bolton, whose appointment to the U.N. job expired recently.

The changes come as Bush is expected to announce a new U.S. policy in the Iraq war next week.

He is also shuffling other pieces of his national security team. He is preparing to announce that John Negroponte, the director of national intelligence, will become the No. 2 official at the State Department and will be replaced by retired Vice Adm. Michael McConnell.

The appointments must approved by the Senate.

Bush was unable to drive Bolton's confirmation through the Senate, which under Republican control approved Khalilzad for his current job. Bolton's style is more acerbic than Khalilzad's.

Khalilzad, an unusually outspoken diplomat known as a protege of Vice President Dick Cheney, would take the U.N. seat at a time when the world body is in the spotlight in confrontations with Iran, North Korea and in the Middle East.

Khalilzad's move from Iraq to the U.N. has been rumored for months, along with the expectation that Crocker, now ambassador to Pakistan, would succeed him in Baghdad. ABC News first reported Thursday that Bush had made the decision.

The U.S. official said some minor details still must be worked out on Crocker, but they are considered manageable.

Crocker was a senior U.S. representative in Baghdad for several months in 2003, shortly after the U.S. invasion that toppled President Saddam Hussein.

A White House favorite whom Bush calls by his nickname, "Zal," Khalilzad has worked in two other Republican administrations, those of Ronald Reagan and Bush's father, George H.W. Bush.

The highest-ranked Muslim to serve in the Bush administration, Khalilzad headed the Bush-Cheney transition team for the Defense Department in 2000 and served as a counselor to former Defense Secretary Donald H. Rumsfeld.

Mr. Negroponte's Newest Job (NYT)

The New York Times, January 5, 2007

The No. 2 job in the State Department is technically a step down from John Negroponte's present post of director of national intelligence. But the reported return to the foreign policy fold of this former ambassador to Baghdad, and, before that, to the United Nations, has a certain logic to it.

The diplomacy-challenged Bush administration could surely use the help. We hope that Mr. Negroponte can provide Secretary of State Condoleezza Rice with the intellectual and bureaucratic reinforcement she so desperately needs to help guide the administration to a wiser course on Iraq.

Mr. Negroponte certainly has experience. In a 40-plus year career — including an early stint as a political officer in Vietnam — he has also served as ambassador to Honduras (during Ronald Reagan's contra war), Mexico and the Philippines. He is known as a canny, and sometimes ruthless, bureaucratic player. What he doesn't have, unfortunately, is much of a reputation for challenging the unwise policy presumptions of his bosses.

In his 10 months in Baghdad from mid-2004 to mid-2005, Mr. Negroponte undoubtedly saw the yawning gap between Iraq's grim reality and the delusional claims of success issuing from Washington. While President Bush and other top officials trumpeted effective military training programs, a flowering Iraqi democracy and an insurgency ever on its last legs, anyone on the ground had to see paper Iraqi battalions, the rise of sectarian militias and ever-expanding chaos.

If Mr. Negroponte made a serious effort to jolt his bosses back to the real world, there is no public record of it. That will have to change if he is to have any chance of improving things. Before confirming him, the Senate should make sure he understands that asking hard and unwelcome questions is an essential part of the job.

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Mr. Negroponte's switch will mean another wrenching shift in the top ranks of America's deeply troubled intelligence agencies. One of the main problems that the national intelligence director's job was created to solve was the destructive rivalries between intelligence agencies run by the Defense Department and their civilian counterparts.

That infighting reached a crescendo during the reign of Donald Rumsfeld at the Pentagon. Mr. Rumsfeld's replacement, Robert Gates, a former director of central intelligence, will have the credibility — and we hope the will — to calm those rivalries and improve interagency coordination. Even then, Mr. Bush must quickly find a credible replacement for Mr. Negroponte, preferably one who is willing to jolt his bosses with the truth. This administration's record of failures in Iraq is matched only by its failures on intelligence.

A Small Change (LAT)

The Los Angeles Times, January 5, 2007

NEVER MIND THE new faces on Capitol Hill, where Congress has changed hands for the first time in 12 years. The real action is at the White House, in Foggy Bottom and across the river at the Pentagon, where the Bush administration's game of musical chairs seems to be over for now. For all the new jobs, however, there are precious few new faces, and anyone expecting new policies is bound to be disappointed.

It has been a busy few weeks. Today, President Bush is expected to name John D. Negroponte, the director of national intelligence, as deputy secretary of State. Replacing Negroponte will be retired Vice Adm. J. Michael McConnell, a 25-year intelligence veteran. Meanwhile, over at the Pentagon, Robert M. Gates has just started using his new "Secretary of Defense" stationery. Gates is a former director of the CIA, where the current chief, Gen. Michael V. Hayden, was Negroponte's deputy until May.

What does it all mean? First, lest anyone doubted it, Vice President Dick Cheney remains a force to be reckoned with. There is no reason to believe these changes in personnel presage a major change in policy, which by all accounts Cheney opposes. In each case, the administration has turned to trusted men who pass muster with Cheney.

Which is not to say they are unqualified. Negroponte, 67, should be a superb replacement for Robert B. Zoellick, who left for Goldman Sachs in July. On paper, Negroponte's move — from being the nation's top spy to being Rice's No. 2 — is a demotion. He reportedly had turned the deputy's job down once before, and accepted it this time only after being asked by the president.

His acceptance of the job may be more a reflection of the problems of his previous position than the promise of his new one. The director of national intelligence, a position created by Congress after 9/11 to oversee the nation's 16 spy agencies, has responsibility but very little authority — almost three-quarters of the nation's intelligence budget is controlled by the Pentagon. If the administration wants the director of national intelligence to have any influence, it might want to consider giving him more power.

The more interesting question, however, is why Bush, acting through Cheney (or is it the other way around?), wanted Negroponte at State. Word inside and outside the State Department for months has been that Rice has been unable to fill top jobs because her choices have either declined to sign up for a stint likely to be best remembered for the debacle in Iraq or have been vetoed as too liberal by the White House.

Negroponte, who has served as ambassador to Iraq and the United Nations, reportedly was the only person acceptable to both Rice and Cheney. That he already had a job was apparently just another detail to be worked out by the apparatchiks in the White House — and the Old Executive Office Building.

Bush To Name Retired Admiral As Top Spy (AP)

By Katherine Shrader, Associated Press Writer

AP, January 5, 2007

President Bush has chosen a 25-year intelligence veteran, retired Vice Adm. Mike McConnell, to be the country's second national intelligence director as he reshapes national security strategy with two years left in his presidency.

The current director, career diplomat John Negroponte, will move into the long-vacant job as top deputy to Secretary of State Condoleezza Rice.

DOJ_NMG_0112496

The nominations were expected to be announced Friday by Bush, said a senior administration official who spoke on condition of anonymity because the decision was not yet public.

The moves come as the White House considers a new direction in Iraq, where a quick invasion has devolved into a bloody civil conflict.

Part of the revised course appears to be an overhaul of Bush's intelligence and national security team. In addition to Negroponte's shift, Defense Secretary Robert Gates took over the Pentagon last month and is expected to bring in retired Lt. Gen. James Clapper as his undersecretary for intelligence.

Bush will nominate the current ambassador to Iraq, Zalmay Khalilzad, to be the U.S. envoy to the United Nations, said another senior administration official, who also spoke on condition of anonymity because he was not authorized to make an announcement for the White House.

Bush said Thursday he will make a speech next week announcing his decisions about how to move ahead in the nearly four-year-old war.

The administration denied Negroponte's move was a demotion. The senior administration official said Bush reached out to Negroponte to fill the opening for deputy secretary of state, vacant since July. Bush also talked with McConnell about becoming intelligence chief, who oversees and coordinates the 16 U.S. spy agencies.

McConnell spent more than a quarter-century as an intelligence operations and security officer. He caught the attention of then-Defense Secretary Dick Cheney and then-Joint Chiefs Chairman Colin Powell during the first Persian Gulf War. McConnell regularly briefed them as an intelligence officer for the chairman of the Joint Chiefs and is known as someone who can distill complicated information into coherent presentations, said Matthew Aid, a historian who studies the National Security Agency.

McConnell was tapped to lead U.S. eavesdropping efforts as director of the National Security Agency from 1992 to 1996. Aid suggested McConnell's record there was mixed. McConnell allowed Congress and the White House to cut NSA money after the Cold War, when Aid said the government should have ramped up for challenges posed by cell phones, the Internet and fiber optic cable.

Yet on McConnell's watch, the agency became central to providing intelligence on the war in Bosnia, shipments of weapons-grade technology to Iraq and other tough issues of that era.

McConnell left the government and has worked for Booz Allen Hamilton, a government contractor and consulting firm, for about a decade.

Negroponte has been a diplomat in spy's clothing since he became the nation's first intelligence chief in April 2005. He is more comfortable in ambassadorial circles than the cloak-and-dagger world.

As Rice's deputy, he no longer would have first chair for a major government department or oversight of a $40 billion budget. But associates said the job of creating a new organization from scratch has had plenty of frustrations, from securing office space to planning foreign travel.

Negroponte also may hold out hope that Rice will leave before the end of the Bush administration in early 2009, giving him a chance to retire as secretary of state. Deputy Secretary of State Lawrence Eagleburger got such a promotion in late 1992, when Bush's father asked chief diplomat James A. Baker III to head his unsuccessful re-election campaign.

Negroponte has been at the center of the current president's Iraq strategy. He was the U.S. ambassador to the United Nations when Secretary of State Powell made his now-infamous, error-filled presentation in arguing for the invasion of Iraq. Negroponte became the U.S. ambassador to Iraq in June 2004 and was there for the January 2005 elections that Sunni Muslims boycotted.

Soon after, the White House asked him to take the intelligence job after others said no because Congress did not give the position enough power: Congress created the position in response to the recommendations of the Sept. 11 commission.

Some doubted the wisdom of creating such a post, worried it would only further weigh down the bureaucracy. Negroponte leaves as the success or failure of that endeavor remains an open question.

Observers say Negroponte considered his role as intelligence briefer of the president to be a leading aspect of his job, and he left details of managerial overhaul to his deputies.

McConnell, who initiated an internal overhaul of the structures at the NSA, is likely to get more into those details.

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U.S. Circuit Court Judge Richard Posner, who has written a book evaluating intelligence reform, said the national intelligence director should not be expected to be the president's expert on issues from Iran to North Korea. "You need one person to be the manager. That is what I think McConnell has a good background for," he said.

Senate Intelligence Chairman Jay Rockefeller, D-W.Va., whose panel must approve McConnell's nomination, said he was troubled by the timing of Negroponte's departure because it leaves a void while his organization is in its infancy. He noted that Negroponte has been operating with only an acting deputy since Gen. Michael Hayden left in May to become CIA director.

Rockefeller and the committee's top Republican, Sen. Kit Bond of Missouri, said an intelligence chief must be in place before Negroponte leaves. "A premature departure creates an unneeded vacuum within the DNI office at a critical time," Bond said.

Pentagon Link To Spy Chief Pick Arouses Concern (WSJ)

By Jay Solomon And Robert Block

The Wall Street Journal, January 5, 2007

WASHINGTON -- The nomination of a retired Navy admiral as the nation's chief spymaster stirred concerns about the expanding control of current and retired Pentagon officials over the U.S. intelligence community.

President Bush is expected to announce today the nomination of J. Michael McConnell as director of national intelligence, succeeding John Negroponte, who is moving to the No. 2 spot at the State Department. The White House also will nominate Zalmay Khalilzad, the U.S. ambassador to Iraq, as United Nations ambassador, buttressing President Bush's foreign-policy team ahead of an expected change in Iraq-war strategy. The nominees will have to be confirmed by the Senate.

Adm. McConnell's nomination will place current and retired military officials in charge of all of Washington's principal spy branches, including the Central Intelligence Agency, the National Security Agency and the Defense Intelligence Agency. The Pentagon controls 80% of the government's estimated $42 billion intelligence budget. Additionally, the U.S.'s overseas operations against al Qaeda and other international terrorist groups have resulted in the creation of the Defense Department's own intelligence czar and the deployment of military-intelligence assets in a number of global theaters.

WASHINGTON WIRE

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Striking a Balance

Adm. McConnell's greatest challenge as director of national intelligence, say members of the intelligence community, will be to try to claim control of these Pentagon intelligence assets while striking a balance between the development of tactical and strategic intelligence.

Legislators and retired spies worry Adm. McConnell's career as a military-intelligence official could hold him hostage to the Pentagon's culture and mission. Among the lessons from the Iraq war, these officials say, was that the Bush administration underappreciated the strategic impact of removing Saddam Hussein and how countries like Iran and Syria might benefit.

"With so many military guys involved, you run the risk of the intelligence agencies giving the consumers what they want to hear," said Larry Johnson, who served as a senior counterterrorism official at both the State Department and CIA. "The result could be a focus on supporting wars, rather than longer-term analysis."

Adm. McConnell, 63 years old, serves as a senior vice president at Booz Allen Hamilton Inc., focusing on the consulting firm's Pentagon accounts. A call to his office for comment wasn't returned.

Adm. McConnell served as the NSA's director from 1992 to 1996 and worked as the chief intelligence adviser to then-Joint Chiefs of Staff Chairman Colin Powell during the first Gulf War. While picked to head the country's main eavesdropping agency by President Bush, Adm. McConnell was well-liked within the Clinton administration, say those he worked with, and isn't seen as a partisan player.

A Coordinated Effort

DOJ_NMG_0112498

Mr. Negroponte's nearly two-year tenure as the first DNI was marked by a workmanlike approach toward integrating the U.S.'s 16 intelligence agencies under one command, say officials who worked with him. A chief task was to improve information sharing among these disparate agencies, particularly the CIA and Federal Bureau of Investigation. His office also pushed to develop more-nuanced and better-integrated intelligence assessments.

The success of the Sept. 11, 2001, attacks is widely attributed to the U.S. government's failure to connect the dots among various pieces of intelligence. An independent commission studying the Iraq war also criticized American spy agencies for tailoring intelligence assessments to underpin already-developed policy objectives.

In trying to streamline the intelligence-development process, Mr. Negroponte created a "Magnificent Seven" grouping of agencies that now form the heart of America's spy work. Members said they have detected better coordination among agencies as a result.

Nominee Played Big Role In Outsourcing Intelligence (USAT)

By Matt Kelley And Richard Willing

USA Today, January 5, 2007

WASHINGTON — J. Michael "Mike" McConnell, in line to become the nation's top intelligence official, has been a leading figure in outsourcing U.S intelligence operations to private industry, records and interviews show.

McConnell, a retired Navy vice admiral, led the National Security Agency from 1992 to 1996 before joining Booz Allen Hamilton Inc., a consulting firm based in McLean, Va.

White House officials confirmed McConnell's appointment to replace National Intelligence Director John Negroponte but declined to be identified by name because the nomination has not been formally announced.

McConnell's nomination and confirmation by the Senate would come amid two current trends in intelligence gathering: the emphasis on technology, and the heightened role of private contractors in analyzing data and preparing reports that once might have been written by government intelligence officers.

"The mission has expanded, the money is there, and there just aren't enough (intelligence officers) to do the job without outside help," says Stephen Marrin, a former CIA analyst who teaches intelligence studies at Mercyhurst College in Erie, Pa.

It is unclear how many private contractors are employed by the CIA and other intelligence agencies. Budgets and hiring figures are classified.

Last year, Negroponte started an audit of the number of private contractors used by all 16 intelligence agencies. That count was started because of concerns about how outsourcing affected intelligence, and it is continuing, says Chad Kolton, a spokesman for the Office of the Director of National Intelligence.

The CIA also began a study last September to determine whether contractors were hurting the agency's work by luring away CIA officers with higher salaries. The CIA did not return a call Thursday seeking an update on that study.

Booz Allen is a "huge" supplier of intelligence contracting, Kolton said. Contract details are classified.

Ralph Shrader, Booz Allen Hamilton's chairman and CEO, says McConnell's experience as NSA director and a private contractor make him a good choice. McConnell "will work very hard to do the right thing," Shrader says.

"He's someone who can solicit lots of opinions, collect them all up, and produce something that takes the needs of the entire country into consideration," Shrader says. "He's very hands-on."

Booz Allen has received at least $50 million in Pentagon contracts since November 2005, records show. Some involve remnants of the Pentagon's "Total Information Awareness" program. Congress killed the program in 2003 amid concerns it would invade the privacy of ordinary Americans.

The $63 million contract signed with Booz Allen in 2002 called for the firm to develop a single system to collect and search through huge databases of government, personal and business records for signs of terrorist activities. McConnell signed that contract on Booz Allen's behalf.

Work on that contract has continued, according to federal contracting records, which show the Pentagon paid Booz Allen about $2 million under that contract during 2006, most recently on Sept. 26.

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Spokesmen for the White House, Pentagon, Booz Allen and Negroponte's office all have declined to comment on the contract.

Sen. Ron Wyden, D-Ore., a member of the Senate Intelligence Committee, says he will question McConnell about the program and intelligence contracting.

"It's a critical concern," says Wyden, who led the efforts to kill TIA in 2002.

John Michael McConnell, A Member Of The Club (NYT)

By Scott Shane

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — In choosing Mike McConnell to be director of national intelligence, President Bush is turning again to a steady intelligence professional who first achieved prominence during his father's administration.

Like Gen. Michael V. Hayden, the Central Intelligence Agency director, Mr. McConnell, 63, a retired vice admiral, has served as director of the National Security Agency, the eavesdropping giant. Like Robert M. Gates, the new defense secretary and former C.I.A. director, Mr. McConnell first operated in the highest circles of government in the tumultuous time that included the Persian Gulf war of 1991 and the fall of the Soviet Union.

"It's a gathering of the clan," said retired Adm. Bobby R. Inman, himself a former director of the National Security Agency and an early promoter of Mr. McConnell's intelligence career. "You're getting strong professionals in all these top jobs. They'll set out to solve problems, and they won't be motivated by turf or politics."

William P. Crowell, who worked as Mr. McConnell's deputy at the N.S.A., called him a "consummate professional" who managed the agency with great care at a difficult time of severe post-cold-war budget cuts. Ronald D. Lee, who worked as the security agency's general counsel under Mr. McConnell, called him "an exceptionally gifted leader who was completely devoted to the rule of law and the Constitution."

But W. Patrick Lang, a former Defense Intelligence Agency official who has been highly critical of the Bush administration, took a more skeptical view. He called Mr. McConnell, who made his career in naval intelligence, "competent but compliant" and expressed concern that he might not stand up to policy makers, particularly on highly charged issues like Iran's nuclear program.

For the last 10 years, Mr. McConnell, a courtly, soft-spoken South Carolina native, has been out of government, working for Booz Allen Hamilton, the consulting company. But much of his work has been for government agencies on intelligence and information security, and he has often written and spoken about the organization and future of spying.

Colleagues say he was first approached several months ago about the possibility of replacing General Hayden as deputy to John D. Negroponte, the director of national intelligence. He turned down that job and was eventually invited to succeed Mr. Negroponte in the top job.

Mr. McConnell first came to public attention as the top intelligence officer to Gen. Colin L. Powell, then chairman of the Joint Chiefs of Staff, during the 1991 war. He conducted daily briefings not only for General Powell but for the defense secretary, Dick Cheney, now the vice president. He had contact with Mr. Gates, Mr. Hayden and Condoleezza Rice, now secretary of state, all of whom worked on the National Security Council in the administration of Mr. Bush's father.

"He was measured, methodical and detailed," Bill Smullen, then an aide to General Powell, said of Mr. McConnell's war briefings. "Secretary Cheney saw Mike McConnell in action on a daily basis."

Mr. McConnell became a familiar figure on television during the gulf war, explaining troop movements and airstrikes. But on becoming director of the security agency in 1992 he retreated behind its traditional curtain of secrecy.

Matthew M. Aid, a historian of the agency, said that during his four-year tenure, the agency's monitoring did not keep up with the revolutionary technological changes in communications, including the Internet, cellphones and fiber-optic cable. But he said Mr. McConnell had been handicapped by a steadily declining budget and work force.

"He begged and borrowed and took money from research and development to pay for operations," achieving considerable success in tracking the warring parties during the war in Bosnia, Mr. Aid said.

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John Michael McConnell was born on July 26, 1943, in Greenville, S.C., where his father worked in the shipping business and his mother in the garment industry. He graduated from Furman University and was commissioned as a line officer of the Navy in 1967. He served a tour in Vietnam and then became an intelligence officer.

He is married to Terry McConnell, a homemaker, and has two children and two stepchildren, all grown.

Former colleagues invariably remark on his quiet and courteous manner and say he rarely shows a temper. On Thursday some wondered whether that was the right temperament for a job created to force 16 competing and sometimes feuding agencies to cooperate and share information.

But Mark M. Lowenthal, who served as staff director for the House Intelligence Committee when Mr. McConnell ran the National Security Agency, said he was not concerned about that.

"His quiet manner and his lovely South Carolina accent belie it, but I have no doubt he can be forceful when necessary," Mr. Lowenthal said. He noted that Mr. McConnell had thrived at Booz Allen. "You don't do that by being shy and retiring," he said.

Bush Says Hussein 'Was Given Justice' (LAT)

By James Gerstenzang

The Los Angeles Times, January 5, 2007

WASHINGTON — President Bush said Thursday that he would have preferred that the execution of Saddam Hussein had been conducted in a more "dignified" manner, but said the deposed dictator met the fate he deserved.

"He was given justice. The thousands of people he killed were not," the president said during a session with reporters after he met with Chancellor Angela Merkel of Germany.

His remarks on the hanging were the first he had made in public since Hussein was executed Saturday in Baghdad amid taunting shouts in which an observer called out the name of a militant Shiite Muslim cleric.

Soon after the execution, a video of Hussein's death, recorded on a camera phone, was posted on a number of websites.

The scene and the video have caused discomfort among Bush aides. They have tried to focus attention on the brutality of Hussein's regime, rather than on the circumstances surrounding his execution.

Public outcry about the hanging has been pronounced in Europe. Merkel, at Bush's side in the entry area of the White House State Floor, did not address the issue.

Bush said he had spoken about it earlier in the day with Iraqi Prime Minister Nouri Maliki, during a nearly two-hour videoconference.

Maliki told him that Iraq was investigating the execution, the president said. U.S. officials reportedly tried to persuade Iraqi officials to delay the hanging, rather than proceed with it on the first day of Sunni Muslims' observance of Eid al-Adha, the holiday marking the end of the annual pilgrimage to Mecca.

Bush said Hussein's hanging closed "a horrific chapter" in Iraq's history, adding, "We expect there to be a full investigation of what took place" in the death chamber.

The president also gave Maliki a renewed vote of confidence at a time when officials have begun to question whether he is, as Bush has said, the right person for the job.

Lawmakers Criticize Video Of Hussein's Final Minutes (NYT)

By Jeff Zeleny And Helene Cooper

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — The execution of Saddam Hussein was initially hailed as an example of democratic justice being served in Iraq, but leading members of Congress said Thursday that the conduct surrounding the hanging could undermine United States strategy in Iraq and complicate efforts to help the new Iraqi government succeed.

The White House has declined to criticize the execution, portions of which were shown online in a bootlegged video. Several Republican senators who have been among President Bush's biggest supporters in the Iraq war said they were troubled by the video and fearful of the reverberations it could provoke.

"It's a very bad thing, it's harmful, and I'm sorry that it happened," said Senator John McCain, an Arizona Republican who has been a White House ally on its Iraq policy. "Obviously, it unnecessarily inflames the emotions of the Sunnis."

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While the White House says that Mr. Bush has not seen the video — recorded without authorization with a cellphone camera — several members of Congress said that they had seen it. More important, they said, the rest of the world had, too.

As Mr. Bush inches closer to presenting his revised Iraq plan, Republican and Democratic lawmakers expressed dismay at the scene surrounding the final minutes of Mr. Hussein's life. They said it was another sign of Prime Minister Nuri Kamal al-Maliki's inability to deal with the sectarian divide in Iraq.

"It is a very unfortunate episode, and they are still trying to sort out accountability," said Senator John W. Warner, Republican of Virginia. "The key to success in Iraq — whatever success we are able to achieve — is reconciliation, and this certainly was not a helpful chapter in that."

Whether the execution ultimately has political repercussions beyond Iraq and here in the United States remains an open question. But as senators prepared to be called to the White House as early as Friday for briefings about the president's Iraq plan, the video emerged as a new complication.

In the video, Mr. Hussein was shown standing with the noose around his neck at dawn last Saturday in Baghdad, facing a barrage of mockery and derision from unseen tormentors. The images showed Mr. Hussein amid shouts of "Go to hell!" and "Moktada! Moktada! Moktada!" in reference to a radical Shiite cleric, Moktada al-Sadr.

Speaking at the White House after a meeting with Chancellor Angela Merkel of Germany on Thursday, Mr. Bush said he had wished the execution had "been done in a more dignified way." He said he appreciated that Mr. Maliki was investigating the way the execution was handled, but that he did not dwell on it during their video conference on Thursday. Mr. Bush said Mr. Hussein had received a fair trial, the likes of which his enemies had not. "He was given justice; the thousands of people he killed were not," Mr. Bush said.

Senator Susan M. Collins, a Maine Republican, said she was troubled by the swiftness of the execution, adding that "taunting someone who is about to be executed is just blatantly unacceptable." The images contained in the video would almost certainly inflame sectarian tensions throughout the region, she said.

"I have no grief for Saddam Hussein, but it makes it more difficult for Iraqi leaders to forge the political solution that I think is necessary to quell the violence," Ms. Collins said. "It threatens the very existence of the nation and thousands of Americans and Iraqi lives to have Saddam mocked before his execution."

It was unclear whether the newly ascendant Democrats in Congress planned to make an issue of the handling of the execution. It is not likely to be a part of promised Senate hearings on President Bush's Iraq policy, according to aides in the Senate Foreign Relations Committee.

At the State Department, the official response has been that the execution, while imperfect, is in the past and that people should move on. But aides to Secretary of State Condoleezza Rice continued to bemoan what one official called "the idea that of all the people in that room, Saddam Hussein was the one who looked like he had the most dignity."

Senator Richard G. Lugar, an Indiana Republican, said the circumstances surrounding the execution were "another factor that makes life more difficult for the Iraqi government as well as for our hopes for that government and stability." But the video, he said, "is by no means the most difficult issue we are facing in Iraq."

2 Guards Arrested For Hussein Video, Official Says (WP)

By Sudarsan Raghavan

The Washington Post, January 5, 2007

BAGHDAD, Jan. 4 -- Two guards were reportedly arrested Thursday for recording former Iraqi president Saddam Hussein's execution with a video cellphone.

"Two Justice Ministry guards have been arrested. Other guards have identified them as having filmed the hanging," an aide to Prime Minister Nouri al-Maliki, Sami al-Askari, told [a] news agency.

The government, apparently seeking to douse the sectarian tensions that worsened following Hussein's disorderly hanging, said Wednesday it had detained a security guard, but it was not clear whether the detentions reported by Askari were in addition to the earlier arrest.

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"The investigation is ongoing, and we have identified those who flouted the rules," Interior Minister Jawad al-Bolani told reporters. "Even for a dictator like Saddam, the law must be obeyed."

Meanwhile, 14 people were killed when two car bombs exploded in quick succession about 10 a.m. Thursday outside a governmental heating oil facility and gas station in the Mansour neighborhood of Baghdad.

The explosions at the Abu Jaafar station also injured 18 others, as residents lined up to buy heating oil, said 1st Lt. Amar Yasin of the Mansour police. Mortada Jassim, a security guard at the site, said several of the nearby cars, laden with oil, also burned.

"These cars became car bombs themselves," Jassim said. Guards at the site said they believed they were attacked because the facility is frequented by Shiites.

The U.S. military said Thursday that a patrol in western Baghdad was attacked by small-arms fire, killing one U.S. soldier. The soldier's name was not released until his family could be notified.

U.S.-Iraqi Forces Launch Assault On Sunni Haven (LAT)

By Alexandra Zavis

The Los Angeles Times, January 5, 2007

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AL SHAMS, IRAQ — About 1,000 U.S. and Iraqi troops launched a major offensive at dawn Thursday in Diyala province, an increasingly violent zone east of Baghdad that has become a haven and training ground for Sunni Arab insurgents.

The target of the strike is an isolated landscape of farms and irrigation canals riddled with weapons caches, safe houses and training ranges, U.S. military officials said.

The insurgents, however, appeared to be well prepared for the slow-moving assault. Smoke signals and flares arced into the sky as a column of tanks and Humvees from the 3rd Heavy Brigade Combat Team, 1st Cavalry Division, pressed into an insurgents' redoubt. U.S. military officials said spotters used those techniques to warn guerrillas in the area that the U.S. and Iraqi forces were approaching.

Insurgents also had dug deep trenches into the roadways and sabotaged canal bridges to slow the troops' advance. U.S. commanders said they suspected that the obstacles were designed to divert approaching vehicles toward roadside bombs.

Four hours into the operation, an explosion ripped through the front end of a U.S. Humvee but failed to penetrate the cabin. The U.S. soldiers inside were not injured, but the wreckage blocked the road for two hours as troops salvaged the vehicle and searched for additional explosives hidden along the road.

U.S. commanders viewed the operation as an opportunity to test the 400 soldiers of Iraq's 5th Army Division.

Nonetheless, commanders kept details of the operation from their Iraqi counterparts until hours before it began, out of fear that information would leak to insurgents, said Col. David W. Sutherland, commander of the 3rd Heavy Brigade Combat Team, which assumed control of Diyala in October. Sutherland said he suspected that information from Iraqi soldiers compromised counterinsurgency operations in November and December.

Some Iraqi soldiers chafed at the secrecy around the operation, which was launched from a checkpoint south of Baqubah.

"They do not trust us," said one Iraqi soldier who identified himself as 1st Lt. Ali.

The rendezvous was a chaotic scene, with dozens of armored vehicles jammed into a checkpoint. U.S. officers shouted commands in English in an attempt to make them fall in line. Several Iraqi vehicles started off in the wrong direction.

"No, this way, this way!" shouted a U.S. soldier.

By the time the joint force swept into six villages to conduct searches, there were no military-age men to be seen.

Diyala has become a sectarian killing ground, with the number of attacks on civilians more than doubling since February. A resource-rich province with a population divided among Iraq's major ethnic and religious groups, Diyala is home to at least 50,000 former officers of the Iraqi military and has become a staging ground for Sunni Arab insurgent attacks in Baqubah, the provincial capital, and Baghdad.

U.S. military commanders acknowledged that it was difficult to root out insurgents spread over such a broad swath of sparsely populated farmland, but said they hoped to keep the insurgents off balance by disrupting training and operations.

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"We will never kill or capture them all, and even if we do, there are plenty more who will take their place," Lt. Col. Andrew Poppas said. "Our success, in my view, will be based on continued presence, denying this place as a safe haven."

Despite the temporary confusion and trust issues, the Iraqi soldiers appeared eager to work with their American partners. Some sang celebratory songs in unison as they grabbed their gear and assembled near their Humvees.

Operations in the insurgent badlands of southeast Diyala are still a novelty for Iraqi troops, said an Iraqi soldier, and they relished a chance to strike back at gunmen who pepper the southernmost Diyala army outpost so often that it has been named "The Death Station."

"They are all terrorists there," said a Shiite Muslim soldier from Basra, who declined to otherwise identify himself.

Insurgent leaders are well organized and have relatively deep public support. Abu Musab Zarqawi, leader of Al Qaeda in Iraq, was killed by U.S. forces last year in western Diyala, and his group retains a strong presence in the province. Ansar al Sunna, another insurgent group, also is active. But the most well-established groups, such as the Council and the 1920 Revolutionary Army, are composed of ex-Iraqi soldiers, U.S. officials said.

Two hours after joining the Iraqi soldiers, the convoy rumbled toward Diyala's southeastern hinterlands. As they progressed, reports crackled over the radio of four more explosions, which disabled U.S. vehicles but did not injure any troops. Two more bombs were found before they were detonated.

Helicopters spotted small groups of armed men using the network of irrigation canals that crisscross the region to bypass U.S. and Iraqi ground troops. U.S. officials said they killed nine suspected insurgents and detained about nine others.

But large swaths of the region appeared to have been abandoned by military-age males. During a sweep of one hamlet, convoy commander Capt. Stephen Dobbins found only several women and children and a couple of teenage shepherds.

Dobbins asked a woman with a child on her lap where all the men had gone. To work, she said.

A search of the village turned up $1,500, passports with foreign stamps on them, cellphones and two AK-47 rifles, the military said.

"Then why did I see men running away from here?" Dobbins said.

"Those men were from another village," the woman said.

Meanwhile, 89 people were reported killed Thursday in Iraq's continuing violence.

The dead included 13 people who were killed by two car bombs that exploded at a Baghdad gas station, a U.S. soldier killed by small-arms fire in west Baghdad and a Karbala council member shot to death along a southern highway. Police also found 47 bodies in Baghdad.

Bombs Kill 13 In Baghdad After Brief Lull In Violence (USAT/AP)

USA Today, January 5, 2007

BAGHDAD — Twin car bombings killed 13 people Thursday in an upscale Baghdad neighborhood, and Iraq prepared to execute two of Saddam Hussein's co-defendants despite an appeal from the United Nations.

The explosions went off one after the other at 10:30 a.m. in the Mansour neighborhood, setting fire to a gas station and incinerating at least a half-dozen cars. At least 25 people were wounded, police said.

Firefighters sprayed water on the wreckage as soldiers and civilians staggered around in a daze. Blood pooled among scattered containers for propane and kerosene, near where tea cups lay toppled on a blanket spread over wood crates.

Mansour is a primarily Sunni neighborhood in western Baghdad. During Saddam's regime, it was home to the most elite Iraqi families; many international embassies remain there, though shuttered.

U.S. Maj. Gen. William Caldwell said this week there had been a "downturn" in violence during the four-day Muslim holiday of Eid al-Adha, which began last weekend. Thursday was the first day after Eid for both Sunnis and Shiites. Caldwell acknowledged the possibility that violence could surge again.

Police said 47 tortured bodies were found dumped across Baghdad on Thursday, up from 27 a day earlier. An American soldier was killed by small-arms fire in western Baghdad, the military said.

Iraqi officials said Thursday they planned to execute two of Saddam's co-defendants in the coming days. The former Iraqi dictator was hanged Saturday.

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U.N. High Commissioner for Human Rights Louise Arbour appealed to Iraq not to execute Barzan Ibrahim, Saddam's half brother and former intelligence chief, and Awad Hamed al-Bandar, former head of the Revolutionary Court. Saddam and the two men were sentenced to death for the killing of 148 Shiites in the 1980s.

"Nobody can stop the carrying out of court verdicts," Sami al-Askari, an adviser to the prime minister, told the BBC's Arabic service. "The court's statute does not allow even the president of the republic or the prime minister to commute sentences, let alone grant a pardon. Therefore, no pressure can stop the executions."

In Washington, lawyers for al-Bandar filed a new request for the U.S. Supreme Court to block his transfer from U.S. to Iraqi custody.

In the southern city of Basra on Thursday, more than 1,500 people demonstrated to express approval of Saddam's execution. The peaceful rally began at the offices of the Dawa Party and ended at the provincial governor's building. Prime Minister Nouri al-Maliki, who pushed for a speedy execution of Saddam, is a leader of the party.

Deadly Blasts In Baghdad Leave Gruesome Traces (NYT)

By Marc Santora And Johan Spanner

The New York Times, January 5, 2007

BAGHDAD, Jan. 4 — The foot was balanced on a shopping bag after being scooped up off the dirty street by a man in a track suit. There was no person to go with the limb. Nearby a charred body was still smoldering, smoke coming off the black corpse 45 minutes after the attack.

For 50 yards, the dead were scattered about, some in pieces, some whole but badly burned.

This violence on Thursday involved two bombs timed to go off one after another in the formerly upscale neighborhood of Mansour, which continues to be ripped apart by sectarian violence. Thirteen people were killed and 22 wounded, just a small fraction of the civilians killed across the country this week.

The first device went off at 10:15 a.m., probably a roadside bomb set on a timer, officials said.

The attack was apparently aimed at a gasoline station. Cars were lined up around the block waiting for fuel, and dozens of people, grasping large plastic jugs, hoped to buy heating fuel.

Just moments after the first explosion, a second, larger, car bomb detonated.

The neighborhood has traditionally been a mixed Sunni and Shiite one. Although the Abu Jaffar gas station, where the attack was centered, is in what is considered a Sunni area, the method of the attack — multiple bombs timed to explode in succession — is usually thought of as a trademark of Al Qaeda in Mesopotamia, a Sunni insurgent group.

An hour after the explosion, there was still a strong stench of burning gasoline and fire. The road was slick with sludge from the water used to douse the fire. Blood pooled in areas. Scores of armed men were running about, including members of the Iraqi Army and the police. Some of those with machine guns had no uniforms at all.

Shots rang out, mostly in warning. Neighbors gathered outside, oddly calm and seemingly accustomed to such carnage.

A tanker truck filled with fuel was parked near the station, having escaped the blast.

Not surprisingly, residents living near the area blamed everyone from the government to the Americans to terrorists for what had happened.

“We are just innocent people,” said Nafia Abdul Jabbar. “The people killed were poor, in need of kerosene that they cannot afford to buy on the black market because the price is 10 times more than it is at the station.”

Elsewhere, a mortar attack was directed at the Shiite neighborhood of Huriya, wounding three people, officials said.

Clashes on the outskirts of the Sunni neighborhood of Ghazaliya left two people dead and 25 people wounded, Iraqi officials said. A grenade attack in the Amin neighborhood killed five people.

Across the city on Thursday, officials said, 47 bodies were found mutilated — 4 of them with their heads cut off.

An interview with the family of a man recently mutilated and killed, a prominent sheik considered to be the prince of the Tamim tribes, gives a glimpse into the complicated underworld that is, in part, responsible for the trucks full of bodies collected around this city every day.

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The man, Sheik Hamid Mohammed al-Suhail, 75, was found Wednesday in the Shuala neighborhood of Baghdad, a Shiite redoubt, by members of his tribe, which is mixed Shiite and Sunni, who were searching for him. He disappeared last Sunday, and his mutilated body was found wrapped in a blanket, covered in blood. The search party recognized his body by the distinctive way the beard was trimmed.

He had been an outspoken critic of the sectarian fighting and participated in a recent conference in Cairo on national reconciliation.

The kidnappers, whom his relatives hinted they knew but would describe only as "militiamen" for fear of reprisal, initially called his family asking for $100,000, said a nephew, Sheik Ali Sammi al-Suhail.

The family told the kidnappers they did not have the money, the nephew said.

"The body was mutilated in a brutal way," he said. "They used a drill on him and perhaps other tools."

One hand and one leg were almost completely severed.

The nephew said he had been told by people who said they witnessed the killing that after his uncle was tortured, his body was thrown from a two-story building. He survived the fall but was brutalized further before finally being killed.

Another prominent Iraqi figure, Sheik Akram al-Zubeidi, was killed Thursday in Karbala, a Shiite holy city where there has been little sectarian strife. Sheik Zubeidi was assassinated when he was stopped at a fake checkpoint, a local hospital official said.

Three other people in the car with him were also killed by the gunmen, whose motive was unclear.

There was continued fallout Thursday from the execution of Saddam Hussein, as Sunnis, from Kashmir to Libya, used his death as a rallying point.

The Libyan government announced that it would erect a statue of him to stand next to one of Libya's own national heroes, news agencies reported.

At least nine people were hurt in the Indian-controlled part of Kashmir when the police fired rubber-coated bullets to break up a large group of people protesting the execution, [a news agency] reported.

Two Iraqi officials involved in the investigation of the distribution of a graphic video of the hanging said Thursday that a second guard was being held for questioning. Officials announced the arrest of the first guard on Wednesday.

There is increasing pressure, including from the White House, on the Iraqi government to proceed with caution in carrying out the execution of Mr. Hussein's two co-defendants, Barzan Ibrahim al-Tikriti, Mr. Hussein's half brother, and Awad al-Bandar, a former judge.

Despite the international reaction directed at the government of Prime Minister Nuri Kamal al-Maliki, Mr. Maliki's popularity among Shiites in southern Iraq seems to have increased.

In Basra, Iraq's second largest city, hundreds of demonstrators representing Islamist parties rallied in the streets, praising Mr. Maliki and setting photos of Mr. Hussein on fire.

13 Killed In Baghdad Bombings (WT/AP)

By Lauren Frayer

The Washington Times, January 5, 2007

BAGHDAD -- Twin car bombs killed 13 persons yesterday in an upscale Baghdad neighborhood after a lull in violence, and Iraq prepared to execute two of Saddam Hussein's co-defendants, despite an inquiry into an unruly scene in the former dictator's execution chamber.

The explosions went off one after another at 10:30 a.m. in the Mansour neighborhood, setting fire to a gas station and incinerating at least a half-dozen cars. In addition to the dead, police said at least 25 persons were wounded.

Firefighters sprayed water on the wreckage as soldiers and civilians staggered around in a daze.

"What do they want from us? What do they want from us?" one Iraqi soldier asked, referring to those behind the blasts. Blood pooled among scattered containers for propane and kerosene, near where tea cups lay toppled on a blanket spread over wood crates.

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Mansour is a primarily Sunni neighborhood in western Baghdad. During Saddam's regime, it was home to the most elite Iraqi families.

Maj. Gen. William B. Caldwell said this week there had been a "downturn" in violence during the four-day Muslim holiday Eid al-Adha, which began last weekend. Gen. Caldwell acknowledged that violence could surge again.

Police said 47 tortured bodies were found dumped across Baghdad yesterday, in addition to the 27 a day earlier. A U.S. soldier was killed by small-arms fire in western Baghdad, the military said.

Despite the row over Saddam's hanging and a call for restraint from the United Nations, Iraqi officials said yesterday that they planned to execute two of the executed dictator's co-defendants in the coming days.

"Nobody can stop the carrying out of court verdicts," Sami al-Askari, an adviser to the prime minister, told the British Broadcasting Corp.'s Arabic service.

"The court's statute does not allow even the president of the republic or the prime minister to commute sentences, let alone grant a pardon. Therefore, no pressure can stop the executions."

U.N. High Commissioner for Human Rights Louise Arbour appealed to Iraq not to execute Barzan Ibrahim, Saddam's half-brother and former intelligence chief, and Awad Hamed al-Bandar, former head of the Revolutionary Court. Saddam and the two men were sentenced to death for the killing of more than 140 Shi'ites.

In Washington, attorneys for al-Bandar filed another request for the U.S. Supreme Court, this time to Justice John Paul Stevens, to block his transfer to Iraqi custody. Chief Justice John G. Roberts Jr. turned down an identical request on Wednesday.

Meanwhile, Iraq's interior minister said whoever recorded Saddam's hanging on a cell-phone camera would be punished, and Mr. al-Askari said two Justice Ministry guards were being questioned.

"The investigation committee is interrogating the men. If it is found that any official was involved, he will face legal measures," he said.

The grainy video shows Saddam being taunted in his final moments Saturday with shouts of "Go to hell" and "Muqtada, Muqtada" -- a reference to radical Shi'ite cleric Muqtada al-Sadr.

Prosecutor Munqith al-Faroon, one of 14 official witnesses to the hanging, told Iraqi state television that he did not think there was "any legal abuse, only moral violations."

Arrested Iranians 'Were Trying To Influence Iraqi Government': BBC (AFP)

AFP, January 5, 2007

Five Iranians detained by US forces in Baghdad last month were senior intelligence officers engaged in a covert political mission to influence the Iraqi government, the BBC said.

"There were five senior officers in various intelligence organisations... It was a very significant meeting... These people have been collared, relatively speaking, up to no good," one unnamed British official told the broadcaster.

US forces detained 10 people on December 21 on suspicion of weapons smuggling after finding what they said were documents, maps, photographs and videos in a raid at pro-Iranian Shiite leader Abdul Aziz al-Hakim's compound.

Military commanders said the 10, two of whom were Iranian, were linked to "illegal activities," including potential attacks on coalition forces.

Three Iranian diplomats were detained in a vehicle in Baghdad the previous day but later released.

The BBC's flagship political programme Newsnight cited British authorities in Iraq as saying that while the arrests produced highly important intelligence information, there was no "smoking gun" about weapons supplies or attacks.

Instead, the Iranians were there to hold high-level meetings with representatives of several Iraqi Shiite factions that have come to prominence since the fall of president Saddam Hussein in 2003.

"There was discussion of whether the Maliki government would succeed, who should be in which ministerial jobs... It was a very significant meeting," one official said.

"The fact of who some of the Iranians were is very significant."

Iraqi President Jalal Talabani said later he had invited the two Iranians detained at Hakim's compound to Iraq as part of an agreement between Baghdad and Tehran to improve security.

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His office said he was "unhappy" with the arrests, increasing tensions between Washington and Prime Minister Nuri al-Maliki's Shiite-led government in Baghdad, which is pursuing closer ties with Iran.

The two Iranians were released last Friday. Shiite-dominated Iran -- which the coalition claims orchestrates attacks on its forces in Iraq -- said the arrests were an embarrassment for the United States.

The BBC said US sensitivity to the matter comes from discovering evidence that Iran is trying to turn the situation in Iraq to its advantage, to the extent of trying to influence the make-up of the Baghdad government.

Washington is now urging Baghdad to declare the Iranians arrested as personae non grata and ban them from returning to Iraq, it added.

The New York Times last week quoted White House officials as saying two of the men were "senior military officials" with links to an Iranian Revolutionary Guard unit that trains Lebanon's Shiite Hezbollah guerrilla movement.

The White House said it would wait for the results of an investigation before characterising the Iranians' activities, but suggested it confirmed Iranian "meddling" in Iraqi affairs.

Hakim, a member of the Supreme Council for the Islamic Revolution in Iraq (SCIRI) which is part of Maliki's ruling coalition, met US President George W. Bush in the White House earlier in December.

Denying The Facts, Finding The Truth (NYT)

By Slavoj Zizek

The New York Times, January 5, 2007

London

ONE of the pop heroes of the Iraq war was undoubtedly Muhammad Said al-Sahhaf, the unfortunate Iraqi information minister who, in his daily press conferences during the invasion, heroically denied even the most evident facts and stuck to the Iraqi line. Even with American tanks only a few hundred yards from his office, he continued to claim that the televised shots of tanks on the Baghdad streets were just Hollywood special effects.

In his very performance as an excessive caricature, Mr. Sahhaf thereby revealed the hidden truth of the “normal” reporting: there were no refined spins in his comments, just a plain denial. There was something refreshingly liberating about his interventions, which displayed a striving to be liberated from the hold of facts and thus of the need to spin away their unpleasant aspects: his stance was, “Whom do you believe, your eyes or my words?”

Furthermore, sometimes, he even struck a strange truth — when confronted with claims that Americans were in control of parts of Baghdad, he snapped back: “They are not in control of anything — they don’t even control themselves!”

What, exactly, do they not control? Back in 1979, in her essay “Dictatorship and Double Standards,” published in Commentary, Jeane J. Kirkpatrick elaborated the distinction between “authoritarian” and “totalitarian” regimes. This concept served as the justification of the American policy of collaborating with right-wing dictators while treating Communist regimes much more harshly: authoritarian dictators are pragmatic rulers who care about their power and wealth and are indifferent toward ideological issues, even if they pay lip service to some big cause; in contrast, totalitarian leaders are selfless fanatics who believe in their ideology and are ready to put everything at stake for their ideals.

Her point was that, while one can deal with authoritarian rulers who react rationally and predictably to material and military threats, totalitarian leaders are much more dangerous and have to be directly confronted.

The irony is that this distinction encapsulates perfectly what went wrong with the United States occupation of Iraq: Saddam Hussein was a corrupt authoritarian dictator striving to keep his hold on power and guided by brutal pragmatic considerations (which led him to collaborate with the United States in the 1980s). The ultimate proof of his regime’s secular nature is the fact that in the Iraqi elections of October 2002 — in which Saddam Hussein got a 100 percent endorsement, and thus overdid the best Stalinist results of 99.95 percent — the campaign song played again and again on all the state media was Whitney Houston’s “I Will Always Love You.”

One outcome of the American invasion is that it has generated a much more uncompromising “fundamentalist” politico-ideological constellation in Iraq. This has led to a predominance of the pro-Iranian political forces there — the intervention basically delivered Iraq to Iranian influence. One can imagine how, if President Bush were to be court-martialed by a Stalinist

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judge, he would be instantly condemned as an "Iranian agent." The violent outbursts of the recent Bush politics are thus not exercises in power, but rather exercises in panic.

Recall the old story about the factory worker suspected of stealing: every evening, when he was leaving work, the wheelbarrow he rolled in front of him was carefully inspected, but the guards could not find anything, it was always empty. Finally, they got the point: what the worker was stealing were the wheelbarrows themselves.

This is the trick being attempted by those who claim today, "But the world is nonetheless better off without Saddam!" They forget to factor into the account the effects of the very military intervention against him. Yes, the world is better without Saddam Hussein — but is it better if we include into the overall picture the ideological and political effects of this very occupation?

The United States as a global policeman — why not? The post-cold-war situation effectively called for some global power to fill the void. The problem resides elsewhere: recall the common perception of the United States as a new Roman Empire. The problem with today's America is not that it is a new global empire, but that it is not one. That is, while pretending to be an empire, it continues to act like a nation-state, ruthlessly pursuing its interests. It is as if the guiding vision of recent American politics is a weird reversal of the well-known motto of the ecologists — act globally, think locally.

After 9/11, the United States was given the opportunity to realize what kind of world it was part of. It might have used the opportunity — but it did not, instead opting to reassert its traditional ideological commitments: out with the responsibility and guilt with respect to the impoverished third world — we are the victims now!

Apropos of the Hague tribunal, the British writer Timothy Garton Ash pathetically claimed: "No Führer or Duce, no Pinochet, Amin or Pol Pot, should ever again feel themselves protected from the reach of international law by the palace gates of sovereignty." One should simply take note of what is missing in this series of names which, apart from the standard couple of Hitler and Mussolini, contains three third world dictators: where is at least one name from the major powers who might sleep a bit uneasily?

Or, closer to the standard list of the bad guys, why was there little talk of delivering Saddam Hussein or, say, Manuel Noriega to The Hague? Why was the only trial against Mr. Noriega for drug trafficking, rather than for his murderous abuses as a dictator? Was it because he would have disclosed his past ties with the C.I.A.?

In a similar way, Saddam Hussein's regime was an abominable authoritarian state, guilty of many crimes, mostly toward its own people. However, one should note the strange but key fact that, when the United States representatives and the Iraqi prosecutors were enumerating his evil deeds, they systematically omitted what was undoubtedly his greatest crime in terms of human suffering and of violating international justice: his invasion of Iran. Why? Because the United States and the majority of foreign states were actively helping Iraq in this aggression.

And now the United States is continuing, through other means, this greatest crime of Saddam Hussein: his never-ending attempt to topple the Iranian government. This is the price you have to pay when the struggle against the enemies is the struggle against the evil ghosts in your own closet: you don't even control yourself.

If Iraq Fragments, What's Plan B? (CSM)

By Peter Grier

The Christian Science Monitor, January 5, 2007

WASHINGTON

As President Bush readies a new strategy for Iraq, some experts in Washington are looking beyond the question of US troop levels to what might happen if worst-case scenarios come true. Call it Plan B: How the United States might handle Iraq's partition.

It may still be possible to hold Iraq together, many of these critics believe. A surge in American military strength might help. But the hour is late - and a lack of contingency planning on the part of US officials may be one reason the situation has become so dire.

"If I was working for George Bush, I would want somebody to be thinking hard about this, sort of preparing the groundwork," says Michael O'Hanlon, a senior fellow in foreign-policy studies at the Brookings Institution in Washington.

The US might need actively to aid Iraqis in relocating to parts of the country where they feel safer, says Mr. O'Hanlon. This sort of resettlement assistance wouldn't be unprecedented, he notes. The US did it in Bosnia.

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Such a policy would perhaps preempt the violent Balkans-style ethnic cleansing that is already occurring in Iraq, O'Hanlon says. Sectarian strife is displacing 100,000 Iraqis a month.

"One-third to one-quarter of the ethnic cleansing that might occur [in Iraq] has occurred," says O'Hanlon.

Of course, to many US officials such a policy would be anathema. Mr. Bush has long insisted that a unified, democratic Iraq is one of his goals - not an Iraq separated into sectarian regions.

It has been widely reported that the new "way forward" Bush is expected to announce next week will include a substantial surge in US forces, designed to bring stability to violence-torn parts of the country.

Such an increase might allow reconstruction aid to begin to have a real effect in Baghdad and elsewhere, improving the daily life of Iraqis and strengthening the shaky central government, according to an influential report on the subject co-authored by Frederick Kagan, a military historian at American Enterprise Institute in Washington.

"Victory in Iraq is still possible at an acceptable level of effort," says a summary of the AEI study.

But events in Iraq now may be running at a speed that outpaces the US ability to respond. Bush has mulled over his options for weeks, while sectarian violence rises and the political partition of the country continues apace, says Vali Nasr, an adjunct senior fellow for Middle East studies at the Council on Foreign Relations.

The attempt to form a unity government has completely failed, says Mr. Nasr. Absent viable political plans, power is determined by the violence of militia in the street.

"The carnival of Saddam's execution is handwriting on the wall about how deeply divided this society is," he says.

Will the country's political divide be followed by a physical one? Possibly. Sen. Joseph Biden (D) of Delaware, incoming chairman of the Senate Foreign Relations Committee, has long advocated establishing Iraq as a loose federation, consisting of Sunni, Shiite, and Kurdish regions, and a Baghdad that belongs to all.

Other experts, including Leslie Gelb, president emeritus of the Council on Foreign Relations, have been increasingly vocal in calling for the US to help Iraqis resettle in areas of safety.

"We've got to provide them the means, the protection, and the funds to set up a new life," said Mr. Gelb in a recent National Public Radio interview. "We owe them that."

Resettled refugees might, in the end, blame America for their plight. The US could be accused of abetting ethnic cleansing. All plausible, says O'Hanlon of Brookings - but the problem is, the ethnic cleansing is happening anyway. The question, therefore, is really a humanitarian one: How to save lives?

In a recent piece titled "A Bosnia Option for Iraq," published in the journal American Interest and co-authored with Edward Joseph, a visiting scholar at Johns Hopkins University, O'Hanlon proposes a "soft partition" of Iraq.

The war in Bosnia ended only after 200,000 civilians died and half the country's population had fled their homes, says the article. Ethnic relocation may be distasteful, but with Sunni insurgents and Shiite death squads now attacking even hospitals and schools, what is the alternative?

"If US and Iraqi forces cannot protect civilians, there is little moral dilemma about facilitating their movement to safer areas," says the article.

The Iraqi government would have to offer housing and jobs for those resettled, as well as protection while moving, according to the article. Government property commissions could help Sunnis and Shiites swap homes.

The key to making the relocation work might be a division of oil money. It should be split a number of ways, the article says, with individuals, provinces, and the overall government receiving allocations.

"The Bosnia option has a much higher chance of success than anything resembling current strategy ... although I can still see the case for one last big push [with more US troops]," says O'Hanlon.

Other experts say that a surge in troops will serve a purpose only if tied to a comprehensive approach of bringing stability and security to Iraq.

The problem now is not just troop levels or stability in Baghdad, says Anthony Cordesman, a military expert at the Center for Strategic and International Studies, in a new study.

"The 'threat' from the insurgency and militias is only part of the problem," writes Mr. Cordesman. "Iraq's central government is weak and the nation is steadily dividing into sectarian and ethnically controlled areas."

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Thus any new military effort should be accompanied by a further push to create incentives for peaceful coexistence, according to Cordesman - or peaceful separation where there is not a credible alternative. The US should "provide aid to relocation when this is the only option," writes the CSIS scholar.

A Mother Fights For A Soldier Who Said No To War (WP)

By Linton Weeks

The Washington Post, January 5, 2007

Carolyn Ho is a mother on a mission.

She came to Washington in mid-December to build support for her son, Army 1st Lt. Ehren Watada, the first commissioned officer to refuse deployment to Iraq.

Barring some kind of miracle, he will be court-martialed on Feb. 5 at Fort Lewis, about 45 miles south of Seattle. If convicted, he could be sent to military prison for six years. There's going to be a pretrial hearing today.

Like many Americans, she believed she could come to the capital city and change the world. Or at least her small part of it.

She was acting purely on instinct, wanting to do everything in a mother's power to protect her son. "I'm here to get what I can," said Ho, who is from Honolulu. Dark hair pulled back. Dark eyes that moisten when she speaks of her son. Soft voice. "I'm going to put it out there."

At the very least, she hoped for some kind of letter of support before today's hearing. Late yesterday afternoon, a letter arrived. After a lot of worry and work.

Lobbying Congress is no day at the spa.

During her Capitol Hill quest, she was accompanied by several seasoned lobbyists, but they let her do the talking. She moved along the halls, sitting down with staffers in the offices of Sens. Patty Murray (D-Wash.) and Daniel Akaka (D-Hawaii) and aides from the offices of Reps. Lynn Woolsey (D-Calif.), John Conyers (D-Mich.) and Maxine Waters (D-Calif.).

In closed-door meetings, Ho told the same story. She sees her efforts as part of a larger, multifaceted wave that is challenging the Bush administration from every angle. At the same time the president is advocating an increase in the number of soldiers in Iraq, there is on the home front an increase in the number of vocal opponents of the war. "I believe my son is part of this movement," Ho said.

Phoebe Jones of Global Women's Strike, an international antiwar network that supports Ho and Watada, was at Ho's side on Capitol Hill. "The work of mothers is protecting life, beginning with their children," Jones explained. "And that is really the opposite of the obscenity of war."

On the Hill, Ho handed out information packets. She passed around photos of Watada, who is taller, fuller of face than his mother, but shares her smile.

Her son "based his decision on facts," she said. He studied the war in Iraq and decided it was illegal. He tried to resign and leave the service with dignity, but the Army wouldn't let him. He asked to be shipped to Afghanistan; his request was denied. He was offered a noncombat position in Iraq; he said no thanks.

Because the United States entered the war based on false premises, Ho said, the war is illegal. It is thus her son's constitutional duty to disobey orders.

So she asked that members of Congress get involved. She said that ideally she would prefer that the military accept her son's resignation and dismiss all charges against him. "He shouldn't be in a military prison," she said. His voice "will be totally squelched."

She asked, "Just who is the criminal here? The one who is refusing to participate in war crimes?"

From the Army's standpoint, the case is simple. Tens of thousands of soldiers have passed through Fort Lewis on their way to the war and have not asked for special treatment, said Army spokesman Joe Piek. Watada, 28, signed on for military service in 2003 with full knowledge that he might have to fight an unpopular war, Piek said. "This is a case about a soldier who refused orders to deploy to Iraq. . . . That is the bottom line."

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Watada has been charged with one count of "missing movement," which means he did not board one of the planes that were taking his 3rd Brigade to Kuwait on June 22. In Kuwait the brigade's 4,000 soldiers received their equipment and their marching orders.

He also is charged with "conduct unbecoming an officer," for subsequent statements he made. For now he is assigned to a special troops battalion and has been doing everyday soldierly duties while awaiting his court appearance.

Piek said, "He joined the Army and swore an oath, and that includes following the orders of the officers appointed over him. His unit was placed in a stop-loss category, which meant that everybody currently in that unit would deploy. You don't get to pick and choose, especially if you are a junior officer, which places you get to go to."

To Watada's attorney, Eric Seitz, the situation is more complicated. "The United States talks out of both sides of its mouth," he said. "We've prosecuted soldiers in other countries for following orders to commit war crimes. But God forbid you should use that refusal as a defense in this country."

The Watada defense: Questioning the war publicly is not "conduct unbecoming" but an exercise of freedom of speech. And he had the right to miss movement because he was refusing to participate in what he deems an illicit enterprise.

To Carolyn Ho, congressional staffers were polite and receptive. She came at an inopportune time, she was told several times. Congress had adjourned for the holidays and there was not much time before the court-martial.

There were flashes of hope: Along the way, someone suggested that a "sign-on letter" sent by members of Congress to the secretary of the Army might be a way to galvanize support for Watada. Or a "dear colleague" letter that would alert others in Congress to Watada's situation. One staffer brought up the idea of a "private resolution," an arcane move in which Congress passes a bill that affects one person. "Those are possibilities," Ho said. But as the day wore on, fatigue showed on her face.

She left with little more than encouragement and good wishes. A high school counselor, Ho had been on leave since the end of September. She had to get back to work.

She is divorced. Her ex-husband, Bob Watada, has also been out drumming up support, speaking to churches and civic organizations around the country. She spent October and November on the West Coast and much of December on the East. At one event she shared a podium with Cindy Sheehan, who refers to the moms-against-bombs instinct as "matriotism."

Ho went back to Hawaii for Christmas, but is in the Seattle area this week for the hearing.

On the phone from Fort Lewis, Ehren Watada explained how he decided while still in college -- in the aftermath of 9/11 -- that he wanted to serve his country in the military. He walked into a recruitment office in Honolulu and said he wanted to go to officer candidate school. He failed the physical because of childhood asthma. "I was heartbroken," he said. "I paid out of pocket for a breathing test to prove I had no breathing problems. I passed the test with flying colors and was eventually accepted at the end of March 2003."

Though Watada's father did not serve in the military, several uncles were in World War II. One of his uncles was killed in Korea. Another relative was in Vietnam. "There is a history of service in our family," he said.

When he signed up, "I didn't know the things I know today. I believed the military and the government when they told me that Iraq posed an imminent threat."

Watada said it took him a couple of years to realize that the United States should not be in Iraq. He submitted his resignation in January 2006. "The commanders of my unit were not too happy about it," he said. They were surprised, he said, because until that point he had received positive evaluations.

"I can't stop the war," said Watada. "But if Americans believe the war is wrong, they should be doing everything they can to stop it."

His mother is doing what she can. "People are stepping gingerly," she said yesterday about legislative action. "There's a wait-and-see approach."

She was in Tacoma, Wash., yesterday for a press conference when she received a personal letter from Rep. Maxine Waters. Ho read an excerpt over the phone:

"The issue that [1st Lt. Ehren Watada] has raised deserves to be publicly debated and considered. And I will use my platform as a member of Congress and chair of the 'Out of Iraq' caucus to highlight the failed policies of this administration and

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stimulate discussion. . . . Your son has shown great integrity and dignity in his objection to the war in Iraq, and I commend you for working so hard on his behalf."

Ho sighed and said she found the letter to be "disappointing."

But it was something.

Theft Probe Leads To N.Va. Storage Site (WP)

By Theresa Vargas

The Washington Post, January 5, 2007

An investigative trail littered with gold-colored AK-47s, documents labeled "CLASSIFIED" and pistols purported to have been given as gifts to Saddam Hussein led federal investigators here: a Manassas storage center.

Atlantic Self Storage, nestled between Interstate 66 and Route 234, sits across from a Super 8 Motel and is little more than rows of rust-colored garage doors leading to individual units. But according to court documents filed recently in Prince William County, one of the storage units may hold clues for a federal investigation spanning the country.

In a 10-page affidavit for a search warrant, a special agent with the Naval Criminal Investigative Service details how about 100 U.S. government and Iraqi weapons, along with secret documents, may have been stolen and ended up in storage units in California and Manassas.

A Marine gunnery sergeant who once lived in Fairfax County and rented storage units in both locations was placed in pretrial confinement at Camp Pendleton because, the agent wrote, "reasonable grounds exist that he poses a serious threat to the national security of the Unites States."

The gunnery sergeant, Gary Maziarz, is charged with larceny of computer and camera equipment, larceny of weaponry and possession of steroids, according to officials at Camp Pendleton, north of San Diego. He is scheduled for an Article 32 investigation, similar to arraignment, Jan. 17.

Maziarz's attorney, David Brahms, said that his client maintains his innocence and that the affidavit should be seen for what it is: "What it is, is an attempt by law enforcement to convince a judicial official that there is sufficient evidence for a search, but it is not evidence of guilt."

NCIS officials said they could not talk about the case because the investigation remains open.

Maziarz had worked in an intelligence center in Fallujah, Iraq, from February to May 2006, according to the documents. He was also assigned to a program administered by the National Security Agency and had access to information classified as the " 'Top Secret' level and higher," the papers said.

NSA officials did not respond to a request for comment.

This is what is known from the affidavit, filed in Prince William Circuit Court:

On Oct. 27, a colonel at Camp Pendleton reported as missing a large quantity of U.S. Government trophy weapons acquired during the conflict in Iraq.

An internal investigation cast suspicion on Maziarz, and he consented to a search of a storage facility he rented in Carlsbad, Calif., according to the documents.

That's when investigators reportedly found the weapons: gold-colored Russian Dragunov sniper rifles, gold-colored and nickel-plated AK-47s, four Iraqi swords, radios with Arabic writing, foreign helmets and Iraqi plaques. More than a hundred items are listed.

Authorities then searched another unit and an apartment Maziarz rented in Carlsbad. In his apartment, they found steroids and three commemorative Colt 1911 .45-caliber pistols "reputed to have been presented to Saddam Hussein," the agent wrote. In the storage units, they found more foreign weapons, digital cameras, computers and suspicious documents, according to the affidavit.

"Of note, two folders containing approximately 250 pages of material marked 'SECRET' were also discovered in one of the storage units," the agent wrote.

When investigators reviewed the material, they found that most concerned a 2004 "surveillance report of a suspected terrorist by a United States Government Agency."

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"In order to avoid declassification of this document, I am intentionally avoiding any further description," the special agent writes, but he adds that these documents are believed "to be genuine and appropriately classified."

The investigation might have ended in California, but agents reviewing paperwork found a 2000 rental agreement between Maziarz and the Manassas storage center, according to the documents. A map was also found that showed an arrow pointing to unit 228 -- a 10-by-15-foot box that costs $164 a month to rent. It is where two agents showed up Nov. 7.

"I believe that Maziarz is using the Manassas storage unit to hold papers and equipment stolen from the USMC in the Northern Virginia area, just as he used the Carlsbad, CA unit," the special agent wrote, adding that the activity may stretch back as far as five years.

In April 2005, a second lock was put on the Manassas unit at the request of Maziarz, according to the documents.

"He asked me to put on another lock and send him the key," the manager, Ernie Jennison, said recently, standing in front of the barbed wire fence that surrounds the facility.

Jennison said the agents came several times and left a list inside the unit of what they took.

According to the search warrant, agents removed 43 items, including foreign and domestic military gear. They also collected objects that would require further scrutiny, including 74 floppy disks and a locked black briefcase.

Taliban Leader Promises More Afghan War (NYT)

By Ismail Khan And Carlotta Gall

The New York Times, January 5, 2007

PESHAWAR, Pakistan, Jan. 4 — In what appears to be the first exchange with a journalist since going into hiding five years ago, the Taliban leader, Mullah Muhammad Omar, said that he had not seen Al Qaeda's chief, Osama bin Laden, in five years and that he would never negotiate with the United States-backed government of Hamid Karzai in Afghanistan. He also threatened to continue the war until foreign troops withdraw from Afghanistan.

The statements were made in written response to questions sent by e-mail to the Taliban spokesman, Muhammad Hanif, who often speaks to journalists by telephone from an undisclosed location. Mr. Hanif said that Mullah Omar had written the replies himself and that a courier had returned the answers on a USB computer drive.

Though it was impossible to verify those claims, the statements, if authentic, would be Mullah Omar's first exchange with a journalist since he was driven from power in 2001 by the American-led invasion of Afghanistan. The fugitive Taliban leader, who claims to be at large in Afghanistan, is widely thought to have taken up sanctuary in Pakistan.

Since fleeing his last stronghold in the southern city of Kandahar in December 2001, Mullah Omar said that he had not seen or tried to contact Mr. bin Laden, and that although his movement did not have a specific alliance with Al Qaeda, they were fighting for the same goals.

"I have neither seen him nor have made any effort to do so, but I pray for his health and safety," he said of Mr. bin Laden. "We have never felt the need for a permanent relationship in the present circumstances. But they have set jihad as their goal, whereas we have set the expulsion of American troops from Afghanistan as our target. This is the common goal of all the Muslims."

Asked about the suicide bombers who have carried out over 100 attacks in Afghanistan in the last year, he said they were acting on religious orders from the Taliban. "The mujahedeen do not take any action without a fatwa," he said, meaning an Islamic edict. "They seek fatwas before they take any action in their self-defense."

He denied receiving any outside assistance, and dismissed as Western propaganda that Pakistan was providing assistance and a safe haven to his movement. "We have not received any assistance so far, nor can anybody prove that," he said. "The leadership, resistance and shura are all based here in Afghanistan."

He dismissed Mr. Karzai's effort to convene a grand assembly between Afghan and Pakistani elders and leading representatives to try to forge peace between the nations as a conspiracy by American intelligence agencies. "Only those people who have sold out to foreign forces will participate," he said. "Our participation is absolutely out of question."

"First of all, foreign troops should leave Afghanistan and then the institutions they have created should be dismantled," he said. "Unless that happens, the war will heat up further. It will not decrease."

"The people themselves have risen up to fight the Americans," the statement continued. "Nobody can tolerate this kind of subjugation and sacrilege of their culture and religion. It would be humiliating for anybody to think that the nation does not want to evict American forces. No nation can accept the dictates of a handful of dollar-greedy and treacherous people."

In his replies, he showed himself unrepentant for his refusal to give up Mr. bin Laden to the United States after the Sept. 11, 2001, attacks and for blowing up the giant Buddhas of Bamiyan in March 2001.

"Our stand to grant refuge to Osama bin Laden was based on principles," he said. "If there were people who were opposed to us giving refuge to him, they should have done so with logic and reason, and not using bullying or threats," he said. The council of clerics, which was the highest authority of the Taliban government, asked Mr. bin Laden to leave, but never had any intention to force him out, he said. "The clerics had declared jihad against the United States in total opposition to his surrender to the Americans," he said.

Asked if the Buddhas' destruction was a mistake in retrospect, he said: "Shariah is Shariah. There is no distinction on whether a certain thing is difficult or easy. A certain number of Muslims have been influenced by other civilizations, and that's why they seem to find Islamic injunctions too difficult." Shariah is the legal code of Islam based on the Koran.

He repeated the same justification that his government had used previously for its harsh strictures that closed girls' schools and forbade women to work, namely that his government was still fighting a war and could not do everything at once.

"Girls' schools were either too few or were nonexistent before we took over," he said. "We were preparing a strategy for girls' education in accordance with the Shariah."

He blamed the anti-Taliban forces of the Northern Alliance and international sanctions for preventing his government from achieving its aims.

"We could have formed a real government had we achieved full and total control over the whole country, and we did manage to run the government in an organized manner with the blessing of Shariah and divine laws," he said. "But if there were problems, those were largely because of the conspiracies of the infidels and foreign enemies, for instance, the impositions of sanctions on Taliban, organizing anti-Taliban forces and preparing them to fight the mujahedeen."

Taliban Leader's Powerful Vanishing Act (LAT)

By Laura King

The Los Angeles Times, January 5, 2007

KUCHLAK, PAKISTAN — Where's Mullah Omar?

It has been more than five years since the Taliban's supreme leader, a onetime village cleric, vanished into the trackless terrain outside his fallen Afghan stronghold, Kandahar. And his likeliest source of sanctuary is thought to be the belt of rugged tribal territory straddling the Afghanistan-Pakistan border, where the law of no nation prevails.

In Kuchlak, a dusty desert crossroads in the southwestern Pakistani province of Baluchistan, Mullah Mohammed Omar still is referred to by the title he assumed in 1996, when he and his puritanical Islamist movement seized power in Afghanistan: Amir al-Muminin, or Commander of the Faithful.

Omar's feat of eluding a long manhunt by the Americans and their allies, even with a $10-million bounty on his head, is celebrated here as proof of his mystical powers.

"With all their sophisticated satellites that can see a single needle from high in the sky, they cannot find him," said Fazil Mohammad Baraich, a district amir, or chieftain. "It is no surprise that God almighty protects him, and this increases our faith."

Rumors of Omar sightings abound, and are repeated by locals with an air of satisfied certainty.

"I, myself, have heard on good authority that he is living in a camp" in the military enclave outside Quetta, said Mohammed Ashiq, head of a merchants association in that provincial capital.

"And," Ashiq said, leaning forward conspiratorially, "I hear that he has gotten fat. Very fat."

During the Taliban's rule, it was Omar who ordered such stringent measures as the banishment of women from schools and public life, and the destruction of one of Afghanistan's greatest cultural treasures, the giant Buddha statues at Bamian.

He outlawed simple pleasures such as music and kite flying, even as he decreed, disastrously for his country, that the Taliban would provide aid and shelter to Osama bin Laden, who likewise has remained at large.

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A Taliban presence

In tribal communities such as Kuchlak, sympathy for the toppled militia is defiantly undiminished. Many townspeople are of the same Pashtun clan as Omar, who by most accounts has never flown in an airplane and has rarely strayed from his homeland.

The cult-like devotion to Omar in the mosques and makeshift classrooms of the tribal territories helps ensure a steady supply of Taliban fighters. The militia's white flags flutter over Kuchlak's small, desolate graveyard, where the names of slain fighters are scratched into bare rock.

Little boys trudge through the town's rutted streets, bearing bags of bread donated to the town's many madrasas, or Islamic religious schools. On Kuchlak's edge, single tracks, equally suitable for wandering goats or militants on motorbikes, fade into a horizon the color of khaki, the Pashto word for dusty.

Across the border in Afghanistan, allied military commanders say they are putting increasing pressure on the Taliban leadership, most notably with a precision airstrike on Dec. 19 on a lonely road in Helmand province that killed Mullah Akhtar Mohammed Osmani, a senior deputy to Omar.

Tracking Omar "is certainly a priority, and this kind of success shows we have the potential to reach those at his level," said Maj. Dominic Whyte, a spokesman for North Atlantic Treaty Organization forces.

But if Omar has taken shelter in Pakistan, he may be out of the reach of coalition guns. An airstrike in October on a madrasa in the Pakistani tribal region of Bajur, which left dozens dead, triggered a heavy anti-American and anti-government backlash.

For that reason, a strike on a madrasa or village thought to be harboring Omar would be politically explosive unless American forces were absolutely certain that he, or a similarly high-profile target, was present.

Kuchlak, 10 miles north of Quetta, is a convenient way station for anyone looking to move surreptitiously in and out of the tribal belt.

One road out of town leads north to the Afghan border and continues to Kandahar. Another, with only a single police checkpoint in more than 100 miles, leads northeast to the tribal area of Waziristan, where Pakistani authorities have struck controversial truces with tribal elders that prevent troops from pursuing militants.

Because of Omar's longtime aversion to being photographed — a policy he was said to have adopted on religious grounds — few in the border hinterlands would be in a position to positively identify him. His missing right eye was his most recognizable characteristic, but allied military reports say he may have been fitted with a glass eye.

In any event, many observers believe that betrayal from within Omar's tribal milieu would be unthinkable. For one thing, it would violate the rigid Pashtun code of behavior, which places a premium on clan honor and the unquestioning protection of guests. For another, any traitor probably would pay with his life, and with the lives of his family.

Political questions

Omar's role in the Taliban leadership, whether as figurehead or active military commander, is widely debated among analysts.

Last week, before the beginning of the Muslim holiday of Eid al-Adha, Western news agencies received a statement from a purported spokesman for Omar, in which the Taliban leader boasted that his fighters would drive foreign troops out of Afghanistan.

The possibility that Omar has been sheltered in Pakistan raises thorny political questions for President Pervez Musharraf. Pakistan became a crucial U.S. ally after the Sept. 11 attacks, but the motives and loyalties of its government are under increasing Western scrutiny.

The Taliban movement, in its early days, was nurtured by Pakistan's intelligence service, and some observers doubt that Omar could have survived this long without its continued help. But others say no hard-and-fast proof has emerged that Omar is hiding on the Pakistani side of the border.

"He could be in Afghanistan, or he could be in Pakistan," said Rahimullah Yusufzai, a longtime Taliban watcher based in the Pakistani frontier city of Peshawar.

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To admirers, the near-completeness of Omar's vanishing act after fleeing his gaudily appointed compound outside Kandahar in late 2001 is a triumphant rebuttal of the allies' characterizations of him as a simpleton.

"If that is the case," said Baraich, the amir, "then why has he been able to hide so well, and for so long?"

Pakistan Premier Wants Afghan Refugees To Return Home (NYT)

By Carlotta Gall

The New York Times, January 5, 2007

KABUL, Afghanistan, Jan. 4 — Pakistan's prime minister, Shaukat Aziz, said Thursday that he wanted the three million Afghan refugees still living in Pakistan to go home as one way to end the problem of insurgents using the country as a haven.

It is the first time Pakistan has been so blunt in demanding that the Afghans, to whom it has served as host for more than 20 years since the Soviet invasion of Afghanistan, leave.

Mr. Aziz arrived here for talks with the Afghan president, Hamid Karzai, in an effort to smooth tensions between the neighbors, but after more than two hours Mr. Karzai acknowledged that relations were only growing worse.

"Unfortunately, the gulf in relations between Afghanistan and Pakistan is getting wider, and it is not getting narrower," Mr. Karzai said after their meeting.

The two leaders emerged with no agreement on the main areas of contention, namely Pakistan's plan to fence and mine the border, and Afghanistan's project to convene two tribal gatherings, or jirgas, of national representatives from both countries, to try to foster peace between the countries.

Shortly before the meeting, Pakistan announced that it was going ahead with a plan to fence and mine the long mountainous border. Afghanistan has repeatedly condemned the project as a diversion from the real problem of terrorism, which it says is being incubated in Pakistan. Pakistan has also dragged its feet on organizing the tribal gatherings, promising only to form a commission to work on the idea.

"The Afghan people want to remove all those obstacles which create the divide in our relations," Mr. Karzai said. "Those obstacles are created by terrorist activities which are hindering Afghanistan's reconstruction and making our schools burn.

"Security will not come to Afghanistan unless together we and Pakistan, with good and friendly relations, become tough in the fight against terrorism," he added. He said he wanted to hold the tribal jirgas so people could speak their minds.

Without offering specifics, Mr. Aziz said the two leaders agreed to work on resettling three million Afghan refugees back in Afghanistan and removing the sanctuary that refugee camps provide to insurgents.

"Refugee camps on our side of the border sometimes are safe havens for elements who are from Afghanistan and take safe haven there after conducting activities," he said.

He also defended Pakistan's plan to fence and mine the border as one way to restrict the movement of people who represent a threat to security. "We believe that selective fencing and mining can help achieve the objective," he said, adding that the fence and mines would not prevent the ordinary crossing of local tribes.

Medical Teams Saving More Troops (WT)

By Rowan Scarborough

The Washington Times, January 5, 2007

The killed-in-action rate in the Iraq-Afghanistan wars is half what it was in World War II and a third less than Vietnam and Desert Storm, according to internal Pentagon documents that say battlefield medical teams are doing a better job of stabilizing the wounded and getting them to doctors.

"We have better battlefield medicine," Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs, told The Washington Times yesterday. "We are reviving and resuscitating many, many more of our soldiers who would have died in previous conflicts."

The improvement may be little solace to the families of the American troops who have died or been seriously wounded in Iraq and Afghanistan. The Pentagon, however, says it has put in place a first-rate system for saving life -- and limb.

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The briefing papers show the killed-in-action rate is 12.5 percent for the current wars compared with 25.3 percent for World War II and 18.6 percent for Vietnam/Desert Storm. Dr. Winkenwerder, a trained internist, said the rate is based on the number of combatants who died of wounds before reaching a treatment center. He said the standard has been the same for each war.

Dr. Winkenwerder ticked off a number of improvements. Medics now carry resuscitation gear. Each soldier and Marine, not just medics and Navy hospital corpsmen, are issued tourniquets to stop bleeding.

"We had anecdotal reports of service members who died, unfortunately, because there was no tourniquet available until the medic got there," he said.

Medical teams have also worked on arriving at the scene of injuries, in most cases caused by a roadside improvised explosive device (IED).

"It used to be the 'golden hour,' " he said. "Now we are trying to get down to the 'platinum 15' because what kills so many people is hemorrhage, massive hemorrhage."

New ways of treating the wounded emerged with the creation in 2003 of the Joint Theater Trauma System (JTTS). It involves a constant "lessons learned" data analysis designed to come up with better tactical medicine

Until JTTS, for example, doctors were sometimes missing football-type concussions that occur in troops impacted by an IED.

Dr. Winkenwerder said the "few thousand" medical personnel in Iraq is the smallest in recent wars because many wounded and diseased personnel are flown out of the country to hospitals in Germany and the U.S.

From January 2005 to November, the military evacuated nearly 15,000 troops -- 23 percent for battle injuries, 21 percent for nonbattle injuries and 56 percent for diseases. During that same span, the military treated 80,448 patients in theater.

The briefing charts, which were compiled in December for presentation to retired military analysts, also credit new technologies, such as improved body armor, ballistic eyewear and hearing protection. It cites better-armored Humvee vehicles and better detection of IEDs, which are responsible for 80 percent of the Army's killed in action.

In the run-up to the Iraq invasion, the Pentagon failed to predict or prepare for the deadly insurgency that attacks military troops and civilians daily. Soldiers and Marines early on lacked armored Humvees that could blunt the force of IED blasts. The Army embarked on a crash program to produce armor kits for existing vehicles and to assemble armored Humvees from scratch.

The Pentagon also created a special unit, the Joint Improvised Explosive Device Defeat Organization, and gave it more than $2 billion to find technologies and tactics to find and defuse IEDs.

The internal Pentagon briefing comes as the U.S. military suffered 115 combat deaths in December, the most since November 2004 and the third deadliest month since the March 2003 invasion to oust Saddam Hussein. Total U.S. deaths yesterday stood at 3,005 for Iraq and 357 for Afghanistan.

The number of wounded has reached more than 23,000 in Iraq and Afghanistan. This includes 759 amputees: 497 who lost a leg, arm, hand or foot; and 262 who lost a finger, toe, or part of a hand or foot, the Pentagon says.

The Battle Of Iraq's Wounded (LAT)

By Linda Bilmes

The Los Angeles Times, January 5, 2007

THE NEW YEAR brought with it the 3,000th American death in Iraq. But what's equally alarming — and far less well known — is that for every fatality in Iraq, there are 16 injuries. That's an unprecedented casualty level. In the Vietnam and Korean wars, by contrast, there were fewer than three people wounded for each fatality. In World Wars I and II, there were less than two.

That means we now have more than 50,000 wounded Iraq war soldiers. In one sense, this reflects positive change: Better medical care and stronger body armor are enabling many more soldiers to survive injuries that might have led, in earlier generations, to death. But like so much else about this war, the Bush administration failed to foresee what it would mean, failed to plan for the growing tide of veterans who would be in urgent need of medical and disability care. The result is that as the Iraq war approaches its fourth anniversary, the Department of Veterans Affairs is buckling under a growing volume of disability claims and rising demand for medical attention.

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So far, more than 200,000 veterans from Iraq and Afghanistan have been treated at VA medical facilities — three times what the VA projected, according to a Government Accountability Office analysis. More than one-third of them have been diagnosed with mental health conditions, including post-traumatic stress disorder, acute depression and substance abuse. Thousands more have crippling disabilities such as brain or spinal injuries. In each of the last two years, the VA has underestimated the number of veterans who would seek help and the cost of treating them — forcing it to go cap in hand to Congress for billions of dollars in emergency funding.

The VA system has a reputation for high-quality care, but waiting lists to see a doctor at some facilities now run as long as several months. Shortages are particularly acute in mental health care. Dr. Frances Murphy, the VA's deputy undersecretary for health, recently wrote that some VA clinics do not provide mental health or substance abuse care, or if they do, "waiting lists render that care virtually inaccessible."

The VA also runs Vet Centers — 207 walk-in neighborhood help centers that provide counseling to veterans and their families. These popular, low-cost centers have already treated 144,000 new veterans. But they are so understaffed that nearly half are sending veterans who need individual therapy into group sessions or placing them on waiting lists, according to a recent report by the House Veterans' Affairs Committee.

At the same time, wounded veterans trying to obtain disability checks are being tied up in a bureaucratic nightmare. The Veterans Benefits Administration has a backlog of 400,000 pending claims — and rising. Veterans must wait from six months to two years to begin receiving the money that is due to them while the agency plods through paperwork. The staff eventually helps veterans secure 88% of the benefits they ask for — but in the interim, thousands of veterans with disabilities are left to fend for themselves.

The situation is about to go from bad to worse. Of the 1.4 million service members involved in the war effort from the beginning, 900,000 are still deployed on active duty. Once they are discharged, the demands for medical care and counseling will skyrocket, as will the number of benefit claims. The Veterans for America organization projects that VA medical centers may need to treat up to 750,000 more returning Iraq and Afghan war veterans and that half a million veterans may visit the Vet Centers.

And then there is the cost. After the Persian Gulf War in 1991, half of all veterans sought VA medical care, and 44% filed disability claims. Assuming that this pattern is repeated, the lifetime cost of providing disability payments and healthcare to Iraq and Afghan war veterans will likely cost U.S. taxpayers between $300 billion and $600 billion, depending on how long the war lasts.

President Bush is now talking about spending more money on recruiting in order to boost the size of the Army and deploy more troops to Iraq. But what about taking care of those soldiers when they return home? The VA's solution is to hire an additional 1,000 claims adjudicators to cut the backlog.

A better idea would be to stop examining each application and instead automatically accept all disability claims, then audit a sample (like the IRS does for tax filings) to weed out fraud. Or at a minimum, simple claims should be fast-tracked and settled within 60 days. We should also place more counselors and more claims experts in the Vet Centers and harmonize recordkeeping so veterans can move seamlessly from the Army's payroll into VA hospitals and outpatient care.

One of the first votes facing the new Democratic-controlled Congress will be another "supplemental" budget request for $100 billion-plus to keep the war going. The last Congress approved a dozen such requests with barely a peep, afraid of "not supporting our troops." If the new Congress really wants to support our troops, it should start by spending a few more pennies on the ones who have already fought and come home.

DOJ:

J.Lo Honored By People En Espanol (AP)

AP, January 5, 2007

NEW YORK - Jennifer Lopez is among the entertainers selected by People en Espanol for its "100 Most Influential Hispanics" issue, which honors those who have made an impact in the Hispanic community.

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Lopez, who graces the cover of the magazine's February issue, on newsstands Friday, says "being an example to others is a big part of my work."

The 38-year-old singer-actress also says she would like to have children someday.

"I come from a strong family, so of course I want to have one," Lopez tells the magazine. "But I do have my own family: my immediate family, my husband and his children. I get to share in all of that. I am very lucky to have that."

Marc Anthony, who didn't make the list, and Lopez were married in 2004. The 37-year-old singer has two sons, 5-year-old Cristian and 3-year-old Ryan, with ex-wife Dayanara Torres, and a 12-year-old daughter, Arianna, from a previous relationship.

"I have tried to calm down the past couple of years since I got married," Lopez says. "I have actually grown as an artist and as a person. I realized that everything I was doing leaned towards my roots ..."

Lopez tops the list of entertainers, which also includes Antonio Banderas, Carlos Santana, Eva Longoria, George Lopez, Gloria Estefan, Ricky Martin, Salma Hayek and Shakira, among others.

The magazine also honors filmmaker Alejandro Gonzalez Inarritu (culture/the arts), Attorney General Alberto Gonzales (politics/public affairs), businessman Carlos Slim Helu (business), MTV President Christina Norman (media), Los Angeles Angels of Anaheim owner Arturo Arte Moreno (sports), sociologist Aida Giachello (science and technology/health) and teacher Bertha Flores (education).

Lopez' screen credits include "Selena," "Maid in Manhattan" and "Monster-in-Law." She has recorded her first Spanish language CD, "Como ama una mujer," which is slated for release this spring.

"When I see all of this, I say to myself: `Wow! I didn't know I had so many things inside,'" she says. "I am happy to have taken the time to appreciate it."

ON THE NET

Jennifer Lopez: http://www.jenniferlopez.com/

People en Espanol: http://www.peopleenespanol.com/pespanol/

Hopi Recommended For US Attorney Post (AZREP)

By Billy House, Republic Washington Bureau

Arizona Republic, January 5, 2007

WASHINGTON - A Hopi woman who has served most of her career as a federal prosecutor n Arizona is being recommended to President Bush as a potential nominee to become the next U.S. Attorney for the District of Arizona.

Diane J. Humetewa, 42, who is now the senior litigation counsel and tribal liaison under retiring U.S. Attorney Paul Charlton, was recommended to the White House Thursday by Republican Sens. Jon Kyl and John McCain.

Humetewa could not be reached. A Justice Department spokesman said she would not be immediately commenting.

advertisement

She would be the first Native American U.S. Attorney in Arizona if nominated by Bush and confirmed by the Senate. Officials were researching whether she would also be the nation's first Native American U.S. Attorney.

"I am proud to recommend Diane to serve our country in this noble role. As a native Arizonan, Diane has a sound appreciation for the culture and legal issues unique to the region," said McCain. Humetewa served as a counsel to the U.S. Senate Committee on Indian Affairs from August 1993 to March 1996, when McCain was chairman of the panel.

"Her distinguished career in public service, her experience as a prosecutor, and work on behalf of crime victims make her an ideal nominee for this role," added Kyl.

Humetewa is married and a 1993 graduate of the Arizona State University College of Law. She began her career with the U.S. Attorney's Office as a victim advocate for then-U.S. Attorney Stephen M. McNamee in 1987, and has served no less than six U.S. Attorneys, according to a news release announcing the appointment.

White House officials said they have no timeframe for considering McCain and Kyl's recommendation.

Charlton was appointed U.S. attorney for the District of Arizona on Nov. 12, 2001, by President Bush. He announced last month that he is quitting as U.S. Attorney to enter private legal practice at the end of January. He is to be a partner in the Phoenix-based firm of Gallagher and Kennedy.

"I think Diane Humetewa is an outstanding recommendation. She's proven herself to be a great prosecutor and an individual with a very balanced sense of judgment," said Charlton. "As Tribal Liaison, Diane has developed outstanding relationships with the Native American community and as an early advocate of victim's rights she has ensured that victims of crime are well represented in the federal system."

Rep. John Shadegg, R-Ariz., was among those recommending Humetewa's appointment.

"She is a remarkable and impressive attorney and her record speaks for itself. Her work in the Arizona U.S. Attorney's office for the last decade has distinguished her within the law enforcement community," said Shadegg.

Reach the reporter at billy.house@arizonarepublic.com or 1 (202) 906-8136. Read his blog on Washington politics at dcblog.azcentral.com.

Low-profile Demeanor In A High-profile Job (MDGAZ)

By C. Benjamin Ford, Staff Writer

Maryland Gazette, January 5, 2007

U.S. Attorney Rod Rosenstein's willingness to share credit draws a lot of fans Friday,

BALTIMORE — U.S. Attorney Rod J. Rosenstein has the polite manner and looks of a friendly youth pastor.

But county prosecutors across the state describe Rosenstein as nose-to-the-grindstone federal prosecutor who has raised the profile of the office through frequent news conferences and aggressive prosecutions ranging from corporate corruption to gang crimes.

Since his appointment in May 2005, Rosenstein has brought innovative ideas to the office, including bringing the first racketeering charges against members of the street gang MS-13, said Attorney General Douglas F. Gansler (D).

''This U.S. Attorney Rod Rosenstein is one of the best that we've had here in Maryland in recent times," said Gansler, who was Montgomery County's top prosecutor for eight years and an assistant U.S. attorney in Washington, D.C., before that. ''He's a prosecutor's prosecutor."

Federal prosecutors obtained racketeering charges against 22 suspected Mara Salvatrucha members in August 2005 — the first use of the RICO statute for street gangs in Maryland. Under the 1970 Racketeering Influenced and Corrupt Organization statute, members of an organization can be convicted for involvement in all the crimes committed by the group.

Federal prosecutors worked closely with Montgomery's prosecutors in going after members of the violent gang, Gansler said.

Rosenstein ''came to the office weeks after taking over," Gansler said. ''We discussed our mutual concerns and the reality of the gang problem."

When the MS-13 indictments were handed down in August 2005, Rosenstein praised the work and cooperation of the state's attorneys and police departments in Montgomery and Prince George's counties as well as the FBI and other agencies.

Praising colleagues has become a hallmark of Rosenstein's tenure in Baltimore.

''He's very good about spreading out the love," said FBI Special Agent Michelle Crnkovich of the Baltimore field office. ''He has no problem thanking everybody for their contribution, and he lists everybody involved. He's very good about giving credit."

Sharing credit pays off

Rosenstein said he holds news conferences in order to keep the public informed about what is going on and to send a message to would-be criminals about the legal risks they face.

''When a drug dealer who thinks he's going to face a five-year sentence arrives in federal court and learns he faces a possible life sentence, I almost feel sorry for him," Rosenstein said.

Giving credit is also important to the morale of law enforcement officers, who do not make a lot of money and do not always get the recognition they deserve, he said.

Rosenstein was once asked by one of the prosecution supervisors in his office whether it was a good idea to put so much emphasis on the work of others. ''A week afterwards, the supervisor received a letter from a police captain thanking him for his division being mentioned," Rosenstein said.

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While some have speculated Rosenstein, a registered Republican, plans to use his office as a springboard for political office, he laughs at the idea.

''I've never been involved in partisan politics," he said. ''As a teenager, I ran as a judge of elections. That's it. I've prosecuted politicians. I think it's important for prosecutors, particularly of public corruption, that you remain out of partisan politics."

Rosenstein said he respects ''honest politicians" even though he has no interest in joining their ranks. ''It just doesn't interest me."

''Rod Rosenstein is a career prosecutor," Gansler agreed. ''He doesn't have a political agenda. He's not in it for glory. He's trying to do the right thing and anyone who is a career prosecutor knows it's not one guy. It's a team effort."

Eighteen months into his job, Rosenstein, 41, already dreads its end. ''I love this job," he said. ''It's a wonderful opportunity to make a difference."

George W. Bush appointed Rosenstein in May 2005 to replace the controversial Thomas M. DiBiagio, who resigned in January 2005.

At the time, Rosenstein was the principal deputy assistant attorney general in the Justice Department's tax division in Washington. U.S. attorneys serve four-year terms at the will of the president.

''The irony about this job is it's one of the best jobs in law enforcement, but after you serve one term or two terms, it's over," Rosenstein said.

Held in high regard

Unlike his predecessor, Rosenstein has drawn praise from Democrats and Republicans alike. Some accused DiBiagio of launching investigations against Lt. Gov. Kathleen Kennedy Townsend and the Democratic Baltimore City Council for partisan purposes.

''I like what I know of Rod Rosenstein," said Stephen H. Sachs, a Democrat who was U.S. attorney for Maryland from 1967 to 1970 and Maryland attorney general from 1979 to 1986. ''He has a very good reputation as a professional. He comes out of Justice, as you know, and friends of mine in Justice all thought well of him in the tax division."

From 1995 to 1997, Rosenstein worked as an associate independent counsel under Kenneth W. Starr, investigating allegations against President William J. Clinton (D). He left that job in 1997 when U.S. Attorney for Maryland Lynne A. Battaglia, a Clinton appointee, hired Rosenstein as assistant U.S. attorney.

''I thought he was very capable, very intelligent and very able at that time and I've seen nothing to dissuade me from that," said Battaglia, who was appointed to the Maryland Court of Appeals, the state's highest, in January 2001.

Baltimore city State's Attorney Patricia C. Jessamy (D) said Rosenstein has been on target in assisting the city's efforts to crack down on gun crimes.

''We've renewed some initiatives we had that were lagging," she said, citing Project Exile, which prosecutes owners of illegal firearms.

Under Rosenstein, there is more cooperation between city and federal prosecutors, Jessamy said. Federal prosecutors can review a Baltimore case and provide a federal ''letter of intent to prosecute" which gives the city prosecutors leverage to get defendants to plead guilty to avoid facing federal prosecution later, Jessamy said.

''He's doing a fantastic job," said former Frederick County state's attorney Scott L. Rolle (R), who had been considered a leading candidate for the U.S. attorney's opening in 2005. ''We've had a number of dealings with his office and they were very attentive, very eager and willing to help. It's been great and better than it's ever been since I've taken over 12 years ago — no disrespect to the other U.S. attorneys. It's much more of a cooperative spirit."

That cooperation could serve him well when his term expires and he looks for support in his next endeavor.

Rosenstein is interested in becoming a federal judge; several years ago, he applied for an opening.

It is rare for a former U.S. attorney to return to the ranks as an assistant U.S. attorney, he said.

''I've been in government 17 years," said Rosenstein, who became a federal prosecutor after graduating from Harvard University's law school where he was editor of the law review. ''I've never had to worry about where my next paycheck is coming from. It's always been the Department of Justice."

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CORPORATE SCANDALS:

Prosecutors End Case In Long AOL Fraud Trial (WP)

By Carrie Johnson

The Washington Post, January 5, 2007

Federal prosecutors concluded their accounting-fraud case against two former AOL executives yesterday afternoon, signaling that the long-running trial soon may end after unusual twists including a mistrial for one of the defendants.

The case, which began in an Alexandria federal courtroom in mid-October, is one of the longest criminal trials ever in a jurisdiction that is widely known as "the rocket docket" for its speedy and efficient justice, legal analysts said.

More than three dozen government witnesses testified about complex accounting tricks that hearkened back to early 2001, when the technology boom had turned into a bust. At the time, the Dulles Internet service provider struggled to show revenue and advertising gains by making questionable deals with dot-com business partners in which no revenue changed hands.

"There was an intense focus to get revenue," testified Jason Witt, a manager in AOL's aggressive and freewheeling business affairs unit, which has been disbanded. "It's probably the greatest pressure I've seen since ever."

A number of witnesses recounted how the AOL defendants -- former business affairs executive Kent D. Wakeford and former Netbusiness unit vice president John P. Tuli -- felt squeezed between the expectations of their employer to close more deals and demands from dot-com clients who themselves were struggling to stay afloat.

Witt, for example, said Wakeford told him not to put terms of a deal in writing. He also spoke of a 2002 meeting with Tuli in the AOL parking garage in which they discussed whether regulators had begun to inquire about AOL's dealings with two high-tech business partners. Defense lawyers contend that the accounting treatment on the deals had been vetted by experts in the company and by far-higher-ranking executives.

But the trial perhaps is most notable for the absence of the former AOL officials who led the business-affairs operation, such as David M. Colburn and Eric Keller, whose names came up regularly in testimony and who once had been the focus of government investigation. Time Warner, which absorbed AOL, agreed to pay more than $500 million to settle joint civil and criminal charges two years ago.

Neither Colburn nor Keller was charged with a crime. The five-year statute of limitations against them expired early last year. Prosecutors told U.S. District Judge Walter D. Kelley Jr. with the jury outside the courtroom that the U.S. attorney's office for the Eastern District of Virginia continues to investigate whether Keller misled investigators in sworn testimony to securities regulators. But there have been few, if any, signs of an active criminal investigation. The Securities and Exchange Commission, which has the power to seek the return of bonuses and other compensation, continues to scrutinize a number of former AOL executives.

The courtroom drama eased with the departure more than a month ago of its most colorful presence, Las Vegas entrepreneur Charles E. "Junior" Johnson. Johnson founded PurchasePro.com, a software manufacturing company that prosecutors say made a series of sham deals with AOL in early 2001 in an effort to stave off financial doom.

Johnson, who entertained spectators and courthouse personnel with his lively stories, was removed from the trial in November and a mistrial was declared for reasons that remain secret. Prosecutors say they intend to retry Johnson, who is accused of directing subordinates to destroy e-mail messages and forge accounting documents. That leaves his former employee Christopher J. Benyo as the only PurchasePro representative sitting at a defense table next to the former AOL executives.

Defense lawyers could wrap up their case in the next several days, putting their clients' fate in the hands of a jury that has remained attentive despite the trial's sometimes plodding pace. Earlier this week, five jurors dressed in business attire took notes and pored over documents, although a few panelists' eyes wandered as the morning dragged. So far, none of the three defendants has said he will testify in his own defense. Their lawyers will ask the judge to dismiss the charges against them in arguments today.

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Central to the prosecution case are former PurchasePro executives R. Geoffrey Layne and James S. Sholeff, both of whom pleaded guilty in early 2005 and agreed to testify against their former business associates. Layne and Sholeff said they conspired with Johnson at the Bagel Cafe in Las Vegas in April 2001 to forge documents that allowed the company to reach revenue goals after the financial quarter had ended.

Their accounts over the course of the trial mostly implicated Johnson. They testified that they shredded documents and destroyed computers at his direction, then buried the ashes or raked the pieces into Sholeff's yard. Layne and Sholeff also mentioned conversations with Wakeford and Tuli, who were under heavy pressure to close revenue gaps at AOL.

Defense lawyers for the former AOL executives attacked the veracity of both witnesses and suggested that they misled the jury to get shorter prison terms. Layne is serving a sentence of more than four years. Sholeff has yet to begin serving an already reduced sentence of four months in prison and four months of home detention.

Mark J. Hulkower, a partner at the District's Steptoe & Johnson who represents Tuli, hit Layne with question after question about his history of lying to friends, lawyers, and prosecutors, as well as accepting payments from Junior Johnson to cover large gambling debts.

"There is nothing left of Geoff Layne," Judge Kelley said in a private conference last month at the bench, as he brushed back attempts by Hulkower and Wakeford's lawyer, Henry W. Asbill, to introduce a vulgar e-mail message that would have further assailed the witness's credibility, according to trial transcripts.

As in many business-fraud cases, the outcome may depend upon how indirect and sometimes-murky testimony resonates with the jury. Sholeff, testifying that he had to change the date on yet another contract in early 2001 to ensure that the company could book revenue in the first quarter, said he tried to make a joke to Wakeford at the time. "I said, 'I guess I have to go commit another crime,' " Sholeff said.

How did Wakeford respond? asked prosecutor Charles F. Connolly.

"He kind of laughed," Sholeff said. "It was a nervous kind of laugh."

Gadflies Get Respect, And Not Just At Home Depot (NYT)

By Charles Duhigg

The New York Times, January 5, 2007

For decades, activist shareholders were an entertaining, but largely ignored, Wall Street sideshow. Disgruntled investors would attend annual meetings to harangue executives, criticize strategies — and protest that their complaints were being ignored. One agitator appeared in face paint and a red nose after executives called him a clown.

Today, however, it seems that activists have captured the center ring and are directing the main event.

On Wednesday, shareholder advocates could claim one of their biggest prizes yet when Home Depot announced the resignation of its chairman and chief executive, Robert L. Nardelli, long a target of shareholder ire for his large compensation and the company's flagging stock price.

The main investor who pressed for the overthrow at Home Depot might at first glance seem an unlikely rebel: Ralph V. Whitworth, a lawyer educated at Georgetown and a former campaign worker for President Ronald Reagan who in December announced he had bought about $1 billion of the retailer's stock, or a 1.2 percent stake, through his fund, Relational Investors.

But the rapid success of Mr. Whitworth's campaign against the management and strategy of Home Depot demonstrates how thoroughly activists have moved into Wall Street's inner sanctum. Mr. Whitworth has said he still intended to nominate himself and at least one other candidate to Home Depot's board at its shareholder meeting in the spring.

"There's a lot more respect for investors like me now," said Mr. Whitworth, 51. "I still have to make threats, but now everyone wants to deal with us fast. They realize we've got real power and we're here to stay."

The shake-up at Home Depot may be just a taste of things to come as shareholders and management at a number of companies, including Brink's, the Borders Group and Applebee's International, square off for battle at annual meetings this spring.

As those fights begin, expect few clown noses.

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"Activist shareholders have a power and audience beyond what they've ever enjoyed," said Howard Steinberg, a lawyer who advises corporate boards and deal makers. "They're developing a credible track record, and as a result, more and more managers are forced to engage with them. Activists' time has come."

Since July, activists have pressed successfully to push out chief executives at Pfizer and Sovereign Bank. Institutional investors and mutual funds have set aside hundreds of millions of dollars to invest in underperforming companies with the intention of demanding new board seats or alternative strategies.

Much of that newfound influence is owed to recent legal changes and heightened attention to issues like executive compensation. But it also draws on the fact that many activists have now amassed the wealth, knowledge and networks critical for success.

"For years these guys were seen as politically motivated oddballs or annoying attention seekers," said Nell Minow, editor of the Corporate Library, a research group that rates corporate governance practices. "Now some of those same people control hundreds of millions of dollars and have been around longer than many C.E.O.'s"

Before the 1980s, much shareholder activism was directed by ideological agitators, including unions, religious organizations and populist figures like Ralph Nader, who bought shares in companies as platforms for urging social, environmental or political changes.

The United Shareholders Associations, which Mr. Whitworth helped found in 1986 with the corporate raider Boone Pickens, was one of the first major efforts to organize shareholder activists around profit-minded goals.

Every spring the group would select about 50 companies and begin asking embarrassing questions at shareholder meetings. In 1993, the last year of the group's operation, 25 of 43 of the companies, including I.B.M, reached agreements with Mr. Whitworth.

"The head of General Mills once called me a socialist," Mr. Whitworth said in an interview. "I told him I was the ultimate capitalist. Business people would return my calls for the first time, and it was giving me an entree into a world I otherwise couldn't access."

Foremost among the goals successfully sought by United Shareholders were regulatory changes that made it possible for dissidents to nominate only one or two directors to a board, rather than an entire slate.

By the mid-1990s, corporate raiders realized the rule offered a less expensive way to stage a takeover rather than buying a company outright. When the California Public Employees' Retirement System began looking for a fund that would use activism to increase returns in 1996, Mr. Whitworth and a colleague, David H. Batchelder, founded Relational Investors.

The fund today oversees about $7 billion, all invested in only nine companies that are chosen with an eye toward activist intervention. In most cases, Mr. Whitworth forces his way onto a company's board, either by threatening or staging a proxy fight. Investors say the fund has averaged a return of about 25 percent annually over the last nine years.

Activist shareholders like Relational were further aided by changes in the law. In particular, they say that regulations passed in 2004 requiring money managers and mutual funds to disclose how they vote in proxy elections have forced once-passive managers to become activists.

"There was a sense before that mutual funds in particular just voted with management," said Ann Yerger, executive director of the Council of Institutional Investors. "But post-Enron and Tyco, investors expect money managers to justify their votes now, and to be listening to anyone warning about dangers."

Moreover, money managers and hedge funds are beginning to advertise their activist intentions, bragging that aggressiveness gives them an edge. In November, the noted investor Robert A. Olstein announced formation of an activist fund.

"We want to have an edge," said Eric R. Heyman, co-manager of the new Olstein Strategic Opportunities Fund. "Our skill is approaching companies and persuading management to adopt certain decisions, sometimes aggressively, and that's why people invest with us."

Another important shift is a court ruling last year making it easier for shareholders to challenge directors nominated by companies.

"Shareholders' toolboxes are getting more and more robust every year," said Ms. Minow of the Corporate Library.

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Moreover, as the number of activist investors grows, a vast ad hoc network has formed that makes it more difficult for companies to win a fight. The universe of activist investors has expanded to include hedge funds like Pirate Capital, which is fighting to add its executives to the board of the security company Brink's, and investors like Carl C. Icahn, who failed to gain board seats after a public spat with Time Warner's chief executive, Richard D. Parsons.

When two activist investors, Pershing Square Capital Management and Nelson Peltz, bought large amounts of stock in Wendy's International in 2005, many other like-minded buyers jumped in, according to analysts.

As a result, the board had no choice but to accept activists' suggestions, said James V. Pickett, Wendy's chairman. Ultimately, three representatives of Mr. Peltz's fund joined the board.

"Most of the issues the activists raised at Wendy's were things we were already dealing with," Mr. Pickett said. "They just increased the intensity. But when they own that much of the company, you have to listen to them even if you don't want to."

For Mr. Whitworth, who has grown so wealthy that he once gave a charity $1 million in exchange for Paul McCartney's playing at his wife's 50th birthday party, that kind of access has increased his effectiveness, he says.

After forcing his way onto the board of Mattel, Mr. Whitworth was given a gold-plated Barbie in appreciation by other directors when he left.

But such shifts have also increased his ambitions.

"I was a firebrand; now I've mellowed a lot," he said. "But I'm still young. I look forward to helping a lot more companies become more efficient, whether they like it or not."

Nardelli's 'Severance' (WSJ)

The Wall Street Journal, January 5, 2007

Few Home Depot shareholders are mourning the departure of Robert Nardelli as CEO this week, and we aren't about to defend his performance. But someone needs to rebut the claim, which is almost as rampant as the Schadenfreude at his fall, that Mr. Nardelli is getting a $210 million "severance" package as a reward for having failed.

"Seeing Red Over A Golden Parachute," declared the Washington Post, in a fairly typical headline. House Financial Services Chairman Barney Frank, who wants to turn executive pay into a Democratic campaign theme, piled on by claiming that "Mr. Nardelli's contribution to raising Home Depot's stock value consists of quitting and receiving hundreds of millions of dollars to do so."

The truth is that nearly all of that $210 million isn't severance at all but was part of Mr. Nardelli's original employment contract. In other words, it was part of the package that the Home Depot board offered to lure him in the first place. Keep in mind that when he was hired in 2000 Mr. Nardelli had been a star at General Electric, one of the three executives competing to succeed Jack Welch as that company's CEO. When he lost out to Jeff Immelt, Mr. Nardelli was a hot executive property in a world that isn't exactly full of them.

At the time, too, Home Depot was considered fortunate to get him. The retailer had been growing fast, and in 2000 its shares were near the stratosphere like just about everyone else's at the top of the bubble. The board wanted a CEO who could keep les bon temps rolling, and so it offered Mr. Nardelli a big chunk of shareholder wealth to take the job. And, by the way, the terms were disclosed in the annual Home Depot proxy.

That contract can't be abrogated now simply because the board has concluded it made a mistake. Of that $210 million figure, more than $180 million is owed to Mr. Nardelli as part of his original job offer. That includes $77 million in unvested deferred stock awards, another $44 million in vested deferred shares, $32 million in retirement benefits and $9 million in earned bonuses. Even a $20 million cash payment upon termination was part of his original contract.

The bulk of what could fairly be called "severance" is $18 million in "miscellaneous benefits" that the company plans to disclose in more detail in its 8-K filing with the Securities and Exchange Commission next week. But even that was negotiated in return for Mr. Nardelli signing a non-compete agreement and a four-year pledge not to solicit Home Depot employees or customers. In other words, this is a fairly standard termination deal to protect the company's competitive interests.

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We recount all this because it illustrates a reality of corporate compensation too often ignored amid the furor over CEO pay: Top executive talent is hard to find, and boards are willing to pay a premium to get it. Their hiring decisions don't always work out -- whose do? -- but they'll pay a lot to reduce that risk.

This may be unpleasant for reporters and other egalitarians to hear, but it's a fact of the marketplace. Public-company CEOs face the harshest scrutiny because their pay packages are disclosed, but some of the largest compensation deals these days are being offered by private-equity recruiters. We doubt Henry Kravis or the Carlyle Group are parting with big chunks of their equity because they don't think their CEO hires are worth it.

Home Depot's flat share price aside, one of Mr. Nardelli's flaws was a tin ear for the new politics of CEO pay. The AFL-CIO thinks it has found a populist issue, and its political allies in Congress and at state pension funds are picking up the envy theme as a prelude to 2008. Mr. Nardelli embarrassed the Home Depot board that hired him by letting himself become a target of this campaign, compounding the error by trying to avoid questions at last year's annual shareholder meeting.

It also didn't help Mr. Nardelli that one of the Home Depot directors who hired him is Ken Langone, who also helped to set Dick Grasso's pay at the New York Stock Exchange. This makes the executive "greed" theme music even more fun to play. We're not sure where this latest populist campaign is headed, but the beginning of wisdom would be for the tub-thumpers to stop confusing "severance" with hiring pay.

One Bad Apple (WP)

The Washington Post, January 5, 2007

THE SCANDAL at Apple Computer presents a dilemma with no easy solution. On the one hand, the company has changed its story on its use of manipulated stock options, which boosted executive salaries at the expense of shareholders, and Apple still appears to be bending over backward to protect Steve Jobs, its storied chief executive. On the other hand, if Apple's board were to come clean and oust Mr. Jobs, the shareholders would be punished yet again, since Apple is worth more with him than without him. Or, to put the dilemma a little differently: It doesn't seem right to let an executive float above corporate governance rules, but it seems equally perverse to enforce those rules if doing so would damage the investors for whom such rules exist in the first place.

That said, it would be easier to sympathize with Apple's directors if they described this dilemma honestly. Instead, they have dissembled. In October a special committee of the company's board, chaired by former vice president Al Gore, minimized Mr. Jobs's involvement in the granting of backdated stock options -- ones whose issue date is chosen retrospectively and designed to maximize their value to executives. But last week the company offered a subtly different account, explaining that Mr. Jobs had been personally aware of such grants and may have recommended the choice of dates in some cases. Moreover, Apple also disclosed that Mr. Jobs himself had received a large helping of backdated options. The company's documents stated that this award had occurred at a special board meeting. Apple now says that this meeting did not happen.

Apple argues that Mr. Jobs never benefited from his options grant. It has not disclosed sufficient information to determine whether this is true. The options were later swapped for restricted stock that was apparently worth considerably less -- perhaps this was Mr. Jobs's way of refunding the company. But neither he nor Apple has said as much. So for the moment analysts are left wondering why, even if Mr. Jobs deserves the chance to stay on, he does not explicitly reimburse shareholders.

The grant to Mr. Jobs, and the fictitious board meeting, both date from 2001 -- the year before a wave of corporate scandals drove the Sarbanes-Oxley corporate governance reform through Congress. Like the options backdating scandals at more than 100 other companies, they serve as a reminder of the rule-bending free-for-all that made reform necessary. Half a decade later, some business lobbyists are aiming to roll back Sarbanes-Oxley, and Treasury Secretary Henry M. Paulson Jr. has made comments that could signal the administration's sympathy for that agenda. The stench from Apple shows the danger of a return to the old system.

CRIMINAL LAW:

Prosecutors Cite More Favors By Lawmaker (WP)

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By Susan Schmidt

The Washington Post, January 5, 2007

Federal prosecutors seeking a stiff prison sentence for former Ohio congressman Robert W. Ney have listed previously undisclosed favors that he and his staff provided to clients of lobbyist Jack Abramoff, including two Russian energy executives who have been linked to former House majority leader Tom DeLay.

Ney pleaded guilty in October to conspiracy, admitting that he performed official acts for lobbyists in exchange for campaign contributions, expensive meals, luxury travel and skybox sports tickets. He is to be sentenced Jan. 19.

The Republican congressman and his staff offered to aid Abramoff's clients in the summer of 2003 as Ney prepared for a trip to Russia, according to newly released e-mails attached to a Justice Department filing in federal court late Wednesday. Abramoff's lobbying team got the congressman to intervene with the U.S. Consulate in Moscow to help resolve a passport issue for the daughter of Abramoff client Alexander Koulakovsky, the e-mails show.

Koulakovsky and his business partner, Marina Nevskaya, hired Abramoff to help them arrange meetings with DeLay and to lobby for federal aid to their businesses. The Russian executives helped pay for a trip to Moscow taken by DeLay, his wife and aides in 1997.

A charity sponsored by DeLay received a $1 million check from a London law firm linked to the two. Former charity officials told The Washington Post last year the donation originated with Russian oil and gas executives, and was intended to influence DeLay's vote on an issue affecting the Russian economy.

Ney's chief of staff messaged an Abramoff colleague on July 28, 2003, noting that Ney's former chief of staff, Neil Volz -- who had joined Abramoff's firm -- had told them of the coming trip to Russia. "Anything we can do?" the e-mail asked.

Abramoff's team seized the chance, asking Ney to press consular officials on the passport issue, according to an e-mail that Volz sent to Abramoff. Embassy officials had their own interests in seeing the congressman -- they wanted Ney to meet Mikhail Khodorkovsky, a post-Soviet-era energy tycoon then under pressure from President Vladimir Putin. Ney obliged.

"Bob did not quid pro quo or anything, but decided to become a little more flexible on meeting with Khodorkovsky . . . and they became more flexible on the passport . . . Bob suggested they would have given him the passport ultimately -- no matter what, so he suggested that we just let Alexander and Marina know the consulate gave him the passport because a member of Congress asked for it," wrote Volz, who has also pleaded guilty in the corruption probe.

Ney has acknowledged that shortly after his return from that trip, Volz treated him and a staffer to a stay at a luxury hotel in Lake George, N.Y.

Ex Mass. House Speaker Indicted (AP)

By Denise Lavoie, Associated Press Writer

AP, January 5, 2007

(AP) - BOSTON-A former Massachusetts House speaker accused of lying during his testimony in a voting rights lawsuit plans to plead guilty Friday to obstruction of justice, a person familiar with the agreement said Thursday.

The lawsuit had claimed that a 2001 state law that redrew legislative district boundaries discriminated against minorities in Boston while protecting incumbents, including the now-former House speaker, Thomas Finneran.

Finneran's trial on perjury and obstruction of justice charges had been scheduled to begin Jan. 16.

Under the plea deal, Finneran won't face prison time, and federal prosecutors will drop the three perjury counts, the person familiar with the deal told The Associated Press. He will serve probation, pay a fine and agree not to seek political office for five years.

Finneran, 56, has agreed to admit to some, but not all, of the allegations in the obstruction charge, which accuses him of obstructing justice by lying during the trial and in a deposition, according to the person, who asked not to be identified because the deal has not yet been finalized in court.

During his eight years as speaker, Finneran was considered the state's most powerful lawmaker. Known for his authoritarian style, he was once dubbed "King Tom" for pushing through a rules change that eliminated term limits for House speakers.

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He resigned as speaker in September 2004 and was indicted nine months later on charges that he lied under oath about his role in the state's legislative redistricting. The testimony was before a federal appeals court in 2003 in the voting rights lawsuit brought by a coalition of minority groups.

Separately, Finneran still faces a possible suspension of his law license or disbarment by the state Board of Bar Overseers.

Finneran Faces Loss Of State Pension (BOS)

By Jonathan Saltzman, Globe Staff

The Boston Globe, January 5, 2007

As former House speaker Thomas M. Finneran heads this morning to federal court, where he is expected to plead guilty to obstruction of justice, he faces the almost certain loss of his $30,000-a-year pension because of a decision last year by the state Supreme Judicial Court.

The state's highest court ruled unanimously in March that Boston Juvenile Court Clerk-Magistrate John P. Bulger forfeited his pension when he admitted that he lied to two federal grand juries investigating the disappearance of his brother, fugitive mobster James J. "Whitey" Bulger.

Alden Bianchi, cochairman of a Boston Bar Association committee on pensions, said Finneran's case appears to be a more obvious violation of the Massachusetts law that bars employees from receiving a pension if convicted of a "criminal offense involving violation of the laws applicable to his office or position."

"If you're looking for an example of a clear-cut case, this does seem to be one," said Bianchi, given that Finneran's alleged misdeeds appear to have been directly related to his job.

Legal specialists said Finneran could also face a one-year suspension of his license to practice law.

Once the most powerful Democrat on Beacon Hill, Finneran agreed to plead guilty this morning before US District Judge Richard G. Stearns in exchange for federal prosecutors dropping three perjury charges against him, two sources familiar with the deal told the Globe on Wednesday.

Finneran, who faced 16 to 21 months in prison if convicted on all counts, is expected to serve a term of unsupervised probation and pay a fine to end the protracted legal battle over charges that he misrepresented his role in the creation of a legislative redistricting plan that siphoned voting strength from Boston's blacks and Hispanics.

The case stemmed from his November 2003 testimony in a civil suit brought by the Black Political Caucus and other voting-rights groups that sought to overturn the House's 2001 redistricting plan on grounds it was unfair to minority voters.

Finneran, 56, who has been president of the Massachusetts Biotechnology Council since he left the State House in 2004, also agreed not to seek political office for five years, according to the sources.

Alison Mitchell, spokeswoman for state Treasurer Timothy P. Cahill, who chairs the Retirement Board, said Finneran receives $30,909 a year through his public pension. But she declined to comment about whether he is in danger of losing it until the board reviews the matter, as early as Jan. 25.

The SJC's ruling in the John Bulger case offers him little hope, however.

In that decision, the court said Whitey Bulger's youngest brother violated the "fundamental tenets" of his office when he committed perjury and obstruction of justice even though his lawyers had argued that he acted out of "family loyalty" and his misdeeds were unrelated to his job.

He pleaded guilty in 2003 to two counts of perjury and two counts of obstruction of justice and was sentenced to six months in federal prison. Federal authorities said he falsely testified about contact with his brother, Whitey Bulger.

The SJC concluded that John Bulger's crimes could not be separated from the nature of his work , where duties include administering an oath requiring witnesses to testify truthfully.

Finneran's alleged offenses stemmed directly from his job as House speaker and his testimony in the civil suit on his role in the redistricting plan. A three-judge panel threw out the plan in 2004 and sharply rebuked Finneran in a footnote to the decision, strongly implying that he misled the court when he testified that he had little involvement in the drawing of the district lines. Federal prosecutors charged Finneran in June 2005.

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Bianchi said retired state employees have lost their pensions under the law after being convicted of felonies, so he considered it "very likely" that Finneran will lose his. His prominence will only increase the likelihood, he said, given that "regulators will be under a great deal of pressure with this one not to let it slide."

Daniel C. Crane, the state's former bar counsel, said a lawyer's conviction for a felony or misdemeanor results in an automatic referral to the Board of Bar Overseers. The board then decides what discipline is appropriate, a ruling often appealed to the state Supreme Judicial Court.

Speaking generally, Crane said a conviction for obstruction of justice would probably lead to a suspension for at least a year.

Finneran's defense lawyers, Richard Egbert and Thomas Drechsler, separately declined to comment yesterday.

Get Out Of Jail - But Not For Free: Finneran Deal May KO Job, Pension, Law Career (BOSH)

By Dave Wedge, Boston Herald Chief Enterprise Reporter

Boston Herald, January 5, 2007

Disgraced former House Speaker Tom Finneran's expected guilty plea to obstruction of justice charges today will keep him out of jail but has jeopardized his job, pension and future as an attorney.

Sources told the Herald Finneran will leave his $500,000-a-year post at the Massachusetts Biotechnology Council as a result of his pending felony conviction. It was unclear last night whether Finneran will resign or be forced out of the post.

MBC officials declined comment and Finneran did not return repeated calls. His attorney, Richard Egbert, also declined comment.

Under a deal with federal prosecutors, Finneran will be fined and put on probation but will serve no prison time. Prosecutors will also refer Finneran to the Massachusetts Board of Bar Overseers, which will disbar or suspend him from practicing law, a source said.

A felony conviction also means Finneran would lose his $2,575-a-month state pension, which he earned through 26 years of public service. Under state law, a government employee's pension must be cut off if he is convicted of a felony connected to his job. Finneran's potential conviction stems from misleading testimony he gave in a civil trial over the drawing up of legislative districts in 2001 while he was House speaker.

Sources close to the ex-speaker said his decision to plead guilty was made in part to spare embarrassment, with a parade of as many as 40 lawmakers slated to testify. Many had already received subpoenas, including his top aide Charles Rasmussen, sources said.

Finneran, who is expected to land a plum talk-show host gig, could continue lobbying since there are no state laws barring convicted felons from being registered lobbyists, officials said.

The redistricting lawsuit was filed by voting-rights groups who claimed that legislative districts were being illegally drawn up along racial lines. Avi Green, director of MassVote, which was one of the plaintiffs in the suit, said Finneran's guilty plea "sends a message."

"You can't be above any law and that includes the voting-rights laws, no matter who you are. Even if you're the speaker of the House," Green said. "I hope that the legislators on Beacon Hill will look at what happened here and make sure it never happens again."

Former State Official Sentenced To 30 Months In Prison (AP)

By Jan Dennis

AP, January 5, 2007

PEORIA, Ill. - A former high-ranking Illinois Secretary of State official was sentenced Thursday to 30 months in prison for helping three janitors pocket nearly $200,000 in state pay for work they didn't do.

Cecil Turner, 60, is the former director of the secretary of state's physical services division. He was convicted in September of four federal counts of wire fraud for allegedly helping the janitors hide the six-year scheme, and two counts of lying to investigators.

Turner also was ordered to pay more than $49,000 in restitution to the state for money the janitors pocketed.

Most of the money will come from pension contributions Turner was ordered to turn over to the court. Turner lost his state pension after the conviction, but will be refunded nearly $46,000 that he contributed to his account.

Turner, of Springfield, showed no emotion as the sentence was handed down by U.S. District Judge Joe B. McDade. But in a tearful statement before sentencing, he denied any part in the scheme.

Turner said he worked hard to turn his life around and help his family and community after serving a year in prison 30 years ago in a scheme in which veterans' benefit checks were stolen from the postal service.

"I would never jeopardize all of that, especially under these circumstances ... Your honor, I did not do this. I swear to you I did not do this," Turner said, his voice shaking with emotion.

Turner's sentence was seven months less than the range of 37 to 46 months recommended in a pre-sentence report.

McDade said he trimmed the federal term based on an inch-thick stack of letters he received citing Turner's long history of work for youth, his neighborhood and community.

But McDade said he also needed to send a message to others in state government that corruption won't be tolerated.

"They must be aware that it's wrong, and when they're caught, they're not going to be able to rely on their good works and their white-collar station," McDade said.

Turner, free on bond, was ordered to report to prison by Feb. 7.

U.S. Assistant District Attorney Patrick Chesley said outside court he was disappointed with the lighter sentence, but called it substantial enough to help chip away at corruption in state government.

"This is a message to the public and to our employees that this administration takes unacceptable conduct very seriously, and if you're caught you pay a price," said Dave Druker, spokesman for Secretary of State Jesse White.

Defense attorney Michael Metnick had sought a 24-month prison sentence for Turner, saying he'd led an "exemplary, outstanding life" since he was jailed three decades ago.

"You hope for the best and expect the worst, although this wasn't the worst, obviously," Metnick said outside court.

Federal prosecutors claimed Turner helped the janitors pocket unearned state pay in exchange for special treatment by city trash collectors in his Springfield neighborhood.

Turner received no financial kickbacks, but aided in the scheme because one of the janitors - Dana Dinora - also worked for Springfield's public works department. He allegedly arranged quick pickups of junk ranging from water heaters to a dog house for Turner and his neighbors, prosecutors said.

Defense attorneys maintained Turner was unaware of the payroll scam they allege was orchestrated by Dinora, one of three former janitors who pleaded guilty in the scheme and agreed to cooperate in the case against Turner.

Metnick called Dinora a con man with a long record of abusing time off. Metnick said Dinora manipulated Turner and took advantage of his lack of experience after White appointed Turner to the $98,000-a-year job in 1999.

McDade called Turner "a good man," but said he traded taxpayer dollars and the public trust for "the power and the appearance of power that came from being able to call someone and get something done."

"This is corruption ... I don't care what kind of perfume you put on it," the judge said.

Turner and the janitors were fired after an investigation uncovered the scheme in 2005. Turner was among 20 department heads in the secretary of state's office overseeing maintenance and janitorial services in state offices, including the Capitol.

Dinora, 53, of Springfield, and two other former janitors - David Medvesek, 57, of Springfield, and Steven Boyce, 58, of Chatham - are scheduled to be sentenced Jan. 25 in federal court in Peoria.

Ad Man Sentenced For Pay-to-play (PHI)

By John Shiffman

The Philadelphia Inquirer, January 5, 2007

The former CEO of an advertising company was sentenced yesterday to 51/2 months in a halfway house for his role in a pay-to-play scheme at Philadelphia International Airport.

Joseph Evans, who was chief executive officer of Sky Sites Inc., a subsidiary of JCDecaux SA, a French-based media company that supplied indoor, backlit advertising displays to airports, will also serve 51/2 months of home detention.

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Evans pleaded guilty to misappropriating company funds to make a political contribution. Three codefendants pleaded guilty to funneling $30,000 in campaign contributions to Mayor Street's 2003 reelection campaign to help secure a contract at Philadelphia International Airport.

In Pennsylvania, corporations are barred from making political contributions.

"In a city where recent events have shown that such subversion is all too common, this is no small matter," prosecutors Joan L. Markman and Joan E. Burnes said in a court filing.

Neither the mayor nor any other public official has been accused of wrongdoing.

The case is part of a continuing FBI investigation into corruption at Philadelphia International Airport and is related to federal authorities' City Hall probe.

In a filing, defense lawyers described Evans as "a fundamentally good and kind man who erred gravely."

"Mr. Evans was motivated solely by a misguided desire to promote Sky Sites and JCDecaux - and did not act for personal gain or profit in any way," wrote the lawyers, David M. Howard and Cheryl A. Krause.

Codefendants Terry Crockett, an architectural consultant, and Eric Selby were sentenced to probation.

Joseph Moderski of Bryn Mawr, a marketing consultant, is to be sentenced in March.

Exec In Pay-to-play Scam Gets Probation (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, January 5, 2007

In the late 1990s, Joseph Evans was the chief executive of a growing company with advertising contracts at 65 airports in 50 states and a staff of more than 50.

Then, in 2000, he became ensnared in a pay-to-play scheme at Philadelphia International Airport, a "completely misguided attempt" he thought would help his company, he wrote to a federal judge last month.

As CEO of Sky Sites, a unit of the French media giant JC Decaux, Evans approved a sham bonus letter to a consultant to disguise an illegal corporate campaign contribution.

The company then cut a $10,000 check to the consultant, Joseph C. Moderski, who later made a donation to Mayor Street's campaign committee.

Neither Decaux nor Street was charged with any wrongdoing in the case.

Evans, who pleaded guilty to mail fraud last September, was sentenced yesterday by U.S. District Judge James T. Giles to five years' probation on condition that he serve the first 11 months of probation split between time in a community confinement center and his home, tethered to a monitoring device.

He also was fined $10,000, and ordered to repay Decaux $10,000 (which he already has) and perform 100 hours of community service.

Giles said Evans should use the community service to counsel others who might contemplate similar conduct.

"It gives you an opportunity to use the wisdom you've come to learn in a hard way to perpetuate that lesson," Giles said. "There are those who will now learn of your predicament."

Assistant U.S. Attorney Joan Markman and Evans' attorney, Cheryl Krause, said they were satisfied with the sentence. Ron Levine, and attorney for Decaux, declined comment.

Evans, 51, could have been sent to prison for 10 to 16 months under sentencing guidelines.

He lives in Oyster Bay, N.Y., with his wife and children and now runs his own business, training dogs to chase geese off fields, racetracks and other properties.

Evans pleaded guilty to a fraud charge in connection with the fake bonus paid to Moderski. Moderski sought the money from Sky Sites in 2000 so he could donate it to Street's campaign, the feds said.

Moderski pleaded guilty to conspiracy and fraud charges last September and is to be sentenced in March.

Two other businessmen were sentenced to probation last October for their roles in the scheme.

The idea behind the scheme was to curry favor with city officials to extend Sky Sites' advertising contract for terminals A-E at Philly International. The contract was later awarded to Clear Channel.

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Judge Rejects Herrera Delay (LVRJ)

By Lisa Kim Bach, REVIEW-JOURNAL

Las Vegas Review-Journal, January 5, 2007

Ex-commissioner must surrender on Jan. 12

U.S. District Judge Larry Hicks on Wednesday refused a request to push back the surrender date of former Clark County Commissioner Dario Herrera, who in August was convicted of charges stemming from political corruption.

"The grounds argued in support of an extension of Herrera's surrender are founded upon arguments of financial hardship and inconvenience," Hicks wrote in a court order. "Given the severity of the defendants's criminal offenses and a surrender date that was more than abundant to prepare for incarceration, the motion is denied."

Hicks said Herrera is still expected to surrender to federal authorities on or before noon on Jan. 12.

In December, Herrera's counsel asked for a 30-day extension so Herrera could help business associate Jonathan Stern with completion of construction for Loft 5, an $80 million residential project that's had unforeseen delays.

The request was opposed by prosecutors, who stressed that surrender is not a matter of convenience for anyone.

Herrera's felony convictions stem from a 2003 indictment that charged he, along with former Clark County commissioners Mary Kincaid-Chauncey, Erin Kenny and Lance Malone, accepted cash bribes from former strip club owner Michael Galardi.

Herrera and Kincaid-Chauncey were convicted in May of wire fraud and extortion.

Malone has entered a guilty plea but has not been sentenced. Kenny and Galardi, who both testified as government witnesses, also have yet to be sentenced.

Convicted Commissioner In Las Vegas Can't Delay Prison Date (AP)

AP, January 5, 2007

LAS VEGAS (AP) - A former Clark County Commissioner lost a bid to postpone reporting to federal prison to serve his sentence on political corruption charges.

Dario Herrera, 33, will be expected to surrender to federal authorities before noon Jan. 12 to serve four years and two months in federal prison, U.S. District Judge Larry Hicks said in an order issued Wednesday.

Hicks cited "the severity of the defendants's criminal offenses" and said the 20 weeks he granted between Herrera's sentencing in August and surrender "was more than abundant to prepare for incarceration."

Herrera's lawyers asked the judge last month to push back Herrera's surrender date to Feb. 12, saying Herrera needed to help a business associate complete construction of an $80 million residential project.

A former commission colleague, Mary Kincaid-Chauncey, 68, also is due to surrender Jan. 12 to serve 30 months in prison. Kincaid-Chauncey has not sought to delay her surrender.

The two were convicted in May of conspiracy, fraud and extortion. Two other former commissioners - Lance Malone and Erin Kenny - also face sentencing after pleading guilty to taking cash and campaign contributions from Michael Galardi, the owner of three southern Nevada strip clubs.

Galardi also pleaded guilty and is scheduled for sentencing Monday. Malone is set for sentencing Jan. 16. Kenny is due for sentencing March 6.

Kopp Jurors Questioned On Abortion (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, January 5, 2007

BUFFALO, N.Y. -- Jury selection began Thursday in the federal trial of an anti-abortion extremist who shot and killed an abortion provider, on a charge that could keep him behind bars forever.

The roughly 100 people in the jury pool were questioned about their views on abortion and their knowledge of the the 1998 sniper slaying of Dr. Barnett Slepian. They filled out questionnaires that Kopp, who is representing himself, and prosecutors will use to narrow the field.

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James Kopp already is serving a 25-year-to-life state sentence after being convicted of second-degree murder. Federal prosecutors contend that the shooting also violated the 1994 Freedom of Access to Clinic Entrances Act.

Kopp, 52, also is charged with using a firearm during a killing, which carries a maximum sentence of life without parole. The clinic-access count carries a maximum life sentence.

Under his current state conviction, Kopp will be eligible for release when he is in his 70s.

Slepian was shot with a high-powered rifle as he stood in the kitchen of his suburban Amherst home after returning from a memorial service for his father. His wife and their sons were home at the time.

Kopp admitted firing the fatal shot from the woods outside but said he meant only to wound the doctor to stop him from performing any more abortions. He is suspected in four nonfatal shootings of doctors in Rochester and Canada during the decade before Slepian's death.

Authorities hunted 2 1/2 years for Kopp after the shooting, adding him to the FBI's list of the Ten Most Wanted fugitives in June 1999. He was captured in Dinan, France, in March 2001 and convicted two years later on the state charges of second-degree murder.

After parting ways with a number of lawyers, Kopp has been preparing his defense in the federal case from the Niagara County jail. Jury selection was expected to take several days, and opening statements were expected to begin Tuesday.

Since Slepian's shooting, extreme violence against U.S. abortion clinics and providers has steadily waned, according to the National Abortion Federation.

Nab 23 In Mortgage Con (NYDN)

New York Daily News, January 5, 2007

Twenty-three brokers, appraisers and bankers were indicted yesterday in a $3.5 million scheme to dupe banks and other lenders by recruiting "straw" buyers to fill out bogus mortgage and loan applications, Manhattan federal prosecutors said.

Brooklyn brokerages AGA Capital NY, Northside Capital and its successor Lending Universe Corp. earned $4 million in commissions between 2004 and 2006 brokering some 1,000 mortgages and home equity loans valued at $200 million, prosecutors say. The actual losses to banks and other lenders was pegged at $3.5million.

Prosecutors say the defendants identified properties in New York and New Jersey and then purchased them entirely through mortgages or home equity loans.

Money was paid to straw buyers who agreed to fill out phony applications that included misleading information about their income, employment and residence.

Eighteen defendants were arrested yesterday by agents from the FBI and Immigration and Customs Enforcement. Four more are expected to surrender today and one is a fugitive.

Thomas Zambito

FEDS NAB BROKERS IN FRAUD SCHEME (NYPOST)

By Kati Cornell

The New York Post, January 5, 2007

January 5, 2007 -- A ring of Russian mortgage fraudsters brokered $200 million in bogus home loans using phony buyers and identity theft, and pocketed more than $4 million in ill-gotten commissions, prosecutors charged yesterday.

The feds nabbed 18 brokers, appraisers and bank employees on fraud charges for ripping off approximately $3.5 million from banks by doctoring mortgage and home-equity loan applications on at least 1,000 properties around the city, New Jersey and elsewhere.

Operating out of AGA Capital, a Brooklyn mortgage brokerage firm, the ring paid straw buyers to pose as legitimate loan applicants, according to an indictment that charges a total of 23 people, some of whom were not yet in custody yesterday.

AGA Brokers Aleksander "Shorty" Lipkin, Igor "Ryzhiy" Mishelevich, Alex "Lyosha" Gorvits and several others are accused of supervising the scheme to submit fraudulent loan applications from 2004 to 2006.

The brokers pocketed between 2 percent and 4 percent in commissions on each sale - to the tune of more than $4 million, the feds alleged.

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In some cases, the ring "stole the identities of persons who fit a certain financial profile and submitted loan applications on behalf of these persons without their knowledge," court papers said.

Profits were jacked-up by obtaining artificially inflated appraisals that made it seem as though the homes were worth more than their actual sales prices.

The "buyers" then defaulted on their loans, forcing banks and other lending institutions to either foreclose on the properties or re-purchase the homes at rock-bottom prices, according to the indictment.

The ring members pleaded not guilty to bank and wire fraud charges at an arraignment in Manhattan federal court and were released on bail.

Feds: We Have Scammers Behind Millions In Fraudulent Loans (WNBC)

WNBC-TV, January 5, 2007

An alleged ring of mortgage scammers blamed for $200 million dollars in fraudulent home loans in New York and New Jersey was shut down Thursday by federal authorities.

FBI agents and NYPD detectives escorted the suspects to Federal District Court in Lower Manhattan.

Manhattan federal prosecutors charged that twenty-three people -- many of them Russian nationals -- cheated banks and financial institutions of at least $3.5 million in the two-year-old scheme.

By using straw buyers, hiding their own interest in the properties, submitting fake documentation, obtaining inflated appraisals and providing false financial information, the alleged scammers obtained the loans, according to an indictment brought by the United States Attorney of the Southern District of New York. The ring, which included brokers, appraisers and bank employees, allegedly orchestrated more than 1,000 home equity loans and home mortgages, said the U.S. Attorney.

The charges against the suspects include conspiracy to commit bank and wire fraud. Among the defendants are brokers and processors from AGA Capital NY, Inc. (which changed its name to Lending Universe Corporation) and Northside Capital NY, Inc., Brooklyn-based mortgage brokerages.

This case was investigated by the The Eurasian Organized Crime Task Force, a joint effort by FBI agents and NYPD detectives, and the federal Immigration and Customs Enforcement agency.

Former Benton County Defense Lawyer Enters Plea In Bribery Case (AP)

AP, January 5, 2007

YAKIMA, Wash. -- A lawyer accused of taking thousands of dollars from a Kennewick youth program has pleaded innocent to federal bribery and conspiracy charges.

U.S. Magistrate Judge Michael Leavitt entered a not guilty plea for Jeff L. Finney, of Benton City, and allowed the former defense lawyer to remain free without bond during an initial court appearance Wednesday.

Finney, 50, is charged with one count of bribery and one count of conspiracy to aid and abet in the theft of at least $20,000. Conviction on each charge carries a sentence of up to 10 years in prison and $250,000 in fines.

Assistant U.S. Attorney Greg Shogren said Finney has cooperated for months with the investigation in the case, which the Tri-City Herald reported involves between $50,000 to $140,000 missing from the city of Kennewick's Home Base youth program.

Finney was a lawyer on contract to Benton County defending people charged in county District Court when he allegedly stole money in 2005 that defendants donated to the youth program in exchange for promises of reduced or dismissed charges.

A yearlong FBI investigation focused on Finney and Tyler M. Morris, 36, a former assistant city prosecutor for Kennewick.

Finney and Morris, of Walla Walla, lost their jobs after the newspaper published stories about the missing money. Morris has yet to appear in federal court on similar federal charges.

The Herald discovered that in some cases criminal charges were dismissed or reduced for defendants, but their cash donations, which had been encouraged by Finney and Morris as a way to resolve the cases, didn't make it to the city's Home Base account.

The stories also prompted the cities of Kennewick, Richland, Pasco and West Richland to cancel their own versions of dollars-for-deals programs.

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Ex-health Care Company President Pleads Guilty To Medicare Fraud (AP)

AP, January 5, 2007

DETROIT (AP) — The former owner of a Michigan health care company pleaded guilty to federal charges of stealing nearly $800,000 by fraudulently billing Medicare.

Iftakhar Khan, 59, of Bloomfield Hills and his brother were indicted in 2003. They were charged with mail, wire and health care fraud.

Amjad Khan, of Troy, pleaded guilty in August.

Iftakhar Khan pleaded guilty Thursday before U.S. District Judge Nancy Edmunds. He faces up to 30 months in prison at a sentencing hearing set for May 3, U.S. Attorney Stephen Murphy said.

He was president of Livonia-based Michigan Rehabilitation and Pain Management. The company closed after the FBI and other agencies raided it in 2000.

Amjad Khan operated Warren-based American Home Health Care, which also closed.

The 2003 indictment accused the brothers of bilking Medicare of at least $2 million from 1995 to 1999. It said they sought reimbursement for their wives, who were falsely listed as company executives.

The brothers also were accused of billing Medicare for employees who were hired to provide gifts to doctors to drum up business.

Former Jackson County Executive Charged In Mortgage Fraud Case (AP)

By David Twiddy

AP, January 5, 2007

KANSAS CITY, Mo. - Former Jackson County Executive Katheryn Shields and her husband were indicted Thursday on federal charges of taking part in a mortgage fraud scheme.

A grand jury charged Shields, 60, and her husband, attorney Philip Cardarella, 59, and nine other people with one count each of conspiracy and 11 counts each of wire fraud.

Federal prosecutors allege that the couple were approached by a group of individuals last fall who offered to sell their home, which was listed at $699,950, for $1.2 million.

The couple was to receive $707,000 of that amount, the remainder being split among other co-defendants and explained to lenders as a "management fee." To get the mortgage approved, the defendants allegedly provided lenders with fraudulent financial information and inflated property appraisals.

Officials said the FBI stopped the transaction from going through.

"This case represents another tragic example of intelligent individuals, including lawyers and prominent elected officials, thumbing their noses at the law in the pursuit of quick and easy cash," U.S. Attorney Bradley Schlozman said during a news conference Thursday evening.

Meeting with reporters after Schlozman's conference, Shields and her husband denied being part of a conspiracy, saying they had simply tried to sell their house, which had been on the market for 18 months.

"There's nothing illegal about selling your home for more than you list for it," said the couple's attorney, Curtis Woods.

The couple said their signatures were forged on a real estate sales contract. Cardarella also said he knew only a few of the other defendants and that Shields knew none of them.

They also claimed there was a political motive behind the indictment. Shields has survived more than three years of fruitless federal investigations into her work as the county's highest elected official, and the indictment came the day before she planned to file to run for Kansas City mayor - a decision she said she will not change.

"I think I've been subjected for the last three-plus years to political terrorism and I will not give in to political terrorism," Shields said.

Schlozman denied a political agenda: "That never entered into it."

Cardarella and Woods said they demanded Thursday morning to testify before the grand jury, but that Schlozman never got back to them. He said he left a phone message but they never got back to him.

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The other defendants include James E. Coleman, 58; Raymond W. Zwego Jr., 58; and James R. Rhoades, 48, all of Kansas City; Larry Barshaw, 56, and Linda M. Thompson-Barshaw, 57, both of Kansas City, Kan.; Monty J. Kinman, 25, of Overland Park, Kan.; Rick A. Peterson, 32, of Lenexa, Kan.; Jeremy Plagman, 29, of Lee's Summit; and Michael Rodd, 52, of Olathe, Kan.

U.S. Death Sentences Drop To 30-year Low (AP)

By Robert Tanner

AP, January 5, 2007

The number of death sentences handed out in the United States dropped in 2006 to the lowest level since capital punishment was reinstated 30 years ago, reflecting what some experts say is a growing fear that the criminal justice system will make a tragic and irreversible mistake.

Executions fell, too, to the fewest in a decade.

"The death penalty is on the defensive," said Richard Dieter, director of the Death Penalty Information Center, a Washington organization that looks at problems with the capital punishment system.

Death sentences fell in 2006 to 114 or fewer, according to an estimate from the group. That is down from 128 in 2005, and even lower than the 137 sentences the year after the U.S. Supreme Court reinstated the death penalty in 1976. It is also down sharply from the high of 317 in 1996.

A total of 53 executions were carried out in 2006, down from 60 in 2005. Executions over the past three decades peaked at 98 in 1999.

Among the many causes given by prosecutors, lawyers and death penalty critics: the passage of more state laws that allow juries to impose life without parole; an overall drop in violent crime; and a reluctance among some authorities to pursue the death penalty because of the high costs of prosecuting a capital case.

But above all, many said, is the possibility of a mistake, made dramatically clear in recent years. Since the death penalty was reinstated, 123 people have been freed from death row after significant questions were raised about their convictions — 14 of them through DNA testing, according to the Death Penalty Information Center.

"The fact is they've gotten a lot of the wrong guys," said Deborah Fleischaker, director of the American Bar Association's Death Penalty Moratorium Implementation Project. "There's no question that has, in the public, created a lot of doubt about how the death penalty is working."

The turn away from the ultimate punishment also reflects a changing sentiment among juries and prosecutors, too, said Arthur Green, a prosecutor in Bessemer, Ala., outside of Birmingham. He said he considers the risk of executing an innocent person in deciding whether to pursue the death penalty.

"That's one reason I don't do it, except in very, very rare circumstances — one, that I'm convinced he or she did it, and number two, it's a horrible crime," Green said. He has sought and won two capital cases since becoming district attorney in 2001.

Thirty-seven of the 38 states that have the death penalty on their books now also allow for life without parole. Texas enacted such a law in 2005. Life-without-parole laws give another option to jurors who fear that the death penalty is the only way to keep a killer from getting out on the streets again.

The death penalty has also received more scrutiny from lawmakers around the country and the courts.

Illinois is in the seventh year of its moratorium on executions, and executions are effectively halted in New York because of a 2004 court ruling.

Also, questions about whether lethal injection is inhumane have put executions on hold in nine states — Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, Ohio and South Dakota.

This week in New Jersey, a special commission recommended that the state become the first to abolish the death penalty legislatively since 1976, citing "increasing evidence that the death penalty is inconsistent with evolving standards of decency."

Backers of capital punishment say support for the death penalty remains strong, despite the drop-off in death sentences.

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"It's a refinement. I don't think it's an abandonment of the death penalty, but a recognition that the death penalty should be reserved for the worst of the worst," said Joshua Marquis, district attorney in Clatsop County, Ore., and a vice president of the National District Attorneys Association.

"From prosecutors, there's a more discriminating attitude about which cases to bring," he said. "Juries have been much more picky about allocating the death penalty and I think that's an appropriate thing to do."

A Gallup poll in May found that two-thirds of Americans 18 and older support the death penalty. But when asked which is the better penalty for murder, roughly half said life without parole and about half said the death penalty.

Rethinking The Death Penalty (NYT)

The New York Times, January 5, 2007

New Jersey could take the lead among states in abolishing the death penalty if it follows the recommendation that a legislative commission made this week. It is the right thing to do, and not just because capital punishment is barbaric and a poor deterrent. It has become increasingly clear as the use of DNA evidence has grown that there is simply too great a risk of making an irreversible mistake.

While we would have used stronger language, we applaud the 13-member panel for having the courage to recommend that New Jersey become the first state to abolish the death penalty since states began reinstating it 35 years ago. The commission included two prosecutors, a police chief, members of the clergy and a man whose daughter was murdered in 2000. Only one member, a former state senator who wrote the death penalty law, dissented.

Although it has nine people on death row, New Jersey has had a moratorium on executions since 2005 and has not put anyone to death since 1963. Nevertheless, the panel's recommendation that the death penalty be replaced with life imprisonment without parole is likely to have significant influence both inside and outside the state. It comes as about 10 of the 38 states with death penalties, including New York, have suspended executions and as recent developments, like DNA exonerations and a botched lethal injection in Florida last month, have created a growing unease about executions.

With Gov. Jon Corzine opposed to the death penalty, and substantial numbers of capital punishment opponents in both houses of the Legislature, there is a reasonable chance the commission's recommendations will become law. That would make New Jersey's criminal justice system more civilized and fair. It could also prod other states to abandon their own use of what Justice Harry Blackmun called the "machinery of death."

No Whitey After All These Years (BOSH)

By Laurel J. Sweet

Boston Herald, January 5, 2007

With the 12 days of Christmas safely behind us, Boston can pause to reflect on today's 12th anniversary of the disappearance of mobster madman James "Whitey" Bulger.

"The Bulger Task Force . . . continues to dedicate an extraordinary amount of time and effort in the conduct of a worldwide investigation to locate fugitive James Bulger," said Robert Krekorian, executive assistant U.S. attorney.

And what of the alleged sighting of the 77-year-old serial killer in October at a San Diego cineplex screening of "The Departed," starring Jack Nicholson as the questionably fictional head of South Boston's Irish mob?

"We continue to investigate that look-alike lead," Krekorian said, "but at this point in time we have developed no evidence to indicate that it was in fact James Bulger."

The suspected ruthless killer of 19 men and women has officially been on the lam since Jan. 5, 1995, when his arrest became imminent.

Coincidentally, former FBI Boston Special Agent in Charge Kenneth Kaiser will be feted today at the Omni Parker House.

Kaiser, tapped by Washington to serve as assistant director of the FBI's Inspection Division, made finding Bulger "a priority," said Hub office spokeswoman Gail Marcinkiewicz. "He's disappointed that it didn't come to fruition during his tenure here in Boston."

Hunt For Whitey Bulger Still Targeting Hub Kin (BOS)

DOJ_NMG_0112538

By Shelley Murphy, Globe Staff

The Boston Globe, January 5, 2007

Decision said near on an indictment

A federal grand jury investigating whether William M. Bulger or his family obstructed efforts to capture his gangster brother, James "Whitey" Bulger , has been extended at least another month, according to two sources familiar with the probe.

Federal prosecutors are nearing a decision on whether there is sufficient evidence to ask the grand jury to indict William Bulger, former president of the Massachusetts Senate and the University of Massachusetts, on perjury or obstruction of justice charges, the sources said.

The investigation is focusing on whether William Bulger, 72, of South Boston, testified truthfully in April 2001 before a federal grand jury that was looking into whether family or friends of the fugitive knew his whereabouts or were helping him evade capture.

The statute of limitations on perjury and obstruction of justice requires that charges be brought within five years, but William Bulger's lawyers agreed to waive the statute to give the grand jury more time to conduct its probe, in hopes that he would be exonerated, sources said. The grand jury has been extended several times since the statute would have expired last April.

Thomas R. Kiley , the lawyer who represents William Bulger, declined to comment yesterday on the investigation. Robert Krekorian, chief of staff for US Attorney Michael J. Sullivan , said, "Obviously we wouldn't confirm nor deny the existence of any grand jury investigation."

William Bulger, who became president of the University of Massachusetts in January 1996, was pressured by Governor Mitt Romney to resign in 2003 after he was publicly grilled about his relationship with his brother by a congressional committee investigating the FBI's mishandling of informants. At the time, Romney said Bulger's answers had often been purposely evasive and that he represented "a cloud" over the university.

Today marks the beginning of Whitey Bulger's 12th year on the run. The longtime FBI informant was warned by his handler, retired FBI agent John J. Connolly Jr., to flee just before his January 1995 federal racketeering indictment. The 77-year-old gangster, one of the FBI's 10 most wanted, is charged with 19 murders. The last confirmed sighting of the fugitive was in London in September 2002, according to the FBI.

William Bulger was subpoenaed to testify before a federal grand jury in Boston on April 5, 2001, and was granted immunity, meaning that none of his statements could be used against him as long as he told the truth.

According to a transcript obtained by the Globe four years ago, he testified that he had spoken with his brother only once since he became a fugitive, during a pre arranged telephone call he received at the Quincy home of a friend in January 1995 and that he felt no obligation to help authorities catch him.

When asked if he knew whether his younger brother, John "Jack" Bulger , had been in contact with their fugitive brother or his girlfriend, Catherine Greig , William Bulger said, "I have no knowledge of that," according to a transcript of the grand jury testimony obtained by the Globe.

"With respect to your office at the Senate and your office at UMass, do you have any reason to believe that any personnel or staff in any office you've working in since January of 1995 has been contacted in any way by your brother or Catherine Greig? " the prosecutor asked.

"Not that I'm aware of," Bulger responded.

The current grand jury investigation is focusing on whether Bulger gave false testimony to the grand jury in 2001 and, in fact, knew about a 1996 call that Whitey Bulger made to the home of a Senate court officer, while John Bulger and William Bulger's son-in-law were present, according to sources.

In a legal battle that went all the way to the US Supreme Court last year, William Bulger's former law partner, Thomas E. Finnerty , was ordered to testify before the current grand jury about whether Bulger was involved in the earlier alleged plot to thwart the investigation into contacts with his brother, according to sources and court documents.

Finnerty allegedly advised a client, Senate court officer Paul I. Dooley, to lie to a federal grand jury in 1998 about a telephone call he received two years earlier from Whitey Bulger, according to sources and court records.

The FBI knew that either Whitey Bulger or Greig had called Dooley's home because investigators had tracked calling cards used by the couple to make dozens of calls to homes and businesses in the Boston area during the summer and fall of 1996.

However, Dooley lied to the grand jury and didn't disclose that three others were present at his South Boston home for the pre-arranged call: John Bulger, then a clerk magistrate at Boston Juvenile Court; William Bulger's son-in-law, Michael J. Hurley, who was and still is an assistant clerk in the Senate, and Whitey Bulger's associate Kevin J. Weeks, according to sources.

The presence of the others at Dooley's house that day remained a secret from the government until three years ago, even though Weeks became a government witness and John Bulger pleaded guilty in April 2003 to obstruction of justice and perjury for denying he had contact with his fugitive brother or knew about a Florida safe deposit box. He spent six months in prison.

Then in 2003, around the same time federal prosecutors subpoenaed William Bulger's children to testify about possible contacts with the fugitive, Finnerty allegedly advised Dooley to go back to the grand jury and recant his earlier false testimony, according to sources and court records.

When prosecutors tried to force Finnerty to testify, he refused, arguing that attorney-client privilege prohibited him from revealing his conversations with Dooley and William Bulger, who was also a client, according to sources and court records.

The US Court of Appeals for the First Circuit found in July 2005 that an unnamed lawyer, identified by sources as Finnerty, lost his attorney-client privilege for involvement in an effort "to facilitate corruption and frustration of the grand jury inquiry."

The Supreme Court refused a petition by unnamed parties, identified by sources as lawyers for William Bulger, letting the appeals court ruling stand.

Finnerty couldn't be reached for comment. John Bulger declined to comment.

When testifying before the congressional committee in June 2003, William Bulger said he hadn't aided his brother since he became a fugitive. He told the court he had no information that could lead to his brother's arrest.

In the past year, the Bulger Fugitive Task Force has chased leads throughout the world, including in Chicago, Ireland, and California. An unconfirmed tip put him in a San Diego movie theater screening "The Departed" this fall .

Embezzlement Is Found In Catholic Dioceses (NYT)

By Laurie Goodstein And Stephanie Strom

The New York Times, January 5, 2007

A survey by researchers at Villanova University has found that 85 percent of Roman Catholic dioceses that responded had discovered embezzlement of church money in the last five years, with 11 percent reporting that more than $500,000 had been stolen.

The Catholic Church has some of the most rigorous financial guidelines of any denomination, specialists in church ethics said, but the survey found that the guidelines were often ignored in parishes. And when no one is looking, the cash that goes into the collection plate does not always get deposited into the church's bank account.

"As a faith-based organization, we place a lot of trust in our folks," said Chuck Zech, a co-author of the study and director of the Center for the Study of Church Management at Villanova.

"We think if you work for a church — you're a volunteer or a priest — the last thing on your mind is to do something dishonest," Mr. Zech said. "But people are people, and there's a lot of temptation there, and with the cash-based aspect of how churches operate, it's pretty easy."

Specialists in church ethics said they believed this was the first study to assess the extent of embezzlement in a denomination.

Officials at the United States Conference of Catholic Bishops said they had seen the study, which was released just before Christmas and was first reported in the National Catholic Reporter, and were considering ways that parishes could tighten their financial controls.

"The Villanova study does not come as a surprise," said Bishop Dennis M. Schnurr, treasurer of the bishops' conference. "This is something that the bishops in this country have been looking at for some time. They are aware of a need to look for mechanisms that can assist parishes in accountability and transparency."

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Mr. Zech and his co-author, Robert West, a professor of accounting at Villanova, did not set out to look for embezzlement. They were conducting a study of internal financial controls in Catholic dioceses and sent a battery of questions to chief financial officers in the nation's 174 Catholic dioceses; 78 responded. Mr. Zech said he was surprised that so many dioceses had detected embezzlement. In 93 percent of those cases, police reports were filed.

He said the survey did not ask who stole the church money. But it did ask who detected the theft, and found that it was most often the parish priest, followed by the bookkeeper, an internal auditor or the parish finance council.

In October alone, three large cases of embezzlement surfaced, including one in Delray Beach, Fla., where two priests spent $8.6 million on trips to Las Vegas, dental work, property taxes and other expenses over four decades.

In the survey, 29 percent of the dioceses reported thefts of less than $50,000.

Most denominations have had cases of embezzlement, sometimes by top officials. In June, the Presbyterian Church U.S.A. fired its second-ranking financial officer, Judy Golliher, after she admitted stealing money that church officials put at more than $132,000.

Many nonprofit organizations that accept cash donations experience theft, and churches are particularly vulnerable, said John C. Knapp, director of the Southern Institute for Business and Professional Ethics, at Georgia State University in Atlanta.

"Churches have a tendency to be in denial about the potential for this conduct in their midst," Mr. Knapp said. "When ethics seminars or ethics codes are proposed in churches, they are often met with resistance from people who say, 'Why in the world would we need this? After all, this is the church.' Whereas in business, people readily recognize that this sort of thing can happen."

The Salvation Army is widely considered exemplary among nonprofits in handling cash collections. The red buckets in which bell ringers collect donations are covered and locked, and all buckets must be returned to a central location, where at least two people count the number and type of bills, coins and checks, said Major George Hood, the charity's national spokesman.

The money must be deposited in the bank within 24 hours, and different people reconcile the initial tallies with bank records, Major Hood said.

In the Catholic Church, parishes and high schools handle many cash transactions, making them vulnerable to theft, the Villanova report notes.

Canon law requires each parish to have a finance council to provide oversight. But Bishop Schnurr, who heads the diocese in Duluth, Minn., said there were no standards for how finance council members were chosen or whether they should have any expertise in accounting or finance.

Only 3 percent of the dioceses said they annually conducted an internal audit of their parishes, and 21 percent said they seldom or never audited parishes, the survey found.

This lack of scrutiny is at the core of the problem, said Francis J. Butler, president of Foundations and Donors Interested in Catholic Activities, a nonprofit organization independent of the church.

"You're taking a lot of risk," Mr. Butler said, "and these days the church cannot afford to take these kinds of risks."

Bishop Schnurr said the study's findings on lack of parish oversight contradicted his experience. But both he and Kenneth W. Korotky, chief financial officer for the bishops' conference, said a committee could soon consider writing guidelines for the composition of parish finance councils and how often dioceses should audit parishes.

But they cautioned that the bishops' conference could not make guidelines mandatory, because each bishop was in charge of administering his own diocese.

Jack B. Siegel, a tax lawyer and expert on nonprofit management who has commented on church fraud on his blog, charitygovernance.com, said he kept a tally of church frauds and was surprised by how many occurred at Catholic churches.

"I got interested because I thought, wait, I've heard a lot about pedophilia, why aren't I hearing about these financial problems," Mr. Siegel said.

He said he was impressed with the guidelines that the bishops' conference and other Catholic organizations have offered.

But he said, "How those standards and guidelines get put into practice is what really matters."

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Remain Silent? Some In Custody Spell It All Out (NYT)

By Anemona Hartocollis

The New York Times, January 5, 2007

The "Beast of Broadway," as the tabloids call him, a successful actor, has been accused of sexually abusing a 15-year-old girl. But his grade-school teacher would be proud of him in at least one respect: He is a good speller.

That much was clear in the two and-a-half page written statement he gave the police after he was arrested, a statement that recounted a behind-the-scenes theater tour for the girl. He wrote these words voluntarily despite a constitutional right to remain silent that is ingrained not only in criminal law, but also in popular culture. But he was hardly the only person arrested in New York in recent years who opened up once the cuffs went on.

A former Women's Wear Daily writer, accused of disguising himself in a firefighter's costume and sexually assaulting a former colleague on Halloween, kept detectives spellbound with his disquisitions on Chinese menus and book rights.

A homeless man accused of stabbing a tourist as he rode with his girlfriend on the subway found that words weren't enough. Asked to sign his confession, he instead sketched a cartoon version of his crime: a pair of lovers' faces — one happy and one sad — and a stormy black cloud floating over a subway train.

Such statements — and occasional illustrations — by defendants in New York City courts are one element of what prosecutors call the V.D.F., more formally known as the People's Voluntary Disclosure Form. To read them is to experience a kind of poetry of everyday criminal life in New York City.

By turns raw, ugly, poignant, defiant, rarely remorseful and almost always damaging, the statements are a window into the criminal process, part of the common language between detectives and suspects.

"It's kind of like the literature of the criminal defendant," said Gerald L. Shargel, a criminal defense lawyer. "The information contained on the V.D.F. is much more rich and colorful than anything the defense lawyer provides."

Because they can be so revealing, the V.D.F.'s are a bane of defense lawyers' existence, and they often try to suppress them so they cannot be used in court.

More technically, the Voluntary Disclosure Form is a rough, preliminary summary of the evidence, which the prosecution is required to give to the defense. There is space for prosecutors to type out information like the date, place and time of the "occurrence."

And there is space for detectives to provide statements made by defendants at the time of arrest, either as summarized by the police, or in the defendant's own writing.

For many people, the urge to explain, if not to confess, is as urgent as it was for Raskolnikov in "Crime and Punishment."

"My name is Paul Cortez," is the Melvillian first sentence of the V.D.F. statement handwritten by Mr. Cortez, a yoga teacher who is awaiting trial as the suspect in the fatal stabbing of a dancer in her Upper East Side apartment.

What follows is a three-page roller coaster ride of love, sex and betrayal, culminating in an alibi. On the day of the victim's death, Mr. Cortez wrote, "I knew something was wrong, so I called back several times." When she didn't answer, he called clients, watched a football game with a friend, "then read a little and went to bed. The next morning about 10:30 I found out from my mom Catherine was Dead."

The last word, "Dead," is capitalized for emphasis.

Prosecutors love to have defendants volunteer an alibi because it shows what they call "consciousness of guilt."

Stacey Richman, a criminal defense lawyer, summed up her advice to any accused who may feel the urge to chat: "You have a right to remain silent. Exercise that right."

When Peter Braunstein, the former Women's Wear Daily writer, was arrested in Memphis in December 2005, he seemed, in one of many Hamlet-like moments, torn about talking. "I really don't think I should talk to you," Mr. Braunstein began, according to his V.D.F. "I think I should do the whole lawyer thing."

And then he kept talking.

"Everybody talks," said Daniel J. Castleman, chief of investigations for the Manhattan district attorney. "Almost nobody doesn't talk. And the reason for that is that people think they can either talk their way out of it or mitigate the crime. It's human nature."

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Mr. Braunstein, who is in a mental hospital awaiting trial on charges of kidnapping and sexual abuse, seemed to delight in his celebrity. "Defendant referred to book and movie deals using the name of the complainant several times," the V.D.F. says.

He fantasized about ordering Chinese food. "Defendant stated that after seeing news reports, if he went to a Chinese restaurant, he should order something other than beef with extra mustard because that is what the wanted poster says he orders, but if he did that, it would be too obvious, so he would order beef with extra mustard, but he had not eaten Chinese food for a while."

Mr. Braunstein did not sign anything, unlike James Barbour, the actor called the "Beast of Broadway," who once played the Beast in "Beauty and the Beast." Mr. Barbour wrote his statement in block letters, correctly spelled, indented and punctuated it, and signed it with a flourish.

Accused of having a sexual relationship with a 15-year-old girl, he wrote, "She told me that she was 16."

Unfortunately for Mr. Barbour, the age of consent in New York is 17.

"That evening we went to a Broadway show, 'George Gershwin Alone,' " wrote Mr. Barbour, who is free on $10,000 bail. "I introduced her to the star of the show, gave her a backstage tour. The relationship stopped suddenly because I thought it was inappropriate and could get dangerous."

Defendants may try to talk their way out of a charge, but do they succeed?

"Never," said Gerald B. Lefcourt, who has defended clients from the Black Panthers to Harry B. Helmsley. "Which is why if it's up to me, every client I have should know they should never, ever, under any circumstances speak to law enforcement unless I'm there."

What Joseph Weir, accused of groping feet on the subway, lacked in spelling skills, he made up for with an almost Gallic appreciation for women. "I complyment woman, I bow down to them, sometime I kiss there feet and grab legs." Mr. Weir, charged with sex abuse, coercion and other less than gallant acts, is due back in court on Jan. 19.

Alexis Quinlin, a swindler posing as a French photographer, actually wrote his statement in French, perhaps casting doubt on those who would contend that the police put words in the mouths of criminals.

"Je m'appelle Alexis Quinlin," wrote Mr. Quinlin, who was convicted of grand larceny and sentenced to up to seven and a half years in prison, but was not lying about being French. He described how he signed a contract under the assumed name of Jean Baptiste Mondino, which was, he admitted, "une grave erreur."

Robert De Niro's housekeeper, Lucyna Turyk-Wawrynowicz, accused of stealing clothes and jewelry from her wealthy employers, made the mistake of giving the police shopping tips. "Anybody can buy a jacket like this at Century 21," Ms. Turyk-Wawrynowicz said after she was taken into custody in June 2005, according to a transcript typed by the police.

An hour later, she was insulting Mr. De Niro's wife, Grace Hightower, saying, "She is mean."

After about three hours, she announced, "The diamonds are in the bathroom."

After requesting a Starbucks skim latte from the detectives questioning her, she threw in the towel.

"I am evil and guilty, but my husband did nothing," she said. "You can cut my hands and head off, but I can tell you he did nothing wrong." She pleaded guilty to grand larceny and last February was sentenced to up to three years in prison.

Others get right to the point.

"I hate Sammy," Kristina Caban said of the man she was accused of branding with an "R," as if he were a bull, according to the police transcript. "He raped me two years ago." Ms. Caban, charged with assault with intent to disfigure permanently, is due back in court on Jan. 11.

Civil libertarians have called for police interrogations to be videotaped. "We've had reports from clients who say they wrote something, but the police officers were dictating it," said Seymour W. James Jr., the lawyer in charge of the criminal practice at the Legal Aid Society. "They're intimidated by the police after hours of questioning."

Sometimes, it takes very little prompting for a defendant to put her foot in her mouth. In her V.D.F., Andrea Schwartz, whom the tabloids have termed "the Brazilian madam," is quoted telling the police as she was arrested: "I'm not a prostitute. I just hook guys up with girls if they want them."

That did not stop prosecutors from indicting her on prostitution charges last June. She is awaiting trial.

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CIVIL LAW:

Fat Chance (WP)

By Annys Shin

The Washington Post, January 5, 2007

The ads for CortiStress said it could reduce your chances of developing Alzheimer's disease. Xenadrine EFX's "thermogenic technology" was supposed to give your metabolism a lift. And TrimSpa said it contained a plant "used by African bushmen for centuries" that could help you lose weight so you could "become all you ever envied."

Those claims are not credible, the Federal Trade Commission concluded, yesterday announcing it will collect about $25 million from the marketers of those popular weight-control pills to settle allegations that they misled consumers.

None of the products was deemed dangerous to a person's health, and the pills will be allowed to remain on store shelves, FTC officials said. The promoters, however, must change their advertising.

The pharmaceutical company Bayer, which was among the FTC's targets, agreed to pay a $3.2 million civil penalty to settle charges that it violated a previous FTC order that required all health claims for its One-a-Day vitamins be "supported by competent and reliable scientific evidence." In national ads, Bayer claimed its One-a-Day WeightSmart contained epigallocatechin gallate (EGCG), a green-tea extract that can help prevent weight gain in women older than 30 who "can gain 10 pounds a decade, due in part to a slowing metabolism."

Those claims were not "substantiated by competent and reliable scientific evidence," the agency said.

The settlement with Bayer "is a wake-up call to any company that wants to push the envelope," FTC Chairman Deborah Platt Majoras said. "Every claim they make they have to have the science to back it up."

Bayer spokeswoman Tricia McKernan said the company never marketed WeightSmart as a weight-loss product and cited three studies supporting the company's claims that EGCG can "enhance metabolism." She said, however, that the company would comply with the agency's orders.

The settlements yesterday were the latest in the FTC's periodic crackdowns on weight-control claims. Since 1990, it has prosecuted more than 100 cases against marketers of flab-busting products, including the promoters of a "tummy-flattening gel" who agreed to pay $3 million last May.

With more than 70 million Americans trying to lose weight and spending $33 billion a year on weight-control products, the market remains lucrative for legitimate operators and hucksters alike. The more than 25,000 dietary supplements on the market are lightly regulated. Their manufacturers are responsible for ensuring that a supplement is safe before it is sold, but they do not need to register their products or get approval. The Food and Drug Administration can take action against unsafe products after the products reach the market. The FTC regulates dietary supplement advertising.

FTC officials said part of the reason consumers fall for phony weight-loss claims is because they see advertisements in major publications like TV Guide, Men's Fitness and People magazine.

"The FTC is asking the media not to run these ads," Majoras said.

Of the settlements the FTC plans to collect, Robert Chinery Jr. and his company, RTC Research and Development, will pay $8 million to $12.8 million for saying Xenadrine EFX was clinically proven to cause rapid and substantial weight loss. Chinery commissioned several studies, but none showed Xenadrine EFX produced substantial weight loss, the FTC said. In fact, one 10-week study showed subjects taking Xenadrine EFX lost fewer pounds than those taking a placebo, the FTC said.

The FTC expects to recover cash and assets worth at least $12 million from Stephen F. Cheng and his company, Window Rock Enterprises, and Gregory Cynaumon and his company, Infinity Advertising, which promoted CortiSlim and CortiStress.

Alexander Goen and several companies associated with him will pay $1.5 million for the marketing of TrimSpa. In addition to TV commercials showing celebrity endorser Anna Nicole Smith romping on a beach, ads for TrimSpa said an ingredient, hoodia gordonii, aided weight loss and described it as a plant used by African bushmen to suppress hunger on long hunting trips. TrimSpa did not admit liability.

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Most of the money the FTC is to collect will go toward consumer redress, with the exception of Bayer's penalty, which goes to the U.S. Treasury.

Diet Pill Sellers Fined $25M (USAT)

By Edward Iwata

USA Today, January 5, 2007

Marketers of four brands of weight-loss pills can keep selling them — but they can't make unproven claims that people will lose weight taking them, the Federal Trade Commission says.

The marketers agreed to pay $25 million in fines and penalties to settle FTC charges that their advertising claimed their popular diet pills would cause consumers to lose weight or reduce the risk of serious diseases such as cancer. The FTC said Thursday the claims were not supported by scientific evidence.

"You're not going to find weight loss in a bottle of pills," said FTC Chairman Deborah Platt Majoras.

Platt Majoras said the pills, still available on store shelves, are not dangerous to consumers' health.

Nancy Metcalf, senior project editor at Consumers Union, said the group has lobbied for years to strengthen federal oversight of weight-loss supplements.

"We have advised people not to take them," she said.

Bayer was fined $3.2 million to settle FTC charges that its advertisements for One-A-Day WeightSmart pills violated an earlier FTC order that required all health claims for One-A-Day brand vitamins to be supported by sound scientific evidence. Bayer said that its product was marketed as a multivitamin, not a weight-loss pill, and that it settled to avoid the expense of litigation, the Associated Press reported.

Other pills the FTC cited were:

•TrimSpa. The marketers of this pill — Goen Technologies, Nutramerica, TrimSpa and Alexander Szynalski — will pay $1.5 million to settle FTC charges that their weight-loss claims were unsubstantiated. TrimSpa advertisements featured celebrity Anna Nicole Smith, who claimed to have lost 69 pounds using the pills, the FTC said.

•Xenadrine EFX. RTC Research & Development and Robert Chinery Jr., the marketers of this green-tea extract product, falsely claimed it would cause rapid weight loss, the FTC charged. The marketers will pay $8 million to $13 million to settle the case.

•CortiSlim and CortiStress. Stephen Cheng and his company, Window Rock Enterprises, and Gregory Cynaumon and his firm, Infinity Advertising — the marketers of those products — will surrender $12 million in assets.

The marketers claimed CortiSlim would cause rapid weight loss and that CortiStress would reduce the risk of cancer, heart disease and other ailments, the FTC said.

The companies agreed to limit future ad claims. Their ads ran in magazines and newspapers, on television and on the Internet. Consumers who bought CortiSlim and Xenadrine EFX may be eligible for refunds under the FTC's redress program at www.ftc.gov.

Eli Lilly Settles More Zyprexa Lawsuits (WP/AP)

By Rick Callahan

The Washington Post, January 5, 2007

INDIANAPOLIS, Jan. 4 -- Drugmaker Eli Lilly said Thursday that it will settle about 18,000 additional lawsuits alleging it did not adequately warn patients that its anti-psychotic medication Zyprexa carries a heightened risk of diabetes.

Lilly did not disclose the amount of the settlement but said in a statement that it would take a fourth-quarter settlement charge that's not expected to exceed $500 million.

In a June 2005 settlement, the Indianapolis company agreed to pay about $700 million to resolve more than 8,000 similar lawsuits involving Zyprexa, its top-selling drug.

Lilly spokeswoman Tarra Ryker said the new settlement covered more plaintiffs for less money because the 18,000 cases were less viable due to a 2003 Zyprexa labeling change, which addressed the drug's possible diabetes risk.

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She said the company plans to go to trial, beginning in April, to defend itself against the 1,200 remaining claims, which she said are not being settled for "various reasons." Lilly declined to elaborate on the specific reasons.

Sales of Zyprexa, which is used to treat schizophrenia and bipolar disorder, accounted for 28 percent of Lilly's $3.86 billion in revenue in the most recent quarter.

Lilly has recently been the subject of New York Times articles that allege the drugmaker played down safety data on Zyprexa. Lilly contends the Times' stories relied on illegally obtained internal documents leaked by a plaintiff lawyer and used selected memos out of context.

Independent pharmaceuticals analyst Hemant Shah of HKS said the new settlement would help Lilly end negative publicity about the drug and allow Zyprexa to recover some of the market share it has lost in the past few years.

"They needed to get this drug off front pages -- get the negative press out of the way -- and one way you do that is settle so you don't have bad news coming out one case at a time," he said.

Most of the lawsuits claimed that before September 2003, the information on Zyprexa labels regarding the risk of hyperglycemia and diabetes was not adequately displayed. Hyperglycemia is a condition in which the blood has elevated sugar levels, typical in diabetics.

Lilly also faces lawsuits filed by the attorneys general of Alaska, Louisiana, Mississippi, New Mexico and West Virginia alleging that it marketed Zyprexa for unapproved uses or hid the risks of weight gain and diabetes, said company spokeswoman Carole Witsken Puls.

CIVIL RIGHTS:

U.S. Justice Department Won't Investigate Portsmouth Jail Death (VAPILOT)

By Jen Mccaffery, The Virginian-pilot

Hampton Roads Virginian-Pilot, January 5, 2007

PORTSMOUTH — Federal authorities have declined to investigate the July death of an inmate in Portsmouth City Jail.

The Federal Bureau of Investigation in Norfolk and the Department of Justice informed city officials in Portsmouth last month that they found insufficient evidence to suggest that federal civil rights laws were violated in connection with Joseph Combs's death.

After six days in the city jail, Combs, 57, died of severe dehydration and acute pneumonia, with bipolar disorder contributing, according to his autopsy.

Portsmouth City Attorney Tim Oksman sent letters to federal authorities in November, requesting a civil rights investigation into his death.

Lamarr Brown , president of the Norfolk-based Organization of African-American Concerns , is speaking for Combs' widow, Granada Combs .

"This is usually the protocol by the FBI in the Hampton Roads area when the death of a black person is concerned," Brown said.

Portsmouth police Capt. Garrett Shelton said he anticipated that police would wrap up their investigation into Combs' death by mid-January.

"There's nothing unusual that has come out of this, from a criminal standpoint," Shelton said.

Police will turn their findings over to Portsmouth Commonwealth's Attorney Earle Mobley and Oksman, as they would in the case of any inmate death, Shelton said.

Reach Jen McCaffery at (757) 446-2627 or jen.mccaffery@pilotonline.com.

Dismissal Of Boys Town Suit Eyed (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, January 5, 2007

DOJ_NMG_0112546

D.C. officials want a federal judge to throw out a civil rights complaint filed by the U.S. Justice Department after a jury deadlocked on whether the city discriminated against a group home for disadvantaged youth on Capitol Hill.

The complaint centered on whether D.C. officials broke federal housing laws and discriminated against the nonprofit Father Flanagan's Girls and Boys Home, also known as Boys Town.

The Nebraska-based group sued the District in 2001, saying city officials kept Boys Town from opening a group home on Potomac Avenue Southeast by stonewalling project applications amid community opposition to the plans.

The Justice Department later joined as a plaintiff in the federal lawsuit.

"There was no direct evidence of handicap or racial discrimination against the Boys Town project," attorneys for the District argued in recent court pleadings. Federal officials declined to say yesterday how they plan to proceed.

"We're obviously disappointed the jury didn't return a verdict for the United States," said Cynthia Magnuson, a spokeswoman for the Justice Department. "But we continue to think the District of Columbia violated the Fair Housing Act."

John Melingagio, a Boys Town spokesman, said the organization will continue to review the case and that the District's effort to have the case dismissed is "not well-founded."

"We will vigorously resist it," he said. "The bottom line is we're going to continue to advocate for children in the District."

The District sought dismissal of the complaint Dec. 22, and a response from the Justice Department is expected later this month.

A judge granted a mistrial in the case Dec. 8, saying jurors were split on a verdict.

The case began Nov. 27 after years of pretrial motions and depositions by numerous current and former city officials and neighborhood activists.

Among those who testified was Carolyn Graham, a D.C. school board member who previously served as the District's deputy mayor.

In questioning by the government, Miss Graham had testified that she perceived racial undertones to community opposition on Capitol Hill to the Boys Town project.

Attorneys for the District disagreed, noting that the makeup of a group opposing the project, Southeast Citizens for Smart Development, was racially diverse.

D.C. officials also argued that Boys Town ultimately realized a financial gain from the failed project. According to the District, the group sold the property to a developer for a profit of about $8 million after Boys Town decided not to pursue the project.

ANTITRUST:

Auto Paint Antitrust Suit Nets $105 Million (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, January 5, 2007

The final two defendants in a class action antitrust suit against the top manufacturers of automotive refinishing paint have agreed to pay $39 million to settle claims that they participated in a price-fixing conspiracy, bringing the total recovery in the case to more than $105 million.

In a six-page opinion in In re Automotive Refinishing Paint Antitrust Litigation handed down on Dec. 28, Eastern District of Pennsylvania Judge R. Barclay Surrick granted preliminary approval of the two settlements -- $16 million from Sherwin-Williams Co. and $23 million from PPG Industries -- clearing the way for notices to be sent to the class.

In prior settlements, E.I. du Pont de Nemours & Co. paid $36 million; Akzo Nobel Car Refinishes, a subsidiary of Dutch chemical giant Akzo Nobel NV, paid $18.7 million; and two related German companies, BASF and BASF Coatings, paid $12 million total.

The plaintiffs in the suit are a class of direct purchasers -- mostly auto repair shops -- that claim in the suit that the paint manufacturers conducted secret meetings in Europe in which they agreed to "fix, raise, maintain and stabilize" the prices of refinishing paints.

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The suit alleges that during the 1990s, the price increases for auto refinishing paints continued to rise despite a drop in the prices of crude oil and natural gas -- the principal raw materials used to manufacture refinishing paints.

Dozens of suits were filed in 2001 in the wake of news accounts of the Justice Department's probe focused on Akzo Nobel, which had pleaded guilty in 1997 and was fined $10 million for participating in a separate international conspiracy to fix the price of sodium gluconate, an industrial cleaner.

Two Akzo executives also pleaded guilty, confessing that they had agreed with other manufacturers to "suppress and eliminate competition in the sodium gluconate market from August 1993 to June 1995," according to Justice Department records.

Prosecutors said the two executives and their co-conspirators had set out to fix prices and allocate market share.

When news broke of the Justice Department's probe into possible price-fixing in the market for paint products used in the automotive refinishing industry, Chemical & Engineering News reported that Akzo's annual report stated that it had incurred $26 million in legal and settlement costs in the previous year, and that the company "has set aside $145 million to pay, over the next few years, 'probable costs, fines and civil damages' resulting from its behavior."

Surrick was assigned to hear the case under the federal courts' multi-district litigation program.

Surrick later appointed lawyers from three Philadelphia firms to act as co-lead counsel -- the Law Offices of Bernard R. Gross, Kohn Swift & Graf, and Barrack Rodos & Bacine. He also appointed a plaintiffs' executive committee -- H. Laddie Montague and Merrill G. Davidoff of Berger & Montague; Roberta D. Liebenberg and Donald Perelman of Fine Kaplan & Black; Michael M. Buchman of Milberg Weiss Bershad Hynes & Lerach; and Robert N. Kaplan and Richard J. Kilsheimer of Kaplan Fox & Kilsheimer.

In October 2004, Surrick awarded more than $21.5 million in "interim fees" to the plaintiffs' team from the fund created by the first round of settlements.

In his fee award, Surrick said that allocations of fees to specific firms should be determined by the co-lead counsel "who are most familiar with the work done by each firm and each firm's overall contribution to the litigation."

Rejecting an objection to such an approach, Surrick found that the co-lead counsel "have directed this case from its inception and are best able to assess the weight and merit of each counsel's contribution," and that "leaving the allocation to counsel makes sense from the standpoint of judicial economy."

Visa, MasterCard Settle With Government (WSJ)

Wall Street Journal, January 5, 2007

WASHINGTON -- The federal government is set to collect at least $7 million as part of an 11-year-old court battle that pitted retailers against Visa USA Inc. and MasterCard Inc. in a dispute over debit-card fees.

Although plaintiffs in the class-action lawsuit settled the case in 2003, the U.S. submitted a claim only last February. That claim then became the subject of a separate dispute when lawyers representing the plaintiffs contended that the government shouldn't get a piece of the $3 billion settlement fund that had been set up for retailers.

By filing a claim, the government essentially contended that it, like the nation's retailers, had been hurt by Visa and MasterCard rules that required merchants to accept their branded debit cards if they also accepted their credit cards. Government facilities-ranging from military PXs to the souvenir shop at the Smithsonian Institution accept plastic. The government's claim had been submitted by the antitrust division of the Justice Department.

Under the settlement, which was announced late Wednesday, Visa and MasterCard will pay a total of $3.5 million to the government. The settlement fund will contribute $3.7 million. The government may receive additional funds later if there is money left in the settlement fund.

Visa and MasterCard said they were pleased that a settlement had been reached.

Brussels Raises Heat On Energy Companies (FT)

By Tobias Buck In Brussels

Financial Times, January 5, 2007

DOJ_NMG_0112548

Europe's biggest energy companies face an intensified crackdown by the European Union competition commissioner following an inquiry into the sector that found evidence of collusion and other severe market failings.

In a summary of a 16-month investigation, Neelie Kroes warns she will make "full and combined use" of her powers over mergers, government subsidies and antitrust abuses to tackle the lack of competition in the sector.

Her report, a copy of which has been obtained by the Financial Times, states: "Market concentration has been identified as a major concern for the success of the liberalisation process. The market power of pre-liberalisation monopolies has not yet been eroded."

The final results of Ms Kroes' sector inquiry are expected to be announced next week, along with a broader review of the EU's energy policy that will also look at cutting greenhouse gas emissions and bolstering the security of Europe's energy supplies.

Her assessment will make uncomfortable reading for many of Europe's biggest energy companies, including Eon and RWE of Germany, GdF in France and Eni in Italy. These groups are already the target of Commission antitrust investigations, and have seen their offices raided by Brussels officials at least once during the past seven months.

The report makes clear that they – and other dominant energy groups – are likely to face further pressure from the Brussels regulator in the near future, for example to cede control over gas pipelines and the power grid or to terminate some of their long-term contracts with customers and energy suppliers.

One of the report's most striking findings is the accusation of collusion – or cartel-like activity – among Europe's large energy groups.

"Market partitioning re-mains one of the most serious obstacles to market integration. The fight against collusion between incumbents remains a top priority of antitrust enforcement action," the report says.

The report also warns Europe's energy groups that the Commission will impose tough conditions on any future mergers in the sector "to ensure that the competitive structure...does not further deteriorate". It points out that approval to future deals would likely hinge on commitments to release gas and electricity onto the open market, but warns that Brussels may impose "structural" remedies such as asset disposals.

Ms Kroes ordered the in-depth investigation into the electricity and gas sector shortly after she took over the Brussels competition watchdog in 2004.

She argued at the time that years of liberalisation efforts had clearly failed to deliver tangible benefits to European consumers and businesses.

Though, formally speaking, Ms Kroes is responsible only for analysing the market and proposing solutions based on her powers as competition chief, her report also foreshadows much that will be left to the broader review.

Her report calls for the break-up of integrated energy companies as "the most effective way forward".

S Korea Watchdog Probes Qualcomm (FT)

By Chris Nuttall In San Francisco

Financial Times, January 5, 2007

South Korean antitrust regulators say they have launched a full-scale investigation into the business practices of Qualcomm, the US wireless chipmaker.

Qualcomm has been the subject of complaints from other chipmakers and handset makers in Europe, Japan and Korea, but the move by the Korean Fair TradeCommission represented the first time that formal action had been taken by the authorities.

An FTC official said a task force had been formed since early in December to step up an investigation into allegations that Qualcomm had used its dominant market position to charge excessive royalties.

It had received complaints between April and June last year from Broadcom and Texas Instruments, rival chipmakers in the US, and Korea's Nextreaming and Thin Multimedia.

They had alleged monopolistic practices by Qualcomm in bundling multimedia products into its chipsets and not opening up its programming interface to allow others to build complementary software applications.

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The official said the FTC could co-operate with its counterparts in Europe and Japan, where Broadcom and TI had also filed complaints.

He added that Qualcomm could face fines or have to cut its royalty rates in Korea if it is found to have abused its market dominance.

A Qualcomm spokeswoman at its San Diego headquarters said the company had not been formally notified of any investigation by the FTC and so could not comment.

Qualcomm owns patents and earns royalties on many wireless technologies. It is best known for developing Code Division Multiple Access (CDMA), a standard that has rivalled GSM in mobile phone networks around the world and formed the basis of next-generation networks.

CDMA is the standard in South Korea and manufacturers such as Samsung and LG make CDMA phones. Antitrust regulators raided Qualcomm's offices in Seoul last April, as well as premises of Samsung and LG, as they sought information on the US company's business practices.

The Korean FTC hasbeen active against US companies with the competition watchdog saying it wants to ensure Korean technology companies have a chanceto grow.

It visited the Seoul offices of Intel last February and fined Microsoft in 2005 for abusing its dominant position in the Korean market.

Qualcomm is also involved in a number of lawsuits at home, principally involving patent disputes with its rival Broadcom.

South Korea Regulator Probes Qualcomm (AP)

By Kelly Olsen, The Associated Press

AP, January 5, 2007

SEOUL, South Korea -- South Korea's antitrust regulator said Thursday it has launched a full-scale investigation into alleged unfair market practices by U.S. wireless technology company Qualcomm Inc.

The Fair Trade Commission early last month formed a task force to push forward a probe into allegations that the company used its dominant position in wireless technology to seek excessive royalties, said Shin Yeong-ho, an FTC official.

San Diego, Calif.-based Qualcomm developed and controls most of the key patents for CDMA, or code division multiple access, a rival standard to the dominant cellular standard GSM, or global system for mobile communications.

CDMA is used in the United States and South Korea. Every cell phone in South Korea has a CDMA chip and handset manufacturers have to pay royalty fees to Qualcomm.

The San Diego-based chipmaker earns money by collecting royalties or licensing the CDMA technology to other chipmakers and phone manufacturers.

Between April and June last year, the FTC received complaints about Qualcomm from Broadcom Corp. and Texas Instruments Inc., both of the U.S., and two South Korean companies, claiming Qualcomm abused its market dominance.

Shin said that if Qualcomm is found to have abused its position to block fair competition it can be ordered to take corrective measures, face fines or both.

A Qualcomm spokeswoman, Emily Kilpatrick, said the company would not comment because it had not been notified by Korean authorities.

In April, when Korean authorities began investigating Qualcomm, the company said its business practices were "lawful and pro-competitive."

Qualcomm is embroiled in legal and trade disputes with a number of rivals that contend it extracts excessive royalty payments, a charge the company vigorously denies. Korea has long been one of Qualcomm's strongest markets, accounting for 32 percent of $7.53 billion in revenue for its fiscal year that ended Sept. 24.

Issues Of Power, Prestige Doom Law Firm Merger (WSJ)

By Nathan Koppel

The Wall Street Journal, January 5, 2007

DOJ_NMG_0112550

New York law firm Dewey Ballantine LLP is best known for its deals practice. But this time, it wasn't able to pull off a deal of its own.

Merger plans between Dewey and another major firm, Orrick, Herrington & Sutcliffe LLP, founded in San Francisco, fell apart yesterday amid concerns over money, power and prestige. At least 11 Dewey partners had left in recent months, some taking business with them.

The merger had been heralded as one of the biggest in years and notable given Dewey's stature and lucrative Wall Street practice.

"No one issue led to our decision, but in the end we will not be doing the merger," said Ralph Baxter Jr., Orrick chairman, who had aggressively pursued the deal.

In recent years, many law firms have merged to add practice depth quickly and to enter new national and international markets. Firms are particularly keen on adding lawyers in New York, the world's most lucrative legal market, thanks to a steady supply of corporate-deal work. If the tie-up had gone forward, other New York firms might have felt pressure to join the merger frenzy that has long gripped firms based in others parts of the country.

The failure of this merger may make it harder for firms outside New York to find partners there. "New York firms tend to think that mergers will only dilute their brands," says Peter Zeughauser, a law firm consultant who wasn't involved in this deal. "The Dewey/Orrick situation will provide them with more evidence that they have a right to be skeptical."

The failed talks come at a cost for both sides, but particularly for Dewey. With about 530 lawyers and nearly 100 years of history, Dewey boasts ties to banks with major presences on Wall Street, including Credit Suisse Group and UBS AG. Recent clients include Walt Disney Co. in its $7.4 billion acquisition of Pixar Animation Studios, as well as HCA Inc., which was acquired by private-equity firms for $21 billion in one of the largest-ever leveraged buyouts.

But Dewey's star had fallen of late, making it receptive to a merger overture from Orrick. While about twice Dewey's size, at about 1,000 lawyers, and with greater global reach, Orrick is seen by some at Dewey as having a less prestigious practice, a key factor in the legal business.

That a merger Dewey felt compelled to make has failed raises questions about how robust it can remain as an independent entity, said Chuck Fanning, head of partner placement at Major, Lindsey & Africa LLC, a national recruiting firm. "Partners may wonder, why should I join now?" he says. Retention may also prove to be an issue.

Morton Pierce, Dewey's chairman and a deal maker himself as head of the firm's mergers-and-acquisitions group, said, "uncertainty is never good for people. They like to know where they stand. We now no longer have uncertainty. We know we are going forward as a stand-alone institution." He added that Dewey just completed its best year ever, increasing its average profit per partner to $1.4 million from $1.2 million, and that it remains strong despite the defection of partners since the merger was in discussion.

The first big setback came when news of the merger talks leaked in September. As the firms' leadership wrangled over questions of management authority and partners' contributions of capital, lawyers bolted from Dewey, taking business that made the deal attractive to Orrick in the first place -- ultimately sapping Orrick's enthusiasm for a tie-up. At least 11 partners left Dewey, including two of its top mergers-and-acquisitions lawyers and leaders of its bankruptcy and energy practices.

In October the executive committees of Dewey and Orrick announced that they had approved the main terms of the merger that would have created one of the largest firms in the country. They announced a new name -- Dewey Orrick LLP -- and a logo that incorporated a green letter "O" that had been used by Orrick. Messrs. Baxter and Pierce traveled to Europe to visit the firms' respective offices and hold Q&A sessions for lawyers.

But the deal proved to face obstacles, both in management conflicts and cultural differences. Questions over power and money became stumbling blocks. Dewey and Orrick had agreed at the outset that Mr. Baxter would serve as the presiding partner of the combined firm. Later, the two sides differed over whether Mr. Baxter would have sole authority over such key matters as the hiring and firing of office and practice-group leaders.

At one point, Mr. Baxter proposed an 11-person management committee, comprised of six Orrick lawyers and five Dewey lawyers, a term that the Dewey side objected to initially, according to two people familiar with the deal. Mr. Baxter believed that

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Orrick was financially stronger than Dewey and thus should be entitled to greater management authority, according to a person familiar with the talks.

The firms also had difficulty squaring their respective balance sheets and figuring out how the partners at each firm would contribute an equal amount of capital. One key sticking point was Dewey's generous unfunded retirement plan, which amounts to about a $90 million obligation, according to two people familiar with the plan.

As Dewey partners headed for the exits in recent weeks, Orrick requested that the remaining Dewey lawyers shoulder more of the burden for the plan -- a source of irritation to Dewey lawyers, according to two people familiar with the deal.

While declining to discuss the specific reasons the merger failed, Mr. Pierce said part of the difficulty was that Dewey never had engaged in merger talks before. Some of his partners, he said, wrestled with the basic question: "Is merger the right way to go?" The veteran deals lawyer said it is easier to merge manufacturing companies, where it is only senior executives negotiating with other senior executives. "At service providers, like law firms, every partner is an owner, so it is much more complicated to get buy-in on a transaction."

As for Orrick, the failed talks represent a blow to Mr. Baxter, who courted Dewey on and off for six years with an eye toward landing the firm's deals practice and a stronger foothold in New York. Failed talks are not new for Orrick. Conversations between Orrick and the New York firm formerly known as Donovan Leisure Newton & Irvine broke down in the late 1990s, though dozens of Donovan Leisure lawyers ultimately joined Orrick.

More recently, talks broke off between Orrick and Cooley Godward LLP of Palo Alto, Calif., which later merged with a New York firm, and with a Washington, D.C., firm formerly known as Swidler Berlin Shereff Friedman LLP that has since merged with another firm.

Orrick has lost few if any partners in response to the merger news. But given Orrick's merger-talk track record, firms now may be leery of dancing with the firm, said Mr. Zeughauser. For Mr. Baxter, he said, "It would have been a huge feather in his cap."

2 Law Firms Call Off Plans For A Merger (NYT)

By Michael J. De La Merced

The New York Times, January 5, 2007

One of the biggest proposed law firm mergers of the last year has been called off, the victim of too many insurmountable issues.

The two firms, Dewey Ballantine and Orrick, Herrington & Sutcliffe, announced the news yesterday. The two had been in talks since last fall to join their specialties in mergers and acquisitions and debt financing. The new firm would have been one of the nation's largest legal advisers, with 1,500 lawyers based in New York and San Francisco.

Unlike most merger talks, which are conducted in secrecy, the firms announced in October that their top committees had given preliminary approval to the proposal. At every step in the process after that, the firms expressed confidence that the deal would go through.

The two had already decided upon the name Dewey Orrick for the combined firm. Dewey's chairman, Morton A. Pierce, and Orrick's chairman, Ralph H. Baxter Jr., would have served as co-chairmen, with Mr. Baxter taking on the additional title of presiding partner.

Partners were to have voted on the deal last month. But as several obstacles proved intractable, those elections were postponed to this month.

"While both firms tried their best to work through these challenges, we were unable to bring the merger to completion," the two firms said in a statement. "No one issue led us to this point."

Among the most visible distress signals was the departure of 10 partners from Dewey since merger talks began. Most ominous were the exits of three lawyers from Dewey's mergers and acquisitions team, including Michael J. Aiello and Jack S. Bodner, who had been considered protégés of Mr. Pierce.

People familiar with the negotiations said the talks had continued as recently as last weekend.

The chairmen of both firms said in interviews that the decision to part ways was mutual.

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"We reached a point where we decided it was in the best interest of both organizations to go our separate ways," Mr. Pierce said.

Both chairmen said that they would look for future growth opportunities, but that neither was looking for another merger partner right now.

"When you look at how law firms grow, while mergers have great advantages, it's the statistically least likely way to do it," Mr. Baxter said.

Unlike mergers in other sectors, law firm consolidation involves the joining of companies whose main assets are their people. Orrick is acquainted with such situations, having undertaken merger talks with several firms in recent years, including Coudert Brothers in 2005 and Donovan, Leisure, Newton & Irvine in the late 1990s. None of those talks came to fruition, though Orrick subsequently hired lawyers from those firms.

The dilution of brand names, unclear lines of authority and unfunded pensions are among some of the issues that may have played a role in the talks' demise, said Peter Zeughauser, a law firm consultant who did not work on the deal.

Unfunded pensions have long been a concern in the merger of law firms because partners inevitably bristle at taking a pay cut to help new colleagues' retirement plans. Several consultants and lawyers at other firms previously questioned whether Dewey's unfunded pension system would pose problems for the deal.

"It's not at all uncommon for an unfunded retirement plan to be a deal breaker," Mr. Zeughauser said.

A person familiar with the negotiations also pointed to questions over management authority. Though the deal had been labeled a merger of equals, it was clear that Orrick would retain control over crucial matters, the person said.

Both Dewey and Orrick have long histories. Dewey is a storied New York adviser whose name comes from Gov. Thomas E. Dewey. Orrick is one of San Francisco's oldest law firms, founded in 1863.

Both have prominent corporate deal-making and litigation practices. Dewey, a 550-lawyer firm, is known as a specialist in mergers and acquisitions, having advised on major deals like the hospital operator HCA's $33 billion leveraged buyout. And Orrick, with more than 950 lawyers, is considered a leader in debt financing and capital market transactions and restructurings.

Last year proved profitable for the two firms, with both claiming profits of about $1.4 million per equity partner. Dewey earned $408 million in gross revenue and Orrick pulled in $666 million for the 2006 fiscal year, both showing improvement over 2005.

LSE Holder Raises Its Stake (WSJ)

By Alistair Macdonald

The Wall Street Journal, January 5, 2007

LONDON -- The second-largest shareholder in London Stock Exchange PLC added to its stake in the company, indicating that some investors still expect Nasdaq Stock Market Inc. to raise its offer for the London market operator, even as LSE's shares have fallen closer to Nasdaq's current offering price.

Heyman Investment Associates, an investment vehicle of U.S. businessman Samuel Heyman, said it had increased its stake in LSE, Europe's largest exchange by the value of stocks traded, to 9.65% from 9.60%.

LSE's share price has drifted down 1.8% during the past three days to close at £12.87 ($25.10) yesterday; it is now just 3.5% higher than Nasdaq's offer of £12.43 a share. Analysts believe that if LSE's share price falls below £12.43, enough hedge funds will sell their shares to Nasdaq to give it the 50% it says it needs to take over the London exchange.

The decline in LSE's share price comes amid light holiday trading volumes, which can exaggerate price movements, and amid broader selling recently in exchange companies around the world.

Nasdaq has been pursuing LSE for months and has amassed nearly 29% of the company. Some investors now fear that if Nasdaq doesn't win control of LSE, it will sell its stake, pushing LSE shares much lower. That possibility has spooked some investors into selling LSE shares in recent trading sessions. A spokesman for LSE declined to comment.

Nasdaq has acknowledged to LSE investors that selling its stake is one of several options it could pursue, some of these shareholders say. Other options would include waiting a year and bidding again for LSE when British takeover rules would allow

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it to do so, or setting up a rival exchange to the LSE in London. Some of LSE's largest shareholders also are convinced that Nasdaq has the financial firepower to come back with a higher price on its current offer, which LSE has so far rebuffed.

LSE also is expected to issue a second defense document to back up its view that Nasdaq's offer considerably undervalues its business. This document may include details of partnerships that LSE has talked about with other exchanges. Joint ventures with exchanges in emerging markets may be particularly attractive given LSE's success in attracting listings from developing markets. LSE, for instance, has in the past talked to the Bombay Stock Exchange about partnerships.

ENVIRONMENT:

Parks Agency Leaves Controversial Book On Shelf (NYT)

By Cornelia Dean

The New York Times, January 5, 2007

When complaints emerged in 2004 over the sale of a creationist account of the formation of the Grand Canyon in National Park Service bookstores, Interior Department officials said they would review whether the book should be pulled from the shelves.

But there was no formal review, in part because of differences of opinion among the Park Service's own specialists, said David Barna, a spokesman for the agency, in an interview yesterday.

When officials got together to discuss the book, the geologists and natural resource specialists would say, "Get this book out of here," Mr. Barna said. "But the education and interpretation people would say: 'Wait a minute. If your science is so sound, the fact that there are differences of opinion should not scare you away.' "

In the end, no formal action was taken, and the book remains on sale because, Mr. Barna said in a written statement, "It is not our role to tell people what to believe."

The Park Service issued the statement after an organization of state and federal natural resource managers, Public Employees for Environmental Responsibility, or PEER, said it had filed a Freedom of Information Act request concerning the agency's handling of the book, "Grand Canyon: A Different View."

The group received a letter saying a review of records "did not locate any documents responsive to your request," which Mr. Barna confirmed, saying "there's no real record."

Jeff Ruch, executive director of PEER, said the Park Service was advancing a particular religious view by keeping the book on sale, and was also deceiving people about it, by repeatedly saying that it would be reviewed.

"If the question is religious values, they ought at least to be honest about it," Mr. Ruch said.

The book was assembled by Tom Vail, who operates Canyon Ministries, which offers canyon river tours with a creationist bent.

The book maintains that the heavens and the earth were created in six days about 6,000 years ago and that the canyon was formed in a divine flood sent to wipe out "the wickedness of man."

Scientists say that earth is billions of years old and that the canyon has been carved over millions of years by the action of the Colorado River.

In his statement, Mr. Barna notes that Park Service management policies require reliance on "the best scientific evidence available" and, as a result, rangers tell visitors that "the Colorado River basin has developed in the past 40 million years."

But the guidelines also say that material available from concessionaires in national parks should adhere to the standards used to evaluate Park Service materials.

When the book appeared on Park Service store shelves, there were objections from a host of scientists, including the agency's own geologists, who said it "repudiates science."

In the interview, Mr. Barna said a new interpretive center would open at the canyon this summer, offering a more detailed explanation of the canyon's development, told in scientific, not religious, terms. He said this investment in science shows where the agency stands.

But in an interview yesterday, Mr. Ruch said selling the book was one of a number of efforts to promote the views of fundamentalist Christians in the park, "not Buddhists or Muslims or anyone else."

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“This is government establishment of religion in a fairly fundamental way, if you pardon the pun,” Mr. Ruch said.

A Revitalized Chesapeake May Be Decades Away (WP)

By David A. Fahrenthold

The Washington Post, January 5, 2007

The multibillion-dollar cleanup of the Chesapeake Bay, which government officials had pledged would succeed by 2010, will likely miss that deadline by a wide margin -- and, at the current pace, might drag on for decades more, an Environmental Protection Agency official acknowledged yesterday.

Rich Batiuk, an associate director of the EPA's Chesapeake Bay Program, made that projection at a meeting of the Chesapeake Bay Commission, an advisory group that includes state officials from Maryland, Virginia and Pennsylvania.

His talk was a blunt, and public, admission of something that the EPA had conceded in an agency report last year. A pledge to "save the bay," made six years ago in the so-called Chesapeake 2000 Agreement, is falling drastically short. "If we go at the current rate that we're doing, we're talking about restoring the Chesapeake decades from now, a generation or two," Batiuk said.

The news means a continued struggle for one of this area's most cherished bodies of water, one that Washingtonians turn to for seafood, sailing, recreational fishing and weekend scenery. It is also bad news for such Chesapeake tributaries as the Potomac River, where the pollution and runoff bring mud, algae blooms and dangerous chemicals on the way to the bay.

Batiuk's assessment was not news to many environmentalists, who have said for years that roads and suburbs in the watershed were growing too fast and that cleanup efforts at farms and sewage plants were moving too slowly for the deadline to be met.

Some of them said yesterday that they were heartened that the EPA was admitting the shortfall but wished the acknowledgment had come sooner.

"Duh," said Roy Hoagland, a vice president of the Chesapeake Bay Foundation, after hearing Batiuk's talk in Annapolis. "We've been arguing for at least four years that in order to reach those goals, they need to accelerate implementation [of cleanup efforts]. . . . That is not new information."

Bay cleanup has a history of broken deadlines. In 1987, local and federal officials pledged to clean up the estuary by 2000. The current agreement, written after the first one failed, was signed by the governors of Maryland, Virginia and Pennsylvania, the mayor of Washington and the administrator of the EPA.

The officials pledged to make enormous improvements in everything from low-oxygen "dead zones" to underwater grasses to oyster populations.

In the 6 1/2 years since, Batiuk said, there have been notable successes: The northern bay has seen a huge regrowth of the grasses, which provide oxygen and shelter for aquatic life. Changes at sewage plants around the watershed have reduced their output of nitrogen and phosphorus, two pollutants linked to dead zones downstream.

But the overall picture, Batiuk said, shows a cleanup effort that is far off the pace set out in 2000. Crab populations are still below historic levels. The amount of oxygen, which fish and crabs need to live, is just 29 percent of the goal set for 2010, he said. The bay's native oysters are at just 7 percent.

Even underwater grasses, which are doing slightly better than other indicators, stand at just 42 percent of the level they're supposed to reach by 2010.

"If you draw that line out there," Batiuk said, pointing to the slow upward trend in their population, "you're at about 2040 for the grasses to come back."

One major reason for the shortfall, Batiuk said, was rapid population growth in the bay's watershed, which stretches 64,000 square miles from southern Virginia to Cooperstown, N.Y. An additional 800,000 people moved in between 2000 and 2005, bringing more neighborhoods, more cars, more lawns -- all sources of bay pollutants -- and canceling out improvements, he said.

But environmentalists have also blamed local governments, and the bay program itself, for not being more aggressive.

They have said the past six years have been consumed by research efforts and voluntary pollution-reduction programs, when new laws or stringent enforcement might have accomplished more.

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One advocate of a more confrontational approach was sworn in as Maryland's attorney general Tuesday: Douglas F. Gansler (D), who has pledged an "all-out assault" on bay polluters. The Chesapeake Bay Foundation has also pushed the Maryland legislature to do more in the new session, calling for a "green fund" of up to $50 million a year for pollution-reduction projects.

Batiuk's talk yesterday reflects a serious shift in rhetoric for the EPA's bay program. For years, program officials had maintained that the 2010 goal was still within reach.

But last year, bay program Associate Director Mike Burke said, officials were asked to submit goals for an EPA-wide strategic plan. Employees would be evaluated on their progress toward the goals, Burke said.

If the 2010 deadline is not met, officials said, state governments could be made to compile a "pollution budget" for the bay, listing what is coming downstream now, where it comes from and by how much it needs to be reduced.

In the meantime, a new Chesapeake agreement, with another deadline, could also be worked out.

But the past two decades have soured some people on agreements. Bernie Fowler, a former Maryland state senator who has been an outspoken voice for the Patuxent River and the bay, said he was tired of people making promises that the bay would be fixed soon.

"A lot of those very people have left the planet and haven't seen it done," said Fowler, who is 82. "I don't want that to happen to me."

FBI/DEA/ATF/USMS:

Rehnquist Drug Dependency Detailed (AP)

By PETE YOST,

AP, January 5, 2007

A physician at the U.S. Capitol prescribed a powerful sleep aid for William Rehnquist for nearly a decade while he was an associate justice of the Supreme Court, according to newly released FBI records.

The records present a picture of a justice with chronic back pain who for many months took three times the recommended dosage of the drug Placidyl and then went into withdrawal in 1981 when he abruptly stopped taking it.

Rehnquist checked himself into George Washington University Hospital, where he tried to escape in his pajamas and imagined that the CIA was plotting against him, the records indicate.

Although Rehnquist's drug dependency was publicly known around the time he was hospitalized in 1981, the release of the FBI records provides new details.

The justice was weaned off Placidyl in early 1982 in a detoxification process that took a month, according to the records. The hospital doctor who treated Rehnquist said the Capitol Hill physician who prescribed Placidyl for Rehnquist was practicing bad medicine, bordering on malpractice. Both doctors' names were deleted from the documents before they were released.

The FBI documents were prepared in 1986 when Rehnquist - who began serving on the court on Jan. 7, 1972 - was nominated for chief justice, years after his problems with the drug had ended. They were released by the agency in response to requests under the Freedom of Information Act. The agency said one of the seven folders of Rehnquist documents could not be found.

A psychiatrist told the FBI that Rehnquist's family in 1981 noted "long-standing slurred speech which seems to coincide with administration of Placidyl," one FBI interview report stated. The psychiatrist also indicated that Rehnquist's chronic back pain led to his heavy use of such substances as Darvon and Tylenol 3, which the psychiatrist said also played a part in Rehnquist's condition.

An attending physician at the U.S. Capitol detailed Rehnquist's problems with Placidyl for the FBI, saying that prior to his seeing the justice in 1972, Rehnquist was prescribed the drug by another doctor for relief from insomnia. The attending physician told the FBI he continued to prescribe Placidyl for the entire 10-year period that he treated Rehnquist.

The physician said that Rehnquist had been prescribed 500 milligrams of Placidyl per evening, but that Rehnquist was actually taking 1,500 milligrams each night. The doctor said this increased consumption may have coincided with Mrs. Rehnquist's illness and treatment for cancer.

Rehnquist had told the physician that he was taking one pill before going to bed and he would take other pills if he awakened during the night.

The physician indicated that he decided to discontinue the drug's use and to try another medication. Rehnquist said the new medication was not strong enough, an FBI interview report stated. The physician said he then prescribed a substitute and then another, at which point Rehnquist went into the hospital.

The hospital doctor who successfully weaned Rehnquist from the drug told the FBI that the toxicity of Placidyl causes blurred vision, slurred speech and difficulty in making physical movements. Once a patient stops taking the drug, the withdrawal symptoms of delirium begin, which is what happened to Rehnquist at the hospital.

The doctor who helped Rehnquist get off the drug said the justice's wife was highly upset and felt that the prescribing physician and the pharmacist who filled the prescription were probably intimidated by such high-ranking officials as Supreme Court justices and senators and probably would have agreed to almost any request.

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Sedative Withdrawal Made Rehnquist Delusional In '81 (WP)

By Alan Cooperman

The Washington Post, January 5, 2007

The late Chief Justice William H. Rehnquist took a powerful sedative during his first decade on the Supreme Court and grew so dependent on it that he became delusional and tried to escape from a hospital in his pajamas when he stopped taking the drug in 1981, according to newly released FBI files.

The files also show that during both of Rehnquist's confirmation battles -- when he was first named to the court by President Richard Nixon in 1971 and when President Ronald Reagan nominated him as chief justice in 1986 -- the Justice Department enlisted the FBI to find out what witnesses lined up by Senate Democrats were prepared to say.

The FBI this week released 1,561 pages from its files on Rehnquist in response to Freedom of Information Act requests filed after his death in September 2005. Privacy laws forbid disclosure of such files during the person's lifetime.

The fact that Rehnquist checked into George Washington University Hospital for a week in late December 1981 to be treated for back pain and dependence on a prescription drug was previously known. Journalists had noted that fall that Rehnquist's speech was sometimes slurred on the bench, and The Washington Post reported on the hospitalization.

But the files reveal dramatic new details about the length and intensity of the addiction. During its routine 1986 investigation of Rehnquist's background, the FBI concluded that Rehnquist began taking the drug Placidyl for insomnia after back surgery in 1971, the year before he joined the court. By 1981, he apparently was taking 1,500 milligrams each night, three times the usual starting dose.

Placidyl, known generically as ethchlorvynol, is a sleep-inducing drug that is not usually prescribed for more than a week at a time. It is not an opiate and is not a painkiller, but it is addictive, and withdrawal can cause hallucinations and temporary memory loss.

Doctors interviewed by the FBI told agents that when the associate justice stopped taking the drug, he suffered paranoid delusions. One doctor said Rehnquist thought he heard voices outside his hospital room plotting against him and had "bizarre ideas and outrageous thoughts," including imagining "a CIA plot against him" and "seeming to see the design patterns on the hospital curtains change configuration."

At one point, a doctor told the investigators, Rehnquist went "to the lobby in his pajamas in order to try to escape." Ultimately, the doctors concluded that the withdrawal symptoms were so severe that they began giving Rehnquist the drug again and slowly lowered the dosage until he quit taking it entirely Feb. 7, 1982.

By 1986, the files show, all the doctors interviewed by the FBI said the former drug dependence should not affect Rehnquist's future work on the court, and it did not become an issue in his confirmation as chief justice.

Alexander Charns, a lawyer in Durham, N.C., who was among the scholars and journalists who received the documents this week, said that in his view, they contain evidence of "the ongoing use of the FBI for political purposes, not only in the sixties and seventies but well into the 1980s."

Because the FBI withheld some documents on national security grounds and because many of the pages it released are heavily edited, "no one can be entirely certain what happened and why" when the FBI conducted its background investigations, Charns said.

But in the files that have come to light, he said, there is a clear partisan tilt. "You don't have Democrats calling up the FBI saying, 'We need to know what the Republican witnesses are going to say about Rehnquist' the way you have Republicans calling up saying, 'We need to know what the Democratic witnesses are going to say,' " Charns said.

FBI spokesman Paul Bresson declined to comment on any documents released by the bureau. "We don't expand beyond what has been released, because that's all the information that's been released pursuant to the law," he said.

However, Bresson denied that the FBI's background investigations for judicial nominees are partisan in any way.

"We are not political; we are apolitical. We're just trying to find the facts," he said. "It's a very rigorous process that involves investigating both people who are going to say very favorable things and people who may not. We don't make suitability judgments. . . . We report the facts to the agency that has requested the background check, in this case the White House."

The files indicate that in 1971, the Nixon administration was deeply concerned about hostile witnesses to Rehnquist's confirmation after the Senate's rejection of two previous Supreme Court nominees, Clement Haynsworth and G. Harrold Carswell.

In an October 1971 memo, an aide to FBI Director J. Edgar Hoover said Deputy Attorney General Richard Kleindienst had telephoned to request a "criminal background check" on two Phoenix residents who were expected to testify against Rehnquist's nomination.

The Post reported at the time that the FBI was stirring controversy by questioning potential witnesses against Rehnquist, including Harvard Law School professor Laurence Tribe. When a Harvard official complained that the interviews were "seriously intimidating," Kleindienst wrote back that the questioning was impartial and that "any assumption that interviews were conducted with a view toward 'intimidation' is completely unjustified."

In 1986, the FBI files show, Strom Thurmond (R-S.C.), chairman of the Senate Judiciary Committee, asked the FBI to interview witnesses who might testify about allegations that Rehnquist had "challenged" blacks waiting in line to vote in Phoenix in 1962. Rehnquist was a legal adviser to the local Republican Party at the time.

Thurmond's request was relayed to the FBI by John R. Bolton, who was then an assistant attorney general and who recently stepped down as ambassador to the United Nations after the Senate did not act on his nomination. Although an FBI official warned that the bureau might be accused of "intimidating the Democrats' witnesses," Bolton approved the request and wrote that he would "accept responsibility should concerns be raised about the role of the FBI."

Bolton said in a telephone interview yesterday that there was no political bias in the investigation, because the request actually came from Senate Democrats.

"The Democrats wanted the FBI to interview these people who had raised questions about what Rehnquist had done," he said. "It was an unusual request. It stretches the whole concept of a background check. But Thurmond and the other Republicans on the committee at the time felt we should go ahead because there wouldn't be anything to it and Rehnquist would go ahead and be confirmed."

And that, Bolton added, is what happened. "The FBI didn't find any evidence that Rehnquist had intimidated voters," he said.

Torture Case Defendant Loses 1st Legal Fight (SPT)

St. Petersburg Times, January 5, 2007

A judge rejects Scott Schweickert's request to throw out statements he made about helping to drug two men who were then raped and killed.

TAMPA - Testifying for the first time since his arrest in a case involving allegations of torture, rape and murder, Scott Schweickert accused authorities Thursday of violating his rights by denying him a lawyer when he was first questioned.

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But a federal prosecutor said Schweickert's story was false, and he had documents and tapes to prove it.

Schweickert, 41, is accused of helping Steven Lorenzo drug two Tampa men who were later raped and killed. His federal trial is scheduled to begin Monday.

U.S. District Judge Steven Merryday conducted a hearing Thursday on whether statements Schweickert made to law enforcement should be thrown out because his constitutional rights were denied.

Schweickert is charged with conspiracy and assisting in a drug-facilitated crime of violence against Michael Wachholtz and Jason Galehouse, both 26. The two men disappeared the same weekend in December 2003.

Wachholtz's decomposed body was found two weeks later. Galehouse has never been found, but blood identified as his was found on Lorenzo's garage floor.

Schweickert said he requested a lawyer after he was served with a subpoena on May 3, 2005, to testify before a grand jury in the Lorenzo case.

But when he arrived in Tampa from his home in Peru, Ill., he said he was informed he wasn't entitled to legal representation.

"They told me I was ineligible for an attorney," said Schweickert, who was dressed in an orange prison jumpsuit. "There's no sense in asking for something you can't have."

Schweickert was questioned for nearly seven hours that day by Tampa police and a Drug Enforcement Administration agent.

Schweickert's lawyer, Pedro Amador, said those statements should be thrown out because they were illegally obtained.

"It all should have stopped after he requested a lawyer," Amador said.

Schweickert also said he was falsely led to believe he would be granted immunity when authorities told him they would try to assist him if he was truthful.

But Assistant U.S. Attorney Anthony Porcelli said Schweickert was never given any promises. He also noted Schweickert lied to the grand jury, which would be unnecessary if he felt he had immunity.

Porcelli called DEA agent Scott Albrecht, who testified that Schweickert had been informed of his right to an attorney several times but never requested one. In fact, Schweickert refused an offer to go before a judge to determine whether he qualified for a court-appointed attorney, he said.

Schweickert seemed eager to cooperate, and offered to drive officers around Tampa to show them where Lorenzo had stashed Galehouse's dismembered body. Schweickert also volunteered to draw a crude schematic showing where in Lorenzo's garage Galehouse had been killed, Albrecht said.

After listening to nearly five hours of testimony, Merryday rejected Schweickert's request to throw out the statements.

"The evidence shows that at no time did the defendant request a lawyer," Merryday said.

The hearing continues today with Merryday scheduled to decide whether to allow the prosecution to show pictures and videos found in Lorenzo's house during Schweickert's trial.

Five Men Indicted On Drug Charges (BSUN)

The Baltimore Sun, January 4, 2007

A grand jury in Baltimore indicted five defendants yesterday after federal drug agents seized 23 kilograms of cocaine last month and arrested the men involved in the delivery to Howard County on conspiracy charges.

The defendants -- Alejandero Arango-Lopez, 38, Jesus Luis Sanchez-Cuevas, 30, Julio Grano, 29, of Reidsville, N.C.; Juan Gonzalez, 29, of Guadalajara, Mexico; and Christopher Devan Towns, 41, of Raleigh, N.C. -- remained in jail. No court dates have been set.

According to court documents, a state trooper in North Carolina stopped the tractor-trailer Arango-Lopez was driving Dec. 18 for speeding. The trooper found cocaine in the vehicle, authorities said.

Court documents show that Drug Enforcement Administration agents learned that Sanchez-Cuevas and Arango-Lopez were delivering the cocaine from California to the truck stop at Exit 35 off Interstate 95 in Howard County. Sanchez-Cuevas and

Arango-Lopez were to deliver the cocaine to Grano and others and were to be paid $10,000 each for the delivery, documents said.

Federal agents intercepted the delivery and arrested the men. If convicted, the defendants could receive a maximum sentence of life imprisonment and a minimum sentence of 10 years in prison.

[Matthew Dolan]

Feds Will Help County Go After Gang Members (PALMBEACHP)

Palm Beach Post, January 5, 2007

Federal agents will step in to help prosecute local gang members under the nation's racketeering laws, Palm Beach County Sheriff Ric Bradshaw said Thursday.

Members of the Federal Bureau of Investigation, Bureau of Alcohol, Tobacco, Firearms and Explosives and probably the Drug Enforcement Administration will go after those responsible for a surge in murders, Bradshaw said. The nation's racketeering law, stronger than the state statute, allows investigators to charge gang leaders who orchestrate a killing even if they did not pull the trigger.

Palm Beach County's murder rate soared in 2006, with 101 people killed, including 36 in the unincorporated area. The year was the deadliest since 1994.

On New Year's Day, 37 shots were fired from a sport utility vehicle in Riviera Beach, killing 8-month-old Tavares Carter Jr., who was strapped in his car seat. Four adults also were hit as they ran for cover. Two more men were hit in a drive-by shooting on Lantana Road on Wednesday.

Bradshaw revived the county's violent crimes task force a year ago, and hopes that involving federal agents will give local law enforcement even more muscle to dismantle local gangs.

Congress passed the Racketeer Influenced and Corrupt Organizations Act, or RICO, in the 1970s to crack down on organized crime like the Mafia. But law enforcement agencies have found it a useful way to prosecute gang leaders who trade in illegal drugs and plan murders.

Federal law also helps investigators protect the identities of witnesses. Though Florida law makes all depositions, evidence and information shared between attorneys in a criminal case public record before trial, prosecutors in a federal case can shield their documents. That secrecy can prevent gang leaders from intimidating and silencing witnesses, Bradshaw said.

Federal investigators have used the racketeering law to charge 40 members and associates of the Aryan Brotherhood prison gang, and the leader of the Mexican Mafia, who collected a cut of drug sales by Latino street gangs in Orange County, Calif.

Defense attorneys have criticized use of those laws, however, saying that federal agents have used tenuous links and a wide dragnet to win convictions of low-level gang members who were not responsible for violent crimes.

Colombia Extradites 2 Police Officers (AP)

AP, January 5, 2007

BOGOTA, Colombia (AP) -- Colombia has extradited to the United States a police officer and a former policeman charged with helping smuggle more than 2 tons of cocaine into the U.S. on cargo flights, U.S. officials said Thursday.

Leonidas Molina Triana, a former major in the Colombia's national police, and Humberto Avila, a patrolman at Bogota's El Dorado airport, were arrested in April as part a joint probe by prosecutors in New York and law enforcement agencies in Colombia, the United States and Mexico.

Four other current and former officers, as well as a commercial airline employee, are expected to be extradited soon, Erin McKenzie-Mulvey, a DEA spokeswoman in New York, told The Associated Press.

Operation "Caso Dorado," or Golden Case, was based on an indictment from a U.S. District Court in New York alleging that Colombia's Norte del Valle cartel -- the country's biggest -- recruited workers at Avianca Airlines and police at Bogota's El Dorado airport to ship cocaine on commercial aircraft.

Authorities said corrupt police officials and Avianca employees falsified paperwork in October 2005 that allowed 901 pounds of cocaine to pass through the airline's cargo facility undetected.

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The drugs were seized by law enforcement authorities in Mexico, allegedly en route to the United States.

Shipments totaling nearly 2 tons were intercepted in Mexico in March and April 2006.

If convicted, the defendants face a minimum of 10 years in prison. The charges carry a maximum life sentence, but the United States has assured Colombia that it will not seek life sentences for defendants extradited from the South American country.

Colombia Extradites Policemen To U.S. (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 5, 2007

Two Colombian police officers have been extradited to the U.S. to face cocaine smuggling charges, U.S. Drug Enforcement Administration (DEA) officials said yesterday.

Leonidas Molina-Triana, a former major in the Colombian National Police (CNP), and Humberto Avila, a police officer, are named in a federal grand jury indictment on charges of conspiring to ship more than $50 million in cocaine through the El Dorado International Airport in Bogota to Mexico en route to the United States.

DEA Special Agent in Charge John P. Gilbride, who heads the agency's New York field office, said Colombia's infamous Norte Valle drug cartel recruited Colombian police officials responsible for airport security and employees of Avianca Airlines to facilitate the smuggling of cocaine to the United States.

"These extraditions are a warning to those individuals who smuggle drugs into the United States that the DEA and the U.S. attorney's office will continue to vigorously investigate your organizations to ensure you are brought to justice," Mr. Gilbride said.

"Leonidas Molina-Triana and Humberto Avila both worked for the Colombian National Police, and both betrayed the trust of the public and airline employees," he said.

The indictment, handed up in U.S. District Court in New York, said that in October 2005, Maj. Molina-Triana, Officer Avila and Avianca Airlines employees permitted more than 800 pounds of cocaine with a street value of $10 million to pass through security at the Avianca Airlines cargo facility at El Dorado airport without detection.

It said Officer Avila, who was assigned to the airport, moved the cocaine through security and guarded the drugs for three days in the Avianca cargo facility. The cocaine was then put on an Avianca flight to Mexico City, where it was seized by Mexican law-enforcement personnel.

The indictment also said that in March and April, the Norte Valle cartel used Maj. Molina-Triana and Officer Avila to smuggle more than 3,500 pounds of cocaine valued at $40 million from Bogota to the United States via Mexico. Those drugs were seized by U.S. authorities.

DEA spokesman Garrison K. Courtney said the extraditions are part of "Operation Caso Dorado," a joint investigation conducted by the U.S. Attorney's Office in New York, the DEA in Bogota and New York, U.S. Immigration and Customs Enforcement (ICE) agents, and Colombian and Mexican law-enforcement authorities.

Mr. Courtney said both men have been ordered held pending trial. If convicted, they face life sentences and a mandatory minimum of 10 years' imprisonment, although the U.S. government has assured Colombia that it will not seek life sentences for suspects extradited from Colombia.

The indictment also seeks the forfeiture of $50 million from the two men.

"Today, more than ever, the integrity of the law-enforcement and airline personnel responsible for the safety of airline passengers and cargo is of critical importance," said U.S. Attorney Michael J. Garcia. "When such officials facilitate the smuggling of contraband destined for the United States, they not only violate our criminal laws but also threaten our national security."

Colombia Extradites Two Police Officers To US On Drug Smuggling Charges (VOA)

Voice of America, January 4, 2007

ColombiaTwo Colombian police officers have been extradited to the United States on charges of helping to smuggle more than $50 million worth of cocaine into the U.S. on cargo flights.

DOJ_NMG_0112562

The U.S. Drug Enforcement Administration Thursday announced the extradition of Leonidas Molina Triana, a former major in Colombia's national police, and Humberto Avila, an active patrolman at Bogota's El Dorado airport.

The indictment alleges that Molina-Triana was one of a number of corrupt officials who helped Colombia's Norte del Valle drug cartel recruit workers at Avianca Airlines, and police at El Dorado airport, to ship cocaine on commercial aircraft.

Authorities say the two men conspired to facilitate cocaine shipments through the airport to Mexico en route to the United States. If convicted, they could face a maximum sentence of life in prison and a mandatory minimum of 10 years in prison.

The United States, however, has assured Colombia it will not seek life sentences for defendants extradited from the South American country.

The DEA says the investigation, known as "Operation Caso Dorado," involved law enforcement authorities from the United States, Colombia and Mexico.

Some information for this report was provided by AP.

IMMIGRATION:

Wisconsin Man, 81, Ordered Deported; Was SS Guard (AP)

Associated Press

AP, January 5, 2007

CHICAGO — An immigration judge ordered the deportation of an 81-year-old Wisconsin man accused of serving as a Nazi concentration camp guard, the Justice Department announced today.

Judge Jennie Giambastiani ordered Wednesday that Josias Kumpf be deported to Germany, Austria or Serbia. The department said Kumpf chose Germany, although it was unclear when he would be deported.

Kumpf's attorney, Peter Rogers of Pittsburgh, said his client would appeal the ruling within 30 days as required.

In July, the federal government asked the judge to deport Kumpf, who was stripped of his U.S. citizenship in 2005 after a federal judge in Milwaukee concluded he had "personally assisted" in the persecution of prisoners.

Kumpf served as an armed SS guard at Sachsenhausen Concentration Camp in Germany, an SS labor camp in Trawniki, Poland, and at construction sites in occupied France, the Justice Department said.

Kumpf was born in what is now Serbia, immigrated to the United States from Austria in 1956, and became a U.S. citizen in 1964. The federal judge in Milwaukee found Kumpf didn't disclose he had been an SS guard because he feared it would disqualify him when he applied for a visa to the United States.

In a 2003 interview, Kumpf said he was taken from his home in Yugoslavia as a 17-year-old and forced to serve as a guard, but he didn't participate in any atrocities.

"We do not believe that 'assistance and persecution' would include a gentleman who was involuntarily inscripted into the army, assigned to the SS and then stationed at places where admittedly terrible things happened. My client never took part in them," Rogers said.

TAX:

Suit Says Couple Cost U.S. Treasury Millions (JSO)

By Erinn Deshinsky, OF THE JOURNAL STAR

Peoria Journal Star (Central Illinois), January 5, 2007

The Reddys of Seneca own two tax services

SENECA - The Justice Department has brought a federal lawsuit against a Seneca couple accused of costing the U.S. Treasury more than $13 million in faulty income tax returns.

The suit, filed Dec. 29 in U.S. District Court in Chicago against Royanne and Neal Reddy, seeks to permanently bar them from preparing federal tax returns for others. Their companies are advertised as specializing in tax service for trucking and construction companies.

The Reddys own Royanne's Tax Service in Marseilles and Royanne and Company in Princeton. The couple has prepared more than 9,000 returns since 2002, according to a Justice Department news release.

The Reddys were not available for comment Thursday. The lawsuit alleges 70 of these returns, which were prepared by the Reddys or their employees, required adjustments and 64 returns contained improper deductions of as much as $30,000. The suit also says the savings from the under-reported returns averaged to about $2,775 per customer.

The Reddys are accused of fraudulently fabricating or inflating business expenses to reduce customers' incomes. They are also accused of fabricating income for some customers so they could receive earned income tax credits.

The suit also claims the couple provided false documents to IRS agents auditing their customers' returns.

The Justice Department said that if it wins the suit, the Reddys must give the government a list of their customers' names, addresses, e-mail addresses, phone numbers and Social Security numbers.

Erinn Deshinsky can be reached at 686-3041 or state@pjstar.com.

CONGRESS-ADMINISTRATION:

Democrats Take Control Of Congress (AP)

By David Espo

AP, January 5, 2007

In a day of ceremony and historic change, Rep. Nancy Pelosi became the nation's first female House speaker on Thursday as Democrats eagerly took control of Congress for the final two years of President Bush's term.

"The Democrats are back," rejoiced Pelosi, and she immediately set the rank-and-file to work passing tougher ethics rules.

As is customary, the opening moments of the 110th Congress produced pledges of bipartisanship at both ends of the Capitol. Yet Pelosi and Senate Majority Leader Harry Reid signaled a new political order when they swiftly challenged Bush over the war in Iraq.

"No issue in our country is more important than finding an end to this intractable war," said Reid, D-Nev. "Completing the mission in Iraq is the president's job, and we will do everything in our power to ensure he fulfills it." Bush is expected to announce a revised strategy next week for the war, which has claimed the lives of more than 3,000 members of the U.S. armed forces.

The two houses convened at the stroke of noon, under Democratic control together for the first time since 1994.

That meant a return to power for men long used to wielding it. Liberals such as Sen. Edward M. Kennedy of Massachusetts and Rep. John Dingell of Michigan are committee chairmen again, for example.

And it brought reduced circumstances to others — no one more so than Rep. Dennis Hastert, R-Ill., just a member of the ranks after eight tumultuous years as speaker.

By custom, lawmakers brought their children to opening ceremonies in the House, and Pelosi swept into the chamber accompanied by her grandchildren.

Formality reigned, as always, in the Senate, where Vice President Dick Cheney administered the oath of office to 33 new and newly re-elected senators.

Former President Clinton watched from the gallery as his wife, Sen. Hillary Rodham Clinton, was sworn in for a second term from New York.

In a chance encounter, he dodged questions about her presidential ambitions. "I would like not to talk about it today," he said.

It fell to Rep. John Boehner of Ohio, the new House Republican leader, to hand the gavel — symbol of the speaker's authority — to Pelosi. "Whether you're a Republican, Democrat or an independent, this is a cause for celebration," he said, noting her place in history.

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But he also gave notice to the party she leads, adding, "Republicans will hold the incoming majority accountable for its promises, and its actions."

Across the Capitol, Sen. Mitch McConnell of Kentucky took over as leader of minority Republicans, and said it was time to put an end to "a culture of partisanship over principle." He said cooperation was clearly possible on minimum wage and lobbying bills, and he added that he hoped the issues of Social Security and immigration would also yield to compromise.

Reid said he was eager for cooperation, and he arranged for a rare closed-door meeting of all senators before the Senate convened to help set a more cordial tone.

Leader of a slender majority, the Nevadan said, "Some may look at this composition as a recipe for gridlock, but I see it as a unique opportunity. ... We must turn the page on partisanship and usher in a new era of bipartisan progress."

He tempered his optimism when referring to Bush — a man he has previously called a loser. "The president has 22 months left in office. If he wants to accomplish anything, he will have to work with us in Congress to pass bipartisan legislation," he said.

In the two months since the election, both Reid and Pelosi have promised longer hours in Congress, an institution where the five-day work week is a rarity.

While Thursday was set aside for ceremony and celebration in the Senate, the House plunged immediately into work on the agenda that Democrats campaigned on last fall.

Despite Republican procedural protests, Democrats said they had the votes to assure passage of rules changes designed to end what they long called a "culture of corruption."

The changes expand restrictions on privately financed trips enjoyed by lawmakers, prohibit travel on corporate jets and require greater disclosure of earmarks, the pet projects inserted into legislation at the behest of individual lawmakers.

House members would still be allowed to take trips financed by foundations that seek to influence public opinion, but only if the ethics committee approves the travel in advance.

Current rules ban congressional travel paid for by lobbyists or foreign governments, and violations of the existing restrictions played heavily in the scandal involving Republican lobbyist Jack Abramoff.

House Democrats have an ambitious agenda for the next few weeks. They have pledged to pass bills to raise the minimum wage, expand the opportunity for federally funded stem cell research, make Medicare prescription drugs cheaper, reduce the cost of student loans, implement anti-terror measures and reduce tax breaks enjoyed by the oil industry — all before Bush goes to the Capitol on Jan. 23 for his State of the Union address.

The Senate operates on a far slower pace, but Reid has said he will attempt to complete work on the early measures. Legislation to crack down on lobbyists will be the first bill brought to the floor next week.

At least one measure — the stem cell legislation — faces a veto threat. Republicans have also hinted Bush would reject a measure that orders the administration to muscle drug companies into lowering their prices for prescriptions filled under Medicare.

Democrats Elect First Female Speaker, Pass Lobbying Reforms (MCT)

By Margaret Talev And William Douglas

McClatchy Newspapers, January 5, 2007

WASHINGTON - Democrat Nancy Pelosi of California took the oath of office Thursday as the nation's first female speaker of the House of Representatives, calling it "an historic moment for the Congress and for the women of this country" and "a moment for which we have waited more than 200 years."

As Democrats retook control of the House and Senate after a dozen years out of power, they moved immediately to pass lobbying and ethics reforms in the House and to establish their top 10 legislative goals in the Senate. Republicans in both chambers tried to walk a line between graciousness and pushing to hold Democrats to their pledges to include them as full partners in legislating.

Above all, the opening ceremonies of the 110th Congress were Pelosi's to relish.

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After addressing the Congressional Black Caucus in the morning, the wealthy, 66-year-old liberal from San Francisco arrived in the House chamber around noon with her family in tow. She sat beside House Majority Leader Steny Hoyer, D-Md., whom only weeks earlier she had failed to displace in favor of her friend, Rep. John Murtha, D-Pa.

Democrats and many Republicans gave her a standing ovation.

Above, the gallery was dotted with celebrities, including actor Richard Gere and singer Tony Bennett.

Former House members with reason to celebrate slipped back onto the floor. They included Pat Schroeder, the Colorado feminist, and John Burton of San Francisco. Burton's late brother Phil and late sister-in-law Sala each previously served in the congressional seat that Pelosi has held since 1987. They cultivated her to replace them.

As members called out their votes for speaker, Pelosi cradled the newest of her six grandchildren, a boy born days after the November election, and tried to manage the other little ones, who were busily swinging a microphone and oblivious to the import of the moment.

Pelosi defeated Republican John Boehner of Ohio on a party-line vote, 233-202. She thanked her husband, Paul, and their five children "for giving me their love, support and the confidence to go from the kitchen to the Congress."

In a well-received speech before handing over the gavel to Pelosi, Boehner, the House Republican leader, praised the election of the first female speaker, saying, "Whether you're a Republican, a Democrat or an independent, today is a cause for celebration."

He called for a respectful debate between the parties, telling Pelosi, "May the best idea win."

He also warned, "If there is one lesson that stands out from our party's time in the majority, it is this: A congressional majority is simply a means to an end. The value of a majority lies not in the chance to wield great power but in the chance to use limited power to do great things. The moment a majority forgets this lesson, it begins writing itself a ticket to minority status."

Pelosi, grinning, waved the gavel, but said, "I accept this gavel in the spirit of partnership, not partisanship."

"By electing me speaker," she told her colleagues, "you have brought us closer to the ideal of equality that is America's heritage and hope. For our daughters and granddaughters, today we have broken the marble ceiling."

Pelosi touched on the Iraq war only briefly, saying Americans had rejected the idea of an open-ended commitment of troops there.

"It is the responsibility of the president to articulate a new plan for Iraq that makes it clear to the Iraqis that they must defend their own streets and their own security, a plan that promotes stability in the region and that allows us to responsibly redeploy American forces," she said.

After the ceremonies, House members moved to begin voting on an ethics package that's meant to correct some of the excesses of the previous Congress, including scandals that led to the prosecutions of at least two congressmen and of lobbyist Jack Abramoff.

The House passed the first portion of that package overwhelmingly Thursday night, 430-1, with Rep. Dan Burton, R-Ind., the only opponent. It largely would ban meals, gifts and travel from lobbyists. It also would ban members from taking free rides on corporate jets. A second portion of the package, which would require lawmakers to identify which "earmark" spending projects they request and to curb deficit spending, is to be voted on Friday.

With her ascent, Pelosi, a Roman Catholic whose late father, Thomas D'Alesandro Jr., served in Congress and as mayor of Baltimore, also becomes the first Italian-American speaker and the first speaker from California.

As the roll call for speaker was counted, Republicans simply called out Boehner's name, but several Democrats expounded on why they were voting for Pelosi: "on behalf of my three daughters" or for "the first woman speaker and a daughter of Italy" or in memory of female leaders such as Harriet Tubman and Rosa Parks.

Some of the more poignant shouts came from members of the Black Caucus, who are looking ahead to a year when African-Americans will hold more positions of power in the House than ever, including Rep. James Clyburn, D-S.C., as majority whip and Rep. Charles Rangel, D-N.Y., as chairman of the tax-writing Ways and Means Committee.

Rep. Jesse Jackson Jr., D-Ill., said Pelosi's election was a major step in "the struggle for equality." Rep. John Lewis, D-Ga., a civil rights leader in the `60s, called it a "historic day when the eyes of the nation are upon us."

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Thursday's swearing-in ceremony was the peak of a weeklong celebration for Pelosi that included being an honored guest at the Italian Embassy, attending Mass at her alma mater, Trinity University, and praying with soldiers.

After she was sworn in, she headed to a $1,000-per-ticket concert and fundraiser for the Democratic Congressional Campaign Committee, featuring Bennett, famous for "I Left My Heart in San Francisco," and other singers.

On Friday afternoon, she's scheduled to be in Baltimore's Little Italy, where she was raised, to have a street named in her honor.

The Senate's opening was more low-key, but symbolically positive. Before being sworn in, members of both parties held an unofficial joint caucus in the old Senate chamber and came out of the historic room pledging to work in a bipartisan manner.

"I know that you're not accustomed, members of the press, to people getting along, working together, but Senator McConnell and I believe that this is a new day in Washington," said Senate Majority Leader Harry Reid, D-Nev., with Minority Leader Mitch McConnell, R-Ky., smiling by his side.

McConnell said the meeting was "a chance for many of our members to express some of their quiet frustrations that we get past the level of partisanship that we've witnessed in recent years and develop stronger personal relationships as well as work across the party aisle."

After the swearing-in ceremonies, Reid introduced the Democrats' first 10 bills for the 110th Congress. Overhauling Congress' ethics system topped the agenda, followed by raising the minimum wage from $5.15 to $7.25 an hour.

Democrats also plan to introduce bills to change the Medicare prescription-drug program, act on the 9-11 commission's recommendations, fund stem cell research, repair the nation's immigration system, strengthen the military, address rising college tuition, force Congress to tighten budget rules and develop an energy policy.

Nancy Pelosi Basks In Historic Day (AP)

By Erica Werner

AP, January 5, 2007

Surrounded by kids as well as cheering lawmakers, Nancy Pelosi marveled aloud at her long journey "from the kitchen to the Congress."

Six times a grandmother, now second in line to the presidency, Pelosi said her ascension to become the first female House speaker in history was the culmination of 200 years of struggle for women as well as a personal victory.

"We have made history, now let us make progress for the American people," she said.

It was her coming-out to the nation, and Pelosi, 66, sought to introduce herself not only as the San Francisco liberal decried by Republicans, but as Nancy D'Alesandro Pelosi, Italian-American Catholic, mother of five and native of gritty Baltimore, where her father was mayor.

She arrived on the House floor Thursday with all six grandchildren in tow, including baby Paul Michael Vos, born to her daughter Alexandra in early November.

"I was raised in a large family that was devoutly Catholic, deeply patriotic, proud of our Italian-American heritage, and staunchly Democratic," Pelosi said. "My parents taught us that public service was a noble calling."

After her election by a vote of 233-202, the chamber's Democratic-Republican breakdown, a beaming Pelosi stood holding her sleeping infant grandson — who did not stir — and shook hands as she accepted congratulations from her fellow House members.

Minutes later, cheers erupted in the chamber as House Republican leader John Boehner handed her the speaker's gavel. Pelosi always has said she wants to be judged by her abilities, not her gender, but she happily acknowledged the importance of her achievement.

"By electing me as speaker you have brought us closer to the ideal of equality that is America's heritage and America's hope," Pelosi said. "This is an historic moment — for the Congress, and for the women of America. It is a moment for which we have waited more than 200 years. Never losing faith, we waited through the many years of struggle to achieve our rights."

"For our daughters and granddaughters, today we have broken the marble ceiling," she said. "For our daughters and our granddaughters now, the sky is the limit."

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Boehner, in handing her the gavel, said: "For more than 200 years, the leaders of our government have been democratically elected. And from their ranks, our elected leaders have always selected a man for the responsibility and honor of serving as speaker of the House. Always, that is, until today."

Onlookers in the packed visitors' galleries included actor Richard Gere and singer Tony Bennett, crooner of "I Left My Heart in San Francisco," along with hometown partisans.

"We look forward to the rest of the country appreciating the real San Francisco values, of diversity and a city of dreamers," said San Francisco Mayor Gavin Newsom. "You can only exploit the gay community so much. ... They're going to see there's so much more to San Francisco."

Everywhere Pelosi went Thursday supporters marveled at her achievement, especially other women.

Outside the Library of Congress, leaders from the National Organization for Women greeted her with a giant congratulation card. The message: "Way to Go!"

Newly elected Democratic Rep. Jason Altmire of Pennsylvania brought his wife, Kelly, and daughters Natalie, 8, and Grace, 5, to witness Pelosi's swearing-in and pose for photos with her.

"I'll make sure they understand the significance of it," Kelly Altmire said of her daughters. "I don't know if they get it yet, but they will."

Pelosi began her history-making day at a prayer service with her husband, Paul, at St. Peter's Catholic Church near the Capitol. She was met by a small knot of anti-abortion protesters carrying signs reading, "You can't be Catholic and pro-abortion." She walked by without acknowledging them.

Attending the service with her were Boehner and other Republican leaders her party put into the minority in the November election. Also there was new House Majority Leader Steny Hoyer of Maryland, a one-time Pelosi rival elected by House Democrats to be her No. 2 over her protests.

She later attended a ceremonial swearing-in of the Congressional Black Caucus, where the incoming leader of the 43-member group, Rep. Carolyn Cheeks Kilpatrick, D-Mich., made clear the pressure the new speaker will face. "She must deliver because black people delivered that we might have this majority," Kilpatrick said.

Thursday evening, Pelosi was being feted at a $1,000-a-head concert hosted by the Democratic Congressional Campaign Committee at the National Building Museum with performances from Carole King, Bennett, Wyclef Jean and others.

Pelosi attended Mass on Wednesday at Trinity University, where she's an alumna, and dined that night at the Italian Embassy.

Friday begins with an open house event across from the Capitol. Then she heads to Baltimore, where part of the street where she grew up in Little Italy is being dedicated in her honor: Nancy D'Alesandro Pelosi Via.

Pelosi was raised there, the daughter of New Deal Maryland Rep. Thomas D'Alesandro, who later became the city's mayor. She didn't run for the House herself until 1987 after marrying Paul Pelosi, a wealthy businessman, moving to San Francisco and raising her children.

In Congress Pelosi displayed the tough politicking of her childhood environment. She wrung loyalties, counted votes and muscled aside Hoyer to become the Democrats' second-in-command, and then Democratic leader in 2002.

Civility, Synergy Top Order In Senate (WT)

By S.a. Miller

The Washington Times, January 5, 2007

Pledges to forge a new era of civility and bipartisan cooperation in the U.S. Senate abounded yesterday as Democrats took control of the chamber for the first time in 12 years.

"The majority my party holds is slim: 51-49," Majority Leader Harry Reid said in his opening address on the Senate floor. "Some may look at this composition as a recipe for gridlock, but I see it as a unique opportunity -- an opportunity for Democrats and Republicans to debate our differences and seek common ground.

"We must turn the page on partisanship and usher in a new era of bipartisan progress," the Nevada Democrat said.

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Senate Minority Leader Mitch McConnell struck an equally conciliatory tone when he addressed the chamber, promising a spirit of teamwork to "find bold solutions to big problems."

"The challenges ahead will not be met if we do nothing to overcome the partisanship that has come to characterize this body over the past several years," said Mr. McConnell, Kentucky Republican.

"A culture of partisanship over principle represents a grave threat to the Senate's best tradition as a place of constructive cooperation. It undermines the spirit and the purpose of this institution."

He went a step further.

"I stake my party to a pledge: when faced with an urgent issue, we will act; when faced with a problem, we will seek solutions, not mere political advantage," Mr. McConnell said.

Mr. Reid's speech included a list of the majority's first 10 bills, which included the potentially divisive measures of authorizing federal funding of stem-cell research and reworking the Medicare drug benefit.

He also vowed to make ending the Iraq war a top priority, despite a possible confrontation with the White House and Senate Republicans.

"No issue in our country is more important than finding an end to the intractable war," Mr. Reid said.

The Senate leadership teams even made a tangible gesture of cooperation, holding an unprecedented bipartisan caucus yesterday morning in the Old Senate Chamber.

Still, the two parties have been at loggerheads for years, most recently with the Democratic minority filibustering judicial nominations, the elimination of the death tax and confirmation of John R. Bolton as ambassador to the United Nations.

Leaders on both sides of the aisle acknowledge not only that the two-vote margin is forcing them to act more cordially at the outset of the 110th Congress, but also that they must pass legislation fast in these salad days before Washington is overtaken by campaign politics for 2008.

The Democrats' narrow majority also is made tenuous by the slow recovery of Sen. Tim Johnson, a South Dakota Democrat who remains at George Washington University Hospital after a Dec. 13 brain hemorrhage. He still needs a ventilator, and doctors say he may need months to recover.

Mr. Johnson's death or resignation from the Senate likely would result in South Dakota's Republican governor appointing someone from his party to complete the term. Republicans would then control the chamber with a 50-50 split and Vice President Dick Cheney, the president of the Senate, able to cast the tie-breaking vote.

"There is going to be a great effort to work together to pass the major things we agree on," said Sen. Kay Bailey Hutchison, Texas Republican and chairman of the Senate Republican Policy Committee. "If we disagree, disagree agreeably and try to produce results."

She predicted the civility would last long enough to pass ethics reforms, a deficit-reduction plan and tinker with Social Security, the longtime third rail of American politics.

"We ought to be able to find common ground on Social Security," she said. "We are headed for a train wreck."

Mr. Reid's first 10 bills did not include Social Security reform. The minority, however, will be allowed to submit the next 10 bills.

Reid Takes Center Stage, But He's Hardly The Star Of The Show (WP)

By Dana Milbank

The Washington Post, January 5, 2007

Harry Reid is often called the man from Searchlight, Nevada. Nobody has ever called him the man from Spotlight.

The soft-spoken Democrat became the most powerful figure in the United States Senate yesterday. But the newly minted majority leader was quickly eclipsed -- not just by the ascent of House Speaker Nancy Pelosi but even by Bill Clinton's trip to the men's room.

Minutes before Reid assumed power yesterday, the former president, in the building to see his wife sworn in for a second term, sauntered into the Senate press gallery in search of a urinal. Reporters swarmed, some abandoning their seats in the chamber where they had been waiting for Reid.

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"They told me the closest restroom was in the press gallery," Clinton explained.

Reid was bound to be overshadowed yesterday. Pelosi was the first woman to become speaker in American history. Reid was merely the 20th man to become Senate majority leader since the position was created 87 years ago.

Pretty much everybody regarded the Pelosi ascent as momentous. "Historic event," said the Associated Press. "An historic day," admitted Minority Leader John Boehner (Ohio). "An historic moment," claimed Pelosi herself. Only an article in Reid's home-state Las Vegas Review-Journal called his elevation "historic."

Part of the disparity, however, was less about history than style. Pelosi scheduled four days of parties for her installation -- a festival Republicans dubbed the Pelosi-Palooza -- including an extravaganza featuring Tony Bennett, and a street naming for Pelosi in her native Baltimore.

And Reid? "In Searchlight, we don't have street names," he said.

Reid, a mild-mannered Mormon, consented to not a single party in his honor this week. Instead, he assembled senators from both parties yesterday morning for a private moment of bonding in the Old Senate Chamber. Reid emerged with the minority leader, Kentucky's Mitch McConnell, walking so close together their hands almost touched. "Senator McConnell and I believe this is a new day in Washington," Reid announced.

"I think Harry's got it right," McConnell answered.

After a couple of perfunctory questions, the reporters grew silent. "One more question?" Reid asked. Nobody volunteered.

"When we're not fighting, they're not asking any questions," observed Sen. Chuck Schumer (D-N.Y.).

Over on the House side, lawmakers and spectators gave Pelosi a raucous standing ovation. She waved and blew kisses. On the Senate floor, packed with old-timers including John Glenn and Walter Mondale, Reid entered mostly unnoticed. He shook a few hands, drummed his finger on his desk and hitched up his pants by the belt. Senators, meanwhile, waved up to President Clinton, who was sitting in the second row of the public gallery with his daughter and mother-in-law, greeting a line of fans and talking on a cellphone until he noticed the opening prayer had started.

The attention quickly shifted -- to Robert Byrd. The 89-year-old West Virginia Democrat, beginning his ninth term, wore a red-white-and-blue tie and punctuated the opening prayer with shouts of "Yes!" and "Mmmhmmm!" and "Yes, Lord!" and "Yes, in Jesus's name!" When he was sworn in, he twice cried out "Hallelujah!" and then "Amen!" Minutes later, he was installed as Senate president pro tempore, the majority party's most senior member. "Yeah, man! Yeah, man!" he shouted. "Hallelujah!" "I do, so help me God!" he shouted when the oath was administered. "Yeah, man!"

His colleagues were amused. Sen. Ted Kennedy (D-Mass.) at one point pretended to tilt a bottle into his mouth, though it was unclear whether Byrd was the target of that gesture.

Then there was Reid. He bowed over his desk for the prayer. He silently escorted senators for their swearing-in. Then, in his first utterance as majority leader, he spoke the immortal words "Mr. President, I note the absence of a quorum."

When he started his speech, Reid spoke in a barely audible voice, and his colleagues' chatter drowned out his oration. "Please," the presiding officer said with a bang of the gavel, "the majority leader is speaking."

Those who listened to Reid heard a plea for senators to work harder. "Factory workers, shopkeepers in America's malls, schoolteachers, police officers, miners, welders, and businessmen and -women work at least five days a week," he said. "Shouldn't we?"

Evidently not. Just a few minutes into Reid's speech, only 20 senators remained on the floor. Reid's deputy, Dick Durbin (Ill.), typed on his Treo. When Reid started talking about the framers of the Constitution, Clinton left the room -- and most of the remaining spectators followed him.

Outside the chamber, Clinton greeted Sen. Joe Lieberman (Conn.) and a parade of well-wishers. Spying Byrd, the former president wrapped his arms around the voluble senator. "We love you!" he told Byrd, and then he turned to his mother-in-law. "Meet Hillary's mom."

On the Senate floor, Reid was still laying out, in detail, his 10-point legislative agenda. When he yielded the floor after 30 minutes, only three senators remained, and the half-dozen spectators lingering in the public gallery included Reid's wife.

It was no Pelosi-Palooza -- and that didn't seem to bother the Senate majority leader one bit. "Don't worry about Harry Reid," Sen. Chris Dodd (D-Conn.) told reporters. "He'll be okay."

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Smiles, Backslaps, Even A Civility Meeting: For A Day, At Least, Bipartisanship Reigns (NYT)

By Mark Leibovich

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — Capitol Hill observed a National Day of Comity on Thursday. Against the sober backdrop of war and as Democrats ascended in both chambers, people of both parties spoke of how committed they were to working together and changing the political tone.

And how many times have we heard that before?

"Almost on an annual basis," said Senator Christopher J. Dodd, Democrat of Connecticut, a three-decade veteran of civility vows in the capital. "It's like our New Year's ritual around here."

But maybe this time really will be different. Like 63-degree weather in January (and cherry blossoms out of season), Washington seemed to have flipped on its head, power-wise, karma-wise, at least for a few hours.

There were children and flowers everywhere, and pictures of Vice President Dick Cheney and Senator Edward M. Kennedy mugging together.

And a warm-looking handshake between the only Muslim in Congress, the newly elected Representative Keith Ellison, Democrat of Minnesota, and Representative Virgil H. Goode Jr., a Virginia Republican who had condemned Mr. Ellison's plan to use the Koran at his ceremonial swearing-in. (Mr. Ellison made history in more ways than one at that ceremony Thursday by using a Koran once owned by Thomas Jefferson.)

And dapper old senators saying things like this:

"The place is like a bubbling bottle of Champagne, overflowing with joy and hope and civility," said Senator John W. Warner, Republican of Virginia. And to think, this guy is in the minority now.

O.K., so maybe the venerable Mr. Warner was exaggerating a bit. Or indulging in a smidge of sarcasm. But his words and the big smile with which he delivered them neatly captured the spirit of the day.

The Senate's top leaders, Harry Reid, Democrat of Nevada, and Mitch McConnell, Republican of Kentucky, convened a bipartisan meeting at 9 a.m. to discuss bipartisanship.

"I'm here for the civility meeting," declared one freshman, Senator Amy Klobuchar, Democrat of Minnesota, as she stepped out of an aide's Honda outside the Capitol. She pretended to fuss with her hair, as if this were the first day of school and she was nervous. An upper classman, Senator Tom Harkin, Democrat of Iowa, sat in an idling Cadillac a few feet away.

Nearly all senators showed up for the civility meeting, which was held in the plush and ornate Old Senate Chamber. They left the doors open for several extra minutes so the photographers could come in to take pictures of the smiles and shoulder squeezes and hugs all around.

After a few minutes, the meeting reverted to the slightly awkward feel of a junior high school mixer, with the boys and girls (or Ds and Rs) repairing to separate sides of the room. There were a few exceptions, as when Senator Joseph I. Lieberman of Connecticut, an independent who caucuses with the Democrats, took a seat next to Senator Johnny Isakson, Republican of Georgia, after working both sides of the chamber.

At the very least, no one was alleged to have acted in an uncivil manner.

"Of course not," reported Senator John E. Sununu, Republican of New Hampshire, shocked — shocked — that anyone could even suggest such a thing.

"People want us to stop acting like kindergarten kids," said Senator Lamar Alexander, Republican of Tennessee.

It was an open question as to how long this era of good feeling would last.

"What time is it?" Senator Claire McCaskill, a newly elected Democrat from Missouri, asked just before noon. "It's still early yet."

Not two minutes later, Senator Jim Bunning was asked a question — shouted a question, actually — about this latest of calls for civility.

"We hear them every year," Mr. Bunning, a second-term Republican from Kentucky, said before storming off, uncivilly.

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But that was the exception Thursday, as was the seemingly unhinged man who had apparently not gotten the comity memo and interrupted a television interview in the Russell Office Building, shouting profanity as he headed out the door with the Capitol police right behind him.

Back on the House side, fresh-faced Representative Patrick Murphy, Democrat of Pennsylvania, was clutching his 6-week-old daughter, Maggie, and talking about how he had choked up when taking the oath a little earlier.

An Army veteran who served in Iraq, Mr. Murphy said his mind had flashed to his time in the service, the oath he took there. And he nearly teared up again as he rubbed the soft cheeks of Maggie, who was sucking on a "Daddy's Little Girl" pacifier.

"It seems pretty collegial here," said Mr. Murphy, basing his assessment on exactly 90 minutes in the House and on his orientation soon after the election, where a fellow newbie gave up his seat so Mr. Murphy's wife, Jennifer, then very pregnant, could sit down.

"He was a Republican," Mr. Murphy recalled. If only he could remember the nice man's name. "I think he might have been from Florida."

Put it down as a baby step on the comity journey.

Jubilant Democrats Take The Wheel On Capitol Hill (LAT)

By Richard Simon And Joel Havemann

The Los Angeles Times, January 5, 2007

WASHINGTON — Democrats took control of both the House and Senate today for the first time in the presidency of Republican George W. Bush — and promptly embraced at least some of the trappings of bipartisanship.

The House made history by electing Rep. Nancy Pelosi of San Francisco as its first female speaker, putting her behind Vice President Dick Cheney in the line of succession to the presidency.

Pelosi received the votes of the 233 Democrats who were elected to the House Nov. 7, defeating the Republican candidate, John Boehner of Ohio, who got the votes of the 202 Republicans.

In a sort of inaugural speech to her fellow House members, Pelosi immediately invoked the spirit of bipartisanship.

"In this House we may be of different parties," she said, "but we serve one country."

She recalled the ability of President Gerald R. Ford, a Republican who died the day after Christmas, to work with both parties when he served as a House member from Michigan for 25 years and the minority leader for eight of them.

Boehner struck a similar note. "We want to work with the incoming majority for the good of our nation that we were all elected to serve," he said in introducing Pelosi. "Republicans and Democrats can disagree without being disagreeable to each other."

In the Senate, meanwhile, Democrat Harry Reid of Nevada was selected majority leader, but it will be by the slimmest of majorities — 51 Democrats to 49 Republicans — that he will lead.

Reid convened a closed meeting, in the chamber where the Senate used to meet, for all 100 senators before the new senators were sworn into office. Ordinarily, each party holds its own closed meeting once a week.

After the meeting, Reid and Sen. Mitch McConnell of Kentucky, the new leader of Senate Republicans, stood side by side as they spoke to reporters.

"Sen. McConnell and I believe this is a new day in Washington, that our efforts are going to be to work in a bipartisan basis, in an open fashion, to solve the problems of the American people," Reid asserted.

"Harry's got it right," McConnell said. "This opportunity we had in the Old Senate Chamber was a chance for many of our members to express some of their quiet frustrations, that we get past the level of partisanship that we've witnessed in recent years and develop stronger personal relationships, as well as work across the party aisle."

Democratic and Republican senators have traditionally gotten along better than House members, and there were signs of partisan tensions in the House even before Pelosi was elected speaker.

She pressed ahead with her agenda for the House's first 100 legislative hours — over Republican grumbling that she planned House floor votes without the usual committee action first.

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The schedule calls for votes Friday on two rules changes — one banning lobbyists' gifts to House members and the other requiring that legislation that would cut taxes or increase spending be accompanied by provisions to prevent an increase in the deficit. The House can adopt the rules changes without action by the Senate.

Next week, the House will begin voting on legislation that will need Senate consent and Bush's signature, including some highly controversial items. At the head of that list is a bill to expand embryonic stem cell research — the subject of Bush's only veto in his six years in office.

Democrats Take Control Of Congress (CHIT)

By Jill Zuckman, Washington Bureau

Chicago Tribune, January 5, 2007

WASHINGTON -- In an historic and emotional display of determination and gratitude, Democrats elected the first woman Speaker of the House and took charge of the 110th Congress Thursday, pledging civility but also signaling sharp differences with President Bush over issues like the war in Iraq.

"I accept this gavel in the spirit of partnership, not partisanship," said Speaker Nancy Pelosi (D-Calif.), taking the heavy wooden gavel from John Boehner, the Republican leader from Ohio.

The 2006 elections dramatically altered the balance of power in Washington, diminishing President Bush's ability to influence legislation and providing Democrats with the ability to set the national agenda.

Democrats vowed to scrutinize Bush's Iraq policy which will be announced next week, as well as pass bills raising the minimum wage, expanding federally funded embryonic stem cell research and allowing Medicare to negotiate with pharmaceutical companies about the price of drugs.

After convening, the House immediately adopted new rules Thursday tightening ethics guidelines by banning lobbyists from giving gifts, meals and tickets to members and their staffs. The rules would also prohibit lobbyists from paying for a lawmaker's travel or providing flights on corporate jets. The measure passed 235-195, largely along partisan lines.

Before turning to legislative matters, the House was enveloped in the centuries-old ceremony of choosing a new speaker and swearing in 435 newly elected members. For nearly an hour, lawmakers rose one by one to cast their vote aloud for either Pelosi or Boehner, with Pelosi easily capturing 233 votes and the top post, which is second in the line of succession to the presidency.

"It's an historic moment for the Congress," Pelosi said. "It's an historic moment for the women of America. It is a moment for which we have waited over 200 years. Never losing faith, we waited through the many years of struggle to achieve our rights.

"But women weren't just waiting. Women were working. Never losing faith, we worked to redeem the promise of America, that all men and women are created equal. For our daughters and our granddaughters, today we have broken the marble ceiling. For our daughters and our granddaughters now, the sky is the limit."

Rep. Jesse Jackson Jr. (D-Ill.) invoked Rosa Parks, Harriet Tubman and even Jesus Christ as he added his name to the Pelosi tally. Rep. John Lewis (D-Ga.), a legend of the civil rights movement, observed that "the eyes of the nation are upon us."

By contrast, Republicans sat quietly as they inexorably slid from power, with former Speaker Dennis Hastert (R-Ill.) standing grimly at the rear of the chamber in an area normally reserved for lowly backbenchers.

The galleries of both the House and the Senate were packed with family members and celebrities, including former President Bill Clinton, actor Richard Gere and singers Tony Bennett and Carole King, who came to watch the ceremonies.

In the Senate, Republicans and Democrats started their day with a private meeting in the old Senate chamber, where they talked about the need to work together if they hoped to accomplish anything.

"I think it's important to remember that some of the most significant achievements over the last 25 years have been during periods of divided government," said Sen. Mitch McConnell (R-Ky.), the new Republican leader, striking a hopeful note.

That's in part because of Senate rules, including one that requires members of both parties to join forces to pass legislation because they must meet a threshold of 60 votes for anything that is the least bit controversial.

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"The message wasn't just to the Democrats in the last election, it was to the Republicans as well," said Sen. Dick Durbin (D-Ill.), the assistant majority leader. "People do want a change and the old way of doing things is just unacceptable. I think the Republicans understand that if they continue to play to a draw on issue after issue it won't help them in the future."

Still, Democrats won't have much leverage in the Senate. Their caucus numbers just 51, including an independent, and one Democrat, Sen. Tim Johnson of South Dakota, is still hospitalized following brain surgery.

Legislation will be far easier to pass in the House, where it takes just a simple majority to get anything done. On Friday, the House is expected to pass pay-as-you-go rules requiring Congress to finance all new spending initiatives in an effort to rein in the budget deficit and the growing national debt.

Much of Thursday's events involved ceremony, but many lawmakers seemed overcome by the significance of electing the nation's first woman as speaker of the House, describing it as a new chapter in American history.

Young children in their finest clothes swarmed around their parents and grandparents on the House floor. Pelosi, in particular, sat with her six grandchildren—including an infant grandson—as her colleagues cast their votes for speaker.

To her right sat Rep. Rahm Emanuel (D-Ill.), the new Democratic Caucus chairman, along with his son and two daughters. As he nominated Pelosi for speaker, he described himself as a father of three young children, then turned to give Pelosi a high five.

Even Boehner, the Republican leader, seemed caught up in the history-making moment.

"Today marks an occasion I think the Founding Fathers would view approvingly," said Boehner, just before handing Pelosi the gavel. "My fellow Americans: whether you're a Republican, a Democrat, or an independent, this is a cause for celebration."

For Pelosi, the day was for introducing herself to the nation. That she did, describing herself as the daughter of a Baltimore mayor, the devoutly Catholic offspring of Italian Americans, and the proud mother of five.

Still, Pelosi used the opportunity to stake out the Democrats' approach to policy, not just to celebrate her victory.

"Nowhere were the American people more clear about the need for a new direction than in Iraq," she told the House. "The American people rejected an open-ended obligation to a war without end. "Shortly, President Bush will address the nation on the subject of Iraq. It is the responsibility of the president to articulate a new plan for Iraq that makes it clear to the Iraqis that they must defend their own streets and their own security, a plan that promotes stability in the region, and that allows us to responsibly redeploy American forces."

Despite those pointed and partisan comments, Pelosi reminded lawmakers about the late President Gerald Ford, who served in the House at a time when Republicans and Democrats worked together.

"He healed the country when it needed healing," she said, urging members to work together. "This is another time, another war, and another trial of our American will, imagination, and spirit. Let us honor his memory, not just in eulogy, but in dialogue and trust across the aisle."

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Speaker Pelosi's Ethics (WSJ)

The Wall Street Journal, January 5, 2007

Ethics in politics is not the same as ethics in real life. Ethics in politics is a martial art. The biggest mistake you can make is thinking that the ethics package proposed by new Speaker Nancy Pelosi is mainly about "cleaning up" politics. Maybe. But it's first of all about cleaning the clocks of the Republicans.

The House Republicans got lazy. Jack Abramoff, Tom DeLay, earmarks, Duke Cunningham, Bob Ney. When Nancy Pelosi saw the Republicans had developed a compulsion to flagrantly throw their weight around, she grabbed them by the lapels of their Hickey Freeman suits, hoisted them into the air and slammed them onto the House floor, shrieking "the most corrupt Congress in history!" That's right. In history.

Ms. Pelosi started the long road to earning a black belt in political ethics (again, not to be confused with ethics as taught at, say, Aquinas College) back in 1987 by studying the Master -- Newt Gingrich. That was the year Nancy Pelosi entered the House as a California freshperson. And that was the year Newt Gingrich turned ethics into a weapon against the imperious Democratic

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House Speaker Jim Wright, who left in disgrace two years later. "We currently have the least ethical speaker in the 20th Century," said Grandmaster Gingrich. Nancy noticed.

Aficionados of the sport of political ethics will recall another name from that era, Fernand St Germain, then the Democratic chairman of the House Banking Committee at the time of the infamous Savings and Loan crisis of the 1980s, arguably the greatest source of congressional ethical lapses in, well, history. Enough of the ethical backwash from the S&L mess soiled Democrats that when Bill Clinton won the presidency in 1992, his party actually lost nine seats in the House. After the midterm elections two years later, Newt Gingrich was speaker of the House, with a 54-seat swing from Democrats to Republicans.

You think Nancy Pelosi didn't remember all that when one year ago this week Jack Abramoff pleaded guilty? Meet the first Madam Speaker -- in history.

Exploiting this gain, Speaker Pelosi is breaking a champagne victory bottle over the hull of a new set of House ethics rules. If you stare at these rules awhile, eventually you notice that they are less about the members of Congress than about someone else. They are about the bad people who lead the innocent lambs of Congress astray. They are about "lobbyists" and "private interests" and, not least, "corporate jets," which for the modern member of Congress appear to be the rough equivalent of demon rum.

Let us quickly note for the historical record that ever has it been congressional practice to deflect ethics elsewhere. The famous 1978 Ethics in Government Act, passed after Watergate and a Democratic Congress's war with Richard Nixon over spending power, was also aimed at bad people elsewhere, to wit, the executive branch. After Ronald Reagan took office in 1981, a parade of Independent Counsels authorized by the Ethics Act tortured a long series of executive branch officials, with piling on by shocked, shocked committees of Congress. Ray Donovan, Ed Meese, Ted Olson. All were entrapped by the ethics mores Congress wrote into the law.

The set of ethics rules proposed yesterday by Speaker Pelosi should be called the Condé Nast Traveler Ban. One can never underestimate the willingness of the political class to put a whole career at risk for one chance to fly over to play golf on St. Andrews or fly free with the significant other to investigate trade practices at Machu Picchu. Silly as it sounds, Ms. Pelosi, of sophisticated San Francisco, is probably doing the rubes a favor by weaning them off their addiction to free travel and goodie bags.

Her proposed earmark reform scuffles closer to the heart of the real problem. Earmarks, formerly known as pork, are spending items for a discrete interest which a member inserts into a broader spending bill. They aren't illegal, and in a democracy probably shouldn't be. As with campaign contributions, it doesn't matter to me who gives how much to whom, so long as the particulars are posted in public. Now, presumably, that will be the case with earmarks.

The Democrats successfully made earmarking for "corporate interests" the poster boys for a GOP "culture of corruption," but the fact is that the divisions of Beltway lobbyists seeking earmarks also represent cities, universities, state governments and government contractors. What caused this wretched excess? Our hallowed government.

Except for wars, federal spending as a percentage of GDP -- from 1792 until after World War II -- held below 10%. Then from about 1953 onward, it rose steadily to 20% of GDP. The spending itself runs to nearly $3 trillion dollars. These large numbers -- a veil for uncounted agencies, regulatory bureaucracies and federal rules -- represent what conservatives sometimes call Leviathan.

Liberals tend to think that conservatives "hate" government. That's not quite it. Smaller government is -- was -- a conservative principle for a reason relevant to Speaker Pelosi's ethics quest. The idea is to reduce, not eliminate, the switch-points of potential public corruption. If the parsons of the Beltway had wanted to avoid this ethics problem, they would have resisted helping the U.S. government become so crucially important -- for example, FCC rules -- to every nook and cranny of American life. Too late now.

Back in the late '80s during the days of the Keating Five -- one of the scandals that fell out of the S&L fiasco -- former Sen. William Proxmire said of the implicated senators: "These fellas did what senators have been doing for a long time. There's nothing illegal about it. It's just wrong." This is what Ms. Pelosi's rules are aimed at -- sleaze, the painted ladies of public corruption.

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When Jack Abramoff was wheeling the system for Indian casinos, his right-hand henchman, Michael Scanlon, a former congressional aide to Tom DeLay, squealed in email ecstasy to a colleague, "Wheez gonna be rich!" Well, yeah, that's gross, but it's the same aspiration with which many Washingtonians drift off to sleep each night now against the warmth of their $2.8 trillion Leviathan. What's a piddling $90,000 bucks in the office freezer?

Nancy Pelosi, who believes big government is gloriously good, put the "most corrupt" GOP on its fat fanny. She has made congressional ethics the first act of her historic speakership. What else is there to say? Good luck, Madam Speaker.

Republicans Take Back-to-Basics Tack (WP)

By Juliet Eilperin, Washington Post Staff Writer

The Washington Post, January 5, 2007

On a day when House Democrats celebrated their first taste of power in a dozen years, Republicans eschewed news conferences and raucous receptions yesterday and instead quietly conferred among themselves and observed the traditional Opening Day rites with their families and friends.

But GOP leaders signaled that they won't quietly fade into the background, and they pledged to promote innovative policies and stay true to conservative ideals -- a path that they hope will lead to victory in 2008. Although they will challenge Democrats on a broad range of domestic and foreign policy issues, they say they won't resort to guerrilla-style tactics or harsh rhetoric.

"We plan to engage in a rigorous, substantive, policy-oriented debate on the issues facing this country," said Rep. Adam H. Putnam (Fla.), the GOP conference chairman. "We will certainly work together when we can, and have respectful disagreements when we can't."

Chief Deputy Minority Whip Eric Cantor (Va.) declared, "If we legislate and act like Republicans, we will remind the American people that they voted for a conservative government," noting that at least 60 House Democrats won election this fall in districts that backed President Bush in 2004.

Democrats swept to power in November, winning a majority of 233 to 202 seats in the House and a narrow 51 to 49 seats in the Senate.

Republicans struggled earlier this week to adjust to their new minority status, which is unknown territory for newer GOP House members. In a series of interviews, senior Republicans, particularly in the House, warned Democrats against acting unilaterally in passing their agenda -- a leadership style that the GOP itself used for many years.

In the Senate, Minority Leader Mitch McConnell (Ky.) and other Republicans vowed to work closely with the new Democratic leadership, beginning with ethics and lobbying reform and an increase in the minimum wage. One of the first bills introduced in the Senate was offered by Finance Committee Chairman Max Baucus (D-Mont.) along with the committee's ranking Republican, Charles E. Grassley of Iowa, to repeal the alternative minimum tax.

Republicans had a mixed legislative record in the past several years and suffered from a series of high-profile corruption scandals that demolished a once-powerful House leadership team, including former majority leader Tom DeLay (Tex.). The Republican-controlled Senate also proved to be a black hole for most substantive bills.

The new minority leadership appeared to acknowledge its shortcomings. "I stake my party to a pledge: When faced with an urgent issue, we will act; when faced with a problem, we will seek solutions, not mere political advantage," McConnell said in a floor speech.

For the most part, Republicans spoke of how they could work together with the new majority. House Minority Leader John A. Boehner (Ohio) struck a congenial tone before handing over the gavel to Speaker Nancy Pelosi (D-Calif.).

"Whether you are a Democrat or Republican or independent, today is a cause for celebration," Boehner said.

Several Republicans said they hoped the two parties could agree on fiscal issues. Democrats are talking about restoring discipline to government spending, and Bush outlined a plan Wednesday to balance the budget in five years.

"That's an opportunity for bipartisanship," Putnam said.

Republicans who are concerned that the party has veered from its ideological roots after years in the majority say the GOP needs to focus on the conservative ideas that helped it win power more than a decade ago.

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"We were elected to the majority with ideas, and we'll come back to the majority with ideas," said Rep. John Linder (Ga.), a close ally of former House speaker Newt Gingrich (Ga.) and the onetime chairman of the House GOP campaign arm.

But rather than focusing on hot-button issues such as abortion, same-sex marriage and gun rights, most GOP lawmakers said they could win back voters' confidence by espousing fiscal discipline.

"We're going to return to our roots, especially on economic policy, taxes and spending," said Rep. Paul D. Ryan (Wis.). "The era of big-government spending is at an end in the Republican Party."

Although congressional Republicans have deferred to Bush on a host of domestic and foreign policy issues since he took office in 2001, last year's electoral losses may encourage some GOP lawmakers to challenge the president during his last two years in office. Most Republicans marched in lockstep in supporting the president's war policies in Iraq, but with polls showing that the majority of Americans consider the war a big mistake, more Republicans may begin to break ranks.

"There's still some resentment among members at the fact our losses would have been a lot less if they had gotten rid of [Donald H.] Rumsfeld sooner," said Rep. David L. Hobson (R-Ohio), referring to the former defense secretary. "The president has to do some serious work with members of the House on the Republican side. People are going to be more independent now. In the past, they had to be part of the team."

In one sign of how Republicans are working to differentiate themselves from the White House, Rep. Heather A. Wilson (N.M.) -- who narrowly won reelection in November -- plans to deliver a major speech on Iraq today.

"I'm from the old school of national security that believes partisan politics ends at the water's edge," said Wilson, a member of the House intelligence committee. "Some of us who are neither cheerleaders nor bomb throwers need to step up on this one."

Staff writer Shailagh Murray contributed to this report.

Bush Practices A Reach Across The Aisle (LAT)

By Janet Hook

The Los Angeles Times, January 5, 2007

WASHINGTON — A few years ago when President Bush announced plans to dump nuclear waste in Sen. Harry Reid's state, it was a political insult so stinging that the Nevada Democrat responded by calling the nation's commander in chief a "liar."

Now, Reid, the new Senate majority leader, is getting the red carpet treatment. The administration treated Reid to two military plane rides in one week. He was invited to an intimate White House party where Bush politely asked what books he was reading lately.

The contrast is a measure of how deeply ingrained habits of partisan vitriol are being tested -- and may be starting to break down -- as control of Congress changes hands. After Republicans' resounding defeat in the fall elections, Bush and his lieutenants are now paying attention to Democratic power brokers they had all but ignored for years.

The new speaker of the House, Nancy Pelosi, got a Christmas Day phone call from Bush at home in San Francisco. New committee chairmen are enjoying quality face-time with Cabinet bigwigs. Even potential White House allies from the Democrats' conservative wing had been ignored for the past six years, but they now are being ushered into the Oval Office.Those gestures and other bows to bipartisanship are signs that the swearing in of the new Congress is not just a fresh start for Democrats; it is the end of an era for Bush, who has had the luxury of governing for most of the last six years with his own party in charge of Congress.

Now Bush will have to burnish rusty skills at working across the political aisle. And he is facing partners in government who view him with deep suspicion and have relationships with the White House that range from frigid to nonexistent.

"We hope that when the president says compromise, it means more than 'do it my way,' which is what he's meant in the past," Sen. Charles E. Schumer, D-N.Y., a member of the Democratic leadership, said Wednesday after Bush made a Rose Garden statement calling for an effort to find "common ground."

Bipartisan agreement will surely be hard to find on some of the most difficult issues facing the nation, such as proposals to increase U.S. troop levels in Iraq, to shore up the finances of Social Security or to balance the federal budget.

But on other, narrower issues, such as overhauling immigration law and cracking down on pork barrel spending, Bush and Democrats in Congress may be able to make common cause.

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"It is in the interests of both to try to cut deals where they can -- Bush because he wants to add some accomplishments to his legacy and Democrats because they don't want to be branded obstructionists in the run-up to 2008," said Bruce Buchanan, a political scientist at the University of Texas at Austin.

The White House has been trying to reach out to more Democrats. According to spokeswoman Emily Lawrimore, Bush has hosted at least 10 post-election meetings and receptions for members of Congress, most of them Democrats.

"You'll see even more outreach in the future," she said.

Bush likes to point to his success in dealing with a Democratic-controlled state legislature while he was Texas governor. A key to that success was his alliance with Democratic Lt. Gov. Bob Bullock. But unlike the current lineup of Democratic leaders in Congress, Bullock was a very conservative Democrat who had a close personal relationship with Bush.

Reid is certainly no Bullock. The blunt former boxer didn't stop at calling Bush a liar over his 2002 nuclear waste decision. A few years later, while Bush was abroad, Reid called him a "loser." He apologized to Bush for that comment but never retreated from calling him a liar.

The morning after Democrats won control of Congress, Reid said, he was skeptical when Bush called with congratulations and an offer to work together.

"Mr. President," Reid later said he told Bush, "this is what we talked about two years ago, and we haven't been able to accomplish anything."

Bush seemed to allude to Reid's sharp tongue after meeting with him a few days later. Telling reporters that he and Reid have a lot in common as Westerners, Bush said, "We tend to speak the same language, pretty plain-spoken people, which should bode well for our relationship."

Reid's tone was different recently when he traveled to South America with a congressional delegation. Meeting with leaders of Bolivia and Ecuador who had been fierce critics of Bush, Reid defended the president's policies, according to Reid spokesman Jim Manley.

The White House arranged for Reid and his delegation to fly to and from South America on a military plane. That was not as unusual as the second flight the administration arranged -- for Reid and Assistant Senate Majority Leader Richard J. Durbin, D-Ill., to return from former President Ford's funeral in Michigan by military plane. If Reid and Durbin had taken a commercial flight, they probably would have missed a White House reception Bush hosted for new congressional leaders and their spouses Wednesday evening.

Durbin, a liberal Democrat, has an affable relationship with Bush. They have an annual tradition of wisecracking with each other as they enter the House chamber together for the State of the Union address, Durbin spokesman Joe Shoemaker said. But at a recent meeting at the White House, sparks flew when Bush compared himself to Harry S Truman and Durbin pointedly took issue with the parallel.

Pelosi and Bush have many hatchets to bury, because they traded personal barbs during the 2006 campaign. Pelosi called Bush "incompetent" and "oblivious." Bush sniped at her claim to "love" tax cuts.

"Given her record, she must be a secret admirer," he said in October.

But after the election, Bush insisted that as political pros he and Pelosi would forgive and forget.

"If you hold grudges in this line of work, you're never going to get anything done," he said.

They share an interest in Darfur, where both Bush and Pelosi have called for an end to genocide. Pelosi briefed Bush when she returned from a trip to the Sudan last March -- but that was the last time she saw him until after Democrats won control of the House, Pelosi spokeswoman Jennifer Crider said."When she was minority leader, he didn't fully engage her," said a Pelosi associate, who asked not to be named when discussing personal dynamics between the two leaders. "Now he's much more engaged."

Bush has also wooed conservative Democrats known as "Blue Dogs," who might be more willing than liberals to cross party lines. When he invited a small group of them to a December meeting in the Oval Office, Rep. Mike Ross, D-Ark., said he was encouraged by the attention. But he said he told Bush, "Mr. President, I regret it took six years to invite us over for this meeting. I hope it's the first meeting, not the last."

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Some lawmakers argue that Bush's best ambassadors to Democrats may be his Cabinet officers. Treasury Secretary Henry M. Paulson Jr. has been making the rounds among Capitol Hill committee leaders, including House Ways and Means Chairman Charles B. Rangel Jr. of New York. The two recently had a long lunch at the Treasury to discuss common concerns.

Rangel is also hoping to improve relations between the parties on his committee, which was bitterly split in recent years under the chairmanship of Bill Thomas, R-Calif., who just retired from Congress. Rangel had an hourlong meeting with the new ranking Republican on the committee, Rep. Jim McCrery, R-La., of the sort he said he never had with Thomas.

"I never had a conversation with Bill Thomas except at funerals," said Rangel. He added that it may be easier for Congress to craft compromises without a heavy hand from the president. "The best thing the president can do for us is to leave us alone," he said.

Democrats To 'issue Toughest Ethics Reform' (FT)

By Edward Luce In Washington

Financial Times, January 5, 2007

The Democratic party took full control of America's legislative branch on Thursday for the first time since 1994, promising to clean up US politics by introducing the "toughest ethics reform in [America's] history".

Nancy Pelosi, the incoming speaker of the House of Representatives and the first woman to hold that job, and Harry Reid, the Senate majority leader, both said that tackling the congressional "culture of corruption" would be their chief priority during the next few days.

The proposals, which are aimed at weakening the notorious links between lawmakers and so-called "K Street" lobbyists that have ballooned in recent years, include a ban on accepting gifts or air tickets from lobby groups and forcing lawmakers to declare their names when they insert in legislation "earmarks" that are sponsored by special interest groups.

According to one widely cited poll, concern over corruption came second only to worry about the war in Iraq among voters at mid-term elections last November. The Democrats also plan to reintroduce the "pay-go" system of budgeting that would compel Congress to fund any tax cut or spending increase with offsetting measures.

"The American people told us that they expect us to work together for fiscal responsibility with the highest ethical standards and civility," Ms Pelosi told the new house, shortly after she was sworn in on Thursday.

"Let us join together in the first 100 [legislative] hours to make this Congress the most open and honest in history."

The two leaders also promised to extend the kind of bipartisan courtesies that they claim Republicans denied them during their 12 years in opposition.

Many commentators have labelled the outgoing Congress as one of the most bitter and divisive in history.

However, Republicans claimed Ms Pelosi had already breached that pledge by announcing she would short-circuit the committee process to push her party's six key electoral promises straight to a vote on the floor of the house within the next two weeks.

These include raising the minimum wage by $2.10 to $7.25 – the first increase since 1997 – and a bill to promote federal funding of stem cell research. They also plan to abolish recent tax breaks and subsidies for oil companies.

"If you look at the rules changes the Democratic leadership are proposing, they are mostly very positive and long overdue," said Scott Lilly at the Centre for American Progress, a liberal think tank. "But it is hard to understand why the leadership is by-passing normal procedures to push through its "100-hour" promises."

Both Democratic leaders also issued thinly veiled warnings to George W. Bush, US president, to desist from announcing a "surge" in the level of US forces in Iraq.

Mr Bush is expected to announce his "new way forward in Iraq" next week.

Ms Pelosi, whose party commands a 31-seat majority in the 435-strong house, called for a plan "that allows us to responsibly redeploy American forces" out of Iraq.

Mr Reid, whose party holds a precariously narrow 51-49 seat majority in the Senate, said: "The president's new plan must ensure the Iraqis take responsibility for their own future, and it must remove our troops from a dangerous civil war.

"Completing the mission in Iraq is the president's job, and we will do everything in our power to ensure he fulfils it."

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Senate Feels Heat As House Cranks Up Ethics Overhaul (NYT)

By David D. Kirkpatrick

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — Unexpectedly broad ethics rule changes that the House passed Thursday are putting new pressure on the Senate.

The House rules leave what lobbyists say are ample loopholes for those seeking to buy access to lawmakers, mainly through campaign fund-raising. But leaders of the new Democratic majority in the Senate said Thursday that they were reintroducing a much less extensive package of changes passed last year as the starting place for an intraparty debate next week over how much further the Senate should go.

Saying they were responding to voter backlash against Congressional corruption that helped them take control, House Democrats went beyond some of the ethics proposals on which they had campaigned.

The new House rules bar members from taking gifts, meals or trips paid for by lobbyists, or the organizations that employ them. The rules also ban lawmakers from using corporate jets and reimbursing the owners. A further proposal would also eliminate major loopholes from earlier drafts, in requirements for lawmakers to disclose sponsorship of pet spending projects, or earmarks, and tax breaks they hide in complex legislation.

The House Democrats said that in March they would take up the creation of an independent ethics watchdog to police their own conduct, something lawmakers in both chambers had steadfastly resisted.

In contrast, the initial Senate ethics bill would ban only gifts or meals and not trips paid for by lobbyists or their employers. It would not restrict the use of corporate jets. It would require disclosure of the sponsors of only a small fraction of spending earmarks, excluding those added to supplementary material, called Congressional reports, that explain legislative intent or that are directed through federal agencies like the Defense Department. Nor does the Senate bill propose any independent enforcement.

Some senior Democratic aides said the House rules had upped the ante for the Senate.

"They will be embarrassed" if they do not do more, said James A. Thurber, a professor of government at American University in Washington and an expert on Congressional ethics rules who has acted as a consultant to several lawmakers. "When we look at the election, it is a hot issue, so there will be a lot of focus on it in people's minds, and the heat will be on in the Senate."

Announcing his intention to reintroduce the Senate bill that passed last year, Senator Harry Reid of Nevada, the Democratic leader, promissed to "improve that legislation and make additional reforms."

Senior aides in both parties said Mr. Reid was negotiating with Senator Mitch McConnell of Kentucky, the Republican leader, to try to work out a bipartisan package of changes. Jim Manley, a spokesman for Mr. Reid, said the House actions had no bearing on what the Senate would do.

An overhaul is likely to face strong opposition from veteran senators who resent ethics rules as unnecessary, and helped bring back other changes. But aides to the Senate Rules Committee said they were preparing to match the House ban on meals, gifts and trips paid for by lobbyists or any organization that employs them.

Senator Dianne Feinstein, the California Democrat who is chairwoman of the Rules Committee, has said she intends to close some of the loopholes in the current bill's earmark disclosure requirements. And despite personal doubts, she has also agreed to hold hearings on creating an independent enforcement watchdog.

Other Democrats, including Senators Barack Obama of Illinois and Russell D. Feingold of Wisconsin, planned to push for a far more drastic overhaul.

The Feingold-Obama plan would make lawmakers reimburse corporations for use of their jets at the cost of a charter flight instead of the price of a first-class ticket — a step that stops short of the House rules. The bill would also create an independent watchdog as the House Democrats have discussed. And it would prohibit lobbyists or the organizations that employ them from holding lavish events for lawmakers at party conventions.

The Feingold-Obama bill would also require lobbyists to disclose any earmarks they are seeking for their clients, and require lobbyists to disclose any collecting and passing on of campaign contributions — a practice known as "bundling" that

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currently makes K Street the heart of campaign fund-raising for most lawmakers. Senator Amy Klobuchar of Minnesota, said she and many other newly elected Democrats were working with Mr. Obama, Mr. Feingold and Mr. Reid to pushing for stronger changes, in part because they felt the resonance of the issue on the campaign trail.

"The House bill raises the bar," Ms. Klobuchar said, "but a number of senators have already been talking about their own efforts to strengthen the Senate bill."

Lobbyists, meanwhile, groused that the rules passed in the House would have the unintended consequence of encouraging them to do more fund-raising for House members. The new rules bar lobbyists from treating lawmakers to meals or trips. But the lobbyists can still raise money for lawmakers' campaigns and also join lawmakers at fund-raising events or on overnight trips paid for with those campaign funds. Lobbyists said people seeking access to lawmakers may now have even more incentive to attend fund-raisers because they can no longer simply buy dinner or lunch.

Lawrence W. Noble, a Washington lawyer specializing in political rules, said lobbyists could well feel obliged to attend more fund-raisers. "We still have a system of private financing of campaigns," Mr. Noble said.

Democrats Take Control On Hill (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, January 5, 2007

Rep. Nancy Pelosi (D-Calif.) was elected America's first female speaker of the House yesterday in a raucous, bipartisan celebration of a historic breakthrough, and hours later she presided over passage of the broadest ethics and lobbying revision since the Watergate era.

Democrats took control of the House and Senate after 12 years of nearly unbroken Republican rule, with resolute calls for bipartisan comity and a pledge to move quickly on an agenda of health-care, homeland security, education and energy proposals. Sen. Harry M. Reid (D-Nev.), the soft-spoken son of a hard-rock miner, took the helm of the Senate, after a closed-door session in the Capitol's stately Old Senate Chamber. But with the eyes of history riveted on her, it was Pelosi's day.

"This is an historic moment, for Congress, and for the women of this country. It is a moment for which we have waited more than 200 years," Pelosi proclaimed, to a roaring ovation in the packed House chamber. "For our daughters and granddaughters, today we have broken the marble ceiling. To our daughters and our granddaughters, the sky is the limit."

For Pelosi, yesterday's election was not only the culmination of a long climb by women through the ranks of Congress but also the personal triumph of a hard-nosed partisan, a grandmother of six who methodically plotted the Democrats' return to power after more than a decade in the minority. A House floor where Democrats had been marginalized to the point of irrelevance in recent years was alive with handshakes, smiles, hugs and boisterous children on the Democratic side of the aisle. Republicans, once so confident in what many saw as a permanent majority, sat glumly watching the festivities.

As Pelosi entered the chamber before her formal, party-line election, the House erupted in bipartisan applause. Only Rep. Joe L. Barton (R-Tex.), the outgoing chairman of the House Energy and Commerce Committee, remained seated in stony silence. Pelosi's predecessor as speaker, Rep. J. Dennis Hastert (R-Ill.), sat quietly and unobtrusively in the rear of the chamber, except for one brief moment of recognition.

When House Minority Leader John A. Boehner (R-Ohio) rose to present the gavel to the new speaker, he was magnanimous in acknowledging both the roots of Republican defeat last November and the historic import of the moment.

"In a few moments, I'll have the high privilege of handing the gavel of the House of Representatives to a woman for the first time in American history," he told his fellow lawmakers. "Whether you're a Republican, a Democrat or an independent, this is a cause for celebration."

He concluded with a warning for Democrats, gleaned from his party's pursuit of power and the lessons learned from defeat: "If there is one lesson that stands out from our party's time in the majority, it is this: A congressional majority is simply a means to an end. The value of a majority lies not in the chance to wield great power but in the chance to do great things."

In what must be another first, the gavel changed hands with a hug and a kiss.

In the Senate chamber, members lined up in groups of four to take their oaths with Vice President Cheney. Former senators, including Democrats John Breaux (La.), Charles S. Robb (Va.) and Jean Carnahan (Mo.), circulated on the floor to offer

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congratulations. Outgoing Majority Leader Bill Frist (R-Tenn.), now retired from the Senate, joked with Sen. Barack Obama (Ill.) as the Democratic presidential prospect worked his way through the crowd. Family members crowded the surrounding corridors, including former president Bill Clinton. Democratic Sen. Robert C. Byrd (W.Va.) shouted "Praise Jesus!" during the opening prayer.

The Senate will plunge into its own ethics and lobbying overhaul package next week and then take up legislation to boost the federal minimum wage for the first time in a decade. But it was clear yesterday that the Senate would have no choice but to take a more deliberative approach to the issues the House plans to bulldoze through. Senate leaders pledged bipartisanship, and in a chamber divided 51 to 49 , they will have no choice.

"Now, I know that you're not accustomed, members of the press, to people getting along, working together," Reid told reporters after the closed-door Senate meeting in the morning. "But Senator McConnell and I believe this is a new day in Washington."

Reid nodded to his GOP counterpart, Sen. Mitch McConnell (Ky.). "I think Harry's got it right," McConnell said.

The Senate margin is even more tenuous because Sen. Tim Johnson (D-S.D.) is sidelined after emergency brain surgery.

Republican leaders decided not to seek special language spelling out the terms of a transition in case of a power shift -- say, if Johnson vacates his post and his state's GOP governor appoints a Republican to replace him. Under that scenario, power would effectively shift to Republicans, because Vice President Cheney would provide the tiebreaking 51st vote. But for Republicans to take parliamentary control, the Senate would have to vote for new organizational rules, a move Democrats could filibuster.

A similar scenario unfolded in January 2001, when a 50-50 Senate convened. In 2001, Democrats demanded a "kick-out clause" in organizing negotiations that would automatically scrap agreements on committee ratios and funding levels and force new organizational rules. But Republicans decided this month against a confrontation that would come from demanding a similar clause.

"Nobody over here talked about that at all," said Don Stewart, spokesman for McConnell.

In the House, Democrats did not skip a beat between formally taking control and getting to work on what they have called their hundred-hours agenda. Last night, the House nearly unanimously approved a broad package of internal rules changes designed to sever the cozy links that have developed between lawmakers and lobbyists.

The changes would prohibit House members or employees from knowingly accepting gifts or travel from a registered lobbyist, foreign agent or lobbyist's client. Lawmakers could no longer fly on corporate jets. In addition, congressional travel financed by outside groups would have to be approved in advance by the House ethics committee and immediately disclosed to the public.

The measures were approved 430 to 1, with only Rep. Dan Burton (R-Ind.) voting against it. This was a remarkable change considering that House Republicans could barely pass a far weaker measure last May and ultimately did not enact any measure because they could not reach agreement with the Senate. But voters in November identified corruption as one of their primary concerns, and the House responded yesterday.

"It's amazing what an election will do," said Rep. James P. McGovern (D-Mass.).

Today, Democrats hope to pass new rules to promote open deliberations in the House, rein in special-interest spending and lawmaker pet projects, and prohibit passage of spending or tax measures that increase the federal deficit.

Over the next two weeks, Democrats in the House plan to enact new homeland security measures, increase the minimum wage, allow federally funded stem cell research, permit the federal government to negotiate lower prescription-drug prices for Medicare beneficiaries, cut student-loan interest rates and fund alternative-energy research by rolling back tax breaks for oil companies.

But Pelosi herself acknowledged that her carefully constructed consensus agenda will not satisfy the angry electorate that swept the Democrats to power. Democrats will have to confront President Bush on the larger, more controversial issues of the day: the war in Iraq, military tribunals that suspend the legal rights of terrorism suspects, and warrantless wiretapping by the National Security Agency.

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Her call yesterday for a new direction in Iraq "that allows us to responsibly redeploy American forces" elicited strong applause in her party while clearly splitting Republicans, many of whom joined the ovation.

Reid also saw Iraq as the issue of the day and a possible impediment to Democratic plans.

"Iraq is where it is," Reid said. He added: "We're not going to divert our attention from what needs to be accomplished for this country. There are a lot of things that need to be accomplished. And we're going to work on those, in spite of Iraq."

To make it clear that such issues will have to be addressed, Reps. Adam B. Schiff (D-Calif.) and Jeff Flake (R-Ariz.) reintroduced legislation on the new Congress's first day to mandate that NSA surveillance once again involve a warrant from a secret federal court.

"There's a long list where Congress has been abdicating their responsibility, and I suspect the leadership and the chairs will have to quickly get to work," Schiff said.

Democrats are already having trouble reconciling their promises even for the initial hundred-hour blitz. Senior House Democratic aides said a promise to cut student-loan interest rates in half will have to be phased in over five years to comply with a pledge to offset any additional deficit spending with equal spending cuts or tax hikes. The loan pledge is proving just too expensive, and Senate Finance Committee Chairman Max Baucus (D-Mont.) and the committee's senior Republican, Charles E. Grassley (Iowa) introduced legislation yesterday to immediately repeal the alternative minimum tax, a proposal that would cost the Treasury hundreds of billions of dollars.

Pelosi Sets Aggressive Pace (WSJ)

By David Rogers

The Wall Street Journal, January 5, 2007

WASHINGTON -- As the new, Democratic-controlled Congress convened, House Speaker Nancy Pelosi moved quickly to tighten her chamber's ethics and budget rules, putting pressure on the Senate to do the same.

Ms. Pelosi struck quickly on the ethics front rather than risk the kind of delays that undermined former Speaker Dennis Hastert's bid to tighten lobbying rules a year ago. The California Democrat's aggressive approach establishes what will be an important dynamic between the House and Senate in the opening weeks. On issues from raising the minimum wage to curbing oil subsidies, Democrats know they can't make law without the Senate, but they will use the House to lay down markers on initiatives they see appealing to independents and Republican moderates. 1

The ethics question is especially time sensitive, given the damage Republicans suffered in November for appearing too close to business lobbyists and the low public standing Congress continues to suffer. By using the rules process to make immediate changes, Ms. Pelosi is assured that her party can show progress in the House, whatever happens in the Senate. As a matter of practical politics, any diminishment of the business lobby, which did so much to help the Republican House majority, could make it easier for her party to challenge oil and drug companies, among others.

"This new Congress doesn't have two years or 200 days to renew itself," Ms. Pelosi said after her election as speaker.

Fred Wertheimer, a longstanding advocate of tougher ethics restrictions, said, "The House has laid down the gauntlet to the Senate to pass ethics-rules reforms at least as strong as the House reforms."

WALL STREET JOURNAL VIDEO

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House Minority leader John Boehner (R., Ohio) addresses Congress3 before Nancy Pelosi takes the gavel as the country's first female Speaker of the House.

WSJ senior special writer John Harwood discusses the agenda of the 110th Congress4, and notes that, despite recent bipartisan gestures, some thorny issues lay ahead.

Loopholes are sure to remain, but the proposed changes are seen as a major step toward drawing a brighter line between lobbyists and lawmakers. Meals, gifts and travel facilitated by lobbyists would be largely banned, and House members would be prohibited from using even their own funds or campaign donations to pay for below-cost travel on corporate jets -- a favorite perk offered by business lobbyists. Currently, lawmakers must reimburse a jet's owners only at the rate of a first-class ticket.

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Labor unions, with fewer planes to offer, have long resented this practice not because of the lower reimbursement but because company executives often accompany lawmakers on such flights and thereby gain valuable access.

As part of the same package, Democrats propose to tighten anti-deficit rules and require greater disclosure of narrow legislative amendments designed to benefit special interests and generate campaign funds from lobbyists. The sheer number of these so-called earmarks exploded under Republican rule. The House Democratic package goes beyond past Republican proposals by demanding greater transparency for spending provisions as well as for tariff exemptions and "rifle-shot" tax breaks, which benefit one interest group.

The new rules would broaden the definition of a spending earmark to include funds for contracts awarded by federal agencies. While the restrictions would apply only to the House, the language will bind House negotiators in future talks on even those earmarks generated by the Senate.

There are sure to be tensions when the Senate turns to the subject next week. New Senate Majority Leader Harry Reid (D., Nev.) is a frequent user of corporate jets, while the chairman of the Senate Appropriations Committee, Sen. Robert Byrd (D., W.Va.) is famous for his pork-barrel appetite.

Senate Democrats appear reluctant to be as bold as their House counterparts by trying to change rules unilaterally. Instead, the plan is to move with a hybrid package of rules and legislative changes. This strategy is driven ostensibly by Democratic fears of a filibuster, requiring a two-thirds majority to overcome in the case of a rules change.

Critics counter that the filibuster threat is exaggerated, given the popular support for some of the rule changes; the big question is whether the House action will put pressure on senators to move faster.

Republicans had the same House-Senate tensions, which often paralyzed the party in its final years in the majority. Flush with victory, Democrats are nowhere near such a divide. Yesterday, House Appropriations Committee Chairman David Obey (D., Wis.) and Mr. Byrd announced plans to better align their committees in hopes of approving budget bills on time and preventing disruptions of government operations. The State Department budget now will be considered in both chambers as part of the foreign-aid bill; the Treasury Department and major regulators such as the Securities and Exchange Commission will be dealt with in their own bill.

As Ms. Pelosi is the first woman speaker, her opening day marked both a transition in power and historic moment for the House. "Whether you're a Republican, a Democrat or an independent, this is a cause for celebration," said Republican Leader John Boehner of Ohio, turning over the gavel.

"This is the people's House...and most of the people don't care which party controls it; what they want is a government that is limited, honest, accountable and responsive to their needs," he said. "The moment a majority forgets this lesson, it begins writing itself a ticket to minority status."

For Democrats, A Choice: Forward Or Reverse? (NYT)

By Carl Hulse

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — Democrats realized their political and legislative dream Thursday. Now they must face reality.

As they take control of the House and Senate, members of the new majority must reconcile diverse ideological factions within their ranks and make a fundamental choice. They can spend their energy trying to reverse what they see as the flaws of the Bush administration and a dozen years in which conservative philosophy dominated Congress. Or they can accept the rightward tilt of that period and grudgingly concede that big tax cuts, deregulation, restrictions on abortion and other Republican-inspired changes are now a permanent part of the legislative framework.

The competing drives were on display amid the constitutional hoopla Thursday and the emotion surrounding Representative Nancy Pelosi's election as speaker, a position filled until now by the likes of Sam Rayburn, Joseph Cannon and Nicholas Longworth — men whose names adorn nearby House office buildings. "We have broken the marble ceiling," Mrs. Pelosi said after she was handed the gavel.

In a meeting with the Congressional Black Caucus earlier in the day, Mrs. Pelosi made her own allusions to the competing tugs on Democrats, noting the party was rooted in its traditions but not hostage to the past. She promised a new direction "for all

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the people, not just the privileged few," a reflection of the leadership's political and policy calculation that Democrats need to champion the average guy.

"The agenda we have is about restoring economic security to a very vulnerable middle class," said Representative Rahm Emanuel of Illinois, chairman of the Democratic Caucus. "The real activity will be in those areas."

Yet many Democrats contend that President Bush and the Republican-led Congress that was his partner moved the dial too far to the right in many cases. And they believe it will be the work of Democrats to make a significant course correction.

"I think there are a lot of things the people of America want changed," said Senator Patrick J. Leahy, Democrat of Vermont, the new chairman of the Judiciary Committee and a tough critic of some Bush policies.

Mr. Leahy and others made clear that the new direction had to begin with American policy in Iraq.

But their domestic legislative agenda suggests that they are picking selected fights rather than going for wholesale change. On the economy, they will move swiftly to increase the minimum wage. On social policy, they will challenge Mr. Bush by calling for expanded stem cell research. They will try to pass legislation increasing college aid for the middle class. All of those issues have the twin advantages of broad popular appeal tied to measurable economic impact on individuals.

But Democrats are in no rush to engage in a fight with Mr. Bush over the ideological centerpiece of his domestic policy, his tax cuts. And they have showed no inclination to wade back into the abortion issue, despite its potency among many of their supporters.

"We have to keep our eye on the average American family and sort of push aside the interest groups left, right and center," said Senator Charles E. Schumer, Democrat of New York. "The world has changed, and it demands new solutions, not the old Democrat and Republican nostrums."

But there is no dispute that Mr. Bush's legislative and executive record will get a microscopic examination via a renewed emphasis on oversight, a Congressional function Democrats say was all but abandoned in recent years. And the results of those inquiries could determine what policies Democrats try to unravel if they uncover a strong case against them.

"The Bush administration has passed an entire architecture of laws that are going to be reviewed," said Representative Dennis J. Kucinich of Ohio, one of the most liberal members of the House.

Republicans are waiting to see what develops, uncertain if Democrats sincerely want to join hands and produce some consensus on public policy. Or, as one senior Republican asked, will Democrats hostile to the Bush administration be more like the scorpion in the fable with the frog, unable to resist the urge to sting even if they hurt themselves?

Democrats acknowledge that with their minuscule majority in the Senate and one in the House that is not much larger, they lack the political muscle to go too far in reversing Bush policy even if that was their chief goal. And they already have their hands full with delivering on their own ambitious legislative agenda, following through on their pledges of bipartisanship and ethics overhaul and avoiding anything that costs the party its chance at the White House in 2008.

Leading Democrats say their best direction is forward, concentrating on establishing a new party legacy rather than obsessing with the perceived failings of Republican rule. The test for the party's newly empowered leadership and the Congressional membership will be whether they can stick to that path.

After The 100 Hours, A War Awaits (WP)

By Eugene Robinson

The Washington Post, January 5, 2007

An unusual number of the people wandering through the tunnels that crisscross Capitol Hill on Wednesday had no earthly idea where they were going. "I think the Rayburn building is this way," one young woman announced to a colleague, as the two of them -- newly minted congressional staff members, I guessed -- strode away down a long corridor. I knew I'd run into them again, and soon, since actually they were just leaving the Rayburn building.

Wednesday was the last day of the "Where am I?" phase of the transition from Republican to Democratic rule on the Hill. Yesterday, with the swearing-in of new members of Congress, began the "Here we are, and now what?" phase, which means things are about to get interesting.

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Much history already has been made, starting with the election of Nancy Pelosi as the first female speaker of the House. Rep. Jim Clyburn of South Carolina, an African American, will serve as majority whip. The first Muslim congressman, Rep. Keith Ellison of Minnesota, took his ceremonial oath of office with his hand on a Koran once owned by Thomas Jefferson. Powerful House committees such as Ways and Means, Judiciary, and Intelligence will be led by minorities.

The Senate still looks like an exclusive country club that grudgingly decided to let in a few women and the occasional black guy, but the House looks a lot more like the complicated, diverse country its members are supposed to represent.

With all due respect to the chamber that calls itself the "world's greatest deliberative body," I wouldn't expect much initiative from the new Senate -- the Democrats' one-vote majority isn't enough to get much of anything done, especially with several senators moonlighting as presidential hopefuls. The action is in the House. And that's where the "interesting" part comes in. Pelosi's plan for a blitzkrieg of legislation in the first 100 hours of the new Congress is fine -- most Americans are in favor of a higher minimum wage, expanded stem-cell research, wider availability of student loans and fewer lobbyist-paid golfing trips to Scotland for our elected representatives. Pelosi could toss in a couple of bills supporting motherhood and apple pie while she's at it.

That's not to belittle the Democratic agenda, as far as it goes. But it tiptoes around the big, ugly monster of an issue sitting in the middle of the room -- the war in Iraq. The new Congress is going to have to stop temporizing and stand up to George W. Bush on the war.

"It's time to set aside politics and focus on the future," the president said Wednesday, dusting off the familiar call for bipartisanship that always comes from the losing side in an election. In the current context, it's really a threat to paint congressional pushback on Iraq as electoral gamesmanship. But the nation has made abundantly clear what it thinks of this tragic war. Challenging the president on Iraq isn't partisan politics, it's the new Democratic majority's patriotic and constitutional duty.

So far, we've heard promises that the new Congress will exercise vigorous oversight -- which Congress should have been doing all along. I can understand that Pelosi and her counterpart on the Senate side, Majority Leader Harry Reid, wouldn't want to start by making the ultimate threat: using the power of the purse to cut off funding for the war. But sooner or later, there's going to have to be a confrontation.

Not once has Bush given the slightest indication that he intends any significant change of course in Iraq. Quite the contrary: The expectation in Washington is that soon he will announce an escalation of the war -- increasing troop levels but calling the increase a "surge" and giving the impression that it's a short-term measure. Don't be fooled by the focus-group word "surge," because a two- or three-month increase in troop levels makes no military sense. If and when the president sends more troops to Iraq, they will not soon come home.

Given that the Democratic Party's fortunes keep rising as Bush sinks deeper into the Iraq quagmire, political expediency might tempt the new leadership in Congress to let the president have his way and reap the rewards in 2008. But that would be wrong. Democrats can't give speeches saying that sending more troops to Iraq without a viable mission is nothing more than a futile sacrifice of young American lives -- and then limit their dispute with Bush to whether he gets to send 3,000 more troops or 30,000.

Very soon, perhaps inconveniently soon, Democrats are going to have to take a stand.

Tax Cuts And The Minimum Wage (NYT)

The New York Times, January 5, 2007

As the minimum wage moves to the top of the new Congress's agenda, some politicians — mainly President Bush and Senate Republicans — seem incapable of viewing the issue as anything other than a pretext for more tax cuts. This time the lucky recipients would be small-business owners, who the politicians contend will be unduly harmed by having to pay higher wages. So much for ringing in the new.

It has been more than nine years since the government last increased the federal minimum wage, currently $5.15 an hour. During that period inflation has severely eroded the wage's value. Arguing that it is only fair to cut taxes on business owners when

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the minimum wage goes up is akin to arguing that taxes should have been raised as the wage fell because of inflation. Instead, as the minimum wage has eroded over the past decade, taxes have been cut sharply.

It's even doubtful that the wage increase under discussion — a $2.10 increase over roughly two years, to $7.25 — would impair business. Eighty-six percent of small-business owners surveyed by the Wells Fargo/Gallup Small Business Index said the minimum wage had no effect on their businesses.

There's also no reason to believe that the proposed tax cuts would be aimed at employers of low-wage workers. In 2006, when Congress tried to link the minimum wage to tax cuts, the proposals included an estate-tax cut for America's wealthiest families. One proposal now being considered would allow small businesses to write off a larger part of their attorney fees when they go to court to challenge federal regulations. It sounds like a stretch to us that typical employers of minimum-wage workers — say, restaurants and small factories — are in any great need of relief from the high cost of federal litigation.

And then there's the probability that tax cuts would cost the government far more than a wage increase would ever cost employers, driving up the budget deficit. The Economic Policy Institute analyzed the tax cuts that were linked to an unsuccessful attempt to raise the minimum wage in 2000. Those cuts would have cost $123 billion over 10 years, versus $11.2 billion for the wage increase.

It's that sort of idiocy the new Congress was elected to stop. Chances are good the House of Representatives will eschew tax cuts and pass a clean bill to raise the minimum wage. The Senate should follow suit. And President Bush should sign it.

House Warming (WP)

By David Montgomery And J. Freedom Du Lac

The Washington Post, January 5, 2007

Despite the promised "new direction for America," getting the money out of politics and all of that, some facts of Washington life appear immutable and eternal.

"One hundred hours to make this the most honest and open Congress in history," House Speaker Nancy Pelosi declared at the beginning of a history-making day -- which ended last night with the Democrat from California presiding over a glitzy fundraiser open to anyone with $1,000 for a ticket.

A few folks in the block-long line of partygoers waiting to get into the National Building Museum -- social activists, feminists, union organizers, fat-cat liberals, Hollywood allies and not a few serious Deadheads -- did sense the cognitive dissonance. They promptly dismissed it in a tidal wave of idealism about the future under the nation's first female speaker of the House.

They had waited a long time for this night to party, nibble on goat cheese ravioli with pumpkin and truffle, wipe their lips with paper napkins embossed in gold with "Speaker Pelosi January 4, 2007," listen to former members of the Grateful Dead sing "Truckin' " and Tony Bennett sing "I Left My Heart in San Francisco."

"Democrats are back!" Pelosi said in her remarks during the few minutes reporters were permitted inside. "We are ready to lead, prepared to govern and determined to make you proud."

(A dozen years ago, it must be recalled, Newt Gingrich and the Republicans celebrated their return to power with a $1,000-a-plate dinner. Reporters were allowed in.)

Organizers expected 1,000 to 1,500 guests, with checks to be made out to the Democratic Congressional Campaign Committee. Many complimentary tickets were given out, and DCCC spokeswoman Jen Psaki could not immediately say how much money was raised. She said fundraisers are usually closed to the news media, but arrangements were made to allow reporters to hear Pelosi's remarks.

Outside in the line to get in, their faces illuminated by cellphones and BlackBerrys, people had high hopes.

"I am personally such an admirer of Nancy," said Susan Levine, vice president of a private equity firm in Boston. "I'm a working mom; she raised five children before she went into politics. What she said today about breaking the marble ceiling, I feel like I'm trying to do that every day."

"We're feminists and we're celebrating!" exclaimed Eleanor Smeal, president of the Feminist Majority Foundation, and Martha Burk, money editor of Ms. Magazine, almost in unison.

"The marble ceiling is certainly not broken, but it's nicely cracked," Burk added.

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A long column of leaders and organizers from several labor unions walked from nearby headquarters.

"We're celebrating a change in this country," said Larry Cohen, president of the Communication Workers of America, adding that Americans want a "commitment to economic justice" and are "fed up with their voices not being heard."

But how do those ideals jibe with a fancy affair too pricey for most working families?

"I think it's a good question, actually," Cohen said. "I do think getting the money out and getting the people in is what this is about for us."

Ahead in line, Arthur Fullerton, director of development for Covenant House California, pronounced it "a historic night. . . . I think the voices of everyone in the country get to be heard, not just the privileged few."

Like the few with $1,000 to drop?

"That's true," Fullerton said. But he got comped. "You do have folks like me who get invited."

Actor Joe Pantoliano was on the sidewalk marveling about how "stunning" it would be for his mother to have known an Italian American woman was becoming speaker. And actress Heather Thomas disclosed, "I'm 49, I'm not ashamed to say, so I never had those [female political] role models as a child. If you don't have that in your consciousness, you don't know you can do it."

Phil Angelides was in line, looking pleased, despite his recent loss to Arnold Schwarzenegger in the California governor's race.

And there came musician Wyclef Jean, one of the evening's entertainers, with a special composition in store. "I'm writing a freestyle rap on my BlackBerry," he said, whipping out the device to show his notes. Later, during his performance of "Hot Hot Hot," Pelosi would be inspired to dance, and the musician stepped into the velvet-roped area to dance with her.

The speaker, with a grandchild on her lap, also sang along to Carole King's performance of "(You Make Me Feel Like) A Natural Woman."

It didn't hurt turnout that the congresswoman from San Francisco invited members of one of her city's most famous rock bands to headline the affair.

"I am here to witness history in the making, the first woman speaker of the House, and to see members of the Grateful Dead perform," said Jersey City Councilman Steve Lipski.

Which was more important?

"I'll let readers be the judge," said Lipski, who also could recall the date of his first Dead show, 35 years ago.

Scott Orellana, 30, an insurance claims processor from Rockville, dressed in a gray suit with his long hair neatly pulled back, was walking up and down the line holding a cardboard sign that said, "I need a miracle," and holding up one finger -- universal parking-lot Dead code for seeking a ticket.

On the other side, his sign said, "Let me see Nancy Pelosi and the DCCC." "I'm excited about the new Congress. I'm excited about Nancy Pelosi being the first woman speaker of the House," Orellana said. "If I had $1,000 I'd definitely give a contribution, but I don't have $1,000."

At the last minute, just as the party was about to begin, a wired Democrat and fellow Dead fan -- who sheepishly would only be identified as a political consultant -- slipped Orellana a ticket.

The Deadhead got his miracle -- and maybe so have the Democrats gotten theirs.

Women Bask In New Speaker's Shining Moment (WP)

By Lyndsey Layton

The Washington Post, January 5, 2007

This was the visual they had dreamed about for years, for decades, for a lifetime. A woman standing on the wooden dais before the high-backed leather chair of the speaker of the House, the gavel in her hand, the American flag draped behind her.

And when Nancy Pelosi made American history yesterday and was formally elected speaker, the raucous cheers that rang through the House chamber came from young girls in Mary Janes, working women in business suits, elderly ladies carrying canes and more than a few men. For hours after the formal swearing-in, the ascension of Pelosi was the topic throughout the

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corridors of the Capitol. Several women said they looked forward to the State of the Union address later this month because Pelosi would be in the speaker's chair and a woman would share the television screen with the president.

"For our daughters and granddaughters, today we have broken the marble ceiling," Pelosi told cheering members of the House and their families who crowded into the chamber as the Democratic leader was formally elected speaker of the 110th Congress. "For our daughters and granddaughters today, the sky is the limit."

The day marked the Democrats' return to control of Congress after 12 years as the minority, and the celebrations started early and stretched late. Brunch plates clinked in the Library of Congress, party equipment rental trucks lined Constitution Avenue and bowls of shrimp and platters of finger sandwiches appeared in Capitol offices.

It felt like an inauguration and a homecoming, both at once.

"This is a woman's version of the presidential inaugural," said Donna Brazile, a Democratic consultant who ran Al Gore's presidential campaign in 2000.

The historic aspect of the moment seemed to transcend party.

"For more than 200 years, the leaders of our government have been democratically elected. And from their ranks, our elected leaders have always selected a man for the responsibility and honor of serving as speaker of the House. Always, that is, until today," said Rep. John A. Boehner, the Ohio Republican who was majority leader in the last Congress and who handed the gavel to Pelosi. "Whether you're a Republican, Democrat or independent, today is a cause for celebration."

Rep. Michael McCaul, a Texas Republican starting a second term, brought his son and four daughters to the floor for Pelosi's election and his oath of office. It didn't matter that the woman of the hour was a Democrat, he said. "It's a good role model for all women, and my daughters can see that they can get to the highest levels of government," McCaul said. The girls, ages 5 to 10 and dressed in identical black velvet and tartan dresses, displayed varying levels of understanding. "It's cool," said Caroline, 10.

Roz Wyman, the doyenne of California Democratic circles and a major backer of Pelosi, said it was hard to describe the importance of the day. "I don't think a lot of people grasp it," said Wyman, who watched the swearing-in from the visitor's gallery and had helped throw a women's tea for Pelosi on Wednesday that featured hundreds of female politicians, donors and activists. " I never thought I would see this day. . . . She's not George Washington, but she is at that seat and she got there because she had a lot of friends who cared, a great organization and she went out and worked for it."

It took nearly two hours for the members to elect Pelosi on a 232-202 party-line vote. They stood one by one, many delivering brief remarks along with their votes. "Just as the biblical Esther was called to save the nation, I cast my vote for another woman called for such times as these," said Rep. Bobby Rush, the Chicago Democrat and former Black Panther. Rep. Lynn Woolsey (D-Calif.) announced her vote for Pelosi was "for the future of all of our grandchildren and for world peace."

Pelosi sat in the center right section of the House, surrounded by her grandchildren and holding the youngest, 6-week-old Paul Michael, in a white blanket in her arms. She hugged and squeezed any other children who came within range and stood up to kiss a steady stream of well-wishers, including Sen. Barbara Mikulski (D-Md.), former Colorado representative Pat Schroeder and former transportation secretary Norman Mineta.

While the Democrats on the House floor were busy shaking hands, rubbing backs and congratulating each other, the Republican members largely sat quietly. Boehner left the chamber for long periods and Rep. J. Dennis Hastert (R-Ill.), the outgoing speaker, stood at the back of the chamber against a railing, hands in his pockets.

The visitor galleries above the House floor were laden with Democratic supporters, donors, lobbyists, women's rights activists and Californians. Sitting among the Pelosi family were several celebrities, including singers Carole King and Tony Bennett and actor Richard Gere, who also appeared at a Democratic fundraiser last night honoring Pelosi at the National Building Museum.

The accessory of the day seemed to be a baby or, if not available, a toddler. Rep. Rosa DeLauro (D-Conn.) carried her 2-year-old granddaughter, Rigby, who was sleeping. Kirsten Gillibrand of New York, one of the new House Democrats, toted her 2-year-old son, Theodore.

"This was a long road and we're finally here," said DeLauro, a Pelosi ally. "The barriers are gone."

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The role model herself stood on the dais to swear in the entire House amid a clutch of children, including several of her own grandchildren. She was calm enough to let one of the younger girls hold the newest grandbaby, and she was focused enough to do her work amid their antics, a talent she perfected years ago as a mother of five and grass-roots political activist.

Congress Reopens Under New Management (USAT)

By Kathy Kiely And Fredreka Schouten, Usa Today

USA Today, January 5, 2007

WASHINGTON — In a new twist on an old tradition, the new speaker of the House kissed the minority leader as he handed her the gavel.

Congress convened Thursday for the 110th time in the nation's history, but for the first time with a woman heading one of the chambers, and with Democrats in control of both the House and Senate for the first time in 12 years.

Rep. Nancy Pelosi of California took the speaker's gavel in what she called "a historic moment for the women of America." Republicans, some members of the Senate and a few former lawmakers joined in the thunderous applause.

"Whether you are a Republican, a Democrat or an independent, today is a cause for celebration," said House Minority Leader John Boehner, R-Ohio.

Among the revelry: Supporters wearing denim and cowboy hats hoisted beers in honor of new Sen. Jon Tester, a farmer and Democrat who defeated incumbent Conrad Burns in Montana. Celebrities including former president Bill Clinton and actor Richard Gere were on hand at the Capitol to see it all.

IN-DEPTH: Ethics in aims | Pelosi leads wave of women | Video | Muslim makes history

The 33 new or re-elected senators who took their oaths included seven women, bringing the total number of women in Congress' upper chamber to a record 16. There are a record 74 women in the House, including three non-voting delegates. Clinton watched as his wife, Democrat Hillary Rodham Clinton, was sworn in for her second term as New York's junior senator.

In other developments:

•Vern Buchanan, a freshman Republican from Florida, took his seat despite lawsuits filed to overturn his election by his Democratic opponent, Christine Jennings. Jennings narrowly lost a race in which 18,000 votes were lost because of voting machine errors. Pelosi said the House would allow the trial to proceed and decide whether to let Jennings take Buchanan's place later.

•Senate Democrats convened with their majority narrowed because of the absence of Sen. Tim Johnson, D-S.D., who remains hospitalized after suffering bleeding in his brain last month. Sean Grady, chief of the University of Pennsylvania medical department, told USA TODAY that the latest medical reports on Johnson are "good news" but added it will likely be months before doctors can determine the extent of Johnson's recovery.

Bipartisanship was the watchword. "Be nice," Boehner told members, but bickering surfaced quickly. House Republicans protested Democrats' refusal to allow them to offer alternatives and amendments to an ethics package poised to win House approval today.

"The much-ballyhooed commitment to minority rights is virtually non-existent," said Rep. David Dreier, R-Calif.

House Democrats promised Republicans opportunities to amend bills, but now say that won't happen until the House approves six measures that the Democrats promised during the fall campaign to enact in the first 100 legislative hours. That time period is likely to stretch until late this month.

"We view the first 100 hours as essentially a mandate from the American people," said House Majority Leader Steny Hoyer, D-Md.

In addition to the ethics package, which bans travel and gifts paid for by lobbyists, the Democratic bills would raise the minimum wage to $7.25 an hour, promote expanded research using embryonic stem cells, rescind tax breaks for the oil industry and cut interest rates on student loans. Other measures would enact recommendations from the 9/11 Commission and allow the government to negotiate lower prescription-drug prices.

The Senate won't act as fast. Senate Majority Leader Harry Reid, D-Nev., and Minority Leader Mitch McConnell, R-Ky., plan to introduce an ethics bill next week.

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Pelosi called the Democratic ethics package, formed as a response to recent scandals involving influence-buying by lobbyists, "the toughest ethics reform in history."

The legislation, however, didn't discourage lobbyists from turning out for the round of parties that ushered in the new term. Among them: a $1,000-a-ticket fundraiser for the Democratic Congressional Campaign Committee that featured Tony Bennett and members of the Grateful Dead.

Rick Carter, a lobbyist for PG&E Corp., a California-based energy company, was navigating a three-page list of receptions. "It's time to set agendas and strategies and see what we can get accomplished," he said.

Joyful Democrats Salute Speaker Pelosi (WT)

By Charles Hurt

The Washington Times, January 5, 2007

House Democrats unanimously picked Nancy Pelosi yesterday to be their leader and the first female speaker of the House in U.S. history.

"For our daughters and our granddaughters, today we have broken the marble ceiling," Mrs. Pelosi told a cheering House chamber yesterday, moments after accepting the speaker's gavel. "For our daughters and our granddaughters now, the sky is the limit."

Democrats dedicated their votes to famous feminists, children everywhere and even world peace.

"In the name of Jesus," Rep. Jesse L. Jackson Jr. of Illinois said as he cast his vote for Mrs. Pelosi.

Rep. Jose E. Serrano of New York cast his vote for her in Spanish.

Even Rep. Gene Taylor, the conservative Democrat who had cast a protest vote against Mrs. Pelosi in past leadership elections, dutifully voted for her yesterday. With his vote, Mrs. Pelosi -- whose voting record is considerably more liberal than many fellow Democrats -- got her first unanimous leadership election

So, when Mr. Taylor cast his vote for her, Democrats jumped to their feet in thunderous applause, catching the fair-haired Mississippian a little off guard.

Rep. Maxine Waters of California cast her vote in honor of feminist icons Bella Abzug and Gloria Steinem.

Majority Leader Steny H. Hoyer, Maryland Democrat, hailed Mrs. Pelosi -- the daughter of former Baltimore Mayor Thomas D'Alesandro -- as "Maryland's favorite daughter, California's pride."

Wearing a burgundy suit, pearls and a broad grin, Mrs. Pelosi sat at her seat waving thanks to those who voted for her. Surrounding her were her young grandchildren in various stages of behavior during the two-hour affair. Sitting in the balcony with the rest of her family was crooner Tony Bennett, who was to serenade her at a celebration concert later in the evening.

After the 233-202 vote was tallied and announced, Minority Leader John A. Boehner of Ohio said it was a "high privilege" to hand the gavel to the first female speaker in more than 200 years.

And though the federal government has expanded far beyond the hopes and expectations of the Founding Fathers, he said, they would view the selection "approvingly."

"My fellow Americans, whether you're a Republican, a Democrat or an independent, today is a cause for celebration," Mr. Boehner said.

When Mrs. Pelosi assumed the gavel, she promised "partnership, not partisanship," and paid tribute to the troops and former President Gerald R. Ford, who died the day after Christmas.

She also paid tribute to St. Francis of Assisi, the namesake of her hometown of San Francisco who robbed from his wealthy cloth-merchant father to give to the poor.

When Mrs. Pelosi called for a change of course in Iraq, there was jubilant applause from Democrats, while Republicans remained seated and virtually silent.

And she promised -- much as Republicans did when they took power 12 years ago -- to restore fiscal discipline.

"After years of historic deficits, this 110th Congress will commit itself to a higher standard: Pay as you go, no new deficit spending," she said. "Our new America will provide unlimited opportunity for future generations, not burden them with mountains of debt."

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Hours later, her caucus unanimously approved a package of new rules that allows Democratic leaders to waive the requirement that three-fifths support be required to raise federal taxes.

"It didn't take long for House Democrats to reveal their true intentions," said Rep. Lynn Westmoreland, Georgia Republican. "They've been in power for a matter of hours, and they immediately signal their plans to raise income taxes on American families. I hope Georgia voters will take a look at who voted against this effort to prevent tax increases."

Sitting quietly at the back of the chamber was outgoing Speaker J. Dennis Hastert, Illinois Republican, who at one point was recognized for his service. He slowly rose, gave a wide wave and dug his hands deep into his pants pockets to wait for the hearty, bipartisan applause to die down.

During the ceremony, Mr. Boehner also lingered for a moment on the 12 years of Republican rule that ended yesterday.

"There were some great achievements during those 12 years that followed," he said. "There were also some profound disappointments."

Then he offered a brief but sober analysis of Republican failures that caused their downfall. Most Americans, he said, don't care who controls Congress.

"What they want is a government that is limited, honest, accountable and responsive to their needs," he said. "And the moment a majority forgets this lesson, it begins writing itself a ticket to minority status."

Forgive The Cynicism, But This Is Change? (WP)

By Greg Craig

The Washington Post, January 5, 2007

Forgive the cynicism, Mr. President, but if you were serious about cooperating and consulting with the new Congress, you wouldn't be parading your bipartisan bona fides through the op-ed pages of the Wall Street Journal. You wouldn't be holding news conferences in the Rose Garden telling the world how ready, willing and able you are -- we know you are not eager -- to work with the Democratic Congress. You would instead be meeting privately with Democratic leaders, identifying specific areas where progress can be made and joining with them to come up with a legislative agenda that is truly bipartisan.

To many of us, your post-November conversion to bipartisanship appears to be nothing but spin -- at least so far. You misunderestimate our capacity to remember the way you treated the Democrats when your party ran Congress. We will not soon forget your "my way or the highway" approach. You will forgive us if we pay more attention to what you do than to what you say.

Forgive the early criticism, Speaker Pelosi, but if you were serious about introducing and fostering a new atmosphere of bipartisanship in Washington, you might have waited a decent interval before shoving legislation down the throats of the minority party. You might have been more willing to give Republicans warning about what they would be voting on, and you might even have been willing to consult with them about the substance of those bills. Much of the country agreed with the Democrats' criticism of the highhanded way the Republicans ran the House, and much of the country voted for Democratic candidates in the hope that Democrats would make the legislative process fair and transparent.

Your plan to force members to vote with no opportunity to offer amendments is inconsistent with what Democrats said they would do and what American voters hoped they would do. This is a blindness that will come back to haunt you.

Forgive the gratuitous commentary about presidential politics, but couldn't the candidates do away with exploratory committees and reinstate the old-fashioned announcement? Couldn't they wait a while longer before taking the plunge? It is only five days into 2007, and 2008 seems to be upon us already -- at least in the eyes of the potential candidates. When someone leaks a secret memo showing that private citizen Giuliani is worried about possible scandal in his personal history, and when former Massachusetts governor Romney changes his position on same-sex unions so dramatically, you don't have to be a weathervane to know which way the wind is blowing. And if Sen. Clinton were truly unhappy about being forced to make an early decision on whether to be a serious senator or a serious presidential candidate, she'd take the easy way out of her dilemma: She could just tell the world that she won't make a decision until June or July -- and then live with it. No wringing of hands or whining required.

Forgive the cold water on an otherwise impressive event, candidate Edwards, but why couldn't you have simply announced your candidacy? Your announcement from New Orleans looked like a partisan gimmick, taking advantage of human misery to

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take a shot at the Republicans. Your genuine concern about the problem of poverty in America is well known. Shouldn't that issue be used to unite Americans, not to divide them?

Forgive me for being hard-boiled, but from my perspective inside the Beltway, it looks like 2007 is business as usual.

In New Senate, The 'Candy Desk' Gets A Kiss-Off (WSJ)

By Sarah Lueck

The Wall Street Journal, January 5, 2007

WASHINGTON -- With Democrats back in control of Congress for the first time in years, much is changing in the nation's capital, including a longtime tradition in the U.S. Senate: the "candy desk."

For a decade until his defeat last year, Sen. Rick Santorum, a Pennsylvania Republican, stocked the desk with donations from home-state candy makers including Hershey Co. and Just Born Inc., maker of Hot Tamales and Peanut Chews.

With Mr. Santorum gone, the desk, which is dipped into by many members, has been turned over to Sen. Craig Thomas, a Republican from Wyoming. But his state is better known for bison than bonbons -- and that's a big problem.

Ethics rules forbid members accepting gifts worth $100 or more a year from a single source. One exception covers items produced in a senator's home state -- so long as they're used primarily by people other than the senator or his staff. The provision was crafted to allow senators to offer visitors home-grown snacks, such as Florida orange juice or Georgia peanuts.

In Wyoming, some small outfits sell esoteric sweets, such as chocolates designed to look like moose droppings. But the state doesn't have any big, brand-name candy makers who could step into the breach. As a result, the candy-industry lobbying group, which coordinates stocking the desk, is cutting off the sweets, citing Wyoming's candy deficit and ethics rules.

"We're happy to provide candy if there are [association] members" in the home state of the senator who sits at the candy desk, says Susan Smith, a spokesman for the National Confectioners Association. "It would be difficult for us to do now."

Good Spirit

Hershey, of Hershey, Pa., is taking the kiss-off in good spirit. "We were pleased to be a small part of sweetening up congressional proceedings," says Kirk Saville, a company spokesman.

As it happens, relying on Pennsylvania wasn't an option. Mr. Santorum's successor, Bob Casey, is a Democrat, and the candy desk has by tradition always been located on the Republican side of the Senate chamber, in a heavily trafficked area near the exit to the elevators. The state's other senator, Arlen Specter, a Republican, already has a choice seat toward the front.

Before Mr. Thomas was tapped to take possession, the sweet-tooth crowd erroneously speculated that Tennessee Sen. Bob Corker, the only new Republican senator, would end up with the desk. That might have worked out fine since Tennessee is home to Brach's Confections Inc., which also has operations in Texas, as well as the Standard Candy Co., which makes GooGoo Clusters.

The Senate takes its furniture seriously. It is still using the 48 desks built in 1819 by a New York cabinetmaker to replace those burned by the British during the War of 1812. As new states joined the union, and the Senate grew, new desks of similar design were built. At the beginning of each Congress, desks are reapportioned among Republicans and Democrats and then senators get their choice, based on seniority.

The candy desk -- a tradition, not a rule -- dates to 1968, according to the Senate Historical Office. That's when Sen. George Murphy, the former actor and film executive, began sharing treats from the back row.

He left in 1971, and those who inherited the desk continued his largess. At times, senators asked for specific candy. Others left a few dollars to keep the desk stocked. Over time, the practice became more institutionalized, says Betty K. Koed, assistant historian in the Senate Historical Office. Eventually, the National Confectioners Association, along with the Chocolate Manufacturers Association, began to organize donations.

Because of its location in the back, the seat is generally occupied by junior senators. But Mr. Santorum made a point of keeping the desk even as he rose in seniority to highlight his state's prowess. Pennsylvania companies sent about 100 pounds of candy to Mr. Santorum's office each quarter, says Robert Traynham, the ex-senator's former spokesman. That's equivalent to about 38,000 Hershey's kisses a year.

Continuing the Tradition

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Mr. Thomas, who came to Washington in 1989 to take Dick Cheney's seat in the House and was elected to the Senate five years later, vows to continue the tradition -- somehow. "The candy desk has been my favorite for a while," he says. He admits to regularly dipping into Mr. Santorum's stash.

The senator's spokesman, Cameron Hardy, says his boss requested the seat because "he likes the idea of sharing with his colleagues." Yet Mr. Hardy concedes that Mr. Thomas and his staff initially weren't familiar with how the candy desk worked. "I don't think anyone realized it was a big undertaking," he says, or that candy companies played a role in supplying the goodies.

One option is to turn to mom-and-pop shops in Wyoming that make, or re-package, sweets with a frontier flair. Bessie Zeller has a family business, Queen Bee Gardens, in Lovell, Wyo., which produces caramel-like candies from honey. She already sends about 24 pounds of candy, worth about $185, every couple of months to members of the state's congressional delegation. She gets some payment for the goodies. "I don't think we can afford to donate it all," she says.

Mary Ann Kuschel of Cheyenne sells mostly re-packaged candy, such as "moose doodles" (chocolate covered almonds "shaped just like moose droppings") and "bison balls" (round Rice Krispies treats dipped in chocolate, sold in packages of two.) She says her home-based business is ill-equipped to make big donations to the U.S. Senate. "I don't think so," she says. "Not for free."

Senate ethics rules may give Mr. Thomas some wiggle room, allowing him to seek contributions from senators whose states are more richly endowed, something he says he is contemplating. Robert Kelner, who heads the election and political law practice at Covington & Burling LLP, says a candy company could "in theory" send less than $100 worth of candy to each senator over the course of the year and not violate gift limits.

Says Mr. Hardy, the senator's spokesman: "I'm sure we'll get through it somehow."

Miers Resigns As White House Counsel (AP)

By Deb Riechmann

AP, January 5, 2007

Harriet Miers, President Bush's failed Supreme Court nominee and longtime adviser, on Thursday submitted her resignation as White House counsel.

White House press secretary Tony Snow said the president reluctantly accepted her resignation, which takes effect Jan. 31. He said a search for a successor is under way.

Bush nominated Miers in October 2005 to replace retiring Justice Sandra Day O'Connor, but she dropped out under fire from conservatives who questioned her qualifications and would not support her.

Asked why she was leaving, Snow said: "Basically, she has been here six years."

He said Miers, 61, a loyal adviser to the president for years, has been having conversations with White House chief of staff Joshua Bolten about leaving for some time and both agreed that it was time for a change at the White House office of legal counsel.

At the White House, Miers is known as a diligent adviser, one of the first to arrive and one of the last to leave.

"Harriet is one of the most beloved people here at the White House," Snow said, adding that she was a scrupulous lawyer who aggressively defended the Constitution.

"As somebody said earlier today, 'She put 12 years of service into six years,'" Snow said.

Snow said Miers' departure did not signal the beginning of an exodus of senior officials after six bruising years at the White House. Asked if other officials were poised to go, Snow said, "I'm aware of none and anticipate none."

As White House counsel, Miers works behind-the-scenes overseeing a team of attorneys who provide legal advice to Bush on matters large and small. But when Bush picked her to fill an opening at the Supreme Court, she became a household name, albeit briefly. Her background and every word were scrutinized. Television cameras rolled as she walked up Capitol Hill to meet with lawmakers charged with confirming her as a justice.

She dropped out under fire from conservatives who criticized her for having thin credentials on constitutional law and no proven record as a judicial conservative. That forced Bush to scramble for a new Supreme Court nominee who could calm a

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conservative rebellion and walk sure-footedly through a Senate confirmation hearing. He turned to Samuel Alito, a federal appeals court judge from New Jersey, who was ultimately confirmed.

Ironically, one of Miers' tasks as counsel was to vet potential nominees for openings on the federal bench — and the Supreme Court.

"Participating in the process to help identify the best nominees for the American people has been among the most rewarding of my experiences," Miers wrote Bush in a resignation letter dated Thursday. "Your commitment to nominating judges who will interpret the law and who know the proper role of a judge has made this nation stronger and our justice system fairer."

Miers, who grew up in Dallas and received her undergraduate and law degrees from Southern Methodist University, was the first woman hired by her law firm, in 1972; first woman president of the Dallas Bar Association, in 1985; first woman president of the Texas bar, in 1992; and first woman president of her law firm, in 1996.

The soft-spoken Miers has described herself as a "Texan through and through." White House deputy chief of staff Karl Rove said she can be "tough as nails." Bush once called her "a pit bull in size 6 shoes."

She clerked for a federal judge there and then joined Locke Purnell Rain Harrell, rising to become its first female president. After the firm merged with another, she was co-managing partner of the 400-lawyer Locke Liddell & Sapp.

She was Bush's personal lawyer in Texas, took on the thankless job of cleaning up the Texas Lottery when he was governor, and followed him to Washington to serve as staff secretary until Bush appointed her White House counsel, succeeding Alberto Gonzales when he was named attorney general.

Miers Steps Down As White House Gears Up For Battle (WP)

By Peter Baker And R. Jeffrey Smith

The Washington Post, January 5, 2007

President Bush accepted the resignation of White House counsel Harriet Miers yesterday as he remakes his legal team to prepare for what aides expect to be a sustained struggle with a new Democratic Congress eager to investigate various aspects of his administration.

Miers, a longtime Bush loyalist whose nomination to the Supreme Court was withdrawn in 2005 as a result of conservative opposition, led an office that will oversee legal clashes that could erupt if Democrats aggressively use their new subpoena power. Bush advisers inside and outside the White House concluded that she is not equipped for such a battle and that the president needs someone who can strongly defend his prerogatives.

The White House did not announce a replacement but has settled on someone to take on the assignment, according to several advisers who did not disclose the name. Four other lawyers have been hired as associate counsels in recent weeks to fill vacancies, and White House officials have discussed expanding the office, which -- with a dozen lawyers -- is far smaller than it was under President Bill Clinton, who faced legal battles on multiple fronts.

The effort to form a new legal team anticipates a spate of congressional demands for information on politically sensitive topics such as whether officials authorized the abuse of U.S. detainees, whether the administration turned a blind eye to profiteering by politically connected contractors in the Iraq war, how the White House responded to Hurricane Katrina, and whether senior officials complied with the law in ordering heightened domestic surveillance.

At the Justice Department, lawyers in the Office of Legal Counsel have been meeting with counterparts from other agencies to discuss potential points of conflict with Congress and to map out legal strategies for responding to demands for documents and testimony, according to several officials. The department has also held internal meetings on this topic in recent weeks with representatives from the FBI and from Justice's other major components, one official said.

"They face the question of, to what extent you cooperate or protect presidential prerogatives and withhold documents," said H. Christopher Bartolomucci, a former Bush White House lawyer. "Potentially, it could be a period of conflict with the Hill. . . . It's not necessarily going to be a bloodbath, but it's certainly possible."

Republican advisers have been telling the White House to be ready for war, and many cited Miers as the wrong general. "The White House knew they needed to get a tough street fighter -- that's what this is about," said one such adviser, who spoke on the condition of anonymity to preserve access to the White House.

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The advice, according to this person, could be summed up this way: "You guys better lawyer up, and lawyer up in the right way. You better understand the need and the peril and the urgency. . . . You need somebody as tough as [Clinton aides] Harold Ickes or Bruce Lindsey. Because they're coming for you."

Miers, Bush's personal lawyer in Texas, is popular in the West Wing and is admired for her hard work, loyalty and character. But since taking over last spring, White House Chief of Staff Joshua B. Bolten had privately expressed doubt that Miers, 61, was right for the job, current and former officials said.

When news reports at the time suggested that she might leave as part of Bolten's initial shakeup, Miers talked to Bush and kept her job, the sources said. After Democrats captured Congress in November, the issue was revisited and some Republicans were told before Thanksgiving that someone else would be brought in.

Miers had told colleagues that she planned to stay until the end of the administration, but after several conversations with Bolten in the past week, she agreed it was time to move on. "We're entering a new era here in the White House, and they both came to that conclusion," a senior administration official said.

White House spokesman Tony Snow praised Miers as "an extraordinarily wonderful human being" and a "ferocious defender of the Constitution" who is leaving because she has been in the White House for six years. In a letter to Bush released by the White House, Miers offered expansive praise for the president while never explaining her departure: "It is hard to leave the tasks at hand. They are gravely important, and I shall miss greatly the arena in which the battles of our times are being fought."

The White House plans to replace her with a lawyer from the outside. Speculation focused on former solicitor general Theodore B. Olson, but he said he had no intention of taking the job. "I'm not going to be replacing Harriet Miers," Olson said yesterday.

Sources said the White House hired a fourth new associate counsel just this week, Michael Scudder, a former federal prosecutor in New York who had been working at the Justice Department on national security issues.

The administration's decision to prepare for battle comes despite an effort by congressional Democrats to discourage public talk of an imminent clash. Mindful of their one-vote margin of control in the Senate and keen to retain the House and capture the presidency in 2008, Democrats say they are anxious to avoid appearing shrill or excessively partisan.

"I'm going to work on the assumption that there won't be a problem in getting information," said Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee. "There has been [resistance] in the past, but we were in the minority. Now, if the committee requests information, [it] will be acting on behalf of the committee and they have a responsibility to respond. I'm not looking for a confrontation."

Talk of accommodation is undercut, however, by the fact that both parties have firm opposing positions on whether Congress has the right to peer closely into executive-branch deliberations and documents, especially on national security. Led by Vice President Cheney, the administration has long backed a legal theory that the Constitution gives the president considerably more authority than Congress and the judiciary.

In keeping with that view, the Justice Department on Dec. 22 spurned a request by then-incoming Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) for a memo signed by Bush authorizing the CIA to create secret detention facilities overseas. It also rejected Leahy's request for a Justice Department memo detailing the interrogation methods the CIA could use. A letter to Leahy signed by acting Assistant Attorney General James H. Clinger explained that "we are not able to disclose" operational details of the CIA program and said that the interrogation memo constituted "confidential legal advice."

Leahy expressed disappointment on Tuesday that the administration had "squandered another opportunity to work cooperatively with Congress." But Leahy did not say what he would do next, other than promising that his committee "will continue its efforts to obtain the information that it needs" for oversight.

Other Democrats said his cautious approach is in keeping with admonitions to incoming committee chairmen by Senate Majority Leader Harry M. Reid (D-Nev.) to avoid immediate confrontation. House Speaker Nancy Pelosi (D-Calif.) has issued similar warnings.

However, one sign that relations will be bumpy is a decision by House leaders to give Waxman's committee special authority to force administration officials to sit for depositions, a tool it last had under Republicans in the late 1990s. Waxman said

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he has not set a firm agenda but intends to focus on "waste, fraud and abuse," the government's response to Katrina, and actions taken by U.S. contractors in Iraq.

Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.) is also interested in contracting waste in Iraq and plans to investigate what officials knew about the abuse of detainees, aides said. He has announced plans to hire three new investigators to examine these and other matters.

Staff writers Al Kamen and Dan Eggen contributed to this report.

Miers Steps Down As White House Counsel (NYT)

By Jim Rutenberg

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — Harriet E. Miers, President Bush's longtime confidante and onetime Supreme Court nominee, has resigned as White House counsel, officials said Thursday.

Tony Snow, the White House spokesman, said that Mr. Bush had accepted Ms. Miers's resignation "reluctantly" and that she had tendered it after deciding she was ready for a change after six years in the job. The White House said that a search for a successor was under way and that Ms. Miers would remain at her post through this month.

Mr. Snow said her departure was not the beginning of another round of changes in the West Wing.

"For those who are speculating about any others within the White House proper, I am aware of none and expect none," Mr. Snow said.

Still, her announced resignation came with Mr. Bush poised to name a new director of national intelligence, J. Michael McConnell, a retired Navy vice admiral and director of the National Security Agency from 1992 to 1996, and move his current director, John D. Negroponte, to the State Department as its second in command.

Rumors of Ms. Miers's departure date back to the White House shake-up last spring, when Joshua B. Bolten became Mr. Bush's chief of staff and undertook a review of all personnel. Mr. Bolten was said at the time to have raised the possibility of moving Ms. Miers out of the counsel's office, though White House officials denied it.

Mr. Snow said her decision to resign did come after a series of meetings with Mr. Bolten.

"She's been here for six years," Mr. Snow said. "It's hard duty."

Ms. Miers has worked with Mr. Bush since his days as Texas governor and has grown close to him and the first lady, Laura Bush.

Ms. Miers started at the White House as staff secretary after the 2000 campaign and became a deputy chief of staff before moving to the White House counsel's office.

Mr. Bush's decision to nominate her to the Supreme Court in 2005 provoked the ire of liberals and conservatives, who criticized her as a Bush crony who did not have the legal intellectual credentials or résumé the job required. She withdrew her name from consideration but returned to Mr. Bush's inner circle and remained one of his closest advisers.

In her resignation letter, Ms. Miers said her own role in helping Mr. Bush choose nominees for the federal bench was "among the most rewarding of my experiences."

Hers is the latest in a series of departures from the White House by longtime advisers to Mr. Bush. It came just weeks after the resignation of Defense Secretary Donald H. Rumsfeld.

Also last year, the former White House press secretary, Scott McClellan, and Mr. Bush's first chief of staff, Andrew H. Card Jr., both stepped down.

In an interview on Thursday, Mr. Card said Ms. Miers had held three of the most demanding jobs at the White House. "She was in tremendously grueling roles," he said. "None of those responsibilities are 8 to 6, they're 5 to 11, all night long."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 5, 2007

Text hereWinning Parties in More Ways Than One

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It was a big party for Nancy Pelosi at the stunning Kalorama home of Democratic fundraiser Esther Coopersmith Wednesday night -- it just didn't turn out to be a party with Nancy Pelosi.

The new speaker never managed to pry herself away from another dinner in her honor over at the Italian Embassy. But no matter: Everyone was all atwitter over the other newly ordained superstar who did stop by.

"Isn't it wonderful that Adrian Fenty was here!" gushed one doyenne.

The new mayor somehow made the scene all over town that night. First, the inaugural party for Ward 5 Council member Harry Thomas Jr. at Love nightclub in Northeast. Then a swearing-in reception for school board members at Sumner School downtown. Then the drop-by at Coopersmith's, a party hosted by California's congressional sister act Loretta and Linda Sanchez, and populated by some 250 people at its peak -- reps, diplomats and the Grateful Dead's Mickey Hart and Bob Weir (sporting a Jerry esque gray beard and having a meditative moment spinning an antique globe in the study). Fenty was caught up in the mingling throngs in the foyer but lingered for almost an hour, according to some guests. "In a room with legitimate rock stars, it added another rock star aura to the mix," noted Jim Dau, press secretary to Linda Sanchez.

And then Fenty was off again, this time to Foggy Bottom to catch the GWU men's basketball victory over Fordham, where he was introduced on the Jumbotron. "The only time in recorded history that a politician was not booed at an athletic event," said his host, WTOP political commentator Mark Plotkin. "But it is his first day on the job."

Hardly an unusual night, said spokeswoman Carrie Brooks-- he kept that pace over two years of campaigning and had at least three such events scheduled last night. Red Bull? "He's a Vitamin Water guy."

Meanwhile, who could blame Pelosi for lingering at the seated dinner her folks hosted for supporters at the packed Italian Embassy, where the 500-some guests included Chris Dodd, Madeleine Albright, Barbara Boxer and Charlie R angel. On the menu -- lamb, vegetables and risotto. On the mike -- James Taylor and Tony Bennett, who sang, of course, "I Left My Heart in San Francisco."Raven Goodwin, a Girl Who Has Her Act Together

Another local kid makes good! Fourteen-year-old actress Raven Goodwin has landed her first regular TV gig on Nickelodeon's new teen comedy "Just Jordan," which premieres Sunday night. The show stars 16-year-old comedian Lil' JJ, with Goodwin playing his wisecracking cousin Tangie. "I'm sooo excited," she told us yesterday. "Tangie is very sassy."

Goodwin caught the acting bug when she was 4 and spent the next decade beefing up her rÃ©sumÃ© with commercials and movies (she got raves for her roles in high-profile indie flicks "Lovely & Amazing" and "The Station Agent") while going to school at Lyndon Hill Elementary School in Prince George's County. The family moved to Los Angeles two years ago, where she did TV ("All of Us," "Everybody Hates Chris," "Malcolm in the Middle") between home schooling.

She's already shot 13 episodes of the Nick series, and will see the premiere with family and friends at a viewing party Sunday night. "I can't wait to see how everything came out," she said. "They should get ready to laugh because the first episode is hilarious."HEY, ISN'T THAT . . .

Wednesday night's full moon brought all sorts of VIPs out on the town:

Â· Laura Bush, Condi Rice, Mary Matalin, Margaret Spellings and Harriet Miers at Cactus Cantina for a surprise birthday party for Karen Hughes. A dozen Bush administration power babes gathered at the Tex-Mex restaurant for fajitas, enchiladas, quesadillas, margaritas and chocolate cake with a "classified" number of candles. (Hughes turned 50 on Dec. 27.) No word on how many hot chilies Miers ate, but she announced her resignation yesterday morning. Hmmmm.

Â· Ne wt Gingrich at DC Coast. The former House speaker and his wife were joined by former Virginia governor Mark Warner. No word on who's running for what.

Â· Pat Leahy and a small group at the Tabard Inn welcoming Vermont's newly minted Rep. Peter Welch.

Â· Jean Kennedy Smith, son William and his family at Nathans, sitting under the David Kennerly photograph of Bobby Kennedy.

First, Do Less Harm (NYT)

By Paul Krugman

The New York Times, January 5, 2007

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Universal health care, much as we need it, won't happen until there's a change of management in the White House. In the meantime, however, Congress can take an important step toward making our health care system less wasteful, by fixing the Medicare Middleman Multiplication Act of 2003.

Officially, of course, it was the Medicare Modernization Act. But as we learned during the debate over Social Security, in Bushspeak "modernize" is a synonym for "privatize." And one of the main features of the legislation was an effort to bring private-sector fragmentation and inefficiency to one of America's most important public programs.

The process actually started in the 1990s, when Medicare began allowing recipients to replace traditional Medicare — in which the government pays doctors and hospitals — with private managed-care plans, in which the government pays a fee to an H.M.O. The magic of the marketplace was supposed to cut Medicare's costs.

The plan backfired. H.M.O.'s received fees reflecting the medical costs of the average Medicare recipient, but to maximize profits they selectively enrolled only healthier seniors, leaving sicker, more expensive people in traditional Medicare. Once Medicare became aware of this cream-skimming and started adjusting payments to reflect beneficiaries' health, the H.M.O.'s began dropping out: their extra layer of bureaucracy meant that they had higher costs than traditional Medicare and couldn't compete on a financially fair basis.

That should have been the end of the story. But for the Bush administration and its Congressional allies, privatization isn't a way to deliver better government services — it's an end in itself. So the 2003 legislation increased payments to Medicare-supported H.M.O.'s, which were renamed Medicare Advantage plans. These plans are now heavily subsidized.

According to the Medicare Payment Advisory Commission, an independent federal body that advises Congress on Medicare issues, Medicare Advantage now costs 11 percent more per beneficiary than traditional Medicare. According to the Commonwealth Fund, which has a similar estimate of the excess cost, the subsidy to private H.M.O.'s cost Medicare $5.4 billion in 2005.

The inability of private middlemen to win a fair competition against traditional Medicare was embarrassing to those who sing the praises of privatization. Maybe that's why the Bush administration made sure that there is no competition at all in Part D, the drug program. There's no traditional Medicare version of Part D, in which the government pays drug costs directly. Instead, the elderly must get coverage from a private insurance company, which then receives a government subsidy.

As a result, Part D is highly confusing. It's also needlessly expensive, for two reasons: the insurance companies add an extra layer of bureaucracy, and they have limited ability to bargain with drug companies for lower prices (and Medicare is prohibited from bargaining on their behalf). One indicator of how much Medicare is overspending is the sharp rise in prices paid by millions of low-income seniors whose drug coverage has been switched from Medicaid, which doesn't rely on middlemen and does bargain over prices, to the new Medicare program.

The costs imposed on Medicare by gratuitous privatization are almost certainly higher than the cost of providing health insurance to the eight million children in the United States who lack coverage. But recent news analyses have suggested that Democrats may not be able to guarantee coverage to all children because this would conflict with their pledge to be fiscally responsible. Isn't it strange how fiscal responsibility is a big concern when Congress is trying to help children, but a non issue when Congress is subsidizing drug and insurance companies?

What should Congress do? The new Democratic majority is poised to reduce drug prices by allowing — and, probably, requiring — Medicare to negotiate prices on behalf of the private drug plans. But it should go further, and force Medicare to offer direct drug coverage that competes on a financially fair basis with the private plans. And it should end the subsidy to Medicare Advantage, forcing H.M.O.'s to engage in fair competition with traditional Medicare.

Conservatives will fight fiercely against these moves. They say they believe in competition — but they're against competition that might show the public sector doing a better job than the private sector. Progressives should support these moves for the same reason. Ending the subsidies to middlemen, in addition to saving a lot of money, would point the way to broader health care reform.

Medicare Drug Plan's 2nd Year Less Bumpy (USAT)

By Julie Appleby

DOJ_NMG_0112599

USA Today, January 5, 2007

Patient advocates and pharmacists are reporting fewer glitches as the Medicare drug benefit begins its second year, but they say problems could still crop up in the coming weeks.

Last year, as the drug plan rolled out for the first time, confusion was widespread as Medicare members grappled with the complex new program, facing long waits on telephone lines and computer glitches that kept some people from getting the drugs they needed.

This week, "We're seeing similar problems as we saw in January '06, but they're not as prolific," says Mike James, a Raleigh, N.C., pharmacist and member of the Association of Community Pharmacists Congressional Network, a lobbying group in Washington.

He says pharmacists are reporting hour-long telephone calls to resolve questions about patients' benefits. One popular plan, backed by the AARP, had computer glitches the first two days of the year that added to the backup, he says.

Deane Beebe of the Medicare Rights Center says the quiet first week may be partly a result of some rules put into place last year requiring insurers to provide a 30-day supply of any medication currently used by a member — even if it is not part of the insurer's list of covered drugs.

Insurers are required to notify patients that the supply is temporary and that they need to work with their doctors to switch to drugs that are covered or seek an exception to the coverage.

Beebe says her group has also heard that some lower-income patients eligible for government subsidies that eliminate deductibles and co-payments are being asked for those payments.

"The fact that they are eligible for extra help is not (always) registered in computers," she says.

Because many of the insurers have made changes to their policies since last year, new concerns could crop up in the coming weeks. "It's possible that people will end up trying to get drugs they took all through 2006, but are now not on the formulary and they didn't realize that," says Kelly Brantley at the Health Assistance Partnership, a group that helps support counseling and advocacy programs for senior citizens.

An analysis by Avalere Health, a private, for-profit research group in Washington, D.C., shows that most insurers did not significantly change the number of drugs covered, but many increased the co-payments patients will make for those drugs. It found:

First Muslim Lawmaker Takes Oath With Quran (USAT)

By Richard Wolf

USA Today, January 5, 2007

WASHINGTON — On the same day Nancy Pelosi became the first female speaker of the House, freshman Rep. Keith Ellison got almost as much attention.

The Minnesota Democrat, the first Muslim elected to Congress, used a Quran once owned by Thomas Jefferson rather than a Bible as he re-enacted his swearing-in with Pelosi.

The scene created a human traffic jam near the House floor. About 30 members of Ellison's extended family posed before about two dozen TV cameras, including one from the Arab network Al-Arabiya. James Billington, the librarian of Congress, walked the two-volume Quran, circa 1764, into the Capitol in a shoebox. Ellison's wife, Kim, held it.

Rep. Virgil Goode, R-Va., took exception last month to the 43-year-old Ellison's planned use of the Quran and said tougher immigration measures were needed to prevent the election of "many more Muslims." On Thursday, the two shook hands and agreed to have coffee.

"I congratulated him on being elected," Goode said, but added, "My concern is I do not want the United States to become a Muslim nation."

"I was glad to meet him," said Ellison, who was born in Detroit and converted to Islam. "The issue is, how can we knock down barriers of religion, color and culture?"

Rep. Dennis Kucinich, D-Ohio, helped engineer the meeting. "They're two good people," he said. "It's an opportunity for healing."

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The day's events were enjoyed by Ellison's mother Clida, a Catholic who told the Associated Press she attends Mass daily, and sons Isaiah, Elijah and Jeremiah. Daughter Amirah was "jazzed," Ellison said, "because the speaker is a girl, too. That's what she said."

Ellison Uses Thomas Jefferson's Quran (AP)

By Frederic J. Frommer

AP, January 5, 2007

Keith Ellison made history Thursday, becoming the first Muslim member of Congress and punctuating the occasion by taking a ceremonial oath with a Quran once owned by Thomas Jefferson.

"Look at that. That's something else," Ellison, D-Minn., said as officials from the Library of Congress showed him the two-volume Quran, which was published in London in 1764.

A few minutes later, Ellison took the ceremonial oath with House Speaker Nancy Pelosi, D-Calif., at his side. So many of Ellison's family members attended the ceremony that it was done in two takes.

Ellison had already planned to be sworn in using a Quran, rather than a Bible. He learned last month about Jefferson's Quran, with its multicolored cover and brown leather binding, and made arrangements to borrow it.

Although the Library of Congress is right across the street from the Capitol, library officials took extra precautions in delivering the Quran for the ceremony. To protect it from the elements, they placed the Quran in a rectangular box, and handled it with a green felt wrapper once they got it inside the Capitol.

Instead of using surface streets, they walked it over via a series of winding, underground tunnels — a trip that took more than 15 minutes. Guards then ran the book through security x-ray machines at the Capitol.

The Quran was acquired in 1815 as part of a more than 6,400-volume collection that Jefferson sold for $24,000 to replace the congressional library that had been burned by British troops the year before, in the War of 1812. Jefferson, the nation's third president, was a collector of books in all topics and languages.

The book's leather binding was added in 1919. Inside, it reads, "The Koran, commonly called 'The Alcoran of Mohammed.'" Jefferson marked his ownership by writing the letter "J" next to the letter "T" that was already at the bottom of pages, according to Mark Dimunation, chief of the Library of Congress' rare book and special collections division.

Ellison, the first black member of Congress from Minnesota, was born in Detroit and converted to Islam in college. He said earlier this week that he chose to use this Quran because it showed that a visionary like Jefferson believed that wisdom could be gleaned from many sources.

In a brief interview Thursday on his way to a vote, Ellison suggested he had tired of the whole issue of his using the Quran.

"It was good, we did it, it's over, and now it's time to get down to business," he said.

Asked if he was relieved to have it behind him, Ellison said, "Yeah, because maybe we don't have to talk about it so much anymore. Not that I'm complaining, but the pressing issues the country is facing are just a little bit more on my mind right now."

Ellison's mother, Clida Ellison, said in an interview that she thought any controversy over her son's choice was good, "because many people in America are going to learn what the diversity of America is all about."

She described herself as a practicing Catholic.

"I go to Mass every day," she said.

1st Muslim Elected To Congress Takes Office (MCT)

By Kevin Diaz

McClatchy Newspapers, January 5, 2007

WASHINGTON - A jubilant Keith Ellison, the first Muslim elected to Congress, was sworn in to office Thursday holding his left hand on a leather-bound volume of a Quran that Thomas Jefferson once owned.

In a day of firsts, the 43-year-old lawyer and former Minnesota state representative was sworn in by Rep. Nancy Pelosi, D-Calif., the first female speaker of the House of Representatives.

"It's a day of welcoming," said Ellison, accompanied by his wife, Kim, and their four children, including 12-year-old Elijah, wearing an African kente cloth draped over his suit. "It's a day of more people coming into the process."

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"You sure know how to attract a crowd," Pelosi said to Ellison as they prepared for his ceremonial swearing-in in a wood-paneled chamber of the Capitol before hundreds of journalists from around the world, including the Qatar-based TV channel Al-Jazeera.

Replied Ellison: "Maybe they're here for you."

Ellison then held his right hand in the air and placed his left hand on two brown leather-bound volumes of the Quran, which were held aloft by his wife, a teacher at an alternative school in St. Paul, Minn.

Moments earlier, the 110th Congress had been sworn in en masse on the House floor, where Ellison shook hands with Rep. Virgil Goode, R-Va., who'd criticized Ellison for planning to use the Quran.

Ellison said he followed through with his plan to suggest coffee with Goode, whose district includes Jefferson's historic home of Monticello. He said Goode had accepted.

"I don't anticipate we're going to have any problems," Ellison said. "We're not holding any grudges."

Ellison, characterizing his faith as mainstream American, tried to minimize the media hype over Goode and the Quran.

He challenged an Arab journalists' contention that Americans dislike Muslims and struck a matter-of-fact tone in describing his feelings about making history by swearing on the Quran.

"I haven't really thought about the historical significance of it," he said. "I'm a Muslim. It's my faith."

Ellison's ceremonial swearing-in took place in silence, apart from the sounds of hundreds of camera clicks. The two Qurans, published in London in 1764, then were placed in a white cardboard box and returned to Librarian of Congress James Billington, who walked them through a maze of underground tunnels to the Library of Congress across the street.

"They have to be handled lightly," Billington said. "I'm liable for them."

Ellison, introducing his family to the press, gave a thumbs-up sign and said, "We're here to work for the American people."

Jefferson's Koran Used In Ceremony (WT)

By Brian Debose

The Washington Times, January 5, 2007

Rep. Keith Ellison, who became the first Muslim in Congress yesterday, said he was proud to take a ceremonial oath of office using the Koran once owned by Thomas Jefferson -- a plan that had triggered criticism.

"The very foundation of our nation, the authors of our Constitution impressed, is religious freedom, and the use of Jefferson's Koran shows that the founders not only knew of the Koran but also used it," said the Minnesota Democrat, who used the historic volume during a ceremonial swearing-in of the Congressional Black Caucus.

Rep. Peter Hoekstra, Michigan Republican, said, "It was much ado about nothing. All 435 members just took the oath, en masse, without anyone putting their hand on any book."

Congress members often use the Bible in the numerous ceremonial swearing-ins on the first day of a new session, but the official version is conducted in unison in the House chamber.

Mr. Ellison's plan to use of the Koran drew criticism from Rep. Virgil H. Goode Jr., Virginia Republican, who sent an e-mail to his constituents saying that the use of the Koran was improper.

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies," Mr. Goode said earlier last month.

The debate intensified throughout the Christmas season.

Mr. Goode, who represents Thomas Jefferson's ancestral hometown of Charlottesville, settled the matter yesterday. He congratulated Mr. Ellison on his election victory shortly before the two were sworn in and said he valued freedom of religion.

But he stood by his position.

"While tolerance is a hallmark of our Judeo-Christian nation, it is Islamic fundamentalism that predominates in nations such as Iran and even among many Sunnis and Shi'ites in Iraq, where it can hardly be said that tolerance is the order of the day," Mr. Goode said. "Our country is, has been and will be better off rooted in Judeo-Christian principles."

Mr. Ellison, the first black member of Congress from Minnesota, was born in Detroit and converted to Islam in college.

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The Library of Congress provided the Koran, which was published in London in 1764, that Mr. Ellison used in a ceremonial oath with House Speaker Nancy Pelosi at his side. So many of Mr. Ellison's family members attended the ceremony that it was performed in two takes.

"Today we are swearing in the largest number of African-Americans in the House of Representatives, and we are so pleased that the first Muslim elected is among them, Keith Ellison," said Mrs. Pelosi, California Democrat.

In the Congress there are 155 Catholics, 67 Baptists, 61 Methodists, 44 Presbyterians, 43 Jews, 37 Episcopalians, 26 nondenominational Protestants, 18 nondenominational Christians, 17 Lutherans, 15 Mormons and 47 members of other religions and denominations of Christianity.

Rep. Carolyn Cheeks Kilpatrick, Michigan Democrat and chairman of the Congressional Black Caucus, said, "It was absolutely unfair for [Mr. Ellison] to have to go through this; we all raise our hands to the Lord here," after the CBC leadership was sworn in earlier in the day at the Library of Congress.

Administrator Is Dismissed From Nuclear Security Post (NYT)

By Matthew L. Wald

New York Times, January 5, 2007

WASHINGTON, Jan. 4 — The Energy Secretary fired the head of the department's nuclear weapons program on Thursday, citing a series of security failures at national laboratories, including the discovery of a computer device containing thousands of classified documents in the home of a former worker during a drug raid by the police.

The official who was dismissed, Linton F. Brooks, had been administrator of the National Nuclear Security Agency since May 2003. The agency was established in 2000 because of chronic security problems in the weapons program.

The problems continued during Mr. Brooks's service. On Wednesday, the latest in a string of reports by the Energy Department's inspector general criticizing the agency, dated Nov. 27, 2006, was released.

Describing the gaps revealed by the drug raid, in New Mexico, the new report on the Los Alamos laboratory, a center for nuclear weapons research, concluded, "In a number of key areas, security policy was nonexistent, applied inconsistently, or not followed."

Energy Secretary Samuel Bodman said in a statement on Thursday that lax security "can have serious implications for the security of the United States." Under Mr. Brooks, the agency "has done its best to address these concerns," Mr. Bodman said. But he added, "I do not believe that progress in correcting these issues has been adequate."

Mr. Brooks said in a letter to employees that he would leave "shortly." He recounted how the agency was formed to improve security, and acknowledged: "We have not yet done so in over five years. For much of that time I was in charge of the N.N.S.A."

On Capitol Hill and at the Energy Department, officials said that the department was concerned about oversight hearings planned by the new Democratic leadership of the House Energy and Commerce Committee.

Representative Edward J. Markey, Democrat of Massachusetts, said in a statement on Thursday evening, "While it may be appropriate to begin to address the incessant string of security, safety and management lapses at Department of Energy nuclear weapons facilities with the removal of high-level managers, I am afraid that it will take more than a new boss to fix the problems, which are far more systemic and pervasive in nature."

Mr. Markey, long a critic of nuclear programs, promised a vigorous inquiry.

Among the issues to be investigated was how a computer hacker stole Social Security numbers, birth dates and other sensitive information on 1,500 people at the nuclear weapons agency and why neither those people nor top officials were notified of the problem for nine months.

At the Project on Government Oversight, a nonprofit group based in Washington that has issued a series of reports on nuclear security and that first revealed the drug raid, Danielle Brian, the executive director, said, "We applaud Secretary Bodman's decision to force accountability at N.N.S.A., especially since it has been failing in its mission for years."

But a former subordinate, Gerald E. Marsh, a physicist who recently retired from the Energy Department's Argonne National Laboratory, said he was appalled at the dismissal. Speaking of the weapons complex, Mr. Marsh said, "I thought he was trying to do what he could to keep a declining operation functioning as well as he could."

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Mr. Brooks was previously deputy administrator for nonproliferation. He was the United States' chief negotiator for the Strategic Arms Reduction Treaty with the Soviet Union, a role in which he had the rank of ambassador. He is a retired Navy officer.

After Breaches, Head Of U.S. Nuclear Program Is Ousted (WP)

By Steven Mufson

Washington Post, January 5, 2007

Energy Secretary Samuel W. Bodman has fired the head of the nation's nuclear weapons program, Linton F. Brooks, because of security breaches last year at weapons facilities, including Los Alamos National Laboratory.

Declaring that it was "time for new leadership," Bodman said in a written statement yesterday that he had asked Brooks to leave his post as administrator of the National Nuclear Security Administration by the end of the month.

The dismissal comes after embarrassing security lapses, including the Oct. 17 discovery of drug paraphernalia and computer flash drives containing highly classified information in the trailer home of a contractor. The items were found by Los Alamos County, N.M., police officers responding to a domestic dispute call.

That led to a harshly critical report in late November by the Energy Department's inspector general, Gregory H. Friedman, who said that security procedures in key areas at Los Alamos were "nonexistent, applied inconsistently, or not followed."

While Bodman refused to elaborate on his statement, the removal of Brooks also comes as Democrats, determined to hold oversight hearings on the nuclear laboratories' security problems, take control of Congress.

Rep. Edward J. Markey (D-Mass.), a senior member of the House Energy and Commerce Committee, said in a written statement yesterday he was "afraid that it will take more than a new boss to fix the problems, which are far more systemic and pervasive in nature." He added that "the new Democratic Congress will exercise the oversight responsibility . . . to get to the bottom of the dysfunctional nuclear weapons complex's problems."

Brooks, the top nuclear security official since mid-2002, is not an expert on computer security. But he has spent four decades working on national security issues, starting as an officer in the Navy and later dealing with nuclear weapons issues at the Pentagon, National Security Council, Navy, State Department and Arms Control and Disarmament Agency in three Republican administrations.

Brooks said in a statement yesterday, "This is not a decision that I would have preferred, but it was made by a thoughtful and honorable man and is based on the principle of accountability that should govern all public service."

In the Bush administration, Brooks has been an advocate of building a new generation of nuclear weapons over the next decade, devising post-Cold War missions for nuclear weapons and modernizing U.S. nuclear weapons facilities, some of which date to the 1940s.

"He was a very intelligent public servant with a great deal of integrity," said Joseph Cirincione, vice president for national security issues at the Center for American Progress, a liberal Washington research group. Cirincione, who strongly disagreed with Brooks, said the security lapses had done little actual harm. "I would feel better if Brooks were being dismissed on policy grounds rather than security grounds."

But the October incident was only the latest of a string of security lapses. Earlier, Brooks had failed to tell Bodman when a computer hacker managed to steal the personnel records and Social Security numbers of 1,500 Energy Department contractors.

The breaches also angered Republican lawmakers. Rep. Joe Barton of Texas, the ranking Republican on the House Energy and Commerce Committee, said yesterday that when the Social Security numbers were stolen "it was critical not only that Brooks move swiftly to counteract this sort of security breach but also that he immediately notify the top officials in his department and the people whose data was lost. Instead, he sat on his hands."

In October, Freidman, the Energy Department inspector general, said that the weaknesses in security procedures were "especially troubling since the department and the National Nuclear Security Administration have expended tens of millions of dollars upgrading various components of the laboratory's security apparatus, including vast expenditures on cyber security."

Bodman had named a department task force to review the inspector general's recommendations and report by Feb. 28.

Nuclear Weapons Administrator Ousted (LAT)

By Ralph Vartabedian

The Los Angeles Times, January 5, 2007

The nation's nuclear weapons chief was fired Thursday, after a long series of security breaches at Los Alamos National Laboratory and other weapons sites had prompted strong criticism of his performance.

Energy Secretary Samuel Bodman issued an unusual public statement Thursday saying he had asked for the resignation of Linton F. Brooks, chief of the National Nuclear Security Administration, which operates eight major bomb facilities across the nation.

Late last year, law enforcement agents began investigating classified weapons data that were found along with drug paraphernalia during a police search at a trailer park in Los Alamos, N.M.

That incident was the latest in more than half a dozen breakdowns, including the loss of computer drives, the mishandling of Social Security numbers and financial fraud at the agency.

As the problems mounted, criticism of Brooks sharpened. Last year, Rep. Joe L. Barton (R-Texas), then chairman of the House Energy and Commerce Committee, said Brooks should be fired. Others in Congress also began to question the agency's performance, particularly multibillion-dollar cost overruns and technical setbacks on new weapons research facilities.

In dismissing Brooks, Bodman acknowledged that too many problems had been mishandled.

"I do not believe progress in correcting these issues has been adequate," Bodman said in the statement. "I have decided that it is time for new leadership." He said Brooks would depart this month and an acting administrator would replace him.

The tough handling of Brooks appeared intended to make a strong statement, particularly coming on the first day of Democratic control of House and Senate committees that have oversight of the nuclear weapons complex. In a statement distributed by the Energy Department, Brooks acknowledged that he had failed to head off the problems.

"One reason for forming NNSA was to prevent such management problems from occurring," he said. "We have not done so in over five years. For much of that time, I was in charge of NNSA."

The dismissal was "not a decision I would have preferred," Brooks said, but he praised Bodman's motives. Brooks, 68, has had a distinguished federal career: former Navy nuclear submarine commander, director of nuclear warfare for the Navy, and chief arms reduction negotiator during the Reagan administration. He led the team that achieved the first major treaty with the Soviet Union to reduce nuclear arms.

Barton, among other critics, said Brooks' departure was "long overdue." Barton was particularly incensed over Brooks' failure during a nine-month period to notify superiors that the personnel records and Social Security numbers of 1,500 Energy Department contract employees had been stolen by a computer hacker.

In 2004, most of the Los Alamos lab was shut down for nearly six months at a cost of $370 million when officials thought classified computer drives were missing. Investigators later concluded that the drives never existed. A few years earlier, a major investigation was conducted when two classified drives were discovered hidden behind an office copying machine.

Marylia Kelley, executive director of Tri-Valley Communities Against a Radioactive Environment, a watchdog group in Livermore, Calif., said Brooks was allowing storage of weapons-grade plutonium and uranium in facilities at the Lawrence Livermore National Laboratory that could not be adequately protected.

"The security deficiencies at Livermore and Los Alamos are systemic and deserve a higher level of attention than NNSA has given them," she said.

Because the No. 2 person at NNSA, Principal Deputy Administrator Jerry Paul, recently left, there is something of a leadership vacuum. Agency officials could not say Thursday who would be running the operation after Brooks' departure.

Nuclear Agency Head Dismissed For Lapses (AP)

By H. Josef Hebert

AP, January 5, 2007

WASHINGTON -- Energy Secretary Samuel Bodman on Thursday dismissed the chief of the country's nuclear weapons program because of security breakdowns at the Los Alamos, N.M., laboratory and other facilities.

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Linton Brooks said he would leave in two weeks to three weeks as head of the National Nuclear Security Administration, a post he held since May 2003.

Bodman said the nuclear agency under Brooks, a former ambassador and arms control negotiator, had not adequately fixed security problems. "I have decided it is time for new leadership at the NNSA," Bodman said.

Brooks told agency workers in a statement, "This is not a decision that I would have preferred ... (but) I accept the decision and you need to do likewise."

He characterized the demand for his resignation as "based on the principle of accountability that should govern all public service."

Brooks was reprimanded in June for failing to report to Bodman a security breach of computers at an agency facility in Albuquerque, N.M., that resulted in the theft of files containing Social Security numbers and other personal data for 1,500 workers.

The theft did not become generally known, nor was Bodman made aware of it, for eight months.

Last fall, security at Los Alamos came into question anew. During a drug raid, authorities found classified nuclear-related documents at the home of a woman with top secret clearance who worked at the lab.

That security breach was especially troubling, the department's internal watchdog said, because tens of millions of dollars had been spent to upgrade computer security at Los Alamos. The lab is part of the nuclear weapons complex that Brooks' agency oversees.

"These management and security issues can have serious implications for the security of the United States," Bodman in a statement announcing Brooks' departure.

While the agency's management "has done its best to address these concerns, I do not believe that progress in correcting these issues has been adequate," Bodman said.

"Therefore, and after careful consideration, I have decided that it is time for new leadership at the NNSA," said Bodman

Bodman said an acting head of the agency will be named soon.

Brooks has more than 40 years of experience in national security and nuclear nonproliferation issues. He led the negotiating team that worked on the START arms reduction treaty signed with Russia in 1991.

Widely respected for his knowledge of nuclear weapons and nonproliferation issues, Brooks nevertheless has been a target of some members of Congress.

When it was learned that Brooks did not inform his superiors for eight months about the computer theft of data on 1,500 employees, Rep. Joe Barton last year sought Brooks' immediate dismissal.

"His departure is long overdue," Barton, R-Texas, said Thursday.

With Democrats now in charge of the House and Senate, there has been talk of hearings into the administration's response to security breaches at the labs.

"It will take more than a new boss to fix the problems, which are far more systemic and pervasive in nature," said Rep. Edward Markey, D-Mass., a member of the House Energy and Commerce Committee, which is considering hearings.

Some lawmakers have criticized Brooks' pursuit of a bunker-buster bomb, a project promoted by Brooks but abandoned last year because of congressional opposition. Others have questioned whether Brooks' agency made a clear enough argument on behalf of the weapon.

At the same time, Brooks' agency has come under criticism for not making enough progress in working out an agreement with Russia for the disposal of tons of weapons-grade plutonium.

Sen. Pete Domenici, R-N.M., said he has been concerned "about the effectiveness" of the agency for some time and that Bodman now "has sent a clear message" that operations need to be improved.

In his message to employees, Brooks bemoaned the lack of progress in solving security problems at Los Alamos, saying the agency was formed "to prevent such management problems from occurring.

"We have not yet done so in over five years," he said.

The agency is responsible for managing the nuclear weapons complex that includes the Los Alamos and Lawrence Livermore nuclear weapons research labs. The agency has more than 37,000 employees, most of them contractor personnel.

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Congress created the agency within the Energy Department in response to the uproar over the Wen Ho Lee security lapses at Los Alamos in the late 1990s. The belief was that security would improve by putting all nuclear weapons programs under a semiautonomous agency.

But since then, there have been repeated security problems _ most of them at Los Alamos _ from misplaced and lost computer disks containing classified information to alleged misuse of credit cards, and last October's discovery of classified documents in a drug raid.

Agencies Bid Farewell To Retiring "Elders" (WP)

By Stephen Barr

Washington Post, January 5, 2007

The start of the new year is when the village elders say their farewells across the government. Agencies lose valued, experienced hands; the retirees take on new pursuits.

Doris Hausser, a senior policy adviser at the Office of Personnel Management, used the term "village elder" this week in an interview about her retirement, and it's an apt description of many career public servants as they end their federal journeys.

Many federal employees retire around the turn of the year because provisions in federal retirement and leave laws make it advantageous. Most senior employees are covered by the older of two retirement systems that permits them to receive a pension payment in February if they leave the federal payroll in early January.

Many also retire at this time of the year because it seems the best time to make a break and step aside. Most agencies slow down for the holidays, and that seems to make it easier to say goodbyes and find the time to sort through files and pack boxes.

Their careers underscore the range of occupations in the government and the services provided to the public.

TakeMax Mayfield. The director of the National Hurricane Center in Miami retired Wednesday after 34 years as a government meteorologist. He started his career as an intern and rose through the ranks to become the government's face on television during the hurricane season.

Mayfield's last day included a farewell breakfast where he delivered, as he has for much of the past decade, an appeal for hurricane preparedness. "You may think that you've seen the worst of the hurricanes, but I assure you that you have not," he said. "We have a lot of work to do."

Out West,Louis Dellamonica, an engineer at the Hawthorne Army Depot in Nevada, retired Tuesday after 65 years with the Defense Department. He began his federal career one week after the bombing of Pearl Harbor and has been described by Defense officials as the department's longest-serving civil service employee.

Dellamonica was interviewed in 2002 for an Army oral-history project, and the report summed up his personal philosophy by using his words: "Pride means do-it-yourself to the best of your ability, disregarding whether you are a big wheel, little log, keystone or cobblestone."

Closer to home,Mary Garrett, a secretary for the Food and Drug Administration, retired Wednesday after 44 years of federal service.

Garrett said that during her career, she "had the privilege of working with many wonderful people." She added, "For anyone coming to work for the government today, I would say to dedicate themselves to their job so that it will be rewarding and fulfilling for them."

Her colleague,Wayne Amchin, said Garrett "is loved by lots of people" in the FDA's Parklawn building in Rockville. Garrett took the stairs each day to her 13th floor-office, served as a free notary for co-workers, and brought in bags of cookies on some Mondays when she figured the snack bar had not been restocked.

There are many more retirees, includingJoan S. Williams, an intelligence analyst at the FBI, who retired Wednesday after more than 42 years of service. She began her career as a clerk-stenographer and spent more than 12 years overseas for the bureau.Paul Kaplanlogged more than 39 years with the government. He retired Wednesday from the OPM, where he was a program analyst in workforce planning and policy.

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James F. Decker, principal deputy director in the Energy Department's office of science, also retired Wednesday after 33 years of public service. He helped make the Energy office one of the premier science organizations in the world and has been a leading advocate of international scientific cooperation.

Hausser, the OPM's village elder, completed 30 years of federal service Monday. She began at the old Civil Service Commission, which was restructured as the OPM in the late 1970s, and worked in offices focused on research, training and development and performance management.

She became chief policy adviser to the OPM director in 2002 and has been a leading advocate for modernizing federal personnel rules and creating performance-based pay systems -- ambitious goals that she thinks can be achieved without sacrificing the ideals that shaped the civil service.

Hausser, who got a doctorate in organizational psychology and mastered the twists and turns of federal personnel law, said she has no plans for retirement, except to become an "Olie Kolziggroupie," a reference to the Washington Capitals goaltender. It's a natural transition, she said, because she grew up rooting for the Detroit Red Wings and the legendaryGordieHowe.Talk Shows

Craig W. Floyd, chairman and executive director of the National Law Enforcement Officers Memorial Fund, andBruce Mendelsohn, the fund's acting director of communications, will be the guests on "FedTalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Michael Ryan, vice president for administration and finance at the Millennium Challenge, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Good Times Or Good Governance (WP)

By David Ignatius

The Washington Post, January 5, 2007

Now that the Democrats have taken control of Congress, President Bush has decided it's time for fiscal discipline and a balanced budget. That's shameless, even by local standards. Who does Bush think was in power when the big deficits of the past six years were created?

A good way for the Democrats to start the new congressional season is to examine just how it happened that the federal government moved from budget surplus to deficit during the Bush presidency. If Democrats can be clear about what went wrong, then maybe (maybe) they can begin to fix it.

An honest budget discussion should start with an admission that the projected surpluses of the post-Clinton years were largely illusory -- in the sense that they were predicated on overly upbeat assumptions about the economy. That's not to diminish the importance of what Clinton and the Democrats did during the 1990s to impose some fiscal discipline. But it was unrealistic to assume that the boom years would continue indefinitely, piling up ever-greater budget surpluses.

The Congressional Budget Office examined the mirage of endless surpluses in a report last year. The CBO studied the gap between the surpluses that were forecast back in January 2001 and the actual deficits that occurred. Profligate tax and spending decisions were part of the story. But the biggest factor was that revenue didn't match the projections that had been made by Washington's favorite economist, Dr. Rosy Scenario. In 2002, the shortfall of revenue for economic reasons was $308 billion; in 2003, it was $381 billion; in 2004, it was $307 billion.

But Rosy Scenario wasn't the only villain in the budget mess. The Bush administration and the GOP Congress made a bad situation much worse -- by enacting tax and spending programs that shredded any semblance of fiscal responsibility.

The Bush tax cuts enacted in 2001 started the process. By CBO estimates, they reduced government revenue from projected levels by $31 billion in 2002, $84 billion in 2003, $100 billion in 2004, $100 billion in 2005 and $126 billion in 2006. Republicans argue that those tax cuts were "pro-growth" and were justified by economic weakness after Sept. 11, 2001. I disagree with that economic analysis, but even if it were right, it doesn't justify the spending binge that accompanied the tax cuts.

The year Bush really busted the budget was 2003, when he embarked on a costly war in Iraq that wasn't funded by a tax increase. Worse, he added a major new welfare program, the prescription drug benefit, that also wasn't funded. The inevitable result was a spending bubble.

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CBO numbers show that discretionary spending (which is largely military-related) jumped over projected levels by $120 billion in 2003, $171 billion in 2004, $221 billion in 2005 and $245 billion in 2006. As for the prescription drug benefit, its bite is only now being felt, with the CBO forecasting that it will add $27 billion to projected Medicare spending in 2006 and $40 billion in 2007.

"The lesson of 2003 is that fighting a war, cutting taxes and funding a major new entitlement program all at the same time doesn't work," says Robert Bixby, executive director of the Concord Coalition, a bipartisan group that favors balanced budgets. He provided me with the CBO numbers used in this analysis.

After the budget-busting policies of Bush's first six years, the vexing question for the Democrats is whether to clean up the mess by moving the budget back toward balance. President Bush said this week that he has a plan to balance the budget by 2012, but since he simultaneously rejected any tax increases and isn't likely to reduce war spending, it's hard to imagine how that plan could work.

The Democrats have to decide whether on economics, they want to be (forgive the sexist term) the "Daddy Party" of fiscal responsibility. Unless politicians find the courage to trim entitlement spending to what the country can afford, the projections are scary. A 2006 study by the Government Accountability Office noted that if current fiscal policy continues, interest costs on the national debt will rise to 20 percent of gross domestic product by 2045 and overall government spending to nearly 50 percent. That's a recipe for an economic crackup.

The Democrats face the essential political decision as they take their seats: Do they want to make people happy by postponing tough decisions or do they want to get serious about restoring fiscal sanity? Are they the party of good times or good governance? The Bush administration has argued for six years that you can have it both ways, but that's demonstrably not true. So the Democratic moment arrives.

Lagging Judicial Pay (NYT)

The New York Times, January 5, 2007

Chief Justice John Roberts Jr. is embracing with gusto a cause championed by his predecessor, William Rehnquist: the need for a substantial pay raise for federal judges. Justice Roberts devoted his second annual year-end report to this issue, and it should be required reading in Congress.

Getting Congress to act promptly on judicial salaries may not be easy, if history is any guide. But Mr. Roberts is right to note the link between maintaining an adequate standard of judicial compensation and preserving the quality and independence of the judiciary, and to prod Congress on this issue.

For starters, an immediate increase in the neighborhood of 30 percent would help make up for dual blows of inflation and Congress's periodic withholding of cost-of-living adjustments. The last time federal judges received a substantial pay raise was 1989.

By statute, a sitting federal trial judge makes $165,200 a year. That's a lot of money, the same pay as a member of Congress. But as the chief justice notes in his report, judges have fallen well behind the American labor force as a whole in keeping up with inflation. Since 1969, a judge's pay has declined by 23.9 percent, adjusted for inflation, while the national average for all wages rose by 17.8 percent.

Federal judges at every level earn significantly less than law school deans, senior law school professors, and even junior associates at some big-time law firms. There is no definitive study, but it cannot be just coincidental that federal judges are leaving the bench at an increasing rate, thereby "threatening the viability of life tenure," as Justice Roberts put it. Considering the impact on a future job could make judges less willing to issue unpopular rulings upholding important rights.

It is tempting to dismiss as hyperbole the chief justice's characterization of this issue as a "constitutional crisis." But the salary issue is a serious one, touching as it does on the two constitutional provisions designed to ensure an independent judiciary — the one granting life tenure, and the other ensuring no reduction in judicial pay.

The chief justice's focus on judicial pay has drawn praise from Senator Patrick Leahy, the new Judiciary Committee chairman and a longtime champion of improved judicial salaries. The nation would be well-served by a comprehensive

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bipartisan package that grants federal judges a sizable raise, ends the linkage between judicial and Congressional salaries, and requires judges to forgo privately financed junkets that cast an ethical cloud on the courts.

Tax As You Go (WSJ)

The Wall Street Journal, January 5, 2007

January 5, 2007; Page Congressional Democrats are dashing out of the gates to establish their fiscal conservative credentials. And as early as today House Speaker Nancy Pelosi will push through so-called "pay-as-you-go" budget rules for Congress. Keep an eye on your wallet.

"Paygo," as Washington insiders call it, sounds like a fiscally prudent budget practice: If government spends more on program A, it has to spend less money on program B, and thus budget deficits will be restrained. We're all for that. But when Republicans proposed exactly that budget rule in recent years, House Democrats voted it down.

Ms. Pelosi has something different in mind. Under her paygo plan, new entitlement programs and all new tax cuts would have to be offset by either cutbacks in other entitlement programs or tax increases. This version of paygo is a budget trapdoor, designed not to control expenditures but to make it easier to raise taxes while blocking future tax cuts.

Supporters of paygo claim it will help restrain entitlement spending. It won't. Paygo doesn't apply to current entitlements that will grow automatically over the next several decades. Ms. Pelosi's version of paygo applies only to new entitlements or changes in law that expand current programs. And on present trajectory, Medicare, Medicaid, Social Security, food stamps and the like are scheduled to increase federal spending to almost 38% of GDP by 2050, up from 21% today. Paygo won't stop a dime of that increase. This may explain why one of the leading supporters of paygo is the Center on Budget and Policy Priorities, a liberal outfit that favors far more social spending.

Paygo enthusiasts also claim that when these rules were in effect in the 1990s the budget deficit disappeared and by 2001 the budget recorded a $121 billion surplus. Sorry. The budget improvement in the late 1990s was a result of three events wholly unrelated to paygo: the initial spending restraint under the Republican Congress in 1995 and 1996 as part of their pledge to balance the budget; a huge reduction in military spending, totaling nearly 2% of GDP, over the decade; and rapid economic growth, which always causes a bounce in revenues. Paygo didn't expire until 2002, but by the late-1990s politicians in both parties were already re-stoking the domestic spending fires.

What paygo does restrain are tax cuts, by requiring that any tax cut be offset dollar-for-dollar with some entitlement reduction. Congressional budgeteers always overestimate the revenue losses from tax cuts, which under paygo would require onerous budget cuts to "pay for" the tax cuts. As a political matter, those spending cuts will never happen.

First on the chopping block, therefore, would be the investment tax cuts of 2003 that are set to expire in 2010. Last year Democrat David Obey of Wisconsin, the new Appropriations Committee chairman and a prodigious spender, gave this strategy away when he urged paygo rules so he could enact new social spending and pay for it by canceling the Bush tax cuts for those who make more than $1 million.

Never mind that, in the wake of those capital gains and dividend tax-rate cuts, federal revenues climbed by a record $550 billion over the past two fiscal years. Incidentally, thanks to the current economic expansion and the surge in tax revenues, the budget deficit has fallen by $165 billion in just two years -- without paygo.

Given all of this, it's especially puzzling that even some conservatives seem tempted by paygo's fiscal illusions. Our friends at the Heritage Foundation have of late become obsessed with future entitlement forecasts and have advised Ms. Pelosi to enact paygo rules to stop it. But Heritage notably did not insist that tax increases be excluded from any paygo rule. Had such logic prevailed in 1980 or 2003, it's possible that neither the Reagan nor Bush tax cuts would ever have become law. As a political matter, paygo is about returning Republicans to their historical minority role as tax collectors for the welfare state.

That's not to say that new budget rules aren't highly desirable. The line-item veto, a new Grace Commission to identify and eliminate the billions of dollars of waste and failed programs, and an automatic spending sequester if the budget rises above agreed baselines would all help to restore spending discipline. But it is precisely because these rules would restrain spending that they are not on the Democratic agenda.

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Paygo, by contrast, gives the appearance of spending discipline while making it all but impossible to let taxpayers keep more of their money. It should really be called "spend and tax as you go."

OTHER NEWS:

Warm Weather Weighs On Price Of Oil (USAT)

By Sue Kirchhoff

USA Today, January 5, 2007

WASHINGTON — Crude oil prices fell Thursday to the lowest level since mid-2005, pressured by warm weather, faltering demand and government data showing inventories at healthy levels.

"We're running out of winter," says Kevin Lindemer, managing director of energy for economic consulting firm Global Insight. "We are very well supplied for what's remaining. … We have very high heating oil inventories."

Crude oil for February delivery closed at $55.59 a barrel in New York trading, a 4.7% drop. That followed a 4.5% decline on Wednesday. The price is down from a peak of $77.03 a barrel on July 14.

Whether the lower prices will have staying power, helping consumers, is unclear.

Lindemer says weather will be a key factor in price moves in coming days, as will possible efforts by the Organization of Petroleum Exporting Countries to adjust output to keep prices from falling. The bulk of heating oil demand is in the Northeast and Midwest.

"If oil prices stay as low as they are right now, it's going to bring gasoline prices down, no doubt about it. … The big question is how long will it stay down here? And we won't know that for several days," says Phil Flynn, energy analyst at Alaron Trading, noting that prices have previously dipped near the mid-50s, only to bounce back.

Gasoline prices fell last week for the first time in three weeks, the federal Energy Information Administration (EIA) reported Wednesday. The average price for regular gasoline was $2.334 a gallon, down from $2.341 the previous week.

Flynn said this week's oil price decline was also partially caused by technical trading. In addition, the EIA reported, inventories were higher than anticipated.

The EIA said domestic inventories of crude oil fell last week by 1.3 million barrels to 319.7 million. But distillate stocks, including diesel fuel and heating oil, rose by 2 million barrels to 135.6 million barrels. U.S. gasoline inventories also rose, helping prompt a 6-cent drop in wholesale gasoline prices to $1.487 a gallon.

"It's warm out, so demand is down. There is concern about U.S. and global growth (slowing)," says Jason Schenker, energy analyst for Wachovia. Schenker predicts volatility ahead with "both up and down swings."

On average, Wachovia expects oil to run about $60 a barrel in 2007. He notes that while prices have been trending lower, they're still well above historical averages, because oil was selling for about $25 a barrel for decades.

Lindemer said the price drop could help consumers who have flexible home heating oil contracts, though adding: "When it's 60 degrees on Jan. 4 in Boston, a tank full of heating oil goes a long way."

Energy, Mining Firms Take Hit (WSJ)

By Bhushan Bahree, Paul Glader And Ann Davis

The Wall Street Journal, January 5, 2007

Energy and copper prices continued their tumble yesterday, punishing shares of companies from oil giant Exxon Mobil Corp. to mining magnate Freeport-McMoRan Copper & Gold Inc.

There is no one factor behind the sharp declines in some key commodities. Warm winter weather has depressed oil prices, more than offsetting recent production cutbacks by OPEC. Copper prices, meanwhile, are dropping because of concerns about a housing slump in the U.S., rising inventories and easing labor problems at copper mines.

Whether commodity prices continue to slide long term will depend in no small part on the world economy. Explosive growth in developing countries like China -- along with solid economic growth in the U.S. -- had spurred demand for everything

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from natural gas to copper wire and pipes in recent years. If the world economy shows resilience, commodity prices are likely to rebound.

Just the same, prices for basic materials are unlikely to make the kind of gains they rang up in recent years. Oil, for example, surged more than 30% in both 2004 and 2005, but ended flat in 2006 despite closing above $77 a barrel in July. Yesterday, oil closed at $55.59 a barrel on the New York Mercantile Exchange, down $2.73 for the day. It is now more than a dollar below its level in October, when the Organization of Petroleum Exporting Countries decided to trim output to prop up prices.

Copper hasn't been doing any better. After surging 88% from Dec. 30, 2005, through May 23, 2006, to $4.055 a pound on the Comex Division of Nymex, it tumbled 36% from that May peak to yesterday's close of $2.5885 a pound.

For now, investors are bidding down the prices of several key commodities along with the companies that produce them. In 4 p.m. composite trading on the New York Stock Exchange yesterday, Exxon Mobil shares fell 1.9% to $72.72, and Marathon Oil Corp. shed 3.6% to $84.24.

Mining companies also are getting dusted up. New Orleans-based Freeport-McMoRan Copper & Gold has a large copper-mining operation in Indonesia and has launched a bid to acquire Phoenix-based copper miner Phelps Dodge Corp. Freeport's share price on the New York Stock Exchange has dropped 29% to about $51 yesterday from a 52-week high of $72 in April. Meanwhile, Phelps Dodge, which has seen its stock price rise in recent months because it is a takeover target, has seen its share price decline to about $116, down 7% from a 52-week high of $125 in December.

How quickly commodity prices will recover is unclear. The winter months in the Northern Hemisphere are the peak time for oil use because of heating needs. Typically, oil producers increase their output and consumers draw on oil inventories to meet peak demand. However, this winter's warm weather in the U.S. Northeast -- the source of 80% of the nation's heating-oil demand -- has, for example, undercut the price of crude-oil contracts on the New York Mercantile Exchange. OPEC can't tighten its oil taps fast enough to balance the market and shore up prices.

OPEC might be forced to further trim output, according to Larry Goldstein, an analyst at the Energy Policy Research Foundation. "The impact of warmer weather globally has fully negated November and December [output] cuts," he said.

For its part, the copper market has lost much of the labor-fear factor that had been buoying prices. A series of labor negotiations during 2006 had been "keeping a premium into prices," said Catherine Virga, a base metals research analyst with CPM Group in New York. Workers at copper mines in Mexico, Chile and elsewhere have gone on strike in the past year as three-year contracts are up for negotiations and workers want better pay and benefits during a commodity boom that is bringing greater profits to mining companies world-wide.

As labor negotiations at various mines have been settled, prices have come back down. Ms. Virga predicts copper prices may climb short term as traders see the recent drop as a buying opportunity. But, overall, her firm predicts copper prices declining in 2007.

The First Energy President (NYT)

By Thomas L. Friedman

The New York Times, January 5, 2007

Now that President Gerald Ford has been buried with all the honors he deserved, it is time to discuss a proper memorial. I would suggest the Gerald Ford Energy Independence Act.

Few people remember today, but “Gerald Ford was the first U.S. president to really use the levers of the presidency to try to break our addiction to oil,” said the energy economist Philip Verleger Jr. “He was way ahead of his time.”

Well, his time has come again — and then some.

The greatest thing George Bush could do — for President Ford’s legacy and his own — would be to dedicate his coming State of the Union address to completing the energy independence agenda that Mr. Ford initiated 32 years ago in the wake of the 1973 Arab oil embargo and energy shock.

As the page titled “Energy” from the Ford presidential library Web site reminds us: “Early in his administration, President Ford said that he would not sit by and watch the nation continue to talk about an energy crisis and do nothing about it. Nor, he

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said, would he accept halfway measures which failed to change the direction that has made our nation so vulnerable to foreign economic interests. The president proposed firm but necessary measures designed to achieve energy independence for the U.S. by 1985, and to regain our position of world leadership in energy."

In his 1975 State of the Union speech, President Ford laid out his vision: "I have a very deep belief in America's capabilities. Within the next 10 years, my program envisions: 200 major nuclear power plants; 250 major new coal mines; 150 major coal-fired power plants; 30 major new [oil] refineries; 20 major new synthetic fuel plants; the drilling of many thousands of new oil wells; the insulation of 18 million homes; and the manufacturing and the sale of millions of new automobiles, trucks and buses that use much less fuel. ... In another crisis — the one in 1942 — President Franklin D. Roosevelt said this country would build 60,000 military aircraft. By 1943, production in that program had reached 125,000 aircraft annually. They did it then. We can do it now."

Obviously, President Ford's emphasis on coal and domestic oil came in age when most people were unaware of climate change. Still, Mr. Ford wasn't just all talk on energy. He used his presidential powers to impose a $3-a-barrel fee on imported oil to reduce consumption. That was a big deal, noted Mr. Verleger, because the average cost of imported crude at the time was only $10.76 a barrel.

Yes, you read that right. A Republican president actually imposed an import fee on oil to curb consumption! Yes, President Bush, it can be done! The republic survived!

Thanks to the Energy Policy Conservation Act of 1975 and other measures, Mr. Ford's energy legacy includes: the creation of the Strategic Petroleum Reserve for use in an emergency; the phasing out of domestic price controls on oil to encourage more exploration; major investment in alternative energy research; assistance to states in developing energy conservation programs; and, most important, the creation of the first compulsory mileage standards for U.S. automobiles.

Those mileage standards have barely been tightened since 1975 — because some idiotic congressmen from Michigan, who thought they were protecting Detroit, have blocked efforts to raise them. So, Japanese automakers innovated more in that area, and the rest is history — or in the case of Detroit, obituary.

Every 10 years we say to ourselves, "If only we had done the right thing 10 years ago." Well, President Bush has a chance in his State of the Union to call on Americans to honor Mr. Ford by completing his vision. But it means asking Americans to do some hard things: accepting a gasoline or carbon tax; inducing Detroit to make more fuel-efficient cars, trucks and plug-in hybrids; setting a national requirement for utilities to provide 20 percent of their electricity from renewable wind, solar, hydro or nuclear power by 2015; and, finally, making large-scale investments in mass transit.

It is stunning that since 9/11 the Bush team has never mounted a campaign to get Americans to conserve energy.

"Ford called for zero oil imports by 1985," said Mr. Verleger. "Instead, we imported five million barrels a day then. In 2006, imports will average almost 14 million barrels a day. Had we achieved everything Ford proposed, the price of oil today would be $20 a barrel, not $60, the polar ice caps might not be melting, the polar bear might still have a chance, and our children would have a future."

Rise In Ethanol Raises Concerns About Corn As A Food (NYT)

By Alexei Barrionuevo

New York Times, January 5, 2007

CHICAGO, Jan. 4 — Renewing concerns about whether there will be enough corn to support the demand for both fuel and food, a new study has found that ethanol plants could use as much as half of America's corn crop next year.

Dozens of new ethanol plants are being built by farmers and investors in a furious gold rush, spurred by a call last year from the Bush administration and politicians from farm states to produce more renewable fuels to curb America's reliance on oil. But the new study by the Earth Policy Institute, an environmental group, found that the number of ethanol plants coming on line has been underreported by more than 25 percent by both the Agriculture Department and the Renewable Fuels Association, the ethanol industry's main lobbying group.

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The Earth Policy Institute says that 79 ethanol plants are under construction, which would more than double ethanol production capacity to 11 billion gallons by 2008. Yet late last month, the Renewable Fuels Association said there were 62 plants under construction.

The lower tally has led to an underestimate of the grain that would be needed for ethanol, clouding the debate over the priorities of allocating corn for food and fuel, said Lester R. Brown, who has written more than a dozen books on environmental issues and is the president of the Earth Policy Institute. "This unprecedented diversion of corn to fuel production will affect food prices everywhere," Mr. Brown said.

Bob Dinneen, the president of the Renewable Fuels Association, said the group had not intentionally tried to play down the number of plants under construction. "It has been a moving target," Mr. Dinneen said in an interview on Thursday. "We are not trying to hide the ball. We are trying to keep up with a growing and dynamic industry as best we can."

The Renewable Fuels Association has generally played down concerns in the food versus fuel debate over ethanol, saying that estimates showed there would be plenty of corn to meet the demand for both. "We can absolutely do that without having a deleterious impact on consumer food prices," Mr. Dinneen said.

The National Corn Growers Association said Thursday that farmers were keeping up, noting that growers produced their third-largest crop in 2006 of 10.7 billion bushels. "All demands for corn — food, feed, fuel and exports — are being met," Rick Tolman, chief executive of the corn growers, said in a statement. "Farmers have always responded to price signals from the marketplace and, historically, we have had much more challenge with overproduction than shortage."

With spot prices of corn soaring to record highs of nearly $4 a bushel last month, farmers are expected to plant some 85 million acres of corn this year, an increase of 8 percent over 2006 and what would be the largest corn-seeding in the country since 1985, said Dan Basse, president of AgResource, an agricultural research company in Chicago.

Ethanol has raised the incomes of farmers and given new hope to flagging rural economies. But the reliance on corn to produce ethanol in the United States has drawn concerns from some economists, who question whether the drive to corn-based fuel will push up the prices of livestock and retail prices of meat, poultry and dairy products.

Mr. Brown is among those who believe the ethanol industry is growing too quickly. He called for a federal moratorium on the licensing of new distilleries. "We need a time out, a chance to catch our breath and decide how much corn can be used for ethanol without raising food prices," he said Thursday.

Like many other experts, he advocates moving past corn-based ethanol into cellulosic ethanol, produced from plant waste and nonfood crops like switch grass.

For now, however, in the anticipation of high potential returns, ethanol plants that rely on corn are being built by everyone from farmers to Bill Gates of Microsoft to a mix of Wall Street investors. In addition to the 116 ethanol plants in production, and the 79 under construction, at least 200 more ethanol plants, with a capacity of 3 billion gallons a year, are in the planning stages.

In all, ethanol distilleries now running or in the works will pull an estimated 139 million tons of corn from the 2008 corn harvest, according to the Earth Policy Institute. That is about double the demand projected by the Agriculture Department and will require over half of the projected 2008 corn harvest of about 11 billion bushels.

Keith Collins, the Agriculture Department's chief economist, did not respond to requests for comment. One reason for the department's projection of just 60 million tons of corn used for ethanol is that it was released last February, before surging oil prices set off investor interest in ethanol plants. The Agriculture Department will release its new projections next month.

But the pace of plant construction may be slowing. Shortages of galvanized steel and backlogs for special tanks for the distilleries have pushed construction time back from 18 months to as much as 28 months for some plants, Mr. Basse said.

Some towns are also demanding environmental studies to better understand the impact ethanol plants can have on water supplies and quality of the groundwater, which has delayed permits for new processing plants.

New Prospect For US: Glut Of Ethanol Plants (CSM)

By Mark Clayton

Christian Science Monitor, January 5, 2007

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Like at least four others building new ethanol plants in Illinois, Mike Smith expects his new biorefinery to begin pumping out fuel from corn by summer.

Unlike the other plants, Mr. Smith's Canton, Ill., facility is nowhere to be found on a key industry tally, which the US government and Wall Street analysts use to track ethanol plants under construction. A study released Thursday reports that at least 14 new biorefineries - representing nearly 1 billion gallons of extra fuel - are not on that tally. That oversight could mean problems ahead for the food supply and the "green fuel" industry, some analysts say.

• Ethanol production could pull so much corn out of the food supply by 2008 that US corn exports could plummet.

• The food-fuel competition could push corn prices so high that some ethanol producers in the fledgling industry, which many deem vital to US energy security, would merely break even - or, if corn gets pricey enough, actually lose money.

Even before Thursday's report, some analysts had warned of a future glut of ethanol production capacity.

The immediate concern of the Earth Policy Institute (EPI), which released the new report, is the impact on the global food supply.

"We're worried there will be less to feed the world if we're using too much corn to make fuel," says Lester Brown, EPI's president. "The US ... supplies 70 percent of the world's corn exports. These previously unidentified distilleries could have a big negative impact."

Wall Street investment banks and farm cooperatives continue to pour billions of dollars into building ethanol plants, basing their decisions in part on predictions of future capacity by the Renewable Fuels Association. The RFA lists 65 plants under construction. But EPI, which put together its own tally using several industry lists, has found 79 such plants.

That extra capacity has major implications for agriculture and the ethanol industry. Using the RFA's lower estimate, the US Department of Agriculture has forecast that ethanol biorefineries - also called distilleries - will need about 60 million tons of corn from the 2008 harvest. But if EPI's higher estimate for plants is correct, then up to 139 million tons of corn will be needed.

For its part, the RFA defends its more conservative estimate. "Our list is a pretty accurate snapshot - about the best you can get in an industry that changes as quickly as this one," says spokesman Matt Hartwig. "If we were to do our list based on announcements, it would be much longer. But that would be misleading because not all those come to fruition. Those on our list we believe will be built and up and running."

Last month, the RFA added about a dozen new facilities to its list, which suggests about 11.4 billion gallons in capacity by 2008, which is still lower than the EPI's range of 12 billion to 15 billion gallons.

Besides the potential impact on food exports, the glut in capacity could throw the ethanol industry into turmoil. The problem isn't demand for ethanol. The energy industry could use far more than what's currently produced. The real challenge is that competition for corn could drive its price so high that profits evaporate, some analysts warn.

"We see significant overcapacity in the short term, 2007-2010," warned a Deutsche Bank analysis last month. That analysis, based in part on RFA data, sees capacity of only about 8.3 billion gallons a year by 2008 - similar to a Citibank analysis in September.

Factor in the EPI numbers and the crunch gets worse.

"We've got to come up with enough corn acres to meet the demand," says Jerry Gidel, grains analyst for North America Risk Management in Chicago. "We're chasing a kite right now that keeps on rising." He predicts that capacity could reach 11 billion gallons a year by early 2008. The 1.7 billion gallons of capacity RFA added late last year was "totally unexpected and has me a little worried," he says.

Ethanol prices fluctuate with gasoline prices. So when gas prices go up, profits for ethanol plants are good even if corn costs more. When gas prices dip, ethanol profits can get pinched by rising corn prices. With oil at $60 dollars a barrel, ethanolmakers can make money.

"I would feel very uncomfortable, extremely uncomfortable, planning a new ethanol biorefinery at this time," says Robert Wisner, an economist at Iowa State University. "The RFA numbers are clearly at the low end of the capacity scale. We have a substantial number of plants out there that are very close to breaking ground right now that are not part of that list."

If oil prices were to drop below $60 a barrel, a further boost in corn prices could slash profit margins for ethanol manufacturers, some say.

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"Right now we're getting by on $60 a barrel oil and still making money in ethanol," Mr. Gidel says. "But if all of a sudden we're going to stay at $60 and see demand for corn for ethanol rise for the 2008 harvest, well that would be a very ... challenging year for ethanol."

Wall Street has cooled somewhat to the industry's initial public offerings (IPOs) - privately held ethanol firms going public, analysts say.

"It's going to be a tough year because there's so much capacity," says a Deutsche Bank analyst, who asked not to be named because he did not have permission to speak to the press. "I don't really see Wall Street wanting to do a lot less [investment] with ethanol. We have had some pull back on a couple of IPOs by ethanol companies. Now the environment is tougher, but I don't think that's going to stop anybody."

Data Indicate Growth Softened During December (WSJ)

By Michael S. Derby And Jeff Bater

The Wall Street Journal, January 5, 2007

NEW YORK -- The latest readings on the service sector and labor market suggested that the U.S. economy softened a bit in December.

The Institute for Supply Management said its nonmanufacturing index, which surveys mostly service-related companies, slipped to 57.1 last month from 58.9 in November but was unchanged from the October reading.

Challenger, Gray & Christmas CEO John Challenger discusses his firm's December job cuts report2, which he says suggest an "ideal" soft landing for the economy.

Monster Worldwide International Group President Steve Pogorzelski discusses the state of the economy3 as seen via online job postings

Readings over 50 indicate expanding activity, but economists had looked for December's performance to be slightly stronger. The service sector is the single largest source of U.S. economic output.

The service-index reading came a day after the institute reported that its index of manufacturing activity showed modest growth last month after a mild contraction in November.

Despite a gradual cooling, survey respondents remained upbeat about the service sector: "Members' comments in December are generally positive concerning current business conditions," said Anthony Nieves, who compiles the report. "The overall indication in December is continued economic growth in the [service] sector."

The report said inflationary pressures faced by service-sector firms edged up, with the December price index settling at 59.1, up from 55.6 a month earlier. The group's employment index hit 53.3, up from 51.6 in November, while the new-orders index fell to 54.4 from November's 57.1.

Meanwhile, the U.S. job market also showed some softening based on data released by the Department of Labor. Initial claims for unemployment insurance rose to a seasonally adjusted 329,000 for the week ended Dec. 30, up 10,000 from a week earlier, an increase that may be holiday related.

Economists said yesterday that the increase may be due to seasonal adjustment volatility related to the holidays. The government today will release its employment report for December.

The Commerce Department said U.S. factory orders bounced back during November from a big drop in October. Orders rose 0.9% to $394.3 billion, buoyed by a rise in orders for durable goods.

Holiday Sales Look Happier Than Expected (USAT)

By Jayne O'donnell

USA Today, January 5, 2007

December sales were disappointing for several retailers, but upscale stores and most discounters continued to do well, results out Thursday show.

Despite a somewhat gloomy picture, the National Retail Federation continues to predict that holiday season sales will be up 5% for 2006, thanks in large part to a strong November. The federation will release its final numbers next Friday.

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Experts also caution that because gift cards are counted toward sales when they are redeemed, January could help retailers make up for lost sales earlier in the holiday season.

Darrell Rigby, head of management consulting firm Bain's global retail practice, questions those who say it's been a bad holiday retail season. He thinks sales will meet his company's prediction of up to 5.5% growth, which he notes will be well above the historical average of 4.3% growth for holiday seasons and "is comparable to the strong 5.4% that thrilled analysts last year."

"A host of high-end retailers all have done fairly well, and very price-sensitive retailers seemed to have done fairly well, too," says Carl Steidtmann, chief economist for Deloitte Research.

Still, there were some clear losers, especially Gap — which owns the Gap, Old Navy and Banana Republic stores. Gap same-store sales were down 9%, and Old Navy's dropped 10%.

Sabrina Simmons, Gap's senior vice president of corporate finance, said slow sales meant the company had to take big markdowns at Gap and Old Navy and warned that profits will continue to suffer as merchandise is cleared out this month.

Winners continue to be Target, which saw a sales increase of 4.1%, and Nordstrom, where sales were up 9%. And things aren't looking as bad at Wal-Mart as expected. The biggest retailer warned earlier that its sales would be up less than 1%, but it managed to beat 2005's December sales by 1.6%.

Sales for Federated Department Stores, which owns Macy's and Bloomingdale's, were up 4.4% and may have taken a bite out of some smaller retailers' business.

"The specialty apparel stores really seemed to struggle, which reflects the weakness of the apparel cycle," Steidtmann says.

He says the problems reflect how much discounting retailers needed to do to move merchandise. At both extremes, weather was a problem, he notes. There were store closings in some parts of the West before Christmas because of blizzards, while many other areas had record high temperatures that made cold-weather clothing a less likely purchase.

November retail sales were up 6.3%, NRF spokeswoman Ellen Davis says, so even with December sales likely coming in below 5%, NRF isn't worried.

"We still have wiggle room to make our forecast," she says.

Holiday-Sales Figures Leave Big Gaps (WSJ)

By James Covert

The Wall Street Journal, January 5, 2007

Holiday retail sales, once considered a barometer of the health of the economy, are no longer a crystal ball.

The same-store sales figures dozens of retailers reported yesterday don't reflect two big shifts in the way consumers shop these days. Gift cards have grown in popularity, but they aren't logged as sales until they are redeemed. Online sales, another booming category, also aren't included in the widely watched numbers.

BUILD YOUR OWN CHART

• Take a look1 at how a dozen major retailers, including Wal-Mart and Gap, have done over the past year, and use tools to build your own charts.

• See a sortable chart of results from about 20 retailers.2

Overall, retailers reported a 3.1% increase in December in sales at stores open at least a year, according to an index of 55 chains compiled by the International Council of Shopping Centers. That fell short of the 3.5% gain recorded a year earlier as well as the 3.6% increase in same-store sales the chains logged for the year as a whole.

But redemptions of gift cards could give retailers a lift in January, when roughly half of gift cards are typically used, often to buy full-price merchandise. Retailers could also get a boost later on if recipients fail to redeem the full value of the cards; in many states, retailers are allowed to book the unused value of gift cards as revenue if it isn't redeemed after a year or so. More than 10% of the value of gift cards purchased this year will go unused, according to Brian Riley, an analyst at Tower Group Inc., a Needham, Mass., research firm.

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Both effects could be magnified by the sharp rise in gift-card sales. The National Retail Federation estimates that gift-card sales this holiday season totaled nearly $25 billion, up 34% from a year earlier and accounting for nearly a fifth of holiday gift spending.

HOLIDAY SALES NEWS TRACKER

A regularly updated look at holiday-sales news and trends3, including how stores are performing, what products are moving and how consumers are faring.

Despite the inconclusive nature of yesterday's reports, the numbers did show what a mixed bag retailing has become. Luxury stores continued to ride the boom in high-end fashion and accessories, while many mall-based specialty chains, including Gap Inc., AnnTaylor Stores Corp. and Chico's FAS Inc., rang up disappointing results. Department stores generally reported modest gains.

Wal-Mart Stores Inc., the nation's largest retailer, reported a 1.6% gain, stronger than the flat sales or gain of as much as 1% that the Bentonville, Ark., retailer had predicted a month earlier.

The December figure was Wal-Mart's strongest monthly showing since August and reversed a same-store sales decline in November. The retailer said that shoppers armed with gift cards have snatched up postholiday deals on electronics and fitness equipment, contributing to the likelihood of a 1% to 2% gain this month in sales at stores open at least a year.

One standout in December was Saks Inc., where same-store sales surged 11%, in a sign of a turnaround at the chain, which had struggled with fashions that were too young to suit its core customers.

More broadly, luxury sales are being fueled by an increase in foreign tourism. Nordstrom Inc.'s same-store sales rose a stronger-than-expected 9%, while Neiman Marcus Group Inc. posted a 7.1% gain.

"Some of the strength on the high end is well above the trend for the year," said Michael Niemira, chief economist at the International Council of Shopping Centers, who notes that the luxury boom is now in its fourth year.

But economists are talking about the possibility of a broad slowdown in spending this year amid a shaky housing market, rising consumer debt, high energy prices and a slowdown in job and wage growth. "We're getting a very mixed picture," Mr. Niemira said, noting that a number of retailers yesterday warned that profits will be lower than expected.

Gap, in fact, cut its earnings forecast for the fiscal year for the third time in six months and announced that management and its board are now reviewing the strategies of the retailer's Gap and Old Navy brands.

The San Francisco company said it now expects to earn just 83 cents to 87 cents a share for the fiscal year ending this month, roughly a third less than its original forecast of $1.23 to $1.27 a share. It will likely be the company's worst full-year performance under Chief Executive Paul Pressler, who joined Gap in September 2002.

Before yesterday's announcement, company executives had said that they were confident about their Gap and Old Navy strategies and that customers were just proving slow in adjusting to changes they had made. Gap has been trying to upgrade the quality and design of its merchandise, while remodeling its stores and adding "clean" departments that stock classics like wool pants and turtlenecks.

Old Navy, hurt by competition from discounters such as Target Corp., has a new president and has been trying to regain its fashion footing. Its women's merchandise is now outperforming its men's and kids' products, but the chain continues to lose customers.

Another disappointment: Federated Department Stores Inc., parent of Macy's and Bloomingdale's. Its 4.4% same-store sales increase fell short of its Nov. 30 forecast for a 5% to 8% increase. And the numbers don't include results from former May department stores that it acquired last year, but which have lagged since being converted to Macy's in September.

The Cincinnati company said it expects January same-store sales to grow 1.5% to 3% and fiscal fourth-quarter sales to be at the low end of expectations.

Warm weather in much of the country, which hurt sales of winter gear, appeared to keep a lid on sales at midtier department stores. J.C. Penney Co. posted a 2.6% gain -- roughly in line with estimates -- while archrival Kohl's Corp. reported a 3% increase. Dillard's Inc., of Little Rock, Ark., reported a sharper-than-expected 5% drop.

Department stores nevertheless continue to steal customers from struggling specialty apparel chains, said Dan Hess, chief executive of Merchant Forecast LLC, a New York consulting firm.

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"The simple fact is that department stores are making changes -- the kind that specialty stores were making 10 years ago," he said. "They're making shopping environments more exciting, they're offering better customer service, and more newness and a wider variety in fashion."

Markets Finish Higher Despite Unease (USAT/AP)

By Joe Bel Bruno

USA Today, January 5, 2007

NEW YORK — Wall Street struggled but ultimately closed higher Thursday as a bounce in technology stocks and sharply lower oil prices helped investors brush off concerns about sluggish consumer spending.

Retailers' lackluster holiday sales reports initially sent major stock indexes significantly lower. Stocks climbed back after a drop in crude oil prices to below $56 a barrel raised hopes that cheaper gasoline might be on the way.

A broad advance from chipmaker stocks supported the market. Leading the way was Intel, which surged to its highest level in two weeks after Banc of America Securities said it expects fourth-quarter results will come in higher than expected.

The market's performance Thursday showed that investors remain uneasy about any economic data, especially after minutes from the Federal Reserve's last meeting indicated policymakers were in no hurry to cut interest rates. Mixed data on Thursday included disappointing housing and service-sector reports.

"People are thinking now that energy prices are coming down, and that gives a chance for technology and other sectors to perform better," said Scott Fullman, director of investment strategy for Hapoalim Securities USA. "The broader picture is that the economy continues to show signs of slowing, and that will continue through the first quarter."

The Dow Jones industrial average rose 6.17 points to 12,480.69. Broader stock indicators were higher. The Standard & Poor's 500 index edged up 1.74 points to 1418.34. The tech-dominated Nasdaq composite added 30.27 points to 2453.43.

Bonds moved higher, with the yield on the benchmark 10-year Treasury note falling to 4.61% from 4.66% late Wednesday. Also sending bond yields lower was the Institute for Supply Management's services sector index for December, which showed growth slowed from November.

Advancing issues outnumbered decliners 3-to-2 on the New York Stock Exchange.

Highlights:

ExxonMobil was among the biggest decliners on the Dow, falling $1.39 to $72.72.

•Intel, the second-biggest advancer in the S&P 500, rose 82 cents, or 4%, to $21.17. Banc of America Securities raised the company's fourth-quarter earnings estimate, saying the chipmaker will likely gain market share.

Rates On 30-Year Mortgages Unchanged (AP)

Associated Press, January 5, 2007

WASHINGTON (AP) -- Rates on 30-year mortgages were unchanged in the first week of the new year after posting three consecutive increases to close out 2006.

Mortgage giant Freddie Mac reported Thursday that 30-year, fixed-rate mortgages averaged 6.18 percent this week, the same as last week.

Analysts said the markets in recent days have gotten some confusing messages about how serious the current economic slowdown will be.

"Currently, the market is waiting for a clearer signal on the direction in which the economy is headed," said Frank Nothaft, Freddie Mac's chief economist.

For 2006, 30-year mortgages peaked at 6.80 percent in late July with rates trending lower for most of the rest of the year. That decline was welcomed by the embattled housing industry, which is in the grips of a severe downturn after five boom years.

The Freddie Mac survey showed that other types of mortgage rates were mixed this week.

Rates on 15-year, fixed-rate mortgages, a popular choice for refinancing, edged up slightly to 5.94 percent, compared to 5.93 percent last week.

Five-year adjustable rate mortgages rose to 6.02 percent, up from 5.98 percent, but one-year adjustable rate mortgages fell to 5.42 percent, down from 5.47 percent last week.

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The mortgage rates do not include add-on fees known as points. Thirty-year, 15-year and five-year mortgages each carried a nationwide average fee of 0.4 point. One-year ARMs carried a fee of 0.6 point.

A year ago, rates on 30-year mortgages stood at 6.21 percent while 15-year mortgages were at 5.76 percent, five-year ARMs averaged 5.78 percent and one-year ARMs were at 5.16 percent.

Pending Sales Of Existing Homes In U.S. Fell 0.5% (Update1) (BLOOM)

By Carlos Torres

Bloomberg, January 5, 2007

Jan. 4 (Bloomberg) -- Fewer Americans signed contracts to buy previously owned homes in November, suggesting weakness in the real-estate market may extend into the new year.

An index of signed purchase agreements fell 0.5 percent, a third consecutive decline, to 107 from 107.5 in October, the National Association of Realtors said today in Washington. The index was down 11.4 percent from November 2005.

The decline from the previous year has been narrowing since July, suggesting sales may be stabilizing, the group said. The improvement may also stem a weakening in home prices that threatens to check consumer spending, which accounts for more than two-thirds of the economy.

``Data over the past few months strongly suggest that home sales have stabilized and are possibly rising at a modest pace," said Abiel Reinhart, an economist at JPMorgan Chase Corp. in New York.

The year-over-year decline is down from a 16 percent drop registered in July.

Economists expected the index to rise 0.7 percent in November, according to the median of 17 forecasts in a Bloomberg News survey, after a decline of 1.7 percent the month before. Estimates ranged from a drop of 1 percent to an increase of 2.1 percent.

``The index is pointing toward fairly stable home sales in the near future," David Lereah, the group's chief economist said in a statement. ``This is another indication that home sales likely bottomed out in September."

Back-to-Back Sales Gain

The Realtors' group reported last week that sales of previously owned homes unexpectedly rose 0.6 percent in November after rising 0.5 percent a month earlier. It was the first back- to-back increase gain since March 2005 and followed declines in the previous six month.

The index of pending home resales is considered a leading indicator of sales because it tracks contract signings. The Realtors' sales report tracks closings, which typically occur a month or two later.

Purchases of new homes, which are also based on signings, rose a greater-than-forecast 3.4 percent in November to an annual sales pace of 1.047 million, the Commerce Department also reported last week.

The existing-home sales report is based on a sample of about 40 percent of transactions in the multiple listing service used by real estate agents, while the pending-sales index covers about 20 percent.

Regional Declines

Pending resales decreased in three of four regions, today's report showed today. They fell 2.8 percent in the Northeast, 2.6 percent in the West and 1.1 percent in the South. Pending resales rose 4.8 percent in the Midwest.

Lower mortgage rates have boosted sales. The average rate on a 30-year fixed-rate mortgage fell to 6.14 percent last month, the lowest since October 2005, from 6.27 percent in November, according to figures from Freddie Mac.

The sales gains are barely starting to make a dent in inventories. The number of previously owned homes for sale decreased 1 percent to 3.82 million last month, last week's sales report from the Realtors showed. The supply was just less than the record 3.861 million reached in July.

Figures from the Commerce Department showed the number of new homes completed and waiting to be sold were at a record 169,000 in November.

Lennar Corp.

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Faced with a glut of unsold properties, builders are retrenching. Lennar Corp., the fourth-largest U.S. homebuilder, this week said it had its first quarterly loss in at least a decade after writing down property investments. Miami-based Lennar said it took the charge to write down land it now doesn't intend to purchase.

``Market conditions continued to weaken during the fourth quarter and we have not yet seen tangible evidence of a market recovery," Chief Executive Officer Stuart Miller said in a statement.

The Federal Reserve is doing its part to prevent the housing slump from deepening by keeping its interest-rate target steady. Fed policy makers left the benchmark rate target at 5.25 percent at the past four meetings, after raising it 17 straight times since June 2004.

``Economic growth has slowed over the course of the year, partly reflecting a substantial cooling of the housing market," Fed policy makers said in a statement following their Dec. 12 meeting. ``The economy seems likely to expand at a moderate pace on balance over coming quarters."

The economy is likely to grow 2.5 percent this year after expanding at an annual pace of 2 percent in the last three months of 2006, according to the median estimate of economists surveyed early last month by Bloomberg News. The economy grew 3.3 percent a year on average in the last decade.

``While the housing cycle is far from complete, the probability it will cause a major decline in total economic activity is steadily falling," Douglas Lee, president of Economics From Washington, in Potomac, Maryland, said before the report.

Court Weighs Parental Rights Of Sperm Donors (USAT)

By Joan Biskupic

USA Today, January 5, 2007

A case before the Kansas Supreme Court has become a key test of the rights of sperm donors who want to be involved with their offspring over the objection of the children's mothers.

The dispute, which has drawn national attention, involves a single woman, identified in court papers only as S.H., who gave birth to twins in May 2005 after being inseminated with the sperm of a friend, identified as D.H.

After the mother made it clear that she did not intend to share parenting, D.H. sued to establish paternity. He lost in a trial court because of a Kansas law that says the donor of sperm provided for artificial insemination is not the legal father of the child unless the donor and mother agree to it in writing.

The major question in the case is whether requiring such written agreements in cases involving sperm donors known to the mother, not anonymous donors from sperm banks, violates the donor's constitutional rights as a parent. Like Kansas, many states have legal hurdles for donors seeking parental status.

The case arises at a time of increasing advances in reproductive technology. According to the Centers for Disease Control and Prevention, the numbers of women being impregnated with eggs fertilized outside the womb is significantly on the rise. There are no reliable statistics on methods of conception with donated sperm.

"It's clearly a broadening phenomenon," New York University sociology professor Judith Stacey says of artificial insemination with donor sperm. "All of this is tied to changes in the family, including women choosing to marry later and the gay and lesbian movement. What hasn't changed is women's desire to have children."

Most sperm donors are anonymous and waive parental rights. The move typically shields donors from demands for child support and protects mothers' privacy.

However, when the donor and the mother know each other, different expectations and legal complications can arise, as is the Kansas case and others in recent years from California to Pennsylvania. The cases reflect the lack of uniformity in laws regarding sperm donors, says American University law professor Nancy Polikoff, one of 20 family law professors who filed a brief in support of the Kansas mother. They say states traditionally have had broad latitude to define parentage on factors other than biology, such as marriage.

"Most of the time, even with a known donor, there is not an intention to be a parent," Polikoff says.

Among those backing the donor in the Kansas case is Linda Henry Elrod, director of the Children and Family Law Center at Washburn University law school in Topeka.

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Elrod said the Kansas law should not treat anonymous and known donors the same: "A man who is the known genetic father and who steps forward to accept parental responsibility for his children automatically has those rights as a matter of constitutional law."

The Kansas Supreme Court is expected to rule by February.

First Black Governor Of Mass. Sworn In (AP)

By Glen Johnson

AP, January 5, 2007

Deval Laurdine Patrick was sworn in Thursday as the 71st governor of Massachusetts, the culmination of a longshot political campaign that also saw him become the state's first black chief executive and only the second elected in the nation.

Amid springlike weather that embraced the state's first outdoor inaugural, Patrick placed his hand on a Bible once given to John Quincy Adams by "Amistad" slaves he helped free and repeated the oath recited to him by Senate President Robert Travaglini.

"We meet today on a singular occasion, more than the passing of title and honor, more than the ritual transfer of the power of government," Patrick, 50, told a crowd of thousands that stretched into Boston Common. "This is the occasion when the people charge new leadership to steward the public trust. It is a profound responsibility and I accept it humbly."

Worcester Mayor Timothy Murray also was sworn in as lieutenant governor by House Speaker Salvatore DiMasi. Murray will continue to hold both titles until Jan. 9, when he steps down as mayor.

Among those looking on were thousands of supporters who helped propel the political neophyte to a 21-point victory on Election Day. Seated in chairs at the base of the Statehouse steps were members of the Legislature and four past governors: Michael S. Dukakis, William F. Weld, Paul Cellucci and Jane M. Swift.

Also observing was L. Douglas Wilder, who became the nation's first black elected governor in 1990 when he was similarly inaugurated in Virginia. He now serves as mayor of the state's capital city, Richmond.

With his installation, Patrick ended a 16-year run of Republican rule that began in 1991, when Weld replaced Dukakis in the Corner Office. Former Gov. Mitt Romney, who decided against seeking a second term, did not attend the ceremonies, having left the building Wednesday night after taking a tradition-laden "lone walk" down the Statehouse steps.

Romney, who filed papers Wednesday to form a presidential exploratory committee, stayed at his Belmont home before heading into his new headquarters in the North End to work on his campaign for the 2008 GOP nomination.

The governor-elect started his day before dawn, continuing to work on his inaugural speech before making an unpublicized visit to Children's Hospital to visit ailing patients and their families.

"The governor-elect is very big on symbolism, just as he was on Election Day, when he finally spread the ashes of his late mother," said Patrick spokesman Steve Crawford.

Afterward, Patrick was whisked off in a motorcade escorted by State Police motorcycles to an interfaith service at the Old South Meeting House. The multidenominational service featured readings by ministers of various faiths, as well as a variety of music.

"I hope you can feel both the joy in this room and the sense of expectation that accompanies it," said the Rev. Peter J. Gomes, a religion professor at Harvard University, Patrick's alma mater. "You can't do what you are about to do on your own. You will need a lot of help."

Gomes also celebrated Patrick for heading up to the Statehouse earlier this week in an unsuccessful effort to lobby legislators not to hold a vote — and essentially kill — a 2008 ballot question proposing to ban gay marriage in Massachusetts.

"That was a great sign of things to come," Gomes said. "There is more to be done; this is why you have four years."

During a pre-inaugural reception at Union Station in Worcester on Wednesday night, the incoming governor urged Massachusetts citizens to retain the political energy that propelled him from first-time candidate to a 21-point winner on Election Day.

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"Tonight and tomorrow, under what are predicated to be glorious and uncommonly fair skies, we will feel the energy and the satisfaction of what we built from nearly nothing over the course of two years," the governor-elect told a crowd of several thousand.

"But I ask you above all, to take a morsel of that feeling and tuck it away, because there will be tough times ahead. Change doesn't come easily to many, but change is what we are about and must be about," added the tuxedo-clad Patrick, who was joined on stage by his wife, Diane, and his running mate, Lt. Gov-elect Timothy Murray.

Murray drew a chuckle from his hometown audience when he presented a key to the city to his new boss.

"He has inspired us during the course of this campaign, and I say without reservation he will inspire us as governor," Murray said to cheers.

Patrick took the oath of office on a Bible given to John Quincy Adams by kidnapped Africans whom Adams helped free in the Amistad slave ship case he argued before the U.S. Supreme Court in 1841.

The governor-elect insisted on the outdoor venue both to accommodate more people than could fit inside the building, and to emphasize the inclusiveness of his new administration. It will be the 71st in the history of the commonwealth.

Afterward, Patrick scheduled a "youth inaugural" at the Shubert Theatre before capping the day with a tuxedo-optional ball at the Boston Convention and Exhibition Center. The featured musical performer was renowned cellist Yo-Yo Ma.

Over the weekend, Patrick planned to attend five regional receptions or inaugural balls, beginning Friday night in North Andover.

On Wednesday, Romney literally handed over the keys to the Corner Office.

In keeping with the trappings of transferring power, Romney gave Patrick a pewter key to the governor's inner office as well as an 1884 Holy Bible, a set of Massachusetts General Laws and gavel in a box made from timbers from the USS Constitution.

"To serve another person is an honor. To serve a great people has been a great honor. To help another person is rewarding. To help many thousands of people has been immeasurably rewarding," Romney wrote in the Bible. "May God continue to bless the people of the Commonwealth of Massachusetts."

On his way out of the building, he paused to say goodbye to Lt. Gov. Kerry Healey, whom Patrick beat in the gubernatorial election.

Massachusetts Swears In A Black Democrat As Governor (NYT)

By Pam Belluck

The New York Times, January 5, 2007

BOSTON, Jan. 4 — In a ceremony rich with gestures of openness and symbols of conquering adversity, Deval L. Patrick, the first black governor of Massachusetts, took his oath of office on Thursday. He promised far-reaching changes in attitude and policy and asked people to “see our stake in each others’ dreams and struggles as well as our own, and act on that.”

In the state’s first outdoor inauguration, part of four days of events intended to include people across the state, Mr. Patrick, the first Democratic governor here in 16 years, said, “For a very long time now we have been told that government is bad, that it exists only to serve the powerful and well-connected, that its job is not important enough to be done by anyone competent, let alone committed, and that all of us are on our own.”

“Today we join together in common cause,” he said, “to lay that fallacy to rest.”

Mr. Patrick takes over from Mitt Romney, a Republican, who is planning to run for the presidency, and already Mr. Patrick has revealed many positions that oppose Mr. Romney’s. The former governor did not attend the inauguration.

Mr. Patrick has said that he will restore $383.6 million in budget cuts made by Mr. Romney to social services and other programs, that he will reverse the former governor’s agreement authorizing the state police to arrest illegal immigrants, and that a Romney-endorsed effort to remove some Massachusetts Turnpike tolls is unrealistic.

Mr. Patrick also said he might revoke some of the 200 11th-hour appointments Mr. Romney made to boards and commissions.

And, while Mr. Romney strongly backed a proposed constitutional amendment to ban same-sex marriage, Mr. Patrick spoke out strongly against it this week, even as the legislature gave it first-round approval.

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While the legislature is heavily Democratic in this heavily Roman Catholic state, many Democrats are more conservative than Mr. Patrick on issues like same-sex marriage. He also faces a budget deficit of about $1 billion. And it will not be easy to put into effect the state's new health insurance reform.

"I've never seen a governor who has such high expectations on him as Deval Patrick," said Jeffrey Berry, a political scientist at Tufts University. "Democrats regard him as something of a demigod. They expect him to be able to leap tall buildings in a single bound and pay for social services."

Paul Watanabe, a political scientist at the University of Massachusetts-Boston, said: "I think he's going to find that governing is a lot more challenging than being a candidate. And that the demands placed upon him by large numbers of individuals — a record number of people that voted for him — are going to be difficult to meet."

Mr. Patrick also faces criticism over his inauguration celebrations. While much was inclusive — the open-air ceremony, a town-meeting-like "youth inaugural" for students, and upcoming ceremonies in five other cities — there was also a gala whose cost was paid for largely by corporate donors, who were allowed to give up to $50,000 each.

At the inauguration itself, however, on one of the balmiest January days in memory, the tone was full of possibility, pride and humility. In a state where the legacy of busing and segregation still stings, Mr. Patrick, reared in poverty on the South Side of Chicago, took the oath on a Bible given to John Quincy Adams by Africans from the Amistad slave ship whom Adams had helped free.

Four previous Massachusetts governors were present, as was L. Douglas Wilder, the former governor of Virginia and the only other black since Reconstruction to have been a governor.

The populist timbre, and the high expectations of Mr. Patrick, were sounded early, with a benediction by Rabbi Jonah Pesner describing the multicultural electorate and the problems of poverty, violence and discrimination.

"Behind every face hides so many secrets — painful secrets of suffering," Rabbi Pesner said, urging the governor and the people to create "a commonwealth rebuilt, repaired and redeemed."

Among the crowd was Derward Jacobs, 60, who is disabled and who drove his scooter to the State House because "I felt like I should be here."

George Greenidge Jr., 35, leader of an alliance of black colleges, said, "Today is a beacon of hope."

Mr. Greenidge added that Mr. Patrick had "re-engaged a constituency that really never was involved in state politics, especially people from lower economic backgrounds."

Beth Gilbert, 52, of Norfolk, Mass., acknowledged the steep demands that confront Mr. Patrick, saying, "When you elect a Republican governor, part of their bargain is they don't really believe that government can solve the people's problems. That's probably what's led to higher expectations here."

Mr. Patrick signaled he was aware of the difficulties.

"I am an optimist, but not a foolish one," he said. "I see clearly the challenges before us."

He added: "Change is not always comfortable or convenient or welcome. But it is what we hoped for, what we have worked for, what you voted for, and what you shall have."

Four Stars Lead Early GOP Race (CSM)

By Linda Feldmann

The Christian Science Monitor, January 5, 2007

WASHINGTON

Could Mitt Romney, ex-governor of Massachusetts and not well known nationally, end up winning the Republican nomination for president in 2008?

In a word, yes - despite prospects that don't look particularly strong on paper, analysts say. The latest polling out of states with the earliest nominating contests, which begin in a year, shows Mr. Romney in single digits. Even in neighboring New Hampshire, he comes in fourth, behind Sen. John McCain of Arizona, who won the New Hampshire primary in 2000, former New York Mayor Rudolph Giuliani, and former House Speaker Newt Gingrich.

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But in a week that saw Romney launch his presidential exploratory committee, allowing him to enter the all-important money race, the Republican field is fluid. Religious conservatives, a key GOP constituency, remain skeptical of Senator McCain. And his advocacy for a stepped-up US presence in Iraq has thrown his political future squarely in line with a war that few believe is going well.

Mr. Giuliani, well known for his 9/11 leadership, remains untested on the national political stage and holds liberal positions on social issues that put him at odds with many GOP primary voters (as well as a colorful personal life).

Speaker Gingrich has, for now, become a repository of support among conservatives, though his short tenure as speaker and his three marriages could cause him to wilt under the klieg lights.

Enter Romney: successful businessman, savior of the 2002 Salt Lake City Olympics, with an attractive family. Having won the governorship of liberal Massachusetts as a moderate Republican in 2002, he then sought to remake his national image by adopting conservative positions on abortion, gay rights, and stem cells. But many Republicans remain leery. And among Evangelical conservatives, Romney's Mormon faith can also be a hurdle.

Still, in the end, political analysts can see a clear path by which Romney becomes the GOP nominee, almost by default. Republicans "want to win in November [2008]," says Ed Sarpolus, an independent pollster in Michigan who dismisses Gingrich's and Giuliani's chances. "If McCain self-destructs because of Iraq, even in New Hampshire they'll hold their nose and vote for Mitt Romney." Push to sell the Romney brand

Romney's single-digit numbers among Iowa and South Carolina Republicans can be attributed to low name recognition; he's just getting started in earnest. But New Hampshirites know Romney. Among GOP activists there, he is well-organized and has secured some big names, such as Tom Rath, who is stepping down as a national GOP committeeman to join Romney's campaign. But among regular folk, particularly those in the well-populated southern tier who consume Boston media, anti-Romney coverage has become a staple.

As a red governor of a solidly blue state with an eye on national office, Romney was caught in a tough place.

"Republicans are suspicious of what kind of Republican that makes him," says Dick Bennett, head of American Research Group, a nonpartisan polling firm. "I don't know what Republicans will end up wanting to have. He's in the hunt, but [among Republicans in New Hampshire] there isn't any loyalty to Massachusetts."

That's bad news for Romney.

Next January, Romney will be expected to perform respectably in New Hampshire - if not winning the primary, at least coming close.

"He's got to do well; it's right next door," says Larry Sabato, a political scientist at the University of Virginia, Charlottesville. "There's no excuse for him."

If Romney can achieve that, he may find safe harbor in Michigan - his native state, where his late father remains a beloved former governor - and home to an early primary contest that will come soon after the first wave. Already, Michigan political analysts are assuming that their GOP primary will boil down to McCain versus Romney, with the usual caveats. And if Iraq remains the No. 1 issue on voters' minds a year from now, McCain may be in serious trouble.

The question, though, is whether the Michigan primary will come in time for Romney. That ol' McCain magic

His first hurdle - doing well in New Hampshire - is a big one. McCain remains a rock star in the state, having kept alive his strong political machine from the 2000 primaries.

For Romney, local analysts don't see the Mormon issue hurting him much in New Hampshire, but they do see a problem in the drumbeat of negative Boston media about his tenure as governor.

"The media and the voters have a beef with him, because he pretty much abandoned ship a half year ago," says Tobe Berkovitz, a communications professor at Boston University and sometime Democratic political consultant. "My guess is that he saw himself as a lame duck no matter what, so why bang his head against the wall. ... He was trying to run for president, but it's also a pretty hopeless state for most Republicans to get their agenda achieved."

Mr. Sabato does not see Romney's challenges as insurmountable, including the need to get over his image as a flip-flopper on social issues.

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"Opponents will criticize him and cite this memo and that memo," he says. "That's detail stuff. As long as people believe him when he says, 'Here's where I stand on "fill in the blank," ' and it's simple and to the point, they'll buy it."

Mr. Berkovitz says that, with time, Massachusetts's new, Democratic governor, Deval Patrick, could actually help Romney among Republicans in New Hampshire.

"If the people of New Hampshire see Massachusetts, with a Democratic governor going back to its old ways, Romney's stock could rise a little," he says.

Inside Politics (WT)

By Greg Pierce

The Washington Times, January 5, 2007

Taking the pledge

Sen. Sam Brownback of Kansas and former Massachusetts Gov. Mitt Romney, both Republicans and presidential hopefuls, have pledged not to raise taxes should they reach the White House.

The Taxpayer Protection Pledge, sponsored by Americans for Tax Reform, commits signers to "oppose any and all efforts to increase the marginal income tax rates for individuals and/or businesses ... and oppose any net reduction or elimination of deductions and credits, unless matched dollar for dollar by further reducing tax rates."

Mr. Romney signed on Sunday and Mr. Brownback signed on Monday, according to the tax reform group, which has offered the pledge to all candidates for federal office since 1987. To date, President Bush, 43 U.S. senators and 197 members of the U.S. House have signed the pledge, the group said.

Seven governors and more than 1,100 state legislators have signed the pledge as well.

"America needs leaders who are committed to protecting taxpayers, and signing our pledge demonstrates that kind of leadership," said Grover Norquist, president of Americans for Tax Reform. "By signing the pledge, Sam Brownback and Mitt Romney demonstrate allegiance to hardworking taxpayers nationwide. It is now up to the other candidates in the race to stand up to the challenge."

Provisional seating

Just because Rep. Vern Buchanan, Florida Republican, was sworn in yesterday doesn't mean that the Democrat-controlled House is on his side in his contested election.

Rep. Rush D. Holt, New Jersey Democrat, formally asked the House to recognize the court challenge in Florida's 13th Congressional District in the Sarasota area. Mr. Buchanan won by just 369 votes, but Democrat Christine Jennings contends that the electronic voting machines didn't work correctly because 18,000 people who voted in other elections did not vote in the House race.

On the House floor, Mr. Holt asked Speaker Nancy Pelosi, California Democrat, whether a notice of contest had been filed with the clerk on behalf of Miss Jennings.

Mrs. Pelosi said the notice had been filed with the clerk.

"The House remains the judge of the elections of its members," Mrs. Pelosi said. "The seating of this member-elect is entirely without prejudice to the contest over the final right to that seat."

Mrs. Pelosi added that the Committee on House Administration is reviewing the contest.

Ralph G. Neas, president of People For the American Way Foundation, applauded the House leadership for making clear that Mr. Buchanan's time in Congress is provisional until the matter is resolved, the Associated Press reports.

"Only after court proceedings and a congressional investigation seeking answers about the Sarasota undervote have run their course, and only after Sarasota's election problems have been remedied, should someone be permanently seated," Mr. Neas said.

Next ambition

Mark Dayton ended his one term as a U.S. senator yesterday, but the Minneapolis-St. Paul Star Tribune reports that the Minnesota Democrat is considering a run for governor in 2010.

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The announcement was made as Mr. Dayton recounted his frustration with Congress, acknowledging that he had not been "as effective as I hoped to be when I arrived." For that, he blamed what he called the seniority-driven politics of the Senate, where he was in the minority party for the past four years.

"The Senate or the Legislature is a very reactive institution, and I think I'm much more effective personally and professionally being more proactive," he said.

Republicans reacted to a potential run for governor with incredulity, noting that Mr. Dayton recently gave himself an "F" for his Senate performance.

Patrick sworn in

Four former Massachusetts governors — Republicans and Democrats — attended the history-making inauguration of Gov. Deval Patrick, the nation's second black elected governor. Noticeably absent was former Gov. Mitt Romney.

Mr. Romney, who a day earlier took the first step in his run for president, said he watched the ceremony on television at his home in Belmont, a suburb about eight miles west of Boston. The Republican hopeful said he followed tradition by not attending the inaugural.

"My understanding is that the tradition in Massachusetts is that the outgoing governor does not attend the inauguration of the new governor," Mr. Romney said as he opened his presidential exploratory committee campaign headquarters in Boston's North End. "That's the way it was when I was sworn in, and my understanding is that's the case, and so I simply have followed tradition."

Attending the inauguration of the state's first black governor were former Gov. Michael S. Dukakis, the 1988 Democratic presidential nominee, and three former Republican governors: William Weld, Paul Cellucci and Jane Swift.

Former Virginia Gov. L. Douglas Wilder, who in 1990 became the first black elected to lead a state, also attended. Mr. Wilder is the mayor of Richmond.

Hip replacement

Hours after attending Gerald R. Ford's funeral, former President George Bush underwent surgery to replace his right hip, the Mayo Clinic in Rochester, Minn., announced yesterday, a day after the procedure.

The surgery, completed by 7 a.m. Wednesday, was a success, said Mayo Clinic spokesman Adam Brase. He said the 82-year-old was undergoing physical therapy and was expected to be released no later than tomorrow.

Mr. Bush traveled to the clinic late Tuesday after attending the Washington funeral of Mr. Ford, where he delivered a eulogy.

Mr. Bush had his left hip replaced at the Mayo Clinic in 2000. His wife, Barbara, had successful hip replacement surgery there in 1997.

At long last

"Two actions [Tuesday] in the Massachusetts state legislature increase the likelihood that voters in the Bay State will have the chance, in 2008, to vote on an amendment to the state constitution banning gay marriage," the New York Sun says in an editorial.

"Whatever one's view of gay marriage, it is something to behold that such a vote would take place fully five years, to the month, after the state's Supreme Judicial Court ruled that gays have a right to marry in Massachusetts and more than four years after local officials in Massachusetts started granting marriage licenses to same-sex couples. Senator Kerry's position has been that he supports amending the constitution of Massachusetts to ban gay marriage but allow civil unions. 'I believe marriage is between a man and a woman,' Senator Kerry said in one of the 2004 presidential debates.

"When even a Democratic left-wing senator from Massachusetts doesn't side with the court's ruling, one gets the sense that proponents of gay marriage have yet to fully convince the public of the righteousness of their cause and that the court is out ahead of public sentiment on the issue."

The Anti-Clinton (TIME)

By Perry Bacon Jr.

Time, January 5, 2007

DOJ_NMG_0112627

John Edwards so wants to be President that he has spent the past four years campaigning for the job nonstop, practically living in Iowa since the 2004 election. He starts his second run for the Oval Office with a solid foundation: polls show him as one of the top Democratic contenders in the Hawkeye State, where voters liked his relaxed, guy-next-door manner and optimistic message in 2004 and have appreciated his many visits since. So what is the ex--North Carolina Senator and former vice-presidential nominee doing dumping the centrism that was key to putting the past two Democrats in the White House? Why is he tacking sharply to the left? As Jesse Jackson, Bill Bradley and Howard Dean could tell you, the most liberal of the Democratic contenders hasn't even won the nomination since 1972.

Although in 2004 he spoke eloquently of the "Two Americas"--rich and poor--if you looked at the fine print, Edwards backed ideas that originated in the centrist group that created much of Bill Clinton's agenda, the Democratic Leadership Council. Not this time. Many of the proposals for middle-class tax cuts from Edwards' first run won't be on his platform. Edwards says the country can't afford them and the bigger goals he wants to pursue. He says the problems in the U.S. are too pressing for the incremental solutions he proposed last time. So on the day he announced his presidential candidacy, Edwards boldly declared that reducing the deficit, a hallmark of the Clinton Administration, was less important to him than spending government money on, among other things, creating a universal health-care system and stopping global warming. His call to end poverty in the U.S. over the next 30 years by spending more than $15 billion each year sounds like a plan ripped straight from Lyndon Johnson's Great Society, the kind of Big Government liberalism Clinton shunned. Clinton did all kinds of things to show he was pro-business, while last August in Pittsburgh at a rally sponsored by an anti--Wal-Mart group, Edwards blasted the company for not paying its workers enough. Although Edwards got much of his advice in 2004 from centrists like Bruce Reed, Clinton's ex-- policy guru, the Edwards '08 campaign is being run by David Bonior, a former Michigan Congressman who strongly opposed Clinton's welfare reform and free-trade deals in the 1990s.

The economic populism Edwards talked about in 2004 and has now fully embraced was a winning formula in 2006 for many Democratic congressional candidates--even after Republicans depicted them as big spenders. But presidential candidates are judged by different criteria. Moving to the left doesn't answer one of the main critiques of Edwards in the last campaign: his lack of foreign policy experience. And taking up liberalism may be particularly dangerous for Edwards now that Democrats control Congress, since a G.O.P. opponent could argue that voters would have no check on spending if Edwards were elected.

But Edwards has to win his party's nomination first. If Hillary Clinton runs, she could immediately become the front runner, picking up much of the money and endorsements from the party establishment. The remaining energy, activism and cash that any rival would need to challenge her are on the left, not the center, as Edwards discovered in 2004, when Dean badly outraised him. That's why Edwards has spent the past two years actively courting the liberal netroots, even hiring Dean's old blogger, and wooing top union bosses. Edwards' attacks on Wal-Mart, which has discouraged its workers from forming unions, and his calls for universal health care are beloved by labor leaders, who could give Edwards a major lift in the early primaries in Iowa and Nevada, where their organizations are influential in Democratic politics.

The Edwards strategy would be complicated by a presidential run by Senator Barack Obama, which is why Edwards aides have watched Obama's rise with trepidation. Obama too is very well liked by the left. But both Obama and Hillary Clinton act like front runners: cautiously. They often deploy platitudes (witness Obama's speeches about hope) and look for easy targets (note Clinton's sermonizing on violent video games). That leaves room to emerge as the candidate who connects with Democratic voters by saying bold things that appeal to liberals, as when Edwards wrote "I was wrong" in voting for the Iraq war in an Op-Ed in the Washington Post in the fall of 2005. Dean employed this aggressive strategy in 2004 but couldn't win the nomination because he was viewed as too feisty and angry to be President. But if you're going to take your party in a new direction, it helps to be like Edwards, a smooth-talking Southern charmer with a light drawl whom Bill Clinton himself described as being able to "talk an owl out of a tree." That's where the ex-President's model may suit Edwards just fine.

Bill Clinton Turns Heads In The Senate (MACT)

By Mary-clare Jalonick

The Macon Telegraph, January 5, 2007

DOJ_NMG_0112628

WASHINGTON - The Clinton who turned heads in the Senate Thursday was not Sen. Hillary Rodham Clinton, notwithstanding all the speculation about her running for president.

Former President Clinton cheerfully called out, "Hi, everybody!" as he strolled through the Senate Press Gallery past correspondents for The Associated Press, The Washington Post and the Wall Street Journal.

He was surrounded by a security entourage, but wasn't really seeking publicity. Something more mundane, actually. A bathroom, and then the swearing in of his wife for the new 110th Congress.

Then he headed for the men's room - followed by his Secret Service agents and a cadre of reporters. The questions were obvious:

"Do you want to live in the White House again?

"I would like not to talk about it today," he said.

"Is Mrs. Clinton going to run for president?

"Ask her."

"All I know is, this is a happy day," Clinton added. "It's a great day for the largest number of women we've ever had in the Congress, a lot of new people coming in, I think it will be good. I'll be surprised if we don't see a lot of interesting, bipartisan things happening over the next six months."

And with that, Clinton made his way around to the visitors' gallery and sat down next to daughter, Chelsea. After a quick call on his cell phone - which is against Senate rules - he watched his wife as she chatted with her colleagues on the Senate floor.

Mrs. Clinton pointed to them and waved when she appeared on the Senate floor. In turn, they led a standing ovation when she took her oath.

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The galleries and the Senate floor constituted a who's who of politically active celebrities and former members gathered to watch Democrats take control of Congress for the first time in a dozen years.

Besides the former president, squished into the theater-style gallery seats were actor Richard Gere and singers Carole King and Tony Bennett.

The Senate floor was a big reunion of giddy Senate Democrats past and present. Former Sen. John Glenn of Ohio snickered about something with Judiciary Committee Chairman Patrick Leahy. Chuck Robb, the Virginia Democrat ousted in 2000 by Republican George Allen, hung out in the center aisle with the Democrat who bumped Allen from power this year, Sen. Jim Webb.

And retired Sen. John Breaux of Louisiana, playfully hugged Mrs. Clinton as they both waved to her husband the former president and Chelsea.

Challengers Join Hands To Unseat Texas Speaker (WT)

By Hugh Aynesworth

The Washington Times, January 5, 2007

DALLAS -- Two conservative Republicans from the Dallas area joined forces yesterday in a move to oust Texas House Speaker Tom Craddick.

But Mr. Craddick, a Republican legislator from Midland in western Texas, said he still had enough votes to win re-election to the post on Tuesday.

Rep. Brian McCall of Plano stunned his supporters yesterday by endorsing fellow Republican Rep. Jim Pitts of Waxahachie at a press conference in Austin.

In their brief appearance, the two challengers vowed Mr. Pitts would win the speakership, but they refused to list their backers.

They said they did not want to expose the supporters to intense pressure before the vote.

"But I guarantee you," Mr. Pitts said, "the race is over."

Mr. Craddick's press secretary, Alexis DeLee, downplayed the development, calling it "just another version of the same story." She said Mr. Craddick remained "confident" of victory when the House convenes next week in Austin.

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"Our numbers are continuing to grow," she added.

Mr. McCall, backed by many Democrats, was publicly criticized for having so many opposition-party supporters, which some Craddick allies cited as a strong reason to re-elect the speaker. The Democrats trail the Republicans by an 80-69 margin in the Texas House.

Mr. Craddick, who served 34 years before he was named the first Republican House speaker in January 2003, was easily re-elected in 2005.

Mr. Pitts said he would not release his list of backers because "they would risk retribution for being on that list."

He added, "That is why I am running for speaker of the House."

"We deserve a speaker who will lead by consensus, not by edicts," he said.

The head of the conservative Texas Eagle Forum warned Tuesday that to unseat Mr. Craddick would be to return power to Democrats.

"Our conservative agenda would be [dead on arrival]," said Cathie Adams. "We've worked too hard for too many years to win a Republican majority in the House just to hand it over to the Democrats."

Democratic caucus leader Jim Dunnam of Waco said the Republicans will control the House no matter who is speaker.

"The fact is: They have the majority and we're in the minority," Mr. Dunnam said.

Virginia's Moment Of Clarity (WP)

The Washington Post, January 5, 2007

VIRGINIA Republicans ought to try getting out more often. They might get a bracing dose of voter sentiment.

That's what happened to Del. John J. Welch III, longtime stalwart of the fundamentalist, anti-tax wing of the state GOP that controls the Virginia House of Delegates. Until now, Mr. Welch, of Virginia Beach, has helped impede common sense by opposing all new funding proposals involving taxes to improve the state's crumbling, jampacked transportation network.

Mr. Welch was mugged by reality on Election Day, appropriately enough. That's when he discovered -- brace yourself -- that voters are furious about traffic, furious about the legislative stalemate on transportation funding in Richmond and furious enough to do something about it in state legislative elections this fall. "I worked the polls for 13 hours," Mr. Welch told reporters, "and people told me they want something done. They don't like taxes, but they want action."

Now Mr. Welch wants to add a dime per gallon to Virginia's gas tax, which was last raised in 1986 and ranks among the lowest in the nation. His proposed increase, to 27.5 cents a gallon from the current rate of 17.5 cents, would yield about $522 million a year in road and rail funding -- about half of what's needed to make a dent in the problem.

Well, better late than never. Unfortunately, Mr. Welch's clear-eyed proposal was met with icy silence from his stay-at-home Republican colleagues in the House, many of whom have signed no-new-taxes pledges. That proves they lack any serious, long-term plan to pay for the billions of dollars in transportation improvements needed around the state.

By contrast, Gov. Timothy M. Kaine (D) proposed a package yesterday that meets the state's transportation problem head-on. It would, for starters, broaden the powers of localities to reject development proposals and slow growth if local roads are too crowded. And it would yield $5.25 billion in new revenue over the next six years -- the first fresh funding for the state's beleaguered roads in a generation.

The governor's package, similar to but slightly smaller than one he offered a year ago, was mocked by the GOP's anti-tax ideologues as "deja vu all over again." It is probably dead on arrival in the House, which would rather posture than fix that state's most urgent problem.

Still, the impasse between Mr. Kaine and the House Republicans provides a useful moment of clarity. The governor, who understands that no transportation gain is possible without the pain of new taxes, is determined to expose the House Republicans for the obstructionists they are. And the House Republicans give every indication that they are willing to oblige him. That should make for a stark, and easy, choice for voters come November.

Rice Announces $16M In Aid For Somalia (AP)

AP, January 5, 2007

DOJ_NMG_0112630

Secretary of State Condoleezza Rice said Thursday the U.S. will provide $16 million in aid to Somalia and said the installation of a new government there gives Somalis a chance to move beyond two decades of chaos.

Rice announced $11.5 million in food aid for the country on the Horn of Africa, $1.5 million in nonfood assistance and $3.5 million to help refugees.

In a written statement, she said creation of a U.N.-backed government represents a "historic opportunity" for Somalis to end their recent spate of "warlordism, extreme violence and humanitarian suffering."

Rice has dispatched her top aide for African affairs, Jendayi Frazer, to the region for discussions on promoting a peacekeeping force for Somalia and to urge a political dialogue leading to national reconciliation.

State Department spokesmwan Sean McCormack said Frazer held talks with Ugandan President Yoweri Museveni and Ethiopian president Meles Zenawi.

Frazer will meet with diplomats from Europe, Africa and international organizations to coordinate future steps in Somalia.

McCormack said Frazer has no plans to visit Somalia, but he raised the possibility that she could be part of an international delegation that would travel there.

Troops Fight Militiamen In The South (WP/AP)

Associated Press

The Washington Post, January 5, 2007

MOGADISHU, Somalia, Jan. 4 -- Somali government troops backed by Ethiopian soldiers battled about 600 Islamic militiamen Thursday on the southern tip of this Horn of Africa country, and U.S. Navy forces prevented the Islamic fighters from fleeing by sea, authorities said.

Somalia's interior minister, Hussein Farah Aideed, said thousands of Islamic fighters were still hiding in the capital.

"There are 3,500 Islamists hiding in Mogadishu and in the surrounding areas, and they are likely to destabilize the security of the city," he said.

Kenya has closed its border because of concerns that the militiamen might slip across. That has prevented thousands of Somali refugees from seeking safety in Kenya, U.N. officials said.

Somali gunmen also attacked an oil tank truck near Mogadishu, wounding three people, and a hand grenade was thrown at Ethiopian troops backing the interim government in the capital, a resident said, according to [a] news agency. No one was hurt in the latter incident.

In Washington, Secretary of State Condoleezza Rice said Thursday that the United States will provide $16 million in aid to Somalia and that the installation of a new government there gives Somalis a chance to move beyond two decades of chaos.

Rice has dispatched her top aide for African affairs, Jendayi E. Frazer, to the region for discussions on promoting a peacekeeping force for Somalia and to urge a political dialogue leading to national reconciliation.

US Helps Contain Somalia's Islamist Forces (FT)

By Stephen Fidler And William Wallis

Financial Times, January 5, 2007

A US-led naval task force off the Somali coast has been boarding ships in recent days as part of efforts to prevent Islamist militants fleeing the country.

The task force is taking part in a broader US military effort to stop Islamist fighters in Somalia moving into neighbouring countries following a rout by Ethiopian forces. Kenya has officially closed its border with Somalia on in an effort to stem the transit of militants, officials said.

The US has offered tacit support to the Ethiopian-led offensive in support of Somalia's transitional government and Condoleezza Rice, secretary of state, hailed the military victory as a "historic opportunity" for the war-ravaged country.

The US has also said that it is determined to prevent terrorists escaping from the aftermath of the fighting.

"We...are going to be working closely with states in the region to ensure that these individuals aren't able to transit those borders and exit Somalia," Sean McCormack, State Department spokesman, said on Wednesday.

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Officials from Europe, the US, Africa and the Middle East are due to meet in Nairobi on Friday to discuss deployment of a peacekeeping force for the region.

Yoweri Museveni, the Ugandan president said on Thursday at a joint news conference in Addis Ababa with Meles Zenawi, Ethiopian prime minister, that Uganda is ready to provide peacekeepers for the force. “The troops are ready but I have to consult the speaker of parliament. As soon as parliament approves, they will be sent to Somalia,” he said.

Earlier Jendayi Frazer, the US assistant secretary of state who was also visiting Ethiopia, said Mr Museveni had promised to provide between 1,000 and 2,000 soldiers. She hoped a peacekeeping force could be ready by the end of the month.

Mr Zenawi has pressed for the rapid deployment of peacekeepers, seen by international and regional diplomats as providing an exit strategy for Ethiopia.

Ethiopian officials said fighting with Islamists continued in Somalia’s southern tip on Thursday, near the Kenyan border. The US ships are operating in international waters off the Somali coast. A spokeswoman for US Central Command said that while a number of boardings had taken place she could not confirm that any individuals had been apprehended.

A Kenyan official was quoted by AFP saying that four Ethiopian helicopters, op-erating on information from a US satellite, had at-tacked three vehicles possibly carrying Islamist leaders close to the Kenyan border. The individuals apparently escaped, and US officials could not be reached to confirm any American role.

A separate US-led task force has been operating out of Djibouti since 2003 with more than 1,500 military and civilian personnel aimed at helping countries in the Horn of Africa to deal with terrorism. The force has provided military help to Ethiopia to bolster its ability to protect its border and ports.

However, a spokeswoman said that the “internationally recognised” transitional government of Somalia had not invited US forces into the country and no US troops were operating there.

U.S. Ships Hunt For Al Qaeda Off Somalia (WT/LDT)

By Mike Pflanz, London Daily Telegraph

The Washington Times, January 5, 2007

NAIROBI, Kenya -- U.S. Navy warships yesterday stepped up patrols off Somalia, boarding fishing boats and oil tankers to search for al Qaeda agents who fled after their Islamist allies were chased into hiding.

At the same time, the State Department's chief Africa diplomat, Jendayi Frazer, met with Ethiopia's prime minister for the first time since Ethiopian troops led the advance that crushed the fundamentalist Islamic Courts Union that had ruled much of Somalia until a few weeks ago.

Miss Frazer hoped peacekeepers drawn from African nations would be deployed in Somalia "by the end of January."

Uganda responded yesterday, saying it was ready to send peacekeepers as soon as its parliament approves the plan, [a] news agency reported.

Offshore, the USS Ramage, a guided-missile destroyer, and the USS Bunker Hill, both from the U.S. 5th Fleet, were among several vessels dispatched from the British-led Combined Task Force 150, based in Bahrain, to waters off Somalia.

"Coalition forces will continue routine operations in this unstable area as long as the need exists for our presence," said the task force's commander, Commodore Bruce Williams of Britain's Royal Navy.

Meanwhile, a reported audio tape message by al Qaeda's No. 2 leader surfaced today, urging Somali Islamists to launch an Iraq-style guerrilla campaign of suicide and other forms of attacks against Ethiopian forces in Somalia, [a] news agency reported from Dubai, United Arab Emirates.

"As happened in Iraq and Afghanistan, when the world's strongest power was defeated by the campaigns of the mujahedeen troops going to heaven, so its slaves shall be defeated on the Muslim lands of Somalia," said Ayman al-Zawahri, deputy to al Qaeda leader Osama bin Laden.

"You must ambush, mine, raid and [carry out] martyrdom campaigns so that you can wipe them out," he said.

The tape was posted on a Web site used by militant Islamist groups.

The United States reportedly has played a key role behind the scenes in the recent clashes in Somalia. Analysts say this contributed to the sudden, complete routing of the Islamic Courts Union.

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"All of us in the international community were quite surprised how fast the [Islamist movement] melted away and lost support," said Miss Frazer, assistant secretary of state for Africa.

In Washington, Secretary of State Condoleezza Rice announced that the U.S. government would provide an initial $16 million package of humanitarian aid to Somalia for food, relief supplies and help for refugees.

State Department spokesman Sean McCormack said the United States would be open to more short- and medium-term assistance for Somalia, saying Islamist militia forces still could prove a threat to the shaky government in Mogadishu.

Miss Frazer said U.S. intelligence suspected the Islamist leaders had been hiding in Mogadishu, the Somali capital, but that they may have fled and their whereabouts were unknown.

Islamist leaders are being hunted near Somalia's border with Kenya. Kenya has closed its side of the border to stop the militias from fleeing, but said it was not blocking refugees from Somalia. However, aid agencies have complained that closing the border leaves 1.8 million Somalis without access to humanitarian assistance.

Security sources in Nairobi said intelligence from U.S. spy satellites had been passed to Ethiopian defense forces ahead of an attack Tuesday on a convoy in southern Somalia, which was said to include Islamic Courts leaders.

Four Ethiopian helicopters dropped six bombs on the position, Kenyan police said, but failed to destroy the convoy. U.S. military officials declined to comment.

Ethiopian forces helped Somalia's internationally recognized interim government drive out the Islamists from Mogadishu last week. The Islamists have vowed to carry out guerrilla attacks across Somalia and in Ethiopia.

Somali Government Seeks To Tighten Its Grip Amid Chaos (NYT)

By Jeffrey Gettleman

The New York Times, January 5, 2007

KISMAYO, Somalia, Jan. 4 — A hand grenade was tossed into a government army compound on Thursday night in Mogadishu, Somalia's capital, in yet another sign of growing chaos in the country.

Just days after Ethiopian-led troops helped rout once powerful Islamist forces in Somalia and install a new government in the capital, security seemed to be unraveling across the country.

The violence is surging on two fronts: antigovernment attacks and increased banditry, both of which were virtually unheard of during the Islamists' short-lived reign.

Witnesses said that shortly after nightfall, a man in a pickup truck flung a grenade over a wall and into a compound that housed Ethiopian and government soldiers. Apparently, no one was seriously hurt and the pickup truck escaped in a blaze of gunfire.

In northern Mogadishu, residents said that four people were killed Wednesday night after bandits fired a bazooka at a truck whose driver refused to pay an extortion tax. Unauthorized checkpoints have popped up all over the city, reminiscent of the years of anarchy when clan-based militias carved up Mogadishu — and much of the rest of Somalia, for that matter.

In Dhagtur, in central Somalia, Shabelle radio reported Thursday that five people, including two children, were killed by a tribal militia during a gun battle. A dispute over a well was cited as the possible cause.

But despite the worsening violence, Somalia's transitional government is moving to consolidate its tenuous grip on power. On Thursday, Ali Mohammed Gedi, the veterinarian who is now prime minister, appointed more than 30 new judges, including two women.

"Quite soon, the police stations in Mogadishu will be operational," Mr. Gedi said. "If a criminal is arrested, the police will have the access to put the criminal on trial."

Since Somalia's central government collapsed in 1991, the wheels of justice have rusted over, leaving few functioning police stations, jails or courts.

Mr. Gedi also pushed ahead with his disarmament plan, extending until Saturday a deadline for turning in guns and threatening house-to-house searches if the guns were not surrendered.

In Addis Ababa, the capital of Ethiopia, the president of Uganda, Yoweri Museveni, announced Thursday that Uganda was ready to volunteer a battalion of around 800 soldiers to serve as peacekeepers in Somalia. The African Union is trying to cobble

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together a peacekeeping force to take the place of Ethiopian troops and lend much-needed muscle to the transitional government.

The transitional government is still battling the last remnants of the Islamist forces, who have fled to a remote, heavily forested area in southern Somalia along the Kenyan border. Somali officials said that several hundred Islamist fighters were cornered, and that it was only a matter of days until the Islamist movement, which had ruled much of Somalia for the past six months until Ethiopian forces intervened, was finished for good.

Somalis Adapt Warily, Pragmatically To New Order In Capital (WP)

By Stephanie Mccrummen

The Washington Post, January 5, 2007

MOGADISHU, Somalia, Jan. 4 -- Among the first things Mohamed Abtidon did when the Islamic Courts movement came to town in June was to buy a fancy cellphone, a slim $360 Motorola. Streets once ruled by thieving, bribing warlords finally felt safe, he said, and he walked around chatting with abandon.

Since the Islamic movement was swept from power last week, men draped with AK-47s have appeared once again along the sandy lanes in his neighborhood, and with them a feeling of menace, to which Abtidon has adapted almost instinctively. He put the fancy phone away and is now using an old battered one that he keeps shoved deep in his pocket.

"I switched back to the one I used when the warlords were here," he said. "And I put it on vibrate, because I don't want to let them know I have a phone."

Mogadishu is a consummately unpredictable city, a place where trust in the future is gauged by the ups and downs of the local gun market. In the past 15 years, it has experienced the fall of a dictator, brutal civil war, the rise of a coalition of warlords and the warlords' overthrow by the Islamic Courts movement. Last week, all was undone again when the Islamic fighters were run out by Ethiopian troops backing a fragile, secular government that is now racing to establish itself before the old thuggish militias return.

For ordinary Somalis caught in the flux, day-to-day life has been driven less by ideological allegiance than sheer pragmatism and constant recalibrations.

"However things are going, we just adapt to it," said Mohamed Dere, who works for a telecommunications company in the city and is also an artist. "The reality is we need peace only, however we get it. With the Islamic Courts, the practical side was they gave us peace, so that was the wager."

Like many Somalis, he protected himself with a gun when the warlords were in power, stowed it away when the Islamic Courts took over and brought it out again when the new government pushed the Islamic side out. And like many, he was uncomfortable with the social restrictions the Islamic leaders imposed. For example, they had frowned upon, though did not police, secular music and dancing. But Dere said he feels far more oppressed at the moment by insecurity.

"We are hostages right now," he said. "We have no freedom."

In one way, people here said, Mogadishu was liberated by the Islamic Courts movement, which managed to rid the city of the militias and roadblocks that had functioned like a hundred Berlin Walls. Movement was so restricted that some residents had not seen friends and relatives in years, and children living only minutes from the crashing Indian Ocean had never laid eyes on the turquoise water.

So when the Islamic movement took power in June, Bile Dirie, 36, packed up his family in a Land Cruiser on a few glorious Fridays, drove the entire length of the city's coast and swam in the ocean. He moved out of his apartment in the Baraka neighborhood of Mogadishu, the only place he had felt safe under the warlords' rule, and followed his fancy to a more expansive area called Medina, where he got a bigger house for less money.

When the Courts movement was pushed out last week, however, he feared the return of the warlords' militias and went back to his old neighborhood, an area that appears to have been disassembled and reassembled dozens of times, with its stick-and-tarp markets and loosely hinged doors, spirals of barbed wire and tangled nests of phone lines. Only herds of goats seem to roam Mogadishu freely these days, wandering the sandy streets past trees and rusted hulls of tanks.

"I don't drive around now," Dirie said, sitting in his office. "The militias are still shy, but that's fading."

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Mogadishu is a place where, quite literally, the center has not held. Since 1991 there has been no central government in the capital, whose approximate middle is a bombed-out spectacle of ruin -- crumbling Italian buildings, broken colonnades and 800-year-old mosques blasted to abstraction.

On Thursday, Prime Minister Ali Mohamed Gedi officially opened a district court near the seaside wasteland. Around noon, workers were hauling wooden benches into a whitewashed building and dusting off its tiled floors. The Islamic movement had rehabilitated the court, which is near the city's crumbling ruins, and kicked out most of the clerks, such as Duale Mohamed, who was among those taking up their posts again. He said that less desirable things were coming back, too.

While the Islamic Courts had imposed some discipline on electricity access and prices in his neighborhood, for instance, Duale said that prices were reverting to the whims of clan leaders who "can charge you whatever they like."

Gedi reiterated on Thursday that his top priority is disarmament, but the process has gone badly, with certain warlords wondering why they should trust a government they consider dominated by rival clans, and businessmen wondering who will protect them. Gedi said the government will start forcibly taking weapons Friday.

As that deadline approached, another layer of unease settled on an uneasy city. In one market, a money-changer said he was again hiring gunmen to escort him home from work. "Most people, they are afraid there will be no security," he said.

Besides getting rid of the flashy cellphone, Mohamed Abtidon has lately replaced his gold Rolex with a cheap plastic watch to avoid being mugged by the thugs Somalis call moryan. If he takes a taxi, he said, he takes an old rusty one instead of a newer car.

When the Islamic Courts were in control, Abtidon, 26, who consults for a relief group, dressed more conservatively, tucking in his shirt, wearing a nice belt and leather loafers. These days, though, "you have to dress like them," he said, referring to the moryan. So he wears his shirt untucked.

"And I have started wearing these shoes," he said, showing his old rubber sandals.

"When the Courts left, it has become a new life," he said, in a manner more grim than enthusiastic. "Now has come a problem bigger than not being able to watch a film. Now, you could lose your life."

Somalia's Chance (WP)

The Washington Post, January 5, 2007

AN UNEXPECTED turn of events in Somalia has given the Bush administration a rare opportunity to help stabilize a failed state that has been a harbor and breeding ground for al-Qaeda. In less than two weeks of fighting, troops from neighboring Ethiopia appear to have decimated the Islamic Courts movement, which had controlled most of the southern half of Somalia during the past six months. Foreign jihadists, including some al-Qaeda members, have fled the capital, while many of their Somali allies have melted back into the population. A U.N.-sanctioned transitional government has taken up residence in Mogadishu, marking the first time the country has had a recognized and unchallenged government since 1991.

The development has confounded -- at least temporarily -- the numerous Western "experts" who predicted that Ethiopia's intervention would trigger a regional war or an Iraq-style quagmire and who blamed the United States for tacitly supporting an attack on a Taliban-style regime. In fact, many Somalis seemed to welcome the end of the Islamic Courts' stringently fundamentalist rule. But no one -- least of all Western outsiders -- can predict how long the relative quiet will last. The remaining jihadists may be planning an insurgency; warlords driven out by the Islamists are said to have reappeared in Mogadishu. The transitional government, an unwieldy coalition of clan leaders, is weak, and troops sent by Ethiopia's predominately Christian government are unlikely to be tolerated long in Somalia, given longstanding animosity between the two countries.

Frequently slow or stumbling in its response to developments in Somalia, the administration appears to recognize the chance for an advance in the global war with al-Qaeda: Assistant Secretary of State Jendayi E. Frazer, who has conducted recent U.S. diplomacy, was in Ethiopia yesterday and is expected to chair an international contact group meeting today in Nairobi. U.S. and European policy is aimed at mobilizing a peacekeeping force, composed primarily of Africans, that could deploy in southern Somalia in place of Ethiopian troops and prop up the transitional government. That government would, in turn, be pushed to negotiate with Somali clans that supported the Islamic Courts.

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An immediate problem will be finding sufficient troops, funding their deployment and backing them up. Uganda has volunteered 1,000 soldiers, and Nigeria and South Africa expressed interest, but those commitments need to be firmed up and others secured. Western governments are reluctant to send their own troops to Somalia, given the disastrous end to a U.S.-led nation-building effort in the early 1990s. But the Bush administration, which by yesterday had not made any specific commitment to the mission, needs to be ready to quickly provide funding and logistical backing for an African force. If NATO airlift and supply assets can be mobilized, they should be. It may be that the prospect of stabilizing Somalia and eliminating it as a harbor for al-Qaeda will prove to be a mirage, but the administration must seize on the possibility that it is real.

Pentagon To Train A Sharper Eye On Africa (CSM)

By Richard Whittle

The Christian Science Monitor, January 5, 2007

WASHINGTON

Africa, long beset by war, famine, disease, and ethnic tensions, has generally taken a backseat in Pentagon planning - but US officials say that is about to change.

One of Donald Rumsfeld's last acts before Robert Gates replaced him last month as Defense secretary was to urge President Bush to let the Pentagon create a new Africa Command to pay more attention to the troubled continent. Mr. Bush is said to have agreed to the idea and is expected announce it early this year.

The creation of the new command will be more than an exercise in shuffling bureaucratic boxes, experts say. The US government's motives include countering Al Qaeda's known presence in Africa, safeguarding future oil supplies, and competing with China, which has been courting African governments in its own quest for petroleum, they suggest.

The expected new command "speaks to the fact that Africa now matters to the US government as it never has in the past," says Melvin Foote, chief executive officer of Constituency for Africa, a nonprofit group devoted to strengthening US relations with African governments.

The idea of an Africa Command has been discussed for years, but Mr. Foote says it has taken on new urgency in light of recent events.

• Islamists took over Somalia last June and ruled until this week, when Ethiopian troops drove them out of power.

• China hosted a conference of African presidents in Beijing last year - and made about $5 billion in deals to build infrastructure in Africa for oil. A source of oil

The US gets about 10 percent of its oil from Africa, notes Foote. Some experts say it may need to rely on the continent for as much as 25 percent by 2010. "With all the instability in the Middle East, there's some thought that we had better build partnerships in Africa," he says.

A senior Pentagon official, who requested anonymity because announcing the decision is the president's prerogative, said current events have less to do with the move than does Africa's instability. "Africa's a place with a lot of crises," this official says. Bush is "on record saying he doesn't want another genocide on his watch. This is a way of ensuring that there's a military command, a four-star, paying attention."

Currently, responsibility for Africa is divided among three of the Pentagon's five regional "unified commands," each headed by a four-star general or admiral who reports to the president.

The European Command, responsible for Europe and Russia, oversees US defense activities for most of continental Africa. The Central Command covers largely Arab northeast Africa as part of its oversight of the Middle East and sections of Central and Southwest Asia. The Pacific Command is responsible for Madagascar and the waters off southeast Africa. Need for a 'streamlined' strategy

Lt. Cmdr. Joe Carpenter, a Pentagon spokesman, says the division of labor "causes some difficulty in trying to ... execute a more streamlined and comprehensive strategy when it comes to Africa."

The Pentagon official who requested anonymity says the new command will exclude Egypt, a major player in Middle East politics. And Central Command will retain responsibility for the Horn of Africa for about 18 months while the Africa Command gets set up, the official says.

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After the 9/11 attacks, the Pentagon created a Horn of Africa joint task force under Central Command that is headquartered in Djibouti, but the senior official said the Africa Command's headquarters will be in Stuttgart, Germany, where the European Command is based, for the time being.

The Horn of Africa task force includes about 1,500 troops whose mission is to detect and defeat transnational terrorism, primarily through offering military training and humanitarian aid to friendly governments. Those troops constitute the bulk of the US military presence in Africa.

African countries won't see much difference in the US military presence on the ground under the new command, says Herman Cohen, assistant secretary of State for African affairs under the first President Bush. "They're already getting a lot of attention from the US military," he says. The Defense Intelligence Agency "has built up its offices throughout Africa in US embassies. Right after the cold war, they reduced a lot, but they've built back up."

The new Africa Command is "long overdue," says Susan Rice, assistant secretary of State for African affairs under President Bill Clinton. Sept. 11 "did what common sense should have done earlier, which is to elevate the understanding ... in the Pentagon of our strategic stake in Africa," she says. "Africa has the preponderance of the world's weak and failed states, and we ignore it at our peril."

No Breakthrough After Israel-Egypt Talks (AP)

By Salah Nasrawi And Steve Weizman

AP, January 5, 2007

A summit between the leaders of Israel and Egypt on Thursday fell short of its goal of igniting a new round of Mideast peace efforts, highlighting the significant disagreements between Israel and its Arab neighbors.

Speaking at a news conference after the meeting, Egypt's President Hosni Mubarak pushed Israel to hold talks with Syria and pursue peace with the Palestinians, despite the rise of the Islamic militant group Hamas. He also condemned an Israeli raid in the West Bank on Thursday that killed four Palestinian civilians and wounded 20 others.

Mubarak, a key mediator between the Palestinians and Israel, stressed that "Israel's and the region's security would be achieved only by serious endeavors toward peace."

Israeli Prime Minister Ehud Olmert apologized for civilian casualties in the raid, which began when undercover troops seized four fugitive Palestinians in a Ramallah vegetable market, sparking a ferocious gunbattle with militants.

"Things developed in a way that could not have been predicted in advance. If innocent people were hurt, this was not our intention," he said.

The summit came amid international calls for Israel and the Palestinians to make a renewed effort to end their dispute in the interest of stabilizing the Middle East, particularly Iraq. It also comes ahead of an expected Mideast visit by Secretary of State Condoleezza Rice this month.

Egypt is eager to broker peace between the Palestinians and Israel, and Mubarak on Thursday said he would welcome a meeting bringing together himself, Olmert, Palestinian President Mahmoud Abbas and Jordan's King Abdullah II.

"After the situation is crystalized, there is no objection for a quartet meeting," he said.

But significant obstacles are blocking a new peace process, including the continued captivity of an Israeli soldier seized by Hamas-linked militants in June. Egypt has been trying to broker a deal for Cpl. Gilad Shalit's release, and many in Israel were hoping for a breakthrough at the summit.

A Hamas official on Sunday claimed progress was made toward an agreement to exchange Shalit for some of the 9,100 Palestinians in Israeli prisons. A senior Hamas official in Syria, Moussa Abu Marzouk, said Thursday that his group was also ready to give Israel a video of Shalit if it agreed to release women prisoners and other detainees. He said in a phone interview that Shalit is alive.

Olmert thanked Mubarak for his efforts to secure Shalit's freedom, and said Israel was ready to meet with Abbas. However, he rejected having any dealings with Hamas, which controls the Palestinian Cabinet and calls for Israel's destruction.

"We are ready at any time to meet with Abu Mazen (Abbas) and have real negotiations and have an atmosphere for peace," Olmert said, adding that Abbas was a "partner for peace" and Hamas leader Khaled Mashaal was not.

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Mubarak responded that not everyone in Egypt supported its peace agreement with Israel, but it did not stop Egypt from signing the treaty.

The Egyptian president hosted Abbas at a summit here on Dec. 27, four days after Olmert met with Abbas in a meeting intended to thaw relations between the sides. The Olmert-Mubarak meeting was expected to build on those earlier efforts, but did not appear to have achieved any major breakthroughs.

Mubarak expressed concern about the violence between Israel and the Palestinians and between rival Palestinian factions, but said they should not dampen peace efforts.

"We have to work with both sides, with the Palestinian side to reach a cease-fire among them. They must unite and solve their problems, and then we can see how to deal with the Israeli side so they can sit at the negotiating table and reach peace. It is a tough task but can't be skipped," he said.

Olmert said he expressed concerns to Mubarak about the ongoing smuggling of weapons and money from Egypt into the Gaza Strip. Israel and the West have imposed a financial embargo on the Hamas government, but top Hamas leaders have kept the government afloat by bringing suitcases stuffed with millions of dollars over the border.

Mubarak said he was doing his best to stop weapons smuggling into Gaza, but said the cash-filled suitcases were not illegal as long as they were declared.

He also urged Israel to accept Syria's offers to restart peace talks that broke down seven years ago. Olmert has rejected the offers, citing Syria's support for Hamas and the Hezbollah guerrilla group in Lebanon.

Israeli Raid Overshadows Olmert's Talks With Mubarak (NYT)

By Steven Erlanger

The New York Times, January 5, 2007

JERUSALEM, Jan. 4 — Prime Minister Ehud Olmert met President Hosni Mubarak of Egypt on Thursday evening in an effort to give momentum to the Israeli-Palestinian peace negotiations. But the meeting was overshadowed by an Israeli raid in the West Bank in which four Palestinians were killed and 20 wounded.

Mr. Mubarak was clearly embarrassed by the timing of the raid, hours before the meeting of the two leaders in an Egyptian Red Sea resort town, Sharm el Sheik. He called it a hindrance to peace efforts and told Mr. Olmert that Egypt "rejects and is indignant at the military operation."

"Israel's security cannot be achieved through military force but by serious endeavors toward peace," Mr. Mubarak added at his news conference with Mr. Olmert.

Mr. Olmert said that he was sorry that innocent Palestinians were hurt, but that Israel would defend itself and was acting to arrest "terrorists who had killed Israelis."

He gave no explanation for the timing of the daylight raid, a vain attempt to arrest a wanted militant, which used unusual force in normally quiet Ramallah. He said Israeli troops returned fire, but did not initiate it. "Things developed in a way that could not have been predicted in advance," he said. "If innocent people were hurt, this was not our intention."

The Palestinian Authority president, Mahmoud Abbas, with whom Mr. Olmert met last week, condemned the raid, saying in a statement that it "proved that the Israeli calls for peace and security are fake." Palestinians have been calling for an extension of a Gaza truce with Israel to the West Bank.

"The continued aggression will only lead to the destruction of all efforts aimed at realizing peace," Mr. Abbas said.

Mr. Olmert and Mr. Mubarak said Egypt was continuing its efforts to secure the release of an Israeli corporal captured in June by militants, offering in exchange several hundred Palestinian prisoners held by Israel. There had been speculation that the two men might be able to announce more concrete progress on the matter, which is blocking more substantive discussions with Mr. Abbas.

Egyptian officials said that they were discussing another Olmert-Abbas meeting with Egyptian and Jordanian leaders present. Secretary of State Condoleezza Rice is to visit the region this month.

It was an unusual and emotional day for Mr. Olmert, during which he commemorated two legendary Israeli political figures, both of whom he succeeded in their jobs.

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Earlier, in Jerusalem, he spoke at the state funeral for the city's fabled former mayor, Teddy Kollek, who died Tuesday at 95 and was buried in the area of the Mount Herzl cemetery reserved for Israel's leaders.

Mr. Olmert defeated Mr. Kollek to become Jerusalem's mayor in a bitter political fight in 1993. He said Israel's first leader, David Ben-Gurion, had declared Jerusalem to be Israel's capital in 1949, but "Teddy Kollek made it so."

Thursday also marked a year since Prime Minister Ariel Sharon suffered a second extensive stroke, which left him in a deep coma from which he is not expected to awaken. Mr. Olmert, Mr. Sharon's deputy, was chosen to lead the Kadima Party in his stead and became prime minister, and he acknowledged Mr. Sharon's tragedy at his news conference in Egypt.

In general, Mr. Olmert has been regarded as inferior to Mr. Sharon and Mr. Kollek. In the latest opinion poll, conducted by the Dahaf Institute and reported Thursday in the newspaper Yediot Aharanot, nearly 70 percent of Israelis polled said they disapproved of Mr. Olmert's performance as prime minister. Israelis are unhappy with the way he managed the summer's war against Hezbollah in southern Lebanon and do not much like his personality, contrasting him with the more stolid and experienced Mr. Sharon.

Still, Mr. Olmert has proved himself a skilled politician, and early on Thursday Parliament quietly passed his $68 billion budget, a crucial test of his government's ability to survive. The budget battle was always a great drama under Mr. Sharon, but Mr. Olmert, who has expanded his governing coalition to include parties ranging from Labor to the right-wing Israel Beiteinu Party of Avigdor Lieberman, had little difficulty.

Mr. Olmert's office is being rocked, though, by a new corruption scandal. He has not been touched by this scandal, though he has been under investigation for smaller cases of improper use of influence.

But his longtime office director, Shula Zaken, has been put under house arrest and ordered not to contact Mr. Olmert as the police investigate whether she and the director of the Tax Authority, Jackie Matza, tried to help Ms. Zaken's brother and two other businesspeople through the appointment of cronies to key jobs in return for tax breaks.

About 30 people are under some form of detention in the spreading scandal.

The operation in Ramallah by Israeli forces, with armored vehicles, bulldozers and helicopter support, was carried out hours before Mr. Olmert met with Mr. Mubarak.

Palestinians and news reports said the operation was to arrest Rabiah Hamad of Fatah, a senior member of Al Aksa Martyrs Brigades. The army would not confirm that Mr. Hamad was the target, but said the man it wanted was armed and was wounded, but escaped. The army arrested four other wanted Palestinians, a spokesman said.

It was a rare incursion into the heart of Ramallah, and it prompted an angry response. Youths on rooftops threw stones, metal trash barrels, a refrigerator and blocks of concrete at the Israeli Army vehicles. There were mortars fired at the Israeli soldiers, and an exchange of gunfire.

Palestinian medics said four men — Yussef Abdel Khader, 23; Khalil al-Badawi, 20; Jamal Jawela, 29; and Ala al-Himran, in his 20s — died at a Ramallah hospital from gunshot wounds.

In Gaza there was continuing violence, with three more men killed in fighting between Fatah and Hamas. The fighting centered around the Jabaliya refugee camp in northern Gaza after gunmen surrounded the houses of known political or security figures.

In Beit Lahiya, a senior Fatah commander, Col. Muhammad Gharib, was killed and his wife severely wounded when Hamas militants attacked his home with rifle fire and rocket-propelled grenades. Two of his bodyguards were also killed. About 25 others were wounded in Jabaliya, and local radio was filled with appeals to the gunmen to restore calm.

On Wednesday five Palestinians, including a woman who was a passer-by, were killed and 12 wounded in Fatah-Hamas gun battles, which broke a weeklong lull. Other militant factions arranged a truce overnight and kidnapped members of Hamas and Fatah were released by the other sides, but the truce broke down on Thursday.

The Palestinian prime minister, Ismail Haniya, returned to Gaza on Thursday from hajj, his pilgrimage to Mecca, Saudi Arabia. His entourage underwent a special inspection in El Arish, Egypt, to ensure that he was not carrying large amounts of cash back to Gaza, which has been deprived of most Western aid since Hamas won parliamentary elections last January.

[Early Friday, Mr. Haniya said he and Mr. Abbas had agreed at emergency talks to keep gunmen from their parties off Gaza's streets.]

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For the fourth day there was no word about a kidnapped Peruvian photographer for Agence France-Presse, Jaime Rázuri, 50, who is said by colleagues to be lacking a required heart medication.

Palestinian security services have warned foreign journalists to keep out of Gaza for now, because of the kidnappings and chaos.

A leader of the Palestinian People's Party, Bassam al-Salhi, said the security chaos could be resolved only with political agreement. "The weakness of the Palestinian political system and the situation of the current Hamas-led government have contributed to this state of lawlessness," he said.

Israeli Arrest Raid In West Bank Kills 4 Palestinians (WP)

By Scott Wilson

The Washington Post, January 5, 2007

JERUSALEM, Jan. 4 -- Israeli troops pushed into Ramallah on Thursday in a rare daylight arrest operation, killing four Palestinians and wounding more than 20 others during heavy fighting in the city's streets. In the Gaza Strip, factional violence between the Hamas and Fatah movements left at least six people dead.

The Ramallah raid, the largest in the West Bank city in nearly two years, occurred as Israeli Prime Minister Ehud Olmert and Egyptian President Hosni Mubarak met at a Sinai resort to discuss ways to reduce the factional tensions and revive the dormant Israeli-Palestinian peace process.

In a written statement after the operation, which took place blocks from his official compound, Palestinian Authority President Mahmoud Abbas said it showed that "Israeli calls for peace and security are fake."

"The continued aggression will only lead to the destruction of all efforts aimed at realizing peace," Abbas said, calling on foreign governments to pressure Israel to stop such operations.

In recent weeks, Olmert has pledged to strengthen the political standing of Abbas, a relative moderate and a leader of Fatah, as he confronts the radical Islamic movement Hamas, which has day-to-day control of the Palestinian government.

Hamas has rejected Abbas's calls to recognize Israel and renounce violence in return for a resumption of foreign aid, which was cut off following its election victory almost a year ago. Abbas's announcement last month that he intends to call early general elections to resolve the crisis has brought a fresh surge of partisan fighting.

In meeting with Abbas less than two weeks ago, Olmert promised to release $100 million in frozen tax revenue that Israel collects on the Palestinians' behalf and to lift a number of military checkpoints in the West Bank. The gestures were meant to be a vote of confidence in Abbas, but Israeli and Palestinian officials say neither pledge has been fulfilled.

The Ramallah operation occurred in a busy commercial district festooned with Christmas lights and left behind damaged cars and streets strewn with stones and debris. Such operations are commonly carried out at night, but Israeli forces moved into a downtown building in the late afternoon.

Soldiers found the man they intended to arrest armed with a handgun, military officials said, and fired on him as he fled. Israeli officials declined to identify the man because he was still at large, having escaped into streets that filled quickly with demonstrators.

But Palestinian witnesses identified the target as Rabiah Hamad, a leader of the al-Aqsa Martyrs Brigades, Fatah's armed wing. He was later treated for wounds in a Ramallah hospital.

Israeli military officials said the forces came under heavy fire during the operation. The troops arrested four gunmen, who Palestinian witnesses said also belonged to the al-Aqsa Martyrs Brigades.

Palestinian witnesses and hospital officials said at least three of the men killed were civilians. The status of the fourth remained unclear.

"I am sorry if innocent people were hurt today in Ramallah," Olmert said at a news conference with Mubarak, who moments earlier had expressed his "dissatisfaction" with the raid. Olmert added: "One should remember that Israel has to operate against terrorists who operate against innocent Israelis. The operation today was to arrest a wanted man who hurt Israelis."

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A second day of partisan fighting in Gaza began when a car carrying members of the Executive Force, a Palestinian security service controlled by the Hamas-run Interior Ministry, came under fire in the city of Beit Lahiya. One Hamas member died in the ambush, and two others were badly wounded.

After nightfall, the Executive Force surrounded the Beit Lahiya home of a senior officer of the Preventive Security Service, a Fatah-controlled branch. The gunmen said the house had been used in the earlier ambush.

Shots rang out as the Executive Force took up positions, and protesters arrived to prevent an attack on the house.

Soon after, the Executive Force opened fire on the house with rifles and rocket-propelled grenades. Fatah officials said the officer, Col. Mohammed Ghrayeb, was killed in the shooting.

The Associated Press reported later that, in addition to Ghrayeb, four of his guards and a Hamas gunman were killed in the confrontation and about three dozen people, including eight children, were wounded.

10 Palestinians Killed In Raid, Clashes (AP)

By Karin Laub

AP, January 5, 2007

Israeli undercover troops burst into a West Bank vegetable market Thursday, seizing four fugitives and exchanging heavy fire with Palestinians in the first major raid since the Israeli and Palestinian leaders agreed to try to ease tensions.

Factional fighting among Palestinian groups also surged, leaving at least six dead and prompting a meeting early Friday between rival leaders — President Mahmoud Abbas of Fatah and Prime Minister Ismail Haniyeh of Hamas. Haniyeh said the two sides agreed to pull back their forces.

The agreement came hours after six Palestinians, including a senior security officer, were killed and more than a dozen wounded in fighting in Gaza between gunmen loyal to Hamas and those allied with Fatah.

In the Ramallah raid, four Palestinians, all civilians, were killed and 20 wounded. Abbas said in a harshly worded statement that Israel's peace promises rang hollow in light of the raid and demanded $5 million in compensation for the damage to shops and cars in Ramallah.

Israeli Prime Minister Ehud Olmert, who met with Egyptian President Hosni Mubarak just after the Ramallah raid, apologized for any civilian casualties, but said the operation was intended to protect Israel from terrorist attacks.

"Things developed in a way that could not have been predicted in advance. If innocent people were hurt, this was not our intention," he said.

The summit had been intended to push for new Israeli-Palestinian peace efforts, but was overshadowed by the violence.

Standing next to Olmert in the Red Sea resort of Sharm El-Sheik, Mubarak condemned the raid in Ramallah. "Israel's security cannot be achieved through military force but by serious endeavors toward peace," he said.

In Washington, a senior European Union diplomat said Secretary of State Condoleezza Rice will travel to the Middle East this month to try to promote peacemaking.

"We will try to see how we can give a push to the peace process," said Javier Solana, who met with Rice on Thursday.

The Israeli raid, which turned downtown Ramallah into a battlefield with dozens of cars smashed and vegetable carts overturned, further undercut Abbas at a time when he is locked in an increasingly violent power struggle with the Islamic militant Hamas.

Abbas said Israel's assurances that it is striving for peace and security cannot be believed. "The continued aggression will only lead to the destruction of all efforts aimed at realizing peace," his statement said.

In the northern Gaza Strip, a senior Palestinian security officer allied with Fatah was killed when Hamas militants laid siege to his house, engaging in a protracted gunbattle with his guards and then attacking it with grenades and a dozen rockets, Palestinian officials and witnesses said.

The officer, Col. Mohammed Ghayeb, was the chief of the Preventive Security Service in northern Gaza, and his death was expected to trigger revenge attacks.

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Moments before his death, Ghayeb was on the telephone to Palestine TV appealing for help as his house in Beit Lahiya came under attack. "They are killers," he said of the Hamas gunmen. "They are targeting the house, children are dying, they are bleeding. For God's sake, send an ambulance, we want an ambulance, somebody move."

The battle outside the house raged for much of the day and killed four of Ghayeb's guards and a Hamas gunman. About three dozen people, including eight children, were wounded.

Hours later, Abbas of Fatah and Haniyeh of Hamas met in Gaza and agreed to work to defuse the tensions and recall their gunmen, Haniyeh told reporters. "We are going to end all armed displays in the streets," he said. Abbas had no comment.

It wasn't immediately clear if the truce, the latest of several, would hold.

During the standoff outside Ghayeb's home, dozens of women rushed into the streets in protest, chanting "Spare the bullets, shame, shame."

One resident, Amina Abu Saher, told Al Quds radio that it was difficult for her to see Palestinians battle each other and she and the other women were determined to stop the internal fighting.

The factional fighting is a result of the political deadlock between Hamas, which controls the Cabinet, and Abbas, who was elected separately and wields considerable power. Talks on power-sharing between Hamas and Fatah have failed, and truce attempts have repeatedly collapsed.

In several places in the West Bank late Thursday, Fatah militants attacked Hamas offices and vehicles. One Hamas activist was wounded, Palestinian security officials said.

The Israeli army raid in Ramallah took the Palestinians by surprise.

It began when troops tried to arrest fugitives from the Al Aqsa Martyrs' Brigades, a violent Fatah offshoot, in the vegetable market. A gunbattle erupted, and Israeli forces sent reinforcements, including armored personnel carriers, bulldozers, jeeps and an attack helicopter.

For about two hours, a heavy battle raged, sending residents scrambling for cover. Bursts of gunfire, loud booms and ambulance sirens could be heard across Ramallah. At one point, a helicopter fired large-caliber bullets.

The apparent target of the raid, Rabih Hamed, was seriously injured. A photographer for the local news agency Maan was critically wounded by a gunshot to the head.

Meanwhile, Israeli TV and Channel 2 television reported that Olmert had decided to remove his defense minister, Amir Peretz, citing sources in the prime minister's office. Olmert's office, however, denied the reports.

Peretz, who has a limited security background has come under fire, along with Olmert, because of the inconclusive results of last summer's war with Hezbollah guerrillas in Lebanon.

Treasury Steps Up Pressure On Syria (AP)

By Jeannine Aversa

AP, January 5, 2007

The Bush administration, intensifying pressure on Damascus, moved Thursday to financially clamp down on three Syrian institutions suspected of helping spread weapons of mass destruction.

The Treasury Department's action means that any bank accounts or financial assets belonging to the three entities found in the United States would be frozen. Americans also are prohibited from doing business with them.

The three entities targeted are the Higher Institute of Applied Science and Technology, the Electronics Institute and the National Standards and Calibration Laboratory.

"Syria is using official government organizations to develop nonconventional weapons and the missiles to deliver them," Stuart Levey, Treasury's under secretary for terrorism and financial intelligence, said in explaining the United States' action.

The department has the power to take the financial-blocking action under an executive order issued by President Bush in June 2005.

The three entities acted against Thursday are "subordinates" of the Scientific Studies and Research Center, the Syrian government agency responsible for developing and producing non-conventional weapons and the missiles to deliver them, the department said.

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The government ordered U.S. banks to freeze the center's assets in 2005. The Treasury Department said that although the center promotes its civilian research function, its "activities focus substantively on the development of biological and chemical weapons."

The department alleged that the Electronics Institute is responsible for missile-related research and development. It described the Higher Institute of Applied Science and Technology as educational institution that provides training to engineers of the Scientific Studies and Research Center. The government didn't provide details on the National Standards and Calibration Laboratory but said that South Korea and Japan have identified the lab as a "proliferation concern."

The United States' relationship with Damascus has been strained for several years.

Last month, the bipartisan Iraq Study Group urged the Bush administration to have serious talks with Syria and with Iran as part of a new Iraq strategy. But the U.S. has been reluctance to seek help from Syria on Iraq until the Syrians curb their support to radical Palestinian groups and to the Lebanese Hezbollah.

Bush Looking At Global Warming Ideas (AP)

By Ben Feller

AP, January 5, 2007

President Bush and German Chancellor Angela Merkel pledged closer cooperation on combatting global warming and in trying to prod a Middle East peace on Thursday, brushing aside lingering differences between the two countries.

Bush said at a joint White House news conference that he was open to new ideas to confront climate change, although he stopped short of some of the tight environmental standards favored by Germany and other European nations.

"We talked about climate change, and I assured the chancellor I'm committed to promoting new technologies that will promote energy efficiency and do a better job protecting the environment," Bush said. "I believe there is a chance now to put behind us the old stale debates of the past."

It was a reference to past differences between Bush and European allies on the Kyoto accords, an international agreement to reduce pollution that causes global warming. It has not been ratified by the United States.

For her part, Merkel said, "I was delighted to hear that there is a readiness there."

"We will continue to have our experts work on it," she added. "On the one hand, we obviously need economic growth, but on the other hand, a reduction, also of greenhouse gases."

Bush praised Merkel for her efforts to put the so-called quartet_ the United States, the European Union, Russia and the United Nations — at the center of a revived Israeli-Palestinian peace effort.

"Madame Chancellor had a good idea to convene the quartet," Bush said. He said that Secretary of State Condoleezza Rice would soon be going to the region to try to revive the process.

"We're strongly committed to a two-state solution. Two democracies supporting each other's rights to exist," Bush said. He said, however, that he was unwilling to expand the quartet.

The two leaders conferred on issues ranging from war and energy problems to the economy, trade and dealing with the conflict in Sudan's Darfur region.

Merkel's visit came just days after Germany assumed the presidency of the 27-nation European Union and the Group of Eight major industrialized democracies.

With British Prime Minister Tony Blair expected to step down this year, Merkel is emerging as Bush's top ally in Europe.

Being seen to have friendly relations with Bush carries some risks for Merkel, given the president's unpopularity in Europe. But she minimizes them by publicly raising points of difference such as her stance that the prison camp at Guantanamo should be shut down — although she did not raise the issue, at least publicly, on Thursday.

Bush and Merkel barbecued a wild boar together when Bush visited her home parliamentary district last July.

"Laura and I are looking forward to feeding you dinner. I'm not so sure it's going to be as good a dinner as the barbecue you fed us," Bush said.

He also made a lighthearted reference to an impromptu back rub that he gave Merkel at an international forum last year. His rubbing of the back of her neck and shoulders was captured on camera, as was her look of surprise and a grimace.

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As the two ended Thursday's news conference and headed for dinner, Bush said softly, "No backrub."

Bush Makes Light Of Earlier Gaffe (AP)

AP, January 5, 2007

President Bush has adopted a hands-off policy with German Chancellor Angela Merkel.

"No back rubs," a smiling Bush declared Thursday while posing for photos with Merkel at the White House. She seemed to agree.

Bush was making light of his own gaffe at a summit of G-8 industrial nations last year. At the time, he gave an impromptu rub of Merkel's neck and shoulders. The chancellor hunched her shoulders in surprise, threw her arms up and grimaced, though she appeared to smile as Bush walked away.

A quick video image of the touchy moment quickly became one of the most popular clips on the Internet.

Bush made the joking reference to it after a private meeting and a short news conference with Merkel.

New Mexico Governor Heads To Sudan On Diplomatic Mission (AP)

AP, January 5, 2007

WASHINGTON (AP)--New Mexico Gov. Bill Richardson said Thursday he is heading to Sudan on a diplomatic trip that would add to his extensive international experience as he prepares to announce whether he will run for president.

Richardson will try to meet with Sudanese officials and persuade them to accept a peacekeeping force in the war-torn Darfur region, according to a statement from his office.

He is to arrive Sunday after traveling overnight and plans to travel to Darfur.

Sudan's president, Omar al-Bashir, has rejected a U.N. Security Council resolution that provides for bolstering the poorly funded and equipped 7,000-troop African Union force to about 22,000 peacekeepers under U.N. leadership. The nonprofit Save Darfur Coalition requested Richardson's help because of his long relationship with Bashir and is paying for the trip.

Richardson, a Democrat who was U.N. ambassador and energy secretary in the Clinton administration, would have one of the most impressive foreign policy resumes if he decides to run for president.

As a member of Congress in the 1980s and 1990s, Richardson was a special envoy on several international missions and won the release of Americans held in North Korea, Iraq, Cuba and Sudan.

Since being elected governor in 2002, Richardson has not stopped his international work. He has traveled repeatedly to North Korea, meeting last month with North Korean officials in Santa Fe, N.M., to discuss the communist country's nuclear future.

In September, he traveled to Sudan and successfully negotiated with Bashir for the release of a captured U.S. journalist who had been held for more than a month on espionage charges.

For nearly four years, Sudanese troops and the Arab janjaweed have been fighting Darfur's ethnic African rebels, who revolted against what they saw as decades of neglect and discrimination by the Khartoum government.

U.N. and African Union officials have accused the government of arming the janjaweed and coordinating attacks with them - a charge Khartoum denies. More than 200,000 people have been killed and 2.5 million driven from their homes.

Richardson also will push for a cease-fire, his office said.

Richardson coordinated his trip with Andrew Natsios, the Bush administration's special envoy to Sudan, according to the governor's office. Natsios did not respond to an interview request sent to the State Department.

Police Uncover Explosives In Spain's Basque Region (WP/AP)

By Mar Roman

The Washington Post, January 5, 2007

MADRID, Jan. 4 -- Police found a large explosive device in the Basque region Thursday, five days after a car bombing in Madrid that was blamed on the separatist group ETA shattered a nine-month cease-fire.

The discovery came as Prime Minister JosÃ© Luis RodrÃ-guez Zapatero visited the wreckage of Saturday's car bombing and vowed that Spain would not be intimidated. The blast in the parking lot of Madrid's international airport killed one man, left another missing and feared dead and wounded at least 26 people.

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"It will achieve nothing. It is not going to intimidate anyone," Zapatero told reporters.

Outside the Basque town of Amorebieta, nearly 220 pounds of explosives were found in a drum near an abandoned car, and they had been rigged to be used in an attack, Basque police said. Bomb disposal experts removed the device from the site to dismantle it.

Zapatero said Saturday's attack made him more determined to end ETA's nearly four-decade-long campaign of violence, aimed at achieving an independent Basque homeland. But he announced no new strategy or even a hint of his next move.

The attack was a political setback for Zapatero, who made ETA's dissolution a centerpiece of his political agenda. When he announced in June that he would negotiate with the group, he infuriated conservatives who opposed talks with what they consider an active terrorist organization.

The blast killed a 35-year-old Ecuadoran immigrant. Rescuers were still looking for the missing man, also Ecuadoran, but held out little hope of finding him alive. The death marked the first fatality in an attack blamed on ETA in more than three years.

In a rare gesture Thursday, the outlawed group Batasuna, widely seen as ETA's political wing, expressed its "deepest sorrow" for the death of the Ecuadoran immigrant.

The blast shattered a cease-fire that ETA declared in March and said was permanent. Zapatero's government canceled plans for negotiating a settlement with Europe's last armed political militancy.

ETA and its political supporters have complained in recent months that the peace process was faltering because the government refused to make preliminary concessions. Those included moving ETA prisoners from jails across Spain to the Basque region and halting police arrests and trials of ETA suspects and pro-independence politicians.

DOJ_NMG_0112645

DEPARTMENT OF JUSTICE NEWS CLIPS

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 5, 2007 7:45 AM EST

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TERRORISM NEWS:

W Pushes Envelope On U.S. Spying (NYDN)

By James Gordon Meek

New York Daily News, January 4, 2007

WASHINGTON - President Bush has quietly claimed sweeping new powers to open Americans' mail without a judge's warrant, the Daily News has learned.

The President asserted his new authority when he signed a postal reform bill into law on Dec. 20. Bush then issued a "signing statement" that declared his right to open people's mail under emergency conditions.

That claim is contrary to existing law and contradicted the bill he had just signed, say experts who have reviewed it.

Bush's move came during the winter congressional recess and a year after his secret domestic electronic eavesdropping program was first revealed. It caught Capitol Hill by surprise.

"Despite the President's statement that he may be able to circumvent a basic privacy protection, the new postal law continues to prohibit the government from snooping into people's mail without a warrant," said Rep. Henry Waxman (D-Calif.), the incoming House Government Reform Committee chairman, who co-sponsored the bill.

Experts said the new powers could be easily abused and used to vacuum up large amounts of mail.

"The [Bush] signing statement claims authority to open domestic mail without a warrant, and that would be new and quite alarming," said Kate Martin, director of the Center for National Security Studies in Washington.

"The danger is they're reading Americans' mail," she said.

"You have to be concerned," agreed a career senior U.S. official who reviewed the legal underpinnings of Bush's claim. "It takes Executive Branch authority beyond anything we've ever known."

A top Senate Intelligence Committee aide promised, "It's something we're going to look into."

Most of the Postal Accountability and Enhancement Act deals with mundane reform measures. But it also explicitly reinforced protections of first-class mail from searches without a court's approval.

Yet in his statement Bush said he will "construe" an exception, "which provides for opening of an item of a class of mail otherwise sealed against inspection in a manner consistent ... with the need to conduct searches in exigent circumstances."

Bush cited as examples the need to "protect human life and safety against hazardous materials and the need for physical searches specifically authorized by law for foreign intelligence collection."

White House spokeswoman Emily Lawrimore denied Bush was claiming any new authority.

"In certain circumstances - such as with the proverbial 'ticking bomb' - the Constitution does not require warrants for reasonable searches," she said.

Bush, however, cited "exigent circumstances" which could refer to an imminent danger or a longstanding state of emergency.

Critics point out the administration could quickly get a warrant from a criminal court or a Foreign Intelligence Surveillance Court judge to search targeted mail, and the Postal Service could block delivery in the meantime.

But the Bush White House appears to be taking no chances on a judge saying no while a terror attack is looming, national security experts agreed.

Martin said that Bush is "using the same legal reasoning to justify warrantless opening of domestic mail" as he did with warrantless eavesdropping.

Bush Administration Defends Emergency Mail Inspection (USAT)

By Mimi Hall And David Jackson

USA Today, January 5, 2007

WASHINGTON — The White House on Thursday defended a policy allowing the government to open mail without a warrant, despite criticism that the crime-fighting tactic might lead to privacy breaches.

Bush administration and Postal Service officials said citizens' mail remains constitutionally protected from unreasonable search and seizure. But White House spokesman Tony Snow said the United States needs to have the power to inspect mail in emergencies.

DOJ_NMG_0112649

The mail controversy erupted Wednesday after a report in the New York Daily News that President Bush on Dec. 20 attached a so-called signing statement to a new postal law. The statement grants the government the authority during emergencies to bypass a law forbidding mail to be opened without a warrant.

Snow said Bush was simply reiterating authority the government already has under the law.

U.S. Postal Service spokesman Thomas Day concurred. "The president is not exerting any new authority," he said.

Snow did not say what emergency circumstances might warrant inspections of the mail.

Brian Walsh, a lawyer at the conservative Heritage Foundation, said the authority likely would only be used in extreme cases, such as if police learned a bomb or an envelope containing anthrax or another biohazard was in the mail.

If the government didn't have the authority for prompt inspections, the mail — particularly overnight delivery — could become "a courier service for drug dealers or terrorists," Walsh said.

Privacy rights advocates expressed concern that the administration could loosely define emergency situations to include looking at mail sent by or delivered to people who might wrongly be included on the government's terrorist watch lists.

The American Civil Liberties Union said such "deliberate ambiguity" was troublesome.

It "raises a red flag because of President Bush's history of asserting broad powers to spy on Americans," ACLU Director Anthony Romero said.

Others accused Bush of making an end-run around the Constitution and Congress.

"This opens the door into the government prying into private communications," said Jonathan Hafetz, a lawyer with the Brennan Center for Justice. "It's something we associate with a totalitarian or police state."

In Congress, where Democrats took control of both houses Thursday for the first time in 12 years, some lawmakers expressed unease about the practice.

"Every American wants foolproof protection against terrorism," Sen. Charles Schumer, D-N.Y., said. "But history has shown it can and should be done within the confines of the Constitution. This last-minute, irregular and unauthorized reinterpretation of a duly passed law is the exact type of maneuver that voters so resoundingly rejected in November."

White House Denies Switch In Mail Policy (NYT)

By Eric Lichtblau

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — The White House said Thursday that President Bush was not claiming any new executive authority last month when he issued a statement suggesting that postal inspectors could open mail without a warrant in emergency circumstances.

Tony Snow, the White House spokesman, said the statement Mr. Bush issued in signing postal legislation was merely a restatement of existing law allowing mail to be opened without a warrant in “exigent circumstances” to protect public safety.

“All this is saying is that there are provisions at law for, in exigent circumstances, for such inspections,” Mr. Snow said. “It has been thus. This is not a change in the law. This is not new.”

The questions arose after The New York Daily News published an article Thursday drawing attention to the Dec. 20 signing statement and legal questions surrounding it. The front page featured a photo of Mr. Bush alongside the banner headline: “I’ve got mail! And it’s yours!”

Federal law, in keeping with the constitutional prohibition on unreasonable searches, generally prohibits the government from opening first-class mail without a warrant. But a 1996 postal provision allows postal inspectors to open mail without a warrant in narrow circumstances if there is credible evidence that a package contains a bomb or other dangerous material.

Mr. Bush has drawn intense scrutiny and criticism from Democrats and groups like the American Bar Association for issuing signing statements reserving the right to disregard more than 800 selected provisions of measures he signed into law , often on the grounds that they represented an unconstitutional infringement on executive authority.

In signing the postal legislation last month, Mr. Bush said that its restrictions on the opening of mail should be construed “in a manner consistent, to the maximum extent permissible, with the need to conduct searches in exigent circumstances, such as to protect human life and safety against hazardous materials, and the need for physical searches specifically authorized by law for foreign intelligence collection.”

Mr. Snow said Mr. Bush had not claimed any “sweeping new powers” through the statement, as The Daily News article asserted, and the Postal Service issued a statement Thursday echoing that assessment.

“As has been the longstanding practice, first-class mail is protected from unreasonable search and seizure when in postal custody,” said Thomas Day, a senior vice president for the Postal Service. “Nothing in the Postal Accountability and Enhancement Act changes this protection. The president is not exerting any new authority.”

Critics were not so certain.

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Senator Charles E. Schumer, Democrat of New York, called Mr. Bush's signing statement a "last-minute, irregular and unauthorized reinterpretation of a duly passed law" protecting the privacy of mail users. The American Civil Liberties Union said it would press to find out how often mailings had been opened without a warrant.

Bush Warned About Mail-Opening Authority (WP)

By Dan Eggen

The Washington Post, January 5, 2007

President Bush signed a little-noticed statement last month asserting the authority to open U.S. mail without judicial warrants in emergencies or foreign intelligence cases, prompting warnings yesterday from Democrats and privacy advocates that the administration is attempting to circumvent legal restrictions on its powers.

A "signing statement" attached to a postal reform bill on Dec. 20 says the Bush administration "shall construe" a section of that law to allow the opening of sealed mail to protect life, guard against hazardous materials or conduct "physical searches specifically authorized by law for foreign intelligence collection."

White House and U.S. Postal Service officials said the statement was not intended to expand the powers of the executive branch but merely to clarify existing ones for extreme cases.

"This is not a change in law, this is not new, it is not . . . a sweeping new power by the president," spokesman Tony Snow told reporters. "It is, in fact, merely a statement of present law and present authorities granted to the president of the United States."

But some civil liberties and national-security law experts said the statement's language is unduly vague and appears to go beyond long-recognized limits on the ability of the government to open letters and other U.S. mail without approval from a judge.

Kate Martin, director of the Center for National Security Studies in Washington, said the government has long been able to legally open mail believed to contain a bomb or other imminent threat. But authorities are generally required to seek a warrant from a criminal or special intelligence court in other cases, Martin and other experts said.

"The administration is playing games about warrants," Martin said. "If they are not claiming new powers, then why did they need to issue a signing statement?"

Administration critics said they were particularly confused because the relevant portion of the postal reform legislation -- which prohibits opening mail without warrants in most circumstances -- remains unchanged.

A White House official, who was not authorized to speak on the record, said the signing statement, first revealed by the New York Daily News, was intended only to make clear that the new law would not limit the ability of the president or attorney general to open mail under emergency provisions of the 1978 Foreign Intelligence Surveillance Act, which governs spying in the United States. That law allows authorities to conduct searches and surveillance without warrants in emergency situations, although they must apply for a warrant later.

"The point was that because Congress was passing this anew, the concern was that there would be some confusion," the official said. "The law that's been around since 1978 still allows you to conduct warrantless physical searches under some circumstances, and nothing changes that authority."

The debate over the signing statement comes after disclosures over the past year that Bush authorized a program that allows the National Security Agency to monitor telephone and e-mail communications between the United States and other countrieswithout court oversight. The administration has strongly defended the legality of the NSA spying program, arguing that Congress authorized it as part of the war on al-Qaeda and, even if it had not, that the president has the power to order such surveillance.

In addition to searching for a bomb or other hazardous device, postal officials are legally allowed to open letters that cannot be delivered as addressed, but only to find a correct destination for the parcel. The FBI and other law enforcement agencies are also allowed to obtain authority from postal inspectors to track mail without opening it.

The latest statement caused a small ruckus on Capitol Hill yesterday just as Democrats were taking control of Congress. Charles E. Schumer (D-N.Y.), a member of the Senate Judiciary Committee, called the statement a "last-minute, irregular and unauthorized reinterpretation of a duly passed law."

Sharp limits have been placed on the government's power to open mail since the 1970s, when a congressional committee investigating abuses found that, for three decades, the CIA and FBI had illegally opened hundreds of thousands of pieces of U.S. mail. Among the targets were "large numbers of American dissidents, including those who challenged the condition of racial minorities and those who opposed the war in Vietnam," according to a report by the Senate panel, known as the Church committee. Also surveilled was "the mail of Senators, Congressmen, journalists, businessmen, and even a Presidential candidate," the report said.

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During his tenure, Bush has made plentiful use of signing statements, which are issued along with a president's signature on legislation. Although previous presidents used them as guidance for the executive branch, Bush has offered revised interpretations of laws on constitutional or national security grounds in some of his statements.

Bush: Mail Subject To Warrantless Searches (CBS)

CBS News, January 5, 2007

Presidential Signing Statement Claims Feds Can Open Mail In Certain Circumstances

(CBS/AP) President George W. Bush has created more controversy over his domestic intelligence gathering policies with a previously unnoticed "Signing Statement" attached to a postal reform bill which claims federal officials can open U.S. mail without a warrant.

The law as passed by the House and Senate requires government agents to get warrants to open first-class letters.

But the presidential statement, signed on December 20, added that sealed mail can be searched in "exigent circumstances, such as to protect human life and safety against hazardous materials, and the need for physical searches specifically authorized by law for foreign intelligence."

The White House said the president is not claiming any new authority and that the statement does not change the scope of current law.

Spokeswoman Emily Lawrimore told CBS News White House correspondent Mark Knoller, "The signing statement merely recognizes a legal proposition that is totally uncontroversial: that in certain circumstances – such as with the proverbial 'ticking bomb' – the Constitution does not require warrants for reasonable searches."

But CBS News legal analyst Andrew Cohen questioned why the president felt it necessary to attach the language to the bill if nothing has changed.

"I don't think the White House would have included this language into a signing statement unless the feds were either already searching mail without a warrant or planning to do so," Cohen said. "And if the legal right to do so were as clear as the White House now says it's hard to believe that there was a need to remind everyone of the fact in a bill about the postal service."

"The signing statement raises serious questions whether he is authorizing opening of mail contrary to the Constitution and to laws enacted by Congress," said Ann Beeson, an attorney with the American Civil Liberties Union. "What is the purpose of the signing statement if it isn't that?"

She said the group is planning to file request for information on how this exception will be used and also asking whether it has already been used to open mail.

Postal Vice President Tom Day said Thursday: "As has been the long-standing practice, first class mail is protected from unreasonable search and seizure when in postal custody. Nothing in the Postal Accountability and Enhancement Act changes this protection. The president is not exerting any new authority."

However, Sen. Charles E. Schumer, D-N.Y., criticized Bush's action.

"Every American wants foolproof protection against terrorism. But history has shown it can and should be done within the confines of the Constitution. This last-minute, irregular and unauthorized reinterpretation of a duly passed law is the exact type of maneuver that voters so resoundingly rejected in November," Schumer said.

The White House first came under scrutiny for its domestic surveillance policies in December 2005 when the New York Times revealed a National Security Agency program which eavesdropped on phone calls without warrants to do so.

Mr. Bush claimed the NSA program is needed in the war on terrorism; opponents say it oversteps constitutional boundaries on free speech, privacy and executive powers.

In October, a federal appeals court allowed the domestic spying program to continue after a lower court had ordered it stopped.

President Bush has also come under fire from legal experts for creating or expanding presidential powers in bill signing statements. In July, an American Bar Association task force said that the president was violating the Constitution by doing so.

"If left unchecked, the president's practice does grave harm to the separation of powers doctrine, and the system of checks and balances that have sustained our democracy for more than two centuries," ABA president Michael Greco said at the time.

Bush has issued at least 750 signing statements during his presidency, more than all other presidents combined, according to the ABA.

Typically, presidents have used signing statements for such purposes as instructing executive agencies how to carry out new laws.

Bush's statements often reserve the right to revise, interpret or disregard laws on national security and constitutional grounds.

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Both the warrantless searches and the president's use of signing statement's could be challenged by the newly convened Democratic congress.

"With Democrats now in control of Congress, don't be surprised if we see an investigation into these sorts of uses of signing statements and of the White House's legal authority to undertake searches like this without a warrant or other court order," Cohen said.

A Terror Detainee Longs For Court (NYT)

By Adam Liptak

The New York Times, January 5, 2007

Ali al-Marri, whom the government calls a sleeper agent for Al Qaeda and who is the only person on the American mainland still held as an enemy combatant, spends his days in a small cell in solitary confinement at the Navy brig in Charleston, S.C. When he is in an ironic mood, his lawyers say, he calls the cell his villa.

Mr. Marri waits there for word from his wife, two sons and three daughters, whom he last saw in 2001, just before his arrest in Peoria, Ill., where he was studying computer science at Bradley University.

Letters arrive, but they are late and have words and sentences blacked out. A note his wife sent to him 10 months ago landed recently. It began with a standard Muslim invocation, but a word was missing. Mr. Marri is pretty sure it was "Allah."

But mostly Mr. Marri waits for word from a federal appeals court, which will soon rule on one of the most urgent questions in American law, one his case presents in stark form: May the government indefinitely detain a foreigner living legally in the United States, without charges and without access to the courts?

Mr. Marri, who is 41 and a citizen of Qatar, wants the right to challenge President Bush's assertion that he is a terrorist and "a grave danger to the national security of the United States."

The Bush administration says the courts cannot second-guess the president when he decides that someone is an enemy combatant, at least when noncitizens are involved. Detaining combatants is a military rather than a criminal matter, the administration says, adding that its purpose is not to punish the prisoner but to stop him from returning to the battlefield.

The implications of that position are startling, according to a brief filed last month in Mr. Marri's case by some 30 constitutional scholars. "The government's interpretation would be vastly threatening to the liberty of more than 20 million noncitizens residing in the United States," the brief said, "exposing them to the risk of irremediable indefinite detention on the basis of unfounded rumors, mistaken identity, the desperation of other detainees subject to coercive interrogation, and the deliberate lies of actual terrorists."

Kathleen M. Blomquist, a spokeswoman for the Justice Department, disputed that contention.

"Of all the terrorists currently in the custody of the United States military, al-Marri is the only one who was captured in the United States," Ms. Blomquist said, adding that the notion that millions of people are at risk is "unfounded and absurd."

Mr. Bush's determination that Mr. Marri is an enemy combatant, she said, was based on substantial evidence, including "his association with Khalid Shaikh Mohammed, mastermind of the 9/11 attacks, and files found on his computer concerning chemical weapons of mass destruction."

Mr. Marri maintains his innocence, his lawyers say. But they have refused to offer point-by-point rebuttals of the government's detailed assertions, calling instead for prosecutors to offer evidence to back them up in court.

"In a civilized society and under American law and tradition," said Jonathan Hafetz, a lawyer for Mr. Marri with the Brennan Center for Justice at New York University School of Law, "the government has the obligation to prove its case."

One of Mr. Marri's brothers, Mohammed Marri, in a telephone interview from Qatar, rejected the charge that Mr. Marri is a terrorist. "For sure it's not true," he said.

A third brother, Jarallah, is at Guantánamo Bay, Cuba, held as an enemy combatant based on accusations that he had visited a Qaeda camp. "This is not a proper way to treat other people from other countries," Mohammed Marri said of his brothers and other detainees. "If they are guilty, let them prove it in court."

An Exclusive Club

The Charleston brig can hold 288 military prisoners and 6 enemy combatants, but there have never been more than 3 in the exclusive enemy combatant club. Two of them are now gone.

One of them, Yaser Hamdi, was freed and sent to Saudi Arabia after the United States Supreme Court allowed him to challenge his detention in 2004. Jose Padilla was transferred to the criminal justice system last year just as the Supreme Court was considering whether to review his case. That leaves only Mr. Marri.

Mr. Hamdi and Mr. Padilla are American citizens, but Mr. Marri is not. They were seized abroad or on their way back to the United States, while Mr. Marri was living what seemed to be an ordinary life, in Peoria, a city often caricatured as the nation's most ordinary, with a family and a minivan.

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The government contends in a partly declassified declaration from a senior defense intelligence official, Jeffrey N. Rapp, and in a recent book by former Attorney General John Ashcroft, that Mr. Marri was a Qaeda sleeper agent sent to the United States to commit mass murder and disrupt the banking system.

The assertions have not been tested in court, and human rights groups say they are based on unreliable evidence "There is substantial reason to believe," lawyers for two of the groups wrote in a brief in November, "that the allegations of the Rapp declaration are derived from the torture of two men interrogated at Guantánamo Bay and other detention sites: Khalid Shaikh Mohammed and Mustafa Ahmed al-Hawsawi."

The government says that Mr. Hawsawi was one of the financiers of the Sept. 11 attacks.

Mr. Rapp's declaration cites the personal views of Mr. Mohammed, who is often referred to as K.S.M. "K.S.M. considered al-Marri an ideal sleeper agent," Mr. Rapp wrote.

Kept in Isolation

Mr. Marri was kept in isolation at the brig and, according to his court filings, subjected to tough interrogation. Interrogators threatened to send him to Egypt or Saudi Arabia, according to a lawsuit filed on his behalf in 2005, "where, they told him, he would be tortured and sodomized and where his wife would be raped in front on him."

"By winter '05," Andrew J. Savage, who also represents Mr. Marri, said in a recent interview, "I genuinely thought he was losing his mind. He told me in this sort of indirect way that he might not be able to hold on, that his mind was playing tricks on him."

Mr. Padilla's lawyers have said that their client's time in the brig was so grueling that he is not fit to stand trial. But while Mr. Padilla was passive, Mr. Marri pushed back. He put wet toilet paper on the video camera, for instance. The brig responded by taking away his mattress, Koran and hygienic products, including his toilet paper.

"There is almost nothing to distract him from his torment," his lawyers wrote in the lawsuit, "and he therefore becomes preoccupied with his pain and the degradation he suffers."

Perhaps as a consequence of the lawsuit, conditions have improved.

When Mr. Marri's lawyers were first allowed to see him in October 2004, after the decision in Mr. Hamdi's case, Mr. Marri was behind a transparent barrier and bound in leg-irons and handcuffs that were linked to a belly-chain and fastened to the floor. Officials from the Defense Intelligence Agency and the brig were present, and the conversation was videotaped.

On a recent visit, Mr. Savage said, he met his client in a visiting lounge. Mr. Marri, who was not restrained, was wearing stylish bifocals rather than institutional prison glasses. He was also wearing a watch, which makes it easier for him to know when to pray.

Mr. Savage brought hummus and pita bread. "We sat down, we broke bread, and we had a three-and-a-half hour conversation, unmonitored," Mr. Savage said.

Mr. Marri is now allowed to watch television in the evening, but not the news. He reads newspapers and magazines, but they are edited. "Brig staff remove all materials associated with the war on terror from them," Cmdr. Stephanie L. Wright, the brig's commanding officer, said in court filing in July.

Sometimes that makes for a thin newspaper. "All I get is sports and obits," Mr. Marri has complained, Mr. Savage said. He is critical of the former, saying there is not enough soccer coverage.

The Defense Department has allowed journalists and others to tour the Guantánamo facility, where Mr. Marri's brother Jarallah and 400 other men are being held. All of the Guantánamo prisoners are foreigners who were seized abroad. The government has not asserted that the brothers were working together.

The Defense Department refused a recent request to inspect the Charleston brig. A spokesman, Cmdr. J. D. Gordon, cited "operational security concerns surrounding the detention of an alleged al Qaeda-linked operative in the U.S. mainland," a reference to Mr. Marri. Commander Gordon added that "it has always been our policy to treat all detainees humanely."

Return to the United States

Mr. Marri spent eight years in the United States as a young man, graduating from Bradley with an undergraduate degree in business administration in 1991. When he returned to the United States 10 years later, he brought his family.

In his declaration, Mr. Rapp noted that Mr. Marri's profile "differed significantly from that of the Sept. 11, 2001, hijackers." Those differences, Mr. Rapp said, made Mr. Marri all the more attractive to Al Qaeda.

The years between Mr. Marri's two stints at Bradley are a mystery. The government says he trained at a Qaeda camp in Afghanistan for about a year and a half between 1996 and 1998, specializing in poisons. The government also says that Mr. Marri visited the United States briefly in 2000, which Mr. Marri has denied.

In the summer of 2001, Mr. Rapp wrote, Mr. Mohammed introduced Mr. Marri to Osama bin Laden. Mr. Marri "offered to be an Al Qaeda martyr," Mr. Rapp wrote.

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"Al Qaeda instructed al-Marri that it was imperative that he arrive in the United States prior to Sept. 11, 2001, and that if al-Marri could not do so, that he should cancel all his plans and go to Pakistan," Mr. Rapp wrote.

The Marris arrived in Peoria on Sept. 10, 2001.

Mr. Marri soon came to the attention of the F.B.I., which first interviewed him less than a month later. In December, agents searched his laptop, finding "research consistent with the tradecraft and teachings associated with Al Qaeda," Mr. Rapp wrote. Mr. Marri was arrested on Dec. 12, 2001, and held as a material witness at the request of prosecutors in New York. He was indicted two months later on charges of credit card fraud. In January 2003, the government added charges of lying to federal agents and financial institutions, and identity theft. Mr. Marri pleaded not guilty. His family has since returned to the Middle East.

For a year and a half, the government pursued a conventional criminal case. Mr. Ashcroft, in his book "Never Again," which was published in October, wrote that Mr. Marri "rejected numerous offers to improve his lot" by cooperating with investigators. "He insisted," Mr. Ashcroft wrote, "on becoming a 'hard case.' "

In June 2003, as the case was nearing trial, the government abruptly changed course, taking Mr. Marri out of the criminal system and moving him into indefinite military detention. That means, Mr. Ashcroft later wrote, that Mr. Marri can be held "at least until the war against Al Qaeda was over."

In its rush to move Mr. Marri, the government short-circuited its criminal case. On hearing that a federal judge in Peoria would allow Mr. Marri's lawyers to file papers opposing the transfer as long as the criminal case was alive, the government agreed to dismiss the criminal charges with prejudice, meaning they cannot be refiled.

The decision, however, would not prevent the government from charging Mr. Marri with other crimes outlined in Mr. Rapp's declaration.

The declaration has served the purpose for which it was designed. In August, it persuaded Henry F. Floyd, a federal judge in Spartanburg, S.C., to deny a habeas corpus petition challenging Mr. Marri's detention. Saying that Mr. Marri had "offered nothing more than a general denial" of the assertions in the declaration, Judge Floyd dismissed the petition.

Neither side was happy with the ruling. Mr. Marri has appealed to the United States Court of Appeals for the Fourth Circuit in Richmond, saying that the president does not have the power to detain him as an enemy combatant.

A foreigner living legally in the United States, his lawyers say, is not the same as a soldier captured on a battlefield. Even if the president does have the power, they say, he should be required to support his assertions with evidence.

The government argues that Judge Floyd gave Mr. Marri too full a hearing. It cited the recent Military Commissions Act, which says that the courts have no jurisdiction to hear challenges from any alien "who has been determined by the United States to have been properly detained as an enemy combatant."

The case will be heard Feb. 1

The government offered Mr. Marri a sort of consolation prize should the appeals court dismiss his case. It said he could try to persuade a combatant status review tribunal, convened by the Defense Department, that he was not an enemy combatant. That would apparently be the first such proceeding on the mainland; all of the others known to have been conducted were at Guantánamo Bay.

A Different View

In a brief filed in November, eight former Justice Department officials, including Janet Reno, the attorney general in the Clinton administration, said that taking Mr. Marri out of the criminal system as his case approached trial "has given to the appearance of manipulation of the judicial process." The brief listed several criminal statutes available to prosecute people accused of terrorism along with many successful prosecutions under them.

"The criminal justice system has proven that it can make the cases," Ms. Reno said in an interview. "For the president to be able to designate someone as an enemy combatant, without process and without regulation, just doesn't make any sense and isn't necessary."

Ms. Blomquist, the Justice Department spokeswoman, said, "While we respect the views of former law enforcement officials, the United States cannot afford to retreat to a pre-September 11 mind-set that treats terrorism solely as a domestic law enforcement problem."

Mr. Marri shared a fantasy with one of his lawyers not long ago. "I'd love to be taken back to Saudi Arabia and they would beat the" — here, he swore — "out of me for six months," Mr. Marri said, according to Mr. Savage. "It would be brutal, but it would be finite."

Defense Rests After Hearing From Torture Expert At Hamas Trial In U.S. (AP)

By Mike Robinson, Ap Legal Affairs Writer

AP, January 5, 2007

DOJ_NMG_0112655

(AP) - CHICAGO-Attorneys for one of two men accused of furnishing thousands of dollars (euros) and fresh recruits to a Palestinian terrorist network rested their case Thursday following testimony from an expert on torture.

Closing arguments were set for Monday at the racketeering trial of former Chicago grocer Muhammad Salah, 53, and Abdelhaleem Ashqar, 48, a former assistant professor of business at Washington's Howard University.

Federal prosecutors say the two men were members of the Palestinian militant group Hamas and helped to bankroll a wave of terror that included bombings, kidnappings and murder aimed at toppling the Israeli government.

"Ladies and gentlemen, we are done with the evidentiary portion of this case," U.S. District Judge Amy J. St. Eve, who has presided over the 10-week trial, told the jurors before sending them home for the weekend.

Attorney William Moffitt, who represents Ashqar, rested his case weeks ago. Salah attorney Michael E. Deutsch rested Thursday following testimony from a psychiatrist and torture expert, Dr. Metin Basoglu.

Basoglu, an authority on the psychological mechanisms created by torture, testified over a live video feed from Istanbul where he lives.

Basoglu said a slipped disc in his back kept him from traveling.

Salah's attorneys are hoping Basoglu's testimony will reinforce Salah's claim that after his January 1993 arrest he was tortured by Israel's Shin Bet security agents into making incriminating statements.

Israeli police confiscated $97,000 in cash in his East Jerusalem hotel room, money they say was earmarked to pay for guns and bombs for Hamas.

The soft-spoken Salah, who grew up in a squalid West Bank refugee camp and later became a U.S. citizen, says the money was for Muslim charities.

He served almost five years in Israeli prisons before he returned to the U.S., where he immediately came under intense scrutiny by the FBI.

Basoglu, a specialist in psychiatry at Istanbul University and a senior lecturer at the University of London, said torture causes acute stress by making victims feel they have lost control of their situation.

He said the anxiety torture victims suffer during interrogation by the military or the police can become so intense as to be unbearable.

"Any one of us would comply in that situation," he said.

The trial began with opening statements in October. The prosecution's initial witnesses were two Shin Bet agents who interrogated Salah in 1993.

They testified under aliases in a courtroom cleared of spectators to protect them against possible reprisals by Hamas. But reporters were allowed to hear their testimony on closed-circuit TV in another room.

Both men denied Salah ever was tortured. Salah did not take the stand but his attorneys say he was put in a freezing cell with no blanket, forced to wear a foul-smelling hood and otherwise mistreated for weeks.

Former New York Times reporter Judith Miller testified that she witnessed part of Salah's 54-day interrogation at a high-security prison in Ramallah. She said he seemed to be in good spirits. Salah attorneys say Miller saw only a small fraction of what went on and was easily fooled.

Prosecution witnesses testified that when agents searched Ashqar's home they found Hamas records and literature and that he took part in a Philadelphia meeting at which the group's organizers mapped strategy.

His attorneys maintain that he merely was exercising his right to free speech and that nothing he did violated the law.

There is a third defendant in the case - Mousa Mohammad Abu Marzouk - allegedly a high-ranking member of the Hamas command now believed to be living in Damascus and classified as a fugitive.

A crowded courtroom was expected for closing arguments Monday. The case has drawn wide interest since August 2004 when then Attorney General John Ashcroft unveiled the indictment at a news conference, saying the three operated "a U.S.-based terrorist recruiting and financing cell."

Grocer Pleads Guilty To Misleading Federal Agents (NSDY/AP)

Long Island Newsday, January 5, 2007

ROCHESTER, N.Y. (AP) _ A Rochester grocer pleaded guilty Thursday to misleading FBI agents about his brother's intentions to leave the U.S. for Israel and become a suicide bomber.

Mohamed Subeh, 43, admitted in U.S. District Court that he deceived federal agents when he denied seeing a letter from his brother that indicated he wanted to become a suicide bomber. Prosecutors said Subeh destroyed the letter, but not before investigators had the opportunity to photocopy it and have it translated.

Subeh, a naturalized U.S. citizen, on April 4 will face a sentence ranging from probation to six months in prison.

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Subeh's brother, Ismail Dorgham, 24, was stopped in 2003 at the Greater Rochester International Airport when he used cash to purchase a one-way ticket to Jordan and had no luggage in tow.

While he was questioned, an FBI counterterrorism agent found the note to Subeh _ written in Arabic _ in Dorham's possesion. The FBI translated a copy of the document a week later and concluded that Dorgham intended to become a suicide bomber on behalf of a terrorist organization.

Dorgham is currently married and living with his wife and his 2 {-year-old son in Bethlehem, Subeh's lawyer, John Parrinello said.

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Information from: Rochester Democrat and Chronicle, http://www.democratandchronicle.com

HOMELAND RESPONSE:

Court To Consider Conflicting Portraits Of Would-be Subway Bomber (AP)

By Tom Hays, The Associated Press

AP, January 5, 2007

NEW YORK (AP) — Shahawar Matin Siraj was either a naive stooge lured into a phony bomb plot or a homegrown terrorist determined to inflict misery on New Yorkers as revenge for wartime abuses of Iraqis.

The conflicting portraits of Siraj — convicted on conspiracy charges in a scheme to blow up one of the city's busiest subway stations — were painted in court papers recently filed in advance of his sentencing on Monday in federal court in Brooklyn.

Defense attorneys have sought to convince a judge that their client's sentence should not exceed 10 years since the attack never came close to being carried out.

Siraj, a 21-year-old high school dropout at the time of his arrest, "is not a dangerous psychopath, but more of a confused and misguided youngster," the defense team argued in its papers.

Prosecutors countered that the Pakistani immigrant deserves at least 30 years — and possibly life — behind bars as the "driving force" behind a "workable terrorist plot" to set off explosives at the subway station of Herald Square, a dense shopping district that includes Macy's flagship department store.

"The offense was the brainchild and handiwork of the defendant," the government's papers said.

On Thursday, U.S. District Judge Nina Gershon denied a defense motion for a new trial, saying in a written ruling that "the evidence as to the defendant's guilt was overwhelming."

Siraj and another man suspected in the plot, James Elshafay, were arrested on the eve of the 2004 Republican National Convention carrying crude diagrams of Herald square. Elshafay immediately agreed to cooperate with the government.

Authorities said Siraj had no affiliation with known terrorist organizations. Instead, he was a relative loner whose anti-American rants caught the attention of a police informant, Osama Eldawoody, and an undercover officer.

Eldawoody, a naturalized U.S. citizen from Egypt, had been assigned by the NYPD to identify and track Islamic extremists in Muslim neighborhoods after Sept. 11. He and the undercover officer emerged last year at Siraj's trial as the government's star witnesses.

While wearing a wire and assuming the role of an accomplice, Eldawoody assured Siraj that any plan he concocted would have the backing of a fictitious faction called The Brotherhood. On tape, Siraj was recorded musing about possibly destroying the Verrazano-Narrows and three other bridges serving Staten Island or killing Microsoft founder Bill Gates before settling on Herald Square as a target.

Testifying in his own defense, Siraj said he never had a violent thought before he fell under the spell of the 50-year-old Eldawoody. He said the older man became a mentor and instructed him that there was a fatwa, or religious edict, permitting the killing of U.S. soldiers and law enforcement agents.

Eldawoody had himself talked about "blowing up the buildings and blowing up the Wall Street places," the defendant said. He admitted taking steps to attack the subway station, but only after the informant inflamed him by showing him photos of prisoners being abused at Abu Ghraib prison in Iraq.

According to the recent defense filings, he has since expressed his regret.

"I feel really, really bad and apologize to everybody," he told a psychologist. "I was just foolish, just angry."

Ill. Man Indicted In Hand Grenade Case (AP)

AP, January 5, 2007

DOJ_NMG_0112657

CHICAGO - A man accused of plotting to use hand grenades in an attack on holiday shoppers was indicted Thursday on charges of attempting to use weapons of mass destruction.

Derrick Shareef, 22, was arrested Dec. 6 by an FBI-led anti-terrorism task force following a sting operation in which an undercover informant secretly tape-recorded his plans.

Shareef was arrested when he met an undercover agent to trade a pair of stereo speakers for four hand grenades and a handgun to use at the CherryVale shopping mall in Rockford, about 90 miles northwest of Chicago, federal prosecutors said.

Shareef is being held in the government's Metropolitan Correctional Center pending a court hearing. No date has been set.

Defense attorney Michael B. Mann, who was appointed to represent Shareef at his initial court appearance in December, was unavailable for comment. A message left on his office voicemail was not immediately returned.

Prosecutors have said they were convinced Shareef had operated alone and there had been no imminent danger to the public.

Federal Grand Jury Indicts Shareef (RRS)

Rockford Register Star, January 5, 2007

ROCKFORD — A federal grand jury on Thursday formally indicted Derrick Shareef with attempting to use a weapon of mass destruction and attempting to destroy real and personal property by use of explosives.

“The complaint is one way to charge a suspect, but that has to be followed up by an indictment within 30 days,” said Kim Nerheim, a spokeswoman with the U.S. attorney’s office in Chicago, where the grand jury revealed the indictment.

“That’s what this was and that’s why it is so similar to the complaint,” Nerheim said.

Shareef, 22, allegedly wanted to use grenades in an attack on patrons of CherryVale Mall to wage jihad against people in the United States.

He was arrested Dec. 6 after he exchanged some stereo speakers for some nonfunctioning grenades and a firearm.

Shareef remains in federal custody in Chicago awaiting his arraignment, a date that has not been set.

Democrats Set Homeland Security Changes (AP)

By Leslie Miller

AP, January 5, 2007

Hours after taking control of Congress, House Democrats disclosed a plan they said would strengthen homeland security after five years of complaining that Republicans weren't doing enough.

Democrats say their legislation bill would implement the unfinished 9/11 Commission recommendations that fall under the Homeland Security Committee's jurisdiction.

The bill would require private companies to prepare for terrorism and the government would have to inspect cargo on passenger planes and shipping containers leaving the largest ports. Airport screeners would be given whistle-blower protection, money would be set aside to develop technology for detecting explosives at checkpoints and an appeals process would be established for airline passengers mistaken for terrorists on watch lists.

Democrats have said the Republican-controlled Congress didn't implement the commission's 41 recommendations aimed at improving safety after the Sept. 11, 2001, terror attacks.

The commission itself met a year ago to hand out failing grades to the government, giving an "F," for example, to improving airline passenger screening and homeland security spending for cities considered most at risk of attack.

The bill will be debated and voted on Tuesday — without going through the committee process — as part of the Democrats' "100 hours" plan to quickly accomplish their priorities.

Republicans objected to the speed with which the Democrats are moving.

New York Rep. Peter King, ranking Republican on the Homeland Security Committee, sent a letter Tuesday to committee chairman and lead sponsor of the bill, Rep. Bennie Thompson, D-Miss. In it, King said that bypassing the committee would contradict an "open, full and fair debate" promised by incoming Speaker Nancy Pelosi, D-Calif.

"Homeland security is far too important an issue to play politics with, and any new homeland security measure should be given the review and oversight it deserves," King wrote.

The "9/11 Commission" bill isn't filed yet. According to a draft, it would tackle a knotty problem: spending homeland security funds on cities most at risk of terrorist attack.

Currently, the grant formula gives each state .75 percent of the total pot of money before its risk is assessed. The bill would reduce that to .25 percent, except states with large international borders would start off with .45 percent.

Homeland Security analysts have said there are no remaining proposals that can easily be enacted into law because they are politically difficult.

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For example, the commission recommended that oversight of Homeland Security be given to a single committee. The Homeland Security Department said it reported to 86 committees and subcommittees and gave more than 4,000 briefings in 2005-06. But soon after House Democrats unveiled the 9/11 bill, they announced that the Transportation Committee would share jurisdiction over two Homeland Security agencies: the Coast Guard and Federal Emergency Management Agency.

One problem for congressional Democrats in fulfilling their promise is that some of the commission's recommendations to change foreign policy — such as supporting Pakistan and reforming Saudi Arabia — don't fall under the purview of Congress. Those aren't addressed in the bill.

4 Cities Cut, 4 Added For Terror Grants (AP)

By Devlin Barrett

AP, January 5, 2007

Four U.S. cities will get a fresh infusion of federal anti-terror grant money, and four others will be cut off from such grants, under a new government list of urban areas considered at serious risk of attacks and eligible to share $747 million.

The list obtained Thursday by The Associated Press shows the four newly eligible cities are El Paso, Texas; Norfolk, Va.; Providence, R.I.; and Tucson, Ariz.

The cities that were cut from the list of 45 metropolitan areas are Toledo, Ohio; Baton Rouge, La.; Louisville, Ky.; and Omaha, Neb.

The Homeland Security Department has come under intense scrutiny for its decisions in the Urban Area Security Initiative, or UASI, which is the only pool of federal money designed to go to localities based solely on their risk of terror attacks.

Officials in New York and several other major cities were furious last year when the agency announced major cuts to their funding while sending millions of dollars to places like Omaha and Louisville, which are generally considered to face less risk of terrorism.

The agency may officially announce the decision as early as Friday, though the designations do not yet come with fixed dollar amounts. Those are expected later this year, most likely in May, after the government has reviewed the cities' grant applications.

Under the program, DHS awards money not just to an individual city, but to the entire metropolitan area.

This year, DHS chose to lump together New York City and northern New Jersey into a single area. Last year, the agency kept them separate, giving money directly to Jersey City and Newark.

While the agency did cut four cities from the list, it spared several others that were warned in 2006 that they might be cut off. Those spared cities were Las Vegas, Nev., Buffalo, N.Y., Oklahoma City, Okla.; Tampa, Fla.; San Diego, Calif.; Sacramento, Calif.; and Phoenix, Ariz.

The UASI list also does not include a smaller, separate pot of grant money to protect urban infrastructure, like public transit systems. An announcement on that money is expected next week.

The actual UASI payments vary widely from place to place, and even year to year. In the 2005 budget year, for example, Los Angeles received $65 million, while Jacksonville, Fla. got $6.9 million.

Since the Sept. 11 attacks cities like New York and Washington have received the lion's share of the UASI money, but city officials protested furiously last May when funding for each was cut by 40 percent.

The program was launched after the terrorist attacks of Sept. 11, 2001, and has since been the focus of yearly wrangling between the Bush administration and some in Congress who want a larger share of federal largesse to be distributed based solely on risk.

Sen. Charles Schumer, D-N.Y., said Thursday he was concerned New York might be put at a disadvantage by having to split its share of funding with northern New Jersey.

"This could spell trouble. If they give out one pot of money to two areas, we cannot let that translate into fewer dollars," said Schumer.

The new Democratic majority in Congress, sworn in Thursday, has pledged to revise grant spending to distribute billions of federal anti-terror grants based on risk. The House is expected to take up such legislation next week as part of a package based on the recommendations of the 9/11 Commission.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, January 5, 2007

Prime target

The difficulty of trying to rebuild Iraq as insurgents try to destroy it was hammered home by an incident in November.

DOJ_NMG_0112659

The U.S. operates Camp Loyalty, a forward operating base near Baghdad, and stores building material there. In this case, they were husbanding a huge amount of electrical wiring and components to help turn the lights on in Sadr City, the capital's Shi'ite slum.

Then, insurgent mortar rounds hit the base storage yard. Everyone took cover. When the barrage ended, most of the supplies disappeared in flames.

"Media there never covers the fact that Iraqi bad guys are blowing up Iraq's own reconstruction," said a military official. "Congress is told subliminally by others that reconstructors are all crooks or political incompetents."

CIA on China threat

CIA Director Michael V. Hayden spoke to CIA employees yesterday for a town-hall-style meeting where he revealed the agency's new "Strategic Intent" report and outlined some of the reforms taken. They include setting up a new operations center with representatives from the collection, analysis and technical services branches.

The report lists the long war on terrorism, arms proliferation and the rise of China and India as part of the current "unstable and dangerous " strategic environment.

One initiative: the creation of a CIA associate deputy director for counterintelligence that supporters hope will give the agency something it badly needs in the current environment of aggressive foreign intelligence activities. "Counterintelligence is too critical an issue not to have a senior member of our leadership team committed to it 24/7," Gen. Hayden said in announcing the post.

Counterintelligence at CIA has been a backwater support function since the ouster of master counterspy James Jesus Angleton in the 1970s. Mr. Angleton oversaw an aggressive independent counterintelligence branch that conducted several mole hunts that upset veteran spies.

The CIA still has not fully recovered from the decadeslong betrayal of CIA officer Aldrich Ames, who gave Russia the names and identities of virtually all the CIA's recruited agents working against the Soviet Union. Ames was caught in 1993.

Other reforms outlined by Gen. Hayden include a "revitalized" covert action review group that will direct semi-secret CIA-sponsored activities ranging from political operations to paramilitary forces.

The CIA also has a new External Advisory Board that includes former Chairman of the Joint Chiefs of Staff Gen. Richard B. Myers, former Deputy Defense Secretary John Hamre and former Hewlett-Packard Chief Executive Officer Carly Fiorina.

Test run

The intelligence community would just as well forget the flawed 2002 National Intelligence Estimate (NIE) on Iraq and work on making sure such a mistaken analysis does not happen again.

One new look is Intellipedia, a classified form of the Wikipedia, the Internet encyclopedia where people can use the "wiki" software to add information on a given subject.

Intellipedia debuted in April on the government's top-secret network. Today, there are more than 28,000 Web pages, over 13 million "hits" and 3,600 registered users.

The Office of the Director of National Intelligence is experimenting with that concept, via Intellipedia, to see if intelligence analysts collectively can produce an accurate NIE on various subjects. Another aim is to get rid of the "stovepipes" — the metaphor for analysts not sharing information with other analysts in different fields but similar subjects.

"With all edits being attributable in Intellipedia, it actually kind of allows our officers to be much more collegial with one another, and it builds a community, which is what we're trying to do," Sean Dennehy, a CIA analyst, said at a recent round-table discussion.

Intellipedia will be a communal site for all types of intelligence articles, which can be edited by other analysts, while keeping the assessment's historical thread. You can have analysts from U.S. Pacific Command, the CIA and a satellite reconnaissance office talking to one another at the same time on the same topic via Intellipedia.

The DNI is also doing an experimental NIE, the intelligence community's crown jewel produced by the National Intelligence Council. The initial Intellipedia NIE will be on the troubled African nation of Nigeria. Intellipedia will be the recipient of analysts assessments on that country for use by the council to write the NIE.

Changing Air Force

Gen. T. Michael Moseley, Air Force chief of staff, has made the war on terror his top service priority, followed by caring for airmen and their families, and buying new combat aircraft and space assets.

A recent message from headquarters shows how the Air Force is changing. Last fall, the Air Force dropped its first small-diameter bomb, the GBU-39/B, from an F-15E Strike Eagle supporting troops in Iraq. The 250-pound bomb allows jet fighters to carry a larger bombs-to-targets ratio, meaning a pilot can hit multiple suspected terror safe houses and reduce collateral damage.

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The Air Force this summer also helped the Army by sending "several hundred" airmen to ground combat training before deploying to Iraq or Afghanistan. The Army is stressed by frequent war deployments. President Bush announced in December that he will ask Congress to increase the number of soldiers by an unspecified number. The military even has come up with a name for airmen changing their traditional missions. It's called "in-lieu-of."

The war on terror is also putting an unprecedented demand on the Predator, an unmanned aerial vehicle that can spy on the enemy and unleash deadly Hellfire missiles. The Air Force message called it "one of the most sought-after weapons by combatant commanders."

WAR NEWS:

Bush Will Seek Aid, Jobs Funds To Bolster Iraq (WSJ)

By Yochi J. Dreazen And Greg Jaffe

The Wall Street Journal, January 5, 2007

WASHINGTON -- The Bush administration's new strategy for Iraq, which the president is set to announce next week, will include a big boost in spending to fund reconstruction, economic growth and job creation, as part of a broader effort to help embattled Iraqi Prime Minister Nouri al-Maliki.

People familiar with the matter say that Mr. Bush will detail his request for billions of dollars in new aid for Iraq next week in an eagerly awaited speech on his strategy to contain sectarian violence there and clear the way for an eventual U.S. military withdrawal. In his speech, Mr. Bush will also call for the deployment of as many as 20,000 additional American combat troops to Iraq as part of a controversial "surge" designed to stabilize Baghdad and other violent regions of the country.

The administration's emerging Iraq strategy, which it is calling "The New Way Forward," will also include an effort to funnel U.S. money to moderate Iraqi political parties as a means of building a centrist political coalition to support Mr. Maliki, according to people familiar with the matter.

The proposals are part of what is shaping up as an effort by Mr. Bush to retool his Iraq strategy across all fronts. The measures are certain to prove controversial and could set the administration on a collision course with the new Democratic-controlled Congress, which was formally sworn in yesterday3.

Other pieces of that strategy began falling into place yesterday, as the president made additional changes in his national-security team. Those changes will leave a significantly different cast of diplomatic and military policy makers in charge of implementing the new strategy.

Administration officials said Mr. Bush is likely to nominate Navy Adm. William Fallon to replace Gen. John Abizaid as the head of the U.S. military's Central Command, which is responsible for leading the war efforts in Iraq and Afghanistan. Mr. Bush will also tag Lt. Gen. David Petraeus to replace Gen. George Casey as the top American military commander in Iraq.

In addition, White House officials said that Mr. Bush plans to nominate Zalmay Khalilzad, now U.S. ambassador to Iraq, as the next American ambassador to the United Nations.

· The News: The new Bush strategy on Iraq will include more money as well as troops, to boost reconstruction.

· What's at Stake: The plan calls for spending billions of dollars beyond the sum already provided in economic assistance.

· What's Next: The plan, to be unveiled next week, could set Bush on a collision course with congressional Democrats.

The changes come just weeks after Mr. Bush ousted former Secretary of Defense Donald Rumsfeld, the policy maker most closely identified with the old Iraq strategy, which the administration acknowledges has failed.

Most Democrats have already expressed opposition to the idea of temporarily boosting the number of U.S. combat personnel in Iraq, and have instead coalesced around a proposal to begin withdrawing American military forces from Iraq later this spring.

Democratic leaders have ruled out trying to stymie the administration by barring funding for the additional forces, however. The new aid request for Iraq could emerge as a bigger flash point with Congress than the troop surge, in part because Democrats may view the proposed aid as an investment in an Iraqi government about which they have developed doubts.

The new Iraq money would come on top of the more than $20.9 billion that has already been spent on large-scale, U.S.-funded reconstruction projects in the country that have largely failed to restore the country's electricity output, water supply or sewage capabilities to prewar levels. The costly effort to rebuild Iraq's war-shattered infrastructure has been mired in controversy from the very beginning because most of the money went to large American contractors like Bechtel Group Inc., rather than smaller Iraqi firms.

A range of U.S. government audits later found evidence that the administration had seriously mismanaged the rebuilding effort, allowing billions of dollars to be misspent or lost to outright fraud and corruption.

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The new aid would be different, because it would be meant to go largely to Iraqis and Iraqi companies, rather than to large American contractors, officials said.

Still, Democrats have promised stringent oversight of funds spent on Iraq, and they will now have extensive influence over how much money is allocated and how it is spent. Democrats are also deeply skeptical about Mr. Maliki's intentions and capabilities, and are likely to resist any White House effort to funnel more money to him and his allies.

Expanded White House support for Mr. Maliki could also run counter to some recommendations made in a recent report by the Iraq Study Group, the panel of outside experts Congress formed to suggest changes in Iraq policy. The panel urged Mr. Bush to condition future American military and economic support on the Shiite-led Iraqi government's making the tough political compromises needed to restart Iraq's stalled political process by drawing in the country's Sunni minority. Mr. Maliki has to date failed to take such steps, and the rushed and chaotic execution of deposed Iraqi ruler Saddam Hussein, a Sunni, last weekend ratcheted Iraq's sectarian tensions even higher.

Administration officials say they are still putting the finishing touches on the economic aspects of the new Iraq strategy, but say the broad contours have largely been decided upon. One official involved in devising the new Iraq strategy said the administration hopes that the expanded job-creation and economic-development programs would make it harder for militias and insurgent groups in Iraq to recruit jobless young men.

The State Department section of the administration's fiscal year 2008 budget will ask lawmakers to appropriate $1.46 billion in aid for the Iraqi government, according to people familiar with the matter. These people said the request includes $335 million in security-related aid, $373 million in funding designed to help spur economic growth and $239 million for education and job creation. The largest share of the new money, $486 million, would go toward Iraqi political parties, human-rights groups and other players in the country's nascent democratic system.

The administration will request additional Iraq-related money in a supplemental spending bill that will be presented to lawmakers along with the standard budget.

The supplemental spending bill will ask for a "significant increase" in the money allocated to the so-called Commander's Emergency Response Program, which gives military officers in Iraq money they can use on small-scale reconstruction and job-creation projects that they hope will help stabilize the areas they patrol, according to a senior Pentagon official.

A second senior official said the increase could double the current size of the program from $720 million this past year to more than $1 billion in 2007.

Bush Talks To Al-Maliki, Set To Reveal New Iraq Strategy (WT)

By Joseph Curl

The Washington Times, January 5, 2007

President Bush, who will announce a new strategy for the Iraq war next week, spoke with Iraqi Prime Minister Nouri al-Maliki for nearly two hours yesterday, and said last night that he had been trying to determine whether Mr. al-Maliki "has the will necessary to do the hard work to protect his people."

"I told him, I said that you show the will, we will help you," Mr. Bush said in a brief White House press conference with German Chancellor Angela Merkel. "I believe Prime Minister Maliki has the will necessary to make the tough decisions. That's one of the things I learned today."

Mr. Bush said he was "in the process of making up my final decision as to what to recommend" on a way forward in Iraq, where more than 3,000 U.S. troops have died since the war began in March 2003.

"I'll be ready to outline a strategy that will help the Iraqis achieve the objective of a country that can govern, sustain and defend itself sometime next week," Mr. Bush said. "I've still got consultations to go through. Whatever decision I make, though, will be all aimed at achieving our objectives."

Mrs. Merkel, who will wield extraordinary clout among European leaders as she is simultaneously president of the European Union and host of the Group of Eight summit, said she will urge her neighbors to support efforts to stabilize Iraq.

"Allow me to say although Germany is not militarily present in Iraq, we have every interest in seeing Iraq taking a turn for a more peaceful development where people no longer need to be in fear of their lives, and that politically we shall do everything we can in order to give support to such a positive development," she said through a translator.

Mr. Bush next week is expected to order a "surge" -- a short-term increase of U.S. troops -- in Iraq, and the White House said yesterday that the president and Mr. al-Maliki agreed on the need to call in enough military to quell the sectarian violence that has spiraled out of control.

The two leaders spoke by secure video conference, with about half of the conversation limited to the president and prime minister and their translators, press secretary Tony Snow said.

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The top generals in the Army and the Marine Corps have said recently that any increase of troops needs to be coupled with a well-defined strategy to secure and stabilize Iraq. Mr. Bush said yesterday that is precisely what he will demand.

"One thing is for certain: I will want to make sure that the mission is clear and specific and can be accomplished," he said.

Mr. Bush also said he wished the execution of Saddam Hussein "had gone in a more dignified way," but noted that the deposed Iraqi dictator "was given justice; the thousands of people he killed were not."

Shortly after Saddam was hanged last week, a video appeared on the Internet showing him being taunted before his execution. The video has sparked a firestorm across the Middle East and in Washington, where reporters have questioned the White House daily about it.

"One thing is for certain: A horrific chapter in Iraqi history has been closed. And now we're talking about a more hopeful chapter for the Iraqi people," Mr. Bush said.

The president, who met for more than an hour with Mrs. Merkel and discussed matters such as global trade, the genocide in Darfur, the environment, Lebanon, Iran and the war in Afghanistan, praised the German chancellor for her support of a strong U.N. Security Council resolution to punish Iran for continuing its uranium-enrichment program.

"It was an important message to send Iran that the free world wants there to be a peaceful future, and we don't see a peaceful future with the Iranians developing a nuclear weapon," he said.

The short press conference in the Cross Hall of the White House ended on a humorous note. After shaking hands with the German leader, Mr. Bush smiled impishly and said, "No back rubs," a reference to criticism he received when he briefly massaged her shoulders last year at a G-8 meeting in St. Petersburg. The chancellor smiled, and the two headed off to dinner.

Bush Making Changes In His Iraq Team (WP)

By Robin Wright And Michael Abramowitz

The Washington Post, January 5, 2007

President Bush is overhauling his top diplomatic and military team in Iraq, as the White House scrambles to complete its new war policy package in time for the president to unveil it in a speech to the nation next week, officials said.

But the White House is struggling to overcome deep differences among advisers over both the deployment of additional U.S. troops and whether the government of Iraqi Prime Minister Nouri al-Maliki can deliver long-delayed political and military actions, according to officials familiar with the debate.

With significant policy details left to be worked out this weekend, the administration is nonetheless moving ahead on several personnel changes. It is set to announce that Army Lt. Gen. David H. Petraeus, who gained fame for his early success in training Iraqi troops and securing a volatile city in northern Iraq, will replace Gen. George W. Casey Jr. as commander of the multinational forces in Iraq, officials say.

The administration also intends to nominate Navy Adm. William J. Fallon to head the Central Command, replacing Gen. John P. Abizaid as the top U.S. military commander for the Middle East. Some military officials consider Fallon an unusual choice, because he is a naval officer in charge of the Pacific Command with limited experience in the Middle East and would be in charge of two ground wars in Iraq and Afghanistan.

On the diplomatic side, the White House will appoint veteran U.S. diplomat Ryan C. Crocker, the current envoy to Pakistan, who began his career in the 1970s in Iraq, as the new ambassador to Baghdad. The controversial current ambassador to Iraq, Zalmay Khalilzad, will be nominated to become the top U.S. envoy at the United Nations, replacing John R. Bolton, U.S. officials say.

The president is tentatively set to speak on Wednesday about his new plan for Iraq, with Maliki due to unveil his own new security plan a day or two before. Bush spoke for almost two hours with Maliki yesterday by videoconference, half of which was just the two of them and translators.

Maliki pledged to Bush that he will announce the deployment of three additional Iraqi army brigades to help secure Baghdad, U.S. officials said. The Iraq commitment would be in the neighborhood of some 4,500 troops, according to their brigade strengths.

After a meeting with German Chancellor Angela Merkel yesterday, Bush told reporters he had a good conversation with Maliki. "One thing I was looking for was . . . to determine whether or not he has the will necessary to do the hard work to protect his people," Bush said.

On deploying new U.S. troops in Iraq, Bush pledged to make sure that the mission is "clear and specific and can be accomplished."

But deep divisions remain between the White House on one side and the Joint Chiefs and congressional leaders on the other about whether a surge of up to 20,000 troops will turn around the deteriorating situation, according to U.S. officials.

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The U.S. military is increasingly resigned to the probability that Bush will deploy a relatively small number of additional troops -- between one and five brigades -- in part because he has few other dramatic options available to signal U.S. determination in Iraq, officials said. But the Joint Chiefs have not given up making the case that the potential dangers outweigh the benefits for several reasons, officials said.

There are already signs that a limited U.S. escalation, even when complemented by new political and economic steps, may not satisfy either supporters or critics of a surge. Pentagon officials and military experts say far more troops are needed to make a real difference, but the United States would have to remobilize reserves, extend current tours of duty and accelerate planned deployments just to come up with 20,000 troops, U.S. officials say. And such a surge would strap the military for other potential crises, they add.

After more than a month of interagency discussions chaired by deputy national security adviser J.D. Crouch II, deep differences also remain among administration officials over the fundamental question of whether Iraq's Shiites can pull together a moderate political center.

Washington needs Baghdad to provide military manpower to confront the illegal Shiite militias that are fueling sectarian violence and to take political steps to accommodate Sunni grievances, notably in promised but long-delayed amendments to the new constitution.

But the crude execution of Saddam Hussein and the Iraqi government's insistence that two top officials of the Iranian Revolutionary Guards, who were captured in a U.S. military raid, had to be handed back to Tehran have fueled U.S. concern that the government is under the partial control of Shiite militias and Iran. Though the White House has officially endorsed Maliki, U.S. officials are divided about whether the prime minister will really deliver, particularly badly needed Iraqi troops.

Last summer, Iraq failed to provide promised troops in Operation Together Forward, the highly publicized effort to secure Baghdad. Maliki pledged six battalions but provided only two -- and has not delivered the remainder, according to U.S. officials. Iraqi troops are essential to hold areas of the city after they are cleared of insurgents and other threats. The joint operation has instead resulted in escalating violence and increased U.S. and Iraqi deaths.

Some Iraqi units ordered to the capital suffered serious attrition or simply refused to go, which also happened in earlier joint U.S.-Iraqi operations. The AWOL rates among Iraqi units have averaged 5 to 8 percent but can rise to more than 50 percent when units are directed to deploy outside their normal areas of operation, according to a recent Pentagon report.

There is currently no military judicial system in the Iraqi army, and Iraqi commanders do not have the legal leverage to compel their soldiers into combat, according to the Pentagon. U.S. military commanders have long expressed frustration over the Iraqi military's failure to provide sufficient troops.

After yesterday's videoconference, White House spokesman Tony Snow said the president did not press Maliki to crack down on Shiite militias because Maliki brought it up himself. "The prime minister stressed his determination to go after anybody responsible for violence," Snow said. "That would include not only insurgent groups and Saddam loyalists, but also militias within Iraq."

Bush also spoke for the first time yesterday about Hussein's execution, saying he wished the proceedings had unfolded in a "more dignified way."

But he said Hussein was given justice. "My personal reaction is that Saddam Hussein was given a trial that he was unwilling to give the thousands of people he killed," Bush said. "He was given a fair trial, something he was unwilling to give thousands of Iraqi citizens who he brutalized."

The White House declined to comment yesterday on its personnel moves, but a senior administration official said the changes are a precursor to revamping policy. "It is appropriate to have the people in place as soon as possible to implement the new policy," said the official, who declined to be identified because the president has not made his announcement.

Bush is expected to announce today that Director of National Intelligence John D. Negroponte will return to the State Department as deputy to Condoleezza Rice, and retired Navy Adm. John M. McConnell will take the top U.S. intelligence job, U.S. officials say. McConnell directed the National Security Agency from 1992 to 1996 under President Bill Clinton.

As part of his congressional consultations before next week's speech, Bush has invited a group of lawmakers to talk today about Iraq, including moderate Democratic Sens. Ben Nelson (Neb.) and Blanche Lincoln (Ark.). He will meet with more lawmakers on Monday.

Staff writers Glenn Kessler, Ann Scott Tyson and Peter Baker contributed to this report.

Why America Should Operate From Iraq's Borders (FT)

By Dov Zakheim

Financial Times, January 5, 2007

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As the US administration has made very clear, the report of the Iraq Study Group will in no way represent the final word on American strategy in Iraq. The White House accepts that there has to be a change in approach. But its underlying premises - that Iraq's sectarian strife is not a civil war and that the keys to a stable Iraq are a stable Baghdad and Anbar province - are the same as before. These assumptions need to be revisited, fast.

As government has followed government in Baghdad, the promise of strength has been succeeded by the reality of weakness, incompetence and corruption. Meanwhile, too many Americans are being maimed or dying in a war that seems to have no end and no clear path to victory. It is not enough for government officials to mourn the dead or to hand out medals and personalised coins to the wounded. We must give our forces a fighting chance to succeed in their mission. This is not the case at present.

There is no doubt that Iraq is enmeshed in a bitter civil war. The US has had minimal impact on the course of that war. Iraqi casualties continue to mount, as do the number of Iraqis who have decided to kill their fellow citizens. Americans are caught in the crossfire. They cannot stop the sectarian forces that are determined to kill one another. The US could not do so in Lebanon during the 1980s and cannot do so today in Iraq.

It is equally clear that democracy, as it is understood in the west in general and in Washington in particular, is nowhere in sight in Iraq. It is hardly the highest priority for most Iraqis. What they want is stability. So do their neighbours throughout the region.

Continuing to rely on the Iraqi government to provide stability throughout the country is doomed. But pulling out of Iraq would further undermine stability in the region as a whole. Thus the US objective should be framed in terms of the wider region: stopping Iraq from launching attacks against its neighbours, preventing any invasion by Turkey in the north and barring Iranian domination in the south.

The first step is recognising that primary responsibility for pacifying Baghdad, where we are having minimal success and suffering the most casualties, lies with the Iraqi army and police. Efforts to train the Iraqis to cope with the civil war that has ravaged their capital must be stepped up. But why train them while they are in harm's way? Only when they are truly ready for combat should they be deployed to Baghdad or other violent areas.

Then the US must reposition its forces to foster regional stability and minimise casualties. Up to two brigades should be devoted to Kurdistan and a roughly equal number to the far west of Anbar province.

The forces in Kurdistan would help forestall a Kurdish declaration of independence that would prompt a Turkish invasion. The troops in western Iraq would help prevent both terrorist infiltration into Jordan and serious incursions from Syria. They would also indicate to Damascus that it should not misinterpret a readiness to talk as a concession.

The Pentagon should also move a division-sized force to the south, with a significant presence on the border with Iran. Tehran must understand that the US will not tolerate its domination of Iraq's south. Nor, as with Syria, would Washington's willingness to talk mean a readiness to appease.

Finally, US allies must be pressed to take the lead in establishing a network of provincial reconstruction teams similar to those that have met with some success in Afghanistan.

No doubt some will see this as the US giving up on democracy and being content to stand by as Iraqis kill each other. Yet clearly democracy in Iraq must await the end of the civil war. The quicker the Iraqis can be trained and equipped, the quicker the warring parties will exhaust themselves. It took 14 years in Lebanon; it is still notcompletely over in the Balkans. Peace will not come any time soon in Iraq, but the war need not last as long as a decade if there is a viable Iraqi army in place.

We should not "cut and run". Nevertheless, by assigning the lead for military operations in Baghdad where it properly belongs, with the Iraqi forces, the US can refocus. With a total force that would probably not exceed 75,000 troops, buttressed by perhaps 15,000 troops in the southern Gulf, the Pentagon could ease pressure on the active forces and reserves. At the same time, US forces could give better training to more Iraqi soldiers and police - in relative safety.

By operating from Iraq's borders American forces would be well placed to prevent the establishment of terrorist training camps anywhere in Iraq, including Anbar province. In addition, it ensures that US forces have a realisable mission. They may be unable to bring stability to all of Iraq, but they can certainly bring a degree of stability to the region. The US can thus reassert its leading role in a peaceful Middle East.

The strategic shift would bring relief to our overstretched and over-deployed military. It would reduce combat losses. Above all, it would give the military a mission that they can achieve. This way we can finally bring to an end a bitter domestic debate over Iraq policy that has so undermined public faith in the judgment and wisdom of their leaders on both sides of the political aisle.

The writer was US under-secretary of defence (comptroller) from 2001 to 2004

The Hanging: Beyond Travesty (WP)

DOJ_NMG_0112665

By Charles Krauthammer

The Washington Post, January 5, 2007

Of the 6 billion people on this Earth, not one killed more people than Saddam Hussein. And not just killed but tortured and mutilated -- doing so often with his own hands and for pleasure. It is quite a distinction to be the preeminent monster on the planet. If the death penalty was ever deserved, no one was more richly deserving than Saddam Hussein.

For the Iraqi government to have botched both his trial and execution, therefore, and turned monster into victim, is not just a tragedy but a crime -- against the new Iraq that Americans are dying for and against justice itself.

In late 2005, I wrote about the incompetence of the Hussein trial and how it was an opportunity missed. Instead of exposing, elucidating and irrefutably making the case for the crimes of the accused -- as was done at Nuremberg and the Eichmann trial -- the Iraqi government lost control and inadvertently turned it into a stage for Hussein. The trial managed to repair the image of the man the world had last seen as a bedraggled nobody pulled cowering from a filthy hole. Now coiffed and cleaned, he acted the imperious president of Iraq, drowning out the testimony of his victims in coverage seen around the world.

That was bad enough. Then came the execution, a rushed, botched, unholy mess that exposed the hopelessly sectarian nature of the Maliki government.

Consider the timing. It was carried out on a religious holiday. We would not ordinarily care about this, except for the fact that it was in contravention of Iraqi law. It was done on the first day of Eid al-Adha as celebrated by Sunnis. The Shiite Eid began the next day, which tells you in whose name the execution was performed.

It was also carried out extra-constitutionally. The constitution requires a death sentence to have the signature of the president and two vice presidents, each representing one of the three major ethnic groups in the country (Sunni, Shiite and Kurd). That provision is meant to prevent sectarian killings. The president did not sign. Nouri al-Maliki contrived some work-around.

True, Hussein's hanging was just and, in principle, nonsectarian. But the next hanging might not be. Breaking precedent completely undermines the death penalty provision, opening the way to future revenge and otherwise lawless hangings.

Moreover, Maliki's rush to execute short-circuited the judicial process that was at the time considering Hussein's crimes against the Kurds. He was hanged for the killing of 148 men and boys in the Shiite village of Dujail. This was a perfectly good starting point -- a specific incident as a prelude to an inquiry into the larger canvas of his crimes. The trial for his genocidal campaign against the Kurds was just beginning.

That larger canvas will never be painted. The starting point became the endpoint. The only charge for which Hussein was executed was that 1982 killing of Shiites -- interestingly, his response to a failed assassination attempt by Maliki's Dawa Party.

Maliki ultimately got his revenge, completing Dawa's mission a quarter-century later. However, Saddam Hussein will now never be tried for the Kurdish genocide, the decimation of the Marsh Arabs, the multiple war crimes and all the rest.

Finally, there was the motley crew -- handpicked by the government -- that constituted the hanging party. They turned what was an act of national justice into a scene of sectarian vengeance. The world has now seen the smuggled video of the shouting and taunting that turned Saddam Hussein into the most dignified figure in the room -- another remarkable achievement in burnishing the image of the most evil man of his time.

Worse was the content of the taunts: "Moqtada, Moqtada," the name of the radical and murderous Shiite extremist whose goons were obviously in the chamber. The world saw Hussein falling through the trapdoor, executed not in the name of a new and democratic Iraq but in the name of Moqtada al-Sadr, whose death squads have learned much from Hussein.

The whole sorry affair illustrates not just incompetence but also the ingrained intolerance and sectarianism of the Maliki government. It stands for Shiite unity and Shiite dominance above all else.

We should not be surging American troops in defense of such a government. This governing coalition -- Maliki's Dawa, Abdul Aziz al-Hakim's Supreme Council for the Islamic Revolution in Iraq and Sadr's Mahdi Army -- seems intent on crushing the Sunnis at all costs. Maliki should be made to know that if he insists on having this sectarian war, he can well have it without us.

Dynamic Ideas For Iraq (WSJ)

By Dan Senor And Roman Martinez

The Wall Street Journal, January 5, 2007

The president is on the cusp of making the most important decision of his second term: increasing our troop presence in Baghdad and Anbar in an effort to stave off Iraqi civil war. A troop surge into Baghdad will not solve problems overnight. But by helping to establish security, more troops can weaken the insurgency, which is the first step to addressing most of Iraq's other problems, including the growth of Shiite militias. Here are things for the president to consider as he moves forward:

No more half measures. With a possible troop increase gaining steam, some military officers at the Pentagon and in Baghdad are advocating only a temporary and minor increase of forces which they view as a reasonable compromise from their

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minimalist position. But 10,000-15,000 more troops would be insufficient to stabilize Baghdad and at the same time maintain a strong presence in Anbar, where the insurgency is likely to spill over if chased out of the capital. Such an approach would replicate the failures of "Operations Together Forward I and II" in 2006, when troop increases of 7,000 and 3,500 were unable to bring down the violence.

In light of the deteriorating situation in Iraq -- and the president's anemic poll ratings -- this may be his last opportunity to shift his Iraq policy for good. This means erring on the side of more troops, not fewer -- even if it is politically painful in the short run. If the president decides to add more troops, he will not score points at home for deciding on a smaller increase. Any size surge will be controversial. So he should go for a number that maximizes chances for success.

A new military strategy calls for military leaders who "own" the change. Donald Rumsfeld has been cast as the architect of our current military strategy -- focused on training Iraqi soldiers and minimizing the U.S. footprint. But outgoing Central Command Chief John Abizaid and Iraq Commanding Gen. George Casey have also been firm backers of Mr. Rumsfeld's approach.

A fresh plan centered around a surge in troops will require military leaders who are as invested in the new strategy as Gens. Abizaid and Casey are behind the current approach. Gen. Jack Keane, a former vice chief of the U.S. Army, has been an instrumental advocate for a substantial surge. He is well-respected among the Pentagon brass, rank-and-file troops and civilian policy makers. The president should call him out of retirement and appoint him to head Central Command, as Gen. Abizaid's successor. He should also send Lt. Gen. David Petraeus -- a two-tour Iraq veteran who just finished crafting a new counterinsurgency doctrine for U.S. forces -- back to Baghdad to replace Gen. Casey, who is set to rotate out of Iraq in the coming months.

Economic aid must be matched by dramatic distribution reform. The administration is considering proposals by the Joint Chiefs of Staff and field commanders to pair a troop increase with a funding surge for new Iraq jobs programs. But this only makes sense if there are vast changes in how the new programs are managed by the U.S. and Iraqi bureaucracies.

The funds appropriated by our government barely affect the lives of average Iraqis. This is because large-scale U.S. reconstruction programs continue to be subject to Federal Acquisition Regulations applicable in peacetime. This means that major government contracts for Iraq are subjected, in advance, to the slow and cumbersome "Request For Proposal" process. An even larger cause of the bottleneck is that the Iraqi government lacks the manpower, infrastructure and decisiveness in its ministries to disperse funds effectively. So of those funds appropriated to the Iraqi government, only a small percentage ever moves from the government to the Iraqi people.

To make a "New Deal"-style jobs program work in Iraq, the president should propose that Congress streamline the acquisition process to allow for rapid project approval, following the model of the enormously successful Commander's Emergency Response Program. He should also appoint a respected retired military leader or business executive with expertise in logistics management to oversee distribution of aid on the ground. Anything related to funding and contracting for Iraq is understandably a sensitive issue, especially given the new Democratic majority's focus on oversight. So the president should ask the Democratic congressional leadership to propose a candidate for this position of "counterinsurgency economic czar."

Continue to support democracy and constitutionalism. As the situation has grown worse, some have called for abandoning the goal of democracy. If giving up on democracy could magically solve Iraq's other problems, it might be worth considering. But dropping support for democracy would be radically destabilizing. Shiite and Kurdish leaders would fear a move to disenfranchise their communities and restore a Sunni strongman to power. Instead, the president should continue to seek political solutions -- alongside a new security strategy -- via existing political and constitutional structures. This is an area where he deserves enormous credit: His commitment to democracy has been admirably steadfast.

Become the briefer in chief. When announcing the troop surge, the president should also announce that he will come before the American people every four weeks with a prime-time update on the war. The goal should be to emulate FDR's wartime fireside chats, when Americans were told to be ready with their atlases so they could follow along. Each month, President Bush could provide Americans a live update -- perhaps alongside his commanders, with maps, statistics, etc. -- charting progress from the previous four weeks and outlining metrics for the next month.

This would be a dramatic change in the president's public management of the war, to be sure. But the hands-off, "trust-my-generals" style is not working. Rightly or wrongly, too many citizens believe the president does not own his military campaign. Now is the time to change the dynamic.

Messrs. Senor and Martinez served as foreign-policy advisers to the Bush administration, based in Baghdad from April 2003 through June 2004.

New Congress Leery Of Bush's Iraq Plans (LAT)

By Noam N. Levey

The Los Angeles Times, January 5, 2007

DOJ_NMG_0112667

WASHINGTON — As President Bush prepares a major new initiative for Iraq, he confronts a wary and distrustful new Congress eager for solutions but unconvinced the administration can chart a successful exit from the war.

The new Democratic majorities in the House and Senate are reluctant to assume responsibility for the war, leaving unclear Congress' willingness to block any troop escalation or to compel Bush to change strategy.

As lawmakers convened Thursday, the misgivings highlighted how difficult it will be for the president to achieve anything close to consensus as he plots a new course in Iraq.

Democrats and Republicans voiced deep reservations about any plan that would send more troops to Iraq.

They also complained about how little they knew of the president's plans, warning that the lack of information further impeded congressional support.

"The president will need strong friends," said Indiana Sen. Richard G. Lugar, the senior Republican on the Foreign Relations Committee. Complaining that he had heard nothing from Bush, he added: "There need to be some informed persons if there is to be support for the president's proposal…. You need people on the takeoff if they are going to be there on the landing."

Next week, Bush is expected to unveil a new Iraq plan that would feature at least a temporary increase in troop levels in an effort to control sectarian violence.

Troop increases have been endorsed by a few lawmakers, including Sens. John McCain (R-Ariz.) and Joe Lieberman (D-Conn.).

But such a proposal is certain to be fiercely opposed by most Democrats.

For months, the party's leaders have been calling for the president to embrace various scenarios that would start the withdrawal of troops. On Thursday, they reiterated their views.

"The president's new plan must ensure the Iraqis take responsibility for their own future," Senate Majority Leader Harry Reid (D-Nev.) said on the chamber's floor as he assumed his new post.

The plan also "must remove our troops from a dangerous civil war," he said.

Sen. Carl Levin (D-Mich.), new chairman of the Armed Services Committee, said he would reintroduce a resolution calling for a phased withdrawal of troops starting this year unless Bush sets a timetable for removing them from Iraq.

A similar move sponsored by Levin and Sen. Jack Reed (D-R.I.) failed last year.

Levin — who is one of five Democratic committee leaders in the Senate and House who plan hearings this month that are expected to spotlight criticisms of the administration's handling of the war — said Thursday that any temporary increase in troops must include conditions on the Iraqi government.

"You could condition a surge [in troops] on the Iraqis actually meeting political milestones" that signify a functioning government, Levin said.

Perhaps most ominously for Bush, it is not just Democrats who are expressing concern about what he may announce.

Many Republicans, who until recently have overwhelmingly backed his foreign policy, fretted that the administration's plans to significantly reduce sectarian violence in Iraq remained unclear.

"We need to know what the mission is and what it will take to do the mission," said Sen. Kay Bailey Hutchison, a Texas Republican close to the president.

A few months ago, Hutchison called for more troops in Iraq; on Thursday, she said she was unsure that would be the wisest course.

"This is a hard call right now," said Hutchison, who added that she had not had any conversations with the White House about Bush's announcement.

Sen. John E. Sununu (R-N.H.) said any troop increase would have to be accompanied by a political plan to advance reconciliation between Shiites and Sunnis.

If the new strategy "is going to be well-received by both Republicans and Democrats, there has to be substance and objectives" that advance that goal, he said.

Some Republicans appear unwilling to accept troop increases under any conditions.

"Baghdad needs reconciliation between Shiites and Sunnis. It doesn't need more Americans in the cross hairs," said Sen. Norm Coleman of Minnesota, who recently visited Iraq and who is to seek reelection in 2008.

Five to 10 GOP senators are wavering in their support for any White House initiative to boost troop levels, said an aide to a senior Republican lawmaker. The aide requested anonymity when discussing the opinions of the senators.

Sen. Susan Collins (R-Maine), who also is up for reelection next year, said that on a recent trip to Iraq, an American general told her confidentially that a jobs program for Iraqis would be more effective in reducing violence than an increase in U.S. troop levels.

The White House has begun to reach out to some lawmakers, including Coleman and Sununu; they said they had been invited to the White House today.

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Other lawmakers have similar meetings scheduled Monday, said Senate Assistant Minority Leader Trent Lott (R-Miss.).

"We're going to have some more consultation," Lott said, declining to discuss any details.

Iowa Republican Sen. Charles E. Grassley, who said he had not heard anything from the White House yet, said Bush needed to reach out to build support for a revised policy.

"It will be foolhardy for the president to come up with a new plan and not involve Congress," Grassley said.

McCain Reaffirms Support For US Troop 'Surge' In Iraq (AFP)

AFP, January 5, 2007

US Senator John McCain reaffirmed his support for the deployment of thousands of additional US troops in Iraq, a proposal expected to figure in President George W. Bush's upcoming reassessment of US strategy there.

"When I raise my hand and vote to send young men and women, American men and women into harm's way and fight a war, I am committing to accomplishing the mission," McCain, an early frontrunner for the 2008 Republican presidential nomination, told MSNBC.

He said the fight against Islamic extremism must be joined with renewed fervor.

"The consequences of failure are chaos and disaster. And these people ... want to destroy the United States of America," McCain said.

His remarks came as Bush prepares to announce a shakeup of US Iraq policy, which reportedly could include sending tens of thousands of additional troops to supplement 140,000-strong US force already there.

But a troop surge has found little support in Congress, with McCain one of only very few voices speaking up in favor of such a policy.

McCain takes over this week as the top Republican in the Democrat-led Senate Armed Services Committee. The Democrats took control of the Senate and House of Representatives Thursday following their November elections triumph.

McCain said he believes US soldiers there are equally committed to the goal of fighting on in Iraq.

"I just recently visited them, including some who have been involuntarily extended," said McCain. "The morale is good. They understand what the mission is and they know what they need to do."

"I am convinced that if we leave and lose this conflict, the conflict will spread in the region, there will be chaos, and we will be sending in men and women into harm's way both in the region and other parts of the world," the former Navy pilot and former Vietnam prisoner of war told MSNBC.

"I've said for more than three years, it's long, hard, tough," McCain said.

"It's going to be very, very difficult. And we have to understand that. But we also have understand the sequences of failure."

Short-Circuiting The Surge (WP)

By E. J. Dionne Jr.

The Washington Post, January 5, 2007

The shift in power heralded by the Democrats' assumption of control in the House and Senate yesterday could lead quickly to a direct confrontation with President Bush if he chooses, as many expect, to "surge" additional troops into Iraq.

The surge, which opponents look upon as a soothing label for an outright escalation of an unpopular war, is seen by most Democrats and some Republicans as a rebuke to the majority whose November ballots signaled a negative verdict on the Iraq war.

They also argue that the surge cannot work because it proposes a military solution to what is primarily a political problem: the increasingly deadly confrontation between Iraq's Sunni and Shiite communities. The violent reaction to the taunting of Saddam Hussein by Shiite executioners underscored the futility of expecting additional U.S. troops to repair the damage done by three years of flawed policies.

But Democrats will barely have time to celebrate their new congressional authority before confronting a hard fact of the American constitutional system: If Bush wants to continue or expand the Iraq war, Congress has precious few tools available to stop the commander in chief.

As a result, Democrats are quietly but urgently seeking ways of pressuring the president to change course, including the possibility of having Congress reconsider its original authorization of force, passed in October 2002.

Even Bush's critics doubt that the broadest measure, cutting off funds for the president's policies, could be effective or has the votes to pass. Yet Bush's opponents will be emboldened if he embarks on a surge, especially if it is not linked to what Sen. Carl Levin (D-Mich.), the new chairman of the Armed Services Committee, calls "milestones" for political reconciliation that the Iraqi government will have to reach. Levin, whose views are shared by many Democrats, also insists that any surge should be part of an "overall plan of troop reduction" that would begin "within four to six months."

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Given the limited options, Sen. Joe Biden (D-Del.), the Foreign Relations Committee chairman, has suggested to his colleagues that the strongest response to the surge would be a congressional resolution explicitly opposing the step.

Whereas cutting off funds is a "hollow threat," Biden said in an interview this week, a congressional resolution could have a powerful effect if it drew support from the significant number of Republican senators who are increasingly alienated from Bush's policies. Biden, who expects to offer his proposal at a meeting of Democratic senators today, argued that an anti-surge resolution might not bind the president but would exert considerable pressure on him to reconsider his approach.

More intriguing, Biden is studying whether Congress might reconsider the original Iraq war resolution, now as out of date as the administration's prewar claims. The resolution includes references to a "significant chemical and biological weapons capability" that Iraq didn't have and repeated condemnations of "the current Iraqi regime," i.e., the Saddam Hussein regime that fell long ago. In effect, the resolution authorizes a war on an enemy who no longer exists and for purposes that are no longer relevant.

Biden candidly acknowledges that it is difficult to find precedent for reconsidering a war resolution. But his idea is not as far-fetched as it might seem, as legal scholars -- including Michael J. Glennon on this page last month -- have noted that the war being fought on behalf of the Maliki government bears little resemblance to the war Congress authorized. Yet his idea of revisiting the authority granted Bush could be a forceful way for Congress to reassert itself and encourage a full-scale debate on the future of American policy in Iraq and in Afghanistan.

Biden, along with many others in both parties, is alarmed that the intense focus on Iraq is distracting attention from a disaster in the making in Afghanistan, with the resurgence of the Taliban. "If we're surging troops anywhere, it should be in Afghanistan," Biden said. Adding troops there would give the United States "the moral high ground" in its quest for more forces from NATO allies.

For his part, Levin believes that an anti-surge resolution has a reasonable chance of passing the Senate. He is also considering pressing for a resolution that he and Sen. Jack Reed (D-R.I.) have crafted that calls for benchmarks and a withdrawal plan.

Bush's critics are careful to say they still hope he will abandon the surge idea, which Levin sees as a desperate "Hail Mary" pass. Yes, Bush has the power to order a surge. But if he insists on doing so in the face of widespread skepticism, a president proudly famous for relying on his gut will discover that he faces a Congress that does not regard his instincts as a reliable guide to the defense of American interests.

Jubilant Democrats Assume Control On Capitol Hill (NYT)

By John M. Broder

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — In a day of transition and pageantry, exultant Democrats on Thursday took control of both houses of Congress for the first time in a dozen years and elected the first woman to be speaker of the House.

Representative Nancy Pelosi of California took the speaker's gavel at 2:08 p.m. from Representative John A. Boehner of Ohio, the Republican leader, whom she defeated by a vote of 233 to 202, the 31-seat margin of the new Democratic majority. The floor and the packed galleries erupted in cheers when the vote was announced.

Even Republicans grudgingly acknowledged the unprecedented nature of the day on which a woman ascended to power on Capitol Hill by rising as one to applaud her.

"This is an historic moment," Mrs. Pelosi said in her first remarks as speaker of the 110th Congress. "It's an historic moment for the Congress. It's an historic moment for the women of America. It is a moment for which we have waited for over 200 years."

Earlier in the day, on the other side of the Capitol dome, Senator Harry Reid, Democrat of Nevada, became majority leader, a result of his party's one-seat victory margin in the November elections.

Both Senator Reid and Speaker Pelosi promised a new era of cooperation after years of partisan passion and gridlock. "Guided by the spirit of bipartisanship," Mr. Reid said, "Democrats are ready to take this country in a new direction."

The House opened the session by passing, by a large bipartisan margin, new ethics rules. [Page A13.]

But there were signs, too, of division among Democrats over how hard to push to undo the fruits of years of Republican rule. Many Democrats say those years moved the nation too far right, but others argue that the big tax cuts and regulatory relaxations are part of the permanent legislative framework that should be accepted. [News analysis, Page A12.]

In her remarks, Mrs. Pelosi delivered the obligatory promise of partnership with Republicans. But she immediately added a blunt warning to Mr. Bush on the war in Iraq.

"The American people rejected an open-ended obligation to a war without end," she said, bringing Democrats to their feet.

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She signaled to Mr. Bush that any plan to increase the American military presence in Iraq would meet stiff opposition in the new Congress.

"It is the responsibility of the president to articulate a new plan for Iraq that makes it clear to the Iraqis that they must defend their own streets and their own security," she said, "a plan that promotes stability in the region and a plan that allows us to responsibly redeploy our troops."

Mrs. Pelosi's triumphal 20-minute remarks were frequently interrupted by applause, much like a presidential State of the Union address, which is delivered annually from the same rostrum in the House chamber. Cheering her on from the gallery were members of her family, dozens of California supporters and celebrities including Tony Bennett, Carole King and Richard Gere.

Mr. Boehner sat glum and unmoving in his seat for much of the hour it took to record the vote that put Mrs. Pelosi in the speaker's chair. The former speaker, J. Dennis Hastert, now just a Republican member of Congress from Illinois, stood hunched and hulking by the back rail of the chamber.

Mrs. Pelosi sat on the House floor with several of her grandchildren as her Democratic colleagues rose to record their votes, many adding footnotes. Representative Loretta Sanchez, Democrat of California, said she voted "for the empowerment of all women in the world." Seventy-one women will be in the House, a record.

The jubilant Democratic takeover of the House was an echo of the Republican "revolution" of 1994 in which Republicans took control of the House after 40 uninterrupted years of Democratic dominance.

In the Senate, Vice President Dick Cheney, in his constitutional role as president of the chamber, swore in the members, including 10 new senators, only one a Republican, Bob Corker of Tennessee. A beaming Bill Clinton, accompanied by his daughter, Chelsea, and his mother-in-law, Dorothy Rodham, looked from the gallery as Senator Hillary Rodham Clinton of New York took the oath at the outset of her second term, perhaps dreaming of another oath-taking that might be two years hence.

The first order of business for the new Democratic-led House was passage of a measure to limit gifts to lawmakers from lobbyists and to restrict subsidized flights on private aircraft. The bill is part of a larger package of ethics changes that Democrats are pushing as part of a promise to voters to end what they called a "culture of corruption" in Congress that led to several indictments and resignations of members last year.

Next week, the Democrats plan a 100-hour blitz to raise the minimum wage, lift restrictions on federal financing of embryonic stem cell research and allow the government to negotiate price cuts with pharmaceutical companies for the Medicare prescription drug program, among other matters. By the time they have clocked the 100 hours of legislative debate, House Democrats also plan to have passed bills to cut interest rates on student loans and roll back subsidies for oil and gas producers, seeking to make a statement of priorities, pressure the Senate to act and put an active agenda before the country before Mr. Bush's State of the Union address on Jan. 23.

In an early sign of bipartisanship, Senators Max Baucus, Democrat of Montana, and Charles E. Grassley, Republican of Iowa, introduced a bill to repeal the individual alternative minimum tax, which is imposing an increasingly heavy burden on middle-income taxpayers.

But before much real business was conducted, Democratic lawmakers adjourned for a round of festivities to celebrate their victories and to lubricate their donors in what resembled nothing so much as a scaled-down presidential inaugural.

Representative Rahm Emanuel of Illinois, who engineered the election of 42 new Democrats to the House as leader of the party's Congressional campaign committee, threw a huge reception at Johnny's Half Shell across the street from the Capitol. Mrs. Pelosi was the host of a gala at the National Building Museum at which Mr. Bennett and Ms. King were scheduled to perform.

Senator Claire McCaskill, the newly elected Democrat from Missouri and one of 16 women in the Senate, seemed a bit in awe after taking the oath of office on Thursday afternoon.

"Anybody who would go through that and not feel overwhelmed with the enormity of the institution and the men and women who have served there would have to be in a coma," Ms. McCaskill said in the lobby outside the Senate chamber. "I'm sure there will be tough times ahead, but it's thrilling to be part of one of this country's enduring institutions."

House Dems Lead Quick Action On Ethics Pelosi Assumes Speaker's Post Amid Pledges Of Bipartisanship (AJC)

By Julia Malone

The Atlanta Journal-Constitution, January 5, 2007

Washington — The 110th Congress opened Thursday with a burst of ceremony, quick action on ethics reform and the historic election of California Rep. Nancy Pelosi as the first female Speaker of the House.

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Democrats took majority control of both houses for the first time in a dozen years with promises of bipartisan cooperation, despite deep divisions over the war in Iraq and a looming 2008 presidential race that has already begun to heat up.

Foreshadowing a possible clash with the Bush administration, Pelosi said the American people in the last election "rejected an open-ended obligation to a war without end."

She called on President Bush to "articulate a new plan" on Iraq when he addresses the nation on the subject as early as next week.

However, she stopped short of outlining a Democratic position on the war.

On the Senate side, where the Democratic margin is a mere 51-49 and where the pace is much slower, new Majority Leader Harry Reid of Nevada was even less specific.

"Iraq is an issue that we all need to work on, and we will work on that," he said as he emerged from a closed-door bipartisan meeting for the entire Senate membership.

He and Sen. Mitch McConnell (R-Ky.), the new minority leader, said they would work across party lines.

By contrast, the new Democratic management of the House was rushing forward on a series of other measures, beginning with dealing with what Pelosi and her party have dubbed the "culture of corruption" that led to lobbying and bribery scandals.

"Let us join together in the first 100 hours to make this Congress the most honest and open in history," Pelosi told the House.

She quickly dispensed with a lingering dispute by allowing the seating of Vern Buchanan, a Republican, to represent the Florida 13th district at least until a legal challenge by Democrat Christine Jennings is resolved over the vote count in that close election.

Then the House leadership speedily guided the first of two major sets of rules changes into passage by a vote of 430-1. Rep. Dan Burton (R-Ind.) cast the sole negative vote.

Among the ethics reforms approved Thursday:

· Members of the House will be barred from accepting gifts from lobbyists.

· Members won't be allowed to accept reimbursement for travel when the trips are arranged by lobbyists or when lobbyists go along (unless the trip involves a college or university).

· Lawmakers won't be able to accept offers from corporations to fly on their private airplanes.

· The House ethics committee will be charged to set guidelines to determine whether a proposed trip sponsored by any outside group is relevant to a member's official duties.

The House, which begins a new five-day legislating week instead of the previous practice of voting chiefly Tuesday through Thursday, is set to approve additional rules today.

These include regulations requiring that members publicly disclose any "earmarked" spending or other benefit they obtain through legislation for their home state or district.

The House is also expected to pass a "paygo" measure that forbids passage of new spending unless the House first agrees to cuts elsewhere or a revenue increase.

Other rules set for adoption are aimed at promoting "civility" in the House and keeping procedures open to public disclosure.

However, the rules drew protests from the Republican minority, as members complained they had not been allowed to offer competing proposals for priorities that Pelosi and the Democrats have set for the first 100 hours of the legislative session.

All of the measures have been slated for action in the next two weeks, without the customary committee hearings and with only limited floor debate. However, unlike the House rules changes, the rest of the legislation would require Senate approval and a presidential signature. Some measures would almost certainly be headed for a presidential veto.

New Congress, Old Fights; Choosing Teams For 2008 (WSJ)

By John Harwood

The Wall Street Journal, January 5, 2007

See updates to Washington Wire each weekday at www.washwire.com1.

DEMOCRATS FACE conflicting pressures on potential Iraq troop "surge."

With Bush preparing to unveil new strategy, Democratic leaders re-affirm commitment not to block troop funding. But Moveon.org plans protest outside speech today by Sens. McCain and Lieberman backing a surge, underscoring ire of Democratic base.

Senate Democrats plan to grill Rice and Gates as part of more than a dozen hearings to mobilize public opposition over next three weeks. Republicans brace for additional defections, while McCain cautions that 20,000 more soldiers might not be enough.

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"There are still people around [Bush] who think things aren't that bad," McCain frets.

HEALTH ISSUES may spark first big clash between Bush and new Congress.

The House votes next week on lifting federal stem-cell research limits, but proponents lack two-thirds needed to override another Bush veto. Senate backers claim the votes to do so, and most Republican 2008 presidential candidates back expanded research. "The ball is in [Bush's] court," says a spokesman for Democratic Senate leader Reid.

Administration aides and pharmaceutical lobbyists say Bush would veto as "price controls" the House Democratic plan to require government negotiations with drug makers for lower Medicare costs. But the Senate may water down the legislation by merely permitting negotiations.

EDWARDS REACHES for feminists' backing while Clinton and Obama ponder options.

Abortion-rights activist Kate Michelman is expected to endorse the former North Carolina senator, who seeks fast new year's start. Aides expect Clinton to signal her candidacy this month, but she says, "I'm not making any decisions yet" as new Congress opens.

Some Democratic operatives question dearth of black campaign professionals on her team as Obama becomes top potential rival.

A Clinton strategist notes that the senator's aide, Patti Solis Doyle, would be the first Hispanic campaign manager ever, and that her staff will "absolutely reflect the diversity of our party."

Obama, back from Hawaii vacation, makes no commitments on candidacy to those interviewing for staff jobs.

CONSUMER GROUPS PREPARE to assail rumored Bush candidate to head Consumer Product Safety Commission, National Association of Manufacturers lobbyist Michael Baroody. "It's sort of astonishing that the administration would pick someone from a regulated industry," says Rachel Weintraub of the Consumer Federation of America. The agency will lose its ability to make rules or levy fines on Jan. 14 unless chairman's vacancy is filled.

PRESSURE TACTIC: The recent arrest of Iranian diplomats in Baghdad, allegedly for ties to militants, was part of Pentagon strategy to ratchet up efforts to curb Tehran's growing influence inside Iraq. "I think you can expect more" in the months ahead, said one official.

NOT SO FAST: FEC admonishes Nascar driver Kirk Shelmerdine for putting Bush-Cheney decal on his car during 2004 campaign. While declining to fine Shelmerdine, the election-watchdog agency said the bumper sticker amounted to an independent expenditure that should have been reported to the FEC.

UPSIDE DOWN? Republican Sen. Sessions of Alabama may find better luck under Democratic control with his bill to reduce the sentencing disparity between crack and powder cocaine. Democratic backers want to eliminate the disparity altogether, arguing it discriminates against black defendants. But they face law-enforcement resistance, leaving Sessions's proposal as a potential compromise.

DINGELL ALARMS FCC Democrats, too.

Back as chairman of House Energy and Commerce panel after 12 years, the Michigan Democrat has blasted the Republican-controlled communications panel. But his statement of "significant concerns" about ATT-BellSouth merger rankled Democratic commissioners. The agency's two Democratic board members had won concessions from AT&T to approve the deal. A Dingell aide said he wasn't referring to the Democrats' actions.

FCC officials brace for frequent Hill trips for oversight hearings.

MINOR MEMOS: More than a decade after President Clinton said "The era of big government is over," liberal activist Bob Borosage proclaims, "The conservative era is over"....In release to members and reporters, new House Majority Leader Hoyer prints Democrats' first-day agenda in typeface called "Comic."

War Foes Set Sights On New Majority (WT)

By Amy Fagan

The Washington Times, January 5, 2007

As Democrats reveled in their new majority yesterday, anti-war activists complained of cowardice on the Iraq war and pledged that they won't let Democrats cave to President Bush.

Cindy Sheehan, who opposes the war in Iraq, told more than 100 activists who rallied across the street from the Capitol that Democrats are behaving like Republicans and soon will be held to account.

"We're not going to give them a free pass and they found that out yesterday," Mrs. Sheehan said. On Wednesday, Mrs. Sheehan led a group of about 75 protesters who chased top Democrats out of their own press conference with chants of "de-escalate, investigate, troops home now."

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Activists yesterday pledged to keep pressuring Democrats to stop funding the military campaign, force a withdrawal of troops, and investigate and impeach Mr. Bush for what they called "lies" that led to the war. They complained that Democrats continue to vote for war funding and have not put impeachment on their legislative agenda.

"They need a backbone transplant," Ray McGovern, a retired CIA analyst, told the crowd.

Elaine Brower, whose organization sponsored the protest, said House Democrats "need to add to those first 100 hours what we are demanding today."

Democrats plan to hold oversight hearings on the war, but activist David Swanson said that doesn't go far enough.

"Prodding Bush is like teaching calculus to a pig," he said. "They are telling us that impeachment is off the table. They are doing for Bush what Ford did for Nixon: They are pardoning."

The rally was sponsored by World Can't Wait/Drive Out the Bush Regime. The group displayed banners calling Mr. Bush a "torturer," "war criminal" and "murderer."

About 30 hooded protesters in orange jumpsuits argued that the government is sanctioning torture at U.S. Naval Base Guantanamo Bay, Cuba.

Mr. Swanson said the congressional leadership needs to be more aggressive, but it is up to war opponents to take action on impeachment.

"We are going to remove Bush and Cheney from office whether Democrats want it or not," he said.

Mrs. Sheehan, who gained national prominence as a war opponent after her son died while serving in Iraq, told the crowd that her "biggest fear" is that her allies will relax now that Democrats are in charge of Congress.

"They've proven to us that we can't relax," she said.

White House Postponing Loss Of Iraq, Biden Says (WP)

By Glenn Kessler

The Washington Post, January 5, 2007

Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, said yesterday that he believes top officials in the Bush administration have privately concluded they have lost Iraq and are simply trying to postpone disaster so the next president will "be the guy landing helicopters inside the Green Zone, taking people off the roof," in a chaotic withdrawal reminiscent of Vietnam.

"I have reached the tentative conclusion that a significant portion of this administration, maybe even including the vice president, believes Iraq is lost," Biden said. "They have no answer to deal with how badly they have screwed it up. I am not being facetious now. Therefore, the best thing to do is keep it from totally collapsing on your watch and hand it off to the next guy -- literally, not figuratively."

Biden gave the comments in an interview as he outlined an ambitious agenda for the committee, including holding four weeks of hearings focused on every aspect of U.S. policy in Iraq. The hearings will call top political, economic and intelligence experts; foreign diplomats; and former and current senior U.S. officials to examine the situation in Iraq and possible plans for dealing with it. Secretary of State Condoleezza Rice will probably testify next Thursday to defend the president's new plan, but at least eight other plans will be examined over several sessions of the committee.

Other witnesses invited for at least 10 days of hearings include former national security advisers and secretaries of state, including Brent Scowcroft, Samuel R. "Sandy" Berger, Zbigniew Brzezinski, Henry A. Kissinger, Madeleine K. Albright and George P. Shultz.

Biden expressed opposition to the president's plan for a "surge" of additional U.S. troops and said he has grave doubts about whether the Iraqi government has the will or the capacity to help implement a new approach. He said he hopes to use the hearings to "illuminate the alternatives available to this president" and to provide a platform for influencing Americans, especially Republican lawmakers.

"There is nothing a United States Senate can do to stop a president from conducting his war," Biden said. "The only thing that is going to change the president's mind, if he continues on a course that is counterproductive, is having his party walk away from his position."

Biden said that Vice President Cheney and former defense secretary Donald H. Rumsfeld "are really smart guys who made a very, very, very, very bad bet, and it blew up in their faces. Now, what do they do with it? I think they have concluded they can't fix it, so how do you keep it stitched together without it completely unraveling?"

Shays Says More Troops In Iraq Is A 'Huge Mistake' (HARTC)

By Brian Lockhart

The Hartford Courant, January 5, 2007

DOJ_NMG_0112674

U.S. Rep. Christopher Shays said yesterday it would be a "huge mistake" to send more American troops to Iraq if that country's government "doesn't do the heavy lifting it has to do."

Shays, R-Bridgeport, was in Hartford for the inauguration of Gov. M. Jodi Rell and swearing-in of members of the General Assembly. He returns to Washington today to begin his 10th term after fending off a second challenge from former Westport First Selectwoman Diane Farrell in November.

He was the only Republican congressman re-elected in Connecticut and New England.

"You're representing all of New England now," a visitor to the Capitol said upon recognizing Shays.

The 4th District congressman said the next two years will be pivotal for America's policies in Iraq.

"We went in on a bipartisan basis and we need to find a way to leave on a bipartisan basis," Shays said.

The Iraq Study Group's report, released a month ago, was a good start, he said.

The bipartisan group "nailed it pretty solidly," Shays said.

The report said the United States must not make an open-ended commitment to keep large numbers of American troops in Iraq but warned against a rapid reduction. U.S. combat brigades not needed for force protection could be withdrawn by the first quarter of 2008, it said.

President Bush is considering sending tens of thousands more troops to Iraq, where 140,000 are currently stationed.

Though a longtime proponent of the Iraq invasion, Shays said in the final days of his re-election campaign that there should be a timeline for troop withdrawal. After his 15th visit to Iraq last month, Shays said the country is in chaos and reiterated the need for a timeline.

"Saying we're not going to leave until the job is done is an invitation to Iraqis to let us do the job," Shays said at the time.

U.S. Sens. Christopher Dodd and Joseph Lieberman, both D-Conn., took separate trips to the Middle East last month.

Dodd said sending more troops would create additional targets for Iraq's warring factions. Lieberman wrote an opinion piece for the Washington Post - "Why We Need More Troops in Iraq."

Dodd also visited Syria, saying he supports the Iraq Study Group's conclusion that the United States must begin talks with that country.

Lieberman has said turning to Syria for help would be akin to asking an arsonist to help put out a fire.

Dodd and Lieberman also attended Rell's inauguration yesterday.

Shays yesterday would not comment on the senators' observations.

"That's what they believe," Shays said. "Ultimately the president determines foreign policy."

Shays said he asked the White House and State Department if he could visit Syria last month and was advised not to put it on his itinerary.

"I'm sorry they asked me not to," he said, because it is "crazy" not to engage Iraq's neighbors.

He said he supports the Iraq Study Group's proposals to set conditions for transferring more responsibilities from America to Iraq and for mending the rifts between the Sunnis and the Shiite-led government.

Despite his concerns about the war in Iraq, Shays praised last week's execution of toppled dictator Saddam Hussein.

Had Saddam lived, he would have grasped victory from defeat, just as he bolstered his image after the Gulf War, Shays said.

"If he had survived, given all he did, it was a message that he was more powerful than life," Shays said.

Bush Shaking Up Team Responsible For Carrying Out Iraq Strategies (USAT/AP)

USA Today, January 5, 2007

WASHINGTON (AP) — President Bush is shaking up the team responsible for carrying out his military and diplomatic strategies in Iraq as he prepares to outline a new direction for the war that has raged for nearly four years.

Bush will replace Gen. John P. Abizaid, the top U.S. commander in the Middle East, and Gen. George Casey, the chief general in Iraq, in the coming weeks, according to media reports Thursday. A revamping of the administration's national security team was already underway.

Bush wants to replace Abizaid with Adm. William Fallon, the top U.S. commander in the Pacific, and Casey's replacement will be Army Lt. Gen. David Petraeus, who headed the effort to train Iraqi security forces, the reports citing administration officials said.

Giving Fallon and Petraeus the top military posts in the Middle East would help Bush to assert that he is taking a fresh approach in the region and help pave the way for him to turn policy there in a new direction. Both Abizaid and Casey have expressed reservations about the potential effectiveness of boosting troop strength in Iraq.

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Sen. Daniel K. Inouye, the ranking Democrat on the Senate Defense appropriations subcommittee, told The Associated Press on Thursday that he understands Bush wants to appoint Fallon to head the U.S. Central Command, a position responsible for directing the wars in both Iraq and Afghanistan.

"He's highly knowledgeable and well-educated and respected," Inouye said of Fallon. "I would think that his nomination, if the president is to submit it, would go flying through."

In a news conference Thursday, Bush said that he would go before the nation next week with his long-anticipated speech about the next steps in Iraq. The war was a major factor in the Republicans' loss of Congress and Bush's slide in the polls. More than 3,000 members of the U.S. military have lost their lives in the war.

"I'll be ready to outline a strategy that will help the Iraqis achieve the objective of a country that can govern, sustain and defend itself sometime next week," the president said. "I've still got consultations to go through." Some members of Congress have been invited to the White House on Friday for discussions about Iraq.

Considering more troops to deal with the rising violence in Baghdad, Bush said, "One thing is for certain: I will want to make sure the mission is clear and specific and can be accomplished." Senior generals have cautioned against sending additional troops unless their role is defined.

Abizaid and Casey have at times sounded skeptical about increasing the size of the U.S. force in Iraq.

In November, Abizaid told the Senate Armed Services Committee that boosting the roughly 140,000 U.S. troops in Iraq by 20,000 would have a temporary impact, but he warned that the military's ability to maintain in increase of that size "is simply not something that we have right now."

Casey told reporters in Iraq last month that he is "not necessarily opposed to the idea" of sending in more troops, but said any increase would have to "help us progress to our strategic objectives."

Along with changes in policy in Iraq, Bush is rearranging his national security team. Retired Vice Adm. Mike McConnell, a veteran of more than 25 years in the intelligence field, will be named Friday to succeed John Negroponte as national intelligence director, officials said.

In addition, Zalmay Khalilzad, the U.S. ambassador to Iraq, will be nominated to become the U.S. envoy to the United Nations, according to a senior Bush administration official. He is likely to be replaced in Baghdad by Ryan Crocker, a veteran American diplomat now U.S. envoy to Pakistan.

Bush's new plan for Iraq is expected to contain economic, political and diplomatic components.

Given the need to reduce high unemployment and draw Iraqis away from Shiite militias and the Sunni insurgency, the president is considering loans to businesses. He is looking at getting Iraqis into short-term jobs by proposing a significant increase in the discretionary funds that military commanders can use for reconstruction projects.

Questions about what the president's plan will mean for the U.S. military presence in Iraq have gotten the most attention.

One option presented to Bush calls for an initial infusion of 8,000 to 9,000 troops, mainly to reinforce Baghdad. The option involves sending two additional Army brigades, or roughly 7,000 soldiers, to Baghdad, and two Marine battalions, totaling about 1,500 troops, to western Anbar Province, the center of the Sunni Arab insurgency.

Sen. Ben Nelson, a member of the Armed Services Committee, was one of those asked to Friday's meeting at the White House. Nelson, D-Neb., said he planned to urge the president to resist sending more troops without setting firm conditions.

Bush and Prime Minister Nouri al-Maliki spoke on a secure video hookup for nearly two hours Thursday. He appeared later in the day with German Chancellor Angela Merkel and recounted some of his discussions with al-Maliki.

The president said he talked with the prime minister about the final moments of Saddam's life, when he was taunted before being hanged. An unauthorized video showed images of Saddam's dangling body. The White House has been reluctant to criticize the proceedings, which have been condemned by some world leaders as deplorable.

"My personal reaction is that Saddam Hussein was given a trial that he was unwilling to give the thousands of people he killed," Bush said. "I wish, obviously, that the proceedings had gone on in a more dignified way."

Bush To Make Changes In Key National Security Jobs (MCT)

By Ron Hutcheson And Warren P. Strobel

McClatchy Newspapers, January 5, 2007

WASHINGTON - President Bush is preparing to shake up his national security team and bring new faces to the United Nations, the military, the State Department and the U.S. embassy in Iraq, administration officials said Thursday.

In one high-profile shift, Adm. William Fallon, the head of the U.S. Pacific Command, would be nominated to succeed Army Gen. John Abizaid as the commander of the U.S. Central Command. Abizaid, who's been skeptical about the wisdom of sending more troops to Iraq, is scheduled to retire in March.

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Bush is also expected to name a replacement for Army Gen. George Casey, the top U.S. commander in Iraq, and to appoint the American ambassador to Iraq, Zalmay Khalilzad, to be the U.S. representative at the United Nations. Khalilzad's likely replacement in Baghdad is Ryan Crocker, a veteran Mideast expert who's now the U.S. ambassador to Pakistan.

At the same time, Director of National Intelligence John Negroponte, the nation's top intelligence official and Khalilzad's predecessor as ambassador to Iraq, is in line to be named deputy secretary of state on Friday.

Administration officials discussed the changes on the condition of anonymity because White House policy prohibits discussing personnel moves before they're announced. Some of the contemplated changes could be derailed by last-minute developments.

The overhaul of Bush's military, intelligence and diplomatic team comes as the president is putting the finishing touches on a new strategy for Iraq. He's expected to announce his latest Iraq plan next week.

The president spoke briefly about his emerging Iraq plan after meeting with German Chancellor Angela Merkel early Thursday evening.

"My thinking is taking shape," Bush said. "I've still got consultations to go through."

The personnel shuffle is in keeping with Bush's desire for a fresh start in Iraq, but it doesn't appear to signal a major shift in policy. All the potential appointees are Bush loyalists who've supported the president's Iraq policy.

Fallon would be the first naval officer to head the Central Command, which oversees all U.S. military operations in South and Central Asia, the Middle East and North Africa. In the Pacific Command, Fallon helped develop a strategy to combat terrorist groups in the Philippines and Indonesia that relied as much on diplomacy and working with local allies as it did on military force.

Khalilzad, a highly regarded diplomat, became a top prospect for the U.N. job when former Ambassador John Bolton resigned in December. Bolton had been appointed to the post when Congress was in recess, and he stepped down when it became clear that he couldn't win Senate confirmation.

Khalilzad, the Bush administration's highest-ranking Muslim, reportedly has been eager to leave Baghdad for months. He's known as a consummate back-room deal maker, having played key roles in helping form the first post-Taliban government in Afghanistan and trying to reconcile Sunni Muslim, Shiite and Kurdish politicians in Iraq.

But his efforts to reach out to Iraq's Sunnis, who launched an insurgency after the fall of the late President Saddam Hussein, made Khalilzad some enemies in Washington, particularly in Vice President Dick Cheney's office, a State Department official said.

Negroponte interrupted his diplomatic career in April 2005 to become the nation's first Director of National Intelligence, a job created in response to the 2001 terrorist attacks.

He's expected to play a major role in helping Secretary of State Condoleezza Rice with Iraq policy and efforts to revive Arab-Israeli peace negotiations.

"He's a diplomat's diplomat," State Department spokesman Sean McCormack said, without confirming the personnel shift. "She has a very good working relationship with him, and he is also somebody who has the confidence of the president."

Retired Navy Vice Admiral Mike McConnell, currently a top executive at the Booz Allen Hamilton consulting firm, is Bush's choice to replace Negroponte in the intelligence job. McConnell formerly headed the National Security Agency.

Bush To Name A New General To Oversee Iraq (NYT)

By Michael R. Gordon And Thom Shanker

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — President Bush has decided to name Lt. Gen. David H. Petraeus as the top American military commander in Iraq, part of a broad revamping of the military team that will carry out the administration's new Iraq strategy, administration officials said Thursday.

In addition to the promotion of General Petraeus, who will replace Gen. George W. Casey Jr., the choice to succeed Gen. John P. Abizaid as the head of the Central Command is expected to be Adm. William J. Fallon, who is the top American military officer in the Pacific, officials said.

The changes are being made as the White House is considering an option to increase American combat power in Baghdad by five brigades as well as adding two battalions of reinforcements to the volatile province of Anbar in western Iraq.

Mr. Bush, who said Thursday that he would present details of his overall strategy for Iraq next week, and several top aides held a video teleconference on Thursday, speaking with Prime Minister Nuri Kamal al-Maliki of Iraq and his top deputies about plans to add forces in the capital and other matters. The session lasted roughly an hour and 45 minutes.

"I said that 'You show the will, we will help you,' " Mr. Bush told reporters.

Echoing the comments of both military and political advisers in recent weeks, he added, "One thing is for certain: I will want to make sure that the mission is clear and specific and can be accomplished."

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Senior administration officials said that the choice of General Petraeus was part of a broader effort to change almost all of the top American officials in Iraq as Mr. Bush changes his strategy there.

"The idea is to put the whole new team in at roughly the same time, and send some clear messages that we are trying a new approach," a senior administration official said Thursday.

In addition to the military changes, Mr. Bush intends to appoint the ambassador to Iraq, Zalmay Khalilzad, as the new United States ambassador to the United Nations, a senior administration official said Thursday.

"It was clearly time to move the players around on the field," said the senior official, who spoke on condition of anonymity because Mr. Bush had yet to announce the changes. "This helps the president to make the case that this is a fresh start."

Admiral Fallon would be the first Navy officer to serve as the senior officer of the Central Command, which is managing simultaneous ground wars in Iraq and Afghanistan. Admiral Fallon is regarded within the military as one of its stronger regional combat commanders, and his possible appointment also reflects a greater emphasis on countering Iranian power, a mission that relies heavily on naval forces and combat airpower to project American influence in the Persian Gulf.

General Petraeus, who is now the head of the Army's Combined Arms Center at Fort Leavenworth, Kan., helped oversee the drafting of the military's comprehensive new manual on counterinsurgency. He has served two previous tours in Iraq, and some former officers say he sees the need for additional troops in Baghdad.

He will replace General Casey, whose plan for troop reductions in Iraq faltered last year in the face of escalating sectarian strife and who initially expressed public wariness about any short-term increase in troops in Iraq, a move that is now a leading option under consideration by the White House.

The departures of both General Casey and General Abizaid were expected, though in General Casey's case it appears to have been moved up several months from the originally anticipated shift in spring or summer. General Abizaid's tour had already been extended for a full year beyond the typical two-year stint, and he has announced that he will retire soon.

The troop increase option under discussion would focus on improving security in Baghdad. Under this approach, two Army combat brigades would be sent to the capital during the first phase of the operation. A combat brigade generally consists of about 3,500 soldiers. At the same time, a third brigade would be positioned in Kuwait as a reserve, and two more brigades would be on call in the United States.

The expectation is that these three brigades would eventually be sent to Baghdad as well, though the president would have the option to limit the reinforcements. Part of the increase could be achieved by holding some units past their currently scheduled return home.

Scaling up by five brigades would more than double the number of American combat troops involved in security operations in the Iraqi capital. The emphasis on Baghdad reflects the view that stability in the capital is a precondition for any broader effort to bring calm to the whole country. It is also a recognition that the administration sees sectarian violence as a greater threat to Iraq's stability than the Sunni Arab insurgency.

While Baghdad is the principal focus, the option also provides for sending two battalions of reinforcements to Anbar, where overstretched Marine and Army forces have been battling Sunni Arab insurgents. A basic battalion generally consists of 1,200 troops.

One issue under discussion is how to mesh the emerging American strategy with the Iraqis' capabilities. Bush administration officials say they want the increase in American troops to be paralleled by a considerable rise in the number of functional Iraqi troops. But the Iraqis failed in the summer to send all the reinforcements that had been requested, and some Iraqi security forces, particularly the police, have been infiltrated by militias.

Another point of contention is that some senior aides to Mr. Maliki have been notably unenthusiastic about an increase in American troops in Baghdad. During his meeting with Mr. Bush in Jordan in November, Mr. Maliki presented a plan that would shift most Americans to the periphery of Baghdad so they could concentrate on fighting Sunni insurgents while the Shiite-dominated Iraqi government asserted more control over the capital. That has left some American officials wondering whether the Maliki government was making a legitimate bid to exercise sovereignty or is committed to a sectarian Shiite agenda.

Bush administration officials believe that their new Iraqi strategy must involve political steps toward reconciliation and reconstruction programs to produce jobs.

In their teleconference, Mr. Bush and Mr. Maliki discussed the Iraqi government's efforts at political reconciliation and the Iraqi prime minister's vows to rein in militias, the pace of which American officials have found painfully slow. Discussing the execution of Saddam Hussein, Mr. Bush said the Maliki government was right to investigate the circumstances surrounding the hanging.

General Petraeus participated in the initial invasion of Iraq as the commander of the 101st Airborne Division. The division fought its way toward Baghdad and was later sent to Mosul in northern Iraq, where the general focused on political and economic reconstruction efforts.

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"We are in a race to win over the people," read a sign in his Mosul headquarters. "What have you and your element done today to contribute to victory?"

General Petraeus did a second tour in Iraq in which he oversaw the efforts to train the Iraqi Army. At his current post at Fort Leavenworth, he has been involved in the push to change the United States Army's training and education to emphasize counterinsurgency operations.

Jack Keane, the retired Army general who served as vice chief of the Army, called General Petraeus an "imaginative commander who is experienced and knows how to deal with irregular warfare," as the Army refers to insurgencies.

The Iraq commander post is considered a four-star general's command, a promotion that would add a star to General Petraeus's shoulder.

Officials also said Admiral Fallon received a persuasive recommendation from the Joint Chiefs as one of the military's stronger commanders of a geographic theater, with his current command including the challenges of North Korea and China.

In that capacity, he also took the unusual and punitive move in December of canceling a large, annual field exercise with the Philippines over a local judge's failure to honor the bilateral treaty governing protections for American military personnel. The judge refused to honor the agreement's rule that American military personnel remain in American custody pending final appeal of all criminal proceedings against them, and ordered a marine convicted of rape held in a local jail even though the case was on appeal.

Bush To Reveal New Commanders, War Strategy Next Week (LAT)

By Peter Spiegel

The Los Angeles Times, January 5, 2007

WASHINGTON -- President Bush intends to name two new military commanders to oversee the war and help establish a new direction in Iraq as part of his shift in strategy to be announced next week, according to a defense official.

Navy Adm. William J. Fallon, currently the commander of all U.S. forces in east Asia and the Pacific, will be nominated as the new head of U.S. Central Command, the military headquarters responsible for operations in the Middle East, replacing retiring Army Gen. John P. Abizaid.

And Army Lt. Gen. David H. Petraeus, a veteran of two tours in Iraq, will become the new four-star commander in Iraq, replacing Army Gen. George W. Casey Jr. Both would have to be confirmed by the Democratic-controlled Senate for their new posts.

The changes would be among the first major steps in Bush's overhaul of his Iraq policy. They were first reported Thursday night by ABC News and confirmed by the defense official who requested not to be named since the announcement is pending.

Although both Abizaid and Casey were expected to leave their posts early this year, Bush's decision to name their successors at about the same time he unveils his revised strategy is a signal of how thoroughly he intends break from past policies, which he recently conceded are failing.

The choice of Petraeus in particular could have wide-ranging significance. Although his selection does not come as a surprise, Petraeus is closely associated with the push for a more complex counterinsurgency campaign, which would move U.S. soldiers out of their large bases and into smaller outposts in troubled neighborhoods.

Advocates of such a plan argue that it is the only way to gain the confidence of Iraqi civilians and protect them from attacks. Abizaid and Casey have resisted such moves, arguing a more visible U.S. presence would inflame locals and prevent Iraqi forces from shouldering the security burden.

Petraeus has risen quickly through the ranks after earning praise for commanding the 101st Airborne Division during the Iraq invasion.

"Dave Petraeus may be the most talented person I ever met," retired Army Gen. Barry McCafferey said in a recent interview. "He's got phenomenal intellectual gifts."

Petraeus currently oversees most of the Army's leading military colleges, where he supervised work on the new Army and Marine Corps counterinsurgency manual, issued last month. The manual advocated multiple manpower-intensive tactics that would break sharply from many of Casey's views for a lighter U.S. footprint in Iraq.

Bush's selection of Fallon would be more unexpected. Fallon, whose nickname is "Fox," would become the first Naval officer to take command of the Middle East headquarters since its creation in 1983. Because most threats in the region have been land-based, the command, known colloquially as Centcom, has alternated between Army and Marine generals.

Fallon has been viewed as somewhat out of step with Bush administration policy in Asia. He has advocated closer military relationships with China and downplayed the threat posed by North Korea's missile program. In contrast, former Secretary of Defense Donald H. Rumsfeld repeatedly raised concerns about the North Korean missile program and the lack of transparency of China's military buildup while he was in office.

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Despite Fallon's differences with Rumsfeld, the former fighter pilot and Vietnam veteran is highly regarded within the Pentagon for his willingness to speak his mind and for his openness to subordinates. If he takes the reins of Centcom in March, when Abizaid is expected to retire, he will have served as head of Pacific Command for only a year.

Fallon was not Bush's first choice to head the Pacific Command when he was nominated in January 2005. The White House had originally nominated Air Force Gen. Gregory S. Martin for the command, but was forced to withdraw the selection when Sen. John McCain, R-Ariz., objected to his ties to an Air Force officer involved in a procurement scandal.

The selection of a Naval officer to head Centcom could signal the Pentagon's interest in devoting more attention to countries in the region other than Iraq.

Pentagon officials have repeatedly raised concerns about the smuggling of weapons and personnel by terrorist groups on the region's seas, while any military move against Iran would likely rely heavily on ship-based missiles and fighter aircraft.

Concern As Spy Chief Quits To Join Rice (FT)

By Guy Dinmore

Financial Times, January 5, 2007

John Negroponte's abrupt shift from being the first US director of national intelligence to number two at the State Department reflects continued troubles in the intelligence community and a further concentration of power around Condoleezza Rice, secretary of state.

Analysts see the return of the career diplomat to the State Department as part of a broader and somewhat confused reshuffle of the Bush administration that began with the sacking of Donald Rumsfeld as defence secretary and has Iraq and the wider Middle East as its focus.

Mr Negroponte's expected replacement by a retired admiral, Mike McConnell, would also mean that key intelligence posts would all be filled by active or former military personnel – an issue of concern to civilians in the community.

Officials said President George W. Bush would announce the changes on Friday, possibly including his nomination of Zalmay Khalilzad, ambassador to Baghdad, as the new US envoy to the UN.

There was also speculation on Thursday night that Ryan Crocker, US ambassador to Pakistan, would replace Mr Khalilzad in Baghdad, and that David Petraeus would replace George Casey, the senior US general in Iraq. Gen Petraeus's appointment would be taken as a signal that the US military could change course in Iraq to emphasise a "hearts and minds" approach, designed to isolate the insurgents and reduce support for sectarian groups.

According to leaks put out by [a news agency] and ABC on Thursday night, Mr Bush is also expected to replace John Abizaid with Admiral William Fallon as head of central command, which oversees the Iraq and Afghanistan wars.

With a week to go before Mr Bush is expected to announce his "new way forward in Iraq", the president spoke on Thursday for nearly two hours by video conference with Nouri al-Maliki, the Iraqi prime minister.

Less than two years ago, Mr Negroponte was elevated to co-ordinate all 16 distinct spy agencies following the 9/11 commission probe into the intelligence failures surrounding al-Qaeda's attacks. However, former intelligence officials say that the overhaul only succeeded in creating another layer of bureaucracy with inadequate powers.

Paul Pillar, a former senior CIA analyst who has accused the Bush administration of ignoring the agency's findings before invading Iraq, said Mr Negroponte had been unfairly criticised by some in Congress and that he did not have enough control over the defence department's intelligence operations.

Reuel Gerecht, a former CIA officer and a critic of the agency, called the creation of the director of national intelligence (DNI) a "lame idea".

"It has only made an overstaffed intelligence establishment even fatter," he said.

Another former CIA operative who asked not to be named said Mr Negroponte had never wanted the job and had clashed with Mr Rumsfeld, who controlled more than 80 per cent of the intelligence budget. "Negroponte gave in," he said.

Tensions between the DNI and the Pentagon may ease with the replacement of Mr Rumsfeld by Robert Gates, a former CIA director who has said he wants to yield important Pentagon intelligence activities.

Mr Gates is expected to appoint Lt-Gen James Clapper, who had fallen out of favour with Mr Rumsfeld, as his top intelligence official.

Former intelligence officials said Mr Negroponte was tired of bureaucratic turf wars and wanted to return to his diplomatic career.

Mr McConnell, a former head of the National Security Agency, is tipped to leave his consulting job to replace Mr Negroponte.

Members of Congress expressed dismay at Mr Negroponte's early departure, concerned at the apparent disarray at the top of the intelligence apparatus.

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Mr Negroponte, who was the first post-occupation ambassador to Iraq, brings his experience to the State Department at a time when Ms Rice is focused on shoring up Iraq's government while building alliances among Arab allies to contain Iran and moderate the Palestinian leadership.

At a press conference, Tony Snow, White House spokesman, rolled his eyes at a suggestion that Ms Rice, perhaps the closest in the cabinet to the president and now no longer challenged by Mr Rumsfeld, was set to move on.

Additional reporting by Edward Luce in Washington

Bush Is Expected To Shift U.S. Ambassador In Iraq To U.N. (NYT)

By Sheryl Gay Stolberg

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — President Bush intends to name Zalmay Khalilzad, the Afghan-born diplomat who has been ambassador to Iraq for the past 21 months, to be the new envoy to the United Nations, part of a diplomatic shakeup as Mr. Bush prepares to announce a new strategy for the war.

A senior administration official, who had been briefed on the decision but had to discuss it anonymously because the change had not been formally announced, confirmed Thursday that the president had decided to nominate Mr. Khalilzad to the United Nations post.

The official said Mr. Bush intended to name Ryan C. Crocker, the ambassador to Pakistan, to replace Mr. Khalilzad in Baghdad.

If confirmed by the Senate, the appointments would put seasoned, respected diplomats into two of the State Department's most challenging posts. Mr. Khalilzad would replace John R. Bolton, who served temporarily as United Nations ambassador but resigned late last year after concluding he could not win Senate confirmation.

Mr. Bush's decision to transfer Mr. Khalilzad, among the most visible Americans working in Iraq, would effectively accomplish two goals for the administration. As a Sunni Muslim, Mr. Khalilzad has been perceived by some Iraqi Shiites as not sympathetic enough to their views; removing him from Baghdad would help Mr. Bush make a fresh start there. And Mr. Khalilzad had told colleagues that he was ready to leave.

The change also would give the United States the strong voice it needs at the United Nations, particularly after the storm surrounding Mr. Bolton.

The senior administration official said the White House believed that Mr. Khalilzad, as a Muslim who had extensive experience overseas including a stint as ambassador to his native Afghanistan, would bring an important understanding of the Muslim world to his work at the United Nations.

Daniel P. Serwer, the executive director of the bipartisan Iraq Study Group, which recently issued a report recommending a new strategy for Iraq, said a Khalilzad nomination would send a message "that we are taking the U.N. seriously and sending somebody who has real weight with this administration, and who has served in our toughest post."

But Leon E. Panetta, a former chief of staff to President Bill Clinton who was one of five Democrats on the study group, said he feared removing Mr. Khalilzad from Baghdad would leave "a vacuum" there at a critical time.

"The problem we've had in Iraq is that the people who finally get to understand how that country works suddenly leave," Mr. Panetta said. "He's probably a pretty good appointment for the U.N., but you do have to be nervous about who is going to speak for us in Iraq."

But some in the administration have suggested that perhaps Mr. Khalilzad has been too prominent a figure in Iraq.

In a classified memorandum written Nov. 8 after visiting Prime Minister Nuri Kamal al-Maliki in Baghdad, President Bush's national security adviser, Stephen J. Hadley, said that the president might urge Mr. Khalilzad, who goes by the nickname Zal, to take a lower profile as one way to buttress the Maliki government.

Under the heading "What we can do to help Maliki," Mr. Hadley ticked off a list of suggestions, among them: "Encourage Zal to move into the background and let Maliki take more credit for positive developments. (We want Maliki to exert his authority — and demonstrate to Iraqis that he is a strong leader — by taking action against extremists, not by pushing back on the United States and the Coalition.)"

Unlike the other changes to Mr. Bush's foreign policy team in the last 24 hours, which caught much of Washington off guard, the moves involving Mr. Khalilzad and Mr. Crocker have been the subject of speculation here for weeks, since Mr. Bolton resigned on Dec. 5.

By that time Mr. Khalilzad had already told colleagues that he was ready to for a change of assignment. ABC News first reported the decision about Mr. Khalilzad on its Web site on Thursday afternoon.

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Educated in Beirut and the United States (he holds a doctorate from the University of Chicago), the blunt-spoken Mr. Khalilzad, 55, has been a prominent figure in American foreign policy circles since the Reagan administration, when he advised the State Department on the Iran-Iraq war and the Soviet war in Afghanistan.

He later joined the administration of the first President Bush, where he earned a reputation as a hawk who called for the ouster of Saddam Hussein, advice that administration did not take. More recently, senior administration officials say, he was considered for the No. 2 State Department job that John D. Negroponte is expected to take.

Mr. Crocker, 57, has been a Foreign Service officer since 1971 and is among the State Department's most respected voices in the Middle East. He has been ambassador to Pakistan since 2004, and has served as ambassador to Syria, Kuwait and Lebanon.

Negroponte Moves To Job Considered Crucial At State Dept. (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, January 5, 2007

John D. Negroponte's departure as the nation's first director of national intelligence comes as the two-year-old office and the broad, post-Sept. 11 reorganization that created it have yet to reach the goal of uniting the intelligence community under a single leader.

But Negroponte's move to become Secretary of State Condoleezza Rice's deputy, and his replacement by retired Navy Adm. John M. McConnell, had little to do with any assessment of Negroponte's tenure or with the unfinished state of intelligence integration, a range of senior administration officials said.

Instead, it stemmed directly from the urgent need to fill a State Department job, vacant since early last summer, that was seen as crucial to implementing the new Iraq policy that President Bush plans to announce next week.

Negroponte will take charge of State's Iraq account as the administration begins a sharply uphill effort to turn around a failing war and persuade the new Democratic Congress to follow its lead. A career diplomat who served as Bush's ambassador at the United Nations and in Baghdad before becoming intelligence chief in April 2005, Negroponte will also have primary responsibility for policy toward China and Northeast Asia, especially the North Korean nuclear issue. Rice will focus on Iran, the Israeli-Palestinian peace process and other issues.

"This is a key job, a really important job," said one State Department official, who noted that other senior vacancies remain. "We've had a thin bench."

Rice broached the subject with Negroponte last summer, but the White House refused to consider his departure until a replacement had been arranged, one official said. As with several others who agreed to discuss the matter, he requested anonymity before the nominations, which must be confirmed by the Senate, are announced today.

By fall, several candidates for the intelligence position, including Gen. John P. Abizaid, head of the military's Central Command, had turned it down. Others considered as Rice's deputy -- among them NATO military chief Gen. James L. Jones -- were similarly uninterested. The White House decided to postpone consideration of the issue until after the November midterm elections.

McConnell had already turned down an offer to become Negroponte's intelligence deputy -- a job vacated last spring when Gen. Michael V. Hayden became CIA director. It was only over the Christmas holidays, when Bush and Vice President Cheney appealed to McConnell to leave his private-sector position as senior vice president of the consulting firm Booz Allen Hamilton to take the lead intelligence job, that a deal was struck. Bush telephoned Negroponte, on vacation in Florida, to revive Rice's request.

Word of Negroponte's replacement was met with some concern on Capitol Hill yesterday. Senate intelligence committee Chairman John D. Rockefeller IV (D-W.Va.) said he was "troubled by the timing" and that the committee was neither consulted nor apprised of the moves before they became public on Wednesday.

He praised Negroponte for building the director of national intelligence (DNI) office "from scratch," but said the creation of a truly integrated intelligence community needs to move faster.

Susan Collins (R-Maine), who as chairman of the Senate Homeland Security and Government Affairs Committee shepherded the reform bill in 2004, said she is disappointed that Negroponte is leaving. She called it "a critical time in establishing the authority of the DNI, and he was making progress."

Former House intelligence committee chairman Rep. Peter Hoekstra (R-Mich.) said he is troubled that virtually all of the nation's senior intelligence positions will now be filled by military officers: McConnell, Hayden at the CIA, retired Vice Adm. John Scott Redd at the National Counterterrorism Center and retired Lt. Gen. James R. Clapper Jr., who has reportedly been chosen by Defense Secretary Robert M. Gates as undersecretary for intelligence.

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"This is nothing against these people as individuals," Hoekstra said. But "when we crafted the intelligence reform bill, we put protections in there to make sure the military was represented. . . . We should have put language in there that protected civilian oversight. The administration clearly has a bias, almost a criterion, that to be in the intelligence community, you better have a military background. That's not what I envisioned, and I don't believe that's healthy."

Others pointed out that Hayden, who formerly served as Negroponte's DNI deputy, and Clapper, who retired in June after five years as director of the National Geospatial-Intelligence Agency (NGA), had argued with former Defense Secretary Donald H. Rumsfeld over the growth of Pentagon control over intelligence. Along with McConnell, the head of the National Security Agency during the Clinton administration, the three are recognized as military men who, in the past, have responded well to the needs of the president and civilian policymakers.

The still-vacant job of deputy DNI is likely to be filled with a civilian. One candidate is Thomas Fingar, one of Negroponte's first appointments as deputy director of national intelligence for analysis and now chairman of the National Intelligence Council.

As DNI, Negroponte has focused on building common information-sharing and tradecraft training rather than day-to-day analysis or operations, said John E. McLaughlin, the former deputy CIA director. Negroponte has been criticized by Congress for being too diplomatic with the intelligence community's 16 agencies, some of whose members have resisted relinquishing traditional roles and perquisites in the name of integration.

But McLaughlin said Negroponte had "exercised his own authority" in pushing through a fiscal 2008 budget request that wrested money from more powerful elements of the community -- particularly the Pentagon.

At the CIA, Hayden has reflected his own close association with Negroponte even as he has tried to boost low morale. In a speech to agency employees yesterday, Hayden released the agency's five-year "Strategic Intent," subtitled "One Agency, One Community."

Its emphasis, said former senior CIA official Paul Pillar, was on "the strongly felt need for greater coordination across different organizations," while "quelling any thought that this is an agency that is in a state of transition to something much less than it once was."

Negroponte To State? You Heard It Here First. (WP)

By Al Kamen

The Washington Post, January 5, 2007

Director of National Intelligence John D. Negroponte's selection as deputy secretary of state was not, despite his public demurrals, shocking news.

Loop Fans may recall that on Nov. 15, not long after we first heard the deal was struck -- the delay apparently was finding a replacement for Negroponte -- we noted that he "was said to be unhappy" as DNI and "itching to move to a diplomatic post," maybe something like "deputy secretary of state."

The reasons, we wrote, were obvious: "The diplo world is home, because he has served as ambassador to Honduras, Iraq, the Philippines and the United Nations. Also, being deputy to Secretary Condoleezza Rice wouldn't be so bad, because at heart she's a sharing person."

We hear she's thinking of handing him such fine portfolios as Northeast Asia -- where he can deal with the Chicoms and the lunatic North Koreans -- and Iraq. That's two-thirds of the Axis of Evil (A of E) all for himself.

Of course, in a C-SPAN interview aired Dec. 3, Negroponte, when asked about his plans, said, "In my own mind at least, I visualize staying . . . through the end of the administration." And he reiterated that in a Dec. 14 chat with Washington Post reporters and editors.

But Negroponte is a guy who clearly can't hold a job. This would be his fourth since joining the administration just over five years ago. And the chatter has already begun that he may not be in this one too long before he moves up one level.The Lowest of the High: Former Veep

John Nance Garner famously said being vice president wasn't worth "a warm bucket of spit." (Apparently he didn't say "spit," but reporters cleaned up the language.) Well, imagine what being a former vice president is worth.

And there they were, the three living former veeps who never made it to the Oval Office, lingering after Gerald R. Ford's funeral at Washington National Cathedral. Former presidents Carter, Bush and Clinton and their wives had all been escorted out to their limousines and motorcades.

But Walter F. Mondale, Dan Quayle and Al Gore were left to cool their heels in a long line that didn't seem to move for 20 or 30 minutes, our colleague Peter Baker reports. Quayle was first to break under the pressure. Alone and unbothered by others, he broke out of the line, moved around the chairs and crept around the line to the front to try to see why it wasn't moving. Mondale and Gore showed a little more patience -- they and stood and waited behind a hundred or so people who have never been one heartbeat away from the presidency. They fidgeted and tried to make small talk.

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Eventually they, too, couldn't take it and, with their wives, bolted out of line in search of an exit through which they could actually leave the building. (No truth to the speculation that the line wasn't moving because Bill Clinton planted himself outside the door to shake hands with everyone leaving.)Who Might KBR Intend to Fund?

'Twas the day after Christmas and Halliburton subsidiary KBR, the U.S. military's largest contractor in Iraq, was filing its forms with the Federal Election Commission to set up its new political action committee, KBRPAC.

So why was the company, which just agreed to pay the government $8 million to settle allegations of overbilling for work in the Balkans and which has a number of False Claims Act and congressional investigations pending, setting up its very own PAC? Most likely because it's spinning off from parent Halliburton and needs its own operation. Or it could be because of two words: Henry Waxman.Osama's Not Dead; He's Resting

And now, the Monty Python Dead Parrot Award for 2006. It's always best to wait till the very end of the year before declaring the winner of this prestigious spinmeister award -- given in honor of the iconic scene in which Michael Palin, as a pet-shop owner, insists that the obviously dead parrot he just sold John Cleese's character is merely napping.

And, sure enough, the winning entry came in on Dec. 28, when CNN's Ed Henry interviewed White House homeland security adviser Frances Fragos Townsend.

Henry pressed her to admit that the administration's failure to kill or capture Osama bin Laden in the past five years was, well, a failure. She wouldn't.

"Well, I'm not sure," Townsend said. "It's a success that hasn't occurred yet. I don't know that I view that as a failure."Britain, Finally in the Black

A happy new year to the Brits, who began 2007 debt-free for the first time since World War II. The British, according to wire services, transferred $84 million to the U.S. Treasury, the final installment in repayment of a $4.34 billion loan made in 1945 so they could stave off bankruptcy after having spent almost all their resources fighting Nazi Germany.

The loan, the equivalent of $232 billion in today's money, according to Bloomberg News, was double the size of Britain's economy at the time.Castro's Down but Not Out

Meanwhile, Cuban dictator Fidel Castro sent a New Year's Eve message to the media to mark his 48 years in power. "Regarding my recovery," he said in the note read on state television, "I have always warned that it could be a prolonged process, but it is far from being a lost battle."

Castro, according to the Associated Press, "said he was still 'in the loop' when it came to matters of state."

Speculation Surrounds Choice By Spy Chief To Take Step Back (NYT)

By Mark Mazzetti And David E. Sanger

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — From the start, John D. Negroponte felt miscast as the nation's first director of national intelligence, a diplomat who never seemed comfortable in spook's clothing, colleagues and friends of his said.

Even at age 67, Mr. Negroponte longed to be back in the thick of policymaking, they said. But he knew it was the one role he was barred from playing as long as he remained the nation's top intelligence chief, whose role is to step into the Oval Office each morning as a neutral, impartial adviser on the threats lurking around the globe.

It was because of this, officials said, that he agreed to do something generally unheard of in a city obsessed with the bureaucratic totem pole: trade a cabinet-level job for a subcabinet post as deputy secretary of state, a job that essentially requires him to handle tasks that Condoleezza Rice would rather not deal with.

Mr. Negroponte leaves his office at Bolling Air Force Base after only 19 months and with mixed reviews. The base is the home of a new intelligence bureaucracy created to solve the problems laid bare after the Sept. 11 attacks, but Mr. Negroponte barely had time to get it running. All over Washington on Thursday, there were questions about whether Mr. Negroponte was there long enough to lay the foundations of real change and whether his transfer suggested that the Bush administration was less committed than it claimed to be to an intelligence overhaul that President Bush had billed as the most significant restructuring of American spy agencies in half a century.

Senior administration officials said it was Mr. Bush who personally asked Mr. Negroponte to take on the diplomatic post sometime last month. It was the second time in two years that Mr. Bush had turned to Mr. Negroponte to fill a critical job: Mr. Negroponte became the director of national intelligence only after several other candidates had turned down the job. This time around, Ms. Rice had requested over the summer that Mr. Negroponte become her deputy. But the decision languished for months as the White House sought an adequate replacement for the spy chief, and as Mr. Negroponte vacillated between remaining at the helm of an intelligence community that numbered roughly 100,000 people and a return to the State Department, in the shadow of the administration's most visible international figure.

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Senior administration officials said that Ms. Rice wanted Mr. Negroponte to focus on China and North Korea, which have been among his focuses in the intelligence post, and on Iraq, a country he knows particularly well.

Mr. Negroponte has also served as ambassador to the United Nations, Mexico, the Philippines and Honduras, in a Foreign Service career that spanned more than three decades. A senior administration official who was involved in discussions about his nomination said that Ms. Rice regarded him as a foreign policy moderate who could help fill the big voids left by the departure of Robert B. Zoellick, who stepped down as deputy secretary last summer, and Philip D. Zelikow, who left the job of State Department counselor last month.

Ms. Rice would continue to play a central role in Iraq policy, the official said, but she has also made it clear that she wants to devote more time to a broader diplomatic initiative aimed at Middle East peace.

Mr. Bush is expected to nominate Mike McConnell, a retired vice admiral and former chief of the National Security Agency, to be Mr. Negroponte's successor.

John E. McLaughlin, a former director of central intelligence who is a friend of Mr. Negroponte, said that he managed to make the transition from career Foreign Service officer to the intelligence arena with little difficulty, but that Mr. Negroponte was now returning to the world where he felt most at ease.

Mr. McLaughlin said he believed that Mr. Negroponte's familiarity with the latest intelligence from Iraq would help to bring a "realistic" view of the situation there as the administration works to develop a new strategy.

But other intelligence experts expressed concern about what Mr. Negroponte's departure might mean to the office he helped to establish. "My major concern about this appointment is not about the State Department, but what happens at the D.N.I. office," said Lee H. Hamilton, who served as co-chairman of both the 9/11 commission and the Iraq Study Group. "The future of that office and the concept of intelligence-sharing is on the line."

Top Congressional officials responded angrily to the news of Mr. Negroponte's departure.

"I think he walked off the job, and I don't like it," said Senator John D. Rockefeller IV of West Virginia, the new chairman of the Senate Intelligence Committee.

Just as Mr. Negroponte is leaving his post, his office is finishing a major National Intelligence Estimate on Iraq's chances of surviving as a unified, independent country — a review that was commissioned only after a Congressional request over the summer, on a problem that Mr. Negroponte will have to help manage in his new post.

"He came into it after just a year in Iraq, and someone without a strong background in intelligence, and I think he is leaving awfully early, given the importance of getting this right," said Robert Hutchings, the senior diplomat in residence at the Woodrow Wilson School of Public and International Affairs at Princeton, who once headed the National Intelligence Council.

"I think it is quite irresponsible," he said.

Mr. Hutchings said the departure would compound "three or four years of nonstop turmoil" within American intelligence agencies.

Bush administration officials noted several successes during Mr. Negroponte's tenure, most significant the creation and progress of the National Counterterrorism Center. Terrorism experts have credited the center with fusing information from across the intelligence community to understand better the global terrorism threat.

But as he assembled a staff of more than 1,500 people, he was criticized for simply adding another layer to a bureaucracy he was assigned to streamline. But some intelligence experts said that the criticism was unfair, and that the real blame rested with Congress for passing convoluted legislation that made bureaucratic bloat at the director of national intelligence office inevitable. Some critics say that the job of spy czar was never necessary to begin with. Some of those whom the White House first approached to take the job nearly two years ago — including Robert M. Gates, the newly installed secretary of defense — were deeply skeptical about whether that structure would work.

The White House spokesman, Tony Snow, said that President Bush was "very impressed" with the job Mr. Negroponte had done.

One of the greatest difficulties of Mr. Negroponte's position has been trying to wrest control over multibillion dollar spy satellites and other gadgetry from the Pentagon, which historically had been in charge of 80 percent of the nation's intelligence budget.

One of the top priorities of the former defense secretary, Donald H. Rumsfeld, was to expand the Pentagon's role in intelligence gathering, and some members of Congress say that Mr. Negroponte was not aggressive enough in bringing the Pentagon's intelligence budget more under his control.

Some intelligence experts believe that Mr. Gates is likely to be less territorial than Mr. Rumsfeld was about the Pentagon's intelligence functions, and may even be eager to cede some of the Pentagon's authority to the new intelligence chief. Others said that the job of corralling 16 sometimes dysfunctional intelligence agencies is an often thankless task, and one where it is difficult

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to have a noticeable impact. Mr. Negroponte is said by associates to have grown particularly weary of clashes with members of Congress.

"I think it's pretty telling that both Bob Gates and John Negroponte prefer jobs trying to bail us out of Iraq to the job of trying to fix U.S. intelligence," said Amy Zegart, a professor at the University of California at Los Angeles and an expert in intelligence overhaul.

Negroponte Shift Is Ruffling Feathers (LAT)

By Greg Miller

The Los Angeles Times, January 5, 2007

WASHINGTON — The abrupt departure of John D. Negroponte as the nation's spy chief prompted angry responses from Capitol Hill and triggered new debate Thursday over whether a position created to fix the nation's intelligence problems is itself fundamentally flawed.

President Bush is expected to announce today that Negroponte will become the top deputy at the State Department. Bush also is set to nominate retired Navy Vice Adm. J. Michael McConnell to be the next director of national intelligence.

The shuffle comes 18 months into Negroponte's tenure at the job. And though he has received mixed reviews for his reform efforts, lawmakers and senior intelligence officials said the switch was a significant setback for the office, which oversees the 16 U.S. intelligence agencies, including the CIA.

"I'm very concerned that taking out the top guy at a critical juncture is going to cause some backsliding," said Rep. Jane Harman of Venice, who was the senior Democrat on the Intelligence Committee when Congress passed the legislation creating the post of director of national intelligence. "It's a very steep learning curve. And any new person will have to play catch-up."

Negroponte's departure is the second major exit from the office of the directorate in a matter of months. His top deputy, Air Force Gen. Michael V. Hayden, left in the spring to become CIA director. When Negroponte and Hayden were nominated for the intelligence posts in 2005, they were described as a team whose skills and expertise were indispensable to the success of establishing the new agency and enacting sweeping intelligence changes passed in 2004 by Congress.

"I'm disappointed that both he and Hayden have left," said Lee H. Hamilton, a member of the Sept. 11 commission, which designated the creation of a intelligence director one of its principal recommendations.

"I think we are beginning to see better sharing of information in the intelligence community, and I also think it's a work in progress and an awful lot needs to be done," Hamilton said. "It is therefore a little unsettling to me that your two top leaders move out of the DNI office within a matter of months." The deputy job held by Hayden remains unfilled.

In another of a series of moves among top foreign policy posts, officials said Bush was likely to nominate Zalmay Khalilzad, U.S. ambassador to Iraq, as U.S. ambassador to the United Nations. Khalilzad would replace John R. Bolton, who resigned last month after serving 16 months as a Bush appointee but not winning Senate confirmation to remain in the job.

The U.N. move could be logical for Khalilzad, who has been ambassador to Iraq since June 2005. Bush is expected to announce a new plan for Iraq. Khalilzad has faced increasing tension with the Shiite leadership of the government, which has sometimes complained that he has gone too far in pushing for the interests of the country's Sunni minority.

Negroponte's departure as national intelligence director has been rumored for weeks, and officials close to him have said that the career diplomat is eager to return to the State Department, particularly in such a senior role. Negroponte is expected to play a leading role in revamping the State Department's Iraq policy by putting more pressure on the fledgling government there and enlisting more help from regional allies.

Intelligence veterans said it was clear that Negroponte had been chafing under the limitations of his position as intelligence chief. Though the job was created to coordinate the activities of the nation's spy agencies and improve communication among them, it lacks complete authority over those agencies' operations, personnel and budgets.

"He's in charge of everything and in charge of nothing," said Richard J. Kerr, a former CIA deputy director. "He has a whole bunch of independent organizations he's trying to get to work together — a lot by persuasion and some by coercion."

Kerr said that was partly why others, including new Defense Secretary Robert M. Gates, had previously spurned the position.

Negroponte was credited with improving the flow of information among spy agencies, and with winning several budget showdowns with the Pentagon over spending on spy satellites and other classified programs.

New Senate Intelligence Committee Chairman John D. Rockefeller IV (D-W.Va.) said Negroponte was essentially walking out on an unfinished job. "I am deeply troubled by the timing of this announcement and the void of leadership at the top of our intelligence community," said Rockefeller, who announced hearings this month focusing partly on intelligence reform.

Negroponte was criticized by members of the Sept. 11 commission, among others, for creating a new intelligence bureaucracy, with about 1,500 employees in the national intelligence office.

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The Bush administration's plan to replace Negroponte with a retired naval officer prompted concern among some lawmakers that the intelligence community would be dominated by the military. McConnell was the military's top intelligence officer during the 1991 Persian Gulf War, and subsequently became National Security Agency director.

The top jobs at the CIA and NSA, as well as other agencies, are held by military officers.

"If it's McConnell [for director of national intelligence], it's one more uniform," Rep. Harman said, adding that it raised "at least a question mark about the military takeover of our intelligence organizations."

Kerr, the former CIA deputy director, voiced similar concerns, saying that civilian leadership of intelligence organizations was particularly important now because of the wars in Iraq and Afghanistan. "The military can get themselves so committed to the mission that their objectivity at times can be less than it should be," he said.

Negroponte To Shift To No. 2 Diplomat (WT)

By Bill Gertz And David R. Sands

The Washington Times, January 5, 2007

In a day of shake-ups for the Bush administration yesterday, President Bush lost his chief counsel and signaled he will shift the top intelligence official to become the No. 2 diplomat at the State Department, and will tap a former admiral to take his place as head of the intelligence community.

Meanwhile, several press reports say Mr. Bush has decided to move the U.S. ambassador to Iraq to become the ambassador to the United Nations, and has chosen a new military leader to lead U.S. forces in the war on terrorism.

The changes come as he is working on a new strategy for Iraq, which Mr. Bush said he will announce next week.

Mr. Bush today will tap John D. Negroponte, the director of national intelligence (DNI), to become Secretary of State Condoleezza Rice's deputy, and will nominate retired Navy Vice Adm. Mike McConnell to fill his intelligence post, according to a senior administration official.

"What you've got are two guys of undisputed quality," the official told reporters.

Both positions require Senate confirmation, and the official predicted easy confirmation. Mr. Negroponte was confirmed 98-2 by the Senate for the intelligence post in 2005, and the official said Adm. McConnell will impress senators when he meets them.

But senators said they were disappointed Mr. Negroponte was leaving the position he has held since it was created just two years ago, saying he has made strides but there is a lot more work to be done.

Sen. John D. Rockefeller IV, West Virginia Democrat and chairman of the Senate intelligence committee, said the vacancy is all the more troubling because the intelligence deputy's slot has been vacant since May. He said he will try to make sure a replacement is confirmed before Mr. Negroponte departs for the diplomatic post.

Officials said the move to the State Department would suit Mr. Negroponte, a career Foreign Service officer.

At the State Department, spokesman Sean McCormack described Mr. Negroponte as a "diplomat's diplomat" with all the qualifications required to fill the department's second-most-powerful post.

His appointment would fill the vacancy created when former Deputy Secretary Robert B. Zoellick left in July for a job on Wall Street.

Adm. McConnell would bring intelligence experience to the DNI post, having headed the National Security Agency from 1992 to 1996.

He is a well-regarded career military intelligence specialist but also someone who is not expected to initiate or oversee major reforms, current and former intelligence officials said.

"If you give him a problem, he can fix it," said one former senior intelligence official who supports Adm. McConnell. "But he's not going to make major reforms that are needed."

Mr. Negroponte was the first DNI under reforms that grew out of the September 11 intelligence failures, and critics of the new office say it created a new layer of bureaucracy in an overly bureaucratic intelligence system.

Meanwhile, both [a] news agency and ABC News reported that Zalmay Khalilzad, the U.S. ambassador to Iraq, will be nominated as the next ambassador to the United Nations, and ABC reported Mr. Bush has chosen Adm. William J. Fallon to replace Gen. John Abizaid as the head of U.S. Central Command, which is in charge of U.S. military operations in Iraq and Afghanistan.

In the change that hits closest to Mr. Bush, Harriet E. Miers, the White House's chief counsel who conservatives blocked from becoming a Supreme Court justice in 2005, announced she is resigning her position in the administration.

Miss Miers, 61, had followed Mr. Bush from Texas, where she was his personal lawyer and counsel to his campaign, to the White House. There, she was staff secretary and deputy chief of staff before becoming chief counsel two years ago.

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"She's been here for six years. It's hard duty," White House press secretary Tony Snow said in announcing her departure, which is effective Jan. 31.

Bush To Nominate Khalilzad For U.N. Job (AP)

By Barry Schweid

AP, January 5, 2007

Zalmay Khalilzad, the U.S. ambassador to Iraq, will be nominated by President Bush to become the U.S. envoy to the United Nations, a senior administration official said Thursday.

Khalilzad, who is Afghan born, has served also as ambassador to Afghanistan. He is likely to be replaced in Baghdad by Ryan Crocker, a veteran American diplomat, said the official, who spoke on condition of anonymity because he was not authorized to make an announcement for the White House.

Khalilzad would replace John Bolton, whose appointment to the U.N. job expired recently.

The changes come as Bush is expected to announce a new U.S. policy in the Iraq war next week.

He is also shuffling other pieces of his national security team. He is preparing to announce that John Negroponte, the director of national intelligence, will become the No. 2 official at the State Department and will be replaced by retired Vice Adm. Michael McConnell.

The appointments must approved by the Senate.

Bush was unable to drive Bolton's confirmation through the Senate, which under Republican control approved Khalilzad for his current job. Bolton's style is more acerbic than Khalilzad's.

Khalilzad, an unusually outspoken diplomat known as a protege of Vice President Dick Cheney, would take the U.N. seat at a time when the world body is in the spotlight in confrontations with Iran, North Korea and in the Middle East.

Khalilzad's move from Iraq to the U.N. has been rumored for months, along with the expectation that Crocker, now ambassador to Pakistan, would succeed him in Baghdad. ABC News first reported Thursday that Bush had made the decision.

The U.S. official said some minor details still must be worked out on Crocker, but they are considered manageable.

Crocker was a senior U.S. representative in Baghdad for several months in 2003, shortly after the U.S. invasion that toppled President Saddam Hussein.

A White House favorite whom Bush calls by his nickname, "Zal," Khalilzad has worked in two other Republican administrations, those of Ronald Reagan and Bush's father, George H.W. Bush.

The highest-ranked Muslim to serve in the Bush administration, Khalilzad headed the Bush-Cheney transition team for the Defense Department in 2000 and served as a counselor to former Defense Secretary Donald H. Rumsfeld.

Mr. Negroponte's Newest Job (NYT)

The New York Times, January 5, 2007

The No. 2 job in the State Department is technically a step down from John Negroponte's present post of director of national intelligence. But the reported return to the foreign policy fold of this former ambassador to Baghdad, and, before that, to the United Nations, has a certain logic to it.

The diplomacy-challenged Bush administration could surely use the help. We hope that Mr. Negroponte can provide Secretary of State Condoleezza Rice with the intellectual and bureaucratic reinforcement she so desperately needs to help guide the administration to a wiser course on Iraq.

Mr. Negroponte certainly has experience. In a 40-plus year career — including an early stint as a political officer in Vietnam — he has also served as ambassador to Honduras (during Ronald Reagan's contra war), Mexico and the Philippines. He is known as a canny, and sometimes ruthless, bureaucratic player. What he doesn't have, unfortunately, is much of a reputation for challenging the unwise policy presumptions of his bosses.

In his 10 months in Baghdad from mid-2004 to mid-2005, Mr. Negroponte undoubtedly saw the yawning gap between Iraq's grim reality and the delusional claims of success issuing from Washington. While President Bush and other top officials trumpeted effective military training programs, a flowering Iraqi democracy and an insurgency ever on its last legs, anyone on the ground had to see paper Iraqi battalions, the rise of sectarian militias and ever-expanding chaos.

If Mr. Negroponte made a serious effort to jolt his bosses back to the real world, there is no public record of it. That will have to change if he is to have any chance of improving things. Before confirming him, the Senate should make sure he understands that asking hard and unwelcome questions is an essential part of the job.

Mr. Negroponte's switch will mean another wrenching shift in the top ranks of America's deeply troubled intelligence agencies. One of the main problems that the national intelligence director's job was created to solve was the destructive rivalries between intelligence agencies run by the Defense Department and their civilian counterparts.

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That infighting reached a crescendo during the reign of Donald Rumsfeld at the Pentagon. Mr. Rumsfeld's replacement, Robert Gates, a former director of central intelligence, will have the credibility — and we hope the will — to calm those rivalries and improve interagency coordination. Even then, Mr. Bush must quickly find a credible replacement for Mr. Negroponte, preferably one who is willing to jolt his bosses with the truth. This administration's record of failures in Iraq is matched only by its failures on intelligence.

A Small Change (LAT)

The Los Angeles Times, January 5, 2007

NEVER MIND THE new faces on Capitol Hill, where Congress has changed hands for the first time in 12 years. The real action is at the White House, in Foggy Bottom and across the river at the Pentagon, where the Bush administration's game of musical chairs seems to be over for now. For all the new jobs, however, there are precious few new faces, and anyone expecting new policies is bound to be disappointed.

It has been a busy few weeks. Today, President Bush is expected to name John D. Negroponte, the director of national intelligence, as deputy secretary of State. Replacing Negroponte will be retired Vice Adm. J. Michael McConnell, a 25-year intelligence veteran. Meanwhile, over at the Pentagon, Robert M. Gates has just started using his new "Secretary of Defense" stationery. Gates is a former director of the CIA, where the current chief, Gen. Michael V. Hayden, was Negroponte's deputy until May.

What does it all mean? First, lest anyone doubted it, Vice President Dick Cheney remains a force to be reckoned with. There is no reason to believe these changes in personnel presage a major change in policy, which by all accounts Cheney opposes. In each case, the administration has turned to trusted men who pass muster with Cheney.

Which is not to say they are unqualified. Negroponte, 67, should be a superb replacement for Robert B. Zoellick, who left for Goldman Sachs in July. On paper, Negroponte's move — from being the nation's top spy to being Rice's No. 2 — is a demotion. He reportedly had turned the deputy's job down once before, and accepted it this time only after being asked by the president.

His acceptance of the job may be more a reflection of the problems of his previous position than the promise of his new one. The director of national intelligence, a position created by Congress after 9/11 to oversee the nation's 16 spy agencies, has responsibility but very little authority — almost three-quarters of the nation's intelligence budget is controlled by the Pentagon. If the administration wants the director of national intelligence to have any influence, it might want to consider giving him more power.

The more interesting question, however, is why Bush, acting through Cheney (or is it the other way around?), wanted Negroponte at State. Word inside and outside the State Department for months has been that Rice has been unable to fill top jobs because her choices have either declined to sign up for a stint likely to be best remembered for the debacle in Iraq or have been vetoed as too liberal by the White House.

Negroponte, who has served as ambassador to Iraq and the United Nations, reportedly was the only person acceptable to both Rice and Cheney. That he already had a job was apparently just another detail to be worked out by the apparatchiks in the White House — and the Old Executive Office Building.

Bush To Name Retired Admiral As Top Spy (AP)

By Katherine Shrader, Associated Press Writer

AP, January 5, 2007

President Bush has chosen a 25-year intelligence veteran, retired Vice Adm. Mike McConnell, to be the country's second national intelligence director as he reshapes national security strategy with two years left in his presidency.

The current director, career diplomat John Negroponte, will move into the long-vacant job as top deputy to Secretary of State Condoleezza Rice.

The nominations were expected to be announced Friday by Bush, said a senior administration official who spoke on condition of anonymity because the decision was not yet public.

The moves come as the White House considers a new direction in Iraq, where a quick invasion has devolved into a bloody civil conflict.

Part of the revised course appears to be an overhaul of Bush's intelligence and national security team. In addition to Negroponte's shift, Defense Secretary Robert Gates took over the Pentagon last month and is expected to bring in retired Lt. Gen. James Clapper as his undersecretary for intelligence.

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Bush will nominate the current ambassador to Iraq, Zalmay Khalilzad, to be the U.S. envoy to the United Nations, said another senior administration official, who also spoke on condition of anonymity because he was not authorized to make an announcement for the White House.

Bush said Thursday he will make a speech next week announcing his decisions about how to move ahead in the nearly four-year-old war.

The administration denied Negroponte's move was a demotion. The senior administration official said Bush reached out to Negroponte to fill the opening for deputy secretary of state, vacant since July. Bush also talked with McConnell about becoming intelligence chief, who oversees and coordinates the 16 U.S. spy agencies.

McConnell spent more than a quarter-century as an intelligence operations and security officer. He caught the attention of then-Defense Secretary Dick Cheney and then-Joint Chiefs Chairman Colin Powell during the first Persian Gulf War. McConnell regularly briefed them as an intelligence officer for the chairman of the Joint Chiefs and is known as someone who can distill complicated information into coherent presentations, said Matthew Aid, a historian who studies the National Security Agency.

McConnell was tapped to lead U.S. eavesdropping efforts as director of the National Security Agency from 1992 to 1996. Aid suggested McConnell's record there was mixed. McConnell allowed Congress and the White House to cut NSA money after the Cold War, when Aid said the government should have ramped up for challenges posed by cell phones, the Internet and fiber optic cable.

Yet on McConnell's watch, the agency became central to providing intelligence on the war in Bosnia, shipments of weapons-grade technology to Iraq and other tough issues of that era.

McConnell left the government and has worked for Booz Allen Hamilton, a government contractor and consulting firm, for about a decade.

Negroponte has been a diplomat in spy's clothing since he became the nation's first intelligence chief in April 2005. He is more comfortable in ambassadorial circles than the cloak-and-dagger world.

As Rice's deputy, he no longer would have first chair for a major government department or oversight of a $40 billion budget. But associates said the job of creating a new organization from scratch has had plenty of frustrations, from securing office space to planning foreign travel.

Negroponte also may hold out hope that Rice will leave before the end of the Bush administration in early 2009, giving him a chance to retire as secretary of state. Deputy Secretary of State Lawrence Eagleburger got such a promotion in late 1992, when Bush's father asked chief diplomat James A. Baker III to head his unsuccessful re-election campaign.

Negroponte has been at the center of the current president's Iraq strategy. He was the U.S. ambassador to the United Nations when Secretary of State Powell made his now-infamous, error-filled presentation in arguing for the invasion of Iraq. Negroponte became the U.S. ambassador to Iraq in June 2004 and was there for the January 2005 elections that Sunni Muslims boycotted.

Soon after, the White House asked him to take the intelligence job after others said no because Congress did not give the position enough power: Congress created the position in response to the recommendations of the Sept. 11 commission.

Some doubted the wisdom of creating such a post, worried it would only further weigh down the bureaucracy. Negroponte leaves as the success or failure of that endeavor remains an open question.

Observers say Negroponte considered his role as intelligence briefer of the president to be a leading aspect of his job, and he left details of managerial overhaul to his deputies.

McConnell, who initiated an internal overhaul of the structures at the NSA, is likely to get more into those details.

U.S. Circuit Court Judge Richard Posner, who has written a book evaluating intelligence reform, said the national intelligence director should not be expected to be the president's expert on issues from Iran to North Korea. "You need one person to be the manager. That is what I think McConnell has a good background for," he said.

Senate Intelligence Chairman Jay Rockefeller, D-W.Va., whose panel must approve McConnell's nomination, said he was troubled by the timing of Negroponte's departure because it leaves a void while his organization is in its infancy. He noted that Negroponte has been operating with only an acting deputy since Gen. Michael Hayden left in May to become CIA director.

Rockefeller and the committee's top Republican, Sen. Kit Bond of Missouri, said an intelligence chief must be in place before Negroponte leaves. "A premature departure creates an unneeded vacuum within the DNI office at a critical time," Bond said.

Pentagon Link To Spy Chief Pick Arouses Concern (WSJ)

By Jay Solomon And Robert Block

The Wall Street Journal, January 5, 2007

DOJ_NMG_0112690

WASHINGTON -- The nomination of a retired Navy admiral as the nation's chief spymaster stirred concerns about the expanding control of current and retired Pentagon officials over the U.S. intelligence community.

President Bush is expected to announce today the nomination of J. Michael McConnell as director of national intelligence, succeeding John Negroponte, who is moving to the No. 2 spot at the State Department. The White House also will nominate Zalmay Khalilzad, the U.S. ambassador to Iraq, as United Nations ambassador, buttressing President Bush's foreign-policy team ahead of an expected change in Iraq-war strategy. The nominees will have to be confirmed by the Senate.

Adm. McConnell's nomination will place current and retired military officials in charge of all of Washington's principal spy branches, including the Central Intelligence Agency, the National Security Agency and the Defense Intelligence Agency. The Pentagon controls 80% of the government's estimated $42 billion intelligence budget. Additionally, the U.S.'s overseas operations against al Qaeda and other international terrorist groups have resulted in the creation of the Defense Department's own intelligence czar and the deployment of military-intelligence assets in a number of global theaters.

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Striking a Balance

Adm. McConnell's greatest challenge as director of national intelligence, say members of the intelligence community, will be to try to claim control of these Pentagon intelligence assets while striking a balance between the development of tactical and strategic intelligence.

Legislators and retired spies worry Adm. McConnell's career as a military-intelligence official could hold him hostage to the Pentagon's culture and mission. Among the lessons from the Iraq war, these officials say, was that the Bush administration underappreciated the strategic impact of removing Saddam Hussein and how countries like Iran and Syria might benefit.

"With so many military guys involved, you run the risk of the intelligence agencies giving the consumers what they want to hear," said Larry Johnson, who served as a senior counterterrorism official at both the State Department and CIA. "The result could be a focus on supporting wars, rather than longer-term analysis."

Adm. McConnell, 63 years old, serves as a senior vice president at Booz Allen Hamilton Inc., focusing on the consulting firm's Pentagon accounts. A call to his office for comment wasn't returned.

Adm. McConnell served as the NSA's director from 1992 to 1996 and worked as the chief intelligence adviser to then-Joint Chiefs of Staff Chairman Colin Powell during the first Gulf War. While picked to head the country's main eavesdropping agency by President Bush, Adm. McConnell was well-liked within the Clinton administration, say those he worked with, and isn't seen as a partisan player.

A Coordinated Effort

Mr. Negroponte's nearly two-year tenure as the first DNI was marked by a workmanlike approach toward integrating the U.S.'s 16 intelligence agencies under one command, say officials who worked with him. A chief task was to improve information sharing among these disparate agencies, particularly the CIA and Federal Bureau of Investigation. His office also pushed to develop more-nuanced and better-integrated intelligence assessments.

The success of the Sept. 11, 2001, attacks is widely attributed to the U.S. government's failure to connect the dots among various pieces of intelligence. An independent commission studying the Iraq war also criticized American spy agencies for tailoring intelligence assessments to underpin already-developed policy objectives.

In trying to streamline the intelligence-development process, Mr. Negroponte created a "Magnificent Seven" grouping of agencies that now form the heart of America's spy work. Members said they have detected better coordination among agencies as a result.

Nominee Played Big Role In Outsourcing Intelligence (USAT)

By Matt Kelley And Richard Willing

USA Today, January 5, 2007

WASHINGTON — J. Michael "Mike" McConnell, in line to become the nation's top intelligence official, has been a leading figure in outsourcing U.S intelligence operations to private industry, records and interviews show.

McConnell, a retired Navy vice admiral, led the National Security Agency from 1992 to 1996 before joining Booz Allen Hamilton Inc., a consulting firm based in McLean, Va.

White House officials confirmed McConnell's appointment to replace National Intelligence Director John Negroponte but declined to be identified by name because the nomination has not been formally announced.

McConnell's nomination and confirmation by the Senate would come amid two current trends in intelligence gathering: the emphasis on technology, and the heightened role of private contractors in analyzing data and preparing reports that once might have been written by government intelligence officers.

"The mission has expanded, the money is there, and there just aren't enough (intelligence officers) to do the job without outside help," says Stephen Marrin, a former CIA analyst who teaches intelligence studies at Mercyhurst College in Erie, Pa.

It is unclear how many private contractors are employed by the CIA and other intelligence agencies. Budgets and hiring figures are classified.

Last year, Negroponte started an audit of the number of private contractors used by all 16 intelligence agencies. That count was started because of concerns about how outsourcing affected intelligence, and it is continuing, says Chad Kolton, a spokesman for the Office of the Director of National Intelligence.

The CIA also began a study last September to determine whether contractors were hurting the agency's work by luring away CIA officers with higher salaries. The CIA did not return a call Thursday seeking an update on that study.

Booz Allen is a "huge" supplier of intelligence contracting, Kolton said. Contract details are classified.

Ralph Shrader, Booz Allen Hamilton's chairman and CEO, says McConnell's experience as NSA director and a private contractor make him a good choice. McConnell "will work very hard to do the right thing," Shrader says.

"He's someone who can solicit lots of opinions, collect them all up, and produce something that takes the needs of the entire country into consideration," Shrader says. "He's very hands-on."

Booz Allen has received at least $50 million in Pentagon contracts since November 2005, records show. Some involve remnants of the Pentagon's "Total Information Awareness" program. Congress killed the program in 2003 amid concerns it would invade the privacy of ordinary Americans.

The $63 million contract signed with Booz Allen in 2002 called for the firm to develop a single system to collect and search through huge databases of government, personal and business records for signs of terrorist activities. McConnell signed that contract on Booz Allen's behalf.

Work on that contract has continued, according to federal contracting records, which show the Pentagon paid Booz Allen about $2 million under that contract during 2006, most recently on Sept. 26.

Spokesmen for the White House, Pentagon, Booz Allen and Negroponte's office all have declined to comment on the contract.

Sen. Ron Wyden, D-Ore., a member of the Senate Intelligence Committee, says he will question McConnell about the program and intelligence contracting.

"It's a critical concern," says Wyden, who led the efforts to kill TIA in 2002.

John Michael McConnell, A Member Of The Club (NYT)

By Scott Shane

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — In choosing Mike McConnell to be director of national intelligence, President Bush is turning again to a steady intelligence professional who first achieved prominence during his father's administration.

Like Gen. Michael V. Hayden, the Central Intelligence Agency director, Mr. McConnell, 63, a retired vice admiral, has served as director of the National Security Agency, the eavesdropping giant. Like Robert M. Gates, the new defense secretary and former C.I.A. director, Mr. McConnell first operated in the highest circles of government in the tumultuous time that included the Persian Gulf war of 1991 and the fall of the Soviet Union.

"It's a gathering of the clan," said retired Adm. Bobby R. Inman, himself a former director of the National Security Agency and an early promoter of Mr. McConnell's intelligence career. "You're getting strong professionals in all these top jobs. They'll set out to solve problems, and they won't be motivated by turf or politics."

William P. Crowell, who worked as Mr. McConnell's deputy at the N.S.A., called him a "consummate professional" who managed the agency with great care at a difficult time of severe post-cold-war budget cuts. Ronald D. Lee, who worked as the security agency's general counsel under Mr. McConnell, called him "an exceptionally gifted leader who was completely devoted to the rule of law and the Constitution."

But W. Patrick Lang, a former Defense Intelligence Agency official who has been highly critical of the Bush administration, took a more skeptical view. He called Mr. McConnell, who made his career in naval intelligence, "competent but compliant" and expressed concern that he might not stand up to policy makers, particularly on highly charged issues like Iran's nuclear program.

For the last 10 years, Mr. McConnell, a courtly, soft-spoken South Carolina native, has been out of government, working for Booz Allen Hamilton, the consulting company. But much of his work has been for government agencies on intelligence and information security, and he has often written and spoken about the organization and future of spying.

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Colleagues say he was first approached several months ago about the possibility of replacing General Hayden as deputy to John D. Negroponte, the director of national intelligence. He turned down that job and was eventually invited to succeed Mr. Negroponte in the top job.

Mr. McConnell first came to public attention as the top intelligence officer to Gen. Colin L. Powell, then chairman of the Joint Chiefs of Staff, during the 1991 war. He conducted daily briefings not only for General Powell but for the defense secretary, Dick Cheney, now the vice president. He had contact with Mr. Gates, Mr. Hayden and Condoleezza Rice, now secretary of state, all of whom worked on the National Security Council in the administration of Mr. Bush's father.

"He was measured, methodical and detailed," Bill Smullen, then an aide to General Powell, said of Mr. McConnell's war briefings. "Secretary Cheney saw Mike McConnell in action on a daily basis."

Mr. McConnell became a familiar figure on television during the gulf war, explaining troop movements and airstrikes. But on becoming director of the security agency in 1992 he retreated behind its traditional curtain of secrecy.

Matthew M. Aid, a historian of the agency, said that during his four-year tenure, the agency's monitoring did not keep up with the revolutionary technological changes in communications, including the Internet, cellphones and fiber-optic cable. But he said Mr. McConnell had been handicapped by a steadily declining budget and work force.

"He begged and borrowed and took money from research and development to pay for operations," achieving considerable success in tracking the warring parties during the war in Bosnia, Mr. Aid said.

John Michael McConnell was born on July 26, 1943, in Greenville, S.C., where his father worked in the shipping business and his mother in the garment industry. He graduated from Furman University and was commissioned as a line officer of the Navy in 1967. He served a tour in Vietnam and then became an intelligence officer.

He is married to Terry McConnell, a homemaker, and has two children and two stepchildren, all grown.

Former colleagues invariably remark on his quiet and courteous manner and say he rarely shows a temper. On Thursday some wondered whether that was the right temperament for a job created to force 16 competing and sometimes feuding agencies to cooperate and share information.

But Mark M. Lowenthal, who served as staff director for the House Intelligence Committee when Mr. McConnell ran the National Security Agency, said he was not concerned about that.

"His quiet manner and his lovely South Carolina accent belie it, but I have no doubt he can be forceful when necessary," Mr. Lowenthal said. He noted that Mr. McConnell had thrived at Booz Allen. "You don't do that by being shy and retiring," he said.

Bush Says Hussein 'Was Given Justice' (LAT)

By James Gerstenzang

The Los Angeles Times, January 5, 2007

WASHINGTON — President Bush said Thursday that he would have preferred that the execution of Saddam Hussein had been conducted in a more "dignified" manner, but said the deposed dictator met the fate he deserved.

"He was given justice. The thousands of people he killed were not," the president said during a session with reporters after he met with Chancellor Angela Merkel of Germany.

His remarks on the hanging were the first he had made in public since Hussein was executed Saturday in Baghdad amid taunting shouts in which an observer called out the name of a militant Shiite Muslim cleric.

Soon after the execution, a video of Hussein's death, recorded on a camera phone, was posted on a number of websites.

The scene and the video have caused discomfort among Bush aides. They have tried to focus attention on the brutality of Hussein's regime, rather than on the circumstances surrounding his execution.

Public outcry about the hanging has been pronounced in Europe. Merkel, at Bush's side in the entry area of the White House State Floor, did not address the issue.

Bush said he had spoken about it earlier in the day with Iraqi Prime Minister Nouri Maliki, during a nearly two-hour videoconference.

Maliki told him that Iraq was investigating the execution, the president said. U.S. officials reportedly tried to persuade Iraqi officials to delay the hanging, rather than proceed with it on the first day of Sunni Muslims' observance of Eid al-Adha, the holiday marking the end of the annual pilgrimage to Mecca.

Bush said Hussein's hanging closed "a horrific chapter" in Iraq's history, adding, "We expect there to be a full investigation of what took place" in the death chamber.

The president also gave Maliki a renewed vote of confidence at a time when officials have begun to question whether he is, as Bush has said, the right person for the job.

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Lawmakers Criticize Video Of Hussein's Final Minutes (NYT)

By Jeff Zeleny And Helene Cooper

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — The execution of Saddam Hussein was initially hailed as an example of democratic justice being served in Iraq, but leading members of Congress said Thursday that the conduct surrounding the hanging could undermine United States strategy in Iraq and complicate efforts to help the new Iraqi government succeed.

The White House has declined to criticize the execution, portions of which were shown online in a bootlegged video. Several Republican senators who have been among President Bush's biggest supporters in the Iraq war said they were troubled by the video and fearful of the reverberations it could provoke.

"It's a very bad thing, it's harmful, and I'm sorry that it happened," said Senator John McCain, an Arizona Republican who has been a White House ally on its Iraq policy. "Obviously, it unnecessarily inflames the emotions of the Sunnis."

While the White House says that Mr. Bush has not seen the video — recorded without authorization with a cellphone camera — several members of Congress said that they had seen it. More important, they said, the rest of the world had, too.

As Mr. Bush inches closer to presenting his revised Iraq plan, Republican and Democratic lawmakers expressed dismay at the scene surrounding the final minutes of Mr. Hussein's life. They said it was another sign of Prime Minister Nuri Kamal al-Maliki's inability to deal with the sectarian divide in Iraq.

"It is a very unfortunate episode, and they are still trying to sort out accountability," said Senator John W. Warner, Republican of Virginia. "The key to success in Iraq — whatever success we are able to achieve — is reconciliation, and this certainly was not a helpful chapter in that."

Whether the execution ultimately has political repercussions beyond Iraq and here in the United States remains an open question. But as senators prepared to be called to the White House as early as Friday for briefings about the president's Iraq plan, the video emerged as a new complication.

In the video, Mr. Hussein was shown standing with the noose around his neck at dawn last Saturday in Baghdad, facing a barrage of mockery and derision from unseen tormentors. The images showed Mr. Hussein amid shouts of "Go to hell!" and "Moktada! Moktada! Moktada!" in reference to a radical Shiite cleric, Moktada al-Sadr.

Speaking at the White House after a meeting with Chancellor Angela Merkel of Germany on Thursday, Mr. Bush said he had wished the execution had "been done in a more dignified way." He said he appreciated that Mr. Maliki was investigating the way the execution was handled, but that he did not dwell on it during their video conference on Thursday. Mr. Bush said Mr. Hussein had received a fair trial, the likes of which his enemies had not. "He was given justice; the thousands of people he killed were not," Mr. Bush said.

Senator Susan M. Collins, a Maine Republican, said she was troubled by the swiftness of the execution, adding that "taunting someone who is about to be executed is just blatantly unacceptable." The images contained in the video would almost certainly inflame sectarian tensions throughout the region, she said.

"I have no grief for Saddam Hussein, but it makes it more difficult for Iraqi leaders to forge the political solution that I think is necessary to quell the violence," Ms. Collins said. "It threatens the very existence of the nation and thousands of Americans and Iraqi lives to have Saddam mocked before his execution."

It was unclear whether the newly ascendant Democrats in Congress planned to make an issue of the handling of the execution. It is not likely to be a part of promised Senate hearings on President Bush's Iraq policy, according to aides in the Senate Foreign Relations Committee.

At the State Department, the official response has been that the execution, while imperfect, is in the past and that people should move on. But aides to Secretary of State Condoleezza Rice continued to bemoan what one official called "the idea that of all the people in that room, Saddam Hussein was the one who looked like he had the most dignity."

Senator Richard G. Lugar, an Indiana Republican, said the circumstances surrounding the execution were "another factor that makes life more difficult for the Iraqi government as well as for our hopes for that government and stability." But the video, he said, "is by no means the most difficult issue we are facing in Iraq."

2 Guards Arrested For Hussein Video, Official Says (WP)

By Sudarsan Raghavan

The Washington Post, January 5, 2007

BAGHDAD, Jan. 4 -- Two guards were reportedly arrested Thursday for recording former Iraqi president Saddam Hussein's execution with a video cellphone.

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"Two Justice Ministry guards have been arrested. Other guards have identified them as having filmed the hanging," an aide to Prime Minister Nouri al-Maliki, Sami al-Askari, told [a] news agency.

The government, apparently seeking to douse the sectarian tensions that worsened following Hussein's disorderly hanging, said Wednesday it had detained a security guard, but it was not clear whether the detentions reported by Askari were in addition to the earlier arrest.

"The investigation is ongoing, and we have identified those who flouted the rules," Interior Minister Jawad al-Bolani told reporters. "Even for a dictator like Saddam, the law must be obeyed."

Meanwhile, 14 people were killed when two car bombs exploded in quick succession about 10 a.m. Thursday outside a governmental heating oil facility and gas station in the Mansour neighborhood of Baghdad.

The explosions at the Abu Jaafar station also injured 18 others, as residents lined up to buy heating oil, said 1st Lt. Amar Yasin of the Mansour police. Mortada Jassim, a security guard at the site, said several of the nearby cars, laden with oil, also burned.

"These cars became car bombs themselves," Jassim said. Guards at the site said they believed they were attacked because the facility is frequented by Shiites.

The U.S. military said Thursday that a patrol in western Baghdad was attacked by small-arms fire, killing one U.S. soldier. The soldier's name was not released until his family could be notified.

U.S.-Iraqi Forces Launch Assault On Sunni Haven (LAT)

By Alexandra Zavis

The Los Angeles Times, January 5, 2007

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AL SHAMS, IRAQ — About 1,000 U.S. and Iraqi troops launched a major offensive at dawn Thursday in Diyala province, an increasingly violent zone east of Baghdad that has become a haven and training ground for Sunni Arab insurgents.

The target of the strike is an isolated landscape of farms and irrigation canals riddled with weapons caches, safe houses and training ranges, U.S. military officials said.

The insurgents, however, appeared to be well prepared for the slow-moving assault. Smoke signals and flares arced into the sky as a column of tanks and Humvees from the 3rd Heavy Brigade Combat Team, 1st Cavalry Division, pressed into an insurgents' redoubt. U.S. military officials said spotters used those techniques to warn guerrillas in the area that the U.S. and Iraqi forces were approaching.

Insurgents also had dug deep trenches into the roadways and sabotaged canal bridges to slow the troops' advance. U.S. commanders said they suspected that the obstacles were designed to divert approaching vehicles toward roadside bombs.

Four hours into the operation, an explosion ripped through the front end of a U.S. Humvee but failed to penetrate the cabin. The U.S. soldiers inside were not injured, but the wreckage blocked the road for two hours as troops salvaged the vehicle and searched for additional explosives hidden along the road.

U.S. commanders viewed the operation as an opportunity to test the 400 soldiers of Iraq's 5th Army Division.

Nonetheless, commanders kept details of the operation from their Iraqi counterparts until hours before it began, out of fear that information would leak to insurgents, said Col. David W. Sutherland, commander of the 3rd Heavy Brigade Combat Team, which assumed control of Diyala in October. Sutherland said he suspected that information from Iraqi soldiers compromised counterinsurgency operations in November and December.

Some Iraqi soldiers chafed at the secrecy around the operation, which was launched from a checkpoint south of Baqubah.

"They do not trust us," said one Iraqi soldier who identified himself as 1st Lt. Ali.

The rendezvous was a chaotic scene, with dozens of armored vehicles jammed into a checkpoint. U.S. officers shouted commands in English in an attempt to make them fall in line. Several Iraqi vehicles started off in the wrong direction.

"No, this way, this way!" shouted a U.S. soldier.

By the time the joint force swept into six villages to conduct searches, there were no military-age men to be seen.

Diyala has become a sectarian killing ground, with the number of attacks on civilians more than doubling since February. A resource-rich province with a population divided among Iraq's major ethnic and religious groups, Diyala is home to at least 50,000 former officers of the Iraqi military and has become a staging ground for Sunni Arab insurgent attacks in Baqubah, the provincial capital, and Baghdad.

U.S. military commanders acknowledged that it was difficult to root out insurgents spread over such a broad swath of sparsely populated farmland, but said they hoped to keep the insurgents off balance by disrupting training and operations.

"We will never kill or capture them all, and even if we do, there are plenty more who will take their place," Lt. Col. Andrew Poppas said. "Our success, in my view, will be based on continued presence, denying this place as a safe haven."

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Despite the temporary confusion and trust issues, the Iraqi soldiers appeared eager to work with their American partners. Some sang celebratory songs in unison as they grabbed their gear and assembled near their Humvees.

Operations in the insurgent badlands of southeast Diyala are still a novelty for Iraqi troops, said an Iraqi soldier, and they relished a chance to strike back at gunmen who pepper the southernmost Diyala army outpost so often that it has been named "The Death Station."

"They are all terrorists there," said a Shiite Muslim soldier from Basra, who declined to otherwise identify himself.

Insurgent leaders are well organized and have relatively deep public support. Abu Musab Zarqawi, leader of Al Qaeda in Iraq, was killed by U.S. forces last year in western Diyala, and his group retains a strong presence in the province. Ansar al Sunna, another insurgent group, also is active. But the most well-established groups, such as the Council and the 1920 Revolutionary Army, are composed of ex-Iraqi soldiers, U.S. officials said.

Two hours after joining the Iraqi soldiers, the convoy rumbled toward Diyala's southeastern hinterlands. As they progressed, reports crackled over the radio of four more explosions, which disabled U.S. vehicles but did not injure any troops. Two more bombs were found before they were detonated.

Helicopters spotted small groups of armed men using the network of irrigation canals that crisscross the region to bypass U.S. and Iraqi ground troops. U.S. officials said they killed nine suspected insurgents and detained about nine others.

But large swaths of the region appeared to have been abandoned by military-age males. During a sweep of one hamlet, convoy commander Capt. Stephen Dobbins found only several women and children and a couple of teenage shepherds.

Dobbins asked a woman with a child on her lap where all the men had gone. To work, she said.

A search of the village turned up $1,500, passports with foreign stamps on them, cellphones and two AK-47 rifles, the military said.

"Then why did I see men running away from here?" Dobbins said.

"Those men were from another village," the woman said.

Meanwhile, 89 people were reported killed Thursday in Iraq's continuing violence.

The dead included 13 people who were killed by two car bombs that exploded at a Baghdad gas station, a U.S. soldier killed by small-arms fire in west Baghdad and a Karbala council member shot to death along a southern highway. Police also found 47 bodies in Baghdad.

Bombs Kill 13 In Baghdad After Brief Lull In Violence (USAT/AP)

USA Today, January 5, 2007

BAGHDAD — Twin car bombings killed 13 people Thursday in an upscale Baghdad neighborhood, and Iraq prepared to execute two of Saddam Hussein's co-defendants despite an appeal from the United Nations.

The explosions went off one after the other at 10:30 a.m. in the Mansour neighborhood, setting fire to a gas station and incinerating at least a half-dozen cars. At least 25 people were wounded, police said.

Firefighters sprayed water on the wreckage as soldiers and civilians staggered around in a daze. Blood pooled among scattered containers for propane and kerosene, near where tea cups lay toppled on a blanket spread over wood crates.

Mansour is a primarily Sunni neighborhood in western Baghdad. During Saddam's regime, it was home to the most elite Iraqi families; many international embassies remain there, though shuttered.

U.S. Maj. Gen. William Caldwell said this week there had been a "downturn" in violence during the four-day Muslim holiday of Eid al-Adha, which began last weekend. Thursday was the first day after Eid for both Sunnis and Shiites. Caldwell acknowledged the possibility that violence could surge again.

Police said 47 tortured bodies were found dumped across Baghdad on Thursday, up from 27 a day earlier. An American soldier was killed by small-arms fire in western Baghdad, the military said.

Iraqi officials said Thursday they planned to execute two of Saddam's co-defendants in the coming days. The former Iraqi dictator was hanged Saturday.

U.N. High Commissioner for Human Rights Louise Arbour appealed to Iraq not to execute Barzan Ibrahim, Saddam's half brother and former intelligence chief, and Awad Hamed al-Bandar, former head of the Revolutionary Court. Saddam and the two men were sentenced to death for the killing of 148 Shiites in the 1980s.

"Nobody can stop the carrying out of court verdicts," Sami al-Askari, an adviser to the prime minister, told the BBC's Arabic service. "The court's statute does not allow even the president of the republic or the prime minister to commute sentences, let alone grant a pardon. Therefore, no pressure can stop the executions."

In Washington, lawyers for al-Bandar filed a new request for the U.S. Supreme Court to block his transfer from U.S. to Iraqi custody.

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In the southern city of Basra on Thursday, more than 1,500 people demonstrated to express approval of Saddam's execution. The peaceful rally began at the offices of the Dawa Party and ended at the provincial governor's building. Prime Minister Nouri al-Maliki, who pushed for a speedy execution of Saddam, is a leader of the party.

Deadly Blasts In Baghdad Leave Gruesome Traces (NYT)

By Marc Santora And Johan Spanner

The New York Times, January 5, 2007

BAGHDAD, Jan. 4 — The foot was balanced on a shopping bag after being scooped up off the dirty street by a man in a track suit. There was no person to go with the limb. Nearby a charred body was still smoldering, smoke coming off the black corpse 45 minutes after the attack.

For 50 yards, the dead were scattered about, some in pieces, some whole but badly burned.

This violence on Thursday involved two bombs timed to go off one after another in the formerly upscale neighborhood of Mansour, which continues to be ripped apart by sectarian violence. Thirteen people were killed and 22 wounded, just a small fraction of the civilians killed across the country this week.

The first device went off at 10:15 a.m., probably a roadside bomb set on a timer, officials said.

The attack was apparently aimed at a gasoline station. Cars were lined up around the block waiting for fuel, and dozens of people, grasping large plastic jugs, hoped to buy heating fuel.

Just moments after the first explosion, a second, larger, car bomb detonated.

The neighborhood has traditionally been a mixed Sunni and Shiite one. Although the Abu Jaffar gas station, where the attack was centered, is in what is considered a Sunni area, the method of the attack — multiple bombs timed to explode in succession — is usually thought of as a trademark of Al Qaeda in Mesopotamia, a Sunni insurgent group.

An hour after the explosion, there was still a strong stench of burning gasoline and fire. The road was slick with sludge from the water used to douse the fire. Blood pooled in areas. Scores of armed men were running about, including members of the Iraqi Army and the police. Some of those with machine guns had no uniforms at all.

Shots rang out, mostly in warning. Neighbors gathered outside, oddly calm and seemingly accustomed to such carnage.

A tanker truck filled with fuel was parked near the station, having escaped the blast.

Not surprisingly, residents living near the area blamed everyone from the government to the Americans to terrorists for what had happened.

“We are just innocent people,” said Nafia Abdul Jabbar. “The people killed were poor, in need of kerosene that they cannot afford to buy on the black market because the price is 10 times more than it is at the station.”

Elsewhere, a mortar attack was directed at the Shiite neighborhood of Huriya, wounding three people, officials said.

Clashes on the outskirts of the Sunni neighborhood of Ghazaliya left two people dead and 25 people wounded, Iraqi officials said. A grenade attack in the Amin neighborhood killed five people.

Across the city on Thursday, officials said, 47 bodies were found mutilated — 4 of them with their heads cut off.

An interview with the family of a man recently mutilated and killed, a prominent sheik considered to be the prince of the Tamim tribes, gives a glimpse into the complicated underworld that is, in part, responsible for the trucks full of bodies collected around this city every day.

The man, Sheik Hamid Mohammed al-Suhail, 75, was found Wednesday in the Shuala neighborhood of Baghdad, a Shiite redoubt, by members of his tribe, which is mixed Shiite and Sunni, who were searching for him. He disappeared last Sunday, and his mutilated body was found wrapped in a blanket, covered in blood. The search party recognized his body by the distinctive way the beard was trimmed.

He had been an outspoken critic of the sectarian fighting and participated in a recent conference in Cairo on national reconciliation.

The kidnappers, whom his relatives hinted they knew but would describe only as “militiamen” for fear of reprisal, initially called his family asking for $100,000, said a nephew, Sheik Ali Sammi al-Suhail.

The family told the kidnappers they did not have the money, the nephew said.

“The body was mutilated in a brutal way,” he said. “They used a drill on him and perhaps other tools.”

One hand and one leg were almost completely severed.

The nephew said he had been told by people who said they witnessed the killing that after his uncle was tortured, his body was thrown from a two-story building. He survived the fall but was brutalized further before finally being killed.

Another prominent Iraqi figure, Sheik Akram al-Zubeidi, was killed Thursday in Karbala, a Shiite holy city where there has been little sectarian strife. Sheik Zubeidi was assassinated when he was stopped at a fake checkpoint, a local hospital official said.

DOJ_NMG_0112697

Three other people in the car with him were also killed by the gunmen, whose motive was unclear.

There was continued fallout Thursday from the execution of Saddam Hussein, as Sunnis, from Kashmir to Libya, used his death as a rallying point.

The Libyan government announced that it would erect a statue of him to stand next to one of Libya's own national heroes, news agencies reported.

At least nine people were hurt in the Indian-controlled part of Kashmir when the police fired rubber-coated bullets to break up a large group of people protesting the execution, [a news agency] reported.

Two Iraqi officials involved in the investigation of the distribution of a graphic video of the hanging said Thursday that a second guard was being held for questioning. Officials announced the arrest of the first guard on Wednesday.

There is increasing pressure, including from the White House, on the Iraqi government to proceed with caution in carrying out the execution of Mr. Hussein's two co-defendants, Barzan Ibrahim al-Tikriti, Mr. Hussein's half brother, and Awad al-Bandar, a former judge.

Despite the international reaction directed at the government of Prime Minister Nuri Kamal al-Maliki, Mr. Maliki's popularity among Shiites in southern Iraq seems to have increased.

In Basra, Iraq's second largest city, hundreds of demonstrators representing Islamist parties rallied in the streets, praising Mr. Maliki and setting photos of Mr. Hussein on fire.

13 Killed In Baghdad Bombings (WT/AP)

By Lauren Frayer

The Washington Times, January 5, 2007

BAGHDAD -- Twin car bombs killed 13 persons yesterday in an upscale Baghdad neighborhood after a lull in violence, and Iraq prepared to execute two of Saddam Hussein's co-defendants, despite an inquiry into an unruly scene in the former dictator's execution chamber.

The explosions went off one after another at 10:30 a.m. in the Mansour neighborhood, setting fire to a gas station and incinerating at least a half-dozen cars. In addition to the dead, police said at least 25 persons were wounded.

Firefighters sprayed water on the wreckage as soldiers and civilians staggered around in a daze.

"What do they want from us? What do they want from us?" one Iraqi soldier asked, referring to those behind the blasts. Blood pooled among scattered containers for propane and kerosene, near where tea cups lay toppled on a blanket spread over wood crates.

Mansour is a primarily Sunni neighborhood in western Baghdad. During Saddam's regime, it was home to the most elite Iraqi families.

Maj. Gen. William B. Caldwell said this week there had been a "downturn" in violence during the four-day Muslim holiday Eid al-Adha, which began last weekend. Gen. Caldwell acknowledged that violence could surge again.

Police said 47 tortured bodies were found dumped across Baghdad yesterday, in addition to the 27 a day earlier. A U.S. soldier was killed by small-arms fire in western Baghdad, the military said.

Despite the row over Saddam's hanging and a call for restraint from the United Nations, Iraqi officials said yesterday that they planned to execute two of the executed dictator's co-defendants in the coming days.

"Nobody can stop the carrying out of court verdicts," Sami al-Askari, an adviser to the prime minister, told the British Broadcasting Corp.'s Arabic service.

"The court's statute does not allow even the president of the republic or the prime minister to commute sentences, let alone grant a pardon. Therefore, no pressure can stop the executions."

U.N. High Commissioner for Human Rights Louise Arbour appealed to Iraq not to execute Barzan Ibrahim, Saddam's half-brother and former intelligence chief, and Awad Hamed al-Bandar, former head of the Revolutionary Court. Saddam and the two men were sentenced to death for the killing of more than 140 Shi'ites.

In Washington, attorneys for al-Bandar filed another request for the U.S. Supreme Court, this time to Justice John Paul Stevens, to block his transfer to Iraqi custody. Chief Justice John G. Roberts Jr. turned down an identical request on Wednesday.

Meanwhile, Iraq's interior minister said whoever recorded Saddam's hanging on a cell-phone camera would be punished, and Mr. al-Askari said two Justice Ministry guards were being questioned.

"The investigation committee is interrogating the men. If it is found that any official was involved, he will face legal measures," he said.

The grainy video shows Saddam being taunted in his final moments Saturday with shouts of "Go to hell" and "Muqtada, Muqtada" -- a reference to radical Shi'ite cleric Muqtada al-Sadr.

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Prosecutor Munqith al-Faroon, one of 14 official witnesses to the hanging, told Iraqi state television that he did not think there was "any legal abuse, only moral violations."

Arrested Iranians 'Were Trying To Influence Iraqi Government': BBC (AFP)

AFP, January 5, 2007

Five Iranians detained by US forces in Baghdad last month were senior intelligence officers engaged in a covert political mission to influence the Iraqi government, the BBC said.

"There were five senior officers in various intelligence organisations... It was a very significant meeting... These people have been collared, relatively speaking, up to no good," one unnamed British official told the broadcaster.

US forces detained 10 people on December 21 on suspicion of weapons smuggling after finding what they said were documents, maps, photographs and videos in a raid at pro-Iranian Shiite leader Abdul Aziz al-Hakim's compound.

Military commanders said the 10, two of whom were Iranian, were linked to "illegal activities," including potential attacks on coalition forces.

Three Iranian diplomats were detained in a vehicle in Baghdad the previous day but later released.

The BBC's flagship political programme Newsnight cited British authorities in Iraq as saying that while the arrests produced highly important intelligence information, there was no "smoking gun" about weapons supplies or attacks.

Instead, the Iranians were there to hold high-level meetings with representatives of several Iraqi Shiite factions that have come to prominence since the fall of president Saddam Hussein in 2003.

"There was discussion of whether the Maliki government would succeed, who should be in which ministerial jobs... It was a very significant meeting," one official said.

"The fact of who some of the Iranians were is very significant."

Iraqi President Jalal Talabani said later he had invited the two Iranians detained at Hakim's compound to Iraq as part of an agreement between Baghdad and Tehran to improve security.

His office said he was "unhappy" with the arrests, increasing tensions between Washington and Prime Minister Nuri al-Maliki's Shiite-led government in Baghdad, which is pursuing closer ties with Iran.

The two Iranians were released last Friday. Shiite-dominated Iran -- which the coalition claims orchestrates attacks on its forces in Iraq -- said the arrests were an embarrassment for the United States.

The BBC said US sensitivity to the matter comes from discovering evidence that Iran is trying to turn the situation in Iraq to its advantage, to the extent of trying to influence the make-up of the Baghdad government.

Washington is now urging Baghdad to declare the Iranians arrested as personae non grata and ban them from returning to Iraq, it added.

The New York Times last week quoted White House officials as saying two of the men were "senior military officials" with links to an Iranian Revolutionary Guard unit that trains Lebanon's Shiite Hezbollah guerrilla movement.

The White House said it would wait for the results of an investigation before characterising the Iranians' activities, but suggested it confirmed Iranian "meddling" in Iraqi affairs.

Hakim, a member of the Supreme Council for the Islamic Revolution in Iraq (SCIRI) which is part of Maliki's ruling coalition, met US President George W. Bush in the White House earlier in December.

Denying The Facts, Finding The Truth (NYT)

By Slavoj Zizek

The New York Times, January 5, 2007

London

ONE of the pop heroes of the Iraq war was undoubtedly Muhammad Said al-Sahhaf, the unfortunate Iraqi information minister who, in his daily press conferences during the invasion, heroically denied even the most evident facts and stuck to the Iraqi line. Even with American tanks only a few hundred yards from his office, he continued to claim that the televised shots of tanks on the Baghdad streets were just Hollywood special effects.

In his very performance as an excessive caricature, Mr. Sahhaf thereby revealed the hidden truth of the “normal” reporting: there were no refined spins in his comments, just a plain denial. There was something refreshingly liberating about his interventions, which displayed a striving to be liberated from the hold of facts and thus of the need to spin away their unpleasant aspects: his stance was, “Whom do you believe, your eyes or my words?”

Furthermore, sometimes, he even struck a strange truth — when confronted with claims that Americans were in control of parts of Baghdad, he snapped back: “They are not in control of anything — they don’t even control themselves!”

DOJ_NMG_0112699

What, exactly, do they not control? Back in 1979, in her essay "Dictatorship and Double Standards," published in Commentary, Jeane J. Kirkpatrick elaborated the distinction between "authoritarian" and "totalitarian" regimes. This concept served as the justification of the American policy of collaborating with right-wing dictators while treating Communist regimes much more harshly: authoritarian dictators are pragmatic rulers who care about their power and wealth and are indifferent toward ideological issues, even if they pay lip service to some big cause; in contrast, totalitarian leaders are selfless fanatics who believe in their ideology and are ready to put everything at stake for their ideals.

Her point was that, while one can deal with authoritarian rulers who react rationally and predictably to material and military threats, totalitarian leaders are much more dangerous and have to be directly confronted.

The irony is that this distinction encapsulates perfectly what went wrong with the United States occupation of Iraq: Saddam Hussein was a corrupt authoritarian dictator striving to keep his hold on power and guided by brutal pragmatic considerations (which led him to collaborate with the United States in the 1980s). The ultimate proof of his regime's secular nature is the fact that in the Iraqi elections of October 2002 — in which Saddam Hussein got a 100 percent endorsement, and thus overdid the best Stalinist results of 99.95 percent — the campaign song played again and again on all the state media was Whitney Houston's "I Will Always Love You."

One outcome of the American invasion is that it has generated a much more uncompromising "fundamentalist" politico-ideological constellation in Iraq. This has led to a predominance of the pro-Iranian political forces there — the intervention basically delivered Iraq to Iranian influence. One can imagine how, if President Bush were to be court-martialed by a Stalinist judge, he would be instantly condemned as an "Iranian agent." The violent outbursts of the recent Bush politics are thus not exercises in power, but rather exercises in panic.

Recall the old story about the factory worker suspected of stealing: every evening, when he was leaving work, the wheelbarrow he rolled in front of him was carefully inspected, but the guards could not find anything, it was always empty. Finally, they got the point: what the worker was stealing were the wheelbarrows themselves.

This is the trick being attempted by those who claim today, "But the world is nonetheless better off without Saddam!" They forget to factor into the account the effects of the very military intervention against him. Yes, the world is better without Saddam Hussein — but is it better if we include into the overall picture the ideological and political effects of this very occupation?

The United States as a global policeman — why not? The post-cold-war situation effectively called for some global power to fill the void. The problem resides elsewhere: recall the common perception of the United States as a new Roman Empire. The problem with today's America is not that it is a new global empire, but that it is not one. That is, while pretending to be an empire, it continues to act like a nation-state, ruthlessly pursuing its interests. It is as if the guiding vision of recent American politics is a weird reversal of the well-known motto of the ecologists — act globally, think locally.

After 9/11, the United States was given the opportunity to realize what kind of world it was part of. It might have used the opportunity — but it did not, instead opting to reassert its traditional ideological commitments: out with the responsibility and guilt with respect to the impoverished third world — we are the victims now!

Apropos of the Hague tribunal, the British writer Timothy Garton Ash pathetically claimed: "No Führer or Duce, no Pinochet, Amin or Pol Pot, should ever again feel themselves protected from the reach of international law by the palace gates of sovereignty." One should simply take note of what is missing in this series of names which, apart from the standard couple of Hitler and Mussolini, contains three third world dictators: where is at least one name from the major powers who might sleep a bit uneasily?

Or, closer to the standard list of the bad guys, why was there little talk of delivering Saddam Hussein or, say, Manuel Noriega to The Hague? Why was the only trial against Mr. Noriega for drug trafficking, rather than for his murderous abuses as a dictator? Was it because he would have disclosed his past ties with the C.I.A.?

In a similar way, Saddam Hussein's regime was an abominable authoritarian state, guilty of many crimes, mostly toward its own people. However, one should note the strange but key fact that, when the United States representatives and the Iraqi prosecutors were enumerating his evil deeds, they systematically omitted what was undoubtedly his greatest crime in terms of human suffering and of violating international justice: his invasion of Iran. Why? Because the United States and the majority of foreign states were actively helping Iraq in this aggression.

And now the United States is continuing, through other means, this greatest crime of Saddam Hussein: his never-ending attempt to topple the Iranian government. This is the price you have to pay when the struggle against the enemies is the struggle against the evil ghosts in your own closet: you don't even control yourself.

If Iraq Fragments, What's Plan B? (CSM)

By Peter Grier

The Christian Science Monitor, January 5, 2007

DOJ_NMG_0112700

WASHINGTON

As President Bush readies a new strategy for Iraq, some experts in Washington are looking beyond the question of US troop levels to what might happen if worst-case scenarios come true. Call it Plan B: How the United States might handle Iraq's partition.

It may still be possible to hold Iraq together, many of these critics believe. A surge in American military strength might help. But the hour is late - and a lack of contingency planning on the part of US officials may be one reason the situation has become so dire.

"If I was working for George Bush, I would want somebody to be thinking hard about this, sort of preparing the groundwork," says Michael O'Hanlon, a senior fellow in foreign-policy studies at the Brookings Institution in Washington.

The US might need actively to aid Iraqis in relocating to parts of the country where they feel safer, says Mr. O'Hanlon. This sort of resettlement assistance wouldn't be unprecedented, he notes. The US did it in Bosnia.

Such a policy would perhaps preempt the violent Balkans-style ethnic cleansing that is already occurring in Iraq, O'Hanlon says. Sectarian strife is displacing 100,000 Iraqis a month.

"One-third to one-quarter of the ethnic cleansing that might occur [in Iraq] has occurred," says O'Hanlon.

Of course, to many US officials such a policy would be anathema. Mr. Bush has long insisted that a unified, democratic Iraq is one of his goals - not an Iraq separated into sectarian regions.

It has been widely reported that the new "way forward" Bush is expected to announce next week will include a substantial surge in US forces, designed to bring stability to violence-torn parts of the country.

Such an increase might allow reconstruction aid to begin to have a real effect in Baghdad and elsewhere, improving the daily life of Iraqis and strengthening the shaky central government, according to an influential report on the subject co-authored by Frederick Kagan, a military historian at American Enterprise Institute in Washington.

"Victory in Iraq is still possible at an acceptable level of effort," says a summary of the AEI study.

But events in Iraq now may be running at a speed that outpaces the US ability to respond. Bush has mulled over his options for weeks, while sectarian violence rises and the political partition of the country continues apace, says Vali Nasr, an adjunct senior fellow for Middle East studies at the Council on Foreign Relations.

The attempt to form a unity government has completely failed, says Mr. Nasr. Absent viable political plans, power is determined by the violence of militia in the street.

"The carnival of Saddam's execution is handwriting on the wall about how deeply divided this society is," he says.

Will the country's political divide be followed by a physical one? Possibly. Sen. Joseph Biden (D) of Delaware, incoming chairman of the Senate Foreign Relations Committee, has long advocated establishing Iraq as a loose federation, consisting of Sunni, Shiite, and Kurdish regions, and a Baghdad that belongs to all.

Other experts, including Leslie Gelb, president emeritus of the Council on Foreign Relations, have been increasingly vocal in calling for the US to help Iraqis resettle in areas of safety.

"We've got to provide them the means, the protection, and the funds to set up a new life," said Mr. Gelb in a recent National Public Radio interview. "We owe them that."

Resettled refugees might, in the end, blame America for their plight. The US could be accused of abetting ethnic cleansing. All plausible, says O'Hanlon of Brookings - but the problem is, the ethnic cleansing is happening anyway. The question, therefore, is really a humanitarian one: How to save lives?

In a recent piece titled "A Bosnia Option for Iraq," published in the journal American Interest and co-authored with Edward Joseph, a visiting scholar at Johns Hopkins University, O'Hanlon proposes a "soft partition" of Iraq.

The war in Bosnia ended only after 200,000 civilians died and half the country's population had fled their homes, says the article. Ethnic relocation may be distasteful, but with Sunni insurgents and Shiite death squads now attacking even hospitals and schools, what is the alternative?

"If US and Iraqi forces cannot protect civilians, there is little moral dilemma about facilitating their movement to safer areas," says the article.

The Iraqi government would have to offer housing and jobs for those resettled, as well as protection while moving, according to the article. Government property commissions could help Sunnis and Shiites swap homes.

The key to making the relocation work might be a division of oil money. It should be split a number of ways, the article says, with individuals, provinces, and the overall government receiving allocations.

"The Bosnia option has a much higher chance of success than anything resembling current strategy ... although I can still see the case for one last big push [with more US troops]," says O'Hanlon.

Other experts say that a surge in troops will serve a purpose only if tied to a comprehensive approach of bringing stability and security to Iraq.

DOJ_NMG_0112701

The problem now is not just troop levels or stability in Baghdad, says Anthony Cordesman, a military expert at the Center for Strategic and International Studies, in a new study.

"The 'threat' from the insurgency and militias is only part of the problem," writes Mr. Cordesman. "Iraq's central government is weak and the nation is steadily dividing into sectarian and ethnically controlled areas."

Thus any new military effort should be accompanied by a further push to create incentives for peaceful coexistence, according to Cordesman - or peaceful separation where there is not a credible alternative. The US should "provide aid to relocation when this is the only option," writes the CSIS scholar.

A Mother Fights For A Soldier Who Said No To War (WP)

By Linton Weeks

The Washington Post, January 5, 2007

Carolyn Ho is a mother on a mission.

She came to Washington in mid-December to build support for her son, Army 1st Lt. Ehren Watada, the first commissioned officer to refuse deployment to Iraq.

Barring some kind of miracle, he will be court-martialed on Feb. 5 at Fort Lewis, about 45 miles south of Seattle. If convicted, he could be sent to military prison for six years. There's going to be a pretrial hearing today.

Like many Americans, she believed she could come to the capital city and change the world. Or at least her small part of it.

She was acting purely on instinct, wanting to do everything in a mother's power to protect her son. "I'm here to get what I can," said Ho, who is from Honolulu. Dark hair pulled back. Dark eyes that moisten when she speaks of her son. Soft voice. "I'm going to put it out there."

At the very least, she hoped for some kind of letter of support before today's hearing. Late yesterday afternoon, a letter arrived. After a lot of worry and work.

Lobbying Congress is no day at the spa.

During her Capitol Hill quest, she was accompanied by several seasoned lobbyists, but they let her do the talking. She moved along the halls, sitting down with staffers in the offices of Sens. Patty Murray (D-Wash.) and Daniel Akaka (D-Hawaii) and aides from the offices of Reps. Lynn Woolsey (D-Calif.), John Conyers (D-Mich.) and Maxine Waters (D-Calif.).

In closed-door meetings, Ho told the same story. She sees her efforts as part of a larger, multifaceted wave that is challenging the Bush administration from every angle. At the same time the president is advocating an increase in the number of soldiers in Iraq, there is on the home front an increase in the number of vocal opponents of the war. "I believe my son is part of this movement," Ho said.

Phoebe Jones of Global Women's Strike, an international antiwar network that supports Ho and Watada, was at Ho's side on Capitol Hill. "The work of mothers is protecting life, beginning with their children," Jones explained. "And that is really the opposite of the obscenity of war."

On the Hill, Ho handed out information packets. She passed around photos of Watada, who is taller, fuller of face than his mother, but shares her smile.

Her son "based his decision on facts," she said. He studied the war in Iraq and decided it was illegal. He tried to resign and leave the service with dignity, but the Army wouldn't let him. He asked to be shipped to Afghanistan; his request was denied. He was offered a noncombat position in Iraq; he said no thanks.

Because the United States entered the war based on false premises, Ho said, the war is illegal. It is thus her son's constitutional duty to disobey orders.

So she asked that members of Congress get involved. She said that ideally she would prefer that the military accept her son's resignation and dismiss all charges against him. "He shouldn't be in a military prison," she said. His voice "will be totally squelched."

She asked, "Just who is the criminal here? The one who is refusing to participate in war crimes?"

From the Army's standpoint, the case is simple. Tens of thousands of soldiers have passed through Fort Lewis on their way to the war and have not asked for special treatment, said Army spokesman Joe Piek. Watada, 28, signed on for military service in 2003 with full knowledge that he might have to fight an unpopular war, Piek said. "This is a case about a soldier who refused orders to deploy to Iraq. . . . That is the bottom line."

Watada has been charged with one count of "missing movement," which means he did not board one of the planes that were taking his 3rd Brigade to Kuwait on June 22. In Kuwait the brigade's 4,000 soldiers received their equipment and their marching orders.

He also is charged with "conduct unbecoming an officer," for subsequent statements he made. For now he is assigned to a special troops battalion and has been doing everyday soldierly duties while awaiting his court appearance.

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Piek said, "He joined the Army and swore an oath, and that includes following the orders of the officers appointed over him. His unit was placed in a stop-loss category, which meant that everybody currently in that unit would deploy. You don't get to pick and choose, especially if you are a junior officer, which places you get to go to."

To Watada's attorney, Eric Seitz, the situation is more complicated. "The United States talks out of both sides of its mouth," he said. "We've prosecuted soldiers in other countries for following orders to commit war crimes. But God forbid you should use that refusal as a defense in this country."

The Watada defense: Questioning the war publicly is not "conduct unbecoming" but an exercise of freedom of speech. And he had the right to miss movement because he was refusing to participate in what he deems an illicit enterprise.

To Carolyn Ho, congressional staffers were polite and receptive. She came at an inopportune time, she was told several times. Congress had adjourned for the holidays and there was not much time before the court-martial.

There were flashes of hope: Along the way, someone suggested that a "sign-on letter" sent by members of Congress to the secretary of the Army might be a way to galvanize support for Watada. Or a "dear colleague" letter that would alert others in Congress to Watada's situation. One staffer brought up the idea of a "private resolution," an arcane move in which Congress passes a bill that affects one person. "Those are possibilities," Ho said. But as the day wore on, fatigue showed on her face.

She left with little more than encouragement and good wishes. A high school counselor, Ho had been on leave since the end of September. She had to get back to work.

She is divorced. Her ex-husband, Bob Watada, has also been out drumming up support, speaking to churches and civic organizations around the country. She spent October and November on the West Coast and much of December on the East. At one event she shared a podium with Cindy Sheehan, who refers to the moms-against-bombs instinct as "matriotism."

Ho went back to Hawaii for Christmas, but is in the Seattle area this week for the hearing.

On the phone from Fort Lewis, Ehren Watada explained how he decided while still in college -- in the aftermath of 9/11 -- that he wanted to serve his country in the military. He walked into a recruitment office in Honolulu and said he wanted to go to officer candidate school. He failed the physical because of childhood asthma. "I was heartbroken," he said. "I paid out of pocket for a breathing test to prove I had no breathing problems. I passed the test with flying colors and was eventually accepted at the end of March 2003."

Though Watada's father did not serve in the military, several uncles were in World War II. One of his uncles was killed in Korea. Another relative was in Vietnam. "There is a history of service in our family," he said.

When he signed up, "I didn't know the things I know today. I believed the military and the government when they told me that Iraq posed an imminent threat."

Watada said it took him a couple of years to realize that the United States should not be in Iraq. He submitted his resignation in January 2006. "The commanders of my unit were not too happy about it," he said. They were surprised, he said, because until that point he had received positive evaluations.

"I can't stop the war," said Watada. "But if Americans believe the war is wrong, they should be doing everything they can to stop it."

His mother is doing what she can. "People are stepping gingerly," she said yesterday about legislative action. "There's a wait-and-see approach."

She was in Tacoma, Wash., yesterday for a press conference when she received a personal letter from Rep. Maxine Waters. Ho read an excerpt over the phone:

"The issue that [1st Lt. Ehren Watada] has raised deserves to be publicly debated and considered. And I will use my platform as a member of Congress and chair of the 'Out of Iraq' caucus to highlight the failed policies of this administration and stimulate discussion. . . . Your son has shown great integrity and dignity in his objection to the war in Iraq, and I commend you for working so hard on his behalf."

Ho sighed and said she found the letter to be "disappointing."

But it was something.

Theft Probe Leads To N.Va. Storage Site (WP)

By Theresa Vargas

The Washington Post, January 5, 2007

An investigative trail littered with gold-colored AK-47s, documents labeled "CLASSIFIED" and pistols purported to have been given as gifts to Saddam Hussein led federal investigators here: a Manassas storage center.

Atlantic Self Storage, nestled between Interstate 66 and Route 234, sits across from a Super 8 Motel and is little more than rows of rust-colored garage doors leading to individual units. But according to court documents filed recently in Prince William County, one of the storage units may hold clues for a federal investigation spanning the country.

In a 10-page affidavit for a search warrant, a special agent with the Naval Criminal Investigative Service details how about 100 U.S. government and Iraqi weapons, along with secret documents, may have been stolen and ended up in storage units in California and Manassas.

A Marine gunnery sergeant who once lived in Fairfax County and rented storage units in both locations was placed in pretrial confinement at Camp Pendleton because, the agent wrote, "reasonable grounds exist that he poses a serious threat to the national security of the Unites States."

The gunnery sergeant, Gary Maziarz, is charged with larceny of computer and camera equipment, larceny of weaponry and possession of steroids, according to officials at Camp Pendleton, north of San Diego. He is scheduled for an Article 32 investigation, similar to arraignment, Jan. 17.

Maziarz's attorney, David Brahms, said that his client maintains his innocence and that the affidavit should be seen for what it is: "What it is, is an attempt by law enforcement to convince a judicial official that there is sufficient evidence for a search, but it is not evidence of guilt."

NCIS officials said they could not talk about the case because the investigation remains open.

Maziarz had worked in an intelligence center in Fallujah, Iraq, from February to May 2006, according to the documents. He was also assigned to a program administered by the National Security Agency and had access to information classified as the " 'Top Secret' level and higher," the papers said.

NSA officials did not respond to a request for comment.

This is what is known from the affidavit, filed in Prince William Circuit Court:

On Oct. 27, a colonel at Camp Pendleton reported as missing a large quantity of U.S. Government trophy weapons acquired during the conflict in Iraq.

An internal investigation cast suspicion on Maziarz, and he consented to a search of a storage facility he rented in Carlsbad, Calif., according to the documents.

That's when investigators reportedly found the weapons: gold-colored Russian Dragunov sniper rifles, gold-colored and nickel-plated AK-47s, four Iraqi swords, radios with Arabic writing, foreign helmets and Iraqi plaques. More than a hundred items are listed.

Authorities then searched another unit and an apartment Maziarz rented in Carlsbad. In his apartment, they found steroids and three commemorative Colt 1911 .45-caliber pistols "reputed to have been presented to Saddam Hussein," the agent wrote. In the storage units, they found more foreign weapons, digital cameras, computers and suspicious documents, according to the affidavit.

"Of note, two folders containing approximately 250 pages of material marked 'SECRET' were also discovered in one of the storage units," the agent wrote.

When investigators reviewed the material, they found that most concerned a 2004 "surveillance report of a suspected terrorist by a United States Government Agency."

"In order to avoid declassification of this document, I am intentionally avoiding any further description," the special agent writes, but he adds that these documents are believed "to be genuine and appropriately classified."

The investigation might have ended in California, but agents reviewing paperwork found a 2000 rental agreement between Maziarz and the Manassas storage center, according to the documents. A map was also found that showed an arrow pointing to unit 228 -- a 10-by-15-foot box that costs $164 a month to rent. It is where two agents showed up Nov. 7.

"I believe that Maziarz is using the Manassas storage unit to hold papers and equipment stolen from the USMC in the Northern Virginia area, just as he used the Carlsbad, CA unit," the special agent wrote, adding that the activity may stretch back as far as five years.

In April 2005, a second lock was put on the Manassas unit at the request of Maziarz, according to the documents.

"He asked me to put on another lock and send him the key," the manager, Ernie Jennison, said recently, standing in front of the barbed wire fence that surrounds the facility.

Jennison said the agents came several times and left a list inside the unit of what they took.

According to the search warrant, agents removed 43 items, including foreign and domestic military gear. They also collected objects that would require further scrutiny, including 74 floppy disks and a locked black briefcase.

Taliban Leader Promises More Afghan War (NYT)

By Ismail Khan And Carlotta Gall

The New York Times, January 5, 2007

PESHAWAR, Pakistan, Jan. 4 — In what appears to be the first exchange with a journalist since going into hiding five years ago, the Taliban leader, Mullah Muhammad Omar, said that he had not seen Al Qaeda's chief, Osama bin Laden, in five

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years and that he would never negotiate with the United States-backed government of Hamid Karzai in Afghanistan. He also threatened to continue the war until foreign troops withdraw from Afghanistan.

The statements were made in written response to questions sent by e-mail to the Taliban spokesman, Muhammad Hanif, who often speaks to journalists by telephone from an undisclosed location. Mr. Hanif said that Mullah Omar had written the replies himself and that a courier had returned the answers on a USB computer drive.

Though it was impossible to verify those claims, the statements, if authentic, would be Mullah Omar's first exchange with a journalist since he was driven from power in 2001 by the American-led invasion of Afghanistan. The fugitive Taliban leader, who claims to be at large in Afghanistan, is widely thought to have taken up sanctuary in Pakistan.

Since fleeing his last stronghold in the southern city of Kandahar in December 2001, Mullah Omar said that he had not seen or tried to contact Mr. bin Laden, and that although his movement did not have a specific alliance with Al Qaeda, they were fighting for the same goals.

"I have neither seen him nor have made any effort to do so, but I pray for his health and safety," he said of Mr. bin Laden. "We have never felt the need for a permanent relationship in the present circumstances. But they have set jihad as their goal, whereas we have set the expulsion of American troops from Afghanistan as our target. This is the common goal of all the Muslims."

Asked about the suicide bombers who have carried out over 100 attacks in Afghanistan in the last year, he said they were acting on religious orders from the Taliban. "The mujahedeen do not take any action without a fatwa," he said, meaning an Islamic edict. "They seek fatwas before they take any action in their self-defense."

He denied receiving any outside assistance, and dismissed as Western propaganda that Pakistan was providing assistance and a safe haven to his movement. "We have not received any assistance so far, nor can anybody prove that," he said. "The leadership, resistance and shura are all based here in Afghanistan."

He dismissed Mr. Karzai's effort to convene a grand assembly between Afghan and Pakistani elders and leading representatives to try to forge peace between the nations as a conspiracy by American intelligence agencies. "Only those people who have sold out to foreign forces will participate," he said. "Our participation is absolutely out of question."

"First of all, foreign troops should leave Afghanistan and then the institutions they have created should be dismantled," he said. "Unless that happens, the war will heat up further. It will not decrease."

"The people themselves have risen up to fight the Americans," the statement continued. "Nobody can tolerate this kind of subjugation and sacrilege of their culture and religion. It would be humiliating for anybody to think that the nation does not want to evict American forces. No nation can accept the dictates of a handful of dollar-greedy and treacherous people."

In his replies, he showed himself unrepentant for his refusal to give up Mr. bin Laden to the United States after the Sept. 11, 2001, attacks and for blowing up the giant Buddhas of Bamiyan in March 2001.

"Our stand to grant refuge to Osama bin Laden was based on principles," he said. "If there were people who were opposed to us giving refuge to him, they should have done so with logic and reason, and not using bullying or threats," he said. The council of clerics, which was the highest authority of the Taliban government, asked Mr. bin Laden to leave, but never had any intention to force him out, he said. "The clerics had declared jihad against the United States in total opposition to his surrender to the Americans," he said.

Asked if the Buddhas' destruction was a mistake in retrospect, he said: "Shariah is Shariah. There is no distinction on whether a certain thing is difficult or easy. A certain number of Muslims have been influenced by other civilizations, and that's why they seem to find Islamic injunctions too difficult." Shariah is the legal code of Islam based on the Koran.

He repeated the same justification that his government had used previously for its harsh strictures that closed girls' schools and forbade women to work, namely that his government was still fighting a war and could not do everything at once.

"Girls' schools were either too few or were nonexistent before we took over," he said. "We were preparing a strategy for girls' education in accordance with the Shariah."

He blamed the anti-Taliban forces of the Northern Alliance and international sanctions for preventing his government from achieving its aims.

"We could have formed a real government had we achieved full and total control over the whole country, and we did manage to run the government in an organized manner with the blessing of Shariah and divine laws," he said. "But if there were problems, those were largely because of the conspiracies of the infidels and foreign enemies, for instance, the impositions of sanctions on Taliban, organizing anti-Taliban forces and preparing them to fight the mujahedeen."

Taliban Leader's Powerful Vanishing Act (LAT)

By Laura King

The Los Angeles Times, January 5, 2007

DOJ_NMG_0112705

KUCHLAK, PAKISTAN — Where's Mullah Omar?

It has been more than five years since the Taliban's supreme leader, a onetime village cleric, vanished into the trackless terrain outside his fallen Afghan stronghold, Kandahar. And his likeliest source of sanctuary is thought to be the belt of rugged tribal territory straddling the Afghanistan-Pakistan border, where the law of no nation prevails.

In Kuchlak, a dusty desert crossroads in the southwestern Pakistani province of Baluchistan, Mullah Mohammed Omar still is referred to by the title he assumed in 1996, when he and his puritanical Islamist movement seized power in Afghanistan: Amir al-Muminin, or Commander of the Faithful.

Omar's feat of eluding a long manhunt by the Americans and their allies, even with a $10-million bounty on his head, is celebrated here as proof of his mystical powers.

"With all their sophisticated satellites that can see a single needle from high in the sky, they cannot find him," said Fazil Mohammad Baraich, a district amir, or chieftain. "It is no surprise that God almighty protects him, and this increases our faith."

Rumors of Omar sightings abound, and are repeated by locals with an air of satisfied certainty.

"I, myself, have heard on good authority that he is living in a camp" in the military enclave outside Quetta, said Mohammed Ashiq, head of a merchants association in that provincial capital.

"And," Ashiq said, leaning forward conspiratorially, "I hear that he has gotten fat. Very fat."

During the Taliban's rule, it was Omar who ordered such stringent measures as the banishment of women from schools and public life, and the destruction of one of Afghanistan's greatest cultural treasures, the giant Buddha statues at Bamian.

He outlawed simple pleasures such as music and kite flying, even as he decreed, disastrously for his country, that the Taliban would provide aid and shelter to Osama bin Laden, who likewise has remained at large.

A Taliban presence

In tribal communities such as Kuchlak, sympathy for the toppled militia is defiantly undiminished. Many townspeople are of the same Pashtun clan as Omar, who by most accounts has never flown in an airplane and has rarely strayed from his homeland.

The cult-like devotion to Omar in the mosques and makeshift classrooms of the tribal territories helps ensure a steady supply of Taliban fighters. The militia's white flags flutter over Kuchlak's small, desolate graveyard, where the names of slain fighters are scratched into bare rock.

Little boys trudge through the town's rutted streets, bearing bags of bread donated to the town's many madrasas, or Islamic religious schools. On Kuchlak's edge, single tracks, equally suitable for wandering goats or militants on motorbikes, fade into a horizon the color of khaki, the Pashto word for dusty.

Across the border in Afghanistan, allied military commanders say they are putting increasing pressure on the Taliban leadership, most notably with a precision airstrike on Dec. 19 on a lonely road in Helmand province that killed Mullah Akhtar Mohammed Osmani, a senior deputy to Omar.

Tracking Omar "is certainly a priority, and this kind of success shows we have the potential to reach those at his level," said Maj. Dominic Whyte, a spokesman for North Atlantic Treaty Organization forces.

But if Omar has taken shelter in Pakistan, he may be out of the reach of coalition guns. An airstrike in October on a madrasa in the Pakistani tribal region of Bajur, which left dozens dead, triggered a heavy anti-American and anti-government backlash.

For that reason, a strike on a madrasa or village thought to be harboring Omar would be politically explosive unless American forces were absolutely certain that he, or a similarly high-profile target, was present.

Kuchlak, 10 miles north of Quetta, is a convenient way station for anyone looking to move surreptitiously in and out of the tribal belt.

One road out of town leads north to the Afghan border and continues to Kandahar. Another, with only a single police checkpoint in more than 100 miles, leads northeast to the tribal area of Waziristan, where Pakistani authorities have struck controversial truces with tribal elders that prevent troops from pursuing militants.

Because of Omar's longtime aversion to being photographed — a policy he was said to have adopted on religious grounds — few in the border hinterlands would be in a position to positively identify him. His missing right eye was his most recognizable characteristic, but allied military reports say he may have been fitted with a glass eye.

In any event, many observers believe that betrayal from within Omar's tribal milieu would be unthinkable. For one thing, it would violate the rigid Pashtun code of behavior, which places a premium on clan honor and the unquestioning protection of guests. For another, any traitor probably would pay with his life, and with the lives of his family.

Political questions

Omar's role in the Taliban leadership, whether as figurehead or active military commander, is widely debated among analysts.

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Last week, before the beginning of the Muslim holiday of Eid al-Adha, Western news agencies received a statement from a purported spokesman for Omar, in which the Taliban leader boasted that his fighters would drive foreign troops out of Afghanistan.

The possibility that Omar has been sheltered in Pakistan raises thorny political questions for President Pervez Musharraf. Pakistan became a crucial U.S. ally after the Sept. 11 attacks, but the motives and loyalties of its government are under increasing Western scrutiny.

The Taliban movement, in its early days, was nurtured by Pakistan's intelligence service, and some observers doubt that Omar could have survived this long without its continued help. But others say no hard-and-fast proof has emerged that Omar is hiding on the Pakistani side of the border.

"He could be in Afghanistan, or he could be in Pakistan," said Rahimullah Yusufzai, a longtime Taliban watcher based in the Pakistani frontier city of Peshawar.

To admirers, the near-completeness of Omar's vanishing act after fleeing his gaudily appointed compound outside Kandahar in late 2001 is a triumphant rebuttal of the allies' characterizations of him as a simpleton.

"If that is the case," said Baraich, the amir, "then why has he been able to hide so well, and for so long?"

Pakistan Premier Wants Afghan Refugees To Return Home (NYT)

By Carlotta Gall

The New York Times, January 5, 2007

KABUL, Afghanistan, Jan. 4 — Pakistan's prime minister, Shaukat Aziz, said Thursday that he wanted the three million Afghan refugees still living in Pakistan to go home as one way to end the problem of insurgents using the country as a haven.

It is the first time Pakistan has been so blunt in demanding that the Afghans, to whom it has served as host for more than 20 years since the Soviet invasion of Afghanistan, leave.

Mr. Aziz arrived here for talks with the Afghan president, Hamid Karzai, in an effort to smooth tensions between the neighbors, but after more than two hours Mr. Karzai acknowledged that relations were only growing worse.

"Unfortunately, the gulf in relations between Afghanistan and Pakistan is getting wider, and it is not getting narrower," Mr. Karzai said after their meeting.

The two leaders emerged with no agreement on the main areas of contention, namely Pakistan's plan to fence and mine the border, and Afghanistan's project to convene two tribal gatherings, or jirgas, of national representatives from both countries, to try to foster peace between the countries.

Shortly before the meeting, Pakistan announced that it was going ahead with a plan to fence and mine the long mountainous border. Afghanistan has repeatedly condemned the project as a diversion from the real problem of terrorism, which it says is being incubated in Pakistan. Pakistan has also dragged its feet on organizing the tribal gatherings, promising only to form a commission to work on the idea.

"The Afghan people want to remove all those obstacles which create the divide in our relations," Mr. Karzai said. "Those obstacles are created by terrorist activities which are hindering Afghanistan's reconstruction and making our schools burn.

"Security will not come to Afghanistan unless together we and Pakistan, with good and friendly relations, become tough in the fight against terrorism," he added. He said he wanted to hold the tribal jirgas so people could speak their minds.

Without offering specifics, Mr. Aziz said the two leaders agreed to work on resettling three million Afghan refugees back in Afghanistan and removing the sanctuary that refugee camps provide to insurgents.

"Refugee camps on our side of the border sometimes are safe havens for elements who are from Afghanistan and take safe haven there after conducting activities," he said.

He also defended Pakistan's plan to fence and mine the border as one way to restrict the movement of people who represent a threat to security. "We believe that selective fencing and mining can help achieve the objective," he said, adding that the fence and mines would not prevent the ordinary crossing of local tribes.

Medical Teams Saving More Troops (WT)

By Rowan Scarborough

The Washington Times, January 5, 2007

The killed-in-action rate in the Iraq-Afghanistan wars is half what it was in World War II and a third less than Vietnam and Desert Storm, according to internal Pentagon documents that say battlefield medical teams are doing a better job of stabilizing the wounded and getting them to doctors.

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"We have better battlefield medicine," Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs, told The Washington Times yesterday. "We are reviving and resuscitating many, many more of our soldiers who would have died in previous conflicts."

The improvement may be little solace to the families of the American troops who have died or been seriously wounded in Iraq and Afghanistan. The Pentagon, however, says it has put in place a first-rate system for saving life -- and limb.

The briefing papers show the killed-in-action rate is 12.5 percent for the current wars compared with 25.3 percent for World War II and 18.6 percent for Vietnam/Desert Storm. Dr. Winkenwerder, a trained internist, said the rate is based on the number of combatants who died of wounds before reaching a treatment center. He said the standard has been the same for each war.

Dr. Winkenwerder ticked off a number of improvements. Medics now carry resuscitation gear. Each soldier and Marine, not just medics and Navy hospital corpsmen, are issued tourniquets to stop bleeding.

"We had anecdotal reports of service members who died, unfortunately, because there was no tourniquet available until the medic got there," he said.

Medical teams have also worked on arriving at the scene of injuries, in most cases caused by a roadside improvised explosive device (IED).

"It used to be the 'golden hour,' " he said. "Now we are trying to get down to the 'platinum 15' because what kills so many people is hemorrhage, massive hemorrhage."

New ways of treating the wounded emerged with the creation in 2003 of the Joint Theater Trauma System (JTTS). It involves a constant "lessons learned" data analysis designed to come up with better tactical medicine

Until JTTS, for example, doctors were sometimes missing football-type concussions that occur in troops impacted by an IED.

Dr. Winkenwerder said the "few thousand" medical personnel in Iraq is the smallest in recent wars because many wounded and diseased personnel are flown out of the country to hospitals in Germany and the U.S.

From January 2005 to November, the military evacuated nearly 15,000 troops -- 23 percent for battle injuries, 21 percent for nonbattle injuries and 56 percent for diseases. During that same span, the military treated 80,448 patients in theater.

The briefing charts, which were compiled in December for presentation to retired military analysts, also credit new technologies, such as improved body armor, ballistic eyewear and hearing protection. It cites better-armored Humvee vehicles and better detection of IEDs, which are responsible for 80 percent of the Army's killed in action.

In the run-up to the Iraq invasion, the Pentagon failed to predict or prepare for the deadly insurgency that attacks military troops and civilians daily. Soldiers and Marines early on lacked armored Humvees that could blunt the force of IED blasts. The Army embarked on a crash program to produce armor kits for existing vehicles and to assemble armored Humvees from scratch.

The Pentagon also created a special unit, the Joint Improvised Explosive Device Defeat Organization, and gave it more than $2 billion to find technologies and tactics to find and defuse IEDs.

The internal Pentagon briefing comes as the U.S. military suffered 115 combat deaths in December, the most since November 2004 and the third deadliest month since the March 2003 invasion to oust Saddam Hussein. Total U.S. deaths yesterday stood at 3,005 for Iraq and 357 for Afghanistan.

The number of wounded has reached more than 23,000 in Iraq and Afghanistan. This includes 759 amputees: 497 who lost a leg, arm, hand or foot; and 262 who lost a finger, toe, or part of a hand or foot, the Pentagon says.

The Battle Of Iraq's Wounded (LAT)

By Linda Bilmes

The Los Angeles Times, January 5, 2007

THE NEW YEAR brought with it the 3,000th American death in Iraq. But what's equally alarming — and far less well known — is that for every fatality in Iraq, there are 16 injuries. That's an unprecedented casualty level. In the Vietnam and Korean wars, by contrast, there were fewer than three people wounded for each fatality. In World Wars I and II, there were less than two.

That means we now have more than 50,000 wounded Iraq war soldiers. In one sense, this reflects positive change: Better medical care and stronger body armor are enabling many more soldiers to survive injuries that might have led, in earlier generations, to death. But like so much else about this war, the Bush administration failed to foresee what it would mean, failed to plan for the growing tide of veterans who would be in urgent need of medical and disability care. The result is that as the Iraq war approaches its fourth anniversary, the Department of Veterans Affairs is buckling under a growing volume of disability claims and rising demand for medical attention.

So far, more than 200,000 veterans from Iraq and Afghanistan have been treated at VA medical facilities — three times what the VA projected, according to a Government Accountability Office analysis. More than one-third of them have been diagnosed with mental health conditions, including post-traumatic stress disorder, acute depression and substance abuse.

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Thousands more have crippling disabilities such as brain or spinal injuries. In each of the last two years, the VA has underestimated the number of veterans who would seek help and the cost of treating them — forcing it to go cap in hand to Congress for billions of dollars in emergency funding.

The VA system has a reputation for high-quality care, but waiting lists to see a doctor at some facilities now run as long as several months. Shortages are particularly acute in mental health care. Dr. Frances Murphy, the VA's deputy undersecretary for health, recently wrote that some VA clinics do not provide mental health or substance abuse care, or if they do, "waiting lists render that care virtually inaccessible."

The VA also runs Vet Centers — 207 walk-in neighborhood help centers that provide counseling to veterans and their families. These popular, low-cost centers have already treated 144,000 new veterans. But they are so understaffed that nearly half are sending veterans who need individual therapy into group sessions or placing them on waiting lists, according to a recent report by the House Veterans' Affairs Committee.

At the same time, wounded veterans trying to obtain disability checks are being tied up in a bureaucratic nightmare. The Veterans Benefits Administration has a backlog of 400,000 pending claims — and rising. Veterans must wait from six months to two years to begin receiving the money that is due to them while the agency plods through paperwork. The staff eventually helps veterans secure 88% of the benefits they ask for — but in the interim, thousands of veterans with disabilities are left to fend for themselves.

The situation is about to go from bad to worse. Of the 1.4 million service members involved in the war effort from the beginning, 900,000 are still deployed on active duty. Once they are discharged, the demands for medical care and counseling will skyrocket, as will the number of benefit claims. The Veterans for America organization projects that VA medical centers may need to treat up to 750,000 more returning Iraq and Afghan war veterans and that half a million veterans may visit the Vet Centers.

And then there is the cost. After the Persian Gulf War in 1991, half of all veterans sought VA medical care, and 44% filed disability claims. Assuming that this pattern is repeated, the lifetime cost of providing disability payments and healthcare to Iraq and Afghan war veterans will likely cost U.S. taxpayers between $300 billion and $600 billion, depending on how long the war lasts.

President Bush is now talking about spending more money on recruiting in order to boost the size of the Army and deploy more troops to Iraq. But what about taking care of those soldiers when they return home? The VA's solution is to hire an additional 1,000 claims adjudicators to cut the backlog.

A better idea would be to stop examining each application and instead automatically accept all disability claims, then audit a sample (like the IRS does for tax filings) to weed out fraud. Or at a minimum, simple claims should be fast-tracked and settled within 60 days. We should also place more counselors and more claims experts in the Vet Centers and harmonize recordkeeping so veterans can move seamlessly from the Army's payroll into VA hospitals and outpatient care.

One of the first votes facing the new Democratic-controlled Congress will be another "supplemental" budget request for $100 billion-plus to keep the war going. The last Congress approved a dozen such requests with barely a peep, afraid of "not supporting our troops." If the new Congress really wants to support our troops, it should start by spending a few more pennies on the ones who have already fought and come home.

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J.Lo Honored By People En Espanol (AP)

AP, January 5, 2007

NEW YORK - Jennifer Lopez is among the entertainers selected by People en Espanol for its "100 Most Influential Hispanics" issue, which honors those who have made an impact in the Hispanic community.

Lopez, who graces the cover of the magazine's February issue, on newsstands Friday, says "being an example to others is a big part of my work."

The 38-year-old singer-actress also says she would like to have children someday.

"I come from a strong family, so of course I want to have one," Lopez tells the magazine. "But I do have my own family: my immediate family, my husband and his children. I get to share in all of that. I am very lucky to have that."

Marc Anthony, who didn't make the list, and Lopez were married in 2004. The 37-year-old singer has two sons, 5-year-old Cristian and 3-year-old Ryan, with ex-wife Dayanara Torres, and a 12-year-old daughter, Arianna, from a previous relationship.

"I have tried to calm down the past couple of years since I got married," Lopez says. "I have actually grown as an artist and as a person. I realized that everything I was doing leaned towards my roots ..."

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Lopez tops the list of entertainers, which also includes Antonio Banderas, Carlos Santana, Eva Longoria, George Lopez, Gloria Estefan, Ricky Martin, Salma Hayek and Shakira, among others.

The magazine also honors filmmaker Alejandro Gonzalez Inarritu (culture/the arts), Attorney General Alberto Gonzales (politics/public affairs), businessman Carlos Slim Helu (business), MTV President Christina Norman (media), Los Angeles Angels of Anaheim owner Arturo Arte Moreno (sports), sociologist Aida Giachello (science and technology/health) and teacher Bertha Flores (education).

Lopez' screen credits include "Selena," "Maid in Manhattan" and "Monster-in-Law." She has recorded her first Spanish language CD, "Como ama una mujer," which is slated for release this spring.

"When I see all of this, I say to myself: `Wow! I didn't know I had so many things inside,'" she says. "I am happy to have taken the time to appreciate it."

ON THE NET

Jennifer Lopez: http://www.jenniferlopez.com/

People en Espanol: http://www.peopleenespanol.com/pespanol/

Hopi Recommended For US Attorney Post (AZREP)

By Billy House, Republic Washington Bureau

Arizona Republic, January 5, 2007

WASHINGTON - A Hopi woman who has served most of her career as a federal prosecutor n Arizona is being recommended to President Bush as a potential nominee to become the next U.S. Attorney for the District of Arizona.

Diane J. Humetewa, 42, who is now the senior litigation counsel and tribal liaison under retiring U.S. Attorney Paul Charlton, was recommended to the White House Thursday by Republican Sens. Jon Kyl and John McCain.

Humetewa could not be reached. A Justice Department spokesman said she would not be immediately commenting.

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She would be the first Native American U.S. Attorney in Arizona if nominated by Bush and confirmed by the Senate. Officials were researching whether she would also be the nation's first Native American U.S. Attorney.

"I am proud to recommend Diane to serve our country in this noble role. As a native Arizonan, Diane has a sound appreciation for the culture and legal issues unique to the region," said McCain. Humetewa served as a counsel to the U.S. Senate Committee on Indian Affairs from August 1993 to March 1996, when McCain was chairman of the panel.

"Her distinguished career in public service, her experience as a prosecutor, and work on behalf of crime victims make her an ideal nominee for this role," added Kyl.

Humetewa is married and a 1993 graduate of the Arizona State University College of Law. She began her career with the U.S. Attorney's Office as a victim advocate for then-U.S. Attorney Stephen M. McNamee in 1987, and has served no less than six U.S. Attorneys, according to a news release announcing the appointment.

White House officials said they have no timeframe for considering McCain and Kyl's recommendation.

Charlton was appointed U.S. attorney for the District of Arizona on Nov. 12, 2001, by President Bush. He announced last month that he is quitting as U.S. Attorney to enter private legal practice at the end of January. He is to be a partner in the Phoenix-based firm of Gallagher and Kennedy.

"I think Diane Humetewa is an outstanding recommendation. She's proven herself to be a great prosecutor and an individual with a very balanced sense of judgment," said Charlton. "As Tribal Liaison, Diane has developed outstanding relationships with the Native American community and as an early advocate of victim's rights she has ensured that victims of crime are well represented in the federal system."

Rep. John Shadegg, R-Ariz., was among those recommending Humetewa's appointment.

"She is a remarkable and impressive attorney and her record speaks for itself. Her work in the Arizona U.S. Attorney's office for the last decade has distinguished her within the law enforcement community," said Shadegg.

Reach the reporter at billy.house@arizonarepublic.com or 1 (202) 906-8136. Read his blog on Washington politics at dcblog.azcentral.com.

Low-profile Demeanor In A High-profile Job (MDGAZ)

By C. Benjamin Ford, Staff Writer

Maryland Gazette, January 5, 2007

U.S. Attorney Rod Rosenstein's willingness to share credit draws a lot of fans Friday,

BALTIMORE — U.S. Attorney Rod J. Rosenstein has the polite manner and looks of a friendly youth pastor.

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But county prosecutors across the state describe Rosenstein as nose-to-the-grindstone federal prosecutor who has raised the profile of the office through frequent news conferences and aggressive prosecutions ranging from corporate corruption to gang crimes.

Since his appointment in May 2005, Rosenstein has brought innovative ideas to the office, including bringing the first racketeering charges against members of the street gang MS-13, said Attorney General Douglas F. Gansler (D).

''This U.S. Attorney Rod Rosenstein is one of the best that we've had here in Maryland in recent times," said Gansler, who was Montgomery County's top prosecutor for eight years and an assistant U.S. attorney in Washington, D.C., before that. ''He's a prosecutor's prosecutor."

Federal prosecutors obtained racketeering charges against 22 suspected Mara Salvatrucha members in August 2005 — the first use of the RICO statute for street gangs in Maryland. Under the 1970 Racketeering Influenced and Corrupt Organization statute, members of an organization can be convicted for involvement in all the crimes committed by the group.

Federal prosecutors worked closely with Montgomery's prosecutors in going after members of the violent gang, Gansler said.

Rosenstein ''came to the office weeks after taking over," Gansler said. ''We discussed our mutual concerns and the reality of the gang problem."

When the MS-13 indictments were handed down in August 2005, Rosenstein praised the work and cooperation of the state's attorneys and police departments in Montgomery and Prince George's counties as well as the FBI and other agencies.

Praising colleagues has become a hallmark of Rosenstein's tenure in Baltimore.

''He's very good about spreading out the love," said FBI Special Agent Michelle Crnkovich of the Baltimore field office. ''He has no problem thanking everybody for their contribution, and he lists everybody involved. He's very good about giving credit."

Sharing credit pays off

Rosenstein said he holds news conferences in order to keep the public informed about what is going on and to send a message to would-be criminals about the legal risks they face.

''When a drug dealer who thinks he's going to face a five-year sentence arrives in federal court and learns he faces a possible life sentence, I almost feel sorry for him," Rosenstein said.

Giving credit is also important to the morale of law enforcement officers, who do not make a lot of money and do not always get the recognition they deserve, he said.

Rosenstein was once asked by one of the prosecution supervisors in his office whether it was a good idea to put so much emphasis on the work of others. ''A week afterwards, the supervisor received a letter from a police captain thanking him for his division being mentioned," Rosenstein said.

While some have speculated Rosenstein, a registered Republican, plans to use his office as a springboard for political office, he laughs at the idea.

''I've never been involved in partisan politics," he said. ''As a teenager, I ran as a judge of elections. That's it. I've prosecuted politicians. I think it's important for prosecutors, particularly of public corruption, that you remain out of partisan politics."

Rosenstein said he respects ''honest politicians" even though he has no interest in joining their ranks. ''It just doesn't interest me."

''Rod Rosenstein is a career prosecutor," Gansler agreed. ''He doesn't have a political agenda. He's not in it for glory. He's trying to do the right thing and anyone who is a career prosecutor knows it's not one guy. It's a team effort."

Eighteen months into his job, Rosenstein, 41, already dreads its end. ''I love this job," he said. ''It's a wonderful opportunity to make a difference."

George W. Bush appointed Rosenstein in May 2005 to replace the controversial Thomas M. DiBiagio, who resigned in January 2005.

At the time, Rosenstein was the principal deputy assistant attorney general in the Justice Department's tax division in Washington. U.S. attorneys serve four-year terms at the will of the president.

''The irony about this job is it's one of the best jobs in law enforcement, but after you serve one term or two terms, it's over," Rosenstein said.

Held in high regard

Unlike his predecessor, Rosenstein has drawn praise from Democrats and Republicans alike. Some accused DiBiagio of launching investigations against Lt. Gov. Kathleen Kennedy Townsend and the Democratic Baltimore City Council for partisan purposes.

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"I like what I know of Rod Rosenstein," said Stephen H. Sachs, a Democrat who was U.S. attorney for Maryland from 1967 to 1970 and Maryland attorney general from 1979 to 1986. "He has a very good reputation as a professional. He comes out of Justice, as you know, and friends of mine in Justice all thought well of him in the tax division."

From 1995 to 1997, Rosenstein worked as an associate independent counsel under Kenneth W. Starr, investigating allegations against President William J. Clinton (D). He left that job in 1997 when U.S. Attorney for Maryland Lynne A. Battaglia, a Clinton appointee, hired Rosenstein as assistant U.S. attorney.

"I thought he was very capable, very intelligent and very able at that time and I've seen nothing to dissuade me from that," said Battaglia, who was appointed to the Maryland Court of Appeals, the state's highest, in January 2001.

Baltimore city State's Attorney Patricia C. Jessamy (D) said Rosenstein has been on target in assisting the city's efforts to crack down on gun crimes.

"We've renewed some initiatives we had that were lagging," she said, citing Project Exile, which prosecutes owners of illegal firearms.

Under Rosenstein, there is more cooperation between city and federal prosecutors, Jessamy said. Federal prosecutors can review a Baltimore case and provide a federal "letter of intent to prosecute" which gives the city prosecutors leverage to get defendants to plead guilty to avoid facing federal prosecution later, Jessamy said.

"He's doing a fantastic job," said former Frederick County state's attorney Scott L. Rolle (R), who had been considered a leading candidate for the U.S. attorney's opening in 2005. "We've had a number of dealings with his office and they were very attentive, very eager and willing to help. It's been great and better than it's ever been since I've taken over 12 years ago — no disrespect to the other U.S. attorneys. It's much more of a cooperative spirit."

That cooperation could serve him well when his term expires and he looks for support in his next endeavor.

Rosenstein is interested in becoming a federal judge; several years ago, he applied for an opening.

It is rare for a former U.S. attorney to return to the ranks as an assistant U.S. attorney, he said.

"I've been in government 17 years," said Rosenstein, who became a federal prosecutor after graduating from Harvard University's law school where he was editor of the law review. "I've never had to worry about where my next paycheck is coming from. It's always been the Department of Justice."

CORPORATE SCANDALS:

Prosecutors End Case In Long AOL Fraud Trial (WP)

By Carrie Johnson

The Washington Post, January 5, 2007

Federal prosecutors concluded their accounting-fraud case against two former AOL executives yesterday afternoon, signaling that the long-running trial soon may end after unusual twists including a mistrial for one of the defendants.

The case, which began in an Alexandria federal courtroom in mid-October, is one of the longest criminal trials ever in a jurisdiction that is widely known as "the rocket docket" for its speedy and efficient justice, legal analysts said.

More than three dozen government witnesses testified about complex accounting tricks that hearkened back to early 2001, when the technology boom had turned into a bust. At the time, the Dulles Internet service provider struggled to show revenue and advertising gains by making questionable deals with dot-com business partners in which no revenue changed hands.

"There was an intense focus to get revenue," testified Jason Witt, a manager in AOL's aggressive and freewheeling business affairs unit, which has been disbanded. "It's probably the greatest pressure I've seen since ever."

A number of witnesses recounted how the AOL defendants -- former business affairs executive Kent D. Wakeford and former Netbusiness unit vice president John P. Tuli -- felt squeezed between the expectations of their employer to close more deals and demands from dot-com clients who themselves were struggling to stay afloat.

Witt, for example, said Wakeford told him not to put terms of a deal in writing. He also spoke of a 2002 meeting with Tuli in the AOL parking garage in which they discussed whether regulators had begun to inquire about AOL's dealings with two high-tech business partners. Defense lawyers contend that the accounting treatment on the deals had been vetted by experts in the company and by far-higher-ranking executives.

But the trial perhaps is most notable for the absence of the former AOL officials who led the business-affairs operation, such as David M. Colburn and Eric Keller, whose names came up regularly in testimony and who once had been the focus of government investigation. Time Warner, which absorbed AOL, agreed to pay more than $500 million to settle joint civil and criminal charges two years ago.

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Neither Colburn nor Keller was charged with a crime. The five-year statute of limitations against them expired early last year. Prosecutors told U.S. District Judge Walter D. Kelley Jr. with the jury outside the courtroom that the U.S. attorney's office for the Eastern District of Virginia continues to investigate whether Keller misled investigators in sworn testimony to securities regulators. But there have been few, if any, signs of an active criminal investigation. The Securities and Exchange Commission, which has the power to seek the return of bonuses and other compensation, continues to scrutinize a number of former AOL executives.

The courtroom drama eased with the departure more than a month ago of its most colorful presence, Las Vegas entrepreneur Charles E. "Junior" Johnson. Johnson founded PurchasePro.com, a software manufacturing company that prosecutors say made a series of sham deals with AOL in early 2001 in an effort to stave off financial doom.

Johnson, who entertained spectators and courthouse personnel with his lively stories, was removed from the trial in November and a mistrial was declared for reasons that remain secret. Prosecutors say they intend to retry Johnson, who is accused of directing subordinates to destroy e-mail messages and forge accounting documents. That leaves his former employee Christopher J. Benyo as the only PurchasePro representative sitting at a defense table next to the former AOL executives.

Defense lawyers could wrap up their case in the next several days, putting their clients' fate in the hands of a jury that has remained attentive despite the trial's sometimes plodding pace. Earlier this week, five jurors dressed in business attire took notes and pored over documents, although a few panelists' eyes wandered as the morning dragged. So far, none of the three defendants has said he will testify in his own defense. Their lawyers will ask the judge to dismiss the charges against them in arguments today.

Central to the prosecution case are former PurchasePro executives R. Geoffrey Layne and James S. Sholeff, both of whom pleaded guilty in early 2005 and agreed to testify against their former business associates. Layne and Sholeff said they conspired with Johnson at the Bagel Cafe in Las Vegas in April 2001 to forge documents that allowed the company to reach revenue goals after the financial quarter had ended.

Their accounts over the course of the trial mostly implicated Johnson. They testified that they shredded documents and destroyed computers at his direction, then buried the ashes or raked the pieces into Sholeff's yard. Layne and Sholeff also mentioned conversations with Wakeford and Tuli, who were under heavy pressure to close revenue gaps at AOL.

Defense lawyers for the former AOL executives attacked the veracity of both witnesses and suggested that they misled the jury to get shorter prison terms. Layne is serving a sentence of more than four years. Sholeff has yet to begin serving an already reduced sentence of four months in prison and four months of home detention.

Mark J. Hulkower, a partner at the District's Steptoe & Johnson who represents Tuli, hit Layne with question after question about his history of lying to friends, lawyers, and prosecutors, as well as accepting payments from Junior Johnson to cover large gambling debts.

"There is nothing left of Geoff Layne," Judge Kelley said in a private conference last month at the bench, as he brushed back attempts by Hulkower and Wakeford's lawyer, Henry W. Asbill, to introduce a vulgar e-mail message that would have further assailed the witness's credibility, according to trial transcripts.

As in many business-fraud cases, the outcome may depend upon how indirect and sometimes-murky testimony resonates with the jury. Sholeff, testifying that he had to change the date on yet another contract in early 2001 to ensure that the company could book revenue in the first quarter, said he tried to make a joke to Wakeford at the time. "I said, 'I guess I have to go commit another crime,' " Sholeff said.

How did Wakeford respond? asked prosecutor Charles F. Connolly.

"He kind of laughed," Sholeff said. "It was a nervous kind of laugh."

Gadflies Get Respect, And Not Just At Home Depot (NYT)

By Charles Duhigg

The New York Times, January 5, 2007

For decades, activist shareholders were an entertaining, but largely ignored, Wall Street sideshow. Disgruntled investors would attend annual meetings to harangue executives, criticize strategies — and protest that their complaints were being ignored. One agitator appeared in face paint and a red nose after executives called him a clown.

Today, however, it seems that activists have captured the center ring and are directing the main event.

On Wednesday, shareholder advocates could claim one of their biggest prizes yet when Home Depot announced the resignation of its chairman and chief executive, Robert L. Nardelli, long a target of shareholder ire for his large compensation and the company's flagging stock price.

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The main investor who pressed for the overthrow at Home Depot might at first glance seem an unlikely rebel: Ralph V. Whitworth, a lawyer educated at Georgetown and a former campaign worker for President Ronald Reagan who in December announced he had bought about $1 billion of the retailer's stock, or a 1.2 percent stake, through his fund, Relational Investors.

But the rapid success of Mr. Whitworth's campaign against the management and strategy of Home Depot demonstrates how thoroughly activists have moved into Wall Street's inner sanctum. Mr. Whitworth has said he still intended to nominate himself and at least one other candidate to Home Depot's board at its shareholder meeting in the spring.

"There's a lot more respect for investors like me now," said Mr. Whitworth, 51. "I still have to make threats, but now everyone wants to deal with us fast. They realize we've got real power and we're here to stay. "

The shake-up at Home Depot may be just a taste of things to come as shareholders and management at a number of companies, including Brink's, the Borders Group and Applebee's International, square off for battle at annual meetings this spring.

As those fights begin, expect few clown noses.

"Activist shareholders have a power and audience beyond what they've ever enjoyed," said Howard Steinberg, a lawyer who advises corporate boards and deal makers. "They're developing a credible track record, and as a result, more and more managers are forced to engage with them. Activists' time has come."

Since July, activists have pressed successfully to push out chief executives at Pfizer and Sovereign Bank. Institutional investors and mutual funds have set aside hundreds of millions of dollars to invest in underperforming companies with the intention of demanding new board seats or alternative strategies.

Much of that newfound influence is owed to recent legal changes and heightened attention to issues like executive compensation. But it also draws on the fact that many activists have now amassed the wealth, knowledge and networks critical for success.

"For years these guys were seen as politically motivated oddballs or annoying attention seekers," said Nell Minow, editor of the Corporate Library, a research group that rates corporate governance practices. "Now some of those same people control hundreds of millions of dollars and have been around longer than many C.E.O.'s"

Before the 1980s, much shareholder activism was directed by ideological agitators, including unions, religious organizations and populist figures like Ralph Nader, who bought shares in companies as platforms for urging social, environmental or political changes.

The United Shareholders Associations, which Mr. Whitworth helped found in 1986 with the corporate raider Boone Pickens, was one of the first major efforts to organize shareholder activists around profit-minded goals.

Every spring the group would select about 50 companies and begin asking embarrassing questions at shareholder meetings. In 1993, the last year of the group's operation, 25 of 43 of the companies, including I.B.M, reached agreements with Mr. Whitworth.

"The head of General Mills once called me a socialist," Mr. Whitworth said in an interview. "I told him I was the ultimate capitalist. Business people would return my calls for the first time, and it was giving me an entree into a world I otherwise couldn't access."

Foremost among the goals successfully sought by United Shareholders were regulatory changes that made it possible for dissidents to nominate only one or two directors to a board, rather than an entire slate.

By the mid-1990s, corporate raiders realized the rule offered a less expensive way to stage a takeover rather than buying a company outright. When the California Public Employees' Retirement System began looking for a fund that would use activism to increase returns in 1996, Mr. Whitworth and a colleague, David H. Batchelder, founded Relational Investors.

The fund today oversees about $7 billion, all invested in only nine companies that are chosen with an eye toward activist intervention. In most cases, Mr. Whitworth forces his way onto a company's board, either by threatening or staging a proxy fight. Investors say the fund has averaged a return of about 25 percent annually over the last nine years.

Activist shareholders like Relational were further aided by changes in the law. In particular, they say that regulations passed in 2004 requiring money managers and mutual funds to disclose how they vote in proxy elections have forced once-passive managers to become activists.

"There was a sense before that mutual funds in particular just voted with management," said Ann Yerger, executive director of the Council of Institutional Investors. "But post-Enron and Tyco, investors expect money managers to justify their votes now, and to be listening to anyone warning about dangers."

Moreover, money managers and hedge funds are beginning to advertise their activist intentions, bragging that aggressiveness gives them an edge. In November, the noted investor Robert A. Olstein announced formation of an activist fund.

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"We want to have an edge," said Eric R. Heyman, co-manager of the new Olstein Strategic Opportunities Fund. "Our skill is approaching companies and persuading management to adopt certain decisions, sometimes aggressively, and that's why people invest with us."

Another important shift is a court ruling last year making it easier for shareholders to challenge directors nominated by companies.

"Shareholders' toolboxes are getting more and more robust every year," said Ms. Minow of the Corporate Library.

Moreover, as the number of activist investors grows, a vast ad hoc network has formed that makes it more difficult for companies to win a fight. The universe of activist investors has expanded to include hedge funds like Pirate Capital, which is fighting to add its executives to the board of the security company Brink's, and investors like Carl C. Icahn, who failed to gain board seats after a public spat with Time Warner's chief executive, Richard D. Parsons.

When two activist investors, Pershing Square Capital Management and Nelson Peltz, bought large amounts of stock in Wendy's International in 2005, many other like-minded buyers jumped in, according to analysts.

As a result, the board had no choice but to accept activists' suggestions, said James V. Pickett, Wendy's chairman. Ultimately, three representatives of Mr. Peltz's fund joined the board.

"Most of the issues the activists raised at Wendy's were things we were already dealing with," Mr. Pickett said. "They just increased the intensity. But when they own that much of the company, you have to listen to them even if you don't want to."

For Mr. Whitworth, who has grown so wealthy that he once gave a charity $1 million in exchange for Paul McCartney's playing at his wife's 50th birthday party, that kind of access has increased his effectiveness, he says.

After forcing his way onto the board of Mattel, Mr. Whitworth was given a gold-plated Barbie in appreciation by other directors when he left.

But such shifts have also increased his ambitions.

"I was a firebrand; now I've mellowed a lot," he said. "But I'm still young. I look forward to helping a lot more companies become more efficient, whether they like it or not."

Nardelli's 'Severance' (WSJ)

The Wall Street Journal, January 5, 2007

Few Home Depot shareholders are mourning the departure of Robert Nardelli as CEO this week, and we aren't about to defend his performance. But someone needs to rebut the claim, which is almost as rampant as the Schadenfreude at his fall, that Mr. Nardelli is getting a $210 million "severance" package as a reward for having failed.

"Seeing Red Over A Golden Parachute," declared the Washington Post, in a fairly typical headline. House Financial Services Chairman Barney Frank, who wants to turn executive pay into a Democratic campaign theme, piled on by claiming that "Mr. Nardelli's contribution to raising Home Depot's stock value consists of quitting and receiving hundreds of millions of dollars to do so."

The truth is that nearly all of that $210 million isn't severance at all but was part of Mr. Nardelli's original employment contract. In other words, it was part of the package that the Home Depot board offered to lure him in the first place. Keep in mind that when he was hired in 2000 Mr. Nardelli had been a star at General Electric, one of the three executives competing to succeed Jack Welch as that company's CEO. When he lost out to Jeff Immelt, Mr. Nardelli was a hot executive property in a world that isn't exactly full of them.

At the time, too, Home Depot was considered fortunate to get him. The retailer had been growing fast, and in 2000 its shares were near the stratosphere like just about everyone else's at the top of the bubble. The board wanted a CEO who could keep les bon temps rolling, and so it offered Mr. Nardelli a big chunk of shareholder wealth to take the job. And, by the way, the terms were disclosed in the annual Home Depot proxy.

That contract can't be abrogated now simply because the board has concluded it made a mistake. Of that $210 million figure, more than $180 million is owed to Mr. Nardelli as part of his original job offer. That includes $77 million in unvested deferred stock awards, another $44 million in vested deferred shares, $32 million in retirement benefits and $9 million in earned bonuses. Even a $20 million cash payment upon termination was part of his original contract.

The bulk of what could fairly be called "severance" is $18 million in "miscellaneous benefits" that the company plans to disclose in more detail in its 8-K filing with the Securities and Exchange Commission next week. But even that was negotiated in return for Mr. Nardelli signing a non-compete agreement and a four-year pledge not to solicit Home Depot employees or customers. In other words, this is a fairly standard termination deal to protect the company's competitive interests.

We recount all this because it illustrates a reality of corporate compensation too often ignored amid the furor over CEO pay: Top executive talent is hard to find, and boards are willing to pay a premium to get it. Their hiring decisions don't always work out -- whose do? -- but they'll pay a lot to reduce that risk.

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This may be unpleasant for reporters and other egalitarians to hear, but it's a fact of the marketplace. Public-company CEOs face the harshest scrutiny because their pay packages are disclosed, but some of the largest compensation deals these days are being offered by private-equity recruiters. We doubt Henry Kravis or the Carlyle Group are parting with big chunks of their equity because they don't think their CEO hires are worth it.

Home Depot's flat share price aside, one of Mr. Nardelli's flaws was a tin ear for the new politics of CEO pay. The AFL-CIO thinks it has found a populist issue, and its political allies in Congress and at state pension funds are picking up the envy theme as a prelude to 2008. Mr. Nardelli embarrassed the Home Depot board that hired him by letting himself become a target of this campaign, compounding the error by trying to avoid questions at last year's annual shareholder meeting.

It also didn't help Mr. Nardelli that one of the Home Depot directors who hired him is Ken Langone, who also helped to set Dick Grasso's pay at the New York Stock Exchange. This makes the executive "greed" theme music even more fun to play. We're not sure where this latest populist campaign is headed, but the beginning of wisdom would be for the tub-thumpers to stop confusing "severance" with hiring pay.

One Bad Apple (WP)

The Washington Post, January 5, 2007

THE SCANDAL at Apple Computer presents a dilemma with no easy solution. On the one hand, the company has changed its story on its use of manipulated stock options, which boosted executive salaries at the expense of shareholders, and Apple still appears to be bending over backward to protect Steve Jobs, its storied chief executive. On the other hand, if Apple's board were to come clean and oust Mr. Jobs, the shareholders would be punished yet again, since Apple is worth more with him than without him. Or, to put the dilemma a little differently: It doesn't seem right to let an executive float above corporate governance rules, but it seems equally perverse to enforce those rules if doing so would damage the investors for whom such rules exist in the first place.

That said, it would be easier to sympathize with Apple's directors if they described this dilemma honestly. Instead, they have dissembled. In October a special committee of the company's board, chaired by former vice president Al Gore, minimized Mr. Jobs's involvement in the granting of backdated stock options -- ones whose issue date is chosen retrospectively and designed to maximize their value to executives. But last week the company offered a subtly different account, explaining that Mr. Jobs had been personally aware of such grants and may have recommended the choice of dates in some cases. Moreover, Apple also disclosed that Mr. Jobs himself had received a large helping of backdated options. The company's documents stated that this award had occurred at a special board meeting. Apple now says that this meeting did not happen.

Apple argues that Mr. Jobs never benefited from his options grant. It has not disclosed sufficient information to determine whether this is true. The options were later swapped for restricted stock that was apparently worth considerably less -- perhaps this was Mr. Jobs's way of refunding the company. But neither he nor Apple has said as much. So for the moment analysts are left wondering why, even if Mr. Jobs deserves the chance to stay on, he does not explicitly reimburse shareholders.

The grant to Mr. Jobs, and the fictitious board meeting, both date from 2001 -- the year before a wave of corporate scandals drove the Sarbanes-Oxley corporate governance reform through Congress. Like the options backdating scandals at more than 100 other companies, they serve as a reminder of the rule-bending free-for-all that made reform necessary. Half a decade later, some business lobbyists are aiming to roll back Sarbanes-Oxley, and Treasury Secretary Henry M. Paulson Jr. has made comments that could signal the administration's sympathy for that agenda. The stench from Apple shows the danger of a return to the old system.

CRIMINAL LAW:

Prosecutors Cite More Favors By Lawmaker (WP)

By Susan Schmidt

The Washington Post, January 5, 2007

Federal prosecutors seeking a stiff prison sentence for former Ohio congressman Robert W. Ney have listed previously undisclosed favors that he and his staff provided to clients of lobbyist Jack Abramoff, including two Russian energy executives who have been linked to former House majority leader Tom DeLay.

Ney pleaded guilty in October to conspiracy, admitting that he performed official acts for lobbyists in exchange for campaign contributions, expensive meals, luxury travel and skybox sports tickets. He is to be sentenced Jan. 19.

The Republican congressman and his staff offered to aid Abramoff's clients in the summer of 2003 as Ney prepared for a trip to Russia, according to newly released e-mails attached to a Justice Department filing in federal court late Wednesday.

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Abramoff's lobbying team got the congressman to intervene with the U.S. Consulate in Moscow to help resolve a passport issue for the daughter of Abramoff client Alexander Koulakovsky, the e-mails show.

Koulakovsky and his business partner, Marina Nevskaya, hired Abramoff to help them arrange meetings with DeLay and to lobby for federal aid to their businesses. The Russian executives helped pay for a trip to Moscow taken by DeLay, his wife and aides in 1997.

A charity sponsored by DeLay received a $1 million check from a London law firm linked to the two. Former charity officials told The Washington Post last year the donation originated with Russian oil and gas executives, and was intended to influence DeLay's vote on an issue affecting the Russian economy.

Ney's chief of staff messaged an Abramoff colleague on July 28, 2003, noting that Ney's former chief of staff, Neil Volz -- who had joined Abramoff's firm -- had told them of the coming trip to Russia. "Anything we can do?" the e-mail asked.

Abramoff's team seized the chance, asking Ney to press consular officials on the passport issue, according to an e-mail that Volz sent to Abramoff. Embassy officials had their own interests in seeing the congressman -- they wanted Ney to meet Mikhail Khodorkovsky, a post-Soviet-era energy tycoon then under pressure from President Vladimir Putin. Ney obliged.

"Bob did not quid pro quo or anything, but decided to become a little more flexible on meeting with Khodorkovsky . . . and they became more flexible on the passport . . . Bob suggested they would have given him the passport ultimately -- no matter what, so he suggested that we just let Alexander and Marina know the consulate gave him the passport because a member of Congress asked for it," wrote Volz, who has also pleaded guilty in the corruption probe.

Ney has acknowledged that shortly after his return from that trip, Volz treated him and a staffer to a stay at a luxury hotel in Lake George, N.Y.

Ex Mass. House Speaker Indicted (AP)

By Denise Lavoie, Associated Press Writer

AP, January 5, 2007

(AP) - BOSTON-A former Massachusetts House speaker accused of lying during his testimony in a voting rights lawsuit plans to plead guilty Friday to obstruction of justice, a person familiar with the agreement said Thursday.

The lawsuit had claimed that a 2001 state law that redrew legislative district boundaries discriminated against minorities in Boston while protecting incumbents, including the now-former House speaker, Thomas Finneran.

Finneran's trial on perjury and obstruction of justice charges had been scheduled to begin Jan. 16.

Under the plea deal, Finneran won't face prison time, and federal prosecutors will drop the three perjury counts, the person familiar with the deal told The Associated Press. He will serve probation, pay a fine and agree not to seek political office for five years.

Finneran, 56, has agreed to admit to some, but not all, of the allegations in the obstruction charge, which accuses him of obstructing justice by lying during the trial and in a deposition, according to the person, who asked not to be identified because the deal has not yet been finalized in court.

During his eight years as speaker, Finneran was considered the state's most powerful lawmaker. Known for his authoritarian style, he was once dubbed "King Tom" for pushing through a rules change that eliminated term limits for House speakers.

He resigned as speaker in September 2004 and was indicted nine months later on charges that he lied under oath about his role in the state's legislative redistricting. The testimony was before a federal appeals court in 2003 in the voting rights lawsuit brought by a coalition of minority groups.

Separately, Finneran still faces a possible suspension of his law license or disbarment by the state Board of Bar Overseers.

Finneran Faces Loss Of State Pension (BOS)

By Jonathan Saltzman, Globe Staff

The Boston Globe, January 5, 2007

As former House speaker Thomas M. Finneran heads this morning to federal court, where he is expected to plead guilty to obstruction of justice, he faces the almost certain loss of his $30,000-a-year pension because of a decision last year by the state Supreme Judicial Court.

The state's highest court ruled unanimously in March that Boston Juvenile Court Clerk-Magistrate John P. Bulger forfeited his pension when he admitted that he lied to two federal grand juries investigating the disappearance of his brother, fugitive mobster James J. "Whitey" Bulger.

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Alden Bianchi, cochairman of a Boston Bar Association committee on pensions, said Finneran's case appears to be a more obvious violation of the Massachusetts law that bars employees from receiving a pension if convicted of a "criminal offense involving violation of the laws applicable to his office or position."

"If you're looking for an example of a clear-cut case, this does seem to be one," said Bianchi, given that Finneran's alleged misdeeds appear to have been directly related to his job.

Legal specialists said Finneran could also face a one-year suspension of his license to practice law.

Once the most powerful Democrat on Beacon Hill, Finneran agreed to plead guilty this morning before US District Judge Richard G. Stearns in exchange for federal prosecutors dropping three perjury charges against him, two sources familiar with the deal told the Globe on Wednesday.

Finneran, who faced 16 to 21 months in prison if convicted on all counts, is expected to serve a term of unsupervised probation and pay a fine to end the protracted legal battle over charges that he misrepresented his role in the creation of a legislative redistricting plan that siphoned voting strength from Boston's blacks and Hispanics.

The case stemmed from his November 2003 testimony in a civil suit brought by the Black Political Caucus and other voting-rights groups that sought to overturn the House's 2001 redistricting plan on grounds it was unfair to minority voters.

Finneran, 56, who has been president of the Massachusetts Biotechnology Council since he left the State House in 2004, also agreed not to seek political office for five years, according to the sources.

Alison Mitchell, spokeswoman for state Treasurer Timothy P. Cahill, who chairs the Retirement Board, said Finneran receives $30,909 a year through his public pension. But she declined to comment about whether he is in danger of losing it until the board reviews the matter, as early as Jan. 25.

The SJC's ruling in the John Bulger case offers him little hope, however.

In that decision, the court said Whitey Bulger's youngest brother violated the "fundamental tenets" of his office when he committed perjury and obstruction of justice even though his lawyers had argued that he acted out of "family loyalty" and his misdeeds were unrelated to his job.

He pleaded guilty in 2003 to two counts of perjury and two counts of obstruction of justice and was sentenced to six months in federal prison. Federal authorities said he falsely testified about contact with his brother, Whitey Bulger.

The SJC concluded that John Bulger's crimes could not be separated from the nature of his work , where duties include administering an oath requiring witnesses to testify truthfully.

Finneran's alleged offenses stemmed directly from his job as House speaker and his testimony in the civil suit on his role in the redistricting plan. A three-judge panel threw out the plan in 2004 and sharply rebuked Finneran in a footnote to the decision, strongly implying that he misled the court when he testified that he had little involvement in the drawing of the district lines. Federal prosecutors charged Finneran in June 2005.

Bianchi said retired state employees have lost their pensions under the law after being convicted of felonies, so he considered it "very likely" that Finneran will lose his. His prominence will only increase the likelihood, he said, given that "regulators will be under a great deal of pressure with this one not to let it slide."

Daniel C. Crane, the state's former bar counsel, said a lawyer's conviction for a felony or misdemeanor results in an automatic referral to the Board of Bar Overseers. The board then decides what discipline is appropriate, a ruling often appealed to the state Supreme Judicial Court.

Speaking generally, Crane said a conviction for obstruction of justice would probably lead to a suspension for at least a year.

Finneran's defense lawyers, Richard Egbert and Thomas Drechsler, separately declined to comment yesterday.

Get Out Of Jail - But Not For Free: Finneran Deal May KO Job, Pension, Law Career (BOSH)

By Dave Wedge, Boston Herald Chief Enterprise Reporter

Boston Herald, January 5, 2007

Disgraced former House Speaker Tom Finneran's expected guilty plea to obstruction of justice charges today will keep him out of jail but has jeopardized his job, pension and future as an attorney.

Sources told the Herald Finneran will leave his $500,000-a-year post at the Massachusetts Biotechnology Council as a result of his pending felony conviction. It was unclear last night whether Finneran will resign or be forced out of the post.

MBC officials declined comment and Finneran did not return repeated calls. His attorney, Richard Egbert, also declined comment.

Under a deal with federal prosecutors, Finneran will be fined and put on probation but will serve no prison time. Prosecutors will also refer Finneran to the Massachusetts Board of Bar Overseers, which will disbar or suspend him from practicing law, a source said.

A felony conviction also means Finneran would lose his $2,575-a-month state pension, which he earned through 26 years of public service. Under state law, a government employee's pension must be cut off if he is convicted of a felony connected to his job. Finneran's potential conviction stems from misleading testimony he gave in a civil trial over the drawing up of legislative districts in 2001 while he was House speaker.

Sources close to the ex-speaker said his decision to plead guilty was made in part to spare embarrassment, with a parade of as many as 40 lawmakers slated to testify. Many had already received subpoenas, including his top aide Charles Rasmussen, sources said.

Finneran, who is expected to land a plum talk-show host gig, could continue lobbying since there are no state laws barring convicted felons from being registered lobbyists, officials said.

The redistricting lawsuit was filed by voting-rights groups who claimed that legislative districts were being illegally drawn up along racial lines. Avi Green, director of MassVote, which was one of the plaintiffs in the suit, said Finneran's guilty plea "sends a message."

"You can't be above any law and that includes the voting-rights laws, no matter who you are. Even if you're the speaker of the House," Green said. "I hope that the legislators on Beacon Hill will look at what happened here and make sure it never happens again."

Former State Official Sentenced To 30 Months In Prison (AP)

By Jan Dennis

AP, January 5, 2007

PEORIA, Ill. - A former high-ranking Illinois Secretary of State official was sentenced Thursday to 30 months in prison for helping three janitors pocket nearly $200,000 in state pay for work they didn't do.

Cecil Turner, 60, is the former director of the secretary of state's physical services division. He was convicted in September of four federal counts of wire fraud for allegedly helping the janitors hide the six-year scheme, and two counts of lying to investigators.

Turner also was ordered to pay more than $49,000 in restitution to the state for money the janitors pocketed.

Most of the money will come from pension contributions Turner was ordered to turn over to the court. Turner lost his state pension after the conviction, but will be refunded nearly $46,000 that he contributed to his account.

Turner, of Springfield, showed no emotion as the sentence was handed down by U.S. District Judge Joe B. McDade. But in a tearful statement before sentencing, he denied any part in the scheme.

Turner said he worked hard to turn his life around and help his family and community after serving a year in prison 30 years ago in a scheme in which veterans' benefit checks were stolen from the postal service.

"I would never jeopardize all of that, especially under these circumstances ... Your honor, I did not do this. I swear to you I did not do this," Turner said, his voice shaking with emotion.

Turner's sentence was seven months less than the range of 37 to 46 months recommended in a pre-sentence report.

McDade said he trimmed the federal term based on an inch-thick stack of letters he received citing Turner's long history of work for youth, his neighborhood and community.

But McDade said he also needed to send a message to others in state government that corruption won't be tolerated.

"They must be aware that it's wrong, and when they're caught, they're not going to be able to rely on their good works and their white-collar station," McDade said.

Turner, free on bond, was ordered to report to prison by Feb. 7.

U.S. Assistant District Attorney Patrick Chesley said outside court he was disappointed with the lighter sentence, but called it substantial enough to help chip away at corruption in state government.

"This is a message to the public and to our employees that this administration takes unacceptable conduct very seriously, and if you're caught you pay a price," said Dave Druker, spokesman for Secretary of State Jesse White.

Defense attorney Michael Metnick had sought a 24-month prison sentence for Turner, saying he'd led an "exemplary, outstanding life" since he was jailed three decades ago.

"You hope for the best and expect the worst, although this wasn't the worst, obviously," Metnick said outside court.

Federal prosecutors claimed Turner helped the janitors pocket unearned state pay in exchange for special treatment by city trash collectors in his Springfield neighborhood.

Turner received no financial kickbacks, but aided in the scheme because one of the janitors - Dana Dinora - also worked for Springfield's public works department. He allegedly arranged quick pickups of junk ranging from water heaters to a dog house for Turner and his neighbors, prosecutors said.

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Defense attorneys maintained Turner was unaware of the payroll scam they allege was orchestrated by Dinora, one of three former janitors who pleaded guilty in the scheme and agreed to cooperate in the case against Turner.

Metnick called Dinora a con man with a long record of abusing time off. Metnick said Dinora manipulated Turner and took advantage of his lack of experience after White appointed Turner to the $98,000-a-year job in 1999.

McDade called Turner "a good man," but said he traded taxpayer dollars and the public trust for "the power and the appearance of power that came from being able to call someone and get something done."

"This is corruption ... I don't care what kind of perfume you put on it," the judge said.

Turner and the janitors were fired after an investigation uncovered the scheme in 2005. Turner was among 20 department heads in the secretary of state's office overseeing maintenance and janitorial services in state offices, including the Capitol.

Dinora, 53, of Springfield, and two other former janitors - David Medvesek, 57, of Springfield, and Steven Boyce, 58, of Chatham - are scheduled to be sentenced Jan. 25 in federal court in Peoria.

Ad Man Sentenced For Pay-to-play (PHI)

By John Shiffman

The Philadelphia Inquirer, January 5, 2007

The former CEO of an advertising company was sentenced yesterday to 51/2 months in a halfway house for his role in a pay-to-play scheme at Philadelphia International Airport.

Joseph Evans, who was chief executive officer of Sky Sites Inc., a subsidiary of JCDecaux SA, a French-based media company that supplied indoor, backlit advertising displays to airports, will also serve 51/2 months of home detention.

Evans pleaded guilty to misappropriating company funds to make a political contribution. Three codefendants pleaded guilty to funneling $30,000 in campaign contributions to Mayor Street's 2003 reelection campaign to help secure a contract at Philadelphia International Airport.

In Pennsylvania, corporations are barred from making political contributions.

"In a city where recent events have shown that such subversion is all too common, this is no small matter," prosecutors Joan L. Markman and Joan E. Burnes said in a court filing.

Neither the mayor nor any other public official has been accused of wrongdoing.

The case is part of a continuing FBI investigation into corruption at Philadelphia International Airport and is related to federal authorities' City Hall probe.

In a filing, defense lawyers described Evans as "a fundamentally good and kind man who erred gravely."

"Mr. Evans was motivated solely by a misguided desire to promote Sky Sites and JCDecaux - and did not act for personal gain or profit in any way," wrote the lawyers, David M. Howard and Cheryl A. Krause.

Codefendants Terry Crockett, an architectural consultant, and Eric Selby were sentenced to probation.

Joseph Moderski of Bryn Mawr, a marketing consultant, is to be sentenced in March.

Exec In Pay-to-play Scam Gets Probation (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, January 5, 2007

In the late 1990s, Joseph Evans was the chief executive of a growing company with advertising contracts at 65 airports in 50 states and a staff of more than 50.

Then, in 2000, he became ensnared in a pay-to-play scheme at Philadelphia International Airport, a "completely misguided attempt" he thought would help his company, he wrote to a federal judge last month.

As CEO of Sky Sites, a unit of the French media giant JC Decaux, Evans approved a sham bonus letter to a consultant to disguise an illegal corporate campaign contribution.

The company then cut a $10,000 check to the consultant, Joseph C. Moderski, who later made a donation to Mayor Street's campaign committee.

Neither Decaux nor Street was charged with any wrongdoing in the case.

Evans, who pleaded guilty to mail fraud last September, was sentenced yesterday by U.S. District Judge James T. Giles to five years' probation on condition that he serve the first 11 months of probation split between time in a community confinement center and his home, tethered to a monitoring device.

He also was fined $10,000, and ordered to repay Decaux $10,000 (which he already has) and perform 100 hours of community service.

Giles said Evans should use the community service to counsel others who might contemplate similar conduct.

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"It gives you an opportunity to use the wisdom you've come to learn in a hard way to perpetuate that lesson," Giles said. "There are those who will now learn of your predicament."

Assistant U.S. Attorney Joan Markman and Evans' attorney, Cheryl Krause, said they were satisfied with the sentence. Ron Levine, and attorney for Decaux, declined comment.

Evans, 51, could have been sent to prison for 10 to 16 months under sentencing guidelines.

He lives in Oyster Bay, N.Y., with his wife and children and now runs his own business, training dogs to chase geese off fields, racetracks and other properties.

Evans pleaded guilty to a fraud charge in connection with the fake bonus paid to Moderski. Moderski sought the money from Sky Sites in 2000 so he could donate it to Street's campaign, the feds said.

Moderski pleaded guilty to conspiracy and fraud charges last September and is to be sentenced in March.

Two other businessmen were sentenced to probation last October for their roles in the scheme.

The idea behind the scheme was to curry favor with city officials to extend Sky Sites' advertising contract for terminals A-E at Philly International. The contract was later awarded to Clear Channel.

Judge Rejects Herrera Delay (LVRJ)

By Lisa Kim Bach, REVIEW-JOURNAL

Las Vegas Review-Journal, January 5, 2007

Ex-commissioner must surrender on Jan. 12

U.S. District Judge Larry Hicks on Wednesday refused a request to push back the surrender date of former Clark County Commissioner Dario Herrera, who in August was convicted of charges stemming from political corruption.

"The grounds argued in support of an extension of Herrera's surrender are founded upon arguments of financial hardship and inconvenience," Hicks wrote in a court order. "Given the severity of the defendants's criminal offenses and a surrender date that was more than abundant to prepare for incarceration, the motion is denied."

Hicks said Herrera is still expected to surrender to federal authorities on or before noon on Jan. 12.

In December, Herrera's counsel asked for a 30-day extension so Herrera could help business associate Jonathan Stern with completion of construction for Loft 5, an $80 million residential project that's had unforeseen delays.

The request was opposed by prosecutors, who stressed that surrender is not a matter of convenience for anyone.

Herrera's felony convictions stem from a 2003 indictment that charged he, along with former Clark County commissioners Mary Kincaid-Chauncey, Erin Kenny and Lance Malone, accepted cash bribes from former strip club owner Michael Galardi.

Herrera and Kincaid-Chauncey were convicted in May of wire fraud and extortion.

Malone has entered a guilty plea but has not been sentenced. Kenny and Galardi, who both testified as government witnesses, also have yet to be sentenced.

Convicted Commissioner In Las Vegas Can't Delay Prison Date (AP)

AP, January 5, 2007

LAS VEGAS (AP) - A former Clark County Commissioner lost a bid to postpone reporting to federal prison to serve his sentence on political corruption charges.

Dario Herrera, 33, will be expected to surrender to federal authorities before noon Jan. 12 to serve four years and two months in federal prison, U.S. District Judge Larry Hicks said in an order issued Wednesday.

Hicks cited "the severity of the defendants's criminal offenses" and said the 20 weeks he granted between Herrera's sentencing in August and surrender "was more than abundant to prepare for incarceration."

Herrera's lawyers asked the judge last month to push back Herrera's surrender date to Feb. 12, saying Herrera needed to help a business associate complete construction of an $80 million residential project.

A former commission colleague, Mary Kincaid-Chauncey, 68, also is due to surrender Jan. 12 to serve 30 months in prison. Kincaid-Chauncey has not sought to delay her surrender.

The two were convicted in May of conspiracy, fraud and extortion. Two other former commissioners - Lance Malone and Erin Kenny - also face sentencing after pleading guilty to taking cash and campaign contributions from Michael Galardi, the owner of three southern Nevada strip clubs.

Galardi also pleaded guilty and is scheduled for sentencing Monday. Malone is set for sentencing Jan. 16. Kenny is due for sentencing March 6.

Kopp Jurors Questioned On Abortion (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, January 5, 2007

BUFFALO, N.Y. -- Jury selection began Thursday in the federal trial of an anti-abortion extremist who shot and killed an abortion provider, on a charge that could keep him behind bars forever.

The roughly 100 people in the jury pool were questioned about their views on abortion and their knowledge of the the 1998 sniper slaying of Dr. Barnett Slepian. They filled out questionnaires that Kopp, who is representing himself, and prosecutors will use to narrow the field.

James Kopp already is serving a 25-year-to-life state sentence after being convicted of second-degree murder. Federal prosecutors contend that the shooting also violated the 1994 Freedom of Access to Clinic Entrances Act.

Kopp, 52, also is charged with using a firearm during a killing, which carries a maximum sentence of life without parole. The clinic-access count carries a maximum life sentence.

Under his current state conviction, Kopp will be eligible for release when he is in his 70s.

Slepian was shot with a high-powered rifle as he stood in the kitchen of his suburban Amherst home after returning from a memorial service for his father. His wife and their sons were home at the time.

Kopp admitted firing the fatal shot from the woods outside but said he meant only to wound the doctor to stop him from performing any more abortions. He is suspected in four nonfatal shootings of doctors in Rochester and Canada during the decade before Slepian's death.

Authorities hunted 2 1/2 years for Kopp after the shooting, adding him to the FBI's list of the Ten Most Wanted fugitives in June 1999. He was captured in Dinan, France, in March 2001 and convicted two years later on the state charges of second-degree murder.

After parting ways with a number of lawyers, Kopp has been preparing his defense in the federal case from the Niagara County jail. Jury selection was expected to take several days, and opening statements were expected to begin Tuesday.

Since Slepian's shooting, extreme violence against U.S. abortion clinics and providers has steadily waned, according to the National Abortion Federation.

Nab 23 In Mortgage Con (NYDN)

New York Daily News, January 5, 2007

Twenty-three brokers, appraisers and bankers were indicted yesterday in a $3.5 million scheme to dupe banks and other lenders by recruiting "straw" buyers to fill out bogus mortgage and loan applications, Manhattan federal prosecutors said.

Brooklyn brokerages AGA Capital NY, Northside Capital and its successor Lending Universe Corp. earned $4 million in commissions between 2004 and 2006 brokering some 1,000 mortgages and home equity loans valued at $200 million, prosecutors say. The actual losses to banks and other lenders was pegged at $3.5million.

Prosecutors say the defendants identified properties in New York and New Jersey and then purchased them entirely through mortgages or home equity loans.

Money was paid to straw buyers who agreed to fill out phony applications that included misleading information about their income, employment and residence.

Eighteen defendants were arrested yesterday by agents from the FBI and Immigration and Customs Enforcement. Four more are expected to surrender today and one is a fugitive.

Thomas Zambito

FEDS NAB BROKERS IN FRAUD SCHEME (NYPOST)

By Kati Cornell

The New York Post, January 5, 2007

January 5, 2007 -- A ring of Russian mortgage fraudsters brokered $200 million in bogus home loans using phony buyers and identity theft, and pocketed more than $4 million in ill-gotten commissions, prosecutors charged yesterday.

The feds nabbed 18 brokers, appraisers and bank employees on fraud charges for ripping off approximately $3.5 million from banks by doctoring mortgage and home-equity loan applications on at least 1,000 properties around the city, New Jersey and elsewhere.

Operating out of AGA Capital, a Brooklyn mortgage brokerage firm, the ring paid straw buyers to pose as legitimate loan applicants, according to an indictment that charges a total of 23 people, some of whom were not yet in custody yesterday.

AGA Brokers Aleksander "Shorty" Lipkin, Igor "Ryzhiy" Mishelevich, Alex "Lyosha" Gorvits and several others are accused of supervising the scheme to submit fraudulent loan applications from 2004 to 2006.

The brokers pocketed between 2 percent and 4 percent in commissions on each sale - to the tune of more than $4 million, the feds alleged.

In some cases, the ring "stole the identities of persons who fit a certain financial profile and submitted loan applications on behalf of these persons without their knowledge," court papers said.

Profits were jacked-up by obtaining artificially inflated appraisals that made it seem as though the homes were worth more than their actual sales prices.

The "buyers" then defaulted on their loans, forcing banks and other lending institutions to either foreclose on the properties or re-purchase the homes at rock-bottom prices, according to the indictment.

The ring members pleaded not guilty to bank and wire fraud charges at an arraignment in Manhattan federal court and were released on bail.

Feds: We Have Scammers Behind Millions In Fraudulent Loans (WNBC)

WNBC-TV, January 5, 2007

An alleged ring of mortgage scammers blamed for $200 million dollars in fraudulent home loans in New York and New Jersey was shut down Thursday by federal authorities.

FBI agents and NYPD detectives escorted the suspects to Federal District Court in Lower Manhattan.

Manhattan federal prosecutors charged that twenty-three people -- many of them Russian nationals -- cheated banks and financial institutions of at least $3.5 million in the two-year-old scheme.

By using straw buyers, hiding their own interest in the properties, submitting fake documentation, obtaining inflated appraisals and providing false financial information, the alleged scammers obtained the loans, according to an indictment brought by the United States Attorney of the Southern District of New York. The ring, which included brokers, appraisers and bank employees, allegedly orchestrated more than 1,000 home equity loans and home mortgages, said the U.S. Attorney.

The charges against the suspects include conspiracy to commit bank and wire fraud. Among the defendants are brokers and processors from AGA Capital NY, Inc. (which changed its name to Lending Universe Corporation) and Northside Capital NY, Inc., Brooklyn-based mortgage brokerages.

This case was investigated by the The Eurasian Organized Crime Task Force, a joint effort by FBI agents and NYPD detectives, and the federal Immigration and Customs Enforcement agency.

Former Benton County Defense Lawyer Enters Plea In Bribery Case (AP)

AP, January 5, 2007

YAKIMA, Wash. -- A lawyer accused of taking thousands of dollars from a Kennewick youth program has pleaded innocent to federal bribery and conspiracy charges.

U.S. Magistrate Judge Michael Leavitt entered a not guilty plea for Jeff L. Finney, of Benton City, and allowed the former defense lawyer to remain free without bond during an initial court appearance Wednesday.

Finney, 50, is charged with one count of bribery and one count of conspiracy to aid and abet in the theft of at least $20,000. Conviction on each charge carries a sentence of up to 10 years in prison and $250,000 in fines.

Assistant U.S. Attorney Greg Shogren said Finney has cooperated for months with the investigation in the case, which the Tri-City Herald reported involves between $50,000 to $140,000 missing from the city of Kennewick's Home Base youth program.

Finney was a lawyer on contract to Benton County defending people charged in county District Court when he allegedly stole money in 2005 that defendants donated to the youth program in exchange for promises of reduced or dismissed charges.

A yearlong FBI investigation focused on Finney and Tyler M. Morris, 36, a former assistant city prosecutor for Kennewick.

Finney and Morris, of Walla Walla, lost their jobs after the newspaper published stories about the missing money. Morris has yet to appear in federal court on similar federal charges.

The Herald discovered that in some cases criminal charges were dismissed or reduced for defendants, but their cash donations, which had been encouraged by Finney and Morris as a way to resolve the cases, didn't make it to the city's Home Base account.

The stories also prompted the cities of Kennewick, Richland, Pasco and West Richland to cancel their own versions of dollars-for-deals programs.

Ex-health Care Company President Pleads Guilty To Medicare Fraud (AP)

AP, January 5, 2007

DETROIT (AP) — The former owner of a Michigan health care company pleaded guilty to federal charges of stealing nearly $800,000 by fraudulently billing Medicare.

Iftakhar Khan, 59, of Bloomfield Hills and his brother were indicted in 2003. They were charged with mail, wire and health care fraud.

Amjad Khan, of Troy, pleaded guilty in August.

Iftakhar Khan pleaded guilty Thursday before U.S. District Judge Nancy Edmunds. He faces up to 30 months in prison at a sentencing hearing set for May 3, U.S. Attorney Stephen Murphy said.

He was president of Livonia-based Michigan Rehabilitation and Pain Management. The company closed after the FBI and other agencies raided it in 2000.

Amjad Khan operated Warren-based American Home Health Care, which also closed.

The 2003 indictment accused the brothers of bilking Medicare of at least $2 million from 1995 to 1999. It said they sought reimbursement for their wives, who were falsely listed as company executives.

The brothers also were accused of billing Medicare for employees who were hired to provide gifts to doctors to drum up business.

Former Jackson County Executive Charged In Mortgage Fraud Case (AP)

By David Twiddy

AP, January 5, 2007

KANSAS CITY, Mo. - Former Jackson County Executive Katheryn Shields and her husband were indicted Thursday on federal charges of taking part in a mortgage fraud scheme.

A grand jury charged Shields, 60, and her husband, attorney Philip Cardarella, 59, and nine other people with one count each of conspiracy and 11 counts each of wire fraud.

Federal prosecutors allege that the couple were approached by a group of individuals last fall who offered to sell their home, which was listed at $699,950, for $1.2 million.

The couple was to receive $707,000 of that amount, the remainder being split among other co-defendants and explained to lenders as a "management fee." To get the mortgage approved, the defendants allegedly provided lenders with fraudulent financial information and inflated property appraisals.

Officials said the FBI stopped the transaction from going through.

"This case represents another tragic example of intelligent individuals, including lawyers and prominent elected officials, thumbing their noses at the law in the pursuit of quick and easy cash," U.S. Attorney Bradley Schlozman said during a news conference Thursday evening.

Meeting with reporters after Schlozman's conference, Shields and her husband denied being part of a conspiracy, saying they had simply tried to sell their house, which had been on the market for 18 months.

"There's nothing illegal about selling your home for more than you list for it," said the couple's attorney, Curtis Woods.

The couple said their signatures were forged on a real estate sales contract. Cardarella also said he knew only a few of the other defendants and that Shields knew none of them.

They also claimed there was a political motive behind the indictment. Shields has survived more than three years of fruitless federal investigations into her work as the county's highest elected official, and the indictment came the day before she planned to file to run for Kansas City mayor - a decision she said she will not change.

"I think I've been subjected for the last three-plus years to political terrorism and I will not give in to political terrorism," Shields said.

Schlozman denied a political agenda: "That never entered into it."

Cardarella and Woods said they demanded Thursday morning to testify before the grand jury, but that Schlozman never got back to them. He said he left a phone message but they never got back to him.

The other defendants include James E. Coleman, 58; Raymond W. Zwego Jr., 58; and James R. Rhoades, 48, all of Kansas City; Larry Barshaw, 56, and Linda M. Thompson-Barshaw, 57, both of Kansas City, Kan.; Monty J. Kinman, 25, of Overland Park, Kan.; Rick A. Peterson, 32, of Lenexa, Kan.; Jeremy Plagman, 29, of Lee's Summit; and Michael Rodd, 52, of Olathe, Kan.

U.S. Death Sentences Drop To 30-year Low (AP)

By Robert Tanner

AP, January 5, 2007

The number of death sentences handed out in the United States dropped in 2006 to the lowest level since capital punishment was reinstated 30 years ago, reflecting what some experts say is a growing fear that the criminal justice system will make a tragic and irreversible mistake.

Executions fell, too, to the fewest in a decade.

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"The death penalty is on the defensive," said Richard Dieter, director of the Death Penalty Information Center, a Washington organization that looks at problems with the capital punishment system.

Death sentences fell in 2006 to 114 or fewer, according to an estimate from the group. That is down from 128 in 2005, and even lower than the 137 sentences the year after the U.S. Supreme Court reinstated the death penalty in 1976. It is also down sharply from the high of 317 in 1996.

A total of 53 executions were carried out in 2006, down from 60 in 2005. Executions over the past three decades peaked at 98 in 1999.

Among the many causes given by prosecutors, lawyers and death penalty critics: the passage of more state laws that allow juries to impose life without parole; an overall drop in violent crime; and a reluctance among some authorities to pursue the death penalty because of the high costs of prosecuting a capital case.

But above all, many said, is the possibility of a mistake, made dramatically clear in recent years. Since the death penalty was reinstated, 123 people have been freed from death row after significant questions were raised about their convictions — 14 of them through DNA testing, according to the Death Penalty Information Center.

"The fact is they've gotten a lot of the wrong guys," said Deborah Fleischaker, director of the American Bar Association's Death Penalty Moratorium Implementation Project. "There's no question that has, in the public, created a lot of doubt about how the death penalty is working."

The turn away from the ultimate punishment also reflects a changing sentiment among juries and prosecutors, too, said Arthur Green, a prosecutor in Bessemer, Ala., outside of Birmingham. He said he considers the risk of executing an innocent person in deciding whether to pursue the death penalty.

"That's one reason I don't do it, except in very, very rare circumstances — one, that I'm convinced he or she did it, and number two, it's a horrible crime," Green said. He has sought and won two capital cases since becoming district attorney in 2001.

Thirty-seven of the 38 states that have the death penalty on their books now also allow for life without parole. Texas enacted such a law in 2005. Life-without-parole laws give another option to jurors who fear that the death penalty is the only way to keep a killer from getting out on the streets again.

The death penalty has also received more scrutiny from lawmakers around the country and the courts.

Illinois is in the seventh year of its moratorium on executions, and executions are effectively halted in New York because of a 2004 court ruling.

Also, questions about whether lethal injection is inhumane have put executions on hold in nine states — Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, Ohio and South Dakota.

This week in New Jersey, a special commission recommended that the state become the first to abolish the death penalty legislatively since 1976, citing "increasing evidence that the death penalty is inconsistent with evolving standards of decency."

Backers of capital punishment say support for the death penalty remains strong, despite the drop-off in death sentences.

"It's a refinement. I don't think it's an abandonment of the death penalty, but a recognition that the death penalty should be reserved for the worst of the worst," said Joshua Marquis, district attorney in Clatsop County, Ore., and a vice president of the National District Attorneys Association.

"From prosecutors, there's a more discriminating attitude about which cases to bring," he said. "Juries have been much more picky about allocating the death penalty and I think that's an appropriate thing to do."

A Gallup poll in May found that two-thirds of Americans 18 and older support the death penalty. But when asked which is the better penalty for murder, roughly half said life without parole and about half said the death penalty.

Rethinking The Death Penalty (NYT)

The New York Times, January 5, 2007

New Jersey could take the lead among states in abolishing the death penalty if it follows the recommendation that a legislative commission made this week. It is the right thing to do, and not just because capital punishment is barbaric and a poor deterrent. It has become increasingly clear as the use of DNA evidence has grown that there is simply too great a risk of making an irreversible mistake.

While we would have used stronger language, we applaud the 13-member panel for having the courage to recommend that New Jersey become the first state to abolish the death penalty since states began reinstating it 35 years ago. The commission included two prosecutors, a police chief, members of the clergy and a man whose daughter was murdered in 2000. Only one member, a former state senator who wrote the death penalty law, dissented.

Although it has nine people on death row, New Jersey has had a moratorium on executions since 2005 and has not put anyone to death since 1963. Nevertheless, the panel's recommendation that the death penalty be replaced with life imprisonment without parole is likely to have significant influence both inside and outside the state. It comes as about 10 of the

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38 states with death penalties, including New York, have suspended executions and as recent developments, like DNA exonerations and a botched lethal injection in Florida last month, have created a growing unease about executions.

With Gov. Jon Corzine opposed to the death penalty, and substantial numbers of capital punishment opponents in both houses of the Legislature, there is a reasonable chance the commission's recommendations will become law. That would make New Jersey's criminal justice system more civilized and fair. It could also prod other states to abandon their own use of what Justice Harry Blackmun called the "machinery of death."

No Whitey After All These Years (BOSH)

By Laurel J. Sweet

Boston Herald, January 5, 2007

With the 12 days of Christmas safely behind us, Boston can pause to reflect on today's 12th anniversary of the disappearance of mobster madman James "Whitey" Bulger.

"The Bulger Task Force . . . continues to dedicate an extraordinary amount of time and effort in the conduct of a worldwide investigation to locate fugitive James Bulger," said Robert Krekorian, executive assistant U.S. attorney.

And what of the alleged sighting of the 77-year-old serial killer in October at a San Diego cineplex screening of "The Departed," starring Jack Nicholson as the questionably fictional head of South Boston's Irish mob?

"We continue to investigate that look-alike lead," Krekorian said, "but at this point in time we have developed no evidence to indicate that it was in fact James Bulger."

The suspected ruthless killer of 19 men and women has officially been on the lam since Jan. 5, 1995, when his arrest became imminent.

Coincidentally, former FBI Boston Special Agent in Charge Kenneth Kaiser will be feted today at the Omni Parker House.

Kaiser, tapped by Washington to serve as assistant director of the FBI's Inspection Division, made finding Bulger "a priority," said Hub office spokeswoman Gail Marcinkiewicz. "He's disappointed that it didn't come to fruition during his tenure here in Boston."

Hunt For Whitey Bulger Still Targeting Hub Kin (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 5, 2007

Decision said near on an indictment

A federal grand jury investigating whether William M. Bulger or his family obstructed efforts to capture his gangster brother, James "Whitey" Bulger , has been extended at least another month, according to two sources familiar with the probe.

Federal prosecutors are nearing a decision on whether there is sufficient evidence to ask the grand jury to indict William Bulger, former president of the Massachusetts Senate and the University of Massachusetts, on perjury or obstruction of justice charges, the sources said.

The investigation is focusing on whether William Bulger, 72, of South Boston, testified truthfully in April 2001 before a federal grand jury that was looking into whether family or friends of the fugitive knew his whereabouts or were helping him evade capture.

The statute of limitations on perjury and obstruction of justice requires that charges be brought within five years, but William Bulger's lawyers agreed to waive the statute to give the grand jury more time to conduct its probe, in hopes that he would be exonerated, sources said. The grand jury has been extended several times since the statute would have expired last April.

Thomas R. Kiley , the lawyer who represents William Bulger, declined to comment yesterday on the investigation. Robert Krekorian, chief of staff for US Attorney Michael J. Sullivan , said, "Obviously we wouldn't confirm nor deny the existence of any grand jury investigation."

William Bulger, who became president of the University of Massachusetts in January 1996, was pressured by Governor Mitt Romney to resign in 2003 after he was publicly grilled about his relationship with his brother by a congressional committee investigating the FBI's mishandling of informants. At the time, Romney said Bulger's answers had often been purposely evasive and that he represented "a cloud" over the university.

Today marks the beginning of Whitey Bulger's 12th year on the run. The longtime FBI informant was warned by his handler, retired FBI agent John J. Connolly Jr., to flee just before his January 1995 federal racketeering indictment. The 77-year-old gangster, one of the FBI's 10 most wanted, is charged with 19 murders. The last confirmed sighting of the fugitive was in London in September 2002, according to the FBI.

William Bulger was subpoenaed to testify before a federal grand jury in Boston on April 5, 2001, and was granted immunity, meaning that none of his statements could be used against him as long as he told the truth.

According to a transcript obtained by the Globe four years ago, he testified that he had spoken with his brother only once since he became a fugitive, during a pre arranged telephone call he received at the Quincy home of a friend in January 1995 and that he felt no obligation to help authorities catch him.

When asked if he knew whether his younger brother, John "Jack" Bulger , had been in contact with their fugitive brother or his girlfriend, Catherine Greig , William Bulger said, "I have no knowledge of that," according to a transcript of the grand jury testimony obtained by the Globe.

"With respect to your office at the Senate and your office at UMass, do you have any reason to believe that any personnel or staff in any office you've working in since January of 1995 has been contacted in any way by your brother or Catherine Greig?" the prosecutor asked.

"Not that I'm aware of," Bulger responded.

The current grand jury investigation is focusing on whether Bulger gave false testimony to the grand jury in 2001 and, in fact, knew about a 1996 call that Whitey Bulger made to the home of a Senate court officer, while John Bulger and William Bulger's son-in-law were present, according to sources.

In a legal battle that went all the way to the US Supreme Court last year, William Bulger's former law partner, Thomas E. Finnerty , was ordered to testify before the current grand jury about whether Bulger was involved in the earlier alleged plot to thwart the investigation into contacts with his brother, according to sources and court documents.

Finnerty allegedly advised a client, Senate court officer Paul I. Dooley, to lie to a federal grand jury in 1998 about a telephone call he received two years earlier from Whitey Bulger, according to sources and court records.

The FBI knew that either Whitey Bulger or Greig had called Dooley's home because investigators had tracked calling cards used by the couple to make dozens of calls to homes and businesses in the Boston area during the summer and fall of 1996.

However, Dooley lied to the grand jury and didn't disclose that three others were present at his South Boston home for the pre-arranged call: John Bulger, then a clerk magistrate at Boston Juvenile Court; William Bulger's son-in-law, Michael J. Hurley, who was and still is an assistant clerk in the Senate, and Whitey Bulger's associate Kevin J. Weeks, according to sources.

The presence of the others at Dooley's house that day remained a secret from the government until three years ago, even though Weeks became a government witness and John Bulger pleaded guilty in April 2003 to obstruction of justice and perjury for denying he had contact with his fugitive brother or knew about a Florida safe deposit box. He spent six months in prison.

Then in 2003, around the same time federal prosecutors subpoenaed William Bulger's children to testify about possible contacts with the fugitive, Finnerty allegedly advised Dooley to go back to the grand jury and recant his earlier false testimony, according to sources and court records.

When prosecutors tried to force Finnerty to testify, he refused, arguing that attorney-client privilege prohibited him from revealing his conversations with Dooley and William Bulger, who was also a client, according to sources and court records.

The US Court of Appeals for the First Circuit found in July 2005 that an unnamed lawyer, identified by sources as Finnerty, lost his attorney-client privilege for involvement in an effort "to facilitate corruption and frustration of the grand jury inquiry."

The Supreme Court refused a petition by unnamed parties, identified by sources as lawyers for William Bulger, letting the appeals court ruling stand.

Finnerty couldn't be reached for comment. John Bulger declined to comment.

When testifying before the congressional committee in June 2003, William Bulger said he hadn't aided his brother since he became a fugitive. He told the court he had no information that could lead to his brother's arrest.

In the past year, the Bulger Fugitive Task Force has chased leads throughout the world, including in Chicago, Ireland, and California. An unconfirmed tip put him in a San Diego movie theater screening "The Departed" this fall .

Embezzlement Is Found In Catholic Dioceses (NYT)

By Laurie Goodstein And Stephanie Strom

The New York Times, January 5, 2007

A survey by researchers at Villanova University has found that 85 percent of Roman Catholic dioceses that responded had discovered embezzlement of church money in the last five years, with 11 percent reporting that more than $500,000 had been stolen.

The Catholic Church has some of the most rigorous financial guidelines of any denomination, specialists in church ethics said, but the survey found that the guidelines were often ignored in parishes. And when no one is looking, the cash that goes into the collection plate does not always get deposited into the church's bank account.

"As a faith-based organization, we place a lot of trust in our folks," said Chuck Zech, a co-author of the study and director of the Center for the Study of Church Management at Villanova.

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"We think if you work for a church — you're a volunteer or a priest — the last thing on your mind is to do something dishonest," Mr. Zech said. "But people are people, and there's a lot of temptation there, and with the cash-based aspect of how churches operate, it's pretty easy."

Specialists in church ethics said they believed this was the first study to assess the extent of embezzlement in a denomination.

Officials at the United States Conference of Catholic Bishops said they had seen the study, which was released just before Christmas and was first reported in the National Catholic Reporter, and were considering ways that parishes could tighten their financial controls.

"The Villanova study does not come as a surprise," said Bishop Dennis M. Schnurr, treasurer of the bishops' conference. "This is something that the bishops in this country have been looking at for some time. They are aware of a need to look for mechanisms that can assist parishes in accountability and transparency."

Mr. Zech and his co-author, Robert West, a professor of accounting at Villanova, did not set out to look for embezzlement. They were conducting a study of internal financial controls in Catholic dioceses and sent a battery of questions to chief financial officers in the nation's 174 Catholic dioceses; 78 responded. Mr. Zech said he was surprised that so many dioceses had detected embezzlement. In 93 percent of those cases, police reports were filed.

He said the survey did not ask who stole the church money. But it did ask who detected the theft, and found that it was most often the parish priest, followed by the bookkeeper, an internal auditor or the parish finance council.

In October alone, three large cases of embezzlement surfaced, including one in Delray Beach, Fla., where two priests spent $8.6 million on trips to Las Vegas, dental work, property taxes and other expenses over four decades.

In the survey, 29 percent of the dioceses reported thefts of less than $50,000.

Most denominations have had cases of embezzlement, sometimes by top officials. In June, the Presbyterian Church U.S.A. fired its second-ranking financial officer, Judy Golliher, after she admitted stealing money that church officials put at more than $132,000.

Many nonprofit organizations that accept cash donations experience theft, and churches are particularly vulnerable, said John C. Knapp, director of the Southern Institute for Business and Professional Ethics, at Georgia State University in Atlanta.

"Churches have a tendency to be in denial about the potential for this conduct in their midst," Mr. Knapp said. "When ethics seminars or ethics codes are proposed in churches, they are often met with resistance from people who say, 'Why in the world would we need this? After all, this is the church.' Whereas in business, people readily recognize that this sort of thing can happen."

The Salvation Army is widely considered exemplary among nonprofits in handling cash collections. The red buckets in which bell ringers collect donations are covered and locked, and all buckets must be returned to a central location, where at least two people count the number and type of bills, coins and checks, said Major George Hood, the charity's national spokesman.

The money must be deposited in the bank within 24 hours, and different people reconcile the initial tallies with bank records, Major Hood said.

In the Catholic Church, parishes and high schools handle many cash transactions, making them vulnerable to theft, the Villanova report notes.

Canon law requires each parish to have a finance council to provide oversight. But Bishop Schnurr, who heads the diocese in Duluth, Minn., said there were no standards for how finance council members were chosen or whether they should have any expertise in accounting or finance.

Only 3 percent of the dioceses said they annually conducted an internal audit of their parishes, and 21 percent said they seldom or never audited parishes, the survey found.

This lack of scrutiny is at the core of the problem, said Francis J. Butler, president of Foundations and Donors Interested in Catholic Activities, a nonprofit organization independent of the church.

"You're taking a lot of risk," Mr. Butler said, "and these days the church cannot afford to take these kinds of risks."

Bishop Schnurr said the study's findings on lack of parish oversight contradicted his experience. But both he and Kenneth W. Korotky, chief financial officer for the bishops' conference, said a committee could soon consider writing guidelines for the composition of parish finance councils and how often dioceses should audit parishes.

But they cautioned that the bishops' conference could not make guidelines mandatory, because each bishop was in charge of administering his own diocese.

Jack B. Siegel, a tax lawyer and expert on nonprofit management who has commented on church fraud on his blog, charitygovernance.com, said he kept a tally of church frauds and was surprised by how many occurred at Catholic churches.

"I got interested because I thought, wait, I've heard a lot about pedophilia, why aren't I hearing about these financial problems," Mr. Siegel said.

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He said he was impressed with the guidelines that the bishops' conference and other Catholic organizations have offered. But he said, "How those standards and guidelines get put into practice is what really matters."

Remain Silent? Some In Custody Spell It All Out (NYT)

By Anemona Hartocollis

The New York Times, January 5, 2007

The "Beast of Broadway," as the tabloids call him, a successful actor, has been accused of sexually abusing a 15-year-old girl. But his grade-school teacher would be proud of him in at least one respect: He is a good speller.

That much was clear in the two and-a-half page written statement he gave the police after he was arrested, a statement that recounted a behind-the-scenes theater tour for the girl. He wrote these words voluntarily despite a constitutional right to remain silent that is ingrained not only in criminal law, but also in popular culture. But he was hardly the only person arrested in New York in recent years who opened up once the cuffs went on.

A former Women's Wear Daily writer, accused of disguising himself in a firefighter's costume and sexually assaulting a former colleague on Halloween, kept detectives spellbound with his disquisitions on Chinese menus and book rights.

A homeless man accused of stabbing a tourist as he rode with his girlfriend on the subway found that words weren't enough. Asked to sign his confession, he instead sketched a cartoon version of his crime: a pair of lovers' faces — one happy and one sad — and a stormy black cloud floating over a subway train.

Such statements — and occasional illustrations — by defendants in New York City courts are one element of what prosecutors call the V.D.F., more formally known as the People's Voluntary Disclosure Form. To read them is to experience a kind of poetry of everyday criminal life in New York City.

By turns raw, ugly, poignant, defiant, rarely remorseful and almost always damaging, the statements are a window into the criminal process, part of the common language between detectives and suspects.

"It's kind of like the literature of the criminal defendant," said Gerald L. Shargel, a criminal defense lawyer. "The information contained on the V.D.F. is much more rich and colorful than anything the defense lawyer provides."

Because they can be so revealing, the V.D.F.'s are a bane of defense lawyers' existence, and they often try to suppress them so they cannot be used in court.

More technically, the Voluntary Disclosure Form is a rough, preliminary summary of the evidence, which the prosecution is required to give to the defense. There is space for prosecutors to type out information like the date, place and time of the "occurrence."

And there is space for detectives to provide statements made by defendants at the time of arrest, either as summarized by the police, or in the defendant's own writing.

For many people, the urge to explain, if not to confess, is as urgent as it was for Raskolnikov in "Crime and Punishment."

"My name is Paul Cortez," is the Melvillian first sentence of the V.D.F. statement handwritten by Mr. Cortez, a yoga teacher who is awaiting trial as the suspect in the fatal stabbing of a dancer in her Upper East Side apartment.

What follows is a three-page roller coaster ride of love, sex and betrayal, culminating in an alibi. On the day of the victim's death, Mr. Cortez wrote, "I knew something was wrong, so I called back several times." When she didn't answer, he called clients, watched a football game with a friend, "then read a little and went to bed. The next morning about 10:30 I found out from my mom Catherine was Dead."

The last word, "Dead," is capitalized for emphasis.

Prosecutors love to have defendants volunteer an alibi because it shows what they call "consciousness of guilt."

Stacey Richman, a criminal defense lawyer, summed up her advice to any accused who may feel the urge to chat: "You have a right to remain silent. Exercise that right."

When Peter Braunstein, the former Women's Wear Daily writer, was arrested in Memphis in December 2005, he seemed, in one of many Hamlet-like moments, torn about talking. "I really don't think I should talk to you," Mr. Braunstein began, according to his V.D.F. "I think I should do the whole lawyer thing."

And then he kept talking.

"Everybody talks," said Daniel J. Castleman, chief of investigations for the Manhattan district attorney. "Almost nobody doesn't talk. And the reason for that is that people think they can either talk their way out of it or mitigate the crime. It's human nature."

Mr. Braunstein, who is in a mental hospital awaiting trial on charges of kidnapping and sexual abuse, seemed to delight in his celebrity. "Defendant referred to book and movie deals using the name of the complainant several times," the V.D.F. says.

He fantasized about ordering Chinese food. "Defendant stated that after seeing news reports, if he went to a Chinese restaurant, he should order something other than beef with extra mustard because that is what the wanted poster says he

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orders, but if he did that, it would be too obvious, so he would order beef with extra mustard, but he had not eaten Chinese food for a while."

Mr. Braunstein did not sign anything, unlike James Barbour, the actor called the "Beast of Broadway," who once played the Beast in "Beauty and the Beast." Mr. Barbour wrote his statement in block letters, correctly spelled, indented and punctuated it, and signed it with a flourish.

Accused of having a sexual relationship with a 15-year-old girl, he wrote, "She told me that she was 16."

Unfortunately for Mr. Barbour, the age of consent in New York is 17.

"That evening we went to a Broadway show, 'George Gershwin Alone,' " wrote Mr. Barbour, who is free on $10,000 bail. "I introduced her to the star of the show, gave her a backstage tour. The relationship stopped suddenly because I thought it was inappropriate and could get dangerous."

Defendants may try to talk their way out of a charge, but do they succeed?

"Never," said Gerald B. Lefcourt, who has defended clients from the Black Panthers to Harry B. Helmsley. "Which is why if it's up to me, every client I have should know they should never, ever, under any circumstances speak to law enforcement unless I'm there."

What Joseph Weir, accused of groping feet on the subway, lacked in spelling skills, he made up for with an almost Gallic appreciation for women. "I complyment woman, I bow down to them, sometime I kiss there feet and grab legs." Mr. Weir, charged with sex abuse, coercion and other less than gallant acts, is due back in court on Jan. 19.

Alexis Quinlin, a swindler posing as a French photographer, actually wrote his statement in French, perhaps casting doubt on those who would contend that the police put words in the mouths of criminals.

"Je m'appelle Alexis Quinlin," wrote Mr. Quinlin, who was convicted of grand larceny and sentenced to up to seven and a half years in prison, but was not lying about being French. He described how he signed a contract under the assumed name of Jean Baptiste Mondino, which was, he admitted, "une grave erreur."

Robert De Niro's housekeeper, Lucyna Turyk-Wawrynowicz, accused of stealing clothes and jewelry from her wealthy employers, made the mistake of giving the police shopping tips. "Anybody can buy a jacket like this at Century 21," Ms. Turyk-Wawrynowicz said after she was taken into custody in June 2005, according to a transcript typed by the police.

An hour later, she was insulting Mr. De Niro's wife, Grace Hightower, saying, "She is mean."

After about three hours, she announced, "The diamonds are in the bathroom."

After requesting a Starbucks skim latte from the detectives questioning her, she threw in the towel.

"I am evil and guilty, but my husband did nothing," she said. "You can cut my hands and head off, but I can tell you he did nothing wrong." She pleaded guilty to grand larceny and last February was sentenced to up to three years in prison.

Others get right to the point.

"I hate Sammy," Kristina Caban said of the man she was accused of branding with an "R," as if he were a bull, according to the police transcript. "He raped me two years ago." Ms. Caban, charged with assault with intent to disfigure permanently, is due back in court on Jan. 11.

Civil libertarians have called for police interrogations to be videotaped. "We've had reports from clients who say they wrote something, but the police officers were dictating it," said Seymour W. James Jr., the lawyer in charge of the criminal practice at the Legal Aid Society. "They're intimidated by the police after hours of questioning."

Sometimes, it takes very little prompting for a defendant to put her foot in her mouth. In her V.D.F., Andrea Schwartz, whom the tabloids have termed "the Brazilian madam," is quoted telling the police as she was arrested: "I'm not a prostitute. I just hook guys up with girls if they want them."

That did not stop prosecutors from indicting her on prostitution charges last June. She is awaiting trial.

CIVIL LAW:

Fat Chance (WP)

By Annys Shin

The Washington Post, January 5, 2007

The ads for CortiStress said it could reduce your chances of developing Alzheimer's disease. Xenadrine EFX's "thermogenic technology" was supposed to give your metabolism a lift. And TrimSpa said it contained a plant "used by African bushmen for centuries" that could help you lose weight so you could "become all you ever envied."

Those claims are not credible, the Federal Trade Commission concluded, yesterday announcing it will collect about $25 million from the marketers of those popular weight-control pills to settle allegations that they misled consumers.

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None of the products was deemed dangerous to a person's health, and the pills will be allowed to remain on store shelves, FTC officials said. The promoters, however, must change their advertising.

The pharmaceutical company Bayer, which was among the FTC's targets, agreed to pay a $3.2 million civil penalty to settle charges that it violated a previous FTC order that required all health claims for its One-a-Day vitamins be "supported by competent and reliable scientific evidence." In national ads, Bayer claimed its One-a-Day WeightSmart contained epigallocatechin gallate (EGCG), a green-tea extract that can help prevent weight gain in women older than 30 who "can gain 10 pounds a decade, due in part to a slowing metabolism."

Those claims were not "substantiated by competent and reliable scientific evidence," the agency said.

The settlement with Bayer "is a wake-up call to any company that wants to push the envelope," FTC Chairman Deborah Platt Majoras said. "Every claim they make they have to have the science to back it up."

Bayer spokeswoman Tricia McKernan said the company never marketed WeightSmart as a weight-loss product and cited three studies supporting the company's claims that EGCG can "enhance metabolism." She said, however, that the company would comply with the agency's orders.

The settlements yesterday were the latest in the FTC's periodic crackdowns on weight-control claims. Since 1990, it has prosecuted more than 100 cases against marketers of flab-busting products, including the promoters of a "tummy-flattening gel" who agreed to pay $3 million last May.

With more than 70 million Americans trying to lose weight and spending $33 billion a year on weight-control products, the market remains lucrative for legitimate operators and hucksters alike. The more than 25,000 dietary supplements on the market are lightly regulated. Their manufacturers are responsible for ensuring that a supplement is safe before it is sold, but they do not need to register their products or get approval. The Food and Drug Administration can take action against unsafe products after the products reach the market. The FTC regulates dietary supplement advertising.

FTC officials said part of the reason consumers fall for phony weight-loss claims is because they see advertisements in major publications like TV Guide, Men's Fitness and People magazine.

"The FTC is asking the media not to run these ads," Majoras said.

Of the settlements the FTC plans to collect, Robert Chinery Jr. and his company, RTC Research and Development, will pay $8 million to $12.8 million for saying Xenadrine EFX was clinically proven to cause rapid and substantial weight loss. Chinery commissioned several studies, but none showed Xenadrine EFX produced substantial weight loss, the FTC said. In fact, one 10-week study showed subjects taking Xenadrine EFX lost fewer pounds than those taking a placebo, the FTC said.

The FTC expects to recover cash and assets worth at least $12 million from Stephen F. Cheng and his company, Window Rock Enterprises, and Gregory Cynaumon and his company, Infinity Advertising, which promoted CortiSlim and CortiStress.

Alexander Goen and several companies associated with him will pay $1.5 million for the marketing of TrimSpa. In addition to TV commercials showing celebrity endorser Anna Nicole Smith romping on a beach, ads for TrimSpa said an ingredient, hoodia gordonii, aided weight loss and described it as a plant used by African bushmen to suppress hunger on long hunting trips. TrimSpa did not admit liability.

Most of the money the FTC is to collect will go toward consumer redress, with the exception of Bayer's penalty, which goes to the U.S. Treasury.

Diet Pill Sellers Fined $25M (USAT)

By Edward Iwata

USA Today, January 5, 2007

Marketers of four brands of weight-loss pills can keep selling them — but they can't make unproven claims that people will lose weight taking them, the Federal Trade Commission says.

The marketers agreed to pay $25 million in fines and penalties to settle FTC charges that their advertising claimed their popular diet pills would cause consumers to lose weight or reduce the risk of serious diseases such as cancer. The FTC said Thursday the claims were not supported by scientific evidence.

"You're not going to find weight loss in a bottle of pills," said FTC Chairman Deborah Platt Majoras.

Platt Majoras said the pills, still available on store shelves, are not dangerous to consumers' health.

Nancy Metcalf, senior project editor at Consumers Union, said the group has lobbied for years to strengthen federal oversight of weight-loss supplements.

"We have advised people not to take them," she said.

Bayer was fined $3.2 million to settle FTC charges that its advertisements for One-A-Day WeightSmart pills violated an earlier FTC order that required all health claims for One-A-Day brand vitamins to be supported by sound scientific evidence.

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Bayer said that its product was marketed as a multivitamin, not a weight-loss pill, and that it settled to avoid the expense of litigation, the Associated Press reported.

Other pills the FTC cited were:

·TrimSpa. The marketers of this pill — Goen Technologies, Nutramerica, TrimSpa and Alexander Szynalski — will pay $1.5 million to settle FTC charges that their weight-loss claims were unsubstantiated. TrimSpa advertisements featured celebrity Anna Nicole Smith, who claimed to have lost 69 pounds using the pills, the FTC said.

·Xenadrine EFX. RTC Research & Development and Robert Chinery Jr., the marketers of this green-tea extract product, falsely claimed it would cause rapid weight loss, the FTC charged. The marketers will pay $8 million to $13 million to settle the case.

·CortiSlim and CortiStress. Stephen Cheng and his company, Window Rock Enterprises, and Gregory Cynaumon and his firm, Infinity Advertising — the marketers of those products — will surrender $12 million in assets.

The marketers claimed CortiSlim would cause rapid weight loss and that CortiStress would reduce the risk of cancer, heart disease and other ailments, the FTC said.

The companies agreed to limit future ad claims. Their ads ran in magazines and newspapers, on television and on the Internet. Consumers who bought CortiSlim and Xenadrine EFX may be eligible for refunds under the FTC's redress program at www.ftc.gov.

Eli Lilly Settles More Zyprexa Lawsuits (WP/AP)

By Rick Callahan

The Washington Post, January 5, 2007

INDIANAPOLIS, Jan. 4 -- Drugmaker Eli Lilly said Thursday that it will settle about 18,000 additional lawsuits alleging it did not adequately warn patients that its anti-psychotic medication Zyprexa carries a heightened risk of diabetes.

Lilly did not disclose the amount of the settlement but said in a statement that it would take a fourth-quarter settlement charge that's not expected to exceed $500 million.

In a June 2005 settlement, the Indianapolis company agreed to pay about $700 million to resolve more than 8,000 similar lawsuits involving Zyprexa, its top-selling drug.

Lilly spokeswoman Tarra Ryker said the new settlement covered more plaintiffs for less money because the 18,000 cases were less viable due to a 2003 Zyprexa labeling change, which addressed the drug's possible diabetes risk.

She said the company plans to go to trial, beginning in April, to defend itself against the 1,200 remaining claims, which she said are not being settled for "various reasons." Lilly declined to elaborate on the specific reasons.

Sales of Zyprexa, which is used to treat schizophrenia and bipolar disorder, accounted for 28 percent of Lilly's $3.86 billion in revenue in the most recent quarter.

Lilly has recently been the subject of New York Times articles that allege the drugmaker played down safety data on Zyprexa. Lilly contends the Times' stories relied on illegally obtained internal documents leaked by a plaintiff lawyer and used selected memos out of context.

Independent pharmaceuticals analyst Hemant Shah of HKS said the new settlement would help Lilly end negative publicity about the drug and allow Zyprexa to recover some of the market share it has lost in the past few years.

"They needed to get this drug off front pages -- get the negative press out of the way -- and one way you do that is settle so you don't have bad news coming out one case at a time," he said.

Most of the lawsuits claimed that before September 2003, the information on Zyprexa labels regarding the risk of hyperglycemia and diabetes was not adequately displayed. Hyperglycemia is a condition in which the blood has elevated sugar levels, typical in diabetics.

Lilly also faces lawsuits filed by the attorneys general of Alaska, Louisiana, Mississippi, New Mexico and West Virginia alleging that it marketed Zyprexa for unapproved uses or hid the risks of weight gain and diabetes, said company spokeswoman Carole Witsken Puls.

CIVIL RIGHTS:

U.S. Justice Department Won't Investigate Portsmouth Jail Death (VAPILOT)

By Jen Mccaffery, The Virginian-pilot

Hampton Roads Virginian-Pilot, January 5, 2007

PORTSMOUTH — Federal authorities have declined to investigate the July death of an inmate in Portsmouth City Jail.

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The Federal Bureau of Investigation in Norfolk and the Department of Justice informed city officials in Portsmouth last month that they found insufficient evidence to suggest that federal civil rights laws were violated in connection with Joseph Combs's death.

After six days in the city jail, Combs, 57, died of severe dehydration and acute pneumonia, with bipolar disorder contributing, according to his autopsy.

Portsmouth City Attorney Tim Oksman sent letters to federal authorities in November, requesting a civil rights investigation into his death.

Lamarr Brown , president of the Norfolk-based Organization of African-American Concerns , is speaking for Combs' widow, Granada Combs .

"This is usually the protocol by the FBI in the Hampton Roads area when the death of a black person is concerned," Brown said.

Portsmouth police Capt. Garrett Shelton said he anticipated that police would wrap up their investigation into Combs' death by mid-January.

"There's nothing unusual that has come out of this, from a criminal standpoint," Shelton said.

Police will turn their findings over to Portsmouth Commonwealth's Attorney Earle Mobley and Oksman, as they would in the case of any inmate death, Shelton said.

Reach Jen McCaffery at (757) 446-2627 or jen.mccaffery@pilotonline.com.

Dismissal Of Boys Town Suit Eyed (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, January 5, 2007

D.C. officials want a federal judge to throw out a civil rights complaint filed by the U.S. Justice Department after a jury deadlocked on whether the city discriminated against a group home for disadvantaged youth on Capitol Hill.

The complaint centered on whether D.C. officials broke federal housing laws and discriminated against the nonprofit Father Flanagan's Girls and Boys Home, also known as Boys Town.

The Nebraska-based group sued the District in 2001, saying city officials kept Boys Town from opening a group home on Potomac Avenue Southeast by stonewalling project applications amid community opposition to the plans.

The Justice Department later joined as a plaintiff in the federal lawsuit.

"There was no direct evidence of handicap or racial discrimination against the Boys Town project," attorneys for the District argued in recent court pleadings. Federal officials declined to say yesterday how they plan to proceed.

"We're obviously disappointed the jury didn't return a verdict for the United States," said Cynthia Magnuson, a spokeswoman for the Justice Department. "But we continue to think the District of Columbia violated the Fair Housing Act."

John Melingagio, a Boys Town spokesman, said the organization will continue to review the case and that the District's effort to have the case dismissed is "not well-founded."

"We will vigorously resist it," he said. "The bottom line is we're going to continue to advocate for children in the District."

The District sought dismissal of the complaint Dec. 22, and a response from the Justice Department is expected later this month.

A judge granted a mistrial in the case Dec. 8, saying jurors were split on a verdict.

The case began Nov. 27 after years of pretrial motions and depositions by numerous current and former city officials and neighborhood activists.

Among those who testified was Carolyn Graham, a D.C. school board member who previously served as the District's deputy mayor.

In questioning by the government, Miss Graham had testified that she perceived racial undertones to community opposition on Capitol Hill to the Boys Town project.

Attorneys for the District disagreed, noting that the makeup of a group opposing the project, Southeast Citizens for Smart Development, was racially diverse.

D.C. officials also argued that Boys Town ultimately realized a financial gain from the failed project. According to the District, the group sold the property to a developer for a profit of about $8 million after Boys Town decided not to pursue the project.

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ANTITRUST:

Auto Paint Antitrust Suit Nets $105 Million (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, January 5, 2007

The final two defendants in a class action antitrust suit against the top manufacturers of automotive refinishing paint have agreed to pay $39 million to settle claims that they participated in a price-fixing conspiracy, bringing the total recovery in the case to more than $105 million.

In a six-page opinion in In re Automotive Refinishing Paint Antitrust Litigation handed down on Dec. 28, Eastern District of Pennsylvania Judge R. Barclay Surrick granted preliminary approval of the two settlements -- $16 million from Sherwin-Williams Co. and $23 million from PPG Industries -- clearing the way for notices to be sent to the class.

In prior settlements, E.I. du Pont de Nemours & Co. paid $36 million; Akzo Nobel Car Refinishes, a subsidiary of Dutch chemical giant Akzo Nobel NV, paid $18.7 million; and two related German companies, BASF and BASF Coatings, paid $12 million total.

The plaintiffs in the suit are a class of direct purchasers -- mostly auto repair shops -- that claim in the suit that the paint manufacturers conducted secret meetings in Europe in which they agreed to "fix, raise, maintain and stabilize" the prices of refinishing paints.

The suit alleges that during the 1990s, the price increases for auto refinishing paints continued to rise despite a drop in the prices of crude oil and natural gas -- the principal raw materials used to manufacture refinishing paints.

Dozens of suits were filed in 2001 in the wake of news accounts of the Justice Department's probe focused on Akzo Nobel, which had pleaded guilty in 1997 and was fined $10 million for participating in a separate international conspiracy to fix the price of sodium gluconate, an industrial cleaner.

Two Akzo executives also pleaded guilty, confessing that they had agreed with other manufacturers to "suppress and eliminate competition in the sodium gluconate market from August 1993 to June 1995," according to Justice Department records.

Prosecutors said the two executives and their co-conspirators had set out to fix prices and allocate market share.

When news broke of the Justice Department's probe into possible price-fixing in the market for paint products used in the automotive refinishing industry, Chemical & Engineering News reported that Akzo's annual report stated that it had incurred $26 million in legal and settlement costs in the previous year, and that the company "has set aside $145 million to pay, over the next few years, 'probable costs, fines and civil damages' resulting from its behavior."

Surrick was assigned to hear the case under the federal courts' multi-district litigation program.

Surrick later appointed lawyers from three Philadelphia firms to act as co-lead counsel -- the Law Offices of Bernard R. Gross, Kohn Swift & Graf, and Barrack Rodos & Bacine. He also appointed a plaintiffs' executive committee -- H. Laddie Montague and Merrill G. Davidoff of Berger & Montague; Roberta D. Liebenberg and Donald Perelman of Fine Kaplan & Black; Michael M. Buchman of Milberg Weiss Bershad Hynes & Lerach; and Robert N. Kaplan and Richard J. Kilsheimer of Kaplan Fox & Kilsheimer.

In October 2004, Surrick awarded more than $21.5 million in "interim fees" to the plaintiffs' team from the fund created by the first round of settlements.

In his fee award, Surrick said that allocations of fees to specific firms should be determined by the co-lead counsel "who are most familiar with the work done by each firm and each firm's overall contribution to the litigation."

Rejecting an objection to such an approach, Surrick found that the co-lead counsel "have directed this case from its inception and are best able to assess the weight and merit of each counsel's contribution," and that "leaving the allocation to counsel makes sense from the standpoint of judicial economy."

Visa, MasterCard Settle With Government (WSJ)

Wall Street Journal, January 5, 2007

WASHINGTON -- The federal government is set to collect at least $7 million as part of an 11-year-old court battle that pitted retailers against Visa USA Inc. and MasterCard Inc. in a dispute over debit-card fees.

Although plaintiffs in the class-action lawsuit settled the case in 2003, the U.S. submitted a claim only last February. That claim then became the subject of a separate dispute when lawyers representing the plaintiffs contended that the government shouldn't get a piece of the $3 billion settlement fund that had been set up for retailers.

By filing a claim, the government essentially contended that it, like the nation's retailers, had been hurt by Visa and MasterCard rules that required merchants to accept their branded debit cards if they also accepted their credit cards.

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Government facilities-ranging from military PXs to the souvenir shop at the Smithsonian Institution accept plastic. The government's claim had been submitted by the antitrust division of the Justice Department.

Under the settlement, which was announced late Wednesday, Visa and MasterCard will pay a total of $3.5 million to the government. The settlement fund will contribute $3.7 million. The government may receive additional funds later if there is money left in the settlement fund.

Visa and MasterCard said they were pleased that a settlement had been reached.

Brussels Raises Heat On Energy Companies (FT)

By Tobias Buck In Brussels

Financial Times, January 5, 2007

Europe's biggest energy companies face an intensified crackdown by the European Union competition commissioner following an inquiry into the sector that found evidence of collusion and other severe market failings.

In a summary of a 16-month investigation, Neelie Kroes warns she will make "full and combined use" of her powers over mergers, government subsidies and antitrust abuses to tackle the lack of competition in the sector.

Her report, a copy of which has been obtained by the Financial Times, states: "Market concentration has been identified as a major concern for the success of the liberalisation process. The market power of pre-liberalisation monopolies has not yet been eroded."

The final results of Ms Kroes' sector inquiry are expected to be announced next week, along with a broader review of the EU's energy policy that will also look at cutting greenhouse gas emissions and bolstering the security of Europe's energy supplies.

Her assessment will make uncomfortable reading for many of Europe's biggest energy companies, including Eon and RWE of Germany, GdF in France and Eni in Italy. These groups are already the target of Commission antitrust investigations, and have seen their offices raided by Brussels officials at least once during the past seven months.

The report makes clear that they – and other dominant energy groups – are likely to face further pressure from the Brussels regulator in the near future, for example to cede control over gas pipelines and the power grid or to terminate some of their long-term contracts with customers and energy suppliers.

One of the report's most striking findings is the accusation of collusion – or cartel-like activity – among Europe's large energy groups.

"Market partitioning re-mains one of the most serious obstacles to market integration. The fight against collusion between incumbents remains a top priority of antitrust enforcement action," the report says.

The report also warns Europe's energy groups that the Commission will impose tough conditions on any future mergers in the sector "to ensure that the competitive structure...does not further deteriorate". It points out that approval to future deals would likely hinge on commitments to release gas and electricity onto the open market, but warns that Brussels may impose "structural" remedies such as asset disposals.

Ms Kroes ordered the in-depth investigation into the electricity and gas sector shortly after she took over the Brussels competition watchdog in 2004.

She argued at the time that years of liberalisation efforts had clearly failed to deliver tangible benefits to European consumers and businesses.

Though, formally speaking, Ms Kroes is responsible only for analysing the market and proposing solutions based on her powers as competition chief, her report also foreshadows much that will be left to the broader review.

Her report calls for the break-up of integrated energy companies as "the most effective way forward".

S Korea Watchdog Probes Qualcomm (FT)

By Chris Nuttall In San Francisco

Financial Times, January 5, 2007

South Korean antitrust regulators say they have launched a full-scale investigation into the business practices of Qualcomm, the US wireless chipmaker.

Qualcomm has been the subject of complaints from other chipmakers and handset makers in Europe, Japan and Korea, but the move by the Korean Fair TradeCommission represented the first time that formal action had been taken by the authorities.

An FTC official said a task force had been formed since early in December to step up an investigation into allegations that Qualcomm had used its dominant market position to charge excessive royalties.

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It had received complaints between April and June last year from Broadcom and Texas Instruments, rival chipmakers in the US, and Korea's Nextreaming and Thin Multimedia.

They had alleged monopolistic practices by Qualcomm in bundling multimedia products into its chipsets and not opening up its programming interface to allow others to build complementary software applications.

The official said the FTC could co-operate with its counterparts in Europe and Japan, where Broadcom and TI had also filed complaints.

He added that Qualcomm could face fines or have to cut its royalty rates in Korea if it is found to have abused its market dominance.

A Qualcomm spokeswoman at its San Diego headquarters said the company had not been formally notified of any investigation by the FTC and so could not comment.

Qualcomm owns patents and earns royalties on many wireless technologies. It is best known for developing Code Division Multiple Access (CDMA), a standard that has rivalled GSM in mobile phone networks around the world and formed the basis of next-generation networks.

CDMA is the standard in South Korea and manufacturers such as Samsung and LG make CDMA phones. Antitrust regulators raided Qualcomm's offices in Seoul last April, as well as premises of Samsung and LG, as they sought information on the US company's business practices.

The Korean FTC hasbeen active against US companies with the competition watchdog saying it wants to ensure Korean technology companies have a chanceto grow.

It visited the Seoul offices of Intel last February and fined Microsoft in 2005 for abusing its dominant position in the Korean market.

Qualcomm is also involved in a number of lawsuits at home, principally involving patent disputes with its rival Broadcom.

South Korea Regulator Probes Qualcomm (AP)

By Kelly Olsen, The Associated Press

AP, January 5, 2007

SEOUL, South Korea -- South Korea's antitrust regulator said Thursday it has launched a full-scale investigation into alleged unfair market practices by U.S. wireless technology company Qualcomm Inc.

The Fair Trade Commission early last month formed a task force to push forward a probe into allegations that the company used its dominant position in wireless technology to seek excessive royalties, said Shin Yeong-ho, an FTC official.

San Diego, Calif.-based Qualcomm developed and controls most of the key patents for CDMA, or code division multiple access, a rival standard to the dominant cellular standard GSM, or global system for mobile communications.

CDMA is used in the United States and South Korea. Every cell phone in South Korea has a CDMA chip and handset manufacturers have to pay royalty fees to Qualcomm.

The San Diego-based chipmaker earns money by collecting royalties or licensing the CDMA technology to other chipmakers and phone manufacturers.

Between April and June last year, the FTC received complaints about Qualcomm from Broadcom Corp. and Texas Instruments Inc., both of the U.S., and two South Korean companies, claiming Qualcomm abused its market dominance.

Shin said that if Qualcomm is found to have abused its position to block fair competition it can be ordered to take corrective measures, face fines or both.

A Qualcomm spokeswoman, Emily Kilpatrick, said the company would not comment because it had not been notified by Korean authorities.

In April, when Korean authorities began investigating Qualcomm, the company said its business practices were "lawful and pro-competitive."

Qualcomm is embroiled in legal and trade disputes with a number of rivals that contend it extracts excessive royalty payments, a charge the company vigorously denies. Korea has long been one of Qualcomm's strongest markets, accounting for 32 percent of $7.53 billion in revenue for its fiscal year that ended Sept. 24.

Issues Of Power, Prestige Doom Law Firm Merger (WSJ)

By Nathan Koppel

The Wall Street Journal, January 5, 2007

New York law firm Dewey Ballantine LLP is best known for its deals practice. But this time, it wasn't able to pull off a deal of its own.

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Merger plans between Dewey and another major firm, Orrick, Herrington & Sutcliffe LLP, founded in San Francisco, fell apart yesterday amid concerns over money, power and prestige. At least 11 Dewey partners had left in recent months, some taking business with them.

The merger had been heralded as one of the biggest in years and notable given Dewey's stature and lucrative Wall Street practice.

"No one issue led to our decision, but in the end we will not be doing the merger," said Ralph Baxter Jr., Orrick chairman, who had aggressively pursued the deal.

In recent years, many law firms have merged to add practice depth quickly and to enter new national and international markets. Firms are particularly keen on adding lawyers in New York, the world's most lucrative legal market, thanks to a steady supply of corporate-deal work. If the tie-up had gone forward, other New York firms might have felt pressure to join the merger frenzy that has long gripped firms based in others parts of the country.

The failure of this merger may make it harder for firms outside New York to find partners there. "New York firms tend to think that mergers will only dilute their brands," says Peter Zeughauser, a law firm consultant who wasn't involved in this deal. "The Dewey/Orrick situation will provide them with more evidence that they have a right to be skeptical."

The failed talks come at a cost for both sides, but particularly for Dewey. With about 530 lawyers and nearly 100 years of history, Dewey boasts ties to banks with major presences on Wall Street, including Credit Suisse Group and UBS AG. Recent clients include Walt Disney Co. in its $7.4 billion acquisition of Pixar Animation Studios, as well as HCA Inc., which was acquired by private-equity firms for $21 billion in one of the largest-ever leveraged buyouts.

But Dewey's star had fallen of late, making it receptive to a merger overture from Orrick. While about twice Dewey's size, at about 1,000 lawyers, and with greater global reach, Orrick is seen by some at Dewey as having a less prestigious practice, a key factor in the legal business.

That a merger Dewey felt compelled to make has failed raises questions about how robust it can remain as an independent entity, said Chuck Fanning, head of partner placement at Major, Lindsey & Africa LLC, a national recruiting firm. "Partners may wonder, why should I join now?" he says. Retention may also prove to be an issue.

Morton Pierce, Dewey's chairman and a deal maker himself as head of the firm's mergers-and-acquisitions group, said, "uncertainty is never good for people. They like to know where they stand. We now no longer have uncertainty. We know we are going forward as a stand-alone institution." He added that Dewey just completed its best year ever, increasing its average profit per partner to $1.4 million from $1.2 million, and that it remains strong despite the defection of partners since the merger was in discussion.

The first big setback came when news of the merger talks leaked in September. As the firms' leadership wrangled over questions of management authority and partners' contributions of capital, lawyers bolted from Dewey, taking business that made the deal attractive to Orrick in the first place -- ultimately sapping Orrick's enthusiasm for a tie-up. At least 11 partners left Dewey, including two of its top mergers-and-acquisitions lawyers and leaders of its bankruptcy and energy practices.

In October the executive committees of Dewey and Orrick announced that they had approved the main terms of the merger that would have created one of the largest firms in the country. They announced a new name -- Dewey Orrick LLP -- and a logo that incorporated a green letter "O" that had been used by Orrick. Messrs. Baxter and Pierce traveled to Europe to visit the firms' respective offices and hold Q&A sessions for lawyers.

But the deal proved to face obstacles, both in management conflicts and cultural differences. Questions over power and money became stumbling blocks. Dewey and Orrick had agreed at the outset that Mr. Baxter would serve as the presiding partner of the combined firm. Later, the two sides differed over whether Mr. Baxter would have sole authority over such key matters as the hiring and firing of office and practice-group leaders.

At one point, Mr. Baxter proposed an 11-person management committee, comprised of six Orrick lawyers and five Dewey lawyers, a term that the Dewey side objected to initially, according to two people familiar with the deal. Mr. Baxter believed that Orrick was financially stronger than Dewey and thus should be entitled to greater management authority, according to a person familiar with the talks.

The firms also had difficulty squaring their respective balance sheets and figuring out how the partners at each firm would contribute an equal amount of capital. One key sticking point was Dewey's generous unfunded retirement plan, which amounts to about a $90 million obligation, according to two people familiar with the plan.

As Dewey partners headed for the exits in recent weeks, Orrick requested that the remaining Dewey lawyers shoulder more of the burden for the plan -- a source of irritation to Dewey lawyers, according to two people familiar with the deal.

While declining to discuss the specific reasons the merger failed, Mr. Pierce said part of the difficulty was that Dewey never had engaged in merger talks before. Some of his partners, he said, wrestled with the basic question: "Is merger the right way to go?" The veteran deals lawyer said it is easier to merge manufacturing companies, where it is only senior executives negotiating

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with other senior executives. "At service providers, like law firms, every partner is an owner, so it is much more complicated to get buy-in on a transaction."

As for Orrick, the failed talks represent a blow to Mr. Baxter, who courted Dewey on and off for six years with an eye toward landing the firm's deals practice and a stronger foothold in New York. Failed talks are not new for Orrick. Conversations between Orrick and the New York firm formerly known as Donovan Leisure Newton & Irvine broke down in the late 1990s, though dozens of Donovan Leisure lawyers ultimately joined Orrick.

More recently, talks broke off between Orrick and Cooley Godward LLP of Palo Alto, Calif., which later merged with a New York firm, and with a Washington, D.C., firm formerly known as Swidler Berlin Shereff Friedman LLP that has since merged with another firm.

Orrick has lost few if any partners in response to the merger news. But given Orrick's merger-talk track record, firms now may be leery of dancing with the firm, said Mr. Zeughauser. For Mr. Baxter, he said, "It would have been a huge feather in his cap."

2 Law Firms Call Off Plans For A Merger (NYT)

By Michael J. De La Merced

The New York Times, January 5, 2007

One of the biggest proposed law firm mergers of the last year has been called off, the victim of too many insurmountable issues.

The two firms, Dewey Ballantine and Orrick, Herrington & Sutcliffe, announced the news yesterday. The two had been in talks since last fall to join their specialties in mergers and acquisitions and debt financing. The new firm would have been one of the nation's largest legal advisers, with 1,500 lawyers based in New York and San Francisco.

Unlike most merger talks, which are conducted in secrecy, the firms announced in October that their top committees had given preliminary approval to the proposal. At every step in the process after that, the firms expressed confidence that the deal would go through.

The two had already decided upon the name Dewey Orrick for the combined firm. Dewey's chairman, Morton A. Pierce, and Orrick's chairman, Ralph H. Baxter Jr., would have served as co-chairmen, with Mr. Baxter taking on the additional title of presiding partner.

Partners were to have voted on the deal last month. But as several obstacles proved intractable, those elections were postponed to this month.

"While both firms tried their best to work through these challenges, we were unable to bring the merger to completion," the two firms said in a statement. "No one issue led us to this point."

Among the most visible distress signals was the departure of 10 partners from Dewey since merger talks began. Most ominous were the exits of three lawyers from Dewey's mergers and acquisitions team, including Michael J. Aiello and Jack S. Bodner, who had been considered protégés of Mr. Pierce.

People familiar with the negotiations said the talks had continued as recently as last weekend.

The chairmen of both firms said in interviews that the decision to part ways was mutual.

"We reached a point where we decided it was in the best interest of both organizations to go our separate ways," Mr. Pierce said.

Both chairmen said that they would look for future growth opportunities, but that neither was looking for another merger partner right now.

"When you look at how law firms grow, while mergers have great advantages, it's the statistically least likely way to do it," Mr. Baxter said.

Unlike mergers in other sectors, law firm consolidation involves the joining of companies whose main assets are their people. Orrick is acquainted with such situations, having undertaken merger talks with several firms in recent years, including Coudert Brothers in 2005 and Donovan, Leisure, Newton & Irvine in the late 1990s. None of those talks came to fruition, though Orrick subsequently hired lawyers from those firms.

The dilution of brand names, unclear lines of authority and unfunded pensions are among some of the issues that may have played a role in the talks' demise, said Peter Zeughauser, a law firm consultant who did not work on the deal.

Unfunded pensions have long been a concern in the merger of law firms because partners inevitably bristle at taking a pay cut to help new colleagues' retirement plans. Several consultants and lawyers at other firms previously questioned whether Dewey's unfunded pension system would pose problems for the deal.

"It's not at all uncommon for an unfunded retirement plan to be a deal breaker," Mr. Zeughauser said.

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A person familiar with the negotiations also pointed to questions over management authority. Though the deal had been labeled a merger of equals, it was clear that Orrick would retain control over crucial matters, the person said.

Both Dewey and Orrick have long histories. Dewey is a storied New York adviser whose name comes from Gov. Thomas E. Dewey. Orrick is one of San Francisco's oldest law firms, founded in 1863.

Both have prominent corporate deal-making and litigation practices. Dewey, a 550-lawyer firm, is known as a specialist in mergers and acquisitions, having advised on major deals like the hospital operator HCA's $33 billion leveraged buyout. And Orrick, with more than 950 lawyers, is considered a leader in debt financing and capital market transactions and restructurings.

Last year proved profitable for the two firms, with both claiming profits of about $1.4 million per equity partner. Dewey earned $408 million in gross revenue and Orrick pulled in $666 million for the 2006 fiscal year, both showing improvement over 2005.

LSE Holder Raises Its Stake (WSJ)

By Alistair Macdonald

The Wall Street Journal, January 5, 2007

LONDON -- The second-largest shareholder in London Stock Exchange PLC added to its stake in the company, indicating that some investors still expect Nasdaq Stock Market Inc. to raise its offer for the London market operator, even as LSE's shares have fallen closer to Nasdaq's current offering price.

Heyman Investment Associates, an investment vehicle of U.S. businessman Samuel Heyman, said it had increased its stake in LSE, Europe's largest exchange by the value of stocks traded, to 9.65% from 9.60%.

LSE's share price has drifted down 1.8% during the past three days to close at £12.87 ($25.10) yesterday; it is now just 3.5% higher than Nasdaq's offer of £12.43 a share. Analysts believe that if LSE's share price falls below £12.43, enough hedge funds will sell their shares to Nasdaq to give it the 50% it says it needs to take over the London exchange.

The decline in LSE's share price comes amid light holiday trading volumes, which can exaggerate price movements, and amid broader selling recently in exchange companies around the world.

Nasdaq has been pursuing LSE for months and has amassed nearly 29% of the company. Some investors now fear that if Nasdaq doesn't win control of LSE, it will sell its stake, pushing LSE shares much lower. That possibility has spooked some investors into selling LSE shares in recent trading sessions. A spokesman for LSE declined to comment.

Nasdaq has acknowledged to LSE investors that selling its stake is one of several options it could pursue, some of these shareholders say. Other options would include waiting a year and bidding again for LSE when British takeover rules would allow it to do so, or setting up a rival exchange to the LSE in London. Some of LSE's largest shareholders also are convinced that Nasdaq has the financial firepower to come back with a higher price on its current offer, which LSE has so far rebuffed.

LSE also is expected to issue a second defense document to back up its view that Nasdaq's offer considerably undervalues its business. This document may include details of partnerships that LSE has talked about with other exchanges. Joint ventures with exchanges in emerging markets may be particularly attractive given LSE's success in attracting listings from developing markets. LSE, for instance, has in the past talked to the Bombay Stock Exchange about partnerships.

ENVIRONMENT:

Parks Agency Leaves Controversial Book On Shelf (NYT)

By Cornelia Dean

The New York Times, January 5, 2007

When complaints emerged in 2004 over the sale of a creationist account of the formation of the Grand Canyon in National Park Service bookstores, Interior Department officials said they would review whether the book should be pulled from the shelves.

But there was no formal review, in part because of differences of opinion among the Park Service's own specialists, said David Barna, a spokesman for the agency, in an interview yesterday.

When officials got together to discuss the book, the geologists and natural resource specialists would say, "Get this book out of here," Mr. Barna said. "But the education and interpretation people would say: 'Wait a minute. If your science is so sound, the fact that there are differences of opinion should not scare you away.' "

In the end, no formal action was taken, and the book remains on sale because, Mr. Barna said in a written statement, "It is not our role to tell people what to believe."

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The Park Service issued the statement after an organization of state and federal natural resource managers, Public Employees for Environmental Responsibility, or PEER, said it had filed a Freedom of Information Act request concerning the agency's handling of the book, "Grand Canyon: A Different View."

The group received a letter saying a review of records "did not locate any documents responsive to your request," which Mr. Barna confirmed, saying "there's no real record."

Jeff Ruch, executive director of PEER, said the Park Service was advancing a particular religious view by keeping the book on sale, and was also deceiving people about it, by repeatedly saying that it would be reviewed.

"If the question is religious values, they ought at least to be honest about it," Mr. Ruch said.

The book was assembled by Tom Vail, who operates Canyon Ministries, which offers canyon river tours with a creationist bent.

The book maintains that the heavens and the earth were created in six days about 6,000 years ago and that the canyon was formed in a divine flood sent to wipe out "the wickedness of man."

Scientists say that earth is billions of years old and that the canyon has been carved over millions of years by the action of the Colorado River.

In his statement, Mr. Barna notes that Park Service management policies require reliance on "the best scientific evidence available" and, as a result, rangers tell visitors that "the Colorado River basin has developed in the past 40 million years."

But the guidelines also say that material available from concessionaires in national parks should adhere to the standards used to evaluate Park Service materials.

When the book appeared on Park Service store shelves, there were objections from a host of scientists, including the agency's own geologists, who said it "repudiates science."

In the interview, Mr. Barna said a new interpretive center would open at the canyon this summer, offering a more detailed explanation of the canyon's development, told in scientific, not religious, terms. He said this investment in science shows where the agency stands.

But in an interview yesterday, Mr. Ruch said selling the book was one of a number of efforts to promote the views of fundamentalist Christians in the park, "not Buddhists or Muslims or anyone else."

"This is government establishment of religion in a fairly fundamental way, if you pardon the pun," Mr. Ruch said.

A Revitalized Chesapeake May Be Decades Away (WP)

By David A. Fahrenthold

The Washington Post, January 5, 2007

The multibillion-dollar cleanup of the Chesapeake Bay, which government officials had pledged would succeed by 2010, will likely miss that deadline by a wide margin -- and, at the current pace, might drag on for decades more, an Environmental Protection Agency official acknowledged yesterday.

Rich Batiuk, an associate director of the EPA's Chesapeake Bay Program, made that projection at a meeting of the Chesapeake Bay Commission, an advisory group that includes state officials from Maryland, Virginia and Pennsylvania.

His talk was a blunt, and public, admission of something that the EPA had conceded in an agency report last year. A pledge to "save the bay," made six years ago in the so-called Chesapeake 2000 Agreement, is falling drastically short. "If we go at the current rate that we're doing, we're talking about restoring the Chesapeake decades from now, a generation or two," Batiuk said.

The news means a continued struggle for one of this area's most cherished bodies of water, one that Washingtonians turn to for seafood, sailing, recreational fishing and weekend scenery. It is also bad news for such Chesapeake tributaries as the Potomac River, where the pollution and runoff bring mud, algae blooms and dangerous chemicals on the way to the bay.

Batiuk's assessment was not news to many environmentalists, who have said for years that roads and suburbs in the watershed were growing too fast and that cleanup efforts at farms and sewage plants were moving too slowly for the deadline to be met.

Some of them said yesterday that they were heartened that the EPA was admitting the shortfall but wished the acknowledgment had come sooner.

"Duh," said Roy Hoagland, a vice president of the Chesapeake Bay Foundation, after hearing Batiuk's talk in Annapolis. "We've been arguing for at least four years that in order to reach those goals, they need to accelerate implementation [of cleanup efforts]. . . . That is not new information."

Bay cleanup has a history of broken deadlines. In 1987, local and federal officials pledged to clean up the estuary by 2000. The current agreement, written after the first one failed, was signed by the governors of Maryland, Virginia and Pennsylvania, the mayor of Washington and the administrator of the EPA.

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The officials pledged to make enormous improvements in everything from low-oxygen "dead zones" to underwater grasses to oyster populations.

In the 6 1/2 years since, Batiuk said, there have been notable successes: The northern bay has seen a huge regrowth of the grasses, which provide oxygen and shelter for aquatic life. Changes at sewage plants around the watershed have reduced their output of nitrogen and phosphorus, two pollutants linked to dead zones downstream.

But the overall picture, Batiuk said, shows a cleanup effort that is far off the pace set out in 2000. Crab populations are still below historic levels. The amount of oxygen, which fish and crabs need to live, is just 29 percent of the goal set for 2010, he said. The bay's native oysters are at just 7 percent.

Even underwater grasses, which are doing slightly better than other indicators, stand at just 42 percent of the level they're supposed to reach by 2010.

"If you draw that line out there," Batiuk said, pointing to the slow upward trend in their population, "you're at about 2040 for the grasses to come back."

One major reason for the shortfall, Batiuk said, was rapid population growth in the bay's watershed, which stretches 64,000 square miles from southern Virginia to Cooperstown, N.Y. An additional 800,000 people moved in between 2000 and 2005, bringing more neighborhoods, more cars, more lawns -- all sources of bay pollutants -- and canceling out improvements, he said.

But environmentalists have also blamed local governments, and the bay program itself, for not being more aggressive.

They have said the past six years have been consumed by research efforts and voluntary pollution-reduction programs, when new laws or stringent enforcement might have accomplished more.

One advocate of a more confrontational approach was sworn in as Maryland's attorney general Tuesday: Douglas F. Gansler (D), who has pledged an "all-out assault" on bay polluters. The Chesapeake Bay Foundation has also pushed the Maryland legislature to do more in the new session, calling for a "green fund" of up to $50 million a year for pollution-reduction projects.

Batiuk's talk yesterday reflects a serious shift in rhetoric for the EPA's bay program. For years, program officials had maintained that the 2010 goal was still within reach.

But last year, bay program Associate Director Mike Burke said, officials were asked to submit goals for an EPA-wide strategic plan. Employees would be evaluated on their progress toward the goals, Burke said.

If the 2010 deadline is not met, officials said, state governments could be made to compile a "pollution budget" for the bay, listing what is coming downstream now, where it comes from and by how much it needs to be reduced.

In the meantime, a new Chesapeake agreement, with another deadline, could also be worked out.

But the past two decades have soured some people on agreements. Bernie Fowler, a former Maryland state senator who has been an outspoken voice for the Patuxent River and the bay, said he was tired of people making promises that the bay would be fixed soon.

"A lot of those very people have left the planet and haven't seen it done," said Fowler, who is 82. "I don't want that to happen to me."

FBI/DEA/ATF/USMS:

Rehnquist Drug Dependency Detailed (AP)

By PETE YOST,

AP, January 5, 2007

A physician at the U.S. Capitol prescribed a powerful sleep aid for William Rehnquist for nearly a decade while he was an associate justice of the Supreme Court, according to newly released FBI records.

The records present a picture of a justice with chronic back pain who for many months took three times the recommended dosage of the drug Placidyl and then went into withdrawal in 1981 when he abruptly stopped taking it.

Rehnquist checked himself into George Washington University Hospital, where he tried to escape in his pajamas and imagined that the CIA was plotting against him, the records indicate.

Although Rehnquist's drug dependency was publicly known around the time he was hospitalized in 1981, the release of the FBI records provides new details.

The justice was weaned off Placidyl in early 1982 in a detoxification process that took a month, according to the records. The hospital doctor who treated Rehnquist said the Capitol Hill physician who prescribed Placidyl for Rehnquist was practicing bad medicine, bordering on malpractice. Both doctors' names were deleted from the documents before they were released.

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The FBI documents were prepared in 1986 when Rehnquist - who began serving on the court on Jan. 7, 1972 - was nominated for chief justice, years after his problems with the drug had ended. They were released by the agency in response to requests under the Freedom of Information Act. The agency said one of the seven folders of Rehnquist documents could not be found.

A psychiatrist told the FBI that Rehnquist's family in 1981 noted "long-standing slurred speech which seems to coincide with administration of Placidyl," one FBI interview report stated. The psychiatrist also indicated that Rehnquist's chronic back pain led to his heavy use of such substances as Darvon and Tylenol 3, which the psychiatrist said also played a part in Rehnquist's condition.

An attending physician at the U.S. Capitol detailed Rehnquist's problems with Placidyl for the FBI, saying that prior to his seeing the justice in 1972, Rehnquist was prescribed the drug by another doctor for relief from insomnia. The attending physician told the FBI he continued to prescribe Placidyl for the entire 10-year period that he treated Rehnquist.

The physician said that Rehnquist had been prescribed 500 milligrams of Placidyl per evening, but that Rehnquist was actually taking 1,500 milligrams each night. The doctor said this increased consumption may have coincided with Mrs. Rehnquist's illness and treatment for cancer.

Rehnquist had told the physician that he was taking one pill before going to bed and he would take other pills if he awakened during the night.

The physician indicated that he decided to discontinue the drug's use and to try another medication. Rehnquist said the new medication was not strong enough, an FBI interview report stated. The physician said he then prescribed a substitute and then another, at which point Rehnquist went into the hospital.

The hospital doctor who successfully weaned Rehnquist from the drug told the FBI that the toxicity of Placidyl causes blurred vision, slurred speech and difficulty in making physical movements. Once a patient stops taking the drug, the withdrawal symptoms of delirium begin, which is what happened to Rehnquist at the hospital.

The doctor who helped Rehnquist get off the drug said the justice's wife was highly upset and felt that the prescribing physician and the pharmacist who filled the prescription were probably intimidated by such high-ranking officials as Supreme Court justices and senators and probably would have agreed to almost any request.

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Sedative Withdrawal Made Rehnquist Delusional In '81 (WP)

By Alan Cooperman
The Washington Post, January 5, 2007

The late Chief Justice William H. Rehnquist took a powerful sedative during his first decade on the Supreme Court and grew so dependent on it that he became delusional and tried to escape from a hospital in his pajamas when he stopped taking the drug in 1981, according to newly released FBI files.

The files also show that during both of Rehnquist's confirmation battles -- when he was first named to the court by President Richard Nixon in 1971 and when President Ronald Reagan nominated him as chief justice in 1986 -- the Justice Department enlisted the FBI to find out what witnesses lined up by Senate Democrats were prepared to say.

The FBI this week released 1,561 pages from its files on Rehnquist in response to Freedom of Information Act requests filed after his death in September 2005. Privacy laws forbid disclosure of such files during the person's lifetime.

The fact that Rehnquist checked into George Washington University Hospital for a week in late December 1981 to be treated for back pain and dependence on a prescription drug was previously known. Journalists had noted that fall that Rehnquist's speech was sometimes slurred on the bench, and The Washington Post reported on the hospitalization.

But the files reveal dramatic new details about the length and intensity of the addiction. During its routine 1986 investigation of Rehnquist's background, the FBI concluded that Rehnquist began taking the drug Placidyl for insomnia after back surgery in 1971, the year before he joined the court. By 1981, he apparently was taking 1,500 milligrams each night, three times the usual starting dose.

Placidyl, known generically as ethchlorvynol, is a sleep-inducing drug that is not usually prescribed for more than a week at a time. It is not an opiate and is not a painkiller, but it is addictive, and withdrawal can cause hallucinations and temporary memory loss.

Doctors interviewed by the FBI told agents that when the associate justice stopped taking the drug, he suffered paranoid delusions. One doctor said Rehnquist thought he heard voices outside his hospital room plotting against him and had "bizarre ideas and outrageous thoughts," including imagining "a CIA plot against him" and "seeming to see the design patterns on the hospital curtains change configuration."

At one point, a doctor told the investigators, Rehnquist went "to the lobby in his pajamas in order to try to escape." Ultimately, the doctors concluded that the withdrawal symptoms were so severe that they began giving Rehnquist the drug again and slowly lowered the dosage until he quit taking it entirely Feb. 7, 1982.

By 1986, the files show, all the doctors interviewed by the FBI said the former drug dependence should not affect Rehnquist's future work on the court, and it did not become an issue in his confirmation as chief justice.

Alexander Charns, a lawyer in Durham, N.C., who was among the scholars and journalists who received the documents this week, said that in his view, they contain evidence of "the ongoing use of the FBI for political purposes, not only in the sixties and seventies but well into the 1980s."

Because the FBI withheld some documents on national security grounds and because many of the pages it released are heavily edited, "no one can be entirely certain what happened and why" when the FBI conducted its background investigations, Charns said.

But in the files that have come to light, he said, there is a clear partisan tilt. "You don't have Democrats calling up the FBI saying, 'We need to know what the Republican witnesses are going to say about Rehnquist' the way you have Republicans calling up saying, 'We need to know what the Democratic witnesses are going to say,' " Charns said.

FBI spokesman Paul Bresson declined to comment on any documents released by the bureau. "We don't expand beyond what has been released, because that's all the information that's been released pursuant to the law," he said.

However, Bresson denied that the FBI's background investigations for judicial nominees are partisan in any way.

"We are not political; we are apolitical. We're just trying to find the facts," he said. "It's a very rigorous process that involves investigating both people who are going to say very favorable things and people who may not. We don't make suitability judgments. . . . We report the facts to the agency that has requested the background check, in this case the White House."

The files indicate that in 1971, the Nixon administration was deeply concerned about hostile witnesses to Rehnquist's confirmation after the Senate's rejection of two previous Supreme Court nominees, Clement Haynsworth and G. Harrold Carswell.

In an October 1971 memo, an aide to FBI Director J. Edgar Hoover said Deputy Attorney General Richard Kleindienst had telephoned to request a "criminal background check" on two Phoenix residents who were expected to testify against Rehnquist's nomination.

The Post reported at the time that the FBI was stirring controversy by questioning potential witnesses against Rehnquist, including Harvard Law School professor Laurence Tribe. When a Harvard official complained that the interviews were "seriously intimidating," Kleindienst wrote back that the questioning was impartial and that "any assumption that interviews were conducted with a view toward 'intimidation' is completely unjustified."

In 1986, the FBI files show, Strom Thurmond (R-S.C.), chairman of the Senate Judiciary Committee, asked the FBI to interview witnesses who might testify about allegations that Rehnquist had "challenged" blacks waiting in line to vote in Phoenix in 1962. Rehnquist was a legal adviser to the local Republican Party at the time.

Thurmond's request was relayed to the FBI by John R. Bolton, who was then an assistant attorney general and who recently stepped down as ambassador to the United Nations after the Senate did not act on his nomination. Although an FBI official warned that the bureau might be accused of "intimidating the Democrats' witnesses," Bolton approved the request and wrote that he would "accept responsibility should concerns be raised about the role of the FBI."

Bolton said in a telephone interview yesterday that there was no political bias in the investigation, because the request actually came from Senate Democrats.

"The Democrats wanted the FBI to interview these people who had raised questions about what Rehnquist had done," he said. "It was an unusual request. It stretches the whole concept of a background check. But Thurmond and the other Republicans on the committee at the time felt we should go ahead because there wouldn't be anything to it and Rehnquist would go ahead and be confirmed."

And that, Bolton added, is what happened. "The FBI didn't find any evidence that Rehnquist had intimidated voters," he said.

Torture Case Defendant Loses 1st Legal Fight (SPT)

St. Petersburg Times, January 5, 2007

A judge rejects Scott Schweickert 's request to throw out statements he made about h elp ing to d rug two men who were then r aped and killed.

TAMPA - Testifying for the first time since his arrest in a case involving allegations of torture, rape and murder, Scott Schweickert accused authorities Thursday of violating his rights by denying him a lawyer when he was first questioned.

But a federal prosecutor said Schweickert's story was false, and he had documents and tapes to prove it.

Schweickert, 41, is accused of helping Steven Lorenzo drug two Tampa men who were later raped and killed. His federal trial is scheduled to begin Monday.

U.S. District Judge Steven Merryday conducted a hearing Thursday on whether statements Schweickert made to law enforcement should be thrown out because his constitutional rights were denied.

Schweickert is charged with conspiracy and assisting in a drug-facilitated crime of violence against Michael Wachholtz and Jason Galehouse, both 26. The two men disappeared the same weekend in December 2003.

Wachholtz's decomposed body was found two weeks later. Galehouse has never been found, but blood identified as his was found on Lorenzo's garage floor.

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Schweickert said he requested a lawyer after he was served with a subpoena on May 3, 2005, to testify before a grand jury in the Lorenzo case.

But when he arrived in Tampa from his home in Peru, Ill., he said he was informed he wasn't entitled to legal representation.

"They told me I was ineligible for an attorney," said Schweickert, who was dressed in an orange prison jumpsuit. "There's no sense in asking for something you can't have."

Schweickert was questioned for nearly seven hours that day by Tampa police and a Drug Enforcement Administration agent.

Schweickert's lawyer, Pedro Amador, said those statements should be thrown out because they were illegally obtained.

"It all should have stopped after he requested a lawyer," Amador said.

Schweickert also said he was falsely led to believe he would be granted immunity when authorities told him they would try to assist him if he was truthful.

But Assistant U.S. Attorney Anthony Porcelli said Schweickert was never given any promises. He also noted Schweickert lied to the grand jury, which would be unnecessary if he felt he had immunity.

Porcelli called DEA agent Scott Albrecht, who testified that Schweickert had been informed of his right to an attorney several times but never requested one. In fact, Schweickert refused an offer to go before a judge to determine whether he qualified for a court-appointed attorney, he said.

Schweickert seemed eager to cooperate, and offered to drive officers around Tampa to show them where Lorenzo had stashed Galehouse's dismembered body. Schweickert also volunteered to draw a crude schematic showing where in Lorenzo's garage Galehouse had been killed, Albrecht said.

After listening to nearly five hours of testimony, Merryday rejected Schweickert's request to throw out the statements.

"The evidence shows that at no time did the defendant request a lawyer," Merryday said.

The hearing continues today with Merryday scheduled to decide whether to allow the prosecution to show pictures and videos found in Lorenzo's house during Schweickert's trial.

Five Men Indicted On Drug Charges (BSUN)

The Baltimore Sun, January 4, 2007

A grand jury in Baltimore indicted five defendants yesterday after federal drug agents seized 23 kilograms of cocaine last month and arrested the men involved in the delivery to Howard County on conspiracy charges.

The defendants -- Alejandero Arango-Lopez, 38, Jesus Luis Sanchez-Cuevas, 30, Julio Grano, 29, of Reidsville, N.C.; Juan Gonzalez, 29, of Guadalajara, Mexico; and Christopher Devan Towns, 41, of Raleigh, N.C. -- remained in jail. No court dates have been set.

According to court documents, a state trooper in North Carolina stopped the tractor-trailer Arango-Lopez was driving Dec. 18 for speeding. The trooper found cocaine in the vehicle, authorities said.

Court documents show that Drug Enforcement Administration agents learned that Sanchez-Cuevas and Arango-Lopez were delivering the cocaine from California to the truck stop at Exit 35 off Interstate 95 in Howard County. Sanchez-Cuevas and Arango-Lopez were to deliver the cocaine to Grano and others and were to be paid $10,000 each for the delivery, documents said.

Federal agents intercepted the delivery and arrested the men. If convicted, the defendants could receive a maximum sentence of life imprisonment and a minimum sentence of 10 years in prison.

[Matthew Dolan]

Feds Will Help County Go After Gang Members (PALMBEACHP)

Palm Beach Post, January 5, 2007

Federal agents will step in to help prosecute local gang members under the nation's racketeering laws, Palm Beach County Sheriff Ric Bradshaw said Thursday.

Members of the Federal Bureau of Investigation, Bureau of Alcohol, Tobacco, Firearms and Explosives and probably the Drug Enforcement Administration will go after those responsible for a surge in murders, Bradshaw said. The nation's racketeering law, stronger than the state statute, allows investigators to charge gang leaders who orchestrate a killing even if they did not pull the trigger.

Palm Beach County's murder rate soared in 2006, with 101 people killed, including 36 in the unincorporated area. The year was the deadliest since 1994.

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On New Year's Day, 37 shots were fired from a sport utility vehicle in Riviera Beach, killing 8-month-old Tavares Carter Jr., who was strapped in his car seat. Four adults also were hit as they ran for cover. Two more men were hit in a drive-by shooting on Lantana Road on Wednesday.

Bradshaw revived the county's violent crimes task force a year ago, and hopes that involving federal agents will give local law enforcement even more muscle to dismantle local gangs.

Congress passed the Racketeer Influenced and Corrupt Organizations Act, or RICO, in the 1970s to crack down on organized crime like the Mafia. But law enforcement agencies have found it a useful way to prosecute gang leaders who trade in illegal drugs and plan murders.

Federal law also helps investigators protect the identities of witnesses. Though Florida law makes all depositions, evidence and information shared between attorneys in a criminal case public record before trial, prosecutors in a federal case can shield their documents. That secrecy can prevent gang leaders from intimidating and silencing witnesses, Bradshaw said.

Federal investigators have used the racketeering law to charge 40 members and associates of the Aryan Brotherhood prison gang, and the leader of the Mexican Mafia, who collected a cut of drug sales by Latino street gangs in Orange County, Calif.

Defense attorneys have criticized use of those laws, however, saying that federal agents have used tenuous links and a wide dragnet to win convictions of low-level gang members who were not responsible for violent crimes.

Colombia Extradites 2 Police Officers (AP)

AP, January 5, 2007

BOGOTA, Colombia (AP) -- Colombia has extradited to the United States a police officer and a former policeman charged with helping smuggle more than 2 tons of cocaine into the U.S. on cargo flights, U.S. officials said Thursday.

Leonidas Molina Triana, a former major in the Colombia's national police, and Humberto Avila, a patrolman at Bogota's El Dorado airport, were arrested in April as part a joint probe by prosecutors in New York and law enforcement agencies in Colombia, the United States and Mexico.

Four other current and former officers, as well as a commercial airline employee, are expected to be extradited soon, Erin McKenzie-Mulvey, a DEA spokeswoman in New York, told The Associated Press.

Operation "Caso Dorado," or Golden Case, was based on an indictment from a U.S. District Court in New York alleging that Colombia's Norte del Valle cartel -- the country's biggest -- recruited workers at Avianca Airlines and police at Bogota's El Dorado airport to ship cocaine on commercial aircraft.

Authorities said corrupt police officials and Avianca employees falsified paperwork in October 2005 that allowed 901 pounds of cocaine to pass through the airline's cargo facility undetected.

The drugs were seized by law enforcement authorities in Mexico, allegedly en route to the United States.

Shipments totaling nearly 2 tons were intercepted in Mexico in March and April 2006.

If convicted, the defendants face a minimum of 10 years in prison. The charges carry a maximum life sentence, but the United States has assured Colombia that it will not seek life sentences for defendants extradited from the South American country.

Colombia Extradites Policemen To U.S. (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 5, 2007

Two Colombian police officers have been extradited to the U.S. to face cocaine smuggling charges, U.S. Drug Enforcement Administration (DEA) officials said yesterday.

Leonidas Molina-Triana, a former major in the Colombian National Police (CNP), and Humberto Avila, a police officer, are named in a federal grand jury indictment on charges of conspiring to ship more than $50 million in cocaine through the El Dorado International Airport in Bogota to Mexico en route to the United States.

DEA Special Agent in Charge John P. Gilbride, who heads the agency's New York field office, said Colombia's infamous Norte Valle drug cartel recruited Colombian police officials responsible for airport security and employees of Avianca Airlines to facilitate the smuggling of cocaine to the United States.

"These extraditions are a warning to those individuals who smuggle drugs into the United States that the DEA and the U.S. attorney's office will continue to vigorously investigate your organizations to ensure you are brought to justice," Mr. Gilbride said.

"Leonidas Molina-Triana and Humberto Avila both worked for the Colombian National Police, and both betrayed the trust of the public and airline employees," he said.

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The indictment, handed up in U.S. District Court in New York, said that in October 2005, Maj. Molina-Triana, Officer Avila and Avianca Airlines employees permitted more than 800 pounds of cocaine with a street value of $10 million to pass through security at the Avianca Airlines cargo facility at El Dorado airport without detection.

It said Officer Avila, who was assigned to the airport, moved the cocaine through security and guarded the drugs for three days in the Avianca cargo facility. The cocaine was then put on an Avianca flight to Mexico City, where it was seized by Mexican law-enforcement personnel.

The indictment also said that in March and April, the Norte Valle cartel used Maj. Molina-Triana and Officer Avila to smuggle more than 3,500 pounds of cocaine valued at $40 million from Bogota to the United States via Mexico. Those drugs were seized by U.S. authorities.

DEA spokesman Garrison K. Courtney said the extraditions are part of "Operation Caso Dorado," a joint investigation conducted by the U.S. Attorney's Office in New York, the DEA in Bogota and New York, U.S. Immigration and Customs Enforcement (ICE) agents, and Colombian and Mexican law-enforcement authorities.

Mr. Courtney said both men have been ordered held pending trial. If convicted, they face life sentences and a mandatory minimum of 10 years' imprisonment, although the U.S. government has assured Colombia that it will not seek life sentences for suspects extradited from Colombia.

The indictment also seeks the forfeiture of $50 million from the two men.

"Today, more than ever, the integrity of the law-enforcement and airline personnel responsible for the safety of airline passengers and cargo is of critical importance," said U.S. Attorney Michael J. Garcia. "When such officials facilitate the smuggling of contraband destined for the United States, they not only violate our criminal laws but also threaten our national security."

Colombia Extradites Two Police Officers To US On Drug Smuggling Charges (VOA)

Voice of America, January 4, 2007

ColombiaTwo Colombian police officers have been extradited to the United States on charges of helping to smuggle more than $50 million worth of cocaine into the U.S. on cargo flights.

The U.S. Drug Enforcement Administration Thursday announced the extradition of Leonidas Molina Triana, a former major in Colombia's national police, and Humberto Avila, an active patrolman at Bogota's El Dorado airport.

The indictment alleges that Molina-Triana was one of a number of corrupt officials who helped Colombia's Norte del Valle drug cartel recruit workers at Avianca Airlines, and police at El Dorado airport, to ship cocaine on commercial aircraft.

Authorities say the two men conspired to facilitate cocaine shipments through the airport to Mexico en route to the United States. If convicted, they could face a maximum sentence of life in prison and a mandatory minimum of 10 years in prison.

The United States, however, has assured Colombia it will not seek life sentences for defendants extradited from the South American country.

The DEA says the investigation, known as "Operation Caso Dorado," involved law enforcement authorities from the United States, Colombia and Mexico.

Some information for this report was provided by AP.

IMMIGRATION:

Wisconsin Man, 81, Ordered Deported; Was SS Guard (AP)

Associated Press

AP, January 5, 2007

CHICAGO — An immigration judge ordered the deportation of an 81-year-old Wisconsin man accused of serving as a Nazi concentration camp guard, the Justice Department announced today.

Judge Jennie Giambastiani ordered Wednesday that Josias Kumpf be deported to Germany, Austria or Serbia. The department said Kumpf chose Germany, although it was unclear when he would be deported.

Kumpf's attorney, Peter Rogers of Pittsburgh, said his client would appeal the ruling within 30 days as required.

In July, the federal government asked the judge to deport Kumpf, who was stripped of his U.S. citizenship in 2005 after a federal judge in Milwaukee concluded he had "personally assisted" in the persecution of prisoners.

Kumpf served as an armed SS guard at Sachsenhausen Concentration Camp in Germany, an SS labor camp in Trawniki, Poland, and at construction sites in occupied France, the Justice Department said.

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Kumpf was born in what is now Serbia, immigrated to the United States from Austria in 1956, and became a U.S. citizen in 1964. The federal judge in Milwaukee found Kumpf didn't disclose he had been an SS guard because he feared it would disqualify him when he applied for a visa to the United States.

In a 2003 interview, Kumpf said he was taken from his home in Yugoslavia as a 17-year-old and forced to serve as a guard, but he didn't participate in any atrocities.

"We do not believe that 'assistance and persecution' would include a gentleman who was involuntarily inscripted into the army, assigned to the SS and then stationed at places where admittedly terrible things happened. My client never took part in them," Rogers said.

TAX:

Suit Says Couple Cost U.S. Treasury Millions (JSO)

By Erinn Deshinsky, OF THE JOURNAL STAR

Peoria Journal Star (Central Illinois), January 5, 2007

The Reddys of Seneca own two tax services

SENECA - The Justice Department has brought a federal lawsuit against a Seneca couple accused of costing the U.S. Treasury more than $13 million in faulty income tax returns.

The suit, filed Dec. 29 in U.S. District Court in Chicago against Royanne and Neal Reddy, seeks to permanently bar them from preparing federal tax returns for others. Their companies are advertised as specializing in tax service for trucking and construction companies.

The Reddys own Royanne's Tax Service in Marseilles and Royanne and Company in Princeton. The couple has prepared more than 9,000 returns since 2002, according to a Justice Department news release.

The Reddys were not available for comment Thursday. The lawsuit alleges 70 of these returns, which were prepared by the Reddys or their employees, required adjustments and 64 returns contained improper deductions of as much as $30,000. The suit also says the savings from the under-reported returns averaged to about $2,775 per customer.

The Reddys are accused of fraudulently fabricating or inflating business expenses to reduce customers' incomes. They are also accused of fabricating income for some customers so they could receive earned income tax credits.

The suit also claims the couple provided false documents to IRS agents auditing their customers' returns.

The Justice Department said that if it wins the suit, the Reddys must give the government a list of their customers' names, addresses, e-mail addresses, phone numbers and Social Security numbers.

Erinn Deshinsky can be reached at 686-3041 or state@pjstar.com.

CONGRESS-ADMINISTRATION:

Democrats Take Control Of Congress (AP)

By David Espo

AP, January 5, 2007

In a day of ceremony and historic change, Rep. Nancy Pelosi became the nation's first female House speaker on Thursday as Democrats eagerly took control of Congress for the final two years of President Bush's term.

"The Democrats are back," rejoiced Pelosi, and she immediately set the rank-and-file to work passing tougher ethics rules.

As is customary, the opening moments of the 110th Congress produced pledges of bipartisanship at both ends of the Capitol. Yet Pelosi and Senate Majority Leader Harry Reid signaled a new political order when they swiftly challenged Bush over the war in Iraq.

"No issue in our country is more important than finding an end to this intractable war," said Reid, D-Nev. "Completing the mission in Iraq is the president's job, and we will do everything in our power to ensure he fulfills it." Bush is expected to announce a revised strategy next week for the war, which has claimed the lives of more than 3,000 members of the U.S. armed forces.

The two houses convened at the stroke of noon, under Democratic control together for the first time since 1994.

That meant a return to power for men long used to wielding it. Liberals such as Sen. Edward M. Kennedy of Massachusetts and Rep. John Dingell of Michigan are committee chairmen again, for example.

And it brought reduced circumstances to others — no one more so than Rep. Dennis Hastert, R-Ill., just a member of the ranks after eight tumultuous years as speaker.

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By custom, lawmakers brought their children to opening ceremonies in the House, and Pelosi swept into the chamber accompanied by her grandchildren.

Formality reigned, as always, in the Senate, where Vice President Dick Cheney administered the oath of office to 33 new and newly re-elected senators.

Former President Clinton watched from the gallery as his wife, Sen. Hillary Rodham Clinton, was sworn in for a second term from New York.

In a chance encounter, he dodged questions about her presidential ambitions. "I would like not to talk about it today," he said.

It fell to Rep. John Boehner of Ohio, the new House Republican leader, to hand the gavel — symbol of the speaker's authority — to Pelosi. "Whether you're a Republican, Democrat or an independent, this is a cause for celebration," he said, noting her place in history.

But he also gave notice to the party she leads, adding, "Republicans will hold the incoming majority accountable for its promises, and its actions."

Across the Capitol, Sen. Mitch McConnell of Kentucky took over as leader of minority Republicans, and said it was time to put an end to "a culture of partisanship over principle." He said cooperation was clearly possible on minimum wage and lobbying bills, and he added that he hoped the issues of Social Security and immigration would also yield to compromise.

Reid said he was eager for cooperation, and he arranged for a rare closed-door meeting of all senators before the Senate convened to help set a more cordial tone.

Leader of a slender majority, the Nevadan said, "Some may look at this composition as a recipe for gridlock, but I see it as a unique opportunity. ... We must turn the page on partisanship and usher in a new era of bipartisan progress."

He tempered his optimism when referring to Bush — a man he has previously called a loser. "The president has 22 months left in office. If he wants to accomplish anything, he will have to work with us in Congress to pass bipartisan legislation," he said.

In the two months since the election, both Reid and Pelosi have promised longer hours in Congress, an institution where the five-day work week is a rarity.

While Thursday was set aside for ceremony and celebration in the Senate, the House plunged immediately into work on the agenda that Democrats campaigned on last fall.

Despite Republican procedural protests, Democrats said they had the votes to assure passage of rules changes designed to end what they long called a "culture of corruption."

The changes expand restrictions on privately financed trips enjoyed by lawmakers, prohibit travel on corporate jets and require greater disclosure of earmarks, the pet projects inserted into legislation at the behest of individual lawmakers.

House members would still be allowed to take trips financed by foundations that seek to influence public opinion, but only if the ethics committee approves the travel in advance.

Current rules ban congressional travel paid for by lobbyists or foreign governments, and violations of the existing restrictions played heavily in the scandal involving Republican lobbyist Jack Abramoff.

House Democrats have an ambitious agenda for the next few weeks. They have pledged to pass bills to raise the minimum wage, expand the opportunity for federally funded stem cell research, make Medicare prescription drugs cheaper, reduce the cost of student loans, implement anti-terror measures and reduce tax breaks enjoyed by the oil industry — all before Bush goes to the Capitol on Jan. 23 for his State of the Union address.

The Senate operates on a far slower pace, but Reid has said he will attempt to complete work on the early measures. Legislation to crack down on lobbyists will be the first bill brought to the floor next week.

At least one measure — the stem cell legislation — faces a veto threat. Republicans have also hinted Bush would reject a measure that orders the administration to muscle drug companies into lowering their prices for prescriptions filled under Medicare.

Democrats Elect First Female Speaker, Pass Lobbying Reforms (MCT)

By Margaret Talev And William Douglas

McClatchy Newspapers, January 5, 2007

WASHINGTON - Democrat Nancy Pelosi of California took the oath of office Thursday as the nation's first female speaker of the House of Representatives, calling it "an historic moment for the Congress and for the women of this country" and "a moment for which we have waited more than 200 years."

As Democrats retook control of the House and Senate after a dozen years out of power, they moved immediately to pass lobbying and ethics reforms in the House and to establish their top 10 legislative goals in the Senate. Republicans in both

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chambers tried to walk a line between graciousness and pushing to hold Democrats to their pledges to include them as full partners in legislating.

Above all, the opening ceremonies of the 110th Congress were Pelosi's to relish.

After addressing the Congressional Black Caucus in the morning, the wealthy, 66-year-old liberal from San Francisco arrived in the House chamber around noon with her family in tow. She sat beside House Majority Leader Steny Hoyer, D-Md., whom only weeks earlier she had failed to displace in favor of her friend, Rep. John Murtha, D-Pa.

Democrats and many Republicans gave her a standing ovation.

Above, the gallery was dotted with celebrities, including actor Richard Gere and singer Tony Bennett.

Former House members with reason to celebrate slipped back onto the floor. They included Pat Schroeder, the Colorado feminist, and John Burton of San Francisco. Burton's late brother Phil and late sister-in-law Sala each previously served in the congressional seat that Pelosi has held since 1987. They cultivated her to replace them.

As members called out their votes for speaker, Pelosi cradled the newest of her six grandchildren, a boy born days after the November election, and tried to manage the other little ones, who were busily swinging a microphone and oblivious to the import of the moment.

Pelosi defeated Republican John Boehner of Ohio on a party-line vote, 233-202. She thanked her husband, Paul, and their five children "for giving me their love, support and the confidence to go from the kitchen to the Congress."

In a well-received speech before handing over the gavel to Pelosi, Boehner, the House Republican leader, praised the election of the first female speaker, saying, "Whether you're a Republican, a Democrat or an independent, today is a cause for celebration."

He called for a respectful debate between the parties, telling Pelosi, "May the best idea win."

He also warned, "If there is one lesson that stands out from our party's time in the majority, it is this: A congressional majority is simply a means to an end. The value of a majority lies not in the chance to wield great power but in the chance to use limited power to do great things. The moment a majority forgets this lesson, it begins writing itself a ticket to minority status."

Pelosi, grinning, waved the gavel, but said, "I accept this gavel in the spirit of partnership, not partisanship."

"By electing me speaker," she told her colleagues, "you have brought us closer to the ideal of equality that is America's heritage and hope. For our daughters and granddaughters, today we have broken the marble ceiling."

Pelosi touched on the Iraq war only briefly, saying Americans had rejected the idea of an open-ended commitment of troops there.

"It is the responsibility of the president to articulate a new plan for Iraq that makes it clear to the Iraqis that they must defend their own streets and their own security, a plan that promotes stability in the region and that allows us to responsibly redeploy American forces," she said.

After the ceremonies, House members moved to begin voting on an ethics package that's meant to correct some of the excesses of the previous Congress, including scandals that led to the prosecutions of at least two congressmen and of lobbyist Jack Abramoff.

The House passed the first portion of that package overwhelmingly Thursday night, 430-1, with Rep. Dan Burton, R-Ind., the only opponent. It largely would ban meals, gifts and travel from lobbyists. It also would ban members from taking free rides on corporate jets. A second portion of the package, which would require lawmakers to identify which "earmark" spending projects they request and to curb deficit spending, is to be voted on Friday.

With her ascent, Pelosi, a Roman Catholic whose late father, Thomas D'Alesandro Jr., served in Congress and as mayor of Baltimore, also becomes the first Italian-American speaker and the first speaker from California.

As the roll call for speaker was counted, Republicans simply called out Boehner's name, but several Democrats expounded on why they were voting for Pelosi: "on behalf of my three daughters" or for "the first woman speaker and a daughter of Italy" or in memory of female leaders such as Harriet Tubman and Rosa Parks.

Some of the more poignant shouts came from members of the Black Caucus, who are looking ahead to a year when African-Americans will hold more positions of power in the House than ever, including Rep. James Clyburn, D-S.C., as majority whip and Rep. Charles Rangel, D-N.Y., as chairman of the tax-writing Ways and Means Committee.

Rep. Jesse Jackson Jr., D-Ill., said Pelosi's election was a major step in "the struggle for equality." Rep. John Lewis, D-Ga., a civil rights leader in the `60s, called it a "historic day when the eyes of the nation are upon us."

Thursday's swearing-in ceremony was the peak of a weeklong celebration for Pelosi that included being an honored guest at the Italian Embassy, attending Mass at her alma mater, Trinity University, and praying with soldiers.

After she was sworn in, she headed to a $1,000-per-ticket concert and fundraiser for the Democratic Congressional Campaign Committee, featuring Bennett, famous for "I Left My Heart in San Francisco," and other singers.

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On Friday afternoon, she's scheduled to be in Baltimore's Little Italy, where she was raised, to have a street named in her honor.

The Senate's opening was more low-key, but symbolically positive. Before being sworn in, members of both parties held an unofficial joint caucus in the old Senate chamber and came out of the historic room pledging to work in a bipartisan manner.

"I know that you're not accustomed, members of the press, to people getting along, working together, but Senator McConnell and I believe that this is a new day in Washington," said Senate Majority Leader Harry Reid, D-Nev., with Minority Leader Mitch McConnell, R-Ky., smiling by his side.

McConnell said the meeting was "a chance for many of our members to express some of their quiet frustrations that we get past the level of partisanship that we've witnessed in recent years and develop stronger personal relationships as well as work across the party aisle."

After the swearing-in ceremonies, Reid introduced the Democrats' first 10 bills for the 110th Congress. Overhauling Congress' ethics system topped the agenda, followed by raising the minimum wage from $5.15 to $7.25 an hour.

Democrats also plan to introduce bills to change the Medicare prescription-drug program, act on the 9-11 commission's recommendations, fund stem cell research, repair the nation's immigration system, strengthen the military, address rising college tuition, force Congress to tighten budget rules and develop an energy policy.

Nancy Pelosi Basks In Historic Day (AP)

By Erica Werner

AP, January 5, 2007

Surrounded by kids as well as cheering lawmakers, Nancy Pelosi marveled aloud at her long journey "from the kitchen to the Congress."

Six times a grandmother, now second in line to the presidency, Pelosi said her ascension to become the first female House speaker in history was the culmination of 200 years of struggle for women as well as a personal victory.

"We have made history, now let us make progress for the American people," she said.

It was her coming-out to the nation, and Pelosi, 66, sought to introduce herself not only as the San Francisco liberal decried by Republicans, but as Nancy D'Alesandro Pelosi, Italian-American Catholic, mother of five and native of gritty Baltimore, where her father was mayor.

She arrived on the House floor Thursday with all six grandchildren in tow, including baby Paul Michael Vos, born to her daughter Alexandra in early November.

"I was raised in a large family that was devoutly Catholic, deeply patriotic, proud of our Italian-American heritage, and staunchly Democratic," Pelosi said. "My parents taught us that public service was a noble calling."

After her election by a vote of 233-202, the chamber's Democratic-Republican breakdown, a beaming Pelosi stood holding her sleeping infant grandson — who did not stir — and shook hands as she accepted congratulations from her fellow House members.

Minutes later, cheers erupted in the chamber as House Republican leader John Boehner handed her the speaker's gavel. Pelosi always has said she wants to be judged by her abilities, not her gender, but she happily acknowledged the importance of her achievement.

"By electing me as speaker you have brought us closer to the ideal of equality that is America's heritage and America's hope," Pelosi said. "This is an historic moment — for the Congress, and for the women of America. It is a moment for which we have waited more than 200 years. Never losing faith, we waited through the many years of struggle to achieve our rights."

"For our daughters and granddaughters, today we have broken the marble ceiling," she said. "For our daughters and our granddaughters now, the sky is the limit."

Boehner, in handing her the gavel, said: "For more than 200 years, the leaders of our government have been democratically elected. And from their ranks, our elected leaders have always selected a man for the responsibility and honor of serving as speaker of the House. Always, that is, until today."

Onlookers in the packed visitors' galleries included actor Richard Gere and singer Tony Bennett, crooner of "I Left My Heart in San Francisco," along with hometown partisans.

"We look forward to the rest of the country appreciating the real San Francisco values, of diversity and a city of dreamers," said San Francisco Mayor Gavin Newsom. "You can only exploit the gay community so much. ... They're going to see there's so much more to San Francisco."

Everywhere Pelosi went Thursday supporters marveled at her achievement, especially other women.

Outside the Library of Congress, leaders from the National Organization for Women greeted her with a giant congratulation card. The message: "Way to Go!"

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Newly elected Democratic Rep. Jason Altmire of Pennsylvania brought his wife, Kelly, and daughters Natalie, 8, and Grace, 5, to witness Pelosi's swearing-in and pose for photos with her.

"I'll make sure they understand the significance of it," Kelly Altmire said of her daughters. "I don't know if they get it yet, but they will."

Pelosi began her history-making day at a prayer service with her husband, Paul, at St. Peter's Catholic Church near the Capitol. She was met by a small knot of anti-abortion protesters carrying signs reading, "You can't be Catholic and pro-abortion." She walked by without acknowledging them.

Attending the service with her were Boehner and other Republican leaders her party put into the minority in the November election. Also there was new House Majority Leader Steny Hoyer of Maryland, a one-time Pelosi rival elected by House Democrats to be her No. 2 over her protests.

She later attended a ceremonial swearing-in of the Congressional Black Caucus, where the incoming leader of the 43-member group, Rep. Carolyn Cheeks Kilpatrick, D-Mich., made clear the pressure the new speaker will face. "She must deliver because black people delivered that we might have this majority," Kilpatrick said.

Thursday evening, Pelosi was being feted at a $1,000-a-head concert hosted by the Democratic Congressional Campaign Committee at the National Building Museum with performances from Carole King, Bennett, Wyclef Jean and others.

Pelosi attended Mass on Wednesday at Trinity University, where she's an alumna, and dined that night at the Italian Embassy.

Friday begins with an open house event across from the Capitol. Then she heads to Baltimore, where part of the street where she grew up in Little Italy is being dedicated in her honor: Nancy D'Alesandro Pelosi Via.

Pelosi was raised there, the daughter of New Deal Maryland Rep. Thomas D'Alesandro, who later became the city's mayor. She didn't run for the House herself until 1987 after marrying Paul Pelosi, a wealthy businessman, moving to San Francisco and raising her children.

In Congress Pelosi displayed the tough politicking of her childhood environment. She wrung loyalties, counted votes and muscled aside Hoyer to become the Democrats' second-in-command, and then Democratic leader in 2002.

Civility, Synergy Top Order In Senate (WT)

By S.a. Miller

The Washington Times, January 5, 2007

Pledges to forge a new era of civility and bipartisan cooperation in the U.S. Senate abounded yesterday as Democrats took control of the chamber for the first time in 12 years.

"The majority my party holds is slim: 51-49," Majority Leader Harry Reid said in his opening address on the Senate floor. "Some may look at this composition as a recipe for gridlock, but I see it as a unique opportunity -- an opportunity for Democrats and Republicans to debate our differences and seek common ground.

"We must turn the page on partisanship and usher in a new era of bipartisan progress," the Nevada Democrat said.

Senate Minority Leader Mitch McConnell struck an equally conciliatory tone when he addressed the chamber, promising a spirit of teamwork to "find bold solutions to big problems."

"The challenges ahead will not be met if we do nothing to overcome the partisanship that has come to characterize this body over the past several years," said Mr. McConnell, Kentucky Republican.

"A culture of partisanship over principle represents a grave threat to the Senate's best tradition as a place of constructive cooperation. It undermines the spirit and the purpose of this institution."

He went a step further.

"I stake my party to a pledge: when faced with an urgent issue, we will act; when faced with a problem, we will seek solutions, not mere political advantage," Mr. McConnell said.

Mr. Reid's speech included a list of the majority's first 10 bills, which included the potentially divisive measures of authorizing federal funding of stem-cell research and reworking the Medicare drug benefit.

He also vowed to make ending the Iraq war a top priority, despite a possible confrontation with the White House and Senate Republicans.

"No issue in our country is more important than finding an end to the intractable war," Mr. Reid said.

The Senate leadership teams even made a tangible gesture of cooperation, holding an unprecedented bipartisan caucus yesterday morning in the Old Senate Chamber.

Still, the two parties have been at loggerheads for years, most recently with the Democratic minority filibustering judicial nominations, the elimination of the death tax and confirmation of John R. Bolton as ambassador to the United Nations.

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Leaders on both sides of the aisle acknowledge not only that the two-vote margin is forcing them to act more cordially at the outset of the 110th Congress, but also that they must pass legislation fast in these salad days before Washington is overtaken by campaign politics for 2008.

The Democrats' narrow majority also is made tenuous by the slow recovery of Sen. Tim Johnson, a South Dakota Democrat who remains at George Washington University Hospital after a Dec. 13 brain hemorrhage. He still needs a ventilator, and doctors say he may need months to recover.

Mr. Johnson's death or resignation from the Senate likely would result in South Dakota's Republican governor appointing someone from his party to complete the term. Republicans would then control the chamber with a 50-50 split and Vice President Dick Cheney, the president of the Senate, able to cast the tie-breaking vote.

"There is going to be a great effort to work together to pass the major things we agree on," said Sen. Kay Bailey Hutchison, Texas Republican and chairman of the Senate Republican Policy Committee. "If we disagree, disagree agreeably and try to produce results."

She predicted the civility would last long enough to pass ethics reforms, a deficit-reduction plan and tinker with Social Security, the longtime third rail of American politics.

"We ought to be able to find common ground on Social Security," she said. "We are headed for a train wreck."

Mr. Reid's first 10 bills did not include Social Security reform. The minority, however, will be allowed to submit the next 10 bills.

Reid Takes Center Stage, But He's Hardly The Star Of The Show (WP)

By Dana Milbank

The Washington Post, January 5, 2007

Harry Reid is often called the man from Searchlight, Nevada. Nobody has ever called him the man from Spotlight.

The soft-spoken Democrat became the most powerful figure in the United States Senate yesterday. But the newly minted majority leader was quickly eclipsed -- not just by the ascent of House Speaker Nancy Pelosi but even by Bill Clinton's trip to the men's room.

Minutes before Reid assumed power yesterday, the former president, in the building to see his wife sworn in for a second term, sauntered into the Senate press gallery in search of a urinal. Reporters swarmed, some abandoning their seats in the chamber where they had been waiting for Reid.

"They told me the closest restroom was in the press gallery," Clinton explained.

Reid was bound to be overshadowed yesterday. Pelosi was the first woman to become speaker in American history. Reid was merely the 20th man to become Senate majority leader since the position was created 87 years ago.

Pretty much everybody regarded the Pelosi ascent as momentous. "Historic event," said the Associated Press. "An historic day," admitted Minority Leader John Boehner (Ohio). "An historic moment," claimed Pelosi herself. Only an article in Reid's home-state Las Vegas Review-Journal called his elevation "historic."

Part of the disparity, however, was less about history than style. Pelosi scheduled four days of parties for her installation -- a festival Republicans dubbed the Pelosi-Palooza -- including an extravaganza featuring Tony Bennett, and a street naming for Pelosi in her native Baltimore.

And Reid? "In Searchlight, we don't have street names," he said.

Reid, a mild-mannered Mormon, consented to not a single party in his honor this week. Instead, he assembled senators from both parties yesterday morning for a private moment of bonding in the Old Senate Chamber. Reid emerged with the minority leader, Kentucky's Mitch McConnell, walking so close together their hands almost touched. "Senator McConnell and I believe this is a new day in Washington," Reid announced.

"I think Harry's got it right," McConnell answered.

After a couple of perfunctory questions, the reporters grew silent. "One more question?" Reid asked. Nobody volunteered.

"When we're not fighting, they're not asking any questions," observed Sen. Chuck Schumer (D-N.Y.).

Over on the House side, lawmakers and spectators gave Pelosi a raucous standing ovation. She waved and blew kisses. On the Senate floor, packed with old-timers including John Glenn and Walter Mondale, Reid entered mostly unnoticed. He shook a few hands, drummed his finger on his desk and hitched up his pants by the belt. Senators, meanwhile, waved up to President Clinton, who was sitting in the second row of the public gallery with his daughter and mother-in-law, greeting a line of fans and talking on a cellphone until he noticed the opening prayer had started.

The attention quickly shifted -- to Robert Byrd. The 89-year-old West Virginia Democrat, beginning his ninth term, wore a red-white-and-blue tie and punctuated the opening prayer with shouts of "Yes!" and "Mmmhmmm!" and "Yes, Lord!" and "Yes, in Jesus's name!" When he was sworn in, he twice cried out "Hallelujah!" and then "Amen!" Minutes later, he was installed as

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Senate president pro tempore, the majority party's most senior member. "Yeah, man! Yeah, man!" he shouted. "Hallelujah!" "I do, so help me God!" he shouted when the oath was administered. "Yeah, man!"

His colleagues were amused. Sen. Ted Kennedy (D-Mass.) at one point pretended to tilt a bottle into his mouth, though it was unclear whether Byrd was the target of that gesture.

Then there was Reid. He bowed over his desk for the prayer. He silently escorted senators for their swearing-in. Then, in his first utterance as majority leader, he spoke the immortal words "Mr. President, I note the absence of a quorum."

When he started his speech, Reid spoke in a barely audible voice, and his colleagues' chatter drowned out his oration. "Please," the presiding officer said with a bang of the gavel, "the majority leader is speaking."

Those who listened to Reid heard a plea for senators to work harder. "Factory workers, shopkeepers in America's malls, schoolteachers, police officers, miners, welders, and businessmen and -women work at least five days a week," he said. "Shouldn't we?"

Evidently not. Just a few minutes into Reid's speech, only 20 senators remained on the floor. Reid's deputy, Dick Durbin (Ill.), typed on his Treo. When Reid started talking about the framers of the Constitution, Clinton left the room -- and most of the remaining spectators followed him.

Outside the chamber, Clinton greeted Sen. Joe Lieberman (Conn.) and a parade of well-wishers. Spying Byrd, the former president wrapped his arms around the voluble senator. "We love you!" he told Byrd, and then he turned to his mother-in-law. "Meet Hillary's mom."

On the Senate floor, Reid was still laying out, in detail, his 10-point legislative agenda. When he yielded the floor after 30 minutes, only three senators remained, and the half-dozen spectators lingering in the public gallery included Reid's wife.

It was no Pelosi-Palooza -- and that didn't seem to bother the Senate majority leader one bit. "Don't worry about Harry Reid," Sen. Chris Dodd (D-Conn.) told reporters. "He'll be okay."

Smiles, Backslaps, Even A Civility Meeting: For A Day, At Least, Bipartisanship Reigns (NYT)

By Mark Leibovich

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — Capitol Hill observed a National Day of Comity on Thursday. Against the sober backdrop of war and as Democrats ascended in both chambers, people of both parties spoke of how committed they were to working together and changing the political tone.

And how many times have we heard that before?

“Almost on an annual basis,” said Senator Christopher J. Dodd, Democrat of Connecticut, a three-decade veteran of civility vows in the capital. “It’s like our New Year’s ritual around here.”

But maybe this time really will be different. Like 63-degree weather in January (and cherry blossoms out of season), Washington seemed to have flipped on its head, power-wise, karma-wise, at least for a few hours.

There were children and flowers everywhere, and pictures of Vice President Dick Cheney and Senator Edward M. Kennedy mugging together.

And a warm-looking handshake between the only Muslim in Congress, the newly elected Representative Keith Ellison, Democrat of Minnesota, and Representative Virgil H. Goode Jr., a Virginia Republican who had condemned Mr. Ellison’s plan to use the Koran at his ceremonial swearing-in. (Mr. Ellison made history in more ways than one at that ceremony Thursday by using a Koran once owned by Thomas Jefferson.)

And dapper old senators saying things like this:

“The place is like a bubbling bottle of Champagne, overflowing with joy and hope and civility,” said Senator John W. Warner, Republican of Virginia. And to think, this guy is in the minority now.

O.K., so maybe the venerable Mr. Warner was exaggerating a bit. Or indulging in a smidge of sarcasm. But his words and the big smile with which he delivered them neatly captured the spirit of the day.

The Senate’s top leaders, Harry Reid, Democrat of Nevada, and Mitch McConnell, Republican of Kentucky, convened a bipartisan meeting at 9 a.m. to discuss bipartisanship.

“I’m here for the civility meeting,” declared one freshman, Senator Amy Klobuchar, Democrat of Minnesota, as she stepped out of an aide’s Honda outside the Capitol. She pretended to fuss with her hair, as if this were the first day of school and she was nervous. An upper classman, Senator Tom Harkin, Democrat of Iowa, sat in an idling Cadillac a few feet away.

Nearly all senators showed up for the civility meeting, which was held in the plush and ornate Old Senate Chamber. They left the doors open for several extra minutes so the photographers could come in to take pictures of the smiles and shoulder squeezes and hugs all around.

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After a few minutes, the meeting reverted to the slightly awkward feel of a junior high school mixer, with the boys and girls (or Ds and Rs) repairing to separate sides of the room. There were a few exceptions, as when Senator Joseph I. Lieberman of Connecticut, an independent who caucuses with the Democrats, took a seat next to Senator Johnny Isakson, Republican of Georgia, after working both sides of the chamber.

At the very least, no one was alleged to have acted in an uncivil manner.

"Of course not," reported Senator John E. Sununu, Republican of New Hampshire, shocked — shocked — that anyone could even suggest such a thing.

"People want us to stop acting like kindergarten kids," said Senator Lamar Alexander, Republican of Tennessee.

It was an open question as to how long this era of good feeling would last.

"What time is it?" Senator Claire McCaskill, a newly elected Democrat from Missouri, asked just before noon. "It's still early yet."

Not two minutes later, Senator Jim Bunning was asked a question — shouted a question, actually — about this latest of calls for civility.

"We hear them every year," Mr. Bunning, a second-term Republican from Kentucky, said before storming off, uncivilly.

But that was the exception Thursday, as was the seemingly unhinged man who had apparently not gotten the comity memo and interrupted a television interview in the Russell Office Building, shouting profanity as he headed out the door with the Capitol police right behind him.

Back on the House side, fresh-faced Representative Patrick Murphy, Democrat of Pennsylvania, was clutching his 6-week-old daughter, Maggie, and talking about how he had choked up when taking the oath a little earlier.

An Army veteran who served in Iraq, Mr. Murphy said his mind had flashed to his time in the service, the oath he took there. And he nearly teared up again as he rubbed the soft cheeks of Maggie, who was sucking on a "Daddy's Little Girl" pacifier.

"It seems pretty collegial here," said Mr. Murphy, basing his assessment on exactly 90 minutes in the House and on his orientation soon after the election, where a fellow newbie gave up his seat so Mr. Murphy's wife, Jennifer, then very pregnant, could sit down.

"He was a Republican," Mr. Murphy recalled. If only he could remember the nice man's name. "I think he might have been from Florida."

Put it down as a baby step on the comity journey.

Jubilant Democrats Take The Wheel On Capitol Hill (LAT)

By Richard Simon And Joel Havemann

The Los Angeles Times, January 5, 2007

WASHINGTON — Democrats took control of both the House and Senate today for the first time in the presidency of Republican George W. Bush — and promptly embraced at least some of the trappings of bipartisanship.

The House made history by electing Rep. Nancy Pelosi of San Francisco as its first female speaker, putting her behind Vice President Dick Cheney in the line of succession to the presidency.

Pelosi received the votes of the 233 Democrats who were elected to the House Nov. 7, defeating the Republican candidate, John Boehner of Ohio, who got the votes of the 202 Republicans.

In a sort of inaugural speech to her fellow House members, Pelosi immediately invoked the spirit of bipartisanship.

"In this House we may be of different parties," she said, "but we serve one country."

She recalled the ability of President Gerald R. Ford, a Republican who died the day after Christmas, to work with both parties when he served as a House member from Michigan for 25 years and the minority leader for eight of them.

Boehner struck a similar note. "We want to work with the incoming majority for the good of our nation that we were all elected to serve," he said in introducing Pelosi. "Republicans and Democrats can disagree without being disagreeable to each other."

In the Senate, meanwhile, Democrat Harry Reid of Nevada was selected majority leader, but it will be by the slimmest of majorities — 51 Democrats to 49 Republicans — that he will lead.

Reid convened a closed meeting, in the chamber where the Senate used to meet, for all 100 senators before the new senators were sworn into office. Ordinarily, each party holds its own closed meeting once a week.

After the meeting, Reid and Sen. Mitch McConnell of Kentucky, the new leader of Senate Republicans, stood side by side as they spoke to reporters.

"Sen. McConnell and I believe this is a new day in Washington, that our efforts are going to be to work in a bipartisan basis, in an open fashion, to solve the problems of the American people," Reid asserted.

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"Harry's got it right," McConnell said. "This opportunity we had in the Old Senate Chamber was a chance for many of our members to express some of their quiet frustrations, that we get past the level of partisanship that we've witnessed in recent years and develop stronger personal relationships, as well as work across the party aisle."

Democratic and Republican senators have traditionally gotten along better than House members, and there were signs of partisan tensions in the House even before Pelosi was elected speaker.

She pressed ahead with her agenda for the House's first 100 legislative hours — over Republican grumbling that she planned House floor votes without the usual committee action first.

The schedule calls for votes Friday on two rules changes — one banning lobbyists' gifts to House members and the other requiring that legislation that would cut taxes or increase spending be accompanied by provisions to prevent an increase in the deficit. The House can adopt the rules changes without action by the Senate.

Next week, the House will begin voting on legislation that will need Senate consent and Bush's signature, including some highly controversial items. At the head of that list is a bill to expand embryonic stem cell research — the subject of Bush's only veto in his six years in office.

Democrats Take Control Of Congress (CHIT)

By Jill Zuckman, Washington Bureau

Chicago Tribune, January 5, 2007

WASHINGTON -- In an historic and emotional display of determination and gratitude, Democrats elected the first woman Speaker of the House and took charge of the 110th Congress Thursday, pledging civility but also signaling sharp differences with President Bush over issues like the war in Iraq.

"I accept this gavel in the spirit of partnership, not partisanship," said Speaker Nancy Pelosi (D-Calif.), taking the heavy wooden gavel from John Boehner, the Republican leader from Ohio.

The 2006 elections dramatically altered the balance of power in Washington, diminishing President Bush's ability to influence legislation and providing Democrats with the ability to set the national agenda.

Democrats vowed to scrutinize Bush's Iraq policy which will be announced next week, as well as pass bills raising the minimum wage, expanding federally funded embryonic stem cell research and allowing Medicare to negotiate with pharmaceutical companies about the price of drugs.

After convening, the House immediately adopted new rules Thursday tightening ethics guidelines by banning lobbyists from giving gifts, meals and tickets to members and their staffs. The rules would also prohibit lobbyists from paying for a lawmaker's travel or providing flights on corporate jets. The measure passed 235-195, largely along partisan lines.

Before turning to legislative matters, the House was enveloped in the centuries-old ceremony of choosing a new speaker and swearing in 435 newly elected members. For nearly an hour, lawmakers rose one by one to cast their vote aloud for either Pelosi or Boehner, with Pelosi easily capturing 233 votes and the top post, which is second in the line of succession to the presidency.

"It's an historic moment for the Congress," Pelosi said. "It's an historic moment for the women of America. It is a moment for which we have waited over 200 years. Never losing faith, we waited through the many years of struggle to achieve our rights.

"But women weren't just waiting. Women were working. Never losing faith, we worked to redeem the promise of America, that all men and women are created equal. For our daughters and our granddaughters, today we have broken the marble ceiling. For our daughters and our granddaughters now, the sky is the limit."

Rep. Jesse Jackson Jr. (D-Ill.) invoked Rosa Parks, Harriet Tubman and even Jesus Christ as he added his name to the Pelosi tally. Rep. John Lewis (D-Ga.), a legend of the civil rights movement, observed that "the eyes of the nation are upon us."

By contrast, Republicans sat quietly as they inexorably slid from power, with former Speaker Dennis Hastert (R-Ill.) standing grimly at the rear of the chamber in an area normally reserved for lowly backbenchers.

The galleries of both the House and the Senate were packed with family members and celebrities, including former President Bill Clinton, actor Richard Gere and singers Tony Bennett and Carole King, who came to watch the ceremonies.

In the Senate, Republicans and Democrats started their day with a private meeting in the old Senate chamber, where they talked about the need to work together if they hoped to accomplish anything.

"I think it's important to remember that some of the most significant achievements over the last 25 years have been during periods of divided government," said Sen. Mitch McConnell (R-Ky.), the new Republican leader, striking a hopeful note.

That's in part because of Senate rules, including one that requires members of both parties to join forces to pass legislation because they must meet a threshold of 60 votes for anything that is the least bit controversial.

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"The message wasn't just to the Democrats in the last election, it was to the Republicans as well," said Sen. Dick Durbin (D-Ill.), the assistant majority leader. "People do want a change and the old way of doing things is just unacceptable. I think the Republicans understand that if they continue to play to a draw on issue after issue it won't help them in the future."

Still, Democrats won't have much leverage in the Senate. Their caucus numbers just 51, including an independent, and one Democrat, Sen. Tim Johnson of South Dakota, is still hospitalized following brain surgery.

Legislation will be far easier to pass in the House, where it takes just a simple majority to get anything done. On Friday, the House is expected to pass pay-as-you-go rules requiring Congress to finance all new spending initiatives in an effort to rein in the budget deficit and the growing national debt.

Much of Thursday's events involved ceremony, but many lawmakers seemed overcome by the significance of electing the nation's first woman as speaker of the House, describing it as a new chapter in American history.

Young children in their finest clothes swarmed around their parents and grandparents on the House floor. Pelosi, in particular, sat with her six grandchildren—including an infant grandson—as her colleagues cast their votes for speaker.

To her right sat Rep. Rahm Emanuel (D-Ill.), the new Democratic Caucus chairman, along with his son and two daughters. As he nominated Pelosi for speaker, he described himself as a father of three young children, then turned to give Pelosi a high five.

Even Boehner, the Republican leader, seemed caught up in the history-making moment.

"Today marks an occasion I think the Founding Fathers would view approvingly," said Boehner, just before handing Pelosi the gavel. "My fellow Americans: whether you're a Republican, a Democrat, or an independent, this is a cause for celebration."

For Pelosi, the day was for introducing herself to the nation. That she did, describing herself as the daughter of a Baltimore mayor, the devoutly Catholic offspring of Italian Americans, and the proud mother of five.

Still, Pelosi used the opportunity to stake out the Democrats' approach to policy, not just to celebrate her victory.

"Nowhere were the American people more clear about the need for a new direction than in Iraq," she told the House. "The American people rejected an open-ended obligation to a war without end. "Shortly, President Bush will address the nation on the subject of Iraq. It is the responsibility of the president to articulate a new plan for Iraq that makes it clear to the Iraqis that they must defend their own streets and their own security, a plan that promotes stability in the region, and that allows us to responsibly redeploy American forces."

Despite those pointed and partisan comments, Pelosi reminded lawmakers about the late President Gerald Ford, who served in the House at a time when Republicans and Democrats worked together.

"He healed the country when it needed healing," she said, urging members to work together. "This is another time, another war, and another trial of our American will, imagination, and spirit. Let us honor his memory, not just in eulogy, but in dialogue and trust across the aisle."

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Speaker Pelosi's Ethics (WSJ)

The Wall Street Journal, January 5, 2007

Ethics in politics is not the same as ethics in real life. Ethics in politics is a martial art. The biggest mistake you can make is thinking that the ethics package proposed by new Speaker Nancy Pelosi is mainly about "cleaning up" politics. Maybe. But it's first of all about cleaning the clocks of the Republicans.

The House Republicans got lazy. Jack Abramoff, Tom DeLay, earmarks, Duke Cunningham, Bob Ney. When Nancy Pelosi saw the Republicans had developed a compulsion to flagrantly throw their weight around, she grabbed them by the lapels of their Hickey Freeman suits, hoisted them into the air and slammed them onto the House floor, shrieking "the most corrupt Congress in history!" That's right. In history.

Ms. Pelosi started the long road to earning a black belt in political ethics (again, not to be confused with ethics as taught at, say, Aquinas College) back in 1987 by studying the Master -- Newt Gingrich. That was the year Nancy Pelosi entered the House as a California freshperson. And that was the year Newt Gingrich turned ethics into a weapon against the imperious Democratic House Speaker Jim Wright, who left in disgrace two years later. "We currently have the least ethical speaker in the 20th Century," said Grandmaster Gingrich. Nancy noticed.

Aficionados of the sport of political ethics will recall another name from that era, Fernand St Germain, then the Democratic chairman of the House Banking Committee at the time of the infamous Savings and Loan crisis of the 1980s, arguably the greatest source of congressional ethical lapses in, well, history. Enough of the ethical backwash from the S&L mess soiled Democrats that when Bill Clinton won the presidency in 1992, his party actually lost nine seats in the House. After the midterm elections two years later, Newt Gingrich was speaker of the House, with a 54-seat swing from Democrats to Republicans.

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You think Nancy Pelosi didn't remember all that when one year ago this week Jack Abramoff pleaded guilty? Meet the first Madam Speaker -- in history.

Exploiting this gain, Speaker Pelosi is breaking a champagne victory bottle over the hull of a new set of House ethics rules. If you stare at these rules awhile, eventually you notice that they are less about the members of Congress than about someone else. They are about the bad people who lead the innocent lambs of Congress astray. They are about "lobbyists" and "private interests" and, not least, "corporate jets," which for the modern member of Congress appear to be the rough equivalent of demon rum.

Let us quickly note for the historical record that ever has it been congressional practice to deflect ethics elsewhere. The famous 1978 Ethics in Government Act, passed after Watergate and a Democratic Congress's war with Richard Nixon over spending power, was also aimed at bad people elsewhere, to wit, the executive branch. After Ronald Reagan took office in 1981, a parade of Independent Counsels authorized by the Ethics Act tortured a long series of executive branch officials, with piling on by shocked, shocked committees of Congress. Ray Donovan, Ed Meese, Ted Olson. All were entrapped by the ethics mores Congress wrote into the law.

The set of ethics rules proposed yesterday by Speaker Pelosi should be called the Condé Nast Traveler Ban. One can never underestimate the willingness of the political class to put a whole career at risk for one chance to fly over to play golf on St. Andrews or fly free with the significant other to investigate trade practices at Machu Picchu. Silly as it sounds, Ms. Pelosi, of sophisticated San Francisco, is probably doing the rubes a favor by weaning them off their addiction to free travel and goodie bags.

Her proposed earmark reform scuffles closer to the heart of the real problem. Earmarks, formerly known as pork, are spending items for a discrete interest which a member inserts into a broader spending bill. They aren't illegal, and in a democracy probably shouldn't be. As with campaign contributions, it doesn't matter to me who gives how much to whom, so long as the particulars are posted in public. Now, presumably, that will be the case with earmarks.

The Democrats successfully made earmarking for "corporate interests" the poster boys for a GOP "culture of corruption," but the fact is that the divisions of Beltway lobbyists seeking earmarks also represent cities, universities, state governments and government contractors. What caused this wretched excess? Our hallowed government.

Except for wars, federal spending as a percentage of GDP -- from 1792 until after World War II -- held below 10%. Then from about 1953 onward, it rose steadily to 20% of GDP. The spending itself runs to nearly $3 trillion dollars. These large numbers -- a veil for uncounted agencies, regulatory bureaucracies and federal rules -- represent what conservatives sometimes call Leviathan.

Liberals tend to think that conservatives "hate" government. That's not quite it. Smaller government is -- was -- a conservative principle for a reason relevant to Speaker Pelosi's ethics quest. The idea is to reduce, not eliminate, the switch-points of potential public corruption. If the parsons of the Beltway had wanted to avoid this ethics problem, they would have resisted helping the U.S. government become so crucially important -- for example, FCC rules -- to every nook and cranny of American life. Too late now.

Back in the late '80s during the days of the Keating Five -- one of the scandals that fell out of the S&L fiasco -- former Sen. William Proxmire said of the implicated senators: "These fellas did what senators have been doing for a long time. There's nothing illegal about it. It's just wrong." This is what Ms. Pelosi's rules are aimed at -- sleaze, the painted ladies of public corruption.

When Jack Abramoff was wheeling the system for Indian casinos, his right-hand henchman, Michael Scanlon, a former congressional aide to Tom DeLay, squealed in email ecstasy to a colleague, "Wheez gonna be rich!" Well, yeah, that's gross, but it's the same aspiration with which many Washingtonians drift off to sleep each night now against the warmth of their $2.8 trillion Leviathan. What's a piddling $90,000 bucks in the office freezer?

Nancy Pelosi, who believes big government is gloriously good, put the "most corrupt" GOP on its fat fanny. She has made congressional ethics the first act of her historic speakership. What else is there to say? Good luck, Madam Speaker.

Republicans Take Back-to-Basics Tack (WP)

By Juliet Eilperin, Washington Post Staff Writer

The Washington Post, January 5, 2007

On a day when House Democrats celebrated their first taste of power in a dozen years, Republicans eschewed news conferences and raucous receptions yesterday and instead quietly conferred among themselves and observed the traditional Opening Day rites with their families and friends.

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But GOP leaders signaled that they won't quietly fade into the background, and they pledged to promote innovative policies and stay true to conservative ideals -- a path that they hope will lead to victory in 2008. Although they will challenge Democrats on a broad range of domestic and foreign policy issues, they say they won't resort to guerrilla-style tactics or harsh rhetoric.

"We plan to engage in a rigorous, substantive, policy-oriented debate on the issues facing this country," said Rep. Adam H. Putnam (Fla.), the GOP conference chairman. "We will certainly work together when we can, and have respectful disagreements when we can't."

Chief Deputy Minority Whip Eric Cantor (Va.) declared, "If we legislate and act like Republicans, we will remind the American people that they voted for a conservative government," noting that at least 60 House Democrats won election this fall in districts that backed President Bush in 2004.

Democrats swept to power in November, winning a majority of 233 to 202 seats in the House and a narrow 51 to 49 seats in the Senate.

Republicans struggled earlier this week to adjust to their new minority status, which is unknown territory for newer GOP House members. In a series of interviews, senior Republicans, particularly in the House, warned Democrats against acting unilaterally in passing their agenda -- a leadership style that the GOP itself used for many years.

In the Senate, Minority Leader Mitch McConnell (Ky.) and other Republicans vowed to work closely with the new Democratic leadership, beginning with ethics and lobbying reform and an increase in the minimum wage. One of the first bills introduced in the Senate was offered by Finance Committee Chairman Max Baucus (D-Mont.) along with the committee's ranking Republican, Charles E. Grassley of Iowa, to repeal the alternative minimum tax.

Republicans had a mixed legislative record in the past several years and suffered from a series of high-profile corruption scandals that demolished a once-powerful House leadership team, including former majority leader Tom DeLay (Tex.). The Republican-controlled Senate also proved to be a black hole for most substantive bills.

The new minority leadership appeared to acknowledge its shortcomings. "I stake my party to a pledge: When faced with an urgent issue, we will act; when faced with a problem, we will seek solutions, not mere political advantage," McConnell said in a floor speech.

For the most part, Republicans spoke of how they could work together with the new majority. House Minority Leader John A. Boehner (Ohio) struck a congenial tone before handing over the gavel to Speaker Nancy Pelosi (D-Calif.).

"Whether you are a Democrat or Republican or independent, today is a cause for celebration," Boehner said.

Several Republicans said they hoped the two parties could agree on fiscal issues. Democrats are talking about restoring discipline to government spending, and Bush outlined a plan Wednesday to balance the budget in five years.

"That's an opportunity for bipartisanship," Putnam said.

Republicans who are concerned that the party has veered from its ideological roots after years in the majority say the GOP needs to focus on the conservative ideas that helped it win power more than a decade ago.

"We were elected to the majority with ideas, and we'll come back to the majority with ideas," said Rep. John Linder (Ga.), a close ally of former House speaker Newt Gingrich (Ga.) and the onetime chairman of the House GOP campaign arm.

But rather than focusing on hot-button issues such as abortion, same-sex marriage and gun rights, most GOP lawmakers said they could win back voters' confidence by espousing fiscal discipline.

"We're going to return to our roots, especially on economic policy, taxes and spending," said Rep. Paul D. Ryan (Wis.). "The era of big-government spending is at an end in the Republican Party."

Although congressional Republicans have deferred to Bush on a host of domestic and foreign policy issues since he took office in 2001, last year's electoral losses may encourage some GOP lawmakers to challenge the president during his last two years in office. Most Republicans marched in lockstep in supporting the president's war policies in Iraq, but with polls showing that the majority of Americans consider the war a big mistake, more Republicans may begin to break ranks.

"There's still some resentment among members at the fact our losses would have been a lot less if they had gotten rid of [Donald H.] Rumsfeld sooner," said Rep. David L. Hobson (R-Ohio), referring to the former defense secretary. "The president has to do some serious work with members of the House on the Republican side. People are going to be more independent now. In the past, they had to be part of the team."

In one sign of how Republicans are working to differentiate themselves from the White House, Rep. Heather A. Wilson (N.M.) -- who narrowly won reelection in November -- plans to deliver a major speech on Iraq today .

"I'm from the old school of national security that believes partisan politics ends at the water's edge," said Wilson, a member of the House intelligence committee. "Some of us who are neither cheerleaders nor bomb throwers need to step up on this one."

Staff writer Shailagh Murray contributed to this report.

Bush Practices A Reach Across The Aisle (LAT)

By Janet Hook

The Los Angeles Times, January 5, 2007

WASHINGTON — A few years ago when President Bush announced plans to dump nuclear waste in Sen. Harry Reid's state, it was a political insult so stinging that the Nevada Democrat responded by calling the nation's commander in chief a "liar."

Now, Reid, the new Senate majority leader, is getting the red carpet treatment. The administration treated Reid to two military plane rides in one week. He was invited to an intimate White House party where Bush politely asked what books he was reading lately.

The contrast is a measure of how deeply ingrained habits of partisan vitriol are being tested -- and may be starting to break down -- as control of Congress changes hands. After Republicans' resounding defeat in the fall elections, Bush and his lieutenants are now paying attention to Democratic power brokers they had all but ignored for years.

The new speaker of the House, Nancy Pelosi, got a Christmas Day phone call from Bush at home in San Francisco. New committee chairmen are enjoying quality face-time with Cabinet bigwigs. Even potential White House allies from the Democrats' conservative wing had been ignored for the past six years, but they now are being ushered into the Oval Office.Those gestures and other bows to bipartisanship are signs that the swearing in of the new Congress is not just a fresh start for Democrats; it is the end of an era for Bush, who has had the luxury of governing for most of the last six years with his own party in charge of Congress.

Now Bush will have to burnish rusty skills at working across the political aisle. And he is facing partners in government who view him with deep suspicion and have relationships with the White House that range from frigid to nonexistent.

"We hope that when the president says compromise, it means more than 'do it my way,' which is what he's meant in the past," Sen. Charles E. Schumer, D-N.Y., a member of the Democratic leadership, said Wednesday after Bush made a Rose Garden statement calling for an effort to find "common ground."

Bipartisan agreement will surely be hard to find on some of the most difficult issues facing the nation, such as proposals to increase U.S. troop levels in Iraq, to shore up the finances of Social Security or to balance the federal budget.

But on other, narrower issues, such as overhauling immigration law and cracking down on pork barrel spending, Bush and Democrats in Congress may be able to make common cause.

"It is in the interests of both to try to cut deals where they can -- Bush because he wants to add some accomplishments to his legacy and Democrats because they don't want to be branded obstructionists in the run-up to 2008," said Bruce Buchanan, a political scientist at the University of Texas at Austin.

The White House has been trying to reach out to more Democrats. According to spokeswoman Emily Lawrimore, Bush has hosted at least 10 post-election meetings and receptions for members of Congress, most of them Democrats.

"You'll see even more outreach in the future," she said.

Bush likes to point to his success in dealing with a Democratic-controlled state legislature while he was Texas governor. A key to that success was his alliance with Democratic Lt. Gov. Bob Bullock. But unlike the current lineup of Democratic leaders in Congress, Bullock was a very conservative Democrat who had a close personal relationship with Bush.

Reid is certainly no Bullock. The blunt former boxer didn't stop at calling Bush a liar over his 2002 nuclear waste decision. A few years later, while Bush was abroad, Reid called him a "loser." He apologized to Bush for that comment but never retreated from calling him a liar.

The morning after Democrats won control of Congress, Reid said, he was skeptical when Bush called with congratulations and an offer to work together.

"Mr. President," Reid later said he told Bush, "this is what we talked about two years ago, and we haven't been able to accomplish anything."

Bush seemed to allude to Reid's sharp tongue after meeting with him a few days later. Telling reporters that he and Reid have a lot in common as Westerners, Bush said, "We tend to speak the same language, pretty plain-spoken people, which should bode well for our relationship."

Reid's tone was different recently when he traveled to South America with a congressional delegation. Meeting with leaders of Bolivia and Ecuador who had been fierce critics of Bush, Reid defended the president's policies, according to Reid spokesman Jim Manley.

The White House arranged for Reid and his delegation to fly to and from South America on a military plane. That was not as unusual as the second flight the administration arranged -- for Reid and Assistant Senate Majority Leader Richard J. Durbin, D-Ill., to return from former President Ford's funeral in Michigan by military plane. If Reid and Durbin had taken a commercial flight, they probably would have missed a White House reception Bush hosted for new congressional leaders and their spouses Wednesday evening.

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Durbin, a liberal Democrat, has an affable relationship with Bush. They have an annual tradition of wisecracking with each other as they enter the House chamber together for the State of the Union address, Durbin spokesman Joe Shoemaker said. But at a recent meeting at the White House, sparks flew when Bush compared himself to Harry S Truman and Durbin pointedly took issue with the parallel.

Pelosi and Bush have many hatchets to bury, because they traded personal barbs during the 2006 campaign. Pelosi called Bush "incompetent" and "oblivious." Bush sniped at her claim to "love" tax cuts.

"Given her record, she must be a secret admirer," he said in October.

But after the election, Bush insisted that as political pros he and Pelosi would forgive and forget.

"If you hold grudges in this line of work, you're never going to get anything done," he said.

They share an interest in Darfur, where both Bush and Pelosi have called for an end to genocide. Pelosi briefed Bush when she returned from a trip to the Sudan last March -- but that was the last time she saw him until after Democrats won control of the House, Pelosi spokeswoman Jennifer Crider said."When she was minority leader, he didn't fully engage her," said a Pelosi associate, who asked not to be named when discussing personal dynamics between the two leaders. "Now he's much more engaged."

Bush has also wooed conservative Democrats known as "Blue Dogs," who might be more willing than liberals to cross party lines. When he invited a small group of them to a December meeting in the Oval Office, Rep. Mike Ross, D-Ark., said he was encouraged by the attention. But he said he told Bush, "Mr. President, I regret it took six years to invite us over for this meeting. I hope it's the first meeting, not the last."

Some lawmakers argue that Bush's best ambassadors to Democrats may be his Cabinet officers. Treasury Secretary Henry M. Paulson Jr. has been making the rounds among Capitol Hill committee leaders, including House Ways and Means Chairman Charles B. Rangel Jr. of New York. The two recently had a long lunch at the Treasury to discuss common concerns.

Rangel is also hoping to improve relations between the parties on his committee, which was bitterly split in recent years under the chairmanship of Bill Thomas, R-Calif., who just retired from Congress. Rangel had an hourlong meeting with the new ranking Republican on the committee, Rep. Jim McCrery, R-La., of the sort he said he never had with Thomas.

"I never had a conversation with Bill Thomas except at funerals," said Rangel. He added that it may be easier for Congress to craft compromises without a heavy hand from the president. "The best thing the president can do for us is to leave us alone," he said.

Democrats To 'issue Toughest Ethics Reform' (FT)

By Edward Luce In Washington

Financial Times, January 5, 2007

The Democratic party took full control of America's legislative branch on Thursday for the first time since 1994, promising to clean up US politics by introducing the "toughest ethics reform in [America's] history".

Nancy Pelosi, the incoming speaker of the House of Representatives and the first woman to hold that job, and Harry Reid, the Senate majority leader, both said that tackling the congressional "culture of corruption" would be their chief priority during the next few days.

The proposals, which are aimed at weakening the notorious links between lawmakers and so-called "K Street" lobbyists that have ballooned in recent years, include a ban on accepting gifts or air tickets from lobby groups and forcing lawmakers to declare their names when they insert in legislation "earmarks" that are sponsored by special interest groups.

According to one widely cited poll, concern over corruption came second only to worry about the war in Iraq among voters at mid-term elections last November. The Democrats also plan to reintroduce the "pay-go" system of budgeting that would compel Congress to fund any tax cut or spending increase with offsetting measures.

"The American people told us that they expect us to work together for fiscal responsibility with the highest ethical standards and civility," Ms Pelosi told the new house, shortly after she was sworn in on Thursday.

"Let us join together in the first 100 [legislative] hours to make this Congress the most open and honest in history."

The two leaders also promised to extend the kind of bipartisan courtesies that they claim Republicans denied them during their 12 years in opposition.

Many commentators have labelled the outgoing Congress as one of the most bitter and divisive in history.

However, Republicans claimed Ms Pelosi had already breached that pledge by announcing she would short-circuit the committee process to push her party's six key electoral promises straight to a vote on the floor of the house within the next two weeks.

These include raising the minimum wage by $2.10 to $7.25 – the first increase since 1997 – and a bill to promote federal funding of stem cell research. They also plan to abolish recent tax breaks and subsidies for oil companies.

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"If you look at the rules changes the Democratic leadership are proposing, they are mostly very positive and long overdue," said Scott Lilly at the Centre for American Progress, a liberal think tank. "But it is hard to understand why the leadership is by-passing normal procedures to push through its "100-hour" promises."

Both Democratic leaders also issued thinly veiled warnings to George W. Bush, US president, to desist from announcing a "surge" in the level of US forces in Iraq.

Mr Bush is expected to announce his "new way forward in Iraq" next week.

Ms Pelosi, whose party commands a 31-seat majority in the 435-strong house, called for a plan "that allows us to responsibly redeploy American forces" out of Iraq.

Mr Reid, whose party holds a precariously narrow 51-49 seat majority in the Senate, said: "The president's new plan must ensure the Iraqis take responsibility for their own future, and it must remove our troops from a dangerous civil war.

"Completing the mission in Iraq is the president's job, and we will do everything in our power to ensure he fulfils it."

Senate Feels Heat As House Cranks Up Ethics Overhaul (NYT)

By David D. Kirkpatrick

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — Unexpectedly broad ethics rule changes that the House passed Thursday are putting new pressure on the Senate.

The House rules leave what lobbyists say are ample loopholes for those seeking to buy access to lawmakers, mainly through campaign fund-raising. But leaders of the new Democratic majority in the Senate said Thursday that they were reintroducing a much less extensive package of changes passed last year as the starting place for an intraparty debate next week over how much further the Senate should go.

Saying they were responding to voter backlash against Congressional corruption that helped them take control, House Democrats went beyond some of the ethics proposals on which they had campaigned.

The new House rules bar members from taking gifts, meals or trips paid for by lobbyists, or the organizations that employ them. The rules also ban lawmakers from using corporate jets and reimbursing the owners. A further proposal would also eliminate major loopholes from earlier drafts, in requirements for lawmakers to disclose sponsorship of pet spending projects, or earmarks, and tax breaks they hide in complex legislation.

The House Democrats said that in March they would take up the creation of an independent ethics watchdog to police their own conduct, something lawmakers in both chambers had steadfastly resisted.

In contrast, the initial Senate ethics bill would ban only gifts or meals and not trips paid for by lobbyists or their employers. It would not restrict the use of corporate jets. It would require disclosure of the sponsors of only a small fraction of spending earmarks, excluding those added to supplementary material, called Congressional reports, that explain legislative intent or that are directed through federal agencies like the Defense Department. Nor does the Senate bill propose any independent enforcement.

Some senior Democratic aides said the House rules had upped the ante for the Senate.

"They will be embarrassed" if they do not do more, said James A. Thurber, a professor of government at American University in Washington and an expert on Congressional ethics rules who has acted as a consultant to several lawmakers. "When we look at the election, it is a hot issue, so there will be a lot of focus on it in people's minds, and the heat will be on in the Senate."

Announcing his intention to reintroduce the Senate bill that passed last year, Senator Harry Reid of Nevada, the Democratic leader, promissed to "improve that legislation and make additional reforms."

Senior aides in both parties said Mr. Reid was negotiating with Senator Mitch McConnell of Kentucky, the Republican leader, to try to work out a bipartisan package of changes. Jim Manley, a spokesman for Mr. Reid, said the House actions had no bearing on what the Senate would do.

An overhaul is likely to face strong opposition from veteran senators who resent ethics rules as unnecessary, and helped bring back other changes. But aides to the Senate Rules Committee said they were preparing to match the House ban on meals, gifts and trips paid for by lobbyists or any organization that employs them.

Senator Dianne Feinstein, the California Democrat who is chairwoman of the Rules Committee, has said she intends to close some of the loopholes in the current bill's earmark disclosure requirements. And despite personal doubts, she has also agreed to hold hearings on creating an independent enforcement watchdog.

Other Democrats, including Senators Barack Obama of Illinois and Russell D. Feingold of Wisconsin, planned to push for a far more drastic overhaul.

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The Feingold-Obama plan would make lawmakers reimburse corporations for use of their jets at the cost of a charter flight instead of the price of a first-class ticket — a step that stops short of the House rules. The bill would also create an independent watchdog as the House Democrats have discussed. And it would prohibit lobbyists or the organizations that employ them from holding lavish events for lawmakers at party conventions.

The Feingold-Obama bill would also require lobbyists to disclose any earmarks they are seeking for their clients, and require lobbyists to disclose any collecting and passing on of campaign contributions — a practice known as "bundling" that currently makes K Street the heart of campaign fund-raising for most lawmakers. Senator Amy Klobuchar of Minnesota, said she and many other newly elected Democrats were working with Mr. Obama, Mr. Feingold and Mr. Reid to pushing for stronger changes, in part because they felt the resonance of the issue on the campaign trail.

"The House bill raises the bar," Ms. Klobuchar said, "but a number of senators have already been talking about their own efforts to strengthen the Senate bill."

Lobbyists, meanwhile, groused that the rules passed in the House would have the unintended consequence of encouraging them to do more fund-raising for House members. The new rules bar lobbyists from treating lawmakers to meals or trips. But the lobbyists can still raise money for lawmakers' campaigns and also join lawmakers at fund-raising events or on overnight trips paid for with those campaign funds. Lobbyists said people seeking access to lawmakers may now have even more incentive to attend fund-raisers because they can no longer simply buy dinner or lunch.

Lawrence W. Noble, a Washington lawyer specializing in political rules, said lobbyists could well feel obliged to attend more fund-raisers. "We still have a system of private financing of campaigns," Mr. Noble said.

Democrats Take Control On Hill (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, January 5, 2007

Rep. Nancy Pelosi (D-Calif.) was elected America's first female speaker of the House yesterday in a raucous, bipartisan celebration of a historic breakthrough, and hours later she presided over passage of the broadest ethics and lobbying revision since the Watergate era.

Democrats took control of the House and Senate after 12 years of nearly unbroken Republican rule, with resolute calls for bipartisan comity and a pledge to move quickly on an agenda of health-care, homeland security, education and energy proposals. Sen. Harry M. Reid (D-Nev.), the soft-spoken son of a hard-rock miner, took the helm of the Senate, after a closed-door session in the Capitol's stately Old Senate Chamber. But with the eyes of history riveted on her, it was Pelosi's day.

"This is an historic moment, for Congress, and for the women of this country. It is a moment for which we have waited more than 200 years," Pelosi proclaimed, to a roaring ovation in the packed House chamber. "For our daughters and granddaughters, today we have broken the marble ceiling. To our daughters and our granddaughters, the sky is the limit."

For Pelosi, yesterday's election was not only the culmination of a long climb by women through the ranks of Congress but also the personal triumph of a hard-nosed partisan, a grandmother of six who methodically plotted the Democrats' return to power after more than a decade in the minority. A House floor where Democrats had been marginalized to the point of irrelevance in recent years was alive with handshakes, smiles, hugs and boisterous children on the Democratic side of the aisle. Republicans, once so confident in what many saw as a permanent majority, sat glumly watching the festivities.

As Pelosi entered the chamber before her formal, party-line election, the House erupted in bipartisan applause. Only Rep. Joe L. Barton (R-Tex.), the outgoing chairman of the House Energy and Commerce Committee, remained seated in stony silence. Pelosi's predecessor as speaker, Rep. J. Dennis Hastert (R-Ill.), sat quietly and unobtrusively in the rear of the chamber, except for one brief moment of recognition.

When House Minority Leader John A. Boehner (R-Ohio) rose to present the gavel to the new speaker, he was magnanimous in acknowledging both the roots of Republican defeat last November and the historic import of the moment.

"In a few moments, I'll have the high privilege of handing the gavel of the House of Representatives to a woman for the first time in American history," he told his fellow lawmakers. "Whether you're a Republican, a Democrat or an independent, this is a cause for celebration."

He concluded with a warning for Democrats, gleaned from his party's pursuit of power and the lessons learned from defeat: "If there is one lesson that stands out from our party's time in the majority, it is this: A congressional majority is simply a means to an end. The value of a majority lies not in the chance to wield great power but in the chance to do great things."

In what must be another first, the gavel changed hands with a hug and a kiss.

In the Senate chamber, members lined up in groups of four to take their oaths with Vice President Cheney. Former senators, including Democrats John Breaux (La.), Charles S. Robb (Va.) and Jean Carnahan (Mo.), circulated on the floor to offer congratulations. Outgoing Majority Leader Bill Frist (R-Tenn.), now retired from the Senate, joked with Sen. Barack Obama

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(Ill.) as the Democratic presidential prospect worked his way through the crowd. Family members crowded the surrounding corridors, including former president Bill Clinton. Democratic Sen. Robert C. Byrd (W.Va.) shouted "Praise Jesus!" during the opening prayer.

The Senate will plunge into its own ethics and lobbying overhaul package next week and then take up legislation to boost the federal minimum wage for the first time in a decade. But it was clear yesterday that the Senate would have no choice but to take a more deliberative approach to the issues the House plans to bulldoze through. Senate leaders pledged bipartisanship, and in a chamber divided 51 to 49 , they will have no choice.

"Now, I know that you're not accustomed, members of the press, to people getting along, working together," Reid told reporters after the closed-door Senate meeting in the morning. "But Senator McConnell and I believe this is a new day in Washington."

Reid nodded to his GOP counterpart, Sen. Mitch McConnell (Ky.). "I think Harry's got it right," McConnell said.

The Senate margin is even more tenuous because Sen. Tim Johnson (D-S.D.) is sidelined after emergency brain surgery.

Republican leaders decided not to seek special language spelling out the terms of a transition in case of a power shift -- say, if Johnson vacates his post and his state's GOP governor appoints a Republican to replace him. Under that scenario, power would effectively shift to Republicans, because Vice President Cheney would provide the tiebreaking 51st vote. But for Republicans to take parliamentary control, the Senate would have to vote for new organizational rules, a move Democrats could filibuster.

A similar scenario unfolded in January 2001, when a 50-50 Senate convened. In 2001, Democrats demanded a "kick-out clause" in organizing negotiations that would automatically scrap agreements on committee ratios and funding levels and force new organizational rules. But Republicans decided this month against a confrontation that would come from demanding a similar clause.

"Nobody over here talked about that at all," said Don Stewart, spokesman for McConnell.

In the House, Democrats did not skip a beat between formally taking control and getting to work on what they have called their hundred-hours agenda. Last night, the House nearly unanimously approved a broad package of internal rules changes designed to sever the cozy links that have developed between lawmakers and lobbyists.

The changes would prohibit House members or employees from knowingly accepting gifts or travel from a registered lobbyist, foreign agent or lobbyist's client. Lawmakers could no longer fly on corporate jets. In addition, congressional travel financed by outside groups would have to be approved in advance by the House ethics committee and immediately disclosed to the public.

The measures were approved 430 to 1, with only Rep. Dan Burton (R-Ind.) voting against it. This was a remarkable change considering that House Republicans could barely pass a far weaker measure last May and ultimately did not enact any measure because they could not reach agreement with the Senate. But voters in November identified corruption as one of their primary concerns, and the House responded yesterday.

"It's amazing what an election will do," said Rep. James P. McGovern (D-Mass.).

Today, Democrats hope to pass new rules to promote open deliberations in the House, rein in special-interest spending and lawmaker pet projects, and prohibit passage of spending or tax measures that increase the federal deficit.

Over the next two weeks, Democrats in the House plan to enact new homeland security measures, increase the minimum wage, allow federally funded stem cell research, permit the federal government to negotiate lower prescription-drug prices for Medicare beneficiaries, cut student-loan interest rates and fund alternative-energy research by rolling back tax breaks for oil companies.

But Pelosi herself acknowledged that her carefully constructed consensus agenda will not satisfy the angry electorate that swept the Democrats to power. Democrats will have to confront President Bush on the larger, more controversial issues of the day: the war in Iraq, military tribunals that suspend the legal rights of terrorism suspects, and warrantless wiretapping by the National Security Agency.

Her call yesterday for a new direction in Iraq "that allows us to responsibly redeploy American forces" elicited strong applause in her party while clearly splitting Republicans, many of whom joined the ovation.

Reid also saw Iraq as the issue of the day and a possible impediment to Democratic plans.

"Iraq is where it is," Reid said. He added: "We're not going to divert our attention from what needs to be accomplished for this country. There are a lot of things that need to be accomplished. And we're going to work on those, in spite of Iraq."

To make it clear that such issues will have to be addressed, Reps. Adam B. Schiff (D-Calif.) and Jeff Flake (R-Ariz.) reintroduced legislation on the new Congress's first day to mandate that NSA surveillance once again involve a warrant from a secret federal court.

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"There's a long list where Congress has been abdicating their responsibility, and I suspect the leadership and the chairs will have to quickly get to work," Schiff said.

Democrats are already having trouble reconciling their promises even for the initial hundred-hour blitz. Senior House Democratic aides said a promise to cut student-loan interest rates in half will have to be phased in over five years to comply with a pledge to offset any additional deficit spending with equal spending cuts or tax hikes. The loan pledge is proving just too expensive, and Senate Finance Committee Chairman Max Baucus (D-Mont.) and the committee's senior Republican, Charles E. Grassley (Iowa) introduced legislation yesterday to immediately repeal the alternative minimum tax, a proposal that would cost the Treasury hundreds of billions of dollars.

Pelosi Sets Aggressive Pace (WSJ)

By David Rogers

The Wall Street Journal, January 5, 2007

WASHINGTON -- As the new, Democratic-controlled Congress convened, House Speaker Nancy Pelosi moved quickly to tighten her chamber's ethics and budget rules, putting pressure on the Senate to do the same.

Ms. Pelosi struck quickly on the ethics front rather than risk the kind of delays that undermined former Speaker Dennis Hastert's bid to tighten lobbying rules a year ago. The California Democrat's aggressive approach establishes what will be an important dynamic between the House and Senate in the opening weeks. On issues from raising the minimum wage to curbing oil subsidies, Democrats know they can't make law without the Senate, but they will use the House to lay down markers on initiatives they see appealing to independents and Republican moderates. 1

The ethics question is especially time sensitive, given the damage Republicans suffered in November for appearing too close to business lobbyists and the low public standing Congress continues to suffer. By using the rules process to make immediate changes, Ms. Pelosi is assured that her party can show progress in the House, whatever happens in the Senate. As a matter of practical politics, any diminishment of the business lobby, which did so much to help the Republican House majority, could make it easier for her party to challenge oil and drug companies, among others.

"This new Congress doesn't have two years or 200 days to renew itself," Ms. Pelosi said after her election as speaker.

Fred Wertheimer, a longstanding advocate of tougher ethics restrictions, said, "The House has laid down the gauntlet to the Senate to pass ethics-rules reforms at least as strong as the House reforms."

WALL STREET JOURNAL VIDEO

2

House Minority leader John Boehner (R., Ohio) addresses Congress3 before Nancy Pelosi takes the gavel as the country's first female Speaker of the House.

WSJ senior special writer John Harwood discusses the agenda of the 110th Congress4, and notes that, despite recent bipartisan gestures, some thorny issues lay ahead.

Loopholes are sure to remain, but the proposed changes are seen as a major step toward drawing a brighter line between lobbyists and lawmakers. Meals, gifts and travel facilitated by lobbyists would be largely banned, and House members would be prohibited from using even their own funds or campaign donations to pay for below-cost travel on corporate jets -- a favorite perk offered by business lobbyists. Currently, lawmakers must reimburse a jet's owners only at the rate of a first-class ticket.

Labor unions, with fewer planes to offer, have long resented this practice not because of the lower reimbursement but because company executives often accompany lawmakers on such flights and thereby gain valuable access.

As part of the same package, Democrats propose to tighten anti-deficit rules and require greater disclosure of narrow legislative amendments designed to benefit special interests and generate campaign funds from lobbyists. The sheer number of these so-called earmarks exploded under Republican rule. The House Democratic package goes beyond past Republican proposals by demanding greater transparency for spending provisions as well as for tariff exemptions and "rifle-shot" tax breaks, which benefit one interest group.

The new rules would broaden the definition of a spending earmark to include funds for contracts awarded by federal agencies. While the restrictions would apply only to the House, the language will bind House negotiators in future talks on even those earmarks generated by the Senate.

There are sure to be tensions when the Senate turns to the subject next week. New Senate Majority Leader Harry Reid (D., Nev.) is a frequent user of corporate jets, while the chairman of the Senate Appropriations Committee, Sen. Robert Byrd (D., W.Va.) is famous for his pork-barrel appetite.

Senate Democrats appear reluctant to be as bold as their House counterparts by trying to change rules unilaterally. Instead, the plan is to move with a hybrid package of rules and legislative changes. This strategy is driven ostensibly by Democratic fears of a filibuster, requiring a two-thirds majority to overcome in the case of a rules change.

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Critics counter that the filibuster threat is exaggerated, given the popular support for some of the rule changes; the big question is whether the House action will put pressure on senators to move faster.

Republicans had the same House-Senate tensions, which often paralyzed the party in its final years in the majority. Flush with victory, Democrats are nowhere near such a divide. Yesterday, House Appropriations Committee Chairman David Obey (D., Wis.) and Mr. Byrd announced plans to better align their committees in hopes of approving budget bills on time and preventing disruptions of government operations. The State Department budget now will be considered in both chambers as part of the foreign-aid bill; the Treasury Department and major regulators such as the Securities and Exchange Commission will be dealt with in their own bill.

As Ms. Pelosi is the first woman speaker, her opening day marked both a transition in power and historic moment for the House. "Whether you're a Republican, a Democrat or an independent, this is a cause for celebration," said Republican Leader John Boehner of Ohio, turning over the gavel.

"This is the people's House...and most of the people don't care which party controls it; what they want is a government that is limited, honest, accountable and responsive to their needs," he said. "The moment a majority forgets this lesson, it begins writing itself a ticket to minority status."

For Democrats, A Choice: Forward Or Reverse? (NYT)

By Carl Hulse

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — Democrats realized their political and legislative dream Thursday. Now they must face reality.

As they take control of the House and Senate, members of the new majority must reconcile diverse ideological factions within their ranks and make a fundamental choice. They can spend their energy trying to reverse what they see as the flaws of the Bush administration and a dozen years in which conservative philosophy dominated Congress. Or they can accept the rightward tilt of that period and grudgingly concede that big tax cuts, deregulation, restrictions on abortion and other Republican-inspired changes are now a permanent part of the legislative framework.

The competing drives were on display amid the constitutional hoopla Thursday and the emotion surrounding Representative Nancy Pelosi's election as speaker, a position filled until now by the likes of Sam Rayburn, Joseph Cannon and Nicholas Longworth — men whose names adorn nearby House office buildings. "We have broken the marble ceiling," Mrs. Pelosi said after she was handed the gavel.

In a meeting with the Congressional Black Caucus earlier in the day, Mrs. Pelosi made her own allusions to the competing tugs on Democrats, noting the party was rooted in its traditions but not hostage to the past. She promised a new direction "for all the people, not just the privileged few," a reflection of the leadership's political and policy calculation that Democrats need to champion the average guy.

"The agenda we have is about restoring economic security to a very vulnerable middle class," said Representative Rahm Emanuel of Illinois, chairman of the Democratic Caucus. "The real activity will be in those areas."

Yet many Democrats contend that President Bush and the Republican-led Congress that was his partner moved the dial too far to the right in many cases. And they believe it will be the work of Democrats to make a significant course correction.

"I think there are a lot of things the people of America want changed," said Senator Patrick J. Leahy, Democrat of Vermont, the new chairman of the Judiciary Committee and a tough critic of some Bush policies.

Mr. Leahy and others made clear that the new direction had to begin with American policy in Iraq.

But their domestic legislative agenda suggests that they are picking selected fights rather than going for wholesale change. On the economy, they will move swiftly to increase the minimum wage. On social policy, they will challenge Mr. Bush by calling for expanded stem cell research. They will try to pass legislation increasing college aid for the middle class. All of those issues have the twin advantages of broad popular appeal tied to measurable economic impact on individuals.

But Democrats are in no rush to engage in a fight with Mr. Bush over the ideological centerpiece of his domestic policy, his tax cuts. And they have showed no inclination to wade back into the abortion issue, despite its potency among many of their supporters.

"We have to keep our eye on the average American family and sort of push aside the interest groups left, right and center," said Senator Charles E. Schumer, Democrat of New York. "The world has changed, and it demands new solutions, not the old Democrat and Republican nostrums."

But there is no dispute that Mr. Bush's legislative and executive record will get a microscopic examination via a renewed emphasis on oversight, a Congressional function Democrats say was all but abandoned in recent years. And the results of those inquiries could determine what policies Democrats try to unravel if they uncover a strong case against them.

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“The Bush administration has passed an entire architecture of laws that are going to be reviewed,” said Representative Dennis J. Kucinich of Ohio, one of the most liberal members of the House.

Republicans are waiting to see what develops, uncertain if Democrats sincerely want to join hands and produce some consensus on public policy. Or, as one senior Republican asked, will Democrats hostile to the Bush administration be more like the scorpion in the fable with the frog, unable to resist the urge to sting even if they hurt themselves?

Democrats acknowledge that with their minuscule majority in the Senate and one in the House that is not much larger, they lack the political muscle to go too far in reversing Bush policy even if that was their chief goal. And they already have their hands full with delivering on their own ambitious legislative agenda, following through on their pledges of bipartisanship and ethics overhaul and avoiding anything that costs the party its chance at the White House in 2008.

Leading Democrats say their best direction is forward, concentrating on establishing a new party legacy rather than obsessing with the perceived failings of Republican rule. The test for the party’s newly empowered leadership and the Congressional membership will be whether they can stick to that path.

After The 100 Hours, A War Awaits (WP)

By Eugene Robinson

The Washington Post, January 5, 2007

An unusual number of the people wandering through the tunnels that crisscross Capitol Hill on Wednesday had no earthly idea where they were going. "I think the Rayburn building is this way," one young woman announced to a colleague, as the two of them -- newly minted congressional staff members, I guessed -- strode away down a long corridor. I knew I'd run into them again, and soon, since actually they were just leaving the Rayburn building.

Wednesday was the last day of the "Where am I?" phase of the transition from Republican to Democratic rule on the Hill. Yesterday, with the swearing-in of new members of Congress, began the "Here we are, and now what?" phase, which means things are about to get interesting.

Much history already has been made, starting with the election of Nancy Pelosi as the first female speaker of the House. Rep. Jim Clyburn of South Carolina, an African American, will serve as majority whip. The first Muslim congressman, Rep. Keith Ellison of Minnesota, took his ceremonial oath of office with his hand on a Koran once owned by Thomas Jefferson. Powerful House committees such as Ways and Means, Judiciary, and Intelligence will be led by minorities.

The Senate still looks like an exclusive country club that grudgingly decided to let in a few women and the occasional black guy, but the House looks a lot more like the complicated, diverse country its members are supposed to represent.

With all due respect to the chamber that calls itself the "world's greatest deliberative body," I wouldn't expect much initiative from the new Senate -- the Democrats' one-vote majority isn't enough to get much of anything done, especially with several senators moonlighting as presidential hopefuls. The action is in the House. And that's where the "interesting" part comes in. Pelosi's plan for a blitzkrieg of legislation in the first 100 hours of the new Congress is fine -- most Americans are in favor of a higher minimum wage, expanded stem-cell research, wider availability of student loans and fewer lobbyist-paid golfing trips to Scotland for our elected representatives. Pelosi could toss in a couple of bills supporting motherhood and apple pie while she's at it.

That's not to belittle the Democratic agenda, as far as it goes. But it tiptoes around the big, ugly monster of an issue sitting in the middle of the room -- the war in Iraq. The new Congress is going to have to stop temporizing and stand up to George W. Bush on the war.

"It's time to set aside politics and focus on the future," the president said Wednesday, dusting off the familiar call for bipartisanship that always comes from the losing side in an election. In the current context, it's really a threat to paint congressional pushback on Iraq as electoral gamesmanship. But the nation has made abundantly clear what it thinks of this tragic war. Challenging the president on Iraq isn't partisan politics, it's the new Democratic majority's patriotic and constitutional duty.

So far, we've heard promises that the new Congress will exercise vigorous oversight -- which Congress should have been doing all along. I can understand that Pelosi and her counterpart on the Senate side, Majority Leader Harry Reid, wouldn't want to start by making the ultimate threat: using the power of the purse to cut off funding for the war. But sooner or later, there's going to have to be a confrontation.

Not once has Bush given the slightest indication that he intends any significant change of course in Iraq. Quite the contrary: The expectation in Washington is that soon he will announce an escalation of the war -- increasing troop levels but calling the increase a "surge" and giving the impression that it's a short-term measure. Don't be fooled by the focus-group word "surge," because a two- or three-month increase in troop levels makes no military sense. If and when the president sends more troops to Iraq, they will not soon come home.

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Given that the Democratic Party's fortunes keep rising as Bush sinks deeper into the Iraq quagmire, political expediency might tempt the new leadership in Congress to let the president have his way and reap the rewards in 2008. But that would be wrong. Democrats can't give speeches saying that sending more troops to Iraq without a viable mission is nothing more than a futile sacrifice of young American lives -- and then limit their dispute with Bush to whether he gets to send 3,000 more troops or 30,000.

Very soon, perhaps inconveniently soon, Democrats are going to have to take a stand.

Tax Cuts And The Minimum Wage (NYT)

The New York Times, January 5, 2007

As the minimum wage moves to the top of the new Congress's agenda, some politicians — mainly President Bush and Senate Republicans — seem incapable of viewing the issue as anything other than a pretext for more tax cuts. This time the lucky recipients would be small-business owners, who the politicians contend will be unduly harmed by having to pay higher wages. So much for ringing in the new.

It has been more than nine years since the government last increased the federal minimum wage, currently $5.15 an hour. During that period inflation has severely eroded the wage's value. Arguing that it is only fair to cut taxes on business owners when the minimum wage goes up is akin to arguing that taxes should have been raised as the wage fell because of inflation. Instead, as the minimum wage has eroded over the past decade, taxes have been cut sharply.

It's even doubtful that the wage increase under discussion — a $2.10 increase over roughly two years, to $7.25 — would impair business. Eighty-six percent of small-business owners surveyed by the Wells Fargo/Gallup Small Business Index said the minimum wage had no effect on their businesses.

There's also no reason to believe that the proposed tax cuts would be aimed at employers of low-wage workers. In 2006, when Congress tried to link the minimum wage to tax cuts, the proposals included an estate-tax cut for America's wealthiest families. One proposal now being considered would allow small businesses to write off a larger part of their attorney fees when they go to court to challenge federal regulations. It sounds like a stretch to us that typical employers of minimum-wage workers — say, restaurants and small factories — are in any great need of relief from the high cost of federal litigation.

And then there's the probability that tax cuts would cost the government far more than a wage increase would ever cost employers, driving up the budget deficit. The Economic Policy Institute analyzed the tax cuts that were linked to an unsuccessful attempt to raise the minimum wage in 2000. Those cuts would have cost $123 billion over 10 years, versus $11.2 billion for the wage increase.

It's that sort of idiocy the new Congress was elected to stop. Chances are good the House of Representatives will eschew tax cuts and pass a clean bill to raise the minimum wage. The Senate should follow suit. And President Bush should sign it.

House Warming (WP)

By David Montgomery And J. Freedom Du Lac

The Washington Post, January 5, 2007

Despite the promised "new direction for America," getting the money out of politics and all of that, some facts of Washington life appear immutable and eternal.

"One hundred hours to make this the most honest and open Congress in history," House Speaker Nancy Pelosi declared at the beginning of a history-making day -- which ended last night with the Democrat from California presiding over a glitzy fundraiser open to anyone with $1,000 for a ticket.

A few folks in the block-long line of partygoers waiting to get into the National Building Museum -- social activists, feminists, union organizers, fat-cat liberals, Hollywood allies and not a few serious Deadheads -- did sense the cognitive dissonance. They promptly dismissed it in a tidal wave of idealism about the future under the nation's first female speaker of the House.

They had waited a long time for this night to party, nibble on goat cheese ravioli with pumpkin and truffle, wipe their lips with paper napkins embossed in gold with "Speaker Pelosi January 4, 2007," listen to former members of the Grateful Dead sing "Truckin' " and Tony Bennett sing "I Left My Heart in San Francisco."

"Democrats are back!" Pelosi said in her remarks during the few minutes reporters were permitted inside. "We are ready to lead, prepared to govern and determined to make you proud."

(A dozen years ago, it must be recalled, Newt Gingrich and the Republicans celebrated their return to power with a $1,000-a-plate dinner. Reporters were allowed in.)

Organizers expected 1,000 to 1,500 guests, with checks to be made out to the Democratic Congressional Campaign Committee. Many complimentary tickets were given out, and DCCC spokeswoman Jen Psaki could not immediately say how

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much money was raised. She said fundraisers are usually closed to the news media, but arrangements were made to allow reporters to hear Pelosi's remarks.

Outside in the line to get in, their faces illuminated by cellphones and BlackBerrys, people had high hopes.

"I am personally such an admirer of Nancy," said Susan Levine, vice president of a private equity firm in Boston. "I'm a working mom; she raised five children before she went into politics. What she said today about breaking the marble ceiling, I feel like I'm trying to do that every day."

"We're feminists and we're celebrating!" exclaimed Eleanor Smeal, president of the Feminist Majority Foundation, and Martha Burk, money editor of Ms. Magazine, almost in unison.

"The marble ceiling is certainly not broken, but it's nicely cracked," Burk added.

A long column of leaders and organizers from several labor unions walked from nearby headquarters.

"We're celebrating a change in this country," said Larry Cohen, president of the Communication Workers of America, adding that Americans want a "commitment to economic justice" and are "fed up with their voices not being heard."

But how do those ideals jibe with a fancy affair too pricey for most working families?

"I think it's a good question, actually," Cohen said. "I do think getting the money out and getting the people in is what this is about for us."

Ahead in line, Arthur Fullerton, director of development for Covenant House California, pronounced it "a historic night. . . . I think the voices of everyone in the country get to be heard, not just the privileged few."

Like the few with $1,000 to drop?

"That's true," Fullerton said. But he got comped. "You do have folks like me who get invited."

Actor Joe Pantoliano was on the sidewalk marveling about how "stunning" it would be for his mother to have known an Italian American woman was becoming speaker. And actress Heather Thomas disclosed, "I'm 49, I'm not ashamed to say, so I never had those [female political] role models as a child. If you don't have that in your consciousness, you don't know you can do it."

Phil Angelides was in line, looking pleased, despite his recent loss to Arnold Schwarzenegger in the California governor's race.

And there came musician Wyclef Jean, one of the evening's entertainers, with a special composition in store. "I'm writing a freestyle rap on my BlackBerry," he said, whipping out the device to show his notes. Later, during his performance of "Hot Hot Hot," Pelosi would be inspired to dance, and the musician stepped into the velvet-roped area to dance with her.

The speaker, with a grandchild on her lap, also sang along to Carole King's performance of "(You Make Me Feel Like) A Natural Woman."

It didn't hurt turnout that the congresswoman from San Francisco invited members of one of her city's most famous rock bands to headline the affair.

"I am here to witness history in the making, the first woman speaker of the House, and to see members of the Grateful Dead perform," said Jersey City Councilman Steve Lipski.

Which was more important?

"I'll let readers be the judge," said Lipski, who also could recall the date of his first Dead show, 35 years ago.

Scott Orellana, 30, an insurance claims processor from Rockville, dressed in a gray suit with his long hair neatly pulled back, was walking up and down the line holding a cardboard sign that said, "I need a miracle," and holding up one finger -- universal parking-lot Dead code for seeking a ticket.

On the other side, his sign said, "Let me see Nancy Pelosi and the DCCC." "I'm excited about the new Congress. I'm excited about Nancy Pelosi being the first woman speaker of the House," Orellana said. "If I had $1,000 I'd definitely give a contribution, but I don't have $1,000."

At the last minute, just as the party was about to begin, a wired Democrat and fellow Dead fan -- who sheepishly would only be identified as a political consultant -- slipped Orellana a ticket.

The Deadhead got his miracle -- and maybe so have the Democrats gotten theirs.

Women Bask In New Speaker's Shining Moment (WP)

By Lyndsey Layton

The Washington Post, January 5, 2007

This was the visual they had dreamed about for years, for decades, for a lifetime. A woman standing on the wooden dais before the high-backed leather chair of the speaker of the House, the gavel in her hand, the American flag draped behind her.

And when Nancy Pelosi made American history yesterday and was formally elected speaker, the raucous cheers that rang through the House chamber came from young girls in Mary Janes, working women in business suits, elderly ladies carrying

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canes and more than a few men. For hours after the formal swearing-in, the ascension of Pelosi was the topic throughout the corridors of the Capitol. Several women said they looked forward to the State of the Union address later this month because Pelosi would be in the speaker's chair and a woman would share the television screen with the president.

"For our daughters and granddaughters, today we have broken the marble ceiling," Pelosi told cheering members of the House and their families who crowded into the chamber as the Democratic leader was formally elected speaker of the 110th Congress. "For our daughters and granddaughters today, the sky is the limit."

The day marked the Democrats' return to control of Congress after 12 years as the minority, and the celebrations started early and stretched late. Brunch plates clinked in the Library of Congress, party equipment rental trucks lined Constitution Avenue and bowls of shrimp and platters of finger sandwiches appeared in Capitol offices.

It felt like an inauguration and a homecoming, both at once.

"This is a woman's version of the presidential inaugural," said Donna Brazile, a Democratic consultant who ran Al Gore's presidential campaign in 2000.

The historic aspect of the moment seemed to transcend party.

"For more than 200 years, the leaders of our government have been democratically elected. And from their ranks, our elected leaders have always selected a man for the responsibility and honor of serving as speaker of the House. Always, that is, until today," said Rep. John A. Boehner, the Ohio Republican who was majority leader in the last Congress and who handed the gavel to Pelosi. "Whether you're a Republican, Democrat or independent, today is a cause for celebration."

Rep. Michael McCaul, a Texas Republican starting a second term, brought his son and four daughters to the floor for Pelosi's election and his oath of office. It didn't matter that the woman of the hour was a Democrat, he said. "It's a good role model for all women, and my daughters can see that they can get to the highest levels of government," McCaul said. The girls, ages 5 to 10 and dressed in identical black velvet and tartan dresses, displayed varying levels of understanding. "It's cool," said Caroline, 10.

Roz Wyman, the doyenne of California Democratic circles and a major backer of Pelosi, said it was hard to describe the importance of the day. "I don't think a lot of people grasp it," said Wyman, who watched the swearing-in from the visitor's gallery and had helped throw a women's tea for Pelosi on Wednesday that featured hundreds of female politicians, donors and activists. " I never thought I would see this day. . . . She's not George Washington, but she is at that seat and she got there because she had a lot of friends who cared, a great organization and she went out and worked for it."

It took nearly two hours for the members to elect Pelosi on a 232-202 party-line vote. They stood one by one, many delivering brief remarks along with their votes. "Just as the biblical Esther was called to save the nation, I cast my vote for another woman called for such times as these," said Rep. Bobby Rush, the Chicago Democrat and former Black Panther. Rep. Lynn Woolsey (D-Calif.) announced her vote for Pelosi was "for the future of all of our grandchildren and for world peace."

Pelosi sat in the center right section of the House, surrounded by her grandchildren and holding the youngest, 6-week-old Paul Michael, in a white blanket in her arms. She hugged and squeezed any other children who came within range and stood up to kiss a steady stream of well-wishers, including Sen. Barbara Mikulski (D-Md.), former Colorado representative Pat Schroeder and former transportation secretary Norman Mineta.

While the Democrats on the House floor were busy shaking hands, rubbing backs and congratulating each other, the Republican members largely sat quietly. Boehner left the chamber for long periods and Rep. J. Dennis Hastert (R-Ill.), the outgoing speaker, stood at the back of the chamber against a railing, hands in his pockets.

The visitor galleries above the House floor were laden with Democratic supporters, donors, lobbyists, women's rights activists and Californians. Sitting among the Pelosi family were several celebrities, including singers Carole King and Tony Bennett and actor Richard Gere, who also appeared at a Democratic fundraiser last night honoring Pelosi at the National Building Museum.

The accessory of the day seemed to be a baby or, if not available, a toddler. Rep. Rosa DeLauro (D-Conn.) carried her 2-year-old granddaughter, Rigby, who was sleeping. Kirsten Gillibrand of New York, one of the new House Democrats, toted her 2-year-old son, Theodore.

"This was a long road and we're finally here," said DeLauro, a Pelosi ally. "The barriers are gone."

The role model herself stood on the dais to swear in the entire House amid a clutch of children, including several of her own grandchildren. She was calm enough to let one of the younger girls hold the newest grandbaby, and she was focused enough to do her work amid their antics, a talent she perfected years ago as a mother of five and grass-roots political activist.

Congress Reopens Under New Management (USAT)

By Kathy Kiely And Fredreka Schouten, Usa Today

USA Today, January 5, 2007

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WASHINGTON — In a new twist on an old tradition, the new speaker of the House kissed the minority leader as he handed her the gavel.

Congress convened Thursday for the 110th time in the nation's history, but for the first time with a woman heading one of the chambers, and with Democrats in control of both the House and Senate for the first time in 12 years.

Rep. Nancy Pelosi of California took the speaker's gavel in what she called "a historic moment for the women of America." Republicans, some members of the Senate and a few former lawmakers joined in the thunderous applause.

"Whether you are a Republican, a Democrat or an independent, today is a cause for celebration," said House Minority Leader John Boehner, R-Ohio.

Among the revelry: Supporters wearing denim and cowboy hats hoisted beers in honor of new Sen. Jon Tester, a farmer and Democrat who defeated incumbent Conrad Burns in Montana. Celebrities including former president Bill Clinton and actor Richard Gere were on hand at the Capitol to see it all.

IN-DEPTH: Ethics in aims | Pelosi leads wave of women | Video | Muslim makes history

The 33 new or re-elected senators who took their oaths included seven women, bringing the total number of women in Congress' upper chamber to a record 16. There are a record 74 women in the House, including three non-voting delegates. Clinton watched as his wife, Democrat Hillary Rodham Clinton, was sworn in for her second term as New York's junior senator.

In other developments:

·Vern Buchanan, a freshman Republican from Florida, took his seat despite lawsuits filed to overturn his election by his Democratic opponent, Christine Jennings. Jennings narrowly lost a race in which 18,000 votes were lost because of voting machine errors. Pelosi said the House would allow the trial to proceed and decide whether to let Jennings take Buchanan's place later.

·Senate Democrats convened with their majority narrowed because of the absence of Sen. Tim Johnson, D-S.D., who remains hospitalized after suffering bleeding in his brain last month. Sean Grady, chief of the University of Pennsylvania medical department, told USA TODAY that the latest medical reports on Johnson are "good news" but added it will likely be months before doctors can determine the extent of Johnson's recovery.

Bipartisanship was the watchword. "Be nice," Boehner told members, but bickering surfaced quickly. House Republicans protested Democrats' refusal to allow them to offer alternatives and amendments to an ethics package poised to win House approval today.

"The much-ballyhooed commitment to minority rights is virtually non-existent," said Rep. David Dreier, R-Calif.

House Democrats promised Republicans opportunities to amend bills, but now say that won't happen until the House approves six measures that the Democrats promised during the fall campaign to enact in the first 100 legislative hours. That time period is likely to stretch until late this month.

"We view the first 100 hours as essentially a mandate from the American people," said House Majority Leader Steny Hoyer, D-Md.

In addition to the ethics package, which bans travel and gifts paid for by lobbyists, the Democratic bills would raise the minimum wage to $7.25 an hour, promote expanded research using embryonic stem cells, rescind tax breaks for the oil industry and cut interest rates on student loans. Other measures would enact recommendations from the 9/11 Commission and allow the government to negotiate lower prescription-drug prices.

The Senate won't act as fast. Senate Majority Leader Harry Reid, D-Nev., and Minority Leader Mitch McConnell, R-Ky., plan to introduce an ethics bill next week.

Pelosi called the Democratic ethics package, formed as a response to recent scandals involving influence-buying by lobbyists, "the toughest ethics reform in history."

The legislation, however, didn't discourage lobbyists from turning out for the round of parties that ushered in the new term. Among them: a $1,000-a-ticket fundraiser for the Democratic Congressional Campaign Committee that featured Tony Bennett and members of the Grateful Dead.

Rick Carter, a lobbyist for PG&E Corp., a California-based energy company, was navigating a three-page list of receptions. "It's time to set agendas and strategies and see what we can get accomplished," he said.

Joyful Democrats Salute Speaker Pelosi (WT)

By Charles Hurt

The Washington Times, January 5, 2007

House Democrats unanimously picked Nancy Pelosi yesterday to be their leader and the first female speaker of the House in U.S. history.

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"For our daughters and our granddaughters, today we have broken the marble ceiling," Mrs. Pelosi told a cheering House chamber yesterday, moments after accepting the speaker's gavel. "For our daughters and our granddaughters now, the sky is the limit."

Democrats dedicated their votes to famous feminists, children everywhere and even world peace.

"In the name of Jesus," Rep. Jesse L. Jackson Jr. of Illinois said as he cast his vote for Mrs. Pelosi.

Rep. Jose E. Serrano of New York cast his vote for her in Spanish.

Even Rep. Gene Taylor, the conservative Democrat who had cast a protest vote against Mrs. Pelosi in past leadership elections, dutifully voted for her yesterday. With his vote, Mrs. Pelosi -- whose voting record is considerably more liberal than many fellow Democrats -- got her first unanimous leadership election

So, when Mr. Taylor cast his vote for her, Democrats jumped to their feet in thunderous applause, catching the fair-haired Mississippian a little off guard.

Rep. Maxine Waters of California cast her vote in honor of feminist icons Bella Abzug and Gloria Steinem.

Majority Leader Steny H. Hoyer, Maryland Democrat, hailed Mrs. Pelosi -- the daughter of former Baltimore Mayor Thomas D'Alesandro -- as "Maryland's favorite daughter, California's pride."

Wearing a burgundy suit, pearls and a broad grin, Mrs. Pelosi sat at her seat waving thanks to those who voted for her. Surrounding her were her young grandchildren in various stages of behavior during the two-hour affair. Sitting in the balcony with the rest of her family was crooner Tony Bennett, who was to serenade her at a celebration concert later in the evening.

After the 233-202 vote was tallied and announced, Minority Leader John A. Boehner of Ohio said it was a "high privilege" to hand the gavel to the first female speaker in more than 200 years.

And though the federal government has expanded far beyond the hopes and expectations of the Founding Fathers, he said, they would view the selection "approvingly."

"My fellow Americans, whether you're a Republican, a Democrat or an independent, today is a cause for celebration," Mr. Boehner said.

When Mrs. Pelosi assumed the gavel, she promised "partnership, not partisanship," and paid tribute to the troops and former President Gerald R. Ford, who died the day after Christmas.

She also paid tribute to St. Francis of Assisi, the namesake of her hometown of San Francisco who robbed from his wealthy cloth-merchant father to give to the poor.

When Mrs. Pelosi called for a change of course in Iraq, there was jubilant applause from Democrats, while Republicans remained seated and virtually silent.

And she promised -- much as Republicans did when they took power 12 years ago -- to restore fiscal discipline.

"After years of historic deficits, this 110th Congress will commit itself to a higher standard: Pay as you go, no new deficit spending," she said. "Our new America will provide unlimited opportunity for future generations, not burden them with mountains of debt."

Hours later, her caucus unanimously approved a package of new rules that allows Democratic leaders to waive the requirement that three-fifths support be required to raise federal taxes.

"It didn't take long for House Democrats to reveal their true intentions," said Rep. Lynn Westmoreland, Georgia Republican. "They've been in power for a matter of hours, and they immediately signal their plans to raise income taxes on American families. I hope Georgia voters will take a look at who voted against this effort to prevent tax increases."

Sitting quietly at the back of the chamber was outgoing Speaker J. Dennis Hastert, Illinois Republican, who at one point was recognized for his service. He slowly rose, gave a wide wave and dug his hands deep into his pants pockets to wait for the hearty, bipartisan applause to die down.

During the ceremony, Mr. Boehner also lingered for a moment on the 12 years of Republican rule that ended yesterday.

"There were some great achievements during those 12 years that followed," he said. "There were also some profound disappointments."

Then he offered a brief but sober analysis of Republican failures that caused their downfall. Most Americans, he said, don't care who controls Congress.

"What they want is a government that is limited, honest, accountable and responsive to their needs," he said. "And the moment a majority forgets this lesson, it begins writing itself a ticket to minority status."

Forgive The Cynicism, But This Is Change? (WP)

By Greg Craig

The Washington Post, January 5, 2007

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Forgive the cynicism, Mr. President, but if you were serious about cooperating and consulting with the new Congress, you wouldn't be parading your bipartisan bona fides through the op-ed pages of the Wall Street Journal. You wouldn't be holding news conferences in the Rose Garden telling the world how ready, willing and able you are -- we know you are not eager -- to work with the Democratic Congress. You would instead be meeting privately with Democratic leaders, identifying specific areas where progress can be made and joining with them to come up with a legislative agenda that is truly bipartisan.

To many of us, your post-November conversion to bipartisanship appears to be nothing but spin -- at least so far. You misunderestimate our capacity to remember the way you treated the Democrats when your party ran Congress. We will not soon forget your "my way or the highway" approach. You will forgive us if we pay more attention to what you do than to what you say.

Forgive the early criticism, Speaker Pelosi, but if you were serious about introducing and fostering a new atmosphere of bipartisanship in Washington, you might have waited a decent interval before shoving legislation down the throats of the minority party. You might have been more willing to give Republicans warning about what they would be voting on, and you might even have been willing to consult with them about the substance of those bills. Much of the country agreed with the Democrats' criticism of the highhanded way the Republicans ran the House, and much of the country voted for Democratic candidates in the hope that Democrats would make the legislative process fair and transparent.

Your plan to force members to vote with no opportunity to offer amendments is inconsistent with what Democrats said they would do and what American voters hoped they would do. This is a blindness that will come back to haunt you.

Forgive the gratuitous commentary about presidential politics, but couldn't the candidates do away with exploratory committees and reinstate the old-fashioned announcement? Couldn't they wait a while longer before taking the plunge? It is only five days into 2007, and 2008 seems to be upon us already -- at least in the eyes of the potential candidates. When someone leaks a secret memo showing that private citizen Giuliani is worried about possible scandal in his personal history, and when former Massachusetts governor Romney changes his position on same-sex unions so dramatically, you don't have to be a weathervane to know which way the wind is blowing. And if Sen. Clinton were truly unhappy about being forced to make an early decision on whether to be a serious senator or a serious presidential candidate, she'd take the easy way out of her dilemma: She could just tell the world that she won't make a decision until June or July -- and then live with it. No wringing of hands or whining required.

Forgive the cold water on an otherwise impressive event, candidate Edwards, but why couldn't you have simply announced your candidacy? Your announcement from New Orleans looked like a partisan gimmick, taking advantage of human misery to take a shot at the Republicans. Your genuine concern about the problem of poverty in America is well known. Shouldn't that issue be used to unite Americans, not to divide them?

Forgive me for being hard-boiled, but from my perspective inside the Beltway, it looks like 2007 is business as usual.

In New Senate, The 'Candy Desk' Gets A Kiss-Off (WSJ)

By Sarah Lueck

The Wall Street Journal, January 5, 2007

WASHINGTON -- With Democrats back in control of Congress for the first time in years, much is changing in the nation's capital, including a longtime tradition in the U.S. Senate: the "candy desk."

For a decade until his defeat last year, Sen. Rick Santorum, a Pennsylvania Republican, stocked the desk with donations from home-state candy makers including Hershey Co. and Just Born Inc., maker of Hot Tamales and Peanut Chews.

With Mr. Santorum gone, the desk, which is dipped into by many members, has been turned over to Sen. Craig Thomas, a Republican from Wyoming. But his state is better known for bison than bonbons -- and that's a big problem.

Ethics rules forbid members accepting gifts worth $100 or more a year from a single source. One exception covers items produced in a senator's home state -- so long as they're used primarily by people other than the senator or his staff. The provision was crafted to allow senators to offer visitors home-grown snacks, such as Florida orange juice or Georgia peanuts.

In Wyoming, some small outfits sell esoteric sweets, such as chocolates designed to look like moose droppings. But the state doesn't have any big, brand-name candy makers who could step into the breach. As a result, the candy-industry lobbying group, which coordinates stocking the desk, is cutting off the sweets, citing Wyoming's candy deficit and ethics rules.

"We're happy to provide candy if there are [association] members" in the home state of the senator who sits at the candy desk, says Susan Smith, a spokesman for the National Confectioners Association. "It would be difficult for us to do now."

Good Spirit

Hershey, of Hershey, Pa., is taking the kiss-off in good spirit. "We were pleased to be a small part of sweetening up congressional proceedings," says Kirk Saville, a company spokesman.

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As it happens, relying on Pennsylvania wasn't an option. Mr. Santorum's successor, Bob Casey, is a Democrat, and the candy desk has by tradition always been located on the Republican side of the Senate chamber, in a heavily trafficked area near the exit to the elevators. The state's other senator, Arlen Specter, a Republican, already has a choice seat toward the front.

Before Mr. Thomas was tapped to take possession, the sweet-tooth crowd erroneously speculated that Tennessee Sen. Bob Corker, the only new Republican senator, would end up with the desk. That might have worked out fine since Tennessee is home to Brach's Confections Inc., which also has operations in Texas, as well as the Standard Candy Co., which makes GooGoo Clusters.

The Senate takes its furniture seriously. It is still using the 48 desks built in 1819 by a New York cabinetmaker to replace those burned by the British during the War of 1812. As new states joined the union, and the Senate grew, new desks of similar design were built. At the beginning of each Congress, desks are reapportioned among Republicans and Democrats and then senators get their choice, based on seniority.

The candy desk -- a tradition, not a rule -- dates to 1968, according to the Senate Historical Office. That's when Sen. George Murphy, the former actor and film executive, began sharing treats from the back row.

He left in 1971, and those who inherited the desk continued his largess. At times, senators asked for specific candy. Others left a few dollars to keep the desk stocked. Over time, the practice became more institutionalized, says Betty K. Koed, assistant historian in the Senate Historical Office. Eventually, the National Confectioners Association, along with the Chocolate Manufacturers Association, began to organize donations.

Because of its location in the back, the seat is generally occupied by junior senators. But Mr. Santorum made a point of keeping the desk even as he rose in seniority to highlight his state's prowess. Pennsylvania companies sent about 100 pounds of candy to Mr. Santorum's office each quarter, says Robert Traynham, the ex-senator's former spokesman. That's equivalent to about 38,000 Hershey's kisses a year.

Continuing the Tradition

Mr. Thomas, who came to Washington in 1989 to take Dick Cheney's seat in the House and was elected to the Senate five years later, vows to continue the tradition -- somehow. "The candy desk has been my favorite for a while," he says. He admits to regularly dipping into Mr. Santorum's stash.

The senator's spokesman, Cameron Hardy, says his boss requested the seat because "he likes the idea of sharing with his colleagues." Yet Mr. Hardy concedes that Mr. Thomas and his staff initially weren't familiar with how the candy desk worked. "I don't think anyone realized it was a big undertaking," he says, or that candy companies played a role in supplying the goodies.

One option is to turn to mom-and-pop shops in Wyoming that make, or re-package, sweets with a frontier flair. Bessie Zeller has a family business, Queen Bee Gardens, in Lovell, Wyo., which produces caramel-like candies from honey. She already sends about 24 pounds of candy, worth about $185, every couple of months to members of the state's congressional delegation. She gets some payment for the goodies. "I don't think we can afford to donate it all," she says.

Mary Ann Kuschel of Cheyenne sells mostly re-packaged candy, such as "moose doodles" (chocolate covered almonds "shaped just like moose droppings") and "bison balls" (round Rice Krispies treats dipped in chocolate, sold in packages of two.) She says her home-based business is ill-equipped to make big donations to the U.S. Senate. "I don't think so," she says. "Not for free."

Senate ethics rules may give Mr. Thomas some wiggle room, allowing him to seek contributions from senators whose states are more richly endowed, something he says he is contemplating. Robert Kelner, who heads the election and political law practice at Covington & Burling LLP, says a candy company could "in theory" send less than $100 worth of candy to each senator over the course of the year and not violate gift limits.

Says Mr. Hardy, the senator's spokesman: "I'm sure we'll get through it somehow."

Miers Resigns As White House Counsel (AP)

By Deb Riechmann

AP, January 5, 2007

Harriet Miers, President Bush's failed Supreme Court nominee and longtime adviser, on Thursday submitted her resignation as White House counsel.

White House press secretary Tony Snow said the president reluctantly accepted her resignation, which takes effect Jan. 31. He said a search for a successor is under way.

Bush nominated Miers in October 2005 to replace retiring Justice Sandra Day O'Connor, but she dropped out under fire from conservatives who questioned her qualifications and would not support her.

Asked why she was leaving, Snow said: "Basically, she has been here six years."

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He said Miers, 61, a loyal adviser to the president for years, has been having conversations with White House chief of staff Joshua Bolten about leaving for some time and both agreed that it was time for a change at the White House office of legal counsel.

At the White House, Miers is known as a diligent adviser, one of the first to arrive and one of the last to leave.

"Harriet is one of the most beloved people here at the White House," Snow said, adding that she was a scrupulous lawyer who aggressively defended the Constitution.

"As somebody said earlier today, 'She put 12 years of service into six years,'" Snow said.

Snow said Miers' departure did not signal the beginning of an exodus of senior officials after six bruising years at the White House. Asked if other officials were poised to go, Snow said, "I'm aware of none and anticipate none."

As White House counsel, Miers works behind-the-scenes overseeing a team of attorneys who provide legal advice to Bush on matters large and small. But when Bush picked her to fill an opening at the Supreme Court, she became a household name, albeit briefly. Her background and every word were scrutinized. Television cameras rolled as she walked up Capitol Hill to meet with lawmakers charged with confirming her as a justice.

She dropped out under fire from conservatives who criticized her for having thin credentials on constitutional law and no proven record as a judicial conservative. That forced Bush to scramble for a new Supreme Court nominee who could calm a conservative rebellion and walk sure-footedly through a Senate confirmation hearing. He turned to Samuel Alito, a federal appeals court judge from New Jersey, who was ultimately confirmed.

Ironically, one of Miers' tasks as counsel was to vet potential nominees for openings on the federal bench — and the Supreme Court.

"Participating in the process to help identify the best nominees for the American people has been among the most rewarding of my experiences," Miers wrote Bush in a resignation letter dated Thursday. "Your commitment to nominating judges who will interpret the law and who know the proper role of a judge has made this nation stronger and our justice system fairer."

Miers, who grew up in Dallas and received her undergraduate and law degrees from Southern Methodist University, was the first woman hired by her law firm, in 1972; first woman president of the Dallas Bar Association, in 1985; first woman president of the Texas bar, in 1992; and first woman president of her law firm, in 1996.

The soft-spoken Miers has described herself as a "Texan through and through." White House deputy chief of staff Karl Rove said she can be "tough as nails." Bush once called her "a pit bull in size 6 shoes."

She clerked for a federal judge there and then joined Locke Purnell Rain Harrell, rising to become its first female president. After the firm merged with another, she was co-managing partner of the 400-lawyer Locke Liddell & Sapp.

She was Bush's personal lawyer in Texas, took on the thankless job of cleaning up the Texas Lottery when he was governor, and followed him to Washington to serve as staff secretary until Bush appointed her White House counsel, succeeding Alberto Gonzales when he was named attorney general.

Miers Steps Down As White House Gears Up For Battle (WP)

By Peter Baker And R. Jeffrey Smith

The Washington Post, January 5, 2007

President Bush accepted the resignation of White House counsel Harriet Miers yesterday as he remakes his legal team to prepare for what aides expect to be a sustained struggle with a new Democratic Congress eager to investigate various aspects of his administration.

Miers, a longtime Bush loyalist whose nomination to the Supreme Court was withdrawn in 2005 as a result of conservative opposition, led an office that will oversee legal clashes that could erupt if Democrats aggressively use their new subpoena power. Bush advisers inside and outside the White House concluded that she is not equipped for such a battle and that the president needs someone who can strongly defend his prerogatives.

The White House did not announce a replacement but has settled on someone to take on the assignment, according to several advisers who did not disclose the name. Four other lawyers have been hired as associate counsels in recent weeks to fill vacancies, and White House officials have discussed expanding the office, which -- with a dozen lawyers -- is far smaller than it was under President Bill Clinton, who faced legal battles on multiple fronts.

The effort to form a new legal team anticipates a spate of congressional demands for information on politically sensitive topics such as whether officials authorized the abuse of U.S. detainees, whether the administration turned a blind eye to profiteering by politically connected contractors in the Iraq war, how the White House responded to Hurricane Katrina, and whether senior officials complied with the law in ordering heightened domestic surveillance.

At the Justice Department, lawyers in the Office of Legal Counsel have been meeting with counterparts from other agencies to discuss potential points of conflict with Congress and to map out legal strategies for responding to demands for

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documents and testimony, according to several officials. The department has also held internal meetings on this topic in recent weeks with representatives from the FBI and from Justice's other major components, one official said.

"They face the question of, to what extent you cooperate or protect presidential prerogatives and withhold documents," said H. Christopher Bartolomucci, a former Bush White House lawyer. "Potentially, it could be a period of conflict with the Hill. . . . It's not necessarily going to be a bloodbath, but it's certainly possible."

Republican advisers have been telling the White House to be ready for war, and many cited Miers as the wrong general. "The White House knew they needed to get a tough street fighter -- that's what this is about," said one such adviser, who spoke on the condition of anonymity to preserve access to the White House.

The advice, according to this person, could be summed up this way: "You guys better lawyer up, and lawyer up in the right way. You better understand the need and the peril and the urgency. . . . You need somebody as tough as [Clinton aides] Harold Ickes or Bruce Lindsey. Because they're coming for you."

Miers, Bush's personal lawyer in Texas, is popular in the West Wing and is admired for her hard work, loyalty and character. But since taking over last spring, White House Chief of Staff Joshua B. Bolten had privately expressed doubt that Miers, 61, was right for the job, current and former officials said.

When news reports at the time suggested that she might leave as part of Bolten's initial shakeup, Miers talked to Bush and kept her job, the sources said. After Democrats captured Congress in November, the issue was revisited and some Republicans were told before Thanksgiving that someone else would be brought in.

Miers had told colleagues that she planned to stay until the end of the administration, but after several conversations with Bolten in the past week, she agreed it was time to move on. "We're entering a new era here in the White House, and they both came to that conclusion," a senior administration official said.

White House spokesman Tony Snow praised Miers as "an extraordinarily wonderful human being" and a "ferocious defender of the Constitution" who is leaving because she has been in the White House for six years. In a letter to Bush released by the White House, Miers offered expansive praise for the president while never explaining her departure: "It is hard to leave the tasks at hand. They are gravely important, and I shall miss greatly the arena in which the battles of our times are being fought."

The White House plans to replace her with a lawyer from the outside. Speculation focused on former solicitor general Theodore B. Olson, but he said he had no intention of taking the job. "I'm not going to be replacing Harriet Miers," Olson said yesterday.

Sources said the White House hired a fourth new associate counsel just this week, Michael Scudder, a former federal prosecutor in New York who had been working at the Justice Department on national security issues.

The administration's decision to prepare for battle comes despite an effort by congressional Democrats to discourage public talk of an imminent clash. Mindful of their one-vote margin of control in the Senate and keen to retain the House and capture the presidency in 2008, Democrats say they are anxious to avoid appearing shrill or excessively partisan.

"I'm going to work on the assumption that there won't be a problem in getting information," said Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee. "There has been [resistance] in the past, but we were in the minority. Now, if the committee requests information, [it] will be acting on behalf of the committee and they have a responsibility to respond. I'm not looking for a confrontation."

Talk of accommodation is undercut, however, by the fact that both parties have firm opposing positions on whether Congress has the right to peer closely into executive-branch deliberations and documents, especially on national security. Led by Vice President Cheney, the administration has long backed a legal theory that the Constitution gives the president considerably more authority than Congress and the judiciary.

In keeping with that view, the Justice Department on Dec. 22 spurned a request by then-incoming Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) for a memo signed by Bush authorizing the CIA to create secret detention facilities overseas. It also rejected Leahy's request for a Justice Department memo detailing the interrogation methods the CIA could use. A letter to Leahy signed by acting Assistant Attorney General James H. Clinger explained that "we are not able to disclose" operational details of the CIA program and said that the interrogation memo constituted "confidential legal advice."

Leahy expressed disappointment on Tuesday that the administration had "squandered another opportunity to work cooperatively with Congress." But Leahy did not say what he would do next, other than promising that his committee "will continue its efforts to obtain the information that it needs" for oversight.

Other Democrats said his cautious approach is in keeping with admonitions to incoming committee chairmen by Senate Majority Leader Harry M. Reid (D-Nev.) to avoid immediate confrontation. House Speaker Nancy Pelosi (D-Calif.) has issued similar warnings.

However, one sign that relations will be bumpy is a decision by House leaders to give Waxman's committee special authority to force administration officials to sit for depositions, a tool it last had under Republicans in the late 1990s. Waxman

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said he has not set a firm agenda but intends to focus on "waste, fraud and abuse," the government's response to Katrina, and actions taken by U.S. contractors in Iraq.

Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.) is also interested in contracting waste in Iraq and plans to investigate what officials knew about the abuse of detainees, aides said. He has announced plans to hire three new investigators to examine these and other matters.

Staff writers Al Kamen and Dan Eggen contributed to this report.

Miers Steps Down As White House Counsel (NYT)

By Jim Rutenberg

The New York Times, January 5, 2007

WASHINGTON, Jan. 4 — Harriet E. Miers, President Bush's longtime confidante and onetime Supreme Court nominee, has resigned as White House counsel, officials said Thursday.

Tony Snow, the White House spokesman, said that Mr. Bush had accepted Ms. Miers's resignation "reluctantly" and that she had tendered it after deciding she was ready for a change after six years in the job. The White House said that a search for a successor was under way and that Ms. Miers would remain at her post through this month.

Mr. Snow said her departure was not the beginning of another round of changes in the West Wing.

"For those who are speculating about any others within the White House proper, I am aware of none and expect none," Mr. Snow said.

Still, her announced resignation came with Mr. Bush poised to name a new director of national intelligence, J. Michael McConnell, a retired Navy vice admiral and director of the National Security Agency from 1992 to 1996, and move his current director, John D. Negroponte, to the State Department as its second in command.

Rumors of Ms. Miers's departure date back to the White House shake-up last spring, when Joshua B. Bolten became Mr. Bush's chief of staff and undertook a review of all personnel. Mr. Bolten was said at the time to have raised the possibility of moving Ms. Miers out of the counsel's office, though White House officials denied it.

Mr. Snow said her decision to resign did come after a series of meetings with Mr. Bolten.

"She's been here for six years," Mr. Snow said. "It's hard duty."

Ms. Miers has worked with Mr. Bush since his days as Texas governor and has grown close to him and the first lady, Laura Bush.

Ms. Miers started at the White House as staff secretary after the 2000 campaign and became a deputy chief of staff before moving to the White House counsel's office.

Mr. Bush's decision to nominate her to the Supreme Court in 2005 provoked the ire of liberals and conservatives, who criticized her as a Bush crony who did not have the legal intellectual credentials or résumé the job required. She withdrew her name from consideration but returned to Mr. Bush's inner circle and remained one of his closest advisers.

In her resignation letter, Ms. Miers said her own role in helping Mr. Bush choose nominees for the federal bench was "among the most rewarding of my experiences."

Hers is the latest in a series of departures from the White House by longtime advisers to Mr. Bush. It came just weeks after the resignation of Defense Secretary Donald H. Rumsfeld.

Also last year, the former White House press secretary, Scott McClellan, and Mr. Bush's first chief of staff, Andrew H. Card Jr., both stepped down.

In an interview on Thursday, Mr. Card said Ms. Miers had held three of the most demanding jobs at the White House. "She was in tremendously grueling roles," he said. "None of those responsibilities are 8 to 6, they're 5 to 11, all night long."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 5, 2007

Text hereWinning Parties in More Ways Than One

It was a big party for Nancy Pelosi at the stunning Kalorama home of Democratic fundraiser Esther Coopersmith Wednesday night -- it just didn't turn out to be a party with Nancy Pelosi.

The new speaker never managed to pry herself away from another dinner in her honor over at the Italian Embassy. But no matter: Everyone was all atwitter over the other newly ordained superstar who did stop by.

"Isn't it wonderful that Adrian Fenty was here!" gushed one doyenne.

The new mayor somehow made the scene all over town that night. First, the inaugural party for Ward 5 Council member Harry Thomas Jr. at Love nightclub in Northeast. Then a swearing-in reception for school board members at Sumner School

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downtown. Then the drop-by at Coopersmith's, a party hosted by California's congressional sister act Loretta and Linda Sanchez, and populated by some 250 people at its peak -- reps, diplomats and the Grateful Dead's Mickey Hart and Bob Weir (sporting a Jerry esque gray beard and having a meditative moment spinning an antique globe in the study). Fenty was caught up in the mingling throngs in the foyer but lingered for almost an hour, according to some guests. "In a room with legitimate rock stars, it added another rock star aura to the mix," noted Jim Dau, press secretary to Linda Sanchez.

And then Fenty was off again, this time to Foggy Bottom to catch the GWU men's basketball victory over Fordham, where he was introduced on the Jumbotron. "The only time in recorded history that a politician was not booed at an athletic event," said his host, WTOP political commentator Mark Plotkin. "But it is his first day on the job."

Hardly an unusual night, said spokeswoman Carrie Brooks-- he kept that pace over two years of campaigning and had at least three such events scheduled last night. Red Bull? "He's a Vitamin Water guy."

Meanwhile, who could blame Pelosi for lingering at the seated dinner her folks hosted for supporters at the packed Italian Embassy, where the 500-some guests included Chris Dodd, Madeleine Albright, Barbara Boxer and Charlie R angel. On the menu -- lamb, vegetables and risotto. On the mike -- James Taylor and Tony Bennett, who sang, of course, "I Left My Heart in San Francisco."Raven Goodwin, a Girl Who Has Her Act Together

Another local kid makes good! Fourteen-year-old actress Raven Goodwin has landed her first regular TV gig on Nickelodeon's new teen comedy "Just Jordan," which premieres Sunday night. The show stars 16-year-old comedian Lil' JJ, with Goodwin playing his wisecracking cousin Tangie. "I'm sooo excited," she told us yesterday. "Tangie is very sassy."

Goodwin caught the acting bug when she was 4 and spent the next decade beefing up her rÃ©sumÃ© with commercials and movies (she got raves for her roles in high-profile indie flicks "Lovely & Amazing" and "The Station Agent") while going to school at Lyndon Hill Elementary School in Prince George's County. The family moved to Los Angeles two years ago, where she did TV ("All of Us," "Everybody Hates Chris," "Malcolm in the Middle") between home schooling.

She's already shot 13 episodes of the Nick series, and will see the premiere with family and friends at a viewing party Sunday night. "I can't wait to see how everything came out," she said. "They should get ready to laugh because the first episode is hilarious."HEY, ISN'T THAT . . .

Wednesday night's full moon brought all sorts of VIPs out on the town:

Â· Laura Bush, Condi Rice, Mary Matalin, Margaret Spellings and Harriet Miers at Cactus Cantina for a surprise birthday party for Karen Hughes. A dozen Bush administration power babes gathered at the Tex-Mex restaurant for fajitas, enchiladas, quesadillas, margaritas and chocolate cake with a "classified" number of candles. (Hughes turned 50 on Dec. 27.) No word on how many hot chilies Miers ate, but she announced her resignation yesterday morning. Hmmmm.

Â· Ne wt Gingrich at DC Coast. The former House speaker and his wife were joined by former Virginia governor Mark Warner. No word on who's running for what.

Â· Pat Leahy and a small group at the Tabard Inn welcoming Vermont's newly minted Rep. Peter Welch.

Â· Jean Kennedy Smith, son William and his family at Nathans, sitting under the David Kennerly photograph of Bobby Kennedy.

First, Do Less Harm (NYT)

By Paul Krugman

The New York Times, January 5, 2007

Universal health care, much as we need it, won't happen until there's a change of management in the White House. In the meantime, however, Congress can take an important step toward making our health care system less wasteful, by fixing the Medicare Middleman Multiplication Act of 2003.

Officially, of course, it was the Medicare Modernization Act. But as we learned during the debate over Social Security, in Bushspeak "modernize" is a synonym for "privatize." And one of the main features of the legislation was an effort to bring private-sector fragmentation and inefficiency to one of America's most important public programs.

The process actually started in the 1990s, when Medicare began allowing recipients to replace traditional Medicare — in which the government pays doctors and hospitals — with private managed-care plans, in which the government pays a fee to an H.M.O. The magic of the marketplace was supposed to cut Medicare's costs.

The plan backfired. H.M.O.'s received fees reflecting the medical costs of the average Medicare recipient, but to maximize profits they selectively enrolled only healthier seniors, leaving sicker, more expensive people in traditional Medicare. Once Medicare became aware of this cream-skimming and started adjusting payments to reflect beneficiaries' health, the H.M.O.'s began dropping out: their extra layer of bureaucracy meant that they had higher costs than traditional Medicare and couldn't compete on a financially fair basis.

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That should have been the end of the story. But for the Bush administration and its Congressional allies, privatization isn't a way to deliver better government services — it's an end in itself. So the 2003 legislation increased payments to Medicare-supported H.M.O.'s, which were renamed Medicare Advantage plans. These plans are now heavily subsidized.

According to the Medicare Payment Advisory Commission, an independent federal body that advises Congress on Medicare issues, Medicare Advantage now costs 11 percent more per beneficiary than traditional Medicare. According to the Commonwealth Fund, which has a similar estimate of the excess cost, the subsidy to private H.M.O.'s cost Medicare $5.4 billion in 2005.

The inability of private middlemen to win a fair competition against traditional Medicare was embarrassing to those who sing the praises of privatization. Maybe that's why the Bush administration made sure that there is no competition at all in Part D, the drug program. There's no traditional Medicare version of Part D, in which the government pays drug costs directly. Instead, the elderly must get coverage from a private insurance company, which then receives a government subsidy.

As a result, Part D is highly confusing. It's also needlessly expensive, for two reasons: the insurance companies add an extra layer of bureaucracy, and they have limited ability to bargain with drug companies for lower prices (and Medicare is prohibited from bargaining on their behalf). One indicator of how much Medicare is overspending is the sharp rise in prices paid by millions of low-income seniors whose drug coverage has been switched from Medicaid, which doesn't rely on middlemen and does bargain over prices, to the new Medicare program.

The costs imposed on Medicare by gratuitous privatization are almost certainly higher than the cost of providing health insurance to the eight million children in the United States who lack coverage. But recent news analyses have suggested that Democrats may not be able to guarantee coverage to all children because this would conflict with their pledge to be fiscally responsible. Isn't it strange how fiscal responsibility is a big concern when Congress is trying to help children, but a nonissue when Congress is subsidizing drug and insurance companies?

What should Congress do? The new Democratic majority is poised to reduce drug prices by allowing — and, probably, requiring — Medicare to negotiate prices on behalf of the private drug plans. But it should go further, and force Medicare to offer direct drug coverage that competes on a financially fair basis with the private plans. And it should end the subsidy to Medicare Advantage, forcing H.M.O.'s to engage in fair competition with traditional Medicare.

Conservatives will fight fiercely against these moves. They say they believe in competition — but they're against competition that might show the public sector doing a better job than the private sector. Progressives should support these moves for the same reason. Ending the subsidies to middlemen, in addition to saving a lot of money, would point the way to broader health care reform.

Medicare Drug Plan's 2nd Year Less Bumpy (USAT)

By Julie Appleby

USA Today, January 5, 2007

Patient advocates and pharmacists are reporting fewer glitches as the Medicare drug benefit begins its second year, but they say problems could still crop up in the coming weeks.

Last year, as the drug plan rolled out for the first time, confusion was widespread as Medicare members grappled with the complex new program, facing long waits on telephone lines and computer glitches that kept some people from getting the drugs they needed.

This week, "We're seeing similar problems as we saw in January '06, but they're not as prolific," says Mike James, a Raleigh, N.C., pharmacist and member of the Association of Community Pharmacists Congressional Network, a lobbying group in Washington.

He says pharmacists are reporting hour-long telephone calls to resolve questions about patients' benefits. One popular plan, backed by the AARP, had computer glitches the first two days of the year that added to the backup, he says.

Deane Beebe of the Medicare Rights Center says the quiet first week may be partly a result of some rules put into place last year requiring insurers to provide a 30-day supply of any medication currently used by a member — even if it is not part of the insurer's list of covered drugs.

Insurers are required to notify patients that the supply is temporary and that they need to work with their doctors to switch to drugs that are covered or seek an exception to the coverage.

Beebe says her group has also heard that some lower-income patients eligible for government subsidies that eliminate deductibles and co-payments are being asked for those payments.

"The fact that they are eligible for extra help is not (always) registered in computers," she says.

Because many of the insurers have made changes to their policies since last year, new concerns could crop up in the coming weeks. "It's possible that people will end up trying to get drugs they took all through 2006, but are now not on the

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formulary and they didn't realize that," says Kelly Brantley at the Health Assistance Partnership, a group that helps support counseling and advocacy programs for senior citizens.

An analysis by Avalere Health, a private, for-profit research group in Washington, D.C., shows that most insurers did not significantly change the number of drugs covered, but many increased the co-payments patients will make for those drugs. It found:

First Muslim Lawmaker Takes Oath With Quran (USAT)

By Richard Wolf

USA Today, January 5, 2007

WASHINGTON — On the same day Nancy Pelosi became the first female speaker of the House, freshman Rep. Keith Ellison got almost as much attention.

The Minnesota Democrat, the first Muslim elected to Congress, used a Quran once owned by Thomas Jefferson rather than a Bible as he re-enacted his swearing-in with Pelosi.

The scene created a human traffic jam near the House floor. About 30 members of Ellison's extended family posed before about two dozen TV cameras, including one from the Arab network Al-Arabiya. James Billington, the librarian of Congress, walked the two-volume Quran, circa 1764, into the Capitol in a shoebox. Ellison's wife, Kim, held it.

Rep. Virgil Goode, R-Va., took exception last month to the 43-year-old Ellison's planned use of the Quran and said tougher immigration measures were needed to prevent the election of "many more Muslims." On Thursday, the two shook hands and agreed to have coffee.

"I congratulated him on being elected," Goode said, but added, "My concern is I do not want the United States to become a Muslim nation."

"I was glad to meet him," said Ellison, who was born in Detroit and converted to Islam. "The issue is, how can we knock down barriers of religion, color and culture?"

Rep. Dennis Kucinich, D-Ohio, helped engineer the meeting. "They're two good people," he said. "It's an opportunity for healing."

The day's events were enjoyed by Ellison's mother Clida, a Catholic who told the Associated Press she attends Mass daily, and sons Isaiah, Elijah and Jeremiah. Daughter Amirah was "jazzed," Ellison said, "because the speaker is a girl, too. That's what she said."

Ellison Uses Thomas Jefferson's Quran (AP)

By Frederic J. Frommer

AP, January 5, 2007

Keith Ellison made history Thursday, becoming the first Muslim member of Congress and punctuating the occasion by taking a ceremonial oath with a Quran once owned by Thomas Jefferson.

"Look at that. That's something else," Ellison, D-Minn., said as officials from the Library of Congress showed him the two-volume Quran, which was published in London in 1764.

A few minutes later, Ellison took the ceremonial oath with House Speaker Nancy Pelosi, D-Calif., at his side. So many of Ellison's family members attended the ceremony that it was done in two takes.

Ellison had already planned to be sworn in using a Quran, rather than a Bible. He learned last month about Jefferson's Quran, with its multicolored cover and brown leather binding, and made arrangements to borrow it.

Although the Library of Congress is right across the street from the Capitol, library officials took extra precautions in delivering the Quran for the ceremony. To protect it from the elements, they placed the Quran in a rectangular box, and handled it with a green felt wrapper once they got it inside the Capitol.

Instead of using surface streets, they walked it over via a series of winding, underground tunnels — a trip that took more than 15 minutes. Guards then ran the book through security x-ray machines at the Capitol.

The Quran was acquired in 1815 as part of a more than 6,400-volume collection that Jefferson sold for $24,000 to replace the congressional library that had been burned by British troops the year before, in the War of 1812. Jefferson, the nation's third president, was a collector of books in all topics and languages.

The book's leather binding was added in 1919. Inside, it reads, "The Koran, commonly called 'The Alcoran of Mohammed.'" Jefferson marked his ownership by writing the letter "J" next to the letter "T" that was already at the bottom of pages, according to Mark Dimunation, chief of the Library of Congress' rare book and special collections division.

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Ellison, the first black member of Congress from Minnesota, was born in Detroit and converted to Islam in college. He said earlier this week that he chose to use this Quran because it showed that a visionary like Jefferson believed that wisdom could be gleaned from many sources.

In a brief interview Thursday on his way to a vote, Ellison suggested he had tired of the whole issue of his using the Quran.

"It was good, we did it, it's over, and now it's time to get down to business," he said.

Asked if he was relieved to have it behind him, Ellison said, "Yeah, because maybe we don't have to talk about it so much anymore. Not that I'm complaining, but the pressing issues the country is facing are just a little bit more on my mind right now."

Ellison's mother, Clida Ellison, said in an interview that she thought any controversy over her son's choice was good, "because many people in America are going to learn what the diversity of America is all about."

She described herself as a practicing Catholic.

"I go to Mass every day," she said.

1st Muslim Elected To Congress Takes Office (MCT)

By Kevin Diaz

McClatchy Newspapers, January 5, 2007

WASHINGTON - A jubilant Keith Ellison, the first Muslim elected to Congress, was sworn in to office Thursday holding his left hand on a leather-bound volume of a Quran that Thomas Jefferson once owned.

In a day of firsts, the 43-year-old lawyer and former Minnesota state representative was sworn in by Rep. Nancy Pelosi, D-Calif., the first female speaker of the House of Representatives.

"It's a day of welcoming," said Ellison, accompanied by his wife, Kim, and their four children, including 12-year-old Elijah, wearing an African kente cloth draped over his suit. "It's a day of more people coming into the process."

"You sure know how to attract a crowd," Pelosi said to Ellison as they prepared for his ceremonial swearing-in in a wood-paneled chamber of the Capitol before hundreds of journalists from around the world, including the Qatar-based TV channel Al-Jazeera.

Replied Ellison: "Maybe they're here for you."

Ellison then held his right hand in the air and placed his left hand on two brown leather-bound volumes of the Quran, which were held aloft by his wife, a teacher at an alternative school in St. Paul, Minn.

Moments earlier, the 110th Congress had been sworn in en masse on the House floor, where Ellison shook hands with Rep. Virgil Goode, R-Va., who'd criticized Ellison for planning to use the Quran.

Ellison said he followed through with his plan to suggest coffee with Goode, whose district includes Jefferson's historic home of Monticello. He said Goode had accepted.

"I don't anticipate we're going to have any problems," Ellison said. "We're not holding any grudges."

Ellison, characterizing his faith as mainstream American, tried to minimize the media hype over Goode and the Quran.

He challenged an Arab journalists' contention that Americans dislike Muslims and struck a matter-of-fact tone in describing his feelings about making history by swearing on the Quran.

"I haven't really thought about the historical significance of it," he said. "I'm a Muslim. It's my faith."

Ellison's ceremonial swearing-in took place in silence, apart from the sounds of hundreds of camera clicks. The two Qurans, published in London in 1764, then were placed in a white cardboard box and returned to Librarian of Congress James Billington, who walked them through a maze of underground tunnels to the Library of Congress across the street.

"They have to be handled lightly," Billington said. "I'm liable for them."

Ellison, introducing his family to the press, gave a thumbs-up sign and said, "We're here to work for the American people."

Jefferson's Koran Used In Ceremony (WT)

By Brian Debose

The Washington Times, January 5, 2007

Rep. Keith Ellison, who became the first Muslim in Congress yesterday, said he was proud to take a ceremonial oath of office using the Koran once owned by Thomas Jefferson -- a plan that had triggered criticism.

"The very foundation of our nation, the authors of our Constitution impressed, is religious freedom, and the use of Jefferson's Koran shows that the founders not only knew of the Koran but also used it," said the Minnesota Democrat, who used the historic volume during a ceremonial swearing-in of the Congressional Black Caucus.

Rep. Peter Hoekstra, Michigan Republican, said, "It was much ado about nothing. All 435 members just took the oath, en masse, without anyone putting their hand on any book."

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Congress members often use the Bible in the numerous ceremonial swearing-ins on the first day of a new session, but the official version is conducted in unison in the House chamber.

Mr. Ellison's plan to use of the Koran drew criticism from Rep. Virgil H. Goode Jr., Virginia Republican, who sent an e-mail to his constituents saying that the use of the Koran was improper.

"I fear that in the next century we will have many more Muslims in the United States if we do not adopt the strict immigration policies," Mr. Goode said earlier last month.

The debate intensified throughout the Christmas season.

Mr. Goode, who represents Thomas Jefferson's ancestral hometown of Charlottesville, settled the matter yesterday. He congratulated Mr. Ellison on his election victory shortly before the two were sworn in and said he valued freedom of religion.

But he stood by his position.

"While tolerance is a hallmark of our Judeo-Christian nation, it is Islamic fundamentalism that predominates in nations such as Iran and even among many Sunnis and Shi'ites in Iraq, where it can hardly be said that tolerance is the order of the day," Mr. Goode said. "Our country is, has been and will be better off rooted in Judeo-Christian principles."

Mr. Ellison, the first black member of Congress from Minnesota, was born in Detroit and converted to Islam in college.

The Library of Congress provided the Koran, which was published in London in 1764, that Mr. Ellison used in a ceremonial oath with House Speaker Nancy Pelosi at his side. So many of Mr. Ellison's family members attended the ceremony that it was performed in two takes.

"Today we are swearing in the largest number of African-Americans in the House of Representatives, and we are so pleased that the first Muslim elected is among them, Keith Ellison," said Mrs. Pelosi, California Democrat.

In the Congress there are 155 Catholics, 67 Baptists, 61 Methodists, 44 Presbyterians, 43 Jews, 37 Episcopalians, 26 nondenominational Protestants, 18 nondenominational Christians, 17 Lutherans, 15 Mormons and 47 members of other religions and denominations of Christianity.

Rep. Carolyn Cheeks Kilpatrick, Michigan Democrat and chairman of the Congressional Black Caucus, said, "It was absolutely unfair for [Mr. Ellison] to have to go through this; we all raise our hands to the Lord here," after the CBC leadership was sworn in earlier in the day at the Library of Congress.

Administrator Is Dismissed From Nuclear Security Post (NYT)

By Matthew L. Wald

New York Times, January 5, 2007

WASHINGTON, Jan. 4 — The Energy Secretary fired the head of the department's nuclear weapons program on Thursday, citing a series of security failures at national laboratories, including the discovery of a computer device containing thousands of classified documents in the home of a former worker during a drug raid by the police.

The official who was dismissed, Linton F. Brooks, had been administrator of the National Nuclear Security Agency since May 2003. The agency was established in 2000 because of chronic security problems in the weapons program.

The problems continued during Mr. Brooks's service. On Wednesday, the latest in a string of reports by the Energy Department's inspector general criticizing the agency, dated Nov. 27, 2006, was released.

Describing the gaps revealed by the drug raid, in New Mexico, the new report on the Los Alamos laboratory, a center for nuclear weapons research, concluded, "In a number of key areas, security policy was nonexistent, applied inconsistently, or not followed."

Energy Secretary Samuel Bodman said in a statement on Thursday that lax security "can have serious implications for the security of the United States." Under Mr. Brooks, the agency "has done its best to address these concerns," Mr. Bodman said. But he added, "I do not believe that progress in correcting these issues has been adequate."

Mr. Brooks said in a letter to employees that he would leave "shortly." He recounted how the agency was formed to improve security, and acknowledged: "We have not yet done so in over five years. For much of that time I was in charge of the N.N.S.A."

On Capitol Hill and at the Energy Department, officials said that the department was concerned about oversight hearings planned by the new Democratic leadership of the House Energy and Commerce Committee.

Representative Edward J. Markey, Democrat of Massachusetts, said in a statement on Thursday evening, "While it may be appropriate to begin to address the incessant string of security, safety and management lapses at Department of Energy nuclear weapons facilities with the removal of high-level managers, I am afraid that it will take more than a new boss to fix the problems, which are far more systemic and pervasive in nature."

Mr. Markey, long a critic of nuclear programs, promised a vigorous inquiry.

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Among the issues to be investigated was how a computer hacker stole Social Security numbers, birth dates and other sensitive information on 1,500 people at the nuclear weapons agency and why neither those people nor top officials were notified of the problem for nine months.

At the Project on Government Oversight, a nonprofit group based in Washington that has issued a series of reports on nuclear security and that first revealed the drug raid, Danielle Brian, the executive director, said, "We applaud Secretary Bodman's decision to force accountability at N.N.S.A., especially since it has been failing in its mission for years."

But a former subordinate, Gerald E. Marsh, a physicist who recently retired from the Energy Department's Argonne National Laboratory, said he was appalled at the dismissal. Speaking of the weapons complex, Mr. Marsh said, "I thought he was trying to do what he could to keep a declining operation functioning as well as he could."

Mr. Brooks was previously deputy administrator for nonproliferation. He was the United States' chief negotiator for the Strategic Arms Reduction Treaty with the Soviet Union, a role in which he had the rank of ambassador. He is a retired Navy officer.

After Breaches, Head Of U.S. Nuclear Program Is Ousted (WP)

By Steven Mufson

Washington Post, January 5, 2007

Energy Secretary Samuel W. Bodman has fired the head of the nation's nuclear weapons program, Linton F. Brooks, because of security breaches last year at weapons facilities, including Los Alamos National Laboratory.

Declaring that it was "time for new leadership," Bodman said in a written statement yesterday that he had asked Brooks to leave his post as administrator of the National Nuclear Security Administration by the end of the month.

The dismissal comes after embarrassing security lapses, including the Oct. 17 discovery of drug paraphernalia and computer flash drives containing highly classified information in the trailer home of a contractor. The items were found by Los Alamos County, N.M., police officers responding to a domestic dispute call.

That led to a harshly critical report in late November by the Energy Department's inspector general, Gregory H. Friedman, who said that security procedures in key areas at Los Alamos were "nonexistent, applied inconsistently, or not followed."

While Bodman refused to elaborate on his statement, the removal of Brooks also comes as Democrats, determined to hold oversight hearings on the nuclear laboratories' security problems, take control of Congress.

Rep. Edward J. Markey (D-Mass.), a senior member of the House Energy and Commerce Committee, said in a written statement yesterday he was "afraid that it will take more than a new boss to fix the problems, which are far more systemic and pervasive in nature." He added that "the new Democratic Congress will exercise the oversight responsibility . . . to get to the bottom of the dysfunctional nuclear weapons complex's problems."

Brooks, the top nuclear security official since mid-2002, is not an expert on computer security. But he has spent four decades working on national security issues, starting as an officer in the Navy and later dealing with nuclear weapons issues at the Pentagon, National Security Council, Navy, State Department and Arms Control and Disarmament Agency in three Republican administrations.

Brooks said in a statement yesterday, "This is not a decision that I would have preferred, but it was made by a thoughtful and honorable man and is based on the principle of accountability that should govern all public service."

In the Bush administration, Brooks has been an advocate of building a new generation of nuclear weapons over the next decade, devising post-Cold War missions for nuclear weapons and modernizing U.S. nuclear weapons facilities, some of which date to the 1940s.

"He was a very intelligent public servant with a great deal of integrity," said Joseph Cirincione, vice president for national security issues at the Center for American Progress, a liberal Washington research group. Cirincione, who strongly disagreed with Brooks, said the security lapses had done little actual harm. "I would feel better if Brooks were being dismissed on policy grounds rather than security grounds."

But the October incident was only the latest of a string of security lapses. Earlier, Brooks had failed to tell Bodman when a computer hacker managed to steal the personnel records and Social Security numbers of 1,500 Energy Department contractors.

The breaches also angered Republican lawmakers. Rep. Joe Barton of Texas, the ranking Republican on the House Energy and Commerce Committee, said yesterday that when the Social Security numbers were stolen "it was critical not only that Brooks move swiftly to counteract this sort of security breach but also that he immediately notify the top officials in his department and the people whose data was lost. Instead, he sat on his hands."

In October, Freidman, the Energy Department inspector general, said that the weaknesses in security procedures were "especially troubling since the department and the National Nuclear Security Administration have expended tens of millions of dollars upgrading various components of the laboratory's security apparatus, including vast expenditures on cyber security."

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Bodman had named a department task force to review the inspector general's recommendations and report by Feb. 28.

Nuclear Weapons Administrator Ousted (LAT)

By Ralph Vartabedian

The Los Angeles Times, January 5, 2007

The nation's nuclear weapons chief was fired Thursday, after a long series of security breaches at Los Alamos National Laboratory and other weapons sites had prompted strong criticism of his performance.

Energy Secretary Samuel Bodman issued an unusual public statement Thursday saying he had asked for the resignation of Linton F. Brooks, chief of the National Nuclear Security Administration, which operates eight major bomb facilities across the nation.

Late last year, law enforcement agents began investigating classified weapons data that were found along with drug paraphernalia during a police search at a trailer park in Los Alamos, N.M.

That incident was the latest in more than half a dozen breakdowns, including the loss of computer drives, the mishandling of Social Security numbers and financial fraud at the agency.

As the problems mounted, criticism of Brooks sharpened. Last year, Rep. Joe L. Barton (R-Texas), then chairman of the House Energy and Commerce Committee, said Brooks should be fired. Others in Congress also began to question the agency's performance, particularly multibillion-dollar cost overruns and technical setbacks on new weapons research facilities.

In dismissing Brooks, Bodman acknowledged that too many problems had been mishandled.

"I do not believe progress in correcting these issues has been adequate," Bodman said in the statement. "I have decided that it is time for new leadership." He said Brooks would depart this month and an acting administrator would replace him.

The tough handling of Brooks appeared intended to make a strong statement, particularly coming on the first day of Democratic control of House and Senate committees that have oversight of the nuclear weapons complex. In a statement distributed by the Energy Department, Brooks acknowledged that he had failed to head off the problems.

"One reason for forming NNSA was to prevent such management problems from occurring," he said. "We have not done so in over five years. For much of that time, I was in charge of NNSA."

The dismissal was "not a decision I would have preferred," Brooks said, but he praised Bodman's motives. Brooks, 68, has had a distinguished federal career: former Navy nuclear submarine commander, director of nuclear warfare for the Navy, and chief arms reduction negotiator during the Reagan administration. He led the team that achieved the first major treaty with the Soviet Union to reduce nuclear arms.

Barton, among other critics, said Brooks' departure was "long overdue." Barton was particularly incensed over Brooks' failure during a nine-month period to notify superiors that the personnel records and Social Security numbers of 1,500 Energy Department contract employees had been stolen by a computer hacker.

In 2004, most of the Los Alamos lab was shut down for nearly six months at a cost of $370 million when officials thought classified computer drives were missing. Investigators later concluded that the drives never existed. A few years earlier, a major investigation was conducted when two classified drives were discovered hidden behind an office copying machine.

Marylia Kelley, executive director of Tri-Valley Communities Against a Radioactive Environment, a watchdog group in Livermore, Calif., said Brooks was allowing storage of weapons-grade plutonium and uranium in facilities at the Lawrence Livermore National Laboratory that could not be adequately protected.

"The security deficiencies at Livermore and Los Alamos are systemic and deserve a higher level of attention than NNSA has given them," she said.

Because the No. 2 person at NNSA, Principal Deputy Administrator Jerry Paul, recently left, there is something of a leadership vacuum. Agency officials could not say Thursday who would be running the operation after Brooks' departure.

Nuclear Agency Head Dismissed For Lapses (AP)

By H. Josef Hebert

AP, January 5, 2007

WASHINGTON -- Energy Secretary Samuel Bodman on Thursday dismissed the chief of the country's nuclear weapons program because of security breakdowns at the Los Alamos, N.M., laboratory and other facilities.

Linton Brooks said he would leave in two weeks to three weeks as head of the National Nuclear Security Administration, a post he held since May 2003.

Bodman said the nuclear agency under Brooks, a former ambassador and arms control negotiator, had not adequately fixed security problems. "I have decided it is time for new leadership at the NNSA," Bodman said.

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Brooks told agency workers in a statement, "This is not a decision that I would have preferred ... (but) I accept the decision and you need to do likewise."

He characterized the demand for his resignation as "based on the principle of accountability that should govern all public service."

Brooks was reprimanded in June for failing to report to Bodman a security breach of computers at an agency facility in Albuquerque, N.M., that resulted in the theft of files containing Social Security numbers and other personal data for 1,500 workers.

The theft did not become generally known, nor was Bodman made aware of it, for eight months.

Last fall, security at Los Alamos came into question anew. During a drug raid, authorities found classified nuclear-related documents at the home of a woman with top secret clearance who worked at the lab.

That security breach was especially troubling, the department's internal watchdog said, because tens of millions of dollars had been spent to upgrade computer security at Los Alamos. The lab is part of the nuclear weapons complex that Brooks' agency oversees.

"These management and security issues can have serious implications for the security of the United States," Bodman in a statement announcing Brooks' departure.

While the agency's management "has done its best to address these concerns, I do not believe that progress in correcting these issues has been adequate," Bodman said.

"Therefore, and after careful consideration, I have decided that it is time for new leadership at the NNSA," said Bodman

Bodman said an acting head of the agency will be named soon.

Brooks has more than 40 years of experience in national security and nuclear nonproliferation issues. He led the negotiating team that worked on the START arms reduction treaty signed with Russia in 1991.

Widely respected for his knowledge of nuclear weapons and nonproliferation issues, Brooks nevertheless has been a target of some members of Congress.

When it was learned that Brooks did not inform his superiors for eight months about the computer theft of data on 1,500 employees, Rep. Joe Barton last year sought Brooks' immediate dismissal.

"His departure is long overdue," Barton, R-Texas, said Thursday.

With Democrats now in charge of the House and Senate, there has been talk of hearings into the administration's response to security breaches at the labs.

"It will take more than a new boss to fix the problems, which are far more systemic and pervasive in nature," said Rep. Edward Markey, D-Mass., a member of the House Energy and Commerce Committee, which is considering hearings.

Some lawmakers have criticized Brooks' pursuit of a bunker-buster bomb, a project promoted by Brooks but abandoned last year because of congressional opposition. Others have questioned whether Brooks' agency made a clear enough argument on behalf of the weapon.

At the same time, Brooks' agency has come under criticism for not making enough progress in working out an agreement with Russia for the disposal of tons of weapons-grade plutonium.

Sen. Pete Domenici, R-N.M., said he has been concerned "about the effectiveness" of the agency for some time and that Bodman now "has sent a clear message" that operations need to be improved.

In his message to employees, Brooks bemoaned the lack of progress in solving security problems at Los Alamos, saying the agency was formed "to prevent such management problems from occurring.

"We have not yet done so in over five years," he said.

The agency is responsible for managing the nuclear weapons complex that includes the Los Alamos and Lawrence Livermore nuclear weapons research labs. The agency has more than 37,000 employees, most of them contractor personnel.

Congress created the agency within the Energy Department in response to the uproar over the Wen Ho Lee security lapses at Los Alamos in the late 1990s. The belief was that security would improve by putting all nuclear weapons programs under a semiautonomous agency.

But since then, there have been repeated security problems _ most of them at Los Alamos _ from misplaced and lost computer disks containing classified information to alleged misuse of credit cards, and last October's discovery of classified documents in a drug raid.

Agencies Bid Farewell To Retiring "Elders" (WP)

By Stephen Barr

Washington Post, January 5, 2007

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The start of the new year is when the village elders say their farewells across the government. Agencies lose valued, experienced hands; the retirees take on new pursuits.

Doris Hausser, a senior policy adviser at the Office of Personnel Management, used the term "village elder" this week in an interview about her retirement, and it's an apt description of many career public servants as they end their federal journeys.

Many federal employees retire around the turn of the year because provisions in federal retirement and leave laws make it advantageous. Most senior employees are covered by the older of two retirement systems that permits them to receive a pension payment in February if they leave the federal payroll in early January.

Many also retire at this time of the year because it seems the best time to make a break and step aside. Most agencies slow down for the holidays, and that seems to make it easier to say goodbyes and find the time to sort through files and pack boxes.

Their careers underscore the range of occupations in the government and the services provided to the public.

TakeMax Mayfield. The director of the National Hurricane Center in Miami retired Wednesday after 34 years as a government meteorologist. He started his career as an intern and rose through the ranks to become the government's face on television during the hurricane season.

Mayfield's last day included a farewell breakfast where he delivered, as he has for much of the past decade, an appeal for hurricane preparedness. "You may think that you've seen the worst of the hurricanes, but I assure you that you have not," he said. "We have a lot of work to do."

Out West,Louis Dellamonica, an engineer at the Hawthorne Army Depot in Nevada, retired Tuesday after 65 years with the Defense Department. He began his federal career one week after the bombing of Pearl Harbor and has been described by Defense officials as the department's longest-serving civil service employee.

Dellamonica was interviewed in 2002 for an Army oral-history project, and the report summed up his personal philosophy by using his words: "Pride means do-it-yourself to the best of your ability, disregarding whether you are a big wheel, little log, keystone or cobblestone."

Closer to home,Mary Garrett, a secretary for the Food and Drug Administration, retired Wednesday after 44 years of federal service.

Garrett said that during her career, she "had the privilege of working with many wonderful people." She added, "For anyone coming to work for the government today, I would say to dedicate themselves to their job so that it will be rewarding and fulfilling for them."

Her colleague,Wayne Amchin, said Garrett "is loved by lots of people" in the FDA's Parklawn building in Rockville. Garrett took the stairs each day to her 13th floor-office, served as a free notary for co-workers, and brought in bags of cookies on some Mondays when she figured the snack bar had not been restocked.

There are many more retirees, includingJoan S. Williams, an intelligence analyst at the FBI, who retired Wednesday after more than 42 years of service. She began her career as a clerk-stenographer and spent more than 12 years overseas for the bureau.Paul Kaplanlogged more than 39 years with the government. He retired Wednesday from the OPM, where he was a program analyst in workforce planning and policy.

James F. Decker, principal deputy director in the Energy Department's office of science, also retired Wednesday after 33 years of public service. He helped make the Energy office one of the premier science organizations in the world and has been a leading advocate of international scientific cooperation.

Hausser, the OPM's village elder, completed 30 years of federal service Monday. She began at the old Civil Service Commission, which was restructured as the OPM in the late 1970s, and worked in offices focused on research, training and development and performance management.

She became chief policy adviser to the OPM director in 2002 and has been a leading advocate for modernizing federal personnel rules and creating performance-based pay systems -- ambitious goals that she thinks can be achieved without sacrificing the ideals that shaped the civil service.

Hausser, who got a doctorate in organizational psychology and mastered the twists and turns of federal personnel law, said she has no plans for retirement, except to become an "Olie Kolziggroupie," a reference to the Washington Capitals goaltender. It's a natural transition, she said, because she grew up rooting for the Detroit Red Wings and the legendaryGordieHowe.Talk Shows

Craig W. Floyd, chairman and executive director of the National Law Enforcement Officers Memorial Fund, andBruce Mendelsohn, the fund's acting director of communications, will be the guests on "FedTalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Michael Ryan, vice president for administration and finance at the Millennium Challenge, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

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Good Times Or Good Governance (WP)

By David Ignatius

The Washington Post, January 5, 2007

Now that the Democrats have taken control of Congress, President Bush has decided it's time for fiscal discipline and a balanced budget. That's shameless, even by local standards. Who does Bush think was in power when the big deficits of the past six years were created?

A good way for the Democrats to start the new congressional season is to examine just how it happened that the federal government moved from budget surplus to deficit during the Bush presidency. If Democrats can be clear about what went wrong, then maybe (maybe) they can begin to fix it.

An honest budget discussion should start with an admission that the projected surpluses of the post-Clinton years were largely illusory -- in the sense that they were predicated on overly upbeat assumptions about the economy. That's not to diminish the importance of what Clinton and the Democrats did during the 1990s to impose some fiscal discipline. But it was unrealistic to assume that the boom years would continue indefinitely, piling up ever-greater budget surpluses.

The Congressional Budget Office examined the mirage of endless surpluses in a report last year. The CBO studied the gap between the surpluses that were forecast back in January 2001 and the actual deficits that occurred. Profligate tax and spending decisions were part of the story. But the biggest factor was that revenue didn't match the projections that had been made by Washington's favorite economist, Dr. Rosy Scenario. In 2002, the shortfall of revenue for economic reasons was $308 billion; in 2003, it was $381 billion; in 2004, it was $307 billion.

But Rosy Scenario wasn't the only villain in the budget mess. The Bush administration and the GOP Congress made a bad situation much worse -- by enacting tax and spending programs that shredded any semblance of fiscal responsibility.

The Bush tax cuts enacted in 2001 started the process. By CBO estimates, they reduced government revenue from projected levels by $31 billion in 2002, $84 billion in 2003, $100 billion in 2004, $100 billion in 2005 and $126 billion in 2006. Republicans argue that those tax cuts were "pro-growth" and were justified by economic weakness after Sept. 11, 2001. I disagree with that economic analysis, but even if it were right, it doesn't justify the spending binge that accompanied the tax cuts.

The year Bush really busted the budget was 2003, when he embarked on a costly war in Iraq that wasn't funded by a tax increase. Worse, he added a major new welfare program, the prescription drug benefit, that also wasn't funded. The inevitable result was a spending bubble.

CBO numbers show that discretionary spending (which is largely military-related) jumped over projected levels by $120 billion in 2003, $171 billion in 2004, $221 billion in 2005 and $245 billion in 2006. As for the prescription drug benefit, its bite is only now being felt, with the CBO forecasting that it will add $27 billion to projected Medicare spending in 2006 and $40 billion in 2007.

"The lesson of 2003 is that fighting a war, cutting taxes and funding a major new entitlement program all at the same time doesn't work," says Robert Bixby, executive director of the Concord Coalition, a bipartisan group that favors balanced budgets. He provided me with the CBO numbers used in this analysis.

After the budget-busting policies of Bush's first six years, the vexing question for the Democrats is whether to clean up the mess by moving the budget back toward balance. President Bush said this week that he has a plan to balance the budget by 2012, but since he simultaneously rejected any tax increases and isn't likely to reduce war spending, it's hard to imagine how that plan could work.

The Democrats have to decide whether on economics, they want to be (forgive the sexist term) the "Daddy Party" of fiscal responsibility. Unless politicians find the courage to trim entitlement spending to what the country can afford, the projections are scary. A 2006 study by the Government Accountability Office noted that if current fiscal policy continues, interest costs on the national debt will rise to 20 percent of gross domestic product by 2045 and overall government spending to nearly 50 percent. That's a recipe for an economic crackup.

The Democrats face the essential political decision as they take their seats: Do they want to make people happy by postponing tough decisions or do they want to get serious about restoring fiscal sanity? Are they the party of good times or good governance? The Bush administration has argued for six years that you can have it both ways, but that's demonstrably not true. So the Democratic moment arrives.

Lagging Judicial Pay (NYT)

The New York Times, January 5, 2007

DOJ_NMG_0112787

Chief Justice John Roberts Jr. is embracing with gusto a cause championed by his predecessor, William Rehnquist: the need for a substantial pay raise for federal judges. Justice Roberts devoted his second annual year-end report to this issue, and it should be required reading in Congress.

Getting Congress to act promptly on judicial salaries may not be easy, if history is any guide. But Mr. Roberts is right to note the link between maintaining an adequate standard of judicial compensation and preserving the quality and independence of the judiciary, and to prod Congress on this issue.

For starters, an immediate increase in the neighborhood of 30 percent would help make up for dual blows of inflation and Congress's periodic withholding of cost-of-living adjustments. The last time federal judges received a substantial pay raise was 1989.

By statute, a sitting federal trial judge makes $165,200 a year. That's a lot of money, the same pay as a member of Congress. But as the chief justice notes in his report, judges have fallen well behind the American labor force as a whole in keeping up with inflation. Since 1969, a judge's pay has declined by 23.9 percent, adjusted for inflation, while the national average for all wages rose by 17.8 percent.

Federal judges at every level earn significantly less than law school deans, senior law school professors, and even junior associates at some big-time law firms. There is no definitive study, but it cannot be just coincidental that federal judges are leaving the bench at an increasing rate, thereby "threatening the viability of life tenure," as Justice Roberts put it. Considering the impact on a future job could make judges less willing to issue unpopular rulings upholding important rights.

It is tempting to dismiss as hyperbole the chief justice's characterization of this issue as a "constitutional crisis." But the salary issue is a serious one, touching as it does on the two constitutional provisions designed to ensure an independent judiciary — the one granting life tenure, and the other ensuring no reduction in judicial pay.

The chief justice's focus on judicial pay has drawn praise from Senator Patrick Leahy, the new Judiciary Committee chairman and a longtime champion of improved judicial salaries. The nation would be well-served by a comprehensive bipartisan package that grants federal judges a sizable raise, ends the linkage between judicial and Congressional salaries, and requires judges to forgo privately financed junkets that cast an ethical cloud on the courts.

Tax As You Go (WSJ)

The Wall Street Journal, January 5, 2007

January 5, 2007; Page Congressional Democrats are dashing out of the gates to establish their fiscal conservative credentials. And as early as today House Speaker Nancy Pelosi will push through so-called "pay-as-you-go" budget rules for Congress. Keep an eye on your wallet.

"Paygo," as Washington insiders call it, sounds like a fiscally prudent budget practice: If government spends more on program A, it has to spend less money on program B, and thus budget deficits will be restrained. We're all for that. But when Republicans proposed exactly that budget rule in recent years, House Democrats voted it down.

Ms. Pelosi has something different in mind. Under her paygo plan, new entitlement programs and all new tax cuts would have to be offset by either cutbacks in other entitlement programs or tax increases. This version of paygo is a budget trapdoor, designed not to control expenditures but to make it easier to raise taxes while blocking future tax cuts.

Supporters of paygo claim it will help restrain entitlement spending. It won't. Paygo doesn't apply to current entitlements that will grow automatically over the next several decades. Ms. Pelosi's version of paygo applies only to new entitlements or changes in law that expand current programs. And on present trajectory, Medicare, Medicaid, Social Security, food stamps and the like are scheduled to increase federal spending to almost 38% of GDP by 2050, up from 21% today. Paygo won't stop a dime of that increase. This may explain why one of the leading supporters of paygo is the Center on Budget and Policy Priorities, a liberal outfit that favors far more social spending.

Paygo enthusiasts also claim that when these rules were in effect in the 1990s the budget deficit disappeared and by 2001 the budget recorded a $121 billion surplus. Sorry. The budget improvement in the late 1990s was a result of three events wholly unrelated to paygo: the initial spending restraint under the Republican Congress in 1995 and 1996 as part of their pledge to balance the budget; a huge reduction in military spending, totaling nearly 2% of GDP, over the decade; and rapid economic growth, which always causes a bounce in revenues. Paygo didn't expire until 2002, but by the late-1990s politicians in both parties were already re-stoking the domestic spending fires.

What paygo does restrain are tax cuts, by requiring that any tax cut be offset dollar-for-dollar with some entitlement reduction. Congressional budgeteers always overestimate the revenue losses from tax cuts, which under paygo would require onerous budget cuts to "pay for" the tax cuts. As a political matter, those spending cuts will never happen.

First on the chopping block, therefore, would be the investment tax cuts of 2003 that are set to expire in 2010. Last year Democrat David Obey of Wisconsin, the new Appropriations Committee chairman and a prodigious spender, gave this strategy

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away when he urged paygo rules so he could enact new social spending and pay for it by canceling the Bush tax cuts for those who make more than $1 million.

Never mind that, in the wake of those capital gains and dividend tax-rate cuts, federal revenues climbed by a record $550 billion over the past two fiscal years. Incidentally, thanks to the current economic expansion and the surge in tax revenues, the budget deficit has fallen by $165 billion in just two years -- without paygo.

Given all of this, it's especially puzzling that even some conservatives seem tempted by paygo's fiscal illusions. Our friends at the Heritage Foundation have of late become obsessed with future entitlement forecasts and have advised Ms. Pelosi to enact paygo rules to stop it. But Heritage notably did not insist that tax increases be excluded from any paygo rule. Had such logic prevailed in 1980 or 2003, it's possible that neither the Reagan nor Bush tax cuts would ever have become law. As a political matter, paygo is about returning Republicans to their historical minority role as tax collectors for the welfare state.

That's not to say that new budget rules aren't highly desirable. The line-item veto, a new Grace Commission to identify and eliminate the billions of dollars of waste and failed programs, and an automatic spending sequester if the budget rises above agreed baselines would all help to restore spending discipline. But it is precisely because these rules would restrain spending that they are not on the Democratic agenda.

Paygo, by contrast, gives the appearance of spending discipline while making it all but impossible to let taxpayers keep more of their money. It should really be called "spend and tax as you go."

OTHER NEWS:

Warm Weather Weighs On Price Of Oil (USAT)

By Sue Kirchhoff

USA Today, January 5, 2007

WASHINGTON — Crude oil prices fell Thursday to the lowest level since mid-2005, pressured by warm weather, faltering demand and government data showing inventories at healthy levels.

"We're running out of winter," says Kevin Lindemer, managing director of energy for economic consulting firm Global Insight. "We are very well supplied for what's remaining. … We have very high heating oil inventories."

Crude oil for February delivery closed at $55.59 a barrel in New York trading, a 4.7% drop. That followed a 4.5% decline on Wednesday. The price is down from a peak of $77.03 a barrel on July 14.

Whether the lower prices will have staying power, helping consumers, is unclear.

Lindemer says weather will be a key factor in price moves in coming days, as will possible efforts by the Organization of Petroleum Exporting Countries to adjust output to keep prices from falling. The bulk of heating oil demand is in the Northeast and Midwest.

"If oil prices stay as low as they are right now, it's going to bring gasoline prices down, no doubt about it. … The big question is how long will it stay down here? And we won't know that for several days," says Phil Flynn, energy analyst at Alaron Trading, noting that prices have previously dipped near the mid-50s, only to bounce back.

Gasoline prices fell last week for the first time in three weeks, the federal Energy Information Administration (EIA) reported Wednesday. The average price for regular gasoline was $2.334 a gallon, down from $2.341 the previous week.

Flynn said this week's oil price decline was also partially caused by technical trading. In addition, the EIA reported, inventories were higher than anticipated.

The EIA said domestic inventories of crude oil fell last week by 1.3 million barrels to 319.7 million. But distillate stocks, including diesel fuel and heating oil, rose by 2 million barrels to 135.6 million barrels. U.S. gasoline inventories also rose, helping prompt a 6-cent drop in wholesale gasoline prices to $1.487 a gallon.

"It's warm out, so demand is down. There is concern about U.S. and global growth (slowing)," says Jason Schenker, energy analyst for Wachovia. Schenker predicts volatility ahead with "both up and down swings."

On average, Wachovia expects oil to run about $60 a barrel in 2007. He notes that while prices have been trending lower, they're still well above historical averages, because oil was selling for about $25 a barrel for decades.

Lindemer said the price drop could help consumers who have flexible home heating oil contracts, though adding: "When it's 60 degrees on Jan. 4 in Boston, a tank full of heating oil goes a long way."

Energy, Mining Firms Take Hit (WSJ)

By Bhushan Bahree, Paul Glader And Ann Davis

The Wall Street Journal, January 5, 2007

DOJ_NMG_0112789

Energy and copper prices continued their tumble yesterday, punishing shares of companies from oil giant Exxon Mobil Corp. to mining magnate Freeport-McMoRan Copper & Gold Inc.

There is no one factor behind the sharp declines in some key commodities. Warm winter weather has depressed oil prices, more than offsetting recent production cutbacks by OPEC. Copper prices, meanwhile, are dropping because of concerns about a housing slump in the U.S., rising inventories and easing labor problems at copper mines.

Whether commodity prices continue to slide long term will depend in no small part on the world economy. Explosive growth in developing countries like China -- along with solid economic growth in the U.S. -- had spurred demand for everything from natural gas to copper wire and pipes in recent years. If the world economy shows resilience, commodity prices are likely to rebound.

Just the same, prices for basic materials are unlikely to make the kind of gains they rang up in recent years. Oil, for example, surged more than 30% in both 2004 and 2005, but ended flat in 2006 despite closing above $77 a barrel in July. Yesterday, oil closed at $55.59 a barrel on the New York Mercantile Exchange, down $2.73 for the day. It is now more than a dollar below its level in October, when the Organization of Petroleum Exporting Countries decided to trim output to prop up prices.

Copper hasn't been doing any better. After surging 88% from Dec. 30, 2005, through May 23, 2006, to $4.055 a pound on the Comex Division of Nymex, it tumbled 36% from that May peak to yesterday's close of $2.5885 a pound.

For now, investors are bidding down the prices of several key commodities along with the companies that produce them. In 4 p.m. composite trading on the New York Stock Exchange yesterday, Exxon Mobil shares fell 1.9% to $72.72, and Marathon Oil Corp. shed 3.6% to $84.24.

Mining companies also are getting dusted up. New Orleans-based Freeport-McMoRan Copper & Gold has a large copper-mining operation in Indonesia and has launched a bid to acquire Phoenix-based copper miner Phelps Dodge Corp. Freeport's share price on the New York Stock Exchange has dropped 29% to about $51 yesterday from a 52-week high of $72 in April. Meanwhile, Phelps Dodge, which has seen its stock price rise in recent months because it is a takeover target, has seen its share price decline to about $116, down 7% from a 52-week high of $125 in December.

How quickly commodity prices will recover is unclear. The winter months in the Northern Hemisphere are the peak time for oil use because of heating needs. Typically, oil producers increase their output and consumers draw on oil inventories to meet peak demand. However, this winter's warm weather in the U.S. Northeast -- the source of 80% of the nation's heating-oil demand -- has, for example, undercut the price of crude-oil contracts on the New York Mercantile Exchange. OPEC can't tighten its oil taps fast enough to balance the market and shore up prices.

OPEC might be forced to further trim output, according to Larry Goldstein, an analyst at the Energy Policy Research Foundation. "The impact of warmer weather globally has fully negated November and December [output] cuts," he said.

For its part, the copper market has lost much of the labor-fear factor that had been buoying prices. A series of labor negotiations during 2006 had been "keeping a premium into prices," said Catherine Virga, a base metals research analyst with CPM Group in New York. Workers at copper mines in Mexico, Chile and elsewhere have gone on strike in the past year as three-year contracts are up for negotiations and workers want better pay and benefits during a commodity boom that is bringing greater profits to mining companies world-wide.

As labor negotiations at various mines have been settled, prices have come back down. Ms. Virga predicts copper prices may climb short term as traders see the recent drop as a buying opportunity. But, overall, her firm predicts copper prices declining in 2007.

The First Energy President (NYT)

By Thomas L. Friedman

The New York Times, January 5, 2007

Now that President Gerald Ford has been buried with all the honors he deserved, it is time to discuss a proper memorial. I would suggest the Gerald Ford Energy Independence Act.

Few people remember today, but “Gerald Ford was the first U.S. president to really use the levers of the presidency to try to break our addiction to oil,” said the energy economist Philip Verleger Jr. “He was way ahead of his time.”

Well, his time has come again — and then some.

The greatest thing George Bush could do — for President Ford’s legacy and his own — would be to dedicate his coming State of the Union address to completing the energy independence agenda that Mr. Ford initiated 32 years ago in the wake of the 1973 Arab oil embargo and energy shock.

As the page titled “Energy” from the Ford presidential library Web site reminds us: “Early in his administration, President Ford said that he would not sit by and watch the nation continue to talk about an energy crisis and do nothing about it. Nor, he

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said, would he accept halfway measures which failed to change the direction that has made our nation so vulnerable to foreign economic interests. The president proposed firm but necessary measures designed to achieve energy independence for the U.S. by 1985, and to regain our position of world leadership in energy."

In his 1975 State of the Union speech, President Ford laid out his vision: "I have a very deep belief in America's capabilities. Within the next 10 years, my program envisions: 200 major nuclear power plants; 250 major new coal mines; 150 major coal-fired power plants; 30 major new [oil] refineries; 20 major new synthetic fuel plants; the drilling of many thousands of new oil wells; the insulation of 18 million homes; and the manufacturing and the sale of millions of new automobiles, trucks and buses that use much less fuel. ... In another crisis — the one in 1942 — President Franklin D. Roosevelt said this country would build 60,000 military aircraft. By 1943, production in that program had reached 125,000 aircraft annually. They did it then. We can do it now."

Obviously, President Ford's emphasis on coal and domestic oil came in age when most people were unaware of climate change. Still, Mr. Ford wasn't just all talk on energy. He used his presidential powers to impose a $3-a-barrel fee on imported oil to reduce consumption. That was a big deal, noted Mr. Verleger, because the average cost of imported crude at the time was only $10.76 a barrel.

Yes, you read that right. A Republican president actually imposed an import fee on oil to curb consumption! Yes, President Bush, it can be done! The republic survived!

Thanks to the Energy Policy Conservation Act of 1975 and other measures, Mr. Ford's energy legacy includes: the creation of the Strategic Petroleum Reserve for use in an emergency; the phasing out of domestic price controls on oil to encourage more exploration; major investment in alternative energy research; assistance to states in developing energy conservation programs; and, most important, the creation of the first compulsory mileage standards for U.S. automobiles.

Those mileage standards have barely been tightened since 1975 — because some idiotic congressmen from Michigan, who thought they were protecting Detroit, have blocked efforts to raise them. So, Japanese automakers innovated more in that area, and the rest is history — or in the case of Detroit, obituary.

Every 10 years we say to ourselves, "If only we had done the right thing 10 years ago." Well, President Bush has a chance in his State of the Union to call on Americans to honor Mr. Ford by completing his vision. But it means asking Americans to do some hard things: accepting a gasoline or carbon tax; inducing Detroit to make more fuel-efficient cars, trucks and plug-in hybrids; setting a national requirement for utilities to provide 20 percent of their electricity from renewable wind, solar, hydro or nuclear power by 2015; and, finally, making large-scale investments in mass transit.

It is stunning that since 9/11 the Bush team has never mounted a campaign to get Americans to conserve energy.

"Ford called for zero oil imports by 1985," said Mr. Verleger. "Instead, we imported five million barrels a day then. In 2006, imports will average almost 14 million barrels a day. Had we achieved everything Ford proposed, the price of oil today would be $20 a barrel, not $60, the polar ice caps might not be melting, the polar bear might still have a chance, and our children would have a future."

Rise In Ethanol Raises Concerns About Corn As A Food (NYT)

By Alexei Barrionuevo

New York Times, January 5, 2007

CHICAGO, Jan. 4 — Renewing concerns about whether there will be enough corn to support the demand for both fuel and food, a new study has found that ethanol plants could use as much as half of America's corn crop next year.

Dozens of new ethanol plants are being built by farmers and investors in a furious gold rush, spurred by a call last year from the Bush administration and politicians from farm states to produce more renewable fuels to curb America's reliance on oil. But the new study by the Earth Policy Institute, an environmental group, found that the number of ethanol plants coming on line has been underreported by more than 25 percent by both the Agriculture Department and the Renewable Fuels Association, the ethanol industry's main lobbying group.

The Earth Policy Institute says that 79 ethanol plants are under construction, which would more than double ethanol production capacity to 11 billion gallons by 2008. Yet late last month, the Renewable Fuels Association said there were 62 plants under construction.

The lower tally has led to an underestimate of the grain that would be needed for ethanol, clouding the debate over the priorities of allocating corn for food and fuel, said Lester R. Brown, who has written more than a dozen books on environmental issues and is the president of the Earth Policy Institute. "This unprecedented diversion of corn to fuel production will affect food prices everywhere," Mr. Brown said.

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Bob Dinneen, the president of the Renewable Fuels Association, said the group had not intentionally tried to play down the number of plants under construction. “It has been a moving target,” Mr. Dinneen said in an interview on Thursday. “We are not trying to hide the ball. We are trying to keep up with a growing and dynamic industry as best we can.”

The Renewable Fuels Association has generally played down concerns in the food versus fuel debate over ethanol, saying that estimates showed there would be plenty of corn to meet the demand for both. “We can absolutely do that without having a deleterious impact on consumer food prices,” Mr. Dinneen said.

The National Corn Growers Association said Thursday that farmers were keeping up, noting that growers produced their third-largest crop in 2006 of 10.7 billion bushels. “All demands for corn — food, feed, fuel and exports — are being met,” Rick Tolman, chief executive of the corn growers, said in a statement. “Farmers have always responded to price signals from the marketplace and, historically, we have had much more challenge with overproduction than shortage.”

With spot prices of corn soaring to record highs of nearly $4 a bushel last month, farmers are expected to plant some 85 million acres of corn this year, an increase of 8 percent over 2006 and what would be the largest corn-seeding in the country since 1985, said Dan Basse, president of AgResource, an agricultural research company in Chicago.

Ethanol has raised the incomes of farmers and given new hope to flagging rural economies. But the reliance on corn to produce ethanol in the United States has drawn concerns from some economists, who question whether the drive to corn-based fuel will push up the prices of livestock and retail prices of meat, poultry and dairy products.

Mr. Brown is among those who believe the ethanol industry is growing too quickly. He called for a federal moratorium on the licensing of new distilleries. “We need a time out, a chance to catch our breath and decide how much corn can be used for ethanol without raising food prices,” he said Thursday.

Like many other experts, he advocates moving past corn-based ethanol into cellulosic ethanol, produced from plant waste and nonfood crops like switch grass.

For now, however, in the anticipation of high potential returns, ethanol plants that rely on corn are being built by everyone from farmers to Bill Gates of Microsoft to a mix of Wall Street investors. In addition to the 116 ethanol plants in production, and the 79 under construction, at least 200 more ethanol plants, with a capacity of 3 billion gallons a year, are in the planning stages.

In all, ethanol distilleries now running or in the works will pull an estimated 139 million tons of corn from the 2008 corn harvest, according to the Earth Policy Institute. That is about double the demand projected by the Agriculture Department and will require over half of the projected 2008 corn harvest of about 11 billion bushels.

Keith Collins, the Agriculture Department’s chief economist, did not respond to requests for comment. One reason for the department’s projection of just 60 million tons of corn used for ethanol is that it was released last February, before surging oil prices set off investor interest in ethanol plants. The Agriculture Department will release its new projections next month.

But the pace of plant construction may be slowing. Shortages of galvanized steel and backlogs for special tanks for the distilleries have pushed construction time back from 18 months to as much as 28 months for some plants, Mr. Basse said.

Some towns are also demanding environmental studies to better understand the impact ethanol plants can have on water supplies and quality of the groundwater, which has delayed permits for new processing plants.

New Prospect For US: Glut Of Ethanol Plants (CSM)

By Mark Clayton

Christian Science Monitor, January 5, 2007

Like at least four others building new ethanol plants in Illinois, Mike Smith expects his new biorefinery to begin pumping out fuel from corn by summer.

Unlike the other plants, Mr. Smith's Canton, Ill., facility is nowhere to be found on a key industry tally, which the US government and Wall Street analysts use to track ethanol plants under construction. A study released Thursday reports that at least 14 new biorefineries - representing nearly 1 billion gallons of extra fuel - are not on that tally. That oversight could mean problems ahead for the food supply and the "green fuel" industry, some analysts say.

· Ethanol production could pull so much corn out of the food supply by 2008 that US corn exports could plummet.

· The food-fuel competition could push corn prices so high that some ethanol producers in the fledgling industry, which many deem vital to US energy security, would merely break even - or, if corn gets pricey enough, actually lose money.

Even before Thursday's report, some analysts had warned of a future glut of ethanol production capacity.

The immediate concern of the Earth Policy Institute (EPI), which released the new report, is the impact on the global food supply.

"We're worried there will be less to feed the world if we're using too much corn to make fuel," says Lester Brown, EPI's president. "The US ... supplies 70 percent of the world's corn exports. These previously unidentified distilleries could have a big negative impact."

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Wall Street investment banks and farm cooperatives continue to pour billions of dollars into building ethanol plants, basing their decisions in part on predictions of future capacity by the Renewable Fuels Association. The RFA lists 65 plants under construction. But EPI, which put together its own tally using several industry lists, has found 79 such plants.

That extra capacity has major implications for agriculture and the ethanol industry. Using the RFA's lower estimate, the US Department of Agriculture has forecast that ethanol biorefineries - also called distilleries - will need about 60 million tons of corn from the 2008 harvest. But if EPI's higher estimate for plants is correct, then up to 139 million tons of corn will be needed.

For its part, the RFA defends its more conservative estimate. "Our list is a pretty accurate snapshot - about the best you can get in an industry that changes as quickly as this one," says spokesman Matt Hartwig. "If we were to do our list based on announcements, it would be much longer. But that would be misleading because not all those come to fruition. Those on our list we believe will be built and up and running."

Last month, the RFA added about a dozen new facilities to its list, which suggests about 11.4 billion gallons in capacity by 2008, which is still lower than the EPI's range of 12 billion to 15 billion gallons.

Besides the potential impact on food exports, the glut in capacity could throw the ethanol industry into turmoil. The problem isn't demand for ethanol. The energy industry could use far more than what's currently produced. The real challenge is that competition for corn could drive its price so high that profits evaporate, some analysts warn.

"We see significant overcapacity in the short term, 2007-2010," warned a Deutsche Bank analysis last month. That analysis, based in part on RFA data, sees capacity of only about 8.3 billion gallons a year by 2008 - similar to a Citibank analysis in September.

Factor in the EPI numbers and the crunch gets worse.

"We've got to come up with enough corn acres to meet the demand," says Jerry Gidel, grains analyst for North America Risk Management in Chicago. "We're chasing a kite right now that keeps on rising." He predicts that capacity could reach 11 billion gallons a year by early 2008. The 1.7 billion gallons of capacity RFA added late last year was "totally unexpected and has me a little worried," he says.

Ethanol prices fluctuate with gasoline prices. So when gas prices go up, profits for ethanol plants are good even if corn costs more. When gas prices dip, ethanol profits can get pinched by rising corn prices. With oil at $60 dollars a barrel, ethanolmakers can make money.

"I would feel very uncomfortable, extremely uncomfortable, planning a new ethanol biorefinery at this time," says Robert Wisner, an economist at Iowa State University. "The RFA numbers are clearly at the low end of the capacity scale. We have a substantial number of plants out there that are very close to breaking ground right now that are not part of that list."

If oil prices were to drop below $60 a barrel, a further boost in corn prices could slash profit margins for ethanol manufacturers, some say.

"Right now we're getting by on $60 a barrel oil and still making money in ethanol," Mr. Gidel says. "But if all of a sudden we're going to stay at $60 and see demand for corn for ethanol rise for the 2008 harvest, well that would be a very ... challenging year for ethanol."

Wall Street has cooled somewhat to the industry's initial public offerings (IPOs) - privately held ethanol firms going public, analysts say.

"It's going to be a tough year because there's so much capacity," says a Deutsche Bank analyst, who asked not to be named because he did not have permission to speak to the press. "I don't really see Wall Street wanting to do a lot less [investment] with ethanol. We have had some pull back on a couple of IPOs by ethanol companies. Now the environment is tougher, but I don't think that's going to stop anybody."

Data Indicate Growth Softened During December (WSJ)

By Michael S. Derby And Jeff Bater

The Wall Street Journal, January 5, 2007

NEW YORK -- The latest readings on the service sector and labor market suggested that the U.S. economy softened a bit in December.

The Institute for Supply Management said its nonmanufacturing index, which surveys mostly service-related companies, slipped to 57.1 last month from 58.9 in November but was unchanged from the October reading.

Challenger, Gray & Christmas CEO John Challenger discusses his firm's December job cuts report2, which he says suggest an "ideal" soft landing for the economy.

Monster Worldwide International Group President Steve Pogorzelski discusses the state of the economy3 as seen via online job postings

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Readings over 50 indicate expanding activity, but economists had looked for December's performance to be slightly stronger. The service sector is the single largest source of U.S. economic output.

The service-index reading came a day after the institute reported that its index of manufacturing activity showed modest growth last month after a mild contraction in November.

Despite a gradual cooling, survey respondents remained upbeat about the service sector: "Members' comments in December are generally positive concerning current business conditions," said Anthony Nieves, who compiles the report. "The overall indication in December is continued economic growth in the [service] sector."

The report said inflationary pressures faced by service-sector firms edged up, with the December price index settling at 59.1, up from 55.6 a month earlier. The group's employment index hit 53.3, up from 51.6 in November, while the new-orders index fell to 54.4 from November's 57.1.

Meanwhile, the U.S. job market also showed some softening based on data released by the Department of Labor. Initial claims for unemployment insurance rose to a seasonally adjusted 329,000 for the week ended Dec. 30, up 10,000 from a week earlier, an increase that may be holiday related.

Economists said yesterday that the increase may be due to seasonal adjustment volatility related to the holidays. The government today will release its employment report for December.

The Commerce Department said U.S. factory orders bounced back during November from a big drop in October. Orders rose 0.9% to $394.3 billion, buoyed by a rise in orders for durable goods.

Holiday Sales Look Happier Than Expected (USAT)

By Jayne O'donnell

USA Today, January 5, 2007

December sales were disappointing for several retailers, but upscale stores and most discounters continued to do well, results out Thursday show.

Despite a somewhat gloomy picture, the National Retail Federation continues to predict that holiday season sales will be up 5% for 2006, thanks in large part to a strong November. The federation will release its final numbers next Friday.

Experts also caution that because gift cards are counted toward sales when they are redeemed, January could help retailers make up for lost sales earlier in the holiday season.

Darrell Rigby, head of management consulting firm Bain's global retail practice, questions those who say it's been a bad holiday retail season. He thinks sales will meet his company's prediction of up to 5.5% growth, which he notes will be well above the historical average of 4.3% growth for holiday seasons and "is comparable to the strong 5.4% that thrilled analysts last year."

"A host of high-end retailers all have done fairly well, and very price-sensitive retailers seemed to have done fairly well, too," says Carl Steidtmann, chief economist for Deloitte Research.

Still, there were some clear losers, especially Gap — which owns the Gap, Old Navy and Banana Republic stores. Gap same-store sales were down 9%, and Old Navy's dropped 10%.

Sabrina Simmons, Gap's senior vice president of corporate finance, said slow sales meant the company had to take big markdowns at Gap and Old Navy and warned that profits will continue to suffer as merchandise is cleared out this month.

Winners continue to be Target, which saw a sales increase of 4.1%, and Nordstrom, where sales were up 9%. And things aren't looking as bad at Wal-Mart as expected. The biggest retailer warned earlier that its sales would be up less than 1%, but it managed to beat 2005's December sales by 1.6%.

Sales for Federated Department Stores, which owns Macy's and Bloomingdale's, were up 4.4% and may have taken a bite out of some smaller retailers' business.

"The specialty apparel stores really seemed to struggle, which reflects the weakness of the apparel cycle," Steidtmann says.

He says the problems reflect how much discounting retailers needed to do to move merchandise. At both extremes, weather was a problem, he notes. There were store closings in some parts of the West before Christmas because of blizzards, while many other areas had record high temperatures that made cold-weather clothing a less likely purchase.

November retail sales were up 6.3%, NRF spokeswoman Ellen Davis says, so even with December sales likely coming in below 5%, NRF isn't worried.

"We still have wiggle room to make our forecast," she says.

Holiday-Sales Figures Leave Big Gaps (WSJ)

By James Covert

The Wall Street Journal, January 5, 2007

DOJ_NMG_0112794

Holiday retail sales, once considered a barometer of the health of the economy, are no longer a crystal ball.

The same-store sales figures dozens of retailers reported yesterday don't reflect two big shifts in the way consumers shop these days. Gift cards have grown in popularity, but they aren't logged as sales until they are redeemed. Online sales, another booming category, also aren't included in the widely watched numbers.

BUILD YOUR OWN CHART

· Take a look1 at how a dozen major retailers, including Wal-Mart and Gap, have done over the past year, and use tools to build your own charts.

· See a sortable chart of results from about 20 retailers.2

Overall, retailers reported a 3.1% increase in December in sales at stores open at least a year, according to an index of 55 chains compiled by the International Council of Shopping Centers. That fell short of the 3.5% gain recorded a year earlier as well as the 3.6% increase in same-store sales the chains logged for the year as a whole.

But redemptions of gift cards could give retailers a lift in January, when roughly half of gift cards are typically used, often to buy full-price merchandise. Retailers could also get a boost later on if recipients fail to redeem the full value of the cards; in many states, retailers are allowed to book the unused value of gift cards as revenue if it isn't redeemed after a year or so. More than 10% of the value of gift cards purchased this year will go unused, according to Brian Riley, an analyst at Tower Group Inc., a Needham, Mass., research firm.

Both effects could be magnified by the sharp rise in gift-card sales. The National Retail Federation estimates that gift-card sales this holiday season totaled nearly $25 billion, up 34% from a year earlier and accounting for nearly a fifth of holiday gift spending.

HOLIDAY SALES NEWS TRACKER

A regularly updated look at holiday-sales news and trends3, including how stores are performing, what products are moving and how consumers are faring.

Despite the inconclusive nature of yesterday's reports, the numbers did show what a mixed bag retailing has become. Luxury stores continued to ride the boom in high-end fashion and accessories, while many mall-based specialty chains, including Gap Inc., AnnTaylor Stores Corp. and Chico's FAS Inc., rang up disappointing results. Department stores generally reported modest gains.

Wal-Mart Stores Inc., the nation's largest retailer, reported a 1.6% gain, stronger than the flat sales or gain of as much as 1% that the Bentonville, Ark., retailer had predicted a month earlier.

The December figure was Wal-Mart's strongest monthly showing since August and reversed a same-store sales decline in November. The retailer said that shoppers armed with gift cards have snatched up postholiday deals on electronics and fitness equipment, contributing to the likelihood of a 1% to 2% gain this month in sales at stores open at least a year.

One standout in December was Saks Inc., where same-store sales surged 11%, in a sign of a turnaround at the chain, which had struggled with fashions that were too young to suit its core customers.

More broadly, luxury sales are being fueled by an increase in foreign tourism. Nordstrom Inc.'s same-store sales rose a stronger-than-expected 9%, while Neiman Marcus Group Inc. posted a 7.1% gain.

"Some of the strength on the high end is well above the trend for the year," said Michael Niemira, chief economist at the International Council of Shopping Centers, who notes that the luxury boom is now in its fourth year.

But economists are talking about the possibility of a broad slowdown in spending this year amid a shaky housing market, rising consumer debt, high energy prices and a slowdown in job and wage growth. "We're getting a very mixed picture," Mr. Niemira said, noting that a number of retailers yesterday warned that profits will be lower than expected.

Gap, in fact, cut its earnings forecast for the fiscal year for the third time in six months and announced that management and its board are now reviewing the strategies of the retailer's Gap and Old Navy brands.

The San Francisco company said it now expects to earn just 83 cents to 87 cents a share for the fiscal year ending this month, roughly a third less than its original forecast of $1.23 to $1.27 a share. It will likely be the company's worst full-year performance under Chief Executive Paul Pressler, who joined Gap in September 2002.

Before yesterday's announcement, company executives had said that they were confident about their Gap and Old Navy strategies and that customers were just proving slow in adjusting to changes they had made. Gap has been trying to upgrade the quality and design of its merchandise, while remodeling its stores and adding "clean" departments that stock classics like wool pants and turtlenecks.

Old Navy, hurt by competition from discounters such as Target Corp., has a new president and has been trying to regain its fashion footing. Its women's merchandise is now outperforming its men's and kids' products, but the chain continues to lose customers.

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Another disappointment: Federated Department Stores Inc., parent of Macy's and Bloomingdale's. Its 4.4% same-store sales increase fell short of its Nov. 30 forecast for a 5% to 8% increase. And the numbers don't include results from former May department stores that it acquired last year, but which have lagged since being converted to Macy's in September.

The Cincinnati company said it expects January same-store sales to grow 1.5% to 3% and fiscal fourth-quarter sales to be at the low end of expectations.

Warm weather in much of the country, which hurt sales of winter gear, appeared to keep a lid on sales at midtier department stores. J.C. Penney Co. posted a 2.6% gain -- roughly in line with estimates -- while archrival Kohl's Corp. reported a 3% increase. Dillard's Inc., of Little Rock, Ark., reported a sharper-than-expected 5% drop.

Department stores nevertheless continue to steal customers from struggling specialty apparel chains, said Dan Hess, chief executive of Merchant Forecast LLC, a New York consulting firm.

"The simple fact is that department stores are making changes -- the kind that specialty stores were making 10 years ago," he said. "They're making shopping environments more exciting, they're offering better customer service, and more newness and a wider variety in fashion."

Markets Finish Higher Despite Unease (USAT/AP)

By Joe Bel Bruno

USA Today, January 5, 2007

NEW YORK — Wall Street struggled but ultimately closed higher Thursday as a bounce in technology stocks and sharply lower oil prices helped investors brush off concerns about sluggish consumer spending.

Retailers' lackluster holiday sales reports initially sent major stock indexes significantly lower. Stocks climbed back after a drop in crude oil prices to below $56 a barrel raised hopes that cheaper gasoline might be on the way.

A broad advance from chipmaker stocks supported the market. Leading the way was Intel, which surged to its highest level in two weeks after Banc of America Securities said it expects fourth-quarter results will come in higher than expected.

The market's performance Thursday showed that investors remain uneasy about any economic data, especially after minutes from the Federal Reserve's last meeting indicated policymakers were in no hurry to cut interest rates. Mixed data on Thursday included disappointing housing and service-sector reports.

"People are thinking now that energy prices are coming down, and that gives a chance for technology and other sectors to perform better," said Scott Fullman, director of investment strategy for Hapoalim Securities USA. "The broader picture is that the economy continues to show signs of slowing, and that will continue through the first quarter."

The Dow Jones industrial average rose 6.17 points to 12,480.69. Broader stock indicators were higher. The Standard & Poor's 500 index edged up 1.74 points to 1418.34. The tech-dominated Nasdaq composite added 30.27 points to 2453.43.

Bonds moved higher, with the yield on the benchmark 10-year Treasury note falling to 4.61% from 4.66% late Wednesday. Also sending bond yields lower was the Institute for Supply Management's services sector index for December, which showed growth slowed from November.

Advancing issues outnumbered decliners 3-to-2 on the New York Stock Exchange.

Highlights:

ExxonMobil was among the biggest decliners on the Dow, falling $1.39 to $72.72.

·Intel, the second-biggest advancer in the S&P 500, rose 82 cents, or 4%, to $21.17. Banc of America Securities raised the company's fourth-quarter earnings estimate, saying the chipmaker will likely gain market share.

Rates On 30-Year Mortgages Unchanged (AP)

Associated Press, January 5, 2007

WASHINGTON (AP) -- Rates on 30-year mortgages were unchanged in the first week of the new year after posting three consecutive increases to close out 2006.

Mortgage giant Freddie Mac reported Thursday that 30-year, fixed-rate mortgages averaged 6.18 percent this week, the same as last week.

Analysts said the markets in recent days have gotten some confusing messages about how serious the current economic slowdown will be.

"Currently, the market is waiting for a clearer signal on the direction in which the economy is headed," said Frank Nothaft, Freddie Mac's chief economist.

For 2006, 30-year mortgages peaked at 6.80 percent in late July with rates trending lower for most of the rest of the year. That decline was welcomed by the embattled housing industry, which is in the grips of a severe downturn after five boom years.

The Freddie Mac survey showed that other types of mortgage rates were mixed this week.

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Rates on 15-year, fixed-rate mortgages, a popular choice for refinancing, edged up slightly to 5.94 percent, compared to 5.93 percent last week.

Five-year adjustable rate mortgages rose to 6.02 percent, up from 5.98 percent, but one-year adjustable rate mortgages fell to 5.42 percent, down from 5.47 percent last week.

The mortgage rates do not include add-on fees known as points. Thirty-year, 15-year and five-year mortgages each carried a nationwide average fee of 0.4 point. One-year ARMs carried a fee of 0.6 point.

A year ago, rates on 30-year mortgages stood at 6.21 percent while 15-year mortgages were at 5.76 percent, five-year ARMs averaged 5.78 percent and one-year ARMs were at 5.16 percent.

Pending Sales Of Existing Homes In U.S. Fell 0.5% (Update1) (BLOOM)

By Carlos Torres

Bloomberg, January 5, 2007

Jan. 4 (Bloomberg) -- Fewer Americans signed contracts to buy previously owned homes in November, suggesting weakness in the real-estate market may extend into the new year.

An index of signed purchase agreements fell 0.5 percent, a third consecutive decline, to 107 from 107.5 in October, the National Association of Realtors said today in Washington. The index was down 11.4 percent from November 2005.

The decline from the previous year has been narrowing since July, suggesting sales may be stabilizing, the group said. The improvement may also stem a weakening in home prices that threatens to check consumer spending, which accounts for more than two-thirds of the economy.

``Data over the past few months strongly suggest that home sales have stabilized and are possibly rising at a modest pace," said Abiel Reinhart, an economist at JPMorgan Chase Corp. in New York.

The year-over-year decline is down from a 16 percent drop registered in July.

Economists expected the index to rise 0.7 percent in November, according to the median of 17 forecasts in a Bloomberg News survey, after a decline of 1.7 percent the month before. Estimates ranged from a drop of 1 percent to an increase of 2.1 percent.

``The index is pointing toward fairly stable home sales in the near future," David Lereah, the group's chief economist said in a statement. ``This is another indication that home sales likely bottomed out in September."

Back-to-Back Sales Gain

The Realtors' group reported last week that sales of previously owned homes unexpectedly rose 0.6 percent in November after rising 0.5 percent a month earlier. It was the first back- to-back increase gain since March 2005 and followed declines in the previous six month.

The index of pending home resales is considered a leading indicator of sales because it tracks contract signings. The Realtors' sales report tracks closings, which typically occur a month or two later.

Purchases of new homes, which are also based on signings, rose a greater-than-forecast 3.4 percent in November to an annual sales pace of 1.047 million, the Commerce Department also reported last week.

The existing-home sales report is based on a sample of about 40 percent of transactions in the multiple listing service used by real estate agents, while the pending-sales index covers about 20 percent.

Regional Declines

Pending resales decreased in three of four regions, today's report showed today. They fell 2.8 percent in the Northeast, 2.6 percent in the West and 1.1 percent in the South. Pending resales rose 4.8 percent in the Midwest.

Lower mortgage rates have boosted sales. The average rate on a 30-year fixed-rate mortgage fell to 6.14 percent last month, the lowest since October 2005, from 6.27 percent in November, according to figures from Freddie Mac.

The sales gains are barely starting to make a dent in inventories. The number of previously owned homes for sale decreased 1 percent to 3.82 million last month, last week's sales report from the Realtors showed. The supply was just less than the record 3.861 million reached in July.

Figures from the Commerce Department showed the number of new homes completed and waiting to be sold were at a record 169,000 in November.

Lennar Corp.

Faced with a glut of unsold properties, builders are retrenching. Lennar Corp., the fourth-largest U.S. homebuilder, this week said it had its first quarterly loss in at least a decade after writing down property investments. Miami-based Lennar said it took the charge to write down land it now doesn't intend to purchase.

``Market conditions continued to weaken during the fourth quarter and we have not yet seen tangible evidence of a market recovery," Chief Executive Officer Stuart Miller said in a statement.

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The Federal Reserve is doing its part to prevent the housing slump from deepening by keeping its interest-rate target steady. Fed policy makers left the benchmark rate target at 5.25 percent at the past four meetings, after raising it 17 straight times since June 2004.

``Economic growth has slowed over the course of the year, partly reflecting a substantial cooling of the housing market,'' Fed policy makers said in a statement following their Dec. 12 meeting. ``The economy seems likely to expand at a moderate pace on balance over coming quarters.''

The economy is likely to grow 2.5 percent this year after expanding at an annual pace of 2 percent in the last three months of 2006, according to the median estimate of economists surveyed early last month by Bloomberg News. The economy grew 3.3 percent a year on average in the last decade.

``While the housing cycle is far from complete, the probability it will cause a major decline in total economic activity is steadily falling,'' Douglas Lee, president of Economics From Washington, in Potomac, Maryland, said before the report.

Court Weighs Parental Rights Of Sperm Donors (USAT)

By Joan Biskupic

USA Today, January 5, 2007

A case before the Kansas Supreme Court has become a key test of the rights of sperm donors who want to be involved with their offspring over the objection of the children's mothers.

The dispute, which has drawn national attention, involves a single woman, identified in court papers only as S.H., who gave birth to twins in May 2005 after being inseminated with the sperm of a friend, identified as D.H.

After the mother made it clear that she did not intend to share parenting, D.H. sued to establish paternity. He lost in a trial court because of a Kansas law that says the donor of sperm provided for artificial insemination is not the legal father of the child unless the donor and mother agree to it in writing.

The major question in the case is whether requiring such written agreements in cases involving sperm donors known to the mother, not anonymous donors from sperm banks, violates the donor's constitutional rights as a parent. Like Kansas, many states have legal hurdles for donors seeking parental status.

The case arises at a time of increasing advances in reproductive technology. According to the Centers for Disease Control and Prevention, the numbers of women being impregnated with eggs fertilized outside the womb is significantly on the rise. There are no reliable statistics on methods of conception with donated sperm.

"It's clearly a broadening phenomenon," New York University sociology professor Judith Stacey says of artificial insemination with donor sperm. "All of this is tied to changes in the family, including women choosing to marry later and the gay and lesbian movement. What hasn't changed is women's desire to have children."

Most sperm donors are anonymous and waive parental rights. The move typically shields donors from demands for child support and protects mothers' privacy.

However, when the donor and the mother know each other, different expectations and legal complications can arise, as is the Kansas case and others in recent years from California to Pennsylvania. The cases reflect the lack of uniformity in laws regarding sperm donors, says American University law professor Nancy Polikoff, one of 20 family law professors who filed a brief in support of the Kansas mother. They say states traditionally have had broad latitude to define parentage on factors other than biology, such as marriage.

"Most of the time, even with a known donor, there is not an intention to be a parent," Polikoff says.

Among those backing the donor in the Kansas case is Linda Henry Elrod, director of the Children and Family Law Center at Washburn University law school in Topeka.

Elrod said the Kansas law should not treat anonymous and known donors the same: "A man who is the known genetic father and who steps forward to accept parental responsibility for his children automatically has those rights as a matter of constitutional law."

The Kansas Supreme Court is expected to rule by February.

First Black Governor Of Mass. Sworn In (AP)

By Glen Johnson

AP, January 5, 2007

Deval Laurdine Patrick was sworn in Thursday as the 71st governor of Massachusetts, the culmination of a longshot political campaign that also saw him become the state's first black chief executive and only the second elected in the nation.

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Amid springlike weather that embraced the state's first outdoor inaugural, Patrick placed his hand on a Bible once given to John Quincy Adams by "Amistad" slaves he helped free and repeated the oath recited to him by Senate President Robert Travaglini.

"We meet today on a singular occasion, more than the passing of title and honor, more than the ritual transfer of the power of government," Patrick, 50, told a crowd of thousands that stretched into Boston Common. "This is the occasion when the people charge new leadership to steward the public trust. It is a profound responsibility and I accept it humbly."

Worcester Mayor Timothy Murray also was sworn in as lieutenant governor by House Speaker Salvatore DiMasi. Murray will continue to hold both titles until Jan. 9, when he steps down as mayor.

Among those looking on were thousands of supporters who helped propel the political neophyte to a 21-point victory on Election Day. Seated in chairs at the base of the Statehouse steps were members of the Legislature and four past governors: Michael S. Dukakis, William F. Weld, Paul Cellucci and Jane M. Swift.

Also observing was L. Douglas Wilder, who became the nation's first black elected governor in 1990 when he was similarly inaugurated in Virginia. He now serves as mayor of the state's capital city, Richmond.

With his installation, Patrick ended a 16-year run of Republican rule that began in 1991, when Weld replaced Dukakis in the Corner Office. Former Gov. Mitt Romney, who decided against seeking a second term, did not attend the ceremonies, having left the building Wednesday night after taking a tradition-laden "lone walk" down the Statehouse steps.

Romney, who filed papers Wednesday to form a presidential exploratory committee, stayed at his Belmont home before heading into his new headquarters in the North End to work on his campaign for the 2008 GOP nomination.

The governor-elect started his day before dawn, continuing to work on his inaugural speech before making an unpublicized visit to Children's Hospital to visit ailing patients and their families.

"The governor-elect is very big on symbolism, just as he was on Election Day, when he finally spread the ashes of his late mother," said Patrick spokesman Steve Crawford.

Afterward, Patrick was whisked off in a motorcade escorted by State Police motorcycles to an interfaith service at the Old South Meeting House. The multidenominational service featured readings by ministers of various faiths, as well as a variety of music.

"I hope you can feel both the joy in this room and the sense of expectation that accompanies it," said the Rev. Peter J. Gomes, a religion professor at Harvard University, Patrick's alma mater. "You can't do what you are about to do on your own. You will need a lot of help."

Gomes also celebrated Patrick for heading up to the Statehouse earlier this week in an unsuccessful effort to lobby legislators not to hold a vote — and essentially kill — a 2008 ballot question proposing to ban gay marriage in Massachusetts.

"That was a great sign of things to come," Gomes said. "There is more to be done; this is why you have four years."

During a pre-inaugural reception at Union Station in Worcester on Wednesday night, the incoming governor urged Massachusetts citizens to retain the political energy that propelled him from first-time candidate to a 21-point winner on Election Day.

"Tonight and tomorrow, under what are predicated to be glorious and uncommonly fair skies, we will feel the energy and the satisfaction of what we built from nearly nothing over the course of two years," the governor-elect told a crowd of several thousand.

"But I ask you above all, to take a morsel of that feeling and tuck it away, because there will be tough times ahead. Change doesn't come easily to many, but change is what we are about and must be about," added the tuxedo-clad Patrick, who was joined on stage by his wife, Diane, and his running mate, Lt. Gov-elect Timothy Murray.

Murray drew a chuckle from his hometown audience when he presented a key to the city to his new boss.

"He has inspired us during the course of this campaign, and I say without reservation he will inspire us as governor," Murray said to cheers.

Patrick took the oath of office on a Bible given to John Quincy Adams by kidnapped Africans whom Adams helped free in the Amistad slave ship case he argued before the U.S. Supreme Court in 1841.

The governor-elect insisted on the outdoor venue both to accommodate more people than could fit inside the building, and to emphasize the inclusiveness of his new administration. It will be the 71st in the history of the commonwealth.

Afterward, Patrick scheduled a "youth inaugural" at the Shubert Theatre before capping the day with a tuxedo-optional ball at the Boston Convention and Exhibition Center. The featured musical performer was renowned cellist Yo-Yo Ma.

Over the weekend, Patrick planned to attend five regional receptions or inaugural balls, beginning Friday night in North Andover.

On Wednesday, Romney literally handed over the keys to the Corner Office.

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In keeping with the trappings of transferring power, Romney gave Patrick a pewter key to the governor's inner office as well as an 1884 Holy Bible, a set of Massachusetts General Laws and gavel in a box made from timbers from the USS Constitution.

"To serve another person is an honor. To serve a great people has been a great honor. To help another person is rewarding. To help many thousands of people has been immeasurably rewarding," Romney wrote in the Bible. "May God continue to bless the people of the Commonwealth of Massachusetts."

On his way out of the building, he paused to say goodbye to Lt. Gov. Kerry Healey, whom Patrick beat in the gubernatorial election.

Massachusetts Swears In A Black Democrat As Governor (NYT)

By Pam Belluck

The New York Times, January 5, 2007

BOSTON, Jan. 4 — In a ceremony rich with gestures of openness and symbols of conquering adversity, Deval L. Patrick, the first black governor of Massachusetts, took his oath of office on Thursday. He promised far-reaching changes in attitude and policy and asked people to "see our stake in each others' dreams and struggles as well as our own, and act on that."

In the state's first outdoor inauguration, part of four days of events intended to include people across the state, Mr. Patrick, the first Democratic governor here in 16 years, said, "For a very long time now we have been told that government is bad, that it exists only to serve the powerful and well-connected, that its job is not important enough to be done by anyone competent, let alone committed, and that all of us are on our own."

"Today we join together in common cause," he said, "to lay that fallacy to rest."

Mr. Patrick takes over from Mitt Romney, a Republican, who is planning to run for the presidency, and already Mr. Patrick has revealed many positions that oppose Mr. Romney's. The former governor did not attend the inauguration.

Mr. Patrick has said that he will restore $383.6 million in budget cuts made by Mr. Romney to social services and other programs, that he will reverse the former governor's agreement authorizing the state police to arrest illegal immigrants, and that a Romney-endorsed effort to remove some Massachusetts Turnpike tolls is unrealistic.

Mr. Patrick also said he might revoke some of the 200 11th-hour appointments Mr. Romney made to boards and commissions.

And, while Mr. Romney strongly backed a proposed constitutional amendment to ban same-sex marriage, Mr. Patrick spoke out strongly against it this week, even as the legislature gave it first-round approval.

While the legislature is heavily Democratic in this heavily Roman Catholic state, many Democrats are more conservative than Mr. Patrick on issues like same-sex marriage. He also faces a budget deficit of about $1 billion. And it will not be easy to put into effect the state's new health insurance reform.

"I've never seen a governor who has such high expectations on him as Deval Patrick," said Jeffrey Berry, a political scientist at Tufts University. "Democrats regard him as something of a demigod. They expect him to be able to leap tall buildings in a single bound and pay for social services."

Paul Watanabe, a political scientist at the University of Massachusetts-Boston, said: "I think he's going to find that governing is a lot more challenging than being a candidate. And that the demands placed upon him by large numbers of individuals — a record number of people that voted for him — are going to be difficult to meet."

Mr. Patrick also faces criticism over his inauguration celebrations. While much was inclusive — the open-air ceremony, a town-meeting-like "youth inaugural" for students, and upcoming ceremonies in five other cities — there was also a gala whose cost was paid for largely by corporate donors, who were allowed to give up to $50,000 each.

At the inauguration itself, however, on one of the balmiest January days in memory, the tone was full of possibility, pride and humility. In a state where the legacy of busing and segregation still stings, Mr. Patrick, reared in poverty on the South Side of Chicago, took the oath on a Bible given to John Quincy Adams by Africans from the Amistad slave ship whom Adams had helped free.

Four previous Massachusetts governors were present, as was L. Douglas Wilder, the former governor of Virginia and the only other black since Reconstruction to have been a governor.

The populist timbre, and the high expectations of Mr. Patrick, were sounded early, with a benediction by Rabbi Jonah Pesner describing the multicultural electorate and the problems of poverty, violence and discrimination.

"Behind every face hides so many secrets — painful secrets of suffering," Rabbi Pesner said, urging the governor and the people to create "a commonwealth rebuilt, repaired and redeemed."

Among the crowd was Derward Jacobs, 60, who is disabled and who drove his scooter to the State House because "I felt like I should be here."

George Greenidge Jr., 35, leader of an alliance of black colleges, said, "Today is a beacon of hope."

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Mr. Greenidge added that Mr. Patrick had “re-engaged a constituency that really never was involved in state politics, especially people from lower economic backgrounds.”

Beth Gilbert, 52, of Norfolk, Mass., acknowledged the steep demands that confront Mr. Patrick, saying, “When you elect a Republican governor, part of their bargain is they don’t really believe that government can solve the people’s problems. That’s probably what’s led to higher expectations here.”

Mr. Patrick signaled he was aware of the difficulties.

“I am an optimist, but not a foolish one,” he said. “I see clearly the challenges before us.”

He added: “Change is not always comfortable or convenient or welcome. But it is what we hoped for, what we have worked for, what you voted for, and what you shall have.”

Four Stars Lead Early GOP Race (CSM)

By Linda Feldmann

The Christian Science Monitor, January 5, 2007

WASHINGTON

Could Mitt Romney, ex-governor of Massachusetts and not well known nationally, end up winning the Republican nomination for president in 2008?

In a word, yes - despite prospects that don't look particularly strong on paper, analysts say. The latest polling out of states with the earliest nominating contests, which begin in a year, shows Mr. Romney in single digits. Even in neighboring New Hampshire, he comes in fourth, behind Sen. John McCain of Arizona, who won the New Hampshire primary in 2000, former New York Mayor Rudolph Giuliani, and former House Speaker Newt Gingrich.

But in a week that saw Romney launch his presidential exploratory committee, allowing him to enter the all-important money race, the Republican field is fluid. Religious conservatives, a key GOP constituency, remain skeptical of Senator McCain. And his advocacy for a stepped-up US presence in Iraq has thrown his political future squarely in line with a war that few believe is going well.

Mr. Giuliani, well known for his 9/11 leadership, remains untested on the national political stage and holds liberal positions on social issues that put him at odds with many GOP primary voters (as well as a colorful personal life).

Speaker Gingrich has, for now, become a repository of support among conservatives, though his short tenure as speaker and his three marriages could cause him to wilt under the klieg lights.

Enter Romney: successful businessman, savior of the 2002 Salt Lake City Olympics, with an attractive family. Having won the governorship of liberal Massachusetts as a moderate Republican in 2002, he then sought to remake his national image by adopting conservative positions on abortion, gay rights, and stem cells. But many Republicans remain leery. And among Evangelical conservatives, Romney's Mormon faith can also be a hurdle.

Still, in the end, political analysts can see a clear path by which Romney becomes the GOP nominee, almost by default. Republicans "want to win in November [2008]," says Ed Sarpolus, an independent pollster in Michigan who dismisses Gingrich's and Giuliani's chances. "If McCain self-destructs because of Iraq, even in New Hampshire they'll hold their nose and vote for Mitt Romney." Push to sell the Romney brand

Romney's single-digit numbers among Iowa and South Carolina Republicans can be attributed to low name recognition; he's just getting started in earnest. But New Hampshirites know Romney. Among GOP activists there, he is well-organized and has secured some big names, such as Tom Rath, who is stepping down as a national GOP committeeman to join Romney's campaign. But among regular folk, particularly those in the well-populated southern tier who consume Boston media, anti-Romney coverage has become a staple.

As a red governor of a solidly blue state with an eye on national office, Romney was caught in a tough place.

"Republicans are suspicious of what kind of Republican that makes him," says Dick Bennett, head of American Research Group, a nonpartisan polling firm. "I don't know what Republicans will end up wanting to have. He's in the hunt, but [among Republicans in New Hampshire] there isn't any loyalty to Massachusetts."

That's bad news for Romney.

Next January, Romney will be expected to perform respectably in New Hampshire - if not winning the primary, at least coming close.

"He's got to do well; it's right next door," says Larry Sabato, a political scientist at the University of Virginia, Charlottesville. "There's no excuse for him."

If Romney can achieve that, he may find safe harbor in Michigan - his native state, where his late father remains a beloved former governor - and home to an early primary contest that will come soon after the first wave. Already, Michigan political

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analysts are assuming that their GOP primary will boil down to McCain versus Romney, with the usual caveats. And if Iraq remains the No. 1 issue on voters' minds a year from now, McCain may be in serious trouble.

The question, though, is whether the Michigan primary will come in time for Romney. That ol' McCain magic

His first hurdle - doing well in New Hampshire - is a big one. McCain remains a rock star in the state, having kept alive his strong political machine from the 2000 primaries.

For Romney, local analysts don't see the Mormon issue hurting him much in New Hampshire, but they do see a problem in the drumbeat of negative Boston media about his tenure as governor.

"The media and the voters have a beef with him, because he pretty much abandoned ship a half year ago," says Tobe Berkovitz, a communications professor at Boston University and sometime Democratic political consultant. "My guess is that he saw himself as a lame duck no matter what, so why bang his head against the wall. ... He was trying to run for president, but it's also a pretty hopeless state for most Republicans to get their agenda achieved."

Mr. Sabato does not see Romney's challenges as insurmountable, including the need to get over his image as a flip-flopper on social issues.

"Opponents will criticize him and cite this memo and that memo," he says. "That's detail stuff. As long as people believe him when he says, 'Here's where I stand on "fill in the blank," ' and it's simple and to the point, they'll buy it."

Mr. Berkovitz says that, with time, Massachusetts's new, Democratic governor, Deval Patrick, could actually help Romney among Republicans in New Hampshire.

"If the people of New Hampshire see Massachusetts, with a Democratic governor going back to its old ways, Romney's stock could rise a little," he says.

Inside Politics (WT)

By Greg Pierce

The Washington Times, January 5, 2007

Taking the pledge

Sen. Sam Brownback of Kansas and former Massachusetts Gov. Mitt Romney, both Republicans and presidential hopefuls, have pledged not to raise taxes should they reach the White House.

The Taxpayer Protection Pledge, sponsored by Americans for Tax Reform, commits signers to "oppose any and all efforts to increase the marginal income tax rates for individuals and/or businesses ... and oppose any net reduction or elimination of deductions and credits, unless matched dollar for dollar by further reducing tax rates."

Mr. Romney signed on Sunday and Mr. Brownback signed on Monday, according to the tax reform group, which has offered the pledge to all candidates for federal office since 1987. To date, President Bush, 43 U.S. senators and 197 members of the U.S. House have signed the pledge, the group said.

Seven governors and more than 1,100 state legislators have signed the pledge as well.

"America needs leaders who are committed to protecting taxpayers, and signing our pledge demonstrates that kind of leadership," said Grover Norquist, president of Americans for Tax Reform. "By signing the pledge, Sam Brownback and Mitt Romney demonstrate allegiance to hardworking taxpayers nationwide. It is now up to the other candidates in the race to stand up to the challenge."

Provisional seating

Just because Rep. Vern Buchanan, Florida Republican, was sworn in yesterday doesn't mean that the Democrat-controlled House is on his side in his contested election.

Rep. Rush D. Holt, New Jersey Democrat, formally asked the House to recognize the court challenge in Florida's 13th Congressional District in the Sarasota area. Mr. Buchanan won by just 369 votes, but Democrat Christine Jennings contends that the electronic voting machines didn't work correctly because 18,000 people who voted in other elections did not vote in the House race.

On the House floor, Mr. Holt asked Speaker Nancy Pelosi, California Democrat, whether a notice of contest had been filed with the clerk on behalf of Miss Jennings.

Mrs. Pelosi said the notice had been filed with the clerk.

"The House remains the judge of the elections of its members," Mrs. Pelosi said. "The seating of this member-elect is entirely without prejudice to the contest over the final right to that seat."

Mrs. Pelosi added that the Committee on House Administration is reviewing the contest.

Ralph G. Neas, president of People For the American Way Foundation, applauded the House leadership for making clear that Mr. Buchanan's time in Congress is provisional until the matter is resolved, the Associated Press reports.

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"Only after court proceedings and a congressional investigation seeking answers about the Sarasota undervote have run their course, and only after Sarasota's election problems have been remedied, should someone be permanently seated," Mr. Neas said.

Next ambition

Mark Dayton ended his one term as a U.S. senator yesterday, but the Minneapolis-St. Paul Star Tribune reports that the Minnesota Democrat is considering a run for governor in 2010.

The announcement was made as Mr. Dayton recounted his frustration with Congress, acknowledging that he had not been "as effective as I hoped to be when I arrived." For that, he blamed what he called the seniority-driven politics of the Senate, where he was in the minority party for the past four years.

"The Senate or the Legislature is a very reactive institution, and I think I'm much more effective personally and professionally being more proactive," he said.

Republicans reacted to a potential run for governor with incredulity, noting that Mr. Dayton recently gave himself an "F" for his Senate performance.

Patrick sworn in

Four former Massachusetts governors — Republicans and Democrats — attended the history-making inauguration of Gov. Deval Patrick, the nation's second black elected governor. Noticeably absent was former Gov. Mitt Romney.

Mr. Romney, who a day earlier took the first step in his run for president, said he watched the ceremony on television at his home in Belmont, a suburb about eight miles west of Boston. The Republican hopeful said he followed tradition by not attending the inaugural.

"My understanding is that the tradition in Massachusetts is that the outgoing governor does not attend the inauguration of the new governor," Mr. Romney said as he opened his presidential exploratory committee campaign headquarters in Boston's North End. "That's the way it was when I was sworn in, and my understanding is that's the case, and so I simply have followed tradition."

Attending the inauguration of the state's first black governor were former Gov. Michael S. Dukakis, the 1988 Democratic presidential nominee, and three former Republican governors: William Weld, Paul Cellucci and Jane Swift.

Former Virginia Gov. L. Douglas Wilder, who in 1990 became the first black elected to lead a state, also attended. Mr. Wilder is the mayor of Richmond.

Hip replacement

Hours after attending Gerald R. Ford's funeral, former President George Bush underwent surgery to replace his right hip, the Mayo Clinic in Rochester, Minn., announced yesterday, a day after the procedure.

The surgery, completed by 7 a.m. Wednesday, was a success, said Mayo Clinic spokesman Adam Brase. He said the 82-year-old was undergoing physical therapy and was expected to be released no later than tomorrow.

Mr. Bush traveled to the clinic late Tuesday after attending the Washington funeral of Mr. Ford, where he delivered a eulogy.

Mr. Bush had his left hip replaced at the Mayo Clinic in 2000. His wife, Barbara, had successful hip replacement surgery there in 1997.

At long last

"Two actions [Tuesday] in the Massachusetts state legislature increase the likelihood that voters in the Bay State will have the chance, in 2008, to vote on an amendment to the state constitution banning gay marriage," the New York Sun says in an editorial.

"Whatever one's view of gay marriage, it is something to behold that such a vote would take place fully five years, to the month, after the state's Supreme Judicial Court ruled that gays have a right to marry in Massachusetts and more than four years after local officials in Massachusetts started granting marriage licenses to same-sex couples. Senator Kerry's position has been that he supports amending the constitution of Massachusetts to ban gay marriage but allow civil unions. 'I believe marriage is between a man and a woman,' Senator Kerry said in one of the 2004 presidential debates.

"When even a Democratic left-wing senator from Massachusetts doesn't side with the court's ruling, one gets the sense that proponents of gay marriage have yet to fully convince the public of the righteousness of their cause and that the court is out ahead of public sentiment on the issue."

The Anti-Clinton (TIME)

By Perry Bacon Jr.

Time, January 5, 2007

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John Edwards so wants to be President that he has spent the past four years campaigning for the job nonstop, practically living in Iowa since the 2004 election. He starts his second run for the Oval Office with a solid foundation: polls show him as one of the top Democratic contenders in the Hawkeye State, where voters liked his relaxed, guy-next-door manner and optimistic message in 2004 and have appreciated his many visits since. So what is the ex--North Carolina Senator and former vice-presidential nominee doing dumping the centrism that was key to putting the past two Democrats in the White House? Why is he tacking sharply to the left? As Jesse Jackson, Bill Bradley and Howard Dean could tell you, the most liberal of the Democratic contenders hasn't even won the nomination since 1972.

Although in 2004 he spoke eloquently of the "Two Americas"--rich and poor--if you looked at the fine print, Edwards backed ideas that originated in the centrist group that created much of Bill Clinton's agenda, the Democratic Leadership Council. Not this time. Many of the proposals for middle-class tax cuts from Edwards' first run won't be on his platform. Edwards says the country can't afford them and the bigger goals he wants to pursue. He says the problems in the U.S. are too pressing for the incremental solutions he proposed last time. So on the day he announced his presidential candidacy, Edwards boldly declared that reducing the deficit, a hallmark of the Clinton Administration, was less important to him than spending government money on, among other things, creating a universal health-care system and stopping global warming. His call to end poverty in the U.S. over the next 30 years by spending more than $15 billion each year sounds like a plan ripped straight from Lyndon Johnson's Great Society, the kind of Big Government liberalism Clinton shunned. Clinton did all kinds of things to show he was pro-business, while last August in Pittsburgh at a rally sponsored by an anti--Wal-Mart group, Edwards blasted the company for not paying its workers enough. Although Edwards got much of his advice in 2004 from centrists like Bruce Reed, Clinton's ex-- policy guru, the Edwards '08 campaign is being run by David Bonior, a former Michigan Congressman who strongly opposed Clinton's welfare reform and free-trade deals in the 1990s.

The economic populism Edwards talked about in 2004 and has now fully embraced was a winning formula in 2006 for many Democratic congressional candidates--even after Republicans depicted them as big spenders. But presidential candidates are judged by different criteria. Moving to the left doesn't answer one of the main critiques of Edwards in the last campaign: his lack of foreign policy experience. And taking up liberalism may be particularly dangerous for Edwards now that Democrats control Congress, since a G.O.P. opponent could argue that voters would have no check on spending if Edwards were elected.

But Edwards has to win his party's nomination first. If Hillary Clinton runs, she could immediately become the front runner, picking up much of the money and endorsements from the party establishment. The remaining energy, activism and cash that any rival would need to challenge her are on the left, not the center, as Edwards discovered in 2004, when Dean badly outraised him. That's why Edwards has spent the past two years actively courting the liberal netroots, even hiring Dean's old blogger, and wooing top union bosses. Edwards' attacks on Wal-Mart, which has discouraged its workers from forming unions, and his calls for universal health care are beloved by labor leaders, who could give Edwards a major lift in the early primaries in Iowa and Nevada, where their organizations are influential in Democratic politics.

The Edwards strategy would be complicated by a presidential run by Senator Barack Obama, which is why Edwards aides have watched Obama's rise with trepidation. Obama too is very well liked by the left. But both Obama and Hillary Clinton act like front runners: cautiously. They often deploy platitudes (witness Obama's speeches about hope) and look for easy targets (note Clinton's sermonizing on violent video games). That leaves room to emerge as the candidate who connects with Democratic voters by saying bold things that appeal to liberals, as when Edwards wrote "I was wrong" in voting for the Iraq war in an Op-Ed in the Washington Post in the fall of 2005. Dean employed this aggressive strategy in 2004 but couldn't win the nomination because he was viewed as too feisty and angry to be President. But if you're going to take your party in a new direction, it helps to be like Edwards, a smooth-talking Southern charmer with a light drawl whom Bill Clinton himself described as being able to "talk an owl out of a tree." That's where the ex-President's model may suit Edwards just fine.

Bill Clinton Turns Heads In The Senate (MACT)

By Mary-clare Jalonick

The Macon Telegraph, January 5, 2007

WASHINGTON - The Clinton who turned heads in the Senate Thursday was not Sen. Hillary Rodham Clinton, notwithstanding all the speculation about her running for president.

Former President Clinton cheerfully called out, "Hi, everybody!" as he strolled through the Senate Press Gallery past correspondents for The Associated Press, The Washington Post and the Wall Street Journal.

He was surrounded by a security entourage, but wasn't really seeking publicity. Something more mundane, actually. A bathroom, and then the swearing in of his wife for the new 110th Congress.

Then he headed for the men's room - followed by his Secret Service agents and a cadre of reporters. The questions were obvious:

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"Do you want to live in the White House again?

"I would like not to talk about it today," he said.

"Is Mrs. Clinton going to run for president?

"Ask her."

"All I know is, this is a happy day," Clinton added. "It's a great day for the largest number of women we've ever had in the Congress, a lot of new people coming in, I think it will be good. I'll be surprised if we don't see a lot of interesting, bipartisan things happening over the next six months."

And with that, Clinton made his way around to the visitors' gallery and sat down next to daughter, Chelsea. After a quick call on his cell phone - which is against Senate rules - he watched his wife as she chatted with her colleagues on the Senate floor.

Mrs. Clinton pointed to them and waved when she appeared on the Senate floor. In turn, they led a standing ovation when she took her oath.

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The galleries and the Senate floor constituted a who's who of politically active celebrities and former members gathered to watch Democrats take control of Congress for the first time in a dozen years.

Besides the former president, squished into the theater-style gallery seats were actor Richard Gere and singers Carole King and Tony Bennett.

The Senate floor was a big reunion of giddy Senate Democrats past and present. Former Sen. John Glenn of Ohio snickered about something with Judiciary Committee Chairman Patrick Leahy. Chuck Robb, the Virginia Democrat ousted in 2000 by Republican George Allen, hung out in the center aisle with the Democrat who bumped Allen from power this year, Sen. Jim Webb.

And retired Sen. John Breaux of Louisiana, playfully hugged Mrs. Clinton as they both waved to her husband the former president and Chelsea.

Challengers Join Hands To Unseat Texas Speaker (WT)

By Hugh Aynesworth

The Washington Times, January 5, 2007

DALLAS -- Two conservative Republicans from the Dallas area joined forces yesterday in a move to oust Texas House Speaker Tom Craddick.

But Mr. Craddick, a Republican legislator from Midland in western Texas, said he still had enough votes to win re-election to the post on Tuesday.

Rep. Brian McCall of Plano stunned his supporters yesterday by endorsing fellow Republican Rep. Jim Pitts of Waxahachie at a press conference in Austin.

In their brief appearance, the two challengers vowed Mr. Pitts would win the speakership, but they refused to list their backers.

They said they did not want to expose the supporters to intense pressure before the vote.

"But I guarantee you," Mr. Pitts said, "the race is over."

Mr. Craddick's press secretary, Alexis DeLee, downplayed the development, calling it "just another version of the same story." She said Mr. Craddick remained "confident" of victory when the House convenes next week in Austin.

"Our numbers are continuing to grow," she added.

Mr. McCall, backed by many Democrats, was publicly criticized for having so many opposition-party supporters, which some Craddick allies cited as a strong reason to re-elect the speaker. The Democrats trail the Republicans by an 80-69 margin in the Texas House.

Mr. Craddick, who served 34 years before he was named the first Republican House speaker in January 2003, was easily re-elected in 2005.

Mr. Pitts said he would not release his list of backers because "they would risk retribution for being on that list."

He added, "That is why I am running for speaker of the House."

"We deserve a speaker who will lead by consensus, not by edicts," he said.

The head of the conservative Texas Eagle Forum warned Tuesday that to unseat Mr. Craddick would be to return power to Democrats.

"Our conservative agenda would be [dead on arrival]," said Cathie Adams. "We've worked too hard for too many years to win a Republican majority in the House just to hand it over to the Democrats."

Democratic caucus leader Jim Dunnam of Waco said the Republicans will control the House no matter who is speaker.

"The fact is: They have the majority and we're in the minority," Mr. Dunnam said.

Virginia's Moment Of Clarity (WP)

The Washington Post, January 5, 2007

VIRGINIA Republicans ought to try getting out more often. They might get a bracing dose of voter sentiment.

That's what happened to Del. John J. Welch III, longtime stalwart of the fundamentalist, anti-tax wing of the state GOP that controls the Virginia House of Delegates. Until now, Mr. Welch, of Virginia Beach, has helped impede common sense by opposing all new funding proposals involving taxes to improve the state's crumbling, jampacked transportation network.

Mr. Welch was mugged by reality on Election Day, appropriately enough. That's when he discovered -- brace yourself -- that voters are furious about traffic, furious about the legislative stalemate on transportation funding in Richmond and furious enough to do something about it in state legislative elections this fall. "I worked the polls for 13 hours," Mr. Welch told reporters, "and people told me they want something done. They don't like taxes, but they want action."

Now Mr. Welch wants to add a dime per gallon to Virginia's gas tax, which was last raised in 1986 and ranks among the lowest in the nation. His proposed increase, to 27.5 cents a gallon from the current rate of 17.5 cents, would yield about $522 million a year in road and rail funding -- about half of what's needed to make a dent in the problem.

Well, better late than never. Unfortunately, Mr. Welch's clear-eyed proposal was met with icy silence from his stay-at-home Republican colleagues in the House, many of whom have signed no-new-taxes pledges. That proves they lack any serious, long-term plan to pay for the billions of dollars in transportation improvements needed around the state.

By contrast, Gov. Timothy M. Kaine (D) proposed a package yesterday that meets the state's transportation problem head-on. It would, for starters, broaden the powers of localities to reject development proposals and slow growth if local roads are too crowded. And it would yield $5.25 billion in new revenue over the next six years -- the first fresh funding for the state's beleaguered roads in a generation.

The governor's package, similar to but slightly smaller than one he offered a year ago, was mocked by the GOP's anti-tax ideologues as "deja vu all over again." It is probably dead on arrival in the House, which would rather posture than fix that state's most urgent problem.

Still, the impasse between Mr. Kaine and the House Republicans provides a useful moment of clarity. The governor, who understands that no transportation gain is possible without the pain of new taxes, is determined to expose the House Republicans for the obstructionists they are. And the House Republicans give every indication that they are willing to oblige him. That should make for a stark, and easy, choice for voters come November.

Rice Announces $16M In Aid For Somalia (AP)

AP, January 5, 2007

Secretary of State Condoleezza Rice said Thursday the U.S. will provide $16 million in aid to Somalia and said the installation of a new government there gives Somalis a chance to move beyond two decades of chaos.

Rice announced $11.5 million in food aid for the country on the Horn of Africa, $1.5 million in nonfood assistance and $3.5 million to help refugees.

In a written statement, she said creation of a U.N.-backed government represents a "historic opportunity" for Somalis to end their recent spate of "warlordism, extreme violence and humanitarian suffering."

Rice has dispatched her top aide for African affairs, Jendayi Frazer, to the region for discussions on promoting a peacekeeping force for Somalia and to urge a political dialogue leading to national reconciliation.

State Department spokesmwan Sean McCormack said Frazer held talks with Ugandan President Yoweri Museveni and Ethiopian president Meles Zenawi.

Frazer will meet with diplomats from Europe, Africa and international organizations to coordinate future steps in Somalia.

McCormack said Frazer has no plans to visit Somalia, but he raised the possibility that she could be part of an international delegation that would travel there.

Troops Fight Militiamen In The South (WP/AP)

Associated Press

The Washington Post, January 5, 2007

MOGADISHU, Somalia, Jan. 4 -- Somali government troops backed by Ethiopian soldiers battled about 600 Islamic militiamen Thursday on the southern tip of this Horn of Africa country, and U.S. Navy forces prevented the Islamic fighters from fleeing by sea, authorities said.

Somalia's interior minister, Hussein Farah Aideed, said thousands of Islamic fighters were still hiding in the capital.

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"There are 3,500 Islamists hiding in Mogadishu and in the surrounding areas, and they are likely to destabilize the security of the city," he said.

Kenya has closed its border because of concerns that the militiamen might slip across. That has prevented thousands of Somali refugees from seeking safety in Kenya, U.N. officials said.

Somali gunmen also attacked an oil tank truck near Mogadishu, wounding three people, and a hand grenade was thrown at Ethiopian troops backing the interim government in the capital, a resident said, according to [a] news agency. No one was hurt in the latter incident.

In Washington, Secretary of State Condoleezza Rice said Thursday that the United States will provide $16 million in aid to Somalia and that the installation of a new government there gives Somalis a chance to move beyond two decades of chaos.

Rice has dispatched her top aide for African affairs, Jendayi E. Frazer, to the region for discussions on promoting a peacekeeping force for Somalia and to urge a political dialogue leading to national reconciliation.

US Helps Contain Somalia's Islamist Forces (FT)

By Stephen Fidler And William Wallis

Financial Times, January 5, 2007

A US-led naval task force off the Somali coast has been boarding ships in recent days as part of efforts to prevent Islamist militants fleeing the country.

The task force is taking part in a broader US military effort to stop Islamist fighters in Somalia moving into neighbouring countries following a rout by Ethiopian forces. Kenya has officially closed its border with Somalia on in an effort to stem the transit of militants, officials said.

The US has offered tacit support to the Ethiopian-led offensive in support of Somalia's transitional government and Condoleezza Rice, secretary of state, hailed the military victory as a "historic opportunity" for the war-ravaged country.

The US has also said that it is determined to prevent terrorists escaping from the aftermath of the fighting.

"We...are going to be working closely with states in the region to ensure that these individuals aren't able to transit those borders and exit Somalia," Sean McCormack, State Department spokesman, said on Wednesday.

Officials from Europe, the US, Africa and the Middle East are due to meet in Nairobi on Friday to discuss deployment of a peacekeeping force for the region.

Yoweri Museveni, the Ugandan president said on Thursday at a joint news conference in Addis Ababa with Meles Zenawi, Ethiopian prime minister, that Uganda is ready to provide peacekeepers for the force. "The troops are ready but I have to consult the speaker of parliament. As soon as parliament approves, they will be sent to Somalia," he said.

Earlier Jendayi Frazer, the US assistant secretary of state who was also visiting Ethiopia, said Mr Museveni had promised to provide between 1,000 and 2,000 soldiers. She hoped a peacekeeping force could be ready by the end of the month.

Mr Zenawi has pressed for the rapid deployment of peacekeepers, seen by international and regional diplomats as providing an exit strategy for Ethiopia.

Ethiopian officials said fighting with Islamists continued in Somalia's southern tip on Thursday, near the Kenyan border. The US ships are operating in international waters off the Somali coast. A spokeswoman for US Central Command said that while a number of boardings had taken place she could not confirm that any individuals had been apprehended.

A Kenyan official was quoted by AFP saying that four Ethiopian helicopters, op-erating on information from a US satellite, had at-tacked three vehicles possibly carrying Islamist leaders close to the Kenyan border. The individuals apparently escaped, and US officials could not be reached to confirm any American role.

A separate US-led task force has been operating out of Djibouti since 2003 with more than 1,500 military and civilian personnel aimed at helping countries in the Horn of Africa to deal with terrorism. The force has provided military help to Ethiopia to bolster its ability to protect its border and ports.

However, a spokeswoman said that the "internationally recognised" transitional government of Somalia had not invited US forces into the country and no US troops were operating there.

U.S. Ships Hunt For Al Qaeda Off Somalia (WT/LDT)

By Mike Pflanz, London Daily Telegraph

The Washington Times, January 5, 2007

NAIROBI, Kenya -- U.S. Navy warships yesterday stepped up patrols off Somalia, boarding fishing boats and oil tankers to search for al Qaeda agents who fled after their Islamist allies were chased into hiding.

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At the same time, the State Department's chief Africa diplomat, Jendayi Frazer, met with Ethiopia's prime minister for the first time since Ethiopian troops led the advance that crushed the fundamentalist Islamic Courts Union that had ruled much of Somalia until a few weeks ago.

Miss Frazer hoped peacekeepers drawn from African nations would be deployed in Somalia "by the end of January."

Uganda responded yesterday, saying it was ready to send peacekeepers as soon as its parliament approves the plan, [a] news agency reported.

Offshore, the USS Ramage, a guided-missile destroyer, and the USS Bunker Hill, both from the U.S. 5th Fleet, were among several vessels dispatched from the British-led Combined Task Force 150, based in Bahrain, to waters off Somalia.

"Coalition forces will continue routine operations in this unstable area as long as the need exists for our presence," said the task force's commander, Commodore Bruce Williams of Britain's Royal Navy.

Meanwhile, a reported audio tape message by al Qaeda's No. 2 leader surfaced today, urging Somali Islamists to launch an Iraq-style guerrilla campaign of suicide and other forms of attacks against Ethiopian forces in Somalia, [a] news agency reported from Dubai, United Arab Emirates.

"As happened in Iraq and Afghanistan, when the world's strongest power was defeated by the campaigns of the mujahedeen troops going to heaven, so its slaves shall be defeated on the Muslim lands of Somalia," said Ayman al-Zawahri, deputy to al Qaeda leader Osama bin Laden.

"You must ambush, mine, raid and [carry out] martyrdom campaigns so that you can wipe them out," he said.

The tape was posted on a Web site used by militant Islamist groups.

The United States reportedly has played a key role behind the scenes in the recent clashes in Somalia. Analysts say this contributed to the sudden, complete routing of the Islamic Courts Union.

"All of us in the international community were quite surprised how fast the [Islamist movement] melted away and lost support," said Miss Frazer, assistant secretary of state for Africa.

In Washington, Secretary of State Condoleezza Rice announced that the U.S. government would provide an initial $16 million package of humanitarian aid to Somalia for food, relief supplies and help for refugees.

State Department spokesman Sean McCormack said the United States would be open to more short- and medium-term assistance for Somalia, saying Islamist militia forces still could prove a threat to the shaky government in Mogadishu.

Miss Frazer said U.S. intelligence suspected the Islamist leaders had been hiding in Mogadishu, the Somali capital, but that they may have fled and their whereabouts were unknown.

Islamist leaders are being hunted near Somalia's border with Kenya. Kenya has closed its side of the border to stop the militias from fleeing, but said it was not blocking refugees from Somalia. However, aid agencies have complained that closing the border leaves 1.8 million Somalis without access to humanitarian assistance.

Security sources in Nairobi said intelligence from U.S. spy satellites had been passed to Ethiopian defense forces ahead of an attack Tuesday on a convoy in southern Somalia, which was said to include Islamic Courts leaders.

Four Ethiopian helicopters dropped six bombs on the position, Kenyan police said, but failed to destroy the convoy. U.S. military officials declined to comment.

Ethiopian forces helped Somalia's internationally recognized interim government drive out the Islamists from Mogadishu last week. The Islamists have vowed to carry out guerrilla attacks across Somalia and in Ethiopia.

Somali Government Seeks To Tighten Its Grip Amid Chaos (NYT)

By Jeffrey Gettleman

The New York Times, January 5, 2007

KISMAYO, Somalia, Jan. 4 — A hand grenade was tossed into a government army compound on Thursday night in Mogadishu, Somalia's capital, in yet another sign of growing chaos in the country.

Just days after Ethiopian-led troops helped rout once powerful Islamist forces in Somalia and install a new government in the capital, security seemed to be unraveling across the country.

The violence is surging on two fronts: antigovernment attacks and increased banditry, both of which were virtually unheard of during the Islamists' short-lived reign.

Witnesses said that shortly after nightfall, a man in a pickup truck flung a grenade over a wall and into a compound that housed Ethiopian and government soldiers. Apparently, no one was seriously hurt and the pickup truck escaped in a blaze of gunfire.

In northern Mogadishu, residents said that four people were killed Wednesday night after bandits fired a bazooka at a truck whose driver refused to pay an extortion tax. Unauthorized checkpoints have popped up all over the city, reminiscent of the years of anarchy when clan-based militias carved up Mogadishu — and much of the rest of Somalia, for that matter.

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In Dhagtur, in central Somalia, Shabelle radio reported Thursday that five people, including two children, were killed by a tribal militia during a gun battle. A dispute over a well was cited as the possible cause.

But despite the worsening violence, Somalia's transitional government is moving to consolidate its tenuous grip on power. On Thursday, Ali Mohammed Gedi, the veterinarian who is now prime minister, appointed more than 30 new judges, including two women.

"Quite soon, the police stations in Mogadishu will be operational," Mr. Gedi said. "If a criminal is arrested, the police will have the access to put the criminal on trial."

Since Somalia's central government collapsed in 1991, the wheels of justice have rusted over, leaving few functioning police stations, jails or courts.

Mr. Gedi also pushed ahead with his disarmament plan, extending until Saturday a deadline for turning in guns and threatening house-to-house searches if the guns were not surrendered.

In Addis Ababa, the capital of Ethiopia, the president of Uganda, Yoweri Museveni, announced Thursday that Uganda was ready to volunteer a battalion of around 800 soldiers to serve as peacekeepers in Somalia. The African Union is trying to cobble together a peacekeeping force to take the place of Ethiopian troops and lend much-needed muscle to the transitional government.

The transitional government is still battling the last remnants of the Islamist forces, who have fled to a remote, heavily forested area in southern Somalia along the Kenyan border. Somali officials said that several hundred Islamist fighters were cornered, and that it was only a matter of days until the Islamist movement, which had ruled much of Somalia for the past six months until Ethiopian forces intervened, was finished for good.

Somalis Adapt Warily, Pragmatically To New Order In Capital (WP)

By Stephanie Mccrummen

The Washington Post, January 5, 2007

MOGADISHU, Somalia, Jan. 4 -- Among the first things Mohamed Abtidon did when the Islamic Courts movement came to town in June was to buy a fancy cellphone, a slim $360 Motorola. Streets once ruled by thieving, bribing warlords finally felt safe, he said, and he walked around chatting with abandon.

Since the Islamic movement was swept from power last week, men draped with AK-47s have appeared once again along the sandy lanes in his neighborhood, and with them a feeling of menace, to which Abtidon has adapted almost instinctively. He put the fancy phone away and is now using an old battered one that he keeps shoved deep in his pocket.

"I switched back to the one I used when the warlords were here," he said. "And I put it on vibrate, because I don't want to let them know I have a phone."

Mogadishu is a consummately unpredictable city, a place where trust in the future is gauged by the ups and downs of the local gun market. In the past 15 years, it has experienced the fall of a dictator, brutal civil war, the rise of a coalition of warlords and the warlords' overthrow by the Islamic Courts movement. Last week, all was undone again when the Islamic fighters were run out by Ethiopian troops backing a fragile, secular government that is now racing to establish itself before the old thuggish militias return.

For ordinary Somalis caught in the flux, day-to-day life has been driven less by ideological allegiance than sheer pragmatism and constant recalibrations.

"However things are going, we just adapt to it," said Mohamed Dere, who works for a telecommunications company in the city and is also an artist. "The reality is we need peace only, however we get it. With the Islamic Courts, the practical side was they gave us peace, so that was the wager."

Like many Somalis, he protected himself with a gun when the warlords were in power, stowed it away when the Islamic Courts took over and brought it out again when the new government pushed the Islamic side out. And like many, he was uncomfortable with the social restrictions the Islamic leaders imposed. For example, they had frowned upon, though did not police, secular music and dancing. But Dere said he feels far more oppressed at the moment by insecurity.

"We are hostages right now," he said. "We have no freedom."

In one way, people here said, Mogadishu was liberated by the Islamic Courts movement, which managed to rid the city of the militias and roadblocks that had functioned like a hundred Berlin Walls. Movement was so restricted that some residents had not seen friends and relatives in years, and children living only minutes from the crashing Indian Ocean had never laid eyes on the turquoise water.

So when the Islamic movement took power in June, Bile Dirie, 36, packed up his family in a Land Cruiser on a few glorious Fridays, drove the entire length of the city's coast and swam in the ocean. He moved out of his apartment in the Baraka

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neighborhood of Mogadishu, the only place he had felt safe under the warlords' rule, and followed his fancy to a more expansive area called Medina, where he got a bigger house for less money.

When the Courts movement was pushed out last week, however, he feared the return of the warlords' militias and went back to his old neighborhood, an area that appears to have been disassembled and reassembled dozens of times, with its stick-and-tarp markets and loosely hinged doors, spirals of barbed wire and tangled nests of phone lines. Only herds of goats seem to roam Mogadishu freely these days, wandering the sandy streets past trees and rusted hulls of tanks.

"I don't drive around now," Dirie said, sitting in his office. "The militias are still shy, but that's fading."

Mogadishu is a place where, quite literally, the center has not held. Since 1991 there has been no central government in the capital, whose approximate middle is a bombed-out spectacle of ruin -- crumbling Italian buildings, broken colonnades and 800-year-old mosques blasted to abstraction.

On Thursday, Prime Minister Ali Mohamed Gedi officially opened a district court near the seaside wasteland. Around noon, workers were hauling wooden benches into a whitewashed building and dusting off its tiled floors. The Islamic movement had rehabilitated the court, which is near the city's crumbling ruins, and kicked out most of the clerks, such as Duale Mohamed, who was among those taking up their posts again. He said that less desirable things were coming back, too.

While the Islamic Courts had imposed some discipline on electricity access and prices in his neighborhood, for instance, Duale said that prices were reverting to the whims of clan leaders who "can charge you whatever they like."

Gedi reiterated on Thursday that his top priority is disarmament, but the process has gone badly, with certain warlords wondering why they should trust a government they consider dominated by rival clans, and businessmen wondering who will protect them. Gedi said the government will start forcibly taking weapons Friday.

As that deadline approached, another layer of unease settled on an uneasy city. In one market, a money-changer said he was again hiring gunmen to escort him home from work. "Most people, they are afraid there will be no security," he said.

Besides getting rid of the flashy cellphone, Mohamed Abtidon has lately replaced his gold Rolex with a cheap plastic watch to avoid being mugged by the thugs Somalis call moryan. If he takes a taxi, he said, he takes an old rusty one instead of a newer car.

When the Islamic Courts were in control, Abtidon, 26, who consults for a relief group, dressed more conservatively, tucking in his shirt, wearing a nice belt and leather loafers. These days, though, "you have to dress like them," he said, referring to the moryan. So he wears his shirt untucked.

"And I have started wearing these shoes," he said, showing his old rubber sandals.

"When the Courts left, it has become a new life," he said, in a manner more grim than enthusiastic. "Now has come a problem bigger than not being able to watch a film. Now, you could lose your life."

Somalia's Chance (WP)

The Washington Post, January 5, 2007

AN UNEXPECTED turn of events in Somalia has given the Bush administration a rare opportunity to help stabilize a failed state that has been a harbor and breeding ground for al-Qaeda. In less than two weeks of fighting, troops from neighboring Ethiopia appear to have decimated the Islamic Courts movement, which had controlled most of the southern half of Somalia during the past six months. Foreign jihadists, including some al-Qaeda members, have fled the capital, while many of their Somali allies have melted back into the population. A U.N.-sanctioned transitional government has taken up residence in Mogadishu, marking the first time the country has had a recognized and unchallenged government since 1991.

The development has confounded -- at least temporarily -- the numerous Western "experts" who predicted that Ethiopia's intervention would trigger a regional war or an Iraq-style quagmire and who blamed the United States for tacitly supporting an attack on a Taliban-style regime. In fact, many Somalis seemed to welcome the end of the Islamic Courts' stringently fundamentalist rule. But no one -- least of all Western outsiders -- can predict how long the relative quiet will last. The remaining jihadists may be planning an insurgency; warlords driven out by the Islamists are said to have reappeared in Mogadishu. The transitional government, an unwieldy coalition of clan leaders, is weak, and troops sent by Ethiopia's predominately Christian government are unlikely to be tolerated long in Somalia, given longstanding animosity between the two countries.

Frequently slow or stumbling in its response to developments in Somalia, the administration appears to recognize the chance for an advance in the global war with al-Qaeda: Assistant Secretary of State Jendayi E. Frazer, who has conducted recent U.S. diplomacy, was in Ethiopia yesterday and is expected to chair an international contact group meeting today in Nairobi. U.S. and European policy is aimed at mobilizing a peacekeeping force, composed primarily of Africans, that could deploy in southern Somalia in place of Ethiopian troops and prop up the transitional government. That government would, in turn, be pushed to negotiate with Somali clans that supported the Islamic Courts.

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An immediate problem will be finding sufficient troops, funding their deployment and backing them up. Uganda has volunteered 1,000 soldiers, and Nigeria and South Africa expressed interest, but those commitments need to be firmed up and others secured. Western governments are reluctant to send their own troops to Somalia, given the disastrous end to a U.S.-led nation-building effort in the early 1990s. But the Bush administration, which by yesterday had not made any specific commitment to the mission, needs to be ready to quickly provide funding and logistical backing for an African force. If NATO airlift and supply assets can be mobilized, they should be. It may be that the prospect of stabilizing Somalia and eliminating it as a harbor for al-Qaeda will prove to be a mirage, but the administration must seize on the possibility that it is real.

Pentagon To Train A Sharper Eye On Africa (CSM)

By Richard Whittle

The Christian Science Monitor, January 5, 2007

WASHINGTON

Africa, long beset by war, famine, disease, and ethnic tensions, has generally taken a backseat in Pentagon planning - but US officials say that is about to change.

One of Donald Rumsfeld's last acts before Robert Gates replaced him last month as Defense secretary was to urge President Bush to let the Pentagon create a new Africa Command to pay more attention to the troubled continent. Mr. Bush is said to have agreed to the idea and is expected announce it early this year.

The creation of the new command will be more than an exercise in shuffling bureaucratic boxes, experts say. The US government's motives include countering Al Qaeda's known presence in Africa, safeguarding future oil supplies, and competing with China, which has been courting African governments in its own quest for petroleum, they suggest.

The expected new command "speaks to the fact that Africa now matters to the US government as it never has in the past," says Melvin Foote, chief executive officer of Constituency for Africa, a nonprofit group devoted to strengthening US relations with African governments.

The idea of an Africa Command has been discussed for years, but Mr. Foote says it has taken on new urgency in light of recent events.

· Islamists took over Somalia last June and ruled until this week, when Ethiopian troops drove them out of power.

· China hosted a conference of African presidents in Beijing last year - and made about $5 billion in deals to build infrastructure in Africa for oil. A source of oil

The US gets about 10 percent of its oil from Africa, notes Foote. Some experts say it may need to rely on the continent for as much as 25 percent by 2010. "With all the instability in the Middle East, there's some thought that we had better build partnerships in Africa," he says.

A senior Pentagon official, who requested anonymity because announcing the decision is the president's prerogative, said current events have less to do with the move than does Africa's instability. "Africa's a place with a lot of crises," this official says. Bush is "on record saying he doesn't want another genocide on his watch. This is a way of ensuring that there's a military command, a four-star, paying attention."

Currently, responsibility for Africa is divided among three of the Pentagon's five regional "unified commands," each headed by a four-star general or admiral who reports to the president.

The European Command, responsible for Europe and Russia, oversees US defense activities for most of continental Africa. The Central Command covers largely Arab northeast Africa as part of its oversight of the Middle East and sections of Central and Southwest Asia. The Pacific Command is responsible for Madagascar and the waters off southeast Africa. Need for a 'streamlined' strategy

Lt. Cmdr. Joe Carpenter, a Pentagon spokesman, says the division of labor "causes some difficulty in trying to ... execute a more streamlined and comprehensive strategy when it comes to Africa."

The Pentagon official who requested anonymity says the new command will exclude Egypt, a major player in Middle East politics. And Central Command will retain responsibility for the Horn of Africa for about 18 months while the Africa Command gets set up, the official says.

After the 9/11 attacks, the Pentagon created a Horn of Africa joint task force under Central Command that is headquartered in Djibouti, but the senior official said the Africa Command's headquarters will be in Stuttgart, Germany, where the European Command is based, for the time being.

The Horn of Africa task force includes about 1,500 troops whose mission is to detect and defeat transnational terrorism, primarily through offering military training and humanitarian aid to friendly governments. Those troops constitute the bulk of the US military presence in Africa.

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African countries won't see much difference in the US military presence on the ground under the new command, says Herman Cohen, assistant secretary of State for African affairs under the first President Bush. "They're already getting a lot of attention from the US military," he says. The Defense Intelligence Agency "has built up its offices throughout Africa in US embassies. Right after the cold war, they reduced a lot, but they've built back up."

The new Africa Command is "long overdue," says Susan Rice, assistant secretary of State for African affairs under President Bill Clinton. Sept. 11 "did what common sense should have done earlier, which is to elevate the understanding ... in the Pentagon of our strategic stake in Africa," she says. "Africa has the preponderance of the world's weak and failed states, and we ignore it at our peril."

No Breakthrough After Israel-Egypt Talks (AP)

By Salah Nasrawi And Steve Weizman

AP, January 5, 2007

A summit between the leaders of Israel and Egypt on Thursday fell short of its goal of igniting a new round of Mideast peace efforts, highlighting the significant disagreements between Israel and its Arab neighbors.

Speaking at a news conference after the meeting, Egypt's President Hosni Mubarak pushed Israel to hold talks with Syria and pursue peace with the Palestinians, despite the rise of the Islamic militant group Hamas. He also condemned an Israeli raid in the West Bank on Thursday that killed four Palestinian civilians and wounded 20 others.

Mubarak, a key mediator between the Palestinians and Israel, stressed that "Israel's and the region's security would be achieved only by serious endeavors toward peace."

Israeli Prime Minister Ehud Olmert apologized for civilian casualties in the raid, which began when undercover troops seized four fugitive Palestinians in a Ramallah vegetable market, sparking a ferocious gunbattle with militants.

"Things developed in a way that could not have been predicted in advance. If innocent people were hurt, this was not our intention," he said.

The summit came amid international calls for Israel and the Palestinians to make a renewed effort to end their dispute in the interest of stabilizing the Middle East, particularly Iraq. It also comes ahead of an expected Mideast visit by Secretary of State Condoleezza Rice this month.

Egypt is eager to broker peace between the Palestinians and Israel, and Mubarak on Thursday said he would welcome a meeting bringing together himself, Olmert, Palestinian President Mahmoud Abbas and Jordan's King Abdullah II.

"After the situation is crystalized, there is no objection for a quartet meeting," he said.

But significant obstacles are blocking a new peace process, including the continued captivity of an Israeli soldier seized by Hamas-linked militants in June. Egypt has been trying to broker a deal for Cpl. Gilad Shalit's release, and many in Israel were hoping for a breakthrough at the summit.

A Hamas official on Sunday claimed progress was made toward an agreement to exchange Shalit for some of the 9,100 Palestinians in Israeli prisons. A senior Hamas official in Syria, Moussa Abu Marzouk, said Thursday that his group was also ready to give Israel a video of Shalit if it agreed to release women prisoners and other detainees. He said in a phone interview that Shalit is alive.

Olmert thanked Mubarak for his efforts to secure Shalit's freedom, and said Israel was ready to meet with Abbas. However, he rejected having any dealings with Hamas, which controls the Palestinian Cabinet and calls for Israel's destruction.

"We are ready at any time to meet with Abu Mazen (Abbas) and have real negotiations and have an atmosphere for peace," Olmert said, adding that Abbas was a "partner for peace" and Hamas leader Khaled Mashaal was not.

Mubarak responded that not everyone in Egypt supported its peace agreement with Israel, but it did not stop Egypt from signing the treaty.

The Egyptian president hosted Abbas at a summit here on Dec. 27, four days after Olmert met with Abbas in a meeting intended to thaw relations between the sides. The Olmert-Mubarak meeting was expected to build on those earlier efforts, but did not appear to have achieved any major breakthroughs.

Mubarak expressed concern about the violence between Israel and the Palestinians and between rival Palestinian factions, but said they should not dampen peace efforts.

"We have to work with both sides, with the Palestinian side to reach a cease-fire among them. They must unite and solve their problems, and then we can see how to deal with the Israeli side so they can sit at the negotiating table and reach peace. It is a tough task but can't be skipped," he said.

Olmert said he expressed concerns to Mubarak about the ongoing smuggling of weapons and money from Egypt into the Gaza Strip. Israel and the West have imposed a financial embargo on the Hamas government, but top Hamas leaders have kept the government afloat by bringing suitcases stuffed with millions of dollars over the border.

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Mubarak said he was doing his best to stop weapons smuggling into Gaza, but said the cash-filled suitcases were not illegal as long as they were declared.

He also urged Israel to accept Syria's offers to restart peace talks that broke down seven years ago. Olmert has rejected the offers, citing Syria's support for Hamas and the Hezbollah guerrilla group in Lebanon.

Israeli Raid Overshadows Olmert's Talks With Mubarak (NYT)

By Steven Erlanger

The New York Times, January 5, 2007

JERUSALEM, Jan. 4 — Prime Minister Ehud Olmert met President Hosni Mubarak of Egypt on Thursday evening in an effort to give momentum to the Israeli-Palestinian peace negotiations. But the meeting was overshadowed by an Israeli raid in the West Bank in which four Palestinians were killed and 20 wounded.

Mr. Mubarak was clearly embarrassed by the timing of the raid, hours before the meeting of the two leaders in an Egyptian Red Sea resort town, Sharm el Sheik. He called it a hindrance to peace efforts and told Mr. Olmert that Egypt "rejects and is indignant at the military operation."

"Israel's security cannot be achieved through military force but by serious endeavors toward peace," Mr. Mubarak added at his news conference with Mr. Olmert.

Mr. Olmert said that he was sorry that innocent Palestinians were hurt, but that Israel would defend itself and was acting to arrest "terrorists who had killed Israelis."

He gave no explanation for the timing of the daylight raid, a vain attempt to arrest a wanted militant, which used unusual force in normally quiet Ramallah. He said Israeli troops returned fire, but did not initiate it. "Things developed in a way that could not have been predicted in advance," he said. "If innocent people were hurt, this was not our intention."

The Palestinian Authority president, Mahmoud Abbas, with whom Mr. Olmert met last week, condemned the raid, saying in a statement that it "proved that the Israeli calls for peace and security are fake." Palestinians have been calling for an extension of a Gaza truce with Israel to the West Bank.

"The continued aggression will only lead to the destruction of all efforts aimed at realizing peace," Mr. Abbas said.

Mr. Olmert and Mr. Mubarak said Egypt was continuing its efforts to secure the release of an Israeli corporal captured in June by militants, offering in exchange several hundred Palestinian prisoners held by Israel. There had been speculation that the two men might be able to announce more concrete progress on the matter, which is blocking more substantive discussions with Mr. Abbas.

Egyptian officials said that they were discussing another Olmert-Abbas meeting with Egyptian and Jordanian leaders present. Secretary of State Condoleezza Rice is to visit the region this month.

It was an unusual and emotional day for Mr. Olmert, during which he commemorated two legendary Israeli political figures, both of whom he succeeded in their jobs.

Earlier, in Jerusalem, he spoke at the state funeral for the city's fabled former mayor, Teddy Kollek, who died Tuesday at 95 and was buried in the area of the Mount Herzl cemetery reserved for Israel's leaders.

Mr. Olmert defeated Mr. Kollek to become Jerusalem's mayor in a bitter political fight in 1993. He said Israel's first leader, David Ben-Gurion, had declared Jerusalem to be Israel's capital in 1949, but "Teddy Kollek made it so."

Thursday also marked a year since Prime Minister Ariel Sharon suffered a second extensive stroke, which left him in a deep coma from which he is not expected to awaken. Mr. Olmert, Mr. Sharon's deputy, was chosen to lead the Kadima Party in his stead and became prime minister, and he acknowledged Mr. Sharon's tragedy at his news conference in Egypt.

In general, Mr. Olmert has been regarded as inferior to Mr. Sharon and Mr. Kollek. In the latest opinion poll, conducted by the Dahaf Institute and reported Thursday in the newspaper Yediot Aharanot, nearly 70 percent of Israelis polled said they disapproved of Mr. Olmert's performance as prime minister. Israelis are unhappy with the way he managed the summer's war against Hezbollah in southern Lebanon and do not much like his personality, contrasting him with the more stolid and experienced Mr. Sharon.

Still, Mr. Olmert has proved himself a skilled politician, and early on Thursday Parliament quietly passed his $68 billion budget, a crucial test of his government's ability to survive. The budget battle was always a great drama under Mr. Sharon, but Mr. Olmert, who has expanded his governing coalition to include parties ranging from Labor to the right-wing Israel Beiteinu Party of Avigdor Lieberman, had little difficulty.

Mr. Olmert's office is being rocked, though, by a new corruption scandal. He has not been touched by this scandal, though he has been under investigation for smaller cases of improper use of influence.

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But his longtime office director, Shula Zaken, has been put under house arrest and ordered not to contact Mr. Olmert as the police investigate whether she and the director of the Tax Authority, Jackie Matza, tried to help Ms. Zaken's brother and two other businesspeople through the appointment of cronies to key jobs in return for tax breaks.

About 30 people are under some form of detention in the spreading scandal.

The operation in Ramallah by Israeli forces, with armored vehicles, bulldozers and helicopter support, was carried out hours before Mr. Olmert met with Mr. Mubarak.

Palestinians and news reports said the operation was to arrest Rabiah Hamad of Fatah, a senior member of Al Aksa Martyrs Brigades. The army would not confirm that Mr. Hamad was the target, but said the man it wanted was armed and was wounded, but escaped. The army arrested four other wanted Palestinians, a spokesman said.

It was a rare incursion into the heart of Ramallah, and it prompted an angry response. Youths on rooftops threw stones, metal trash barrels, a refrigerator and blocks of concrete at the Israeli Army vehicles. There were mortars fired at the Israeli soldiers, and an exchange of gunfire.

Palestinian medics said four men — Yussef Abdel Khader, 23; Khalil al-Badawi, 20; Jamal Jawela, 29; and Ala al-Himran, in his 20s — died at a Ramallah hospital from gunshot wounds.

In Gaza there was continuing violence, with three more men killed in fighting between Fatah and Hamas. The fighting centered around the Jabaliya refugee camp in northern Gaza after gunmen surrounded the houses of known political or security figures.

In Beit Lahiya, a senior Fatah commander, Col. Muhammad Gharib, was killed and his wife severely wounded when Hamas militants attacked his home with rifle fire and rocket-propelled grenades. Two of his bodyguards were also killed. About 25 others were wounded in Jabaliya, and local radio was filled with appeals to the gunmen to restore calm.

On Wednesday five Palestinians, including a woman who was a passer-by, were killed and 12 wounded in Fatah-Hamas gun battles, which broke a weeklong lull. Other militant factions arranged a truce overnight and kidnapped members of Hamas and Fatah were released by the other sides, but the truce broke down on Thursday.

The Palestinian prime minister, Ismail Haniya, returned to Gaza on Thursday from hajj, his pilgrimage to Mecca, Saudi Arabia. His entourage underwent a special inspection in El Arish, Egypt, to ensure that he was not carrying large amounts of cash back to Gaza, which has been deprived of most Western aid since Hamas won parliamentary elections last January.

[Early Friday, Mr. Haniya said he and Mr. Abbas had agreed at emergency talks to keep gunmen from their parties off Gaza's streets.]

For the fourth day there was no word about a kidnapped Peruvian photographer for Agence France-Presse, Jaime Rázuri, 50, who is said by colleagues to be lacking a required heart medication.

Palestinian security services have warned foreign journalists to keep out of Gaza for now, because of the kidnappings and chaos.

A leader of the Palestinian People's Party, Bassam al-Salhi, said the security chaos could be resolved only with political agreement. "The weakness of the Palestinian political system and the situation of the current Hamas-led government have contributed to this state of lawlessness," he said.

Israeli Arrest Raid In West Bank Kills 4 Palestinians (WP)

By Scott Wilson

The Washington Post, January 5, 2007

JERUSALEM, Jan. 4 -- Israeli troops pushed into Ramallah on Thursday in a rare daylight arrest operation, killing four Palestinians and wounding more than 20 others during heavy fighting in the city's streets. In the Gaza Strip, factional violence between the Hamas and Fatah movements left at least six people dead.

The Ramallah raid, the largest in the West Bank city in nearly two years, occurred as Israeli Prime Minister Ehud Olmert and Egyptian President Hosni Mubarak met at a Sinai resort to discuss ways to reduce the factional tensions and revive the dormant Israeli-Palestinian peace process.

In a written statement after the operation, which took place blocks from his official compound, Palestinian Authority President Mahmoud Abbas said it showed that "Israeli calls for peace and security are fake."

"The continued aggression will only lead to the destruction of all efforts aimed at realizing peace," Abbas said, calling on foreign governments to pressure Israel to stop such operations.

In recent weeks, Olmert has pledged to strengthen the political standing of Abbas, a relative moderate and a leader of Fatah, as he confronts the radical Islamic movement Hamas, which has day-to-day control of the Palestinian government.

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Hamas has rejected Abbas's calls to recognize Israel and renounce violence in return for a resumption of foreign aid, which was cut off following its election victory almost a year ago. Abbas's announcement last month that he intends to call early general elections to resolve the crisis has brought a fresh surge of partisan fighting.

In meeting with Abbas less than two weeks ago, Olmert promised to release $100 million in frozen tax revenue that Israel collects on the Palestinians' behalf and to lift a number of military checkpoints in the West Bank. The gestures were meant to be a vote of confidence in Abbas, but Israeli and Palestinian officials say neither pledge has been fulfilled.

The Ramallah operation occurred in a busy commercial district festooned with Christmas lights and left behind damaged cars and streets strewn with stones and debris. Such operations are commonly carried out at night, but Israeli forces moved into a downtown building in the late afternoon.

Soldiers found the man they intended to arrest armed with a handgun, military officials said, and fired on him as he fled. Israeli officials declined to identify the man because he was still at large, having escaped into streets that filled quickly with demonstrators.

But Palestinian witnesses identified the target as Rabiah Hamad, a leader of the al-Aqsa Martyrs Brigades, Fatah's armed wing. He was later treated for wounds in a Ramallah hospital.

Israeli military officials said the forces came under heavy fire during the operation. The troops arrested four gunmen, who Palestinian witnesses said also belonged to the al-Aqsa Martyrs Brigades.

Palestinian witnesses and hospital officials said at least three of the men killed were civilians. The status of the fourth remained unclear.

"I am sorry if innocent people were hurt today in Ramallah," Olmert said at a news conference with Mubarak, who moments earlier had expressed his "dissatisfaction" with the raid. Olmert added: "One should remember that Israel has to operate against terrorists who operate against innocent Israelis. The operation today was to arrest a wanted man who hurt Israelis."

A second day of partisan fighting in Gaza began when a car carrying members of the Executive Force, a Palestinian security service controlled by the Hamas-run Interior Ministry, came under fire in the city of Beit Lahiya. One Hamas member died in the ambush, and two others were badly wounded.

After nightfall, the Executive Force surrounded the Beit Lahiya home of a senior officer of the Preventive Security Service, a Fatah-controlled branch. The gunmen said the house had been used in the earlier ambush.

Shots rang out as the Executive Force took up positions, and protesters arrived to prevent an attack on the house.

Soon after, the Executive Force opened fire on the house with rifles and rocket-propelled grenades. Fatah officials said the officer, Col. Mohammed Ghrayeb, was killed in the shooting.

The Associated Press reported later that, in addition to Ghrayeb, four of his guards and a Hamas gunman were killed in the confrontation and about three dozen people, including eight children, were wounded.

10 Palestinians Killed In Raid, Clashes (AP)

By Karin Laub

AP, January 5, 2007

Israeli undercover troops burst into a West Bank vegetable market Thursday, seizing four fugitives and exchanging heavy fire with Palestinians in the first major raid since the Israeli and Palestinian leaders agreed to try to ease tensions.

Factional fighting among Palestinian groups also surged, leaving at least six dead and prompting a meeting early Friday between rival leaders — President Mahmoud Abbas of Fatah and Prime Minister Ismail Haniyeh of Hamas. Haniyeh said the two sides agreed to pull back their forces.

The agreement came hours after six Palestinians, including a senior security officer, were killed and more than a dozen wounded in fighting in Gaza between gunmen loyal to Hamas and those allied with Fatah.

In the Ramallah raid, four Palestinians, all civilians, were killed and 20 wounded. Abbas said in a harshly worded statement that Israel's peace promises rang hollow in light of the raid and demanded $5 million in compensation for the damage to shops and cars in Ramallah.

Israeli Prime Minister Ehud Olmert, who met with Egyptian President Hosni Mubarak just after the Ramallah raid, apologized for any civilian casualties, but said the operation was intended to protect Israel from terrorist attacks.

"Things developed in a way that could not have been predicted in advance. If innocent people were hurt, this was not our intention," he said.

The summit had been intended to push for new Israeli-Palestinian peace efforts, but was overshadowed by the violence.

Standing next to Olmert in the Red Sea resort of Sharm El-Sheik, Mubarak condemned the raid in Ramallah. "Israel's security cannot be achieved through military force but by serious endeavors toward peace," he said.

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In Washington, a senior European Union diplomat said Secretary of State Condoleezza Rice will travel to the Middle East this month to try to promote peacemaking.

"We will try to see how we can give a push to the peace process," said Javier Solana, who met with Rice on Thursday.

The Israeli raid, which turned downtown Ramallah into a battlefield with dozens of cars smashed and vegetable carts overturned, further undercut Abbas at a time when he is locked in an increasingly violent power struggle with the Islamic militant Hamas.

Abbas said Israel's assurances that it is striving for peace and security cannot be believed. "The continued aggression will only lead to the destruction of all efforts aimed at realizing peace," his statement said.

In the northern Gaza Strip, a senior Palestinian security officer allied with Fatah was killed when Hamas militants laid siege to his house, engaging in a protracted gunbattle with his guards and then attacking it with grenades and a dozen rockets, Palestinian officials and witnesses said.

The officer, Col. Mohammed Ghayeb, was the chief of the Preventive Security Service in northern Gaza, and his death was expected to trigger revenge attacks.

Moments before his death, Ghayeb was on the telephone to Palestine TV appealing for help as his house in Beit Lahiya came under attack. "They are killers," he said of the Hamas gunmen. "They are targeting the house, children are dying, they are bleeding. For God's sake, send an ambulance, we want an ambulance, somebody move."

The battle outside the house raged for much of the day and killed four of Ghayeb's guards and a Hamas gunman. About three dozen people, including eight children, were wounded.

Hours later, Abbas of Fatah and Haniyeh of Hamas met in Gaza and agreed to work to defuse the tensions and recall their gunmen, Haniyeh told reporters. "We are going to end all armed displays in the streets," he said. Abbas had no comment.

It wasn't immediately clear if the truce, the latest of several, would hold.

During the standoff outside Ghayeb's home, dozens of women rushed into the streets in protest, chanting "Spare the bullets, shame, shame."

One resident, Amina Abu Saher, told Al Quds radio that it was difficult for her to see Palestinians battle each other and she and the other women were determined to stop the internal fighting.

The factional fighting is a result of the political deadlock between Hamas, which controls the Cabinet, and Abbas, who was elected separately and wields considerable power. Talks on power-sharing between Hamas and Fatah have failed, and truce attempts have repeatedly collapsed.

In several places in the West Bank late Thursday, Fatah militants attacked Hamas offices and vehicles. One Hamas activist was wounded, Palestinian security officials said.

The Israeli army raid in Ramallah took the Palestinians by surprise.

It began when troops tried to arrest fugitives from the Al Aqsa Martyrs' Brigades, a violent Fatah offshoot, in the vegetable market. A gunbattle erupted, and Israeli forces sent reinforcements, including armored personnel carriers, bulldozers, jeeps and an attack helicopter.

For about two hours, a heavy battle raged, sending residents scrambling for cover. Bursts of gunfire, loud booms and ambulance sirens could be heard across Ramallah. At one point, a helicopter fired large-caliber bullets.

The apparent target of the raid, Rabih Hamed, was seriously injured. A photographer for the local news agency Maan was critically wounded by a gunshot to the head.

Meanwhile, Israeli TV and Channel 2 television reported that Olmert had decided to remove his defense minister, Amir Peretz, citing sources in the prime minister's office. Olmert's office, however, denied the reports.

Peretz, who has a limited security background has come under fire, along with Olmert, because of the inconclusive results of last summer's war with Hezbollah guerrillas in Lebanon.

Treasury Steps Up Pressure On Syria (AP)

By Jeannine Aversa

AP, January 5, 2007

The Bush administration, intensifying pressure on Damascus, moved Thursday to financially clamp down on three Syrian institutions suspected of helping spread weapons of mass destruction.

The Treasury Department's action means that any bank accounts or financial assets belonging to the three entities found in the United States would be frozen. Americans also are prohibited from doing business with them.

The three entities targeted are the Higher Institute of Applied Science and Technology, the Electronics Institute and the National Standards and Calibration Laboratory.

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"Syria is using official government organizations to develop nonconventional weapons and the missiles to deliver them," Stuart Levey, Treasury's under secretary for terrorism and financial intelligence, said in explaining the United States' action.

The department has the power to take the financial-blocking action under an executive order issued by President Bush in June 2005.

The three entities acted against Thursday are "subordinates" of the Scientific Studies and Research Center, the Syrian government agency responsible for developing and producing non-conventional weapons and the missiles to deliver them, the department said.

The government ordered U.S. banks to freeze the center's assets in 2005. The Treasury Department said that although the center promotes its civilian research function, its "activities focus substantively on the development of biological and chemical weapons."

The department alleged that the Electronics Institute is responsible for missile-related research and development. It described the Higher Institute of Applied Science and Technology as educational institution that provides training to engineers of the Scientific Studies and Research Center. The government didn't provide details on the National Standards and Calibration Laboratory but said that South Korea and Japan have identified the lab as a "proliferation concern."

The United States' relationship with Damascus has been strained for several years.

Last month, the bipartisan Iraq Study Group urged the Bush administration to have serious talks with Syria and with Iran as part of a new Iraq strategy. But the U.S. has been reluctance to seek help from Syria on Iraq until the Syrians curb their support to radical Palestinian groups and to the Lebanese Hezbollah.

Bush Looking At Global Warming Ideas (AP)

By Ben Feller

AP, January 5, 2007

President Bush and German Chancellor Angela Merkel pledged closer cooperation on combatting global warming and in trying to prod a Middle East peace on Thursday, brushing aside lingering differences between the two countries.

Bush said at a joint White House news conference that he was open to new ideas to confront climate change, although he stopped short of some of the tight environmental standards favored by Germany and other European nations.

"We talked about climate change, and I assured the chancellor I'm committed to promoting new technologies that will promote energy efficiency and do a better job protecting the environment," Bush said. "I believe there is a chance now to put behind us the old stale debates of the past."

It was a reference to past differences between Bush and European allies on the Kyoto accords, an international agreement to reduce pollution that causes global warming. It has not been ratified by the United States.

For her part, Merkel said, "I was delighted to hear that there is a readiness there."

"We will continue to have our experts work on it," she added. "On the one hand, we obviously need economic growth, but on the other hand, a reduction, also of greenhouse gases."

Bush praised Merkel for her efforts to put the so-called quartet_ the United States, the European Union, Russia and the United Nations — at the center of a revived Israeli-Palestinian peace effort.

"Madame Chancellor had a good idea to convene the quartet," Bush said. He said that Secretary of State Condoleezza Rice would soon be going to the region to try to revive the process.

"We're strongly committed to a two-state solution. Two democracies supporting each other's rights to exist," Bush said. He said, however, that he was unwilling to expand the quartet.

The two leaders conferred on issues ranging from war and energy problems to the economy, trade and dealing with the conflict in Sudan's Darfur region.

Merkel's visit came just days after Germany assumed the presidency of the 27-nation European Union and the Group of Eight major industrialized democracies.

With British Prime Minister Tony Blair expected to step down this year, Merkel is emerging as Bush's top ally in Europe.

Being seen to have friendly relations with Bush carries some risks for Merkel, given the president's unpopularity in Europe. But she minimizes them by publicly raising points of difference such as her stance that the prison camp at Guantanamo should be shut down — although she did not raise the issue, at least publicly, on Thursday.

Bush and Merkel barbecued a wild boar together when Bush visited her home parliamentary district last July.

"Laura and I are looking forward to feeding you dinner. I'm not so sure it's going to be as good a dinner as the barbecue you fed us," Bush said.

He also made a lighthearted reference to an impromptu back rub that he gave Merkel at an international forum last year. His rubbing of the back of her neck and shoulders was captured on camera, as was her look of surprise and a grimace.

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As the two ended Thursday's news conference and headed for dinner, Bush said softly, "No backrub."

Bush Makes Light Of Earlier Gaffe (AP)

AP, January 5, 2007

President Bush has adopted a hands-off policy with German Chancellor Angela Merkel.

"No back rubs," a smiling Bush declared Thursday while posing for photos with Merkel at the White House. She seemed to agree.

Bush was making light of his own gaffe at a summit of G-8 industrial nations last year. At the time, he gave an impromptu rub of Merkel's neck and shoulders. The chancellor hunched her shoulders in surprise, threw her arms up and grimaced, though she appeared to smile as Bush walked away.

A quick video image of the touchy moment quickly became one of the most popular clips on the Internet.

Bush made the joking reference to it after a private meeting and a short news conference with Merkel.

New Mexico Governor Heads To Sudan On Diplomatic Mission (AP)

AP, January 5, 2007

WASHINGTON (AP)--New Mexico Gov. Bill Richardson said Thursday he is heading to Sudan on a diplomatic trip that would add to his extensive international experience as he prepares to announce whether he will run for president.

Richardson will try to meet with Sudanese officials and persuade them to accept a peacekeeping force in the war-torn Darfur region, according to a statement from his office.

He is to arrive Sunday after traveling overnight and plans to travel to Darfur.

Sudan's president, Omar al-Bashir, has rejected a U.N. Security Council resolution that provides for bolstering the poorly funded and equipped 7,000-troop African Union force to about 22,000 peacekeepers under U.N. leadership. The nonprofit Save Darfur Coalition requested Richardson's help because of his long relationship with Bashir and is paying for the trip.

Richardson, a Democrat who was U.N. ambassador and energy secretary in the Clinton administration, would have one of the most impressive foreign policy resumes if he decides to run for president.

As a member of Congress in the 1980s and 1990s, Richardson was a special envoy on several international missions and won the release of Americans held in North Korea, Iraq, Cuba and Sudan.

Since being elected governor in 2002, Richardson has not stopped his international work. He has traveled repeatedly to North Korea, meeting last month with North Korean officials in Santa Fe, N.M., to discuss the communist country's nuclear future.

In September, he traveled to Sudan and successfully negotiated with Bashir for the release of a captured U.S. journalist who had been held for more than a month on espionage charges.

For nearly four years, Sudanese troops and the Arab janjaweed have been fighting Darfur's ethnic African rebels, who revolted against what they saw as decades of neglect and discrimination by the Khartoum government.

U.N. and African Union officials have accused the government of arming the janjaweed and coordinating attacks with them - a charge Khartoum denies. More than 200,000 people have been killed and 2.5 million driven from their homes.

Richardson also will push for a cease-fire, his office said.

Richardson coordinated his trip with Andrew Natsios, the Bush administration's special envoy to Sudan, according to the governor's office. Natsios did not respond to an interview request sent to the State Department.

Police Uncover Explosives In Spain's Basque Region (WP/AP)

By Mar Roman

The Washington Post, January 5, 2007

MADRID, Jan. 4 -- Police found a large explosive device in the Basque region Thursday, five days after a car bombing in Madrid that was blamed on the separatist group ETA shattered a nine-month cease-fire.

The discovery came as Prime Minister JosÃ© Luis RodrÃ-guez Zapatero visited the wreckage of Saturday's car bombing and vowed that Spain would not be intimidated. The blast in the parking lot of Madrid's international airport killed one man, left another missing and feared dead and wounded at least 26 people.

"It will achieve nothing. It is not going to intimidate anyone," Zapatero told reporters.

Outside the Basque town of Amorebieta, nearly 220 pounds of explosives were found in a drum near an abandoned car, and they had been rigged to be used in an attack, Basque police said. Bomb disposal experts removed the device from the site to dismantle it.

Zapatero said Saturday's attack made him more determined to end ETA's nearly four-decade-long campaign of violence, aimed at achieving an independent Basque homeland. But he announced no new strategy or even a hint of his next move.

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The attack was a political setback for Zapatero, who made ETA's dissolution a centerpiece of his political agenda. When he announced in June that he would negotiate with the group, he infuriated conservatives who opposed talks with what they consider an active terrorist organization.

The blast killed a 35-year-old Ecuadoran immigrant. Rescuers were still looking for the missing man, also Ecuadoran, but held out little hope of finding him alive. The death marked the first fatality in an attack blamed on ETA in more than three years.

In a rare gesture Thursday, the outlawed group Batasuna, widely seen as ETA's political wing, expressed its "deepest sorrow" for the death of the Ecuadoran immigrant.

The blast shattered a cease-fire that ETA declared in March and said was permanent. Zapatero's government canceled plans for negotiating a settlement with Europe's last armed political militancy.

ETA and its political supporters have complained in recent months that the peace process was faltering because the government refused to make preliminary concessions. Those included moving ETA prisoners from jails across Spain to the Basque region and halting police arrests and trials of ETA suspects and pro-independence politicians.

DOJ_NMG_0112819

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, January 05, 2007 8:03 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, January 05, 2007
Attachments:	agnb070105.pdf; agnb070105.doc

This morning's Attorney General's News Briefing is attached.

Website: You can also read today's briefing, including searchable archive of past editions, at http://www.BulletinNews.com/justice.

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Interactive Table of Contents: Clicking a page number on the table of contents page will take you directly to that story.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 5, 2007 7:45 AM EST

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TERRORISM NEWS:

White House Defends Assertion Of Power To Inspect Mail. In a story that reverberated through the media and among privacy advocates yesterday, the New York Daily News (1/4, Meek, 729K) reported President Bush "has quietly claimed sweeping new powers to open Americans' mail without a judge's warrant, the Daily News has learned." Bush "asserted his new authority when he signed a postal reform bill into law on Dec. 20" by issuing "a 'signing statement' that declared his right to open people's mail under emergency conditions. That claim is contrary to existing law and contradicted the bill he had just signed, say experts who have reviewed it." The signing came "during the winter congressional recess and a year after his secret domestic electronic eavesdropping program was first revealed. It caught Capitol Hill by surprise."

On his Fox News Your World (1/4) show, host Neil Cavuto said, "The New York Daily News jumping ugly all over President Bush, this time for declaring the right to open American's mail under emergency conditions, even though the headline does make it seem like he wants to just read your mail willy-nilly." He then asked House Subcommittee on Investigations Chairman Bart Stupak, "It's not really open season on people's mail, is it?" Stupak: "No, it's not. But even if the President says he has the right to open it in an emergency, I still feel that's contrary to the law and to our Constitution."

ABC World News (1/4, story 8, 0:20, Gibson, 8.78M) reported, "The Bush Administration, which has already taken heat over warrantless wiretaps, is now asserting its power to search mail. It was revealed today, the President signed a statement saying the law will be interpreted to allow the searchers to the maximum extent possible. Civil liberties groups are demanding to know whether mail is already being opened."

The White House countered by saying the signing statement was simply a reiteration of existing law. NBC Nightly News (1/4, story 8, 2:05, P. Williams, 9.87M) reported, "In signing the postal bill just before Christmas, President Bush said Federal law gives government authority to open the law for foreign intelligence collection. White House spokesman Tony Snow said that is nothing new." Tony Snow, White House Press Secretary: "The signing statement indicates what present laws allow in making it clear what the provisions are." P. Williams: "But members of Congress, Republicans and Democrats say that is not what they intended the law to do. They call it another example of a President claiming new legal authority while signing a bill into law." Sen. Susan Collins: "I was really surprised. There was nothing in the Postal Reform Bill that in any way diminished or changed the privacy protection for domestic sealed mail."

USA Today (1/5, Hall, Jackson, 2.27M) reports the White House "on Thursday defended a policy allowing the government to open mail without a warrant, despite criticism that the crime-fighting tactic might lead to privacy breaches." Bush Administration and Postal Service officials "said citizens' mail remains constitutionally protected from unreasonable search and seizure. But White House spokesman Tony Snow said the United States needs to have the power to inspect mail in emergencies." The "mail controversy erupted Wednesday after a report in the New York Daily News that President Bush on Dec. 20 attached a so-called signing statement to a new postal law. The statement grants the government the authority during emergencies to bypass a law forbidding mail to be opened without a warrant."

The New York Times (1/5, Lichtblau, 1.16M) reports the White House "said Thursday that President Bush was not claiming any new executive authority last month when he issued a statement suggesting that postal inspectors could open mail without a warrant in emergency circumstances." White House spokesman Tony Snow said "the statement Mr. Bush issued in signing postal legislation was merely a restatement of existing law allowing mail to be opened without a warrant in 'exigent circumstances' to protect public safety." Snow "said Mr. Bush had not claimed any 'sweeping new powers' through the statement, as The Daily News article asserted, and the Postal Service issued a statement Thursday echoing that assessment."

The Washington Post (1/5, A3, Eggen, 690K) reports the "little-noticed statement last month asserting the authority to open U.S. mail without judicial warrants in emergencies or foreign intelligence cases" prompted "warnings yesterday from Democrats and privacy advocates that the administration is attempting to circumvent legal restrictions on its powers." White House and US Postal Service "officials said the statement was not intended to expand the powers of

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the executive branch but merely to clarify existing ones for extreme cases." White House spokesman Tony Snow said, "This is not a change in law, this is not new, it is not…a sweeping new power by the president. It is, in fact, merely a statement of present law and present authorities granted to the president of the United States." The Post adds, "Some civil liberties and national-security law experts said the statement's language is unduly vague and appears to go beyond long-recognized limits on the ability of the government to open letters and other U.S. mail without approval from a judge."

CBS News (1/5) reports, "The law as passed by the House and Senate requires government agents to get warrants to open first-class letters. … But the presidential statement, signed on December 20, added that sealed mail can be searched in 'exigent circumstances, such as to protect human life and safety against hazardous materials, and the need for physical searches specifically authorized by law for foreign intelligence.' … The White House said the president is not claiming any new authority and that the statement does not change the scope of current law. … Spokeswoman Emily Lawrimore told CBS News White House correspondent Mark Knoller, 'The signing statement merely recognizes a legal proposition that is totally uncontroversial: that in certain circumstances … the Constitution does not require warrants for reasonable searches.' … But CBS News legal analyst Andrew Cohen questioned why the president felt it necessary to attach the language to the bill if nothing has changed. … 'I don't think the White House would have included this language into a signing statement unless the feds were either already searching mail without a warrant or planning to do so,' Cohen said. 'And if the legal right to do so were as clear as the White House now says it's hard to believe that there was a need to remind everyone of the fact in a bill about the postal service.'"

Gonzales To Be Questioned On Interrogation Tactics. CNN The Situation Room (1/4, 7:30 p.m.) broadcasted the news of new Senate Judiciary Committee Chairman Patrick Leahy's efforts to investigate the Justice Department over interrogation tactics, "The House and Senate judiciary committees are going to pounce all over Attorney General Alberto Gonzales with questions about how he is protecting or not protecting basic civil liberties in the country."

Qatari National Wants Court Review Of "Enemy Combatant" Label. In an approximately 2,400 word story, the New York Times (1/5, Liptak, 1.16M) reports on the plight of Ali al-Marri, "whom the government calls a sleeper agent for Al Qaeda and who is the only person on the American mainland still held as an enemy combatant." Al-Marri, arrested in 2001, "spends his days in a small cell in solitary confinement at the Navy brig in Charleston, S.C." Al-Marri "waits for word from a federal appeals court, which will soon rule on one of the most urgent questions in American law, one his case presents in stark form: May the government indefinitely detain a foreigner living legally in the United States, without charges and without access to the courts?" Marri, a citizen of Qatar, "wants the right to challenge President Bush's assertion that he is a terrorist and 'a grave danger to the national security of the United States.'"

Defense Rests At Chicago Hamas Trial. The AP (1/5, Robinson) reports, "Attorneys for one of two men accused of furnishing thousands of dollars and fresh recruits to a Palestinian terrorist network rested their case Thursday following testimony from an expert on torture." The AP continues, "Closing arguments were set for Monday at the racketeering trial of former Chicago grocer Muhammad Salah, 53, and Abdelhaleem Ashqar, 48, a former assistant professor of business at Washington's Howard University. … Federal prosecutors say the two men were members of the Palestinian militant group Hamas and helped to bankroll a wave of terror that included bombings, kidnappings and murder aimed at toppling the Israeli government. … 'Ladies and gentlemen, we are done with the evidentiary portion of this case,' U.S. District Judge Amy J. St. Eve, who has presided over the 10-week trial, told the jurors before sending them home for the weekend." The AP adds, "Attorney William Moffitt, who represents Ashqar, rested his case weeks ago. Salah attorney Michael E. Deutsch rested Thursday following testimony from a psychiatrist and torture expert, Dr. Metin Basoglu. … Basoglu, an authority on the psychological mechanisms created by torture, testified over a live video feed from Istanbul where he lives. … Basoglu said a slipped disc in his back kept him from traveling. … Salah's attorneys are hoping Basoglu's testimony will reinforce Salah's claim that after his January 1993 arrest he was tortured by Israel's Shin Bet security agents into making incriminating statements."

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New York Grocer Admits Misleading FBI In Suicide Bomber Probe. The Rochester Democrat & Chronicle (1/5, Zeigler) reports, "A Rochester grocer admitted today that he misled FBI agents about his brother's declared intent to travel to Israel and become a suicide bomber." Mohamed Subeh "pleaded guilty in U.S. District Court to concealing a material fact from investigators when he destroyed a letter in which his brother said he wanted to become a suicide bomber, then denied ever seeing the letter." Defense lawyer John Parrinello said that "Subeh was worried that his brother would jeopardize his U.S. immigration status by leaving but knew his brother was 'just blowing off steam' when he claimed in the letter that he intended to be a suicide bomber." The Democrat & Chronicle notes that Subeh's brother, Ismail Dorgham, "drew the attention of law-enforcement officials on May 22, 2003, when he went to Greater Rochester International Airport with no luggage and paid cash for a one-way connecting flight to Jordan. In a search of Dorgham's wallet, an FBI counterterrorism agent found a newspaper article about a 2002 suicide bombing in Jerusalem that killed 10 Israelis. Dorgham told the agent that the bomber was his cousin." The AP (1/5) also posts a truncated version of the Democrat & Chronicle story on Subeh's plea.

HOMELAND RESPONSE:

Siraj Faces Sentencing Monday For NYC Subway Bombing Plot. The AP (1/5, Hays) reports, "Shahawar Matin Siraj was either a naive stooge lured into a phony bomb plot or a homegrown terrorist determined to inflict misery on New Yorkers as revenge for wartime abuses of Iraqis. The conflicting portraits of Siraj — convicted on conspiracy charges in a scheme to blow up one of the city's busiest subway stations — were painted in court papers recently filed in advance of his sentencing on Monday in federal court in Brooklyn. Defense attorneys have sought to convince a judge that their client's sentence should not exceed 10 years since the attack never came close to being carried out." However, "prosecutors countered that the Pakistani immigrant deserves at least 30 years — and possibly life — behind bars as the 'driving force' behind a 'workable terrorist plot' to set off explosives at the subway station of Herald Square."

Alleged Illinois Mall Bomb Plotter Indicted On WMD Charges. In a widely-distributed story, the AP (1/5) reports, "A man accused of plotting to use hand grenades in an attack on holiday shoppers was indicted Thursday on charges of attempting to use weapons of mass destruction." Derrick Shareef "was arrested Dec. 6 by an FBI-led anti-terrorism task force following a sting operation in which an undercover informant secretly tape-recorded his plans." Shareef "met an undercover agent to trade a pair of stereo speakers for four hand grenades and a handgun to use at the CherryVale shopping mall in Rockford…federal prosecutors said." The Rockford Register Star (1/5) also briefly reports on the indictment.

Democrats Unveil Homeland Security Bill. The AP (1/5, Miller) reports that shortly after they assumed control of Congress, House Democrats "disclosed a plan they said would strengthen homeland security after five years of complaining that Republicans weren't doing enough." Democrats said their bill "would implement the unfinished 9/11 Commission recommendations that fall under the Homeland Security Committee's jurisdiction." The bill would "require private companies to prepare for terrorism and the government would have to inspect cargo on passenger planes and shipping containers leaving the largest ports." Airport screeners "would be given whistle-blower protection, money would be set aside to develop technology for detecting explosives at checkpoints and an appeals process would be established for airline passengers mistaken for terrorists on watch lists."

Four Cities Added To Homeland Security Grant List As Four Are Removed. The AP (1/5, Barrett) reports, "Four U.S. cities will get a fresh infusion of federal anti-terror grant money, and four others will be cut off from such grants, under a new government list of urban areas considered at serious risk of attacks and eligible to share $747 million." The list "shows the four newly eligible cities are El Paso, Texas; Norfolk, Va.; Providence, R.I.; and Tucson, Ariz. The cities that were cut from the list of 45 metropolitan areas are Toledo, Ohio; Baton Rouge, La.; Louisville, Ky.; and Omaha, Neb." The Homeland Security Department has "come under intense scrutiny for its decisions in the Urban Area Security Initiative, or UASI, which is the only pool of federal money designed to go to localities based solely on their risk of terror attacks."

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Hayden Briefs CIA Employees On Agency Strategy. The Washington Times (1/5, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "CIA Director Michael V. Hayden spoke to CIA employees yesterday for a town-hall-style meeting where he revealed the agency's new 'Strategic Intent' report and outlined some of the reforms taken. They include setting up a new operations center with representatives from the collection, analysis and technical services branches." The report "lists the long war on terrorism, arms proliferation and the rise of China and India as part of the current 'unstable and dangerous 'strategic environment." One "initiative: the creation of a CIA associate deputy director for counterintelligence that supporters hope will give the agency something it badly needs in the current environment of aggressive foreign intelligence activities."

WAR NEWS:

Bush Iraq Strategy To Include Large Aid Boost, 20,000 Troop "Surge." The Wall Street Journal (1/5, A1, Dreazen, Jaffe, 2.04M) reports, "The Bush administration's new strategy for Iraq, which the president is set to announce next week, will include a big boost in spending to fund reconstruction, economic growth and job creation, as part of a broader effort to help embattled Iraqi Prime Minister Nouri al-Maliki. People familiar with the matter say that Mr. Bush will detail his request for billions of dollars in new aid for Iraq next week in an eagerly awaited speech on his strategy to contain sectarian violence there and clear the way for an eventual US military withdrawal." Bush "will also call for the deployment of as many as 20,000 additional American combat troops to Iraq as part of a controversial 'surge' designed to stabilize Baghdad and other violent regions of the country." The Journal adds, "The administration's emerging Iraq strategy, which it is calling 'The New Way Forward,' will also include an effort to funnel US money to moderate Iraqi political parties as a means of building a centrist political coalition to support Mr. Maliki, according to people familiar with the matter."

The Washington Times (1/5, Curl, 88K) reports Bush "spoke with Iraqi Prime Minister Nouri al-Maliki for nearly two hours yesterday," saying he had been gauging al-Maliki's will to protect the Iraqi people, and that "he was 'in the process of making up my final decision as to what to recommend' on a way forward in Iraq." Bush was meeting with German Chancellor Angela Merkel, who "said she will urge her neighbors to support efforts to stabilize Iraq." The Times notes that Bush is expected to order a surge in US troop levels in Iraq.

On its front page, the Washington Post (1/5, A1, Wright, Abramowitz, 690K) says that "deep divisions remain between the White House on one side and the Joint Chiefs and congressional leaders on the other about whether a surge of up to 20,000 troops will turn around the deteriorating situation," according to US officials. The US military is "increasingly resigned to the probability that Bush will deploy a relatively small number of additional troops -- between one and five brigades -- in part because he has few other dramatic options available to signal U.S. determination in Iraq, officials said. But the Joint Chiefs have not given up making the case that the potential dangers outweigh the benefits for several reasons," officials said.

Zakheim Says US Must Shift Troops To Iraq Border Regions. In a Financial Times (1/5) op-ed, Dov Zakheim, undersecretary of defense during President Bush's first term, writes on "Why America Should Operate From Iraq's Borders," saying that while "the White House accepts that there has to be a change in approach," its "underlying premises -- that Iraq's sectarian strife is not a civil war and that the keys to a stable Iraq are a stable Baghdad and Anbar province -- are the same as before. These assumptions need to be revisited, fast. … There is no doubt that Iraq is enmeshed in a bitter civil war. The US has had minimal impact on the course of that war." Zakheim says the US needs to shift "primary responsibility for pacifying Baghdad" to Iraqis, and "then the US must reposition its forces to foster regional stability and minimise casualties. Up to two brigades should be devoted to Kurdistan and a roughly equal number to the far west of Anbar province." He also says the US should "move a division-sized force to the south, with a significant presence on the border with Iran."

More Commentary. In his column for the Washington Post (1/5, A17, 690K), conservative columnist Charles Krauthammer makes a similar point, writing, "We should not be surging American troops in defense" Iraq's "governing coalition -- Maliki's Dawa, Abdul Aziz al-Hakim's Supreme Council for the Islamic Revolution in Iraq and Sadr's Mahdi Army," which "seems intent on crushing the Sunnis at all costs. Maliki should be made to know that if he insists on having this sectarian war, he can well have it without us."

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And Dan Senor and Roman Martinez, who served as foreign-policy advisers to the Bush administration, based in Baghdad from April 2003 through June 2004, write in the Wall Street Journal (1/5, 2.04M), "The president is on the cusp of making the most important decision of his second term: increasing our troop presence in Baghdad and Anbar in an effort to stave off Iraqi civil war. A troop surge into Baghdad will not solve problems overnight. But by helping to establish security, more troops can weaken the insurgency, which is the first step to addressing most of Iraq's other problems, including the growth of Shiite militias."

As He Prepares To Unveil Iraq Strategy, Bush Faces Skeptical Congress. The Los Angeles Times (1/5, Levey, 850K) reports, "As President Bush prepares a major new initiative for Iraq, he confronts a wary and distrustful new Congress eager for solutions but unconvinced the administration can chart a successful exit from the war. The new Democratic majorities in the House and Senate are reluctant to assume responsibility for the war, leaving unclear Congress' willingness to block any troop escalation or to compel Bush to change strategy." Bush "is expected to unveil a new Iraq plan that would feature at least a temporary increase in troop levels in an effort to control sectarian violence. Troop increases have been endorsed by a few lawmakers, including Sens. John McCain (R-Ariz.) and Joe Lieberman (D-Conn.)." But "such a proposal is certain to be fiercely opposed by most Democrats."

AFP (1/5) notes McCain reaffirmed his support for the deployment of thousands of additional US troops in Iraq, a proposal expected to figure in President George W. Bush's upcoming reassessment of US strategy there." McCain told MSNBC (1/4, Williams), "When I raise my hand and vote to send young men and women, American men and women into harm's way and fight a war, I am committing to accomplishing the mission." He added "the fight against Islamic extremism must be joined with renewed fervor." McCain also said, "The consequences of failure are chaos and disaster. And these people...want to destroy the United States of America,' McCain said."

ABC World News (1/4, story 2, 1:40, Stephanopoulos, 8.78M) reported that "starting with…Pelosi, the overwhelming majority of Democrats, including the leaders in the Senate as well, are going to be against a surge of troops in Baghdad. The problem for them is there's nothing they can do for it. They've taken cutting off funding for the troops off the table. So they can have hearings. They can try to redirect the President's policy. But they cannot force a change."

But E.J. Dionne, in a Washington Post column (1/5, A17) titled "Short-Circuiting The Surge," that "an outright escalation of an unpopular war" is "seen by most Democrats and some Republicans as a rebuke to the majority whose November ballots signaled a negative verdict on the Iraq war." Democrats "are quietly but urgently seeking ways of pressuring the president to change course, including the possibility of having Congress reconsider its original authorization of force, passed in October 2002. … Given the limited options, Sen. Joe Biden (D-Del.), the Foreign Relations Committee chairman, has suggested to his colleagues that the strongest response to the surge would be a congressional resolution explicitly opposing the step." Dionne adds, "Bush has the power to order a surge. But if he insists on doing so in the face of widespread skepticism, a president proudly famous for relying on his gut will discover that he faces a Congress that does not regard his instincts as a reliable guide to the defense of American interests."

Underscoring Dionne's point, the New York Times (1/5, Broder, 1.16M) reports that in remarks, House Speaker Nancy Pelosi "delivered the obligatory promise of partnership with Republicans. But she immediately added a blunt warning to Mr. Bush on the war in Iraq. 'The American people rejected an open-ended obligation to a war without end,' she said, bringing Democrats to their feet." Pelosi "signaled to Mr. Bush that any plan to increase the American military presence in Iraq would meet stiff opposition in the new Congress." The Atlanta Journal-Constitution (1/4, Malone, 379K) says Pelosi's comments foreshadowed "a possible clash with the Bush administration," and notes "new Majority Leader Harry Reid of Nevada was even less specific. 'Iraq is an issue that we all need to work on, and we will work on that,' he said as he emerged from a closed-door bipartisan meeting for the entire Senate membership."

Democrats are under strong pressure from anti-war activists. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column, "Democrats face conflicting pressures on potential Iraq troop 'surge.'" Moveon.org "plans protest outside speech today by Sens. McCain and Lieberman backing a surge, underscoring ire of Democratic base." Senate Democrats "plan to grill" Secretary of State Condoleezza Rice and Defense Secretary Robert Gates "as part of more than a dozen hearings to mobilize public opposition over next three weeks.

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Republicans brace for additional defections, while McCain cautions that 20,000 more soldiers might not be enough." McCain said, "There are still people around [Bush] who think things aren't that bad."

The Washington Times (1/5, Fagan, 88K) also reports that "as Democrats reveled in their new majority yesterday, anti-war activists complained of cowardice on the Iraq war and pledged that they won't let Democrats cave to…Bush." In addition, on NBC Nightly News (1/4, story 3, 2:10, Williams, 9.87M), Tim Russert noted the effect of the 2008 presidential campaign on Bush's announcement. When the President "makes his speech next week," said Russert, "it will not be in a vacuum. We have 10 people running for President of the United States. Barak Obama saying I was against the war from the beginning." McCain "saying we should have sent more troops way back when. This President will make his announcement in the middle of a preprimary Presidential campaign and that will drive our Iraq policy in a considerable way."

Biden Says White House Has Concluded War Has Been Lost. The Washington Post (1/5, A6, Kessler, 690K) reports, "Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, said yesterday that he believes top officials in the Bush administration have privately concluded they have lost Iraq and are simply trying to postpone disaster so the next president will 'be the guy landing helicopters inside the Green Zone, taking people off the roof,' in a chaotic withdrawal reminiscent of Vietnam." Said Biden, "I have reached the tentative conclusion that a significant portion of this administration, maybe even including the vice president, believes Iraq is lost. … They have no answer to deal with how badly they have screwed it up. I am not being facetious now. Therefore, the best thing to do is keep it from totally collapsing on your watch and hand it off to the next guy -- literally, not figuratively."

Three Newly-Elected Democrats Could "Go Along" With Surge. ABC World News (1/4, story 7, 3:00, Gibson, 8.78M) interviewed "three new House Democrats today. Heath Shuler of North Carolina. Nancy Boyda of Kansas. And Patrick Murphy of Pennsylvania. They said they are not satisfied with the President's handling in Iraq." But "they are inclined to go along with" with a surge. Murphy said he "served over in Baghdad with the 86th [sic] Airborne Division. I saw with my own eyes what's going on over there. The fact is that we need to change direction with what's going on in Iraq. We need to listen to the military experts, people like General Colin Powell, General Abizaid, that say, listen, the surge isn't going to work." Asked about the surge option, Shuler said, "I don't think that's the solution. With the exception, if that's what our military leaders say, that the increase is troops is the answer, then that would be more acceptable. But not just one person saying -- even the President. Not just one person saying that increasing our troop level is going to create the sense of security in Iraq." Boyda said, "I would be happy to vote for more troops. But I am not happy to vote for more troops without a clear mission and sending more men into harm's way." Boyda later said, "He is the commander in chief, Charlie. We don't get that choice. Congress doesn't make that decision."

Shays, Lott Sound Ambivalent Note On "Surge." Meanwhile, the Hartford Courant (1/4, Lockhart, 190K) reported that GOP Rep. Christopher Shays said "it would be a 'huge mistake' to send more American troops to Iraq if that country's government 'doesn't do the heavy lifting it has to do.'"

On MSNBC's Hardball (1/4), host Chris Matthews asked Senate Minority Whip Trent Lott, "Is there a chance you'll say no to the surge?" Lott: "There is." Matthews: "Thanks for making news here."

Most Congressional Commentary On "Surge" Breaks Along Party Lines. Sen. Jim Webb said on MSNBC's Hardball (1/4, Matthews), "The problem that I've had for five years with respect to Iraq is the lack of a strategic vision. We've been looking for an articulation of national strategy from this Administration, and you don't have a national strategy unless you can tell the American people very clearly what your end point is. So when we're talking about this issue of the surge, the first thing to remember is that over the past couple of years we've seen the troop levels oscillate up and down a bit little bit along a basic line of about 120,000 to 140,000 people. So in a sense, we may be arguing about the wrong issue in terms of trying to find a solution." In similar comments on CNN's The Situation Room (1/4, Blitzer), Webb said, "What I really would like to focus on in the part that I'm able to play in these hearings is the articulation of a clear set of goals with an end point. You don't have a strategy if you cannot clearly articulate the end point of your strategy. That's been the frustration all along. And so we find ourselves in these arguments about whether putting 20,000 or 30,000 more troops in and holding them longer is going to affect the overall solution in Iraq."

Sen. Barbara Boxer said on MSNBC (1/4, Scarborough), "This isn't really, in the Senate, a partisan

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issue. But I can tell you that there's a lot of angst about this so-called surge idea. Many of us do believe the election was about extricating ourselves from a terrible situation. Yes, we could re-deploy to the region, but we've got to re-deploy out of Iraq. Instead, the President may actually get us in deeper. He's just digging the hole deeper and deeper."

Sen. Amy Klobuchar said on MSNBC (1/4, O'Donnell), "I know that there are a number of Democrats and -- including some Republicans -- that are very concerned about adding more troops. I personally don't believe we should be doing that. I think we should be redeploying our troops to areas surrounding Iraq. I think we need to send a strong message that we need to transition to Iraqi authority and stop this culture of dependency."

House Ways and Means Chairman Charles Rangel said on PBS' NewsHour (1/4, Warner), "Americans are way ahead of the Congress in being able to demand that we have hearings, that we ask questions as to why we are asking 20,000, 30,000, 40,000 American men and women to get involved in Iraq in a surge. We will have hearings for the first time. What is a surge? How many people will be in harm's way with a surge? What's the additional $100 billion for? What have we done with the last $400 billion? How many of our friends in the area, Egyptians, Saudis, Jordanians, are going to be involved in the so-called surge? And if the military says we can't have a military victory, Mr. President, what are we doing there, and how long do we have to be there?" Rangel raised similar questions on MSNBC's Tucker (1/4, Carlson), saying, "Mr. President, what is a surge? How many people can we lose in the surge? Can we have a military victory? What is this victory that you're talking about? If it's not a civil war, what would you call it? The American people are going to put a stop to this war."

Rep. Jack Murtha, appearing on CNN's The Situation Room (1/4, Blitzer), said President Bush "says we have an honest disagreement, but hopefully we can work things out. Well, I hope we can work things out, too. But we can't work things out if they propose something without consultation. … If you are going to surge, you're going to have to keep people there in Iraq -- in other words, extend them. You're going to have to stop loss, which means you won't let people get out. And then you're going to have to send people back that have less than a year in country with their families. … But it's not going to prove anything because we sent another 15,000 troops into Baghdad and it's gotten worse." On MSNBC (1/4, Williams), Murtha made similar comments, then added, "The policy has to be changed. You can't continue and sustain a war when young people are going back with less than a year in this country. They're extending and stop-lossing people in the country themselves. And it is very unpopular, even with the troops themselves, when they don't understand the mission."

GOP Sen. Mel Martinez, incoming chairman of the Republican National Committee, said on CNN's The Situation Room (1/4, Blitzer), "I would hope the President is going to propose a comprehensive plan for success in Iraq. We have to understand that there's a lot at stake, not just in Iraq but on the global war on terror and in the entirety of the Middle Eastern situation. For us to not succeed, for us to cut and run or fail there, would be a terrible disaster for our country. And it would be a bad thing for the Iraqi people, as well."

GOP Sen. Jon Kyl said on CNN's The Situation Room (1/4, Blitzer), "You've got five-star generals on both sides of the issue. You've got retired generals and colonels on both sides of the issue. Clearly, this is a subject about which reasonable people can differ. And so it's no surprise that political experts such as my colleagues would be in some disagreement. … If that is the President's decision -- and I know we're being a bit premature here -- I think we ought to give it a chance to try to help the President and see if that can work."

GOP Rep. Adam Putnam said on PBS' NewsHour (1/4, Warner), "Republicans have never been 100% in lock-step. And we even today more fully realize that there's an independent role for the legislative branch, an independent role for the executive branch. The President is our commander-in-chief, and we look forward to his recommendations on the new way forward in Iraq. But we owe the American people adequate oversight, adequate investigation, but total support of the men and women in harm's way."

GOP Rep. Marsha Blackburn said on MSNBC (1/4, Gregory), "I will support being certain that we win in Iraq. And if our commanders in the field -- and this is where I think it's important -- we have to listen to the commanders in the field and the troops in the field. They know what is needed."

Bush To Shake Up Diplomatic, Military Team.

In coming days, President Bush is expected to announce several changes in top military and diplomatic posts, in what media reports portray as part of his new strategy in Iraq. USA Today/AP (1/5) says Bush is "shaking up the team responsible for carrying out his military and diplomatic strategies in Iraq as

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he prepares to outline a new direction for the war." McClatchy (1/5, Hutcheson, Strobel) says the "overhaul" will "bring new faces" as "as the president is putting the finishing touches on a new strategy for Iraq." On its front page, the Washington Post (1/5, A1, Wright, Abramowitz, 690K) reports the personnel changes are being made even though "significant policy details" are "left to be worked out this weekend." The Post also says the President will likely reveal his plan during an address Wednesday.

NBC Nightly News (1/4, story 5, 3:05, Gregory, 9.87M) said the change reflect the fact that "this is the beginning of the final two years of this Administration which will include significant change in Iraq and when it comes to relations with Congress." And the CBS Evening News (1/4, story 2, 2:20, Borger, 7.66M) said it is "very clear that this White House wanted to get these personnel decisions, not only the generals but the diplomatic appointments,…out of the way before the President speaks to the country on Iraq, which we think will be next week."

Military Changes. On the military front, USA Today/AP (1/5) reports Bush will replace Gen. John Abizaid, the top U.S. commander in the Middle East, and Gen. George Casey, the chief general in Iraq, "in the coming weeks." Bush reportedly plans to replace Abizaid "with Adm. William Fallon, the top US commander in the Pacific, and Casey's replacement will be Army Lt. Gen. David Petraeus, who headed the effort to train Iraqi security forces." Assigning Fallon and Petraeus to the top military posts in the Middle East "would help Bush to assert that he is taking a fresh approach in the region and help pave the way for him to turn policy there in a new direction."

On its front page, the New York Times (1/5, A1, Gordon, Shanker, 1.16M) reports, "Senior administration officials said that the choice of General Petraeus was part of a broader effort to change almost all of the top American officials in Iraq as Mr. Bush changes his strategy there." One official was quoted as saying, "The idea is to put the whole new team in at roughly the same time, and send some clear messages that we are trying a new approach." The Los Angeles Times (1/5, Spiegel, 850K) says the "choice of Petraeus in particular could have wide-ranging significance. Although his selection does not come as a surprise, Petraeus is closely associated with the push for a more complex counterinsurgency campaign, which would move US soldiers out of their large bases and into smaller outposts in troubled neighborhoods."

The CBS Evening News (1/4, story 2, 2:20, Borger, 7.66M) said, "The new Secretary of Defense, Bob Gates, clearly decided that he needed to get his own team in place and that's exactly what he's done and he also wants a team that he knows is going to support the President's new strategy on Iraq." ABC World News (1/4, story 3, 2:15, Raddatz, 8.78M) reported, "What the President wants, according to one official, is a clean sweep -- a new plan and new commanders." Regarding Admiral Fallon, ABC calls his selection "a wild card choice," saying it is "highly unusual that a Navy admiral would be called upon to run, essentially, two ground operations."

Diplomatic Changes. Meanwhile, on the diplomatic front, ABC World News (1/4, story 4, 0:50, Gibson, 8.78M) reported on "changes in the President's diplomatic team dealing with Iraq. We have learned the President will nominate the US Ambassador to Iraq, Zalmay Khalizad, to be Ambassador to the United Nations. Brian Crocker, the US Ambassador to Pakistan, will be nominated to take his place in Baghdad. And the National Intelligence Director, John Negroponte, is going to become the number two at the State Department, playing a major role in shaping policy in Iraq. While a retired Vice Admiral, Mike McConnell, is the choice to become the new National Intelligence Director."

The Washington Post (1/5, A1, Wright, Abramowitz, 690K) reports in a front page article that "with significant policy details [on Iraq] left to be worked out this weekend, the administration is nonetheless moving ahead on several personnel changes," including plans to replace some Bush's top military commanders in the region. The Post notes the likely appointments to US posts in Baghdad, at the UN and Negroponte's move to the State Department.

The Financial Times (1/5, Dinmore) reports Negroponte's "abrupt shift from being the first US director of national intelligence to number two at the State Department reflects continued troubles in the intelligence community and a further concentration of power around Secretary of State Condoleezza Rice." Analysts see Negroponte's return to the State Department "as part of a broader and somewhat confused reshuffle of the Bush administration that began with the sacking of Donald Rumsfeld as defence secretary and has Iraq and the wider Middle East as its focus." Meanwhile, officials said President Bush would announce the changes on Friday, "possibly including his nomination of Zalmay Khalilzad, ambassador to Baghdad, as the new US envoy to the UN. There was also speculation on Thursday night that

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Ryan Crocker, US ambassador to Pakistan, would replace Khalilzad." In continuing speculation about Negroponte's decision to leave his DNI post, former intelligence officials said he "was tired of bureaucratic turf wars and wanted to return to his diplomatic career." Meanwhile, at a press conference, White House spokesman Tony Snow "rolled his eyes at a suggestion that Ms Rice, perhaps the closest in the cabinet to the president and now no longer challenged by Mr Rumsfeld, was set to move on."

The New York Times (1/5, A6, Stolberg, 1.16M) says if confirmed by the Senate, the appointments "would put seasoned, respected diplomats into two of the State Department's most challenging posts." Bush's decision to transfer Khalilzad, it notes, "would effectively accomplish two goals for the administration. As a Sunni Muslim, Mr. Khalilzad has been perceived by some Iraqi Shiites as not sympathetic enough to their views; removing him from Baghdad would help Mr. Bush make a fresh start there." And the change "also would give the United States the strong voice it needs at the United Nations, particularly after the storm surrounding Mr. Bolton."

The Washington Post (1/5, A5, Deyoung, Pincus, 690K) says Negroponte's "move to become…Rice's deputy, and his replacement by retired Navy Adm. John M. McConnell, had little to do with any assessment of Negroponte's tenure or with the unfinished state of intelligence integration, a range of senior administration officials said." Instead, it "stemmed directly from the urgent need to fill a State Department job, vacant since early last summer, that was seen as crucial to implementing the new Iraq policy that President Bush plans to announce next week."

The Washington Post's (1/5, A 15) Al Kamen writes in his "In the Loop" column that Negroponte "is a guy who clearly can't hold a job. This would be his fourth since joining the administration just over five years ago. And the chatter has already begun that he may not be in this one too long before he moves up one level."

On its front page, the New York Times (1/5, A1, Mazzetti, Sanger, 1.16M) says that "from the start" Negroponte "felt miscast as the nation's first director of national intelligence, a diplomat who never seemed comfortable in spook's clothing, colleagues and friends of his said." The Times reports that "Rice had requested over the summer that Mr. Negroponte become her deputy. But the decision languished for months as the White House sought an adequate replacement for the spy chief." The Los Angeles Times (1/5, Miller, 850K) says Negroponte's departure "as the nation's spy chief prompted angry responses from Capitol Hill and triggered new debate Thursday over whether a position created to fix the nation's intelligence problems is itself fundamentally flawed." The Washington Times (1/5, Gertz, Sands, 88K) also reports on the moves.

The AP (1/5, Schweid) says the anticipated nomination of Ambassador Khalilzad to the UN post, saying the move "has been rumored for months, along with the expectation that Crocker, now ambassador to Pakistan, would succeed him in Baghdad." ABC News first reported Thursday that Bush had made the decision. A US official "said some minor details still must be worked out on Crocker, but they are considered manageable."

Sen. Jay Rockefeller was asked on Fox News (1/4, Skinner) about Negroponte's move to the State Department. Rockefeller said, "It was a very clumsy handling of an extraordinarily important position…clumsy in the fact that nobody was informed of it. I read about it in the newspaper this morning. So nobody on the Intelligence Committee knew about it. And this is, after all, a person that we created to coordinate all of intelligence. … Now, he's going to be undersecretary of state. I think that's fine, but up until about an hour and a half ago, we had no idea whether there was going to be either a director or a deputy."

NYTimes Welcomes Negroponte's Move To State. In an editorial, the New York Times (1/5, 1.16M) says Negroponte's move is "technically a step down," but it "has a certain logic to it," noting that "the diplomacy-challenged Bush administration could surely use the help." The Times says it hopes Negroponte "can provide Secretary of State Condoleezza Rice with the intellectual and bureaucratic reinforcement she so desperately needs to help guide the administration to a wiser course on Iraq." However, Bush now "must quickly find a credible replacement for Mr. Negroponte, preferably one who is willing to jolt his bosses with the truth. This administration's record of failures in Iraq is matched only by its failures on intelligence."

However, the Los Angeles Times (1/5, 850K) editorializes, "His acceptance of the job may be more a reflection of the problems of his previous position than the promise of his new one." Instead, it suggests "the more interesting question, however, is why Bush, acting through Cheney (or is it the other way around?), wanted Negroponte at State. Word inside and outside the State Department for months has been that Rice has been unable to fill top jobs

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because her choices have either declined to sign up for a stint likely to be best remembered for the debacle in Iraq or have been vetoed as too liberal by the White House." Negroponte, it writes, "reportedly was the only person acceptable to both Rice and Cheney."

Bush Expected To Announce McConnell Nomination Friday. The AP (1/5, Shrader) reports President Bush is expected to announce Friday the nomination of retired Vice Adm. Mike McConnell to replace Negroponte as National Intelligence Director. The Wall Street Journal (1/5, A4, Solomon, Block, 2.04M) says the nomination "stirred concerns about the expanding control of current and retired Pentagon officials over the US intelligence community." McConnell's "greatest challenge" as director of national intelligence, say members of the intelligence community, "will be to try to claim control of these Pentagon intelligence assets while striking a balance between the development of tactical and strategic intelligence."

USA Today (1/5, 4A, Kelley, Willing, 2.27M) notes that McConnell "has been a leading figure in outsourcing US intelligence operations to private industry, records and interviews show." Meanwhile, the New York Times (1/5, Shane, 1.16M) says that with the selection of McConnell, President Bush "is turning again to a steady intelligence professional who first achieved prominence during his father's administration." Sources say he was "first approached several months ago about the possibility of replacing General Hayden" as deputy to Negroponte, but he "turned down that job and was eventually invited to succeed Mr. Negroponte in the top job."

Bush Says Saddam "Was Given Justice."

The Los Angeles Times (1/5, Gerstenzang, 850K) reports, "President Bush said Thursday that he would have preferred that the execution of Saddam Hussein had been conducted in a more "dignified" manner, but said the deposed dictator met the fate he deserved." Said Bush, "He was given justice. The thousands of people he killed were not."

Meanwhile, the New York Times (1/5, Zeleny, Cooper, 1.16M) says leading members of Congress said Thursday that the conduct surrounding the hanging could undermine United States strategy in Iraq and complicate efforts to help the new Iraqi government succeed. … Several Republican senators who have been among President Bush's biggest supporters in the Iraq war said they were troubled by the video and fearful of the reverberations it could provoke. 'It's a very bad thing, it's harmful, and I'm sorry that it happened,' said Senator John McCain, an Arizona Republican who has been a White House ally on its Iraq policy. 'Obviously, it unnecessarily inflames the emotions of the Sunnis.'"

GOP Sen. Jon Kyl said on CNN's The Situation Room (1/4, Blitzer), "You can't argue on the one hand that we need to turn it over to the Iraqis and let them do it their way, and then criticize them when they do it their way. … At a certain point, if we turn it over to them, we can expect that they're not going to do things exactly as we would."

Two Guards Arrested For Saddam Video. The Washington Post (1/5, A12, Raghavan, 690K) reports, "Two guards were reportedly arrested Thursday for recording former Iraqi president Saddam Hussein's execution with a video cellphone."

More Commentary. In his column for the Washington Post (1/5, A17, 690K), Charles Krauthammer writes, "Of the 6 billion people on this Earth, not one killed more people than Saddam Hussein. … For the Iraqi government to have botched both his trial and execution, therefore, and turned monster into victim, is not just a tragedy but a crime -- against the new Iraq that Americans are dying for and against justice itself."

New Offensive Targets Sunni Insurgents In Diyala Province.

The Los Angeles Times (1/5, Zavis, 850K) reports, "About 1,000 U.S. and Iraqi troops launched a major offensive at dawn Thursday in Diyala province, an increasingly violent zone east of Baghdad that has become a haven and training ground for Sunni Arab insurgents." Insurgents responded with trenches and sabotage of bridges, possibly "to divert approaching vehicles toward roadside bombs." The Times notes that there was friction and some mistrust in the joint operation, but that "Iraqi soldiers appeared eager to work with their American partners. Some sang celebratory songs in unison as they grabbed their gear and assembled near their Humvees."

Bombing Kills 13 In Baghdad.

USA Today/AP (1/5, 5A) reports, "Twin car bombings killed 13 people Thursday in an upscale Baghdad neighborhood." The explosions "went off one after the other at 10:30 a.m. in the Mansour neighborhood, setting fire to a gas station and incinerating at least a half-dozen cars. At least 25 people were wounded, police said." The New York Times (1/5, Santora, Spanner, 1.16M) says "the attack was apparently aimed at a gasoline

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station. Cars were lined up around the block waiting for fuel, and dozens of people, grasping large plastic jugs, hoped to buy heating fuel. Just moments after the first explosion, a second, larger, car bomb detonated."

In addition, says the Washington Times/AP (1/6, Frayer), "Police said 47 tortured bodies were found dumped across Baghdad yesterday, in addition to the 27 a day earlier. A U.S. soldier was killed by small-arms fire in western Baghdad, the military said. "

Source In Numerous AP Stories On Iraq Said Not To Exist. The Washington Times (1/5, Harper, 88K) reports, "Media critics and Internet bloggers are questioning the credibility of an Associated Press source in Iraq, claiming that 'police captain Jamil Hussein' does not exist, though he has been cited in 60 AP dispatches over the past two years. Two of the skeptics -- syndicated columnist Michelle Malkin and former CNN news chief Eason Jordan -- say they will go to Iraq to find the elusive Capt. Hussein in hopes of proving that the venerable wire service was either practicing shoddy journalism or had been dangerously duped by a media-savvy terrorist or enemy agent." The AP announced that it is standing by its stories, and "reported that the Iraqi Interior Ministry acknowledged the existence of the captain, whose name is Jamil Gholaiem Hussein, and said he now faces arrest for speaking to the press."

Arrested Iranians Reported To Be Ranking Intelligence Officials. AFP (1/5) reports that the BBC has identified five Iranians arrested by the US in Baghdad last month as "senior intelligence officers engaged in a covert political mission to influence the Iraqi government," and quoted British officials as saying that while important intelligence was attained, "there was no 'smoking gun' about weapons supplies or attacks. Instead, the Iranians were there to hold high-level meetings with representatives of several Iraqi Shiite factions that have come to prominence since the fall of president Saddam Hussein in 2003."

The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that the "recent arrest of Iranian diplomats in Baghdad, allegedly for ties to militants, was part of Pentagon strategy to ratchet up efforts to curb Tehran's growing influence inside Iraq. 'I think you can expect more' in the months ahead, said one official."

Iranian Influence Seen As Worse Than Saddam Regime. In a New York Times (1/5, 1.16M) op-ed, Slavoj Zizek of the Birkbeck Institute for the Humanities, analyzes "what went wrong with the United States occupation of Iraq," suggesting that the US had been able to handle Saddam Hussein, since he led as a pragmatic secularist, his overthrow "has generated a much more uncompromising 'fundamentalist' politico-ideological constellation in Iraq. This has led to a predominance of the pro-Iranian political forces there — the intervention basically delivered Iraq to Iranian influence." Zizek suggests that President Bush acted in Iran's direct interest by invading, and that this is worse than leaving Saddam in power would have been.

Partition Could Bring Need For US To Relocate Iraqis. The Christian Science Monitor (1/5, Grier, 59K) runs an analysis piece titled, "If Iraq fragments, What's Plan B?" about the possibility that Iraq will fragment into Kurdish, Sunni and Shiite zones, exploring what could be done to prevent this, but mainly focuses on "how the United States might handle Iraq's partition." The article notes the relocation work the US military did during the Bosnian civil war, which "would perhaps preempt the violent Balkans-style ethnic cleansing that is already occurring in Iraq," according to the Brookings Institution's Michael O'Hanlon. The Monitor suggests that the planned troop surge could serve to strengthen infrastructure, and by extension the Iraqi government, "but events in Iraq now may be running at a speed that outpaces the US ability to respond." The article continues to consider how ethnic relocation could best be achieved.

Mother Defends Soldier Who Refused Iraq Deployment. The Washington Post (1/5, C1, Weeks, 690K) reports on the efforts of Carolyn Ho, mother of Army 1st. Lt. Ehren Watada, "the first commissioned officer to refuse deployment to Iraq," to rally support for her son in Washington. Watada is expected to stand court martial. "Like many Americans, she believed she could come to the capital city and change the world." Ho "sees her efforts as part of a larger, multifaceted wave that is challenging the Bush administration form every angle." Ho says her son's refusal to serve in Iraq is based on the assertion that the war was entered under false pretenses, and is therefore illegal. Her extensive efforts to garner support for her sun's cause has culminated in a letter from CA35 Maxine Waters (D), which praised Watada's "integrity and dignity in his objection to the war in Iraq." The

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Post concludes, "Ho sighed and said she found the letter to be 'disappointing.' But it was something."

Iraq War Booty Traced To Manassas Self-Storage Facility. The Washington Post (1/5, B1, Vargas, 690K) reports that NCIS agents filed "a 10-page affidavit" for a warrant to search a self-storage center in Manassas, Virginia, in connection with a federal investigation into USMC gunnery sergeant Gary Maziarz. Mariarz "was placed in pretrial confinement at Camp Pendleton because…'reasonable grounds exist that he poses a serious threat to the national security of the Unites States.'" Moreover, he "is charged with larceny of computer and camera equipment, larceny of weaponry and possession of steroids." In his apartment, investigators "found steroids and three commemorative Colt 1911 .45-caliber pistols 'reputed to have been presented to Saddam Hussein.'" Investigators also found "two folders containing approximately 250 pages of material marked 'SECRET.'"

Mullah Omar Denounces Karzai Government, Vows Resistance. The New York Times (1/5, Khan, Gall, 1.16M) reports, "In what appears to be the first exchange with a journalist since going into hiding five years ago, the Taliban leader, Mullah Muhammad Omar, said that he had not seen Al Qaeda's chief, Osama bin Laden, in five years and that he would never negotiate with the United States-backed government of Hamid Karzai in Afghanistan. He also threatened to continue the war until foreign troops withdraw from Afghanistan." The Times notes that the statements were made by a circuitous email method, and were therefore not authenticated, adding that "the statements, if authentic, would be Mullah Omar's first exchange with a journalist since he was driven from power in 2001," and that he is believed to be in Pakistan.

Meanwhile, the Los Angeles Times (1/5, King, 850K) reports on the impact Mullah Omar's ability to avoid capture for over five years with a $10-million US bounty has had on his reputation in the area adjacent to the Pakistan-Afghanistan border. His freedom "is celebrated here as proof of his mystical powers." The Times continues to relate the details of Omar's rule in Afghanistan, and speculates on his current whereabouts.

Pakistani PM Calls For Afghan Refugee Repatriation. The New York Times (1/5, Gall, 1.16M) reports, "Pakistan's prime minister, Shaukat Aziz, said Thursday that he wanted the three million Afghan refugees still living in Pakistan to go home as one way to end the problem of insurgents using the country as a haven. It is the first time Pakistan has been so blunt in demanding that the Afghans, to whom it has served as host for more than 20 years since the Soviet invasion of Afghanistan, leave." The Times notes that Aziz's comments came as he was in Afghanistan meeting with President Hamid Karzai to try to ease strains over "Pakistan's plan to fence and mine the border, and Afghanistan's project to convene two tribal gatherings, or jirgas, of national representatives from both countries, to try to foster peace between the countries."

Medical Teams Performing Better In Iraq, Afghanistan Than In Past Wars. The Washington Times (1/5, Scarborough, 88K) reports, "The killed-in-action rate in the Iraq-Afghanistan wars is half what it was in World War II and a third less than Vietnam and Desert Storm, according to internal Pentagon documents that say battlefield medical teams are doing a better job of stabilizing the wounded and getting them to doctors." The improvement can be "little solace to the families of the American troops who have died or been seriously wounded..." The briefings showed that the rate is "12.5 percent for the current wars compared with 25.3 percent for World War II and 18.6 percent for Vietnam/Desert Storm."

US Said To Be Ill-Equipped To Care For Injured Soldiers. Linda Bilmes, Kennedy School of Government at Harvard University, writes in the Los Angeles Times (1/5, 850K) that although "better medical care and stronger body armor are enabling many more soldiers to survive injuries that might have led, in earlier generations, to death," the Bush administration "failed to foresee what it would mean, failed to plan for the growing tide of veterans who would be in urgent need of medical and disability care." The result is that "as the Iraq war approaches its fourth anniversary, the Department of Veterans Affairs is buckling under a growing volume of disability claims and rising demand for medical attention."

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Magazine Names Gonzales One Of Most Influential Hispanics. The AP (1/5) reports, "Jennifer Lopez is among the entertainers selected by People en Espanol for its '100 Most Influential Hispanics' issue, which

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honors those who have made an impact in the Hispanic community. … Lopez, who graces the cover of the magazine's February issue, on newsstands Friday, says 'being an example to others is a big part of my work.'" The AP continues, "Lopez tops the list of entertainers, which also includes Antonio Banderas, Carlos Santana, Eva Longoria, George Lopez, Gloria Estefan, Ricky Martin, Salma Hayek and Shakira, among others. … The magazine also honors filmmaker Alejandro Gonzalez Inarritu (culture/the arts), Attorney General Alberto Gonzales (politics/public affairs), businessman Carlos Slim Helu (business), MTV President Christina Norman (media), Los Angeles Angels of Anaheim owner Arturo Arte Moreno (sports), sociologist Aida Giachello (science and technology/health) and teacher Bertha Flores (education)."

Native American Woman Recommended For Arizona US Attorney Post. The Arizona Republic (1/5, House) reports, "A Hopi woman who has served most of her career as a federal prosecutor n Arizona is being recommended to President Bush as a potential nominee to become the next U.S. Attorney for the District of Arizona." The Republic continues, "Diane J. Humetewa, 42, who is now the senior litigation counsel and tribal liaison under retiring U.S. Attorney Paul Charlton, was recommended to the White House Thursday by Republican Sens. Jon Kyl and John McCain. … She would be the first Native American U.S. Attorney in Arizona if nominated by Bush and confirmed by the Senate. Officials were researching whether she would also be the nation's first Native American U.S. Attorney. … 'I am proud to recommend Diane to serve our country in this noble role. As a native Arizonan, Diane has a sound appreciation for the culture and legal issues unique to the region,' said McCain. Humetewa served as a counsel to the U.S. Senate Committee on Indian Affairs from August 1993 to March 1996, when McCain was chairman of the panel. … 'Her distinguished career in public service, her experience as a prosecutor, and work on behalf of crime victims make her an ideal nominee for this role,' added Kyl." The Republic adds, "Humetewa is married and a 1993 graduate of the Arizona State University College of Law. She began her career with the U.S. Attorney's Office as a victim advocate for then-U.S. Attorney Stephen M. McNamee in 1987, and has served no less than six U.S. Attorneys, according to a news release announcing the appointment. … White House officials said they have no timeframe for considering McCain and Kyl's recommendation. … Charlton was appointed U.S. attorney for the District of Arizona on Nov. 12, 2001, by President Bush. He announced last month that he is quitting as U.S. Attorney to enter private legal practice at the end of January. He is to be a partner in the Phoenix-based firm of Gallagher and Kennedy."

Baltimore US Attorney Profiled. The Maryland Gazette (1/5, Ford) reports from Baltimore, "U.S. Attorney Rod J. Rosenstein has the polite manner and looks of a friendly youth pastor. … But county prosecutors across the state describe Rosenstein as nose-to-the-grindstone federal prosecutor who has raised the profile of the office through frequent news conferences and aggressive prosecutions ranging from corporate corruption to gang crimes." The Gazette continues, "Since his appointment in May 2005, Rosenstein has brought innovative ideas to the office, including bringing the first racketeering charges against members of the street gang MS-13, said Attorney General Douglas F. Gansler (D). … 'This U.S. Attorney Rod Rosenstein is one of the best that we've had here in Maryland in recent times,' said Gansler, who was Montgomery County's top prosecutor for eight years and an assistant U.S. attorney in Washington, D.C., before that. 'He's a prosecutor's prosecutor.'" The Gazette adds, "Federal prosecutors obtained racketeering charges against 22 suspected Mara Salvatrucha members in August 2005 — the first use of the RICO statute for street gangs in Maryland. Under the 1970 Racketeering Influenced and Corrupt Organization statute, members of an organization can be convicted for involvement in all the crimes committed by the group. … Federal prosecutors worked closely with Montgomery's prosecutors in going after members of the violent gang, Gansler said. … Rosenstein 'came to the office weeks after taking over,' Gansler said. 'We discussed our mutual concerns and the reality of the gang problem.' … When the MS-13 indictments were handed down in August 2005, Rosenstein praised the work and cooperation of the state's attorneys and police departments in Montgomery and Prince George's counties as well as the FBI and other agencies."

CORPORATE SCANDALS:

Federal Prosecutors Conclude Accounting-Fraud Case Against Former AOL Officials. The Washington Post (1/5, D1, Johnson) reports, "Federal prosecutors concluded their accounting-fraud case against

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two former AOL executives yesterday afternoon, signaling that the long-running trial soon may end after unusual twists including a mistrial for one of the defendants." The Post continues, "The case, which began in an Alexandria federal courtroom in mid-October, is one of the longest criminal trials ever in a jurisdiction that is widely known as 'the rocket docket' for its speedy and efficient justice, legal analysts said." The Post adds, "More than three dozen government witnesses testified about complex accounting tricks that hearkened back to early 2001, when the technology boom had turned into a bust. At the time, the Dulles Internet service provider struggled to show revenue and advertising gains by making questionable deals with dot-com business partners in which no revenue changed hands. … 'There was an intense focus to get revenue,' testified Jason Witt, a manager in AOL's aggressive and freewheeling business affairs unit, which has been disbanded. 'It's probably the greatest pressure I've seen since ever.'" The Post notes, "A number of witnesses recounted how the AOL defendants -- former business affairs executive Kent D. Wakeford and former Netbusiness unit vice president John P. Tuli -- felt squeezed between the expectations of their employer to close more deals and demands from dot-com clients who themselves were struggling to stay afloat. … But the trial perhaps is most notable for the absence of the former AOL officials who led the business-affairs operation, such as David M. Colburn and Eric Keller, whose names came up regularly in testimony and who once had been the focus of government investigation. Time Warner, which absorbed AOL, agreed to pay more than $500 million to settle joint civil and criminal charges two years ago."

Activist Shareholders Claim Victory With Home Depot CEO's Departure. The New York Times (1/5, Duhigg) reports, "For decades, activist shareholders were an entertaining, but largely ignored, Wall Street sideshow. Disgruntled investors would attend annual meetings to harangue executives, criticize strategies — and protest that their complaints were being ignored. One agitator appeared in face paint and a red nose after executives called him a clown. … Today, however, it seems that activists have captured the center ring and are directing the main event." The Times continues, "On Wednesday, shareholder advocates could claim one of their biggest prizes yet when Home Depot announced the resignation of its chairman and chief executive, Robert L. Nardelli, long a target of shareholder ire for his large compensation and the company's flagging stock price." The Times adds, "The main investor who pressed for the overthrow at Home Depot might at first glance seem an unlikely rebel: Ralph V. Whitworth, a lawyer educated at Georgetown and a former campaign worker for President Ronald Reagan who in December announced he had bought about $1 billion of the retailer's stock, or a 1.2 percent stake, through his fund, Relational Investors. … But the rapid success of Mr. Whitworth's campaign against the management and strategy of Home Depot demonstrates how thoroughly activists have moved into Wall Street's inner sanctum. Mr. Whitworth has said he still intended to nominate himself and at least one other candidate to Home Depot's board at its shareholder meeting in the spring. … The shake-up at Home Depot may be just a taste of things to come as shareholders and management at a number of companies, including Brink's, the Borders Group and Applebee's International, square off for battle at annual meetings this spring."

WSJournal Says Critics Wrong In Calling Nardelli's Pay "Severance." The Wall Street Journal (1/5, 2.04M) says in an editorial, "Few Home Depot shareholders are mourning the departure of Robert Nardelli as CEO this week, and we aren't about to defend his performance. But someone needs to rebut the claim, which is almost as rampant as the Schadenfreude at his fall, that Mr. Nardelli is getting a $210 million 'severance' package as a reward for having failed." The "truth is that nearly all of that $210 million isn't severance at all but was part of Mr. Nardelli's original employment contract." But his "contract can't be abrogated now simply because the board has concluded it made a mistake. Of that $210 million figure, more than $180 million is owed to Mr. Nardelli as part of his original job offer."

WPost Says Apple Investors Face Dilemma In Jobs Stock Options Scandal. The Washington Post (1/5, A16, 690K) says in an editorial, "The scandal at Apple Computer presents a dilemma with no easy solution. On the one hand, the company has changed its story on its use of manipulated stock options, which boosted executive salaries at the expense of shareholders, and Apple still appears to be bending over backward to protect Steve Jobs, its storied chief executive. On the other hand, if Apple's board were to come clean and oust Mr. Jobs, the shareholders would be punished yet again, since Apple is worth more with him than without him. Or, to put the dilemma a little

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differently: It doesn't seem right to let an executive float above corporate governance rules, but it seems equally perverse to enforce those rules if doing so would damage the investors for whom such rules exist in the first place."

CRIMINAL LAW:

Federal Prosecutors List More Favors By Ney To Abramoff Clients. The Washington Post (1/5, A7, Schmidt) reports, "Federal prosecutors seeking a stiff prison sentence for former Ohio congressman Robert W. Ney have listed previously undisclosed favors that he and his staff provided to clients of lobbyist Jack Abramoff, including two Russian energy executives who have been linked to former House majority leader Tom DeLay." The Post continues, "Ney pleaded guilty in October to conspiracy, admitting that he performed official acts for lobbyists in exchange for campaign contributions, expensive meals, luxury travel and skybox sports tickets. He is to be sentenced Jan. 19." The Post adds, "The Republican congressman and his staff offered to aid Abramoff's clients in the summer of 2003 as Ney prepared for a trip to Russia, according to newly released e-mails attached to a Justice Department filing in federal court late Wednesday. Abramoff's lobbying team got the congressman to intervene with the U.S. Consulate in Moscow to help resolve a passport issue for the daughter of Abramoff client Alexander Koulakovsky, the e-mails show. … Koulakovsky and his business partner, Marina Nevskaya, hired Abramoff to help them arrange meetings with DeLay and to lobby for federal aid to their businesses. The Russian executives helped pay for a trip to Moscow taken by DeLay, his wife and aides in 1997. … A charity sponsored by DeLay received a $1 million check from a London law firm linked to the two. Former charity officials told The Washington Post last year the donation originated with Russian oil and gas executives, and was intended to influence DeLay's vote on an issue affecting the Russian economy."

Former Massachusetts House Speaker To Plead Guilty To Obstruction. The AP (1/5, Lavoie) reports, "A former Massachusetts House speaker accused of lying during his testimony in a voting rights lawsuit plans to plead guilty Friday to obstruction of justice, a person familiar with the agreement said Thursday." The AP continues, "The lawsuit had claimed that a 2001 state law that redrew legislative district boundaries discriminated against minorities in Boston while protecting incumbents, including the now-former House speaker, Thomas Finneran. … Finneran's trial on perjury and obstruction of justice charges had been scheduled to begin Jan. 16." The AP adds, "Under the plea deal, Finneran won't face prison time, and federal prosecutors will drop the three perjury counts, the person familiar with the deal told The Associated Press. He will serve probation, pay a fine and agree not to seek political office for five years. … Finneran, 56, has agreed to admit to some, but not all, of the allegations in the obstruction charge, which accuses him of obstructing justice by lying during the trial and in a deposition, according to the person, who asked not to be identified because the deal has not yet been finalized in court. … During his eight years as speaker, Finneran was considered the state's most powerful lawmaker. Known for his authoritarian style, he was once dubbed 'King Tom' for pushing through a rules change that eliminated term limits for House speakers. .. .He resigned as speaker in September 2004 and was indicted nine months later on charges that he lied under oath about his role in the state's legislative redistricting. The testimony was before a federal appeals court in 2003 in the voting rights lawsuit brought by a coalition of minority groups."

The Boston Globe (1/5, Saltzman, 413K) reports Finneran "faces the almost certain loss of his $30,000-a-year pension because of a decision last year by the state Supreme Judicial Court. The state's highest court ruled unanimously in March that Boston Juvenile Court Clerk-Magistrate John P. Bulger forfeited his pension when he admitted that he lied to two federal grand juries investigating the disappearance of his brother, fugitive mobster James J. 'Whitey' Bulger. Alden Bianchi, cochairman of a Boston Bar Association committee on pensions, said Finneran's case appears to be a more obvious violation of the Massachusetts law that bars employees from receiving a pension if convicted of a 'criminal offense involving violation of the laws applicable to his office or position.'"

The Boston Herald (1/5, Wedge, 184K) notes, "Sources told the Herald Finneran will leave his $500,000-a-year post at the Massachusetts Biotechnology Council as a result of his pending felony conviction." Additionally, "sources close to the ex-speaker said his decision to plead guilty was made in part to spare embarrassment, with a parade of as many as 40 lawmakers slated to testify. Many had already received subpoenas, including his top aide Charles Rasmussen, sources said. Finneran, who is expected to land a plum talk-

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show host gig, could continue lobbying since there are no state laws barring convicted felons from being registered lobbyists, officials said."

Former Illinois Secretary Of State Official Sentenced To 30 Months In Prison. The AP (1/5, Dennis) reports, "A former high-ranking Illinois Secretary of State official was sentenced Thursday to 30 months in prison for helping three janitors pocket nearly $200,000 in state pay for work they didn't do. Cecil Turner, 60, is the former director of the secretary of state's physical services division. He was convicted in September of four federal counts of wire fraud for allegedly helping the janitors hide the six-year scheme, and two counts of lying to investigators. Turner also was ordered to pay more than $49,000 in restitution to the state for money the janitors pocketed." The AP notes, "Turner's sentence was seven months less than the range of 37 to 46 months recommended in a pre-sentence report." US District Judge Joe B. McDade "said he trimmed the federal term based on an inch-thick stack of letters he received citing Turner's long history of work for youth, his neighborhood and community. But McDade said he also needed to send a message to others in state government that corruption won't be tolerated."

Former Advertising CEO Sentenced In Philly Airport Corruption Probe. The Philadelphia Inquirer (1/5, Shiffman, 385K) reports, "The former CEO of an advertising company was sentenced yesterday to 51/2 months in a halfway house for his role in a pay-to-play scheme at Philadelphia International Airport." Former Sky Sites CEO Joseph Evans "will also serve 51/2 months of home detention. Evans pleaded guilty to misappropriating company funds to make a political contribution. Three codefendants pleaded guilty to funneling $30,000 in campaign contributions to Mayor Street's 2003 reelection campaign to help secure a contract at Philadelphia International Airport." The Inquirer notes, "Neither the mayor nor any other public official has been accused of wrongdoing. The case is part of a continuing FBI investigation into corruption at Philadelphia International Airport and is related to federal authorities' City Hall probe."

The Philadelphia Daily News (1/5, Hinkelman, 106K) reports Evans also was ordered to "perform 100 hours of community service," and US District Judge James T. Giles said he "should use the community service to counsel others who might contemplate similar conduct. 'It gives you an opportunity to use the wisdom you've come to learn in a hard way to perpetuate that lesson,' Giles said. 'There are those who will now learn of your predicament.' Assistant U.S. Attorney Joan Markman and Evans' attorney, Cheryl Krause, said they were satisfied with the sentence." Evans "could have been sent to prison for 10 to 16 months under sentencing guidelines."

Judge Rejects Nevada Commissioner's Request To Delay Surrender For Prison. The Las Vegas Review-Journal (1/4, Bach) reported, "U.S. District Judge Larry Hicks on Wednesday refused a request to push back the surrender date of former Clark County Commissioner Dario Herrera, who in August was convicted of charges stemming from political corruption. 'The grounds argued in support of an extension of Herrera's surrender are founded upon arguments of financial hardship and inconvenience,' Hicks wrote in a court order. 'Given the severity of the defendants's criminal offenses and a surrender date that was more than abundant to prepare for incarceration, the motion is denied.' Hicks said Herrera is still expected to surrender to federal authorities on or before noon on Jan. 12." The AP (1/5) also reports on the ruling, in a story based primarily on the Review-Journal article.

Potential Jurors Complete Questionnaires For Federal Abortion Murder Trial. In a widely-distributed story, the AP (1/5, Thompson) reports, "Jury selection began Thursday in the federal trial of an anti-abortion extremist who shot and killed an abortion provider, on a charge that could keep him behind bars forever. The roughly 100 people in the jury pool were questioned about their views on abortion and their knowledge of the the 1998 sniper slaying of Dr. Barnett Slepian." The AP notes James Kopp "admitted firing the fatal shot from the woods outside but said he meant only to wound the doctor to stop him from performing any more abortions. … Authorities hunted 2 1/2 years for Kopp after the shooting, adding him to the FBI's list of the Ten Most Wanted fugitives in June 1999."

23 Indicted In $3.5 Million NYC Mortgage Fraud Scheme. The New York Daily News (1/5, Zambito, 729K) reports, "Twenty-three brokers, appraisers and bankers were indicted yesterday in a $3.5 million scheme to dupe banks and other lenders by recruiting 'straw'

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buyers to fill out bogus mortgage and loan applications, Manhattan federal prosecutors said. Brooklyn brokerages AGA Capital NY, Northside Capital and its successor Lending Universe Corp. earned $4 million in commissions between 2004 and 2006 brokering some 1,000 mortgages and home equity loans valued at $200 million, prosecutors say. The actual losses to banks and other lenders was pegged at $3.5million." The Daily News notes, "Eighteen defendants were arrested yesterday by agents from the FBI and Immigration and Customs Enforcement. Four more are expected to surrender today and one is a fugitive."

The New York Post (1/5, Cornell, 631K) adds, "AGA Brokers Aleksander 'Shorty' Lipkin, Igor 'Ryzhiy' Mishelevich, Alex 'Lyosha' Gorvits and several others are accused of supervising the scheme to submit fraudulent loan applications from 2004 to 2006. … In some cases, the ring 'stole the identities of persons who fit a certain financial profile and submitted loan applications on behalf of these persons without their knowledge,' court papers said." WNBC-TV New York (1/4) noted that the "case was investigated by the The Eurasian Organized Crime Task Force, a joint effort by FBI agents and NYPD detectives, and the federal Immigration and Customs Enforcement agency."

Washington Lawyer Pleads Not Guilty To Bribery Conspiracy Charges. The AP (1/5) reports, "A lawyer accused of taking thousands of dollars from a Kennewick youth program has pleaded innocent to federal bribery and conspiracy charges. U.S. Magistrate Judge Michael Leavitt entered a not guilty plea for Jeff L. Finney, of Benton City, and allowed the former defense lawyer to remain free without bond during an initial court appearance Wednesday." The AP notes, "Assistant U.S. Attorney Greg Shogren said Finney has cooperated for months with the investigation in the case, which the Tri-City Herald reported involves between $50,000 to $140,000 missing from the city of Kennewick's Home Base youth program. … A yearlong FBI investigation focused on Finney and Tyler M. Morris, 36, a former assistant city prosecutor for Kennewick."

Michigan Health Care Executive Pleads Guilty To Medicare Fraud. The AP (1/5) reports, "The former owner of a Michigan health care company pleaded guilty to federal charges of stealing nearly $800,000 by fraudulently billing Medicare." Iftakhar Khan "and his brother were indicted in 2003. They were charged with mail, wire and health care fraud." Amjad Khan "pleaded guilty in August." The AP notes Iftakhar Khan "was president of Livonia-based Michigan Rehabilitation and Pain Management. The company closed after the FBI and other agencies raided it in 2000. Amjad Khan operated Warren-based American Home Health Care, which also closed."

Missouri Official Indicted For Mortgage Fraud, Calls Federal Probe "Political Terrorism." The AP (1/5, Twiddy) reports, "Former Jackson County Executive Katheryn Shields and her husband were indicted Thursday on federal charges of taking part in a mortgage fraud scheme. … Federal prosecutors allege that the couple were approached by a group of individuals last fall who offered to sell their home, which was listed at $699,950, for $1.2 million. The couple was to receive $707,000 of that amount, the remainder being split among other co-defendants and explained to lenders as a 'management fee.' To get the mortgage approved, the defendants allegedly provided lenders with fraudulent financial information and inflated property appraisals. Officials said the FBI stopped the transaction from going through." The AP notes, "Shields has survived more than three years of fruitless federal investigations into her work as the county's highest elected official, and the indictment came the day before she planned to file to run for Kansas City mayor -- a decision she said she will not change. 'I think I've been subjected for the last three-plus years to political terrorism and I will not give in to political terrorism,' Shields said."

Death Penalty Sentences Fall To 30 Year Low. The AP (1/5, Tanner) reports, "The number of death sentences handed out in the United States dropped in 2006 to the lowest level since capital punishment was reinstated 30 years ago, reflecting what some experts say is a growing fear that the criminal justice system will make a tragic and irreversible mistake. Executions fell, too, to the fewest in a decade." Death sentences "fell in 2006 to 114 or fewer, according to an estimate from the group. That is down from 128 in 2005," and "down sharply from the high of 317 in 1996." A "total of 53 executions were carried out in 2006, down from 60 in 2005. Executions over the past three decades peaked at 98 in 1999."

NYTimes Praises New Jersey For Recommendation To End Death Penalty. The New York Times (1/5, 1.16M) says in an editorial, "New Jersey could

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take the lead among states in abolishing the death penalty if it follows the recommendation that a legislative commission made this week. It is the right thing to do, and not just because capital punishment is barbaric and a poor deterrent. It has become increasingly clear as the use of DNA evidence has grown that there is simply too great a risk of making an irreversible mistake."

Today Marks Twelfth Anniversary Of Bulger Disappearance. Under the headline "No Whitey After All These Years," the Boston Herald (1/5, Sweet, 184K) reports, "With the 12 days of Christmas safely behind us, Boston can pause to reflect on today's 12th anniversary of the disappearance of mobster madman James 'Whitey' Bulger. 'The Bulger Task Force . . . continues to dedicate an extraordinary amount of time and effort in the conduct of a worldwide investigation to locate fugitive James Bulger,' said Robert Krekorian, executive assistant U.S. attorney." The Herald notes, "Coincidentally, former FBI Boston Special Agent in Charge Kenneth Kaiser will be feted today at the Omni Parker House. Kaiser, tapped by Washington to serve as assistant director of the FBI's Inspection Division, made finding Bulger 'a priority'" said Hub office spokeswoman Gail Marcinkiewicz. 'He's disappointed that it didn't come to fruition during his tenure here in Boston.'"

The Boston Globe (1/5, Murphy, 413K) reports, "A federal grand jury investigating whether William M. Bulger or his family obstructed efforts to capture his gangster brother…has been extended at least another month, according to two sources familiar with the probe. Federal prosecutors are nearing a decision on whether there is sufficient evidence to ask the grand jury to indict William Bulger…on perjury or obstruction of justice charges, the sources said. The investigation is focusing on whether William Bulge…testified truthfully in April 2001 before a federal grand jury that was looking into whether family or friends of the fugitive knew his whereabouts or were helping him evade capture." The Globe also notes, "Today marks the beginning of Whitey Bulger's 12th year on the run. The longtime FBI informant was warned by his handler, retired FBI agent John J. Connolly Jr., to flee just before his January 1995 federal racketeering indictment."

Study Finds Embezzlement In Most Catholic Dioceses. The New York Times (1/5, Goodstein, Strom) reports, "A survey by researchers at Villanova University has found that 85 percent of Roman Catholic dioceses that responded had discovered embezzlement of church money in the last five years, with 11 percent reporting that more than $500,000 had been stolen." The Times continues, "The Catholic Church has some of the most rigorous financial guidelines of any denomination, specialists in church ethics said, but the survey found that the guidelines were often ignored in parishes. And when no one is looking, the cash that goes into the collection plate does not always get deposited into the church's bank account. … Specialists in church ethics said they believed this was the first study to assess the extent of embezzlement in a denomination." The Times adds, "Officials at the United States Conference of Catholic Bishops said they had seen the study, which was released just before Christmas and was first reported in the National Catholic Reporter, and were considering ways that parishes could tighten their financial controls." The Times notes that "the survey did not ask who stole the church money. But it did ask who detected the theft, and found that it was most often the parish priest, followed by the bookkeeper, an internal auditor or the parish finance council. … In October alone, three large cases of embezzlement surfaced, including one in Delray Beach, Fla., where two priests spent $8.6 million on trips to Las Vegas, dental work, property taxes and other expenses over four decades. … Most denominations have had cases of embezzlement, sometimes by top officials. In June, the Presbyterian Church U.S.A. fired its second-ranking financial officer, Judy Golliher, after she admitted stealing money that church officials put at more than $132,000."

Voluntary Statements By Suspects Seen As Window Into Criminal Process. The New York Times (1/5, Hartocollis) reports, "The 'Beast of Broadway,' as the tabloids call him, a successful actor, has been accused of sexually abusing a 15-year-old girl. But his grade-school teacher would be proud of him in at least one respect: He is a good speller. … That much was clear in the two and-a-half page written statement he gave the police after he was arrested, a statement that recounted a behind-the-scenes theater tour for the girl. He wrote these words voluntarily despite a constitutional right to remain silent that is ingrained not only in criminal law, but also in popular culture. But he was hardly the only person arrested in New York in recent years who opened up once the cuffs went on." The Times continues, "A former Women's Wear Daily writer, accused of

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disguising himself in a firefighter's costume and sexually assaulting a former colleague on Halloween, kept detectives spellbound with his disquisitions on Chinese menus and book rights. … A homeless man accused of stabbing a tourist as he rode with his girlfriend on the subway found that words weren't enough. Asked to sign his confession, he instead sketched a cartoon version of his crime: a pair of lovers' faces — one happy and one sad — and a stormy black cloud floating over a subway train." The Times adds, "Such statements — and occasional illustrations — by defendants in New York City courts are one element of what prosecutors call the V.D.F., more formally known as the People's Voluntary Disclosure Form. To read them is to experience a kind of poetry of everyday criminal life in New York City. … By turns raw, ugly, poignant, defiant, rarely remorseful and almost always damaging, the statements are a window into the criminal process, part of the common language between detectives and suspects. … Because they can be so revealing, the V.D.F.'s are a bane of defense lawyers' existence, and they often try to suppress them so they cannot be used in court. … More technically, the Voluntary Disclosure Form is a rough, preliminary summary of the evidence, which the prosecution is required to give to the defense."

CIVIL LAW:

FTC Fines Diet Pill Marketers For False-Ad Claims. The Washington Post (1/5, D1, Shin) reports, "The ads for CortiStress said it could reduce your chances of developing Alzheimer's disease. Xenadrine EFX's 'thermogenic technology' was supposed to give your metabolism a lift. And TrimSpa said it contained a plant 'used by African bushmen for centuries' that could help you lose weight so you could 'become all you ever envied.' … Those claims are not credible, the Federal Trade Commission concluded, yesterday announcing it will collect about $25 million from the marketers of those popular weight-control pills to settle allegations that they misled consumers." The Post continues, "None of the products was deemed dangerous to a person's health, and the pills will be allowed to remain on store shelves, FTC officials said. The promoters, however, must change their advertising." The Post adds, "The pharmaceutical company Bayer, which was among the FTC's targets, agreed to pay a $3.2 million civil penalty to settle charges that it violated a previous FTC order that required all health claims for its One-a-Day vitamins be 'supported by competent and reliable scientific evidence.' In national ads, Bayer claimed its One-a-Day WeightSmart contained epigallocatechin gallate (EGCG), a green-tea extract that can help prevent weight gain in women older than 30 who 'can gain 10 pounds a decade, due in part to a slowing metabolism.' … Those claims were not 'substantiated by competent and reliable scientific evidence,' the agency said. … The settlement with Bayer 'is a wake-up call to any company that wants to push the envelope,' FTC Chairman Deborah Platt Majoras said. 'Every claim they make they have to have the science to back it up.'"

USA Today (1/5, 1B, Iwata) reports, "Nancy Metcalf, senior project editor at Consumers Union, said the group has lobbied for years to strengthen federal oversight of weight-loss supplements. … 'We have advised people not to take them,' she said."

Eli Lilly Settles Thousands More Suits Over Zyprexa. The Washington Post/AP (1/5, D6, Callahan) reports, "Drugmaker Eli Lilly said Thursday that it will settle about 18,000 additional lawsuits alleging it did not adequately warn patients that its anti-psychotic medication Zyprexa carries a heightened risk of diabetes." The AP continues, "Lilly did not disclose the amount of the settlement but said in a statement that it would take a fourth-quarter settlement charge that's not expected to exceed $500 million." The AP adds, "In a June 2005 settlement, the Indianapolis company agreed to pay about $700 million to resolve more than 8,000 similar lawsuits involving Zyprexa, its top-selling drug. … Lilly spokeswoman Tarra Ryker said the new settlement covered more plaintiffs for less money because the 18,000 cases were less viable due to a 2003 Zyprexa labeling change, which addressed the drug's possible diabetes risk. … She said the company plans to go to trial, beginning in April, to defend itself against the 1,200 remaining claims, which she said are not being settled for 'various reasons.' Lilly declined to elaborate on the specific reasons."

CIVIL RIGHTS:

DOJ Will Not Probe Death In Virginia Jail. The Hampton Roads Virginian-Pilot (1/5, Mccaffery) reports, "Federal authorities have declined to investigate the July death of an inmate in Portsmouth City Jail." The Virginian-Pilot continues, "The Federal Bureau of Investigation in

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Norfolk and the Department of Justice informed city officials in Portsmouth last month that they found insufficient evidence to suggest that federal civil rights laws were violated in connection with Joseph Combs's death. … After six days in the city jail, Combs, 57, died of severe dehydration and acute pneumonia, with bipolar disorder contributing, according to his autopsy. … Portsmouth City Attorney Tim Oksman sent letters to federal authorities in November, requesting a civil rights investigation into his death." The Virginian-Pilot adds, "Lamarr Brown , president of the Norfolk-based Organization of African-American Concerns , is speaking for Combs' widow, Granada Combs . … 'This is usually the protocol by the FBI in the Hampton Roads area when the death of a black person is concerned,' Brown said."

DC Seeks Dismissal Of DOJ Boys Town Suit. The Washington Times (1/5, McElhatton) reports, "D.C. officials want a federal judge to throw out a civil rights complaint filed by the U.S. Justice Department after a jury deadlocked on whether the city discriminated against a group home for disadvantaged youth on Capitol Hill." The times continues, "The complaint centered on whether D.C. officials broke federal housing laws and discriminated against the nonprofit Father Flanagan's Girls and Boys Home, also known as Boys Town. … The Nebraska-based group sued the District in 2001, saying city officials kept Boys Town from opening a group home on Potomac Avenue Southeast by stonewalling project applications amid community opposition to the plans." The Times adds, "The Justice Department later joined as a plaintiff in the federal lawsuit. … 'There was no direct evidence of handicap or racial discrimination against the Boys Town project,' attorneys for the District argued in recent court pleadings. Federal officials declined to say yesterday how they plan to proceed. … 'We're obviously disappointed the jury didn't return a verdict for the United States,' said Cynthia Magnuson, a spokeswoman for the Justice Department. 'But we continue to think the District of Columbia violated the Fair Housing Act.'"

ANTITRUST:

Auto Paint Antitrust Suit Settled. The Legal Intelligencer (1/5, Duffy) reports, "The final two defendants in a class action antitrust suit against the top manufacturers of automotive refinishing paint have agreed to pay $39 million to settle claims that they participated in a price-fixing conspiracy, bringing the total recovery in the case to more than $105 million." The Intelligencer continues, "In a six-page opinion in In re Automotive Refinishing Paint Antitrust Litigation handed down on Dec. 28, Eastern District of Pennsylvania Judge R. Barclay Surrick granted preliminary approval of the two settlements -- $16 million from Sherwin-Williams Co. and $23 million from PPG Industries -- clearing the way for notices to be sent to the class." The Intelligencer adds, "In prior settlements, E.I. du Pont de Nemours & Co. paid $36 million; Akzo Nobel Car Refinishes, a subsidiary of Dutch chemical giant Akzo Nobel NV, paid $18.7 million; and two related German companies, BASF and BASF Coatings, paid $12 million total. … The plaintiffs in the suit are a class of direct purchasers -- mostly auto repair shops -- that claim in the suit that the paint manufacturers conducted secret meetings in Europe in which they agreed to 'fix, raise, maintain and stabilize' the prices of refinishing paints. … The suit alleges that during the 1990s, the price increases for auto refinishing paints continued to rise despite a drop in the prices of crude oil and natural gas -- the principal raw materials used to manufacture refinishing paints. … Dozens of suits were filed in 2001 in the wake of news accounts of the Justice Department's probe focused on Akzo Nobel, which had pleaded guilty in 1997 and was fined $10 million for participating in a separate international conspiracy to fix the price of sodium gluconate, an industrial cleaner."

Visa, Mastercard Settle Debit-Card Dispute With US. The Wall Street Journal (1/5, C2) reports, "The federal government is set to collect at least $7 million as part of an 11-year-old court battle that pitted retailers against Visa USA Inc. and MasterCard Inc. in a dispute over debit-card fees." The Journal continues, "Although plaintiffs in the class-action lawsuit settled the case in 2003, the U.S. submitted a claim only last February. That claim then became the subject of a separate dispute when lawyers representing the plaintiffs contended that the government shouldn't get a piece of the $3 billion settlement fund that had been set up for retailers." The Journal adds, "By filing a claim, the government essentially contended that it, like the nation's retailers, had been hurt by Visa and MasterCard rules that required merchants to accept their branded debit cards if they also accepted their credit cards. Government facilities-ranging from military PXs to the souvenir shop at the Smithsonian Institution accept plastic. The government's claim had been submitted by the antitrust division of the Justice Department. … Under the settlement,

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which was announced late Wednesday, Visa and MasterCard will pay a total of $3.5 million to the government. The settlement fund will contribute $3.7 million. The government may receive additional funds later if there is money left in the settlement fund."

EU Intensifies Probe Of Energy Companies. The Financial Times (1/5, Buck) reports, "Europe's biggest energy companies face an intensified crackdown by the European Union competition commissioner following an inquiry into the sector that found evidence of collusion and other severe market failings." The Times continues, "In a summary of a 16-month investigation, Neelie Kroes warns she will make 'full and combined use' of her powers over mergers, government subsidies and antitrust abuses to tackle the lack of competition in the sector. … Her report, a copy of which has been obtained by the Financial Times, states: 'Market concentration has been identified as a major concern for the success of the liberalisation process. The market power of pre-liberalisation monopolies has not yet been eroded.'" The Times adds, "The final results of Ms Kroes' sector inquiry are expected to be announced next week, along with a broader review of the EU's energy policy that will also look at cutting greenhouse gas emissions and bolstering the security of Europe's energy supplies. … Her assessment will make uncomfortable reading for many of Europe's biggest energy companies, including Eon and RWE of Germany, GdF in France and Eni in Italy. These groups are already the target of Commission antitrust investigations, and have seen their offices raided by Brussels officials at least once during the past seven months. … The report makes clear that they – and other dominant energy groups – are likely to face further pressure from the Brussels regulator in the near future, for example to cede control over gas pipelines and the power grid or to terminate some of their long-term contracts with customers and energy suppliers."

Dingell Generates Concerns At FCC, Even Among Democrats. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that Rep. John Dingell "alarms FCC Democrats, too." Back as "chairman of House Energy and Commerce panel after 12 years, the Michigan Democrat has blasted the Republican-controlled communications panel. But his statement of 'significant concerns' about ATT-BellSouth merger rankled Democratic commissioners. The agency's two Democratic board members had won concessions from AT&T to approve the deal. A Dingell aide said he wasn't referring to the Democrats' actions."

South Korea Launches Antitrust Probe Of Qualcomm. The Financial Times (1/5, Nuttall) reports, "South Korean antitrust regulators say they have launched a full-scale investigation into the business practices of Qualcomm, the US wireless chipmaker." The Times continues, "Qualcomm has been the subject of complaints from other chipmakers and handset makers in Europe, Japan and Korea, but the move by the Korean Fair TradeCommission represented the first time that formal action had been taken by the authorities." The Times adds, "An FTC official said a task force had been formed since early in December to step up an investigation into allegations that Qualcomm had used its dominant market position to charge excessive royalties. … It had received complaints between April and June last year from Broadcom and Texas Instruments, rival chipmakers in the US, and Korea's Nextreaming and Thin Multimedia. … They had alleged monopolistic practices by Qualcomm in bundling multimedia products into its chipsets and not opening up its programming interface to allow others to build complementary software applications."

The AP (1/5, Olsen) reports, "Between April and June last year, the FTC received complaints about Qualcomm from Broadcom Corp. and Texas Instruments Inc., both of the U.S., and two South Korean companies, claiming Qualcomm abused its market dominance. … Qualcomm is embroiled in legal and trade disputes with a number of rivals that contend it extracts excessive royalty payments, a charge the company vigorously denies. Korea has long been one of Qualcomm's strongest markets, accounting for 32 percent of $7.53 billion in revenue for its fiscal year that ended Sept. 24."

Major Law Firms Scrap Merger Plans. The Wall Street Journal (1/5, B1, Koppel) reports, "New York law firm Dewey Ballantine LLP is best known for its deals practice. But this time, it wasn't able to pull off a deal of its own." The Journal continues, "Merger plans between Dewey and another major firm, Orrick, Herrington & Sutcliffe LLP, founded in San Francisco, fell apart yesterday amid concerns over money, power and prestige. At least 11 Dewey partners had left in recent months, some taking business with them. … The merger had been heralded as one of the biggest in years

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and notable given Dewey's stature and lucrative Wall Street practice. … In recent years, many law firms have merged to add practice depth quickly and to enter new national and international markets. Firms are particularly keen on adding lawyers in New York, the world's most lucrative legal market, thanks to a steady supply of corporate-deal work. If the tie-up had gone forward, other New York firms might have felt pressure to join the merger frenzy that has long gripped firms based in others parts of the country. … The failure of this merger may make it harder for firms outside New York to find partners there."

The New York Times (1/5, De La Merced) reports, "Unlike most merger talks, which are conducted in secrecy, the firms announced in October that their top committees had given preliminary approval to the proposal. At every step in the process after that, the firms expressed confidence that the deal would go through." The Times adds, "The two had already decided upon the name Dewey Orrick for the combined firm. Dewey's chairman, Morton A. Pierce, and Orrick's chairman, Ralph H. Baxter Jr., would have served as co-chairmen, with Mr. Baxter taking on the additional title of presiding partner. … Partners were to have voted on the deal last month. But as several obstacles proved intractable, those elections were postponed to this month. … Among the most visible distress signals was the departure of 10 partners from Dewey since merger talks began. Most ominous were the exits of three lawyers from Dewey's mergers and acquisitions team, including Michael J. Aiello and Jack S. Bodner, who had been considered protégés of Mr. Pierce."

Prominent LSE Shareholder Increases Its Stake. The Wall Street Journal (1/5, MacDonald) reports, "The second-largest shareholder in London Stock Exchange PLC added to its stake in the company, indicating that some investors still expect Nasdaq Stock Market Inc. to raise its offer for the London market operator, even as LSE's shares have fallen closer to Nasdaq's current offering price." Heyman Investment Associates, an investment vehicle of U.S. businessman Samuel Heyman, "said it had increased its stake in LSE, Europe's largest exchange by the value of stocks traded, to 9.65% from 9.60%." Over the past three days, LSE's share price has gone down 1.8% "to close at £12.87 ($25.10) yesterday; it is now just 3.5% higher than Nasdaq's offer of £12.43 a share. Analysts believe that if LSE's share price falls below £12.43, enough hedge funds will sell their shares to Nasdaq to give it the 50% it says it needs to take over the London exchange."

ENVIRONMENT:

Park Service Still Sells "Creationist" Account Of Grand Canyon. The New York Times (1/5, Dean, 1.16M) reports that when "complaints emerged in 2004 over the sale of a creationist account of the formation of the Grand Canyon in National Park Service bookstores, Interior Department officials said they would review whether the book should be pulled from the shelves." But there "was no formal review, in part because of differences of opinion among the Park Service's own specialists, said David Barna, a spokesman for the agency, in an interview yesterday." In the end, "no formal action was taken, and the book remains on sale because, Mr. Barna said in a written statement, 'It is not our role to tell people what to believe.'"

EPA Official Warns Of Slow Progress On Chesapeake Bay Revitalization. The Washington Post (1/5, A1, Fahrenthold) reports, "The multibillion-dollar cleanup of the Chesapeake Bay, which government officials had pledged would succeed by 2010, will likely miss that deadline by a wide margin -- and, at the current pace, might drag on for decades more, an Environmental Protection Agency official acknowledged yesterday." The Post continues, "Rich Batiuk, an associate director of the EPA's Chesapeake Bay Program, made that projection at a meeting of the Chesapeake Bay Commission, an advisory group that includes state officials from Maryland, Virginia and Pennsylvania. … His talk was a blunt, and public, admission of something that the EPA had conceded in an agency report last year. A pledge to "save the bay," made six years ago in the so-called Chesapeake 2000 Agreement, is falling drastically short." The Post adds, "The news means a continued struggle for one of this area's most cherished bodies of water, one that Washingtonians turn to for seafood, sailing, recreational fishing and weekend scenery. It is also bad news for such Chesapeake tributaries as the Potomac River, where the pollution and runoff bring mud, algae blooms and dangerous chemicals on the way to the bay. … Batiuk's assessment was not news to many environmentalists, who have said for years that roads and suburbs in the watershed were growing too fast and that cleanup efforts at farms and

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sewage plants were moving too slowly for the deadline to be met."

FBI/DEA/ATF/USMS:

FBI Records Reveal Details Of Rehnquist Drug Dependence. The AP (1/5, Yost) reports, "A physician at the U.S. Capitol prescribed a powerful sleep aid for William Rehnquist for nearly a decade while he was an associate justice of the Supreme Court, according to newly released FBI records. The records present a picture of a justice with chronic back pain who for many months took three times the recommended dosage of the drug Placidyl and then went into withdrawal in 1981 when he abruptly stopped taking it. Rehnquist checked himself into George Washington University Hospital, where he tried to escape in his pajamas and imagined that the CIA was plotting against him, the records indicate." The AP notes, "The doctor who helped Rehnquist get off the drug said the justice's wife…felt that the prescribing physician and the pharmacist who filled the prescription were probably intimidated by such high-ranking officials as Supreme Court justices and senators and probably would have agreed to almost any request."

Files Also Show FBI Investigated Confirmation Witness Testimony. In a front-page story, the Washington Post (1/5, Cooperman, 690K) reports, "The files also show that during both of Rehnquist's confirmation battles…the Justice Department enlisted the FBI to find out what witnesses lined up by Senate Democrats were prepared to say." North Carolina lawyer Alexander Charns said that the files "contain evidence of 'the ongoing use of the FBI for political purposes, not only in the sixties and seventies but well into the 1980s.'" However, FBI spokesman Paul Bresson "denied that the FBI's background investigations for judicial nominees are partisan in any way. 'We are not political; we are apolitical. We're just trying to find the facts,' he said." Then-Assistant Attorney General John R. Bolton "said in a telephone interview yesterday that there was no political bias in the investigation, because the request actually came from Senate Democrats."

Judge Rejects Request To Throw Out Statements In Florida Torture Case. The St. Petersburg Times (1/5) reports, "Testifying for the first time since his arrest in a case involving allegations of torture, rape and murder, Scott Schweickert accused authorities Thursday of violating his rights by denying him a lawyer when he was first questioned." Schweickert "is charged with conspiracy and assisting in a drug-facilitated crime of violence against Michael Wachholtz and Jason Galehouse, both 26. The two men disappeared the same weekend in December 2003." DEA agent Scott Albrecht "testified that Schweickert had been informed of his right to an attorney several times but never requested one. … 'The evidence shows that at no time did the defendant request a lawyer,'" the judge said.

Grand Jury In Baltimore Indicts Five On Drug Charges. The Baltimore Sun (1/4) reported a grand jury in Baltimore indicted five defendants after federal agents "seized 23 kilograms of cocaine last month and arrested the men involved in the delivery to Howard County on conspiracy charges." According to court documents, a state trooper in North Carolina stopped a tractor-trailer Dec. 18 for speeding. The trooper "found cocaine in the vehicle, authorities said." The Sun says court documents show that DEA agents learned that two men were delivering the cocaine from California to a truck stop in Howard County.

Authorities To Use Racketeering Law Against Florida Gang Members As Murder Rate Rises. The Palm Beach Post (1/5) reports federal agents "will step in to help prosecute local gang members under the nation's racketeering laws," according to Palm Beach County Sheriff Ric Bradshaw. Members of the Federal Bureau of Investigation, Bureau of Alcohol, Tobacco, Firearms and Explosives and probably the Drug Enforcement Administration will go after those responsible for a surge in murders, Bradshaw said. The nation's racketeering law, stronger than the state statute, allows investigators to charge gang leaders who orchestrate a killing even if they did not pull the trigger." Defense attorneys "have criticized use of those laws, however, saying that federal agents have used tenuous links and a wide dragnet to win convictions of low-level gang members who were not responsible for violent crimes."

Sessions May Get Democratic Backing For Drug Sentencing Bill. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that Republican Sen. Jeff Sessions "may find better luck under Democratic control with his bill to reduce the sentencing disparity between crack and powder cocaine." Democratic backers "want to eliminate the disparity

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altogether, arguing it discriminates against black defendants. But they face law-enforcement resistance, leaving Sessions's proposal as a potential compromise."

Colombia Extradites 2 To Face Drug-Smuggling Charges In US. There are more than 50 media references to Colombia's extradition of two men accused of helping to smuggle cocaine into the U.S. The AP (1/5) reports Colombia "has extradited to the United States a police officer and a former policeman charged with helping smuggle more than 2 tons of cocaine into the U.S. on cargo flights. Leonidas Molina Triana, a former major in the Colombia's national police, and Humberto Avila, a patrolman at Bogota's El Dorado airport, were arrested in April as part a joint probe by prosecutors in New York and law enforcement agencies in Colombia, the United States and Mexico. Four other current and former officers, as well as a commercial airline employee, are expected to be extradited soon, Erin McKenzie-Mulvey, a DEA spokeswoman in New York, told The Associated Press." Media outlets that used the AP story include the New York Times, Washington Post, Walls Street Journal, Los Angeles Times, Forbes, Newsday, the Houston Chronicle, San Luis Obispo Tribune, and Fort Worth Star Telegram.

The Washington Times (1/5) reports DEA Special Agent in Charge John P. Gilbride "said Colombia's infamous Norte Valle drug cartel recruited Colombian police officials responsible for airport security and employees of Avianca Airlines to facilitate the smuggling of cocaine to the United States. … DEA spokesman Garrison K. Courtney said the extraditions are part of 'Operation Caso Dorado,' a joint investigation conducted by the U.S. Attorney's Office in New York, the DEA in Bogota and New York, U.S. Immigration and Customs Enforcement (ICE) agents, and Colombian and Mexican law-enforcement authorities. … The indictment also seeks the forfeiture of $50 million from the two men."

On its Web site, Voice of America (1/4) reports the indictment "alleges that Molina Triana was one of a number of corrupt officials who helped Colombia's Norte del Valle drug cartel recruit workers at Avianca Airlines, and police at El Dorado airport, to ship cocaine on commercial aircraft. … The United States, however, has assured Colombia it will not seek life sentences for defendants extradited from the South American country."

IMMIGRATION:

Judge Orders Deportation Of Wisconsin Man Accused Of Being Nazi Camp Guard. The AP (1/5) reports from Chicago, "An immigration judge ordered the deportation of an 81-year-old Wisconsin man accused of serving as a Nazi concentration camp guard, the Justice Department announced today." The AP continues, "Judge Jennie Giambastiani ordered Wednesday that Josias Kumpf be deported to Germany, Austria or Serbia. The department said Kumpf chose Germany, although it was unclear when he would be deported. … Kumpf's attorney, Peter Rogers of Pittsburgh, said his client would appeal the ruling within 30 days as required." The AP adds, "In July, the federal government asked the judge to deport Kumpf, who was stripped of his U.S. citizenship in 2005 after a federal judge in Milwaukee concluded he had 'personally assisted' in the persecution of prisoners. … Kumpf served as an armed SS guard at Sachsenhausen Concentration Camp in Germany, an SS labor camp in Trawniki, Poland, and at construction sites in occupied France, the Justice Department said."

TAX:

DOJ Sues Illinois Couple Over Faulty Tax Returns. The Peoria (IL) Journal Star (1/5, Deshinsky) reports, "The Justice Department has brought a federal lawsuit against a Seneca (IL) couple accused of costing the U.S. Treasury more than $13 million in faulty income tax returns." The Star continues, "The suit, filed Dec. 29 in U.S. District Court in Chicago against Royanne and Neal Reddy, seeks to permanently bar them from preparing federal tax returns for others. Their companies are advertised as specializing in tax service for trucking and construction companies. … The Reddys own Royanne's Tax Service in Marseilles and Royanne and Company in Princeton. The couple has prepared more than 9,000 returns since 2002, according to a Justice Department news release." The Star adds, "The lawsuit alleges 70 of these returns, which were prepared by the Reddys or their employees, required adjustments and 64 returns contained improper deductions of as much as $30,000. The suit also says the savings from the under-reported returns averaged to about $2,775 per customer. … The Reddys are accused of fraudulently

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fabricating or inflating business expenses to reduce customers' incomes. They are also accused of fabricating income for some customers so they could receive earned income tax credits."

CONGRESS-ADMINISTRATION:

Democrats Take Control Of Congress In "Historic" Day. The AP (1/5, Espo) reports, "In a day of ceremony and historic change, Rep. Nancy Pelosi became the nation's first female House speaker on Thursday as Democrats eagerly took control of Congress for the final two years of President Bush's term. 'The Democrats are back,' rejoiced Pelosi, and she immediately set the rank-and-file to work passing tougher ethics rules." Media reports last night and this morning universally emphasize the "historic" nature of Pelosi's election. As McClatchy (1/5, Talev, Douglas) notes, Pelosi herself referred to the "historic moment for the Congress and for the women of this country" and "a moment for which we have waited more than 200 years." The AP (1/5, Werner) reports she also "marveled aloud at her long journey 'from the kitchen to the Congress.'"

In the midst of the "historic" House session, the Senate transfer of power is receiving much less attention. The AP (1/5) reports that "across the Capitol, Sen. Mitch McConnell of Kentucky took over as leader of minority Republicans, and said it was time to put an end to 'a culture of partisanship over principle.'" Majority Leader Harry Reid "said he was eager for cooperation, and he arranged for a rare closed-door meeting of all senators before the Senate convened to help set a more cordial tone." The Washington Times (1/5, Miller, 88K) quotes McConnell saying, "I stake my party to a pledge: when faced with an urgent issue, we will act; when faced with a problem, we will seek solutions, not mere political advantage." In his "Washington Sketch" column for the Washington Post (1/5, A2, 690K), Dana Milbank says Reid was bound to be overshadowed yesterday. Pelosi was the first woman to become speaker in American history. Reid was merely the 20th man to become Senate majority leader since the position was created 87 years ago. … Part of the disparity, however, was less about history than style. Pelosi scheduled four days of parties for her installation -- a festival Republicans dubbed the Pelosi-Palooza -- including an extravaganza featuring Tony Bennett, and a street naming for Pelosi in her native Baltimore."

Media coverage of the new Congress was generally very positive. The CBS Evening News (1/4, lead story, 2:55, Couric, 7.66M) reported, "Americans voted for a change in the last election and today we got it. … A CBS News poll out tonight finds 68% of Americans are optimistic about this new Congress. That includes 84% of the Democrats we polled but less than half of the Republicans." The New York Times (1/5, Leibovich, 1.16M) says this morning, "Against the sober backdrop of war and as Democrats ascended in both chambers, people of both parties spoke of how committed they were to working together and changing the political tone. … But maybe this time really will be different. Like 63-degree weather in January (and cherry blossoms out of season), Washington seemed to have flipped on its head, power-wise, karma-wise, at least for a few hours. There were children and flowers everywhere, and pictures of Vice President Dick Cheney and Senator Edward M. Kennedy mugging together."

But the Los Angeles Times (1/5, Simon, Havemann, 850K) says "there were signs of partisan tensions in the House even before Pelosi was elected speaker." She "pressed ahead with her agenda for the House's first 100 legislative hours -- over Republican grumbling that she planned House floor votes without the usual committee action first. … Next week, the House will begin voting on legislation that will need Senate consent and Bush's signature, including some highly controversial items. At the head of that list is a bill to expand embryonic stem cell research -- the subject of Bush's only veto in his six years in office."

In fact, says the Chicago Tribune (1/5, Zuckman, 617K) reports, "After convening, the House immediately adopted new rules Thursday tightening ethics guidelines by banning lobbyists from giving gifts, meals and tickets to members and their staffs. The rules would also prohibit lobbyists from paying for a lawmaker's travel or providing flights on corporate jets. The measure passed 235-195, largely along partisan lines."

On ABC World News (1/4, story 2, 1:40, 8.78M), George Stephanopoulos noted House Democrats "are not banning fund-raising by lobbyists. This is an odd loophole. They can still host big, lavish parties at conventions. But this is a bipartisan conspiracy. Neither party right now wants to have campaign finance reform." And in his "Wonder Land" column, Daniel Henninger writes in the Wall Street Journal (1/5, 2.04M), "The biggest mistake you can make is thinking that the ethics package proposed by new Speaker Nancy

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Pelosi is mainly about 'cleaning up' politics. Maybe. But it's first of all about cleaning the clocks of the Republicans."

House Ways and Means Chairman Charles Rangel, on PBS' NewsHour (1/4, Warner), expressed hopes for lasting bipartisan collaboration: "I heard them today -- I heard Minority Leader Boehner, I've talked with Republicans on my committee. I really think that we believe that working together in a bipartisan way is good for our committees, it's good for the Congress, and I know it's good for the country. … I'm working with the leadership to see that we don't get caught doing the same thing that the Republicans did. All decisions have not been made, but I do believe that we should have an opportunity to have hearings on these issues within the 100 hours."

The Washington Post (1/6, A6, Eilperin, 690K) says Republicans "eschewed news conferences and raucous receptions yesterday and instead quietly conferred among themselves and observed the traditional Opening Day rites with their families and friends." But "GOP leaders signaled that they won't quietly fade into the background, and they pledged to promote innovative policies and stay true to conservative ideals -- a path that they hope will lead to victory in 2008. Although they will challenge Democrats on a broad range of domestic and foreign policy issues, they say they won't resort to guerrilla-style tactics or harsh rhetoric."

Outreach To Democrats Seen As Signaling "End Of An Era For Bush." The Los Angeles Times (1/5, Hook, 850K) says that "after Republicans' resounding defeat in the fall elections, Bush and his lieutenants are now paying attention to Democratic power brokers they had all but ignored for years." Reid is getting "red carpet treatment," Pelosi "got a Christmas Day phone call from Bush at home in San Francisco. New committee chairmen are enjoying quality face-time with Cabinet bigwigs. Even potential White House allies from the Democrats' conservative wing had been ignored for the past six years, but they now are being ushered into the Oval Office." Those "gestures and other bows to bipartisanship are signs that the swearing in of the new Congress is not just a fresh start for Democrats; it is the end of an era for Bush, who has had the luxury of governing for most of the last six years with his own party in charge of Congress."

Senate-House Differences, Ideological Divide Could Hinder Democratic Agenda. The Financial Times (1/5, Luce) reports Pelosi and Reid "both said that tackling the congressional 'culture of corruption' would be their chief priority during the next few days." Their proposals, "which are aimed at weakening the notorious links between lawmakers and so-called 'K Street' lobbyists that have ballooned in recent years, include a ban on accepting gifts or air tickets from lobby groups and forcing lawmakers to declare their names when they insert in legislation 'earmarks' that are sponsored by special interest groups." However, the New York Times (1/5, Kirkpatrick, 1.16M) says that "in contrast" to the House plans, "the initial Senate ethics bill would ban only gifts or meals and not trips paid for by lobbyists or their employers. It would not restrict the use of corporate jets. It would require disclosure of the sponsors of only a small fraction of spending earmarks, excluding those added to supplementary material, called Congressional reports, that explain legislative intent or that are directed through federal agencies like the Defense Department. Nor does the Senate bill propose any independent enforcement." The Times adds, "Some senior Democratic aides said the House rules had upped the ante for the Senate."

The Washington Post (1/5, A1, Weisman, Murray, 690K) reports "it was clear yesterday that the Senate would have no choice but to take a more deliberative approach to the issues the House plans to bulldoze through. Senate leaders pledged bipartisanship, and in a chamber divided 51 to 49 , they will have no choice." Even in the House, "Democrats are already having trouble reconciling their promises even for the initial hundred-hour blitz. Senior House Democratic aides said a promise to cut student-loan interest rates in half will have to be phased in over five years to comply with a pledge to offset any additional deficit spending with equal spending cuts or tax hikes." The Post adds, "The loan pledge is proving just too expensive, and Senate Finance Committee Chairman Max Baucus (D-Mont.) and the committee's senior Republican, Charles E. Grassley (Iowa) introduced legislation yesterday to immediately repeal the alternative minimum tax, a proposal that would cost the Treasury hundreds of billions of dollars." In a similar story, the Wall Street Journal (1/5, Rogers, 2.04M) also says "Senate Democrats appear reluctant to be as bold as their House counterparts by trying to change rules unilaterally. Instead, the plan is to move with a hybrid package of rules and legislative changes."

Moreover, the New York Times (1/5, Broder, 1.16M) reports that "there were signs…of division among Democrats over how hard to push to undo the fruits of years of Republican rule. Many Democrats say those years moved the nation too far right, but others argue that the big tax cuts

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and regulatory relaxations are part of the permanent legislative framework that should be accepted." Analyzing that split, the New York Times (1/5, Hulse, 1.16M) also reports Democrats "must face reality." They "must reconcile diverse ideological factions within their ranks and make a fundamental choice. … In a meeting with the Congressional Black Caucus earlier in the day, Mrs. Pelosi made her own allusions to the competing tugs on Democrats, noting the party was rooted in its traditions but not hostage to the past."

In his Washington Post column (1/5), Eugene Robinson appears to embody that split, writing that he doesn't mean "to belittle the Democratic agenda, as far as it goes. But it tiptoes around the big, ugly monster of an issue sitting in the middle of the room -- the war in Iraq. The new Congress is going to have to stop temporizing and stand up to George W. Bush on the war. … Very soon, perhaps inconveniently soon, Democrats are going to have to take a stand."

More Congressional Commentary On Democratic Agenda. Rep. Adam Putnam said on PBS' NewsHour (1/4, Warner) that Democrats have "rolled out an ambitious schedule for just next week alone to deal with minimum wage, student loans, prescription drugs, their whole agenda, with no committee hearings, no opportunities for half of the Congress to prepare amendments and offer their version. And my take on the election last November was that, as much as anything, the American people were saying, 'You guys need to get your act together and clean up the House, get rid of this bumper-crop of scandals. We want to know that every member of Congress has an equal say and equal opportunity to impact legislation.' And not only are they depriving Republicans of the opportunity to be heard, but they're depriving talented chairmen like Mr. Rangel of the opportunity to refine these packages."

Rep. Chaka Fattah said on MSNBC's Hardball (1/4, Matthews), "Oversight's going to be a very important part of the work of the 110th Congress. But we promised, first and foremost, over these first 100 hours, that we would raise the minimum wage, that we would make the availability of stem cells available for medical research, that we would lower the interest rate on college loans. So it's important that we keep our word, keep our promise. The Democratic Party now has the majority. And we also have the moral compass to understand that the country doesn't want to see a lot of partisan back and forth, but they do want answers."

Rep. Marsha Blackburn said on MSNBC (1/4, Gregory), "I think what we're seeing is that they wanted things done one way. And when we were in the majority and wanted to have more rights and more participation -- and under the Republican majority they were given wonderful consideration. … They were always given motions to recommit. They were given committee debate. They had their legislation going through committee. And now that they are taking control, the bipartisanship seems to have gone by the wayside."

NYTimes Calls Tying Minimum Wage To Tax Cuts "Idiocy." The New York Times (1/5, 1.16M) editorializes, "As the minimum wage moves to the top of the new Congress's agenda, some politicians -- mainly President Bush and Senate Republicans -- seem incapable of viewing the issue as anything other than a pretext for more tax cuts. This time the lucky recipients would be small-business owners, who the politicians contend will be unduly harmed by having to pay higher wages. So much for ringing in the new. … It's that sort of idiocy the new Congress was elected to stop."

Democrats End Day With "Glitzy Fundraiser." The Washington Post (1/5, C1, Montgomery, Du Lac, 690K) reports, "Despite the promised 'new direction for America,' getting the money out of politics and all of that, some facts of Washington life appear immutable and eternal." The Democrats ended their "history-making day" with Pelosi "presiding over a glitzy fundraiser open to anyone with $1,000 for a ticket. … Organizers expected 1,000 to 1,500 guests, with checks to be made out to the Democratic Congressional Campaign Committee. Many complimentary tickets were given out, and DCCC spokeswoman Jen Psaki could not immediately say how much money was raised. She said fundraisers are usually closed to the news media, but arrangements were made to allow reporters to hear Pelosi's remarks."

Pelosi's Ascension To Speakership Greeted With Excitement. The Washington Post (1/5, Layton, 690K), in a story titled "Women Bask in New Speaker's Shining Moment," says this morning "This was the visual they had dreamed about for years, for decades, for a lifetime. A woman standing on the wooden dais before the high-backed leather chair of the speaker of the House, the gavel in her hand, the American flag draped behind her." When Pelosi "made American history yesterday and was formally elected speaker, the raucous cheers that rang through the House chamber came from young girls in Mary Janes, working women in business suits, elderly ladies carrying canes and more than a few men."

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TV coverage of Pelosi's ascension was extensive and also very positive. ABC World News (1/4, lead story, 3:45, Gibson, 8.78M) notes the "symbolic" picture of "the new Speaker…on the floor…holding her 6-year-old grandson," and "all the while, giving directions on how events were to proceed. It seemed the ultimate in multitasking -- taking care of the children and the country." NBC Nightly News (1/4, lead story, 2:45, Reid, 9.87M) said "on the floor of the House it was a day like no other -- children and grandchildren seemed to out number members of Congress." Democrats "were jubilant." NBC Nightly News (1/4, story 2, 2:25, Mitchell, 9.87M) later reported Pelosi's "arrival today had the excitement of a Presidential entrance," and added "women who fought for years to break down the barriers like, Pat Schroeder, returned to savor their victory." Rep. Loretta Sanchez was shown saying, "I think we were all in tears down on the House floor earlier as she was nominated and confirmed as our Speaker."

The CBS Evening News (1/4, story 8, 2:25, Couric, 7.66M) also said, "This was a big day for women, and not just Nancy Pelosi," and goes on to profile new Rep. Carol Shea Porter, a surprise winner in New Hampshire last November. The CBS Evening News (1/4, story 9, 0:45, Couric, 7.66M) added, "We can't let this historic day pass without mentioning Susan B. Anthony, who fought so hard for the right of women to vote but didn't live to see us get it."

House Energy and Commerce Chairman John Dingell said on MSNBC (1/4, Mitchell), "I think not only are the women pleased with these events, but, quite honestly, men like me are also quite delighted, because we are giving now another step toward real equality for all of our people." And Sen. Barbara Boxer said on MSNBC (1/4, Scarborough), "We shared some of the excitement of seeing our friend Nancy become the speaker. I served over there in the House for 10 years. Honestly, I thought I'd see a woman president before I saw a woman speaker, just because of the culture of the House."

The New York Times (1/5, Broder, 1.16M) says "even Republicans grudgingly acknowledged the unprecedented nature of the day on which a woman ascended to power on Capitol Hill by rising as one to applaud her." House Minority Whip Roy Blunt said on Fox News' Your World (1/4, Cavuto) said, "I think there is an appropriate attitude here today of recognizing the achievement Nancy Pelosi has made to become the first woman speaker. … The new majority whip, Jim Clyburn, is only the second African-American to hold that job. And this is a day for them that they have some right to celebrate."

And USA Today (1/5, Kiely, Schouten, 2.27M) notes "the 33 new or re-elected senators who took their oaths included seven women, bringing the total number of women in Congress' upper chamber to a record 16. There are a record 74 women in the House, including three non-voting delegates."

Waters Votes For Abzug, Steinem. The Washington Times (1/5, Hurt, 88K) notes Democratic Rep. Maxine Waters didn't vote for Pelosi for speaker. Instead, she "cast her vote in honor of feminist icons Bella Abzug and Gloria Steinem."

Bush, Pelosi Calls For Bipartisanship Seen As Insincere. In the Washington Post (1/5, A17, 690K), Greg Craig, a former Clinton White House aide, writes, "Forgive the cynicism, Mr. President, but if you were serious about cooperating and consulting with the new Congress, you wouldn't be parading your bipartisan bona fides through the op-ed pages of the Wall Street Journal. You wouldn't be holding news conferences in the Rose Garden telling the world how ready, willing and able you are -- we know you are not eager -- to work with the Democratic Congress. You would instead be meeting privately with Democratic leaders, identifying specific areas where progress can be made and joining with them to come up with a legislative agenda that is truly bipartisan." Craig adds, "To many of us, your post-November conversion to bipartisanship appears to be nothing but spin -- at least so far. You misunderestimate our capacity to remember the way you treated the Democrats when your party ran Congress. We will not soon forget your 'my way or the highway' approach. You will forgive us if we pay more attention to what you do than to what you say." Craig also criticizes Pelosi for not waiting "a decent interval before shoving legislation down the throats of the minority party. … Forgive me for being hard-boiled, but from my perspective inside the Beltway, it looks like 2007 is business as usual."

Webb Explains Snub Of Bush. Asked on MSNBC's Hardball (1/4, Matthews) about his tense encounter with the President at a holiday party, Sen. Jim Webb said, "It's been a bit overblown, but I think when people are now seeing how John McCain is handling the situation with his son being in the Marine Corps, perhaps they can understand a little bit more what I was having to go through during the entire campaign. I greatly respect my son's service and all of the people who are serving. At the same time, I have not commented, even to many of my friends, about the

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operational side. That's personal to me, in terms of my feelings about it. And it was not a casual comment."

Democrats' Control Of Senate Means End For "Candy Desk" Supply. The Wall Street Journal (1/5, A1, Lueck, 2.04M) reports in a front page story that with Democrats "back in control of Congress for the first time in years, much is changing in the nation's capital, including a longtime tradition in the U.S. Senate: the 'candy desk.'" Outgoing Sen. Rick Santorum "stocked the desk with donations from home-state candy makers including Hershey Co. and Just Born Inc., maker of Hot Tamales and Peanut Chews." The desk has "been turned over to Sen. Craig Thomas, a Republican from Wyoming. But his state is better known for bison than bonbons -- and that's a big problem." Ethics rules "forbid members accepting gifts worth $100 or more a year from a single source. One exception covers items produced in a senator's home state -- so long as they're used primarily by people other than the senator or his staff. The provision was crafted to allow senators to offer visitors home-grown snacks, such as Florida orange juice or Georgia peanuts." Wyoming "doesn't have any big, brand-name candy makers who could step into the breach. As a result, the candy-industry lobbying group, which coordinates stocking the desk, is cutting off the sweets, citing Wyoming's candy deficit and ethics rules."

Miers Resigns White House Post. The AP (1/5, Riechmann) reports, "Harriet Miers, President Bush's failed Supreme Court nominee and longtime adviser, on Thursday submitted her resignation as White House counsel." White House press secretary Tony Snow "said the president reluctantly accepted her resignation, which takes effect Jan. 31. He said a search for a successor is under way. … Asked why she was leaving, Snow said: 'Basically, she has been here six years.'"

The Washington Post (1/5, A1, Baker, Smith, 690K), under the headline "Miers Steps Down As White House Gears Up for Battle," says Bush is remaking "his legal team to prepare for what aides expect to be a sustained struggle with a new Democratic Congress eager to investigate various aspects of his administration." Miers "led an office that will oversee legal clashes that could erupt if Democrats aggressively use their new subpoena power. Bush advisers inside and outside the White House concluded that she is not equipped for such a battle and that the president needs someone who can strongly defend his prerogatives." The Post adds, "At the Justice Department, lawyers in the Office of Legal Counsel have been meeting with counterparts from other agencies to discuss potential points of conflict with Congress and to map out legal strategies for responding to demands for documents and testimony, according to several officials. The department has also held internal meetings on this topic in recent weeks with representatives from the FBI and from Justice's other major components, one official said."

The New York Times (1/5, Rutenberg, 1.16M) notes Miers "started at the White House as staff secretary after the 2000 campaign and became a deputy chief of staff before moving to the White House counsel's office." Bush's "decision to nominate her to the Supreme Court in 2005 provoked the ire of liberals and conservatives, who criticized her as a Bush crony who did not have the legal intellectual credentials or résumé the job required. She withdrew her name from consideration but returned to Mr. Bush's inner circle and remained one of his closest advisers."

Before Resigning, Miers Joined Laura Bush, Others At Hughes Birthday Party. In its "The Reliable Source" column, the Washington Post (1/5, C3, Argetsinger, Roberts, 690K) relates, "Wednesday night's full moon brought all sorts of VIPs out on the town: Laura Bush, Condi Rice, Mary Matalin, Margaret Spellings and Harriet Miers at Cactus Cantina for a surprise birthday party for Karen Hughes. A dozen Bush administration power babes gathered at the Tex-Mex restaurant for fajitas, enchiladas, quesadillas, margaritas and chocolate cake with a 'classified' number of candles. (Hughes turned 50 on Dec. 27.) No word on how many hot chilies Miers ate, but she announced her resignation yesterday morning. Hmmmm."

Consumer Groups To Oppose Likely Bush CPSC Nominee. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that consumer groups are prepared "to assail rumored Bush candidate to head Consumer Product Safety Commission, National Association of Manufacturers lobbyist Michael Baroody." Rachel Weintraub of the Consumer Federation of America said, "It's sort of astonishing that the administration would pick someone from a regulated industry."

Health Issues May Prompt First Bush-Congress Conflict. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that health issues "may spark first big clash between Bush and

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new Congress." The House "votes next week on lifting federal stem-cell research limits, but proponents lack two-thirds needed to override another Bush veto. Senate backers claim the votes to do so, and most Republican 2008 presidential candidates back expanded research." Administration aides "and pharmaceutical lobbyists say Bush would veto as 'price controls' the House Democratic plan to require government negotiations with drug makers for lower Medicare costs. But the Senate may water down the legislation by merely permitting negotiations."

Democrats Urged To End "Subsidy" To Medicare HMOs. In his New York Times column (1/5), Paul Krugmam says, "Universal health care, much as we need it, won't happen until there's a change of management in the White House. In the meantime, however, Congress can take an important step toward making our health care system less wasteful, by fixing the Medicare Middleman Multiplication Act of 2003." The new Democratic majority "is poised to reduce drug prices by allowing — and, probably, requiring — Medicare to negotiate prices on behalf of the private drug plans. But it should go further, and force Medicare to offer direct drug coverage that competes on a financially fair basis with the private plans. And it should end the subsidy to Medicare Advantage, forcing H.M.O.'s to engage in fair competition with traditional Medicare."

Medicare Part D Signups Encounter Fewer Glitches This Year. USA Today (1/5, 1B, Appleby, 2.27M) reports, "Patient advocates and pharmacists are reporting fewer glitches as the Medicare drug benefit begins its second year, but they say problems could still crop up in the coming weeks." While "confusion was widespread" last year when the program was implemented, this year, Mike James, a Raleigh, NC pharmacist, said "We're seeing similar problems as we saw in January '06, but they're not as prolific." However, USA Today adds, "Because many of the insurers have made changes to their policies since last year, new concerns could crop up in the coming weeks."

Ellison Sworn In With Jefferson's Quran. USA Today (1/5, Wolf, 2.27M) reports, "On the same day Nancy Pelosi became the first female speaker of the House, freshman Rep. Keith Ellison got almost as much attention." Ellison, "the first Muslim elected to Congress, used a Quran once owned by Thomas Jefferson rather than a Bible as he re-enacted his swearing-in with Pelosi." USA Today adds, "The scene created a human traffic jam near the House floor. About 30 members of Ellison's extended family posed before about two dozen TV cameras, including one from the Arab network Al-Arabiya."

The AP (1/5, Frommer) reports "the Quran was acquired in 1815 as part of a more than 6,400-volume collection that Jefferson sold for $24,000 to replace the congressional library that had been burned by British troops the year before, in the War of 1812." McClatchy (1/5) and the Washington Times (1/6, DeBose, 88K) run similar reports.

Bodman Fires Nuclear Weapons Chief Over Security Failures. The New York Times (1/5, Wald, 1.16M) reports, "The Energy Secretary fired the head of the department's nuclear weapons program on Thursday, citing a series of security failures at national laboratories, including the discovery of a computer device containing thousands of classified documents in the home of a former worker during a drug raid by the police. The official who was dismissed, Linton F. Brooks, had been administrator of the National Nuclear Security Agency since May 2003. The Times adds, "The agency was established in 2000 because of chronic security problems in the weapons program. The problems continued during Mr. Brooks's service. On Wednesday, the latest in a string of reports by [DOE's] inspector general criticizing the agency, dated Nov. 27, 2006, was released." Secretary Bodman "said in a statement on Thursday that lax security 'can have serious implications for the security of the United States.' Under Mr. Brooks, the agency "has done its best to address these concerns,' Mr. Bodman said. But he added, 'I do not believe that progress in correcting these issues has been adequate.'"

The CBS Evening News (1/4, story 2, 2:20, Couric, 7.66M) reported, "On another matter, Sharyl's been leading the way for months in exposing security breaches at the nation's nuclear weapons facilities, things like missing or mishandled classified documents. Well today, Energy Secretary Samuel Bodman fired the man in charge, Linton Brooks. Bodman said Brooks had not corrected the security problems and it's time for new leadership at the National Nuclear Security Administration."

The Washington Post (1/5, A7, Mufson, 690K) says, "The dismissal comes after embarrassing security lapses, including the Oct. 17 discovery of drug paraphernalia and computer flash drives containing highly classified information in the trailer home of a contractor." While "Bodman refused to elaborate on his statement, the removal of Brooks also comes

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as Democrats, determined to hold oversight hearings on the nuclear laboratories' security problems, take control of Congress."

The Los Angeles Times (2/5, Vartabedian, 850K) reports Bodman "issued an unusual public statement Thursday saying he had asked for the resignation." As problems mounted, members of Congress "began to question the agency's performance, particularly multibillion-dollar cost overruns and technical setbacks on new weapons research facilities." The "tough handling of Brooks appeared intended to make a strong statement, particularly coming on the first day of Democratic control of House and Senate committees that have oversight of the nuclear weapons complex."

The AP (1/5, Hebert) adds, "Widely respected for his knowledge of nuclear weapons and nonproliferation issues, Brooks nevertheless has been a target of some members of Congress."

New Year Sparks Wave Of Federal Worker Retirements. The Washington Post's (1/5, D3, Barr) "Federal Diary" column reports, "The start of the new year is when the village elders say their farewells across the government. Agencies lose valued, experienced hands; the retirees take on new pursuits." The Post adds, "Many federal employees retire around the turn of the year because provisions in federal retirement and leave laws make it advantageous," since "most senior employees are covered by the older of two retirement systems that permits them to receive a pension payment in February if they leave the federal payroll in early January. Many also retire at this time of the year because it seems the best time to make a break and step aside." Since most "agencies slow down for the holidays," that "seems to make it easier to say goodbyes and find the time to sort through files and pack boxes."

Democrats Urged To Make Tough Decisions To Restore Fiscal "Sanity." In his Washington Post column (1/5, A17), David Ignatius says, "A good way for the Democrats to start the new congressional season is to examine just how it happened that the federal government moved from budget surplus to deficit during the Bush presidency. If Democrats can be clear about what went wrong, then maybe (maybe) they can begin to fix it." An "honest budget discussion should start with an admission that the projected surpluses of the post-Clinton years were largely illusory -- in the sense that they were predicated on overly upbeat assumptions about the economy." But the Bush Administration "and the GOP Congress made a bad situation much worse -- by enacting tax and spending programs that shredded any semblance of fiscal responsibility." The Democrats "face the essential political decision as they take their seats: Do they want to make people happy by postponing tough decisions or do they want to get serious about restoring fiscal sanity? Are they the party of good times or good governance?"

NYTimes Says Congress Should Raise Federal Judges' Pay. The New York Times (1/5, 1.16M) says in an editorial, "Chief Justice John Roberts Jr. is embracing with gusto a cause championed by his predecessor, William Rehnquist: the need for a substantial pay raise for federal judges. Justice Roberts devoted his second annual year-end report to this issue, and it should be required reading in Congress." Roberts is "right to note the link between maintaining an adequate standard of judicial compensation and preserving the quality and independence of the judiciary, and to prod Congress on this issue." The nation "would be well-served by a comprehensive bipartisan package that grants federal judges a sizable raise, ends the linkage between judicial and Congressional salaries, and requires judges to forgo privately financed junkets that cast an ethical cloud on the courts."

WSJournal Says Pelosi "Paygo" Is Tax Trap. The Wall Street Journal (1/5, 2.04M) says in an editorial, "Congressional Democrats are dashing out of the gates to establish their fiscal conservative credentials. And as early as today House Speaker Nancy Pelosi will push through so-called 'pay-as-you-go' budget rules for Congress. Keep an eye on your wallet." "Paygo," "as Washington insiders call it, sounds like a fiscally prudent budget practice: If government spends more on program A, it has to spend less money on program B, and thus budget deficits will be restrained. We're all for that. But when Republicans proposed exactly that budget rule in recent years, House Democrats voted it down." Under Pelosi's "paygo plan, new entitlement programs and all new tax cuts would have to be offset by either cutbacks in other entitlement programs or tax increases. This version of paygo is a budget trapdoor, designed not to control expenditures but to make it easier to raise taxes while blocking future tax cuts."

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OTHER NEWS:

Oil Prices Fall To Lowest Level Since 2005.

USA Today (1/5, 1B, Kirchhoff, 2.27M) reports, "Crude oil prices fell Thursday to the lowest level since mid-2005, pressured by warm weather, faltering demand and government data showing inventories at healthy levels. ... Crude oil for February delivery closed at $55.59 a barrel in New York trading, a 4.7% drop. That followed a 4.5% decline on Wednesday." USA Today adds, "Whether the lower prices will have staying power, helping consumers, is unclear. NBC Nightly News (1/4, story 7, 0:30, Williams, 9.87M) reported, "The big turnaround in stocks had something to do with the price of oil which has been plummeting in the first trading days of this New Year."

Fall In Commodity Prices Depresses Some Stocks. The Wall Street Journal (1/5, A3, Bahree, Glader, Davis, 2.04M) reports, "Energy and copper prices continued their tumble yesterday, punishing shares of companies from oil giant Exxon Mobil Corp. to mining magnate Freeport-McMoRan Copper & Gold Inc." The Journal adds, "There is no one factor behind the sharp declines in some key commodities. Warm winter weather has depressed oil prices, more than offsetting recent production cutbacks by OPEC." Whether "commodity prices continue to slide long term will depend in no small part on the world economy." If it "shows resilience, commodity prices are likely to rebound."

Friedman Calls On Bush To Complete Ford's Vision For Energy Independence. In his New York Times (1/5, 1.16M) column, Thomas L. Friedman suggests passage of a "Gerald Ford Energy Independence Act." The "greatest thing George Bush could do — for President Ford's legacy and his own — would be to dedicate his coming State of the Union address to completing the energy independence agenda that Mr. Ford initiated 32 years ago in the wake of the 1973 Arab oil embargo and energy shock." Completing Ford's vision "means asking Americans to do some hard things: accepting a gasoline or carbon tax; inducing Detroit to make more fuel-efficient cars, trucks and plug-in hybrids; setting a national requirement for utilities to provide 20 percent of their electricity from renewable wind, solar, hydro or nuclear power by 2015; and, finally, making large-scale investments in mass transit." Friedman adds, "It is stunning that since 9/11 the Bush team has never mounted a campaign to get Americans to conserve energy."

Proliferation Of Ethanol Plants Raises Concerns About Corn Supply For Food. The New York Times (1/5, Barrionuevo, 1.16M) reports, "Renewing concerns about whether there will be enough corn to support the demand for both fuel and food, a new study has found that ethanol plants could use as much as half of America's corn crop next year." The Times adds, "Dozens of new ethanol plants are being built by farmers and investors in a furious gold rush, spurred by a call last year from the Bush administration and politicians from farm states to produce more renewable fuels to curb America's reliance on oil. But the new study by the Earth Policy Institute, an environmental group, found that the number of ethanol plants coming on line has been underreported by more than 25 percent by both the Agriculture Department and the Renewable Fuels Association, the ethanol industry's main lobbying group."

The Christian Science Monitor (1/5, Clayton, 59K) adds, "Ethanol production could pull so much corn out of the food supply by 2008 that US corn exports could plummet." And the "food-fuel competition could push corn prices so high that some ethanol producers in the fledgling industry, which many deem vital to US energy security, would merely break even - or, if corn gets pricey enough, actually lose money."

Service Sector Report Suggests US Economy Is Slowing.

The Wall Street Journal (1/5, Derby, Bater, 2.04M) reports the "latest readings on the service sector and labor market suggested that the U.S. economy softened a bit in December." The Institute for Supply Management said "its nonmanufacturing index, which surveys mostly service-related companies, slipped to 57.1 last month from 58.9 in November but was unchanged from the October reading." Economists had "looked for December's performance to be slightly stronger. The service sector is the single largest source of U.S. economic output." Despite a "gradual cooling, survey respondents remained upbeat about the service sector: 'Members' comments in December are generally positive concerning current business conditions,' said Anthony Nieves, who compiles the report."

Retailers Still Predict 5% Increase In Holiday Sales. USA Today (1/5, 5B, O'Donnell, 2.27M) reports, "Despite a somewhat gloomy picture, the National Retail Federation continues to predict that holiday season sales will be up 5% for 2006, thanks in large part to a strong November. The federation will release its final numbers next Friday." Experts also "caution that because gift cards are counted toward

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sales when they are redeemed, January could help retailers make up for lost sales earlier in the holiday season."

The CBS Evening News (1/4, story 4, 2:10, Couric, 7.66M) reported, "With temperatures above normal, people are not buying new coats. In fact, coat sales this season are predicted to be down 12%. That's about the last thing retailers want to hear coming off a bad December." CBS (Mason) added, "Retailers need" a good January "after a disappointing December. The Gap had a horrible holiday season. Sales plunged 8%." The Gap "wasn't alone, Ann Taylor sales fell more than 5%. Even mammoth Wal-Mart which accounts for 10% of retail traffic was up less than 1% for the holiday, its worst sales growth in a decade. But luxury retailers wrapped up a different package."

Holiday Retail Sales Less Indicative Of Economy's Health. The Wall Street Journal (1/5, Covert, 2.04M) reports, "Holiday retail sales, once considered a barometer of the health of the economy, are no longer a crystal ball." The same-store sales figures "dozens of retailers reported yesterday don't reflect two big shifts in the way consumers shop these days," because gift cards "aren't logged as sales until they are redeemed" and online sales "aren't included in the widely watched numbers." Overall, retailers "reported a 3.1% increase in December in sales at stores open at least a year, according to an index of 55 chains compiled by the International Council of Shopping Centers. That fell short of the 3.5% gain recorded a year earlier as well as the 3.6% increase in same-store sales the chains logged for the year as a whole." But "redemptions of gift cards could give retailers a lift in January, when roughly half of gift cards are typically used, often to buy full-price merchandise." The National Retail Federation "estimates that gift-card sales this holiday season totaled nearly $25 billion, up 34% from a year earlier and accounting for nearly a fifth of holiday gift spending."

Stocks Post Gains After Investor Jitters Sent Markets Down. NBC Nightly News (1/4, story 6, 0:25, Williams, 9.87M) reported, "Now to Wall Street here in New York where the stock market had another wild ride today. It plunged at the open and finished up at the end. The Dow gained just over six points [to close at 12,480.69]. NASDAQ was up more than 30 points [to close at 2,453.43] on the day."

USA Today/AP (1/5, 6B, Bruno) reports Wall Street "struggled but ultimately closed higher Thursday as a bounce in technology stocks and sharply lower oil prices helped investors brush off concerns about sluggish consumer spending." Retailers' "lackluster holiday sales reports initially sent major stock indexes significantly lower. Stocks climbed back after a drop in crude oil prices to below $56 a barrel raised hopes that cheaper gasoline might be on the way." In addition to the Dow and Nasdaq, "the Standard & Poor's 500 index edged up 1.74 points to 1418.34."

30-Year Rates Hold Steady. The AP (1/5, Singer) reports, "Mortgage giant Freddie Mac reported Thursday that 30-year, fixed-rate mortgages averaged 6.18 percent this week, the same as last week." Analysts "said the markets in recent days have gotten some confusing messages about how serious the current economic slowdown will be. 'Currently, the market is waiting for a clearer signal on the direction in which the economy is headed,' said Frank Nothaft, Freddie Mac's chief economist." The Freddie Mac survey "showed that other types of mortgage rates were mixed this week. Rates on 15-year, fixed-rate mortgages, a popular choice for refinancing, edged up slightly to 5.94 percent, compared to 5.93 percent last week."

Pending Real Estate Sales Index Drops. Bloomberg (1/5, Torres) reports that pending sales of existing homes "fell 0.5 percent, a third consecutive decline, to 107 from 107.5 in October, the National Association of Realtors said today in Washington." NAR's chief economist, David Lereah, said, "The index is pointing toward fairly stable home sales in the near future. ... This is another indication that home sales likely bottomed out in September." Economists "expected the index to rise 0.7 percent in November, according to the median of 17 forecasts in a Bloomberg News survey, after a decline of 1.7 percent the month before. Estimates ranged from a drop of 1 percent to an increase of 2.1 percent."

Kansas High Court Mulls Parental Rights Of Sperm Donors. USA Today (1/5, 3A, Biskupic) reports, "A case before the Kansas Supreme Court has become a key test of the rights of sperm donors who want to be involved with their offspring over the objection of the children's mothers." USA continues, "The dispute, which has drawn national attention, involves a single woman, identified in court papers only as S.H., who gave birth to twins in May 2005 after being inseminated with the sperm of a friend, identified as D.H. … After the mother made it clear that she did not intend to share parenting, D.H. sued to establish paternity. He lost in a trial court because of a Kansas law that says the donor of sperm provided for artificial insemination is not the legal father of the child unless the donor and mother agree to it in writing." USA

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adds, "The major question in the case is whether requiring such written agreements in cases involving sperm donors known to the mother, not anonymous donors from sperm banks, violates the donor's constitutional rights as a parent. Like Kansas, many states have legal hurdles for donors seeking parental status. … The case arises at a time of increasing advances in reproductive technology. According to the Centers for Disease Control and Prevention, the numbers of women being impregnated with eggs fertilized outside the womb is significantly on the rise. There are no reliable statistics on methods of conception with donated sperm."

First African-American Sworn In As Massachusetts Governor. The AP (1/5, Johnson) reports, "Deval Laurdine Patrick was sworn in Thursday as the 71st governor of Massachusetts, the culmination of a longshot political campaign that also saw him become the state's first black chief executive and only the second elected in the nation." NBC Nightly News (1/4, story 4, 0:30, Williams, 9.87M) noted Patrick is "only the second black elected governor in history," and that in his swearing-in ceremony, "he laid his hand on the bible that was originally given to President John Quincy Adams by the slaves of the slave ship 'Amistad.'"

The New York Times (1/5, Belluck, 1.16M) says Patrick "takes over from Mitt Romney, a Republican, who is planning to run for the presidency, and already Mr. Patrick has revealed many positions that oppose Mr. Romney's. The former governor did not attend the inauguration. Mr. Patrick has said that he will restore $383.6 million in budget cuts made by Mr. Romney to social services and other programs, that he will reverse the former governor's agreement authorizing the state police to arrest illegal immigrants, and that a Romney-endorsed effort to remove some Massachusetts Turnpike tolls is unrealistic." Patrick also "said he might revoke some of the 200 11th-hour appointments Mr. Romney made to boards and commissions." Patrick also has expressed his opposition to "a proposed constitutional amendment to ban same-sex marriage."

Romney Could Emerge As Nominee "If McCain Self-Destructs." The Christian Science Monitor (1/5, Feldmann, 59K) reports that "despite prospects that don't look particularly strong on paper, analysts say" that ex-Massachusetts Gov. Mitt Romney (R) could win the GOP presidential nomination in '08. Although most polls in key early nominating contests show Romney trailing Arizona Sen. John McCain (R), ex-New York Mayor Rudy Giuliani (R) and ex-House Speaker Newt Gingrich (R), "the Republican field is fluid. Religious conservatives…remain skeptical of Senator McCain. And his advocacy for a stepped-up US presence in Iraq has thrown his political future squarely in line with a war that few believe is going well." Giuliani "remains untested on the national political stage and holds liberal positions on social issues that put him at odds with many GOP primary voters (as well as a colorful personal life)." And Gingrich's "short tenure as speaker and his three marriages could cause him to wilt under the klieg lights." Though Romney's evolving stances on several key social issues, along with his Mormon faith, could pose hurdles for him, "political analysts can see a clear path by which Romney becomes the GOP nominee, almost by default. Republicans 'want to win in November [2008],' says Ed Sarpolus, an independent pollster in Michigan who dismisses Gingrich's and Giuliani's chances. 'If McCain self-destructs because of Iraq, even in New Hampshire they'll hold their nose and vote for Mitt Romney.'"

McCain Profanely Questioned Usefulness Of Border Wall. The Washington Times (1/4, Pierce, 88K) reports in its "Inside Politics" column, "The February issue of Vanity Fair features a profile of Sen. John McCain, in which the Arizona Republican used profanity to call into question the usefulness of a border fence in preventing illegal immigration." Vanity Fair "quotes Mr. McCain -- a leading contender for the 2008 Republican presidential nomination -- violating the Third Commandment when asked, during an October appearance before a group of businessmen in Milwaukee about immigration." McCain said, "In the short term, it probably galvanizes our base. In the long term, if you alienate the Hispanics, you'll pay a heavy price. By the way, I think the fence is least effective. But I'll build the [profanity] fence if they want it."

McCain Quizzed On Stolen Giuliani Campaign Playbook. On MSNBC (1/4), Brian Williams said to Sen. John McCain, "This missing briefcase from the Giuliani start-up presidential campaign -- Senator, can you look me in the eye, via the camera, and say that you had no prior knowledge this was missing until you read about it in the papers and that you've since not learned that, say, anyone connected to you has anything to do with it?" McCain: "I haven't learned anything about it, Brian. I know nothing about it." On MSNBC's Imus In The Morning (1/4), Don Imus also raised

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the question, asking McCain, "Did you steal Giuliani's playbook?" McCain: "No." Imus: "Yes you did." McCain: "No, I did not. I certainly was not anywhere in the area."

Edwards Shuns Bill Clinton's Approach To Run To Left Of Clinton. Perry Bacon Jr. writes in TIME's website (1/15) that when ex-North Carolina Sen. John Edwards (D) ran for president in 2004, he "spoke eloquently of the 'Two Americas.'" But "Edwards backed ideas that originated in the centrist group that created much of Bill Clinton's agenda, the Democratic Leadership Council. Not this time." In announcing his bid, Edwards "boldly declared that reducing the deficit, a hallmark of the Clinton Administration, was less important to him than spending government money on" such things as "creating a universal health-care system and stopping global warming. His call to end poverty in the U.S. over the next 30 years by spending more than $15 billion each year" is "the kind of Big Government liberalism Clinton shunned." Bacon notes, however, that if New York Sen. Hillary Clinton (D) enters the race, she could pick "up much of the money and endorsements from the party establishment. The remaining energy, activism and cash that any rival would need to challenge her are on the left, not the center." Which is "why Edwards has spent the past two years actively courting the liberal netroots…and wooing top union bosses." Bacon says that Sen. Clinton and potential presidential hopeful, Illinois Sen. Barack Obama (D) "act like front runners: cautiously," which "leaves room to emerge as the candidate who connects with Democratic voters by saying bold things that appeal to liberals, as when Edwards wrote 'I was wrong' in voting for the Iraq war in an Op-Ed in the Washington Post in the fall of 2005."

Michelman To Back Edwards. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column Sen. John Edwards is "reaches for feminists' backing while Clinton and Obama ponder options." Abortion-rights activist Kate Michelman is "expected to endorse the former North Carolina senator, who seeks fast new year's start." Aides "expect Clinton to signal her candidacy this month," but "some Democratic operatives question dearth of black campaign professionals on her team as Obama becomes top potential rival."

Bill Clinton Defers Questions On Wife's Ambitions. The AP (1/5, Jalonick) reports, "The Clinton who turned heads in the Senate Thursday was not Sen. Hillary Rodham Clinton, notwithstanding all the speculation about her running for president." Former President Clinton "cheerfully called out, 'Hi, everybody!' as he strolled through the Senate Press Gallery past correspondents for The Associated Press, The Washington Post and the Wall Street Journal." Clinton was "headed for the men's room - followed by his Secret Service agents and a cadre of reporters. The questions were obvious: 'Do you want to live in the White House again?" Clinton said, "I would like not to talk about it today." Asked if Mrs. Clinton was "going to run for president," the President said, "Ask her. … All I know is, this is a happy day. It's a great day for the largest number of women we've ever had in the Congress, a lot of new people coming in, I think it will be good. I'll be surprised if we don't see a lot of interesting, bipartisan things happening over the next six months."

Two Republicans Team Up In Effort To Oust GOP Texas House Speaker. The Washington Times (1/5, Aynesworth, 88K) reports, "Two conservative Republicans from the Dallas area joined forces yesterday in a move to oust" Texas House Speaker Tom Craddick (R). However, Craddick "said he still had enough votes to win re-election to the post on Tuesday. Rep. Brian McCall of Plano stunned his supporters yesterday by endorsing fellow Republican Rep. Jim Pitts of Waxahachie at a press conference in Austin. In their brief appearance, the two challengers vowed Mr. Pitts would win the speakership, but they refused to list their backers," saying "they did not want to expose the supporters to intense pressure before the vote. 'But I guarantee you,' Mr. Pitts said, 'the race is over.'" McCall, "backed by many Democrats, was publicly criticized for having so many opposition-party supporters, which some Craddick allies cited as a strong reason to re-elect the speaker. The Democrats trail the Republicans by an 80-69 margin in the Texas House."

WPost Backs Kaine's Transportation Proposal. In an editorial, the Washington Post (1/5, A16, 690K) says Republicans in the Virginia House of Delegates, "many of whom have signed no-new-taxes pledges," have no "serious, long-term plan to pay for the billions of dollars in transportation improvements needed around the state. By contrast, Gov. Timothy M. Kaine (D) proposed a package yesterday that meets the state's transportation problem head-

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on. It would, for starters, broaden the powers of localities to reject development proposals and slow growth if local roads are too crowded. And it would yield $5.25 billion in new revenue over the next six years -- the first fresh funding for the state's beleaguered roads in a generation."

Rice Announces $16 Million In Aid For Somalia. The AP (1/5) reports Secretary of State Condoleezza Rice announced Thursday the US "will provide $16 million in aid to Somalia and said the installation of a new government there gives Somalis a chance to move beyond two decades of chaos." Rice said the US is making $11.5 million in food aid available for the country, $1.5 million in nonfood assistance and $3.5 million to help refugees. In a statement, Rice said creation of a UN-backed government represents a "historic opportunity" for Somalis to end their recent spate of "warlordism, extreme violence and humanitarian suffering." She has also "dispatched her top aide for African affairs, Jendayi Frazer, to the region for discussions on promoting a peacekeeping force for Somalia and to urge a political dialogue leading to national reconciliation." Frazer held talks with Ugandan President Yoweri Museveni and Ethiopian president Meles Zenawi, and "will meet with diplomats from Europe, Africa and international organizations to coordinate future steps in Somalia," State Dept. spokesman Sean McCormack said.

The Washington Post/AP (1/5, A10) also notes the announcement briefly in an article about Somali and Ethiopian troops battling "600 Islamic militiamen Thursday" in the southern region of the country.

US Military Continues To Support Battle Against Islamic Militants. The Financial Times (1/5, Fidler, Wallis) reports a US-led naval task force off the Somali coast "has been boarding ships in recent days as part of efforts to prevent Islamist militants fleeing the country." The task force is "taking part in a broader US military effort to stop Islamist fighters in Somalia moving into neighbouring countries following a rout by Ethiopian forces." Kenya has officially closed its border with Somalia on in an effort to stem the transit of militants, officials said. Secretary Rice "hailed the military victory as a 'historic opportunity' for the war-ravaged country." Meanwhile, Ugandan President Yoweri Museveni said Thursday at a joint news conference in Addis Ababa with Ethiopian Prime Minister Meles Zenawi that Uganda "is ready to provide peacekeepers for the force." Assistant Secretary Frazer "said Mr Museveni had promised to provide between 1,000 and 2,000 soldiers," and said she "hoped a peacekeeping force could be ready by the end of the month."

The Washington Times (1/5, A1, Pflanz, 88K) reports on its front page that as the US continues diplomatic and military efforts in Somalia, "a reported audio tape message by al Qaeda's No. 2 leader surfaced today, urging Somali Islamists to launch an Iraq-style guerrilla campaign of suicide and other forms of attacks against Ethiopian forces in Somalia."

The New York Times (1/5, Gettleman, 1.16M) reports that "just days after Ethiopian-led troops helped rout once powerful Islamist forces in Somalia and install a new government in the capital, security seemed to be unraveling across the country" as violence "is surging on two fronts: antigovernment attacks and increased banditry, both of which were virtually unheard of during the Islamists' short-lived reign." Similarly, the Washington Post (1/5, A10, McCrummen, 690K) reports that "since the Islamic movement was swept from power last week, men draped with AK-47s have appeared once again along the sandy lanes" in Mogadishu, "and with them a feeling of menace."

WPost Says Crisis Gives US Chance To Battle Terrorists In Africa. In an editorial, the Washington Post (1/5, A16, 690K) says, "An unexpected turn of events in Somalia has given the Bush administration a rare opportunity to help stabilize a failed state that has been a harbor and breeding ground for al-Qaeda." Although, "frequently slow or stumbling in its response to developments in Somalia, the administration appears to recognize the chance for an advance in the global war with al-Qaeda: Assistant Secretary of State Jendayi E. Frazer…was in Ethiopia yesterday and is expected to chair an international contact group meeting today in Nairobi. … But the Bush administration, which by yesterday had not made any specific commitment to the mission, needs to be ready to quickly provide funding and logistical backing for an African force. If NATO airlift and supply assets can be mobilized, they should be. It may be that the prospect of stabilizing Somalia and eliminating it as a harbor for al-Qaeda will prove to be a mirage, but the administration must seize on the possibility that it is real."

Pentagon Expanding Role In Africa. The Christian Science Monitor (1/5, Whittle, 59K) reports Africa "has generally taken a backseat in Pentagon planning - but US officials say that is about to change," noting that "one of Donald Rumsfeld's last acts before Robert Gates replaced him last month as Defense secretary was to urge President Bush to let the Pentagon create a new Africa Command to

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pay more attention to the troubled continent." Mr. Bush is "said to have agreed to the idea and is expected announce it early this year." The creation of the new command will "be more than an exercise in shuffling bureaucratic boxes, experts say. The US government's motives include countering Al Qaeda's known presence in Africa, safeguarding future oil supplies, and competing with China, which has been courting African governments in its own quest for petroleum, they suggest."

No Breakthrough Reported At Mubarak-Olmert Talks. The AP (1/5, Nasrawi, Weizman) reports a summit between Egyptian President Hosni Mubarak and Israeli Prime Minister Ehud Olmert Thursday "fell short of its goal of igniting a new round of Mideast peace efforts, highlighting the significant disagreements between Israel and its Arab neighbors." Speaking at a news conference after the meeting, Mubarak "pushed Israel to hold talks with Syria and pursue peace with the Palestinians, despite the rise of the Islamic militant group Hamas." For his part, Olmert "thanked Mubarak for his efforts" to secure the release of a captured Israeli soldier, and said Israel was "ready to meet with Abbas. However, he rejected having any dealings with Hamas."

Under the headline "Israeli Raid Overshadows Olmert's Talks With Mubarak," the New York Times (1/5, A6, Erlanger, 1.16M) says the meeting "was overshadowed by an Israeli raid in the West Bank in which four Palestinians were killed and 20 wounded." Mubarak was "clearly embarrassed by the timing of the raid, hours before the meeting," and "called it a hindrance to peace efforts." The Washington Post (1/5, A11, Wilson, 690K) reports Palestinian President Mahmoud Abbas issued a statement hours after the attack, saying it showed that "Israeli calls for peace and security are fake" and that "continued aggression will only lead to the destruction of all efforts aimed at realizing peace."

Fighting Between Palestinian Factions Continues In Gaza. The AP (1/5, Laub) reports factional fighting among Palestinian groups Thursday "surged, leaving at least six dead and prompting a meeting early Friday between" Abbas and Prime Minister Ismail Haniyeh. ABC World News (1/4, story 6, 0:30, Gibson, 8.78M) said Thursday's violence in Gaza represented "an escalation between the rival Palestinian factions."

Treasury Department Increases Pressure On Syria. The AP (1/5, Aversa) reports the US Treasury Department, "intensifying pressure on Damascus, moved Thursday to financially clamp down on three Syrian institutions suspected of helping spread weapons of mass destruction." The department's action "means that any bank accounts or financial assets belonging to the three entities found in the United States would be frozen. Americans also are prohibited from doing business with them." The three entities targeted are the Higher Institute of Applied Science and Technology, the Electronics Institute and the National Standards and Calibration Laboratory.

Bush, Merkel Promise Cooperation On Global Warming. The AP (1/5, Feller) reports, "President Bush and German Chancellor Angela Merkel pledged closer cooperation on combating global warming and in trying to prod a Middle East peace on Thursday, brushing aside lingering differences between the two countries." Bush said "that he was open to new ideas to confront climate change, although he stopped short of some of the tight environmental standards favored by Germany and other European nations. 'We talked about climate change, and I assured the chancellor I'm committed to promoting new technologies that will promote energy efficiency and do a better job protecting the environment,' Bush said. 'I believe there is a chance now to put behind us the old stale debates of the past.'" Merkel said, "I was delighted to hear that there is a readiness there."

Bush Makes Light Of Massage "Gaffe." The AP (1/5) reports President Bush "has adopted a hands-off policy with German Chancellor Angela Merkel." Meeting with reporters, Bush joked, "No back rubs" as he posed for pictures with Merkel at the White House, "making light of his own gaffe" at a summit of G-8 when "he gave an impromptu rub of Merkel's neck and shoulders."

Richardson To Lead Diplomatic Mission To Sudan. The AP (1/5) reports New Mexico Gov. Bill Richardson said Thursday he is "heading to Sudan on a diplomatic trip that would add to his extensive international experience as he prepares to announce whether he will run for president." Richardson will "try to meet with Sudanese officials and persuade them to accept a peacekeeping force in the war-torn Darfur region," according to a statement from his office. He is to arrive Sunday after traveling overnight and plans to travel to Darfur.

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Spanish Police Discover Bomb In Basque Region. The Washington Post/AP (1/5, A14, Roman) reports Spanish police found "a large explosive device in the Basque region Thursday, five days after a car bombing in Madrid that was blamed on the separatist group ETA shattered a nine-month cease-fire." Meanwhile, Spanish Prime Minister Jose Luis Rodriguez Zapatero "said Saturday's attack made him more determined to end ETA's nearly four-decade-long campaign of violence," but he announced "no new strategy or even a hint of his next move."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Reaches Out To Skeptical Democrats."
"Thinking Outside The Box."
"Gov. Tops Party Cast With A Real Character."
"U.S.-Iraqi Forces Launch Assault On Sunni Haven."
"Naming New Generals A Key Step In Shift On Iraq."
"Tijuana Police Abandon Posts."

USA Today:
"Football-Crazy Ohio State Does All Sports In Big Way."
"Bush To Shuffle His War Advisers."
"The Party's Over."
"Adults Penalized For Teen Drinking."

New York Times:
"Jubilant Democrats Assume Control On Capitol Hill."
"Speculation Surrounds Choice By Spy Chief To Take Step Back."
"Bush To Name A New General To Oversee Iraq."
"Along A Newark Street, Signs Of Urban Renewal."
"A Terror Detainee Longs For Court."
"Remain silent? Some in custody Spell It All Out."

Washington Post:
"Democrats Take Control on Hill."
"Bush Making Changes in His Iraq Team."
"Fenty Details Proposal To Take Over Schools."
"A Revitalized Chesapeake May Be Decades Away."
"Miers Steps Down As White House Gears Up for Battle."
"Kaine Again Floats Tax Hike for Traffic Ills."
"Sedative Withdrawal Made Rehnquist Delusional in '81."

Washington Times:
"Joyful Democrats Salute Speaker Pelosi."
"Medical Teams Saving More Troops."
"Fenty Plan To Control Schools Irks Bobb."
"US Ships Hunt For al Qaeda Off Somalia."
"Street Cars Return To D.C."

Detroit Free Press:
"Inside Cheli's Bloody Horror."
"El Nino Tames Winter."
"First Female Gets The Gavel."
"Hot Event Could Suggest GM Stands For Glamorous Models."

Atlanta Journal-Constitution:
"Historic Power Shift And Swiftly To Action."
"CEO's Get Big Bucks If They Fail."
"Fulton Jail Falls Short In Support To Federal Judge."
"Prostitution Bust Made Behind Sugarloaf Gates."

Houston Chronicle:
"Democrats AIM To Cut Breaks For Oil Industry."
"She Was Driven To Protect Them."
"Pitts Offering A Relaxing Change."
"Second Hip Surgery For Elder Bush A Success."

Story Lineup From Last Night's Network News:
ABC: New Democratic Congress; New Democratic Congress-Analysis; Diplomatic Team Changes; North Korean Nuclear Testing; Fatah Hamas Conflict; New Democratic Member's Interview; Searching Mail; Diet Pills; Space Junk; Freedom Riders.
CBS: New Democratic Congress; New Administration Changes; Strange Weather; Retail Sales; Space Junk; Diet Pills; Stroke Recovery; Long Shot Congresswoman; Susan B. Anthony Remembered.
NBC: New Democratic Congress; New House Speaker; New Democratic Congress-Analysis; New Massachusetts Governor; New Personal Moves; Stock Market; Oil Prices; Searching Mail; Diet Pills; Care Seat Safety; Subway Superman.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: UT-Snow And Ice; CO-Stranded Cattle; LA-Tornado; Upper Midwest And East US-Mild Temperatures, North Korea-Possible Upcoming Nuclear Test; Egyptian President Hosni Mubarak Accuses US Of Obstructing Peace Between Israel And Syria; US To Provide Aid To Security Forces Loyal To Abbas In Palestine; Diet Pill Makers Fined.

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CBS: Iraq-Casey Reassigned; Bush-Troop Levels In Iraq; Bush-Saddam Execution; New Congress-First Day; LA-Tornado; GA-Search For Missing Woman Whose Family Was Murdered; Harvard-Soap And Water As Effective As Hand Sanitizers.

NPR: Bush Expected To Name Zalmay Khalilzad As US Ambassador To The UN And Announce Negroponte's Resignation; Harriet Miers Resigns; Head Of National Nuclear Security Administration Asked To Step Down; New Congress-First Day; Tokyo Stock Exchange; Wall Street; Holiday Sales Figures; CO-Russian Rocket.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: 9 a.m. FLOOR SCHEDULE _ Meets for legislative business.

Other: PELOSI SWEARING IN WEEK _ Schedule for House Speaker- designate Nancy Pelosi. Highlights: 8:30 a.m. Open House reception. Room 345, Cannon.

LAW SCHOOLS-CONFERENCE _ Immigration debate, surveillance and security issues are among topics at the Association of American Law Schools Annual Meeting. Over 3,500 law faculty expected to attend. Highlights: 8:30 a.m. Section on Constitutional Law presents ``The Bush Presidency and the Constitution." Location: Marriott Wardman Park.

IRAQ STRATEGY _ 11 a.m. - 1:30 p.m. The American Enterprise Institute hosts a discussion, ``Iraq: A Turing Point, with reports from Iraq from Sens. John McCain, R-Ariz., and Joseph Lieberman, I-Conn. recently returned from a fact-finding mission to Iraq. Both held extensive discussions with U.S. forces and Iraqi government officials. Also, AEI resident scholar Frederick W. Kagan and former acting Army chief of staff General Jack Keane will release the updated and final version of phase one of ``Choosing Victory: A Plan for Success in Iraq. Highlights: 11 a.m. Panel I: Choosing Victory: A Plan for Success in Iraq. Panelists: Frederick W. Kagan, AEI; and General Jack Keane, U.S. Army (retired). 12:30 p.m. Panel II: Reports from Iraq. Panelists: Sens. John McCain, R-Ariz., and Joseph Lieberman, I-Conn. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

OPEN HOUSE _ 9 a.m. Faith and anti-abortion leaders hold a news conference before attending Speaker Pelosi's Open House. Location: Independence Ave. and 1st St. SE.

PENATGON-IRAQ SECURITY _ 9:15 a.m. UK Army Maj. Gen. Simon Mayall, deputy commander of the Multinational Corps-Iraq, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

IRAN _ 10 a.m. The Iran Policy Committee holds a news conference to discuss new intelligence and to review Iraqi policy options. Location: National Press Club.

IRAQ _ 10 a.m. Rep. Heather Wilson speaks on Iraq policy at a ``Newsmaker" forum. Location: National Press Club.

SPELINGS-NCLB _ 10 a.m. US Secretary of Education Margaret Spellings will commemorate the fifth anniversary of the signing of the No Child Left Behind Act by President Bush with a speech to national education leaders. Location: U.S. Chamber of Commerce, Hall of Flags, 1615 H St. NW.

VOTING MACHINES _ 10 a.m. People for the American Way, NAACP, Common Cause, others hold a forum on voting machines and voter verification with Kindra Muntz, of the Sarasota Alliance for Fair Elections, Lawrence Norden, of the Brennan Center for Justice, others. Location: NEA Auditorium, 1201 16th St., NW.

GUTIERREZ-OUTLOOK _ 11:45 a.m. Commerce Secretary Gutierrez discusses economic initiatives and the outlook for 2007 at a US Chamber of Commerce event. Location: 1615 H St. NW.

IRAQ-MCCAIN-LIEBERMAN _ 12 p.m. MoveOn members hold a rally to oppose pro-war Iraq speeches by Sens. John McCain and Joseph Lieberman. Location: Outside American Enterprise Institute offices, 1150 17th St. NW.

GLOBAL WARMING-FORUM _ 12:30 p.m. - 1:30 p.m. Center for American Progress presentation titled ``Global Warming: The Solution and the Politics." With Joseph Romm, author of ``Hell and High Water," former EPA chief Carol Browner and Ana Unruh Cohen, Center for American Progress. Location: 1333 H St. NW.

DEMORACTS-110TH CONGRESS _ 2:30 p.m. Following the Democratic Issues Conference, the new Senate Leadership will discuss their plans for the 110th Congress. Joined by members of the Democratic Caucus,

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the leaders will lay out their vision of the Senate working together in a bipartisan manner to deliver results for the American people. Partcipants: Senate Majority Leader Harry Reid; Assistant Senate Majority Leader Dick Durbin; Democratic Conference Vice Chairman Charles Schumer; Democratic Conference Secretary Patty Murray; and members of the Senate Democratic Caucus. Location: Great Hall, Thomas Jefferson Building of the Library of Congress.

HOYT _ 4 p.m. Swearing in ceremony for Treasury Department General Counsel Robert Hoyt. Location: Cash Room, main Treasury.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 5, 2007 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

White House Defends Assertion Of Power To Inspect Mail. In a story that reverberated through the media and among privacy advocates yesterday, the New York Daily News (1/4, Meek, 729K) reported President Bush "has quietly claimed sweeping new powers to open Americans' mail without a judge's warrant, the Daily News has learned." Bush "asserted his new authority when he signed a postal reform bill into law on Dec. 20" by issuing "a 'signing statement' that declared his right to open people's mail under emergency conditions. That claim is contrary to existing law and contradicted the bill he had just signed, say experts who have reviewed it." The signing came "during the winter congressional recess and a year after his secret domestic electronic eavesdropping program was first revealed. It caught Capitol Hill by surprise."

On his Fox News Your World (1/4) show, host Neil Cavuto said, "The New York Daily News jumping ugly all over President Bush, this time for declaring the right to open American's mail under emergency conditions, even though the headline does make it seem like he wants to just read your mail willy-nilly." He then asked House Subcommittee on Investigations Chairman Bart Stupak, "It's not really open season on people's mail, is it?" Stupak: "No, it's not. But even if the President says he has the right to open it in an emergency, I still feel that's contrary to the law and to our Constitution."

ABC World News (1/4, story 8, 0:20, Gibson, 8.78M) reported, "The Bush Administration, which has already taken heat over warrantless wiretaps, is now asserting its power to search mail. It was revealed today, the President signed a statement saying the law will be interpreted to allow the searchers to the maximum extent possible. Civil liberties groups are demanding to know whether mail is already being opened."

The White House countered by saying the signing statement was simply a reiteration of existing law. NBC Nightly News (1/4, story 8, 2:05, P. Williams, 9.87M) reported, "In signing the postal bill just before Christmas, President Bush said Federal law gives government authority to open the law for foreign intelligence collection. White House spokesman Tony Snow said that is nothing new." Tony Snow, White House Press Secretary: "The signing statement indicates what present laws allow in making it clear what the provisions are." P. Williams: "But members of Congress, Republicans and Democrats say that is not what they intended the law to do. They call it another example of a President claiming new legal authority while signing a bill into law." Sen. Susan Collins: "I was really surprised. There was nothing in the Postal Reform Bill that in any way diminished or changed the privacy protection for domestic sealed mail."

USA Today (1/5, Hall, Jackson, 2.27M) reports the White House "on Thursday defended a policy allowing the government to open mail without a warrant, despite criticism that the crime-fighting tactic might lead to privacy breaches." Bush Administration and Postal Service officials "said citizens' mail remains constitutionally protected from unreasonable search and seizure. But White House spokesman Tony Snow said the United States needs to have the power to inspect mail in emergencies." The "mail controversy erupted Wednesday after a report in the New York Daily News that President Bush on Dec. 20 attached a so-called signing statement to a new postal law. The statement grants the government the authority during emergencies to bypass a law forbidding mail to be opened without a warrant."

The New York Times (1/5, Lichtblau, 1.16M) reports the White House "said Thursday that President Bush was not claiming any new executive authority last month when he issued a statement suggesting that postal inspectors could open mail without a warrant in emergency circumstances." White House spokesman Tony Snow said "the statement Mr. Bush issued in signing postal legislation was merely a restatement of existing law allowing mail to be opened without a warrant in 'exigent circumstances' to protect public safety." Snow "said Mr. Bush had not claimed any 'sweeping new powers' through the statement, as The Daily News article asserted, and the Postal Service issued a statement Thursday echoing that assessment."

The Washington Post (1/5, A3, Eggen, 690K) reports the "little-noticed statement last month asserting the authority to open U.S. mail without judicial warrants in emergencies or foreign intelligence cases" prompted "warnings yesterday from Democrats and privacy advocates that the administration is attempting to circumvent legal restrictions on its powers." White House and US Postal Service "officials said the statement was not intended to expand the powers of the executive branch but merely to clarify existing ones for extreme cases." White House spokesman Tony Snow said, "This is not a change in law, this is not new, it is not…a sweeping new power by the president. It is, in fact, merely a statement of present law and present authorities granted to the president of the United States." The Post adds, "Some civil liberties and national-security law experts said the statement's language is unduly vague and appears to go beyond long-recognized limits on the ability of the government to open letters and other U.S. mail without approval from a judge."

CBS News (1/5) reports, "The law as passed by the House and Senate requires government agents to get

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warrants to open first-class letters. … But the presidential statement, signed on December 20, added that sealed mail can be searched in 'exigent circumstances, such as to protect human life and safety against hazardous materials, and the need for physical searches specifically authorized by law for foreign intelligence.' … The White House said the president is not claiming any new authority and that the statement does not change the scope of current law. … Spokeswoman Emily Lawrimore told CBS News White House correspondent Mark Knoller, 'The signing statement merely recognizes a legal proposition that is totally uncontroversial: that in certain circumstances … the Constitution does not require warrants for reasonable searches.' … But CBS News legal analyst Andrew Cohen questioned why the president felt it necessary to attach the language to the bill if nothing has changed. … 'I don't think the White House would have included this language into a signing statement unless the feds were either already searching mail without a warrant or planning to do so,' Cohen said. 'And if the legal right to do so were as clear as the White House now says it's hard to believe that there was a need to remind everyone of the fact in a bill about the postal service.'"

Gonzales To Be Questioned On Interrogation Tactics. CNN The Situation Room (1/4, 7:30 p.m.) broadcasted the news of new Senate Judiciary Committee Chairman Patrick Leahy's efforts to investigate the Justice Department over interrogation tactics, "The House and Senate judiciary committees are going to pounce all over Attorney General Alberto Gonzales with questions about how he is protecting or not protecting basic civil liberties in the country."

Qatari National Wants Court Review Of "Enemy Combatant" Label. In an approximately 2,400 word story, the New York Times (1/5, Liptak, 1.16M) reports on the plight of Ali al-Marri, "whom the government calls a sleeper agent for Al Qaeda and who is the only person on the American mainland still held as an enemy combatant." Al-Marri, arrested in 2001, "spends his days in a small cell in solitary confinement at the Navy brig in Charleston, S.C." Al-Marri "waits for word from a federal appeals court, which will soon rule on one of the most urgent questions in American law, one his case presents in stark form: May the government indefinitely detain a foreigner living legally in the United States, without charges and without access to the courts?" Marri, a citizen of Qatar, "wants the right to challenge President Bush's assertion that he is a terrorist and 'a grave danger to the national security of the United States.'"

Defense Rests At Chicago Hamas Trial. The AP (1/5, Robinson) reports, "Attorneys for one of two men accused of furnishing thousands of dollars and fresh recruits to a Palestinian terrorist network rested their case Thursday following testimony from an expert on torture." The AP continues, "Closing arguments were set for Monday at the racketeering trial of former Chicago grocer Muhammad Salah, 53, and Abdelhaleem Ashqar, 48, a former assistant professor of business at Washington's Howard University. … Federal prosecutors say the two men were members of the Palestinian militant group Hamas and helped to bankroll a wave of terror that included bombings, kidnappings and murder aimed at toppling the Israeli government. … 'Ladies and gentlemen, we are done with the evidentiary portion of this case,' U.S. District Judge Amy J. St. Eve, who has presided over the 10-week trial, told the jurors before sending them home for the weekend." The AP adds, "Attorney William Moffitt, who represents Ashqar, rested his case weeks ago. Salah attorney Michael E. Deutsch rested Thursday following testimony from a psychiatrist and torture expert, Dr. Metin Basoglu. … Basoglu, an authority on the psychological mechanisms created by torture, testified over a live video feed from Istanbul where he lives. … Basoglu said a slipped disc in his back kept him from traveling. … Salah's attorneys are hoping Basoglu's testimony will reinforce Salah's claim that after his January 1993 arrest he was tortured by Israel's Shin Bet security agents into making incriminating statements."

New York Grocer Admits Misleading FBI In Suicide Bomber Probe. The Rochester Democrat & Chronicle (1/5, Zeigler) reports, "A Rochester grocer admitted today that he misled FBI agents about his brother's declared intent to travel to Israel and become a suicide bomber." Mohamed Subeh "pleaded guilty in U.S. District Court to concealing a material fact from investigators when he destroyed a letter in which his brother said he wanted to become a suicide bomber, then denied ever seeing the letter." Defense lawyer John Parrinello said that "Subeh was worried that his brother would jeopardize his U.S. immigration status by leaving but knew his brother was 'just blowing off steam' when he claimed in the letter that he intended to be a suicide bomber." The Democrat & Chronicle notes that Subeh's brother, Ismail Dorgham, "drew the attention of law-enforcement officials on May 22, 2003, when he went to Greater Rochester International Airport with no luggage and paid cash for a one-way connecting flight to Jordan. In a search of Dorgham's wallet, an FBI counterterrorism agent found a newspaper article about a 2002 suicide bombing in Jerusalem that killed 10 Israelis. Dorgham told the agent that the bomber was his cousin." The AP (1/5) also posts a truncated version of the Democrat & Chronicle story on Subeh's plea.

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HOMELAND RESPONSE:

Siraj Faces Sentencing Monday For NYC Subway Bombing Plot. The AP (1/5, Hays) reports, "Shahawar Matin Siraj was either a naive stooge lured into a phony bomb plot or a homegrown terrorist determined to inflict misery on New Yorkers as revenge for wartime abuses of Iraqis. The conflicting portraits of Siraj — convicted on conspiracy charges in a scheme to blow up one of the city's busiest subway stations — were painted in court papers recently filed in advance of his sentencing on Monday in federal court in Brooklyn. Defense attorneys have sought to convince a judge that their client's sentence should not exceed 10 years since the attack never came close to being carried out." However, "prosecutors countered that the Pakistani immigrant deserves at least 30 years — and possibly life — behind bars as the 'driving force' behind a 'workable terrorist plot' to set off explosives at the subway station of Herald Square."

Alleged Illinois Mall Bomb Plotter Indicted On WMD Charges. In a widely-distributed story, the AP (1/5) reports, "A man accused of plotting to use hand grenades in an attack on holiday shoppers was indicted Thursday on charges of attempting to use weapons of mass destruction." Derrick Shareef "was arrested Dec. 6 by an FBI-led anti-terrorism task force following a sting operation in which an undercover informant secretly tape-recorded his plans." Shareef "met an undercover agent to trade a pair of stereo speakers for four hand grenades and a handgun to use at the CherryVale shopping mall in Rockford…federal prosecutors said." The Rockford Register Star (1/5) also briefly reports on the indictment.

Democrats Unveil Homeland Security Bill. The AP (1/5, Miller) reports that shortly after they assumed control of Congress, House Democrats "disclosed a plan they said would strengthen homeland security after five years of complaining that Republicans weren't doing enough." Democrats said their bill "would implement the unfinished 9/11 Commission recommendations that fall under the Homeland Security Committee's jurisdiction." The bill would "require private companies to prepare for terrorism and the government would have to inspect cargo on passenger planes and shipping containers leaving the largest ports." Airport screeners "would be given whistle-blower protection, money would be set aside to develop technology for detecting explosives at checkpoints and an appeals process would be established for airline passengers mistaken for terrorists on watch lists."

Four Cities Added To Homeland Security Grant List As Four Are Removed. The AP (1/5, Barrett) reports, "Four U.S. cities will get a fresh infusion of federal anti-terror grant money, and four others will be cut off from such grants, under a new government list of urban areas considered at serious risk of attacks and eligible to share $747 million." The list "shows the four newly eligible cities are El Paso, Texas; Norfolk, Va.; Providence, R.I.; and Tucson, Ariz. The cities that were cut from the list of 45 metropolitan areas are Toledo, Ohio; Baton Rouge, La.; Louisville, Ky.; and Omaha, Neb." The Homeland Security Department has "come under intense scrutiny for its decisions in the Urban Area Security Initiative, or UASI, which is the only pool of federal money designed to go to localities based solely on their risk of terror attacks."

Hayden Briefs CIA Employees On Agency Strategy. The Washington Times (1/5, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, "CIA Director Michael V. Hayden spoke to CIA employees yesterday for a town-hall-style meeting where he revealed the agency's new 'Strategic Intent' report and outlined some of the reforms taken. They include setting up a new operations center with representatives from the collection, analysis and technical services branches." The report "lists the long war on terrorism, arms proliferation and the rise of China and India as part of the current 'unstable and dangerous 'strategic environment." One "initiative: the creation of a CIA associate deputy director for counterintelligence that supporters hope will give the agency something it badly needs in the current environment of aggressive foreign intelligence activities."

WAR NEWS:

Bush Iraq Strategy To Include Large Aid Boost, 20,000 Troop "Surge." The Wall Street Journal (1/5, A1, Dreazen, Jaffe, 2.04M) reports, "The Bush administration's new strategy for Iraq, which the president is set to announce next week, will include a big boost in spending to fund reconstruction, economic growth and job creation, as part of a broader effort to help embattled Iraqi Prime Minister Nouri al-Maliki. People familiar with the matter say that Mr. Bush will detail his request for billions of dollars in new aid for Iraq next week in an eagerly awaited speech on his strategy to contain sectarian violence there and clear the way for an eventual US military withdrawal." Bush "will also call for the deployment of as many as 20,000 additional American combat troops to Iraq as part of a controversial 'surge' designed to stabilize Baghdad and other violent regions of the country." The Journal adds, "The administration's emerging Iraq strategy, which it is calling

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'The New Way Forward,' will also include an effort to funnel US money to moderate Iraqi political parties as a means of building a centrist political coalition to support Mr. Maliki, according to people familiar with the matter."

The Washington Times (1/5, Curl, 88K) reports Bush "spoke with Iraqi Prime Minister Nouri al-Maliki for nearly two hours yesterday," saying he had been gauging al-Maliki's will to protect the Iraqi people, and that "he was 'in the process of making up my final decision as to what to recommend' on a way forward in Iraq." Bush was meeting with German Chancellor Angela Merkel, who "said she will urge her neighbors to support efforts to stabilize Iraq." The Times notes that Bush is expected to order a surge in US troop levels in Iraq.

On its front page, the Washington Post (1/5, A1, Wright, Abramowitz, 690K) says that "deep divisions remain between the White House on one side and the Joint Chiefs and congressional leaders on the other about whether a surge of up to 20,000 troops will turn around the deteriorating situation," according to US officials. The US military is "increasingly resigned to the probability that Bush will deploy a relatively small number of additional troops -- between one and five brigades -- in part because he has few other dramatic options available to signal U.S. determination in Iraq, officials said. But the Joint Chiefs have not given up making the case that the potential dangers outweigh the benefits for several reasons," officials said.

Zakheim Says US Must Shift Troops To Iraq Border Regions. In a Financial Times (1/5) op-ed, Dov Zakheim, undersecretary of defense during President Bush's first term, writes on "Why America Should Operate From Iraq's Borders," saying that while "the White House accepts that there has to be a change in approach," its "underlying premises -- that Iraq's sectarian strife is not a civil war and that the keys to a stable Iraq are a stable Baghdad and Anbar province -- are the same as before. These assumptions need to be revisited, fast. … There is no doubt that Iraq is enmeshed in a bitter civil war. The US has had minimal impact on the course of that war." Zakheim says the US needs to shift "primary responsibility for pacifying Baghdad" to Iraqis, and "then the US must reposition its forces to foster regional stability and minimise casualties. Up to two brigades should be devoted to Kurdistan and a roughly equal number to the far west of Anbar province." He also says the US should "move a division-sized force to the south, with a significant presence on the border with Iran."

More Commentary. In his column for the Washington Post (1/5, A17, 690K), conservative columnist Charles Krauthammer makes a similar point, writing, "We should not be surging American troops in defense" Iraq's "governing coalition -- Maliki's Dawa, Abdul Aziz al-Hakim's Supreme Council for the Islamic Revolution in Iraq and Sadr's Mahdi Army," which "seems intent on crushing the Sunnis at all costs. Maliki should be made to know that if he insists on having this sectarian war, he can well have it without us."

And Dan Senor and Roman Martinez, who served as foreign-policy advisers to the Bush administration, based in Baghdad from April 2003 through June 2004, write in the Wall Street Journal (1/5, 2.04M), "The president is on the cusp of making the most important decision of his second term: increasing our troop presence in Baghdad and Anbar in an effort to stave off Iraqi civil war. A troop surge into Baghdad will not solve problems overnight. But by helping to establish security, more troops can weaken the insurgency, which is the first step to addressing most of Iraq's other problems, including the growth of Shiite militias."

As He Prepares To Unveil Iraq Strategy, Bush Faces Skeptical Congress. The Los Angeles Times (1/5, Levey, 850K) reports, "As President Bush prepares a major new initiative for Iraq, he confronts a wary and distrustful new Congress eager for solutions but unconvinced the administration can chart a successful exit from the war. The new Democratic majorities in the House and Senate are reluctant to assume responsibility for the war, leaving unclear Congress' willingness to block any troop escalation or to compel Bush to change strategy." Bush "is expected to unveil a new Iraq plan that would feature at least a temporary increase in troop levels in an effort to control sectarian violence. Troop increases have been endorsed by a few lawmakers, including Sens. John McCain (R-Ariz.) and Joe Lieberman (D-Conn.)." But "such a proposal is certain to be fiercely opposed by most Democrats."

AFP (1/5) notes McCain reaffirmed his support for the deployment of thousands of additional US troops in Iraq, a proposal expected to figure in President George W. Bush's upcoming reassessment of US strategy there." McCain told MSNBC (1/4, Williams), "When I raise my hand and vote to send young men and women, American men and women into harm's way and fight a war, I am committing to accomplishing the mission." He added "the fight against Islamic extremism must be joined with renewed fervor." McCain also said, "The consequences of failure are chaos and disaster. And these people...want to destroy the United States of America,' McCain said."

ABC World News (1/4, story 2, 1:40, Stephanopoulos, 8.78M) reported that "starting with…Pelosi, the overwhelming majority of Democrats, including the leaders in the Senate as well, are going to be against a surge of troops in Baghdad. The problem for them is there's nothing they can do for it. They've taken cutting off funding for the troops off the table. So they can have hearings. They can try to redirect the President's policy. But they cannot force a change."

But E.J. Dionne, in a Washington Post column (1/5, A17) titled "Short-Circuiting The Surge," that "an outright

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escalation of an unpopular war" is "seen by most Democrats and some Republicans as a rebuke to the majority whose November ballots signaled a negative verdict on the Iraq war." Democrats "are quietly but urgently seeking ways of pressuring the president to change course, including the possibility of having Congress reconsider its original authorization of force, passed in October 2002. … Given the limited options, Sen. Joe Biden (D-Del.), the Foreign Relations Committee chairman, has suggested to his colleagues that the strongest response to the surge would be a congressional resolution explicitly opposing the step." Dionne adds, "Bush has the power to order a surge. But if he insists on doing so in the face of widespread skepticism, a president proudly famous for relying on his gut will discover that he faces a Congress that does not regard his instincts as a reliable guide to the defense of American interests."

Underscoring Dionne's point, the New York Times (1/5, Broder, 1.16M) reports that in remarks, House Speaker Nancy Pelosi "delivered the obligatory promise of partnership with Republicans. But she immediately added a blunt warning to Mr. Bush on the war in Iraq. 'The American people rejected an open-ended obligation to a war without end,' she said, bringing Democrats to their feet." Pelosi "signaled to Mr. Bush that any plan to increase the American military presence in Iraq would meet stiff opposition in the new Congress." The Atlanta Journal-Constitution (1/4, Malone, 379K) says Pelosi's comments foreshadowed "a possible clash with the Bush administration," and notes "new Majority Leader Harry Reid of Nevada was even less specific. 'Iraq is an issue that we all need to work on, and we will work on that,' he said as he emerged from a closed-door bipartisan meeting for the entire Senate membership."

Democrats are under strong pressure from anti-war activists. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column, "Democrats face conflicting pressures on potential Iraq troop 'surge.'" Moveon.org "plans protest outside speech today by Sens. McCain and Lieberman backing a surge, underscoring ire of Democratic base." Senate Democrats "plan to grill" Secretary of State Condoleezza Rice and Defense Secretary Robert Gates "as part of more than a dozen hearings to mobilize public opposition over next three weeks. Republicans brace for additional defections, while McCain cautions that 20,000 more soldiers might not be enough." McCain said, "There are still people around [Bush] who think things aren't that bad."

The Washington Times (1/5, Fagan, 88K) also reports that "as Democrats reveled in their new majority yesterday, anti-war activists complained of cowardice on the Iraq war and pledged that they won't let Democrats cave to…Bush." In addition, on NBC Nightly News (1/4, story 3, 2:10, Williams, 9.87M), Tim Russert noted the effect of the 2008 presidential campaign on Bush's announcement. When the President "makes his speech next week," said Russert, "it will not be in a vacuum. We have 10 people running for President of the United States. Barak Obama saying I was against the war from the beginning." McCain "saying we should have sent more troops way back when. This President will make his announcement in the middle of a preprimary Presidential campaign and that will drive our Iraq policy in a considerable way."

Biden Says White House Has Concluded War Has Been Lost. The Washington Post (1/5, A6, Kessler, 690K) reports, "Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, said yesterday that he believes top officials in the Bush administration have privately concluded they have lost Iraq and are simply trying to postpone disaster so the next president will 'be the guy landing helicopters inside the Green Zone, taking people off the roof,' in a chaotic withdrawal reminiscent of Vietnam." Said Biden, "I have reached the tentative conclusion that a significant portion of this administration, maybe even including the vice president, believes Iraq is lost. … They have no answer to deal with how badly they have screwed it up. I am not being facetious now. Therefore, the best thing to do is keep it from totally collapsing on your watch and hand it off to the next guy -- literally, not figuratively."

Three Newly-Elected Democrats Could "Go Along" With Surge. ABC World News (1/4, story 7, 3:00, Gibson, 8.78M) interviewed "three new House Democrats today. Heath Shuler of North Carolina. Nancy Boyda of Kansas. And Patrick Murphy of Pennsylvania. They said they are not satisfied with the President's handling in Iraq." But "they are inclined to go along with" with a surge. Murphy said he "served over in Baghdad with the 86th [sic] Airborne Division. I saw with my own eyes what's going on over there. The fact is that we need to change direction with what's going on in Iraq. We need to listen to the military experts, people like General Colin Powell, General Abizaid, that say, listen, the surge isn't going to work." Asked about the surge option, Shuler said, "I don't think that's the solution. With the exception, if that's what our military leaders say, that the increase is troops is the answer, then that would be more acceptable. But not just one person saying -- even the President. Not just one person saying that increasing our troop level is going to create the sense of security in Iraq." Boyda said, "I would be happy to vote for more troops. But I am not happy to vote for more troops without a clear mission and sending more men into harm's way." Boyda later said, "He is the commander in chief, Charlie. We don't get that choice. Congress doesn't make that decision."

Shays, Lott Sound Ambivalent Note On "Surge." Meanwhile, the Hartford Courant (1/4, Lockhart, 190K) reported that GOP Rep. Christopher Shays said "it would be a 'huge mistake' to send more American troops to Iraq if that country's government 'doesn't do the heavy lifting it has to do.'"

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On MSNBC's Hardball (1/4), host Chris Matthews asked Senate Minority Whip Trent Lott, "Is there a chance you'll say no to the surge?" Lott: "There is." Matthews: "Thanks for making news here."

Most Congressional Commentary On "Surge" Breaks Along Party Lines. Sen. Jim Webb said on MSNBC's Hardball (1/4, Matthews), "The problem that I've had for five years with respect to Iraq is the lack of a strategic vision. We've been looking for an articulation of national strategy from this Administration, and you don't have a national strategy unless you can tell the American people very clearly what your end point is. So when we're talking about this issue of the surge, the first thing to remember is that over the past couple of years we've seen the troop levels oscillate up and down a bit little bit along a basic line of about 120,000 to 140,000 people. So in a sense, we may be arguing about the wrong issue in terms of trying to find a solution." In similar comments on CNN's The Situation Room (1/4, Blitzer), Webb said, "What I really would like to focus on in the part that I'm able to play in these hearings is the articulation of a clear set of goals with an end point. You don't have a strategy if you cannot clearly articulate the end point of your strategy. That's been the frustration all along. And so we find ourselves in these arguments about whether putting 20,000 or 30,000 more troops in and holding them longer is going to affect the overall solution in Iraq."

Sen. Barbara Boxer said on MSNBC (1/4, Scarborough), "This isn't really, in the Senate, a partisan issue. But I can tell you that there's a lot of angst about this so-called surge idea. Many of us do believe the election was about extricating ourselves from a terrible situation. Yes, we could re-deploy to the region, but we've got to re-deploy out of Iraq. Instead, the President may actually get us in deeper. He's just digging the hole deeper and deeper."

Sen. Amy Klobuchar said on MSNBC (1/4, O'Donnell), "I know that there are a number of Democrats and -- including some Republicans -- that are very concerned about adding more troops. I personally don't believe we should be doing that. I think we should be redeploying our troops to areas surrounding Iraq. I think we need to send a strong message that we need to transition to Iraqi authority and stop this culture of dependency."

House Ways and Means Chairman Charles Rangel said on PBS' NewsHour (1/4, Warner), "Americans are way ahead of the Congress in being able to demand that we have hearings, that we ask questions as to why we are asking 20,000, 30,000, 40,000 American men and women to get involved in Iraq in a surge. We will have hearings for the first time. What is a surge? How many people will be in harm's way with a surge? What's the additional $100 billion for? What have we done with the last $400 billion? How many of our friends in the area, Egyptians, Saudis, Jordanians, are going to be involved in the so-called surge? And if the military says we can't have a military victory, Mr. President, what are we doing there, and how long do we have to be there?" Rangel raised similar questions on MSNBC's Tucker (1/4, Carlson), saying, "Mr. President, what is a surge? How many people can we lose in the surge? Can we have a military victory? What is this victory that you're talking about? If it's not a civil war, what would you call it? The American people are going to put a stop to this war."

Rep. Jack Murtha, appearing on CNN's The Situation Room (1/4, Blitzer), said President Bush "says we have an honest disagreement, but hopefully we can work things out. Well, I hope we can work things out, too. But we can't work things out if they propose something without consultation. … If you are going to surge, you're going to have to keep people there in Iraq -- in other words, extend them. You're going to have to stop loss, which means you won't let people get out. And then you're going to have to send people back that have less than a year in country with their families. … But it's not going to prove anything because we sent another 15,000 troops into Baghdad and it's gotten worse." On MSNBC (1/4, Williams), Murtha made similar comments, then added, "The policy has to be changed. You can't continue and sustain a war when young people are going back with less than a year in this country. They're extending and stop-lossing people in the country themselves. And it is very unpopular, even with the troops themselves, when they don't understand the mission."

GOP Sen. Mel Martinez, incoming chairman of the Republican National Committee, said on CNN's The Situation Room (1/4, Blitzer), "I would hope the President is going to propose a comprehensive plan for success in Iraq. We have to understand that there's a lot at stake, not just in Iraq but on the global war on terror and in the entirety of the Middle Eastern situation. For us to not succeed, for us to cut and run or fail there, would be a terrible disaster for our country. And it would be a bad thing for the Iraqi people, as well."

GOP Sen. Jon Kyl said on CNN's The Situation Room (1/4, Blitzer), "You've got five-star generals on both sides of the issue. You've got retired generals and colonels on both sides of the issue. Clearly, this is a subject about which reasonable people can differ. And so it's no surprise that political experts such as my colleagues would be in some disagreement. … If that is the President's decision -- and I know we're being a bit premature here -- I think we ought to give it a chance to try to help the President and see if that can work."

GOP Rep. Adam Putnam said on PBS' NewsHour (1/4, Warner), "Republicans have never been 100% in lock-step. And we even today more fully realize that there's an independent role for the legislative branch, an independent role for the executive branch. The President is our commander-in-chief, and we look forward to his recommendations on the new way forward in Iraq. But we

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owe the American people adequate oversight, adequate investigation, but total support of the men and women in harm's way."

GOP Rep. Marsha Blackburn said on MSNBC (1/4, Gregory), "I will support being certain that we win in Iraq. And if our commanders in the field -- and this is where I think it's important -- we have to listen to the commanders in the field and the troops in the field. They know what is needed."

Bush To Shake Up Diplomatic, Military Team. In coming days, President Bush is expected to announce several changes in top military and diplomatic posts, in what media reports portray as part of his new strategy in Iraq. USA Today/AP (1/5) says Bush is "shaking up the team responsible for carrying out his military and diplomatic strategies in Iraq as he prepares to outline a new direction for the war." McClatchy (1/5, Hutcheson, Strobel) says the "overhaul" will "bring new faces" as "as the president is putting the finishing touches on a new strategy for Iraq." On its front page, the Washington Post (1/5, A1, Wright, Abramowitz, 690K) reports the personnel changes are being made even though "significant policy details" are "left to be worked out this weekend." The Post also says the President will likely reveal his plan during an address Wednesday.

NBC Nightly News (1/4, story 5, 3:05, Gregory, 9.87M) said the change reflect the fact that "this is the beginning of the final two years of this Administration which will include significant change in Iraq and when it comes to relations with Congress." And the CBS Evening News (1/4, story 2, 2:20, Borger, 7.66M) said it is "very clear that this White House wanted to get these personnel decisions, not only the generals but the diplomatic appointments,…out of the way before the President speaks to the country on Iraq, which we think will be next week."

Military Changes. On the military front, USA Today/AP (1/5) reports Bush will replace Gen. John Abizaid, the top U.S. commander in the Middle East, and Gen. George Casey, the chief general in Iraq, "in the coming weeks." Bush reportedly plans to replace Abizaid "with Adm. William Fallon, the top US commander in the Pacific, and Casey's replacement will be Army Lt. Gen. David Petraeus, who headed the effort to train Iraqi security forces." Assigning Fallon and Petraeus to the top military posts in the Middle East "would help Bush to assert that he is taking a fresh approach in the region and help pave the way for him to turn policy there in a new direction."

On its front page, the New York Times (1/5, A1, Gordon, Shanker, 1.16M) reports, "Senior administration officials said that the choice of General Petraeus was part of a broader effort to change almost all of the top American officials in Iraq as Mr. Bush changes his strategy there." One official was quoted as saying, "The idea is to put the whole new team in at roughly the same time, and send some clear messages that we are trying a new approach." The Los Angeles Times (1/5, Spiegel, 850K) says the "choice of Petraeus in particular could have wide-ranging significance. Although his selection does not come as a surprise, Petraeus is closely associated with the push for a more complex counterinsurgency campaign, which would move US soldiers out of their large bases and into smaller outposts in troubled neighborhoods."

The CBS Evening News (1/4, story 2, 2:20, Borger, 7.66M) said, "The new Secretary of Defense, Bob Gates, clearly decided that he needed to get his own team in place and that's exactly what he's done and he also wants a team that he knows is going to support the President's new strategy on Iraq." ABC World News (1/4, story 3, 2:15, Raddatz, 8.78M) reported, "What the President wants, according to one official, is a clean sweep -- a new plan and new commanders." Regarding Admiral Fallon, ABC calls his selection "a wild card choice," saying it is "highly unusual that a Navy admiral would be called upon to run, essentially, two ground operations."

Diplomatic Changes. Meanwhile, on the diplomatic front, ABC World News (1/4, story 4, 0:50, Gibson, 8.78M) reported on "changes in the President's diplomatic team dealing with Iraq. We have learned the President will nominate the US Ambassador to Iraq, Zalmay Khalizad, to be Ambassador to the United Nations. Brian Crocker, the US Ambassador to Pakistan, will be nominated to take his place in Baghdad. And the National Intelligence Director, John Negroponte, is going to become the number two at the State Department, playing a major role in shaping policy in Iraq. While a retired Vice Admiral, Mike McConnell, is the choice to become the new National Intelligence Director."

The Washington Post (1/5, A1, Wright, Abramowitz, 690K) reports in a front page article that "with significant policy details [on Iraq] left to be worked out this weekend, the administration is nonetheless moving ahead on several personnel changes," including plans to replace some Bush's top military commanders in the region. The Post notes the likely appointments to US posts in Baghdad, at the UN and Negroponte's move to the State Department.

The Financial Times (1/5, Dinmore) reports Negroponte's "abrupt shift from being the first US director of national intelligence to number two at the State Department reflects continued troubles in the intelligence community and a further concentration of power around Secretary of State Condoleezza Rice." Analysts see Negroponte's return to the State Department "as part of a broader and somewhat confused reshuffle of the Bush administration that began with the sacking of Donald Rumsfeld as defence secretary and has Iraq and the wider Middle East as its focus." Meanwhile, officials said President Bush would announce the changes on Friday, "possibly including his nomination of Zalmay Khalilzad, ambassador to Baghdad, as the new US envoy to

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the UN. There was also speculation on Thursday night that Ryan Crocker, US ambassador to Pakistan, would replace Khalilzad." In continuing speculation about Negroponte's decision to leave his DNI post, former intelligence officials said he "was tired of bureaucratic turf wars and wanted to return to his diplomatic career." Meanwhile, at a press conference, White House spokesman Tony Snow "rolled his eyes at a suggestion that Ms Rice, perhaps the closest in the cabinet to the president and now no longer challenged by Mr Rumsfeld, was set to move on."

The New York Times (1/5, A6, Stolberg, 1.16M) says if confirmed by the Senate, the appointments "would put seasoned, respected diplomats into two of the State Department's most challenging posts." Bush's decision to transfer Khalilzad, it notes, "would effectively accomplish two goals for the administration. As a Sunni Muslim, Mr. Khalilzad has been perceived by some Iraqi Shiites as not sympathetic enough to their views; removing him from Baghdad would help Mr. Bush make a fresh start there." And the change "also would give the United States the strong voice it needs at the United Nations, particularly after the storm surrounding Mr. Bolton."

The Washington Post (1/5, A5, Deyoung, Pincus, 690K) says Negroponte's "move to become…Rice's deputy, and his replacement by retired Navy Adm. John M. McConnell, had little to do with any assessment of Negroponte's tenure or with the unfinished state of intelligence integration, a range of senior administration officials said." Instead, it "stemmed directly from the urgent need to fill a State Department job, vacant since early last summer, that was seen as crucial to implementing the new Iraq policy that President Bush plans to announce next week."

The Washington Post's (1/5, A 15) Al Kamen writes in his "In the Loop" column that Negroponte "is a guy who clearly can't hold a job. This would be his fourth since joining the administration just over five years ago. And the chatter has already begun that he may not be in this one too long before he moves up one level."

On its front page, the New York Times (1/5, A1, Mazzetti, Sanger, 1.16M) says that "from the start" Negroponte "felt miscast as the nation's first director of national intelligence, a diplomat who never seemed comfortable in spook's clothing, colleagues and friends of his said." The Times reports that "Rice had requested over the summer that Mr. Negroponte become her deputy. But the decision languished for months as the White House sought an adequate replacement for the spy chief." The Los Angeles Times (1/5, Miller, 850K) says Negroponte's departure "as the nation's spy chief prompted angry responses from Capitol Hill and triggered new debate Thursday over whether a position created to fix the nation's intelligence problems is itself fundamentally flawed." The Washington Times (1/5, Gertz, Sands, 88K) also reports on the moves.

The AP (1/5, Schweid) says the anticipated nomination of Ambassador Khalilzad to the UN post, saying the move "has been rumored for months, along with the expectation that Crocker, now ambassador to Pakistan, would succeed him in Baghdad." ABC News first reported Thursday that Bush had made the decision. A US official "said some minor details still must be worked out on Crocker, but they are considered manageable."

Sen. Jay Rockefeller was asked on Fox News (1/4, Skinner) about Negroponte's move to the State Department. Rockefeller said, "It was a very clumsy handling of an extraordinarily important position…clumsy in the fact that nobody was informed of it. I read about it in the newspaper this morning. So nobody on the Intelligence Committee knew about it. And this is, after all, a person that we created to coordinate all of intelligence. … Now, he's going to be undersecretary of state. I think that's fine, but up until about an hour and a half ago, we had no idea whether there was going to be either a director or a deputy."

NYTimes Welcomes Negroponte's Move To State. In an editorial, the New York Times (1/5, 1.16M) says Negroponte's move is "technically a step down," but it "has a certain logic to it," noting that "the diplomacy-challenged Bush administration could surely use the help." The Times says it hopes Negroponte "can provide Secretary of State Condoleezza Rice with the intellectual and bureaucratic reinforcement she so desperately needs to help guide the administration to a wiser course on Iraq." However, Bush now "must quickly find a credible replacement for Mr. Negroponte, preferably one who is willing to jolt his bosses with the truth. This administration's record of failures in Iraq is matched only by its failures on intelligence."

However, the Los Angeles Times (1/5, 850K) editorializes, "His acceptance of the job may be more a reflection of the problems of his previous position than the promise of his new one." Instead, it suggests "the more interesting question, however, is why Bush, acting through Cheney (or is it the other way around?), wanted Negroponte at State. Word inside and outside the State Department for months has been that Rice has been unable to fill top jobs because her choices have either declined to sign up for a stint likely to be best remembered for the debacle in Iraq or have been vetoed as too liberal by the White House." Negroponte, it writes, "reportedly was the only person acceptable to both Rice and Cheney."

Bush Expected To Announce McConnell Nomination Friday. The AP (1/5, Shrader) reports President Bush is expected to announce Friday the nomination of retired Vice Adm. Mike McConnell to replace Negroponte as National Intelligence Director. The Wall Street Journal (1/5, A4, Solomon, Block, 2.04M) says the nomination "stirred

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concerns about the expanding control of current and retired Pentagon officials over the US intelligence community." McConnell's "greatest challenge" as director of national intelligence, say members of the intelligence community, "will be to try to claim control of these Pentagon intelligence assets while striking a balance between the development of tactical and strategic intelligence."

USA Today (1/5, 4A, Kelley, Willing, 2.27M) notes that McConnell "has been a leading figure in outsourcing US intelligence operations to private industry, records and interviews show." Meanwhile, the New York Times (1/5, Shane, 1.16M) says that with the selection of McConnell, President Bush "is turning again to a steady intelligence professional who first achieved prominence during his father's administration." Sources say he was "first approached several months ago about the possibility of replacing General Hayden" as deputy to Negroponte, but he "turned down that job and was eventually invited to succeed Mr. Negroponte in the top job."

Bush Says Saddam "Was Given Justice." The Los Angeles Times (1/5, Gerstenzang, 850K) reports, "President Bush said Thursday that he would have preferred that the execution of Saddam Hussein had been conducted in a more "dignified" manner, but said the deposed dictator met the fate he deserved." Said Bush, "He was given justice. The thousands of people he killed were not."

Meanwhile, the New York Times (1/5, Zeleny, Cooper, 1.16M) says leading members of Congress said Thursday that the conduct surrounding the hanging could undermine United States strategy in Iraq and complicate efforts to help the new Iraqi government succeed. … Several Republican senators who have been among President Bush's biggest supporters in the Iraq war said they were troubled by the video and fearful of the reverberations it could provoke. 'It's a very bad thing, it's harmful, and I'm sorry that it happened,' said Senator John McCain, an Arizona Republican who has been a White House ally on its Iraq policy. 'Obviously, it unnecessarily inflames the emotions of the Sunnis.'"

GOP Sen. Jon Kyl said on CNN's The Situation Room (1/4, Blitzer), "You can't argue on the one hand that we need to turn it over to the Iraqis and let them do it their way, and then criticize them when they do it their way. … At a certain point, if we turn it over to them, we can expect that they're not going to do things exactly as we would."

Two Guards Arrested For Saddam Video. The Washington Post (1/5, A12, Raghavan, 690K) reports, "Two guards were reportedly arrested Thursday for recording former Iraqi president Saddam Hussein's execution with a video cellphone."

More Commentary. In his column for the Washington Post (1/5, A17, 690K), Charles Krauthammer writes, "Of the 6 billion people on this Earth, not one killed more people than Saddam Hussein. … For the Iraqi government to have botched both his trial and execution, therefore, and turned monster into victim, is not just a tragedy but a crime -- against the new Iraq that Americans are dying for and against justice itself."

New Offensive Targets Sunni Insurgents In Diyala Province. The Los Angeles Times (1/5, Zavis, 850K) reports, "About 1,000 U.S. and Iraqi troops launched a major offensive at dawn Thursday in Diyala province, an increasingly violent zone east of Baghdad that has become a haven and training ground for Sunni Arab insurgents." Insurgents responded with trenches and sabotage of bridges, possibly "to divert approaching vehicles toward roadside bombs." The Times notes that there was friction and some mistrust in the joint operation, but that "Iraqi soldiers appeared eager to work with their American partners. Some sang celebratory songs in unison as they grabbed their gear and assembled near their Humvees."

Bombing Kills 13 In Baghdad. USA Today/AP (1/5, 5A) reports, "Twin car bombings killed 13 people Thursday in an upscale Baghdad neighborhood." The explosions "went off one after the other at 10:30 a.m. in the Mansour neighborhood, setting fire to a gas station and incinerating at least a half-dozen cars. At least 25 people were wounded, police said." The New York Times (1/5, Santora, Spanner, 1.16M) says "the attack was apparently aimed at a gasoline station. Cars were lined up around the block waiting for fuel, and dozens of people, grasping large plastic jugs, hoped to buy heating fuel. Just moments after the first explosion, a second, larger, car bomb detonated."

In addition, says the Washington Times/AP (1/6, Frayer), "Police said 47 tortured bodies were found dumped across Baghdad yesterday, in addition to the 27 a day earlier. A U.S. soldier was killed by small-arms fire in western Baghdad, the military said. "

Source In Numerous AP Stories On Iraq Said Not To Exist. The Washington Times (1/5, Harper, 88K) reports, "Media critics and Internet bloggers are questioning the credibility of an Associated Press source in Iraq, claiming that 'police captain Jamil Hussein' does not exist, though he has been cited in 60 AP dispatches over the past two years. Two of the skeptics -- syndicated columnist Michelle Malkin and former CNN news chief Eason Jordan -- say they will go to Iraq to find the elusive Capt. Hussein in hopes of proving that the venerable wire service was either practicing shoddy journalism or had been dangerously duped by a media-savvy terrorist or enemy agent." The AP announced that it is standing by its stories, and "reported that the Iraqi Interior Ministry acknowledged the existence of the captain, whose

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name is Jamil Gholaiem Hussein, and said he now faces arrest for speaking to the press."

Arrested Iranians Reported To Be Ranking Intelligence Officials. AFP (1/5) reports that the BBC has identified five Iranians arrested by the US in Baghdad last month as "senior intelligence officers engaged in a covert political mission to influence the Iraqi government," and quoted British officials as saying that while important intelligence was attained, "there was no 'smoking gun' about weapons supplies or attacks. Instead, the Iranians were there to hold high-level meetings with representatives of several Iraqi Shiite factions that have come to prominence since the fall of president Saddam Hussein in 2003."

The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that the "recent arrest of Iranian diplomats in Baghdad, allegedly for ties to militants, was part of Pentagon strategy to ratchet up efforts to curb Tehran's growing influence inside Iraq. 'I think you can expect more' in the months ahead, said one official."

Iranian Influence Seen As Worse Than Saddam Regime. In a New York Times (1/5, 1.16M) op-ed, Slavoj Zizek of the Birkbeck Institute for the Humanities, analyzes "what went wrong with the United States occupation of Iraq," suggesting that the US had been able to handle Saddam Hussein, since he led as a pragmatic secularist, his overthrow "has generated a much more uncompromising 'fundamentalist' politico-ideological constellation in Iraq. This has led to a predominance of the pro-Iranian political forces there — the intervention basically delivered Iraq to Iranian influence." Zizek suggests that President Bush acted in Iran's direct interest by invading, and that this is worse than leaving Saddam in power would have been.

Partition Could Bring Need For US To Relocate Iraqis. The Christian Science Monitor (1/5, Grier, 59K) runs an analysis piece titled, "If Iraq fragments, What's Plan B?" about the possibility that Iraq will fragment into Kurdish, Sunni and Shiite zones, exploring what could be done to prevent this, but mainly focuses on "how the United States might handle Iraq's partition." The article notes the relocation work the US military did during the Bosnian civil war, which "would perhaps preempt the violent Balkans-style ethnic cleansing that is already occurring in Iraq," according to the Brookings Institution's Michael O'Hanlon. The Monitor suggests that the planned troop surge could serve to strengthen infrastructure, and by extension the Iraqi government, "but events in Iraq now may be running at a speed that outpaces the US ability to respond." The article continues to consider how ethnic relocation could best be achieved.

Mother Defends Soldier Who Refused Iraq Deployment. The Washington Post (1/5, C1, Weeks, 690K) reports on the efforts of Carolyn Ho, mother of Army 1st. Lt. Ehren Watada, "the first commissioned officer to refuse deployment to Iraq," to rally support for her son in Washington. Watada is expected to stand court martial. "Like many Americans, she believed she could come to the capital city and change the world." Ho "sees her efforts as part of a larger, multifaceted wave that is challenging the Bush administration form every angle." Ho says her son's refusal to serve in Iraq is based on the assertion that the war was entered under false pretenses, and is therefore illegal. Her extensive efforts to garner support for her sun's cause has culminated in a letter from CA35 Maxine Waters (D), which praised Watada's "integrity and dignity in his objection to the war in Iraq." The Post concludes, "Ho sighed and said she found the letter to be 'disappointing.' But it was something."

Iraq War Booty Traced To Manassas Self-Storage Facility. The Washington Post (1/5, B1, Vargas, 690K) reports that NCIS agents filed "a 10-page affidavit" for a warrant to search a self-storage center in Manassas, Virginia, in connection with a federal investigation into USMC gunnery sergeant Gary Maziarz. Mariarz "was placed in pretrial confinement at Camp Pendleton because…'reasonable grounds exist that he poses a serious threat to the national security of the Unites States.'" Moreover, he "is charged with larceny of computer and camera equipment, larceny of weaponry and possession of steroids." In his apartment, investigators "found steroids and three commemorative Colt 1911 .45-caliber pistols 'reputed to have been presented to Saddam Hussein.'" Investigators also found "two folders containing approximately 250 pages of material marked 'SECRET.'"

Mullah Omar Denounces Karzai Government, Vows Resistance. The New York Times (1/5, Khan, Gall, 1.16M) reports, "In what appears to be the first exchange with a journalist since going into hiding five years ago, the Taliban leader, Mullah Muhammad Omar, said that he had not seen Al Qaeda's chief, Osama bin Laden, in five years and that he would never negotiate with the United States-backed government of Hamid Karzai in Afghanistan. He also threatened to continue the war until foreign troops withdraw from Afghanistan." The Times notes that the statements were made by a circuitous email method, and were therefore not authenticated, adding that "the statements, if authentic, would be Mullah Omar's first exchange with a journalist since he was driven from power in 2001," and that he is believed to be in Pakistan.

Meanwhile, the Los Angeles Times (1/5, King, 850K) reports on the impact Mullah Omar's ability to avoid capture

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for over five years with a $10-million US bounty has had on his reputation in the area adjacent to the Pakistan-Afghanistan border. His freedom "is celebrated here as proof of his mystical powers." The Times continues to relate the details of Omar's rule in Afghanistan, and speculates on his current whereabouts.

Pakistani PM Calls For Afghan Refugee Repatriation. The New York Times (1/5, Gall, 1.16M) reports, "Pakistan's prime minister, Shaukat Aziz, said Thursday that he wanted the three million Afghan refugees still living in Pakistan to go home as one way to end the problem of insurgents using the country as a haven. It is the first time Pakistan has been so blunt in demanding that the Afghans, to whom it has served as host for more than 20 years since the Soviet invasion of Afghanistan, leave." The Times notes that Aziz's comments came as he was in Afghanistan meeting with President Hamid Karzai to try to ease strains over "Pakistan's plan to fence and mine the border, and Afghanistan's project to convene two tribal gatherings, or jirgas, of national representatives from both countries, to try to foster peace between the countries."

Medical Teams Performing Better In Iraq, Afghanistan Than In Past Wars. The Washington Times (1/5, Scarborough, 88K) reports, "The killed-in-action rate in the Iraq-Afghanistan wars is half what it was in World War II and a third less than Vietnam and Desert Storm, according to internal Pentagon documents that say battlefield medical teams are doing a better job of stabilizing the wounded and getting them to doctors." The improvement can be "little solace to the families of the American troops who have died or been seriously wounded..." The briefings showed that the rate is "12.5 percent for the current wars compared with 25.3 percent for World War II and 18.6 percent for Vietnam/Desert Storm."

US Said To Be Ill-Equipped To Care For Injured Soldiers. Linda Bilmes, Kennedy School of Government at Harvard University, writes in the Los Angeles Times (1/5, 850K) that although "better medical care and stronger body armor are enabling many more soldiers to survive injuries that might have led, in earlier generations, to death," the Bush administration "failed to foresee what it would mean, failed to plan for the growing tide of veterans who would be in urgent need of medical and disability care." The result is that "as the Iraq war approaches its fourth anniversary, the Department of Veterans Affairs is buckling under a growing volume of disability claims and rising demand for medical attention."

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Magazine Names Gonzales One Of Most Influential Hispanics. The AP (1/5) reports, "Jennifer Lopez is among the entertainers selected by People en Espanol for its '100 Most Influential Hispanics' issue, which honors those who have made an impact in the Hispanic community. … Lopez, who graces the cover of the magazine's February issue, on newsstands Friday, says 'being an example to others is a big part of my work.'" The AP continues, "Lopez tops the list of entertainers, which also includes Antonio Banderas, Carlos Santana, Eva Longoria, George Lopez, Gloria Estefan, Ricky Martin, Salma Hayek and Shakira, among others. … The magazine also honors filmmaker Alejandro Gonzalez Inarritu (culture/the arts), Attorney General Alberto Gonzales (politics/public affairs), businessman Carlos Slim Helu (business), MTV President Christina Norman (media), Los Angeles Angels of Anaheim owner Arturo Arte Moreno (sports), sociologist Aida Giachello (science and technology/health) and teacher Bertha Flores (education)."

Native American Woman Recommended For Arizona US Attorney Post. The Arizona Republic (1/5, House) reports, "A Hopi woman who has served most of her career as a federal prosecutor n Arizona is being recommended to President Bush as a potential nominee to become the next U.S. Attorney for the District of Arizona." The Republic continues, "Diane J. Humetewa, 42, who is now the senior litigation counsel and tribal liaison under retiring U.S. Attorney Paul Charlton, was recommended to the White House Thursday by Republican Sens. Jon Kyl and John McCain. … She would be the first Native American U.S. Attorney in Arizona if nominated by Bush and confirmed by the Senate. Officials were researching whether she would also be the nation's first Native American U.S. Attorney. … 'I am proud to recommend Diane to serve our country in this noble role. As a native Arizonan, Diane has a sound appreciation for the culture and legal issues unique to the region,' said McCain. Humetewa served as a counsel to the U.S. Senate Committee on Indian Affairs from August 1993 to March 1996, when McCain was chairman of the panel. … 'Her distinguished career in public service, her experience as a prosecutor, and work on behalf of crime victims make her an ideal nominee for this role,' added Kyl." The Republic adds, "Humetewa is married and a 1993 graduate of the Arizona State University College of Law. She began her career with the U.S. Attorney's Office as a victim advocate for then-U.S. Attorney Stephen M. McNamee in 1987, and has served no less than six U.S. Attorneys, according to a news release announcing the appointment. … White House

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officials said they have no timeframe for considering McCain and Kyl's recommendation. … Charlton was appointed U.S. attorney for the District of Arizona on Nov. 12, 2001, by President Bush. He announced last month that he is quitting as U.S. Attorney to enter private legal practice at the end of January. He is to be a partner in the Phoenix-based firm of Gallagher and Kennedy."

Baltimore US Attorney Profiled. The Maryland Gazette (1/5, Ford) reports from Baltimore, "U.S. Attorney Rod J. Rosenstein has the polite manner and looks of a friendly youth pastor. … But county prosecutors across the state describe Rosenstein as nose-to-the-grindstone federal prosecutor who has raised the profile of the office through frequent news conferences and aggressive prosecutions ranging from corporate corruption to gang crimes." The Gazette continues, "Since his appointment in May 2005, Rosenstein has brought innovative ideas to the office, including bringing the first racketeering charges against members of the street gang MS-13, said Attorney General Douglas F. Gansler (D). … 'This U.S. Attorney Rod Rosenstein is one of the best that we've had here in Maryland in recent times,' said Gansler, who was Montgomery County's top prosecutor for eight years and an assistant U.S. attorney in Washington, D.C., before that. 'He's a prosecutor's prosecutor.'" The Gazette adds, "Federal prosecutors obtained racketeering charges against 22 suspected Mara Salvatrucha members in August 2005 — the first use of the RICO statute for street gangs in Maryland. Under the 1970 Racketeering Influenced and Corrupt Organization statute, members of an organization can be convicted for involvement in all the crimes committed by the group. … Federal prosecutors worked closely with Montgomery's prosecutors in going after members of the violent gang, Gansler said. … Rosenstein 'came to the office weeks after taking over,' Gansler said. 'We discussed our mutual concerns and the reality of the gang problem.' … When the MS-13 indictments were handed down in August 2005, Rosenstein praised the work and cooperation of the state's attorneys and police departments in Montgomery and Prince George's counties as well as the FBI and other agencies."

CORPORATE SCANDALS:

Federal Prosecutors Conclude Accounting-Fraud Case Against Former AOL Officials. The Washington Post (1/5, D1, Johnson) reports, "Federal prosecutors concluded their accounting-fraud case against two former AOL executives yesterday afternoon, signaling that the long-running trial soon may end after unusual twists including a mistrial for one of the defendants." The Post continues, "The case, which began in an Alexandria federal courtroom in mid-October, is one of the longest criminal trials ever in a jurisdiction that is widely known as 'the rocket docket' for its speedy and efficient justice, legal analysts said." The Post adds, "More than three dozen government witnesses testified about complex accounting tricks that hearkened back to early 2001, when the technology boom had turned into a bust. At the time, the Dulles Internet service provider struggled to show revenue and advertising gains by making questionable deals with dot-com business partners in which no revenue changed hands. … 'There was an intense focus to get revenue,' testified Jason Witt, a manager in AOL's aggressive and freewheeling business affairs unit, which has been disbanded. 'It's probably the greatest pressure I've seen since ever.'" The Post notes, "A number of witnesses recounted how the AOL defendants -- former business affairs executive Kent D. Wakeford and former Netbusiness unit vice president John P. Tuli -- felt squeezed between the expectations of their employer to close more deals and demands from dot-com clients who themselves were struggling to stay afloat. … But the trial perhaps is most notable for the absence of the former AOL officials who led the business-affairs operation, such as David M. Colburn and Eric Keller, whose names came up regularly in testimony and who once had been the focus of government investigation. Time Warner, which absorbed AOL, agreed to pay more than $500 million to settle joint civil and criminal charges two years ago."

Activist Shareholders Claim Victory With Home Depot CEO's Departure. The New York Times (1/5, Duhigg) reports, "For decades, activist shareholders were an entertaining, but largely ignored, Wall Street sideshow. Disgruntled investors would attend annual meetings to harangue executives, criticize strategies — and protest that their complaints were being ignored. One agitator appeared in face paint and a red nose after executives called him a clown. … Today, however, it seems that activists have captured the center ring and are directing the main event." The Times continues, "On Wednesday, shareholder advocates could claim one of their biggest prizes yet when Home Depot announced the resignation of its chairman and chief executive, Robert L. Nardelli, long a target of shareholder ire for his large compensation and the company's flagging stock price." The Times adds, "The main investor who pressed for the overthrow at Home Depot might at first glance seem an unlikely rebel: Ralph V. Whitworth, a lawyer educated at Georgetown and a former campaign worker for President Ronald Reagan who in December announced he had bought about $1 billion of the retailer's stock, or a 1.2 percent stake, through his fund, Relational Investors. … But the rapid success of Mr. Whitworth's

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campaign against the management and strategy of Home Depot demonstrates how thoroughly activists have moved into Wall Street's inner sanctum. Mr. Whitworth has said he still intended to nominate himself and at least one other candidate to Home Depot's board at its shareholder meeting in the spring. … The shake-up at Home Depot may be just a taste of things to come as shareholders and management at a number of companies, including Brink's, the Borders Group and Applebee's International, square off for battle at annual meetings this spring."

WSJournal Says Critics Wrong In Calling Nardelli's Pay "Severance." The Wall Street Journal (1/5, 2.04M) says in an editorial, "Few Home Depot shareholders are mourning the departure of Robert Nardelli as CEO this week, and we aren't about to defend his performance. But someone needs to rebut the claim, which is almost as rampant as the Schadenfreude at his fall, that Mr. Nardelli is getting a $210 million 'severance' package as a reward for having failed." The "truth is that nearly all of that $210 million isn't severance at all but was part of Mr. Nardelli's original employment contract." But his "contract can't be abrogated now simply because the board has concluded it made a mistake. Of that $210 million figure, more than $180 million is owed to Mr. Nardelli as part of his original job offer."

WPost Says Apple Investors Face Dilemma In Jobs Stock Options Scandal. The Washington Post (1/5, A16, 690K) says in an editorial, "The scandal at Apple Computer presents a dilemma with no easy solution. On the one hand, the company has changed its story on its use of manipulated stock options, which boosted executive salaries at the expense of shareholders, and Apple still appears to be bending over backward to protect Steve Jobs, its storied chief executive. On the other hand, if Apple's board were to come clean and oust Mr. Jobs, the shareholders would be punished yet again, since Apple is worth more with him than without him. Or, to put the dilemma a little differently: It doesn't seem right to let an executive float above corporate governance rules, but it seems equally perverse to enforce those rules if doing so would damage the investors for whom such rules exist in the first place."

CRIMINAL LAW:

Federal Prosecutors List More Favors By Ney To Abramoff Clients. The Washington Post (1/5, A7, Schmidt) reports, "Federal prosecutors seeking a stiff prison sentence for former Ohio congressman Robert W. Ney have listed previously undisclosed favors that he and his staff provided to clients of lobbyist Jack Abramoff, including two Russian energy executives who have been linked to former House majority leader Tom DeLay." The Post continues, "Ney pleaded guilty in October to conspiracy, admitting that he performed official acts for lobbyists in exchange for campaign contributions, expensive meals, luxury travel and skybox sports tickets. He is to be sentenced Jan. 19." The Post adds, "The Republican congressman and his staff offered to aid Abramoff's clients in the summer of 2003 as Ney prepared for a trip to Russia, according to newly released e-mails attached to a Justice Department filing in federal court late Wednesday. Abramoff's lobbying team got the congressman to intervene with the U.S. Consulate in Moscow to help resolve a passport issue for the daughter of Abramoff client Alexander Koulakovsky, the e-mails show. … Koulakovsky and his business partner, Marina Nevskaya, hired Abramoff to help them arrange meetings with DeLay and to lobby for federal aid to their businesses. The Russian executives helped pay for a trip to Moscow taken by DeLay, his wife and aides in 1997. … A charity sponsored by DeLay received a $1 million check from a London law firm linked to the two. Former charity officials told The Washington Post last year the donation originated with Russian oil and gas executives, and was intended to influence DeLay's vote on an issue affecting the Russian economy."

Former Massachusetts House Speaker To Plead Guilty To Obstruction. The AP (1/5, Lavoie) reports, "A former Massachusetts House speaker accused of lying during his testimony in a voting rights lawsuit plans to plead guilty Friday to obstruction of justice, a person familiar with the agreement said Thursday." The AP continues, "The lawsuit had claimed that a 2001 state law that redrew legislative district boundaries discriminated against minorities in Boston while protecting incumbents, including the now-former House speaker, Thomas Finneran. … Finneran's trial on perjury and obstruction of justice charges had been scheduled to begin Jan. 16." The AP adds, "Under the plea deal, Finneran won't face prison time, and federal prosecutors will drop the three perjury counts, the person familiar with the deal told The Associated Press. He will serve probation, pay a fine and agree not to seek political office for five years. … Finneran, 56, has agreed to admit to some, but not all, of the allegations in the obstruction charge, which accuses him of obstructing justice by lying during the trial and in a deposition, according to the person, who asked not to be identified because the deal has not yet been finalized in court. … During his eight years as speaker, Finneran was considered the state's most powerful lawmaker. Known for his authoritarian style, he was once dubbed 'King Tom' for pushing through a rules change that eliminated term limits for House speakers. .. .He resigned as speaker in September 2004 and was indicted nine months later on charges that he lied under oath about his role in the state's legislative redistricting. The testimony was before a federal appeals

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court in 2003 in the voting rights lawsuit brought by a coalition of minority groups."

The Boston Globe (1/5, Saltzman, 413K) reports Finneran "faces the almost certain loss of his $30,000-a-year pension because of a decision last year by the state Supreme Judicial Court. The state's highest court ruled unanimously in March that Boston Juvenile Court Clerk-Magistrate John P. Bulger forfeited his pension when he admitted that he lied to two federal grand juries investigating the disappearance of his brother, fugitive mobster James J. 'Whitey' Bulger. Alden Bianchi, cochairman of a Boston Bar Association committee on pensions, said Finneran's case appears to be a more obvious violation of the Massachusetts law that bars employees from receiving a pension if convicted of a 'criminal offense involving violation of the laws applicable to his office or position.'"

The Boston Herald (1/5, Wedge, 184K) notes, "Sources told the Herald Finneran will leave his $500,000-a-year post at the Massachusetts Biotechnology Council as a result of his pending felony conviction." Additionally, "sources close to the ex-speaker said his decision to plead guilty was made in part to spare embarrassment, with a parade of as many as 40 lawmakers slated to testify. Many had already received subpoenas, including his top aide Charles Rasmussen, sources said. Finneran, who is expected to land a plum talk-show host gig, could continue lobbying since there are no state laws barring convicted felons from being registered lobbyists, officials said."

Former Illinois Secretary Of State Official Sentenced To 30 Months In Prison. The AP (1/5, Dennis) reports, "A former high-ranking Illinois Secretary of State official was sentenced Thursday to 30 months in prison for helping three janitors pocket nearly $200,000 in state pay for work they didn't do. Cecil Turner, 60, is the former director of the secretary of state's physical services division. He was convicted in September of four federal counts of wire fraud for allegedly helping the janitors hide the six-year scheme, and two counts of lying to investigators. Turner also was ordered to pay more than $49,000 in restitution to the state for money the janitors pocketed." The AP notes, "Turner's sentence was seven months less than the range of 37 to 46 months recommended in a pre-sentence report." US District Judge Joe B. McDade "said he trimmed the federal term based on an inch-thick stack of letters he received citing Turner's long history of work for youth, his neighborhood and community. But McDade said he also needed to send a message to others in state government that corruption won't be tolerated."

Former Advertising CEO Sentenced In Philly Airport Corruption Probe. The Philadelphia Inquirer (1/5, Shiffman, 385K) reports, "The former CEO of an advertising company was sentenced yesterday to 51/2 months in a halfway house for his role in a pay-to-play scheme at Philadelphia International Airport." Former Sky Sites CEO Joseph Evans "will also serve 51/2 months of home detention. Evans pleaded guilty to misappropriating company funds to make a political contribution. Three codefendants pleaded guilty to funneling $30,000 in campaign contributions to Mayor Street's 2003 reelection campaign to help secure a contract at Philadelphia International Airport." The Inquirer notes, "Neither the mayor nor any other public official has been accused of wrongdoing. The case is part of a continuing FBI investigation into corruption at Philadelphia International Airport and is related to federal authorities' City Hall probe."

The Philadelphia Daily News (1/5, Hinkelman, 106K) reports Evans also was ordered to "perform 100 hours of community service," and US District Judge James T. Giles said he "should use the community service to counsel others who might contemplate similar conduct. 'It gives you an opportunity to use the wisdom you've come to learn in a hard way to perpetuate that lesson,' Giles said. 'There are those who will now learn of your predicament.' Assistant U.S. Attorney Joan Markman and Evans' attorney, Cheryl Krause, said they were satisfied with the sentence." Evans "could have been sent to prison for 10 to 16 months under sentencing guidelines."

Judge Rejects Nevada Commissioner's Request To Delay Surrender For Prison. The Las Vegas Review-Journal (1/4, Bach) reported, "U.S. District Judge Larry Hicks on Wednesday refused a request to push back the surrender date of former Clark County Commissioner Dario Herrera, who in August was convicted of charges stemming from political corruption. 'The grounds argued in support of an extension of Herrera's surrender are founded upon arguments of financial hardship and inconvenience,' Hicks wrote in a court order. 'Given the severity of the defendants's criminal offenses and a surrender date that was more than abundant to prepare for incarceration, the motion is denied.' Hicks said Herrera is still expected to surrender to federal authorities on or before noon on Jan. 12." The AP (1/5) also reports on the ruling, in a story based primarily on the Review-Journal article.

Potential Jurors Complete Questionnaires For Federal Abortion Murder Trial. In a widely-distributed story, the AP (1/5, Thompson) reports, "Jury selection began Thursday in the federal trial of an anti-abortion extremist who shot and killed an abortion provider, on a charge that could keep him behind bars forever. The roughly 100 people in the jury pool were questioned about their views on abortion and their knowledge of the the 1998

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sniper slaying of Dr. Barnett Slepian." The AP notes James Kopp "admitted firing the fatal shot from the woods outside but said he meant only to wound the doctor to stop him from performing any more abortions. … Authorities hunted 2 1/2 years for Kopp after the shooting, adding him to the FBI's list of the Ten Most Wanted fugitives in June 1999."

23 Indicted In $3.5 Million NYC Mortgage Fraud Scheme. The New York Daily News (1/5, Zambito, 729K) reports, "Twenty-three brokers, appraisers and bankers were indicted yesterday in a $3.5 million scheme to dupe banks and other lenders by recruiting 'straw' buyers to fill out bogus mortgage and loan applications, Manhattan federal prosecutors said. Brooklyn brokerages AGA Capital NY, Northside Capital and its successor Lending Universe Corp. earned $4 million in commissions between 2004 and 2006 brokering some 1,000 mortgages and home equity loans valued at $200 million, prosecutors say. The actual losses to banks and other lenders was pegged at $3.5million." The Daily News notes, "Eighteen defendants were arrested yesterday by agents from the FBI and Immigration and Customs Enforcement. Four more are expected to surrender today and one is a fugitive."

The New York Post (1/5, Cornell, 631K) adds, "AGA Brokers Aleksander 'Shorty' Lipkin, Igor 'Ryzhiy' Mishelevich, Alex 'Lyosha' Gorvits and several others are accused of supervising the scheme to submit fraudulent loan applications from 2004 to 2006. … In some cases, the ring 'stole the identities of persons who fit a certain financial profile and submitted loan applications on behalf of these persons without their knowledge,' court papers said." WNBC-TV New York (1/4) noted that the "case was investigated by the The Eurasian Organized Crime Task Force, a joint effort by FBI agents and NYPD detectives, and the federal Immigration and Customs Enforcement agency."

Washington Lawyer Pleads Not Guilty To Bribery Conspiracy Charges. The AP (1/5) reports, "A lawyer accused of taking thousands of dollars from a Kennewick youth program has pleaded innocent to federal bribery and conspiracy charges. U.S. Magistrate Judge Michael Leavitt entered a not guilty plea for Jeff L. Finney, of Benton City, and allowed the former defense lawyer to remain free without bond during an initial court appearance Wednesday." The AP notes, "Assistant U.S. Attorney Greg Shogren said Finney has cooperated for months with the investigation in the case, which the Tri-City Herald reported involves between $50,000 to $140,000 missing from the city of Kennewick's Home Base youth program. … A yearlong FBI investigation focused on Finney and Tyler M. Morris, 36, a former assistant city prosecutor for Kennewick."

Michigan Health Care Executive Pleads Guilty To Medicare Fraud. The AP (1/5) reports, "The former owner of a Michigan health care company pleaded guilty to federal charges of stealing nearly $800,000 by fraudulently billing Medicare." Iftakhar Khan "and his brother were indicted in 2003. They were charged with mail, wire and health care fraud." Amjad Khan "pleaded guilty in August." The AP notes Iftakhar Khan "was president of Livonia-based Michigan Rehabilitation and Pain Management. The company closed after the FBI and other agencies raided it in 2000. Amjad Khan operated Warren-based American Home Health Care, which also closed."

Missouri Official Indicted For Mortgage Fraud, Calls Federal Probe "Political Terrorism." The AP (1/5, Twiddy) reports, "Former Jackson County Executive Katheryn Shields and her husband were indicted Thursday on federal charges of taking part in a mortgage fraud scheme. … Federal prosecutors allege that the couple were approached by a group of individuals last fall who offered to sell their home, which was listed at $699,950, for $1.2 million. The couple was to receive $707,000 of that amount, the remainder being split among other co-defendants and explained to lenders as a 'management fee.' To get the mortgage approved, the defendants allegedly provided lenders with fraudulent financial information and inflated property appraisals. Officials said the FBI stopped the transaction from going through." The AP notes, "Shields has survived more than three years of fruitless federal investigations into her work as the county's highest elected official, and the indictment came the day before she planned to file to run for Kansas City mayor -- a decision she said she will not change. 'I think I've been subjected for the last three-plus years to political terrorism and I will not give in to political terrorism,' Shields said."

Death Penalty Sentences Fall To 30 Year Low. The AP (1/5, Tanner) reports, "The number of death sentences handed out in the United States dropped in 2006 to the lowest level since capital punishment was reinstated 30 years ago, reflecting what some experts say is a growing fear that the criminal justice system will make a tragic and irreversible mistake. Executions fell, too, to the fewest in a decade." Death sentences "fell in 2006 to 114 or fewer, according to an estimate from the group. That is down from 128 in 2005," and "down sharply from the high of 317 in 1996." A "total of 53 executions were carried out in 2006, down from 60 in 2005. Executions over the past three decades peaked at 98 in 1999."

NYTimes Praises New Jersey For Recommendation To End Death Penalty. The New York Times (1/5, 1.16M) says in an editorial, "New Jersey could take the lead among

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states in abolishing the death penalty if it follows the recommendation that a legislative commission made this week. It is the right thing to do, and not just because capital punishment is barbaric and a poor deterrent. It has become increasingly clear as the use of DNA evidence has grown that there is simply too great a risk of making an irreversible mistake."

Today Marks Twelfth Anniversary Of Bulger Disappearance. Under the headline "No Whitey After All These Years," the Boston Herald (1/5, Sweet, 184K) reports, "With the 12 days of Christmas safely behind us, Boston can pause to reflect on today's 12th anniversary of the disappearance of mobster madman James 'Whitey' Bulger. 'The Bulger Task Force . . . continues to dedicate an extraordinary amount of time and effort in the conduct of a worldwide investigation to locate fugitive James Bulger,' said Robert Krekorian, executive assistant U.S. attorney." The Herald notes, "Coincidentally, former FBI Boston Special Agent in Charge Kenneth Kaiser will be feted today at the Omni Parker House. Kaiser, tapped by Washington to serve as assistant director of the FBI's Inspection Division, made finding Bulger 'a priority'" said Hub office spokeswoman Gail Marcinkiewicz. 'He's disappointed that it didn't come to fruition during his tenure here in Boston.'"

The Boston Globe (1/5, Murphy, 413K) reports, "A federal grand jury investigating whether William M. Bulger or his family obstructed efforts to capture his gangster brother…has been extended at least another month, according to two sources familiar with the probe. Federal prosecutors are nearing a decision on whether there is sufficient evidence to ask the grand jury to indict William Bulger…on perjury or obstruction of justice charges, the sources said. The investigation is focusing on whether William Bulge…testified truthfully in April 2001 before a federal grand jury that was looking into whether family or friends of the fugitive knew his whereabouts or were helping him evade capture." The Globe also notes, "Today marks the beginning of Whitey Bulger's 12th year on the run. The longtime FBI informant was warned by his handler, retired FBI agent John J. Connolly Jr., to flee just before his January 1995 federal racketeering indictment."

Study Finds Embezzlement In Most Catholic Dioceses. The New York Times (1/5, Goodstein, Strom) reports, "A survey by researchers at Villanova University has found that 85 percent of Roman Catholic dioceses that responded had discovered embezzlement of church money in the last five years, with 11 percent reporting that more than $500,000 had been stolen." The Times continues, "The Catholic Church has some of the most rigorous financial guidelines of any denomination, specialists in church ethics said, but the survey found that the guidelines were often ignored in parishes. And when no one is looking, the cash that goes into the collection plate does not always get deposited into the church's bank account. … Specialists in church ethics said they believed this was the first study to assess the extent of embezzlement in a denomination." The Times adds, "Officials at the United States Conference of Catholic Bishops said they had seen the study, which was released just before Christmas and was first reported in the National Catholic Reporter, and were considering ways that parishes could tighten their financial controls." The Times notes that "the survey did not ask who stole the church money. But it did ask who detected the theft, and found that it was most often the parish priest, followed by the bookkeeper, an internal auditor or the parish finance council. … In October alone, three large cases of embezzlement surfaced, including one in Delray Beach, Fla., where two priests spent $8.6 million on trips to Las Vegas, dental work, property taxes and other expenses over four decades. … Most denominations have had cases of embezzlement, sometimes by top officials. In June, the Presbyterian Church U.S.A. fired its second-ranking financial officer, Judy Golliher, after she admitted stealing money that church officials put at more than $132,000."

Voluntary Statements By Suspects Seen As Window Into Criminal Process. The New York Times (1/5, Hartocollis) reports, "The 'Beast of Broadway,' as the tabloids call him, a successful actor, has been accused of sexually abusing a 15-year-old girl. But his grade-school teacher would be proud of him in at least one respect: He is a good speller. … That much was clear in the two and-a-half page written statement he gave the police after he was arrested, a statement that recounted a behind-the-scenes theater tour for the girl. He wrote these words voluntarily despite a constitutional right to remain silent that is ingrained not only in criminal law, but also in popular culture. But he was hardly the only person arrested in New York in recent years who opened up once the cuffs went on." The Times continues, "A former Women's Wear Daily writer, accused of disguising himself in a firefighter's costume and sexually assaulting a former colleague on Halloween, kept detectives spellbound with his disquisitions on Chinese menus and book rights. … A homeless man accused of stabbing a tourist as he rode with his girlfriend on the subway found that words weren't enough. Asked to sign his confession, he instead sketched a cartoon version of his crime: a pair of lovers' faces — one happy and one sad — and a stormy black cloud floating over a subway train." The Times adds, "Such statements — and occasional illustrations — by defendants in New York City courts are one element of what prosecutors call the V.D.F., more formally known as the People's

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Voluntary Disclosure Form. To read them is to experience a kind of poetry of everyday criminal life in New York City. … By turns raw, ugly, poignant, defiant, rarely remorseful and almost always damaging, the statements are a window into the criminal process, part of the common language between detectives and suspects. … Because they can be so revealing, the V.D.F.'s are a bane of defense lawyers' existence, and they often try to suppress them so they cannot be used in court. … More technically, the Voluntary Disclosure Form is a rough, preliminary summary of the evidence, which the prosecution is required to give to the defense."

CIVIL LAW:

FTC Fines Diet Pill Marketers For False-Ad Claims. The Washington Post (1/5, D1, Shin) reports, "The ads for CortiStress said it could reduce your chances of developing Alzheimer's disease. Xenadrine EFX's 'thermogenic technology' was supposed to give your metabolism a lift. And TrimSpa said it contained a plant 'used by African bushmen for centuries' that could help you lose weight so you could 'become all you ever envied.' … Those claims are not credible, the Federal Trade Commission concluded, yesterday announcing it will collect about $25 million from the marketers of those popular weight-control pills to settle allegations that they misled consumers." The Post continues, "None of the products was deemed dangerous to a person's health, and the pills will be allowed to remain on store shelves, FTC officials said. The promoters, however, must change their advertising." The Post adds, "The pharmaceutical company Bayer, which was among the FTC's targets, agreed to pay a $3.2 million civil penalty to settle charges that it violated a previous FTC order that required all health claims for its One-a-Day vitamins be 'supported by competent and reliable scientific evidence.' In national ads, Bayer claimed its One-a-Day WeightSmart contained epigallocatechin gallate (EGCG), a green-tea extract that can help prevent weight gain in women older than 30 who 'can gain 10 pounds a decade, due in part to a slowing metabolism.' … Those claims were not 'substantiated by competent and reliable scientific evidence,' the agency said. … The settlement with Bayer 'is a wake-up call to any company that wants to push the envelope,' FTC Chairman Deborah Platt Majoras said. 'Every claim they make they have to have the science to back it up.'"

USA Today (1/5, 1B, Iwata) reports, "Nancy Metcalf, senior project editor at Consumers Union, said the group has lobbied for years to strengthen federal oversight of weight-loss supplements. … 'We have advised people not to take them,' she said."

Eli Lilly Settles Thousands More Suits Over Zyprexa. The Washington Post/AP (1/5, D6, Callahan) reports, "Drugmaker Eli Lilly said Thursday that it will settle about 18,000 additional lawsuits alleging it did not adequately warn patients that its anti-psychotic medication Zyprexa carries a heightened risk of diabetes." The AP continues, "Lilly did not disclose the amount of the settlement but said in a statement that it would take a fourth-quarter settlement charge that's not expected to exceed $500 million." The AP adds, "In a June 2005 settlement, the Indianapolis company agreed to pay about $700 million to resolve more than 8,000 similar lawsuits involving Zyprexa, its top-selling drug. … Lilly spokeswoman Tarra Ryker said the new settlement covered more plaintiffs for less money because the 18,000 cases were less viable due to a 2003 Zyprexa labeling change, which addressed the drug's possible diabetes risk. … She said the company plans to go to trial, beginning in April, to defend itself against the 1,200 remaining claims, which she said are not being settled for 'various reasons.' Lilly declined to elaborate on the specific reasons."

CIVIL RIGHTS:

DOJ Will Not Probe Death In Virginia Jail. The Hampton Roads Virginian-Pilot (1/5, Mccaffery) reports, "Federal authorities have declined to investigate the July death of an inmate in Portsmouth City Jail." The Virginian-Pilot continues, "The Federal Bureau of Investigation in Norfolk and the Department of Justice informed city officials in Portsmouth last month that they found insufficient evidence to suggest that federal civil rights laws were violated in connection with Joseph Combs's death. … After six days in the city jail, Combs, 57, died of severe dehydration and acute pneumonia, with bipolar disorder contributing, according to his autopsy. … Portsmouth City Attorney Tim Oksman sent letters to federal authorities in November, requesting a civil rights investigation into his death." The Virginian-Pilot adds, "Lamarr Brown , president of the Norfolk-based Organization of African-American Concerns , is speaking for Combs' widow, Granada Combs . … 'This is usually the protocol by the FBI in the Hampton Roads area when the death of a black person is concerned,' Brown said."

DC Seeks Dismissal Of DOJ Boys Town Suit. The Washington Times (1/5, McElhatton) reports, "D.C. officials want a federal judge to throw out a civil rights complaint filed by the U.S. Justice Department after a jury deadlocked on whether the city discriminated against a group home for disadvantaged youth on Capitol Hill." The times continues, "The complaint centered on whether D.C. officials broke federal housing laws and discriminated against the nonprofit Father Flanagan's Girls and Boys Home, also

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known as Boys Town. … The Nebraska-based group sued the District in 2001, saying city officials kept Boys Town from opening a group home on Potomac Avenue Southeast by stonewalling project applications amid community opposition to the plans." The Times adds, "The Justice Department later joined as a plaintiff in the federal lawsuit. … 'There was no direct evidence of handicap or racial discrimination against the Boys Town project,' attorneys for the District argued in recent court pleadings. Federal officials declined to say yesterday how they plan to proceed. … 'We're obviously disappointed the jury didn't return a verdict for the United States,' said Cynthia Magnuson, a spokeswoman for the Justice Department. 'But we continue to think the District of Columbia violated the Fair Housing Act.'"

ANTITRUST:

Auto Paint Antitrust Suit Settled. The Legal Intelligencer (1/5, Duffy) reports, "The final two defendants in a class action antitrust suit against the top manufacturers of automotive refinishing paint have agreed to pay $39 million to settle claims that they participated in a price-fixing conspiracy, bringing the total recovery in the case to more than $105 million." The Intelligencer continues, "In a six-page opinion in In re Automotive Refinishing Paint Antitrust Litigation handed down on Dec. 28, Eastern District of Pennsylvania Judge R. Barclay Surrick granted preliminary approval of the two settlements -- $16 million from Sherwin-Williams Co. and $23 million from PPG Industries -- clearing the way for notices to be sent to the class." The Intelligencer adds, "In prior settlements, E.I. du Pont de Nemours & Co. paid $36 million; Akzo Nobel Car Refinishes, a subsidiary of Dutch chemical giant Akzo Nobel NV, paid $18.7 million; and two related German companies, BASF and BASF Coatings, paid $12 million total. … The plaintiffs in the suit are a class of direct purchasers -- mostly auto repair shops -- that claim in the suit that the paint manufacturers conducted secret meetings in Europe in which they agreed to 'fix, raise, maintain and stabilize' the prices of refinishing paints. … The suit alleges that during the 1990s, the price increases for auto refinishing paints continued to rise despite a drop in the prices of crude oil and natural gas -- the principal raw materials used to manufacture refinishing paints. … Dozens of suits were filed in 2001 in the wake of news accounts of the Justice Department's probe focused on Akzo Nobel, which had pleaded guilty in 1997 and was fined $10 million for participating in a separate international conspiracy to fix the price of sodium gluconate, an industrial cleaner."

Visa, Mastercard Settle Debit-Card Dispute With US. The Wall Street Journal (1/5, C2) reports, "The federal government is set to collect at least $7 million as part of an 11-year-old court battle that pitted retailers against Visa USA Inc. and MasterCard Inc. in a dispute over debit-card fees." The Journal continues, "Although plaintiffs in the class-action lawsuit settled the case in 2003, the U.S. submitted a claim only last February. That claim then became the subject of a separate dispute when lawyers representing the plaintiffs contended that the government shouldn't get a piece of the $3 billion settlement fund that had been set up for retailers." The Journal adds, "By filing a claim, the government essentially contended that it, like the nation's retailers, had been hurt by Visa and MasterCard rules that required merchants to accept their branded debit cards if they also accepted their credit cards. Government facilities-ranging from military PXs to the souvenir shop at the Smithsonian Institution accept plastic. The government's claim had been submitted by the antitrust division of the Justice Department. … Under the settlement, which was announced late Wednesday, Visa and MasterCard will pay a total of $3.5 million to the government. The settlement fund will contribute $3.7 million. The government may receive additional funds later if there is money left in the settlement fund."

EU Intensifies Probe Of Energy Companies. The Financial Times (1/5, Buck) reports, "Europe's biggest energy companies face an intensified crackdown by the European Union competition commissioner following an inquiry into the sector that found evidence of collusion and other severe market failings." The Times continues, "In a summary of a 16-month investigation, Neelie Kroes warns she will make 'full and combined use' of her powers over mergers, government subsidies and antitrust abuses to tackle the lack of competition in the sector. … Her report, a copy of which has been obtained by the Financial Times, states: 'Market concentration has been identified as a major concern for the success of the liberalisation process. The market power of pre-liberalisation monopolies has not yet been eroded.'" The Times adds, "The final results of Ms Kroes' sector inquiry are expected to be announced next week, along with a broader review of the EU's energy policy that will also look at cutting greenhouse gas emissions and bolstering the security of Europe's energy supplies. … Her assessment will make uncomfortable reading for many of Europe's biggest energy companies, including Eon and RWE of Germany, GdF in France and Eni in Italy. These groups are already the target of Commission antitrust investigations, and have seen their offices raided by Brussels officials at least once during the past seven months. … The report makes clear that they – and other dominant energy groups – are likely to face further pressure from the Brussels regulator in the near future, for example to cede control over gas pipelines and the power grid or to terminate some of their long-term contracts with customers and energy suppliers."

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Dingell Generates Concerns At FCC, Even Among Democrats. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that Rep. John Dingell "alarms FCC Democrats, too." Back as "chairman of House Energy and Commerce panel after 12 years, the Michigan Democrat has blasted the Republican-controlled communications panel. But his statement of 'significant concerns' about ATT-BellSouth merger rankled Democratic commissioners. The agency's two Democratic board members had won concessions from AT&T to approve the deal. A Dingell aide said he wasn't referring to the Democrats' actions."

South Korea Launches Antitrust Probe Of Qualcomm. The Financial Times (1/5, Nuttall) reports, "South Korean antitrust regulators say they have launched a full-scale investigation into the business practices of Qualcomm, the US wireless chipmaker." The Times continues, "Qualcomm has been the subject of complaints from other chipmakers and handset makers in Europe, Japan and Korea, but the move by the Korean Fair TradeCommission represented the first time that formal action had been taken by the authorities." The Times adds, "An FTC official said a task force had been formed since early in December to step up an investigation into allegations that Qualcomm had used its dominant market position to charge excessive royalties. … It had received complaints between April and June last year from Broadcom and Texas Instruments, rival chipmakers in the US, and Korea's Nextreaming and Thin Multimedia. … They had alleged monopolistic practices by Qualcomm in bundling multimedia products into its chipsets and not opening up its programming interface to allow others to build complementary software applications."

The AP (1/5, Olsen) reports, "Between April and June last year, the FTC received complaints about Qualcomm from Broadcom Corp. and Texas Instruments Inc., both of the U.S., and two South Korean companies, claiming Qualcomm abused its market dominance. … Qualcomm is embroiled in legal and trade disputes with a number of rivals that contend it extracts excessive royalty payments, a charge the company vigorously denies. Korea has long been one of Qualcomm's strongest markets, accounting for 32 percent of $7.53 billion in revenue for its fiscal year that ended Sept. 24."

Major Law Firms Scrap Merger Plans. The Wall Street Journal (1/5, B1, Koppel) reports, "New York law firm Dewey Ballantine LLP is best known for its deals practice. But this time, it wasn't able to pull off a deal of its own." The Journal continues, "Merger plans between Dewey and another major firm, Orrick, Herrington & Sutcliffe LLP, founded in San Francisco, fell apart yesterday amid concerns over money, power and prestige. At least 11 Dewey partners had left in recent months, some taking business with them. … The merger had been heralded as one of the biggest in years and notable given Dewey's stature and lucrative Wall Street practice. … In recent years, many law firms have merged to add practice depth quickly and to enter new national and international markets. Firms are particularly keen on adding lawyers in New York, the world's most lucrative legal market, thanks to a steady supply of corporate-deal work. If the tie-up had gone forward, other New York firms might have felt pressure to join the merger frenzy that has long gripped firms based in others parts of the country. … The failure of this merger may make it harder for firms outside New York to find partners there."

The New York Times (1/5, De La Merced) reports, "Unlike most merger talks, which are conducted in secrecy, the firms announced in October that their top committees had given preliminary approval to the proposal. At every step in the process after that, the firms expressed confidence that the deal would go through." The Times adds, "The two had already decided upon the name Dewey Orrick for the combined firm. Dewey's chairman, Morton A. Pierce, and Orrick's chairman, Ralph H. Baxter Jr., would have served as co-chairmen, with Mr. Baxter taking on the additional title of presiding partner. … Partners were to have voted on the deal last month. But as several obstacles proved intractable, those elections were postponed to this month. … Among the most visible distress signals was the departure of 10 partners from Dewey since merger talks began. Most ominous were the exits of three lawyers from Dewey's mergers and acquisitions team, including Michael J. Aiello and Jack S. Bodner, who had been considered protégés of Mr. Pierce."

Prominent LSE Shareholder Increases Its Stake. The Wall Street Journal (1/5, MacDonald) reports, "The second-largest shareholder in London Stock Exchange PLC added to its stake in the company, indicating that some investors still expect Nasdaq Stock Market Inc. to raise its offer for the London market operator, even as LSE's shares have fallen closer to Nasdaq's current offering price." Heyman Investment Associates, an investment vehicle of U.S. businessman Samuel Heyman, "said it had increased its stake in LSE, Europe's largest exchange by the value of stocks traded, to 9.65% from 9.60%." Over the past three days, LSE's share price has gone down 1.8% "to close at £12.87 ($25.10) yesterday; it is now just 3.5% higher than Nasdaq's offer of £12.43 a share. Analysts believe that if LSE's share price falls below £12.43, enough hedge funds will sell their shares to Nasdaq to give it the 50% it says it needs to take over the London exchange."

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ENVIRONMENT:

Park Service Still Sells "Creationist" Account Of Grand Canyon. The New York Times (1/5, Dean, 1.16M) reports that when "complaints emerged in 2004 over the sale of a creationist account of the formation of the Grand Canyon in National Park Service bookstores, Interior Department officials said they would review whether the book should be pulled from the shelves." But there "was no formal review, in part because of differences of opinion among the Park Service's own specialists, said David Barna, a spokesman for the agency, in an interview yesterday." In the end, "no formal action was taken, and the book remains on sale because, Mr. Barna said in a written statement, 'It is not our role to tell people what to believe.'"

EPA Official Warns Of Slow Progress On Chesapeake Bay Revitalization. The Washington Post (1/5, A1, Fahrenthold) reports, "The multibillion-dollar cleanup of the Chesapeake Bay, which government officials had pledged would succeed by 2010, will likely miss that deadline by a wide margin -- and, at the current pace, might drag on for decades more, an Environmental Protection Agency official acknowledged yesterday." The Post continues, "Rich Batiuk, an associate director of the EPA's Chesapeake Bay Program, made that projection at a meeting of the Chesapeake Bay Commission, an advisory group that includes state officials from Maryland, Virginia and Pennsylvania. … His talk was a blunt, and public, admission of something that the EPA had conceded in an agency report last year. A pledge to "save the bay," made six years ago in the so-called Chesapeake 2000 Agreement, is falling drastically short." The Post adds, "The news means a continued struggle for one of this area's most cherished bodies of water, one that Washingtonians turn to for seafood, sailing, recreational fishing and weekend scenery. It is also bad news for such Chesapeake tributaries as the Potomac River, where the pollution and runoff bring mud, algae blooms and dangerous chemicals on the way to the bay. … Batiuk's assessment was not news to many environmentalists, who have said for years that roads and suburbs in the watershed were growing too fast and that cleanup efforts at farms and sewage plants were moving too slowly for the deadline to be met."

FBI/DEA/ATF/USMS:

FBI Records Reveal Details Of Rehnquist Drug Dependence. The AP (1/5, Yost) reports, "A physician at the U.S. Capitol prescribed a powerful sleep aid for William Rehnquist for nearly a decade while he was an associate justice of the Supreme Court, according to newly released FBI records. The records present a picture of a justice with chronic back pain who for many months took three times the recommended dosage of the drug Placidyl and then went into withdrawal in 1981 when he abruptly stopped taking it. Rehnquist checked himself into George Washington University Hospital, where he tried to escape in his pajamas and imagined that the CIA was plotting against him, the records indicate." The AP notes, "The doctor who helped Rehnquist get off the drug said the justice's wife…felt that the prescribing physician and the pharmacist who filled the prescription were probably intimidated by such high-ranking officials as Supreme Court justices and senators and probably would have agreed to almost any request."

Files Also Show FBI Investigated Confirmation Witness Testimony. In a front-page story, the Washington Post (1/5, Cooperman, 690K) reports, "The files also show that during both of Rehnquist's confirmation battles…the Justice Department enlisted the FBI to find out what witnesses lined up by Senate Democrats were prepared to say." North Carolina lawyer Alexander Charns said that the files "contain evidence of 'the ongoing use of the FBI for political purposes, not only in the sixties and seventies but well into the 1980s.'" However, FBI spokesman Paul Bresson "denied that the FBI's background investigations for judicial nominees are partisan in any way. 'We are not political; we are apolitical. We're just trying to find the facts,' he said." Then-Assistant Attorney General John R. Bolton "said in a telephone interview yesterday that there was no political bias in the investigation, because the request actually came from Senate Democrats."

Judge Rejects Request To Throw Out Statements In Florida Torture Case. The St. Petersburg Times (1/5) reports, "Testifying for the first time since his arrest in a case involving allegations of torture, rape and murder, Scott Schweickert accused authorities Thursday of violating his rights by denying him a lawyer when he was first questioned." Schweickert "is charged with conspiracy and assisting in a drug-facilitated crime of violence against Michael Wachholtz and Jason Galehouse, both 26. The two men disappeared the same weekend in December 2003." DEA agent Scott Albrecht "testified that Schweickert had been informed of his right to an attorney several times but never requested one. … 'The evidence shows that at no time did the defendant request a lawyer,'" the judge said.

Grand Jury In Baltimore Indicts Five On Drug Charges. The Baltimore Sun (1/4) reported a grand jury in Baltimore indicted five defendants after federal agents "seized 23 kilograms of cocaine last month and arrested the

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men involved in the delivery to Howard County on conspiracy charges." According to court documents, a state trooper in North Carolina stopped a tractor-trailer Dec. 18 for speeding. The trooper "found cocaine in the vehicle, authorities said." The Sun says court documents show that DEA agents learned that two men were delivering the cocaine from California to a truck stop in Howard County.

Authorities To Use Racketeering Law Against Florida Gang Members As Murder Rate Rises. The Palm Beach Post (1/5) reports federal agents "will step in to help prosecute local gang members under the nation's racketeering laws," according to Palm Beach County Sheriff Ric Bradshaw. Members of the Federal Bureau of Investigation, Bureau of Alcohol, Tobacco, Firearms and Explosives and probably the Drug Enforcement Administration will go after those responsible for a surge in murders, Bradshaw said. The nation's racketeering law, stronger than the state statute, allows investigators to charge gang leaders who orchestrate a killing even if they did not pull the trigger." Defense attorneys "have criticized use of those laws, however, saying that federal agents have used tenuous links and a wide dragnet to win convictions of low-level gang members who were not responsible for violent crimes."

Sessions May Get Democratic Backing For Drug Sentencing Bill. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that Republican Sen. Jeff Sessions "may find better luck under Democratic control with his bill to reduce the sentencing disparity between crack and powder cocaine." Democratic backers "want to eliminate the disparity altogether, arguing it discriminates against black defendants. But they face law-enforcement resistance, leaving Sessions's proposal as a potential compromise."

Colombia Extradites 2 To Face Drug-Smuggling Charges In US. There are more than 50 media references to Colombia's extradition of two men accused of helping to smuggle cocaine into the U.S. The AP (1/5) reports Colombia "has extradited to the United States a police officer and a former policeman charged with helping smuggle more than 2 tons of cocaine into the U.S. on cargo flights. Leonidas Molina Triana, a former major in the Colombia's national police, and Humberto Avila, a patrolman at Bogota's El Dorado airport, were arrested in April as part a joint probe by prosecutors in New York and law enforcement agencies in Colombia, the United States and Mexico. Four other current and former officers, as well as a commercial airline employee, are expected to be extradited soon, Erin McKenzie-Mulvey, a DEA spokeswoman in New York, told The Associated Press." Media outlets that used the AP story include the New York Times, Washington Post, Walls Street Journal, Los Angeles Times, Forbes, Newsday, the Houston Chronicle, San Luis Obispo Tribune, and Fort Worth Star Telegram.

The Washington Times (1/5) reports DEA Special Agent in Charge John P. Gilbride "said Colombia's infamous Norte Valle drug cartel recruited Colombian police officials responsible for airport security and employees of Avianca Airlines to facilitate the smuggling of cocaine to the United States. … DEA spokesman Garrison K. Courtney said the extraditions are part of 'Operation Caso Dorado,' a joint investigation conducted by the U.S. Attorney's Office in New York, the DEA in Bogota and New York, U.S. Immigration and Customs Enforcement (ICE) agents, and Colombian and Mexican law-enforcement authorities. … The indictment also seeks the forfeiture of $50 million from the two men."

On its Web site, Voice of America (1/4) reports the indictment "alleges that Molina Triana was one of a number of corrupt officials who helped Colombia's Norte del Valle drug cartel recruit workers at Avianca Airlines, and police at El Dorado airport, to ship cocaine on commercial aircraft. … The United States, however, has assured Colombia it will not seek life sentences for defendants extradited from the South American country."

IMMIGRATION:

Judge Orders Deportation Of Wisconsin Man Accused Of Being Nazi Camp Guard. The AP (1/5) reports from Chicago, "An immigration judge ordered the deportation of an 81-year-old Wisconsin man accused of serving as a Nazi concentration camp guard, the Justice Department announced today." The AP continues, "Judge Jennie Giambastiani ordered Wednesday that Josias Kumpf be deported to Germany, Austria or Serbia. The department said Kumpf chose Germany, although it was unclear when he would be deported. … Kumpf's attorney, Peter Rogers of Pittsburgh, said his client would appeal the ruling within 30 days as required." The AP adds, "In July, the federal government asked the judge to deport Kumpf, who was stripped of his U.S. citizenship in 2005 after a federal judge in Milwaukee concluded he had 'personally assisted' in the persecution of prisoners. … Kumpf served as an armed SS guard at Sachsenhausen Concentration Camp in Germany, an SS labor camp in Trawniki, Poland, and at construction sites in occupied France, the Justice Department said."

TAX:

DOJ Sues Illinois Couple Over Faulty Tax Returns. The Peoria (IL) Journal Star (1/5, Deshinsky) reports, "The Justice Department has brought a federal

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lawsuit against a Seneca (IL) couple accused of costing the U.S. Treasury more than $13 million in faulty income tax returns." The Star continues, "The suit, filed Dec. 29 in U.S. District Court in Chicago against Royanne and Neal Reddy, seeks to permanently bar them from preparing federal tax returns for others. Their companies are advertised as specializing in tax service for trucking and construction companies. … The Reddys own Royanne's Tax Service in Marseilles and Royanne and Company in Princeton. The couple has prepared more than 9,000 returns since 2002, according to a Justice Department news release." The Star adds, "The lawsuit alleges 70 of these returns, which were prepared by the Reddys or their employees, required adjustments and 64 returns contained improper deductions of as much as $30,000. The suit also says the savings from the under-reported returns averaged to about $2,775 per customer. … The Reddys are accused of fraudulently fabricating or inflating business expenses to reduce customers' incomes. They are also accused of fabricating income for some customers so they could receive earned income tax credits."

CONGRESS-ADMINISTRATION:

Democrats Take Control Of Congress In "Historic" Day. The AP (1/5, Espo) reports, "In a day of ceremony and historic change, Rep. Nancy Pelosi became the nation's first female House speaker on Thursday as Democrats eagerly took control of Congress for the final two years of President Bush's term. 'The Democrats are back,' rejoiced Pelosi, and she immediately set the rank-and-file to work passing tougher ethics rules." Media reports last night and this morning universally emphasize the "historic" nature of Pelosi's election. As McClatchy (1/5, Talev, Douglas) notes, Pelosi herself referred to the "historic moment for the Congress and for the women of this country" and "a moment for which we have waited more than 200 years." The AP (1/5, Werner) reports she also "marveled aloud at her long journey 'from the kitchen to the Congress.'"

In the midst of the "historic" House session, the Senate transfer of power is receiving much less attention. The AP (1/5) reports that "across the Capitol, Sen. Mitch McConnell of Kentucky took over as leader of minority Republicans, and said it was time to put an end to 'a culture of partisanship over principle.'" Majority Leader Harry Reid "said he was eager for cooperation, and he arranged for a rare closed-door meeting of all senators before the Senate convened to help set a more cordial tone." The Washington Times (1/5, Miller, 88K) quotes McConnell saying, "I stake my party to a pledge: when faced with an urgent issue, we will act; when faced with a problem, we will seek solutions, not mere political advantage." In his "Washington Sketch" column for the Washington Post (1/5, A2, 690K), Dana Milbank says Reid was bound to be overshadowed yesterday. Pelosi was the first woman to become speaker in American history. Reid was merely the 20th man to become Senate majority leader since the position was created 87 years ago. … Part of the disparity, however, was less about history than style. Pelosi scheduled four days of parties for her installation -- a festival Republicans dubbed the Pelosi-Palooza -- including an extravaganza featuring Tony Bennett, and a street naming for Pelosi in her native Baltimore."

Media coverage of the new Congress was generally very positive. The CBS Evening News (1/4, lead story, 2:55, Couric, 7.66M) reported, "Americans voted for a change in the last election and today we got it. … A CBS News poll out tonight finds 68% of Americans are optimistic about this new Congress. That includes 84% of the Democrats we polled but less than half of the Republicans." The New York Times (1/5, Leibovich, 1.16M) says this morning, "Against the sober backdrop of war and as Democrats ascended in both chambers, people of both parties spoke of how committed they were to working together and changing the political tone. … But maybe this time really will be different. Like 63-degree weather in January (and cherry blossoms out of season), Washington seemed to have flipped on its head, power-wise, karma-wise, at least for a few hours. There were children and flowers everywhere, and pictures of Vice President Dick Cheney and Senator Edward M. Kennedy mugging together."

But the Los Angeles Times (1/5, Simon, Havemann, 850K) says "there were signs of partisan tensions in the House even before Pelosi was elected speaker." She "pressed ahead with her agenda for the House's first 100 legislative hours -- over Republican grumbling that she planned House floor votes without the usual committee action first. … Next week, the House will begin voting on legislation that will need Senate consent and Bush's signature, including some highly controversial items. At the head of that list is a bill to expand embryonic stem cell research -- the subject of Bush's only veto in his six years in office."

In fact, says the Chicago Tribune (1/5, Zuckman, 617K) reports, "After convening, the House immediately adopted new rules Thursday tightening ethics guidelines by banning lobbyists from giving gifts, meals and tickets to members and their staffs. The rules would also prohibit lobbyists from paying for a lawmaker's travel or providing flights on corporate jets. The measure passed 235-195, largely along partisan lines."

On ABC World News (1/4, story 2, 1:40, 8.78M), George Stephanopoulos noted House Democrats "are not banning fund-raising by lobbyists. This is an odd loophole. They can still host big, lavish parties at conventions. But this is a bipartisan conspiracy. Neither party right now wants to have campaign finance reform." And in his "Wonder Land" column, Daniel Henninger writes in the Wall Street Journal

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(1/5, 2.04M), "The biggest mistake you can make is thinking that the ethics package proposed by new Speaker Nancy Pelosi is mainly about 'cleaning up' politics. Maybe. But it's first of all about cleaning the clocks of the Republicans."

House Ways and Means Chairman Charles Rangel, on PBS' NewsHour (1/4, Warner), expressed hopes for lasting bipartisan collaboration: "I heard them today -- I heard Minority Leader Boehner, I've talked with Republicans on my committee. I really think that we believe that working together in a bipartisan way is good for our committees, it's good for the Congress, and I know it's good for the country. … I'm working with the leadership to see that we don't get caught doing the same thing that the Republicans did. All decisions have not been made, but I do believe that we should have an opportunity to have hearings on these issues within the 100 hours."

The Washington Post (1/6, A6, Eilperin, 690K) says Republicans "eschewed news conferences and raucous receptions yesterday and instead quietly conferred among themselves and observed the traditional Opening Day rites with their families and friends." But "GOP leaders signaled that they won't quietly fade into the background, and they pledged to promote innovative policies and stay true to conservative ideals -- a path that they hope will lead to victory in 2008. Although they will challenge Democrats on a broad range of domestic and foreign policy issues, they say they won't resort to guerrilla-style tactics or harsh rhetoric."

Outreach To Democrats Seen As Signaling "End Of An Era For Bush." The Los Angeles Times (1/5, Hook, 850K) says that "after Republicans' resounding defeat in the fall elections, Bush and his lieutenants are now paying attention to Democratic power brokers they had all but ignored for years." Reid is getting "red carpet treatment," Pelosi "got a Christmas Day phone call from Bush at home in San Francisco. New committee chairmen are enjoying quality face-time with Cabinet bigwigs. Even potential White House allies from the Democrats' conservative wing had been ignored for the past six years, but they now are being ushered into the Oval Office." Those "gestures and other bows to bipartisanship are signs that the swearing in of the new Congress is not just a fresh start for Democrats; it is the end of an era for Bush, who has had the luxury of governing for most of the last six years with his own party in charge of Congress."

Senate-House Differences, Ideological Divide Could Hinder Democratic Agenda. The Financial Times (1/5, Luce) reports Pelosi and Reid "both said that tackling the congressional 'culture of corruption' would be their chief priority during the next few days." Their proposals, "which are aimed at weakening the notorious links between lawmakers and so-called 'K Street' lobbyists that have ballooned in recent years, include a ban on accepting gifts or air tickets from lobby groups and forcing lawmakers to declare their names when they insert in legislation 'earmarks' that are sponsored by special interest groups." However, the New York Times (1/5, Kirkpatrick, 1.16M) says that "in contrast" to the House plans, "the initial Senate ethics bill would ban only gifts or meals and not trips paid for by lobbyists or their employers. It would not restrict the use of corporate jets. It would require disclosure of the sponsors of only a small fraction of spending earmarks, excluding those added to supplementary material, called Congressional reports, that explain legislative intent or that are directed through federal agencies like the Defense Department. Nor does the Senate bill propose any independent enforcement." The Times adds, "Some senior Democratic aides said the House rules had upped the ante for the Senate."

The Washington Post (1/5, A1, Weisman, Murray, 690K) reports "it was clear yesterday that the Senate would have no choice but to take a more deliberative approach to the issues the House plans to bulldoze through. Senate leaders pledged bipartisanship, and in a chamber divided 51 to 49 , they will have no choice." Even in the House, "Democrats are already having trouble reconciling their promises even for the initial hundred-hour blitz. Senior House Democratic aides said a promise to cut student-loan interest rates in half will have to be phased in over five years to comply with a pledge to offset any additional deficit spending with equal spending cuts or tax hikes." The Post adds, "The loan pledge is proving just too expensive, and Senate Finance Committee Chairman Max Baucus (D-Mont.) and the committee's senior Republican, Charles E. Grassley (Iowa) introduced legislation yesterday to immediately repeal the alternative minimum tax, a proposal that would cost the Treasury hundreds of billions of dollars." In a similar story, the Wall Street Journal (1/5, Rogers, 2.04M) also says "Senate Democrats appear reluctant to be as bold as their House counterparts by trying to change rules unilaterally. Instead, the plan is to move with a hybrid package of rules and legislative changes."

Moreover, the New York Times (1/5, Broder, 1.16M) reports that "there were signs…of division among Democrats over how hard to push to undo the fruits of years of Republican rule. Many Democrats say those years moved the nation too far right, but others argue that the big tax cuts and regulatory relaxations are part of the permanent legislative framework that should be accepted." Analyzing that split, the New York Times (1/5, Hulse, 1.16M) also reports Democrats "must face reality." They "must reconcile diverse ideological factions within their ranks and make a fundamental choice. … In a meeting with the Congressional Black Caucus earlier in the day, Mrs. Pelosi made her own allusions to the competing tugs on Democrats, noting the party was rooted in its traditions but not hostage to the past."

In his Washington Post column (1/5), Eugene Robinson appears to embody that split, writing that he doesn't mean "to

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belittle the Democratic agenda, as far as it goes. But it tiptoes around the big, ugly monster of an issue sitting in the middle of the room -- the war in Iraq. The new Congress is going to have to stop temporizing and stand up to George W. Bush on the war. … Very soon, perhaps inconveniently soon, Democrats are going to have to take a stand."

More Congressional Commentary On Democratic Agenda. Rep. Adam Putnam said on PBS' NewsHour (1/4, Warner) that Democrats have "rolled out an ambitious schedule for just next week alone to deal with minimum wage, student loans, prescription drugs, their whole agenda, with no committee hearings, no opportunities for half of the Congress to prepare amendments and offer their version. And my take on the election last November was that, as much as anything, the American people were saying, 'You guys need to get your act together and clean up the House, get rid of this bumper-crop of scandals. We want to know that every member of Congress has an equal say and equal opportunity to impact legislation.' And not only are they depriving Republicans of the opportunity to be heard, but they're depriving talented chairmen like Mr. Rangel of the opportunity to refine these packages."

Rep. Chaka Fattah said on MSNBC's Hardball (1/4, Matthews), "Oversight's going to be a very important part of the work of the 110th Congress. But we promised, first and foremost, over these first 100 hours, that we would raise the minimum wage, that we would make the availability of stem cells available for medical research, that we would lower the interest rate on college loans. So it's important that we keep our word, keep our promise. The Democratic Party now has the majority. And we also have the moral compass to understand that the country doesn't want to see a lot of partisan back and forth, but they do want answers."

Rep. Marsha Blackburn said on MSNBC (1/4, Gregory), "I think what we're seeing is that they wanted things done one way. And when we were in the majority and wanted to have more rights and more participation -- and under the Republican majority they were given wonderful consideration. … They were always given motions to recommit. They were given committee debate. They had their legislation going through committee. And now that they are taking control, the bipartisanship seems to have gone by the wayside."

NYTimes Calls Tying Minimum Wage To Tax Cuts "Idiocy." The New York Times (1/5, 1.16M) editorializes, "As the minimum wage moves to the top of the new Congress's agenda, some politicians -- mainly President Bush and Senate Republicans -- seem incapable of viewing the issue as anything other than a pretext for more tax cuts. This time the lucky recipients would be small-business owners, who the politicians contend will be unduly harmed by having to pay higher wages. So much for ringing in the new. … It's that sort of idiocy the new Congress was elected to stop."

Democrats End Day With "Glitzy Fundraiser." The Washington Post (1/5, C1, Montgomery, Du Lac, 690K) reports, "Despite the promised 'new direction for America,' getting the money out of politics and all of that, some facts of Washington life appear immutable and eternal." The Democrats ended their "history-making day" with Pelosi "presiding over a glitzy fundraiser open to anyone with $1,000 for a ticket. … Organizers expected 1,000 to 1,500 guests, with checks to be made out to the Democratic Congressional Campaign Committee. Many complimentary tickets were given out, and DCCC spokeswoman Jen Psaki could not immediately say how much money was raised. She said fundraisers are usually closed to the news media, but arrangements were made to allow reporters to hear Pelosi's remarks."

Pelosi's Ascension To Speakership Greeted With Excitement. The Washington Post (1/5, Layton, 690K), in a story titled "Women Bask in New Speaker's Shining Moment," says this morning "This was the visual they had dreamed about for years, for decades, for a lifetime. A woman standing on the wooden dais before the high-backed leather chair of the speaker of the House, the gavel in her hand, the American flag draped behind her." When Pelosi "made American history yesterday and was formally elected speaker, the raucous cheers that rang through the House chamber came from young girls in Mary Janes, working women in business suits, elderly ladies carrying canes and more than a few men."

TV coverage of Pelosi's ascension was extensive and also very positive. ABC World News (1/4, lead story, 3:45, Gibson, 8.78M) notes the "symbolic" picture of "the new Speaker…on the floor…holding her 6-year-old grandson," and "all the while, giving directions on how events were to proceed. It seemed the ultimate in multitasking -- taking care of the children and the country." NBC Nightly News (1/4, lead story, 2:45, Reid, 9.87M) said "on the floor of the House it was a day like no other -- children and grandchildren seemed to out number members of Congress." Democrats "were jubilant." NBC Nightly News (1/4, story 2, 2:25, Mitchell, 9.87M) later reported Pelosi's "arrival today had the excitement of a Presidential entrance," and added "women who fought for years to break down the barriers like, Pat Schroeder, returned to savor their victory." Rep. Loretta Sanchez was shown saying, "I think we were all in tears down on the House floor earlier as she was nominated and confirmed as our Speaker."

The CBS Evening News (1/4, story 8, 2:25, Couric, 7.66M) also said, "This was a big day for women, and not just Nancy Pelosi," and goes on to profile new Rep. Carol Shea Porter, a surprise winner in New Hampshire last November. The CBS Evening News (1/4, story 9, 0:45, Couric, 7.66M) added, "We can't let this historic day pass without mentioning

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Susan B. Anthony, who fought so hard for the right of women to vote but didn't live to see us get it."

House Energy and Commerce Chairman John Dingell said on MSNBC (1/4, Mitchell), "I think not only are the women pleased with these events, but, quite honestly, men like me are also quite delighted, because we are giving now another step toward real equality for all of our people." And Sen. Barbara Boxer said on MSNBC (1/4, Scarborough), "We shared some of the excitement of seeing our friend Nancy become the speaker. I served over there in the House for 10 years. Honestly, I thought I'd see a woman president before I saw a woman speaker, just because of the culture of the House."

The New York Times (1/5, Broder, 1.16M) says "even Republicans grudgingly acknowledged the unprecedented nature of the day on which a woman ascended to power on Capitol Hill by rising as one to applaud her." House Minority Whip Roy Blunt said on Fox News' Your World (1/4, Cavuto) said, "I think there is an appropriate attitude here today of recognizing the achievement Nancy Pelosi has made to become the first woman speaker. … The new majority whip, Jim Clyburn, is only the second African-American to hold that job. And this is a day for them that they have some right to celebrate."

And USA Today (1/5, Kiely, Schouten, 2.27M) notes "the 33 new or re-elected senators who took their oaths included seven women, bringing the total number of women in Congress' upper chamber to a record 16. There are a record 74 women in the House, including three non-voting delegates."

Waters Votes For Abzug, Steinem. The Washington Times (1/5, Hurt, 88K) notes Democratic Rep. Maxine Waters didn't vote for Pelosi for speaker. Instead, she "cast her vote in honor of feminist icons Bella Abzug and Gloria Steinem."

Bush, Pelosi Calls For Bipartisanship Seen As Insincere. In the Washington Post (1/5, A17, 690K), Greg Craig, a former Clinton White House aide, writes, "Forgive the cynicism, Mr. President, but if you were serious about cooperating and consulting with the new Congress, you wouldn't be parading your bipartisan bona fides through the op-ed pages of the Wall Street Journal. You wouldn't be holding news conferences in the Rose Garden telling the world how ready, willing and able you are -- we know you are not eager -- to work with the Democratic Congress. You would instead be meeting privately with Democratic leaders, identifying specific areas where progress can be made and joining with them to come up with a legislative agenda that is truly bipartisan." Craig adds, "To many of us, your post-November conversion to bipartisanship appears to be nothing but spin -- at least so far. You misunderestimate our capacity to remember the way you treated the Democrats when your party ran Congress. We will not soon forget your 'my way or the highway' approach. You will forgive us if we pay more attention to what you do than to what you say." Craig also criticizes Pelosi for not waiting "a decent interval before shoving legislation down the throats of the minority party. … Forgive me for being hard-boiled, but from my perspective inside the Beltway, it looks like 2007 is business as usual."

Webb Explains Snub Of Bush. Asked on MSNBC's Hardball (1/4, Matthews) about his tense encounter with the President at a holiday party, Sen. Jim Webb said, "It's been a bit overblown, but I think when people are now seeing how John McCain is handling the situation with his son being in the Marine Corps, perhaps they can understand a little bit more what I was having to go through during the entire campaign. I greatly respect my son's service and all of the people who are serving. At the same time, I have not commented, even to many of my friends, about the operational side. That's personal to me, in terms of my feelings about it. And it was not a casual comment."

Democrats' Control Of Senate Means End For "Candy Desk" Supply. The Wall Street Journal (1/5, A1, Lueck, 2.04M) reports in a front page story that with Democrats "back in control of Congress for the first time in years, much is changing in the nation's capital, including a longtime tradition in the U.S. Senate: the 'candy desk.'" Outgoing Sen. Rick Santorum "stocked the desk with donations from home-state candy makers including Hershey Co. and Just Born Inc., maker of Hot Tamales and Peanut Chews." The desk has "been turned over to Sen. Craig Thomas, a Republican from Wyoming. But his state is better known for bison than bonbons -- and that's a big problem." Ethics rules "forbid members accepting gifts worth $100 or more a year from a single source. One exception covers items produced in a senator's home state -- so long as they're used primarily by people other than the senator or his staff. The provision was crafted to allow senators to offer visitors home-grown snacks, such as Florida orange juice or Georgia peanuts." Wyoming "doesn't have any big, brand-name candy makers who could step into the breach. As a result, the candy-industry lobbying group, which coordinates stocking the desk, is cutting off the sweets, citing Wyoming's candy deficit and ethics rules."

Miers Resigns White House Post. The AP (1/5, Riechmann) reports, "Harriet Miers, President Bush's failed Supreme Court nominee and longtime adviser, on Thursday submitted her resignation as White House counsel." White House press secretary Tony Snow "said the president reluctantly accepted her resignation, which takes effect Jan. 31. He said a search for a successor is under way. … Asked why she was leaving, Snow said: 'Basically, she has been here six years.'"

The Washington Post (1/5, A1, Baker, Smith, 690K), under the headline "Miers Steps Down As White House Gears Up for Battle," says Bush is remaking "his legal team to

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prepare for what aides expect to be a sustained struggle with a new Democratic Congress eager to investigate various aspects of his administration." Miers "led an office that will oversee legal clashes that could erupt if Democrats aggressively use their new subpoena power. Bush advisers inside and outside the White House concluded that she is not equipped for such a battle and that the president needs someone who can strongly defend his prerogatives." The Post adds, "At the Justice Department, lawyers in the Office of Legal Counsel have been meeting with counterparts from other agencies to discuss potential points of conflict with Congress and to map out legal strategies for responding to demands for documents and testimony, according to several officials. The department has also held internal meetings on this topic in recent weeks with representatives from the FBI and from Justice's other major components, one official said."

The New York Times (1/5, Rutenberg, 1.16M) notes Miers "started at the White House as staff secretary after the 2000 campaign and became a deputy chief of staff before moving to the White House counsel's office." Bush's "decision to nominate her to the Supreme Court in 2005 provoked the ire of liberals and conservatives, who criticized her as a Bush crony who did not have the legal intellectual credentials or résumé the job required. She withdrew her name from consideration but returned to Mr. Bush's inner circle and remained one of his closest advisers."

Before Resigning, Miers Joined Laura Bush, Others At Hughes Birthday Party. In its "The Reliable Source" column, the Washington Post (1/5, C3, Argetsinger, Roberts, 690K) relates, "Wednesday night's full moon brought all sorts of VIPs out on the town: Laura Bush, Condi Rice, Mary Matalin, Margaret Spellings and Harriet Miers at Cactus Cantina for a surprise birthday party for Karen Hughes. A dozen Bush administration power babes gathered at the Tex-Mex restaurant for fajitas, enchiladas, quesadillas, margaritas and chocolate cake with a 'classified' number of candles. (Hughes turned 50 on Dec. 27.) No word on how many hot chilies Miers ate, but she announced her resignation yesterday morning. Hmmmm."

Consumer Groups To Oppose Likely Bush CPSC Nominee. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that consumer groups are prepared "to assail rumored Bush candidate to head Consumer Product Safety Commission, National Association of Manufacturers lobbyist Michael Baroody." Rachel Weintraub of the Consumer Federation of America said, "It's sort of astonishing that the administration would pick someone from a regulated industry."

Health Issues May Prompt First Bush-Congress Conflict. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column that health issues "may spark first big clash between Bush and new Congress." The House "votes next week on lifting federal stem-cell research limits, but proponents lack two-thirds needed to override another Bush veto. Senate backers claim the votes to do so, and most Republican 2008 presidential candidates back expanded research." Administration aides "and pharmaceutical lobbyists say Bush would veto as 'price controls' the House Democratic plan to require government negotiations with drug makers for lower Medicare costs. But the Senate may water down the legislation by merely permitting negotiations."

Democrats Urged To End "Subsidy" To Medicare HMOs. In his New York Times column (1/5), Paul Krugmam says, "Universal health care, much as we need it, won't happen until there's a change of management in the White House. In the meantime, however, Congress can take an important step toward making our health care system less wasteful, by fixing the Medicare Middleman Multiplication Act of 2003." The new Democratic majority "is poised to reduce drug prices by allowing — and, probably, requiring — Medicare to negotiate prices on behalf of the private drug plans. But it should go further, and force Medicare to offer direct drug coverage that competes on a financially fair basis with the private plans. And it should end the subsidy to Medicare Advantage, forcing H.M.O.'s to engage in fair competition with traditional Medicare."

Medicare Part D Signups Encounter Fewer Glitches This Year. USA Today (1/5, 1B, Appleby, 2.27M) reports, "Patient advocates and pharmacists are reporting fewer glitches as the Medicare drug benefit begins its second year, but they say problems could still crop up in the coming weeks." While "confusion was widespread" last year when the program was implemented, this year, Mike James, a Raleigh, NC pharmacist, said "We're seeing similar problems as we saw in January '06, but they're not as prolific." However, USA Today adds, "Because many of the insurers have made changes to their policies since last year, new concerns could crop up in the coming weeks."

Ellison Sworn In With Jefferson's Quran. USA Today (1/5, Wolf, 2.27M) reports, "On the same day Nancy Pelosi became the first female speaker of the House, freshman Rep. Keith Ellison got almost as much attention." Ellison, "the first Muslim elected to Congress, used a Quran once owned by Thomas Jefferson rather than a Bible as he re-enacted his swearing-in with Pelosi." USA Today adds, "The scene created a human traffic jam near the House floor. About 30 members of Ellison's extended family posed before about two dozen TV cameras, including one from the Arab network Al-Arabiya."

The AP (1/5, Frommer) reports "the Quran was acquired in 1815 as part of a more than 6,400-volume

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collection that Jefferson sold for $24,000 to replace the congressional library that had been burned by British troops the year before, in the War of 1812." McClatchy (1/5) and the Washington Times (1/6, DeBose, 88K) run similar reports.

Bodman Fires Nuclear Weapons Chief Over Security Failures. The New York Times (1/5, Wald, 1.16M) reports, "The Energy Secretary fired the head of the department's nuclear weapons program on Thursday, citing a series of security failures at national laboratories, including the discovery of a computer device containing thousands of classified documents in the home of a former worker during a drug raid by the police. The official who was dismissed, Linton F. Brooks, had been administrator of the National Nuclear Security Agency since May 2003. The Times adds, "The agency was established in 2000 because of chronic security problems in the weapons program. The problems continued during Mr. Brooks's service. On Wednesday, the latest in a string of reports by [DOE's] inspector general criticizing the agency, dated Nov. 27, 2006, was released." Secretary Bodman "said in a statement on Thursday that lax security 'can have serious implications for the security of the United States.' Under Mr. Brooks, the agency "has done its best to address these concerns,' Mr. Bodman said. But he added, 'I do not believe that progress in correcting these issues has been adequate.'"

The CBS Evening News (1/4, story 2, 2:20, Couric, 7.66M) reported, "On another matter, Sharyl's been leading the way for months in exposing security breaches at the nation's nuclear weapons facilities, things like missing or mishandled classified documents. Well today, Energy Secretary Samuel Bodman fired the man in charge, Linton Brooks. Bodman said Brooks had not corrected the security problems and it's time for new leadership at the National Nuclear Security Administration."

The Washington Post (1/5, A7, Mufson, 690K) says, "The dismissal comes after embarrassing security lapses, including the Oct. 17 discovery of drug paraphernalia and computer flash drives containing highly classified information in the trailer home of a contractor." While "Bodman refused to elaborate on his statement, the removal of Brooks also comes as Democrats, determined to hold oversight hearings on the nuclear laboratories' security problems, take control of Congress."

The Los Angeles Times (2/5, Vartabedian, 850K) reports Bodman "issued an unusual public statement Thursday saying he had asked for the resignation." As problems mounted, members of Congress "began to question the agency's performance, particularly multibillion-dollar cost overruns and technical setbacks on new weapons research facilities." The "tough handling of Brooks appeared intended to make a strong statement, particularly coming on the first day of Democratic control of House and Senate committees that have oversight of the nuclear weapons complex."

The AP (1/5, Hebert) adds, "Widely respected for his knowledge of nuclear weapons and nonproliferation issues, Brooks nevertheless has been a target of some members of Congress."

New Year Sparks Wave Of Federal Worker Retirements. The Washington Post's (1/5, D3, Barr) "Federal Diary" column reports, "The start of the new year is when the village elders say their farewells across the government. Agencies lose valued, experienced hands; the retirees take on new pursuits." The Post adds, "Many federal employees retire around the turn of the year because provisions in federal retirement and leave laws make it advantageous," since "most senior employees are covered by the older of two retirement systems that permits them to receive a pension payment in February if they leave the federal payroll in early January. Many also retire at this time of the year because it seems the best time to make a break and step aside." Since most "agencies slow down for the holidays," that "seems to make it easier to say goodbyes and find the time to sort through files and pack boxes."

Democrats Urged To Make Tough Decisions To Restore Fiscal "Sanity." In his Washington Post column (1/5, A17), David Ignatius says, "A good way for the Democrats to start the new congressional season is to examine just how it happened that the federal government moved from budget surplus to deficit during the Bush presidency. If Democrats can be clear about what went wrong, then maybe (maybe) they can begin to fix it." An "honest budget discussion should start with an admission that the projected surpluses of the post-Clinton years were largely illusory -- in the sense that they were predicated on overly upbeat assumptions about the economy." But the Bush Administration "and the GOP Congress made a bad situation much worse -- by enacting tax and spending programs that shredded any semblance of fiscal responsibility." The Democrats "face the essential political decision as they take their seats: Do they want to make people happy by postponing tough decisions or do they want to get serious about restoring fiscal sanity? Are they the party of good times or good governance?"

NYTimes Says Congress Should Raise Federal Judges' Pay. The New York Times (1/5, 1.16M) says in an editorial, "Chief Justice John Roberts Jr. is embracing with gusto a cause championed by his predecessor, William Rehnquist: the need for a substantial pay raise for federal judges. Justice Roberts devoted his second annual year-end report to this issue, and it should be required reading in

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Congress." Roberts is "right to note the link between maintaining an adequate standard of judicial compensation and preserving the quality and independence of the judiciary, and to prod Congress on this issue." The nation "would be well-served by a comprehensive bipartisan package that grants federal judges a sizable raise, ends the linkage between judicial and Congressional salaries, and requires judges to forgo privately financed junkets that cast an ethical cloud on the courts."

WSJournal Says Pelosi "Paygo" Is Tax Trap. The Wall Street Journal (1/5, 2.04M) says in an editorial, "Congressional Democrats are dashing out of the gates to establish their fiscal conservative credentials. And as early as today House Speaker Nancy Pelosi will push through so-called 'pay-as-you-go' budget rules for Congress. Keep an eye on your wallet." "Paygo," "as Washington insiders call it, sounds like a fiscally prudent budget practice: If government spends more on program A, it has to spend less money on program B, and thus budget deficits will be restrained. We're all for that. But when Republicans proposed exactly that budget rule in recent years, House Democrats voted it down." Under Pelosi's "paygo plan, new entitlement programs and all new tax cuts would have to be offset by either cutbacks in other entitlement programs or tax increases. This version of paygo is a budget trapdoor, designed not to control expenditures but to make it easier to raise taxes while blocking future tax cuts."

OTHER NEWS:

Oil Prices Fall To Lowest Level Since 2005. USA Today (1/5, 1B, Kirchhoff, 2.27M) reports, "Crude oil prices fell Thursday to the lowest level since mid-2005, pressured by warm weather, faltering demand and government data showing inventories at healthy levels. ... Crude oil for February delivery closed at $55.59 a barrel in New York trading, a 4.7% drop. That followed a 4.5% decline on Wednesday." USA Today adds, "Whether the lower prices will have staying power, helping consumers, is unclear. NBC Nightly News (1/4, story 7, 0:30, Williams, 9.87M) reported, "The big turnaround in stocks had something to do with the price of oil which has been plummeting in the first trading days of this New Year."

Fall In Commodity Prices Depresses Some Stocks. The Wall Street Journal (1/5, A3, Bahree, Glader, Davis, 2.04M) reports, "Energy and copper prices continued their tumble yesterday, punishing shares of companies from oil giant Exxon Mobil Corp. to mining magnate Freeport-McMoRan Copper & Gold Inc." The Journal adds, "There is no one factor behind the sharp declines in some key commodities. Warm winter weather has depressed oil prices, more than offsetting recent production cutbacks by OPEC." Whether "commodity prices continue to slide long term will depend in no small part on the world economy." If it "shows resilience, commodity prices are likely to rebound."

Friedman Calls On Bush To Complete Ford's Vision For Energy Independence. In his New York Times (1/5, 1.16M) column, Thomas L. Friedman suggests passage of a "Gerald Ford Energy Independence Act." The "greatest thing George Bush could do — for President Ford's legacy and his own — would be to dedicate his coming State of the Union address to completing the energy independence agenda that Mr. Ford initiated 32 years ago in the wake of the 1973 Arab oil embargo and energy shock." Completing Ford's vision "means asking Americans to do some hard things: accepting a gasoline or carbon tax; inducing Detroit to make more fuel-efficient cars, trucks and plug-in hybrids; setting a national requirement for utilities to provide 20 percent of their electricity from renewable wind, solar, hydro or nuclear power by 2015; and, finally, making large-scale investments in mass transit." Friedman adds, "It is stunning that since 9/11 the Bush team has never mounted a campaign to get Americans to conserve energy."

Proliferation Of Ethanol Plants Raises Concerns About Corn Supply For Food. The New York Times (1/5, Barrionuevo, 1.16M) reports, "Renewing concerns about whether there will be enough corn to support the demand for both fuel and food, a new study has found that ethanol plants could use as much as half of America's corn crop next year." The Times adds, "Dozens of new ethanol plants are being built by farmers and investors in a furious gold rush, spurred by a call last year from the Bush administration and politicians from farm states to produce more renewable fuels to curb America's reliance on oil. But the new study by the Earth Policy Institute, an environmental group, found that the number of ethanol plants coming on line has been underreported by more than 25 percent by both the Agriculture Department and the Renewable Fuels Association, the ethanol industry's main lobbying group."

The Christian Science Monitor (1/5, Clayton, 59K) adds, "Ethanol production could pull so much corn out of the food supply by 2008 that US corn exports could plummet." And the "food-fuel competition could push corn prices so high that some ethanol producers in the fledgling industry, which many deem vital to US energy security, would merely break even - or, if corn gets pricey enough, actually lose money."

Service Sector Report Suggests US Economy Is Slowing. The Wall Street Journal (1/5, Derby, Bater, 2.04M) reports the "latest readings on the service sector and labor market suggested that the U.S. economy softened a bit in December." The Institute for Supply Management said "its nonmanufacturing index, which surveys mostly service-related companies, slipped to 57.1 last month from 58.9 in

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November but was unchanged from the October reading." Economists had "looked for December's performance to be slightly stronger. The service sector is the single largest source of U.S. economic output." Despite a "gradual cooling, survey respondents remained upbeat about the service sector: 'Members' comments in December are generally positive concerning current business conditions,' said Anthony Nieves, who compiles the report."

Retailers Still Predict 5% Increase In Holiday Sales. USA Today (1/5, 5B, O'Donnell, 2.27M) reports, "Despite a somewhat gloomy picture, the National Retail Federation continues to predict that holiday season sales will be up 5% for 2006, thanks in large part to a strong November. The federation will release its final numbers next Friday." Experts also "caution that because gift cards are counted toward sales when they are redeemed, January could help retailers make up for lost sales earlier in the holiday season."

The CBS Evening News (1/4, story 4, 2:10, Couric, 7.66M) reported, "With temperatures above normal, people are not buying new coats. In fact, coat sales this season are predicted to be down 12%. That's about the last thing retailers want to hear coming off a bad December." CBS (Mason) added, "Retailers need" a good January "after a disappointing December. The Gap had a horrible holiday season. Sales plunged 8%." The Gap "wasn't alone, Ann Taylor sales fell more than 5%. Even mammoth Wal-Mart which accounts for 10% of retail traffic was up less than 1% for the holiday, its worst sales growth in a decade. But luxury retailers wrapped up a different package."

Holiday Retail Sales Less Indicative Of Economy's Health. The Wall Street Journal (1/5, Covert, 2.04M) reports, "Holiday retail sales, once considered a barometer of the health of the economy, are no longer a crystal ball." The same-store sales figures "dozens of retailers reported yesterday don't reflect two big shifts in the way consumers shop these days," because gift cards "aren't logged as sales until they are redeemed" and online sales "aren't included in the widely watched numbers." Overall, retailers "reported a 3.1% increase in December in sales at stores open at least a year, according to an index of 55 chains compiled by the International Council of Shopping Centers. That fell short of the 3.5% gain recorded a year earlier as well as the 3.6% increase in same-store sales the chains logged for the year as a whole." But "redemptions of gift cards could give retailers a lift in January, when roughly half of gift cards are typically used, often to buy full-price merchandise." The National Retail Federation "estimates that gift-card sales this holiday season totaled nearly $25 billion, up 34% from a year earlier and accounting for nearly a fifth of holiday gift spending."

Stocks Post Gains After Investor Jitters Sent Markets Down. NBC Nightly News (1/4, story 6, 0:25, Williams, 9.87M) reported, "Now to Wall Street here in New York where the stock market had another wild ride today. It plunged at the open and finished up at the end. The Dow gained just over six points [to close at 12,480.69]. NASDAQ was up more than 30 points [to close at 2,453.43] on the day."

USA Today/AP (1/5, 6B, Bruno) reports Wall Street "struggled but ultimately closed higher Thursday as a bounce in technology stocks and sharply lower oil prices helped investors brush off concerns about sluggish consumer spending." Retailers' "lackluster holiday sales reports initially sent major stock indexes significantly lower. Stocks climbed back after a drop in crude oil prices to below $56 a barrel raised hopes that cheaper gasoline might be on the way." In addition to the Dow and Nasdaq, "the Standard & Poor's 500 index edged up 1.74 points to 1418.34."

30-Year Rates Hold Steady. The AP (1/5, Singer) reports, "Mortgage giant Freddie Mac reported Thursday that 30-year, fixed-rate mortgages averaged 6.18 percent this week, the same as last week." Analysts "said the markets in recent days have gotten some confusing messages about how serious the current economic slowdown will be. 'Currently, the market is waiting for a clearer signal on the direction in which the economy is headed,' said Frank Nothaft, Freddie Mac's chief economist." The Freddie Mac survey "showed that other types of mortgage rates were mixed this week. Rates on 15-year, fixed-rate mortgages, a popular choice for refinancing, edged up slightly to 5.94 percent, compared to 5.93 percent last week."

Pending Real Estate Sales Index Drops. Bloomberg (1/5, Torres) reports that pending sales of existing homes "fell 0.5 percent, a third consecutive decline, to 107 from 107.5 in October, the National Association of Realtors said today in Washington." NAR's chief economist, David Lereah, said, "The index is pointing toward fairly stable home sales in the near future. ... This is another indication that home sales likely bottomed out in September." Economists "expected the index to rise 0.7 percent in November, according to the median of 17 forecasts in a Bloomberg News survey, after a decline of 1.7 percent the month before. Estimates ranged from a drop of 1 percent to an increase of 2.1 percent."

Kansas High Court Mulls Parental Rights Of Sperm Donors. USA Today (1/5, 3A, Biskupic) reports, "A case before the Kansas Supreme Court has become a key test of the rights of sperm donors who want to be involved with their offspring over the objection of the children's mothers." USA continues, "The dispute, which has drawn national attention, involves a single woman, identified in court papers only as S.H., who gave birth to twins in May 2005 after being inseminated with the sperm of a friend, identified as D.H. … After the mother made it clear that she did not intend to share parenting, D.H. sued to establish paternity. He

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lost in a trial court because of a Kansas law that says the donor of sperm provided for artificial insemination is not the legal father of the child unless the donor and mother agree to it in writing." USA adds, "The major question in the case is whether requiring such written agreements in cases involving sperm donors known to the mother, not anonymous donors from sperm banks, violates the donor's constitutional rights as a parent. Like Kansas, many states have legal hurdles for donors seeking parental status. … The case arises at a time of increasing advances in reproductive technology. According to the Centers for Disease Control and Prevention, the numbers of women being impregnated with eggs fertilized outside the womb is significantly on the rise. There are no reliable statistics on methods of conception with donated sperm."

First African-American Sworn In As Massachusetts Governor. The AP (1/5, Johnson) reports, "Deval Laurdine Patrick was sworn in Thursday as the 71st governor of Massachusetts, the culmination of a longshot political campaign that also saw him become the state's first black chief executive and only the second elected in the nation." NBC Nightly News (1/4, story 4, 0:30, Williams, 9.87M) noted Patrick is "only the second black elected governor in history," and that in his swearing-in ceremony, "he laid his hand on the bible that was originally given to President John Quincy Adams by the slaves of the slave ship 'Amistad.'"

The New York Times (1/5, Belluck, 1.16M) says Patrick "takes over from Mitt Romney, a Republican, who is planning to run for the presidency, and already Mr. Patrick has revealed many positions that oppose Mr. Romney's. The former governor did not attend the inauguration. Mr. Patrick has said that he will restore $383.6 million in budget cuts made by Mr. Romney to social services and other programs, that he will reverse the former governor's agreement authorizing the state police to arrest illegal immigrants, and that a Romney-endorsed effort to remove some Massachusetts Turnpike tolls is unrealistic." Patrick also "said he might revoke some of the 200 11th-hour appointments Mr. Romney made to boards and commissions." Patrick also has expressed his opposition to "a proposed constitutional amendment to ban same-sex marriage."

Romney Could Emerge As Nominee "If McCain Self-Destructs." The Christian Science Monitor (1/5, Feldmann, 59K) reports that "despite prospects that don't look particularly strong on paper, analysts say" that ex-Massachusetts Gov. Mitt Romney (R) could win the GOP presidential nomination in '08. Although most polls in key early nominating contests show Romney trailing Arizona Sen. John McCain (R), ex-New York Mayor Rudy Giuliani (R) and ex-House Speaker Newt Gingrich (R), "the Republican field is fluid. Religious conservatives…remain skeptical of Senator McCain. And his advocacy for a stepped-up US presence in Iraq has thrown his political future squarely in line with a war that few believe is going well." Giuliani "remains untested on the national political stage and holds liberal positions on social issues that put him at odds with many GOP primary voters (as well as a colorful personal life)." And Gingrich's "short tenure as speaker and his three marriages could cause him to wilt under the klieg lights." Though Romney's evolving stances on several key social issues, along with his Mormon faith, could pose hurdles for him, "political analysts can see a clear path by which Romney becomes the GOP nominee, almost by default. Republicans 'want to win in November [2008],' says Ed Sarpolus, an independent pollster in Michigan who dismisses Gingrich's and Giuliani's chances. 'If McCain self-destructs because of Iraq, even in New Hampshire they'll hold their nose and vote for Mitt Romney.'"

McCain Profanely Questioned Usefulness Of Border Wall. The Washington Times (1/4, Pierce, 88K) reports in its "Inside Politics" column, "The February issue of Vanity Fair features a profile of Sen. John McCain, in which the Arizona Republican used profanity to call into question the usefulness of a border fence in preventing illegal immigration." Vanity Fair "quotes Mr. McCain -- a leading contender for the 2008 Republican presidential nomination -- violating the Third Commandment when asked, during an October appearance before a group of businessmen in Milwaukee about immigration." McCain said, "In the short term, it probably galvanizes our base. In the long term, if you alienate the Hispanics, you'll pay a heavy price. By the way, I think the fence is least effective. But I'll build the [profanity] fence if they want it."

McCain Quizzed On Stolen Giuliani Campaign Playbook. On MSNBC (1/4), Brian Williams said to Sen. John McCain, "This missing briefcase from the Giuliani start-up presidential campaign -- Senator, can you look me in the eye, via the camera, and say that you had no prior knowledge this was missing until you read about it in the papers and that you've since not learned that, say, anyone connected to you has anything to do with it?" McCain: "I haven't learned anything about it, Brian. I know nothing about it." On MSNBC's Imus In The Morning (1/4), Don Imus also raised the question, asking McCain, "Did you steal Giuliani's playbook?" McCain: "No." Imus: "Yes you did." McCain: "No, I did not. I certainly was not anywhere in the area."

Edwards Shuns Bill Clinton's Approach To Run To Left Of Clinton. Perry Bacon Jr. writes in TIME's website (1/15) that when ex-North Carolina Sen. John

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Edwards (D) ran for president in 2004, he "spoke eloquently of the 'Two Americas.'" But "Edwards backed ideas that originated in the centrist group that created much of Bill Clinton's agenda, the Democratic Leadership Council. Not this time." In announcing his bid, Edwards "boldly declared that reducing the deficit, a hallmark of the Clinton Administration, was less important to him than spending government money on" such things as "creating a universal health-care system and stopping global warming. His call to end poverty in the U.S. over the next 30 years by spending more than $15 billion each year" is "the kind of Big Government liberalism Clinton shunned." Bacon notes, however, that if New York Sen. Hillary Clinton (D) enters the race, she could pick "up much of the money and endorsements from the party establishment. The remaining energy, activism and cash that any rival would need to challenge her are on the left, not the center." Which is "why Edwards has spent the past two years actively courting the liberal netroots…and wooing top union bosses." Bacon says that Sen. Clinton and potential presidential hopeful, Illinois Sen. Barack Obama (D) "act like front runners: cautiously," which "leaves room to emerge as the candidate who connects with Democratic voters by saying bold things that appeal to liberals, as when Edwards wrote 'I was wrong' in voting for the Iraq war in an Op-Ed in the Washington Post in the fall of 2005."

Michelman To Back Edwards. The Wall Street Journal (1/5, A7, Harwood, 2.04M) reports in its "Washington Wire" column Sen. John Edwards is "reaches for feminists' backing while Clinton and Obama ponder options." Abortion-rights activist Kate Michelman is "expected to endorse the former North Carolina senator, who seeks fast new year's start." Aides "expect Clinton to signal her candidacy this month," but "some Democratic operatives question dearth of black campaign professionals on her team as Obama becomes top potential rival."

Bill Clinton Defers Questions On Wife's Ambitions. The AP (1/5, Jalonick) reports, "The Clinton who turned heads in the Senate Thursday was not Sen. Hillary Rodham Clinton, notwithstanding all the speculation about her running for president." Former President Clinton "cheerfully called out, 'Hi, everybody!' as he strolled through the Senate Press Gallery past correspondents for The Associated Press, The Washington Post and the Wall Street Journal." Clinton was "headed for the men's room - followed by his Secret Service agents and a cadre of reporters. The questions were obvious: 'Do you want to live in the White House again?" Clinton said, "I would like not to talk about it today." Asked if Mrs. Clinton was "going to run for president," the President said, "Ask her. … All I know is, this is a happy day. It's a great day for the largest number of women we've ever had in the Congress, a lot of new people coming in, I think it will be good. I'll be surprised if we don't see a lot of interesting, bipartisan things happening over the next six months."

Two Republicans Team Up In Effort To Oust GOP Texas House Speaker. The Washington Times (1/5, Aynesworth, 88K) reports, "Two conservative Republicans from the Dallas area joined forces yesterday in a move to oust" Texas House Speaker Tom Craddick (R). However, Craddick "said he still had enough votes to win re-election to the post on Tuesday. Rep. Brian McCall of Plano stunned his supporters yesterday by endorsing fellow Republican Rep. Jim Pitts of Waxahachie at a press conference in Austin. In their brief appearance, the two challengers vowed Mr. Pitts would win the speakership, but they refused to list their backers," saying "they did not want to expose the supporters to intense pressure before the vote. 'But I guarantee you,' Mr. Pitts said, 'the race is over.'" McCall, "backed by many Democrats, was publicly criticized for having so many opposition-party supporters, which some Craddick allies cited as a strong reason to re-elect the speaker. The Democrats trail the Republicans by an 80-69 margin in the Texas House."

WPost Backs Kaine's Transportation Proposal. In an editorial, the Washington Post (1/5, A16, 690K) says Republicans in the Virginia House of Delegates, "many of whom have signed no-new-taxes pledges," have no "serious, long-term plan to pay for the billions of dollars in transportation improvements needed around the state. By contrast, Gov. Timothy M. Kaine (D) proposed a package yesterday that meets the state's transportation problem head-on. It would, for starters, broaden the powers of localities to reject development proposals and slow growth if local roads are too crowded. And it would yield $5.25 billion in new revenue over the next six years -- the first fresh funding for the state's beleaguered roads in a generation."

Rice Announces $16 Million In Aid For Somalia. The AP (1/5) reports Secretary of State Condoleezza Rice announced Thursday the US "will provide $16 million in aid to Somalia and said the installation of a new government there gives Somalis a chance to move beyond two decades of chaos." Rice said the US is making $11.5 million in food aid available for the country, $1.5 million in nonfood assistance and $3.5 million to help refugees. In a statement, Rice said creation of a UN-backed government represents a "historic opportunity" for Somalis to end their recent spate of "warlordism, extreme violence and humanitarian suffering." She has also "dispatched her top aide for African affairs, Jendayi Frazer, to the region for discussions on promoting a peacekeeping force for Somalia and to urge a political

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dialogue leading to national reconciliation." Frazer held talks with Ugandan President Yoweri Museveni and Ethiopian president Meles Zenawi, and "will meet with diplomats from Europe, Africa and international organizations to coordinate future steps in Somalia," State Dept. spokesman Sean McCormack said.

The Washington Post/AP (1/5, A10) also notes the announcement briefly in an article about Somali and Ethiopian troops battling "600 Islamic militiamen Thursday" in the southern region of the country.

US Military Continues To Support Battle Against Islamic Militants. The Financial Times (1/5, Fidler, Wallis) reports a US-led naval task force off the Somali coast "has been boarding ships in recent days as part of efforts to prevent Islamist militants fleeing the country." The task force is "taking part in a broader US military effort to stop Islamist fighters in Somalia moving into neighbouring countries following a rout by Ethiopian forces." Kenya has officially closed its border with Somalia on in an effort to stem the transit of militants, officials said. Secretary Rice "hailed the military victory as a 'historic opportunity' for the war-ravaged country." Meanwhile, Ugandan President Yoweri Museveni said Thursday at a joint news conference in Addis Ababa with Ethiopian Prime Minister Meles Zenawi that Uganda "is ready to provide peacekeepers for the force." Assistant Secretary Frazer "said Mr Museveni had promised to provide between 1,000 and 2,000 soldiers," and said she "hoped a peacekeeping force could be ready by the end of the month."

The Washington Times (1/5, A1, Pflanz, 88K) reports on its front page that as the US continues diplomatic and military efforts in Somalia, "a reported audio tape message by al Qaeda's No. 2 leader surfaced today, urging Somali Islamists to launch an Iraq-style guerrilla campaign of suicide and other forms of attacks against Ethiopian forces in Somalia."

The New York Times (1/5, Gettleman, 1.16M) reports that "just days after Ethiopian-led troops helped rout once powerful Islamist forces in Somalia and install a new government in the capital, security seemed to be unraveling across the country" as violence "is surging on two fronts: antigovernment attacks and increased banditry, both of which were virtually unheard of during the Islamists' short-lived reign." Similarly, the Washington Post (1/5, A10, McCrummen, 690K) reports that "since the Islamic movement was swept from power last week, men draped with AK-47s have appeared once again along the sandy lanes" in Mogadishu, "and with them a feeling of menace."

WPost Says Crisis Gives US Chance To Battle Terrorists In Africa. In an editorial, the Washington Post (1/5, A16, 690K) says, "An unexpected turn of events in Somalia has given the Bush administration a rare opportunity to help stabilize a failed state that has been a harbor and breeding ground for al-Qaeda." Although, "frequently slow or stumbling in its response to developments in Somalia, the administration appears to recognize the chance for an advance in the global war with al-Qaeda: Assistant Secretary of State Jendayi E. Frazer…was in Ethiopia yesterday and is expected to chair an international contact group meeting today in Nairobi. … But the Bush administration, which by yesterday had not made any specific commitment to the mission, needs to be ready to quickly provide funding and logistical backing for an African force. If NATO airlift and supply assets can be mobilized, they should be. It may be that the prospect of stabilizing Somalia and eliminating it as a harbor for al-Qaeda will prove to be a mirage, but the administration must seize on the possibility that it is real."

Pentagon Expanding Role In Africa. The Christian Science Monitor (1/5, Whittle, 59K) reports Africa "has generally taken a backseat in Pentagon planning - but US officials say that is about to change," noting that "one of Donald Rumsfeld's last acts before Robert Gates replaced him last month as Defense secretary was to urge President Bush to let the Pentagon create a new Africa Command to pay more attention to the troubled continent." Mr. Bush is "said to have agreed to the idea and is expected announce it early this year." The creation of the new command will "be more than an exercise in shuffling bureaucratic boxes, experts say. The US government's motives include countering Al Qaeda's known presence in Africa, safeguarding future oil supplies, and competing with China, which has been courting African governments in its own quest for petroleum, they suggest."

No Breakthrough Reported At Mubarak-Olmert Talks. The AP (1/5, Nasrawi, Weizman) reports a summit between Egyptian President Hosni Mubarak and Israeli Prime Minister Ehud Olmert Thursday "fell short of its goal of igniting a new round of Mideast peace efforts, highlighting the significant disagreements between Israel and its Arab neighbors." Speaking at a news conference after the meeting, Mubarak "pushed Israel to hold talks with Syria and pursue peace with the Palestinians, despite the rise of the Islamic militant group Hamas." For his part, Olmert "thanked Mubarak for his efforts" to secure the release of a captured Israeli soldier, and said Israel was "ready to meet with Abbas. However, he rejected having any dealings with Hamas."

Under the headline "Israeli Raid Overshadows Olmert's Talks With Mubarak," the New York Times (1/5, A6, Erlanger, 1.16M) says the meeting "was overshadowed by an Israeli raid in the West Bank in which four Palestinians were killed and 20 wounded." Mubarak was "clearly embarrassed by the timing of the raid, hours before the meeting," and "called it a hindrance to peace efforts." The Washington Post (1/5, A11, Wilson, 690K) reports Palestinian President Mahmoud Abbas issued a statement hours after the attack, saying it showed

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that "Israeli calls for peace and security are fake" and that "continued aggression will only lead to the destruction of all efforts aimed at realizing peace."

Fighting Between Palestinian Factions Continues In Gaza. The AP (1/5, Laub) reports factional fighting among Palestinian groups Thursday "surged, leaving at least six dead and prompting a meeting early Friday between" Abbas and Prime Minister Ismail Haniyeh. ABC World News (1/4, story 6, 0:30, Gibson, 8.78M) said Thursday's violence in Gaza represented "an escalation between the rival Palestinian factions."

Treasury Department Increases Pressure On Syria. The AP (1/5, Aversa) reports the US Treasury Department, "intensifying pressure on Damascus, moved Thursday to financially clamp down on three Syrian institutions suspected of helping spread weapons of mass destruction." The department's action "means that any bank accounts or financial assets belonging to the three entities found in the United States would be frozen. Americans also are prohibited from doing business with them." The three entities targeted are the Higher Institute of Applied Science and Technology, the Electronics Institute and the National Standards and Calibration Laboratory.

Bush, Merkel Promise Cooperation On Global Warming. The AP (1/5, Feller) reports, "President Bush and German Chancellor Angela Merkel pledged closer cooperation on combating global warming and in trying to prod a Middle East peace on Thursday, brushing aside lingering differences between the two countries." Bush said "that he was open to new ideas to confront climate change, although he stopped short of some of the tight environmental standards favored by Germany and other European nations. 'We talked about climate change, and I assured the chancellor I'm committed to promoting new technologies that will promote energy efficiency and do a better job protecting the environment,' Bush said. 'I believe there is a chance now to put behind us the old stale debates of the past.'" Merkel said, "I was delighted to hear that there is a readiness there."

Bush Makes Light Of Massage "Gaffe." The AP (1/5) reports President Bush "has adopted a hands-off policy with German Chancellor Angela Merkel." Meeting with reporters, Bush joked, "No back rubs" as he posed for pictures with Merkel at the White House, "making light of his own gaffe" at a summit of G-8 when "he gave an impromptu rub of Merkel's neck and shoulders."

Richardson To Lead Diplomatic Mission To Sudan. The AP (1/5) reports New Mexico Gov. Bill Richardson said Thursday he is "heading to Sudan on a diplomatic trip that would add to his extensive international experience as he prepares to announce whether he will run for president." Richardson will "try to meet with Sudanese officials and persuade them to accept a peacekeeping force in the war-torn Darfur region," according to a statement from his office. He is to arrive Sunday after traveling overnight and plans to travel to Darfur.

Spanish Police Discover Bomb In Basque Region. The Washington Post/AP (1/5, A14, Roman) reports Spanish police found "a large explosive device in the Basque region Thursday, five days after a car bombing in Madrid that was blamed on the separatist group ETA shattered a nine-month cease-fire." Meanwhile, Spanish Prime Minister Jose Luis Rodriguez Zapatero "said Saturday's attack made him more determined to end ETA's nearly four-decade-long campaign of violence," but he announced "no new strategy or even a hint of his next move."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Reaches Out To Skeptical Democrats."
"Thinking Outside The Box."
"Gov. Tops Party Cast With A Real Character."
"U.S.-Iraqi Forces Launch Assault On Sunni Haven."
"Naming New Generals A Key Step In Shift On Iraq."
"Tijuana Police Abandon Posts."

USA Today:
"Football-Crazy Ohio State Does All Sports In Big Way."
"Bush To Shuffle His War Advisers."
"The Party's Over."
"Adults Penalized For Teen Drinking."

New York Times:
"Jubilant Democrats Assume Control On Capitol Hill."
"Speculation Surrounds Choice By Spy Chief To Take Step Back."
"Bush To Name A New General To Oversee Iraq."
"Along A Newark Street, Signs Of Urban Renewal."
"A Terror Detainee Longs For Court."
"Remain silent? Some in custody Spell It All Out."

Washington Post:
"Democrats Take Control on Hill."
"Bush Making Changes in His Iraq Team."
"Fenty Details Proposal To Take Over Schools."
"A Revitalized Chesapeake May Be Decades Away."
"Miers Steps Down As White House Gears Up for Battle."
"Kaine Again Floats Tax Hike for Traffic Ills."
"Sedative Withdrawal Made Rehnquist Delusional in '81."

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Washington Times:
"Joyful Democrats Salute Speaker Pelosi."
"Medical Teams Saving More Troops."
"Fenty Plan To Control Schools Irks Bobb."
"US Ships Hunt For al Qaeda Off Somalia."
"Street Cars Return To D.C."

Detroit Free Press:
"Inside Cheli's Bloody Horror."
"El Nino Tames Winter."
"First Female Gets The Gavel."
"Hot Event Could Suggest GM Stands For Glamorous Models."

Atlanta Journal-Constitution:
"Historic Power Shift And Swiftly To Action."
"CEO's Get Big Bucks If They Fail."
"Fulton Jail Falls Short In Support To Federal Judge."
"Prostitution Bust Made Behind Sugarloaf Gates."

Houston Chronicle:
"Democrats AIM To Cut Breaks For Oil Industry."
"She Was Driven To Protect Them."
"Pitts Offering A Relaxing Change."
"Second Hip Surgery For Elder Bush A Success."

Story Lineup From Last Night's Network News:
ABC: New Democratic Congress; New Democratic Congress-Analysis; Diplomatic Team Changes; North Korean Nuclear Testing; Fatah Hamas Conflict; New Democratic Member's Interview; Searching Mail; Diet Pills; Space Junk; Freedom Riders.
CBS: New Democratic Congress; New Administration Changes; Strange Weather; Retail Sales; Space Junk; Diet Pills; Stroke Recovery; Long Shot Congresswoman; Susan B. Anthony Remembered.
NBC: New Democratic Congress; New House Speaker; New Democratic Congress-Analysis; New Massachusetts Governor; New Personal Moves; Stock Market; Oil Prices; Searching Mail; Diet Pills; Care Seat Safety; Subway Superman.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: UT-Snow And Ice; CO-Stranded Cattle; LA-Tornado; Upper Midwest And East US-Mild Temperatures, North Korea-Possible Upcoming Nuclear Test; Egyptian President Hosni Mubarak Accuses US Of Obstructing Peace Between Israel And Syria; US To Provide Aid To Security Forces Loyal To Abbas In Palestine; Diet Pill Makers Fined.
CBS: Iraq-Casey Reassigned; Bush-Troop Levels In Iraq; Bush-Saddam Execution; New Congress-First Day; LA-Tornado; GA-Search For Missing Woman Whose Family Was Murdered; Harvard-Soap And Water As Effective As Hand Sanitizers.
NPR: Bush Expected To Name Zalmay Khalilzad As US Ambassador To The UN And Announce Negroponte's Resignation; Harriet Miers Resigns; Head Of National Nuclear Security Administration Asked To Step Down; New Congress-First Day; Tokyo Stock Exchange; Wall Street; Holiday Sales Figures; CO-Russian Rocket.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:
PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: 9 a.m. FLOOR SCHEDULE _ Meets for legislative business.

Other: PELOSI SWEARING IN WEEK _ Schedule for House Speaker- designate Nancy Pelosi. Highlights: 8:30 a.m. Open House reception. Room 345, Cannon.

LAW SCHOOLS-CONFERENCE _ Immigration debate, surveillance and security issues are among topics at the Association of American Law Schools Annual Meeting. Over 3,500 law faculty expected to attend. Highlights: 8:30 a.m. Section on Constitutional Law presents ``The Bush Presidency and the Constitution." Location: Marriott Wardman Park.

IRAQ STRATEGY _ 11 a.m. - 1:30 p.m. The American Enterprise Institute hosts a discussion, ``Iraq: A Turing Point, with reports from Iraq from Sens. John McCain, R-Ariz., and Joseph Lieberman, I-Conn. recently returned from a fact-finding mission to Iraq. Both held extensive discussions with U.S. forces and Iraqi government officials. Also, AEI resident scholar Frederick W. Kagan and former acting Army chief of staff General Jack Keane will release the updated and final version of phase one of ``Choosing Victory: A Plan for Success in Iraq. Highlights: 11 a.m. Panel I: Choosing Victory: A Plan for Success in Iraq. Panelists: Frederick W. Kagan, AEI; and General Jack Keane, U.S. Army (retired). 12:30 p.m. Panel II: Reports from Iraq. Panelists: Sens. John McCain, R-Ariz., and Joseph Lieberman, I-Conn. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

OPEN HOUSE _ 9 a.m. Faith and anti-abortion leaders hold a news conference before attending Speaker Pelosi's Open House. Location: Independence Ave. and 1st St. SE.

PENATGON-IRAQ SECURITY _ 9:15 a.m. UK Army Maj. Gen. Simon Mayall, deputy commander of the Multinational Corps-Iraq, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

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IRAN _ 10 a.m. The Iran Policy Committee holds a news conference to discuss new intelligence and to review Iraqi policy options. Location: National Press Club.

IRAQ _ 10 a.m. Rep. Heather Wilson speaks on Iraq policy at a ``Newsmaker'' forum. Location: National Press Club.

SPELINGS-NCLB _ 10 a.m. US Secretary of Education Margaret Spellings will commemorate the fifth anniversary of the signing of the No Child Left Behind Act by President Bush with a speech to national education leaders. Location: U.S. Chamber of Commerce, Hall of Flags, 1615 H St. NW.

VOTING MACHINES _ 10 a.m. People for the American Way, NAACP, Common Cause, others hold a forum on voting machines and voter verification with Kindra Muntz, of the Sarasota Alliance for Fair Elections, Lawrence Norden, of the Brennan Center for Justice, others. Location: NEA Auditorium, 1201 16th St., NW.

GUTIERREZ-OUTLOOK _ 11:45 a.m. Commerce Secretary Gutierrez discusses economic initiatives and the outlook for 2007 at a US Chamber of Commerce event. Location: 1615 H St. NW.

IRAQ-MCCAIN-LIEBERMAN _ 12 p.m. MoveOn members hold a rally to oppose pro-war Iraq speeches by Sens. John McCain and Joseph Lieberman. Location: Outside American Enterprise Institute offices, 1150 17th St. NW.

GLOBAL WARMING-FORUM _ 12:30 p.m. - 1:30 p.m. Center for American Progress presentation titled ``Global Warming: The Solution and the Politics.'' With Joseph Romm, author of ``Hell and High Water,'' former EPA chief Carol Browner and Ana Unruh Cohen, Center for American Progress. Location: 1333 H St. NW.

DEMORACTS-110TH CONGRESS _ 2:30 p.m. Following the Democratic Issues Conference, the new Senate Leadership will discuss their plans for the 110th Congress. Joined by members of the Democratic Caucus, the leaders will lay out their vision of the Senate working together in a bipartisan manner to deliver results for the American people. Partcipants: Senate Majority Leader Harry Reid; Assistant Senate Majority Leader Dick Durbin; Democratic Conference Vice Chairman Charles Schumer; Democratic Conference Secretary Patty Murray; and members of the Senate Democratic Caucus. Location: Great Hall, Thomas Jefferson Building of the Library of Congress.

HOYT _ 4 p.m. Swearing in ceremony for Treasury Department General Counsel Robert Hoyt. Location: Cash Room, main Treasury.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JANUARY 8, 2007 7:45 AM EST

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TERRORISM NEWS:

Some Conservatives Blast Anti-Terror Laws' Effect On Asylum Seekers. The Washington Post (1/8, A3, Fears, 690K) reports, "Conservatives who supported President Bush's reelection have joined liberal groups in expressing outrage over his administration's broad use of anti-terrorism laws to reject asylum for thousands of people seeking refuge from religious, ethnic and political persecution. The critics say the administration's interpretation of provisions mandating denial of asylum to individuals who give 'material support' to terrorist groups is so broad that foreigners who fought alongside US forces in wars such as Vietnam can be denied asylum on the grounds that they provided aid to terrorists. … 'This is so indefensible,' said Michael Horowitz, a fellow at the conservative Hudson Institute and a former lawyer in the Reagan administration. 'It is causing heroes who fought for the United States to be afraid of being deported.'" Barrett Duke, vice president of public policy for the Southern Baptist Convention's Ethics and Religious Liberty Commission, called the laws "outrageous." Gary L. Bauer, "president of American Values, a conservative public policy group, said the anti-terrorism thrust of laws such as the USA Patriot Act and the Real ID Act is supported by most conservatives, 'but the enforcement of it has lapsed into ludicrousy. The concept of material support is being distorted, and even the definition of the term 'terrorism' is being turned on its ear.'"

Two Charged With Plotting Attacks On Americans In Jordan. The AP (1/8) reports, "Two men were charged Sunday with plotting attacks against Americans living in Jordan. Prosecutors indicted Mohammed Shehada, 25, a Jordanian, and Sameeh al-Hotari, 25, who was born in Kuwait, for conspiracy to carry out terrorist attacks and possession of an automatic weapon, a Kalashnikov."

Editorials Critical Of Bush's Letter-Opening Statement. Under the headline "First wiretapping, now letter-opening?" the Los Angeles Times (1/8, 850K) editorializes, "The Bush administration seems determined to raise the specter of surveillance over every means of communication within the United States. Not content to monitor selected phone calls and e-mails in secret, it recently hinted that letters and packages may be opened without a search warrant too." The Times adds that spokesman Tony Snow attempted to "allay fears last week about mail snooping," stating that Bush's statement on the subject was "merely a statement of present law and present authorities granted to the president." However, "it's hard not to be suspicious of the president's position on mail privacy, given the administration's record on the issue of domestic surveillance. … The administration may indeed be up to nothing new when it comes to mail — and that's not the least bit comforting."

The San Francisco Chronicle (1/8) editorializes, "In yet another power grab that whittles away our rights without a plausible justification, President Bush has given the government expanded authority to read our mail." The Chronicle continues, "This White House has long signaled that it will do what it wants in the name of national security, laws be damned. It has reserved the government's right to detain and even torture suspects without due process, and has asserted for itself wide latitude to electronically eavesdrop on Americans without obtaining search warrants. … So perhaps it should surprise no one that Bush would add a 'signing statement' to a postal-reform bill passed by Congress that suggests the new law allows the opening of mail that would be 'otherwise sealed against inspection' for broadly defined security purposes." The Chronicle adds, "Once again, the White House attempted to downplay the significance of a signing statement, insisting the president was not trying to exert any new authority. Instead, the Bush spinners said the purpose of the signing statement was to reiterate current law, which clearly does allow postal authorities to open a package suspected of containing a ticking time bomb -- the example of choice for those trying to pooh-pooh the concerns. Also, before the administration tries to trot out a red herring about wanting to intercept 'letters from al Qaeda' without delay, it has every opportunity to do so under current law -- and could then apply for a warrant after the fact. … 'Just trust us,' seems to be the operative phrase of this administration. … However, history has shown the potential for government abuses in the absence of strong mail-privacy laws. Bush continues to roll back the clock -- and the Constitution -- with his signing statements."

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HOMELAND RESPONSE:

Miscommunication Leads To Terror Scare At Port Of Miami. In a story distributed by McClatchy, the Miami Herald (1/8, Ovalle, Weaver, Nahed, Barry, 286K) reports, "What started as a potential terrorist plot at Miami-Dade's seaport Sunday morning quickly flubbed into a sobering reminder of the post 9/11 state of fear. Initially, the story line sounded startling: Officers stopped a Middle Eastern man driving an 18-wheel rig with mysterious cargo. Two men, the reports went, were discovered hiding in the trailer portion. … The truth, however, emerged far less threatening -- the men were not terrorists and were only hauling electrical auto parts. Ultimately, the scare was blamed on miscommunication and unfounded reports." The Herald notes, "FBI agents questioned the men. County and federal authorities used a gamma ray ID device to examine the blue 40-foot container, which had 22 pallets inside. … By 5:15 p.m., authorities stood in front of local and national reporters to stress that despite the false alarm, security procedures unfolded perfectly."

The South Florida Sun-Sentinel (1/8, Blum, 237K) reports that "agents with the Federal Bureau of Investigation spent hours interviewing the men -- two brothers and a friend, according to FBI spokeswoman Judy Orihuela. The names of the men, who reside legally in Dearborn, Mich., were not released. Orihuela insisted the heightened security alert was not a case of racial profiling. 'It would have been the same response regardless,' she said. After lengthy questioning, the agents concluded the men were harmless and that the day's sinister-seeming events resulted from a simple misunderstanding between the truck driver and the port security officer regarding the number of passengers in the truck." The AP (1/8, Kennedy) reported the incident in a widely-distributed story, noting that the FBI and ICE were involved in the investigation; meanwhile, CNN, MSNBC and Fox News followed the story throughout their broadcasts yesterday as it unfolded.

Measure Would Require All Cargo On Passenger Planes To Be Screened. USA Today (1/8, Frank, 2.27M) reports a measure in the Democratic homeland security bill "that is likely to pass in the House" Tuesday "would require all cargo on passenger planes to be inspected for bombs." However, "Airlines and cargo companies say inspections would take so long that passenger planes could not carry goods that require fast delivery," which may prompt airlines to "cancel certain passenger routes," according to David Castelveter, spokesman for the Air Transport Association, which represents major US airlines. Rep. Ed Markey, who has pushed for cargo inspection, "dismissed gloomy scenarios and noted that under the legislation, passenger airlines would not have to inspect all cargo until September 2009."

NYTimes Says Air, Sea Cargo Inspection Rules Should Have Been "No-Brainers." The New York Times (1/8, 1.16M) editorializes that in a move to address "some perilously neglected needs of homeland security," House Democrats are "determined to mandate inspection of all incoming sea cargo by 2012. This is an overdue protection that Republicans bottled up in the last Congress." The new port security measures, in addition to the screening of all cargo on passenger planes, were recommended by the 9/11 commission and "should long ago have been antiterrorism no-brainers for the nation. The complaints of business lobbyists about undue burdens on commerce pale when compared with the havoc that would be created in the American economy if terrorists mounted another major attack." Adding that the House legislation "sidesteps some of the 9/11 commission's most important findings about the dysfunctional intelligence apparatus," the Times states that the "measure amounts to a worthy step forward, but one that does not go far enough."

McConnell Expected To Improve Relations Between Pentagon and DNI. Newsweek (1/15, Hosenball, 3.12M) reports, "Intelligence insiders expect recent personnel shifts to strengthen the authority of the national intelligence director." DNI nominee Mike McConnell, "a retired Navy three-star admiral whose career path is similar to that of new CIA Director Michael Hayden, a four-star Air Force general." Defense Secretary Robert Gates "is expected to replace Defense Intelligence Under Secretary Stephen Cambone with another military man, retired Air Force three-star Gen. James Clapper." Newsweek adds that the DNI office "A big criticism was that, in the face of alleged obstruction by former Defense secretary Donald Rumsfeld, the intel czar's office had too little control over Pentagon intel agencies like the giant NSA. Assuming Clapper does become Pentagon intel chief, however, relations between Defense agencies and the intel czar's office may improve

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considerably: four intelligence officials, who asked for anonymity discussing intel issues, say that Clapper once angered Rumsfeld by telling Congress he would be comfortable if his NGA operation was moved out of Pentagon control and under direct control of the intel czar."

Democrats May Seek Access To White House Records On Katrina. Newsweek (1/15, Hosenball, 3.12M) reports, "One early indication of how aggressively Capitol Hill Democrats will investigate the Bush administration -- and how strongly the White House will resist -- will be how vigorously the new congressional majority pursues Katrina inquiries. Under GOP leadership, both House and Senate committees sought copies of Katrina records, but the White House declined to turn over messages between the president and his top advisers. According to a GOP investigator involved with the probe…Bush aides indicated that if Congress pressed harder, the White House was likely to claim such material was covered by executive privilege. But now that the Democrats have subpoena power, an effort to force the White House to turn over the messages is a 'possibility,' says a House Democratic source." Former FEMA administrator Michael Brown "told NEWSWEEK that in a still-secret videoconference shortly after Katrina hit New Orleans, he warned presidential aides that 90 percent of the city was being 'displaced,' but was greeted with 'deafening silence.'"

Invigorated Blue Dogs Plan To Challenge Liberals. U.S. News and World Report (1/15, Schulte, 2.03M) reports, "Veteran liberals such as House Speaker Nancy Pelosi and Charles Rangel, chairman of the House Ways and Means Committee, hold the party's reins, but their power is likely to be tested by a group far removed from the party establishment-conservative Democrats who are flexing newfound muscle. Eighteen of 41 incoming House freshmen joined the New Democrat Coalition and/or the Blue Dog Coalition, caucuses of pro-business and fiscally conservative Democrats, respectively. … Pro-technology and free trade, the New Democrats boast a few more members, but the budget-minded Blue Dogs may have more bite. Now 44 members strong, this conservative caucus looks to be a cohesive voting bloc on fiscal issues. It also claims some freshman stars, like former NFL quarterback Heath Shuler of North Carolina and former sheriff Brad Ellsworth of Indiana, both of whom won in GOP strongholds. … Showdowns are possible over some key Democratic initiatives, such as halving interest rates on student loans and reforming the alternative minimum tax."

Democrats Said To Have Brief Window Of Opportunity To Cement Majorities. U.S. News and World Report (1/15, Brush, 2.03M) reports, "Elected with a mandate to clean up Washington by a deeply disgruntled public, Democrats have a mighty task ahead and a plan to move quickly in the first few weeks. But their efforts are fraught with any number of challenges: holding the progressive and centrist wings of the party together, turning legislation into law with the slimmest of Senate majorities, and working with a president who has seen little resistance from Capitol Hill during his six years in office. How Democrats fare in the next few months -- before the presidential election begins to overwhelm Washington -- will help determine whether the party maintains control in 2008 and beyond. … First up, Democrats plan to pass their 100-hour agenda through the House before the president's State of the Union address on January 23." U.S. News and World Report's Gloria Borger (1/15) writes, "the now minority congressional Republicans are feeling liberated. The burden of trying to run a fractious Congress is gone. Now they get to become professional critics. No longer do they have to sweat to deliver a 'majority of the majority' to the White House for every big vote-including Iraq. They can be the opposition voice, the backbenchers, the unruly minority."

Survey Finds Much Of Ninth Ward Does Not Have To Be Rebuilt From Scratch. The Washington Post (1/8, A5, Burdeau, 690K) reports a survey by urban planners and students at Cornell, Columbia University and the University of Illinois has found that the neighborhoods in New Orleans' Ninth Ward "can be brought back largely as they existed before Hurricane Katrina flooded them. … The only section that must be demolished before being rebuilt lies directly next to the levee breach on the Industrial Canal, an area that covers less than a square mile in the Lower Ninth Ward, the planners said." Andrew Rumbach, a Cornell planner, said the research data shows that the area "can be rebuilt, and rebuilt in a cost-effective way. What is lacking are the resources."

WAR NEWS:

Bush Plan To Include "Surge," Aid, "Benchmarks" For Iraqi Leaders. More details are becoming known about President Bush's new Iraq strategy. The New York Times (1/8, A1, Gordon, Zeleny,

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1.16M) reports this morning Bush's "new Iraq policy will establish a series of goals that the Iraqi government will be expected to meet to try to ease sectarian tensions and stabilize the country politically and economically, senior administration officials said Sunday. Among these 'benchmarks' are steps that would draw more Sunnis into the political process, finalize a long-delayed measure on the distribution of oil revenue and ease the government's policy toward former Baath Party members, the officials said." The Times adds, "After meeting with the president and his national security team on Friday at the White House, senators from both parties said they told Mr. Bush they would have trouble supporting an American troop increase unless the plan included specific goals for the Iraqi government. Senator John E. Sununu, Republican of New Hampshire, said one of his Senate colleagues asked why the effort to add to American forces in Iraq would be more likely to succeed than previous troop increases. Mr. Sununu said the president and Stephen J. Hadley, the national security adviser, responded that Mr. Bush's plan would 'include more specific goals, different rules of engagement and different expectations for cooperation with the Iraqi government.'"

NBC Nightly News (1/7, lead story, 3:10, Corke, 9.87M) said, "Administration officials tell us when the President does speak about his plan, he will offer a balanced approach, one that clearly defines the future role for American forces in Iraq," and USA Today (1/8, Jackson, 2.27M) reports, "Bush is reviewing a plan that would send up to 20,000 more US troops to Iraq, a decision that would trigger heavy opposition from Democratic congressional leaders." The White House "plans a presidential address no sooner than Wednesday to discuss the proposal, which includes new programs for jobs, reconstruction and political assistance in Iraq, according to two administration officials who have been briefed on it." The "officials, who spoke on the condition they not be identified because the president has not made final decisions, said increases would come in phases that could add up to 20,000 troops during the next several months." The plan also "includes up to $1 billion in economic assistance, such as job creation and reconstruction projects, the officials said. It also calls for political assistance, including help for human rights groups and political organizations, in an effort to promote peaceful reconciliation among warring Shiite and Sunni factions."

Last night, ABC and NBC (CBS was preempted) ran analysis pieces that cast doubt on the usefulness of a troop "surge." ABC World News (1/7, story 2, 2:10, McCarthy, 8.78M) reported, "We had lunch with General Odierno. He's the top US military commander in Baghdad. He reckoned that US troops could come into Baghdad and in three or four months, restore relative peace and security and then start withdrawing and let the Iraqis take over. However, in the past when they've done that, that has never worked. And it's very unclear what has changed now that would make it work." And NBC Nightly News (1/7, story 2, 2:20, Seigenthaler, 9.87M) said "there are questions about whether…Bush's new plan will be embraced by the Iraqis who have a new plan of their own to secure Baghdad." NBC (Maceda) added, "Only months ago Iraqis welcomed another bold plan, Operation Together Forward. Despite the effort of 17,000 troops inside Baghdad it failed to stem the violence." In a similar report, the Christian Science Monitor (1/8, LaFranchi, 59K) reports "critics say" the "surge" option "would simply repeat past tactics that have not delivered," while "advocates of a big surge say it could be worse than nothing, only exposing more US troops to danger without providing the larger numbers they say are needed to get the job done of securing the civilian population."

Odierno Makes Case For New Strategy. The Los Angeles Times (1/8, Moore, 850K) reports Lt. Gen. Raymond T. Odierno, "the newly installed day-to-day commander of military operations in Iraq, said that success here would depend on a multi-pronged strategy including economic aid and political negotiations in addition to increased military actions targeting Shiite and Sunni Arab militants." Odierno, "who left his job as Secretary of State Condoleezza Rice's military advisor to become the operations chief for Iraq," said "more soldiers would speed the training of the Iraqi force and help quell sectarian fighting in the capital. He said bringing peace to Baghdad could be accomplished either with additional American troops or expanded recruiting and training of Iraqi troops or a combination of the two." USA Today (1/8, 5A, Jervis, 2.27M) notes Odierno "called for a 'balanced approach' targeting extremists of both sects. The new strategy would consist of clearing neighborhoods of insurgents and patrolling those areas heavily; creating more jobs; launching provincial elections; and outlawing militias, he said."

The New York Times (1/8, Burns, 1.16M) reports, "Meeting American reporters over lunch at a villa in the grounds of one of Mr. Hussein's former palaces…Odierno was careful not to divulge details of Mr. Bush's new war plan,

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which the president is expected to make public in coming days, perhaps on Wednesday." But "much of the Bush plan has been leaked."

Odierno's comments were noted by the two network newscasts that aired last night. ABC World News (1/7, story 2, 2:10, McCarthy, 8.78M) said, "We had lunch with General Odierno. He's the top US military commander in Baghdad. He reckoned that US troops could come into Baghdad and in three or four months, restore relative peace and security and then start withdrawing and let the Iraqis take over." NBC Nightly News (1/7, story 2, 2:20, Maceda, 9.87M) reported, "Speaking of Baghdad today, Lieutenant General Raymond Odierno, the number two commander in Iraq, explained why" past plans to address the violence failed: "It failed because we couldn't hold what we had cleared, and you have to go after both Sunnis and Shiites." The Washington Post (1/8, A12, Partlow, 690K) and McClatchy (1/8, Youssef) also report on Odierno's comments.

Scowcroft Offers Conditional Support For Targeted Surge. Former National Security Advisor Brent Scowcroft was asked on ABC's This Week (1/7, Stephanopoulos) if he would "advise sending more troops to Iraq right now," Scowcroft responded, "I believe, if there is a specific mission that they can accomplish and for a specific period, then it's worthwhile. … The mission would have to be some particular thing in Baghdad, for example. There's ethnic cleansing going on in Baghdad. If that can be stopped by a specific number of troops in a specific period of time, that would be demonstrable improvement. But just the increase -- general increase of troops spread out through all the missions that they have, I think would be -- would not be effective."

State Department Concerned By Bush Plan. The Financial Times (1/8, Dinmore) reports, "At the heart of…Bush's new way forward'…is the plan already under way to expand the US civilian presence across Iraq and complete the world's largest embassy in Baghdad. Construction of what critics call 'Fortress Baghdad' has led to arguments inside the State Department amid fears that the overwhelming diplomatic presence will perpetuate a sense of US occupation and become a focus of local anger." US diplomats "say that just as the armed forces are being stretched to breaking point, the US foreign service is suffering from low morale and operations in the rest of the world are being damaged by the diversion of resources to Iraq." Meanwhile, "the State Department has told the Financial Times that the US civilian presence in Iraq has 'grown considerably beyond the numbers projected for the new embassy compound.'"

Al-Rubaie Says Iraqis Have Plan To Crack Down On All Militias. CNN's Late Edition (1/7, Blitzer) interviewed Iraqi National Security Adviser Mowaffak al-Rubaie. Asked when the Iraqi military would "crack down on the various militias, especially the Mehdi Army of Muqtada al-Sadr," al-Rubaie said, "We have a full comprehensive plan for all militias, not only Mahdi militias, but all other militias we have a full comprehensive plan, and we have already started implementing this plan. But we are going to speed up this process in the year 2007."

More Commentary On Bush's Plan. The Wall Street Journal (1/8, 2.04M) editorializes, "Even with Democrats running Congress, Mr. Bush has a political window to pursue a more robust security strategy. The paradox is that the fastest way home from Iraq is a bolder commitment now. ... If anything, in Iraq it now appears [Bush] has been too deferential. He was telling the truth when he said his generals, and former Secretary of Defense Donald Rumsfeld, told him they had enough troops to do the job." The Journal adds, "We hope Mr. Bush also refrains from using the words 'surge' or 'temporary' to describe his plans this week. A better message is that he will do whatever it takes to reinforce the forces of moderation and democracy in Iraq to prevent a defeat that would empower American enemies in Iraq and in the war on terror. ... The tragedy nearly four years after the fall of Saddam is that such a strategy has never been tried."

The Weekly Standard's William Kristol, appearing on Fox News Sunday (1/7, Hume), said, "Bush has chosen to change strategy in Iraq in a way that I think makes sense. The new rationale for the new strategy has been laid out in great strength by retired Army Chief of Staff Jack Keane, and Fred Kagan, and now I think David Petraeus." Asked if 20,000 troops is likely to be enough to make a difference, Kristol replied, "The Keane and Kagan plan calls for four or five brigades in Baghdad and one or two Marine regiments in Anbar, which will be a little more than 20,000. They may phase them in. So it might start with 20,000. But look, Dave Petraeus is going to take over. And he's committed. He's taking over with a mission: win the war. And if he comes back to the president a month from now, when he's in command on the ground and says, 'let's accelerate the surge'…which I think would be a good idea, frankly, frontload the surge -- it could be 30,000 or 35,000 troops."

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In an op-ed for the Wall Street Journal (1/8, A17, 2.04M) Bing West, former assistant secretary of defense, and Eliot Cohen, professor of strategic studies at Johns Hopkins School of Advanced International Studies, write, "The apparent problem is uncontrolled sectarian violence in Baghdad and the apparent solution is to send more American soldiers to restore order. The actual problem is a dysfunctional, sectarian Iraqi political system. Here at home, the imminent debate between the Congress and the administration about the number of American forces is a diversion. … The much-debated 'surge' would only modify our current strategy,"

In an op-ed for the Washington Post (1/8, A15, 690K) Gen. Wesley Clark, former NATO Supreme Commander, writes, "The odds are that this week President Bush will announce a 'surge' of up to 20,000 additional U.S. troops into Iraq. Will this deliver a 'win'? Probably not. But it will distract us from facing the deep-seated regional issues that must be resolved. … What the surge would do is put more American troops in harm's way, further undercut the morale of U.S. forces and risk further alienating elements of the Iraqi populace."

The Washington Post's Jackson Diehl (1/8, A15) writes, "The new plan for Iraq that President Bush will announce this week will suffer from the same fallacy that has infected each of his previous war strategies. … That is, the notion that American action can produce decisive results in Iraq in six to 12 months." Diehl adds, "the question the country faces is not what can be done on Washington's time, in six or 12 months. It's how the U.S. mission can be configured to adapt to the clock that's running in Iraq."

The New York Times' Paul Krugman (1/8) writes, "The only real question about the planned 'surge' in Iraq — which is better described as a Vietnam-style escalation — is whether its proponents are cynical or delusional."

Boston Globe (1/8, 413K) columnist James Carroll writes, "With his lies at the beginning of this war, and his fantasy now that an honorable outcome remains possible, the president is a taunting killer, caught in the act. ... Stop this man."

The Philadelphia Inquirer (1/8, 385K) editorializes, "New nameplates on desks need to be accompanied by new and better plans for stabilizing and exiting Iraq, for carrying out diplomacy around the world, and for more fully coordinating U.S. intelligence gathering. ... Bush's own statements and leaks about this week's announcement suggest that he still hasn't gripped the reality that the earlier U.S. goal - to turn Iraq into a stable democracy - is now unachievable. ... Simply looking into Iraqi President Nouri al-Maliki's eyes to see whether he is sincere about disbanding Shiite death squads won't work either. Bush ought to listen to the Baker-Hamilton commission's suggestions to beef up the training of Iraqi security forces, and hold talks with regional neighbors, including Iran and Syria, who can influence the outcome in Iraq."

"Soft Partition" Of Iraq Suggested. In an op-ed for the Washington Times (1/8, 88K), Johns Hopkins visiting scholar Edward Joseph and Brookings fellow Michael O'Hanlon suggest, "Many have already concluded our backup plan for Iraq should be packing up and going home -- or, at most, redeploying to Iraq's borders to protect displaced civilians and deter its neighbors from entering into the civil war. But there is at least one promising Plan B that, while hardly ideal, would be far better for America, Iraq, and the broader region than complete defeat, all-out civil war, and the possibility of broader regional conflict. It would build on Sen. Joe Biden and former Assistant Secretary Leslie Gelb's idea of a soft partitioning of Iraq -- moving away from centralization toward a loose federation (akin to Bosnia) of three largely autonomous regions in which present and future oil revenues would be shared equitably. But it would go beyond Biden/Gelb to confront directly the sectarian strife now raging in and around Baghdad. Rather than striving for a 'neutral Baghdad' as Mr. Biden and Mr. Gelb propose, the Iraqi government would assist threatened minorities relocate to where they feel safer -- helping them find new jobs and housing in the process. This is in effect the Bosnia model for Iraq."

Pelosi Suggests Democrats Could Withhold Funding For Troop "Surge." As President Bush prepares to announce his new strategy for Iraq, ABC World News (1/7, lead story, 3:20, Harris, 8.78M) reported "the new Speaker of the House, Democrat Nancy Pelosi, flexed some new political muscle. Speaker Pelosi raised the possibility that the Democrats could withhold money for the expected centerpiece of the President's plan, sending more troops to Iraq." ABC (Morrell) added, "With Democrats now in control of Congress, and of funding the war in Iraq, they have the power to thwart the President's new strategy. And today, for the first time, the new Speaker of the House warned Congress

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may not foot the bill, if the President, as expected this week, orders thousands more troops to Iraq."

Pelosi, on CBS's Face the Nation (1/07, Schieffer) said, "If the President chooses to escalate the war, in his budget request we want to see a distinction between what is there to support the troops who are there now. … But if the President wants to add to this mission, he is going to have to justify it. And this is new for him because up until now the Republican Congress has given him a blank check with no oversight, no standards, no conditions. … It's not an open-ended commitment anymore." Pelosi added, "There is complete chaos now. … Right now, the war in Iraq is harming our military readiness." The AP (1/8, Yen) reports that "asked about Pelosi's remarks, White House spokesman Alex Conant said Bush welcomed any ideas on Iraq that 'lead to success.'" He added, "We're glad the speaker wants us to succeed in Iraq."

The Washington Times (1/8, Pfeiffer, 88K) reports Rep. David R. Obey, Wisconsin Democrat and House Appropriations Committee chairman, "echoed his party leader's warnings and some of her wording, saying, 'There are certainly going to be no blank checks' from his panel." Added Obey, "I think we're going to scrub his request and, at the same time, use it as a chance to really discuss whether or not the policy behind that request makes any sense."

The Los Angeles Times (1/8, Pasternak, 850K) notes "the Democratic leaders also acknowledged that they had a limited ability to prevent the White House from adding forces. Any effort to block funding would expose them to charges of not supporting the troops. And since Congress authorized the use of force in Iraq, placing restraints on that approval could be unconstitutional." Pelosi "emphasized that Congress would not cut off funding for US forces now in Iraq, and said that Democrats supported the president's proposal to increase the overall size of the Army and the Marine Corps." But the Washington Times/UPI (1/8, Waterman) reports "Democrats who want to block any proposed escalation in US troop levels in Iraq have the constitutional authority and the legal power to do so, scholars says. 'It's a fundamental constitutional principle that Congress can initiate and regulate war,' said Neil Kinkopf, a law professor at Georgia State University in Atlanta." Kinkopf, "a former Clinton administration Justice Department official who worked in the Office of Legal Counsel, presented a paper for the liberal American Constitution Society last week arguing that Congress has the power to stop President Bush from sending additional troops to Iraq -- a move many expect him to announce this week."

NBC Nightly News (1/7, lead story, 3:10, Corke, 9.87M) noted that in appearances yesterday, Democrats "sharpened their criticism" of Bush's expected Iraq plans. One reason for that, says today's Boston Globe (1/8, Klein, 413K), is that "antiwar activists in the Democratic Party are stepping up demands that their party's leaders cut off funding for the war -- a dramatic step that would force the president to quickly end American involvement in the war. … The push by liberals underscores a split within the Democratic Party that winning the majority in Congress hasn't healed. Democrats are caught between a desire to support US troops and appear strong on national security and a sometimes competing push to end an increasingly unpopular war."

CNN's Late Edition (1/7, Blitzer) interviewed Rep. Dennis Kucinich, who said, "Given a choice between using the money to bring the troops home or using the money to continue the war, I think the American people want a process to begin that will bring our troops home. … What we need to do is, as we announce that we're going to withdraw, we also enable a political process to be started that begins the transition to an international security force."

Democrats To Hold Iraq Hearings This Week. The Washington Post (1/8, A4, Weisman, 690K) reports, "Democratic leaders who had hoped to emphasize their domestic agenda in the opening weeks of Congress have concluded that Iraq will share top billing, and they plan on aggressively confronting administration officials this week in a series of hearings. Pushed by House members who want a quick, tough response to the Iraq strategy President Bush is expected to announce this week," Pelosi "has backed off from her initial assertion that nothing should detract attention from the legislation she hopes to pass in the first 100 hours of House debate." The Post adds, "Late last week, she summoned the chairmen of the Armed Services, Foreign Affairs, intelligence, Homeland Security, and Oversight and Government Reform committees to plot a series of hearings. On Thursday, Democrats will call Secretary of State Condoleezza Rice to appear before the House Foreign Affairs Committee to defend the war-strategy shift Bush will outline in a nationally televised speech. A House Armed Services Committee hearing with Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, planned for Jan. 19 was abruptly moved to this Thursday after consultations with Pelosi."

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The Christian Science Monitor (1/8, Chaddock, 59K) says that "oversight hearings convening across Capitol Hill, beginning this week, mark an escalation in congressional opposition to the war, including among members of the president's own party." The Monitor adds, "Leading off this month's blitz of Iraq hearings, the Senate Foreign Relations Committee is set to convene a closed intelligence briefing Tuesday afternoon. In all, it plans a dozen hearings on the war this month."

Waxman Characterizes Iraq Spending Audits As "Very, Very Frightening." Rep. Henry Waxman, on ABC's This Week (1/7, Stephanopoulos), said that his "top priority" as chairman of the House Government Reform Committee "is to make sure that taxpayers' funds are no being wasted, that there's no fraud and abuse. These are the taxpayers' dollars, and what we've seen so far in Iraq, according to the government's own auditors, is billions of dollars that have gone to waste and corruption and graft. We're going to look into that more carefully. Only a small part of the money spent in Iraq has been audited, but what we've seen is very, very frightening."

Bush Seen As "Determined To Defy" Opposition To Sending More Troops. Newsweek (1/15, Darman, Wolffe, Thomas, 3.12M), in an article on the Iraq stances of GOP Sens. John McCain and Chuck Hagel, reports that President Bush "seems determined to defy his detractors, not to mention popular opinion. This week Bush is expected to announce a 'New Way Forward' on Iraq that will call for more troops to try to bring order and political stability to Baghdad. … To Bush's many critics, like Hagel, the new Iraq strategy adds up to a waste of more American lives. To Bush's smaller and dwindling band of supporters, like McCain, failure in Iraq is unthinkable. And if duty requires more sacrifice, then so be it. A senior Bush aide, who declined to be named discussing internal White House strategy, tells NEWSWEEK that the president's way-forward plan will be a middle-road approach that falls somewhere between McCain's and Hagel's positions. He will call for a staggered troop increase based on benchmarks for the Iraqis' performance."

Newsweek (1/15, Johnson, 3.12M) reports Bush's speech "laying out his new strategy for Iraq will be scrutinized for its specifics. … But at least as critical to success may be whether Bush is convincing. A draft report recently produced by the Baghdad embassy's director of strategic communications Ginger Cruz and obtained by NEWSWEEK makes the stakes clear: 'Without popular support from US population, there is the risk that troops will be pulled back ... Thus there is a vital need to save popular support via message.' Under the heading DOMESTIC MESSAGES, Cruz goes on to recommend 16 themes to reinforce with the American public, several of which Bush is likely to hit: 'vitally important we succeed'; 'actively working on new approaches'; 'there are no quick or easy answers.'"

Insiders "Suspect" Rove Crafted Bush's Response To ISG. U.S. News and World Report's "White House Week" feature (1/15, Walsh, Bedard, Mulrine) reports White House adviser Karl Rove "is showing no signs of leaving, as some had predicted. Indeed…Rove is as aggressive as ever in making policy arguments-his main theme being that Republicans lost the congressional elections because they didn't sufficiently live up to their core conservative ideals. And his influence is still pervasive, sources say. For instance, GOP insiders suspect that Rove had a big hand in distancing Bush from the Iraq Study Group because he believed the bipartisan panel was too critical of current Iraq policy. Rove, aides say, believes that victory is still achievable and that Bush should pursue it as vigorously as he can."

Democrats Not Expected To Block Iraq War Funding Requests. Newsweek's Howard Fineman (1/15) writes Sen. Barack Obama "says that sending more troops would be 'a mistake that compounds the president's original mistake.' But don't expect Obama -- or most other Dems -- to try to block George W. Bush when he asks Congress in the coming weeks for another billion-dollar bundle for the war. The party won't deny the funds, and may not even try to attach conditions to them. Obama made that clear last week when I saw him in his office. … Party leaders (especially Nancy Pelosi) fear being branded as 'weak on defense' if they kicked off in Congress with antiwar maneuvers." U.S. News and World Report's "White House Week" feature (1/15, Walsh, Bedard, Mulrine) reports President Bush's "strategists say he has a lot more latitude in setting a new policy than his antiwar critics realize -- at least for the next few months. 'The Democrats are going to be in a real bind,' says a Republican insider with close ties to the White House. 'The president will come out with a strong plan to get order in Baghdad, and if the Democrats do anything to undermine or block it, it will look to Americans as though they wouldn't give his plan a chance.' The strategist predicts that 'their tendency will be to

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give the president a free hand and blame him if doesn't work.'"

U.S. News and World Report (1/15, Kingsbury, 2.03M) reports House Democrats "have promised hearings into how the war in Iraq has been handled, with scrutiny in a range of committees expected to turn on contractor oversight, force readiness, and the president's forthcoming plan in Iraq. Over on the Senate side, expect three hearings on Iraq this month alone. And Congress will almost certainly consider expanding the size of the Army and Marine Corps, a measure that is expected to receive broad support on both sides of the aisle." Sen. Patrick Leahy "wants to crack down on war profiteering, and he's promising to implement the Iraq Study Group recommendations to develop the devastated country's judicial system and train its police force." U.S. News and World Report's Brian Duffy (1/15) reports, "Democrats promise vigorous oversight, and given their all-but-total abdication on the issue heretofore and the administration's abject mismanagement of postwar operations there, that's as it should be. Obsession with toll-taking alone, however, would be a mistake."

Provincial Shiites Rely On Mahdi Army To Provide Security. U.S. News and World Report (1/15, Mulrine, 2.03M) reports, "Shiite militias have been called into Baqubah at the behest of beleaguered Shiites, often arriving from strongholds such as Baghdad's Sadr City to provide protection against a Sunni insurgency that has driven thousands of Shiite families from their homes. 'The Shiites get pushed around by Sunnis, and JAM shows up,' says the officer. JAM, or Jaish al-Mahdi, is also known as the Mahdi Army militia, which is loyal to Moqtada al-Sadr,

Will Says Saddam's Execution Exposed Iraq's "Barbaric Sectarianism." In his column for Newsweek (1/15, 3.12M) George Will writes, "The hanging of Saddam Hussein…may have been a tipping point. The video, which The Economist said resembled 'the sordid snuff videos circulated on the internet by al-Qaeda,' may have been, in the scheme of things, just a straw. But coming when it did, it was, for many Americans, perhaps the last straw. In it, they recognized how far into the abyss Iraqi political culture has fallen. The hanging was conducted in the presence of taunting adherents of Moqtada al-Sadr, the loutish cleric whose militia, the Mahdi Army, is a prime example of why post-Saddam Iraq is a thugocracy. The hanging was an episode of bloodthirsty primitivism in the service of barbaric sectarianism. Which is to say, the hanging was an accurate expression of Iraq's civic culture."

Meanwhile, U.S. News and World Report's Fouad Ajami (1/15) writes, "There was mayhem at the gallows, and there was justice at the gallows. … It was said in the Sunni strongholds of Iraq, and in the Arab capitals, that it had been bad form that the dictator had been dispatched at dawn, on the first day of Id al-Adha" but "those protests came from people who had never shed a tear for Saddam's victims. Their loyalties are atavistic: They are motivated by a dread of the Shiites, and by a reflexive, unthinking anti-Americanism."

Lawmakers Break Largely Along Party Lines On "Surge."

NBC Nightly News (1/7, lead story, 3:10, Corke, 9.87M) reported the expected "surge" proposal "sparked heated debate among lawmakers on Capitol Hill" on the Sunday morning political talk shows. Democratic Sen. Joseph Biden was shown saying, "Think about this: Nobody, nobody, has recommended what the President is about to do." Republicans "say more troops are needed." GOP Sen. Lindsey Graham said, "The biggest mistake we could make is to repeat the mistakes of the past and not have enough people on the ground to make a difference."

Asked on NBC's Meet the Press (1/7, Russert) for his response to Bush's anticipated "surge" proposal, Biden said, "There's not much I can do about it. Not much anybody can do about it. He's commander in chief. If he surges another 20, 30, or whatever number he's going to, into Baghdad, it'll be a tragic mistake, in my view, but, as a practical matter, there's no way to say, 'Mr. President, stop.' … I've drafted a resolution of disapproval that is just hortatory, it's – to send to the Senate to try to convince the president that there are significant numbers and members of the United States Senate who think this proposal is a mistake, and hopefully force him to reconsider it."

Graham, on NBC's Meet the Press (1/7, Russert), predicted that "there'll be a lot of support by Republican members. … Even though it may not be politically popular for the moment, I think it is in our best interests long term." Graham added, "The reason Senator McCain and Lindsey Graham and a few others are supporting this when 14 percent of the public supports us, and 80-something percent is against us, is we're thinking about the consequences of a failed state in Iraq. That's more important than 2008. We cannot let this country go into the abyss. Now is the last chance and the only chance we have left to get this right. …

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The biggest mistake we could make as a nation is to listen to Pelosi and Reid doctrine of withdrawing without wondering what happens when we leave."

South Carolina's The State (1/8, Rosen) notes Graham's comments this morning, adding the senator "has broken with Bush on key national security issues in the last two years, most prominently over how the United States should interrogate and prosecute accused terrorist detainees." Now "his support for Bush's anticipated plan to send more troops to Iraq places him at odds with other prominent GOP senators. Sen. Richard Lugar, an Indiana Republican who was replaced by Biden as head of the foreign relations panel, has declined to endorse a troop increase; GOP Sen. Chuck Hagel of Nebraska, also eyeing a White House run, called the increase 'folly' and 'Alice in Wonderland' last week."

With the exception of GOP Sen. Trent Lott, who on CNN's Late Edition (1/7, Blitzer) would not commit to backing Bush's expected "surge" plans, lawmakers broke along party lines on the Sunday talk showed. Said Lott, "I want to see what the [President's] plan is. I think it makes sense to wait. I think a lot of people are anticipating everything the President may propose. They may be surprised."

As the Washington Post (1/8, A4, Tyson, 690K) notes "Republican lawmakers…voiced general support for the Bush plan as outlined, although they acknowledged it will be controversial and unpopular." For example, asked on Fox News Sunday (1/7, Hume) if he believes his Republican Senate colleagues will "go along" with Bush's plan, Sen. Mitch McConnell predicted, "There will be some who will and some who won't. … At the end of the day, though, I don't think Congress will cut off money for the troops. Congress is incapable of micromanaging the tactics in the war. And even though this will be a controversial step, I think the president will be able to carry it out, and I hope he'll be successful. … I don't think the President should be criticized for, A, recognizing that things were not going well and, B, making substantial changes in order to achieve the goal."

CNN's Late Edition (1/7, Blitzer) interviewed Minority Whip Roy Blunt, who said, "I think it's a huge mistake…to begin to jump to the commander in chief's job as a member of Congress. And I think my friends Nancy [Pelosi] and Harry [Reid] are making that mistake by thinking they can strategize what's the best thing to happen. What's more important is the mission. And that's what I'm interested in hearing the president talk about is the mission."

CNN's Late Edition (1/7, Blitzer) interviewed Sen. Barbara Boxer, who said, "The Congress ought to have a chance to look at this. And frankly, I'd like to have a vote on this, you know, whether we want to escalate the number of troops in there. My own view is, that's the wrong way to go."

Rep. Steny Hoyer, on Fox News Sunday (1/7, Hume), noted that Democrats "see this simply as an escalation and not a change. Essentially, we've gone up and down on troop levels before. We did so just recently. And when we sent troops into Baghdad, we sort of had community-by-community success but a general escalation, both in violence, sectarian confrontation, and loss of life. So we don't see this as a new policy, and I think it's going to be greeted with great skepticism."

Rep. Charles Rangel, on ABC's This Week (1/7, Stephanopoulos), commented, "I think the public is way ahead of the Congress in saying enough is enough. And the whole idea that we're supposed to tell our children to put themselves in harm's way in order to support a surge, which generals say have nothing to do with the military victory, is going to undercut the President even further."

McCain, Hagel Offer Sharply Different Assessments Of "Surge" Proposal. Newsweek (1/15, Darman, Wolffe, Thomas, 3.12M), in an article titled, "McCain vs. Hagel: Two Views on the War," notes, "War itself is a foreign concept to many solons of Capitol Hill; a small number—perhaps as few as 25 out of 535—have come under fire in combat." Sens. John McCain and Chuck Hagel "are obvious and visible exceptions. … Both men have seen the face of war up close. But on the question of the Iraq war, they are almost mirror opposites." Hagel "is almost angrily dismissive of the idea of sending an additional 10,000 to 20,000 troops to Iraq. … 'will guarantee that there's going to be a lot more American casualties. And there's going to be a lot more animosity by the Iraqis.'" McCain, "by contrast, was almost dispassionate when he told a NEWSWEEK reporter that he wishes to expand the war in Iraq. His attitude was coolly self-assured. 'All of us establish records,' he says about his repeated calls for more troops in Iraq. 'If I was wrong in the beginning, my credibility might be somewhat less now.' McCain suggests that the Bush administration…should have listened to him all along. 'I hate to sound so 'I told you so,' but I've been saying we've got to have a larger Army and Marine Corps for a long, long time.'" Newsweek adds, McCain "can sound a little matter-of-fact about sending young people off to combat."

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Hagel Said To Have Appeal To Conservative Primary Voters. Newsweek's Jonathan Alter (1/15) writes, "The most stunning thing about the Republican campaign so far is the vacuum on the right. While McCain, Rudy Giuliani and Mitt Romney (a moderate Republican until five minutes ago) battle over the centrists in the party, the conservative base that actually determines the nomination remains forlorn. … Pooh-bahs in both parties have convinced the candidates that they have to raise $100 million this year to be competitive. This is nonsense in the Internet age, peddled by consultants who need that booty for their own pockets." Sen. Chuck Hagel "might not run" but "if he does…would be formidable."

Fallon Seen As "Experienced" Officer And Diplomat. The New York Times (1/8, Shanker, 1.16M) reports in a positive article, "A range of military officers at the Pentagon noted that if Adm. William J. Fallon was confirmed by the Senate to the Central Command position, he would be not only the first naval officer to command the region, but also a four-star officer moving between regional combatant commands. Often, such posts are given as promotions to three-star officers." "Senior" sources "said Defense Secretary Robert M. Gates's recommendation of Admiral Fallon, currently in command of all American forces in the Pacific, reflected a wish for seasoned eyes on Afghanistan and Iraq as well as a new focus on regional initiatives to reassure allies and deter adversaries, in particular Iran." Fallon has been both "diplomatic" and "tough" in his Pacific duties: "he volunteered" to apologize to Japan in 2001 after a US submarine accidentally sank a Japanese ship; on the other hand, in the Philippines, "he took the unusual and punitive move of canceling a large annual field exercise with the Philippines over a local judge's failure to honor the bilateral treaty governing protections for American military personnel." The Times predicts that he "can be expected to pay great attention to the missions in Iraq and Afghanistan, but to leave day-to-day operations to the senior commanders on the ground in Baghdad and Kabul, similar to his current relationship as Pacific regional commander to the four-star Army officer in charge of forces just in South Korea."

US, Iraqi Forces Launch "Thundering" Assault On Insurgents. The Los Angeles Times (1/8, Zavis, 850K) reports, "Bombers, fighter jets and attack helicopters unleashed a thundering attack today as U.S. and Iraqi soldiers closed in on a web of sunken irrigation canals east of Baghdad, where they believed Sunni Arab insurgents were massing. The pre-dawn strikes shook the ground and sent orange fireballs and thick smoke into the sky. ... About 1,000 U.S. and Iraqi troops are participating in the assault, which includes attack helicopters, tanks and Humvees. Over the past four days, columns of soldiers have pushed through hamlets populated by wheat farmers and sheep herders in a methodical sweep to clear an area full of spider holes, secret tunnels and weapons caches. ... The region is a stronghold of the powerful Al Daini tribe, which includes many disaffected former officers from Saddam Hussein's army."

Five More US Soldiers Killed In Iraq. The AP (1/8, Frayer, Mattar) reports, "The U.S. military said three airmen were killed in Baghdad Sunday by a car bomb, a soldier was killed by small arms fire in Baghdad a day earlier, and another soldier died in combat in western Anbar province on Friday. A British soldier also died in a traffic accident. ... A new battle for Iraq's capital was under way with Iraqi forces mired in gunfights with insurgents and U.S. helicopters hovering over an area where some 30 people died in fighting the previous night."

Nearly 23,000 Iraqis Said To Be Killed In 2006. The Washington Post (1/8, A1, Raghavan, 690K) reports, "More than 17,000 Iraqi civilians and police officers died violently in the latter half of 2006, according to Iraqi Health Ministry statistics, a sharp increase that coincided with rising sectarian strife since the February bombing of a landmark Shiite shrine. In the first six months of last year, 5,640 Iraqi civilians and police officers were killed, but that number more than tripled to 17,310 in the latter half of the year, according to data provided by a Health Ministry official with direct knowledge of the statistics. ... Last year's spike in casualties occurred despite an ambitious U.S. military operation in the capital, Together Forward ... Iraq's death toll from violence is controversial because it provides a vivid report card on the difficulty of U.S. and Iraqi efforts to bring order to the country. Neither the U.S. government nor the military provides death totals for Iraqis." Although Health Ministry statistics are considered more reliable, "because they are based solely on death certificates ... The ministry is under the control of the Shiite religious party of Moqtada al-Sadr, whose Mahdi Army militia is behind much of the sectarian killing."

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Increased Violence Slows Supply Lines In Iraq. The Christian Science Monitor (1/8, Barrett, 59K) reports from the Kuwaiti-Iraqi border, "More than 200 18-wheelers wait to cross into Iraq. Braving Sunni insurgents, Shiite militias, and criminal gangs, these trucks are vital links in the supply chain that keeps some 130,000 US military personnel in Iraq afloat. ... A stark reminder of the perilousness of the 400-mile journey from here to a US logistics hub in Iraq came last week in a videotape of five kidnapped security contractors." Violence has increased on the route; "It's worse than before ... [the trucks] come under fire more frequently," said an anonymous Pakistani businessman. The Monitor adds, "And with the possibility of increasing US forces by some 20,000 combat troops seeming more likely, the supply route from Kuwait will be ever more vital." British professor Paul Rodgers "says that a more substantial US combat presence in Iraq could cause insurgents to avoid direct confrontation and intensify attacks on supply lines."

Two More Saddam Co-Defendants Await Execution. The AP (1/8, Frayer, Mattar) reports, "Two of Saddam Hussein's co-defendants were taken from their cells and told they were going to be hanged on the same day the former dictator was executed, their lawyer said Sunday. But the two condemned men still await death as Iraqi officials decide how to avoid the kind of outcry that followed Saddam's hanging on Dec. 30." The two are "Saddam's half brother and former intelligence chief Barzan Ibrahim and the former head of Iraq's Revolutionary Court, Awad Hamed al-Bandar." A defense attorney for them said of the delay, "Their execution should be commuted under such circumstances because of the psychological pain they endured as they waited to hang." Human Rights Watch "said the speedy trial and subsequent execution of Saddam and those planned for Ibrahim and al-Bandar illustrated the Iraqi government's disregard for human rights."

Professor Decries Saddam's Hanging. In an op-ed for the Wall Street Journal (1/8, 2.04M), medical professor Abraham Verghese writes, "Saddam's hanging disturbs us because it was perverse, vengeful, furtive, hasty, carried out under cover of darkness and in front of a hoarse, excitable male audience who acted as if they were at a carnival, or, to be more precise, as if they were at a lynching. ... With the video I felt just as I did as a child witnessing an actual hanging: That the condemned man gets perverse revenge because there is a shame that accompanies such a spectacle; it spreads and stains all who are there, all who drive by, all who watch it on television, or who, like me, download it with a click of the mouse; the killer being executed has suddenly become noble, and turned us into killers."

UK's Brown Suggests Iraq Policy Shift. The AP (1/8, Stringer) reports, "Treasury chief Gordon Brown, expected to succeed Tony Blair as prime minister by September, suggested Sunday that he will pursue an Iraq policy that is more independent of Washington than the current government. Brown ... promised to be 'very frank' with President Bush. He also said that Britain is likely to scale down its commitment of troops to Iraq over the next year — even as the White House is considering dispatching thousands more, at least temporarily." Brown's comments on BBC radio "seemed intended to distinguish himself from Blair, who has been criticized in Britain for his strong support for Bush and the war, both unpopular here."

US Agencies Lack Adequate Number Of Arabic Speakers. ABC World News (1/7, story 10, 3:00, Harris, 8.78M) reported, "As the nation debates what to do next in Iraq, tonight, we spotlight one enormous and often overlooked obstacle, a drastic shortage of Americans who speak Arabic. The recent report from the Iraq Study Group found that of the 1,000 Americans at the US Embassy in Baghdad, only 6 are fluent in Arabic. Many critics ask, 'If we can't speak the language in Iraq, how can we improve things?'" ABC noted that "although more and more Americans are studying Arabic at home and abroad…only 10% of US colleges offer Arabic courses. Soldiers heading to Iraq try to learn a few phrases. But critics say the lack of Americans fluent in Arabic is making the US problems in Iraq immeasurably worse." Meanwhile, critics say "that the government needs to make a massive investment in training Arabic speakers, as it did during the cold war training Russian speakers."

Iraqi Soccer Suffers From War Too. The New York Times (1/8, Semple, 1.16M) reports, "Soccer has become an escape from the uncertainty and violence of life, a source of camaraderie and even a binding force of nationalism in a country riven by sectarianism. ... Despite the national team's successes abroad, the sport at home has been fraught with the same uncertainties as the rest of Iraqi

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life. The professional league halted at the 2003 invasion; play was not resumed until late 2004. Though the stadiums remain remarkably free of violence, fear of attacks has cut into attendance. Ticket revenues and government support have declined, and the stadiums and practice facilities are in poor shape. The best players have fled abroad, seeking safer conditions and more lucrative contracts. ... In recent months, athletes and sports officials have been shot and kidnapped."

Newborn Babies, Women Killed In Taliban Attack. The New York Times (1/8, Wafa, 1.16M) reports, "The Taliban appeared to be resuming their campaign of violence after a week of quiet over the Islamic festival of Id al-Adha. Two newborn babies, their mother and a grandmother were killed in a roadside bombing in eastern Afghanistan as they were returning home from the hospital on Sunday, said the provincial police chief of Khost, Muhammad Ayub, who called the attack 'inhuman.' ... More than 600 civilians have been killed in the past three years, including those killed as a result of operations by NATO, American and Afghan troops as well as attacks by the Taliban and Al Qaeda, the Afghan Independent Human Rights Commission reported Sunday. The commission appealed for the military to take more care to avoid civilian casualties and called for compensation to be given to the victims' families."

LATimes Weighs In On Watada Trial. The Los Angeles Times (1/8, 850K) editorializes about the Watada court-martial, "Army 1st Lt. Ehren Watada may or may not have a good claim for conscientious objector status. ... But Army lawyers are overreaching when they try to prosecute their case by drafting reporters. ... The Army has his statements, but it subpoenaed reporters to authenticate that he, in fact, said what is in print and on tape. ... No prosecutor should be able to conscript any reporter into being a deputy by compelling testimony about a statement made by a source -- or go fishing for information beyond what a reporter presents in a story --unless it's absolutely vital to protect US citizens from crime or attack."

CORPORATE SCANDALS:

Jobs May Still Face DOJ Scrutiny In Apple Options Probe. Bloomberg (1/8, Gullo, Guglielmo) reports, "Apple Computer Inc. Chief Executive Officer Steve Jobs, exonerated by the company's board last month in a stock-options scandal, may still face scrutiny from U.S. investigators." Bloomberg continues, "The Securities and Exchange Commission and the Department of Justice may question Jobs as they probe whether current and former Apple executives, directors and others committed fraud by backdating some stock-option awards to inflate their value, said criminal defense attorneys who formerly worked at those agencies." Bloomberg adds, "Apple said Dec. 29 that 6,428 stock options issued between 1997 and 2002 were backdated. That included one grant to Jobs marked as approved at a special board meeting that never occurred. Jobs recommended some favorable dates on options other than his own. Apple, which found 'no misconduct' by Jobs, didn't say which options the CEO backdated or why it faked a board meeting. … 'The SEC and the Justice Department are not bound by the company's conclusions,' said San Francisco-based attorney Jahan Raissi, a former senior counsel in the SEC's enforcement division. 'They have far more powerful tools to force people to talk to get information.'" Bloomberg notes, "Cupertino, California-based Apple, maker of the iPod music player and Macintosh computer, is among the largest of the more than 195 companies embroiled so far in a stock-options scandal that broke last year. … Prosecutors will want to know what Jobs, 51, was told in meetings and in telephone calls and if any advice was given to him by outside attorneys, said Robert Mintz, a white-collar criminal defense attorney in Newark, New Jersey, and former assistant U.S. attorney in New Jersey. … A person familiar with the matter said Oct. 5 that federal prosecutors in San Francisco are investigating Apple's backdating of stock options. … The computer maker's revelation that Jobs chose some of the dates for options grants will prompt investigators to explore his role, said William Portanova, a white collar criminal defense attorney in Sacramento, California, and former U.S. prosecutor in California."

Apple Probe Investigator May Have Had Conflicts. USA Today (1/8, 2B, Farrell) reports, "One of the directors in charge of Apple's internal investigation into backdated stock options ran a computer reseller that accounted for about $600 million worth of Apple sales from 2000 to 2003. … That financial relationship, even though it no longer exists, should have disqualified director Jerome York from the assignment, say two corporate governance experts." USA continues, "York, an Apple director for the past 10 years who chairs the board's audit and finance committee, was one of three board members on a committee that oversaw last year's probe into

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the company's improperly awarded options grants. … In January 2000, York led an investor group that paid more than $700 million to buy Micro Warehouse, a distributor of Macintosh computers and related products. York became chairman and CEO." USA adds, "Over the next three years, according to Apple's filings with the Securities and Exchange Commission, Apple drew about 3% of its annual net sales from Micro Warehouse. York sold the company's assets to CDW in September 2003 for $22 million. … In addition to the history of his business relationship with Apple, York faced another conflict in overseeing the special probe: He sat on Apple's compensation committee during part of the time when Apple now says options were backdated. Apple said York recused himself from that part of the probe. … As head of the compensation committee, York had approved some of the grants that were investigated."

Apple Attorney Who Backdated Options Was Quietly Fired. The California Recorder (1/8, Scheck) reports, "Steve Jobs is an ideas guy. He wears jeans, grows beards and orates to cheering throngs at events like this week's MacWorld conference. … Jobs' biographers say evidence indicates that he's a pescetarian. He went to India. He takes only $1 a year in salary. And he leaves it up to other people to award him hugely valuable piles of stock in Apple Computer, where he's the CEO." The Recorder continues, "People like Wendy Howell, the former in-house Apple lawyer responsible for option paperwork, probably won't be attending Jobs' eagerly awaited MacWorld speech Tuesday. Late last year, she became the lone person to lose her job as a result of the company's well-publicized options problems. … Howell's name hasn't been publicly mentioned in the Apple options mess, and her firing wasn't disclosed by the company in its series of public disclosures of options problems. … But she was the person who filled out the paperwork on a 2001 option award to Jobs that has grown infamous since just after Christmas, when Apple acknowledged that the value of the grant was artificially pumped up via a set of fabricated meeting minutes." The Recorder notes, "Howell's role was detailed by various people familiar with the situation, all of whom refused to be named because of the federal government's ongoing criminal and regulatory probes of Apple. … As the person who wrote out those 'minutes,' Howell has become a central figure in the Apple probe -- both as a potential defendant in a fraud case and as someone who could tell the government who at the company knew about backdating and its financial and legal implications."

FCC Expected To Issue New Rules On Phone Records Protection. USA Today (1/8, 1B, Davidson) reports, "Four months after Hewlett-Packard's spying scandal, the Federal Communications Commission is expected within weeks to set new rules protecting personal phone records from unauthorized disclosure." USA continues, "The move follows last summer's revelations that investigators for Hewlett-Packard used deception to obtain the phone records of board members and reporters in an effort to identify the sources of news leaks about company matters." USA adds, "FCC Chairman Kevin Martin is recommending the FCC order land-line and wireless phone carriers to require that customers use a password to immediately obtain their calling records from a representative by phone, FCC officials say. … Customers also could obtain their records without a password by asking phone companies to send the information to their home addresses, or having a phone company representative call them back at their home or cellphone number of record." USA notes, "A majority of the FCC's five commissioners support the proposal, though some details could be modified before the new rules are approved in the next few weeks, agency officials say."

Goal Of CEO Pay Critics Said To Be "Social Responsibility." In a USA Today op-ed (1/8, 19A), Yaron Brook, executive director of the Ayn Rand Institute, says, "Critics of CEO pay are lampooning the $210 million Robert Nardelli received after a disappointing six-year tenure at Home Depot." But by "what right does the government, or anyone else, claim the power to dictate what owners of Home Depot or any other private company can pay someone to run their company? It's their company. If through error or irrationality they overpay (or underpay, and so fail to attract good managers), as Home Depot may have done, the loss is theirs." Critics "of CEO pay agitate for ever more control over corporate governance. They are not concerned with corporate wealth creation, but with 'corporate social responsibility' — the idea that executives and shareholders should be forced to sacrifice money-making for the sake of sundry 'stakeholders.'"

Herbert Says Wealth Distribution Inequities "Pervasive." In his New York Times (1/8, 1.16M), Bob Herbert says, "Data recently compiled by the Center for Labor Market Studies at Northeastern University in Boston offers a startling look at just how out of whack executive compensation has become." According to "the center's

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director, Andrew Sum, the top five Wall Street firms (Bear Stearns, Goldman Sachs, Lehman Brothers, Merrill Lynch and Morgan Stanley) were expected to award an estimated $36 billion to $44 billion worth of bonuses to their 173,000 employees, an average of between $208,000 and $254,000, 'with the bulk of the gains accruing to the top 1,000 or so highest-paid managers.'" The "pervasive unfairness in the way the great wealth of the United States is distributed should be seen for what it is, an insidious disease eating away at the structure of the society and undermining its future."

CRIMINAL LAW:

States Tap Texas' Execution Expertise. USA Today (1/8, 16A, Johnson, Willing, 2.27M) reports that when New Mexico executed convicted murderer Terry Clark on November 6, 2001, the "executioner who carried out the death sentence was an unidentified contractor who learned how to administer a deadly chemical cocktail as a member of the lethal injection team in Texas, which operates the nation's busiest death house." The "outsourced execution, and others like it, has drawn attention to Texas' growing reputation as the nation's source for behind-the-scenes guidance and experience in carrying out lethal injections at a time when that method of execution is increasingly under fire. As lawsuits from California to Florida have challenged the constitutionality of lethal injections, more than a dozen states and the federal government have sought Texas' advice in carrying out such executions."

Bush May Address Homicide Wave In State Of The Union. U.S. News and World Report (1/15, Sullivan, 2.03M) reports 2006 "is expected to snap a long stretch of relatively good news on the homicide front nationwide, moving questions about the causes of crime increases off the back burner they have occupied for more than a decade. … The numbers are causing more than a little alarm and getting more than a little attention-from the nation's police chiefs, from Congress, from the Justice Department, perhaps even from the president in his State of the Union speech later this month. Slowly but surely, violent crime is returning to the national agenda. Nationwide murder totals for 2006 will not be available until the fall, when the FBI releases its annual Uniform Crime Report. But an analysis by U.S. News shows a substantive, if uneven, increase in homicide in the nation's 20 largest cities. The 19 cities for which data were available had 4,152 homicides in 2006, compared with 3,919 the previous year-a 6 percent increase."

Judge To Consider Access To Jeffs Evidence At Hearing Today. The AP (1/8, Dobner) reports, "When a Cadillac Escalade ferrying polygamist church leader Warren Jeffs was pulled over in Nevada in August, authorities found $54,000 cash, 15 cell phones, portable radios, wigs and four laptops. The documents stored on those computers was to be the subject of a legal tug-of-war Monday as Jeffs' attorneys try to convince a judge that the laptops contain privileged communication between the spiritual leader and his followers." The AP notes, "Attorneys for the United Effort Plan Trust, which holds $110 million in church property, and Shem Fischer, a former follower who sued Jeffs after being fired," are seeking "access to papers, letters and electronic documents being held by the FBI. In court documents, Jeffs' Las Vegas attorney Richard Wright contends the information on the laptops is 'sacred and confidential' because it includes matters of church doctrine and private communications between Jeffs and his followers."

The Deseret Morning News (1/8, Winslow) reports, "The 'mother lode' of evidence the FBI seized…will be fought over in a federal courtroom," and "the feds don't seem willing to give it up. 'We will just continue with our same interest in the case,' said Melodie Rydalch, a spokeswoman for the U.S. Attorney for Utah, which is handling the case. 'That is protecting the evidence that can be used in a criminal case.' … FBI agents have told the Deseret Morning News the seized evidence includes ledgers containing names of people who helped keep Jeffs on the run. The FLDS leader was put on the FBI's Ten Most Wanted list until he was arrested in a traffic stop outside Las Vegas in August 2006."

WSJournal Criticizes Fitzgerald For Not Releasing Reporters' Affidavits. The Wall Street Journal (1/8, 2.04M) says in an editorial that special prosecutor Patrick Fitzgerald "has some other unfinished legal business that the public has a right to know about -- namely, the affidavits he filed with the D.C. Circuit Court of Appeals to justify his motion to compel two reporters to testify about their conversations with Mr. Libby, and his willingness to throw one of them in jail for 85 days until she did so. Those documents remain under seal, which is why Dow Jones and the Associated Press filed a motion with the D.C. Circuit late last month requesting their release." Finding the "leaker was

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Mr. Fitzgerald's main charge from the Justice Department, so why did he keep pursuing reporters with such hyper-zeal for another two years?"

Judge Recommends Tightening Defendant Indigency Mechanisms. In an op-ed for the New York Times (1/8), Morris B. Hoffman, a a Colorado state trial judge and a fellow at the Gruter Institute for Law and Behavioral Research, writes, "Sixteen years as a state trial judge have left me with a deep respect for the professionalism and competence of the public defenders who handle felony cases for indigent criminal defendants in my courtroom. … So when two economists from Emory University, Paul Rubin and Joanna Shepherd, agreed last year to collaborate with me on an econometric study of how effective public defenders really are, I had to guard against confirmation bias. I was positive that public defenders would prove more effective than their private counterparts. Mr. Rubin and Ms. Shepherd, with their occupational faith in markets, were equally positive of just the opposite. In the end, the economists were right, though with an interesting twist." Hoffman continues, "We looked at all 5,224 felony criminal cases filed in Denver in 2002. … The results were surprising. The average sentence for clients of public defenders was almost three years longer than the average for clients of private lawyers. … But our most notable finding was hidden in one of the variables we had controlled — the seriousness of the case. We had assumed that public defenders on average handled more serious cases than private lawyers, if for no other reason than that such cases carry higher bonds, and defendants who can't make those bonds are often rendered indigent by their pretrial incarceration. The length of their clients' sentences would of course be distorted by the fact that they handle more serious cases with longer potential sentences. … But when we removed the control for the seriousness of the crime, public defenders performed relatively worse, not better (five years more incarceration versus three years more)." Hoffman adds, "It turns out that the explanation, at least in part, is one that should put a smile on the face of all free-marketers and rational choice theorists: criminal defendants, just like any other consumers of services, appear to be making choices based on their rational assessments of costs and benefits. But, you might ask, do criminal defendants ever really have a choice between public defenders and private counsel? It appears many do. … Our data suggested that, contrary to the law's rather binary notion of indigency, a large chunk of felony criminal defendants are what we have called 'marginally indigent.' They could, if they had to, tap hidden resources, or the resources of family and friends, to retain private lawyers. But what drives that decision? Just what you'd expect from any rational consumer of criminal defense services: a combination of the seriousness of the offense and the likelihood of conviction." Hoffman concludes, "If self-selection by guilty, marginally indigent defendants is driving a big part of this effectiveness difference, the remedy may simply be to tighten the mechanisms we use to determine indigency. This solution would not only reduce the outcome differences between public defenders and private defense lawyers, but it would also give taxpayers more bang for their public defender buck."

CIVIL LAW:

Plame Denied Permission To Write About Her CIA Role. Newsweek (1/15, Isikoff, 3.12M) reports, "A CIA panel has told former officer Valerie Plame she can't write about her undercover work for the agency, a position that may threaten a lucrative book project with her publisher. … In what could be a precursor to a separate legal battle, Plame recently hired a lawyer to challenge the CIA Publications Review Board, which must clear writings by former employees. The panel refused Plame permission to even mention that she worked for the CIA because she served as a 'nonofficial cover' officer (or NOC) posing as a private businesswoman, according to an adviser to Plame."

CIVIL RIGHTS:

Smaller Version Of Taser Goes On Sale For Private Use. USA Today (1/8, 1D, Davis) reports, "Taser International today unveils a new model of its controversial stun gun designed for widespread use by regular folks. It's more affordable and small enough to be stashed in a purse or backpack." USA continues, "Critics and supporters have a lot to say about the sleek device unveiled at the 2007 International Consumer Electronics Show in Las Vegas. The size of a TV remote control, the Taser C2 goes on sale in April for about $300 and comes in the metallic pink, electric blue and titanium silver of popular cellphones. … Opponents say Tasers can be used for torture; supporters say the devices are safe when used appropriately." USA adds, "Taser has

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sold about 120,000 civilian versions since 1994, a model that is larger than the latest incarnation and shaped like a gun. Since 1991, Taser has sold more than 200,000 devices to law enforcement. Both shoot barbs that pierce the skin and deliver an incapacitating jolt of electricity. Current civilian models cost about $1,000. … Taser says the C2, less powerful than the police version, is designed to stun for 30 seconds, providing enough time for the shooter to flee from danger. … The Taser C2 has some police worried. 'There are concerns in law enforcement about the public having access to these types of weapons,' says Wendy Balazik, spokeswoman for the International Association of Chiefs of Police. 'Those concerns include: Who is buying them? How are they going to be used? What are they going to be used for?'"

NYTimes Urges Congress To "Fix" Electronic Voting Machines. The New York Times (1/8, 1.16M) says in an editorial, "There is by now no doubt that there are serious problems with electronic voting machines: they fail to record votes, and even flip votes from one candidate to another. Election officials like to defend the machines by noting that they have been certified by independent testing labs. But the certification process has long been deeply flawed, and last week there was even more disturbing news — that the leading testing lab has been unable to meet the federal government's standards." Since last summer, "Ciber Inc., the largest tester of voting machine software, has been unable to meet federal quality standards that will take effect later this year." The Election Assistance Commission, "the agency that evaluates the labs, did not reveal that Ciber fell short, and is still not saying what is wrong." Congress should "pass legislation fixing the system. The vendors should continue to pay the costs, but the government should choose and pay the labs. That would make the labs responsive to the correct customer — the public."

ANTITRUST:

DOJ Antitrust Division Defends Performance. The Legal Times (1/8, McLure) reports, "For more than two years, the Justice Department's Antitrust Division has been trying to shake the perception that it's been snakebitten. … It's a perception that Thomas Barnett, the head of the Antitrust Division, isn't happy about. 'I don't agree with it,' Barnett says, before ticking off what he views as the division's major merger challenges over the past year: a pretrial settlement with a dairy company protecting competition in milk sales to a number of schools in Kentucky and Tennessee, a consent decree with Mittal Steel Co. requiring it to sell a Canadian tin plant as part of its purchase of Arcelor S.A., and another consent decree requiring the sale of six generating plants as part of a merger between two power companies — a deal later blocked by New Jersey state officials. … Those actions, of course, are hardly of the magnitude of Oracle-PeopleSoft, the challenge to which Barnett helped oversee as a deputy to then-antitrust chief R. Hewitt Pate. And Barnett, who was confirmed as the division's assistant attorney general in February, is sensitive to criticism that his division hasn't been vigorously protecting consumers or playing an active role in public policy." The Times notes, "Late last month the Justice Department issued a release touting the Antitrust Division's achievements during his first year on the job. (Before his confirmation, Barnett served as the division's acting chief for several months.) The release highlights the division's continued crackdown on international price-fixing cartels (which netted nearly $500 million in criminal fines in 2006), its streamlining of the merger review process, and the division's recent spurt of activity before the Supreme Court (the high court has granted cert in seven antitrust cases over the past two terms, an unusually high number) as evidence that its lawyers have been anything but inactive. … Despite those activities, it's the division's merger-enforcement activity — or relative lack thereof — that is most notable to many antitrust lawyers in private practice. Behind the cautious approach, say these practitioners, is more than just conservative economic thinking about the role of government in the marketplace, but a fear of bringing another big case to trial and losing."

US Conducting Security Review Of European Telecom Venture. The Financial Times (1/8, Kirchgaessner) reports, "The US government conducted a national security review of the proposed $21bn (€16.1bn) joint venture agreement between Nokia and Siemens, and forced the European telecoms equipment makers to sign a 'mitigation agreement' that imposed restrictions on the new company." The Times continues, "While the US has hitherto shown keen interest in foreign takeovers of US telecoms carriers, the decision to probe the joint venture indicates a new trend. … Agencies involved in the national security review

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process – especially the departments of defence, homeland security and justice – are intensifying their scrutiny of companies that make components for mobile and fixed-line networks globally." The Times adds, "People familiar with the classified national security review by the Committee on Foreign Investment in the US – Cfius – the inter-agency panel that investigates foreign takeovers of US assets for possible security threats, said the panel had imposed security requirements on the venture. These include procedures that dictate whether foreigners can work on US equipment and software. … But the government's interest in the industry – reinforced by the tough measures it imposed on Alcatel's merger with Lucent – raises questions about whether the inter-agency panel is going beyond its mandate of identifying and preventing risky foreign takeovers. … The mitigation agreement, or conditions to which a company agrees to gain regulatory clearance, could set a precedent in an industry that is bracing for consolidation globally."

ENVIRONMENT

Democrats Target Minerals Management Service Over Oil And Gas Royalties. The Wall Street Journal (1/8, A6, Fialka, 2.04M) reports, "With Democrats controlling Congress, the oil industry is in for a rough ride," as is the Interior Department's Minerals Management Service, which "Democrats and some Republicans" complain as mishandled the program for collection of royalties for oil and gas drilling on federal lands. The "issue will hit the spotlight Jan. 18, when the House takes up energy legislation targeting oil-industry subsidies. One goal: untangling a legal mess that could allow companies to escape paying at least $10 billion in future royalties for drilling in the Gulf of Mexico. As part of the debate, congressional critics are sure to ramp up their complaints about the service, which has said that it failed to include a clause requiring the royalties into leases issued in 1998 and 1999." The "department is scrambling to try to assuage critics. C. Stephen Allred, an assistant secretary at the Interior Department who oversees the service, announced Dec. 14 that five oil companies...had agreed to amend their leases to begin paying royalties on oil and gas produced since Oct. 1, 2006, but not before. Dozens of other companies haven't agreed to change the leases."

FBI/DEA/ATF/USMS:

San Francisco Area Has Highest Percentage Of Regular Drug Users. USA Today (1/8, 3A, Leinwand, 2.27M) reports the San Francisco metropolitan area "has a higher percentage of people who are regular drug users than any other major metropolitan area in the USA, a study from the Substance Abuse and Mental Health Services Administration found." Nearly "13% of San Francisco residents reported using some type of illicit drug, such as marijuana, cocaine or heroin, in the previous month, according to data from the National Surveys on Drug Use and Health 2002-05. The national average is 8.1%." USA lists "other areas with drug-abuse rates higher than the national average" such as "Seattle, 9.6%; Detroit, 9.5%; Philadelphia, 9.1%; and Boston, 8.5%. Cities with the lowest drug use: Houston, 6.2%; and Washington, Dallas and Riverside/San Bernardino, Calif., all at 6.5%."

Three "Operation Highstep" Suspects Face Charges In Chicago. The Chicago Tribune (1/7, Coen) reported three men "extradited from Colombia have appeared in federal court in a drug- smuggling case, marking what is thought to be the first time defendants have been sent from that country to face charges in Chicago in at least a decade. They were among eight people indicted here in 2005 in connection with Operation Highstep, which cracked down on a nationwide ring of smugglers bringing heroin and cocaine into the U.S. hidden in furniture, the frames of paintings and the soles of shoes." The DEA "said the case was a unique effort. 'The extradition of these defendants is an example of a successful law enforcement partnership,' said Gary G. Olenkiewicz, special agent in charge of DEA's Chicago Field Division."

"Operation Director's Cut" Leads To 20-Year Sentence For Financial Services Executive. The Washington Times (1/6, Seper) reported a two-year investigation "involving an international Ecstasy and weapons-trafficking organization with Hollywood connections has netted its first prison sentence: a 20-year term for an executive of a Swiss-based financial, business and consulting service. Alexandre De Basseville, 36, of Switzerland and Los Angeles, an executive board member of ADB Swiss S.A., which owns the Los Angeles-based Limelight Films Inc., was sentenced…by U.S. District Judge Gerald Bruce Lee. … De

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Basseville and his co-defendant, Bruno Cavelier d'Esclavelles, 45, of Los Angeles, were arrested as part of the Drug Enforcement Administration's (DEA) 'Operation Director's Cut' after a two-year undercover investigation into international money laundering." Rusty Payne "said authorities also arrested Fabian Pruvot, 37, Andre Prikazhikov, 31, and Brian Delansky, 33, all of Los Angeles."

Lawyers, Others In Rhode Island Face Charges In Drug-Deal Scheme. The AP (1/6) reported two lawyers, "including the brother of the mayor of corruption-plagued Providence, offered to set up a drug deal so clients could get a lighter sentence by alerting authorities, according to an indictment unsealed Friday. The Boston-based federal grand jury named John M. Cicilline, 49, brother of Mayor David Cicilline, and Joseph Bevilacqua Jr., 57, a disbarred lawyer who worked with John Cicilline. Also charged with conspiracy were paralegals and interpreters Lisa Torres, 39, and Juan Giraldo, 41. John Cicilline and Torres were also charged with obstruction of justice and making false statements to federal investigators." According to the indictment, "Bevilacqua told Mendonca that if he was willing to pay several hundred thousand dollars, Bevilacqua could arrange for someone to tell federal authorities about drug shipments _ but that Mendonca and his wife would get credit for the information. Defendants who cooperate with federal prosecutors are eligible for reduced prison sentences."

Audit Finds Problems With DEA Accounting Of Seized Funds. The Washington Times (1/8, Seper, 88K) reports, "About $616 million seized by the US Drug Enforcement Administration during investigations is 'at risk' because the agency has failed to 'consistently implement and document controls' over the cash, according to a government audit." The Justice Department's Office of the Inspector General "said the accounting failures discovered by its auditors 'can lead to discrepancies in the amount of cash seized and counted, accusations of theft and misappropriation of seized cash.'"

Mexican Drug Cartels Strengthen Presence In Peru. In Lima, the Dallas Morning News (1/7, Corchado) reported that authorities say Mexican drug cartels, "once regarded mainly as couriers for South American cocaine producers, have spread their powerful tentacles deep into this Andean nation, sowing violence and nourishing the re-emergence of Shining Path guerrillas. … The Mexicans ship cocaine loads by boat to the Mexican coast, then up to the border with California or Texas, with its coveted Interstate 35 northbound corridor, Peruvian officials and experts said. South Texas remains the leading entry area for cocaine smuggled into the U.S., according to the U.S. Drug Enforcement Administration."

IMMIGRATION:

US Halts Deportation Proceedings Against Brazilian Couple. The Wall Street Journal (1/8, A6, Jordan) reports, "The U.S. government has terminated deportation proceedings against a Brazilian couple and their disabled son who were the subjects of a page-one profile in The Wall Street Journal last month, giving the family another shot at winning the right to live here permanently." The Journal continues, "The case of Zandro Souza and his family raised questions about whether the U.S. should grant permanent legal residency to immigrants who might one day prove to be a financial burden. Mr. Souza, who rose in six years from dishwasher to chef at upscale eateries, was pursuing legal residency in the U.S. for his family and had the sponsorship of an employer. … The family's four-year application process hit a snag during an interview with an immigration official who requested proof that Mr. Souza's son, Igor, who is blind and developmentally delayed, wouldn't become a 'public charge' if his parents died." The Journal adds, "After questioning the family about its future means of support, the agency issued a green-card denial that cited another reason for the family's rejection: namely, that it entered the U.S. on tourist visas with the intent of staying for good, a violation of federal law. In a letter dated Dec. 28, the day after the article appeared, the government withdrew its request for Mr. Souza and his family to appear for a deportation hearing. The memorandum addressed to Mr. Souza states that the government's notice to appear in court was 'improvidently issued' and should be dismissed without prejudice. Thursday, an immigration judge in Boston granted the government's motion to terminate the case. … Shawn Saucier, a spokesman for the federal immigration agency, said there is no guarantee the family would be granted green cards. He said the Souzas and their attorney would be summoned for another interview within a month."

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Hoyer Suggests Bush Will Cooperate With Democrats' On Immigration Reform. Appearing on Fox News Sunday (1/7, Hume) House Majority Leader Steny Hoyer noted that when he and Speaker Pelosi met with President Bush "one of the things that we brought up -- we didn't discuss substance -- was the immigration bill. And he smiled and he said, 'You know, I think I'm going to have a lot easier time dealing with you on immigration than I had dealing with the House Republican leadership on immigration.' I think that's the case." Also on Fox News Sunday (1/7, Hume) Senate Minority Leader Mitch McConnell said, "I've been challenging the new Democratic majority not just to do the easy things in the beginning of this session. … And I think there are two things that are very significant that would make a difference for the country. Let's fix the immigration problem, and let's save Social Security. We can do that before this Congress is out." McConnell added, "Divided government is the only way where you can kind of share the blame for doing big things that will sometimes become controversial."

The Washington Times (1/8, Pfeiffer, 88K) reports, "Leaders of both parties say Democrats in Congress are likely to win bipartisan support for many of their signature issues, including passage of an immigration reform package that critics have derided as amnesty." Hoyer "agreed that the House Democrats could work with President Bush on an immigration bill compromise."

Labor's Opposition Could Stall Immigration Overhaul Deal. McClatchy (1/8, Montgomery) reports President Bush's "hopes of securing a comprehensive immigration overhaul have brightened considerably in the new Democratic-controlled Congress, but resistance from organized labor - one of the Democratic Party's most loyal constituencies - could complicate those efforts." The AFL-CIO, "which represents 53 unions with more than 9 million members, is ratcheting up opposition to a temporary guest worker program, a key element of Bush's immigration plan. At the same time, two powerful unions in a breakaway labor coalition, Change to Win, have tended to support the provision." The labor divisions "take on heightened significance as Democrats assume control of the 110th Congress and begin shaping the legislative agenda." AFL-CIO officials say the guest worker program "is designed to give business a steady source of cheap labor and would take jobs from U.S. citizens."

Christian Conservatives Propose Compromise. The Washington Times (1/8, Hurt, 88K) reports a "number of leading Christian conservative groups have formed a coalition on immigration and illegal aliens that will push religiously grounded positions that both sides of the current immigration debate will both love and hate." In letters "sent today and obtained by The Washington Times, Families First on Immigration urges President Bush and leaders of the new Democratic Congress to adopt a grand compromise on the divisive issue that includes strong border security, an amnesty for illegals already here who are relatives of citizens and an end to birthright citizenship." Gary Bauer, "Deal Hudson of the Morley Institute for Church & Culture and David Keene of the American Conservative Union are among those who have joined forces to chart a new path on immigration reform, an issue that conservative Christians have generally avoided."

Growing Number Of Respondents In Immigration Courts Lack Attorneys. The Washington Post (1/8, A1, Brulliard, 690K) reports in a 1500 word story on the dearth of counsel available to respondents in Federal immigration courts, where there are "judges and prosecutors, evidence and witnesses. The consequences can be great: Banishment, separation from family, perhaps persecution at home. But unlike in criminal courts, the government does not provide free lawyers for the poor. And in what court officials deem a great concern, a growing number of people in immigration court have no legal counsel: Of more than 314,000 people whose cases ran their course in fiscal 2005, two-thirds went through on their own, or pro se."

TAX:

BB&T Plans Appeal Of Tax Refund Ruling. The Wall Street Journal (1/8, C6, Wells) reports, "BB&T Corp. said it intends to appeal a federal judge's rejection of a refund claim in a tax-shelter dispute with the Internal Revenue Service." The Journal continues, "A U.S. District Court judge for the Middle District of North Carolina ruled for the Justice Department in a case involving BB&T's claim of a $3.3 million tax refund related to a 1997 lease transaction. … The IRS had rejected the refund claim, and BB&T went to court to settle the dispute." The Journal adds, "BB&T spokesman Bob Denham said the Winston-Salem, N.C., bank is still reviewing the judge's opinion. 'We disagree, and we plan to appeal,' he said." The Journal notes, "The leasing transaction involved a controversial "lease in, lease out" arrangement. In 2004,

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Congress outlawed similar leasing arrangements under which companies bought assets and then leased them back to their prior owners. Such arrangements can produce big tax benefits because depreciation can be claimed on the assets. The IRS in 2005 said it would begin to pursue leasing transactions in court. … Eileen O'Connor, assistant attorney general for the Justice Department's tax division, hailed the court decision, saying it shows that 'to have a tax deduction for lease or interest expense, you must actually incur them.' She said the court found in the BB&T case that the lease-in, lease-out tax shelter didn't involve a genuine lease or genuine indebtedness."

CBO Study Finds The Very Wealthy Benefited The Most From Bush Tax Cuts. The New York Times (1/8, Andrews, 1.16M) reports, "Families earning more than $1 million a year saw their federal tax rates drop more sharply than any group in the country as a result of President Bush's tax cuts," according to a CBO study. The CBO also reports that tax rates for "middle-income earners edged up in 2004…while rates for people at the very top continued to decline." According to the Times, the CBO study "reinforced the sense that while Mr. Bush's tax cuts reduced rates for people at every income level, they offered the biggest benefits by far to people at the very top — especially the top 1 percent of income earners. Though tax cuts for the rich were bigger than those for other groups, the wealthiest families paid a bigger share of total taxes." The Times adds that the study "offers ammunition to supporters and opponents of Mr. Bush's tax cuts."

Pelosi Suggests Repealing Tax Cuts To Pay For Education, Health Initiatives. The AP (1/8, Heilprin) reports House Speaker Nancy Pelosi says Democrats "are not ruling out raising taxes for the wealthiest people to help pay for tax cuts for middle-income families. … She spoke of pursuing an estimated $300 billion that people owe in back taxes, eliminating deficit spending and reducing wasteful federal spending. 'As we review what we get from ... collecting our taxes and reducing waste, fraud and abuse, investing in education and in initiatives which will bring money into the Treasury, it may be that (repealing) tax cuts for those making over a certain amount of money, $500,000 a year, might be more important to the American people than ignoring the educational and health needs of America's children,'" Pelosi said on CBS's Face the Nation. Pelosi, on CBS's Face the Nation (1/07, Schieffer) said, "What we're saying is Democrats propose tax cuts for middle-income families. And we want to have pay-go, no new deficit spending. We're not going to start with repealing tax cuts, but they certainly are not off the table for people making over half a million dollars a year."

Rangel Rejects Speculation That He Plans To Repeal Bush Tax Cuts. The New York Times (1/8, Toner, 1.16M) profiles Rep. Charles Rangel, Chairman of the House Ways and means Committee. The Times notes Rangel "is trying hard to be restrained, about [President] Bush, his administration and his tax cuts. When asked about Mr. Bush's renewed insistence last week that Congress extend those tax provisions, Mr. Rangel paused and said, with almost visible effort, 'Part of what I think is my responsibility is not to be critical of the president.' He brushes off speculation about his party's plans for the Bush tax cuts, many of which have been criticized by Democrats for years as a giveaway to the richest Americans; it is simply premature, he argues, since their expiration date is three years off. Stan Collender, a longtime budget analyst, says it makes no political sense for Congress to 'deal with tax cuts before you have to, certainly not before the 2008 election.'

Novak Describes Conservative Unease Over Paulson, Payroll Taxes. In his column for the Washington Post (1/8, A15, 690K) Robert Novak writes congressional Republicans "ask this question: Will the current President Bush embrace a tax increase that would produce potential economic disaster and guaranteed political catastrophe?" According to Novak, Treasury Secretary Henry Paulson "has engaged in secret bipartisan talks discussing an increase in the $97,500 limit on personal income subject to the Social Security payroll tax. That would cause a jump in the top marginal tax rate." Paulson "certainly has given the impression in those discussions that he is amenable to raising the payroll tax, but a senior White House aide cautions that this decision has not yet been made." Novak concludes, "The economic woe that would result from higher payroll taxes would be matched by the political damage to the president. … That political calamity can be averted if Bush takes a payroll tax increase off the negotiating table."

Bipartisan Proposal To Eliminate The AMT Panned. The Washington Post's Sebastian Mallaby (1/8, A15) calls the proposal by Sens. Max Baucus and Chuck Grassley to repeal the alternative minimum tax "a prescription so fiscally crazy that not even the Bush administration supports it. … The senators don't want to reform the AMT or

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link its repeal to wider tax changes; they just want to abolish it. This would destroy the chance to say to voters: Look, we're not going to extend all the tax cuts we gave you in 2001 and 2003, and while we're at it we're going to reduce the mortgage-interest deduction and other egregious loopholes so that we can collect more revenue without discouraging work by raising your tax rates. But wait, don't get too mad; at least we're going to kill the AMT for you."

Bush Said To Have Given Up On Future Tax Cuts. U.S. News and World Report's "White House Week" feature (1/15, Walsh, Bedard, Mulrine) reports Democrats "saw chicanery," but Republicans "smelled political reality in President Bush's announcement last week that he will seek a balanced budget in five years and an end to pork-barrel politics. Bush, after all, had taken a budget of surplus and turned it into one of deficit, but now he seemed to be adopting the new Democratic majority's fiscal pledges. Insiders at the White House spun it a different way: They said the president had hoped to push for deeper tax cuts in the next and future budgets, but the election of Democratic majorities in the House and Senate killed those plans. Now, they said, the president will submit a budget for fiscal 2008 that will leave little room for new Democratic add-ons without deeply cutting into defense spending or raising taxes."

CONGRESS-ADMINISTRATION:

Many Republicans Expected To Back Minimum Wage Increase. ABC World News (1/7, story 4, 2:15, Harris, 8.78M) reported, "Another issue, perhaps the issue that Democrats and Republicans are most likely to find common ground, is increasing the minimum wage." ABC added, "The Democratic Congress wants to increase it to $7.25, over two years. … Today, just 500,000 workers make the current, Federal minimum wage. But more than 6.5 million earn less than the $7.25 that Congress is proposing and would therefore, get a raise." ABC notes, "Although Republicans in Congress have defeated every proposed increase in the last decade, President Bush has signaled he will sign this one into law." President Bush: "I support the proposed $2.10 increase in the minimum wage over a two-year period."

Democrats Will Begin "100 Hours" Program Tomorrow. ABC World News (1/7, story 3, :20, Harris, 8.78M) reported, "Back to Washington. On Tuesday, Democrats in Congress, plan to kick off a legislative blitz, which they're calling the first 100 hours. This is an ambitious agenda, which includes enacting the recommendations of the 911 Commission, promoting stem cell research, and negotiating lower prescription drug prices."

On Fifth Anniversary, NCLB Seen As Changing Schools. USA Today (1/8, Toppo, 2.27M) reports on the effect of the No Child Left Behind Act on schools after five years, calling it "a cornerstone of Bush's domestic agenda and one of his few truly bipartisan successes." It is also described as "a vast -- and contentious -- book of federal mandates" that "faces a tough future as Congress prepares to reauthorize it." While it is "too early to tell" whether it is "improving education nationwide," the act "has had a major influence on the daily experience of school for millions of kids, by "driving teachers crazy," "narrowing" the curriculum, focusing attention on poor and minority students, adding tutors and "changing how reading is taught."

The Christian Science Monitor (1/8, Paulson, 59K) reports that NCLB has "changed the conversation about education in America, and has focused attention on poor-achieving groups of students who had been overlooked." While noting some proposed changes, it concludes that, "while the conversation is heated, the likelihood that NLCB will be reauthorized this year may be small."

Researcher Suggests Public Schools Could Shift $77 Billion Per Year To Improve Schools. The Washington Post (1/8, Mathews, 690K) reports on an Education Sector finding that "U.S. public schools could have as much as $77 billion more a year to improve teaching if they reduced spending on seniority pay increases, teacher's aides, class size limits and other measures often found in teacher union contracts." These expenses are described as having "a weak or inconsistent relationship with student learning." In response, "teachers union officials sharply disputed the report's findings."

Big-City Mayors Seek To Control Schools. The AP (1/8, Zuckerbrod) reports on the growing movement in large cities for mayoral control of schools noting the current effort by Washington, D.C. Mayor Adrian Fenty and successful mayoral takeovers of the schools in New York, Boston, Chicago, Cleveland and Harrisburg, Pennsylvania as well as attempts in Los Angeles, Albuquerque, New Mexico, and Seattle. The Mayors "say they are better equipped to take on the infighting, inertia and high turnover rates associated with school boards and the superintendents who report to them."

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Brown University's Ken Wong "analyzed test scores in about a dozen cities with mayors in charge of schools from 1999 to 2003. The results showed modest but statistically significant progress in reading and math for elementary and middle-school students."

Education Department Seeks Change In ABA's Diversity Standard For Law Schools. The Washington Post (1/8, Strauss, 690K) reports U.S. Department of Education general counsel Kent Talbert, "is challenging the American Bar Association's new standard on diversity in enrollment and hiring, which calls for the law schools it accredits to take 'concrete action' to attract more minority students, faculty and staff." ABA officials said that "the department is misinterpreting the standard and pushing an anti-affirmative action agenda." The National Advisory Committee on Institutional Quality and Integrity which is "voted to extend the ABA's role for 18 months rather than the usual five years and required the association to improve the way it carries out the task of accrediting law schools. But the committee dropped the staff recommendation to include any action on the diversity standards." Talbert said that the department "would appeal the decision to leave the standard alone."

Domenici Optimistic That Democrats Will Pass His Mental Health Bill. USA Today (1/8, Elias, 2.27M) reports, "Bills that could expand access to mental health care for Americans stand a better chance of passing with the new leadership that has taken over Congress, key lobbyists and congressional supporters of the legislation say. Their top priority is a bill requiring insurers to offer comparable benefits for treating mental disorders and physical illnesses, known as 'parity.'" Sen. Pete Domenici "introduced three earlier parity bills. 'Now our prospects are the best that they've ever been,' says Matt Letourneau, spokesman for the senator. Although parity has bipartisan support, past legislation stalled in committee because House leadership didn't favor it, says Laurel Stine of the Bazelon Center for Mental Health Law, a Washington, D.C.-based advocacy group."

Chao's Third Public Affairs Chief Resigns After Three Months. Al Kamen, in his column in today's Washington Post (1/8, A13, 690K), reports Secretary of Labor Elaine Chao "is looking for a new public-affairs chief. The incumbent, Randy Clerihue, announced in a Dec. 21 internal e-mail that he was leaving after barely three months in the job. This could set the world indoor record for brevity for a Senate-confirmed position. … His replacement would be Chao's fourth public-affairs chief, not counting an acting chief in the early part of the administration. In the past 18 months or so, public-affairs departures include two deputy assistant secretaries and four press secretaries."

Roberts' "Constitutional Crisis" Claim Criticized. The Washington Post (1/8, A13, Barnes, 690K) reports, "Chief Justice John G. Roberts Jr. usually knows just the right thing to say, his star turn during his 2005 Senate confirmation hearings being Exhibit A." But "maybe not so with the blandly titled '2006 Year-End Report on the Federal Judiciary,' issued, as he noted, on the typically slow news day of Jan. 1. He should rest assured that it has been noticed -- and roundly razzed by some in the legal punditry." Roberts "devoted his entire address to the call for a pay raise for federal judges." While "there are plenty of people who agree with Roberts that judicial salaries should rise to attract and retain the brightest in the legal field," Roberts' "description of the issue as a 'constitutional crisis' was too much for some."

After Cost Overruns, Delays, Capitol Visitor Center Nears Completion. USA Today (1/8, Kiely, 2.27M) reports, "Two years after its scheduled opening date, and more than double its original price tag, the Capitol Visitor Center inches its way toward completion." It will "take at least six additional months to test more than 5,000 security alarms, sprinklers and other safety devices before the public can enter." When the doors "finally will open to the public is a major point of contention surrounding the project, which was originally scheduled to be finished in 2005." Architect of the Capitol Alan Hantman "predicts a ribbon-cutting this fall, but auditors at the Government Accountability Office say the date will slip. 'We think it's going to be early 2008,' says Terrell Dorn of the GAO, the investigative arm of Congress." USA adds the "other sore point is cost. Government auditors estimate it will be close to $600 million. The original, 1999 price tag: $265 million." Still, even "some of those who have complained the loudest about the project's rising cost and lengthening delays admit to being wowed by the almost-finished result."

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Federal Pay Raise Doesn't Keep Pace With Private Sector. The Washington Post's (1/8, D1, Barr) "Federal Diary" column reports, "The annual base pay raise for most federal employees kicks in, increasing the median white-collar government salary in the region to $86,791." The Post adds that while that figure is "not shabby," this "year's increase -- 2.64 percent in the Washington-Baltimore region -- is one of the smallest annual raises in recent years, and the raise doesn't go far in an area where the cost of living runs about 30 percent higher than the rest of the nation." The Post adds, "Colleen M. Kelley, president of the National Treasury Employees Union, called the 2007 raise 'very disappointing,'" and she added, "'This time of year especially, as employees are considering career options and deciding whether they want to stay for the long term or the short term, they build that pay raise into their decision-making,' Kelley said. She fears 'more and more will decide that they are going to look elsewhere.'"

Gerson Describes Bush's "Voracious" Reading Habits. The Washington Times (1/8, McCaslin, 88K) reports, "'Anti-elitist' -- That was Michael Gerson, former chief speechwriter to President Bush from 2001 to 2006, discussing the president's 'voracious' reading habits and related perceptions during a guest appearance on C-SPAN's 'Q&A' with Brian Lamb last night. '[A] couple of months ago it was leaked out by somebody that he was reading Albert Camus' 'The Stranger.' Does that track for what you know of George Bush?' asked Mr. Lamb. 'Sure,' Mr. Gerson replied. 'The president is a voracious reader and recommended to me a variety of books when I was at the White House, and gave them to me. He recommended to me ... 'A Godly Hero,' the biography of William Jennings Bryan, a book he'd read. 'Recommended to me ... the book on Martin Luther King and Lyndon Johnson, the relationship between the two men. And he recommended to me the pope's [Benedict XVI] book on relativism.'"

WPost Urges Congress To Nix Agricultural Subsidies. The Washington Post (1/8, A14, 690K) says in an editorial that the "law that authorizes a range of unnecessary and ill-targeted agriculture programs is set to expire in September. So expect fronts for agribusiness, rural banks and farm insurers (and the members of Congress who accept their campaign contributions) to try and sell the same line again this year: Extend the programs or nail the coffin shut on America's heartland. It's about time to nail the coffin on that tired line instead." Federal agricultural payments "are in fact fueling a rapid consolidation of American farms into enormous agribusinesses." Decisions about "who should be farming what and where should be left to the marketplace; the government should not distort the market to push smaller competitors out, especially at the price of $15 billion in annual subsidies."

OTHER NEWS:

Positive Employment Data Worries US Equities Markets. USA Today (1/8, 6B, Kirchhoff, 2.27M) reports, "Federal Reserve interest rate cuts are looking less likely after U.S. businesses created a stronger-than-expected 167,000 jobs in December and workers' wages rose at a rapid pace. … The good news on jobs was an unwelcome development for some stock traders, who had been betting that the Fed would soon begin trimming interest rates in response to slower economic growth. The Dow Jones industrial average fell more than 82 points to 12,398 in Friday trading.

Weak Dollar Said To Benefit US By Closing Current Accounts Deficit. The Wall Street Journal (1/8, A2, Whitehouse, 2.04M) reports, "Last year, the U.S. dollar did what economists had long predicted it would have to do: It fell in value against other currencies. And many believe that if Americans know what is good for them, they should be hoping for more of the same this year. … A weaker dollar would help narrow the [current account] deficit by making U.S. exports more attractive to foreign buyers while making it costlier for Americans to buy products from abroad." According to the Journal, "A tougher question is how far and how fast the dollar needs to fall. Some economists fear a sudden plunge will roil international markets and trigger a U.S. recession. Others believe a slower and more manageable adjustment is under way. They guess it could take a decline of 8% to 25% over as many as 10 years to get the U.S. current-account deficit down to a more sustainable level of 3% of gross domestic product."

US Investors Said To Have Basis For Optimism About 2007. U.S. News and World Report (1/15, Lim, 2.03M), as part of its cover package on the economy and investing in the new year, reports, "as 2007 kicks off, economists and market watchers are about as optimistic as they've been in recent memory. Eight out of 10 money

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managers polled by the Russell Investment Group predict that stocks will post their fifth consecutive positive year. One in three thinks the equity markets will return around 10 percent or more in 2007." U.S. News and World Report (1/15. Pethokoukis, 2.03M) reports, "The worst might also be over in housing. Existing-home sales have risen in back-to-back months, and the damage seems to be relatively contained." The U.S. News and World Report (1/15, Pethokoukis, 2.03M) reports, "according to recent calculations by the Financial Times, the euro…is set to overtake the greenback as the world's most popular currency. But not so fast, Old Europe. What's gotten lost in all the euro hype is that the FT's financial figuring applies to notes in circulation: cold, hard cash. When it comes to currency-denominated assets, the dollar is still king. The United States runs the largest stock and bond markets in the world, and 66 percent of global foreign currency reserves are denominated in dollars-some $2.1 trillion-compared with only 25 percent in euros, according to the International Monetary Fund."

OPEC Production Cuts Likely To Buoy Oil Prices. The Wall Street Journal (1/8, Pin, 2.04M) reports, "The price of oil may have started 2007 by losing around 8% of its value, but the likelihood of a swift supply response from producers and a series of other factors are likely to underpin the price in the longer term. Though supply will remain steady until [OPEC] cuts output in a few weeks, analysts said expectations of sustained demand and a long list of geopolitical uncertainties will contribute to a firm oil price." The Journal adds, "Crude-oil contracts for February delivery ended a two-day plunge in the U.S. Friday, rising 72 cents, or 1.3%, to $56.31 a barrel -- still off 7.8% on the week at the New York Mercantile Exchange. The bearish tone has been set in recent days amid an unseasonably balmy winter in key heating regions such as the U.S. and Japan, and at a time when oil-product inventories in these major markets are relatively ample."

Researchers Extract Stem Cells From Amniotic Fluid. ABC World News (1/7, story 9, :35, Harris, 8.78M) reported, "Researchers at Harvard and Wake Forest reported today their lab tests showed that amniotic fluid from pregnant women contains stem cells with tremendous medical potential. These cells can be gathered without hurting the mother or the fetus, and would prove much less controversial than research done with embryos."

The Los Angeles Times (1/8, Kaplan, 850K) notes "the finding points to a promising avenue of research that sidesteps the hurdles facing embryonic stem cell research, which has been stymied by moral objections to the destruction of embryos that occurs when the cells are harvested." The study also "suggests another advantage: Unlike embryonic cells, which can form tumors when implanted in lab animals, amniotic fluid stem cells do not appear to do so."

USA Today (1/8, Weise, 2.27M) reports, "Though much research into the safety and effectiveness of these potential embryonic stem cell substitutes still needs to be done, the huge advantage would be that they can be easily harvested from both amniotic fluid as well as placental tissue after a baby is born." The Washington Post (1/8, A1, Weiss, 690K) and Washington Times/AP (1/8, Elias), among other newspapers, also report on the stem cell discovery this morning.

NBC Nightly News (1/7, story 5, 3:00, Seigenthaler, 9.87M) also noted the "breakthrough." NBC's chief medical editor Dr. Nancy Snyderman said, "It will be interesting to see how the politics kick up. There is a lot of tissue. Fetuses are not going to be harmed at all. Because it is there and scientists will be able to offer it to everyone, this may not be much of a political debate at all."

Analysts Predict Population Shifts Will Continue To Benefit The GOP. The Washington Times (1/8, Lambro, 88K) reports, "Ongoing population shifts from the North to the Sun Belt states will benefit Republicans more than Democrats in future House races and could enlarge the Republican Party's electoral count in presidential elections, political analysts say. … Projections of the number of Americans moving from the Democrat-dominated Northeast to the more Republican-friendly Southern and Western states 'show that seven congressional seats in 13 states have already changed at this point in the decade,' according to an analysis by Election Data Services, a firm that studies how population shifts affect redistricting changes under congressional reapportionment. It forecasts a loss of House seats in Massachusetts, Pennsylvania, New York, Ohio, Missouri, Iowa and Louisiana, gains of one seat each in Florida, Georgia, Arizona, Nevada and Utah, and a gain of two seats in Texas. Another analysis shows an even larger 'probable' shift of House seats from the North to the Sun Belt, according to Polidata, a Virginia-based demographic and

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political research firm. Under these 'probable changes,' 13 seats could shift among 19 states, with eight gainers and 11 losers. 'All the gainers are in the South and West and all the losers are in the East and Midwest except Louisiana,' the Polidata study said. Leading the 'biggest gainers' would be Texas, with four additional seats."

Biden Says He Will Form Presidential Exploratory Committee This Month. ABC World News (1/7, story 5, :20, Harris, 8.78M) reported, "The field of Democratic presidential candidates got even more crowded today when Delaware Senator Joe Biden threw his hat into the ring. He has long been clear he was planning to run." NBC Nightly News (1/7, story 6, :20, Seigenthaler, 9.87M) reported Biden "told NBC's Tim Russert on 'Meet the Press' today that he will create an exploratory committee later this month." USA Today/AP (1/8, 10A) reports Sen. Joseph Biden" said Sunday that he is seeking the Democratic nomination for president and thinks he can hold his own against potential high-profile rivals such as fellow Sens. Hillary Rodham Clinton and Barack Obama." The AP (1/8) reports Biden, "who long has made clear his intentions to seek the White House in the wide-open race, has about $3.5 million in his campaign account. He has campaigned extensively in early voting states such as New Hampshire, Iowa, South Carolina and Nevada." Bloomberg (1/8, Sobczyk) notes Biden was "first elected to the Senate in 1972" and became chairman of the Senate Foreign Relations Committee last week. The New York Times (1/8, 1.16M) notes that Biden "also sought the presidential nomination in 1988. But he dropped out of the race after admitting that he had used speeches by other politicians without attribution, and after reports that he had plagiarized while in law school."

Patrick Pledges To Support Kerry In 2008. The Boston Globe/AP (1/8, Johnson) reports that although Sen. Barack Obama "visited Massachusetts three times last year to campaign for" Gov. Deval Patrick" and former president Bill Clinton "appointed Patrick to the top Justice Department civil rights post during the 1990s," Patrick "says he would have to support" Sen. John Kerry if he runs for president again. Patrick is quoted as saying, "I will tell you that if my home senator runs, I've got to be with him. I love the other candidates, but we will see. I don't know that he has made a decision yet."

Edwards May Be Engaging In "Choreographed Candor." In his "Media Notes" column in the Washington Post (1/8, C1, 690K), Howard Kurtz writes, "John Edwards is ridiculing his political consultants. 'You know, they gave me a really great memo,' he says, waving the document, which advises him to highlight the importance of public education when addressing teachers. 'I pay a lot of money for people who have the expertise to tell me this.' An unscripted moment caught on a cellphone camera? Not exactly. The video of the presidential candidate chatting on his plane is on Edwards's Web site." Edwards "seems unusually frank about the absurdities of political life -- or is this just carefully choreographed candor, packaged for the YouTube age?" Referring to the 2008 campaign, Joe Trippi, "who masterminded Howard Dean's Internet-driven bid in 2003 and 2004," said, "You're going to see reality, and you're going to see savvy manipulation under the guise of something that's authentic and real."

McCain Portrayed As Out Of Step With Conservatives On Key Issues. In a very long -- more than 10,000-word -- profile of Sen. John McCain appearing in Vanity Fair (2/07) Todd Purdum portrays McCain as conflicted over many key social issues , including gay marriage and immigration. Purdum notes "one minute he's toeing the conservative line (on gay marriage, say, or immigration) and the next he's telling someone what he really thinks." Purdum recounts an appearance on MSNBC's Hardball where McCain commented "I think that gay marriage should be allowed. … I don't have any problem with that," but then retracted his statement minutes later after conferring with his advisers. Purdum also describes a McCain appearance in Milwaukee this fall when he was "asked how debate over the immigration bill was playing politically." McCain is quoted as saying, "In the short term, it probably galvanizes our base. In the long term, if you alienate the Hispanics, you'll pay a heavy price." Then he "added, unable to help himself, 'By the way, I think the fence is least effective. But I'll build the goddamned fence if they want it.'" The piece also compares McCain's current campaign strategy with his failed 2000 bid and goes into great detail concerning McCain's numerous health problems.

McCain Campaign Hobbled By His Support For More Troops In Iraq. he Los Angeles Times (1/8, Wallsten, 850K) reports McCain "is putting those military bona fides on the line — aggressively backing an unpopular plan to

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increase the number of U.S. troops in Iraq at a time that other presidential hopefuls are steering clear of the war or calling for troop reductions. … Besides Bush, no politician has more to lose than McCain, the presumed GOP front-runner in 2008 and the plan's biggest backer in Congress. Now that Bush is pursuing the McCain approach, the senator could soon find himself defending the policy to a war-weary public in Iowa, New Hampshire and other key election states where surveys show voters are fed up with rising U.S. casualties. McCain readily admits that the new strategy is likely to result in even more violence." The Times goes on to report that McCain aides "say they have devised no particular strategy for shielding their boss from the political fallout if a troop buildup does not work. In a sense, they said, the senator's stance might serve to remind voters of the kind of straight talk that boosted McCain's popularity in 2000, when he defeated Bush in the New Hampshire primary. 'It doesn't mean that lots of us who work for him and respect him so much don't worry about things like this,' said McCain's longtime chief of staff, Mark Salter. 'I'm sure we do. But there's no game plan for it. There's been no fretting and no meetings.'"

Many States Plan Expansion Of Health Care Coverage. USA Today (1/8, 1A, Cauchon, 2.27M) reports, "States are planning large expansions in health care coverage this year in an aggressive and potentially expensive attempt to reduce the ranks of the 42.4 million Americans who are uninsured. The states are acting at a time when Congress…has put health care lower on its agenda. Governors and state legislators in both parties and most states have made expanded medical coverage a priority for legislatures. Popular proposals include guaranteeing medical coverage to all children; subsidizing medical insurance at small businesses; and providing tax incentives for businesses and individuals to make coverage more affordable. A few states are considering universal health coverage for all residents. Others are focusing on price competition and preventive care."

NYTimes, LATimes Praise Schwarzenegger's Universal Child Health Care Initiative. The New York Times (1/8, 1.16M), in an editorial, writes, "Guaranteed health care for children is the new political apple pie. No one can say he is against it, and it's a sure applause line for politicians who want to show concern for reducing the number of uninsured in America. But special recognition is due California's governor, Arnold Schwarzenegger, who is reportedly ready to begin his new term with an actual proposal that his state insure all children. And by all, he means undocumented immigrants, too. The proposal seems a challenge to fellow Republicans, and even to much of the state's Democratic leadership. Predictably, anti-immigrant groups said that including all children would cost billions more than the $400 million experts estimate. In truth, the idea is economical and, if anything, quite modest."

The Los Angeles Times (1/8, 850K) editorializes, "The governor's inaugural address Friday was one of the best in state history, infused with California pride and optimism, and was the most eloquent speech of his career. … Today he is to deliver an address on healthcare, unveiling a proposal to extend medical care and insurance coverage to many, perhaps most, of the state's 6.5 million uninsured. It's the kind of speech that can't rest on lofty calls to work together. It must delve into the details of a thorny and politically divisive issue."

Schwarzenegger To Propose Welfare "Rollback." The Los Angeles Times (1/8, Halper, 850K) reports California Gov. Arnold Schwarzenegger "will propose a major rollback of the state's welfare system this week, including a cutoff of aid to tens of thousands of children whose parents do not meet minimum work requirements or are in the country illegally, administration officials said Sunday." The "proposed $465-million reduction in California's welfare budget came two days after the governor promised that his second term would feature 'post-partisan' cooperation." The move "was met immediately with resistance from Democrats, who expressed bewilderment that the governor would attempt to cut welfare aid to children in the same week his administration is expected to move forward with a plan to expand health insurance to many of the same children."

Schwarzenegger Wants California To Play Prominent Role In 2008 Primaries. Newsweek (1/15, Breslau, 3.12M) reports Gov. Arnold Schwarzenegger "plans on influencing the 2008 election. Schwarzenegger says he'd like to move the California primary from June…to a much earlier date, in February. … The governor hopes the change will encourage candidates to spend more time talking to voters in the nation's most populous state, instead of 'sucking us dry for money' at fund-raisers." Newsweek notes Schwarzenegger "is coy about expressing his support for any particular candidate. … His top campaign strategist recently went to work for" Sen. John McCain. And he "says he would

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'encourage' New York Mayor Michael Bloomberg…to run too."

Schwarzenegger Said To Be Considering 2010 Senate Run. U.S. News and World Report's "Washington Whispers" column (1/15, Bedard) reports, "There's growing buzz in Washington and California that…Schwarzenegger likes this government stuff so much that he's got his eye on the Senate. Specifically, the seat held by Sen. Barbara Boxer, who's up for re-election in 2010."

Georgia Legislator Seeks To Strip McKinney's Name From Highway. The Los Angeles Times (1/8, Jarvie, 850K) reports that in Atlanta, "where the average commute lasts 31.2 minutes and drivers have no shortage of bottlenecks and wrecks to grumble about, a Republican state lawmaker is exercised about a different kind of transportation issue: Cynthia McKinney Parkway." Georgia Rep. Len Walker "cannot abide driving along a suburban highway honoring Georgia's former Democratic congresswoman." A "week after McKinney filed her final congressional measure — a resolution to impeach President Bush — Walker pre-filed a bill in the Georgia Legislature to strip McKinney's name from the street and restore the name Memorial Drive." Walker's bill "has slim chance of passing," but "his effort has struck a chord among critics of McKinney, who lost her bid for a seventh term in the summer's Democratic primary after a high-profile altercation with a Capitol Hill police officer."

Former President Bush Discharged After Hip Replacement. The AP (1/8) reports former President George H.W. Bush "has been released from the Mayo Clinic after undergoing successful hip replacement surgery, the clinic said." The "82-year-old former president was discharged from the clinic on Saturday, following the operation on his right hip that was performed Wednesday, the Mayo Clinic said on its Web site."

WPost Backs Effort To Allow Virginia Governors Two Terms. The Washington Post (1/8, A14, 690K) says in an editorial, "For 15 years or so, and in various forms," Del. Harry R. "Bob" Purkey, "a Virginia Beach Republican, has tried to coax the commonwealth into the modern age by doing away with the rule prohibiting sitting governors from running for reelection. He and his allies have come close." Now Purkey "and his fellow Republican legislators are in negotiations with Gov. Timothy M. Kaine (D), and both sides appear serious about a compromise." This year, "after so many failed attempts, let's hope Mr. Purkey's efforts are not in vain."

Israel Denies Planning Attack On Iran. The Washington Times/AP (1/8, Stringer) reports the Sunday Times of London published an article Sunday claiming "that Israeli pilots were training to strike targets in Iran with low-yield nuclear weapons, but Israel swiftly denied the report and analysts expressed doubts about its reliability." Citing "unidentified Israeli military sources," the newspaper "said the proposals drawn up in Israel involved using so-called 'bunker-buster' nuclear weapons to attack nuclear facilities at three sites south" of Tehran. Israeli Prime Minister Ehud Olmert's office "declined to comment on the report," but foreign ministry spokesman Mark Regev denied the report, saying, "If diplomacy succeeds, the problem can be solved peaceably." AFP (1/8) also quotes Regez as saying Israel is "100 percent behind the international community's efforts to bring about an end to Iran's nuclear program. Israel totally supports Resolution 1737 and the international community must be ready to take even tougher measures against Iran."

Abbas To Seek Early Elections Despite Hamas Objections. The New York Times (1/8, A9, Erlanger, 1.16M) reports Palestinian President Mahmoud Abbas "told Fatah political leaders in Bethlehem on Sunday that he intended to proceed with his demand for early presidential and parliamentary elections, and that he had lost hope in negotiating a unity government with Hamas." Abbas also said Saturday that he was making changes to his security personnel. While he "did not make clear who would hold the top post, the United States has been urging him to appoint Muhammad Dahlan, the former security chief in Gaza, to lead all security forces in the Palestinian Authority." However, the Times says Dahlan is "especially despised by Hamas, and he is not especially popular among many other Palestinians, who believe that he is corrupt and too close to the United States and Israel." Meanwhile, Fatah held "a large rally on Sunday in a Gaza City sports stadium, marking the group's 42nd anniversary with a show of strength and defiance after days of bloody clashes" with Hamas.

Fatah, Hamas Continue To Battle. The AP (1/8, Daraghmeh, Barzak) reports, "Geography is playing a big role in the violent Palestinian power struggle: When Hamas

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attacks in its stronghold in the Gaza strip, its rival Fatah retaliates in the West Bank, where it holds sway." Fatah "says its dominance of the West Bank holds Hamas in check and could keep the lid on what some fear will turn into a full-scale civil war in Gaza. But to maintain that dominance, Fatah militants in the West Bank have resorted to new tactics -- including kidnapping government officials and shooting Hamas sympathizers at random."

US Sends Military Advisers, Weapons To Boost Somalis. USA Today (1/8, 10A, Slavin, 2.27M) reports the US has "quietly poured weapons and military advisers into Ethiopia, whose recent invasion of Somalia opened a new front in the Bush administration's war on terrorism." The US and Ethiopian militaries have "a close working relationship," Pentagon spokesman Lt. Cmdr. Joe Carpenter said, including intelligence sharing, arms aid and training that gives the Ethiopians "the capacity to defend their borders and intercept terrorists and weapons of mass destruction."

UN Urged To Extend Presence In Somalia. The Financial Times (1/8, Turner, England, Dinmore) reports, "Western and African powers in Nairobi last week described the defeat of Somalia's Islamic Courts by Ethiopian-backed forces as a 'historic opportunity' to rebuild the shattered horn of Africa country, and put an end to the 'warlordism' that has torn apart efforts at political reconciliation since the 1990s. But a history of botched intervention in the world's most failed of failed states leaves few doubts that fixing Somalia poses a severe challenge to the world's peacekeeping systems, and may yet embroil Ban Ki-moon, the new UN secretary-general, in one of the first major challenges of his tenure." The UN's peacekeeping department is "already overstretched with almost 100,000 troops in 18 operations, and there is little appetite for a UN mission in Somalia after the ill-fated operation of the early 1990s." Therefore, officials and diplomats "have been keen to encourage alternatives to traditional peacekeeping, such as providing international support to regional groups such as the African Union (AU), and are trying to develop an African standby force for such situations."

Somalis Struggle To Establish Control, Provide Security. The New York Times (1/8, A5, Gettleman, 1.16M) reports town elders in Somalia "are struggling with the same questions: how to provide security; what to do with the remaining Islamists; how to determine the proper role for religion, an important theme in Somali society; and how to unify rival clans, rebuild infrastructure and live with the Ethiopians." Meanwhile, the new Somali government "made disarmament its first step but despite meetings, pleas, deadlines and threats, officials have collected few weapons. In Mogadishu, hundreds of people rioted Saturday at the prospect of house-to-house searches," which "led Jendayi E. Frazer, the United States assistant secretary of state for Africa, to cancel a planned trip to Mogadishu on Sunday."

The AP (1/8, Kennedy) reports Frazer has "stressed that the US will provide only a support role," saying, "Some people would like the United States to lead on this issue. I would prefer that we lead from behind, and what I mean by that is pushing the Somali people first, pushing the sub-region next and then mobilizing the resources of the international community."

Expert Urges US To Play Active Role In Somalia. Jonathan Stevenson, a professor of strategic studies at the United States Naval War College, writes in the New York Times (1/8, 1.16M) that "unless America plays a constructive role in Somalia's next stage, the conflict could become a regional war and a new field of jihad." Stevenson says the "temptation in Washington will be to keep its distance and rely on Ethiopia, the European Union and Kenya for as long as possible," however, "neither the American public nor the world believe that the Bush administration's predominantly military approach to counterterrorism is working. Relying primarily on Ethiopian troops to tamp down Somali Islamism would represent a continuation of that flawed model, and of the corresponding risk of fueling the jihad." Instead, he suggests that the US' "full participation in a diplomatic process in the Horn of Africa, on the other hand, would constitute a relatively low-cost way of signaling a new American approach to Islam and a re-engagement in sub-Saharan Africa., which has largely been left out of Washington's post-9/11 calculus."

Richardson Optimistic For Breakthrough On Darfur. The AP (1/8, Pickler) reports New Mexico Gov. Bill Richardson "got a bleak assessment Sunday of the deteriorating situation in Darfur, but expressed optimism for a breakthrough" with the Sudanese President Omar al-Bashir. Richardson "heard disturbing reports of rape, death and corruption from the top US diplomat in Sudan and humanitarian workers, but said he was not deterred from the challenge of trying to help bring peace where years of

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international efforts have failed." The governor told reporters, "I think we make some measurable progress if we can help the cease fire and the humanitarian situation and possibly start a united political process that helps the UN peacekeeping effort alive." Richardson is scheduled to meet with al-Bashir on Monday in Khartoum, then fly to Darfur on Tuesday to meet with rebel leaders and the commander of overwhelmed African Union forces assigned to patrol the area.

US, EU Revive Hopes For Trade Deal. On its front page, the Financial Times (1/8, A1, Callan) reports negotiations between the US and the European Union "have revived hopes that a deal can be struck on the stalled Doha round of world trade talks by the end of the month," according to EU and American officials. Top negotiators have told the Financial Times "they hope to achieve a breakthrough in the coming weeks, paving the way for an agreement with Brazil and India at the World Economic Forum in Davos this month." The Times calls the proposed deal "a last-ditch attempt" to revive the talks before President Bush loses his authority to negotiate trade pacts later this year. EU trade commissioner Peter Mandelson told the Times that the US and EU are "closer to an agreement than is commonly thought," saying the two sides are "not that far apart to give up on the process."

Mandelson To Push Bush On Trade. In a separate report, the Financial Times (1/8, Callan, Daniel, Parker, Bounds) reports Mandelson Monday will "attempt the improbable feat of persuading George W. Bush to take a political gamble on multilateralism and expend precious political capital on reaching a world trade deal during his final two years in office." Mandelson "believes he has a unique personal relationship with Mr. Bush that will help him convince the president the trade talks have reached an 'endgame' and that he must step in."

German Lawmaker Urges Creation Of Single Trans-Atlantic Market. Matthias Wissmann, a member of the German Bundestag from the Christian Democratic party, writes in the Wall Street Journal (1/8, 2.04M), "German Chancellor Angela Merkel has made the creation of a single trans-Atlantic market a priority of our country's European Union presidency." The "present situation," he adds, "bodes well for this initiative. The Democratic Party emerged strengthened from the recent elections in the US. Although at first sight this seems like a victory for protectionist tendencies, it was the Democrats who, some years ago, developed the idea of closer economic relations between the US and the EU." Through its "commitment as a founding member of the European Community 50 years ago," Wissmann concludes, "Germany has already played a crucial part in the creation of a successful economic area. There is nothing to prevent us from applying the successful model of the single European market in the trans-Atlantic context."

EC's Barroso To Challenge Bush On Climate Change. The Financial Times (1/8, Parker, Bounds) reports President Bush "on Monday be challenged to join the fight against climate change as Europe embarks on a 'new industrial revolution' aimed at cutting the continent's greenhouse gas emissions by 20 per cent. José Manuel Barroso, the European Commission president, will use his visit to the White House on Monday to give Mr Bush a preview of a new EU energy policy designed to put the bloc at the forefront of energy efficiency and use of renewables." Barroso "will argue that Europe and America have a joint economic interest in cutting energy use and to reduce their dependence on imported oil and gas." The EC will "propose a big increase in the bloc's use of renewable energy, a rise from under seven per cent of today's energy mix to about 20 per cent by 2020."

China Profits From Carbon Credit Market. The Wall Street Journal (1/8, A10, Ball, McKinnon, Oster, 2.04M) reports, "China is turning its environmental problems into a shrewdly managed financial asset, capitalizing on corporate and governmental efforts to curb global warming. How much China's actions will do for the atmosphere remains an open question." One way companies can comply with carbon dioxide emissions caps "is by bankrolling emission-cutting projects in the developing world, where such projects often are cheaper than back home. In return, the Western companies receive 'carbon credits' that essentially allow them to continue to emit greenhouse gases themselves." China, "has become the biggest source of developing-world carbon credits bought by Western investors, benefiting both Chinese corporations and Chinese government tax receipts."

China Tightens Censorship Over Press. On its front page, the Washington Post (1/8, A1, Cody, 690K) reports Chinese President Hu Jintao's "ascension to power more than three years ago generated hopes that information controls would loosen as part of the economic opening he

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has championed. But they have tightened instead." The Post notes that "several prominent editors have been fired over the past two years -- the most recent one last month -- for straining at censors' guidelines." As an example, the Post details the case of Qin Zhongfei, who "spent a month in jail on criminal charges because of a poem he wrote satirizing local officials accused of corruption."

New Year's Bombings Reflect Difficulties Facing New Thai Government. The New York Times (1/8, Mydans, 1.16M) reports that a "string of lethal bombs that disrupted New Year's celebrations here has signaled the start of a difficult year for Thailand as entrenched elites struggle for control of the country's future." It is still unclear who set the bombs, "but the message they sent to Thais was that a showdown is likely in the coming months between the ruling military junta and the opponents it unseated in a coup more than three months ago." The Times notes that a "struggle for power that began with street demonstrations more than a year ago appears to be resurfacing after pausing for breath after the nonviolent coup on Sept. 19 ended the five-year tenure of Thaksin Shinawatra as prime minister."

Zoellick Urges Bush, Congress To Create AAFTA. Former deputy secretary of state Robert Zoellick writes in the Wall Street Journal (1/8, A17, 2.04M), "This year President Bush and the Democratic-led Congress should launch a new Association of American Free Trade Agreements (AAFTA)," which "could shape the future of the Western Hemisphere, while offering a new foreign and economic policy design that combines trade, open societies, development and democracy." Zoellick says that although the President and Congress are "understandably absorbed by the dangers of war," the US "cannot afford to ignore the rest of the world." The US trade agenda, he writes, has "turned out to be our strongest lifeline to developing democracies in the Americas," but "is not enough." With the passage of the FTAs with Colombia, Peru and Panama, Zoellick says the President and the Congress "could use the free trade framework to spur an ongoing dynamic for development and democracy."

O'Grady Says Coca-Growing Movement Bolstering Morales' Popularity. Wall Street Journal (1/8, A16, 2.04M) columnist Mary Anastasia O'Grady writes, "Evo Morales is an anti-American extremist who wants to turn Bolivia into another Venezuela," which "naturally alarms Washington, but not enough to halt its war on drugs, which is aiding the president -- and leader of Bolivia's coca-growing peasant movement -- in his bid to become a dictator." Morales, "who badly needs to maintain the appearance of public support so that the international community tolerates his takeover," is "trying to spin the constitutional crisis as a confrontation between races and economic classes. But he has to worry about places like the poor and largely indigenous city of El Alto, just above La Paz, where there is evidence to suggest that many who voted for him are unhappy with his unlawful intervention in the constitutional process and growing impatient with his failure to deliver on economic promises." This, O'Grady writes, "is where US drug policy comes in. Railing against the Yankees who want to destroy peasant income has proven extremely effective in keeping the Morales base -- the country's indigenous coca growers who brought him to power -- energized and his numbers afloat. … If Washington policy makers ever decide to tackle the demand for cocaine and stop blaming supply, Mr. Morales's political career would be in jeopardy.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Gov To Seek Cuts In Aid To Families On Welfare."
"Money Clashes With Mission."
"Health Insurers Deny Policies In Some Jobs."
"China's Medicine Wars."
"Troop Surge In Iraq Would Have McCain In Tow."
"Stem Cells In Amniotic Fluid Show Promise."

USA Today:

"Verizon Wireless Goes Prime Time With TV Simulcasts Via Cell phone."
"States To Expand Health Coverage."
"States To Watch."
"How Bush Education Law Has Changed Our Schools."

New York Times:

"Plan Sets Series Of Goals For Iraq Leaders."
"Private Firms Lure C.E.O.'s With Top Pay."
"Taking Control Of Electric Bill, Hour By Hour."

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"After Many Years, It's Rangel's Turn At The Helm."
"New Warsaw Archbishop Quits Over Communist Collaboration."
"In Obesity Fight, Many Fear A Note From School."

Washington Post:

"War's Toll On Iraqis Put At 22,950 In 2006."
"Amniotic Stem Cells Hold Promise."
"Battling Deportation Often A Solitary Journey."
"Green Line Metro Train Derails, Injuring 20."
"Censorship Persists In China."

Washington Times:

"Immigration Debate Gets Religious."
"Warsaw Bishop Steps Down Over Communist Links."
"20 Hurt In Green Line Derailment."
"Pelosi Threatens To reject Funds For Troop Surge."
"French Frown On Scheme To Export Louvre."
"Library Book Returned After 47 Years, late Fees Included."

Atlanta Journal-Constitution

"Louisville Coach To lead Falcons."
"Focus Is On Top 2 Power Brokers."
"A Suicidal Patient But No Safe Haven."
"Pelosi: No Blank Check For Iraq War."

Houston Chronicle:

"Texas Revenue Forecast To Be Released Today"
"HPD Officers Fatally Shoot Hammer-Wielding Man"
"Passport Rules Change May Mean Dip In Tourism"
"Pelosi: Extra War Funds Request May Be Denied"
"Clara Harris' In-Laws Seeking Damages In Lawsuit"
"Sixth Ward Preservationists Post YouTube Pleas"

Story Lineup From Last Night's Network News:

ABC: New Iraq Strategy; New Iraq Strategy-Analysis; First 100 Hours; Increasing The Minimum Wage; Sen. Biden's Presidential Bid; Miami Port Incident; Massive Avalanche-Colorado; Auto Show; Stem Cell Research Breakthrough; Speaking Arabic; Cross Country Train Travel.
CBS: Preempted By Basketball.
NBC: New Iraq Strategy; Iraq Sectarian Violence; Massive Avalanche-Colorado; Strange Warm Winter Weather; Stem Cell Research Breakthrough; Sen. Biden's Presidential Bid; Auto Show; Consumer Electronics Show; Miami Port Incident; Football Player's Death; Missing American Sailor; Arch Bishop Resigns; Royal Treatment.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Pelosi-President Bush And Iraq; Iraq-Bus Attacked By Gunmen; Southern U.S.-Extreme Weather; Stem Cell Research-Amniotic Fluid; Chrysler-New Versions Of Minivan; Detroit-North American Auto Show; Las Vegas-Consumer Electronics Show.
CBS: Iraq-Bus Attacked By Gunmen; Pelosi-President Bush And Iraq; Miami-Port Security Scare; Stem Cell Research-Amniotic Fluid; Southern U.S.-Extreme Weather; TN-Two Teenagers Suspected Of Killing State Trooper; College Football National Championship; NFL Playoffs.
NPR: Iraq-Bus Attacked By Gunmen; Pelosi-President Bush And Iraq; Biden-Troop Strength In Iraq; Canadian McKay Visits Afghanistan; Bangladesh-Violent Protests; President Bush Declares State Of Emergency In Nebraska; California Man Fails Round-The-World Boat Trip; Detroit-North American Auto Show.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with European Commission President Jose Barroso, White House.

VICE PRESIDENT CHENEY — Speaks at the National Awards for Museum and Library Services, East Room.

US Senate: FLOOR SCHEDULE _ 11:30 a.m. Meets for morning business. At noon, considers S.Res.19, to celebrate the life of the late President Gerald Ford, followed by consideration of S.1, the Ethics Reform bill.

US House: FLOOR SCHEDULE _ 2 p.m. Meets in pro forma session.

Other: HEALTH SPENDING _ 9:30 a.m. - 11 a.m. Health Affairs will host members of the Centers for Medicare and Medicaid Services National Health Statistics Group for a media briefing on their article analyzing U.S. health spending in 2005, to be published in the January/February 2007 Health Affairs. Briefers: Aaron Catlin, Cathy Cowan, Stephen Heffler, and Benjamin Washington from the National Health Statistics Group, CMS; Samuel Zuvekas, senior economist, AHRQ. Location: National Press Club, Murrow Room.

INSURERS' PROFITS _ 10 a.m. The Consumer Federation of America (CFA) holds a news conference to release new data they say demonstrates that auto and home

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insurers dramatically increased profits and surplus in recent years, in part by systematically overcharging for insurance and by shifting costs to consumers and taxpayers.CFA will provide detailed information on the strategies its says insurers have used to inappropriately shift costs and on how state and federal policymakers can prevent these practices. Location: National Press Club, Lisagor Room.

SPELLINGS-NCLB _ 10 a.m. US Secretary of Education Margaret Spellings will commemorate the fifth anniversary of the signing of the No Child Left Behind Act by President Bush with a speech to national education leaders. Location: US Chamber of Commerce, Hall of Flags, 1615 H St. NW.

STATE HIGHWAY SAFETY _ 10 a.m. Advocates for Highway and Auto Safety holds a news conference to unveil its ``2007 Roadmap to State Highway Safety Laws. Location: National Press Club, Zenger Room.

MASSACHUSETTS-EDUCATION _ 10 a.m. - 1:30 p.m. The Center for American Progress sponsor a conference, ``Supporting Student Learning: Massachusetts Style," focusing on expanding learning time. Sen. Edward M. Kennedy, D-Mass., will deliver the keynote address. Highlights: Session I: State Leadership in Expanding Learning Time. Participants: Hilary Pennington, Senior Fellow, Center for American Progress and Co-founder and Vice Chair, Jobs for the future; Chris Gabrieli, Co-founder and Chairman, Massachusetts 2020; and David Driscoll, Commissioner, Massachusetts Department of Education. Session II: Local Voices on Implementation. Participants: Paul Toner, Vice President, Massachusetts Teachers Association, former President, Cambridge Teachers Association; Robin Harris, Principal, Fletcher-Maynard Academy; AND Dr. James Caradonio, Superintendent, Worcester Public Schools. Location: Center for American Progress, 1333 H St. NW.

TEAMSTERS-PRIORITIES _ 10:30 a.m. The Teamsters Union will outline its legislative, political and regulatory priorities and goals for 2007, including the Employee Free Choice Act, minimum wage, fair trade, rail security and cross-border trucking, in a news briefing. Location: International Brotherhood of Teamsters, 25 Louisiana Ave. NW.

EDUCATION POLICY _ 11 a.m. The Heritage Foundation hosts a discussion with Sen. John Cornyn, R-Texas., and Rep. Jimm DeMint R-S.C. Topic: ``A Better Answer for Education: Reviving State and Local Policymaking Authority." Location: Heritage Foundation, 214 Massachusetts Ave. NE.

US-JAPAN TRADE _ 12 p.m. Commerce Secretary Carlos M. Gutierrez and Japan's Minister of Economy, Trade and Industry hold a briefing press availability following a meeting on US-Japan trade issues and renewing the joint initiative for ``Enhance Cooperation on IPR" and other global initiatives announced in March, 2006. Location: Diplomatic reception area, 5th floor, Commerce Department, 14th Street and Constitution Avenue NW.

DEMOCRATS-ETHICS REFORM _ 12:30 p.m. Senate Majority Leader Harry Reid joins Senators Russ Feingold, Barack Obama, and Amy Klobuchar to discuss Senate Democrats commitment to ethics reform. Location: Senate Radio/TV Gallery.

IRAQ FUTURE _ 1 p.m. - 2:30 p.m. The Center for Strategic and International Studies will bring together members of the U.S. House of Representatives Armed Services Committee to discuss their agenda for Iraq in the 110th Congress. Participants: Reps. Ike Skelton, D-Mo.; Jim Saxton, R-N.J.; Jim Marshall, D-Ga.; and ``Mac Thornberry, R-Texas. Location: CSIS, 1800 K St. NW, Conference Level B1.

ILLEGAL IMMIGRATION _ 1 p.m. - 3 p.m. The American Enterprise Institute hosts an address by professor Gordon H. Hanson on the economic and social factors that influence the flow of illegal immigrants from Mexico to the U.S. and considers evidence on the effectiveness of policies that regulate the cross-border flow of illegal immigrants and their access to U.S. jobs. Migration scholar L. Alan Winters responds as AEI's Steven J. Davis moderates. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

MATH-SCIENCE STANDARDS _ 2:30 p.m. The New America Foundation, Fordham Foundation, others, hold a news conference with Sen. Chris Dodd, NAM President John Engler, Alliance for Excellent Education President Robert Wise, others, to announce legislation creating voluntary core standards in math and science. Location: 7th floor, 1630 Connecticut Ave. NW.

JAPAN FINANCIAL _ 3 p.m. The Center for Strategic and International Studies (CSIS) Japan Chair hosts Japans Minister of Finance Koji Omi, who will discuss his views on the Japanese economy, as well as various policy issues in the context of the upcoming Japanese Upper House election. Location: CSIS 1800 K St. NW, Conference Level B-1.

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US-EU TRADE _ 3:30 p.m. US Trade Representative Susan C. Schwab holds a media availability with EU Trade Commissioner Peter Mandelson. Location: Winder Building, 604 17th St. NW.

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DOJ_NMG_0112936

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JANUARY 8, 2007 7:45 AM EST

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TERRORISM NEWS:

Some Conservatives Blast Anti-Terror Laws' Effect On Asylum Seekers. The Washington Post (1/8, A3, Fears, 690K) reports, "Conservatives who supported President Bush's reelection have joined liberal groups in expressing outrage over his administration's broad use of anti-terrorism laws to reject asylum for thousands of people seeking refuge from religious, ethnic and political persecution. The critics say the administration's interpretation of provisions mandating denial of asylum to individuals who give 'material support' to terrorist groups is so broad that foreigners who fought alongside US forces in wars such as Vietnam can be denied asylum on the grounds that they provided aid to terrorists. … 'This is so indefensible,' said Michael Horowitz, a fellow at the conservative Hudson Institute and a former lawyer in the Reagan administration. 'It is causing heroes who fought for the United States to be afraid of being deported.'" Barrett Duke, vice president of public policy for the Southern Baptist Convention's Ethics and Religious Liberty Commission, called the laws "outrageous." Gary L. Bauer, "president of American Values, a conservative public policy group, said the anti-terrorism thrust of laws such as the USA Patriot Act and the Real ID Act is supported by most conservatives, 'but the enforcement of it has lapsed into ludicrousy. The concept of material support is being distorted, and even the definition of the term 'terrorism' is being turned on its ear.'"

Two Charged With Plotting Attacks On Americans In Jordan. The AP (1/8) reports, "Two men were charged Sunday with plotting attacks against Americans living in Jordan. Prosecutors indicted Mohammed Shehada, 25, a Jordanian, and Sameeh al-Hotari, 25, who was born in Kuwait, for conspiracy to carry out terrorist attacks and possession of an automatic weapon, a Kalashnikov."

Editorials Critical Of Bush's Letter-Opening Statement. Under the headline "First wiretapping, now letter-opening?" the Los Angeles Times (1/8, 850K) editorializes, "The Bush administration seems determined to raise the specter of surveillance over every means of communication within the United States. Not content to monitor selected phone calls and e-mails in secret, it recently hinted that letters and packages may be opened without a search warrant too." The Times adds that spokesman Tony Snow attempted to "allay fears last week about mail snooping," stating that Bush's statement on the subject was "merely a statement of present law and present authorities granted to the president." However, "it's hard not to be suspicious of the president's position on mail privacy, given the administration's record on the issue of domestic surveillance. … The administration may indeed be up to nothing new when it comes to mail — and that's not the least bit comforting."

The San Francisco Chronicle (1/8) editorializes, "In yet another power grab that whittles away our rights without a plausible justification, President Bush has given the government expanded authority to read our mail." The Chronicle continues, "This White House has long signaled that it will do what it wants in the name of national security, laws be damned. It has reserved the government's right to detain and even torture suspects without due process, and has asserted for itself wide latitude to electronically eavesdrop on Americans without obtaining search warrants. … So perhaps it should surprise no one that Bush would add a 'signing statement' to a postal-reform bill passed by Congress that suggests the new law allows the opening of mail that would be 'otherwise sealed against inspection' for broadly defined security purposes." The Chronicle adds, "Once again, the White House attempted to downplay the significance of a signing statement, insisting the president was not trying to exert any new authority. Instead, the Bush spinners said the purpose of the signing statement was to reiterate current law, which clearly does allow postal authorities to open a package suspected of containing a ticking time bomb -- the example of choice for those trying to pooh-pooh the concerns. Also, before the administration tries to trot out a red herring about wanting to intercept 'letters from al Qaeda' without delay, it has every opportunity to do so under current law -- and could then apply for a warrant after the fact. … 'Just trust us,' seems to be the operative phrase of this administration. … However, history has shown the potential for government abuses in the absence of strong mail-privacy laws. Bush continues to roll back the clock -- and the Constitution -- with his signing statements."

HOMELAND RESPONSE:

Miscommunication Leads To Terror Scare At Port Of Miami. In a story distributed by McClatchy, the Miami Herald (1/8, Ovalle, Weaver, Nahed, Barry, 286K) reports, "What started as a potential terrorist plot at Miami-Dade's seaport Sunday morning quickly flubbed into a sobering reminder of the post 9/11 state of fear. Initially, the story line sounded startling: Officers stopped a Middle Eastern man driving an 18-wheel rig with mysterious cargo. Two men, the reports went, were discovered hiding in the trailer portion. … The truth, however, emerged far less

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threatening -- the men were not terrorists and were only hauling electrical auto parts. Ultimately, the scare was blamed on miscommunication and unfounded reports." The Herald notes, "FBI agents questioned the men. County and federal authorities used a gamma ray ID device to examine the blue 40-foot container, which had 22 pallets inside. … By 5:15 p.m., authorities stood in front of local and national reporters to stress that despite the false alarm, security procedures unfolded perfectly."

The South Florida Sun-Sentinel (1/8, Blum, 237K) reports that "agents with the Federal Bureau of Investigation spent hours interviewing the men -- two brothers and a friend, according to FBI spokeswoman Judy Orihuela. The names of the men, who reside legally in Dearborn, Mich., were not released. Orihuela insisted the heightened security alert was not a case of racial profiling. 'It would have been the same response regardless,' she said. After lengthy questioning, the agents concluded the men were harmless and that the day's sinister-seeming events resulted from a simple misunderstanding between the truck driver and the port security officer regarding the number of passengers in the truck." The AP (1/8, Kennedy) reported the incident in a widely-distributed story, noting that the FBI and ICE were involved in the investigation; meanwhile, CNN, MSNBC and Fox News followed the story throughout their broadcasts yesterday as it unfolded.

Measure Would Require All Cargo On Passenger Planes To Be Screened. USA Today (1/8, Frank, 2.27M) reports a measure in the Democratic homeland security bill "that is likely to pass in the House" Tuesday "would require all cargo on passenger planes to be inspected for bombs." However, "Airlines and cargo companies say inspections would take so long that passenger planes could not carry goods that require fast delivery," which may prompt airlines to "cancel certain passenger routes," according to David Castelveter, spokesman for the Air Transport Association, which represents major US airlines. Rep. Ed Markey, who has pushed for cargo inspection, "dismissed gloomy scenarios and noted that under the legislation, passenger airlines would not have to inspect all cargo until September 2009."

NYTimes Says Air, Sea Cargo Inspection Rules Should Have Been "No-Brainers." The New York Times (1/8, 1.16M) editorializes that in a move to address "some perilously neglected needs of homeland security," House Democrats are "determined to mandate inspection of all incoming sea cargo by 2012. This is an overdue protection that Republicans bottled up in the last Congress." The new port security measures, in addition to the screening of all cargo on passenger planes, were recommended by the 9/11 commission and "should long ago have been antiterrorism no-brainers for the nation. The complaints of business lobbyists about undue burdens on commerce pale when compared with the havoc that would be created in the American economy if terrorists mounted another major attack." Adding that the House legislation "sidesteps some of the 9/11 commission's most important findings about the dysfunctional intelligence apparatus," the Times states that the "measure amounts to a worthy step forward, but one that does not go far enough."

McConnell Expected To Improve Relations Between Pentagon and DNI. Newsweek (1/15, Hosenball, 3.12M) reports, "Intelligence insiders expect recent personnel shifts to strengthen the authority of the national intelligence director." DNI nominee Mike McConnell, "a retired Navy three-star admiral whose career path is similar to that of new CIA Director Michael Hayden, a four-star Air Force general." Defense Secretary Robert Gates "is expected to replace Defense Intelligence Under Secretary Stephen Cambone with another military man, retired Air Force three-star Gen. James Clapper." Newsweek adds that the DNI office "A big criticism was that, in the face of alleged obstruction by former Defense secretary Donald Rumsfeld, the intel czar's office had too little control over Pentagon intel agencies like the giant NSA. Assuming Clapper does become Pentagon intel chief, however, relations between Defense agencies and the intel czar's office may improve considerably: four intelligence officials, who asked for anonymity discussing intel issues, say that Clapper once angered Rumsfeld by telling Congress he would be comfortable if his NGA operation was moved out of Pentagon control and under direct control of the intel czar."

Democrats May Seek Access To White House Records On Katrina. Newsweek (1/15, Hosenball, 3.12M) reports, "One early indication of how aggressively Capitol Hill Democrats will investigate the Bush administration -- and how strongly the White House will resist -- will be how vigorously the new congressional majority pursues Katrina inquiries. Under GOP leadership, both House and Senate committees sought copies of Katrina records, but the White House declined to turn over messages between the president and his top advisers. According to a GOP investigator involved with the probe…Bush aides indicated that if Congress pressed harder, the White House was likely to claim such material was covered by executive privilege. But now that the Democrats have subpoena power, an effort to force the White House to turn over the messages is a 'possibility,' says a House Democratic source." Former FEMA administrator Michael Brown "told NEWSWEEK that in a still-secret videoconference shortly after Katrina hit New Orleans, he warned presidential aides that 90 percent of the

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city was being 'displaced,' but was greeted with 'deafening silence.'"

Invigorated Blue Dogs Plan To Challenge Liberals. U.S. News and World Report (1/15, Schulte, 2.03M) reports, "Veteran liberals such as House Speaker Nancy Pelosi and Charles Rangel, chairman of the House Ways and Means Committee, hold the party's reins, but their power is likely to be tested by a group far removed from the party establishment-conservative Democrats who are flexing newfound muscle. Eighteen of 41 incoming House freshmen joined the New Democrat Coalition and/or the Blue Dog Coalition, caucuses of pro-business and fiscally conservative Democrats, respectively. … Pro-technology and free trade, the New Democrats boast a few more members, but the budget-minded Blue Dogs may have more bite. Now 44 members strong, this conservative caucus looks to be a cohesive voting bloc on fiscal issues. It also claims some freshman stars, like former NFL quarterback Heath Shuler of North Carolina and former sheriff Brad Ellsworth of Indiana, both of whom won in GOP strongholds. … Showdowns are possible over some key Democratic initiatives, such as halving interest rates on student loans and reforming the alternative minimum tax."

Democrats Said To Have Brief Window Of Opportunity To Cement Majorities. U.S. News and World Report (1/15, Brush, 2.03M) reports, "Elected with a mandate to clean up Washington by a deeply disgruntled public, Democrats have a mighty task ahead and a plan to move quickly in the first few weeks. But their efforts are fraught with any number of challenges: holding the progressive and centrist wings of the party together, turning legislation into law with the slimmest of Senate majorities, and working with a president who has seen little resistance from Capitol Hill during his six years in office. How Democrats fare in the next few months -- before the presidential election begins to overwhelm Washington -- will help determine whether the party maintains control in 2008 and beyond. … First up, Democrats plan to pass their 100-hour agenda through the House before the president's State of the Union address on January 23." U.S. News and World Report's Gloria Borger (1/15) writes, "the now minority congressional Republicans are feeling liberated. The burden of trying to run a fractious Congress is gone. Now they get to become professional critics. No longer do they have to sweat to deliver a 'majority of the majority' to the White House for every big vote-including Iraq. They can be the opposition voice, the backbenchers, the unruly minority."

Survey Finds Much Of Ninth Ward Does Not Have To Be Rebuilt From Scratch. The Washington Post (1/8, A5, Burdeau, 690K) reports a survey by urban planners and students at Cornell, Columbia University and the University of Illinois has found that the neighborhoods in New Orleans' Ninth Ward "can be brought back largely as they existed before Hurricane Katrina flooded them. … The only section that must be demolished before being rebuilt lies directly next to the levee breach on the Industrial Canal, an area that covers less than a square mile in the Lower Ninth Ward, the planners said." Andrew Rumbach, a Cornell planner, said the research data shows that the area "can be rebuilt, and rebuilt in a cost-effective way. What is lacking are the resources."

WAR NEWS:

Bush Plan To Include "Surge," Aid, "Benchmarks" For Iraqi Leaders. More details are becoming known about President Bush's new Iraq strategy. The New York Times (1/8, A1, Gordon, Zeleny, 1.16M) reports this morning Bush's "new Iraq policy will establish a series of goals that the Iraqi government will be expected to meet to try to ease sectarian tensions and stabilize the country politically and economically, senior administration officials said Sunday. Among these 'benchmarks' are steps that would draw more Sunnis into the political process, finalize a long-delayed measure on the distribution of oil revenue and ease the government's policy toward former Baath Party members, the officials said." The Times adds, "After meeting with the president and his national security team on Friday at the White House, senators from both parties said they told Mr. Bush they would have trouble supporting an American troop increase unless the plan included specific goals for the Iraqi government. Senator John E. Sununu, Republican of New Hampshire, said one of his Senate colleagues asked why the effort to add to American forces in Iraq would be more likely to succeed than previous troop increases. Mr. Sununu said the president and Stephen J. Hadley, the national security adviser, responded that Mr. Bush's plan would 'include more specific goals, different rules of engagement and different expectations for cooperation with the Iraqi government.'"

NBC Nightly News (1/7, lead story, 3:10, Corke, 9.87M) said, "Administration officials tell us when the President does speak about his plan, he will offer a balanced approach, one that clearly defines the future role for American forces in Iraq," and USA Today (1/8, Jackson, 2.27M) reports, "Bush is reviewing a plan that would send up to 20,000 more US troops to Iraq, a decision that would trigger heavy opposition from Democratic congressional leaders." The White House "plans a presidential address no sooner than Wednesday to discuss the proposal, which includes new programs for jobs, reconstruction and political assistance in Iraq, according to two administration officials who have been briefed on it." The "officials, who spoke on the condition they not be identified because the president has not made final decisions, said increases would come in phases that could add up to 20,000 troops during the next several months." The plan also

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"includes up to $1 billion in economic assistance, such as job creation and reconstruction projects, the officials said. It also calls for political assistance, including help for human rights groups and political organizations, in an effort to promote peaceful reconciliation among warring Shiite and Sunni factions."

Last night, ABC and NBC (CBS was preempted) ran analysis pieces that cast doubt on the usefulness of a troop "surge." ABC World News (1/7, story 2, 2:10, McCarthy, 8.78M) reported, "We had lunch with General Odierno. He's the top US military commander in Baghdad. He reckoned that US troops could come into Baghdad and in three or four months, restore relative peace and security and then start withdrawing and let the Iraqis take over. However, in the past when they've done that, that has never worked. And it's very unclear what has changed now that would make it work." And NBC Nightly News (1/7, story 2, 2:20, Seigenthaler, 9.87M) said "there are questions about whether…Bush's new plan will be embraced by the Iraqis who have a new plan of their own to secure Baghdad." NBC (Maceda) added, "Only months ago Iraqis welcomed another bold plan, Operation Together Forward. Despite the effort of 17,000 troops inside Baghdad it failed to stem the violence." In a similar report, the Christian Science Monitor (1/8, LaFranchi, 59K) reports "critics say" the "surge" option "would simply repeat past tactics that have not delivered," while "advocates of a big surge say it could be worse than nothing, only exposing more US troops to danger without providing the larger numbers they say are needed to get the job done of securing the civilian population."

Odierno Makes Case For New Strategy. The Los Angeles Times (1/8, Moore, 850K) reports Lt. Gen. Raymond T. Odierno, "the newly installed day-to-day commander of military operations in Iraq, said that success here would depend on a multi-pronged strategy including economic aid and political negotiations in addition to increased military actions targeting Shiite and Sunni Arab militants." Odierno, "who left his job as Secretary of State Condoleezza Rice's military advisor to become the operations chief for Iraq," said "more soldiers would speed the training of the Iraqi force and help quell sectarian fighting in the capital. He said bringing peace to Baghdad could be accomplished either with additional American troops or expanded recruiting and training of Iraqi troops or a combination of the two." USA Today (1/8, 5A, Jervis, 2.27M) notes Odierno "called for a 'balanced approach' targeting extremists of both sects. The new strategy would consist of clearing neighborhoods of insurgents and patrolling those areas heavily; creating more jobs; launching provincial elections; and outlawing militias, he said."

The New York Times (1/8, Burns, 1.16M) reports, "Meeting American reporters over lunch at a villa in the grounds of one of Mr. Hussein's former palaces…Odierno was careful not to divulge details of Mr. Bush's new war plan, which the president is expected to make public in coming days, perhaps on Wednesday." But "much of the Bush plan has been leaked."

Odierno's comments were noted by the two network newscasts that aired last night. ABC World News (1/7, story 2, 2:10, McCarthy, 8.78M) said, "We had lunch with General Odierno. He's the top US military commander in Baghdad. He reckoned that US troops could come into Baghdad and in three or four months, restore relative peace and security and then start withdrawing and let the Iraqis take over." NBC Nightly News (1/7, story 2, 2:20, Maceda, 9.87M) reported, "Speaking of Baghdad today, Lieutenant General Raymond Odierno, the number two commander in Iraq, explained why" past plans to address the violence failed: "It failed because we couldn't hold what we had cleared, and you have to go after both Sunnis and Shiites." The Washington Post (1/8, A12, Partlow, 690K) and McClatchy (1/8, Youssef) also report on Odierno's comments.

Scowcroft Offers Conditional Support For Targeted Surge. Former National Security Advisor Brent Scowcroft was asked on ABC's This Week (1/7, Stephanopoulos) if he would "advise sending more troops to Iraq right now," Scowcroft responded, "I believe, if there is a specific mission that they can accomplish and for a specific period, then it's worthwhile. … The mission would have to be some particular thing in Baghdad, for example. There's ethnic cleansing going on in Baghdad. If that can be stopped by a specific number of troops in a specific period of time, that would be demonstrable improvement. But just the increase -- general increase of troops spread out through all the missions that they have, I think would be -- would not be effective."

State Department Concerned By Bush Plan. The Financial Times (1/8, Dinmore) reports, "At the heart of…Bush's new way forward'…is the plan already under way to expand the US civilian presence across Iraq and complete the world's largest embassy in Baghdad. Construction of what critics call 'Fortress Baghdad' has led to arguments inside the State Department amid fears that the overwhelming diplomatic presence will perpetuate a sense of US occupation and become a focus of local anger." US diplomats "say that just as the armed forces are being stretched to breaking point, the US foreign service is suffering from low morale and operations in the rest of the world are being damaged by the diversion of resources to Iraq." Meanwhile, "the State Department has told the Financial Times that the US civilian presence in Iraq has 'grown considerably beyond the numbers projected for the new embassy compound.'"

Al-Rubaie Says Iraqis Have Plan To Crack Down On All Militias. CNN's Late Edition (1/7, Blitzer) interviewed Iraqi National Security Adviser Mowaffak al-Rubaie. Asked when the Iraqi military would "crack down on the various

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militias, especially the Mehdi Army of Muqtada al-Sadr," al-Rubaie said, "We have a full comprehensive plan for all militias, not only Mahdi militias, but all other militias we have a full comprehensive plan, and we have already started implementing this plan. But we are going to speed up this process in the year 2007."

More Commentary On Bush's Plan. The Wall Street Journal (1/8, 2.04M) editorializes, "Even with Democrats running Congress, Mr. Bush has a political window to pursue a more robust security strategy. The paradox is that the fastest way home from Iraq is a bolder commitment now. ... If anything, in Iraq it now appears [Bush] has been too deferential. He was telling the truth when he said his generals, and former Secretary of Defense Donald Rumsfeld, told him they had enough troops to do the job." The Journal adds, "We hope Mr. Bush also refrains from using the words 'surge' or 'temporary' to describe his plans this week. A better message is that he will do whatever it takes to reinforce the forces of moderation and democracy in Iraq to prevent a defeat that would empower American enemies in Iraq and in the war on terror. ... The tragedy nearly four years after the fall of Saddam is that such a strategy has never been tried."

The Weekly Standard's William Kristol, appearing on Fox News Sunday (1/7, Hume), said, "Bush has chosen to change strategy in Iraq in a way that I think makes sense. The new rationale for the new strategy has been laid out in great strength by retired Army Chief of Staff Jack Keane, and Fred Kagan, and now I think David Petraeus." Asked if 20,000 troops is likely to be enough to make a difference, Kristol replied, "The Keane and Kagan plan calls for four or five brigades in Baghdad and one or two Marine regiments in Anbar, which will be a little more than 20,000. They may phase them in. So it might start with 20,000. But look, Dave Petraeus is going to take over. And he's committed. He's taking over with a mission: win the war. And if he comes back to the president a month from now, when he's in command on the ground and says, 'let's accelerate the surge'…which I think would be a good idea, frankly, frontload the surge -- it could be 30,000 or 35,000 troops."

In an op-ed for the Wall Street Journal (1/8, A17, 2.04M) Bing West, former assistant secretary of defense, and Eliot Cohen, professor of strategic studies at Johns Hopkins School of Advanced International Studies, write, "The apparent problem is uncontrolled sectarian violence in Baghdad and the apparent solution is to send more American soldiers to restore order. The actual problem is a dysfunctional, sectarian Iraqi political system. Here at home, the imminent debate between the Congress and the administration about the number of American forces is a diversion. … The much-debated 'surge' would only modify our current strategy,"

In an op-ed for the Washington Post (1/8, A15, 690K) Gen. Wesley Clark, former NATO Supreme Commander, writes, "The odds are that this week President Bush will announce a 'surge' of up to 20,000 additional U.S. troops into Iraq. Will this deliver a 'win'? Probably not. But it will distract us from facing the deep-seated regional issues that must be resolved. … What the surge would do is put more American troops in harm's way, further undercut the morale of U.S. forces and risk further alienating elements of the Iraqi populace."

The Washington Post's Jackson Diehl (1/8, A15) writes, "The new plan for Iraq that President Bush will announce this week will suffer from the same fallacy that has infected each of his previous war strategies. … That is, the notion that American action can produce decisive results in Iraq in six to 12 months." Diehl adds, "the question the country faces is not what can be done on Washington's time, in six or 12 months. It's how the U.S. mission can be configured to adapt to the clock that's running in Iraq."

The New York Times' Paul Krugman (1/8) writes, "The only real question about the planned 'surge' in Iraq — which is better described as a Vietnam-style escalation — is whether its proponents are cynical or delusional."

Boston Globe (1/8, 413K) columnist James Carroll writes, "With his lies at the beginning of this war, and his fantasy now that an honorable outcome remains possible, the president is a taunting killer, caught in the act. ... Stop this man."

The Philadelphia Inquirer (1/8, 385K) editorializes, "New nameplates on desks need to be accompanied by new and better plans for stabilizing and exiting Iraq, for carrying out diplomacy around the world, and for more fully coordinating U.S. intelligence gathering. ... Bush's own statements and leaks about this week's announcement suggest that he still hasn't gripped the reality that the earlier U.S. goal - to turn Iraq into a stable democracy - is now unachievable. ... Simply looking into Iraqi President Nouri al-Maliki's eyes to see whether he is sincere about disbanding Shiite death squads won't work either. Bush ought to listen to the Baker-Hamilton commission's suggestions to beef up the training of Iraqi security forces, and hold talks with regional neighbors, including Iran and Syria, who can influence the outcome in Iraq."

"Soft Partition" Of Iraq Suggested. In an op-ed for the Washington Times (1/8, 88K), Johns Hopkins visiting scholar Edward Joseph and Brookings fellow Michael O'Hanlon suggest, "Many have already concluded our backup plan for Iraq should be packing up and going home -- or, at most, redeploying to Iraq's borders to protect displaced civilians and deter its neighbors from entering into the civil war. But there is at least one promising Plan B that, while hardly ideal, would be far better for America, Iraq, and the broader region than complete defeat, all-out civil war, and the possibility of broader regional conflict. It would build on Sen. Joe Biden and former Assistant Secretary Leslie Gelb's idea

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of a soft partitioning of Iraq -- moving away from centralization toward a loose federation (akin to Bosnia) of three largely autonomous regions in which present and future oil revenues would be shared equitably. But it would go beyond Biden/Gelb to confront directly the sectarian strife now raging in and around Baghdad. Rather than striving for a 'neutral Baghdad' as Mr. Biden and Mr. Gelb propose, the Iraqi government would assist threatened minorities relocate to where they feel safer -- helping them find new jobs and housing in the process. This is in effect the Bosnia model for Iraq."

Pelosi Suggests Democrats Could Withhold Funding For Troop "Surge." As President Bush prepares to announce his new strategy for Iraq, ABC World News (1/7, lead story, 3:20, Harris, 8.78M) reported "the new Speaker of the House, Democrat Nancy Pelosi, flexed some new political muscle. Speaker Pelosi raised the possibility that the Democrats could withhold money for the expected centerpiece of the President's plan, sending more troops to Iraq." ABC (Morrell) added, "With Democrats now in control of Congress, and of funding the war in Iraq, they have the power to thwart the President's new strategy. And today, for the first time, the new Speaker of the House warned Congress may not foot the bill, if the President, as expected this week, orders thousands more troops to Iraq."

Pelosi, on CBS's Face the Nation (1/07, Schieffer) said, "If the President chooses to escalate the war, in his budget request we want to see a distinction between what is there to support the troops who are there now. … But if the President wants to add to this mission, he is going to have to justify it. And this is new for him because up until now the Republican Congress has given him a blank check with no oversight, no standards, no conditions. … It's not an open-ended commitment anymore." Pelosi added, "There is complete chaos now. … Right now, the war in Iraq is harming our military readiness." The AP (1/8, Yen) reports that "asked about Pelosi's remarks, White House spokesman Alex Conant said Bush welcomed any ideas on Iraq that 'lead to success.'" He added, "We're glad the speaker wants us to succeed in Iraq."

The Washington Times (1/8, Pfeiffer, 88K) reports Rep. David R. Obey, Wisconsin Democrat and House Appropriations Committee chairman, "echoed his party leader's warnings and some of her wording, saying, 'There are certainly going to be no blank checks' from his panel." Added Obey, "I think we're going to scrub his request and, at the same time, use it as a chance to really discuss whether or not the policy behind that request makes any sense."

The Los Angeles Times (1/8, Pasternak, 850K) notes "the Democratic leaders also acknowledged that they had a limited ability to prevent the White House from adding forces. Any effort to block funding would expose them to charges of not supporting the troops. And since Congress authorized the use of force in Iraq, placing restraints on that approval could be unconstitutional." Pelosi "emphasized that Congress would not cut off funding for US forces now in Iraq, and said that Democrats supported the president's proposal to increase the overall size of the Army and the Marine Corps." But the Washington Times/UPI (1/8, Waterman) reports "Democrats who want to block any proposed escalation in US troop levels in Iraq have the constitutional authority and the legal power to do so, scholars says. 'It's a fundamental constitutional principle that Congress can initiate and regulate war,' said Neil Kinkopf, a law professor at Georgia State University in Atlanta." Kinkopf, "a former Clinton administration Justice Department official who worked in the Office of Legal Counsel, presented a paper for the liberal American Constitution Society last week arguing that Congress has the power to stop President Bush from sending additional troops to Iraq -- a move many expect him to announce this week."

NBC Nightly News (1/7, lead story, 3:10, Corke, 9.87M) noted that in appearances yesterday, Democrats "sharpened their criticism" of Bush's expected Iraq plans. One reason for that, says today's Boston Globe (1/8, Klein, 413K), is that "antiwar activists in the Democratic Party are stepping up demands that their party's leaders cut off funding for the war -- a dramatic step that would force the president to quickly end American involvement in the war. … The push by liberals underscores a split within the Democratic Party that winning the majority in Congress hasn't healed. Democrats are caught between a desire to support US troops and appear strong on national security and a sometimes competing push to end an increasingly unpopular war."

CNN's Late Edition (1/7, Blitzer) interviewed Rep. Dennis Kucinich, who said, "Given a choice between using the money to bring the troops home or using the money to continue the war, I think the American people want a process to begin that will bring our troops home. … What we need to do is, as we announce that we're going to withdraw, we also enable a political process to be started that begins the transition to an international security force."

Democrats To Hold Iraq Hearings This Week. The Washington Post (1/8, A4, Weisman, 690K) reports, "Democratic leaders who had hoped to emphasize their domestic agenda in the opening weeks of Congress have concluded that Iraq will share top billing, and they plan on aggressively confronting administration officials this week in a series of hearings. Pushed by House members who want a quick, tough response to the Iraq strategy President Bush is expected to announce this week," Pelosi "has backed off from her initial assertion that nothing should detract attention from the legislation she hopes to pass in the first 100 hours of House debate." The Post adds, "Late last week, she

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summoned the chairmen of the Armed Services, Foreign Affairs, intelligence, Homeland Security, and Oversight and Government Reform committees to plot a series of hearings. On Thursday, Democrats will call Secretary of State Condoleezza Rice to appear before the House Foreign Affairs Committee to defend the war-strategy shift Bush will outline in a nationally televised speech. A House Armed Services Committee hearing with Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, planned for Jan. 19 was abruptly moved to this Thursday after consultations with Pelosi."

The Christian Science Monitor (1/8, Chaddock, 59K) says that "oversight hearings convening across Capitol Hill, beginning this week, mark an escalation in congressional opposition to the war, including among members of the president's own party." The Monitor adds, "Leading off this month's blitz of Iraq hearings, the Senate Foreign Relations Committee is set to convene a closed intelligence briefing Tuesday afternoon. In all, it plans a dozen hearings on the war this month."

Waxman Characterizes Iraq Spending Audits As "Very, Very Frightening." Rep. Henry Waxman, on ABC's This Week (1/7, Stephanopoulos), said that his "top priority" as chairman of the House Government Reform Committee "is to make sure that taxpayers' funds are no being wasted, that there's no fraud and abuse. These are the taxpayers' dollars, and what we've seen so far in Iraq, according to the government's own auditors, is billions of dollars that have gone to waste and corruption and graft. We're going to look into that more carefully. Only a small part of the money spent in Iraq has been audited, but what we've seen is very, very frightening."

Bush Seen As "Determined To Defy" Opposition To Sending More Troops. Newsweek (1/15, Darman, Wolffe, Thomas, 3.12M), in an article on the Iraq stances of GOP Sens. John McCain and Chuck Hagel, reports that President Bush "seems determined to defy his detractors, not to mention popular opinion. This week Bush is expected to announce a 'New Way Forward' on Iraq that will call for more troops to try to bring order and political stability to Baghdad. … To Bush's many critics, like Hagel, the new Iraq strategy adds up to a waste of more American lives. To Bush's smaller and dwindling band of supporters, like McCain, failure in Iraq is unthinkable. And if duty requires more sacrifice, then so be it. A senior Bush aide, who declined to be named discussing internal White House strategy, tells NEWSWEEK that the president's way-forward plan will be a middle-road approach that falls somewhere between McCain's and Hagel's positions. He will call for a staggered troop increase based on benchmarks for the Iraqis' performance."

Newsweek (1/15, Johnson, 3.12M) reports Bush's speech "laying out his new strategy for Iraq will be scrutinized for its specifics. … But at least as critical to success may be whether Bush is convincing. A draft report recently produced by the Baghdad embassy's director of strategic communications Ginger Cruz and obtained by NEWSWEEK makes the stakes clear: 'Without popular support from US population, there is the risk that troops will be pulled back ... Thus there is a vital need to save popular support via message.' Under the heading DOMESTIC MESSAGES, Cruz goes on to recommend 16 themes to reinforce with the American public, several of which Bush is likely to hit: 'vitally important we succeed'; 'actively working on new approaches'; 'there are no quick or easy answers.'"

Insiders "Suspect" Rove Crafted Bush's Response To ISG. U.S. News and World Report's "White House Week" feature (1/15, Walsh, Bedard, Mulrine) reports White House adviser Karl Rove "is showing no signs of leaving, as some had predicted. Indeed…Rove is as aggressive as ever in making policy arguments-his main theme being that Republicans lost the congressional elections because they didn't sufficiently live up to their core conservative ideals. And his influence is still pervasive, sources say. For instance, GOP insiders suspect that Rove had a big hand in distancing Bush from the Iraq Study Group because he believed the bipartisan panel was too critical of current Iraq policy. Rove, aides say, believes that victory is still achievable and that Bush should pursue it as vigorously as he can."

Democrats Not Expected To Block Iraq War Funding Requests. Newsweek's Howard Fineman (1/15) writes Sen. Barack Obama "says that sending more troops would be 'a mistake that compounds the president's original mistake.' But don't expect Obama -- or most other Dems -- to try to block George W. Bush when he asks Congress in the coming weeks for another billion-dollar bundle for the war. The party won't deny the funds, and may not even try to attach conditions to them. Obama made that clear last week when I saw him in his office. … Party leaders (especially Nancy Pelosi) fear being branded as 'weak on defense' if they kicked off in Congress with antiwar maneuvers." U.S. News and World Report's "White House Week" feature (1/15, Walsh, Bedard, Mulrine) reports President Bush's "strategists say he has a lot more latitude in setting a new policy than his antiwar critics realize -- at least for the next few months. 'The Democrats are going to be in a real bind,' says a Republican insider with close ties to the White House. 'The president will come out with a strong plan to get order in Baghdad, and if the Democrats do anything to undermine or block it, it will look to Americans as though they wouldn't give his plan a chance.' The strategist predicts that 'their tendency will be to give the president a free hand and blame him if doesn't work.'"

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U.S. News and World Report (1/15, Kingsbury, 2.03M) reports House Democrats "have promised hearings into how the war in Iraq has been handled, with scrutiny in a range of committees expected to turn on contractor oversight, force readiness, and the president's forthcoming plan in Iraq. Over on the Senate side, expect three hearings on Iraq this month alone. And Congress will almost certainly consider expanding the size of the Army and Marine Corps, a measure that is expected to receive broad support on both sides of the aisle." Sen. Patrick Leahy "wants to crack down on war profiteering, and he's promising to implement the Iraq Study Group recommendations to develop the devastated country's judicial system and train its police force." U.S. News and World Report's Brian Duffy (1/15) reports, "Democrats promise vigorous oversight, and given their all-but-total abdication on the issue heretofore and the administration's abject mismanagement of postwar operations there, that's as it should be. Obsession with toll-taking alone, however, would be a mistake."

Provincial Shiites Rely On Mahdi Army To Provide Security. U.S. News and World Report (1/15, Mulrine, 2.03M) reports, "Shiite militias have been called into Baqubah at the behest of beleaguered Shiites, often arriving from strongholds such as Baghdad's Sadr City to provide protection against a Sunni insurgency that has driven thousands of Shiite families from their homes. 'The Shiites get pushed around by Sunnis, and JAM shows up,' says the officer. JAM, or Jaish al-Mahdi, is also known as the Mahdi Army militia, which is loyal to Moqtada al-Sadr,

Will Says Saddam's Execution Exposed Iraq's "Barbaric Sectarianism." In his column for Newsweek (1/15, 3.12M) George Will writes, "The hanging of Saddam Hussein…may have been a tipping point. The video, which The Economist said resembled 'the sordid snuff videos circulated on the internet by al-Qaeda,' may have been, in the scheme of things, just a straw. But coming when it did, it was, for many Americans, perhaps the last straw. In it, they recognized how far into the abyss Iraqi political culture has fallen. The hanging was conducted in the presence of taunting adherents of Moqtada al-Sadr, the loutish cleric whose militia, the Mahdi Army, is a prime example of why post-Saddam Iraq is a thugocracy. The hanging was an episode of bloodthirsty primitivism in the service of barbaric sectarianism. Which is to say, the hanging was an accurate expression of Iraq's civic culture."

Meanwhile, U.S. News and World Report's Fouad Ajami (1/15) writes, "There was mayhem at the gallows, and there was justice at the gallows. … It was said in the Sunni strongholds of Iraq, and in the Arab capitals, that it had been bad form that the dictator had been dispatched at dawn, on the first day of Id al-Adha" but "those protests came from people who had never shed a tear for Saddam's victims. Their loyalties are atavistic: They are motivated by a dread of the Shiites, and by a reflexive, unthinking anti-Americanism."

Lawmakers Break Largely Along Party Lines On "Surge." NBC Nightly News (1/7, lead story, 3:10, Corke, 9.87M) reported the expected "surge" proposal "sparked heated debate among lawmakers on Capitol Hill" on the Sunday morning political talk shows. Democratic Sen. Joseph Biden was shown saying, "Think about this: Nobody, nobody, has recommended what the President is about to do." Republicans "say more troops are needed." GOP Sen. Lindsey Graham said, "The biggest mistake we could make is to repeat the mistakes of the past and not have enough people on the ground to make a difference."

Asked on NBC's Meet the Press (1/7, Russert) for his response to Bush's anticipated "surge" proposal, Biden said, "There's not much I can do about it. Not much anybody can do about it. He's commander in chief. If he surges another 20, 30, or whatever number he's going to, into Baghdad, it'll be a tragic mistake, in my view, but, as a practical matter, there's no way to say, 'Mr. President, stop.' … I've drafted a resolution of disapproval that is just hortatory, it's – to send to the Senate to try to convince the president that there are significant numbers and members of the United States Senate who think this proposal is a mistake, and hopefully force him to reconsider it."

Graham, on NBC's Meet the Press (1/7, Russert), predicted that "there'll be a lot of support by Republican members. … Even though it may not be politically popular for the moment, I think it is in our best interests long term." Graham added, "The reason Senator McCain and Lindsey Graham and a few others are supporting this when 14 percent of the public supports us, and 80-something percent is against us, is we're thinking about the consequences of a failed state in Iraq. That's more important than 2008. We cannot let this country go into the abyss. Now is the last chance and the only chance we have left to get this right. … The biggest mistake we could make as a nation is to listen to Pelosi and Reid doctrine of withdrawing without wondering what happens when we leave."

South Carolina's The State (1/8, Rosen) notes Graham's comments this morning, adding the senator "has broken with Bush on key national security issues in the last two years, most prominently over how the United States should interrogate and prosecute accused terrorist detainees." Now "his support for Bush's anticipated plan to send more troops to Iraq places him at odds with other prominent GOP senators. Sen. Richard Lugar, an Indiana Republican who was replaced by Biden as head of the foreign relations panel, has declined to endorse a troop increase; GOP Sen. Chuck Hagel of Nebraska, also eyeing a

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White House run, called the increase 'folly' and 'Alice in Wonderland' last week."

With the exception of GOP Sen. Trent Lott, who on CNN's Late Edition (1/7, Blitzer) would not commit to backing Bush's expected "surge" plans, lawmakers broke along party lines on the Sunday talk showed. Said Lott, "I want to see what the [President's] plan is. I think it makes sense to wait. I think a lot of people are anticipating everything the President may propose. They may be surprised."

As the Washington Post (1/8, A4, Tyson, 690K) notes "Republican lawmakers…voiced general support for the Bush plan as outlined, although they acknowledged it will be controversial and unpopular." For example, asked on Fox News Sunday (1/7, Hume) if he believes his Republican Senate colleagues will "go along" with Bush's plan, Sen. Mitch McConnell predicted, "There will be some who will and some who won't. … At the end of the day, though, I don't think Congress will cut off money for the troops. Congress is incapable of micromanaging the tactics in the war. And even though this will be a controversial step, I think the president will be able to carry it out, and I hope he'll be successful. … I don't think the President should be criticized for, A, recognizing that things were not going well and, B, making substantial changes in order to achieve the goal."

CNN's Late Edition (1/7, Blitzer) interviewed Minority Whip Roy Blunt, who said, "I think it's a huge mistake…to begin to jump to the commander in chief's job as a member of Congress. And I think my friends Nancy [Pelosi] and Harry [Reid] are making that mistake by thinking they can strategize what's the best thing to happen. What's more important is the mission. And that's what I'm interested in hearing the president talk about is the mission."

CNN's Late Edition (1/7, Blitzer) interviewed Sen. Barbara Boxer, who said, "The Congress ought to have a chance to look at this. And frankly, I'd like to have a vote on this, you know, whether we want to escalate the number of troops in there. My own view is, that's the wrong way to go."

Rep. Steny Hoyer, on Fox News Sunday (1/7, Hume), noted that Democrats "see this simply as an escalation and not a change. Essentially, we've gone up and down on troop levels before. We did so just recently. And when we sent troops into Baghdad, we sort of had community-by-community success but a general escalation, both in violence, sectarian confrontation, and loss of life. So we don't see this as a new policy, and I think it's going to be greeted with great skepticism."

Rep. Charles Rangel, on ABC's This Week (1/7, Stephanopoulos), commented, "I think the public is way ahead of the Congress in saying enough is enough. And the whole idea that we're supposed to tell our children to put themselves in harm's way in order to support a surge, which generals say have nothing to do with the military victory, is going to undercut the President even further."

McCain, Hagel Offer Sharply Different Assessments Of "Surge" Proposal. Newsweek (1/15, Darman, Wolffe, Thomas, 3.12M), in an article titled, "McCain vs. Hagel: Two Views on the War," notes, "War itself is a foreign concept to many solons of Capitol Hill; a small number—perhaps as few as 25 out of 535—have come under fire in combat." Sens. John McCain and Chuck Hagel "are obvious and visible exceptions. … Both men have seen the face of war up close. But on the question of the Iraq war, they are almost mirror opposites." Hagel "is almost angrily dismissive of the idea of sending an additional 10,000 to 20,000 troops to Iraq. … 'will guarantee that there's going to be a lot more American casualties. And there's going to be a lot more animosity by the Iraqis.'" McCain, "by contrast, was almost dispassionate when he told a NEWSWEEK reporter that he wishes to expand the war in Iraq. His attitude was coolly self-assured. 'All of us establish records,' he says about his repeated calls for more troops in Iraq. 'If I was wrong in the beginning, my credibility might be somewhat less now.' McCain suggests that the Bush administration…should have listened to him all along. 'I hate to sound so 'I told you so,' but I've been saying we've got to have a larger Army and Marine Corps for a long, long time.'" Newsweek adds, McCain "can sound a little matter-of-fact about sending young people off to combat."

Hagel Said To Have Appeal To Conservative Primary Voters. Newsweek's Jonathan Alter (1/15) writes, "The most stunning thing about the Republican campaign so far is the vacuum on the right. While McCain, Rudy Giuliani and Mitt Romney (a moderate Republican until five minutes ago) battle over the centrists in the party, the conservative base that actually determines the nomination remains forlorn. … Pooh-bahs in both parties have convinced the candidates that they have to raise $100 million this year to be competitive. This is nonsense in the Internet age, peddled by consultants who need that booty for their own pockets." Sen. Chuck Hagel "might not run" but "if he does…would be formidable."

Fallon Seen As "Experienced" Officer And Diplomat. The New York Times (1/8, Shanker, 1.16M) reports in a positive article, "A range of military officers at the Pentagon noted that if Adm. William J. Fallon was confirmed by the Senate to the Central Command position, he would be not only the first naval officer to command the region, but also a four-star officer moving between regional combatant commands. Often, such posts are given as promotions to three-star officers." "Senior" sources "said Defense Secretary Robert M. Gates's recommendation of Admiral Fallon, currently in command of all American forces in the Pacific, reflected a wish for seasoned eyes on Afghanistan and Iraq as well as a new focus on regional initiatives to reassure allies and deter adversaries, in particular Iran." Fallon has been both "diplomatic" and "tough" in his Pacific duties: "he

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volunteered" to apologize to Japan in 2001 after a US submarine accidentally sank a Japanese ship; on the other hand, in the Philippines, "he took the unusual and punitive move of canceling a large annual field exercise with the Philippines over a local judge's failure to honor the bilateral treaty governing protections for American military personnel." The Times predicts that he "can be expected to pay great attention to the missions in Iraq and Afghanistan, but to leave day-to-day operations to the senior commanders on the ground in Baghdad and Kabul, similar to his current relationship as Pacific regional commander to the four-star Army officer in charge of forces just in South Korea."

US, Iraqi Forces Launch "Thundering" Assault On Insurgents. The Los Angeles Times (1/8, Zavis, 850K) reports, "Bombers, fighter jets and attack helicopters unleashed a thundering attack today as U.S. and Iraqi soldiers closed in on a web of sunken irrigation canals east of Baghdad, where they believed Sunni Arab insurgents were massing. The pre-dawn strikes shook the ground and sent orange fireballs and thick smoke into the sky. ... About 1,000 U.S. and Iraqi troops are participating in the assault, which includes attack helicopters, tanks and Humvees. Over the past four days, columns of soldiers have pushed through hamlets populated by wheat farmers and sheep herders in a methodical sweep to clear an area full of spider holes, secret tunnels and weapons caches. ... The region is a stronghold of the powerful Al Daini tribe, which includes many disaffected former officers from Saddam Hussein's army."

Five More US Soldiers Killed In Iraq. The AP (1/8, Frayer, Mattar) reports, "The U.S. military said three airmen were killed in Baghdad Sunday by a car bomb, a soldier was killed by small arms fire in Baghdad a day earlier, and another soldier died in combat in western Anbar province on Friday. A British soldier also died in a traffic accident. ... A new battle for Iraq's capital was under way with Iraqi forces mired in gunfights with insurgents and U.S. helicopters hovering over an area where some 30 people died in fighting the previous night."

Nearly 23,000 Iraqis Said To Be Killed In 2006. The Washington Post (1/8, A1, Raghavan, 690K) reports, "More than 17,000 Iraqi civilians and police officers died violently in the latter half of 2006, according to Iraqi Health Ministry statistics, a sharp increase that coincided with rising sectarian strife since the February bombing of a landmark Shiite shrine. In the first six months of last year, 5,640 Iraqi civilians and police officers were killed, but that number more than tripled to 17,310 in the latter half of the year, according to data provided by a Health Ministry official with direct knowledge of the statistics. ... Last year's spike in casualties occurred despite an ambitious U.S. military operation in the capital, Together Forward ... Iraq's death toll from violence is controversial because it provides a vivid report card on the difficulty of U.S. and Iraqi efforts to bring order to the country. Neither the U.S. government nor the military provides death totals for Iraqis." Although Health Ministry statistics are considered more reliable, "because they are based solely on death certificates ... The ministry is under the control of the Shiite religious party of Moqtada al-Sadr, whose Mahdi Army militia is behind much of the sectarian killing."

Increased Violence Slows Supply Lines In Iraq. The Christian Science Monitor (1/8, Barrett, 59K) reports from the Kuwaiti-Iraqi border, "More than 200 18-wheelers wait to cross into Iraq. Braving Sunni insurgents, Shiite militias, and criminal gangs, these trucks are vital links in the supply chain that keeps some 130,000 US military personnel in Iraq afloat. ... A stark reminder of the perilousness of the 400-mile journey from here to a US logistics hub in Iraq came last week in a videotape of five kidnapped security contractors." Violence has increased on the route; "It's worse than before ... [the trucks] come under fire more frequently," said an anonymous Pakistani businessman. The Monitor adds, "And with the possibility of increasing US forces by some 20,000 combat troops seeming more likely, the supply route from Kuwait will be ever more vital." British professor Paul Rodgers "says that a more substantial US combat presence in Iraq could cause insurgents to avoid direct confrontation and intensify attacks on supply lines."

Two More Saddam Co-Defendants Await Execution. The AP (1/8, Frayer, Mattar) reports, "Two of Saddam Hussein's co-defendants were taken from their cells and told they were going to be hanged on the same day the former dictator was executed, their lawyer said Sunday. But the two condemned men still await death as Iraqi officials decide how to avoid the kind of outcry that followed Saddam's hanging on Dec. 30." The two are "Saddam's half brother and former intelligence chief Barzan Ibrahim and the former head of Iraq's Revolutionary Court, Awad Hamed al-Bandar." A defense attorney for them said of the delay, "Their execution should be commuted under such circumstances because of the psychological pain they endured as they waited to hang." Human Rights Watch "said the speedy trial and subsequent execution of Saddam and those planned for Ibrahim and al-Bandar illustrated the Iraqi government's disregard for human rights."

Professor Decries Saddam's Hanging. In an op-ed for the Wall Street Journal (1/8, 2.04M), medical professor Abraham Verghese writes, "Saddam's hanging disturbs us because it was perverse, vengeful, furtive, hasty, carried out under cover of darkness and in front of a hoarse, excitable male audience who acted as if they were at a carnival, or, to be more precise, as if they were at a lynching. ... With the

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video I felt just as I did as a child witnessing an actual hanging: That the condemned man gets perverse revenge because there is a shame that accompanies such a spectacle; it spreads and stains all who are there, all who drive by, all who watch it on television, or who, like me, download it with a click of the mouse; the killer being executed has suddenly become noble, and turned us into killers."

UK's Brown Suggests Iraq Policy Shift. The AP (1/8, Stringer) reports, "Treasury chief Gordon Brown, expected to succeed Tony Blair as prime minister by September, suggested Sunday that he will pursue an Iraq policy that is more independent of Washington than the current government. Brown ... promised to be 'very frank' with President Bush. He also said that Britain is likely to scale down its commitment of troops to Iraq over the next year — even as the White House is considering dispatching thousands more, at least temporarily." Brown's comments on BBC radio "seemed intended to distinguish himself from Blair, who has been criticized in Britain for his strong support for Bush and the war, both unpopular here."

US Agencies Lack Adequate Number Of Arabic Speakers. ABC World News (1/7, story 10, 3:00, Harris, 8.78M) reported, "As the nation debates what to do next in Iraq, tonight, we spotlight one enormous and often overlooked obstacle, a drastic shortage of Americans who speak Arabic. The recent report from the Iraq Study Group found that of the 1,000 Americans at the US Embassy in Baghdad, only 6 are fluent in Arabic. Many critics ask, 'If we can't speak the language in Iraq, how can we improve things?'" ABC noted that "although more and more Americans are studying Arabic at home and abroad…only 10% of US colleges offer Arabic courses. Soldiers heading to Iraq try to learn a few phrases. But critics say the lack of Americans fluent in Arabic is making the US problems in Iraq immeasurably worse." Meanwhile, critics say "that the government needs to make a massive investment in training Arabic speakers, as it did during the cold war training Russian speakers."

Iraqi Soccer Suffers From War Too. The New York Times (1/8, Semple, 1.16M) reports, "Soccer has become an escape from the uncertainty and violence of life, a source of camaraderie and even a binding force of nationalism in a country riven by sectarianism. ... Despite the national team's successes abroad, the sport at home has been fraught with the same uncertainties as the rest of Iraqi life. The professional league halted at the 2003 invasion; play was not resumed until late 2004. Though the stadiums remain remarkably free of violence, fear of attacks has cut into attendance. Ticket revenues and government support have declined, and the stadiums and practice facilities are in poor shape. The best players have fled abroad, seeking safer conditions and more lucrative contracts. ... In recent months, athletes and sports officials have been shot and kidnapped."

Newborn Babies, Women Killed In Taliban Attack. The New York Times (1/8, Wafa, 1.16M) reports, "The Taliban appeared to be resuming their campaign of violence after a week of quiet over the Islamic festival of Id al-Adha. Two newborn babies, their mother and a grandmother were killed in a roadside bombing in eastern Afghanistan as they were returning home from the hospital on Sunday, said the provincial police chief of Khost, Muhammad Ayub, who called the attack 'inhuman.' ... More than 600 civilians have been killed in the past three years, including those killed as a result of operations by NATO, American and Afghan troops as well as attacks by the Taliban and Al Qaeda, the Afghan Independent Human Rights Commission reported Sunday. The commission appealed for the military to take more care to avoid civilian casualties and called for compensation to be given to the victims' families."

LATimes Weighs In On Watada Trial. The Los Angeles Times (1/8, 850K) editorializes about the Watada court-martial, "Army 1st Lt. Ehren Watada may or may not have a good claim for conscientious objector status. ... But Army lawyers are overreaching when they try to prosecute their case by drafting reporters. ... The Army has his statements, but it subpoenaed reporters to authenticate that he, in fact, said what is in print and on tape. ... No prosecutor should be able to conscript any reporter into being a deputy by compelling testimony about a statement made by a source -- or go fishing for information beyond what a reporter presents in a story --unless it's absolutely vital to protect US citizens from crime or attack."

CORPORATE SCANDALS:

Jobs May Still Face DOJ Scrutiny In Apple Options Probe. Bloomberg (1/8, Gullo, Guglielmo) reports, "Apple Computer Inc. Chief Executive Officer Steve Jobs, exonerated by the company's board last month in a stock-options scandal, may still face scrutiny from U.S. investigators." Bloomberg continues, "The Securities and Exchange Commission and the Department of Justice may question Jobs as they probe whether current and former Apple executives, directors and others committed fraud by backdating some stock-option awards to inflate their value, said criminal defense attorneys who formerly worked at those agencies." Bloomberg adds, "Apple said Dec. 29 that 6,428 stock options issued between 1997 and 2002 were backdated. That included one grant to Jobs marked as

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approved at a special board meeting that never occurred. Jobs recommended some favorable dates on options other than his own. Apple, which found 'no misconduct' by Jobs, didn't say which options the CEO backdated or why it faked a board meeting. … 'The SEC and the Justice Department are not bound by the company's conclusions,' said San Francisco-based attorney Jahan Raissi, a former senior counsel in the SEC's enforcement division. 'They have far more powerful tools to force people to talk to get information.'" Bloomberg notes, "Cupertino, California-based Apple, maker of the iPod music player and Macintosh computer, is among the largest of the more than 195 companies embroiled so far in a stock-options scandal that broke last year. … Prosecutors will want to know what Jobs, 51, was told in meetings and in telephone calls and if any advice was given to him by outside attorneys, said Robert Mintz, a white-collar criminal defense attorney in Newark, New Jersey, and former assistant U.S. attorney in New Jersey. … A person familiar with the matter said Oct. 5 that federal prosecutors in San Francisco are investigating Apple's backdating of stock options. … The computer maker's revelation that Jobs chose some of the dates for options grants will prompt investigators to explore his role, said William Portanova, a white collar criminal defense attorney in Sacramento, California, and former U.S. prosecutor in California."

Apple Probe Investigator May Have Had Conflicts. USA Today (1/8, 2B, Farrell) reports, "One of the directors in charge of Apple's internal investigation into backdated stock options ran a computer reseller that accounted for about $600 million worth of Apple sales from 2000 to 2003. … That financial relationship, even though it no longer exists, should have disqualified director Jerome York from the assignment, say two corporate governance experts." USA continues, "York, an Apple director for the past 10 years who chairs the board's audit and finance committee, was one of three board members on a committee that oversaw last year's probe into the company's improperly awarded options grants. … In January 2000, York led an investor group that paid more than $700 million to buy Micro Warehouse, a distributor of Macintosh computers and related products. York became chairman and CEO." USA adds, "Over the next three years, according to Apple's filings with the Securities and Exchange Commission, Apple drew about 3% of its annual net sales from Micro Warehouse. York sold the company's assets to CDW in September 2003 for $22 million. … In addition to the history of his business relationship with Apple, York faced another conflict in overseeing the special probe: He sat on Apple's compensation committee during part of the time when Apple now says options were backdated. Apple said York recused himself from that part of the probe. … As head of the compensation committee, York had approved some of the grants that were investigated."

Apple Attorney Who Backdated Options Was Quietly Fired. The California Recorder (1/8, Scheck) reports, "Steve Jobs is an ideas guy. He wears jeans, grows beards and orates to cheering throngs at events like this week's MacWorld conference. … Jobs' biographers say evidence indicates that he's a pescetarian. He went to India. He takes only $1 a year in salary. And he leaves it up to other people to award him hugely valuable piles of stock in Apple Computer, where he's the CEO." The Recorder continues, "People like Wendy Howell, the former in-house Apple lawyer responsible for option paperwork, probably won't be attending Jobs' eagerly awaited MacWorld speech Tuesday. Late last year, she became the lone person to lose her job as a result of the company's well-publicized options problems. … Howell's name hasn't been publicly mentioned in the Apple options mess, and her firing wasn't disclosed by the company in its series of public disclosures of options problems. … But she was the person who filled out the paperwork on a 2001 option award to Jobs that has grown infamous since just after Christmas, when Apple acknowledged that the value of the grant was artificially pumped up via a set of fabricated meeting minutes." The Recorder notes, "Howell's role was detailed by various people familiar with the situation, all of whom refused to be named because of the federal government's ongoing criminal and regulatory probes of Apple. … As the person who wrote out those 'minutes,' Howell has become a central figure in the Apple probe -- both as a potential defendant in a fraud case and as someone who could tell the government who at the company knew about backdating and its financial and legal implications."

FCC Expected To Issue New Rules On Phone Records Protection. USA Today (1/8, 1B, Davidson) reports, "Four months after Hewlett-Packard's spying scandal, the Federal Communications Commission is expected within weeks to set new rules protecting personal phone records from unauthorized disclosure." USA continues, "The move follows last summer's revelations that investigators for Hewlett-Packard used deception to obtain the phone records of board members and reporters in an effort to identify the sources of news leaks about company matters." USA adds, "FCC Chairman Kevin Martin is recommending the FCC order land-line and wireless phone carriers to require that customers use a password to immediately obtain their calling records from a representative by phone, FCC officials say. … Customers also could obtain their records without a password by asking phone companies to send the information to their home addresses, or having a phone company representative call them back at their home or cellphone number of record." USA notes, "A majority of the FCC's five commissioners support the proposal, though some

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details could be modified before the new rules are approved in the next few weeks, agency officials say."

Goal Of CEO Pay Critics Said To Be "Social Responsibility." In a USA Today op-ed (1/8, 19A), Yaron Brook, executive director of the Ayn Rand Institute, says, "Critics of CEO pay are lampooning the $210 million Robert Nardelli received after a disappointing six-year tenure at Home Depot." But by "what right does the government, or anyone else, claim the power to dictate what owners of Home Depot or any other private company can pay someone to run their company? It's their company. If through error or irrationality they overpay (or underpay, and so fail to attract good managers), as Home Depot may have done, the loss is theirs." Critics "of CEO pay agitate for ever more control over corporate governance. They are not concerned with corporate wealth creation, but with 'corporate social responsibility' — the idea that executives and shareholders should be forced to sacrifice money-making for the sake of sundry 'stakeholders.'"

Herbert Says Wealth Distribution Inequities "Pervasive." In his New York Times (1/8, 1.16M), Bob Herbert says, "Data recently compiled by the Center for Labor Market Studies at Northeastern University in Boston offers a startling look at just how out of whack executive compensation has become." According to "the center's director, Andrew Sum, the top five Wall Street firms (Bear Stearns, Goldman Sachs, Lehman Brothers, Merrill Lynch and Morgan Stanley) were expected to award an estimated $36 billion to $44 billion worth of bonuses to their 173,000 employees, an average of between $208,000 and $254,000, 'with the bulk of the gains accruing to the top 1,000 or so highest-paid managers.'" The "pervasive unfairness in the way the great wealth of the United States is distributed should be seen for what it is, an insidious disease eating away at the structure of the society and undermining its future."

CRIMINAL LAW:

States Tap Texas' Execution Expertise. USA Today (1/8, 16A, Johnson, Willing, 2.27M) reports that when New Mexico executed convicted murderer Terry Clark on November 6, 2001, the "executioner who carried out the death sentence was an unidentified contractor who learned how to administer a deadly chemical cocktail as a member of the lethal injection team in Texas, which operates the nation's busiest death house." The "outsourced execution, and others like it, has drawn attention to Texas' growing reputation as the nation's source for behind-the-scenes guidance and experience in carrying out lethal injections at a time when that method of execution is increasingly under fire. As lawsuits from California to Florida have challenged the constitutionality of lethal injections, more than a dozen states and the federal government have sought Texas' advice in carrying out such executions."

Bush May Address Homicide Wave In State Of The Union. U.S. News and World Report (1/15, Sullivan, 2.03M) reports 2006 "is expected to snap a long stretch of relatively good news on the homicide front nationwide, moving questions about the causes of crime increases off the back burner they have occupied for more than a decade. … The numbers are causing more than a little alarm and getting more than a little attention-from the nation's police chiefs, from Congress, from the Justice Department, perhaps even from the president in his State of the Union speech later this month. Slowly but surely, violent crime is returning to the national agenda. Nationwide murder totals for 2006 will not be available until the fall, when the FBI releases its annual Uniform Crime Report. But an analysis by U.S. News shows a substantive, if uneven, increase in homicide in the nation's 20 largest cities. The 19 cities for which data were available had 4,152 homicides in 2006, compared with 3,919 the previous year-a 6 percent increase."

Judge To Consider Access To Jeffs Evidence At Hearing Today. The AP (1/8, Dobner) reports, "When a Cadillac Escalade ferrying polygamist church leader Warren Jeffs was pulled over in Nevada in August, authorities found $54,000 cash, 15 cell phones, portable radios, wigs and four laptops. The documents stored on those computers was to be the subject of a legal tug-of-war Monday as Jeffs' attorneys try to convince a judge that the laptops contain privileged communication between the spiritual leader and his followers." The AP notes, "Attorneys for the United Effort Plan Trust, which holds $110 million in church property, and Shem Fischer, a former follower who sued Jeffs after being fired," are seeking "access to papers, letters and electronic documents being held by the FBI. In court documents, Jeffs' Las Vegas attorney Richard Wright contends the information on the laptops is 'sacred and confidential' because it includes matters of church doctrine and private communications between Jeffs and his followers."

The Deseret Morning News (1/8, Winslow) reports, "The 'mother lode' of evidence the FBI seized…will be fought over in a federal courtroom," and "the feds don't seem willing to give it up. 'We will just continue with our same interest in the case,' said Melodie Rydalch, a spokeswoman for the U.S. Attorney for Utah, which is handling the case. 'That is protecting the evidence that can be used in a criminal case.' … FBI agents have told the Deseret Morning News the seized evidence includes ledgers containing names of people who helped keep Jeffs on the run. The FLDS leader was put

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on the FBI's Ten Most Wanted list until he was arrested in a traffic stop outside Las Vegas in August 2006."

WSJournal Criticizes Fitzgerald For Not Releasing Reporters' Affidavits. The Wall Street Journal (1/8, 2.04M) says in an editorial that special prosecutor Patrick Fitzgerald "has some other unfinished legal business that the public has a right to know about -- namely, the affidavits he filed with the D.C. Circuit Court of Appeals to justify his motion to compel two reporters to testify about their conversations with Mr. Libby, and his willingness to throw one of them in jail for 85 days until she did so. Those documents remain under seal, which is why Dow Jones and the Associated Press filed a motion with the D.C. Circuit late last month requesting their release." Finding the "leaker was Mr. Fitzgerald's main charge from the Justice Department, so why did he keep pursuing reporters with such hyper-zeal for another two years?"

Judge Recommends Tightening Defendant Indigency Mechanisms. In an op-ed for the New York Times (1/8), Morris B. Hoffman, a a Colorado state trial judge and a fellow at the Gruter Institute for Law and Behavioral Research, writes, "Sixteen years as a state trial judge have left me with a deep respect for the professionalism and competence of the public defenders who handle felony cases for indigent criminal defendants in my courtroom. … So when two economists from Emory University, Paul Rubin and Joanna Shepherd, agreed last year to collaborate with me on an econometric study of how effective public defenders really are, I had to guard against confirmation bias. I was positive that public defenders would prove more effective than their private counterparts. Mr. Rubin and Ms. Shepherd, with their occupational faith in markets, were equally positive of just the opposite. In the end, the economists were right, though with an interesting twist." Hoffman continues, "We looked at all 5,224 felony criminal cases filed in Denver in 2002. … The results were surprising. The average sentence for clients of public defenders was almost three years longer than the average for clients of private lawyers. … But our most notable finding was hidden in one of the variables we had controlled — the seriousness of the case. We had assumed that public defenders on average handled more serious cases than private lawyers, if for no other reason than that such cases carry higher bonds, and defendants who can't make those bonds are often rendered indigent by their pretrial incarceration. The length of their clients' sentences would of course be distorted by the fact that they handle more serious cases with longer potential sentences. … But when we removed the control for the seriousness of the crime, public defenders performed relatively worse, not better (five years more incarceration versus three years more)." Hoffman adds, "It turns out that the explanation, at least in part, is one that should put a smile on the face of all free-marketers and rational choice theorists: criminal defendants, just like any other consumers of services, appear to be making choices based on their rational assessments of costs and benefits. But, you might ask, do criminal defendants ever really have a choice between public defenders and private counsel? It appears many do. … Our data suggested that, contrary to the law's rather binary notion of indigency, a large chunk of felony criminal defendants are what we have called 'marginally indigent.' They could, if they had to, tap hidden resources, or the resources of family and friends, to retain private lawyers. But what drives that decision? Just what you'd expect from any rational consumer of criminal defense services: a combination of the seriousness of the offense and the likelihood of conviction." Hoffman concludes, "If self-selection by guilty, marginally indigent defendants is driving a big part of this effectiveness difference, the remedy may simply be to tighten the mechanisms we use to determine indigency. This solution would not only reduce the outcome differences between public defenders and private defense lawyers, but it would also give taxpayers more bang for their public defender buck."

CIVIL LAW:

Plame Denied Permission To Write About Her CIA Role. Newsweek (1/15, Isikoff, 3.12M) reports, "A CIA panel has told former officer Valerie Plame she can't write about her undercover work for the agency, a position that may threaten a lucrative book project with her publisher. … In what could be a precursor to a separate legal battle, Plame recently hired a lawyer to challenge the CIA Publications Review Board, which must clear writings by former employees. The panel refused Plame permission to even mention that she worked for the CIA because she served as a 'nonofficial cover' officer (or NOC) posing as a private businesswoman, according to an adviser to Plame."

CIVIL RIGHTS:

Smaller Version Of Taser Goes On Sale For Private Use. USA Today (1/8, 1D, Davis) reports, "Taser International today unveils a new model of its controversial stun gun designed for widespread use by regular folks. It's more affordable and small enough to be stashed in a purse or backpack." USA continues, "Critics and supporters have a lot to say about the sleek device unveiled at the 2007 International Consumer Electronics Show in Las Vegas. The size of a TV remote control, the Taser C2 goes on sale in April for about $300 and comes in the metallic pink, electric

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blue and titanium silver of popular cellphones. … Opponents say Tasers can be used for torture; supporters say the devices are safe when used appropriately." USA adds, "Taser has sold about 120,000 civilian versions since 1994, a model that is larger than the latest incarnation and shaped like a gun. Since 1991, Taser has sold more than 200,000 devices to law enforcement. Both shoot barbs that pierce the skin and deliver an incapacitating jolt of electricity. Current civilian models cost about $1,000. … Taser says the C2, less powerful than the police version, is designed to stun for 30 seconds, providing enough time for the shooter to flee from danger. … The Taser C2 has some police worried. 'There are concerns in law enforcement about the public having access to these types of weapons,' says Wendy Balazik, spokeswoman for the International Association of Chiefs of Police. 'Those concerns include: Who is buying them? How are they going to be used? What are they going to be used for?'"

NYTimes Urges Congress To "Fix" Electronic Voting Machines. The New York Times (1/8, 1.16M) says in an editorial, "There is by now no doubt that there are serious problems with electronic voting machines: they fail to record votes, and even flip votes from one candidate to another. Election officials like to defend the machines by noting that they have been certified by independent testing labs. But the certification process has long been deeply flawed, and last week there was even more disturbing news — that the leading testing lab has been unable to meet the federal government's standards." Since last summer, "Ciber Inc., the largest tester of voting machine software, has been unable to meet federal quality standards that will take effect later this year." The Election Assistance Commission, "the agency that evaluates the labs, did not reveal that Ciber fell short, and is still not saying what is wrong." Congress should "pass legislation fixing the system. The vendors should continue to pay the costs, but the government should choose and pay the labs. That would make the labs responsive to the correct customer — the public."

ANTITRUST:

DOJ Antitrust Division Defends Performance. The Legal Times (1/8, McLure) reports, "For more than two years, the Justice Department's Antitrust Division has been trying to shake the perception that it's been snakebitten. … It's a perception that Thomas Barnett, the head of the Antitrust Division, isn't happy about. 'I don't agree with it,' Barnett says, before ticking off what he views as the division's major merger challenges over the past year: a pretrial settlement with a dairy company protecting competition in milk sales to a number of schools in Kentucky and Tennessee, a consent decree with Mittal Steel Co. requiring it to sell a Canadian tin plant as part of its purchase of Arcelor S.A., and another consent decree requiring the sale of six generating plants as part of a merger between two power companies — a deal later blocked by New Jersey state officials. … Those actions, of course, are hardly of the magnitude of Oracle-PeopleSoft, the challenge to which Barnett helped oversee as a deputy to then-antitrust chief R. Hewitt Pate. And Barnett, who was confirmed as the division's assistant attorney general in February, is sensitive to criticism that his division hasn't been vigorously protecting consumers or playing an active role in public policy." The Times notes, "Late last month the Justice Department issued a release touting the Antitrust Division's achievements during his first year on the job. (Before his confirmation, Barnett served as the division's acting chief for several months.) The release highlights the division's continued crackdown on international price-fixing cartels (which netted nearly $500 million in criminal fines in 2006), its streamlining of the merger review process, and the division's recent spurt of activity before the Supreme Court (the high court has granted cert in seven antitrust cases over the past two terms, an unusually high number) as evidence that its lawyers have been anything but inactive. … Despite those activities, it's the division's merger-enforcement activity — or relative lack thereof — that is most notable to many antitrust lawyers in private practice. Behind the cautious approach, say these practitioners, is more than just conservative economic thinking about the role of government in the marketplace, but a fear of bringing another big case to trial and losing."

US Conducting Security Review Of European Telecom Venture. The Financial Times (1/8, Kirchgaessner) reports, "The US government conducted a national security review of the proposed $21bn (€16.1bn) joint venture agreement between Nokia and Siemens, and forced the European telecoms equipment makers to sign a 'mitigation agreement' that imposed restrictions on the new company." The Times continues, "While the US has hitherto shown keen interest in foreign takeovers of US telecoms carriers, the decision to probe the joint venture indicates a new trend. … Agencies involved in the national security review process – especially the departments of defence, homeland security and justice – are intensifying their scrutiny of companies that make components for mobile and fixed-line networks globally." The Times adds, "People familiar with the classified national security review by the Committee on Foreign Investment in the US – Cfius – the inter-agency panel that investigates foreign takeovers of US assets for possible security threats, said the panel had imposed security requirements on the venture. These include procedures that dictate whether foreigners can work on US equipment and

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software. … But the government's interest in the industry – reinforced by the tough measures it imposed on Alcatel's merger with Lucent – raises questions about whether the inter-agency panel is going beyond its mandate of identifying and preventing risky foreign takeovers. … The mitigation agreement, or conditions to which a company agrees to gain regulatory clearance, could set a precedent in an industry that is bracing for consolidation globally."

ENVIRONMENT

Democrats Target Minerals Management Service Over Oil And Gas Royalties. The Wall Street Journal (1/8, A6, Fialka, 2.04M) reports, "With Democrats controlling Congress, the oil industry is in for a rough ride," as is the Interior Department's Minerals Management Service, which "Democrats and some Republicans" complain as mishandled the program for collection of royalties for oil and gas drilling on federal lands. The "issue will hit the spotlight Jan. 18, when the House takes up energy legislation targeting oil-industry subsidies. One goal: untangling a legal mess that could allow companies to escape paying at least $10 billion in future royalties for drilling in the Gulf of Mexico. As part of the debate, congressional critics are sure to ramp up their complaints about the service, which has said that it failed to include a clause requiring the royalties into leases issued in 1998 and 1999." The "department is scrambling to try to assuage critics. C. Stephen Allred, an assistant secretary at the Interior Department who oversees the service, announced Dec. 14 that five oil companies...had agreed to amend their leases to begin paying royalties on oil and gas produced since Oct. 1, 2006, but not before. Dozens of other companies haven't agreed to change the leases."

FBI/DEA/ATF/USMS:

San Francisco Area Has Highest Percentage Of Regular Drug Users. USA Today (1/8, 3A, Leinwand, 2.27M) reports the San Francisco metropolitan area "has a higher percentage of people who are regular drug users than any other major metropolitan area in the USA, a study from the Substance Abuse and Mental Health Services Administration found." Nearly "13% of San Francisco residents reported using some type of illicit drug, such as marijuana, cocaine or heroin, in the previous month, according to data from the National Surveys on Drug Use and Health 2002-05. The national average is 8.1%." USA lists "other areas with drug-abuse rates higher than the national average" such as "Seattle, 9.6%; Detroit, 9.5%; Philadelphia, 9.1%; and Boston, 8.5%. Cities with the lowest drug use: Houston, 6.2%; and Washington, Dallas and Riverside/San Bernardino, Calif., all at 6.5%."

Three "Operation Highstep" Suspects Face Charges In Chicago. The Chicago Tribune (1/7, Coen) reported three men "extradited from Colombia have appeared in federal court in a drug- smuggling case, marking what is thought to be the first time defendants have been sent from that country to face charges in Chicago in at least a decade. They were among eight people indicted here in 2005 in connection with Operation Highstep, which cracked down on a nationwide ring of smugglers bringing heroin and cocaine into the U.S. hidden in furniture, the frames of paintings and the soles of shoes." The DEA "said the case was a unique effort. 'The extradition of these defendants is an example of a successful law enforcement partnership,' said Gary G. Olenkiewicz, special agent in charge of DEA's Chicago Field Division."

"Operation Director's Cut" Leads To 20-Year Sentence For Financial Services Executive. The Washington Times (1/6, Seper) reported a two-year investigation "involving an international Ecstasy and weapons-trafficking organization with Hollywood connections has netted its first prison sentence: a 20-year term for an executive of a Swiss-based financial, business and consulting service. Alexandre De Basseville, 36, of Switzerland and Los Angeles, an executive board member of ADB Swiss S.A., which owns the Los Angeles-based Limelight Films Inc., was sentenced…by U.S. District Judge Gerald Bruce Lee. … De Basseville and his co-defendant, Bruno Cavelier d'Esclavelles, 45, of Los Angeles, were arrested as part of the Drug Enforcement Administration's (DEA) 'Operation Director's Cut' after a two-year undercover investigation into international money laundering." Rusty Payne "said authorities also arrested Fabian Pruvot, 37, Andre Prikazhikov, 31, and Brian Delansky, 33, all of Los Angeles."

Lawyers, Others In Rhode Island Face Charges In Drug-Deal Scheme. The AP (1/6) reported two lawyers, "including the brother of the mayor of corruption-plagued Providence, offered to set up a drug deal so clients could get a lighter sentence by alerting authorities, according to an indictment unsealed Friday. The Boston-based federal grand jury named John M. Cicilline, 49, brother of Mayor David Cicilline, and Joseph Bevilacqua Jr., 57, a disbarred lawyer who worked with John Cicilline. Also charged with conspiracy were paralegals and interpreters Lisa Torres, 39, and Juan Giraldo, 41. John Cicilline and Torres were also charged with obstruction of justice and making false statements to federal investigators." According to the indictment, "Bevilacqua told Mendonca that if he was willing

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to pay several hundred thousand dollars, Bevilacqua could arrange for someone to tell federal authorities about drug shipments _ but that Mendonca and his wife would get credit for the information. Defendants who cooperate with federal prosecutors are eligible for reduced prison sentences."

Audit Finds Problems With DEA Accounting Of Seized Funds. The Washington Times (1/8, Seper, 88K) reports, "About $616 million seized by the US Drug Enforcement Administration during investigations is 'at risk' because the agency has failed to 'consistently implement and document controls' over the cash, according to a government audit." The Justice Department's Office of the Inspector General "said the accounting failures discovered by its auditors 'can lead to discrepancies in the amount of cash seized and counted, accusations of theft and misappropriation of seized cash.'"

Mexican Drug Cartels Strengthen Presence In Peru. In Lima, the Dallas Morning News (1/7, Corchado) reported that authorities say Mexican drug cartels, "once regarded mainly as couriers for South American cocaine producers, have spread their powerful tentacles deep into this Andean nation, sowing violence and nourishing the re-emergence of Shining Path guerrillas. … The Mexicans ship cocaine loads by boat to the Mexican coast, then up to the border with California or Texas, with its coveted Interstate 35 northbound corridor, Peruvian officials and experts said. South Texas remains the leading entry area for cocaine smuggled into the U.S., according to the U.S. Drug Enforcement Administration."

IMMIGRATION:

US Halts Deportation Proceedings Against Brazilian Couple. The Wall Street Journal (1/8, A6, Jordan) reports, "The U.S. government has terminated deportation proceedings against a Brazilian couple and their disabled son who were the subjects of a page-one profile in The Wall Street Journal last month, giving the family another shot at winning the right to live here permanently." The Journal continues, "The case of Zandro Souza and his family raised questions about whether the U.S. should grant permanent legal residency to immigrants who might one day prove to be a financial burden. Mr. Souza, who rose in six years from dishwasher to chef at upscale eateries, was pursuing legal residency in the U.S. for his family and had the sponsorship of an employer. … The family's four-year application process hit a snag during an interview with an immigration official who requested proof that Mr. Souza's son, Igor, who is blind and developmentally delayed, wouldn't become a 'public charge' if his parents died." The Journal adds, "After questioning the family about its future means of support, the agency issued a green-card denial that cited another reason for the family's rejection: namely, that it entered the U.S. on tourist visas with the intent of staying for good, a violation of federal law. In a letter dated Dec. 28, the day after the article appeared, the government withdrew its request for Mr. Souza and his family to appear for a deportation hearing. The memorandum addressed to Mr. Souza states that the government's notice to appear in court was 'improvidently issued' and should be dismissed without prejudice. Thursday, an immigration judge in Boston granted the government's motion to terminate the case. … Shawn Saucier, a spokesman for the federal immigration agency, said there is no guarantee the family would be granted green cards. He said the Souzas and their attorney would be summoned for another interview within a month."

Hoyer Suggests Bush Will Cooperate With Democrats' On Immigration Reform. Appearing on Fox News Sunday (1/7, Hume) House Majority Leader Steny Hoyer noted that when he and Speaker Pelosi met with President Bush "one of the things that we brought up -- we didn't discuss substance -- was the immigration bill. And he smiled and he said, 'You know, I think I'm going to have a lot easier time dealing with you on immigration than I had dealing with the House Republican leadership on immigration.' I think that's the case." Also on Fox News Sunday (1/7, Hume) Senate Minority Leader Mitch McConnell said, "I've been challenging the new Democratic majority not just to do the easy things in the beginning of this session. … And I think there are two things that are very significant that would make a difference for the country. Let's fix the immigration problem, and let's save Social Security. We can do that before this Congress is out." McConnell added, "Divided government is the only way where you can kind of share the blame for doing big things that will sometimes become controversial."

The Washington Times (1/8, Pfeiffer, 88K) reports, "Leaders of both parties say Democrats in Congress are likely to win bipartisan support for many of their signature issues, including passage of an immigration reform package that critics have derided as amnesty." Hoyer "agreed that the House Democrats could work with President Bush on an immigration bill compromise."

Labor's Opposition Could Stall Immigration Overhaul Deal. McClatchy (1/8, Montgomery) reports President Bush's "hopes of securing a comprehensive immigration overhaul have brightened considerably in the new Democratic-controlled Congress, but resistance from organized labor - one of the Democratic Party's most loyal constituencies - could complicate those efforts." The AFL-

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CIO, "which represents 53 unions with more than 9 million members, is ratcheting up opposition to a temporary guest worker program, a key element of Bush's immigration plan. At the same time, two powerful unions in a breakaway labor coalition, Change to Win, have tended to support the provision." The labor divisions "take on heightened significance as Democrats assume control of the 110th Congress and begin shaping the legislative agenda." AFL-CIO officials say the guest worker program "is designed to give business a steady source of cheap labor and would take jobs from U.S. citizens."

Christian Conservatives Propose Compromise. The Washington Times (1/8, Hurt, 88K) reports a "number of leading Christian conservative groups have formed a coalition on immigration and illegal aliens that will push religiously grounded positions that both sides of the current immigration debate will both love and hate." In letters "sent today and obtained by The Washington Times, Families First on Immigration urges President Bush and leaders of the new Democratic Congress to adopt a grand compromise on the divisive issue that includes strong border security, an amnesty for illegals already here who are relatives of citizens and an end to birthright citizenship." Gary Bauer, "Deal Hudson of the Morley Institute for Church & Culture and David Keene of the American Conservative Union are among those who have joined forces to chart a new path on immigration reform, an issue that conservative Christians have generally avoided."

Growing Number Of Respondents In Immigration Courts Lack Attorneys. The Washington Post (1/8, A1, Brulliard, 690K) reports in a 1500 word story on the dearth of counsel available to respondents in Federal immigration courts, where there are "judges and prosecutors, evidence and witnesses. The consequences can be great: Banishment, separation from family, perhaps persecution at home. But unlike in criminal courts, the government does not provide free lawyers for the poor. And in what court officials deem a great concern, a growing number of people in immigration court have no legal counsel: Of more than 314,000 people whose cases ran their course in fiscal 2005, two-thirds went through on their own, or pro se."

TAX:

BB&T Plans Appeal Of Tax Refund Ruling. The Wall Street Journal (1/8, C6, Wells) reports, "BB&T Corp. said it intends to appeal a federal judge's rejection of a refund claim in a tax-shelter dispute with the Internal Revenue Service." The Journal continues, "A U.S. District Court judge for the Middle District of North Carolina ruled for the Justice Department in a case involving BB&T's claim of a $3.3 million tax refund related to a 1997 lease transaction. … The IRS had rejected the refund claim, and BB&T went to court to settle the dispute." The Journal adds, "BB&T spokesman Bob Denham said the Winston-Salem, N.C., bank is still reviewing the judge's opinion. 'We disagree, and we plan to appeal,' he said." The Journal notes, "The leasing transaction involved a controversial "lease in, lease out" arrangement. In 2004, Congress outlawed similar leasing arrangements under which companies bought assets and then leased them back to their prior owners. Such arrangements can produce big tax benefits because depreciation can be claimed on the assets. The IRS in 2005 said it would begin to pursue leasing transactions in court. … Eileen O'Connor, assistant attorney general for the Justice Department's tax division, hailed the court decision, saying it shows that 'to have a tax deduction for lease or interest expense, you must actually incur them.' She said the court found in the BB&T case that the lease-in, lease-out tax shelter didn't involve a genuine lease or genuine indebtedness."

CBO Study Finds The Very Wealthy Benefited The Most From Bush Tax Cuts. The New York Times (1/8, Andrews, 1.16M) reports, "Families earning more than $1 million a year saw their federal tax rates drop more sharply than any group in the country as a result of President Bush's tax cuts," according to a CBO study. The CBO also reports that tax rates for "middle-income earners edged up in 2004…while rates for people at the very top continued to decline." According to the Times, the CBO study "reinforced the sense that while Mr. Bush's tax cuts reduced rates for people at every income level, they offered the biggest benefits by far to people at the very top — especially the top 1 percent of income earners. Though tax cuts for the rich were bigger than those for other groups, the wealthiest families paid a bigger share of total taxes." The Times adds that the study "offers ammunition to supporters and opponents of Mr. Bush's tax cuts."

Pelosi Suggests Repealing Tax Cuts To Pay For Education, Health Initiatives. The AP (1/8, Heilprin) reports House Speaker Nancy Pelosi says Democrats "are not ruling out raising taxes for the wealthiest people to help pay for tax cuts for middle-income families. … She spoke of pursuing an estimated $300 billion that people owe in back taxes, eliminating deficit spending and reducing wasteful federal spending. 'As we review what we get from ... collecting our taxes and reducing waste, fraud and abuse, investing in education and in initiatives which will bring money into the Treasury, it may be that (repealing) tax cuts for those making over a certain amount of money, $500,000 a year, might be more important to the American people than ignoring the educational and health needs of America's children,'" Pelosi said on CBS's Face the Nation. Pelosi, on CBS's Face the Nation (1/07, Schieffer) said, "What we're saying is

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Democrats propose tax cuts for middle-income families. And we want to have pay-go, no new deficit spending. We're not going to start with repealing tax cuts, but they certainly are not off the table for people making over half a million dollars a year."

Rangel Rejects Speculation That He Plans To Repeal Bush Tax Cuts. The New York Times (1/8, Toner, 1.16M) profiles Rep. Charles Rangel, Chairman of the House Ways and means Committee. The Times notes Rangel "is trying hard to be restrained, about [President] Bush, his administration and his tax cuts. When asked about Mr. Bush's renewed insistence last week that Congress extend those tax provisions, Mr. Rangel paused and said, with almost visible effort, 'Part of what I think is my responsibility is not to be critical of the president.' He brushes off speculation about his party's plans for the Bush tax cuts, many of which have been criticized by Democrats for years as a giveaway to the richest Americans; it is simply premature, he argues, since their expiration date is three years off. Stan Collender, a longtime budget analyst, says it makes no political sense for Congress to 'deal with tax cuts before you have to, certainly not before the 2008 election.'

Novak Describes Conservative Unease Over Paulson, Payroll Taxes. In his column for the Washington Post (1/8, A15, 690K) Robert Novak writes congressional Republicans "ask this question: Will the current President Bush embrace a tax increase that would produce potential economic disaster and guaranteed political catastrophe?" According to Novak, Treasury Secretary Henry Paulson "has engaged in secret bipartisan talks discussing an increase in the $97,500 limit on personal income subject to the Social Security payroll tax. That would cause a jump in the top marginal tax rate." Paulson "certainly has given the impression in those discussions that he is amenable to raising the payroll tax, but a senior White House aide cautions that this decision has not yet been made." Novak concludes, "The economic woe that would result from higher payroll taxes would be matched by the political damage to the president. … That political calamity can be averted if Bush takes a payroll tax increase off the negotiating table."

Bipartisan Proposal To Eliminate The AMT Panned. The Washington Post's Sebastian Mallaby (1/8, A15) calls the proposal by Sens. Max Baucus and Chuck Grassley to repeal the alternative minimum tax "a prescription so fiscally crazy that not even the Bush administration supports it. … The senators don't want to reform the AMT or link its repeal to wider tax changes; they just want to abolish it. This would destroy the chance to say to voters: Look, we're not going to extend all the tax cuts we gave you in 2001 and 2003, and while we're at it we're going to reduce the mortgage-interest deduction and other egregious loopholes so that we can collect more revenue without discouraging work by raising your tax rates. But wait, don't get too mad; at least we're going to kill the AMT for you."

Bush Said To Have Given Up On Future Tax Cuts. U.S. News and World Report's "White House Week" feature (1/15, Walsh, Bedard, Mulrine) reports Democrats "saw chicanery," but Republicans "smelled political reality in President Bush's announcement last week that he will seek a balanced budget in five years and an end to pork-barrel politics. Bush, after all, had taken a budget of surplus and turned it into one of deficit, but now he seemed to be adopting the new Democratic majority's fiscal pledges. Insiders at the White House spun it a different way: They said the president had hoped to push for deeper tax cuts in the next and future budgets, but the election of Democratic majorities in the House and Senate killed those plans. Now, they said, the president will submit a budget for fiscal 2008 that will leave little room for new Democratic add-ons without deeply cutting into defense spending or raising taxes."

CONGRESS-ADMINISTRATION:

Many Republicans Expected To Back Minimum Wage Increase. ABC World News (1/7, story 4, 2:15, Harris, 8.78M) reported, "Another issue, perhaps the issue that Democrats and Republicans are most likely to find common ground, is increasing the minimum wage." ABC added, "The Democratic Congress wants to increase it to $7.25, over two years. … Today, just 500,000 workers make the current, Federal minimum wage. But more than 6.5 million earn less than the $7.25 that Congress is proposing and would therefore, get a raise." ABC notes, "Although Republicans in Congress have defeated every proposed increase in the last decade, President Bush has signaled he will sign this one into law." President Bush: "I support the proposed $2.10 increase in the minimum wage over a two-year period."

Democrats Will Begin "100 Hours" Program Tomorrow. ABC World News (1/7, story 3, :20, Harris, 8.78M) reported, "Back to Washington. On Tuesday, Democrats in Congress, plan to kick off a legislative blitz, which they're calling the first 100 hours. This is an ambitious agenda, which includes enacting the recommendations of the 911 Commission, promoting stem cell research, and negotiating lower prescription drug prices."

On Fifth Anniversary, NCLB Seen As Changing Schools. USA Today (1/8, Toppo, 2.27M) reports on the effect of the No Child Left Behind Act on schools after five years, calling it "a cornerstone of Bush's domestic agenda and one of his few truly bipartisan successes." It is also described as "a vast -- and contentious -- book of federal mandates" that "faces a tough future as Congress prepares

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to reauthorize it." While it is "too early to tell" whether it is "improving education nationwide," the act "has had a major influence on the daily experience of school for millions of kids, by "driving teachers crazy," "narrowing" the curriculum, focusing attention on poor and minority students, adding tutors and "changing how reading is taught."

The Christian Science Monitor (1/8, Paulson, 59K) reports that NCLB has "changed the conversation about education in America, and has focused attention on poor-achieving groups of students who had been overlooked." While noting some proposed changes, it concludes that, "while the conversation is heated, the likelihood that NLCB will be reauthorized this year may be small."

Researcher Suggests Public Schools Could Shift $77 Billion Per Year To Improve Schools. The Washington Post (1/8, Mathews, 690K) reports on an Education Sector finding that "U.S. public schools could have as much as $77 billion more a year to improve teaching if they reduced spending on seniority pay increases, teacher's aides, class size limits and other measures often found in teacher union contracts." These expenses are described as having "a weak or inconsistent relationship with student learning." In response, "teachers union officials sharply disputed the report's findings."

Big-City Mayors Seek To Control Schools. The AP (1/8, Zuckerbrod) reports on the growing movement in large cities for mayoral control of schools noting the current effort by Washington, D.C. Mayor Adrian Fenty and successful mayoral takeovers of the schools in New York, Boston, Chicago, Cleveland and Harrisburg, Pennsylvania as well as attempts in Los Angeles, Albuquerque, New Mexico, and Seattle. The Mayors "say they are better equipped to take on the infighting, inertia and high turnover rates associated with school boards and the superintendents who report to them." Brown University's Ken Wong "analyzed test scores in about a dozen cities with mayors in charge of schools from 1999 to 2003. The results showed modest but statistically significant progress in reading and math for elementary and middle-school students."

Education Department Seeks Change In ABA's Diversity Standard For Law Schools. The Washington Post (1/8, Strauss, 690K) reports U.S. Department of Education general counsel Kent Talbert, "is challenging the American Bar Association's new standard on diversity in enrollment and hiring, which calls for the law schools it accredits to take 'concrete action' to attract more minority students, faculty and staff." ABA officials said that "the department is misinterpreting the standard and pushing an anti-affirmative action agenda." The National Advisory Committee on Institutional Quality and Integrity which is "voted to extend the ABA's role for 18 months rather than the usual five years and required the association to improve the way it carries out the task of accrediting law schools. But the committee dropped the staff recommendation to include any action on the diversity standards." Talbert said that the department "would appeal the decision to leave the standard alone."

Domenici Optimistic That Democrats Will Pass His Mental Health Bill. USA Today (1/8, Elias, 2.27M) reports, "Bills that could expand access to mental health care for Americans stand a better chance of passing with the new leadership that has taken over Congress, key lobbyists and congressional supporters of the legislation say. Their top priority is a bill requiring insurers to offer comparable benefits for treating mental disorders and physical illnesses, known as 'parity.'" Sen. Pete Domenici "introduced three earlier parity bills. 'Now our prospects are the best that they've ever been,' says Matt Letourneau, spokesman for the senator. Although parity has bipartisan support, past legislation stalled in committee because House leadership didn't favor it, says Laurel Stine of the Bazelon Center for Mental Health Law, a Washington, D.C.-based advocacy group."

Chao's Third Public Affairs Chief Resigns After Three Months. Al Kamen, in his column in today's Washington Post (1/8, A13, 690K), reports Secretary of Labor Elaine Chao "is looking for a new public-affairs chief. The incumbent, Randy Clerihue, announced in a Dec. 21 internal e-mail that he was leaving after barely three months in the job. This could set the world indoor record for brevity for a Senate-confirmed position. … His replacement would be Chao's fourth public-affairs chief, not counting an acting chief in the early part of the administration. In the past 18 months or so, public-affairs departures include two deputy assistant secretaries and four press secretaries."

Roberts' "Constitutional Crisis" Claim Criticized. The Washington Post (1/8, A13, Barnes, 690K) reports, "Chief Justice John G. Roberts Jr. usually knows just the right thing to say, his star turn during his 2005 Senate confirmation hearings being Exhibit A." But "maybe not so with the blandly titled '2006 Year-End Report on the Federal Judiciary,' issued, as he noted, on the typically slow news day of Jan. 1. He should rest assured that it has been noticed -- and roundly razzed by some in the legal punditry." Roberts "devoted his entire address to the call for a pay raise for federal judges." While "there are plenty of people who agree with Roberts that judicial salaries should rise to attract and retain the brightest in the legal field," Roberts' "description of the issue as a 'constitutional crisis' was too much for some."

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After Cost Overruns, Delays, Capitol Visitor Center Nears Completion. USA Today (1/8, Kiely, 2.27M) reports, "Two years after its scheduled opening date, and more than double its original price tag, the Capitol Visitor Center inches its way toward completion." It will "take at least six additional months to test more than 5,000 security alarms, sprinklers and other safety devices before the public can enter." When the doors "finally will open to the public is a major point of contention surrounding the project, which was originally scheduled to be finished in 2005." Architect of the Capitol Alan Hantman "predicts a ribbon-cutting this fall, but auditors at the Government Accountability Office say the date will slip. 'We think it's going to be early 2008,' says Terrell Dorn of the GAO, the investigative arm of Congress." USA adds the "other sore point is cost. Government auditors estimate it will be close to $600 million. The original, 1999 price tag: $265 million." Still, even "some of those who have complained the loudest about the project's rising cost and lengthening delays admit to being wowed by the almost-finished result."

Federal Pay Raise Doesn't Keep Pace With Private Sector. The Washington Post's (1/8, D1, Barr) "Federal Diary" column reports, "The annual base pay raise for most federal employees kicks in, increasing the median white-collar government salary in the region to $86,791." The Post adds that while that figure is "not shabby," this "year's increase -- 2.64 percent in the Washington-Baltimore region -- is one of the smallest annual raises in recent years, and the raise doesn't go far in an area where the cost of living runs about 30 percent higher than the rest of the nation." The Post adds, "Colleen M. Kelley, president of the National Treasury Employees Union, called the 2007 raise 'very disappointing,'" and she added, "'This time of year especially, as employees are considering career options and deciding whether they want to stay for the long term or the short term, they build that pay raise into their decision-making,' Kelley said. She fears 'more and more will decide that they are going to look elsewhere.'"

Gerson Describes Bush's "Voracious" Reading Habits. The Washington Times (1/8, McCaslin, 88K) reports, "'Anti-elitist' -- That was Michael Gerson, former chief speechwriter to President Bush from 2001 to 2006, discussing the president's 'voracious' reading habits and related perceptions during a guest appearance on C-SPAN's 'Q&A' with Brian Lamb last night. '[A] couple of months ago it was leaked out by somebody that he was reading Albert Camus' 'The Stranger.' Does that track for what you know of George Bush?' asked Mr. Lamb. 'Sure,' Mr. Gerson replied. 'The president is a voracious reader and recommended to me a variety of books when I was at the White House, and gave them to me. He recommended to me ... 'A Godly Hero,' the biography of William Jennings Bryan, a book he'd read. 'Recommended to me ... the book on Martin Luther King and Lyndon Johnson, the relationship between the two men. And he recommended to me the pope's [Benedict XVI] book on relativism.'"

WPost Urges Congress To Nix Agricultural Subsidies. The Washington Post (1/8, A14, 690K) says in an editorial that the "law that authorizes a range of unnecessary and ill-targeted agriculture programs is set to expire in September. So expect fronts for agribusiness, rural banks and farm insurers (and the members of Congress who accept their campaign contributions) to try and sell the same line again this year: Extend the programs or nail the coffin shut on America's heartland. It's about time to nail the coffin on that tired line instead." Federal agricultural payments "are in fact fueling a rapid consolidation of American farms into enormous agribusinesses." Decisions about "who should be farming what and where should be left to the marketplace; the government should not distort the market to push smaller competitors out, especially at the price of $15 billion in annual subsidies."

OTHER NEWS:

Positive Employment Data Worries US Equities Markets. USA Today (1/8, 6B, Kirchhoff, 2.27M) reports, "Federal Reserve interest rate cuts are looking less likely after U.S. businesses created a stronger-than-expected 167,000 jobs in December and workers' wages rose at a rapid pace. … The good news on jobs was an unwelcome development for some stock traders, who had been betting that the Fed would soon begin trimming interest rates in response to slower economic growth. The Dow Jones industrial average fell more than 82 points to 12,398 in Friday trading.

Weak Dollar Said To Benefit US By Closing Current Accounts Deficit. The Wall Street Journal (1/8, A2, Whitehouse, 2.04M) reports, "Last year, the U.S. dollar did what economists had long predicted it would have to do: It fell in value against other currencies. And many believe that if Americans know what is good for them, they should be hoping for more of the same this year. … A weaker dollar would help narrow the [current account] deficit by making U.S. exports more attractive to foreign buyers while making it costlier for Americans to buy products from abroad." According to the Journal, "A tougher question is how far and how fast the dollar needs to fall. Some economists fear a sudden plunge will roil international markets and trigger a U.S. recession. Others believe a slower and more manageable adjustment is under way. They guess it could take a decline of 8% to 25% over as many as 10 years to get

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the U.S. current-account deficit down to a more sustainable level of 3% of gross domestic product."

US Investors Said To Have Basis For Optimism About 2007. U.S. News and World Report (1/15, Lim, 2.03M), as part of its cover package on the economy and investing in the new year, reports, "as 2007 kicks off, economists and market watchers are about as optimistic as they've been in recent memory. Eight out of 10 money managers polled by the Russell Investment Group predict that stocks will post their fifth consecutive positive year. One in three thinks the equity markets will return around 10 percent or more in 2007." U.S. News and World Report (1/15. Pethokoukis, 2.03M) reports, "The worst might also be over in housing. Existing-home sales have risen in back-to-back months, and the damage seems to be relatively contained." The U.S. News and World Report (1/15, Pethokoukis, 2.03M) reports, "according to recent calculations by the Financial Times, the euro…is set to overtake the greenback as the world's most popular currency. But not so fast, Old Europe. What's gotten lost in all the euro hype is that the FT's financial figuring applies to notes in circulation: cold, hard cash. When it comes to currency-denominated assets, the dollar is still king. The United States runs the largest stock and bond markets in the world, and 66 percent of global foreign currency reserves are denominated in dollars-some $2.1 trillion-compared with only 25 percent in euros, according to the International Monetary Fund."

OPEC Production Cuts Likely To Buoy Oil Prices. The Wall Street Journal (1/8, Pin, 2.04M) reports, "The price of oil may have started 2007 by losing around 8% of its value, but the likelihood of a swift supply response from producers and a series of other factors are likely to underpin the price in the longer term. Though supply will remain steady until [OPEC] cuts output in a few weeks, analysts said expectations of sustained demand and a long list of geopolitical uncertainties will contribute to a firm oil price." The Journal adds, "Crude-oil contracts for February delivery ended a two-day plunge in the U.S. Friday, rising 72 cents, or 1.3%, to $56.31 a barrel -- still off 7.8% on the week at the New York Mercantile Exchange. The bearish tone has been set in recent days amid an unseasonably balmy winter in key heating regions such as the U.S. and Japan, and at a time when oil-product inventories in these major markets are relatively ample."

Researchers Extract Stem Cells From Amniotic Fluid. ABC World News (1/7, story 9, :35, Harris, 8.78M) reported, "Researchers at Harvard and Wake Forest reported today their lab tests showed that amniotic fluid from pregnant women contains stem cells with tremendous medical potential. These cells can be gathered without hurting the mother or the fetus, and would prove much less controversial than research done with embryos."

The Los Angeles Times (1/8, Kaplan, 850K) notes "the finding points to a promising avenue of research that sidesteps the hurdles facing embryonic stem cell research, which has been stymied by moral objections to the destruction of embryos that occurs when the cells are harvested." The study also "suggests another advantage: Unlike embryonic cells, which can form tumors when implanted in lab animals, amniotic fluid stem cells do not appear to do so."

USA Today (1/8, Weise, 2.27M) reports, "Though much research into the safety and effectiveness of these potential embryonic stem cell substitutes still needs to be done, the huge advantage would be that they can be easily harvested from both amniotic fluid as well as placental tissue after a baby is born." The Washington Post (1/8, A1, Weiss, 690K) and Washington Times/AP (1/8, Elias), among other newspapers, also report on the stem cell discovery this morning.

NBC Nightly News (1/7, story 5, 3:00, Seigenthaler, 9.87M) also noted the "breakthrough." NBC's chief medical editor Dr. Nancy Snyderman said, "It will be interesting to see how the politics kick up. There is a lot of tissue. Fetuses are not going to be harmed at all. Because it is there and scientists will be able to offer it to everyone, this may not be much of a political debate at all."

Analysts Predict Population Shifts Will Continue To Benefit The GOP. The Washington Times (1/8, Lambro, 88K) reports, "Ongoing population shifts from the North to the Sun Belt states will benefit Republicans more than Democrats in future House races and could enlarge the Republican Party's electoral count in presidential elections, political analysts say. … Projections of the number of Americans moving from the Democrat-dominated Northeast to the more Republican-friendly Southern and Western states 'show that seven congressional seats in 13 states have already changed at this point in the decade,' according to an analysis by Election Data Services, a firm that studies how population shifts affect redistricting changes under congressional reapportionment. It forecasts a loss of House seats in Massachusetts, Pennsylvania, New York, Ohio, Missouri, Iowa and Louisiana, gains of one seat each in Florida, Georgia, Arizona, Nevada and Utah, and a gain of two seats in Texas. Another analysis shows an even larger 'probable' shift of House seats from the North to the Sun Belt, according to Polidata, a Virginia-based demographic and political research firm. Under these 'probable changes,' 13 seats could shift among 19 states, with eight gainers and 11 losers. 'All the gainers are in the South and West and all the losers are in the East and Midwest except Louisiana,' the

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Polidata study said. Leading the 'biggest gainers' would be Texas, with four additional seats."

Biden Says He Will Form Presidential Exploratory Committee This Month. ABC World News (1/7, story 5, :20, Harris, 8.78M) reported, "The field of Democratic presidential candidates got even more crowded today when Delaware Senator Joe Biden threw his hat into the ring. He has long been clear he was planning to run." NBC Nightly News (1/7, story 6, :20, Seigenthaler, 9.87M) reported Biden "told NBC's Tim Russert on 'Meet the Press' today that he will create an exploratory committee later this month." USA Today/AP (1/8, 10A) reports Sen. Joseph Biden" said Sunday that he is seeking the Democratic nomination for president and thinks he can hold his own against potential high-profile rivals such as fellow Sens. Hillary Rodham Clinton and Barack Obama." The AP (1/8) reports Biden, "who long has made clear his intentions to seek the White House in the wide-open race, has about $3.5 million in his campaign account. He has campaigned extensively in early voting states such as New Hampshire, Iowa, South Carolina and Nevada." Bloomberg (1/8, Sobczyk) notes Biden was "first elected to the Senate in 1972" and became chairman of the Senate Foreign Relations Committee last week. The New York Times (1/8, 1.16M) notes that Biden "also sought the presidential nomination in 1988. But he dropped out of the race after admitting that he had used speeches by other politicians without attribution, and after reports that he had plagiarized while in law school."

Patrick Pledges To Support Kerry In 2008. The Boston Globe/AP (1/8, Johnson) reports that although Sen. Barack Obama "visited Massachusetts three times last year to campaign for" Gov. Deval Patrick" and former president Bill Clinton "appointed Patrick to the top Justice Department civil rights post during the 1990s," Patrick "says he would have to support" Sen. John Kerry if he runs for president again. Patrick is quoted as saying, "I will tell you that if my home senator runs, I've got to be with him. I love the other candidates, but we will see. I don't know that he has made a decision yet."

Edwards May Be Engaging In "Choreographed Candor." In his "Media Notes" column in the Washington Post (1/8, C1, 690K), Howard Kurtz writes, "John Edwards is ridiculing his political consultants. 'You know, they gave me a really great memo,' he says, waving the document, which advises him to highlight the importance of public education when addressing teachers. 'I pay a lot of money for people who have the expertise to tell me this.' An unscripted moment caught on a cellphone camera? Not exactly. The video of the presidential candidate chatting on his plane is on Edwards's Web site." Edwards "seems unusually frank about the absurdities of political life -- or is this just carefully choreographed candor, packaged for the YouTube age?" Referring to the 2008 campaign, Joe Trippi, "who masterminded Howard Dean's Internet-driven bid in 2003 and 2004," said, "You're going to see reality, and you're going to see savvy manipulation under the guise of something that's authentic and real."

McCain Portrayed As Out Of Step With Conservatives On Key Issues. In a very long -- more than 10,000-word -- profile of Sen. John McCain appearing in Vanity Fair (2/07) Todd Purdum portrays McCain as conflicted over many key social issues , including gay marriage and immigration. Purdum notes "one minute he's toeing the conservative line (on gay marriage, say, or immigration) and the next he's telling someone what he really thinks." Purdum recounts an appearance on MSNBC's Hardball where McCain commented "I think that gay marriage should be allowed. … I don't have any problem with that," but then retracted his statement minutes later after conferring with his advisers. Purdum also describes a McCain appearance in Milwaukee this fall when he was "asked how debate over the immigration bill was playing politically." McCain is quoted as saying, "In the short term, it probably galvanizes our base. In the long term, if you alienate the Hispanics, you'll pay a heavy price." Then he "added, unable to help himself, 'By the way, I think the fence is least effective. But I'll build the goddamned fence if they want it.'" The piece also compares McCain's current campaign strategy with his failed 2000 bid and goes into great detail concerning McCain's numerous health problems.

McCain Campaign Hobbled By His Support For More Troops In Iraq. he Los Angeles Times (1/8, Wallsten, 850K) reports McCain "is putting those military bona fides on the line — aggressively backing an unpopular plan to increase the number of U.S. troops in Iraq at a time that other presidential hopefuls are steering clear of the war or calling for troop reductions. … Besides Bush, no politician has more to lose than McCain, the presumed GOP front-runner in 2008 and the plan's biggest backer in Congress. Now that Bush is pursuing the McCain approach, the senator could soon find himself defending the policy to a war-weary public in Iowa, New Hampshire and other key election states where surveys show voters are fed up with rising U.S. casualties. McCain readily admits that the new strategy is likely to result in even more violence." The Times goes on to report that McCain aides "say they have devised no particular strategy for shielding their boss from the political fallout if a troop buildup does not work. In a sense, they said, the senator's stance might serve to remind voters of the kind of straight talk that boosted McCain's popularity in 2000, when he defeated Bush in the New Hampshire primary. 'It doesn't mean that lots of

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us who work for him and respect him so much don't worry about things like this,' said McCain's longtime chief of staff, Mark Salter. 'I'm sure we do. But there's no game plan for it. There's been no fretting and no meetings.'"

Many States Plan Expansion Of Health Care Coverage. USA Today (1/8, 1A, Cauchon, 2.27M) reports, "States are planning large expansions in health care coverage this year in an aggressive and potentially expensive attempt to reduce the ranks of the 42.4 million Americans who are uninsured. The states are acting at a time when Congress…has put health care lower on its agenda. Governors and state legislators in both parties and most states have made expanded medical coverage a priority for legislatures. Popular proposals include guaranteeing medical coverage to all children; subsidizing medical insurance at small businesses; and providing tax incentives for businesses and individuals to make coverage more affordable. A few states are considering universal health coverage for all residents. Others are focusing on price competition and preventive care."

NYTimes, LATimes Praise Schwarzenegger's Universal Child Health Care Initiative. The New York Times (1/8, 1.16M), in an editorial, writes, "Guaranteed health care for children is the new political apple pie. No one can say he is against it, and it's a sure applause line for politicians who want to show concern for reducing the number of uninsured in America. But special recognition is due California's governor, Arnold Schwarzenegger, who is reportedly ready to begin his new term with an actual proposal that his state insure all children. And by all, he means undocumented immigrants, too. The proposal seems a challenge to fellow Republicans, and even to much of the state's Democratic leadership. Predictably, anti-immigrant groups said that including all children would cost billions more than the $400 million experts estimate. In truth, the idea is economical and, if anything, quite modest."

The Los Angeles Times (1/8, 850K) editorializes, "The governor's inaugural address Friday was one of the best in state history, infused with California pride and optimism, and was the most eloquent speech of his career. … Today he is to deliver an address on healthcare, unveiling a proposal to extend medical care and insurance coverage to many, perhaps most, of the state's 6.5 million uninsured. It's the kind of speech that can't rest on lofty calls to work together. It must delve into the details of a thorny and politically divisive issue."

Schwarzenegger To Propose Welfare "Rollback." The Los Angeles Times (1/8, Halper, 850K) reports California Gov. Arnold Schwarzenegger "will propose a major rollback of the state's welfare system this week, including a cutoff of aid to tens of thousands of children whose parents do not meet minimum work requirements or are in the country illegally, administration officials said Sunday." The "proposed $465-million reduction in California's welfare budget came two days after the governor promised that his second term would feature 'post-partisan' cooperation." The move "was met immediately with resistance from Democrats, who expressed bewilderment that the governor would attempt to cut welfare aid to children in the same week his administration is expected to move forward with a plan to expand health insurance to many of the same children."

Schwarzenegger Wants California To Play Prominent Role In 2008 Primaries. Newsweek (1/15, Breslau, 3.12M) reports Gov. Arnold Schwarzenegger "plans on influencing the 2008 election. Schwarzenegger says he'd like to move the California primary from June…to a much earlier date, in February. … The governor hopes the change will encourage candidates to spend more time talking to voters in the nation's most populous state, instead of 'sucking us dry for money' at fund-raisers." Newsweek notes Schwarzenegger "is coy about expressing his support for any particular candidate. … His top campaign strategist recently went to work for" Sen. John McCain. And he "says he would 'encourage' New York Mayor Michael Bloomberg…to run too."

Schwarzenegger Said To Be Considering 2010 Senate Run. U.S. News and World Report's "Washington Whispers" column (1/15, Bedard) reports, "There's growing buzz in Washington and California that…Schwarzenegger likes this government stuff so much that he's got his eye on the Senate. Specifically, the seat held by Sen. Barbara Boxer, who's up for re-election in 2010."

Georgia Legislator Seeks To Strip McKinney's Name From Highway. The Los Angeles Times (1/8, Jarvie, 850K) reports that in Atlanta, "where the average commute lasts 31.2 minutes and drivers have no shortage of bottlenecks and wrecks to grumble about, a Republican state lawmaker is exercised about a different kind of transportation issue: Cynthia McKinney Parkway." Georgia Rep. Len Walker "cannot abide driving along a suburban highway honoring Georgia's former Democratic congresswoman." A "week after McKinney filed her final congressional measure — a resolution to impeach President Bush — Walker pre-filed a bill in the Georgia Legislature to strip McKinney's name from the street and restore the name Memorial Drive." Walker's bill "has slim chance of passing," but "his effort has struck a chord among critics of McKinney, who lost her bid for a seventh term in the summer's Democratic primary after a high-profile altercation with a Capitol Hill police officer."

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Former President Bush Discharged After Hip Replacement. The AP (1/8) reports former President George H.W. Bush "has been released from the Mayo Clinic after undergoing successful hip replacement surgery, the clinic said." The "82-year-old former president was discharged from the clinic on Saturday, following the operation on his right hip that was performed Wednesday, the Mayo Clinic said on its Web site."

WPost Backs Effort To Allow Virginia Governors Two Terms. The Washington Post (1/8, A14, 690K) says in an editorial, "For 15 years or so, and in various forms," Del. Harry R. "Bob" Purkey, "a Virginia Beach Republican, has tried to coax the commonwealth into the modern age by doing away with the rule prohibiting sitting governors from running for reelection. He and his allies have come close." Now Purkey "and his fellow Republican legislators are in negotiations with Gov. Timothy M. Kaine (D), and both sides appear serious about a compromise." This year, "after so many failed attempts, let's hope Mr. Purkey's efforts are not in vain."

Israel Denies Planning Attack On Iran. The Washington Times/AP (1/8, Stringer) reports the Sunday Times of London published an article Sunday claiming "that Israeli pilots were training to strike targets in Iran with low-yield nuclear weapons, but Israel swiftly denied the report and analysts expressed doubts about its reliability." Citing "unidentified Israeli military sources," the newspaper "said the proposals drawn up in Israel involved using so-called 'bunker-buster' nuclear weapons to attack nuclear facilities at three sites south" of Tehran. Israeli Prime Minister Ehud Olmert's office "declined to comment on the report," but foreign ministry spokesman Mark Regev denied the report, saying, "If diplomacy succeeds, the problem can be solved peaceably." AFP (1/8) also quotes Regez as saying Israel is "100 percent behind the international community's efforts to bring about an end to Iran's nuclear program. Israel totally supports Resolution 1737 and the international community must be ready to take even tougher measures against Iran."

Abbas To Seek Early Elections Despite Hamas Objections. The New York Times (1/8, A9, Erlanger, 1.16M) reports Palestinian President Mahmoud Abbas "told Fatah political leaders in Bethlehem on Sunday that he intended to proceed with his demand for early presidential and parliamentary elections, and that he had lost hope in negotiating a unity government with Hamas." Abbas also said Saturday that he was making changes to his security personnel. While he "did not make clear who would hold the top post, the United States has been urging him to appoint Muhammad Dahlan, the former security chief in Gaza, to lead all security forces in the Palestinian Authority." However, the Times says Dahlan is "especially despised by Hamas, and he is not especially popular among many other Palestinians, who believe that he is corrupt and too close to the United States and Israel." Meanwhile, Fatah held "a large rally on Sunday in a Gaza City sports stadium, marking the group's 42nd anniversary with a show of strength and defiance after days of bloody clashes" with Hamas.

Fatah, Hamas Continue To Battle. The AP (1/8, Daraghmeh, Barzak) reports, "Geography is playing a big role in the violent Palestinian power struggle: When Hamas attacks in its stronghold in the Gaza strip, its rival Fatah retaliates in the West Bank, where it holds sway." Fatah "says its dominance of the West Bank holds Hamas in check and could keep the lid on what some fear will turn into a full-scale civil war in Gaza. But to maintain that dominance, Fatah militants in the West Bank have resorted to new tactics -- including kidnapping government officials and shooting Hamas sympathizers at random."

US Sends Military Advisers, Weapons To Boost Somalis. USA Today (1/8, 10A, Slavin, 2.27M) reports the US has "quietly poured weapons and military advisers into Ethiopia, whose recent invasion of Somalia opened a new front in the Bush administration's war on terrorism." The US and Ethiopian militaries have "a close working relationship," Pentagon spokesman Lt. Cmdr. Joe Carpenter said, including intelligence sharing, arms aid and training that gives the Ethiopians "the capacity to defend their borders and intercept terrorists and weapons of mass destruction."

UN Urged To Extend Presence In Somalia. The Financial Times (1/8, Turner, England, Dinmore) reports, "Western and African powers in Nairobi last week described the defeat of Somalia's Islamic Courts by Ethiopian-backed forces as a 'historic opportunity' to rebuild the shattered horn of Africa country, and put an end to the 'warlordism' that has torn apart efforts at political reconciliation since the 1990s. But a history of botched intervention in the world's most failed of failed states leaves few doubts that fixing Somalia poses a severe challenge to the world's peacekeeping systems, and may yet embroil Ban Ki-moon, the new UN secretary-general, in one of the first major challenges of his tenure." The UN's peacekeeping department is "already overstretched with almost 100,000 troops in 18 operations, and there is little appetite for a UN mission in Somalia after the ill-fated operation of the early 1990s." Therefore, officials and diplomats "have been keen to encourage alternatives to traditional peacekeeping, such as providing international support to regional groups such as the African Union (AU), and are trying to develop an African standby force for such situations."

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Somalis Struggle To Establish Control, Provide Security. The New York Times (1/8, A5, Gettleman, 1.16M) reports town elders in Somalia "are struggling with the same questions: how to provide security; what to do with the remaining Islamists; how to determine the proper role for religion, an important theme in Somali society; and how to unify rival clans, rebuild infrastructure and live with the Ethiopians." Meanwhile, the new Somali government "made disarmament its first step but despite meetings, pleas, deadlines and threats, officials have collected few weapons. In Mogadishu, hundreds of people rioted Saturday at the prospect of house-to-house searches," which "led Jendayi E. Frazer, the United States assistant secretary of state for Africa, to cancel a planned trip to Mogadishu on Sunday."

The AP (1/8, Kennedy) reports Frazer has "stressed that the US will provide only a support role," saying, "Some people would like the United States to lead on this issue. I would prefer that we lead from behind, and what I mean by that is pushing the Somali people first, pushing the sub-region next and then mobilizing the resources of the international community."

Expert Urges US To Play Active Role In Somalia. Jonathan Stevenson, a professor of strategic studies at the United States Naval War College, writes in the New York Times (1/8, 1.16M) that "unless America plays a constructive role in Somalia's next stage, the conflict could become a regional war and a new field of jihad." Stevenson says the "temptation in Washington will be to keep its distance and rely on Ethiopia, the European Union and Kenya for as long as possible," however, "neither the American public nor the world believe that the Bush administration's predominantly military approach to counterterrorism is working. Relying primarily on Ethiopian troops to tamp down Somali Islamism would represent a continuation of that flawed model, and of the corresponding risk of fueling the jihad." Instead, he suggests that the US' "full participation in a diplomatic process in the Horn of Africa, on the other hand, would constitute a relatively low-cost way of signaling a new American approach to Islam and a re-engagement in sub-Saharan Africa., which has largely been left out of Washington's post-9/11 calculus."

Richardson Optimistic For Breakthrough On Darfur. The AP (1/8, Pickler) reports New Mexico Gov. Bill Richardson "got a bleak assessment Sunday of the deteriorating situation in Darfur, but expressed optimism for a breakthrough" with the Sudanese President Omar al-Bashir. Richardson "heard disturbing reports of rape, death and corruption from the top US diplomat in Sudan and humanitarian workers, but said he was not deterred from the challenge of trying to help bring peace where years of international efforts have failed." The governor told reporters, "I think we make some measurable progress if we can help the cease fire and the humanitarian situation and possibly start a united political process that helps the UN peacekeeping effort alive." Richardson is scheduled to meet with al-Bashir on Monday in Khartoum, then fly to Darfur on Tuesday to meet with rebel leaders and the commander of overwhelmed African Union forces assigned to patrol the area.

US, EU Revive Hopes For Trade Deal. On its front page, the Financial Times (1/8, A1, Callan) reports negotiations between the US and the European Union "have revived hopes that a deal can be struck on the stalled Doha round of world trade talks by the end of the month," according to EU and American officials. Top negotiators have told the Financial Times "they hope to achieve a breakthrough in the coming weeks, paving the way for an agreement with Brazil and India at the World Economic Forum in Davos this month." The Times calls the proposed deal "a last-ditch attempt" to revive the talks before President Bush loses his authority to negotiate trade pacts later this year. EU trade commissioner Peter Mandelson told the Times that the US and EU are "closer to an agreement than is commonly thought," saying the two sides are "not that far apart to give up on the process."

Mandelson To Push Bush On Trade. In a separate report, the Financial Times (1/8, Callan, Daniel, Parker, Bounds) reports Mandelson Monday will "attempt the improbable feat of persuading George W. Bush to take a political gamble on multilateralism and expend precious political capital on reaching a world trade deal during his final two years in office." Mandelson "believes he has a unique personal relationship with Mr. Bush that will help him convince the president the trade talks have reached an 'endgame' and that he must step in."

German Lawmaker Urges Creation Of Single Trans-Atlantic Market. Matthias Wissmann, a member of the German Bundestag from the Christian Democratic party, writes in the Wall Street Journal (1/8, 2.04M), "German Chancellor Angela Merkel has made the creation of a single trans-Atlantic market a priority of our country's European Union presidency." The "present situation," he adds, "bodes well for this initiative. The Democratic Party emerged strengthened from the recent elections in the US. Although at first sight this seems like a victory for protectionist tendencies, it was the Democrats who, some years ago, developed the idea of closer economic relations between the US and the EU." Through its "commitment as a founding member of the European Community 50 years ago," Wissmann concludes, "Germany has already played a crucial part in the creation of a successful economic area. There is nothing to prevent us from applying the successful model of the single European market in the trans-Atlantic context."

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EC's Barroso To Challenge Bush On Climate Change. The Financial Times (1/8, Parker, Bounds) reports President Bush "on Monday be challenged to join the fight against climate change as Europe embarks on a 'new industrial revolution' aimed at cutting the continent's greenhouse gas emissions by 20 per cent. José Manuel Barroso, the European Commission president, will use his visit to the White House on Monday to give Mr Bush a preview of a new EU energy policy designed to put the bloc at the forefront of energy efficiency and use of renewables." Barroso "will argue that Europe and America have a joint economic interest in cutting energy use and to reduce their dependence on imported oil and gas." The EC will "propose a big increase in the bloc's use of renewable energy, a rise from under seven per cent of today's energy mix to about 20 per cent by 2020."

China Profits From Carbon Credit Market. The Wall Street Journal (1/8, A10, Ball, McKinnon, Oster, 2.04M) reports, "China is turning its environmental problems into a shrewdly managed financial asset, capitalizing on corporate and governmental efforts to curb global warming. How much China's actions will do for the atmosphere remains an open question." One way companies can comply with carbon dioxide emissions caps "is by bankrolling emission-cutting projects in the developing world, where such projects often are cheaper than back home. In return, the Western companies receive 'carbon credits' that essentially allow them to continue to emit greenhouse gases themselves." China, "has become the biggest source of developing-world carbon credits bought by Western investors, benefiting both Chinese corporations and Chinese government tax receipts."

China Tightens Censorship Over Press. On its front page, the Washington Post (1/8, A1, Cody, 690K) reports Chinese President Hu Jintao's "ascension to power more than three years ago generated hopes that information controls would loosen as part of the economic opening he has championed. But they have tightened instead." The Post notes that "several prominent editors have been fired over the past two years -- the most recent one last month -- for straining at censors' guidelines." As an example, the Post details the case of Qin Zhongfei, who "spent a month in jail on criminal charges because of a poem he wrote satirizing local officials accused of corruption."

New Year's Bombings Reflect Difficulties Facing New Thai Government. The New York Times (1/8, Mydans, 1.16M) reports that a "string of lethal bombs that disrupted New Year's celebrations here has signaled the start of a difficult year for Thailand as entrenched elites struggle for control of the country's future." It is still unclear who set the bombs, "but the message they sent to Thais was that a showdown is likely in the coming months between the ruling military junta and the opponents it unseated in a coup more than three months ago." The Times notes that a "struggle for power that began with street demonstrations more than a year ago appears to be resurfacing after pausing for breath after the nonviolent coup on Sept. 19 ended the five-year tenure of Thaksin Shinawatra as prime minister."

Zoellick Urges Bush, Congress To Create AAFTA. Former deputy secretary of state Robert Zoellick writes in the Wall Street Journal (1/8, A17, 2.04M), "This year President Bush and the Democratic-led Congress should launch a new Association of American Free Trade Agreements (AAFTA)," which "could shape the future of the Western Hemisphere, while offering a new foreign and economic policy design that combines trade, open societies, development and democracy." Zoellick says that although the President and Congress are "understandably absorbed by the dangers of war," the US "cannot afford to ignore the rest of the world." The US trade agenda, he writes, has "turned out to be our strongest lifeline to developing democracies in the Americas," but "is not enough." With the passage of the FTAs with Colombia, Peru and Panama, Zoellick says the President and the Congress "could use the free trade framework to spur an ongoing dynamic for development and democracy."

O'Grady Says Coca-Growing Movement Bolstering Morales' Popularity. Wall Street Journal (1/8, A16, 2.04M) columnist Mary Anastasia O'Grady writes, "Evo Morales is an anti-American extremist who wants to turn Bolivia into another Venezuela," which "naturally alarms Washington, but not enough to halt its war on drugs, which is aiding the president -- and leader of Bolivia's coca-growing peasant movement -- in his bid to become a dictator." Morales, "who badly needs to maintain the appearance of public support so that the international community tolerates his takeover," is "trying to spin the constitutional crisis as a confrontation between races and economic classes. But he has to worry about places like the poor and largely indigenous city of El Alto, just above La Paz, where there is evidence to suggest that many who voted for him are unhappy with his unlawful intervention in the constitutional process and growing impatient with his failure to deliver on economic promises." This, O'Grady writes, "is where US drug policy comes in. Railing against the Yankees who want to destroy peasant income has proven extremely effective in keeping the Morales base -- the country's indigenous coca growers who brought him to power -- energized and his numbers afloat. … If Washington policy makers ever decide

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to tackle the demand for cocaine and stop blaming supply, Mr. Morales's political career would be in jeopardy.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Gov To Seek Cuts In Aid To Families On Welfare."
"Money Clashes With Mission."
"Health Insurers Deny Policies In Some Jobs."
"China's Medicine Wars."
"Troop Surge In Iraq Would Have McCain In Tow."
"Stem Cells In Amniotic Fluid Show Promise."

USA Today:
"Verizon Wireless Goes Prime Time With TV Simulcasts Via Cell phone."
"States To Expand Health Coverage."
"States To Watch."
"How Bush Education Law Has Changed Our Schools."

New York Times:
"Plan Sets Series Of Goals For Iraq Leaders."
"Private Firms Lure C.E.O.'s With Top Pay."
"Taking Control Of Electric Bill, Hour By Hour."
"After Many Years, It's Rangel's Turn At The Helm."
"New Warsaw Archbishop Quits Over Communist Collaboration."
"In Obesity Fight, Many Fear A Note From School."

Washington Post:
"War's Toll On Iraqis Put At 22,950 In 2006."
"Amniotic Stem Cells Hold Promise."
"Battling Deportation Often A Solitary Journey."
"Green Line Metro Train Derails, Injuring 20."
"Censorship Persists In China."

Washington Times:
"Immigration Debate Gets Religious."
"Warsaw Bishop Steps Down Over Communist Links."
"20 Hurt In Green Line Derailment."
"Pelosi Threatens To reject Funds For Troop Surge."
"French Frown On Scheme To Export Louvre."
"Library Book Returned After 47 Years, late Fees Included."

Atlanta Journal-Constitution
"Louisville Coach To lead Falcons."
"Focus Is On Top 2 Power Brokers."
"A Suicidal Patient But No Safe Haven."
"Pelosi: No Blank Check For Iraq War."

Houston Chronicle:
"Texas Revenue Forecast To Be Released Today"
"HPD Officers Fatally Shoot Hammer-Wielding Man"
"Passport Rules Change May Mean Dip In Tourism"
"Pelosi: Extra War Funds Request May Be Denied"
"Clara Harris' In-Laws Seeking Damages In Lawsuit"
"Sixth Ward Preservationists Post YouTube Pleas"

Story Lineup From Last Night's Network News:
ABC: New Iraq Strategy; New Iraq Strategy-Analysis; First 100 Hours; Increasing The Minimum Wage; Sen. Biden's Presidential Bid; Miami Port Incident; Massive Avalanche-Colorado; Auto Show; Stem Cell Research Breakthrough; Speaking Arabic; Cross Country Train Travel.
CBS: Preempted By Basketball.
NBC: New Iraq Strategy; Iraq Sectarian Violence; Massive Avalanche-Colorado; Strange Warm Winter Weather; Stem Cell Research Breakthrough; Sen. Biden's Presidential Bid; Auto Show; Consumer Electronics Show; Miami Port Incident; Football Player's Death; Missing American Sailor; Arch Bishop Resigns; Royal Treatment.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Pelosi-President Bush And Iraq; Iraq-Bus Attacked By Gunmen; Southern U.S.-Extreme Weather; Stem Cell Research-Amniotic Fluid; Chrysler-New Versions Of Minivan; Detroit-North American Auto Show; Las Vegas-Consumer Electronics Show.
CBS: Iraq-Bus Attacked By Gunmen; Pelosi-President Bush And Iraq; Miami-Port Security Scare; Stem Cell Research-Amniotic Fluid; Southern U.S.-Extreme Weather; TN-Two Teenagers Suspected Of Killing State Trooper; College Football National Championship; NFL Playoffs.
NPR: Iraq-Bus Attacked By Gunmen; Pelosi-President Bush And Iraq; Biden-Troop Strength In Iraq; Canadian McKay Visits Afghanistan; Bangladesh-Violent Protests; President Bush Declares State Of Emergency In Nebraska; California Man Fails Round-The-World Boat Trip; Detroit-North American Auto Show.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with European Commission President Jose Barroso, White House.

VICE PRESIDENT CHENEY — Speaks at the National Awards for Museum and Library Services, East Room.

US Senate: FLOOR SCHEDULE _ 11:30 a.m. Meets for morning business. At noon, considers S.Res.19, to celebrate the life of the late President Gerald Ford, followed by consideration of S.1, the Ethics Reform bill.

US House: FLOOR SCHEDULE _ 2 p.m. Meets in pro forma session.

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Other: HEALTH SPENDING _ 9:30 a.m. - 11 a.m. Health Affairs will host members of the Centers for Medicare and Medicaid Services National Health Statistics Group for a media briefing on their article analyzing U.S. health spending in 2005, to be published in the January/February 2007 Health Affairs. Briefers: Aaron Catlin, Cathy Cowan, Stephen Heffler, and Benjamin Washington from the National Health Statistics Group, CMS; Samuel Zuvekas, senior economist, AHRQ. Location: National Press Club, Murrow Room.

INSURERS' PROFITS _ 10 a.m. The Consumer Federation of America (CFA) holds a news conference to release new data they say demonstrates that auto and home insurers dramatically increased profits and surplus in recent years, in part by systematically overcharging for insurance and by shifting costs to consumers and taxpayers.CFA will provide detailed information on the strategies its says insurers have used to inappropriately shift costs and on how state and federal policymakers can prevent these practices. Location: National Press Club, Lisagor Room.

SPELLINGS-NCLB _ 10 a.m. US Secretary of Education Margaret Spellings will commemorate the fifth anniversary of the signing of the No Child Left Behind Act by President Bush with a speech to national education leaders. Location: US Chamber of Commerce, Hall of Flags, 1615 H St. NW.

STATE HIGHWAY SAFETY _ 10 a.m. Advocates for Highway and Auto Safety holds a news conference to unveil its ``2007 Roadmap to State Highway Safety Laws. Location: National Press Club, Zenger Room.

MASSACHUSETTS-EDUCATION _ 10 a.m. - 1:30 p.m. The Center for American Progress sponsor a conference, ``Supporting Student Learning: Massachusetts Style," focusing on expanding learning time. Sen. Edward M. Kennedy, D-Mass., will deliver the keynote address. Highlights: Session I: State Leadership in Expanding Learning Time. Participants: Hilary Pennington, Senior Fellow, Center for American Progress and Co-founder and Vice Chair, Jobs for the future; Chris Gabrieli, Co-founder and Chairman, Massachusetts 2020; and David Driscoll, Commissioner, Massachusetts Department of Education. Session II: Local Voices on Implementation. Participants: Paul Toner, Vice President, Massachusetts Teachers Association, former President, Cambridge Teachers Association; Robin Harris, Principal, Fletcher-Maynard Academy; AND Dr. James Caradonio, Superintendent, Worcester Public Schools. Location: Center for American Progress, 1333 H St. NW.

TEAMSTERS-PRIORITIES _ 10:30 a.m. The Teamsters Union will outline its legislative, political and regulatory priorities and goals for 2007, including the Employee Free Choice Act, minimum wage, fair trade, rail security and cross-border trucking, in a news briefing. Location: International Brotherhood of Teamsters, 25 Louisiana Ave. NW.

EDUCATION POLICY _ 11 a.m. The Heritage Foundation hosts a discussion with Sen. John Cornyn, R-Texas., and Rep. Jimm DeMint R-S.C. Topic: ``A Better Answer for Education: Reviving State and Local Policymaking Authority." Location: Heritage Foundation, 214 Massachusetts Ave. NE.

US-JAPAN TRADE _ 12 p.m. Commerce Secretary Carlos M. Gutierrez and Japan's Minister of Economy, Trade and Industry hold a briefing press availability following a meeting on US-Japan trade issues and renewing the joint initiative for ``Enhance Cooperation on IPR" and other global initiatives announced in March, 2006. Location: Diplomatic reception area, 5th floor, Commerce Department, 14th Street and Constitution Avenue NW.

DEMOCRATS-ETHICS REFORM _ 12:30 p.m. Senate Majority Leader Harry Reid joins Senators Russ Feingold, Barack Obama, and Amy Klobuchar to discuss Senate Democrats commitment to ethics reform. Location: Senate Radio/TV Gallery.

IRAQ FUTURE _ 1 p.m. - 2:30 p.m. The Center for Strategic and International Studies will bring together members of the U.S. House of Representatives Armed Services Committee to discuss their agenda for Iraq in the 110th Congress. Participants: Reps. Ike Skelton, D-Mo.; Jim Saxton, R-N.J.; Jim Marshall, D-Ga.; and ``Mac Thornberry, R-Texas. Location: CSIS, 1800 K St. NW, Conference Level B1.

ILLEGAL IMMIGRATION _ 1 p.m. - 3 p.m. The American Enterprise Institute hosts an address by professor Gordon H. Hanson on the economic and social factors that influence the flow of illegal immigrants from Mexico to the U.S. and considers evidence on the effectiveness of policies that regulate the cross-border flow of illegal immigrants and their access to U.S. jobs. Migration scholar L. Alan Winters responds as AEI's Steven J. Davis moderates. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

MATH-SCIENCE STANDARDS _ 2:30 p.m. The New America Foundation, Fordham Foundation, others, hold a news conference with Sen. Chris Dodd, NAM President John Engler, Alliance for Excellent Education President Robert Wise, others, to announce legislation creating voluntary core standards in math and science. Location: 7th floor, 1630 Connecticut Ave. NW.

JAPAN FINANCIAL _ 3 p.m. The Center for Strategic and International Studies (CSIS) Japan Chair hosts Japans Minister of Finance Koji Omi, who will discuss his views on the Japanese economy, as well as various policy issues in the context of the upcoming Japanese Upper House election. Location: CSIS 1800 K St. NW, Conference Level B-1.

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US-EU TRADE _ 3:30 p.m. US Trade Representative Susan C. Schwab holds a media availability with EU Trade Commissioner Peter Mandelson. Location: Winder Building, 604 17th St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JANUARY 8, 2007 7:45 AM EST

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TERRORISM NEWS:

Conservatives Decry Terror Laws' Impact On Refugees (WP)

By Darryl Fears

The Washington Post, January 8, 2007

Conservatives who supported President Bush's reelection have joined liberal groups in expressing outrage over his administration's broad use of anti-terrorism laws to reject asylum for thousands of people seeking refuge from religious, ethnic and political persecution.

The critics say the administration's interpretation of provisions mandating denial of asylum to individuals who give "material support" to terrorist groups is so broad that foreigners who fought alongside U.S. forces in wars such as Vietnam can be denied asylum on the grounds that they provided aid to terrorists.

Advocates for refugees add that people who were forced to aid terrorist fighters at gunpoint could be labeled as supporters and turned away; such cases include a nurse who was abducted and told to treat a guerrilla fighter in Colombia and a woman in Liberia who said her father was killed and she was raped and forced to stand by as rebels occupied her home for several days.

"This is so indefensible," said Michael Horowitz, a fellow at the conservative Hudson Institute and a former lawyer in the Reagan administration. "It is causing heroes who fought for the United States to be afraid of being deported."

"It's outrageous," said Barrett Duke, vice president of public policy for the Southern Baptist Convention's Ethics and Religious Liberty Commission. "I think it's essentially a reaction of fear to the current terrorist danger." The language in the laws, he added, is "a knee-jerk reaction."

Gary L. Bauer, president of American Values, a conservative public policy group, said the anti-terrorism thrust of laws such as the USA Patriot Act and the Real ID Act is supported by most conservatives, "but the enforcement of it has lapsed into ludicrousy. The concept of material support is being distorted, and even the definition of the term 'terrorism' is being turned on its ear."

The number of individuals granted asylum since 2001 has fallen steadily, from 39,641 then to 25,257 last year, according to the Department of Homeland Security. The number of refugee arrivals has fluctuated since 2001, from a high of 68,925 that year to 28,304 in 2003 to 53,738 last year. But it has not risen as high as the 72,000 who were allowed into the country the year before the attacks on the World Trade Center and the Pentagon.

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Vager Vang, 63, is one of thousands of ethnic Hmong refugees in the United States who is hoping to gain legal residency with his green-card application. Vang fought in Laos alongside U.S. forces during the Vietnam War and helped rescue an American pilot who was shot down there.

But according to some interpretations of the Patriot Act, Vang is a former terrorist who fought against the communist Laotian government. Although his admission that he fought with Americans helped him gain refugee status in the United States in 1999, it may have hindered his green-card application after Sept. 11, 2001. The application has stalled at the Department of Homeland Security, and Fresno Interdenominational Refugee Ministries, the California group that helped him fill it out, is suspicious.

"It's not like DHS is telling people, saying, 'We're holding up your green-card application because you may have provided material support to terrorists,' " said Sophia DeWitt, a project director for the ministry. "They're just not communicating anything at all."

In central Florida, Lam Kim, 47, is fighting deportation. Kim fled Burma after soldiers ransacked her parents' house and found letters from the Chin National Front thanking her for a donation. The organization, which the Bush administration has labeled a terrorist group, is fighting against the Burmese military junta.

Kim, who uses a pseudonym, said she gave the money to help the group feed people in her ethnic group. She was jailed for two years after arriving in the United States in 2004, and her asylum request was rejected by an immigration judge. "If I go back to Burma," she said softly over the telephone, "I have to give my life. I am not terrorist. I say it not fair."

A Colombian nurse living in California who declined to give her name said she was abducted by the Revolutionary Armed Forces of Colombia (FARC) outside Bogota and forced to treat one of their soldiers. She fled Colombia with her daughter in 2000 after her life was threatened in a note to her family. Her asylum request was rejected last year.

"I had no option," she said. "What will happen if I go back? I will be killed. They look for people. They know when they arrive at the airport. They have names."

Critics say that during the past two years, the Homeland Security Department has refused requests to broaden waivers that would have opened doors to people such as Hmong and Montagnard fighters who helped the United States in Vietnam and asylum-seekers such as Kim.

Horowitz, of the Hudson Institute, said he hopes Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.), an opponent of "material support" provisions who has said the administration's definition of terrorists is a "catch-all," is serious about putting the issue on his agenda and holding hearings within the next two months. Leahy's spokeswoman said last week that the issue is high on his agenda.

"The key to ending these policies is in the hands of the new Democratic majority" in the House and Senate, Horowitz said. "I do not believe this is a sustainable policy."

Bauer, the American Values president, agreed, saying he plans to force the issue. "I've got a list of 150,000 conservative activists I e-mail," he said. "We're going to elevate it now as something we think time is long overdue for action."

If there are hearings in the Senate, Paul Rosenzweig, chairman of a Homeland Security advisory committee, could be called to testify. He said he is prepared to answer questions about why the department has not acted on complaints to grant waivers to people who, some say, clearly are not terrorists.

"I will completely own up to wishing we had done more, but it's a big department," he said. In the past year, the department broadened a waiver that allowed more ethnic Burmese refugees into the country, and it is in the process of broadening a waiver for Hmong and Montagnard guerrillas who fought for the United States.

The United States must be careful to not allow terrorists into the country, while fulfilling its promise to harbor the persecuted, Rosenzweig said. "It's a difficult problem," he said. "It isn't as easy as some might wish to balance the security risks that come with this and the humanitarian impulse."

Rosenzweig said that officials at the Homeland Security, Justice and State departments met with advocates about the waivers and that the meetings went well.

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But few of the advocates agreed. "I wouldn't say the meetings went well," said Jennifer Daskal, a program director for Human Rights Watch. "The administration presented a proposal that would expand the waiver and basically said, 'Trust us.' It's been two years, and the administration hasn't done a whole lot to instill confidence."

Melanie Nezer, an attorney for the Hebrew Immigrant Aid Society, said, "They're proposing to broaden the waiver, but the waiver hasn't worked." While the administration grants waivers to ethnic Burmese in refugee camps outside the country, she said, it rejects the applications of persecuted Burmese already in the United States.

"It's an unbelievable problem because it's absurd," Nezer said.

Men In Jordan Charged With Attack Plots (AP)

AP, January 8, 2007

Two men were charged Sunday with plotting attacks against Americans living in Jordan.

Prosecutors indicted Mohammed Shehada, 25, a Jordanian, and Sameeh al-Hotari, 25, who was born in Kuwait, for conspiracy to carry out terrorist attacks and possession of an automatic weapon, a Kalashnikov.

Shehada and al-Hotari, who were in police custody, allegedly decided to avenge Muslims "who suffer from the Americans" and planned to kill an American man who lived in a suburb of the Jordanian capital, Amman. The indictment did not identify the American.

The two suspects began watching the American in August but were arrested before they could try to kill him, the indictment said.

The two men were accused of plotting to kill other Americans, but indictment did not give specifics about those plans.

There was no information about attorneys for the two men, and a trial date has not been set.

First Wiretapping, Now Letter-opening? (LAT)

The Los Angeles Times, January 8, 2007

THE BUSH administration seems determined to raise the specter of surveillance over every means of communication within the United States. Not content to monitor selected phone calls and e-mails in secret, it recently hinted that letters and packages may be opened without a search warrant too.

The disclosure came in yet another presidential "signing statement," in which President Bush gives his opinion about the legislation on his desk. This one accompanied the Postal Accountability and Enhancement Act — a bill to modernize how the Postal Service sets rates, promotes competition with private carriers and shores up funding for its employee retirement benefits.

In his statement, Bush seemed to assert a broader right to do warrantless mail searches than postal regulations allow. The executive branch, he said, would interpret the section on mail privacy "in a manner consistent, to the maximum extent permissible, with the need to conduct searches in exigent circumstances … and the need for physical searches specifically authorized by law for foreign intelligence collection."

Befuddled, some privacy advocates started asking why the White House felt compelled to assert these surveillance powers when the issue wasn't even on the table. Was Bush trying to provide cover for another secret monitoring program? Was he laying the groundwork for a new one? Was he prodding balky government agents into being more aggressive on mail searches?

Suspicions have undoubtedly been heightened because of the administration's aggressive use of signing statements to defend executive-branch prerogatives, even when they're not at issue. By late July, Bush had used them to challenge more than 800 provisions of bills he signed into law. All of his predecessors combined had challenged fewer than 600 provisions in that manner.

The White House tried to allay fears last week about mail snooping. "There is nothing new here," said spokesman Tony Snow. The statement, he said, is "merely a statement of present law and present authorities granted to the president."

On the surface, he's right. The courts have allowed searches without a warrant under "exigent circumstances," and the Foreign Intelligence Surveillance Act permits them in emergencies when the targets are foreign agents or terrorists.

Still, it's hard not to be suspicious of the president's position on mail privacy, given the administration's record on the issue of domestic surveillance. In the name of the "war on terror," it has taken an unusually expansive view of government power and a

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correspondingly restrictive view of individual privacy rights. It also has sought to redefine what constitutes a "reasonable" search, and has often done so unilaterally and in secret.

The administration may indeed be up to nothing new when it comes to mail — and that's not the least bit comforting.

Government: Out Of Our Mail (SFC)

San Francisco Chronicle, January 8, 2007

IN YET another power grab that whittles away our rights without a plausible justification, President Bush has given the government expanded authority to read our mail.

This White House has long signaled that it will do what it wants in the name of national security, laws be damned. It has reserved the government's right to detain and even torture suspects without due process, and has asserted for itself wide latitude to electronically eavesdrop on Americans without obtaining search warrants.

So perhaps it should surprise no one that Bush would add a "signing statement" to a postal-reform bill passed by Congress that suggests the new law allows the opening of mail that would be "otherwise sealed against inspection" for broadly defined security purposes.

Once again, the White House attempted to downplay the significance of a signing statement, insisting the president was not trying to exert any new authority. Instead, the Bush spinners said the purpose of the signing statement was to reiterate current law, which clearly does allow postal authorities to open a package suspected of containing a ticking time bomb -- the example of choice for those trying to pooh-pooh the concerns. Also, before the administration tries to trot out a red herring about wanting to intercept "letters from al Qaeda" without delay, it has every opportunity to do so under current law -- and could then apply for a warrant after the fact.

Bush has added hundreds of similarly substantive "signing statements" to legislation he has approved during his presidency. Some of his statements have unilaterally weakened, or in some cases even overturned, the intent of a bill passed by Congress. His signing statements have tempered congressional attempts to outlaw torture, limit political meddling in scientific research, protect whistle-blowers and recruit women and minorities into the intelligence services.

Before Bush took office, presidential signing statements were relatively rare and mostly limited to expressions of how an administration planned to carry out the stated intent of Congress -- not significant changes in policy.

In this case, the signing statement appears to weaken the Postal Accountability and Enhancement Act's reiteration of basic protections of first-class mail from searches without court approval.

If the Bush administration believes those protections are excessive in this era of terrorism -- a highly dubious argument, considering the latitude in the law to inspect packages of suspicious nature or origin -- then it had every opportunity to raise its concerns and to propose modifications while the bill was being aired on Capitol Hill.

"Just trust us," seems to be the operative phrase of this administration.

However, history has shown the potential for government abuses in the absence of strong mail-privacy laws. Bush continues to roll back the clock -- and the Constitution -- with his signing statements.

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HOMELAND RESPONSE:

False Alarm Tests Miami Port's Security (MH)

By David Ovalle, Jay Weaver, Aldo Nahed And Rob Barry

The Miami Herald, January 8, 2007

What started as a potential terrorist plot at Miami-Dade's seaport Sunday morning quickly flubbed into a sobering reminder of the post 9/11 state of fear.

Initially, the story line sounded startling:

Officers stopped a Middle Eastern man driving an 18-wheel rig with mysterious cargo. Two men, the reports went, were discovered hiding in the trailer portion.

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The men had tried to "slip" past security and the port was shut down, media outlets reported.

The truth, however, emerged far less threatening -- the men were not terrorists and were only hauling electrical auto parts. Ultimately, the scare was blamed on miscommunication and unfounded reports.

"We live in a different world these days, and we have to take these situations very seriously," said James Maes, assistant seaport director for safety and security.

The story unfolded on a brilliant Sunday morning as hordes of passengers flocked to the looming cruise ships at one of the nation's busiest ports.

An Iraqi-born trucker from Michigan appeared at about 8 a.m. at the port's main entrance without proper identification, police said.

The 20-year-old driver said he was alone -- at least, that's what the security guard understood -- and the truck was rerouted to another checkpoint.

"I can't tell you how this miscommunication occurred, but apparently there was some kind of miscommunication -- apparently there was a language barrier," said Miami-Dade Lt. Nancy Goldberg, a spokeswoman.

State law dictates anyone that without the proper port ID be rerouted to another checkpoint. There, Miami-Dade officers spotted the two other men, ages 28 and 29, one of whom had no ID.

The alarm was sounded.

"Based on these series of events and in an abundance of caution, we initiated security protocols that included calling in our Southeast Regional Security Task Force," Goldberg said.

That includes the FBI, Immigration and Customs Enforcement, the U.S. Coast Guard, the Florida Department of Law Enforcement and U.S. Customs and Border Protection.

FBI agents questioned the men.

County and federal authorities used a gamma ray ID device to examine the blue 40-foot container, which had 22 pallets inside.

Miami-Dade's bomb squad responded. A machine called a radio isotope device, known as RID, was used to rid any notions of radioactivity inside.

"We X-rayed the container, and the contents consisted of what was manifested on the shipping documents," said Jose Ramirez, the customs agency's port director.

The cargo indeed matched its manifest: auto wiring harnesses bound for Latin America. The devices are used to help rewire electronic equipment like stereos in cars.

By 5:15 p.m., authorities stood in front of local and national reporters to stress that despite the false alarm, security procedures unfolded perfectly.

Detectives from Miami-Dade's homeland security bureau will determine if the men will face any criminal or administrative charges.

The identities of the men, two Iraqis and one Lebanese, were not released on Sunday. Their employer was unknown.

All three were legal U.S. residents -- none were on any terrorist watch lists.

At least two of the three had a criminal history, according to several law enforcement sources.

By early afternoon, reporters had flocked to a staging area near where passengers embark on cruise ships.

For some reporters, the long lines seemed an indication of ramped-up security -- it was, in fact, normal Sunday traffic.

In the ensuing hours, various authorities and sources gave differing details, adding to the confusion. Soon, rumors had made their way into news reports online and on television.

Some outlets reported the port had closed. Others, including The Miami Herald's website, reported the discovery of two 55-gallon containers, a subtle indication of dangerous chemicals.

"There was some confusion," said Lt. Goldberg.

In the era after the terrorist attacks of Sept. 11, 2001, such scares are not unprecedented.

In September 2002, three medical students who made off-color remarks about 9/11 at a Georgia restaurant sparked a similar law enforcement response and media frenzy after blowing through a toll booth on Alligator Alley.

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On Sunday, authorities -- as they did then -- reminded reporters that the incident proved a valuable drill.

"The security checks and balances at the port worked well and effectively. What in the past would have taken us three to four days had taken the federal, local and state authorities a few hours to investigate and resolve," Goldberg said.

By the time of the much-delayed press conference, the mood had lightened -- especially when a cruise ship horn and one from a passing car, playing the squeal of a horse, interrupted the speakers.

Herald staff writers Evan S. Benn and Luisa Yanez contributed to this report.

3 Men Held After Misunderstanding About Truck At Miami Port That Seemed Suspicious (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 8, 2007

The arrival of a suspicious cargo truck at the Port of Miami Sunday sparked anxiety, confusion and a flurry of rumors involving hidden passengers and possibly hazardous cargo.

Federal agencies were called in and reporters flocked to the scene. By mid-afternoon the story of a potential terrorist threat at one of the nation's busiest ports was playing on every major news network.

But at the end of the day, the security situation amounted to nothing more than a false alarm caused by miscommunication, authorities said.

"The Port of Miami is safe," Miami-Dade police Lt. Nancy Goldberg announced shortly after 5 p.m. At no time during the day was cargo or cruise traffic disrupted, she said.

The scare started at approximately 8 a.m. when a truck, ostensibly carrying auto parts, pulled into the port's main gate. The driver, a 27-year-old Iraqi national, did not have a port-issued identification card and was sent to a security office to obtain a one-day pass.

At the main gate, the driver said he was alone, according to Goldberg. However, when the truck was inspected more thoroughly, Miami-Dade police officers found two men in the cab -- a second Iraqi, 23, and a Lebanese national, 20.

The additional passengers, and the fact that one was not carrying any identification, led police to detain the men and treat the situation as a possible terrorist threat, Goldberg said.

Investigators moved the truck to the port's examination facility to be X-rayed and screened for radioactive emissions. The inspection determined the 45-foot trailer contained electronic automobile parts--just as the driver's manifest stated.

Meanwhile, agents with the Federal Bureau of Investigation spent hours interviewing the men -- two brothers and a friend, according to FBI spokeswoman Judy Orihuela. The names of the men, who reside legally in Dearborn, Mich., were not released.

Orihuela insisted the heightened security alert was not a case of racial profiling. "It would have been the same response regardless," she said.

After lengthy questioning, the agents concluded the men were harmless and that the day's sinister-seeming events resulted from a simple misunderstanding between the truck driver and the port security officer regarding the number of passengers in the truck.

"He was asked and he stated that he was by himself," Goldberg said.

The truck driver and passengers speak "some English," while the port employee who questioned the driver is a native Creole speaker, she said.

The driver, who worked for a Dearborn, Mich., trucking company, might also have lied initially about being alone because many trucking businesses have strict rules about extra passengers, one law enforcement official said.

The men remain under investigation by the Miami-Dade police in connection with possible criminal or administrative violations, Goldberg said.

She praised the response from local, state and federal agencies, saying it would be a mistake "to minimize" any possible threat to port security.

"We have to be alert as a country to absolutely anything because the public depends on us," she said.

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Miscommunication Cited In Port Alert (NSDY/AP)

By Kelli Kennedy, Associated Press Writer

Long Island Newsday, January 8, 2007

MIAMI -- Three legal immigrants in a cargo truck were detained at the Port of Miami on Sunday after a routine inspection raised concerns, but police say the incident may have stemmed in part from a language barrier.

The port's cargo area was shut down Sunday as the Miami-Dade bomb squad X-rayed the truck and scanned it for radioactive materials. Nothing unusual was found, officials said.

The men in the truck -- two Iraqis and one Lebanese national -- were still detained by local police Sunday evening, but authorities said no federal charges were expected. Officials initially said the men, all permanent U.S. residents, had been caught trying to slip past a checkpoint at the port's entrance.

A port security officer became suspicious when the truck driver could not produce proper paperwork in a routine inspection to enter the port about 8 a.m., Miami-Dade police spokeswoman Nancy Goldberg said.

The driver also indicated he was alone in the truck, though security officers found two other men in the cab, she said. The two passengers, ages 28 and 29, were a friend and a relative of the 20-year-old Iraqi driver, she said.

"Due to a miscommunication between the gate security personnel and the truck driver, we believe there was a discrepancy in the number of people in the vehicle attempting to enter the Port of Miami," Goldberg said. "This, and the fact that one of the individuals did not have any form of ID, raised our level of concern."

"Maybe it could have been a language barrier; we don't know at this point," she said.

The truck's contents -- electrical automotive parts in a 40-foot container -- matched the driver's cargo manifest, Goldberg said.

The port's cargo area was shut down Sunday as the Miami-Dade bomb squad moved the truck away from public areas of the port to X-ray and scan it for radioactive materials.

More than 20 pallets containing spools of wire and other automotive parts taken from the truck were still being scanned, but no radioactive material had been found, said Jose Ramirez, a U.S. Customs and Border Protection spokesman.

The three men remained in local police custody for questioning, Goldberg said, but had not been arrested or charged by Sunday evening.

The men do not appear on any terrorist watch list, said Barbara Gonzalez, a U.S. Immigration and Customs Enforcement spokeswoman.

The FBI and the Department of Homeland Security were called to the scene, along with federal and local law enforcers, "in an abundance of caution," Goldberg said.

The Port of Miami is among the nation's busiest. More than 3.6 million cruise ship passengers traveled through in 2005. Its seaport services more than 30 ocean carriers, which delivered more than 1 million cargo containers there in 2005.

Passengers in the normally busy cruise ship area of the port were unaware of the official bustle in the cargo area. When told of the situation, some said they thought it probably made boarding lines longer. But officials said Sunday's long lines were normal.

"I feel freaked out," said Connecticut resident Allie Tetreault, 23, who was waiting to board a Caribbean cruise when she heard about the security alert. "That's not good to hear right before you are going on vacation."

* —

Associated Press writer Phil Davis in Tampa, Fla., contributed to this report.

Bill Would Order All Air Cargo Screened (USAT)

By Thomas Frank

USA Today, January 8, 2007

WASHINGTON — The House of Representatives could approve an aviation-security measure Tuesday that would require all cargo on passenger planes to be inspected for bombs.

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The measure is part of a 277-page Democratic bill that is likely to pass in the House. Its final approval is uncertain, however, amid criticism from industry groups that warn that it could prevent quick delivery of vital goods.

Each year, U.S. passenger planes carry about 6 billion pounds of cargo, typically sent by businesses that want fast shipment. Such cargo is carried on passenger planes to speed delivery and is stored in the belly of jets along with passenger luggage.

Democrats, who took control of Congress last week, are pushing for the air cargo provision as part of a bill aiming to bolster homeland security. They say it would close a major hole in security.

Inspections are now done on only a small portion of cargo on passenger planes.

"Passenger planes are still at the top of the terrorist target list," said Rep. Ed Markey, D-Mass., Congress' leading advocate for cargo inspection. "Here is a backdoor way onto planes."

Cargo aircraft, which carry about 75% of air shipments and have far fewer people on board, would not have their goods inspected.

Airlines and cargo companies say inspections would take so long that passenger planes could not carry goods that require fast delivery. That includes live seafood and other perishables, and items such as auto parts that manufacturers want brought directly to plants to avoid storage costs.

"These requirements will slow down the flow of commerce," said Brandon Fried, executive director of the Airforwarders Association, whose members move cargo from businesses to air carriers.

Airlines might cancel certain passenger routes if those flights can no longer carry cargo, said David Castelveter, spokesman for the Air Transport Association, which represents major U.S. airlines. That's because cargo shipments can provide a large portion of a flight's revenue, and a route may not be profitable without cargo.

Markey dismissed gloomy scenarios and noted that under the legislation, passenger airlines would not have to inspect all cargo until September 2009.

The Transportation Security Administration regulates air cargo largely by setting security requirements for companies that ship goods on passenger planes and inspecting those companies.

Markey's four-year push for cargo inspections has its best chance of passing now that Democrats control the House and Senate, said Fried, who told an aviation security conference last month that he vows a "massive lobbying campaign" against such cargo inspection.

Markey said he's not sure whether the Senate will retain a cargo-screening provision in its bill. House approval "will result in more pressure," he said.

On Friday, 10 groups including the U.S. Chamber of Commerce sent lawmakers a letter urging "realistic solutions" that focus inspections on high-risk shipments and encourage companies to tighten cargo security.

Sen. Jay Rockefeller, D-W.Va., chairman of the Senate aviation subcommittee, has asked the TSA whether cargo can be secured without inspecting every package, his spokeswoman Wendy Morigi said. If it can't, Rockefeller "will look to see how we can realistically achieve 100% physical screening," Morigi said.

Congress And Your Security (NYT)

The New York Times, January 8, 2007

The new Congress is about to revisit some perilously neglected needs of homeland security, with Democrats determined to mandate inspection of all incoming sea cargo by 2012. This is an overdue protection that Republicans bottled up in the last Congress. The House, run now by the Democrats, plans swift passage of legislation requiring both stronger port security and the screening of all air cargo over the next three years.

The bipartisan commission that studied the Sept. 11 terrorist attacks criticized Congress for neglecting these vital steps. They should long ago have been antiterrorism no-brainers for the nation. The complaints of business lobbyists about undue burdens on commerce pale when compared with the havoc that would be created in the American economy if terrorists mounted another major attack.

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The Senate should move quickly on these important protections. That chamber will also face a key test of whether the new Democratic majority can override the selfish regional politicking that has skewed the formula for distributing homeland security aid to states and localities. The House proposal is properly written as a risk-based formula, awarding more aid to states like New York and California and other areas where the obvious risks are greater. The question is whether senators from less populated states will again be able to treat homeland security funds as just more local pork, rather than focusing on demonstrated threats.

During last year's Congressional election campaign, the Democrats promised to deliver on the neglected proposals of the 9/11 commission. The House legislation gets only part of the way there. On the imperative need for ensuring radio compatibility between different first responders, it creates study grants for localities and states rather than imposing clear deadlines for addressing the problem and fixing it.

The legislation also sidesteps some of the 9/11 commission's most important findings about the dysfunctional intelligence apparatus. It fails to declassify the nation's costly intelligence budget — a necessary first step for understanding the murky ineptitude of this branch of government. It also makes no effort to rationalize or referee the counterproductive rivalries between the Pentagon's intelligence agencies and their civilian counterparts.

The House measure amounts to a worthy step forward, but one that does not go far enough. The new Congress should be uncompromising on the challenges of homeland security.

Politics: A White House Shuffle (NSWK)

By Mark Hosenball

Newsweek, January 15, 2007

Intelligence insiders expect recent personnel shifts to strengthen the authority of the national intelligence director, the job Congress created to improve U.S. spy operations after September 11, 2001. Last week the White House announced that the first "intelligence czar," Ambassador John Negroponte, would return to the State Department as Condoleezza Rice's deputy. His replacement: Mike McConnell, a retired Navy three-star admiral whose career path is similar to that of new CIA Director Michael Hayden, a four-star Air Force general; both men once directed the eavesdropping agency NSA. New Defense Secretary Robert Gates is expected to replace Defense Intelligence Under Secretary Stephen Cambone with another military man, retired Air Force three-star Gen. James Clapper, who headed a spy-photo agency known as NGA. "They have known each other for years and get along very well," said a CIA official, who asked not to be identified discussing an intelligence issue.

Under Negroponte, the intel czar's office was praised by both congressional and executive-branch officials for greatly improving—via its National Counterterrorism Center—the sharing among relevant agencies of intelligence reports about terror threats. But the office was criticized for slower progress in sharing intel on other subjects—including nuclear proliferation—and for establishing a new layer of bureaucracy. A big criticism was that, in the face of alleged obstruction by former Defense secretary Donald Rumsfeld, the intel czar's office had too little control over Pentagon intel agencies like the giant NSA. Assuming Clapper does become Pentagon intel chief, however, relations between Defense agencies and the intel czar's office may improve considerably: four intelligence officials, who asked for anonymity discussing intel issues, say that Clapper once angered Rumsfeld by telling Congress he would be comfortable if his NGA operation was moved out of Pentagon control and under direct control of the intel czar. At the time, Hayden, then chief of NSA, expressed similar sentiments.

Congress: Is A Katrina Probe On? (NSWK)

By Mark Hosenball

Newsweek, January 15, 2007

One early indication of how aggressively Capitol Hill Democrats will investigate the Bush administration—and how strongly the White House will resist—will be how vigorously the new congressional majority pursues Katrina inquiries.

Under GOP leadership, both House and Senate committees sought copies of Katrina records, but the White House declined to turn over messages between the president and his top advisers. According to a GOP investigator involved with the probe, who asked to remain anonymous discussing sensitive matters, Bush aides indicated that if Congress pressed harder, the White House was likely to claim such material was covered by executive privilege. But now that the Democrats have subpoena power, an effort to force the White House to turn over the messages is a "possibility," says a House Democratic source, who also

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asked to remain anonymous due to political sensitivities. Democrats have ample reason to believe such material could provide new evidence of White House bungling: former FEMA chief Michael (Brownie) Brown told NEWSWEEK that in a still-secret videoconference shortly after Katrina hit New Orleans, he warned presidential aides that 90 percent of the city was being "displaced," but was greeted with "deafening silence."

The Dems Now Have Some Dogs In The Fight (USNEWS)

By Bret Schulte

U.S. News and World Report, January 7, 2007

Democrats won a stunning victory in November, but that may have been the easy part. Now, they have to prove to voters they can stand together to get things done. But, as Republicans learned on issues like immigration, party unity can be a fleeting notion.

Veteran liberals such as House Speaker Nancy Pelosi and Charles Rangel, chairman of the House Ways and Means Committee, hold the party's reins, but their power is likely to be tested by a group far removed from the party establishment-conservative Democrats who are flexing newfound muscle. Eighteen of 41 incoming House freshmen joined the New Democrat Coalition and/or the Blue Dog Coalition, caucuses of pro-business and fiscally conservative Democrats, respectively. Both were born in the wake of the 1994 Republican revolution. Moderate New Democrats claimed the mantle of pragmatists like Bill Clinton. Pro-technology and free trade, the New Democrats boast a few more members, but the budget-minded Blue Dogs may have more bite. Now 44 members strong, this conservative caucus looks to be a cohesive voting bloc on fiscal issues. It also claims some freshman stars, like former NFL quarterback Heath Shuler of North Carolina and former sheriff Brad Ellsworth of Indiana, both of whom won in GOP strongholds. Fourth-term Arkansas Rep. Mike Ross, cochair of the Blue Dogs, says party leaders recognize them as a "force to be reckoned with," adding, "We didn't defeat Republicans with liberal Democrats. We're in the middle ... and that's where we're trying to bring our party."

Both Pelosi and President Bush met with caucus members before Congress reconvened. Pelosi has doled out key assignments as well, putting seven Blue Dogs on the House Appropriations Committee, which controls congressional purse strings. Conservative Democrats are the driving force behind three key initiatives in Pelosi's touted 100-hour plan: implementing pay-as-you-go rules requiring Congress to offset new spending, adding transparency to the earmarking process, and promising members adequate time to review a bill before a vote.

Muscle. That's a far cry from the years when Blue Dogs operated on the fringe with hard-line members mostly from the South and Midwest. But as the federal deficit grew, so did their numbers, with members from California to New York. They still represent mostly rural regions, and while a few take liberal stands on abortion and gay marriage, most are pro-gun, pro-defense, and antiabortion. Many feel that has kept Blue Dogs from leadership positions. By contrast, New Democrat Rep. Rahm Emanuel led the party's bid to win back the House. But, in a sign of the times, he did so by recruiting Democrats more conservative than himself.

That strategy could set the stage for some testy battles with old-guard liberals now chairing key committees-not only Rangel but Rep. Henry Waxman of the Committee on Oversight and Government Reform and Rep. John Dingell of Energy and Commerce. Observers expect the biggest fights to be over pay-as-you-go rules, which are anathema to more free-spending liberals. Showdowns are possible over some key Democratic initiatives, such as halving interest rates on student loans and reforming the alternative minimum tax so it doesn't hit more middle-class families-a fix that could cost the government $50 billion to $70 billion a year. Under pay-as-you-go rules, Democrats would have to find a way to offset that cost. Michael Franc of the Heritage Foundation expects Democrats to be tempted to waive the rules in tricky cases-thus inflaming the party's conservative wing-or raise taxes, which could be politically dangerous. "If Blue Dogs say, 'We're not going to give you a bye on this'... they've created a $50 billion headache for Charlie Rangel," Franc says.

Headaches aside, Ross says the Blue Dogs will stand firm. "There's going to be a natural conflict," says James Thurber, a political scientist at American University, "between Blue Dogs and the old bulls that are chairs."

Even in the more moderate Senate, a new middle may be emerging. Sen. Olympia Snowe of Maine is overhauling the long-standing Senate Centrist Coalition to create a less formal atmosphere for Republicans and Democrats to talk over a weekly

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lunch or breakfast. Even the word centrist is likely to go in order to avoid any ideological association. New independent Joe Lieberman and Republican Lamar Alexander, meanwhile, are creating their own weekly, bipartisan breakfast group. Cynics note that bipartisanship and moderation always sound good at the beginning of a new Congress. And Pelosi's plan to kick-start the Democratic majority is mostly "low-hanging fruit," Thurber says. "The hard stuff comes with tax reform, Iraq, immigration, and healthcare." That's when we'll see just how well these Democrats can get along.

Changing The Guard (USNEWS)

By Silla Brush

U.S. News and World Report, January 7, 2007

The Democrats swooped into Washington last week for their first week in power in 12 years. House Speaker Nancy Pelosi, the first woman to lead the House, hoisted the gavel, was serenaded by Tony Bennett and the former members of the Grateful Dead, and had a hometown Baltimore street named after her. In the House of Representatives, the party passed a set of ethics and earmark reforms in the first two days of the session and now embarks on a 100-hour legislative sprint to show it can govern. In the coming days, President Bush will deliver his much-anticipated speech on Iraq policy, and Democrats have plans to haul Defense Secretary Robert Gates and the nation's top intelligence officials before Congress.

There's no mistaking the shift in tone and power on Capitol Hill. Elected with a mandate to clean up Washington by a deeply disgruntled public, Democrats have a mighty task ahead and a plan to move quickly in the first few weeks. But their efforts are fraught with any number of challenges: holding the progressive and centrist wings of the party together, turning legislation into law with the slimmest of Senate majorities, and working with a president who has seen little resistance from Capitol Hill during his six years in office. How Democrats fare in the next few months-before the presidential election begins to overwhelm Washington-will help determine whether the party maintains control in 2008 and beyond. And for political junkies, it should be quite a show.

Beginnings. First up, Democrats plan to pass their 100-hour agenda through the House before the president's State of the Union address on January 23. "It's not the specifics of what they pass that matters," says Mickey Edwards, a former Republican representative from Oklahoma. "What matters is that when Bush stands up in front of Congress, the people in front of him have already sent notice to him that they're in charge."

The Democrats' agenda, known as the Six for '06, encompasses six politically appealing bills. Those measures would hike the minimum wage to $7.25 an hour, increase federal funds for embryonic stem cell research, implement most of the 9/11 commission's still-outstanding recommendations, repeal tax breaks for oil companies, halve interest rates on student loans, and allow the government to negotiate the price of Medicare prescription drugs. "We view these first 100 hours as essentially a mandate of the American people," said House Majority Leader Steny Hoyer. "We said to the American people that if you elect us, this is what we'll do." Democrats have decided to proceed with their agenda without an opportunity for Republicans to add amendments to the bills or to let the bills pass through the normal committee hearing procedure. Republicans immediately cried foul, but Democrats counter that the bills have been subject to congressional hearings in the past and were supported in the election.

The six bills may very well sail through the House, since the Democrats hold a 233-to-202-seat majority there. That's the easy part. "Passing the four items out of the House is training camp," says Brad Woodhouse of the Change America Now coalition, a group of labor unions and progressive groups that is lobbying for the agenda. "Getting them through the Senate is the regular season. Getting them signed by the president is the Super Bowl." Take embryonic stem cell research, for example: In 2005, Bush used the sole veto of his presidency to override a bill that would have increased such funding.

Deliberation. What happens next in the Senate could take much longer. Majority Leader Harry Reid has said Democrats' first 10 bills will follow normal procedures and be open to committee hearings. With a narrow 50-to-49-seat majority in the Senate-well short of the 60 votes necessary to overcome a filibuster-Democrats know they must work closely with Republicans to pass legislation. The tenuous nature of their hold has been underscored since mid-December, when Democratic Sen. Tim Johnson of South Dakota suffered a brain hemorrhage and was rushed to the hospital, where he remains in critical condition.

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Then there are the competing ambitions of roughly 10 presidential candidates from both parties, including presumptive front-runners John McCain, Barack Obama, and Hillary Rodham Clinton, that Reid must navigate.

The Democratic unity could be put to the test soon after the State of the Union speech, when Democrats begin to tackle a litany of thorny issues-from labor laws governing union organization to trade authorization and universal healthcare-that could drive a wedge between conservative and liberal Democrats and complicate the re-election of Democrats who won narrowly in heavily Republican districts. Labor unions and the party's left wing have bought into the 100-hour agenda as a "down payment" for their wish lists of new programs and laws. "There is no question. [Pelosi] is in a hard spot," says Robert Borosage, head of the progressive Campaign for America's Future. "The base of the party is demanding a significant challenge to the president."

The party's tensions were most visibly on display last week over Iraq. Democratic House Caucus Chair Rahm Emanuel tried to hold a press conference, only to be drowned out by a war protesters led by Cindy Sheehan, who became a household name after protesting outside the president's ranch. "De-escalate, investigate; troops home now!" they chanted, driving Emanuel back into a closed-door meeting. Democratic leaders, Sheehan said, "need to include the grass-roots voices."

Many of the tough oversight hearings on issues such as no-bid contracts in the aftermath of Hurricane Katrina and food and drug safety methods are likely to come after the State of the Union address so as not to overshadow the 100-hour agenda. Rep. John Dingell of Michigan, a 51-year veteran of the House, is finalizing his roster of Energy and Commerce Committee lieutenants this week and will then decide on hearings and potential legislation; Rep. Henry Waxman's powerful Committee on Oversight (newly added to the title) and Government Reform is doing pretty much the same thing. Several committees in both houses have vowed tough oversight hearings on Iraq, but the political challenges are heady; Congress has few options other than restricting or adding conditions to the funding of the war. "We will work on that to the best of our ability," says Reid. He and Pelosi warned Bush late last week that a troop surge would be misguided and urged the president to plan a phased withdrawal of troops.

Those old bull Democratic committee chairmen like Dingell, Waxman, and Rep. Charles Rangel of New York have been out of power for 12 years and are now eager for vigorous oversight, which could put them at odds with younger Democrats, who have a more centrist ideology and who worry about re-election in Republican-heavy districts. "I think there is an overall appreciation by the most senior members," says Rep. Joe Crowley of New York, a veteran moderate Democrat, "that the reason why Democrats are in control of the House is that we were able to reach beyond the traditional voting bloc to moderates." Such tensions haven't yet manifested themselves, but Democratic strategists see potential problems on issues like trade, spending, and taxes.

The most bruising fights in Congress will most likely come down to dollars and cents budget questions in the spring. Bush said last week he'd work with congressional Democrats, while throwing down the gauntlet on any attempt to raise taxes and saying his economic plan would balance the federal budget by 2012. Democrats so far vow to abide by rules that require any increase in new entitlement spending to be offset by tax revenue or cuts to other programs. The Democrats in charge of the House Budget and Appropriations committees have said Congress will "face a fiscal challenge of historic proportions" in 2007, given the costs of both the Bush tax cuts and the Iraq war (the president will ask Congress for roughly $100 billion in a supplemental bill in February). "I don't think you'll see a major liberal agenda pushed by the Democrats' caucus at the end of the day," says Jim Turner, a former Democratic representative from Texas. "Once the war is behind us and we have a chance to recover from the huge deficits that we're facing, then maybe."

Democrats and Republicans have pledged cooperation, with Senate leaders holding a bipartisan meeting last week to find common ground. But Republicans have a simple new fact to learn-life in the minority. "It's important to recognize," Senate Minority Leader Mitch McConnell said, standing beside Reid, "that over the past 25 years some of the most important achievements have been during a period of divided government." After their November losses, House Republicans said they'd strongly attack Democrats from the get-go, but they've now softened their approach-at least for the first month.

The bipartisanship may hold through January, giving Democrats something of a political honeymoon. How well they avoid the political traps in the months ahead and help shape Iraq policy will go much further in determining whether the 2006 election was merely a blip in the Republicans' control or a decisive realignment.

The Perils Of Pouting (USNEWS)

DOJ_NMG_0112983

By Gloria Borger

U.S. News and World Report, January 7, 2007

Believe it or not, lots of Republicans are downright chirpy these days. Yes, they lost the election. Big time. And they've lost their top committee assignments. And their big office suites. They're downsizing, to be sure, and that's not an easy or pleasant thing to do. On top of that, they've got a Republican president with an all-time-low approval rating of 30 percent. "And that's not good for any of us," says Tom Cole of Oklahoma, the newly elected chairman of the House GOP campaign committee.

So why the smiles? Because the now minority congressional Republicans are feeling liberated. The burden of trying to run a fractious Congress is gone. Now they get to become professional critics. No longer do they have to sweat to deliver a "majority of the majority" to the White House for every big vote-including Iraq. They can be the opposition voice, the backbenchers, the unruly minority. After all, they earned it.

But there's a peril in their new circumstance. The temptation is to behave badly, to prove the Democrats can't get anything done and don't deserve their new majority status. They can complain, as they did this past week, that they're being unfairly shut out of the legislative process. They can become obstructionist if they want; there's plenty of precedent for that. But to simply oppose would be a huge mistake: The public asked for reform and change. To get in the way of that would only be self-destructive.

A losing hand. Yet last week, the Republicans spent much of their time wallowing in a burst of newfound self-righteousness, whining about the Democrats' fast-track legislative strategy-passing ethics reform, then quickly moving on to popular issues like an increase in the minimum wage and federal funding for embryonic stem cell research. The Democrats went straight to the floor, bypassing the usual legislative committees and refusing to allow any amendments. After all, they argued, these measures have been fully vetted, debated, and redebated. Republicans, however, pretend to be shocked, shocked at this betrayal of House rules. Spare us the outrage. Have they forgotten that time in 2003 that the very partisan Tom DeLay and company prolonged a roll call vote for three hours to allow Republicans to round up enough members to pass the prescription drug benefit? Where were the House rules then?

In the end, though, this isn't about the rules. It's about what the public wants. "The American people didn't ask us to wait," the new chairman of the House Democratic caucus, Illinois's Rahm Emanuel, told me. "There's been an election. We ran on an agenda, and we're giving people an opportunity to vote on those bills." And while no one would accuse Emanuel of being anything but a partisan-he was the maestro of the party's House victory in November-his point is accurate. The GOP's whining leaders need to get a grip and then get on with it. "I have three children," Emanuel says, "and I know a tantrum when I see it." In fact, the Republican leaders' righteousness didn't even go over well with some of their own rank-and-file members. "When I saw our leadership whining about the process, I just about threw up," says Rep. Jeff Flake, a conservative Arizona Republican. "We sound like a bunch of babies."

Here's the point: Republicans can engage in a charade complaining about the process all they want. But when they ran the place, they failed on the policy. Consider ethics reform, passed in the House last week. Some Republicans wasted time grumbling that certain reforms didn't go far enough; that the plan to disclose pet spending projects-aka earmarks-should have included a system to simply cut these projects in half. Maybe so. But if it's so weak, why didn't they make the changes when they ran the place? In the end, they voted with the Democrats to pass the most far-reaching ethics reform in House history-including a ban on gifts from lobbyists and free travel on corporate jets. Republicans supported it, because it was the right thing to do, and, besides, they decided not to be suicidal. All of which is a good sign. As Flake says, Republicans should know they had their chance to reform, in the aftermath of the Jack Abramoff influence-buying scandal, and blew it. "We should admit we didn't handle ourselves very well when we were in charge."

A new CBS News poll finds the American people, at least, have hope that things will change. Sixty-eight percent say they're optimistic about the new Congress. If they are disappointed, beware.

Ninth Ward Fairly Sound, Study Says (AP)

By Cain Burdeau

AP, January 8, 2007

DOJ_NMG_0112984

NEW ORLEANS -- Urban planners at three universities are challenging the notion that the city's Ninth Ward must be rebuilt from scratch, reporting in a new survey that the predominantly black neighborhoods can be brought back largely as they existed before Hurricane Katrina flooded them.

"The structural integrity of the buildings, even in the most devastated areas, are in much better condition than has been reported," said Kenneth Reardon, chair of Cornell University's Department of City and Regional Planning.

The only section that must be demolished before being rebuilt lies directly next to the levee breach on the Industrial Canal, an area that covers less than a square mile in the Lower Ninth Ward, the planners said. Homes there were battered by floodwaters from Katrina and then from Hurricane Rita nearly a month later.

Urban planners and students at Cornell, Columbia University and the University of Illinois carried out the survey, which was sponsored by ACORN, a national group that works to improve poor and moderate-income neighborhoods. Researchers and structural engineers based their assessment on the inspection of about 3,000 buildings.

The findings were released Saturday.

More than 80 percent of the Ninth Ward's structures "suffered no terminal structural damage," the research found, and the majority of those structures were built atop piers, making it easier to raise them to meet new flood zone requirements.

Only about 20 percent of Ninth Ward residents have returned home, the survey found. It cited bureaucratic and financial hurdles.

"That data shows that it can be rebuilt, and rebuilt in a cost-effective way. What is lacking are the resources," said Andrew Rumbach, a Cornell planner.

Many people in the Ninth Ward did not have flood insurance, and government rebuilding aid has been slow in coming. A lack of schools, day-care centers, businesses and public services, as well as high rents, are also keeping people away.

Ceeon Quiett, a spokeswoman for Mayor C. Ray Nagin (D), said that the mayor is interested in rebuilding the Ninth Ward, but that his office has not yet reviewed ACORN's report.

WAR NEWS:

Plan Sets Series Of Goals For Iraq Leaders (NYT)

By Michael R. Gordon And Jeff Zeleny

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — President Bush's new Iraq policy will establish a series of goals that the Iraqi government will be expected to meet to try to ease sectarian tensions and stabilize the country politically and economically, senior administration officials said Sunday.

Among these "benchmarks" are steps that would draw more Sunnis into the political process, finalize a long-delayed measure on the distribution of oil revenue and ease the government's policy toward former Baath Party members, the officials said.

As the policy is being debated in Washington, the new American operational commander in Iraq said Sunday that his plan was to send additional American troops, expected to be part of the policy change, into Baghdad's toughest neighborhoods, and that under the new strategy it may take another "two or three years" to gain the upper hand in the war. [Page A9.]

Without saying what the specific penalties for failing to achieve the goals would be, American officials insisted that they intended to hold the Iraqis to a realistic timetable for action, but the Americans and Iraqis have agreed on many of the objectives before, only to fall considerably short.

And the widespread skepticism about the Bush administration's Iraq strategy among Democrats and some Republicans was underscored by the new speaker of the House, Nancy Pelosi, a California Democrat, in a television interview broadcast Sunday. She, along with the Democratic leader of the Senate, Harry Reid, informed the president that they were opposed to increasing troop levels.

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"If the president wants to add to this mission, he is going to have to justify it," Mrs. Pelosi said on the CBS News program "Face the Nation." "And this is new for him because up until now the Republican Congress has given him a blank check with no oversight, no standards, no conditions."

She also suggested that Congress should deal with financing for the current war and for the proposed increase as separate issues. "If the president chooses to escalate the war, in his budget request we want to see a distinction between what is there to support the troops who are there now," she said.

Whether lawmakers are prepared to advocate legislative steps to withhold funds from an expanded mission is unclear. Senator Joseph R. Biden Jr., the Democratic chairman of the Foreign Relations Committee, said Sunday that as a practical matter, there was little that lawmakers could do to prevent Mr. Bush from expanding the American military mission in Iraq.

"You can't go in like a Tinkertoy and play around and say you can't spend the money on this piece and this piece," Mr. Biden said on the NBC News program "Meet the Press." "He'll be able to keep the troops there forever, constitutionally, if he wants to."

"As a practical matter," Mr. Biden added, "there is no way to say, 'Mr. President, stop.' "

Mr. Bush is expected to refer to the benchmarks in a much-anticipated speech this week outlining his new Iraq strategy, including plans to send as many as 20,000 additional troops. Administration officials plan to make the benchmarks public sometime after the address.

In addition to trying to ease Congressional concerns over the new strategy, the administration is trying to instill discipline in an Iraqi government that has been slow to act and hampered by sectarian agendas.

"There will be an approach and a strategy that reflects not only the desire for the Iraqis to take more responsibility but the need for the Iraqis to step up," a senior administration official familiar with the deliberations said. "This is not an open-ended commitment. We are putting real specific requirements and expectations on the Iraqi government."

The Americans and Iraqis have agreed on benchmarks before. Indeed, some of the goals that are to be incorporated on the list of benchmarks have been carried over from an earlier list that was hammered out with the Iraqis and made public in October, but never met.

The benchmarks, for example, include a previously stated commitment: setting a date for provincial elections. That goal is intended to enfranchise Sunnis — who had initially boycotted the political process — and thus give them a role in the governing of Sunni-dominated areas.

Another measure that was carried over from the old list of benchmarks is the final completion of the long-delayed national oil law that would give the central government the power to distribute current and future oil revenues to the provinces or regions, based on their population.

The list of benchmarks will also deal with the still-unresolved matter of settling a new policy on de-Baathification. There is wide agreement among experts that the initial Iraqi approach toward former Baath Party members was too sweeping and excluded too many from government service and entitlements. A revised approach would seek to address those concerns by, for example, paying Army pensions to some former Baathists who have been excluded from receiving them.

One important theme of the new Iraqi strategy will be encouraging the Iraqi government to spend more on projects and programs in Sunni areas. Most of the funds allocated for the Sunni-dominated Anbar Province in western Iraq have never actually been expended. That has encouraged opposition to the Iraqi authorities in Baghdad and handicapped the American military's counterinsurgency efforts in the province.

"The assessment has been that the disbursement of funds from the Iraqi government from Baghdad out to the provinces, particularly the Sunni provinces, has been either slow or nonexisting," the senior Bush administration official said. "That has to change."

Administration officials said that by more clearly defining the goals and by planning to make them public some time after Mr. Bush's address they hoped to encourage a sense of accountability on the part of the Iraqis.

Mr. Bush discussed some of the goals — the need for provincial elections, the enactment of the oil law and reform of Iraq's de-Baathification policy — during his recent video conference with Iraq's prime minister, Nuri Kamal al-Maliki.

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The Americans have not been the only ones underscoring the need for benchmarks. The Maliki government has pressed to gain direct command of Iraq's 10 army divisions, insisting it should be achieved by June. Some American officials have been concerned that it is overambitious. Nevertheless, an administration official has indicated that it is among the goals.

In Washington, the idea of benchmarks has been generally welcomed by lawmakers, though many remain skeptical that they will be achieved on schedule.

After meeting with the president and his national security team on Friday at the White House, senators from both parties said they told Mr. Bush they would have trouble supporting an American troop increase unless the plan included specific goals for the Iraqi government.

Senator John E. Sununu, Republican of New Hampshire, said one of his Senate colleagues asked why the effort to add to American forces in Iraq would be more likely to succeed than previous troop increases. Mr. Sununu said the president and Stephen J. Hadley, the national security adviser, responded that Mr. Bush's plan would "include more specific goals, different rules of engagement and different expectations for cooperation with the Iraqi government."

Mr. Sununu said when he raised questions about oil revenue distribution, provincial elections and national reconciliation, he received "strong assurances that these were recognized as critical issues, that they were being addressed by the Maliki government," with one proposal that was nearing completion for the distribution of oil revenue and another regarding provincial elections.

Bush Considers Expansion Of Up To 20,000 Troops (USAT)

By David Jackson

USA Today, January 8, 2007

WASHINGTON — President Bush is reviewing a plan that would send up to 20,000 more U.S. troops to Iraq, a decision that would trigger heavy opposition from Democratic congressional leaders.

The White House plans a presidential address no sooner than Wednesday to discuss the proposal, which includes new programs for jobs, reconstruction and political assistance in Iraq, according to two administration officials who have been briefed on it.

The officials, who spoke on the condition they not be identified because the president has not made final decisions, said increases would come in phases that could add up to 20,000 troops during the next several months. It is unclear how long the additional troops would stay.

IN IRAQ: Bombings, shootings kill 14 as army amplifies its efforts

The plan includes up to $1 billion in economic assistance, such as job creation and reconstruction projects, the officials said. It also calls for political assistance, including help for human rights groups and political organizations, in an effort to promote peaceful reconciliation among warring Shiite and Sunni factions.

Previous reconstruction efforts have faced serious problems and controversies, including repeated power outages and the awarding of no-bid contracts to U.S. companies.

Elements of the plan emerged over the weekend in The Wall Street Journal and The New York Times.

Iraqi Prime Minister Nouri al-Maliki has announced plans to increase the number of local forces in Baghdad.

House Speaker Nancy Pelosi, D-Calif., appearing on CBS' Face the Nation, said Sunday that Bush would have to justify any troop hike to the new Congress. "This is new for him because up until now, the Republican Congress has given him a blank check with no oversight, no standards, no conditions," she said.

On Friday, Pelosi and Senate Majority Leader Harry Reid, D-Nev., sent a letter to Bush opposing any U.S. troop increase. The letter said, "Surging forces is a strategy that you have already tried and that has already failed."

White House spokesman Alex Conant noted that Pelosi said she wants to succeed in Iraq, and "we're interested in any ideas that lead to success."

"The president looks forward to addressing the American people next week on the way forward in Iraq," Conant said.

In developing a new Iraq policy, the administration has changed the military leadership in Iraq.

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Gen. David Petraeus, a supporter of U.S. force increases in Iraq, will head the multinational force there. He'll replace Gen. George Casey, who expressed skepticism over whether an increased U.S. military presence would be productive, and is being promoted to Army chief of staff.

Bush has also accepted the Pentagon's recommendation that Adm. William Fallon replace the retiring John Abizaid as head of the U.S. Central Command, which includes Iraq.

The administration is stepping up diplomatic efforts in the region. Secretary of State Condoleezza Rice will travel to the Middle East soon to discuss negotiations between the Israelis and Palestinians. Bush has been skeptical, however, about direct talks with Syria and Iran.

Bush would have support for a troop surge from at least two prominent senators, John McCain, R-Ariz., and Joe Lieberman, I-Conn. Both said a troop increase would help quell sectarian violence.

Plan For Troop 'Surge' In Iraq Gathers Force (CSM)

By Howard Lafranchi

Christian Science Monitor, January 8, 2007

President Bush plans to lay out his Iraq strategy this week - and could opt for a modest increase of US forces.

WASHINGTON

Advocates of a "surge" of US troops in Iraq hope to persuade President Bush that the victory he seeks there is only possible with a substantial and prolonged escalation of the US presence.

The new congressional Democratic leadership, on the other hand, is calling on Mr. Bush to resist the idea. Yet the president may not satisfy either the "large and long surge" or the "no surge" camp when he unveils his plans in a speech to the American public, likely to occur Wednesday night. Speculation has grown as Bush has consulted widely and reshuffled his Iraq diplomatic and military teams that he could opt for a modest increase - no more than 20,000 troops.

Critics say that would simply repeat past tactics that have not delivered, while advocates of a big surge say it could be worse than nothing, only exposing more US troops to danger without providing the larger numbers they say are needed to get the job done of securing the civilian population.

"We must not low-ball this," says Frederick Kagan, a military historian at Washington's American Enterprise Institute (AEI) and a prominent proponent of a "large and long" US military increase. Insisting Iraq will be costly and bloody for the United States no matter what policy is chosen, he adds, "We can pay the price and win, or pay a similar price and lose."

Nearly two months after the Iraq Study Group dismissed any rise in US troops, advocates of military escalation are calling for an increase of up to 40,000 troops over the current 140,000 on the ground. The goal would be to secure Baghdad with a large American footprint long enough to allow economic development to take hold, and to defeat insurgents in the western Al-Anbar Province.

The strategy is supported by two prominent senators - longtime troop-increase advocate John McCain and Joseph Lieberman - and Washington neoconservatives. Other senators say they could support a small increase lasting a few months. Still others condemn the idea, including Republican Chuck Hagel, who calls it "folly."

Supporters say it would finally call on the US military to do something it should have done from the beginning. "The US military has never set the task for itself of providing security," says Mr. Kagan. What he advocates "is not simply a surge of troops," he says, "but a change of mission."

The major shift in mission that Bush is expected to announce is for US soldiers to take on the task of providing security to Iraqi civilians, primarily in Baghdad, instead of leaving that to the Iraqis. "What's being prepared is actually a drastic departure" from recent strategy, says Paul Hughes, a former Army colonel who served in Iraq under the Coalition Provisional Authority.

Bush has made it increasingly clear that he is committed to achieving "victory" in Iraq. He has announced a number of diplomatic and military moves in recent days suggesting that he is lining up his team for what he sees as the defining foreign-policy effort of his last two years in office.

First, director of national intelligence John Negroponte, a seasoned diplomat and former ambassador to postwar Iraq, was moved back to the State Department to serve as deputy to Secretary of State Condoleezza Rice. The president's new Iraq policy

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is expected to include a substantial new reconstruction program involving small teams of State Department officials working among Iraqis, and Mr. Negroponte is seen as a boon to its successful implementation.

Then Bush announced that Army Lt. Gen. David Petraeus will replace Gen. George Casey as commander of multinational forces in Iraq. An expert in counterinsurgency, General Petraeus agrees with "surge" advocates that securing the civilian population must come first in Iraq.

Perhaps more important, official sources say, is that Petraeus fits better with Bush's vision of "victory." General Casey advocated transferring security duties to Iraqi soldiers and was doubtful that foreign soldiers could successfully fulfill that function.

The Iraq Study Group, chaired by former Secretary of State James Baker III and former congressional leader Lee Hamilton, emphasized diplomacy and a redeployment of US forces to training Iraqi forces as a prelude to reducing the American footprint. On the other hand, the pro-escalation forces foresee the US military performing key security functions for at least the next 18 months.

And while the Iraq Study Group pointedly refrained from speaking in terms of "victory" in Iraq, the escalation protagonists insist that victory is not only still possible but necessary to halting the march of Islamic extremism in the Middle East.

"This war is still winnable," says Senator Lieberman of Connecticut.

Lieberman, who refers to himself as an Independent Democrat, spoke Friday at an AEI forum where Kagan unveiled "Choosing Victory," a report he co-authored on how to achieve success in Iraq.

Virtually all sides in the debate over a new war strategy agree that Iraq is deteriorating rapidly and the situation there may have outstripped the US ability to turn things around. But the surge advocates' focus on "victory" - and their picture of the dire consequences for US security if the US is not successful in Iraq - is much more in tune with Bush's outlook.

The reshuffling of the president's Iraq team reflects in part an effort to rid the administration of divisions in Iraq policy that existed prior to the invasion. But some officials and analysts say the disputes over policy changes remain.

Cleavage continues over surge, with some policymakers and critics saying the right kinds of US troops and equipment are not available - and that ultimately Iraq can only be secure under Iraqis themselves.

Bush, who spoke at length by videoconference with Iraqi Prime Minister Nouri al-Maliki last week, is expected to emphasize that the new security mission will be carried out with additional Iraqi security forces as well.

But surge advocates and critics tend to agree that the number of additional troops the Bush administration is considering is unlikely to be enough to make a difference.

Mr. Hughes, now a specialist in postconflict peace and stability operations at the US Institute of Peace in Washington, notes that the peacekeeping force in the Balkans was set up on the principle of one peacekeeper for every 50 civilians. That would mean 100,000 soldiers in Baghdad alone, excluding the huge Shiite sector of Sadr City.

If Bush sends 20,000 additional troops, "would we reach the number we would need? I don't think so," Hughes says. "Just sending more troops to Baghdad is like pouring more water in the sands of Al-Anbar. It's just going to disappear without accomplishing anything."

Iraq Battle Plan Includes Aid, Talks, Troops (LAT)

By Solomon Moore

The Los Angeles Times, January 8, 2007

BAGHDAD — Lt. Gen. Raymond T. Odierno, the newly installed day-to-day commander of military operations in Iraq, said that success here would depend on a multi-pronged strategy that included economic aid and political negotiations in addition to increased military actions targeting Shiite and Sunni Arab militants.

"We have always tended to look for the military for the solution to this problem," said Odierno, who left his job as military advisor to Secretary of State Condoleezza Rice to become the operations chief for Iraq.

Speaking before an expected Bush administration proposal to request a surge of thousands of U.S. troops, Odierno said more soldiers would speed the training of the Iraqi force and help quell sectarian fighting in the capital.

He said bringing peace to Baghdad could be accomplished either with additional American troops or expanded recruiting and training of Iraqi troops, or a combination of the two.

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Odierno, a West Point graduate who has commanded the 4th Infantry Division in Tikrit and northern Iraq, was known as a tough fighter whose tactics sometimes bordered on the controversial.

But in his comments during a media luncheon at Camp Victory in Baghdad, Odierno said that he had "learned an awful lot" and acknowledged that the war, and the tactics necessary to prevail, had changed.

Odierno said that during a recent fact-finding trip by Defense Secretary Robert M. Gates and Joint Chiefs of Staff Chairman Gen. Peter Pace, he offered several suggestions for increased U.S. involvement in Iraq.

"Some included a surge of economic capabilities, they included a surge of other capabilities within our government — Treasury, Justice — to work the rule of law, and some didn't include a troop surge," he said. "We provided a broad range of things and then we gave a risk analysis."

Odierno said that some tasks, such as training Iraq's police and military and securing Baghdad, could succeed without additional American troops, but they would take more time.

"Over time we can accomplish the mission," he said. "Now that time might be two or three years from now, so the issue becomes are we willing to wait two or three years or do we want to speed it up."

With a troop increase, of either Iraqis or Americans, Odierno said, he hoped to hand over security responsibilities for the capital to the Iraqi security forces by August or September.

The commander said he also hoped that the forthcoming Bush plan would address rampant unemployment in Iraq and political challenges that had become rallying points for Sunni insurgents and Shiite militias.

Iraqis alienated

Political instability and the alienation of ordinary Iraqis from their government have driven many people into the embrace of armed militant groups, he said, adding that the U.S. government could try to help close the gap by better protecting Iraqi civilians, creating jobs and helping to support elections for local councils more responsive to their constituents' needs.

Odierno said another reason for Iraqis' alienation was the tendency of many leaders to be more interested in sectarian interests than the national good of Iraq.

"We thought they'd come together rather easily," he said. "We underestimated that…. We thought they'd think Iraq first, and that didn't occur. I think maybe it will occur over time, but it's not occurring now."

Odierno said he hoped that the parliament, which hasn't had a quorum in more than a month, would pass a law clarifying the role of the Shiite paramilitary groups that have been implicated in death-squad operations against Sunnis.

"They have to have a militia policy," he said of Iraq's government officials. "In my mind, out of the militias, 80% of them are probably OK. We could probably immediately put them into either the police or the army."

U.S. and Iraqi forces would probably have to "capture or kill" the remaining 20% "that are … extreme," he said.

Finding a balance

Odierno said that targeting militias would balance military efforts in Baghdad that until recently were overly focused on Sunni areas. Shiite militias have been ruthlessly pressing their advantage in Baghdad, sweeping whole neighborhoods clear of Sunni Arabs.

One of the failings of a U.S. security plan for Baghdad that was announced with great fanfare in August was that it "was focused mostly on Sunni neighborhoods," he said. "One of the things I think about all the time is that we can't be seen as being a leverage of one group getting advantage over another group."

He said, however, that he was still questioning whether the U.S. had a strong partner in the government of Prime Minister Nouri Maliki.

"We all have doubts as we move forward," Odierno acknowledged. "But I think I have enough faith in that they're smart people, they're educated people. I think they want to move their country forward."

Odierno spoke on another day of continuing violence in Iraq.

A car bomb in Baghdad on Sunday killed three U.S. airmen assigned to the 447th Expeditionary Civil Engineer Squadron's Explosive Ordnance Division, the Associated Press reported.

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The U.S. military announced Sunday that a U.S. soldier assigned to the 1st Marine Expeditionary Force Headquarters group was killed Friday in Al Anbar province. And in southwest Baghdad on Saturday, insurgents shot a U.S. soldier to death, the military said.

In east Baghdad, a roadside bomb killed two people and gunmen killed a Finance Ministry guard Sunday. In west Baghdad, seven mortar rounds killed four civilians.

At least 17 bodies were discovered in Baghdad, all showing signs of torture and all with gunshot wounds to the head.

In the southern town of Hillah, a car bomb killed two people in a market, and in Kut, a land mine killed a border patrol guard, police said.

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Times special correspondents in Baghdad and Hillah contributed to this report.

U.S. General Aims For Baghdad Pullback (USAT)

By Rick Jervis

USA Today, January 8, 2007

BAGHDAD — U.S. troops could pull back to Baghdad's outskirts in a matter of months if Iraqi forces step up security, the new commander of U.S. combat forces in Iraq said Sunday.

U.S. Army Lt. Gen. Raymond Odierno said it could be years before Iraqi forces can assume complete responsibility for the country's security. But a new security thrust in Baghdad could put Iraqi forces in the lead role by summer or fall, while U.S. troops provide support from outside the capital, he said.

"If you ask me where I want to be three to four months from now, I want (Iraqi security forces) operating in Baghdad and we are on the outskirts of Baghdad, providing support," he said.

Odierno, 52, recently replaced Lt. Gen. Peter Chiarelli as the No. 2 U.S. commander in Iraq. He will answer to Lt. Gen. David Petraeus, who is replacing Gen. George Casey as the top U.S. commander in Iraq.

Odierno's remarks came as President Bush prepared an overhaul of U.S. strategy in Iraq. The revision, to be announced this week, could boost the number of U.S. troops in the country from the current 132,000.

Ahead of Bush's announcement, Iraqi Prime Minister Nouri al-Maliki unveiled on Saturday a major security plan for Baghdad. He promised to root out militias "regardless of sect or politics."

Odierno said Sunday that the massive Iraqi-U.S. security operation underway in Baghdad since summer has not succeeded.

"We were able to clear areas. We were not able to hold the areas," he said. "You have to go after both (Shiite) and Sunni neighborhoods, and (Operation) Together Forward was focused mostly on Sunni neighborhoods."

U.S. commanders have complained that al-Maliki's Shiite-led government has prevented them from targeting Shiites involved in the violence, including officials close to anti-American Shiite cleric Muqtada al-Sadr.

Odierno called for a "balanced approach" targeting extremists of both sects. The new strategy would consist of clearing neighborhoods of insurgents and patrolling those areas heavily; creating more jobs; launching provincial elections; and outlawing militias, he said.

"Unfortunately, we're starting to show a lack of patience. And I understand why," said Odierno, whose son, Army Capt. Anthony Odierno, lost his left arm while on combat duty in Baghdad. "But I think the outcome here is too important not to have patience."

Violence continued as Odierno spoke to reporters Sunday:

•Three U.S. airmen working for a bomb-disposal team were killed by a car bomb in Baghdad, the U.S. military said.

•A senior Education Ministry official survived a roadside bomb attack, but gunmen killed three Sunni shopkeepers and a Finance Ministry guard in drive-by shootings, Baghdad police said.

War Could Last Years, Commander Says (NYT)

By John F. Burns

DOJ_NMG_0112991

The New York Times, January 8, 2007

BAGHDAD, Jan. 7 — The new American operational commander in Iraq said Sunday that even with the additional American troops likely to be deployed in Baghdad under President Bush's new war strategy it might take another "two or three years" for American and Iraqi forces to gain the upper hand in the war.

The commander, Lt. Gen. Raymond T. Odierno, assumed day-to-day control of war operations last month in the first step of a makeover of the American military hierarchy here. In his first lengthy meeting with reporters, General Odierno, 52, struck a cautious note about American prospects, saying much will depend on whether commanders can show enough progress to stem eroding support in the United States for the war.

"I believe the American people, if they feel we are making progress, they will have the patience," he said. But right now, he added, "I think the frustration is that they think we are not making progress."

The general laid out a plan to make an impact in Baghdad with the additional troops. Several other military plans since the fall of Baghdad in 2003 have faltered. He said he wanted the new American units, working with three additional Iraqi combat brigades that Iraqi officials say will be deployed in the capital, to move back into the city's toughest neighborhoods and show that they can "protect the people," which he said coalition forces had previously failed to do.

General Odierno contrasted his approach with the last effort to secure Baghdad, effectively abandoned for lack of enough Iraqi troops last fall.

Then, American troops conducted house-to-house clearing operations before moving on to other neighborhoods, leaving the holding phase of the operation to Iraqi troops, who failed to control the areas and forced Americans to return. This time, the general said, American troops would remain in the cleared areas "24/7," to stiffen Iraqi resolve and build confidence among residents that they would be treated evenhandedly.

Equally important, he said, coalition troops would move into both Shiite and Sunni neighborhoods. That, too, would break with the pattern set last fall, when American troops concentrated on known Sunni insurgent strongholds, especially Dora, in southwest Baghdad. This time, the general said, it was crucial the security plan be evenhanded. "We have to have a believable approach, of going after Sunni and Shia extremists," he said.

Going into Shiite neighborhoods, particularly the sprawling working-class district of Sadr City, the base for the powerful Mahdi Army militia that has spawned Shiite death squads, will risk new strains in the relationship between American commanders and the Shiite-led government of Prime Minister Nuri Kamal al-Maliki. Sunni leaders and, increasingly, American commanders here have accused Mr. Maliki of a strong Shiite bias. The criticism has intensified since the sectarian taunting by Shiite guards at the hanging nine days ago of Iraq's ousted dictator, Saddam Hussein, an event personally planned by Mr. Maliki.

General Odierno said he envisaged making enough of a difference within three or four months of the new deployments to move to a second phase of the new plan, pulling American troops back to the periphery of Baghdad and leaving Iraqi forces to carry on the fight in the capital. He said he hoped to be able to do that by August or September, but with American troops prepared to move back into the capital rapidly if commanders conclude that the pullback was "a miscalculation."

Meeting American reporters over lunch at a villa in the grounds of one of Mr. Hussein's former palaces, General Odierno was careful not to divulge details of Mr. Bush's new war plan, which the president is expected to make public in coming days, perhaps on Wednesday.

But much of the Bush plan has been leaked, including an influx of as many as 20,000 additional combat troops to Baghdad. Their arrival would be staged over coming months as American commanders watch to see whether the Iraqis, who made troop commitments before that they have not fulfilled, meet their part of the deal.

Sending up to five additional combat brigades, as suggested by administration officials in Washington who have discussed the plan with reporters, would push the American force in Iraq to at least 160,000 troops, close to the levels involved in the invasion nearly four years ago.

This so-called surge would constitute an abrupt about-face in American strategy, which has aimed in the past two years for a drawdown of American troops as Iraqi forces take on greater responsibility for the war.

General Odierno, the second-ranking American commander here, will be joined in Baghdad in coming weeks by the new overall commander chosen by Mr. Bush, Lt. Gen. David H. Petraeus, who will be promoted to full general when he succeeds

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Gen. George W. Casey Jr., top commander in Iraq for the past two-and-a-half years. The recasting of the war command will also include a new top officer at the Central Command, with overall responsibility for the wars in Iraq and Afghanistan. That post will go to Adm. William J. Fallon, a Navy officer who is now the American commander in the Pacific. The appointments of Admiral Fallon and General Petraeus are expected to be approved by the Senate.

Generals Petraeus and Odierno will assume control in Iraq at a critical juncture, with additional American troops — assuming Mr. Bush's plan is not blocked by Democratic opponents in Congress — and the burden of showing they can find ways of turning the worsening situation around that escaped General Casey and Lt. Gen. Peter W. Chiarelli, the operational commander who preceded General Odierno. General Casey and General Chiarelli have been wary of American troop increases, saying the key to prevailing here is to have Iraqis take over, not to encourage them to shelter behind enhanced American combat power.

The plans laid out by General Odierno appeared aimed at meeting several goals in what American commanders here say has become a highly complex interplay of American and Iraqi politics, in addition to stabilizing a situation that has threatened to spiral out of control as Iraqi Shiites and Sunnis move ever closer to all-out civil war.

The commanders have acknowledged privately that the new Bush plan is almost certain to represent a last-chance option for persuading Americans that it is worth persisting with the heavy burdens of the war, with more than 3,000 American troops dead and overall costs that are nearing $450 billion.

General Odierno said one American goal would be to satisfy Iraqi leaders' insistence that American commanders transfer to them as quickly as possible overall responsibility for the war.

One thorny issue for the Bush administration has been that Iraqi leaders, facing the highest levels of violence in the war and struggling with weaknesses in their forces, have been wary of increasing American troop levels because of the impediment that might pose to the Iraqis taking fuller control of events here.

General Odierno spoke of the mood in the United States as another crucial factor. He served a year here in 2003 and 2004 as commander of the Fourth Infantry Division, during which his troops took credit for capturing Mr. Hussein. But he spent the last two years in Washington, the most recent 12 months as military adviser to Secretary of State Condoleezza Rice.

He said he understood the failing confidence among Americans, including some of those who had lost sons and daughters here, that the war was worthwhile. The general's own son, Capt. Anthony Odierno, a 28-year-old West Point graduate, lost an arm when a bomb detonated during a patrol in Baghdad in 2004.

As a father as well as a commander, the general said, he did not doubt the sacrifices had been justified. "I believe it's worth it," he said.

Baghdad Needs Iraqi Troops, General Says (WP)

By Joshua Partlow

The Washington Post, January 8, 2007

BAGHDAD, Jan. 7 -- A top U.S. commander in Iraq said Sunday that previous attempts to halt sectarian killings in Baghdad had failed in part because of a shortage of Iraqi troops and a tight focus on Sunni Arab neighborhoods, and that those lessons would be incorporated into a new strategy to slow the violence in the capital.

Lt. Gen. Raymond T. Odierno, the number two commander in Iraq, declined to discuss a proposed surge of thousands of additional U.S. and Iraqi troops in Baghdad, saying he preferred to wait for President Bush to outline the policy. But he said he wanted his forces to begin with a push against both Sunni and Shiite fighters and "three or four months from now" retreat to the outskirts of the capital in a supporting role.

Sectarian violence has escalated in Baghdad despite repeated efforts to control it, including last summer's Operation Together Forward, which moved more than 10,000 additional U.S. and Iraqi soldiers into the city. At that time, "we were able to clear areas. We were not able to hold the areas," Odierno said. "We were not able to get security forces in there for an extended period of time that protected the people."

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"I think what happened was, is, we overestimated the availability of Iraqi security forces initially; we didn't have enough here," Odierno told reporters at his lakeside residence in Camp Victory, near Baghdad's international airport. "So we have to be able to make sure we have enough forces, Iraqi and coalition, in order to do it this time."

Odierno said the new approach would be "balanced," targeting insurgents and other fighters regardless of their religious affiliation.

"You have to go after both Sunni and Shia neighborhoods," he said. "Together Forward was mostly focused on Sunni neighborhoods, and we've got to do both."

The fighting in Iraq took the lives of five U.S. service members in recent days, the military said. A car bomb Sunday in Baghdad killed three U.S. airmen assigned to a bomb disposal unit of the 447th Expeditionary Civil Engineer Squadron. A fourth airman was injured in the incident.

A U.S. soldier was killed by small-arms fire in southwestern Baghdad on Saturday, and another soldier assigned to the 1st Marine Expeditionary Force Headquarters Group died from combat wounds in Anbar province in western Iraq.

None of the service members' names was released until their families could be notified.

Also Sunday, the radical Shiite cleric Moqtada al-Sadr, who leads a powerful militia, and Ayatollah Ali al-Sistani, an influential Shiite religious leader, met briefly in the holy city of Najaf, according to a Sadr spokesman. During the meeting, Sistani asked Sadr to support the Iraqi government and its security forces, according to the spokesman, Aysam al-Musawi.

Sadr and his increasingly powerful militiamen, accused of hunting down and killing Sunnis, have fought the Americans on several occasions and are a primary American concern. Odierno said Sadr was currently "working within the political system."

"I'm not sure we take him down," he said. "There are some extreme elements . . . that are conducting operations that we don't agree with, and we will go after that."

U.S. and Iraqi leaders say they intend to put Iraqi soldiers in charge of the Baghdad plan, with U.S. forces playing a supporting role. An aide to Prime Minister Nouri al-Maliki said that 20,000 troops would operate in the capital, including additional brigades of Kurdish soldiers from northern Iraq.

The Defense Ministry spokesman, Mohammed al-Askari, said that no Kurdish militiamen, known as pesh merga, would be included in the plan. Hasan Suneid, a Shiite lawmaker, said Kurdish soldiers who are part of the Iraqi army would participate.

Suneid said that Iraqi commanders would be able to operate with greater autonomy and that U.S. soldiers would provide air support and logistics.

"We will start from central Baghdad and move out to the suburbs," Suneid said.

Odierno, 52, said that the U.S. military could provide only a partial solution to Iraq's problems, and that more jobs and provincial elections were key components in regaining the people's trust in the government. He called on Americans to have more patience during the difficult counterinsurgency effort that remains.

"I know how we are, we like number one. We want to win 77 to 7. This is hard to win 77 to 7, militarily. It ain't going to happen," he said, adding: "There is going to be no victory parade when we leave here. There never was going to be."

Military `surge' Not Enough To Save Iraq, U.S. Commander Says (MCT)

By Nancy A. Youssef

McClatchy Newspapers, January 8, 2007

BAGHDAD, Iraq - In his first wide-ranging interview, the No. 2 U.S. commander in Iraq conceded Sunday that a military "surge" escalation would not be enough to rescue Iraq, advocating economic and political changes as well, as top Democratic lawmakers in Washington stiffened their opposition to any escalation of U.S. troop strength.

Lt. Gen. Raymond Odierno said he believed that a combination of jobs, provincial elections, anti-militia legislation and stronger Iraqi security forces could stop the nation's plunge toward all-out civil war. Lt. Gen. Peter Chiarelli, his predecessor, spelled out the same approach before his departure one month ago.

By echoing his predecessor, Odierno's comments raised concerns in both Washington and Iraq that the U.S. war effort is exhausting old tactics that haven't worked. Indeed, many Iraqis do not trust that a new Baghdad security plan can change their

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circumstances because the U.S. and Iraqi government have touted at least five such plans before, all of which failed to stop the violence.

The commander's statements came days before President Bush is to announce a new course for U.S. policy in Iraq, probably Wednesday. It's expected to include an escalation "surge" of between 9,000 and 30,000 U.S. troops, an increase in civilian advisers to Prime Minister Nouri al-Maliki's government and perhaps $1 billion in new aid for reconstruction efforts.

In Washington Sunday, top Democratic lawmakers emphasized that they oppose any plan to escalate U.S. troop strength in Iraq, but made clear that they are not ready to cut off funds for troops there now. However, Speaker of the House of Representatives Nancy Pelosi, D-Calif., said that Congress would scrutinize any Bush request to fund an escalated U.S. presence in Iraq.

"The American people and the Congress support those troops. We will not abandon them. But if the president wants to add to this mission, he is going to have to justify it. And this is new for him, because up until now, the Republican Congress has given him a blank check with no oversight, no standards, no conditions, and we've gotten into this situation which is a war without end, which the American people have rejected," Pelosi said on CBS' "Face the Nation."

On Friday, Pelosi and Senate Majority Leader Harry Reid, D-Nev., sent Bush a public letter opposing any increase in U.S. troops in Iraq and calling for a phased redeployment of U.S. troops out of Iraq starting in four to six months.

Sen. Joseph Biden, D-Del., chairman of the Senate Foreign Relations Committee, said Sunday that Bush's expected plan to escalate U.S. troop strength in Iraq "is a prescription for another tragedy." Biden also announced that he will seek the presidency in 2008.

"There is now a civil war. You need a political solution," said Biden, speaking on NBC's "Meet the Press." His committee plans extensive hearings on Iraq in coming weeks.

Taking the opposite view was Sen. Lindsey Graham, R-S.C., a member of the Senate Armed Services Committee.

"I support a surge with a purpose - co-joining with the Iraqi political and military leadership to control this country," Graham said, also on "Meet the Press." "We cannot let this country go into the abyss.

"Now is the last chance, and the only chance, to get this right."

Graham said many Republican lawmakers are prepared to back Bush's call for an escalation of U.S. forces in Iraq.

In Baghdad, Odierno said he proposed several approaches to Defense Secretary Robert Gates during his visit here last month, including a surge.

"What I will tell you is when Secretary Gates was here with General (Peter) Pace, we offered several different courses of action. Some included surge of troops, some included a surge in economic capabilities." Others, he said, included boosting other Iraqi capabilities in the treasury, justice, and rule of law fields, "and some didn't include a troop surge."

Odierno arrived in Baghdad less than a month ago, replacing Chiarelli. During his tenure, Chiarelli repeatedly said that if more Iraqis had jobs, fewer would join a rogue group or shoot at American soldiers. The unemployment rate here is at least 25 percent, government officials estimate.

Both commanders said they believed that Iraqi forces should take the lead in enforcing security, while conceding that, while they are improving, Iraqis have faltered when given the lead. Some forces have been overtly sectarian. Others lost control of their communities, forcing U.S. troops to intervene. Both commanders said that U.S. troops should be on the periphery of areas handed over to Iraqi forces in case violence erupts.

Both said that U.S. forces must tackle not only Sunni insurgents but Shiite militias - yet both stopped short of advocating that U.S. forces go after firebrand cleric Muqtada al-Sadr, who leads Iraq's largest militia, the Mahdi Army, and supports the Iraqi government.

"I'm not sure we take him down," Odierno said. "There are some extreme elements (of the Mahdi Army) ... and we will go after them. I will allow the government to decide whether (Sadr) is part of it or not. He is currently working within the political system."

Both Odierno and Chiarelli said that the military could not do everything and that Iraq needs a political solution. Both also said that everyone should be patient with Iraq's nascent government, noting that it has been in power less than a year.

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US Twists Civilian Arms To Fill Fortress Baghdad (FT)

By Guy Dinmore

Financial Times, January 8, 2007

At the heart of George W. Bush's "new way forward" – which the president is expected to announce on Wednesday and involve substantial troop reinforcements – is the plan already under way to expand the US civilian presence across Iraq and complete the world's largest embassy in Baghdad.

Construction of what critics call "Fortress Baghdad" has led to arguments inside the State Department amid fears that the overwhelming diplomatic presence will perpetuate a sense of US occupation and become a focus of local anger.

US diplomats say that just as the armed forces are being stretched to breaking point, the US foreign service is suffering from low morale and operations in the rest of the world are being damaged by the diversion of resources to Iraq.

Officials are also questioning why the Bush administration is sending more civilians into a deteriorating war zone, and the effectiveness of the work they can do.

The embassy compound being built inside Baghdad's Green Zone covers 104 acres, making it six times larger than the United Nations compound in New York. A city within a city for more than 1,000 people, it will have its own water, sewers and electricity, six apartment buildings, a Marine barracks, swimming pool, shops and some walls 15 feet thick.

The State Department has told the Financial Times that the US civilian presence in Iraq has "grown considerably beyond the numbers projected for the new embassy compound", which is scheduled for completion by September 1 at a cost of $592m (€455m, £307m).

The department and other agencies, such as the Pentagon and Treasury which also supply staff, are working out how to accommodate the extra numbers that Mr Bush is expected to announce this week. Recruits are being attracted to one-year posts by a mix of cajoling and inducement – an almost doubling of their salary, four trips outside Iraq and guarantees of favourable postings afterwards.

Condoleezza Rice, secretary of state, and other officials have repeatedly sent cables to personnel around the world saying diplomats have a patriotic duty to volunteer for Baghdad and the expanding "provincial reconstruction teams", where diplomats work out of military bases.

"Baghdad dwarfs everything else. It is becoming a monster that has to be fed every year with a new crop of volunteers," says one diplomat.

So far the State Department has not resorted to compulsory or "directed" assignments, a practice last used during the Vietnam war. But it has warned it would put assignments elsewhere on hold "if Iraq and Afghanistan and other priority posts are not staffed".

Among the many recommendations of the bipartisan Baker-Hamilton report on Iraq, issued in December, was that diplomats and other US personnel should be obliged to serve in Iraq if there were not enough volunteers.

Steve Kashkett, vice-president of the American Foreign Service Association, the professional body representing US foreign service officers, questions their logic.

"It makes no sense for the Iraq report authors simultaneously to propose scaling back the US military presence and beefing up the presence of unarmed US diplomats in a combat zone," he writes this month in the association's journal.

John Brown, who resigned as a US diplomat in protest against the 2003 invasion and now teaches public diplomacy, says the embassy "will be a symbol of the US occupation and the near-total separation of US embassy staff members from the society with which they are supposed to interact".

"Indeed, the planned embassy reminds me of the huge, cavernous buildings that housed Soviet missions in eastern Europe during the cold war. They were hated by the local population for all they stood for: secrecy, arrogance and domination."

Of the 1,000 or so US civilians staffing Baghdad at present – not including large numbers of private-sector bodyguards – there are about 200 career diplomats, plus some 70 in the provincial reconstruction teams that are set to expand.

Many other staffers are so-called "3161s" – recruited ad hoc and, according to the State Department, "fully qualified for their highly technical jobs". Diplomats question this, saying many are incompetent and have been hired for their loyalty to the Republican effort.

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Asked why the US was sending more diplomats into a war zone when such conditions elsewhere in the world would lead to closure or drawdown of embassies, the State Department said such comparisons were “inappropriate”, noting the embassy had suffered “minimal casualties”.

A Heavier Iraq 'Footprint' (WSJ)

The Wall Street Journal, January 8, 2007

President Bush is set to announce his new strategy for Iraq this week, and the early signs are that it will include both more American and Iraqi troops to improve security, especially in Baghdad. We think the American people will support the effort, as long as Mr. Bush treats this like the all-in proposition it deserves to be.

If the stakes in Iraq are as great as Mr. Bush says -- and we believe they are -- then he should commit whatever forces are needed to achieve success. The public's support for the Iraq campaign is waning, in major part because the casualties and expense have been producing no visible progress. Even with Democrats running Congress, Mr. Bush has a political window to pursue a more robust security strategy. The paradox is that the fastest way home from Iraq is a bolder commitment now. * * *

On that score, it is appropriate that Mr. Bush is replacing his Iraq military team. Centcom Commander John Abizaid, who is retiring, can point to successful campaigns to topple the Taliban in Afghanistan and Saddam Hussein in Iraq. His oft-derided "light footprint" strategy for securing Iraq has also been right for much of the country, with Kurdistan able to handle its own security and southern Iraq now transitioning to Iraqi control.

But General Abizaid and ground commander George Casey -- who is leaving for a Pentagon post -- never found the formula for the insurgent-troubled Sunni areas, and in recent months for Shiite death squads in Baghdad. Beginning in 2005, Mr. Bush began talking of a counterinsurgency strategy modeled on the successful "clear, hold and build" operation that drove insurgents from the northern city of Tal Afar.

However, it is now clear his two most important generals failed to muster the forces to make it work. The final straw was the failure of Operation Forward Together to secure Baghdad last year. Although many neighborhoods did improve during the "clear" phase, there were too few troops deployed for the "hold" process to work.

One rap on Mr. Bush as a war leader is that he is supposedly too willful and stubborn. But if anything, in Iraq it now appears he has been too deferential. He was telling the truth when he said his generals, and former Secretary of Defense Donald Rumsfeld, told him they had enough troops to do the job. Especially as Army and Marine tours lengthened, General Casey seemed focused more on training Iraqis with an eye to drawing down U.S. forces, rather than on improving security. Whatever chance of success this approach had probably vanished with last year's terrorist attack on the Golden Shrine that ended Shiite forbearance.

In appointing David Petraeus, who will replace General Casey, Mr. Bush has chosen a general with impeccable credentials in this theater. He governed Mosul in 2003 with enlightened engagement, marred by a Baathist spy who somehow managed to become police chief. He also built, essentially from scratch, the current Iraqi Army starting in 2004. One of his chief virtues is that he is a good listener who works well with Iraqis, which is crucial to implementing any new plan. Along with Lieutenant General Ray Odierno, who will be General Petraeus's chief deputy, the President will have generals who understand the priority of security.

The main objections to this new push in Iraq seem to be two: First, that military victory is no longer possible amid a "civil war" in Iraq; and second, that Prime Minister Nouri al-Maliki's government is sectarian and thus will not compromise enough to achieve the political ends that must accompany improved security.

We aren't generals, but on the first point there are many serious people who believe success is still achievable in Iraq. They include retired four-star General Jack Keane and military historian Fred Kagan, who recently worked with some of the military's brightest officers to suggest a plan to secure Baghdad under the auspices of the American Enterprise Institute. Among those officers is Colonel H.R. McMaster, the mastermind of the Tal Afar campaign. The President's two most important political allies on Iraq, Senators John McCain and Joe Lieberman, also both believe more troops will make a difference.

As for Mr. Maliki, no one is suggesting that Iraqis be given a blank check. His political alliance with radical Shiite Moqtada al-Sadr is a problem and is one reason we advised the Administration against deposing Ibrahim al-Jaafari. But al-Sadr's

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influence has risen along with the sense that the Iraqi Army couldn't provide security and that the U.S. was headed out the door. One goal of any larger deployment would be precisely to bolster the forces of Shiite moderation against al-Sadr.

Despite its faults, the Maliki government has shown it is still willing to play by democratic rules. Saddam's hanging was handled ineptly, but the dictator received a fair trial. Mr. Maliki presented his own plan for Baghdad security to Mr. Bush on their recent meeting in Jordan, and he has pledged to protect against both Shiite and Sunni killings. We disagree with Bing West and Eliot Cohen nearby that Mr. Maliki should be presented with some kind of ultimatum to do our bidding or else we'll leave; he is far more likely to make these necessary decisions if he sees the U.S. as a reliable partner.

What is sure to radicalize the Shiites is an early U.S. departure. They would then have little choice but to call on Iran and Hezbollah and anyone else for the military aid to defeat the Sunni terrorists. The forces of Shiite democracy, led by Grand Ayatollah Ali Sistani, would be swamped. Then there really could be a Shiite dictatorship in Iraq, along with ethnic cleansing on a scale unseen since the India-Pakistan diaspora. * * *

For all of these reasons, we hope Mr. Bush also refrains from using the words "surge" or "temporary" to describe his plans this week. A better message is that he will do whatever it takes to reinforce the forces of moderation and democracy in Iraq to prevent a defeat that would empower American enemies in Iraq and in the war on terror. And his strategy is best framed as providing the forces necessary to protect the population that most military experts believe is the key to successful counterinsurgency.

The tragedy nearly four years after the fall of Saddam is that such a strategy has never been tried. The consequences of failure in Iraq are too great not to try it now, before it really is too late.

'Our Only Hope' (WSJ)

By Bing West And Eliot Cohen

The Wall Street Journal, January 8, 2007

President Bush has appointed a new Iraq team, including one of our best counterinsurgency generals, David Petraeus, to take command in Iraq; he is also about to unveil a new Iraq strategy. The apparent problem is uncontrolled sectarian violence in Baghdad and the apparent solution is to send more American soldiers to restore order. The actual problem is a dysfunctional, sectarian Iraqi political system. Here at home, the imminent debate between the Congress and the administration about the number of American forces is a diversion. We may need more resources, but first we need a strategy.

President Bush faces a difficult strategic choice. First, he can continue to play defense and send in more troops to undertake tasks approved by Prime Minister Nouri al-Maliki. The intent is to buy another year during which a nonsectarian Iraqi government will pull itself together. It is difficult to see how it will. Alternatively, he can adopt an offensive strategy with clear benchmarks, strengthening Iraqi security forces while imprisoning Sunni insurgents and Shiite death squads. The risk is that Mr. Maliki may refuse to cooperate, forcing us to walk away. In sum, what lies before the administration is a final strategic choice, after a series of large and consequential failures.

The campaign began brilliantly with the swift rush to Baghdad in May 2003. Stripped of their dominance but otherwise untouched by the war, the Sunnis supported an insurgency led by Saddam loyalists and fueled by xenophobic religiosity. The American military stubbornly responded for 18 months with conventional sweeps and raids that fueled resentment and raised recruits for the insurgents. It was not until late 2004 that our military seriously began training a new Iraqi army. That same year, the White House endorsed a counterinsurgency strategy of "clear, hold and build" inside Sunni cities, despite Secretary of Defense Donald Rumsfeld's reservations that this thrust American soldiers into an occupying role without addressing how they would get out.

For a brief period, it appeared that "clear and hold" was working. Then, in February 2006, the Sunni extremists destroyed the Shiite mosque at Samara. This ignited the civil war they had sought to provoke for three years. As with the initial Sunni insurgency, our military was caught a second time without a counterstrategy.

Since the summer of 2006 we have fought a full-fledged, two-front war, waging one against the Sunni insurgents north and particularly west of Baghdad, and the other in Baghdad, where both Sunni and Shiite killers murdered the innocents. The Sunni

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tool was the massive car bomb. The Shiite militias were more systematic, employing death squads in a slow, methodical ethnic cleansing of neighborhoods.

The war seesaws back and forth. Unlike in Vietnam, these enemies do not dare to fight even small American military units. Our casualties come from roadside bombs and sniper attacks. In Anbar province, where the fighting is heaviest, our Marines are having unappreciated success in splitting local tribes from al Qaeda in Iraq. The under-strength Iraqi Army has performed well, despite grossly inadequate support from Mr. Maliki's government. The Iraqi police in Baghdad, though, remain penetrated by political militias. The spectacle of Saddam Hussein's guards chanting the name of Moqtada al Sadr as the despot swung from the gallows was revealing and disturbing.

So where do we go from here? The much-debated "surge" would only modify our current strategy, if Americans continue to focus chiefly on destroying the insurgents in Sunni neighborhoods. Fewer Sunni car bombs will supposedly result in less retaliation by death squads and end the ethnic cleansing. The Shiite population would turn away from militias because they wouldn't need them, given more security by more Americans. Because Mr. Maliki values Mr. Sadr's political support, Sadr City will remain what it is today: a sanctuary for the Mahdi Army militia.

This is a problematic approach. The Sunnis initiated the violence, no doubt about it. But now the Shiite militias are doing the majority of the killing in Baghdad -- yet less than 10% of those in prison are Shiites. There are 75 murders a day in Baghdad, and most killers walk free. The militias are gradually succeeding in the ethnic cleansing of much of Baghdad. To persist in this strategy is equivalent to a mayor telling his police chief that the mafia who live on the east side of town cannot be touched. It dooms the chance, however frail, of creating a nonsectarian Iraqi government.

Coupled with defensive patrolling is a proposed program of job creation (removing trash, for example). But handouts in a culture accustomed to handouts gain little. The return for this effort is hard to predict. In Anbar province, the only successful projects have been repayable loans to those Iraqis resolute enough to step forward and accept responsibility for building their own businesses.

Providing our advisers and battalion commanders with discretionary funds is a sound investment, but is ancillary to establishing security. It's unproven how many 16-year-old foot soldiers will be diverted by low-paying jobs. If you went to a member of the mafia and offered a low-paying job in return for renouncing crime, he would laugh at you. Most of the thugs won't be bought off; extortion and robbery are more lucrative and enjoyable.

President Bush recently agreed with the assessment of the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, that "we're not winning in Iraq . . . but we're not losing." But in counterinsurgency, if you do not win, you lose. What, then, is another option the president can choose?

Instead of a defensive surge strategy satisfying to Mr. Maliki, the president can opt for an offensive, nonsectarian strategy. Its core operational concepts must be neutralizing criminals -- which include the Sunni insurgents, the Shiite death squads and the criminal gangs -- by imprisonment, deterrence, or death; and constructing Iraqi security institutions as free as possible of sectarian taint.

Iraq is now a police war and we need to treat it as such. Former Secretary of State Colin Powell a few weeks ago said, "We should not use our troops as policemen." But that's exactly how they are being used today in Baghdad and are, in fact, used in most counterinsurgencies. Our weakest links are leaving the Mahdi Army off-limits, not selecting Iraqi security leaders and refusing to arrest and incarcerate the criminals (insurgents, death squads and thugs). If the president's new strategy does not aggressively rectify these three defects, then surging more American troops will buy time but not alter a war we are losing because we are not winning.

Sadr City cannot remain off limits. When the death squads know they are hunted, many will flee the city. Others will fight back. Intense violence, however, cannot sustain itself. American forces fought Mr. Sadr's militia in April and August of 2004. In both cases, all-out war by the Mahdi Army petered out due to lack of logistics. In both cases, the Shiite population stood to one side. We created a monster by letting Mr. Sadr go free twice. We cannot make that mistake a third time. * * *

To change the dynamic in Iraq, the president has to insist on arrests and incarceration rates equivalent or greater than those for violent crime in New York City. This would set benchmarks and shift our forces from defense to offense. New York City averages over 27,000 arrests a year for violent crimes. If a similar number of arrests were made in Baghdad, which is roughly the

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same population size as New York City, the jail population in Iraq would double in a year. One in 75 American males is in jail, compared to one in 450 Iraqi males. Iraq is not six times safer than the U.S. Instead, Iraq has a judicial system, abetted by American military legalisms, that works in favor of the killers. The president has to change that.

Our troops in Iraq complain, with justice, that they often capture insurgents, only to find them on the street a few months later. As a result of the abuses of Abu Ghraib, the U.S. military instituted four layers of review for each Iraqi detained. The result is that most detainees are released. As for the Iraqi system, it is simply absurd, insisting on habeas corpus rules of evidence in a corrupt and overwhelmed judicial system that incarcerates a few dozen each week, compared to over a thousand a week in New York City alone. Eight of 10 detainees are set free. Releasing killers undercuts troop morale, while the residents lose trust. Texas has 170,000 in jail; Iraq, with a larger population and 50 times the violence rate, has 28,000 in jail. This "catch and release system," as the troops call it, is the single weakest link in the U.S. strategy.

Technology can help. We could, for example, equip Iraqi and American forces with mobile devices to fingerprint the military-age males in Baghdad and the Sunni Triangle. Anyone stopped can be checked in two minutes, just as the Border Police and the Chicago Police do today. This would deprive the killers of mobility and is the key to radically increasing arrests. In this, as in many other respects, the American failure in Iraq reflects not our preference for high technology -- as facile critics claim -- but our inability to bring appropriate technologies to bear. * * *

This is an Iraqi war, and success depends on the creation of a larger Iraqi Army (perhaps twice its current size of under 140,000) and a neutral police force. So we must increase our advisers from 3,500 to 15,000 or more. This is a small-unit police war, with the insurgents hiding and dodging. We do not need 40 or 50 conventional American battalions trained and equipped for full-scale conventional war, if the Iraqi security forces are strengthened by bulked-up American advisory teams.

But Iraqi security forces will fall apart if political parties use appointments and promotions for sectarian purposes. We must therefore insist on a joint U.S.-Iraqi board to appoint all Iraqi battalion commanders and police chiefs and above. American control over senior personnel is the single most important aspect of our effort to develop Iraqi institutions. Without it, additional resources, to include more advisers, will be wasted.

Quite possibly, Prime Minister Maliki will refuse, on the grounds of sovereignty and national pride, to allow Americans equal control over Iraqi personnel policy. We should respond that when Iraq is truly sovereign and standing on its own, we withdraw our advisers and the joint board ceases to operate. In the meantime, we're not potted plants. It is our advisers that force the ministries in Baghdad to pay the Iraqi soldiers. It is our advisers on patrol risking their lives and dying to reassure the Iraqi forces that they can prevail. As long as we run equal risk, we deserve equal say in the selection of competent leaders.

There is some chance that a strategy dependent on Mr. Maliki's sectarian instincts may succeed. He may, despite his poor track record, pull himself and his government together. Prudence, however, suggests that the president design a strategy that is independent of Mr. Maliki's fortunes and strengthens the only institution capable of holding the country together -- the Iraqi army.

We prefer an offensive strategy based on three ironclad principles: take the offense immediately against the death squads in Sadr City, who are now unsettled; arrest and imprison on a scale equal to the horrific situation (or at least equal to New York City!); and insist on a joint say in the appointment of army and police leaders. If the Iraqi government refuses, we should be willing to disengage completely, and soon.

The paradox of American strategy in Iraq is this: President Bush can achieve success only by threatening to do something he is morally opposed to doing -- leaving swiftly and risking chaotic civil strife. If the president showed the same iron will toward Mr. Maliki that he does toward Congress and public opinion, Mr. Maliki would blink first.

The only course that will work entails not only the risks of greater casualties, but the risks of walking away from promises unmet and hopes unfulfilled. More money and troops are inputs, not outputs. A new strategy needs benchmarks for success -- arrests, imprisonment and the adviser ratings of leaders. Our only hope lies not in American troops but in the development of an Iraqi security force free of militia influence, working for a government that understands the penalty for failure.

Mr. West, a former assistant secretary of defense and a former marine, visits frequently with the troops in Iraq. Mr. Cohen is Robert E. Osgood professor of strategic studies at Johns Hopkins School of Advanced International Studies.

The Smart Surge: Diplomacy (WP)

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By Wesley K. Clark

The Washington Post, January 8, 2007

The odds are that this week President Bush will announce a "surge" of up to 20,000 additional U.S. troops into Iraq. Will this deliver a "win"? Probably not. But it will distract us from facing the deep-seated regional issues that must be resolved.

The administration views a troop surge of modest size as virtually the only remaining action in Iraq that would be a visible signal of determination. More economic assistance is likely to be touted, but absent a change in the pattern of violence, infrastructure enhancement simply isn't practical.

Yes, several additional brigades in Baghdad would allow for more roadblocks, patrols and neighborhood-clearing operations. Some initial successes would be evident. But how significant would this be? We've never had enough troops in Iraq. In Kosovo, we had 40,000 troops for a population of 2 million. That ratio would call for at least 500,000 troops in Iraq; adding 20,000 now seems too little, too late.

Further, U.S. troops so far have lacked the language skills, cultural awareness and political legitimacy to ensure that areas "cleared" can be "held." The key would be more Iraqi troops, but they aren't available in the numbers required. Nor are the Iraqi troops reliable enough for the gritty work of dealing with militias and sectarian loyalties. Even if militia fighters in Baghdad can be temporarily suppressed, they could redeploy to continue the fight in other areas.

What the surge would do is put more American troops in harm's way, further undercut the morale of U.S. forces and risk further alienating elements of the Iraqi populace. American casualties would probably rise, at least temporarily, as more troops appeared on the streets -- as happened in the summer when a brigade from Alaska was extended and sent into Baghdad. And even if the increased troop presence initially frustrated the militias, it wouldn't be long before they found ways to work around the neighborhood searches and other obstacles, if they chose to continue the conflict.

Other uses for troops include accelerating training of the Iraqi military and police. But vetting these Iraqi forces for loyalty has proved problematic. So neither accelerated training nor adding Iraqi troops to the security mission can be viewed as though a specified increase in effort would yield an identical increase in return.

The truth is that the underlying problems are political, not military.

Vicious ethnic cleansing is underway, as various factions fight for power and survival. In this environment, security is unlikely to come from smothering the struggle with a blanket of forces -- and increasing U.S. efforts is likely to generate additional resistance, especially from Iraq's neighbors. More effective action is needed to resolve the struggle at the political level. A new U.S. ambassador might help, but the administration needs to recognize that the neoconservative vision has failed.

Well before the 2003 invasion, the Bush administration was sending signals that its intentions weren't limited to Iraq; "regime change" in Syria and Iran was often discussed in Washington. Small wonder then that both countries have worked continuously to feed the fighting in Iraq.

Dealing with meddling neighbors is an essential element of resolving the conflict in Iraq. But this requires more than border posts and threatening statements. The administration needs a new strategy for the region, before Iran gains nuclear capabilities. While the military option must remain on the table, America should take the lead with direct diplomacy to resolve the interrelated problems of Iran's push for regional hegemony and nuclear power, the struggle for control of Lebanon, and the Israeli-Palestinian conflict. Isolating our adversaries hasn't worked.

Absent such fundamental change in Washington's approach, there is little hope that a troop surge and accompanying rhetoric will be anything other than "staying the course" more. That wastes lives and time, bolsters the terrorists and avoids facing up to the interrelated challenges posed by a region in crisis.

The writer, a retired Army general and former supreme allied commander of NATO, is a senior fellow at UCLA's Burkle Center for International Relations.

War Against Time (WP)

By Jackson Diehl

The Washington Post, January 8, 2007

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The new plan for Iraq that President Bush will announce this week will suffer from the same fallacy that has infected each of his previous war strategies -- and also most of the counterproposals sprouting up in Washington. That is, the notion that American action can produce decisive results in Iraq in six to 12 months.

The administration's original war plan -- to the extent one existed -- foresaw the creation of an Iraqi administration and the withdrawal of most U.S. troops within six months of the invasion. When that failed, the administration wagered that it could oversee the election of an interim Iraqi government, the writing of a constitution, that constitution's ratification and the election of a permanent government in 12 months. Insistence on that timetable produced the half-baked constitution that now hamstrings the "unity" government. A year ago the administration supposed that it could train enough Iraqi police and military forces in 2006 to draw down U.S. troops to 100,000 or fewer. It came no closer than it did in 2005, when it had much the same plan.

Now Bush is likely to bet that the dispatch of additional American forces will somehow produce a breakthrough in Baghdad before 2008. That parallels the Iraq Study Group, which foresees a transition of the war to full Iraqi control and the withdrawal of all U.S. combat forces by the first quarter of 2008, and Democratic plans for the beginning of a troop drawdown in four to six months.

In Washington's bipartisan mind-set, the next six months are always crucial in Iraq. Persistently, we believe that one big, intense effort will turn the country around -- or make it possible for us to leave. Why? Perhaps because Bush has never been willing to ask the country to commit itself to a long struggle in Iraq, despite his view of it as "the central front" in a war on terrorism that will define the 21st century. Instead he proposes the war that the Army and the public can tolerate without too much strain. For their part, war opponents understandably have been looking for a way out since the mission began.

Iraq, however, doesn't operate on Washington's clock -- something Iraqi leaders have repeatedly tried and failed to explain to the ambassadors and generals who demand benchmarks and timetables. And why should it? In historical context, the country is not much different from others that have emerged from decades of dictatorship and tried to sort out a new political status quo among multiple competing ethnic groups. Yugoslavia began to break down in 1991; despite repeated Western interventions, the bloodshed continued until the end of the decade. The wars over Congo's future began in 1994 with the end of the Mobuto dictatorship and didn't end until 2003. Lebanon's civil war began in 1976 and ended in 1989.

As the behavior of the Maliki government and its Sunni enemies has made painfully clear, Iraq is nearer the beginning than the end of its sorting out. Each of the main sides -- Shiite, Sunni and Kurd -- remains convinced that it can impose its sectarian agenda by force. The Sunnis believe they will reconquer Iraq when the Americans leave. Maliki himself is eager for the U.S. Army to stand back so the Shiite-dominated police and army can attempt to wipe out Sunni resistance. The Kurds intend to fight before they will share Kirkuk. Until all are convinced that they have exhausted the option of force, there will be no settlement.

If Iraq is like the rest of the post-Cold War world, this will take six to 12 years, not six to 12 months. Not only is the United States unlikely to speed up the resolution of the conflict, it may even slow a resolution down, by acting as a buffer or co-combatant -- as did U.N. troops in Bosnia, Syrian forces in Lebanon and the armies of multiple African states in Congo. Of course, U.S. forces might also prevent the war from spreading beyond Iraq or keep other nations from jumping in.

One day, on its own time, Iraq will reach equilibrium. At that moment a new power structure will solidify in a country that ranks second in the world in proven oil reserves; that occupies the geographic and ethnographic center of the world's most volatile region; that now harbors many of the most dedicated enemies of the democratic West. Will the United States want to be present, as one of the shaping forces, when that settlement is finally reached? Will it want to influence which Iraqi parties are stronger, and which weaker, in the final balance?

If so, the question the country faces is not what can be done on Washington's time, in six or 12 months. It's how the U.S. mission can be configured to adapt to the clock that's running in Iraq.

Quagmire Of The Vanities (NYT)

By Paul Krugman

The New York Times, January 8, 2007

The only real question about the planned “surge” in Iraq — which is better described as a Vietnam-style escalation — is whether its proponents are cynical or delusional.

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Senator Joseph Biden, chairman of the Senate Foreign Relations Committee, thinks they're cynical. He recently told The Washington Post that administration officials are simply running out the clock, so that the next president will be "the guy landing helicopters inside the Green Zone, taking people off the roof."

Daniel Kahneman, who won the Nobel Memorial Prize in Economic Science for his research on irrationality in decision-making, thinks they're delusional. Mr. Kahneman and Jonathan Renshon recently argued in Foreign Policy magazine that the administration's unwillingness to face reality in Iraq reflects a basic human aversion to cutting one's losses — the same instinct that makes gamblers stay at the table, hoping to break even.

Of course, such gambling is easier when the lives at stake are those of other people's children.

Well, we don't have to settle the question. Either way, what's clear is the enormous price our nation is paying for President Bush's character flaws.

I began writing about the Bush administration's infallibility complex, the president's Captain Queeg-like inability to own up to mistakes, almost a year before the invasion of Iraq. When you put a man like that in a position of power — the kind of position where he can punish people who tell him what he doesn't want to hear, and base policy decisions on the advice of people who play to his vanity — it's a recipe for disaster.

Consider, on one side, the case of the C.I.A.'s Baghdad station chief during 2004, who provided accurate assessments of the deteriorating situation in Iraq. "What is he, some kind of defeatist?" asked the president — and according to The Washington Post, at the end of his tour, the station chief "was punished with a poor assignment."

On the other side, consider the men Mr. Bush has turned to since the midterm election. They constitute a remarkable coalition of the unwilling — men who have been wrong about Iraq every step of the way, but aren't willing to admit it.

The principal proponents of the "surge" are William Kristol of The Weekly Standard and Frederick Kagan of the American Enterprise Institute. Now, even if the Joint Chiefs of Staff hadn't given the surge a thumbs down, Mr. Kristol's track record should have been reason enough to ignore his advice. For example, early in the war, Mr. Kristol dismissed as "pop sociology" warnings that there would be conflict between Sunnis and Shiites and that the Shiites might try to create an Islamic fundamentalist state. He assured National Public Radio listeners that "Iraq's always been very secular."

But Mr. Kristol and Mr. Kagan appealed to Mr. Bush's ego, suggesting that he might yet be able to rescue his signature war. And am I the only person to notice that after all the Oedipal innuendo surrounding the Iraq Study Group — Daddy's men coming in to fix Junior's mess, etc. — Mr. Bush turned for advice to two other sons of famous and more successful fathers?

Not that Mr. Bush rejects all advice from elder statesmen. We now know that he has been talking to Henry Kissinger. But Mr. Kissinger is a kindred spirit. In remarks published after his death, Gerald Ford said of his secretary of state, "Henry in his mind never made a mistake, so whatever policies there were that he implemented, in retrospect he would defend."

Oh, and Senator John McCain, the first major political figure to advocate a surge, is another man who can't admit mistakes. Mr. McCain now says that he always knew that the conflict was "probably going to be long and hard and tough" — but back in 2002, before the Senate voted on the resolution authorizing the use of force, he declared that a war with Iraq would be "fairly easy."

Mr. Bush is expected to announce his plan for escalation in the next few days. According to the BBC, the theme of his speech will be "sacrifice." But sacrifice for what? Not for the national interest, which would be best served by withdrawing before the strain of the war breaks our ground forces. No, Iraq has become a quagmire of the vanities — a place where America is spending blood and treasure to protect the egos of men who won't admit that they were wrong.

The Lynching Of Iraq (BOS)

The Boston Globe, January 8, 2007

THE HANGING of Saddam Hussein Dec. 30 offered a view into the grotesque reality of what America has sponsored in Iraq, and what Americans saw should inform their response to President Bush's escalation of the war.

The deposed tyrant was mercilessly taunted. As he stood on the threshold of the afterlife and was told to go to hell, the world witnessed a chilling elevation of the ancient curse, making an absolute villain an object of pity.

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And then, in chanting the name of Moqtada al-Sadr, whose family had been a particular target of Hussein's his executioners made clear that the execution was an act of tribal revenge, not of national restoration, much less justice. It was a lynching. This Shi'ite brutality is guaranteed to spawn Sunni savagery. Iraq itself is hell.

Officials of the United States, from military commanders in Baghdad to members of the Bush administration in Washington, sought to distance themselves from the bedlam, but they are essential to what happened at the last moments of Saddam's life. Decorum would have been the main note of his death if Americans had managed it, but the execution would have been no less an act of false justice.

The harsh fact is that the Shi'ite dominated government of Nouri al-Maliki, in its contemptible treatment of a man about to die, laid bare the dark truth of Bush's war. This is what revenge looks like, and revenge (not weapons of mass destruction, not democracy) drove the initial US attack on Saddam Hussein every bit as much as it snuffed out his life at the end. The hooded executioners took their cue from George W. Bush.

And why should they not have? Let's remember who this man is. As governor of Texas, he presided over the executions of 152 people, including the first woman put to death in Texas in a century. Her name was Karla Faye Tucker. Bush's response to the world-wide plea raised in her behalf was an astounding display of cruelty, a mocking imitation of the woman begging not to be killed.

Bush rejected appeals for clemency in every death penalty case that came before him. The Texas death chamber, with its lethal injection gurney, is a place of decorum. And savagery. That executions defined the main public distinction that Bush brought to the US presidency sums up the national disgrace, while suggesting also how little surprise there should be that America is presided over now by an executioner-in-chief.

Capital punishment is to individuals what aggressive war is to nations. The 20th century, for all its brutality (or because of it), marked the watershed era when world opinion shifted against both. Once, princes exercised life-and-death power over subjects with unchallenged authority. Once, the only check on a state's freedom to attack another state was its power to do so.

These two absolutes of realpolitik have changed. From the Kellogg-Briand Pact of 1928 to principles laid down at the Nuremberg tribunals to the United Nations itself, wars of aggression stand condemned. The force of state violence is to be exercised only in self-defense or in defense of a victim people, in circumstances defined by international agreement. Similarly, nation after nation has abolished the death penalty, understanding the absurdity of defending human life by destroying human life. If killing can ever be justified, individually or communally, it is only as an absolute last resort. In sum, an international moral consensus has taken shape against unnecessary violence, whether targeting a criminal or a rogue state.

George W. Bush is the impresario of unnecessary violence. America has followed him into the death chamber of this war, and now he wants us to believe that the way out is through more death.

Iraqi loss of life remains mostly unimagined, but every evening on the television news, Americans see the sweet faces of young soldiers who have died in Bush's war. They were heroes, not criminals, yet Bush dragged each one of them up onto a gallows. He positioned them on the trap door, hardly wincing as they then fell through. And now, in perhaps the greatest outrage of all, Bush claims that the way to justify the unnecessary deaths he has caused is to add to them. Escalation is his way of saying, go to hell.

With his lies at the beginning of this war, and his fantasy now that an honorable outcome remains possible, the president is a taunting killer, caught in the act. He lacks nothing but the black hood. Stop this man.

Editorial | Change In Washington (PHI)

The Philadelphia Inquirer, January 8, 2007

The only blizzard in Washington this winter has been from all the personnel changes President Bush has made to handle Iraq and other foreign policy crises.

While the changes may be good, new nameplates on desks need to be accompanied by new and better plans for stabilizing and exiting Iraq, for carrying out diplomacy around the world, and for more fully coordinating U.S. intelligence gathering.

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What started with the removal of former Defense Secretary Donald Rumsfeld has continued with a new director of national intelligence, a new deputy secretary of state, and probably new military commanders to head U.S. operations in Iraq.

Out as the first U.S. director of national intelligence is John Negroponte, who, if confirmed by the Senate, will return to the State Department as deputy secretary.

Negroponte's sudden move is not because he messed up as intelligence chief over the last 18 months. He made a decent start of herding 16 national intelligence agencies. But his experience and skills may be of greater use to State, which needs a seasoned diplomat in that high-ranking position.

Negroponte's appointment, along with the expected nomination of Zalmay Khalilzad to follow John Bolton as U.S. ambassador to the United Nations, could indicate that Bush will take diplomacy more seriously in his last two years in office.

That would be a smart course for the administration to take, especially when it comes to U.S. policy in Iraq.

Bush is expected to announce his new strategy for Iraq this week.

He seems to be trying to show he can change with the circumstances, by replacing Gen. John Abizaid with Adm. William Fallon to lead the Central Command, and Lt. Gen. David Petraeus to replace Gen. George Casey as the top U.S. commander on the ground in Iraq.

But Bush's own statements and leaks about this week's announcement suggest that he still hasn't gripped the reality that the earlier U.S. goal - to turn Iraq into a stable democracy - is now unachievable.

A temporary increase in the number of U.S. troops in Iraq, which is what Bush is expected to recommend, won't change that - especially if the outmoded goals and tactics remain the same.

Simply looking into Iraqi President Nouri al-Maliki's eyes to see whether he is sincere about disbanding Shiite death squads won't work either.

Bush ought to listen to the Baker-Hamilton commission's suggestions to beef up the training of Iraqi security forces, and hold talks with regional neighbors, including Iran and Syria, who can influence the outcome in Iraq.

New nameplates on desks can be good. Realism and well-thought-out goals and tactics are better.

Resort To 'Soft-partition' Repair? (WT)

By Edward P. Joseph/michael E. O'hanlon, The Washington Times

The Washington Times, January 8, 2007

As the nation and world await President Bush's speech on what could be his last chance to get Iraq policy right, it is time to face the reality that a multiethnic, integrated, democratic Iraq is probably no longer attainable. The sectarian-based responses to Saddam's execution are only the latest proof of this fact.

Proposals for a U.S. troop surge, more American trainers in Iraqi army and police forces, and a reinvigorated economic recovery package including a job creation program all have serious arguments in their defense. But at a time when nearly 5,000 people are dying and 100,000 Iraqis are being driven from their homes each month, it is also time to develop a backup plan for ending the civil war that we have proven unable to prevent.

Many have already concluded our backup plan for Iraq should be packing up and going home -- or, at most, redeploying to Iraq's borders to protect displaced civilians and deter its neighbors from entering into the civil war. But there is at least one promising Plan B that, while hardly ideal, would be far better for America, Iraq, and the broader region than complete defeat, all-out civil war, and the possibility of broader regional conflict. It would build on Sen. Joe Biden and former Assistant Secretary Leslie Gelb's idea of a soft partitioning of Iraq -- moving away from centralization toward a loose federation (akin to Bosnia) of three largely autonomous regions in which present and future oil revenues would be shared equitably. But it would go beyond Biden/Gelb to confront directly the sectarian strife now raging in and around Baghdad. Rather than striving for a "neutral Baghdad" as Mr. Biden and Mr. Gelb propose, the Iraqi government would assist threatened minorities relocate to where they feel safer -- helping them find new jobs and housing in the process.

This is in effect the Bosnia model for Iraq. Bosnia's war ended only after as many as 200,000 died, and half the country's population had either been expelled or fled, leaving the country a patchwork of ethnically pure pieces. NATO air power, a reinforced U.N. contingent, and strengthened Muslim and Croat armies were critical elements leading to peace. But the Dayton

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accords of 1995 were centered on the fact ethnic relocations had occurred, creating definable and mostly defensible territories. At that point of ethnic consolidation, it was possible to negotiate and then implement land swaps among Serbs, Croats, and Muslims, creating a map and federal structure that a decade later is still tolerated by key parties.

In a rapidly disintegrating Iraq, our goal should be similarly to create militarily defensible subregions, while attenuating the violence. That way, a unitary state could be preserved -- to share oil revenue equitably, conduct foreign policy, maintain some limited national institutions, and hold out the hope of a more cohesive Iraq in the future. Ethnic relocation is distasteful and not free from risk, but if carried out with care as government policy, it can occur with less trauma than in the Balkans.

In effect, Iraq is already becoming Bosnia. As noted, according to statistics from the UNHCR and Brookings-Bern project on the internally displaced, perhaps 100,000 more Iraqis are forcibly driven from their homes each month. About half wind up abroad, the other half displaced within Iraq. And the displacement increasingly takes on a Balkanlike, territorial logic. Sunni clerics now assert that the Shia are trying to establish a "Sunni-free corridor across northern Baghdad." In other words, ethnic displacement is no longer solely the province of criminals and renegades like Muqtada al-Sadr, but has become policy.

Our choice is no longer whether we want ethnic relocation in Iraq or not. The choice is fast becoming whether we want to manage the process humanely and in a way that leads to stability, or allow ethnic killing and cleansing to reach their logical, terrible conclusion.

To be sure, facilitating ethnic relocation can also encourage it. A few small acts of violence against minorities in a given neighborhood, and they will be more apt to quickly relocate, knowing protection and a new home and job await somewhere else in the country. This could in turn encourage those few small acts of violence on the part of local majorities wishing to consolidate their ethnic group's control of a given region. But ethnic cleansing is already a full-blown reality in Iraq; at some point, one needs to address it rather than pretend it has not yet become a huge problem.

Obtaining agreement in Iraq will require not only limited rapprochement among some Sunni and Shi'ite leaders, but a constructive role by the Kurds who are already ensconced in relative security in their own compact territory. Kurds see the oil rich, multiethnic town of Kirkuk as both the capital of their longed-for state and a symbol of their oppression at the hands of Saddam (who engineered mass Sunni migration to Kirkuk while expelling Kurds.)

Tens of thousands of Kurds have returned to Kirkuk already, heightening tensions. The International Organization for Migration has detailed the serious lack of basic services and opportunities for displaced persons, only serving to aggravate tensions.

The upsurge in sectarian warfare has emboldened the Kurds and their backers to advance the partition-independence agenda. U.S. pressure on the Kurds (whose territory has been used as a base for Kurdish separatists in Turkey) could encourage them to cut a deal on Kirkuk's oil while earning greater Sunni cooperation on property swaps in the town. And such progress on ethnic movements in a place like Kirkuk could set the basis for more ambitious land swaps similar to those on Sarajevo and Western Bosnia that were a crucial component in attaining peace for Bosnia.

With U.S. assistance, the international community and Iraqi government would offer new houses and jobs to those who wished to move voluntarily, as well as protection for them as they left home and packed up to a different region. Houses left behind would revert to government ownership, to be offered to individuals of other ethnic groups who wanted them, in what would largely become a swapping program. Already there are examples of Iraqis trading houses on their own. With safeguards for security, the Iraqi government could form property commissions -- as have already been created in Kirkuk -- to facilitate matches and avoid swindles.

We must not wait for slaughter in Iraq to reach the exhaustion point before finally confronting the reality of mass ethnic movements. Facilitating ethnic movement is not risk free. But it may soon become the only option before condemning Iraq to years of Bosnia-like fratricidal violence. If the president does not have this idea in his January speech, it is time he and his advisers start laying the groundwork with Iraqis for serious consideration of the idea in the coming months. If we want to control the ethnic relocation process rather than let genocidal hatred drive it, we may not have much more time.

Edward P. Joseph is a visiting scholar with Johns Hopkins School of Advanced International Studies. Michael E. O'Hanlon is a senior fellow of foreign policy studies with the Brookings Institution.

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Pelosi Hints At Resisting Troop Surge (AP)

By Hope Yen

AP, January 8, 2007

Democrats now running Congress will not give President Bush a blank check to wage war in Iraq, House Speaker Nancy Pelosi said Sunday, suggesting they could deny him the money should he call for additional troops.

Yet Pelosi's second-in-command and a Senate leader on foreign affairs questioned the wisdom and legality of using the power of the purse to thwart the White House as Bush prepared to announce his revised war strategy this week — perhaps on Wednesday.

Republicans, now in the minority, said more troops were needed to get a handle on the spiraling violence in Iraq. They also cast doubt whether Democrats would — or could — block the president's plans. "Congress is incapable of micromanaging the tactics in the war," said Senate Minority Leader Mitch McConnell, R-Ky.

Pelosi made clear that her party supported boosting the overall size of the military "to protect the American people against any threats to our interests, wherever they may occur. That's different, though, from adding troops to Iraq." She also said Democrats would not cut off money for those troops already in Iraq.

But dollars for a further buildup in Iraq — Bush's expected plan could send as many as 20,000 additional U.S. troops — will get the strictest of scrutiny, she said.

"The burden is on the president to justify any additional resources for a mission," said Pelosi, D-Calif. "Congress is ready to use its constitutional authority of oversight to question what is the justification for this spending, what are the results we are receiving."

"There's not a carte blanche, a blank check for him to do whatever he wishes there," she added in an interview taped Saturday and broadcast Sunday.

Asked about Pelosi's remarks, White House spokesman Alex Conant said Bush welcomed any ideas on Iraq that "lead to success."

"We're glad the speaker wants us to succeed in Iraq," he said.

Bush was putting the finishing touches on his new policy over the weekend. In addition to the troop increase, it could provide more money for jobs and reconstruction programs in Iraq.

Since the attacks of Sept. 11, 2001, Congress has approved about $500 billion for Iraq, Afghanistan and other terrorism-fighting efforts. The White House is working on its largest-ever appeal for more war funds — a record $100 billion, at least. It will be submitted along with Bush's Feb. 5 budget.

While leading Democrats reaffirmed their opposition to a troop buildup, several did not join Pelosi in suggesting it was possible Congress could deny Bush the money for the additional forces.

"I don't want to anticipate that," said House Majority Leader Steny Hoyer, D-Md.

Sen. Joe Biden, chairman of the Senate Foreign Relations Committee and a 2008 presidential candidate, said increasing troops would be a "tragic mistake." But he contended Congress was constitutionally powerless to second-guess Bush's military strategy because lawmakers had voted to authorize the commander in chief to wage war.

"As a practical matter, there's no way to say, 'Mr. President, stop,'" Biden said, unless enough congressional Republicans join Democrats in persuading Bush that the strategy is wrong. "You can't go in and, like a tinker toy, and play around and say, 'You can't spend the money on this piece and this piece.'"

Pelosi and Senate Majority Leader Harry Reid, D-Nev., told Bush in a letter last week that Democrats oppose additional U.S. forces in Iraq and want him to begin withdrawing in four months to six months American troops already there.

Sen. Lindsey Graham, R-S.C., criticized the Democratic proposal as a "formula for defeat," saying more troops are needed because the U.S. military never had enough personnel in Iraq to get the job done.

"If we don't start over, and do what we should have done in the beginning — having enough people to win this war — we will pay a heavy price," he said.

"They never talked one minute in that letter what happens to Iraq when we leave," Graham added. "In all honesty we are not winning, and if you're not winning, you're losing. And now's the time to come up with a strategy to win."

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Sen. John McCain, R-Ariz., wrote in Sunday's Washington Post that boosting troops for an indefinite time was necessary to secure peace in the Mideast.

"When we authorized this war, we accepted the responsibility to make sure they could prevail," he wrote. "Even greater than the costs incurred thus far and in the future are the catastrophic consequences that would ensure from our failure in Iraq."

But Pelosi, pointing to the November elections that ousted Republicans from control of the House and Senate, said Iraq already is in complete chaos.

"The American people have spoken very clearly on the subject in the election," she said. "And this war in Iraq is damaging our military readiness, so it is not making America safer, it is not making the region more stable."

Ahead of his speech, Bush planned to continue briefings with lawmakers this week, culminating in a meeting with bipartisan leadership on Wednesday, according to lawmakers and aides.

Sen. Barbara Boxer, D-Calif., a member of the Senate Foreign Relations Committee, said she would like to see a congressional vote on whether Bush can send in additional troops.

"My belief is, the president's coming to us," she said. "He's going to ask for billions and billions of dollars. He's going to send more of our people into harm's way. I think it would be best for the country if we got to vote on that surge or escalation."

Pelosi spoke on CBS' "Face the Nation," McConnell and Hoyer appeared on "Fox News Sunday," Biden and Graham were on NBC's "Meet the Press" and Boxer appeared on CNN's "Late Edition."

Pelosi Threatens To Reject Funds For Troop Surge (WT)

By Eric Pfeiffer

The Washington Times, January 8, 2007

House Speaker Nancy Pelosi and other top Democrats yesterday said their party might deny funding for President Bush's expected call this week for a troop surge in Iraq if he doesn't meet their demands for detailed consultations and congressional debate on military strategy.

"If the president chooses to escalate the war, in his budget request we want to see a distinction between what is there to support the troops who are there now. The American people and the Congress support those troops. We will not abandon them," the California Democrat said during an appearance on CBS' "Face the Nation."

"But if the president wants to add to this mission, he is going to have to justify it. And this is new for him because up until now the Republican Congress has given him a blank check with no oversight, no standards, no conditions."

Rep. David R. Obey, Wisconsin Democrat and House Appropriations Committee chairman, echoed his party leader's warnings and some of her wording, saying, "There are certainly going to be no blank checks" from his panel.

"I think we're going to scrub his request and, at the same time, use it as a chance to really discuss whether or not the policy behind that request makes any sense," he said.

But he, like Mrs. Pelosi, was quick to emphasize that a rejection of a surge did not equate to abandoning the forces already stationed in Iraq.

"I think the Congress will provide everything that the troops need," he said during an appearance on ABC's "This Week."

In a letter to the president on Friday, Mrs. Pelosi and Senate Majority Leader Harry Reid, Nevada Democrat, cautioned Mr. Bush against calling for a troop surge, although it did not threaten to wield Congress' purse power.

"Surging forces is a strategy that you have already tried and that has already failed," the letter reads. "Like many current and former military leaders, we believe that trying again would be a serious mistake. They, like us, believe there is no purely military solution in Iraq."

Mrs. Pelosi was more explicit yesterday.

"The burden is on the president to justify any additional resources for a mission," she said. "Congress is ready to use its constitutional authority of oversight to question what is the justification for this spending."

Mrs. Pelosi's fellow Californian Sen. Barbara Boxer said on CNN's "Late Edition" that she would like to see Congress vote on whether Mr. Bush can send more troops and issued warnings about funding a surge.

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"My belief is, the president's coming to us," said Mrs. Boxer, a member of the Senate Foreign Relations Committee. "He's going to ask for billions and billions of dollars. ... I think it would be best for the country if we got to vote on that surge or escalation."

She added that "there's nothing against that in the Constitution. We do have the power of the purse."

CNN's Wolf Blitzer asked Mrs. Boxer: "So you want to use that power of the purse?"

"I want to use it in terms of whether or not we should fund this escalation if, in fact, that's what the president does," Mrs. Boxer responded.

While Washington has seen much speculation on how many Republican lawmakers would support a troop surge, party leaders yesterday were decidedly more supportive.

"I think to basically begin to withdraw before the job is finished is a mistake," Senate Minority Leader Mitch McConnell said yesterday during an appearance on "Fox News Sunday." "If the president recommends what we seem to believe he's going to recommend, I intend to support him."

The Kentucky Republican also pointed out that at least one non-Republican, Sen. Joe Lieberman, also supports a surge. The Connecticut independent appeared with Sen. John McCain, Arizona Republican, at an American Enterprise Institute panel in Washington on Friday to support a surge.

"All I ask of my Republican colleagues, Democratic colleagues and the nation is just to hear the president out. I think there'll be a lot of support by Republican members," said Sen. Lindsey Graham, who supports a surge, on NBC's "Meet the Press."

The South Carolina Republican acknowledged that a surge is not popular but said a withdrawal from Iraq would be a mistake.

"To me, it is a strategy that is based on the needs of the moment. Even though it may not be politically popular for the moment, I think it is in our best interests long term."

House Majority Leader Steny H. Hoyer, a longtime rival of Mrs. Pelosi, said he opposes a surge but declined to threaten funding limits.

"We don't see this as a new policy, and I think it's going to be greeted with great skepticism," the Maryland Democrat told "Fox News Sunday." "We've also done the economic investment before -- unfortunately, with not very good positive results."

But when asked about denying funding, Mr. Hoyer said, "I don't want to anticipate that."

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, also said he opposes a troop surge but added that he doesn't think Democrats have the power to stop one.

"There's not much I can do about it. Not much anybody can do about it," Mr. Biden told NBC's "Meet the Press."

Bush Must 'Justify' Surge, Pelosi Says (LAT)

By Judy Pasternak

The Los Angeles Times, January 8, 2007

WASHINGTON — Democratic congressional leaders, asserting their new majorities in the House and the Senate, said Sunday that President Bush's plan for a new direction in Iraq would face scrutiny on Capitol Hill.

"It's not an open-ended commitment anymore," House Speaker Nancy Pelosi (D-San Francisco) said on CBS' "Face the Nation."

The president, who has been holding extensive discussions with his war Cabinet and has reshuffled military leadership, is expected to announce a change in strategy soon, perhaps Wednesday.

He is considering sending at least 20,000 more troops to help establish order in Baghdad, a course that Pelosi and new Senate Majority Leader Harry Reid (D-Nev.) called unacceptable in a letter they sent to Bush on Friday.

The two called instead for a phased withdrawal of U.S. troops, starting in four to six months.

But the Democratic leaders also acknowledged that they had a limited ability to prevent the White House from adding forces. Any effort to block funding would expose them to charges of not supporting the troops. And since Congress authorized the use of force in Iraq, placing restraints on that approval could be unconstitutional.

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Pelosi emphasized that Congress would not cut off funding for U.S. forces now in Iraq, and said that Democrats supported the president's proposal to increase the overall size of the Army and the Marine Corps.

But, she added, when Bush submits a budget request, "we want to see a distinction between what is there to support the troops who are there now" and what he needs to send more to the combat zone.

"If the president wants to add to this mission, he is going to have to justify it," Pelosi said. "And this is new for him because, up until now, the Republican Congress has given him a blank check."

Any request for additional funding, she said, "will receive the harshest scrutiny."

Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, acknowledged that Bush, as commander in chief, had the constitutional authority to order more U.S. troops to Iraq.

It would be unconstitutional, Biden said on NBC's "Meet the Press," for Congress to "micromanage the war" by putting a cap on troop strength after authorizing the use of force.

Calling the proposal for a rapid influx of forces "a tragic mistake," he said, "As a practical matter, there's no way to say, 'Mr. President, stop.' "

In his speech, Bush is also expected to propose a jobs program, at a cost of as much as $1 billion, to employ young Iraqis who otherwise might join the insurgency. The plan also will include proposals for increased economic aid that would further increase the total bill.

Various aspects of Bush's Iraq policy will be examined by House and Senate committees over the next few weeks, several new Democratic chairmen said.

Biden, who confirmed Sunday that he would be running for president in 2008, said his committee, in a four-week series of hearings starting Tuesday, would ask "experts from every perspective" to discuss what options remain in Iraq.

Rep. David R. Obey (D-Wis.) said on ABC's "This Week" that his House Appropriations Committee would "scrub" the president's requests for money for both a troop buildup and economic development.

Obey said he supported such aid earlier in the conflict, but the money was never fully spent because of the violence in Iraq.

"I am rather dubious that they'll be able to do it this time as well," Obey said.

Rep. Henry A. Waxman (D-Los Angeles), chairman of the House Oversight and Government Reform Committee, said on the same program that during a week of hearings starting Feb. 6 he intended to focus on waste and corruption among private contractors in Iraq, along with those hired for security in the U.S. and Hurricane Katrina cleanup.

"Only a small part of the money spent in Iraq has been audited," he said, "but what we've seen is very, very frightening."

Several Republicans have also criticized the notion of a troop increase, questioning whether U.S. forces should take on a task that Iraq's own government has been reluctant or unable to perform.

Even Rep. Roy Blunt of Missouri, a member of the House GOP leadership, said on CNN's "Late Edition," "You can't secure the future for a people who don't want to secure their own future."

But he urged members of Congress and the public to listen carefully to Bush's final plan.

"I see this as one of the last chances for the Iraqi people to secure their future with us as a principal partner," Blunt said.

On Saturday, Iraq's prime minister, Nouri Maliki, announced a new effort to end bloodshed in Baghdad, using the Iraqi army rather than police officers.

His speech, to commemorate Iraqi Army Day, took place on a day when at least 71 corpses were found in the Baghdad streets, where Sunni insurgents and Shiite militias have operated with impunity.

Such levels of violence have led Sen. Lindsey Graham (R-S.C.), a member of the Senate Armed Services Committee, to support "a surge in troops with a purpose," joined with Iraqi military and political leaders "to control this country."

"Now's the time to start over," Graham said on "Meet the Press." "If we don't start over and do what we should've done in the beginning … we will pay a heavy price."

Graham said more U.S. forces working with Iraqi troops would offer "our best chance for victory."

But he added, "It may not work."

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DOJ_NMG_0113010

Scholars Wade Into Troop Surge (WT)

By Shaun Waterman

The Washington Times, January 8, 2007

Congressional Democrats who want to block any proposed escalation in U.S. troop levels in Iraq have the constitutional authority and the legal power to do so, scholars says.

"It's a fundamental constitutional principle that Congress can initiate and regulate war," said Neil Kinkopf, a law professor at Georgia State University in Atlanta.

Mr. Kinkopf, a former Clinton administration Justice Department official who worked in the Office of Legal Counsel, presented a paper for the liberal American Constitution Society last week arguing that Congress has the power to stop President Bush from sending additional troops to Iraq -- a move many expect him to announce this week.

"As commander in chief, the president's role is to prosecute the war that Congress has authorized," Mr. Kinkopf wrote. "The president may not go beyond this authorization."

Mr. Kinkopf says that the law authorizing the Iraq war, passed by Congress in 2002, clearly includes the authority for the kind of surge in troop numbers currently being considered.

"As a legal matter, that [congressional] authorization was drafted broadly enough to encompass the escalation that the president has in contemplation," Mr. Kinkopf wrote.

But, he argues, Congress could simply pass another authorization "effectively limiting the number of troops deployed in Iraq."

As an alternative, Congress could pass a so-called "appropriations rider," restricting the administration from spending any money to make the troop surge happen.

In either case, Mr. Bush would have to use his veto if he wanted to go ahead with any planned escalation, Mr. Kinkopf said.

But Carl Conetta, co-director of the project on Defense Alternatives, a think tank that researches military requirements in the post-Cold War world, told UPI that such a move would be politically tricky for the new Democratic leadership of the Congress.

"It would put them in a difficult position, one that could be spun by the administration as hamstringing the war effort," he said. "That's exactly where the administration's supporters would like to put them."

Mr. Conetta said that the Democrats might end up trying to "oppose this effort [at escalation] ... without taking congressional action to stop it."

But he said it was more likely they would "play every card to its conclusion," and try to block any escalation -- knowing that "in the end they will fail -- that the president will get his way."

"They may content themselves with complaining loudly," he said.

Activists Demand An End To War Funds (BOS)

By Rick Klein

The Boston Globe, January 8, 2007

WASHINGTON -- With President Bush poised to announce a surge in US troops in Iraq this week, antiwar activists in the Democratic Party are stepping up demands that their party's leaders cut off funding for the war -- a dramatic step that would force the president to quickly end American involvement in the war.

Calls for Congress to use the power of the purse to shape war policy are coming from the party's base of vocal war opponents, as well as a growing number of rank-and-file Democratic lawmakers who view November's midterm congressional elections as a demand from the public for Democrats to force the president to end the war.

Today, Representative Dennis Kucinich, a liberal Ohio Democrat, plans to outline a proposal for Congress to deny Bush any more funds for the war and have the United Nations lead a security force to stabilize Iraq.

"Our very majority was created through a determination by the people of this country that they wanted a new direction in Iraq," said Kucinich, who ran for president in 2004 on an antiwar platform and has announced a 2008 candidacy as well.

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The push by liberals underscores a split within the Democratic Party that winning the majority in Congress hasn't healed. Democrats are caught between a desire to support US troops and appear strong on national security and a sometimes competing push to end an increasingly unpopular war.

"It'll be an interesting leadership challenge to manage these different pieces," said Brian Katulis, a senior fellow at the Center for American Progress who has written extensively on the war. "But Iraq is not going away."

The intra party tension was on display yesterday, with new House Speaker Nancy Pelosi again rejecting suggestions that Democrats cut off funding for forces now in Iraq.

Pelosi held out the possibility that Democrats would pare down the president's future funding requests to try to prevent a troop increase but said Democrats' efforts to influence war policies would never extend to cutting funds for troops already in the field.

"We will always be there to protect our troops and support our troops," Pelosi, a California Democrat, said on CBS's "Face the Nation."

Since winning the November elections, Democratic leaders in Congress have taken a cautious approach to the war. The issue of Iraq was omitted entirely from House Democrats' agenda for their first 100 legislative hours in power, as Democrats focus on domestic issues such as raising the minimum wage and expanding stem cell research.

House and Senate leaders are urging a "phased redeployment" of troops that is not tied to a timeline, and some have signaled a willingness to accept a temporary increase in troop levels as part of a broader plan for ending the war.

Pelosi made clear in her first speech as speaker that she will look to the president to chart a new course in Iraq before Democrats try to influence policy. Bush is scheduled to address the nation on his plan for Iraq as early as Wednesday evening.

But even before the new Congress began, some peace activists began expressing dismay that Democrats aren't doing more to end the war. A group of antiwar protesters led by Cindy Sheehan, the mother of a slain soldier who gained fame during her summer 2005 vigil outside Bush's Texas ranch, disrupted a press conference Democrats were holding Wednesday in Washington on their ethics and lobbying measures.

"We didn't put you in power to work with the people that have been murdering hundreds of thousands of people since they have been in power," Sheehan said after Democratic leaders were forced to cut short the news conference.

Liberal activists are likely to become even more agitated if Congress stands by while Bush sends more troops to Iraq. With that in mind, House and Senate Democratic leaders took the unusual step Friday of preemptively opposing a major increase in troop levels in Iraq -- something Bush is expected to call for this week.

But it remains unclear whether Democrats will be able to stop a troop surge -- much less hasten the end of the war itself -- without withholding funding. Leading Democrats, including Pelosi and Senate majority leader Harry Reid, have been nearly unanimous in rejecting a move to cut off funds, and some who want to end the war now are hesitant to take such a step.

Representative William D. Delahunt, a Quincy Democrat who serves on the US House International Relations Committee, said Democrats should use congressional hearings to establish the best course and to inform the public about the options that exist.

"You don't want to make the same kind of mistakes getting out that this administration did getting in," Delahunt said. "I'm satisfied that withdrawal as soon as practically possible is the best solution. But it is very important to educate not just the American people, but members of Congress and policy makers about this war and how we can end it."

Yet Kucinich cautions that approving the administration's next war budget request -- the Pentagon is expected to ask for at least $100 billion more in the new federal budget -- could give the president all the money he needs to continue the war through the end of his term.

"You can't say you're opposed to the war and keep funding it," he said.

Representative Gregory W. Meeks, a New York Democrat, said Congress would be wrong to give up its most powerful tool by giving the administration all the money it wants for the war.

"The American people were clear in the election that they don't want more troops in Iraq," said. "We have to -- and we will -- stand up and go in a different direction."

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Democrats Revise Agenda To Deal With War In Iraq (WP)

By Jonathan Weisman

The Washington Post, January 8, 2007

Democratic leaders who had hoped to emphasize their domestic agenda in the opening weeks of Congress have concluded that Iraq will share top billing, and they plan on aggressively confronting administration officials this week in a series of hearings.

Pushed by House members who want a quick, tough response to the Iraq strategy President Bush is expected to announce this week, Speaker Nancy Pelosi (D-Calif.) has backed off from her initial assertion that nothing should detract attention from the legislation she hopes to pass in the first 100 hours of House debate.

Late last week, she summoned the chairmen of the Armed Services, Foreign Affairs, intelligence, Homeland Security, and Oversight and Government Reform committees to plot a series of hearings. On Thursday, Democrats will call Secretary of State Condoleezza Rice to appear before the House Foreign Affairs Committee to defend the war-strategy shift Bush will outline in a nationally televised speech.

A House Armed Services Committee hearing with Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, planned for Jan. 19 was abruptly moved to this Thursday after consultations with Pelosi. And leadership aides went to work on a response to Bush's speech that they hope will be delivered on national television after the president's appearance.

In the Senate, the Foreign Relations Committee will hold hearings Wednesday on the current situation in Iraq, then grill Rice on the president's plan Thursday. Pace and Gates will go before the Senate Armed Services Committee on Friday.

"Iraq is the elephant in the room," said Rep. Loretta Sanchez (D-Calif.), a member of the House Armed Services Committee and a close ally of Pelosi's.

Democrats had hoped that the headlines and evening news would be dominated by votes in Congress to bolster homeland security, raise the minimum wage, fund stem cell research and grant the federal government authority to negotiate lower drug prices for Medicare. Each of those measures will be taken up on sequential days this week, a bill-a-day approach designed to capture headlines and show the nation that Democrats can get things done.

But with Bush's long-awaited policy address tentatively set for midweek, those much-touted bills are not likely to lead the news, and the Democratic leaders have been forced to change their tactics.

"The challenge for them is this: Iraq is the central issue. It's an enormous problem for the president and the Republicans, but it has the suffocating effect of taking attention away from the Democrats' domestic legislative priorities, and I think they understand that," said Joe Lockhart, a White House press secretary in the Clinton administration.

To some Democrats, the House leaders' response to the burgeoning war debate has been too slow and too cautious. A CBS News poll released Thursday found that 45 percent of voters want the Democratic Congress to focus on Iraq, a figure that far outstripped the percentages for the economy and jobs, at 7 percent; health care, at 7 percent; and immigration, at 6 percent. "Americans couldn't be clearer," the poll report concluded.

Rep. Dennis J. Kucinich (D-Ohio), a leader in the antiwar movement, said that as soon as Bush delivers his proposal, Democratic leaders need to be ready with a thorough plan to end the war. Kucinich will outline his own war plan in a speech in New York today.

"When Democrats were in the minority, the default position of the Republican leadership was to take the war off the table, but the war is the 800-pound gorilla," he said. "It ain't moving off the table. Congress has to intervene right now."

Early Friday afternoon, Rep. Martin T. Meehan (D-Mass.), a House Armed Services Committee member, groused that an Iraq hearing planned for Jan. 19 was at least a week too late. "We on the Armed Services [Committee] feel strongly that we need to begin the hearing process immediately," he said.

By late afternoon, the hearing was rescheduled for this week.

Some Democratic strategists urged party members to stick to their original plan, passing kitchen-table legislation every day, such as the minimum-wage increase and the stem cell bill, while Bush struggles with the war. Celinda Lake, a Democratic strategist and pollster, called it "the perfect juxtaposition."

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"People are not looking to their individual members of Congress to solve the Iraq war," she said. "For the House to be focused on it now would look like partisan bickering rather than getting on with the people's business."

Rep. Rahm Emanuel (D-Ill.) agreed that the Democrats have the winning hand. Bush may be grabbing the spotlight by shaking up his war advisers, bolstering troop strength in Baghdad and pushing more money into Iraq reconstruction, but the news reports are doing him no good, he said.

"I know where support for more troops is, and I know where support is for the minimum-wage increase," said Emanuel, the fourth-ranking House Democrat. "I'd rather be doing what we're doing."

By the weekend, however, Emanuel had acknowledged the Democrats' strategic shift. He still was not worried that Bush might be scoring political points, but he said the Democrats have to respond.

"This is not a surge; it's an escalation, and we want to make sure the definition is correct," he said. "When the American people voted for change in November, this is not what they had in mind."

Capitol Hill Prepares For Tough Hearings On Iraq (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 8, 2007

Even before President Bush lays out his "new way forward" in Iraq, the Demo-cratic majority in Congress and a growing number of Republicans say they will oppose any troop surge - but not to the point of blocking funding for the war.

That means a key aspect of the president's plan, expected to be unveiled this week, will run into a wall of words on Capitol Hill, but not much more.

"We're not going to fight their civil war for them," says Rep. Ellen Tauscher (D) of California, who chairs the strategic forces subcommittee of the House Armed Services Committee. She supports a shift of existing US forces out of areas of sectarian violence.

But if the president insists on adding forces into the most troubled areas, would she vote to deny him the funds to carry out his plan? "No," she says. "That's why he's got us over a barrel."

Still, oversight hearings convening across Capitol Hill, beginning this week, mark an escalation in congressional opposition to the war, including among members of the president's own party.

Beginning Tuesday new Democratic committee chairmen are launching hearings on issues ranging from military strategy, reconstruction, and diplomacy in the region to the Iraqi refugee crisis.

"We will use these hearings to ask tough questions, demand real solutions, and keep working to bring this war to a close," said Senate majority leader Harry Reid, in the Democratic response to Bush's weekly radio address on Saturday.

Citing the advice of current and past military leaders, Democratic leaders on the Hill are opposing any move to pour additional troops into Iraq, even before Bush announces his plan. Instead, they called on him to begin a "phased redeployment" of US forces in the next four to six months, shifting the mission from combat to "training, logistics, force protection, and counterterror."

"Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain," said Senator Reid and Speaker Nancy Pelosi in a joint letter to the president Friday.

But they, too, say they will not block funding for the war. "It's not on the table," said Reid, after a briefing Friday.

Leading off this month's blitz of Iraq hearings, the Senate Foreign Relations Committee is set to convene a closed intelligence briefing Tuesday afternoon. In all, it plans a dozen hearings on the war this month. These hearings, says chairman Joseph Biden (D) of Delaware, will be "workmanlike," rather than sensational. They are intended to give Americans a sober look at the state of play in Iraq and build consensus for a way forward. "No foreign policy can be sustained in this country without the informed consent of the American people," he adds.

Even in a time of diminishing public support for the war, lawmakers are wary of challenging the president as commander in chief, especially if they could later be tied into losing a war.

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"I think to basically begin to withdraw before the job is finished is a mistake. If the president recommends what we seem to believe he's going to recommend, I intend to support him," said Senate Republican leader Mitch McConnell, in an interview on Fox News on Sunday.

Yet Congress's ability to influence Bush, should he decide to send tens of thousands of new forces into Iraq, is "very limited," says Norman Ornstein, senior fellow at the American Enterprise Institute. "Theoretically, they could block the funding, but practically, it's not going to happen.

"The American people may not like this war but if you do something that undercuts the commander in chief and creates a potential for chaos, voters will blame you for decades," he adds.

Meanwhile, new Republican opposition to the war is surfacing in Congress. On Friday, Rep. Heather Wilson (R) of New Mexico staked out early opposition to any plan to add more troops in the region.

"I am not a supporter of a surge to do for Iraqis what they will not do for themselves," she said, after returning from a trip to Iraq last week.

But she would not vote to stop funding the war. "The answer is never to stop paying for food for our soldiers. We can't do that," she adds.

Representative Wilson, who served in the Air Force from 1978-89, is one of several Republicans who cite recent trips to the region as the basis for their dissent. In December, Sens. Norm Coleman (R) of Minnesota and Gordon Smith (R) of Oregon broke ranks with the White House on Iraq.

In support of the White House, Sens. John McCain (R) of Arizona and Joseph Lieberman of Connecticut, who calls himself an Independent Democrat, stepped up calls for a sustained surge of US forces into Iraq.

"I believe the war is still winnable, but we're going to have to do everything right," said Senator McCain, in a speech before the American Enterprise Institute Friday. "The worst of all worlds is a small, short surge of American forces," he says. A time-limited deployment signals to insurgents that they "can wait it out," McCain says.

A majority of Americans are against increasing troop levels in Iraq. Only about 1 in 5 voters supports sending in more troops, according to a recent survey by the Cook Political Report.

And the intensity of hearings and debate this month could step up pressure on the Bush White House. "In a democracy, you simply cannot go on indefinitely, if you have lost the public, and there's increasing opposition from an increasing share of the political elite. It's an extremely difficult political environment," says Mr. Ornstein.

McCain Vs. Hagel: Two Views On The War (NSWK)

By Jonathan Darman, Richard Wolffe And Evan Thomas

Newsweek, January 15, 2007

War itself is a foreign concept to many solons of Capitol Hill; a small number—perhaps as few as 25 out of 535—have come under fire in combat. John McCain and Chuck Hagel are obvious and visible exceptions. McCain, a Republican from Arizona, was a Navy bomber pilot, shot down and imprisoned by the North Vietnamese for five and a half years. He has, he sometimes says, "more scars than Frankenstein." Hagel, a Republican from Nebraska, was an Army grunt in Vietnam who won two Purple Hearts and still has shrapnel in his chest. Both men have seen the face of war up close. But on the question of the Iraq war, they are almost mirror opposites.

Hagel is "obsessed" with the war in Iraq, says his brother Tom, who served with him in Vietnam. "You can't have a conversation with him without this coming up." During Christmas, Hagel looked "markedly older and grayer than when I saw him this summer down at the beach," says Tom. In an interview with NEWSWEEK last week, Hagel teared up when he began talking about a Purple Heart ceremony he had attended in August in Lincoln, Neb. "You're sitting there thinking, Was this a waste?" said Hagel, who voted for the original congressional resolution backing the war despite raising serious doubts about whether the invasion made sense. He added, somewhat uncomfortably, that at times he wonders whether he has done enough to try to stop the war.

Hagel is not pushing for "Out Now." But he is almost angrily dismissive of the idea of sending an additional 10,000 to 20,000 troops to Iraq. "Are we going to pacify Baghdad?" he asks. "Are we going to break the militia's stronghold? Are we going to use

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these troops to propel or force a settlement between the Shias and the Sunnis? What's the objective of it? I will guarantee that there's going to be a lot more American casualties. And there's going to be a lot more animosity by the Iraqis." The idea that the Iraqis will respond only to more troops, he says, is "complete folly, unless you're going to kill all the Iraqis."

McCain, by contrast, was almost dispassionate when he told a NEWSWEEK reporter that he wishes to expand the war in Iraq. His attitude was coolly self-assured. "All of us establish records," he says about his repeated calls for more troops in Iraq. "If I was wrong in the beginning, my credibility might be somewhat less now." McCain suggests that the Bush administration, now scrambling to find enough fresh troops to "surge" in Iraq, should have listened to him all along. "I hate to sound so 'I told you so,' but I've been saying we've got to have a larger Army and Marine Corps for a long, long time." McCain can sound a little matter-of-fact about sending young people off to combat, but he marches to a different drummer than most Americans. His 18-year-old son Jimmy, a newly enlisted Marine, may soon be deployed to Iraq, the fourth-generation McCain to go to war.

Hagel and McCain are likely to be increasingly prominent spokesmen for their opposing views on Iraq. McCain is almost surely running for the Republican nomination for president, and Hagel has often been mentioned as a candidate, though he says he has yet to decide if he is running. Both men will be heard from early and often as the debate on Iraq moves to Capitol Hill this winter. As an institution, Congress has by and large taken a pass on the war, voting on a resolution in favor at the outset, but ever since shying away from using the legislative power of the purse or oversight authority. The November elections, by bestowing power on the Democrats, may embolden Congress. This week Senate Foreign Relations Committee chairman Joseph Biden of Delaware, an outspoken critic of the war, will hold the first of many confrontational hearings that will keep Bush's war cabinet trooping up the Hill to defend the president and his policies for weeks, and probably months, to come.

The president seems determined to defy his detractors, not to mention popular opinion. This week Bush is expected to announce a "New Way Forward" on Iraq that will call for more troops to try to bring order and political stability to Baghdad. (There has been some uprooting in his own administration, with White House counsel Harriet Miers eased out, presumably for a tougher fighter in the congressional wars ahead; National Intelligence Director John Negroponte resigned to become the deputy secretary of State, for his Iraq experience and to keep an eye on North Korea and Iran, and Gen. David Petraeus, a much-admired Airborne vet with a Princeton Ph.D., was named to run the Iraq war on the ground.) To Bush's many critics, like Hagel, the new Iraq strategy adds up to a waste of more American lives. To Bush's smaller and dwindling band of supporters, like McCain, failure in Iraq is unthinkable. And if duty requires more sacrifice, then so be it.

A senior Bush aide, who declined to be named discussing internal White House strategy, tells NEWSWEEK that the president's way-forward plan will be a middle-road approach that falls somewhere between McCain's and Hagel's positions. He will call for a staggered troop increase based on benchmarks for the Iraqis' performance. Bush hopes to avoid the failures of previous security plans designed by Prime Minister Nuri al-Maliki. This time, unlike in past sweeps of Baghdad, Iraqi troops need to fulfill the basic obligation of reporting for duty. There can be no "no go" areas based on sectarian lines and no political interference in security operations. "You literally had a situation where Iraqi security forces would get a call on their cell phone from a politician saying, 'Don't do that, don't go after so-and-so'," the aide says.

Who's right—McCain or Hagel? One way to understand the debate is to examine how two outspoken war veterans have called upon their experiences in Vietnam to wind up in completely different places on Iraq. McCain and Hagel are friends, members of a small, tight fraternity of lawmakers who have been bloodied by war. McCain teasingly calls Hagel "Sarge," and Hagel once gave McCain the seat of an A-4 bomber—the same type of seat McCain was flying in when he broke his arms ejecting from a burning plane over North Vietnam. But when Hagel is asked about their split on Iraq now, his face tightens. McCain, like Hagel, glosses over any discussion of the private debate that has raged between the two men, though he admits it "divides friends."

Sen. Lindsey Graham of South Carolina, who is close to both men (but sides with McCain on the war), lays out the basic differences between them. "Chuck believes the war in Iraq has deflected from the war on terror, that it was a war of choice," says Graham. "John sees Iraq more like Bush, in that he sees it as the central front on the war on terror, and it was unavoidable."

When McCain and Hagel argue about the Iraq war, says a mutual friend who did not wish to be identified discussing their private conversations, both men often invoke Vietnam. After their own wartime service, each man read deeply about the history of the Vietnam War but reached different conclusions about its meaning. While Hagel hammers away at the similarities between

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Iraq and Vietnam, McCain often begins sentences by saying, "Unlike Vietnam ... " In one recent chat, says the source, McCain challenged Hagel by arguing that the North Vietnamese were no threat "to our shores," whereas "the people we are finding in Iraq are."

The two men saw the war from sharply different angles. Chuck Hagel "walked point" with an infantry company near the Cambodian border in some of the worst fighting in 1967 and '68. His brother Tom often went on patrol with him (the brothers circumvented an Army rule that bars family members from serving in combat together). "I don't know how many times we would be assigned to go out for a search-and-destroy mission," Tom recalls, "and we'd pass South Vietnamese villages with South Vietnamese soldiers lying around sleeping in hammocks. They're doing easy duty while we were out doing the hard part." The lesson to the Hagel brothers was obvious: "You cannot win somebody else's independence," says Tom. "They have to do it for themselves."

Ground-pounder Tom says that while he respects McCain's service, the bomber pilot could not have known what reality was like down in the jungle: "He was up in the air at 10,000 feet. He never saw the consequences of those bombs." (Tom is a Democrat who's tussled with his brother on partisan politics.) McCain acknowledges that different perspectives can produce different outlooks on the war. He brings up one of Hagel and McCain's mutual friends, Gen. Colin Powell, whose Vietnam service bred a strong reluctance to intervene in a foreign conflict without overwhelming force and a clear exit strategy—the so-called Powell Doctrine. "One of the most impactful experiences of Colin's life was holding a dying soldier in his arms in the battlefield in Vietnam," says McCain. "I can see how that would have a very significant impression on him."

McCain does acknowledge one key difference between him and Hagel. "I know Chuck Hagel came home from the war to a very hostile environment in America," says McCain. (Returning GIs were sometimes jeered and even spat upon in airports; they learned to change quickly into civilian clothes.) By the time McCain was released from captivity in 1973, however, "the POWs came home to a welcoming America," says McCain. "We were the only heroes of the Vietnam War." McCain has played the hero ever since, usually with self-deprecating charm. He's unafraid to call for the sacrifices he was willing to make himself; Hagel just wanted the Vietnam War to end, and now he wants to limit what he sees as needless sacrifice in Iraq.

The differences between Hagel and McCain transcend their war experiences. Hagel is the classic citizen-soldier, in a tradition that goes back to George Washington and to ancient times. The ideal is the Roman general Cincinnatus, who left his prosperous farm to rescue the Roman republic—but then returned to domestic life when the fighting was done. Hagel was a draftee who was sent to Germany by the Army but volunteered for duty in Vietnam. When he came home, he made money as an investment banker (and learned something about dealmaking and compromise) before running for Congress in 1996.

McCain, by contrast, is an American samurai, a member of a professional warrior caste. It is revealing that when the young McCain contemplated dropping out of the U.S. Naval Academy in the late 1950s, it wasn't to become Joe College and drink beer. He thought of enlisting in the French Foreign Legion. (McCain's eldest son, 20-year-old Jack—John S. McCain IV—is in his second year at Annapolis.) McCain's book, "Faith of My Fathers," begins with the scene of his grandfather, Adm. John (Slew) McCain, torn by existential angst as he sat in his cabin on an aircraft carrier awaiting Japan's final capitulation in World War II. "Well, this surrender has come as a kind of a shock to all of us," McCain tells a fellow officer. "I feel lost. I don't know what to do. I know how to fight, but now I don't know whether I know how to relax or not. I'm in an awful letdown." Admiral McCain died of a heart attack less than a week later.

McCain himself turned down early release from the Hanoi Hilton because he did not want to get special treatment: his father, John S. McCain Jr., a sub captain in World War II, was by this time commander of the Pacific Fleet. Though McCain contemplated suicide, he decided torture was better than letting down his forebears. For McCain, nothing is worse than defeat in battle. He concedes that a surge in Iraq will impose "a terrific strain" on the military but warns that the alternative is a disaster. "There's only one thing worse," he says, "and that's a defeated Army. I saw a defeated Army and Marine Corps in 1973 and it took us a long, long time to rebuild. Because when armies are defeated, it's not just a matériel problem, it's a morale problem."

Hagel has a long, sad face, one side of which was seared by the flash of an exploding enemy mine almost four decades ago. But he is almost gleeful when he talks about the coming debate on Iraq. He thinks Congress will awaken from its passivity and begin questioning how Bush is spending blood and treasure on Iraq. "The administration is going to be forced to come up and explain, 'Where is the money going?' " says Hagel. He rejects the notion that the newly Democratic-controlled Congress will

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shy away from cutting off at least some of the funding for the war. (The somewhat cynical view on Capitol Hill is that the Democrats will let Bush have the money—and also the responsibility for a failed policy.) He foresees Congress's agreeing to pay for existing force levels—but not to send more troops. The White House, he says, can no longer bully Republican members into submission. "The Republican Party has to go through an election next year, the president doesn't," says Hagel. "There are a lot of Republicans in this conference that are very scared."

McCain, needless to say, is not one of them. He plans to push back. The president is often asked, he notes, what will happen if the surge fails. "I think it's fair to ask my friends who want withdrawal, what's their Plan B?" says McCain, who does not include Hagel in the cut-and-run crowd. "What is their scenario as to how we handle the ensuing chaos that will be almost impossible to avoid?" McCain was at once smiling and seething. (When McCain says "my friend" to a "single, luckless individual ... through clenched teeth and frozen smile," notes Todd Purdum in the new Vanity Fair, it "means McCain is ready to blow.") Both McCain and Hagel are clearly girding for battle. For these two men, the fighting is never really over.

How The U.S. Is Losing The PR War In Iraq (NSWK)

By Scott Johnson

Newsweek, January 15, 2007

For nearly four years, U.S. military officials have briefed the Baghdad press corps from behind an imposing wooden podium. No longer. Last week U.S. military spokesman Maj. Gen. William Caldwell relaxed with reporters around a "media roundtable." He replaced the cumbersome headset once used for Arabic translations with a discreet earpiece. He cut short his opening statement, allowing for more back-and-forth banter. Yet even as Iraq emerged from the deadliest month in 2006 for American soldiers, Caldwell maintained the relentlessly upbeat patter that has come to characterize the briefings. "The key difference you're going to see in 2007," he said proudly, "is this is truly the year of transition and adaptation."

Another year, another message. In the United States this week, President George W. Bush's speech laying out his new strategy for Iraq will be scrutinized for its specifics—the numbers of an anticipated troop surge, the money for reconstruction and jobs programs. But at least as critical to success may be whether Bush is convincing. A draft report recently produced by the Baghdad embassy's director of strategic communications Ginger Cruz and obtained by NEWSWEEK makes the stakes clear: "Without popular support from US population, there is the risk that troops will be pulled back ... Thus there is a vital need to save popular support via message." Under the heading DOMESTIC MESSAGES, Cruz goes on to recommend 16 themes to reinforce with the American public, several of which Bush is likely to hit: "vitally important we succeed"; "actively working on new approaches"; "there are no quick or easy answers."

What's even more telling is that the IRAQI MESSAGES—the very next section—are still "TBD," to be determined. Indeed, the document so much as admits that despite spending hundreds of millions of dollars, the United States has lost the battle for Iraqi public opinion: "Insurgents, sectarian elements, and others are taking control of the message at the public level." Videos of U.S. soldiers being shot and blown up, and of the bloody work of sectarian death squads, are now pervasive. The images inspire new recruits and intimidate those who might stand against them. "Inadequate message control in Iraq," the draft warns, "is feeding the escalating cycle of violence." (A U.S. Embassy spokesperson claims the document reflects Cruz's personal views, not official policy.)

Sunni insurgents in particular have become expert at using technology to underscore—some would say exaggerate—their effectiveness. "The sophistication of the way the enemy is using the news media is huge," Lt. Gen. Peter Chiarelli, the former commander of U.S. forces in Iraq, told NEWSWEEK just before he returned to the United States. Most large-scale attacks on U.S. forces are now filmed, often from multiple camera angles, and with high-resolution cameras. The footage is slickly edited into dramatic narratives: quick-cut images of Humvees exploding or U.S. soldiers being felled by snipers are set to inspiring religious soundtracks or chanting, which lends them a triumphal feel. In some cases, U.S. officials believe, insurgents attack American forces primarily to generate fresh footage.

Guerrillas have always sought alternative technologies to undermine their better-equipped enemies. What's different now is the power and accessibility of such tools. Production work that once required a studio can now be done on a laptop. Compilation videos of attacks on U.S. forces sell in Baghdad markets for as little as 50 cents on video CDs. Advancements in cell-phone

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technology have made such devices particularly useful. Their small video files—the filming of Saddam Hussein's hanging took up just over one megabyte—are especially easy to download and disseminate. "Literally, it's only hours after an attack and [the videos] are available," says Andrew Garfield, a British counterinsurgency expert who has advised U.S. forces in Baghdad. "You can really say it's only a cell-phone call away."

What the insurgents understand better than the Americans is how Iraqis consume information. Tapes of beheadings are stored on cell phones along with baby pictures and wedding videos. Popular Arab satellite channels like Al-Jazeera and Al-Arabiya air far more graphic images than are typically seen on U.S. TV—leaving the impression, say U.S. military officials, that America is on the run. At the extreme is the Zawra channel, run by former Sunni parliamentarian Mishan Jibouri, who fled to Syria last year after being accused of corruption. (Jibouri says he's being persecuted for political reasons, and can return to Iraq whenever he wants.) Since November the channel has been spewing out an unending series of videos showing American soldiers being killed in sniper and IED attacks. The clips are accompanied by commentary, often in English, admonishing Iraqis to "focus your utmost rage against the occupation." Among Sunnis and even some Shiites, Zawra has become one of the most popular stations in Iraq. "I get e-mails from girls in their 20s from Arab countries; some of them are very wealthy," Jibouri boasts. "Some offer to work for free, some offer money."

The U.S. military's response, on the other hand, usually sticks to traditional channels like press releases. These can take hours to prepare and are often outdated by the time they're issued. Lt. Col. Barry Johnson, director of the military's press operations in Baghdad until this past September, complains that all military-related information has to be processed upward through a laborious and bureaucratic chain of command. "The military wants to control the environment around it, but as we try to [do so], it only slows us down further," he says. "All too often, the easiest decision we made was just not to talk about [the story] at all, and then you absolutely lose your ability to frame what's going on."

An even bigger problem, say other U.S. officials, may be the message itself. The videos on Zawra are powerful precisely because they confirm the preconceptions many Iraqis have about the occupation. Col. William Darley, editor of the influential Military Review at the Combined Arms Center in Fort Leavenworth, Kans., argues that merely changing podiums in the briefing room misses the point. "You can cook up a kind of shrewd, New York City-style advertising campaign for a candy bar, and if the candy bar tastes lousy, you can't sell it," says Darley. "If Iraq has no electricity, spotty medical care, no security, then [we] cannot succeed."

The consequences of losing the propaganda battle are real. "One of these videos is worth a division of tanks to those people," says Robert Steele, a former U.S. Marine Corps intelligence officer. Not only do the insurgent videos draw recruits and donations, they don't give ordinary Iraqis much incentive to cooperate with the Americans. Videos put out by sectarian death squads, like the one shown to NEWSWEEK by the watchdog SITE institute in which a Sunni militiaman saws the head off a Shiite prisoner with a five-inch knife, enrage the targeted community. The release of the ghoulish video of Saddam's hanging prompted thousands of Sunnis to protest in Anbar province. Residents of Fallujah—the target of a multimillion-dollar hearts-and-minds campaign—renamed the city's main thoroughfare the Street of the Martyr Saddam Hussein.

The damage goes beyond Iraq. Al Qaeda's media arm, As-Sahab ("The Cloud") has similarly improved the quality and frequency of its videos; the group, says former State Department adviser Philip Zelikow, uses "the Internet to provide a sense of virtual identity" now that its Afghan training camps have largely been destroyed. The question is how to fight back, when today's most powerful technologies—the Web, cell phones—are better suited to small, nimble organizations. Back in the 1930s national leaders could almost wholly control the framing of their messages, says Donald Shaw, a professor of media theory at the University of North Carolina at Chapel Hill who has written about reforms for military public-affairs officers. But now, "the podium has lost its influence." For those who once stood behind it, that message at least is very clear.

White House Week (USNEWS)

U.S. News and World Report, January 7, 2007

New Faces, a New Plan, as Bush Nears His Endgame

President Bush shook up his administration last week, putting in place the lead elements of a new team to deal with military and diplomatic policy in Iraq-and even with Congress. The changes carried the feel of a president knowing that as he describes

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new policy, new faces will be needed to carry it out. First to move was John Negroponte, the first director of national intelligence. He'll take charge of Iraq policy as a deputy to Secretary of State Condoleezza Rice. On the military side, Bush will replace Gen. John Abizaid, who commanded U.S. forces in the Middle East, and Gen. George Casey, the top general in Iraq. Abizaid had planned to retire in March. Taking his post will be Adm. William Fallon, the chief U.S. commander in the Pacific, and Casey will be replaced by Gen. David Petraeus, who had been in charge of training Iraqi security forces. On the home front, Bush will be replacing White House counsel Harriet Miers as he girds for investigations by the new Democratic Congress.

So Now We're All Fiscal Conservatives

Democrats saw chicanery, but Republicans smelled political reality in President Bush's announcement last week that he will seek a balanced budget in five years and an end to pork-barrel politics. Bush, after all, had taken a budget of surplus and turned it into one of deficit, but now he seemed to be adopting the new Democratic majority's fiscal pledges. Insiders at the White House spun it a different way: They said the president had hoped to push for deeper tax cuts in the next and future budgets, but the election of Democratic majorities in the House and Senate killed those plans. Now, they said, the president will submit a budget for fiscal 2008 that will leave little room for new Democratic add-ons without deeply cutting into defense spending or raising taxes.

The Give-Him-Enough-Rope Strategy

With his big speech on Iraq expected this week, President Bush's strategists say he has a lot more latitude in setting a new policy than his antiwar critics realize-at least for the next few months. "The Democrats are going to be in a real bind," says a Republican insider with close ties to the White House. "The president will come out with a strong plan to get order in Baghdad, and if the Democrats do anything to undermine or block it, it will look to Americans as though they wouldn't give his plan a chance." The strategist predicts that "their tendency will be to give the president a free hand and blame him if doesn't work." This could be a clever political gambit, but it also would give Bush one more chance to get things right in Iraq. Says one Bush aide: "The White House now feels that urgency."

For Those Who Predicted His Demise...

He is showing no signs of leaving, as some had predicted. Indeed, White House political guru Karl Rove is as aggressive as ever in making policy arguments-his main theme being that Republicans lost the congressional elections because they didn't sufficiently live up to their core conservative ideals. And his influence is still pervasive, sources say. For instance, GOP insiders suspect that Rove had a big hand in distancing Bush from the Iraq Study Group because he believed the bipartisan panel was too critical of current Iraq policy. Rove, aides say, believes that victory is still achievable and that Bush should pursue it as vigorously as he can.

PHOTO OP: 9:47 a.m., January 5, the Roosevelt Room

He had served in the new post of director of national intelligence only two years, hardly enough time to unify the nation's 16 disparate spy agencies. But last week John Negroponte was moving on to direct Iraq policy at the State Department. His replacement, President Bush announced, would be retired Navy Vice Adm. Michael McConnell (right).

Fineman: Sidestepping The 'Surge' (NSWK)

By Howard Fineman

Newsweek, January 15, 2007

Before Barack Obama was a senator, he opposed the war in Iraq. Now that he is one, he says that sending more troops would be "a mistake that compounds the president's original mistake." But don't expect Obama—or most other Dems—to try to block George W. Bush when he asks Congress in the coming weeks for another billion-dollar bundle for the war. The party won't deny the funds, and may not even try to attach conditions to them. Obama made that clear last week when I saw him in his office, a sunny space filled with portraits of Thurgood Marshall, Abraham Lincoln, Mohandas Gandhi and Muhammad Ali. "To anticipate your question," said the Harvard-trained lawyer, "is Congress going to be willing to exercise its control over the purse strings to affect White House policy? I am doubtful that that is something we are willing to do in the first year."

Marriages of convenience are common in Washington. The war in Iraq is producing the opposite: a divorce of calculation. President Bush has no evident interest in consulting with, let alone drawing in, the new Democratic Congress as a war partner.

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An example: the new chair of the Senate Armed Services Committee—Carl Levin, an important character now—sent Bush a private letter three weeks ago offering his counsel. Levin never got a reply. Bush can be just as deaf to Republicans. At a recent White House ceremony, Sen. Susan Collins offered to brief him on her Iraq visit. He responded by escorting her to the office of his deputy national-security adviser—and then left before she told her story.

Even as they decried the "surge" and declared that it is "time to bring the war to a close," Democrats offered reasons for staying out of Bush's way. Obama took the safest ground. "I cannot in good conscience," he said, "cut off funding for our troops that are already there." He and others will insist that future requests be included in the regular budget. Sen. Joe Biden, whose Foreign Relations Committee will launch hearings on the war this week, said that Congress's role is simply too limited to be effective. "It's all about the separation of powers," he said. Last month he told Bush: "This is your war, Mr. President, and there's nothing we can do to stop you."

The Democrats may not really want to. Party leaders (especially Nancy Pelosi) fear being branded as "weak on defense" if they kicked off in Congress with antiwar maneuvers. Rather than do that, said Biden and Sen. Chris Dodd, the best strategy for now is to try to dig out the facts and educate the public. Only Republicans have the leverage to pressure Bush to change course, Biden said.

In the meantime, Democrats know a classic "wedge issue" when they see one. With 21 Republicans up for re-election, Democrats would be happy to witness full-scale GOP infighting, which could catch the Republicans' '08 front runner, Sen. John McCain, in the crossfire. Democratic strategists say it would be politically foolish to help Bush by crafting a bipartisan war policy. "Why should we try to come up with a compromise policy with him?" asks Mike Ward, a former congressman who was back at the Capitol for opening-day festivities. "If we do that, we take ownership of the war. Why would we want to do that?" Only one reason I could think of: to end the war faster so that the troops could come home.

After The 100-Hour Show Comes The Slog (USNEWS)

By Alex Kingsbury

U.S. News and World Report, January 8, 2007

The new Democratic majority in Congress has tasked itself with an ambitious opening salvo for the 110th session of the national legislature: raising the federal minimum wage, passing the still-outstanding recommendations of the 9/11 commission, and halving the interest rates on student loans. But Democrats have a robust agenda beyond that first 100 hours. Here's a glimpse at what's coming on Capitol Hill in the weeks and months ahead.

DEFENSE

House Dems have promised hearings into how the war in Iraq has been handled, with scrutiny in a range of committees expected to turn on contractor oversight, force readiness, and the president's forthcoming plan in Iraq. Over on the Senate side, expect three hearings on Iraq this month alone. And Congress will almost certainly consider expanding the size of the Army and Marine Corps, a measure that is expected to receive broad support on both sides of the aisle.

INTELLIGENCE

Expect investigations on controversial intelligence programs launched by President Bush, including the National Security Agency's warrantless surveillance program and the CIA's secret prison and renditions program. The Senate Intelligence Committee, meanwhile, will tackle a task not finished in either of the past two years-passing an authorization bill for the $44 billion intelligence community for the next fiscal year. But most of the committees' work will remain behind closed doors: Hearings will be held this month on the threats to Iraq from its neighbors, as well as on current and emerging safe havens for terrorists.

IMMIGRATION

Very soon Democrat Ted Kennedy and Republican John McCain will introduce a Senate bill allowing 12 million illegal immigrants in the country to qualify for legal status after paying fines and some back taxes. That's a marked departure from the compromise bill passed in the Senate last year, which grouped immigrants into three categories and had some go home while others could stay. The Senate aims to pass a bill in March or April, while the House will most likely tackle the issue this summer or fall.

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HOMELAND SECURITY

Improving radio communications between fire and rescue personnel will be one of the easiest 9/11 commission recommendations to enact; Democrats plan to create new grants specifically for communications equipment. Requiring the inspection of all sea and air cargo, on the other hand, has industry groups howling, including airlines still reeling from financial woes. The Transportation Security Administration, meanwhile, is bracing for a potential congressional push to unionize 43,000 aviation screeners.

JUDICIARY

Sen. Patrick Leahy wants to crack down on war profiteering, and he's promising to implement the Iraq Study Group recommendations to develop the devastated country's judicial system and train its police force. GOP Sen. Arlen Specter last week joined Leahy in reintroducing a bill that would restore habeas corpus rights to permanent U.S. residents who were among noncitizens stripped by Congress of the ability to challenge imprisonment in court. The administration's data-mining programs will immediately come under scrutiny in a committee hearing this week.

HEALTHCARE

Bipartisan support might be in the offing for reauthorization and possible expansion of the State Children's Health Insurance Program, which provides health insurance to 4 million low-income children whose parents don't qualify for Medicaid. But the program could test Democratic pay-as-you-go promises. The House Committee on Energy and Commerce will examine the drug approval processes in various bills that affect pharmaceutical and medical device makers.

BUDGET AND TAXES

Don't expect any action to either extend or eliminate the 2001 and 2003 tax cuts, both scheduled to expire in 2010. Temporary patches to the alternative minimum tax are more likely, once again raising exemption amounts to prevent it from ensnaring millions in the middle class. Complicating efforts to pass the estimated $45 billion fix will be budget rules that would require new tax cuts or spending to be paid for through budget cuts or new taxes. One way forward might be closing the estimated $300 billion "tax gap" between what taxpayers theoretically ought to pay and what actually comes in to the IRS.

EDUCATION

Two big-ticket items are up for reauthorization: the Higher Education Act, funding colleges and universities, and the No Child Left Behind Act, which allocates federal K-12 dollars. Both are mammoth pieces of legislation that will take time to hash out. Many education watchers don't foresee NCLB being reauthorized until after the 2008 elections. While cuts in student loan interest rates may come in the first 100 hours, the promised increased funding for Pell grants will be discussed in the appropriations process.

ENVIRONMENT

Rep. Nick Rahall, chair of the House Resources Committee, is pursuing the loss of billions of dollars in oil-drilling royalties due to "mismanagement" by the Interior Department. On the Senate side, a raft of global warming proposals will be floated to a Congress that has routinely dismissed measures to mandate cuts in greenhouse gases. The Democratic leadership is hopeful that growing public support for such a bill will sway some conservatives. McCain might reintroduce a bill he cowrote with Sen. Joe Lieberman that placed mandatory caps on emissions, while other bills favor a cap-and-trade system similar to that of the Kyoto protocol.

One Last Chance (USNEWS)

By Brian Duffy

U.S. News and World Report, January 7, 2007

Moments of genuine opportunity present themselves so rarely these days that they have become increasingly difficult to recognize. But one may be upon us now. As Washington begins to take up the hard work of government again, with Democrats and their slender majority in the Congress facing a seemingly chastened but still-determined president in the White House, some of the inspiring and much-deserved words of praise for President Gerald Ford's historic stewardship are worthy of reflection by both sides.

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Fate can be a mighty strange casting agent. Who would have guessed that it would be Donald Rumsfeld, of all people, in his elegant eulogy, who would capture Ford's spirit so exquisitely as to frame the central failure of our public life today? Within days of Ford's replacing Richard Nixon in the Oval Office, Rumsfeld, Ford's former chief of staff, reminded us, "we saw him welcome advice from Democrats and Republicans alike."

Wow. What a concept.

History be damned, it seems. It is not just fashionable these days but almost Pavlovian to assume that Democrats can have no truck whatever with Republicans-and vice versa-when it comes to any real issues of consequence. It's nice to hear all the earnest talk about ethics reform by the new Democratic majority on Capitol Hill, but we've seen this play before. From the White House, the president tepidly offers outreach, then in the next breath warns the Democrats against even dreaming about messing with his cherished tax cuts. In the next few days, we will hear all kinds of talk from the leadership of both parties about cooperation and coming together. But if it all turns out to be just a lot of palaver, this moment of opportunity will have been lost, and another, very different, one may take its place. More on that in a moment.

For now, Iraq will suck almost all the political air from the room. Democrats promise vigorous oversight, and given their all-but-total abdication on the issue heretofore and the administration's abject mismanagement of postwar operations there, that's as it should be. Obsession with toll-taking alone, however, would be a mistake. Democrats have no real mandate to govern-their seizure of the House and Senate in November was a mandate only to constrain the Bush team from governing. Iraq, of course, is Exhibit A in the voters' misfeasance indictment of the administration. Historians will take years to sort out the ultimate cost of the American misadventure there, beyond the terrible toll in blood and treasure. One hopes fervently that President Bush, having belatedly acknowledged the serial failures of his team in Mesopotamia and having spent the past several weeks intensively searching for a new solution, will come up with one. Democrats may be sorely tempted to let the administration stew in its own juices on Iraq, but the stakes are far too high for such cynical partisanship-especially when the daily drumbeat of casualties continues.

Sharing? What to do? Ever suspect, Washington's conventional wisdom suggests no serious possibility of a return to the sense of shared purpose the capital saw three decades ago in the rancorous days after the Nixon pardon. (The war between the Ford White House and Capitol Hill was bitter enough, but by today's dismal standards, it was waged according to Marquess of Queensberry rules.) Indeed, things may be so far gone in Washington today that the mere expression of such a wish seems to many Pollyanna-ish. Still, it bears remembering that after Ronald Reagan was felled by John Hinckley's bullet, the first person he summoned to his hospital bed after his wife, Nancy, was Tip O'Neill, the quintessential Democrat and Reagan nemesis. The two men prayed together. If no such outreach or sense of shared purpose emerges between Democrats and Republicans in the weeks to come, that could be too bad-for both parties. And this is where that second, now unlooked for, moment of opportunity could present itself. Today, because no majority of Americans identify themselves with either major political party, the crucial slice of the electoral pie is composed of independent voters. Add to that sobering fact voters' clarion call in November for competence and accountability, and you have a potentially combustible political brew.

Nearly a century ago, a patriotic egomaniac named Teddy Roosevelt made a very credible run for the White House as a third-party candidate. It could happen again, and it may well. (Paging Mayor Bloomberg!) That could be a fine and wonderful thing for the nation. But wouldn't it be so much finer if, at this time of critical change and challenge, our elected leaders could somehow ignore the long-ingrained penchant for payback and partisanship and find a way to set us on a more promising and responsible course the way that selfless patriot from Michigan did in one of our nation's darkest hours?

A Problem Province (USNEWS)

By Anna Mulrine

U.S. News and World Report, January 7, 2007

BAQUBAH, IRAQ-U.S. military officials here have little trouble knowing when al Qaeda is exerting its influence in this city that was, once upon a time, the lush, orange-growing capital of the Mideast. Sometimes it's the subtle signs: Tomatoes and cucumbers start disappearing from the market, deemed too sexually suggestive, soldiers here say, by the Sunni fundamentalist terrorists. On other occasions, it's more overt: "Graffiti that says, 'Long live al Qaeda,' and stupid stuff like that," explains a U.S.

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military officer based here in what is now the capital of Diyala province. Mostly, though, the pressure has been bold and deadly: the heads of rival Shiites, stuffed in fruit crates, and phone calls designed to intimidate schoolteachers from teaching or tellers from opening banks.

For this, there has been retaliation. Shiite militias have been called into Baqubah at the behest of beleaguered Shiites, often arriving from strongholds such as Baghdad's Sadr City to provide protection against a Sunni insurgency that has driven thousands of Shiite families from their homes. "The Shiites get pushed around by Sunnis, and JAM shows up," says the officer. JAM, or Jaish al-Mahdi, is also known as the Mahdi Army militia, which is loyal to Moqtada al-Sadr, a fiery Shiite cleric from Sadr City-and his gunmen arrive well supplied.

U.S. military officials here say the geography of Diyala is what the Fulda Gap was to West Germany: a perfect avenue for infiltration. The province shares a porous 170-mile-long border with Shiite-led Iran-a border that allows trafficked arms from the country to flow through Diyala and, often, down into Baghdad.

Today, more than six months after the U.S. military killed al Qaeda strongman Abu Musab Zarqawi in a dense palm grove outside Baqubah-and turned security responsibilities over to the Iraqi Army-Diyala is second only to Baghdad in per capita crime and kidnappings. Once known as the nation's melting pot, a "little Iraq" with a mix of Sunnis and Shiites, Diyala today lies on a violent fault line where residents tend to agree on just one thing: It is land worth fighting for. The area sits on a tributary of the Tigris and boasts dates and pomegranates, untapped oil fields, and a plentiful water supply.

Sunnis make up the majority of the population of Diyala-55 percent compared with 30 percent Shiites. Yet in a province of 1.5 million that was once a popular retirement spot for many former Sunni Baathists, Shiites compose the majority of seated politicians-this, thanks to a Sunni boycott of elections two years ago. For similar reasons, security forces also are majority Shiite.

Now, as jockeying for control of the province continues between Sunnis and Shiites, the local police chief and an army commander-both Shiites-stand accused of using hit squads and mass arrests to wage a campaign of intimidation against the region's Sunni majority. It's not a pretty picture. Corruption, growing ethnic suspicion, intimidation, wanton killing: What's happening here provides a sobering window on the larger problems bedeviling both Iraqi authorities and American troops as they try to create a secure environment in a fledgling democracy. Late last week, President Bush chose new commanders to lead the war in Iraq. This week, he will announce a revamped strategy, likely to include an increase in troops and an economic incentives package. But the challenges of Diyala serve as a stark warning of just how tough it's going to be to right what's wrong in this beleaguered nation- where security is precarious and, for elected officials here, all too fleeting.

It was last year that Brig. Gen. Shakir Hulail Hussein al-Kaab, the Shiite commander of the area's 5th Iraqi Army Division, managed to enrage powerful Sunni sheiks here in a move that American military officials say haunts the province today: In mass sweeps, he rounded up hundreds of Sunnis who were later found to be innocent. In so doing, says a local official, "he drove the Sunnis into the arms of al Qaeda."

In the office of Col. David Sutherland, commander of the 3rd Brigade of the 1st Cavalry Division, two local Sunni leaders meet in the brigade's headquarters at Forward Operating Base Warhorse to raise their concerns. They have pulled out of Diyala's provincial council for the time being, pointing to the ongoing abuses they say the Sunnis are suffering at the hands of local police and Iraqi soldiers. They cite reports of soldiers destroying furniture and stealing jewelry in homes they raid, and torture by a Shakir subordinate nicknamed Colonel Cable, who has a reputation for beating prisoners on the soles of their feet-most likely, they add, at the police chief's behest. That chief, Ghassan al-Bawi, also a Shiite, "admitted that torture was going on," says a U.S. military official, "but he said they were only doing it to the bad guys."

Sutherland has brought the Sunni leaders here in the hopes of persuading them to rejoin the government. "We have more coverage on the holding facilities now," he reassures them. But they have other concerns. "When the Army was doing the raids in Sunni areas, they played cassette tapes-Shiite ceremonies on tape, songs of the Mahdi Army. This is the kind of army we're dealing with-very sectarian," says Hussein Abid al-Zubeidi, head of the Sunni Iraqi Islamic Party. Hussein is still a member of the provisional council, but he's now participating only behind the scenes.

General Shakir for his part contends that his soldiers are not targeting Sunnis-that there are simply few Shiites left to arrest. Some 8,000, he says, have been killed, displaced, or have fled. Sutherland sympathizes with Hussein. "The action of individual

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soldiers-in houses, showing disrespect-is unacceptable. The people became disgusted and disillusioned." Adds Sutherland of General Shakir: "His actions are indicative of his mental model. And his mental model needs to be changed."

Mind games. U.S. forces here are banking on an operation taking place even as Hussein and Sutherland speak to help change the minds of local Sunnis. It is "a very targeted mission," Sutherland explains to Hussein, to drive out Sunni terrorists in an overrun area outside of Baqubah that has not been touched by U.S. forces for three years. U.S. and Iraqi soldiers will then rush in aid in the form of blankets, water, and kerosene for local Sunnis in the area-classic counterinsurgency strategy honed by Sutherland in his years as an Army tactical instructor. Much hinges on the operation as al Qaeda continues its bid for the region: Recently, U.S. military officials here discovered an extensive network of tunnels and a cache of several trailer-size containers, stocked with rocket-propelled grenades, arms, American dollars, and over half a million rounds of ammunition. "It was more AK-47s than I've given the Iraqi police in the last four months," Sutherland says.

Following the clearing operation, Sutherland and Shakir, the Shiite general, meet with some 70 local Sunni sheiks from across the province, some from towns near the Iranian border. Many take the meeting as a chance to air complaints about the conduct of the police and Army. "The Army doesn't care about military orders," says one frustrated sheik. "They care about religious orders coming from Sadr. They are no better than hit squads."

As he speaks, several cars roll up a nearby gravel road, and the sheiks turn toward the commotion. It is just a food delivery for the kebab feast to follow the meeting, but this is a group ever wary of assassination attempts, and the sheiks are reflexively on guard.

The public relations push continues the next day, as U.S. forces urge General Shakir to go on Iraqi television and take part in a press conference, to put a local face on the clearing operation. But the result is, in the words of one U.S. military official, a disaster: General Shakir refuses to answer journalists' questions, saying he does not have authorization from the Ministry of Defense. Ra'ad Rashid al-Tamini, Diyala's governor, a fellow Shiite, is irate. "Today he embarrassed us," Ra'ad later tells Sutherland. "Ask him a simple question, and he should answer it." Sutherland brings Ra'ad a bowl of ice cream from the cafeteria at the government center and tries to reassure him. We'll take a video and show him what he looked like," Sutherland says. "We'll coach him."

Aches and pains. Yet despite the coaching, General Shakir continues to be a headache for U.S. forces. "I don't know whether he has a sectarian agenda, but he's definitely a buffoon," says one U.S. officer later that week, as some 180 detainees are brought into a local police station. It is, say Iraqi and American officials here, another mass roundup. As dozens of detainees sit blindfolded on the floor awaiting their hearings, an Iraqi judge sifts through the case files on his lap. He reads the first. "This one is dismissed," he says, turning to coalition forces in the room. "I've got an idea," he says. "The Iraqi Army goes into a raid, and they get one target they go for-not take some innocents."

Though none of this does much to help Sunni-Shiite relations in the province, the biggest overlooked threat to the area's fledgling government, according to officials here, has actually been the tenure of Ghassan, the Shiite police chief, who has been running his own militia. Last year, U.S. sources add, Ghassan put in a call for some 250 Shiite gunmen from Baghdad and promptly added them to his police rosters upon their arrival. "He said he was creating his own highway patrol," one senior U.S. military officer says. In reality, though, he says, it was Ghassan's "own personal hit squad" that set up checkpoints designed to intimidate local Sunnis. Coalition forces recently detained a group of Iraqi officers in his force who were holding citizens hostage, then selling them back for money. "Suddenly the whole force is bad in the eyes of the people because of his Shiite agenda," adds the officer.

Months after pleas from the provincial council and American officials, the Ministry of the Interior says it is putting through transfer orders for Ghassan. Military officials here hope that this will boost their ongoing efforts to bring Sunnis into the police force. Already, they say, there have been signs of more interest in joining. But the damage Ghassan has done will be difficult to repair. "He has destroyed the Iraqi police. The situation isn't good," says Col. Ali Saadon, in charge of recruiting at the station. In the meantime, politicians are increasingly reliant on their personal security details-what amount to small armies of guards. Recently, the forces of rival politicians have clashed in "company-level firefights," say officials here-complete with rocket-propelled grenades.

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Hopes. Today, Governor Ra'ad says the expectations of his electorate are simple: "The people look to me for three things: security, services, and a return to the normal routine they used to live." Yet he knows that these goals are still a world away.

After previously serving as a war planner in Iraq, Sutherland, the American brigade commander, has returned to a country in which the biggest changes, he says, have been the growth of al Qaeda in the region and the increasing influence of Iran. Diyala has become a key proving ground for al Qaeda at a time some Shiites see as "a chance to get back at Sunnis who have been living the good life all these years," says a military official here.

U.S. commanders add that it will take far more than troops to fix these dynamics, which are in turn fueling a vicious cycle of violence. "I have been most surprised by all of the jockeying-for political, economic, military power," says Sutherland. That jockeying, so endemic to the rest of the country, should now prompt some tough reassessment in Washington, officials here say, as soldiers on the ground ramp up efforts to transition security forces to Iraqi control. "Diyala was the place that we said we're going to turn over to the Iraqis-and look what happened," says a top U.S. commander. "We need to think a lot more closely about what conditions need to be set before transitioning control. If we don't, it can create more opportunities for the enemy," he adds, "which is essentially what happened in Diyala."

The provincial council members meeting with Sutherland stress that they will not return to the government until both Ghassan and Shakir are gone. They are also calling for immediate provincial elections. Until those things happen, they say, they are caught between the militias, and between terrorists "who want to return us to the Dark Ages." And with each day their frustration grows as they mull over the question posed to Sutherland by one Sunni sheik: "Is this the democracy," he wondered, "that the coalition promised us?"

George F. Will: MacArthur's Two Words (NSWK)

By George F. Will

Newsweek, January 15, 2007

awe (ô), n.1. Immediate and active fear; terror, dread.

—Oxford English Dictionary

Last week Americans were on the receiving end of a kind of shock and awe. The shock of recognition was delivered not by columns of tanks, flights of bombers or salvos of cruise missiles, but by a cell phone. The hanging of Saddam Hussein—not the fact of it, but the manner of it, communicated to the world by video from someone's phone camera—may have been a tipping point. The video, which The Economist said resembled "the sordid snuff videos circulated on the internet by al-Qaeda," may have been, in the scheme of things, just a straw. But coming when it did, it was, for many Americans, perhaps the last straw. In it, they recognized how far into the abyss Iraqi political culture has fallen.

The hanging was conducted in the presence of taunting adherents of Moqtada al-Sadr, the loutish cleric whose militia, the Mahdi Army, is a prime example of why post-Saddam Iraq is a thugocracy. The hanging was an episode of bloodthirsty primitivism in the service of barbaric sectarianism. Which is to say, the hanging was an accurate expression of Iraq's civic culture.

It is shocking that so many Americans were shocked. How much cumulative evidence is needed to teach this country what that country is like? Here is what Iraq is like. Exchanging anecdotes with an Iraqi friend, Anthony Shadid of The Washington Post recounted this one: "Insurgents stopped a driver at a checkpoint. They opened his trunk. 'Why do you have a spare tire?' the insurgent asked solemnly. 'You don't have trust in God?' "

The episode of the hanging sent shivers of dread through America—very timely shivers, thanks to the grainy pictures from the phone (by last Friday, there had been more than 2.5 million viewings of it on YouTube alone). The nation was, just as the 3,000th American combat death was announced, staring at the grotesque face of the faux nation to which more Americans might soon be sent to fight.

This week the president will announce his revision of Iraq policy. In government, personnel are policy, and he has been changing key advisers, military and civilian. Strategy and tactics may change, but in private consultations he reportedly has used one word to denote his unchanged objective: "victory." That is understandable. More than any presidency since Lincoln's, his will be defined by a single matter: Iraq.

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It is difficult to imagine how Iraq can end as a success—as an enterprise in which the benefits exceed the costs. And if it is judged a disaster, that will be because the responsible officials were too late in remembering what Gen. Douglas MacArthur said. He said that in war, all disasters can be explained by two words: "too late."

Because the administration was too late to recognize that there were too few U.S. forces in Iraq, the looting after the fall of Baghdad—which did more physical damage to Iraq than the war so far had done—shattered Iraqis' confidence in America, and insurgents were emboldened. Because the administration was too late in admitting that there was an insurgency, Iraq slid into civil war. Because the administration was too late in facing the fact of that civil war, it probably is too late for a "surge" of new U.S. forces, of a size and duration that the American public will tolerate, to extinguish it. For several years, Sen. Joseph Biden, who last week became chairman of the Foreign Relations Committee, has urged an increase in the number of U.S. troops in Iraq. Now, he says, it is too late.

Now, in fact, it may be 1966. That year the chairman of the Foreign Relations Committee, Sen. J. William Fulbright, the Arkansas Democrat, held hearings on the Vietnam War. The hearings helped mobilize opposition to the war, which at the time had much more public support than the U.S. engagement in Iraq now has. Much of the impact of Fulbright's hearings derived from the decision of NBC to televise them, a decision that prompted some live coverage by CBS and ABC. Biden's hearings on Iraq, which begin this week, will occur in a transformed media environment and will be seen on multiple networks.

The hearings will be riveting, in part because Biden speaks with a forthrightness that is sometimes antic but often illuminating. He became a senator in January 1973, by which time the Senate had learned, regarding Vietnam, the difficulty—the impossibility, really—of controlling, legislatively or otherwise, a president's conduct of a war. But last week Biden spoke of changing the president's mind by "having his party walk away from his position." If the president this week announces a substantial and protracted escalation of the U.S. military effort in Baghdad, majorities in both houses of Congress will hotly oppose him. Most of his supporters—perhaps all of them not named Lieberman—will be Republicans, and will be tepid and wary. Democrats control Congress, but only congressional Republicans can perhaps control the president's policy.

Measure For Measure (USNEWS)

By Fouad Ajami

U.S. News and World Report, January 7, 2007

There was mayhem at the gallows, and there was justice at the gallows. Saddam Hussein had divided Iraqis and Arabs-and others-while he lived, and he was to do so again on the day of his execution. In the best of worlds, Saddam's executioners would have been "clinical" about the thing and subdued, and they would have given the event the dignity it deserved. But this was a despot who had cut a swath of terror through the land, and the prime minister who had come to power from the Shiite underground was determined to bring the matter of Saddam Hussein to a fitting end. It wasn't pretty, that spectacle of execution, and there should have been no cellphone video recording of the deed, but the truth at the heart of what played out in Saddam's old military intelligence headquarters was plain and simple justice and retribution. Men are not angels, and the dictator reaped what he had sown.

Aides to Prime Minister Nouri al-Maliki say that the pen with which he signed Saddam Hussein's death warrant had been in his possession for well over a quarter century. He had carried this pen with him to a long exile in Syria and Iran after he had fled the terrors of Saddam Hussein. He had waited for that moment, and truth be told there was perhaps relish in the way the death sentence was signed, before the cameras, a message to Maliki's Shiite kinsmen. The American regency in Baghdad had underestimated Maliki. There is more steel in the man than our commanders and diplomats on the scene had suspected. An unlikely choice for prime minister, he is through and through a man of the Shiite traditional classes; unlike his peers in the political class, he speaks not a word of English. He had never really taken to the Americans or fully trusted them. His predecessor, Ibrahim Jaafari, had been removed from office through American pressure in the spring of last year. Though he benefited, there lingers in Maliki a suspicion that he could suffer the same fate. It did not help that a memo by White House National Security Adviser Stephen Hadley, made public last November, questioned Maliki's ability to rule and to rein in the Shiite militias. American power had bet heavily on reconciling the Sunni insurgents, and Maliki had read the diplomacy of the last year as a steady effort to

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court the Sunni Arabs. The man led to the gallows may have been a shadow of his old self, but he still haunted the imagination of his fervent supporters. For Maliki it was important that all these doubts be stilled.

Sunni reaction. It was said in the Sunni strongholds of Iraq, and in the Arab capitals, that it had been bad form that the dictator had been dispatched at dawn, on the first day of Id al-Adha, the feast of sacrifice that marks the end of the annual pilgrimage to Mecca. But those protests came from people who had never shed a tear for Saddam's victims. Their loyalties are atavistic: They are motivated by a dread of the Shiites, and by a reflexive, unthinking anti-Americanism.

A big thing happened, it has to be conceded, when Maliki affixed his signature to that death sentence. Sunni rulers had been hounding Shiite rebels for centuries in Arab lands; Saddam himself had put to death some great men of standing in the Shiite religious establishment. In April 1980, in a deed that is still recalled with terror by the vast majority of Shiites, a great figure of the Shiite seminaries, Ayatollah Muhammad Baqir al-Sadr, was put to death by the Hussein regime-along with his immensely talented sister, Bint al-Huda, a poet and a writer of exquisite sensibility. Sadr had become the great martyr of Iraqi Shiites; he is said to have been the intellectual inspiration behind the Dawa Party to which Maliki belongs. Saddam's execution was an act of fealty to that beloved man. For the Shiite faithful, justice had been slow in coming.

It had taken a foreign war to decapitate that tyrannical regime in Baghdad, it is true. But the judgment that mattered was an affair of the Iraqis. We have been asking them to claim responsibility for their country, bemoaning their political abdication. On that morning in Baghdad, three years after he had been flushed out of his spider hole, Saddam Hussein came face to face with the wrath and hurt he had bequeathed Iraqis. Those vengeful men taunting him as he fell through the gallows' trapdoor were in the most direct way the children of his cruel reign of terror.

Graham Says Boost In Troops A Last-ditch Effort (TSSC)

By James Rosen

The State (SC), January 8, 2007

WASHINGTON — Sen. Lindsey Graham broke Sunday from other Republican senators who have criticized sending more U.S. troops to Iraq, defending President Bush's expected "surge" plan as a last-ditch bid to salvage victory in the war.

Graham, R-S.C., for the first time criticized the top generals removed last week by Bush from command in Iraq and said "a new team" must have the manpower to win the war.

"I support a surge with a purpose — co-joining with the Iraqi political and military leadership to control this country," Graham said on NBC's 'Meet the Press.' "We cannot let this country go into the abyss. Now is the last chance, and the only chance, to get this right."

In an address to the nation this week, Bush is expected to announce the dispatch of as many as 30,000 more troops to reinforce the 140,000 already in Iraq.

Graham, who has called for a troop increase for months, sparred with Sen. Joe Biden, D-Del., the new Senate Foreign Relations Committee chairman.

Graham said there can be no political stability in Iraq unless the sectarian violence is stemmed. Biden, confirming that he will run for president next year, said a renewed military push will be wasted without firm political measures. Iraqi Prime Minister Nouri al-Maliki, a Shiite Muslim, must stand up to Shiite militias and give Sunni Muslims heading the insurgency a real share of power, Biden said.

"We now have a civil war," Biden said. "All the king's horses and all the king's men will not put Iraq together again, absent Maliki making some very hard decisions about what he's going to do."

Graham, a member of the Senate Armed Services Committee, sharply criticized Democrats calling for a phased withdrawal from Iraq.

Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, D-Nev., the new congressional czars following the Democrats' election triumph in November, sent Bush a letter Friday saying it is time to "bring the war to a close."

Graham said: "These Democratic proposals are, to me, a formula for defeat. They are nothing more than just a political way to get out of Iraq, and it will come back to haunt us for years."

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Biden declined Sunday to call for a troop withdrawal, using instead the formula “disengage and contain.” Asked if he supports the Reid-Pelosi letter, Biden said, “I do not.”

Graham vacillated, though, when asked whether the United States is losing the war.

“In all honesty, we are not winning, and if you’re not winning, you’re losing, and now is the time to come up with a strategy to win,” Graham responded.

Later in the program, Graham said: “I don’t think any Republican or Democrat should do anything right now to say the war is lost. We should try to win this war.”

Graham has broken with Bush on key national security issues in the last two years, most prominently over how the United States should interrogate and prosecute accused terrorist detainees.

Now his support for Bush’s anticipated plan to send more troops to Iraq places him at odds with other prominent GOP senators. Sen. Richard Lugar, an Indiana Republican who was replaced by Biden as head of the foreign relations panel, has declined to endorse a troop increase; GOP Sen. Chuck Hagel of Nebraska, also eyeing a White House run, called the increase “folly” and “Alice in Wonderland” last week.

James Rosen covers Washington for McClatchy Newspapers in South Carolina.

Democrats Vow To Resist Buildup (WP)

By Ann Scott Tyson

The Washington Post, January 8, 2007

Democratic congressional leaders vowed yesterday to use their powers of spending and policy oversight to challenge President Bush's expected proposal this week, as part of a broad revision of Iraq strategy, for boosting U.S. military forces in the country by as many as 20,000 troops.

Calling Iraq a nation in "complete chaos," House Speaker Nancy Pelosi (Calif.) and other Democrats cast the anticipated Bush plan as an escalation of the Iraq war that goes against the advice of senior U.S. commanders, rather than the significant change of course sought by American voters, and said that as a result they would treat the plan -- and new funding requests -- with strong skepticism.

"If the president wants to add to this mission, he's going to have to justify it," Pelosi said on CBS's "Face the Nation," emphasizing that while Congress will not cut off funding for troops now in Iraq, the White House will no longer have a "blank check" for expanding the war effort.

"When the bill comes . . . it will receive the harshest scrutiny," she said, referring to a new supplemental spending request for the wars in Iraq and Afghanistan that is expected to surpass $100 billion. Since Sept. 11, 2001, more than $500 billion has been spent on the wars and counterterrorism-related expenditures around the world, according to the Congressional Research Service.

The extra troops are only one part of the package Bush is expected to present to the nation as early as Wednesday. Proposals for economic development and the setting of political benchmarks for Baghdad, leading to the formation of a national reconciliation government, are also expected from Bush's prime-time speech, although final details were being ironed out over the weekend.

Democrats were divided Sunday over how much Congress can do on Iraq. Sen. Joseph R. Biden Jr. (Del.), who reaffirmed yesterday that he will run for the Democratic nomination for president in 2008, argued on NBC's "Meet the Press" that it would be unconstitutional for Congress to authorize the war but then cap troop levels or cut funding for specific items. Biden said any troop increase would be "a tragic mistake . . . but as a practical matter, there is no way to say, 'Mr. President, stop.' "

Republican lawmakers, for their part, voiced general support for the Bush plan as outlined, although they acknowledged it will be controversial and unpopular. Congress should not try to micromanage the war or cut off funding for U.S. troops, they said, warning that Democratic proposals for beginning a gradual U.S. military withdrawal in four to six months could lead to a "failed state" in Iraq and spell disaster for the Middle East.

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"At the end of the day . . . I don't think Congress will cut off money for the troops," Senate Minority Leader Mitch McConnell (R-Ky.) said on "Fox News Sunday." "Congress is incapable of micromanaging the tactics in the war. And even though this will be a controversial step, I think the president will be able to carry it out, and I hope he'll be successful."

Sen. Lindsey O. Graham (R-S.C.), who along with Sen. John McCain (R-Ariz.) is a strong backer of more troops in Iraq, said the U.S. military from the beginning has lacked the resources it needs to "hold" areas cleared of insurgents. As a result, "if you're not winning, you're losing," he said on "Meet the Press." "We cannot let this country go into the abyss" of civil war, which could provoke intervention by Iran and Turkey and decades of regional conflict.

Graham said Bush's nomination last week of Lt. Gen. David H. Petraeus as the new U.S. commander for Iraq, replacing Gen. George W. Casey Jr., and his earlier naming of Robert M. Gates as defense secretary, were moves "long overdue."

Senior U.S. military officials have voiced deep resentment in recent days that the departures of Casey and Gen. John P. Abizaid, which had been planned for months, were being portrayed as part of a Bush administration housecleaning over Iraq strategy.

Some Republicans were more tepid on the subject of a troop increase. Brent Scowcroft, the former national security adviser to presidents Gerald R. Ford and George H.W. Bush and an early skeptic of the U.S.-led invasion of Iraq, offered only qualified support for a buildup. It would have to support a specific mission -- such as stemming ethnic cleansing in Baghdad -- for a specific period, he said.

"Unless there's something we can accomplish that is visible and demonstrable . . . people will say, well, look, the situation hasn't changed," he said in an interview on ABC's "This Week." "That demonstrates it's hopeless and the pressure to get out will increase."

Scowcroft also opposed making the U.S. commitment to Iraq dependent upon the Iraqi government accomplishing specific milestones -- an approach that is a central feature of Democratic withdrawal plans, and, according to U.S. officials, could also form part of the upcoming Bush plan.

"If they don't meet the first milestone, you withdraw support, making it virtually impossible for them to meet the second milestone," which would be "counterproductive," Scowcroft said. He stressed the necessity for a broader regional approach to bringing stability to Iraq, focusing on reviving Arab-Israeli peace efforts, but criticized the Bush administration's vision of bringing peace to the Middle East through democracy as "revolutionary utopianism."

Alter: Hagel Could Have A Shot (NSWK)

By Jonathan Alter

Newsweek, January 15, 2007

Let's try an elementary thought experiment for Republican Primary voters. It may help explain why it's far too early to tell what might happen in 2008, the first election since 1928 with no incumbent president or vice president of either party on the ticket. (Truman's vice president, Alben Barkley, ran in 1952, but didn't win the Democratic nomination.) The results of this experiment may also explain why Washington is so often out to lunch on the direction of American politics.

One Republican—we'll call him "Candidate A"—has among the highest support levels for President George W. Bush's conservative agenda in the Senate. He championed the president's 2001 tax cut, which many Republicans believe is the litmus test of today's GOP. After initially voting to give Bush the authority to go to war, he became an early and outspoken critic of the Iraq policy, a view now endorsed not just by the American public and Democrats but by Republicans as well.

Republican "Candidate B" has the inverse position. He opposed Bush's big tax cuts, one of only two Republicans in the Senate to do so (the other being Lincoln Chafee). And on Iraq he is one of the main advocates of the "surge," a plan to "win" the war with a modest influx of troops, though even many military experts say the idea won't work.

You would think that Candidate A would be a strong favorite for the nomination and Candidate B destined for political oblivion. But no. Candidate A, Nebraska Sen. Chuck Hagel, is seen as damaged goods, with little chance to be nominated. Candidate B, Arizona Sen. John McCain, is now the front runner.

The explanation is the GOP tradition of primogeniture. Since the 1950s, Republicans, unlike Democrats, have given the nomination to their firstborn son—the guy whose "turn" it is. That's McCain, whose seasoned and deep-pocketed team never

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stopped running after he lost in 2000. McCain's plan is to kiss the con-servative base so ardently that it agrees to enter into a loveless marriage with him. Then he'll tack back to the maverick center for the general election. It just might work.

Hagel, by contrast, seems lost. After John Kerry favorably mentioned Hagel's skepticism about the Iraq war in one of his 2004 debates with Bush, he became persona non grata in his party. As recently as six months ago, any Republican lawmaker who didn't back the president on the war was in deep trouble.

But that was then. Supporting Bush on Iraq today is a liability, not an asset; it reeks of 2004 thinking. Six months from now, any Republican who opposed the tax cuts but champions Bush's disastrous Iraq policy is going to have some explaining to do in early debates. When Rush Limbaugh says after the midterms that he is sick and tired of "carrying water" for Bush, Chuck Hagel is not going to be run out of the party for refusing to carry water.

For ordinary Republicans, tax cuts are an article of faith. Backing a president in a failed war is not. And Hagel's doubts about the war have more weight because of his heroic combat experience in Vietnam. In a GOP debate, McCain would not be able to use his military experience as a trump card on Hagel. But Hagel and the others would score heavily on McCain for opposing the tax cuts—even though McCain was brave and right to have done so.

The most stunning thing about the Republican campaign so far is the vacuum on the right. While McCain, Rudy Giuliani and Mitt Romney (a moderate Republican until five minutes ago) battle over the centrists in the party, the conservative base that actually determines the nomination remains forlorn. Giuliani supports gay rights and abortion, and a third of Republicans disqualify Romney solely because he's a Mormon. This opening is why former Virginia governor James Gilmore is getting in the race and Arkansas Gov. Mike Huckabee—"Oprah"-ready after losing 110 pounds—can't be ruled out.

But governors, who normally make the strongest presidential candidates, seem a little irrelevant this time around. They aren't likely to sound as credible as senators on the nuances of Pakistani politics or the readiness of the Third Infantry Division. There's more conventional wisdom that's in danger of cracking, too. Pooh-bahs in both parties have convinced the candidates that they have to raise $100 million this year to be competitive. This is nonsense in the Internet age, peddled by consultants who need that booty for their own pockets. In congressional elections, money is a cause—it leads directly to success. In presidential politics, money is an effect—it follows quickly the momentum that's generated in the rough and tumble of the "free media" campaign.

Chuck Hagel might not run. But if he does, Candidate A would be formidable. It's the issues, stupid.

Adm. William J. Fallon: An Experienced Naval Officer, And A Diplomat (NYT)

By Thom Shanker

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — The Bush administration's selection of a career naval aviator to be the top commander of American military forces across a region where they are engaged in two ground wars is, at first glance, odd.

A range of military officers at the Pentagon noted that if Adm. William J. Fallon was confirmed by the Senate to the Central Command position, he would be not only the first naval officer to command the region, but also a four-star officer moving between regional combatant commands. Often, such posts are given as promotions to three-star officers.

Senior Pentagon civilians and military officers said Defense Secretary Robert M. Gates's recommendation of Admiral Fallon, currently in command of all American forces in the Pacific, reflected a wish for seasoned eyes on Afghanistan and Iraq as well as a new focus on regional initiatives to reassure allies and deter adversaries, in particular Iran.

"Because of the importance of this job today, and what we're embroiled in over in that area of operations, this is no time for a learning curve," said Adm. Robert J. Natter, who worked extensively with Admiral Fallon before retiring as commander of the Atlantic Fleet.

"He has broad experience, both diplomatic, with the Japanese, Chinese and South Koreans, and also clearly in the traditional military fields," Admiral Natter said.

The Middle East has a vast land area, to be sure, but also has important waterways that carry world oil supplies and, it is feared, nuclear materials and terrorists.

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Whether the mission is interdicting contraband, tracking suspected leaders of Al Qaeda or deterring Iran, many military contingencies in the region rely on warships and warplanes, and not boots on the ground.

Admiral Fallon, who began his military career with a commission through the Navy's Reserve Officer Training Program, as opposed to the more prestigious Naval Academy, has a quarter-century's experience in combat aircraft and extensive time at the negotiating table.

The admiral can be grizzly and tough, as befits a product of New Jersey. But he has consistently taken on assignments where diplomatic skills were as important as the military ones. He surprised some of his colleagues when, in early 2001, he volunteered for the task of delivering an apology to Japanese officials and families of those killed in the accidental sinking of a fishery school ship by an American submarine, the Greeneville, off the coast of Hawaii.

The final military inquiry had not been completed, and some at the Pentagon argued that an official apology was premature. But the extraordinary visit to Tokyo by Admiral Fallon, then serving as the vice chief of naval operations, the service's No. 2 job, was credited with soothing the feelings of an important ally, and of its people.

Another side of Admiral Fallon was on display last month when, as the senior American military officer in the Pacific, he took the unusual and punitive move of canceling a large annual field exercise with the Philippines over a local judge's failure to honor the bilateral treaty governing protections for American military personnel. At the time, Admiral Fallon said he was not sitting in judgment of the guilt or innocence of a marine convicted of rape, but was protecting his forces by demanding that the Philippines adhere to legal obligations.

Admiral Fallon can be expected to pay great attention to the missions in Iraq and Afghanistan, but to leave day-to-day operations to the senior commanders on the ground in Baghdad and Kabul, similar to his current relationship as Pacific regional commander to the four-star Army officer in charge of forces just in South Korea.

William Joseph Fallon was born Dec. 30, 1944, in East Orange, N.J., and raised in Merchantville. He graduated from Villanova University in 1967, and later graduated from the Naval War College and the National War College, and earned a master's degree in international studies from Old Dominion University.

He flew combat missions in the Vietnam War, commanded a carrier air wing in the Persian Gulf war in 1991, and four years later led the naval battle group supporting NATO operations in Bosnia. His senior positions before the Pacific assignment included commander of the Fleet Forces Command and of the Atlantic Fleet.

"This selection sends a clear signal that the administration wants the combatant commander to operate at the '30,000 foot' level, at the geopolitical and geostrategic level, and to foster our relations in the region as opposed to being focused solely on this conflict or that conflict," said Stephen R. Pietropaoli, a retired rear admiral who now serves as executive director of the Navy League.

"Admiral Fallon will have very experienced commanders in charge of operations in Afghanistan, Iraq, the Horn of Africa," Admiral Pietropaoli added. "But the Central Command commander needs to be above that, looking at how to enhance America's influence throughout his area of responsibility and how to truly work hand in glove with the Department of State to enhance America's image and influence and prestige in that part of the world."

U.S. Launches Air Assault On Sunni Haven (LAT)

By Alexandra Zavis

The Los Angeles Times, January 8, 2007

HAMOUD, IRAQ — Bombers, fighter jets and attack helicopters unleashed a thundering attack today as U.S. and Iraqi troops closed in on a web of irrigation canals east of Baghdad where they thought Sunni Arab insurgents were massing.

The predawn strikes shook the ground and sent fireballs and thick smoke into the sky.

The attacks, in a remote area of farms and palm groves, continued sporadically into the morning.

The air assault came after troops set fire Sunday to shoulder-high reeds to clear their view before a final push in Diyala province, a region they say has become a haven and training ground for Al Qaeda in Iraq and other militant groups.

U.S. troops said they killed 21 armed men Sunday. At least four Iraqi soldiers were killed and 27 wounded in antitank mine blasts.

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About 1,000 U.S. and Iraqi troops are participating in the assault, which includes attack helicopters, tanks and Humvees.

Over the last four days, columns of troops have pushed through hamlets populated by wheat farmers and sheep herders to clear an area that is riddled with spider holes, tunnels and weapons caches.

One stash uncovered Sunday contained 1,169 Katyusha rockets, small arms and ammunition, the U.S. military said.

All men of military age have been questioned and tested for explosives residue. But in most homes, troops have found only women and children.

Hamoud, a one-street village of mud-brick homes, was no exception.

U.S. troops asked to meet the village sheik, or leader, and were told there wasn't one. Many houses were abandoned, some of them apparently in haste, with laundry dangling from window bars and chickens scratching in the yard.

"We are religious people; we fast and we pray," said one anxious man questioned by U.S. troops. "But I swear we have nothing to do with Al Qaeda."

Other villagers pointed to a home they said belonged to one of the people on the U.S.-Iraqi wanted list of suspected insurgents.

A small cache, including bomb-making equipment, was found in a hole on the abandoned property.

Villagers told the troops that insurgents occasionally passed through, but they had retreated to the network of canals and tunnels at first sight of the U.S.-Iraqi offensive.

American forces on the ground and in the air have spotted small groups of men, some armed and on motorcycles, moving along the canals, the military said.

U.S. officers said they were confident they could defeat the insurgents in a head-to-head battle.

The risk is that insurgents will drop their weapons and melt into the civilian population to fight another day.

The officers said insurgents didn't always walk away from a fight.

In November, U.S. troops happened upon a major weapons cache during a reconnaissance flight, which led to the discovery of more stashes, training ranges and tunnels.

The insurgents put up a fierce fight, attacking in squad-sized units in a battle that left two Americans and more than 70 insurgents dead.

The region is a stronghold of the powerful Daini tribe, which includes many disaffected former officers from Saddam Hussein's army.

Earlier Sunday, anti-tank mines ripped through two Iraqi troop carriers, killing four Iraqi soldiers and injuring 27, the U.S. military said.

As U.S. and Iraqi troops rushed to tend to the wounded, they came under small-arms fire.

"There were bodies everywhere," Army 1st Sgt. Michael S. Clemens said. "Around every corner there was another one."

The Iraqi company hit by the explosions pulled out and was replaced by troops from a predominantly Kurdish battalion.

Another mine disabled a U.S. Bradley fighting vehicle, injuring eight people.

Such explosions have destroyed numerous vehicles and slowed the operation's progress.

"That's a key indicator we are on the right track," said Sgt. 1st Class Collin Shorey, a military intelligence officer. "They don't want us here."

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5 More U.S. Soldiers Killed In Iraq (AP)

By Lauren Frayer And Shafika Mattar, Associated Press Writers

AP, January 8, 2007

Two of Saddam Hussein's co-defendants were taken from their cells and told they were going to be hanged on the same day the former dictator was executed, their lawyer said Sunday.

But the two condemned men still await death as Iraqi officials decide how to avoid the kind of outcry that followed Saddam's hanging on Dec. 30.

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Also on Sunday, the U.S. military announced the deaths of five more American troops and at least 14 Iraqis died in bombings and shootings.

Saddam's half brother and former intelligence chief Barzan Ibrahim and the former head of Iraq's Revolutionary Court, Awad Hamed al-Bandar, were sentenced to hang. They were convicted along with Saddam of involvement in the killings of nearly 150 Shiites in the town of Dujail after a 1982 assassination attempt there against Saddam.

Their executions were postponed, however, until after the Muslim holiday of Eid al-Adha, which ended five days ago.

Authorities also decided to give Saddam his own "special day," National Security adviser Mouwaffak al-Rubaie said at the time of his execution.

One of Saddam's lawyers who met the deposed leader in his final days told The Associated Press over the weekend that Saddam expected to be put to death and considered it "the most beautiful end" he could have.

Now Iraqi officials must decide how to carry out a second round of executions in the face of worldwide criticism over their handling of Saddam's death. In the final moments of his life, Saddam was taunted by some of those present in the execution chamber as he stood with a noose around his neck.

British Prime Minister Tony Blair criticized the way in which Saddam was executed, his office said Sunday.

"He believes that the manner of the execution was completely wrong, but that should not lead us to forget the crimes that Saddam Hussein committed, including the deaths of hundreds of thousands of Iraqis," a spokeswoman for Blair's office said on condition of anonymity in line with policy.

Blair's likely successor, Treasury chief Gordon Brown, said Saturday that the taunting of Saddam during his execution and the release of an illicitly recorded cell phone video was "deplorable" and "completely unacceptable."

Prime Minister Nouri al-Maliki has ordered an inquiry into the emergence of the unofficial video, on which Saddam is heard exchanging insults with his executioners and shown dying on the gallows.

In Amman, Jordan's Parliament also denounced the execution and asked God to bless Saddam's soul. The speaker of the lower house said Saddam's execution ignored the feelings of Muslims and Arabs because it came just before the start of the religious festival of Eid al-Adha.

Human Rights Watch, in a report for release on Monday, said the speedy trial and subsequent execution of Saddam and those planned for Ibrahim and al-Bandar illustrated the Iraqi government's disregard for human rights.

"The tribunal repeatedly showed its disregard for the fundamental due process rights of all of the defendants," said Richard Dicker, director of Human Rights Watch's International Justice Program.

While waiting for their own postponed executions, Ibrahim and al-Bandar have been mourning Saddam, their lawyer Issam Ghazawi told the AP. He said he met with the men individually on Wednesday in Baghdad, where they are in U.S. custody.

The lawyer said U.S. officials had told the pair their deaths were imminent on the day of Saddam's execution.

Ghazawi said Ibrahim told him the Americans took him and al-Bandar from their cells on the day of Saddam's hanging and brought them to an office inside the prison at about 1 a.m. They asked them to collect their belongings because they intended to execute them at dawn — the same time Saddam was put to death.

Ghazawi said the two men were also told to write out their wills. They were returned to their cells nine hours later.

The lawyer said he has had no contact with the men since Wednesday, and had no information on when they would be hanged.

Jaafar al-Mousawi, the chief prosecutor in the Dujail case, said Sunday that the time for al-Bandar and Ibrahim's executions "will be determined by the government." Sami al-Askari, an adviser to al-Maliki, declined to give reasons for the delay and said only that "no date has been made yet" for their hangings.

Al-Bandar told Ghazawi that he "wished to have been executed with President Saddam," the lawyer said. Ibrahim "was in the worst condition. He kept crying over the death of his brother and said it was a great loss for the family and the Arab world," Ghazawi said.

Ghazawi, who served on Saddam's defense team during the last two years and says he has power of attorney for Ibrahim and al-Bandar, urged that their death sentences be overturned. The United Nations has also pleaded for a stay of execution for the two.

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"Their execution should be commuted under such circumstances because of the psychological pain they endured as they waited to hang," Ghazawi said.

Meanwhile, Ahmed Saddiq, a Tunisian member of Saddam's defense team, said that during a Dec. 26 meeting with Saddam when he was still in U.S. custody, the former president appeared reconciled to his death.

"He constantly said the strongest, most likely hypothesis — and the one that he expected — was that he was going to be executed," Saddiq told the AP in Tunis. "He didn't stop saying, 'Don't panic. I'm ready for this moment and, after all, it would be the most beautiful end I could have.'"

Saddiq also said Saddam gave his lawyers a poem "of tenderness, of love" that he wrote to his wife, who lives in Qatar.

At one point, Saddam told his lawyers: "'I am still capable of love, of being sentimental and attentive. That's my right. It's there perhaps the other face of Saddam Hussein that you don't know,'" Saddiq said.

In other developments, the U.S. military said three airmen were killed in Baghdad Sunday by a car bomb, a soldier was killed by small arms fire in Baghdad a day earlier, and another soldier died in combat in western Anbar province on Friday. A British soldier also died in a traffic accident.

At least 14 Iraqis died Sunday in bombings and shootings, including three Sunni Muslim shopkeepers gunned down in a busy marketplace and a Shiite cleric and his son killed en route to a mosque, police said. Twenty-three bodies turned up in hospitals and morgues around the country, officials said.

A new battle for Iraq's capital was under way with Iraqi forces mired in gunfights with insurgents and U.S. helicopters hovering over an area where some 30 people died in fighting the previous night.

The fighting is part of a military operation announced Saturday by the prime minister and intended to quell sectarian violence.

Iraq's parliament speaker Mahmoud al-Mashhadani, the government's highest-ranking Sunni official, said Sunday he objected to the new plan for "legal reasons," and said parliament must vote on it.

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Associated Press Writer Bouazza Ben Bouazza contributed to this story from Tunis, Tunisia.

War's Toll On Iraqis Put At 22,950 In '06 (WP)

By Sudarsan Raghavan

The Washington Post, January 8, 2007

BAGHDAD, Jan. 7 -- More than 17,000 Iraqi civilians and police officers died violently in the latter half of 2006, according to Iraqi Health Ministry statistics, a sharp increase that coincided with rising sectarian strife since the February bombing of a landmark Shiite shrine.

In the first six months of last year, 5,640 Iraqi civilians and police officers were killed, but that number more than tripled to 17,310 in the latter half of the year, according to data provided by a Health Ministry official with direct knowledge of the statistics. The official, who spoke on condition of anonymity because he was not authorized to release the information, said those numbers remained incomplete, suggesting the final tally of violent deaths could be higher.

Much of last year's politically motivated bloodshed unfolded in Baghdad. The Bush administration is considering sending more U.S. troops there, as the newly ascendant Democrats in Congress press for a military withdrawal. Bringing stability and rule of law to the capital is a cornerstone of the administration's strategy to exit Iraq. Iraqi Prime Minister Nouri al-Maliki announced over the weekend his own security push to tame Baghdad's sectarian strife.

Last year's spike in casualties occurred despite an ambitious U.S. military operation in the capital, Together Forward, that involved thousands of U.S. and Iraqi troops cordoning off some of the deadliest neighborhoods and conducting house-to-house searches.

"We have been in a reaction mode in many ways to the events that occurred because of the [February] bombing of the Golden Mosque in Samarra, and that began a cycle of sectarian violence that we've been working very, very, very hard to keep under control," Lt. Gen. Peter W. Chiarelli, the former second-ranking commander in Iraq, told reporters last month.

"Now, I'm not in any way happy with what I see in Baghdad. The level of violence is way too high," he added.

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The Health Ministry's full-year death toll of 22,950, although incomplete, is higher than the 13,896 violent deaths of civilians, police officers and soldiers reported Jan. 1 by Iraq's ministries of defense, health and interior. The United Nations, in a November report, estimated that more than 28,000 Iraqi civilians had died violently in the first 10 months of 2006, but that count was disputed by the government. The differences in the numbers could not be reconciled.

Iraq's death toll from violence is controversial because it provides a vivid report card on the difficulty of U.S. and Iraqi efforts to bring order to the country. Neither the U.S. government nor the military provides death totals for Iraqis.

"It is often very difficult to gain consensus on the numbers of casualties in Iraq. It really is a government of Iraq issue," said Lt. Col. Christopher C. Garver, a U.S. military spokesman. U.S. and Iraqi officials have discouraged Baghdad's medical officials from releasing morgue counts.

The Iraqi government does not provide a single official death toll, leaving it up to individual ministries to release data, which are often conflicting.

The Health Ministry compiles data from morgues across the nation and from government hospitals. Those figures include Iraqis killed in bombings, terrorist acts, militia attacks, roadside explosions, drive-by shootings, kidnappings and other acts of violence. They also include the numerous unidentified corpses that turn up virtually every day, often handcuffed and showing signs of torture.

The Health Ministry data are believed to be more reliable than those issued by other sources because they are based solely on death certificates. But the Health Ministry, as a policy, does not publicly release these statistics. The ministry is under the control of the Shiite religious party of Moqtada al-Sadr, whose Mahdi Army militia is behind much of the sectarian killing.

The numbers are considered so sensitive that some Iraqi officials, when told of the Health Ministry data, dismissed them as exaggerated, but at the same time did not offer any other numbers. Previous reports about such body counts have drawn similar denials.

"I don't know of these numbers," said Health Ministry spokesman Qasim Yahya. "The Ministry of Health does not give out such numbers."

He referred all comments to the Interior Ministry, which he said was responsible for releasing such statistics.

Brig. Abdul-Karim Khalaf, an Interior Ministry spokesman, said the Health Ministry was "not authorized to give out such statistics. It's a very big number. It's not close to the truth."

The Interior Ministry's figures are based primarily on data from police stations, police units and emergency patrols. Those numbers do not include the wounded who die later from their injuries, those kidnapped and later killed, armed men who die in clashes with U.S. or Iraqi forces, unidentified bodies, and other categories of deaths.

Another source of data is the United Nations, which relies on reports it culls from the Health Ministry, the Baghdad morgue and government hospitals, and releases death figures every two months. The organization does not include Iraqi police or military casualties in its reports.

The United Nations reported 28,076 violent deaths of civilians in the first 10 months of 2006, including 3,709 killed in October, according to its latest report, issued in November. At that time, Iraqi government spokesman Ali Dabbagh disputed the U.N. numbers as "inaccurate and exaggerated" because they were not based on official government reports.

"Yes, we have casualties, but not that huge number of casualties," Health Minister Ali Hussein al-Shamari said on Iraqi television. "The true number might be a quarter that, although we feel sorry for those who are dying. But they want to mislead the world about the conditions in Iraq." During a visit to Vienna that month, however, he said as many as 150,000 Iraqi civilians had died since 2003 as a result of violence. Dabbagh, who is traveling outside of Iraq, was not available for comment on Friday.

Sadiq al-Rikabi, a political adviser to the prime minister, Nouri al-Maliki, disputed the figures, saying they probably included those who were killed in car accidents or day-to-day crimes.

The Health Ministry official made clear that the statistics counted only those who had died from political violence.

"Everyone can guess, but what is the real number? I'm not sure if anyone knows how many people are killed due to the violence and the terrorism," Rikabi said.

The Associated Press count for last year, assembled from its daily dispatches, is roughly 13,700 civilians, police and soldiers. But the news service has said that it believes its figures are substantially lower than the actual number of deaths

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because it lacked access to government data. Iraq Body Count, a British-based research group that reports on civilian deaths in Iraq, says the number is at most roughly 58,000 since the 2003 U.S.-led invasion.

The group relies on deaths reported by the news media, and suggests on its Web site that its totals are an underrepresentation because "many if not most civilian casualties will go unreported." Critics have accused the group of grossly underreporting Iraqi deaths.

A study on Iraqi mortality rates published in October by the Lancet medical journal estimated that more than 600,000 Iraqis had died from violence since the invasion. That number was extrapolated from population surveys rather than a compilation of actual deaths. The U.S. and Iraqi governments, as well as Iraq Body Count, dismissed the Lancet findings as inaccurate.

The United Nations is scheduled to release death tolls for November and December within the next two weeks, an official said. According to the Health Ministry figures obtained last week, November's death toll was 3,293, while December's fell to 2,748.

In November, four family members of Abu Taha al-Adhami, a computer engineer in Baghdad, were killed, he said, and one was kidnapped and remains missing. During the first half of last year, he lost no relatives, he said.

"The violence wasn't that obvious during the first half of last year," he said. "During the second half, the violence started to grow and grow and become more severe. It's all because of the political atmosphere."

A Washington Post special correspondent in Baghdad contributed to this report.

A Tougher Journey To Stock US Troops In Iraq (CSM)

By Raymond Barrett, Contributor To The Christian Science Monitor

The Christian Science Monitor, January 8, 2007

Increased violence is slowing supply lines on which five contractors were kidnapped in November. They appeared unharmed in a video released last week.

ABDALY, KUWAIT-IRAQ BORDER

At this dusty border crossing in northern Kuwait, more than 200 18-wheelers wait to cross into Iraq. Braving Sunni insurgents, Shiite militias, and criminal gangs, these trucks are vital links in the supply chain that keeps some 130,000 US military personnel in Iraq afloat.

"Why you come to Iraq? You come again, I kill you," says a Bangladeshi driver, describing the vitriol that he and other contractors supporting the American effort routinely face.

Asked how long he intends to take his chances, he says: "Until I'm dead. I need work, I'll carry on."

A stark reminder of the perilousness of the 400-mile journey from here to a US logistics hub in Iraq came last week in a videotape of five kidnapped security contractors - four Americans and one Austrian. It was the first word from the men since their convoy that originated from this outpost was ambushed on Nov. 16.

The tape was "a good sign" but not one that signals that their release is imminent, says the spokesperson for their employer, Crescent Security Group.

Another American contractor was kidnapped Friday in Basra, according to the US Embassy in Baghdad. The Associated Press reported that the two Iraqis he was traveling with were found dead following the abduction.

Due to such dangers, security is the issue on everybody's lips at the Rabha al-Sahara (Desert Springs) truck stop, within sight of the Abdaly crossing. "It's worse than before ... [the trucks] come under fire more frequently," says a Pakistani businessman who asked not to be identified. He's a logistics operator who leases trucks that are driven into Iraq.

Last month, at least 113 US service members were killed, making December the deadliest month in 2006. The month also saw the death of more than 1,900 Iraqi civilians.

The rise in violence has affected the flow of convoys traveling into the country. "[There are usually] eight movements in a day, but nowadays it's reduced to five. In one movement there are about 45 trucks," the businessman says.

Multinationals such as the Kuwait-based Public Warehouse Company that transport fuel, food, and water receive first priority to the limited number of convoys escorted by the US military. Fuel is then distributed to army bases around Iraq by Halliburton-subsidiary KBR, also under US military protection.

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Smaller logistics operators often depend on organizations such as Crescent Security Group. The Pakistani logistics operator says, however, that his drivers often don't like to travel with private security companies and prefer US military escorts. "[The private groups] use ... Silverados or F-350s, while the Army has fully armored gun trucks and Humvees."

To be sure, the high value of the cargo makes these convoys targets for criminal gangs. A truck can carry between $30,000 to $200,000 worth of cargo - the most expensive loads being generators or four-wheel-drive vehicles. The importance of Kuwait as a logistics hub for the coalition forces in Iraq cannot be overstated. Camp Arifjan in southern Kuwait is the main staging area for troops and supplies deploying to Iraq.

"The supply line from Kuwait is absolutely crucial. You cannot supply the level that is required by air," says Paul Rodgers, professor of peace studies at Bradford University in West Yorkshire, England, who has written monthly security briefings on Iraq since 2003.

And with the possibility of increasing US forces by some 20,000 combat troops seeming more likely, the supply route from Kuwait will be ever more vital. "A very big proportion of the food and water [used by the US military] comes from Kuwait," says Robert Soussa, the managing director of Kuwait & Gulf Link Transport Co., a group heavily involved in this logistics business.

"There are hundreds of fuel tankers a day ... shared between many companies. They don't have many [petrol] refineries in Iraq, the Kuwait government supplies them with petrol," he says.

Regarding protection for their convoys, Mr. Soussa says that the security companies they hire depend on local Iraqis for safe passage. "They have connections on the ground, they recruit from local tribes, you must create jobs for these people."

Soussa adds that the upsurge in violence has impacted the logistics business. "Because of the incidents in Iraq, they have reduced the number of trucks [per convoy]," he says.

This reduction was also confirmed by a US contractor, who has driven trucks inside Iraq. US Department of Labor statistics show at least 650 American contractors have been killed inside Iraq.

Professor Rodgers says that a more substantial US combat presence in Iraq could cause insurgents to avoid direct confrontation and intensify attacks on supply lines.

"In the longer term, they [insurgents] may respond [to a troop surge] by attacking the supplies, rather than the troops themselves," he says.

5 More U.S. Soldiers Killed In Iraq (AP)

By Lauren Frayer And Shafika Mattar

AP, January 8, 2007

Two of Saddam Hussein's co-defendants were taken from their cells and told they were going to be hanged on the same day the former dictator was executed, their lawyer said Sunday.

But the two condemned men still await death as Iraqi officials decide how to avoid the kind of outcry that followed Saddam's hanging on Dec. 30.

Also on Sunday, the U.S. military announced the deaths of five more American troops and at least 14 Iraqis died in bombings and shootings.

Saddam's half brother and former intelligence chief Barzan Ibrahim and the former head of Iraq's Revolutionary Court, Awad Hamed al-Bandar, were sentenced to hang. They were convicted along with Saddam of involvement in the killings of nearly 150 Shiites in the town of Dujail after a 1982 assassination attempt there against Saddam.

Their executions were postponed, however, until after the Muslim holiday of Eid al-Adha, which ended five days ago.

Authorities also decided to give Saddam his own "special day," National Security adviser Mouwaffak al-Rubaie said at the time of his execution.

One of Saddam's lawyers who met the deposed leader in his final days told The Associated Press over the weekend that Saddam expected to be put to death and considered it "the most beautiful end" he could have.

Now Iraqi officials must decide how to carry out a second round of executions in the face of worldwide criticism over their handling of Saddam's death. In the final moments of his life, Saddam was taunted by some of those present in the execution chamber as he stood with a noose around his neck.

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British Prime Minister Tony Blair criticized the way in which Saddam was executed, his office said Sunday.

"He believes that the manner of the execution was completely wrong, but that should not lead us to forget the crimes that Saddam Hussein committed, including the deaths of hundreds of thousands of Iraqis," a spokeswoman for Blair's office said on condition of anonymity in line with policy.

Blair's likely successor, Treasury chief Gordon Brown, said Saturday that the taunting of Saddam during his execution and the release of an illicitly recorded cell phone video was "deplorable" and "completely unacceptable."

Prime Minister Nouri al-Maliki has ordered an inquiry into the emergence of the unofficial video, on which Saddam is heard exchanging insults with his executioners and shown dying on the gallows.

In Amman, Jordan's Parliament also denounced the execution and asked God to bless Saddam's soul. The speaker of the lower house said Saddam's execution ignored the feelings of Muslims and Arabs because it came just before the start of the religious festival of Eid al-Adha.

Human Rights Watch, in a report for release on Monday, said the speedy trial and subsequent execution of Saddam and those planned for Ibrahim and al-Bandar illustrated the Iraqi government's disregard for human rights.

"The tribunal repeatedly showed its disregard for the fundamental due process rights of all of the defendants," said Richard Dicker, director of Human Rights Watch's International Justice Program.

While waiting for their own postponed executions, Ibrahim and al-Bandar have been mourning Saddam, their lawyer Issam Ghazawi told the AP. He said he met with the men individually on Wednesday in Baghdad, where they are in U.S. custody.

The lawyer said U.S. officials had told the pair their deaths were imminent on the day of Saddam's execution.

Ghazawi said Ibrahim told him the Americans took him and al-Bandar from their cells on the day of Saddam's hanging and brought them to an office inside the prison at about 1 a.m. They asked them to collect their belongings because they intended to execute them at dawn — the same time Saddam was put to death.

Ghazawi said the two men were also told to write out their wills. They were returned to their cells nine hours later.

The lawyer said he has had no contact with the men since Wednesday, and had no information on when they would be hanged.

Jaafar al-Mousawi, the chief prosecutor in the Dujail case, said Sunday that the time for al-Bandar and Ibrahim's executions "will be determined by the government." Sami al-Askari, an adviser to al-Maliki, declined to give reasons for the delay and said only that "no date has been made yet" for their hangings.

Al-Bandar told Ghazawi that he "wished to have been executed with President Saddam," the lawyer said. Ibrahim "was in the worst condition. He kept crying over the death of his brother and said it was a great loss for the family and the Arab world," Ghazawi said.

Ghazawi, who served on Saddam's defense team during the last two years and says he has power of attorney for Ibrahim and al-Bandar, urged that their death sentences be overturned. The United Nations has also pleaded for a stay of execution for the two.

"Their execution should be commuted under such circumstances because of the psychological pain they endured as they waited to hang," Ghazawi said.

Meanwhile, Ahmed Saddiq, a Tunisian member of Saddam's defense team, said that during a Dec. 26 meeting with Saddam when he was still in U.S. custody, the former president appeared reconciled to his death.

"He constantly said the strongest, most likely hypothesis — and the one that he expected — was that he was going to be executed," Saddiq told the AP in Tunis. "He didn't stop saying, 'Don't panic. I'm ready for this moment and, after all, it would be the most beautiful end I could have.'"

Saddiq also said Saddam gave his lawyers a poem "of tenderness, of love" that he wrote to his wife, who lives in Qatar.

At one point, Saddam told his lawyers: "'I am still capable of love, of being sentimental and attentive. That's my right. It's there perhaps the other face of Saddam Hussein that you don't know,'" Saddiq said.

In other developments, the U.S. military said three airmen were killed in Baghdad Sunday by a car bomb, a soldier was killed by small arms fire in Baghdad a day earlier, and another soldier died in combat in western Anbar province on Friday. A British soldier also died in a traffic accident.

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At least 14 Iraqis died Sunday in bombings and shootings, including three Sunni Muslim shopkeepers gunned down in a busy marketplace and a Shiite cleric and his son killed en route to a mosque, police said. Twenty-three bodies turned up in hospitals and morgues around the country, officials said.

A new battle for Iraq's capital was under way with Iraqi forces mired in gunfights with insurgents and U.S. helicopters hovering over an area where some 30 people died in fighting the previous night.

The fighting is part of a military operation announced Saturday by the prime minister and intended to quell sectarian violence.

Iraq's parliament speaker Mahmoud al-Mashhadani, the government's highest-ranking Sunni official, said Sunday he objected to the new plan for "legal reasons," and said parliament must vote on it.

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Associated Press Writer Bouazza Ben Bouazza contributed to this story from Tunis, Tunisia.

My History With The Rope (WSJ)

By Abraham Verghese

The Wall Street Journal, January 8, 2007

I have now watched both the official and the infamous unofficial cellphone video of Saddam's Hussein's execution. Both were on the Web soon after the event. I had the choice of watching them or not. I watched, with the same horrid fascination that I felt seeing ultimate fighting on television -- disbelieving that gladiators are legal when cockfighting is outlawed in just about every state save for New Mexico (where I saw my first and last cockfight).

When pollsters knock on my door, they will find that as a physician I am against capital punishment, ultimate fighting and cockfighting because they run counter to our sense of being a civilized society. But the disconnect between what I will watch and what I claim I am for is more common than most of us care to admit; I blame the camera.

The lens now peers into every nook and cranny of human existence, and it is now in the hands of every man. A digital image of interest spreads on the Internet like a drop of India ink in water. Police brutality, a bully on a school bus, an abusive nanny -- we see them all. It isn't surprising that there is a cellphone video of Saddam's hanging; it is surprising there is only one. While on rounds in my hospital (where I work as an infectious disease specialist), I caught sequential bits of the television show, "Dr. 90210" in the course of going from one patient to the next. I had no idea!

We (my patients, their visitors and I) saw an actual breast augmentation; even more edifying was the opportunity to peek into the personal lives and the marital struggles of the brave practitioners of this craft who eke out an existence in that zip code. My vicarious presence in Beverly Hills and Baghdad in the same week was not because of prurient tastes; it was because these ubiquitous images are all but unavoidable if you have eyes and any curiosity about your fellow human beings.

The uproar over the Saddam video -- both its existence and its content -- is particularly hypocritical. Given all the ways and all the weaponry that could be used to execute someone, hanging is a most inhumane choice. The condemned person will be terrified and anxious, not about death as much as the manner of death. Hanging of the 'short drop' version practiced in Iran is really a slow choking to death; in the standard or long drop method that was used in Iraq, unconsciousness is supposedly instant when the spinal cord is severed, but a misplaced knot could rip skin and muscle and cause an agonizing death. Instant or not, let's not kid ourselves; hanging is a vengeful, brutalizing, psychologically terrifying act with which we humans have a long history; in the past it was carried out publicly (and still is in countries like Iran) with the aim of serving as a deterrent. If we condone hanging a mass murderer, is it not hypocritical to want it to be conducted with "decency" when hanging is by its very nature indecent?

Saddam's hanging disturbs us because it was perverse, vengeful, furtive, hasty, carried out under cover of darkness and in front of a hoarse, excitable male audience who acted as if they were at a carnival, or, to be more precise, as if they were at a lynching. Part of the discomfort the video generates here may lie in these echoes of our own short history with the rope.

As an expatriate child growing up in Ethiopia, I saw my first hanging when the military leaders of an abortive coup were put to death in a public square. We happened to be driving by. Or perhaps, in those pre-Internet days, my parents wanted to witness the spectacle; I don't remember. I do remember the chanting, ululating crowd, dancing under the swaying corpse, the choked,

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congested faces and the oddly angulated heads, but most of all I remember how the dead men's shoes were filched. The bare feet seemed inconsistent with the rest of the image. That element of violation, of savagery, stayed with me. I saw a few more hangings in that country as I grew up, and the fresh bodies of people who met violent deaths in the aftermath of Emperor Haile Selassie's fall and the advent of Mengistu, the Stalin of Africa.

The Saddam video recalled these memories of witnessing violence and savagery. With the video I felt just as I did as a child witnessing an actual hanging: That the condemned man gets perverse revenge because there is a shame that accompanies such a spectacle; it spreads and stains all who are there, all who drive by, all who watch it on television, or who, like me, download it with a click of the mouse; the killer being executed has suddenly become noble, and turned us into killers.

This cellphone video will be the most viewed hanging video in history. We as a nation should watch it before washing our hands of it, and certainly before pontificating about our brand of justice versus other brands. Only by watching can the debate about capital punishment move from an abstract discussion to what is real, to what is palpable, to what is shameful, to what is actually happening whether you watch it or not.

Dr. Verghese is the Joaquin Cigarroa Jr. chair and Marvin Forland distinguished professor at the University of Texas Health Sciences Center, San Antonio.

Britain's Brown Suggests Policy Shift (AP)

By David Stringer

AP, January 8, 2007

Treasury chief Gordon Brown, expected to succeed Tony Blair as prime minister by September, suggested Sunday that he will pursue an Iraq policy that is more independent of Washington than the current government.

Brown acknowledged that mistakes were made in the aftermath of the invasion and promised to be "very frank" with President Bush. He also said that Britain is likely to scale down its commitment of troops to Iraq over the next year — even as the White House is considering dispatching thousands more, at least temporarily.

Brown's comments, aired on the British Broadcasting Corp.'s Sunday AM program, seemed intended to distinguish himself from Blair, who has been criticized in Britain for his strong support for Bush and the war, both unpopular here.

"I look forward, if I am in a new position, to working with the president of the United States, George Bush," Brown said. "Obviously, people who know me know that I will speak my mind. I will be very frank. The British national interest is what I and my colleagues are about."

A spokesman for the U.S. State Department declined to comment on Brown's interview.

Blair has said he will step down as prime minister and leader of the governing Labour party before September. Brown, who is credited with helping Blair reinvigorate the Labour party, is unlikely to face any credible challenge when the party elects a new leader, who will automatically become Britain's new prime minister.

Brown, in the BBC interview, also said that Saddam Hussein's execution — in which Saddam, a Sunni Arab, was taunted with the name of a radical Shiite cleric — had done nothing to help stem Iraq's sectarian violence.

"Now that we know the full picture of what happened, we can sum this up as a deplorable set of events," Brown told the BBC. "It is something, of course, which the Iraqi government has now expressed its anxiety and shame at."

Blair, who previously declined to comment on the hanging, said through his press office Sunday that the manner of Saddam's execution was "completely wrong."

Brown also told the BBC that he believed the ideological battle for the hearts and minds of young Muslims was as crucial as the battle against communism was for previous generations.

Brown, in charge of Britain's Treasury since 1997, said he had worked with officials across the American political divide and remained close to ex-Federal Reserve chairman Alan Greenspan and former Treasury Secretary Robert Rubin.

In the interview, recorded on Saturday, Brown also said he believed there should be some form of inquiry into the aftermath of the 2003 U.S.-led invasion.

"There are lessons to be learnt, particularly from what happened immediately after Saddam Hussein fell," he told the BBC.

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"One is that in Iraq itself there is absolutely no doubt — and I think people will agree on this in time — that the passage of authority to the local population should have begun a lot earlier, so they had to take more responsibility for what was happening in their own country."

He said the experience of insurgency in Iraq and Islamic extremist terrorism had proven that "we will not win against extreme terrorist activities and propaganda activities unless we have this battle for hearts and minds as well."

The Treasury chief said he believed Britain was unlikely to join any future U.S. plan to temporarily increase troop numbers in Iraq, aimed at stemming the current bloodshed.

Britain would "continue to move troops from combat to training, to complete the redevelopment work" and was likely to scale down their presence over the next few months.

Britain has around 7,000 soldiers stationed in southern Iraq, mainly based around the city of Basra.

"I believe it is true to say that by the end of the year, there may be thousands less in Iraq than there are now," Brown said.

Parliament would also have a stronger role under his leadership, Brown said, and be more able to hold the government to account.

Iraq's Escape Is Soccer, But Soccer Can't Escape War (NYT)

By Kirk Semple

The New York Times, January 8, 2007

BAGHDAD — Anyone wanting to take a measure of the importance of soccer in Iraq needed only to be in the country during the national team's recent march to the finals of the Asian Games, which were held in Doha, Qatar.

During each match involving the Iraqi squad, work ground to a halt across Iraq as people gathered around televisions. Each victory was celebrated with sustained gunfire that etched the sky with the red streaks of tracer bullets. On Dec. 12, the day Iraq beat the heavily favored South Koreans in the semifinals, at least five people in Baghdad were taken to the hospital with wounds from stray bullets, the police said.

When the final whistle blew on the championship game against Qatar on Dec. 15 — a 1-0 defeat for Iraq — the Iraqi television channel that carried the game cut to a montage of glorious highlights from past victories, seemingly intent on forestalling a total collapse of the national spirit. "You are heroes," the commentator declared. "Second is a beautiful position."

Sports fandom is a universal phenomenon, but in Iraq, soccer, the country's most popular sport, may have greater meaning than usual.

"We Iraqis don't have much fun," said Mehdi Hadi Sabi, 36, an auto parts salesman. On a recent afternoon, he was among a cluster of die-hard fans watching the Police Club, one of Iraq's professional soccer teams, practice in a small stadium here. "This is one of the few recreational things we have left," Mr. Sabi said. "It's kind of a catharsis."

Soccer has become an escape from the uncertainty and violence of life, a source of camaraderie and even a binding force of nationalism in a country riven by sectarianism.

When the national team beat Singapore in October, earning Iraq a spot in the Asia Cup this July, Gen. George W. Casey Jr. and Ambassador Zalmay Khalilzad issued a joint statement of congratulations. "Few events bring together Iraqis as a nation like soccer," it said. "It is a great example of what is possible when Iraqis work together regardless of sect, religion or ethnicity."

Despite the national team's successes abroad, the sport at home has been fraught with the same uncertainties as the rest of Iraqi life.

The professional league halted at the 2003 invasion; play was not resumed until late 2004. Though the stadiums remain remarkably free of violence, fear of attacks has cut into attendance. Ticket revenues and government support have declined, and the stadiums and practice facilities are in poor shape. The best players have fled abroad, seeking safer conditions and more lucrative contracts. "All the players would be happy to leave the country," said Amir Sabah Hussein, 18, a forward on the Police Club. "I wish it weren't so."

Violence has also precluded professional league matches in areas of the country where the insurgency is particularly strong, including Anbar Province and the area north of Baghdad known as the Sunni Triangle. Teams from several violent,

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troubled cities have either folded or moved: the Samarra team, for instance, has relocated to Baghdad, and Mosul plays in Erbil, according to Tareq Ahmed, the acting director of the Iraq Football Association.

Amateur and school leagues have also been crippled, with many teams no longer traveling outside their neighborhoods to play because of fears of attack.

In recent months, athletes and sports officials have been shot and kidnapped. In November, Hudaib Mejhool, director of the professional Students Club, was kidnapped by gunmen while driving to work. His body turned up in the morgue. Ghanim Ghudayer, a member of the Air Force Club and the Iraqi Olympic team, was kidnapped in September.

The Police Club, which is in the soccer association's premier league and is one of the country's oldest teams, practices on a field scorched yellow by the sun, and the stands have fallen into disrepair. The team has not played an official league game there for two years because it is too vulnerable to attack, team officials said. During a practice in early December, a bullet sailed past the head of a player; the whole team dropped flat on the ground. It was unclear whether the bullet was a stray or from a sniper. The practice was cut short; memories were still fresh of a player with the Zawra Club who was killed by a stray bullet during practice earlier in the year.

The premier league's season was supposed to begin Nov. 24, but was postponed twice because of security concerns. The league's northern and southern divisions started play in November, but the season is still suspended for the teams based in Baghdad. As to when they will begin play, Ahmed Abbas, the general secretary of the Iraqi Football Association, said, "God only knows."

The possibility that the season may evaporate has crippled the Police Club's morale. "They're training aimlessly," Muhammad Shakir, the team's coach, said during a recent practice. "They don't know what they're doing this for."

The players were phlegmatically warming up by kicking around balls and stretching. "Before, we were coming to work with our hearts and minds," the coach continued. "Now we are just coming with our minds."

Hashim Ridah, 27, a stocky forward and one of the league's most prolific scorers, said that if the season never began, he might seek a spot on the team in Karbala, his hometown. He said he could not afford to lose another year. "The time of the player is limited," he said.

The fans, too, are distraught. "I may fall into a depression if there is no season," said Mr. Sabi, the auto parts dealer. "It's hard to imagine Iraq without a football season, and a season without the Police Club." But Mr. Sabi and his buddies continue to turn out for most practices.

"My family has tried to prohibit me from coming here because I have diabetes, but I don't care," said Wasim Mohsin, 50, a rotund sheep vendor and one of the Police Club's stalwart fans. "I watch the clock, and when it strikes two o'clock, I just leave the house and go to the club." Once, he said, he even abandoned a sick daughter at a hospital to catch a game.

But there may be no more devoted a Police Club fan than Khalil Khalaf, 23, a deaf house painter. After a Police Club loss to a team from Najaf last season, Mr. Khalaf, a wiry blade of a man, angrily hurled himself over a retaining fence, sprinted across the playing field and tackled a Najaf player. Mr. Khalaf was pounced on by other Najaf players and a police officer, who beat him with a stick. His friends pulled him to safety.

To explain what the team meant to him, Mr. Khalaf pounded his chest with his fist, then repeatedly dragged an index finger from the corner of his eye down his cheek. Mr. Mohsin translated: "He says, 'The team is in my heart, and sometimes I cry for them.' "

His message conveyed, Mr. Khalaf clenched his fists into thumbs-up signs and bounced up and down on the balls of his feet. He looked like the happiest man in Iraq.

Taliban Resume Their Attacks In Afghanistan (NYT)

By Abdul Waheed Wafa

The New York Times, January 8, 2007

KABUL, Afghanistan, Jan. 7 — The Taliban appeared to be resuming their campaign of violence after a week of quiet over the Islamic festival of Id al-Adha.

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Two newborn babies, their mother and a grandmother were killed in a roadside bombing in eastern Afghanistan as they were returning home from the hospital on Sunday, said the provincial police chief of Khost, Muhammad Ayub, who called the attack "inhuman." Three others in the car, a woman and two men, were wounded, he said.

In a separate attack, gunmen on a motorcycle killed a high school headmaster in the southern province of Helmand as he was walking home from morning prayers at his local mosque, according to an Interior Ministry spokesman.

American soldiers thwarted a suicide car-bomb attack on their outpost in the eastern province of Paktika on Saturday. The troops began shooting at the advancing vehicle, and it crashed into an outside barrier and exploded, according to a NATO statement. Five soldiers were wounded, and the bomber was killed.

A NATO soldier was also wounded in a roadside explosion in Kandahar Province on Saturday, a NATO spokesman said.

More than 600 civilians have been killed in the past three years, including those killed as a result of operations by NATO, American and Afghan troops as well as attacks by the Taliban and Al Qaeda, the Afghan Independent Human Rights Commission reported Sunday. The commission appealed for the military to take more care to avoid civilian casualties and called for compensation to be given to the victims' families.

Military Injustice (LAT)

The Los Angeles Times, January 8, 2007

Army prosecutors are going too far in trying to conscript reporters to boost their case in a soldier's court-martial.

ARMY 1ST LT. EHREN WATADA may or may not have a good claim for conscientious objector status. It makes sense for the Army to prosecute him for refusing orders to deploy to Iraq last June, and Watada has at best an uphill battle in defending his actions, given that he joined the military of his own free will. But Army lawyers are overreaching when they try to prosecute their case by drafting reporters.

Watada faces a court-martial next month for missing his troop movement and for his published explanations of his refusal to go. The Army has his statements, but it subpoenaed reporters to authenticate that he, in fact, said what is in print and on tape.

Portions of independent journalist Sarah Olson's interviews with Watada appeared on the website Truthout.org and were broadcast on radio stations in New York and the Bay Area. Freelance journalist Dahr Jamail had simply videotaped Watada's speech at a Veterans for Peace convention. Honolulu Star-Bulletin reporter Gregg K. Kakesako also reported Watada's story.

A military judge ruled that Olson and Jamail did not have to appear at Thursday's pretrial hearing. But the Army is pressing forward with its demand that the two reporters testify at the trial.

No prosecutor should be able to conscript any reporter into being a deputy by compelling testimony about a statement made by a source — or go fishing for information beyond what a reporter presents in a story — unless it's absolutely vital to protect U.S. citizens from crime or attack. This principle should apply whether or not the source was speaking in confidence, or whether or not the reporter works for a media organization.

It's egregious enough when U.S. attorneys subpoena journalists, which is happening at an alarmingly increasing rate (illustrating the need for a national shield law). But there is something especially chilling about the U.S. military reaching beyond its traditional authority to compel a non-military U.S. citizen engaged in news-gathering to testify in a military court, simply to bolster a court-martial case. There is no security interest at stake, and no matter of national urgency.

The Army can make its case against Watada without pestering civilian journalists. Sustaining the military subpoena would set a troubling precedent. It's time for the Army to back off.

CORPORATE SCANDALS:

Apple's Jobs May Still Face U.S. Scrutiny Over Stock Options (BLOOM)

By Karen Gullo And Connie Guglielmo

Bloomberg, January 8, 2007

Jan. 8 (Bloomberg) -- Apple Computer Inc. Chief Executive Officer Steve Jobs, exonerated by the company's board last month in a stock-options scandal, may still face scrutiny from U.S. investigators.

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The Securities and Exchange Commission and the Department of Justice may question Jobs as they probe whether current and former Apple executives, directors and others committed fraud by backdating some stock-option awards to inflate their value, said criminal defense attorneys who formerly worked at those agencies.

Apple said Dec. 29 that 6,428 stock options issued between 1997 and 2002 were backdated. That included one grant to Jobs marked as approved at a special board meeting that never occurred. Jobs recommended some favorable dates on options other than his own. Apple, which found ``no misconduct'' by Jobs, didn't say which options the CEO backdated or why it faked a board meeting.

``The SEC and the Justice Department are not bound by the company's conclusions,'' said San Francisco-based attorney Jahan Raissi, a former senior counsel in the SEC's enforcement division. ``They have far more powerful tools to force people to talk to get information.''

Federal Investigation

Cupertino, California-based Apple, maker of the iPod music player and Macintosh computer, is among the largest of the more than 195 companies embroiled so far in a stock-options scandal that broke last year.

Prosecutors will want to know what Jobs, 51, was told in meetings and in telephone calls and if any advice was given to him by outside attorneys, said Robert Mintz, a white-collar criminal defense attorney in Newark, New Jersey, and former assistant U.S. attorney in New Jersey.

A person familiar with the matter said Oct. 5 that federal prosecutors in San Francisco are investigating Apple's backdating of stock options.

The computer maker's revelation that Jobs chose some of the dates for options grants will prompt investigators to explore his role, said William Portanova, a white collar criminal defense attorney in Sacramento, California, and former U.S. prosecutor in California.

``They admitted he knew what was going on and picked the dates,'' Portanova said. ``Nobody is out of the woods until the SEC and DOJ say they are out of the woods.''

Hiding Costs

Stock options allow holders to buy shares at a later date, usually at the market price the day they were granted. Backdating options to days with low prices inflates their value. If not properly disclosed, the practice may break laws because it hides costs from shareholders and regulators.

SEC spokesman John Nester in Washington wouldn't comment specifically about Apple, though he said internal company reviews don't preclude an SEC investigation. ``It's a tool that can expedite the resolution of a matter, but it's not a substitute,'' Nester said.

U.S. Attorney Kevin Ryan in San Francisco declined to comment on the company. In general, while a company's internal investigation ``can be helpful in our investigation, we exercise our own due diligence in determining whether federal criminal prosecution is warranted,'' Ryan said.

Apple set up a special committee to run an internal review of the options grants after disclosing in June there may have been problems with awards. It was led by former Vice President Al Gore, a member of the company's board since 2003, and director Jerome York, who was a member of the compensation committee in 2001 when the backdated grant to Jobs was made.

Jobs and Gore

Jobs served on the advisory board of Gore's Current TV cable channel, the San Francisco-based company said in a May 2004 press release. He has contributed $252,700 to Democrats since 1996, including $26,700 to the Democratic Congressional Campaign Committee in June, according to federal campaign contribution records compiled by the Center For Responsive Politics, which tracks money in politics.

He gave former U.S. Senator Bill Bradley $500 in 1999 and hasn't contributed to Gore, the records show.

Neither Jobs nor Apple have made any financial contributions to any of Gore's projects: The Alliance for Climate Control, Current TV or Generation Investment Management LLP, said Apple spokesman Steve Dowling. There is no financial relationship between Jobs and Gore, Dowling said.

The Gore committee cleared Jobs and other current management of wrongdoing after an investigative team spent more than 26,500 man-hours searching more than 1 million paper and electronic documents. More than 40 current and former directors, officers, employees and advisers were also interviewed, the company said.

Cleared Jobs

The disclosure eased some investors' concerns that Jobs, credited with leading a revival at the company since returning as CEO in 1997, might be forced to step down.

Apple shares rose 4.9 percent the day of the exoneration. They fell 61 cents to $85.05 in Nasdaq Stock Market composite trading Jan. 5. They gained 18 percent last year after more than doubling in 2005.

Jobs and Apple may also be forced to provide more details to lawyers representing shareholders suing the company. ``They have not disclosed near enough information," said Nell Minow, editor at the Corporate Library, a corporate governance research firm in Portland, Maine. Apple faces a federal lawsuit in California that consolidates 11 shareholder complaints over backdating.

``You want to see a very specific discussion of what steps they took, what questions they asked, what researchers they used," Minow said.

Options for Jobs

In 2001, Jobs received options on 7.5 million shares. The terms of the grant were completed Dec. 18 of that year, when Apple's shares were trading at $21.01, Apple said. Oct. 19 was chosen as the grant's date, giving Jobs a lower exercise price of $18.30.

The company told shareholders in a March 2002 regulatory filing that the grant was approved at a special board meeting in October 2001. Apple disclosed last month that the meeting never took place. No member of current management was aware of the ``irregularity," the company said.

Apple said it recorded $84 million in charges to correct its accounting for the backdated options, including $20 million for Jobs' 7.5 million share award. Jobs voluntarily canceled that grant and other outstanding options in March 2003.

He chose to do so to make more stock available for employees, Apple said in an SEC filing at the time.

Restricted Shares

Instead, the board gave Jobs 5 million shares of restricted stock, which vested in March 2006. At the time, the shares were worth $646.6 million.

Apple said the actions of two unidentified former officers involved in accounting, recording and reporting of stock options grants had raised ``serious concerns."

Former Chief Financial Officer Fred Anderson, whose tenure included the five years when options were manipulated, resigned as a director in October after Apple first reported the results of its internal review. Jerome Roth, Anderson's San Francisco- based attorney, said his client wasn't involved in any ``knowing manipulation" of options.

Apple's top lawyer Nancy Heinen, who joined Apple in September 1997 after Jobs returned as CEO, resigned last May.

``We strongly deny any and all accusations of intentional wrongdoing on her part," said Cristina Arguedas, Heinen's lawyer in Berkley, California.

Investigator In Apple Probe Had Conflicts (USAT)

By Greg Farrell

USA Today, January 8, 2007

One of the directors in charge of Apple's internal investigation into backdated stock options ran a computer reseller that accounted for about $600 million worth of Apple sales from 2000 to 2003.

That financial relationship, even though it no longer exists, should have disqualified director Jerome York from the assignment, say two corporate governance experts.

York, an Apple director for the past 10 years who chairs the board's audit and finance committee, was one of three board members on a committee that oversaw last year's probe into the company's improperly awarded options grants.

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In January 2000, York led an investor group that paid more than $700 million to buy Micro Warehouse, a distributor of Macintosh computers and related products. York became chairman and CEO.

Over the next three years, according to Apple's filings with the Securities and Exchange Commission, Apple drew about 3% of its annual net sales from Micro Warehouse. York sold the company's assets to CDW in September 2003 for $22 million.

In addition to the history of his business relationship with Apple, York faced another conflict in overseeing the special probe: He sat on Apple's compensation committee during part of the time when Apple now says options were backdated. Apple said York recused himself from that part of the probe.

As head of the compensation committee, York had approved some of the grants that were investigated.

Still, two governance experts expressed dismay that Apple would allow York, a former chief financial officer of IBM and Chrysler, to serve on the panel.

"You either have an independent investigation or you don't," says Lynn Turner, director of research at Glass Lewis. "York was a conflicted director."

"This is not a good board, and they have not given us any reasons to feel confident," says Nell Minow, editor at The Corporate Library. Just because York no longer has a financial relationship with Apple doesn't erase all the ties that existed, she says.

"You can't unscramble that egg and suddenly become independent," says Minow. "This shows a failure to understand the core fundamentals of appearance and reality."

York did not return messages left at his home last week, and Apple declined to comment on the matter.

In a statement issued Dec. 29, York and Al Gore, the former U.S. vice president who joined Apple's board in 2003, described Apple's investigation into backdating as "exhaustive" and said the board had "complete confidence" in CEO Steve Jobs and his management team.

Apple said in an SEC filing that Jobs "was aware or recommended the selection of some favorable grant dates," but "he did not receive or financially benefit from these grants or appreciate the accounting implications."

The investigation, which the company voluntarily disclosed more than six months ago, was conducted by the law firm Quinn Emanuel Urquhart Oliver & Hedges, under the direction of Gore, York and a third outside director, Google CEO Eric Schmidt.

Apple is among about 200 companies that have admitted to or are being investigated for giving employees favorably priced options by backdating awards from the approval date to dates when the stock's market price was lower. That may violate SEC and tax rules if companies don't properly disclose and account for below-market priced options.

According to the Dec. 29 SEC filing, the investigation focused on 42,000 stock-option grants made on 259 dates from 1996 to 2003. Of those grants, 6,428 awarded on 42 dates were incorrectly dated.

Apple spokesman Steve Dowling said he did not know if the law firm interviewed Jobs or York or whether the 40-plus witnesses questioned made any statements under oath. He said the findings were given voluntarily to the SEC and the U.S. Attorney's office in San Francisco, which are looking into the matter.

Apple Quietly Canned Lawyer Who Backdated (LAW)

By Justin Scheck, The Recorder

California Recorder, January 8, 2007

Steve Jobs is an ideas guy. He wears jeans, grows beards and orates to cheering throngs at events like this week's MacWorld conference.

Jobs' biographers say evidence indicates that he's a pescetarian. He went to India. He takes only $1 a year in salary. And he leaves it up to other people to award him hugely valuable piles of stock in Apple Computer, where he's the CEO.

People like Wendy Howell, the former in-house Apple lawyer responsible for option paperwork, probably won't be attending Jobs' eagerly awaited MacWorld speech Tuesday. Late last year, she became the lone person to lose her job as a result of the company's well-publicized options problems.

Howell's name hasn't been publicly mentioned in the Apple options mess, and her firing wasn't disclosed by the company in its series of public disclosures of options problems.

But she was the person who filled out the paperwork on a 2001 option award to Jobs that has grown infamous since just after Christmas, when Apple acknowledged that the value of the grant was artificially pumped up via a set of fabricated meeting minutes.

Howell's role was detailed by various people familiar with the situation, all of whom refused to be named because of the federal government's ongoing criminal and regulatory probes of Apple.

As the person who wrote out those "minutes," Howell has become a central figure in the Apple probe -- both as a potential defendant in a fraud case and as someone who could tell the government who at the company knew about backdating and its financial and legal implications.

Reached Thursday, Howell's lawyer, white-collar defense specialist Thomas Carlucci of Foley & Lardner, didn't seem ecstatic about the prospect of seeing his client's name in print. He would not comment on whether his client was a target.

Of course, there's more to Apple's options problem than what went on in the legal department. So while prosecutors discuss whether Howell is more valuable as a witness or a target, their colleagues in the Securities and Exchange Commission are trying to parse the specifics of how Apple accounted for thousands of options grants -- and whether executives knew that the law required backdated grants to be recorded as expenses.

The company has publicly said that while Jobs knew about the backdating, he didn't benefit from it or understand the accounting implications.

And last week, a lawyer for Fred Anderson, Apple's former CFO, released a prepared statement that his client "did not play any day-to-day role in the granting, reporting, and accounting of stock options and he was not involved in any knowing manipulation of the process."

But analyzing the accounting of options is an esoteric pursuit, and people familiar with the Apple case say Anderson could be facing indictment -- a concern big enough to warrant the hiring of a "crisis communications" specialist this week to speak on his behalf.

FLIGHT PATH

Howell's trajectory into backdating ignominy is as unlikely as the route that Jobs, a first-semester college dropout, took to becoming the personification of a wildly successful tech company.

Howell graduated from the John F. Kennedy University School of Law in Walnut Creek, a school unaccredited by the American Bar Association, and passed the bar in 1996.

She soon found herself in the legal department of floundering Apple Computer, a company in such rough shape that it was having a tough time finding in-house lawyers.

But it didn't take long for it to become clear that Howell's timing was lucky: In 1997, Apple acquired Next, the company that Jobs founded after leaving Apple in 1985. The merger saw Jobs return as CEO, leading the company to remarkable success while bringing close associates to executive and board positions.

Howell eventually took over the responsibility of options administration. When her direct supervisor, Michael Wyatt, left in 2000, Howell -- who had been practicing law only four years -- found herself as one of the only corporate lawyers left in the department, and began reporting directly to General Counsel Nancy Heinen.

That was the case through the end of the tech boom and the ensuing bust cycle, which flooded the job market with more experienced corporate attorneys who would've been happy to have Howell's job.

It was in that atmosphere that someone decided to grant Jobs a pile of backdated options -- and it was up to Howell to fill out that paperwork, which, according to people familiar with the case, included writing up minutes for a board meeting that never happened.

HITTING THE FAN

Howell continued working at Apple through a serious personal crisis in 2005 and the spring 2006 firing of Heinen -- which came, according to people with knowledge of the situation, after a disagreement between the GC and Jobs unrelated to the backdating.

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Heinen has been represented by Cristina Arguedas, of Arguedas, Cassman & Headley and by Miles Ehrlich of Ramsey & Ehrlich since shortly after Apple's internal probe into backdating was launched.

Also around the beginning of that probe, Howell's role regarding options came under close scrutiny.

She went on leave over the summer, said people with knowledge of the situation and, sources said, was eventually terminated as a result of the investigation. Howell's role has since been detailed to the San Francisco federal prosecutors and SEC lawyers investigating the case, said people with knowledge of the investigation.

It's not clear what the government will decide to do with that information. While they could decide to bring a case against her, it's unlikely that prosecutors would bring criminal charges in such a high-profile case if they were limited to a non-executive employee.

That sets up a tense dynamic for the prosecutors and the subjects of their investigation. Whereas Howell will probably try to extricate herself by saying superiors ordered her to fabricate filings, those superiors, said people familiar with the case, are certain to argue that the wrongdoing was limited to Howell, who, as an attorney, would be expected to know that faking documents is illegal.

The other question is the extent to which prosecutors and SEC regulators will look beyond the legal department in an attempt to bring charges.

Anderson's crisis management specialist, Paul Kranhold, referred a request for comment to the earlier prepared statement by Anderson's lawyer, Jerome Roth of Munger, Tolles & Olson. And George Riley, the O'Melveny & Myers partner representing Apple, was even less loquacious about the case. "I have no comment at all," he said.

Nor did Mark Pomerantz, the Paul, Weiss, Rifkind, Wharton & Garrison partner who, several people with knowledge of the investigation said, represents Jobs.

A GATHERING STORM

People with knowledge of the Apple probe say they expect it to gain steam over the next few weeks, and that if the prosecution team -- mainly Assistant U.S. Attorney Christopher Steskal and his supervisor, Eumi Choi -- were to file charges, it could happen within the next two months.

But that could change because in most of the options cases, defendants have been willing to sign tolling agreements, which prolong the statute of limitations to give prosecutors extra time to investigate, extending the time targets have to persuade prosecutors not to indict.

As they move forward with their probe, the prosecutors will have to weigh several considerations: Is Apple's assertion that Jobs knew about backdating, but wasn't aware of its impropriety, plausible?

And is it possible that someone in Howell's position could -- or would -- backdate grants to benefit executives without her superiors knowing?

In arguing no, it's likely that her lawyer, Carlucci, will use as a defense Howell's lack of experience -- in contrast to the defense that her superior's lawyer has offered.

"Nancy Heinen has got 20 years of her reputation to stand on, period, and I'll put that up against any innuendo or rumor any time," Arguedas said.

FCC Rules Expected On Phone Records (USAT)

By Paul Davidson

USA Today, January 8, 2007

Four months after Hewlett-Packard's spying scandal, the Federal Communications Commission is expected within weeks to set new rules protecting personal phone records from unauthorized disclosure.

The move follows last summer's revelations that investigators for Hewlett-Packard used deception to obtain the phone records of board members and reporters in an effort to identify the sources of news leaks about company matters.

FCC Chairman Kevin Martin is recommending the FCC order land-line and wireless phone carriers to require that customers use a password to immediately obtain their calling records from a representative by phone, FCC officials say.

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Customers also could obtain their records without a password by asking phone companies to send the information to their home addresses, or having a phone company representative call them back at their home or cellphone number of record.

Those trying to obtain their calling data online would have to use a password.

A majority of the FCC's five commissioners support the proposal, though some details could be modified before the new rules are approved in the next few weeks, agency officials say.

In 2005, lawmakers began raising concerns about the practice known as "pretexting," where data brokers pose as someone else and trick phone-company representatives into turning over that person's calling information, such as numbers called, and the time and duration of calls. The brokers then sell the data, often for use in legal or domestic disputes.

Congress last month passed a bill criminalizing the practice of lying to obtain phone records, with violators facing fines and up to 10 years in prison. President Bush is expected to sign the legislation.

Phone companies have opposed a password requirement, fearing it would mean hassles for subscribers. But in a recent letter to the FCC, Verizon and Verizon Wireless said they back a password mandate to obtain call details, as long as it's not needed simply to discuss an account with customer service.

"I think we've tried to figure out a way to balance (customer convenience) while also making sure we add some additional protections," the FCC's Martin says. Under Martin's proposal, a customer also would be able to discuss a particular call on a bill without a password. Carriers also would have to notify customers if their passwords are changed to ensure they were not illegally altered online by a pretexter.

Marc Rotenberg of the Electronic Privacy Information Center says the proposed rules are "a step in the right direction," but a more foolproof strategy would be to not provide calling details on a bill.

Pay Is Company's Prerogative (USAT)

By Yaron Brook

USA Today, January 8, 2007

Critics of CEO pay are lampooning the $210 million Robert Nardelli received after a disappointing six-year tenure at Home Depot. Rep. Barney Frank, the new chairman of the House Financial Services Committee, calls Nardelli's pay package "confirmation of the need to deal with a pattern of CEO pay that appears to be out of control."

By what right does the government, or anyone else, claim the power to dictate what owners of Home Depot or any other private company can pay someone to run their company? It's their company. If through error or irrationality they overpay (or underpay, and so fail to attract good managers), as Home Depot may have done, the loss is theirs.

The only valid reason to be concerned about CEO pay is that our government actively prevents market forces from operating. For instance, restrictions on board membership and hostile takeovers today stop large shareholders with extensive business knowledge, especially financial institutions, from influencing CEO pay. Anyone concerned about the health of corporate America would demand repeal of all such regulations.

But far from demanding repeal of the regulations, critics of CEO pay agitate for ever more control over corporate governance. They are not concerned with corporate wealth creation, but with "corporate social responsibility" — the idea that executives and shareholders should be forced to sacrifice money-making for the sake of sundry "stakeholders." These critics demand that companies staff boards with labor activists, invest in irrational environmental schemes, and provide above-market health benefits with no regard for the cost to shareholders.

This vision of corporate altruism is not only destructive, it is immoral. America is the land in which every individual, including a CEO, can pursue happiness through productive work. Morally, CEOs should focus on creating wealth and making profits for their shareholders, and they should be regarded as heroes, not villains, for doing so. Theirs is an enormously demanding job, with billions of dollars riding on their judgment. They should be paid handsomely for their services.

How much? That is for the owners of each company — and more widely, the participants in a truly free market — to establish.

Yaron Brook is executive director of the Ayn Rand Institute, which promotes individual rights and free enterprise. (Home Depot and Robert Nardelli declined to provide an opposing view to this editorial.)

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Working Harder For The Man (NYT)

By Bob Herbert

The New York Times, January 8, 2007

Robert L. Nardelli, the chairman and chief executive of Home Depot, began the new year with a pink slip and a golden parachute. The company handed him a breathtaking $210 million to take a hike. What would he have been worth if he'd done a good job?

Data recently compiled by the Center for Labor Market Studies at Northeastern University in Boston offers a startling look at just how out of whack executive compensation has become. Some of the Wall Street Christmas bonuses last month were fabulous enough to resurrect an adult's belief in Santa Claus. Morgan Stanley's John Mack got stock and options worth in excess of $40 million. Lloyd Blankfein at Goldman Sachs did even better — $53.4 million.

According to the center's director, Andrew Sum, the top five Wall Street firms (Bear Stearns, Goldman Sachs, Lehman Brothers, Merrill Lynch and Morgan Stanley) were expected to award an estimated $36 billion to $44 billion worth of bonuses to their 173,000 employees, an average of between $208,000 and $254,000, "with the bulk of the gains accruing to the top 1,000 or so highest-paid managers."

Now consider what's been happening to the bulk of the American population, the ordinary men and women who have to work for a living somewhere below the stratosphere of the top corporate executives. Between 2000 and 2006, labor productivity in the nonfarm sector of the economy rose by an impressive 18 percent. But workers were not paid for that impressive effort. During that period, according to Mr. Sum, the inflation-adjusted weekly wages of workers increased by just 1 percent.

That's $3.20 a week. As Mr. Sum wryly observed, that won't even buy you a six-pack of Bud Light. Joe Six-Pack has been downsized. Three bucks ain't what it used to be.

There are 93 million production and nonsupervisory workers (exclusive of farmworkers) in the U.S. Their combined real annual earnings from 2000 to 2006 rose by $15.4 billion, which is less than half of the combined bonuses awarded by the five Wall Street firms for just one year.

"Just these bonuses — for one year — overwhelmingly exceed all the pay increases received by these workers over the entire six-year period," said Mr. Sum.

In a development described by Mr. Sum as "quite stark and rather bleak for the economic well-being of the average worker," the once strong link between productivity gains and real wage increases has been severed. The mystery to me is why workers aren't more scandalized. If your productivity increases by 18 percent and your pay goes up by 1 percent, you've been dealt a hand full of jokers in a game in which jokers aren't wild.

Workers have received some modest increases in benefits over the past six years, but most of the money from their productivity gains — by far, it's not even a close call — has gone into profits and the salaries of top executives.

Fairness plays no role in this system. The corporate elite control it, and they have turned it to their ends.

Mr. Sum, a longtime expert on the economic life of the American worker, said he is astonished at the degree to which ordinary workers have been shortchanged over the past several years. "Productivity has been exceptional," he said. "And for most of my life, the way to get wages up was to be more productive. That's how our economy was supposed to work."

The productivity gains in the go-go decades that followed World War II were broadly shared, and the result was a dramatic, sustained increase in the quality of life for most Americans. Nowadays workers have to be more productive just to maintain their economic status quo. Productivity gains are no longer broadly shared. They're barely shared at all.

The pervasive unfairness in the way the great wealth of the United States is distributed should be seen for what it is, an insidious disease eating away at the structure of the society and undermining its future. The middle class is hurting, propped up by the wobbly crutches of personal debt. The safety net, not just for the poor, but for the middle class as well, is disappearing. The savings rate has dropped to below zero, and more Americans are filing for bankruptcy than for divorce.

Your pension? Don't ask.

There's a reason why the power elite get bent out of shape at the merest mention of a class conflict in the U.S. The fear is that the cringing majority that has taken it on the chin for so long will wise up and begin to fight back.

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CRIMINAL LAW:

States Turn To Texas For Execution Guidance (USAT)

By Kevin Johnson And Richard Willing

USA Today, January 8, 2007

On the evening of Nov. 6, 2001, convicted murderer Terry Clark became the first New Mexico inmate put to death in 41 years. The execution itself wasn't the only thing notable about that evening in the Santa Fe death chamber.

The executioner who carried out the death sentence was an unidentified contractor who learned how to administer a deadly chemical cocktail as a member of the lethal injection team in Texas, which operates the nation's busiest death house. Texas "was right next door, and they were obviously experienced," New Mexico spokeswoman Tia Bland says. The unidentified executioner was paid $6,300, she says.

"We contacted other states," says Bland, whose state has not executed anyone since Clark, "but Texas was the only one willing to accept the contract."

The outsourced execution, and others like it, has drawn attention to Texas' growing reputation as the nation's source for behind-the-scenes guidance and experience in carrying out lethal injections at a time when that method of execution is increasingly under fire.

As lawsuits from California to Florida have challenged the constitutionality of lethal injections, more than a dozen states and the federal government have sought Texas' advice in carrying out such executions.

The lawsuits have alleged, among other things, that unqualified execution teams sometimes have botched the procedure and made it a cruel and unusual punishment that should be considered illegal under the Eighth Amendment.

Problems with the recent execution of Angel Diaz in Florida triggered a temporary suspension of the death penalty in that state while authorities review injection procedures and questions about how much inmates suffer when they are executed by injection. An autopsy revealed that Diaz's execution took 34 minutes — more than twice as long as a typical execution — because needles carrying the lethal drugs had not been inserted properly into Diaz's veins.

Meanwhile, a federal judge in California recently extended a moratorium on executions there after citing a "lack of professionalism" in execution protocols. Last year, challenges to lethal injection were brought in Maryland, Oklahoma, Missouri, Virginia and Georgia. Last month, Maryland's state Court of Appeals suspended executions in that state, ruling that part of the guidelines for carrying out lethal injections were not approved correctly under state law.

Together, the lawsuits represent the most significant challenges to date of the method of execution used by nearly all of the 38 states that have the death penalty.

Lethal injections typically involve a mixture of three drugs administered in the following order:

•Sodium thiopental, which renders the inmate unconscious;

•A muscle relaxant such as pancuronium bromide to stop all muscle movement except that of the heart;

•Potassium chloride, which stops the heart.

The precise mixture of chemicals and the protocols for how to inject the drugs vary slightly among the states, but when officials in a state begin developing or revising their guidelines for carrying out executions, they often start with a trip to Texas. Since the U.S. Supreme Court reinstated the death penalty in 1976, Texas has executed 379 killers — nearly 36% of all the inmates executed in the USA since then, and almost four times the number executed by Virginia, which ranks second in executions.

The trips by officials from other states and the federal government who visit Texas generally are not publicized. Texas Department of Criminal Justice spokeswoman Michelle Lyons says that such trips usually are planned around a scheduled execution in Texas, so that the visiting officials can shadow the entire procedure.

Seats also are reserved for visiting officials in the "chemical room," where an anonymous executioner starts the flow of the lethal drugs to the prisoner through intravenous lines.

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"Where else would you go to learn that?" asks Larry Fitzgerald, a former Texas prisons spokesman who witnessed 219 executions in eight years with the Texas Department of Criminal Justice.

The sheer number of executions in Texas was one reason federal prison authorities went to Huntsville in 2001 as they prepared to execute Oklahoma City bomber Timothy McVeigh. On June 11, 2001, McVeigh — who was convicted in the 1995 attack on a federal building that killed 168 people and wounded hundreds more — became the first federal prisoner put to death in 38 years.

Federal Bureau of Prisons Director Harley Lappin, who then managed the U.S. government's death row operation in Terre Haute, Ind., was an observer on Feb. 8, 2001, when Texas inmate Adolph Hernandez was executed for killing a 69-year-old woman in 1988. (Lappin recently was named to a Florida commission reviewing lethal injection procedures in the aftermath of Diaz's execution.)

Fitzgerald says prison authorities from more than a dozen states, including Alabama, New York and California, have made similar excursions to Texas to observe executions and develop their own protocols not only for dispensing a lethal dose of chemicals, but also for controlling crowds outside the execution facility and dealing with media.

Fitzgerald also says that states sometimes have arranged to have members of Texas' execution team carry out death sentences in those states. "On occasion, they have been content with our guys to do the execution," he says.

Texas' Department of Criminal Justice has declined to disclose any potentially identifying information about members of the execution team, except to indicate that they are non-physicians with specific medical training to start IV lines and dispense the lethal chemicals. The department also will not reveal how the team members are selected or describe the terms of their contracts with the state of Texas.

Lyons says the department does not monitor execution team members' involvement in out-of-state executions. She says she does not know how frequently Texas teams are hired by other states.

In Connecticut, the attorney for convicted serial killer Michael Ross says he believes the state sought the assistance of Texas executioners when his client was put to death by lethal injection on May 13, 2005. "It was my understanding that our Department of Corrections had obtained guidance and assistance from Texas," attorney T.R. Paulding says.

Connecticut's Department of Corrections has declined to say whether Texas authorities were involved in Ross' execution.

Michael Radelet, chairman of the Sociology Department at the University of Colorado, calls the practice of contract executions "bizarre."

"I suspect that those states look to Texas simply because they do not want to undergo the training costs to qualify their own" executioners, Radelet says. "Then again, given the stigma surrounding the executioner profession for the past several hundred years, perhaps this is simply another sign that more and more people are realizing that this is not a good profession to be in."

He notes that although Texas is recognized as the authority in carrying out the death penalty, there have been complications in several of the state's executions.

In a review published by the Death Penalty Information Center, a group based in Washington, D.C., that opposes the death penalty, Radelet cited 37 instances — including 10 from Texas — in which there were problems during an execution. The problems included execution team members having difficulty finding veins in an inmate's arm in order to inject the drugs and a 1988 case in which a catheter popped out of a condemned man's vein, causing the execution process to be restarted.

Jonathan Groner, associate professor of surgery at Ohio State University's College of Medicine and Public Health, says it would not be uncommon for state officials to gather "the family recipes" from jurisdictions where executions are most common.

"The problem is that the process is so secretive," Groner says, referring in part to the backgrounds and oversight of executioners. Because physician ethics prohibit doctors from overseeing executions, Groner calls the lethal injection process a "medical charade."

"Lethal injection involves medical technology," he says, "but does not include medical expertise."

The New Math On Crime (USNEWS)

By Will Sullivan

U.S. News and World Report, January 7, 2007

DOJ_NMG_0113053

Even before the fireworks launched from the French Quarter's Jackson Square, 2006 went out with a bang in New Orleans-a handful of them, actually. At 7 p.m. on December 31, several of those bangs felled a 42-year-old man, who was found inside his FEMA trailer with multiple gunshot wounds to the back of his head. At 8:45 p.m., another man was shot several times and left dead on the sidewalk. At 10:12 p.m., a third was killed inside his home.

The three men were some of the last murder victims in an unusually bloody 2006. The year is expected to snap a long stretch of relatively good news on the homicide front nationwide, moving questions about the causes of crime increases off the back burner they have occupied for more than a decade. Those questions have so far eluded satisfying answers, and many experts contend that fears of a sustained rise in murders have little foundation. But the numbers are causing more than a little alarm and getting more than a little attention-from the nation's police chiefs, from Congress, from the Justice Department, perhaps even from the president in his State of the Union speech later this month. Slowly but surely, violent crime is returning to the national agenda.

Nationwide murder totals for 2006 will not be available until the fall, when the FBI releases its annual Uniform Crime Report. But an analysis by U.S. News shows a substantive, if uneven, increase in homicide in the nation's 20 largest cities. The 19 cities for which data were available had 4,152 homicides in 2006, compared with 3,919 the previous year-a 6 percent increase. Phoenix, which could not provide a year-end number, had neared its 2005 total of 238 by the end of November.

Murder is considered the most reliable crime statistic because such a high percentage of killings are reported. So the numbers are always watched closely as an indicator of crime trends. The beginning of the crack epidemic brought soaring murder numbers-a 31 percent increase between 1984 and its peak in 1993. But as the drug's popularity waned, so did murder, falling to around 16,000 a year and staying there for the early years after the millennium. More recently, the plateau has ended. Homicide showed an uptick in 2005, and the FBI's preliminary numbers from the first six months of 2006, along with the yearlong data collected by U.S. News, suggest the increase continued last year.

Some cities were hit especially hard. Philadelphia's 406 homicides were the most in the City of Brotherly Love since 1997. Oakland, Calif., topped its 2005 homicide tally by more than 50, and Cincinnati's 85 homicides were literally unprecedented.

As the year's crime numbers come in, the Police Executive Research Forum has sounded the alarm. An October report from the police advocacy group, titled "A Gathering Storm," expresses concern that the increases signal the beginning of "an epidemic of violence not seen for years." Though not all cities have suffered a crime spike, PERF pushes for more federal cooperation with local law enforcement and more federal funding. "If the pandemic flu were to hit 20 cities in the United States, I don't think the Centers for Disease Control would say, 'Well, let's see how many other cities it hits,'" says Chuck Wexler, the group's director.

Anomalies. But there are plenty of caveats to the new numbers. New York City's nearly 10 percent rise in murders-to 590-doesn't look as bad after taking account of the city's unusually high number of "reclassified deaths," those resulting from injuries in prior years. And the city's number of homicides is still historically low; more than 2,000 people were killed in New York in 1990 alone. Houston neared its highest number of murders in a decade, but the increase largely matches the city's surge in population from Hurricane Katrina evacuees.

Several big cities, including Dallas and San Francisco, bucked the murder trend completely. Washington, D.C., ended the year 27 murders shy of its 2005 total. Los Angeles's historically undermanned police force saw its fifth straight year with a reduction of violent crime.

In fact, the 6 percent increase in murders in the country's 20 largest cities is lower than the 9 percent rise the FBI charted in the first six months of the year. And once smaller cities are included, the FBI recorded only a 1.4 percent increase in that time. On average, smaller cities actually showed dramatic declines in their number of homicides.

That is more variability than was seen in the '80s and '90s, when murders spiked and then plummeted almost everywhere. The inconsistency leads some experts to contend that this year's increase is more an idiosyncratic phenomenon than a national crisis. Even among criminologists, there's not a lot of agreement over what's happening-or why.

In his new book, The Great American Crime Decline, Franklin Zimring, a professor at the University of California-Berkeley law school and an expert on crime statistics, tackles the prevailing explanations for what causes changes in crime numbers and

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finds them wanting. "Any blip in homicide statistics is unnerving because we don't know why we've had this epidemic of good news," he says. "There are a hundred theories and no confirmations."

Yet even some experts who remain agnostic on the significance of the more recent rise in homicides point to factors that could have contributed. Alfred Blumstein, a criminology professor at Carnegie Mellon University, highlights a diversion of resources from traditional crime fighting to preventing terrorism and a reduction in social services to the poorest neighborhoods. He also notes the phasing out of federal money for the Clinton-era COPS program, which gives grants to put more police officers on the street. The PERF report, "A Gathering Storm," partially blames the loss of funds for shrinking police forces in many cities. "I must confess, I expected [murder] to go up two or three years ago," Blumstein says.

With the Dow reaching new records last year and relatively low unemployment, an economic explanation for the rise in violence would seem unlikely. But Richard Rosenfeld, a criminology professor at the University of Missouri-St. Louis, says the economy's strong finish in 2006 belied a volatile year, with concerns about fuel costs and the end of the housing boom. The lack of economic stability especially impacts the urban poor, who are most likely to turn to crime, he says.

That explanation doesn't convince Philip Cook, an economist and professor at Duke University who has written on crime numbers. He disputes the grim portrayal of the 2006 economy and also argues that the link between the economy and murder levels is unproven. Recall the '60s, Cook says, when the economy and murder numbers grew hand in hand.

Police departments have widely cited armed young people as the cause of their recent violence woes, and some speculate that the rise in murders is simply the result of a larger segment of the population entering the prime years for committing crime-generally thought to be ages 15 to 24. The claim is bolstered by FBI statistics showing that the number of murder offenders under the age of 18 and 22 both jumped dramatically in 2005. But the number of young people has risen for some years, with no discernible impact on crime before now.

Some experts suggest the country is suffering the fallout of its own "get tough" crime policies in the 1980s and '90s. The problem was explored in a 2003 Urban Institute study of Maryland, which suggested that the state will face increasing challenges in dealing with a growing population struggling to re-enter society after being incarcerated.

G-men. The uncertainty has not deterred federal eyes from turning back to the problem of urban crime. Under pressure from police groups, Attorney General Alberto Gonzales announced the Initiative for Safer Communities in October, a study of 18 areas with both rising and falling crime to analyze the most effective law enforcement methods. Last month, California Sen. Dianne Feinstein sent a letter to FBI Director Robert Mueller, urging the agency to "re-evaluate its priorities" and place a higher emphasis on investigating violent crime. And Bush administration officials say the president could make an anticrime effort part of his State of the Union address January 23 or put a new initiative in his proposed budget for fiscal year 2008.

Local officials are also rethinking their efforts. In Indianapolis, which saw homicides climb from 110 in 2005 to 137 last year, police have installed their own version of the increasingly popular Compstat system, which combines computerized crime mapping with management brainstorming sessions on how best to combat the latest local crime trends. Recommendations from a mayor's task force are also expected shortly. "We're very optimistic that we'll see a decrease in those numbers in 2007," says Police Chief Michael Spears.

But the year didn't start well. About four hours into 2007, 27-year-old Eric Munoz was found dead in the clubhouse of Indianapolis's Naptown Riders motorcycle club. For Spears, the homicide was humbling, a reminder of a police department's limitations. "If we had 10 officers on patrol outside that location, it wouldn't have prevented it," he says.

The news is worse in New Orleans, where at least seven people have been murdered since the New Year-six within 24 hours. One was 36-year-old Helen Hill, who was shot in the neck inside her home. When police arrived, they found her husband bleeding from gunshot wounds to his hand, arm, and cheek. He was holding the couple's 2-year-old son. The statistics may be ambiguous, but in many cities, the bangs are real.

Polygamist's Papers Topic Of Hearing (AP)

By Jennifer Dobner, ASSOCIATED PRESS WRITER

AP, January 8, 2007

DOJ_NMG_0113055

SALT LAKE CITY -- When a Cadillac Escalade ferrying polygamist church leader Warren Jeffs was pulled over in Nevada in August, authorities found $54,000 cash, 15 cell phones, portable radios, wigs and four laptops.

The documents stored on those computers was to be the subject of a legal tug-of-war Monday as Jeffs' attorneys try to convince a judge that the laptops contain privileged communication between the spiritual leader and his followers.

Jeffs, the 51-year-old leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints, was picked up in a traffic stop near Las Vegas on federal warrants after evading prosecution in Utah and Arizona for nearly two years.

He's now in a southern-Utah county jail pending an April trial on two felony counts of rape as an accomplice related to a 2001 arranged marriage between a 14-year-old girl and her cousin.

Attorneys for the United Effort Plan Trust, which holds $110 million in church property, and Shem Fischer, a former follower who sued Jeffs after being fired, want U.S. District Court Judge Robert Jones in Las Vegas to grant them standing in Jeffs' case.

They also want access to papers, letters and electronic documents being held by the FBI.

In court documents, Jeffs' Las Vegas attorney Richard Wright contends the information on the laptops is "sacred and confidential" because it includes matters of church doctrine and private communications between Jeffs and his followers.

Wright did not return calls from The Associated Press seeking comment. In court papers he asks the court to return the seized evidence to Jeffs.

Shem Fischer's attorneys disagrees. "The documents may shed more information as to where (church) assets have been hidden, in what form they are held and where they are held," Las Vegas attorney Ariel Stern said.

In 2002, Fischer sued Jeffs, the church and a church-controlled cabinet company, for religious discrimination. Fischer said he was fired after he left the FLDS faith. He won a default judgment and now wants to collect the balance of what he's owed.

Like Fischer, Bruce Wisan wants to know if Jeffs' papers and electronic records will lead to church assets that rightfully belong to the trust and should benefit all current and former church members.

The trust is comprised of nearly all the property in Hildale, Colorado City, Ariz., and British Columbia, where church members live in assigned housing. A Utah judge made Wisan overseer of the trust in 2005 after finding Jeffs and other church leaders were fleecing it for personal gain.

Jeffs is also facing felony charges in Mohave County, Ariz., for other arranged marriages. He's expected to be extradited there following the Utah case.

Evidence Hearing For Jeffs Today In Las Vegas (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, January 8, 2007

LAS VEGAS — The "mother lode" of evidence the FBI seized when it arrested Fundamentalist LDS Church leader Warren Jeffs will be fought over in a federal courtroom today.

Warren Jeffs A hearing is scheduled on who can get involved in the fight over papers, ledgers, letters, computers and other items that were found in the Cadillac Escalade in which Jeffs was riding. Among those who want a peek: the court-appointed special fiduciary of the United Effort Plan Trust, an ex-FLDS Church member who won a lawsuit against Jeffs, and the Utah Attorney General's Office.

The feds don't seem willing to give it up.

"We will just continue with our same interest in the case," said Melodie Rydalch, a spokeswoman for the U.S. Attorney for Utah, which is handling the case. "That is protecting the evidence that can be used in a criminal case."

Lawyers for the man placed in charge of the FLDS Church's financial empire want to see if any of the evidence tells them anything about the UEP Trust.

"It could tell a lot," said Jeffrey L. Shields, an attorney for court-appointed special fiduciary Bruce Wisan. "We're hopeful it will give us some insight into the previous management of the trust."

In 2005, a judge in Salt Lake City's 3rd District Court took control of the trust after allegations surfaced that Jeffs and other top FLDS leaders had been "fleecing" the $110 million financial empire of the polygamous church. The UEP Trust was recently reformed, doing away with the "united order" and paving the way for private property ownership.

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Wisan has been told that the documents are the "mother lode" of information about the polygamous church's inner workings and business interests.

FBI agents have told the Deseret Morning News the seized evidence includes ledgers containing names of people who helped keep Jeffs on the run. The FLDS leader was put on the FBI's Ten Most Wanted list until he was arrested in a traffic stop outside Las Vegas in August 2006.

Shortly afterward, his lawyer Richard Wright filed an emergency motion in federal court demanding the return of the documents, saying they are "privileged communications" between the FLDS leader and his followers.

"The administrative impound impinges on the First Amendment right to the free exercise of religion insomuch as the government took possession of religious documents which are deemed confidential and sacred by the FLDS," Wright said in his motion.

Shields fought to see what the FBI seized when it arrested Jeffs' brother, Seth, during a traffic stop in Pueblo, Colo., last year. Seth Jeffs later pleaded guilty to harboring a fugitive.

"Some of the documents we received were helpful," Shields said of what the FBI gave up in the Seth Jeffs case. "He just had partial stuff. We think that the Warren Jeffs documents will be more complete."

Utah Attorney General Mark Shurtleff has also expressed interest in seeing the documents, believing they may help his organized crime investigation into Jeffs and the FLDS Church.

Jeffs, 51, is charged in 5th District Court in St. George with rape as an accomplice, a first-degree felony. He is accused of forcing a 14-year-old girl into a marriage with her 19-year-old cousin. He is scheduled to face trial on those charges beginning in April.

Across the border in Mohave County, Ariz., Jeffs is facing multiple charges of sexual conduct with a minor and conspiracy to commit sexual conduct with a minor. Prosecutors there have accused him of arranging several child bride marriages.

Fitzgerald's Wild Source Chase (WSJ)

The Wall Street Journal, January 8, 2007

Patrick Fitzgerald's trial of Scooter Libby is set to begin this month, assuming anyone can still remember what this case is all about. Oh, yes, Mr. Fitzgerald is prosecuting Mr. Libby for lying in order to . . . well, we're still waiting to hear a motive for this alleged perjury to cover up a leak that wasn't a crime. But perhaps the prosecutor will come up with something.

Meantime, Mr. Fitzgerald has some other unfinished legal business that the public has a right to know about -- namely, the affidavits he filed with the D.C. Circuit Court of Appeals to justify his motion to compel two reporters to testify about their conversations with Mr. Libby, and his willingness to throw one of them in jail for 85 days until she did so. Those documents remain under seal, which is why Dow Jones and the Associated Press filed a motion with the D.C. Circuit late last month requesting their release.

Dow Jones, which owns this newspaper, and the AP are also requesting that the court now release all of the redacted parts of Judge David Tatel's 2005 concurring opinion in the D.C. Circuit ruling that compelled the reporters to testify. Responding to an earlier DJ-AP motion, the court released part of the redacted eight pages in early 2006. But it held back the rest, as well as Mr. Fitzgerald's affidavits in the case, because the prosecutor insisted his investigation was continuing.

That was a stretch even then, but it's certainly no longer true. Mr. Fitzgerald months ago told the lawyer for Karl Rove that the senior White House aide will not be indicted. And more to the point of Mr. Fitzgerald's wild newspaper source chase, we learned last summer that neither Mr. Libby nor Mr. Rove was the original source of the leak of CIA analyst Valerie Plame's name to columnist Robert Novak. As the Dow Jones-AP motion points out, "The public now knows that the Special Counsel [Mr. Fitzgerald] knew the identity of that leaker -- Richard Armitage, the former Deputy Secretary of State -- from the very beginning of his investigation."

Finding the leaker was Mr. Fitzgerald's main charge from the Justice Department, so why did he keep pursuing reporters with such hyper-zeal for another two years? His pursuit led to a constitutional showdown over the media's right to protect sources, going all the way to the Supreme Court. And the precedent -- a bad one for the press -- may well encourage a wave of attempts by prosecutors across the country to force journalists to betray their sources. The press and public both have a right to know what

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evidence was so compelling that Judge Tatel and Mr. Fitzgerald thought it warranted such a legal collision. All the more so now that Congress is also debating a "shield" law to protect media sources.

A wiser prosecutor than Mr. Fitzgerald would have ended his probe the minute he discovered that Mr. Armitage was the leaker. Instead, he told Mr. Armitage to keep quiet and let the public believe for two years that someone high up in the White House might have leaked for nefarious political purposes. In the end, Mr. Fitzgerald's case has been distilled to a perjury charge that, while serious as a matter of law, appears to come down to different memories about conversations Mr. Libby had with three journalists. (And, as we all know, journalists never get anything wrong.)

Whether or not Mr. Fitzgerald ever discloses a motive for a seasoned lawyer like Mr. Libby to have lied, the unsealing of the affidavits and Judge Tatel's redacted pages will help us better understand the prosecutor's motives for his troubling zeal.

Free-Market Justice (NYT)

By Morris B. Hoffman

The New York Times, January 8, 2007

SIXTEEN years as a state trial judge have left me with a deep respect for the professionalism and competence of the public defenders who handle felony cases for indigent criminal defendants in my courtroom. In fact, I've told friends, only half-jokingly, that if they are ever charged with a serious criminal offense, the first thing they should do is give all their assets to charity, in an effort to qualify for public defender representation.

So when two economists from Emory University, Paul Rubin and Joanna Shepherd, agreed last year to collaborate with me on an econometric study of how effective public defenders really are, I had to guard against confirmation bias. I was positive that public defenders would prove more effective than their private counterparts. Mr. Rubin and Ms. Shepherd, with their occupational faith in markets, were equally positive of just the opposite. In the end, the economists were right, though with an interesting twist. (The full study has been published in the Ohio State Journal of Criminal Law.)

We looked at all 5,224 felony criminal cases filed in Denver in 2002. Most other studies measure lawyer effectiveness through indicators like acquittal rates, but we used the one thing criminal defendants care about most: the amount of jail or prison time they receive. Thus, acquittals counted as zero. Probationary sentences likewise counted as zero, unless the probation was combined with some jail time.

We counted halfway-house sentences as 120 days, which is typical for Denver defendants. We counted the initial length of a prison sentence without decreasing it for early release or increasing it for parole violations. Life sentences we arbitrarily counted as 110 years.

My economist friends were able to use regression analyses to control for other variables (such as whether a case was plea bargained or went to trial), to minimize the chance that the differences we found were caused by factors other than effectiveness. They also used regressions with different combinations of variables, to ensure that our results were not sensitive to a particular variable.

The results were surprising. The average sentence for clients of public defenders was almost three years longer than the average for clients of private lawyers.

But our most notable finding was hidden in one of the variables we had controlled — the seriousness of the case. We had assumed that public defenders on average handled more serious cases than private lawyers, if for no other reason than that such cases carry higher bonds, and defendants who can't make those bonds are often rendered indigent by their pretrial incarceration. The length of their clients' sentences would of course be distorted by the fact that they handle more serious cases with longer potential sentences.

But when we removed the control for the seriousness of the crime, public defenders performed relatively worse, not better (five years more incarceration versus three years more).

When we examined the seriousness of the cases handled by each type of lawyer, we discovered not only that private lawyers tend to handle more serious cases, but also that as the seriousness of the case increases, the chances that a private lawyer is handling it also increases. What in the world could explain such a result?

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It turns out that the explanation, at least in part, is one that should put a smile on the face of all free-marketers and rational choice theorists: criminal defendants, just like any other consumers of services, appear to be making choices based on their rational assessments of costs and benefits. But, you might ask, do criminal defendants ever really have a choice between public defenders and private counsel? It appears many do.

Our data suggested that, contrary to the law's rather binary notion of indigency, a large chunk of felony criminal defendants are what we have called "marginally indigent." They could, if they had to, tap hidden resources, or the resources of family and friends, to retain private lawyers. But what drives that decision? Just what you'd expect from any rational consumer of criminal defense services: a combination of the seriousness of the offense and the likelihood of conviction.

Imagine a guilty, marginally indigent defendant facing a relatively minor felony (for which he will most likely get probation). Now add to the mix the fact that his crime was captured on videotape, meaning he has a small chance of avoiding conviction. It is unlikely such a defendant would deplete his and his family's and friends' resources to hire a private lawyer when he could get a free public defender to achieve the same result.

At the other end of the spectrum, imagine a marginally indigent defendant charged with first degree murder, and imagine that he is innocent. Wouldn't that defendant do everything in his power to marshal the resources to hire a private lawyer, if he believed, rightly or wrongly, that the private lawyer were more likely to achieve an acquittal?

In other words, marginally indigent defendants who choose public defenders tend to be guilty. And of course if that's true, it's not at all surprising that public defenders would achieve less favorable outcomes.

More work needs to be done to confirm these results. But if they hold, and hold nationally, they could have important policy implications. Roughly one-third of all states have formal statewide public defender systems, and several others have regional or local systems. Current debates about improving these systems tend to revolve around two poles: increased financing (for which public defenders have been clamoring since the 1980s, when per client spending in most systems, in real dollars, took a nose dive from which it has never recovered) and, more recently, privatization.

If it is true that public defenders achieve substantially worse results for their clients than private lawyers, that fact should be troubling to us all, quite apart from whether the difference is the product of underfinancing, government inefficiencies or both.

But our results suggest a more benign explanation, and a less drastic solution than spending more on public defenders or privatizing the system. If self-selection by guilty, marginally indigent defendants is driving a big part of this effectiveness difference, the remedy may simply be to tighten the mechanisms we use to determine indigency. This solution would not only reduce the outcome differences between public defenders and private defense lawyers, but it would also give taxpayers more bang for their public defender buck.

CIVIL LAW:

Writer's Block: Valerie Plame Vs. CIA (NSWK)

By Michael Isikoff

Newsweek, January 15, 2007

A CIA panel has told former officer Valerie Plame she can't write about her undercover work for the agency, a position that may threaten a lucrative book project with her publisher. Plame's outing as a CIA officer in July 2003 triggered a criminal probe that culminates next week when Vice President Dick Cheney's former chief of staff I. Lewis (Scooter) Libby goes on trial for perjury and obstruction.

But in what could be a precursor to a separate legal battle, Plame recently hired a lawyer to challenge the CIA Publications Review Board, which must clear writings by former employees. The panel refused Plame permission to even mention that she worked for the CIA because she served as a "nonofficial cover" officer (or NOC) posing as a private businesswoman, according to an adviser to Plame, who asked not to be identified discussing a sensitive issue. "She believes this will effectively gut the book," said the adviser. Larry Johnson, a former colleague, said the agency's action seems punitive, given that other ex-CIA undercover officers have published books. But even Plame's friends acknowledge that few NOCs have done so. CIA spokesman Mark

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Mansfield said the panel was still having "ongoing" talks with Plame to resolve the dispute. "The sole yardstick," he said, is that books "contain no classified information." A spokesman for Simon & Schuster, Plame's publisher, declined to comment.

CIVIL RIGHTS:

Taser Sells Small Version For Wider Use (USAT)

By Robert Davis

USA Today, January 8, 2007

Taser International today unveils a new model of its controversial stun gun designed for widespread use by regular folks. It's more affordable and small enough to be stashed in a purse or backpack.

Critics and supporters have a lot to say about the sleek device unveiled at the 2007 International Consumer Electronics Show in Las Vegas. The size of a TV remote control, the Taser C2 goes on sale in April for about $300 and comes in the metallic pink, electric blue and titanium silver of popular cellphones.

Opponents say Tasers can be used for torture; supporters say the devices are safe when used appropriately.

Taser has sold about 120,000 civilian versions since 1994, a model that is larger than the latest incarnation and shaped like a gun. Since 1991, Taser has sold more than 200,000 devices to law enforcement. Both shoot barbs that pierce the skin and deliver an incapacitating jolt of electricity. Current civilian models cost about $1,000.

Taser says the C2, less powerful than the police version, is designed to stun for 30 seconds, providing enough time for the shooter to flee from danger.

"It's a terrible idea. It's a dangerous idea," says Larry Cox, executive director of Amnesty International USA, which says there have been 200 Taser-related deaths. "I can't think of any reason you would want these out in public."

Daniel Garza, 42, was glad he bought the civilian Taser when a man climbed in the back seat of his truck Dec. 17 at a Yuba City, Calif., Wal-Mart. Garza zapped the intruder, who was arrested. "The Taser did the job," Garza says.

Private citizens are not allowed to own Tasers in the District of Columbia, Hawaii, Massachusetts, Rhode Island, Michigan, New Jersey, New York and Wisconsin.

Taser C2 "is a device (owners) can keep in their nightstand," says Taser president Tom Smith. Safeguards include:

•It's sold "inert" and can be activated by the Scottsdale, Ariz.-based company only after a background check by SureCheck, which costs $10.

•When the device is fired, it sprays about 30 tiny pieces of confetti encoded with the serial number of the cartridge. The tags allow police to trace the device back to the registered owner.

The Taser C2 has some police worried. "There are concerns in law enforcement about the public having access to these types of weapons," says Wendy Balazik, spokeswoman for the International Association of Chiefs of Police. "Those concerns include: Who is buying them? How are they going to be used? What are they going to be used for?"

Testing The Testers (NYT)

The New York Times, January 8, 2007

There is by now no doubt that there are serious problems with electronic voting machines: they fail to record votes, and even flip votes from one candidate to another. Election officials like to defend the machines by noting that they have been certified by independent testing labs. But the certification process has long been deeply flawed, and last week there was even more disturbing news — that the leading testing lab has been unable to meet the federal government's standards.

Since last summer, Ciber Inc., the largest tester of voting machine software, has been unable to meet federal quality standards that will take effect later this year.

It is disturbing that if Christopher Drew had not reported this in The Times, the public still would not know. The Election Assistance Commission, the agency that evaluates the labs, did not reveal that Ciber fell short, and is still not saying what is wrong. Ciber, which is still working on meeting the standards, did not return our phone call.

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Many Americans are using electronic voting machines that were certified by Ciber. Were those certifications done properly? Did whatever deficiencies Ciber has now exist then? No one is saying.

Since many jurisdictions, and some whole states, now use electronic voting machines that do not produce a paper record, certification is extremely important. It is one of the few ways of determining whether a machine wrongly records votes, either by accident or by design.

Even before the news about Ciber, certification was a troubled process. The biggest problem is that the voting machine manufacturers pay the labs to do the examination and certification. This is a conflict of interest. If a lab raises too many concerns, it risks losing a client to a more compliant competitor.

There is also too little transparency. The labs, which see themselves as working for the voting machine companies, do not tell the public when they find problems or what those problems are.

Congress should pass legislation fixing the system. The vendors should continue to pay the costs, but the government should choose and pay the labs. That would make the labs responsive to the correct customer — the public.

It should also enact strong transparency rules. Voters should know how testing is done, and have full and timely access to the results. Congress should also require the Election Assistance Commission to be more open about how it evaluates the labs. If a lab falls short, the public — which may currently be using machines certified by that lab — should be told right away what the deficiencies are.

The veil of secrecy that hangs over certification is good for the companies that make voting machines and for the ones that test them. The government should not be protecting those private interests.

It should be protecting the voting public.

ANTITRUST:

DOJ Defends Recent Record Of Antitrust Division (LEGALT)

By Jason McLure, Legal Times

Legal Times, January 8, 2007

Did Oracle result in a loss of nerve? Division chief says no.

For more than two years, the Justice Department's Antitrust Division has been trying to shake the perception that it's been snakebitten.

In this case, the fangs, as it were, were those of Judge Vaughn Walker and his 2004 opinion clearing the way for software maker Oracle Corp.'s merger with PeopleSoft Inc. over the objections of the Justice Department's trust-busters.

Since that decision, in which Walker found that the Justice Department didn't prove that the deal was anti-competitive, the department hasn't gone to trial to block a proposed merger. In the past year alone — the fourth-largest in history for mergers and acquisitions, according to Thomson Financial — AT&T Inc. received the Justice Department's unconditional go-ahead to acquire BellSouth Corp. in a deal that creates a telecom behemoth with $117 billion in revenue; Whirlpool Corp. nabbed Maytag Inc., merging the first- and third-largest makers of home appliances; and agriculture-technology giant Monsanto Co. announced a bid to buy Delta & Pine Land Co., the country's largest cottonseed producer.

"Ever since the Oracle-PeopleSoft decision, the common observation has been that the division has been fearful of taking strong positions against mergers," says Albert Foer, who heads the American Antitrust Institute, echoing a view privately expressed by a number of antitrust lawyers.

It's a perception that Thomas Barnett, the head of the Antitrust Division, isn't happy about. "I don't agree with it," Barnett says, before ticking off what he views as the division's major merger challenges over the past year: a pretrial settlement with a dairy company protecting competition in milk sales to a number of schools in Kentucky and Tennessee, a consent decree with Mittal Steel Co. requiring it to sell a Canadian tin plant as part of its purchase of Arcelor S.A., and another consent decree requiring the sale of six generating plants as part of a merger between two power companies — a deal later blocked by New Jersey state officials.

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Those actions, of course, are hardly of the magnitude of Oracle-PeopleSoft, the challenge to which Barnett helped oversee as a deputy to then-antitrust chief R. Hewitt Pate. And Barnett, who was confirmed as the division's assistant attorney general in February, is sensitive to criticism that his division hasn't been vigorously protecting consumers or playing an active role in public policy.

Late last month the Justice Department issued a release touting the Antitrust Division's achievements during his first year on the job. (Before his confirmation, Barnett served as the division's acting chief for several months.) The release highlights the division's continued crackdown on international price-fixing cartels (which netted nearly $500 million in criminal fines in 2006), its streamlining of the merger review process, and the division's recent spurt of activity before the Supreme Court (the high court has granted cert in seven antitrust cases over the past two terms, an unusually high number) as evidence that its lawyers have been anything but inactive.

Barnett also says the division is close to finishing a long-overdue report on antitrust and intellectual property law with the Federal Trade Commission, an agency whose views in that area the Justice Department publicly critiqued in a Supreme Court brief last summer.

Despite those activities, it's the division's merger-enforcement activity — or relative lack thereof — that is most notable to many antitrust lawyers in private practice. Behind the cautious approach, say these practitioners, is more than just conservative economic thinking about the role of government in the marketplace, but a fear of bringing another big case to trial and losing.

"People don't like to lose big cases," says Renata Hesse, who worked on the Oracle-PeopleSoft case before leaving the Justice Department for Wilson Sonsini Goodrich & Rosati last year. "When you lose a big case, it makes you step back and look at how you're doing things."

"The buzz around town was that, after losing the case against Oracle-PeopleSoft that had strong customer support, the division got very worried about its ability to put on an effective merger case at trial," says William Randolph Smith, who heads the antitrust group at Crowell & Moring.

Others are more sanguine in their assessment.

"It seems pretty clear that the Antitrust Division is much more cautious in challenging mergers than they have been at times in the past," says Donald Russell, a former Justice Department antitrust lawyer with Robbins, Russell, Englert, Orseck & Untereiner. "[But] I certainly don't think that the caution that they're showing now is out of the mainstream."

Barnett argues that the lack of trials challenging mergers is an indication that the government is succeeding in its efforts to educate companies about the types of mergers likely to pass muster. He also says most concerns can be dealt with through less confrontational means, such as consent decrees. Still, nothing would prevent the department from going to trial if need be.

"We apply the law," he says. "And if we think there's a problem, we pursue it."

WASHING THE MARKET

One case in which the Antitrust Division's legal and economics staff saw a problem was in Whirlpool's $1.8 billion purchase of Maytag, a deal proposed in August 2005. The newly combined company, which produces much of Sears' Kenmore line as well as the brands Jenn Air, KitchenAid, Amana, and Magic Chef, controls as much as 70 percent of the U.S. market for large home appliances such as washers and dryers — the kind of market share that has typically drawn government intervention.

But Barnett decided to approve the deal, despite the staff's recommendations. His reasoning: Other appliance manufacturers, particularly in Asia and Europe, were entering the U.S. market and were likely to generate sufficient competition to prevent consumers from being harmed by the Maytag acquisition. "We looked at who are the players in the market, was entry possible, if entry had already occurred how quickly could it expand," he says. "The ultimate decision, which I take responsibility for, was that this transaction was not likely to substantially lessen competition."

"I think what the Maytag-Whirlpool decision does is send a clear message to companies that mergers that wouldn't have gotten through several years ago should be reconsidered," says David Balto, an antitrust lawyer who was policy director of the Federal Trade Commission during the Clinton administration. "The Oracle-PeopleSoft case has clearly had an effect on the Justice Department's ability to litigate cases."

Although his critics see a link between the defeat in Oracle-PeopleSoft and the decision not to challenge Whirlpool-Maytag, Barnett is quick to point out that last year the Justice Department initiated 16 merger-enforcement actions — more than

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the previous two years combined. Still, none of those actions resulted in the DOJ going to trial, and last year's figures are down substantially from 2000, when the DOJ challenged 48 mergers.

Barnett's decision in Whirlpool-Maytag was no doubt noted by executives for Monsanto, the world's largest crop-biotechnology company, and Mississippi-based Delta & Pine, a leading producer of cottonseeds. In August 2006, Monsanto announced plans to buy Delta & Pine. The acquisition would give Monsanto a much larger platform with which to distribute its own varieties of hybrid and genetically altered seed cotton through control of a company with more than half the market for such seeds and, potentially, a dominant position in a rapidly growing industry.

What's significant about the deal is that the two companies first attempted it in 1999. Monsanto withdrew its merger offer to Delta & Pine that year, citing regulatory opposition after the Justice Department spent 18 months investigating the deal.

"The Justice Department put some pressure on, and the deal fell through," says the American Antitrust Institute's Foer, whose organization has voiced concern about the merger. "But since that time the attitude towards mergers has become more lenient, and one doesn't really know how far you can push these folks."

Barnett says that because the merger is pending, he can't comment directly on the Monsanto-Delta & Pine coupling. But when questioned about the deal, he offers a clue to his thinking by referencing the Whirlpool-Maytag acquisition and raising the possibility that shifting market conditions could lead the Justice Department to reverse a stance taken years before. "Maytag-Whirlpool, that was a very dynamic market," he says. "If the merger had been attempted five years ago it would have been in different market circumstances and might have led to a different result."

AWAITING THE OTHER SHOE

Before joining the Justice Department in 2004, Barnett, 44, had a successful antitrust practice at Washington's Covington & Burling. In many regards, say those who have worked in the division, his approach to antitrust law differs little from that of either of his two predecessors in the job during the Bush administration: Pate, now in private practice at Hunton & Williams, and Charles James, now general counsel of Chevron Corp.

One initiative Barnett has pushed is streamlining the division's merger reviews — a process which companies have criticized for being lengthy and often opaque. "Most mergers are beneficial or at least don't harm consumer welfare," Barnett says. "Our goal on the merger-enforcement side is to improve the efficiency by which we identify those relatively few transactions that do threaten harm to consumer welfare."

Last month, in a move widely praised by antitrust lawyers who represent large companies, the Justice Department announced revisions to the process, placing limits on the amount of documents companies are required to produce. "I'm a big believer in transparency," Barnett says. "And we try to be as transparent as possible."

With Democrats now in control of Congress, Barnett will have the opportunity to demonstrate that commitment to transparency. "We will make increased oversight of the antitrust agencies a priority," says Jeff Miller, the Democrats' chief counsel on the Senate Judiciary Committee's Antitrust Subcommittee.

Barnett says he welcomes the opportunity to testify in congressional hearings, where he'll no doubt have further opportunity to discuss exactly when the Justice Department will be taking a stand as aggressive as it did in the Oracle-PeopleSoft case.

Whether pressure from Congress will push the department into opposing a major merger in 2007 remains to be seen. But in the meantime, antitrust lawyers are hoping it's not their clients who will be on the receiving end when the other shoe drops.

"I'm getting calls from clients saying, 'I want to do this deal and I don't want you to tell me there are any problems, because there is no antitrust enforcement in Washington,' " says one D.C.-based antitrust lawyer, who spoke on condition of anonymity out of fear of retribution from the Justice Department. "I would assume that they're looking for a case to bring just to show they're alive."

Editorial Assistant Attila Berry contributed to this article. Jason McLure can be contacted at jmclure@alm.com.

US Reviews European Telecoms Venture (FT)

By Stephanie Kirchgaessner

Financial Times, January 8, 2007

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The US government conducted a national security review of the proposed $21bn (€16.1bn) joint venture agreement between Nokia and Siemens, and forced the European telecoms equipment makers to sign a "mitigation agreement" that imposed restrictions on the new company.

While the US has hitherto shown keen interest in foreign takeovers of US telecoms carriers, the decision to probe the joint venture indicates a new trend.

Agencies involved in the national security review process – especially the departments of defence, homeland security and justice – are intensifying their scrutiny of companies that make components for mobile and fixed-line networks globally.

People familiar with the classified national security review by the Committee on Foreign Investment in the US – Cfius – the inter-agency panel that investigates foreign takeovers of US assets for possible security threats, said the panel had imposed security requirements on the venture. These include procedures that dictate whether foreigners can work on US equipment and software.

But the government's interest in the industry – reinforced by the tough measures it imposed on Alcatel's merger with Lucent – raises questions about whether the inter-agency panel is going beyond its mandate of identifying and preventing risky foreign takeovers.

"The process has become a tool for Cfius to impose security requirements on foreign companies, while the government lacks the legal authority to impose them on US companies," said David Marchick, a lawyer at Covington & Burling in Washington.

The mitigation agreement, or conditions to which a company agrees to gain regulatory clearance, could set a precedent in an industry that is bracing for consolidation globally.

In particular, any deal involving Nortel Networks, which does sensitive work for the US government, would face a lengthy investigation.

Mr Marchick said mitigation agreements should address the "marginal increase in national risk" associated with a foreign acquisition – not general security concerns the government believes exist, regardless of whether an owner is foreign or domestic.

The joint venture, due to close in the first quarter of 2007, will create the third-largest supplier of equipment to telecoms companies, after Alcatel-Lucent and Ericsson.

Nokia said it regarded its conversations with the government as confidential and declined to comment on discussions or agreements it had reached with authorities. Siemens also declined to comment.

ENVIRONMENT

Congress Targets Oil-Drilling Subsidies (WSJ)

By John J. Fialka

Wall Street Journal, January 8, 2007

Pressure Mounts to Fix Flawed Leases Valued at Billions of Dollars in Future Royalties

WASHINGTON -- With Democrats controlling Congress, the oil industry is in for a rough ride. So is the agency that collects royalties for oil and gas drilling on federal lands.

Democrats and some Republicans have complained for months that the Interior Department's Minerals Management Service -- whose motto is "securing ocean energy and economic value for America" -- has mishandled the royalty program. The issue will hit the spotlight Jan. 18, when the House takes up energy legislation targeting oil-industry subsidies.

• What's New: Congress threatens action; Bush administration aims to deal with losses of government oil royalties.

• The Players: The Minerals Management Service and dozens of U.S. and foreign oil producers are disputing contract flaws that provided the U.S. with no revenue during a period of rising oil prices.

• The Bottom Line: Some $900 million was lost so far and billions in future payments are at stake.

One goal: untangling a legal mess that could allow companies to escape paying at least $10 billion in future royalties for drilling in the Gulf of Mexico. As part of the debate, congressional critics are sure to ramp up their complaints about the service, which has said that it failed to include a clause requiring the royalties into leases issued in 1998 and 1999.

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Meanwhile, the Government Accountability Office is preparing a report that, some lawmakers say, will blame the service's "culture" for widespread laxity in conducting royalty audits and collecting underpayments from industry. And by mid-month, the Interior Department's Inspector General will release a report showing that different units at the service working on leases didn't talk to each other and that some officials apparently signed leases without reading them.

The action reflects continuing fallout from the service's handling of oil and gas leases and royalty payments. A 1995 law temporarily waived royalties to encourage drilling in deeper Gulf waters but required the payments to kick in if oil prices exceeded a price threshold of about $40 a barrel. Under the Clinton administration, the service omitted the price threshold in the 1998 and 1999 leases, so companies haven't had to pay even though oil prices are well above the trigger point. The flawed leases have resulted in a $900 million revenue loss to the government, the department says.

The department is scrambling to try to assuage critics. C. Stephen Allred, an assistant secretary at the Interior Department who oversees the service, announced Dec. 14 that five oil companies -- including BP PLC, ConocoPhillips, Marathon Oil Corp. and Royal Dutch Shell PLC -- had agreed to amend their leases to begin paying royalties on oil and gas produced since Oct. 1, 2006, but not before. Dozens of other companies haven't agreed to change the leases.

Mr. Allred, a 63-year-old engineer who formerly headed Idaho's Division of Environmental Quality, says the government can't force the companies to make the changes, but that several have been willing to discuss the issue because of concern about a Democratic crackdown. "They know what's going on on the Hill," he said in an interview.

He also has been dickering with oil giant Chevron Corp., so far without result. In a statement, Chevron said it has made "significant investments" in Gulf production based on the existing leases and that its lawyers "have put a reasonable offer on the table to resolve this matter" with the Interior Department.

According to Mr. Allred, the department issued 1,023 faulty leases in 1998 and 1999. Of those, 570 are still in force but only about 45 involve current production of oil and gas or discoveries that promise future production. BP and the other companies that have agreed to changes in the leases hold about 20% of those 45 leases, while Chevron holds another 20%. Foreign oil companies, which the department wouldn't identify, hold another 20% and smaller companies hold the rest.

Mr. Allred says the 45 leases could produce $10 billion to $11 billion of federal royalty payments, and that the department wants to collect that money before trying to recover royalties from past production. "We want to deal with this potential first," he says.

Congressional Democrats say they plan to increase oversight of the agency. They are eager to fix the royalty snafu as part of a broader attack on subsidies for the oil industry. Besides forcing oil companies to amend their 1998 and 1999 drilling leases to include a clause requiring royalty payments, the still-emerging energy legislation is expected to raise taxes on oil-company inventories and kill certain industry tax breaks.

Last year , the House passed two different measures dealing with the royalty problem, but neither became law. House Speaker Nancy Pelosi of California and other Democrats still are weighing which approach to use this year, aides say.

One approach, pushed by Democratic Reps. Ed Markey of Massachusetts and Maurice Hinchey of New York, would bar companies from future exploration on federal outer-continental-shelf lands if they didn't agree to amend their leases. Another measure, championed by former Rep. Richard Pombo, called on the government to assess a "conservation fee," roughly equal to the sought-after royalty payments, unless the companies agreed to changes in the leases.

Some lawmakers are exploring a third approach, which would require the Bush administration to take reluctant energy companies to court. It was suggested by Stephen Lowey, a White Plains, N.Y., lawyer, who argues that because Congress required the leases to have a price threshold, officials at the Interior Department had no authority to leave it out. That means, he says, that a judge could change the leases unilaterally to insert the price threshold, thus requiring royalty payments when prices exceed the threshold. Mr. Lowey says he suspects oil companies already know this, and that is why some are willing to negotiate with the government. Several congressmen have asked Attorney General Alberto Gonzales to review this aspect.

Lee Fuller, vice president of the Independent Petroleum Association of America, whose members include several smaller exploration companies holding the leases, argues that the policy of encouraging more oil exploration in "frontier" areas of the Gulf has worked. Tampering with existing leases, he asserts, would discourage future exploration and provoke court challenges that could last years.

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The companies "didn't negotiate these contracts," he says. "They were handed to them to sign. If it becomes an issue where the nature of the contract itself is affected, then it becomes a lawyers' field day."

FBI/DEA/ATF/USMS:

S.F. Area Is No. 1 For Regular Drug Use, Study Says (USAT)

By Donna Leinwand

USA Today, January 8, 2007

The San Francisco metropolitan area has a higher percentage of people who are regular drug users than any other major metropolitan area in the USA, a study from the Substance Abuse and Mental Health Services Administration found.

Nearly 13% of San Francisco residents reported using some type of illicit drug, such as marijuana, cocaine or heroin, in the previous month, according to data from the National Surveys on Drug Use and Health 2002-05. The national average is 8.1%.

Other areas with drug-abuse rates higher than the national average included Seattle, 9.6%; Detroit, 9.5%; Philadelphia, 9.1%; and Boston, 8.5%. Cities with the lowest drug use: Houston, 6.2%; and Washington, Dallas and Riverside/San Bernardino, Calif., all at 6.5%.

California has decriminalized marijuana for people with health problems. The state's voters passed Proposition 215 in 1996 to allow seriously ill state residents to possess and use marijuana with a doctor's prescription. In San Francisco, police and prosecutors accept a medical-marijuana identification card as proof that a resident can possess and use marijuana.

"The fact that state law allows the use of medical marijuana and that we have a population with a high rate of AIDS that might need to use medical marijuana may contribute to the rates," says Alice Gleghorn, deputy director of community behavioral health services in San Francisco's Department of Public Health. "We do have a cultural regional norm with regard to medical-marijuana use."

The coastal area north of San Francisco, included in the study as part of the metropolitan area, is known as a popular marijuana growing spot.

"Where marijuana is very accessible, you're going to get higher use," Gleghorn says.

San Francisco focuses its prevention and treatment efforts on heroin, methamphetamine and cocaine, she says.

Chicago, at 25.7%, and Houston, at 25.6%, have the highest rates of binge drinking in the country. Nationwide, 22.7% of people reported binge drinking in the previous month, defined by the study as having five or more drinks on one occasion. Other areas with rates higher than the national average are Philadelphia, Detroit, Boston, San Francisco and Phoenix.

Nationwide, about one quarter of the population smokes cigarettes regularly. Only Detroit significantly exceeded the national average, with 27.4% of its residents reporting that they smoked cigarettes in the previous month, the study found. California's biggest cities had the lowest smoking rates, with 17.9% of people in San Francisco and Los Angeles and 19.2% in Riverside reporting previous-month use, the study found.

Beverly Watts Davis, senior adviser for substance-abuse prevention for SAMHSA, says local prevention coalitions should use the data to help focus their programs.

"If they can pinpoint what's going on where and why, it really helps them plan better to know where resources should be allocated," she said.

3 Extradited From Colombia (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, January 8, 2007

Drug-ring suspects first from country sent to city in years

Three men extradited from Colombia have appeared in federal court in a drug smuggling case, marking what is thought to be the first time defendants have been sent from that country to face charges in Chicago in at least a decade.

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They were among eight people indicted here in 2005 in connection with Operation Highstep, which cracked down on a nationwide ring of smugglers bringing heroin and cocaine into the U.S. hidden in furniture, the frames of paintings and the soles of shoes.

Saulo Salinas-Ospina, his son Jhonny Salinas and Juan Alberto Castillo-Ortiz were arrested by Colombian national police in November 2005, authorities said, and have been indicted on drug conspiracy charges. The extradition process took about a year.

Federal prosecutors and investigators said the Colombian nationals are the first defendants to be extradited from that country to the Northern District of Illinois at least since the current extradition treaty with Colombia was organized in 1997.

Leaders of the Drug Enforcement Administration said the case was a unique effort.

"The extradition of these defendants is an example of a successful law enforcement partnership," said Gary G. Olenkiewicz, special agent in charge of DEA's Chicago Field Division. "By working together, we, the DEA, United States attorney's office and the Colombian National Police were able to dismantle a major heroin and cocaine trafficking organization and keep these dangerous narcotics off the streets of Chicago."

Investigators said the federal probe resulted in the seizure of 78 kilograms of heroin, 38 kilograms of cocaine and more than $1.4 million in cash. Nineteen arrests were made in Colombia, and dozens more people were taken into custody in New York, Orlando and Boston.

Assistant U.S. Atty. John Blakey said the men arrived in the U.S. late last week and did not appear before the judge until Thursday because of the holidays.

The three appeared before U.S. District Judge Rebecca Pallmeyer, and each pleaded not guilty and waived detention hearings. Pallmeyer ordered them to return to court in March.

Three other co-defendants indicted along with the men already have pleaded guilty in the case and been sentenced, Blakey said. Another is awaiting extradition and the eighth is being prosecuted in another matter in Florida.

John Meyer, the attorney for Salinas-Ospina, said he was new to the case, but he could request early hearings on several issues.

"I have requested all the documents on extradition in the case in case we choose to challenge some aspect of his custody here in the United States," Meyer said.

One issue could relate to Salinas-Ospina's age of 69, Meyer said.

The U.S. agreed not to seek a life sentence in the case to honor the terms of the treaty with Colombia, he said. Under the treaty, Colombia does not extradite individuals to face a life sentence. Meyer said, though, that a sentence within the federal guidelines could amount to a de facto life sentence for Salinas-Ospina.

"It's a 10-year minimum," Meyer said.

The investigation of the case also involved wiretaps in Colombia, he said, raising the issue of whether that evidence can be used in a U.S. court.

According to court documents, Salinas-Ospina, his son and Castillo-Ortiz worked inside Colombia to deliver heroin to individuals who would have it transported to cities in the U.S., including Chicago. Some of those involved were working covertly with law enforcement, the indictment states.

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Drugs, Money Laundering Put Executive In Prison (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 8, 2007

A two-year undercover investigation involving an international Ecstasy and weapons-trafficking organization with Hollywood connections has netted its first prison sentence: a 20-year term for an executive of a Swiss-based financial, business and consulting service.

Alexandre De Basseville, 36, of Switzerland and Los Angeles, an executive board member of ADB Swiss S.A., which owns the Los Angeles-based Limelight Films Inc., was sentenced yesterday by U.S. District Judge Gerald Bruce Lee. The judge also ordered him to forfeit $528,500 after pleading guilty to conspiracy to commit money laundering and conspiracy to distribute MDMA, or Ecstasy.

De Basseville and his co-defendant, Bruno Cavelier d'Esclavelles, 45, of Los Angeles, were arrested as part of the Drug Enforcement Administration's (DEA) "Operation Director's Cut" after a two-year undercover investigation into international money laundering.

D'Esclavelles, chief executive officer at Limelight Films, was sentenced to 15 years in prison and ordered to forfeit $125,000 on Dec. 15.

"The trail of dirty money is very hard to conceal," U.S. Attorney Chuck Rosenberg said. "Here, two drug dealers and international money launderers are going to jail for a long time because federal agents and prosecutors relentlessly pursued their transactions."

The men were arrested in June in Arlington. Also arrested in the probe were Limelight Chief Financial Officer David Liberman and three associates, all of whom were charged with conspiracy to distribute Ecstasy.

A criminal complaint in the case said De Basseville met repeatedly over the past two years with undercover agents posing as international drug traffickers. It said he offered to launder drug proceeds, supply weapons and broker Ecstasy deals for the undercover agents.

The complaint said the agents met with De Basseville and several of his associates in various locations, including Arlington, Miami, Los Angeles, Amsterdam and Geneva. On two occasions, it said, De Basseville and d'Esclavelles took cash, totaling $300,000, which they thought to be drug proceeds, and laundered it for the undercover agents using Limelight Films.

In February, the complaint said, De Basseville and d'Esclavelles arranged for the sale of Ecstasy from the Netherlands from Thomas Frischknecht to an undercover agent. Mr. Frischknecht sent the agent a package containing 10,000 pills, which the agent received in Arlington, it said.

The complaint said De Basseville, d'Esclavelles and Mr. Frischknecht agreed to sell the agent 500,000 pills in the Netherlands. Mr. Frischknecht, 26, of Switzerland, was arrested in the Netherlands as the undercover agent negotiated for the delivery of the pills.

DEA spokesman Rusty Payne said authorities also arrested Fabian Pruvot, 37, Andre Prikazhikov, 31, and Brian Delansky, 33, all of Los Angeles. Mr. Pruvot and Mr. Liberman were charged with conspiracy to launder money, he said, and Mr. Prikazhikov and Mr. Delansky were charged with conspiracy to possess firearms in furtherance of drug trafficking.

Mayor's Brother, 3 Others, Indicted In Alleged Scheme (AP)

AP, January 8, 2007

PROVIDENCE, R.I. -- Two lawyers _ including the brother of the mayor of corruption-plagued Providence _ offered to set up a drug deal so clients could get a lighter sentence by alerting authorities, according to an indictment unsealed Friday.

The Boston-based federal grand jury named John M. Cicilline, 49, brother of Mayor David Cicilline, and Joseph Bevilacqua Jr., 57, a disbarred lawyer who worked with John Cicilline.

Also charged with conspiracy were paralegals and interpreters Lisa Torres, 39, and Juan Giraldo, 41. John Cicilline and Torres were also charged with obstruction of justice and making false statements to federal investigators.

Cicilline pleaded not guilty Friday and was released in lieu of $10,000 bond. He did not comment outside court. Torres did not enter a plea and was ordered held.

Bevilacqua, who is currently ending a federal prison term in home confinement, could not be transported in time for the hearing, said Samantha Martin, a spokeswoman for the U.S. Attorney in Boston. Giraldo is serving time in a federal prison for a drug conviction and also was not at Friday's hearing, Martin said.

Cicilline faces a maximum of 25 years in prison, five years more than Torres, Martin said. Bevilacqua and Giraldo both face five-year sentences.

The mayor, who had his own law practice before he was first elected in 2002, is not accused of any wrongdoing.

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"Today's charges should make it clear that justice is not for sale," U.S. Attorney Michael Sullivan said in a written statement.

He said that it was especially troubling that the allegations involve lawyers, who are expected to conduct themselves with high ethical standards.

"A license to practice law and knowledge of the law does not allow you to break the law," said June W. Stansbury, special agent in charge of the federal Drug Enforcement Administration in New England. "As these attorneys have learned, you can go from being a member of the Bar to being behind bars," Stansbury said in a statement.

Federal prosecutors allege that in November 2002, Bevilacqua met in jail with John Mendonca, who was arrested that August in Warwick, allegedly with marijuana and about $1.3 million in cash. His wife, Jacqueline, was also charged.

According to the indictment, Bevilacqua told Mendonca that if he was willing to pay several hundred thousand dollars, Bevilacqua could arrange for someone to tell federal authorities about drug shipments _ but that Mendonca and his wife would get credit for the information. Defendants who cooperate with federal prosecutors are eligible for reduced prison sentences.

After receiving the money, Bevilacqua met with Mendonca at a Plymouth, Mass., jail and explained how Mendonca would get credit for a 900-pound marijuana bust that Giraldo had set up, as well as a 1,000-pound bust that Giraldo was still arranging.

Prosecutors wouldn't comment Friday on whether those drug shipments were made or whether any drug information was ever passed to federal authorities.

Mendonca appeared skeptical of the plot, according to the indictment. He asked how he could receive credit for a drug shipment he knew nothing about.

According to the indictment, Bevilacqua responded: "You'll have all the info,"

The indictment also accuses Bevilacqua of pressuring John Mendonca to plead guilty. He allegedly called the guilty plea a prerequisite for the Mendoncas to receive credit for the drug busts.

"You go to trial, all this is off, you won't get credit for it," he warned Mendonca.

Prosecutors say both lawyers met with Jacqueline Mendonca to seal the deal. Authorities allege that Torres pretended to prosecutors she was a close friend of Mendonca's wife willing to act as an informant. Giraldo allegedly accepted at least some of the payments.

The Mendoncas pleaded guilty to charges in their drug case, but they have not yet been sentenced.

Separately, Bevilacqua was disbarred and sent to prison after he admitted leaking an FBI videotape to a TV reporter. The tape showed an aide to Mayor Cicilline's predecessor, Vincent "Buddy" Cianci, accepting a cash bribe. Bevilacqua's prison term was to end Jan. 17.

The Cicilline brothers are sons of John F. Cicilline, a lawyer who has defended some of New England's most notorious mobsters, including the late Providence godfather Raymond L.S. Patriarca.

David Cicilline has cultivated a reputation for cleaning up City Hall following decades of corruption presided over by Cianci, who's currently serving time in a federal prison. The mayor was sworn in for a second term Wednesday.

In a news conference in his office, David Cicilline said he was not aware his brother was being investigated. The mayor, his voice quavering, said he spoke with his brother Friday morning to tell him he loved him and would be there to support him and his three daughters.

The mayor said he did not think his brother's conduct was a reflection on him or the city of Providence, which has been plagued by corruption for decades.

"My record is clear. I've worked really hard with a team of people to restore honesty and integrity to this city," he said, adding, "I'm not concerned about the impact it's having on me."

Audit Faults DEA, Says $616 Million In Seizures 'At Risk' (WT)

By Jerry Seper

The Washington Times, January 8, 2007

About $616 million seized by the U.S. Drug Enforcement Administration during investigations is "at risk" because the agency has failed to "consistently implement and document controls" over the cash, according to a government audit.

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The Justice Department's Office of the Inspector General, in a 76-page report, said the accounting failures discovered by its auditors "can lead to discrepancies in the amount of cash seized and counted, accusations of theft and misappropriation of seized cash."

"The DEA has established internal control policies for handling and safeguarding seized cash," said Inspector General Glenn A. Fine. "However, our audit found that the DEA failed to consistently follow or document compliance with these policies."

According to the report released Friday, auditors found that from Oct. 1, 2003, through Nov. 3, 2005, the DEA made 16,007 cash seizures totaling almost $616 million. The money eventually was transferred to the U.S. Marshals Service for safekeeping until it was either forfeited by or returned to the owners.

But, the auditors said, their inquiry often found "no documentation indicating that a witnessing agent or task force officer was present at critical stages of the cash-handling process" as required by DEA policy.

The auditors, according to the report, also found many instances in which agents and task force officers did not count the seized cash; did not provide a receipt to the subject from whom the cash was taken; did not complete documents transferring custody of the cash to an evidence custodian; and did not record the receipt, transfer or disposal of the cash in a temporary or permanent control ledger.

Mr. Fine said that during a review of the documentation from 33 internal DEA investigations from October 2003 through July 2005 involving accusations that agents had either lost or stolen defendants' property, auditors found that in 11 instances the agents did not properly handle, process or dispose of the evidence.

Some of the cases involved multiple violations of DEA policies, he said.

In proposing seven recommendations, Mr. Fine said the DEA needs to better define when seized cash should be counted by the seizing agent, define a time frame for seized cash to be taken to the bank, and speed the transfer of seized cash to the Marshals Service by mandating the use of wire transfers.

In addition, he said, the audit found that the DEA did not follow, or did not document that it followed, many critical internal control policies.

DEA officials, in a written response, agreed to six of the recommendations, but said a proposal that the agency clarify its policy on counting cash and implement best practices for timely cash transfers to banks already had been implemented -- a position rejected by Mr. Fine's office.

"If the DEA was in compliance with this recommendation, it should have identified the deficiencies we identified and made recommendations to correct the deficiencies," he said.

Mexican Drug Cartels Move Into Peru (DMN)

By Alfredo Corchado, The Dallas Morning News

The Dallas Morning News, January 8, 2007

Worry spreads as their presence increases coca production, violence

LIMA, Peru – Mexican drug cartels, once regarded mainly as couriers for South American cocaine producers, have spread their powerful tentacles deep into this Andean nation, sowing violence and nourishing the re-emergence of Shining Path guerrillas, authorities say.

Peruvian authorities suspect a Mexican cartel in the killing of a federal judge in July that shocked this nation. The allegations underscore the presence of Mexican cartels in the multibillion-dollar shadow economy in Peru, the world's second-largest producer of cocaine after neighboring Colombia.

AP An attack by suspected Shining Path guerrillas left eight people dead in a Peruvian coca-growing area in December. The terrorist group may have formed an alliance with Mexican drug cartels.

"Just like in Mexico, Peruvian institutions are being put to the test," said Gen. Juan Zárate Gambini, Peru's anti-narcotics czar and head of the National Police. "We're very concerned about the consequences, and we're committed to doing everything to meet the challenge and defeat the enemy."

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Mexican cartels have become the most dominant drug-trafficking organizations in the hemisphere, authorities say. In his first weeks in office, Mexican President Felipe Calderón has sent thousands of troops and federal police to Michoacán state and the border city of Tijuana to confront entrenched cartels.

In South America, the Mexican groups are bypassing the Colombians and cutting their own deals with coca farmers in Peru and Bolivia, setting up dozens of tiny, state-of-the-art cocaine processing labs inside Peruvian territory, say Western diplomats and Peruvian authorities. The groups are opening new consumer markets throughout Latin America and elsewhere.

The Mexicans ship cocaine loads by boat to the Mexican coast, then up to the border with California or Texas, with its coveted Interstate 35 northbound corridor, Peruvian officials and experts said. South Texas remains the leading entry area for cocaine smuggled into the U.S., according to the U.S. Drug Enforcement Administration.

In addition, Mexican and Colombian scientists working for the cartels have introduced chemical fertilizers that are multiplying coca leaf production up to 1,000 percent per hectare, Peruvian authorities say.

"Instead of producing 300, 400 plants, new chemicals are ... producing 3,000 plants," said Jaime Artesana, a drug expert at the Peruvian Economic and Political Institute, an independent research organization. "The Peruvian government has dedicated just 3 percent of its budget to fight the drug problem. That has to change, because we need a new strategy to adapt to more powerful Mexican cartels."

U.S. aid to Peru for drug eradication is an estimated $300 million over the last five years, and the U.S. government has earmarked $60 million over the next three years for helicopters for counter-narcotics work. Virginia-based DynCorp International – which has a major operational hub in Irving – will provide maintenance and logistical support.

"Drug trafficking transcends all borders," said the U.S. ambassador to Peru, J. Curtis Struble. "No nation is free from its harmful effect, and [it] impacts all sectors of society."

Despite U.S. support, coca production in Peru has risen almost 40 percent in recent years, partly as a result of eradication efforts in Colombia, experts say.

Similarly, the Mexican cartel presence continues to grow. Between 2005 and 2006, about 35 Mexican cartel members were arrested in Peru. Twenty-five remain in jail, Peruvian authorities said.

U.S. policy

Others say U.S. drug policy is part of the problem. Kenneth Sharpe, a Latin American political and drug policy expert at Swarthmore College in Pennsylvania, said the U.S. "prohibition policy" has actually fed the rise of powerful criminal organizations.

"U.S. drug policy based on prohibition has nourished the drug wars in Latin America," Mr. Sharpe said. "There's absolutely no way a prohibition policy will ever work – here in the United States, in Latin America or anywhere else because all prohibition does is perpetuate the drug trade, rising crime and violence."

In Peru, the presence of the Mexican cartels was illustrated in July, when alleged Tijuana cartel hit men assassinated Federal Judge Hernán Saturno Vergara as he was eating with a nephew at the restaurant near his judicial office, Peruvian authorities said. Mr. Saturno was part of a three-judge panel overseeing a major case against alleged members of the Tijuana cartel.

The Tijuana cartel is allied with the Gulf cartel and its enforcers, the Zetas, who have been blamed for surging violence along the Texas-Mexico border and have been linked to drug killings in North Texas.

The attack on the judge served as a wake-up call on the presence of Mexican cartels in Peru, authorities say.

"The [Tijuana] cartel's message to authorities was very clear: Messing with us will cost you your life," said Ricardo Valdes, a former Peruvian interior minister and now head of the economic research organization Human and Social Capital. Mr. Valdes said the order to kill the judge came from inside the jail where members of the cartel were imprisoned.

Gen. Zárate, Peru's top drug officer, said the authorities' conclusion that Mexican cartels ordered the killing is based on interviews with jailed cartel members.

The Mexican presence in Peru has angered President Alan García, Peruvian officials said. Mr. García appeared with President Bush in Washington and pledged "total eradication of the drug trafficker threat."

Peruvian and Mexican authorities held talks in Lima and pledged greater cooperation in fighting drug traffickers.

Implications

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The implications for this Andean nation of 28 million people are enormous, drug experts say. They point to the violence that has engulfed parts of Mexico and the drug money that has corrupted security forces, judges, journalists and businessmen and is reportedly supporting guerrilla groups.

"We must not allow the violence of Mexico to penetrate Peru," said Gustavo Gorriti Ellenbogen, a Peruvian journalist and author and president of the Press and Society Institute, which promotes media independence.

"Mexico is like one giant bowling alley, with heads rolling," he said, referring to a recent spate of beheadings in Mexico. "We cannot allow that type of violence to happen here."

Meanwhile, the once-violent and powerful Maoist guerrilla movement known as Shining Path is regaining strength, thanks largely to drug traffickers, said Peruvian experts, including Mr. Valdes and Mr. Gorriti. Nearly defunct after the arrest of its leader, Abimael Guzmán, in 1992, the movement is now offering protection to drug traffickers and protecting coca farms from U.S.-backed eradication efforts.

In December, eight suspected Shining Path members were arrested after an attack on a police convoy in a coca-growing region killed five officers and three civilians, including a boy. More than 20 police officers have been killed in ambushes in the past year.

"The two remnants of the Shining Path are in the drug-trafficking zone in Alto Huallaga and ... the Apurímac-Ene [River] valley," said Mr. Gorriti.

There, Peruvian coca leaves are converted into paste and transported to laboratories in the coastal region for final processing. From there, Mexican cartels, working with Peruvian drug producers, ship the cocaine to not only Mexico and the U.S., but also South Africa, the Middle East, Russia, and throughout Latin America, particularly Argentina, Brazil and Chile.

"Eradication measures in Colombia are having an effect, as cocaine production has shifted to Peru," said Mr. Artesana of the Peruvian Economic and Political Institute. "But that's not the only explanation for the growth. It's also about new and growing markets throughout Europe, Asia and Latin America."

Unlike the guerrillas inside Colombia, the Shining Path movement is now based more on profit than ideology, Mr. Gorriti said. "They protect routes and tax drug shipments. That, along with the money they charge ... has provided a source of income which has aided their re-emergence."

In 2005, Peruvian authorities confiscated 11.7 tons of cocaine. As of September 2006, cocaine confiscations for the year had already reached 14 tons.

"But what these figures don't tell you is that Peru is confronting a notable increase in cocaine production," said Ángel Páez, a Peruvian author and investigative journalist. U.S. and Peruvian authorities say 190 tons of cocaine are still being shipped out of the country, he said. "This means that interdiction is actually minimal."

Gen. Zárate said that figure "sounds right."

IMMIGRATION:

U.S. Halts Souza Family Deportation (WSJ)

By Miriam Jordan

The Wall Street Journal, January 8, 2007

The U.S. government has terminated deportation proceedings against a Brazilian couple and their disabled son who were the subjects of a page-one profile in The Wall Street Journal last month, giving the family another shot at winning the right to live here permanently.

The case of Zandro Souza and his family raised questions about whether the U.S. should grant permanent legal residency to immigrants who might one day prove to be a financial burden. Mr. Souza, who rose in six years from dishwasher to chef at upscale eateries, was pursuing legal residency in the U.S. for his family and had the sponsorship of an employer.

The family's four-year application process hit a snag during an interview with an immigration official who requested proof that Mr. Souza's son, Igor, who is blind and developmentally delayed, wouldn't become a "public charge" if his parents died.

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After questioning the family about its future means of support, the agency issued a green-card denial that cited another reason for the family's rejection: namely, that it entered the U.S. on tourist visas with the intent of staying for good, a violation of federal law. In a letter dated Dec. 28, the day after the article appeared, the government withdrew its request for Mr. Souza and his family to appear for a deportation hearing. The memorandum addressed to Mr. Souza states that the government's notice to appear in court was "improvidently issued" and should be dismissed without prejudice. Thursday, an immigration judge in Boston granted the government's motion to terminate the case.

Shawn Saucier, a spokesman for the federal immigration agency, said there is no guarantee the family would be granted green cards. He said the Souzas and their attorney would be summoned for another interview within a month. "We want to be fair to this family and every applicant," Mr. Saucier said. "We want to make sure all aspects of the decision have been fully explored."

Igor, 11 years old, contracted toxoplasmosis -- a condition that can cause blindness, seizures and mental impairment in newborns -- from his mother in the womb. Mr. Souza worked two jobs to pay out of pocket for his son's medical costs, including doctors' visits, $1,000 a month in medication and as much as $2,500 for each emergency-room visit.

Several immigration attorneys, including the Souzas' lawyer, said the government's decision to reopen the case was likely to result in the family's obtaining legal permanent residency.

GOP Willing To Back Democrats' Key Bills (WT)

By Eric Pfeiffer

The Washington Times, January 8, 2007

Leaders of both parties say Democrats in Congress are likely to win bipartisan support for many of their signature issues, including passage of an immigration reform package that critics have derided as amnesty.

Republican lawmakers also offered cooperation for a raise in the federal minimum wage and changes to Social Security that do not include privatization.

"What I've said to the new majority leader: 'You won the election. Fair and square. You're in the majority. It is not my first goal every morning to get up and make you look bad,' " said Senate Minority Leader Mitch McConnell, during an appearance on "Fox News Sunday."

The Kentucky Republican said that the Democrats likely will pass a minimum-wage bill but that he also supports offsetting tax cuts. Mr. McConnell said he also expects cooperation on other issues, including Social Security.

"In fact, I've been challenging the new Democratic majority not just to do the easy things in the beginning of this session or some relatively easy issues that we were close to passing last year, but let's do some important things," he said.

"And I think there are two things that are very significant that would make a difference for the country. Let's fix the immigration problem, and let's save Social Security. We can do that before this Congress is out."

House Majority Leader Steny H. Hoyer agreed that the House Democrats could work with President Bush on an immigration bill compromise.

"One of the things that we brought up -- we didn't discuss substance -- was the immigration bill. And [Mr. Bush] smiled, and he said, 'You know, I think I'm going to have a lot easier time dealing with you on immigration than I had dealing with the House Republican leadership on immigration.' I think that's the case," the Maryland Democrat said on "Fox News Sunday."

Mr. Hoyer also expressed confidence about Mr. Bush's response to raising the minimum wage.

"He has reconsidered on minimum wage. He has already indicated he's going to sign the minimum-wage bill."

Mr. Bush and some Republican leaders have expressed a willingness to support a minimum-wage boost if it is offset by tax cuts to small-business owners.

"I have every reason to believe that the Republicans want to cooperate," Charles B. Rangel, New York Democrat and chairman of the House Ways and Means Committee, told ABC's "This Week." "It's in their best interest to cooperate. It's good for the Democrats and Republicans, the Congress and the American people."

However, House Speaker Nancy Pelosi was more critical of Republicans and Mr. Bush, questioning a White House budget proposal to reduce the deficit by half over five years.

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"We'd like to see what the president's version of a balanced budget is. He has never sent one to the Congress," Mrs. Pelosi, California Democrat, told CBS' "Face the Nation."

Mrs. Pelosi said the Democrats will honor legislation they have passed that promises not to increase deficit spending but does not rule out tax increases or promise to balance the budget.

"We are committed to pay as you go; no new deficit spending," she said. "We passed that in our rules package on Friday, and we're very proud of that. And we're committed to it."

In addition, Mrs. Pelosi acknowledged that people earning more than $500,000 a year may see their income taxes rise under the Democrats, but said it is not a "first resort" for her party.

"I'm talking about tax cuts for many in the middle class," she said.

Democrats' Ties To Labor Could Complicate Immigration Reform (MCT)

By Dave Montgomery

McClatchy Newspapers, January 8, 2007

WASHINGTON - President Bush's hopes of securing a comprehensive immigration overhaul have brightened considerably in the new Democratic-controlled Congress, but resistance from organized labor - one of the Democratic Party's most loyal constituencies - could complicate those efforts.

The AFL-CIO, which represents 53 unions with more than 9 million members, is ratcheting up opposition to a temporary guest worker program, a key element of Bush's immigration plan. At the same time, two powerful unions in a breakaway labor coalition, Change to Win, have tended to support the provision.

The divisions within labor were evident during the contentious debate over immigration in the previous Republican-controlled Congress. But they take on heightened significance as Democrats assume control of the 110th Congress and begin shaping the legislative agenda.

Organized labor is a bedrock of the Democratic coalition and helped drive Democrats' takeover of Congress in November's elections.

Labor political action committees contributed 86 percent of their donations to Democratic candidates, a total of $42 million, according to the Center for Responsive Politics. Labor also aggressively waged get-out-the-vote efforts and other activities to help end 12 years of Republican control of Congress.

With its bolstered political clout, the AFL-CIO is better positioned to confront a powerful coalition of business groups that is pressing for a temporary worker program to bring in thousands of foreign workers each year.

"The industry will oppose a bill that doesn't have a good temporary worker program in it," said Randel Johnson, vice president of the U.S. Chamber of Commerce.

But Johnson acknowledged that the AFL-CIO's heightened political stature in the aftermath of the elections raises the challenge for his side.

"In view of the election, it's very significant," he said. "Certainly, the AFL-CIO has a bigger seat at the table than they did before."

Business leaders say the guest worker program is needed to bring in foreign workers to fill unskilled and low-skilled jobs that Americans don't want. But AFL-CIO officials say the program is designed to give business a steady source of cheap labor and would take jobs from U.S. citizens.

"We don't believe our elected representatives are ready to adopt legislation that creates paths for corporations to import workers (and) reduce working standards in the United States," said Ana Avendando, associate general counsel for the AFL-CIO. "That's exactly what guest worker programs are."

Bush has made immigration one of his top domestic priorities since the outset of his presidency. But he was rebuffed by members of his own party when conservative Republicans in the House of Representatives effectively bottled up a Senate-passed bill. The legislation, which had bipartisan support, included a guest worker program and a legalization plan to put millions of undocumented workers on a path to U.S. citizenship.

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At least 12 million illegal immigrants, predominately from Mexico and other Latin American countries, have entered the United States over the last two decades in search of higher paying jobs and better living conditions. How to deal with the growing undocumented population remains one of the most troublesome elements in the immigration debate as Congress prepares to take up the issue again.

Ironically, Bush appears likely to fare better with Democrats than he did with his own party. House Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Harry Reid, D-Nev., support a comprehensive solution that appears to embrace the general thrust of last year's Senate bill.

In the previous session, House Republicans insisted on an enforcement-only approach that resulted in the passage of a largely unfunded bill creating a 700-mile fence along the Southwest border, the only major immigration initiative to emerge from the GOP-controlled 109th Congress.

The Senate leadership already has designated a comprehensive immigration bill as one of its top 10 legislative initiatives, dubbing it Senate Bill 9, although the components will come later.

"We're going to get it passed," said Sen. Edward Kennedy, D-Mass., who replaces Texas Republican John Cornyn as chairman of the Senate's key immigration subcommittee.

With Democrats in control, the next version of a Senate bill could largely resemble bipartisan legislation that Kennedy co-sponsored with Sen. John McCain, R-Ariz., offering eventual citizenship to undocumented immigrants after they pay fines, pass background checks and meet other conditions. A guest worker program in the McCain-Kennedy bill sought to bring in up to 400,000 foreign workers a year and offered future U.S. citizenship to qualifying participants.

The Kennedy-McCain bill served as the framework for the legislation that eventually passed the Senate, but its guest worker program was scaled back. The legalization feature was also redrawn to create three categories that determine eligibility based on the length of an illegal immigrant's stay in the country. That hard-to-administer feature, which aimed at attracting support from wavering Republics, will likely be jettisoned.

The outlook is a bit more fluid in the House, which under Republican control never seriously debated a comprehensive measure. But Rep. Zoe Lofgren, D-Calif., the incoming chairwoman of the House immigration subcommittee, said she is optimistic that House members eventually can find accord on legalization, guest workers, and other contentious provisions.

"We're at the beginning here," she said. "I believe that if we stop yelling at each other and just methodically work our way through the outstanding questions, that we can come up with a practical solution."

Immigration Debate Gets Religious (WT)

By Charles Hurt

The Washington Times, January 8, 2007

A number of leading Christian conservative groups have formed a coalition on immigration and illegal aliens that will push religiously grounded positions that both sides of the current immigration debate will both love and hate.

In letters sent today and obtained by The Washington Times, Families First on Immigration urges President Bush and leaders of the new Democratic Congress to adopt a grand compromise on the divisive issue that includes strong border security, an amnesty for illegals already here who are relatives of citizens and an end to birthright citizenship.

Former Republican presidential hopeful Gary Bauer, Deal Hudson of the Morley Institute for Church & Culture and David Keene of the American Conservative Union are among those who have joined forces to chart a new path on immigration reform, an issue that conservative Christians have generally avoided.

"Our position really is consistent with Christian teachings and with the rule of law," said Manuel Miranda, chairman of the Third Branch Conference who has corralled more than 30 leading conservatives to enter the volatile debate.

Religious liberals have long been outspoken advocates of amnesty and more immigration, but Christian conservatives have been torn between biblical admonitions to both the rule of law and charity toward strangers.

At the heart of their position is a compromise that could give both sides of the immigration debate their "holy grail," as Mr. Miranda puts it, while also making a major, one-time concession that would eliminate one of the biggest magnets for illegal immigration.

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Out of concern for keeping families together, the religious leaders propose granting citizenship to any illegal aliens in the country who are related to U.S. citizens. This would include anyone who has had a child born here, often referred to as an "anchor baby."

In return, the federal government would end birthright citizenship, which automatically grants U.S. citizenship to anyone born here, regardless of his parents' legal status. The 14th Amendment says "all persons born or naturalized in the United States ... are citizens of the United States."

"This is a real compromise," Mr. Miranda said. "On the one hand, there is legalization of a large number of people, but conservatives get the settlement of the thorniest issue for them in the immigration debate."

In letters today, the coalition implores President Bush and Democrats on Capitol Hill to search in earnest for a solution as soon as possible that deals with the estimated 12 million to 20 million illegals now in the country and ends future illegal migration.

"Illegal immigration is a human tragedy that disrupts lives and separates families," the group wrote in the letter to Mr. Bush that also scolds officials in Mexico for their responsibility. "It is a failure of two governments: the one that fails its people and the one that invites their departure for cheap labor's sake."

Specifically, Families First tells Mr. Bush -- who was supported by most of the members of the new coalition -- to abandon his proposal for a guest-worker program until the rest of the issues such as birthright citizenship and border security are resolved.

The group struck a similar note to Democrats in Congress and requested that they begin more aggressive oversight of the Bush administration's handling of illegal immigration.

"We believe that there is a need for such oversight as soon as possible," the group wrote to Senate Majority Leader Harry Reid of Nevada and Speaker of the House Nancy Pelosi of California. "Our hope is that such oversight will lead to a better considered reform and a cohesive immigration policy that goes well beyond Band-Aid politics."

Among others who have joined the coalition are longtime conservative direct-mail guru Richard A. Viguerie, the Rev. Donald Wildmon of American Family Association, the Rev. Louis Sheldon of Traditional Values Coalition and Rabbi Aryeh Spero of Caucus for America.

The group hopes to draw support from fellow religious conservatives in Congress such as Sen. Sam Brownback, Kansas Republican.

Mr. Brownback caused deep consternation in conservative circles last year when he enthusiastically embraced the Senate immigration bill, which was reviled by most conservatives because it would grant citizenship rights to most illegals. A member of the Judiciary Committee, Mr. Brownback argued that it was his Christian duty to support a bill that would help illegal aliens who came here in search of a new home away from the tyranny and squalor from which they came.

Families First also urged that lawmakers act quickly.

"Each day that laws are not enforced real people and whole families come to suffer an indignity," group leaders wrote. "Illegal immigrants can become the targets of abuse by the unscrupulous. This harms Americans too. It corrodes the dignity of the American people."

Battling Deportation Often A Solitary Journey (WP)

By Karin Brulliard

The Washington Post, January 8, 2007

Shortly after 9 a.m., all rose.

The black-robed judge took his seat under the Justice Department seal and in front of the federal prosecutor. People whispering in various languages spilled out of the cramped courtroom into the hallway of the federal immigration court in Arlington County, waiting for their chance to fight to stay in the United States, agree to leave or be deported.

Salvadoran Roxana Velasco sat alone in the waiting room. Like several other people listed on that morning's 37-case docket, she had no attorney.

"The judge said I have to have a lawyer or I have to represent myself," said Velasco, 30, recalling her first hearing in October. "How am I going to do that?"

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In immigration courts, there are judges and prosecutors, evidence and witnesses. The consequences can be great: banishment, separation from family, perhaps persecution at home. But unlike in criminal courts, the government does not provide free lawyers for the poor. And in what court officials deem a great concern, a growing number of people in immigration court have no legal counsel: Of more than 314,000 people whose cases ran their course in fiscal 2005, two-thirds went through on their own, or pro se.

That leaves respondents to navigate byzantine immigration law, the judges to walk them through it and, critics say, the courts to operate sluggishly and deport thousands unfairly.

"How do they possibly pick out of everything that's happened to them in their lives the legally significant points?" asked Donald Kerwin, executive director of the Catholic Legal Immigration Network Inc. "You have to know the legal standards to do that."

The issue is more crucial than ever, Kerwin said, as stepped-up enforcement increasingly sends immigrants -- including children -- to court and to rural detention centers, where lawyers are hard to find.

Velasco, who was caught by federal border police after slipping across the Rio Grande a year ago, said she immigrated illegally to be with her husband, who lives in the District. She said she called three lawyers, but two wanted $10,000 and one said she could not help. So on a recent morning, Velasco took Metro to a Ballston building, pressed the elevator button marked "PH" for penthouse and ascended to the immigration court, a suite of six small courtrooms.

Just before 10 a.m., she squeezed into Courtroom 4, her red purse carrying a hearing notice outlining her right to an attorney "at no expense to the government."

Judge Garry D. Malphrus was making his way through the master calendar docket, a list of quick preliminary hearings. Case 962 was before him: a 6-year-old girl in a sparkly skirt. To her left sat her attorney. To her right sat her father, who raised his right hand and agreed on his daughter's behalf to "voluntary departure" -- to leave the United States.

The girl's hearing lasted just minutes, and it was unclear why her father conceded that his daughter must go. Immigration lawyers say many of those who appear in the court have no right to stay in the United States -- no employer or legal relative to sponsor their visa, no claim to asylum. But Kerwin and other advocates say confused immigrants often need a lawyer to tell them this, or to determine that they have a case and then make it by, say, arranging expert testimony on a country's human rights record for an asylum case or obtaining documents that prove an immigrant is the child of a U.S. citizen.

Legal representation at the Arlington and Baltimore immigration courts -- which decide all cases from Virginia, the District and Maryland -- is higher than average, largely because of their locations near metropolitan areas. In fiscal 2005, 42 percent of cases in Arlington were completed with an immigration lawyer; that figure was 58 percent in Baltimore.

In court, judges hand immigrants a list of charities that offer free or low-cost legal services. They can help. According to the Catholic Legal Immigration Network, government data show that 34 percent of all non-detained immigrants with attorneys won their cases in fiscal 2003, compared with 23 percent without. Of non-detained asylum seekers, 39 percent with attorneys won their cases; that figure was 14 percent of those without attorneys.

To help, the Executive Office for Immigration Review, the Justice Department agency that runs the nation's 54 immigration courts, has been facilitating and expanding pro bono efforts. But volunteer legal aid services are often overwhelmed and have to turn people away. Many of the nine groups on the Arlington court's list will not take the cases of detainees or criminals.

Alberto M. Benitez, a law professor who directs the George Washington University Immigration Law Clinic, one provider on the list, said he and the students he supervises must sometimes temporarily shut down their service, which operates only during the school year, to catch up.

"Once it's open, it's a deluge of calls and walk-ins and referrals," Benitez said.

Some organizations, including the American Bar Association, have called for a congressionally ordered, court-appointed system for the indigent and mentally ill. But backers concede that the idea has little viability as tension simmers over illegal immigration. Lawyers have made little headway in courts by arguing that the absence of counsel violates immigrants' due process rights.

So now advocates focus on efficiency, saying lawyers save the system money by speeding up the process, often by telling the many immigrants without a good case to accept deportation. But no study has included a cost comparison.

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The claim is unconvincing to some.

"I'm not aware of any evidence that says the system would work better if people just had access to more lawyers," said Dan Stein, president of the Federation for American Immigration Reform, which seeks a reduction in immigration. He added: "Any good immigration lawyer at this point says that every illegal alien is just basically a potential legal one if . . . you find some loophole or make the process long enough."

After 11 a.m., the courtroom was drained of lawyers. A Mexican man approached, attorneyless.

Minutes later, the clerk called 677.

"Six-seven-seven," Velasco echoed in English, standing to cross the chilly room.

"Did you find an attorney to represent you?" Malphrus asked.

"Not yet," she said through an interpreter.

"I'm not aware of any basis that you have for remaining in the United States," Malphrus told her. "The only thing I can do is grant you voluntary departure from the United States in four months."

"Okay," Velasco said, with a nod.

After a lunch break, Juan Carlos Lopez, a 17-year-old Honduran, awaited his hearing. His brother, Johnny Sandoval, 23, said two mortgages and two jobs leave him little time or money to get a lawyer for Juan Carlos, who crossed the border illegally in April.

Soon the brothers sat before the judge, who said he would postpone the case until February. But bring a lawyer, he told them.

"His aunt is a resident," Sandoval said. "Is there any way she can sponsor him?"

"I don't think an aunt is sufficient, right?" Malphrus said to the prosecutor.

"The other option is to try to get him a visa to attend school here, but you need to do that back in Honduras," Malphrus said. "Anyway, talk to lawyers about that some more."

Justice can be done without lawyers, but it is tedious, said Denise N. Slavin, president of the National Association of Immigration Judges. Paperwork-heavy cases, she said, might take two hearings with a good attorney but eight without.

"You're acting like someone at the DMV on those cases," said Slavin, a Miami judge. "Like, 'Okay, you've got your registration; you don't have your pollution certificate.' "

Pro se detainees sometimes file motions modeled on boilerplates that are passed around detention centers. Lawyers say other people have good cases but founder in court, not knowing when to object or what evidence to prepare.

"The pro se folks can be good at packing the court with family members or other supporters, but they don't call them as witnesses because they don't know how to call them as witnesses," said Christopher Nugent, a lawyer who coordinates pro bono programs for Holland & Knight in the District.

About 2 p.m., Richmond resident Yasmin Bahamon sat in the courtroom, looking lawyerly in a pantsuit. She was in court for the fifth time, pushing her asylum case. She said she arrived in the United States five years ago from Colombia after being kidnapped and released by leftist guerrillas.

Her attorney, she said, dropped her case when she could not pay. She said none of the lawyers on the court's pro bono list returned her calls.

As with the others, Malphrus said her file showed no basis for her to stay. Would she take voluntary departure?

"No. I can't," Bahamon, 33, said quietly.

"Why can't you?" the judge asked.

She froze.

"Keep trying to get a lawyer to help you," Malphrus said.

Later, Bahamon stood in the empty hallway, weeping as a court clerk comforted her.

Blinking back tears, she said, "I am going to keep trying on the same list."

TAX:

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BB&T Plans To Appeal Ruling On Tax Refund (WSJ)

By Rob Wells

The Wall Street Journal, January 8, 2007

WASHINGTON -- BB&T Corp. said it intends to appeal a federal judge's rejection of a refund claim in a tax-shelter dispute with the Internal Revenue Service.

A U.S. District Court judge for the Middle District of North Carolina ruled for the Justice Department in a case involving BB&T's claim of a $3.3 million tax refund related to a 1997 lease transaction.

The IRS had rejected the refund claim, and BB&T went to court to settle the dispute.

BB&T spokesman Bob Denham said the Winston-Salem, N.C., bank is still reviewing the judge's opinion. "We disagree, and we plan to appeal," he said.

The leasing transaction involved a controversial "lease in, lease out" arrangement. In 2004, Congress outlawed similar leasing arrangements under which companies bought assets and then leased them back to their prior owners. Such arrangements can produce big tax benefits because depreciation can be claimed on the assets. The IRS in 2005 said it would begin to pursue leasing transactions in court.

Eileen O'Connor, assistant attorney general for the Justice Department's tax division, hailed the court decision, saying it shows that "to have a tax deduction for lease or interest expense, you must actually incur them." She said the court found in the BB&T case that the lease-in, lease-out tax shelter didn't involve a genuine lease or genuine indebtedness.

Mr. Denham said BB&T believes the leasing transaction on its 1997 tax return "was in full compliance with the Internal Revenue Code and all the applicable regulations."

At 4 p.m. Friday in New York Stock Exchange composite trading, BB&T shares fell 58 cents, or 1.3%, to $43.08 apiece.

Write to Rob Wells at rob.wells@dowjones.com1

Bush Tax Cuts Offer Most For Very Rich, Study Finds (NYT)

By Edmund L. Andrews

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — Families earning more than $1 million a year saw their federal tax rates drop more sharply than any group in the country as a result of President Bush's tax cuts, according to a new Congressional study.

The study, by the nonpartisan Congressional Budget Office, also shows that tax rates for middle-income earners edged up in 2004, the most recent year for which data was available, while rates for people at the very top continued to decline.

Based on an exhaustive analysis of tax records and census data, the study reinforced the sense that while Mr. Bush's tax cuts reduced rates for people at every income level, they offered the biggest benefits by far to people at the very top — especially the top 1 percent of income earners.

Though tax cuts for the rich were bigger than those for other groups, the wealthiest families paid a bigger share of total taxes. That is because their incomes have climbed far more rapidly, and the gap between rich and poor has widened in the last several years.

The study offers ammunition to supporters and opponents of Mr. Bush's tax cuts, which are all but certain to touch off a battle between the president and the Democrats who just took control of Congress.

Democratic leaders have taken pains to avoid an immediate fight over the tax cuts, most of which are scheduled to expire at the end of 2010. But Democrats are looking for ways to increase revenue well before then, in part because they want to spend more on education and energy without increasing the deficit.

Economists and tax analysts have long known that the biggest dollar value of Mr. Bush's tax cuts goes to people at the very top income levels. One reason is that two of his signature measures, tax cuts on investment income and a steady reduction of estate taxes, overwhelmingly benefit the wealthiest households.

But the Congressional study offers additional insight because it incorporates information about what people paid in 2004, the first year in which taxpayers could take full advantage of the cuts on stock dividends and capital gains.

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The study estimates that the effective federal income tax rate, which excludes payroll taxes for Social Security and Medicare, declined modestly for people in the middle- and lower-income categories.

Families in the middle fifth of annual earnings, who had average incomes of $56,200 in 2004, saw their average effective tax rate edge down to 2.9 percent in 2004 from 5 percent in 2000. That translated to an average tax cut of $1,180 per household, but the tax rate actually increased slightly from 2003.

Tax cuts were much deeper, and affected far more money, for families in the highest income categories. Households in the top 1 percent of earnings, which had an average income of $1.25 million, saw their effective individual tax rates drop to 19.6 percent in 2004 from 24.2 percent in 2000. The rate cut was twice as deep as for middle-income families, and it translated to an average tax cut of almost $58,000.

In its report, the Congressional Budget Office estimated that the overall effective federal tax rate edged up to 20 percent in 2004, from 19.8 percent the year before.

But even with that increase, Americans faced lower tax rates than any time since 1979. If President Bush has his way, those rates could decline even more as the estate tax on inherited wealth is gradually phased out by the start of 2010.

Mr. Bush and his Republican allies in Congress want to permanently extend that tax cut and almost all of the others that Congress passed in his first term. The cost of doing that would be more than $1 trillion over the next decade, a cost that would hit the Treasury at the same time that the spending on old-age benefits for retiring baby boomers begins to soar.

The budget office offered little commentary on its new estimates, but many of its numbers spoke for themselves.

The report shows that a comparatively small number of very wealthy households account for a very big share of total tax payments, and their share increased in the first four years after Mr. Bush's tax cuts.

The top 1 percent of income earners paid about 36.7 percent of federal income taxes and 25.3 percent of all federal taxes in 2004. The top 20 percent of income earners paid 67.1 percent of all federal taxes, up from 66.1 percent in 2000, according to the budget office.

By contrast, families in the bottom 40 percent of income earners, those with incomes below $36,300, typically paid no federal income tax and received money back from the government. That so-called negative income tax stemmed mainly from the earned-income tax credit, a program that benefits low-income parents who are employed.

Put another way: rich families were the undisputed winners from President Bush's tax cuts, but people in the bottom half of the earnings scale were not paying much in taxes anyway.

Dems Look At Tax Cuts For Middle Class (AP)

By John Heilprin, Associated Press Writer

AP, January 8, 2007

Democrats are not ruling out raising taxes for the wealthiest people to help pay for tax cuts for middle-income families, House Speaker Nancy Pelosi said.

She spoke of pursuing an estimated $300 billion that people owe in back taxes, eliminating deficit spending and reducing wasteful federal spending.

"As we review what we get from ... collecting our taxes and reducing waste, fraud and abuse, investing in education and in initiatives which will bring money into the Treasury, it may be that (repealing) tax cuts for those making over a certain amount of money, $500,000 a year, might be more important to the American people than ignoring the educational and health needs of America's children," Pelosi, D-Calif., said in an interview aired Sunday.

A budget rule, known as the pay-as-you-go rule, that was approved by the Democratic-run House on Friday requires that tax cuts have corresponding cuts in government spending or tax increases elsewhere to pay for them.

"What we're saying is Democrats propose tax cuts for middle-income families. And we want to have 'pay-go,' no new deficit spending. We're not going to start with repealing tax cuts, but they certainly are not off the table for people making over half a million dollars a year," Pelosi said.

The Senate's top Republican said most GOP senators oppose this budget rule because "it almost guarantees that the majority, if it enacts it, will try to raise taxes."

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"The last thing we need to do is to be raising taxes in this country, and 'pay-go' is the first step toward raising taxes," said Senate Minority Leader Mitch McConnell, R-Ky. "I think there will be very few, if any, Republicans who will support raising taxes.

Last week, the president challenged Democrats to join him in balancing the budget within five years and urged them to cut thousands of pet projects from future spending bills.

"If the president's willing to join with us to fight waste, fraud, and abuse, collecting the taxes, closing the loopholes, we can start there," Pelosi said. "What we'd like to do is come to the table as I say, put all our priorities on the table."

Bush's spending decisions also came under fire from the new chairman of the House Appropriations Committee, Rep. David Obey, D-Wis.

"How can you ever expect to get to a balanced budget if you're spending $100 billion a year on Iraq borrowing the money to do it, if you're giving $50 billion a year in tax cuts to people who make over a million bucks a year and paying for that with borrowed money?" Obey said.

Elsewhere on the legislative agenda, the chairman of the House Oversight and Government Reform Committee is getting ready to investigate suspected government fraud, particularly in federal contracts in Iraq and the Gulf Coast after Hurricane Katrina struck. But Rep. Henry Waxman, D-Calif., is not preparing to hand out subpoenas at first.

"I don't think you issue a subpoena first. You negotiate, and you try to get the information you need," said Rep. Henry Waxman, D-Calif.

Democratic Rep. Charles Rangel of New York, the new chairman of the tax-writing House Ways and Means Committee, is seeking GOP cooperation in making inroads on bloated tax laws.

"We have to look at all of the deductions, all of the credits, and to come up with what we think we can do," he said. "Is it going to be difficult? You bet your life."

Pelosi appeared on CBS' "Face the Nation." Rangel, Waxman and Obey were on "This Week" on ABC while McConnell spoke on "Fox News Sunday."

After Many Years, It's Rangel's Turn At The Helm (NYT)

By Robin Toner

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — It is the committee that produced the Social Security and Medicare laws, that created the modern welfare state and reinvented it in the 1990s, that raised taxes and slashed them, again and again and again. No committee, arguably, has more power or attracts more lobbyists than the Committee on Ways and Means. House members sometimes wait for years for a seat on it, then for decades to rise in seniority.

Representative Charles B. Rangel, Democrat of New York, joined the committee in 1975, and now, at the age of 76, has finally arrived at the very top. He takes the chairmanship of the 41-member panel, with a new majority of 24 Democrats, at a moment fraught with risk and possibility. Over the next two years, the committee will play a central role in defining, and financing, the Democratic Party's agenda after 12 years out of power.

In its sprawling meeting rooms (decorated with heroic portraits of chairmen past), the committee will now have to deal with all the Democrats' conflicting promises, barely submerged tensions and competing visions from last year's midterm elections.

The language may be arcane, the legislation incremental, but the issues before the members touch the lives of millions of Americans as they grapple with a changing and sometimes unsettling economy: how to balance the demands of globalization with the fears of many Americans that free trade no longer works for them. How to abide by the principles of fiscal responsibility, while investing in education, health care and other core benefits for an increasingly anxious middle class.

How to maintain the benefits and control the costs in Medicare as the first wave of baby boomers retires. What to do about the huge Bush tax cuts that begin to expire in 2010, a tempting target for liberals but a political landmine for Democrats trying to avoid the old charge of "taxing and spending."

All over Washington, lobbyists, tax lawyers and business leaders, with vast amounts of corporate wealth and power on the line, are acutely focused on the committee — and on the man who now leads it. Moments after the Democratic transfer of power became official Thursday, Mr. Rangel walked across the crowded Capitol to a reception for Senator Hillary Rodham Clinton, a

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fellow New York Democrat, and almost everyone he passed offered a hand, a cheek, a business card, a heartfelt (and occasionally groveling) congratulation.

"Mr. Chairman, what do I do, kneel, genuflect, what?" one woman said. Another man, suddenly recognizing the chairman, blurted out: "We've got to set up a meeting!" One after another asked, almost meekly, "Can I give you my card?" Mr. Rangel seemed utterly enchanted by it all. When he arrived at the reception, he joined the other alpha male in the room, Mrs. Clinton's husband, and settled happily into small talk, surrounded by flashing cameras, filming cellphones and beaming onlookers.

Mr. Rangel acknowledged, with a laugh, that he is now treated quite differently by the business and lobbying community. "I would be doing the same thing, to be honest with you," he said. "You've got to get along with the people who make the decisions and chair the committees." For example, Mr. Rangel added, business leaders consumed with expanding trade are suddenly displaying (at least in his presence) a "more sensitive understanding of the pain that it causes some people." It is, in short, good to be king.

Mr. Rangel is in some ways an unlikely leader for the new Democratic Party, which regained its Congressional majority in large part because of suburban voters, often in very competitive districts. The first black representative to lead the committee, Mr. Rangel comes from an urban and exceedingly safe district; it had the largest margin of Democratic presidential votes in the country in 2004, with just 9 percent going to President Bush, according to the Almanac of American Politics.

Since he won his seat in 1970, defeating Adam Clayton Powell Jr. in a Democratic primary, Mr. Rangel has been easily re-elected, and able to deliver the federal largess that seniority brings. His district has had only two congressmen in more than 60 years.

Mr. Rangel is, by most measures, a liberal, although he said in an interview last month that he would no more be a "Harlem chairman" than Representative Nancy Pelosi, Democrat of California, would be a "San Francisco speaker." After 12 agonizing years in the minority, when friends urged him to leave the House and give up the distant prospect of the chairmanship, he says he is determined to make the job work and get things done. That means building consensus and reaching out, not just in his own party but across the aisle, to Congressional Republicans and the Bush administration.

He cannot work the way his predecessor, Representative Bill Thomas of California, did — by driving his own party hard and winning votes by absolute party unity. "Democrats don't work in lockstep," Mr. Rangel said. And even if they did, any purely partisan legislation faces the possibility of a presidential veto.

All this political caution and elaborate bipartisanship does not come easily to Mr. Rangel. He is given to speaking his mind, recently affirming, for example, his support for a return of the draft to highlight the unequal sharing of the burden of war. It is not a popular position, and Mr. Rangel said his party leaders "kindly" reminded him that "it wasn't in my jurisdiction."

During the midterm campaign, Republicans repeatedly, and at times successfully, tried to provoke Mr. Rangel. Vice President Dick Cheney said, at one point, that Mr. Rangel "doesn't understand how the economy works" and would return to taxing and spending; Mr. Rangel unloaded in turn.

Now, he is trying hard to be restrained, about Mr. Bush, his administration and his tax cuts. When asked about Mr. Bush's renewed insistence last week that Congress extend those tax provisions, Mr. Rangel paused and said, with almost visible effort, "Part of what I think is my responsibility is not to be critical of the president."

He brushes off speculation about his party's plans for the Bush tax cuts, many of which have been criticized by Democrats for years as a giveaway to the richest Americans; it is simply premature, he argues, since their expiration date is three years off. Stan Collender, a longtime budget analyst, says it makes no political sense for Congress to "deal with tax cuts before you have to, certainly not before the 2008 election."

This almost painfully careful discussion underscores the stakes of the Ways and Means Committee's agenda. This month, to set a framework for the discussion of the president's budget, the committee will hold broad hearings on the state of the nation's economy; those will be followed by more hearings on the budget itself, expected in early February. With the president's fast-track authority to negotiate trade agreements expiring this summer, the debate over globalization will also be quickly joined.

Chairmen of the 218-year-old committee have traditionally been at the center of the great debates, including how to support a growing elderly population and how to deal with the excesses of capitalism. They often deal directly with presidents — Wilbur

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Mills with Lyndon Johnson, Dan Rostenkowski with Ronald Reagan and George H. W. Bush — and are linked to the great accomplishments of their eras. (They can also take major political falls, as did Mr. Mills and Mr. Rostenkowski.)

The chairmanship does not carry the power it once did; changes in House rules and political practice reined in the "old bulls." But Mr. Rangel, who plans to fly to Chicago this month and confer with Mr. Rostenkowski, is already thinking about his legacy.

"I'm 76, and I can't afford the luxury just to gridlock," he said.

Still, there are real fault lines, even within his party. The recent elections showed a resurgent populism, a new skepticism on trade and a new alarm that global competition translates into lower wages and shakier benefits for too many Americans. Democrats who embraced free trade under President Bill Clinton are now having second thoughts.

Liberals like Robert B. Reich, the former secretary of labor, argue that the new Congress must provide "more economic security at home," like affordable health insurance or better pension protection, to cushion workers in this rough, new, competitive environment. But at the same time, many Democrats argue that the Clinton-era emphasis on deficit reduction and fiscal responsibility must be restored, raising the question of how all their new spending (not to mention a fix to the alternative minimum tax) will be paid for.

Jared Bernstein, a liberal economist, said: "When the Ways and Means Committee has worked well, they've identified social needs and advocated for the funds to meet them. Will this committee do that? I hope so."

Republicans, for their part, say they want to work with the Democrats where they can, in particular to "change the tone" on the committee after years of bitter partisanship, as Representative Jim McCrery of Louisiana, the panel's senior Republican, put it. But the ideological gulf between the two parties is vast, not just on tax cuts, but on the role of government versus the private market in areas like health care.

Representative Paul D. Ryan, Republican of Wisconsin, one of the influential young conservatives on the committee, says he fears that the Democrats' policies will inevitably lead to abolishing "the pro-growth Bush tax cuts" and pushing Medicare back toward a "one-size-fits-all government monopoly."

All of this now faces Mr. Rangel — an extraordinarily difficult job that he won, in part, by simply enduring. As he did his victory lap across the Capitol last week, he said he had no regrets. He could not stop smiling.

A Bush Tax Increase? (WP)

By Robert D. Novak

The Washington Post, January 8, 2007

More than the ascension of Nancy Pelosi & Co. was disturbing congressional Republicans last week. They worried that George W. Bush might proceed down the path that made his father a one-term president. Thus, they ask this question: Will the current President Bush embrace a tax increase that would produce potential economic disaster and guaranteed political catastrophe?

Henry M. Paulson Jr. is a shark on Wall Street but a rookie on Pennsylvania Avenue. As Bush's third secretary of the Treasury, he has engaged in secret bipartisan talks discussing an increase in the $97,500 limit on personal income subject to the Social Security payroll tax. That would cause a jump in the top marginal tax rate, demolishing supply-side tax principles that Republican administrations have purportedly followed for 26 years.

Paulson certainly has given the impression in those discussions that he is amenable to raising the payroll tax, but a senior White House aide cautions that this decision has not yet been made. "There is somebody higher than Hank Paulson, and it is George W. Bush," he told me. Presidential adviser Karl Rove (who is not the aide I just quoted) attended conservative activist Grover Norquist's weekly meeting on Wednesday and offered to bet anyone $5 that there would be no increase in the payroll tax base. But Bush himself has not unequivocally ruled out such a move, as he has any increase in the personal income tax.

White House spokesman Tony Snow, an ardent supply-sider as a columnist and commentator who must be personally against a higher payroll tax, dances around the question at public briefings. Congressional Republicans are running into a stone wall from usually cooperative Treasury and Social Security Administration officials when they request economic data that would demonstrate the folly of lifting the payroll cap.

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But Paulson is the source of most Republican apprehension. He has engaged in private talks with Republican Sen. Lindsey Graham of South Carolina and Sen. Joseph Lieberman of Connecticut, who now calls himself an "Independent Democrat." For more than two years, Graham has been seeking Lieberman's participation in a bipartisan Social Security reform that would include a higher payroll tax base.

When Graham began crafting his compromise in November 2004, the premise was that each party would accept something painful. In return for Republicans agreeing to payroll taxes on higher income, Democrats would have to swallow Bush's proposed personal retirement accounts, which would be financed by cutting into payroll tax revenue now dedicated entirely to Social Security. But no Democrat, not even Lieberman, is willing to accept that. Democrats refuse to talk with Republicans about personal accounts "carved out" of the present system.

Indeed, a "carve out" is a dead letter. New personal retirement accounts could be passed only as an "add on" -- financed voluntarily by individuals whose contributions to Social Security would remain unchanged. Higher payroll taxes would be imposed only to save the present system as part of broader entitlement reform.

Republican concern over such an outcome stems in no small part from the belief that the multimillionaire Paulson has entered a realm foreign to him. One well-placed House Republican, who asked that his name not be used, expressed alarm that a financier who sold $485 million worth of Goldman Sachs stock in order to be confirmed at Treasury cannot appreciate how the payroll tax ravages self-employed businessmen and farmers.

Eliminating the cap on payroll taxes would constitute the largest tax increase in U.S. history, estimated by the Heritage Foundation during the last Congress at $1.4 trillion over 10 years. This analysis predicted that such a step would cost nearly a million jobs and more than $55 billion in projected personal savings.

The economic woe that would result from higher payroll taxes would be matched by the political damage to the president if this outcome were adopted by the Democratic-controlled Congress with his approval but support from only a few Republican legislators. That political calamity can be averted if Bush takes a payroll tax increase off the negotiating table, just as Democrats refuse to talk about a partially privatized Social Security system.

A Bad, Bipartisan Tax Plan (WP)

By Sebastian Mallaby

The Washington Post, January 8, 2007

Way, way back, which means before the midterm elections, the House Democrats waxed indignant about the rights of the minority party. When they assumed majority status last week, they barely gave Republicans a chance to speak, and all of Washington tut-tutted. Meanwhile, in the Senate, there was an outbreak of bipartisanship fit to make the angels sing. This posed a far more serious problem.

The outbreak came from Max Baucus, the new Democratic chairman of the Senate Finance Committee, and Chuck Grassley, the ranking Republican. Standing shoulder to shoulder, manfully defying the mad partisan cleavage of our times, the two senators called for repeal of the alternative minimum tax -- a prescription so fiscally crazy that not even the Bush administration supports it.

To appreciate the full awfulness of this idea, start with the broad tax picture. The Bush tax cuts are set to expire in 2010, so there's going to be a loud debate about whether to extend them. Meanwhile the alternative minimum tax, which was devised to ensure that millionaires don't escape taxes through excessive deductions, is catching more and more families in its net. Back in 1970, just 20,000 households paid the AMT. This year 23.4 million are expected to be hit by it.

Nobody likes the AMT. It penalizes families with children, and it requires taxpayers to calculate what they owe twice: You crunch the numbers under the usual tax rules, crunch them again under AMT rules, then pay whichever bill is bigger. But the spread of the unpopular AMT creates a political opening. Coupled with the expiration of the tax cuts in 2010, it gives Congress two reasons to rethink tax policy.

The Baucus-Grassley idea would waste this opportunity. The senators don't want to reform the AMT or link its repeal to wider tax changes; they just want to abolish it. This would destroy the chance to say to voters: Look, we're not going to extend all the tax cuts we gave you in 2001 and 2003, and while we're at it we're going to reduce the mortgage-interest deduction and other

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egregious loopholes so that we can collect more revenue without discouraging work by raising your tax rates. But wait, don't get too mad; at least we're going to kill the AMT for you.

Repealing the AMT would preempt that sort of bargain; but it would also be bad on its own terms. For all its administrative clunkiness, the AMT is wonderfully progressive: 90 percent of its revenue comes from those earning more than $100,000 a year, according to the nonpartisan Tax Policy Center. Last week Baucus denounced the AMT as a "monster in the tax code" -- a "Frankenstein," no less. But in an era of rising inequality, you don't slay progressive monsters casually.

Then there is the question of paying for repeal, which would cost a whopping $750 billion-plus over a decade. Last week both parties proclaimed that they had truly, honestly forsworn budget-busting proposals: The Bush administration announced a plan to come up with a plan to balance the budget three years after it leaves office, while the Democrats announced that they would live by rules under which any tax cut or spending proposal must be paid for with an offsetting measure. In one cruel swoop, AMT repeal would bury these green shoots of responsibility.

Baucus, to be fair, says he wants AMT repeal to be "fiscally responsible." The trouble is that his favorite way of generating revenue -- redoubling efforts to collect unpaid taxes from shirkers -- is not going to yield anything like enough to finance AMT reform. If the senator has other revenue ideas, he's not mentioning them.

Meanwhile, Grassley is cheerfully indifferent to the deficit. He dismisses calls to offset the cost of abolition as a "trap": "It's unfair to raise taxes to repeal something with serious unintended consequences like the AMT," he complained last week. But the consequences of the AMT -- namely, rapidly rising revenue -- are not exactly a surprise, least of all to the senator. They have been part of the budget projections that Grassley used to justify his support for the Bush tax cuts.

The nation's fiscal destiny is going to depend on a few big things. It's great that pork-barrel "earmarks" are at last being criticized by both the president and Congress, but the most serious challenges lie elsewhere. They lie, first, in the federal health and retirement programs, whose costs threaten a crackup; and second, in the tax system, which needs to bring in extra revenue while reducing inequality and not injuring the work ethic. Senators have no business sitting on the Finance Committee unless they are grappling with these problems day and night. But Baucus and Grassley have set out to make a solution harder.

CONGRESS-ADMINISTRATION:

How Bush Education Law Has Changed Our Schools (USAT)

By Greg Toppo

USA Today, January 8, 2007

The walls are speaking these days at Stanton Elementary School in Philadelphia, and they're talking about test scores.

Post-It notes with children's names tell the story of how, in just five years, a federal law with a funny name has changed school for everyone. "We spend most of our days talking about or looking at data," principal Barbara Adderley says.

Test scores run her week.

She meets with kindergarten teachers on Monday, first-grade teachers on Tuesday and so on. The meetings begin with a look at each teacher's "assessment wall," filled with color-coded Post-Its representing each pupil and whether he or she is making steady progress in basic skills. Once students master a skill, the Post-Its move up the wall.

"If they don't move, then we have to talk about what's happening," Adderley says.

What's driving the talk? President Bush's landmark education law, dubbed No Child Left Behind.

A cornerstone of Bush's domestic agenda and one of his few truly bipartisan successes, it took what was once a fairly low-key funding vehicle (it was known as the Elementary and Secondary Education Act before Bush borrowed the catchy name from the Children's Defense Fund) and turned it into a vast — and contentious — book of federal mandates.

At its simplest, the law aims to improve the basic skills of the nation's public school children, particularly poor and minority students.

At Stanton, it seems to have made a difference. In 2003, fewer than two in 10 kids here met state reading standards; by 2005, about seven in 10 did.

The law turns 5 years old today.

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It faces a tough future as Congress prepares to reauthorize it — a group of 100 education, religion and civil rights leaders today announces an effort calling for "major changes."

Is it improving education nationwide? It's too early to tell — many schools didn't get around to enacting most of its more than 1,000 pages of regulations until two or three years ago. U.S. Education Secretary Margaret Spellings says the law wasn't being fully implemented in all 50 states until 2006.

But one thing is certain: No Child Left Behind has had a major influence on the daily experience of school for millions of kids. Here are five big ways it's changing schools.

It's driving teachers crazy

Here's a pretty safe rule of thumb: Start in the classroom and travel up the educational food chain. The further you travel, the more you'll find that people like the law. Mention it to most teachers and they'll just roll their eyes. Many principals tolerate it. Ask a local superintendent, a state superintendent or a governor and the assessment gets rosier as their suit gets more expensive.

Carmen Meléndez quit her job as a bilingual language arts teacher at an elementary school last spring in Orange County, Fla., after the law prompted her principal to institute 90-minute reading blocks and a scripted curriculum — in the process making individualized instruction impossible. Meléndez also found that she couldn't teach poetry anymore.

"It was insane," she says. "The kids were all jaded. They were tired — they hated school."

Most of the frustration, teachers will tell you, comes from the stress of mandated math and reading tests. The law requires that virtually all children be tested each year starting in third grade — and it doles out growing penalties if schools don't raise scores each year. Naturally, test day in most schools is fraught with tension.

"They're 8 years old, and they're so worried about a passing score," Meléndez says. "I think that's inhumane."

Dianne Campbell, director of testing and accountability in Rockingham County, N.C., told the American School Board Journal in 2003 that administrators discard as many as 20 test booklets on exam days because children vomit on them.

Also, many state rating systems (which often predated No Child Left Behind) now end up celebrating the same schools the federal law slams.

Longstreet Elementary School in Daytona Beach, Fla., has scored high on the state ratings for five years, but Longstreet is one of 21 Volusia County schools due for "corrective action" this year under the law.

"Our parents are thrilled at what happens at our school — and a lot of what happens at our school has nothing to do with No Child Left Behind," says counselor Bill Archer.

Jack Jennings of the Center on Education Policy, a Washington education research group, says some of the testing actually helps drive better instructional strategies and, in that respect, is helpful. But he says teachers tell him they're overwhelmed by the sheer volume of testing, which can last six weeks in some schools.

"I don't think you can go into a teacher meeting in the country without somebody bringing up No Child Left Behind," he says.

After five years, the law has even spawned an online petition that, as of Sunday, had about 22,500 signatures of people urging Congress to repeal it.

Along with his signature, teacher Mark Quig-Hartman of Vallejo, Calif., said: "I am well on my way to becoming an embittered and mediocre teacher who heretofore considered teaching to be a profession, not a job. I once loved what I did. I do not now, nor do my students; school has become a rather grim and joyless place for all."

Teachers' unions have often been the law's loudest critics. One top National Education Association official even entertained the NEA's 2004 conference in Washington by appearing onstage with an acoustic guitar and singing a protest song with this unforgettable hook: "If we have to test their butts off, there'll be no child's behind left."

And if you think it's just teachers who complain, think again: 2006 saw even the law's most ardent supporters complaining, but for a very different reason: They say states and school districts game the system by lowering their standards.

Because the law allows each state to set its own pass/fail bar on skills tests, "proficient" means something different depending on which state you live in. The percentage of Missouri fourth-graders at or above "proficient" in English is only 35%, but 89% of Mississippi fourth-graders meet that state's standards. In math, only 39% of Maine fourth-graders are proficient or better; in North Carolina, 92% are.

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Philadelphia Public Schools CEO Paul Vallas jokes that to really improve scores in his city, he could make classes smaller and modernize buildings. "Or we can give everyone the Illinois test," he says.

It's narrowing what many schools teach

If nothing else, the law's first five years have proved the maxim "What gets tested gets taught."

The law's annual testing requirements in math and reading have led many schools to pump up the amount of time they spend teaching these two staples — often at the expense of other subjects, such as history, art or science.

Jennings found that 71% of districts are reducing time on other subjects in elementary school.

"What we're getting under (the law) is a very strong emphasis on building skills at the expense of history and literature and science," says researcher Thomas Toch of the Education Sector, a Washington think tank.

Other critics say the law has created a "complexity gap." Children in lower grades have made improvements — some impressive — in basic skills, but the improvements vanish in middle school and beyond, when kids are tested on more complex conceptual thinking.

Brown University researcher Martin West this fall compared federal data from 2000 and 2004, and found that since No Child Left Behind, elementary schools have spent, on average, 23 fewer minutes a week on science and 17 fewer minutes on history. He also found that in states that test history and science each spring, teachers spend about half an hour more a week on each subject.

He also found, oddly, that after a large jump in the 1990s, schools actually spend a few minutes less a week on math — but they still spend more than twice as much time on math than on either history or science.

And they spend more than twice as much time on reading and language as on math.

"Schools really do respond to the incentives that are provided to them," West says. "That places a huge premium on getting the incentives correct."

But he and others aren't quite ready to say the law is dumbing down school.

Researcher Jane Hannaway of the Urban Institute theorizes that improved reading skills may help children understand other topics, even if they're spending less class time on them.

She recently looked at Texas fourth-graders' standardized test scores and found that they had some of the nation's highest marks in science — even though they don't tackle science until fifth grade. One possible theory? The children in Texas were simply able to read the test questions better.

'Invisible' students get attention

Even opponents of No Child Left Behind grudgingly concede that, five years out, the law has revolutionized how schools look at poor, minority and disabled children in big cities, who often find themselves struggling academically. It forces schools to look at test score data in a whole new light, breaking out the scores into 35 or more "subgroups."

If even one group fails to make "Adequate Yearly Progress," or AYP, in a year, the whole school is labeled as "in need of improvement."

Perhaps most significant, the law has given a handful of big-city superintendents the political leverage to make radical changes — they can now make the case that "federal requirements" make them necessary.

In Philadelphia, public schools CEO Paul Vallas invoked the law when, in one school year, 2002-03, he replaced all of the city's elementary and middle school math and language arts textbooks and hired Kaplan, the test-prep company, to write a standardized core curriculum.

He pumped up full-day kindergarten and preschool — Philly students are now 50% more likely to have attended preschool than before the law — and instituted extended-day math and reading programs for struggling students. "No Child Left Behind gave us the cover to do it," he says.

In the past three years, he also has dismissed 750 teachers who didn't meet minimum standards the law put in place.

"We would have never been able to do that without the federal (Sword of) Damocles hanging over our head," he says.

Superintendents in New York City, Chicago, San Diego and elsewhere have made similar — and sometimes bigger — changes under the cover of No Child Left Behind.

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Spellings says the law has had similar effects nationwide. "It has built an appetite to pay attention to kids who have been overlooked previously," she says.

A few observers, such as Mike Petrilli, a former top Bush administration official, say the law has been felt most keenly by suburban school districts, where for years low achievers weren't a priority because high-achieving kids could bring up the district average.

Petrilli, who now works for the Fordham Foundation, a conservative Washington think tank, says the idea of breaking out poor and minority kids' scores was "really revolutionary" in most suburbs.

It has prompted many suburban districts in places such as Montclair, N.J.; Shaker Heights, Ohio; and Evanston, Ill., to form a co-op that shares ways to help once-neglected minority kids.

"There's general agreement that (the law) has created more of a sense of urgency," says education blogger and Virginia State Board of Education member Andrew Rotherham.

What that looks like in individual schools varies, but in many, "urgency" is not pretty.

"It really has brought the Hounds of Hell down on the schools of Prince William County," says Betsie Fobes, a recently retired eighth-grade algebra and pre-algebra teacher at Parkside Middle School in Manassas, Va. "This AYP business is just killing us — absolutely killing us."

Parkside, which has seen a large Latino influx, didn't meet its goals two years in a row — so now teachers must attend twice-weekly meetings, often focused on testing. They've built in a tutorial period, and even secretaries do their share of tutoring.

"The entire school is revolving pretty much around these kids who fit into these subgroups," Fobes says.

It's making the school day longer

If a restaurant takes 12 eggs and makes a lousy omelette, will adding another two eggs make it better?

If a school can't teach a child to read in seven hours, will eight do the trick?

Under No Child Left Behind, the answer is: Probably yes.

The law requires schools that don't make adequate yearly progress to offer free transfers to a better-performing public school.

If results don't improve the next year, the school must begin offering free after-school tutoring — in many cases with classes taught by the school's own teachers with whom the kids were failing during the school day.

William Bennett, Ronald Reagan's education secretary, invoked the egg metaphor, and as it turns out, a lot of families — and teachers — are willing to try the omelette. In the 2004-05 school year, 1.4 million students were eligible for the tutoring, and about 17% took advantage of it.

Spellings says the tutoring is often provided by different teachers from the ones a kid sees during the regular day. Perhaps more important, she says, the law is forcing large districts such as Los Angeles to figure out how to keep kids from needing tutoring in the first place.

"They're … sitting there thinking, 'What the heck? How can we have so many kids who can't get to grade level in the course of the school day? What needs to happen in the school day different?' "

It's changing how reading is taught

Forget everything else No Child Left Behind stands for. If it does nothing else, advocates say, it will have improved poor kids' reading in unprecedented ways. A few say it already has.

The law gives schools $1 billion a year to spend on reading and focuses it, laser-like, on 5,600 schools that serve the nation's poorest 1.8 million kids. It starts with kids as soon as they enter school and, so far, has trained 103,000 teachers on "scientifically based" reading strategies heavy in phonics, step-by-step lessons and practice, practice, practice.

And because many schools build their reading programs around what primary grades do, it could affect millions more students' reading skills.

How could it fail? Easily, say critics such as Susan Ohanian. She points to overly scripted reading curricula and a curious little reading test called DIBELS, which makes it easy to rate children's reading skills, in part by asking them to look at nonsense words; it then rates them on their ability to read the words aloud — very quickly.

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"I have never seen anything like this," says Ohanian, a former New York teacher who blogs about education in general and No Child Left Behind in particular. She bemoans the loss of teacher autonomy and says DIBELS is one of its worst symptoms.

"I don't dispute that it's quick and easy and it's a tool — and if you just used it that way, I probably wouldn't have a problem with it," she says. But she adds: "They're using DIBELS to hold kids back in kindergarten. And that's where it becomes really evil. Some kids are just not ready for that skills stuff."

Next Round Begins For No Child Left Behind (CSM)

By Amanda Paulson

The Christian Science Monitor, January 8, 2007

When President Bush signed the landmark No Child Left Behind Act five years ago Monday, he conducted a three-state road show, touted its bipartisan roots, and promised it would put US schools "on a new path of reform, and a new path of results."

In the five years since, critics and admirers of the bill tend to agree about the reform part, but say they're still waiting for results.

Achievement levels are creeping up toward the 2014 deadline when all public school children are supposed to be "proficient" at math and reading, and the racial and economic achievement gaps have narrowed slightly in a few cases, but not at all in others.

Yet even the act's harshest critics admit it has changed the conversation about education in America, and has focused attention on poor-achieving groups of students who had been overlooked.

This year, No Child Left Behind (NCLB) is getting particular attention: It's not just the five-year anniversary, but the year the act expires and must be voted on again by Congress - an opportunity many are hoping will be used to revise the law - either a lot or a little - to make it more effective.

"I'm actually even more hopeful about this second iteration of this law than I was about the first," says Michael Casserly, executive director of the Council of the Great City Schools. "In general, I think the law has been more helpful than not. For a piece of legislation that really changed the conversation from universal access to universal proficiency, I wouldn't necessarily expect to get that paradigm shift right the first time around." A national reform

In its five years, the law has affected nearly every elementary and high school in the country.

Testing is now conducted every year from Grades 3 through 8, and students' performance is measured against that of the rest of their state and is broken down by race and income level. If any of those groups fails to make the "adequate yearly progress" two years in a row, the school is placed on an "in need of improvement" list. Schools on the list that receive federal funds are then subject to mounting sanctions and extra services.

And that's just the most visible change. The ultimate goal is to have every child meeting standards by 2014.

For now, though, the results are less clear. Scores on the National Assessment of Education Progress (NAEP), called the nation's report card, have climbed slowly in reading and math for some groups, but the number of students who are "proficient" is still discouraging.

Just 41 percent of all white fourth graders meet the standard in reading, for instance. For both reading and math, only 13 percent of all black fourth graders are "proficient." Teachers complain of the stigma of being a failing school, and principals worry about the myriad ways they could end up on a watch list.

The Department of Education emphasizes the long-term NAEP trends, noting that more progress in the reading scores of 9-year-olds was made between 1999 and 2004 than in the previous 28 years combined. But in general, even supporters say they're happier with the conversation the law has jumpstarted than with the results.

"It's been more effective at capturing attention and getting the rhetorical attention than in actually prompting people to go after the hard stuff they're going to need to go after to actually close these gaps," says Kati Haycock, director of the Education Trust, which focuses on closing achievement gaps for poor and minority students. She credits NCLB with some improvement in the achievement gap, but would like to see teacher quality standards better enforced. A push to help those at the bottom

One change that seems likely to get traction is a shift toward a "growth" model of assessing schools, in which schools with students who come in far below grade level get credit for helping them make big strides, even if they still fall short of proficiency -

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so long as, the Department of Education emphasizes, they do get students to a proficient level eventually. The department has already approved pilot programs in five states, and wants Congress to include such a model in NCLB.

Still, some critics want far more sweeping changes. A coalition called the Forum on Educational Accountability now has more than 100 groups - including the NAACP and the National Education Association - which have signed a list of 14 requested changes to the law. They include lowering the current proficiency targets, providing more assistance to failing schools, getting rid of sanctions with less record of improvement, and encouraging testing designed to measure higher thinking skills and performance throughout the year.

"The goal [of NCLB] is reasonable - the structure and way it's been implemented have been a disaster," says Monty Neill, director of FairTest and chairman of the forum.

He says some sanctions, such as allowing students to attend another school, aren't working, and that the testing and annual progress requirements have caused many schools to narrow their curriculum and "teach to the test" in the months preceding it.

"We'd be better off putting money into the teachers, teaching them how to be better assessors, and building in methods for spot checking and getting feedback," Mr. Neill says. Slim chance for change in 2007

While the conversation is heated, the likelihood that NLCB will be reauthorized this year may be small. An informal poll of Washington insiders conducted by the conservative Thomas B. Fordham Foundation found that none believed it is likely this year, and most thought it would be put off until after the 2008 presidential election.

Michael Petrilli, vice president for national programs and policy of the foundation and an early supporter of NCLB, admits that by this point, he's convinced that the federal government simply can't accomplish what it wants. He'd keep the goals of NCLB, but put the federal government's effort into setting strong national standards - instead of the widely varying state standards that currently exist - and have the states and districts figure out on their own how to get students to meet those standards.

"What we've learned more than anything else is that the federal government isn't well-equipped to force school districts to do things they don't want to do," Mr. Petrilli says.

The Department of Education, meanwhile, asks critics to be patient.

"We're in such a different place" than we were five years ago, says Kerri Briggs, acting assistant secretary for policy. "Education reform is not necessarily speedy work. It's tough stuff and requires putting in new assessments, creating data systems, rethinking curriculum, new professional development for teachers.... We have a lot of heavy lifting left to do."

Cutting Provisions In Union Contracts Could Free Funds (WP)

By Jay Mathews

The Washington Post, January 8, 2007

U.S. public schools could have as much as $77 billion more a year to improve teaching if they reduced spending on seniority pay increases, teacher's aides, class size limits and other measures often found in teacher union contracts, a new study contends.

The report from the Washington-based think tank Education Sector analyzed research on eight common provisions of contracts that require schools to spend substantial sums but have what the report called "a weak or inconsistent relationship with student learning."

The provisions include salary increases based on years of experience or educational credentials; professional development days; sick and personal days; class size limits; use of teacher's aides; and generous health and retirement benefits.

Teachers union officials sharply disputed the report's findings. School administrators and school board representatives said that although they would like more flexibility in the use of funds, there was little evidence that cutting such provisions would raise achievement.

"I believe that teachers will not trust our good intentions and find a system that eliminates the current pay structure an organization to avoid," said Robert G. Smith, Arlington County school superintendent.

The Education Sector is supported by several foundations, including those funded by the Gates, Hewlett and Kauffman families.

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The report, written by University of Washington researcher Marguerite Roza, called the $77 billion spent on the eight provisions "frozen assets" that could be better spent elsewhere.

"This is not excess money that could be withdrawn from the public education system with no impact on student learning, but rather money that might be spent differently and with great effect," she wrote.

Analyzing seniority-based salary raises, Roza wrote that "studies show that individual teachers are less effective in their first year of teaching than later in their careers, but improvement tends to plateau after only five years or so, and may even decline as teachers approach retirement."

Roza suggested that more could be spent to raise minimum salaries to recruit highly qualified younger educators or to hire teachers to tutor low-performing students after school.

Antonia Cortese, executive vice president of the American Federation of Teachers, said the report was "on thin ice for its sweeping -- and often inaccurate" assertions.

Reg Weaver, president of the National Education Association, said, "Research has shown us time and time again that low salaries drive committed people from the teaching profession." He added: "Simply put, we need lawmakers to fully fund public education."

Mayors Seek To Take Charge Of Schools (AP)

By Nancy Zuckerbrod

AP, January 8, 2007

WASHINGTON -- The statistics tell a sorry tale about the public schools in America's capital. A majority of fourth- and eighth-graders are failing to read or do math at basic levels. Roughly four in five schools are not meeting achievement goals under the federal No Child Left Behind law. Just 43 percent of students graduate from high school in five years.

The new mayor, Adrian Fenty, got an earful about the situation during last year's campaign. "I heard repeatedly, 'Fix the schools.' It was a tidal wave," Fenty said.

So he is trying to do what a dozen other city leaders around the nation have done: gain control over the schools. For Fenty, that means convincing the city council and Congress to support his plan to require the superintendent to report to him and to further limit the authority of the elected school board. A majority of council members have signaled a willingness to back the new mayor.

The problem for Fenty and his colleagues is that mayors generally lack the power to overhaul schools.

"Mayors are held accountable for something they have no responsibility for," said Fritz Edelstein, who recently stepped down as a senior adviser to the U.S. Conference of Mayors.

In most places, elected school boards and the superintendents they hire govern school districts. It is a structure set up about a century ago to insulate schools from political strife and corruption in city government.

Yet it has not always worked as planned.

For example, before a mayoral takeover of New York City's schools, an investigation into a Bronx school board Bronx found that members routinely misused district personnel and resources _ once ordering X-rated pay-per-view movies.

Those kind of problems, plus low voter turnout for school board elections and sagging test scores, have fueled a movement since the 1990s for mayoral control of schools. Besides New York, it has happened in Boston, Chicago, Cleveland and Harrisburg, Pa.

The California Legislature gave the Los Angeles' mayor partial control over schools. But a judge last month struck down that law, saying it violated that state's constitution. The mayor is appealing.

Mayoral control of schools is being debated in Albuquerque, N.M., and Seattle too.

City leaders and their allies make the case that better schools help make cities prosper. Mayors say they are better equipped to take on the infighting, inertia and high turnover rates associated with school boards and the superintendents who report to them.

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New York's mayor, Michael Bloomberg, put it this way when Fenty and members of the District of Columbia City Council visited recently: "There's an old story that a camel is a racehorse designed by a committee and there's a lot more truth to that than not," Bloomberg said. "You don't run things by committee. You don't try to come to consensus when it's our children's future."

Such statements have earned Bloomberg criticism from people who say he has failed to seek community input and operate in a transparent way, said David Bloomfield, who heads a program at Brooklyn College that trains school administrators.

Bloomfield said there has been an increase in no-bid school contracts since the mayoral takeover in 2002 and that many parents feel there is no place to air concerns without an elected board.

Michael Kirst, a professor emeritus at Stanford University and an expert on school governance, said a takeover makes the system less democratic.

"Before mayoral control, you'd go to your school board member and raise hell," Kirst said. He said the trade-off is "strong, integrated leadership."

Bloomberg, a Republican in his second term, says he has broad support among voters, including for his handling of schools. A recent public opinion poll put his approval ratings around 70 percent.

Ken Wong, a school governance expert at Brown University, analyzed test scores in about a dozen cities with mayors in charge of schools from 1999 to 2003. The results showed modest but statistically significant progress in reading and math for elementary and middle-school students. Wong said data is insufficient to make the same judgment about high school students.

"Mayors are turnaround artists, not saviors. Our analysis suggests that mayors can steer the ship in the right direction, but that there is still a long way to go before their districts achieve acceptable levels of student achievement," Wong wrote in a report accompanying his analysis.

Tom Payzant, who recently stepped down after a decade as the mayor's appointed school superintendent in Boston, says it was important for him to be part of the mayor's Cabinet.

"When you think about trying to align policies and programs that affect children, youth and families, there is a much greater opportunity than there is in the system where the municipal government is totally separate from the school government," Payzant said.

Critics say it is precisely because mayors have so many other issues to address that schools should be managed separately.

"Mayors have a lot on their plate. It's a wonder that some of these mayors think they also have time to take over public schools," said Anne Bryant, executive director of the National School Boards Association.

Yet Fenty, sworn in last week as Washington's mayor, said he would make the time.

"We have a crisis on our hands," Fenty said in a news conference describing his bid for school control. "I am asking today for that responsibility to be placed squarely on my shoulders."

U.S. Education Officials Question Diversity Standard (WP)

By Valerie Strauss

The Washington Post, January 8, 2007

The Education Department's general counsel is challenging the American Bar Association's new standard on diversity in enrollment and hiring, which calls for the law schools it accredits to take "concrete action" to attract more minority students, faculty and staff.

The 400,000-member law association, which has accredited nearly 200 law schools nationwide, said it updated its standards last year after a 2003 Supreme Court ruling that said law schools could use race and ethnicity as factors in admissions with certain restrictions.

The new standard gives no specific benchmarks, but the association said it would judge results on "the totality of the law school's actions."

Some Education Department officials said the ABA's new standard effectively promotes quotas and could force schools in states that ban affirmative action to break the law. Some civil rights organizations said the new standards did not go far enough "to stem the decline" in minority enrollments in law schools.

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ABA officials say the department is misinterpreting the standard and pushing an anti-affirmative action agenda while violating its own procedures for reauthorizing the ABA as an accrediting agency.

The move, critics say, is the latest in a series of legal challenges on affirmative action, including a decision by Michigan voters in November to ban the use of race in deciding public university admissions and government hiring. It comes as the ABA is seeking the Education Department's authority to continue accrediting U.S. law schools.

Supreme courts and bar examiners in all 50 states use ABA approval as a qualifying factor in making law school graduate licensing decisions.

At a Dec. 4 hearing, department officials raised a number of concerns with the ABA's stewardship of the law school accreditation program, including whether it was consistently enforcing its own policies regarding the maximum time it allows a law school to remain out of compliance with its standards -- two years.

But the most controversial issue at the hearing was about the diversity standard.

Bill James, a department official who presented the case for the government, said during the hearing: "The ABA is now requiring schools to implement quotas for enrollment and hiring of racial and ethnic minorities and women. While the agency says that Standard 212 and its interpretations do not require quotas or preferences, the language is so vague that they can be reasonably read to require just that."

William Rakes, chairman of the ABA's council on legal education and admissions to the bar, countered that the association's application "has turned into a policy issue relating to affirmative action, relating to diversity, as opposed to a consideration as to whether" the ABA is consistently applying its own standards.

The ABA said it had a similar standard that promoted diversity for 26 years unchallenged.

Ultimately, the National Advisory Committee on Institutional Quality and Integrity, an appointed panel charged with making the decision, voted to extend the ABA's role for 18 months rather than the usual five years and required the association to improve the way it carries out the task of accrediting law schools. But the committee dropped the staff recommendation to include any action on the diversity standards.

The committee sent its report to Education Secretary Margaret Spellings, and general counsel Kent Talbert said the federal agency would appeal the decision to leave the standard alone. Department spokeswoman Jane Glickman said it was not known when the appeal would be made or when Spellings would rule.

Rakes issued a statement saying the ABA "is disappointed" about the appeal and noted that the department's "own regulations for recognizing accrediting agencies do not speak to diversity standards, and therefore, cannot justify the requirement of removing diversity standards from an accrediting agency's oversight of institutions of higher education."

Supporters Renew Push For Mental Health Care (USAT)

By Marilyn Elias, Usa Today

USA Today, January 8, 2007

Bills that could expand access to mental health care for Americans stand a better chance of passing with the new leadership that has taken over Congress, key lobbyists and congressional supporters of the legislation say.

Their top priority is a bill requiring insurers to offer comparable benefits for treating mental disorders and physical illnesses, known as "parity."

Sen. Pete Domenici, R-N.M., introduced three earlier parity bills. "Now our prospects are the best that they've ever been," says Matt Letourneau, spokesman for the senator.

Although parity has bipartisan support, past legislation stalled in committee because House leadership didn't favor it, says Laurel Stine of the Bazelon Center for Mental Health Law, a Washington, D.C.-based advocacy group.

A 1996 federal law had required comparable dollar limits for coverage of mental disorders and medical problems but allowed caps on the number of therapy visits or days of hospitalization for mental illness.

In the past 15 years, 44 states have passed parity laws to expand coverage, the American Psychological Association says.

But many employer-sponsored health plans, particularly those offered by large companies, are exempt from such state laws, and about 55% of U.S. workers are in such plans, according to a report last year from the Kaiser Family Foundation.

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Key goals of a federal parity law are to equalize coverage in such plans and in all insurance programs, Stine says.

Better mental health treatment for veterans returning from the Iraq war also could come out of the new Congress, says Ralph Ibson of Mental Health America, an education and advocacy group. He says the shift in leadership on the House Veterans Affairs Committee could lead to more spending for care.

Also on the radar: reauthorization bills that could affect mental health care for Hurricane Katrina survivors and children in poor families.

A bill to reauthorize the federal Substance Abuse and Mental Health Services Administration could provide money to help Katrina survivors with mental disorders, Ibson says. And reauthorizing the state children's health insurance program could improve treatment benefits for children of the working poor, says Andrew Sperling of the advocacy group National Alliance on Mental Illness.

Mental health advocates also say there's strong support for a bill to help states create programs that would allow children with serious mental disorders to live with their families while they're treated. Some parents have had to give up custody to the state because they can't afford care.

Sen. Susan Collins, R-Maine, proposed the bill last session, but it died in the Committee on Health, Education, Labor and Pensions. Rep. Patrick Kennedy, D-R.I., introduced the House version. Now his father, Sen. Ted Kennedy, D-Mass., will head the Senate committee the bill must clear.

"I'm hopeful we'll have more success this year," says Collins, who will reintroduce the bill. "No parent should have to face such a wrenching choice of either giving up custody or not getting treatment for their child."

Time Does Not Bend For Democrats, But The Congressional Record Does (WP)

By Al Kamen

The Washington Post, January 8, 2007

It's not going to take long for the House Democrats to get comfortable in the majority. They got off to an excellent start last week, continuing the venerable tradition of riding roughshod over the minority. That's what gives the House its special charm .

But it may be they're thinking their powers are limitless. For example, new Rules Committee Chairman Louise M. Slaughter (D-N.Y.), speaking on the House floor during the debate Thursday on the new ethics package, said: "Let me just yield myself about 30 seconds or 45 seconds, whichever comes first."

Now wait a minute. Even the chairman of the Rules Committee can't violate the laws of time. No matter what, 30 is going to come before 45. Except in the "Back to the Future" movies.

And then, of course, history got a little massaging as the Congressional Record cleaned up her remarks: "I would like to yield myself about 30 seconds, 45 perhaps, just to respond for a moment," is how the Record recorded it.Retired 'in Place,' but Not in Iraq

Keeping up with . . . April Glaspie. Saddam Hussein's execution brought back thoughts of his early years, when he was a hideous dictator and murderer of his own people but steadfastly supported by Washington as a bulwark against the ayatollahs in Iran.

Things soured, of course, with his invasion of Kuwait, which he launched just days after U.S. Ambassador Glaspie visited him to warn that he should settle his border dispute with Kuwait by peaceful means.

Glaspie's promising diplomatic career naturally went into a tailspin after she was hung out to dry for following U.S. policy. A gifted Arabist, Glaspie worked in Somalia with the United Nations for a while, then worked in the State Department as director of the office of Southern African Affairs, a significant demotion.

There was no way she was going to get a Senate-confirmed post, but she did manage to get a job as consul general in beautiful Cape Town, in the late 1990s, and then, as diplomats often do, retired "in place" down there.

When we called last week, Glaspie, who raises horses in Cape Town, said she didn't want to share her thoughts on Saddam's demise. But she thanked us for calling.Wanted: Brave Writers

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Excellent employment opportunity for nation-builders! The State Department has contracted DynCorp International, which has accumulated vast experience running that nifty police training program in Iraq, to create an army for the government of Liberia.

DynCorp, the job announcement says, "is to assist . . . in recruiting, training and equipping an armed military force from the ground up beginning with 2,000 personnel the first year, consisting of . . . two light motorized infantry battalions and a support battalion."

The specific job is for a "ministry of defense technical writer mentor," where you'll "write standard operating procedures for proposal to the ministry of defense" and do various other writing and communications tasks. The pay is "unspecified," but we're certain it will be competitive.

They're looking ideally for retired military or Defense or State department officials with "experience in Africa." Some places in the continent can be a bit dangerous at times, but not to worry. The ad highlights that "full medical and death and dismemberment coverage available." Dismemberment?Teaching History Without Elaboration

Sign up now! Former State Department counselor Philip Zelikow is teaching two history courses at the University of Virginia this semester, according to the school's Web site. One, History 100, is an introductory seminar entitled "Explaining the Choices of Government." Mmm . . . to surge or not to surge? To stand up or stand down? To cut or to run?

The second course is about World War II. This "discusses the causes and course of the Second World War," the blurb says. "The importance of the war to modern history and the shadows it still casts over contemporary politics and culture need no elaboration." Must not be a high-credit course.A Job for the Commitment-Phobic

Job alert! Secretary of Labor Elaine Chao is looking for a new public-affairs chief. The incumbent, Randy Clerihue, announced in a Dec. 21 internal e-mail that he was leaving after barely three months in the job. This could set the world indoor record for brevity for a Senate-confirmed position.

"After careful consideration," Clerihue wrote, "I have decided to tender my resignation as assistant secretary for public affairs, effective by the end of January. This is not a decision I reached lightly, but the nature and demands of the job are such that I am finding it impossible to fulfill my duties to my family. . . . I do not know what I will be doing next, other than spending some quality time with my wife and three young boys."

Three young boys and no job? Must have wanted out quickly. Clerihue had been at the Pension Benefit Guaranty Corp. for more than four years before going to Labor, and he worked for think tanks, trade associations and the Hill before that. We're told he shouldn't have trouble finding a soft landing.

His replacement would be Chao's fourth public-affairs chief, not counting an acting chief in the early part of the administration. In the past 18 months or so, public-affairs departures include two deputy assistant secretaries and four press secretaries.

Outside Court, Roberts Hears Dissent (WP)

By Robert Barnes

The Washington Post, January 8, 2007

Chief Justice John G. Roberts Jr. usually knows just the right thing to say, his star turn during his 2005 Senate confirmation hearings being Exhibit A.

But maybe not so with the blandly titled "2006 Year-End Report on the Federal Judiciary," issued, as he noted, on the typically slow news day of Jan. 1. He should rest assured that it has been noticed -- and roundly razzed by some in the legal punditry and that segment of the citizenry that likes to write angry letters to the editor and leave sputtering rants on the answering machines of reporters who write about the court.

Roberts devoted his entire address to the call for a pay raise for federal judges, a subject that he noted was not new, and one -- he didn't note this -- that might never be terribly popular with those who make less than $165,200 a year, which is what federal district judges and members of Congress make (Roberts's salary is $212,000).

There are plenty of people who agree with Roberts that judicial salaries should rise to attract and retain the brightest in the legal field. But his description of the issue as a "constitutional crisis" was too much for some.

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"What should we say about a Chief Justice who suggests that it is a 'constitutional crisis' if Congress takes advantage of its constitutional prerogatives to refuse to raise the salaries of federal judges?" University of Texas law professor Sanford V. Levinson asked on the legal blog Balkinization. "As it happens, I agree with him that pay raises are long overdue, but not necessarily for members of the US Supreme Court, frankly, who have cushy jobs and are treated like kings and queens."

Matthew J. Franck chimed in on National Review Online: "According to the chief, things are bad enough that we have a 'constitutional crisis that threatens to undermine the strength and independence of the federal judiciary.' In a word: balderdash."

Nor did Roberts endear himself to public-interest lawyers, public defenders, prosecutors and other lower-paid government lawyers with his worry that the judiciary not become restricted to the independently wealthy or "people for whom the judicial salary represents a pay increase." They stopped reading before they got to "Do not get me wrong -- there are very good judges in both of those categories."

Still, not everyone reacted critically. The New York Times endorsed his plea, although its editorial said it was "tempting to dismiss as hyperbole the chief justice's characterization of this issue as a 'constitutional crisis.' "

More important, incoming Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) signaled his quick assent, saying, "I intend again to do what I can to convince Congress to fairly evaluate this issue and the chief's arguments, so that we can see what solutions may be possible."

Capitol Center Nears Completion (USAT)

By Kathy Kiely

USA Today, January 8, 2007

WASHINGTON — About 50 feet below the grounds of the U.S. Capitol, scores of workmen install polished marble, mahogany veneer and other finishing touches on what may qualify as one of America's most beautiful, and controversial, cellars.

Two years after its scheduled opening date, and more than double its original price tag, the Capitol Visitor Center inches its way toward completion.

PHOTOS: The Capitol Visitor Center

"We'll essentially be done with construction in March," Architect of the Capitol Alan Hantman says. It will take at least six additional months to test more than 5,000 security alarms, sprinklers and other safety devices before the public can enter.

When the doors finally will open to the public is a major point of contention surrounding the project, which was originally scheduled to be finished in 2005. Hantman predicts a ribbon-cutting this fall, but auditors at the Government Accountability Office say the date will slip. "We think it's going to be early 2008," says Terrell Dorn of the GAO, the investigative arm of Congress.

The other sore point is cost. Government auditors estimate it will be close to $600 million. The original, 1999 price tag: $265 million.

Even some of those who have complained the loudest about the project's rising cost and lengthening delays admit to being wowed by the almost-finished result.

"It has been frustrating because of the cost overruns, but when all is said and done, it will be a great facility," says Sen. Wayne Allard, a Colorado Republican.

For the past two years, Allard has forced project officials to make monthly public appearances before an appropriations subcommittee to account for the pace and price of the work.

Allard says the project could have been done quicker and cheaper but "people will look back 50 years from now, and they'll say every dollar was worth it."

'Built for the people'

In terms of size and cost, the visitor center can be compared to another major government construction project farther down Pennsylvania Avenue. The cost of the Ronald Reagan Building and International Trade Center was put at $816 million when it was completed in 1998. That's the equivalent of more than $1 billion in today's dollars.

The 580,000-square-foot underground visitor center will give tourists, who now brave the elements in line for tours of the Capitol, a spectacular showplace in which to linger while they wait, as well as a chance to examine historic documents and artifacts now hidden for lack of exhibition space.

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The eighth major expansion of the Capitol in its 213-year history, the visitor center may be the most ambitious since the 8.9 million-pound cast-iron dome was completed in 1863.

"We could have done this on the cheap, but we didn't," says Rep. John Mica, R-Fla., a leading proponent of the center. "This is the first addition of the Capitol that was built for the people and not the politicians."

Dorn of the GAO, whose audits have questioned the timetable and costs, concedes, "It's going to be really pretty when it's finished."

Others are less impressed. Rep. David Obey, a Wisconsin Democrat who now chairs the House Appropriations Committee, awarded the center "the golden drain award" in September to highlight what he considers the waste of money on the project.

"The final product will be full of glitzy stuff without addressing the real needs of this institution," Obey says. He calls the visitor center "a state of the art propaganda center."

From the time the project was conceived in the mid-1990s, the center has generated debate. Mica says many Republicans, including former House speaker Newt Gingrich, initially opposed the massive construction because of its cost.

That opposition evaporated after the fatal shooting of two Capitol Police officers by a gunman who burst into the Capitol in 1998. Critics such as Obey focus on the project's ballooning price tag — more than double the original estimate.

About $65 million in private donations was raised for the project. Efforts to raise private donations were halted after the Sept. 11 terrorist attacks.

Mica says that was in part because congressional leaders decided to put the project on a fast track and in part because they did not want to compete with fundraising for victims' families.

'Myriad obstacles'

Project supervisors blame the increased cost and delays on Congress' decision to expand the scope of the project. The Sept. 11 terrorist attacks created a need for additional security measures. And Congress decided to build 160,000 feet of additional office space.

Dorn agrees that the project changed in size but says costs and delays continue to pile up even though "Congress is not fiddling with the project at this point."

Tom Fontana, spokesman for the center, defends the work. He says it has moved as quickly and efficiently as possible given the "myriad obstacles and unforeseen conditions" involved in working on a historic site that is also a working government center.

Construction workers had to soundproof windows and calibrate their schedule to keep from disturbing Congress. They had to remove a 121,000-gallon cistern used for fire prevention at the turn of the 19th century and buried when pioneering landscape architect Frederick Law Olmsted created the Capitol grounds.

Hantman says "the biggest surprise" was the discovery of a well just outside the Capitol walls, where the center's containing wall was built.

The landmark status of the Capitol grounds posed other challenges. "We spent $2 million just on tree preservation," Fontana says.

Fontana says the end result will be worth it for the millions of people who visit the Capitol each year. Visitors will be able to watch movies, view exhibits and even get a bite to eat in the new center, where two 30-by-70-foot skylights will offer dramatic views of the Capitol dome. Other amenities include 26 public restrooms (there are five in the Capitol itself) and a movie theater.

The 20,000-square-foot Great Hall and a 16,500-square-foot exhibition hall will showcase statues and artifacts such as the Lincoln catafalque, the bier used to support the caskets of presidents who lie in state in the Rotunda.

The Library of Congress anticipates more than a threefold increase in visitor traffic when a direct underground tunnel is completed between its building and the Capitol Visitor Center.

Space for Congress

There will be more rooms for Congress to use, too, including a 450-seat auditorium wired for electronic voting, additional office space and more meeting rooms.

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Congress added $88 million to the original project budget to build office space for the House of Representatives and Senate.

Above ground, the east plaza of the Capitol — formerly an asphalt lot where lawmakers parked wherever they wanted, according to Fontana — has been covered with 200,000 pink and gray granite paving stones.

The two bronze and granite misting fountains, which Olmsted designed to create a rainbow around the Capitol, have been dismantled, cleaned and reassembled. They had been turned off since the 1970s because they would soak tourists who lined up in the parking lot to wait for tours.

Designers hope members of Congress will not resume parking their cars there.

"We're trying to create a plaza that invites people to linger," Fontana says.

Hantman will end his 10-year term as the Capitol's architect in February.

Last year, Obey introduced a bill that would have taken all spending authority away from Hantman. The measure didn't make it through Congress, but Mica says he believes such legislation is a reason why Hantman did not seek reappointment to a second term. "It's a shame. He's been the whipping boy" for the project's cost and delays, Mica says.

The Capitol architect says he'll be vindicated by generations of visitors to come. "I'm very proud of what we've done," Hantman says. "This is a great project. It's a wonderful legacy to have."

Pay Raise Trails Private Sector (WP)

By Stephen Barr

The Washington Post, January 8, 2007

This should be a good week for people who work for the federal government, though not as good as some might have wished. The annual base pay raise for most federal employees kicks in, increasing the median white-collar government salary in the region to $86,791.

That's not shabby. But this year's increase -- 2.64 percent in the Washington-Baltimore region -- is one of the smallest annual raises in recent years, and the raise doesn't go far in an area where the cost of living runs about 30 percent higher than the rest of the nation.

"There is no doubt that the federal government is being a little stingy this year," said Tim Priest, executive director of the Greater Washington Initiative, the economic development marketing affiliate of the Greater Washington Board of Trade. "If they continue with these meager pay increases, more and more people will shift to the private sector."

Colleen M. Kelley, president of the National Treasury Employees Union, called the 2007 raise "very disappointing." The union represents white-collar professionals at the Internal Revenue Service, Securities and Exchange Commission, Federal Deposit Insurance Corp. and several other agencies.

"This time of year especially, as employees are considering career options and deciding whether they want to stay for the long term or the short term, they build that pay raise into their decision-making," Kelley said. She fears "more and more will decide that they are going to look elsewhere."

Federal pay raises, which are negotiated by the White House and Congress as part of the government's budget, shore up the region's economy every year.

The federal employee payroll was about $19.8 billion in the Washington-Baltimore region last year, about $76 million per work day. (The payroll includes base salary, locality adjustments and special pay for certain occupations, but not the cost of benefits.)

There are about 334,000 civil service employees (not counting the military, the intelligence agencies and the U.S. Postal Service) in the region. In addition to salaries, the government also makes pension payments to about 265,000 civil service retirees in the District, Maryland, Virginia and West Virginia. An additional 77,500 people in this region receive survivor benefits.

As the government takes on more complex responsibilities and increasingly relies on technology to deliver services, federal salaries are a crucial component in the competition for highly skilled workers. Government officials predict a surge in retirements in the next few years as baby boomers depart, and are concerned that agencies will not get their share of top-notch recruits in a region with low unemployment and strong job growth.

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To some extent, Washington area federal employees are more fortunate than civil service workers elsewhere. The federal pay formula this year gives a larger increase to employees in areas where federal pay is the most behind private-sector salaries. As a result, most civil service employees will receive a 1.81 percent pay raise, the minimum this year.

Locally and nationally, it appears that the federal pay raise will end up below market rates.

A recent survey by Watson Wyatt Worldwide found that most corporations plan to increase salaries, not counting promotions and market adjustments, by an average 3.6 percent, said Laura Sejen, global practice director for the consulting firm, which specializes in personnel and financial management.

Many employers are reporting increased difficulty in attracting top performers and people with special skills, and that suggests the government should pay close attention to workforce retention, Sejen said.

"Pay is important. When pay is not competitive, employees are more inclined to look," she said. Pay is especially important to employees under 30 and was the most highly rated reason for leaving a company, the Watson Wyatt survey found.

Still, Sejen said, "we don't need to ring alarm bells because of one year of below-market increases" in the federal government.

Pay is but one factor in compensation packages, and the government's relatively generous health-care and retirement benefits will keep many employees from leaving, she said. Survey data also show that employees value "work-life balance" and are more likely to stay with organizations, such as the government, that offer flexible work arrangements.

"These are important contributors to an employee's decision to stay or leave," Sejen said.

But a federal pay raise below market rates carries some risk. "What the government is doing wouldn't drive employees out of the region, but might drive them out of the government," Priest said.

Stephen Barr's e-mail address isbarrs@washpost.com.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 8, 2007

Comrade Pelosi

Capitol Hill residents and congressional staffers alike are curious about large posters of House Speaker Nancy Pelosi that have gone up in the neighborhood.

Indeed, the posters are on display in several Pennsylvania Avenue Southeast bus shelters -- the sort of space frequently reserved for fashion models and movie stars. The poster is a close-up photograph of a smiling Mrs. Pelosi, and in extra-large type: "Congratulations Madame Speaker Nancy Pelosi."

Meanwhile, there is no indication (not even in the tiniest of print) who is sponsoring or paying for the posters.

"It's turned into a fun guessing game," Maggie Hall, who passes a Pelosi poster several times a day, told Inside the Beltway yesterday. "It's quite a topic of conversation in the coffee shops and watering holes on the Hill. You see people really getting up close to it, trying to find the name of the organization or individual who's put it up."

Inside the Beltway was unable to reach Metro's advertising department yesterday.

Sensational heist

As far as William Bennett is concerned, ongoing revelations and circumstances surrounding classified-document heists from the National Archives by former National Security Adviser Samuel R. Berger have gotten neither the attention nor the scrutiny they deserve.

To help right that wrong, Mr. Bennett, a former Republican Cabinet member-turned-radio talk-show host, is sponsoring a unique contest. Through his popular radio show, "Bill Bennett's Morning in America," he is offering $1,000 to the person who writes the most creative "Sandy Berger" lyrics to the tune of a popular song. (think "Bette Davis Eyes" as "Sandy Berger Lies," but there are infinite possibilities.)

Wannabe songwriters and contestants should go to www.bennettmornings.com for more information. Deadline for submissions is Friday, with the winner announced on Jan. 19. And yes, Inside the Beltway will publish the winning lyrics in their entirety.

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Rising to Reagan

A leader's ascension to conservatism was described over the weekend by Massachusetts Gov. Mitt Romney in Sea Island, Ga., where the likely 2008 presidential contender addressed Awakening 2007, a conservative gathering created a dozen years ago to stimulate dialogue about important issues confronting America.

"Now, I wasn't always a Ronald Reagan conservative. Neither was Ronald Reagan, by the way," noted the Republican governor. "Perhaps some in this room have had the opportunity to listen, learn and benefit from life's experience -- and to grow in wisdom, as I have.

"My life experience convinced me that Ronald Reagan was right."

'Anti-elitist'

That was Michael Gerson, former chief speechwriter to President Bush from 2001 to 2006, discussing the president's "voracious" reading habits and related perceptions during a guest appearance on C-SPAN's "Q&A" with Brian Lamb last night.

"[A] couple of months ago it was leaked out by somebody that he was reading Albert Camus' 'The Stranger.' Does that track for what you know of George Bush?" asked Mr. Lamb.

"Sure," Mr. Gerson replied. "The president is a voracious reader and recommended to me a variety of books when I was at the White House, and gave them to me. He recommended to me ... 'A Godly Hero,' the biography of William Jennings Bryan, a book he'd read.

"Recommended to me ... the book on Martin Luther King and Lyndon Johnson, the relationship between the two men. And he recommended to me the pope's [Benedict XVI] book on relativism."

That left Mr. Lamb scratching his head.

"So, why then is his image one of -- you know, people scoff at the fact that he reads. And they say he's not very intelligent. I mean, you hear that. Where does that come from? And why? Does he want that kind of an image?" the interviewer asked.

"I don't know," Mr. Gerson reasoned. "Throughout his career, in some ways, he's benefited from being underestimated. ... The assumption would be that he, you know, that he would fail. And, of course, we succeeded in a variety of these settings, and certain people always seem to be shocked and surprised."

Offered Mr. Gerson: "I think the president is -- he's not anti-intellectual, but he is anti-elitist."

Puttin' on the Ritz

"I will be interviewed on [NBC's] 'Today' show [this] morning ... talking about the language of politics and the best words for the 2008 election. If for no other reason, tune in to see the most expensive clothing I have ever worn -- and why this will be the first and last time you'll ever see me in a suit."

-- Washington political pollster Frank Luntz, well-known for his casual tieless attire even at formal affairs and whose new book, "Words That Work: It's Not What You Say, It's What People Hear," is released today.

Agriwelfare (WP)

The Washington Post, January 8, 2007

THE LAST TIME Congress took a long look at America's wasteful system of agricultural subsidies, we had to endure bushels of shallow rhetoric about how billions in largess would save the great American family farm. With this hefty crop of disingenuous sentimentality and equally hefty lobbying efforts from powerful agricultural interests, the result was a federal giveaway that did more to hurt small farmers than it did to help them.

The law that authorizes a range of unnecessary and ill-targeted agriculture programs is set to expire in September. So expect fronts for agribusiness, rural banks and farm insurers (and the members of Congress who accept their campaign contributions) to try and sell the same line again this year: Extend the programs or nail the coffin shut on America's heartland. It's about time to nail the coffin on that tired line instead.

The Post's Gilbert M. Gaul, Sarah Cohen and Dan Morgan reported last month that federal agricultural payments are in fact fueling a rapid consolidation of American farms into enormous agribusinesses. Larger farms get much more government money, which they then use to buy up more land. This increases land prices, raising the financial barriers to starting a new farm and pressuring small farmers to leave the market. The mere fact of farm consolidation is not objectionable; indeed, many large

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farms are pioneering technological and procedural improvements that increase efficiency. But decisions about who should be farming what and where should be left to the marketplace; the government should not distort the market to push smaller competitors out, especially at the price of $15 billion in annual subsidies.

Congress should overhaul the federal farm subsidy system. But that will not come easily. Recent installments of The Post's investigative series on agricultural payouts detailed the influence the farm lobby exerts on federal legislators, who have added a series of expensive giveaways to existing programs and successfully legislated away meaningful competition in certain agricultural markets, such as that for milk.

There are some signs that the lobby is losing strength. Democratic presidential hopeful and former Iowa governor Tom Vilsack will campaign for subsidy reform, and groups such as the Club for Growth plan to spend millions for the cause. Perhaps this time a more reasonable farm policy will emerge.

OTHER NEWS:

Creation Of Jobs Beats Forecast (USAT)

By Sue Kirchhoff

USA Today, January 8, 2007

WASHINGTON — Federal Reserve interest rate cuts are looking less likely after U.S. businesses created a stronger-than-expected 167,000 jobs in December and workers' wages rose at a rapid pace.

The unemployment rate remained at a low 4.5%, as more people entered the workforce looking for jobs, the Labor Department said Friday.

The good news on jobs was an unwelcome development for some stock traders, who had been betting that the Fed would soon begin trimming interest rates in response to slower economic growth. The Dow Jones industrial average fell more than 82 points to 12,398 in Friday trading.

"The payroll employment data in recent months read like a tale of two economies, in which it is the best of times for the service producing industries and the worst of times for goods producing industries," Richard Moody of Mission Residential said in an advisory.

Manufacturers shed 12,000 jobs in December and 72,000 during 2006. Construction employment fell by 3,000 overall in December, as a 5,800 decline in home-building employment was partially offset by gains elsewhere. Moody said the construction figure would have been worse except for unusually warm weather during the month.

Some of the fastest-growing industries in December were health care, education, financial services, and leisure and hospitality.

Further, the Labor Department revised its October and November figures to show stronger employment growth in those months than it initially projected. It was the latest in a string of revisions to the employment numbers that have made it difficult for economists to get a good read on the job market.

Overall, payroll employment rose by 1.8 million jobs in 2006, the Labor Department said. But economic growth slowed in the second half of the year, running at a 2% annual rate in the third quarter as the housing market slowed. Economists expect business activity to slowly increase through 2007.

In December, workers' paychecks rose 8 cents an hour, or 0.5%, to average $17.04. Hourly wages for payroll, non-supervisory workers grew by 4.2% in 2006.

That's welcome news for workers, whose wages lagged during much of the expansion after the 2001 recession, even as business profits soared. But rising wages can spark faster inflation.

The Fed raised rates steadily from mid-2004 to mid-2006 to blunt inflation, but it has left its target for a key short-term rate at 5.25% since June. The Fed next meets Jan 30-31.

"With wage growth hitting a six-year high and the pool of available labor contracting, we strongly doubt the Fed will change its bias that is currently toward (fighting) inflation," says John Ryding of Bear Stearns.

In another positive sign, the median duration of unemployment fell to 7.3 weeks from 8.6 weeks a year ago.

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Why U.S. Should Root For Dollar To Weaken More (WSJ)

By Mark Whitehouse

The Wall Street Journal, January 8, 2007

Last year, the U.S. dollar did what economists had long predicted it would have to do: It fell in value against other currencies. And many believe that if Americans know what is good for them, they should be hoping for more of the same this year.

A weaker dollar creates plenty of hardships. Not only do European vacations get more expensive for Americans, so do Chinese-made television sets and other imported goods. For foreigners, a weaker dollar means their investments in the U.S. lose value. But in the eyes of economists, the more the dollar weakens, the more it helps alleviate one of the great worries of our time: The gaping U.S. current-account deficit.

The current account, which includes trade flows and other international payments, measures exactly how much Americans' spending is outpacing their income -- and how much they are borrowing from abroad to fill the gap. The U.S. is estimated to have rung up a deficit of about $900 billion in its current account last year. That is equivalent to nearly 7% of the U.S. economy -- a level that, if sustained, would cause the nation's foreign debts to pile up to dangerous levels.

A weaker dollar would help narrow the deficit by making U.S. exports more attractive to foreign buyers while making it costlier for Americans to buy products from abroad.

The fate of the dollar and the current account, which has worried economists for years, was a hot topic at this past weekend's annual meeting of the American Economic Association. A panel of prominent economists -- including Nobel Prize winner Robert Mundell of Columbia University, Harvard's Martin Feldstein and Kenneth Rogoff, Michael Mussa of the Peterson Institute for International Economics and Ronald McKinnon of Stanford -- held forth on the subject to a packed ballroom in Chicago.

"We clearly need a more competitive dollar," said Mr. Feldstein, who also heads the National Bureau of Economic Research. "The dollar is still very high -- too high to be sustained."

A tougher question is how far and how fast the dollar needs to fall. Some economists fear a sudden plunge will roil international markets and trigger a U.S. recession. Others believe a slower and more manageable adjustment is under way. They guess it could take a decline of 8% to 25% over as many as 10 years to get the U.S. current-account deficit down to a more sustainable level of 3% of gross domestic product.

In the past several years, the dollar's movements have played into the hands of those who believe the dollar's adjustment will be slow and not too painful. After gradually weakening from its 2002 peak, the dollar strengthened in 2005, even as the U.S. current-account deficit set records. In 2006, the U.S. currency weakened again, as evidence of improving economic growth in Europe prompted investors to put more money into euros. Friday, the dollar's value against a basket of U.S. trading partners' currencies was down 2% from a year earlier and 17% from its February 2002 high.

Jim O'Neill, chief economist at Goldman Sachs in London, applauded the currency's renewed slide. "I think it's good," he said. "It's all part of the growing evidence that the likelihood for international imbalances improving themselves has risen quite significantly."

A weaker dollar by itself won't be enough to resolve global imbalances. Many economists agree that Americans also will need to save more, either by spending less or by cutting the federal budget deficit. As of November, U.S. consumers' spending exceeded their disposable income by 1%. The nation's budget deficit is running at about 3% of GDP.

Stronger growth abroad could play a role in shrinking the current-account deficit by increasing U.S. exports, though some believe the benefits would be limited. In recent history, increases or declines in foreign consumption have had only about half the effect on U.S. exports as changes in U.S. consumption have had on U.S. imports, says Catherine Mann, an economics professor at Brandeis University in Massachusetts.

Beyond that, much depends on exactly which currencies the dollar weakens against. Economists view Asian currencies as most crucial because trade deficits with Asian countries account for more than half of the U.S. current-account gap. So far, the dollar's biggest retreat has been against the euro. Friday, a euro bought $1.30, up 7% from a year earlier. In the same period, the dollar weakened 3% against the tightly controlled Chinese yuan and has strengthened about 4% against the yen.

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"You'd need the Asian currencies to do more of the adjusting," says Mr. Mussa, senior fellow at the Peterson Institute for International Economics in Washington.

With all the caveats taken into account, economists' estimates vary widely on how much the dollar would have to weaken to bring the current-account deficit into line. Mr. O'Neill is among the most optimistic. He thinks a 25% drop in the dollar's trade-weighted value from its February 2002 peak, combined with consumer spending slowing in the U.S. and accelerating abroad, would be enough to do the trick. With the dollar down 17% from its peak, that leaves only eight percentage points to go.

Mr. O'Neill's view depends in part on the idea that the U.S. has yet to fully benefit from the dollar's previous weakening, because changes in exchange rates tend to affect trade flows with a lag of as much as two years. Indeed, in inflation-adjusted terms, the U.S. current-account deficit has been stable as a percentage of GDP since late 2004.

Mr. Rogoff, a specialist in international economics at Harvard, sees a darker picture. He believes the dollar must fall at least another 20% from now and worries that the longer it takes, the greater the chances that some unforeseen shock -- such as a terrorist act or a housing-industry collapse -- will trigger a crash. "So far we've just seen a small ripple in the dollar and not the big tsunami that could hit someday," he says. "That's still a significant risk."

As a result, many economists view any move toward a weaker dollar as a step in the right direction. Says John Huizinga, a professor of economics at the University of Chicago Graduate School of Business: "Any depreciation that's in a normal, observable range is good, because it leaves less depreciation to happen and lessens the likelihood of one of these crises."

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Aging Bull (USNEWS)

By Paul J. Lim

U.S. News and World Report, January 7, 2007

It's as if Wall Street suddenly discovered Prozac.

On paper, there are plenty of reasons for investors to be anxious about the financial markets' prospects this year.

For starters, the global economic boom that drove international stock and commodity prices higher in recent years is starting to cool. Economists project global growth of 3.2 percent this year, down from 3.8 percent in 2006, while the U.S. economy will trail at about 2.5 percent.

Corporate profits, which have propped up stock prices here at home, are also expected to weaken. Earnings among companies in the S&P 500 index are expected to rise 9.3 percent in 2007, down from 15.4 percent last year.

And the stock surge is now over four years old, an age at which a typical bull market is put out to pasture.

Yet as 2007 kicks off, economists and market watchers are about as optimistic as they've been in recent memory. Eight out of 10 money managers polled by the Russell Investment Group predict that stocks will post their fifth consecutive positive year. One in three thinks the equity markets will return around 10 percent or more in 2007.

Jeffrey Kleintop, chief investment strategist for PNC Wealth Management, predicts the S&P 500 will climb to 1550 next year, about a 9 percent rise in the blue-chip index. Tobias Levkovich, chief U.S. equity strategist for Citigroup Investment Research, thinks the S&P could do even better-hitting 1600, for a 13 percent jump.

To be sure, high-single-digit or low-double-digit gains are simply in line with the stock market's historic average performance dating back to 1926, according to Ibbotson Associates. Last year, the S&P 500 returned 15.8 percent, its best year since 2003. And despite recession fears and a housing market slowdown, the Dow Jones industrial average hit a new all-time record in 2006 and is now poised to pierce the 13,000 level for the first time. "To hear investment managers tell it, Wall Street will belong to the bulls in 2007," says Randy Lert, Russell's chief portfolio strategist.

But "that's what bothers me," says James Paulsen, chief investment strategist for Wells Capital Management.

While optimism is always welcome, there's a fine line between confidence and wishful thinking. Jerry Webman, chief economist for OppenheimerFunds, says most market strategists, no matter their outlook for the economy, are finding reasons to be bullish about stocks.

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"Oddly, the people who are bearish on the economy say that if the economy isn't great, the Federal Reserve will [cut rates] and the markets will be just fine," Webman says. "At the same time, people who say, 'Gee, the economy is much stronger than the headlines indicate,' think that earnings will stay strong and the stock market will be OK."

Optimism often leads to heightened expectations. And the greater the expectations, the greater the likelihood that the economy and markets will fall short.

This is why Stuart Schweitzer, global markets strategist for JPMorgan Asset & Wealth Management-who predicts stocks will rise modestly-says equity investors should brace themselves for "stomach-churning bumps."

Wall Street is already trimming estimates of corporate profit growth this year, Schweitzer notes. Six months ago, he says, analysts were forecasting S&P 500 profit growth of more than 10.5 percent. Since then, forecasts have fallen by more than a percentage point.

So, why are investors-who've historically preferred climbing walls of worry to ladders of hope-suddenly acting like Alfred E. ("What, me worry?") Neuman?

Part of it may have to do with history. This is the third year of President Bush's second term. Since World War II, notes Sam Stovall, chief investment strategist for S&P, the 500 index has never lost money in the third year of a presidential term. In fact, third-year gains have averaged 18 percent.

The bullishness may also stem from investors' recent experiences. There's an old saying on Wall Street: Investors tend to think that things will forever be the way they are.

Both the economy and corporate profits have recently proved far more resilient than expected. Last year, the economy weathered recession worries and a housing slowdown, as corporate America found a way to accelerate the pace of earnings growth. "Profits just continue to amaze analysts and strategists," says Jack Ablin, chief investment officer for Harris Private Bank.

Today, investors aren't simply banking on a so-called soft landing for the domestic economy. "The market is bracing for the plane to circle the runway and take off again," says James Swanson, chief investment strategist for MFS Investment Management.

This optimism is reflected in continued risk-taking among investors, Swanson says. Toward the end of last year, the best-performing segments of the market were the riskiest: emerging-markets stocks, small-company stocks, and commodities. Shares of blue-chip companies, which were expected to lead the market, wound up laggards yet again (Page 73). The average large-cap growth fund rose just 7.3 percent in 2006, while small-cap growth funds surged 11.1 percent.

Many on Wall Street think a change is in the air. A Russell survey found that money managers are most bullish on large-cap growth stocks and favor blue-chip foreign stocks over emerging-markets shares.

Of course, investors made a similar bet at the start of 2006 and turned out to be wrong. So how can you tell whether the markets will be in a speculative or safety-seeking mood this year?

Keep an eye on relative growth overseas. The developed economies of western Europe, Japan, and the United States are predicted to trail considerably behind growth in the emerging markets. Stovall expects 2 percent economic growth in the "eurozone" nations and 1.9 percent in Japan, compared with 4.8 percent in Latin America, 5.9 percent in Europe's emerging economies, and 6.8 percent in Asia's developing countries. If the emerging markets continue to outpace the developed world, it should be another solid year for emerging-markets stocks and other speculative assets.

Heed the bond market. Right now, all eyes are on the Federal Reserve as investors try to guess when the central bank will start to cut rates to jump-start U.S. economic growth. But the Fed controls only short-term interest rates. And long-term rates, set by the bond market, have been the real story as of late.

"This is the only time in postwar history where a recovery has taken place ... without any rise in long-term borrowing costs," Paulsen says. This economic expansion began in November 2001, with 10-year treasury notes yielding about 4.7 percent. More than five years later-and after 17 Fed hikes in short-term interest rates-10-year treasury yields are almost unchanged.

So long as long-term borrowing costs remain cheap, Paulsen thinks there's a good chance that money will find its way to higher-risk, higher-return assets like small-cap stocks.

Don't forget the Fed. So far, the bond market has all but ignored the Fed, but stock traders would be foolish to follow. Fed rate decisions tend to quickly change the stock market's mood. Since World War II, Stovall says, the S&P 500 has declined an

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average of 2.2 percent in the six months leading up to the first in a series of Fed rate cuts. Yet in the six months after the first rate cut, stocks soared 11 percent on average. And 12 months after the Fed began to ease monetary policy, the S&P 500 has jumped 18.5 percent on average.

Check housing prices. Unlike last year, many investors are betting that the worst is over-or close to over-in the housing market. The National Association of Realtors predicts median sales prices of existing homes will keep sliding in the first quarter of 2007, then rebound.

But what if prices continue to fall? That could spell bigger troubles for consumers-and that's a recipe for unexpected problems in the U.S. economy.

Might want to keep that Prozac handy.

Outlook 2007 (USNEWS)

By James Pethokoukis

U.S. News and World Report, January 8, 2007

At times, 2006 seemed like one of those I Love the '70s episodes on VH1, except more depressing. A far-off war going badly, an unpopular president, higher oil prices, creeping inflation-not to mention a pungent whiff of actual stagflation as the economy slowed. There was even another Rocky film. The recent passing of two '70s notables, Nobel Prize-winning economist Milton Friedman and former President Gerald Ford, only added to the sense of deja vu.

But don't look for 2007 to be a rerun, at least as far as the economy goes. "The inflation scare of 2006 is over," declares Kenneth Beauchemin, U.S. economist at Global Insight. Now Beauchemin, who expects inflation to drift lower this year to 2 percent, is admittedly being a bit sarcastic. He never really bought into the notion that higher oil prices by themselves spawn an economywide price surge. "Oil shocks are never the proximate causes of inflation," Beauchemin says. "They are by definition short-term. But they set the table for a scare, and then the media [play] it up."

Yet in the minds of many people, at least those who remember the '70s, higher oil prices do equal inflation. "The Federal Reserve must guard against the emergence of an inflationary psychology that could impart greater persistence to what would otherwise be a transitory increase in inflation," Federal Reserve Chairman Ben Bernanke told Congress last summer.

Stable prices. Although the Fed hasn't raised rates since June, it hasn't cut them either, despite a slowing economy (growth in gross domestic product fell to 2 percent in the third quarter from 5.6 percent in the first) and a sharp downturn in the housing market.

Making Bernanke's job easier in 2007 is recent good news about energy and housing, the main villains behind much of the stagflation talk. Oil prices are down nearly 25 percent from their high last summer, and even the latest core consumer price index report-the one excluding volatile housing and energy prices-was flat, showing that higher energy prices have failed to infect the rest of the economy. Over the past six months, the core rate is up just 1.1 percent on a yearly basis.

The worst might also be over in housing. Existing-home sales have risen in back-to-back months, and the damage seems to be relatively contained. Although the economy has grown at just a 2.3 percent annual rate in the past two quarters, according to First Trust Advisors, it has expanded at a brisk 3.3 percent rate excluding housing. There is "little evidence" that the ongoing weakness in the housing sector is spilling over to the broader economy, Simon Kwan of the Federal Reserve Bank of San Francisco noted in a recent report, and there are tentative signs that the housing sector may be stabilizing.

Consumers still seem to be digging deep into their wallets. The recent 1 percent jump in monthly retail sales was "a game-changer for those positioned for an imminent hard landing for the U.S. economy," says Mike Englund of Action Economics.

So rather than stagflation, it seems plausible that the American economy will experience a pleasant mix of growth and price stability. Continued strong consumer spending lies at the heart of the consensus Wall Street economic forecast for 2007, which is for the economy to grow roughly 2.5 percent with moderating inflation. That sounds about right to Quincy Krosby, chief investment strategist at the Hartford. "With a job market like this one, it's pretty hard for me to forecast a recession," Krosby says.

The skimpy 4.5 percent unemployment rate, the lowest since the '90s boom, hardly indicates just how strong the job market is right now. The economy added an average of 161,000 new jobs a month through November. Then add 68,000 to that number-that's how much the Labor Department thinks it's been undercounting job growth. Lots of jobs mean stronger wage

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growth, which keeps consumers spending. Hourly wages were up nearly 3 percent after inflation through November, and real disposable personal income grew a solid 0.3 percent in November.

Good times. You also don't forecast a recession when corporate profits are surging. Adjusted pretax profits rose at a 17.7 percent annual rate in the third quarter, according to JPMorgan Chase. "The economic backdrop is a healthy one," says Bruce Kasman, the firm's chief economist.

So what is the Fed's next move? Judging by the 30-day federal funds futures contract traded at the Chicago Board of Trade, investors are betting that the Fed might cut rates by a quarter point some time in mid-2007. A hike in rates would be a nasty surprise, particularly to stock investors who are wagering on a soft landing. That bet is a big reason behind the Dow's late-2006 run to a record high. Wall Street will continue to obsessively pore over the inflation and housing data, especially, as it frets about the Fed overtightening.

Still, as the various economic reports trickle in during the first part of the year, get ready for a bumpy ride at times. "I think we will be struggling to make sense of the data," Krosby says. "Some days it will look like a recession is around the corner and the next that data will defy that conclusion." So just keep on truckin', brother. Everything's going to be copacetic.

The Greenback May Rebound (USNEWS)

By James Pethokoukis

U.S. News and World Report, January 7, 2007

Maybe writing about what's ahead for the dollar in 2007 is a poor use of space. After all, according to recent calculations by the Financial Times, the euro-which turned five years old this month-is set to overtake the greenback as the world's most popular currency.

But not so fast, Old Europe. What's gotten lost in all the euro hype is that the FT's financial figuring applies to notes in circulation: cold, hard cash. When it comes to currency-denominated assets, the dollar is still king. The United States runs the largest stock and bond markets in the world, and 66 percent of global foreign currency reserves are denominated in dollars-some $2.1 trillion-compared with only 25 percent in euros, according to the International Monetary Fund.

Yet the almighty dollar tanked as 2006 drew to a close. Since mid-October, the dollar has fallen 6 percent against the euro. With widespread concern about the sustainability of the gigantic $800 billion U.S. trade deficit-which requires continuing megapurchases of dollars-some dollar bears interpreted the recent decline as the beginning of a long-awaited greenback collapse. Perhaps foreign central banks, flush with dollars, would begin to dump the dollar en masse.

Cashing out. Dixon Fung, a currency trader at MG Financial, has a simpler, more benign explanation. "Traders just finally realized that we are at the end of a Fed tightening cycle," he explains. Higher U.S. interest rates have served to counterbalance America's huge trade deficit by paying foreign investors more to hold dollars. Now, with growth having slowed and the Federal Reserve Board on hold and perhaps ready to lower rates-and with its European Union counterpart raising them-it seemed a good time to sell. And while the dollar could dip a bit more, don't expect a full-fledged rout.

"The dollar probably should head lower, but it probably won't," says economist Robert Brusca of Fact and Opinion Economics. He notes, for instance, that China has no interest in dumping dollars and thereby starting a panic that would seriously devalue its $700 billion in U.S. government bonds and other dollar-denominated assets. And growth in the EU is forecast to slow in 2007, making that region less attractive to investors. Indeed, the dollar has started to strengthen of late. A surprise Fed rate hike would help even more. While some countries, such as China and the United Arab Emirates, may continue to diversify their foreign currency holdings, "nothing is going to replace the dollar anytime soon," Brusca says.

OPEC Cuts Likely To Buoy Oil Long Term (WSJ)

By Yee Kai Pin

Wall Street Journal, January 8, 2007

SINGAPORE -- The price of oil may have started 2007 by losing around 8% of its value, but the likelihood of a swift supply response from producers and a series of other factors are likely to underpin the price in the longer term.

Though supply will remain steady until the Organization of Petroleum Exporting Countries cuts output in a few weeks, analysts said expectations of sustained demand and a long list of geopolitical uncertainties will contribute to a firm oil price.

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"I don't think the oil boom is over," said Victor Shum, a Singapore-based analyst at U.S. energy consultancy Purvin & Gertz Inc.

"If we look ahead six months, the sharp drop now will test OPEC's resolve [in cutting production]. That and a weakening U.S. dollar is encouragement for OPEC members to be more aggressive in terms of supply discipline," he said.

Crude-oil contracts for February delivery ended a two-day plunge in the U.S. Friday, rising 72 cents, or 1.3%, to $56.31 a barrel -- still off 7.8% on the week at the New York Mercantile Exchange.

The bearish tone has been set in recent days amid an unseasonably balmy winter in key heating regions such as the U.S. and Japan, and at a time when oil-product inventories in these major markets are relatively ample.

"It is still a little too early to talk of a price crisis, but the market does appear to be on the threshold of one," Paul Horsnell, head of energy research at investment bank Barclays Capital, said in a report.

OPEC, which pumps about two-thirds of the world's crude and is widely expected to defend oil at $60 a barrel, is already expressing concern with the price free-fall.

"OPEC ministers are watching the market vigilantly," Hossein Kazempour Ardebili, Iran's governor to the producers' group, said last week.

"If these prices persist or there is a continued decline on the horizon, then the group would consider meeting," he said, adding that policy consultations can also take place by telephone.

The group in mid-December agreed to cut output by 500,000 barrels a day beginning Feb. 1, its second decision in three months to cut back, to forestall the usual seasonal decline in demand after the Northern Hemisphere winter.

However, partly because members have failed to fully implement their earlier plan to rein in 1.2 million barrels a day, traders have cast doubt on the follow-through action.

Ahead of the group's next scheduled meeting March 15, five ministers, including de-facto leader Ali Naimi of Saudi Arabia, will huddle in less than two weeks on the sidelines of an industry conference in New Delhi.

This may provide the group another chance to signal to the market its readiness to step in.

Nymex crude "may go down a bit further because of the momentum, but I think we're looking at a low point already," said Mr. Shum of Purvin & Gertz, predicting a trading average between $60-$65 a barrel in the first half of 2007.

Meanwhile, the global oil market continues to be saddled with a growing list of uncertainties.

Despite talk of "geopolitical fatigue," long-running supply disruptions in Nigeria and Iraq as well as the war of words between the U.S. and Tehran over Iran's nuclear program are still key to the supply outlook.

Stem Cells In Amniotic Fluid Show Great Promise, Study Says (LAT)

By Karen Kaplan

The Los Angeles Times, January 8, 2007

Researchers have found stem cells in human amniotic fluid that appear to have many of the key benefits of embryonic stem cells while avoiding their knottiest ethical, medical and logistical drawbacks, according to a study published today.

The stem cells -- easy to harvest from the fluid leftover from amniocentesis tests given to pregnant women -- were able to transform into new bone, heart muscle, blood vessels, fat, nerve and liver tissues, the study said.

"So far, we've been successful with every cell type we've attempted to produce from these stem cells," said Dr. Anthony Atala, director of the Institute for Regenerative Medicine at Wake Forest University School of Medicine in Winston-Salem, N.C., and senior author of the report published online by the journal Nature Biotechnology.

The finding points to a promising avenue of research that sidesteps the hurdles facing embryonic stem cell research, which has been stymied by moral objections to the destruction of embryos that occurs when the cells are harvested.

Most of the work involving human embryonic stem cells is ineligible for the more than $25 billion the federal government spends on research each year. But amniotic fluid stem cell studies are already being funded by the National Institutes of Health.

The study also suggests another advantage: Unlike embryonic cells, which can form tumors when implanted in lab animals, amniotic fluid stem cells do not appear to do so.

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"If everything that people think about them turns out to be true, they'll be a powerful source for therapeutic cells," said Alan Russell, director of the McGowan Institute for Regenerative Medicine at the University of Pittsburgh, who wasn't involved in the study.

It is still unclear whether stem cells from amniotic fluid -- the liquid that cushions babies in the womb -- can give rise to the full range of cell types that embryonic stem cells can produce.

"They can clearly generate a broad range of important cell types, but they may not do as many tricks as embryonic stem cells," said Dr. Robert Lanza, a prominent embryonic stem cell researcher and head of scientific development at Advanced Cell Technology Inc. in Worcester, Mass.

But even if the amniotic fluid stem cells turn out to be less flexible, they may still be an important tool in the nascent field of regenerative medicine.

Dr. Dario Fauza, coordinator of the surgical research laboratories at Children's Hospital Boston, has already used the cells to grow tissue to repair defective diaphragms and tracheas in sheep.

He has asked the Food and Drug Administration for permission to do the same for children born with herniated diaphragms. It would be the first human clinical trial involving amniotic fluid stem cells, he said.

Two Swiss scientists, Dr. Dorthe Schmidt and Dr. Simon Hoerstrup of University Hospital Zurich have also used amniotic fluid stem cells to grow heart valves. They are currently testing them in sheep.

The stem cells "may not be as earth-shattering a discovery as human embryonic stem cells, but these cells could prove to be equally important for medical therapy," Lanza said. "I think this is an exciting breakthrough."

Amniotic fluid stem cells lie somewhere between the two major categories of stem cells: embryonic and adult.

Embryonic stem cells are derived from days-old embryos. Nearly all of the development is still to come, so those cells must be extremely flexible.

That trait, called "pluripotency," is the reason researchers believe embryonic stem cells could offer cures for a wide range of ailments. They envision using the cells to replace the faulty islet cells that leave diabetes patients without enough insulin and to grow fresh brain tissue to treat stroke victims, among other things. But they don't yet know how.

Adult stem cells are narrowly focused on replenishing specific types of tissue that wear out over the course of a lifetime, such as skin, hair and blood. Researchers all over the world are looking for ways to expand their range of capabilities.

Amniotic fluid stem cells, which are sloughed off by the developing fetus, are "a different kind of a stem cell," Atala said. "It's not as early as a human embryonic stem cell and it's not as late as the adult stem cells."

Scientists surmised that amniotic fluid would contain those cells more than a decade ago and identified them after several years of searching.

Atala and his colleagues set out to determine just how plentiful and flexible these stem cells might be.

The researchers studied 10-milliliter samples of fluid extracted from pregnant women who had amniocentesis tests to screen their babies for genetic abnormalities. Those tests are routinely performed early in the second trimester.

Of the myriad cells that make up amniotic fluid, the researchers found about 1% had a surface marker that is a hallmark of embryonic stem cells. They took it as a signal that the cells might possess pluripotent abilities.

The researchers from Wake Forest and Harvard Medical School biochemically prompted the cells to transform into all the main categories of embryonic tissue.

A key test was to see if the cells functioned like normal cells.

Stem cells that had been induced to become neural cells were able to secrete a neurotransmitter when stimulated by potassium ions, mimicking conditions inside the brain, the researchers reported. They also induced stem cells to develop into liver cells that were able to secrete urea, a compound produced in the liver.

Other stem cells that had been coaxed into becoming osteoblasts, which build up bone, were implanted in mice. The cells formed a tissue that was more dense than normal mouse bone, he said.

"You may be able to obtain the same medical benefits -- and cure the same diseases -- without the risks or controversy associated with embryonic stem cells," said Lanza of Advanced Cell Technology. "It's just what the doctor ordered."

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The cells did not form the tumors -- jumbles of tissue that can include bits of fat, hair and teeth -- that are common with embryonic stem cells, the researchers said.

"That's one of the biggest issues the FDA will be concerned about when it comes time to approve stem cell-based therapies," Russell added.

But Larry Goldstein, a professor of cellular and molecular medicine at UC San Diego who studies embryonic stem cells, said the absence of tumors might signal a limitation of stem cells derived from amniotic fluid. "It makes me wonder how pluripotent they are," he said.

Though the cells might prove useful in some circumstances, Goldstein said, they aren't a substitute for embryonic stem cells. "They built a screwdriver here, but I need a wrench," he said.

The technology described in the study is owned by Wake Forest University Baptist Medical Center and controlled by Plurion Inc., a biotech start-up in Winston-Salem. Atala serves on Plurion's board and directs its scientific advisory panel.

The researchers, whose study was primarily funded by the Joshua Frase Foundation and the Crown Foundation of the March of Dimes, reported that they have found similar stem cells in samples of chorionic villus -- a part of the placenta that is sometimes biopsied during pregnancy as an alternative to amniocentesis -- and of placentas obtained after birth.

Stem cells could one day be routinely extracted from placentas and stored in case they are needed to create genetically matched tissues during a baby's lifetime, Atala said.

Amniotic fluid stem cells could also be used to build a stem cell bank. It would take about 100,000 cell samples to obtain enough genetic diversity to cover 99% of the U.S. population, he said.

Stem Cells Extracted From Amniotic Fluid (USAT)

By Elizabeth Weise

USA Today, January 8, 2007

Researchers have been able to derive human stem cells from the amniotic fluid surrounding babies in the womb, potentially providing a source of stem cells that is easily available and uncontroversial.

The amniotic stem cells grew readily into independent cell lines, or colonies, doubling in just 36 hours, the paper says. It was published in Sunday's edition of the journal Nature Biotechnology.

The researchers at the Wake Forest University School of Medicine in Winston-Salem, N.C., were able to get the amniotic cells to differentiate into fat, bone, muscle, blood, nerve and liver cells.

Stem cells can develop into almost all cell types and serve as the repair system for the body.

Such cells created from early-stage human embryos, called embryonic stem cells, have shown the greatest potential for turning into any cell needed. But they are controversial because making them requires destroying the embryo. President Bush cut all federal funding for research into new human embryonic cell lines in 2001.

The amniotic cells are neither human embryonic stem cells nor adult stem cells, which are slightly less resilient, says lead researcher Anthony Atala, director of Wake Forest's Regenerative Medicine and Tissue Engineering Institute.

"They're something in between," he says.

One advantage is that these cells, unlike embryonic stem cells, don't form tumors when implanted into mice.

Though much research into the safety and effectiveness of these potential embryonic stem cell substitutes still needs to be done, the huge advantage would be that they can be easily harvested from both amniotic fluid as well as placental tissue after a baby is born.

The scientists were also able to obtain similar stem cells from prenatal chorioni villius biopsies, commonly done on older women to test for chromosomal abnormalities such as Down syndrome.

If a family "banked" a baby's amniotic stem cells at birth by freezing them, they could provide a potential line of stem cells to treat diseases the child might develop later, Atala says.

But even more important, because amniotic fluid is so easy to harvest, it would make it possible to create thousands of cell lines.

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"If you banked 100,000 specimens, you'd be able to provide cells for 99% of the U.S. population with a perfect match for genetic transplantation," Atala says.

Says Robert Lanza of Advanced Cell Technology, a biotechnology firm working to commercialize human stem cell technology: "Just 100 lines will match half the U.S. population. It's an exciting breakthrough."

Scientists See Potential In Amniotic Stem Cells (WP)

By Rick Weiss

The Washington Post, January 8, 2007

A type of cell that floats freely in the amniotic fluid of pregnant women has been found to have many of the same traits as embryonic stem cells, including an ability to grow into brain, muscle and other tissues that could be used to treat a variety of diseases, scientists reported yesterday.

The cells, shed by the developing fetus and easily retrieved during routine prenatal testing, are easier to maintain in laboratory dishes than embryonic stem cells -- the highly versatile cells that come from destroyed human embryos and are at the center of a heated congressional debate that will resume this week.

Moreover, because the cells are a genetic match to the developing fetus, tissues grown from them in the laboratory will not be rejected if they are used to treat birth defects in that newborn, researchers said. Alternatively, the cells could be frozen, providing a personalized tissue bank for use later in life.

The new cells are adding credence to an emerging consensus among experts that the popular distinction between embryonic and "adult" stem cells -- those isolated from adult bone marrow and other organs -- is artificial.

Increasingly, it appears there is a continuum of stem cell types, ranging from the embryonic ones that can morph into virtually any kind of tissue but are difficult to tame, up to adult ones that can turn into a limited number of tissues but are relatively easy to control.

The newly analyzed fetal stem cells, scientists said, have many of the advantages of both.

"They grow fast, as fast as embryonic stem cells, and they show great pluripotentiality," meaning they can become many kinds of tissues, said study leader Anthony Atala, director of the Institute for Regenerative Medicine at Wake Forest University School of Medicine in Winston-Salem, N.C. "But they remain stable for years without forming tumors," he added, something that embryonic cells are not very good at.

Atala and other scientists emphasized that they don't believe the cells will make embryonic stem cells irrelevant.

"There's not going to be one shoe that fits all," said Robert Lanza, scientific director at Advanced Cell Technology in Worcester, Mass. "We're going to have to see which ones are most useful for which clinical conditions."

George Daley, a Harvard stem cell researcher, echoed that sentiment. "They are not a replacement for embryonic stem cells," he said.

But in the past, even hints that non-embryonic cells might have medical potential similar to embryonic ones have complicated the political push to expand federal funding for the controversial field. And accordingly, opponents quickly pounced on the new results.

"This is wonderful news," said Richard Doerflinger, deputy director of pro-life activities at the U.S. Conference of Catholic Bishops, which opposes research that depends on embryo destruction. "It doesn't require harming anyone or destroying life at any stage."

Last year, President Bush vetoed a bill that would have allowed federal funding of research on stem cells from embryos discarded by fertility clinics. The newly Democratic Congress has promised to send the same or a similar bill to Bush's desk with even greater majorities early this term, with the House slated to vote on the matter this week.

The new work, described in yesterday's online edition of the journal Nature Biotechnology, shows that "amniotic fluid-derived stem cells" can be isolated as early as 10 weeks after conception from fluid extracted during tests widely done to detect birth defects.

In the laboratory, the amniotic cells can mature into all of the major types of cells, dividing at the impressive clip of once every 36 hours yet never showing signs of aging and never becoming tumors -- even after living for more than two years in the lab.

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With co-workers from Wake Forest and from Children's Hospital in Boston, Atala coaxed the cells to become brain cells and injected them into the skulls of mice with diseased brains. The new cells filled in diseased areas and appeared to make new connections with nearby healthy neurons.

When coaxed to become bone cells and seeded onto a gelatin scaffold that was then implanted in a mouse, the cells calcified and turned into dense, healthy bone.

Under other conditions they became muscle, fat, blood vessel and liver cells.

Atala said that if 100,000 women donated their amniotic cells to a bank, that would provide enough cells of sufficient genetic diversity to provide immunologically compatible tissues for virtually everyone in the United States. With more than 4 million U.S. births a year, it would not take long to collect that many specimens, he said -- especially because the cells can be found not only in amniotic fluid but also in the placenta, which is discarded after birth.

The rights to certain patent claims relating to the cells have been licensed to Plureon Corp. of Winston-Salem, a privately held company on whose board of directors Atala sits.

Although several stem cell experts applauded the work, some questioned the novelty of the newly described cells. Similar cells have been under study for years with little fanfare, they noted. And though Atala's careful characterization of them is better than any previously done, they said, it is not clear that his cells are truly different than ones others have in hand.

At Children's Hospital in Boston, for example, Dario Fauza, a pediatric surgeon, has been cultivating similar cells and getting them to grow into cartilage, which he has used to repair defective windpipes in newborn sheep. He has also grown the cells into tendon tissue that was used to repair defective diaphragms in sheep.

Fauza is seeking Food and Drug Administration permission to try the method in children diagnosed with birth defects while in the womb. He hopes to grow replacement tissues from their own amniotic cells and use those tissues to repair their defects after birth.

"Typically, you don't do anything until the child is born, and then you are scrambling to fix it," Fauza said. "Why not take out some amniotic fluid, which we do routinely anyway, and engineer a tissue in parallel during the remainder of gestation so he or she will have a tissue by the time he or she is born?"

Population Shift Likely To Boost GOP (WT)

By Donald Lambro

The Washington Times, January 8, 2007

Ongoing population shifts from the North to the Sun Belt states will benefit Republicans more than Democrats in future House races and could enlarge the Republican Party's electoral count in presidential elections, political analysts say.

Analysts say Democrats have offset the Republicans' Sun Belt advantage with gains in the Northeast and parts of the South and Southwest, but that the size of the migration by the end of this decade likely will give the edge to Republicans.

"I think on balance the Republicans will benefit from the larger number of seats in the Sun Belt region. They won't get 100 percent of it, but more than the Democrats do," said Merle Black, a longtime analyst of Southern politics at Emory University in Georgia.

Projections of the number of Americans moving from the Democrat-dominated Northeast to the more Republican-friendly Southern and Western states "show that seven congressional seats in 13 states have already changed at this point in the decade," according to an analysis by Election Data Services, a firm that studies how population shifts affect redistricting changes under congressional reapportionment.

It forecasts a loss of House seats in Massachusetts, Pennsylvania, New York, Ohio, Missouri, Iowa and Louisiana, gains of one seat each in Florida, Georgia, Arizona, Nevada and Utah, and a gain of two seats in Texas.

Another analysis shows an even larger "probable" shift of House seats from the North to the Sun Belt, according to Polidata, a Virginia-based demographic and political research firm.

Under these "probable changes," 13 seats could shift among 19 states, with eight gainers and 11 losers. "All the gainers are in the South and West and all the losers are in the East and Midwest except Louisiana," the Polidata study said.

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Leading the "biggest gainers" would be Texas, with four additional seats. Polidata projects gains of two seats each in Florida and Arizona and one each in Georgia, Utah, Nevada, Oregon and Washington.

The biggest losers would be New York and Ohio, with two seats each. Massachusetts, New Jersey, Pennsylvania, Michigan, Illinois, Minnesota, Iowa, Missouri and Louisiana each would lose one.

Because each state's electoral votes are based on its representation in Congress, the shift in House seats to the Sun Belt regions, where Republicans are strongest in presidential elections, would mean increased clout in the Electoral College, too.

"Overall, given a 2004 electoral vote of 286 [for President] Bush to 252 [for Sen. John] Kerry, the vote count based upon these 2010 projections would have been 292 Bush, 246 Kerry, a gain of six for the Republican ticket," Poli data's report said.

Independent analysts predict House seat gains in the Southwest and the South -- which with 131 seats is the largest regional delegation in the country -- but said Republican strength declined in the South and in the Northeast in the 2006 election.

The number of House seats for Southern Republicans fell in November from 82 to 77, Mr. Black said, while Democrats increased their number from 49 to 54. In the Northeast, a rash of Republican congressional losses from New Hampshire to Pennsylvania gave 68 House seats to Democrats and 24 to Republicans.

The House seat shifts will not take place until after the 2010 census, when states redraw congressional boundaries in time for the 2012 elections.

"We don't really know the demographics that are driving the in-and-out migration in these states," said political analyst Rhodes Cook. "Some of them could be more affluent white conservatives, but they might be Hispanics who tend to vote more Democratic."

Biden Dispels Doubt: He'll Join 2008 Race (USAT)

USA Today, January 8, 2007

Sen. Joseph Biden said Sunday that he is seeking the Democratic nomination for president and thinks he can hold his own against potential high-profile rivals such as fellow Sens. Hillary Rodham Clinton and Barack Obama. "I am running for president," Biden said on NBC's Meet the Press. "I will file for an exploratory committee before the month is out."

The filing will allow him to raise money while he gauges support for his candidacy.

Biden is the new chairman of the Senate Foreign Relations Committee. He has promoted a detailed plan for peace in Iraq that would divide the country along ethnic lines.

The Delaware Democrat long has made clear his intentions to again seek the White House. His first presidential bid collapsed 20 years ago amid allegations he plagiarized a campaign speech from then-British Labor Party leader Neil Kinnock.

Biden has about $3.5 million in his campaign account and has campaigned extensively in early voting states such as New Hampshire, Iowa, South Carolina and Nevada.

Army apologizes for recruiting blunder

The Army blamed a computer mix-up for recruitment letters mistakenly sent over the holidays to the families of 275 officers killed or wounded in Iraq.

"Every Army leader is just sick that this happened," said Gen. Richard Cody, the Army's vice chief of staff.

"This is an inexcusable mistake. Five years into this war, the Army can do better than this — and we will."

Cody said the Army used the wrong database in mailing letters between Christmas and New Year's Day to more than 5,100 Army officers who recently left the service. Included were 200 officers wounded in action and 75 killed in action.

That is more than one-third of all Army officers who have died in Iraq since the war began. The letters encourage the officers to consider returning to active duty. Cody said the Army was contacting each family to offer a personal apology.

Biden Says He Can Run With '08 Rivals (AP)

AP, January 8, 2007

WASHINGTON - Democratic Sen. Joe Biden promoted his presidential bid on Sunday, saying he thinks he can hold his own against potential high-profile rivals such as fellow Sens. Hillary Clinton and Barack Obama.

"I'll be Joe Biden and I'll try to be the best Biden I can be," the 64-year-old Delaware lawmaker said. "If I can, I have a shot. If I can't, I lose."

DOJ_NMG_0113112

Biden said he will set up an exploratory committee by the end of the month that will help him raise money and gauge support for his candidacy.

Biden, who long has made clear his intentions to seek the White House in the wide-open race, has about $3.5 million in his campaign account. He has campaigned extensively in early voting states such as New Hampshire, Iowa, South Carolina and Nevada.

"I am running for president," he said on "Meet the Press" on NBC. "I will file for an exploratory committee before the month is out."

Considered one of his party's most experienced spokesmen on international affairs, Biden is the new chairman of the Senate Foreign Relations Committee.

He plans a series of hearings on the Iraq war and has promoted a detailed plan for peace in Iraq that would divide the country along ethnic lines.

Biden's first presidential bid collapsed 20 years ago amid allegations he plagiarized a campaign speech from then-British Labor Party leader Neil Kinnock.

Biden Declares Bid For 2008 Democratic Presidential Nomination (BLOOM)

By Joe Sobczyk

Bloomberg, January 8, 2007

Jan. 7 (Bloomberg) -- Senator Joseph Biden said he will seek the Democratic presidential nomination in 2008 and plans to file paperwork that will allow him to begin raising money.

The Delaware Democrat has said for months that he was trying to determine whether he would have enough political and financial support to make a bid for the presidency. Now he is taking the next step, setting up an exploratory committee.

``I am running for president," Biden said on NBC's ``Meet the Press" program.

The first test in the race, the Iowa Caucuses, is a little more than a year away. Former North Carolina Senator John Edwards, the Democratic vice presidential nominee in 2004, former Iowa Governor Tom Vilsack and Representative Dennis Kucinich of Ohio have formally declared their candidacies.

Other potential candidates include Senators Hillary Clinton of New York and Barack Obama of Illinois, both of whom have been visiting states where the first nominating contests will be held. Neither has announced their intentions.

Biden, 64, first elected to the Senate in 1972, took over as chairman of the Senate Foreign Relations Committee with the swearing-in of the new Democratic-controlled Congress last week. He has been a vocal critic of President George W. Bush's Iraq policies and backs a proposal to divide Iraq into three semi- autonomous regions among Sunni and Shiite Muslims and the Kurds.

A Gallup Organization poll taken last month found Clinton favored as her party's nominee by Democratic voters. She got support from 33 percent, followed by Obama with 20 percent and former Vice President Al Gore with 12 percent. Biden got support from 3 percent, behind the 2004 Democratic nominee, Senator John Kerry of Massachusetts.

Biden's last bid for the presidency, in 1988, was derailed after he failed to credit portions of a speech that he had adapted from a U.K. politician.

Among Republicans, Senator John McCain of Arizona, former New York City Mayor Rudy Giuliani and former Massachusetts Governor Mitt Romney have formed exploratory committees, an initial step toward building a campaign organization.

Biden Joins List Of Presidential Contenders (NYT)

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — Senator Joseph R. Biden Jr. of Delaware on Sunday became the fourth Democrat to formally announce plans to run for president next year.

“I am running for president,” Mr. Biden said toward the end of an appearance on “Meet the Press” on NBC.

“I’m going to be Joe Biden, and I’m going to try to be the best Biden I can be,” he said. “If I can, I got a shot. If I can’t, I lose.”

He said he would file paperwork by the end of the month to establish an exploratory committee to gather support for his bid.

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Mr. Biden, who was first elected to the Senate in 1972, also sought the presidential nomination in 1988. But he dropped out of the race after admitting that he had used speeches by other politicians without attribution, and after reports that he had plagiarized while in law school.

Mr. Biden, chairman of the Committee on Foreign Relations, joins a widening field of Democratic presidential hopefuls. The others who have officially announced their candidacies are former Senator John Edwards of North Carolina, Representative Dennis J. Kucinich of Ohio and Gov. Tom Vilsack of Iowa.

Other potential Democratic contenders include Senators Hilary Rodham Clinton of New York and Barack Obama of Illinois. Among Republicans, Senator John McCain of Arizona, former Gov. George E. Pataki of New York and Rudolph W. Giuliani, the former New York City mayor, are expected to run.

Patrick Says He Would Support Kerry If He Seeks Presidency Again (BOS/AP)

By Glen Johnson

The Boston Globe, January 8, 2007

BOSTON --Sen. Barack Obama visited Massachusetts three times last year to campaign for Deval Patrick. The husband of Sen. Hillary Rodham Clinton, former President Bill Clinton, appointed Patrick to the top Justice Department civil rights post during the 1990s.

But the state's new governor says he would have to support Sen. John Kerry over Obama or Mrs. Clinton should the Massachusetts Democrat make a second run for the presidency.

"They are very, very strong people," Patrick said of his three fellow Democrats during an appearance aired Sunday on WHDH-TV's "Urban Update." "I will tell you that if my home senator runs, I've got to be with him. I love the other candidates, but we will see. I don't know that he has made a decision yet."

In October, Patrick called a similar question "premature" after Kerry campaigned for him at the Perkins School for the Blind in Watertown.

Obama, an Illinois Democrat still in his first term in Congress, and Clinton, a New York Democrat just sworn into her second term, are weighing campaigns in 2008, as is Kerry.

Kerry has pledged to announce a decision about a second campaign in the near future, perhaps this month. He is up for re-election in 2008, and some local Democrats are urging him to decide whether he wants to seek re-election or wage a second presidential campaign.

The senator has suggested the calendar and state election law would allow him to do both, at least until he learned the outcome of early primaries and caucuses.

Kerry's senior colleague, Sen. Edward M. Kennedy, D-Mass., signaled impatience with his fellow senator in December, saying his support was not guaranteed and he did not want to wait "indefinitely" for a decision. Kennedy later declared he would support Kerry should he declare his candidacy "in the near term."

In 2004, Kennedy was one of Kerry's most ardent supporters, despite a close personal relationship with then-Sen. John Edwards of North Carolina, who also was seeking the Democratic presidential nomination.

Edwards, who lost his bid but ended up being Kerry's vice presidential running mate, has already declared his candidacy for their party's 2008 presidential nomination.

A Candidate's Not-So-Candid Camera? (WP)

By Howard Kurtz

The Washington Post, January 8, 2007

John Edwards is ridiculing his political consultants.

"You know, they gave me a really great memo," he says, waving the document, which advises him to highlight the importance of public education when addressing teachers. "I pay a lot of money for people who have the expertise to tell me this."

An unscripted moment caught on a cellphone camera? Not exactly. The video of the presidential candidate chatting on his plane is on Edwards's Web site. The former senator seems unusually frank about the absurdities of political life -- or is this just carefully choreographed candor, packaged for the YouTube age?

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The 2008 campaign is "totally going to be on steroids this time in terms of what a candidate can do," says Joe Trippi, who masterminded Howard Dean's Internet-driven bid in 2003 and 2004. "You're going to see reality, and you're going to see savvy manipulation under the guise of something that's authentic and real." But Trippi warns against candidates' secretly scripting such moments: "If you get caught, you're dead."

Veteran journalist and blogger Jeff Jarvis says that "candidates will try to look more transparent, whether they are or not. Obviously, you're not going to put something out there that's not flattering. If the casual moments come from the campaign, I can recognize them for what they are."

Mathew Gross, Edwards's Internet strategist, says the campaign is "trying to reach an audience that is increasingly segmented into different channels . . . You peel away the artifice of the campaign to show what's really happening."

Edwards's second bid for the White House, announced shortly after Christmas, was overshadowed by the death of Gerald Ford and the hanging of Saddam Hussein. But Edwards generated plenty of online buzz by hiring friendly bloggers or paying their travel expenses, which would be ethically unacceptable for mainstream journalists.

"We live in a world in which everybody has the power to capture and then broadcast," says Gross, a Dean campaign veteran, noting that the bloggers have full editorial control over their own words and pictures.

Edwards has gone deep into the blogosphere, posting profile pages on MySpace and Facebook and fielding questions -- with his wife, Elizabeth -- on the popular liberal site Daily Kos. His daughter Cate also blogs on the campaign site.

What's striking about the "Webisode," in which Edwards chats on his plane with a freelance video crew, is that it looks like a television documentary, with quick-cut editing and a jerky handheld camera. Edwards, in a work shirt and jeans, is seen chatting with others, not looking at the camera. He says he wants to be judged "based on who I really am, not based on some plastic Ken doll. . . . You're trained to be careful. You're trained to close off, if it feels sensitive, if it feels personal. . . . We're conditioned to saying the same thing, we're conditioned to saying what's safe, we're conditioned to be political, and it's hard to shed all that."

The campaign hired Andrew Baron, founder of the satirical news site Rocketboom.com, to provide advice and to shoot Edwards's announcement video, which was posted on YouTube the night before the candidate personally declared his candidacy in New Orleans. Rocketboom also conducted a separate interview for its Web site, consisting of such softball questions as "What is the John Edwards candidacy about?"

Baron says Rocketboom "is not a journalistic platform" and sets its own ethical standards. As for Edwards, Baron says by e-mail, "this is his opportunity, along with all of ours, to use the video medium to show who he really is/we really are."

Chuck Olsen, a Minnesota freelancer paid for his work by Rocketboom and the campaign, writes on his blog: "For what it's worth I'm convinced Edwards is a passionate, smart, authentic person who would make a great president."

Robert Scoble, a blogger and former Microsoft staffer, paid his own way -- except for the flights on the Edwards campaign plane during the multi-city announcement tour that began in New Orleans. "Was I used by the campaign? Absolutely," he writes on his blog. "I was there to give a different look at the campaign than the Washington Post or CNN could give." Responding to criticism by another blogger who accused him of "doing exactly what his handlers wanted, namely, giving Edwards pseudo-legitimacy among the technophile idiots," Scoble says, "I got to know his staff instead of trying to ask a question that'd get Edwards angry or give me an answer that he wouldn't give Matt Lauer on the 'Today' show."Small is Beautiful?

The slimmed-down Wall Street Journal looked colorful but cramped last week after debuting at its reduced size, with a huge "What's News" digest and a display ad squeezing the front-page stories into three remaining columns. But the more important development has nothing to do with the money-saving layout.

"The culture here has changed dramatically in the last few years," says Managing Editor Paul Steiger. He says 80 percent of the paper's articles will now stress analysis, interpretation or feature writing, with only 20 percent of the what-happened-yesterday variety. As if to underscore the shift, the lead of Thursday's paper was an opinion column by Alan Murray saying that the CEO of Home Depot had "failed most spectacularly" as a public spokesman. The news story on Robert Nardelli's resignation and $210 million golden parachute ran to the column's left.

The late Journal editor Barney Kilgore once said that "it doesn't have to happen yesterday to be news," Publisher Gordon Crovitz recalls. "To which I'd add, just because it happened yesterday, it may not be news to our readers."

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Steiger says he assumes that most readers, though not all, have already seen the day's news online. The paper plans to break most of its exclusives on its subscription-only Web site, which has 800,000 customers. When the Journal learned that Los Angeles Times editor Dean Baquet would resign rather than make corporate-mandated budget cuts, it put the story online -- prompting Baquet to confirm the news to his staff -- and came back with a more detailed piece the next morning.

As for the smaller paper's 5 percent loss of news space, Steiger insists tighter editing (plus info-graphics in the USA Today mold) will make up the difference.

Some Journal staffers, meanwhile, are quite upset over an incident last month in which advertisers were told in advance that the paper planned a story on jets that rent time to clients, allowing the handful of companies in the field to buy ad space in the Personal Journal section.

Insiders say that Hilary Stout, the section's editor, objected to the advertisers' involvement and declined to assign the story, and that travel columnist Scott McCartney refused the assignment after a jet company called him to ask about the story. Another reporter was drafted and wrote a balanced piece.

Steiger says the story -- which was first noted by Women's Wear Daily -- was "much too narrow" for advertisers to have been notified in advance, as opposed to a story or package on a larger industry. Such arrangements, he says, could "create confusion and make people think the story might be an advertorial. . . . I'm glad that some reporters raised questions about it." He says the paper will be "more diligent" about what it tells advertisers in advance.Plagiarism Watch

Jacqueline Gonzalez, a San Antonio Express-News columnist, resigned last week after editors found her lifting information without credit in three columns. An internal inquiry began after Gonzalez was found to have ripped off the online encyclopedia Wikipedia for material on the origin of Dec. 25 as the observed birth date of Jesus Christ.Hollywood on the Potomac

Washington journalists must be getting famous. In a "tribute" to the 110th Congress sponsored by the Creative Coalition, the "celebrity delegation" touted in the invitation includes not just Heather Graham, Morgan Fairchild, Fran Drescher and Rip Torn, but Newsweek's Howard Fineman, MSNBC's Tucker Carlson and CNN's Bob Franken. The Jan. 31 event is a $1,000-a-ticket fundraiser for the lobbying group.

"I'm not a delegate to anything," Fineman says. "Even though there's nothing wrong with it, it looks like they're dangling us all on a revolving stage. I'm not even sure I'm going to be there."

Franken says he is a "celebrity wannabe" and that "this will cause a lot of people to say, 'Who the hell is Bob Franken?' "

Prisoner Of Conscience (VF)

By Todd S. Purdum

Vanity Fair, January 8, 2007

The audience is just the kind that makes John McCain feel most alive: a couple of thousand fresh-faced, corn-fed college kids still idealistic enough to believe an Honest-to-God American Hero who tells them that they can, and should, strive to serve a cause greater than their own self-interest. The setting is the Stephens Auditorium at Iowa State University, in Ames, and the questioner is Chris Matthews of MSNBC's Hardball, who is pitching an hour's worth of interrogatories to the American media's favorite politician.

It is three weeks before midterm elections that will prove to be a decidedly mixed bag for McCain. His party will experience the electorate's repudiation of the war in Iraq, which McCain has always supported, and at the same time the voters will repudiate the cozy and corrupt Washington culture as a whole, which McCain has always loathed. Matthews wants to know McCain's views on the prevalence of gay people in all walks of life, a subject whose predicate is the scandal involving Representative Mark Foley and his come-hither instant-messaging with congressional pages. "Should gay marriage be allowed?," Matthews asks.

"I think that gay marriage should be allowed, if there's a ceremony kind of thing, if you want to call it that," McCain answers, searching in vain for the less loaded phrases he knows are out there somewhere, such as "commitment ceremony" or "civil union." "I don't have any problem with that, but I do believe in preserving the sanctity of the union between man and woman." It may not be clear just what McCain is trying to say, but it's easy to see how his words could be skewed in a direction that the Republican right might not like at all.

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Fast-forward to the next commercial break, during which McCain and Matthews reposition themselves from the stage to the auditorium floor to take questions from the students. McCain's longtime political strategist, John Weaver, a lanky, laconic Texan, moves in to whisper some advice. The next question is about the pending federal farm bill, and McCain repeats his long-standing opposition to certain agricultural subsidies.

But then, out of nowhere, he adds, "Could I just mention one other thing? On the issue of the gay marriage, I believe if people want to have private ceremonies, that's fine. I do not believe that gay marriages should be legal." There: he said it, the right words for his right flank. It might seem that this audience, the sons and daughters of a socially conservative and culturally traditional bellwether state, would accept, if not approve of, what McCain has just declared. But they are the Wi-Fi wave of the future, and they can smell a pander bear as surely as they can a hog lot. They erupt in a chorus of deafening boos. "Obviously some disagreement with that last comment," McCain says tightly. "Thank you. It's nice to see you."

Moments later, McCain remounts the stage for the program's final segment, and he bores into Weaver, standing quietly in the wings, with a cold look that seems to mingle irritation at Weaver's whispered advice with regret that he took it, and demands, almost hisses, "Did I fix it? Did I fix it?"

John McCain has spent this whole day, this whole year, these whole last six years, trying to "fix it," trying to square the circle: that is, trying to make the maverick, freethinking impulses that first made him into a political star somehow compatible with the suck-it-up adherence to the orthodoxies required of a Republican presidential front-runner. McCain opposes a constitutional amendment to ban gay marriage, but supports a ballot measure that would do just that in his home state of Arizona. (It would fail in the midterm elections.) His short-term reward for the Hardball bunt on gay marriage? Boos from the audience and a headline on the Drudge Report, the right wing's favorite screechy early-warning system, reading, mccain: gay marriage should be allowed? McCain needs to square that circle, and the hell of it is, he just can't. Back in the Straddle

But God knows McCain is trying. He began this mid-October day in Sioux City, appearing at a fund-raising Siouxland Breakfast for Representative Steve King, an immigration hard-liner. Recently he had called McCain an "amnesty mercenary" for daring to work with Senator Ted Kennedy on a compromise bill that would provide an eventual path to citizenship for the millions of immigrant workers already in the United States illegally. A day earlier, in Milwaukee, in front of an audience of more sympathetic businessmen, McCain had been asked how debate over the immigration bill was playing politically. "In the short term, it probably galvanizes our base," he said. "In the long term, if you alienate the Hispanics, you'll pay a heavy price." Then he added, unable to help himself, "By the way, I think the fence is least effective. But I'll build the goddamned fence if they want it."

"I'm willing to negotiate anything," McCain tells the breakfast crowd in Sioux City, explaining that there is no way the millions of illegal aliens now here can be sent back to their countries of origin. But he acknowledges that anything seen as amnesty for illegals is "totally unacceptable, particularly to our Republican base." Later, McCain tells me that Congressman King "really knows this issue," but he sounds as if he is trying to persuade himself as much as me.

A couple of hours later, McCain is in an S.U.V., bound for a tour of an ethanol plant in Nevada, Iowa, just north of Des Moines. He knows the visit will be a stretch: he opposes ethanol subsidies. Six years ago, he all but skipped the Iowa caucuses, in large part because his scornful opposition to ethanol was a nonstarter in a state where making corn into fuel is a big and lucrative business. He turns sardonic, asking the members of his small traveling party if they have had their morning glass of ethanol.

We barrel along past the flat fields. Chuck Larson, a bright young Iowa state senator, Iraq-war veteran, and former chairman of the state Republican Party, has signed on to shepherd McCain's already well-organized presumptive 2008 campaign in Iowa. He asks McCain to make some calls to local party leaders. Juggling a sandwich and his cell phone in the front seat, McCain obliges. A couple of times, he gets voice mail and leaves an upbeat message, saying he is in the state and hopes to catch up soon.

Then McCain connects with Darrell Kearney, the conservative finance director of the Iowa Republican Party. Following Larson's instructions, McCain tells Kearney, a former Steve Forbes supporter, that he'd love to go to the party's next Lincoln Day dinner. But his words come out sounding as if he's inviting himself, and the conversation seems strained. "I see," McCain says. "Well, sounds exciting." From my perch in the backseat, it doesn't sound exciting at all. It sounds as if Kearney has ticked McCain off somehow. McCain flips the phone closed and tells Larson, "That's enough!"

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A few minutes pass and Larson asks how the conversation with Kearney went. "Fair," McCain says, in a tone that invites no further discussion. "Fair."

If this awkward little day of straddling feels familiar, it is because McCain has tried it before. In the 2000 campaign, he waded straight into the hottest controversy in South Carolina, not long before his crucial primary showdown with George W. Bush, by offering his unvarnished opinion on whether the Confederate battle flag—the Stars and Bars—should continue to fly over the state capitol. "As we all know, it's a symbol of racism and slavery," McCain said. After John Weaver and others did more than whisper in his ear, McCain took to reading aloud from a piece of paper with a statement that began, "As to how I view the flag, I understand both sides," and went downhill from there.

For better or worse, McCain's campaign was never the same again. And no one is more aware of this than John McCain himself. In Worth the Fighting For, his second memoir, written with his longtime aide Mark Salter in 2002, McCain reflected on what he had done:

By the time I was asked the question for the fourth or fifth time, I could have delivered the response from memory. But I persisted with the theatrics of unfolding the paper and reading it as if I were making a hostage statement. I wanted to telegraph to reporters that I really didn't mean to suggest I supported flying the flag, but political imperatives required a little evasiveness on my part. I wanted them to think me still an honest man, who simply had to cut a corner a little here and there so that I could go on to be an honest president.

I think that made the offense worse. Acknowledging my dishonesty with a wink didn't make it less a lie. It compounded the offense by revealing how willful it had been. You either have the guts to tell the truth or you don't. You don't get any dispensation for lying in a way that suggests your dishonesty.

As he embarks on his second presidential campaign, a campaign he once assumed he would never get the chance to run, there are many questions for John Sidney McCain III. Can he bank the fires of temperament that routinely put him atop insiders' lists of the most difficult senators on Capitol Hill and become a unifying leader? Can he reconcile his unstinting support for the war in Iraq with his unsparing criticism of the Bush administration's execution of it—and with the electorate's evident yearning for a new approach? Would he be, at 72—more than two years older than the oldest man ever to assume the presidency, and more battered by old injuries than most men who have held it—too damned old to do the job?

But the biggest questions of all are whether, by forcing himself to become some kind of something he just isn't, John McCain can win the presidency to begin with, and would he consider himself to be worthy of the honor if he did.

Some of McCain's oldest friends and supporters confess that they don't know the answers, but that they worry about the questions. Will McCain's understandable effort to bend a little here and bow a little there—to placate the most conservative elements of his party, who play a disproportionate role in the nominating process—get him all twisted up before he ever gets to face the general electorate that polls suggest admires him so?

Torie Clarke first went to work as McCain's press secretary when he was a freshman congressman, in 1983, and she remains a devoted friend. When I caught up with Clarke one afternoon just after the Republican rout last November, the conversation came round to the toll that the Confederate-flag controversy had taken on McCain's political prospects and his psyche. "What you see now is variations on that," Clarke says. "I think he's a unique, special soul, and I worry about what life is going to be like for him the next couple of years." Dancing with Coyotes

In a thousand and one ways, John McCain remains irresistible—to anyone who ever screwed up in school, fell short of expectations, blew his stack, or gave his all to a losing cause. He is a born rebel, who once confessed that he had spent the bulk of his time at the Naval Academy "being made an example of, marching many miles of extra duty for poor grades, tardiness, messy quarters, slovenly appearance, sarcasm, and multiple other violations of Academy standards." In his third year at Annapolis, he was so fed up he considered joining the French Foreign Legion, until, he said, he realized it required an enlistment of eight years. In prison in North Vietnam, where he spent more than five years after being shot down in 1967, he led a social-studies class for fellow inmates based on the subject he has always loved best—"The History of the World from the Beginning"—in an exercise to keep their sanity.

In an age of pre-fab, blow-dried, plasticized politicians, McCain remains palpably, pungently human. I saw him up close at intervals over a period of many weeks of campaigning last fall, often with almost unlimited access, and his preferred means of

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controlling his image is by abandoning all the typical modern efforts at control. He is the kind of person who comes alone, without a single aide or handler, to a dinner with a dozen New York Times editors and reporters, and tells stories of the long-ago days in flight school in Pensacola when he dated an exotic dancer known as "Marie, the Flame of Florida." He unself-consciously nurses a vodka Gibson on the rocks in an age when Diet Coke is the safer choice.

In mixed company, he does not shrink from a good "goddamn" or two, and in male company, considerably coarser discourse comes easily to his lips (cocky jet jockey that he once was). He is a man of strong opinions, strongly expressed. "Most current fiction bores the shit out of me," he says in a small plane somewhere over New England. In front of an audience of Republican worthies in Appleton, Wisconsin, he calls the leader of North Korea a "pip-squeak in platform shoes," and in seconding my view that Islamabad has limited charms, he volunteers that the Pakistani capital "sucks." At a nascar race in New Hampshire, he introduces Bobby Allison, "the greatest driver in the history of racing," to one of the journalists following him that day, declaring, "This is Adam Nagourney, New York Times. They're a Communist paper, but he's O.K." He introduces his friend Senator John Sununu, of New Hampshire, son of the famously bumptious former White House chief of staff, to a group of supporters by saying, "You can be very proud of him, and thank God he inherited his mother's temperament." To a gathering of businessmen he says, "I want to keep health-care costs down until I get sick, and then I don't give a goddamn," and to a group of college kids waiting to have their pictures taken with him, he growls good-naturedly, "All right, you little jerks!" On a charter jet above Iowa, he reads aloud a headline from USA Today: actor [wesley] snipes faces indictment on tax fraud charges, then mutters, "All our childhood heroes—shattered!"

Moments like these help explain why the constituency that McCain sometimes jokingly refers to as his base—the press—has not already tried to derail him by highlighting the politically expedient positioning that would be regarded as standard procedure for most elected officials but seems somehow so much worse in a man with such self-defined high standards. Together with Mark Salter, McCain has built a franchise of best-selling books out of his reputation for personal and public integrity. They bear titles such as Faith of My Fathers, Why Courage Matters, and Character Is Destiny, and make John F. Kennedy's Profiles in Courage look like a mere Hallmark card. Yet another McCain book—this one on decision-making—is due out next fall, just as the campaign is likely to heat up in earnest.

But the plain truth is that the Straight Talk Express, Version 2.008, is often a far cry from the Magic Bus of 2000.

"Let me give you a little straight talk," McCain tells the crowd at a house-party fund-raiser in Sioux Falls, South Dakota, for Senator John Thune, the Christian conservative and self-styled "servant leader" who defeated the Senate's Democratic leader, Tom Daschle, in 2004. The minute Thune was elected, McCain says, he became an important figure in the Republican Party and the Senate.

That's not straight talk. That's partisan pap. Nor, presumably, was it straight talk last summer at an Aspen Institute discussion when McCain struggled to articulate his position on the teaching of intelligent design in public schools. At first, according to two people who were present, McCain said he believed that intelligent design, which proponents portray as a more intellectually respectable version of biblical creationism, should be taught in science classes. But then, in the face of intense skepticism from his listeners, he kept modifying his views—going into reverse evolution.

"Yes, he's a social conservative, but his heart isn't in this stuff," one former aide told me, referring to McCain's instinctual unwillingness to impose on others his personal views about issues such as religion, sexuality, and abortion. "But he has to pretend [that it is], and he's not a good enough actor to pull it off. He just can't fake it well enough."

When it comes to the rough-and-tumble of practical politics, as opposed to battles over political principle, McCain's apparent compromises are just as striking. Six years ago, McCain was livid when Sam and Charles Wyly, a pair of Texas businessmen friendly with the Bush campaign, spent $2.5 million on a nominally independent advertising effort attacking McCain. He called them "Wyly coyotes," and implored an audience in Boston to "tell them to keep their dirty money in the state of Texas." This time, McCain accepted money from the Wylys. The Wylys gave McCain's Straight Talk America political-action committee at least $20,000, and together with other family members and friends they chaired a Dallas fund-raiser for the pac. (The Wyly money was later returned because the brothers have become the subject of a federal investigation.) In 2000, McCain denounced the Reverend Jerry Falwell—and others like him—as "agents of intolerance." Last spring McCain gave the commencement address at Falwell's Liberty University.

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Two years ago, McCain was unsparing in his criticism of the Swift Boat Veterans for Truth, who slimed his friend and fellow Vietnam veteran John Kerry. Kerry felt close enough to McCain at the time to make multiple and serious inquiries about McCain's interest in running for vice president on a national-unity ticket (and McCain basked in the courtship, even if he knew nothing could ever come of it). So the alacrity with which McCain joined in demanding an apology from Kerry—whose "botched joke" last fall about George Bush's intellect came out as a slur against American troops in Iraq—was surprising, if not unseemly. Once upon a time, the two friends would have talked about the issue privately, and McCain might well have given Kerry his frank advice. As of mid-November, they had not spoken since McCain's statement condemning Kerry's "insensitive, ill-considered, and uninformed remarks"—which McCain once again read from a piece of paper, by the way. When I asked McCain if he thought Kerry was really trying to insult the troops, he answered only indirectly, and with some annoyance: "I accepted it when he said, 'I botched a joke,' O.K.?"

The battle between Bush and McCain in 2000 was bitter, with Bush supporters in South Carolina spreading rumors that McCain was insane and that he had fathered a black child. (McCain and his wife, Cindy, are the adoptive parents of a girl from Bangladesh.) Bush and McCain traded insults involving each other's moral standing. A year later, with bad feeling still so high that strategist John Weaver had been virtually blackballed from working in Republican politics, Weaver went so far as to sound out Democratic Senate leaders about the possibility of having McCain caucus with them. This would have put the Senate, then divided 50–50, into Democratic control. Aides to two senior Senate Democrats say it was never clear how serious McCain himself was about the proposal, and any possibility that it might actually happen was short-circuited when another Republican, James Jeffords, of Vermont, made the move first, in 2001.

That was then, when memories of the Bush camp's gruesome, dishonest attacks on McCain were still fresh. When I asked McCain how a rapprochement with Bush could ever have been achieved, he began by saying, "For 10 days I wallowed," then made it clear that the best balm was his realization that the campaign had raised his stature. "We came out of the campaign, even though losing, enhanced nationally, with a lot of opportunities in the Senate legislatively, with more influence, and eventually, if necessary, to be able to go at it again." Whatever the psychic or political specifics, the ultimate result was the celebrated McCain-Bush campaign hug of 2004, in which McCain found himself enveloped in a back-wrapping embrace and upside-the-head smooch. Since that moment McCain has borrowed from the Bush political playbook, aiming to make himself the prohibitive front-runner for the 2008 primaries, and happily snapping up former Bush aides and supporters from key states such as Iowa and New Hampshire, including Terry Nelson, an Iowan and political director of the 2004 Bush campaign. Nelson, now a private consultant in Washington, approved the most widely condemned negative ad of the 2006 midterms, produced by a quasi-independent group financed by the Republican National Committee and aimed at the black Democratic Senate candidate in Tennessee, Harold Ford Jr. In the ad, a sultry white actress says she had once met Mr. Ford at a "Playboy party," then cradles her outstretched thumb and little finger to her ear and coos, "Harold, call me." After the ad sparked an uproar it was taken off the air. Given the racially charged campaign of innuendo deployed against McCain by Bush supporters six years ago, and McCain's outrage at such tactics, the McCain camp's failure to condemn Nelson or the ad struck many as surprising. All John Weaver managed to say at the time was "We're pleased the ad has been pulled down." Nelson is set to manage McCain's '08 campaign.

The Old Man

In the two years leading up to the recent midterm election, McCain kept up a presidential-level schedule, with 346 appearances for Republican candidates and causes around the country. He traveled in small jets, sometimes alone, often with an aide or two; by early fall, his pac had already spent more than $1 million on air charters. On a rainy morning in mid-October, McCain, his longtime chief fund-raiser, Carla Eudy, and I are bound from Washington, D.C., to Milwaukee on a roomy Beechjet, all dark wood and soft leather, with snacks on demand. McCain, as is his habit, props his feet on the opposite seat and opens the newspapers.

"O.K., Carla, several drugs show promise for alzheimer's," he reads from The Wall Street Journal.

Eudy smiles. "I need that."

Turning the page, McCain mutters, "It's not you that needs it."

A few minutes later, reading over his schedule for a long day ahead in Wisconsin, South Dakota, and Iowa, McCain murmurs, "We're going from Joe Foss Field to Bud Day Field! I'm getting old. I knew both of them."

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Foss, for whom the airport in Sioux Falls is named, was the World War II flying ace and governor of South Dakota. Day became the nation's most highly decorated military officer since Douglas MacArthur. He served in three wars, was one of McCain's P.O.W. cellmates, and, as a civilian lawyer, handled McCain's divorce from his first wife, Carol, in 1980; the airport in Day's hometown of Sioux City, Iowa, is named for him. (McCain did not know General Billy Mitchell, the World War I aviator for whom the Milwaukee airport, where we'd be landing shortly, is named, but his grandfather did, and McCain wrote about him in Worth the Fighting For.)

At 70, McCain is both matter-of-fact and ruminative about his age. He may have DNA on his side. His father and grandfather, accomplished navy admirals, died prematurely after lives of hard drinking, hard living, and careers cut short, but his mother, Roberta, the daughter of a wealthy oil wildcatter from Southern California, is hale and unstoppable at 94. She spent this past fall driving herself around Europe, and because she was too old to rent a car, she simply bought herself a new Mercedes and hit the road. McCain gets laughs when he acknowledges that he is "as old as dirt, with more scars than Frankenstein"—but he always makes sure to mention his redoubtable mother.

At the end of his failed 2000 campaign, when he had not yet turned 64, McCain clearly assumed that he would be too old ever to run again. "To me, some of this last six months was to see 'Does he still have the physical wherewithal to do this?,'" Mark Salter acknowledges. "Evidently so, because no one staffer can do all the travel with him. Because we burn out too quick."

Indeed, in two long stints on the road in September and October, McCain kept up a punishing pace. He is mentally sharp, verbally facile, and perpetually curious. (On one of our trips, he was rereading Gibbon's Decline and Fall of the Roman Empire.) But he is visibly older, thinner, balder—and, yes, frailer—than he was just six years ago. Like his friend Bob Dole, he tries to minimize his disabilities, but they are serious. He suffered severe injuries when his plane was shot down over North Vietnam 40 years ago; his right knee was broken when his seat was ejected from the cockpit, and both arms were broken in the crash. These injuries were compounded by the profound abuse he endured during five and a half years in captivity.

McCain seldom talks about the details of his torture by the North Vietnamese, but he has written about them in clinical depth. Despite the injuries he had already suffered, upon capture he was promptly bayoneted in the ankle and then beaten senseless. The North Vietnamese never set either of his broken arms. The only treatment of his broken knee involved cutting all the ligaments and cartilage, so that he never had more than 5 to 10 percent flexion during the entire time he was in prison. In 1968 he was offered early release, and when he refused, because others had been there longer, his captors went at him again; he suffered cracked ribs, teeth broken off at the gum line, and torture with ropes that lashed his arms behind his back and that were progressively tightened all through the night. Ultimately he taped a coerced confession.

McCain's right knee still has limited flexibility. Most of the time this is not too noticeable, but McCain mounts the steps onto planes with a herky-jerky gait. A climb up dozens of steps at the New Hampshire International Speedway, in Loudon, leaves him badly winded and sweating profusely. Because his broken arms were allowed to heal without ever being properly set, to this day McCain cannot raise his arms above his shoulders. He cannot attend to his own hair. An aide is often nearby with a comb and small can of hair spray.

McCain has difficulty putting on his suit jacket unassisted. Once, as we prepared to get out of a cramped airplane cabin in Burlington, Vermont, where McCain would be greeted by the governor, I turned my back for a moment, only to find him struggling. He could sense that his collar was all bunched up, and asked me matter-of-factly to help him straighten it out. I felt the pang that those around McCain feel whenever they realize the extent of his injuries. "You comb someone's hair once," his 2000 communications director, Dan Schnur, says, "and you never forget it."

One of McCain's aides tells me that two years ago, campaigning with McCain, George W. Bush asked him if the senator would like to work out with him. Told that McCain did not, could not, really "work out," Bush replied, "What do you mean?"

Just after the Republican convention of 2000, a malignant melanoma was removed from the left side of McCain's face, leaving a track of deep and angry red scars that are only now receding. Salter notes that if McCain's campaign had not died six years ago McCain himself might have, because he wouldn't have taken time out from the trail for the examination that produced the diagnosis. There has been no recurrence of the cancer, and McCain undergoes checkups every three months. At the slightest sign of direct sunlight he breaks out the baseball cap that is always kept at the ready, and slathers his face with so much sunblock that he looks like Marcel Marceau until his skin absorbs it.

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And still McCain pushes himself, as if to combat any hint of diminished capacity. Last summer, he hiked the Grand Canyon rim to rim with his son, Jack, 20, now in his second year at Annapolis. He says the descent was torture on his knees, until a park ranger offered him some pills partway down.

"It was—am I saying this right?—I.V. Propen. The stuff's a fucking miracle drug!" It doesn't seem fair to tell him the drug is nothing more miraculous than Advil. McCain will repeat the ibuprofen story a time or two over the course of 48 hours, and he brings it up again when I see him about a month later.

McCain tells me that he counts on Cindy, to whom he has now been married for 25 years, and a close circle of longtime aides to tell him if they ever think he is losing a step. "They watch me very carefully," he says. "They do. They keep an eye on it. And so I try to wear 'em down!" The sheer range in age of McCain's seven children both calls attention to his own span of years and testifies to an unusual willingness to stay young. Besides Jack, they include his first wife's sons by her first husband—Doug, 47, a pilot for American Airlines, and Andy, 44, who works for Cindy's family company in Phoenix; McCain adopted both of them when they were children. Then there is Sidney, 40, his daughter with Carol, who is head of publicity at V2 Records; Meghan, 22, his eldest child with Cindy, now a senior at Columbia; Jimmy, 18, who has recently joined the Marine Corps; and Bridget, 15, a ninth-grader in Phoenix, the Bangladeshi girl the McCains adopted.

Most politicians repeat themselves, in part because they have their rap down, and in part because they see too many people to remember whom they've just seen, and McCain sees far, far more people than most. Older men often repeat their favorite stories, their best tales from the trenches, and McCain certainly repeats his. He is the Milton Berle of political humor, an unrepentant thief of bad gags from friends like Bob Dole and Alan Simpson, which he delivers deadpan and repeats at every stop.

Short-term exposure to McCain is bracing. Long-term exposure can be draining—makes you want to reach for the I.V. Propen. In our travels I spent a great deal of time with John McCain, on occasion just the two of us alone on a plane. Sometimes he would talk, and sometimes he'd stay silent. Often he'd punctuate the silence by saying something like "Do you know who Barry Goldwater's best friend in the Senate was?" and I would answer something like "You told me yesterday that it was George McGovern." McCain may sometimes slip into autopilot, but far more often he is focused intently, speaking to crowds large and small without a single note, addressing his questioners by name after one brief meeting, sizing up the situation in a room he has just entered and saying all the right things.

On what turned out to be a late-night flight from Joe Foss Field to Bud Day Field, McCain was waxing nostalgic about Ronald Reagan, whom he'd begun to admire when, in a North Vietnamese prison, he heard scraps of news about him, and whom he then got to know upon his release. Reagan helped inspire him to leave the navy and go into politics. McCain repeats former attorney general Ed Meese's assertion that Reagan was never the same after he was severely wounded in the assassination attempt early in his first term, when he had just turned 70—McCain's age as we speak. In hindsight, McCain says, Reagan surely exhibited some early signs of Alzheimer's disease while still in the White House.

"I really shouldn't tell you this," McCain says. "I wouldn't want to hurt anybody." He goes on to describe being invited to dinner at the White House as a freshman congressman in 1983 and being seated at Reagan's table, with a woman between them. Reagan told stories, grand stories, priceless stories of Old Hollywood, California politics. He was charming. Terrific. And four years later McCain found himself as a freshman senator back at a White House dinner in just the same arrangement. And Reagan told the same stories all over again. Suddenly, McCain stops and it's as if he can read my mind.

"Now," he says with a knowing air, "I tell the same stories all the time because I like them!" Anger Management

'My dear friends" are words McCain often uses when addressing big crowds. The greeting is expansive, antique, almost Victorian in its exaggerated politesse, and he sometimes stretches out the words as if to heighten the affection they convey. But when he says "My friend" to a single, luckless individual, the tone is terse and tight, and the meaning is anything but philanthropic. "My friend," when uttered through clenched teeth and frozen smile, means McCain is ready to blow.

I've seen it happen again and again. To an inattentive freelance photographer who happened to get between him and a Sunday-afternoon house-party crowd in New Hampshire: "My friend, I like to see people when I'm talking to them." To a nervous technician taking too long to rig a wireless transmitter on McCain's back before a convocation at Boston College: "My friend, I will call you if I need you." To Tim Russert on Meet the Press, after Russert has just told McCain that "to win the Republican primary

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you have to move to the right, and then, to win the general election, move back to the center": "People know me too well, my friend. I'm not moving any way."

McCain's temperament may be the single most discussed element of his life and career. In high school, his nicknames were "Punk" and "McNasty," and a survey of senior Capitol Hill staffers by Washingtonian magazine last summer ranked McCain second for "Hottest Temper" in the Senate, just behind the famously cranky 83-year-old Ted Stevens, of Alaska. (In fairness, it should be noted that Time magazine recently ranked McCain as one of the "10 best" senators.) Twenty-five years ago, a rival in McCain's first congressional race called his first wife, Carol, to ask if she had any "negative material" on her ex-husband; McCain later told the man that if he ever did anything like that again "I will personally beat the shit out of you."

More recently, just last winter, McCain wrote a stinging letter—and made it public—to Senator Barack Obama, the Illinois Democrat and rising star, for what amounted to little more than a misunderstanding over how Obama intended to proceed on the issue of lobbying reform—something that could have been cleared up with a chat in the corridor. Instead, McCain let loose, writing Obama the kind of missive, lacerating in its sarcasm, that Harry Truman used to compose late at night, but then prudently put in a drawer: "I would like to apologize to you for assuming that your private assurances to me regarding your desire to cooperate in our efforts to negotiate bipartisan lobbying reform legislation were sincere.... I'm embarrassed to admit that after all these years in politics I failed to interpret your previous assurances as typical rhetorical gloss routinely used in politics to make self-interested partisan posturing appear more noble."

McCain's aides say that McCain himself was the last to recognize that he had a reputation as a hothead, and used to rail at them in private every time a public commentator suggested he had a problem, shouting, "I do not have a temper. I just care passionately."

Dan Schnur says he thinks the temper issue has faded: "He's had six years of practice. In 1999 the attention crashed down on us like a ton of bricks. It came out of nowhere, and there was no preparation for it. He's had that level of attention now for seven years, which makes me suspect that his temperament isn't going to be nearly as much of an issue this time as last.

"But there's a flip side to that," Schnur adds. "He traveled on that bus for months with four or five reporters, and one of the nice things about starting slow is you get to try out your act Off Broadway. There's no Off Broadway over the next two years. It's all spotlight. An offhand remark in 1999 vanishes without a trace. In 2007 it's on cable television for three weeks."

One of McCain's great strengths—his pugilistic tendency—is therefore also one of his great vulnerabilities. "There's no bar fight he will walk away from," John Weaver says, with a mixture of admiration and exasperation. A basic reality that makes the current Straight Talk Express seem at least an echo of the last one is that everything McCain says aboard it is on the record, day or night, unless he specifically says something is off the record, and he virtually never does.

From what I can tell, McCain's temper is not so much worse than that of many other politicians I have known, from Rudy Giuliani to Bill Clinton. He wastes no time on niceties. Each time I met him for a trip or an interview, he barely bothered to shake my hand. He no longer calls reporters "liars" and "idiots," as he once did, when he was starting out in politics in Arizona. "Do you think we could sit and watch the damned race for a minute?" he said to an eager aide who was escorting him around the owners' box at the nascar track in New Hampshire to greet potential supporters when what he really wanted was to catch some of the action. Nothing pathological there.

What's so different about—and potentially risky for—McCain is his perpetual willingness to think out loud, unplugged and unfiltered. On our way to Iowa for the Hardball taping in mid-October, McCain tells Chuck Larson and me that he assumes Chris Matthews will be tough on him for his recent dustup with Hillary Rodham Clinton, in which he suggested Bill Clinton's mid-1990s horse-trading with North Korea paved the way for its recent nuclear tests. That prompted an unnamed Clinton adviser to tell Maureen Dowd of The New York Times that McCain had seemed to be doing the craven campaign-season bidding of the Bush administration and would end up "looking similar to the way he did on those captive tapes from Hanoi." Senator Clinton called McCain on his cell phone to apologize.

"It was a very smart thing for her to call," McCain says. "People underestimate her political intelligence and her antennae. She's not her husband—no one's her husband. But she's good. And I like her. I know you're not supposed to say that, but I do." Both McCain's umbrage and his magnanimity seem outsize for a man who once himself had to apologize to the Clintons for having made a cruel joke about their daughter.

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On another flight, later that day, McCain reacts to the news that Harry Reid, the Senate Democratic leader, has used campaign money to contribute to the employees' Christmas bonuses at the Ritz-Carlton in Washington, where Reid and his wife, Landra, own a condominium. In legal terms Reid's move was dodgy at best. "Who knew he lived at the Ritz?," McCain says. "Not bad for a boy from Searchlight, Nevada." Then McCain—a former amateur boxer and inveterate gambler, whose wife is the wealthy heir to a beer-distributing franchise in Phoenix—goes on to recount how the McCains and the Reids once ran into one another in Las Vegas and went to a boxing match. It turned out that the Reids took free tickets, while the McCains paid.

"I wouldn't say this publicly," McCain tells the crowd at the private Thune fund-raiser, speaking of Reid, "but I came to the House with him in 1982 and he's always been … " Here McCain pauses—as if suddenly realizing that what he's saying he is indeed saying publicly—and then goes on to finish the thought anyway: " … a little on the edge."

Late that night, on the flight to Sioux City, McCain falls to musing aloud about Colin Powell, his friend and recent stalwart ally in opposing the Bush administration's efforts to end U.S. compliance with provisions of the Geneva Conventions. McCain says he wishes that Powell, from the start, had fought back harder against the Bush White House's repeated efforts to undermine his effectiveness as secretary of state. It's not that McCain and Powell always saw eye to eye on policy, one of McCain's longtime aides tells me later; indeed, McCain was more hawkish than Powell on Iraq from the start. It's that McCain wished Powell had spent more time traveling abroad, pressing aggressive efforts at public diplomacy, making his case out loud, rather than watching his bureaucratic back in Washington. "He could have prevailed at any time," McCain says of Powell. Instead, on issue after issue, he was rolled by Don Rumsfeld and Dick Cheney and Cheney's adroit and aggressive staff, whose power grew and grew.

"He's a great American, a great soldier," McCain says. "But he is also very cautious." He adds, "I'm afraid history will judge him harshly." "Alone in the Room"

History may judge McCain harshly, too, on what he himself has identified as perhaps the biggest moral challenge presented by the war on terrorism: how the United States treats its enemy detainees. No one in American public life has greater personal or political standing to argue against the use of abusive interrogation techniques, and McCain has done so, at times powerfully, and almost without political support.

But in the middle of last fall's election campaign, McCain accepted a messy compromise in the form of a Bush-backed bill, the Military Commissions Act, that would prevent foreign terrorist suspects held by the military from challenging their imprisonment through habeas corpus petitions in federal courts. Many legal scholars and at least one prominent Republican senator—Arlen Specter, of Pennsylvania, who voted for the bill anyway, saying the Supreme Court would eventually clean it up—believe the measure is patently unconstitutional. As enacted, it set up a system to detain, question, and try suspected foreign terrorists before military judges, with only the most limited oversight by federal courts.

Many had expected McCain to put up a stronger fight, even dig in his heels. When the Abu Ghraib prison-abuse scandal broke, in early 2004, McCain had excoriated Donald Rumsfeld at a Senate hearing for his inability to concisely state the chain of command over the interrogations at Abu Ghraib—and thus to accept his own, ultimate responsibility as secretary of defense. But as McCain's election-year rapprochement with George Bush deepened, McCain did not press for the creation of an independent commission to investigate the abuses.

In 2005, McCain led a rebellion in the Senate that forced the Bush administration to accept an amendment banning "cruel, inhumane, or degrading treatment" of all prisoners in American custody. But when does treatment cross the threshold into the forbidden zone? The McCain amendment relied on an American constitutional standard of conduct that "shocks the conscience," one that is open to some interpretation and legal dispute. (Shocks whose conscience?) But the amendment was not being passed in a vacuum—the United States, after all, is also a signatory to the Geneva Conventions, whose Common Article Three bars "outrages upon personal dignity, in particular humiliating and degrading treatment." So whatever protections the McCain amendment offered prisoners in American custody, Geneva could be seen as providing more, though the Bush administration was contending Geneva did not apply to what it called unlawful enemy combatants. Then, last summer, the Supreme Court ruled in the case of Hamdan v. Rumsfeld that Common Article Three applied to all aspects of the conflict with al-Qaeda, and to all prisoners in American custody.

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This was a setback for the Bush administration, which wanted as much leeway as possible in its interrogation of prisoners. But the administration saw a way out. Why not enact legislation that interpreted Common Article Three's "outrages upon personal dignity" as being defined by the words of the McCain amendment itself? On the surface, the move seemed almost tautological. But the consequence was in fact profound: remember, the McCain amendment was open to considerable interpretation, so if the Geneva Conventions were defined as its equivalent, they would be newly open to re-interpretation, too. The administration was proposing a legal flip. For half a century, the Geneva Conventions had been a powerful umbrella, sheltering all measures governing treatment of prisoners, including the McCain amendment. By itself, the McCain amendment would be a meager substitute.

For about 10 days in September, McCain went into full battle mode, joined by his Senate colleagues John Warner, of Virginia, and Lindsey Graham, of South Carolina, fellow veterans and experts on military policy. His rebellion threatened to deprive the White House of what it saw as a potent piece of election-year legislation, one that would remind voters of the administration's determination to spare nothing in its prosecution of the war on terror. McCain was unmoved. "We've faced terrible enemies before, but the United States has always been better than our enemies," he told a crowd at a New Hampshire house party during the height of the controversy.

McCain also knows, better than anyone else, how often torture fails to extract reliable information. After his repeated beatings in North Vietnam, he wrote, he realized that "every man has his breaking point. I had reached mine." He gave his captors a confession under duress, referring to the "deeds of an air pirate," a statement for which he finds it hard to forgive himself to this day. But when the North Vietnamese asked for the names of his flight squadron, McCain recited the names of the Green Bay Packers' offensive line, knowing that false information would be sufficient to suspend the abuse.

McCain ultimately forced the administration to back down from its effort to slip out from under the plain words of the Geneva Conventions. But the final bill, which came to the floor last September, six weeks before the midterm elections, contained many other objectionable provisions, some of them grave, such as the ban on habeas corpus petitions. A person familiar with McCain's thinking acknowledged that he had chosen not to take a stand on the question of habeas corpus rights—that is, the right of prisoners to contest their confinement in a civilian court—and that he was surprised by the furor the issue had generated. McCain ended up in a lose-lose situation: being castigated by much of the press and the legal community for being soft on habeas corpus, even as the Republican base went after him for his hard-line support of the Geneva Conventions. His office phones were virtually shut down by callers protesting his resistance to the White House's original bill, and conservative talk-radio hosts inveighed against him.

Torie Clarke, who has often appeared on conservative talk radio on behalf of one Republican cause or another, says that the basic attitude of the hosts toward McCain is one of watchful wariness. They would tell her, off the air, "We're being nice to McCain now because he's being nice to the president. But we haven't forgiven him."

Tom Malinowski, Washington advocacy director for Human Rights Watch, who worked intensively with McCain and his staff during the drafting of the final 2006 legislation, says, "It's a cloudy bill and he knows it. I'm not a huge fan of what happened in the end, but I do think he did lay everything on the line to prevent the administration from redefining the Geneva Conventions, and he succeeded. The problem was that once he succeeded he was no longer willing or able to essentially throw his body in front of this train over other issues"—like habeas corpus. "He did not have as much support from other senators on those issues," Malinowski added. "He would have been essentially all alone in the room."

And, yet, "alone in the room" is precisely what McCain has always insisted a president must be prepared to be. In the 1999 speech announcing his first presidential campaign, there was a dark and brooding passage that some advisers tried to get him to remove, on the ground that it was not in keeping with the upbeat tone of such an occasion. "When a president makes life and death decisions," McCain said then, "he should draw strength and wisdom from broad and deep experience with the reasons for and the risks of committing our children to our defense. For no matter how many others are involved in the decision, the president is a lonely man in a dark room when the casualty reports come in." Can God Rescue Iraq?

On a mid-October morning President Bush signed the final bill on the handling of detainee interrogations and trials. John McCain skipped the ceremony and instead got back on the campaign trail, finding himself in a meeting room at the Milwaukee Athletic Club. By his own description he was "depressed." His beloved Arizona Cardinals had lost the night before, in a game he

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stayed up too late watching; the Republicans' prospects in the midterms were getting dimmer by the minute; and his audience of white-haired, ruddy-faced, blue-suited businessmen was begging him for wisdom about the Iraq war, which McCain has supported unwaveringly from the beginning, even as he has offered frequent, pointed, and well-informed criticism of its conduct by Rumsfeld and others. The Iraq war is a huge albatross for McCain, and it is by no means clear that he will be anything close to free of it by the time the presidential campaign begins in earnest. Asked whether, knowing all that is known now (no weapons of mass destruction in Iraq, no effective Iraqi army), McCain would have still supported the invasion, his aides say he doesn't view the question in such simple terms. Long before the war, they say, McCain believed that the status quo in Iraqi-American relations was unsustainable. Support for international sanctions against Saddam was collapsing. American pilots faced frequent attack in their overflights of the country to enforce the no-fly zones. And episodic internal Iraqi resistance against Saddam ended in crushing repression from Baghdad. "He stands by his support for doing something," one aide said. But the aide went on to emphasize that, from the summer of 2003 on, McCain had been an aggressive advocate of sending more troops to keep the country from spiraling into insurgency or civil war. McCain had also been, more generally, an outspoken critic of the administration's conduct of the war. If the situation continues to worsen, this aide said, and the Bush administration continues to make "wrong choices," the reality could change. "If you knew we were going to lose, would you still be for it?" the aide asked. "That's a different hypothetical question, that he doesn't have to answer yet." But McCain does have to answer the question: What do we do now? His own short-term prescription—more troops to stabilize the country, if that is even possible—has little public support. "The Iraq situation looks like we're in a quagmire," one man in Milwaukee says. Another adds, "It seems to be tipping." A third asks, "What should the president be doing differently?"

McCain is subdued. Like the rest of official Washington, he has been waiting for the recommendations of the Iraq Study Group, the bipartisan commission on Iraq led by former secretary of state James Baker and former representative Lee Hamilton. He hopes the commission will point the way to some promising new direction, and he knows that, whatever the wise men say, he must refine his own approach to the war. But his remarks this morning are uninspired, even vapid. "The next few months will be critical," he tells the businessmen, his critical faculties not as acute as they had been with me just a month earlier, in private, when he said, "A lot of people tell me that the next four months or so are critical … but I'd like to say that, two years ago, everyone said the next six months would be critical."

Finally, a questioner lays it all on the line: "The war's the big issue," he says, adding, "Some kind of disengagement—it's going to have to happen. It's a big issue for you, for our party, in 24 months. It's not that long a time." McCain replies, "I do believe this issue isn't going to be around in 2008. I think it's going to either tip into civil war … " He breaks off, as if not wanting to rehearse the handful of other unattractive possibilities. "Listen," he says, "I believe in prayer. I pray every night." And that's where he leaves his discussion of the war this morning: at the kneeling rail.

On the way to our next stop, McCain tells me, "It's just so hard for me to contemplate failure that I can't make the next step." And that afternoon, at a roundtable with more Republicans in Appleton, McCain gets testy with a woman who says that her grandson and granddaughter have served in Iraq and that things there are going better than the American media say.

"The situation is not improving," McCain says shortly. "There's no biased reporting in the number of casualties."

A week after the November elections, I went to have another conversation with McCain, in his Senate office. I pressed him on the war. He maintained that deploying more American troops was "the only viable option," but added, "There are no good options from where we are today." He went on: "My difference with these people who are saying, 'Threaten the Iraqis with leaving and then they'll do more'—that assumes that they can or will do more. And there's no way that you're going to have any kind of stability without security. Political progress cannot take place unless you have the fundamental elements of a security situation. So, do I know it would be a tremendous strain on the army and Marine Corps? Absolutely. But I saw the kind of impact of a broken army, a defeated army and Marine Corps, after Vietnam. And I'd much rather have 'em take a strain and have some success than be defeated."

He ticked off, and dismissed, other possible options.

"I know of no expert who believes there'd be anything but an enormous amount of bloodshed if you tried to divide them up into three states," he said of an idea that has been occasionally floated. "Every partition in history has been a bloody mess. Removal into enclaves? We're supposed to have our military enclaves while Al Jazeera is broadcasting images of people who've

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helped Americans being beheaded in the street in Baghdad? I don't think so. A withdrawal to bases outside of Iraq, and go in if needed? How do we get in? You fly in in helicopters? Is that how you do it? Right now, a good portion of the military over there is used up or committed to just maintaining the supply train. So, suppose there's an outbreak in Ramadi, and we're supposed to go get it under control? How do you do that? It's just almost nonsensical. Look what it took to get our initial invasion going."

McCain says he understands how little public support there would be for more troops. "I read the polls all the time. But does that mean I'm not going to do what is morally right? I look you straight in the eye, my friend, and tell you: I want to be president of the United States. I don't want to be president of the United States so badly that I'm going to do something that I know is not right for the security of this nation and the young men and women that are defending it. So, if this position makes me viewed as too militaristic, or unrealistic, or whatever it is, I will more than happily take those political consequences, because I'll sleep a hell of a lot better."

The report of the Iraq Study Group, issued in early December, has done little to alter McCain's thinking. In public hearings he described aspects of the report's approach as "dispiriting." He disagrees robustly with its dismissal of a significant troop increase. He is concerned about the prospect of embedding more American troops with Iraqi units—which are deeply involved in sectarian violence—even as American combat brigades to protect them are drawn down. He is skeptical about bringing Iran and Syria into the conversation, and suspicious of the quid pro quos that this might entail. Clearly McCain will not be using the Iraq Study Group report either as a blueprint or as political cover. On a trip to Iraq in December, McCain reiterated his call for more U.S. troops.

When I asked how history will judge George Bush, McCain answered immediately, "I think it depends on the outcome of the Iraq war." It goes without saying that his own shot at the White House—and his tenure as president if he runs and wins—may well depend on the very same thing. The "Better Angels" and the Rat

The enduring question about John McCain is what, finally, he is willing to do to win. His favorite novel is For Whom the Bell Tolls, Hemingway's story of an idealistic American, Robert Jordan, who goes to fight for the Loyalists in the Spanish Civil War. Jordan is willing to risk his life but never his honor, and his dying meditation, that "the world is a fine place and worth the fighting for," gave McCain's second memoir its title.

But these days, McCain often seems to think and behave like the central character of a more contemporary political novel, Joe Klein's Primary Colors, in which Governor Jack Stanton, Klein's talented but flawed Clinton-esque hero, begs an aide disillusioned by his compromises to stick with him. "You don't think Abraham Lincoln was a whore before he was a president?," Stanton asks. "He had to tell his little stories and smile his shit-eating, backcountry grin. He did it all just so he'd get the opportunity, one day, to stand in front of the nation and appeal to 'the better angels of our nature.' That's when the bullshit stops. And that's what this is all about."

McCain can be cold-eyed. Torie Clarke recalls how she once played a game with him in which he had to name his favorite animal. His favorite animal, he said, was the rat, "because they're cunning and they eat well." But McCain also holds a far loftier view of himself and his obligations than most politicians would dream of articulating. He likes not only to be liked, but to be perceived as a man of high principle.

I asked him once what standard of behavior he should be held to, the "normal" politician's or his own. "Well, I hope you'll hold me to no standard," he joked, before saying he believes that much of the press—and, by extension, the public—will say, "McCain: we like him, we think he's a good guy, we think he's honest, but we'd better make sure that we give him a very thorough scrubbing."

At the freshman convocation at Boston College this fall, McCain concluded his talk with a powerful warning about the costs of compromising one's highest ideals.

"Very far from here and long ago, I served with men of extraordinary character, honorable men, strong, principled, wise, compassionate, and loving men," McCain told the students. "Better men than I, in more ways than I can number.… Some of them were beaten terribly, and worse. Some were killed.… Most often, they were tortured to compel them to make statements criticizing our country and the cause we had been asked to serve. Many times, their captors would briefly suspend the torture and try to persuade them to make a statement by promising that no one would hear what they said, or know that they had sacrificed

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their convictions. Just say it and we will spare you any more pain, they promised, and no one, no one, will know. But the men I had the honor of serving with always had the same response, 'I will know. I will know.'

"I wish that you always hear the voice in your own heart, when you face hard decisions in your life, to hear it say to you, again and again, until it drowns out every other thought: 'I will know. I will know. I will know.'"

McCain's own compromises in pursuit of the presidency may be necessary, even justified. And they may, in fact, pave his way to victory in the Republican primaries, and perhaps to the White House itself. But even if no one calls him out, and the public plays along, McCain may pay an awful price. Because, whatever happens, he will know. He will know. He will know.

Despite Hefty Risk, McCain Is Unwavering In Support For Troop Surge (LAT)

By Peter Wallsten

The Los Angeles Times, January 8, 2007

WASHINGTON — As a prisoner of war during Vietnam and decorated Navy officer, Sen. John McCain has based much of his political persona on his staunch support for the military and his consummate credibility on national security.

But as the Arizona Republican prepares to mount a White House campaign, he is putting those military bona fides on the line — aggressively backing an unpopular plan to increase the number of U.S. troops in Iraq at a time that other presidential hopefuls are steering clear of the war or calling for troop reductions.

President Bush is expected this week to announce a plan to send at least 20,000 additional troops to try to halt sectarian violence and bring security to Baghdad — a move widely perceived as an all-but-final push to avert failure in Iraq.

Besides Bush, no politician has more to lose than McCain, the presumed GOP front-runner in 2008 and the plan's biggest backer in Congress.

Now that Bush is pursuing the McCain approach, the senator could soon find himself defending the policy to a war-weary public in Iowa, New Hampshire and other key election states where surveys show voters are fed up with rising U.S. casualties. McCain readily admits that the new strategy is likely to result in even more violence — setting up a paradox for him as he strives to succeed an unpopular fellow Republican in the White House by backing an escalation of the very war that has plunged Bush's approval rating to near-record lows.

Democrats can barely contain their eagerness for McCain to take the blame for a plan that seems to contradict the antiwar message of the 2006 midterm election that stripped Republicans of their once-solid congressional majorities. Former Sen. John Edwards of North Carolina, who is running for the Democratic presidential nomination, went out of his way recently to describe the troop increase as the "McCain doctrine."

McCain shows no interest in shedding that label.

"If it destroys any ambitions I may have, I'm willing to pay that price gladly," McCain said Friday after an appearance at the conservative American Enterprise Institute think tank in Washington, where he said the surge "must be substantial and it must be sustained."

His presidential aspirations, he added, "pale in comparison to what I think is most important to our nation's security."

McCain's calculation is the latest sign that the Iraq war is likely to dominate the 2008 race, just as it overshadowed the elections of 2004 and 2006. But it also shows that McCain, perhaps the best-positioned of any candidate to win the presidency in wartime, is willing to bet it all on a gamble that voters will reward his resolve, as they did for Bush in 2004, rather than punish him, as they did to GOP candidates in November.

Other Republicans are clearly not ready to play those odds.

One of McCain's top rivals for the GOP presidential nomination, former Massachusetts Gov. Mitt Romney, has so far declined to weigh in. In interviews with conservative magazines and bloggers before his term in the statehouse ran out last week, his response was only "I'm still a governor" when asked about increasing troops, adding that he wanted to hear what Bush had to say before making any additional statements.

Another potential McCain primary opponent, Sen. Sam Brownback (R-Kan.), has walked a careful line, saying that a troop buildup "could be an acceptable plan" but adding that an increase "seems shortsighted if its only purpose is to impose military order without also moving toward a political equilibrium."

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Democrats, encouraged by the 2006 midterm results and still smarting from a 2004 campaign in which many believe they were too passive on national security, appear to be staking out a strong stance against troop buildups.

The party's leaders in Congress, Senate Majority Leader Harry Reid of Nevada and House Speaker Nancy Pelosi of San Francisco, laid out their opposition in a letter to Bush last week, and Pelosi warned Sunday on CBS' "Face the Nation" that any administration budget request for additional troops would receive "the harshest scrutiny." Meanwhile, Edwards and another possible White House contender, Sen. Barack Obama (D-Ill.), are talking about troop reductions or redeployments.

Edwards has called his 2002 vote in favor of the war a mistake — an admission that his supporters believe will help him appeal to the party's antiwar base. He took the offensive in a recent television interview, pinning the idea of adding troops squarely on McCain, rather than Bush.

"He's been the most prominent spokesperson for this for some time," Edwards said Dec. 31 on ABC's "This Week." "I'm just telling you it's his thing, and I know John McCain very well. He and I are friends, but I think he's dead wrong about this."

The matter is thornier for the Democrats' presumed front-runner, Sen. Hillary Rodham Clinton of New York. She has staked out a moderate tone on the war, reserving criticism for the Bush administration's leadership while consulting military experts such as retired Army Gen. Jack Keane, one of the prime backers of a major troop increase.

Asked during an appearance last month on NBC's "Today" show about the potential troop buildup, Clinton expressed skepticism but left herself room to change direction. "I am not in favor of doing that unless it's part of a larger plan," she said.

But if Bush does announce a troop escalation, no candidate will face tougher questions than McCain, who has advocated such a move since late 2003. The first primary and caucus votes will be cast in January 2008, which would be about a year into a troop buildup that experts predict will result in a sharp rise in deadly combat. If McCain won the nomination, voters could face a stark choice while watching violence unfold. McCain appeared to recognize that on Friday as he addressed the packed American Enterprise Institute conference room.

"I want to be clear, and I mean this with all sincerity: [This] strategy will mean more casualties and extra hardships for our brave fighting men and women, and the violence may get worse before it gets better," he said. "We have to be prepared for this."

Still, McCain is clearly ready to take his message to the voters. In a preview of how he plans to answer critics should extra troops fail to defeat the Iraqi insurgents, he was careful to add that the administration had dug itself into a hole with its post-invasion strategy — an argument that, in effect, blames Bush for not taking McCain's earlier advice.

"Even if we send additional troops to Iraq in large numbers for a sustained period, there is no guarantee for success in Iraq," he said. "We have made many, many mistakes since 2003, and these will not be easily reversed."

McCain aides say they have devised no particular strategy for shielding their boss from the political fallout if a troop buildup does not work. In a sense, they said, the senator's stance might serve to remind voters of the kind of straight talk that boosted McCain's popularity in 2000, when he defeated Bush in the New Hampshire primary.

"It doesn't mean that lots of us who work for him and respect him so much don't worry about things like this," said McCain's longtime chief of staff, Mark Salter. "I'm sure we do. But there's no game plan for it. There's been no fretting and no meetings."

McCain appeared Friday with Sen. Joe Lieberman, the Connecticut Democrat who lost his party's primary last year partly because of his support for the war but then won reelection as an independent.

Lieberman, the Democrats' 2000 vice presidential nominee, heaped praise on McCain and the plan to add troops, all but endorsing his Republican colleague's presidential candidacy. The two traveled recently to Iraq and Afghanistan, and Lieberman has repeatedly lauded McCain for his "gutsy" stance.

"I've just finished an election campaign. If rumors are correct, he may be starting one soon," Lieberman said, gesturing to McCain, seated nearby. "And he's not taking the easy way out here."

For McCain, Lieberman's presence provided a useful illustration. As the two spoke Friday with reporters, McCain pointed to Lieberman as a case study proving that the 2006 elections did not, contrary to widespread opinion, mean that supporting the war was a recipe for defeat.

"There's no way this guy could have been reelected if it was as simple as that," McCain said.

States To Expand Health Coverage (USAT)

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By Dennis Cauchon

USA Today, January 8, 2007

States are planning large expansions in health care coverage this year in an aggressive and potentially expensive attempt to reduce the ranks of the 42.4 million Americans who are uninsured.

The states are acting at a time when Congress, now under Democratic control for the first time since 1994, has put health care lower on its agenda.

Governors and state legislators in both parties and most states have made expanded medical coverage a priority for legislatures — all 50 of which are in session this year, 43 starting this month.

Popular proposals include guaranteeing medical coverage to all children; subsidizing medical insurance at small businesses; and providing tax incentives for businesses and individuals to make coverage more affordable. A few states are considering universal health coverage for all residents. Others are focusing on price competition and preventive care.

"We could not afford the old system," says Missouri Gov. Matt Blunt, whose state is overhauling its program. "The states, as we've done on other issues such as welfare reform, are acting as the real innovators and making changes that will affect national policy."

States are experimenting more with health policy than at any time since the 1980s, says Jim Frogue, a state policy expert at the Center for Health Transformation, founded by Republican former House speaker Newt Gingrich. Frogue says legislatures are often simultaneously adopting policies that appeal to conservatives and liberals, avoiding the deadlock between Democrats and Republicans in Congress.

"There's much more bipartisan agreement in state legislatures than in Congress," Frogue says.

Behind the surge in activity on health care: States have new tools — budget surpluses, more flexible federal rules and successful experiments in other states — that make it easier to expand programs. Also, states enjoyed unexpected success in controlling health care costs in 2006, freeing up billions of dollars that had been committed to health care but were never spent.

Spending on Medicaid, which gives health insurance to 56 million people, fell 1.4% in the first nine months of 2006, the first drop since the program began in 1965. States run Medicaid and pay 43% of the $300-billion-a-year cost. The federal government pays 57%.

The Deficit Reduction Act of 2005 freed states to design federally subsidized insurance programs to target specific groups and income levels, using different benefit packages, premiums and payments from patients. "States now have a lot of flexibility to use Medicaid as an anchor to cover more uninsured people," says Martha King, health program director at the National Conference of State Legislatures.

The politics of health care has shifted dramatically, too. Minnesota Gov. Tim Pawlenty, a Republican, tried to trim Medicaid enrollment two years ago when his state's budget was tight. Now he's supporting universal coverage for children.

Mr. Schwarzenegger's Modest Idea (NYT)

The New York Times, January 8, 2007

Guaranteed health care for children is the new political apple pie. No one can say he is against it, and it's a sure applause line for politicians who want to show concern for reducing the number of uninsured in America. But special recognition is due California's governor, Arnold Schwarzenegger, who is reportedly ready to begin his new term with an actual proposal that his state insure all children. And by all, he means undocumented immigrants, too.

The proposal seems a challenge to fellow Republicans, and even to much of the state's Democratic leadership. Predictably, anti-immigrant groups said that including all children would cost billions more than the $400 million experts estimate. In truth, the idea is economical and, if anything, quite modest.

Several states, including Illinois, Maine and New Jersey, already have programs that cover all youngsters, including undocumented children who might not have access to government-subsidized care. California has what may be the biggest number of uninsured young people, more than 750,000. Most were born in the United States and are citizens.

Children, however, cannot take themselves in for medical care. That responsibility falls to parents and other caregivers, and when these adults are undocumented, they are often reluctant to take advantage of a child's birthright. California's array of

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programs to help the poor obtain health care has heavy enrollment in most communities, except among Hispanics. The state's history of discrimination against Latinos leaves many suspicious of government.

There's no reason to believe that a push, even from an immigrant governor like Mr. Schwarzenegger, would alone solve that problem. But the governor's efforts should infect the national health care debate. Insurance has become a luxury that eludes 47 million people in this country. Putting children first is a good start, because they are usually healthy and cheaper to cover. That's a reason to do the job the right way, without exceptions.

Golden Visions (LAT)

The Los Angeles Times, January 8, 2007

IT WAS ALL SHOWBIZ and politics, with a star-studded stage and an auditorium echoing with the corny cliches of "Fanfare for the Common Man" and the "Hallelujah Chorus." Then Gov. Arnold Schwarzenegger began to speak, and everything changed.

The governor's inaugural address Friday was one of the best in state history, infused with California pride and optimism, and was the most eloquent speech of his career. It was also one of the easiest — all broad strokes and primary colors, with few particulars weighing down its rhetoric. Starting today, things are going to be a lot harder.

Schwarzenegger used his inaugural address to set a course for what he called the "nation-state" of California: a place that sets the pace for the rest of the country not just in politics but in culture, science and economics. The governor's road to this new commonwealth, rooted in decades of California's bipartisan growth, is what he terms "post-partisanship." The state's independent voters are on track to outnumber Democrats and Republicans, he noted, and the thrust of his speech seemed to be that he was their man. He didn't quite jettison his Republican affiliation, but neither did he mention it. Stick to one party's proposals, he said, and you miss half the good ideas.

Giving a nod to historian Kevin Starr, he declared there must be a Party of California, "beyond ideology and one to which all of us belong."

"What a prosperous, peaceful, golden state in which we live and work and raise our families," he said. "We should never forget the joys and blessings of being Californians." Around the world, he said, people "ache to have what we so often take for granted."

Even discounting for California egocentrism — Los Angeles, after all, is the most Californian of cities — these are stirring words. Now the governor must give them substance.

Today he is to deliver an address on healthcare, unveiling a proposal to extend medical care and insurance coverage to many, perhaps most, of the state's 6.5 million uninsured. It's the kind of speech that can't rest on lofty calls to work together. It must delve into the details of a thorny and politically divisive issue.

On Tuesday, he is scheduled to lay out the rest of his agenda in his State of the State speech. Republicans and Democrats may find ample opportunity to lock horns over various plans to close the budget deficit, upgrade schools, redraw district lines and rebuild roads and ports. And later in the week comes Schwarzenegger's first crack at the budget, the state's most important policy document. All the pleas for bipartisanship won't paper over deep financial problems and a continuing disagreement about how to rectify them.

When the dust settles, elected officials from both parties, along with interest groups, policymakers and political thinkers, will have a chance to mull the governor's proposals. By then it will be clear whether his aspirations will carry California into the future — or whether his address was just a remarkable speech about what could have been.

Gov. To Seek Cuts In Aid To Families On Welfare (LAT)

By Evan Halper

The Los Angeles Times, January 8, 2007

SACRAMENTO — Gov. Arnold Schwarzenegger will propose a major rollback of the state's welfare system this week, including a cutoff of aid to tens of thousands of children whose parents do not meet minimum work requirements or are in the country illegally, administration officials said Sunday.

The proposed $465-million reduction in California's welfare budget came two days after the governor promised that his second term would feature "post-partisan" cooperation.

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It was met immediately with resistance from Democrats, who expressed bewilderment that the governor would attempt to cut welfare aid to children in the same week his administration is expected to move forward with a plan to expand health insurance to many of the same children.

"It's ironic that the governor is proposing healthcare for poor kids while taking away their breakfasts," state Senate leader Don Perata (D-Oakland) said of the cuts, which would affect more than 40,000 families. "Even Republican Gov. [Pete] Wilson, at the time he negotiated welfare reform, agreed that children should not suffer for the behavior of their parents."

The plan alarmed advocates for the poor, who predicted that eliminating the cash payments of several hundred dollars a month would substantially increase the risk of homelessness for those families.

Schwarzenegger's proposal also would eliminate this year's cost-of-living increase for welfare recipients.

Department of Finance Director Mike Genest, a Republican who has long favored deep reductions in welfare, noted that most states have already made moves similar to what the governor is proposing.

California is at risk of losing hundreds of millions of dollars in federal funds, he said, if it does not force parents to meet the minimum work requirements in the state's welfare program, known as CalWORKS.

"We have not been able to achieve the kind of work participation for those on the program that we would like," he said. "We have not kept up with the track records of other states."

The plan is one of several the governor has proposed for rolling back welfare benefits since taking office in 2003. Most of those plans have been blocked by the Democrats who control the Legislature.

The governor's latest blueprint for CalWORKS comes at a time when Democrats, eager to work with him on his plan to expand health coverage to millions of uninsured Californians, may be more willing to bargain.

The suggested cuts also could help repair the governor's relations with his own party.

Some Republicans in the Legislature have already signaled that they will resist the healthcare expansion, which is to be unveiled to the public today, because the state faces a projected $5.5-billion deficit. The proposed CalWORKS cuts give the governor an olive branch to offer them as he tries to push his healthcare agenda through.

Administration officials say looming federal penalties against the state — potentially costing California $149 million in the coming fiscal year, growing to $389 million in five years — bring new urgency to Schwarzenegger's call to force more welfare recipients to find jobs.

State statistics show that only 25% of families receiving CalWORKS aid are currently meeting the minimum work requirements, which were created in response to a national welfare overhaul signed into law by then-President Clinton more than a decade ago.

Genest said that in Ohio, 65% of welfare recipients meet minimum work requirements and in Massachusetts, 60% do.

One reason California's compliance rate is so low, budget analysts say, is because it is among 14 states that continue to provide cash assistance to families even when the parents are not working the requisite hours. The safety net was put in place in the mid-1990s under Wilson. It is intended to keep families from becoming homeless.

A single-parent family with two children in such circumstances in Los Angeles gets $584 per month. Genest said eliminating that payment would give parents the incentive to work.

A recent report from the nonpartisan Legislative Analyst's Office, which lawmakers of both parties look to for advice on budget matters, noted that in other states such sanctions have not always served as an incentive for parents to get jobs. Often, families get cut off from the system altogether.

"This proposal would lead to an increase in family homelessness," said Nancy Berlin, the Los Angeles-based director of the California Partnership, a statewide coalition of advocacy groups for the poor. "The number of homeless families in Los Angeles with nowhere to go is already growing fast. I can't imagine why anyone would want to increase that number."

The welfare cuts will be part of the annual state budget proposal the governor plans to release Wednesday. That budget will also include a suspension of the annual cost of living increase for CalWORKS recipients. Such a move would cost a typical family in the program roughly $30 per month.

The cost of living increases, meant to keep cash grants at pace with inflation, have been suspended numerous times in the last two decades. Activists say the buying power of the average welfare grant is now one-third of what it was in the mid-1980s.

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The governor's welfare plan would extend to a program that provides cash grants to children who are U.S. citizens but whose parents are here illegally. Advocates said most undocumented adults work enough hours to meet federal welfare requirements even though their citizenship status prevents them from participating in CalWORKS.

The governor will propose that payments to those families be limited to five years.

Joe Munso, deputy director for the state Health and Human Services Agency, suggested that five years was sufficient time for parents to "rectify" their citizenship status.

"We think these things move us in the right direction in terms of where we need to go to stress personal responsibility," he said.

Advocates for the poor said such cuts would likely drive undocumented workers further underground, bring more insecurity to the lives of their children and force the families to turn to already overstressed local facilities such as homeless shelters and food banks for basic necessities.

"How far are we going to go in punishing parents before we unacceptably impoverish their children?" said Frank Mecca, executive director of the County Welfare Directors Assn.

Mecca said all of the major studies he has seen on welfare suggest that increasing sanctions alone is unlikely to result in more poor Californians' joining the workforce.

"There isn't any good data that shows this is likely to work," he said.

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How Gov. Arnold Plans To Shake Up Primaries (NSWK)

By Karen Breslau

Newsweek, January 15, 2007

The U.S. Constitution prevents Austria-born Arnold Schwarzenegger from running for president. But California's GOP governor, sworn in last week for a second term, still plans on influencing the 2008 election. Schwarzenegger says he'd like to move the California primary from June—when both parties have all but picked their nominees—to a much earlier date, in February. "We shouldn't be treated as a leftover," Schwarzenegger told NEWSWEEK while at home in Los Angeles, where he was recovering from a broken leg after a skiing accident. "We will go and make a lot of noise about the issues." The governor hopes the change will encourage candidates to spend more time talking to voters in the nation's most populous state, instead of "sucking us dry for money" at fund-raisers. "We don't want to sit back and let this whole thing go by and have California not be a player," he says.

The proposal would need to be brought to the state legislature and approved by a two-thirds vote. Schwarzenegger says he's meeting with leaders from both parties this week to discuss the plan. Moving up the primary certainly increases California's visibility among candidates—and puts the Golden State's environmental concerns on the agenda.

Currently, presidential campaigns are built around creating momentum in Iowa and New Hampshire—whose white, rural populations are notoriously unrepresentative of the country at large—then move on to the Southern states, which tend to favor more-conservative candidates. In 2008, Nevada will become the first Western state to intervene by holding its Democratic nominating caucus in January. Adding liberal California to the early mix would probably affect the nominating process by favoring big-money, big-name candidates such as Hillary Clinton and John McCain.

Schwarzenegger is coy about expressing his support for any particular candidate at this point, though he has ties to several hopefuls. His top campaign strategist recently went to work for McCain. And he says he would "encourage" New York Mayor Michael Bloomberg, rumored to be considering an independent candidacy, to run too. In his Inaugural Address, the governor touted "postpartisanship ... Republicans and Democrats actively giving birth to new ideas together." He is challenging presidential candidates to combat global warming and to reform health care, subjects that defy partisan solutions. Schwarzenegger credits his second-term landslide with his own sharp turn to the center after a disastrous year during which he belittled Democrats as "girlie men." Now, he says, "anyone can look and learn from what is going on in California."

Washington Whispers (USNEWS)

U.S. News and World Report, January 7, 2007

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'Passing the Bong' to Remake Politics

He is, we think, speaking figuratively when describing late-night "pass the bong" conversations with fellow former Washington Post reporter Jim VandeHei about building a new political journalism model on the Internet. But as Editor-in-Chief John Harris gets ready to debut a thrice-weekly paper and website called the Politico, he concedes that he, Executive Editor VandeHei, and the Allbritton Communications team aim to "provide a needle in the vein" to those hooked on politics, starting January 23. "We're political junkies," says Harris, a former Post editor and reporter, "and we're writing for political junkies." News sources are eager for change, too: Bush political adviser Karl Rove has even talked up the Politico to allies.

Leave the Post for the Web? They're not crazy, says former Minneapolis Star Tribune Editor Tim McGuire. Considering the mass layoffs at fading newspapers, he says, "this is a sanity test, and they are passing." The money is good, rumored at $250,000 for the two top editors and generous for the small staff of big names. But Harris says it's more than cash: The industry is changing, and now's the time to pounce since readers are more in tune with the Web. He and VandeHei are maybe on to something. Since raiding other publications for staff, competitors like the Post have stepped up Web operations and hiring. "We've shaken everybody by the lapels," says Harris.

Is the 'Governator'a 'Senatenator'?

There's growing buzz in Washington and California that just re-elected Gov. Arnold Schwarzenegger likes this government stuff so much that he's got his eye on the Senate. Specifically, the seat held by Sen. Barbara Boxer, who's up for re-election in 2010 when the Terminator ends his second term.

The Speaker Gets the Symbolism

As the first-ever woman speaker of the House, Nancy Pelosi understands the importance of symbols. And she was full of her trademark touches of style and substance last week as she took the gavel. Three examples: First, she's on a personal enviro-kick, asking her security detail to drive SUVs that run on E20, a mix of 20 percent ethanol and 80 percent gas, insiders tell us. While E10 is more common, E20 is a long-term goal, but associates say she wants to speed up the shift and to lead by example. Despite her victory, it is a compromise: She initially asked for a hybrid Chevy Suburban. Second, that wasn't Lenten purple Pelosi wore the day she was sworn in. It was the color of the original suffragettes. And finally, as simply a nice act, she gave ex-House Speaker Dennis Hastert one of those coveted secret "hideaways" in the Capitol to use as his retreat.

The Collapse of the CIA's 'Berlin Wall'

With the nation's spy agencies in full reform mode, the CIA has finally torn down its own version of the Berlin Wall. For years, its 24-hour operations center had a wall running down the middle, separating the agency's analysts from its ultrasecret clandestine spooks. Not only did CIA Director Gen. Michael Hayden remove the wall, but he invited in representatives from other intel agencies. The move kicks off a new four-year strategic plan for the CIA.

Time for Bush to Steer Noah's Ark

Some major gestures of conciliation are due from President Bush, says Republican wordsmith and pollster Frank Luntz, who offers this suggestion for the State of the Union address January 23: The prez should point out, by name, five Democratic legislators and five Republican legislators and praise them for a specific idea or piece of legislation for which he would request bipartisan support. Why? "So the American people see that the president is pulling ideas from both sides, not only Republicans and not only Democrats," adds the author of the new Words That Work: It's Not What You Say, It's What People Hear. Luntz calls it the "Noah's Ark" strategy: Bush gets the message from the elections and is ready to lock arms with Dems.

Only Newt Worries This Candidate

In a week when former Massachusetts Gov. Mitt Romney joined the 2008 GOP presidential primary race and former New York City Mayor Rudy Giuliani started hiring aides to man his bid, allies of front-runner Sen. John McCain suggested that the guy he's most concerned about is former House Speaker Newt Gingrich. The reason: While Giuliani and Romney are moving to the right, Gingrich is already there. But he's not that worried: Gingrich still hasn't decided to run, and it's getting late.

Sen. Gobbledygook vs. Gov. Plain Talk

The new head of the National Governors Association, Arizona Gov. Janet Napolitano, doesn't sound as if she likes either top 2008 presidential contender-Democratic Sen. Hillary Rodham Clinton or Arizona favorite son John McCain. She clearly leans

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to those in her line of statehouse politics-the job most recent presidents have held. "The longer people are in Congress," she tells us, "the harder it is for them to speak in short, declarative sentences."

Hardball Loves Rocky's Softball

We shouldn't be surprised that Chris Matthews, the jabbing host of MSNBC's Hardball, is a fan of the heroic fighter Rocky series. "I saw the first one; I saw the third one. They were the really great ones," he tells us. So what's he think of the latest, Rocky Balboa? He loved it. "There were some great moments: When he talks to his son and says, 'You know, you were my dream when I held you in my hand when you were small, and then you grew up. But somewhere along the line, you began to look for an excuse for failure, and I'm your excuse.' It was unbelievable. It was so strong," coos Matthews. "The soliloquies-it's an odd word to use for Rocky-his soliloquies that [actor-director Sylvester Stallone] obviously wrote were fantastic," he says. "It was slow moving like all Rockys," adds the critic, "but at the end, it was unbelievable."

Lawmaker Wants McKinney's Name Off Road (LAT)

By Jenny Jarvie

The Los Angeles Times, January 8, 2007

ATLANTA — In a city where the average commute lasts 31.2 minutes and drivers have no shortage of bottlenecks and wrecks to grumble about, a Republican state lawmaker is exercised about a different kind of transportation issue: Cynthia McKinney Parkway.

Georgia Rep. Len Walker cannot abide driving along a suburban highway honoring Georgia's former Democratic congresswoman. Each time he catches sight of McKinney's name on exit ramps on the major interstate encircling Atlanta, he is nettled by thoughts of the combative ex-lawmaker.

So a week after McKinney filed her final congressional measure — a resolution to impeach President Bush — Walker pre-filed a bill in the Georgia Legislature to strip McKinney's name from the street and restore the name Memorial Drive.

"I, along with many Georgians, find it totally inappropriate for Cynthia McKinney's name to be honored," Walker said in a telephone interview last week. "She is an embarrassment to the state of Georgia."

Walker's bill has slim chance of passing. Georgia law requires that legislators proposing street names must live in the district where the streets are, and Cynthia McKinney Parkway is in DeKalb County, west of Walker's district.

Walker, though, is confident he can persuade the Republican-dominated Legislature to waive the home-district rule.

His effort has struck a chord among critics of McKinney, who lost her bid for a seventh term in the summer's Democratic primary after a high-profile altercation with a Capitol Hill police officer.

"Put her name ON the road pavement," one irate reader of the Atlanta Journal-Constitution proposed in an online forum. Others suggested putting her name on the road to the county landfill.

Yet Walker's proposal has also prompted charges of racism — McKinney is black — and threats of retaliation from African American lawmakers.

McKinney's supporters argue that the road runs through predominantly African American neighborhoods in Decatur, where McKinney still enjoys considerable support. They say criticism of the road name comes mostly from outsiders who see the signs as they whiz by on the interstate.

In a state crisscrossed by roads named after white Southern men — including Jefferson Davis, the president of the Confederacy, and Lester Maddox, the onetime segregationist Georgia governor — many African American legislators and community activists question why a white lawmaker is singling out one of the few roads named after Georgia's first African American congresswoman.

"This is a witch hunt," said John Evans, McKinney's former campaign manager. "This creep doesn't even live in the district. He's just another idiotic racist trying to embarrass her."

Back in 2000, when a portion of Memorial Drive was designated Cynthia McKinney Parkway, many interpreted it as a symbol of Georgia's progress in race relations. The road connects Stone Mountain, a former stronghold of the Ku Klux Klan, to Atlanta, often called the birthplace of civil rights.

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State Sen. Gloria Butler introduced the original legislation to designate a portion of Memorial Drive for McKinney after the congresswoman secured $14 million in federal funds to revitalize the dilapidated street. Butler said she would not consider changing the name.

"Len Walker should name a street in his own district," she said. "He needs to stay out of DeKalb County."

The flap is escalating. Last month, another state lawmaker proposed removing the name of McKinney's father, another controversial former legislator, from a portion of Interstate 285.

Whatever Georgia residents think of McKinney or her father, the dispute has prompted some to suggest that road naming has gotten out of hand. An editorial in the Atlanta Journal-Constitution recently proposed that the state ban naming roads and bridges after any living person.

In the last 70 years, Georgia legislators have named and renamed more than 860 roads and bridges after politicians, preachers, soldiers, civil rights activists, country music stars and even school cafeteria workers. Nearly a third have been named since 2000.

Street and building names are increasingly forums for political expression, said Derek Alderman, a professor of cultural geography at East Carolina University. More than a quarter of the 383 pieces of legislation signed into law during the 109th Congress, he noted, dealt with naming or renaming federal buildings and structures.

"It's about power," Alderman said. "Those signs up on the street, they basically create a reminder to people about how their community is situated politically. It's almost like a daily political lesson."

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Former President Released After Surgery (AP)

AP, January 8, 2007

Former President George H.W. Bush has been released from the Mayo Clinic after undergoing successful hip replacement surgery, the clinic said.

The 82-year-old former president was discharged from the clinic on Saturday, following the operation on his right hip that was performed Wednesday, the Mayo Clinic said on its Web site.

He traveled to the Mayo Clinic on Tuesday after delivering a eulogy at the Washington funeral of former President Gerald Ford.

Surgeons at the clinic replaced his left hip in 2000. Former first lady Barbara Bush also had successful hip replacement surgery at the clinic, in 1997.

The former president has made several highly publicized skydives in the last decade, most recently in 2004 to celebrate his 80th birthday.

Hamstrung In Virginia (WP)

The Washington Post, January 8, 2007

DEL. HARRY R. "Bob" Purkey, a Virginia lawmaker, is one of those quixotic keeners who plug away at lost causes year after year, enduring the joshing of colleagues who regard them as quaint figures of fun. In fact Mr. Purkey is a perfectly sensible man whose hobbyhorse -- changing Virginia's archaic constitutional rule barring governors from running for a second, consecutive four-year term -- may finally have its day.

For 15 years or so, and in various forms, Mr. Purkey, a Virginia Beach Republican, has tried to coax the commonwealth into the modern age by doing away with the rule prohibiting sitting governors from running for reelection. He and his allies have come close. One such bill passed the House of Delegates in 2003, then died when a few Republicans switched votes. A similar attempt cleared the Senate in 1995 but collapsed in the House. And an earlier, pre-Purkey effort seemed tantalizingly within reach when it passed both houses in 1984, only to fail the following year. (To amend Virginia's constitution, a bill must gain legislative approval in consecutive years, then be approved by voters in a referendum.)

Now Mr. Purkey and his fellow Republican legislators are in negotiations with Gov. Timothy M. Kaine (D), and both sides appear serious about a compromise. In return for the constitutional shift, which would enhance the chief executive's power, future governors would cede to the legislature the right to make some appointments to certain high-level state commissions -- a

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right now reserved exclusively for the governor. If a deal can be worked out and passed by the General Assembly this year and next, it would go on the ballot in 2008. And if voters approve, the governor elected in 2009 -- not Mr. Kaine, who would still be bound by the old rule barring reelection -- would have the option of running for reelection in 2013.

Those wedded to the old system say a two-term provision would produce governors distracted by the prospect of reelection. A corollary is that governors seeking reelection spend too much time raising money, creating the potential of conflicts of interest.

Those objections are easily outweighed by the main arguments for two-term governors, which 49 other states seem to have grasped: simply, that governors worried about reelection are also more accountable to the state's voters. And that while money in politics can have a corrupting influence, that applies also to candidates who are not incumbents. The one-term rule yields governors who are lame ducks from the moment they take office, hard-pressed to forge and implement long-term policies or strategies for economic development. And because of Virginia's biennial budgeting process, each new governor is hamstrung for the first half of his term by his predecessor's budget.

It's a screwy system. In addition to Mr. Kaine, three of his four most recent predecessors favor scrapping it to allow governors to run for reelection. So do leading business groups. This year, after so many failed attempts, let's hope Mr. Purkey's efforts are not in vain.

Newspaper Cites Plans For Iran Nuke Attack (WT/AP)

By David Stringer

The Washington Times, January 8, 2007

LONDON -- A British newspaper reported yesterday that Israeli pilots are training to strike as many as three targets in Iran with low-yield nuclear weapons, aiming to halt Tehran's uranium-enrichment program.

Israeli officials swiftly denied the report, which comes amid growing global concerns over an Iranian project that Washington and other governments think is secretly intended to build atomic weapons.

Israel has never confirmed that it has nuclear bombs, although analysts widely think the Jewish state possesses a significant stockpile and U.S. Defense Secretary Robert M. Gates referred to an Israeli atomic arsenal during his recent confirmation hearing.

Citing unidentified Israeli military sources, the Sunday Times said plans had been drawn up in Israel for an attack using "bunker-buster" nuclear weapons against atomic facilities at three sites south of the Iranian capital.

The U.S. and its allies suspect Tehran of trying to produce atomic weapons there -- and the issue has taken on greater urgency because of Iranian leaders' statements calling for the destruction of Israel and their recent hosting of a conference questioning the Holocaust.

Though Israeli Prime Minister Ehud Olmert has not explicitly ruled out a military strike on Iran's nuclear facilities, he says the issue should be dealt with diplomatically -- and stresses that an Iranian nuclear bomb would be a problem for the entire world, not just Israel.

Some view Israeli officials' occasional implied threats as a means of pressuring the world community to take action, building on the recent U.N. Security Council decision to impose economic sanctions on Tehran for its refusal to suspend uranium enrichment.

Iran says its nuclear program is solely for peaceful purposes, including generating electricity, and it has called the U.N. move invalid and illegal.

The Sunday Times said Israeli military officials think Iran could produce enough enriched uranium to build nuclear weapons within two years. It said Israeli pilots had made flights to the British colony of Gibraltar while training for the 2,000-mile round trip that would be required to reach the Iranian targets.

Israeli pilots conducted a similar raid on Iraq in 1981, destroying a nuclear facility being built by dictator Saddam Hussein's regime.

But Iran's program may be far more difficult to cripple because it is thought to be distributed over many sites and, in part, deep underground.

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Israel Plans 'Nuclear' Strike On Iran (AFP)

AFP, January 8, 2007

Israel has drawn up plans to destroy Iranian uranium enrichment facilities with a tactical nuclear strike, a British newspaper has said in a report that was rubbished by the Jewish state.

The Sunday Times quoted several Israeli military sources as saying that two of the country's air force squadrons are training to use "bunker-busting" bombs for a single strike.

The story is "incorrect", Israeli foreign ministry spokesman Mark Regev said Sunday.

"Israel is 100 percent behind the international community's efforts to bring about an end to Iran's nuclear program. Israel totally supports Resolution 1737 and the international community must be ready to take even tougher measures against Iran," he said.

The Sunday Times -- which in 1986 first revealed Israel's undeclared nuclear arsenal -- said the plans involved sending conventional, laser-guided missiles to open up "tunnels" in the targets before "mini-nukes" with a force the equivalent of one-fifteenth of the Hiroshima bomb are fired in.

"As soon as the green light is given, it will be one mission, one strike and the Iranian nuclear project will be demolished," one of the unnamed sources was quoted as saying.

A senior Israeli official dismissed the report out of hand.

"This is absurd information coming from a newspaper that has already in the past distinguished itself with sensationalist headlines that in the end amounted to nothing," the official, who asked not to be named, told AFP.

"To think that we will launch an atomic attack against Iran, and on top of that that we would reveal it in advance to a foreign newspaper is doubly ridiculous," the official added.

"The solution that we recommend, along with the international community, is that of sanctions imposed on Iran."

Iran warned of dire consequences in the event of any such Israeli attack.

"Any action against the Islamic republic will not go without a response and the aggressor would regret the action very quickly," foreign ministry spokesman Mohammad Ali Hosseini told reporters.

He described the Sunday Times report as "proof of the weakness of the enemy and will have no effect on the determination of the Islamic republic to continue its (nuclear) activities."

Israel and the United States, the Islamic republic's two arch-enemies, accuse Iran of seeking a nuclear weapon -- a charge vehemently denied by Tehran, which refuses to bow to United Nations demands to halt uranium enrichment work.

Even after the UN Security Council agreed to impose its first-ever sanctions on Iran in December, Israel has pushed for tougher international action against the Islamic republic.

Iran's hardline President Mahmoud Ahmadinejad has in the past called for Israel to be wiped off the map and also casting doubt on the scale of the Holocaust.

Israel has refused to rule out pre-emptive military action against Iran. In 1981, it took action against Iraq's nuclear reactor in Osirak.

Israel is considered to be the sole nuclear weapons power in the Middle East. It does not officially acknowlege that it has an arsenal although Prime Minister Ehud Olmert appeared to do so in an apparent lapse last year.

The three prime targets for Israeli action are said to be the uranium enrichment plant at Natanz, a uranium conversion facility near Isfahan and a heavy water reactor at Arak, The Sunday Times reported.

The nuclear option is being considered because Israeli military commanders believe conventional strikes may not be effective enough at destroying the well-defended facilities, it said.

The atomic weapons would explode deep underground to minimise the risk of radioactive fall-out, it added.

US and Israeli officials had met several times to consider military action, it added, saying military analysts assessed that disclosing the plans could put pressure on Iran to halt sensitive uranium enrichment activities.

It could also be designed to persuade the United States to act or "soften up" world opinion ahead of an Israeli pre-emptive strike.

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Israeli pilots are said to have flown to Gibraltar in recent weeks to train for the 2,000-mile (3,220-kilometre) round-trip to the Iranian targets. Three possible routes have been mapped out, including one over Turkey, the report said.

The plan is similar to one said in a report in the New Yorker magazine last April to have been considered by the United States. The White House dismissed investigative reporter Seymour Hersh's article as "ill-informed".

Abbas Tells Party He'll Proceed With Elections (NYT)

By Steven Erlanger

The New York Times, January 8, 2007

JERUSALEM, Jan. 7 — The Fatah faction of the Palestinian Authority president, Mahmoud Abbas, held a large rally on Sunday in a Gaza City sports stadium, marking the group's 42nd anniversary with a show of strength and defiance after days of bloody clashes with the rival Hamas movement.

Tens of thousands of Fatah supporters made it one of the largest Fatah rallies in Gaza in many years.

Mr. Abbas told Fatah political leaders in Bethlehem on Sunday that he intended to proceed with his demand for early presidential and parliamentary elections, and that he had lost hope in negotiating a unity government with Hamas, which won a parliamentary majority a year ago. Hamas has rejected early legislative elections as illegal and as a form of a coup and has vowed to boycott and disrupt them.

On Saturday, Mr. Abbas said he would consider the Hamas-led parallel police force known as the Executive Force to be illegal if it were not quickly integrated into other Palestinian security forces under his command.

Hamas rejected that call, too, saying that the Gaza-based group, the Executive Force, was legal and necessary, and that in fact Hamas had plans to more than double its size — to 12,000 men. Hamas leaders warned Mr. Abbas that efforts to disband the Executive Force would be met with violence.

Mr. Abbas also said Saturday that he was changing security personnel. While he did not make clear who would hold the top post, the United States has been urging him to appoint Muhammad Dahlan, the former security chief in Gaza, to lead all security forces in the Palestinian Authority. Mr. Dahlan is especially despised by Hamas, and he is not especially popular among many other Palestinians, who believe that he is corrupt and too close to the United States and Israel, despite his vehement denials. But Mr. Dahlan commands the loyalty in Gaza of many of Fatah's armed men, incorporated into various security services.

Mr. Dahlan said at the rally that there would be a new policy. "If anyone from Fatah is attacked, we will hit back twice as hard," he said, as the crowd shouted "Shiites, Shiites," intended as a riposte to Hamas, which, like Fatah, is Sunni, but is also fervently religious and has close ties to Shiite Iran. Mr. Dahlan responded, "Don't say 'Shiites,' say 'criminals.' "

Agence France-Presse said that its photographer, Jaime Rázuri, 50, from Peru, was released Sunday evening after six days of captivity after being kidnapped in Gaza City on Monday. Mr. Rázuri was released to news-agency representatives at Mr. Abbas's compound. He said: "It was not a five-star hotel, but it was very good. I was treated very well." Mr. Rázuri said he was fine and "very happy to be released," and thanked all those who had tried to help him.

In Israel, intraparty rivalries also intensified, with former Prime Minister Ehud Barak announcing that he would run for the chairmanship of the Labor Party, challenging the current leader and defense minister, Amir Peretz, in primaries on May 24.

Mr. Barak has been out of politics for nearly six years, since Ariel Sharon defeated him in 2001. He will face competition from Mr. Peretz; Ami Ayalon, another former general; and Ophir Pines-Paz, a popular legislator and former minister.

Separately, Israeli forces arrested two Palestinians on Sunday morning in the Balata refugee camp in Nablus. The Palestinians then led them to two suicide-bomb belts in their apartment that were ready for use, the Israeli military said.

Fatah And Hamas Continue Bloody Struggle (AP)

By Mohammed Daraghmeh And Ibrahim Barzak

AP, January 8, 2007

Geography is playing a big role in the violent Palestinian power struggle: When Hamas attacks in its stronghold in the Gaza strip, its rival Fatah retaliates in the West Bank, where it holds sway.

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The pattern of bloodshed in the two Palestinian enclaves, separated by Israel, repeated itself this weekend in a rampage against Hamas supporters in the West Bank, where Fatah gunmen shot an office manager and a university professor in their legs and kidnapped a deputy mayor.

The attacks came two days after Hamas militiamen in Gaza killed a Fatah-allied colonel and seven bodyguards in a rocket barrage.

Fatah says its dominance of the West Bank holds Hamas in check and could keep the lid on what some fear will turn into a full-scale civil war in Gaza.

But to maintain that dominance, Fatah militants in the West Bank have resorted to new tactics — including kidnapping government officials and shooting Hamas sympathizers at random.

After snatching the Hamas deputy mayor of the West Bank city of Nablus, Mahdi al-Khamali, his captors released a video Sunday showing him flanked by gunmen — a scene familiar in Iraq, but a first in the Palestinian areas. Any attack in Gaza will be avenged in the West Bank, a gunman warned in the video.

The division of turf between Hamas and Fatah is largely linked to Israeli troop deployment.

Israeli troops withdrew from Gaza in September 2005, enabling Hamas to build and expand its militia. By contrast, Israel controls the West Bank and has badly weakened Hamas militants there with arrests.

Gaza, a narrow band of Mediterranean coast and the landlocked West Bank, lie on either side of Israel's borders, and it is impossible for most Palestinians to travel between them. Of the 3.8 million Palestinians, about 37 percent live in Gaza and 63 percent live in the West Bank.

Fatah gunmen have also been targeted by Israel in the West Bank, but most of Fatah's firepower comes from the security forces loyal to Palestinian President Mahmoud Abbas, a political moderate. Last week, President Bush asked Congress to provide $83 million to train and equip Abbas' force.

Since winning parliamentary elections a year ago, Hamas has invested heavily in its Gaza paramilitary unit, the so-called Executive Force, with millions of dollars in support, mainly from Iran.

The militia currently has 5,500 members, but thousands more sympathizers can easily be mobilized. Abbas, who heads Fatah, on Saturday outlawed the militia, prompting defiant declarations by Hamas that it would more than double the number of fighters.

Hamas has also established its own arms industry in Gaza, building anti-tank rockets, mortar shells, land mines and hand grenades. Smuggling tunnels running under the Gaza-Egypt border help refresh supplies. Some of Hamas' weapons engineers were trained abroad.

The Executive Force has also bought SUVs and German-made minivans and set up training camps throughout Gaza.

On the West Bank, by contrast, Hamas militants remain underground or only appear in public without weapons, for fear of being targeted by Israel.

On Sunday, dozens of bearded Hamas activists, all unarmed, crowded around the West Bank hospital bed of Ehab Ghaiyatha, an Interior Ministry employee and Hamas supporter who was seriously wounded by Fatah gunmen in the town of Ramallah on Saturday.

Ghaiyatha, 27, said the assailants draped a black hood over his head, drove around with him for 15 minutes, dumped him into the street and then shot him in the legs.

Ghaiyatha said there was little Hamas could do to protect its supporters in the West Bank. "No one can carry weapons here," he said. "If he does, he would become a target for the Israelis, but if they (Fatah gunmen) keep attacking us, we have to find a way to protect ourselves."

The weekend rampage by Fatah — its gunmen also shot a Hamas-allied university professor in the legs — came after a gruesome attack by Hamas on an officer in the Abbas-allied Preventive Security Service in Gaza on Thursday.

Col. Mohammed Ghayeb and seven bodyguards were killed in a barrage of rockets fired at his home, where he had been holed up, pleading for help in a phone call to Palestine TV in his final minutes.

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More than 30 Palestinians have been killed in factional fighting since December, most in Gaza. Gun affiliated with Fatah have also carried out brutal attacks against Hamas in Gaza, including executing an Islamic court judge linked to Hamas in the street.

The security forces loyal to Fatah in Gaza still outnumber the Hamas militia by several thousand, but the balance could soon shift.

Fatah, which dominated Palestinian politics for four decades until it lost parliament elections a year ago, is trying to restore its power in Gaza.

On Sunday, tens of thousands of Fatah supporters crowded Gaza City's muddy Yarmouk soccer stadium despite the cold, rainy weather, for the largest Fatah rally since 1994 when legendary leader Yasser Arafat triumphantly returned from exile.

Fatah's strongman in Gaza, Mohammed Dahlan, was given a hero's welcome and shooed away the security guards when he began speaking.

"Let Hamas shoot me," he said as the crowd erupted in applause. Dahlan derided the Hamas militia as a gang, and pledged revenge for the assault on the colonel's home. "If they attack one Fatah person, we'll attack two more," he said.

In another development, a Peruvian news photographer for the French news agency AFP, kidnapped Jan. 1 in Gaza City, was freed Sunday, Fatah officials said. It was not known who kidnapped him.

U.S. Support Key To Ethiopia's Invasion (USAT)

By Barbara Slavin

USA Today, January 8, 2007

WASHINGTON — The United States has quietly poured weapons and military advisers into Ethiopia, whose recent invasion of Somalia opened a new front in the Bush administration's war on terrorism.

A Christian-led nation in sub-Saharan Africa, surrounded almost entirely by Muslim states, Ethiopia has received nearly $20 million in U.S. military aid since late 2002. That's more than any country in the region except Djibouti.

Last month, thousands of Ethiopian troops invaded neighboring Somalia and helped overturn a fundamentalist Islamic government that the Bush administration said was supported by al-Qaeda.

The U.S. and Ethiopian militaries have "a close working relationship," Pentagon spokesman Lt. Cmdr. Joe Carpenter said. The ties include intelligence sharing, arms aid and training that gives the Ethiopians "the capacity to defend their borders and intercept terrorists and weapons of mass destruction," he said.

Advisers from the Guam national guard have been training Ethiopians in basic infantry skills at two camps in Ethiopia, said Maj. Kelley Thibodeau, a spokeswoman for U.S. forces in Djibouti.

There are about 100 U.S. military personnel currently working in Ethiopia, Carpenter said.

Somalia has been the region's primary concern for the U.S. government since the early 1990s. U.S. troops, sent to Somalia as part of a peacekeeping and humanitarian mission, withdrew in 1994 after a failed attempt to capture a clan leader led to the deaths of 18 U.S. soldiers in 1993. The incident was later the subject of the book and movie Black Hawk Down.

The country has had no central government since 1991. The capital, Mogadishu, has been controlled by a series of warlords. A fundamentalist movement called the Islamic Courts Council consolidated power by defeating the warlords six months ago.

Ethiopia responded in December, invading to oust the Islamic Courts and prop up a government backed by the United Nations and Western countries.

At least 8,000 Ethiopian troops remain in Somalia, according to United Nations observers.

Ethiopian Prime Minister Meles Zenawi has said he would like to be able to withdraw his troops in a few weeks. But there has been little progress in creating an African peacekeeping force to replace the Ethiopians.

Meanwhile, the ousted Islamic movement has begun attacking the Ethiopian troops. And, in an audiotape aired Friday on a website used frequently by Islamic militants, al-Qaeda No. 2 Ayman al-Zawahri urged Somalis to defeat "the crusader Ethiopian invasion forces."

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Ethiopia's population is split almost equally between Muslims and Christians, but there are concerns that the Ethiopian intervention "will be framed as another Christian vs. Muslim war," said retired Marine general Joseph Hoar, who headed the U.S. Central Command from 1991-94.

The Bush administration understands that Ethiopia's intervention "is against international terrorism, not against Islam," said Samuel Assefa, Ethiopia's ambassador to the United States.

The close U.S. embrace of Ethiopia is risky, in the view of several Africa experts and human rights advocates. Even though Ethiopia had good reasons of its own for intervening to blunt a Somali threat to its security, it is perceived as acting on behalf of the United States, said William Zartman, an Africa expert at the Johns Hopkins University School of Advanced International Studies.

The intervention is controversial in Ethiopia, where the Meles government has become increasingly repressive, said Chris Albin-Lackey, an African researcher at Human Rights Watch.

The Meles government has limited the power of the opposition in parliament and arrested thousands. A government inquiry concluded that security forces fatally shot, beat or strangled 193 people who protested election fraud in 2005.

At least 96 prisoners, including several opposition leaders, journalists and the former mayor of Addis Ababa, face charges of treason, plotting to commit genocide and inciting violence, Albin-Lackey said.

Rep. Chris Smith, R-N.J., plans to re-introduce legislation in Congress that would tie U.S. aid to Ethiopia to an improved record on human rights, but the prospects of passage are uncertain. "We have to be careful that that old maxim — the enemy of my enemy is my friend — does not make us unwitting enablers of abuse," Smith said.

UN Under Pressure To Extend Presence In Somalia (FT)

By Mark Turner, Andrew England And Guy Dinmore

Financial Times, January 8, 2007

Western and African powers in Nairobi last week described the defeat of Somalia's Islamic Courts by Ethiopian-backed forces as a "historic opportunity" to rebuild the shattered horn of Africa country, and put an end to the "warlordism" that has torn apart efforts at political reconciliation since the 1990s.

But a history of botched intervention in the world's most failed of failed states leaves few doubts that fixing Somalia poses a severe challenge to the world's peacekeeping systems, and may yet embroil Ban Ki-moon, the new UN secretary-general, in one of the first major challenges of his tenure.

At stake are questions of which international bodies should be responsible for the often expensive, thankless task of peacekeeping, and what their forces should be doing wherever they police.

A senior EU envoy in Washington said the buck must stop with the UN. "The UN will have to take responsibility. The rest of the world will have to pay."

But the world body's peacekeeping department is already overstretched with almost 100,000 troops in 18 operations, and there is little appetite for a UN mission in Somalia after the ill-fated operation of the early 1990s.

Officials and diplomats have been keen to encourage alternatives to traditional peacekeeping, such as providing international support to regional groups such as the African Union (AU), and are trying to develop an African standby force for such situations.

Last month, the UN Security Council authorised a regional "protection and training mission" to be sent to the country. Diplomats say a new resolution will be needed to take account of the changed circumstances since a two-week war put Somalia's weak transitional government in control of most of the country.

The resolution gives little indication of how the mission might work, or who would step in to provide troops. The only candidate to have come forward so far is Uganda, whose President Yoweri Museveni last week promised, pending parliamentary approval, to send a battalion of 1,000 troops.

A much larger contingent than that would be needed for any properly constituted peacekeeping force, and diplomats are urgently searching for other African powers to contribute.

"It is important for the African Union to take over," said one UN official. "Museveni cannot do it alone."

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Nigeria is seen as one possible contender and South Africa suggests it could help with logistics. But it is unclear whether even an expanded AU force would be up to the job in the longer term. The body's peacekeeping force has struggled to maintain itself in Sudan's Darfur region, where the UN has been trying to bolster its presence in the face of staunch government opposition to UN involvement.

Dumisani Kumalo, South Africa's UN ambassador who also sits on the Security Council, said that UN support must follow early African intervention in Somalia.

"If your house is on fire, your neighbours go first," he said, "but you would still hope for the fire department to arrive later."

"The UN must be involved. We can't have the UN subcontract international peace and security."

UN peacekeeping officials concede that they may eventually have to step once more into the Somali breach, and note that, in contrast to the situation in Sudan, the Somali government appears amenable to UN action.

But the approval of Somalia's government may not be enough on its own. UN officials insist that for any intervention to work, the government must start a genuine reconciliation process and earn legitimacy.

At the moment, one said, that legitimacy was "in serious doubt. They were put there by the Ethiopians. A very co-operative approach has to be taken".

Without legitimacy, international troops risk being caught in a conflict in which there is no peace to keep. But Idd Mohamed, Somalia's deputy envoy to the UN, insists any force would be welcomed. Somalis were tired of war, he said.

Washington think-tanks complain that once again the Bush administration, which backed Ethiopia's intervention, has got itself involved in a war with no post-conflict plan – a view echoed by Democrats.

"The US must play more of a leadership role, instead of relying on the piecemeal diplomacy that has failed us in the past," Senator Russ Feingold, the new chair of the Africa sub-committee, said.

Islamists Out, Somalia Tries To Rise From Chaos (NYT)

By Jeffrey Gettleman

The New York Times, January 8, 2007

KISMAYO, Somalia, Jan. 7 — Every Friday morning in this seaside town, the future of Somalia plays soccer on a bone-littered beach.

Boys dribble around animal carcasses and oil drums that have been dumped by the shore. Ships covered with rust lean into the sand. The palms sway, the seagulls squawk and a few girls in veils hang back, watching the action.

"This is all we know," said Mahmoud Abu Gur, 19, pointing to a dozen haphazard soccer games. "This."

The road ahead for Somalia begins in places like Kismayo, dusty, chaotic, forlorn wrecks of cities where the list of dire needs like food, water, shelter, a fire department, law, order — and hope — is so overwhelming that people just shake their heads and smile when asked where they would begin.

In just two weeks, the Somali political world has been turned upside down, bringing ambitious governance and reconstruction issues into focus for the first time in 16 years. The Islamist forces that ruled much of the country for the past six months are out. The transitional federal government, which had been considered totally feckless by those both at home and abroad, is in. The surprising reversal is because of thousands of Ethiopian troops still in Somalia who routed the Islamists after Ethiopian officials declared the growing movement a regional threat.

Kismayo is an old Arab port town of 700,000 people, Somalia's third most populous city, after Mogadishu, the capital, and Hargeysa, in the north. But town elders in all three places are struggling with the same questions: how to provide security; what to do with the remaining Islamists; how to determine the proper role for religion, an important theme in Somali society; and how to unify rival clans, rebuild infrastructure and live with the Ethiopians. Many Somalis say they are starting at less than zero.

"After nearly two decades of anarchy," said Abdi Artan Adan, a retired diplomat in Kismayo, "people just don't want to be ruled."

Ever since Somalia's central government collapsed in 1991, the country has been notorious for the staggering levels of firepower on the streets. The new government made disarmament its first step but despite meetings, pleas, deadlines and

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threats, officials have collected few weapons. In Mogadishu, hundreds of people rioted Saturday at the prospect of house-to-house searches. The local government there indefinitely postponed the issue.

That led Jendayi E. Frazer, the United States assistant secretary of state for Africa, to cancel a planned trip to Mogadishu on Sunday. She would have been the highest-ranking American official to set foot in Mogadishu since American troops left the country in 1994 after a troubled aid mission. American officials said the security situation was too unstable.

On Sunday night, insurgents in Mogadishu attacked a downtown army barracks and residents said that four civilians were killed.

In Kismayo, no weapons have been turned in. Many elders agreed that everyone would be better off once all guns were gone, but no one seems to want to volunteer theirs first.

"It's a custom for Somalis to attack someone who doesn't have weapons," said Sultan Abdi Rashid Dure, a leader of the Galjel subclan. "When I was young, we used knives."

With long, wrinkled fingers, Mr. Dure, 56, traced the web between disarmament, clans, revenge and anarchy. "During these years, every clan killed," he said. "A lot. Now there are so many feuds, so many scores to settle. We are all afraid that if we give up our weapons, other clans will take their revenge."

The Islamists, using Islam as a bridge, did a better job than any recent authority to unite warring clans. But their military was no match for the better-trained, better-equipped Ethiopian-led troops, and now that the Islamists are gone, many fear a return to clan mayhem.

Somalia has always been somewhat of a political paradox — one of the most homogeneous countries in Africa, with one language, Somali, and one religion, Sunni Islam, but at the same time is one of the most violently divided. Clan allegiances have always mattered.

Dahir Ali Barre, the leader of a small Kismayo political organization, said that when he was a teenager in Mogadishu in the early 1970s, he did not know which clan he belonged to. It was not until 1974, when he was sent to a village in Somalia's barren interior as part of a national effort to foster cross-clan understanding, that Mr. Barre learned he was a Marehan. But when he returned to Kismayo in the mid-90s after some years in the capital, the first thing he did was seek out the Marehan neighborhood, for protection. "After all those years of sophisticated culture," he said, "we've basically gone back to the bush."

The transitional government has theoretically addressed the clan issue by its so-called 4.5 formula, which allots equal representation to the four major clans and a smaller percentage for all the minor clans. The government was set up in 2004 with help from the United Nations and is supposed to rule until the next elections, proposed for 2009.

Already it seems that clan militia leaders are well positioned. The big man in Kismayo is Barre Aadan Shire, the transitional government's defense minister and a former warlord, whose strong jaw, natty goatee and bald head lend him an uncanny resemblance to Lenin. He says many people in Kismayo have asked him to reach out to the Islamists, but he does not want to. The last of the Islamist fighters have retreated to the Kenya border, about 150 miles away.

"If we were going to compromise," Mr. Shire said, "why go to war?" He gave the Islamists credit for bringing a degree of order, but said they pushed religion too far. Yet he predicted that Somalia's permanent government would not be purely secular. He does not see beer or bikinis in Somalia's future. "We are a traditional people," he said.

It seems to be a fine balance. Several Kismayo residents said they grew to resent the Islamists after they banned movies, Western music, cigarettes and khat, a mildly narcotic plant that is chewed here. "Those rules were a total fallacy," said Abdullahi Jama Ali, who was once part of an underground Islamist group. "The Koran doesn't say anything about cigarettes. The Islamic religion is like an ocean, everyone can swim where he likes."

With the Islamists in hiding, Kismayo's market is bustling again. But the grapefruit farms on the outskirts of town are still a mess, irrigation canals are full of sand, roads are dreadful and government buildings are lonely, shot-up places.

Kismayo's jail is a single windowless cell, barred by a log, where four sweaty prisoners, accused of stealing a mattress, wait for a justice system to be set up. There are 22 police officers for the entire city.

Not far away, there is a displaced persons' camp, a field of three-foot-high domes made of sticks and plastic bags. The salty breeze nearly carries them away.

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Hundreds of Ethiopian soldiers occupy this wasteland. Though many of its people are Muslims, Ethiopia also has a long Christian history, and already some Muslim extremists, including leaders of Al Qaeda, have vowed to respond with a holy war to drive the Ethiopians out. Ethiopian officials say they plan to withdraw their forces in a few weeks and hand over control to a yet-to-be-formed African peacekeeping force.

With Somalia's longtime fears that Ethiopia might swallow it, the sooner that happens, the better. On Saturday, Nasteh Dahir Farah, a reporter for a Kismayo radio station, visited the town's airport with three foreign journalists. The foreigners were allowed in. Mr. Farah was not. He was shooed away by Ethiopian soldiers at the gate and told never to come back.

"This is my country, not theirs," he said. "If I didn't have a job," Mr. Farah muttered, straightening himself up and smoothing the shirt where he had been poked in the chest, "I'd join the resistance."

A little humiliation, it seems, goes a long, long way.

Ethiopian Forces Attacked In Somalia (AP)

By Elizabeth A. Kennedy

AP, January 8, 2007

Gunmen attacked Ethiopian troops supporting the Somali government Sunday, witnesses said, in the second straight day of violence in a city struggling to emerge from more than a decade of chaos.

Farah Abdi Hussein, who witnessed the attack, said gunmen launched grenades at Ethiopians about 2 1/2 miles from the airport. One Somali soldier was wounded, according to a Somali military official asked not to be named for fear of reprisals.

The unrest comes at a precarious time for Somalia's transitional administration, which is trying to assert some control for the first time in a capital that has seen little more than chaos in the 15 years since clan warlords toppled a dictatorship and then turned on each other.

The government, backed by Ethiopia's military, drove out a radical Islamic militia last week. But many in predominantly Muslim Somalia resent the presence of troops from neighboring Ethiopia, which has a large Christian population and has fought two wars with Somalia.

On Saturday, hundreds of furious protesters took to the streets, burning tires and smashing car windows while denouncing the presence of Ethiopian forces and shouting defiance at the Somali government's call for disarming Mogadishu.

Two people died in Saturday's violence, including a 13-year-old boy.

On Sunday, a similar protest took place about 215 miles away in Belet Weyne, after Ethiopian troops there detained a Somali military commander who refused to hand over an Islamic militiaman, witnesses said. That protest also turned violent, killing a 20-year-old civilian, Abdi Nor Salah Gedi told The Associated Press by telephone.

It was not clear who shot the man or the teenager killed Saturday.

Clan elders held emergency meetings Sunday and hundreds of Somali troops patrolled Mogadishu, setting up six extra checkpoints in areas where residents burned tires and broke car windows during Saturday's protests.

Dahir Abdi Kulima, a chieftain of the Hawiye, the dominant clan of southern Somalia, said the government's reliance on Ethiopia is backfiring.

"Since the Ethiopians arrived people are sleeping and waking with worry about what will happen next," Kulima told AP during a break in a meeting with about a dozen other Hawiye elders. "This is a sign of upcoming problems in Somalia."

Ethiopian soldiers, tanks and warplanes intervened in Somalia on Dec. 24 to defeat the Islamic movement, which had threatened to overthrow the internationally recognized government. At the time, the government controlled only the western town of Baidoa.

The most senior U.S. diplomat for Africa said Sunday that the United States would use its diplomatic and financial resources to support the Somali government.

"I think we are pushing uphill as an international community, as well as the Somali people themselves, to try to overcome their history," Jendayi Frazer, the U.S. assistant secretary of state for Africa, told AP in Nairobi, Kenya.

Frazer was planning a surprise visit to Mogadishu on Sunday but called it off because the details of the trip were made public, prompting concerns for her safety.

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The African Union has begun planning for peacekeepers and Uganda has promised at least 1,000 troops. Frazer has said she hopes the first troops would arrive in Mogadishu before the end of the month.

Previous peacekeeping forces, including U.S. troops, met with hostility and violence when they tried to help in the early 1990s, and leaders of the routed Islamic militia are vowing from their hideouts to launch an Iraq-style guerrilla war.

After meeting with Frazer in Nairobi, a top Somali politician with ties to leaders of the militant Muslim movement urged its fighters to surrender and join the peace process.

Sheik Sharif Hassan Aden, speaker of the transitional parliament but a strong critic of the interim government, also dropped his opposition to having foreign peacekeepers in Somalia, calling on people "to welcome, to hail, to respect, to accommodate them in a peaceful manner."

Aden is closely linked to leaders of the militant Council of Islamic Courts, whose fighters scattered into the countryside after being defeated on the battlefield last week.

Frazer reiterated Somalia's importance to the United States because of its location in the Horn of Africa, where the Red Sea opens into the Indian Ocean.

The U.S. wants to make sure Islamic extremists do not take advantage of the chaos to establish a safe haven. Frazer has said al-Qaida's East Africa cell, blamed for the bombings of two U.S. embassies and a Kenyan resort hotel, infiltrated the Islamist movement in Somalia.

But Frazer stressed that the U.S. will provide only a support role.

"Some people would like the United States to lead on this issue," she said. "I would prefer that we lead from behind, and what I mean by that is pushing the Somali people first, pushing the sub-region next and then mobilizing the resources of the international community."

A Fleeting Victory In Somalia (NYT)

By Jonathan Stevenson

The New York Times, January 8, 2007

Newport, R.I.

SOMALIA'S internationally recognized government pulled off a stunning military victory over its Islamist rivals, taking control of the capital, Mogadishu, and the key port city of Kismayo last week. This may appear to bode well for the containment of Islamism on the Horn of Africa. But unless America plays a constructive role in Somalia's next stage, the conflict could become a regional war and a new field of jihad.

The success of the Transitional Federal Government and its current prevalence were made possible entirely through the help of troops from neighboring Ethiopia, many of them trained and equipped by the United States. Nevertheless, Ethiopia cannot be expected to act as the government's main force indefinitely. Nor, eventually, will Somalis, who are almost all Sunni Muslims, tolerate an open-ended occupation by Ethiopians, who are predominantly Christians.

Enforcing peace in a politically atomized territory is remarkably difficult, as was painfully demonstrated by the American intervention in Somalia in the early 1990s. Turning a humanitarian mission into a coercive state-building effort angered local militia bosses, leading to the now-infamous "Black Hawk Down" attack.

The Ethiopians, being thoroughly familiar with the American experience and the Somalis' historical tendency to resist external influence, are already talking about pulling out within a few months.

What's more, the American invasion of Iraq illuminates some drawbacks to any extended Ethiopian military presence in Somalia. Al Qaeda's leadership would inevitably cast such a commitment as the non-Muslim occupation of a Muslim land. This would draw foreign jihadists into the conflict and lead to greater Islamic radicalization of Somalis themselves.

Indeed, Ethiopia's intervention and the United Nations Security Council's authorization of a notional peacekeeping force have already prompted the Islamic Courts Council to declare jihad. Once bitten, twice shy, the United States should be loath to perpetuate this kind of blowback. Similar considerations also argue against a peacekeeping force led by a major power — even if one could be marshaled, which at present looks unlikely.

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The upshot is that there is no military solution to the quandary of Somalia. Robust diplomacy, with an eye toward creating some sort of power-sharing agreement between the transitional government and the Islamic Courts Council, appears to be the only hope. Given the recent struggles in Darfur, Congo and elsewhere, the idea of bringing Africans to the negotiating table might cause Westerners to roll their eyes. But there are a few hopeful signs that, in Somalia, diplomacy has a chance.

For one thing, the European Union has shown an interest in becoming an honest broker among the main Somali factions. And Kenya, alarmed by the prospect of tens of thousands of Somali refugees pouring across its northern border, may feel compelled to resume its longstanding diplomatic role in Somali conflict resolution.

Finally, neither the transitional government nor the Islamic courts are in a position to take over wholesale governance of the country: the various clan leaders, tribal elders and militia bosses around Somalia together control the pulse of power. In fact, it was the decision by dozens of local clan elders to withdraw their political and military backing that made it impossible for the Islamic Courts Council to defend Mogadishu and Kismayo.

This parlay underscored how central the elders are to Somalia's tenuous political equilibrium, especially those of the four main clans — the Darod, Hawiye, Dir and Digil-Mirifle — and their various sub-clans. These leaders must be included in any peace negotiation, and any deal with their backing would be hard for the Islamists or the transitional government to walk away from.

The knottiest substantive issue would likely be deciding to what extent Islamic sharia law would apply in Somalia. Naturally, the Islamic courts have insisted on universal religious law, while the secular transitional government has refused to entertain it. But there is recent African precedent for breaking the deadlock.

In January 2005, persistent negotiations overseen by the United States, European powers and Kenya produced a power-sharing compromise between southern Sudanese Christians and Sudan's Arab Muslim government. The deal was that sharia would apply in the northern part of the country and not in the south, and that its applicability in the capital, Khartoum, was to be decided by an elected assembly. While the unrelated violence in Sudan's Darfur region has overshadowed this deal, it was a major breakthrough between two groups far more religiously divided than the two Muslim Somali sides.

The temptation in Washington will be to keep its distance and rely on Ethiopia, the European Union and Kenya for as long as possible. This attitude is myopic. Neither the American public nor the world believe that the Bush administration's predominantly military approach to counterterrorism is working. Relying primarily on Ethiopian troops to tamp down Somali Islamism would represent a continuation of that flawed model, and of the corresponding risk of fueling the jihad.

The United States' full participation in a diplomatic process in the Horn of Africa, on the other hand, would constitute a relatively low-cost way of signaling a new American approach to Islam and a re-engagement in sub-Saharan Africa, which has largely been left out of Washington's post-9/11 calculus. A result could be a small political victory in the Muslim world that would deprive Osama bin Laden and his followers of a new grievance rather than supplying them with one.

Richardson Gets Bleak Darfur Assessment (AP)

By Nedra Pickler

AP, January 8, 2007

New Mexico Gov. Bill Richardson got a bleak assessment Sunday of the deteriorating situation in Darfur, but expressed optimism for a breakthrough with the Sudanese president he has been able to work with in the past.

President Omar al-Bashir has refused to allow U.N. troops into the violence-wracked region, allowing only 20 civilians to be deployed for assistance.

The peacekeeping force would provide protection to the 2.5 million people uprooted since early 2003 as a result of sectarian conflict. More than 200,000 people have died, victims of violence as well as malnutrition and disease.

Richardson, a potential 2008 presidential candidate, heard disturbing reports of rape, death and corruption from the top U.S. diplomat in Sudan and humanitarian workers, but said he was not deterred from the challenge of trying to help bring peace where years of international efforts have failed.

"I think we make some measurable progress if we can help the cease fire and the humanitarian situation and possibly start a united political process that helps the U.N. peacekeeping effort alive," he said.

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Richardson was to meet with al-Bashir on Monday in Khartoum, then fly to Darfur on Tuesday to meet with rebel leaders and the commander of overwhelmed African Union forces assigned to patrol the area.

"I have to tell you, my record with Bashir is pretty good," the governor told the skeptical humanitarian officials.

Richardson flew to Sudan at the request of the Save Darfur Coalition because he has negotiated successfully with al-Bashir in the past over the release of foreign prisoners.

He had been on Sudanese soil just minutes when Cameron Hume, the chief diplomat who was an aide to Richardson when the governor was U.N. ambassador, laid out the challenge to make progress. "I don't think anybody's strategy is working," Hume told Richardson.

Richardson visited the presidential residence for three hours Sunday night for a celebration of Sudan's independence — where al-Bashir addressed the crowd in Arabic — but the two did not greet one another.

Later, he met with 13 representatives of aid groups working in Darfur who asked not to be quoted by name out of fear of reprisal by the Sudanese government. Some said they were doubtful Richardson can make progress with the president and one suggested he was being used by al-Bashir and should refuse to meet with him.

Richardson is planning to announce soon whether he will run for the Democratic presidential nomination in 2008, and the trip highlights his extensive international experience in a competitive field.

On a 17-hour flight to Sudan, Richardson huddled with five advisers around a table in the private jet chartered by billionaire philanthropist S. Daniel Abraham for the trip. Richardson asked them how he could help encourage a cease-fire, continue the flow of humanitarian aide and persuade al-Bashir to allow United Nations peacekeeping troops in the region.

The group game up with a two-page memo of talking points going into the meeting that lacked specific timetables or numerical goals. For instance, they would like to jump start African Union patrols in some locations, work toward a cease fire and get al-Bashir's commitment a three-stage plan to send some 20,000 peacekeepers and police to Darfur.

Hume's warned during a gloomy hour-long briefing for Richardson's delegation that he was assuming that everything that was said in the room was being monitored by Sudanese intelligence. He repeated the sentiment later with the aid workers.

Hume said the African Union troops who are supposed to be providing protection in Darfur have slowed patrols. But Hume said Richardson might be able to convince the A.U. force commander to step up patrols, at least in some areas.

Hume explained that rising chaos and violence is making it more dangerous for humanitarian groups to travel and distribute aid.

One of the humanitarian officials who briefed Richardson said 13 aid workers have been killed since a cease fire was signed in July, more than 100 of their vehicles were stolen last year and over 400 have had to be relocated to protect their security in the last couple of months.

Hume said violence has increased in El Fasher, where Richardson visited last September and planned to return Tuesday. Richardson was there earlier to retrieve a journalist from New Mexico who had been imprisoned — a release that was the result of Richardson's face-to-face negotiations with al-Bashir. Since that visit, Hume said, there has been gunfire in town, including a shooting by government paramilitary forces opposed to the governor.

US And EU Talks Revive Hopes Of Trade Deal (FT)

By Eoin Callan

Financial Times, January 8, 2007

Negotiations between the US and the European Union have revived hopes that a deal can be struck on the stalled Doha round of world trade talks by the end of the month, according to EU and American officials.

Top US and EU negotiators have told the Financial Times they hope to achieve a breakthrough in the coming weeks, paving the way for an agreement with Brazil and India at the World Economic Forum in Davos this month.

The proposed deal would be a last-ditch attempt to revive the Doha round before a US law enhancing President George W. Bush's authority to negotiate trade pacts expires later this year.

The round began in 2001 with plans to liberalise manufacturing and agricultural markets, but farm subsidies have proved a sticking point for both the US and EU.

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Peter Mandelson, the EU's trade commissioner, told the FT that the US and EU were closer to an agreement than is commonly thought. "After a series of meetings of senior officials it is clear that the gap between us on agriculture is no longer such to dismiss hope of a successful outcome. We are not that far apart to give up on the process."

The optimism follows US-EU negotiations – which were continuing last night – aimed at narrowing differences on agricultural subsidies and tariffs.

Mr Bush and José Manuel Barroso, European Commission president, are expected to back the drive for a deal when they meet today at the White House.

The meeting will mark the highest-level effort to reach a deal at the WTO since talks broke down in July over agricultural policy. The engagement of Mr Bush in the negotiations follows the personal intervention of Tony Blair, the British prime minister, and Angela Merkel, the German chancellor, officials said.

Mr Mandelson said he hoped to persuade Mr Bush to throw his weight behind the Doha deal. "It is at this crucial stage when you reach the end-game that you need the president's authority to help us do a deal," he said.

US and EU officials said that if the outline of a final deal could be reached with Brazil and India at the World Economic Forum in Davos, the circle of countries included in the talks would widen.

Susan Schwab, the US trade representative, told the FT: "Both technical and policy-level conversations are continuing and that is the single most important ingredient necessary to find a resolution to the impasse."

But the chief US trade negotiator was more cautious than her EU counterpart. "The challenges that we face in trying to find our way clear to a breakthrough in Doha are no less than they were last year. But I think we have made progress on the technical side," she said. Ms Schwab added that she would make an improved offer on cutting domestic agricultural subsidies.

Mandelson To Push Bush On Trade (FT)

By Eoin Callan, Caroline Daniel, George Parker And Andrew Bounds

Financial Times, January 8, 2007

Peter Mandelson will on Monday attempt the improbable feat of persuading George W. Bush to take a political gamble on multilateralism and expend precious political capital on reaching a world trade deal during his final two years in office.

The European Union's chief trade negotiator will meet the president this morning and again over lunch at the White House, along with his US counterpart Susan Schwab and José Manuel Barroso, president of the European Commission.

The role of persuader is a familiar one for Mr Mandelson, who honed his skills at influencing world leaders as consigliari to Tony Blair, the UK prime minister.

Indeed, the personal intervention of the British prime minister in recent days has been decisive in convincing Mr Bush to give the EU delegation a serious hearing, according to officials familiar with the conversations.

"I believe that President Bush wants to do a deal," Mr Mandelson told the FT. "My political judgment about him and what he has said to me in the past is that he wants to do a deal and, if anything, is slightly impatient."

Mr Mandelson believes he has a unique personal relationship with Mr Bush that will help him convince the president the trade talks have reached an "endgame" and that he must step in.

The European delegation argues that the administration must show leadership if there is to be a deal on the stalled Doha round of world trade talks.

Mr Barroso said: "The moment of truth for the Doha negotiations is fast approaching and the US holds the key to making a deal possible in 2007. The alternative – a delay of several years – would come at a high price for all."

The delegation believes Mr Bush will work for a breakthrough, not least to give some gloss to his international "legacy" – a record dominated by the Iraq crisis.

But Ms Schwab, the US trade representative, emphasised the need to make more progress on technical negotiations over agriculture. "I think the right kind of conversations are going on. Are we there yet? No, not yet," she said.

There has also been no clear message from the Bush administration to its allies in the business community – or to US lawmakers – that a deal is imminent.

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This calls into question the optimistic assessment of Mr Mandelson, whose own reputation and legacy are linked to the outcome of the Doha negotiations. It also leaves an extraordinarily small window for a deal to be reached before the president's special fast-track trade negotiating powers expire in the summer.

But Mr Mandelson insists: "My impression is that the Bush administration has arrived at a view that a deal is doable and they want to do it. That is what this is about."

Analysts said a breakthrough on the Doha development round would be a catalyst for US trade policy and could lead to the new Democrat-dominated Congress extending the president's special trade promotion authority. Both US and EU trade negotiators argue that the new Congress has not significantly lessened the chance of a deal.

Mr Mandelson said the European side would also go "as close as possible" to the demands made by the G20 group of developing nations in cutting EU farm subsidies and tariffs. He urged the US to do the same to encourage developing countries to open their own markets to industrial products and services.

"If we fall too far below the developing countries' demands in agriculture we will have fewer benefits to take home to our respective constituencies to go along with a deal," he said.

Sceptics argue that there are simply not enough political incentives for the key countries to make the necessary compromises. Calman Cohen, an influential US trade analyst, said: "The components of a deal are in place. The outstanding considerations are political."

Nurturing Our Most Important Relationship (WSJ)

By Matthias Wissmann

The Wall Street Journal, January 8, 2007

BERLIN -- The European Union, the United States and Canada jointly account for almost 60% of global GDP, making them the world's largest economic region. Yet there is still a great deal of untapped potential in bilateral economic relations between the EU and its trans-Atlantic partners. Nontariff barriers to trade still exist in many areas of economic activity, and removing them would make everyone on both sides of the ocean richer.

With this in mind, German Chancellor Angela Merkel has made the creation of a single trans-Atlantic market a priority of our country's European Union presidency. In her visit to Washington last week, she stressed that Europe and North America have more in common with one another than with any other region, but that these shared values and interests must be nurtured and cannot be reduced to the traditional bonds of common security interests.

Numerous industries would benefit from stronger ties between our two regions. Recent studies indicate, for instance, that a fully open aviation market would increase the output of that industry as a whole -- airlines, aircraft manufacturers, suppliers and airports -- by $9 billion a year. Likewise, coordination of the securities market would reduce transaction costs by 60%. Greater coordination would lead to harmonization of the regulations of International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) as well as easier access to U.S. stock exchanges. Divergent standards apply in many other fields, to the detriment of both the EU and the U.S. The most prominent examples are technical requirements in the automotive industry, such as safety and environmental standards or costly testing and approval procedures; the lack of coordination in the fight against corruption and in the protection of intellectual property; provisions of antitrust legislation and energy policy; rules governing the supervision of stock exchanges; and interpretations of the concept of liability.

A lack of political support at the highest level and hence a lack of public awareness and of transparency have led to the failure of many previous Euro-American agreements to bear tangible fruit.

Strengthening trans-Atlantic ties need not come at the expense of trade with the rest of the world. While the primary purpose of integrating our markets would be to strengthen European, American and Canadian businesses, we would plan from the outset to allow for the subsequent accession of other countries or trading blocs. Thus, other nations should not perceive this as a situation in which the Western economic powers are "ganging up" against them or trying to shut them out of our markets. Such protectionism would be counterproductive -- particularly for Germany, the world's leading exporter. Barriers against the emerging Asian markets would slow down the wage growth that has already begun in that part of the world. Globalization, already a

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formidable challenge that offers great potential rewards for the trans-Atlantic partners, would become even more difficult. This is precisely what we want to avoid.

The economic areas on each side of the Atlantic are confronted by a number of unique issues and problems. For this reason, it is important that our unwavering commitment to the World Trade Organization framework should be accompanied by reinforcement of our relations with Canada and the U.S. A single trans-Atlantic market would have the potential to lend fresh impetus to the multilateral negotiations. A Euro-American trade system based on common standards could serve as a new engine for the global economy. Closer cooperation between North America and the EU could establish new benchmarks in other areas, too. We need only think of efforts to protect the global climate or cooperation in the provision of development aid. An agreement concluded on the basis of these conditions would be quite different from a free-trade agreement in the traditional sense. Only 10% to 20% of the negotiating agenda would be devoted to the usual trade barriers such as customs duties. Instead, we could grasp the opportunity to secure world-wide acceptance and application of our standards.

The present situation bodes well for this initiative. The Democratic Party emerged strengthened from the recent elections in the U.S. Although at first sight this seems like a victory for protectionist tendencies, it was the Democrats who, some years ago, developed the idea of closer economic relations between the U.S. and the EU. This idea could attract a cross-party consensus of Democrats and moderate Republicans. On the European side, Germany's dual presidency of the EU and the G-8 offers an excellent basis to kick-start the creation of a single trans-Atlantic market at the EU-U.S. summit in May. The agenda is ambitious. Common legal standards must be created in two steps: first in specific areas of activity (such as developing compatible regulatory procedures, transparency in decision making and convergence of IFRS and GAAP) by 2010 and then across the board by about 2015.

Through its commitment as a founding member of the European Community 50 years ago, Germany has already played a crucial part in the creation of a successful economic area. There is nothing to prevent us from applying the successful model of the single European market in the trans-Atlantic context.

Mr. Wissmann is a member of the German Bundestag from the Christian Democratic party and chairman of its committee on the affairs of the European Union.

Washington Faces Challenge Over Climate (FT)

By George Parker And Andrew Bounds

Financial Times, January 8, 2007

George W. Bush, the US president, will on Monday be challenged to join the fight against climate change as Europe embarks on a "new industrial revolution" aimed at cutting the continent's greenhouse gas emissions by 20 per cent.

José Manuel Barroso, the European Commission president, will use his visit to the White House on Monday to give Mr Bush a preview of a new EU energy policy designed to put the bloc at the forefront of energy efficiency and use of renewables.

Mr Barroso will argue that Europe and America have a joint economic interest in cutting energy use and to reduce their dependence on imported oil and gas.

Although final details of the EU energy package will be finalised on Wednesday, Mr Barroso's aides say he will tell Mr Bush that Europe should aim to cut greenhouse gas emissions in 2020 by at least 20 per cent from their 1990 levels.

The European Commission will also propose a big increase in the bloc's use of renewable energy, a rise from under seven per cent of today's energy mix to about 20 per cent by 2020. A draft Commission paper acknowledges that Europe is failing to meet its existing targets for renewables, and some will be sceptical about whether member states have the political will to go even further.

The paper also says that the shift to renewables could be expensive, costing the EU an average $23.4bn (€18bn) a year if oil costs $48 a barrel in 2020. But higher oil prices and the cost of carbon trading would cut that sum to "practically nothing".

"The economic case for taking action to manage climate change is beyond dispute," Mr Barroso said before leaving for Washington. "In this area we have much to gain, despite our differences."

The US has not ratified the Kyoto treaty on climate change, and Mr Bush has a record of scepticism on the issue, but Mr Barroso's aides claim the former's tone has changed in recent months.

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Mr Barroso will also raise raise the issue with Nancy Pelosi, the new Democratic speaker of the House of Representatives, who said last week she would work for "a new America that declares our energy independence, promotes domestic sources of renewable energy, and combats climate change".

Mr Barroso's energy package – which has to be approved by all EU member states – also aims to boost competition in Europe's internal energy market by tackling the dominant position of big national power companies.

A majority of Mr Barroso's Commission colleagues support the forced ownership "unbundling" of operators such as Eon and RWE of Germany and EdF of France, arguing that companies which generate and sell electricity should not own supply networks.

Although this is likely to emerge as the Commission's preferred option, it is almost certain to be rejected by France and Germany when the package is presented at an EU summit in March.

Mr Barroso has ordered a second compromise option to be drawn up, where big companies would retain ownership of the network assets, but they would be handed to an "independent service operator", responsible for the grid's operation and development. Beefed-up regulation would accompany the measure.

China Cashes In On Global Warming (WSJ)

By Jeffrey Ball, John D. Mckinnon, And Shai Oster

Wall Street Journal, January 8, 2007

Critics Fret Lucrative Carbon Credits Hurt Clean-Energy Efforts

China is turning its environmental problems into a shrewdly managed financial asset, capitalizing on corporate and governmental efforts to curb global warming. How much China's actions will do for the atmosphere remains an open question.

Concerns about the world's rising temperature have prompted many industrialized countries to cap the amount of carbon dioxide and other global-warming gases companies can emit. One way companies can comply is by bankrolling emission-cutting projects in the developing world, where such projects often are cheaper than back home. In return, the Western companies receive "carbon credits" that essentially allow them to continue to emit greenhouse gases themselves.

The credits, which can be bought and sold, have led to a burgeoning global "carbon market." The World Bank, a major player in the market, estimates the market was valued at $21.5 billion in the first three quarters of 2006, about double its value in all of 2005. China, the world's No. 2 global-warming emitter behind the U.S., has become the biggest source of developing-world carbon credits bought by Western investors, benefiting both Chinese corporations and Chinese government tax receipts.

The market has led to projects like one announced December 2005 involving two Chinese companies in Jiangsu province on China's east coast. The two will receive about $1 billion, through 2012, from a private- and public-sector consortium that includes the World Bank, utilities such as Germany's RWE AG, Deutsche Bank AG, and Japanese trading firm Mitsui & Co. The project will, through 2012, destroy about 125 million so-called CO2-equivalent tons of HFC-23, a greenhouse gas that scientists say is thousands of times more potent than CO2 and that is a byproduct of the manufacture of a common refrigerant, HCFC-22.

That means the Western investors will pay the Chinese companies roughly $8 a CO2-equivalent ton for destroying the HFC-23. That is a bargain for the Western investors, who would have to pay far more to reduce emissions back home. It also is a boon for the Chinese companies, for whom the actual cost of destroying the gas is less than $1 a CO2-equivalent ton of emissions, the metric used in the carbon market.

The deal "alleviates the carbon-emissions pressure, [and thus] does less harm to the atmosphere," said Zhang Jingyi, board secretary of one of the companies, a refrigerant-making unit of Shanghai 3F New Materials Co. "Besides, we can receive revenue from it." He said the company hasn't yet decided how it will spend the carbon revenue, though it will consider investing in other projects or paying a dividend to shareholders.

The Chinese government, meanwhile, has rolled out new policies to boost the proceeds and maximize the energy security the country gets from the new stream of foreign investment. China has mandated that only companies with a majority Chinese ownership can own projects generating carbon credits. The country also is effectively imposing minimum prices for its carbon credits, market participants say. China also is taxing the profits from the sale of the credits -- tax revenue that goes into a fund targeted to promote cleaner forms of energy.

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"They're always thinking ahead all the time on this," said Neeraj Prasad, who coordinates the World Bank's carbon-market activities in East Asia and who worked with Chinese officials to set up the tax system. In setting up their carbon rules, he says, Chinese officials asked: "How much can we tax it?"

The emission-cutting projects the Chinese government says it most wants to encourage -- such as the installation of renewable-energy technology -- are taxed at 2%. The projects that Western investors most favor -- HFC-23-destruction projects like those in Jiangsu province -- are taxed at 65%.

Investors prefer the HFC-23-destruction deals because the gas's potency compared with CO2, and the relatively low cost of installing the machinery that destroys the HFC-23, means the projects spin off massive numbers of carbon credits at what amounts to rock-bottom prices. Indeed, selling the credits from HFC-23-destruction projects typically generates more profit than selling the actual refrigerant.

As a result, regulators worry that the carbon market is encouraging companies in the developing world to make more of the underlying refrigerant than they otherwise would -- so they can produce more of the global-warming gas, destroy it, and sell the credits. Such a "perverse incentive," as the United Nations calls it, would be problematic because the refrigerant itself both threatens the ozone layer and contributes to global warming.

Whether the carbon market actually is prompting more production of HFC-23 than otherwise would have occurred is unclear. Demand for the underlying refrigerant, HCFC-22, is rising along with incomes around the world, and production is expected to soar in coming years in China as well as in much of the developing world, where it isn't scheduled to be restricted by ozone-layer rules for nearly a decade. Officials with a U.N.-affiliated panel that helps govern the carbon market are studying the issue and plan to discuss it in May.

More broadly, critics worry that the HFC-23-destruction projects are siphoning Western carbon-market investment away from the kind of emission-reduction projects the market was designed to encourage: those that generate energy more cleanly, such as natural-gas-fired power plants and wind turbines.

Even some market participants involved in the HFC-23 deals say China's effective imposition of a minimum carbon-credit price makes it tougher to finance clean-energy projects, because those projects require relatively greater upfront capital, often from Western investors, who in return want to be able to buy the resulting carbon credits at a lower price. A developing country like China is "shooting [itself] in the foot" by imposing a de facto credit-price floor, says Paul Bodnar, who helps assemble carbon projects in China for Climate Change Capital, a London-based company active in the market. "Because you're discouraging precisely the kind of [clean-energy] investment that the [carbon market] was supposed to encourage."

Chinese government officials didn't respond to questions for this article. They have cited their clean-energy fund as evidence of their effort to help the environment. The World Bank's Mr. Prasad says that fund is likely to reach about $1 billion over the next few years.

China plays down HFC-23-destruction projects. "We would prefer to have more energy efficiency and renewable energy projects that could help alleviate poverty in the countryside," Lu Xuedu, deputy director of China's Office of Global Environment Affairs in the Ministry of Science and Technology, said in a statement in October.

Rules governing the carbon market say that only those chemical factories operating prior to 2001 can qualify to sell carbon credits from the destruction of HFC-23. But in November, at a U.N. global-warming conference in Nairobi, Kenya, Chinese officials asked for a change in the rules to allow new plants to generate credits, according to John Hay, a spokesman for the United Nations Framework Convention on Climate Change, a body involved in overseeing the projects.

At the Nairobi conference, U.N.-affiliated officials considered a measure that would allow new HFC-23-destruction projects to qualify for the sale of credits, but would steer most of the revenue to a third party that could in turn spend it on environmentally beneficial projects such as switching production to another refrigerant that is less harmful. China's representatives blocked agreement, according to attendees.

As Grip Of Censors Endures In China, A Satirical Poem Leads To Jail Time (WP)

By Edward Cody

The Washington Post, January 8, 2007

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PENGSHUI, China -- All his life, Qin Zhongfei has been an ardent reader, a lover of literature and an amateur poet. But the drama he lived in this little mountain town, Qin said, has taught him that putting his thoughts into verse can be dangerous in China.

"I used to write poetry all the time, but I haven't written any lately," he said with a wan smile, repeatedly wringing his hands and wiping his high forehead during a recent interview. "This was a huge disaster."

Qin, 31, spent a month in jail on criminal charges because of a poem he wrote satirizing local officials accused of corruption. He was released only after several out-of-town newspaper articles related his fate and the central government in Beijing stepped in to halt the prosecution.

What happened to Qin, a mild bureaucrat in the county education department, was by any measure an abuse of power by local authorities here in the remote and wooded hills of central China. But more broadly, it was a vivid reminder of the Communist Party's enduring determination to control information and opinion among China's 1.3 billion people.

Since the party took power in 1949 under Mao Zedong, it has maintained tight censorship over radio, television, newspapers, movies, fine arts and books, carefully selecting what Chinese are allowed to know and enjoy. Human expression, it has decreed, must follow the party's lead.

But as China has opened to the world -- and as the use of cellphones and the Internet has become more common -- the censors' mission has become more difficult.

Still, controls persist. To carry out official policy, censors ban coverage of certain stories -- Qin's was censored from television -- and force the party organ, People's Daily, to fax over the front page every night for approval. Roomfuls of technicians have been enlisted to monitor millions of computers and cut off Web sites the party judges to be dangerous to its monopoly on power or unhealthy for the morals of young Chinese.

President Hu Jintao's ascension to power more than three years ago generated hopes that information controls would loosen as part of the economic opening he has championed. But they have tightened instead. Several prominent editors have been fired over the past two years -- the most recent one last month -- for straining at censors' guidelines. According to the Committee to Protect Journalists, 30 Chinese journalists are in prison for what they wrote.

A 10-Minute Lark

Weighty matters such as freedom of expression were far from Qin's mind on a stifling hot Aug. 15 when he arose from an after-lunch nap on the faux leather gray couch in his office. The cellphone lying on his desk had just signaled the arrival of a message, he said, so he stepped over to take a look.

It was a friend making fun of the local leadership, which was embroiled in several corruption scandals. The Communist Party secretary, Ma Ping, had already come under investigation and been transferred out. The county administrator and the new party secretary were being scrutinized by a team of party inspectors sent from Chongqing, the provincial capital about 200 miles to the west.

The inspectors, it seemed, had their work cut out for them. The half-finished Rainbow Bridge arced over the Wu River but never reached the other side. A lot of money was appropriated for the new Baiyun Middle School, but somehow construction never started. The Tiger's Mouth hotel, with a view over the dramatic Wu River gorge, was an incomplete shell with no sign it would ever be completed.

So to while away the afternoon, Qin took his friend's comments and turned them into a satirical poem, full of puns and comical allusions. "The horse has run far away," it began, making a pun on Ma's departure as secretary and the fact that his family name can mean "horse." Zhou Wei, the county administrator, was singled out for his name's similarity to the Chinese word for Viagra. Lan Qinghua, the new secretary, also got roasted with a pun that turned his name into "incompetent and gutless."

"Look at Pengshui County today," the poem went on. "It's full of foul air and conflicts between officials and the public cannot be halted."

Qin's friends acknowledged that the verse was not great literature. The young bureaucrat had always displayed literary ambitions that may have been greater than his talent, they joked.

Qin himself described the composition as more of a lark than serious poetry. "It only took 10 minutes," he said. "I didn't think it would be such a big deal."

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But then Qin did something that would turn it into a big deal. He transmitted the poem to the cellphones of a half-dozen friends. They in turn transmitted it to their friends, in a widening circle. Eventually it ended up in the cellphone of Zhang Fu'An, chairman of Pengshui County's local People's Congress. Outraged, he took it to the county administrator, who was equally upset and asked the Public Security Bureau to identify the author.

The security sleuths interrogated Qin's friends and backtracked cellphone messages for two weeks, eventually tracing the offensive poem to Qin. At about 5 p.m. Aug. 31, two policemen stepped into Qin's office on the sixth floor of the county Education Committee building and confronted the poet.

Qin, his black hair carefully combed down and his wire-rim glasses in place as always, at first denied he was the author, according to Li Xingchen, a Chongqing journalist who investigated the case. The two police officers left to check with their superiors, Li said, but returned within 10 minutes.

"We know it's you," they said, and Qin confessed.'Modern-Day Word Crime'

The policemen hauled Qin to the station to be interrogated. By the next day, he was detained on suspicion of criminal libel, which carries a penalty of up to three years in prison. His wife, Chen Qiong, was advised to get him an attorney. The office of the procurator filed formal charges Sept. 11, and Qin's office, cellphone and computer were searched for incriminating evidence.

The case, meanwhile, had struck a journalistic nerve with Li. He wrote an article for a blog denouncing Qin's treatment as "a modern-day word crime," harking back to a much-ridiculed Qing dynasty practice of jailing writers who tripped over the intricate Mandarin language of the time.

The historical reference caught people's fancy across the country. Internet comment flourished. A Hong Kong newspaper, not subject to the mainland's censorship rules, published the first article. Then mainland newspapers took up the dare; several carried their own accounts. Eventually, even a Web site run by the official People's Daily allowed someone to post an article.

"The thing got bigger and bigger," recalled Li, a writer for a Chongqing real estate magazine who has resolved for 2007 to write a book on his ideas for improving China.

In Chongqing, the provincial capital that administers Pengshui, authorities were becoming increasingly embarrassed. The Chongqing Propaganda Department ordered an investigation and, true to its mission, banned broadcast stations and newspapers in the Chongqing area from reporting on the fuss.

But the leaders of Pengshui were not to be deterred. The Propaganda Department refused to explain its determination to prosecute Qin, although Meng Dehua, a deputy party secretary, had earlier told reporters the poem could demoralize county workers if its author went unpunished. So the Public Security Bureau went to the People's Court here in the county seat Sept. 27 and asked for a quick conviction. The judge responded that there was no case. So the Public Security Bureau appealed to the No. 4 Intermediate Court in Chongqing. It got the same response: No case.

Twice frustrated, police offered to release Qin on bail but without dropping the charges. On his attorney's advice, Qin at first refused, demanding to be tried or exonerated. But eventually, he agreed to be released under the guarantee of a local middle school principal and distant relative. On Sept. 30, he walked out of jail and into the spotlight's glare.

By then, several Chinese newspapers and magazines with a national readership had weighed in with lengthy reports after visiting Pengshui. Even a magazine sponsored by the official New China News Agency had a story.

"You have become a famous international criminal," a co-worker joked to Qin.

Distressed by the furor, local police notified Qin that he should again get an attorney, implying that the case was still alive and that he could be arrested again if the reporters kept coming.

For his part, Qin, shaken by his time in jail, was trying without much success to resume his life as a quiet bureaucrat and father of a 5-year-old boy.

By the middle of October, according to a source in Chongqing, the central government sent an order to the Chongqing Communist Party secretariat saying the Pengshui problem should be fixed, and right away. Backing up the order, the party's Central Discipline Inspection Commission sent a team to Pengshui to look into the matter.

Feeling the heat, authorities informed Qin on Oct. 23 that the charges had been dropped and told him he could apply for compensation for the time he spent behind bars. The compensation, about $280, was handed over even before Qin had time to apply for it.

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"It's impossible for someone who has experienced such a big thing, something that affected my life and work so much -- after that, it's impossible not to have feelings about this," Qin said, wearing a brown striped suit along with a blue plaid shirt and matching tie to receive a foreign journalist.

"But I just don't want to go into it," he added. "The thing is, I think, really, I wish you would go to the Propaganda Department and ask them. I hope you understand my problem."

Behind Bombs, Signs Of A Turbulent Year For Thailand (NYT)

By Seth Mydans

The New York Times, January 8, 2007

BANGKOK, Jan. 6 — A string of lethal bombs that disrupted New Year's celebrations here has signaled the start of a difficult year for Thailand as entrenched elites struggle for control of the country's future.

It is still unclear who set the bombs, which killed three people and wounded more than 40 before and after the New Year's Eve fireworks.

But the message they sent to Thais was that a showdown is likely in the coming months between the ruling military junta and the opponents it unseated in a coup more than three months ago.

"The country is going to be in commotion," said Surin Pitsuwan, a former foreign minister who is no longer in the government. "Old elements will certainly regroup. I think the ruling group has been jolted into a new realization that things are not going to be as calm as they thought."

A struggle for power that began with street demonstrations more than a year ago appears to be resurfacing after pausing for breath after the nonviolent coup on Sept. 19 ended the five-year tenure of Thaksin Shinawatra as prime minister.

It had seemed an almost painless, minimalist coup with the stated intention of setting Thailand back on the track of democracy, which Mr. Thaksin had been systematically undermining.

But the leaders of the coup, treading softly in an attempt to stay within the law — once they had seized power by force — had left Mr. Thaksin's supporters free to regroup and plot a comeback.

On Friday, the military-appointed prime minister, Gen. Surayud Chulanont, warned of a dangerous time ahead and told government ministries and the public to be alert for possible violence.

"We have to watch out and take care of places and our own safety for a certain period of time, at least the next one to two months," he said. He did not explain the time frame, but political tensions are not likely to dissipate so quickly.

Mr. Thaksin was abroad at the time of the coup, but he appears determined to return, and his network of patronage and power still permeates the country, from village headmen to the highest levels of government, the police and the business community.

Since it took power, the junta has increased its military readiness and warned of what it calls "undercurrents" of opposition from Mr. Thaksin's backers.

The disruptions caused by the coup have created a range of potential enemies as well as openings for opportunistic political forces.

Speculation about the people behind the bombs includes not only Mr. Thaksin's supporters but also other political groups; the police, who formed part of his base of power; disaffected soldiers; and even feuding members of the junta and the civilian government it appointed. Most analysts doubt that Muslim insurgents from southern Thailand were involved.

The new sense of crisis began with the dawn of the new year with accusations and insinuations, then a swarm of bomb threats, then troop deployments "to provide security," then a tense round of rumors of a coup within a coup, which a chorus of military men strongly denied.

Defense Minister Boonrawd Somtas said Friday, "The investigators have concluded that the bombers were men in uniform, both green and khaki," the colors worn by the military and the police.

General Surayut said those who planted the bombs and spread the coup rumors were aiming to create "a state of confusion and chaos" that would destabilize the government.

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After seizing power, the junta appointed a civilian government and promised to produce a new constitution and to return the country to democratic rule with elections late this year.

But the democratizing trend in Thailand that reached its peak in 1997 with the adoption of a liberal Constitution could now be in decline for some time to come.

The decline began with Mr. Thaksin, who manipulated the Constitution to increase his power. He seized personal control of both its checks and its balances, packing government commissions and the Senate with his supporters while intimidating the press and marginalizing independent agencies.

Now there is concern that the country's military rulers may seek to maintain some form of power. They have sent signals that the new constitution may offer fewer freedoms and more limitations than the one it is to replace.

At the moment, though, the country's leaders are being criticized for being too scrupulous.

They have not seized the assets of Mr. Thaksin, a telecommunications tycoon whose billions have been one of his tools of power; they have not revoked his diplomatic passport; they have not brought corruption charges against him; and they have left his major supporters free to reorganize and plan.

"To me, the bombs show that the coup has gone wrong," said Thitinan Pongsudhirak, director of the Institute of Security and International Studies at Chulalongkorn University. "They indicate that the military has lost control, has not been able to consolidate and demonstrate their rationale. The coup succeeded in ousting Thaksin but not much else."

On the battlefield, the generals' efforts to contain the southern insurgency have been met by increased violence.

In governing they have stumbled over proposed regulations involving liquor sales and a lottery.

On the economic front they have been condemned by foreign investors and bankers for causing a stock market crash in mid-December when they imposed and then modified strict currency controls.

In their attempts to address corruption, a chief rationale for the coup, they are facing a stubborn bureaucracy that is heavy with Thaksin appointees and is prepared to wait them out.

In their stated aim to promote national reconciliation, the generals' power grab seems only to have made things worse.

One concern among political analysts and diplomats is that the bomb attacks could lead to a harsher form of military rule and could delay the return to democracy.

The challenge to those in power, analysts say, is to reassert themselves as energetic managers and keepers of the peace without resorting to the heavy-handed measures more typical of military juntas.

But some members of the junta have let it be known that they are chafing at this slow pace and may already feel, in the words of Sunai Phasuk, a political analyst with the Human Rights Watch monitoring group, that "the time for being a gentleman is up."

Happily Ever AAFTA (WSJ)

By Robert B. Zoellick

The Wall Street Journal, January 8, 2007

This year President Bush and the Democratic-led Congress should launch a new Association of American Free Trade Agreements (AAFTA). The AAFTA could shape the future of the Western Hemisphere, while offering a new foreign and economic policy design that combines trade, open societies, development and democracy. In concert with successful immigration reform, the AAFTA would signal to the Americas that, despite the trials of war and Asia's rising economic influence, U.S. global strategy must have a hemispheric foundation.

Successful and sustainable international strategies must be constructed across administrations. Ronald Reagan called for free trade throughout the Americas, opened U.S. markets to our Caribbean neighbors, and completed an FTA with Canada. George H.W. Bush completed negotiations for a North American FTA, offered trade preferences to the Andean countries, negotiated peace in Central America, and freed Panama. Bill Clinton secured the passage of Nafta, launched work on a Free Trade Area of the Americas, and backed Plan Colombia.

George W. Bush enacted FTAs with Chile, the five states of Central America and the Dominican Republic. He also completed FTAs with Colombia, Peru and Panama. If Congress passes these agreements, the U.S. will finally have an unbroken

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line of free trade partners stretching from Alaska to the tip of South America. Not counting the U.S., this free trade assembly would comprise two-thirds of both the population and GDP of the Americas.

The AAFTA would draw together these 13 partners to build on the gains of free trade. It could also include the island states of the Caribbean Basin Trade Partnership Act. Starting with a small secretariat, perhaps in Miami, the AAFTA should advance hemispheric economic integration; link development and democracy with trade and aid; improve working and environmental conditions; and continue to pursue the goal of free trade throughout the hemisphere. It might even foster cooperation in the WTO's global trade negotiations. The AAFTA might be connected to an academic center, which could combine research and practice through an association among universities in the Americas.

The AAFTA could promote the business of trade by helping the private sector learn how to use FTAs, while encouraging business feedback that identifies impediments -- such as customs complications, regulatory red tape, the lack of financial, energy or other services, and infrastructure problems. It might use technology to create a virtual network of business opportunities, especially for small business.

Moreover the AAFTA should concretely demonstrate how aid and trade can be mutually supportive. U.S. Millennium Challenge Corporation grants are already enabling Central American countries to invest in physical and legal infrastructure matched to trade expansion. The U.S. Overseas Private Investment Corporation, Ex-Im Bank and Trade and Development Agency programs could be integrated, too. AID projects for labor and the environment could promote core standards, best practices, benchmarking and corporate social responsibility projects. The Inter-American Development Bank, a leader in connecting aid and trade, might help with grants and loans to strengthen small business, the economic empowerment of indigenous communities, and education -- all connected to open societies in a global economy. Finally, over time the AAFTA partners might examine how the various FTAs could be knitted together, although these steps would likely require new congressional action.

The U.S. cannot afford to lose interest in its own neighborhood. The pied pipers of populism in Latin America are taking advantage of the genuine frustrations, especially in indigenous communities, of people who have not been able to climb the ladder of opportunity. We should not let these populists dictate the debate. We already have seen that electorates in Mexico, Colombia, Peru, Central America and the Dominican Republic have recognized that trade with the U.S. offers jobs and hope. We need to build on that foundation with results that link trade, aid, good governance, property rights and better working and environmental conditions. Even where populists prevailed, substantial constituencies who view the U.S. as an economic partner have constrained backward policies.

To launch the AAFTA, the president and the congressional leadership must stand up to America's populist protectionists, too. The new chairmen of the House Ways and Means and Senate Finance Committees, Charles Rangel and Max Baucus, have signaled that trade may offer the best economic policy opportunity to work with the president. As Finance Committee Chair in 2001-02, Sen. Baucus worked closely with Sen. Grassley to authorize the negotiations for these FTAs. Rangel helped push preferential trade for Africa and the Caribbean. In response to urgings from New Democrats and Blue Dogs, the U.S. is the only country that includes mutual labor and environmental commitments in its FTAs, backed by enforcement. The administration worked with the International Labor Organization (ILO) and its developing country partners to check their laws with core ILO standards. In cooperation with Sen. Baucus, the administration developed special environmental review and comment procedures for Cafta, strengthening the role of local NGOs. The AAFTA offers more: an opportunity to design labor and environmental partnerships that would complement the rules in the FTAs. The alternative -- ignoring Latin America or defeating FTAs to court economic isolationists -- would leave the causes of workers and the environment to unlikely friends: poverty and populism.

The president and Congress are understandably absorbed by the dangers of war. But the United States cannot afford to ignore the rest of the world. The U.S. trade agenda has turned out to be our strongest lifeline to developing democracies in the Americas. It is not enough. With the passage of the FTAs with Colombia, Peru and Panama, the president and the Congress could use the free trade framework to spur an ongoing dynamic for development and democracy. Just as Alexander Hamilton created a self-reinforcing financial system that vitalized America to deal with future challenges, the AAFTA would create a working, adaptable mechanism that would strengthen the Americas in the 21st century.

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Mr. Zoellick was U.S. trade representative and deputy secretary of state. He is now vice chairman, International, at Goldman Sachs.

Coca Democracy (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, January 8, 2007

Evo Morales is an anti-American extremist who wants to turn Bolivia into another Venezuela. That naturally alarms Washington, but not enough to halt its war on drugs, which is aiding the president -- and leader of Bolivia's coca-growing peasant movement -- in his bid to become a dictator.

In a recent interview with the Bolivian Catholic radio station Fides, Mr. Morales explained that in 2003, when he was at a conference in Havana, Fidel Castro told him "not to stage an armed uprising" but to "make transformations, democratic revolutions, what [Venezuelan President Hugo] Chávez is doing."

The process Fidel advised requires the slow dismantling of institutions that act as checks on the executive while maintaining the guise of democracy. This calls for healthy poll numbers even while the rule of law is being trampled. Mr. Chávez had oil revenues to keep the masses happy while he put a noose around democracy. But Evo isn't so fortunate and he can't push through a constitutional coup without popular backing. So to generate support he has relied heavily on his defense of coca growers against a U.S. policy that presses countries in Latin America to destroy their crops.

Since his inauguration last January Mr. Morales has been dutifully complying with the Cuban dictator's instructions. He has purged the military leadership, broken contracts with energy investors to signal his control over the sector, and pushed through an election for a constituent assembly that is charged with rewriting the highest law of the land.

So far so good. But the assembly election didn't turn out the way he had hoped. In the event, Mr. Morales's Movement Toward Socialism (MAS) party won only 53% of the seats. Since the law requires a two-thirds majority to approve the new document, the president's party is looking at compromise with his political opponents in the drafting process.

Apparently this is the sort of thing Fidel did not counsel. So now the Morales government is insisting that ratification of the new constitution should require only a simple majority vote in the assembly or a simple majority in a national referendum.

To win on this point, Mr. Morales will have to run roughshod over the law and he has already begun. Over the Christmas holiday he unilaterally named four new justices to the Supreme Court's 12-seat bench. The president says these are legal recess appointments, but the opposition is crying foul because the MAS-controlled congress never initiated the nomination process that would have safeguarded the independence of the court. Bolivian democrats are worried that Mr. Morales will also try to alter the makeup of the constitutional court and the electoral council to favor his own objectives.

Things looks grim for democrats who believe that Mr. Morales is trying to remake the constitution in the image and likeness of Mr. Chávez's Venezuela, but they're not going down without a fight.

The center of the opposition movement is based in the energy-rich, agricultural lowlands of the eastern part of the country, where there is a long history of agitation in favor of more decentralized government. The Morales presidency, with its promise to expropriate and redistribute land, its heavy-handed intervention in the natural gas sector, and now its attempt at a constitutional coup, has heightened that sentiment and provoked a strong backlash against La Paz. In July, when Bolivians voted on the constitutional assembly, they also answered another ballot question regarding departmental (state) autonomy. In Santa Cruz, Pando, Beni and Tarija, autonomy won hands down.

More recently the east took to the streets. On Dec. 15 the opposition organized a "townhall meeting" in Bolivia's largest city, Santa Cruz, to rally against Mr. Morales's power grab. Pro-Morales supporters blockaded a highway outside of the city so that buses carrying protestors could not get through. As many as 60 people were injured and most of the buses had to turn back. But the rally was a success. An estimated 800,000 people congregated under the city's Christ the Redeemer statue to demand that a new constitution be ratified only with a two-thirds vote in the assembly, and that the call for autonomy be respected.

Mr. Morales, who badly needs to maintain the appearance of public support so that the international community tolerates his takeover, had to be embarrassed by this outpouring of democratic opposition. He is trying to spin the constitutional crisis as a confrontation between races and economic classes. But he has to worry about places like the poor and largely indigenous city of

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El Alto, just above La Paz, where there is evidence to suggest that many who voted for him are unhappy with his unlawful intervention in the constitutional process and growing impatient with his failure to deliver on economic promises.

This is where U.S. drug policy comes in. Railing against the Yankees who want to destroy peasant income has proven extremely effective in keeping the Morales base -- the country's indigenous coca growers who brought him to power -- energized and his numbers afloat.

He reaffirmed this last month. As his opposition swelled he suddenly announced that he would authorize a near doubling of the number of hectares that may legally produce coca. Then last week he inaugurated a coca industrialization plant in the province of Cochabamba, financed by his government along with Cuba and Venezuela. According to press reports, Mr. Morales told the Cochabamba crowd that coca "never killed anyone" and that the U.S. "should have a law to do away with drug addicts."

Mr. Morales shouldn't wish too hard for that. If Washington policy makers ever decide to tackle the demand for cocaine and stop blaming supply, Mr. Morales's political career would be in jeopardy.

• Write to ogrady@wsj.com1.

DOJ_NMG_0113160

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JANUARY 8, 2007 7:45 AM EST

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TERRORISM NEWS:

Conservatives Decry Terror Laws' Impact On Refugees (WP)

By Darryl Fears

The Washington Post, January 8, 2007

Conservatives who supported President Bush's reelection have joined liberal groups in expressing outrage over his administration's broad use of anti-terrorism laws to reject asylum for thousands of people seeking refuge from religious, ethnic and political persecution.

The critics say the administration's interpretation of provisions mandating denial of asylum to individuals who give "material support" to terrorist groups is so broad that foreigners who fought alongside U.S. forces in wars such as Vietnam can be denied asylum on the grounds that they provided aid to terrorists.

Advocates for refugees add that people who were forced to aid terrorist fighters at gunpoint could be labeled as supporters and turned away; such cases include a nurse who was abducted and told to treat a guerrilla fighter in Colombia and a woman in Liberia who said her father was killed and she was raped and forced to stand by as rebels occupied her home for several days.

"This is so indefensible," said Michael Horowitz, a fellow at the conservative Hudson Institute and a former lawyer in the Reagan administration. "It is causing heroes who fought for the United States to be afraid of being deported."

"It's outrageous," said Barrett Duke, vice president of public policy for the Southern Baptist Convention's Ethics and Religious Liberty Commission. "I think it's essentially a reaction of fear to the current terrorist danger." The language in the laws, he added, is "a knee-jerk reaction."

Gary L. Bauer, president of American Values, a conservative public policy group, said the anti-terrorism thrust of laws such as the USA Patriot Act and the Real ID Act is supported by most conservatives, "but the enforcement of it has lapsed into ludicrousy. The concept of material support is being distorted, and even the definition of the term 'terrorism' is being turned on its ear."

The number of individuals granted asylum since 2001 has fallen steadily, from 39,641 then to 25,257 last year, according to the Department of Homeland Security. The number of refugee arrivals has fluctuated since 2001, from a high of 68,925 that year to 28,304 in 2003 to 53,738 last year. But it has not risen as high as the 72,000 who were allowed into the country the year before the attacks on the World Trade Center and the Pentagon.

Vager Vang, 63, is one of thousands of ethnic Hmong refugees in the United States who is hoping to gain legal residency with his green-card application. Vang fought in Laos alongside U.S. forces during the Vietnam War and helped rescue an American pilot who was shot down there.

But according to some interpretations of the Patriot Act, Vang is a former terrorist who fought against the communist Laotian government. Although his admission that he fought with Americans helped him gain refugee status in the United States in 1999, it may have hindered his green-card application after Sept. 11, 2001. The application has stalled at the Department of Homeland Security, and Fresno Interdenominational Refugee Ministries, the California group that helped him fill it out, is suspicious.

"It's not like DHS is telling people, saying, 'We're holding up your green-card application because you may have provided material support to terrorists,' " said Sophia DeWitt, a project director for the ministry. "They're just not communicating anything at all."

In central Florida, Lam Kim, 47, is fighting deportation. Kim fled Burma after soldiers ransacked her parents' house and found letters from the Chin National Front thanking her for a donation. The organization, which the Bush administration has labeled a terrorist group, is fighting against the Burmese military junta.

Kim, who uses a pseudonym, said she gave the money to help the group feed people in her ethnic group. She was jailed for two years after arriving in the United States in 2004, and her asylum request was rejected by an immigration judge. "If I go back to Burma," she said softly over the telephone, "I have to give my life. I am not terrorist. I say it not fair."

A Colombian nurse living in California who declined to give her name said she was abducted by the Revolutionary Armed Forces of Colombia (FARC) outside Bogota and forced to treat one of their soldiers. She fled Colombia with her daughter in 2000 after her life was threatened in a note to her family. Her asylum request was rejected last year.

"I had no option," she said. "What will happen if I go back? I will be killed. They look for people. They know when they arrive at the airport. They have names."

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Critics say that during the past two years, the Homeland Security Department has refused requests to broaden waivers that would have opened doors to people such as Hmong and Montagnard fighters who helped the United States in Vietnam and asylum-seekers such as Kim.

Horowitz, of the Hudson Institute, said he hopes Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.), an opponent of "material support" provisions who has said the administration's definition of terrorists is a "catch-all," is serious about putting the issue on his agenda and holding hearings within the next two months. Leahy's spokeswoman said last week that the issue is high on his agenda.

"The key to ending these policies is in the hands of the new Democratic majority" in the House and Senate, Horowitz said. "I do not believe this is a sustainable policy."

Bauer, the American Values president, agreed, saying he plans to force the issue. "I've got a list of 150,000 conservative activists I e-mail," he said. "We're going to elevate it now as something we think time is long overdue for action."

If there are hearings in the Senate, Paul Rosenzweig, chairman of a Homeland Security advisory committee, could be called to testify. He said he is prepared to answer questions about why the department has not acted on complaints to grant waivers to people who, some say, clearly are not terrorists.

"I will completely own up to wishing we had done more, but it's a big department," he said. In the past year, the department broadened a waiver that allowed more ethnic Burmese refugees into the country, and it is in the process of broadening a waiver for Hmong and Montagnard guerrillas who fought for the United States.

The United States must be careful to not allow terrorists into the country, while fulfilling its promise to harbor the persecuted, Rosenzweig said. "It's a difficult problem," he said. "It isn't as easy as some might wish to balance the security risks that come with this and the humanitarian impulse."

Rosenzweig said that officials at the Homeland Security, Justice and State departments met with advocates about the waivers and that the meetings went well.

But few of the advocates agreed. "I wouldn't say the meetings went well," said Jennifer Daskal, a program director for Human Rights Watch. "The administration presented a proposal that would expand the waiver and basically said, 'Trust us.' It's been two years, and the administration hasn't done a whole lot to instill confidence."

Melanie Nezer, an attorney for the Hebrew Immigrant Aid Society, said, "They're proposing to broaden the waiver, but the waiver hasn't worked." While the administration grants waivers to ethnic Burmese in refugee camps outside the country, she said, it rejects the applications of persecuted Burmese already in the United States.

"It's an unbelievable problem because it's absurd," Nezer said.

Men In Jordan Charged With Attack Plots (AP)

AP, January 8, 2007

Two men were charged Sunday with plotting attacks against Americans living in Jordan.

Prosecutors indicted Mohammed Shehada, 25, a Jordanian, and Sameeh al-Hotari, 25, who was born in Kuwait, for conspiracy to carry out terrorist attacks and possession of an automatic weapon, a Kalashnikov.

Shehada and al-Hotari, who were in police custody, allegedly decided to avenge Muslims "who suffer from the Americans" and planned to kill an American man who lived in a suburb of the Jordanian capital, Amman. The indictment did not identify the American.

The two suspects began watching the American in August but were arrested before they could try to kill him, the indictment said.

The two men were accused of plotting to kill other Americans, but indictment did not give specifics about those plans.

There was no information about attorneys for the two men, and a trial date has not been set.

First Wiretapping, Now Letter-opening? (LAT)

The Los Angeles Times, January 8, 2007

THE BUSH administration seems determined to raise the specter of surveillance over every means of communication within the United States. Not content to monitor selected phone calls and e-mails in secret, it recently hinted that letters and packages may be opened without a search warrant too.

The disclosure came in yet another presidential "signing statement," in which President Bush gives his opinion about the legislation on his desk. This one accompanied the Postal Accountability and Enhancement Act — a bill to modernize how the Postal Service sets rates, promotes competition with private carriers and shores up funding for its employee retirement benefits.

In his statement, Bush seemed to assert a broader right to do warrantless mail searches than postal regulations allow. The executive branch, he said, would interpret the section on mail privacy "in a manner consistent, to the maximum extent

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permissible, with the need to conduct searches in exigent circumstances … and the need for physical searches specifically authorized by law for foreign intelligence collection."

Befuddled, some privacy advocates started asking why the White House felt compelled to assert these surveillance powers when the issue wasn't even on the table. Was Bush trying to provide cover for another secret monitoring program? Was he laying the groundwork for a new one? Was he prodding balky government agents into being more aggressive on mail searches?

Suspicions have undoubtedly been heightened because of the administration's aggressive use of signing statements to defend executive-branch prerogatives, even when they're not at issue. By late July, Bush had used them to challenge more than 800 provisions of bills he signed into law. All of his predecessors combined had challenged fewer than 600 provisions in that manner.

The White House tried to allay fears last week about mail snooping. "There is nothing new here," said spokesman Tony Snow. The statement, he said, is "merely a statement of present law and present authorities granted to the president."

On the surface, he's right. The courts have allowed searches without a warrant under "exigent circumstances," and the Foreign Intelligence Surveillance Act permits them in emergencies when the targets are foreign agents or terrorists.

Still, it's hard not to be suspicious of the president's position on mail privacy, given the administration's record on the issue of domestic surveillance. In the name of the "war on terror," it has taken an unusually expansive view of government power and a correspondingly restrictive view of individual privacy rights. It also has sought to redefine what constitutes a "reasonable" search, and has often done so unilaterally and in secret.

The administration may indeed be up to nothing new when it comes to mail — and that's not the least bit comforting.

Government: Out Of Our Mail (SFC)

San Francisco Chronicle, January 8, 2007

IN YET another power grab that whittles away our rights without a plausible justification, President Bush has given the government expanded authority to read our mail.

This White House has long signaled that it will do what it wants in the name of national security, laws be damned. It has reserved the government's right to detain and even torture suspects without due process, and has asserted for itself wide latitude to electronically eavesdrop on Americans without obtaining search warrants.

So perhaps it should surprise no one that Bush would add a "signing statement" to a postal-reform bill passed by Congress that suggests the new law allows the opening of mail that would be "otherwise sealed against inspection" for broadly defined security purposes.

Once again, the White House attempted to downplay the significance of a signing statement, insisting the president was not trying to exert any new authority. Instead, the Bush spinners said the purpose of the signing statement was to reiterate current law, which clearly does allow postal authorities to open a package suspected of containing a ticking time bomb -- the example of choice for those trying to pooh-pooh the concerns. Also, before the administration tries to trot out a red herring about wanting to intercept "letters from al Qaeda" without delay, it has every opportunity to do so under current law -- and could then apply for a warrant after the fact.

Bush has added hundreds of similarly substantive "signing statements" to legislation he has approved during his presidency. Some of his statements have unilaterally weakened, or in some cases even overturned, the intent of a bill passed by Congress. His signing statements have tempered congressional attempts to outlaw torture, limit political meddling in scientific research, protect whistle-blowers and recruit women and minorities into the intelligence services.

Before Bush took office, presidential signing statements were relatively rare and mostly limited to expressions of how an administration planned to carry out the stated intent of Congress -- not significant changes in policy.

In this case, the signing statement appears to weaken the Postal Accountability and Enhancement Act's reiteration of basic protections of first-class mail from searches without court approval.

If the Bush administration believes those protections are excessive in this era of terrorism -- a highly dubious argument, considering the latitude in the law to inspect packages of suspicious nature or origin -- then it had every opportunity to raise its concerns and to propose modifications while the bill was being aired on Capitol Hill.

"Just trust us," seems to be the operative phrase of this administration.

However, history has shown the potential for government abuses in the absence of strong mail-privacy laws. Bush continues to roll back the clock -- and the Constitution -- with his signing statements.

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HOMELAND RESPONSE:

False Alarm Tests Miami Port's Security (MH)

By David Ovalle, Jay Weaver, Aldo Nahed And Rob Barry

The Miami Herald, January 8, 2007

What started as a potential terrorist plot at Miami-Dade's seaport Sunday morning quickly flubbed into a sobering reminder of the post 9/11 state of fear.

Initially, the story line sounded startling:

Officers stopped a Middle Eastern man driving an 18-wheel rig with mysterious cargo. Two men, the reports went, were discovered hiding in the trailer portion.

The men had tried to "slip" past security and the port was shut down, media outlets reported.

The truth, however, emerged far less threatening -- the men were not terrorists and were only hauling electrical auto parts. Ultimately, the scare was blamed on miscommunication and unfounded reports.

"We live in a different world these days, and we have to take these situations very seriously," said James Maes, assistant seaport director for safety and security.

The story unfolded on a brilliant Sunday morning as hordes of passengers flocked to the looming cruise ships at one of the nation's busiest ports.

An Iraqi-born trucker from Michigan appeared at about 8 a.m. at the port's main entrance without proper identification, police said.

The 20-year-old driver said he was alone -- at least, that's what the security guard understood -- and the truck was rerouted to another checkpoint.

"I can't tell you how this miscommunication occurred, but apparently there was some kind of miscommunication -- apparently there was a language barrier," said Miami-Dade Lt. Nancy Goldberg, a spokeswoman.

State law dictates anyone that without the proper port ID be rerouted to another checkpoint. There, Miami-Dade officers spotted the two other men, ages 28 and 29, one of whom had no ID.

The alarm was sounded.

"Based on these series of events and in an abundance of caution, we initiated security protocols that included calling in our Southeast Regional Security Task Force," Goldberg said.

That includes the FBI, Immigration and Customs Enforcement, the U.S. Coast Guard, the Florida Department of Law Enforcement and U.S. Customs and Border Protection.

FBI agents questioned the men.

County and federal authorities used a gamma ray ID device to examine the blue 40-foot container, which had 22 pallets inside.

Miami-Dade's bomb squad responded. A machine called a radio isotope device, known as RID, was used to rid any notions of radioactivity inside.

"We X-rayed the container, and the contents consisted of what was manifested on the shipping documents," said Jose Ramirez, the customs agency's port director.

The cargo indeed matched its manifest: auto wiring harnesses bound for Latin America. The devices are used to help rewire electronic equipment like stereos in cars.

By 5:15 p.m., authorities stood in front of local and national reporters to stress that despite the false alarm, security procedures unfolded perfectly.

Detectives from Miami-Dade's homeland security bureau will determine if the men will face any criminal or administrative charges.

The identities of the men, two Iraqis and one Lebanese, were not released on Sunday. Their employer was unknown.

All three were legal U.S. residents -- none were on any terrorist watch lists.

At least two of the three had a criminal history, according to several law enforcement sources.

By early afternoon, reporters had flocked to a staging area near where passengers embark on cruise ships.

For some reporters, the long lines seemed an indication of ramped-up security -- it was, in fact, normal Sunday traffic.

In the ensuing hours, various authorities and sources gave differing details, adding to the confusion. Soon, rumors had made their way into news reports online and on television.

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Some outlets reported the port had closed. Others, including The Miami Herald's website, reported the discovery of two 55-gallon containers, a subtle indication of dangerous chemicals.

"There was some confusion," said Lt. Goldberg.

In the era after the terrorist attacks of Sept. 11, 2001, such scares are not unprecedented.

In September 2002, three medical students who made off-color remarks about 9/11 at a Georgia restaurant sparked a similar law enforcement response and media frenzy after blowing through a toll booth on Alligator Alley.

On Sunday, authorities -- as they did then -- reminded reporters that the incident proved a valuable drill.

"The security checks and balances at the port worked well and effectively. What in the past would have taken us three to four days had taken the federal, local and state authorities a few hours to investigate and resolve," Goldberg said.

By the time of the much-delayed press conference, the mood had lightened -- especially when a cruise ship horn and one from a passing car, playing the squeal of a horse, interrupted the speakers.

Herald staff writers Evan S. Benn and Luisa Yanez contributed to this report.

3 Men Held After Misunderstanding About Truck At Miami Port That Seemed Suspicious (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 8, 2007

The arrival of a suspicious cargo truck at the Port of Miami Sunday sparked anxiety, confusion and a flurry of rumors involving hidden passengers and possibly hazardous cargo.

Federal agencies were called in and reporters flocked to the scene. By mid-afternoon the story of a potential terrorist threat at one of the nation's busiest ports was playing on every major news network.

But at the end of the day, the security situation amounted to nothing more than a false alarm caused by miscommunication, authorities said.

"The Port of Miami is safe," Miami-Dade police Lt. Nancy Goldberg announced shortly after 5 p.m. At no time during the day was cargo or cruise traffic disrupted, she said.

The scare started at approximately 8 a.m. when a truck, ostensibly carrying auto parts, pulled into the port's main gate. The driver, a 27-year-old Iraqi national, did not have a port-issued identification card and was sent to a security office to obtain a one-day pass.

At the main gate, the driver said he was alone, according to Goldberg. However, when the truck was inspected more thoroughly, Miami-Dade police officers found two men in the cab -- a second Iraqi, 23, and a Lebanese national, 20.

The additional passengers, and the fact that one was not carrying any identification, led police to detain the men and treat the situation as a possible terrorist threat, Goldberg said.

Investigators moved the truck to the port's examination facility to be X-rayed and screened for radioactive emissions. The inspection determined the 45-foot trailer contained electronic automobile parts--just as the driver's manifest stated.

Meanwhile, agents with the Federal Bureau of Investigation spent hours interviewing the men -- two brothers and a friend, according to FBI spokeswoman Judy Orihuela. The names of the men, who reside legally in Dearborn, Mich., were not released.

Orihuela insisted the heightened security alert was not a case of racial profiling. "It would have been the same response regardless," she said.

After lengthy questioning, the agents concluded the men were harmless and that the day's sinister-seeming events resulted from a simple misunderstanding between the truck driver and the port security officer regarding the number of passengers in the truck.

"He was asked and he stated that he was by himself," Goldberg said.

The truck driver and passengers speak "some English," while the port employee who questioned the driver is a native Creole speaker, she said.

The driver, who worked for a Dearborn, Mich., trucking company, might also have lied initially about being alone because many trucking businesses have strict rules about extra passengers, one law enforcement official said.

The men remain under investigation by the Miami-Dade police in connection with possible criminal or administrative violations, Goldberg said.

She praised the response from local, state and federal agencies, saying it would be a mistake "to minimize" any possible threat to port security.

"We have to be alert as a country to absolutely anything because the public depends on us," she said.

Miscommunication Cited In Port Alert (NSDY/AP)

DOJ_NMG_0113167

By Kelli Kennedy, Associated Press Writer

Long Island Newsday, January 8, 2007

MIAMI -- Three legal immigrants in a cargo truck were detained at the Port of Miami on Sunday after a routine inspection raised concerns, but police say the incident may have stemmed in part from a language barrier.

The port's cargo area was shut down Sunday as the Miami-Dade bomb squad X-rayed the truck and scanned it for radioactive materials. Nothing unusual was found, officials said.

The men in the truck -- two Iraqis and one Lebanese national -- were still detained by local police Sunday evening, but authorities said no federal charges were expected. Officials initially said the men, all permanent U.S. residents, had been caught trying to slip past a checkpoint at the port's entrance.

A port security officer became suspicious when the truck driver could not produce proper paperwork in a routine inspection to enter the port about 8 a.m., Miami-Dade police spokeswoman Nancy Goldberg said.

The driver also indicated he was alone in the truck, though security officers found two other men in the cab, she said. The two passengers, ages 28 and 29, were a friend and a relative of the 20-year-old Iraqi driver, she said.

"Due to a miscommunication between the gate security personnel and the truck driver, we believe there was a discrepancy in the number of people in the vehicle attempting to enter the Port of Miami," Goldberg said. "This, and the fact that one of the individuals did not have any form of ID, raised our level of concern."

"Maybe it could have been a language barrier; we don't know at this point," she said.

The truck's contents -- electrical automotive parts in a 40-foot container -- matched the driver's cargo manifest, Goldberg said.

The port's cargo area was shut down Sunday as the Miami-Dade bomb squad moved the truck away from public areas of the port to X-ray and scan it for radioactive materials.

More than 20 pallets containing spools of wire and other automotive parts taken from the truck were still being scanned, but no radioactive material had been found, said Jose Ramirez, a U.S. Customs and Border Protection spokesman.

The three men remained in local police custody for questioning, Goldberg said, but had not been arrested or charged by Sunday evening.

The men do not appear on any terrorist watch list, said Barbara Gonzalez, a U.S. Immigration and Customs Enforcement spokeswoman.

The FBI and the Department of Homeland Security were called to the scene, along with federal and local law enforcers, "in an abundance of caution," Goldberg said.

The Port of Miami is among the nation's busiest. More than 3.6 million cruise ship passengers traveled through in 2005. Its seaport services more than 30 ocean carriers, which delivered more than 1 million cargo containers there in 2005.

Passengers in the normally busy cruise ship area of the port were unaware of the official bustle in the cargo area. When told of the situation, some said they thought it probably made boarding lines longer. But officials said Sunday's long lines were normal.

"I feel freaked out," said Connecticut resident Allie Tetreault, 23, who was waiting to board a Caribbean cruise when she heard about the security alert. "That's not good to hear right before you are going on vacation."

* —

Associated Press writer Phil Davis in Tampa, Fla., contributed to this report.

Bill Would Order All Air Cargo Screened (USAT)

By Thomas Frank

USA Today, January 8, 2007

WASHINGTON — The House of Representatives could approve an aviation-security measure Tuesday that would require all cargo on passenger planes to be inspected for bombs.

The measure is part of a 277-page Democratic bill that is likely to pass in the House. Its final approval is uncertain, however, amid criticism from industry groups that warn that it could prevent quick delivery of vital goods.

Each year, U.S. passenger planes carry about 6 billion pounds of cargo, typically sent by businesses that want fast shipment. Such cargo is carried on passenger planes to speed delivery and is stored in the belly of jets along with passenger luggage.

Democrats, who took control of Congress last week, are pushing for the air cargo provision as part of a bill aiming to bolster homeland security. They say it would close a major hole in security.

Inspections are now done on only a small portion of cargo on passenger planes.

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"Passenger planes are still at the top of the terrorist target list," said Rep. Ed Markey, D-Mass., Congress' leading advocate for cargo inspection. "Here is a backdoor way onto planes."

Cargo aircraft, which carry about 75% of air shipments and have far fewer people on board, would not have their goods inspected.

Airlines and cargo companies say inspections would take so long that passenger planes could not carry goods that require fast delivery. That includes live seafood and other perishables, and items such as auto parts that manufacturers want brought directly to plants to avoid storage costs.

"These requirements will slow down the flow of commerce," said Brandon Fried, executive director of the Airforwarders Association, whose members move cargo from businesses to air carriers.

Airlines might cancel certain passenger routes if those flights can no longer carry cargo, said David Castelveter, spokesman for the Air Transport Association, which represents major U.S. airlines. That's because cargo shipments can provide a large portion of a flight's revenue, and a route may not be profitable without cargo.

Markey dismissed gloomy scenarios and noted that under the legislation, passenger airlines would not have to inspect all cargo until September 2009.

The Transportation Security Administration regulates air cargo largely by setting security requirements for companies that ship goods on passenger planes and inspecting those companies.

Markey's four-year push for cargo inspections has its best chance of passing now that Democrats control the House and Senate, said Fried, who told an aviation security conference last month that he vows a "massive lobbying campaign" against such cargo inspection.

Markey said he's not sure whether the Senate will retain a cargo-screening provision in its bill. House approval "will result in more pressure," he said.

On Friday, 10 groups including the U.S. Chamber of Commerce sent lawmakers a letter urging "realistic solutions" that focus inspections on high-risk shipments and encourage companies to tighten cargo security.

Sen. Jay Rockefeller, D-W.Va., chairman of the Senate aviation subcommittee, has asked the TSA whether cargo can be secured without inspecting every package, his spokeswoman Wendy Morigi said. If it can't, Rockefeller "will look to see how we can realistically achieve 100% physical screening," Morigi said.

Congress And Your Security (NYT)

The New York Times, January 8, 2007

The new Congress is about to revisit some perilously neglected needs of homeland security, with Democrats determined to mandate inspection of all incoming sea cargo by 2012. This is an overdue protection that Republicans bottled up in the last Congress. The House, run now by the Democrats, plans swift passage of legislation requiring both stronger port security and the screening of all air cargo over the next three years.

The bipartisan commission that studied the Sept. 11 terrorist attacks criticized Congress for neglecting these vital steps. They should long ago have been antiterrorism no-brainers for the nation. The complaints of business lobbyists about undue burdens on commerce pale when compared with the havoc that would be created in the American economy if terrorists mounted another major attack.

The Senate should move quickly on these important protections. That chamber will also face a key test of whether the new Democratic majority can override the selfish regional politicking that has skewed the formula for distributing homeland security aid to states and localities. The House proposal is properly written as a risk-based formula, awarding more aid to states like New York and California and other areas where the obvious risks are greater. The question is whether senators from less populated states will again be able to treat homeland security funds as just more local pork, rather than focusing on demonstrated threats.

During last year's Congressional election campaign, the Democrats promised to deliver on the neglected proposals of the 9/11 commission. The House legislation gets only part of the way there. On the imperative need for ensuring radio compatibility between different first responders, it creates study grants for localities and states rather than imposing clear deadlines for addressing the problem and fixing it.

The legislation also sidesteps some of the 9/11 commission's most important findings about the dysfunctional intelligence apparatus. It fails to declassify the nation's costly intelligence budget — a necessary first step for understanding the murky ineptitude of this branch of government. It also makes no effort to rationalize or referee the counterproductive rivalries between the Pentagon's intelligence agencies and their civilian counterparts.

The House measure amounts to a worthy step forward, but one that does not go far enough. The new Congress should be uncompromising on the challenges of homeland security.

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Politics: A White House Shuffle (NSWK)

By Mark Hosenball

Newsweek, January 15, 2007

Intelligence insiders expect recent personnel shifts to strengthen the authority of the national intelligence director, the job Congress created to improve U.S. spy operations after September 11, 2001. Last week the White House announced that the first "intelligence czar," Ambassador John Negroponte, would return to the State Department as Condoleezza Rice's deputy. His replacement: Mike McConnell, a retired Navy three-star admiral whose career path is similar to that of new CIA Director Michael Hayden, a four-star Air Force general; both men once directed the eavesdropping agency NSA. New Defense Secretary Robert Gates is expected to replace Defense Intelligence Under Secretary Stephen Cambone with another military man, retired Air Force three-star Gen. James Clapper, who headed a spy-photo agency known as NGA. "They have known each other for years and get along very well," said a CIA official, who asked not to be identified discussing an intelligence issue.

Under Negroponte, the intel czar's office was praised by both congressional and executive-branch officials for greatly improving—via its National Counterterrorism Center—the sharing among relevant agencies of intelligence reports about terror threats. But the office was criticized for slower progress in sharing intel on other subjects—including nuclear proliferation—and for establishing a new layer of bureaucracy. A big criticism was that, in the face of alleged obstruction by former Defense secretary Donald Rumsfeld, the intel czar's office had too little control over Pentagon intel agencies like the giant NSA. Assuming Clapper does become Pentagon intel chief, however, relations between Defense agencies and the intel czar's office may improve considerably: four intelligence officials, who asked for anonymity discussing intel issues, say that Clapper once angered Rumsfeld by telling Congress he would be comfortable if his NGA operation was moved out of Pentagon control and under direct control of the intel czar. At the time, Hayden, then chief of NSA, expressed similar sentiments.

Congress: Is A Katrina Probe On? (NSWK)

By Mark Hosenball

Newsweek, January 15, 2007

One early indication of how aggressively Capitol Hill Democrats will investigate the Bush administration—and how strongly the White House will resist—will be how vigorously the new congressional majority pursues Katrina inquiries.

Under GOP leadership, both House and Senate committees sought copies of Katrina records, but the White House declined to turn over messages between the president and his top advisers. According to a GOP investigator involved with the probe, who asked to remain anonymous discussing sensitive matters, Bush aides indicated that if Congress pressed harder, the White House was likely to claim such material was covered by executive privilege. But now that the Democrats have subpoena power, an effort to force the White House to turn over the messages is a "possibility," says a House Democratic source, who also asked to remain anonymous due to political sensitivities. Democrats have ample reason to believe such material could provide new evidence of White House bungling: former FEMA chief Michael (Brownie) Brown told NEWSWEEK that in a still-secret videoconference shortly after Katrina hit New Orleans, he warned presidential aides that 90 percent of the city was being "displaced," but was greeted with "deafening silence."

The Dems Now Have Some Dogs In The Fight (USNEWS)

By Bret Schulte

U.S. News and World Report, January 7, 2007

Democrats won a stunning victory in November, but that may have been the easy part. Now, they have to prove to voters they can stand together to get things done. But, as Republicans learned on issues like immigration, party unity can be a fleeting notion.

Veteran liberals such as House Speaker Nancy Pelosi and Charles Rangel, chairman of the House Ways and Means Committee, hold the party's reins, but their power is likely to be tested by a group far removed from the party establishment-conservative Democrats who are flexing newfound muscle. Eighteen of 41 incoming House freshmen joined the New Democrat Coalition and/or the Blue Dog Coalition, caucuses of pro-business and fiscally conservative Democrats, respectively. Both were born in the wake of the 1994 Republican revolution. Moderate New Democrats claimed the mantle of pragmatists like Bill Clinton. Pro-technology and free trade, the New Democrats boast a few more members, but the budget-minded Blue Dogs may have more bite. Now 44 members strong, this conservative caucus looks to be a cohesive voting bloc on fiscal issues. It also claims some freshman stars, like former NFL quarterback Heath Shuler of North Carolina and former sheriff Brad Ellsworth of Indiana, both of whom won in GOP strongholds. Fourth-term Arkansas Rep. Mike Ross, cochair of the Blue Dogs, says party leaders recognize them as a "force to be reckoned with," adding, "We didn't defeat Republicans with liberal Democrats. We're in the middle ... and that's where we're trying to bring our party."

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Both Pelosi and President Bush met with caucus members before Congress reconvened. Pelosi has doled out key assignments as well, putting seven Blue Dogs on the House Appropriations Committee, which controls congressional purse strings. Conservative Democrats are the driving force behind three key initiatives in Pelosi's touted 100-hour plan: implementing pay-as-you-go rules requiring Congress to offset new spending, adding transparency to the earmarking process, and promising members adequate time to review a bill before a vote.

Muscle. That's a far cry from the years when Blue Dogs operated on the fringe with hard-line members mostly from the South and Midwest. But as the federal deficit grew, so did their numbers, with members from California to New York. They still represent mostly rural regions, and while a few take liberal stands on abortion and gay marriage, most are pro-gun, pro-defense, and antiabortion. Many feel that has kept Blue Dogs from leadership positions. By contrast, New Democrat Rep. Rahm Emanuel led the party's bid to win back the House. But, in a sign of the times, he did so by recruiting Democrats more conservative than himself.

That strategy could set the stage for some testy battles with old-guard liberals now chairing key committees-not only Rangel but Rep. Henry Waxman of the Committee on Oversight and Government Reform and Rep. John Dingell of Energy and Commerce. Observers expect the biggest fights to be over pay-as-you-go rules, which are anathema to more free-spending liberals. Showdowns are possible over some key Democratic initiatives, such as halving interest rates on student loans and reforming the alternative minimum tax so it doesn't hit more middle-class families-a fix that could cost the government $50 billion to $70 billion a year. Under pay-as-you-go rules, Democrats would have to find a way to offset that cost. Michael Franc of the Heritage Foundation expects Democrats to be tempted to waive the rules in tricky cases-thus inflaming the party's conservative wing-or raise taxes, which could be politically dangerous. "If Blue Dogs say, 'We're not going to give you a bye on this'... they've created a $50 billion headache for Charlie Rangel," Franc says.

Headaches aside, Ross says the Blue Dogs will stand firm. "There's going to be a natural conflict," says James Thurber, a political scientist at American University, "between Blue Dogs and the old bulls that are chairs."

Even in the more moderate Senate, a new middle may be emerging. Sen. Olympia Snowe of Maine is overhauling the long-standing Senate Centrist Coalition to create a less formal atmosphere for Republicans and Democrats to talk over a weekly lunch or breakfast. Even the word centrist is likely to go in order to avoid any ideological association. New independent Joe Lieberman and Republican Lamar Alexander, meanwhile, are creating their own weekly, bipartisan breakfast group. Cynics note that bipartisanship and moderation always sound good at the beginning of a new Congress. And Pelosi's plan to kick-start the Democratic majority is mostly "low-hanging fruit," Thurber says. "The hard stuff comes with tax reform, Iraq, immigration, and healthcare." That's when we'll see just how well these Democrats can get along.

Changing The Guard (USNEWS)

By Silla Brush

U.S. News and World Report, January 7, 2007

The Democrats swooped into Washington last week for their first week in power in 12 years. House Speaker Nancy Pelosi, the first woman to lead the House, hoisted the gavel, was serenaded by Tony Bennett and the former members of the Grateful Dead, and had a hometown Baltimore street named after her. In the House of Representatives, the party passed a set of ethics and earmark reforms in the first two days of the session and now embarks on a 100-hour legislative sprint to show it can govern. In the coming days, President Bush will deliver his much-anticipated speech on Iraq policy, and Democrats have plans to haul Defense Secretary Robert Gates and the nation's top intelligence officials before Congress.

There's no mistaking the shift in tone and power on Capitol Hill. Elected with a mandate to clean up Washington by a deeply disgruntled public, Democrats have a mighty task ahead and a plan to move quickly in the first few weeks. But their efforts are fraught with any number of challenges: holding the progressive and centrist wings of the party together, turning legislation into law with the slimmest of Senate majorities, and working with a president who has seen little resistance from Capitol Hill during his six years in office. How Democrats fare in the next few months-before the presidential election begins to overwhelm Washington-will help determine whether the party maintains control in 2008 and beyond. And for political junkies, it should be quite a show.

Beginnings. First up, Democrats plan to pass their 100-hour agenda through the House before the president's State of the Union address on January 23. "It's not the specifics of what they pass that matters," says Mickey Edwards, a former Republican representative from Oklahoma. "What matters is that when Bush stands up in front of Congress, the people in front of him have already sent notice to him that they're in charge."

The Democrats' agenda, known as the Six for '06, encompasses six politically appealing bills. Those measures would hike the minimum wage to $7.25 an hour, increase federal funds for embryonic stem cell research, implement most of the 9/11 commission's still-outstanding recommendations, repeal tax breaks for oil companies, halve interest rates on student loans, and

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allow the government to negotiate the price of Medicare prescription drugs. "We view these first 100 hours as essentially a mandate of the American people," said House Majority Leader Steny Hoyer. "We said to the American people that if you elect us, this is what we'll do." Democrats have decided to proceed with their agenda without an opportunity for Republicans to add amendments to the bills or to let the bills pass through the normal committee hearing procedure. Republicans immediately cried foul, but Democrats counter that the bills have been subject to congressional hearings in the past and were supported in the election.

The six bills may very well sail through the House, since the Democrats hold a 233-to-202-seat majority there. That's the easy part. "Passing the four items out of the House is training camp," says Brad Woodhouse of the Change America Now coalition, a group of labor unions and progressive groups that is lobbying for the agenda. "Getting them through the Senate is the regular season. Getting them signed by the president is the Super Bowl." Take embryonic stem cell research, for example: In 2005, Bush used the sole veto of his presidency to override a bill that would have increased such funding.

Deliberation. What happens next in the Senate could take much longer. Majority Leader Harry Reid has said Democrats' first 10 bills will follow normal procedures and be open to committee hearings. With a narrow 50-to-49-seat majority in the Senate-well short of the 60 votes necessary to overcome a filibuster-Democrats know they must work closely with Republicans to pass legislation. The tenuous nature of their hold has been underscored since mid-December, when Democratic Sen. Tim Johnson of South Dakota suffered a brain hemorrhage and was rushed to the hospital, where he remains in critical condition. Then there are the competing ambitions of roughly 10 presidential candidates from both parties, including presumptive front-runners John McCain, Barack Obama, and Hillary Rodham Clinton, that Reid must navigate.

The Democratic unity could be put to the test soon after the State of the Union speech, when Democrats begin to tackle a litany of thorny issues-from labor laws governing union organization to trade authorization and universal healthcare-that could drive a wedge between conservative and liberal Democrats and complicate the re-election of Democrats who won narrowly in heavily Republican districts. Labor unions and the party's left wing have bought into the 100-hour agenda as a "down payment" for their wish lists of new programs and laws. "There is no question. [Pelosi] is in a hard spot," says Robert Borosage, head of the progressive Campaign for America's Future. "The base of the party is demanding a significant challenge to the president."

The party's tensions were most visibly on display last week over Iraq. Democratic House Caucus Chair Rahm Emanuel tried to hold a press conference, only to be drowned out by a war protesters led by Cindy Sheehan, who became a household name after protesting outside the president's ranch. "De-escalate, investigate; troops home now!" they chanted, driving Emanuel back into a closed-door meeting. Democratic leaders, Sheehan said, "need to include the grass-roots voices."

Many of the tough oversight hearings on issues such as no-bid contracts in the aftermath of Hurricane Katrina and food and drug safety methods are likely to come after the State of the Union address so as not to overshadow the 100-hour agenda. Rep. John Dingell of Michigan, a 51-year veteran of the House, is finalizing his roster of Energy and Commerce Committee lieutenants this week and will then decide on hearings and potential legislation; Rep. Henry Waxman's powerful Committee on Oversight (newly added to the title) and Government Reform is doing pretty much the same thing. Several committees in both houses have vowed tough oversight hearings on Iraq, but the political challenges are heady; Congress has few options other than restricting or adding conditions to the funding of the war. "We will work on that to the best of our ability," says Reid. He and Pelosi warned Bush late last week that a troop surge would be misguided and urged the president to plan a phased withdrawal of troops.

Those old bull Democratic committee chairmen like Dingell, Waxman, and Rep. Charles Rangel of New York have been out of power for 12 years and are now eager for vigorous oversight, which could put them at odds with younger Democrats, who have a more centrist ideology and who worry about re-election in Republican-heavy districts. "I think there is an overall appreciation by the most senior members," says Rep. Joe Crowley of New York, a veteran moderate Democrat, "that the reason why Democrats are in control of the House is that we were able to reach beyond the traditional voting bloc to moderates." Such tensions haven't yet manifested themselves, but Democratic strategists see potential problems on issues like trade, spending, and taxes.

The most bruising fights in Congress will most likely come down to dollars and cents budget questions in the spring. Bush said last week he'd work with congressional Democrats, while throwing down the gauntlet on any attempt to raise taxes and saying his economic plan would balance the federal budget by 2012. Democrats so far vow to abide by rules that require any increase in new entitlement spending to be offset by tax revenue or cuts to other programs. The Democrats in charge of the House Budget and Appropriations committees have said Congress will "face a fiscal challenge of historic proportions" in 2007, given the costs of both the Bush tax cuts and the Iraq war (the president will ask Congress for roughly $100 billion in a supplemental bill in February). "I don't think you'll see a major liberal agenda pushed by the Democrats' caucus at the end of the day," says Jim Turner, a former Democratic representative from Texas. "Once the war is behind us and we have a chance to recover from the huge deficits that we're facing, then maybe."

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Democrats and Republicans have pledged cooperation, with Senate leaders holding a bipartisan meeting last week to find common ground. But Republicans have a simple new fact to learn-life in the minority. "It's important to recognize," Senate Minority Leader Mitch McConnell said, standing beside Reid, "that over the past 25 years some of the most important achievements have been during a period of divided government." After their November losses, House Republicans said they'd strongly attack Democrats from the get-go, but they've now softened their approach-at least for the first month.

The bipartisanship may hold through January, giving Democrats something of a political honeymoon. How well they avoid the political traps in the months ahead and help shape Iraq policy will go much further in determining whether the 2006 election was merely a blip in the Republicans' control or a decisive realignment.

The Perils Of Pouting (USNEWS)

By Gloria Borger

U.S. News and World Report, January 7, 2007

Believe it or not, lots of Republicans are downright chirpy these days. Yes, they lost the election. Big time. And they've lost their top committee assignments. And their big office suites. They're downsizing, to be sure, and that's not an easy or pleasant thing to do. On top of that, they've got a Republican president with an all-time-low approval rating of 30 percent. "And that's not good for any of us," says Tom Cole of Oklahoma, the newly elected chairman of the House GOP campaign committee.

So why the smiles? Because the now minority congressional Republicans are feeling liberated. The burden of trying to run a fractious Congress is gone. Now they get to become professional critics. No longer do they have to sweat to deliver a "majority of the majority" to the White House for every big vote-including Iraq. They can be the opposition voice, the backbenchers, the unruly minority. After all, they earned it.

But there's a peril in their new circumstance. The temptation is to behave badly, to prove the Democrats can't get anything done and don't deserve their new majority status. They can complain, as they did this past week, that they're being unfairly shut out of the legislative process. They can become obstructionist if they want; there's plenty of precedent for that. But to simply oppose would be a huge mistake: The public asked for reform and change. To get in the way of that would only be self-destructive.

A losing hand. Yet last week, the Republicans spent much of their time wallowing in a burst of newfound self-righteousness, whining about the Democrats' fast-track legislative strategy-passing ethics reform, then quickly moving on to popular issues like an increase in the minimum wage and federal funding for embryonic stem cell research. The Democrats went straight to the floor, bypassing the usual legislative committees and refusing to allow any amendments. After all, they argued, these measures have been fully vetted, debated, and redebated. Republicans, however, pretend to be shocked, shocked at this betrayal of House rules. Spare us the outrage. Have they forgotten that time in 2003 that the very partisan Tom DeLay and company prolonged a roll call vote for three hours to allow Republicans to round up enough members to pass the prescription drug benefit? Where were the House rules then?

In the end, though, this isn't about the rules. It's about what the public wants. "The American people didn't ask us to wait," the new chairman of the House Democratic caucus, Illinois's Rahm Emanuel, told me. "There's been an election. We ran on an agenda, and we're giving people an opportunity to vote on those bills." And while no one would accuse Emanuel of being anything but a partisan-he was the maestro of the party's House victory in November-his point is accurate. The GOP's whining leaders need to get a grip and then get on with it. "I have three children," Emanuel says, "and I know a tantrum when I see it." In fact, the Republican leaders' righteousness didn't even go over well with some of their own rank-and-file members. "When I saw our leadership whining about the process, I just about threw up," says Rep. Jeff Flake, a conservative Arizona Republican. "We sound like a bunch of babies."

Here's the point: Republicans can engage in a charade complaining about the process all they want. But when they ran the place, they failed on the policy. Consider ethics reform, passed in the House last week. Some Republicans wasted time grumbling that certain reforms didn't go far enough; that the plan to disclose pet spending projects-aka earmarks-should have included a system to simply cut these projects in half. Maybe so. But if it's so weak, why didn't they make the changes when they ran the place? In the end, they voted with the Democrats to pass the most far-reaching ethics reform in House history-including a ban on gifts from lobbyists and free travel on corporate jets. Republicans supported it, because it was the right thing to do, and, besides, they decided not to be suicidal. All of which is a good sign. As Flake says, Republicans should know they had their chance to reform, in the aftermath of the Jack Abramoff influence-buying scandal, and blew it. "We should admit we didn't handle ourselves very well when we were in charge."

A new CBS News poll finds the American people, at least, have hope that things will change. Sixty-eight percent say they're optimistic about the new Congress. If they are disappointed, beware.

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Ninth Ward Fairly Sound, Study Says (AP)

By Cain Burdeau

AP, January 8, 2007

NEW ORLEANS -- Urban planners at three universities are challenging the notion that the city's Ninth Ward must be rebuilt from scratch, reporting in a new survey that the predominantly black neighborhoods can be brought back largely as they existed before Hurricane Katrina flooded them.

"The structural integrity of the buildings, even in the most devastated areas, are in much better condition than has been reported," said Kenneth Reardon, chair of Cornell University's Department of City and Regional Planning.

The only section that must be demolished before being rebuilt lies directly next to the levee breach on the Industrial Canal, an area that covers less than a square mile in the Lower Ninth Ward, the planners said. Homes there were battered by floodwaters from Katrina and then from Hurricane Rita nearly a month later.

Urban planners and students at Cornell, Columbia University and the University of Illinois carried out the survey, which was sponsored by ACORN, a national group that works to improve poor and moderate-income neighborhoods. Researchers and structural engineers based their assessment on the inspection of about 3,000 buildings.

The findings were released Saturday.

More than 80 percent of the Ninth Ward's structures "suffered no terminal structural damage," the research found, and the majority of those structures were built atop piers, making it easier to raise them to meet new flood zone requirements.

Only about 20 percent of Ninth Ward residents have returned home, the survey found. It cited bureaucratic and financial hurdles.

"That data shows that it can be rebuilt, and rebuilt in a cost-effective way. What is lacking are the resources," said Andrew Rumbach, a Cornell planner.

Many people in the Ninth Ward did not have flood insurance, and government rebuilding aid has been slow in coming. A lack of schools, day-care centers, businesses and public services, as well as high rents, are also keeping people away.

Ceeon Quiett, a spokeswoman for Mayor C. Ray Nagin (D), said that the mayor is interested in rebuilding the Ninth Ward, but that his office has not yet reviewed ACORN's report.

WAR NEWS:

Plan Sets Series Of Goals For Iraq Leaders (NYT)

By Michael R. Gordon And Jeff Zeleny

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — President Bush's new Iraq policy will establish a series of goals that the Iraqi government will be expected to meet to try to ease sectarian tensions and stabilize the country politically and economically, senior administration officials said Sunday.

Among these "benchmarks" are steps that would draw more Sunnis into the political process, finalize a long-delayed measure on the distribution of oil revenue and ease the government's policy toward former Baath Party members, the officials said.

As the policy is being debated in Washington, the new American operational commander in Iraq said Sunday that his plan was to send additional American troops, expected to be part of the policy change, into Baghdad's toughest neighborhoods, and that under the new strategy it may take another "two or three years" to gain the upper hand in the war. [Page A9.]

Without saying what the specific penalties for failing to achieve the goals would be, American officials insisted that they intended to hold the Iraqis to a realistic timetable for action, but the Americans and Iraqis have agreed on many of the objectives before, only to fall considerably short.

And the widespread skepticism about the Bush administration's Iraq strategy among Democrats and some Republicans was underscored by the new speaker of the House, Nancy Pelosi, a California Democrat, in a television interview broadcast Sunday. She, along with the Democratic leader of the Senate, Harry Reid, informed the president that they were opposed to increasing troop levels.

"If the president wants to add to this mission, he is going to have to justify it," Mrs. Pelosi said on the CBS News program "Face the Nation." "And this is new for him because up until now the Republican Congress has given him a blank check with no oversight, no standards, no conditions."

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She also suggested that Congress should deal with financing for the current war and for the proposed increase as separate issues. “If the president chooses to escalate the war, in his budget request we want to see a distinction between what is there to support the troops who are there now,” she said.

Whether lawmakers are prepared to advocate legislative steps to withhold funds from an expanded mission is unclear. Senator Joseph R. Biden Jr., the Democratic chairman of the Foreign Relations Committee, said Sunday that as a practical matter, there was little that lawmakers could do to prevent Mr. Bush from expanding the American military mission in Iraq.

“You can’t go in like a Tinkertoy and play around and say you can’t spend the money on this piece and this piece,” Mr. Biden said on the NBC News program “Meet the Press.” “He’ll be able to keep the troops there forever, constitutionally, if he wants to.”

“As a practical matter,” Mr. Biden added, “there is no way to say, ‘Mr. President, stop.’ ”

Mr. Bush is expected to refer to the benchmarks in a much-anticipated speech this week outlining his new Iraq strategy, including plans to send as many as 20,000 additional troops. Administration officials plan to make the benchmarks public sometime after the address.

In addition to trying to ease Congressional concerns over the new strategy, the administration is trying to instill discipline in an Iraqi government that has been slow to act and hampered by sectarian agendas.

“There will be an approach and a strategy that reflects not only the desire for the Iraqis to take more responsibility but the need for the Iraqis to step up,” a senior administration official familiar with the deliberations said. “This is not an open-ended commitment. We are putting real specific requirements and expectations on the Iraqi government.”

The Americans and Iraqis have agreed on benchmarks before. Indeed, some of the goals that are to be incorporated on the list of benchmarks have been carried over from an earlier list that was hammered out with the Iraqis and made public in October, but never met.

The benchmarks, for example, include a previously stated commitment: setting a date for provincial elections. That goal is intended to enfranchise Sunnis — who had initially boycotted the political process — and thus give them a role in the governing of Sunni-dominated areas.

Another measure that was carried over from the old list of benchmarks is the final completion of the long-delayed national oil law that would give the central government the power to distribute current and future oil revenues to the provinces or regions, based on their population.

The list of benchmarks will also deal with the still-unresolved matter of settling a new policy on de-Baathification. There is wide agreement among experts that the initial Iraqi approach toward former Baath Party members was too sweeping and excluded too many from government service and entitlements. A revised approach would seek to address those concerns by, for example, paying Army pensions to some former Baathists who have been excluded from receiving them.

One important theme of the new Iraqi strategy will be encouraging the Iraqi government to spend more on projects and programs in Sunni areas. Most of the funds allocated for the Sunni-dominated Anbar Province in western Iraq have never actually been expended. That has encouraged opposition to the Iraqi authorities in Baghdad and handicapped the American military’s counterinsurgency efforts in the province.

“The assessment has been that the disbursement of funds from the Iraqi government from Baghdad out to the provinces, particularly the Sunni provinces, has been either slow or nonexisting,” the senior Bush administration official said. “That has to change.”

Administration officials said that by more clearly defining the goals and by planning to make them public some time after Mr. Bush’s address they hoped to encourage a sense of accountability on the part of the Iraqis.

Mr. Bush discussed some of the goals — the need for provincial elections, the enactment of the oil law and reform of Iraq’s de-Baathification policy — during his recent video conference with Iraq’s prime minister, Nuri Kamal al-Maliki.

The Americans have not been the only ones underscoring the need for benchmarks. The Maliki government has pressed to gain direct command of Iraq’s 10 army divisions, insisting it should be achieved by June. Some American officials have been concerned that it is overambitious. Nevertheless, an administration official has indicated that it is among the goals.

In Washington, the idea of benchmarks has been generally welcomed by lawmakers, though many remain skeptical that they will be achieved on schedule.

After meeting with the president and his national security team on Friday at the White House, senators from both parties said they told Mr. Bush they would have trouble supporting an American troop increase unless the plan included specific goals for the Iraqi government.

Senator John E. Sununu, Republican of New Hampshire, said one of his Senate colleagues asked why the effort to add to American forces in Iraq would be more likely to succeed than previous troop increases. Mr. Sununu said the president and

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Stephen J. Hadley, the national security adviser, responded that Mr. Bush's plan would "include more specific goals, different rules of engagement and different expectations for cooperation with the Iraqi government."

Mr. Sununu said when he raised questions about oil revenue distribution, provincial elections and national reconciliation, he received "strong assurances that these were recognized as critical issues, that they were being addressed by the Maliki government," with one proposal that was nearing completion for the distribution of oil revenue and another regarding provincial elections.

Bush Considers Expansion Of Up To 20,000 Troops (USAT)

By David Jackson

USA Today, January 8, 2007

WASHINGTON — President Bush is reviewing a plan that would send up to 20,000 more U.S. troops to Iraq, a decision that would trigger heavy opposition from Democratic congressional leaders.

The White House plans a presidential address no sooner than Wednesday to discuss the proposal, which includes new programs for jobs, reconstruction and political assistance in Iraq, according to two administration officials who have been briefed on it.

The officials, who spoke on the condition they not be identified because the president has not made final decisions, said increases would come in phases that could add up to 20,000 troops during the next several months. It is unclear how long the additional troops would stay.

IN IRAQ: Bombings, shootings kill 14 as army amplifies its efforts

The plan includes up to $1 billion in economic assistance, such as job creation and reconstruction projects, the officials said. It also calls for political assistance, including help for human rights groups and political organizations, in an effort to promote peaceful reconciliation among warring Shiite and Sunni factions.

Previous reconstruction efforts have faced serious problems and controversies, including repeated power outages and the awarding of no-bid contracts to U.S. companies.

Elements of the plan emerged over the weekend in TheWall Street Journal and The New York Times.

Iraqi Prime Minister Nouri al-Maliki has announced plans to increase the number of local forces in Baghdad.

House Speaker Nancy Pelosi, D-Calif., appearing on CBS' Face the Nation, said Sunday that Bush would have to justify any troop hike to the new Congress. "This is new for him because up until now, the Republican Congress has given him a blank check with no oversight, no standards, no conditions," she said.

On Friday, Pelosi and Senate Majority Leader Harry Reid, D-Nev., sent a letter to Bush opposing any U.S. troop increase. The letter said, "Surging forces is a strategy that you have already tried and that has already failed."

White House spokesman Alex Conant noted that Pelosi said she wants to succeed in Iraq, and "we're interested in any ideas that lead to success."

"The president looks forward to addressing the American people next week on the way forward in Iraq," Conant said.

In developing a new Iraq policy, the administration has changed the military leadership in Iraq.

Gen. David Petraeus, a supporter of U.S. force increases in Iraq, will head the multinational force there. He'll replace Gen. George Casey, who expressed skepticism over whether an increased U.S. military presence would be productive, and is being promoted to Army chief of staff.

Bush has also accepted the Pentagon's recommendation that Adm. William Fallon replace the retiring John Abizaid as head of the U.S. Central Command, which includes Iraq.

The administration is stepping up diplomatic efforts in the region. Secretary of State Condoleezza Rice will travel to the Middle East soon to discuss negotiations between the Israelis and Palestinians. Bush has been skeptical, however, about direct talks with Syria and Iran.

Bush would have support for a troop surge from at least two prominent senators, John McCain, R-Ariz., and Joe Lieberman, I-Conn. Both said a troop increase would help quell sectarian violence.

Plan For Troop 'Surge' In Iraq Gathers Force (CSM)

By Howard Lafranchi

Christian Science Monitor, January 8, 2007

President Bush plans to lay out his Iraq strategy this week - and could opt for a modest increase of US forces.

WASHINGTON

Advocates of a "surge" of US troops in Iraq hope to persuade President Bush that the victory he seeks there is only possible with a substantial and prolonged escalation of the US presence.

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The new congressional Democratic leadership, on the other hand, is calling on Mr. Bush to resist the idea. Yet the president may not satisfy either the "large and long surge" or the "no surge" camp when he unveils his plans in a speech to the American public, likely to occur Wednesday night. Speculation has grown as Bush has consulted widely and reshuffled his Iraq diplomatic and military teams that he could opt for a modest increase - no more than 20,000 troops.

Critics say that would simply repeat past tactics that have not delivered, while advocates of a big surge say it could be worse than nothing, only exposing more US troops to danger without providing the larger numbers they say are needed to get the job done of securing the civilian population.

"We must not low-ball this," says Frederick Kagan, a military historian at Washington's American Enterprise Institute (AEI) and a prominent proponent of a "large and long" US military increase. Insisting Iraq will be costly and bloody for the United States no matter what policy is chosen, he adds, "We can pay the price and win, or pay a similar price and lose."

Nearly two months after the Iraq Study Group dismissed any rise in US troops, advocates of military escalation are calling for an increase of up to 40,000 troops over the current 140,000 on the ground. The goal would be to secure Baghdad with a large American footprint long enough to allow economic development to take hold, and to defeat insurgents in the western Al-Anbar Province.

The strategy is supported by two prominent senators - longtime troop-increase advocate John McCain and Joseph Lieberman - and Washington neoconservatives. Other senators say they could support a small increase lasting a few months. Still others condemn the idea, including Republican Chuck Hagel, who calls it "folly."

Supporters say it would finally call on the US military to do something it should have done from the beginning. "The US military has never set the task for itself of providing security," says Mr. Kagan. What he advocates "is not simply a surge of troops," he says, "but a change of mission."

The major shift in mission that Bush is expected to announce is for US soldiers to take on the task of providing security to Iraqi civilians, primarily in Baghdad, instead of leaving that to the Iraqis. "What's being prepared is actually a drastic departure" from recent strategy, says Paul Hughes, a former Army colonel who served in Iraq under the Coalition Provisional Authority.

Bush has made it increasingly clear that he is committed to achieving "victory" in Iraq. He has announced a number of diplomatic and military moves in recent days suggesting that he is lining up his team for what he sees as the defining foreign-policy effort of his last two years in office.

First, director of national intelligence John Negroponte, a seasoned diplomat and former ambassador to postwar Iraq, was moved back to the State Department to serve as deputy to Secretary of State Condoleezza Rice. The president's new Iraq policy is expected to include a substantial new reconstruction program involving small teams of State Department officials working among Iraqis, and Mr. Negroponte is seen as a boon to its successful implementation.

Then Bush announced that Army Lt. Gen. David Petraeus will replace Gen. George Casey as commander of multinational forces in Iraq. An expert in counterinsurgency, General Petraeus agrees with "surge" advocates that securing the civilian population must come first in Iraq.

Perhaps more important, official sources say, is that Petraeus fits better with Bush's vision of "victory." General Casey advocated transferring security duties to Iraqi soldiers and was doubtful that foreign soldiers could successfully fulfill that function.

The Iraq Study Group, chaired by former Secretary of State James Baker III and former congressional leader Lee Hamilton, emphasized diplomacy and a redeployment of US forces to training Iraqi forces as a prelude to reducing the American footprint. On the other hand, the pro-escalation forces foresee the US military performing key security functions for at least the next 18 months.

And while the Iraq Study Group pointedly refrained from speaking in terms of "victory" in Iraq, the escalation protagonists insist that victory is not only still possible but necessary to halting the march of Islamic extremism in the Middle East.

"This war is still winnable," says Senator Lieberman of Connecticut.

Lieberman, who refers to himself as an Independent Democrat, spoke Friday at an AEI forum where Kagan unveiled "Choosing Victory," a report he co-authored on how to achieve success in Iraq.

Virtually all sides in the debate over a new war strategy agree that Iraq is deteriorating rapidly and the situation there may have outstripped the US ability to turn things around. But the surge advocates' focus on "victory" - and their picture of the dire consequences for US security if the US is not successful in Iraq - is much more in tune with Bush's outlook.

The reshuffling of the president's Iraq team reflects in part an effort to rid the administration of divisions in Iraq policy that existed prior to the invasion. But some officials and analysts say the disputes over policy changes remain.

Cleavage continues over surge, with some policymakers and critics saying the right kinds of US troops and equipment are not available - and that ultimately Iraq can only be secure under Iraqis themselves.

Bush, who spoke at length by videoconference with Iraqi Prime Minister Nouri al-Maliki last week, is expected to emphasize that the new security mission will be carried out with additional Iraqi security forces as well.

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But surge advocates and critics tend to agree that the number of additional troops the Bush administration is considering is unlikely to be enough to make a difference.

Mr. Hughes, now a specialist in postconflict peace and stability operations at the US Institute of Peace in Washington, notes that the peacekeeping force in the Balkans was set up on the principle of one peacekeeper for every 50 civilians. That would mean 100,000 soldiers in Baghdad alone, excluding the huge Shiite sector of Sadr City.

If Bush sends 20,000 additional troops, "would we reach the number we would need? I don't think so," Hughes says. "Just sending more troops to Baghdad is like pouring more water in the sands of Al-Anbar. It's just going to disappear without accomplishing anything."

Iraq Battle Plan Includes Aid, Talks, Troops (LAT)

By Solomon Moore

The Los Angeles Times, January 8, 2007

BAGHDAD — Lt. Gen. Raymond T. Odierno, the newly installed day-to-day commander of military operations in Iraq, said that success here would depend on a multi-pronged strategy that included economic aid and political negotiations in addition to increased military actions targeting Shiite and Sunni Arab militants.

"We have always tended to look for the military for the solution to this problem," said Odierno, who left his job as military advisor to Secretary of State Condoleezza Rice to become the operations chief for Iraq.

Speaking before an expected Bush administration proposal to request a surge of thousands of U.S. troops, Odierno said more soldiers would speed the training of the Iraqi force and help quell sectarian fighting in the capital.

He said bringing peace to Baghdad could be accomplished either with additional American troops or expanded recruiting and training of Iraqi troops, or a combination of the two.

Odierno, a West Point graduate who has commanded the 4th Infantry Division in Tikrit and northern Iraq, was known as a tough fighter whose tactics sometimes bordered on the controversial.

But in his comments during a media luncheon at Camp Victory in Baghdad, Odierno said that he had "learned an awful lot" and acknowledged that the war, and the tactics necessary to prevail, had changed.

Odierno said that during a recent fact-finding trip by Defense Secretary Robert M. Gates and Joint Chiefs of Staff Chairman Gen. Peter Pace, he offered several suggestions for increased U.S. involvement in Iraq.

"Some included a surge of economic capabilities, they included a surge of other capabilities within our government — Treasury, Justice — to work the rule of law, and some didn't include a troop surge," he said. "We provided a broad range of things and then we gave a risk analysis."

Odierno said that some tasks, such as training Iraq's police and military and securing Baghdad, could succeed without additional American troops, but they would take more time.

"Over time we can accomplish the mission," he said. "Now that time might be two or three years from now, so the issue becomes are we willing to wait two or three years or do we want to speed it up."

With a troop increase, of either Iraqis or Americans, Odierno said, he hoped to hand over security responsibilities for the capital to the Iraqi security forces by August or September.

The commander said he also hoped that the forthcoming Bush plan would address rampant unemployment in Iraq and political challenges that had become rallying points for Sunni insurgents and Shiite militias.

Iraqis alienated

Political instability and the alienation of ordinary Iraqis from their government have driven many people into the embrace of armed militant groups, he said, adding that the U.S. government could try to help close the gap by better protecting Iraqi civilians, creating jobs and helping to support elections for local councils more responsive to their constituents' needs.

Odierno said another reason for Iraqis' alienation was the tendency of many leaders to be more interested in sectarian interests than the national good of Iraq.

"We thought they'd come together rather easily," he said. "We underestimated that…. We thought they'd think Iraq first, and that didn't occur. I think maybe it will occur over time, but it's not occurring now."

Odierno said he hoped that the parliament, which hasn't had a quorum in more than a month, would pass a law clarifying the role of the Shiite paramilitary groups that have been implicated in death-squad operations against Sunnis.

"They have to have a militia policy," he said of Iraq's government officials. "In my mind, out of the militias, 80% of them are probably OK. We could probably immediately put them into either the police or the army."

U.S. and Iraqi forces would probably have to "capture or kill" the remaining 20% "that are … extreme," he said.

Finding a balance

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Odierno said that targeting militias would balance military efforts in Baghdad that until recently were overly focused on Sunni areas. Shiite militias have been ruthlessly pressing their advantage in Baghdad, sweeping whole neighborhoods clear of Sunni Arabs.

One of the failings of a U.S. security plan for Baghdad that was announced with great fanfare in August was that it "was focused mostly on Sunni neighborhoods," he said. "One of the things I think about all the time is that we can't be seen as being a leverage of one group getting advantage over another group."

He said, however, that he was still questioning whether the U.S. had a strong partner in the government of Prime Minister Nouri Maliki.

"We all have doubts as we move forward," Odierno acknowledged. "But I think I have enough faith in that they're smart people, they're educated people. I think they want to move their country forward."

Odierno spoke on another day of continuing violence in Iraq.

A car bomb in Baghdad on Sunday killed three U.S. airmen assigned to the 447th Expeditionary Civil Engineer Squadron's Explosive Ordnance Division, the Associated Press reported.

The U.S. military announced Sunday that a U.S. soldier assigned to the 1st Marine Expeditionary Force Headquarters group was killed Friday in Al Anbar province. And in southwest Baghdad on Saturday, insurgents shot a U.S. soldier to death, the military said.

In east Baghdad, a roadside bomb killed two people and gunmen killed a Finance Ministry guard Sunday. In west Baghdad, seven mortar rounds killed four civilians.

At least 17 bodies were discovered in Baghdad, all showing signs of torture and all with gunshot wounds to the head.

In the southern town of Hillah, a car bomb killed two people in a market, and in Kut, a land mine killed a border patrol guard, police said.

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Times special correspondents in Baghdad and Hillah contributed to this report.

U.S. General Aims For Baghdad Pullback (USAT)

By Rick Jervis

USA Today, January 8, 2007

BAGHDAD — U.S. troops could pull back to Baghdad's outskirts in a matter of months if Iraqi forces step up security, the new commander of U.S. combat forces in Iraq said Sunday.

U.S. Army Lt. Gen. Raymond Odierno said it could be years before Iraqi forces can assume complete responsibility for the country's security. But a new security thrust in Baghdad could put Iraqi forces in the lead role by summer or fall, while U.S. troops provide support from outside the capital, he said.

"If you ask me where I want to be three to four months from now, I want (Iraqi security forces) operating in Baghdad and we are on the outskirts of Baghdad, providing support," he said.

Odierno, 52, recently replaced Lt. Gen. Peter Chiarelli as the No. 2 U.S. commander in Iraq. He will answer to Lt. Gen. David Petraeus, who is replacing Gen. George Casey as the top U.S. commander in Iraq.

Odierno's remarks came as President Bush prepared an overhaul of U.S. strategy in Iraq. The revision, to be announced this week, could boost the number of U.S. troops in the country from the current 132,000.

Ahead of Bush's announcement, Iraqi Prime Minister Nouri al-Maliki unveiled on Saturday a major security plan for Baghdad. He promised to root out militias "regardless of sect or politics."

Odierno said Sunday that the massive Iraqi-U.S. security operation underway in Baghdad since summer has not succeeded.

"We were able to clear areas. We were not able to hold the areas," he said. "You have to go after both (Shiite) and Sunni neighborhoods, and (Operation) Together Forward was focused mostly on Sunni neighborhoods."

U.S. commanders have complained that al-Maliki's Shiite-led government has prevented them from targeting Shiites involved in the violence, including officials close to anti-American Shiite cleric Muqtada al-Sadr.

Odierno called for a "balanced approach" targeting extremists of both sects. The new strategy would consist of clearing neighborhoods of insurgents and patrolling those areas heavily; creating more jobs; launching provincial elections; and outlawing militias, he said.

"Unfortunately, we're starting to show a lack of patience. And I understand why," said Odierno, whose son, Army Capt. Anthony Odierno, lost his left arm while on combat duty in Baghdad. "But I think the outcome here is too important not to have patience."

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Violence continued as Odierno spoke to reporters Sunday:

·Three U.S. airmen working for a bomb-disposal team were killed by a car bomb in Baghdad, the U.S. military said.

·A senior Education Ministry official survived a roadside bomb attack, but gunmen killed three Sunni shopkeepers and a Finance Ministry guard in drive-by shootings, Baghdad police said.

War Could Last Years, Commander Says (NYT)

By John F. Burns

The New York Times, January 8, 2007

BAGHDAD, Jan. 7 — The new American operational commander in Iraq said Sunday that even with the additional American troops likely to be deployed in Baghdad under President Bush's new war strategy it might take another "two or three years" for American and Iraqi forces to gain the upper hand in the war.

The commander, Lt. Gen. Raymond T. Odierno, assumed day-to-day control of war operations last month in the first step of a makeover of the American military hierarchy here. In his first lengthy meeting with reporters, General Odierno, 52, struck a cautious note about American prospects, saying much will depend on whether commanders can show enough progress to stem eroding support in the United States for the war.

"I believe the American people, if they feel we are making progress, they will have the patience," he said. But right now, he added, "I think the frustration is that they think we are not making progress."

The general laid out a plan to make an impact in Baghdad with the additional troops. Several other military plans since the fall of Baghdad in 2003 have faltered. He said he wanted the new American units, working with three additional Iraqi combat brigades that Iraqi officials say will be deployed in the capital, to move back into the city's toughest neighborhoods and show that they can "protect the people," which he said coalition forces had previously failed to do.

General Odierno contrasted his approach with the last effort to secure Baghdad, effectively abandoned for lack of enough Iraqi troops last fall.

Then, American troops conducted house-to-house clearing operations before moving on to other neighborhoods, leaving the holding phase of the operation to Iraqi troops, who failed to control the areas and forced Americans to return. This time, the general said, American troops would remain in the cleared areas "24/7," to stiffen Iraqi resolve and build confidence among residents that they would be treated evenhandedly.

Equally important, he said, coalition troops would move into both Shiite and Sunni neighborhoods. That, too, would break with the pattern set last fall, when American troops concentrated on known Sunni insurgent strongholds, especially Dora, in southwest Baghdad. This time, the general said, it was crucial the security plan be evenhanded. "We have to have a believable approach, of going after Sunni and Shia extremists," he said.

Going into Shiite neighborhoods, particularly the sprawling working-class district of Sadr City, the base for the powerful Mahdi Army militia that has spawned Shiite death squads, will risk new strains in the relationship between American commanders and the Shiite-led government of Prime Minister Nuri Kamal al-Maliki. Sunni leaders and, increasingly, American commanders here have accused Mr. Maliki of a strong Shiite bias. The criticism has intensified since the sectarian taunting by Shiite guards at the hanging nine days ago of Iraq's ousted dictator, Saddam Hussein, an event personally planned by Mr. Maliki.

General Odierno said he envisaged making enough of a difference within three or four months of the new deployments to move to a second phase of the new plan, pulling American troops back to the periphery of Baghdad and leaving Iraqi forces to carry on the fight in the capital. He said he hoped to be able to do that by August or September, but with American troops prepared to move back into the capital rapidly if commanders conclude that the pullback was "a miscalculation."

Meeting American reporters over lunch at a villa in the grounds of one of Mr. Hussein's former palaces, General Odierno was careful not to divulge details of Mr. Bush's new war plan, which the president is expected to make public in coming days, perhaps on Wednesday.

But much of the Bush plan has been leaked, including an influx of as many as 20,000 additional combat troops to Baghdad. Their arrival would be staged over coming months as American commanders watch to see whether the Iraqis, who made troop commitments before that they have not fulfilled, meet their part of the deal.

Sending up to five additional combat brigades, as suggested by administration officials in Washington who have discussed the plan with reporters, would push the American force in Iraq to at least 160,000 troops, close to the levels involved in the invasion nearly four years ago.

This so-called surge would constitute an abrupt about-face in American strategy, which has aimed in the past two years for a drawdown of American troops as Iraqi forces take on greater responsibility for the war.

General Odierno, the second-ranking American commander here, will be joined in Baghdad in coming weeks by the new overall commander chosen by Mr. Bush, Lt. Gen. David H. Petraeus, who will be promoted to full general when he succeeds

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Gen. George W. Casey Jr., top commander in Iraq for the past two-and-a-half years. The recasting of the war command will also include a new top officer at the Central Command, with overall responsibility for the wars in Iraq and Afghanistan. That post will go to Adm. William J. Fallon, a Navy officer who is now the American commander in the Pacific. The appointments of Admiral Fallon and General Petraeus are expected to be approved by the Senate.

Generals Petraeus and Odierno will assume control in Iraq at a critical juncture, with additional American troops — assuming Mr. Bush's plan is not blocked by Democratic opponents in Congress — and the burden of showing they can find ways of turning the worsening situation around that escaped General Casey and Lt. Gen. Peter W. Chiarelli, the operational commander who preceded General Odierno. General Casey and General Chiarelli have been wary of American troop increases, saying the key to prevailing here is to have Iraqis take over, not to encourage them to shelter behind enhanced American combat power.

The plans laid out by General Odierno appeared aimed at meeting several goals in what American commanders here say has become a highly complex interplay of American and Iraqi politics, in addition to stabilizing a situation that has threatened to spiral out of control as Iraqi Shiites and Sunnis move ever closer to all-out civil war.

The commanders have acknowledged privately that the new Bush plan is almost certain to represent a last-chance option for persuading Americans that it is worth persisting with the heavy burdens of the war, with more than 3,000 American troops dead and overall costs that are nearing $450 billion.

General Odierno said one American goal would be to satisfy Iraqi leaders' insistence that American commanders transfer to them as quickly as possible overall responsibility for the war.

One thorny issue for the Bush administration has been that Iraqi leaders, facing the highest levels of violence in the war and struggling with weaknesses in their forces, have been wary of increasing American troop levels because of the impediment that might pose to the Iraqis taking fuller control of events here.

General Odierno spoke of the mood in the United States as another crucial factor. He served a year here in 2003 and 2004 as commander of the Fourth Infantry Division, during which his troops took credit for capturing Mr. Hussein. But he spent the last two years in Washington, the most recent 12 months as military adviser to Secretary of State Condoleezza Rice.

He said he understood the failing confidence among Americans, including some of those who had lost sons and daughters here, that the war was worthwhile. The general's own son, Capt. Anthony Odierno, a 28-year-old West Point graduate, lost an arm when a bomb detonated during a patrol in Baghdad in 2004.

As a father as well as a commander, the general said, he did not doubt the sacrifices had been justified. "I believe it's worth it," he said.

Baghdad Needs Iraqi Troops, General Says (WP)

By Joshua Partlow

The Washington Post, January 8, 2007

BAGHDAD, Jan. 7 -- A top U.S. commander in Iraq said Sunday that previous attempts to halt sectarian killings in Baghdad had failed in part because of a shortage of Iraqi troops and a tight focus on Sunni Arab neighborhoods, and that those lessons would be incorporated into a new strategy to slow the violence in the capital.

Lt. Gen. Raymond T. Odierno, the number two commander in Iraq, declined to discuss a proposed surge of thousands of additional U.S. and Iraqi troops in Baghdad, saying he preferred to wait for President Bush to outline the policy. But he said he wanted his forces to begin with a push against both Sunni and Shiite fighters and "three or four months from now" retreat to the outskirts of the capital in a supporting role.

Sectarian violence has escalated in Baghdad despite repeated efforts to control it, including last summer's Operation Together Forward, which moved more than 10,000 additional U.S. and Iraqi soldiers into the city. At that time, "we were able to clear areas. We were not able to hold the areas," Odierno said. "We were not able to get security forces in there for an extended period of time that protected the people."

"I think what happened was, is, we overestimated the availability of Iraqi security forces initially; we didn't have enough here," Odierno told reporters at his lakeside residence in Camp Victory, near Baghdad's international airport. "So we have to be able to make sure we have enough forces, Iraqi and coalition, in order to do it this time."

Odierno said the new approach would be "balanced," targeting insurgents and other fighters regardless of their religious affiliation.

"You have to go after both Sunni and Shia neighborhoods," he said. "Together Forward was mostly focused on Sunni neighborhoods, and we've got to do both."

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The fighting in Iraq took the lives of five U.S. service members in recent days, the military said. A car bomb Sunday in Baghdad killed three U.S. airmen assigned to a bomb disposal unit of the 447th Expeditionary Civil Engineer Squadron. A fourth airman was injured in the incident.

A U.S. soldier was killed by small-arms fire in southwestern Baghdad on Saturday, and another soldier assigned to the 1st Marine Expeditionary Force Headquarters Group died from combat wounds in Anbar province in western Iraq.

None of the service members' names was released until their families could be notified.

Also Sunday, the radical Shiite cleric Moqtada al-Sadr, who leads a powerful militia, and Ayatollah Ali al-Sistani, an influential Shiite religious leader, met briefly in the holy city of Najaf, according to a Sadr spokesman. During the meeting, Sistani asked Sadr to support the Iraqi government and its security forces, according to the spokesman, Aysam al-Musawi.

Sadr and his increasingly powerful militiamen, accused of hunting down and killing Sunnis, have fought the Americans on several occasions and are a primary American concern. Odierno said Sadr was currently "working within the political system."

"I'm not sure we take him down," he said. "There are some extreme elements . . . that are conducting operations that we don't agree with, and we will go after that."

U.S. and Iraqi leaders say they intend to put Iraqi soldiers in charge of the Baghdad plan, with U.S. forces playing a supporting role. An aide to Prime Minister Nouri al-Maliki said that 20,000 troops would operate in the capital, including additional brigades of Kurdish soldiers from northern Iraq.

The Defense Ministry spokesman, Mohammed al-Askari, said that no Kurdish militiamen, known as pesh merga, would be included in the plan. Hasan Suneid, a Shiite lawmaker, said Kurdish soldiers who are part of the Iraqi army would participate.

Suneid said that Iraqi commanders would be able to operate with greater autonomy and that U.S. soldiers would provide air support and logistics.

"We will start from central Baghdad and move out to the suburbs," Suneid said.

Odierno, 52, said that the U.S. military could provide only a partial solution to Iraq's problems, and that more jobs and provincial elections were key components in regaining the people's trust in the government. He called on Americans to have more patience during the difficult counterinsurgency effort that remains.

"I know how we are, we like number one. We want to win 77 to 7. This is hard to win 77 to 7, militarily. It ain't going to happen," he said, adding: "There is going to be no victory parade when we leave here. There never was going to be."

Military `surge' Not Enough To Save Iraq, U.S. Commander Says (MCT)

By Nancy A. Youssef

McClatchy Newspapers, January 8, 2007

BAGHDAD, Iraq - In his first wide-ranging interview, the No. 2 U.S. commander in Iraq conceded Sunday that a military "surge" escalation would not be enough to rescue Iraq, advocating economic and political changes as well, as top Democratic lawmakers in Washington stiffened their opposition to any escalation of U.S. troop strength.

Lt. Gen. Raymond Odierno said he believed that a combination of jobs, provincial elections, anti-militia legislation and stronger Iraqi security forces could stop the nation's plunge toward all-out civil war. Lt. Gen. Peter Chiarelli, his predecessor, spelled out the same approach before his departure one month ago.

By echoing his predecessor, Odierno's comments raised concerns in both Washington and Iraq that the U.S. war effort is exhausting old tactics that haven't worked. Indeed, many Iraqis do not trust that a new Baghdad security plan can change their circumstances because the U.S. and Iraqi government have touted at least five such plans before, all of which failed to stop the violence.

The commander's statements came days before President Bush is to announce a new course for U.S. policy in Iraq, probably Wednesday. It's expected to include an escalation "surge" of between 9,000 and 30,000 U.S. troops, an increase in civilian advisers to Prime Minister Nouri al-Maliki's government and perhaps $1 billion in new aid for reconstruction efforts.

In Washington Sunday, top Democratic lawmakers emphasized that they oppose any plan to escalate U.S. troop strength in Iraq, but made clear that they are not ready to cut off funds for troops there now. However, Speaker of the House of Representatives Nancy Pelosi, D-Calif., said that Congress would scrutinize any Bush request to fund an escalated U.S. presence in Iraq.

"The American people and the Congress support those troops. We will not abandon them. But if the president wants to add to this mission, he is going to have to justify it. And this is new for him, because up until now, the Republican Congress has given him a blank check with no oversight, no standards, no conditions, and we've gotten into this situation which is a war without end, which the American people have rejected," Pelosi said on CBS' "Face the Nation."

On Friday, Pelosi and Senate Majority Leader Harry Reid, D-Nev., sent Bush a public letter opposing any increase in U.S. troops in Iraq and calling for a phased redeployment of U.S. troops out of Iraq starting in four to six months.

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Sen. Joseph Biden, D-Del., chairman of the Senate Foreign Relations Committee, said Sunday that Bush's expected plan to escalate U.S. troop strength in Iraq "is a prescription for another tragedy." Biden also announced that he will seek the presidency in 2008.

"There is now a civil war. You need a political solution," said Biden, speaking on NBC's "Meet the Press." His committee plans extensive hearings on Iraq in coming weeks.

Taking the opposite view was Sen. Lindsey Graham, R-S.C., a member of the Senate Armed Services Committee.

"I support a surge with a purpose - co-joining with the Iraqi political and military leadership to control this country," Graham said, also on "Meet the Press." "We cannot let this country go into the abyss.

"Now is the last chance, and the only chance, to get this right."

Graham said many Republican lawmakers are prepared to back Bush's call for an escalation of U.S. forces in Iraq.

In Baghdad, Odierno said he proposed several approaches to Defense Secretary Robert Gates during his visit here last month, including a surge.

"What I will tell you is when Secretary Gates was here with General (Peter) Pace, we offered several different courses of action. Some included surge of troops, some included a surge in economic capabilities." Others, he said, included boosting other Iraqi capabilities in the treasury, justice, and rule of law fields, "and some didn't include a troop surge."

Odierno arrived in Baghdad less than a month ago, replacing Chiarelli. During his tenure, Chiarelli repeatedly said that if more Iraqis had jobs, fewer would join a rogue group or shoot at American soldiers. The unemployment rate here is at least 25 percent, government officials estimate.

Both commanders said they believed that Iraqi forces should take the lead in enforcing security, while conceding that, while they are improving, Iraqis have faltered when given the lead. Some forces have been overtly sectarian. Others lost control of their communities, forcing U.S. troops to intervene. Both commanders said that U.S. troops should be on the periphery of areas handed over to Iraqi forces in case violence erupts.

Both said that U.S. forces must tackle not only Sunni insurgents but Shiite militias - yet both stopped short of advocating that U.S. forces go after firebrand cleric Muqtada al-Sadr, who leads Iraq's largest militia, the Mahdi Army, and supports the Iraqi government.

"I'm not sure we take him down," Odierno said. "There are some extreme elements (of the Mahdi Army) ... and we will go after them. I will allow the government to decide whether (Sadr) is part of it or not. He is currently working within the political system."

Both Odierno and Chiarelli said that the military could not do everything and that Iraq needs a political solution. Both also said that everyone should be patient with Iraq's nascent government, noting that it has been in power less than a year.

US Twists Civilian Arms To Fill Fortress Baghdad (FT)

By Guy Dinmore

Financial Times, January 8, 2007

At the heart of George W. Bush's "new way forward" – which the president is expected to announce on Wednesday and involve substantial troop reinforcements – is the plan already under way to expand the US civilian presence across Iraq and complete the world's largest embassy in Baghdad.

Construction of what critics call "Fortress Baghdad" has led to arguments inside the State Department amid fears that the overwhelming diplomatic presence will perpetuate a sense of US occupation and become a focus of local anger.

US diplomats say that just as the armed forces are being stretched to breaking point, the US foreign service is suffering from low morale and operations in the rest of the world are being damaged by the diversion of resources to Iraq.

Officials are also questioning why the Bush administration is sending more civilians into a deteriorating war zone, and the effectiveness of the work they can do.

The embassy compound being built inside Baghdad's Green Zone covers 104 acres, making it six times larger than the United Nations compound in New York. A city within a city for more than 1,000 people, it will have its own water, sewers and electricity, six apartment buildings, a Marine barracks, swimming pool, shops and some walls 15 feet thick.

The State Department has told the Financial Times that the US civilian presence in Iraq has "grown considerably beyond the numbers projected for the new embassy compound", which is scheduled for completion by September 1 at a cost of $592m (€455m, £307m).

The department and other agencies, such as the Pentagon and Treasury which also supply staff, are working out how to accommodate the extra numbers that Mr Bush is expected to announce this week. Recruits are being attracted to one-year posts by a mix of cajoling and inducement – an almost doubling of their salary, four trips outside Iraq and guarantees of favourable postings afterwards.

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Condoleezza Rice, secretary of state, and other officials have repeatedly sent cables to personnel around the world saying diplomats have a patriotic duty to volunteer for Baghdad and the expanding "provincial reconstruction teams", where diplomats work out of military bases.

"Baghdad dwarfs everything else. It is becoming a monster that has to be fed every year with a new crop of volunteers," says one diplomat.

So far the State Department has not resorted to compulsory or "directed" assignments, a practice last used during the Vietnam war. But it has warned it would put assignments elsewhere on hold "if Iraq and Afghanistan and other priority posts are not staffed".

Among the many recommendations of the bipartisan Baker-Hamilton report on Iraq, issued in December, was that diplomats and other US personnel should be obliged to serve in Iraq if there were not enough volunteers.

Steve Kashkett, vice-president of the American Foreign Service Association, the professional body representing US foreign service officers, questions their logic.

"It makes no sense for the Iraq report authors simultaneously to propose scaling back the US military presence and beefing up the presence of unarmed US diplomats in a combat zone," he writes this month in the association's journal.

John Brown, who resigned as a US diplomat in protest against the 2003 invasion and now teaches public diplomacy, says the embassy "will be a symbol of the US occupation and the near-total separation of US embassy staff members from the society with which they are supposed to interact".

"Indeed, the planned embassy reminds me of the huge, cavernous buildings that housed Soviet missions in eastern Europe during the cold war. They were hated by the local population for all they stood for: secrecy, arrogance and domination."

Of the 1,000 or so US civilians staffing Baghdad at present – not including large numbers of private-sector bodyguards – there are about 200 career diplomats, plus some 70 in the provincial reconstruction teams that are set to expand.

Many other staffers are so-called "3161s" – recruited ad hoc and, according to the State Department, "fully qualified for their highly technical jobs". Diplomats question this, saying many are incompetent and have been hired for their loyalty to the Republican effort.

Asked why the US was sending more diplomats into a war zone when such conditions elsewhere in the world would lead to closure or drawdown of embassies, the State Department said such comparisons were "inappropriate", noting the embassy had suffered "minimal casualties".

A Heavier Iraq 'Footprint' (WSJ)

The Wall Street Journal, January 8, 2007

President Bush is set to announce his new strategy for Iraq this week, and the early signs are that it will include both more American and Iraqi troops to improve security, especially in Baghdad. We think the American people will support the effort, as long as Mr. Bush treats this like the all-in proposition it deserves to be.

If the stakes in Iraq are as great as Mr. Bush says -- and we believe they are -- then he should commit whatever forces are needed to achieve success. The public's support for the Iraq campaign is waning, in major part because the casualties and expense have been producing no visible progress. Even with Democrats running Congress, Mr. Bush has a political window to pursue a more robust security strategy. The paradox is that the fastest way home from Iraq is a bolder commitment now. * * *

On that score, it is appropriate that Mr. Bush is replacing his Iraq military team. Centcom Commander John Abizaid, who is retiring, can point to successful campaigns to topple the Taliban in Afghanistan and Saddam Hussein in Iraq. His oft-derided "light footprint" strategy for securing Iraq has also been right for much of the country, with Kurdistan able to handle its own security and southern Iraq now transitioning to Iraqi control.

But General Abizaid and ground commander George Casey -- who is leaving for a Pentagon post -- never found the formula for the insurgent-troubled Sunni areas, and in recent months for Shiite death squads in Baghdad. Beginning in 2005, Mr. Bush began talking of a counterinsurgency strategy modeled on the successful "clear, hold and build" operation that drove insurgents from the northern city of Tal Afar.

However, it is now clear his two most important generals failed to muster the forces to make it work. The final straw was the failure of Operation Forward Together to secure Baghdad last year. Although many neighborhoods did improve during the "clear" phase, there were too few troops deployed for the "hold" process to work.

One rap on Mr. Bush as a war leader is that he is supposedly too willful and stubborn. But if anything, in Iraq it now appears he has been too deferential. He was telling the truth when he said his generals, and former Secretary of Defense Donald Rumsfeld, told him they had enough troops to do the job. Especially as Army and Marine tours lengthened, General Casey seemed focused more on training Iraqis with an eye to drawing down U.S. forces, rather than on improving security.

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Whatever chance of success this approach had probably vanished with last year's terrorist attack on the Golden Shrine that ended Shiite forbearance.

In appointing David Petraeus, who will replace General Casey, Mr. Bush has chosen a general with impeccable credentials in this theater. He governed Mosul in 2003 with enlightened engagement, marred by a Baathist spy who somehow managed to become police chief. He also built, essentially from scratch, the current Iraqi Army starting in 2004. One of his chief virtues is that he is a good listener who works well with Iraqis, which is crucial to implementing any new plan. Along with Lieutenant General Ray Odierno, who will be General Petraeus's chief deputy, the President will have generals who understand the priority of security.

The main objections to this new push in Iraq seem to be two: First, that military victory is no longer possible amid a "civil war" in Iraq; and second, that Prime Minister Nouri al-Maliki's government is sectarian and thus will not compromise enough to achieve the political ends that must accompany improved security.

We aren't generals, but on the first point there are many serious people who believe success is still achievable in Iraq. They include retired four-star General Jack Keane and military historian Fred Kagan, who recently worked with some of the military's brightest officers to suggest a plan to secure Baghdad under the auspices of the American Enterprise Institute. Among those officers is Colonel H.R. McMaster, the mastermind of the Tal Afar campaign. The President's two most important political allies on Iraq, Senators John McCain and Joe Lieberman, also both believe more troops will make a difference.

As for Mr. Maliki, no one is suggesting that Iraqis be given a blank check. His political alliance with radical Shiite Moqtada al-Sadr is a problem and is one reason we advised the Administration against deposing Ibrahim al-Jaafari. But al-Sadr's influence has risen along with the sense that the Iraqi Army couldn't provide security and that the U.S. was headed out the door. One goal of any larger deployment would be precisely to bolster the forces of Shiite moderation against al-Sadr.

Despite its faults, the Maliki government has shown it is still willing to play by democratic rules. Saddam's hanging was handled ineptly, but the dictator received a fair trial. Mr. Maliki presented his own plan for Baghdad security to Mr. Bush on their recent meeting in Jordan, and he has pledged to protect against both Shiite and Sunni killings. We disagree with Bing West and Eliot Cohen nearby that Mr. Maliki should be presented with some kind of ultimatum to do our bidding or else we'll leave; he is far more likely to make these necessary decisions if he sees the U.S. as a reliable partner.

What is sure to radicalize the Shiites is an early U.S. departure. They would then have little choice but to call on Iran and Hezbollah and anyone else for the military aid to defeat the Sunni terrorists. The forces of Shiite democracy, led by Grand Ayatollah Ali Sistani, would be swamped. Then there really could be a Shiite dictatorship in Iraq, along with ethnic cleansing on a scale unseen since the India-Pakistan diaspora. * * *

For all of these reasons, we hope Mr. Bush also refrains from using the words "surge" or "temporary" to describe his plans this week. A better message is that he will do whatever it takes to reinforce the forces of moderation and democracy in Iraq to prevent a defeat that would empower American enemies in Iraq and in the war on terror. And his strategy is best framed as providing the forces necessary to protect the population that most military experts believe is the key to successful counterinsurgency.

The tragedy nearly four years after the fall of Saddam is that such a strategy has never been tried. The consequences of failure in Iraq are too great not to try it now, before it really is too late.

'Our Only Hope' (WSJ)

By Bing West And Eliot Cohen

The Wall Street Journal, January 8, 2007

President Bush has appointed a new Iraq team, including one of our best counterinsurgency generals, David Petraeus, to take command in Iraq; he is also about to unveil a new Iraq strategy. The apparent problem is uncontrolled sectarian violence in Baghdad and the apparent solution is to send more American soldiers to restore order. The actual problem is a dysfunctional, sectarian Iraqi political system. Here at home, the imminent debate between the Congress and the administration about the number of American forces is a diversion. We may need more resources, but first we need a strategy.

President Bush faces a difficult strategic choice. First, he can continue to play defense and send in more troops to undertake tasks approved by Prime Minister Nouri al-Maliki. The intent is to buy another year during which a nonsectarian Iraqi government will pull itself together. It is difficult to see how it will. Alternatively, he can adopt an offensive strategy with clear benchmarks, strengthening Iraqi security forces while imprisoning Sunni insurgents and Shiite death squads. The risk is that Mr. Maliki may refuse to cooperate, forcing us to walk away. In sum, what lies before the administration is a final strategic choice, after a series of large and consequential failures.

The campaign began brilliantly with the swift rush to Baghdad in May 2003. Stripped of their dominance but otherwise untouched by the war, the Sunnis supported an insurgency led by Saddam loyalists and fueled by xenophobic religiosity. The

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American military stubbornly responded for 18 months with conventional sweeps and raids that fueled resentment and raised recruits for the insurgents. It was not until late 2004 that our military seriously began training a new Iraqi army. That same year, the White House endorsed a counterinsurgency strategy of "clear, hold and build" inside Sunni cities, despite Secretary of Defense Donald Rumsfeld's reservations that this thrust American soldiers into an occupying role without addressing how they would get out.

For a brief period, it appeared that "clear and hold" was working. Then, in February 2006, the Sunni extremists destroyed the Shiite mosque at Samara. This ignited the civil war they had sought to provoke for three years. As with the initial Sunni insurgency, our military was caught a second time without a counterstrategy.

Since the summer of 2006 we have fought a full-fledged, two-front war, waging one against the Sunni insurgents north and particularly west of Baghdad, and the other in Baghdad, where both Sunni and Shiite killers murdered the innocents. The Sunni tool was the massive car bomb. The Shiite militias were more systematic, employing death squads in a slow, methodical ethnic cleansing of neighborhoods.

The war seesaws back and forth. Unlike in Vietnam, these enemies do not dare to fight even small American military units. Our casualties come from roadside bombs and sniper attacks. In Anbar province, where the fighting is heaviest, our Marines are having unappreciated success in splitting local tribes from al Qaeda in Iraq. The under-strength Iraqi Army has performed well, despite grossly inadequate support from Mr. Maliki's government. The Iraqi police in Baghdad, though, remain penetrated by political militias. The spectacle of Saddam Hussein's guards chanting the name of Moqtada al Sadr as the despot swung from the gallows was revealing and disturbing.

So where do we go from here? The much-debated "surge" would only modify our current strategy, if Americans continue to focus chiefly on destroying the insurgents in Sunni neighborhoods. Fewer Sunni car bombs will supposedly result in less retaliation by death squads and end the ethnic cleansing. The Shiite population would turn away from militias because they wouldn't need them, given more security by more Americans. Because Mr. Maliki values Mr. Sadr's political support, Sadr City will remain what it is today: a sanctuary for the Mahdi Army militia.

This is a problematic approach. The Sunnis initiated the violence, no doubt about it. But now the Shiite militias are doing the majority of the killing in Baghdad -- yet less than 10% of those in prison are Shiites. There are 75 murders a day in Baghdad, and most killers walk free. The militias are gradually succeeding in the ethnic cleansing of much of Baghdad. To persist in this strategy is equivalent to a mayor telling his police chief that the mafia who live on the east side of town cannot be touched. It dooms the chance, however frail, of creating a nonsectarian Iraqi government.

Coupled with defensive patrolling is a proposed program of job creation (removing trash, for example). But handouts in a culture accustomed to handouts gain little. The return for this effort is hard to predict. In Anbar province, the only successful projects have been repayable loans to those Iraqis resolute enough to step forward and accept responsibility for building their own businesses.

Providing our advisers and battalion commanders with discretionary funds is a sound investment, but is ancillary to establishing security. It's unproven how many 16-year-old foot soldiers will be diverted by low-paying jobs. If you went to a member of the mafia and offered a low-paying job in return for renouncing crime, he would laugh at you. Most of the thugs won't be bought off; extortion and robbery are more lucrative and enjoyable.

President Bush recently agreed with the assessment of the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, that "we're not winning in Iraq . . . but we're not losing." But in counterinsurgency, if you do not win, you lose. What, then, is another option the president can choose?

Instead of a defensive surge strategy satisfying to Mr. Maliki, the president can opt for an offensive, nonsectarian strategy. Its core operational concepts must be neutralizing criminals -- which include the Sunni insurgents, the Shiite death squads and the criminal gangs -- by imprisonment, deterrence, or death; and constructing Iraqi security institutions as free as possible of sectarian taint.

Iraq is now a police war and we need to treat it as such. Former Secretary of State Colin Powell a few weeks ago said, "We should not use our troops as policemen." But that's exactly how they are being used today in Baghdad and are, in fact, used in most counterinsurgencies. Our weakest links are leaving the Mahdi Army off-limits, not selecting Iraqi security leaders and refusing to arrest and incarcerate the criminals (insurgents, death squads and thugs). If the president's new strategy does not aggressively rectify these three defects, then surging more American troops will buy time but not alter a war we are losing because we are not winning.

Sadr City cannot remain off limits. When the death squads know they are hunted, many will flee the city. Others will fight back. Intense violence, however, cannot sustain itself. American forces fought Mr. Sadr's militia in April and August of 2004. In both cases, all-out war by the Mahdi Army petered out due to lack of logistics. In both cases, the Shiite population stood to one side. We created a monster by letting Mr. Sadr go free twice. We cannot make that mistake a third time. * * *

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To change the dynamic in Iraq, the president has to insist on arrests and incarceration rates equivalent or greater than those for violent crime in New York City. This would set benchmarks and shift our forces from defense to offense. New York City averages over 27,000 arrests a year for violent crimes. If a similar number of arrests were made in Baghdad, which is roughly the same population size as New York City, the jail population in Iraq would double in a year. One in 75 American males is in jail, compared to one in 450 Iraqi males. Iraq is not six times safer than the U.S. Instead, Iraq has a judicial system, abetted by American military legalisms, that works in favor of the killers. The president has to change that.

Our troops in Iraq complain, with justice, that they often capture insurgents, only to find them on the street a few months later. As a result of the abuses of Abu Ghraib, the U.S. military instituted four layers of review for each Iraqi detained. The result is that most detainees are released. As for the Iraqi system, it is simply absurd, insisting on habeas corpus rules of evidence in a corrupt and overwhelmed judicial system that incarcerates a few dozen each week, compared to over a thousand a week in New York City alone. Eight of 10 detainees are set free. Releasing killers undercuts troop morale, while the residents lose trust. Texas has 170,000 in jail; Iraq, with a larger population and 50 times the violence rate, has 28,000 in jail. This "catch and release system," as the troops call it, is the single weakest link in the U.S. strategy.

Technology can help. We could, for example, equip Iraqi and American forces with mobile devices to fingerprint the military-age males in Baghdad and the Sunni Triangle. Anyone stopped can be checked in two minutes, just as the Border Police and the Chicago Police do today. This would deprive the killers of mobility and is the key to radically increasing arrests. In this, as in many other respects, the American failure in Iraq reflects not our preference for high technology -- as facile critics claim -- but our inability to bring appropriate technologies to bear. * * *

This is an Iraqi war, and success depends on the creation of a larger Iraqi Army (perhaps twice its current size of under 140,000) and a neutral police force. So we must increase our advisers from 3,500 to 15,000 or more. This is a small-unit police war, with the insurgents hiding and dodging. We do not need 40 or 50 conventional American battalions trained and equipped for full-scale conventional war, if the Iraqi security forces are strengthened by bulked-up American advisory teams.

But Iraqi security forces will fall apart if political parties use appointments and promotions for sectarian purposes. We must therefore insist on a joint U.S.-Iraqi board to appoint all Iraqi battalion commanders and police chiefs and above. American control over senior personnel is the single most important aspect of our effort to develop Iraqi institutions. Without it, additional resources, to include more advisers, will be wasted.

Quite possibly, Prime Minister Maliki will refuse, on the grounds of sovereignty and national pride, to allow Americans equal control over Iraqi personnel policy. We should respond that when Iraq is truly sovereign and standing on its own, we withdraw our advisers and the joint board ceases to operate. In the meantime, we're not potted plants. It is our advisers that force the ministries in Baghdad to pay the Iraqi soldiers. It is our advisers on patrol risking their lives and dying to reassure the Iraqi forces that they can prevail. As long as we run equal risk, we deserve equal say in the selection of competent leaders.

There is some chance that a strategy dependent on Mr. Maliki's sectarian instincts may succeed. He may, despite his poor track record, pull himself and his government together. Prudence, however, suggests that the president design a strategy that is independent of Mr. Maliki's fortunes and strengthens the only institution capable of holding the country together -- the Iraqi army.

We prefer an offensive strategy based on three ironclad principles: take the offense immediately against the death squads in Sadr City, who are now unsettled; arrest and imprison on a scale equal to the horrific situation (or at least equal to New York City!); and insist on a joint say in the appointment of army and police leaders. If the Iraqi government refuses, we should be willing to disengage completely, and soon.

The paradox of American strategy in Iraq is this: President Bush can achieve success only by threatening to do something he is morally opposed to doing -- leaving swiftly and risking chaotic civil strife. If the president showed the same iron will toward Mr. Maliki that he does toward Congress and public opinion, Mr. Maliki would blink first.

The only course that will work entails not only the risks of greater casualties, but the risks of walking away from promises unmet and hopes unfulfilled. More money and troops are inputs, not outputs. A new strategy needs benchmarks for success -- arrests, imprisonment and the adviser ratings of leaders. Our only hope lies not in American troops but in the development of an Iraqi security force free of militia influence, working for a government that understands the penalty for failure.

Mr. West, a former assistant secretary of defense and a former marine, visits frequently with the troops in Iraq. Mr. Cohen is Robert E. Osgood professor of strategic studies at Johns Hopkins School of Advanced International Studies.

The Smart Surge: Diplomacy (WP)

By Wesley K. Clark

The Washington Post, January 8, 2007

The odds are that this week President Bush will announce a "surge" of up to 20,000 additional U.S. troops into Iraq. Will this deliver a "win"? Probably not. But it will distract us from facing the deep-seated regional issues that must be resolved.

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The administration views a troop surge of modest size as virtually the only remaining action in Iraq that would be a visible signal of determination. More economic assistance is likely to be touted, but absent a change in the pattern of violence, infrastructure enhancement simply isn't practical.

Yes, several additional brigades in Baghdad would allow for more roadblocks, patrols and neighborhood-clearing operations. Some initial successes would be evident. But how significant would this be? We've never had enough troops in Iraq. In Kosovo, we had 40,000 troops for a population of 2 million. That ratio would call for at least 500,000 troops in Iraq; adding 20,000 now seems too little, too late.

Further, U.S. troops so far have lacked the language skills, cultural awareness and political legitimacy to ensure that areas "cleared" can be "held." The key would be more Iraqi troops, but they aren't available in the numbers required. Nor are the Iraqi troops reliable enough for the gritty work of dealing with militias and sectarian loyalties. Even if militia fighters in Baghdad can be temporarily suppressed, they could redeploy to continue the fight in other areas.

What the surge would do is put more American troops in harm's way, further undercut the morale of U.S. forces and risk further alienating elements of the Iraqi populace. American casualties would probably rise, at least temporarily, as more troops appeared on the streets -- as happened in the summer when a brigade from Alaska was extended and sent into Baghdad. And even if the increased troop presence initially frustrated the militias, it wouldn't be long before they found ways to work around the neighborhood searches and other obstacles, if they chose to continue the conflict.

Other uses for troops include accelerating training of the Iraqi military and police. But vetting these Iraqi forces for loyalty has proved problematic. So neither accelerated training nor adding Iraqi troops to the security mission can be viewed as though a specified increase in effort would yield an identical increase in return.

The truth is that the underlying problems are political, not military.

Vicious ethnic cleansing is underway, as various factions fight for power and survival. In this environment, security is unlikely to come from smothering the struggle with a blanket of forces -- and increasing U.S. efforts is likely to generate additional resistance, especially from Iraq's neighbors. More effective action is needed to resolve the struggle at the political level. A new U.S. ambassador might help, but the administration needs to recognize that the neoconservative vision has failed.

Well before the 2003 invasion, the Bush administration was sending signals that its intentions weren't limited to Iraq; "regime change" in Syria and Iran was often discussed in Washington. Small wonder then that both countries have worked continuously to feed the fighting in Iraq.

Dealing with meddling neighbors is an essential element of resolving the conflict in Iraq. But this requires more than border posts and threatening statements. The administration needs a new strategy for the region, before Iran gains nuclear capabilities. While the military option must remain on the table, America should take the lead with direct diplomacy to resolve the interrelated problems of Iran's push for regional hegemony and nuclear power, the struggle for control of Lebanon, and the Israeli-Palestinian conflict. Isolating our adversaries hasn't worked.

Absent such fundamental change in Washington's approach, there is little hope that a troop surge and accompanying rhetoric will be anything other than "staying the course" more. That wastes lives and time, bolsters the terrorists and avoids facing up to the interrelated challenges posed by a region in crisis.

The writer, a retired Army general and former supreme allied commander of NATO, is a senior fellow at UCLA's Burkle Center for International Relations.

War Against Time (WP)

By Jackson Diehl

The Washington Post, January 8, 2007

The new plan for Iraq that President Bush will announce this week will suffer from the same fallacy that has infected each of his previous war strategies -- and also most of the counterproposals sprouting up in Washington. That is, the notion that American action can produce decisive results in Iraq in six to 12 months.

The administration's original war plan -- to the extent one existed -- foresaw the creation of an Iraqi administration and the withdrawal of most U.S. troops within six months of the invasion. When that failed, the administration wagered that it could oversee the election of an interim Iraqi government, the writing of a constitution, that constitution's ratification and the election of a permanent government in 12 months. Insistence on that timetable produced the half-baked constitution that now hamstrings the "unity" government. A year ago the administration supposed that it could train enough Iraqi police and military forces in 2006 to draw down U.S. troops to 100,000 or fewer. It came no closer than it did in 2005, when it had much the same plan.

Now Bush is likely to bet that the dispatch of additional American forces will somehow produce a breakthrough in Baghdad before 2008. That parallels the Iraq Study Group, which foresees a transition of the war to full Iraqi control and the withdrawal of

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all U.S. combat forces by the first quarter of 2008, and Democratic plans for the beginning of a troop drawdown in four to six months.

In Washington's bipartisan mind-set, the next six months are always crucial in Iraq. Persistently, we believe that one big, intense effort will turn the country around -- or make it possible for us to leave. Why? Perhaps because Bush has never been willing to ask the country to commit itself to a long struggle in Iraq, despite his view of it as "the central front" in a war on terrorism that will define the 21st century. Instead he proposes the war that the Army and the public can tolerate without too much strain. For their part, war opponents understandably have been looking for a way out since the mission began.

Iraq, however, doesn't operate on Washington's clock -- something Iraqi leaders have repeatedly tried and failed to explain to the ambassadors and generals who demand benchmarks and timetables. And why should it? In historical context, the country is not much different from others that have emerged from decades of dictatorship and tried to sort out a new political status quo among multiple competing ethnic groups. Yugoslavia began to break down in 1991; despite repeated Western interventions, the bloodshed continued until the end of the decade. The wars over Congo's future began in 1994 with the end of the Mobuto dictatorship and didn't end until 2003. Lebanon's civil war began in 1976 and ended in 1989.

As the behavior of the Maliki government and its Sunni enemies has made painfully clear, Iraq is nearer the beginning than the end of its sorting out. Each of the main sides -- Shiite, Sunni and Kurd -- remains convinced that it can impose its sectarian agenda by force. The Sunnis believe they will reconquer Iraq when the Americans leave. Maliki himself is eager for the U.S. Army to stand back so the Shiite-dominated police and army can attempt to wipe out Sunni resistance. The Kurds intend to fight before they will share Kirkuk. Until all are convinced that they have exhausted the option of force, there will be no settlement.

If Iraq is like the rest of the post-Cold War world, this will take six to 12 years, not six to 12 months. Not only is the United States unlikely to speed up the resolution of the conflict, it may even slow a resolution down, by acting as a buffer or co-combatant -- as did U.N. troops in Bosnia, Syrian forces in Lebanon and the armies of multiple African states in Congo. Of course, U.S. forces might also prevent the war from spreading beyond Iraq or keep other nations from jumping in.

One day, on its own time, Iraq will reach equilibrium. At that moment a new power structure will solidify in a country that ranks second in the world in proven oil reserves; that occupies the geographic and ethnographic center of the world's most volatile region; that now harbors many of the most dedicated enemies of the democratic West. Will the United States want to be present, as one of the shaping forces, when that settlement is finally reached? Will it want to influence which Iraqi parties are stronger, and which weaker, in the final balance?

If so, the question the country faces is not what can be done on Washington's time, in six or 12 months. It's how the U.S. mission can be configured to adapt to the clock that's running in Iraq.

Quagmire Of The Vanities (NYT)

By Paul Krugman

The New York Times, January 8, 2007

The only real question about the planned “surge” in Iraq — which is better described as a Vietnam-style escalation — is whether its proponents are cynical or delusional.

Senator Joseph Biden, chairman of the Senate Foreign Relations Committee, thinks they’re cynical. He recently told The Washington Post that administration officials are simply running out the clock, so that the next president will be “the guy landing helicopters inside the Green Zone, taking people off the roof.”

Daniel Kahneman, who won the Nobel Memorial Prize in Economic Science for his research on irrationality in decision-making, thinks they’re delusional. Mr. Kahneman and Jonathan Renshon recently argued in Foreign Policy magazine that the administration’s unwillingness to face reality in Iraq reflects a basic human aversion to cutting one’s losses — the same instinct that makes gamblers stay at the table, hoping to break even.

Of course, such gambling is easier when the lives at stake are those of other people’s children.

Well, we don’t have to settle the question. Either way, what’s clear is the enormous price our nation is paying for President Bush’s character flaws.

I began writing about the Bush administration’s infallibility complex, the president’s Captain Queeg-like inability to own up to mistakes, almost a year before the invasion of Iraq. When you put a man like that in a position of power — the kind of position where he can punish people who tell him what he doesn’t want to hear, and base policy decisions on the advice of people who play to his vanity — it’s a recipe for disaster.

Consider, on one side, the case of the C.I.A.’s Baghdad station chief during 2004, who provided accurate assessments of the deteriorating situation in Iraq. “What is he, some kind of defeatist?” asked the president — and according to The Washington Post, at the end of his tour, the station chief “was punished with a poor assignment.”

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On the other side, consider the men Mr. Bush has turned to since the midterm election. They constitute a remarkable coalition of the unwilling — men who have been wrong about Iraq every step of the way, but aren't willing to admit it.

The principal proponents of the "surge" are William Kristol of The Weekly Standard and Frederick Kagan of the American Enterprise Institute. Now, even if the Joint Chiefs of Staff hadn't given the surge a thumbs down, Mr. Kristol's track record should have been reason enough to ignore his advice. For example, early in the war, Mr. Kristol dismissed as "pop sociology" warnings that there would be conflict between Sunnis and Shiites and that the Shiites might try to create an Islamic fundamentalist state. He assured National Public Radio listeners that "Iraq's always been very secular."

But Mr. Kristol and Mr. Kagan appealed to Mr. Bush's ego, suggesting that he might yet be able to rescue his signature war. And am I the only person to notice that after all the Oedipal innuendo surrounding the Iraq Study Group — Daddy's men coming in to fix Junior's mess, etc. — Mr. Bush turned for advice to two other sons of famous and more successful fathers?

Not that Mr. Bush rejects all advice from elder statesmen. We now know that he has been talking to Henry Kissinger. But Mr. Kissinger is a kindred spirit. In remarks published after his death, Gerald Ford said of his secretary of state, "Henry in his mind never made a mistake, so whatever policies there were that he implemented, in retrospect he would defend."

Oh, and Senator John McCain, the first major political figure to advocate a surge, is another man who can't admit mistakes. Mr. McCain now says that he always knew that the conflict was "probably going to be long and hard and tough" — but back in 2002, before the Senate voted on the resolution authorizing the use of force, he declared that a war with Iraq would be "fairly easy."

Mr. Bush is expected to announce his plan for escalation in the next few days. According to the BBC, the theme of his speech will be "sacrifice." But sacrifice for what? Not for the national interest, which would be best served by withdrawing before the strain of the war breaks our ground forces. No, Iraq has become a quagmire of the vanities — a place where America is spending blood and treasure to protect the egos of men who won't admit that they were wrong.

The Lynching Of Iraq (BOS)

The Boston Globe, January 8, 2007

THE HANGING of Saddam Hussein Dec. 30 offered a view into the grotesque reality of what America has sponsored in Iraq, and what Americans saw should inform their response to President Bush's escalation of the war.

The deposed tyrant was mercilessly taunted. As he stood on the threshold of the afterlife and was told to go to hell, the world witnessed a chilling elevation of the ancient curse, making an absolute villain an object of pity.

And then, in chanting the name of Moqtada al-Sadr, whose family had been a particular target of Hussein's his executioners made clear that the execution was an act of tribal revenge, not of national restoration, much less justice. It was a lynching. This Shi'ite brutality is guaranteed to spawn Sunni savagery. Iraq itself is hell.

Officials of the United States, from military commanders in Baghdad to members of the Bush administration in Washington, sought to distance themselves from the bedlam, but they are essential to what happened at the last moments of Saddam's life. Decorum would have been the main note of his death if Americans had managed it, but the execution would have been no less an act of false justice.

The harsh fact is that the Shi'ite dominated government of Nouri al-Maliki, in its contemptible treatment of a man about to die, laid bare the dark truth of Bush's war. This is what revenge looks like, and revenge (not weapons of mass destruction, not democracy) drove the initial US attack on Saddam Hussein every bit as much as it snuffed out his life at the end. The hooded executioners took their cue from George W. Bush.

And why should they not have? Let's remember who this man is. As governor of Texas, he presided over the executions of 152 people, including the first woman put to death in Texas in a century. Her name was Karla Faye Tucker. Bush's response to the world-wide plea raised in her behalf was an astounding display of cruelty, a mocking imitation of the woman begging not to be killed.

Bush rejected appeals for clemency in every death penalty case that came before him. The Texas death chamber, with its lethal injection gurney, is a place of decorum. And savagery. That executions defined the main public distinction that Bush brought to the US presidency sums up the national disgrace, while suggesting also how little surprise there should be that America is presided over now by an executioner-in-chief.

Capital punishment is to individuals what aggressive war is to nations. The 20th century, for all its brutality (or because of it), marked the watershed era when world opinion shifted against both. Once, princes exercised life-and-death power over subjects with unchallenged authority. Once, the only check on a state's freedom to attack another state was its power to do so.

These two absolutes of realpolitik have changed. From the Kellogg-Briand Pact of 1928 to principles laid down at the Nuremberg tribunals to the United Nations itself, wars of aggression stand condemned. The force of state violence is to be exercised only in self-defense or in defense of a victim people, in circumstances defined by international agreement. Similarly,

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nation after nation has abolished the death penalty, understanding the absurdity of defending human life by destroying human life. If killing can ever be justified, individually or communally, it is only as an absolute last resort. In sum, an international moral consensus has taken shape against unnecessary violence, whether targeting a criminal or a rogue state.

George W. Bush is the impresario of unnecessary violence. America has followed him into the death chamber of this war, and now he wants us to believe that the way out is through more death.

Iraqi loss of life remains mostly unimagined, but every evening on the television news, Americans see the sweet faces of young soldiers who have died in Bush's war. They were heroes, not criminals, yet Bush dragged each one of them up onto a gallows. He positioned them on the trap door, hardly wincing as they then fell through. And now, in perhaps the greatest outrage of all, Bush claims that the way to justify the unnecessary deaths he has caused is to add to them. Escalation is his way of saying, go to hell.

With his lies at the beginning of this war, and his fantasy now that an honorable outcome remains possible, the president is a taunting killer, caught in the act. He lacks nothing but the black hood. Stop this man.

Editorial | Change In Washington (PHI)

The Philadelphia Inquirer, January 8, 2007

The only blizzard in Washington this winter has been from all the personnel changes President Bush has made to handle Iraq and other foreign policy crises.

While the changes may be good, new nameplates on desks need to be accompanied by new and better plans for stabilizing and exiting Iraq, for carrying out diplomacy around the world, and for more fully coordinating U.S. intelligence gathering.

What started with the removal of former Defense Secretary Donald Rumsfeld has continued with a new director of national intelligence, a new deputy secretary of state, and probably new military commanders to head U.S. operations in Iraq.

Out as the first U.S. director of national intelligence is John Negroponte, who, if confirmed by the Senate, will return to the State Department as deputy secretary.

Negroponte's sudden move is not because he messed up as intelligence chief over the last 18 months. He made a decent start of herding 16 national intelligence agencies. But his experience and skills may be of greater use to State, which needs a seasoned diplomat in that high-ranking position.

Negroponte's appointment, along with the expected nomination of Zalmay Khalilzad to follow John Bolton as U.S. ambassador to the United Nations, could indicate that Bush will take diplomacy more seriously in his last two years in office.

That would be a smart course for the administration to take, especially when it comes to U.S. policy in Iraq.

Bush is expected to announce his new strategy for Iraq this week.

He seems to be trying to show he can change with the circumstances, by replacing Gen. John Abizaid with Adm. William Fallon to lead the Central Command, and Lt. Gen. David Petraeus to replace Gen. George Casey as the top U.S. commander on the ground in Iraq.

But Bush's own statements and leaks about this week's announcement suggest that he still hasn't gripped the reality that the earlier U.S. goal - to turn Iraq into a stable democracy - is now unachievable.

A temporary increase in the number of U.S. troops in Iraq, which is what Bush is expected to recommend, won't change that - especially if the outmoded goals and tactics remain the same.

Simply looking into Iraqi President Nouri al-Maliki's eyes to see whether he is sincere about disbanding Shiite death squads won't work either.

Bush ought to listen to the Baker-Hamilton commission's suggestions to beef up the training of Iraqi security forces, and hold talks with regional neighbors, including Iran and Syria, who can influence the outcome in Iraq.

New nameplates on desks can be good. Realism and well-thought-out goals and tactics are better.

Resort To 'Soft-partition' Repair? (WT)

By Edward P. Joseph/michael E. O'hanlon, The Washington Times

The Washington Times, January 8, 2007

As the nation and world await President Bush's speech on what could be his last chance to get Iraq policy right, it is time to face the reality that a multiethnic, integrated, democratic Iraq is probably no longer attainable. The sectarian-based responses to Saddam's execution are only the latest proof of this fact.

Proposals for a U.S. troop surge, more American trainers in Iraqi army and police forces, and a reinvigorated economic recovery package including a job creation program all have serious arguments in their defense. But at a time when nearly 5,000

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people are dying and 100,000 Iraqis are being driven from their homes each month, it is also time to develop a backup plan for ending the civil war that we have proven unable to prevent.

Many have already concluded our backup plan for Iraq should be packing up and going home -- or, at most, redeploying to Iraq's borders to protect displaced civilians and deter its neighbors from entering into the civil war. But there is at least one promising Plan B that, while hardly ideal, would be far better for America, Iraq, and the broader region than complete defeat, all-out civil war, and the possibility of broader regional conflict. It would build on Sen. Joe Biden and former Assistant Secretary Leslie Gelb's idea of a soft partitioning of Iraq -- moving away from centralization toward a loose federation (akin to Bosnia) of three largely autonomous regions in which present and future oil revenues would be shared equitably. But it would go beyond Biden/Gelb to confront directly the sectarian strife now raging in and around Baghdad. Rather than striving for a "neutral Baghdad" as Mr. Biden and Mr. Gelb propose, the Iraqi government would assist threatened minorities relocate to where they feel safer -- helping them find new jobs and housing in the process.

This is in effect the Bosnia model for Iraq. Bosnia's war ended only after as many as 200,000 died, and half the country's population had either been expelled or fled, leaving the country a patchwork of ethnically pure pieces. NATO air power, a reinforced U.N. contingent, and strengthened Muslim and Croat armies were critical elements leading to peace. But the Dayton accords of 1995 were centered on the fact ethnic relocations had occurred, creating definable and mostly defensible territories. At that point of ethnic consolidation, it was possible to negotiate and then implement land swaps among Serbs, Croats, and Muslims, creating a map and federal structure that a decade later is still tolerated by key parties.

In a rapidly disintegrating Iraq, our goal should be similarly to create militarily defensible subregions, while attenuating the violence. That way, a unitary state could be preserved -- to share oil revenue equitably, conduct foreign policy, maintain some limited national institutions, and hold out the hope of a more cohesive Iraq in the future. Ethnic relocation is distasteful and not free from risk, but if carried out with care as government policy, it can occur with less trauma than in the Balkans.

In effect, Iraq is already becoming Bosnia. As noted, according to statistics from the UNHCR and Brookings-Bern project on the internally displaced, perhaps 100,000 more Iraqis are forcibly driven from their homes each month. About half wind up abroad, the other half displaced within Iraq. And the displacement increasingly takes on a Balkanlike, territorial logic. Sunni clerics now assert that the Shia are trying to establish a "Sunni-free corridor across northern Baghdad." In other words, ethnic displacement is no longer solely the province of criminals and renegades like Muqtada al-Sadr, but has become policy.

Our choice is no longer whether we want ethnic relocation in Iraq or not. The choice is fast becoming whether we want to manage the process humanely and in a way that leads to stability, or allow ethnic killing and cleansing to reach their logical, terrible conclusion.

To be sure, facilitating ethnic relocation can also encourage it. A few small acts of violence against minorities in a given neighborhood, and they will be more apt to quickly relocate, knowing protection and a new home and job await somewhere else in the country. This could in turn encourage those few small acts of violence on the part of local majorities wishing to consolidate their ethnic group's control of a given region. But ethnic cleansing is already a full-blown reality in Iraq; at some point, one needs to address it rather than pretend it has not yet become a huge problem.

Obtaining agreement in Iraq will require not only limited rapprochement among some Sunni and Shi'ite leaders, but a constructive role by the Kurds who are already ensconced in relative security in their own compact territory. Kurds see the oil rich, multiethnic town of Kirkuk as both the capital of their longed-for state and a symbol of their oppression at the hands of Saddam (who engineered mass Sunni migration to Kirkuk while expelling Kurds.)

Tens of thousands of Kurds have returned to Kirkuk already, heightening tensions. The International Organization for Migration has detailed the serious lack of basic services and opportunities for displaced persons, only serving to aggravate tensions.

The upsurge in sectarian warfare has emboldened the Kurds and their backers to advance the partition-independence agenda. U.S. pressure on the Kurds (whose territory has been used as a base for Kurdish separatists in Turkey) could encourage them to cut a deal on Kirkuk's oil while earning greater Sunni cooperation on property swaps in the town. And such progress on ethnic movements in a place like Kirkuk could set the basis for more ambitious land swaps similar to those on Sarajevo and Western Bosnia that were a crucial component in attaining peace for Bosnia.

With U.S. assistance, the international community and Iraqi government would offer new houses and jobs to those who wished to move voluntarily, as well as protection for them as they left home and packed up to a different region. Houses left behind would revert to government ownership, to be offered to individuals of other ethnic groups who wanted them, in what would largely become a swapping program. Already there are examples of Iraqis trading houses on their own. With safeguards for security, the Iraqi government could form property commissions -- as have already been created in Kirkuk -- to facilitate matches and avoid swindles.

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We must not wait for slaughter in Iraq to reach the exhaustion point before finally confronting the reality of mass ethnic movements. Facilitating ethnic movement is not risk free. But it may soon become the only option before condemning Iraq to years of Bosnia-like fratricidal violence. If the president does not have this idea in his January speech, it is time he and his advisers start laying the groundwork with Iraqis for serious consideration of the idea in the coming months. If we want to control the ethnic relocation process rather than let genocidal hatred drive it, we may not have much more time.

Edward P. Joseph is a visiting scholar with Johns Hopkins School of Advanced International Studies. Michael E. O'Hanlon is a senior fellow of foreign policy studies with the Brookings Institution.

Pelosi Hints At Resisting Troop Surge (AP)

By Hope Yen

AP, January 8, 2007

Democrats now running Congress will not give President Bush a blank check to wage war in Iraq, House Speaker Nancy Pelosi said Sunday, suggesting they could deny him the money should he call for additional troops.

Yet Pelosi's second-in-command and a Senate leader on foreign affairs questioned the wisdom and legality of using the power of the purse to thwart the White House as Bush prepared to announce his revised war strategy this week — perhaps on Wednesday.

Republicans, now in the minority, said more troops were needed to get a handle on the spiraling violence in Iraq. They also cast doubt whether Democrats would — or could — block the president's plans. "Congress is incapable of micromanaging the tactics in the war," said Senate Minority Leader Mitch McConnell, R-Ky.

Pelosi made clear that her party supported boosting the overall size of the military "to protect the American people against any threats to our interests, wherever they may occur. That's different, though, from adding troops to Iraq." She also said Democrats would not cut off money for those troops already in Iraq.

But dollars for a further buildup in Iraq — Bush's expected plan could send as many as 20,000 additional U.S. troops — will get the strictest of scrutiny, she said.

"The burden is on the president to justify any additional resources for a mission," said Pelosi, D-Calif. "Congress is ready to use its constitutional authority of oversight to question what is the justification for this spending, what are the results we are receiving."

"There's not a carte blanche, a blank check for him to do whatever he wishes there," she added in an interview taped Saturday and broadcast Sunday.

Asked about Pelosi's remarks, White House spokesman Alex Conant said Bush welcomed any ideas on Iraq that "lead to success."

"We're glad the speaker wants us to succeed in Iraq," he said.

Bush was putting the finishing touches on his new policy over the weekend. In addition to the troop increase, it could provide more money for jobs and reconstruction programs in Iraq.

Since the attacks of Sept. 11, 2001, Congress has approved about $500 billion for Iraq, Afghanistan and other terrorism-fighting efforts. The White House is working on its largest-ever appeal for more war funds — a record $100 billion, at least. It will be submitted along with Bush's Feb. 5 budget.

While leading Democrats reaffirmed their opposition to a troop buildup, several did not join Pelosi in suggesting it was possible Congress could deny Bush the money for the additional forces.

"I don't want to anticipate that," said House Majority Leader Steny Hoyer, D-Md.

Sen. Joe Biden, chairman of the Senate Foreign Relations Committee and a 2008 presidential candidate, said increasing troops would be a "tragic mistake." But he contended Congress was constitutionally powerless to second-guess Bush's military strategy because lawmakers had voted to authorize the commander in chief to wage war.

"As a practical matter, there's no way to say, 'Mr. President, stop,'" Biden said, unless enough congressional Republicans join Democrats in persuading Bush that the strategy is wrong. "You can't go in and, like a tinker toy, and play around and say, 'You can't spend the money on this piece and this piece.'"

Pelosi and Senate Majority Leader Harry Reid, D-Nev., told Bush in a letter last week that Democrats oppose additional U.S. forces in Iraq and want him to begin withdrawing in four months to six months American troops already there.

Sen. Lindsey Graham, R-S.C., criticized the Democratic proposal as a "formula for defeat," saying more troops are needed because the U.S. military never had enough personnel in Iraq to get the job done.

"If we don't start over, and do what we should have done in the beginning — having enough people to win this war — we will pay a heavy price," he said.

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"They never talked one minute in that letter what happens to Iraq when we leave," Graham added. "In all honesty we are not winning, and if you're not winning, you're losing. And now's the time to come up with a strategy to win."

Sen. John McCain, R-Ariz., wrote in Sunday's Washington Post that boosting troops for an indefinite time was necessary to secure peace in the Mideast.

"When we authorized this war, we accepted the responsibility to make sure they could prevail," he wrote. "Even greater than the costs incurred thus far and in the future are the catastrophic consequences that would ensure from our failure in Iraq."

But Pelosi, pointing to the November elections that ousted Republicans from control of the House and Senate, said Iraq already is in complete chaos.

"The American people have spoken very clearly on the subject in the election," she said. "And this war in Iraq is damaging our military readiness, so it is not making America safer, it is not making the region more stable."

Ahead of his speech, Bush planned to continue briefings with lawmakers this week, culminating in a meeting with bipartisan leadership on Wednesday, according to lawmakers and aides.

Sen. Barbara Boxer, D-Calif., a member of the Senate Foreign Relations Committee, said she would like to see a congressional vote on whether Bush can send in additional troops.

"My belief is, the president's coming to us," she said. "He's going to ask for billions and billions of dollars. He's going to send more of our people into harm's way. I think it would be best for the country if we got to vote on that surge or escalation."

Pelosi spoke on CBS' "Face the Nation," McConnell and Hoyer appeared on "Fox News Sunday," Biden and Graham were on NBC's "Meet the Press" and Boxer appeared on CNN's "Late Edition."

Pelosi Threatens To Reject Funds For Troop Surge (WT)

By Eric Pfeiffer

The Washington Times, January 8, 2007

House Speaker Nancy Pelosi and other top Democrats yesterday said their party might deny funding for President Bush's expected call this week for a troop surge in Iraq if he doesn't meet their demands for detailed consultations and congressional debate on military strategy.

"If the president chooses to escalate the war, in his budget request we want to see a distinction between what is there to support the troops who are there now. The American people and the Congress support those troops. We will not abandon them," the California Democrat said during an appearance on CBS' "Face the Nation."

"But if the president wants to add to this mission, he is going to have to justify it. And this is new for him because up until now the Republican Congress has given him a blank check with no oversight, no standards, no conditions."

Rep. David R. Obey, Wisconsin Democrat and House Appropriations Committee chairman, echoed his party leader's warnings and some of her wording, saying, "There are certainly going to be no blank checks" from his panel.

"I think we're going to scrub his request and, at the same time, use it as a chance to really discuss whether or not the policy behind that request makes any sense," he said.

But he, like Mrs. Pelosi, was quick to emphasize that a rejection of a surge did not equate to abandoning the forces already stationed in Iraq.

"I think the Congress will provide everything that the troops need," he said during an appearance on ABC's "This Week."

In a letter to the president on Friday, Mrs. Pelosi and Senate Majority Leader Harry Reid, Nevada Democrat, cautioned Mr. Bush against calling for a troop surge, although it did not threaten to wield Congress' purse power.

"Surging forces is a strategy that you have already tried and that has already failed," the letter reads. "Like many current and former military leaders, we believe that trying again would be a serious mistake. They, like us, believe there is no purely military solution in Iraq."

Mrs. Pelosi was more explicit yesterday.

"The burden is on the president to justify any additional resources for a mission," she said. "Congress is ready to use its constitutional authority of oversight to question what is the justification for this spending."

Mrs. Pelosi's fellow Californian Sen. Barbara Boxer said on CNN's "Late Edition" that she would like to see Congress vote on whether Mr. Bush can send more troops and issued warnings about funding a surge.

"My belief is, the president's coming to us," said Mrs. Boxer, a member of the Senate Foreign Relations Committee. "He's going to ask for billions and billions of dollars. ... I think it would be best for the country if we got to vote on that surge or escalation."

She added that "there's nothing against that in the Constitution. We do have the power of the purse."

CNN's Wolf Blitzer asked Mrs. Boxer: "So you want to use that power of the purse?"

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"I want to use it in terms of whether or not we should fund this escalation if, in fact, that's what the president does," Mrs. Boxer responded.

While Washington has seen much speculation on how many Republican lawmakers would support a troop surge, party leaders yesterday were decidedly more supportive.

"I think to basically begin to withdraw before the job is finished is a mistake," Senate Minority Leader Mitch McConnell said yesterday during an appearance on "Fox News Sunday." "If the president recommends what we seem to believe he's going to recommend, I intend to support him."

The Kentucky Republican also pointed out that at least one non-Republican, Sen. Joe Lieberman, also supports a surge. The Connecticut independent appeared with Sen. John McCain, Arizona Republican, at an American Enterprise Institute panel in Washington on Friday to support a surge.

"All I ask of my Republican colleagues, Democratic colleagues and the nation is just to hear the president out. I think there'll be a lot of support by Republican members," said Sen. Lindsey Graham, who supports a surge, on NBC's "Meet the Press."

The South Carolina Republican acknowledged that a surge is not popular but said a withdrawal from Iraq would be a mistake.

"To me, it is a strategy that is based on the needs of the moment. Even though it may not be politically popular for the moment, I think it is in our best interests long term."

House Majority Leader Steny H. Hoyer, a longtime rival of Mrs. Pelosi, said he opposes a surge but declined to threaten funding limits.

"We don't see this as a new policy, and I think it's going to be greeted with great skepticism," the Maryland Democrat told "Fox News Sunday." "We've also done the economic investment before -- unfortunately, with not very good positive results."

But when asked about denying funding, Mr. Hoyer said, "I don't want to anticipate that."

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, also said he opposes a troop surge but added that he doesn't think Democrats have the power to stop one.

"There's not much I can do about it. Not much anybody can do about it," Mr. Biden told NBC's "Meet the Press."

Bush Must 'Justify' Surge, Pelosi Says (LAT)

By Judy Pasternak

The Los Angeles Times, January 8, 2007

WASHINGTON — Democratic congressional leaders, asserting their new majorities in the House and the Senate, said Sunday that President Bush's plan for a new direction in Iraq would face scrutiny on Capitol Hill.

"It's not an open-ended commitment anymore," House Speaker Nancy Pelosi (D-San Francisco) said on CBS' "Face the Nation."

The president, who has been holding extensive discussions with his war Cabinet and has reshuffled military leadership, is expected to announce a change in strategy soon, perhaps Wednesday.

He is considering sending at least 20,000 more troops to help establish order in Baghdad, a course that Pelosi and new Senate Majority Leader Harry Reid (D-Nev.) called unacceptable in a letter they sent to Bush on Friday.

The two called instead for a phased withdrawal of U.S. troops, starting in four to six months.

But the Democratic leaders also acknowledged that they had a limited ability to prevent the White House from adding forces. Any effort to block funding would expose them to charges of not supporting the troops. And since Congress authorized the use of force in Iraq, placing restraints on that approval could be unconstitutional.

Pelosi emphasized that Congress would not cut off funding for U.S. forces now in Iraq, and said that Democrats supported the president's proposal to increase the overall size of the Army and the Marine Corps.

But, she added, when Bush submits a budget request, "we want to see a distinction between what is there to support the troops who are there now" and what he needs to send more to the combat zone.

"If the president wants to add to this mission, he is going to have to justify it," Pelosi said. "And this is new for him because, up until now, the Republican Congress has given him a blank check."

Any request for additional funding, she said, "will receive the harshest scrutiny."

Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, acknowledged that Bush, as commander in chief, had the constitutional authority to order more U.S. troops to Iraq.

It would be unconstitutional, Biden said on NBC's "Meet the Press," for Congress to "micromanage the war" by putting a cap on troop strength after authorizing the use of force.

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Calling the proposal for a rapid influx of forces "a tragic mistake," he said, "As a practical matter, there's no way to say, 'Mr. President, stop.' "

In his speech, Bush is also expected to propose a jobs program, at a cost of as much as $1 billion, to employ young Iraqis who otherwise might join the insurgency. The plan also will include proposals for increased economic aid that would further increase the total bill.

Various aspects of Bush's Iraq policy will be examined by House and Senate committees over the next few weeks, several new Democratic chairmen said.

Biden, who confirmed Sunday that he would be running for president in 2008, said his committee, in a four-week series of hearings starting Tuesday, would ask "experts from every perspective" to discuss what options remain in Iraq.

Rep. David R. Obey (D-Wis.) said on ABC's "This Week" that his House Appropriations Committee would "scrub" the president's requests for money for both a troop buildup and economic development.

Obey said he supported such aid earlier in the conflict, but the money was never fully spent because of the violence in Iraq.

"I am rather dubious that they'll be able to do it this time as well," Obey said.

Rep. Henry A. Waxman (D-Los Angeles), chairman of the House Oversight and Government Reform Committee, said on the same program that during a week of hearings starting Feb. 6 he intended to focus on waste and corruption among private contractors in Iraq, along with those hired for security in the U.S. and Hurricane Katrina cleanup.

"Only a small part of the money spent in Iraq has been audited," he said, "but what we've seen is very, very frightening."

Several Republicans have also criticized the notion of a troop increase, questioning whether U.S. forces should take on a task that Iraq's own government has been reluctant or unable to perform.

Even Rep. Roy Blunt of Missouri, a member of the House GOP leadership, said on CNN's "Late Edition," "You can't secure the future for a people who don't want to secure their own future."

But he urged members of Congress and the public to listen carefully to Bush's final plan.

"I see this as one of the last chances for the Iraqi people to secure their future with us as a principal partner," Blunt said.

On Saturday, Iraq's prime minister, Nouri Maliki, announced a new effort to end bloodshed in Baghdad, using the Iraqi army rather than police officers.

His speech, to commemorate Iraqi Army Day, took place on a day when at least 71 corpses were found in the Baghdad streets, where Sunni insurgents and Shiite militias have operated with impunity.

Such levels of violence have led Sen. Lindsey Graham (R-S.C.), a member of the Senate Armed Services Committee, to support "a surge in troops with a purpose," joined with Iraqi military and political leaders "to control this country."

"Now's the time to start over," Graham said on "Meet the Press." "If we don't start over and do what we should've done in the beginning … we will pay a heavy price."

Graham said more U.S. forces working with Iraqi troops would offer "our best chance for victory."

But he added, "It may not work."

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Scholars Wade Into Troop Surge (WT)

By Shaun Waterman

The Washington Times, January 8, 2007

Congressional Democrats who want to block any proposed escalation in U.S. troop levels in Iraq have the constitutional authority and the legal power to do so, scholars says.

"It's a fundamental constitutional principle that Congress can initiate and regulate war," said Neil Kinkopf, a law professor at Georgia State University in Atlanta.

Mr. Kinkopf, a former Clinton administration Justice Department official who worked in the Office of Legal Counsel, presented a paper for the liberal American Constitution Society last week arguing that Congress has the power to stop President Bush from sending additional troops to Iraq -- a move many expect him to announce this week.

"As commander in chief, the president's role is to prosecute the war that Congress has authorized," Mr. Kinkopf wrote. "The president may not go beyond this authorization."

Mr. Kinkopf says that the law authorizing the Iraq war, passed by Congress in 2002, clearly includes the authority for the kind of surge in troop numbers currently being considered.

"As a legal matter, that [congressional] authorization was drafted broadly enough to encompass the escalation that the president has in contemplation," Mr. Kinkopf wrote.

But, he argues, Congress could simply pass another authorization "effectively limiting the number of troops deployed in Iraq."

As an alternative, Congress could pass a so-called "appropriations rider," restricting the administration from spending any money to make the troop surge happen.

In either case, Mr. Bush would have to use his veto if he wanted to go ahead with any planned escalation, Mr. Kinkopf said.

But Carl Conetta, co-director of the project on Defense Alternatives, a think tank that researches military requirements in the post-Cold War world, told UPI that such a move would be politically tricky for the new Democratic leadership of the Congress.

"It would put them in a difficult position, one that could be spun by the administration as hamstringing the war effort," he said. "That's exactly where the administration's supporters would like to put them."

Mr. Conetta said that the Democrats might end up trying to "oppose this effort [at escalation] ... without taking congressional action to stop it."

But he said it was more likely they would "play every card to its conclusion," and try to block any escalation -- knowing that "in the end they will fail -- that the president will get his way."

"They may content themselves with complaining loudly," he said.

Activists Demand An End To War Funds (BOS)

By Rick Klein

The Boston Globe, January 8, 2007

WASHINGTON -- With President Bush poised to announce a surge in US troops in Iraq this week, antiwar activists in the Democratic Party are stepping up demands that their party's leaders cut off funding for the war -- a dramatic step that would force the president to quickly end American involvement in the war.

Calls for Congress to use the power of the purse to shape war policy are coming from the party's base of vocal war opponents, as well as a growing number of rank-and-file Democratic lawmakers who view November's midterm congressional elections as a demand from the public for Democrats to force the president to end the war.

Today, Representative Dennis Kucinich, a liberal Ohio Democrat, plans to outline a proposal for Congress to deny Bush any more funds for the war and have the United Nations lead a security force to stabilize Iraq.

"Our very majority was created through a determination by the people of this country that they wanted a new direction in Iraq," said Kucinich, who ran for president in 2004 on an antiwar platform and has announced a 2008 candidacy as well.

The push by liberals underscores a split within the Democratic Party that winning the majority in Congress hasn't healed. Democrats are caught between a desire to support US troops and appear strong on national security and a sometimes competing push to end an increasingly unpopular war.

"It'll be an interesting leadership challenge to manage these different pieces," said Brian Katulis, a senior fellow at the Center for American Progress who has written extensively on the war. "But Iraq is not going away."

The intra party tension was on display yesterday, with new House Speaker Nancy Pelosi again rejecting suggestions that Democrats cut off funding for forces now in Iraq.

Pelosi held out the possibility that Democrats would pare down the president's future funding requests to try to prevent a troop increase but said Democrats' efforts to influence war policies would never extend to cutting funds for troops already in the field.

"We will always be there to protect our troops and support our troops," Pelosi, a California Democrat, said on CBS's "Face the Nation."

Since winning the November elections, Democratic leaders in Congress have taken a cautious approach to the war. The issue of Iraq was omitted entirely from House Democrats' agenda for their first 100 legislative hours in power, as Democrats focus on domestic issues such as raising the minimum wage and expanding stem cell research.

House and Senate leaders are urging a "phased redeployment" of troops that is not tied to a timeline, and some have signaled a willingness to accept a temporary increase in troop levels as part of a broader plan for ending the war.

Pelosi made clear in her first speech as speaker that she will look to the president to chart a new course in Iraq before Democrats try to influence policy. Bush is scheduled to address the nation on his plan for Iraq as early as Wednesday evening.

But even before the new Congress began, some peace activists began expressing dismay that Democrats aren't doing more to end the war. A group of antiwar protesters led by Cindy Sheehan, the mother of a slain soldier who gained fame during her summer 2005 vigil outside Bush's Texas ranch, disrupted a press conference Democrats were holding Wednesday in Washington on their ethics and lobbying measures.

"We didn't put you in power to work with the people that have been murdering hundreds of thousands of people since they have been in power," Sheehan said after Democratic leaders were forced to cut short the news conference.

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Liberal activists are likely to become even more agitated if Congress stands by while Bush sends more troops to Iraq. With that in mind, House and Senate Democratic leaders took the unusual step Friday of preemptively opposing a major increase in troop levels in Iraq -- something Bush is expected to call for this week.

But it remains unclear whether Democrats will be able to stop a troop surge -- much less hasten the end of the war itself -- without withholding funding. Leading Democrats, including Pelosi and Senate majority leader Harry Reid, have been nearly unanimous in rejecting a move to cut off funds, and some who want to end the war now are hesitant to take such a step.

Representative William D. Delahunt, a Quincy Democrat who serves on the US House International Relations Committee, said Democrats should use congressional hearings to establish the best course and to inform the public about the options that exist.

"You don't want to make the same kind of mistakes getting out that this administration did getting in," Delahunt said. "I'm satisfied that withdrawal as soon as practically possible is the best solution. But it is very important to educate not just the American people, but members of Congress and policy makers about this war and how we can end it."

Yet Kucinich cautions that approving the administration's next war budget request -- the Pentagon is expected to ask for at least $100 billion more in the new federal budget -- could give the president all the money he needs to continue the war through the end of his term.

"You can't say you're opposed to the war and keep funding it," he said.

Representative Gregory W. Meeks, a New York Democrat, said Congress would be wrong to give up its most powerful tool by giving the administration all the money it wants for the war.

"The American people were clear in the election that they don't want more troops in Iraq," said. "We have to -- and we will -- stand up and go in a different direction."

Democrats Revise Agenda To Deal With War In Iraq (WP)

By Jonathan Weisman

The Washington Post, January 8, 2007

Democratic leaders who had hoped to emphasize their domestic agenda in the opening weeks of Congress have concluded that Iraq will share top billing, and they plan on aggressively confronting administration officials this week in a series of hearings.

Pushed by House members who want a quick, tough response to the Iraq strategy President Bush is expected to announce this week, Speaker Nancy Pelosi (D-Calif.) has backed off from her initial assertion that nothing should detract attention from the legislation she hopes to pass in the first 100 hours of House debate.

Late last week, she summoned the chairmen of the Armed Services, Foreign Affairs, intelligence, Homeland Security, and Oversight and Government Reform committees to plot a series of hearings. On Thursday, Democrats will call Secretary of State Condoleezza Rice to appear before the House Foreign Affairs Committee to defend the war-strategy shift Bush will outline in a nationally televised speech.

A House Armed Services Committee hearing with Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, planned for Jan. 19 was abruptly moved to this Thursday after consultations with Pelosi. And leadership aides went to work on a response to Bush's speech that they hope will be delivered on national television after the president's appearance.

In the Senate, the Foreign Relations Committee will hold hearings Wednesday on the current situation in Iraq, then grill Rice on the president's plan Thursday. Pace and Gates will go before the Senate Armed Services Committee on Friday.

"Iraq is the elephant in the room," said Rep. Loretta Sanchez (D-Calif.), a member of the House Armed Services Committee and a close ally of Pelosi's.

Democrats had hoped that the headlines and evening news would be dominated by votes in Congress to bolster homeland security, raise the minimum wage, fund stem cell research and grant the federal government authority to negotiate lower drug prices for Medicare. Each of those measures will be taken up on sequential days this week, a bill-a-day approach designed to capture headlines and show the nation that Democrats can get things done.

But with Bush's long-awaited policy address tentatively set for midweek, those much-touted bills are not likely to lead the news, and the Democratic leaders have been forced to change their tactics.

"The challenge for them is this: Iraq is the central issue. It's an enormous problem for the president and the Republicans, but it has the suffocating effect of taking attention away from the Democrats' domestic legislative priorities, and I think they understand that," said Joe Lockhart, a White House press secretary in the Clinton administration.

To some Democrats, the House leaders' response to the burgeoning war debate has been too slow and too cautious. A CBS News poll released Thursday found that 45 percent of voters want the Democratic Congress to focus on Iraq, a figure that

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far outstripped the percentages for the economy and jobs, at 7 percent; health care, at 7 percent; and immigration, at 6 percent. "Americans couldn't be clearer," the poll report concluded.

Rep. Dennis J. Kucinich (D-Ohio), a leader in the antiwar movement, said that as soon as Bush delivers his proposal, Democratic leaders need to be ready with a thorough plan to end the war. Kucinich will outline his own war plan in a speech in New York today.

"When Democrats were in the minority, the default position of the Republican leadership was to take the war off the table, but the war is the 800-pound gorilla," he said. "It ain't moving off the table. Congress has to intervene right now."

Early Friday afternoon, Rep. Martin T. Meehan (D-Mass.), a House Armed Services Committee member, groused that an Iraq hearing planned for Jan. 19 was at least a week too late. "We on the Armed Services [Committee] feel strongly that we need to begin the hearing process immediately," he said.

By late afternoon, the hearing was rescheduled for this week.

Some Democratic strategists urged party members to stick to their original plan, passing kitchen-table legislation every day, such as the minimum-wage increase and the stem cell bill, while Bush struggles with the war. Celinda Lake, a Democratic strategist and pollster, called it "the perfect juxtaposition."

"People are not looking to their individual members of Congress to solve the Iraq war," she said. "For the House to be focused on it now would look like partisan bickering rather than getting on with the people's business."

Rep. Rahm Emanuel (D-Ill.) agreed that the Democrats have the winning hand. Bush may be grabbing the spotlight by shaking up his war advisers, bolstering troop strength in Baghdad and pushing more money into Iraq reconstruction, but the news reports are doing him no good, he said.

"I know where support for more troops is, and I know where support is for the minimum-wage increase," said Emanuel, the fourth-ranking House Democrat. "I'd rather be doing what we're doing."

By the weekend, however, Emanuel had acknowledged the Democrats' strategic shift. He still was not worried that Bush might be scoring political points, but he said the Democrats have to respond.

"This is not a surge; it's an escalation, and we want to make sure the definition is correct," he said. "When the American people voted for change in November, this is not what they had in mind."

Capitol Hill Prepares For Tough Hearings On Iraq (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 8, 2007

Even before President Bush lays out his "new way forward" in Iraq, the Demo-cratic majority in Congress and a growing number of Republicans say they will oppose any troop surge - but not to the point of blocking funding for the war.

That means a key aspect of the president's plan, expected to be unveiled this week, will run into a wall of words on Capitol Hill, but not much more.

"We're not going to fight their civil war for them," says Rep. Ellen Tauscher (D) of California, who chairs the strategic forces subcommittee of the House Armed Services Committee. She supports a shift of existing US forces out of areas of sectarian violence.

But if the president insists on adding forces into the most troubled areas, would she vote to deny him the funds to carry out his plan? "No," she says. "That's why he's got us over a barrel."

Still, oversight hearings convening across Capitol Hill, beginning this week, mark an escalation in congressional opposition to the war, including among members of the president's own party.

Beginning Tuesday new Democratic committee chairmen are launching hearings on issues ranging from military strategy, reconstruction, and diplomacy in the region to the Iraqi refugee crisis.

"We will use these hearings to ask tough questions, demand real solutions, and keep working to bring this war to a close," said Senate majority leader Harry Reid, in the Democratic response to Bush's weekly radio address on Saturday.

Citing the advice of current and past military leaders, Democratic leaders on the Hill are opposing any move to pour additional troops into Iraq, even before Bush announces his plan. Instead, they called on him to begin a "phased redeployment" of US forces in the next four to six months, shifting the mission from combat to "training, logistics, force protection, and counterterror."

"Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain," said Senator Reid and Speaker Nancy Pelosi in a joint letter to the president Friday.

But they, too, say they will not block funding for the war. "It's not on the table," said Reid, after a briefing Friday.

Leading off this month's blitz of Iraq hearings, the Senate Foreign Relations Committee is set to convene a closed intelligence briefing Tuesday afternoon. In all, it plans a dozen hearings on the war this month. These hearings, says chairman

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Joseph Biden (D) of Delaware, will be "workmanlike," rather than sensational. They are intended to give Americans a sober look at the state of play in Iraq and build consensus for a way forward. "No foreign policy can be sustained in this country without the informed consent of the American people," he adds.

Even in a time of diminishing public support for the war, lawmakers are wary of challenging the president as commander in chief, especially if they could later be tied into losing a war.

"I think to basically begin to withdraw before the job is finished is a mistake. If the president recommends what we seem to believe he's going to recommend, I intend to support him," said Senate Republican leader Mitch McConnell, in an interview on Fox News on Sunday.

Yet Congress's ability to influence Bush, should he decide to send tens of thousands of new forces into Iraq, is "very limited," says Norman Ornstein, senior fellow at the American Enterprise Institute. "Theoretically, they could block the funding, but practically, it's not going to happen.

"The American people may not like this war but if you do something that undercuts the commander in chief and creates a potential for chaos, voters will blame you for decades," he adds.

Meanwhile, new Republican opposition to the war is surfacing in Congress. On Friday, Rep. Heather Wilson (R) of New Mexico staked out early opposition to any plan to add more troops in the region.

"I am not a supporter of a surge to do for Iraqis what they will not do for themselves," she said, after returning from a trip to Iraq last week.

But she would not vote to stop funding the war. "The answer is never to stop paying for food for our soldiers. We can't do that," she adds.

Representative Wilson, who served in the Air Force from 1978-89, is one of several Republicans who cite recent trips to the region as the basis for their dissent. In December, Sens. Norm Coleman (R) of Minnesota and Gordon Smith (R) of Oregon broke ranks with the White House on Iraq.

In support of the White House, Sens. John McCain (R) of Arizona and Joseph Lieberman of Connecticut, who calls himself an Independent Democrat, stepped up calls for a sustained surge of US forces into Iraq.

"I believe the war is still winnable, but we're going to have to do everything right," said Senator McCain, in a speech before the American Enterprise Institute Friday. "The worst of all worlds is a small, short surge of American forces," he says. A time-limited deployment signals to insurgents that they "can wait it out," McCain says.

A majority of Americans are against increasing troop levels in Iraq. Only about 1 in 5 voters supports sending in more troops, according to a recent survey by the Cook Political Report.

And the intensity of hearings and debate this month could step up pressure on the Bush White House. "In a democracy, you simply cannot go on indefinitely, if you have lost the public, and there's increasing opposition from an increasing share of the political elite. It's an extremely difficult political environment," says Mr. Ornstein.

McCain Vs. Hagel: Two Views On The War (NSWK)

By Jonathan Darman, Richard Wolffe And Evan Thomas

Newsweek, January 15, 2007

War itself is a foreign concept to many solons of Capitol Hill; a small number—perhaps as few as 25 out of 535—have come under fire in combat. John McCain and Chuck Hagel are obvious and visible exceptions. McCain, a Republican from Arizona, was a Navy bomber pilot, shot down and imprisoned by the North Vietnamese for five and a half years. He has, he sometimes says, "more scars than Frankenstein." Hagel, a Republican from Nebraska, was an Army grunt in Vietnam who won two Purple Hearts and still has shrapnel in his chest. Both men have seen the face of war up close. But on the question of the Iraq war, they are almost mirror opposites.

Hagel is "obsessed" with the war in Iraq, says his brother Tom, who served with him in Vietnam. "You can't have a conversation with him without this coming up." During Christmas, Hagel looked "markedly older and grayer than when I saw him this summer down at the beach," says Tom. In an interview with NEWSWEEK last week, Hagel teared up when he began talking about a Purple Heart ceremony he had attended in August in Lincoln, Neb. "You're sitting there thinking, Was this a waste?" said Hagel, who voted for the original congressional resolution backing the war despite raising serious doubts about whether the invasion made sense. He added, somewhat uncomfortably, that at times he wonders whether he has done enough to try to stop the war.

Hagel is not pushing for "Out Now." But he is almost angrily dismissive of the idea of sending an additional 10,000 to 20,000 troops to Iraq. "Are we going to pacify Baghdad?" he asks. "Are we going to break the militia's stronghold? Are we going to use these troops to propel or force a settlement between the Shias and the Sunnis? What's the objective of it? I will guarantee

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that there's going to be a lot more American casualties. And there's going to be a lot more animosity by the Iraqis." The idea that the Iraqis will respond only to more troops, he says, is "complete folly, unless you're going to kill all the Iraqis."

McCain, by contrast, was almost dispassionate when he told a NEWSWEEK reporter that he wishes to expand the war in Iraq. His attitude was coolly self-assured. "All of us establish records," he says about his repeated calls for more troops in Iraq. "If I was wrong in the beginning, my credibility might be somewhat less now." McCain suggests that the Bush administration, now scrambling to find enough fresh troops to "surge" in Iraq, should have listened to him all along. "I hate to sound so 'I told you so,' but I've been saying we've got to have a larger Army and Marine Corps for a long, long time." McCain can sound a little matter-of-fact about sending young people off to combat, but he marches to a different drummer than most Americans. His 18-year-old son Jimmy, a newly enlisted Marine, may soon be deployed to Iraq, the fourth-generation McCain to go to war.

Hagel and McCain are likely to be increasingly prominent spokesmen for their opposing views on Iraq. McCain is almost surely running for the Republican nomination for president, and Hagel has often been mentioned as a candidate, though he says he has yet to decide if he is running. Both men will be heard from early and often as the debate on Iraq moves to Capitol Hill this winter. As an institution, Congress has by and large taken a pass on the war, voting on a resolution in favor at the outset, but ever since shying away from using the legislative power of the purse or oversight authority. The November elections, by bestowing power on the Democrats, may embolden Congress. This week Senate Foreign Relations Committee chairman Joseph Biden of Delaware, an outspoken critic of the war, will hold the first of many confrontational hearings that will keep Bush's war cabinet trooping up the Hill to defend the president and his policies for weeks, and probably months, to come.

The president seems determined to defy his detractors, not to mention popular opinion. This week Bush is expected to announce a "New Way Forward" on Iraq that will call for more troops to try to bring order and political stability to Baghdad. (There has been some uprooting in his own administration, with White House counsel Harriet Miers eased out, presumably for a tougher fighter in the congressional wars ahead; National Intelligence Director John Negroponte resigned to become the deputy secretary of State, for his Iraq experience and to keep an eye on North Korea and Iran, and Gen. David Petraeus, a much-admired Airborne vet with a Princeton Ph.D., was named to run the Iraq war on the ground.) To Bush's many critics, like Hagel, the new Iraq strategy adds up to a waste of more American lives. To Bush's smaller and dwindling band of supporters, like McCain, failure in Iraq is unthinkable. And if duty requires more sacrifice, then so be it.

A senior Bush aide, who declined to be named discussing internal White House strategy, tells NEWSWEEK that the president's way-forward plan will be a middle-road approach that falls somewhere between McCain's and Hagel's positions. He will call for a staggered troop increase based on benchmarks for the Iraqis' performance. Bush hopes to avoid the failures of previous security plans designed by Prime Minister Nuri al-Maliki. This time, unlike in past sweeps of Baghdad, Iraqi troops need to fulfill the basic obligation of reporting for duty. There can be no "no go" areas based on sectarian lines and no political interference in security operations. "You literally had a situation where Iraqi security forces would get a call on their cell phone from a politician saying, 'Don't do that, don't go after so-and-so'," the aide says.

Who's right—McCain or Hagel? One way to understand the debate is to examine how two outspoken war veterans have called upon their experiences in Vietnam to wind up in completely different places on Iraq. McCain and Hagel are friends, members of a small, tight fraternity of lawmakers who have been bloodied by war. McCain teasingly calls Hagel "Sarge," and Hagel once gave McCain the seat of an A-4 bomber—the same type of seat McCain was flying in when he broke his arms ejecting from a burning plane over North Vietnam. But when Hagel is asked about their split on Iraq now, his face tightens. McCain, like Hagel, glosses over any discussion of the private debate that has raged between the two men, though he admits it "divides friends."

Sen. Lindsey Graham of South Carolina, who is close to both men (but sides with McCain on the war), lays out the basic differences between them. "Chuck believes the war in Iraq has deflected from the war on terror, that it was a war of choice," says Graham. "John sees Iraq more like Bush, in that he sees it as the central front on the war on terror, and it was unavoidable."

When McCain and Hagel argue about the Iraq war, says a mutual friend who did not wish to be identified discussing their private conversations, both men often invoke Vietnam. After their own wartime service, each man read deeply about the history of the Vietnam War but reached different conclusions about its meaning. While Hagel hammers away at the similarities between Iraq and Vietnam, McCain often begins sentences by saying, "Unlike Vietnam ... " In one recent chat, says the source, McCain challenged Hagel by arguing that the North Vietnamese were no threat "to our shores," whereas "the people we are finding in Iraq are."

The two men saw the war from sharply different angles. Chuck Hagel "walked point" with an infantry company near the Cambodian border in some of the worst fighting in 1967 and '68. His brother Tom often went on patrol with him (the brothers circumvented an Army rule that bars family members from serving in combat together). "I don't know how many times we would be assigned to go out for a search-and-destroy mission," Tom recalls, "and we'd pass South Vietnamese villages with South Vietnamese soldiers lying around sleeping in hammocks. They're doing easy duty while we were out doing the hard part." The

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lesson to the Hagel brothers was obvious: "You cannot win somebody else's independence," says Tom. "They have to do it for themselves."

Ground-pounder Tom says that while he respects McCain's service, the bomber pilot could not have known what reality was like down in the jungle: "He was up in the air at 10,000 feet. He never saw the consequences of those bombs." (Tom is a Democrat who's tussled with his brother on partisan politics.) McCain acknowledges that different perspectives can produce different outlooks on the war. He brings up one of Hagel and McCain's mutual friends, Gen. Colin Powell, whose Vietnam service bred a strong reluctance to intervene in a foreign conflict without overwhelming force and a clear exit strategy—the so-called Powell Doctrine. "One of the most impactful experiences of Colin's life was holding a dying soldier in his arms in the battlefield in Vietnam," says McCain. "I can see how that would have a very significant impression on him."

McCain does acknowledge one key difference between him and Hagel. "I know Chuck Hagel came home from the war to a very hostile environment in America," says McCain. (Returning GIs were sometimes jeered and even spat upon in airports; they learned to change quickly into civilian clothes.) By the time McCain was released from captivity in 1973, however, "the POWs came home to a welcoming America," says McCain. "We were the only heroes of the Vietnam War." McCain has played the hero ever since, usually with self-deprecating charm. He's unafraid to call for the sacrifices he was willing to make himself; Hagel just wanted the Vietnam War to end, and now he wants to limit what he sees as needless sacrifice in Iraq.

The differences between Hagel and McCain transcend their war experiences. Hagel is the classic citizen-soldier, in a tradition that goes back to George Washington and to ancient times. The ideal is the Roman general Cincinnatus, who left his prosperous farm to rescue the Roman republic—but then returned to domestic life when the fighting was done. Hagel was a draftee who was sent to Germany by the Army but volunteered for duty in Vietnam. When he came home, he made money as an investment banker (and learned something about dealmaking and compromise) before running for Congress in 1996.

McCain, by contrast, is an American samurai, a member of a professional warrior caste. It is revealing that when the young McCain contemplated dropping out of the U.S. Naval Academy in the late 1950s, it wasn't to become Joe College and drink beer. He thought of enlisting in the French Foreign Legion. (McCain's eldest son, 20-year-old Jack—John S. McCain IV—is in his second year at Annapolis.) McCain's book, "Faith of My Fathers," begins with the scene of his grandfather, Adm. John (Slew) McCain, torn by existential angst as he sat in his cabin on an aircraft carrier awaiting Japan's final capitulation in World War II. "Well, this surrender has come as a kind of a shock to all of us," McCain tells a fellow officer. "I feel lost. I don't know what to do. I know how to fight, but now I don't know whether I know how to relax or not. I'm in an awful letdown." Admiral McCain died of a heart attack less than a week later.

McCain himself turned down early release from the Hanoi Hilton because he did not want to get special treatment: his father, John S. McCain Jr., a sub captain in World War II, was by this time commander of the Pacific Fleet. Though McCain contemplated suicide, he decided torture was better than letting down his forebears. For McCain, nothing is worse than defeat in battle. He concedes that a surge in Iraq will impose "a terrific strain" on the military but warns that the alternative is a disaster. "There's only one thing worse," he says, "and that's a defeated Army. I saw a defeated Army and Marine Corps in 1973 and it took us a long, long time to rebuild. Because when armies are defeated, it's not just a matériel problem, it's a morale problem."

Hagel has a long, sad face, one side of which was seared by the flash of an exploding enemy mine almost four decades ago. But he is almost gleeful when he talks about the coming debate on Iraq. He thinks Congress will awaken from its passivity and begin questioning how Bush is spending blood and treasure on Iraq. "The administration is going to be forced to come up and explain, 'Where is the money going?' " says Hagel. He rejects the notion that the newly Democratic-controlled Congress will shy away from cutting off at least some of the funding for the war. (The somewhat cynical view on Capitol Hill is that the Democrats will let Bush have the money—and also the responsibility for a failed policy.) He foresees Congress's agreeing to pay for existing force levels—but not to send more troops. The White House, he says, can no longer bully Republican members into submission. "The Republican Party has to go through an election next year, the president doesn't," says Hagel. "There are a lot of Republicans in this conference that are very scared."

McCain, needless to say, is not one of them. He plans to push back. The president is often asked, he notes, what will happen if the surge fails. "I think it's fair to ask my friends who want withdrawal, what's their Plan B?" says McCain, who does not include Hagel in the cut-and-run crowd. "What is their scenario as to how we handle the ensuing chaos that will be almost impossible to avoid?" McCain was at once smiling and seething. (When McCain says "my friend" to a "single, luckless individual ... through clenched teeth and frozen smile," notes Todd Purdum in the new Vanity Fair, it "means McCain is ready to blow.") Both McCain and Hagel are clearly girding for battle. For these two men, the fighting is never really over.

How The U.S. Is Losing The PR War In Iraq (NSWK)

By Scott Johnson

Newsweek, January 15, 2007

DOJ_NMG_0113202

For nearly four years, U.S. military officials have briefed the Baghdad press corps from behind an imposing wooden podium. No longer. Last week U.S. military spokesman Maj. Gen. William Caldwell relaxed with reporters around a "media roundtable." He replaced the cumbersome headset once used for Arabic translations with a discreet earpiece. He cut short his opening statement, allowing for more back-and-forth banter. Yet even as Iraq emerged from the deadliest month in 2006 for American soldiers, Caldwell maintained the relentlessly upbeat patter that has come to characterize the briefings. "The key difference you're going to see in 2007," he said proudly, "is this is truly the year of transition and adaptation."

Another year, another message. In the United States this week, President George W. Bush's speech laying out his new strategy for Iraq will be scrutinized for its specifics—the numbers of an anticipated troop surge, the money for reconstruction and jobs programs. But at least as critical to success may be whether Bush is convincing. A draft report recently produced by the Baghdad embassy's director of strategic communications Ginger Cruz and obtained by NEWSWEEK makes the stakes clear: "Without popular support from US population, there is the risk that troops will be pulled back ... Thus there is a vital need to save popular support via message." Under the heading DOMESTIC MESSAGES, Cruz goes on to recommend 16 themes to reinforce with the American public, several of which Bush is likely to hit: "vitally important we succeed"; "actively working on new approaches"; "there are no quick or easy answers."

What's even more telling is that the IRAQI MESSAGES—the very next section—are still "TBD," to be determined. Indeed, the document so much as admits that despite spending hundreds of millions of dollars, the United States has lost the battle for Iraqi public opinion: "Insurgents, sectarian elements, and others are taking control of the message at the public level." Videos of U.S. soldiers being shot and blown up, and of the bloody work of sectarian death squads, are now pervasive. The images inspire new recruits and intimidate those who might stand against them. "Inadequate message control in Iraq," the draft warns, "is feeding the escalating cycle of violence." (A U.S. Embassy spokesperson claims the document reflects Cruz's personal views, not official policy.)

Sunni insurgents in particular have become expert at using technology to underscore—some would say exaggerate—their effectiveness. "The sophistication of the way the enemy is using the news media is huge," Lt. Gen. Peter Chiarelli, the former commander of U.S. forces in Iraq, told NEWSWEEK just before he returned to the United States. Most large-scale attacks on U.S. forces are now filmed, often from multiple camera angles, and with high-resolution cameras. The footage is slickly edited into dramatic narratives: quick-cut images of Humvees exploding or U.S. soldiers being felled by snipers are set to inspiring religious soundtracks or chanting, which lends them a triumphal feel. In some cases, U.S. officials believe, insurgents attack American forces primarily to generate fresh footage.

Guerrillas have always sought alternative technologies to undermine their better-equipped enemies. What's different now is the power and accessibility of such tools. Production work that once required a studio can now be done on a laptop. Compilation videos of attacks on U.S. forces sell in Baghdad markets for as little as 50 cents on video CDs. Advancements in cell-phone technology have made such devices particularly useful. Their small video files—the filming of Saddam Hussein's hanging took up just over one megabyte—are especially easy to download and disseminate. "Literally, it's only hours after an attack and [the videos] are available," says Andrew Garfield, a British counterinsurgency expert who has advised U.S. forces in Baghdad. "You can really say it's only a cell-phone call away."

What the insurgents understand better than the Americans is how Iraqis consume information. Tapes of beheadings are stored on cell phones along with baby pictures and wedding videos. Popular Arab satellite channels like Al-Jazeera and Al-Arabiya air far more graphic images than are typically seen on U.S. TV—leaving the impression, say U.S. military officials, that America is on the run. At the extreme is the Zawra channel, run by former Sunni parliamentarian Mishan Jibouri, who fled to Syria last year after being accused of corruption. (Jibouri says he's being persecuted for political reasons, and can return to Iraq whenever he wants.) Since November the channel has been spewing out an unending series of videos showing American soldiers being killed in sniper and IED attacks. The clips are accompanied by commentary, often in English, admonishing Iraqis to "focus your utmost rage against the occupation." Among Sunnis and even some Shiites, Zawra has become one of the most popular stations in Iraq. "I get e-mails from girls in their 20s from Arab countries; some of them are very wealthy," Jibouri boasts. "Some offer to work for free, some offer money."

The U.S. military's response, on the other hand, usually sticks to traditional channels like press releases. These can take hours to prepare and are often outdated by the time they're issued. Lt. Col. Barry Johnson, director of the military's press operations in Baghdad until this past September, complains that all military-related information has to be processed upward through a laborious and bureaucratic chain of command. "The military wants to control the environment around it, but as we try to [do so], it only slows us down further," he says. "All too often, the easiest decision we made was just not to talk about [the story] at all, and then you absolutely lose your ability to frame what's going on."

An even bigger problem, say other U.S. officials, may be the message itself. The videos on Zawra are powerful precisely because they confirm the preconceptions many Iraqis have about the occupation. Col. William Darley, editor of the influential

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Military Review at the Combined Arms Center in Fort Leavenworth, Kans., argues that merely changing podiums in the briefing room misses the point. "You can cook up a kind of shrewd, New York City-style advertising campaign for a candy bar, and if the candy bar tastes lousy, you can't sell it," says Darley. "If Iraq has no electricity, spotty medical care, no security, then [we] cannot succeed."

The consequences of losing the propaganda battle are real. "One of these videos is worth a division of tanks to those people," says Robert Steele, a former U.S. Marine Corps intelligence officer. Not only do the insurgent videos draw recruits and donations, they don't give ordinary Iraqis much incentive to cooperate with the Americans. Videos put out by sectarian death squads, like the one shown to NEWSWEEK by the watchdog SITE institute in which a Sunni militiaman saws the head off a Shiite prisoner with a five-inch knife, enrage the targeted community. The release of the ghoulish video of Saddam's hanging prompted thousands of Sunnis to protest in Anbar province. Residents of Fallujah—the target of a multimillion-dollar hearts-and-minds campaign—renamed the city's main thoroughfare the Street of the Martyr Saddam Hussein.

The damage goes beyond Iraq. Al Qaeda's media arm, As-Sahab ("The Cloud") has similarly improved the quality and frequency of its videos; the group, says former State Department adviser Philip Zelikow, uses "the Internet to provide a sense of virtual identity" now that its Afghan training camps have largely been destroyed. The question is how to fight back, when today's most powerful technologies—the Web, cell phones—are better suited to small, nimble organizations. Back in the 1930s national leaders could almost wholly control the framing of their messages, says Donald Shaw, a professor of media theory at the University of North Carolina at Chapel Hill who has written about reforms for military public-affairs officers. But now, "the podium has lost its influence." For those who once stood behind it, that message at least is very clear.

White House Week (USNEWS)

U.S. News and World Report, January 7, 2007

New Faces, a New Plan, as Bush Nears His Endgame

President Bush shook up his administration last week, putting in place the lead elements of a new team to deal with military and diplomatic policy in Iraq-and even with Congress. The changes carried the feel of a president knowing that as he describes new policy, new faces will be needed to carry it out. First to move was John Negroponte, the first director of national intelligence. He'll take charge of Iraq policy as a deputy to Secretary of State Condoleezza Rice. On the military side, Bush will replace Gen. John Abizaid, who commanded U.S. forces in the Middle East, and Gen. George Casey, the top general in Iraq. Abizaid had planned to retire in March. Taking his post will be Adm. William Fallon, the chief U.S. commander in the Pacific, and Casey will be replaced by Gen. David Petraeus, who had been in charge of training Iraqi security forces. On the home front, Bush will be replacing White House counsel Harriet Miers as he girds for investigations by the new Democratic Congress.

So Now We're All Fiscal Conservatives

Democrats saw chicanery, but Republicans smelled political reality in President Bush's announcement last week that he will seek a balanced budget in five years and an end to pork-barrel politics. Bush, after all, had taken a budget of surplus and turned it into one of deficit, but now he seemed to be adopting the new Democratic majority's fiscal pledges. Insiders at the White House spun it a different way: They said the president had hoped to push for deeper tax cuts in the next and future budgets, but the election of Democratic majorities in the House and Senate killed those plans. Now, they said, the president will submit a budget for fiscal 2008 that will leave little room for new Democratic add-ons without deeply cutting into defense spending or raising taxes.

The Give-Him-Enough-Rope Strategy

With his big speech on Iraq expected this week, President Bush's strategists say he has a lot more latitude in setting a new policy than his antiwar critics realize-at least for the next few months. "The Democrats are going to be in a real bind," says a Republican insider with close ties to the White House. "The president will come out with a strong plan to get order in Baghdad, and if the Democrats do anything to undermine or block it, it will look to Americans as though they wouldn't give his plan a chance." The strategist predicts that "their tendency will be to give the president a free hand and blame him if doesn't work." This could be a clever political gambit, but it also would give Bush one more chance to get things right in Iraq. Says one Bush aide: "The White House now feels that urgency."

For Those Who Predicted His Demise...

He is showing no signs of leaving, as some had predicted. Indeed, White House political guru Karl Rove is as aggressive as ever in making policy arguments-his main theme being that Republicans lost the congressional elections because they didn't sufficiently live up to their core conservative ideals. And his influence is still pervasive, sources say. For instance, GOP insiders suspect that Rove had a big hand in distancing Bush from the Iraq Study Group because he believed the bipartisan panel was too critical of current Iraq policy. Rove, aides say, believes that victory is still achievable and that Bush should pursue it as vigorously as he can.

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PHOTO OP: 9:47 a.m., January 5, the Roosevelt Room

He had served in the new post of director of national intelligence only two years, hardly enough time to unify the nation's 16 disparate spy agencies. But last week John Negroponte was moving on to direct Iraq policy at the State Department. His replacement, President Bush announced, would be retired Navy Vice Adm. Michael McConnell (right).

Fineman: Sidestepping The 'Surge' (NSWK)

By Howard Fineman

Newsweek, January 15, 2007

Before Barack Obama was a senator, he opposed the war in Iraq. Now that he is one, he says that sending more troops would be "a mistake that compounds the president's original mistake." But don't expect Obama—or most other Dems—to try to block George W. Bush when he asks Congress in the coming weeks for another billion-dollar bundle for the war. The party won't deny the funds, and may not even try to attach conditions to them. Obama made that clear last week when I saw him in his office, a sunny space filled with portraits of Thurgood Marshall, Abraham Lincoln, Mohandas Gandhi and Muhammad Ali. "To anticipate your question," said the Harvard-trained lawyer, "is Congress going to be willing to exercise its control over the purse strings to affect White House policy? I am doubtful that that is something we are willing to do in the first year."

Marriages of convenience are common in Washington. The war in Iraq is producing the opposite: a divorce of calculation. President Bush has no evident interest in consulting with, let alone drawing in, the new Democratic Congress as a war partner. An example: the new chair of the Senate Armed Services Committee—Carl Levin, an important character now—sent Bush a private letter three weeks ago offering his counsel. Levin never got a reply. Bush can be just as deaf to Republicans. At a recent White House ceremony, Sen. Susan Collins offered to brief him on her Iraq visit. He responded by escorting her to the office of his deputy national-security adviser—and then left before she told her story.

Even as they decried the "surge" and declared that it is "time to bring the war to a close," Democrats offered reasons for staying out of Bush's way. Obama took the safest ground. "I cannot in good conscience," he said, "cut off funding for our troops that are already there." He and others will insist that future requests be included in the regular budget. Sen. Joe Biden, whose Foreign Relations Committee will launch hearings on the war this week, said that Congress's role is simply too limited to be effective. "It's all about the separation of powers," he said. Last month he told Bush: "This is your war, Mr. President, and there's nothing we can do to stop you."

The Democrats may not really want to. Party leaders (especially Nancy Pelosi) fear being branded as "weak on defense" if they kicked off in Congress with antiwar maneuvers. Rather than do that, said Biden and Sen. Chris Dodd, the best strategy for now is to try to dig out the facts and educate the public. Only Republicans have the leverage to pressure Bush to change course, Biden said.

In the meantime, Democrats know a classic "wedge issue" when they see one. With 21 Republicans up for re-election, Democrats would be happy to witness full-scale GOP infighting, which could catch the Republicans' '08 front runner, Sen. John McCain, in the crossfire. Democratic strategists say it would be politically foolish to help Bush by crafting a bipartisan war policy. "Why should we try to come up with a compromise policy with him?" asks Mike Ward, a former congressman who was back at the Capitol for opening-day festivities. "If we do that, we take ownership of the war. Why would we want to do that?" Only one reason I could think of: to end the war faster so that the troops could come home.

After The 100-Hour Show Comes The Slog (USNEWS)

By Alex Kingsbury

U.S. News and World Report, January 8, 2007

The new Democratic majority in Congress has tasked itself with an ambitious opening salvo for the 110th session of the national legislature: raising the federal minimum wage, passing the still-outstanding recommendations of the 9/11 commission, and halving the interest rates on student loans. But Democrats have a robust agenda beyond that first 100 hours. Here's a glimpse at what's coming on Capitol Hill in the weeks and months ahead.

DEFENSE

House Dems have promised hearings into how the war in Iraq has been handled, with scrutiny in a range of committees expected to turn on contractor oversight, force readiness, and the president's forthcoming plan in Iraq. Over on the Senate side, expect three hearings on Iraq this month alone. And Congress will almost certainly consider expanding the size of the Army and Marine Corps, a measure that is expected to receive broad support on both sides of the aisle.

INTELLIGENCE

Expect investigations on controversial intelligence programs launched by President Bush, including the National Security Agency's warrantless surveillance program and the CIA's secret prison and renditions program. The Senate Intelligence

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Committee, meanwhile, will tackle a task not finished in either of the past two years-passing an authorization bill for the $44 billion intelligence community for the next fiscal year. But most of the committees' work will remain behind closed doors: Hearings will be held this month on the threats to Iraq from its neighbors, as well as on current and emerging safe havens for terrorists.

IMMIGRATION

Very soon Democrat Ted Kennedy and Republican John McCain will introduce a Senate bill allowing 12 million illegal immigrants in the country to qualify for legal status after paying fines and some back taxes. That's a marked departure from the compromise bill passed in the Senate last year, which grouped immigrants into three categories and had some go home while others could stay. The Senate aims to pass a bill in March or April, while the House will most likely tackle the issue this summer or fall.

HOMELAND SECURITY

Improving radio communications between fire and rescue personnel will be one of the easiest 9/11 commission recommendations to enact; Democrats plan to create new grants specifically for communications equipment. Requiring the inspection of all sea and air cargo, on the other hand, has industry groups howling, including airlines still reeling from financial woes. The Transportation Security Administration, meanwhile, is bracing for a potential congressional push to unionize 43,000 aviation screeners.

JUDICIARY

Sen. Patrick Leahy wants to crack down on war profiteering, and he's promising to implement the Iraq Study Group recommendations to develop the devastated country's judicial system and train its police force. GOP Sen. Arlen Specter last week joined Leahy in reintroducing a bill that would restore habeas corpus rights to permanent U.S. residents who were among noncitizens stripped by Congress of the ability to challenge imprisonment in court. The administration's data-mining programs will immediately come under scrutiny in a committee hearing this week.

HEALTHCARE

Bipartisan support might be in the offing for reauthorization and possible expansion of the State Children's Health Insurance Program, which provides health insurance to 4 million low-income children whose parents don't qualify for Medicaid. But the program could test Democratic pay-as-you-go promises. The House Committee on Energy and Commerce will examine the drug approval processes in various bills that affect pharmaceutical and medical device makers.

BUDGET AND TAXES

Don't expect any action to either extend or eliminate the 2001 and 2003 tax cuts, both scheduled to expire in 2010. Temporary patches to the alternative minimum tax are more likely, once again raising exemption amounts to prevent it from ensnaring millions in the middle class. Complicating efforts to pass the estimated $45 billion fix will be budget rules that would require new tax cuts or spending to be paid for through budget cuts or new taxes. One way forward might be closing the estimated $300 billion "tax gap" between what taxpayers theoretically ought to pay and what actually comes in to the IRS.

EDUCATION

Two big-ticket items are up for reauthorization: the Higher Education Act, funding colleges and universities, and the No Child Left Behind Act, which allocates federal K-12 dollars. Both are mammoth pieces of legislation that will take time to hash out. Many education watchers don't foresee NCLB being reauthorized until after the 2008 elections. While cuts in student loan interest rates may come in the first 100 hours, the promised increased funding for Pell grants will be discussed in the appropriations process.

ENVIRONMENT

Rep. Nick Rahall, chair of the House Resources Committee, is pursuing the loss of billions of dollars in oil-drilling royalties due to "mismanagement" by the Interior Department. On the Senate side, a raft of global warming proposals will be floated to a Congress that has routinely dismissed measures to mandate cuts in greenhouse gases. The Democratic leadership is hopeful that growing public support for such a bill will sway some conservatives. McCain might reintroduce a bill he cowrote with Sen. Joe Lieberman that placed mandatory caps on emissions, while other bills favor a cap-and-trade system similar to that of the Kyoto protocol.

One Last Chance (USNEWS)

By Brian Duffy

U.S. News and World Report, January 7, 2007

Moments of genuine opportunity present themselves so rarely these days that they have become increasingly difficult to recognize. But one may be upon us now. As Washington begins to take up the hard work of government again, with Democrats and their slender majority in the Congress facing a seemingly chastened but still-determined president in the White House, some

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of the inspiring and much-deserved words of praise for President Gerald Ford's historic stewardship are worthy of reflection by both sides.

Fate can be a mighty strange casting agent. Who would have guessed that it would be Donald Rumsfeld, of all people, in his elegant eulogy, who would capture Ford's spirit so exquisitely as to frame the central failure of our public life today? Within days of Ford's replacing Richard Nixon in the Oval Office, Rumsfeld, Ford's former chief of staff, reminded us, "we saw him welcome advice from Democrats and Republicans alike."

Wow. What a concept.

History be damned, it seems. It is not just fashionable these days but almost Pavlovian to assume that Democrats can have no truck whatever with Republicans-and vice versa-when it comes to any real issues of consequence. It's nice to hear all the earnest talk about ethics reform by the new Democratic majority on Capitol Hill, but we've seen this play before. From the White House, the president tepidly offers outreach, then in the next breath warns the Democrats against even dreaming about messing with his cherished tax cuts. In the next few days, we will hear all kinds of talk from the leadership of both parties about cooperation and coming together. But if it all turns out to be just a lot of palaver, this moment of opportunity will have been lost, and another, very different, one may take its place. More on that in a moment.

For now, Iraq will suck almost all the political air from the room. Democrats promise vigorous oversight, and given their all-but-total abdication on the issue heretofore and the administration's abject mismanagement of postwar operations there, that's as it should be. Obsession with toll-taking alone, however, would be a mistake. Democrats have no real mandate to govern-their seizure of the House and Senate in November was a mandate only to constrain the Bush team from governing. Iraq, of course, is Exhibit A in the voters' misfeasance indictment of the administration. Historians will take years to sort out the ultimate cost of the American misadventure there, beyond the terrible toll in blood and treasure. One hopes fervently that President Bush, having belatedly acknowledged the serial failures of his team in Mesopotamia and having spent the past several weeks intensively searching for a new solution, will come up with one. Democrats may be sorely tempted to let the administration stew in its own juices on Iraq, but the stakes are far too high for such cynical partisanship-especially when the daily drumbeat of casualties continues.

Sharing? What to do? Ever suspect, Washington's conventional wisdom suggests no serious possibility of a return to the sense of shared purpose the capital saw three decades ago in the rancorous days after the Nixon pardon. (The war between the Ford White House and Capitol Hill was bitter enough, but by today's dismal standards, it was waged according to Marquess of Queensberry rules.) Indeed, things may be so far gone in Washington today that the mere expression of such a wish seems to many Pollyanna-ish. Still, it bears remembering that after Ronald Reagan was felled by John Hinckley's bullet, the first person he summoned to his hospital bed after his wife, Nancy, was Tip O'Neill, the quintessential Democrat and Reagan nemesis. The two men prayed together. If no such outreach or sense of shared purpose emerges between Democrats and Republicans in the weeks to come, that could be too bad-for both parties. And this is where that second, now unlooked for, moment of opportunity could present itself. Today, because no majority of Americans identify themselves with either major political party, the crucial slice of the electoral pie is composed of independent voters. Add to that sobering fact voters' clarion call in November for competence and accountability, and you have a potentially combustible political brew.

Nearly a century ago, a patriotic egomaniac named Teddy Roosevelt made a very credible run for the White House as a third-party candidate. It could happen again, and it may well. (Paging Mayor Bloomberg!) That could be a fine and wonderful thing for the nation. But wouldn't it be so much finer if, at this time of critical change and challenge, our elected leaders could somehow ignore the long-ingrained penchant for payback and partisanship and find a way to set us on a more promising and responsible course the way that selfless patriot from Michigan did in one of our nation's darkest hours?

A Problem Province (USNEWS)

By Anna Mulrine

U.S. News and World Report, January 7, 2007

BAQUBAH, IRAQ-U.S. military officials here have little trouble knowing when al Qaeda is exerting its influence in this city that was, once upon a time, the lush, orange-growing capital of the Mideast. Sometimes it's the subtle signs: Tomatoes and cucumbers start disappearing from the market, deemed too sexually suggestive, soldiers here say, by the Sunni fundamentalist terrorists. On other occasions, it's more overt: "Graffiti that says, 'Long live al Qaeda,' and stupid stuff like that," explains a U.S. military officer based here in what is now the capital of Diyala province. Mostly, though, the pressure has been bold and deadly: the heads of rival Shiites, stuffed in fruit crates, and phone calls designed to intimidate schoolteachers from teaching or tellers from opening banks.

For this, there has been retaliation. Shiite militias have been called into Baqubah at the behest of beleaguered Shiites, often arriving from strongholds such as Baghdad's Sadr City to provide protection against a Sunni insurgency that has driven

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thousands of Shiite families from their homes. "The Shiites get pushed around by Sunnis, and JAM shows up," says the officer. JAM, or Jaish al-Mahdi, is also known as the Mahdi Army militia, which is loyal to Moqtada al-Sadr, a fiery Shiite cleric from Sadr City-and his gunmen arrive well supplied.

U.S. military officials here say the geography of Diyala is what the Fulda Gap was to West Germany: a perfect avenue for infiltration. The province shares a porous 170-mile-long border with Shiite-led Iran-a border that allows trafficked arms from the country to flow through Diyala and, often, down into Baghdad.

Today, more than six months after the U.S. military killed al Qaeda strongman Abu Musab Zarqawi in a dense palm grove outside Baqubah-and turned security responsibilities over to the Iraqi Army-Diyala is second only to Baghdad in per capita crime and kidnappings. Once known as the nation's melting pot, a "little Iraq" with a mix of Sunnis and Shiites, Diyala today lies on a violent fault line where residents tend to agree on just one thing: It is land worth fighting for. The area sits on a tributary of the Tigris and boasts dates and pomegranates, untapped oil fields, and a plentiful water supply.

Sunnis make up the majority of the population of Diyala-55 percent compared with 30 percent Shiites. Yet in a province of 1.5 million that was once a popular retirement spot for many former Sunni Baathists, Shiites compose the majority of seated politicians-this, thanks to a Sunni boycott of elections two years ago. For similar reasons, security forces also are majority Shiite.

Now, as jockeying for control of the province continues between Sunnis and Shiites, the local police chief and an army commander-both Shiites-stand accused of using hit squads and mass arrests to wage a campaign of intimidation against the region's Sunni majority. It's not a pretty picture. Corruption, growing ethnic suspicion, intimidation, wanton killing: What's happening here provides a sobering window on the larger problems bedeviling both Iraqi authorities and American troops as they try to create a secure environment in a fledgling democracy. Late last week, President Bush chose new commanders to lead the war in Iraq. This week, he will announce a revamped strategy, likely to include an increase in troops and an economic incentives package. But the challenges of Diyala serve as a stark warning of just how tough it's going to be to right what's wrong in this beleaguered nation- where security is precarious and, for elected officials here, all too fleeting.

It was last year that Brig. Gen. Shakir Hulail Hussein al-Kaab, the Shiite commander of the area's 5th Iraqi Army Division, managed to enrage powerful Sunni sheiks here in a move that American military officials say haunts the province today: In mass sweeps, he rounded up hundreds of Sunnis who were later found to be innocent. In so doing, says a local official, "he drove the Sunnis into the arms of al Qaeda."

In the office of Col. David Sutherland, commander of the 3rd Brigade of the 1st Cavalry Division, two local Sunni leaders meet in the brigade's headquarters at Forward Operating Base Warhorse to raise their concerns. They have pulled out of Diyala's provincial council for the time being, pointing to the ongoing abuses they say the Sunnis are suffering at the hands of local police and Iraqi soldiers. They cite reports of soldiers destroying furniture and stealing jewelry in homes they raid, and torture by a Shakir subordinate nicknamed Colonel Cable, who has a reputation for beating prisoners on the soles of their feet-most likely, they add, at the police chief's behest. That chief, Ghassan al-Bawi, also a Shiite, "admitted that torture was going on," says a U.S. military official, "but he said they were only doing it to the bad guys."

Sutherland has brought the Sunni leaders here in the hopes of persuading them to rejoin the government. "We have more coverage on the holding facilities now," he reassures them. But they have other concerns. "When the Army was doing the raids in Sunni areas, they played cassette tapes-Shiite ceremonies on tape, songs of the Mahdi Army. This is the kind of army we're dealing with-very sectarian," says Hussein Abid al-Zubeidi, head of the Sunni Iraqi Islamic Party. Hussein is still a member of the provisional council, but he's now participating only behind the scenes.

General Shakir for his part contends that his soldiers are not targeting Sunnis-that there are simply few Shiites left to arrest. Some 8,000, he says, have been killed, displaced, or have fled. Sutherland sympathizes with Hussein. "The action of individual soldiers-in houses, showing disrespect-is unacceptable. The people became disgusted and disillusioned." Adds Sutherland of General Shakir: "His actions are indicative of his mental model. And his mental model needs to be changed."

Mind games. U.S. forces here are banking on an operation taking place even as Hussein and Sutherland speak to help change the minds of local Sunnis. It is "a very targeted mission," Sutherland explains to Hussein, to drive out Sunni terrorists in an overrun area outside of Baqubah that has not been touched by U.S. forces for three years. U.S. and Iraqi soldiers will then rush in aid in the form of blankets, water, and kerosene for local Sunnis in the area-classic counterinsurgency strategy honed by Sutherland in his years as an Army tactical instructor. Much hinges on the operation as al Qaeda continues its bid for the region: Recently, U.S. military officials here discovered an extensive network of tunnels and a cache of several trailer-size containers, stocked with rocket-propelled grenades, arms, American dollars, and over half a million rounds of ammunition. "It was more AK-47s than I've given the Iraqi police in the last four months," Sutherland says.

Following the clearing operation, Sutherland and Shakir, the Shiite general, meet with some 70 local Sunni sheiks from across the province, some from towns near the Iranian border. Many take the meeting as a chance to air complaints about the

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conduct of the police and Army. "The Army doesn't care about military orders," says one frustrated sheik. "They care about religious orders coming from Sadr. They are no better than hit squads."

As he speaks, several cars roll up a nearby gravel road, and the sheiks turn toward the commotion. It is just a food delivery for the kebab feast to follow the meeting, but this is a group ever wary of assassination attempts, and the sheiks are reflexively on guard.

The public relations push continues the next day, as U.S. forces urge General Shakir to go on Iraqi television and take part in a press conference, to put a local face on the clearing operation. But the result is, in the words of one U.S. military official, a disaster: General Shakir refuses to answer journalists' questions, saying he does not have authorization from the Ministry of Defense. Ra'ad Rashid al-Tamini, Diyala's governor, a fellow Shiite, is irate. "Today he embarrassed us," Ra'ad later tells Sutherland. "Ask him a simple question, and he should answer it." Sutherland brings Ra'ad a bowl of ice cream from the cafeteria at the government center and tries to reassure him. We'll take a video and show him what he looked like," Sutherland says. "We'll coach him."

Aches and pains. Yet despite the coaching, General Shakir continues to be a headache for U.S. forces. "I don't know whether he has a sectarian agenda, but he's definitely a buffoon," says one U.S. officer later that week, as some 180 detainees are brought into a local police station. It is, say Iraqi and American officials here, another mass roundup. As dozens of detainees sit blindfolded on the floor awaiting their hearings, an Iraqi judge sifts through the case files on his lap. He reads the first. "This one is dismissed," he says, turning to coalition forces in the room. "I've got an idea," he says. "The Iraqi Army goes into a raid, and they get one target they go for-not take some innocents."

Though none of this does much to help Sunni-Shiite relations in the province, the biggest overlooked threat to the area's fledgling government, according to officials here, has actually been the tenure of Ghassan, the Shiite police chief, who has been running his own militia. Last year, U.S. sources add, Ghassan put in a call for some 250 Shiite gunmen from Baghdad and promptly added them to his police rosters upon their arrival. "He said he was creating his own highway patrol," one senior U.S. military officer says. In reality, though, he says, it was Ghassan's "own personal hit squad" that set up checkpoints designed to intimidate local Sunnis. Coalition forces recently detained a group of Iraqi officers in his force who were holding citizens hostage, then selling them back for money. "Suddenly the whole force is bad in the eyes of the people because of his Shiite agenda," adds the officer.

Months after pleas from the provincial council and American officials, the Ministry of the Interior says it is putting through transfer orders for Ghassan. Military officials here hope that this will boost their ongoing efforts to bring Sunnis into the police force. Already, they say, there have been signs of more interest in joining. But the damage Ghassan has done will be difficult to repair. "He has destroyed the Iraqi police. The situation isn't good," says Col. Ali Saadon, in charge of recruiting at the station. In the meantime, politicians are increasingly reliant on their personal security details-what amount to small armies of guards. Recently, the forces of rival politicians have clashed in "company-level firefights," say officials here-complete with rocket-propelled grenades.

Hopes. Today, Governor Ra'ad says the expectations of his electorate are simple: "The people look to me for three things: security, services, and a return to the normal routine they used to live." Yet he knows that these goals are still a world away.

After previously serving as a war planner in Iraq, Sutherland, the American brigade commander, has returned to a country in which the biggest changes, he says, have been the growth of al Qaeda in the region and the increasing influence of Iran. Diyala has become a key proving ground for al Qaeda at a time some Shiites see as "a chance to get back at Sunnis who have been living the good life all these years," says a military official here.

U.S. commanders add that it will take far more than troops to fix these dynamics, which are in turn fueling a vicious cycle of violence. "I have been most surprised by all of the jockeying-for political, economic, military power," says Sutherland. That jockeying, so endemic to the rest of the country, should now prompt some tough reassessment in Washington, officials here say, as soldiers on the ground ramp up efforts to transition security forces to Iraqi control. "Diyala was the place that we said we're going to turn over to the Iraqis-and look what happened," says a top U.S. commander. "We need to think a lot more closely about what conditions need to be set before transitioning control. If we don't, it can create more opportunities for the enemy," he adds, "which is essentially what happened in Diyala."

The provincial council members meeting with Sutherland stress that they will not return to the government until both Ghassan and Shakir are gone. They are also calling for immediate provincial elections. Until those things happen, they say, they are caught between the militias, and between terrorists "who want to return us to the Dark Ages." And with each day their frustration grows as they mull over the question posed to Sutherland by one Sunni sheik: "Is this the democracy," he wondered, "that the coalition promised us?"

George F. Will: MacArthur's Two Words (NSWK)

By George F. Will
Newsweek, January 15, 2007
awe (ô), n.1. Immediate and active fear; terror, dread.
—Oxford English Dictionary

Last week Americans were on the receiving end of a kind of shock and awe. The shock of recognition was delivered not by columns of tanks, flights of bombers or salvos of cruise missiles, but by a cell phone. The hanging of Saddam Hussein—not the fact of it, but the manner of it, communicated to the world by video from someone's phone camera—may have been a tipping point. The video, which The Economist said resembled "the sordid snuff videos circulated on the internet by al-Qaeda," may have been, in the scheme of things, just a straw. But coming when it did, it was, for many Americans, perhaps the last straw. In it, they recognized how far into the abyss Iraqi political culture has fallen.

The hanging was conducted in the presence of taunting adherents of Moqtada al-Sadr, the loutish cleric whose militia, the Mahdi Army, is a prime example of why post-Saddam Iraq is a thugocracy. The hanging was an episode of bloodthirsty primitivism in the service of barbaric sectarianism. Which is to say, the hanging was an accurate expression of Iraq's civic culture.

It is shocking that so many Americans were shocked. How much cumulative evidence is needed to teach this country what that country is like? Here is what Iraq is like. Exchanging anecdotes with an Iraqi friend, Anthony Shadid of The Washington Post recounted this one: "Insurgents stopped a driver at a checkpoint. They opened his trunk. 'Why do you have a spare tire?' the insurgent asked solemnly. 'You don't have trust in God?' "

The episode of the hanging sent shivers of dread through America—very timely shivers, thanks to the grainy pictures from the phone (by last Friday, there had been more than 2.5 million viewings of it on YouTube alone). The nation was, just as the 3,000th American combat death was announced, staring at the grotesque face of the faux nation to which more Americans might soon be sent to fight.

This week the president will announce his revision of Iraq policy. In government, personnel are policy, and he has been changing key advisers, military and civilian. Strategy and tactics may change, but in private consultations he reportedly has used one word to denote his unchanged objective: "victory." That is understandable. More than any presidency since Lincoln's, his will be defined by a single matter: Iraq.

It is difficult to imagine how Iraq can end as a success—as an enterprise in which the benefits exceed the costs. And if it is judged a disaster, that will be because the responsible officials were too late in remembering what Gen. Douglas MacArthur said. He said that in war, all disasters can be explained by two words: "too late."

Because the administration was too late to recognize that there were too few U.S. forces in Iraq, the looting after the fall of Baghdad—which did more physical damage to Iraq than the war so far had done—shattered Iraqis' confidence in America, and insurgents were emboldened. Because the administration was too late in admitting that there was an insurgency, Iraq slid into civil war. Because the administration was too late in facing the fact of that civil war, it probably is too late for a "surge" of new U.S. forces, of a size and duration that the American public will tolerate, to extinguish it. For several years, Sen. Joseph Biden, who last week became chairman of the Foreign Relations Committee, has urged an increase in the number of U.S. troops in Iraq. Now, he says, it is too late.

Now, in fact, it may be 1966. That year the chairman of the Foreign Relations Committee, Sen. J. William Fulbright, the Arkansas Democrat, held hearings on the Vietnam War. The hearings helped mobilize opposition to the war, which at the time had much more public support than the U.S. engagement in Iraq now has. Much of the impact of Fulbright's hearings derived from the decision of NBC to televise them, a decision that prompted some live coverage by CBS and ABC. Biden's hearings on Iraq, which begin this week, will occur in a transformed media environment and will be seen on multiple networks.

The hearings will be riveting, in part because Biden speaks with a forthrightness that is sometimes antic but often illuminating. He became a senator in January 1973, by which time the Senate had learned, regarding Vietnam, the difficulty—the impossibility, really—of controlling, legislatively or otherwise, a president's conduct of a war. But last week Biden spoke of changing the president's mind by "having his party walk away from his position." If the president this week announces a substantial and protracted escalation of the U.S. military effort in Baghdad, majorities in both houses of Congress will hotly oppose him. Most of his supporters—perhaps all of them not named Lieberman—will be Republicans, and will be tepid and wary. Democrats control Congress, but only congressional Republicans can perhaps control the president's policy.

Measure For Measure (USNEWS)

By Fouad Ajami
U.S. News and World Report, January 7, 2007

There was mayhem at the gallows, and there was justice at the gallows. Saddam Hussein had divided Iraqis and Arabs-and others-while he lived, and he was to do so again on the day of his execution. In the best of worlds, Saddam's executioners

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would have been "clinical" about the thing and subdued, and they would have given the event the dignity it deserved. But this was a despot who had cut a swath of terror through the land, and the prime minister who had come to power from the Shiite underground was determined to bring the matter of Saddam Hussein to a fitting end. It wasn't pretty, that spectacle of execution, and there should have been no cellphone video recording of the deed, but the truth at the heart of what played out in Saddam's old military intelligence headquarters was plain and simple justice and retribution. Men are not angels, and the dictator reaped what he had sown.

Aides to Prime Minister Nouri al-Maliki say that the pen with which he signed Saddam Hussein's death warrant had been in his possession for well over a quarter century. He had carried this pen with him to a long exile in Syria and Iran after he had fled the terrors of Saddam Hussein. He had waited for that moment, and truth be told there was perhaps relish in the way the death sentence was signed, before the cameras, a message to Maliki's Shiite kinsmen. The American regency in Baghdad had underestimated Maliki. There is more steel in the man than our commanders and diplomats on the scene had suspected. An unlikely choice for prime minister, he is through and through a man of the Shiite traditional classes; unlike his peers in the political class, he speaks not a word of English. He had never really taken to the Americans or fully trusted them. His predecessor, Ibrahim Jaafari, had been removed from office through American pressure in the spring of last year. Though he benefited, there lingers in Maliki a suspicion that he could suffer the same fate. It did not help that a memo by White House National Security Adviser Stephen Hadley, made public last November, questioned Maliki's ability to rule and to rein in the Shiite militias. American power had bet heavily on reconciling the Sunni insurgents, and Maliki had read the diplomacy of the last year as a steady effort to court the Sunni Arabs. The man led to the gallows may have been a shadow of his old self, but he still haunted the imagination of his fervent supporters. For Maliki it was important that all these doubts be stilled.

Sunni reaction. It was said in the Sunni strongholds of Iraq, and in the Arab capitals, that it had been bad form that the dictator had been dispatched at dawn, on the first day of Id al-Adha, the feast of sacrifice that marks the end of the annual pilgrimage to Mecca. But those protests came from people who had never shed a tear for Saddam's victims. Their loyalties are atavistic: They are motivated by a dread of the Shiites, and by a reflexive, unthinking anti-Americanism.

A big thing happened, it has to be conceded, when Maliki affixed his signature to that death sentence. Sunni rulers had been hounding Shiite rebels for centuries in Arab lands; Saddam himself had put to death some great men of standing in the Shiite religious establishment. In April 1980, in a deed that is still recalled with terror by the vast majority of Shiites, a great figure of the Shiite seminaries, Ayatollah Muhammad Baqir al-Sadr, was put to death by the Hussein regime-along with his immensely talented sister, Bint al-Huda, a poet and a writer of exquisite sensibility. Sadr had become the great martyr of Iraqi Shiites; he is said to have been the intellectual inspiration behind the Dawa Party to which Maliki belongs. Saddam's execution was an act of fealty to that beloved man. For the Shiite faithful, justice had been slow in coming.

It had taken a foreign war to decapitate that tyrannical regime in Baghdad, it is true. But the judgment that mattered was an affair of the Iraqis. We have been asking them to claim responsibility for their country, bemoaning their political abdication. On that morning in Baghdad, three years after he had been flushed out of his spider hole, Saddam Hussein came face to face with the wrath and hurt he had bequeathed Iraqis. Those vengeful men taunting him as he fell through the gallows' trapdoor were in the most direct way the children of his cruel reign of terror.

Graham Says Boost In Troops A Last-ditch Effort (TSSC)

By James Rosen

The State (SC), January 8, 2007

WASHINGTON — Sen. Lindsey Graham broke Sunday from other Republican senators who have criticized sending more U.S. troops to Iraq, defending President Bush's expected "surge" plan as a last-ditch bid to salvage victory in the war.

Graham, R-S.C., for the first time criticized the top generals removed last week by Bush from command in Iraq and said "a new team" must have the manpower to win the war.

"I support a surge with a purpose — co-joining with the Iraqi political and military leadership to control this country," Graham said on NBC's 'Meet the Press.' "We cannot let this country go into the abyss. Now is the last chance, and the only chance, to get this right."

In an address to the nation this week, Bush is expected to announce the dispatch of as many as 30,000 more troops to reinforce the 140,000 already in Iraq.

Graham, who has called for a troop increase for months, sparred with Sen. Joe Biden, D-Del., the new Senate Foreign Relations Committee chairman.

Graham said there can be no political stability in Iraq unless the sectarian violence is stemmed. Biden, confirming that he will run for president next year, said a renewed military push will be wasted without firm political measures. Iraqi Prime Minister

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Nouri al-Maliki, a Shiite Muslim, must stand up to Shiite militias and give Sunni Muslims heading the insurgency a real share of power, Biden said.

"We now have a civil war," Biden said. "All the king's horses and all the king's men will not put Iraq together again, absent Maliki making some very hard decisions about what he's going to do."

Graham, a member of the Senate Armed Services Committee, sharply criticized Democrats calling for a phased withdrawal from Iraq.

Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, D-Nev., the new congressional czars following the Democrats' election triumph in November, sent Bush a letter Friday saying it is time to "bring the war to a close."

Graham said: "These Democratic proposals are, to me, a formula for defeat. They are nothing more than just a political way to get out of Iraq, and it will come back to haunt us for years."

Biden declined Sunday to call for a troop withdrawal, using instead the formula "disengage and contain." Asked if he supports the Reid-Pelosi letter, Biden said, "I do not."

Graham vacillated, though, when asked whether the United States is losing the war.

"In all honesty, we are not winning, and if you're not winning, you're losing, and now is the time to come up with a strategy to win," Graham responded.

Later in the program, Graham said: "I don't think any Republican or Democrat should do anything right now to say the war is lost. We should try to win this war."

Graham has broken with Bush on key national security issues in the last two years, most prominently over how the United States should interrogate and prosecute accused terrorist detainees.

Now his support for Bush's anticipated plan to send more troops to Iraq places him at odds with other prominent GOP senators. Sen. Richard Lugar, an Indiana Republican who was replaced by Biden as head of the foreign relations panel, has declined to endorse a troop increase; GOP Sen. Chuck Hagel of Nebraska, also eyeing a White House run, called the increase "folly" and "Alice in Wonderland" last week.

James Rosen covers Washington for McClatchy Newspapers in South Carolina.

Democrats Vow To Resist Buildup (WP)

By Ann Scott Tyson

The Washington Post, January 8, 2007

Democratic congressional leaders vowed yesterday to use their powers of spending and policy oversight to challenge President Bush's expected proposal this week, as part of a broad revision of Iraq strategy, for boosting U.S. military forces in the country by as many as 20,000 troops.

Calling Iraq a nation in "complete chaos," House Speaker Nancy Pelosi (Calif.) and other Democrats cast the anticipated Bush plan as an escalation of the Iraq war that goes against the advice of senior U.S. commanders, rather than the significant change of course sought by American voters, and said that as a result they would treat the plan -- and new funding requests -- with strong skepticism.

"If the president wants to add to this mission, he's going to have to justify it," Pelosi said on CBS's "Face the Nation," emphasizing that while Congress will not cut off funding for troops now in Iraq, the White House will no longer have a "blank check" for expanding the war effort.

"When the bill comes . . . it will receive the harshest scrutiny," she said, referring to a new supplemental spending request for the wars in Iraq and Afghanistan that is expected to surpass $100 billion. Since Sept. 11, 2001, more than $500 billion has been spent on the wars and counterterrorism-related expenditures around the world, according to the Congressional Research Service.

The extra troops are only one part of the package Bush is expected to present to the nation as early as Wednesday. Proposals for economic development and the setting of political benchmarks for Baghdad, leading to the formation of a national reconciliation government, are also expected from Bush's prime-time speech, although final details were being ironed out over the weekend.

Democrats were divided Sunday over how much Congress can do on Iraq. Sen. Joseph R. Biden Jr. (Del.), who reaffirmed yesterday that he will run for the Democratic nomination for president in 2008, argued on NBC's "Meet the Press" that it would be unconstitutional for Congress to authorize the war but then cap troop levels or cut funding for specific items. Biden said any troop increase would be "a tragic mistake . . . but as a practical matter, there is no way to say, 'Mr. President, stop.' "

Republican lawmakers, for their part, voiced general support for the Bush plan as outlined, although they acknowledged it will be controversial and unpopular. Congress should not try to micromanage the war or cut off funding for U.S. troops, they said,

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warning that Democratic proposals for beginning a gradual U.S. military withdrawal in four to six months could lead to a "failed state" in Iraq and spell disaster for the Middle East.

"At the end of the day . . . I don't think Congress will cut off money for the troops," Senate Minority Leader Mitch McConnell (R-Ky.) said on "Fox News Sunday." "Congress is incapable of micromanaging the tactics in the war. And even though this will be a controversial step, I think the president will be able to carry it out, and I hope he'll be successful."

Sen. Lindsey O. Graham (R-S.C.), who along with Sen. John McCain (R-Ariz.) is a strong backer of more troops in Iraq, said the U.S. military from the beginning has lacked the resources it needs to "hold" areas cleared of insurgents. As a result, "if you're not winning, you're losing," he said on "Meet the Press." "We cannot let this country go into the abyss" of civil war, which could provoke intervention by Iran and Turkey and decades of regional conflict.

Graham said Bush's nomination last week of Lt. Gen. David H. Petraeus as the new U.S. commander for Iraq, replacing Gen. George W. Casey Jr., and his earlier naming of Robert M. Gates as defense secretary, were moves "long overdue."

Senior U.S. military officials have voiced deep resentment in recent days that the departures of Casey and Gen. John P. Abizaid, which had been planned for months, were being portrayed as part of a Bush administration housecleaning over Iraq strategy.

Some Republicans were more tepid on the subject of a troop increase. Brent Scowcroft, the former national security adviser to presidents Gerald R. Ford and George H.W. Bush and an early skeptic of the U.S.-led invasion of Iraq, offered only qualified support for a buildup. It would have to support a specific mission -- such as stemming ethnic cleansing in Baghdad -- for a specific period, he said.

"Unless there's something we can accomplish that is visible and demonstrable . . . people will say, well, look, the situation hasn't changed," he said in an interview on ABC's "This Week." "That demonstrates it's hopeless and the pressure to get out will increase."

Scowcroft also opposed making the U.S. commitment to Iraq dependent upon the Iraqi government accomplishing specific milestones -- an approach that is a central feature of Democratic withdrawal plans, and, according to U.S. officials, could also form part of the upcoming Bush plan.

"If they don't meet the first milestone, you withdraw support, making it virtually impossible for them to meet the second milestone," which would be "counterproductive," Scowcroft said. He stressed the necessity for a broader regional approach to bringing stability to Iraq, focusing on reviving Arab-Israeli peace efforts, but criticized the Bush administration's vision of bringing peace to the Middle East through democracy as "revolutionary utopianism."

Alter: Hagel Could Have A Shot (NSWK)

By Jonathan Alter

Newsweek, January 15, 2007

Let's try an elementary thought experiment for Republican Primary voters. It may help explain why it's far too early to tell what might happen in 2008, the first election since 1928 with no incumbent president or vice president of either party on the ticket. (Truman's vice president, Alben Barkley, ran in 1952, but didn't win the Democratic nomination.) The results of this experiment may also explain why Washington is so often out to lunch on the direction of American politics.

One Republican—we'll call him "Candidate A"—has among the highest support levels for President George W. Bush's conservative agenda in the Senate. He championed the president's 2001 tax cut, which many Republicans believe is the litmus test of today's GOP. After initially voting to give Bush the authority to go to war, he became an early and outspoken critic of the Iraq policy, a view now endorsed not just by the American public and Democrats but by Republicans as well.

Republican "Candidate B" has the inverse position. He opposed Bush's big tax cuts, one of only two Republicans in the Senate to do so (the other being Lincoln Chafee). And on Iraq he is one of the main advocates of the "surge," a plan to "win" the war with a modest influx of troops, though even many military experts say the idea won't work.

You would think that Candidate A would be a strong favorite for the nomination and Candidate B destined for political oblivion. But no. Candidate A, Nebraska Sen. Chuck Hagel, is seen as damaged goods, with little chance to be nominated. Candidate B, Arizona Sen. John McCain, is now the front runner.

The explanation is the GOP tradition of primogeniture. Since the 1950s, Republicans, unlike Democrats, have given the nomination to their firstborn son—the guy whose "turn" it is. That's McCain, whose seasoned and deep-pocketed team never stopped running after he lost in 2000. McCain's plan is to kiss the con-servative base so ardently that it agrees to enter into a loveless marriage with him. Then he'll tack back to the maverick center for the general election. It just might work.

Hagel, by contrast, seems lost. After John Kerry favorably mentioned Hagel's skepticism about the Iraq war in one of his 2004 debates with Bush, he became persona non grata in his party. As recently as six months ago, any Republican lawmaker who didn't back the president on the war was in deep trouble.

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But that was then. Supporting Bush on Iraq today is a liability, not an asset; it reeks of 2004 thinking. Six months from now, any Republican who opposed the tax cuts but champions Bush's disastrous Iraq policy is going to have some explaining to do in early debates. When Rush Limbaugh says after the midterms that he is sick and tired of "carrying water" for Bush, Chuck Hagel is not going to be run out of the party for refusing to carry water.

For ordinary Republicans, tax cuts are an article of faith. Backing a president in a failed war is not. And Hagel's doubts about the war have more weight because of his heroic combat experience in Vietnam. In a GOP debate, McCain would not be able to use his military experience as a trump card on Hagel. But Hagel and the others would score heavily on McCain for opposing the tax cuts—even though McCain was brave and right to have done so.

The most stunning thing about the Republican campaign so far is the vacuum on the right. While McCain, Rudy Giuliani and Mitt Romney (a moderate Republican until five minutes ago) battle over the centrists in the party, the conservative base that actually determines the nomination remains forlorn. Giuliani supports gay rights and abortion, and a third of Republicans disqualify Romney solely because he's a Mormon. This opening is why former Virginia governor James Gilmore is getting in the race and Arkansas Gov. Mike Huckabee—"Oprah"-ready after losing 110 pounds—can't be ruled out.

But governors, who normally make the strongest presidential candidates, seem a little irrelevant this time around. They aren't likely to sound as credible as senators on the nuances of Pakistani politics or the readiness of the Third Infantry Division. There's more conventional wisdom that's in danger of cracking, too. Pooh-bahs in both parties have convinced the candidates that they have to raise $100 million this year to be competitive. This is nonsense in the Internet age, peddled by consultants who need that booty for their own pockets. In congressional elections, money is a cause—it leads directly to success. In presidential politics, money is an effect—it follows quickly the momentum that's generated in the rough and tumble of the "free media" campaign.

Chuck Hagel might not run. But if he does, Candidate A would be formidable. It's the issues, stupid.

Adm. William J. Fallon: An Experienced Naval Officer, And A Diplomat (NYT)

By Thom Shanker

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — The Bush administration's selection of a career naval aviator to be the top commander of American military forces across a region where they are engaged in two ground wars is, at first glance, odd.

A range of military officers at the Pentagon noted that if Adm. William J. Fallon was confirmed by the Senate to the Central Command position, he would be not only the first naval officer to command the region, but also a four-star officer moving between regional combatant commands. Often, such posts are given as promotions to three-star officers.

Senior Pentagon civilians and military officers said Defense Secretary Robert M. Gates's recommendation of Admiral Fallon, currently in command of all American forces in the Pacific, reflected a wish for seasoned eyes on Afghanistan and Iraq as well as a new focus on regional initiatives to reassure allies and deter adversaries, in particular Iran.

"Because of the importance of this job today, and what we're embroiled in over in that area of operations, this is no time for a learning curve," said Adm. Robert J. Natter, who worked extensively with Admiral Fallon before retiring as commander of the Atlantic Fleet.

"He has broad experience, both diplomatic, with the Japanese, Chinese and South Koreans, and also clearly in the traditional military fields," Admiral Natter said.

The Middle East has a vast land area, to be sure, but also has important waterways that carry world oil supplies and, it is feared, nuclear materials and terrorists.

Whether the mission is interdicting contraband, tracking suspected leaders of Al Qaeda or deterring Iran, many military contingencies in the region rely on warships and warplanes, and not boots on the ground.

Admiral Fallon, who began his military career with a commission through the Navy's Reserve Officer Training Program, as opposed to the more prestigious Naval Academy, has a quarter-century's experience in combat aircraft and extensive time at the negotiating table.

The admiral can be grizzly and tough, as befits a product of New Jersey. But he has consistently taken on assignments where diplomatic skills were as important as the military ones. He surprised some of his colleagues when, in early 2001, he volunteered for the task of delivering an apology to Japanese officials and families of those killed in the accidental sinking of a fishery school ship by an American submarine, the Greeneville, off the coast of Hawaii.

The final military inquiry had not been completed, and some at the Pentagon argued that an official apology was premature. But the extraordinary visit to Tokyo by Admiral Fallon, then serving as the vice chief of naval operations, the service's No. 2 job, was credited with soothing the feelings of an important ally, and of its people.

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Another side of Admiral Fallon was on display last month when, as the senior American military officer in the Pacific, he took the unusual and punitive move of canceling a large annual field exercise with the Philippines over a local judge's failure to honor the bilateral treaty governing protections for American military personnel. At the time, Admiral Fallon said he was not sitting in judgment of the guilt or innocence of a marine convicted of rape, but was protecting his forces by demanding that the Philippines adhere to legal obligations.

Admiral Fallon can be expected to pay great attention to the missions in Iraq and Afghanistan, but to leave day-to-day operations to the senior commanders on the ground in Baghdad and Kabul, similar to his current relationship as Pacific regional commander to the four-star Army officer in charge of forces just in South Korea.

William Joseph Fallon was born Dec. 30, 1944, in East Orange, N.J., and raised in Merchantville. He graduated from Villanova University in 1967, and later graduated from the Naval War College and the National War College, and earned a master's degree in international studies from Old Dominion University.

He flew combat missions in the Vietnam War, commanded a carrier air wing in the Persian Gulf war in 1991, and four years later led the naval battle group supporting NATO operations in Bosnia. His senior positions before the Pacific assignment included commander of the Fleet Forces Command and of the Atlantic Fleet.

"This selection sends a clear signal that the administration wants the combatant commander to operate at the '30,000 foot' level, at the geopolitical and geostrategic level, and to foster our relations in the region as opposed to being focused solely on this conflict or that conflict," said Stephen R. Pietropaoli, a retired rear admiral who now serves as executive director of the Navy League.

"Admiral Fallon will have very experienced commanders in charge of operations in Afghanistan, Iraq, the Horn of Africa," Admiral Pietropaoli added. "But the Central Command commander needs to be above that, looking at how to enhance America's influence throughout his area of responsibility and how to truly work hand in glove with the Department of State to enhance America's image and influence and prestige in that part of the world."

U.S. Launches Air Assault On Sunni Haven (LAT)

By Alexandra Zavis

The Los Angeles Times, January 8, 2007

HAMOUD, IRAQ — Bombers, fighter jets and attack helicopters unleashed a thundering attack today as U.S. and Iraqi troops closed in on a web of irrigation canals east of Baghdad where they thought Sunni Arab insurgents were massing.

The predawn strikes shook the ground and sent fireballs and thick smoke into the sky.

The attacks, in a remote area of farms and palm groves, continued sporadically into the morning.

The air assault came after troops set fire Sunday to shoulder-high reeds to clear their view before a final push in Diyala province, a region they say has become a haven and training ground for Al Qaeda in Iraq and other militant groups.

U.S. troops said they killed 21 armed men Sunday. At least four Iraqi soldiers were killed and 27 wounded in antitank mine blasts.

About 1,000 U.S. and Iraqi troops are participating in the assault, which includes attack helicopters, tanks and Humvees.

Over the last four days, columns of troops have pushed through hamlets populated by wheat farmers and sheep herders to clear an area that is riddled with spider holes, tunnels and weapons caches.

One stash uncovered Sunday contained 1,169 Katyusha rockets, small arms and ammunition, the U.S. military said.

All men of military age have been questioned and tested for explosives residue. But in most homes, troops have found only women and children.

Hamoud, a one-street village of mud-brick homes, was no exception.

U.S. troops asked to meet the village sheik, or leader, and were told there wasn't one. Many houses were abandoned, some of them apparently in haste, with laundry dangling from window bars and chickens scratching in the yard.

"We are religious people; we fast and we pray," said one anxious man questioned by U.S. troops. "But I swear we have nothing to do with Al Qaeda."

Other villagers pointed to a home they said belonged to one of the people on the U.S.-Iraqi wanted list of suspected insurgents.

A small cache, including bomb-making equipment, was found in a hole on the abandoned property.

Villagers told the troops that insurgents occasionally passed through, but they had retreated to the network of canals and tunnels at first sight of the U.S.-Iraqi offensive.

American forces on the ground and in the air have spotted small groups of men, some armed and on motorcycles, moving along the canals, the military said.

U.S. officers said they were confident they could defeat the insurgents in a head-to-head battle.

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The risk is that insurgents will drop their weapons and melt into the civilian population to fight another day.

The officers said insurgents didn't always walk away from a fight.

In November, U.S. troops happened upon a major weapons cache during a reconnaissance flight, which led to the discovery of more stashes, training ranges and tunnels.

The insurgents put up a fierce fight, attacking in squad-sized units in a battle that left two Americans and more than 70 insurgents dead.

The region is a stronghold of the powerful Daini tribe, which includes many disaffected former officers from Saddam Hussein's army.

Earlier Sunday, anti-tank mines ripped through two Iraqi troop carriers, killing four Iraqi soldiers and injuring 27, the U.S. military said.

As U.S. and Iraqi troops rushed to tend to the wounded, they came under small-arms fire.

"There were bodies everywhere," Army 1st Sgt. Michael S. Clemens said. "Around every corner there was another one."

The Iraqi company hit by the explosions pulled out and was replaced by troops from a predominantly Kurdish battalion.

Another mine disabled a U.S. Bradley fighting vehicle, injuring eight people.

Such explosions have destroyed numerous vehicles and slowed the operation's progress.

"That's a key indicator we are on the right track," said Sgt. 1st Class Collin Shorey, a military intelligence officer. "They don't want us here."

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5 More U.S. Soldiers Killed In Iraq (AP)

By Lauren Frayer And Shafika Mattar, Associated Press Writers

AP, January 8, 2007

Two of Saddam Hussein's co-defendants were taken from their cells and told they were going to be hanged on the same day the former dictator was executed, their lawyer said Sunday.

But the two condemned men still await death as Iraqi officials decide how to avoid the kind of outcry that followed Saddam's hanging on Dec. 30.

Also on Sunday, the U.S. military announced the deaths of five more American troops and at least 14 Iraqis died in bombings and shootings.

Saddam's half brother and former intelligence chief Barzan Ibrahim and the former head of Iraq's Revolutionary Court, Awad Hamed al-Bandar, were sentenced to hang. They were convicted along with Saddam of involvement in the killings of nearly 150 Shiites in the town of Dujail after a 1982 assassination attempt there against Saddam.

Their executions were postponed, however, until after the Muslim holiday of Eid al-Adha, which ended five days ago.

Authorities also decided to give Saddam his own "special day," National Security adviser Mouwaffak al-Rubaie said at the time of his execution.

One of Saddam's lawyers who met the deposed leader in his final days told The Associated Press over the weekend that Saddam expected to be put to death and considered it "the most beautiful end" he could have.

Now Iraqi officials must decide how to carry out a second round of executions in the face of worldwide criticism over their handling of Saddam's death. In the final moments of his life, Saddam was taunted by some of those present in the execution chamber as he stood with a noose around his neck.

British Prime Minister Tony Blair criticized the way in which Saddam was executed, his office said Sunday.

"He believes that the manner of the execution was completely wrong, but that should not lead us to forget the crimes that Saddam Hussein committed, including the deaths of hundreds of thousands of Iraqis," a spokeswoman for Blair's office said on condition of anonymity in line with policy.

Blair's likely successor, Treasury chief Gordon Brown, said Saturday that the taunting of Saddam during his execution and the release of an illicitly recorded cell phone video was "deplorable" and "completely unacceptable."

Prime Minister Nouri al-Maliki has ordered an inquiry into the emergence of the unofficial video, on which Saddam is heard exchanging insults with his executioners and shown dying on the gallows.

In Amman, Jordan's Parliament also denounced the execution and asked God to bless Saddam's soul. The speaker of the lower house said Saddam's execution ignored the feelings of Muslims and Arabs because it came just before the start of the religious festival of Eid al-Adha.

Human Rights Watch, in a report for release on Monday, said the speedy trial and subsequent execution of Saddam and those planned for Ibrahim and al-Bandar illustrated the Iraqi government's disregard for human rights.

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"The tribunal repeatedly showed its disregard for the fundamental due process rights of all of the defendants," said Richard Dicker, director of Human Rights Watch's International Justice Program.

While waiting for their own postponed executions, Ibrahim and al-Bandar have been mourning Saddam, their lawyer Issam Ghazawi told the AP. He said he met with the men individually on Wednesday in Baghdad, where they are in U.S. custody.

The lawyer said U.S. officials had told the pair their deaths were imminent on the day of Saddam's execution.

Ghazawi said Ibrahim told him the Americans took him and al-Bandar from their cells on the day of Saddam's hanging and brought them to an office inside the prison at about 1 a.m. They asked them to collect their belongings because they intended to execute them at dawn — the same time Saddam was put to death.

Ghazawi said the two men were also told to write out their wills. They were returned to their cells nine hours later.

The lawyer said he has had no contact with the men since Wednesday, and had no information on when they would be hanged.

Jaafar al-Mousawi, the chief prosecutor in the Dujail case, said Sunday that the time for al-Bandar and Ibrahim's executions "will be determined by the government." Sami al-Askari, an adviser to al-Maliki, declined to give reasons for the delay and said only that "no date has been made yet" for their hangings.

Al-Bandar told Ghazawi that he "wished to have been executed with President Saddam," the lawyer said. Ibrahim "was in the worst condition. He kept crying over the death of his brother and said it was a great loss for the family and the Arab world," Ghazawi said.

Ghazawi, who served on Saddam's defense team during the last two years and says he has power of attorney for Ibrahim and al-Bandar, urged that their death sentences be overturned. The United Nations has also pleaded for a stay of execution for the two.

"Their execution should be commuted under such circumstances because of the psychological pain they endured as they waited to hang," Ghazawi said.

Meanwhile, Ahmed Saddiq, a Tunisian member of Saddam's defense team, said that during a Dec. 26 meeting with Saddam when he was still in U.S. custody, the former president appeared reconciled to his death.

"He constantly said the strongest, most likely hypothesis — and the one that he expected — was that he was going to be executed," Saddiq told the AP in Tunis. "He didn't stop saying, 'Don't panic. I'm ready for this moment and, after all, it would be the most beautiful end I could have.'"

Saddiq also said Saddam gave his lawyers a poem "of tenderness, of love" that he wrote to his wife, who lives in Qatar.

At one point, Saddam told his lawyers: "'I am still capable of love, of being sentimental and attentive. That's my right. It's there perhaps the other face of Saddam Hussein that you don't know,'" Saddiq said.

In other developments, the U.S. military said three airmen were killed in Baghdad Sunday by a car bomb, a soldier was killed by small arms fire in Baghdad a day earlier, and another soldier died in combat in western Anbar province on Friday. A British soldier also died in a traffic accident.

At least 14 Iraqis died Sunday in bombings and shootings, including three Sunni Muslim shopkeepers gunned down in a busy marketplace and a Shiite cleric and his son killed en route to a mosque, police said. Twenty-three bodies turned up in hospitals and morgues around the country, officials said.

A new battle for Iraq's capital was under way with Iraqi forces mired in gunfights with insurgents and U.S. helicopters hovering over an area where some 30 people died in fighting the previous night.

The fighting is part of a military operation announced Saturday by the prime minister and intended to quell sectarian violence.

Iraq's parliament speaker Mahmoud al-Mashhadani, the government's highest-ranking Sunni official, said Sunday he objected to the new plan for "legal reasons," and said parliament must vote on it.

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Associated Press Writer Bouazza Ben Bouazza contributed to this story from Tunis, Tunisia.

War's Toll On Iraqis Put At 22,950 In '06 (WP)

By Sudarsan Raghavan

The Washington Post, January 8, 2007

BAGHDAD, Jan. 7 -- More than 17,000 Iraqi civilians and police officers died violently in the latter half of 2006, according to Iraqi Health Ministry statistics, a sharp increase that coincided with rising sectarian strife since the February bombing of a landmark Shiite shrine.

In the first six months of last year, 5,640 Iraqi civilians and police officers were killed, but that number more than tripled to 17,310 in the latter half of the year, according to data provided by a Health Ministry official with direct knowledge of the statistics.

The official, who spoke on condition of anonymity because he was not authorized to release the information, said those numbers remained incomplete, suggesting the final tally of violent deaths could be higher.

Much of last year's politically motivated bloodshed unfolded in Baghdad. The Bush administration is considering sending more U.S. troops there, as the newly ascendant Democrats in Congress press for a military withdrawal. Bringing stability and rule of law to the capital is a cornerstone of the administration's strategy to exit Iraq. Iraqi Prime Minister Nouri al-Maliki announced over the weekend his own security push to tame Baghdad's sectarian strife.

Last year's spike in casualties occurred despite an ambitious U.S. military operation in the capital, Together Forward, that involved thousands of U.S. and Iraqi troops cordoning off some of the deadliest neighborhoods and conducting house-to-house searches.

"We have been in a reaction mode in many ways to the events that occurred because of the [February] bombing of the Golden Mosque in Samarra, and that began a cycle of sectarian violence that we've been working very, very, very hard to keep under control," Lt. Gen. Peter W. Chiarelli, the former second-ranking commander in Iraq, told reporters last month.

"Now, I'm not in any way happy with what I see in Baghdad. The level of violence is way too high," he added.

The Health Ministry's full-year death toll of 22,950, although incomplete, is higher than the 13,896 violent deaths of civilians, police officers and soldiers reported Jan. 1 by Iraq's ministries of defense, health and interior. The United Nations, in a November report, estimated that more than 28,000 Iraqi civilians had died violently in the first 10 months of 2006, but that count was disputed by the government. The differences in the numbers could not be reconciled.

Iraq's death toll from violence is controversial because it provides a vivid report card on the difficulty of U.S. and Iraqi efforts to bring order to the country. Neither the U.S. government nor the military provides death totals for Iraqis.

"It is often very difficult to gain consensus on the numbers of casualties in Iraq. It really is a government of Iraq issue," said Lt. Col. Christopher C. Garver, a U.S. military spokesman. U.S. and Iraqi officials have discouraged Baghdad's medical officials from releasing morgue counts.

The Iraqi government does not provide a single official death toll, leaving it up to individual ministries to release data, which are often conflicting.

The Health Ministry compiles data from morgues across the nation and from government hospitals. Those figures include Iraqis killed in bombings, terrorist acts, militia attacks, roadside explosions, drive-by shootings, kidnappings and other acts of violence. They also include the numerous unidentified corpses that turn up virtually every day, often handcuffed and showing signs of torture.

The Health Ministry data are believed to be more reliable than those issued by other sources because they are based solely on death certificates. But the Health Ministry, as a policy, does not publicly release these statistics. The ministry is under the control of the Shiite religious party of Moqtada al-Sadr, whose Mahdi Army militia is behind much of the sectarian killing.

The numbers are considered so sensitive that some Iraqi officials, when told of the Health Ministry data, dismissed them as exaggerated, but at the same time did not offer any other numbers. Previous reports about such body counts have drawn similar denials.

"I don't know of these numbers," said Health Ministry spokesman Qasim Yahya. "The Ministry of Health does not give out such numbers."

He referred all comments to the Interior Ministry, which he said was responsible for releasing such statistics.

Brig. Abdul-Karim Khalaf, an Interior Ministry spokesman, said the Health Ministry was "not authorized to give out such statistics. It's a very big number. It's not close to the truth."

The Interior Ministry's figures are based primarily on data from police stations, police units and emergency patrols. Those numbers do not include the wounded who die later from their injuries, those kidnapped and later killed, armed men who die in clashes with U.S. or Iraqi forces, unidentified bodies, and other categories of deaths.

Another source of data is the United Nations, which relies on reports it culls from the Health Ministry, the Baghdad morgue and government hospitals, and releases death figures every two months. The organization does not include Iraqi police or military casualties in its reports.

The United Nations reported 28,076 violent deaths of civilians in the first 10 months of 2006, including 3,709 killed in October, according to its latest report, issued in November. At that time, Iraqi government spokesman Ali Dabbagh disputed the U.N. numbers as "inaccurate and exaggerated" because they were not based on official government reports.

"Yes, we have casualties, but not that huge number of casualties," Health Minister Ali Hussein al-Shamari said on Iraqi television. "The true number might be a quarter that, although we feel sorry for those who are dying. But they want to mislead the world about the conditions in Iraq." During a visit to Vienna that month, however, he said as many as 150,000 Iraqi civilians had died since 2003 as a result of violence. Dabbagh, who is traveling outside of Iraq, was not available for comment on Friday.

DOJ_NMG_0113218

Sadiq al-Rikabi, a political adviser to the prime minister, Nouri al-Maliki, disputed the figures, saying they probably included those who were killed in car accidents or day-to-day crimes.

The Health Ministry official made clear that the statistics counted only those who had died from political violence.

"Everyone can guess, but what is the real number? I'm not sure if anyone knows how many people are killed due to the violence and the terrorism," Rikabi said.

The Associated Press count for last year, assembled from its daily dispatches, is roughly 13,700 civilians, police and soldiers. But the news service has said that it believes its figures are substantially lower than the actual number of deaths because it lacked access to government data. Iraq Body Count, a British-based research group that reports on civilian deaths in Iraq, says the number is at most roughly 58,000 since the 2003 U.S.-led invasion.

The group relies on deaths reported by the news media, and suggests on its Web site that its totals are an underrepresentation because "many if not most civilian casualties will go unreported." Critics have accused the group of grossly underreporting Iraqi deaths.

A study on Iraqi mortality rates published in October by the Lancet medical journal estimated that more than 600,000 Iraqis had died from violence since the invasion. That number was extrapolated from population surveys rather than a compilation of actual deaths. The U.S. and Iraqi governments, as well as Iraq Body Count, dismissed the Lancet findings as inaccurate.

The United Nations is scheduled to release death tolls for November and December within the next two weeks, an official said. According to the Health Ministry figures obtained last week, November's death toll was 3,293, while December's fell to 2,748.

In November, four family members of Abu Taha al-Adhami, a computer engineer in Baghdad, were killed, he said, and one was kidnapped and remains missing. During the first half of last year, he lost no relatives, he said.

"The violence wasn't that obvious during the first half of last year," he said. "During the second half, the violence started to grow and grow and become more severe. It's all because of the political atmosphere."

A Washington Post special correspondent in Baghdad contributed to this report.

A Tougher Journey To Stock US Troops In Iraq (CSM)

By Raymond Barrett, Contributor To The Christian Science Monitor

The Christian Science Monitor, January 8, 2007

Increased violence is slowing supply lines on which five contractors were kidnapped in November. They appeared unharmed in a video released last week.

ABDALY, KUWAIT-IRAQ BORDER

At this dusty border crossing in northern Kuwait, more than 200 18-wheelers wait to cross into Iraq. Braving Sunni insurgents, Shiite militias, and criminal gangs, these trucks are vital links in the supply chain that keeps some 130,000 US military personnel in Iraq afloat.

"Why you come to Iraq? You come again, I kill you," says a Bangladeshi driver, describing the vitriol that he and other contractors supporting the American effort routinely face.

Asked how long he intends to take his chances, he says: "Until I'm dead. I need work, I'll carry on."

A stark reminder of the perilousness of the 400-mile journey from here to a US logistics hub in Iraq came last week in a videotape of five kidnapped security contractors - four Americans and one Austrian. It was the first word from the men since their convoy that originated from this outpost was ambushed on Nov. 16.

The tape was "a good sign" but not one that signals that their release is imminent, says the spokesperson for their employer, Crescent Security Group.

Another American contractor was kidnapped Friday in Basra, according to the US Embassy in Baghdad. The Associated Press reported that the two Iraqis he was traveling with were found dead following the abduction.

Due to such dangers, security is the issue on everybody's lips at the Rabha al-Sahara (Desert Springs) truck stop, within sight of the Abdaly crossing. "It's worse than before ... [the trucks] come under fire more frequently," says a Pakistani businessman who asked not to be identified. He's a logistics operator who leases trucks that are driven into Iraq.

Last month, at least 113 US service members were killed, making December the deadliest month in 2006. The month also saw the death of more than 1,900 Iraqi civilians.

The rise in violence has affected the flow of convoys traveling into the country. "[There are usually] eight movements in a day, but nowadays it's reduced to five. In one movement there are about 45 trucks," the businessman says.

Multinationals such as the Kuwait-based Public Warehouse Company that transport fuel, food, and water receive first priority to the limited number of convoys escorted by the US military. Fuel is then distributed to army bases around Iraq by Halliburton-subsidiary KBR, also under US military protection.

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Smaller logistics operators often depend on organizations such as Crescent Security Group. The Pakistani logistics operator says, however, that his drivers often don't like to travel with private security companies and prefer US military escorts. "[The private groups] use ... Silverados or F-350s, while the Army has fully armored gun trucks and Humvees."

To be sure, the high value of the cargo makes these convoys targets for criminal gangs. A truck can carry between $30,000 to $200,000 worth of cargo - the most expensive loads being generators or four-wheel-drive vehicles. The importance of Kuwait as a logistics hub for the coalition forces in Iraq cannot be overstated. Camp Arifjan in southern Kuwait is the main staging area for troops and supplies deploying to Iraq.

"The supply line from Kuwait is absolutely crucial. You cannot supply the level that is required by air," says Paul Rodgers, professor of peace studies at Bradford University in West Yorkshire, England, who has written monthly security briefings on Iraq since 2003.

And with the possibility of increasing US forces by some 20,000 combat troops seeming more likely, the supply route from Kuwait will be ever more vital. "A very big proportion of the food and water [used by the US military] comes from Kuwait," says Robert Soussa, the managing director of Kuwait & Gulf Link Transport Co., a group heavily involved in this logistics business.

"There are hundreds of fuel tankers a day ... shared between many companies. They don't have many [petrol] refineries in Iraq, the Kuwait government supplies them with petrol," he says.

Regarding protection for their convoys, Mr. Soussa says that the security companies they hire depend on local Iraqis for safe passage. "They have connections on the ground, they recruit from local tribes, you must create jobs for these people."

Soussa adds that the upsurge in violence has impacted the logistics business. "Because of the incidents in Iraq, they have reduced the number of trucks [per convoy]," he says.

This reduction was also confirmed by a US contractor, who has driven trucks inside Iraq. US Department of Labor statistics show at least 650 American contractors have been killed inside Iraq.

Professor Rodgers says that a more substantial US combat presence in Iraq could cause insurgents to avoid direct confrontation and intensify attacks on supply lines.

"In the longer term, they [insurgents] may respond [to a troop surge] by attacking the supplies, rather than the troops themselves," he says.

5 More U.S. Soldiers Killed In Iraq (AP)

By Lauren Frayer And Shafika Mattar

AP, January 8, 2007

Two of Saddam Hussein's co-defendants were taken from their cells and told they were going to be hanged on the same day the former dictator was executed, their lawyer said Sunday.

But the two condemned men still await death as Iraqi officials decide how to avoid the kind of outcry that followed Saddam's hanging on Dec. 30.

Also on Sunday, the U.S. military announced the deaths of five more American troops and at least 14 Iraqis died in bombings and shootings.

Saddam's half brother and former intelligence chief Barzan Ibrahim and the former head of Iraq's Revolutionary Court, Awad Hamed al-Bandar, were sentenced to hang. They were convicted along with Saddam of involvement in the killings of nearly 150 Shiites in the town of Dujail after a 1982 assassination attempt there against Saddam.

Their executions were postponed, however, until after the Muslim holiday of Eid al-Adha, which ended five days ago.

Authorities also decided to give Saddam his own "special day," National Security adviser Mouwaffak al-Rubaie said at the time of his execution.

One of Saddam's lawyers who met the deposed leader in his final days told The Associated Press over the weekend that Saddam expected to be put to death and considered it "the most beautiful end" he could have.

Now Iraqi officials must decide how to carry out a second round of executions in the face of worldwide criticism over their handling of Saddam's death. In the final moments of his life, Saddam was taunted by some of those present in the execution chamber as he stood with a noose around his neck.

British Prime Minister Tony Blair criticized the way in which Saddam was executed, his office said Sunday.

"He believes that the manner of the execution was completely wrong, but that should not lead us to forget the crimes that Saddam Hussein committed, including the deaths of hundreds of thousands of Iraqis," a spokeswoman for Blair's office said on condition of anonymity in line with policy.

Blair's likely successor, Treasury chief Gordon Brown, said Saturday that the taunting of Saddam during his execution and the release of an illicitly recorded cell phone video was "deplorable" and "completely unacceptable."

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Prime Minister Nouri al-Maliki has ordered an inquiry into the emergence of the unofficial video, on which Saddam is heard exchanging insults with his executioners and shown dying on the gallows.

In Amman, Jordan's Parliament also denounced the execution and asked God to bless Saddam's soul. The speaker of the lower house said Saddam's execution ignored the feelings of Muslims and Arabs because it came just before the start of the religious festival of Eid al-Adha.

Human Rights Watch, in a report for release on Monday, said the speedy trial and subsequent execution of Saddam and those planned for Ibrahim and al-Bandar illustrated the Iraqi government's disregard for human rights.

"The tribunal repeatedly showed its disregard for the fundamental due process rights of all of the defendants," said Richard Dicker, director of Human Rights Watch's International Justice Program.

While waiting for their own postponed executions, Ibrahim and al-Bandar have been mourning Saddam, their lawyer Issam Ghazawi told the AP. He said he met with the men individually on Wednesday in Baghdad, where they are in U.S. custody.

The lawyer said U.S. officials had told the pair their deaths were imminent on the day of Saddam's execution.

Ghazawi said Ibrahim told him the Americans took him and al-Bandar from their cells on the day of Saddam's hanging and brought them to an office inside the prison at about 1 a.m. They asked them to collect their belongings because they intended to execute them at dawn — the same time Saddam was put to death.

Ghazawi said the two men were also told to write out their wills. They were returned to their cells nine hours later.

The lawyer said he has had no contact with the men since Wednesday, and had no information on when they would be hanged.

Jaafar al-Mousawi, the chief prosecutor in the Dujail case, said Sunday that the time for al-Bandar and Ibrahim's executions "will be determined by the government." Sami al-Askari, an adviser to al-Maliki, declined to give reasons for the delay and said only that "no date has been made yet" for their hangings.

Al-Bandar told Ghazawi that he "wished to have been executed with President Saddam," the lawyer said. Ibrahim "was in the worst condition. He kept crying over the death of his brother and said it was a great loss for the family and the Arab world," Ghazawi said.

Ghazawi, who served on Saddam's defense team during the last two years and says he has power of attorney for Ibrahim and al-Bandar, urged that their death sentences be overturned. The United Nations has also pleaded for a stay of execution for the two.

"Their execution should be commuted under such circumstances because of the psychological pain they endured as they waited to hang," Ghazawi said.

Meanwhile, Ahmed Saddiq, a Tunisian member of Saddam's defense team, said that during a Dec. 26 meeting with Saddam when he was still in U.S. custody, the former president appeared reconciled to his death.

"He constantly said the strongest, most likely hypothesis — and the one that he expected — was that he was going to be executed," Saddiq told the AP in Tunis. "He didn't stop saying, 'Don't panic. I'm ready for this moment and, after all, it would be the most beautiful end I could have.'"

Saddiq also said Saddam gave his lawyers a poem "of tenderness, of love" that he wrote to his wife, who lives in Qatar.

At one point, Saddam told his lawyers: "'I am still capable of love, of being sentimental and attentive. That's my right. It's there perhaps the other face of Saddam Hussein that you don't know,'" Saddiq said.

In other developments, the U.S. military said three airmen were killed in Baghdad Sunday by a car bomb, a soldier was killed by small arms fire in Baghdad a day earlier, and another soldier died in combat in western Anbar province on Friday. A British soldier also died in a traffic accident.

At least 14 Iraqis died Sunday in bombings and shootings, including three Sunni Muslim shopkeepers gunned down in a busy marketplace and a Shiite cleric and his son killed en route to a mosque, police said. Twenty-three bodies turned up in hospitals and morgues around the country, officials said.

A new battle for Iraq's capital was under way with Iraqi forces mired in gunfights with insurgents and U.S. helicopters hovering over an area where some 30 people died in fighting the previous night.

The fighting is part of a military operation announced Saturday by the prime minister and intended to quell sectarian violence.

Iraq's parliament speaker Mahmoud al-Mashhadani, the government's highest-ranking Sunni official, said Sunday he objected to the new plan for "legal reasons," and said parliament must vote on it.

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Associated Press Writer Bouazza Ben Bouazza contributed to this story from Tunis, Tunisia.

My History With The Rope (WSJ)

By Abraham Verghese

The Wall Street Journal, January 8, 2007

I have now watched both the official and the infamous unofficial cellphone video of Saddam's Hussein's execution. Both were on the Web soon after the event. I had the choice of watching them or not. I watched, with the same horrid fascination that I felt seeing ultimate fighting on television -- disbelieving that gladiators are legal when cockfighting is outlawed in just about every state save for New Mexico (where I saw my first and last cockfight).

When pollsters knock on my door, they will find that as a physician I am against capital punishment, ultimate fighting and cockfighting because they run counter to our sense of being a civilized society. But the disconnect between what I will watch and what I claim I am for is more common than most of us care to admit; I blame the camera.

The lens now peers into every nook and cranny of human existence, and it is now in the hands of every man. A digital image of interest spreads on the Internet like a drop of India ink in water. Police brutality, a bully on a school bus, an abusive nanny -- we see them all. It isn't surprising that there is a cellphone video of Saddam's hanging; it is surprising there is only one. While on rounds in my hospital (where I work as an infectious disease specialist), I caught sequential bits of the television show, "Dr. 90210" in the course of going from one patient to the next. I had no idea!

We (my patients, their visitors and I) saw an actual breast augmentation; even more edifying was the opportunity to peek into the personal lives and the marital struggles of the brave practitioners of this craft who eke out an existence in that zip code. My vicarious presence in Beverly Hills and Baghdad in the same week was not because of prurient tastes; it was because these ubiquitous images are all but unavoidable if you have eyes and any curiosity about your fellow human beings.

The uproar over the Saddam video -- both its existence and its content -- is particularly hypocritical. Given all the ways and all the weaponry that could be used to execute someone, hanging is a most inhumane choice. The condemned person will be terrified and anxious, not about death as much as the manner of death. Hanging of the 'short drop' version practiced in Iran is really a slow choking to death; in the standard or long drop method that was used in Iraq, unconsciousness is supposedly instant when the spinal cord is severed, but a misplaced knot could rip skin and muscle and cause an agonizing death. Instant or not, let's not kid ourselves; hanging is a vengeful, brutalizing, psychologically terrifying act with which we humans have a long history; in the past it was carried out publicly (and still is in countries like Iran) with the aim of serving as a deterrent. If we condone hanging a mass murderer, is it not hypocritical to want it to be conducted with "decency" when hanging is by its very nature indecent?

Saddam's hanging disturbs us because it was perverse, vengeful, furtive, hasty, carried out under cover of darkness and in front of a hoarse, excitable male audience who acted as if they were at a carnival, or, to be more precise, as if they were at a lynching. Part of the discomfort the video generates here may lie in these echoes of our own short history with the rope.

As an expatriate child growing up in Ethiopia, I saw my first hanging when the military leaders of an abortive coup were put to death in a public square. We happened to be driving by. Or perhaps, in those pre-Internet days, my parents wanted to witness the spectacle; I don't remember. I do remember the chanting, ululating crowd, dancing under the swaying corpse, the choked, congested faces and the oddly angulated heads, but most of all I remember how the dead men's shoes were filched. The bare feet seemed inconsistent with the rest of the image. That element of violation, of savagery, stayed with me. I saw a few more hangings in that country as I grew up, and the fresh bodies of people who met violent deaths in the aftermath of Emperor Haile Selassie's fall and the advent of Mengistu, the Stalin of Africa.

The Saddam video recalled these memories of witnessing violence and savagery. With the video I felt just as I did as a child witnessing an actual hanging: That the condemned man gets perverse revenge because there is a shame that accompanies such a spectacle; it spreads and stains all who are there, all who drive by, all who watch it on television, or who, like me, download it with a click of the mouse; the killer being executed has suddenly become noble, and turned us into killers.

This cellphone video will be the most viewed hanging video in history. We as a nation should watch it before washing our hands of it, and certainly before pontificating about our brand of justice versus other brands. Only by watching can the debate about capital punishment move from an abstract discussion to what is real, to what is palpable, to what is shameful, to what is actually happening whether you watch it or not.

Dr. Verghese is the Joaquin Cigarroa Jr. chair and Marvin Forland distinguished professor at the University of Texas Health Sciences Center, San Antonio.

Britain's Brown Suggests Policy Shift (AP)

By David Stringer

AP, January 8, 2007

Treasury chief Gordon Brown, expected to succeed Tony Blair as prime minister by September, suggested Sunday that he will pursue an Iraq policy that is more independent of Washington than the current government.

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Brown acknowledged that mistakes were made in the aftermath of the invasion and promised to be "very frank" with President Bush. He also said that Britain is likely to scale down its commitment of troops to Iraq over the next year — even as the White House is considering dispatching thousands more, at least temporarily.

Brown's comments, aired on the British Broadcasting Corp.'s Sunday AM program, seemed intended to distinguish himself from Blair, who has been criticized in Britain for his strong support for Bush and the war, both unpopular here.

"I look forward, if I am in a new position, to working with the president of the United States, George Bush," Brown said. "Obviously, people who know me know that I will speak my mind. I will be very frank. The British national interest is what I and my colleagues are about."

A spokesman for the U.S. State Department declined to comment on Brown's interview.

Blair has said he will step down as prime minister and leader of the governing Labour party before September. Brown, who is credited with helping Blair reinvigorate the Labour party, is unlikely to face any credible challenge when the party elects a new leader, who will automatically become Britain's new prime minister.

Brown, in the BBC interview, also said that Saddam Hussein's execution — in which Saddam, a Sunni Arab, was taunted with the name of a radical Shiite cleric — had done nothing to help stem Iraq's sectarian violence.

"Now that we know the full picture of what happened, we can sum this up as a deplorable set of events," Brown told the BBC. "It is something, of course, which the Iraqi government has now expressed its anxiety and shame at."

Blair, who previously declined to comment on the hanging, said through his press office Sunday that the manner of Saddam's execution was "completely wrong."

Brown also told the BBC that he believed the ideological battle for the hearts and minds of young Muslims was as crucial as the battle against communism was for previous generations.

Brown, in charge of Britain's Treasury since 1997, said he had worked with officials across the American political divide and remained close to ex-Federal Reserve chairman Alan Greenspan and former Treasury Secretary Robert Rubin.

In the interview, recorded on Saturday, Brown also said he believed there should be some form of inquiry into the aftermath of the 2003 U.S.-led invasion.

"There are lessons to be learnt, particularly from what happened immediately after Saddam Hussein fell," he told the BBC.

"One is that in Iraq itself there is absolutely no doubt — and I think people will agree on this in time — that the passage of authority to the local population should have begun a lot earlier, so they had to take more responsibility for what was happening in their own country."

He said the experience of insurgency in Iraq and Islamic extremist terrorism had proven that "we will not win against extreme terrorist activities and propaganda activities unless we have this battle for hearts and minds as well."

The Treasury chief said he believed Britain was unlikely to join any future U.S. plan to temporarily increase troop numbers in Iraq, aimed at stemming the current bloodshed.

Britain would "continue to move troops from combat to training, to complete the redevelopment work" and was likely to scale down their presence over the next few months.

Britain has around 7,000 soldiers stationed in southern Iraq, mainly based around the city of Basra.

"I believe it is true to say that by the end of the year, there may be thousands less in Iraq than there are now," Brown said.

Parliament would also have a stronger role under his leadership, Brown said, and be more able to hold the government to account.

Iraq's Escape Is Soccer, But Soccer Can't Escape War (NYT)

By Kirk Semple

The New York Times, January 8, 2007

BAGHDAD — Anyone wanting to take a measure of the importance of soccer in Iraq needed only to be in the country during the national team's recent march to the finals of the Asian Games, which were held in Doha, Qatar.

During each match involving the Iraqi squad, work ground to a halt across Iraq as people gathered around televisions. Each victory was celebrated with sustained gunfire that etched the sky with the red streaks of tracer bullets. On Dec. 12, the day Iraq beat the heavily favored South Koreans in the semifinals, at least five people in Baghdad were taken to the hospital with wounds from stray bullets, the police said.

When the final whistle blew on the championship game against Qatar on Dec. 15 — a 1-0 defeat for Iraq — the Iraqi television channel that carried the game cut to a montage of glorious highlights from past victories, seemingly intent on forestalling a total collapse of the national spirit. "You are heroes," the commentator declared. "Second is a beautiful position."

Sports fandom is a universal phenomenon, but in Iraq, soccer, the country's most popular sport, may have greater meaning than usual.

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"We Iraqis don't have much fun," said Mehdi Hadi Sabi, 36, an auto parts salesman. On a recent afternoon, he was among a cluster of die-hard fans watching the Police Club, one of Iraq's professional soccer teams, practice in a small stadium here. "This is one of the few recreational things we have left," Mr. Sabi said. "It's kind of a catharsis."

Soccer has become an escape from the uncertainty and violence of life, a source of camaraderie and even a binding force of nationalism in a country riven by sectarianism.

When the national team beat Singapore in October, earning Iraq a spot in the Asia Cup this July, Gen. George W. Casey Jr. and Ambassador Zalmay Khalilzad issued a joint statement of congratulations. "Few events bring together Iraqis as a nation like soccer," it said. "It is a great example of what is possible when Iraqis work together regardless of sect, religion or ethnicity."

Despite the national team's successes abroad, the sport at home has been fraught with the same uncertainties as the rest of Iraqi life.

The professional league halted at the 2003 invasion; play was not resumed until late 2004. Though the stadiums remain remarkably free of violence, fear of attacks has cut into attendance. Ticket revenues and government support have declined, and the stadiums and practice facilities are in poor shape. The best players have fled abroad, seeking safer conditions and more lucrative contracts. "All the players would be happy to leave the country," said Amir Sabah Hussein, 18, a forward on the Police Club. "I wish it weren't so."

Violence has also precluded professional league matches in areas of the country where the insurgency is particularly strong, including Anbar Province and the area north of Baghdad known as the Sunni Triangle. Teams from several violent, troubled cities have either folded or moved: the Samarra team, for instance, has relocated to Baghdad, and Mosul plays in Erbil, according to Tareq Ahmed, the acting director of the Iraq Football Association.

Amateur and school leagues have also been crippled, with many teams no longer traveling outside their neighborhoods to play because of fears of attack.

In recent months, athletes and sports officials have been shot and kidnapped. In November, Hudaib Mejhool, director of the professional Students Club, was kidnapped by gunmen while driving to work. His body turned up in the morgue. Ghanim Ghudayer, a member of the Air Force Club and the Iraqi Olympic team, was kidnapped in September.

The Police Club, which is in the soccer association's premier league and is one of the country's oldest teams, practices on a field scorched yellow by the sun, and the stands have fallen into disrepair. The team has not played an official league game there for two years because it is too vulnerable to attack, team officials said. During a practice in early December, a bullet sailed past the head of a player; the whole team dropped flat on the ground. It was unclear whether the bullet was a stray or from a sniper. The practice was cut short; memories were still fresh of a player with the Zawra Club who was killed by a stray bullet during practice earlier in the year.

The premier league's season was supposed to begin Nov. 24, but was postponed twice because of security concerns. The league's northern and southern divisions started play in November, but the season is still suspended for the teams based in Baghdad. As to when they will begin play, Ahmed Abbas, the general secretary of the Iraqi Football Association, said, "God only knows."

The possibility that the season may evaporate has crippled the Police Club's morale. "They're training aimlessly," Muhammad Shakir, the team's coach, said during a recent practice. "They don't know what they're doing this for."

The players were phlegmatically warming up by kicking around balls and stretching. "Before, we were coming to work with our hearts and minds," the coach continued. "Now we are just coming with our minds."

Hashim Ridah, 27, a stocky forward and one of the league's most prolific scorers, said that if the season never began, he might seek a spot on the team in Karbala, his hometown. He said he could not afford to lose another year. "The time of the player is limited," he said.

The fans, too, are distraught. "I may fall into a depression if there is no season," said Mr. Sabi, the auto parts dealer. "It's hard to imagine Iraq without a football season, and a season without the Police Club." But Mr. Sabi and his buddies continue to turn out for most practices.

"My family has tried to prohibit me from coming here because I have diabetes, but I don't care," said Wasim Mohsin, 50, a rotund sheep vendor and one of the Police Club's stalwart fans. "I watch the clock, and when it strikes two o'clock, I just leave the house and go to the club." Once, he said, he even abandoned a sick daughter at a hospital to catch a game.

But there may be no more devoted a Police Club fan than Khalil Khalaf, 23, a deaf house painter. After a Police Club loss to a team from Najaf last season, Mr. Khalaf, a wiry blade of a man, angrily hurled himself over a retaining fence, sprinted across the playing field and tackled a Najaf player. Mr. Khalaf was pounced on by other Najaf players and a police officer, who beat him with a stick. His friends pulled him to safety.

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To explain what the team meant to him, Mr. Khalaf pounded his chest with his fist, then repeatedly dragged an index finger from the corner of his eye down his cheek. Mr. Mohsin translated: "He says, 'The team is in my heart, and sometimes I cry for them.' "

His message conveyed, Mr. Khalaf clenched his fists into thumbs-up signs and bounced up and down on the balls of his feet. He looked like the happiest man in Iraq.

Taliban Resume Their Attacks In Afghanistan (NYT)

By Abdul Waheed Wafa

The New York Times, January 8, 2007

KABUL, Afghanistan, Jan. 7 — The Taliban appeared to be resuming their campaign of violence after a week of quiet over the Islamic festival of Id al-Adha.

Two newborn babies, their mother and a grandmother were killed in a roadside bombing in eastern Afghanistan as they were returning home from the hospital on Sunday, said the provincial police chief of Khost, Muhammad Ayub, who called the attack "inhuman." Three others in the car, a woman and two men, were wounded, he said.

In a separate attack, gunmen on a motorcycle killed a high school headmaster in the southern province of Helmand as he was walking home from morning prayers at his local mosque, according to an Interior Ministry spokesman.

American soldiers thwarted a suicide car-bomb attack on their outpost in the eastern province of Paktika on Saturday. The troops began shooting at the advancing vehicle, and it crashed into an outside barrier and exploded, according to a NATO statement. Five soldiers were wounded, and the bomber was killed.

A NATO soldier was also wounded in a roadside explosion in Kandahar Province on Saturday, a NATO spokesman said.

More than 600 civilians have been killed in the past three years, including those killed as a result of operations by NATO, American and Afghan troops as well as attacks by the Taliban and Al Qaeda, the Afghan Independent Human Rights Commission reported Sunday. The commission appealed for the military to take more care to avoid civilian casualties and called for compensation to be given to the victims' families.

Military Injustice (LAT)

The Los Angeles Times, January 8, 2007

Army prosecutors are going too far in trying to conscript reporters to boost their case in a soldier's court-martial.

ARMY 1ST LT. EHREN WATADA may or may not have a good claim for conscientious objector status. It makes sense for the Army to prosecute him for refusing orders to deploy to Iraq last June, and Watada has at best an uphill battle in defending his actions, given that he joined the military of his own free will. But Army lawyers are overreaching when they try to prosecute their case by drafting reporters.

Watada faces a court-martial next month for missing his troop movement and for his published explanations of his refusal to go. The Army has his statements, but it subpoenaed reporters to authenticate that he, in fact, said what is in print and on tape.

Portions of independent journalist Sarah Olson's interviews with Watada appeared on the website Truthout.org and were broadcast on radio stations in New York and the Bay Area. Freelance journalist Dahr Jamail had simply videotaped Watada's speech at a Veterans for Peace convention. Honolulu Star-Bulletin reporter Gregg K. Kakesako also reported Watada's story.

A military judge ruled that Olson and Jamail did not have to appear at Thursday's pretrial hearing. But the Army is pressing forward with its demand that the two reporters testify at the trial.

No prosecutor should be able to conscript any reporter into being a deputy by compelling testimony about a statement made by a source — or go fishing for information beyond what a reporter presents in a story — unless it's absolutely vital to protect U.S. citizens from crime or attack. This principle should apply whether or not the source was speaking in confidence, or whether or not the reporter works for a media organization.

It's egregious enough when U.S. attorneys subpoena journalists, which is happening at an alarmingly increasing rate (illustrating the need for a national shield law). But there is something especially chilling about the U.S. military reaching beyond its traditional authority to compel a non-military U.S. citizen engaged in news-gathering to testify in a military court, simply to bolster a court-martial case. There is no security interest at stake, and no matter of national urgency.

The Army can make its case against Watada without pestering civilian journalists. Sustaining the military subpoena would set a troubling precedent. It's time for the Army to back off.

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CORPORATE SCANDALS:

Apple's Jobs May Still Face U.S. Scrutiny Over Stock Options (BLOOM)

By Karen Gullo And Connie Guglielmo

Bloomberg, January 8, 2007

Jan. 8 (Bloomberg) -- Apple Computer Inc. Chief Executive Officer Steve Jobs, exonerated by the company's board last month in a stock-options scandal, may still face scrutiny from U.S. investigators.

The Securities and Exchange Commission and the Department of Justice may question Jobs as they probe whether current and former Apple executives, directors and others committed fraud by backdating some stock-option awards to inflate their value, said criminal defense attorneys who formerly worked at those agencies.

Apple said Dec. 29 that 6,428 stock options issued between 1997 and 2002 were backdated. That included one grant to Jobs marked as approved at a special board meeting that never occurred. Jobs recommended some favorable dates on options other than his own. Apple, which found ``no misconduct'' by Jobs, didn't say which options the CEO backdated or why it faked a board meeting.

``The SEC and the Justice Department are not bound by the company's conclusions,'' said San Francisco-based attorney Jahan Raissi, a former senior counsel in the SEC's enforcement division. ``They have far more powerful tools to force people to talk to get information.''

Federal Investigation

Cupertino, California-based Apple, maker of the iPod music player and Macintosh computer, is among the largest of the more than 195 companies embroiled so far in a stock-options scandal that broke last year.

Prosecutors will want to know what Jobs, 51, was told in meetings and in telephone calls and if any advice was given to him by outside attorneys, said Robert Mintz, a white-collar criminal defense attorney in Newark, New Jersey, and former assistant U.S. attorney in New Jersey.

A person familiar with the matter said Oct. 5 that federal prosecutors in San Francisco are investigating Apple's backdating of stock options.

The computer maker's revelation that Jobs chose some of the dates for options grants will prompt investigators to explore his role, said William Portanova, a white collar criminal defense attorney in Sacramento, California, and former U.S. prosecutor in California.

``They admitted he knew what was going on and picked the dates,'' Portanova said. ``Nobody is out of the woods until the SEC and DOJ say they are out of the woods.''

Hiding Costs

Stock options allow holders to buy shares at a later date, usually at the market price the day they were granted. Backdating options to days with low prices inflates their value. If not properly disclosed, the practice may break laws because it hides costs from shareholders and regulators.

SEC spokesman John Nester in Washington wouldn't comment specifically about Apple, though he said internal company reviews don't preclude an SEC investigation. ``It's a tool that can expedite the resolution of a matter, but it's not a substitute,'' Nester said.

U.S. Attorney Kevin Ryan in San Francisco declined to comment on the company. In general, while a company's internal investigation ``can be helpful in our investigation, we exercise our own due diligence in determining whether federal criminal prosecution is warranted,'' Ryan said.

Apple set up a special committee to run an internal review of the options grants after disclosing in June there may have been problems with awards. It was led by former Vice President Al Gore, a member of the company's board since 2003, and director Jerome York, who was a member of the compensation committee in 2001 when the backdated grant to Jobs was made.

Jobs and Gore

Jobs served on the advisory board of Gore's Current TV cable channel, the San Francisco-based company said in a May 2004 press release. He has contributed $252,700 to Democrats since 1996, including $26,700 to the Democratic Congressional Campaign Committee in June, according to federal campaign contribution records compiled by the Center For Responsive Politics, which tracks money in politics.

He gave former U.S. Senator Bill Bradley $500 in 1999 and hasn't contributed to Gore, the records show.

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Neither Jobs nor Apple have made any financial contributions to any of Gore's projects: The Alliance for Climate Control, Current TV or Generation Investment Management LLP, said Apple spokesman Steve Dowling. There is no financial relationship between Jobs and Gore, Dowling said.

The Gore committee cleared Jobs and other current management of wrongdoing after an investigative team spent more than 26,500 man-hours searching more than 1 million paper and electronic documents. More than 40 current and former directors, officers, employees and advisers were also interviewed, the company said.

Cleared Jobs

The disclosure eased some investors' concerns that Jobs, credited with leading a revival at the company since returning as CEO in 1997, might be forced to step down.

Apple shares rose 4.9 percent the day of the exoneration. They fell 61 cents to $85.05 in Nasdaq Stock Market composite trading Jan. 5. They gained 18 percent last year after more than doubling in 2005.

Jobs and Apple may also be forced to provide more details to lawyers representing shareholders suing the company. ``They have not disclosed near enough information," said Nell Minow, editor at the Corporate Library, a corporate governance research firm in Portland, Maine. Apple faces a federal lawsuit in California that consolidates 11 shareholder complaints over backdating.

``You want to see a very specific discussion of what steps they took, what questions they asked, what researchers they used," Minow said.

Options for Jobs

In 2001, Jobs received options on 7.5 million shares. The terms of the grant were completed Dec. 18 of that year, when Apple's shares were trading at $21.01, Apple said. Oct. 19 was chosen as the grant's date, giving Jobs a lower exercise price of $18.30.

The company told shareholders in a March 2002 regulatory filing that the grant was approved at a special board meeting in October 2001. Apple disclosed last month that the meeting never took place. No member of current management was aware of the ``irregularity," the company said.

Apple said it recorded $84 million in charges to correct its accounting for the backdated options, including $20 million for Jobs' 7.5 million share award. Jobs voluntarily canceled that grant and other outstanding options in March 2003.

He chose to do so to make more stock available for employees, Apple said in an SEC filing at the time.

Restricted Shares

Instead, the board gave Jobs 5 million shares of restricted stock, which vested in March 2006. At the time, the shares were worth $646.6 million.

Apple said the actions of two unidentified former officers involved in accounting, recording and reporting of stock options grants had raised ``serious concerns."

Former Chief Financial Officer Fred Anderson, whose tenure included the five years when options were manipulated, resigned as a director in October after Apple first reported the results of its internal review. Jerome Roth, Anderson's San Francisco- based attorney, said his client wasn't involved in any ``knowing manipulation" of options.

Apple's top lawyer Nancy Heinen, who joined Apple in September 1997 after Jobs returned as CEO, resigned last May.

``We strongly deny any and all accusations of intentional wrongdoing on her part," said Cristina Arguedas, Heinen's lawyer in Berkley, California.

Investigator In Apple Probe Had Conflicts (USAT)

By Greg Farrell

USA Today, January 8, 2007

One of the directors in charge of Apple's internal investigation into backdated stock options ran a computer reseller that accounted for about $600 million worth of Apple sales from 2000 to 2003.

That financial relationship, even though it no longer exists, should have disqualified director Jerome York from the assignment, say two corporate governance experts.

York, an Apple director for the past 10 years who chairs the board's audit and finance committee, was one of three board members on a committee that oversaw last year's probe into the company's improperly awarded options grants.

In January 2000, York led an investor group that paid more than $700 million to buy Micro Warehouse, a distributor of Macintosh computers and related products. York became chairman and CEO.

Over the next three years, according to Apple's filings with the Securities and Exchange Commission, Apple drew about 3% of its annual net sales from Micro Warehouse. York sold the company's assets to CDW in September 2003 for $22 million.

In addition to the history of his business relationship with Apple, York faced another conflict in overseeing the special probe: He sat on Apple's compensation committee during part of the time when Apple now says options were backdated. Apple said York recused himself from that part of the probe.

As head of the compensation committee, York had approved some of the grants that were investigated.

Still, two governance experts expressed dismay that Apple would allow York, a former chief financial officer of IBM and Chrysler, to serve on the panel.

"You either have an independent investigation or you don't," says Lynn Turner, director of research at Glass Lewis. "York was a conflicted director."

"This is not a good board, and they have not given us any reasons to feel confident," says Nell Minow, editor at The Corporate Library. Just because York no longer has a financial relationship with Apple doesn't erase all the ties that existed, she says.

"You can't unscramble that egg and suddenly become independent," says Minow. "This shows a failure to understand the core fundamentals of appearance and reality."

York did not return messages left at his home last week, and Apple declined to comment on the matter.

In a statement issued Dec. 29, York and Al Gore, the former U.S. vice president who joined Apple's board in 2003, described Apple's investigation into backdating as "exhaustive" and said the board had "complete confidence" in CEO Steve Jobs and his management team.

Apple said in an SEC filing that Jobs "was aware or recommended the selection of some favorable grant dates," but "he did not receive or financially benefit from these grants or appreciate the accounting implications."

The investigation, which the company voluntarily disclosed more than six months ago, was conducted by the law firm Quinn Emanuel Urquhart Oliver & Hedges, under the direction of Gore, York and a third outside director, Google CEO Eric Schmidt.

Apple is among about 200 companies that have admitted to or are being investigated for giving employees favorably priced options by backdating awards from the approval date to dates when the stock's market price was lower. That may violate SEC and tax rules if companies don't properly disclose and account for below-market priced options.

According to the Dec. 29 SEC filing, the investigation focused on 42,000 stock-option grants made on 259 dates from 1996 to 2003. Of those grants, 6,428 awarded on 42 dates were incorrectly dated.

Apple spokesman Steve Dowling said he did not know if the law firm interviewed Jobs or York or whether the 40-plus witnesses questioned made any statements under oath. He said the findings were given voluntarily to the SEC and the U.S. Attorney's office in San Francisco, which are looking into the matter.

Apple Quietly Canned Lawyer Who Backdated (LAW)

By Justin Scheck, The Recorder

California Recorder, January 8, 2007

Steve Jobs is an ideas guy. He wears jeans, grows beards and orates to cheering throngs at events like this week's MacWorld conference.

Jobs' biographers say evidence indicates that he's a pescetarian. He went to India. He takes only $1 a year in salary. And he leaves it up to other people to award him hugely valuable piles of stock in Apple Computer, where he's the CEO.

People like Wendy Howell, the former in-house Apple lawyer responsible for option paperwork, probably won't be attending Jobs' eagerly awaited MacWorld speech Tuesday. Late last year, she became the lone person to lose her job as a result of the company's well-publicized options problems.

Howell's name hasn't been publicly mentioned in the Apple options mess, and her firing wasn't disclosed by the company in its series of public disclosures of options problems.

But she was the person who filled out the paperwork on a 2001 option award to Jobs that has grown infamous since just after Christmas, when Apple acknowledged that the value of the grant was artificially pumped up via a set of fabricated meeting minutes.

Howell's role was detailed by various people familiar with the situation, all of whom refused to be named because of the federal government's ongoing criminal and regulatory probes of Apple.

As the person who wrote out those "minutes," Howell has become a central figure in the Apple probe -- both as a potential defendant in a fraud case and as someone who could tell the government who at the company knew about backdating and its financial and legal implications.

Reached Thursday, Howell's lawyer, white-collar defense specialist Thomas Carlucci of Foley & Lardner, didn't seem ecstatic about the prospect of seeing his client's name in print. He would not comment on whether his client was a target.

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Of course, there's more to Apple's options problem than what went on in the legal department. So while prosecutors discuss whether Howell is more valuable as a witness or a target, their colleagues in the Securities and Exchange Commission are trying to parse the specifics of how Apple accounted for thousands of options grants -- and whether executives knew that the law required backdated grants to be recorded as expenses.

The company has publicly said that while Jobs knew about the backdating, he didn't benefit from it or understand the accounting implications.

And last week, a lawyer for Fred Anderson, Apple's former CFO, released a prepared statement that his client "did not play any day-to-day role in the granting, reporting, and accounting of stock options and he was not involved in any knowing manipulation of the process."

But analyzing the accounting of options is an esoteric pursuit, and people familiar with the Apple case say Anderson could be facing indictment -- a concern big enough to warrant the hiring of a "crisis communications" specialist this week to speak on his behalf.

FLIGHT PATH

Howell's trajectory into backdating ignominy is as unlikely as the route that Jobs, a first-semester college dropout, took to becoming the personification of a wildly successful tech company.

Howell graduated from the John F. Kennedy University School of Law in Walnut Creek, a school unaccredited by the American Bar Association, and passed the bar in 1996.

She soon found herself in the legal department of floundering Apple Computer, a company in such rough shape that it was having a tough time finding in-house lawyers.

But it didn't take long for it to become clear that Howell's timing was lucky: In 1997, Apple acquired Next, the company that Jobs founded after leaving Apple in 1985. The merger saw Jobs return as CEO, leading the company to remarkable success while bringing close associates to executive and board positions.

Howell eventually took over the responsibility of options administration. When her direct supervisor, Michael Wyatt, left in 2000, Howell -- who had been practicing law only four years -- found herself as one of the only corporate lawyers left in the department, and began reporting directly to General Counsel Nancy Heinen.

That was the case through the end of the tech boom and the ensuing bust cycle, which flooded the job market with more experienced corporate attorneys who would've been happy to have Howell's job.

It was in that atmosphere that someone decided to grant Jobs a pile of backdated options -- and it was up to Howell to fill out that paperwork, which, according to people familiar with the case, included writing up minutes for a board meeting that never happened.

HITTING THE FAN

Howell continued working at Apple through a serious personal crisis in 2005 and the spring 2006 firing of Heinen -- which came, according to people with knowledge of the situation, after a disagreement between the GC and Jobs unrelated to the backdating.

Heinen has been represented by Cristina Arguedas, of Arguedas, Cassman & Headley and by Miles Ehrlich of Ramsey & Ehrlich since shortly after Apple's internal probe into backdating was launched.

Also around the beginning of that probe, Howell's role regarding options came under close scrutiny.

She went on leave over the summer, said people with knowledge of the situation and, sources said, was eventually terminated as a result of the investigation. Howell's role has since been detailed to the San Francisco federal prosecutors and SEC lawyers investigating the case, said people with knowledge of the investigation.

It's not clear what the government will decide to do with that information. While they could decide to bring a case against her, it's unlikely that prosecutors would bring criminal charges in such a high-profile case if they were limited to a non-executive employee.

That sets up a tense dynamic for the prosecutors and the subjects of their investigation. Whereas Howell will probably try to extricate herself by saying superiors ordered her to fabricate filings, those superiors, said people familiar with the case, are certain to argue that the wrongdoing was limited to Howell, who, as an attorney, would be expected to know that faking documents is illegal.

The other question is the extent to which prosecutors and SEC regulators will look beyond the legal department in an attempt to bring charges.

Anderson's crisis management specialist, Paul Kranhold, referred a request for comment to the earlier prepared statement by Anderson's lawyer, Jerome Roth of Munger, Tolles & Olson. And George Riley, the O'Melveny & Myers partner representing Apple, was even less loquacious about the case. "I have no comment at all," he said.

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Nor did Mark Pomerantz, the Paul, Weiss, Rifkind, Wharton & Garrison partner who, several people with knowledge of the investigation said, represents Jobs.

A GATHERING STORM

People with knowledge of the Apple probe say they expect it to gain steam over the next few weeks, and that if the prosecution team -- mainly Assistant U.S. Attorney Christopher Steskal and his supervisor, Eumi Choi -- were to file charges, it could happen within the next two months.

But that could change because in most of the options cases, defendants have been willing to sign tolling agreements, which prolong the statute of limitations to give prosecutors extra time to investigate, extending the time targets have to persuade prosecutors not to indict.

As they move forward with their probe, the prosecutors will have to weigh several considerations: Is Apple's assertion that Jobs knew about backdating, but wasn't aware of its impropriety, plausible?

And is it possible that someone in Howell's position could -- or would -- backdate grants to benefit executives without her superiors knowing?

In arguing no, it's likely that her lawyer, Carlucci, will use as a defense Howell's lack of experience -- in contrast to the defense that her superior's lawyer has offered.

"Nancy Heinen has got 20 years of her reputation to stand on, period, and I'll put that up against any innuendo or rumor any time," Arguedas said.

FCC Rules Expected On Phone Records (USAT)

By Paul Davidson

USA Today, January 8, 2007

Four months after Hewlett-Packard's spying scandal, the Federal Communications Commission is expected within weeks to set new rules protecting personal phone records from unauthorized disclosure.

The move follows last summer's revelations that investigators for Hewlett-Packard used deception to obtain the phone records of board members and reporters in an effort to identify the sources of news leaks about company matters.

FCC Chairman Kevin Martin is recommending the FCC order land-line and wireless phone carriers to require that customers use a password to immediately obtain their calling records from a representative by phone, FCC officials say.

Customers also could obtain their records without a password by asking phone companies to send the information to their home addresses, or having a phone company representative call them back at their home or cellphone number of record.

Those trying to obtain their calling data online would have to use a password.

A majority of the FCC's five commissioners support the proposal, though some details could be modified before the new rules are approved in the next few weeks, agency officials say.

In 2005, lawmakers began raising concerns about the practice known as "pretexting," where data brokers pose as someone else and trick phone-company representatives into turning over that person's calling information, such as numbers called, and the time and duration of calls. The brokers then sell the data, often for use in legal or domestic disputes.

Congress last month passed a bill criminalizing the practice of lying to obtain phone records, with violators facing fines and up to 10 years in prison. President Bush is expected to sign the legislation.

Phone companies have opposed a password requirement, fearing it would mean hassles for subscribers. But in a recent letter to the FCC, Verizon and Verizon Wireless said they back a password mandate to obtain call details, as long as it's not needed simply to discuss an account with customer service.

"I think we've tried to figure out a way to balance (customer convenience) while also making sure we add some additional protections," the FCC's Martin says. Under Martin's proposal, a customer also would be able to discuss a particular call on a bill without a password. Carriers also would have to notify customers if their passwords are changed to ensure they were not illegally altered online by a pretexter.

Marc Rotenberg of the Electronic Privacy Information Center says the proposed rules are "a step in the right direction," but a more foolproof strategy would be to not provide calling details on a bill.

Pay Is Company's Prerogative (USAT)

By Yaron Brook

USA Today, January 8, 2007

Critics of CEO pay are lampooning the $210 million Robert Nardelli received after a disappointing six-year tenure at Home Depot. Rep. Barney Frank, the new chairman of the House Financial Services Committee, calls Nardelli's pay package "confirmation of the need to deal with a pattern of CEO pay that appears to be out of control."

By what right does the government, or anyone else, claim the power to dictate what owners of Home Depot or any other private company can pay someone to run their company? It's their company. If through error or irrationality they overpay (or underpay, and so fail to attract good managers), as Home Depot may have done, the loss is theirs.

The only valid reason to be concerned about CEO pay is that our government actively prevents market forces from operating. For instance, restrictions on board membership and hostile takeovers today stop large shareholders with extensive business knowledge, especially financial institutions, from influencing CEO pay. Anyone concerned about the health of corporate America would demand repeal of all such regulations.

But far from demanding repeal of the regulations, critics of CEO pay agitate for ever more control over corporate governance. They are not concerned with corporate wealth creation, but with "corporate social responsibility" — the idea that executives and shareholders should be forced to sacrifice money-making for the sake of sundry "stakeholders." These critics demand that companies staff boards with labor activists, invest in irrational environmental schemes, and provide above-market health benefits with no regard for the cost to shareholders.

This vision of corporate altruism is not only destructive, it is immoral. America is the land in which every individual, including a CEO, can pursue happiness through productive work. Morally, CEOs should focus on creating wealth and making profits for their shareholders, and they should be regarded as heroes, not villains, for doing so. Theirs is an enormously demanding job, with billions of dollars riding on their judgment. They should be paid handsomely for their services.

How much? That is for the owners of each company — and more widely, the participants in a truly free market — to establish.

Yaron Brook is executive director of the Ayn Rand Institute, which promotes individual rights and free enterprise. (Home Depot and Robert Nardelli declined to provide an opposing view to this editorial.)

Working Harder For The Man (NYT)

By Bob Herbert

The New York Times, January 8, 2007

Robert L. Nardelli, the chairman and chief executive of Home Depot, began the new year with a pink slip and a golden parachute. The company handed him a breathtaking $210 million to take a hike. What would he have been worth if he'd done a good job?

Data recently compiled by the Center for Labor Market Studies at Northeastern University in Boston offers a startling look at just how out of whack executive compensation has become. Some of the Wall Street Christmas bonuses last month were fabulous enough to resurrect an adult's belief in Santa Claus. Morgan Stanley's John Mack got stock and options worth in excess of $40 million. Lloyd Blankfein at Goldman Sachs did even better — $53.4 million.

According to the center's director, Andrew Sum, the top five Wall Street firms (Bear Stearns, Goldman Sachs, Lehman Brothers, Merrill Lynch and Morgan Stanley) were expected to award an estimated $36 billion to $44 billion worth of bonuses to their 173,000 employees, an average of between $208,000 and $254,000, "with the bulk of the gains accruing to the top 1,000 or so highest-paid managers."

Now consider what's been happening to the bulk of the American population, the ordinary men and women who have to work for a living somewhere below the stratosphere of the top corporate executives. Between 2000 and 2006, labor productivity in the nonfarm sector of the economy rose by an impressive 18 percent. But workers were not paid for that impressive effort. During that period, according to Mr. Sum, the inflation-adjusted weekly wages of workers increased by just 1 percent.

That's $3.20 a week. As Mr. Sum wryly observed, that won't even buy you a six-pack of Bud Light. Joe Six-Pack has been downsized. Three bucks ain't what it used to be.

There are 93 million production and nonsupervisory workers (exclusive of farmworkers) in the U.S. Their combined real annual earnings from 2000 to 2006 rose by $15.4 billion, which is less than half of the combined bonuses awarded by the five Wall Street firms for just one year.

"Just these bonuses — for one year — overwhelmingly exceed all the pay increases received by these workers over the entire six-year period," said Mr. Sum.

In a development described by Mr. Sum as "quite stark and rather bleak for the economic well-being of the average worker," the once strong link between productivity gains and real wage increases has been severed. The mystery to me is why workers aren't more scandalized. If your productivity increases by 18 percent and your pay goes up by 1 percent, you've been dealt a hand full of jokers in a game in which jokers aren't wild.

Workers have received some modest increases in benefits over the past six years, but most of the money from their productivity gains — by far, it's not even a close call — has gone into profits and the salaries of top executives.

Fairness plays no role in this system. The corporate elite control it, and they have turned it to their ends.

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Mr. Sum, a longtime expert on the economic life of the American worker, said he is astonished at the degree to which ordinary workers have been shortchanged over the past several years. “Productivity has been exceptional,” he said. “And for most of my life, the way to get wages up was to be more productive. That’s how our economy was supposed to work.”

The productivity gains in the go-go decades that followed World War II were broadly shared, and the result was a dramatic, sustained increase in the quality of life for most Americans. Nowadays workers have to be more productive just to maintain their economic status quo. Productivity gains are no longer broadly shared. They’re barely shared at all.

The pervasive unfairness in the way the great wealth of the United States is distributed should be seen for what it is, an insidious disease eating away at the structure of the society and undermining its future. The middle class is hurting, propped up by the wobbly crutches of personal debt. The safety net, not just for the poor, but for the middle class as well, is disappearing. The savings rate has dropped to below zero, and more Americans are filing for bankruptcy than for divorce.

Your pension? Don’t ask.

There’s a reason why the power elite get bent out of shape at the merest mention of a class conflict in the U.S. The fear is that the cringing majority that has taken it on the chin for so long will wise up and begin to fight back.

CRIMINAL LAW:

States Turn To Texas For Execution Guidance (USAT)

By Kevin Johnson And Richard Willing

USA Today, January 8, 2007

On the evening of Nov. 6, 2001, convicted murderer Terry Clark became the first New Mexico inmate put to death in 41 years. The execution itself wasn't the only thing notable about that evening in the Santa Fe death chamber.

The executioner who carried out the death sentence was an unidentified contractor who learned how to administer a deadly chemical cocktail as a member of the lethal injection team in Texas, which operates the nation's busiest death house. Texas "was right next door, and they were obviously experienced," New Mexico spokeswoman Tia Bland says. The unidentified executioner was paid $6,300, she says.

"We contacted other states," says Bland, whose state has not executed anyone since Clark, "but Texas was the only one willing to accept the contract."

The outsourced execution, and others like it, has drawn attention to Texas' growing reputation as the nation's source for behind-the-scenes guidance and experience in carrying out lethal injections at a time when that method of execution is increasingly under fire.

As lawsuits from California to Florida have challenged the constitutionality of lethal injections, more than a dozen states and the federal government have sought Texas' advice in carrying out such executions.

The lawsuits have alleged, among other things, that unqualified execution teams sometimes have botched the procedure and made it a cruel and unusual punishment that should be considered illegal under the Eighth Amendment.

Problems with the recent execution of Angel Diaz in Florida triggered a temporary suspension of the death penalty in that state while authorities review injection procedures and questions about how much inmates suffer when they are executed by injection. An autopsy revealed that Diaz's execution took 34 minutes — more than twice as long as a typical execution — because needles carrying the lethal drugs had not been inserted properly into Diaz's veins.

Meanwhile, a federal judge in California recently extended a moratorium on executions there after citing a "lack of professionalism" in execution protocols. Last year, challenges to lethal injection were brought in Maryland, Oklahoma, Missouri, Virginia and Georgia. Last month, Maryland's state Court of Appeals suspended executions in that state, ruling that part of the guidelines for carrying out lethal injections were not approved correctly under state law.

Together, the lawsuits represent the most significant challenges to date of the method of execution used by nearly all of the 38 states that have the death penalty.

Lethal injections typically involve a mixture of three drugs administered in the following order:

·Sodium thiopental, which renders the inmate unconscious;

·A muscle relaxant such as pancuronium bromide to stop all muscle movement except that of the heart;

·Potassium chloride, which stops the heart.

The precise mixture of chemicals and the protocols for how to inject the drugs vary slightly among the states, but when officials in a state begin developing or revising their guidelines for carrying out executions, they often start with a trip to Texas. Since the U.S. Supreme Court reinstated the death penalty in 1976, Texas has executed 379 killers — nearly 36% of all the

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inmates executed in the USA since then, and almost four times the number executed by Virginia, which ranks second in executions.

The trips by officials from other states and the federal government who visit Texas generally are not publicized. Texas Department of Criminal Justice spokeswoman Michelle Lyons says that such trips usually are planned around a scheduled execution in Texas, so that the visiting officials can shadow the entire procedure.

Seats also are reserved for visiting officials in the "chemical room," where an anonymous executioner starts the flow of the lethal drugs to the prisoner through intravenous lines.

"Where else would you go to learn that?" asks Larry Fitzgerald, a former Texas prisons spokesman who witnessed 219 executions in eight years with the Texas Department of Criminal Justice.

The sheer number of executions in Texas was one reason federal prison authorities went to Huntsville in 2001 as they prepared to execute Oklahoma City bomber Timothy McVeigh. On June 11, 2001, McVeigh — who was convicted in the 1995 attack on a federal building that killed 168 people and wounded hundreds more — became the first federal prisoner put to death in 38 years.

Federal Bureau of Prisons Director Harley Lappin, who then managed the U.S. government's death row operation in Terre Haute, Ind., was an observer on Feb. 8, 2001, when Texas inmate Adolph Hernandez was executed for killing a 69-year-old woman in 1988. (Lappin recently was named to a Florida commission reviewing lethal injection procedures in the aftermath of Diaz's execution.)

Fitzgerald says prison authorities from more than a dozen states, including Alabama, New York and California, have made similar excursions to Texas to observe executions and develop their own protocols not only for dispensing a lethal dose of chemicals, but also for controlling crowds outside the execution facility and dealing with media.

Fitzgerald also says that states sometimes have arranged to have members of Texas' execution team carry out death sentences in those states. "On occasion, they have been content with our guys to do the execution," he says.

Texas' Department of Criminal Justice has declined to disclose any potentially identifying information about members of the execution team, except to indicate that they are non-physicians with specific medical training to start IV lines and dispense the lethal chemicals. The department also will not reveal how the team members are selected or describe the terms of their contracts with the state of Texas.

Lyons says the department does not monitor execution team members' involvement in out-of-state executions. She says she does not know how frequently Texas teams are hired by other states.

In Connecticut, the attorney for convicted serial killer Michael Ross says he believes the state sought the assistance of Texas executioners when his client was put to death by lethal injection on May 13, 2005. "It was my understanding that our Department of Corrections had obtained guidance and assistance from Texas," attorney T.R. Paulding says.

Connecticut's Department of Corrections has declined to say whether Texas authorities were involved in Ross' execution.

Michael Radelet, chairman of the Sociology Department at the University of Colorado, calls the practice of contract executions "bizarre."

"I suspect that those states look to Texas simply because they do not want to undergo the training costs to qualify their own" executioners, Radelet says. "Then again, given the stigma surrounding the executioner profession for the past several hundred years, perhaps this is simply another sign that more and more people are realizing that this is not a good profession to be in."

He notes that although Texas is recognized as the authority in carrying out the death penalty, there have been complications in several of the state's executions.

In a review published by the Death Penalty Information Center, a group based in Washington, D.C., that opposes the death penalty, Radelet cited 37 instances — including 10 from Texas — in which there were problems during an execution. The problems included execution team members having difficulty finding veins in an inmate's arm in order to inject the drugs and a 1988 case in which a catheter popped out of a condemned man's vein, causing the execution process to be restarted.

Jonathan Groner, associate professor of surgery at Ohio State University's College of Medicine and Public Health, says it would not be uncommon for state officials to gather "the family recipes" from jurisdictions where executions are most common.

"The problem is that the process is so secretive," Groner says, referring in part to the backgrounds and oversight of executioners. Because physician ethics prohibit doctors from overseeing executions, Groner calls the lethal injection process a "medical charade."

"Lethal injection involves medical technology," he says, "but does not include medical expertise."

The New Math On Crime (USNEWS)

By Will Sullivan

DOJ_NMG_0113233

U.S. News and World Report, January 7, 2007

Even before the fireworks launched from the French Quarter's Jackson Square, 2006 went out with a bang in New Orleans-a handful of them, actually. At 7 p.m. on December 31, several of those bangs felled a 42-year-old man, who was found inside his FEMA trailer with multiple gunshot wounds to the back of his head. At 8:45 p.m., another man was shot several times and left dead on the sidewalk. At 10:12 p.m., a third was killed inside his home.

The three men were some of the last murder victims in an unusually bloody 2006. The year is expected to snap a long stretch of relatively good news on the homicide front nationwide, moving questions about the causes of crime increases off the back burner they have occupied for more than a decade. Those questions have so far eluded satisfying answers, and many experts contend that fears of a sustained rise in murders have little foundation. But the numbers are causing more than a little alarm and getting more than a little attention-from the nation's police chiefs, from Congress, from the Justice Department, perhaps even from the president in his State of the Union speech later this month. Slowly but surely, violent crime is returning to the national agenda.

Nationwide murder totals for 2006 will not be available until the fall, when the FBI releases its annual Uniform Crime Report. But an analysis by U.S. News shows a substantive, if uneven, increase in homicide in the nation's 20 largest cities. The 19 cities for which data were available had 4,152 homicides in 2006, compared with 3,919 the previous year-a 6 percent increase. Phoenix, which could not provide a year-end number, had neared its 2005 total of 238 by the end of November.

Murder is considered the most reliable crime statistic because such a high percentage of killings are reported. So the numbers are always watched closely as an indicator of crime trends. The beginning of the crack epidemic brought soaring murder numbers-a 31 percent increase between 1984 and its peak in 1993. But as the drug's popularity waned, so did murder, falling to around 16,000 a year and staying there for the early years after the millennium. More recently, the plateau has ended. Homicide showed an uptick in 2005, and the FBI's preliminary numbers from the first six months of 2006, along with the yearlong data collected by U.S. News, suggest the increase continued last year.

Some cities were hit especially hard. Philadelphia's 406 homicides were the most in the City of Brotherly Love since 1997. Oakland, Calif., topped its 2005 homicide tally by more than 50, and Cincinnati's 85 homicides were literally unprecedented.

As the year's crime numbers come in, the Police Executive Research Forum has sounded the alarm. An October report from the police advocacy group, titled "A Gathering Storm," expresses concern that the increases signal the beginning of "an epidemic of violence not seen for years." Though not all cities have suffered a crime spike, PERF pushes for more federal cooperation with local law enforcement and more federal funding. "If the pandemic flu were to hit 20 cities in the United States, I don't think the Centers for Disease Control would say, 'Well, let's see how many other cities it hits,'" says Chuck Wexler, the group's director.

Anomalies. But there are plenty of caveats to the new numbers. New York City's nearly 10 percent rise in murders-to 590-doesn't look as bad after taking account of the city's unusually high number of "reclassified deaths," those resulting from injuries in prior years. And the city's number of homicides is still historically low; more than 2,000 people were killed in New York in 1990 alone. Houston neared its highest number of murders in a decade, but the increase largely matches the city's surge in population from Hurricane Katrina evacuees.

Several big cities, including Dallas and San Francisco, bucked the murder trend completely. Washington, D.C., ended the year 27 murders shy of its 2005 total. Los Angeles's historically undermanned police force saw its fifth straight year with a reduction of violent crime.

In fact, the 6 percent increase in murders in the country's 20 largest cities is lower than the 9 percent rise the FBI charted in the first six months of the year. And once smaller cities are included, the FBI recorded only a 1.4 percent increase in that time. On average, smaller cities actually showed dramatic declines in their number of homicides.

That is more variability than was seen in the '80s and '90s, when murders spiked and then plummeted almost everywhere. The inconsistency leads some experts to contend that this year's increase is more an idiosyncratic phenomenon than a national crisis. Even among criminologists, there's not a lot of agreement over what's happening-or why.

In his new book, The Great American Crime Decline, Franklin Zimring, a professor at the University of California-Berkeley law school and an expert on crime statistics, tackles the prevailing explanations for what causes changes in crime numbers and finds them wanting. "Any blip in homicide statistics is unnerving because we don't know why we've had this epidemic of good news," he says. "There are a hundred theories and no confirmations."

Yet even some experts who remain agnostic on the significance of the more recent rise in homicides point to factors that could have contributed. Alfred Blumstein, a criminology professor at Carnegie Mellon University, highlights a diversion of resources from traditional crime fighting to preventing terrorism and a reduction in social services to the poorest neighborhoods. He also notes the phasing out of federal money for the Clinton-era COPS program, which gives grants to put more police officers

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on the street. The PERF report, "A Gathering Storm," partially blames the loss of funds for shrinking police forces in many cities. "I must confess, I expected [murder] to go up two or three years ago," Blumstein says.

With the Dow reaching new records last year and relatively low unemployment, an economic explanation for the rise in violence would seem unlikely. But Richard Rosenfeld, a criminology professor at the University of Missouri-St. Louis, says the economy's strong finish in 2006 belied a volatile year, with concerns about fuel costs and the end of the housing boom. The lack of economic stability especially impacts the urban poor, who are most likely to turn to crime, he says.

That explanation doesn't convince Philip Cook, an economist and professor at Duke University who has written on crime numbers. He disputes the grim portrayal of the 2006 economy and also argues that the link between the economy and murder levels is unproven. Recall the '60s, Cook says, when the economy and murder numbers grew hand in hand.

Police departments have widely cited armed young people as the cause of their recent violence woes, and some speculate that the rise in murders is simply the result of a larger segment of the population entering the prime years for committing crime-generally thought to be ages 15 to 24. The claim is bolstered by FBI statistics showing that the number of murder offenders under the age of 18 and 22 both jumped dramatically in 2005. But the number of young people has risen for some years, with no discernible impact on crime before now.

Some experts suggest the country is suffering the fallout of its own "get tough" crime policies in the 1980s and '90s. The problem was explored in a 2003 Urban Institute study of Maryland, which suggested that the state will face increasing challenges in dealing with a growing population struggling to re-enter society after being incarcerated.

G-men. The uncertainty has not deterred federal eyes from turning back to the problem of urban crime. Under pressure from police groups, Attorney General Alberto Gonzales announced the Initiative for Safer Communities in October, a study of 18 areas with both rising and falling crime to analyze the most effective law enforcement methods. Last month, California Sen. Dianne Feinstein sent a letter to FBI Director Robert Mueller, urging the agency to "re-evaluate its priorities" and place a higher emphasis on investigating violent crime. And Bush administration officials say the president could make an anticrime effort part of his State of the Union address January 23 or put a new initiative in his proposed budget for fiscal year 2008.

Local officials are also rethinking their efforts. In Indianapolis, which saw homicides climb from 110 in 2005 to 137 last year, police have installed their own version of the increasingly popular Compstat system, which combines computerized crime mapping with management brainstorming sessions on how best to combat the latest local crime trends. Recommendations from a mayor's task force are also expected shortly. "We're very optimistic that we'll see a decrease in those numbers in 2007," says Police Chief Michael Spears.

But the year didn't start well. About four hours into 2007, 27-year-old Eric Munoz was found dead in the clubhouse of Indianapolis's Naptown Riders motorcycle club. For Spears, the homicide was humbling, a reminder of a police department's limitations. "If we had 10 officers on patrol outside that location, it wouldn't have prevented it," he says.

The news is worse in New Orleans, where at least seven people have been murdered since the New Year-six within 24 hours. One was 36-year-old Helen Hill, who was shot in the neck inside her home. When police arrived, they found her husband bleeding from gunshot wounds to his hand, arm, and cheek. He was holding the couple's 2-year-old son. The statistics may be ambiguous, but in many cities, the bangs are real.

Polygamist's Papers Topic Of Hearing (AP)

By Jennifer Dobner, ASSOCIATED PRESS WRITER

AP, January 8, 2007

SALT LAKE CITY -- When a Cadillac Escalade ferrying polygamist church leader Warren Jeffs was pulled over in Nevada in August, authorities found $54,000 cash, 15 cell phones, portable radios, wigs and four laptops.

The documents stored on those computers was to be the subject of a legal tug-of-war Monday as Jeffs' attorneys try to convince a judge that the laptops contain privileged communication between the spiritual leader and his followers.

Jeffs, the 51-year-old leader of the Fundamentalist Church of Jesus Christ of Latter-day Saints, was picked up in a traffic stop near Las Vegas on federal warrants after evading prosecution in Utah and Arizona for nearly two years.

He's now in a southern-Utah county jail pending an April trial on two felony counts of rape as an accomplice related to a 2001 arranged marriage between a 14-year-old girl and her cousin.

Attorneys for the United Effort Plan Trust, which holds $110 million in church property, and Shem Fischer, a former follower who sued Jeffs after being fired, want U.S. District Court Judge Robert Jones in Las Vegas to grant them standing in Jeffs' case.

They also want access to papers, letters and electronic documents being held by the FBI.

In court documents, Jeffs' Las Vegas attorney Richard Wright contends the information on the laptops is "sacred and confidential" because it includes matters of church doctrine and private communications between Jeffs and his followers.

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Wright did not return calls from The Associated Press seeking comment. In court papers he asks the court to return the seized evidence to Jeffs.

Shem Fischer's attorneys disagrees. "The documents may shed more information as to where (church) assets have been hidden, in what form they are held and where they are held," Las Vegas attorney Ariel Stern said.

In 2002, Fischer sued Jeffs, the church and a church-controlled cabinet company, for religious discrimination. Fischer said he was fired after he left the FLDS faith. He won a default judgment and now wants to collect the balance of what he's owed.

Like Fischer, Bruce Wisan wants to know if Jeffs' papers and electronic records will lead to church assets that rightfully belong to the trust and should benefit all current and former church members.

The trust is comprised of nearly all the property in Hildale, Colorado City, Ariz., and British Columbia, where church members live in assigned housing. A Utah judge made Wisan overseer of the trust in 2005 after finding Jeffs and other church leaders were fleecing it for personal gain.

Jeffs is also facing felony charges in Mohave County, Ariz., for other arranged marriages. He's expected to be extradited there following the Utah case.

Evidence Hearing For Jeffs Today In Las Vegas (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, January 8, 2007

LAS VEGAS — The "mother lode" of evidence the FBI seized when it arrested Fundamentalist LDS Church leader Warren Jeffs will be fought over in a federal courtroom today.

Warren Jeffs A hearing is scheduled on who can get involved in the fight over papers, ledgers, letters, computers and other items that were found in the Cadillac Escalade in which Jeffs was riding. Among those who want a peek: the court-appointed special fiduciary of the United Effort Plan Trust, an ex-FLDS Church member who won a lawsuit against Jeffs, and the Utah Attorney General's Office.

The feds don't seem willing to give it up.

"We will just continue with our same interest in the case," said Melodie Rydalch, a spokeswoman for the U.S. Attorney for Utah, which is handling the case. "That is protecting the evidence that can be used in a criminal case."

Lawyers for the man placed in charge of the FLDS Church's financial empire want to see if any of the evidence tells them anything about the UEP Trust.

"It could tell a lot," said Jeffrey L. Shields, an attorney for court-appointed special fiduciary Bruce Wisan. "We're hopeful it will give us some insight into the previous management of the trust."

In 2005, a judge in Salt Lake City's 3rd District Court took control of the trust after allegations surfaced that Jeffs and other top FLDS leaders had been "fleecing" the $110 million financial empire of the polygamous church. The UEP Trust was recently reformed, doing away with the "united order" and paving the way for private property ownership.

Wisan has been told that the documents are the "mother lode" of information about the polygamous church's inner workings and business interests.

FBI agents have told the Deseret Morning News the seized evidence includes ledgers containing names of people who helped keep Jeffs on the run. The FLDS leader was put on the FBI's Ten Most Wanted list until he was arrested in a traffic stop outside Las Vegas in August 2006.

Shortly afterward, his lawyer Richard Wright filed an emergency motion in federal court demanding the return of the documents, saying they are "privileged communications" between the FLDS leader and his followers.

"The administrative impound impinges on the First Amendment right to the free exercise of religion insomuch as the government took possession of religious documents which are deemed confidential and sacred by the FLDS," Wright said in his motion.

Shields fought to see what the FBI seized when it arrested Jeffs' brother, Seth, during a traffic stop in Pueblo, Colo., last year. Seth Jeffs later pleaded guilty to harboring a fugitive.

"Some of the documents we received were helpful," Shields said of what the FBI gave up in the Seth Jeffs case. "He just had partial stuff. We think that the Warren Jeffs documents will be more complete."

Utah Attorney General Mark Shurtleff has also expressed interest in seeing the documents, believing they may help his organized crime investigation into Jeffs and the FLDS Church.

Jeffs, 51, is charged in 5th District Court in St. George with rape as an accomplice, a first-degree felony. He is accused of forcing a 14-year-old girl into a marriage with her 19-year-old cousin. He is scheduled to face trial on those charges beginning in April.

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Across the border in Mohave County, Ariz., Jeffs is facing multiple charges of sexual conduct with a minor and conspiracy to commit sexual conduct with a minor. Prosecutors there have accused him of arranging several child bride marriages.

Fitzgerald's Wild Source Chase (WSJ)

The Wall Street Journal, January 8, 2007

Patrick Fitzgerald's trial of Scooter Libby is set to begin this month, assuming anyone can still remember what this case is all about. Oh, yes, Mr. Fitzgerald is prosecuting Mr. Libby for lying in order to . . . well, we're still waiting to hear a motive for this alleged perjury to cover up a leak that wasn't a crime. But perhaps the prosecutor will come up with something.

Meantime, Mr. Fitzgerald has some other unfinished legal business that the public has a right to know about -- namely, the affidavits he filed with the D.C. Circuit Court of Appeals to justify his motion to compel two reporters to testify about their conversations with Mr. Libby, and his willingness to throw one of them in jail for 85 days until she did so. Those documents remain under seal, which is why Dow Jones and the Associated Press filed a motion with the D.C. Circuit late last month requesting their release.

Dow Jones, which owns this newspaper, and the AP are also requesting that the court now release all of the redacted parts of Judge David Tatel's 2005 concurring opinion in the D.C. Circuit ruling that compelled the reporters to testify. Responding to an earlier DJ-AP motion, the court released part of the redacted eight pages in early 2006. But it held back the rest, as well as Mr. Fitzgerald's affidavits in the case, because the prosecutor insisted his investigation was continuing.

That was a stretch even then, but it's certainly no longer true. Mr. Fitzgerald months ago told the lawyer for Karl Rove that the senior White House aide will not be indicted. And more to the point of Mr. Fitzgerald's wild newspaper source chase, we learned last summer that neither Mr. Libby nor Mr. Rove was the original source of the leak of CIA analyst Valerie Plame's name to columnist Robert Novak. As the Dow Jones-AP motion points out, "The public now knows that the Special Counsel [Mr. Fitzgerald] knew the identity of that leaker -- Richard Armitage, the former Deputy Secretary of State -- from the very beginning of his investigation."

Finding the leaker was Mr. Fitzgerald's main charge from the Justice Department, so why did he keep pursuing reporters with such hyper-zeal for another two years? His pursuit led to a constitutional showdown over the media's right to protect sources, going all the way to the Supreme Court. And the precedent -- a bad one for the press -- may well encourage a wave of attempts by prosecutors across the country to force journalists to betray their sources. The press and public both have a right to know what evidence was so compelling that Judge Tatel and Mr. Fitzgerald thought it warranted such a legal collision. All the more so now that Congress is also debating a "shield" law to protect media sources.

A wiser prosecutor than Mr. Fitzgerald would have ended his probe the minute he discovered that Mr. Armitage was the leaker. Instead, he told Mr. Armitage to keep quiet and let the public believe for two years that someone high up in the White House might have leaked for nefarious political purposes. In the end, Mr. Fitzgerald's case has been distilled to a perjury charge that, while serious as a matter of law, appears to come down to different memories about conversations Mr. Libby had with three journalists. (And, as we all know, journalists never get anything wrong.)

Whether or not Mr. Fitzgerald ever discloses a motive for a seasoned lawyer like Mr. Libby to have lied, the unsealing of the affidavits and Judge Tatel's redacted pages will help us better understand the prosecutor's motives for his troubling zeal.

Free-Market Justice (NYT)

By Morris B. Hoffman

The New York Times, January 8, 2007

SIXTEEN years as a state trial judge have left me with a deep respect for the professionalism and competence of the public defenders who handle felony cases for indigent criminal defendants in my courtroom. In fact, I've told friends, only half-jokingly, that if they are ever charged with a serious criminal offense, the first thing they should do is give all their assets to charity, in an effort to qualify for public defender representation.

So when two economists from Emory University, Paul Rubin and Joanna Shepherd, agreed last year to collaborate with me on an econometric study of how effective public defenders really are, I had to guard against confirmation bias. I was positive that public defenders would prove more effective than their private counterparts. Mr. Rubin and Ms. Shepherd, with their occupational faith in markets, were equally positive of just the opposite. In the end, the economists were right, though with an interesting twist. (The full study has been published in the Ohio State Journal of Criminal Law.)

We looked at all 5,224 felony criminal cases filed in Denver in 2002. Most other studies measure lawyer effectiveness through indicators like acquittal rates, but we used the one thing criminal defendants care about most: the amount of jail or prison time they receive. Thus, acquittals counted as zero. Probationary sentences likewise counted as zero, unless the probation was combined with some jail time.

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We counted halfway-house sentences as 120 days, which is typical for Denver defendants. We counted the initial length of a prison sentence without decreasing it for early release or increasing it for parole violations. Life sentences we arbitrarily counted as 110 years.

My economist friends were able to use regression analyses to control for other variables (such as whether a case was plea bargained or went to trial), to minimize the chance that the differences we found were caused by factors other than effectiveness. They also used regressions with different combinations of variables, to ensure that our results were not sensitive to a particular variable.

The results were surprising. The average sentence for clients of public defenders was almost three years longer than the average for clients of private lawyers.

But our most notable finding was hidden in one of the variables we had controlled — the seriousness of the case. We had assumed that public defenders on average handled more serious cases than private lawyers, if for no other reason than that such cases carry higher bonds, and defendants who can't make those bonds are often rendered indigent by their pretrial incarceration. The length of their clients' sentences would of course be distorted by the fact that they handle more serious cases with longer potential sentences.

But when we removed the control for the seriousness of the crime, public defenders performed relatively worse, not better (five years more incarceration versus three years more).

When we examined the seriousness of the cases handled by each type of lawyer, we discovered not only that private lawyers tend to handle more serious cases, but also that as the seriousness of the case increases, the chances that a private lawyer is handling it also increases. What in the world could explain such a result?

It turns out that the explanation, at least in part, is one that should put a smile on the face of all free-marketers and rational choice theorists: criminal defendants, just like any other consumers of services, appear to be making choices based on their rational assessments of costs and benefits. But, you might ask, do criminal defendants ever really have a choice between public defenders and private counsel? It appears many do.

Our data suggested that, contrary to the law's rather binary notion of indigency, a large chunk of felony criminal defendants are what we have called "marginally indigent." They could, if they had to, tap hidden resources, or the resources of family and friends, to retain private lawyers. But what drives that decision? Just what you'd expect from any rational consumer of criminal defense services: a combination of the seriousness of the offense and the likelihood of conviction.

Imagine a guilty, marginally indigent defendant facing a relatively minor felony (for which he will most likely get probation). Now add to the mix the fact that his crime was captured on videotape, meaning he has a small chance of avoiding conviction. It is unlikely such a defendant would deplete his and his family's and friends' resources to hire a private lawyer when he could get a free public defender to achieve the same result.

At the other end of the spectrum, imagine a marginally indigent defendant charged with first degree murder, and imagine that he is innocent. Wouldn't that defendant do everything in his power to marshal the resources to hire a private lawyer, if he believed, rightly or wrongly, that the private lawyer were more likely to achieve an acquittal?

In other words, marginally indigent defendants who choose public defenders tend to be guilty. And of course if that's true, it's not at all surprising that public defenders would achieve less favorable outcomes.

More work needs to be done to confirm these results. But if they hold, and hold nationally, they could have important policy implications. Roughly one-third of all states have formal statewide public defender systems, and several others have regional or local systems. Current debates about improving these systems tend to revolve around two poles: increased financing (for which public defenders have been clamoring since the 1980s, when per client spending in most systems, in real dollars, took a nose dive from which it has never recovered) and, more recently, privatization.

If it is true that public defenders achieve substantially worse results for their clients than private lawyers, that fact should be troubling to us all, quite apart from whether the difference is the product of underfinancing, government inefficiencies or both.

But our results suggest a more benign explanation, and a less drastic solution than spending more on public defenders or privatizing the system. If self-selection by guilty, marginally indigent defendants is driving a big part of this effectiveness difference, the remedy may simply be to tighten the mechanisms we use to determine indigency. This solution would not only reduce the outcome differences between public defenders and private defense lawyers, but it would also give taxpayers more bang for their public defender buck.

CIVIL LAW:

Writer's Block: Valerie Plame Vs. CIA (NSWK)

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By Michael Isikoff
Newsweek, January 15, 2007

A CIA panel has told former officer Valerie Plame she can't write about her undercover work for the agency, a position that may threaten a lucrative book project with her publisher. Plame's outing as a CIA officer in July 2003 triggered a criminal probe that culminates next week when Vice President Dick Cheney's former chief of staff I. Lewis (Scooter) Libby goes on trial for perjury and obstruction.

But in what could be a precursor to a separate legal battle, Plame recently hired a lawyer to challenge the CIA Publications Review Board, which must clear writings by former employees. The panel refused Plame permission to even mention that she worked for the CIA because she served as a "nonofficial cover" officer (or NOC) posing as a private businesswoman, according to an adviser to Plame, who asked not to be identified discussing a sensitive issue. "She believes this will effectively gut the book," said the adviser. Larry Johnson, a former colleague, said the agency's action seems punitive, given that other ex-CIA undercover officers have published books. But even Plame's friends acknowledge that few NOCs have done so. CIA spokesman Mark Mansfield said the panel was still having "ongoing" talks with Plame to resolve the dispute. "The sole yardstick," he said, is that books "contain no classified information." A spokesman for Simon & Schuster, Plame's publisher, declined to comment.

CIVIL RIGHTS:

Taser Sells Small Version For Wider Use (USAT)

By Robert Davis
USA Today, January 8, 2007

Taser International today unveils a new model of its controversial stun gun designed for widespread use by regular folks. It's more affordable and small enough to be stashed in a purse or backpack.

Critics and supporters have a lot to say about the sleek device unveiled at the 2007 International Consumer Electronics Show in Las Vegas. The size of a TV remote control, the Taser C2 goes on sale in April for about $300 and comes in the metallic pink, electric blue and titanium silver of popular cellphones.

Opponents say Tasers can be used for torture; supporters say the devices are safe when used appropriately.

Taser has sold about 120,000 civilian versions since 1994, a model that is larger than the latest incarnation and shaped like a gun. Since 1991, Taser has sold more than 200,000 devices to law enforcement. Both shoot barbs that pierce the skin and deliver an incapacitating jolt of electricity. Current civilian models cost about $1,000.

Taser says the C2, less powerful than the police version, is designed to stun for 30 seconds, providing enough time for the shooter to flee from danger.

"It's a terrible idea. It's a dangerous idea," says Larry Cox, executive director of Amnesty International USA, which says there have been 200 Taser-related deaths. "I can't think of any reason you would want these out in public."

Daniel Garza, 42, was glad he bought the civilian Taser when a man climbed in the back seat of his truck Dec. 17 at a Yuba City, Calif., Wal-Mart. Garza zapped the intruder, who was arrested. "The Taser did the job," Garza says.

Private citizens are not allowed to own Tasers in the District of Columbia, Hawaii, Massachusetts, Rhode Island, Michigan, New Jersey, New York and Wisconsin.

Taser C2 "is a device (owners) can keep in their nightstand," says Taser president Tom Smith. Safeguards include:

·It's sold "inert" and can be activated by the Scottsdale, Ariz.-based company only after a background check by SureCheck, which costs $10.

·When the device is fired, it sprays about 30 tiny pieces of confetti encoded with the serial number of the cartridge. The tags allow police to trace the device back to the registered owner.

The Taser C2 has some police worried. "There are concerns in law enforcement about the public having access to these types of weapons," says Wendy Balazik, spokeswoman for the International Association of Chiefs of Police. "Those concerns include: Who is buying them? How are they going to be used? What are they going to be used for?"

Testing The Testers (NYT)

The New York Times, January 8, 2007

There is by now no doubt that there are serious problems with electronic voting machines: they fail to record votes, and even flip votes from one candidate to another. Election officials like to defend the machines by noting that they have been certified by independent testing labs. But the certification process has long been deeply flawed, and last week there was even more disturbing news — that the leading testing lab has been unable to meet the federal government's standards.

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Since last summer, Ciber Inc., the largest tester of voting machine software, has been unable to meet federal quality standards that will take effect later this year.

It is disturbing that if Christopher Drew had not reported this in The Times, the public still would not know. The Election Assistance Commission, the agency that evaluates the labs, did not reveal that Ciber fell short, and is still not saying what is wrong. Ciber, which is still working on meeting the standards, did not return our phone call.

Many Americans are using electronic voting machines that were certified by Ciber. Were those certifications done properly? Did whatever deficiencies Ciber has now exist then? No one is saying.

Since many jurisdictions, and some whole states, now use electronic voting machines that do not produce a paper record, certification is extremely important. It is one of the few ways of determining whether a machine wrongly records votes, either by accident or by design.

Even before the news about Ciber, certification was a troubled process. The biggest problem is that the voting machine manufacturers pay the labs to do the examination and certification. This is a conflict of interest. If a lab raises too many concerns, it risks losing a client to a more compliant competitor.

There is also too little transparency. The labs, which see themselves as working for the voting machine companies, do not tell the public when they find problems or what those problems are.

Congress should pass legislation fixing the system. The vendors should continue to pay the costs, but the government should choose and pay the labs. That would make the labs responsive to the correct customer — the public.

It should also enact strong transparency rules. Voters should know how testing is done, and have full and timely access to the results. Congress should also require the Election Assistance Commission to be more open about how it evaluates the labs. If a lab falls short, the public — which may currently be using machines certified by that lab — should be told right away what the deficiencies are.

The veil of secrecy that hangs over certification is good for the companies that make voting machines and for the ones that test them. The government should not be protecting those private interests.

It should be protecting the voting public.

ANTITRUST:

DOJ Defends Recent Record Of Antitrust Division (LEGALT)

By Jason McLure, Legal Times

Legal Times, January 8, 2007

Did Oracle result in a loss of nerve? Division chief says no.

For more than two years, the Justice Department's Antitrust Division has been trying to shake the perception that it's been snakebitten.

In this case, the fangs, as it were, were those of Judge Vaughn Walker and his 2004 opinion clearing the way for software maker Oracle Corp.'s merger with PeopleSoft Inc. over the objections of the Justice Department's trust-busters.

Since that decision, in which Walker found that the Justice Department didn't prove that the deal was anti-competitive, the department hasn't gone to trial to block a proposed merger. In the past year alone — the fourth-largest in history for mergers and acquisitions, according to Thomson Financial — AT&T Inc. received the Justice Department's unconditional go-ahead to acquire BellSouth Corp. in a deal that creates a telecom behemoth with $117 billion in revenue; Whirlpool Corp. nabbed Maytag Inc., merging the first- and third-largest makers of home appliances; and agriculture-technology giant Monsanto Co. announced a bid to buy Delta & Pine Land Co., the country's largest cottonseed producer.

"Ever since the Oracle-PeopleSoft decision, the common observation has been that the division has been fearful of taking strong positions against mergers," says Albert Foer, who heads the American Antitrust Institute, echoing a view privately expressed by a number of antitrust lawyers.

It's a perception that Thomas Barnett, the head of the Antitrust Division, isn't happy about. "I don't agree with it," Barnett says, before ticking off what he views as the division's major merger challenges over the past year: a pretrial settlement with a dairy company protecting competition in milk sales to a number of schools in Kentucky and Tennessee, a consent decree with Mittal Steel Co. requiring it to sell a Canadian tin plant as part of its purchase of Arcelor S.A., and another consent decree requiring the sale of six generating plants as part of a merger between two power companies — a deal later blocked by New Jersey state officials.

Those actions, of course, are hardly of the magnitude of Oracle-PeopleSoft, the challenge to which Barnett helped oversee as a deputy to then-antitrust chief R. Hewitt Pate. And Barnett, who was confirmed as the division's assistant attorney general in

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February, is sensitive to criticism that his division hasn't been vigorously protecting consumers or playing an active role in public policy.

Late last month the Justice Department issued a release touting the Antitrust Division's achievements during his first year on the job. (Before his confirmation, Barnett served as the division's acting chief for several months.) The release highlights the division's continued crackdown on international price-fixing cartels (which netted nearly $500 million in criminal fines in 2006), its streamlining of the merger review process, and the division's recent spurt of activity before the Supreme Court (the high court has granted cert in seven antitrust cases over the past two terms, an unusually high number) as evidence that its lawyers have been anything but inactive.

Barnett also says the division is close to finishing a long-overdue report on antitrust and intellectual property law with the Federal Trade Commission, an agency whose views in that area the Justice Department publicly critiqued in a Supreme Court brief last summer.

Despite those activities, it's the division's merger-enforcement activity — or relative lack thereof — that is most notable to many antitrust lawyers in private practice. Behind the cautious approach, say these practitioners, is more than just conservative economic thinking about the role of government in the marketplace, but a fear of bringing another big case to trial and losing.

"People don't like to lose big cases," says Renata Hesse, who worked on the Oracle-PeopleSoft case before leaving the Justice Department for Wilson Sonsini Goodrich & Rosati last year. "When you lose a big case, it makes you step back and look at how you're doing things."

"The buzz around town was that, after losing the case against Oracle-PeopleSoft that had strong customer support, the division got very worried about its ability to put on an effective merger case at trial," says William Randolph Smith, who heads the antitrust group at Crowell & Moring.

Others are more sanguine in their assessment.

"It seems pretty clear that the Antitrust Division is much more cautious in challenging mergers than they have been at times in the past," says Donald Russell, a former Justice Department antitrust lawyer with Robbins, Russell, Englert, Orseck & Untereiner. "[But] I certainly don't think that the caution that they're showing now is out of the mainstream."

Barnett argues that the lack of trials challenging mergers is an indication that the government is succeeding in its efforts to educate companies about the types of mergers likely to pass muster. He also says most concerns can be dealt with through less confrontational means, such as consent decrees. Still, nothing would prevent the department from going to trial if need be.

"We apply the law," he says. "And if we think there's a problem, we pursue it."

WASHING THE MARKET

One case in which the Antitrust Division's legal and economics staff saw a problem was in Whirlpool's $1.8 billion purchase of Maytag, a deal proposed in August 2005. The newly combined company, which produces much of Sears' Kenmore line as well as the brands Jenn Air, KitchenAid, Amana, and Magic Chef, controls as much as 70 percent of the U.S. market for large home appliances such as washers and dryers — the kind of market share that has typically drawn government intervention.

But Barnett decided to approve the deal, despite the staff's recommendations. His reasoning: Other appliance manufacturers, particularly in Asia and Europe, were entering the U.S. market and were likely to generate sufficient competition to prevent consumers from being harmed by the Maytag acquisition. "We looked at who are the players in the market, was entry possible, if entry had already occurred how quickly could it expand," he says. "The ultimate decision, which I take responsibility for, was that this transaction was not likely to substantially lessen competition."

"I think what the Maytag-Whirlpool decision does is send a clear message to companies that mergers that wouldn't have gotten through several years ago should be reconsidered," says David Balto, an antitrust lawyer who was policy director of the Federal Trade Commission during the Clinton administration. "The Oracle-PeopleSoft case has clearly had an effect on the Justice Department's ability to litigate cases."

Although his critics see a link between the defeat in Oracle-PeopleSoft and the decision not to challenge Whirlpool-Maytag, Barnett is quick to point out that last year the Justice Department initiated 16 merger-enforcement actions — more than the previous two years combined. Still, none of those actions resulted in the DOJ going to trial, and last year's figures are down substantially from 2000, when the DOJ challenged 48 mergers.

Barnett's decision in Whirlpool-Maytag was no doubt noted by executives for Monsanto, the world's largest crop-biotechnology company, and Mississippi-based Delta & Pine, a leading producer of cottonseeds. In August 2006, Monsanto announced plans to buy Delta & Pine. The acquisition would give Monsanto a much larger platform with which to distribute its own varieties of hybrid and genetically altered seed cotton through control of a company with more than half the market for such seeds and, potentially, a dominant position in a rapidly growing industry.

What's significant about the deal is that the two companies first attempted it in 1999. Monsanto withdrew its merger offer to Delta & Pine that year, citing regulatory opposition after the Justice Department spent 18 months investigating the deal.

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"The Justice Department put some pressure on, and the deal fell through," says the American Antitrust Institute's Foer, whose organization has voiced concern about the merger. "But since that time the attitude towards mergers has become more lenient, and one doesn't really know how far you can push these folks."

Barnett says that because the merger is pending, he can't comment directly on the Monsanto-Delta & Pine coupling. But when questioned about the deal, he offers a clue to his thinking by referencing the Whirlpool-Maytag acquisition and raising the possibility that shifting market conditions could lead the Justice Department to reverse a stance taken years before. "Maytag-Whirlpool, that was a very dynamic market," he says. "If the merger had been attempted five years ago it would have been in different market circumstances and might have led to a different result."

AWAITING THE OTHER SHOE

Before joining the Justice Department in 2004, Barnett, 44, had a successful antitrust practice at Washington's Covington & Burling. In many regards, say those who have worked in the division, his approach to antitrust law differs little from that of either of his two predecessors in the job during the Bush administration: Pate, now in private practice at Hunton & Williams, and Charles James, now general counsel of Chevron Corp.

One initiative Barnett has pushed is streamlining the division's merger reviews — a process which companies have criticized for being lengthy and often opaque. "Most mergers are beneficial or at least don't harm consumer welfare," Barnett says. "Our goal on the merger-enforcement side is to improve the efficiency by which we identify those relatively few transactions that do threaten harm to consumer welfare."

Last month, in a move widely praised by antitrust lawyers who represent large companies, the Justice Department announced revisions to the process, placing limits on the amount of documents companies are required to produce. "I'm a big believer in transparency," Barnett says. "And we try to be as transparent as possible."

With Democrats now in control of Congress, Barnett will have the opportunity to demonstrate that commitment to transparency. "We will make increased oversight of the antitrust agencies a priority," says Jeff Miller, the Democrats' chief counsel on the Senate Judiciary Committee's Antitrust Subcommittee.

Barnett says he welcomes the opportunity to testify in congressional hearings, where he'll no doubt have further opportunity to discuss exactly when the Justice Department will be taking a stand as aggressive as it did in the Oracle-PeopleSoft case.

Whether pressure from Congress will push the department into opposing a major merger in 2007 remains to be seen. But in the meantime, antitrust lawyers are hoping it's not their clients who will be on the receiving end when the other shoe drops.

"I'm getting calls from clients saying, 'I want to do this deal and I don't want you to tell me there are any problems, because there is no antitrust enforcement in Washington,' " says one D.C.-based antitrust lawyer, who spoke on condition of anonymity out of fear of retribution from the Justice Department. "I would assume that they're looking for a case to bring just to show they're alive."

Editorial Assistant Attila Berry contributed to this article. Jason McLure can be contacted at jmclure@alm.com.

US Reviews European Telecoms Venture (FT)

By Stephanie Kirchgaessner

Financial Times, January 8, 2007

The US government conducted a national security review of the proposed $21bn (€16.1bn) joint venture agreement between Nokia and Siemens, and forced the European telecoms equipment makers to sign a "mitigation agreement" that imposed restrictions on the new company.

While the US has hitherto shown keen interest in foreign takeovers of US telecoms carriers, the decision to probe the joint venture indicates a new trend.

Agencies involved in the national security review process – especially the departments of defence, homeland security and justice – are intensifying their scrutiny of companies that make components for mobile and fixed-line networks globally.

People familiar with the classified national security review by the Committee on Foreign Investment in the US – Cfius – the inter-agency panel that investigates foreign takeovers of US assets for possible security threats, said the panel had imposed security requirements on the venture. These include procedures that dictate whether foreigners can work on US equipment and software.

But the government's interest in the industry – reinforced by the tough measures it imposed on Alcatel's merger with Lucent – raises questions about whether the inter-agency panel is going beyond its mandate of identifying and preventing risky foreign takeovers.

"The process has become a tool for Cfius to impose security requirements on foreign companies, while the government lacks the legal authority to impose them on US companies," said David Marchick, a lawyer at Covington & Burling in Washington.

The mitigation agreement, or conditions to which a company agrees to gain regulatory clearance, could set a precedent in an industry that is bracing for consolidation globally.

In particular, any deal involving Nortel Networks, which does sensitive work for the US government, would face a lengthy investigation.

Mr Marchick said mitigation agreements should address the “marginal increase in national risk” associated with a foreign acquisition – not general security concerns the government believes exist, regardless of whether an owner is foreign or domestic.

The joint venture, due to close in the first quarter of 2007, will create the third-largest supplier of equipment to telecoms companies, after Alcatel-Lucent and Ericsson.

Nokia said it regarded its conversations with the government as confidential and declined to comment on discussions or agreements it had reached with authorities. Siemens also declined to comment.

ENVIRONMENT

Congress Targets Oil-Drilling Subsidies (WSJ)

By John J. Fialka

Wall Street Journal, January 8, 2007

Pressure Mounts to Fix Flawed Leases Valued at Billions of Dollars in Future Royalties

WASHINGTON -- With Democrats controlling Congress, the oil industry is in for a rough ride. So is the agency that collects royalties for oil and gas drilling on federal lands.

Democrats and some Republicans have complained for months that the Interior Department's Minerals Management Service -- whose motto is "securing ocean energy and economic value for America" -- has mishandled the royalty program. The issue will hit the spotlight Jan. 18, when the House takes up energy legislation targeting oil-industry subsidies.

· What's New: Congress threatens action; Bush administration aims to deal with losses of government oil royalties.

· The Players: The Minerals Management Service and dozens of U.S. and foreign oil producers are disputing contract flaws that provided the U.S. with no revenue during a period of rising oil prices.

· The Bottom Line: Some $900 million was lost so far and billions in future payments are at stake.

One goal: untangling a legal mess that could allow companies to escape paying at least $10 billion in future royalties for drilling in the Gulf of Mexico. As part of the debate, congressional critics are sure to ramp up their complaints about the service, which has said that it failed to include a clause requiring the royalties into leases issued in 1998 and 1999.

Meanwhile, the Government Accountability Office is preparing a report that, some lawmakers say, will blame the service's "culture" for widespread laxity in conducting royalty audits and collecting underpayments from industry. And by mid-month, the Interior Department's Inspector General will release a report showing that different units at the service working on leases didn't talk to each other and that some officials apparently signed leases without reading them.

The action reflects continuing fallout from the service's handling of oil and gas leases and royalty payments. A 1995 law temporarily waived royalties to encourage drilling in deeper Gulf waters but required the payments to kick in if oil prices exceeded a price threshold of about $40 a barrel. Under the Clinton administration, the service omitted the price threshold in the 1998 and 1999 leases, so companies haven't had to pay even though oil prices are well above the trigger point. The flawed leases have resulted in a $900 million revenue loss to the government, the department says.

The department is scrambling to try to assuage critics. C. Stephen Allred, an assistant secretary at the Interior Department who oversees the service, announced Dec. 14 that five oil companies -- including BP PLC, ConocoPhillips, Marathon Oil Corp. and Royal Dutch Shell PLC -- had agreed to amend their leases to begin paying royalties on oil and gas produced since Oct. 1, 2006, but not before. Dozens of other companies haven't agreed to change the leases.

Mr. Allred, a 63-year-old engineer who formerly headed Idaho's Division of Environmental Quality, says the government can't force the companies to make the changes, but that several have been willing to discuss the issue because of concern about a Democratic crackdown. "They know what's going on on the Hill," he said in an interview.

He also has been dickering with oil giant Chevron Corp., so far without result. In a statement, Chevron said it has made "significant investments" in Gulf production based on the existing leases and that its lawyers "have put a reasonable offer on the table to resolve this matter" with the Interior Department.

According to Mr. Allred, the department issued 1,023 faulty leases in 1998 and 1999. Of those, 570 are still in force but only about 45 involve current production of oil and gas or discoveries that promise future production. BP and the other companies that have agreed to changes in the leases hold about 20% of those 45 leases, while Chevron holds another 20%. Foreign oil companies, which the department wouldn't identify, hold another 20% and smaller companies hold the rest.

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Mr. Allred says the 45 leases could produce $10 billion to $11 billion of federal royalty payments, and that the department wants to collect that money before trying to recover royalties from past production. "We want to deal with this potential first," he says.

Congressional Democrats say they plan to increase oversight of the agency. They are eager to fix the royalty snafu as part of a broader attack on subsidies for the oil industry. Besides forcing oil companies to amend their 1998 and 1999 drilling leases to include a clause requiring royalty payments, the still-emerging energy legislation is expected to raise taxes on oil-company inventories and kill certain industry tax breaks.

Last year , the House passed two different measures dealing with the royalty problem, but neither became law. House Speaker Nancy Pelosi of California and other Democrats still are weighing which approach to use this year, aides say.

One approach, pushed by Democratic Reps. Ed Markey of Massachusetts and Maurice Hinchey of New York, would bar companies from future exploration on federal outer-continental-shelf lands if they didn't agree to amend their leases. Another measure, championed by former Rep. Richard Pombo, called on the government to assess a "conservation fee," roughly equal to the sought-after royalty payments, unless the companies agreed to changes in the leases.

Some lawmakers are exploring a third approach, which would require the Bush administration to take reluctant energy companies to court. It was suggested by Stephen Lowey, a White Plains, N.Y., lawyer, who argues that because Congress required the leases to have a price threshold, officials at the Interior Department had no authority to leave it out. That means, he says, that a judge could change the leases unilaterally to insert the price threshold, thus requiring royalty payments when prices exceed the threshold. Mr. Lowey says he suspects oil companies already know this, and that is why some are willing to negotiate with the government. Several congressmen have asked Attorney General Alberto Gonzales to review this aspect.

Lee Fuller, vice president of the Independent Petroleum Association of America, whose members include several smaller exploration companies holding the leases, argues that the policy of encouraging more oil exploration in "frontier" areas of the Gulf has worked. Tampering with existing leases, he asserts, would discourage future exploration and provoke court challenges that could last years.

The companies "didn't negotiate these contracts," he says. "They were handed to them to sign. If it becomes an issue where the nature of the contract itself is affected, then it becomes a lawyers' field day."

FBI/DEA/ATF/USMS:

S.F. Area Is No. 1 For Regular Drug Use, Study Says (USAT)

By Donna Leinwand

USA Today, January 8, 2007

The San Francisco metropolitan area has a higher percentage of people who are regular drug users than any other major metropolitan area in the USA, a study from the Substance Abuse and Mental Health Services Administration found.

Nearly 13% of San Francisco residents reported using some type of illicit drug, such as marijuana, cocaine or heroin, in the previous month, according to data from the National Surveys on Drug Use and Health 2002-05. The national average is 8.1%.

Other areas with drug-abuse rates higher than the national average included Seattle, 9.6%; Detroit, 9.5%; Philadelphia, 9.1%; and Boston, 8.5%. Cities with the lowest drug use: Houston, 6.2%; and Washington, Dallas and Riverside/San Bernardino, Calif., all at 6.5%.

California has decriminalized marijuana for people with health problems. The state's voters passed Proposition 215 in 1996 to allow seriously ill state residents to possess and use marijuana with a doctor's prescription. In San Francisco, police and prosecutors accept a medical-marijuana identification card as proof that a resident can possess and use marijuana.

"The fact that state law allows the use of medical marijuana and that we have a population with a high rate of AIDS that might need to use medical marijuana may contribute to the rates," says Alice Gleghorn, deputy director of community behavioral health services in San Francisco's Department of Public Health. "We do have a cultural regional norm with regard to medical-marijuana use."

The coastal area north of San Francisco, included in the study as part of the metropolitan area, is known as a popular marijuana growing spot.

"Where marijuana is very accessible, you're going to get higher use," Gleghorn says.

San Francisco focuses its prevention and treatment efforts on heroin, methamphetamine and cocaine, she says.

Chicago, at 25.7%, and Houston, at 25.6%, have the highest rates of binge drinking in the country. Nationwide, 22.7% of people reported binge drinking in the previous month, defined by the study as having five or more drinks on one occasion. Other areas with rates higher than the national average are Philadelphia, Detroit, Boston, San Francisco and Phoenix.

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Nationwide, about one quarter of the population smokes cigarettes regularly. Only Detroit significantly exceeded the national average, with 27.4% of its residents reporting that they smoked cigarettes in the previous month, the study found. California's biggest cities had the lowest smoking rates, with 17.9% of people in San Francisco and Los Angeles and 19.2% in Riverside reporting previous-month use, the study found.

Beverly Watts Davis, senior adviser for substance-abuse prevention for SAMHSA, says local prevention coalitions should use the data to help focus their programs.

"If they can pinpoint what's going on where and why, it really helps them plan better to know where resources should be allocated," she said.

3 Extradited From Colombia (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, January 8, 2007

Drug-ring suspects first from country sent to city in years

Three men extradited from Colombia have appeared in federal court in a drug smuggling case, marking what is thought to be the first time defendants have been sent from that country to face charges in Chicago in at least a decade.

They were among eight people indicted here in 2005 in connection with Operation Highstep, which cracked down on a nationwide ring of smugglers bringing heroin and cocaine into the U.S. hidden in furniture, the frames of paintings and the soles of shoes.

Saulo Salinas-Ospina, his son Jhonny Salinas and Juan Alberto Castillo-Ortiz were arrested by Colombian national police in November 2005, authorities said, and have been indicted on drug conspiracy charges. The extradition process took about a year.

Federal prosecutors and investigators said the Colombian nationals are the first defendants to be extradited from that country to the Northern District of Illinois at least since the current extradition treaty with Colombia was organized in 1997.

Leaders of the Drug Enforcement Administration said the case was a unique effort.

"The extradition of these defendants is an example of a successful law enforcement partnership," said Gary G. Olenkiewicz, special agent in charge of DEA's Chicago Field Division. "By working together, we, the DEA, United States attorney's office and the Colombian National Police were able to dismantle a major heroin and cocaine trafficking organization and keep these dangerous narcotics off the streets of Chicago."

Investigators said the federal probe resulted in the seizure of 78 kilograms of heroin, 38 kilograms of cocaine and more than $1.4 million in cash. Nineteen arrests were made in Colombia, and dozens more people were taken into custody in New York, Orlando and Boston.

Assistant U.S. Atty. John Blakey said the men arrived in the U.S. late last week and did not appear before the judge until Thursday because of the holidays.

The three appeared before U.S. District Judge Rebecca Pallmeyer, and each pleaded not guilty and waived detention hearings. Pallmeyer ordered them to return to court in March.

Three other co-defendants indicted along with the men already have pleaded guilty in the case and been sentenced, Blakey said. Another is awaiting extradition and the eighth is being prosecuted in another matter in Florida.

John Meyer, the attorney for Salinas-Ospina, said he was new to the case, but he could request early hearings on several issues.

"I have requested all the documents on extradition in the case in case we choose to challenge some aspect of his custody here in the United States," Meyer said.

One issue could relate to Salinas-Ospina's age of 69, Meyer said.

The U.S. agreed not to seek a life sentence in the case to honor the terms of the treaty with Colombia, he said. Under the treaty, Colombia does not extradite individuals to face a life sentence. Meyer said, though, that a sentence within the federal guidelines could amount to a de facto life sentence for Salinas-Ospina.

"It's a 10-year minimum," Meyer said.

The investigation of the case also involved wiretaps in Colombia, he said, raising the issue of whether that evidence can be used in a U.S. court.

According to court documents, Salinas-Ospina, his son and Castillo-Ortiz worked inside Colombia to deliver heroin to individuals who would have it transported to cities in the U.S., including Chicago. Some of those involved were working covertly with law enforcement, the indictment states.

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Drugs, Money Laundering Put Executive In Prison (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 8, 2007

A two-year undercover investigation involving an international Ecstasy and weapons-trafficking organization with Hollywood connections has netted its first prison sentence: a 20-year term for an executive of a Swiss-based financial, business and consulting service.

Alexandre De Basseville, 36, of Switzerland and Los Angeles, an executive board member of ADB Swiss S.A., which owns the Los Angeles-based Limelight Films Inc., was sentenced yesterday by U.S. District Judge Gerald Bruce Lee. The judge also ordered him to forfeit $528,500 after pleading guilty to conspiracy to commit money laundering and conspiracy to distribute MDMA, or Ecstasy.

De Basseville and his co-defendant, Bruno Cavelier d'Esclavelles, 45, of Los Angeles, were arrested as part of the Drug Enforcement Administration's (DEA) "Operation Director's Cut" after a two-year undercover investigation into international money laundering.

D'Esclavelles, chief executive officer at Limelight Films, was sentenced to 15 years in prison and ordered to forfeit $125,000 on Dec. 15.

"The trail of dirty money is very hard to conceal," U.S. Attorney Chuck Rosenberg said. "Here, two drug dealers and international money launderers are going to jail for a long time because federal agents and prosecutors relentlessly pursued their transactions."

The men were arrested in June in Arlington. Also arrested in the probe were Limelight Chief Financial Officer David Liberman and three associates, all of whom were charged with conspiracy to distribute Ecstasy.

A criminal complaint in the case said De Basseville met repeatedly over the past two years with undercover agents posing as international drug traffickers. It said he offered to launder drug proceeds, supply weapons and broker Ecstasy deals for the undercover agents.

The complaint said the agents met with De Basseville and several of his associates in various locations, including Arlington, Miami, Los Angeles, Amsterdam and Geneva. On two occasions, it said, De Basseville and d'Esclavelles took cash, totaling $300,000, which they thought to be drug proceeds, and laundered it for the undercover agents using Limelight Films.

In February, the complaint said, De Basseville and d'Esclavelles arranged for the sale of Ecstasy from the Netherlands from Thomas Frischknecht to an undercover agent. Mr. Frischknecht sent the agent a package containing 10,000 pills, which the agent received in Arlington, it said.

The complaint said De Basseville, d'Esclavelles and Mr. Frischknecht agreed to sell the agent 500,000 pills in the Netherlands. Mr. Frischknecht, 26, of Switzerland, was arrested in the Netherlands as the undercover agent negotiated for the delivery of the pills.

DEA spokesman Rusty Payne said authorities also arrested Fabian Pruvot, 37, Andre Prikazhikov, 31, and Brian Delansky, 33, all of Los Angeles. Mr. Pruvot and Mr. Liberman were charged with conspiracy to launder money, he said, and Mr. Prikazhikov and Mr. Delansky were charged with conspiracy to possess firearms in furtherance of drug trafficking.

Mayor's Brother, 3 Others, Indicted In Alleged Scheme (AP)

AP, January 8, 2007

PROVIDENCE, R.I. -- Two lawyers _ including the brother of the mayor of corruption-plagued Providence _ offered to set up a drug deal so clients could get a lighter sentence by alerting authorities, according to an indictment unsealed Friday.

The Boston-based federal grand jury named John M. Cicilline, 49, brother of Mayor David Cicilline, and Joseph Bevilacqua Jr., 57, a disbarred lawyer who worked with John Cicilline.

Also charged with conspiracy were paralegals and interpreters Lisa Torres, 39, and Juan Giraldo, 41. John Cicilline and Torres were also charged with obstruction of justice and making false statements to federal investigators.

Cicilline pleaded not guilty Friday and was released in lieu of $10,000 bond. He did not comment outside court. Torres did not enter a plea and was ordered held.

Bevilacqua, who is currently ending a federal prison term in home confinement, could not be transported in time for the hearing, said Samantha Martin, a spokeswoman for the U.S. Attorney in Boston. Giraldo is serving time in a federal prison for a drug conviction and also was not at Friday's hearing, Martin said.

Cicilline faces a maximum of 25 years in prison, five years more than Torres, Martin said. Bevilacqua and Giraldo both face five-year sentences.

The mayor, who had his own law practice before he was first elected in 2002, is not accused of any wrongdoing.

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"Today's charges should make it clear that justice is not for sale," U.S. Attorney Michael Sullivan said in a written statement.

He said that it was especially troubling that the allegations involve lawyers, who are expected to conduct themselves with high ethical standards.

"A license to practice law and knowledge of the law does not allow you to break the law," said June W. Stansbury, special agent in charge of the federal Drug Enforcement Administration in New England. "As these attorneys have learned, you can go from being a member of the Bar to being behind bars," Stansbury said in a statement.

Federal prosecutors allege that in November 2002, Bevilacqua met in jail with John Mendonca, who was arrested that August in Warwick, allegedly with marijuana and about $1.3 million in cash. His wife, Jacqueline, was also charged.

According to the indictment, Bevilacqua told Mendonca that if he was willing to pay several hundred thousand dollars, Bevilacqua could arrange for someone to tell federal authorities about drug shipments _ but that Mendonca and his wife would get credit for the information. Defendants who cooperate with federal prosecutors are eligible for reduced prison sentences.

After receiving the money, Bevilacqua met with Mendonca at a Plymouth, Mass., jail and explained how Mendonca would get credit for a 900-pound marijuana bust that Giraldo had set up, as well as a 1,000-pound bust that Giraldo was still arranging.

Prosecutors wouldn't comment Friday on whether those drug shipments were made or whether any drug information was ever passed to federal authorities.

Mendonca appeared skeptical of the plot, according to the indictment. He asked how he could receive credit for a drug shipment he knew nothing about.

According to the indictment, Bevilacqua responded: "You'll have all the info,"

The indictment also accuses Bevilacqua of pressuring John Mendonca to plead guilty. He allegedly called the guilty plea a prerequisite for the Mendoncas to receive credit for the drug busts.

"You go to trial, all this is off, you won't get credit for it," he warned Mendonca.

Prosecutors say both lawyers met with Jacqueline Mendonca to seal the deal. Authorities allege that Torres pretended to prosecutors she was a close friend of Mendonca's wife willing to act as an informant. Giraldo allegedly accepted at least some of the payments.

The Mendoncas pleaded guilty to charges in their drug case, but they have not yet been sentenced.

Separately, Bevilacqua was disbarred and sent to prison after he admitted leaking an FBI videotape to a TV reporter. The tape showed an aide to Mayor Cicilline's predecessor, Vincent "Buddy" Cianci, accepting a cash bribe. Bevilacqua's prison term was to end Jan. 17.

The Cicilline brothers are sons of John F. Cicilline, a lawyer who has defended some of New England's most notorious mobsters, including the late Providence godfather Raymond L.S. Patriarca.

David Cicilline has cultivated a reputation for cleaning up City Hall following decades of corruption presided over by Cianci, who's currently serving time in a federal prison. The mayor was sworn in for a second term Wednesday.

In a news conference in his office, David Cicilline said he was not aware his brother was being investigated. The mayor, his voice quavering, said he spoke with his brother Friday morning to tell him he loved him and would be there to support him and his three daughters.

The mayor said he did not think his brother's conduct was a reflection on him or the city of Providence, which has been plagued by corruption for decades.

"My record is clear. I've worked really hard with a team of people to restore honesty and integrity to this city," he said, adding, "I'm not concerned about the impact it's having on me."

Audit Faults DEA, Says $616 Million In Seizures 'At Risk' (WT)

By Jerry Seper

The Washington Times, January 8, 2007

About $616 million seized by the U.S. Drug Enforcement Administration during investigations is "at risk" because the agency has failed to "consistently implement and document controls" over the cash, according to a government audit.

The Justice Department's Office of the Inspector General, in a 76-page report, said the accounting failures discovered by its auditors "can lead to discrepancies in the amount of cash seized and counted, accusations of theft and misappropriation of seized cash."

"The DEA has established internal control policies for handling and safeguarding seized cash," said Inspector General Glenn A. Fine. "However, our audit found that the DEA failed to consistently follow or document compliance with these policies."

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According to the report released Friday, auditors found that from Oct. 1, 2003, through Nov. 3, 2005, the DEA made 16,007 cash seizures totaling almost $616 million. The money eventually was transferred to the U.S. Marshals Service for safekeeping until it was either forfeited by or returned to the owners.

But, the auditors said, their inquiry often found "no documentation indicating that a witnessing agent or task force officer was present at critical stages of the cash-handling process" as required by DEA policy.

The auditors, according to the report, also found many instances in which agents and task force officers did not count the seized cash; did not provide a receipt to the subject from whom the cash was taken; did not complete documents transferring custody of the cash to an evidence custodian; and did not record the receipt, transfer or disposal of the cash in a temporary or permanent control ledger.

Mr. Fine said that during a review of the documentation from 33 internal DEA investigations from October 2003 through July 2005 involving accusations that agents had either lost or stolen defendants' property, auditors found that in 11 instances the agents did not properly handle, process or dispose of the evidence.

Some of the cases involved multiple violations of DEA policies, he said.

In proposing seven recommendations, Mr. Fine said the DEA needs to better define when seized cash should be counted by the seizing agent, define a time frame for seized cash to be taken to the bank, and speed the transfer of seized cash to the Marshals Service by mandating the use of wire transfers.

In addition, he said, the audit found that the DEA did not follow, or did not document that it followed, many critical internal control policies.

DEA officials, in a written response, agreed to six of the recommendations, but said a proposal that the agency clarify its policy on counting cash and implement best practices for timely cash transfers to banks already had been implemented -- a position rejected by Mr. Fine's office.

"If the DEA was in compliance with this recommendation, it should have identified the deficiencies we identified and made recommendations to correct the deficiencies," he said.

Mexican Drug Cartels Move Into Peru (DMN)

By Alfredo Corchado, The Dallas Morning News

The Dallas Morning News, January 8, 2007

Worry spreads as their presence increases coca production, violence

LIMA, Peru – Mexican drug cartels, once regarded mainly as couriers for South American cocaine producers, have spread their powerful tentacles deep into this Andean nation, sowing violence and nourishing the re-emergence of Shining Path guerrillas, authorities say.

Peruvian authorities suspect a Mexican cartel in the killing of a federal judge in July that shocked this nation. The allegations underscore the presence of Mexican cartels in the multibillion-dollar shadow economy in Peru, the world's second-largest producer of cocaine after neighboring Colombia.

AP An attack by suspected Shining Path guerrillas left eight people dead in a Peruvian coca-growing area in December. The terrorist group may have formed an alliance with Mexican drug cartels.

"Just like in Mexico, Peruvian institutions are being put to the test," said Gen. Juan Zárate Gambini, Peru's anti-narcotics czar and head of the National Police. "We're very concerned about the consequences, and we're committed to doing everything to meet the challenge and defeat the enemy."

Mexican cartels have become the most dominant drug-trafficking organizations in the hemisphere, authorities say. In his first weeks in office, Mexican President Felipe Calderón has sent thousands of troops and federal police to Michoacán state and the border city of Tijuana to confront entrenched cartels.

In South America, the Mexican groups are bypassing the Colombians and cutting their own deals with coca farmers in Peru and Bolivia, setting up dozens of tiny, state-of-the-art cocaine processing labs inside Peruvian territory, say Western diplomats and Peruvian authorities. The groups are opening new consumer markets throughout Latin America and elsewhere.

The Mexicans ship cocaine loads by boat to the Mexican coast, then up to the border with California or Texas, with its coveted Interstate 35 northbound corridor, Peruvian officials and experts said. South Texas remains the leading entry area for cocaine smuggled into the U.S., according to the U.S. Drug Enforcement Administration.

In addition, Mexican and Colombian scientists working for the cartels have introduced chemical fertilizers that are multiplying coca leaf production up to 1,000 percent per hectare, Peruvian authorities say.

"Instead of producing 300, 400 plants, new chemicals are ... producing 3,000 plants," said Jaime Artesana, a drug expert at the Peruvian Economic and Political Institute, an independent research organization. "The Peruvian government has dedicated

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just 3 percent of its budget to fight the drug problem. That has to change, because we need a new strategy to adapt to more powerful Mexican cartels."

U.S. aid to Peru for drug eradication is an estimated $300 million over the last five years, and the U.S. government has earmarked $60 million over the next three years for helicopters for counter-narcotics work. Virginia-based DynCorp International – which has a major operational hub in Irving – will provide maintenance and logistical support.

"Drug trafficking transcends all borders," said the U.S. ambassador to Peru, J. Curtis Struble. "No nation is free from its harmful effect, and [it] impacts all sectors of society."

Despite U.S. support, coca production in Peru has risen almost 40 percent in recent years, partly as a result of eradication efforts in Colombia, experts say.

Similarly, the Mexican cartel presence continues to grow. Between 2005 and 2006, about 35 Mexican cartel members were arrested in Peru. Twenty-five remain in jail, Peruvian authorities said.

U.S. policy

Others say U.S. drug policy is part of the problem. Kenneth Sharpe, a Latin American political and drug policy expert at Swarthmore College in Pennsylvania, said the U.S. "prohibition policy" has actually fed the rise of powerful criminal organizations.

"U.S. drug policy based on prohibition has nourished the drug wars in Latin America," Mr. Sharpe said. "There's absolutely no way a prohibition policy will ever work – here in the United States, in Latin America or anywhere else because all prohibition does is perpetuate the drug trade, rising crime and violence."

In Peru, the presence of the Mexican cartels was illustrated in July, when alleged Tijuana cartel hit men assassinated Federal Judge Hernán Saturno Vergara as he was eating with a nephew at the restaurant near his judicial office, Peruvian authorities said. Mr. Saturno was part of a three-judge panel overseeing a major case against alleged members of the Tijuana cartel.

The Tijuana cartel is allied with the Gulf cartel and its enforcers, the Zetas, who have been blamed for surging violence along the Texas-Mexico border and have been linked to drug killings in North Texas.

The attack on the judge served as a wake-up call on the presence of Mexican cartels in Peru, authorities say.

"The [Tijuana] cartel's message to authorities was very clear: Messing with us will cost you your life," said Ricardo Valdes, a former Peruvian interior minister and now head of the economic research organization Human and Social Capital. Mr. Valdes said the order to kill the judge came from inside the jail where members of the cartel were imprisoned.

Gen. Zárate, Peru's top drug officer, said the authorities' conclusion that Mexican cartels ordered the killing is based on interviews with jailed cartel members.

The Mexican presence in Peru has angered President Alan García, Peruvian officials said. Mr. García appeared with President Bush in Washington and pledged "total eradication of the drug trafficker threat."

Peruvian and Mexican authorities held talks in Lima and pledged greater cooperation in fighting drug traffickers.

Implications

The implications for this Andean nation of 28 million people are enormous, drug experts say. They point to the violence that has engulfed parts of Mexico and the drug money that has corrupted security forces, judges, journalists and businessmen and is reportedly supporting guerrilla groups.

"We must not allow the violence of Mexico to penetrate Peru," said Gustavo Gorriti Ellenbogen, a Peruvian journalist and author and president of the Press and Society Institute, which promotes media independence.

"Mexico is like one giant bowling alley, with heads rolling," he said, referring to a recent spate of beheadings in Mexico. "We cannot allow that type of violence to happen here."

Meanwhile, the once-violent and powerful Maoist guerrilla movement known as Shining Path is regaining strength, thanks largely to drug traffickers, said Peruvian experts, including Mr. Valdes and Mr. Gorriti. Nearly defunct after the arrest of its leader, Abimael Guzmán, in 1992, the movement is now offering protection to drug traffickers and protecting coca farms from U.S.-backed eradication efforts.

In December, eight suspected Shining Path members were arrested after an attack on a police convoy in a coca-growing region killed five officers and three civilians, including a boy. More than 20 police officers have been killed in ambushes in the past year.

"The two remnants of the Shining Path are in the drug-trafficking zone in Alto Huallaga and ... the Apurímac-Ene [River] valley," said Mr. Gorriti.

There, Peruvian coca leaves are converted into paste and transported to laboratories in the coastal region for final processing. From there, Mexican cartels, working with Peruvian drug producers, ship the cocaine to not only Mexico and the U.S., but also South Africa, the Middle East, Russia, and throughout Latin America, particularly Argentina, Brazil and Chile.

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"Eradication measures in Colombia are having an effect, as cocaine production has shifted to Peru," said Mr. Artesana of the Peruvian Economic and Political Institute. "But that's not the only explanation for the growth. It's also about new and growing markets throughout Europe, Asia and Latin America."

Unlike the guerrillas inside Colombia, the Shining Path movement is now based more on profit than ideology, Mr. Gorriti said. "They protect routes and tax drug shipments. That, along with the money they charge ... has provided a source of income which has aided their re-emergence."

In 2005, Peruvian authorities confiscated 11.7 tons of cocaine. As of September 2006, cocaine confiscations for the year had already reached 14 tons.

"But what these figures don't tell you is that Peru is confronting a notable increase in cocaine production," said Ángel Páez, a Peruvian author and investigative journalist. U.S. and Peruvian authorities say 190 tons of cocaine are still being shipped out of the country, he said. "This means that interdiction is actually minimal."

Gen. Zárate said that figure "sounds right."

IMMIGRATION:

U.S. Halts Souza Family Deportation (WSJ)

By Miriam Jordan

The Wall Street Journal, January 8, 2007

The U.S. government has terminated deportation proceedings against a Brazilian couple and their disabled son who were the subjects of a page-one profile in The Wall Street Journal last month, giving the family another shot at winning the right to live here permanently.

The case of Zandro Souza and his family raised questions about whether the U.S. should grant permanent legal residency to immigrants who might one day prove to be a financial burden. Mr. Souza, who rose in six years from dishwasher to chef at upscale eateries, was pursuing legal residency in the U.S. for his family and had the sponsorship of an employer.

The family's four-year application process hit a snag during an interview with an immigration official who requested proof that Mr. Souza's son, Igor, who is blind and developmentally delayed, wouldn't become a "public charge" if his parents died.

After questioning the family about its future means of support, the agency issued a green-card denial that cited another reason for the family's rejection: namely, that it entered the U.S. on tourist visas with the intent of staying for good, a violation of federal law. In a letter dated Dec. 28, the day after the article appeared, the government withdrew its request for Mr. Souza and his family to appear for a deportation hearing. The memorandum addressed to Mr. Souza states that the government's notice to appear in court was "improvidently issued" and should be dismissed without prejudice. Thursday, an immigration judge in Boston granted the government's motion to terminate the case.

Shawn Saucier, a spokesman for the federal immigration agency, said there is no guarantee the family would be granted green cards. He said the Souzas and their attorney would be summoned for another interview within a month. "We want to be fair to this family and every applicant," Mr. Saucier said. "We want to make sure all aspects of the decision have been fully explored."

Igor, 11 years old, contracted toxoplasmosis -- a condition that can cause blindness, seizures and mental impairment in newborns -- from his mother in the womb. Mr. Souza worked two jobs to pay out of pocket for his son's medical costs, including doctors' visits, $1,000 a month in medication and as much as $2,500 for each emergency-room visit.

Several immigration attorneys, including the Souzas' lawyer, said the government's decision to reopen the case was likely to result in the family's obtaining legal permanent residency.

GOP Willing To Back Democrats' Key Bills (WT)

By Eric Pfeiffer

The Washington Times, January 8, 2007

Leaders of both parties say Democrats in Congress are likely to win bipartisan support for many of their signature issues, including passage of an immigration reform package that critics have derided as amnesty.

Republican lawmakers also offered cooperation for a raise in the federal minimum wage and changes to Social Security that do not include privatization.

"What I've said to the new majority leader: 'You won the election. Fair and square. You're in the majority. It is not my first goal every morning to get up and make you look bad,' " said Senate Minority Leader Mitch McConnell, during an appearance on "Fox News Sunday."

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The Kentucky Republican said that the Democrats likely will pass a minimum-wage bill but that he also supports offsetting tax cuts. Mr. McConnell said he also expects cooperation on other issues, including Social Security.

"In fact, I've been challenging the new Democratic majority not just to do the easy things in the beginning of this session or some relatively easy issues that we were close to passing last year, but let's do some important things," he said.

"And I think there are two things that are very significant that would make a difference for the country. Let's fix the immigration problem, and let's save Social Security. We can do that before this Congress is out."

House Majority Leader Steny H. Hoyer agreed that the House Democrats could work with President Bush on an immigration bill compromise.

"One of the things that we brought up -- we didn't discuss substance -- was the immigration bill. And [Mr. Bush] smiled, and he said, 'You know, I think I'm going to have a lot easier time dealing with you on immigration than I had dealing with the House Republican leadership on immigration.' I think that's the case," the Maryland Democrat said on "Fox News Sunday."

Mr. Hoyer also expressed confidence about Mr. Bush's response to raising the minimum wage.

"He has reconsidered on minimum wage. He has already indicated he's going to sign the minimum-wage bill."

Mr. Bush and some Republican leaders have expressed a willingness to support a minimum-wage boost if it is offset by tax cuts to small-business owners.

"I have every reason to believe that the Republicans want to cooperate," Charles B. Rangel, New York Democrat and chairman of the House Ways and Means Committee, told ABC's "This Week." "It's in their best interest to cooperate. It's good for the Democrats and Republicans, the Congress and the American people."

However, House Speaker Nancy Pelosi was more critical of Republicans and Mr. Bush, questioning a White House budget proposal to reduce the deficit by half over five years.

"We'd like to see what the president's version of a balanced budget is. He has never sent one to the Congress," Mrs. Pelosi, California Democrat, told CBS' "Face the Nation."

Mrs. Pelosi said the Democrats will honor legislation they have passed that promises not to increase deficit spending but does not rule out tax increases or promise to balance the budget.

"We are committed to pay as you go; no new deficit spending," she said. "We passed that in our rules package on Friday, and we're very proud of that. And we're committed to it."

In addition, Mrs. Pelosi acknowledged that people earning more than $500,000 a year may see their income taxes rise under the Democrats, but said it is not a "first resort" for her party.

"I'm talking about tax cuts for many in the middle class," she said.

Democrats' Ties To Labor Could Complicate Immigration Reform (MCT)

By Dave Montgomery

McClatchy Newspapers, January 8, 2007

WASHINGTON - President Bush's hopes of securing a comprehensive immigration overhaul have brightened considerably in the new Democratic-controlled Congress, but resistance from organized labor - one of the Democratic Party's most loyal constituencies - could complicate those efforts.

The AFL-CIO, which represents 53 unions with more than 9 million members, is ratcheting up opposition to a temporary guest worker program, a key element of Bush's immigration plan. At the same time, two powerful unions in a breakaway labor coalition, Change to Win, have tended to support the provision.

The divisions within labor were evident during the contentious debate over immigration in the previous Republican-controlled Congress. But they take on heightened significance as Democrats assume control of the 110th Congress and begin shaping the legislative agenda.

Organized labor is a bedrock of the Democratic coalition and helped drive Democrats' takeover of Congress in November's elections.

Labor political action committees contributed 86 percent of their donations to Democratic candidates, a total of $42 million, according to the Center for Responsive Politics. Labor also aggressively waged get-out-the-vote efforts and other activities to help end 12 years of Republican control of Congress.

With its bolstered political clout, the AFL-CIO is better positioned to confront a powerful coalition of business groups that is pressing for a temporary worker program to bring in thousands of foreign workers each year.

"The industry will oppose a bill that doesn't have a good temporary worker program in it," said Randel Johnson, vice president of the U.S. Chamber of Commerce.

But Johnson acknowledged that the AFL-CIO's heightened political stature in the aftermath of the elections raises the challenge for his side.

"In view of the election, it's very significant," he said. "Certainly, the AFL-CIO has a bigger seat at the table than they did before."

Business leaders say the guest worker program is needed to bring in foreign workers to fill unskilled and low-skilled jobs that Americans don't want. But AFL-CIO officials say the program is designed to give business a steady source of cheap labor and would take jobs from U.S. citizens.

"We don't believe our elected representatives are ready to adopt legislation that creates paths for corporations to import workers (and) reduce working standards in the United States," said Ana Avendando, associate general counsel for the AFL-CIO. "That's exactly what guest worker programs are."

Bush has made immigration one of his top domestic priorities since the outset of his presidency. But he was rebuffed by members of his own party when conservative Republicans in the House of Representatives effectively bottled up a Senate-passed bill. The legislation, which had bipartisan support, included a guest worker program and a legalization plan to put millions of undocumented workers on a path to U.S. citizenship.

At least 12 million illegal immigrants, predominately from Mexico and other Latin American countries, have entered the United States over the last two decades in search of higher paying jobs and better living conditions. How to deal with the growing undocumented population remains one of the most troublesome elements in the immigration debate as Congress prepares to take up the issue again.

Ironically, Bush appears likely to fare better with Democrats than he did with his own party. House Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Harry Reid, D-Nev., support a comprehensive solution that appears to embrace the general thrust of last year's Senate bill.

In the previous session, House Republicans insisted on an enforcement-only approach that resulted in the passage of a largely unfunded bill creating a 700-mile fence along the Southwest border, the only major immigration initiative to emerge from the GOP-controlled 109th Congress.

The Senate leadership already has designated a comprehensive immigration bill as one of its top 10 legislative initiatives, dubbing it Senate Bill 9, although the components will come later.

"We're going to get it passed," said Sen. Edward Kennedy, D-Mass., who replaces Texas Republican John Cornyn as chairman of the Senate's key immigration subcommittee.

With Democrats in control, the next version of a Senate bill could largely resemble bipartisan legislation that Kennedy co-sponsored with Sen. John McCain, R-Ariz., offering eventual citizenship to undocumented immigrants after they pay fines, pass background checks and meet other conditions. A guest worker program in the McCain-Kennedy bill sought to bring in up to 400,000 foreign workers a year and offered future U.S. citizenship to qualifying participants.

The Kennedy-McCain bill served as the framework for the legislation that eventually passed the Senate, but its guest worker program was scaled back. The legalization feature was also redrawn to create three categories that determine eligibility based on the length of an illegal immigrant's stay in the country. That hard-to-administer feature, which aimed at attracting support from wavering Republics, will likely be jettisoned.

The outlook is a bit more fluid in the House, which under Republican control never seriously debated a comprehensive measure. But Rep. Zoe Lofgren, D-Calif., the incoming chairwoman of the House immigration subcommittee, said she is optimistic that House members eventually can find accord on legalization, guest workers, and other contentious provisions.

"We're at the beginning here," she said. "I believe that if we stop yelling at each other and just methodically work our way through the outstanding questions, that we can come up with a practical solution."

Immigration Debate Gets Religious (WT)

By Charles Hurt

The Washington Times, January 8, 2007

A number of leading Christian conservative groups have formed a coalition on immigration and illegal aliens that will push religiously grounded positions that both sides of the current immigration debate will both love and hate.

In letters sent today and obtained by The Washington Times, Families First on Immigration urges President Bush and leaders of the new Democratic Congress to adopt a grand compromise on the divisive issue that includes strong border security, an amnesty for illegals already here who are relatives of citizens and an end to birthright citizenship.

Former Republican presidential hopeful Gary Bauer, Deal Hudson of the Morley Institute for Church & Culture and David Keene of the American Conservative Union are among those who have joined forces to chart a new path on immigration reform, an issue that conservative Christians have generally avoided.

"Our position really is consistent with Christian teachings and with the rule of law," said Manuel Miranda, chairman of the Third Branch Conference who has corralled more than 30 leading conservatives to enter the volatile debate.

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Religious liberals have long been outspoken advocates of amnesty and more immigration, but Christian conservatives have been torn between biblical admonitions to both the rule of law and charity toward strangers.

At the heart of their position is a compromise that could give both sides of the immigration debate their "holy grail," as Mr. Miranda puts it, while also making a major, one-time concession that would eliminate one of the biggest magnets for illegal immigration.

Out of concern for keeping families together, the religious leaders propose granting citizenship to any illegal aliens in the country who are related to U.S. citizens. This would include anyone who has had a child born here, often referred to as an "anchor baby."

In return, the federal government would end birthright citizenship, which automatically grants U.S. citizenship to anyone born here, regardless of his parents' legal status. The 14th Amendment says "all persons born or naturalized in the United States ... are citizens of the United States."

"This is a real compromise," Mr. Miranda said. "On the one hand, there is legalization of a large number of people, but conservatives get the settlement of the thorniest issue for them in the immigration debate."

In letters today, the coalition implores President Bush and Democrats on Capitol Hill to search in earnest for a solution as soon as possible that deals with the estimated 12 million to 20 million illegals now in the country and ends future illegal migration.

"Illegal immigration is a human tragedy that disrupts lives and separates families," the group wrote in the letter to Mr. Bush that also scolds officials in Mexico for their responsibility. "It is a failure of two governments: the one that fails its people and the one that invites their departure for cheap labor's sake."

Specifically, Families First tells Mr. Bush -- who was supported by most of the members of the new coalition -- to abandon his proposal for a guest-worker program until the rest of the issues such as birthright citizenship and border security are resolved.

The group struck a similar note to Democrats in Congress and requested that they begin more aggressive oversight of the Bush administration's handling of illegal immigration.

"We believe that there is a need for such oversight as soon as possible," the group wrote to Senate Majority Leader Harry Reid of Nevada and Speaker of the House Nancy Pelosi of California. "Our hope is that such oversight will lead to a better considered reform and a cohesive immigration policy that goes well beyond Band-Aid politics."

Among others who have joined the coalition are longtime conservative direct-mail guru Richard A. Viguerie, the Rev. Donald Wildmon of American Family Association, the Rev. Louis Sheldon of Traditional Values Coalition and Rabbi Aryeh Spero of Caucus for America.

The group hopes to draw support from fellow religious conservatives in Congress such as Sen. Sam Brownback, Kansas Republican.

Mr. Brownback caused deep consternation in conservative circles last year when he enthusiastically embraced the Senate immigration bill, which was reviled by most conservatives because it would grant citizenship rights to most illegals. A member of the Judiciary Committee, Mr. Brownback argued that it was his Christian duty to support a bill that would help illegal aliens who came here in search of a new home away from the tyranny and squalor from which they came.

Families First also urged that lawmakers act quickly.

"Each day that laws are not enforced real people and whole families come to suffer an indignity," group leaders wrote. "Illegal immigrants can become the targets of abuse by the unscrupulous. This harms Americans too. It corrodes the dignity of the American people."

Battling Deportation Often A Solitary Journey (WP)

By Karin Brulliard

The Washington Post, January 8, 2007

Shortly after 9 a.m., all rose.

The black-robed judge took his seat under the Justice Department seal and in front of the federal prosecutor. People whispering in various languages spilled out of the cramped courtroom into the hallway of the federal immigration court in Arlington County, waiting for their chance to fight to stay in the United States, agree to leave or be deported.

Salvadoran Roxana Velasco sat alone in the waiting room. Like several other people listed on that morning's 37-case docket, she had no attorney.

"The judge said I have to have a lawyer or I have to represent myself," said Velasco, 30, recalling her first hearing in October. "How am I going to do that?"

In immigration courts, there are judges and prosecutors, evidence and witnesses. The consequences can be great: banishment, separation from family, perhaps persecution at home. But unlike in criminal courts, the government does not provide free lawyers for the poor. And in what court officials deem a great concern, a growing number of people in immigration court

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have no legal counsel: Of more than 314,000 people whose cases ran their course in fiscal 2005, two-thirds went through on their own, or pro se.

That leaves respondents to navigate byzantine immigration law, the judges to walk them through it and, critics say, the courts to operate sluggishly and deport thousands unfairly.

"How do they possibly pick out of everything that's happened to them in their lives the legally significant points?" asked Donald Kerwin, executive director of the Catholic Legal Immigration Network Inc. "You have to know the legal standards to do that."

The issue is more crucial than ever, Kerwin said, as stepped-up enforcement increasingly sends immigrants -- including children -- to court and to rural detention centers, where lawyers are hard to find.

Velasco, who was caught by federal border police after slipping across the Rio Grande a year ago, said she immigrated illegally to be with her husband, who lives in the District. She said she called three lawyers, but two wanted $10,000 and one said she could not help. So on a recent morning, Velasco took Metro to a Ballston building, pressed the elevator button marked "PH" for penthouse and ascended to the immigration court, a suite of six small courtrooms.

Just before 10 a.m., she squeezed into Courtroom 4, her red purse carrying a hearing notice outlining her right to an attorney "at no expense to the government."

Judge Garry D. Malphrus was making his way through the master calendar docket, a list of quick preliminary hearings. Case 962 was before him: a 6-year-old girl in a sparkly skirt. To her left sat her attorney. To her right sat her father, who raised his right hand and agreed on his daughter's behalf to "voluntary departure" -- to leave the United States.

The girl's hearing lasted just minutes, and it was unclear why her father conceded that his daughter must go. Immigration lawyers say many of those who appear in the court have no right to stay in the United States -- no employer or legal relative to sponsor their visa, no claim to asylum. But Kerwin and other advocates say confused immigrants often need a lawyer to tell them this, or to determine that they have a case and then make it by, say, arranging expert testimony on a country's human rights record for an asylum case or obtaining documents that prove an immigrant is the child of a U.S. citizen.

Legal representation at the Arlington and Baltimore immigration courts -- which decide all cases from Virginia, the District and Maryland -- is higher than average, largely because of their locations near metropolitan areas. In fiscal 2005, 42 percent of cases in Arlington were completed with an immigration lawyer; that figure was 58 percent in Baltimore.

In court, judges hand immigrants a list of charities that offer free or low-cost legal services. They can help. According to the Catholic Legal Immigration Network, government data show that 34 percent of all non-detained immigrants with attorneys won their cases in fiscal 2003, compared with 23 percent without. Of non-detained asylum seekers, 39 percent with attorneys won their cases; that figure was 14 percent of those without attorneys.

To help, the Executive Office for Immigration Review, the Justice Department agency that runs the nation's 54 immigration courts, has been facilitating and expanding pro bono efforts. But volunteer legal aid services are often overwhelmed and have to turn people away. Many of the nine groups on the Arlington court's list will not take the cases of detainees or criminals.

Alberto M. Benitez, a law professor who directs the George Washington University Immigration Law Clinic, one provider on the list, said he and the students he supervises must sometimes temporarily shut down their service, which operates only during the school year, to catch up.

"Once it's open, it's a deluge of calls and walk-ins and referrals," Benitez said.

Some organizations, including the American Bar Association, have called for a congressionally ordered, court-appointed system for the indigent and mentally ill. But backers concede that the idea has little viability as tension simmers over illegal immigration. Lawyers have made little headway in courts by arguing that the absence of counsel violates immigrants' due process rights.

So now advocates focus on efficiency, saying lawyers save the system money by speeding up the process, often by telling the many immigrants without a good case to accept deportation. But no study has included a cost comparison.

The claim is unconvincing to some.

"I'm not aware of any evidence that says the system would work better if people just had access to more lawyers," said Dan Stein, president of the Federation for American Immigration Reform, which seeks a reduction in immigration. He added: "Any good immigration lawyer at this point says that every illegal alien is just basically a potential legal one if . . . you find some loophole or make the process long enough."

After 11 a.m., the courtroom was drained of lawyers. A Mexican man approached, attorneyless.

Minutes later, the clerk called 677.

"Six-seven-seven," Velasco echoed in English, standing to cross the chilly room.

"Did you find an attorney to represent you?" Malphrus asked.

"Not yet," she said through an interpreter.

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"I'm not aware of any basis that you have for remaining in the United States," Malphrus told her. "The only thing I can do is grant you voluntary departure from the United States in four months."

"Okay," Velasco said, with a nod.

After a lunch break, Juan Carlos Lopez, a 17-year-old Honduran, awaited his hearing. His brother, Johnny Sandoval, 23, said two mortgages and two jobs leave him little time or money to get a lawyer for Juan Carlos, who crossed the border illegally in April.

Soon the brothers sat before the judge, who said he would postpone the case until February. But bring a lawyer, he told them.

"His aunt is a resident," Sandoval said. "Is there any way she can sponsor him?"

"I don't think an aunt is sufficient, right?" Malphrus said to the prosecutor.

"The other option is to try to get him a visa to attend school here, but you need to do that back in Honduras," Malphrus said. "Anyway, talk to lawyers about that some more."

Justice can be done without lawyers, but it is tedious, said Denise N. Slavin, president of the National Association of Immigration Judges. Paperwork-heavy cases, she said, might take two hearings with a good attorney but eight without.

"You're acting like someone at the DMV on those cases," said Slavin, a Miami judge. "Like, 'Okay, you've got your registration; you don't have your pollution certificate.' "

Pro se detainees sometimes file motions modeled on boilerplates that are passed around detention centers. Lawyers say other people have good cases but founder in court, not knowing when to object or what evidence to prepare.

"The pro se folks can be good at packing the court with family members or other supporters, but they don't call them as witnesses because they don't know how to call them as witnesses," said Christopher Nugent, a lawyer who coordinates pro bono programs for Holland & Knight in the District.

About 2 p.m., Richmond resident Yasmin Bahamon sat in the courtroom, looking lawyerly in a pantsuit. She was in court for the fifth time, pushing her asylum case. She said she arrived in the United States five years ago from Colombia after being kidnapped and released by leftist guerrillas.

Her attorney, she said, dropped her case when she could not pay. She said none of the lawyers on the court's pro bono list returned her calls.

As with the others, Malphrus said her file showed no basis for her to stay. Would she take voluntary departure?

"No. I can't," Bahamon, 33, said quietly.

"Why can't you?" the judge asked.

She froze.

"Keep trying to get a lawyer to help you," Malphrus said.

Later, Bahamon stood in the empty hallway, weeping as a court clerk comforted her.

Blinking back tears, she said, "I am going to keep trying on the same list."

TAX:

BB&T Plans To Appeal Ruling On Tax Refund (WSJ)

By Rob Wells

The Wall Street Journal, January 8, 2007

WASHINGTON -- BB&T Corp. said it intends to appeal a federal judge's rejection of a refund claim in a tax-shelter dispute with the Internal Revenue Service.

A U.S. District Court judge for the Middle District of North Carolina ruled for the Justice Department in a case involving BB&T's claim of a $3.3 million tax refund related to a 1997 lease transaction.

The IRS had rejected the refund claim, and BB&T went to court to settle the dispute.

BB&T spokesman Bob Denham said the Winston-Salem, N.C., bank is still reviewing the judge's opinion. "We disagree, and we plan to appeal," he said.

The leasing transaction involved a controversial "lease in, lease out" arrangement. In 2004, Congress outlawed similar leasing arrangements under which companies bought assets and then leased them back to their prior owners. Such arrangements can produce big tax benefits because depreciation can be claimed on the assets. The IRS in 2005 said it would begin to pursue leasing transactions in court.

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Eileen O'Connor, assistant attorney general for the Justice Department's tax division, hailed the court decision, saying it shows that "to have a tax deduction for lease or interest expense, you must actually incur them." She said the court found in the BB&T case that the lease-in, lease-out tax shelter didn't involve a genuine lease or genuine indebtedness.

Mr. Denham said BB&T believes the leasing transaction on its 1997 tax return "was in full compliance with the Internal Revenue Code and all the applicable regulations."

At 4 p.m. Friday in New York Stock Exchange composite trading, BB&T shares fell 58 cents, or 1.3%, to $43.08 apiece.

Write to Rob Wells at rob.wells@dowjones.com1

Bush Tax Cuts Offer Most For Very Rich, Study Finds (NYT)

By Edmund L. Andrews

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — Families earning more than $1 million a year saw their federal tax rates drop more sharply than any group in the country as a result of President Bush's tax cuts, according to a new Congressional study.

The study, by the nonpartisan Congressional Budget Office, also shows that tax rates for middle-income earners edged up in 2004, the most recent year for which data was available, while rates for people at the very top continued to decline.

Based on an exhaustive analysis of tax records and census data, the study reinforced the sense that while Mr. Bush's tax cuts reduced rates for people at every income level, they offered the biggest benefits by far to people at the very top — especially the top 1 percent of income earners.

Though tax cuts for the rich were bigger than those for other groups, the wealthiest families paid a bigger share of total taxes. That is because their incomes have climbed far more rapidly, and the gap between rich and poor has widened in the last several years.

The study offers ammunition to supporters and opponents of Mr. Bush's tax cuts, which are all but certain to touch off a battle between the president and the Democrats who just took control of Congress.

Democratic leaders have taken pains to avoid an immediate fight over the tax cuts, most of which are scheduled to expire at the end of 2010. But Democrats are looking for ways to increase revenue well before then, in part because they want to spend more on education and energy without increasing the deficit.

Economists and tax analysts have long known that the biggest dollar value of Mr. Bush's tax cuts goes to people at the very top income levels. One reason is that two of his signature measures, tax cuts on investment income and a steady reduction of estate taxes, overwhelmingly benefit the wealthiest households.

But the Congressional study offers additional insight because it incorporates information about what people paid in 2004, the first year in which taxpayers could take full advantage of the cuts on stock dividends and capital gains.

The study estimates that the effective federal income tax rate, which excludes payroll taxes for Social Security and Medicare, declined modestly for people in the middle- and lower-income categories.

Families in the middle fifth of annual earnings, who had average incomes of $56,200 in 2004, saw their average effective tax rate edge down to 2.9 percent in 2004 from 5 percent in 2000. That translated to an average tax cut of $1,180 per household, but the tax rate actually increased slightly from 2003.

Tax cuts were much deeper, and affected far more money, for families in the highest income categories. Households in the top 1 percent of earnings, which had an average income of $1.25 million, saw their effective individual tax rates drop to 19.6 percent in 2004 from 24.2 percent in 2000. The rate cut was twice as deep as for middle-income families, and it translated to an average tax cut of almost $58,000.

In its report, the Congressional Budget Office estimated that the overall effective federal tax rate edged up to 20 percent in 2004, from 19.8 percent the year before.

But even with that increase, Americans faced lower tax rates than any time since 1979. If President Bush has his way, those rates could decline even more as the estate tax on inherited wealth is gradually phased out by the start of 2010.

Mr. Bush and his Republican allies in Congress want to permanently extend that tax cut and almost all of the others that Congress passed in his first term. The cost of doing that would be more than $1 trillion over the next decade, a cost that would hit the Treasury at the same time that the spending on old-age benefits for retiring baby boomers begins to soar.

The budget office offered little commentary on its new estimates, but many of its numbers spoke for themselves.

The report shows that a comparatively small number of very wealthy households account for a very big share of total tax payments, and their share increased in the first four years after Mr. Bush's tax cuts.

The top 1 percent of income earners paid about 36.7 percent of federal income taxes and 25.3 percent of all federal taxes in 2004. The top 20 percent of income earners paid 67.1 percent of all federal taxes, up from 66.1 percent in 2000, according to the budget office.

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By contrast, families in the bottom 40 percent of income earners, those with incomes below $36,300, typically paid no federal income tax and received money back from the government. That so-called negative income tax stemmed mainly from the earned-income tax credit, a program that benefits low-income parents who are employed.

Put another way: rich families were the undisputed winners from President Bush's tax cuts, but people in the bottom half of the earnings scale were not paying much in taxes anyway.

Dems Look At Tax Cuts For Middle Class (AP)

By John Heilprin, Associated Press Writer

AP, January 8, 2007

Democrats are not ruling out raising taxes for the wealthiest people to help pay for tax cuts for middle-income families, House Speaker Nancy Pelosi said.

She spoke of pursuing an estimated $300 billion that people owe in back taxes, eliminating deficit spending and reducing wasteful federal spending.

"As we review what we get from ... collecting our taxes and reducing waste, fraud and abuse, investing in education and in initiatives which will bring money into the Treasury, it may be that (repealing) tax cuts for those making over a certain amount of money, $500,000 a year, might be more important to the American people than ignoring the educational and health needs of America's children," Pelosi, D-Calif., said in an interview aired Sunday.

A budget rule, known as the pay-as-you-go rule, that was approved by the Democratic-run House on Friday requires that tax cuts have corresponding cuts in government spending or tax increases elsewhere to pay for them.

"What we're saying is Democrats propose tax cuts for middle-income families. And we want to have 'pay-go,' no new deficit spending. We're not going to start with repealing tax cuts, but they certainly are not off the table for people making over half a million dollars a year," Pelosi said.

The Senate's top Republican said most GOP senators oppose this budget rule because "it almost guarantees that the majority, if it enacts it, will try to raise taxes."

"The last thing we need to do is to be raising taxes in this country, and 'pay-go' is the first step toward raising taxes," said Senate Minority Leader Mitch McConnell, R-Ky. "I think there will be very few, if any, Republicans who will support raising taxes.

Last week, the president challenged Democrats to join him in balancing the budget within five years and urged them to cut thousands of pet projects from future spending bills.

"If the president's willing to join with us to fight waste, fraud, and abuse, collecting the taxes, closing the loopholes, we can start there," Pelosi said. "What we'd like to do is come to the table as I say, put all our priorities on the table."

Bush's spending decisions also came under fire from the new chairman of the House Appropriations Committee, Rep. David Obey, D-Wis.

"How can you ever expect to get to a balanced budget if you're spending $100 billion a year on Iraq borrowing the money to do it, if you're giving $50 billion a year in tax cuts to people who make over a million bucks a year and paying for that with borrowed money?" Obey said.

Elsewhere on the legislative agenda, the chairman of the House Oversight and Government Reform Committee is getting ready to investigate suspected government fraud, particularly in federal contracts in Iraq and the Gulf Coast after Hurricane Katrina struck. But Rep. Henry Waxman, D-Calif., is not preparing to hand out subpoenas at first.

"I don't think you issue a subpoena first. You negotiate, and you try to get the information you need," said Rep. Henry Waxman, D-Calif.

Democratic Rep. Charles Rangel of New York, the new chairman of the tax-writing House Ways and Means Committee, is seeking GOP cooperation in making inroads on bloated tax laws.

"We have to look at all of the deductions, all of the credits, and to come up with what we think we can do," he said. "Is it going to be difficult? You bet your life."

Pelosi appeared on CBS' "Face the Nation." Rangel, Waxman and Obey were on "This Week" on ABC while McConnell spoke on "Fox News Sunday."

After Many Years, It's Rangel's Turn At The Helm (NYT)

By Robin Toner

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — It is the committee that produced the Social Security and Medicare laws, that created the modern welfare state and reinvented it in the 1990s, that raised taxes and slashed them, again and again and again. No

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committee, arguably, has more power or attracts more lobbyists than the Committee on Ways and Means. House members sometimes wait for years for a seat on it, then for decades to rise in seniority.

Representative Charles B. Rangel, Democrat of New York, joined the committee in 1975, and now, at the age of 76, has finally arrived at the very top. He takes the chairmanship of the 41-member panel, with a new majority of 24 Democrats, at a moment fraught with risk and possibility. Over the next two years, the committee will play a central role in defining, and financing, the Democratic Party's agenda after 12 years out of power.

In its sprawling meeting rooms (decorated with heroic portraits of chairmen past), the committee will now have to deal with all the Democrats' conflicting promises, barely submerged tensions and competing visions from last year's midterm elections.

The language may be arcane, the legislation incremental, but the issues before the members touch the lives of millions of Americans as they grapple with a changing and sometimes unsettling economy: how to balance the demands of globalization with the fears of many Americans that free trade no longer works for them. How to abide by the principles of fiscal responsibility, while investing in education, health care and other core benefits for an increasingly anxious middle class.

How to maintain the benefits and control the costs in Medicare as the first wave of baby boomers retires. What to do about the huge Bush tax cuts that begin to expire in 2010, a tempting target for liberals but a political landmine for Democrats trying to avoid the old charge of "taxing and spending."

All over Washington, lobbyists, tax lawyers and business leaders, with vast amounts of corporate wealth and power on the line, are acutely focused on the committee — and on the man who now leads it. Moments after the Democratic transfer of power became official Thursday, Mr. Rangel walked across the crowded Capitol to a reception for Senator Hillary Rodham Clinton, a fellow New York Democrat, and almost everyone he passed offered a hand, a cheek, a business card, a heartfelt (and occasionally groveling) congratulation.

"Mr. Chairman, what do I do, kneel, genuflect, what?" one woman said. Another man, suddenly recognizing the chairman, blurted out: "We've got to set up a meeting!" One after another asked, almost meekly, "Can I give you my card?" Mr. Rangel seemed utterly enchanted by it all. When he arrived at the reception, he joined the other alpha male in the room, Mrs. Clinton's husband, and settled happily into small talk, surrounded by flashing cameras, filming cellphones and beaming onlookers.

Mr. Rangel acknowledged, with a laugh, that he is now treated quite differently by the business and lobbying community. "I would be doing the same thing, to be honest with you," he said. "You've got to get along with the people who make the decisions and chair the committees." For example, Mr. Rangel added, business leaders consumed with expanding trade are suddenly displaying (at least in his presence) a "more sensitive understanding of the pain that it causes some people." It is, in short, good to be king.

Mr. Rangel is in some ways an unlikely leader for the new Democratic Party, which regained its Congressional majority in large part because of suburban voters, often in very competitive districts. The first black representative to lead the committee, Mr. Rangel comes from an urban and exceedingly safe district; it had the largest margin of Democratic presidential votes in the country in 2004, with just 9 percent going to President Bush, according to the Almanac of American Politics.

Since he won his seat in 1970, defeating Adam Clayton Powell Jr. in a Democratic primary, Mr. Rangel has been easily re-elected, and able to deliver the federal largess that seniority brings. His district has had only two congressmen in more than 60 years.

Mr. Rangel is, by most measures, a liberal, although he said in an interview last month that he would no more be a "Harlem chairman" than Representative Nancy Pelosi, Democrat of California, would be a "San Francisco speaker." After 12 agonizing years in the minority, when friends urged him to leave the House and give up the distant prospect of the chairmanship, he says he is determined to make the job work and get things done. That means building consensus and reaching out, not just in his own party but across the aisle, to Congressional Republicans and the Bush administration.

He cannot work the way his predecessor, Representative Bill Thomas of California, did — by driving his own party hard and winning votes by absolute party unity. "Democrats don't work in lockstep," Mr. Rangel said. And even if they did, any purely partisan legislation faces the possibility of a presidential veto.

All this political caution and elaborate bipartisanship does not come easily to Mr. Rangel. He is given to speaking his mind, recently affirming, for example, his support for a return of the draft to highlight the unequal sharing of the burden of war. It is not a popular position, and Mr. Rangel said his party leaders "kindly" reminded him that "it wasn't in my jurisdiction."

During the midterm campaign, Republicans repeatedly, and at times successfully, tried to provoke Mr. Rangel. Vice President Dick Cheney said, at one point, that Mr. Rangel "doesn't understand how the economy works" and would return to taxing and spending; Mr. Rangel unloaded in turn.

Now, he is trying hard to be restrained, about Mr. Bush, his administration and his tax cuts. When asked about Mr. Bush's renewed insistence last week that Congress extend those tax provisions, Mr. Rangel paused and said, with almost visible effort, "Part of what I think is my responsibility is not to be critical of the president."

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He brushes off speculation about his party's plans for the Bush tax cuts, many of which have been criticized by Democrats for years as a giveaway to the richest Americans; it is simply premature, he argues, since their expiration date is three years off. Stan Collender, a longtime budget analyst, says it makes no political sense for Congress to "deal with tax cuts before you have to, certainly not before the 2008 election."

This almost painfully careful discussion underscores the stakes of the Ways and Means Committee's agenda. This month, to set a framework for the discussion of the president's budget, the committee will hold broad hearings on the state of the nation's economy; those will be followed by more hearings on the budget itself, expected in early February. With the president's fast-track authority to negotiate trade agreements expiring this summer, the debate over globalization will also be quickly joined.

Chairmen of the 218-year-old committee have traditionally been at the center of the great debates, including how to support a growing elderly population and how to deal with the excesses of capitalism. They often deal directly with presidents — Wilbur Mills with Lyndon Johnson, Dan Rostenkowski with Ronald Reagan and George H. W. Bush — and are linked to the great accomplishments of their eras. (They can also take major political falls, as did Mr. Mills and Mr. Rostenkowski.)

The chairmanship does not carry the power it once did; changes in House rules and political practice reined in the "old bulls." But Mr. Rangel, who plans to fly to Chicago this month and confer with Mr. Rostenkowski, is already thinking about his legacy.

"I'm 76, and I can't afford the luxury just to gridlock," he said.

Still, there are real fault lines, even within his party. The recent elections showed a resurgent populism, a new skepticism on trade and a new alarm that global competition translates into lower wages and shakier benefits for too many Americans. Democrats who embraced free trade under President Bill Clinton are now having second thoughts.

Liberals like Robert B. Reich, the former secretary of labor, argue that the new Congress must provide "more economic security at home," like affordable health insurance or better pension protection, to cushion workers in this rough, new, competitive environment. But at the same time, many Democrats argue that the Clinton-era emphasis on deficit reduction and fiscal responsibility must be restored, raising the question of how all their new spending (not to mention a fix to the alternative minimum tax) will be paid for.

Jared Bernstein, a liberal economist, said: "When the Ways and Means Committee has worked well, they've identified social needs and advocated for the funds to meet them. Will this committee do that? I hope so."

Republicans, for their part, say they want to work with the Democrats where they can, in particular to "change the tone" on the committee after years of bitter partisanship, as Representative Jim McCrery of Louisiana, the panel's senior Republican, put it. But the ideological gulf between the two parties is vast, not just on tax cuts, but on the role of government versus the private market in areas like health care.

Representative Paul D. Ryan, Republican of Wisconsin, one of the influential young conservatives on the committee, says he fears that the Democrats' policies will inevitably lead to abolishing "the pro-growth Bush tax cuts" and pushing Medicare back toward a "one-size-fits-all government monopoly."

All of this now faces Mr. Rangel — an extraordinarily difficult job that he won, in part, by simply enduring. As he did his victory lap across the Capitol last week, he said he had no regrets. He could not stop smiling.

A Bush Tax Increase? (WP)

By Robert D. Novak

The Washington Post, January 8, 2007

More than the ascension of Nancy Pelosi & Co. was disturbing congressional Republicans last week. They worried that George W. Bush might proceed down the path that made his father a one-term president. Thus, they ask this question: Will the current President Bush embrace a tax increase that would produce potential economic disaster and guaranteed political catastrophe?

Henry M. Paulson Jr. is a shark on Wall Street but a rookie on Pennsylvania Avenue. As Bush's third secretary of the Treasury, he has engaged in secret bipartisan talks discussing an increase in the $97,500 limit on personal income subject to the Social Security payroll tax. That would cause a jump in the top marginal tax rate, demolishing supply-side tax principles that Republican administrations have purportedly followed for 26 years.

Paulson certainly has given the impression in those discussions that he is amenable to raising the payroll tax, but a senior White House aide cautions that this decision has not yet been made. "There is somebody higher than Hank Paulson, and it is George W. Bush," he told me. Presidential adviser Karl Rove (who is not the aide I just quoted) attended conservative activist Grover Norquist's weekly meeting on Wednesday and offered to bet anyone $5 that there would be no increase in the payroll tax base. But Bush himself has not unequivocally ruled out such a move, as he has any increase in the personal income tax.

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White House spokesman Tony Snow, an ardent supply-sider as a columnist and commentator who must be personally against a higher payroll tax, dances around the question at public briefings. Congressional Republicans are running into a stone wall from usually cooperative Treasury and Social Security Administration officials when they request economic data that would demonstrate the folly of lifting the payroll cap.

But Paulson is the source of most Republican apprehension. He has engaged in private talks with Republican Sen. Lindsey Graham of South Carolina and Sen. Joseph Lieberman of Connecticut, who now calls himself an "Independent Democrat." For more than two years, Graham has been seeking Lieberman's participation in a bipartisan Social Security reform that would include a higher payroll tax base.

When Graham began crafting his compromise in November 2004, the premise was that each party would accept something painful. In return for Republicans agreeing to payroll taxes on higher income, Democrats would have to swallow Bush's proposed personal retirement accounts, which would be financed by cutting into payroll tax revenue now dedicated entirely to Social Security. But no Democrat, not even Lieberman, is willing to accept that. Democrats refuse to talk with Republicans about personal accounts "carved out" of the present system.

Indeed, a "carve out" is a dead letter. New personal retirement accounts could be passed only as an "add on" -- financed voluntarily by individuals whose contributions to Social Security would remain unchanged. Higher payroll taxes would be imposed only to save the present system as part of broader entitlement reform.

Republican concern over such an outcome stems in no small part from the belief that the multimillionaire Paulson has entered a realm foreign to him. One well-placed House Republican, who asked that his name not be used, expressed alarm that a financier who sold $485 million worth of Goldman Sachs stock in order to be confirmed at Treasury cannot appreciate how the payroll tax ravages self-employed businessmen and farmers.

Eliminating the cap on payroll taxes would constitute the largest tax increase in U.S. history, estimated by the Heritage Foundation during the last Congress at $1.4 trillion over 10 years. This analysis predicted that such a step would cost nearly a million jobs and more than $55 billion in projected personal savings.

The economic woe that would result from higher payroll taxes would be matched by the political damage to the president if this outcome were adopted by the Democratic-controlled Congress with his approval but support from only a few Republican legislators. That political calamity can be averted if Bush takes a payroll tax increase off the negotiating table, just as Democrats refuse to talk about a partially privatized Social Security system.

A Bad, Bipartisan Tax Plan (WP)

By Sebastian Mallaby

The Washington Post, January 8, 2007

Way, way back, which means before the midterm elections, the House Democrats waxed indignant about the rights of the minority party. When they assumed majority status last week, they barely gave Republicans a chance to speak, and all of Washington tut-tutted. Meanwhile, in the Senate, there was an outbreak of bipartisanship fit to make the angels sing. This posed a far more serious problem.

The outbreak came from Max Baucus, the new Democratic chairman of the Senate Finance Committee, and Chuck Grassley, the ranking Republican. Standing shoulder to shoulder, manfully defying the mad partisan cleavage of our times, the two senators called for repeal of the alternative minimum tax -- a prescription so fiscally crazy that not even the Bush administration supports it.

To appreciate the full awfulness of this idea, start with the broad tax picture. The Bush tax cuts are set to expire in 2010, so there's going to be a loud debate about whether to extend them. Meanwhile the alternative minimum tax, which was devised to ensure that millionaires don't escape taxes through excessive deductions, is catching more and more families in its net. Back in 1970, just 20,000 households paid the AMT. This year 23.4 million are expected to be hit by it.

Nobody likes the AMT. It penalizes families with children, and it requires taxpayers to calculate what they owe twice: You crunch the numbers under the usual tax rules, crunch them again under AMT rules, then pay whichever bill is bigger. But the spread of the unpopular AMT creates a political opening. Coupled with the expiration of the tax cuts in 2010, it gives Congress two reasons to rethink tax policy.

The Baucus-Grassley idea would waste this opportunity. The senators don't want to reform the AMT or link its repeal to wider tax changes; they just want to abolish it. This would destroy the chance to say to voters: Look, we're not going to extend all the tax cuts we gave you in 2001 and 2003, and while we're at it we're going to reduce the mortgage-interest deduction and other egregious loopholes so that we can collect more revenue without discouraging work by raising your tax rates. But wait, don't get too mad; at least we're going to kill the AMT for you.

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Repealing the AMT would preempt that sort of bargain; but it would also be bad on its own terms. For all its administrative clunkiness, the AMT is wonderfully progressive: 90 percent of its revenue comes from those earning more than $100,000 a year, according to the nonpartisan Tax Policy Center. Last week Baucus denounced the AMT as a "monster in the tax code" -- a "Frankenstein," no less. But in an era of rising inequality, you don't slay progressive monsters casually.

Then there is the question of paying for repeal, which would cost a whopping $750 billion-plus over a decade. Last week both parties proclaimed that they had truly, honestly forsworn budget-busting proposals: The Bush administration announced a plan to come up with a plan to balance the budget three years after it leaves office, while the Democrats announced that they would live by rules under which any tax cut or spending proposal must be paid for with an offsetting measure. In one cruel swoop, AMT repeal would bury these green shoots of responsibility.

Baucus, to be fair, says he wants AMT repeal to be "fiscally responsible." The trouble is that his favorite way of generating revenue -- redoubling efforts to collect unpaid taxes from shirkers -- is not going to yield anything like enough to finance AMT reform. If the senator has other revenue ideas, he's not mentioning them.

Meanwhile, Grassley is cheerfully indifferent to the deficit. He dismisses calls to offset the cost of abolition as a "trap": "It's unfair to raise taxes to repeal something with serious unintended consequences like the AMT," he complained last week. But the consequences of the AMT -- namely, rapidly rising revenue -- are not exactly a surprise, least of all to the senator. They have been part of the budget projections that Grassley used to justify his support for the Bush tax cuts.

The nation's fiscal destiny is going to depend on a few big things. It's great that pork-barrel "earmarks" are at last being criticized by both the president and Congress, but the most serious challenges lie elsewhere. They lie, first, in the federal health and retirement programs, whose costs threaten a crackup; and second, in the tax system, which needs to bring in extra revenue while reducing inequality and not injuring the work ethic. Senators have no business sitting on the Finance Committee unless they are grappling with these problems day and night. But Baucus and Grassley have set out to make a solution harder.

CONGRESS-ADMINISTRATION:

How Bush Education Law Has Changed Our Schools (USAT)

By Greg Toppo

USA Today, January 8, 2007

The walls are speaking these days at Stanton Elementary School in Philadelphia, and they're talking about test scores.

Post-It notes with children's names tell the story of how, in just five years, a federal law with a funny name has changed school for everyone. "We spend most of our days talking about or looking at data," principal Barbara Adderley says.

Test scores run her week.

She meets with kindergarten teachers on Monday, first-grade teachers on Tuesday and so on. The meetings begin with a look at each teacher's "assessment wall," filled with color-coded Post-Its representing each pupil and whether he or she is making steady progress in basic skills. Once students master a skill, the Post-Its move up the wall.

"If they don't move, then we have to talk about what's happening," Adderley says.

What's driving the talk? President Bush's landmark education law, dubbed No Child Left Behind.

A cornerstone of Bush's domestic agenda and one of his few truly bipartisan successes, it took what was once a fairly low-key funding vehicle (it was known as the Elementary and Secondary Education Act before Bush borrowed the catchy name from the Children's Defense Fund) and turned it into a vast — and contentious — book of federal mandates.

At its simplest, the law aims to improve the basic skills of the nation's public school children, particularly poor and minority students.

At Stanton, it seems to have made a difference. In 2003, fewer than two in 10 kids here met state reading standards; by 2005, about seven in 10 did.

The law turns 5 years old today.

It faces a tough future as Congress prepares to reauthorize it — a group of 100 education, religion and civil rights leaders today announces an effort calling for "major changes."

Is it improving education nationwide? It's too early to tell — many schools didn't get around to enacting most of its more than 1,000 pages of regulations until two or three years ago. U.S. Education Secretary Margaret Spellings says the law wasn't being fully implemented in all 50 states until 2006.

But one thing is certain: No Child Left Behind has had a major influence on the daily experience of school for millions of kids. Here are five big ways it's changing schools.

It's driving teachers crazy

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Here's a pretty safe rule of thumb: Start in the classroom and travel up the educational food chain. The further you travel, the more you'll find that people like the law. Mention it to most teachers and they'll just roll their eyes. Many principals tolerate it. Ask a local superintendent, a state superintendent or a governor and the assessment gets rosier as their suit gets more expensive.

Carmen Meléndez quit her job as a bilingual language arts teacher at an elementary school last spring in Orange County, Fla., after the law prompted her principal to institute 90-minute reading blocks and a scripted curriculum — in the process making individualized instruction impossible. Meléndez also found that she couldn't teach poetry anymore.

"It was insane," she says. "The kids were all jaded. They were tired — they hated school."

Most of the frustration, teachers will tell you, comes from the stress of mandated math and reading tests. The law requires that virtually all children be tested each year starting in third grade — and it doles out growing penalties if schools don't raise scores each year. Naturally, test day in most schools is fraught with tension.

"They're 8 years old, and they're so worried about a passing score," Meléndez says. "I think that's inhumane."

Dianne Campbell, director of testing and accountability in Rockingham County, N.C., told the American School Board Journal in 2003 that administrators discard as many as 20 test booklets on exam days because children vomit on them.

Also, many state rating systems (which often predated No Child Left Behind) now end up celebrating the same schools the federal law slams.

Longstreet Elementary School in Daytona Beach, Fla., has scored high on the state ratings for five years, but Longstreet is one of 21 Volusia County schools due for "corrective action" this year under the law.

"Our parents are thrilled at what happens at our school — and a lot of what happens at our school has nothing to do with No Child Left Behind," says counselor Bill Archer.

Jack Jennings of the Center on Education Policy, a Washington education research group, says some of the testing actually helps drive better instructional strategies and, in that respect, is helpful. But he says teachers tell him they're overwhelmed by the sheer volume of testing, which can last six weeks in some schools.

"I don't think you can go into a teacher meeting in the country without somebody bringing up No Child Left Behind," he says.

After five years, the law has even spawned an online petition that, as of Sunday, had about 22,500 signatures of people urging Congress to repeal it.

Along with his signature, teacher Mark Quig-Hartman of Vallejo, Calif., said: "I am well on my way to becoming an embittered and mediocre teacher who heretofore considered teaching to be a profession, not a job. I once loved what I did. I do not now, nor do my students; school has become a rather grim and joyless place for all."

Teachers' unions have often been the law's loudest critics. One top National Education Association official even entertained the NEA's 2004 conference in Washington by appearing onstage with an acoustic guitar and singing a protest song with this unforgettable hook: "If we have to test their butts off, there'll be no child's behind left."

And if you think it's just teachers who complain, think again: 2006 saw even the law's most ardent supporters complaining, but for a very different reason: They say states and school districts game the system by lowering their standards.

Because the law allows each state to set its own pass/fail bar on skills tests, "proficient" means something different depending on which state you live in. The percentage of Missouri fourth-graders at or above "proficient" in English is only 35%, but 89% of Mississippi fourth-graders meet that state's standards. In math, only 39% of Maine fourth-graders are proficient or better; in North Carolina, 92% are.

Philadelphia Public Schools CEO Paul Vallas jokes that to really improve scores in his city, he could make classes smaller and modernize buildings. "Or we can give everyone the Illinois test," he says.

It's narrowing what many schools teach

If nothing else, the law's first five years have proved the maxim "What gets tested gets taught."

The law's annual testing requirements in math and reading have led many schools to pump up the amount of time they spend teaching these two staples — often at the expense of other subjects, such as history, art or science.

Jennings found that 71% of districts are reducing time on other subjects in elementary school.

"What we're getting under (the law) is a very strong emphasis on building skills at the expense of history and literature and science," says researcher Thomas Toch of the Education Sector, a Washington think tank.

Other critics say the law has created a "complexity gap." Children in lower grades have made improvements — some impressive — in basic skills, but the improvements vanish in middle school and beyond, when kids are tested on more complex conceptual thinking.

Brown University researcher Martin West this fall compared federal data from 2000 and 2004, and found that since No Child Left Behind, elementary schools have spent, on average, 23 fewer minutes a week on science and 17 fewer minutes on

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history. He also found that in states that test history and science each spring, teachers spend about half an hour more a week on each subject.

He also found, oddly, that after a large jump in the 1990s, schools actually spend a few minutes less a week on math — but they still spend more than twice as much time on math than on either history or science.

And they spend more than twice as much time on reading and language as on math.

"Schools really do respond to the incentives that are provided to them," West says. "That places a huge premium on getting the incentives correct."

But he and others aren't quite ready to say the law is dumbing down school.

Researcher Jane Hannaway of the Urban Institute theorizes that improved reading skills may help children understand other topics, even if they're spending less class time on them.

She recently looked at Texas fourth-graders' standardized test scores and found that they had some of the nation's highest marks in science — even though they don't tackle science until fifth grade. One possible theory? The children in Texas were simply able to read the test questions better.

'Invisible' students get attention

Even opponents of No Child Left Behind grudgingly concede that, five years out, the law has revolutionized how schools look at poor, minority and disabled children in big cities, who often find themselves struggling academically. It forces schools to look at test score data in a whole new light, breaking out the scores into 35 or more "subgroups."

If even one group fails to make "Adequate Yearly Progress," or AYP, in a year, the whole school is labeled as "in need of improvement."

Perhaps most significant, the law has given a handful of big-city superintendents the political leverage to make radical changes — they can now make the case that "federal requirements" make them necessary.

In Philadelphia, public schools CEO Paul Vallas invoked the law when, in one school year, 2002-03, he replaced all of the city's elementary and middle school math and language arts textbooks and hired Kaplan, the test-prep company, to write a standardized core curriculum.

He pumped up full-day kindergarten and preschool — Philly students are now 50% more likely to have attended preschool than before the law — and instituted extended-day math and reading programs for struggling students. "No Child Left Behind gave us the cover to do it," he says.

In the past three years, he also has dismissed 750 teachers who didn't meet minimum standards the law put in place.

"We would have never been able to do that without the federal (Sword of) Damocles hanging over our head," he says.

Superintendents in New York City, Chicago, San Diego and elsewhere have made similar — and sometimes bigger — changes under the cover of No Child Left Behind.

Spellings says the law has had similar effects nationwide. "It has built an appetite to pay attention to kids who have been overlooked previously," she says.

A few observers, such as Mike Petrilli, a former top Bush administration official, say the law has been felt most keenly by suburban school districts, where for years low achievers weren't a priority because high-achieving kids could bring up the district average.

Petrilli, who now works for the Fordham Foundation, a conservative Washington think tank, says the idea of breaking out poor and minority kids' scores was "really revolutionary" in most suburbs.

It has prompted many suburban districts in places such as Montclair, N.J.; Shaker Heights, Ohio; and Evanston, Ill., to form a co-op that shares ways to help once-neglected minority kids.

"There's general agreement that (the law) has created more of a sense of urgency," says education blogger and Virginia State Board of Education member Andrew Rotherham.

What that looks like in individual schools varies, but in many, "urgency" is not pretty.

"It really has brought the Hounds of Hell down on the schools of Prince William County," says Betsie Fobes, a recently retired eighth-grade algebra and pre-algebra teacher at Parkside Middle School in Manassas, Va. "This AYP business is just killing us — absolutely killing us."

Parkside, which has seen a large Latino influx, didn't meet its goals two years in a row — so now teachers must attend twice-weekly meetings, often focused on testing. They've built in a tutorial period, and even secretaries do their share of tutoring.

"The entire school is revolving pretty much around these kids who fit into these subgroups," Fobes says.

It's making the school day longer

If a restaurant takes 12 eggs and makes a lousy omelette, will adding another two eggs make it better?

If a school can't teach a child to read in seven hours, will eight do the trick?

Under No Child Left Behind, the answer is: Probably yes.

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The law requires schools that don't make adequate yearly progress to offer free transfers to a better-performing public school.

If results don't improve the next year, the school must begin offering free after-school tutoring — in many cases with classes taught by the school's own teachers with whom the kids were failing during the school day.

William Bennett, Ronald Reagan's education secretary, invoked the egg metaphor, and as it turns out, a lot of families — and teachers — are willing to try the omelette. In the 2004-05 school year, 1.4 million students were eligible for the tutoring, and about 17% took advantage of it.

Spellings says the tutoring is often provided by different teachers from the ones a kid sees during the regular day. Perhaps more important, she says, the law is forcing large districts such as Los Angeles to figure out how to keep kids from needing tutoring in the first place.

"They're … sitting there thinking, 'What the heck? How can we have so many kids who can't get to grade level in the course of the school day? What needs to happen in the school day different?' "

It's changing how reading is taught

Forget everything else No Child Left Behind stands for. If it does nothing else, advocates say, it will have improved poor kids' reading in unprecedented ways. A few say it already has.

The law gives schools $1 billion a year to spend on reading and focuses it, laser-like, on 5,600 schools that serve the nation's poorest 1.8 million kids. It starts with kids as soon as they enter school and, so far, has trained 103,000 teachers on "scientifically based" reading strategies heavy in phonics, step-by-step lessons and practice, practice, practice.

And because many schools build their reading programs around what primary grades do, it could affect millions more students' reading skills.

How could it fail? Easily, say critics such as Susan Ohanian. She points to overly scripted reading curricula and a curious little reading test called DIBELS, which makes it easy to rate children's reading skills, in part by asking them to look at nonsense words; it then rates them on their ability to read the words aloud — very quickly.

"I have never seen anything like this," says Ohanian, a former New York teacher who blogs about education in general and No Child Left Behind in particular. She bemoans the loss of teacher autonomy and says DIBELS is one of its worst symptoms.

"I don't dispute that it's quick and easy and it's a tool — and if you just used it that way, I probably wouldn't have a problem with it," she says. But she adds: "They're using DIBELS to hold kids back in kindergarten. And that's where it becomes really evil. Some kids are just not ready for that skills stuff."

Next Round Begins For No Child Left Behind (CSM)

By Amanda Paulson

The Christian Science Monitor, January 8, 2007

When President Bush signed the landmark No Child Left Behind Act five years ago Monday, he conducted a three-state road show, touted its bipartisan roots, and promised it would put US schools "on a new path of reform, and a new path of results."

In the five years since, critics and admirers of the bill tend to agree about the reform part, but say they're still waiting for results.

Achievement levels are creeping up toward the 2014 deadline when all public school children are supposed to be "proficient" at math and reading, and the racial and economic achievement gaps have narrowed slightly in a few cases, but not at all in others.

Yet even the act's harshest critics admit it has changed the conversation about education in America, and has focused attention on poor-achieving groups of students who had been overlooked.

This year, No Child Left Behind (NCLB) is getting particular attention: It's not just the five-year anniversary, but the year the act expires and must be voted on again by Congress - an opportunity many are hoping will be used to revise the law - either a lot or a little - to make it more effective.

"I'm actually even more hopeful about this second iteration of this law than I was about the first," says Michael Casserly, executive director of the Council of the Great City Schools. "In general, I think the law has been more helpful than not. For a piece of legislation that really changed the conversation from universal access to universal proficiency, I wouldn't necessarily expect to get that paradigm shift right the first time around." A national reform

In its five years, the law has affected nearly every elementary and high school in the country.

Testing is now conducted every year from Grades 3 through 8, and students' performance is measured against that of the rest of their state and is broken down by race and income level. If any of those groups fails to make the "adequate yearly

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progress" two years in a row, the school is placed on an "in need of improvement" list. Schools on the list that receive federal funds are then subject to mounting sanctions and extra services.

And that's just the most visible change. The ultimate goal is to have every child meeting standards by 2014.

For now, though, the results are less clear. Scores on the National Assessment of Education Progress (NAEP), called the nation's report card, have climbed slowly in reading and math for some groups, but the number of students who are "proficient" is still discouraging.

Just 41 percent of all white fourth graders meet the standard in reading, for instance. For both reading and math, only 13 percent of all black fourth graders are "proficient." Teachers complain of the stigma of being a failing school, and principals worry about the myriad ways they could end up on a watch list.

The Department of Education emphasizes the long-term NAEP trends, noting that more progress in the reading scores of 9-year-olds was made between 1999 and 2004 than in the previous 28 years combined. But in general, even supporters say they're happier with the conversation the law has jumpstarted than with the results.

"It's been more effective at capturing attention and getting the rhetorical attention than in actually prompting people to go after the hard stuff they're going to need to go after to actually close these gaps," says Kati Haycock, director of the Education Trust, which focuses on closing achievement gaps for poor and minority students. She credits NCLB with some improvement in the achievement gap, but would like to see teacher quality standards better enforced. A push to help those at the bottom

One change that seems likely to get traction is a shift toward a "growth" model of assessing schools, in which schools with students who come in far below grade level get credit for helping them make big strides, even if they still fall short of proficiency - so long as, the Department of Education emphasizes, they do get students to a proficient level eventually. The department has already approved pilot programs in five states, and wants Congress to include such a model in NCLB.

Still, some critics want far more sweeping changes. A coalition called the Forum on Educational Accountability now has more than 100 groups - including the NAACP and the National Education Association - which have signed a list of 14 requested changes to the law. They include lowering the current proficiency targets, providing more assistance to failing schools, getting rid of sanctions with less record of improvement, and encouraging testing designed to measure higher thinking skills and performance throughout the year.

"The goal [of NCLB] is reasonable - the structure and way it's been implemented have been a disaster," says Monty Neill, director of FairTest and chairman of the forum.

He says some sanctions, such as allowing students to attend another school, aren't working, and that the testing and annual progress requirements have caused many schools to narrow their curriculum and "teach to the test" in the months preceding it.

"We'd be better off putting money into the teachers, teaching them how to be better assessors, and building in methods for spot checking and getting feedback," Mr. Neill says. Slim chance for change in 2007

While the conversation is heated, the likelihood that NLCB will be reauthorized this year may be small. An informal poll of Washington insiders conducted by the conservative Thomas B. Fordham Foundation found that none believed it is likely this year, and most thought it would be put off until after the 2008 presidential election.

Michael Petrilli, vice president for national programs and policy of the foundation and an early supporter of NCLB, admits that by this point, he's convinced that the federal government simply can't accomplish what it wants. He'd keep the goals of NCLB, but put the federal government's effort into setting strong national standards - instead of the widely varying state standards that currently exist - and have the states and districts figure out on their own how to get students to meet those standards.

"What we've learned more than anything else is that the federal government isn't well-equipped to force school districts to do things they don't want to do," Mr. Petrilli says.

The Department of Education, meanwhile, asks critics to be patient.

"We're in such a different place" than we were five years ago, says Kerri Briggs, acting assistant secretary for policy. "Education reform is not necessarily speedy work. It's tough stuff and requires putting in new assessments, creating data systems, rethinking curriculum, new professional development for teachers.... We have a lot of heavy lifting left to do."

Cutting Provisions In Union Contracts Could Free Funds (WP)

By Jay Mathews

The Washington Post, January 8, 2007

U.S. public schools could have as much as $77 billion more a year to improve teaching if they reduced spending on seniority pay increases, teacher's aides, class size limits and other measures often found in teacher union contracts, a new study contends.

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The report from the Washington-based think tank Education Sector analyzed research on eight common provisions of contracts that require schools to spend substantial sums but have what the report called "a weak or inconsistent relationship with student learning."

The provisions include salary increases based on years of experience or educational credentials; professional development days; sick and personal days; class size limits; use of teacher's aides; and generous health and retirement benefits.

Teachers union officials sharply disputed the report's findings. School administrators and school board representatives said that although they would like more flexibility in the use of funds, there was little evidence that cutting such provisions would raise achievement.

"I believe that teachers will not trust our good intentions and find a system that eliminates the current pay structure an organization to avoid," said Robert G. Smith, Arlington County school superintendent.

The Education Sector is supported by several foundations, including those funded by the Gates, Hewlett and Kauffman families.

The report, written by University of Washington researcher Marguerite Roza, called the $77 billion spent on the eight provisions "frozen assets" that could be better spent elsewhere.

"This is not excess money that could be withdrawn from the public education system with no impact on student learning, but rather money that might be spent differently and with great effect," she wrote.

Analyzing seniority-based salary raises, Roza wrote that "studies show that individual teachers are less effective in their first year of teaching than later in their careers, but improvement tends to plateau after only five years or so, and may even decline as teachers approach retirement."

Roza suggested that more could be spent to raise minimum salaries to recruit highly qualified younger educators or to hire teachers to tutor low-performing students after school.

Antonia Cortese, executive vice president of the American Federation of Teachers, said the report was "on thin ice for its sweeping -- and often inaccurate" assertions.

Reg Weaver, president of the National Education Association, said, "Research has shown us time and time again that low salaries drive committed people from the teaching profession." He added: "Simply put, we need lawmakers to fully fund public education."

Mayors Seek To Take Charge Of Schools (AP)

By Nancy Zuckerbrod

AP, January 8, 2007

WASHINGTON -- The statistics tell a sorry tale about the public schools in America's capital. A majority of fourth- and eighth-graders are failing to read or do math at basic levels. Roughly four in five schools are not meeting achievement goals under the federal No Child Left Behind law. Just 43 percent of students graduate from high school in five years.

The new mayor, Adrian Fenty, got an earful about the situation during last year's campaign. "I heard repeatedly, 'Fix the schools.' It was a tidal wave," Fenty said.

So he is trying to do what a dozen other city leaders around the nation have done: gain control over the schools. For Fenty, that means convincing the city council and Congress to support his plan to require the superintendent to report to him and to further limit the authority of the elected school board. A majority of council members have signaled a willingness to back the new mayor.

The problem for Fenty and his colleagues is that mayors generally lack the power to overhaul schools.

"Mayors are held accountable for something they have no responsibility for," said Fritz Edelstein, who recently stepped down as a senior adviser to the U.S. Conference of Mayors.

In most places, elected school boards and the superintendents they hire govern school districts. It is a structure set up about a century ago to insulate schools from political strife and corruption in city government.

Yet it has not always worked as planned.

For example, before a mayoral takeover of New York City's schools, an investigation into a Bronx school board Bronx found that members routinely misused district personnel and resources _ once ordering X-rated pay-per-view movies.

Those kind of problems, plus low voter turnout for school board elections and sagging test scores, have fueled a movement since the 1990s for mayoral control of schools. Besides New York, it has happened in Boston, Chicago, Cleveland and Harrisburg, Pa.

The California Legislature gave the Los Angeles' mayor partial control over schools. But a judge last month struck down that law, saying it violated that state's constitution. The mayor is appealing.

Mayoral control of schools is being debated in Albuquerque, N.M., and Seattle too.

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City leaders and their allies make the case that better schools help make cities prosper. Mayors say they are better equipped to take on the infighting, inertia and high turnover rates associated with school boards and the superintendents who report to them.

New York's mayor, Michael Bloomberg, put it this way when Fenty and members of the District of Columbia City Council visited recently: "There's an old story that a camel is a racehorse designed by a committee and there's a lot more truth to that than not," Bloomberg said. "You don't run things by committee. You don't try to come to consensus when it's our children's future."

Such statements have earned Bloomberg criticism from people who say he has failed to seek community input and operate in a transparent way, said David Bloomfield, who heads a program at Brooklyn College that trains school administrators.

Bloomfield said there has been an increase in no-bid school contracts since the mayoral takeover in 2002 and that many parents feel there is no place to air concerns without an elected board.

Michael Kirst, a professor emeritus at Stanford University and an expert on school governance, said a takeover makes the system less democratic.

"Before mayoral control, you'd go to your school board member and raise hell," Kirst said. He said the trade-off is "strong, integrated leadership."

Bloomberg, a Republican in his second term, says he has broad support among voters, including for his handling of schools. A recent public opinion poll put his approval ratings around 70 percent.

Ken Wong, a school governance expert at Brown University, analyzed test scores in about a dozen cities with mayors in charge of schools from 1999 to 2003. The results showed modest but statistically significant progress in reading and math for elementary and middle-school students. Wong said data is insufficient to make the same judgment about high school students.

"Mayors are turnaround artists, not saviors. Our analysis suggests that mayors can steer the ship in the right direction, but that there is still a long way to go before their districts achieve acceptable levels of student achievement," Wong wrote in a report accompanying his analysis.

Tom Payzant, who recently stepped down after a decade as the mayor's appointed school superintendent in Boston, says it was important for him to be part of the mayor's Cabinet.

"When you think about trying to align policies and programs that affect children, youth and families, there is a much greater opportunity than there is in the system where the municipal government is totally separate from the school government," Payzant said.

Critics say it is precisely because mayors have so many other issues to address that schools should be managed separately.

"Mayors have a lot on their plate. It's a wonder that some of these mayors think they also have time to take over public schools," said Anne Bryant, executive director of the National School Boards Association.

Yet Fenty, sworn in last week as Washington's mayor, said he would make the time.

"We have a crisis on our hands," Fenty said in a news conference describing his bid for school control. "I am asking today for that responsibility to be placed squarely on my shoulders."

U.S. Education Officials Question Diversity Standard (WP)

By Valerie Strauss

The Washington Post, January 8, 2007

The Education Department's general counsel is challenging the American Bar Association's new standard on diversity in enrollment and hiring, which calls for the law schools it accredits to take "concrete action" to attract more minority students, faculty and staff.

The 400,000-member law association, which has accredited nearly 200 law schools nationwide, said it updated its standards last year after a 2003 Supreme Court ruling that said law schools could use race and ethnicity as factors in admissions with certain restrictions.

The new standard gives no specific benchmarks, but the association said it would judge results on "the totality of the law school's actions."

Some Education Department officials said the ABA's new standard effectively promotes quotas and could force schools in states that ban affirmative action to break the law. Some civil rights organizations said the new standards did not go far enough "to stem the decline" in minority enrollments in law schools.

ABA officials say the department is misinterpreting the standard and pushing an anti-affirmative action agenda while violating its own procedures for reauthorizing the ABA as an accrediting agency.

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The move, critics say, is the latest in a series of legal challenges on affirmative action, including a decision by Michigan voters in November to ban the use of race in deciding public university admissions and government hiring. It comes as the ABA is seeking the Education Department's authority to continue accrediting U.S. law schools.

Supreme courts and bar examiners in all 50 states use ABA approval as a qualifying factor in making law school graduate licensing decisions.

At a Dec. 4 hearing, department officials raised a number of concerns with the ABA's stewardship of the law school accreditation program, including whether it was consistently enforcing its own policies regarding the maximum time it allows a law school to remain out of compliance with its standards -- two years.

But the most controversial issue at the hearing was about the diversity standard.

Bill James, a department official who presented the case for the government, said during the hearing: "The ABA is now requiring schools to implement quotas for enrollment and hiring of racial and ethnic minorities and women. While the agency says that Standard 212 and its interpretations do not require quotas or preferences, the language is so vague that they can be reasonably read to require just that."

William Rakes, chairman of the ABA's council on legal education and admissions to the bar, countered that the association's application "has turned into a policy issue relating to affirmative action, relating to diversity, as opposed to a consideration as to whether" the ABA is consistently applying its own standards.

The ABA said it had a similar standard that promoted diversity for 26 years unchallenged.

Ultimately, the National Advisory Committee on Institutional Quality and Integrity, an appointed panel charged with making the decision, voted to extend the ABA's role for 18 months rather than the usual five years and required the association to improve the way it carries out the task of accrediting law schools. But the committee dropped the staff recommendation to include any action on the diversity standards.

The committee sent its report to Education Secretary Margaret Spellings, and general counsel Kent Talbert said the federal agency would appeal the decision to leave the standard alone. Department spokeswoman Jane Glickman said it was not known when the appeal would be made or when Spellings would rule.

Rakes issued a statement saying the ABA "is disappointed" about the appeal and noted that the department's "own regulations for recognizing accrediting agencies do not speak to diversity standards, and therefore, cannot justify the requirement of removing diversity standards from an accrediting agency's oversight of institutions of higher education."

Supporters Renew Push For Mental Health Care (USAT)

By Marilyn Elias, Usa Today

USA Today, January 8, 2007

Bills that could expand access to mental health care for Americans stand a better chance of passing with the new leadership that has taken over Congress, key lobbyists and congressional supporters of the legislation say.

Their top priority is a bill requiring insurers to offer comparable benefits for treating mental disorders and physical illnesses, known as "parity."

Sen. Pete Domenici, R-N.M., introduced three earlier parity bills. "Now our prospects are the best that they've ever been," says Matt Letourneau, spokesman for the senator.

Although parity has bipartisan support, past legislation stalled in committee because House leadership didn't favor it, says Laurel Stine of the Bazelon Center for Mental Health Law, a Washington, D.C.-based advocacy group.

A 1996 federal law had required comparable dollar limits for coverage of mental disorders and medical problems but allowed caps on the number of therapy visits or days of hospitalization for mental illness.

In the past 15 years, 44 states have passed parity laws to expand coverage, the American Psychological Association says.

But many employer-sponsored health plans, particularly those offered by large companies, are exempt from such state laws, and about 55% of U.S. workers are in such plans, according to a report last year from the Kaiser Family Foundation.

Key goals of a federal parity law are to equalize coverage in such plans and in all insurance programs, Stine says.

Better mental health treatment for veterans returning from the Iraq war also could come out of the new Congress, says Ralph Ibson of Mental Health America, an education and advocacy group. He says the shift in leadership on the House Veterans Affairs Committee could lead to more spending for care.

Also on the radar: reauthorization bills that could affect mental health care for Hurricane Katrina survivors and children in poor families.

A bill to reauthorize the federal Substance Abuse and Mental Health Services Administration could provide money to help Katrina survivors with mental disorders, Ibson says. And reauthorizing the state children's health insurance program could

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improve treatment benefits for children of the working poor, says Andrew Sperling of the advocacy group National Alliance on Mental Illness.

Mental health advocates also say there's strong support for a bill to help states create programs that would allow children with serious mental disorders to live with their families while they're treated. Some parents have had to give up custody to the state because they can't afford care.

Sen. Susan Collins, R-Maine, proposed the bill last session, but it died in the Committee on Health, Education, Labor and Pensions. Rep. Patrick Kennedy, D-R.I., introduced the House version. Now his father, Sen. Ted Kennedy, D-Mass., will head the Senate committee the bill must clear.

"I'm hopeful we'll have more success this year," says Collins, who will reintroduce the bill. "No parent should have to face such a wrenching choice of either giving up custody or not getting treatment for their child."

Time Does Not Bend For Democrats, But The Congressional Record Does (WP)

By Al Kamen

The Washington Post, January 8, 2007

It's not going to take long for the House Democrats to get comfortable in the majority. They got off to an excellent start last week, continuing the venerable tradition of riding roughshod over the minority. That's what gives the House its special charm.

But it may be they're thinking their powers are limitless. For example, new Rules Committee Chairman Louise M. Slaughter (D-N.Y.), speaking on the House floor during the debate Thursday on the new ethics package, said: "Let me just yield myself about 30 seconds or 45 seconds, whichever comes first."

Now wait a minute. Even the chairman of the Rules Committee can't violate the laws of time. No matter what, 30 is going to come before 45. Except in the "Back to the Future" movies.

And then, of course, history got a little massaging as the Congressional Record cleaned up her remarks: "I would like to yield myself about 30 seconds, 45 perhaps, just to respond for a moment," is how the Record recorded it.Retired 'in Place,' but Not in Iraq

Keeping up with . . . April Glaspie. Saddam Hussein's execution brought back thoughts of his early years, when he was a hideous dictator and murderer of his own people but steadfastly supported by Washington as a bulwark against the ayatollahs in Iran.

Things soured, of course, with his invasion of Kuwait, which he launched just days after U.S. Ambassador Glaspie visited him to warn that he should settle his border dispute with Kuwait by peaceful means.

Glaspie's promising diplomatic career naturally went into a tailspin after she was hung out to dry for following U.S. policy. A gifted Arabist, Glaspie worked in Somalia with the United Nations for a while, then worked in the State Department as director of the office of Southern African Affairs, a significant demotion.

There was no way she was going to get a Senate-confirmed post, but she did manage to get a job as consul general in beautiful Cape Town, in the late 1990s, and then, as diplomats often do, retired "in place" down there.

When we called last week, Glaspie, who raises horses in Cape Town, said she didn't want to share her thoughts on Saddam's demise. But she thanked us for calling.Wanted: Brave Writers

Excellent employment opportunity for nation-builders! The State Department has contracted DynCorp International, which has accumulated vast experience running that nifty police training program in Iraq, to create an army for the government of Liberia.

DynCorp, the job announcement says, "is to assist . . . in recruiting, training and equipping an armed military force from the ground up beginning with 2,000 personnel the first year, consisting of . . . two light motorized infantry battalions and a support battalion."

The specific job is for a "ministry of defense technical writer mentor," where you'll "write standard operating procedures for proposal to the ministry of defense" and do various other writing and communications tasks. The pay is "unspecified," but we're certain it will be competitive.

They're looking ideally for retired military or Defense or State department officials with "experience in Africa." Some places in the continent can be a bit dangerous at times, but not to worry. The ad highlights that "full medical and death and dismemberment coverage available." Dismemberment?Teaching History Without Elaboration

Sign up now! Former State Department counselor Philip Zelikow is teaching two history courses at the University of Virginia this semester, according to the school's Web site. One, History 100, is an introductory seminar entitled "Explaining the Choices of Government." Mmm . . . to surge or not to surge? To stand up or stand down? To cut or to run?

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The second course is about World War II. This "discusses the causes and course of the Second World War," the blurb says. "The importance of the war to modern history and the shadows it still casts over contemporary politics and culture need no elaboration." Must not be a high-credit course.A Job for the Commitment-Phobic

Job alert! Secretary of Labor Elaine Chao is looking for a new public-affairs chief. The incumbent, Randy Clerihue, announced in a Dec. 21 internal e-mail that he was leaving after barely three months in the job. This could set the world indoor record for brevity for a Senate-confirmed position.

"After careful consideration," Clerihue wrote, "I have decided to tender my resignation as assistant secretary for public affairs, effective by the end of January. This is not a decision I reached lightly, but the nature and demands of the job are such that I am finding it impossible to fulfill my duties to my family. . . . I do not know what I will be doing next, other than spending some quality time with my wife and three young boys."

Three young boys and no job? Must have wanted out quickly. Clerihue had been at the Pension Benefit Guaranty Corp. for more than four years before going to Labor, and he worked for think tanks, trade associations and the Hill before that. We're told he shouldn't have trouble finding a soft landing.

His replacement would be Chao's fourth public-affairs chief, not counting an acting chief in the early part of the administration. In the past 18 months or so, public-affairs departures include two deputy assistant secretaries and four press secretaries.

Outside Court, Roberts Hears Dissent (WP)

By Robert Barnes

The Washington Post, January 8, 2007

Chief Justice John G. Roberts Jr. usually knows just the right thing to say, his star turn during his 2005 Senate confirmation hearings being Exhibit A.

But maybe not so with the blandly titled "2006 Year-End Report on the Federal Judiciary," issued, as he noted, on the typically slow news day of Jan. 1. He should rest assured that it has been noticed -- and roundly razzed by some in the legal punditry and that segment of the citizenry that likes to write angry letters to the editor and leave sputtering rants on the answering machines of reporters who write about the court.

Roberts devoted his entire address to the call for a pay raise for federal judges, a subject that he noted was not new, and one -- he didn't note this -- that might never be terribly popular with those who make less than $165,200 a year, which is what federal district judges and members of Congress make (Roberts's salary is $212,000).

There are plenty of people who agree with Roberts that judicial salaries should rise to attract and retain the brightest in the legal field. But his description of the issue as a "constitutional crisis" was too much for some.

"What should we say about a Chief Justice who suggests that it is a 'constitutional crisis' if Congress takes advantage of its constitutional prerogatives to refuse to raise the salaries of federal judges?" University of Texas law professor Sanford V. Levinson asked on the legal blog Balkinization. "As it happens, I agree with him that pay raises are long overdue, but not necessarily for members of the US Supreme Court, frankly, who have cushy jobs and are treated like kings and queens."

Matthew J. Franck chimed in on National Review Online: "According to the chief, things are bad enough that we have a 'constitutional crisis that threatens to undermine the strength and independence of the federal judiciary.' In a word: balderdash."

Nor did Roberts endear himself to public-interest lawyers, public defenders, prosecutors and other lower-paid government lawyers with his worry that the judiciary not become restricted to the independently wealthy or "people for whom the judicial salary represents a pay increase." They stopped reading before they got to "Do not get me wrong -- there are very good judges in both of those categories."

Still, not everyone reacted critically. The New York Times endorsed his plea, although its editorial said it was "tempting to dismiss as hyperbole the chief justice's characterization of this issue as a 'constitutional crisis.' "

More important, incoming Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) signaled his quick assent, saying, "I intend again to do what I can to convince Congress to fairly evaluate this issue and the chief's arguments, so that we can see what solutions may be possible."

Capitol Center Nears Completion (USAT)

By Kathy Kiely

USA Today, January 8, 2007

WASHINGTON — About 50 feet below the grounds of the U.S. Capitol, scores of workmen install polished marble, mahogany veneer and other finishing touches on what may qualify as one of America's most beautiful, and controversial, cellars.

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Two years after its scheduled opening date, and more than double its original price tag, the Capitol Visitor Center inches its way toward completion.

PHOTOS: The Capitol Visitor Center

"We'll essentially be done with construction in March," Architect of the Capitol Alan Hantman says. It will take at least six additional months to test more than 5,000 security alarms, sprinklers and other safety devices before the public can enter.

When the doors finally will open to the public is a major point of contention surrounding the project, which was originally scheduled to be finished in 2005. Hantman predicts a ribbon-cutting this fall, but auditors at the Government Accountability Office say the date will slip. "We think it's going to be early 2008," says Terrell Dorn of the GAO, the investigative arm of Congress.

The other sore point is cost. Government auditors estimate it will be close to $600 million. The original, 1999 price tag: $265 million.

Even some of those who have complained the loudest about the project's rising cost and lengthening delays admit to being wowed by the almost-finished result.

"It has been frustrating because of the cost overruns, but when all is said and done, it will be a great facility," says Sen. Wayne Allard, a Colorado Republican.

For the past two years, Allard has forced project officials to make monthly public appearances before an appropriations subcommittee to account for the pace and price of the work.

Allard says the project could have been done quicker and cheaper but "people will look back 50 years from now, and they'll say every dollar was worth it."

'Built for the people'

In terms of size and cost, the visitor center can be compared to another major government construction project farther down Pennsylvania Avenue. The cost of the Ronald Reagan Building and International Trade Center was put at $816 million when it was completed in 1998. That's the equivalent of more than $1 billion in today's dollars.

The 580,000-square-foot underground visitor center will give tourists, who now brave the elements in line for tours of the Capitol, a spectacular showplace in which to linger while they wait, as well as a chance to examine historic documents and artifacts now hidden for lack of exhibition space.

The eighth major expansion of the Capitol in its 213-year history, the visitor center may be the most ambitious since the 8.9 million-pound cast-iron dome was completed in 1863.

"We could have done this on the cheap, but we didn't," says Rep. John Mica, R-Fla., a leading proponent of the center. "This is the first addition of the Capitol that was built for the people and not the politicians."

Dorn of the GAO, whose audits have questioned the timetable and costs, concedes, "It's going to be really pretty when it's finished."

Others are less impressed. Rep. David Obey, a Wisconsin Democrat who now chairs the House Appropriations Committee, awarded the center "the golden drain award" in September to highlight what he considers the waste of money on the project.

"The final product will be full of glitzy stuff without addressing the real needs of this institution," Obey says. He calls the visitor center "a state of the art propaganda center."

From the time the project was conceived in the mid-1990s, the center has generated debate. Mica says many Republicans, including former House speaker Newt Gingrich, initially opposed the massive construction because of its cost.

That opposition evaporated after the fatal shooting of two Capitol Police officers by a gunman who burst into the Capitol in 1998. Critics such as Obey focus on the project's ballooning price tag — more than double the original estimate.

About $65 million in private donations was raised for the project. Efforts to raise private donations were halted after the Sept. 11 terrorist attacks.

Mica says that was in part because congressional leaders decided to put the project on a fast track and in part because they did not want to compete with fundraising for victims' families.

'Myriad obstacles'

Project supervisors blame the increased cost and delays on Congress' decision to expand the scope of the project. The Sept. 11 terrorist attacks created a need for additional security measures. And Congress decided to build 160,000 feet of additional office space.

Dorn agrees that the project changed in size but says costs and delays continue to pile up even though "Congress is not fiddling with the project at this point."

Tom Fontana, spokesman for the center, defends the work. He says it has moved as quickly and efficiently as possible given the "myriad obstacles and unforeseen conditions" involved in working on a historic site that is also a working government center.

Construction workers had to soundproof windows and calibrate their schedule to keep from disturbing Congress. They had to remove a 121,000-gallon cistern used for fire prevention at the turn of the 19th century and buried when pioneering landscape architect Frederick Law Olmsted created the Capitol grounds.

Hantman says "the biggest surprise" was the discovery of a well just outside the Capitol walls, where the center's containing wall was built.

The landmark status of the Capitol grounds posed other challenges. "We spent $2 million just on tree preservation," Fontana says.

Fontana says the end result will be worth it for the millions of people who visit the Capitol each year. Visitors will be able to watch movies, view exhibits and even get a bite to eat in the new center, where two 30-by-70-foot skylights will offer dramatic views of the Capitol dome. Other amenities include 26 public restrooms (there are five in the Capitol itself) and a movie theater.

The 20,000-square-foot Great Hall and a 16,500-square-foot exhibition hall will showcase statues and artifacts such as the Lincoln catafalque, the bier used to support the caskets of presidents who lie in state in the Rotunda.

The Library of Congress anticipates more than a threefold increase in visitor traffic when a direct underground tunnel is completed between its building and the Capitol Visitor Center.

Space for Congress

There will be more rooms for Congress to use, too, including a 450-seat auditorium wired for electronic voting, additional office space and more meeting rooms.

Congress added $88 million to the original project budget to build office space for the House of Representatives and Senate.

Above ground, the east plaza of the Capitol — formerly an asphalt lot where lawmakers parked wherever they wanted, according to Fontana — has been covered with 200,000 pink and gray granite paving stones.

The two bronze and granite misting fountains, which Olmsted designed to create a rainbow around the Capitol, have been dismantled, cleaned and reassembled. They had been turned off since the 1970s because they would soak tourists who lined up in the parking lot to wait for tours.

Designers hope members of Congress will not resume parking their cars there.

"We're trying to create a plaza that invites people to linger," Fontana says.

Hantman will end his 10-year term as the Capitol's architect in February.

Last year, Obey introduced a bill that would have taken all spending authority away from Hantman. The measure didn't make it through Congress, but Mica says he believes such legislation is a reason why Hantman did not seek reappointment to a second term. "It's a shame. He's been the whipping boy" for the project's cost and delays, Mica says.

The Capitol architect says he'll be vindicated by generations of visitors to come. "I'm very proud of what we've done," Hantman says. "This is a great project. It's a wonderful legacy to have."

Pay Raise Trails Private Sector (WP)

By Stephen Barr

The Washington Post, January 8, 2007

T his should be a good week for people who work for the federal government, though not as good as some might have wished. The annual base pay raise for most federal employees kicks in, increasing the median white-collar government salary in the region to $86,791.

That's not shabby. But this year's increase -- 2.64 percent in the Washington-Baltimore region -- is one of the smallest annual raises in recent years, and the raise doesn't go far in an area where the cost of living runs about 30 percent higher than the rest of the nation.

"There is no doubt that the federal government is being a little stingy this year," said Tim Priest, executive director of the Greater Washington Initiative, the economic development marketing affiliate of the Greater Washington Board of Trade. "If they continue with these meager pay increases, more and more people will shift to the private sector."

Colleen M. Kelley, president of the National Treasury Employees Union, called the 2007 raise "very disappointing." The union represents white-collar professionals at the Internal Revenue Service, Securities and Exchange Commission, Federal Deposit Insurance Corp. and several other agencies.

"This time of year especially, as employees are considering career options and deciding whether they want to stay for the long term or the short term, they build that pay raise into their decision-making," Kelley said. She fears "more and more will decide that they are going to look elsewhere."

Federal pay raises, which are negotiated by the White House and Congress as part of the government's budget, shore up the region's economy every year.

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The federal employee payroll was about $19.8 billion in the Washington-Baltimore region last year, about $76 million per work day. (The payroll includes base salary, locality adjustments and special pay for certain occupations, but not the cost of benefits.)

There are about 334,000 civil service employees (not counting the military, the intelligence agencies and the U.S. Postal Service) in the region. In addition to salaries, the government also makes pension payments to about 265,000 civil service retirees in the District, Maryland, Virginia and West Virginia. An additional 77,500 people in this region receive survivor benefits.

As the government takes on more complex responsibilities and increasingly relies on technology to deliver services, federal salaries are a crucial component in the competition for highly skilled workers. Government officials predict a surge in retirements in the next few years as baby boomers depart, and are concerned that agencies will not get their share of top-notch recruits in a region with low unemployment and strong job growth.

To some extent, Washington area federal employees are more fortunate than civil service workers elsewhere. The federal pay formula this year gives a larger increase to employees in areas where federal pay is the most behind private-sector salaries. As a result, most civil service employees will receive a 1.81 percent pay raise, the minimum this year.

Locally and nationally, it appears that the federal pay raise will end up below market rates.

A recent survey by Watson Wyatt Worldwide found that most corporations plan to increase salaries, not counting promotions and market adjustments, by an average 3.6 percent, said Laura Sejen, global practice director for the consulting firm, which specializes in personnel and financial management.

Many employers are reporting increased difficulty in attracting top performers and people with special skills, and that suggests the government should pay close attention to workforce retention, Sejen said.

"Pay is important. When pay is not competitive, employees are more inclined to look," she said. Pay is especially important to employees under 30 and was the most highly rated reason for leaving a company, the Watson Wyatt survey found.

Still, Sejen said, "we don't need to ring alarm bells because of one year of below-market increases" in the federal government.

Pay is but one factor in compensation packages, and the government's relatively generous health-care and retirement benefits will keep many employees from leaving, she said. Survey data also show that employees value "work-life balance" and are more likely to stay with organizations, such as the government, that offer flexible work arrangements.

"These are important contributors to an employee's decision to stay or leave," Sejen said.

But a federal pay raise below market rates carries some risk. "What the government is doing wouldn't drive employees out of the region, but might drive them out of the government," Priest said.

Stephen Barr's e-mail address isbarrs@washpost.com.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 8, 2007

Comrade Pelosi

Capitol Hill residents and congressional staffers alike are curious about large posters of House Speaker Nancy Pelosi that have gone up in the neighborhood.

Indeed, the posters are on display in several Pennsylvania Avenue Southeast bus shelters -- the sort of space frequently reserved for fashion models and movie stars. The poster is a close-up photograph of a smiling Mrs. Pelosi, and in extra-large type: "Congratulations Madame Speaker Nancy Pelosi."

Meanwhile, there is no indication (not even in the tiniest of print) who is sponsoring or paying for the posters.

"It's turned into a fun guessing game," Maggie Hall, who passes a Pelosi poster several times a day, told Inside the Beltway yesterday. "It's quite a topic of conversation in the coffee shops and watering holes on the Hill. You see people really getting up close to it, trying to find the name of the organization or individual who's put it up."

Inside the Beltway was unable to reach Metro's advertising department yesterday.

Sensational heist

As far as William Bennett is concerned, ongoing revelations and circumstances surrounding classified-document heists from the National Archives by former National Security Adviser Samuel R. Berger have gotten neither the attention nor the scrutiny they deserve.

To help right that wrong, Mr. Bennett, a former Republican Cabinet member-turned-radio talk-show host, is sponsoring a unique contest. Through his popular radio show, "Bill Bennett's Morning in America," he is offering $1,000 to the person who writes the most creative "Sandy Berger" lyrics to the tune of a popular song. (think "Bette Davis Eyes" as "Sandy Berger Lies," but there are infinite possibilities.)

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Wannabe songwriters and contestants should go to www.bennettmornings.com for more information. Deadline for submissions is Friday, with the winner announced on Jan. 19. And yes, Inside the Beltway will publish the winning lyrics in their entirety.

Rising to Reagan

A leader's ascension to conservatism was described over the weekend by Massachusetts Gov. Mitt Romney in Sea Island, Ga., where the likely 2008 presidential contender addressed Awakening 2007, a conservative gathering created a dozen years ago to stimulate dialogue about important issues confronting America.

"Now, I wasn't always a Ronald Reagan conservative. Neither was Ronald Reagan, by the way," noted the Republican governor. "Perhaps some in this room have had the opportunity to listen, learn and benefit from life's experience -- and to grow in wisdom, as I have.

"My life experience convinced me that Ronald Reagan was right."

'Anti-elitist'

That was Michael Gerson, former chief speechwriter to President Bush from 2001 to 2006, discussing the president's "voracious" reading habits and related perceptions during a guest appearance on C-SPAN's "Q&A" with Brian Lamb last night.

"[A] couple of months ago it was leaked out by somebody that he was reading Albert Camus' 'The Stranger.' Does that track for what you know of George Bush?" asked Mr. Lamb.

"Sure," Mr. Gerson replied. "The president is a voracious reader and recommended to me a variety of books when I was at the White House, and gave them to me. He recommended to me ... 'A Godly Hero,' the biography of William Jennings Bryan, a book he'd read.

"Recommended to me ... the book on Martin Luther King and Lyndon Johnson, the relationship between the two men. And he recommended to me the pope's [Benedict XVI] book on relativism."

That left Mr. Lamb scratching his head.

"So, why then is his image one of -- you know, people scoff at the fact that he reads. And they say he's not very intelligent. I mean, you hear that. Where does that come from? And why? Does he want that kind of an image?" the interviewer asked.

"I don't know," Mr. Gerson reasoned. "Throughout his career, in some ways, he's benefited from being underestimated. ... The assumption would be that he, you know, that he would fail. And, of course, we succeeded in a variety of these settings, and certain people always seem to be shocked and surprised."

Offered Mr. Gerson: "I think the president is -- he's not anti-intellectual, but he is anti-elitist."

Puttin' on the Ritz

"I will be interviewed on [NBC's] 'Today' show [this] morning ... talking about the language of politics and the best words for the 2008 election. If for no other reason, tune in to see the most expensive clothing I have ever worn -- and why this will be the first and last time you'll ever see me in a suit."

-- Washington political pollster Frank Luntz, well-known for his casual tieless attire even at formal affairs and whose new book, "Words That Work: It's Not What You Say, It's What People Hear," is released today.

Agriwelfare (WP)

The Washington Post, January 8, 2007

THE LAST TIME Congress took a long look at America's wasteful system of agricultural subsidies, we had to endure bushels of shallow rhetoric about how billions in largess would save the great American family farm. With this hefty crop of disingenuous sentimentality and equally hefty lobbying efforts from powerful agricultural interests, the result was a federal giveaway that did more to hurt small farmers than it did to help them.

The law that authorizes a range of unnecessary and ill-targeted agriculture programs is set to expire in September. So expect fronts for agribusiness, rural banks and farm insurers (and the members of Congress who accept their campaign contributions) to try and sell the same line again this year: Extend the programs or nail the coffin shut on America's heartland. It's about time to nail the coffin on that tired line instead.

The Post's Gilbert M. Gaul, Sarah Cohen and Dan Morgan reported last month that federal agricultural payments are in fact fueling a rapid consolidation of American farms into enormous agribusinesses. Larger farms get much more government money, which they then use to buy up more land. This increases land prices, raising the financial barriers to starting a new farm and pressuring small farmers to leave the market. The mere fact of farm consolidation is not objectionable; indeed, many large farms are pioneering technological and procedural improvements that increase efficiency. But decisions about who should be farming what and where should be left to the marketplace; the government should not distort the market to push smaller competitors out, especially at the price of $15 billion in annual subsidies.

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Congress should overhaul the federal farm subsidy system. But that will not come easily. Recent installments of The Post's investigative series on agricultural payouts detailed the influence the farm lobby exerts on federal legislators, who have added a series of expensive giveaways to existing programs and successfully legislated away meaningful competition in certain agricultural markets, such as that for milk.

There are some signs that the lobby is losing strength. Democratic presidential hopeful and former Iowa governor Tom Vilsack will campaign for subsidy reform, and groups such as the Club for Growth plan to spend millions for the cause. Perhaps this time a more reasonable farm policy will emerge.

OTHER NEWS:

Creation Of Jobs Beats Forecast (USAT)

By Sue Kirchhoff

USA Today, January 8, 2007

WASHINGTON — Federal Reserve interest rate cuts are looking less likely after U.S. businesses created a stronger-than-expected 167,000 jobs in December and workers' wages rose at a rapid pace.

The unemployment rate remained at a low 4.5%, as more people entered the workforce looking for jobs, the Labor Department said Friday.

The good news on jobs was an unwelcome development for some stock traders, who had been betting that the Fed would soon begin trimming interest rates in response to slower economic growth. The Dow Jones industrial average fell more than 82 points to 12,398 in Friday trading.

"The payroll employment data in recent months read like a tale of two economies, in which it is the best of times for the service producing industries and the worst of times for goods producing industries," Richard Moody of Mission Residential said in an advisory.

Manufacturers shed 12,000 jobs in December and 72,000 during 2006. Construction employment fell by 3,000 overall in December, as a 5,800 decline in home-building employment was partially offset by gains elsewhere. Moody said the construction figure would have been worse except for unusually warm weather during the month.

Some of the fastest-growing industries in December were health care, education, financial services, and leisure and hospitality.

Further, the Labor Department revised its October and November figures to show stronger employment growth in those months than it initially projected. It was the latest in a string of revisions to the employment numbers that have made it difficult for economists to get a good read on the job market.

Overall, payroll employment rose by 1.8 million jobs in 2006, the Labor Department said. But economic growth slowed in the second half of the year, running at a 2% annual rate in the third quarter as the housing market slowed. Economists expect business activity to slowly increase through 2007.

In December, workers' paychecks rose 8 cents an hour, or 0.5%, to average $17.04. Hourly wages for payroll, non-supervisory workers grew by 4.2% in 2006.

That's welcome news for workers, whose wages lagged during much of the expansion after the 2001 recession, even as business profits soared. But rising wages can spark faster inflation.

The Fed raised rates steadily from mid-2004 to mid-2006 to blunt inflation, but it has left its target for a key short-term rate at 5.25% since June. The Fed next meets Jan 30-31.

"With wage growth hitting a six-year high and the pool of available labor contracting, we strongly doubt the Fed will change its bias that is currently toward (fighting) inflation," says John Ryding of Bear Stearns.

In another positive sign, the median duration of unemployment fell to 7.3 weeks from 8.6 weeks a year ago.

Why U.S. Should Root For Dollar To Weaken More (WSJ)

By Mark Whitehouse

The Wall Street Journal, January 8, 2007

Last year, the U.S. dollar did what economists had long predicted it would have to do: It fell in value against other currencies. And many believe that if Americans know what is good for them, they should be hoping for more of the same this year.

A weaker dollar creates plenty of hardships. Not only do European vacations get more expensive for Americans, so do Chinese-made television sets and other imported goods. For foreigners, a weaker dollar means their investments in the U.S. lose

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value. But in the eyes of economists, the more the dollar weakens, the more it helps alleviate one of the great worries of our time: The gaping U.S. current-account deficit.

The current account, which includes trade flows and other international payments, measures exactly how much Americans' spending is outpacing their income -- and how much they are borrowing from abroad to fill the gap. The U.S. is estimated to have rung up a deficit of about $900 billion in its current account last year. That is equivalent to nearly 7% of the U.S. economy -- a level that, if sustained, would cause the nation's foreign debts to pile up to dangerous levels.

A weaker dollar would help narrow the deficit by making U.S. exports more attractive to foreign buyers while making it costlier for Americans to buy products from abroad.

The fate of the dollar and the current account, which has worried economists for years, was a hot topic at this past weekend's annual meeting of the American Economic Association. A panel of prominent economists -- including Nobel Prize winner Robert Mundell of Columbia University, Harvard's Martin Feldstein and Kenneth Rogoff, Michael Mussa of the Peterson Institute for International Economics and Ronald McKinnon of Stanford -- held forth on the subject to a packed ballroom in Chicago.

"We clearly need a more competitive dollar," said Mr. Feldstein, who also heads the National Bureau of Economic Research. "The dollar is still very high -- too high to be sustained."

A tougher question is how far and how fast the dollar needs to fall. Some economists fear a sudden plunge will roil international markets and trigger a U.S. recession. Others believe a slower and more manageable adjustment is under way. They guess it could take a decline of 8% to 25% over as many as 10 years to get the U.S. current-account deficit down to a more sustainable level of 3% of gross domestic product.

In the past several years, the dollar's movements have played into the hands of those who believe the dollar's adjustment will be slow and not too painful. After gradually weakening from its 2002 peak, the dollar strengthened in 2005, even as the U.S. current-account deficit set records. In 2006, the U.S. currency weakened again, as evidence of improving economic growth in Europe prompted investors to put more money into euros. Friday, the dollar's value against a basket of U.S. trading partners' currencies was down 2% from a year earlier and 17% from its February 2002 high.

Jim O'Neill, chief economist at Goldman Sachs in London, applauded the currency's renewed slide. "I think it's good," he said. "It's all part of the growing evidence that the likelihood for international imbalances improving themselves has risen quite significantly."

A weaker dollar by itself won't be enough to resolve global imbalances. Many economists agree that Americans also will need to save more, either by spending less or by cutting the federal budget deficit. As of November, U.S. consumers' spending exceeded their disposable income by 1%. The nation's budget deficit is running at about 3% of GDP.

Stronger growth abroad could play a role in shrinking the current-account deficit by increasing U.S. exports, though some believe the benefits would be limited. In recent history, increases or declines in foreign consumption have had only about half the effect on U.S. exports as changes in U.S. consumption have had on U.S. imports, says Catherine Mann, an economics professor at Brandeis University in Massachusetts.

Beyond that, much depends on exactly which currencies the dollar weakens against. Economists view Asian currencies as most crucial because trade deficits with Asian countries account for more than half of the U.S. current-account gap. So far, the dollar's biggest retreat has been against the euro. Friday, a euro bought $1.30, up 7% from a year earlier. In the same period, the dollar weakened 3% against the tightly controlled Chinese yuan and has strengthened about 4% against the yen.

"You'd need the Asian currencies to do more of the adjusting," says Mr. Mussa, senior fellow at the Peterson Institute for International Economics in Washington.

With all the caveats taken into account, economists' estimates vary widely on how much the dollar would have to weaken to bring the current-account deficit into line. Mr. O'Neill is among the most optimistic. He thinks a 25% drop in the dollar's trade-weighted value from its February 2002 peak, combined with consumer spending slowing in the U.S. and accelerating abroad, would be enough to do the trick. With the dollar down 17% from its peak, that leaves only eight percentage points to go.

Mr. O'Neill's view depends in part on the idea that the U.S. has yet to fully benefit from the dollar's previous weakening, because changes in exchange rates tend to affect trade flows with a lag of as much as two years. Indeed, in inflation-adjusted terms, the U.S. current-account deficit has been stable as a percentage of GDP since late 2004.

Mr. Rogoff, a specialist in international economics at Harvard, sees a darker picture. He believes the dollar must fall at least another 20% from now and worries that the longer it takes, the greater the chances that some unforeseen shock -- such as a terrorist act or a housing-industry collapse -- will trigger a crash. "So far we've just seen a small ripple in the dollar and not the big tsunami that could hit someday," he says. "That's still a significant risk."

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As a result, many economists view any move toward a weaker dollar as a step in the right direction. Says John Huizinga, a professor of economics at the University of Chicago Graduate School of Business: "Any depreciation that's in a normal, observable range is good, because it leaves less depreciation to happen and lessens the likelihood of one of these crises."

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Aging Bull (USNEWS)

By Paul J. Lim

U.S. News and World Report, January 7, 2007

It's as if Wall Street suddenly discovered Prozac.

On paper, there are plenty of reasons for investors to be anxious about the financial markets' prospects this year.

For starters, the global economic boom that drove international stock and commodity prices higher in recent years is starting to cool. Economists project global growth of 3.2 percent this year, down from 3.8 percent in 2006, while the U.S. economy will trail at about 2.5 percent.

Corporate profits, which have propped up stock prices here at home, are also expected to weaken. Earnings among companies in the S&P 500 index are expected to rise 9.3 percent in 2007, down from 15.4 percent last year.

And the stock surge is now over four years old, an age at which a typical bull market is put out to pasture.

Yet as 2007 kicks off, economists and market watchers are about as optimistic as they've been in recent memory. Eight out of 10 money managers polled by the Russell Investment Group predict that stocks will post their fifth consecutive positive year. One in three thinks the equity markets will return around 10 percent or more in 2007.

Jeffrey Kleintop, chief investment strategist for PNC Wealth Management, predicts the S&P 500 will climb to 1550 next year, about a 9 percent rise in the blue-chip index. Tobias Levkovich, chief U.S. equity strategist for Citigroup Investment Research, thinks the S&P could do even better-hitting 1600, for a 13 percent jump.

To be sure, high-single-digit or low-double-digit gains are simply in line with the stock market's historic average performance dating back to 1926, according to Ibbotson Associates. Last year, the S&P 500 returned 15.8 percent, its best year since 2003. And despite recession fears and a housing market slowdown, the Dow Jones industrial average hit a new all-time record in 2006 and is now poised to pierce the 13,000 level for the first time. "To hear investment managers tell it, Wall Street will belong to the bulls in 2007," says Randy Lert, Russell's chief portfolio strategist.

But "that's what bothers me," says James Paulsen, chief investment strategist for Wells Capital Management.

While optimism is always welcome, there's a fine line between confidence and wishful thinking. Jerry Webman, chief economist for OppenheimerFunds, says most market strategists, no matter their outlook for the economy, are finding reasons to be bullish about stocks.

"Oddly, the people who are bearish on the economy say that if the economy isn't great, the Federal Reserve will [cut rates] and the markets will be just fine," Webman says. "At the same time, people who say, 'Gee, the economy is much stronger than the headlines indicate,' think that earnings will stay strong and the stock market will be OK."

Optimism often leads to heightened expectations. And the greater the expectations, the greater the likelihood that the economy and markets will fall short.

This is why Stuart Schweitzer, global markets strategist for JPMorgan Asset & Wealth Management-who predicts stocks will rise modestly-says equity investors should brace themselves for "stomach-churning bumps."

Wall Street is already trimming estimates of corporate profit growth this year, Schweitzer notes. Six months ago, he says, analysts were forecasting S&P 500 profit growth of more than 10.5 percent. Since then, forecasts have fallen by more than a percentage point.

So, why are investors-who've historically preferred climbing walls of worry to ladders of hope-suddenly acting like Alfred E. ("What, me worry?") Neuman?

Part of it may have to do with history. This is the third year of President Bush's second term. Since World War II, notes Sam Stovall, chief investment strategist for S&P, the 500 index has never lost money in the third year of a presidential term. In fact, third-year gains have averaged 18 percent.

The bullishness may also stem from investors' recent experiences. There's an old saying on Wall Street: Investors tend to think that things will forever be the way they are.

Both the economy and corporate profits have recently proved far more resilient than expected. Last year, the economy weathered recession worries and a housing slowdown, as corporate America found a way to accelerate the pace of earnings growth. "Profits just continue to amaze analysts and strategists," says Jack Ablin, chief investment officer for Harris Private Bank.

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Today, investors aren't simply banking on a so-called soft landing for the domestic economy. "The market is bracing for the plane to circle the runway and take off again," says James Swanson, chief investment strategist for MFS Investment Management.

This optimism is reflected in continued risk-taking among investors, Swanson says. Toward the end of last year, the best-performing segments of the market were the riskiest: emerging-markets stocks, small-company stocks, and commodities. Shares of blue-chip companies, which were expected to lead the market, wound up laggards yet again (Page 73). The average large-cap growth fund rose just 7.3 percent in 2006, while small-cap growth funds surged 11.1 percent.

Many on Wall Street think a change is in the air. A Russell survey found that money managers are most bullish on large-cap growth stocks and favor blue-chip foreign stocks over emerging-markets shares.

Of course, investors made a similar bet at the start of 2006 and turned out to be wrong. So how can you tell whether the markets will be in a speculative or safety-seeking mood this year?

Keep an eye on relative growth overseas. The developed economies of western Europe, Japan, and the United States are predicted to trail considerably behind growth in the emerging markets. Stovall expects 2 percent economic growth in the "eurozone" nations and 1.9 percent in Japan, compared with 4.8 percent in Latin America, 5.9 percent in Europe's emerging economies, and 6.8 percent in Asia's developing countries. If the emerging markets continue to outpace the developed world, it should be another solid year for emerging-markets stocks and other speculative assets.

Heed the bond market. Right now, all eyes are on the Federal Reserve as investors try to guess when the central bank will start to cut rates to jump-start U.S. economic growth. But the Fed controls only short-term interest rates. And long-term rates, set by the bond market, have been the real story as of late.

"This is the only time in postwar history where a recovery has taken place ... without any rise in long-term borrowing costs," Paulsen says. This economic expansion began in November 2001, with 10-year treasury notes yielding about 4.7 percent. More than five years later-and after 17 Fed hikes in short-term interest rates-10-year treasury yields are almost unchanged.

So long as long-term borrowing costs remain cheap, Paulsen thinks there's a good chance that money will find its way to higher-risk, higher-return assets like small-cap stocks.

Don't forget the Fed. So far, the bond market has all but ignored the Fed, but stock traders would be foolish to follow. Fed rate decisions tend to quickly change the stock market's mood. Since World War II, Stovall says, the S&P 500 has declined an average of 2.2 percent in the six months leading up to the first in a series of Fed rate cuts. Yet in the six months after the first rate cut, stocks soared 11 percent on average. And 12 months after the Fed began to ease monetary policy, the S&P 500 has jumped 18.5 percent on average.

Check housing prices. Unlike last year, many investors are betting that the worst is over-or close to over-in the housing market. The National Association of Realtors predicts median sales prices of existing homes will keep sliding in the first quarter of 2007, then rebound.

But what if prices continue to fall? That could spell bigger troubles for consumers-and that's a recipe for unexpected problems in the U.S. economy.

Might want to keep that Prozac handy.

Outlook 2007 (USNEWS)

By James Pethokoukis

U.S. News and World Report, January 8, 2007

At times, 2006 seemed like one of those I Love the '70s episodes on VH1, except more depressing. A far-off war going badly, an unpopular president, higher oil prices, creeping inflation-not to mention a pungent whiff of actual stagflation as the economy slowed. There was even another Rocky film. The recent passing of two '70s notables, Nobel Prize-winning economist Milton Friedman and former President Gerald Ford, only added to the sense of deja vu.

But don't look for 2007 to be a rerun, at least as far as the economy goes. "The inflation scare of 2006 is over," declares Kenneth Beauchemin, U.S. economist at Global Insight. Now Beauchemin, who expects inflation to drift lower this year to 2 percent, is admittedly being a bit sarcastic. He never really bought into the notion that higher oil prices by themselves spawn an economywide price surge. "Oil shocks are never the proximate causes of inflation," Beauchemin says. "They are by definition short-term. But they set the table for a scare, and then the media [play] it up."

Yet in the minds of many people, at least those who remember the '70s, higher oil prices do equal inflation. "The Federal Reserve must guard against the emergence of an inflationary psychology that could impart greater persistence to what would otherwise be a transitory increase in inflation," Federal Reserve Chairman Ben Bernanke told Congress last summer.

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Stable prices. Although the Fed hasn't raised rates since June, it hasn't cut them either, despite a slowing economy (growth in gross domestic product fell to 2 percent in the third quarter from 5.6 percent in the first) and a sharp downturn in the housing market.

Making Bernanke's job easier in 2007 is recent good news about energy and housing, the main villains behind much of the stagflation talk. Oil prices are down nearly 25 percent from their high last summer, and even the latest core consumer price index report-the one excluding volatile housing and energy prices-was flat, showing that higher energy prices have failed to infect the rest of the economy. Over the past six months, the core rate is up just 1.1 percent on a yearly basis.

The worst might also be over in housing. Existing-home sales have risen in back-to-back months, and the damage seems to be relatively contained. Although the economy has grown at just a 2.3 percent annual rate in the past two quarters, according to First Trust Advisors, it has expanded at a brisk 3.3 percent rate excluding housing. There is "little evidence" that the ongoing weakness in the housing sector is spilling over to the broader economy, Simon Kwan of the Federal Reserve Bank of San Francisco noted in a recent report, and there are tentative signs that the housing sector may be stabilizing.

Consumers still seem to be digging deep into their wallets. The recent 1 percent jump in monthly retail sales was "a game-changer for those positioned for an imminent hard landing for the U.S. economy," says Mike Englund of Action Economics.

So rather than stagflation, it seems plausible that the American economy will experience a pleasant mix of growth and price stability. Continued strong consumer spending lies at the heart of the consensus Wall Street economic forecast for 2007, which is for the economy to grow roughly 2.5 percent with moderating inflation. That sounds about right to Quincy Krosby, chief investment strategist at the Hartford. "With a job market like this one, it's pretty hard for me to forecast a recession," Krosby says.

The skimpy 4.5 percent unemployment rate, the lowest since the '90s boom, hardly indicates just how strong the job market is right now. The economy added an average of 161,000 new jobs a month through November. Then add 68,000 to that number-that's how much the Labor Department thinks it's been undercounting job growth. Lots of jobs mean stronger wage growth, which keeps consumers spending. Hourly wages were up nearly 3 percent after inflation through November, and real disposable personal income grew a solid 0.3 percent in November.

Good times. You also don't forecast a recession when corporate profits are surging. Adjusted pretax profits rose at a 17.7 percent annual rate in the third quarter, according to JPMorgan Chase. "The economic backdrop is a healthy one," says Bruce Kasman, the firm's chief economist.

So what is the Fed's next move? Judging by the 30-day federal funds futures contract traded at the Chicago Board of Trade, investors are betting that the Fed might cut rates by a quarter point some time in mid-2007. A hike in rates would be a nasty surprise, particularly to stock investors who are wagering on a soft landing. That bet is a big reason behind the Dow's late-2006 run to a record high. Wall Street will continue to obsessively pore over the inflation and housing data, especially, as it frets about the Fed overtightening.

Still, as the various economic reports trickle in during the first part of the year, get ready for a bumpy ride at times. "I think we will be struggling to make sense of the data," Krosby says. "Some days it will look like a recession is around the corner and the next that data will defy that conclusion." So just keep on truckin', brother. Everything's going to be copacetic.

The Greenback May Rebound (USNEWS)

By James Pethokoukis

U.S. News and World Report, January 7, 2007

Maybe writing about what's ahead for the dollar in 2007 is a poor use of space. After all, according to recent calculations by the Financial Times, the euro-which turned five years old this month-is set to overtake the greenback as the world's most popular currency.

But not so fast, Old Europe. What's gotten lost in all the euro hype is that the FT's financial figuring applies to notes in circulation: cold, hard cash. When it comes to currency-denominated assets, the dollar is still king. The United States runs the largest stock and bond markets in the world, and 66 percent of global foreign currency reserves are denominated in dollars-some $2.1 trillion-compared with only 25 percent in euros, according to the International Monetary Fund.

Yet the almighty dollar tanked as 2006 drew to a close. Since mid-October, the dollar has fallen 6 percent against the euro. With widespread concern about the sustainability of the gigantic $800 billion U.S. trade deficit-which requires continuing megapurchases of dollars-some dollar bears interpreted the recent decline as the beginning of a long-awaited greenback collapse. Perhaps foreign central banks, flush with dollars, would begin to dump the dollar en masse.

Cashing out. Dixon Fung, a currency trader at MG Financial, has a simpler, more benign explanation. "Traders just finally realized that we are at the end of a Fed tightening cycle," he explains. Higher U.S. interest rates have served to counterbalance America's huge trade deficit by paying foreign investors more to hold dollars. Now, with growth having slowed and the Federal

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Reserve Board on hold and perhaps ready to lower rates-and with its European Union counterpart raising them-it seemed a good time to sell. And while the dollar could dip a bit more, don't expect a full-fledged rout.

"The dollar probably should head lower, but it probably won't," says economist Robert Brusca of Fact and Opinion Economics. He notes, for instance, that China has no interest in dumping dollars and thereby starting a panic that would seriously devalue its $700 billion in U.S. government bonds and other dollar-denominated assets. And growth in the EU is forecast to slow in 2007, making that region less attractive to investors. Indeed, the dollar has started to strengthen of late. A surprise Fed rate hike would help even more. While some countries, such as China and the United Arab Emirates, may continue to diversify their foreign currency holdings, "nothing is going to replace the dollar anytime soon," Brusca says.

OPEC Cuts Likely To Buoy Oil Long Term (WSJ)

By Yee Kai Pin

Wall Street Journal, January 8, 2007

SINGAPORE -- The price of oil may have started 2007 by losing around 8% of its value, but the likelihood of a swift supply response from producers and a series of other factors are likely to underpin the price in the longer term.

Though supply will remain steady until the Organization of Petroleum Exporting Countries cuts output in a few weeks, analysts said expectations of sustained demand and a long list of geopolitical uncertainties will contribute to a firm oil price.

"I don't think the oil boom is over," said Victor Shum, a Singapore-based analyst at U.S. energy consultancy Purvin & Gertz Inc.

"If we look ahead six months, the sharp drop now will test OPEC's resolve [in cutting production]. That and a weakening U.S. dollar is encouragement for OPEC members to be more aggressive in terms of supply discipline," he said.

Crude-oil contracts for February delivery ended a two-day plunge in the U.S. Friday, rising 72 cents, or 1.3%, to $56.31 a barrel -- still off 7.8% on the week at the New York Mercantile Exchange.

The bearish tone has been set in recent days amid an unseasonably balmy winter in key heating regions such as the U.S. and Japan, and at a time when oil-product inventories in these major markets are relatively ample.

"It is still a little too early to talk of a price crisis, but the market does appear to be on the threshold of one," Paul Horsnell, head of energy research at investment bank Barclays Capital, said in a report.

OPEC, which pumps about two-thirds of the world's crude and is widely expected to defend oil at $60 a barrel, is already expressing concern with the price free-fall.

"OPEC ministers are watching the market vigilantly," Hossein Kazempour Ardebili, Iran's governor to the producers' group, said last week.

"If these prices persist or there is a continued decline on the horizon, then the group would consider meeting," he said, adding that policy consultations can also take place by telephone.

The group in mid-December agreed to cut output by 500,000 barrels a day beginning Feb. 1, its second decision in three months to cut back, to forestall the usual seasonal decline in demand after the Northern Hemisphere winter.

However, partly because members have failed to fully implement their earlier plan to rein in 1.2 million barrels a day, traders have cast doubt on the follow-through action.

Ahead of the group's next scheduled meeting March 15, five ministers, including de-facto leader Ali Naimi of Saudi Arabia, will huddle in less than two weeks on the sidelines of an industry conference in New Delhi.

This may provide the group another chance to signal to the market its readiness to step in.

Nymex crude "may go down a bit further because of the momentum, but I think we're looking at a low point already," said Mr. Shum of Purvin & Gertz, predicting a trading average between $60-$65 a barrel in the first half of 2007.

Meanwhile, the global oil market continues to be saddled with a growing list of uncertainties.

Despite talk of "geopolitical fatigue," long-running supply disruptions in Nigeria and Iraq as well as the war of words between the U.S. and Tehran over Iran's nuclear program are still key to the supply outlook.

Stem Cells In Amniotic Fluid Show Great Promise, Study Says (LAT)

By Karen Kaplan

The Los Angeles Times, January 8, 2007

Researchers have found stem cells in human amniotic fluid that appear to have many of the key benefits of embryonic stem cells while avoiding their knottiest ethical, medical and logistical drawbacks, according to a study published today.

The stem cells -- easy to harvest from the fluid leftover from amniocentesis tests given to pregnant women -- were able to transform into new bone, heart muscle, blood vessels, fat, nerve and liver tissues, the study said.

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"So far, we've been successful with every cell type we've attempted to produce from these stem cells," said Dr. Anthony Atala, director of the Institute for Regenerative Medicine at Wake Forest University School of Medicine in Winston-Salem, N.C., and senior author of the report published online by the journal Nature Biotechnology.

The finding points to a promising avenue of research that sidesteps the hurdles facing embryonic stem cell research, which has been stymied by moral objections to the destruction of embryos that occurs when the cells are harvested.

Most of the work involving human embryonic stem cells is ineligible for the more than $25 billion the federal government spends on research each year. But amniotic fluid stem cell studies are already being funded by the National Institutes of Health.

The study also suggests another advantage: Unlike embryonic cells, which can form tumors when implanted in lab animals, amniotic fluid stem cells do not appear to do so.

"If everything that people think about them turns out to be true, they'll be a powerful source for therapeutic cells," said Alan Russell, director of the McGowan Institute for Regenerative Medicine at the University of Pittsburgh, who wasn't involved in the study.

It is still unclear whether stem cells from amniotic fluid -- the liquid that cushions babies in the womb -- can give rise to the full range of cell types that embryonic stem cells can produce.

"They can clearly generate a broad range of important cell types, but they may not do as many tricks as embryonic stem cells," said Dr. Robert Lanza, a prominent embryonic stem cell researcher and head of scientific development at Advanced Cell Technology Inc. in Worcester, Mass.

But even if the amniotic fluid stem cells turn out to be less flexible, they may still be an important tool in the nascent field of regenerative medicine.

Dr. Dario Fauza, coordinator of the surgical research laboratories at Children's Hospital Boston, has already used the cells to grow tissue to repair defective diaphragms and tracheas in sheep.

He has asked the Food and Drug Administration for permission to do the same for children born with herniated diaphragms. It would be the first human clinical trial involving amniotic fluid stem cells, he said.

Two Swiss scientists, Dr. Dorthe Schmidt and Dr. Simon Hoerstrup of University Hospital Zurich have also used amniotic fluid stem cells to grow heart valves. They are currently testing them in sheep.

The stem cells "may not be as earth-shattering a discovery as human embryonic stem cells, but these cells could prove to be equally important for medical therapy," Lanza said. "I think this is an exciting breakthrough."

Amniotic fluid stem cells lie somewhere between the two major categories of stem cells: embryonic and adult.

Embryonic stem cells are derived from days-old embryos. Nearly all of the development is still to come, so those cells must be extremely flexible.

That trait, called "pluripotency," is the reason researchers believe embryonic stem cells could offer cures for a wide range of ailments. They envision using the cells to replace the faulty islet cells that leave diabetes patients without enough insulin and to grow fresh brain tissue to treat stroke victims, among other things. But they don't yet know how.

Adult stem cells are narrowly focused on replenishing specific types of tissue that wear out over the course of a lifetime, such as skin, hair and blood. Researchers all over the world are looking for ways to expand their range of capabilities.

Amniotic fluid stem cells, which are sloughed off by the developing fetus, are "a different kind of a stem cell," Atala said. "It's not as early as a human embryonic stem cell and it's not as late as the adult stem cells."

Scientists surmised that amniotic fluid would contain those cells more than a decade ago and identified them after several years of searching.

Atala and his colleagues set out to determine just how plentiful and flexible these stem cells might be.

The researchers studied 10-milliliter samples of fluid extracted from pregnant women who had amniocentesis tests to screen their babies for genetic abnormalities. Those tests are routinely performed early in the second trimester.

Of the myriad cells that make up amniotic fluid, the researchers found about 1% had a surface marker that is a hallmark of embryonic stem cells. They took it as a signal that the cells might possess pluripotent abilities.

The researchers from Wake Forest and Harvard Medical School biochemically prompted the cells to transform into all the main categories of embryonic tissue.

A key test was to see if the cells functioned like normal cells.

Stem cells that had been induced to become neural cells were able to secrete a neurotransmitter when stimulated by potassium ions, mimicking conditions inside the brain, the researchers reported. They also induced stem cells to develop into liver cells that were able to secrete urea, a compound produced in the liver.

Other stem cells that had been coaxed into becoming osteoblasts, which build up bone, were implanted in mice. The cells formed a tissue that was more dense than normal mouse bone, he said.

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"You may be able to obtain the same medical benefits -- and cure the same diseases -- without the risks or controversy associated with embryonic stem cells," said Lanza of Advanced Cell Technology. "It's just what the doctor ordered."

The cells did not form the tumors -- jumbles of tissue that can include bits of fat, hair and teeth -- that are common with embryonic stem cells, the researchers said.

"That's one of the biggest issues the FDA will be concerned about when it comes time to approve stem cell-based therapies," Russell added.

But Larry Goldstein, a professor of cellular and molecular medicine at UC San Diego who studies embryonic stem cells, said the absence of tumors might signal a limitation of stem cells derived from amniotic fluid. "It makes me wonder how pluripotent they are," he said.

Though the cells might prove useful in some circumstances, Goldstein said, they aren't a substitute for embryonic stem cells. "They built a screwdriver here, but I need a wrench," he said.

The technology described in the study is owned by Wake Forest University Baptist Medical Center and controlled by Plurion Inc., a biotech start-up in Winston-Salem. Atala serves on Plurion's board and directs its scientific advisory panel.

The researchers, whose study was primarily funded by the Joshua Frase Foundation and the Crown Foundation of the March of Dimes, reported that they have found similar stem cells in samples of chorionic villus -- a part of the placenta that is sometimes biopsied during pregnancy as an alternative to amniocentesis -- and of placentas obtained after birth.

Stem cells could one day be routinely extracted from placentas and stored in case they are needed to create genetically matched tissues during a baby's lifetime, Atala said.

Amniotic fluid stem cells could also be used to build a stem cell bank. It would take about 100,000 cell samples to obtain enough genetic diversity to cover 99% of the U.S. population, he said.

Stem Cells Extracted From Amniotic Fluid (USAT)

By Elizabeth Weise

USA Today, January 8, 2007

Researchers have been able to derive human stem cells from the amniotic fluid surrounding babies in the womb, potentially providing a source of stem cells that is easily available and uncontroversial.

The amniotic stem cells grew readily into independent cell lines, or colonies, doubling in just 36 hours, the paper says. It was published in Sunday's edition of the journal Nature Biotechnology.

The researchers at the Wake Forest University School of Medicine in Winston-Salem, N.C., were able to get the amniotic cells to differentiate into fat, bone, muscle, blood, nerve and liver cells.

Stem cells can develop into almost all cell types and serve as the repair system for the body.

Such cells created from early-stage human embryos, called embryonic stem cells, have shown the greatest potential for turning into any cell needed. But they are controversial because making them requires destroying the embryo. President Bush cut all federal funding for research into new human embryonic cell lines in 2001.

The amniotic cells are neither human embryonic stem cells nor adult stem cells, which are slightly less resilient, says lead researcher Anthony Atala, director of Wake Forest's Regenerative Medicine and Tissue Engineering Institute.

"They're something in between," he says.

One advantage is that these cells, unlike embryonic stem cells, don't form tumors when implanted into mice.

Though much research into the safety and effectiveness of these potential embryonic stem cell substitutes still needs to be done, the huge advantage would be that they can be easily harvested from both amniotic fluid as well as placental tissue after a baby is born.

The scientists were also able to obtain similar stem cells from prenatal chorioni villius biopsies, commonly done on older women to test for chromosomal abnormalities such as Down syndrome.

If a family "banked" a baby's amniotic stem cells at birth by freezing them, they could provide a potential line of stem cells to treat diseases the child might develop later, Atala says.

But even more important, because amniotic fluid is so easy to harvest, it would make it possible to create thousands of cell lines.

"If you banked 100,000 specimens, you'd be able to provide cells for 99% of the U.S. population with a perfect match for genetic transplantation," Atala says.

Says Robert Lanza of Advanced Cell Technology, a biotechnology firm working to commercialize human stem cell technology: "Just 100 lines will match half the U.S. population. It's an exciting breakthrough."

Scientists See Potential In Amniotic Stem Cells (WP)

DOJ_NMG_0113282

By Rick Weiss

The Washington Post, January 8, 2007

A type of cell that floats freely in the amniotic fluid of pregnant women has been found to have many of the same traits as embryonic stem cells, including an ability to grow into brain, muscle and other tissues that could be used to treat a variety of diseases, scientists reported yesterday.

The cells, shed by the developing fetus and easily retrieved during routine prenatal testing, are easier to maintain in laboratory dishes than embryonic stem cells -- the highly versatile cells that come from destroyed human embryos and are at the center of a heated congressional debate that will resume this week.

Moreover, because the cells are a genetic match to the developing fetus, tissues grown from them in the laboratory will not be rejected if they are used to treat birth defects in that newborn, researchers said. Alternatively, the cells could be frozen, providing a personalized tissue bank for use later in life.

The new cells are adding credence to an emerging consensus among experts that the popular distinction between embryonic and "adult" stem cells -- those isolated from adult bone marrow and other organs -- is artificial.

Increasingly, it appears there is a continuum of stem cell types, ranging from the embryonic ones that can morph into virtually any kind of tissue but are difficult to tame, up to adult ones that can turn into a limited number of tissues but are relatively easy to control.

The newly analyzed fetal stem cells, scientists said, have many of the advantages of both.

"They grow fast, as fast as embryonic stem cells, and they show great pluripotentiality," meaning they can become many kinds of tissues, said study leader Anthony Atala, director of the Institute for Regenerative Medicine at Wake Forest University School of Medicine in Winston-Salem, N.C. "But they remain stable for years without forming tumors," he added, something that embryonic cells are not very good at.

Atala and other scientists emphasized that they don't believe the cells will make embryonic stem cells irrelevant.

"There's not going to be one shoe that fits all," said Robert Lanza, scientific director at Advanced Cell Technology in Worcester, Mass. "We're going to have to see which ones are most useful for which clinical conditions."

George Daley, a Harvard stem cell researcher, echoed that sentiment. "They are not a replacement for embryonic stem cells," he said.

But in the past, even hints that non-embryonic cells might have medical potential similar to embryonic ones have complicated the political push to expand federal funding for the controversial field. And accordingly, opponents quickly pounced on the new results.

"This is wonderful news," said Richard Doerflinger, deputy director of pro-life activities at the U.S. Conference of Catholic Bishops, which opposes research that depends on embryo destruction. "It doesn't require harming anyone or destroying life at any stage."

Last year, President Bush vetoed a bill that would have allowed federal funding of research on stem cells from embryos discarded by fertility clinics. The newly Democratic Congress has promised to send the same or a similar bill to Bush's desk with even greater majorities early this term, with the House slated to vote on the matter this week.

The new work, described in yesterday's online edition of the journal Nature Biotechnology, shows that "amniotic fluid-derived stem cells" can be isolated as early as 10 weeks after conception from fluid extracted during tests widely done to detect birth defects.

In the laboratory, the amniotic cells can mature into all of the major types of cells, dividing at the impressive clip of once every 36 hours yet never showing signs of aging and never becoming tumors -- even after living for more than two years in the lab.

With co-workers from Wake Forest and from Children's Hospital in Boston, Atala coaxed the cells to become brain cells and injected them into the skulls of mice with diseased brains. The new cells filled in diseased areas and appeared to make new connections with nearby healthy neurons.

When coaxed to become bone cells and seeded onto a gelatin scaffold that was then implanted in a mouse, the cells calcified and turned into dense, healthy bone.

Under other conditions they became muscle, fat, blood vessel and liver cells.

Atala said that if 100,000 women donated their amniotic cells to a bank, that would provide enough cells of sufficient genetic diversity to provide immunologically compatible tissues for virtually everyone in the United States. With more than 4 million U.S. births a year, it would not take long to collect that many specimens, he said -- especially because the cells can be found not only in amniotic fluid but also in the placenta, which is discarded after birth.

The rights to certain patent claims relating to the cells have been licensed to Plureon Corp. of Winston-Salem, a privately held company on whose board of directors Atala sits.

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Although several stem cell experts applauded the work, some questioned the novelty of the newly described cells. Similar cells have been under study for years with little fanfare, they noted. And though Atala's careful characterization of them is better than any previously done, they said, it is not clear that his cells are truly different than ones others have in hand.

At Children's Hospital in Boston, for example, Dario Fauza, a pediatric surgeon, has been cultivating similar cells and getting them to grow into cartilage, which he has used to repair defective windpipes in newborn sheep. He has also grown the cells into tendon tissue that was used to repair defective diaphragms in sheep.

Fauza is seeking Food and Drug Administration permission to try the method in children diagnosed with birth defects while in the womb. He hopes to grow replacement tissues from their own amniotic cells and use those tissues to repair their defects after birth.

"Typically, you don't do anything until the child is born, and then you are scrambling to fix it," Fauza said. "Why not take out some amniotic fluid, which we do routinely anyway, and engineer a tissue in parallel during the remainder of gestation so he or she will have a tissue by the time he or she is born?"

Population Shift Likely To Boost GOP (WT)

By Donald Lambro

The Washington Times, January 8, 2007

Ongoing population shifts from the North to the Sun Belt states will benefit Republicans more than Democrats in future House races and could enlarge the Republican Party's electoral count in presidential elections, political analysts say.

Analysts say Democrats have offset the Republicans' Sun Belt advantage with gains in the Northeast and parts of the South and Southwest, but that the size of the migration by the end of this decade likely will give the edge to Republicans.

"I think on balance the Republicans will benefit from the larger number of seats in the Sun Belt region. They won't get 100 percent of it, but more than the Democrats do," said Merle Black, a longtime analyst of Southern politics at Emory University in Georgia.

Projections of the number of Americans moving from the Democrat-dominated Northeast to the more Republican-friendly Southern and Western states "show that seven congressional seats in 13 states have already changed at this point in the decade," according to an analysis by Election Data Services, a firm that studies how population shifts affect redistricting changes under congressional reapportionment.

It forecasts a loss of House seats in Massachusetts, Pennsylvania, New York, Ohio, Missouri, Iowa and Louisiana, gains of one seat each in Florida, Georgia, Arizona, Nevada and Utah, and a gain of two seats in Texas.

Another analysis shows an even larger "probable" shift of House seats from the North to the Sun Belt, according to Polidata, a Virginia-based demographic and political research firm.

Under these "probable changes," 13 seats could shift among 19 states, with eight gainers and 11 losers. "All the gainers are in the South and West and all the losers are in the East and Midwest except Louisiana," the Polidata study said.

Leading the "biggest gainers" would be Texas, with four additional seats. Polidata projects gains of two seats each in Florida and Arizona and one each in Georgia, Utah, Nevada, Oregon and Washington.

The biggest losers would be New York and Ohio, with two seats each. Massachusetts, New Jersey, Pennsylvania, Michigan, Illinois, Minnesota, Iowa, Missouri and Louisiana each would lose one.

Because each state's electoral votes are based on its representation in Congress, the shift in House seats to the Sun Belt regions, where Republicans are strongest in presidential elections, would mean increased clout in the Electoral College, too.

"Overall, given a 2004 electoral vote of 286 [for President] Bush to 252 [for Sen. John] Kerry, the vote count based upon these 2010 projections would have been 292 Bush, 246 Kerry, a gain of six for the Republican ticket," Polidata's report said.

Independent analysts predict House seat gains in the Southwest and the South -- which with 131 seats is the largest regional delegation in the country -- but said Republican strength declined in the South and in the Northeast in the 2006 election.

The number of House seats for Southern Republicans fell in November from 82 to 77, Mr. Black said, while Democrats increased their number from 49 to 54. In the Northeast, a rash of Republican congressional losses from New Hampshire to Pennsylvania gave 68 House seats to Democrats and 24 to Republicans.

The House seat shifts will not take place until after the 2010 census, when states redraw congressional boundaries in time for the 2012 elections.

"We don't really know the demographics that are driving the in-and-out migration in these states," said political analyst Rhodes Cook. "Some of them could be more affluent white conservatives, but they might be Hispanics who tend to vote more Democratic."

Biden Dispels Doubt: He'll Join 2008 Race (USAT)

DOJ_NMG_0113284

USA Today, January 8, 2007

Sen. Joseph Biden said Sunday that he is seeking the Democratic nomination for president and thinks he can hold his own against potential high-profile rivals such as fellow Sens. Hillary Rodham Clinton and Barack Obama. "I am running for president," Biden said on NBC's Meet the Press. "I will file for an exploratory committee before the month is out."

The filing will allow him to raise money while he gauges support for his candidacy.

Biden is the new chairman of the Senate Foreign Relations Committee. He has promoted a detailed plan for peace in Iraq that would divide the country along ethnic lines.

The Delaware Democrat long has made clear his intentions to again seek the White House. His first presidential bid collapsed 20 years ago amid allegations he plagiarized a campaign speech from then-British Labor Party leader Neil Kinnock.

Biden has about $3.5 million in his campaign account and has campaigned extensively in early voting states such as New Hampshire, Iowa, South Carolina and Nevada.

Army apologizes for recruiting blunder

The Army blamed a computer mix-up for recruitment letters mistakenly sent over the holidays to the families of 275 officers killed or wounded in Iraq.

"Every Army leader is just sick that this happened," said Gen. Richard Cody, the Army's vice chief of staff.

"This is an inexcusable mistake. Five years into this war, the Army can do better than this — and we will."

Cody said the Army used the wrong database in mailing letters between Christmas and New Year's Day to more than 5,100 Army officers who recently left the service. Included were 200 officers wounded in action and 75 killed in action.

That is more than one-third of all Army officers who have died in Iraq since the war began. The letters encourage the officers to consider returning to active duty. Cody said the Army was contacting each family to offer a personal apology.

Biden Says He Can Run With '08 Rivals (AP)

AP, January 8, 2007

WASHINGTON - Democratic Sen. Joe Biden promoted his presidential bid on Sunday, saying he thinks he can hold his own against potential high-profile rivals such as fellow Sens. Hillary Clinton and Barack Obama.

"I'll be Joe Biden and I'll try to be the best Biden I can be," the 64-year-old Delaware lawmaker said. "If I can, I have a shot. If I can't, I lose."

Biden said he will set up an exploratory committee by the end of the month that will help him raise money and gauge support for his candidacy.

Biden, who long has made clear his intentions to seek the White House in the wide-open race, has about $3.5 million in his campaign account. He has campaigned extensively in early voting states such as New Hampshire, Iowa, South Carolina and Nevada.

"I am running for president," he said on "Meet the Press" on NBC. "I will file for an exploratory committee before the month is out."

Considered one of his party's most experienced spokesmen on international affairs, Biden is the new chairman of the Senate Foreign Relations Committee.

He plans a series of hearings on the Iraq war and has promoted a detailed plan for peace in Iraq that would divide the country along ethnic lines.

Biden's first presidential bid collapsed 20 years ago amid allegations he plagiarized a campaign speech from then-British Labor Party leader Neil Kinnock.

Biden Declares Bid For 2008 Democratic Presidential Nomination (BLOOM)

By Joe Sobczyk

Bloomberg, January 8, 2007

Jan. 7 (Bloomberg) -- Senator Joseph Biden said he will seek the Democratic presidential nomination in 2008 and plans to file paperwork that will allow him to begin raising money.

The Delaware Democrat has said for months that he was trying to determine whether he would have enough political and financial support to make a bid for the presidency. Now he is taking the next step, setting up an exploratory committee.

``I am running for president," Biden said on NBC's ``Meet the Press" program.

The first test in the race, the Iowa Caucuses, is a little more than a year away. Former North Carolina Senator John Edwards, the Democratic vice presidential nominee in 2004, former Iowa Governor Tom Vilsack and Representative Dennis Kucinich of Ohio have formally declared their candidacies.

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Other potential candidates include Senators Hillary Clinton of New York and Barack Obama of Illinois, both of whom have been visiting states where the first nominating contests will be held. Neither has announced their intentions.

Biden, 64, first elected to the Senate in 1972, took over as chairman of the Senate Foreign Relations Committee with the swearing-in of the new Democratic-controlled Congress last week. He has been a vocal critic of President George W. Bush's Iraq policies and backs a proposal to divide Iraq into three semi- autonomous regions among Sunni and Shiite Muslims and the Kurds.

A Gallup Organization poll taken last month found Clinton favored as her party's nominee by Democratic voters. She got support from 33 percent, followed by Obama with 20 percent and former Vice President Al Gore with 12 percent. Biden got support from 3 percent, behind the 2004 Democratic nominee, Senator John Kerry of Massachusetts.

Biden's last bid for the presidency, in 1988, was derailed after he failed to credit portions of a speech that he had adapted from a U.K. politician.

Among Republicans, Senator John McCain of Arizona, former New York City Mayor Rudy Giuliani and former Massachusetts Governor Mitt Romney have formed exploratory committees, an initial step toward building a campaign organization.

Biden Joins List Of Presidential Contenders (NYT)

The New York Times, January 8, 2007

WASHINGTON, Jan. 7 — Senator Joseph R. Biden Jr. of Delaware on Sunday became the fourth Democrat to formally announce plans to run for president next year.

“I am running for president,” Mr. Biden said toward the end of an appearance on “Meet the Press” on NBC.

“I’m going to be Joe Biden, and I’m going to try to be the best Biden I can be,” he said. “If I can, I got a shot. If I can’t, I lose.”

He said he would file paperwork by the end of the month to establish an exploratory committee to gather support for his bid.

Mr. Biden, who was first elected to the Senate in 1972, also sought the presidential nomination in 1988. But he dropped out of the race after admitting that he had used speeches by other politicians without attribution, and after reports that he had plagiarized while in law school.

Mr. Biden, chairman of the Committee on Foreign Relations, joins a widening field of Democratic presidential hopefuls. The others who have officially announced their candidacies are former Senator John Edwards of North Carolina, Representative Dennis J. Kucinich of Ohio and Gov. Tom Vilsack of Iowa.

Other potential Democratic contenders include Senators Hilary Rodham Clinton of New York and Barack Obama of Illinois. Among Republicans, Senator John McCain of Arizona, former Gov. George E. Pataki of New York and Rudolph W. Giuliani, the former New York City mayor, are expected to run.

Patrick Says He Would Support Kerry If He Seeks Presidency Again (BOS/AP)

By Glen Johnson

The Boston Globe, January 8, 2007

BOSTON --Sen. Barack Obama visited Massachusetts three times last year to campaign for Deval Patrick. The husband of Sen. Hillary Rodham Clinton, former President Bill Clinton, appointed Patrick to the top Justice Department civil rights post during the 1990s.

But the state's new governor says he would have to support Sen. John Kerry over Obama or Mrs. Clinton should the Massachusetts Democrat make a second run for the presidency.

"They are very, very strong people," Patrick said of his three fellow Democrats during an appearance aired Sunday on WHDH-TV's "Urban Update." "I will tell you that if my home senator runs, I've got to be with him. I love the other candidates, but we will see. I don't know that he has made a decision yet."

In October, Patrick called a similar question "premature" after Kerry campaigned for him at the Perkins School for the Blind in Watertown.

Obama, an Illinois Democrat still in his first term in Congress, and Clinton, a New York Democrat just sworn into her second term, are weighing campaigns in 2008, as is Kerry.

Kerry has pledged to announce a decision about a second campaign in the near future, perhaps this month. He is up for re-election in 2008, and some local Democrats are urging him to decide whether he wants to seek re-election or wage a second presidential campaign.

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The senator has suggested the calendar and state election law would allow him to do both, at least until he learned the outcome of early primaries and caucuses.

Kerry's senior colleague, Sen. Edward M. Kennedy, D-Mass., signaled impatience with his fellow senator in December, saying his support was not guaranteed and he did not want to wait "indefinitely" for a decision. Kennedy later declared he would support Kerry should he declare his candidacy "in the near term."

In 2004, Kennedy was one of Kerry's most ardent supporters, despite a close personal relationship with then-Sen. John Edwards of North Carolina, who also was seeking the Democratic presidential nomination.

Edwards, who lost his bid but ended up being Kerry's vice presidential running mate, has already declared his candidacy for their party's 2008 presidential nomination.

A Candidate's Not-So-Candid Camera? (WP)

By Howard Kurtz

The Washington Post, January 8, 2007

John Edwards is ridiculing his political consultants.

"You know, they gave me a really great memo," he says, waving the document, which advises him to highlight the importance of public education when addressing teachers. "I pay a lot of money for people who have the expertise to tell me this."

An unscripted moment caught on a cellphone camera? Not exactly. The video of the presidential candidate chatting on his plane is on Edwards's Web site. The former senator seems unusually frank about the absurdities of political life -- or is this just carefully choreographed candor, packaged for the YouTube age?

The 2008 campaign is "totally going to be on steroids this time in terms of what a candidate can do," says Joe Trippi, who masterminded Howard Dean's Internet-driven bid in 2003 and 2004. "You're going to see reality, and you're going to see savvy manipulation under the guise of something that's authentic and real." But Trippi warns against candidates' secretly scripting such moments: "If you get caught, you're dead."

Veteran journalist and blogger Jeff Jarvis says that "candidates will try to look more transparent, whether they are or not. Obviously, you're not going to put something out there that's not flattering. If the casual moments come from the campaign, I can recognize them for what they are."

Mathew Gross, Edwards's Internet strategist, says the campaign is "trying to reach an audience that is increasingly segmented into different channels . . . You peel away the artifice of the campaign to show what's really happening."

Edwards's second bid for the White House, announced shortly after Christmas, was overshadowed by the death of Gerald Ford and the hanging of Saddam Hussein. But Edwards generated plenty of online buzz by hiring friendly bloggers or paying their travel expenses, which would be ethically unacceptable for mainstream journalists.

"We live in a world in which everybody has the power to capture and then broadcast," says Gross, a Dean campaign veteran, noting that the bloggers have full editorial control over their own words and pictures.

Edwards has gone deep into the blogosphere, posting profile pages on MySpace and Facebook and fielding questions -- with his wife, Elizabeth -- on the popular liberal site Daily Kos. His daughter Cate also blogs on the campaign site.

What's striking about the "Webisode," in which Edwards chats on his plane with a freelance video crew, is that it looks like a television documentary, with quick-cut editing and a jerky handheld camera. Edwards, in a work shirt and jeans, is seen chatting with others, not looking at the camera. He says he wants to be judged "based on who I really am, not based on some plastic Ken doll. . . . You're trained to be careful. You're trained to close off, if it feels sensitive, if it feels personal. . . . We're conditioned to saying the same thing, we're conditioned to saying what's safe, we're conditioned to be political, and it's hard to shed all that."

The campaign hired Andrew Baron, founder of the satirical news site Rocketboom.com, to provide advice and to shoot Edwards's announcement video, which was posted on YouTube the night before the candidate personally declared his candidacy in New Orleans. Rocketboom also conducted a separate interview for its Web site, consisting of such softball questions as "What is the John Edwards candidacy about?"

Baron says Rocketboom "is not a journalistic platform" and sets its own ethical standards. As for Edwards, Baron says by e-mail, "this is his opportunity, along with all of ours, to use the video medium to show who he really is/we really are."

Chuck Olsen, a Minnesota freelancer paid for his work by Rocketboom and the campaign, writes on his blog: "For what it's worth I'm convinced Edwards is a passionate, smart, authentic person who would make a great president."

Robert Scoble, a blogger and former Microsoft staffer, paid his own way -- except for the flights on the Edwards campaign plane during the multi-city announcement tour that began in New Orleans. "Was I used by the campaign? Absolutely," he writes on his blog. "I was there to give a different look at the campaign than the Washington Post or CNN could give." Responding to

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criticism by another blogger who accused him of "doing exactly what his handlers wanted, namely, giving Edwards pseudo-legitimacy among the technophile idiots," Scoble says, "I got to know his staff instead of trying to ask a question that'd get Edwards angry or give me an answer that he wouldn't give Matt Lauer on the 'Today' show."Small is Beautiful?

The slimmed-down Wall Street Journal looked colorful but cramped last week after debuting at its reduced size, with a huge "What's News" digest and a display ad squeezing the front-page stories into three remaining columns. But the more important development has nothing to do with the money-saving layout.

"The culture here has changed dramatically in the last few years," says Managing Editor Paul Steiger. He says 80 percent of the paper's articles will now stress analysis, interpretation or feature writing, with only 20 percent of the what-happened-yesterday variety. As if to underscore the shift, the lead of Thursday's paper was an opinion column by Alan Murray saying that the CEO of Home Depot had "failed most spectacularly" as a public spokesman. The news story on Robert Nardelli's resignation and $210 million golden parachute ran to the column's left.

The late Journal editor Barney Kilgore once said that "it doesn't have to happen yesterday to be news," Publisher Gordon Crovitz recalls. "To which I'd add, just because it happened yesterday, it may not be news to our readers."

Steiger says he assumes that most readers, though not all, have already seen the day's news online. The paper plans to break most of its exclusives on its subscription-only Web site, which has 800,000 customers. When the Journal learned that Los Angeles Times editor Dean Baquet would resign rather than make corporate-mandated budget cuts, it put the story online -- prompting Baquet to confirm the news to his staff -- and came back with a more detailed piece the next morning.

As for the smaller paper's 5 percent loss of news space, Steiger insists tighter editing (plus info-graphics in the USA Today mold) will make up the difference.

Some Journal staffers, meanwhile, are quite upset over an incident last month in which advertisers were told in advance that the paper planned a story on jets that rent time to clients, allowing the handful of companies in the field to buy ad space in the Personal Journal section.

Insiders say that Hilary Stout, the section's editor, objected to the advertisers' involvement and declined to assign the story, and that travel columnist Scott McCartney refused the assignment after a jet company called him to ask about the story. Another reporter was drafted and wrote a balanced piece.

Steiger says the story -- which was first noted by Women's Wear Daily -- was "much too narrow" for advertisers to have been notified in advance, as opposed to a story or package on a larger industry. Such arrangements, he says, could "create confusion and make people think the story might be an advertorial. . . . I'm glad that some reporters raised questions about it." He says the paper will be "more diligent" about what it tells advertisers in advance.Plagiarism Watch

Jacqueline Gonzalez, a San Antonio Express-News columnist, resigned last week after editors found her lifting information without credit in three columns. An internal inquiry began after Gonzalez was found to have ripped off the online encyclopedia Wikipedia for material on the origin of Dec. 25 as the observed birth date of Jesus Christ.Hollywood on the Potomac

Washington journalists must be getting famous. In a "tribute" to the 110th Congress sponsored by the Creative Coalition, the "celebrity delegation" touted in the invitation includes not just Heather Graham, Morgan Fairchild, Fran Drescher and Rip Torn, but Newsweek's Howard Fineman, MSNBC's Tucker Carlson and CNN's Bob Franken. The Jan. 31 event is a $1,000-a-ticket fundraiser for the lobbying group.

"I'm not a delegate to anything," Fineman says. "Even though there's nothing wrong with it, it looks like they're dangling us all on a revolving stage. I'm not even sure I'm going to be there."

Franken says he is a "celebrity wannabe" and that "this will cause a lot of people to say, 'Who the hell is Bob Franken?' "

Prisoner Of Conscience (VF)

By Todd S. Purdum

Vanity Fair, January 8, 2007

The audience is just the kind that makes John McCain feel most alive: a couple of thousand fresh-faced, corn-fed college kids still idealistic enough to believe an Honest-to-God American Hero who tells them that they can, and should, strive to serve a cause greater than their own self-interest. The setting is the Stephens Auditorium at Iowa State University, in Ames, and the questioner is Chris Matthews of MSNBC's Hardball, who is pitching an hour's worth of interrogatories to the American media's favorite politician.

It is three weeks before midterm elections that will prove to be a decidedly mixed bag for McCain. His party will experience the electorate's repudiation of the war in Iraq, which McCain has always supported, and at the same time the voters will repudiate the cozy and corrupt Washington culture as a whole, which McCain has always loathed. Matthews wants to know McCain's views on the prevalence of gay people in all walks of life, a subject whose predicate is the scandal involving

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Representative Mark Foley and his come-hither instant-messaging with congressional pages. "Should gay marriage be allowed?," Matthews asks.

"I think that gay marriage should be allowed, if there's a ceremony kind of thing, if you want to call it that," McCain answers, searching in vain for the less loaded phrases he knows are out there somewhere, such as "commitment ceremony" or "civil union." "I don't have any problem with that, but I do believe in preserving the sanctity of the union between man and woman." It may not be clear just what McCain is trying to say, but it's easy to see how his words could be skewed in a direction that the Republican right might not like at all.

Fast-forward to the next commercial break, during which McCain and Matthews reposition themselves from the stage to the auditorium floor to take questions from the students. McCain's longtime political strategist, John Weaver, a lanky, laconic Texan, moves in to whisper some advice. The next question is about the pending federal farm bill, and McCain repeats his long-standing opposition to certain agricultural subsidies.

But then, out of nowhere, he adds, "Could I just mention one other thing? On the issue of the gay marriage, I believe if people want to have private ceremonies, that's fine. I do not believe that gay marriages should be legal." There: he said it, the right words for his right flank. It might seem that this audience, the sons and daughters of a socially conservative and culturally traditional bellwether state, would accept, if not approve of, what McCain has just declared. But they are the Wi-Fi wave of the future, and they can smell a pander bear as surely as they can a hog lot. They erupt in a chorus of deafening boos. "Obviously some disagreement with that last comment," McCain says tightly. "Thank you. It's nice to see you."

Moments later, McCain remounts the stage for the program's final segment, and he bores into Weaver, standing quietly in the wings, with a cold look that seems to mingle irritation at Weaver's whispered advice with regret that he took it, and demands, almost hisses, "Did I fix it? Did I fix it?"

John McCain has spent this whole day, this whole year, these whole last six years, trying to "fix it," trying to square the circle: that is, trying to make the maverick, freethinking impulses that first made him into a political star somehow compatible with the suck-it-up adherence to the orthodoxies required of a Republican presidential front-runner. McCain opposes a constitutional amendment to ban gay marriage, but supports a ballot measure that would do just that in his home state of Arizona. (It would fail in the midterm elections.) His short-term reward for the Hardball bunt on gay marriage? Boos from the audience and a headline on the Drudge Report, the right wing's favorite screechy early-warning system, reading, mccain: gay marriage should be allowed? McCain needs to square that circle, and the hell of it is, he just can't. Back in the Straddle

But God knows McCain is trying. He began this mid-October day in Sioux City, appearing at a fund-raising Siouxland Breakfast for Representative Steve King, an immigration hard-liner. Recently he had called McCain an "amnesty mercenary" for daring to work with Senator Ted Kennedy on a compromise bill that would provide an eventual path to citizenship for the millions of immigrant workers already in the United States illegally. A day earlier, in Milwaukee, in front of an audience of more sympathetic businessmen, McCain had been asked how debate over the immigration bill was playing politically. "In the short term, it probably galvanizes our base," he said. "In the long term, if you alienate the Hispanics, you'll pay a heavy price." Then he added, unable to help himself, "By the way, I think the fence is least effective. But I'll build the goddamned fence if they want it."

"I'm willing to negotiate anything," McCain tells the breakfast crowd in Sioux City, explaining that there is no way the millions of illegal aliens now here can be sent back to their countries of origin. But he acknowledges that anything seen as amnesty for illegals is "totally unacceptable, particularly to our Republican base." Later, McCain tells me that Congressman King "really knows this issue," but he sounds as if he is trying to persuade himself as much as me.

A couple of hours later, McCain is in an S.U.V., bound for a tour of an ethanol plant in Nevada, Iowa, just north of Des Moines. He knows the visit will be a stretch: he opposes ethanol subsidies. Six years ago, he all but skipped the Iowa caucuses, in large part because his scornful opposition to ethanol was a nonstarter in a state where making corn into fuel is a big and lucrative business. He turns sardonic, asking the members of his small traveling party if they have had their morning glass of ethanol.

We barrel along past the flat fields. Chuck Larson, a bright young Iowa state senator, Iraq-war veteran, and former chairman of the state Republican Party, has signed on to shepherd McCain's already well-organized presumptive 2008 campaign in Iowa. He asks McCain to make some calls to local party leaders. Juggling a sandwich and his cell phone in the front seat, McCain obliges. A couple of times, he gets voice mail and leaves an upbeat message, saying he is in the state and hopes to catch up soon.

Then McCain connects with Darrell Kearney, the conservative finance director of the Iowa Republican Party. Following Larson's instructions, McCain tells Kearney, a former Steve Forbes supporter, that he'd love to go to the party's next Lincoln Day dinner. But his words come out sounding as if he's inviting himself, and the conversation seems strained. "I see," McCain says. "Well, sounds exciting." From my perch in the backseat, it doesn't sound exciting at all. It sounds as if Kearney has ticked McCain off somehow. McCain flips the phone closed and tells Larson, "That's enough!"

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A few minutes pass and Larson asks how the conversation with Kearney went. "Fair," McCain says, in a tone that invites no further discussion. "Fair."

If this awkward little day of straddling feels familiar, it is because McCain has tried it before. In the 2000 campaign, he waded straight into the hottest controversy in South Carolina, not long before his crucial primary showdown with George W. Bush, by offering his unvarnished opinion on whether the Confederate battle flag—the Stars and Bars—should continue to fly over the state capitol. "As we all know, it's a symbol of racism and slavery," McCain said. After John Weaver and others did more than whisper in his ear, McCain took to reading aloud from a piece of paper with a statement that began, "As to how I view the flag, I understand both sides," and went downhill from there.

For better or worse, McCain's campaign was never the same again. And no one is more aware of this than John McCain himself. In Worth the Fighting For, his second memoir, written with his longtime aide Mark Salter in 2002, McCain reflected on what he had done:

By the time I was asked the question for the fourth or fifth time, I could have delivered the response from memory. But I persisted with the theatrics of unfolding the paper and reading it as if I were making a hostage statement. I wanted to telegraph to reporters that I really didn't mean to suggest I supported flying the flag, but political imperatives required a little evasiveness on my part. I wanted them to think me still an honest man, who simply had to cut a corner a little here and there so that I could go on to be an honest president.

I think that made the offense worse. Acknowledging my dishonesty with a wink didn't make it less a lie. It compounded the offense by revealing how willful it had been. You either have the guts to tell the truth or you don't. You don't get any dispensation for lying in a way that suggests your dishonesty.

As he embarks on his second presidential campaign, a campaign he once assumed he would never get the chance to run, there are many questions for John Sidney McCain III. Can he bank the fires of temperament that routinely put him atop insiders' lists of the most difficult senators on Capitol Hill and become a unifying leader? Can he reconcile his unstinting support for the war in Iraq with his unsparing criticism of the Bush administration's execution of it—and with the electorate's evident yearning for a new approach? Would he be, at 72—more than two years older than the oldest man ever to assume the presidency, and more battered by old injuries than most men who have held it—too damned old to do the job?

But the biggest questions of all are whether, by forcing himself to become some kind of something he just isn't, John McCain can win the presidency to begin with, and would he consider himself to be worthy of the honor if he did.

Some of McCain's oldest friends and supporters confess that they don't know the answers, but that they worry about the questions. Will McCain's understandable effort to bend a little here and bow a little there—to placate the most conservative elements of his party, who play a disproportionate role in the nominating process—get him all twisted up before he ever gets to face the general electorate that polls suggest admires him so?

Torie Clarke first went to work as McCain's press secretary when he was a freshman congressman, in 1983, and she remains a devoted friend. When I caught up with Clarke one afternoon just after the Republican rout last November, the conversation came round to the toll that the Confederate-flag controversy had taken on McCain's political prospects and his psyche. "What you see now is variations on that," Clarke says. "I think he's a unique, special soul, and I worry about what life is going to be like for him the next couple of years." Dancing with Coyotes

In a thousand and one ways, John McCain remains irresistible—to anyone who ever screwed up in school, fell short of expectations, blew his stack, or gave his all to a losing cause. He is a born rebel, who once confessed that he had spent the bulk of his time at the Naval Academy "being made an example of, marching many miles of extra duty for poor grades, tardiness, messy quarters, slovenly appearance, sarcasm, and multiple other violations of Academy standards." In his third year at Annapolis, he was so fed up he considered joining the French Foreign Legion, until, he said, he realized it required an enlistment of eight years. In prison in North Vietnam, where he spent more than five years after being shot down in 1967, he led a social-studies class for fellow inmates based on the subject he has always loved best—"The History of the World from the Beginning"—in an exercise to keep their sanity.

In an age of pre-fab, blow-dried, plasticized politicians, McCain remains palpably, pungently human. I saw him up close at intervals over a period of many weeks of campaigning last fall, often with almost unlimited access, and his preferred means of controlling his image is by abandoning all the typical modern efforts at control. He is the kind of person who comes alone, without a single aide or handler, to a dinner with a dozen New York Times editors and reporters, and tells stories of the long-ago days in flight school in Pensacola when he dated an exotic dancer known as "Marie, the Flame of Florida." He unself-consciously nurses a vodka Gibson on the rocks in an age when Diet Coke is the safer choice.

In mixed company, he does not shrink from a good "goddamn" or two, and in male company, considerably coarser discourse comes easily to his lips (cocky jet jockey that he once was). He is a man of strong opinions, strongly expressed. "Most current fiction bores the shit out of me," he says in a small plane somewhere over New England. In front of an audience of

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Republican worthies in Appleton, Wisconsin, he calls the leader of North Korea a "pip-squeak in platform shoes," and in seconding my view that Islamabad has limited charms, he volunteers that the Pakistani capital "sucks." At a nascar race in New Hampshire, he introduces Bobby Allison, "the greatest driver in the history of racing," to one of the journalists following him that day, declaring, "This is Adam Nagourney, New York Times. They're a Communist paper, but he's O.K." He introduces his friend Senator John Sununu, of New Hampshire, son of the famously bumptious former White House chief of staff, to a group of supporters by saying, "You can be very proud of him, and thank God he inherited his mother's temperament." To a gathering of businessmen he says, "I want to keep health-care costs down until I get sick, and then I don't give a goddamn," and to a group of college kids waiting to have their pictures taken with him, he growls good-naturedly, "All right, you little jerks!" On a charter jet above Iowa, he reads aloud a headline from USA Today: actor [wesley] snipes faces indictment on tax fraud charges, then mutters, "All our childhood heroes—shattered!"

Moments like these help explain why the constituency that McCain sometimes jokingly refers to as his base—the press—has not already tried to derail him by highlighting the politically expedient positioning that would be regarded as standard procedure for most elected officials but seems somehow so much worse in a man with such self-defined high standards. Together with Mark Salter, McCain has built a franchise of best-selling books out of his reputation for personal and public integrity. They bear titles such as Faith of My Fathers, Why Courage Matters, and Character Is Destiny, and make John F. Kennedy's Profiles in Courage look like a mere Hallmark card. Yet another McCain book—this one on decision-making—is due out next fall, just as the campaign is likely to heat up in earnest.

But the plain truth is that the Straight Talk Express, Version 2.008, is often a far cry from the Magic Bus of 2000.

"Let me give you a little straight talk," McCain tells the crowd at a house-party fund-raiser in Sioux Falls, South Dakota, for Senator John Thune, the Christian conservative and self-styled "servant leader" who defeated the Senate's Democratic leader, Tom Daschle, in 2004. The minute Thune was elected, McCain says, he became an important figure in the Republican Party and the Senate.

That's not straight talk. That's partisan pap. Nor, presumably, was it straight talk last summer at an Aspen Institute discussion when McCain struggled to articulate his position on the teaching of intelligent design in public schools. At first, according to two people who were present, McCain said he believed that intelligent design, which proponents portray as a more intellectually respectable version of biblical creationism, should be taught in science classes. But then, in the face of intense skepticism from his listeners, he kept modifying his views—going into reverse evolution.

"Yes, he's a social conservative, but his heart isn't in this stuff," one former aide told me, referring to McCain's instinctual unwillingness to impose on others his personal views about issues such as religion, sexuality, and abortion. "But he has to pretend [that it is], and he's not a good enough actor to pull it off. He just can't fake it well enough."

When it comes to the rough-and-tumble of practical politics, as opposed to battles over political principle, McCain's apparent compromises are just as striking. Six years ago, McCain was livid when Sam and Charles Wyly, a pair of Texas businessmen friendly with the Bush campaign, spent $2.5 million on a nominally independent advertising effort attacking McCain. He called them "Wyly coyotes," and implored an audience in Boston to "tell them to keep their dirty money in the state of Texas." This time, McCain accepted money from the Wylys. The Wylys gave McCain's Straight Talk America political-action committee at least $20,000, and together with other family members and friends they chaired a Dallas fund-raiser for the pac. (The Wyly money was later returned because the brothers have become the subject of a federal investigation.) In 2000, McCain denounced the Reverend Jerry Falwell—and others like him—as "agents of intolerance." Last spring McCain gave the commencement address at Falwell's Liberty University.

Two years ago, McCain was unsparing in his criticism of the Swift Boat Veterans for Truth, who slimed his friend and fellow Vietnam veteran John Kerry. Kerry felt close enough to McCain at the time to make multiple and serious inquiries about McCain's interest in running for vice president on a national-unity ticket (and McCain basked in the courtship, even if he knew nothing could ever come of it). So the alacrity with which McCain joined in demanding an apology from Kerry—whose "botched joke" last fall about George Bush's intellect came out as a slur against American troops in Iraq—was surprising, if not unseemly. Once upon a time, the two friends would have talked about the issue privately, and McCain might well have given Kerry his frank advice. As of mid-November, they had not spoken since McCain's statement condemning Kerry's "insensitive, ill-considered, and uninformed remarks"—which McCain once again read from a piece of paper, by the way. When I asked McCain if he thought Kerry was really trying to insult the troops, he answered only indirectly, and with some annoyance: "I accepted it when he said, 'I botched a joke,' O.K.?"

The battle between Bush and McCain in 2000 was bitter, with Bush supporters in South Carolina spreading rumors that McCain was insane and that he had fathered a black child. (McCain and his wife, Cindy, are the adoptive parents of a girl from Bangladesh.) Bush and McCain traded insults involving each other's moral standing. A year later, with bad feeling still so high that strategist John Weaver had been virtually blackballed from working in Republican politics, Weaver went so far as to sound

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out Democratic Senate leaders about the possibility of having McCain caucus with them. This would have put the Senate, then divided 50–50, into Democratic control. Aides to two senior Senate Democrats say it was never clear how serious McCain himself was about the proposal, and any possibility that it might actually happen was short-circuited when another Republican, James Jeffords, of Vermont, made the move first, in 2001.

That was then, when memories of the Bush camp's gruesome, dishonest attacks on McCain were still fresh. When I asked McCain how a rapprochement with Bush could ever have been achieved, he began by saying, "For 10 days I wallowed," then made it clear that the best balm was his realization that the campaign had raised his stature. "We came out of the campaign, even though losing, enhanced nationally, with a lot of opportunities in the Senate legislatively, with more influence, and eventually, if necessary, to be able to go at it again." Whatever the psychic or political specifics, the ultimate result was the celebrated McCain-Bush campaign hug of 2004, in which McCain found himself enveloped in a back-wrapping embrace and upside-the-head smooch. Since that moment McCain has borrowed from the Bush political playbook, aiming to make himself the prohibitive front-runner for the 2008 primaries, and happily snapping up former Bush aides and supporters from key states such as Iowa and New Hampshire, including Terry Nelson, an Iowan and political director of the 2004 Bush campaign. Nelson, now a private consultant in Washington, approved the most widely condemned negative ad of the 2006 midterms, produced by a quasi-independent group financed by the Republican National Committee and aimed at the black Democratic Senate candidate in Tennessee, Harold Ford Jr. In the ad, a sultry white actress says she had once met Mr. Ford at a "Playboy party," then cradles her outstretched thumb and little finger to her ear and coos, "Harold, call me." After the ad sparked an uproar it was taken off the air. Given the racially charged campaign of innuendo deployed against McCain by Bush supporters six years ago, and McCain's outrage at such tactics, the McCain camp's failure to condemn Nelson or the ad struck many as surprising. All John Weaver managed to say at the time was "We're pleased the ad has been pulled down." Nelson is set to manage McCain's '08 campaign.

The Old Man

In the two years leading up to the recent midterm election, McCain kept up a presidential-level schedule, with 346 appearances for Republican candidates and causes around the country. He traveled in small jets, sometimes alone, often with an aide or two; by early fall, his pac had already spent more than $1 million on air charters. On a rainy morning in mid-October, McCain, his longtime chief fund-raiser, Carla Eudy, and I are bound from Washington, D.C., to Milwaukee on a roomy Beechjet, all dark wood and soft leather, with snacks on demand. McCain, as is his habit, props his feet on the opposite seat and opens the newspapers.

"O.K., Carla, several drugs show promise for alzheimer's," he reads from The Wall Street Journal.

Eudy smiles. "I need that."

Turning the page, McCain mutters, "It's not you that needs it."

A few minutes later, reading over his schedule for a long day ahead in Wisconsin, South Dakota, and Iowa, McCain murmurs, "We're going from Joe Foss Field to Bud Day Field! I'm getting old. I knew both of them."

Foss, for whom the airport in Sioux Falls is named, was the World War II flying ace and governor of South Dakota. Day became the nation's most highly decorated military officer since Douglas MacArthur. He served in three wars, was one of McCain's P.O.W. cellmates, and, as a civilian lawyer, handled McCain's divorce from his first wife, Carol, in 1980; the airport in Day's hometown of Sioux City, Iowa, is named for him. (McCain did not know General Billy Mitchell, the World War I aviator for whom the Milwaukee airport, where we'd be landing shortly, is named, but his grandfather did, and McCain wrote about him in Worth the Fighting For.)

At 70, McCain is both matter-of-fact and ruminative about his age. He may have DNA on his side. His father and grandfather, accomplished navy admirals, died prematurely after lives of hard drinking, hard living, and careers cut short, but his mother, Roberta, the daughter of a wealthy oil wildcatter from Southern California, is hale and unstoppable at 94. She spent this past fall driving herself around Europe, and because she was too old to rent a car, she simply bought herself a new Mercedes and hit the road. McCain gets laughs when he acknowledges that he is "as old as dirt, with more scars than Frankenstein"—but he always makes sure to mention his redoubtable mother.

At the end of his failed 2000 campaign, when he had not yet turned 64, McCain clearly assumed that he would be too old ever to run again. "To me, some of this last six months was to see 'Does he still have the physical wherewithal to do this?,'" Mark Salter acknowledges. "Evidently so, because no one staffer can do all the travel with him. Because we burn out too quick."

Indeed, in two long stints on the road in September and October, McCain kept up a punishing pace. He is mentally sharp, verbally facile, and perpetually curious. (On one of our trips, he was rereading Gibbon's Decline and Fall of the Roman Empire.) But he is visibly older, thinner, balder—and, yes, frailer—than he was just six years ago. Like his friend Bob Dole, he tries to minimize his disabilities, but they are serious. He suffered severe injuries when his plane was shot down over North Vietnam 40 years ago; his right knee was broken when his seat was ejected from the cockpit, and both arms were broken in the crash. These injuries were compounded by the profound abuse he endured during five and a half years in captivity.

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McCain seldom talks about the details of his torture by the North Vietnamese, but he has written about them in clinical depth. Despite the injuries he had already suffered, upon capture he was promptly bayoneted in the ankle and then beaten senseless. The North Vietnamese never set either of his broken arms. The only treatment of his broken knee involved cutting all the ligaments and cartilage, so that he never had more than 5 to 10 percent flexion during the entire time he was in prison. In 1968 he was offered early release, and when he refused, because others had been there longer, his captors went at him again; he suffered cracked ribs, teeth broken off at the gum line, and torture with ropes that lashed his arms behind his back and that were progressively tightened all through the night. Ultimately he taped a coerced confession.

McCain's right knee still has limited flexibility. Most of the time this is not too noticeable, but McCain mounts the steps onto planes with a herky-jerky gait. A climb up dozens of steps at the New Hampshire International Speedway, in Loudon, leaves him badly winded and sweating profusely. Because his broken arms were allowed to heal without ever being properly set, to this day McCain cannot raise his arms above his shoulders. He cannot attend to his own hair. An aide is often nearby with a comb and small can of hair spray.

McCain has difficulty putting on his suit jacket unassisted. Once, as we prepared to get out of a cramped airplane cabin in Burlington, Vermont, where McCain would be greeted by the governor, I turned my back for a moment, only to find him struggling. He could sense that his collar was all bunched up, and asked me matter-of-factly to help him straighten it out. I felt the pang that those around McCain feel whenever they realize the extent of his injuries. "You comb someone's hair once," his 2000 communications director, Dan Schnur, says, "and you never forget it."

One of McCain's aides tells me that two years ago, campaigning with McCain, George W. Bush asked him if the senator would like to work out with him. Told that McCain did not, could not, really "work out," Bush replied, "What do you mean?"

Just after the Republican convention of 2000, a malignant melanoma was removed from the left side of McCain's face, leaving a track of deep and angry red scars that are only now receding. Salter notes that if McCain's campaign had not died six years ago McCain himself might have, because he wouldn't have taken time out from the trail for the examination that produced the diagnosis. There has been no recurrence of the cancer, and McCain undergoes checkups every three months. At the slightest sign of direct sunlight he breaks out the baseball cap that is always kept at the ready, and slathers his face with so much sunblock that he looks like Marcel Marceau until his skin absorbs it.

And still McCain pushes himself, as if to combat any hint of diminished capacity. Last summer, he hiked the Grand Canyon rim to rim with his son, Jack, 20, now in his second year at Annapolis. He says the descent was torture on his knees, until a park ranger offered him some pills partway down.

"It was—am I saying this right?—I.V. Propen. The stuff's a fucking miracle drug!" It doesn't seem fair to tell him the drug is nothing more miraculous than Advil. McCain will repeat the ibuprofen story a time or two over the course of 48 hours, and he brings it up again when I see him about a month later.

McCain tells me that he counts on Cindy, to whom he has now been married for 25 years, and a close circle of longtime aides to tell him if they ever think he is losing a step. "They watch me very carefully," he says. "They do. They keep an eye on it. And so I try to wear 'em down!" The sheer range in age of McCain's seven children both calls attention to his own span of years and testifies to an unusual willingness to stay young. Besides Jack, they include his first wife's sons by her first husband—Doug, 47, a pilot for American Airlines, and Andy, 44, who works for Cindy's family company in Phoenix; McCain adopted both of them when they were children. Then there is Sidney, 40, his daughter with Carol, who is head of publicity at V2 Records; Meghan, 22, his eldest child with Cindy, now a senior at Columbia; Jimmy, 18, who has recently joined the Marine Corps; and Bridget, 15, a ninth-grader in Phoenix, the Bangladeshi girl the McCains adopted.

Most politicians repeat themselves, in part because they have their rap down, and in part because they see too many people to remember whom they've just seen, and McCain sees far, far more people than most. Older men often repeat their favorite stories, their best tales from the trenches, and McCain certainly repeats his. He is the Milton Berle of political humor, an unrepentant thief of bad gags from friends like Bob Dole and Alan Simpson, which he delivers deadpan and repeats at every stop.

Short-term exposure to McCain is bracing. Long-term exposure can be draining—makes you want to reach for the I.V. Propen. In our travels I spent a great deal of time with John McCain, on occasion just the two of us alone on a plane. Sometimes he would talk, and sometimes he'd stay silent. Often he'd punctuate the silence by saying something like "Do you know who Barry Goldwater's best friend in the Senate was?" and I would answer something like "You told me yesterday that it was George McGovern." McCain may sometimes slip into autopilot, but far more often he is focused intently, speaking to crowds large and small without a single note, addressing his questioners by name after one brief meeting, sizing up the situation in a room he has just entered and saying all the right things.

On what turned out to be a late-night flight from Joe Foss Field to Bud Day Field, McCain was waxing nostalgic about Ronald Reagan, whom he'd begun to admire when, in a North Vietnamese prison, he heard scraps of news about him, and

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whom he then got to know upon his release. Reagan helped inspire him to leave the navy and go into politics. McCain repeats former attorney general Ed Meese's assertion that Reagan was never the same after he was severely wounded in the assassination attempt early in his first term, when he had just turned 70—McCain's age as we speak. In hindsight, McCain says, Reagan surely exhibited some early signs of Alzheimer's disease while still in the White House.

"I really shouldn't tell you this," McCain says. "I wouldn't want to hurt anybody." He goes on to describe being invited to dinner at the White House as a freshman congressman in 1983 and being seated at Reagan's table, with a woman between them. Reagan told stories, grand stories, priceless stories of Old Hollywood, California politics. He was charming. Terrific. And four years later McCain found himself as a freshman senator back at a White House dinner in just the same arrangement. And Reagan told the same stories all over again. Suddenly, McCain stops and it's as if he can read my mind.

"Now," he says with a knowing air, "I tell the same stories all the time because I like them!" Anger Management

'My dear friends" are words McCain often uses when addressing big crowds. The greeting is expansive, antique, almost Victorian in its exaggerated politesse, and he sometimes stretches out the words as if to heighten the affection they convey. But when he says "My friend" to a single, luckless individual, the tone is terse and tight, and the meaning is anything but philanthropic. "My friend," when uttered through clenched teeth and frozen smile, means McCain is ready to blow.

I've seen it happen again and again. To an inattentive freelance photographer who happened to get between him and a Sunday-afternoon house-party crowd in New Hampshire: "My friend, I like to see people when I'm talking to them." To a nervous technician taking too long to rig a wireless transmitter on McCain's back before a convocation at Boston College: "My friend, I will call you if I need you." To Tim Russert on Meet the Press, after Russert has just told McCain that "to win the Republican primary you have to move to the right, and then, to win the general election, move back to the center": "People know me too well, my friend. I'm not moving any way."

McCain's temperament may be the single most discussed element of his life and career. In high school, his nicknames were "Punk" and "McNasty," and a survey of senior Capitol Hill staffers by Washingtonian magazine last summer ranked McCain second for "Hottest Temper" in the Senate, just behind the famously cranky 83-year-old Ted Stevens, of Alaska. (In fairness, it should be noted that Time magazine recently ranked McCain as one of the "10 best" senators.) Twenty-five years ago, a rival in McCain's first congressional race called his first wife, Carol, to ask if she had any "negative material" on her ex-husband; McCain later told the man that if he ever did anything like that again "I will personally beat the shit out of you."

More recently, just last winter, McCain wrote a stinging letter—and made it public—to Senator Barack Obama, the Illinois Democrat and rising star, for what amounted to little more than a misunderstanding over how Obama intended to proceed on the issue of lobbying reform—something that could have been cleared up with a chat in the corridor. Instead, McCain let loose, writing Obama the kind of missive, lacerating in its sarcasm, that Harry Truman used to compose late at night, but then prudently put in a drawer: "I would like to apologize to you for assuming that your private assurances to me regarding your desire to cooperate in our efforts to negotiate bipartisan lobbying reform legislation were sincere.… I'm embarrassed to admit that after all these years in politics I failed to interpret your previous assurances as typical rhetorical gloss routinely used in politics to make self-interested partisan posturing appear more noble."

McCain's aides say that McCain himself was the last to recognize that he had a reputation as a hothead, and used to rail at them in private every time a public commentator suggested he had a problem, shouting, "I do not have a temper. I just care passionately."

Dan Schnur says he thinks the temper issue has faded: "He's had six years of practice. In 1999 the attention crashed down on us like a ton of bricks. It came out of nowhere, and there was no preparation for it. He's had that level of attention now for seven years, which makes me suspect that his temperament isn't going to be nearly as much of an issue this time as last.

"But there's a flip side to that," Schnur adds. "He traveled on that bus for months with four or five reporters, and one of the nice things about starting slow is you get to try out your act Off Broadway. There's no Off Broadway over the next two years. It's all spotlight. An offhand remark in 1999 vanishes without a trace. In 2007 it's on cable television for three weeks."

One of McCain's great strengths—his pugilistic tendency—is therefore also one of his great vulnerabilities. "There's no bar fight he will walk away from," John Weaver says, with a mixture of admiration and exasperation. A basic reality that makes the current Straight Talk Express seem at least an echo of the last one is that everything McCain says aboard it is on the record, day or night, unless he specifically says something is off the record, and he virtually never does.

From what I can tell, McCain's temper is not so much worse than that of many other politicians I have known, from Rudy Giuliani to Bill Clinton. He wastes no time on niceties. Each time I met him for a trip or an interview, he barely bothered to shake my hand. He no longer calls reporters "liars" and "idiots," as he once did, when he was starting out in politics in Arizona. "Do you think we could sit and watch the damned race for a minute?" he said to an eager aide who was escorting him around the owners' box at the nascar track in New Hampshire to greet potential supporters when what he really wanted was to catch some of the action. Nothing pathological there.

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What's so different about—and potentially risky for—McCain is his perpetual willingness to think out loud, unplugged and unfiltered. On our way to Iowa for the Hardball taping in mid-October, McCain tells Chuck Larson and me that he assumes Chris Matthews will be tough on him for his recent dustup with Hillary Rodham Clinton, in which he suggested Bill Clinton's mid-1990s horse-trading with North Korea paved the way for its recent nuclear tests. That prompted an unnamed Clinton adviser to tell Maureen Dowd of The New York Times that McCain had seemed to be doing the craven campaign-season bidding of the Bush administration and would end up "looking similar to the way he did on those captive tapes from Hanoi." Senator Clinton called McCain on his cell phone to apologize.

"It was a very smart thing for her to call," McCain says. "People underestimate her political intelligence and her antennae. She's not her husband—no one's her husband. But she's good. And I like her. I know you're not supposed to say that, but I do." Both McCain's umbrage and his magnanimity seem outsize for a man who once himself had to apologize to the Clintons for having made a cruel joke about their daughter.

On another flight, later that day, McCain reacts to the news that Harry Reid, the Senate Democratic leader, has used campaign money to contribute to the employees' Christmas bonuses at the Ritz-Carlton in Washington, where Reid and his wife, Landra, own a condominium. In legal terms Reid's move was dodgy at best. "Who knew he lived at the Ritz?," McCain says. "Not bad for a boy from Searchlight, Nevada." Then McCain—a former amateur boxer and inveterate gambler, whose wife is the wealthy heir to a beer-distributing franchise in Phoenix—goes on to recount how the McCains and the Reids once ran into one another in Las Vegas and went to a boxing match. It turned out that the Reids took free tickets, while the McCains paid.

"I wouldn't say this publicly," McCain tells the crowd at the private Thune fund-raiser, speaking of Reid, "but I came to the House with him in 1982 and he's always been … " Here McCain pauses—as if suddenly realizing that what he's saying he is indeed saying publicly—and then goes on to finish the thought anyway: " … a little on the edge."

Late that night, on the flight to Sioux City, McCain falls to musing aloud about Colin Powell, his friend and recent stalwart ally in opposing the Bush administration's efforts to end U.S. compliance with provisions of the Geneva Conventions. McCain says he wishes that Powell, from the start, had fought back harder against the Bush White House's repeated efforts to undermine his effectiveness as secretary of state. It's not that McCain and Powell always saw eye to eye on policy, one of McCain's longtime aides tells me later; indeed, McCain was more hawkish than Powell on Iraq from the start. It's that McCain wished Powell had spent more time traveling abroad, pressing aggressive efforts at public diplomacy, making his case out loud, rather than watching his bureaucratic back in Washington. "He could have prevailed at any time," McCain says of Powell. Instead, on issue after issue, he was rolled by Don Rumsfeld and Dick Cheney and Cheney's adroit and aggressive staff, whose power grew and grew.

"He's a great American, a great soldier," McCain says. "But he is also very cautious." He adds, "I'm afraid history will judge him harshly." "Alone in the Room"

History may judge McCain harshly, too, on what he himself has identified as perhaps the biggest moral challenge presented by the war on terrorism: how the United States treats its enemy detainees. No one in American public life has greater personal or political standing to argue against the use of abusive interrogation techniques, and McCain has done so, at times powerfully, and almost without political support.

But in the middle of last fall's election campaign, McCain accepted a messy compromise in the form of a Bush-backed bill, the Military Commissions Act, that would prevent foreign terrorist suspects held by the military from challenging their imprisonment through habeas corpus petitions in federal courts. Many legal scholars and at least one prominent Republican senator—Arlen Specter, of Pennsylvania, who voted for the bill anyway, saying the Supreme Court would eventually clean it up—believe the measure is patently unconstitutional. As enacted, it set up a system to detain, question, and try suspected foreign terrorists before military judges, with only the most limited oversight by federal courts.

Many had expected McCain to put up a stronger fight, even dig in his heels. When the Abu Ghraib prison-abuse scandal broke, in early 2004, McCain had excoriated Donald Rumsfeld at a Senate hearing for his inability to concisely state the chain of command over the interrogations at Abu Ghraib—and thus to accept his own, ultimate responsibility as secretary of defense. But as McCain's election-year rapprochement with George Bush deepened, McCain did not press for the creation of an independent commission to investigate the abuses.

In 2005, McCain led a rebellion in the Senate that forced the Bush administration to accept an amendment banning "cruel, inhumane, or degrading treatment" of all prisoners in American custody. But when does treatment cross the threshold into the forbidden zone? The McCain amendment relied on an American constitutional standard of conduct that "shocks the conscience," one that is open to some interpretation and legal dispute. (Shocks whose conscience?) But the amendment was not being passed in a vacuum—the United States, after all, is also a signatory to the Geneva Conventions, whose Common Article Three bars "outrages upon personal dignity, in particular humiliating and degrading treatment." So whatever protections the McCain amendment offered prisoners in American custody, Geneva could be seen as providing more, though the Bush administration

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was contending Geneva did not apply to what it called unlawful enemy combatants. Then, last summer, the Supreme Court ruled in the case of Hamdan v. Rumsfeld that Common Article Three applied to all aspects of the conflict with al-Qaeda, and to all prisoners in American custody.

This was a setback for the Bush administration, which wanted as much leeway as possible in its interrogation of prisoners. But the administration saw a way out. Why not enact legislation that interpreted Common Article Three's "outrages upon personal dignity" as being defined by the words of the McCain amendment itself? On the surface, the move seemed almost tautological. But the consequence was in fact profound: remember, the McCain amendment was open to considerable interpretation, so if the Geneva Conventions were defined as its equivalent, they would be newly open to re-interpretation, too. The administration was proposing a legal flip. For half a century, the Geneva Conventions had been a powerful umbrella, sheltering all measures governing treatment of prisoners, including the McCain amendment. By itself, the McCain amendment would be a meager substitute.

For about 10 days in September, McCain went into full battle mode, joined by his Senate colleagues John Warner, of Virginia, and Lindsey Graham, of South Carolina, fellow veterans and experts on military policy. His rebellion threatened to deprive the White House of what it saw as a potent piece of election-year legislation, one that would remind voters of the administration's determination to spare nothing in its prosecution of the war on terror. McCain was unmoved. "We've faced terrible enemies before, but the United States has always been better than our enemies," he told a crowd at a New Hampshire house party during the height of the controversy.

McCain also knows, better than anyone else, how often torture fails to extract reliable information. After his repeated beatings in North Vietnam, he wrote, he realized that "every man has his breaking point. I had reached mine." He gave his captors a confession under duress, referring to the "deeds of an air pirate," a statement for which he finds it hard to forgive himself to this day. But when the North Vietnamese asked for the names of his flight squadron, McCain recited the names of the Green Bay Packers' offensive line, knowing that false information would be sufficient to suspend the abuse.

McCain ultimately forced the administration to back down from its effort to slip out from under the plain words of the Geneva Conventions. But the final bill, which came to the floor last September, six weeks before the midterm elections, contained many other objectionable provisions, some of them grave, such as the ban on habeas corpus petitions. A person familiar with McCain's thinking acknowledged that he had chosen not to take a stand on the question of habeas corpus rights—that is, the right of prisoners to contest their confinement in a civilian court—and that he was surprised by the furor the issue had generated. McCain ended up in a lose-lose situation: being castigated by much of the press and the legal community for being soft on habeas corpus, even as the Republican base went after him for his hard-line support of the Geneva Conventions. His office phones were virtually shut down by callers protesting his resistance to the White House's original bill, and conservative talk-radio hosts inveighed against him.

Torie Clarke, who has often appeared on conservative talk radio on behalf of one Republican cause or another, says that the basic attitude of the hosts toward McCain is one of watchful wariness. They would tell her, off the air, "We're being nice to McCain now because he's being nice to the president. But we haven't forgiven him."

Tom Malinowski, Washington advocacy director for Human Rights Watch, who worked intensively with McCain and his staff during the drafting of the final 2006 legislation, says, "It's a cloudy bill and he knows it. I'm not a huge fan of what happened in the end, but I do think he did lay everything on the line to prevent the administration from redefining the Geneva Conventions, and he succeeded. The problem was that once he succeeded he was no longer willing or able to essentially throw his body in front of this train over other issues"—like habeas corpus. "He did not have as much support from other senators on those issues," Malinowski added. "He would have been essentially all alone in the room."

And, yet, "alone in the room" is precisely what McCain has always insisted a president must be prepared to be. In the 1999 speech announcing his first presidential campaign, there was a dark and brooding passage that some advisers tried to get him to remove, on the ground that it was not in keeping with the upbeat tone of such an occasion. "When a president makes life and death decisions," McCain said then, "he should draw strength and wisdom from broad and deep experience with the reasons for and the risks of committing our children to our defense. For no matter how many others are involved in the decision, the president is a lonely man in a dark room when the casualty reports come in." Can God Rescue Iraq?

On a mid-October morning President Bush signed the final bill on the handling of detainee interrogations and trials. John McCain skipped the ceremony and instead got back on the campaign trail, finding himself in a meeting room at the Milwaukee Athletic Club. By his own description he was "depressed." His beloved Arizona Cardinals had lost the night before, in a game he stayed up too late watching; the Republicans' prospects in the midterms were getting dimmer by the minute; and his audience of white-haired, ruddy-faced, blue-suited businessmen was begging him for wisdom about the Iraq war, which McCain has supported unwaveringly from the beginning, even as he has offered frequent, pointed, and well-informed criticism of its conduct by Rumsfeld and others. The Iraq war is a huge albatross for McCain, and it is by no means clear that he will be anything close

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to free of it by the time the presidential campaign begins in earnest. Asked whether, knowing all that is known now (no weapons of mass destruction in Iraq, no effective Iraqi army), McCain would have still supported the invasion, his aides say he doesn't view the question in such simple terms. Long before the war, they say, McCain believed that the status quo in Iraqi-American relations was unsustainable. Support for international sanctions against Saddam was collapsing. American pilots faced frequent attack in their overflights of the country to enforce the no-fly zones. And episodic internal Iraqi resistance against Saddam ended in crushing repression from Baghdad. "He stands by his support for doing something," one aide said. But the aide went on to emphasize that, from the summer of 2003 on, McCain had been an aggressive advocate of sending more troops to keep the country from spiraling into insurgency or civil war. McCain had also been, more generally, an outspoken critic of the administration's conduct of the war. If the situation continues to worsen, this aide said, and the Bush administration continues to make "wrong choices," the reality could change. "If you knew we were going to lose, would you still be for it?" the aide asked. "That's a different hypothetical question, that he doesn't have to answer yet." But McCain does have to answer the question: What do we do now? His own short-term prescription—more troops to stabilize the country, if that is even possible—has little public support. "The Iraq situation looks like we're in a quagmire," one man in Milwaukee says. Another adds, "It seems to be tipping." A third asks, "What should the president be doing differently?"

McCain is subdued. Like the rest of official Washington, he has been waiting for the recommendations of the Iraq Study Group, the bipartisan commission on Iraq led by former secretary of state James Baker and former representative Lee Hamilton. He hopes the commission will point the way to some promising new direction, and he knows that, whatever the wise men say, he must refine his own approach to the war. But his remarks this morning are uninspired, even vapid. "The next few months will be critical," he tells the businessmen, his critical faculties not as acute as they had been with me just a month earlier, in private, when he said, "A lot of people tell me that the next four months or so are critical … but I'd like to say that, two years ago, everyone said the next six months would be critical."

Finally, a questioner lays it all on the line: "The war's the big issue," he says, adding, "Some kind of disengagement—it's going to have to happen. It's a big issue for you, for our party, in 24 months. It's not that long a time." McCain replies, "I do believe this issue isn't going to be around in 2008. I think it's going to either tip into civil war … " He breaks off, as if not wanting to rehearse the handful of other unattractive possibilities. "Listen," he says, "I believe in prayer. I pray every night." And that's where he leaves his discussion of the war this morning: at the kneeling rail.

On the way to our next stop, McCain tells me, "It's just so hard for me to contemplate failure that I can't make the next step." And that afternoon, at a roundtable with more Republicans in Appleton, McCain gets testy with a woman who says that her grandson and granddaughter have served in Iraq and that things there are going better than the American media say.

"The situation is not improving," McCain says shortly. "There's no biased reporting in the number of casualties."

A week after the November elections, I went to have another conversation with McCain, in his Senate office. I pressed him on the war. He maintained that deploying more American troops was "the only viable option," but added, "There are no good options from where we are today." He went on: "My difference with these people who are saying, 'Threaten the Iraqis with leaving and then they'll do more'—that assumes that they can or will do more. And there's no way that you're going to have any kind of stability without security. Political progress cannot take place unless you have the fundamental elements of a security situation. So, do I know it would be a tremendous strain on the army and Marine Corps? Absolutely. But I saw the kind of impact of a broken army, a defeated army and Marine Corps, after Vietnam. And I'd much rather have 'em take a strain and have some success than be defeated."

He ticked off, and dismissed, other possible options.

"I know of no expert who believes there'd be anything but an enormous amount of bloodshed if you tried to divide them up into three states," he said of an idea that has been occasionally floated. "Every partition in history has been a bloody mess. Removal into enclaves? We're supposed to have our military enclaves while Al Jazeera is broadcasting images of people who've helped Americans being beheaded in the street in Baghdad? I don't think so. A withdrawal to bases outside of Iraq, and go in if needed? How do we get in? You fly in in helicopters? Is that how you do it? Right now, a good portion of the military over there is used up or committed to just maintaining the supply train. So, suppose there's an outbreak in Ramadi, and we're supposed to go get it under control? How do you do that? It's just almost nonsensical. Look what it took to get our initial invasion going."

McCain says he understands how little public support there would be for more troops. "I read the polls all the time. But does that mean I'm not going to do what is morally right? I look you straight in the eye, my friend, and tell you: I want to be president of the United States. I don't want to be president of the United States so badly that I'm going to do something that I know is not right for the security of this nation and the young men and women that are defending it. So, if this position makes me viewed as too militaristic, or unrealistic, or whatever it is, I will more than happily take those political consequences, because I'll sleep a hell of a lot better."

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The report of the Iraq Study Group, issued in early December, has done little to alter McCain's thinking. In public hearings he described aspects of the report's approach as "dispiriting." He disagrees robustly with its dismissal of a significant troop increase. He is concerned about the prospect of embedding more American troops with Iraqi units—which are deeply involved in sectarian violence—even as American combat brigades to protect them are drawn down. He is skeptical about bringing Iran and Syria into the conversation, and suspicious of the quid pro quos that this might entail. Clearly McCain will not be using the Iraq Study Group report either as a blueprint or as political cover. On a trip to Iraq in December, McCain reiterated his call for more U.S. troops.

When I asked how history will judge George Bush, McCain answered immediately, "I think it depends on the outcome of the Iraq war." It goes without saying that his own shot at the White House—and his tenure as president if he runs and wins—may well depend on the very same thing. The "Better Angels" and the Rat

The enduring question about John McCain is what, finally, he is willing to do to win. His favorite novel is For Whom the Bell Tolls, Hemingway's story of an idealistic American, Robert Jordan, who goes to fight for the Loyalists in the Spanish Civil War. Jordan is willing to risk his life but never his honor, and his dying meditation, that "the world is a fine place and worth the fighting for," gave McCain's second memoir its title.

But these days, McCain often seems to think and behave like the central character of a more contemporary political novel, Joe Klein's Primary Colors, in which Governor Jack Stanton, Klein's talented but flawed Clinton-esque hero, begs an aide disillusioned by his compromises to stick with him. "You don't think Abraham Lincoln was a whore before he was a president?," Stanton asks. "He had to tell his little stories and smile his shit-eating, backcountry grin. He did it all just so he'd get the opportunity, one day, to stand in front of the nation and appeal to 'the better angels of our nature.' That's when the bullshit stops. And that's what this is all about."

McCain can be cold-eyed. Torie Clarke recalls how she once played a game with him in which he had to name his favorite animal. His favorite animal, he said, was the rat, "because they're cunning and they eat well." But McCain also holds a far loftier view of himself and his obligations than most politicians would dream of articulating. He likes not only to be liked, but to be perceived as a man of high principle.

I asked him once what standard of behavior he should be held to, the "normal" politician's or his own. "Well, I hope you'll hold me to no standard," he joked, before saying he believes that much of the press—and, by extension, the public—will say, "McCain: we like him, we think he's a good guy, we think he's honest, but we'd better make sure that we give him a very thorough scrubbing."

At the freshman convocation at Boston College this fall, McCain concluded his talk with a powerful warning about the costs of compromising one's highest ideals.

"Very far from here and long ago, I served with men of extraordinary character, honorable men, strong, principled, wise, compassionate, and loving men," McCain told the students. "Better men than I, in more ways than I can number.… Some of them were beaten terribly, and worse. Some were killed.… Most often, they were tortured to compel them to make statements criticizing our country and the cause we had been asked to serve. Many times, their captors would briefly suspend the torture and try to persuade them to make a statement by promising that no one would hear what they said, or know that they had sacrificed their convictions. Just say it and we will spare you any more pain, they promised, and no one, no one, will know. But the men I had the honor of serving with always had the same response, 'I will know. I will know.'

"I wish that you always hear the voice in your own heart, when you face hard decisions in your life, to hear it say to you, again and again, until it drowns out every other thought: 'I will know. I will know. I will know.'"

McCain's own compromises in pursuit of the presidency may be necessary, even justified. And they may, in fact, pave his way to victory in the Republican primaries, and perhaps to the White House itself. But even if no one calls him out, and the public plays along, McCain may pay an awful price. Because, whatever happens, he will know. He will know. He will know.

Despite Hefty Risk, McCain Is Unwavering In Support For Troop Surge (LAT)

By Peter Wallsten

The Los Angeles Times, January 8, 2007

WASHINGTON — As a prisoner of war during Vietnam and decorated Navy officer, Sen. John McCain has based much of his political persona on his staunch support for the military and his consummate credibility on national security.

But as the Arizona Republican prepares to mount a White House campaign, he is putting those military bona fides on the line — aggressively backing an unpopular plan to increase the number of U.S. troops in Iraq at a time that other presidential hopefuls are steering clear of the war or calling for troop reductions.

President Bush is expected this week to announce a plan to send at least 20,000 additional troops to try to halt sectarian violence and bring security to Baghdad — a move widely perceived as an all-but-final push to avert failure in Iraq.

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Besides Bush, no politician has more to lose than McCain, the presumed GOP front-runner in 2008 and the plan's biggest backer in Congress.

Now that Bush is pursuing the McCain approach, the senator could soon find himself defending the policy to a war-weary public in Iowa, New Hampshire and other key election states where surveys show voters are fed up with rising U.S. casualties. McCain readily admits that the new strategy is likely to result in even more violence — setting up a paradox for him as he strives to succeed an unpopular fellow Republican in the White House by backing an escalation of the very war that has plunged Bush's approval rating to near-record lows.

Democrats can barely contain their eagerness for McCain to take the blame for a plan that seems to contradict the antiwar message of the 2006 midterm election that stripped Republicans of their once-solid congressional majorities. Former Sen. John Edwards of North Carolina, who is running for the Democratic presidential nomination, went out of his way recently to describe the troop increase as the "McCain doctrine."

McCain shows no interest in shedding that label.

"If it destroys any ambitions I may have, I'm willing to pay that price gladly," McCain said Friday after an appearance at the conservative American Enterprise Institute think tank in Washington, where he said the surge "must be substantial and it must be sustained."

His presidential aspirations, he added, "pale in comparison to what I think is most important to our nation's security."

McCain's calculation is the latest sign that the Iraq war is likely to dominate the 2008 race, just as it overshadowed the elections of 2004 and 2006. But it also shows that McCain, perhaps the best-positioned of any candidate to win the presidency in wartime, is willing to bet it all on a gamble that voters will reward his resolve, as they did for Bush in 2004, rather than punish him, as they did to GOP candidates in November.

Other Republicans are clearly not ready to play those odds.

One of McCain's top rivals for the GOP presidential nomination, former Massachusetts Gov. Mitt Romney, has so far declined to weigh in. In interviews with conservative magazines and bloggers before his term in the statehouse ran out last week, his response was only "I'm still a governor" when asked about increasing troops, adding that he wanted to hear what Bush had to say before making any additional statements.

Another potential McCain primary opponent, Sen. Sam Brownback (R-Kan.), has walked a careful line, saying that a troop buildup "could be an acceptable plan" but adding that an increase "seems shortsighted if its only purpose is to impose military order without also moving toward a political equilibrium."

Democrats, encouraged by the 2006 midterm results and still smarting from a 2004 campaign in which many believe they were too passive on national security, appear to be staking out a strong stance against troop buildups.

The party's leaders in Congress, Senate Majority Leader Harry Reid of Nevada and House Speaker Nancy Pelosi of San Francisco, laid out their opposition in a letter to Bush last week, and Pelosi warned Sunday on CBS' "Face the Nation" that any administration budget request for additional troops would receive "the harshest scrutiny." Meanwhile, Edwards and another possible White House contender, Sen. Barack Obama (D-Ill.), are talking about troop reductions or redeployments.

Edwards has called his 2002 vote in favor of the war a mistake — an admission that his supporters believe will help him appeal to the party's antiwar base. He took the offensive in a recent television interview, pinning the idea of adding troops squarely on McCain, rather than Bush.

"He's been the most prominent spokesperson for this for some time," Edwards said Dec. 31 on ABC's "This Week." "I'm just telling you it's his thing, and I know John McCain very well. He and I are friends, but I think he's dead wrong about this."

The matter is thornier for the Democrats' presumed front-runner, Sen. Hillary Rodham Clinton of New York. She has staked out a moderate tone on the war, reserving criticism for the Bush administration's leadership while consulting military experts such as retired Army Gen. Jack Keane, one of the prime backers of a major troop increase.

Asked during an appearance last month on NBC's "Today" show about the potential troop buildup, Clinton expressed skepticism but left herself room to change direction. "I am not in favor of doing that unless it's part of a larger plan," she said.

But if Bush does announce a troop escalation, no candidate will face tougher questions than McCain, who has advocated such a move since late 2003. The first primary and caucus votes will be cast in January 2008, which would be about a year into a troop buildup that experts predict will result in a sharp rise in deadly combat. If McCain won the nomination, voters could face a stark choice while watching violence unfold. McCain appeared to recognize that on Friday as he addressed the packed American Enterprise Institute conference room.

"I want to be clear, and I mean this with all sincerity: [This] strategy will mean more casualties and extra hardships for our brave fighting men and women, and the violence may get worse before it gets better," he said. "We have to be prepared for this."

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Still, McCain is clearly ready to take his message to the voters. In a preview of how he plans to answer critics should extra troops fail to defeat the Iraqi insurgents, he was careful to add that the administration had dug itself into a hole with its post-invasion strategy — an argument that, in effect, blames Bush for not taking McCain's earlier advice.

"Even if we send additional troops to Iraq in large numbers for a sustained period, there is no guarantee for success in Iraq," he said. "We have made many, many mistakes since 2003, and these will not be easily reversed."

McCain aides say they have devised no particular strategy for shielding their boss from the political fallout if a troop buildup does not work. In a sense, they said, the senator's stance might serve to remind voters of the kind of straight talk that boosted McCain's popularity in 2000, when he defeated Bush in the New Hampshire primary.

"It doesn't mean that lots of us who work for him and respect him so much don't worry about things like this," said McCain's longtime chief of staff, Mark Salter. "I'm sure we do. But there's no game plan for it. There's been no fretting and no meetings."

McCain appeared Friday with Sen. Joe Lieberman, the Connecticut Democrat who lost his party's primary last year partly because of his support for the war but then won reelection as an independent.

Lieberman, the Democrats' 2000 vice presidential nominee, heaped praise on McCain and the plan to add troops, all but endorsing his Republican colleague's presidential candidacy. The two traveled recently to Iraq and Afghanistan, and Lieberman has repeatedly lauded McCain for his "gutsy" stance.

"I've just finished an election campaign. If rumors are correct, he may be starting one soon," Lieberman said, gesturing to McCain, seated nearby. "And he's not taking the easy way out here."

For McCain, Lieberman's presence provided a useful illustration. As the two spoke Friday with reporters, McCain pointed to Lieberman as a case study proving that the 2006 elections did not, contrary to widespread opinion, mean that supporting the war was a recipe for defeat.

"There's no way this guy could have been reelected if it was as simple as that," McCain said.

States To Expand Health Coverage (USAT)

By Dennis Cauchon

USA Today, January 8, 2007

States are planning large expansions in health care coverage this year in an aggressive and potentially expensive attempt to reduce the ranks of the 42.4 million Americans who are uninsured.

The states are acting at a time when Congress, now under Democratic control for the first time since 1994, has put health care lower on its agenda.

Governors and state legislators in both parties and most states have made expanded medical coverage a priority for legislatures — all 50 of which are in session this year, 43 starting this month.

Popular proposals include guaranteeing medical coverage to all children; subsidizing medical insurance at small businesses; and providing tax incentives for businesses and individuals to make coverage more affordable. A few states are considering universal health coverage for all residents. Others are focusing on price competition and preventive care.

"We could not afford the old system," says Missouri Gov. Matt Blunt, whose state is overhauling its program. "The states, as we've done on other issues such as welfare reform, are acting as the real innovators and making changes that will affect national policy."

States are experimenting more with health policy than at any time since the 1980s, says Jim Frogue, a state policy expert at the Center for Health Transformation, founded by Republican former House speaker Newt Gingrich. Frogue says legislatures are often simultaneously adopting policies that appeal to conservatives and liberals, avoiding the deadlock between Democrats and Republicans in Congress.

"There's much more bipartisan agreement in state legislatures than in Congress," Frogue says.

Behind the surge in activity on health care: States have new tools — budget surpluses, more flexible federal rules and successful experiments in other states — that make it easier to expand programs. Also, states enjoyed unexpected success in controlling health care costs in 2006, freeing up billions of dollars that had been committed to health care but were never spent.

Spending on Medicaid, which gives health insurance to 56 million people, fell 1.4% in the first nine months of 2006, the first drop since the program began in 1965. States run Medicaid and pay 43% of the $300-billion-a-year cost. The federal government pays 57%.

The Deficit Reduction Act of 2005 freed states to design federally subsidized insurance programs to target specific groups and income levels, using different benefit packages, premiums and payments from patients. "States now have a lot of flexibility to use Medicaid as an anchor to cover more uninsured people," says Martha King, health program director at the National Conference of State Legislatures.

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The politics of health care has shifted dramatically, too. Minnesota Gov. Tim Pawlenty, a Republican, tried to trim Medicaid enrollment two years ago when his state's budget was tight. Now he's supporting universal coverage for children.

Mr. Schwarzenegger's Modest Idea (NYT)

The New York Times, January 8, 2007

Guaranteed health care for children is the new political apple pie. No one can say he is against it, and it's a sure applause line for politicians who want to show concern for reducing the number of uninsured in America. But special recognition is due California's governor, Arnold Schwarzenegger, who is reportedly ready to begin his new term with an actual proposal that his state insure all children. And by all, he means undocumented immigrants, too.

The proposal seems a challenge to fellow Republicans, and even to much of the state's Democratic leadership. Predictably, anti-immigrant groups said that including all children would cost billions more than the $400 million experts estimate. In truth, the idea is economical and, if anything, quite modest.

Several states, including Illinois, Maine and New Jersey, already have programs that cover all youngsters, including undocumented children who might not have access to government-subsidized care. California has what may be the biggest number of uninsured young people, more than 750,000. Most were born in the United States and are citizens.

Children, however, cannot take themselves in for medical care. That responsibility falls to parents and other caregivers, and when these adults are undocumented, they are often reluctant to take advantage of a child's birthright. California's array of programs to help the poor obtain health care has heavy enrollment in most communities, except among Hispanics. The state's history of discrimination against Latinos leaves many suspicious of government.

There's no reason to believe that a push, even from an immigrant governor like Mr. Schwarzenegger, would alone solve that problem. But the governor's efforts should infect the national health care debate. Insurance has become a luxury that eludes 47 million people in this country. Putting children first is a good start, because they are usually healthy and cheaper to cover. That's a reason to do the job the right way, without exceptions.

Golden Visions (LAT)

The Los Angeles Times, January 8, 2007

IT WAS ALL SHOWBIZ and politics, with a star-studded stage and an auditorium echoing with the corny cliches of "Fanfare for the Common Man" and the "Hallelujah Chorus." Then Gov. Arnold Schwarzenegger began to speak, and everything changed.

The governor's inaugural address Friday was one of the best in state history, infused with California pride and optimism, and was the most eloquent speech of his career. It was also one of the easiest — all broad strokes and primary colors, with few particulars weighing down its rhetoric. Starting today, things are going to be a lot harder.

Schwarzenegger used his inaugural address to set a course for what he called the "nation-state" of California: a place that sets the pace for the rest of the country not just in politics but in culture, science and economics. The governor's road to this new commonwealth, rooted in decades of California's bipartisan growth, is what he terms "post-partisanship." The state's independent voters are on track to outnumber Democrats and Republicans, he noted, and the thrust of his speech seemed to be that he was their man. He didn't quite jettison his Republican affiliation, but neither did he mention it. Stick to one party's proposals, he said, and you miss half the good ideas.

Giving a nod to historian Kevin Starr, he declared there must be a Party of California, "beyond ideology and one to which all of us belong."

"What a prosperous, peaceful, golden state in which we live and work and raise our families," he said. "We should never forget the joys and blessings of being Californians." Around the world, he said, people "ache to have what we so often take for granted."

Even discounting for California egocentrism — Los Angeles, after all, is the most Californian of cities — these are stirring words. Now the governor must give them substance.

Today he is to deliver an address on healthcare, unveiling a proposal to extend medical care and insurance coverage to many, perhaps most, of the state's 6.5 million uninsured. It's the kind of speech that can't rest on lofty calls to work together. It must delve into the details of a thorny and politically divisive issue.

On Tuesday, he is scheduled to lay out the rest of his agenda in his State of the State speech. Republicans and Democrats may find ample opportunity to lock horns over various plans to close the budget deficit, upgrade schools, redraw district lines and rebuild roads and ports. And later in the week comes Schwarzenegger's first crack at the budget, the state's most important policy document. All the pleas for bipartisanship won't paper over deep financial problems and a continuing disagreement about how to rectify them.

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When the dust settles, elected officials from both parties, along with interest groups, policymakers and political thinkers, will have a chance to mull the governor's proposals. By then it will be clear whether his aspirations will carry California into the future — or whether his address was just a remarkable speech about what could have been.

Gov. To Seek Cuts In Aid To Families On Welfare (LAT)

By Evan Halper

The Los Angeles Times, January 8, 2007

SACRAMENTO — Gov. Arnold Schwarzenegger will propose a major rollback of the state's welfare system this week, including a cutoff of aid to tens of thousands of children whose parents do not meet minimum work requirements or are in the country illegally, administration officials said Sunday.

The proposed $465-million reduction in California's welfare budget came two days after the governor promised that his second term would feature "post-partisan" cooperation.

It was met immediately with resistance from Democrats, who expressed bewilderment that the governor would attempt to cut welfare aid to children in the same week his administration is expected to move forward with a plan to expand health insurance to many of the same children.

"It's ironic that the governor is proposing healthcare for poor kids while taking away their breakfasts," state Senate leader Don Perata (D-Oakland) said of the cuts, which would affect more than 40,000 families. "Even Republican Gov. [Pete] Wilson, at the time he negotiated welfare reform, agreed that children should not suffer for the behavior of their parents."

The plan alarmed advocates for the poor, who predicted that eliminating the cash payments of several hundred dollars a month would substantially increase the risk of homelessness for those families.

Schwarzenegger's proposal also would eliminate this year's cost-of-living increase for welfare recipients.

Department of Finance Director Mike Genest, a Republican who has long favored deep reductions in welfare, noted that most states have already made moves similar to what the governor is proposing.

California is at risk of losing hundreds of millions of dollars in federal funds, he said, if it does not force parents to meet the minimum work requirements in the state's welfare program, known as CalWORKS.

"We have not been able to achieve the kind of work participation for those on the program that we would like," he said. "We have not kept up with the track records of other states."

The plan is one of several the governor has proposed for rolling back welfare benefits since taking office in 2003. Most of those plans have been blocked by the Democrats who control the Legislature.

The governor's latest blueprint for CalWORKS comes at a time when Democrats, eager to work with him on his plan to expand health coverage to millions of uninsured Californians, may be more willing to bargain.

The suggested cuts also could help repair the governor's relations with his own party.

Some Republicans in the Legislature have already signaled that they will resist the healthcare expansion, which is to be unveiled to the public today, because the state faces a projected $5.5-billion deficit. The proposed CalWORKS cuts give the governor an olive branch to offer them as he tries to push his healthcare agenda through.

Administration officials say looming federal penalties against the state — potentially costing California $149 million in the coming fiscal year, growing to $389 million in five years — bring new urgency to Schwarzenegger's call to force more welfare recipients to find jobs.

State statistics show that only 25% of families receiving CalWORKS aid are currently meeting the minimum work requirements, which were created in response to a national welfare overhaul signed into law by then-President Clinton more than a decade ago.

Genest said that in Ohio, 65% of welfare recipients meet minimum work requirements and in Massachusetts, 60% do.

One reason California's compliance rate is so low, budget analysts say, is because it is among 14 states that continue to provide cash assistance to families even when the parents are not working the requisite hours. The safety net was put in place in the mid-1990s under Wilson. It is intended to keep families from becoming homeless.

A single-parent family with two children in such circumstances in Los Angeles gets $584 per month. Genest said eliminating that payment would give parents the incentive to work.

A recent report from the nonpartisan Legislative Analyst's Office, which lawmakers of both parties look to for advice on budget matters, noted that in other states such sanctions have not always served as an incentive for parents to get jobs. Often, families get cut off from the system altogether.

"This proposal would lead to an increase in family homelessness," said Nancy Berlin, the Los Angeles-based director of the California Partnership, a statewide coalition of advocacy groups for the poor. "The number of homeless families in Los Angeles with nowhere to go is already growing fast. I can't imagine why anyone would want to increase that number."

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The welfare cuts will be part of the annual state budget proposal the governor plans to release Wednesday. That budget will also include a suspension of the annual cost of living increase for CalWORKS recipients. Such a move would cost a typical family in the program roughly $30 per month.

The cost of living increases, meant to keep cash grants at pace with inflation, have been suspended numerous times in the last two decades. Activists say the buying power of the average welfare grant is now one-third of what it was in the mid-1980s.

The governor's welfare plan would extend to a program that provides cash grants to children who are U.S. citizens but whose parents are here illegally. Advocates said most undocumented adults work enough hours to meet federal welfare requirements even though their citizenship status prevents them from participating in CalWORKS.

The governor will propose that payments to those families be limited to five years.

Joe Munso, deputy director for the state Health and Human Services Agency, suggested that five years was sufficient time for parents to "rectify" their citizenship status.

"We think these things move us in the right direction in terms of where we need to go to stress personal responsibility," he said.

Advocates for the poor said such cuts would likely drive undocumented workers further underground, bring more insecurity to the lives of their children and force the families to turn to already overstressed local facilities such as homeless shelters and food banks for basic necessities.

"How far are we going to go in punishing parents before we unacceptably impoverish their children?" said Frank Mecca, executive director of the County Welfare Directors Assn.

Mecca said all of the major studies he has seen on welfare suggest that increasing sanctions alone is unlikely to result in more poor Californians' joining the workforce.

"There isn't any good data that shows this is likely to work," he said.

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How Gov. Arnold Plans To Shake Up Primaries (NSWK)

By Karen Breslau

Newsweek, January 15, 2007

The U.S. Constitution prevents Austria-born Arnold Schwarzenegger from running for president. But California's GOP governor, sworn in last week for a second term, still plans on influencing the 2008 election. Schwarzenegger says he'd like to move the California primary from June—when both parties have all but picked their nominees—to a much earlier date, in February. "We shouldn't be treated as a leftover," Schwarzenegger told NEWSWEEK while at home in Los Angeles, where he was recovering from a broken leg after a skiing accident. "We will go and make a lot of noise about the issues." The governor hopes the change will encourage candidates to spend more time talking to voters in the nation's most populous state, instead of "sucking us dry for money" at fund-raisers. "We don't want to sit back and let this whole thing go by and have California not be a player," he says.

The proposal would need to be brought to the state legislature and approved by a two-thirds vote. Schwarzenegger says he's meeting with leaders from both parties this week to discuss the plan. Moving up the primary certainly increases California's visibility among candidates—and puts the Golden State's environmental concerns on the agenda.

Currently, presidential campaigns are built around creating momentum in Iowa and New Hampshire—whose white, rural populations are notoriously unrepresentative of the country at large—then move on to the Southern states, which tend to favor more-conservative candidates. In 2008, Nevada will become the first Western state to intervene by holding its Democratic nominating caucus in January. Adding liberal California to the early mix would probably affect the nominating process by favoring big-money, big-name candidates such as Hillary Clinton and John McCain.

Schwarzenegger is coy about expressing his support for any particular candidate at this point, though he has ties to several hopefuls. His top campaign strategist recently went to work for McCain. And he says he would "encourage" New York Mayor Michael Bloomberg, rumored to be considering an independent candidacy, to run too. In his Inaugural Address, the governor touted "postpartisanship ... Republicans and Democrats actively giving birth to new ideas together." He is challenging presidential candidates to combat global warming and to reform health care, subjects that defy partisan solutions. Schwarzenegger credits his second-term landslide with his own sharp turn to the center after a disastrous year during which he belittled Democrats as "girlie men." Now, he says, "anyone can look and learn from what is going on in California."

Washington Whispers (USNEWS)

U.S. News and World Report, January 7, 2007

'Passing the Bong' to Remake Politics

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He is, we think, speaking figuratively when describing late-night "pass the bong" conversations with fellow former Washington Post reporter Jim VandeHei about building a new political journalism model on the Internet. But as Editor-in-Chief John Harris gets ready to debut a thrice-weekly paper and website called the Politico, he concedes that he, Executive Editor VandeHei, and the Allbritton Communications team aim to "provide a needle in the vein" to those hooked on politics, starting January 23. "We're political junkies," says Harris, a former Post editor and reporter, "and we're writing for political junkies." News sources are eager for change, too: Bush political adviser Karl Rove has even talked up the Politico to allies.

Leave the Post for the Web? They're not crazy, says former Minneapolis Star Tribune Editor Tim McGuire. Considering the mass layoffs at fading newspapers, he says, "this is a sanity test, and they are passing." The money is good, rumored at $250,000 for the two top editors and generous for the small staff of big names. But Harris says it's more than cash: The industry is changing, and now's the time to pounce since readers are more in tune with the Web. He and VandeHei are maybe on to something. Since raiding other publications for staff, competitors like the Post have stepped up Web operations and hiring. "We've shaken everybody by the lapels," says Harris.

Is the 'Governator'a 'Senatenator'?

There's growing buzz in Washington and California that just re-elected Gov. Arnold Schwarzenegger likes this government stuff so much that he's got his eye on the Senate. Specifically, the seat held by Sen. Barbara Boxer, who's up for re-election in 2010 when the Terminator ends his second term.

The Speaker Gets the Symbolism

As the first-ever woman speaker of the House, Nancy Pelosi understands the importance of symbols. And she was full of her trademark touches of style and substance last week as she took the gavel. Three examples: First, she's on a personal enviro-kick, asking her security detail to drive SUVs that run on E20, a mix of 20 percent ethanol and 80 percent gas, insiders tell us. While E10 is more common, E20 is a long-term goal, but associates say she wants to speed up the shift and to lead by example. Despite her victory, it is a compromise: She initially asked for a hybrid Chevy Suburban. Second, that wasn't Lenten purple Pelosi wore the day she was sworn in. It was the color of the original suffragettes. And finally, as simply a nice act, she gave ex-House Speaker Dennis Hastert one of those coveted secret "hideaways" in the Capitol to use as his retreat.

The Collapse of the CIA's 'Berlin Wall'

With the nation's spy agencies in full reform mode, the CIA has finally torn down its own version of the Berlin Wall. For years, its 24-hour operations center had a wall running down the middle, separating the agency's analysts from its ultrasecret clandestine spooks. Not only did CIA Director Gen. Michael Hayden remove the wall, but he invited in representatives from other intel agencies. The move kicks off a new four-year strategic plan for the CIA.

Time for Bush to Steer Noah's Ark

Some major gestures of conciliation are due from President Bush, says Republican wordsmith and pollster Frank Luntz, who offers this suggestion for the State of the Union address January 23: The prez should point out, by name, five Democratic legislators and five Republican legislators and praise them for a specific idea or piece of legislation for which he would request bipartisan support. Why? "So the American people see that the president is pulling ideas from both sides, not only Republicans and not only Democrats," adds the author of the new Words That Work: It's Not What You Say, It's What People Hear. Luntz calls it the "Noah's Ark" strategy: Bush gets the message from the elections and is ready to lock arms with Dems.

Only Newt Worries This Candidate

In a week when former Massachusetts Gov. Mitt Romney joined the 2008 GOP presidential primary race and former New York City Mayor Rudy Giuliani started hiring aides to man his bid, allies of front-runner Sen. John McCain suggested that the guy he's most concerned about is former House Speaker Newt Gingrich. The reason: While Giuliani and Romney are moving to the right, Gingrich is already there. But he's not that worried: Gingrich still hasn't decided to run, and it's getting late.

Sen. Gobbledygook vs. Gov. Plain Talk

The new head of the National Governors Association, Arizona Gov. Janet Napolitano, doesn't sound as if she likes either top 2008 presidential contender-Democratic Sen. Hillary Rodham Clinton or Arizona favorite son John McCain. She clearly leans to those in her line of statehouse politics-the job most recent presidents have held. "The longer people are in Congress," she tells us, "the harder it is for them to speak in short, declarative sentences."

Hardball Loves Rocky's Softball

We shouldn't be surprised that Chris Matthews, the jabbing host of MSNBC's Hardball, is a fan of the heroic fighter Rocky series. "I saw the first one; I saw the third one. They were the really great ones," he tells us. So what's he think of the latest, Rocky Balboa? He loved it. "There were some great moments: When he talks to his son and says, 'You know, you were my dream when I held you in my hand when you were small, and then you grew up. But somewhere along the line, you began to look for an excuse for failure, and I'm your excuse.' It was unbelievable. It was so strong," coos Matthews. "The soliloquies-it's an

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odd word to use for Rocky-his soliloquies that [actor-director Sylvester Stallone] obviously wrote were fantastic," he says. "It was slow moving like all Rockys," adds the critic, "but at the end, it was unbelievable."

Lawmaker Wants McKinney's Name Off Road (LAT)

By Jenny Jarvie

The Los Angeles Times, January 8, 2007

ATLANTA — In a city where the average commute lasts 31.2 minutes and drivers have no shortage of bottlenecks and wrecks to grumble about, a Republican state lawmaker is exercised about a different kind of transportation issue: Cynthia McKinney Parkway.

Georgia Rep. Len Walker cannot abide driving along a suburban highway honoring Georgia's former Democratic congresswoman. Each time he catches sight of McKinney's name on exit ramps on the major interstate encircling Atlanta, he is nettled by thoughts of the combative ex-lawmaker.

So a week after McKinney filed her final congressional measure — a resolution to impeach President Bush — Walker pre-filed a bill in the Georgia Legislature to strip McKinney's name from the street and restore the name Memorial Drive.

"I, along with many Georgians, find it totally inappropriate for Cynthia McKinney's name to be honored," Walker said in a telephone interview last week. "She is an embarrassment to the state of Georgia."

Walker's bill has slim chance of passing. Georgia law requires that legislators proposing street names must live in the district where the streets are, and Cynthia McKinney Parkway is in DeKalb County, west of Walker's district.

Walker, though, is confident he can persuade the Republican-dominated Legislature to waive the home-district rule.

His effort has struck a chord among critics of McKinney, who lost her bid for a seventh term in the summer's Democratic primary after a high-profile altercation with a Capitol Hill police officer.

"Put her name ON the road pavement," one irate reader of the Atlanta Journal-Constitution proposed in an online forum. Others suggested putting her name on the road to the county landfill.

Yet Walker's proposal has also prompted charges of racism — McKinney is black — and threats of retaliation from African American lawmakers.

McKinney's supporters argue that the road runs through predominantly African American neighborhoods in Decatur, where McKinney still enjoys considerable support. They say criticism of the road name comes mostly from outsiders who see the signs as they whiz by on the interstate.

In a state crisscrossed by roads named after white Southern men — including Jefferson Davis, the president of the Confederacy, and Lester Maddox, the onetime segregationist Georgia governor — many African American legislators and community activists question why a white lawmaker is singling out one of the few roads named after Georgia's first African American congresswoman.

"This is a witch hunt," said John Evans, McKinney's former campaign manager. "This creep doesn't even live in the district. He's just another idiotic racist trying to embarrass her."

Back in 2000, when a portion of Memorial Drive was designated Cynthia McKinney Parkway, many interpreted it as a symbol of Georgia's progress in race relations. The road connects Stone Mountain, a former stronghold of the Ku Klux Klan, to Atlanta, often called the birthplace of civil rights.

State Sen. Gloria Butler introduced the original legislation to designate a portion of Memorial Drive for McKinney after the congresswoman secured $14 million in federal funds to revitalize the dilapidated street. Butler said she would not consider changing the name.

"Len Walker should name a street in his own district," she said. "He needs to stay out of DeKalb County."

The flap is escalating. Last month, another state lawmaker proposed removing the name of McKinney's father, another controversial former legislator, from a portion of Interstate 285.

Whatever Georgia residents think of McKinney or her father, the dispute has prompted some to suggest that road naming has gotten out of hand. An editorial in the Atlanta Journal-Constitution recently proposed that the state ban naming roads and bridges after any living person.

In the last 70 years, Georgia legislators have named and renamed more than 860 roads and bridges after politicians, preachers, soldiers, civil rights activists, country music stars and even school cafeteria workers. Nearly a third have been named since 2000.

Street and building names are increasingly forums for political expression, said Derek Alderman, a professor of cultural geography at East Carolina University. More than a quarter of the 383 pieces of legislation signed into law during the 109th Congress, he noted, dealt with naming or renaming federal buildings and structures.

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"It's about power," Alderman said. "Those signs up on the street, they basically create a reminder to people about how their community is situated politically. It's almost like a daily political lesson."

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Former President Released After Surgery (AP)

AP, January 8, 2007

Former President George H.W. Bush has been released from the Mayo Clinic after undergoing successful hip replacement surgery, the clinic said.

The 82-year-old former president was discharged from the clinic on Saturday, following the operation on his right hip that was performed Wednesday, the Mayo Clinic said on its Web site.

He traveled to the Mayo Clinic on Tuesday after delivering a eulogy at the Washington funeral of former President Gerald Ford.

Surgeons at the clinic replaced his left hip in 2000. Former first lady Barbara Bush also had successful hip replacement surgery at the clinic, in 1997.

The former president has made several highly publicized skydives in the last decade, most recently in 2004 to celebrate his 80th birthday.

Hamstrung In Virginia (WP)

The Washington Post, January 8, 2007

DEL. HARRY R. "Bob" Purkey, a Virginia lawmaker, is one of those quixotic keeners who plug away at lost causes year after year, enduring the joshing of colleagues who regard them as quaint figures of fun. In fact Mr. Purkey is a perfectly sensible man whose hobbyhorse -- changing Virginia's archaic constitutional rule barring governors from running for a second, consecutive four-year term -- may finally have its day.

For 15 years or so, and in various forms, Mr. Purkey, a Virginia Beach Republican, has tried to coax the commonwealth into the modern age by doing away with the rule prohibiting sitting governors from running for reelection. He and his allies have come close. One such bill passed the House of Delegates in 2003, then died when a few Republicans switched votes. A similar attempt cleared the Senate in 1995 but collapsed in the House. And an earlier, pre-Purkey effort seemed tantalizingly within reach when it passed both houses in 1984, only to fail the following year. (To amend Virginia's constitution, a bill must gain legislative approval in consecutive years, then be approved by voters in a referendum.)

Now Mr. Purkey and his fellow Republican legislators are in negotiations with Gov. Timothy M. Kaine (D), and both sides appear serious about a compromise. In return for the constitutional shift, which would enhance the chief executive's power, future governors would cede to the legislature the right to make some appointments to certain high-level state commissions -- a right now reserved exclusively for the governor. If a deal can be worked out and passed by the General Assembly this year and next, it would go on the ballot in 2008. And if voters approve, the governor elected in 2009 -- not Mr. Kaine, who would still be bound by the old rule barring reelection -- would have the option of running for reelection in 2013.

Those wedded to the old system say a two-term provision would produce governors distracted by the prospect of reelection. A corollary is that governors seeking reelection spend too much time raising money, creating the potential of conflicts of interest.

Those objections are easily outweighed by the main arguments for two-term governors, which 49 other states seem to have grasped: simply, that governors worried about reelection are also more accountable to the state's voters. And that while money in politics can have a corrupting influence, that applies also to candidates who are not incumbents. The one-term rule yields governors who are lame ducks from the moment they take office, hard-pressed to forge and implement long-term policies or strategies for economic development. And because of Virginia's biennial budgeting process, each new governor is hamstrung for the first half of his term by his predecessor's budget.

It's a screwy system. In addition to Mr. Kaine, three of his four most recent predecessors favor scrapping it to allow governors to run for reelection. So do leading business groups. This year, after so many failed attempts, let's hope Mr. Purkey's efforts are not in vain.

Newspaper Cites Plans For Iran Nuke Attack (WT/AP)

By David Stringer

The Washington Times, January 8, 2007

LONDON -- A British newspaper reported yesterday that Israeli pilots are training to strike as many as three targets in Iran with low-yield nuclear weapons, aiming to halt Tehran's uranium-enrichment program.

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Israeli officials swiftly denied the report, which comes amid growing global concerns over an Iranian project that Washington and other governments think is secretly intended to build atomic weapons.

Israel has never confirmed that it has nuclear bombs, although analysts widely think the Jewish state possesses a significant stockpile and U.S. Defense Secretary Robert M. Gates referred to an Israeli atomic arsenal during his recent confirmation hearing.

Citing unidentified Israeli military sources, the Sunday Times said plans had been drawn up in Israel for an attack using "bunker-buster" nuclear weapons against atomic facilities at three sites south of the Iranian capital.

The U.S. and its allies suspect Tehran of trying to produce atomic weapons there -- and the issue has taken on greater urgency because of Iranian leaders' statements calling for the destruction of Israel and their recent hosting of a conference questioning the Holocaust.

Though Israeli Prime Minister Ehud Olmert has not explicitly ruled out a military strike on Iran's nuclear facilities, he says the issue should be dealt with diplomatically -- and stresses that an Iranian nuclear bomb would be a problem for the entire world, not just Israel.

Some view Israeli officials' occasional implied threats as a means of pressuring the world community to take action, building on the recent U.N. Security Council decision to impose economic sanctions on Tehran for its refusal to suspend uranium enrichment.

Iran says its nuclear program is solely for peaceful purposes, including generating electricity, and it has called the U.N. move invalid and illegal.

The Sunday Times said Israeli military officials think Iran could produce enough enriched uranium to build nuclear weapons within two years. It said Israeli pilots had made flights to the British colony of Gibraltar while training for the 2,000-mile round trip that would be required to reach the Iranian targets.

Israeli pilots conducted a similar raid on Iraq in 1981, destroying a nuclear facility being built by dictator Saddam Hussein's regime.

But Iran's program may be far more difficult to cripple because it is thought to be distributed over many sites and, in part, deep underground.

Israel Plans 'Nuclear' Strike On Iran (AFP)

AFP, January 8, 2007

Israel has drawn up plans to destroy Iranian uranium enrichment facilities with a tactical nuclear strike, a British newspaper has said in a report that was rubbished by the Jewish state.

The Sunday Times quoted several Israeli military sources as saying that two of the country's air force squadrons are training to use "bunker-busting" bombs for a single strike.

The story is "incorrect", Israeli foreign ministry spokesman Mark Regev said Sunday.

"Israel is 100 percent behind the international community's efforts to bring about an end to Iran's nuclear program. Israel totally supports Resolution 1737 and the international community must be ready to take even tougher measures against Iran," he said.

The Sunday Times -- which in 1986 first revealed Israel's undeclared nuclear arsenal -- said the plans involved sending conventional, laser-guided missiles to open up "tunnels" in the targets before "mini-nukes" with a force the equivalent of one-fifteenth of the Hiroshima bomb are fired in.

"As soon as the green light is given, it will be one mission, one strike and the Iranian nuclear project will be demolished," one of the unnamed sources was quoted as saying.

A senior Israeli official dismissed the report out of hand.

"This is absurd information coming from a newspaper that has already in the past distinguished itself with sensationalist headlines that in the end amounted to nothing," the official, who asked not to be named, told AFP.

"To think that we will launch an atomic attack against Iran, and on top of that that we would reveal it in advance to a foreign newspaper is doubly ridiculous," the official added.

"The solution that we recommend, along with the international community, is that of sanctions imposed on Iran."

Iran warned of dire consequences in the event of any such Israeli attack.

"Any action against the Islamic republic will not go without a response and the aggressor would regret the action very quickly," foreign ministry spokesman Mohammad Ali Hosseini told reporters.

He described the Sunday Times report as "proof of the weakness of the enemy and will have no effect on the determination of the Islamic republic to continue its (nuclear) activities."

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Israel and the United States, the Islamic republic's two arch-enemies, accuse Iran of seeking a nuclear weapon -- a charge vehemently denied by Tehran, which refuses to bow to United Nations demands to halt uranium enrichment work.

Even after the UN Security Council agreed to impose its first-ever sanctions on Iran in December, Israel has pushed for tougher international action against the Islamic republic.

Iran's hardline President Mahmoud Ahmadinejad has in the past called for Israel to be wiped off the map and also casting doubt on the scale of the Holocaust.

Israel has refused to rule out pre-emptive military action against Iran. In 1981, it took action against Iraq's nuclear reactor in Osirak.

Israel is considered to be the sole nuclear weapons power in the Middle East. It does not officially acknowlege that it has an arsenal although Prime Minister Ehud Olmert appeared to do so in an apparent lapse last year.

The three prime targets for Israeli action are said to be the uranium enrichment plant at Natanz, a uranium conversion facility near Isfahan and a heavy water reactor at Arak, The Sunday Times reported.

The nuclear option is being considered because Israeli military commanders believe conventional strikes may not be effective enough at destroying the well-defended facilities, it said.

The atomic weapons would explode deep underground to minimise the risk of radioactive fall-out, it added.

US and Israeli officials had met several times to consider military action, it added, saying military analysts assessed that disclosing the plans could put pressure on Iran to halt sensitive uranium enrichment activities.

It could also be designed to persuade the United States to act or "soften up" world opinion ahead of an Israeli pre-emptive strike.

Israeli pilots are said to have flown to Gibraltar in recent weeks to train for the 2,000-mile (3,220-kilometre) round-trip to the Iranian targets. Three possible routes have been mapped out, including one over Turkey, the report said.

The plan is similar to one said in a report in the New Yorker magazine last April to have been considered by the United States. The White House dismissed investigative reporter Seymour Hersh's article as "ill-informed".

Abbas Tells Party He'll Proceed With Elections (NYT)

By Steven Erlanger

The New York Times, January 8, 2007

JERUSALEM, Jan. 7 — The Fatah faction of the Palestinian Authority president, Mahmoud Abbas, held a large rally on Sunday in a Gaza City sports stadium, marking the group's 42nd anniversary with a show of strength and defiance after days of bloody clashes with the rival Hamas movement.

Tens of thousands of Fatah supporters made it one of the largest Fatah rallies in Gaza in many years.

Mr. Abbas told Fatah political leaders in Bethlehem on Sunday that he intended to proceed with his demand for early presidential and parliamentary elections, and that he had lost hope in negotiating a unity government with Hamas, which won a parliamentary majority a year ago. Hamas has rejected early legislative elections as illegal and as a form of a coup and has vowed to boycott and disrupt them.

On Saturday, Mr. Abbas said he would consider the Hamas-led parallel police force known as the Executive Force to be illegal if it were not quickly integrated into other Palestinian security forces under his command.

Hamas rejected that call, too, saying that the Gaza-based group, the Executive Force, was legal and necessary, and that in fact Hamas had plans to more than double its size — to 12,000 men. Hamas leaders warned Mr. Abbas that efforts to disband the Executive Force would be met with violence.

Mr. Abbas also said Saturday that he was changing security personnel. While he did not make clear who would hold the top post, the United States has been urging him to appoint Muhammad Dahlan, the former security chief in Gaza, to lead all security forces in the Palestinian Authority. Mr. Dahlan is especially despised by Hamas, and he is not especially popular among many other Palestinians, who believe that he is corrupt and too close to the United States and Israel, despite his vehement denials. But Mr. Dahlan commands the loyalty in Gaza of many of Fatah's armed men, incorporated into various security services.

Mr. Dahlan said at the rally that there would be a new policy. "If anyone from Fatah is attacked, we will hit back twice as hard," he said, as the crowd shouted "Shiites, Shiites," intended as a riposte to Hamas, which, like Fatah, is Sunni, but is also fervently religious and has close ties to Shiite Iran. Mr. Dahlan responded, "Don't say 'Shiites,' say 'criminals.' "

Agence France-Presse said that its photographer, Jaime Rázuri, 50, from Peru, was released Sunday evening after six days of captivity after being kidnapped in Gaza City on Monday. Mr. Rázuri was released to news-agency representatives at Mr. Abbas's compound. He said: "It was not a five-star hotel, but it was very good. I was treated very well." Mr. Rázuri said he was fine and "very happy to be released," and thanked all those who had tried to help him.

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In Israel, intraparty rivalries also intensified, with former Prime Minister Ehud Barak announcing that he would run for the chairmanship of the Labor Party, challenging the current leader and defense minister, Amir Peretz, in primaries on May 24.

Mr. Barak has been out of politics for nearly six years, since Ariel Sharon defeated him in 2001. He will face competition from Mr. Peretz; Ami Ayalon, another former general; and Ophir Pines-Paz, a popular legislator and former minister.

Separately, Israeli forces arrested two Palestinians on Sunday morning in the Balata refugee camp in Nablus. The Palestinians then led them to two suicide-bomb belts in their apartment that were ready for use, the Israeli military said.

Fatah And Hamas Continue Bloody Struggle (AP)

By Mohammed Daraghmeh And Ibrahim Barzak

AP, January 8, 2007

Geography is playing a big role in the violent Palestinian power struggle: When Hamas attacks in its stronghold in the Gaza strip, its rival Fatah retaliates in the West Bank, where it holds sway.

The pattern of bloodshed in the two Palestinian enclaves, separated by Israel, repeated itself this weekend in a rampage against Hamas supporters in the West Bank, where Fatah gunmen shot an office manager and a university professor in their legs and kidnapped a deputy mayor.

The attacks came two days after Hamas militiamen in Gaza killed a Fatah-allied colonel and seven bodyguards in a rocket barrage.

Fatah says its dominance of the West Bank holds Hamas in check and could keep the lid on what some fear will turn into a full-scale civil war in Gaza.

But to maintain that dominance, Fatah militants in the West Bank have resorted to new tactics — including kidnapping government officials and shooting Hamas sympathizers at random.

After snatching the Hamas deputy mayor of the West Bank city of Nablus, Mahdi al-Khamali, his captors released a video Sunday showing him flanked by gunmen — a scene familiar in Iraq, but a first in the Palestinian areas. Any attack in Gaza will be avenged in the West Bank, a gunman warned in the video.

The division of turf between Hamas and Fatah is largely linked to Israeli troop deployment.

Israeli troops withdrew from Gaza in September 2005, enabling Hamas to build and expand its militia. By contrast, Israel controls the West Bank and has badly weakened Hamas militants there with arrests.

Gaza, a narrow band of Mediterranean coast and the landlocked West Bank, lie on either side of Israel's borders, and it is impossible for most Palestinians to travel between them. Of the 3.8 million Palestinians, about 37 percent live in Gaza and 63 percent live in the West Bank.

Fatah gunmen have also been targeted by Israel in the West Bank, but most of Fatah's firepower comes from the security forces loyal to Palestinian President Mahmoud Abbas, a political moderate. Last week, President Bush asked Congress to provide $83 million to train and equip Abbas' force.

Since winning parliamentary elections a year ago, Hamas has invested heavily in its Gaza paramilitary unit, the so-called Executive Force, with millions of dollars in support, mainly from Iran.

The militia currently has 5,500 members, but thousands more sympathizers can easily be mobilized. Abbas, who heads Fatah, on Saturday outlawed the militia, prompting defiant declarations by Hamas that it would more than double the number of fighters.

Hamas has also established its own arms industry in Gaza, building anti-tank rockets, mortar shells, land mines and hand grenades. Smuggling tunnels running under the Gaza-Egypt border help refresh supplies. Some of Hamas' weapons engineers were trained abroad.

The Executive Force has also bought SUVs and German-made minivans and set up training camps throughout Gaza.

On the West Bank, by contrast, Hamas militants remain underground or only appear in public without weapons, for fear of being targeted by Israel.

On Sunday, dozens of bearded Hamas activists, all unarmed, crowded around the West Bank hospital bed of Ehab Ghaiyatha, an Interior Ministry employee and Hamas supporter who was seriously wounded by Fatah gunmen in the town of Ramallah on Saturday.

Ghaiyatha, 27, said the assailants draped a black hood over his head, drove around with him for 15 minutes, dumped him into the street and then shot him in the legs.

Ghaiyatha said there was little Hamas could do to protect its supporters in the West Bank. "No one can carry weapons here," he said. "If he does, he would become a target for the Israelis, but if they (Fatah gunmen) keep attacking us, we have to find a way to protect ourselves."

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The weekend rampage by Fatah — its gunmen also shot a Hamas-allied university professor in the legs — came after a gruesome attack by Hamas on an officer in the Abbas-allied Preventive Security Service in Gaza on Thursday.

Col. Mohammed Ghayeb and seven bodyguards were killed in a barrage of rockets fired at his home, where he had been holed up, pleading for help in a phone call to Palestine TV in his final minutes.

More than 30 Palestinians have been killed in factional fighting since December, most in Gaza. Gun affiliated with Fatah have also carried out brutal attacks against Hamas in Gaza, including executing an Islamic court judge linked to Hamas in the street.

The security forces loyal to Fatah in Gaza still outnumber the Hamas militia by several thousand, but the balance could soon shift.

Fatah, which dominated Palestinian politics for four decades until it lost parliament elections a year ago, is trying to restore its power in Gaza.

On Sunday, tens of thousands of Fatah supporters crowded Gaza City's muddy Yarmouk soccer stadium despite the cold, rainy weather, for the largest Fatah rally since 1994 when legendary leader Yasser Arafat triumphantly returned from exile.

Fatah's strongman in Gaza, Mohammed Dahlan, was given a hero's welcome and shooed away the security guards when he began speaking.

"Let Hamas shoot me," he said as the crowd erupted in applause. Dahlan derided the Hamas militia as a gang, and pledged revenge for the assault on the colonel's home. "If they attack one Fatah person, we'll attack two more," he said.

In another development, a Peruvian news photographer for the French news agency AFP, kidnapped Jan. 1 in Gaza City, was freed Sunday, Fatah officials said. It was not known who kidnapped him.

U.S. Support Key To Ethiopia's Invasion (USAT)

By Barbara Slavin

USA Today, January 8, 2007

WASHINGTON — The United States has quietly poured weapons and military advisers into Ethiopia, whose recent invasion of Somalia opened a new front in the Bush administration's war on terrorism.

A Christian-led nation in sub-Saharan Africa, surrounded almost entirely by Muslim states, Ethiopia has received nearly $20 million in U.S. military aid since late 2002. That's more than any country in the region except Djibouti.

Last month, thousands of Ethiopian troops invaded neighboring Somalia and helped overturn a fundamentalist Islamic government that the Bush administration said was supported by al-Qaeda.

The U.S. and Ethiopian militaries have "a close working relationship," Pentagon spokesman Lt. Cmdr. Joe Carpenter said. The ties include intelligence sharing, arms aid and training that gives the Ethiopians "the capacity to defend their borders and intercept terrorists and weapons of mass destruction," he said.

Advisers from the Guam national guard have been training Ethiopians in basic infantry skills at two camps in Ethiopia, said Maj. Kelley Thibodeau, a spokeswoman for U.S. forces in Djibouti.

There are about 100 U.S. military personnel currently working in Ethiopia, Carpenter said.

Somalia has been the region's primary concern for the U.S. government since the early 1990s. U.S. troops, sent to Somalia as part of a peacekeeping and humanitarian mission, withdrew in 1994 after a failed attempt to capture a clan leader led to the deaths of 18 U.S. soldiers in 1993. The incident was later the subject of the book and movie Black Hawk Down.

The country has had no central government since 1991. The capital, Mogadishu, has been controlled by a series of warlords. A fundamentalist movement called the Islamic Courts Council consolidated power by defeating the warlords six months ago.

Ethiopia responded in December, invading to oust the Islamic Courts and prop up a government backed by the United Nations and Western countries.

At least 8,000 Ethiopian troops remain in Somalia, according to United Nations observers.

Ethiopian Prime Minister Meles Zenawi has said he would like to be able to withdraw his troops in a few weeks. But there has been little progress in creating an African peacekeeping force to replace the Ethiopians.

Meanwhile, the ousted Islamic movement has begun attacking the Ethiopian troops. And, in an audiotape aired Friday on a website used frequently by Islamic militants, al-Qaeda No. 2 Ayman al-Zawahri urged Somalis to defeat "the crusader Ethiopian invasion forces."

Ethiopia's population is split almost equally between Muslims and Christians, but there are concerns that the Ethiopian intervention "will be framed as another Christian vs. Muslim war," said retired Marine general Joseph Hoar, who headed the U.S. Central Command from 1991-94.

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The Bush administration understands that Ethiopia's intervention "is against international terrorism, not against Islam," said Samuel Assefa, Ethiopia's ambassador to the United States.

The close U.S. embrace of Ethiopia is risky, in the view of several Africa experts and human rights advocates. Even though Ethiopia had good reasons of its own for intervening to blunt a Somali threat to its security, it is perceived as acting on behalf of the United States, said William Zartman, an Africa expert at the Johns Hopkins University School of Advanced International Studies.

The intervention is controversial in Ethiopia, where the Meles government has become increasingly repressive, said Chris Albin-Lackey, an African researcher at Human Rights Watch.

The Meles government has limited the power of the opposition in parliament and arrested thousands. A government inquiry concluded that security forces fatally shot, beat or strangled 193 people who protested election fraud in 2005.

At least 96 prisoners, including several opposition leaders, journalists and the former mayor of Addis Ababa, face charges of treason, plotting to commit genocide and inciting violence, Albin-Lackey said.

Rep. Chris Smith, R-N.J., plans to re-introduce legislation in Congress that would tie U.S. aid to Ethiopia to an improved record on human rights, but the prospects of passage are uncertain. "We have to be careful that that old maxim — the enemy of my enemy is my friend — does not make us unwitting enablers of abuse," Smith said.

UN Under Pressure To Extend Presence In Somalia (FT)

By Mark Turner, Andrew England And Guy Dinmore

Financial Times, January 8, 2007

Western and African powers in Nairobi last week described the defeat of Somalia's Islamic Courts by Ethiopian-backed forces as a "historic opportunity" to rebuild the shattered horn of Africa country, and put an end to the "warlordism" that has torn apart efforts at political reconciliation since the 1990s.

But a history of botched intervention in the world's most failed of failed states leaves few doubts that fixing Somalia poses a severe challenge to the world's peacekeeping systems, and may yet embroil Ban Ki-moon, the new UN secretary-general, in one of the first major challenges of his tenure.

At stake are questions of which international bodies should be responsible for the often expensive, thankless task of peacekeeping, and what their forces should be doing wherever they police.

A senior EU envoy in Washington said the buck must stop with the UN. "The UN will have to take responsibility. The rest of the world will have to pay."

But the world body's peacekeeping department is already overstretched with almost 100,000 troops in 18 operations, and there is little appetite for a UN mission in Somalia after the ill-fated operation of the early 1990s.

Officials and diplomats have been keen to encourage alternatives to traditional peacekeeping, such as providing international support to regional groups such as the African Union (AU), and are trying to develop an African standby force for such situations.

Last month, the UN Security Council authorised a regional "protection and training mission" to be sent to the country. Diplomats say a new resolution will be needed to take account of the changed circumstances since a two-week war put Somalia's weak transitional government in control of most of the country.

The resolution gives little indication of how the mission might work, or who would step in to provide troops. The only candidate to have come forward so far is Uganda, whose President Yoweri Museveni last week promised, pending parliamentary approval, to send a battalion of 1,000 troops.

A much larger contingent than that would be needed for any properly constituted peacekeeping force, and diplomats are urgently searching for other African powers to contribute.

"It is important for the African Union to take over," said one UN official. "Museveni cannot do it alone."

Nigeria is seen as one possible contender and South Africa suggests it could help with logistics. But it is unclear whether even an expanded AU force would be up to the job in the longer term. The body's peacekeeping force has struggled to maintain itself in Sudan's Darfur region, where the UN has been trying to bolster its presence in the face of staunch government opposition to UN involvement.

Dumisani Kumalo, South Africa's UN ambassador who also sits on the Security Council, said that UN support must follow early African intervention in Somalia.

"If your house is on fire, your neighbours go first," he said, "but you would still hope for the fire department to arrive later."

"The UN must be involved. We can't have the UN subcontract international peace and security."

UN peacekeeping officials concede that they may eventually have to step once more into the Somali breach, and note that, in contrast to the situation in Sudan, the Somali government appears amenable to UN action.

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But the approval of Somalia's government may not be enough on its own. UN officials insist that for any intervention to work, the government must start a genuine reconciliation process and earn legitimacy.

At the moment, one said, that legitimacy was "in serious doubt. They were put there by the Ethiopians. A very co-operative approach has to be taken".

Without legitimacy, international troops risk being caught in a conflict in which there is no peace to keep. But Idd Mohamed, Somalia's deputy envoy to the UN, insists any force would be welcomed. Somalis were tired of war, he said.

Washington think-tanks complain that once again the Bush administration, which backed Ethiopia's intervention, has got itself involved in a war with no post-conflict plan – a view echoed by Democrats.

"The US must play more of a leadership role, instead of relying on the piecemeal diplomacy that has failed us in the past," Senator Russ Feingold, the new chair of the Africa sub-committee, said.

Islamists Out, Somalia Tries To Rise From Chaos (NYT)

By Jeffrey Gettleman

The New York Times, January 8, 2007

KISMAYO, Somalia, Jan. 7 — Every Friday morning in this seaside town, the future of Somalia plays soccer on a bone-littered beach.

Boys dribble around animal carcasses and oil drums that have been dumped by the shore. Ships covered with rust lean into the sand. The palms sway, the seagulls squawk and a few girls in veils hang back, watching the action.

"This is all we know," said Mahmoud Abu Gur, 19, pointing to a dozen haphazard soccer games. "This."

The road ahead for Somalia begins in places like Kismayo, dusty, chaotic, forlorn wrecks of cities where the list of dire needs like food, water, shelter, a fire department, law, order — and hope — is so overwhelming that people just shake their heads and smile when asked where they would begin.

In just two weeks, the Somali political world has been turned upside down, bringing ambitious governance and reconstruction issues into focus for the first time in 16 years. The Islamist forces that ruled much of the country for the past six months are out. The transitional federal government, which had been considered totally feckless by those both at home and abroad, is in. The surprising reversal is because of thousands of Ethiopian troops still in Somalia who routed the Islamists after Ethiopian officials declared the growing movement a regional threat.

Kismayo is an old Arab port town of 700,000 people, Somalia's third most populous city, after Mogadishu, the capital, and Hargeysa, in the north. But town elders in all three places are struggling with the same questions: how to provide security; what to do with the remaining Islamists; how to determine the proper role for religion, an important theme in Somali society; and how to unify rival clans, rebuild infrastructure and live with the Ethiopians. Many Somalis say they are starting at less than zero.

"After nearly two decades of anarchy," said Abdi Artan Adan, a retired diplomat in Kismayo, "people just don't want to be ruled."

Ever since Somalia's central government collapsed in 1991, the country has been notorious for the staggering levels of firepower on the streets. The new government made disarmament its first step but despite meetings, pleas, deadlines and threats, officials have collected few weapons. In Mogadishu, hundreds of people rioted Saturday at the prospect of house-to-house searches. The local government there indefinitely postponed the issue.

That led Jendayi E. Frazer, the United States assistant secretary of state for Africa, to cancel a planned trip to Mogadishu on Sunday. She would have been the highest-ranking American official to set foot in Mogadishu since American troops left the country in 1994 after a troubled aid mission. American officials said the security situation was too unstable.

On Sunday night, insurgents in Mogadishu attacked a downtown army barracks and residents said that four civilians were killed.

In Kismayo, no weapons have been turned in. Many elders agreed that everyone would be better off once all guns were gone, but no one seems to want to volunteer theirs first.

"It's a custom for Somalis to attack someone who doesn't have weapons," said Sultan Abdi Rashid Dure, a leader of the Galjel subclan. "When I was young, we used knives."

With long, wrinkled fingers, Mr. Dure, 56, traced the web between disarmament, clans, revenge and anarchy. "During these years, every clan killed," he said. "A lot. Now there are so many feuds, so many scores to settle. We are all afraid that if we give up our weapons, other clans will take their revenge."

The Islamists, using Islam as a bridge, did a better job than any recent authority to unite warring clans. But their military was no match for the better-trained, better-equipped Ethiopian-led troops, and now that the Islamists are gone, many fear a return to clan mayhem.

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Somalia has always been somewhat of a political paradox — one of the most homogeneous countries in Africa, with one language, Somali, and one religion, Sunni Islam, but at the same time is one of the most violently divided. Clan allegiances have always mattered.

Dahir Ali Barre, the leader of a small Kismayo political organization, said that when he was a teenager in Mogadishu in the early 1970s, he did not know which clan he belonged to. It was not until 1974, when he was sent to a village in Somalia's barren interior as part of a national effort to foster cross-clan understanding, that Mr. Barre learned he was a Marehan. But when he returned to Kismayo in the mid-90s after some years in the capital, the first thing he did was seek out the Marehan neighborhood, for protection. "After all those years of sophisticated culture," he said, "we've basically gone back to the bush."

The transitional government has theoretically addressed the clan issue by its so-called 4.5 formula, which allots equal representation to the four major clans and a smaller percentage for all the minor clans. The government was set up in 2004 with help from the United Nations and is supposed to rule until the next elections, proposed for 2009.

Already it seems that clan militia leaders are well positioned. The big man in Kismayo is Barre Aadan Shire, the transitional government's defense minister and a former warlord, whose strong jaw, natty goatee and bald head lend him an uncanny resemblance to Lenin. He says many people in Kismayo have asked him to reach out to the Islamists, but he does not want to. The last of the Islamist fighters have retreated to the Kenya border, about 150 miles away.

"If we were going to compromise," Mr. Shire said, "why go to war?" He gave the Islamists credit for bringing a degree of order, but said they pushed religion too far. Yet he predicted that Somalia's permanent government would not be purely secular. He does not see beer or bikinis in Somalia's future. "We are a traditional people," he said.

It seems to be a fine balance. Several Kismayo residents said they grew to resent the Islamists after they banned movies, Western music, cigarettes and khat, a mildly narcotic plant that is chewed here. "Those rules were a total fallacy," said Abdullahi Jama Ali, who was once part of an underground Islamist group. "The Koran doesn't say anything about cigarettes. The Islamic religion is like an ocean, everyone can swim where he likes."

With the Islamists in hiding, Kismayo's market is bustling again. But the grapefruit farms on the outskirts of town are still a mess, irrigation canals are full of sand, roads are dreadful and government buildings are lonely, shot-up places.

Kismayo's jail is a single windowless cell, barred by a log, where four sweaty prisoners, accused of stealing a mattress, wait for a justice system to be set up. There are 22 police officers for the entire city.

Not far away, there is a displaced persons' camp, a field of three-foot-high domes made of sticks and plastic bags. The salty breeze nearly carries them away.

Hundreds of Ethiopian soldiers occupy this wasteland. Though many of its people are Muslims, Ethiopia also has a long Christian history, and already some Muslim extremists, including leaders of Al Qaeda, have vowed to respond with a holy war to drive the Ethiopians out. Ethiopian officials say they plan to withdraw their forces in a few weeks and hand over control to a yet-to-be-formed African peacekeeping force.

With Somalia's longtime fears that Ethiopia might swallow it, the sooner that happens, the better. On Saturday, Nasteh Dahir Farah, a reporter for a Kismayo radio station, visited the town's airport with three foreign journalists. The foreigners were allowed in. Mr. Farah was not. He was shooed away by Ethiopian soldiers at the gate and told never to come back.

"This is my country, not theirs," he said. "If I didn't have a job," Mr. Farah muttered, straightening himself up and smoothing the shirt where he had been poked in the chest, "I'd join the resistance."

A little humiliation, it seems, goes a long, long way.

Ethiopian Forces Attacked In Somalia (AP)

By Elizabeth A. Kennedy

AP, January 8, 2007

Gunmen attacked Ethiopian troops supporting the Somali government Sunday, witnesses said, in the second straight day of violence in a city struggling to emerge from more than a decade of chaos.

Farah Abdi Hussein, who witnessed the attack, said gunmen launched grenades at Ethiopians about 2 1/2 miles from the airport. One Somali soldier was wounded, according to a Somali military official asked not to be named for fear of reprisals.

The unrest comes at a precarious time for Somalia's transitional administration, which is trying to assert some control for the first time in a capital that has seen little more than chaos in the 15 years since clan warlords toppled a dictatorship and then turned on each other.

The government, backed by Ethiopia's military, drove out a radical Islamic militia last week. But many in predominantly Muslim Somalia resent the presence of troops from neighboring Ethiopia, which has a large Christian population and has fought two wars with Somalia.

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On Saturday, hundreds of furious protesters took to the streets, burning tires and smashing car windows while denouncing the presence of Ethiopian forces and shouting defiance at the Somali government's call for disarming Mogadishu.

Two people died in Saturday's violence, including a 13-year-old boy.

On Sunday, a similar protest took place about 215 miles away in Belet Weyne, after Ethiopian troops there detained a Somali military commander who refused to hand over an Islamic militiaman, witnesses said. That protest also turned violent, killing a 20-year-old civilian, Abdi Nor Salah Gedi told The Associated Press by telephone.

It was not clear who shot the man or the teenager killed Saturday.

Clan elders held emergency meetings Sunday and hundreds of Somali troops patrolled Mogadishu, setting up six extra checkpoints in areas where residents burned tires and broke car windows during Saturday's protests.

Dahir Abdi Kulima, a chieftain of the Hawiye, the dominant clan of southern Somalia, said the government's reliance on Ethiopia is backfiring.

"Since the Ethiopians arrived people are sleeping and waking with worry about what will happen next," Kulima told AP during a break in a meeting with about a dozen other Hawiye elders. "This is a sign of upcoming problems in Somalia."

Ethiopian soldiers, tanks and warplanes intervened in Somalia on Dec. 24 to defeat the Islamic movement, which had threatened to overthrow the internationally recognized government. At the time, the government controlled only the western town of Baidoa.

The most senior U.S. diplomat for Africa said Sunday that the United States would use its diplomatic and financial resources to support the Somali government.

"I think we are pushing uphill as an international community, as well as the Somali people themselves, to try to overcome their history," Jendayi Frazer, the U.S. assistant secretary of state for Africa, told AP in Nairobi, Kenya.

Frazer was planning a surprise visit to Mogadishu on Sunday but called it off because the details of the trip were made public, prompting concerns for her safety.

The African Union has begun planning for peacekeepers and Uganda has promised at least 1,000 troops. Frazer has said she hopes the first troops would arrive in Mogadishu before the end of the month.

Previous peacekeeping forces, including U.S. troops, met with hostility and violence when they tried to help in the early 1990s, and leaders of the routed Islamic militia are vowing from their hideouts to launch an Iraq-style guerrilla war.

After meeting with Frazer in Nairobi, a top Somali politician with ties to leaders of the militant Muslim movement urged its fighters to surrender and join the peace process.

Sheik Sharif Hassan Aden, speaker of the transitional parliament but a strong critic of the interim government, also dropped his opposition to having foreign peacekeepers in Somalia, calling on people "to welcome, to hail, to respect, to accommodate them in a peaceful manner."

Aden is closely linked to leaders of the militant Council of Islamic Courts, whose fighters scattered into the countryside after being defeated on the battlefield last week.

Frazer reiterated Somalia's importance to the United States because of its location in the Horn of Africa, where the Red Sea opens into the Indian Ocean.

The U.S. wants to make sure Islamic extremists do not take advantage of the chaos to establish a safe haven. Frazer has said al-Qaida's East Africa cell, blamed for the bombings of two U.S. embassies and a Kenyan resort hotel, infiltrated the Islamist movement in Somalia.

But Frazer stressed that the U.S. will provide only a support role.

"Some people would like the United States to lead on this issue," she said. "I would prefer that we lead from behind, and what I mean by that is pushing the Somali people first, pushing the sub-region next and then mobilizing the resources of the international community."

A Fleeting Victory In Somalia (NYT)

By Jonathan Stevenson

The New York Times, January 8, 2007

Newport, R.I.

SOMALIA'S internationally recognized government pulled off a stunning military victory over its Islamist rivals, taking control of the capital, Mogadishu, and the key port city of Kismayo last week. This may appear to bode well for the containment of Islamism on the Horn of Africa. But unless America plays a constructive role in Somalia's next stage, the conflict could become a regional war and a new field of jihad.

The success of the Transitional Federal Government and its current prevalence were made possible entirely through the help of troops from neighboring Ethiopia, many of them trained and equipped by the United States. Nevertheless, Ethiopia

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cannot be expected to act as the government's main force indefinitely. Nor, eventually, will Somalis, who are almost all Sunni Muslims, tolerate an open-ended occupation by Ethiopians, who are predominantly Christians.

Enforcing peace in a politically atomized territory is remarkably difficult, as was painfully demonstrated by the American intervention in Somalia in the early 1990s. Turning a humanitarian mission into a coercive state-building effort angered local militia bosses, leading to the now-infamous "Black Hawk Down" attack.

The Ethiopians, being thoroughly familiar with the American experience and the Somalis' historical tendency to resist external influence, are already talking about pulling out within a few months.

What's more, the American invasion of Iraq illuminates some drawbacks to any extended Ethiopian military presence in Somalia. Al Qaeda's leadership would inevitably cast such a commitment as the non-Muslim occupation of a Muslim land. This would draw foreign jihadists into the conflict and lead to greater Islamic radicalization of Somalis themselves.

Indeed, Ethiopia's intervention and the United Nations Security Council's authorization of a notional peacekeeping force have already prompted the Islamic Courts Council to declare jihad. Once bitten, twice shy, the United States should be loath to perpetuate this kind of blowback. Similar considerations also argue against a peacekeeping force led by a major power — even if one could be marshaled, which at present looks unlikely.

The upshot is that there is no military solution to the quandary of Somalia. Robust diplomacy, with an eye toward creating some sort of power-sharing agreement between the transitional government and the Islamic Courts Council, appears to be the only hope. Given the recent struggles in Darfur, Congo and elsewhere, the idea of bringing Africans to the negotiating table might cause Westerners to roll their eyes. But there are a few hopeful signs that, in Somalia, diplomacy has a chance.

For one thing, the European Union has shown an interest in becoming an honest broker among the main Somali factions. And Kenya, alarmed by the prospect of tens of thousands of Somali refugees pouring across its northern border, may feel compelled to resume its longstanding diplomatic role in Somali conflict resolution.

Finally, neither the transitional government nor the Islamic courts are in a position to take over wholesale governance of the country: the various clan leaders, tribal elders and militia bosses around Somalia together control the pulse of power. In fact, it was the decision by dozens of local clan elders to withdraw their political and military backing that made it impossible for the Islamic Courts Council to defend Mogadishu and Kismayo.

This parlay underscored how central the elders are to Somalia's tenuous political equilibrium, especially those of the four main clans — the Darod, Hawiye, Dir and Digil-Mirifle — and their various sub-clans. These leaders must be included in any peace negotiation, and any deal with their backing would be hard for the Islamists or the transitional government to walk away from.

The knottiest substantive issue would likely be deciding to what extent Islamic sharia law would apply in Somalia. Naturally, the Islamic courts have insisted on universal religious law, while the secular transitional government has refused to entertain it. But there is recent African precedent for breaking the deadlock.

In January 2005, persistent negotiations overseen by the United States, European powers and Kenya produced a power-sharing compromise between southern Sudanese Christians and Sudan's Arab Muslim government. The deal was that sharia would apply in the northern part of the country and not in the south, and that its applicability in the capital, Khartoum, was to be decided by an elected assembly. While the unrelated violence in Sudan's Darfur region has overshadowed this deal, it was a major breakthrough between two groups far more religiously divided than the two Muslim Somali sides.

The temptation in Washington will be to keep its distance and rely on Ethiopia, the European Union and Kenya for as long as possible. This attitude is myopic. Neither the American public nor the world believe that the Bush administration's predominantly military approach to counterterrorism is working. Relying primarily on Ethiopian troops to tamp down Somali Islamism would represent a continuation of that flawed model, and of the corresponding risk of fueling the jihad.

The United States' full participation in a diplomatic process in the Horn of Africa, on the other hand, would constitute a relatively low-cost way of signaling a new American approach to Islam and a re-engagement in sub-Saharan Africa, which has largely been left out of Washington's post-9/11 calculus. A result could be a small political victory in the Muslim world that would deprive Osama bin Laden and his followers of a new grievance rather than supplying them with one.

Richardson Gets Bleak Darfur Assessment (AP)

By Nedra Pickler

AP, January 8, 2007

New Mexico Gov. Bill Richardson got a bleak assessment Sunday of the deteriorating situation in Darfur, but expressed optimism for a breakthrough with the Sudanese president he has been able to work with in the past.

President Omar al-Bashir has refused to allow U.N. troops into the violence-wracked region, allowing only 20 civilians to be deployed for assistance.

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The peacekeeping force would provide protection to the 2.5 million people uprooted since early 2003 as a result of sectarian conflict. More than 200,000 people have died, victims of violence as well as malnutrition and disease.

Richardson, a potential 2008 presidential candidate, heard disturbing reports of rape, death and corruption from the top U.S. diplomat in Sudan and humanitarian workers, but said he was not deterred from the challenge of trying to help bring peace where years of international efforts have failed.

"I think we make some measurable progress if we can help the cease fire and the humanitarian situation and possibly start a united political process that helps the U.N. peacekeeping effort alive," he said.

Richardson was to meet with al-Bashir on Monday in Khartoum, then fly to Darfur on Tuesday to meet with rebel leaders and the commander of overwhelmed African Union forces assigned to patrol the area.

"I have to tell you, my record with Bashir is pretty good," the governor told the skeptical humanitarian officials.

Richardson flew to Sudan at the request of the Save Darfur Coalition because he has negotiated successfully with al-Bashir in the past over the release of foreign prisoners.

He had been on Sudanese soil just minutes when Cameron Hume, the chief diplomat who was an aide to Richardson when the governor was U.N. ambassador, laid out the challenge to make progress. "I don't think anybody's strategy is working," Hume told Richardson.

Richardson visited the presidential residence for three hours Sunday night for a celebration of Sudan's independence — where al-Bashir addressed the crowd in Arabic — but the two did not greet one another.

Later, he met with 13 representatives of aid groups working in Darfur who asked not to be quoted by name out of fear of reprisal by the Sudanese government. Some said they were doubtful Richardson can make progress with the president and one suggested he was being used by al-Bashir and should refuse to meet with him.

Richardson is planning to announce soon whether he will run for the Democratic presidential nomination in 2008, and the trip highlights his extensive international experience in a competitive field.

On a 17-hour flight to Sudan, Richardson huddled with five advisers around a table in the private jet chartered by billionaire philanthropist S. Daniel Abraham for the trip. Richardson asked them how he could help encourage a cease-fire, continue the flow of humanitarian aide and persuade al-Bashir to allow United Nations peacekeeping troops in the region.

The group game up with a two-page memo of talking points going into the meeting that lacked specific timetables or numerical goals. For instance, they would like to jump start African Union patrols in some locations, work toward a cease fire and get al-Bashir's commitment a three-stage plan to send some 20,000 peacekeepers and police to Darfur.

Hume's warned during a gloomy hour-long briefing for Richardson's delegation that he was assuming that everything that was said in the room was being monitored by Sudanese intelligence. He repeated the sentiment later with the aid workers.

Hume said the African Union troops who are supposed to be providing protection in Darfur have slowed patrols. But Hume said Richardson might be able to convince the A.U. force commander to step up patrols, at least in some areas.

Hume explained that rising chaos and violence is making it more dangerous for humanitarian groups to travel and distribute aid.

One of the humanitarian officials who briefed Richardson said 13 aid workers have been killed since a cease fire was signed in July, more than 100 of their vehicles were stolen last year and over 400 have had to be relocated to protect their security in the last couple of months.

Hume said violence has increased in El Fasher, where Richardson visited last September and planned to return Tuesday. Richardson was there earlier to retrieve a journalist from New Mexico who had been imprisoned — a release that was the result of Richardson's face-to-face negotiations with al-Bashir. Since that visit, Hume said, there has been gunfire in town, including a shooting by government paramilitary forces opposed to the governor.

US And EU Talks Revive Hopes Of Trade Deal (FT)

By Eoin Callan

Financial Times, January 8, 2007

Negotiations between the US and the European Union have revived hopes that a deal can be struck on the stalled Doha round of world trade talks by the end of the month, according to EU and American officials.

Top US and EU negotiators have told the Financial Times they hope to achieve a breakthrough in the coming weeks, paving the way for an agreement with Brazil and India at the World Economic Forum in Davos this month.

The proposed deal would be a last-ditch attempt to revive the Doha round before a US law enhancing President George W. Bush's authority to negotiate trade pacts expires later this year.

The round began in 2001 with plans to liberalise manufacturing and agricultural markets, but farm subsidies have proved a sticking point for both the US and EU.

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Peter Mandelson, the EU's trade commissioner, told the FT that the US and EU were closer to an agreement than is commonly thought. "After a series of meetings of senior officials it is clear that the gap between us on agriculture is no longer such to dismiss hope of a successful outcome. We are not that far apart to give up on the process."

The optimism follows US-EU negotiations – which were continuing last night – aimed at narrowing differences on agricultural subsidies and tariffs.

Mr Bush and José Manuel Barroso, European Commission president, are expected to back the drive for a deal when they meet today at the White House.

The meeting will mark the highest-level effort to reach a deal at the WTO since talks broke down in July over agricultural policy. The engagement of Mr Bush in the negotiations follows the personal intervention of Tony Blair, the British prime minister, and Angela Merkel, the German chancellor, officials said.

Mr Mandelson said he hoped to persuade Mr Bush to throw his weight behind the Doha deal. "It is at this crucial stage when you reach the end-game that you need the president's authority to help us do a deal," he said.

US and EU officials said that if the outline of a final deal could be reached with Brazil and India at the World Economic Forum in Davos, the circle of countries included in the talks would widen.

Susan Schwab, the US trade representative, told the FT: "Both technical and policy-level conversations are continuing and that is the single most important ingredient necessary to find a resolution to the impasse."

But the chief US trade negotiator was more cautious than her EU counterpart. "The challenges that we face in trying to find our way clear to a breakthrough in Doha are no less than they were last year. But I think we have made progress on the technical side," she said. Ms Schwab added that she would make an improved offer on cutting domestic agricultural subsidies.

Mandelson To Push Bush On Trade (FT)

By Eoin Callan, Caroline Daniel, George Parker And Andrew Bounds

Financial Times, January 8, 2007

Peter Mandelson will on Monday attempt the improbable feat of persuading George W. Bush to take a political gamble on multilateralism and expend precious political capital on reaching a world trade deal during his final two years in office.

The European Union's chief trade negotiator will meet the president this morning and again over lunch at the White House, along with his US counterpart Susan Schwab and José Manuel Barroso, president of the European Commission.

The role of persuader is a familiar one for Mr Mandelson, who honed his skills at influencing world leaders as consigliari to Tony Blair, the UK prime minister.

Indeed, the personal intervention of the British prime minister in recent days has been decisive in convincing Mr Bush to give the EU delegation a serious hearing, according to officials familiar with the conversations.

"I believe that President Bush wants to do a deal," Mr Mandelson told the FT. "My political judgment about him and what he has said to me in the past is that he wants to do a deal and, if anything, is slightly impatient."

Mr Mandelson believes he has a unique personal relationship with Mr Bush that will help him convince the president the trade talks have reached an "endgame" and that he must step in.

The European delegation argues that the administration must show leadership if there is to be a deal on the stalled Doha round of world trade talks.

Mr Barroso said: "The moment of truth for the Doha negotiations is fast approaching and the US holds the key to making a deal possible in 2007. The alternative – a delay of several years – would come at a high price for all."

The delegation believes Mr Bush will work for a breakthrough, not least to give some gloss to his international "legacy" – a record dominated by the Iraq crisis.

But Ms Schwab, the US trade representative, emphasised the need to make more progress on technical negotiations over agriculture. "I think the right kind of conversations are going on. Are we there yet? No, not yet," she said.

There has also been no clear message from the Bush administration to its allies in the business community – or to US lawmakers – that a deal is imminent.

This calls into question the optimistic assessment of Mr Mandelson, whose own reputation and legacy are linked to the outcome of the Doha negotiations. It also leaves an extraordinarily small window for a deal to be reached before the president's special fast-track trade negotiating powers expire in the summer.

But Mr Mandelson insists: "My impression is that the Bush administration has arrived at a view that a deal is doable and they want to do it. That is what this is about."

Analysts said a breakthrough on the Doha development round would be a catalyst for US trade policy and could lead to the new Democrat-dominated Congress extending the president's special trade promotion authority. Both US and EU trade negotiators argue that the new Congress has not significantly lessened the chance of a deal.

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Mr Mandelson said the European side would also go “as close as possible” to the demands made by the G20 group of developing nations in cutting EU farm subsidies and tariffs. He urged the US to do the same to encourage developing countries to open their own markets to industrial products and services.

“If we fall too far below the developing countries’ demands in agriculture we will have fewer benefits to take home to our respective constituencies to go along with a deal,” he said.

Sceptics argue that there are simply not enough political incentives for the key countries to make the necessary compromises. Calman Cohen, an influential US trade analyst, said: “The components of a deal are in place. The outstanding considerations are political.”

Nurturing Our Most Important Relationship (WSJ)

By Matthias Wissmann

The Wall Street Journal, January 8, 2007

BERLIN -- The European Union, the United States and Canada jointly account for almost 60% of global GDP, making them the world's largest economic region. Yet there is still a great deal of untapped potential in bilateral economic relations between the EU and its trans-Atlantic partners. Nontariff barriers to trade still exist in many areas of economic activity, and removing them would make everyone on both sides of the ocean richer.

With this in mind, German Chancellor Angela Merkel has made the creation of a single trans-Atlantic market a priority of our country's European Union presidency. In her visit to Washington last week, she stressed that Europe and North America have more in common with one another than with any other region, but that these shared values and interests must be nurtured and cannot be reduced to the traditional bonds of common security interests.

Numerous industries would benefit from stronger ties between our two regions. Recent studies indicate, for instance, that a fully open aviation market would increase the output of that industry as a whole -- airlines, aircraft manufacturers, suppliers and airports -- by $9 billion a year. Likewise, coordination of the securities market would reduce transaction costs by 60%. Greater coordination would lead to harmonization of the regulations of International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) as well as easier access to U.S. stock exchanges. Divergent standards apply in many other fields, to the detriment of both the EU and the U.S. The most prominent examples are technical requirements in the automotive industry, such as safety and environmental standards or costly testing and approval procedures; the lack of coordination in the fight against corruption and in the protection of intellectual property; provisions of antitrust legislation and energy policy; rules governing the supervision of stock exchanges; and interpretations of the concept of liability.

A lack of political support at the highest level and hence a lack of public awareness and of transparency have led to the failure of many previous Euro-American agreements to bear tangible fruit.

Strengthening trans-Atlantic ties need not come at the expense of trade with the rest of the world. While the primary purpose of integrating our markets would be to strengthen European, American and Canadian businesses, we would plan from the outset to allow for the subsequent accession of other countries or trading blocs. Thus, other nations should not perceive this as a situation in which the Western economic powers are "ganging up" against them or trying to shut them out of our markets. Such protectionism would be counterproductive -- particularly for Germany, the world's leading exporter. Barriers against the emerging Asian markets would slow down the wage growth that has already begun in that part of the world. Globalization, already a formidable challenge that offers great potential rewards for the trans-Atlantic partners, would become even more difficult. This is precisely what we want to avoid.

The economic areas on each side of the Atlantic are confronted by a number of unique issues and problems. For this reason, it is important that our unwavering commitment to the World Trade Organization framework should be accompanied by reinforcement of our relations with Canada and the U.S. A single trans-Atlantic market would have the potential to lend fresh impetus to the multilateral negotiations. A Euro-American trade system based on common standards could serve as a new engine for the global economy. Closer cooperation between North America and the EU could establish new benchmarks in other areas, too. We need only think of efforts to protect the global climate or cooperation in the provision of development aid. An agreement concluded on the basis of these conditions would be quite different from a free-trade agreement in the traditional sense. Only 10% to 20% of the negotiating agenda would be devoted to the usual trade barriers such as customs duties. Instead, we could grasp the opportunity to secure world-wide acceptance and application of our standards.

The present situation bodes well for this initiative. The Democratic Party emerged strengthened from the recent elections in the U.S. Although at first sight this seems like a victory for protectionist tendencies, it was the Democrats who, some years ago, developed the idea of closer economic relations between the U.S. and the EU. This idea could attract a cross-party consensus of Democrats and moderate Republicans. On the European side, Germany's dual presidency of the EU and the G-8 offers an excellent basis to kick-start the creation of a single trans-Atlantic market at the EU-U.S. summit in May. The agenda is ambitious.

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Common legal standards must be created in two steps: first in specific areas of activity (such as developing compatible regulatory procedures, transparency in decision making and convergence of IFRS and GAAP) by 2010 and then across the board by about 2015.

Through its commitment as a founding member of the European Community 50 years ago, Germany has already played a crucial part in the creation of a successful economic area. There is nothing to prevent us from applying the successful model of the single European market in the trans-Atlantic context.

Mr. Wissmann is a member of the German Bundestag from the Christian Democratic party and chairman of its committee on the affairs of the European Union.

Washington Faces Challenge Over Climate (FT)

By George Parker And Andrew Bounds

Financial Times, January 8, 2007

George W. Bush, the US president, will on Monday be challenged to join the fight against climate change as Europe embarks on a "new industrial revolution" aimed at cutting the continent's greenhouse gas emissions by 20 per cent.

José Manuel Barroso, the European Commission president, will use his visit to the White House on Monday to give Mr Bush a preview of a new EU energy policy designed to put the bloc at the forefront of energy efficiency and use of renewables.

Mr Barroso will argue that Europe and America have a joint economic interest in cutting energy use and to reduce their dependence on imported oil and gas.

Although final details of the EU energy package will be finalised on Wednesday, Mr Barroso's aides say he will tell Mr Bush that Europe should aim to cut greenhouse gas emissions in 2020 by at least 20 per cent from their 1990 levels.

The European Commission will also propose a big increase in the bloc's use of renewable energy, a rise from under seven per cent of today's energy mix to about 20 per cent by 2020. A draft Commission paper acknowledges that Europe is failing to meet its existing targets for renewables, and some will be sceptical about whether member states have the political will to go even further.

The paper also says that the shift to renewables could be expensive, costing the EU an average $23.4bn (€18bn) a year if oil costs $48 a barrel in 2020. But higher oil prices and the cost of carbon trading would cut that sum to "practically nothing".

"The economic case for taking action to manage climate change is beyond dispute," Mr Barroso said before leaving for Washington. "In this area we have much to gain, despite our differences."

The US has not ratified the Kyoto treaty on climate change, and Mr Bush has a record of scepticism on the issue, but Mr Barroso's aides claim the former's tone has changed in recent months.

Mr Barroso will also raise raise the issue with Nancy Pelosi, the new Democratic speaker of the House of Representatives, who said last week she would work for "a new America that declares our energy independence, promotes domestic sources of renewable energy, and combats climate change".

Mr Barroso's energy package – which has to be approved by all EU member states – also aims to boost competition in Europe's internal energy market by tackling the dominant position of big national power companies.

A majority of Mr Barroso's Commission colleagues support the forced ownership "unbundling" of operators such as Eon and RWE of Germany and EdF of France, arguing that companies which generate and sell electricity should not own supply networks.

Although this is likely to emerge as the Commission's preferred option, it is almost certain to be rejected by France and Germany when the package is presented at an EU summit in March.

Mr Barroso has ordered a second compromise option to be drawn up, where big companies would retain ownership of the network assets, but they would be handed to an "independent service operator", responsible for the grid's operation and development. Beefed-up regulation would accompany the measure.

China Cashes In On Global Warming (WSJ)

By Jeffrey Ball, John D. Mckinnon, And Shai Oster

Wall Street Journal, January 8, 2007

Critics Fret Lucrative Carbon Credits Hurt Clean-Energy Efforts

China is turning its environmental problems into a shrewdly managed financial asset, capitalizing on corporate and governmental efforts to curb global warming. How much China's actions will do for the atmosphere remains an open question.

Concerns about the world's rising temperature have prompted many industrialized countries to cap the amount of carbon dioxide and other global-warming gases companies can emit. One way companies can comply is by bankrolling emission-cutting

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projects in the developing world, where such projects often are cheaper than back home. In return, the Western companies receive "carbon credits" that essentially allow them to continue to emit greenhouse gases themselves.

The credits, which can be bought and sold, have led to a burgeoning global "carbon market." The World Bank, a major player in the market, estimates the market was valued at $21.5 billion in the first three quarters of 2006, about double its value in all of 2005. China, the world's No. 2 global-warming emitter behind the U.S., has become the biggest source of developing-world carbon credits bought by Western investors, benefiting both Chinese corporations and Chinese government tax receipts.

The market has led to projects like one announced December 2005 involving two Chinese companies in Jiangsu province on China's east coast. The two will receive about $1 billion, through 2012, from a private- and public-sector consortium that includes the World Bank, utilities such as Germany's RWE AG, Deutsche Bank AG, and Japanese trading firm Mitsui & Co. The project will, through 2012, destroy about 125 million so-called CO2-equivalent tons of HFC-23, a greenhouse gas that scientists say is thousands of times more potent than CO2 and that is a byproduct of the manufacture of a common refrigerant, HCFC-22.

That means the Western investors will pay the Chinese companies roughly $8 a CO2-equivalent ton for destroying the HFC-23. That is a bargain for the Western investors, who would have to pay far more to reduce emissions back home. It also is a boon for the Chinese companies, for whom the actual cost of destroying the gas is less than $1 a CO2-equivalent ton of emissions, the metric used in the carbon market.

The deal "alleviates the carbon-emissions pressure, [and thus] does less harm to the atmosphere," said Zhang Jingyi, board secretary of one of the companies, a refrigerant-making unit of Shanghai 3F New Materials Co. "Besides, we can receive revenue from it." He said the company hasn't yet decided how it will spend the carbon revenue, though it will consider investing in other projects or paying a dividend to shareholders.

The Chinese government, meanwhile, has rolled out new policies to boost the proceeds and maximize the energy security the country gets from the new stream of foreign investment. China has mandated that only companies with a majority Chinese ownership can own projects generating carbon credits. The country also is effectively imposing minimum prices for its carbon credits, market participants say. China also is taxing the profits from the sale of the credits -- tax revenue that goes into a fund targeted to promote cleaner forms of energy.

"They're always thinking ahead all the time on this," said Neeraj Prasad, who coordinates the World Bank's carbon-market activities in East Asia and who worked with Chinese officials to set up the tax system. In setting up their carbon rules, he says, Chinese officials asked: "How much can we tax it?"

The emission-cutting projects the Chinese government says it most wants to encourage -- such as the installation of renewable-energy technology -- are taxed at 2%. The projects that Western investors most favor -- HFC-23-destruction projects like those in Jiangsu province -- are taxed at 65%.

Investors prefer the HFC-23-destruction deals because the gas's potency compared with CO2, and the relatively low cost of installing the machinery that destroys the HFC-23, means the projects spin off massive numbers of carbon credits at what amounts to rock-bottom prices. Indeed, selling the credits from HFC-23-destruction projects typically generates more profit than selling the actual refrigerant.

As a result, regulators worry that the carbon market is encouraging companies in the developing world to make more of the underlying refrigerant than they otherwise would -- so they can produce more of the global-warming gas, destroy it, and sell the credits. Such a "perverse incentive," as the United Nations calls it, would be problematic because the refrigerant itself both threatens the ozone layer and contributes to global warming.

Whether the carbon market actually is prompting more production of HFC-23 than otherwise would have occurred is unclear. Demand for the underlying refrigerant, HCFC-22, is rising along with incomes around the world, and production is expected to soar in coming years in China as well as in much of the developing world, where it isn't scheduled to be restricted by ozone-layer rules for nearly a decade. Officials with a U.N.-affiliated panel that helps govern the carbon market are studying the issue and plan to discuss it in May.

More broadly, critics worry that the HFC-23-destruction projects are siphoning Western carbon-market investment away from the kind of emission-reduction projects the market was designed to encourage: those that generate energy more cleanly, such as natural-gas-fired power plants and wind turbines.

Even some market participants involved in the HFC-23 deals say China's effective imposition of a minimum carbon-credit price makes it tougher to finance clean-energy projects, because those projects require relatively greater upfront capital, often from Western investors, who in return want to be able to buy the resulting carbon credits at a lower price. A developing country like China is "shooting [itself] in the foot" by imposing a de facto credit-price floor, says Paul Bodnar, who helps assemble carbon projects in China for Climate Change Capital, a London-based company active in the market. "Because you're discouraging precisely the kind of [clean-energy] investment that the [carbon market] was supposed to encourage."

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Chinese government officials didn't respond to questions for this article. They have cited their clean-energy fund as evidence of their effort to help the environment. The World Bank's Mr. Prasad says that fund is likely to reach about $1 billion over the next few years.

China plays down HFC-23-destruction projects. "We would prefer to have more energy efficiency and renewable energy projects that could help alleviate poverty in the countryside," Lu Xuedu, deputy director of China's Office of Global Environment Affairs in the Ministry of Science and Technology, said in a statement in October.

Rules governing the carbon market say that only those chemical factories operating prior to 2001 can qualify to sell carbon credits from the destruction of HFC-23. But in November, at a U.N. global-warming conference in Nairobi, Kenya, Chinese officials asked for a change in the rules to allow new plants to generate credits, according to John Hay, a spokesman for the United Nations Framework Convention on Climate Change, a body involved in overseeing the projects.

At the Nairobi conference, U.N.-affiliated officials considered a measure that would allow new HFC-23-destruction projects to qualify for the sale of credits, but would steer most of the revenue to a third party that could in turn spend it on environmentally beneficial projects such as switching production to another refrigerant that is less harmful. China's representatives blocked agreement, according to attendees.

As Grip Of Censors Endures In China, A Satirical Poem Leads To Jail Time (WP)

By Edward Cody

The Washington Post, January 8, 2007

PENGSHUI, China -- All his life, Qin Zhongfei has been an ardent reader, a lover of literature and an amateur poet. But the drama he lived in this little mountain town, Qin said, has taught him that putting his thoughts into verse can be dangerous in China.

"I used to write poetry all the time, but I haven't written any lately," he said with a wan smile, repeatedly wringing his hands and wiping his high forehead during a recent interview. "This was a huge disaster."

Qin, 31, spent a month in jail on criminal charges because of a poem he wrote satirizing local officials accused of corruption. He was released only after several out-of-town newspaper articles related his fate and the central government in Beijing stepped in to halt the prosecution.

What happened to Qin, a mild bureaucrat in the county education department, was by any measure an abuse of power by local authorities here in the remote and wooded hills of central China. But more broadly, it was a vivid reminder of the Communist Party's enduring determination to control information and opinion among China's 1.3 billion people.

Since the party took power in 1949 under Mao Zedong, it has maintained tight censorship over radio, television, newspapers, movies, fine arts and books, carefully selecting what Chinese are allowed to know and enjoy. Human expression, it has decreed, must follow the party's lead.

But as China has opened to the world -- and as the use of cellphones and the Internet has become more common -- the censors' mission has become more difficult.

Still, controls persist. To carry out official policy, censors ban coverage of certain stories -- Qin's was censored from television -- and force the party organ, People's Daily, to fax over the front page every night for approval. Roomfuls of technicians have been enlisted to monitor millions of computers and cut off Web sites the party judges to be dangerous to its monopoly on power or unhealthy for the morals of young Chinese.

President Hu Jintao's ascension to power more than three years ago generated hopes that information controls would loosen as part of the economic opening he has championed. But they have tightened instead. Several prominent editors have been fired over the past two years -- the most recent one last month -- for straining at censors' guidelines. According to the Committee to Protect Journalists, 30 Chinese journalists are in prison for what they wrote.

A 10-Minute Lark

Weighty matters such as freedom of expression were far from Qin's mind on a stifling hot Aug. 15 when he arose from an after-lunch nap on the faux leather gray couch in his office. The cellphone lying on his desk had just signaled the arrival of a message, he said, so he stepped over to take a look.

It was a friend making fun of the local leadership, which was embroiled in several corruption scandals. The Communist Party secretary, Ma Ping, had already come under investigation and been transferred out. The county administrator and the new party secretary were being scrutinized by a team of party inspectors sent from Chongqing, the provincial capital about 200 miles to the west.

The inspectors, it seemed, had their work cut out for them. The half-finished Rainbow Bridge arced over the Wu River but never reached the other side. A lot of money was appropriated for the new Baiyun Middle School, but somehow construction

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never started. The Tiger's Mouth hotel, with a view over the dramatic Wu River gorge, was an incomplete shell with no sign it would ever be completed.

So to while away the afternoon, Qin took his friend's comments and turned them into a satirical poem, full of puns and comical allusions. "The horse has run far away," it began, making a pun on Ma's departure as secretary and the fact that his family name can mean "horse." Zhou Wei, the county administrator, was singled out for his name's similarity to the Chinese word for Viagra. Lan Qinghua, the new secretary, also got roasted with a pun that turned his name into "incompetent and gutless."

"Look at Pengshui County today," the poem went on. "It's full of foul air and conflicts between officials and the public cannot be halted."

Qin's friends acknowledged that the verse was not great literature. The young bureaucrat had always displayed literary ambitions that may have been greater than his talent, they joked.

Qin himself described the composition as more of a lark than serious poetry. "It only took 10 minutes," he said. "I didn't think it would be such a big deal."

But then Qin did something that would turn it into a big deal. He transmitted the poem to the cellphones of a half-dozen friends. They in turn transmitted it to their friends, in a widening circle. Eventually it ended up in the cellphone of Zhang Fu'An, chairman of Pengshui County's local People's Congress. Outraged, he took it to the county administrator, who was equally upset and asked the Public Security Bureau to identify the author.

The security sleuths interrogated Qin's friends and backtracked cellphone messages for two weeks, eventually tracing the offensive poem to Qin. At about 5 p.m. Aug. 31, two policemen stepped into Qin's office on the sixth floor of the county Education Committee building and confronted the poet.

Qin, his black hair carefully combed down and his wire-rim glasses in place as always, at first denied he was the author, according to Li Xingchen, a Chongqing journalist who investigated the case. The two police officers left to check with their superiors, Li said, but returned within 10 minutes.

"We know it's you," they said, and Qin confessed.'Modern-Day Word Crime'

The policemen hauled Qin to the station to be interrogated. By the next day, he was detained on suspicion of criminal libel, which carries a penalty of up to three years in prison. His wife, Chen Qiong, was advised to get him an attorney. The office of the procurator filed formal charges Sept. 11, and Qin's office, cellphone and computer were searched for incriminating evidence.

The case, meanwhile, had struck a journalistic nerve with Li. He wrote an article for a blog denouncing Qin's treatment as "a modern-day word crime," harking back to a much-ridiculed Qing dynasty practice of jailing writers who tripped over the intricate Mandarin language of the time.

The historical reference caught people's fancy across the country. Internet comment flourished. A Hong Kong newspaper, not subject to the mainland's censorship rules, published the first article. Then mainland newspapers took up the dare; several carried their own accounts. Eventually, even a Web site run by the official People's Daily allowed someone to post an article.

"The thing got bigger and bigger," recalled Li, a writer for a Chongqing real estate magazine who has resolved for 2007 to write a book on his ideas for improving China.

In Chongqing, the provincial capital that administers Pengshui, authorities were becoming increasingly embarrassed. The Chongqing Propaganda Department ordered an investigation and, true to its mission, banned broadcast stations and newspapers in the Chongqing area from reporting on the fuss.

But the leaders of Pengshui were not to be deterred. The Propaganda Department refused to explain its determination to prosecute Qin, although Meng Dehua, a deputy party secretary, had earlier told reporters the poem could demoralize county workers if its author went unpunished. So the Public Security Bureau went to the People's Court here in the county seat Sept. 27 and asked for a quick conviction. The judge responded that there was no case. So the Public Security Bureau appealed to the No. 4 Intermediate Court in Chongqing. It got the same response: No case.

Twice frustrated, police offered to release Qin on bail but without dropping the charges. On his attorney's advice, Qin at first refused, demanding to be tried or exonerated. But eventually, he agreed to be released under the guarantee of a local middle school principal and distant relative. On Sept. 30, he walked out of jail and into the spotlight's glare.

By then, several Chinese newspapers and magazines with a national readership had weighed in with lengthy reports after visiting Pengshui. Even a magazine sponsored by the official New China News Agency had a story.

"You have become a famous international criminal," a co-worker joked to Qin.

Distressed by the furor, local police notified Qin that he should again get an attorney, implying that the case was still alive and that he could be arrested again if the reporters kept coming.

For his part, Qin, shaken by his time in jail, was trying without much success to resume his life as a quiet bureaucrat and father of a 5-year-old boy.

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By the middle of October, according to a source in Chongqing, the central government sent an order to the Chongqing Communist Party secretariat saying the Pengshui problem should be fixed, and right away. Backing up the order, the party's Central Discipline Inspection Commission sent a team to Pengshui to look into the matter.

Feeling the heat, authorities informed Qin on Oct. 23 that the charges had been dropped and told him he could apply for compensation for the time he spent behind bars. The compensation, about $280, was handed over even before Qin had time to apply for it.

"It's impossible for someone who has experienced such a big thing, something that affected my life and work so much -- after that, it's impossible not to have feelings about this," Qin said, wearing a brown striped suit along with a blue plaid shirt and matching tie to receive a foreign journalist.

"But I just don't want to go into it," he added. "The thing is, I think, really, I wish you would go to the Propaganda Department and ask them. I hope you understand my problem."

Behind Bombs, Signs Of A Turbulent Year For Thailand (NYT)

By Seth Mydans

The New York Times, January 8, 2007

BANGKOK, Jan. 6 — A string of lethal bombs that disrupted New Year's celebrations here has signaled the start of a difficult year for Thailand as entrenched elites struggle for control of the country's future.

It is still unclear who set the bombs, which killed three people and wounded more than 40 before and after the New Year's Eve fireworks.

But the message they sent to Thais was that a showdown is likely in the coming months between the ruling military junta and the opponents it unseated in a coup more than three months ago.

"The country is going to be in commotion," said Surin Pitsuwan, a former foreign minister who is no longer in the government. "Old elements will certainly regroup. I think the ruling group has been jolted into a new realization that things are not going to be as calm as they thought."

A struggle for power that began with street demonstrations more than a year ago appears to be resurfacing after pausing for breath after the nonviolent coup on Sept. 19 ended the five-year tenure of Thaksin Shinawatra as prime minister.

It had seemed an almost painless, minimalist coup with the stated intention of setting Thailand back on the track of democracy, which Mr. Thaksin had been systematically undermining.

But the leaders of the coup, treading softly in an attempt to stay within the law — once they had seized power by force — had left Mr. Thaksin's supporters free to regroup and plot a comeback.

On Friday, the military-appointed prime minister, Gen. Surayud Chulanont, warned of a dangerous time ahead and told government ministries and the public to be alert for possible violence.

"We have to watch out and take care of places and our own safety for a certain period of time, at least the next one to two months," he said. He did not explain the time frame, but political tensions are not likely to dissipate so quickly.

Mr. Thaksin was abroad at the time of the coup, but he appears determined to return, and his network of patronage and power still permeates the country, from village headmen to the highest levels of government, the police and the business community.

Since it took power, the junta has increased its military readiness and warned of what it calls "undercurrents" of opposition from Mr. Thaksin's backers.

The disruptions caused by the coup have created a range of potential enemies as well as openings for opportunistic political forces.

Speculation about the people behind the bombs includes not only Mr. Thaksin's supporters but also other political groups; the police, who formed part of his base of power; disaffected soldiers; and even feuding members of the junta and the civilian government it appointed. Most analysts doubt that Muslim insurgents from southern Thailand were involved.

The new sense of crisis began with the dawn of the new year with accusations and insinuations, then a swarm of bomb threats, then troop deployments "to provide security," then a tense round of rumors of a coup within a coup, which a chorus of military men strongly denied.

Defense Minister Boonrawd Somtas said Friday, "The investigators have concluded that the bombers were men in uniform, both green and khaki," the colors worn by the military and the police.

General Surayut said those who planted the bombs and spread the coup rumors were aiming to create "a state of confusion and chaos" that would destabilize the government.

After seizing power, the junta appointed a civilian government and promised to produce a new constitution and to return the country to democratic rule with elections late this year.

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But the democratizing trend in Thailand that reached its peak in 1997 with the adoption of a liberal Constitution could now be in decline for some time to come.

The decline began with Mr. Thaksin, who manipulated the Constitution to increase his power. He seized personal control of both its checks and its balances, packing government commissions and the Senate with his supporters while intimidating the press and marginalizing independent agencies.

Now there is concern that the country's military rulers may seek to maintain some form of power. They have sent signals that the new constitution may offer fewer freedoms and more limitations than the one it is to replace.

At the moment, though, the country's leaders are being criticized for being too scrupulous.

They have not seized the assets of Mr. Thaksin, a telecommunications tycoon whose billions have been one of his tools of power; they have not revoked his diplomatic passport; they have not brought corruption charges against him; and they have left his major supporters free to reorganize and plan.

"To me, the bombs show that the coup has gone wrong," said Thitinan Pongsudhirak, director of the Institute of Security and International Studies at Chulalongkorn University. "They indicate that the military has lost control, has not been able to consolidate and demonstrate their rationale. The coup succeeded in ousting Thaksin but not much else."

On the battlefield, the generals' efforts to contain the southern insurgency have been met by increased violence.

In governing they have stumbled over proposed regulations involving liquor sales and a lottery.

On the economic front they have been condemned by foreign investors and bankers for causing a stock market crash in mid-December when they imposed and then modified strict currency controls.

In their attempts to address corruption, a chief rationale for the coup, they are facing a stubborn bureaucracy that is heavy with Thaksin appointees and is prepared to wait them out.

In their stated aim to promote national reconciliation, the generals' power grab seems only to have made things worse.

One concern among political analysts and diplomats is that the bomb attacks could lead to a harsher form of military rule and could delay the return to democracy.

The challenge to those in power, analysts say, is to reassert themselves as energetic managers and keepers of the peace without resorting to the heavy-handed measures more typical of military juntas.

But some members of the junta have let it be known that they are chafing at this slow pace and may already feel, in the words of Sunai Phasuk, a political analyst with the Human Rights Watch monitoring group, that "the time for being a gentleman is up."

Happily Ever AAFTA (WSJ)

By Robert B. Zoellick

The Wall Street Journal, January 8, 2007

This year President Bush and the Democratic-led Congress should launch a new Association of American Free Trade Agreements (AAFTA). The AAFTA could shape the future of the Western Hemisphere, while offering a new foreign and economic policy design that combines trade, open societies, development and democracy. In concert with successful immigration reform, the AAFTA would signal to the Americas that, despite the trials of war and Asia's rising economic influence, U.S. global strategy must have a hemispheric foundation.

Successful and sustainable international strategies must be constructed across administrations. Ronald Reagan called for free trade throughout the Americas, opened U.S. markets to our Caribbean neighbors, and completed an FTA with Canada. George H.W. Bush completed negotiations for a North American FTA, offered trade preferences to the Andean countries, negotiated peace in Central America, and freed Panama. Bill Clinton secured the passage of Nafta, launched work on a Free Trade Area of the Americas, and backed Plan Colombia.

George W. Bush enacted FTAs with Chile, the five states of Central America and the Dominican Republic. He also completed FTAs with Colombia, Peru and Panama. If Congress passes these agreements, the U.S. will finally have an unbroken line of free trade partners stretching from Alaska to the tip of South America. Not counting the U.S., this free trade assembly would comprise two-thirds of both the population and GDP of the Americas.

The AAFTA would draw together these 13 partners to build on the gains of free trade. It could also include the island states of the Caribbean Basin Trade Partnership Act. Starting with a small secretariat, perhaps in Miami, the AAFTA should advance hemispheric economic integration; link development and democracy with trade and aid; improve working and environmental conditions; and continue to pursue the goal of free trade throughout the hemisphere. It might even foster cooperation in the WTO's global trade negotiations. The AAFTA might be connected to an academic center, which could combine research and practice through an association among universities in the Americas.

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The AAFTA could promote the business of trade by helping the private sector learn how to use FTAs, while encouraging business feedback that identifies impediments -- such as customs complications, regulatory red tape, the lack of financial, energy or other services, and infrastructure problems. It might use technology to create a virtual network of business opportunities, especially for small business.

Moreover the AAFTA should concretely demonstrate how aid and trade can be mutually supportive. U.S. Millennium Challenge Corporation grants are already enabling Central American countries to invest in physical and legal infrastructure matched to trade expansion. The U.S. Overseas Private Investment Corporation, Ex-Im Bank and Trade and Development Agency programs could be integrated, too. AID projects for labor and the environment could promote core standards, best practices, benchmarking and corporate social responsibility projects. The Inter-American Development Bank, a leader in connecting aid and trade, might help with grants and loans to strengthen small business, the economic empowerment of indigenous communities, and education -- all connected to open societies in a global economy. Finally, over time the AAFTA partners might examine how the various FTAs could be knitted together, although these steps would likely require new congressional action.

The U.S. cannot afford to lose interest in its own neighborhood. The pied pipers of populism in Latin America are taking advantage of the genuine frustrations, especially in indigenous communities, of people who have not been able to climb the ladder of opportunity. We should not let these populists dictate the debate. We already have seen that electorates in Mexico, Colombia, Peru, Central America and the Dominican Republic have recognized that trade with the U.S. offers jobs and hope. We need to build on that foundation with results that link trade, aid, good governance, property rights and better working and environmental conditions. Even where populists prevailed, substantial constituencies who view the U.S. as an economic partner have constrained backward policies.

To launch the AAFTA, the president and the congressional leadership must stand up to America's populist protectionists, too. The new chairmen of the House Ways and Means and Senate Finance Committees, Charles Rangel and Max Baucus, have signaled that trade may offer the best economic policy opportunity to work with the president. As Finance Committee Chair in 2001-02, Sen. Baucus worked closely with Sen. Grassley to authorize the negotiations for these FTAs. Rangel helped push preferential trade for Africa and the Caribbean. In response to urgings from New Democrats and Blue Dogs, the U.S. is the only country that includes mutual labor and environmental commitments in its FTAs, backed by enforcement. The administration worked with the International Labor Organization (ILO) and its developing country partners to check their laws with core ILO standards. In cooperation with Sen. Baucus, the administration developed special environmental review and comment procedures for Cafta, strengthening the role of local NGOs. The AAFTA offers more: an opportunity to design labor and environmental partnerships that would complement the rules in the FTAs. The alternative -- ignoring Latin America or defeating FTAs to court economic isolationists -- would leave the causes of workers and the environment to unlikely friends: poverty and populism.

The president and Congress are understandably absorbed by the dangers of war. But the United States cannot afford to ignore the rest of the world. The U.S. trade agenda has turned out to be our strongest lifeline to developing democracies in the Americas. It is not enough. With the passage of the FTAs with Colombia, Peru and Panama, the president and the Congress could use the free trade framework to spur an ongoing dynamic for development and democracy. Just as Alexander Hamilton created a self-reinforcing financial system that vitalized America to deal with future challenges, the AAFTA would create a working, adaptable mechanism that would strengthen the Americas in the 21st century.

Mr. Zoellick was U.S. trade representative and deputy secretary of state. He is now vice chairman, International, at Goldman Sachs.

Coca Democracy (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, January 8, 2007

Evo Morales is an anti-American extremist who wants to turn Bolivia into another Venezuela. That naturally alarms Washington, but not enough to halt its war on drugs, which is aiding the president -- and leader of Bolivia's coca-growing peasant movement -- in his bid to become a dictator.

In a recent interview with the Bolivian Catholic radio station Fides, Mr. Morales explained that in 2003, when he was at a conference in Havana, Fidel Castro told him "not to stage an armed uprising" but to "make transformations, democratic revolutions, what [Venezuelan President Hugo] Chávez is doing."

The process Fidel advised requires the slow dismantling of institutions that act as checks on the executive while maintaining the guise of democracy. This calls for healthy poll numbers even while the rule of law is being trampled. Mr. Chávez had oil revenues to keep the masses happy while he put a noose around democracy. But Evo isn't so fortunate and he can't

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push through a constitutional coup without popular backing. So to generate support he has relied heavily on his defense of coca growers against a U.S. policy that presses countries in Latin America to destroy their crops.

Since his inauguration last January Mr. Morales has been dutifully complying with the Cuban dictator's instructions. He has purged the military leadership, broken contracts with energy investors to signal his control over the sector, and pushed through an election for a constituent assembly that is charged with rewriting the highest law of the land.

So far so good. But the assembly election didn't turn out the way he had hoped. In the event, Mr. Morales's Movement Toward Socialism (MAS) party won only 53% of the seats. Since the law requires a two-thirds majority to approve the new document, the president's party is looking at compromise with his political opponents in the drafting process.

Apparently this is the sort of thing Fidel did not counsel. So now the Morales government is insisting that ratification of the new constitution should require only a simple majority vote in the assembly or a simple majority in a national referendum.

To win on this point, Mr. Morales will have to run roughshod over the law and he has already begun. Over the Christmas holiday he unilaterally named four new justices to the Supreme Court's 12-seat bench. The president says these are legal recess appointments, but the opposition is crying foul because the MAS-controlled congress never initiated the nomination process that would have safeguarded the independence of the court. Bolivian democrats are worried that Mr. Morales will also try to alter the makeup of the constitutional court and the electoral council to favor his own objectives.

Things looks grim for democrats who believe that Mr. Morales is trying to remake the constitution in the image and likeness of Mr. Chávez's Venezuela, but they're not going down without a fight.

The center of the opposition movement is based in the energy-rich, agricultural lowlands of the eastern part of the country, where there is a long history of agitation in favor of more decentralized government. The Morales presidency, with its promise to expropriate and redistribute land, its heavy-handed intervention in the natural gas sector, and now its attempt at a constitutional coup, has heightened that sentiment and provoked a strong backlash against La Paz. In July, when Bolivians voted on the constitutional assembly, they also answered another ballot question regarding departmental (state) autonomy. In Santa Cruz, Pando, Beni and Tarija, autonomy won hands down.

More recently the east took to the streets. On Dec. 15 the opposition organized a "townhall meeting" in Bolivia's largest city, Santa Cruz, to rally against Mr. Morales's power grab. Pro-Morales supporters blockaded a highway outside of the city so that buses carrying protestors could not get through. As many as 60 people were injured and most of the buses had to turn back. But the rally was a success. An estimated 800,000 people congregated under the city's Christ the Redeemer statue to demand that a new constitution be ratified only with a two-thirds vote in the assembly, and that the call for autonomy be respected.

Mr. Morales, who badly needs to maintain the appearance of public support so that the international community tolerates his takeover, had to be embarrassed by this outpouring of democratic opposition. He is trying to spin the constitutional crisis as a confrontation between races and economic classes. But he has to worry about places like the poor and largely indigenous city of El Alto, just above La Paz, where there is evidence to suggest that many who voted for him are unhappy with his unlawful intervention in the constitutional process and growing impatient with his failure to deliver on economic promises.

This is where U.S. drug policy comes in. Railing against the Yankees who want to destroy peasant income has proven extremely effective in keeping the Morales base -- the country's indigenous coca growers who brought him to power -- energized and his numbers afloat.

He reaffirmed this last month. As his opposition swelled he suddenly announced that he would authorize a near doubling of the number of hectares that may legally produce coca. Then last week he inaugurated a coca industrialization plant in the province of Cochabamba, financed by his government along with Cuba and Venezuela. According to press reports, Mr. Morales told the Cochabamba crowd that coca "never killed anyone" and that the U.S. "should have a law to do away with drug addicts."

Mr. Morales shouldn't wish too hard for that. If Washington policy makers ever decide to tackle the demand for cocaine and stop blaming supply, Mr. Morales's political career would be in jeopardy.

· Write to ogrady@wsj.com1.

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From:	USDOJ- Office of Public Affairs
Sent:	Monday, January 08, 2007 8:43 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, January 07, 2007
Attachments:	agnb070107.pdf; agnb070107.doc

This morning's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 7, 2007 7:45 AM EST

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TERRORISM NEWS:

Litvinenko Poisoning Said To Worry Anti-Terror Professionals. On its front page, the Washington Post (1/7, Finn, 690K) details efforts to secure nuclear materials in the wake of the poisoning death of former KGB agent Alexander Litvinenko. "An international investigation is trying to track" the small amount of polonium-210 that killed Litvinenko "back to its source. Detectives from Scotland Yard have said nothing about where the trail of evidence may be leading; Russian officials have been more willing to talk, saying that [the production plant in] Avangard is tightly audited and that illicit production of polonium-210 is technically possible at many of the world's reactors." However, the Post notes, "Russia's near total domination of the world's legal trade in the substance has focused new international attention on the country's production system and controls. In addition, Litvinenko's death has created new concern among regulators that the substance might be used as an instrument of murder by terrorists." His murder "has caused anti-terrorism officials to worry that an explosive or airborne dispersal of polonium, particularly in a crowded, enclosed space, could cause numerous fatalities and sow widespread panic, scientists said. Compromise a food or water supply, they said, and the consequences could be even more dire."

Sheehan To Protest At Guantanamo Next Week. The AP (1/6) reports, "American 'peace mom' Cindy Sheehan called for the closure of the U.S. military prison in Guantanamo Bay, Cuba, as she and other activists arrived in Cuba on Saturday to draw attention to the nearly 400 terror suspects held at the remote site. Sheehan is among 12 human rights and anti-war activists who will travel across this Caribbean island next week, arriving at the main gate of the Guantanamo base in eastern Cuba on Thursday -- five years after the first prisoners were flown in."

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Detainee's Letter Plays Key Role In Italian Rendition Trial. The Chicago Tribune (1/7, Crewdson, 617K) reports, "'This is how they kidnapped me from Italy…and how they tortured and imprisoned me in Egypt.' So begins a 6,300-word, handwritten letter, composed in an Egyptian prison cell by radical Muslim cleric Osama Moustafa Hassan Nasr. His abduction by the CIA is at the center of an unprecedented judicial proceeding set to open in Italy this week. … In a kidnapping case against 26 Americans and five Italian intelligence operatives, including the one-time CIA chief in Rome and Italy's former top spymaster, Nasr, better known as Abu Omar, will speak to the court through his letter, telling his story for the first time in his own words." The Tribune notes Abu Omar "was walking to his mosque in Milan on Feb. 17, 2003, when he was stopped on the street by a man who identified himself as a police officer. The cleric wrote that he was pulled into a van, beaten and taken by plane to Egypt. … What followed, according to his letter, was torture with electric shocks, beatings that caused him to lose the hearing in one ear, and sexual abuse."

CIA Cases Spark Debate Over Torture. The Chicago Tribune (1/7, Crewdson) reports, "The use of torture has been prohibited in the United States since the ratification in 1787 of the 8th Amendment to the Constitution barring 'cruel and unusual punishment.' … 'We do not condone torture,' President Bush has declared. 'I have never ordered torture. I will never order torture. The values of this country are such that torture is not a part of our soul and our being.' … Yet some human rights groups contend that a technique known as 'waterboarding,' which simulates drowning and reportedly has been used by the U.S. on some terrorist suspects, is torture. These groups also argue that some psychological interrogation techniques, such as sleep deprivation and exposure to loud music, contravene the 8th Amendment." The Tribune continues, "While those debates continue, there is no question that terrorism suspects such as Abu Omar have been captured abroad by the CIA and transported to third countries whose police and intelligence services routinely employ interrogation methods, such as electric shock, that everyone agrees constitute torture. … Bush said on March 16, 2005, that before a third-country 'rendition' of a suspected terrorist can take place, the CIA must obtain from the receiving country 'the promise that they won't be tortured.' … Atty. Gen. Alberto Gonzales said on May 3, 2006, that the actual standard applied by the U.S. in choosing a destination country is less stringent: whether a suspect is 'more likely than not' to be tortured." The Tribune adds, "Canadian government and United Nations investigations have found that individuals 'rendered' by the CIA to Egypt and Syria were mistreated despite assurances that they would not be tortured. … 'It's almost impossible to talk about rendition apart from the torture element,' says Joanne Mariner, a lawyer with Human Rights Watch, 'since that is and has always been one of the central issues with renditions. The CIA knows that Egypt practices torture routinely, particularly against suspected Islamists.' … Sen. Patrick Leahy (D-Vt.), whose Judiciary Committee has just begun an investigation of CIA renditions, agrees. … 'We diminish our own values as a nation--and lose credibility as an advocate of human rights around the world--by engaging in, or outsourcing, torture,' Leahy wrote Gonzales in November."

NYTimes Calls On Democrats To Address Bush's "Assault On Civil Liberties." The New York Times (1/7, WK13, 1.16M), in an editorial, writes President Bush "seems to have interpreted his party's drubbing as a mandate to keep pursuing his fantasy of victory in Iraq and to press ahead undaunted with his assault on civil liberties and the judicial system. … The Democratic majority in Congress has a moral responsibility to address all these issues: fixing the profound flaws in the military tribunals act, restoring the rule of law over Mr. Bush's rogue intelligence operations and restoring the balance of powers between Congress and the executive branch. So far, key Democrats…have said these issues are high priorities for them. We would lend such efforts our enthusiastic backing and hope…Democratic leaders are not swayed by the absurd notion circulating in Washington that the Democrats should now 'look ahead' rather than use their new majority to right the dangerous wrongs of the last six years of Mr. Bush's one-party rule. This is a false choice. Dealing with these issues is not about the past. The administration's assault on some of the nation's founding principles continues unabated."

HOMELAND RESPONSE:

McConnell Takes On Competing Responsibilities As DNI. The Washington Post (1/7, A10, Pincus, 690K) reports, "President Bush's choice to be the second director of national intelligence, retired Navy Vice Adm. John M. McConnell, must pick up the job of

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restructuring the nation's $42 billion intelligence community, which after 19 months is still very much a work in progress. … The DNI's other major role is as the president's top intelligence adviser. That means being present six mornings a week when Bush gets his national security briefing. That session offers the DNI an opportunity not only to have time with the president, but to hear and take part in the ensuing discussion with Vice President Cheney, national security adviser Stephen J. Hadley and chief of staff Joshua B. Bolten, who are also in the room. This part of the job requires the DNI to take time the night before to read the roughly 28-page daily briefing report and to show up at his Old Executive Office Building suite next to the White House at about 6:30 each morning to go over the latest intelligence." The Post notes, "Another aspect of the DNI's role as top intelligence adviser to the president is attendance at high-level White House meetings, which have been increasingly frequent since the Iraq war began. … How McConnell will divide his time between this advisory role and the intelligence community duties, should he be confirmed, remains to be seen."

Congress Unhappy With Pace Of FEMA Overhaul. The Washington Times (1/7, Waterman, 88K) reports, "Lawmakers are frustrated with the lack of progress on a congressionally mandated overhaul of the Federal Emergency Management Agency, designed to ensure that flaws that dogged the response to Hurricane Katrina are fixed. In a letter sent late last month to Homeland Security Secretary Michael Chertoff and released last week, members of both the House and Senate homeland security committees complained about being kept in the dark over progress on the changes, which they feared was lagging. … The law effectively reconstitutes FEMA as an independent agency within the department. Mr. Chertoff opposed the overhaul, which was included in the must-pass Homeland Security appropriations bill and signed by President Bush in October."

WAR NEWS:

Bush Iraq Strategy Said To Combine Surge With Jobs Program. Coverage of President Bush's developing strategy on Iraq noted its dual aspects as well as widespread skepticism on whether it could work. The New York Times (1/7, A1, Sanger, 1.16M) reports in a negative article that the President's "new Iraq strategy calls for a rapid influx of forces that could add as many as 20,000 American combat troops to Baghdad, supplemented with a jobs program costing as much as $1 billion intended to employ Iraqis in projects including painting schools and cleaning streets, according to American officials who are piecing together the last parts of the initiative." But "even in outlining the plan, some American officials acknowledged deep skepticism about whether the new plan could succeed. They said two-thirds of the promised Iraqi force would consist of Kurdish pesh merga units to be sent from northern Iraq, and they said some doubts remained about whether they would show up in Baghdad and were truly committed to quelling sectarian fighting." President Bush's coming speech is acknowledged by them as part of "a last-ditch effort to salvage the mission in Iraq."

The AP (1/7, Riechmann) reports, "The idea of a troop buildup is getting a cool reception on Capitol Hill and from some military leaders who claim there is no military solution to the problems in Iraq where 140,000 troops already are deployed. ... Military analysts say Army Lt. Gen. Peter Chiarelli, who recently finished his tour as the No. 2 general in Iraq, has recommended a short-term jobs program. Others familiar with the plan say Bush is favoring: short-term jobs programs and extending micro-loans to small business; increasing the amount of money that military commanders can spend quickly on local projects to improve the daily lives of Iraqis."

The Washington Post (1/7, A1, Abramowitz, Wright, Tyson, 690K) reports that there is "growing skepticism inside and outside the administration that the emerging package of extra troops, economic assistance and political benchmarks for the Baghdad government will make any more than a marginal difference in stabilizing the country. ... Many officials at the State and Defense departments also doubt that the government of Prime Minister Nouri al-Maliki is capable of making the necessary reforms. … Meanwhile, the Joint Chiefs of Staff are worried about overstretching the Army and Marines."

The Los Angeles Times (1/7, A1, McManus, Reynolds, 850K) reports that a troop surge after losing both houses of Congress "might sound paradoxical, but aides say Bush's willingness to send more troops makes sense based on two beliefs that have long guided his war strategy. The first is that the price of leaving Iraq would be greater than the cost of staying. The second is that the public will accept the burdens of war if convinced that success is still possible." According to anonymous aides, "Bush believes that the United States still

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has a chance to stop Iraq from descending into civil war — and, on the other side of the equation, that the consequences of withdrawal would be disastrous. He thinks it's too early to turn primary responsibility for security in Baghdad over to Iraqi security forces, whose performance has been disappointing."

Gannett (1/7, Yaukey) reports that the plan "has sparked intense debate even among advocates who differ on how many troops to send and for how long. ... A prolonged surge into 2008, experts say, could require tapping Guard and Reserve units, which provided close to half the U.S. force in Iraq in 2005." Iraqi Prime Minister Nouri al-Maliki "pledged to Bush on Thursday that he would commit three additional battalions to Baghdad, but his record of follow-through raises doubts."

Newsday (1/7, Gordon) reports that a surge "would be the biggest gamble of George W. Bush's presidency -- escalating the war in Iraq with as many as 20,000 U.S. troops when most Americans just want to get out." In many ways, "a surge would amount to a repudiation of the administration's current strategy, which has focused heavily on reducing U.S. presence in Iraq by pulling back from the fight and turning over more and more security duties to Iraqi forces. ... Even supporters of the plan paint it as essentially Bush's last stand: one final, high-stakes bid to salvage something approaching victory."

Democrats Charge Bush Reshuffled Commanders To Find Surge Backers. ABC World News (1/6, story 3, 1:55, Sciutto, 8.78M) reported, "The Democrats now in charge on Capitol Hill say the President reshuffled military leadership to find commanders who would back a troop surge." ABC (Morrell): "The White House insists that opinions on troop levels had nothing to do with these personnel changes, but it's not lost on anyone here in Washington that generals Abizaid and Casey, no fans of a surge, are out. And they are being replaced by Adm. Fallon and Gen. Petraeus. The latter is a big advocate of more boots on the ground."

The Washington Post (1/7, A1, Atkinson, 690K) profiles Petraeus, depicting his abilities, the difficulty of the task facing him, and the existence of some personal detractors in the military: "Long recognized as one of the Army's premier intellectuals, with a PhD from Princeton to complement his West Point education, Petraeus, 54, will inherit one of the toughest assignments handed any senior officer since the Vietnam War. He takes command of 132,000 U.S. troops in a country shattered by insurgency and sectarian bloodletting, with a home front that is divided and disheartened after 3,000 American combat deaths." Although "some peers" consider him "arrogant or excessively ambitious," others view him "as perhaps the last, best hope for success in Iraq.

Democrats Could Face "Crucial Test" On Iraq. The San Francisco Chronicle (1/7, A1, Sandalow, 384K) reports, "President Bush and the new Congress are on a collision course over Iraq that could overshadow the Democrats' '100-hour agenda" and end up defining Rep. Nancy Pelosi's tenure as House speaker." If Bush "announces his intention to deploy as many as 20,000 additional U.S. troops in Iraq, he may encounter widespread political and public defiance. It will quickly test the new Democratic majority's capacity to stand up to the commander in chief in a time of war, and the ability of the legislative branch to seize control of the White House's controversial foreign policy." The Chronicle adds, "For now, Democrats are counting on growing public opposition and congressional oversight to force that change. Pelosi has held open the possibility of attaching conditions to the Pentagon's appropriation bill, which the House expects to receive in the next few weeks. ... But Pelosi has ruled out using what many believe is the legislative branch's most potent weapon -- its ability to cut off the funds with which the Pentagon wages war."

CNN (1/6, Quijano) reported, "In another sign of the political reality facing President Bush, Nancy Pelosi yesterday, after an event honoring her in Baltimore, said that the President does not have a blank check from Congress when it comes to Iraq policy. At the same time, as far as this troop surge option goes, there's been a great deal of debate as to whether or not that would, in fact, be effective. Members of the military as well as lawmakers on Capitol Hill, some of them expressing concern that, in fact, there should be a clearly defined mission, they believe, in order for a troop surge to be effective. Also, they want to see it tied to economic and political steps in Iraq."

Lieberman Goes His Own Way On Iraq. The Washington Post (1/7, A4, Murray, 690K) reports that Sen. Joe Lieberman "was sworn in last week as the chamber's one and only 'independent Democrat,' with the emphasis on 'independent.' On most issues, including big domestic priorities, he expects to vote as he has for the past 18 years, as a loyal Democrat. But on Iraq, Lieberman is more in sync with Bush than are many Republicans. He is a passionate defender of the war as a death struggle against Islamic terrorism." Democrats "grumble off the record that Lieberman is muddying an increasingly unified Democratic

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message on Iraq, but their public comments are cautious and generally complimentary."

McCain Makes Case For More Troops. In a Washington Post (1/7, B7) op-ed this morning, Sen. John McCain writes, "There are two keys to any increase in U.S. force levels: It must be substantial, and it must be sustained. During my recent trip, commanders there spoke to me of adding as many as five brigades (brigades consist of 3,500 to 5,000 troops) in Baghdad and one or two in Anbar province. This is the minimum we should consider. … The mission of these troops would be to implement the 'hold' element, elusive thus far, of the military's 'clear, hold, build' strategy: to maintain security in cleared areas, to protect the population and to impose the government's authority. This means establishing local outposts and forging relationships with local leaders, building intelligence networks, safeguarding economic reconstruction activities, overseeing other employment-generating projects and weaning Iraqis off of their reliance on militias for safety. Our troops would work in cooperation with Iraqi forces and stay until the completion of their mission. The worst of all worlds would be a small, short surge of U.S. forces. We have tried small surges, and they have been ineffective because our commanders lacked the forces necessary to hold territory after it was cleared. Violence, which fell dramatically while U.S. forces were present, spiked as soon as they were gone. Any new surge needs to provide enough American troops to hold the areas on their own."

WPost Critiques Surge Concept. The Washington Post (1/7, 690K) editorializes that President Bush "will face a formidable task in convincing Congress and the public that such a 'surge' makes sense. ... One [question] is whether the administration and the Army will have the political and logistical capacity to carry out the sort of surge that [Senators John McCain and Joe Lieberman], and experts at the conservative American Enterprise Institute who support them, say is necessary ... [Furthermore,] while Mr. Maliki occasionally speaks of accord, his government has pursued a sectarian agenda. If U.S. troops pacify Baghdad, Shiite politicians in the government may feel less rather than more pressure to compromise. ... The constructive alternative to a surge is not the abandonment of Iraq. Instead, it is the fashioning of a strategy that positions the United States to support the country's moderate forces over the long term -- not just 18 months but the years that may pass before the country can be stabilized. That means a smaller and sustainable military force that can focus on training and backing up the Iraqi army and fighting al-Qaeda, and an aid program that supports the elected government while seeking to marginalize its extremist elements."

Rich Says Bush Seeks "Escalation." New York Times (1/7, WK14, 1.16M) columnist Frank Rich writes, "It's against the backdrop of both the Hussein video and the Ford presidency that we must examine the prospect of that much-previewed 'surge' in Iraq — a surge, by the way, that the press should start calling by its rightful name, escalation." Ford in 1975 "knew it was way too late to make the symbolic gesture of trying to toss fresh American troops on the pyre"; in 2006, the Saddam hanging video shows "that our principal achievement in Iraq over four years has been to empower a jihadist mini-Saddam in place of the secular original." Rich adds that the surge is too small to work: "It is not meant to achieve that undefined 'victory' Mr. Bush keeps talking about but to serve his own political spin. His real mission is to float the 'we're not winning, we're not losing' status quo until Jan. 20, 2009."

Brooks Says Troop Surge Could Salvage Iraq. In his New York Times (1/7, WK14, 1.16M) column, David Brooks writes that "for over three years, President Bush sided with the light-footprint school" of military presence in Iraq, but "it is now clear that the light-footprint approach has been a disaster. If the U.S. had committed more troops and established security back in 2003…history would be different." Brooks asserts that "the surge is a good policy three years too late." To prevent a "political and humanitarian disaster" in Iraq, Brooks concludes that the US should "commit military resources, and create a political strategy, commensurate with the task of salvaging something."

Hoagland Says Rice Steering Bush Toward Salvaging Presidency. In his Washington Post (1/7, 690K) column, Jim Hoagland writes that in his coming speech President Bush "will signal whether Iraq will remain the center of his grand designs for the Middle East or will recede to being one more troublesome conflict in a zone of deadly turbulence and trade-offs. Events, and one key aide, point Bush toward the latter course, with its promise of salvaging his legacy elsewhere. The aide is Condoleezza Rice, who has developed a personal exit strategy for Iraq. She is tossing that reputation-damaging hot potato to John Negroponte." Hoagland recommends a "four-point program" to Bush: he "should acknowledge that his hopes for establishing Iraq as a united, free-market democratic model for the Arab world have

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fallen far short," "recognize that Iran has legitimate interests in security in Iraq and the Persian Gulf region," "be prepared to extend guarantees of territorial security for Arab states in the Gulf region," and "use Rice's new burst of Middle East activism to reinforce the changes in Iraq strategy his speech will disclose."

"Fierce Clash" In Baghdad Kills At Least 30.

Coverage of fighting in Baghdad noted the likelihood of a perception that the Iraqi government was targeting Sunni Arabs. The New York Times (1/7, A16, Santora, 1.16M) reports in a grim article, "A fierce clash left at least 30 people dead in central Baghdad late Saturday night as Iraqi Army forces fought with gunmen in an area where several residents had been killed and their bodies hanged from street lampposts, the Iraqi military said. The fighting took place in the neighborhood around Haifa Street, a mostly Sunni Arab enclave with a small Shiite population." The Times adds skeptically, "Prime Minister Nuri Kamal al-Maliki announced Saturday the beginning of a new Baghdad security operation and promised to purge the government security forces of militia fighters and others with sectarian aims. But Mr. Maliki has promised such a crackdown before, and his government has been increasingly seen by Sunnis in Iraq and abroad as dominated by Shiite interests."

The Washington Post (1/7, A13, Partlow, 690K) reports, "The fighting along Haifa Street, raging into the night, killed 30 insurgents, and Iraqi soldiers captured eight others, including five Sudanese fighters, Defense Ministry spokesman Mohammed al-Askari said. ... 'The Baghdad security plan will not offer a safe shelter for outlaws, regardless of their ethnic and political affiliations, and we will punish anyone who hesitates to implement orders because of his ethnic and political background,' Maliki said. Maliki's words appeared intended to counter the perception that the plan would focus on combating Sunni insurgents. ... The announcement was greeted with little enthusiasm in Baghdad, where sectarian killing has escalated despite repeated attempts at cracking down on insurgents and militiamen."

The Washington Times/AP (1/7, A1, Hurst) reports that government aide and member of parliament Hassan al-Suneid "said the new drive would focus initially on Sunni insurgent strongholds in western Baghdad. Sunnis were likely to object, given that a large measure of today's violence in Baghdad is the work of Shi'ite militias, loyal to Mr. al-Maliki's key political backer, the anti-American cleric Muqtada al-Sadr." Al-Suneid and Prime Minister Maliki "insisted that this drive to contain militants, as opposed to a largely ineffective joint operation with American forces in the second half of last year, would succeed because it would be in the hands of Iraqi commanders who have been promised American backup and air power if they call for it. But U.S. political and military leaders -- in a message of congratulation on Iraq's Army Day -- tempered Iraqi claims of full independence."

The AP (1/6, Hurst, Abdul-Zahra) reports in a longer version of the above article that Maliki, "whose political survival depends heavily on al-Sadr, the radical anti-American cleric, is eager to show his independence of American occupation forces. ... The prime minister has repeatedly rejected U.S. demands to move against the Mahdi Army." BBC.com (1/6) also reports the fighting.

Seven More Iraqis Killed In Further Violence. The AP (1/7, Salaheddin) reports, "Gunmen killed three Sunni Muslim shopkeepers Sunday in a mixed neighborhood of Baghdad, and two pedestrians died in a roadside bomb, police said. ... In Diwaniyah, 80 miles south of the capital, gunmen assassinated Akeel al-Khalidi, a defense ministry employee, as he left his house for work, another police officer said on condition of anonymity out of fear of reprisals."

Maliki Announces Plan To End Violence In Baghdad. Under the headline, "Iraqi Leader Plans Security Push," the Washington Post (1/7, A13, Partlow, 690K) notes Prime Minister Nouri al-Maliki "warned Baghdad residents Saturday to expect the disruptions of a heightened military presence and said his government was ready to launch the latest effort to pacify the violent Iraqi capital." The Post adds, "Despite fierce ongoing fighting in western Iraq and violence capable of erupting almost anywhere, Baghdad remains the heart of the country's sectarian conflict. Maliki, in his speech at a morning ceremony honoring the Iraqi army, warned rival political parties against interfering in his plan." Those "words appeared intended to counter the perception that the plan would focus on combating Sunni insurgents." The Post says "Maliki's speech provided few details about the tactical or strategic changes guiding the forthcoming effort," and his remarks were "greeted with little enthusiasm in Baghdad, where sectarian killing has escalated despite repeated attempts at cracking down on insurgents and militiamen."

CNN (1/6, Whitfield) reported, "Iraqi Prime Minister Nouri al-Maliki says Iraqi forces are ready to implement a new

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security crackdown in Baghdad. It will target all militias regardless of political or religious affiliations. The announcement comes as President Bush is ready to unveil his new Iraq war plan." The Los Angeles Times (1/7, Moore, 850K) reports that Maliki spoke "five months after the U.S. military launched a plan to quell sectarian fighting that is widely regarded as a failure. Killings have steadily increased in the capital as insurgents and Shiite Muslim militia death squads continue to operate with impunity." He "revealed little about the new plan except that the military would have the main responsibility, a shift from the previous operation, which relied on police officers. Iraq's police forces are widely believed to have compromised the U.S. plan to quell sectarian fighting."

ABC World News (1/6, story 3, 1:55, Morrell, 8.78M) reported, "The White House is applauding Prime Minister Maliki's new pledge to crack down on sectarian violence, especially his willingness to go along with U.S. troops and go after both Sunni insurgents and Shia militias. Of course, they've heard tough talk from Maliki before, but one White House official told me today this was a very good speech. The official adds people here are also very encouraged that Maliki has signaled his willingness to go along with a surge of U.S. troops if that's what President Bush calls for when he unveils his new strategy for Iraq next week."

Suicide Bombing Has Lingering Impact On Baghdad Neighborhood. The New York Times (1/7, A1, Tavernise, 1.16M) reports on a Baghdad neighborhood that lost 34 children in a 2005 suicide bombing: "More than 3,000 Iraqis are dying every month in this war — roughly the total deaths in the Sept. 11 attacks on the World Trade Center and the Pentagon or all the American troops killed since the war began. But behind the headlines and statistics, most of the war is experienced in Iraqi living rooms and on blocks like the one here, where families struggle with the intense pain of loss. ... The deaths that morning tore a hole in the life of the block, and more than a year later, many people have been unable to put their lives back together. Some have drifted away from their spouses. Others changed jobs or stopped going to work altogether. Reminders of the loss were everywhere: Class sizes were smaller. Soccer tournaments for 12-year-olds stopped. Bug collecting was no longer a hobby." The Times adds, "The attack seemed calculated to make Iraqis despise Americans, in a pattern that would eventually succeed and change the direction of the war. But while some of the parents interviewed seem to have developed that hatred, many had not and even expressed respect."

US Commanders Were Upset By Manner Of Saddam's Execution. A 3,300-word "ticktock" recounting of the Saddam Hussein execution in today's New York Times (1/7, Burns, 1.16M) is titled, "Before Hanging, A Push For Revenge And A Push Back." The "taunts Mr. Hussein endured from Shiite guards…have made headlines around the world, and stirred angry protests among his fellow Iraqi Sunnis. But the story of how American commanders and diplomats fought to halt the execution until midnight on Friday…is only now coming into focus, as Iraqi and American officials, in the glare of international outrage over the hanging, compete with their versions of what happened." The Times adds, "Aides said American commanders were deeply upset by the way they were forced to hand Mr. Hussein over, a sequence commanders saw as motivated less by a concern for justice than for revenge. In the days following the hanging, recriminations flowed between the military command and the United States Embassy, accused by some officers of abandoning American interests at midnight Friday in favor of placating Mr. Maliki and hard-line Shiites." Unnamed "senior" Bush officials say that Secretary of State Rice "gave the green light for Mr. Hussein to be turned over, despite the reservations of the military commanders in Baghdad. One official said that Ms. Rice was supported in that view by Stephen J. Hadley, Mr. Bush's national security adviser." The New York Times (1/7, 1.16M) supplies a graphic time line of the hanging. The New York Times (1/7, WK5, Murphy, 1.16M) also writes, "All the talk last week after the hanging of Saddam Hussein suggests that we viewers thought there was some greater codification of the protocols and proprieties than was apparent in the mocking scene that unfolded."

UK's Brown Denounces Saddam's Execution. The AP (1/7) reports UK Chancellor of the Exchequer Gordon Brown, "the likely successor to British Prime Minister Tony Blair, condemned Saddam Hussein's execution as 'deplorable' on Saturday." He "said he opposed the death penalty and hoped lessons would be learned from the mistakes made in Saddam's hanging, as well as from other difficulties encountered in Iraq." The AP says Brown's "denunciation contrasted with Blair's silence on the issue. Blair, the chief U.S. ally in the war in Iraq, faces increasing pressure to share his views on the execution and has said he would speak about it in the coming week."

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UN Chief Urges Suspension Of Iraqi Executions. AFP (1/6) reports, "UN chief Ban Ki-moon has 'strongly' urged the Iraqi government to suspend imminent executions amid an international outcry over the bungled hanging of Saddam Hussein a week ago. Iraq's embattled prime minister, Nuri al-Maliki, meanwhile, threatened to 'review' relations with countries that criticized Saddam's execution. ... Two former Saddam henchmen -- Barzan Ibrahim al-Tikriti and Awad Ahmed al-Bandar -- are expected to be hanged soon. ... Their executions, due Thursday, were postponed to Sunday, Shiite lawmaker Baha al-Araji from the group of radical cleric Moqtada al-Sadr told AFP earlier this week." A Maliki official attributed the postponement to "international pressure." BBC.com (1/7) also reports Ban's plea.

Trial Process Was Allegedly Botched. In a commentary for the New York Times Magazine (1/7, 1.16M), Professor Noah Feldman writes, "The process fell short of what is needed to invoke the transcendent norms of universal justice. This was a profound failure. As with the other shortcomings of Iraq's government, many players were at fault here: the Americans for failing to provide security for the Iraqis, including the defense team; the Iraqis for failing to get the trial - or the country - to run smoothly; the international community for sanctimoniously disengaging."

Execution Could Spell End Of Secular Arab Nationalism. In an op-ed for the Los Angeles Times (1/7, 850K), writer Robert Kaplan argues, "Just as the demise of Slobodan Milosevic in Yugoslavia closed the lid on national communist parties in Eastern Europe, the demise of Saddam Hussein in Iraq appears likely to do the same for secular Arab nationalism across the Middle East. ... secular Arab nationalism will exit the stage revealed for what it always was: a despotic perversion of the western nation-state that lasted as long as it did mainly because of secret-police techniques imported from the former Soviet Union. ... No sooner were these independent new [Arab] states created than the ties of faith and tribe were undermining them. ... Indeed, the more artificial the state, the more extreme the secular ideology had to be to hold it together."

Antitank Mines Slow US-Iraqi Drive. The Los Angeles Times (1/7, Zavis, 850K) reports from Samoudi, Iraq, "Antitank mines have become one of the top threats as U.S. and Iraqi forces press their assault in a Sunni insurgent redoubt said to be riddled with weapons caches, secret tunnels and training ranges. Their convoys have hit at least 10 explosive devices since the operation was launched early Thursday, most of them antitank mines. ... The devices first were used in the area in November, when U.S. forces faced off against fighters maneuvering through the irrigation canals that lace the region. U.S. vehicles have been upgraded to withstand many attacks, including in some cases adding armor around their fuel tanks that Iraqi vehicles lack. U.S. forces also have developed strategies to mitigate the impact of the blasts, including driving very slowly so the effects are concentrated on the engine box, not the passenger compartment. ... About 1,000 U.S. and Iraqi forces are involved in the assault aimed at reclaiming an area military commanders say has become a haven for Al Qaeda in Iraq and other militant groups. ... But in most homes, soldiers are finding only women and children."

Marines Hope Women Can Talk Men Into Fighting Anbar Insurgency. The Los Angeles Times (1/7, Perry, 850K) reports, "The U.S. military is reaching out to women in several communities in the rebel stronghold of Al Anbar province, in hopes of persuading them to tell their husbands and sons to help in the fight against the insurgency. ... Angela Khadijah Williams, a public diplomacy officer with the State Department…believes outreach to Iraqi women is essential. ... The women's outreach effort is in its first stages with no tangible results so far, another reason the Marines say the fight against the insurgency in Al Anbar is a long process where patience is key."

Guarding Iraq-Iran Border A Challenge. ABC World News (1/6, story 4, 2:10, Sciutto, 8.78M) reported, "Any effort to control Iraq will have to take into account one of the most crucial and volatile areas, which is also the most difficult to secure. It is the 900-mile border between Iraq and Iran, where American troops are trying to help Iraqi forces block insurgents and smugglers." ABC (McCarthy): "From the air you don't see a lot of people out here. Iraqi border guards patrol this terrain. A small group of Americans, led by this colonel from the Special Forces, is trying to train them. ... Colonel Harry Miller has just 55 Americans training 4,000 Iraqis. It is a critical mission. The U.S. believes Iranian agents and supplies are crossing this border to fuel much of the violence inside Iraq. .. Incredibly, for three years after the invasion, little was done to secure this border."

Official Says Evidence Does Not Back Haditha Marines. The AP (1/6, Burns) reports, "U.S.

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criminal investigators found no evidence to support the claim of Marines charged in the deaths of unarmed Iraqi civilians that five were shot after trying to flee the scene of a roadside bombing that killed one Marine, a senior defense official said Saturday. Investigators determined that all five Iraqis were shot within arm's length of each other and no more than 18 feet from the white taxi they were ordered to exit by members of a Marine squad in the western Iraqi town of Haditha, said the official, who is familiar with reports produced by the Naval Criminal Investigative Service."

The New York Times (1/7, A16, Von Zielbauer, 1.16M) reports, "An American government report on the killing of 24 Iraqis ... provides new details of how the shootings unfolded and supports allegations by prosecutors that a few marines illegally killed civilians, government officials said yesterday." In the report, "Sergeant [Sanick] Dela Cruz said that as he approached the taxi, he saw some men standing near it with their hands in the air, officials said. After Sergeant Wuterich shot them, he continued shooting as they lay on the ground, and later urinated on one of them, an official said. ... Several lawyers representing the accused marines expressed anger at the Defense Department, which they blamed for allowing the report to be given surreptitiously to a newspaper and, they said, potentially damaging their clients' cases."

The Washington Post (1/7, A14, White, 690K), which first reported the findings yesterday, reports that investigators recovered graphic digital-camera images as evidence: "The images -- which investigators tracked down on several laptop computers and digital media drives, some in the United States -- provide visual evidence of a series of shootings outside a taxi and inside three homes that military criminal investigators have alleged were murders ... the Haditha images were discovered months after the shootings as more than 60 Naval Criminal Investigative Service agents scoured the globe for them." The Los Angeles Times (1/7, 850K) summarizes the Post article.

New England Death Toll In Iraq "Nearly Doubled" In 2006. The Boston Globe (1/7, Mishra, 413K) reports, "The number of New Englanders killed in combat in Iraq nearly doubled last year to 40, mostly men under age 25 cut down by increasingly lethal hidden roadside bombs, according to a Globe analysis." Of the 40, "26 -- 65 percent -- were under age 25."

Watada Case Tests Officers' Right To Dissent. The Los Angeles Times (1/7, Watanabe, 850K) reports, "Do military officers have the right to publicly voice dissent about their commander in chief and U.S. war policy? That question highlighted last week's pretrial hearing at Ft. Lewis Army base near Seattle for 1st Lt. Ehren Watada, the nation's first commissioned officer to refuse deployment to Iraq. ... Watada's statements constitute the criminal offense of 'conduct unbecoming an officer,' Army officials argue." Two retired war critics, "Army Maj. Gens. John Batiste and Paul D. Eaton, said in interviews that they drew sharp distinctions between Watada's conduct as a still-active-duty officer and their own remarks after they left the service," with Eaton saying, "What the American people can't have is an Army of people who on any given day can wake up and say, 'That's not what I want to do.'"

Defense Contractors Lose Prosecution Immunity. The Boston Globe (1/7, Stockman, 413K) reports, "An estimated 100,000 employees of US defense contractors working in Iraq are no longer immune from military prosecutions, because of a little-noticed provision in a 2007 defense spending bill aimed at holding private contractors accountable for crimes committed in war zones." The loophole "caused outrage during the Abu Ghraib scandal in 2004. Soldiers involved in abusing prisoners were sentenced in military courts, but the civilian interrogators working alongside them for Titan Corp. and CACI International, two private firms, faced no punishment. The 2007 Defense Bill, enacted in October, placed contractors and others who accompany the military in the field under the same set of military laws that govern the armed forces."

British Deals Allegedly Hurt War On Taliban. The Washington Times/London Daily Telegraph (1/7, Rashid) reports, "British policy in Afghanistan is seriously damaging Western efforts against the Taliban, diplomats from allied countries have warned. Officials from the United States and European members of NATO say Britain is increasingly at odds with its coalition partners over its policy of making arbitrary peace deals with the Taliban, while at the same time declining to put pressure on Pakistan to stop providing sanctuary to the Taliban leadership." Allegedly at risk are "military preparations for a major Taliban offensive expected next month." Diplomats attribute the British attitude to "cooperation between Britain's MI6 intelligence agency

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and Pakistan's Inter-Services Intelligence (ISI) agency on Britain's domestic terrorist threat from British-born extremists of Pakistani origin."

Afghan Roadside Bomb Wounds NATO Soldier. The AP (1/6) reports, "A roadside bomb struck a NATO vehicle in southern Afghanistan on Saturday, wounding one soldier, while a suicide bomber in a car wounded four soldiers in the country's east, officials said." None of the five soldiers' nationalities was disclosed, but the AP says of the latter bombing, "Most of the troops in that region are American. The Bermel region borders Pakistan, and a U.S. base there sees frequent rocket attacks."

Border Mining Plan Said To Worsen Afghan-Pakistan Relations. The Washington Post (1/7, A16, Constable, 690K) says relations between Afghanistan and Pakistan are "steadily deteriorating" and are beset by a "deepening distrust." The Pakistani plan to mine their shared border to deter crossings by extremists "has aroused angry protests by Afghan leaders who say the mines would endanger innocent travelers and divide tribal lands whose inhabitants do not recognize the border." Those "contretemps is the latest sour note in a deteriorating relationship between the neighboring Muslim governments, both staunch U.S. allies that are linked by the common threat of terrorism but divided by bitter cross-charges of failing to curb a growing Islamic insurgency that operates on both sides of the border." The bilateral "tension has persisted despite a series of high-level meetings between [Afghan President Hamid] Karzai and senior Pakistani officials."

"Arlington Ladies" Give Military Funerals A Personal Touch. The Washington Post (1/7, A1, Schulte, 690K) reports that as a tradition to ensure "that no soldier is ever buried alone," an Army Arlington Lady "has stood graveside at every funeral at Arlington as the personal representative of the chief of staff" chosen from "a society open only to military wives or widows and then only to those invited to join." The Post adds that since the many casualties and growing public disapproval of the Iraq War, the stoic job of the Arlington Ladies has become more difficult if "the family is wondering, 'Are they dying in vain for this?'" The Post points out that "those fears, said Paula McKinley, chair of the Navy Arlington ladies, are not new. 'They have permeated every war since World War II.'"

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Hopi Tribe Members Pleased With US Attorney Recommendation. The Arizona Republic (1/7, Az) reports, "News last week that Hopi Tribe member Diane Humetewa was being recommended by Arizona's senators to President Bush as a potential nominee to be the next U.S. attorney for the District of Arizona was met with excitement in the village of Kykotsmovi." The Republic continues, "Justice Department officials said Friday that they've determined she would not be the first Native American U.S. attorney in the entire nation, because past and former U.S. attorneys from states including Utah, South Dakota, New Hampshire and West Virginia have claimed Native American heritage. But she would be the first Native American U.S. attorney for the Arizona district if nominated and confirmed." The Republic adds, "Hopi Tribal Vice Chairman Todd Honyaoma Sr. said Humetewa is a member of the Tobacco/Rabbit Clan from the Village of Kykotsmovi. … 'We could not be more proud of and exhilarated for our sister and daughter,' he said. … 'The Hopi way is that we place a high value on education and serve as stewards to our communities and to the world. Ms. Humetewa has exemplified this value many times in her life,' Honyaoma said. … 'She will make history.'"

CORPORATE SCANDALS:

Nardelli's Compensation Package Could Presage More Of The Same. The New York Times (1/7) reports, "It has been a bit bewildering to watch two failed chief executives in the last two weeks or so waltz away from their companies toting severance packages worth more than $200 million each. But pay experts say shareholders had better get ready for more of the same." The Times continues, "Last week, Robert L. Nardelli hightailed it out of Home Depot with $210 million, fast on the heels of Hank McKinnell, whose farewell package of a similar amount from Pfizer was disclosed Dec. 21. Both were paid profusely for failure, thanks to contracts struck years ago by the companies' directors. … Keep in mind that both packages supplemented pay that these executives received during their tenures. Mr. Nardelli's $210 million, for example, came on top of the $63.5 million he made running Home Depot for six years." The Times adds, "That exit numbers like these have shocked many

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shareholders proves how much inadequate disclosure has kept executive pay hidden from view. But with new rules from the Securities and Exchange Commission on improved pay disclosures, more of these "holy cow" moments will be coming soon to a proxy near you. … Under the new rules, companies will have to disclose potential payments to executives in the case of a termination or a change in control at the company, wrought perhaps by a merger. Unfortunately, the S.E.C. did not require that these payments be made in tabular form and totaled, which would have made it simple for time-pressed investors. … For the most part, however, the figures will be there in black and white. … Are we likely to see any $200 million numbers? Yes, said Mike Sorensen, a principal at Exequity, a law firm in Libertyville, Ill., that does compensation work. He expects such largess to show up at roughly 10 of the nation's 100 largest companies.

Nardelli Steps Down From Business Roundtable's Disaster-Response Task Force. The New York Times (1/7, BU2, Dash) reports, "On the very same day that he left Home Depot last week with an exit package worth at least $210 million, Robert L. Nardelli walked away from another prominent position -- without a cent." The Times continues, "While he was still Home Depot's chairman and chief executive, Mr. Nardelli volunteered as the chairman of a disaster-response task force at the Business Roundtable, a kind of club for corporate chieftains that lobbies for their interests. … Last month, he met at the White House with Michael Chertoff, the secretary of homeland security, and other top government and military officials to discuss improved collaboration on disaster preparedness. … On Tuesday, though, Mr. Nardelli had to quit the group. The Business Roundtable is only for sitting chief executives."

CRIMINAL LAW:

Death Of Louisiana Mayor Ruled Suicide. The AP (1/7) reports from West Lake, LA, "In the hours before his death on the evening of December 30, the first black mayor of this overwhelmingly white town started learning his new job." The AP continues, "About noon, he set City Hall's alarm system for the first time. He got instructions on how to raise and lower the U.S. flag. He had already ordered a new mayoral letterhead with his name on it and a button-down shirt embroidered 'Gerald Washington, Mayor.' … A few hours later he indulged in a hobby, placing a $4 bet at a nearby horse-racing track. … But by 10 p.m. Gerald 'Wash' Washington was dead in the deserted parking lot of a former high school, a bullet wound in his chest. His gun was found by the body." The AP adds, "The coroner and the sheriff have pronounced Washington's death a suicide -- a finding that has embroiled this oil-refinery town in conspiracy theories, with Washington's kin and friends insisting he had no reason to end his life. … Some have accused police of covering up a murder -- perhaps a racially motivated one. … 'This is the South, so of course everybody's going to say it was some white guy shooting a black guy,' said Dr. Terry Welke, the Calcasieu Parish coroner who ruled that Washington killed himself." The AP notes, "Welke said soot from the pistol was deep in the wound, indicating the gun was touching Washington's chest when the trigger was pulled. That, he said, suggested suicide. He also said that while most gunfire suicides involve a bullet to the head, it is not unusual for people to kill themselves with a shot to the chest. … But the coroner and the sheriff have offered no reason for why Washington would have killed himself. No suicide note was found. And there is no evidence he bade farewell to anyone, put his financial affairs in order, or gave any other indication he was about to kill himself, authorities said."

Georgia Man Charged With Trying To Extort $1.5 Million From Oprah Winfrey. The AP (1/7) reports from Chicago, "A man has been charged with trying to extort $1.5 million from Oprah Winfrey by threatening to release recorded telephone conversations he claimed would hurt her reputation, according to the FBI and published reports." The AP continues, "Keifer Bonvillain, 36, targeted a person identified only as 'a public figure and the owner of a Chicago-based company,' according to a criminal complaint filed in U.S. District Court. The Chicago Tribune and the Chicago Sun-Times, citing unnamed sources, reported Saturday that Bonvillain's target was Winfrey." The AP adds, "Bonvillain, of Atlanta, was arrested Dec. 15 in the parking lot of an Atlanta hotel and released on $20,000 bail. He was scheduled for a preliminary hearing in Chicago on Monday. … According to the complaint, Bonvillain met a California-based employee of the Chicago company at a party more than two years ago, then recorded conversations with the employee about the owner and her business. … In mid-October he sent the owner an e-mail, telling her an employee said awful things about her, the complaint states." The AP notes, "A month later, Bonvillain sent a letter saying he had tapes of the conversations, an FBI agent alleges in the

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complaint. In response, another associate of the company called Bonvillain and learned he had taped 12 hours of those discussions. … Over the next few weeks, Bonvillain told the associate he wanted to publish a book based on the tapes and claimed he had received offers of $500,000 to $3 million from tabloids and book publishers, the complaint said."

Utah Student Sentenced For Hacking Into Professor's Accounts. The Deseret Morning News (1/7, Fattah) reports, "A 22-year-old University of Utah computer science student has been sentenced to four months incarceration and 120 days home confinement after admitting to hacking into his professor's university and personal accounts, changing grades and reading personal e-mails." The News continues, "During a sentencing hearing in U.S. District Court on Thursday, You Li promised U.S. District Judge Tena Campbell to lead a more honest life. 'Those things were so wrong and were against my conscience and my beliefs,' Li said." The News adds, "Li, a Chinese national, was arrested by FBI agents at a campus dormitory last February. According to a grand jury indictment, Li was accused of using a software program to break into the university's math department computer system in December of 2004. … Li has admitted to using a professor's user name and password to attempt to change his grades in classes, read e-mails and obtain other passwords and bank account information. … According to federal prosecutors, Li also accessed the professor's personal e-mail account and installed a key-logging software that recorded the professor's other user names and passwords as well as other actions. … Assistant U.S. Attorney Scott Garland said Li's actions went beyond just changing a grade and that the student ventured into his professor's bank account and personal life."

Hackers Hijack Personal Computers To Commit Fraud. The New York Times (1/7, A1, Markoff, 1.16M), in a front-page article, reports, "In their persistent quest to breach the Internet's defenses, the bad guys are honing their weapons and increasing their firepower. With growing sophistication, they are taking advantage of programs that secretly install themselves on thousands or even millions of personal computers, band these computers together into an unwitting army of zombies, and use the collective power of the dragooned network to commit Internet crimes. These systems, called botnets, are being blamed for the huge spike in spam that bedeviled the Internet in recent months, as well as fraud and data theft."

CIVIL RIGHTS:

Fewer States Expected To Vote On Gay Marriage In Coming Years. The Washington Times (1/7, Wetzstein, 88K) reports, "The legislative approval of a marriage constitutional amendment in Massachusetts last week means that at least three states have a good chance of having such measures on their 2008 ballots. But this is a considerably smaller crop of amendments than in previous elections, and there are signs that the state amendment strategy may have run its course. … The amendment strategy took off after the Massachusetts Supreme Judicial Court legalized same-sex 'marriage' in November 2003, and now 27 states have voter-approved marriage amendments. But no other state court has followed the Massachusetts court -- in fact, nine recent court decisions have upheld state marriage laws." The California Supreme Court "will hear arguments on its same-sex 'marriage' case this spring."

ANTITRUST:

US Steel Exploring Merger Options. The Pittsburgh Tribune-Review (1/7, Mortimer) reports, "U.S. Steel Corp. still is eyeing Middletown, Ohio-based AK Steel Corp., or it could go shopping for a raw materials supplier in Central or Eastern Europe as steel industry consolidation continues, analysts said." The Tribune-Review continues, "Merger mania was resurrected when Nucor Corp., the second-largest U.S. steel producer behind U.S. Steel, last week agreed to acquire Toronto-based Harris Steel Group Inc. for about $1.07 billion." The Tribune-Review adds, "Conjecture over a possible U.S. Steel takeover of AK Steel surfaced in March. 'Last year, their board was looking at AK Steel, and I heard they're still watching it,' said independent analyst Charles Bradford, of Soleil Securities in New York. … Bradford said he understood U.S. Steel may be looking in Central and Eastern Europe, where assets are cheaper. … 'Domestically, they have the iron ore and coke they need. In Central Europe, they don't have any of that. They may also be looking at smaller, government-owned steel companies,' said Bradford, who did not identify potential foreign targets." The Tribune-Review notes, "U.S. Steel operates a plant in Kosice in the Slovak Republic, the largest flat-rolled steel producer in Central Europe. The company operates U.S. Steel Serbia, too. … U.S. Steel CEO John Surma told analysts during a

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third-quarter conference in November that the company is not ruling out acquisitions. 'We think there still could be opportunities to expand our footprint,' he said. … 'We believe in consolidation, and we continuously evaluate strategic opportunities focusing mostly in North America and Europe. Any acquisition we would make, however, would have to create value for our company and our shareholders. It has to generate a good return on capital, has to be accretive and generate cash,' said Charles L. Rice, spokesman for U.S. Steel."

US Airways CEO Readies For Delta Fight. The Atlanta Journal-Constitution (1/7, Grantham) reports, "Don't mistake the relative quiet of the past two weeks for a sign that US Airways' resolve to buy Delta Air Lines is weakening, says Doug Parker, CEO of US Airways. … 'We believe our offer is more than fair, and as a result, don't intend on ... backing off,' Parker said in a telephone interview last week. 'We certainly don't intend on pulling the offer.'" The AJC continues, "Parker made his carrier's $8 billion-plus offer public on Nov. 15, and Delta — which had already rebuffed his private approaches — fired back with a volley of objections, employee anti-merger rallies and a formal plan to emerge from Chapter 11 on its own. The dust settled during the holidays." The AJC adds, "Parker says he expects things to soon heat up again, pointing out that Delta's creditors recently hired retired Continental Airlines Chief Executive Gordon Bethune to evaluate the rivals' proposals or other potential alternatives for Delta. … Another potential flash point: Delta has asked for a bankruptcy court hearing Feb. 7 to begin pitching its stand-alone plan to creditors. They will ultimately vote on whatever reorganization plan Delta uses. Delta's plan values the company at $12 billion when it comes out of bankruptcy and would pay creditors with stock. US Airways argues its cash-stock offer is better for creditors and that a merger will create a stronger airline."

ENVIRONMENT:

NRA Members Oppose Bush Over Drilling Expansion, Access Rights. The Washington Post (1/7, A3, Harden, 690K) reports, "After years of close association with the Republican Party and hard-nosed opposition to federal land-use regulation, the National Rifle Association is being pressured by its membership to distance itself from President Bush's energy policies that have opened more public land for oil and gas drilling and limited access to hunters and anglers. 'The Bush administration has placed more emphasis on oil and gas than access rights for hunters,' said Ronald L. Schmeits, second vice president of the NRA. … The new emphasis on the issue of access to public lands, which Schmeits said is at the 'discussion' level among the NRA's directors, would represent a strategic shift for the NRA." However, "during the past six years, an increasing number of the country's 46 million hunters and anglers, including Republican-leaning shooting organizations such as the Boone and Crockett Club, have been grumbling about the Bush's administration fast-tracking of oil and gas drilling leases on public lands." NRA spokesman Andrew Arulanandam "said he agrees with Schmeits that members are voicing increasing concern about access to hunting land and that the NRA is focusing on the problem."

WPost Offers Backhanded Praise For Polar Bear Decision. The Washington Post (1/7, B6, 690K) editorializes, "The Bush administration has done everything in its power to do as little as possible about climate change. Yet the reality of global warming has a way of intruding even on the most willfully heedless of politicians. Not even an administration dead set against mandatory curbs on carbon emissions can deny that the habitat of the polar bear, as Interior Secretary Dirk Kempthorne put it the other day, 'may literally be melting.' In response, the administration is proposing to list the polar bear as a threatened species under the Endangered Species Act. … The administration proposed the polar bear designation only after environmental groups petitioned for it and then sued to force a decision. Still, when confronted with the need to make a decision, it made the right one -- and thereby set the stage for action down the road."

FBI/DEA/ATF/USMS:

NYT Reporter Participates In FBI Citizens' Academy. In a story taking a generally positive tone toward the FBI, New York Times (1/7) correspondent Alison Leigh Cowan reported on her participation in the New Haven Field Office's Citizens' Academy. Under the headline "Learning How To Fight America's Most Wanted," Cowen noted, "As part of our weekly training, we shot guns in computerized simulations, subjected ourselves to lie detector tests and met some of the graduates of a 'body farm' in Knoxville, Tenn., where federal agents blow up, bury, submerge and do other unspeakable things to donated

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corpses to sharpen their crime-solving skills. … One stated objective" of the Citizens' Academy "is to help the bureau improve relationships with the communities it serves. Another is 'to demystify the bureau,' as Kimberly K. Mertz, the special agent in charge of the F.B.I. in Connecticut, explained." Cowan added that "efforts to rein in municipal corruption, white-collar fraud and organized crime have long been the F.B.I.'s stock in trade. But international terrorism has created new pressures, and the bureau's top brass has been deflecting calls for reorganizations that would separate newer intelligence-gathering functions from its historic crime-fighting mission. Our eight weeks…inside the F.B.I. did not provide enough information to resolve these larger questions. But it did give us a feel for some of the 100 or so agents in Connecticut and their boss, Ms. Mertz. An Iowa native, she ran the public corruption unit in Washington from 1999 to 2001 and is now one of eight women running one of the bureau's 56 field offices. … Less than 3 percent of those who apply to be agents make the cut, and her staff was suitably impressive."

Man Sets Fire To California Church. The San Francisco Chronicle (1/7, Sturrock, Writer) reports, "A man set fire to a Richmond church early Friday evening after interrupting a practicing choir." The Chronicle continues, "The man walked into St. Cornelius Parish at 225 28th Street shortly before 8 p.m. and poured a flammable liquid on the altar and a nativity scene and then set it ablaze, according to fire officials and a witness. … A short time later, police arrested Robert Mills, 40, of San Pablo on suspicion of arson." The Chronicle adds, "Seven members of the choir, including a 10-year-old boy, were singing the gospel song 'Jardinero' in Spanish when a man entered the church who seemed to be speaking to himself, then announced, 'Do you want to leave or do you want to stay? Because I'm burning this f— place down,' said choir member Veronica Monroy, 32, of Albany." The Chronicle adds, "He then opened what appeared to be a red can of gasoline and poured it on the altar and Nativity scene, Monroy said, adding that everyone left the church as he did this, except one choir member who stayed back. … Monroy said that man told her the intruder took out a lighter, lit a piece of paper and then threw the flame on the liquid. The choir member tried unsuccessfully to fight the fire with an extinguisher, Monroy said."

Authorities Seek Louisiana Gun Theft Suspect. The New Orleans Times-Picayune (1/7, Reports) reports, "The Jefferson Parish Sheriff's Office on Saturday released the identity of a suspect being sought in Monday's theft of more than 120 guns from a Metairie sporting goods store and announced a $10,000 reward for information leading to his arrest." The Times-Picayune continues, "Jermaine Surtain, 28, who once lived in the 5700 block of Tullis Drive, Algiers, is wanted on a warrant accusing him of burglarizing Puglia's Sporting Goods, 1925 Veterans Memorial Blvd., said Col. John Fortunato, a Sheriff's Office spokesman. … The office is also seeking the public's help in identifying a 'person of interest' who rented a vehicle thought to be used in the break-in, Fortunato said." The Times-Picayune adds, "Authorities think the burglary was committed by four men possibly using a black Dodge Durango. The men made a hole in a wall to get in around 2:30 a.m., then broke display cases and took 115 handguns, several shotguns and two assault rifles. … Authorities identified Surtain as a suspect through the cooperation of the Sheriff's Office, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the West Bank Major Crimes Task Force. The task force is made up of officers from the Sheriff's Office and the Gretna, New Orleans and Westwego police forces."

Seven Killed Saturday By Puerto Rico Gun Violence. The AP (1/6) reports, "Seven people were killed in shootings across Puerto Rico on Saturday, prompting the U.S. territory's top police official to plead for lawmakers to pass tougher gun laws. … At a news conference, police chief Pedro Toledo urged the approval of pending legislation that would make it more difficult for islanders to import weapons from the U.S. mainland. Gunmakers have opposed the restrictions."

IMMIGRATION:

Complaints Against Immigration Attorneys On The Rise. The Washington Post (1/7, C1, Cauvin) reports, "Complaints against immigration lawyers working in and around the nation's capital are rising, say officials who investigate allegations of attorney misconduct." The Post continues, "Last year, the D.C. Office of Bar Counsel received 59 complaints about immigration lawyers, up from 49 in 2005 -- when, for the first time, immigration law drew more

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complaints than any other specialized practice area. … The bar counsel office is finalizing 2006 totals for other categories, but complaints about immigration law appear likely to rank near the top again." The Post adds, "Such a distinction is no small feat in a city flush with lawyers and no small worry in a region long established as a destination for immigrants, particularly those from Africa and Latin America. … 'There are a lot of unhappy immigrant clients out there, and some of them have very good reason to be unhappy,' said D.C. Deputy Bar Counsel Elizabeth A. Herman, who has handled immigration complaints for more than a decade. … From the simply confused to the unquestionably criminal, bad lawyers have become a concern for the immigration bar and for the nation's immigration tribunals. … Federal sanctions have been rising in recent years. Established in 2000, the bar counsel at the Executive Office for Immigration Review, the Justice Department branch that oversees U.S. immigration courts and the Board of Immigration Appeals, disciplined 47 immigration lawyers last year and 54 the previous year -- up from 22 in 2000."

TAX:

Democrats Remove Supermajority Requirement For Tax Increases. The Washington Times (1/7, Lambro, 88K) reports, "One of the first key procedural votes in the Democrat-controlled House last week established legislative rules that Republicans say will make it easier to raise taxes by a simple majority vote. The straight party-line vote received little attention Thursday. … But Republican leaders and conservative tax-cut advocates said it opened up a huge loophole in a Republican-imposed rule drawn from the Republicans' 1994 Contract with America, which requires a supermajority, or three-fifths vote, to raise taxes. Democrats unanimously voted down a motion offered by" Minority Leader John Boehner "that would have prevented them from waiving the rule, a move that tax-cutters said signaled the Democrats' intention to raise taxes between now and the 2008 elections. 'American taxpayers need to hold on to their wallets because the new House rules concerning taxes are not worth the paper they're written on,'" said Grover Norquist, president of Americans for Tax Reform.

WPost Blames Bush Tax Cuts For Budget Deficit. The Washington Post (1/7, B6, 690K), in an editorial, writes, "So President Bush is promising a balanced federal budget -- three years after he leaves office. That's a worthy goal, and we look forward to seeing, when the budget is released next month, how, exactly, he hopes to achieve it. But we'd be more impressed by the professed commitment to fiscal discipline if it weren't, in large part, Mr. Bush's own policies that made that far-off target look like an achievement. Or, better yet, if we had any confidence, based on performance, that this theoretical balance is based on realistic projections. Or if there were any acknowledgment from Mr. Bush that his sacrosanct tax cuts would have to be adjusted to meet this goal. … It was Mr. Bush's recklessly unaffordable tax cuts and his insistence on maintaining and extending them even as the costs of the war in Iraq escalated that helped drive the deficit."

CONGRESS-ADMINISTRATION:

Democrats Gearing Up For Oversight Hearings. The AP (1/7, Kuhnhenn) reports, "In this new era of divided government, the congressional hearing room is where the executive and legislative branches will clash. .. Over the next few weeks, Senate Democrats plan to hold at least 11 hearings just on Iraq. In the House, one of the Democrats' most dogged investigators is waiting to spring his committee on a different mission — suspected government fraud." The AP continues, 'From the war to environmental policy and secret surveillance, the Democrats who now control both the House and Senate are armed with subpoena power and ready to summon panels of witnesses. … These newly empowered Democrats plan to put the Bush administration under scrutiny like never before." The AP adds, "Sen. Patrick Leahy, chairman of the Senate Judiciary Committee, has said he will examine the administration's policies on torture and other human rights issues. His request for data exposed one of the first rifts between the new Congress and the administration when the Justice Department refused to provide the committee with two secret documents that describe CIA detention and interrogation policies for suspected terrorists. … Leahy, D-Vt., stopped short of threatening the use of a subpoena to get the documents. But he told Attorney General Alberto Gonzales that he 'would pursue this matter further' when the committee holds its first oversight hearing."

Administration Lowers Estimated Cost Of Drug Benefit. The New York Times (1/7, A17, Pear,

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1.16M) reports the Bush Administration "lowered its estimate of the cost of Medicare's new prescription drug benefit Saturday, saying the price tag had come down about 10 percent in the last six months. Administration officials said they hoped the numbers would undercut support in Congress for a Democratic proposal requiring the government to negotiate with pharmaceutical makers to secure lower drug prices for Medicare beneficiaries." Michael O. Leavitt, the secretary of health and human services, "said the new numbers showed that such legislation was unnecessary because competition among private plans had effectively held down costs."

Medicare Drug Bill Lacking Formulary Seen As Unlikely To Generate Savings. The New York Times (1/7, A17, Pear, 1.16M) reports, "Democrats want the government to negotiate lower drug prices for Medicare beneficiaries, but insist that the government should not decide which drugs are covered. Many economists and health policy experts see this as a paradox. The only way to get big savings and discounts, they say, is to steer patients to certain preferred drugs. The debate on this issue, bubbling for several years, will come to a boil in Congress next week as the House votes on a Democratic proposal to require the secretary of health and human services to negotiate with drug manufacturers on behalf of Medicare beneficiaries. … Each plan would establish its own list of covered drugs, known as a formulary, and the secretary could not 'establish or require a particular formulary'." AARP CEO William D. Novelli "said that Medicare drug plans 'currently have little choice but to accept the high prices set by manufacturers' for brand-name drugs if no competing products are available."

"Doughnut Hole" Fix Said To Require Tax Increase Or Spending Cuts. The Washington Post (1/7, A8, Lee, 690K) reports, "Democrats face a difficult time delivering on their pledge to eliminate the 'doughnut hole' in Medicare's drug benefit, despite having used the unpopular coverage gap as a rhetorical club against Republicans in regaining control of Congress in the fall elections. Requiring Medicare to negotiate lower drug prices from pharmaceutical companies…will not produce enough savings to fill the doughnut hole, experts say. And making up the difference would require big tax increases or spending cuts elsewhere if Democrats are to keep another campaign promise, to be fiscally responsible and avoid increasing the federal budget deficit." Sen. Charles Grassley is quoted as saying, "I think the Democrats are going to shy away from it because it's very costly."

Democratic Chairs Already Breaking With Leadership On Key Issues. The New York Times (1/7, A1, Hulse, 1.16M) reports, "Less than 24 hours after taking over as speaker, Representative Nancy Pelosi summoned the new chairmen of five committees with responsibility for various aspects of Iraq policy to her office to review and coordinate plans for hearings and inquiries. The gathering on Friday would have been unthinkable when Democrats last controlled the House" when "all-powerful Democratic chairmen ruled their committees with impunity." However, according to the Times, "Already there are signs of discord." Sen. Max Baucus of Montana, the Finance Committee chairman "who has been a headache for past Democratic leaders, says he will plunge ahead with hearings next week on giving the government power to negotiate Medicare drug prices with pharmaceutical companies — a top Democratic priority he has opposed and one the House plans to speed through with no new scrutiny." Sen. Joseph Lieberman, chairman of the Homeland Security committee, "is making his colleagues nervous as they consider his differences with many of them over the war and antiterror issues." Rep. Charles Rangel, chairman of the Ways and Means Committee, "suggested Friday that he might revisit new Democratic rules forcing lawmakers to disclose their sponsorship of tax breaks for small enterprises." Rep. John Dingell, chairman of the Energy and Commerce Committee, is contemplating "imposing tougher mileage standards on automakers."

Pelosi Encouraged To Pursue Bipartisanship. The New York Times (1/7, WK13, 1.16M) editorializes, "The House's new Democratic majority is mounting a legislative blitzkrieg meant to leave the displaced Republicans gasping in the dust. … But what is sorely lacking is the oft-invoked, more often abused ideal of bipartisanship — despite the Democrats' campaign pledge to end the practice of relegating minority lawmakers to the legislative wilderness." Speaker Pelosi "promises bipartisanship will be in evidence after the Democrats get past their opening agenda. … If Democratic candidates were smart enough during the campaign to realize that the voters demand bipartisanship, they should be quick enough to try it from the start.

In an op-ed for the Washington Post (1/7, B1, 690K) former Rep. Vic Fazio writes, "Pelosi has sought to engender

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some bipartisan goodwill by authorizing severance pay for newly unemployed Republican staff members. Likewise, she has sought to preserve continuity by retaining existing staff in the parliamentarian's office and other administrative positions, including the sergeant-at-arms, the clerk of the House and the House historian. In 1994, when Newt Gingrich became speaker, the leadership fired everyone except the parliamentarian. In contrast to that off-with-their-heads attitude, Pelosi has more respect for the administrative framework of the House. Perhaps most important, she reached out to" Minority Leader John Boehner "on transition issues, such as the schedule, oversight on intelligence and fixing the Congressional page program."

LATimes Presses For Expanded Ethics Reform. The Los Angeles Times (1/7, 850K) reports, "The House essentially enacted the wish list of advocates of reform (including us), burnishing Pelosi's promise to preside over 'the most honest, the most open and the most ethical Congress in history.' … More remains to be done. Reformers inside and outside Congress must continue to press for the creation of a new ethics watchdog in each chamber. House Democrats say they will take up that initiative in the coming weeks, and Sen. Dianne Feinstein (D-Calif.), who now chairs the Rules Committee, has indicated that she would hold hearings on the idea."

More Commentary On Pelosi. San Francisco Chronicle (1/7, A6, 384K) columnist Leah Garchik writes Rep. Mary Bono "said that female camaraderie is essentially different from the male variety. Despite political differences, 'Women are more quick to share their personal side, to support each other,' said Bono, who has known Pelosi since the early 1990s" but "she is left with a conundrum: 'I want her to be successful as a woman in power, but politically, as a Republican, I am on the other side. But I hope when she needs a friend on this side of the aisle, I'll be one of the first she will call.'"

In his Washington Post (1/7, B7, 690K) column, David Broder writes, "It was, superficially, pure coincidence that Nancy Pelosi and Deval Patrick took their precedent-setting oaths of office at almost the same hour on Thursday. … Impressive as their individual resumes are, what's more significant is what their elevation signals: a growing sense of inclusiveness and opportunity in this society.

Laboratories Face "Crisis" Due To Federal Funding Shortfall. The New York Times (1/7, A19, Broad, 1.16M) reports, "The failure of Congress to pass new budgets for the current fiscal year has produced a crisis in science financing that threatens to close major facilities, delay new projects and leave thousands of government scientists out of work, federal and private officials say. … Factoring in inflation, the budgets translate into reductions of about 3 percent to 4 percent for most fields of science and engineering." According to the Times, "Democrats and Republicans alike say that operating under current budgets, in some cases with less money, can strap federal agencies and lead to major disruptions in service. Scientists say that is especially true for the physical sciences, which include physics, chemistry and astronomy." Among the projects at risk" are the Relativistic Heavy Ion Collider at the Brookhaven National Laboratory in New York and the Fermi National Accelerator Laboratory in Illinois.

US Selecting Hybrid Warhead Design. The New York Times (1/7, Broad, Sanger, Shanker, 1.16M) reports, "The Bush administration is expected to announce next week a major step forward in the building of the country's first new nuclear warhead in nearly two decades. It will propose combining elements of competing designs from two weapons laboratories in an approach that some experts argue is untested and risky." The new warhead would "would require a huge refurbishment of the nation's complex for nuclear design and manufacturing, with the overall bill estimated at more than $100 billion." The decision to pursue a hybrid "could delay the weapon's production. It also raises the question of whether the United States will ultimately be forced to end its moratorium on underground nuclear testing to make sure the new design works." Democrats and other critics say that "at a time when the administration is trying to convince the world to put sanctions on North Korea and Iran to halt their nuclear programs…any move to improve the American arsenal will be seen as hypocritical." Defenders "argue that because the United States provides a nuclear umbrella for so many allies, it is critical that its stockpile be as reliable as possible."

SCOTUS Will Hear Fewest Cases In Modern History This Term. The Washington Post (1/7, A4, Barnes, 690K) reports, "After decades of decline in its caseload, the court is once again on track to take its fewest number of cases in modern history. The justices went on a relative shopping spree when they returned from their holiday

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break, on Friday, agreeing to hear seven additional cases before this year's term ends. Before that they had accepted only 60 petitions, as opposed to 80 at this point last year. Even a caseload in the 80s would have been considered extraordinarily skimpy 20 years ago. In William H. Rehnquist's first term as chief justice in 1986, the court disposed of 175 cases. … Roberts himself said during his 2005 confirmation hearings that the court should be doing more."

LATimes Endorses Pay Raise For Federal Judges. The Los Angeles Times (1/7, 850K) editorializes, "federal judges have been ill-treated by a 1989 law that links their cost-of-living raises to those of members of Congress. Fearful of being criticized for raising their own salaries, members of Congress voted not to accept several pay raises in the 1990s — meaning that the judges also went without raises. That connection would be broken under legislation that would also include a 'catch-up' raise for judges."

Rich Calls Bush Presidency An "Inversion" Of Ford's. In his New York Times (1/7, WK14, 1.16M) column, Frank Rich writes that although "it's a safe bet" that President Gerald Ford's funeral "attracted far fewer viewers than the most consequential death video of the New Year's weekend, the lynching of Saddam Hussein;" Ford's funeral "obsequies were…the Beltway establishment's grim verdict on George W. Bush and his war in Iraq. Every Ford attribute, big and small, was trotted out by Washington eulogists with a wink, as an implicit rebuke of the White House's current occupant." Rich asserts that "under the guise of not speaking ill of a dead president, the bevy of bloviators so relentlessly trashed the living incumbent that it bordered on farce." Rich says Ford's "presidential history is hard to separate from the Bush inversion of it, so it is difficult to separate that indelible melee in Saigon" in the spring of 1975 "from the Hussein video. Both are terrifying, and for the same reason;" offering "further confirmation…that our principal achievement in Iraq over four years has been to empower a jihadist mini-Saddam in place of the secular original."

OTHER NEWS:

Experts Predict Mixed Economic News For 2007. The Washington Post (1/7, F1, Henderson, 690K) writes that according to the "annual blizzard of forecasts last month" from economic experts, 2007 "will be a tough one for anybody looking for jobs or profits in home building, but it holds out modest promise for most other American workers, consumers and investors. The housing market stays in the dumps. Unemployment edges up a bit, but stays relatively low. Inflation ebbs, interest rates remain moderate and stock prices climb, though not as exuberantly as in recent years." The Washington Post (1/7, F4, 690K) also says many economists "think the dollar will slip a bit lower this year."

The New York Times (1/7, BU5, De Aenlle, 1.16M) writes that the "flow of earnings reports will pick up this week, but the earnings themselves are expected to show a dip in growth from past quarters." Standard & Poor's "estimates that earnings for companies in its 500-stock index rose by 9 percent, year over year, in the fourth quarter. That would be a healthy gain, but also the worst one in nearly five years." As for the housing market, the New York Times (1/7, BU4, Gross, 1.16M) says "those who think that the worst may be over…should take another look at the data, economists say. For the figures on new-home sales have a strange wrinkle that, in the current environment, may lead the government to overstate sales (and to understate inventory) by up to 20 percent. 'The market is weaker than the data say,' said Mark Zandi, chief economist at Moody's/Economy.com."

The New York Times (1/7, BU9, Sommer, 1.16M) adds that 2007 "got off to an uneven start on Wall Street last week," with the Dow Jones and S&P 500 "both dropping modestly" and the Nasdaq making "a small gain."

Gore Still Keeping Options Open On Presidential Run. The Washington Post (1/7, A2, Cillizza, Murray, 690K) examines whether Al Gore may still decide to enter the 2008 presidential race, writing that "over the past six years, Gore has become a heroic figure for the party's liberal left, thanks in large part to his early and steady opposition to the war in Iraq." But is the former vice president "ready to enter the ring one more time? Don't count on it, say his closest advisers. 'There are no secret meetings going on to plan the Gore campaign,' said Carter Eskew, a longtime confidant of the former vice president." Still, "neither Eskew nor any of the small cadre of Gore's closest advisers would entirely rule out such a bid," and there are "small signs here and there that could be read as the stirrings of his renewed interest in a campaign. Early last month, Gore addressed more than three dozen labor leaders in Washington, a wide-ranging talk about the Democratic congressional gains and the media, said one attendee, who demanded anonymity. Asked about 2008, Gore said that he has taken a number of

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calls from people encouraging him to consider running but he 'didn't know whether he was going to or not,' the source said. 'Everybody felt he left a small door open.'"

Rangel Encouraging Obama To Run For President. The New York Times (1/7, A22, Rivera, 1.16M) asks, "Are Charles B. Rangel's loyalties mixed?" The "longtime Harlem congressman" has "let it be known he encouraged Barack Obama to run for president, which could complicate the presidential ambitions of Mr. Rangel's fellow New York Democrat, Hillary Rodham Clinton." Rangel said, "I told him if he didn't run, he'd regret it, and that he's a young man and he ought to test the waters." But he said he "also told Mr. Obama that he was following Mrs. Clinton's moves 'and that as dean of the New York delegation, I had obligations, and he would have to understand that.'" Asked if that meant he would support Clinton, Rangel "said it was too early to say."

GOP Presidential Hopefuls Hiring Schwarzenegger Campaign Operatives. The Washington Post (1/7, A2, 690K) writes that with Gov. Arnold Schwarzenegger's victory in California "one of the few bright spots for the GOP in November," it is "not surprising that Republican presidential aspirants are raiding his team." Sen. John McCain "has turned his presidential exploratory committee into Arnold East, hiring not only campaign manager Steve Schmidt as a senior adviser but also Schmidt's deputy, Reed Galen, to serve as a deputy campaign manager and even Schmidt's assistant, Jake Suski, to be assistant to campaign manager-in-waiting Terry Nelson. Robert Terra, who ran the Schwarzenegger war room, will do the same for McCain. Matt David, who served as director of response on the Schwarzenegger reelection drive will be the -- you guessed it! -- director of response for McCain." But McCain "didn't get them all. Katie Levinson, Schwarzenegger's communications director, will oversee construction of Rudy Giuliani's communications operation. Schwarzenegger deputy political director Josh Ginsberg has inked a deal with Mitt Romney."

Giuliani Presidential Bid Would Have Major Impact On His Consultancy. The New York Times (1/7, A21, Healy, Buettner, 1.16M) writes about the impact a Rudy Giuliani presidential big would have on his consulting firm Giuliani Partners. As Giuliani "contemplates that bid for the presidency, the firm -- about which little has been publicly known -- says it is dependably profitable and attractively positioned. But, at the same time, its aspirations have been modestly realized: a collection of boutiques more than an empire, and one whose long-term survival if Mr. Giuliani departs is very much a matter of debate both in-house and out."

White House Hopefuls Hit "Virtual Campaign Trail." On its front page, the Washington Times (1/7, Bellantoni, 88K) looks at the presidential campaign on the blogs and on MySpace. Aspirants "are turning to the virtual campaign trail. Dedicated political junkies are setting up their own sites devoted to encouraging presidential runs from their favorite candidates -- former Vice President Al Gore, Sen. John McCain and the two Democratic superstars currently topping polls," Sens. Hillary Clinton and Barack Obama. Some of the "candidate MySpace pages are official, such as the sites run by" John Edwards and Tom Vilsack. … Others, such as the nearly 100 sites created in Mrs. Clinton's name, are run by anonymous Web surfers. If popularity were gauged by MySpace," Wesley Clark "is winning with more than 45,000 friends."

"Alpha Male Democrats" Return To Capitol Hill. The New York Times (1/7, WK1, Lizza, 1.16M) examines "the return of the Alpha Male Democrat. The members of this new faction, which helped the Democrats expand into majority status, stand out not for their ideology or racial background but for their carefully cultivated masculinity." The "Macho Dems" include Rep. Rahm Emanuel, who "is missing half of one finger…and swears enough to make a Soprano blush," as well as "aggressive and demanding" Sen. Charles Schumer, new senators Jon Tester and Jim Webb, and new congressmen Brad Ellsworth and Heath Shuler.

Jeb Bush Leaves Considerable Legacy In Florida. The Washington Post (1/7, A4, Kleindienst, 690K) examines Jeb Bush's departure from office in Florida. Over his two terms, "Bush sent shivers through Florida's status quo as he gathered more power than any previous governor and reshaped state government to fit his vision. Nicknamed 'King Jeb,' the Republican transformed what he saw as a tangle of red tape and squanderer of public money into a smaller, business-friendly administration needing fewer tax dollars to

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run." He "leaves a legacy of a leader adamant about doing things his way, who fearlessly championed such controversial causes as school vouchers, faith-based prisons and prolonging the life of Terri Schiavo." But "while his tenure coincided with a sizzling economy and an overflowing treasury, Bush's back-to-back terms were marred by frequent ethics scandals, official bungling and the inability of the government he downsized to meet growing demands for state services, including education and aid for the infirm and the elderly."

Incoming Maryland First Lady Hopes To Keep Judgeship. The Washington Post (1/7, C12, Wagner, 690K) reports, "Maryland's soon-to-be first lady, Catherine Curran O'Malley, is sticking with her plan to stay on the bench once her husband is sworn in as governor." But the Baltimore district court judge's "desire to keep her job has been complicated by a residency requirement and other family considerations regarding an anticipated move to Annapolis." On Friday, a lawyer for Gov.-elect Martin O'Malley wrote to the District Court of Maryland's chief judge "citing case law that suggests a temporary move to Annapolis would not preclude Katie O'Malley from maintaining her 'domicile' in Baltimore, provided she intends to return there at the end of her husband's term."

Writers Consider Senate Race Outcomes In Four Key States. In the New York Times (1/7, WK15, 1.16M), four novelists consider the aftermath of last fall's closely contested Senate races in their states. Charles Baxter writes that in Minnesota, "we have a new senator, Amy Klobuchar. But we're still talking about the aftermath of the midterm elections." Baxter says President Bush "hit the trifecta…Iraq, corruption and incompetence." Deirdre McNamer compares new Montana Sen. Hon Tester to Sen. Jefferson Smith of "Mr. Smith Goes to Washington," writing, "During Senator Smith's excited sightseeing…I thought about" Tester, "gazing up at the Capitol dome for the first time, shortly after the general election. 'It hasn't soaked in yet,' he told reporters. 'Maybe it will never soak in.'" Dan Chaon says, "As Democrats in Ohio, victory is a sensation we've been unfamiliar with for quite some time, and I have to admit that it makes me a little suspicious. … It's not easy to be jubilant given the state of affairs in Ohio, or in the country, or in the world." And from Tennessee, Robert Hicks writes that while he did not vote for Sen. Bob Corker, "I think that if he proves true to his own past he will do well. That is, he'll be a centrist Republican, guided by his own common sense and maybe a bit by the example of Tennessee's moderate senior senator, Lamar Alexander, rather than by the right-wing rhetoric that has become de rigueur in so much of the South."

Veterans Flock To Alaska. The Washington Post/AP (1/7, A5, Lee) reports that nearly 70,000 veterans "have chosen to make their home in Alaska, which, according to the Census Bureau, has the country's highest concentration of former military personnel. The high number reflects, in part, that veterans tend to cluster near military bases. Alaska's two biggest cities, Anchorage and Fairbanks, have one Army and one Air Force base apiece. ... Many veterans, as with many non-military residents, are drawn by the untrammeled wilderness, the world-class hunting and fishing, and secure jobs with good pay. Moreover, the libertarian frontier spirit and the extreme solitude in this sparsely settled state of 650,000 have a certain appeal to veterans who led highly regimented professional lives or saw too much of the horrors of war."

Chait Accuses Conservatives Of Hypocrisy For Criticizing Liberal "Anger." In his Los Angeles Times (1/7, 850K) column, Jonathan Chait writes, "In the 1990s, prominent conservatives suggested that President Clinton was a murderer, a conservative senator warned that the president might be shot if he visited that senator's state, and a Republican majority leader told Democrats, 'Your president is just not that important to us.' And there were many other nasty episodes. But ever since a Republican has held the White House, certain conservatives have decided that political anger is now the main problem of American life and that it resides primarily on the left. … Some would suggest that the right's newfound obsession with tone is not only hypocritical but an attempt to stifle criticism through arbitrary criteria, much like campus PC-niks."

Saudi, French Foreign Ministers Ask Tehran To Halt Uranium Enrichment. The AP (1/6) reports France and Saudi Arabia "called Saturday on Iran to accept international demands to halt uranium enrichment, saying the Mideast should be free of weapons of mass destruction." In Riyadh, French Foreign Minister Philippe Douste-Blazy and Prince Saud al-Faisal "stressed diplomacy must be the way to solve Iran's ongoing standoff with the West over its nuclear program." The later is quoted saying, "We agreed on the

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necessity that the region should be void of weapons of mass destruction and that achieving this target will be by dialogue and diplomacy. Israel should not be excluded from the international efforts and procedures."

US-Iranian Relations Examined. ABC World News (1/6, story 5, Sciutto, 8.78M) took "'A Closer Look' tonight at the troubled relationship between the United States and Iran. Just two weeks ago, the UN imposed sanctions on Iran over its nuclear program. Since then, Iran has only grown more defiant and its unrelenting response fits with what we found on a recent trip there, where Iranians from all walks of life expressed pride in their nation's growing power. The anti-American slogans are still visible in Iran's capital. But visit Iran today and one of the first things you notice is that the attitude toward the great Satan is far from uniform. Students and teachers I met at this school in Tehran, like Americans, maybe not our government, but they like us and admire our country."

US Said To Seek End To Oil Industry's Financing. In a front-page story entitled, "U.S. Puts Squeeze On Iran's Oil Fields," the Los Angeles Times (1/7, Murphy, 850K) reports, "As Washington wages a very public battle against Iran's quest for nuclear power, it is quietly gaining ground on another energy front: the oil fields that are the Islamic Republic's lifeblood." The Times says the Administration's "campaign to dry up financing for oil and natural gas development poses a threat to the republic's ability to continue exporting oil," and "comes at a moment of unique vulnerability for Iran's oil industry, which also faces challenges from rising domestic energy consumption, international isolation, a populist spending spree by President Mahmoud Ahmadinejad and trouble closing contracts with foreign oil companies." However, Iranian authorities say they "recognized the gravity of the threat and launched steps to head it off, including new 'smart' rationing cards, scheduled for distribution in March to check skyrocketing sales of cheap gasoline, and an overhaul of Iran's historically stingy contract terms in an attempt to lure big oil companies into skirting the U.S. roadblocks."

Israel Said To Plan Nuclear Strike Against Enrichment Site. The Times of London (1/7, Mahnaimi, Baxter) reports Israel "has drawn up secret plans to destroy Iran's uranium enrichment facilities with tactical nuclear weapons. Two Israeli air force squadrons are training to blow up an Iranian facility using low-yield nuclear 'bunker-busters,' according to several Israeli military sources." The Times said the strike concept has "been prompted in part by the Israeli intelligence service Mossad's assessment that Iran is on the verge of producing enough enriched uranium to make nuclear weapons within two years," and that "conventional strikes may no longer be enough to annihilate increasingly well-defended enrichment facilities." The Times adds, "Some analysts warned that Iranian retaliation for such a strike could range from disruption of oil supplies to the West to terrorist attacks against Jewish targets around the world."

Hamas Ignores Abbas Demand To Disband Militia. The AP (1/7, Barzak) reports the leadership of Hamas "defied President Mahmoud Abbas' decree Saturday that its paramilitary unit is illegal, saying it will fight any attempt to disband the force in an increasingly bloody faceoff between the Islamic militant group and Abbas' Fatah party." Noting that "factional fighting" is "threatening to plunge the Palestinian territories into civil war," the AP says Abbas "outlawed the Executive Force on Saturday, two days after Hamas gunmen stormed the home of a top pro-Fatah security commander and killed him and seven bodyguards." Abbas later "confirmed the U.S. was sending aid to boost Palestinian security forces loyal to him," and said that "he spoke to Secretary of State Condoleezza Rice on the current situation ahead of her upcoming visit." Notably, Egyptian President Hosni Mubarak "called on the Palestinians to halt their fighting." The Washington Times (1/7, 88K) runs the AP story on its front page.

The New York Times (1/7, Erlanger, 1.16M) reports Abbas "demanded Saturday that Hamas-run paramilitary police be integrated into Fatah-dominated security forces." Hamas "warned" Abbas "that he was making a mistake and that it would resist any effort to disband the" Executive Force. The Times says it "is not clear whether Mr. Abbas's statement is simply declaratory or whether he would order his security forces to take action against the paramilitary group if Hamas did not meet his demands."

The Los Angeles Times (1/7, Boudreaux, Abukhater, 850K) says Abbas "outlawed the Hamas-led Interior Ministry's police force, the most powerful armed unit outside his control in factional fighting that has left 33 people dead in the last month. The ministry responded with defiance." Yesterday's rhetoric "raised the prospect of an intensified armed standoff."

Carter's Palestine Book Called Distorted, One-Sided. The New York Times Book Review (1/7, Bronner) describes President Jimmy Carter's "Palestine: Peace, Not

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Apartheid," as "a strange little book about the Arab-Israeli conflict from a major public figure." Carter "does not" provide both the Israeli and Palestinian perspectives, but "simply offers a narrative that is largely unsympathetic to Israel." Carter's "contribution is to offer a distortion of his own." His "misrepresentations" are "a shame because most of what Carter focuses on is well worth reading about."

"Malfunctioning" Israeli Government Said To Lose Public's Confidence. In an analysis piece, the New York Times (1/7, Erlanger, 1.16M) notes, "Two of Israel's most important relationships in the world are with the United States and Egypt. In the past 10 days, the Israeli government of Prime Minister Ehud Olmert has managed to embarrass both of them." Citing the approval of new settlement in the Jordan Valley and the failed Ramallah raid, the Times says "neither incident was of fundamental importance, and neither, it seems, was intended to create the ensuing ruckus. And neither action, Mr. Olmert's aides insisted, had been approved by the prime minister." However, taken "together, Israeli politicians and analysts suggest, the moves reflect a malfunctioning Israeli government, deeply split over personalities, politics and policies. It has lost the confidence of most Israelis, according to the opinion polls, which makes Israeli leaders even less likely to take bold political steps domestically or internationally." Noting that Olmert and Defense Minister Peretz "and their staffs barely speak to one another," the Times says both men's political parties are hampered by "bitter rivalries."

Somali Disarmament Plan Sparks Rioting. The New York Times (1/7, Gettleman, 1.16M) reports, "Hundreds of Somalis stormed Saturday into the streets of Mogadishu…to hurl rocks at Ethiopian troops allied with the government and to protest a disarmament program that Somali leaders ended up scrapping." Prime Minister Ali Mohammed Gedi's "transitional government appears to have failed its first leadership test: disarmament. After 16 years of anarchy, the streets of Mogadishu are awash with military-grade weaponry," and collecting "these guns was one of [Gedi's] first goals." He had "demanded that all Somalis surrender their weapons in three days," but "even former military officers disagreed with Mr. Gedi's approach, saying it would take months, not days, to disarm the populace and that the government should negotiate with militiamen and clan elders."

The Washington Post (1/7, A16, McCrummen, 690K) adds, "Hundreds of angry and fed-up Somalis demanded that Ethiopian troops leave the city Saturday, smashing cars, burning tires, and hurling stones and threats as a prevailing sense of insecurity deepened in the patched-together neighborhoods of" the capital. "A volatile mix of grievances fueled the clashes between demonstrators and Ethiopian troops, leaving at least two people dead." While Gedi "scrambles to establish ministries, police and other services from scratch, the city is reverting to its old forms of self-governance." The AP (1/6) adds Gedi's government "indefinitely postponed plans to forcibly disarm Mogadishu, as hundreds of people burned tires, looted vehicles and said they wouldn't give up their guns. Two people were reported killed and at least 17 people were wounded."

Under the headline, "Ethiopia's Intervention May Destabilize Region," the Los Angeles Times (1/7, Sanders, 850K) notes, "By launching a war against Somalia's Islamists, Ethiopia says it was drawing a line in the sand against religious extremism in East Africa. But without quick diplomacy and international aid, analysts caution that the war could radicalize the region's traditionally moderate Muslims." Reporting that "signs of a budding insurgency already are emerging in Mogadishu," the Times adds many Somalis "believe the U.S. encouraged Ethiopia to lead the assault last month to put an African face on the war." The Times reports one analysis that, "if Somalia's problems bleed across its borders, the ripple effects could include a destabilization of Ethiopia's Muslim community and reduced tourism for Kenya. … Analysts say U.S. policymakers now have a short window of time to bring change."

Al Qaeda Operatives Sought In Somalia. CNN (1/6, Starr) reported, "An urgent manhunt is underway in East Africa to capture five top al Qaeda operatives on the run from Somalia since the fall of the Islamic militia government. … US and African intelligence services are closely cooperating in an effort to find the men before they slip away, with fear that they might plan new attacks. The US especially wants two men said to be involved in the 1998 bombing of the US embassies in Kenya and Tanzania. Authorities believe all five have ties to al Qaeda attacks across East Africa. Escape routes from Somalia are being sealed off. US intelligence sources believe the men may have been at a known al Qaeda training camp on the Somali-Kenyan border. Two US Navy warships are now patrolling offshore, stopping and searching small boats. Kenya has sealed its northern border with

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Somalia. US Navy SEALS have been just south of the border, helping train Kenyan forces. … The top US diplomat for Africa has been trying to muster an African peacekeeping force to help Somalia's new transitional federal government. Hunting al Qaeda is a priority." Assistant Secretary of State for African Affairs Jendayi Frazer: "We believe that it's extremely important and we feel that the cooperation between the neighboring countries, with the transitional federal government at the request of the transitional federal government, is quite helpful in trying to prevent those terrorists from fleeing Somali territory into their neighbors." CNN (Starr): "All of this comes as Ayman al-Zawahiri, Osama bin Laden's deputy, has called for an Iraq style insurgency inside Somalia."

Richardson Departs For Three-Day Sudan Trip. Under the headline, "Richardson Heads To Sudan With Three Goals," the AP (1/7, Pickler) notes Gov. Bill Richardson said he hopes to persuade President Omar al-Bashir "to accept more U.N. peacekeepers in war-ravaged Darfur, a goal that has eluded world leaders." He told the AP that "he has three goals for his visit to the African nation: increasing the U.N. force in Darfur, improving the humanitarian situation and helping encourage a cease-fire." The AP adds that special envoy Andrew Natsios, who met Bashir last month, "has not responded to a request for comment about Richardson's trip."

Two Sri Lanka Bombings Kill 17, Wound 90. The New York Times (1/7, A4, Senanayake, 1.16M) reports, "A powerful bomb blew up a passenger bus on Saturday, killing 11 people and wounding more than 40 others on the southern coast of Sri Lanka." The Times notes that "was the second in less than 24 hours. The authorities are investigating the first blast, which killed six people and wounded 50 on Friday northeast of the capital, Colombo. A government statement blamed the Liberation Tigers of Tamil Eelam for the explosions." The Tigers "had no immediate comment."

Bangladeshi Politics Dominated By Female Leaders' "Feud." Under the headline, "The Personal Politics Of Bangladesh," the Washington Post/AP (1/7, A14, Rosenberg) details the "ferocious" rivalry between Bangladeshi leaders Khaleda Zia and Sheikh Hasina. "It's the stuff of political slapstick, except that this feud is rooted in the assassination of one woman's father and the other's husband, and the result today is anything but funny." Some "Bangladeshis … will say the rivalry is the cause of all the country's problems of poverty and corruption." The AP says "their rivalry has done nothing to improve things. Bangladesh is deeply corrupt and, in many parts, barely governed, raising concerns about instability in this strategic Muslim country already contending with Islamic militancy." Asking why alternative leadership has not emerged, the Post reports, "Analysts blame social conservatism -- a reluctance of the poor and illiterate to question those perceived as their betters -- and thuggish political tactics to ensure that people who do not support either party nonetheless turn out to vote for one of them."

India's Slow Response To Killings Said To Highlight Justice System's Dichotomy. A lengthy New York Times (1/7, A8, Gentleman, 1.16M) piece highlights the Indian police's response to killings in the New Delhi neighborhood of Noida. "What seems clearly a case of serial killing on the fringes of the capital has become a national scandal, with public horror at the brutal details interwoven with outrage at the police department's failure to investigate." While the fact "that India has a two-tier justice system is nothing new," the Times says "the case of the dead and missing slum children has provided a brutally stark example of how the law does not work for the marginalized, shocking even the most jaundiced observers of the nation's legal processes." The Times continues, "The sluggish police response to the disappearance of dozens of children has horrified the nation as much as the crime itself."

Elimination Of Mexican Poultry Tariffs Could Transform Economic Decisions. A 2,400-word piece on the front page of the Washington Post (1/7, Goodman, 690K) describes how "life in the central Mexican state of Jalisco is about to be shaken by globalization. Already much of Mexico's farm country has been overwhelmed by an influx of crops from the United States in the years following the North American Free Trade Agreement. Over the next two years, the final provisions of the trade pact kick in, opening Mexico to unlimited imports of poultry from its northern neighbor. Mexican farms will compete directly with an American agribusiness nurtured by subsidies on the corn that feeds the birds." The Post says NAFTA "was supposed to work the other way around," creating "enough development in

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Mexico to create millions of jobs, raise wages and diminish the lure of the north."

Mexico's Calderon Said To Make Organized Crime His First Target. A lengthy New York Times (1/7, A6, McKinley, 1.16M) piece notes Mexican President Felipe Calderón "has made it clear his first priority is to turn his government into the scourge of organized crime." He "has sent thousands of federal police and troops into the drug-plagued states of Michoacán and Baja California to break up criminal organizations and stop the brutal violence they perpetuate." However, the Times adds, "some opposition politicians and experts on the drug trade wonder if the federal interventions are not more flash than substance, and question if they will have a lasting impact on the drug trade and police corruption, whose roots run deep." Calderon ordered a "crackdown" in Tijuana, which was "welcomed" by most residents "even as some expressed skepticism the caravan-style patrols and roadblocks would do much to hurt drug traffickers."

Ambassador's "Genocide" Comments Could Delay Successor's Nomination. The Los Angeles Times (1/7, Reynolds, 850K) notes that two years ago, Ambassador John Evans "did something no U.S. ambassador to Armenia before him had done: He used the word 'genocide' -- in public -- to describe the deaths of about 1.2 million Armenians at the hands of Ottoman Turks." While "Evans' use of the word did not signal a change in" US policy, "it did set off a slow-boiling controversy that eventually cost him his job." Today, "a clash between the Democratic-controlled Congress and the Republican White House" has "has stalled the confirmation of Evans' successor and strained U.S. relations with Turkey, a key U.S. ally in the Middle East." The Times explains, "Though Armenian Americans and others consider Evans' statement an act of courage for which he has been unfairly punished, policymakers call it a misjudgment that could fuel anti-Western sentiment in Turkey." State Department "officials believe that Turks will come to their own acceptance of the term from internal debate," and the Times says the State Department "made clear its displeasure" with Evans' remarks.

Warsaw Archbishop Resigns Over Collaboration Allegations. The AP (1/7) reports Warsaw Archbishop Stanislaw Wielgus "resigned amid a scandal about his cooperation with the communist-era secret police, Poland's Roman Catholic Church said Sunday." The AP says "a furor had grown around Wielgus" during his week in office "since the allegations were first raised Dec. 20 by a Polish weekly, with demands that he step down from his post." The "scandal gained intensity after church officials said Friday that documents at a historical institute indicated Wielgus had willingly collaborated. Newspapers Friday devoted their front pages to the revelations, even as Wielgus took canonical vows as required by church law ahead of his installation."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"U.S., Allies Campaigning To Staunch Iran's Oil Flow."
"Bush Aides Preview 'Surge' Proposal."
"USC Kicker Found Dead In San Pedro."
"On Skid Row, His Survival's A Routine."

New York Times:

"Bush Plan For Iraq Requests More Troops And More Jobs."
"Bomb's Lasting Toll: Lost Laughter And Broken Lives."
"Attack Of The Zombie Computers Is Growing Threat."
"U.S. Selecting Hybrid Design For Warheads."
"Leadership Tries To Restrain Fiefs In New Congress."
"Links To Slavery And N.F.L. Star On A Hill In Texas."

Washington Post:

"Critics Say 'Surge' Is More Of The Same."
"Iraq Will Be Petraeus's Knot To Untie."
"Solemn Duty In Section 60."
"In Mexico, 'People Do Really Want To Stay.'"
"Poisoning Of Ex-Agent Sets Off Alarm Bells."

Washington Times:

"Abbas Bans Hamas Militia."
"Offensive To Pacify Baghdad Begins."
"Bloggers Unleash A Virtual Campaign."
"Diabetes Grows As Silent Scourge."
"Thousands Throng Fenty Fete."

Detroit Free Press:

"GM Style Heats Up Detroit With Stars And Cars."
"Volt Takes Full-Electric Car Concept To Next Level."
"Ben's Bulls Burst Pistons' Balloon."

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Atlanta Journal-Constitution:
"Atlantan Charged In Winfrey Plot."
"Bush Plan Includes Troops, Jobs."
"Colo. Avalanche Buries Cars."
"Risks Of Tinkering With Trans Fat."
"Voters Rank Education Top Issue."

Dallas Morning News:
"Gone In A Snap: Seahawks End Cowboys' Season, 21-20."
"McKinney Cheerleaders And Parents Tell Their Side."
"Data Shows N. Texas Minorities Overpay On Home Loans."
"Craddick Vs. Pitts: Their Destiny Is Your Destiny."
"DISD Principals Ordered To Change Their Ways."
"Broncos Pay Respects To Slain Teammate."
"Former Cowboys Assistant Payton Wins Coach Award."

Houston Chronicle:
"Lobby Firms, Businesses Eye Texas Speaker Vote."
"Executions Down In U.S. But Not In Texas."
"New Iraq Plan Includes More Troops, Jobs Program."
"FBI Targets Mortgage Fraud Scammers In Houston."
"New MLK March's Goal Is Supporting Community."
"Battle Likely Over Houston School Board Chief Post."
"Dickinson Soldier Who Sought New Life Is Buried."
"Beyonce's Quest For Dancers Hits Houston."

Story Lineup From Last Night's Network News:
ABC: Freakish Weather; Analysis Of The Weather; Sectarian Violence In Iraq; US-Iranian Relations; Macau-Growing Gambling Hotspot In Asia.
CBS: Preempted.
NBC: Preempted.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: No events scheduled.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 7, 2007 7:45 AM EST

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TERRORISM NEWS:

Litvinenko Poisoning Said To Worry Anti-Terror Professionals. On its front page, the Washington Post (1/7, Finn, 690K) details efforts to secure nuclear materials in the wake of the poisoning death of former KGB agent Alexander Litvinenko. "An international investigation is trying to track" the small amount of polonium-210 that killed Litvinenko "back to its source. Detectives from Scotland Yard have said nothing about where the trail of evidence may be leading; Russian officials have been more willing to talk, saying that [the production plant in] Avangard is tightly audited and that illicit production of polonium-210 is technically possible at many of the world's reactors." However, the Post notes, "Russia's near total domination of the world's legal trade in the substance has focused new international attention on the country's production system and controls. In addition, Litvinenko's death has created new concern among regulators that the substance might be used as an instrument of murder by terrorists." His murder "has caused anti-terrorism officials to worry that an explosive or airborne dispersal of polonium, particularly in a crowded, enclosed space, could cause numerous fatalities and sow widespread panic, scientists said. Compromise a food or water supply, they said, and the consequences could be even more dire."

Sheehan To Protest At Guantanamo Next Week. The AP (1/6) reports, "American 'peace mom' Cindy Sheehan called for the closure of the U.S. military prison in Guantanamo Bay, Cuba, as she and other activists arrived in Cuba on Saturday to draw attention to the nearly 400 terror suspects held at the remote site. Sheehan is among 12 human rights and anti-war activists who will travel across this Caribbean island next week, arriving at the main gate of the Guantanamo base in eastern Cuba on Thursday -- five years after the first prisoners were flown in."

Detainee's Letter Plays Key Role In Italian Rendition Trial. The Chicago Tribune (1/7, Crewdson, 617K) reports, "'This is how they kidnapped me from Italy…and how they tortured and imprisoned me in Egypt.' So begins a 6,300-word, handwritten letter, composed in an Egyptian prison cell by radical Muslim cleric Osama Moustafa Hassan Nasr. His abduction by the CIA is at the center of an unprecedented judicial proceeding set to open in Italy this week. … In a kidnapping case against 26 Americans and five Italian intelligence operatives, including the one-time CIA chief in Rome and Italy's former top spymaster, Nasr, better known as Abu Omar, will speak to the court through his letter, telling his story for the first time in his own words." The Tribune notes Abu Omar "was walking to his mosque in Milan on Feb. 17, 2003, when he was stopped on the street by a man who identified himself as a police officer. The cleric wrote that he was pulled into a van, beaten and taken by plane to Egypt. … What followed, according to his letter, was torture with electric shocks, beatings that caused him to lose the hearing in one ear, and sexual abuse."

CIA Cases Spark Debate Over Torture. The Chicago Tribune (1/7, Crewdson) reports, "The use of torture has been prohibited in the United States since the ratification in 1787 of the 8th Amendment to the Constitution barring 'cruel and unusual punishment.' … 'We do not condone torture,' President Bush has declared. 'I have never ordered torture. I will never order torture. The values of this country are such that torture is not a part of our soul and our being.' … Yet some human rights groups contend that a technique known

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as 'waterboarding,' which simulates drowning and reportedly has been used by the U.S. on some terrorist suspects, is torture. These groups also argue that some psychological interrogation techniques, such as sleep deprivation and exposure to loud music, contravene the 8th Amendment." The Tribune continues, "While those debates continue, there is no question that terrorism suspects such as Abu Omar have been captured abroad by the CIA and transported to third countries whose police and intelligence services routinely employ interrogation methods, such as electric shock, that everyone agrees constitute torture. … Bush said on March 16, 2005, that before a third-country 'rendition' of a suspected terrorist can take place, the CIA must obtain from the receiving country 'the promise that they won't be tortured.' … Atty. Gen. Alberto Gonzales said on May 3, 2006, that the actual standard applied by the U.S. in choosing a destination country is less stringent: whether a suspect is 'more likely than not' to be tortured." The Tribune adds, "Canadian government and United Nations investigations have found that individuals 'rendered' by the CIA to Egypt and Syria were mistreated despite assurances that they would not be tortured. … 'It's almost impossible to talk about rendition apart from the torture element,' says Joanne Mariner, a lawyer with Human Rights Watch, 'since that is and has always been one of the central issues with renditions. The CIA knows that Egypt practices torture routinely, particularly against suspected Islamists.' … Sen. Patrick Leahy (D-Vt.), whose Judiciary Committee has just begun an investigation of CIA renditions, agrees. … 'We diminish our own values as a nation--and lose credibility as an advocate of human rights around the world--by engaging in, or outsourcing, torture,' Leahy wrote Gonzales in November."

NYTimes Calls On Democrats To Address Bush's "Assault On Civil Liberties." The New York Times (1/7, WK13, 1.16M), in an editorial, writes President Bush "seems to have interpreted his party's drubbing as a mandate to keep pursuing his fantasy of victory in Iraq and to press ahead undaunted with his assault on civil liberties and the judicial system. … The Democratic majority in Congress has a moral responsibility to address all these issues: fixing the profound flaws in the military tribunals act, restoring the rule of law over Mr. Bush's rogue intelligence operations and restoring the balance of powers between Congress and the executive branch. So far, key Democrats…have said these issues are high priorities for them. We would lend such efforts our enthusiastic backing and hope…Democratic leaders are not swayed by the absurd notion circulating in Washington that the Democrats should now 'look ahead' rather than use their new majority to right the dangerous wrongs of the last six years of Mr. Bush's one-party rule. This is a false choice. Dealing with these issues is not about the past. The administration's assault on some of the nation's founding principles continues unabated."

HOMELAND RESPONSE:

McConnell Takes On Competing Responsibilities As DNI. The Washington Post (1/7, A10, Pincus, 690K) reports, "President Bush's choice to be the second director of national intelligence, retired Navy Vice Adm. John M. McConnell, must pick up the job of restructuring the nation's $42 billion intelligence community, which after 19 months is still very much a work in progress. … The DNI's other major role is as the president's top intelligence adviser. That means being present six mornings a week when Bush gets his national security briefing. That session offers the DNI an opportunity not only to have time with the president, but to hear and take part in the ensuing discussion with Vice President Cheney, national security adviser Stephen J. Hadley and chief of staff Joshua B. Bolten, who are also in the room. This part of the job requires the DNI to take time the night before to read the roughly 28-page daily briefing report and to show up at his Old Executive Office Building suite next to the White House at about 6:30 each morning to go over the latest intelligence." The Post notes, "Another aspect of the DNI's role as top intelligence adviser to the president is attendance at high-level White House meetings, which have been increasingly frequent since the Iraq war began. … How McConnell will divide his time between this advisory role and the intelligence community duties, should he be confirmed, remains to be seen."

Congress Unhappy With Pace Of FEMA Overhaul. The Washington Times (1/7, Waterman, 88K) reports, "Lawmakers are frustrated with the lack of progress on a congressionally mandated overhaul of the Federal Emergency Management Agency, designed to ensure that flaws that dogged the response to Hurricane Katrina are fixed. In a letter sent late last month to Homeland Security Secretary Michael Chertoff and released last week, members of both the House and Senate homeland security committees complained about being kept in the dark over progress on the changes, which they feared was lagging. … The law effectively reconstitutes FEMA as an independent agency within the department. Mr. Chertoff opposed the overhaul, which was included in the must-pass Homeland Security appropriations bill and signed by President Bush in October."

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WAR NEWS:

Bush Iraq Strategy Said To Combine Surge With Jobs Program. Coverage of President Bush's developing strategy on Iraq noted its dual aspects as well as widespread skepticism on whether it could work. The New York Times (1/7, A1, Sanger, 1.16M) reports in a negative article that the President's "new Iraq strategy calls for a rapid influx of forces that could add as many as 20,000 American combat troops to Baghdad, supplemented with a jobs program costing as much as $1 billion intended to employ Iraqis in projects including painting schools and cleaning streets, according to American officials who are piecing together the last parts of the initiative." But "even in outlining the plan, some American officials acknowledged deep skepticism about whether the new plan could succeed. They said two-thirds of the promised Iraqi force would consist of Kurdish pesh merga units to be sent from northern Iraq, and they said some doubts remained about whether they would show up in Baghdad and were truly committed to quelling sectarian fighting." President Bush's coming speech is acknowledged by them as part of "a last-ditch effort to salvage the mission in Iraq."

The AP (1/7, Riechmann) reports, "The idea of a troop buildup is getting a cool reception on Capitol Hill and from some military leaders who claim there is no military solution to the problems in Iraq where 140,000 troops already are deployed. ... Military analysts say Army Lt. Gen. Peter Chiarelli, who recently finished his tour as the No. 2 general in Iraq, has recommended a short-term jobs program. Others familiar with the plan say Bush is favoring: short-term jobs programs and extending micro-loans to small business; increasing the amount of money that military commanders can spend quickly on local projects to improve the daily lives of Iraqis."

The Washington Post (1/7, A1, Abramowitz, Wright, Tyson, 690K) reports that there is "growing skepticism inside and outside the administration that the emerging package of extra troops, economic assistance and political benchmarks for the Baghdad government will make any more than a marginal difference in stabilizing the country. ... Many officials at the State and Defense departments also doubt that the government of Prime Minister Nouri al-Maliki is capable of making the necessary reforms. … Meanwhile, the Joint Chiefs of Staff are worried about overstretching the Army and Marines."

The Los Angeles Times (1/7, A1, McManus, Reynolds, 850K) reports that a troop surge after losing both houses of Congress "might sound paradoxical, but aides say Bush's willingness to send more troops makes sense based on two beliefs that have long guided his war strategy. The first is that the price of leaving Iraq would be greater than the cost of staying. The second is that the public will accept the burdens of war if convinced that success is still possible." According to anonymous aides, "Bush believes that the United States still has a chance to stop Iraq from descending into civil war — and, on the other side of the equation, that the consequences of withdrawal would be disastrous. He thinks it's too early to turn primary responsibility for security in Baghdad over to Iraqi security forces, whose performance has been disappointing."

Gannett (1/7, Yaukey) reports that the plan "has sparked intense debate even among advocates who differ on how many troops to send and for how long. ... A prolonged surge into 2008, experts say, could require tapping Guard and Reserve units, which provided close to half the U.S. force in Iraq in 2005." Iraqi Prime Minister Nouri al-Maliki "pledged to Bush on Thursday that he would commit three additional battalions to Baghdad, but his record of follow-through raises doubts."

Newsday (1/7, Gordon) reports that a surge "would be the biggest gamble of George W. Bush's presidency -- escalating the war in Iraq with as many as 20,000 U.S. troops when most Americans just want to get out." In many ways, "a surge would amount to a repudiation of the administration's current strategy, which has focused heavily on reducing U.S. presence in Iraq by pulling back from the fight and turning over more and more security duties to Iraqi forces. ... Even supporters of the plan paint it as essentially Bush's last stand: one final, high-stakes bid to salvage something approaching victory."

Democrats Charge Bush Reshuffled Commanders To Find Surge Backers. ABC World News (1/6, story 3, 1:55, Sciutto, 8.78M) reported, "The Democrats now in charge on Capitol Hill say the President reshuffled military leadership to find commanders who would back a troop surge." ABC (Morrell): "The White House insists that opinions on troop levels had nothing to do with these personnel changes, but it's not lost on anyone here in Washington that generals Abizaid and Casey, no fans of a surge, are out. And they are being replaced by Adm. Fallon and Gen. Petraeus. The latter is a big advocate of more boots on the ground."

The Washington Post (1/7, A1, Atkinson, 690K) profiles Petraeus, depicting his abilities, the difficulty of the task facing him, and the existence of some personal detractors in the military: "Long recognized as one of the Army's premier intellectuals, with a PhD from Princeton to complement his West Point education, Petraeus, 54, will inherit one of the toughest assignments handed any senior officer since the Vietnam War. He takes command of 132,000 U.S. troops in a country shattered by insurgency and sectarian bloodletting, with a home front that is divided and disheartened after 3,000 American combat deaths." Although "some peers" consider

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him "arrogant or excessively ambitious," others view him "as perhaps the last, best hope for success in Iraq.

Democrats Could Face "Crucial Test" On Iraq. The San Francisco Chronicle (1/7, A1, Sandalow, 384K) reports, "President Bush and the new Congress are on a collision course over Iraq that could overshadow the Democrats' '100-hour agenda" and end up defining Rep. Nancy Pelosi's tenure as House speaker." If Bush "announces his intention to deploy as many as 20,000 additional U.S. troops in Iraq, he may encounter widespread political and public defiance. It will quickly test the new Democratic majority's capacity to stand up to the commander in chief in a time of war, and the ability of the legislative branch to seize control of the White House's controversial foreign policy." The Chronicle adds, "For now, Democrats are counting on growing public opposition and congressional oversight to force that change. Pelosi has held open the possibility of attaching conditions to the Pentagon's appropriation bill, which the House expects to receive in the next few weeks. ... But Pelosi has ruled out using what many believe is the legislative branch's most potent weapon -- its ability to cut off the funds with which the Pentagon wages war."

CNN (1/6, Quijano) reported, "In another sign of the political reality facing President Bush, Nancy Pelosi yesterday, after an event honoring her in Baltimore, said that the President does not have a blank check from Congress when it comes to Iraq policy. At the same time, as far as this troop surge option goes, there's been a great deal of debate as to whether or not that would, in fact, be effective. Members of the military as well as lawmakers on Capitol Hill, some of them expressing concern that, in fact, there should be a clearly defined mission, they believe, in order for a troop surge to be effective. Also, they want to see it tied to economic and political steps in Iraq."

Lieberman Goes His Own Way On Iraq. The Washington Post (1/7, A4, Murray, 690K) reports that Sen. Joe Lieberman "was sworn in last week as the chamber's one and only 'independent Democrat,' with the emphasis on 'independent.' On most issues, including big domestic priorities, he expects to vote as he has for the past 18 years, as a loyal Democrat. But on Iraq, Lieberman is more in sync with Bush than are many Republicans. He is a passionate defender of the war as a death struggle against Islamic terrorism." Democrats "grumble off the record that Lieberman is muddying an increasingly unified Democratic message on Iraq, but their public comments are cautious and generally complimentary."

McCain Makes Case For More Troops. In a Washington Post (1/7, B7) op-ed this morning, Sen. John McCain writes, "There are two keys to any increase in U.S. force levels: It must be substantial, and it must be sustained. During my recent trip, commanders there spoke to me of adding as many as five brigades (brigades consist of 3,500 to 5,000 troops) in Baghdad and one or two in Anbar province. This is the minimum we should consider. … The mission of these troops would be to implement the 'hold' element, elusive thus far, of the military's 'clear, hold, build' strategy: to maintain security in cleared areas, to protect the population and to impose the government's authority. This means establishing local outposts and forging relationships with local leaders, building intelligence networks, safeguarding economic reconstruction activities, overseeing other employment-generating projects and weaning Iraqis off of their reliance on militias for safety. Our troops would work in cooperation with Iraqi forces and stay until the completion of their mission. The worst of all worlds would be a small, short surge of U.S. forces. We have tried small surges, and they have been ineffective because our commanders lacked the forces necessary to hold territory after it was cleared. Violence, which fell dramatically while U.S. forces were present, spiked as soon as they were gone. Any new surge needs to provide enough American troops to hold the areas on their own."

WPost Critiques Surge Concept. The Washington Post (1/7, 690K) editorializes that President Bush "will face a formidable task in convincing Congress and the public that such a 'surge' makes sense. ... One [question] is whether the administration and the Army will have the political and logistical capacity to carry out the sort of surge that [Senators John McCain and Joe Lieberman], and experts at the conservative American Enterprise Institute who support them, say is necessary ... [Furthermore,] while Mr. Maliki occasionally speaks of accord, his government has pursued a sectarian agenda. If U.S. troops pacify Baghdad, Shiite politicians in the government may feel less rather than more pressure to compromise. ... The constructive alternative to a surge is not the abandonment of Iraq. Instead, it is the fashioning of a strategy that positions the United States to support the country's moderate forces over the long term -- not just 18 months but the years that may pass before the country can be stabilized. That means a smaller and sustainable military force that can focus on training and backing up the Iraqi army and fighting al-Qaeda, and an aid program that supports the elected government while seeking to marginalize its extremist elements."

Rich Says Bush Seeks "Escalation." New York Times (1/7, WK14, 1.16M) columnist Frank Rich writes, "It's against the backdrop of both the Hussein video and the Ford presidency that we must examine the prospect of that much-previewed 'surge' in Iraq — a surge, by the way, that the press should start calling by its rightful name, escalation." Ford in 1975 "knew it was way too late to make the symbolic gesture of trying to toss fresh American troops on the pyre"; in 2006, the Saddam hanging video shows "that our principal achievement in Iraq over four years has been to empower a jihadist mini-Saddam in place of the secular original." Rich

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adds that the surge is too small to work: "It is not meant to achieve that undefined 'victory' Mr. Bush keeps talking about but to serve his own political spin. His real mission is to float the 'we're not winning, we're not losing' status quo until Jan. 20, 2009."

Brooks Says Troop Surge Could Salvage Iraq. In his New York Times (1/7, WK14, 1.16M) column, David Brooks writes that "for over three years, President Bush sided with the light-footprint school" of military presence in Iraq, but "it is now clear that the light-footprint approach has been a disaster. If the U.S. had committed more troops and established security back in 2003…history would be different." Brooks asserts that "the surge is a good policy three years too late." To prevent a "political and humanitarian disaster" in Iraq, Brooks concludes that the US should "commit military resources, and create a political strategy, commensurate with the task of salvaging something."

Hoagland Says Rice Steering Bush Toward Salvaging Presidency. In his Washington Post (1/7, 690K) column, Jim Hoagland writes that in his coming speech President Bush "will signal whether Iraq will remain the center of his grand designs for the Middle East or will recede to being one more troublesome conflict in a zone of deadly turbulence and trade-offs. Events, and one key aide, point Bush toward the latter course, with its promise of salvaging his legacy elsewhere. The aide is Condoleezza Rice, who has developed a personal exit strategy for Iraq. She is tossing that reputation-damaging hot potato to John Negroponte." Hoagland recommends a "four-point program" to Bush: he "should acknowledge that his hopes for establishing Iraq as a united, free-market democratic model for the Arab world have fallen far short," "recognize that Iran has legitimate interests in security in Iraq and the Persian Gulf region," "be prepared to extend guarantees of territorial security for Arab states in the Gulf region," and "use Rice's new burst of Middle East activism to reinforce the changes in Iraq strategy his speech will disclose."

"Fierce Clash" In Baghdad Kills At Least 30.

Coverage of fighting in Baghdad noted the likelihood of a perception that the Iraqi government was targeting Sunni Arabs. The New York Times (1/7, A16, Santora, 1.16M) reports in a grim article, "A fierce clash left at least 30 people dead in central Baghdad late Saturday night as Iraqi Army forces fought with gunmen in an area where several residents had been killed and their bodies hanged from street lampposts, the Iraqi military said. The fighting took place in the neighborhood around Haifa Street, a mostly Sunni Arab enclave with a small Shiite population." The Times adds skeptically, "Prime Minister Nuri Kamal al-Maliki announced Saturday the beginning of a new Baghdad security operation and promised to purge the government security forces of militia fighters and others with sectarian aims. But Mr. Maliki has promised such a crackdown before, and his government has been increasingly seen by Sunnis in Iraq and abroad as dominated by Shiite interests."

The Washington Post (1/7, A13, Partlow, 690K) reports, "The fighting along Haifa Street, raging into the night, killed 30 insurgents, and Iraqi soldiers captured eight others, including five Sudanese fighters, Defense Ministry spokesman Mohammed al-Askari said. ... 'The Baghdad security plan will not offer a safe shelter for outlaws, regardless of their ethnic and political affiliations, and we will punish anyone who hesitates to implement orders because of his ethnic and political background,' Maliki said. Maliki's words appeared intended to counter the perception that the plan would focus on combating Sunni insurgents. ... The announcement was greeted with little enthusiasm in Baghdad, where sectarian killing has escalated despite repeated attempts at cracking down on insurgents and militiamen."

The Washington Times/AP (1/7, A1, Hurst) reports that government aide and member of parliament Hassan al-Suneid "said the new drive would focus initially on Sunni insurgent strongholds in western Baghdad. Sunnis were likely to object, given that a large measure of today's violence in Baghdad is the work of Shi'ite militias, loyal to Mr. al-Maliki's key political backer, the anti-American cleric Muqtada al-Sadr." Al-Suneid and Prime Minister Maliki "insisted that this drive to contain militants, as opposed to a largely ineffective joint operation with American forces in the second half of last year, would succeed because it would be in the hands of Iraqi commanders who have been promised American backup and air power if they call for it. But U.S. political and military leaders -- in a message of congratulation on Iraq's Army Day -- tempered Iraqi claims of full independence."

The AP (1/6, Hurst, Abdul-Zahra) reports in a longer version of the above article that Maliki, "whose political survival depends heavily on al-Sadr, the radical anti-American cleric, is eager to show his independence of American occupation forces. ... The prime minister has repeatedly rejected U.S. demands to move against the Mahdi Army." BBC.com (1/6) also reports the fighting.

Seven More Iraqis Killed In Further Violence. The AP (1/7, Salaheddin) reports, "Gunmen killed three Sunni Muslim shopkeepers Sunday in a mixed neighborhood of Baghdad, and two pedestrians died in a roadside bomb, police said. ... In Diwaniyah, 80 miles south of the capital, gunmen assassinated Akeel al-Khalidi, a defense ministry employee, as he left his house for work, another police officer said on condition of anonymity out of fear of reprisals."

Maliki Announces Plan To End Violence In Baghdad. Under the headline, "Iraqi Leader Plans Security Push," the Washington Post (1/7, A13, Partlow, 690K) notes Prime Minister Nouri al-Maliki "warned Baghdad residents

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Saturday to expect the disruptions of a heightened military presence and said his government was ready to launch the latest effort to pacify the violent Iraqi capital." The Post adds, "Despite fierce ongoing fighting in western Iraq and violence capable of erupting almost anywhere, Baghdad remains the heart of the country's sectarian conflict. Maliki, in his speech at a morning ceremony honoring the Iraqi army, warned rival political parties against interfering in his plan." Those "words appeared intended to counter the perception that the plan would focus on combating Sunni insurgents." The Post says "Maliki's speech provided few details about the tactical or strategic changes guiding the forthcoming effort," and his remarks were "greeted with little enthusiasm in Baghdad, where sectarian killing has escalated despite repeated attempts at cracking down on insurgents and militiamen."

CNN (1/6, Whitfield) reported, "Iraqi Prime Minister Nouri al-Maliki says Iraqi forces are ready to implement a new security crackdown in Baghdad. It will target all militias regardless of political or religious affiliations. The announcement comes as President Bush is ready to unveil his new Iraq war plan." The Los Angeles Times (1/7, Moore, 850K) reports that Maliki spoke "five months after the U.S. military launched a plan to quell sectarian fighting that is widely regarded as a failure. Killings have steadily increased in the capital as insurgents and Shiite Muslim militia death squads continue to operate with impunity." He "revealed little about the new plan except that the military would have the main responsibility, a shift from the previous operation, which relied on police officers. Iraq's police forces are widely believed to have compromised the U.S. plan to quell sectarian fighting."

ABC World News (1/6, story 3, 1:55, Morrell, 8.78M) reported, "The White House is applauding Prime Minister Maliki's new pledge to crack down on sectarian violence, especially his willingness to go along with U.S. troops and go after both Sunni insurgents and Shia militias. Of course, they've heard tough talk from Maliki before, but one White House official told me today this was a very good speech. The official adds people here are also very encouraged that Maliki has signaled his willingness to go along with a surge of U.S. troops if that's what President Bush calls for when he unveils his new strategy for Iraq next week."

Suicide Bombing Has Lingering Impact On Baghdad Neighborhood. The New York Times (1/7, A1, Tavernise, 1.16M) reports on a Baghdad neighborhood that lost 34 children in a 2005 suicide bombing: "More than 3,000 Iraqis are dying every month in this war — roughly the total deaths in the Sept. 11 attacks on the World Trade Center and the Pentagon or all the American troops killed since the war began. But behind the headlines and statistics, most of the war is experienced in Iraqi living rooms and on blocks like the one here, where families struggle with the intense pain of loss. ... The deaths that morning tore a hole in the life of the block, and more than a year later, many people have been unable to put their lives back together. Some have drifted away from their spouses. Others changed jobs or stopped going to work altogether. Reminders of the loss were everywhere: Class sizes were smaller. Soccer tournaments for 12-year-olds stopped. Bug collecting was no longer a hobby." The Times adds, "The attack seemed calculated to make Iraqis despise Americans, in a pattern that would eventually succeed and change the direction of the war. But while some of the parents interviewed seem to have developed that hatred, many had not and even expressed respect."

US Commanders Were Upset By Manner Of Saddam's Execution. A 3,300-word "ticktock" recounting of the Saddam Hussein execution in today's New York Times (1/7, Burns, 1.16M) is titled, "Before Hanging, A Push For Revenge And A Push Back." The "taunts Mr. Hussein endured from Shiite guards…have made headlines around the world, and stirred angry protests among his fellow Iraqi Sunnis. But the story of how American commanders and diplomats fought to halt the execution until midnight on Friday…is only now coming into focus, as Iraqi and American officials, in the glare of international outrage over the hanging, compete with their versions of what happened." The Times adds, "Aides said American commanders were deeply upset by the way they were forced to hand Mr. Hussein over, a sequence commanders saw as motivated less by a concern for justice than for revenge. In the days following the hanging, recriminations flowed between the military command and the United States Embassy, accused by some officers of abandoning American interests at midnight Friday in favor of placating Mr. Maliki and hard-line Shiites." Unnamed "senior" Bush officials say that Secretary of State Rice "gave the green light for Mr. Hussein to be turned over, despite the reservations of the military commanders in Baghdad. One official said that Ms. Rice was supported in that view by Stephen J. Hadley, Mr. Bush's national security adviser." The New York Times (1/7, 1.16M) supplies a graphic time line of the hanging. The New York Times (1/7, WK5, Murphy, 1.16M) also writes, "All the talk last week after the hanging of Saddam Hussein suggests that we viewers thought there was some greater codification of the protocols and proprieties than was apparent in the mocking scene that unfolded."

UK's Brown Denounces Saddam's Execution. The AP (1/7) reports UK Chancellor of the Exchequer Gordon Brown, "the likely successor to British Prime Minister Tony Blair, condemned Saddam Hussein's execution as 'deplorable' on Saturday." He "said he opposed the death penalty and hoped lessons would be learned from the mistakes made in Saddam's hanging, as well as from other difficulties encountered in Iraq." The AP says Brown's

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"denunciation contrasted with Blair's silence on the issue. Blair, the chief U.S. ally in the war in Iraq, faces increasing pressure to share his views on the execution and has said he would speak about it in the coming week."

UN Chief Urges Suspension Of Iraqi Executions. AFP (1/6) reports, "UN chief Ban Ki-moon has 'strongly' urged the Iraqi government to suspend imminent executions amid an international outcry over the bungled hanging of Saddam Hussein a week ago. Iraq's embattled prime minister, Nuri al-Maliki, meanwhile, threatened to 'review' relations with countries that criticized Saddam's execution. ... Two former Saddam henchmen -- Barzan Ibrahim al-Tikriti and Awad Ahmed al-Bandar -- are expected to be hanged soon. ... Their executions, due Thursday, were postponed to Sunday, Shiite lawmaker Baha al-Araji from the group of radical cleric Moqtada al-Sadr told AFP earlier this week." A Maliki official attributed the postponement to "international pressure." BBC.com (1/7) also reports Ban's plea.

Trial Process Was Allegedly Botched. In a commentary for the New York Times Magazine (1/7, 1.16M), Professor Noah Feldman writes, "The process fell short of what is needed to invoke the transcendent norms of universal justice. This was a profound failure. As with the other shortcomings of Iraq's government, many players were at fault here: the Americans for failing to provide security for the Iraqis, including the defense team; the Iraqis for failing to get the trial - or the country - to run smoothly; the international community for sanctimoniously disengaging."

Execution Could Spell End Of Secular Arab Nationalism. In an op-ed for the Los Angeles Times (1/7, 850K), writer Robert Kaplan argues, "Just as the demise of Slobodan Milosevic in Yugoslavia closed the lid on national communist parties in Eastern Europe, the demise of Saddam Hussein in Iraq appears likely to do the same for secular Arab nationalism across the Middle East. ... secular Arab nationalism will exit the stage revealed for what it always was: a despotic perversion of the western nation-state that lasted as long as it did mainly because of secret-police techniques imported from the former Soviet Union. ... No sooner were these independent new [Arab] states created than the ties of faith and tribe were undermining them. ... Indeed, the more artificial the state, the more extreme the secular ideology had to be to hold it together."

Antitank Mines Slow US-Iraqi Drive. The Los Angeles Times (1/7, Zavis, 850K) reports from Samoudi, Iraq, "Antitank mines have become one of the top threats as U.S. and Iraqi forces press their assault in a Sunni insurgent redoubt said to be riddled with weapons caches, secret tunnels and training ranges. Their convoys have hit at least 10 explosive devices since the operation was launched early Thursday, most of them antitank mines. ... The devices first were used in the area in November, when U.S. forces faced off against fighters maneuvering through the irrigation canals that lace the region. U.S. vehicles have been upgraded to withstand many attacks, including in some cases adding armor around their fuel tanks that Iraqi vehicles lack. U.S. forces also have developed strategies to mitigate the impact of the blasts, including driving very slowly so the effects are concentrated on the engine box, not the passenger compartment. ... About 1,000 U.S. and Iraqi forces are involved in the assault aimed at reclaiming an area military commanders say has become a haven for Al Qaeda in Iraq and other militant groups. ... But in most homes, soldiers are finding only women and children."

Marines Hope Women Can Talk Men Into Fighting Anbar Insurgency. The Los Angeles Times (1/7, Perry, 850K) reports, "The U.S. military is reaching out to women in several communities in the rebel stronghold of Al Anbar province, in hopes of persuading them to tell their husbands and sons to help in the fight against the insurgency. ... Angela Khadijah Williams, a public diplomacy officer with the State Department…believes outreach to Iraqi women is essential. ... The women's outreach effort is in its first stages with no tangible results so far, another reason the Marines say the fight against the insurgency in Al Anbar is a long process where patience is key."

Guarding Iraq-Iran Border A Challenge. ABC World News (1/6, story 4, 2:10, Sciutto, 8.78M) reported, "Any effort to control Iraq will have to take into account one of the most crucial and volatile areas, which is also the most difficult to secure. It is the 900-mile border between Iraq and Iran, where American troops are trying to help Iraqi forces block insurgents and smugglers." ABC (McCarthy): "From the air you don't see a lot of people out here. Iraqi border guards patrol this terrain. A small group of Americans, led by this colonel from the Special Forces, is trying to train them. ... Colonel Harry Miller has just 55 Americans training 4,000 Iraqis. It is a critical mission. The U.S. believes Iranian agents and supplies are crossing this border to fuel much of the violence inside Iraq. .. Incredibly, for three years after the invasion, little was done to secure this border."

Official Says Evidence Does Not Back Haditha Marines. The AP (1/6, Burns) reports, "U.S. criminal investigators found no evidence to support the claim of Marines charged in the deaths of unarmed Iraqi civilians that five were shot after trying to flee the scene of a roadside bombing that killed one Marine, a senior defense official said Saturday. Investigators determined that all five Iraqis were shot within arm's length of each other and no more than 18 feet from the white taxi they were ordered to exit by members of a Marine squad in the western Iraqi town of Haditha, said

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the official, who is familiar with reports produced by the Naval Criminal Investigative Service."

The New York Times (1/7, A16, Von Zielbauer, 1.16M) reports, "An American government report on the killing of 24 Iraqis ... provides new details of how the shootings unfolded and supports allegations by prosecutors that a few marines illegally killed civilians, government officials said yesterday." In the report, "Sergeant [Sanick] Dela Cruz said that as he approached the taxi, he saw some men standing near it with their hands in the air, officials said. After Sergeant Wuterich shot them, he continued shooting as they lay on the ground, and later urinated on one of them, an official said. ... Several lawyers representing the accused marines expressed anger at the Defense Department, which they blamed for allowing the report to be given surreptitiously to a newspaper and, they said, potentially damaging their clients' cases."

The Washington Post (1/7, A14, White, 690K), which first reported the findings yesterday, reports that investigators recovered graphic digital-camera images as evidence: "The images -- which investigators tracked down on several laptop computers and digital media drives, some in the United States -- provide visual evidence of a series of shootings outside a taxi and inside three homes that military criminal investigators have alleged were murders ... the Haditha images were discovered months after the shootings as more than 60 Naval Criminal Investigative Service agents scoured the globe for them." The Los Angeles Times (1/7, 850K) summarizes the Post article.

New England Death Toll In Iraq "Nearly Doubled" In 2006. The Boston Globe (1/7, Mishra, 413K) reports, "The number of New Englanders killed in combat in Iraq nearly doubled last year to 40, mostly men under age 25 cut down by increasingly lethal hidden roadside bombs, according to a Globe analysis." Of the 40, "26 -- 65 percent -- were under age 25."

Watada Case Tests Officers' Right To Dissent. The Los Angeles Times (1/7, Watanabe, 850K) reports, "Do military officers have the right to publicly voice dissent about their commander in chief and U.S. war policy? That question highlighted last week's pretrial hearing at Ft. Lewis Army base near Seattle for 1st Lt. Ehren Watada, the nation's first commissioned officer to refuse deployment to Iraq. ... Watada's statements constitute the criminal offense of 'conduct unbecoming an officer,' Army officials argue." Two retired war critics, "Army Maj. Gens. John Batiste and Paul D. Eaton, said in interviews that they drew sharp distinctions between Watada's conduct as a still-active-duty officer and their own remarks after they left the service," with Eaton saying, "What the American people can't have is an Army of people who on any given day can wake up and say, 'That's not what I want to do.'"

Defense Contractors Lose Prosecution Immunity. The Boston Globe (1/7, Stockman, 413K) reports, "An estimated 100,000 employees of US defense contractors working in Iraq are no longer immune from military prosecutions, because of a little-noticed provision in a 2007 defense spending bill aimed at holding private contractors accountable for crimes committed in war zones." The loophole "caused outrage during the Abu Ghraib scandal in 2004. Soldiers involved in abusing prisoners were sentenced in military courts, but the civilian interrogators working alongside them for Titan Corp. and CACI International, two private firms, faced no punishment. The 2007 Defense Bill, enacted in October, placed contractors and others who accompany the military in the field under the same set of military laws that govern the armed forces."

British Deals Allegedly Hurt War On Taliban. The Washington Times/London Daily Telegraph (1/7, Rashid) reports, "British policy in Afghanistan is seriously damaging Western efforts against the Taliban, diplomats from allied countries have warned. Officials from the United States and European members of NATO say Britain is increasingly at odds with its coalition partners over its policy of making arbitrary peace deals with the Taliban, while at the same time declining to put pressure on Pakistan to stop providing sanctuary to the Taliban leadership." Allegedly at risk are "military preparations for a major Taliban offensive expected next month." Diplomats attribute the British attitude to "cooperation between Britain's MI6 intelligence agency and Pakistan's Inter-Services Intelligence (ISI) agency on Britain's domestic terrorist threat from British-born extremists of Pakistani origin."

Afghan Roadside Bomb Wounds NATO Soldier. The AP (1/6) reports, "A roadside bomb struck a NATO vehicle in southern Afghanistan on Saturday, wounding one soldier, while a suicide bomber in a car wounded four soldiers in the country's east, officials said." None of the five soldiers' nationalities was disclosed, but the AP says of the latter bombing, "Most of the troops in that region are American. The Bermel region borders Pakistan, and a U.S. base there sees frequent rocket attacks."

Border Mining Plan Said To Worsen Afghan-Pakistan Relations. The Washington Post (1/7, A16, Constable, 690K) says relations between Afghanistan and Pakistan are "steadily deteriorating" and are beset by a "deepening distrust." The Pakistani plan to mine their shared border to deter crossings by extremists "has aroused angry protests by Afghan leaders who say the mines would endanger innocent travelers and divide tribal lands whose inhabitants do not recognize the border." Those

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"contretemps is the latest sour note in a deteriorating relationship between the neighboring Muslim governments, both staunch U.S. allies that are linked by the common threat of terrorism but divided by bitter cross-charges of failing to curb a growing Islamic insurgency that operates on both sides of the border." The bilateral "tension has persisted despite a series of high-level meetings between [Afghan President Hamid] Karzai and senior Pakistani officials."

"Arlington Ladies" Give Military Funerals A Personal Touch. The Washington Post (1/7, A1, Schulte, 690K) reports that as a tradition to ensure "that no soldier is ever buried alone," an Army Arlington Lady "has stood graveside at every funeral at Arlington as the personal representative of the chief of staff" chosen from "a society open only to military wives or widows and then only to those invited to join." The Post adds that since the many casualties and growing public disapproval of the Iraq War, the stoic job of the Arlington Ladies has become more difficult if "the family is wondering, 'Are they dying in vain for this?'" The Post points out that "those fears, said Paula McKinley, chair of the Navy Arlington ladies, are not new. 'They have permeated every war since World War II.'"

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Hopi Tribe Members Pleased With US Attorney Recommendation. The Arizona Republic (1/7, Az) reports, "News last week that Hopi Tribe member Diane Humetewa was being recommended by Arizona's senators to President Bush as a potential nominee to be the next U.S. attorney for the District of Arizona was met with excitement in the village of Kykotsmovi." The Republic continues, "Justice Department officials said Friday that they've determined she would not be the first Native American U.S. attorney in the entire nation, because past and former U.S. attorneys from states including Utah, South Dakota, New Hampshire and West Virginia have claimed Native American heritage. But she would be the first Native American U.S. attorney for the Arizona district if nominated and confirmed." The Republic adds, "Hopi Tribal Vice Chairman Todd Honyaoma Sr. said Humetewa is a member of the Tobacco/Rabbit Clan from the Village of Kykotsmovi. … 'We could not be more proud of and exhilarated for our sister and daughter,' he said. … 'The Hopi way is that we place a high value on education and serve as stewards to our communities and to the world. Ms. Humetewa has exemplified this value many times in her life,' Honyaoma said. … 'She will make history.'"

CORPORATE SCANDALS:

Nardelli's Compensation Package Could Presage More Of The Same. The New York Times (1/7) reports, "It has been a bit bewildering to watch two failed chief executives in the last two weeks or so waltz away from their companies toting severance packages worth more than $200 million each. But pay experts say shareholders had better get ready for more of the same." The Times continues, "Last week, Robert L. Nardelli hightailed it out of Home Depot with $210 million, fast on the heels of Hank McKinnell, whose farewell package of a similar amount from Pfizer was disclosed Dec. 21. Both were paid profusely for failure, thanks to contracts struck years ago by the companies' directors. … Keep in mind that both packages supplemented pay that these executives received during their tenures. Mr. Nardelli's $210 million, for example, came on top of the $63.5 million he made running Home Depot for six years." The Times adds, "That exit numbers like these have shocked many shareholders proves how much inadequate disclosure has kept executive pay hidden from view. But with new rules from the Securities and Exchange Commission on improved pay disclosures, more of these "holy cow" moments will be coming soon to a proxy near you. … Under the new rules, companies will have to disclose potential payments to executives in the case of a termination or a change in control at the company, wrought perhaps by a merger. Unfortunately, the S.E.C. did not require that these payments be made in tabular form and totaled, which would have made it simple for time-pressed investors. … For the most part, however, the figures will be there in black and white. … Are we likely to see any $200 million numbers? Yes, said Mike Sorensen, a principal at Exequity, a law firm in Libertyville, Ill., that does compensation work. He expects such largess to show up at roughly 10 of the nation's 100 largest companies.

Nardelli Steps Down From Business Roundtable's Disaster-Response Task Force. The New York Times (1/7, BU2, Dash) reports, "On the very same day that he left Home Depot last week with an exit package worth at least $210 million, Robert L. Nardelli walked away from another prominent position -- without a cent." The Times continues, "While he was still Home Depot's chairman and chief executive, Mr. Nardelli volunteered as the chairman of a disaster-response task force at the Business Roundtable, a kind of club for corporate chieftains that lobbies for their interests. … Last month, he met at the White House with Michael Chertoff, the secretary of homeland security, and other top government and military officials to discuss improved collaboration on disaster preparedness. … On Tuesday, though, Mr. Nardelli had to quit the group. The Business Roundtable is only for sitting chief executives."

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CRIMINAL LAW:

Death Of Louisiana Mayor Ruled Suicide. The AP (1/7) reports from West Lake, LA, "In the hours before his death on the evening of December 30, the first black mayor of this overwhelmingly white town started learning his new job." The AP continues, "About noon, he set City Hall's alarm system for the first time. He got instructions on how to raise and lower the U.S. flag. He had already ordered a new mayoral letterhead with his name on it and a button-down shirt embroidered 'Gerald Washington, Mayor.' … A few hours later he indulged in a hobby, placing a $4 bet at a nearby horse-racing track. … But by 10 p.m. Gerald 'Wash' Washington was dead in the deserted parking lot of a former high school, a bullet wound in his chest. His gun was found by the body." The AP adds, "The coroner and the sheriff have pronounced Washington's death a suicide -- a finding that has embroiled this oil-refinery town in conspiracy theories, with Washington's kin and friends insisting he had no reason to end his life. … Some have accused police of covering up a murder -- perhaps a racially motivated one. … 'This is the South, so of course everybody's going to say it was some white guy shooting a black guy,' said Dr. Terry Welke, the Calcasieu Parish coroner who ruled that Washington killed himself." The AP notes, "Welke said soot from the pistol was deep in the wound, indicating the gun was touching Washington's chest when the trigger was pulled. That, he said, suggested suicide. He also said that while most gunfire suicides involve a bullet to the head, it is not unusual for people to kill themselves with a shot to the chest. … But the coroner and the sheriff have offered no reason for why Washington would have killed himself. No suicide note was found. And there is no evidence he bade farewell to anyone, put his financial affairs in order, or gave any other indication he was about to kill himself, authorities said."

Georgia Man Charged With Trying To Extort $1.5 Million From Oprah Winfrey. The AP (1/7) reports from Chicago, "A man has been charged with trying to extort $1.5 million from Oprah Winfrey by threatening to release recorded telephone conversations he claimed would hurt her reputation, according to the FBI and published reports." The AP continues, "Keifer Bonvillain, 36, targeted a person identified only as 'a public figure and the owner of a Chicago-based company,' according to a criminal complaint filed in U.S. District Court. The Chicago Tribune and the Chicago Sun-Times, citing unnamed sources, reported Saturday that Bonvillain's target was Winfrey." The AP adds, "Bonvillain, of Atlanta, was arrested Dec. 15 in the parking lot of an Atlanta hotel and released on $20,000 bail. He was scheduled for a preliminary hearing in Chicago on Monday. … According to the complaint, Bonvillain met a California-based employee of the Chicago company at a party more than two years ago, then recorded conversations with the employee about the owner and her business. … In mid-October he sent the owner an e-mail, telling her an employee said awful things about her, the complaint states." The AP notes, "A month later, Bonvillain sent a letter saying he had tapes of the conversations, an FBI agent alleges in the complaint. In response, another associate of the company called Bonvillain and learned he had taped 12 hours of those discussions. … Over the next few weeks, Bonvillain told the associate he wanted to publish a book based on the tapes and claimed he had received offers of $500,000 to $3 million from tabloids and book publishers, the complaint said."

Utah Student Sentenced For Hacking Into Professor's Accounts. The Deseret Morning News (1/7, Fattah) reports, "A 22-year-old University of Utah computer science student has been sentenced to four months incarceration and 120 days home confinement after admitting to hacking into his professor's university and personal accounts, changing grades and reading personal e-mails." The News continues, "During a sentencing hearing in U.S. District Court on Thursday, You Li promised U.S. District Judge Tena Campbell to lead a more honest life. 'Those things were so wrong and were against my conscience and my beliefs,' Li said." The News adds, "Li, a Chinese national, was arrested by FBI agents at a campus dormitory last February. According to a grand jury indictment, Li was accused of using a software program to break into the university's math department computer system in December of 2004. … Li has admitted to using a professor's user name and password to attempt to change his grades in classes, read e-mails and obtain other passwords and bank account information. … According to federal prosecutors, Li also accessed the professor's personal e-mail account and installed a key-logging software that recorded the professor's other user names and passwords as well as other actions. … Assistant U.S. Attorney Scott Garland said Li's actions went beyond just changing a grade and that the student ventured into his professor's bank account and personal life."

Hackers Hijack Personal Computers To Commit Fraud. The New York Times (1/7, A1, Markoff, 1.16M), in a front-page article, reports, "In their persistent quest to breach the Internet's defenses, the bad guys are honing their weapons and increasing their firepower. With growing sophistication, they are taking advantage of programs that secretly install themselves on thousands or even millions of personal computers, band these computers together into an unwitting army of zombies, and use the collective power of the dragooned network to commit Internet crimes. These systems, called botnets, are being blamed for the huge spike

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in spam that bedeviled the Internet in recent months, as well as fraud and data theft."

CIVIL RIGHTS:

Fewer States Expected To Vote On Gay Marriage In Coming Years. The Washington Times (1/7, Wetzstein, 88K) reports, "The legislative approval of a marriage constitutional amendment in Massachusetts last week means that at least three states have a good chance of having such measures on their 2008 ballots. But this is a considerably smaller crop of amendments than in previous elections, and there are signs that the state amendment strategy may have run its course. … The amendment strategy took off after the Massachusetts Supreme Judicial Court legalized same-sex 'marriage' in November 2003, and now 27 states have voter-approved marriage amendments. But no other state court has followed the Massachusetts court -- in fact, nine recent court decisions have upheld state marriage laws." The California Supreme Court "will hear arguments on its same-sex 'marriage' case this spring."

ANTITRUST:

US Steel Exploring Merger Options. The Pittsburgh Tribune-Review (1/7, Mortimer) reports, "U.S. Steel Corp. still is eyeing Middletown, Ohio-based AK Steel Corp., or it could go shopping for a raw materials supplier in Central or Eastern Europe as steel industry consolidation continues, analysts said." The Tribune-Review continues, "Merger mania was resurrected when Nucor Corp., the second-largest U.S. steel producer behind U.S. Steel, last week agreed to acquire Toronto-based Harris Steel Group Inc. for about $1.07 billion." The Tribune-Review adds, "Conjecture over a possible U.S. Steel takeover of AK Steel surfaced in March. 'Last year, their board was looking at AK Steel, and I heard they're still watching it,' said independent analyst Charles Bradford, of Soleil Securities in New York. … Bradford said he understood U.S. Steel may be looking in Central and Eastern Europe, where assets are cheaper. … 'Domestically, they have the iron ore and coke they need. In Central Europe, they don't have any of that. They may also be looking at smaller, government-owned steel companies,' said Bradford, who did not identify potential foreign targets." The Tribune-Review notes, "U.S. Steel operates a plant in Kosice in the Slovak Republic, the largest flat-rolled steel producer in Central Europe. The company operates U.S. Steel Serbia, too. … U.S. Steel CEO John Surma told analysts during a third-quarter conference in November that the company is not ruling out acquisitions. 'We think there still could be opportunities to expand our footprint,' he said. … 'We believe in consolidation, and we continuously evaluate strategic opportunities focusing mostly in North America and Europe. Any acquisition we would make, however, would have to create value for our company and our shareholders. It has to generate a good return on capital, has to be accretive and generate cash,' said Charles L. Rice, spokesman for U.S. Steel."

US Airways CEO Readies For Delta Fight. The Atlanta Journal-Constitution (1/7, Grantham) reports, "Don't mistake the relative quiet of the past two weeks for a sign that US Airways' resolve to buy Delta Air Lines is weakening, says Doug Parker, CEO of US Airways. … 'We believe our offer is more than fair, and as a result, don't intend on ... backing off,' Parker said in a telephone interview last week. 'We certainly don't intend on pulling the offer.'" The AJC continues, "Parker made his carrier's $8 billion-plus offer public on Nov. 15, and Delta — which had already rebuffed his private approaches — fired back with a volley of objections, employee anti-merger rallies and a formal plan to emerge from Chapter 11 on its own. The dust settled during the holidays." The AJC adds, "Parker says he expects things to soon heat up again, pointing out that Delta's creditors recently hired retired Continental Airlines Chief Executive Gordon Bethune to evaluate the rivals' proposals or other potential alternatives for Delta. … Another potential flash point: Delta has asked for a bankruptcy court hearing Feb. 7 to begin pitching its stand-alone plan to creditors. They will ultimately vote on whatever reorganization plan Delta uses. Delta's plan values the company at $12 billion when it comes out of bankruptcy and would pay creditors with stock. US Airways argues its cash-stock offer is better for creditors and that a merger will create a stronger airline."

ENVIRONMENT:

NRA Members Oppose Bush Over Drilling Expansion, Access Rights. The Washington Post (1/7, A3, Harden, 690K) reports, "After years of close association with the Republican Party and hard-nosed opposition to federal land-use regulation, the National Rifle Association is being pressured by its membership to distance itself from President Bush's energy policies that have opened more public land for oil and gas drilling and limited access to hunters and anglers. 'The Bush administration has placed more emphasis on oil and gas than access rights for hunters,' said Ronald L. Schmeits, second vice president of the NRA. … The new emphasis on the issue of access to public lands, which Schmeits said is at the 'discussion' level among the NRA's directors, would represent a strategic shift for the NRA." However, "during the past six years, an increasing number of the country's 46 million hunters and anglers,

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including Republican-leaning shooting organizations such as the Boone and Crockett Club, have been grumbling about the Bush's administration fast-tracking of oil and gas drilling leases on public lands." NRA spokesman Andrew Arulanandam "said he agrees with Schmeits that members are voicing increasing concern about access to hunting land and that the NRA is focusing on the problem."

WPost Offers Backhanded Praise For Polar Bear Decision. The Washington Post (1/7, B6, 690K) editorializes, "The Bush administration has done everything in its power to do as little as possible about climate change. Yet the reality of global warming has a way of intruding even on the most willfully heedless of politicians. Not even an administration dead set against mandatory curbs on carbon emissions can deny that the habitat of the polar bear, as Interior Secretary Dirk Kempthorne put it the other day, 'may literally be melting.' In response, the administration is proposing to list the polar bear as a threatened species under the Endangered Species Act. … The administration proposed the polar bear designation only after environmental groups petitioned for it and then sued to force a decision. Still, when confronted with the need to make a decision, it made the right one -- and thereby set the stage for action down the road."

FBI/DEA/ATF/USMS:

NYT Reporter Participates In FBI Citizens' Academy. In a story taking a generally positive tone toward the FBI, New York Times (1/7) correspondent Alison Leigh Cowan reported on her participation in the New Haven Field Office's Citizens' Academy. Under the headline "Learning How To Fight America's Most Wanted," Cowen noted, "As part of our weekly training, we shot guns in computerized simulations, subjected ourselves to lie detector tests and met some of the graduates of a 'body farm' in Knoxville, Tenn., where federal agents blow up, bury, submerge and do other unspeakable things to donated corpses to sharpen their crime-solving skills. … One stated objective" of the Citizens' Academy "is to help the bureau improve relationships with the communities it serves. Another is 'to demystify the bureau,' as Kimberly K. Mertz, the special agent in charge of the F.B.I. in Connecticut, explained." Cowan added that "efforts to rein in municipal corruption, white-collar fraud and organized crime have long been the F.B.I.'s stock in trade. But international terrorism has created new pressures, and the bureau's top brass has been deflecting calls for reorganizations that would separate newer intelligence-gathering functions from its historic crime-fighting mission. Our eight weeks…inside the F.B.I. did not provide enough information to resolve these larger questions. But it did give us a feel for some of the 100 or so agents in Connecticut and their boss, Ms. Mertz. An Iowa native, she ran the public corruption unit in Washington from 1999 to 2001 and is now one of eight women running one of the bureau's 56 field offices. … Less than 3 percent of those who apply to be agents make the cut, and her staff was suitably impressive."

Man Sets Fire To California Church. The San Francisco Chronicle (1/7, Sturrock, Writer) reports, "A man set fire to a Richmond church early Friday evening after interrupting a practicing choir." The Chronicle continues, "The man walked into St. Cornelius Parish at 225 28th Street shortly before 8 p.m. and poured a flammable liquid on the altar and a nativity scene and then set it ablaze, according to fire officials and a witness. … A short time later, police arrested Robert Mills, 40, of San Pablo on suspicion of arson." The Chronicle adds, "Seven members of the choir, including a 10-year-old boy, were singing the gospel song 'Jardinero' in Spanish when a man entered the church who seemed to be speaking to himself, then announced, 'Do you want to leave or do you want to stay? Because I'm burning this f— place down,' said choir member Veronica Monroy, 32, of Albany." The Chronicle adds, "He then opened what appeared to be a red can of gasoline and poured it on the altar and Nativity scene, Monroy said, adding that everyone left the church as he did this, except one choir member who stayed back. … Monroy said that man told her the intruder took out a lighter, lit a piece of paper and then threw the flame on the liquid. The choir member tried unsuccessfully to fight the fire with an extinguisher, Monroy said."

Authorities Seek Louisiana Gun Theft Suspect. The New Orleans Times-Picayune (1/7, Reports) reports, "The Jefferson Parish Sheriff's Office on Saturday released the identity of a suspect being sought in Monday's theft of more than 120 guns from a Metairie sporting goods store and announced a $10,000 reward for information leading to his arrest." The Times-Picayune continues, "Jermaine Surtain, 28, who once lived in the 5700 block of Tullis Drive, Algiers, is wanted on a warrant accusing him of burglarizing Puglia's Sporting Goods, 1925 Veterans Memorial Blvd., said Col. John Fortunato, a Sheriff's Office spokesman. … The office is also seeking the public's help in identifying a 'person of interest' who rented a vehicle thought to be used in the break-in, Fortunato said." The Times-Picayune adds, "Authorities think the burglary was committed by four men possibly using a black Dodge Durango. The men made a hole in a wall to get in around 2:30 a.m., then broke display cases and took 115 handguns, several shotguns and two assault rifles. … Authorities identified Surtain as a suspect through the cooperation of the Sheriff's Office, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the West Bank Major Crimes Task Force. The task force is made up of

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officers from the Sheriff's Office and the Gretna, New Orleans and Westwego police forces."

Seven Killed Saturday By Puerto Rico Gun Violence. The AP (1/6) reports, "Seven people were killed in shootings across Puerto Rico on Saturday, prompting the U.S. territory's top police official to plead for lawmakers to pass tougher gun laws. … At a news conference, police chief Pedro Toledo urged the approval of pending legislation that would make it more difficult for islanders to import weapons from the U.S. mainland. Gunmakers have opposed the restrictions."

IMMIGRATION:

Complaints Against Immigration Attorneys On The Rise. The Washington Post (1/7, C1, Cauvin) reports, "Complaints against immigration lawyers working in and around the nation's capital are rising, say officials who investigate allegations of attorney misconduct." The Post continues, "Last year, the D.C. Office of Bar Counsel received 59 complaints about immigration lawyers, up from 49 in 2005 -- when, for the first time, immigration law drew more complaints than any other specialized practice area. … The bar counsel office is finalizing 2006 totals for other categories, but complaints about immigration law appear likely to rank near the top again." The Post adds, "Such a distinction is no small feat in a city flush with lawyers and no small worry in a region long established as a destination for immigrants, particularly those from Africa and Latin America. … 'There are a lot of unhappy immigrant clients out there, and some of them have very good reason to be unhappy,' said D.C. Deputy Bar Counsel Elizabeth A. Herman, who has handled immigration complaints for more than a decade. … From the simply confused to the unquestionably criminal, bad lawyers have become a concern for the immigration bar and for the nation's immigration tribunals. … Federal sanctions have been rising in recent years. Established in 2000, the bar counsel at the Executive Office for Immigration Review, the Justice Department branch that oversees U.S. immigration courts and the Board of Immigration Appeals, disciplined 47 immigration lawyers last year and 54 the previous year -- up from 22 in 2000."

TAX:

Democrats Remove Supermajority Requirement For Tax Increases. The Washington Times (1/7, Lambro, 88K) reports, "One of the first key procedural votes in the Democrat-controlled House last week established legislative rules that Republicans say will make it easier to raise taxes by a simple majority vote. The straight party-line vote received little attention Thursday. … But Republican leaders and conservative tax-cut advocates said it opened up a huge loophole in a Republican-imposed rule drawn from the Republicans' 1994 Contract with America, which requires a supermajority, or three-fifths vote, to raise taxes. Democrats unanimously voted down a motion offered by" Minority Leader John Boehner "that would have prevented them from waiving the rule, a move that tax-cutters said signaled the Democrats' intention to raise taxes between now and the 2008 elections. 'American taxpayers need to hold on to their wallets because the new House rules concerning taxes are not worth the paper they're written on,'" said Grover Norquist, president of Americans for Tax Reform.

WPost Blames Bush Tax Cuts For Budget Deficit. The Washington Post (1/7, B6, 690K), in an editorial, writes, "So President Bush is promising a balanced federal budget -- three years after he leaves office. That's a worthy goal, and we look forward to seeing, when the budget is released next month, how, exactly, he hopes to achieve it. But we'd be more impressed by the professed commitment to fiscal discipline if it weren't, in large part, Mr. Bush's own policies that made that far-off target look like an achievement. Or, better yet, if we had any confidence, based on performance, that this theoretical balance is based on realistic projections. Or if there were any acknowledgment from Mr. Bush that his sacrosanct tax cuts would have to be adjusted to meet this goal. … It was Mr. Bush's recklessly unaffordable tax cuts and his insistence on maintaining and extending them even as the costs of the war in Iraq escalated that helped drive the deficit."

CONGRESS-ADMINISTRATION:

Democrats Gearing Up For Oversight Hearings. The AP (1/7, Kuhnhenn) reports, "In this new era of divided government, the congressional hearing room is where the executive and legislative branches will clash. .. Over the next few weeks, Senate Democrats plan to hold at least 11 hearings just on Iraq. In the House, one of the Democrats' most dogged investigators is waiting to spring his committee on a different mission — suspected government fraud." The AP continues, 'From the war to environmental policy and secret surveillance, the Democrats who now control both the House and Senate are armed with subpoena power and ready to summon panels of witnesses. … These newly empowered Democrats plan to put the Bush administration under scrutiny like never before." The AP adds, "Sen. Patrick Leahy, chairman of the Senate Judiciary Committee, has said he will examine the administration's policies on torture and other human rights issues. His request for data exposed one of the first rifts between the new Congress and the

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administration when the Justice Department refused to provide the committee with two secret documents that describe CIA detention and interrogation policies for suspected terrorists. … Leahy, D-Vt., stopped short of threatening the use of a subpoena to get the documents. But he told Attorney General Alberto Gonzales that he 'would pursue this matter further' when the committee holds its first oversight hearing."

Administration Lowers Estimated Cost Of Drug Benefit. The New York Times (1/7, A17, Pear, 1.16M) reports the Bush Administration "lowered its estimate of the cost of Medicare's new prescription drug benefit Saturday, saying the price tag had come down about 10 percent in the last six months. Administration officials said they hoped the numbers would undercut support in Congress for a Democratic proposal requiring the government to negotiate with pharmaceutical makers to secure lower drug prices for Medicare beneficiaries." Michael O. Leavitt, the secretary of health and human services, "said the new numbers showed that such legislation was unnecessary because competition among private plans had effectively held down costs."

Medicare Drug Bill Lacking Formulary Seen As Unlikely To Generate Savings. The New York Times (1/7, A17, Pear, 1.16M) reports, "Democrats want the government to negotiate lower drug prices for Medicare beneficiaries, but insist that the government should not decide which drugs are covered. Many economists and health policy experts see this as a paradox. The only way to get big savings and discounts, they say, is to steer patients to certain preferred drugs. The debate on this issue, bubbling for several years, will come to a boil in Congress next week as the House votes on a Democratic proposal to require the secretary of health and human services to negotiate with drug manufacturers on behalf of Medicare beneficiaries. … Each plan would establish its own list of covered drugs, known as a formulary, and the secretary could not 'establish or require a particular formulary'." AARP CEO William D. Novelli "said that Medicare drug plans 'currently have little choice but to accept the high prices set by manufacturers' for brand-name drugs if no competing products are available."

"Doughnut Hole" Fix Said To Require Tax Increase Or Spending Cuts. The Washington Post (1/7, A8, Lee, 690K) reports, "Democrats face a difficult time delivering on their pledge to eliminate the 'doughnut hole' in Medicare's drug benefit, despite having used the unpopular coverage gap as a rhetorical club against Republicans in regaining control of Congress in the fall elections. Requiring Medicare to negotiate lower drug prices from pharmaceutical companies…will not produce enough savings to fill the doughnut hole, experts say. And making up the difference would require big tax increases or spending cuts elsewhere if Democrats are to keep another campaign promise, to be fiscally responsible and avoid increasing the federal budget deficit." Sen. Charles Grassley is quoted as saying, "I think the Democrats are going to shy away from it because it's very costly."

Democratic Chairs Already Breaking With Leadership On Key Issues. The New York Times (1/7, A1, Hulse, 1.16M) reports, "Less than 24 hours after taking over as speaker, Representative Nancy Pelosi summoned the new chairmen of five committees with responsibility for various aspects of Iraq policy to her office to review and coordinate plans for hearings and inquiries. The gathering on Friday would have been unthinkable when Democrats last controlled the House" when "all-powerful Democratic chairmen ruled their committees with impunity." However, according to the Times, "Already there are signs of discord." Sen. Max Baucus of Montana, the Finance Committee chairman "who has been a headache for past Democratic leaders, says he will plunge ahead with hearings next week on giving the government power to negotiate Medicare drug prices with pharmaceutical companies — a top Democratic priority he has opposed and one the House plans to speed through with no new scrutiny." Sen. Joseph Lieberman, chairman of the Homeland Security committee, "is making his colleagues nervous as they consider his differences with many of them over the war and antiterror issues." Rep. Charles Rangel, chairman of the Ways and Means Committee, "suggested Friday that he might revisit new Democratic rules forcing lawmakers to disclose their sponsorship of tax breaks for small enterprises." Rep. John Dingell, chairman of the Energy and Commerce Committee, is contemplating "imposing tougher mileage standards on automakers."

Pelosi Encouraged To Pursue Bipartisanship. The New York Times (1/7, WK13, 1.16M) editorializes, "The House's new Democratic majority is mounting a legislative blitzkrieg meant to leave the displaced Republicans gasping in the dust. … But what is sorely lacking is the oft-invoked, more often abused ideal of bipartisanship — despite the Democrats' campaign pledge to end the practice of relegating minority lawmakers to the legislative wilderness." Speaker Pelosi "promises bipartisanship will be in evidence after the Democrats get past their opening agenda. … If Democratic candidates were smart enough during the campaign to realize that the voters demand bipartisanship, they should be quick enough to try it from the start.

In an op-ed for the Washington Post (1/7, B1, 690K) former Rep. Vic Fazio writes, "Pelosi has sought to engender some bipartisan goodwill by authorizing severance pay for newly unemployed Republican staff members. Likewise, she has sought to preserve continuity by retaining existing staff in the parliamentarian's office and other administrative

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positions, including the sergeant-at-arms, the clerk of the House and the House historian. In 1994, when Newt Gingrich became speaker, the leadership fired everyone except the parliamentarian. In contrast to that off-with-their-heads attitude, Pelosi has more respect for the administrative framework of the House. Perhaps most important, she reached out to" Minority Leader John Boehner "on transition issues, such as the schedule, oversight on intelligence and fixing the Congressional page program."

LATimes Presses For Expanded Ethics Reform. The Los Angeles Times (1/7, 850K) reports, "The House essentially enacted the wish list of advocates of reform (including us), burnishing Pelosi's promise to preside over 'the most honest, the most open and the most ethical Congress in history.' … More remains to be done. Reformers inside and outside Congress must continue to press for the creation of a new ethics watchdog in each chamber. House Democrats say they will take up that initiative in the coming weeks, and Sen. Dianne Feinstein (D-Calif.), who now chairs the Rules Committee, has indicated that she would hold hearings on the idea."

More Commentary On Pelosi. San Francisco Chronicle (1/7, A6, 384K) columnist Leah Garchik writes Rep. Mary Bono "said that female camaraderie is essentially different from the male variety. Despite political differences, 'Women are more quick to share their personal side, to support each other,' said Bono, who has known Pelosi since the early 1990s" but "she is left with a conundrum: 'I want her to be successful as a woman in power, but politically, as a Republican, I am on the other side. But I hope when she needs a friend on this side of the aisle, I'll be one of the first she will call.'"

In his Washington Post (1/7, B7, 690K) column, David Broder writes, "It was, superficially, pure coincidence that Nancy Pelosi and Deval Patrick took their precedent-setting oaths of office at almost the same hour on Thursday. … Impressive as their individual resumes are, what's more significant is what their elevation signals: a growing sense of inclusiveness and opportunity in this society.

Laboratories Face "Crisis" Due To Federal Funding Shortfall. The New York Times (1/7, A19, Broad, 1.16M) reports, "The failure of Congress to pass new budgets for the current fiscal year has produced a crisis in science financing that threatens to close major facilities, delay new projects and leave thousands of government scientists out of work, federal and private officials say. … Factoring in inflation, the budgets translate into reductions of about 3 percent to 4 percent for most fields of science and engineering." According to the Times, "Democrats and Republicans alike say that operating under current budgets, in some cases with less money, can strap federal agencies and lead to major disruptions in service. Scientists say that is especially true for the physical sciences, which include physics, chemistry and astronomy." Among the projects at risk" are the Relativistic Heavy Ion Collider at the Brookhaven National Laboratory in New York and the Fermi National Accelerator Laboratory in Illinois.

US Selecting Hybrid Warhead Design. The New York Times (1/7, Broad, Sanger, Shanker, 1.16M) reports, "The Bush administration is expected to announce next week a major step forward in the building of the country's first new nuclear warhead in nearly two decades. It will propose combining elements of competing designs from two weapons laboratories in an approach that some experts argue is untested and risky." The new warhead would "would require a huge refurbishment of the nation's complex for nuclear design and manufacturing, with the overall bill estimated at more than $100 billion." The decision to pursue a hybrid "could delay the weapon's production. It also raises the question of whether the United States will ultimately be forced to end its moratorium on underground nuclear testing to make sure the new design works." Democrats and other critics say that "at a time when the administration is trying to convince the world to put sanctions on North Korea and Iran to halt their nuclear programs…any move to improve the American arsenal will be seen as hypocritical." Defenders "argue that because the United States provides a nuclear umbrella for so many allies, it is critical that its stockpile be as reliable as possible."

SCOTUS Will Hear Fewest Cases In Modern History This Term. The Washington Post (1/7, A4, Barnes, 690K) reports, "After decades of decline in its caseload, the court is once again on track to take its fewest number of cases in modern history. The justices went on a relative shopping spree when they returned from their holiday break, on Friday, agreeing to hear seven additional cases before this year's term ends. Before that they had accepted only 60 petitions, as opposed to 80 at this point last year. Even a caseload in the 80s would have been considered extraordinarily skimpy 20 years ago. In William H. Rehnquist's first term as chief justice in 1986, the court disposed of 175 cases. … Roberts himself said during his 2005 confirmation hearings that the court should be doing more."

LATimes Endorses Pay Raise For Federal Judges. The Los Angeles Times (1/7, 850K) editorializes, "federal judges have been ill-treated by a 1989 law that links their cost-of-living raises to those of members of Congress. Fearful of being criticized for raising their own salaries, members of Congress voted not to accept several pay raises in the 1990s — meaning that the judges also went without raises. That

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connection would be broken under legislation that would also include a 'catch-up' raise for judges."

Rich Calls Bush Presidency An "Inversion" Of Ford's. In his New York Times (1/7, WK14, 1.16M) column, Frank Rich writes that although "it's a safe bet" that President Gerald Ford's funeral "attracted far fewer viewers than the most consequential death video of the New Year's weekend, the lynching of Saddam Hussein;" Ford's funeral "obsequies were…the Beltway establishment's grim verdict on George W. Bush and his war in Iraq. Every Ford attribute, big and small, was trotted out by Washington eulogists with a wink, as an implicit rebuke of the White House's current occupant." Rich asserts that "under the guise of not speaking ill of a dead president, the bevy of bloviators so relentlessly trashed the living incumbent that it bordered on farce." Rich says Ford's "presidential history is hard to separate from the Bush inversion of it, so it is difficult to separate that indelible melee in Saigon" in the spring of 1975 "from the Hussein video. Both are terrifying, and for the same reason;" offering "further confirmation…that our principal achievement in Iraq over four years has been to empower a jihadist mini-Saddam in place of the secular original."

OTHER NEWS:

Experts Predict Mixed Economic News For 2007. The Washington Post (1/7, F1, Henderson, 690K) writes that according to the "annual blizzard of forecasts last month" from economic experts, 2007 "will be a tough one for anybody looking for jobs or profits in home building, but it holds out modest promise for most other American workers, consumers and investors. The housing market stays in the dumps. Unemployment edges up a bit, but stays relatively low. Inflation ebbs, interest rates remain moderate and stock prices climb, though not as exuberantly as in recent years." The Washington Post (1/7, F4, 690K) also says many economists "think the dollar will slip a bit lower this year."

The New York Times (1/7, BU5, De Aenlle, 1.16M) writes that the "flow of earnings reports will pick up this week, but the earnings themselves are expected to show a dip in growth from past quarters." Standard & Poor's "estimates that earnings for companies in its 500-stock index rose by 9 percent, year over year, in the fourth quarter. That would be a healthy gain, but also the worst one in nearly five years." As for the housing market, the New York Times (1/7, BU4, Gross, 1.16M) says "those who think that the worst may be over…should take another look at the data, economists say. For the figures on new-home sales have a strange wrinkle that, in the current environment, may lead the government to overstate sales (and to understate inventory) by up to 20 percent. 'The market is weaker than the data say,' said Mark Zandi, chief economist at Moody's/Economy.com."

The New York Times (1/7, BU9, Sommer, 1.16M) adds that 2007 "got off to an uneven start on Wall Street last week," with the Dow Jones and S&P 500 "both dropping modestly" and the Nasdaq making "a small gain."

Gore Still Keeping Options Open On Presidential Run. The Washington Post (1/7, A2, Cillizza, Murray, 690K) examines whether Al Gore may still decide to enter the 2008 presidential race, writing that "over the past six years, Gore has become a heroic figure for the party's liberal left, thanks in large part to his early and steady opposition to the war in Iraq." But is the former vice president "ready to enter the ring one more time? Don't count on it, say his closest advisers. 'There are no secret meetings going on to plan the Gore campaign,' said Carter Eskew, a longtime confidant of the former vice president." Still, "neither Eskew nor any of the small cadre of Gore's closest advisers would entirely rule out such a bid," and there are "small signs here and there that could be read as the stirrings of his renewed interest in a campaign. Early last month, Gore addressed more than three dozen labor leaders in Washington, a wide-ranging talk about the Democratic congressional gains and the media, said one attendee, who demanded anonymity. Asked about 2008, Gore said that he has taken a number of calls from people encouraging him to consider running but he 'didn't know whether he was going to or not,' the source said. 'Everybody felt he left a small door open.'"

Rangel Encouraging Obama To Run For President. The New York Times (1/7, A22, Rivera, 1.16M) asks, "Are Charles B. Rangel's loyalties mixed?" The "longtime Harlem congressman" has "let it be known he encouraged Barack Obama to run for president, which could complicate the presidential ambitions of Mr. Rangel's fellow New York Democrat, Hillary Rodham Clinton." Rangel said, "I told him if he didn't run, he'd regret it, and that he's a young man and he ought to test the waters." But he said he "also told Mr. Obama that he was following Mrs. Clinton's moves 'and that as dean of the New York delegation, I had obligations, and he would have to understand that.'" Asked if that meant he would support Clinton, Rangel "said it was too early to say."

GOP Presidential Hopefuls Hiring Schwarzenegger Campaign Operatives. The Washington Post (1/7, A2, 690K) writes that with Gov. Arnold Schwarzenegger's victory in California "one of the few bright spots for the GOP in November," it is "not surprising that Republican presidential aspirants are raiding his team." Sen. John McCain "has turned his presidential exploratory

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committee into Arnold East, hiring not only campaign manager Steve Schmidt as a senior adviser but also Schmidt's deputy, Reed Galen, to serve as a deputy campaign manager and even Schmidt's assistant, Jake Suski, to be assistant to campaign manager-in-waiting Terry Nelson. Robert Terra, who ran the Schwarzenegger war room, will do the same for McCain. Matt David, who served as director of response on the Schwarzenegger reelection drive will be the -- you guessed it! -- director of response for McCain." But McCain "didn't get them all. Katie Levinson, Schwarzenegger's communications director, will oversee construction of Rudy Giuliani's communications operation. Schwarzenegger deputy political director Josh Ginsberg has inked a deal with Mitt Romney."

Giuliani Presidential Bid Would Have Major Impact On His Consultancy. The New York Times (1/7, A21, Healy, Buettner, 1.16M) writes about the impact a Rudy Giuliani presidential big would have on his consulting firm Giuliani Partners. As Giuliani "contemplates that bid for the presidency, the firm -- about which little has been publicly known -- says it is dependably profitable and attractively positioned. But, at the same time, its aspirations have been modestly realized: a collection of boutiques more than an empire, and one whose long-term survival if Mr. Giuliani departs is very much a matter of debate both in-house and out."

White House Hopefuls Hit "Virtual Campaign Trail." On its front page, the Washington Times (1/7, Bellantoni, 88K) looks at the presidential campaign on the blogs and on MySpace. Aspirants "are turning to the virtual campaign trail. Dedicated political junkies are setting up their own sites devoted to encouraging presidential runs from their favorite candidates -- former Vice President Al Gore, Sen. John McCain and the two Democratic superstars currently topping polls," Sens. Hillary Clinton and Barack Obama. Some of the "candidate MySpace pages are official, such as the sites run by" John Edwards and Tom Vilsack. … Others, such as the nearly 100 sites created in Mrs. Clinton's name, are run by anonymous Web surfers. If popularity were gauged by MySpace," Wesley Clark "is winning with more than 45,000 friends."

"Alpha Male Democrats" Return To Capitol Hill. The New York Times (1/7, WK1, Lizza, 1.16M) examines "the return of the Alpha Male Democrat. The members of this new faction, which helped the Democrats expand into majority status, stand out not for their ideology or racial background but for their carefully cultivated masculinity." The "Macho Dems" include Rep. Rahm Emanuel, who "is missing half of one finger…and swears enough to make a Soprano blush," as well as "aggressive and demanding" Sen. Charles Schumer, new senators Jon Tester and Jim Webb, and new congressmen Brad Ellsworth and Heath Shuler.

Jeb Bush Leaves Considerable Legacy In Florida. The Washington Post (1/7, A4, Kleindienst, 690K) examines Jeb Bush's departure from office in Florida. Over his two terms, "Bush sent shivers through Florida's status quo as he gathered more power than any previous governor and reshaped state government to fit his vision. Nicknamed 'King Jeb,' the Republican transformed what he saw as a tangle of red tape and squanderer of public money into a smaller, business-friendly administration needing fewer tax dollars to run." He "leaves a legacy of a leader adamant about doing things his way, who fearlessly championed such controversial causes as school vouchers, faith-based prisons and prolonging the life of Terri Schiavo." But "while his tenure coincided with a sizzling economy and an overflowing treasury, Bush's back-to-back terms were marred by frequent ethics scandals, official bungling and the inability of the government he downsized to meet growing demands for state services, including education and aid for the infirm and the elderly."

Incoming Maryland First Lady Hopes To Keep Judgeship. The Washington Post (1/7, C12, Wagner, 690K) reports, "Maryland's soon-to-be first lady, Catherine Curran O'Malley, is sticking with her plan to stay on the bench once her husband is sworn in as governor." But the Baltimore district court judge's "desire to keep her job has been complicated by a residency requirement and other family considerations regarding an anticipated move to Annapolis." On Friday, a lawyer for Gov.-elect Martin O'Malley wrote to the District Court of Maryland's chief judge "citing case law that suggests a temporary move to Annapolis would not preclude Katie O'Malley from maintaining her 'domicile' in Baltimore, provided she intends to return there at the end of her husband's term."

Writers Consider Senate Race Outcomes In Four Key States. In the New York Times (1/7, WK15, 1.16M), four novelists consider the aftermath of last fall's closely contested Senate races in their states. Charles Baxter writes that in Minnesota, "we have a new senator, Amy Klobuchar. But we're still talking about the aftermath of the midterm elections." Baxter says President Bush "hit the trifecta…Iraq, corruption and incompetence." Deirdre McNamer compares new Montana Sen. Hon Tester to Sen. Jefferson Smith of "Mr. Smith Goes to Washington," writing, "During Senator Smith's excited sightseeing…I thought about" Tester, "gazing up at the Capitol dome for the first time, shortly after the general election. 'It hasn't soaked in yet,' he told reporters. 'Maybe it will never soak in.'" Dan

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Chaon says, "As Democrats in Ohio, victory is a sensation we've been unfamiliar with for quite some time, and I have to admit that it makes me a little suspicious. … It's not easy to be jubilant given the state of affairs in Ohio, or in the country, or in the world." And from Tennessee, Robert Hicks writes that while he did not vote for Sen. Bob Corker, "I think that if he proves true to his own past he will do well. That is, he'll be a centrist Republican, guided by his own common sense and maybe a bit by the example of Tennessee's moderate senior senator, Lamar Alexander, rather than by the right-wing rhetoric that has become de rigueur in so much of the South."

Veterans Flock To Alaska. The Washington Post/AP (1/7, A5, Lee) reports that nearly 70,000 veterans "have chosen to make their home in Alaska, which, according to the Census Bureau, has the country's highest concentration of former military personnel. The high number reflects, in part, that veterans tend to cluster near military bases. Alaska's two biggest cities, Anchorage and Fairbanks, have one Army and one Air Force base apiece. ... Many veterans, as with many non-military residents, are drawn by the untrammeled wilderness, the world-class hunting and fishing, and secure jobs with good pay. Moreover, the libertarian frontier spirit and the extreme solitude in this sparsely settled state of 650,000 have a certain appeal to veterans who led highly regimented professional lives or saw too much of the horrors of war."

Chait Accuses Conservatives Of Hypocrisy For Criticizing Liberal "Anger." In his Los Angeles Times (1/7, 850K) column, Jonathan Chait writes, "In the 1990s, prominent conservatives suggested that President Clinton was a murderer, a conservative senator warned that the president might be shot if he visited that senator's state, and a Republican majority leader told Democrats, 'Your president is just not that important to us.' And there were many other nasty episodes. But ever since a Republican has held the White House, certain conservatives have decided that political anger is now the main problem of American life and that it resides primarily on the left. … Some would suggest that the right's newfound obsession with tone is not only hypocritical but an attempt to stifle criticism through arbitrary criteria, much like campus PC-niks."

Saudi, French Foreign Ministers Ask Tehran To Halt Uranium Enrichment. The AP (1/6) reports France and Saudi Arabia "called Saturday on Iran to accept international demands to halt uranium enrichment, saying the Mideast should be free of weapons of mass destruction." In Riyadh, French Foreign Minister Philippe Douste-Blazy and Prince Saud al-Faisal "stressed diplomacy must be the way to solve Iran's ongoing standoff with the West over its nuclear program." The later is quoted saying, "We agreed on the necessity that the region should be void of weapons of mass destruction and that achieving this target will be by dialogue and diplomacy. Israel should not be excluded from the international efforts and procedures."

US-Iranian Relations Examined. ABC World News (1/6, story 5, Sciutto, 8.78M) took "'A Closer Look' tonight at the troubled relationship between the United States and Iran. Just two weeks ago, the UN imposed sanctions on Iran over its nuclear program. Since then, Iran has only grown more defiant and its unrelenting response fits with what we found on a recent trip there, where Iranians from all walks of life expressed pride in their nation's growing power. The anti-American slogans are still visible in Iran's capital. But visit Iran today and one of the first things you notice is that the attitude toward the great Satan is far from uniform. Students and teachers I met at this school in Tehran, like Americans, maybe not our government, but they like us and admire our country."

US Said To Seek End To Oil Industry's Financing. In a front-page story entitled, "U.S. Puts Squeeze On Iran's Oil Fields," the Los Angeles Times (1/7, Murphy, 850K) reports, "As Washington wages a very public battle against Iran's quest for nuclear power, it is quietly gaining ground on another energy front: the oil fields that are the Islamic Republic's lifeblood." The Times says the Administration's "campaign to dry up financing for oil and natural gas development poses a threat to the republic's ability to continue exporting oil," and "comes at a moment of unique vulnerability for Iran's oil industry, which also faces challenges from rising domestic energy consumption, international isolation, a populist spending spree by President Mahmoud Ahmadinejad and trouble closing contracts with foreign oil companies." However, Iranian authorities say they "recognized the gravity of the threat and launched steps to head it off, including new 'smart' rationing cards, scheduled for distribution in March to check skyrocketing sales of cheap gasoline, and an overhaul of Iran's historically stingy contract terms in an attempt to lure big oil companies into skirting the U.S. roadblocks."

Israel Said To Plan Nuclear Strike Against Enrichment Site. The Times of London (1/7, Mahnaimi, Baxter) reports Israel "has drawn up secret plans to destroy Iran's uranium enrichment facilities with tactical nuclear weapons. Two Israeli air force squadrons are training to blow up an Iranian facility using low-yield nuclear 'bunker-busters,' according to several Israeli military sources." The Times said the strike concept has "been prompted in part by the Israeli intelligence service Mossad's assessment that Iran is on the verge of producing enough enriched uranium to make nuclear weapons within two years," and that "conventional strikes may no longer be enough to annihilate increasingly well-defended enrichment facilities." The Times adds, "Some analysts warned that Iranian retaliation for such a strike could

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range from disruption of oil supplies to the West to terrorist attacks against Jewish targets around the world."

Hamas Ignores Abbas Demand To Disband Militia. The AP (1/7, Barzak) reports the leadership of Hamas "defied President Mahmoud Abbas' decree Saturday that its paramilitary unit is illegal, saying it will fight any attempt to disband the force in an increasingly bloody faceoff between the Islamic militant group and Abbas' Fatah party." Noting that "factional fighting" is "threatening to plunge the Palestinian territories into civil war," the AP says Abbas "outlawed the Executive Force on Saturday, two days after Hamas gunmen stormed the home of a top pro-Fatah security commander and killed him and seven bodyguards." Abbas later "confirmed the U.S. was sending aid to boost Palestinian security forces loyal to him," and said that "he spoke to Secretary of State Condoleezza Rice on the current situation ahead of her upcoming visit." Notably, Egyptian President Hosni Mubarak "called on the Palestinians to halt their fighting." The Washington Times (1/7, 88K) runs the AP story on its front page.

The New York Times (1/7, Erlanger, 1.16M) reports Abbas "demanded Saturday that Hamas-run paramilitary police be integrated into Fatah-dominated security forces." Hamas "warned" Abbas "that he was making a mistake and that it would resist any effort to disband the" Executive Force. The Times says it "is not clear whether Mr. Abbas's statement is simply declaratory or whether he would order his security forces to take action against the paramilitary group if Hamas did not meet his demands."

The Los Angeles Times (1/7, Boudreaux, Abukhater, 850K) says Abbas "outlawed the Hamas-led Interior Ministry's police force, the most powerful armed unit outside his control in factional fighting that has left 33 people dead in the last month. The ministry responded with defiance." Yesterday's rhetoric "raised the prospect of an intensified armed standoff."

Carter's Palestine Book Called Distorted, One-Sided. The New York Times Book Review (1/7, Bronner) describes President Jimmy Carter's "Palestine: Peace, Not Apartheid," as "a strange little book about the Arab-Israeli conflict from a major public figure." Carter "does not" provide both the Israeli and Palestinian perspectives, but "simply offers a narrative that is largely unsympathetic to Israel." Carter's "contribution is to offer a distortion of his own." His "misrepresentations" are "a shame because most of what Carter focuses on is well worth reading about."

"Malfunctioning" Israeli Government Said To Lose Public's Confidence. In an analysis piece, the New York Times (1/7, Erlanger, 1.16M) notes, "Two of Israel's most important relationships in the world are with the United States and Egypt. In the past 10 days, the Israeli government of Prime Minister Ehud Olmert has managed to embarrass both of them." Citing the approval of new settlement in the Jordan Valley and the failed Ramallah raid, the Times says "neither incident was of fundamental importance, and neither, it seems, was intended to create the ensuing ruckus. And neither action, Mr. Olmert's aides insisted, had been approved by the prime minister." However, taken "together, Israeli politicians and analysts suggest, the moves reflect a malfunctioning Israeli government, deeply split over personalities, politics and policies. It has lost the confidence of most Israelis, according to the opinion polls, which makes Israeli leaders even less likely to take bold political steps domestically or internationally." Noting that Olmert and Defense Minister Peretz "and their staffs barely speak to one another," the Times says both men's political parties are hampered by "bitter rivalries."

Somali Disarmament Plan Sparks Rioting. The New York Times (1/7, Gettleman, 1.16M) reports, "Hundreds of Somalis stormed Saturday into the streets of Mogadishu…to hurl rocks at Ethiopian troops allied with the government and to protest a disarmament program that Somali leaders ended up scrapping." Prime Minister Ali Mohammed Gedi's "transitional government appears to have failed its first leadership test: disarmament. After 16 years of anarchy, the streets of Mogadishu are awash with military-grade weaponry," and collecting "these guns was one of [Gedi's] first goals." He had "demanded that all Somalis surrender their weapons in three days," but "even former military officers disagreed with Mr. Gedi's approach, saying it would take months, not days, to disarm the populace and that the government should negotiate with militiamen and clan elders."

The Washington Post (1/7, A16, McCrummen, 690K) adds, "Hundreds of angry and fed-up Somalis demanded that Ethiopian troops leave the city Saturday, smashing cars, burning tires, and hurling stones and threats as a prevailing sense of insecurity deepened in the patched-together neighborhoods of" the capital. "A volatile mix of grievances fueled the clashes between demonstrators and Ethiopian troops, leaving at least two people dead." While Gedi "scrambles to establish ministries, police and other services from scratch, the city is reverting to its old forms of self-governance." The AP (1/6) adds Gedi's government "indefinitely postponed plans to forcibly disarm Mogadishu, as hundreds of people burned tires, looted vehicles and said they wouldn't give up their guns. Two people were reported killed and at least 17 people were wounded."

Under the headline, "Ethiopia's Intervention May Destabilize Region," the Los Angeles Times (1/7, Sanders, 850K) notes, "By launching a war against Somalia's Islamists, Ethiopia says it was drawing a line in the sand against

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religious extremism in East Africa. But without quick diplomacy and international aid, analysts caution that the war could radicalize the region's traditionally moderate Muslims." Reporting that "signs of a budding insurgency already are emerging in Mogadishu," the Times adds many Somalis "believe the U.S. encouraged Ethiopia to lead the assault last month to put an African face on the war." The Times reports one analysis that, "if Somalia's problems bleed across its borders, the ripple effects could include a destabilization of Ethiopia's Muslim community and reduced tourism for Kenya. … Analysts say U.S. policymakers now have a short window of time to bring change."

Al Qaeda Operatives Sought In Somalia. CNN (1/6, Starr) reported, "An urgent manhunt is underway in East Africa to capture five top al Qaeda operatives on the run from Somalia since the fall of the Islamic militia government. … US and African intelligence services are closely cooperating in an effort to find the men before they slip away, with fear that they might plan new attacks. The US especially wants two men said to be involved in the 1998 bombing of the US embassies in Kenya and Tanzania. Authorities believe all five have ties to al Qaeda attacks across East Africa. Escape routes from Somalia are being sealed off. US intelligence sources believe the men may have been at a known al Qaeda training camp on the Somali-Kenyan border. Two US Navy warships are now patrolling offshore, stopping and searching small boats. Kenya has sealed its northern border with Somalia. US Navy SEALS have been just south of the border, helping train Kenyan forces. … The top US diplomat for Africa has been trying to muster an African peacekeeping force to help Somalia's new transitional federal government. Hunting al Qaeda is a priority." Assistant Secretary of State for African Affairs Jendayi Frazer: "We believe that it's extremely important and we feel that the cooperation between the neighboring countries, with the transitional federal government at the request of the transitional federal government, is quite helpful in trying to prevent those terrorists from fleeing Somali territory into their neighbors." CNN (Starr): "All of this comes as Ayman al-Zawahiri, Osama bin Laden's deputy, has called for an Iraq style insurgency inside Somalia."

Richardson Departs For Three-Day Sudan Trip. Under the headline, "Richardson Heads To Sudan With Three Goals," the AP (1/7, Pickler) notes Gov. Bill Richardson said he hopes to persuade President Omar al-Bashir "to accept more U.N. peacekeepers in war-ravaged Darfur, a goal that has eluded world leaders." He told the AP that "he has three goals for his visit to the African nation: increasing the U.N. force in Darfur, improving the humanitarian situation and helping encourage a cease-fire." The AP adds that special envoy Andrew Natsios, who met Bashir last month, "has not responded to a request for comment about Richardson's trip."

Two Sri Lanka Bombings Kill 17, Wound 90. The New York Times (1/7, A4, Senanayake, 1.16M) reports, "A powerful bomb blew up a passenger bus on Saturday, killing 11 people and wounding more than 40 others on the southern coast of Sri Lanka." The Times notes that "was the second in less than 24 hours. The authorities are investigating the first blast, which killed six people and wounded 50 on Friday northeast of the capital, Colombo. A government statement blamed the Liberation Tigers of Tamil Eelam for the explosions." The Tigers "had no immediate comment."

Bangladeshi Politics Dominated By Female Leaders' "Feud." Under the headline, "The Personal Politics Of Bangladesh," the Washington Post/AP (1/7, A14, Rosenberg) details the "ferocious" rivalry between Bangladeshi leaders Khaleda Zia and Sheikh Hasina. "It's the stuff of political slapstick, except that this feud is rooted in the assassination of one woman's father and the other's husband, and the result today is anything but funny." Some "Bangladeshis … will say the rivalry is the cause of all the country's problems of poverty and corruption." The AP says "their rivalry has done nothing to improve things. Bangladesh is deeply corrupt and, in many parts, barely governed, raising concerns about instability in this strategic Muslim country already contending with Islamic militancy." Asking why alternative leadership has not emerged, the Post reports, "Analysts blame social conservatism -- a reluctance of the poor and illiterate to question those perceived as their betters -- and thuggish political tactics to ensure that people who do not support either party nonetheless turn out to vote for one of them."

India's Slow Response To Killings Said To Highlight Justice System's Dichotomy. A lengthy New York Times (1/7, A8, Gentleman, 1.16M) piece highlights the Indian police's response to killings in the New Delhi neighborhood of Noida. "What seems clearly a case of serial killing on the fringes of the capital has become a national scandal, with public horror at the brutal details interwoven with outrage at the police department's failure to investigate." While the fact "that India has a two-tier justice system is nothing new," the Times says "the case of the dead and missing slum children has provided a brutally stark example of how the law does not work for the marginalized, shocking even the most jaundiced observers of the nation's legal processes." The Times continues, "The sluggish police response to the disappearance of dozens of children has horrified the nation as much as the crime itself."

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Elimination Of Mexican Poultry Tariffs Could Transform Economic Decisions. A 2,400-word piece on the front page of the Washington Post (1/7, Goodman, 690K) describes how "life in the central Mexican state of Jalisco is about to be shaken by globalization. Already much of Mexico's farm country has been overwhelmed by an influx of crops from the United States in the years following the North American Free Trade Agreement. Over the next two years, the final provisions of the trade pact kick in, opening Mexico to unlimited imports of poultry from its northern neighbor. Mexican farms will compete directly with an American agribusiness nurtured by subsidies on the corn that feeds the birds." The Post says NAFTA "was supposed to work the other way around," creating "enough development in Mexico to create millions of jobs, raise wages and diminish the lure of the north."

Mexico's Calderon Said To Make Organized Crime His First Target. A lengthy New York Times (1/7, A6, McKinley, 1.16M) piece notes Mexican President Felipe Calderón "has made it clear his first priority is to turn his government into the scourge of organized crime." He "has sent thousands of federal police and troops into the drug-plagued states of Michoacán and Baja California to break up criminal organizations and stop the brutal violence they perpetuate." However, the Times adds, "some opposition politicians and experts on the drug trade wonder if the federal interventions are not more flash than substance, and question if they will have a lasting impact on the drug trade and police corruption, whose roots run deep." Calderon ordered a "crackdown" in Tijuana, which was "welcomed" by most residents "even as some expressed skepticism the caravan-style patrols and roadblocks would do much to hurt drug traffickers."

Ambassador's "Genocide" Comments Could Delay Successor's Nomination. The Los Angeles Times (1/7, Reynolds, 850K) notes that two years ago, Ambassador John Evans "did something no U.S. ambassador to Armenia before him had done: He used the word 'genocide' -- in public -- to describe the deaths of about 1.2 million Armenians at the hands of Ottoman Turks." While "Evans' use of the word did not signal a change in" US policy, "it did set off a slow-boiling controversy that eventually cost him his job." Today, "a clash between the Democratic-controlled Congress and the Republican White House" has "has stalled the confirmation of Evans' successor and strained U.S. relations with Turkey, a key U.S. ally in the Middle East." The Times explains, "Though Armenian Americans and others consider Evans' statement an act of courage for which he has been unfairly punished, policymakers call it a misjudgment that could fuel anti-Western sentiment in Turkey." State Department "officials believe that Turks will come to their own acceptance of the term from internal debate," and the Times says the State Department "made clear its displeasure" with Evans' remarks.

Warsaw Archbishop Resigns Over Collaboration Allegations. The AP (1/7) reports Warsaw Archbishop Stanislaw Wielgus "resigned amid a scandal about his cooperation with the communist-era secret police, Poland's Roman Catholic Church said Sunday." The AP says "a furor had grown around Wielgus" during his week in office "since the allegations were first raised Dec. 20 by a Polish weekly, with demands that he step down from his post." The "scandal gained intensity after church officials said Friday that documents at a historical institute indicated Wielgus had willingly collaborated. Newspapers Friday devoted their front pages to the revelations, even as Wielgus took canonical vows as required by church law ahead of his installation."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"U.S., Allies Campaigning To Staunch Iran's Oil Flow."
"Bush Aides Preview 'Surge' Proposal."
"USC Kicker Found Dead In San Pedro."
"On Skid Row, His Survival's A Routine."

New York Times:
"Bush Plan For Iraq Requests More Troops And More Jobs."
"Bomb's Lasting Toll: Lost Laughter And Broken Lives."
"Attack Of The Zombie Computers Is Growing Threat."
"U.S. Selecting Hybrid Design For Warheads."
"Leadership Tries To Restrain Fiefs In New Congress."
"Links To Slavery And N.F.L. Star On A Hill In Texas."

Washington Post:
"Critics Say 'Surge' Is More Of The Same."
"Iraq Will Be Petraeus's Knot To Untie."
"Solemn Duty In Section 60."
"In Mexico, 'People Do Really Want To Stay.'"
"Poisoning Of Ex-Agent Sets Off Alarm Bells."

Washington Times:
"Abbas Bans Hamas Militia."
"Offensive To Pacify Baghdad Begins."
"Bloggers Unleash A Virtual Campaign."
"Diabetes Grows As Silent Scourge."
"Thousands Throng Fenty Fete."

Detroit Free Press:
"GM Style Heats Up Detroit With Stars And Cars."

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"Volt Takes Full-Electric Car Concept To Next Level."
"Ben's Bulls Burst Pistons' Balloon."

Atlanta Journal-Constitution:
"Atlantan Charged In Winfrey Plot."
"Bush Plan Includes Troops, Jobs."
"Colo. Avalanche Buries Cars."
"Risks Of Tinkering With Trans Fat."
"Voters Rank Education Top Issue."

Dallas Morning News:
"Gone In A Snap: Seahawks End Cowboys' Season, 21-20."
"McKinney Cheerleaders And Parents Tell Their Side."
"Data Shows N. Texas Minorities Overpay On Home Loans."
"Craddick Vs. Pitts: Their Destiny Is Your Destiny."
"DISD Principals Ordered To Change Their Ways."
"Broncos Pay Respects To Slain Teammate."
"Former Cowboys Assistant Payton Wins Coach Award."

Houston Chronicle:
"Lobby Firms, Businesses Eye Texas Speaker Vote."
"Executions Down In U.S. But Not In Texas."
"New Iraq Plan Includes More Troops, Jobs Program."
"FBI Targets Mortgage Fraud Scammers In Houston."
"New MLK March's Goal Is Supporting Community."
"Battle Likely Over Houston School Board Chief Post."
"Dickinson Soldier Who Sought New Life Is Buried."
"Beyonce's Quest For Dancers Hits Houston."

Story Lineup From Last Night's Network News:
ABC: Freakish Weather; Analysis Of The Weather; Sectarian Violence In Iraq; US-Iranian Relations; Macau-Growing Gambling Hotspot In Asia.
CBS: Preempted.
NBC: Preempted.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: No events scheduled.

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DOJ_NMG_0113376

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This morning's Department of Justice News Clips is attached.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 7, 2007 7:45 AM EST

TODAY'S EDITION

Terrorism News:

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TERRORISM NEWS:

Poisoning Of Ex-Agent Sets Off Alarm Bells (WP)

By Peter Finn, Washington Post Foreign Service
The Washington Post, January 7, 2007
Nuclear Regulators Fear Wider Attempt

MOSCOW -- Ninety-seven percent of the legal production of one of the world's rarest industrial products -- the intensely radioactive isotope polonium-210 -- takes place at a closely guarded nuclear reactor near the Volga River 450 miles southeast of Moscow.

In an average year, about three ounces of the substance is made at the Avangard facility, a former nuclear weapons plant, then sold under strict controls to Russian and foreign companies that prize it for its abilities to reduce static electricity.

This fall, a microscopic quantity of polonium-210, from somewhere, found its way into the body of Alexander Litvinenko, a former Russian internal security agent living in London. He died an agonizing death in a hospital 22 days later.

Now an international investigation is trying to track that dose back to its source. Detectives from Scotland Yard have said nothing about where the trail of evidence may be leading; Russian officials have been more willing to talk, saying that Avangard is tightly audited and that illicit production of polonium-210 is technically possible at many of the world's reactors.

Still, Russia's near total domination of the world's legal trade in the substance has focused new international attention on the country's production system and controls. In addition, Litvinenko's death has created new concern among regulators that the substance might be used as an instrument of murder by terrorists.

Russia is the main source of polonium in part because it offers high quality and the best price for commercial users, according to Nick Priest, professor of radiation toxicology at Middlesex University and a former head of biomedical research at the Atomic Energy Authority in Britain. No polonium is produced in Britain, and officials in Russia said none has been exported commercially to Britain for at least five years.

Polonium-210 is produced in reactors by irradiating bismuth-209, an isotope of the element bismuth. The resulting substance is so radioactive that it has a half-life of only 138 days, meaning that half the atoms in a given quantity will disintegrate in that period.

Specialists say that around the world, reactors capable of this operation belong either to state agencies or universities and so are highly regulated. "Everything connected with polonium production and application is controlled by governments," said Boris Zhuikov, head of the radioisotope laboratory in the Nuclear Studies Institute of the Russian Academy of Sciences, in an interview. "You cannot just put any target inside a reactor. It is regulated and checked by many, many people. It would be discovered."

The Avangard plant operates under close Russian government scrutiny. Officials said four Russian organizations are licensed to handle the material made there: the chemistry faculty of Moscow State University; the Federal Nuclear Center in Samara, also on the Volga; Techsnabexport, the state-controlled uranium supplier; and one private company, Nuclon, which uses it for medical devices and transports isotopes to customers.

The controls have proved effective, Russian officials contend. "I can say with complete certainty that no deviations from the rules of storage and transportation of nuclear materials, including polonium, have been discovered at any structures of our fuel and nuclear complex," said Konstantin Pulikovsky, head of the Federal Service for the Oversight of the Environment, Technology and Nuclear Management, according to the Russian news agency RIA-Novosti.

Worldwide, polonium has been lost or stolen in at least 15 known incidents before 2006, most of them in the United States, according to the International Atomic Energy Agency, the U.N. nuclear watchdog based in Vienna.

Priest said he believed that in Russia, audit safeguards could be circumvented if there was demand for polonium from officials with strong influence. Audits could also be an unreliable gauge of pilfering because during production, much more polonium is made than is actually needed, with the surplus never entering the officially recognized supply.

"When they do these runs, they produce a large amount because it's got a 138-day half-life and they don't want to be making it all the time. It's not possible to maintain complete control by measurement at the source," Priest said.

Other theories suggest that the polonium that killed Litvinenko might have been obtained from an officially tracked commercial supply after it reached its final customer.

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Polonium is commonly used in static eliminators in printing plants, photography labs and textile mills. In these applications, it is bound in extremely small quantities with other metals.

Extracting the substance from the molds in which these mixtures are made would be difficult because "polonium science is quite complicated," Priest said.

But with qualified scientists and the right lab conditions, it is possible. "I can see how they could be used to brew up a dose to kill one person," said Peter D. Zimmerman, a nuclear physicist and professor of science and security at King's College London. "It would require very delicate lab work."

In its pure form, polonium-210 is a soft, silvery metal. One microgram, or millionth of a gram, can be fatal, and the body of the poisoned Russian contained multiple times the lethal dose. One gram, about 0.035 of an ounce, could theoretically kill tens of millions of people.

The substance is self-heating and highly radioactive, but as long as it is housed in a sealed capsule of glass or metal, it can be safely transported in, for example, one drop of solution. It eludes radiation detectors in place at airports, border crossings and ports because it emits alpha rays, not the gamma rays the devices look for.

Polonium-210 can be dried into a substance such as chalk and turned into powder. Or it can be mixed with an aerosol solution, allowing it to be sprayed. But many scientists believe the probable method of transporting and dispensing it in the London killing was putting the isotope in a solution that could be tipped at arm's length into a drink or onto food.

"The ideal volume would be a couple of teaspoons of solution; it can sometimes be difficult to transfer a drop or something smaller," Priest said. "Once it's in the body, it irradiates the whole body."

Yet scientists in London did not discover the presence of polonium-210 until Litvinenko's urine was tested with an alpha ray detector at the Atomic Weapons Establishment, the British agency that maintains nuclear warheads. "It's so obscure that it will be among the last things people will look for," Priest said. "And except by extreme luck, there's no chance to work out in a short time what's happened, so it gives the people who did it a long time to get away."

The substance's great giveaway is that once discovered, its telltale traces are easily tracked. Out of its box, polonium smears everything. After Litvinenko's death, it was discovered in planes, cars, hotels and offices -- all places that the victim and people he met had visited around the time of the poisoning.

If it enters the body in tiny amounts, death is certain. The devastating effects were studied in the 1960s at a Moscow institute where the isotope was administered to dogs, rabbits and rats, according to Zhuikov. He said Soviet scientists wanted to understand polonium's potential in case humans were exposed to it, because the isotope was used in various applications in the country's nuclear and space programs.

The painful progression from severe vomiting and diarrhea to hair loss, internal bleeding and organ failure was clear in a photograph of a stricken Litvinenko lying in a London hospital. "If someone hates, really hates, then it's a good material [to use to] to kill," Zhuikov said. "This is real suffering."

The former agent's death has caused anti-terrorism officials to worry that an explosive or airborne dispersal of polonium, particularly in a crowded, enclosed space, could cause numerous fatalities and sow widespread panic, scientists said. Compromise a food or water supply, they said, and the consequences could be even more dire.

"You need a lot of the material," Zimmerman said. "But not more than it is reasonable to think could be diverted from the commercial stream."

The International Atomic Energy Agency is considering tighter controls on polonium.

An IAEA diplomat, who was not authorized to speak for quotation, said that in the wake of the Litvinenko case, concerns have risen at the agency about a mass poisoning through the introduction of polonium into the food chain or drinking water.

Ultimately, scientists such as Zimmerman would like to phase out polonium's commercial use and see the development of anti-static technology using other material.

"Peace Mom" Turns Attention To Guantanamo (AP)

AP, January 6, 2007

HAVANA, Cuba (AP) -- American "peace mom" Cindy Sheehan called for the closure of the U.S. military prison in Guantanamo Bay, Cuba, as she and other activists arrived in Cuba on Saturday to draw attention to the nearly 400 terror suspects held at the remote site.

Sheehan is among 12 human rights and anti-war activists who will travel across this Caribbean island next week, arriving at the main gate of the Guantanamo base in eastern Cuba on Thursday -- five years after the first prisoners were flown in.

"Anyone who knows me knows that I am not afraid of anything," Sheehan said when asked about the possibility of U.S. sanctions for traveling to communist-run Cuba, which remains under an American trade embargo.

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"What is more important is the inhumanity that my government is perpetrating at Guantanamo," she told reporters.

Sheehan, 49, of Vacaville, California, became an anti-war activist known as the "peace mom" after losing her 24-year-old son, Casey, in Iraq in April 2004.

She drew international attention after camping outside President Bush's Texas ranch to protest the war in Iraq, and has been arrested numerous times for trespassing.

Sheehan arrived in Havana early Saturday evening with trip organizer Medea Benjamin of the California nonprofit groups Global Exchange and CODEPINK: Women for Peace.

Benjamin said group members believed they were exempt from U.S. travel restrictions on Cuba because they were traveling as professional human rights activists who will attend a daylong international conference in the Cuban city of Guantanamo on Wednesday, the eve of their protest.

The U.S. military still holds about 395 men on suspicion of links to al Qaeda or the Taliban, including about 85 who have been cleared to be released or transferred to other countries.

Cleric's Story Of Abduction, Torture (CHIT)

By John Crewdson, Tribune Senior Correspondent

Chicago Tribune, January 7, 2007

Letter opening salvo in CIA officers' trial

CAIRO -- "This is how they kidnapped me from Italy ... and how they tortured and imprisoned me in Egypt."

So begins a 6,300-word, handwritten letter, composed in an Egyptian prison cell by radical Muslim cleric Osama Moustafa Hassan Nasr. His abduction by the CIA is at the center of an unprecedented judicial proceeding set to open in Italy this week that may ultimately expose to public view one of the agency's most sensitive and controversial operations in its secret war on terror.

In a kidnapping case against 26 Americans and five Italian intelligence operatives, including the one-time CIA chief in Rome and Italy's former top spymaster, Nasr, better known as Abu Omar, will speak to the court through his letter, telling his story for the first time in his own words.

According to Abu Omar's written account, obtained by the Tribune, he was walking to his mosque in Milan on Feb. 17, 2003, when he was stopped on the street by a man who identified himself as a police officer. The cleric wrote that he was pulled into a van, beaten and taken by plane to Egypt.

He described in detail how his Egyptian interrogators tried to get him to agree to become an informer, and he says he refused. What followed, according to his letter, was torture with electric shocks, beatings that caused him to lose the hearing in one ear, and sexual abuse.

For long periods of time, he said in his letter, he was kept in an underground cell "where you cannot distinguish between night and day and the cockroaches and rats and insects walk all over my body night and day."

Abu Omar has been locked away for nearly four years, most of it in Egypt's notorious Torah Prison, some 1,600 miles from the massive Tribunale in Milan, where a preliminary hearing in the case is to begin on Tuesday. Those proceedings could shine the first bright light on the U.S. practice of "rendering" terrorist suspects to other countries for interrogation that allegedly is often accompanied by torture.

Prosecutors in Milan have compiled evidence ranging from hotel and cell phone records to hundreds of hours of wiretapped telephone conversations. Now Abu Omar, through his letter, promises to be a prominent witness in the case.

Abu Omar, 43, is a native Egyptian who fled his homeland when he was young in order to escape what he said was political persecution. He married and had children in Albania and married a second time in Milan. Like uncounted millions of his brethren, he grew increasingly hostile toward Israel and the United States because of perceived injustices to Palestinians and other Muslims.

He was under surveillance by Italian authorities because of his suspected role in helping young European Muslims go to Iraq to take up arms against the expected U.S.-led invasion, which occurred a month after he disappeared from Milan.

While ultimately charged in Italy in April 2005 with helping Muslim fighters make their way to Iraq, Abu Omar had not been charged with a crime in the U.S. or Italy at the time of his abduction. Italian courts are divided on whether the recruiting of "foreign fighters" for a war violates Italy's anti-terrorism laws.

Some human-rights groups have cited Abu Omar's "rendition" as a prime example of the "outsourcing of torture" by the Bush administration. But his case is not unique. Egypt, which has often been accused of torturing prisoners, acknowledges taking custody of 60 to 70 radical Muslims abducted by the CIA.

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The Americans charged in the Abu Omar case--25 current and former CIA operatives and a U.S. Air Force colonel--are fugitives from Italian justice, and none of them are expected in court for this week's hearing. Prosecutors plan to ask the Milanese court to try the Americans in absentia, and the court is expected to agree.

CIA spokesman Mark Mansfield declined comment on any aspect of the case. The agency has refused to acknowledge that it played a role in the Milan rendition, or even that it occurred.

Except for a three-week period in 2004 when he was freed by the Egyptian courts for lack of evidence, Abu Omar's contacts with the world have been limited to a few visits from Nabila Ghali, the second of his two Muslim wives, and a handful of telephone conversations with Ghali and his first wife, Marsela Glina, who lives in Albania.

Testimony a surprise

Until recently, prosecutors in Milan assumed they would have to make their case against the 31 defendants without any testimony from Abu Omar, who is charged under a 25-year-old "emergency decree" with posing a danger to the Egyptian state.

After learning that Abu Omar was in Egypt, Milan's deputy public prosecutor, Armando Spataro, repeatedly asked the Egyptian government for permission to question him. When the Egyptians ignored Spataro's initial request, he sent a second one. When that request was ignored, a third followed last February. Spataro assumed his requests were being thrown away.

Then, last April, Abu Omar's Egyptian lawyer, Montasser El Zayat, who has earned a reputation for defending Muslim radicals, received a surprise summons demanding his client's presence before Egypt's chief appellate prosecutor, Sherif El Kady.

According to El Zayat, as a stenographer took notes Abu Omar answered El Kady's questions about his years as a Cairo university student, a brief jail term for political activity, his flight to Albania, and his life in Milan after being granted political asylum in Italy.

Whether Abu Omar's testimony was taken in response to Spataro's requests is not clear. The Egyptian Interior Ministry declines to discuss the case, and no transcript was ever sent to Milan or provided to El Zayat.

When Abu Omar learned from his wife Ghali that his testimony had never reached Italy, he wrote, in a measured Arabic hand, what Ghali refers to as "his memoirs"--his version of the story of his abduction and captivity.

The document is now in the possession of Spataro, who says he has verified its authenticity.

`Severely beaten'

Abu Omar wrote that he was grabbed on the street in Milan and thrown into a van by men who never spoke. When he tried to resist, he wrote, he was "severely beaten" until white foam spewed from his mouth and he became incontinent.

Suddenly, his kidnappers, evidently fearing a heart attack or some other cardiac event, "began to tear at my clothes quickly and one of them began to compress on my heart," performing heart massage.

The crisis averted, Abu Omar was taken to an airport. A short flight was followed by a longer one, which ended in Cairo shortly after 5 a.m.--in time, he wrote, for him to hear the first call for morning prayer echoing across the Egyptian capital.

Abu Omar wrote that he was driven to a building he later identified as the headquarters of the Egyptian intelligence service, where a man his captors described only as a "great Pasha"--a high-ranking official--asked him:

"Do you accept to work with us in exchange for your safe return to Italy?"

After refusing to become an informer, Abu Omar wrote, he was allowed to sleep and provided with some food before being given paper and pen, ordered to write his life story, and shown "many pictures of people in Italy (Egyptians, Tunisians, Algerians, Moroccans, etc.)."

Refusals to answer questions were met with electric shocks, "hand beatings," and threats of rape, Abu Omar claimed. "I was hung like slaughtered cattle," he wrote, "head down, feet up, hands tied behind my back, feet also tied together, and I was exposed to electric shocks all over my body and especially the head area to weaken the brain. ..."

He also described being tied up and placed on a mattress that was hosed down with water and connected to electricity.

Even when he was not being tortured, he wrote, "I was placed near the torture chambers for long periods of time to hear the screams of the tortured and their moans and their howls so that I would collapse psychologically."

According to El Zayat, Abu Omar has tried to commit suicide at least once in captivity.

Although Abu Omar did not mention it in the handwritten statement, his lawyer, El Zayat, said that his client told the Egyptian prosecutor in his earlier testimony that a man who looked, dressed and spoke English like an American had been present during the first several days of his interrogation.

Asked whether the mystery man had been present during the torture as well as the questioning, El Zayat replied in a recent interview here that his client was "not sure."

A former senior CIA official said it was standard procedure following a rendition for a CIA officer to visit the receiving country and assess how the case was proceeding.

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Cell phone and hotel reservation records compiled by the Milan prosecutors show that Robert Seldon Lady, then the CIA's chief in Milan, traveled to Cairo four days after Abu Omar arrived here and that Lady stayed for two weeks.

Daria Pesce, an Italian lawyer representing Lady, who is one of the CIA operatives charged in Abu Omar's kidnapping, will say only that his visit to Cairo was "official" CIA business.

CIA Cases Spur Debate Over Torture (CHIT)

By John Crewdson, Tribune Senior Correspondent

Chicago Tribune, January 7, 2007

The use of torture has been prohibited in the United States since the ratification in 1787 of the 8th Amendment to the Constitution barring "cruel and unusual punishment."

"We do not condone torture," President Bush has declared. "I have never ordered torture. I will never order torture. The values of this country are such that torture is not a part of our soul and our being."

Yet some human rights groups contend that a technique known as "waterboarding," which simulates drowning and reportedly has been used by the U.S. on some terrorist suspects, is torture. These groups also argue that some psychological interrogation techniques, such as sleep deprivation and exposure to loud music, contravene the 8th Amendment.

While those debates continue, there is no question that terrorism suspects such as Abu Omar have been captured abroad by the CIA and transported to third countries whose police and intelligence services routinely employ interrogation methods, such as electric shock, that everyone agrees constitute torture.

Bush said on March 16, 2005, that before a third-country "rendition" of a suspected terrorist can take place, the CIA must obtain from the receiving country "the promise that they won't be tortured."

Atty. Gen. Alberto Gonzales said on May 3, 2006, that the actual standard applied by the U.S. in choosing a destination country is less stringent: whether a suspect is "more likely than not" to be tortured.

Canadian government and United Nations investigations have found that individuals "rendered" by the CIA to Egypt and Syria were mistreated despite assurances that they would not be tortured.

"It's almost impossible to talk about rendition apart from the torture element," says Joanne Mariner, a lawyer with Human Rights Watch, "since that is and has always been one of the central issues with renditions. The CIA knows that Egypt practices torture routinely, particularly against suspected Islamists."

Sen. Patrick Leahy (D-Vt.), whose Judiciary Committee has just begun an investigation of CIA renditions, agrees.

"We diminish our own values as a nation--and lose credibility as an advocate of human rights around the world--by engaging in, or outsourcing, torture," Leahy wrote Gonzales in November.

According to the U.S. State Department's global survey of human rights, torture and abuse of prisoners in Egypt remain "common and persistent." The State Department report is also critical of Saudi Arabia, Jordan, Morocco and Syria, which have been recipients of other CIA renditions.

Under legislation implementing the United Nations Convention Against Torture, to which the U.S. is a signatory, it is a federal crime for U.S. government employees to participate in, conspire in or contribute to the torture of anybody, anywhere in the world.

Mariner and other human-rights lawyers think that rendering someone to a country where he is likely to be tortured may violate the law even if the CIA operatives involved in the rendition played no direct role in the torture.

"If the people involved in the process knew he was likely to be tortured, then they're responsible," said M. Cherif Bassiouni, distinguished research professor of law at DePaul University College of Law.

The Imperial Presidency 2.0 (NYT)

The New York Times, January 7, 2007

Observing President Bush in action lately, we have to wonder if he actually watched the election returns in November, or if he was just rerunning the 2002 vote on his TiVo.

That year, the White House used the fear of terrorism to scare American voters into cementing the Republican domination of Congress. Mr. Bush and Vice President Dick Cheney then embarked on an expansion of presidential power chilling both in its sweep and in the damage it did to the constitutional system of checks and balances.

In 2006, the voters sent Mr. Bush a powerful message that it was time to rein in his imperial ambitions. But we have yet to see any sign that Mr. Bush understands that — or even realizes that the Democrats are now in control of the Congress. Indeed, he seems to have interpreted his party's drubbing as a mandate to keep pursuing his fantasy of victory in Iraq and to press ahead undaunted with his assault on civil liberties and the judicial system. Just before the Christmas break, the Justice Department

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served notice to Senator Patrick Leahy — the new chairman of the Judiciary Committee — that it intended to keep stonewalling Congressional inquiries into Mr. Bush's inhumane and unconstitutional treatment of prisoners taken in anti-terrorist campaigns. It refused to hand over two documents, including one in which Mr. Bush authorized the Central Intelligence Agency to establish secret prisons beyond the reach of American law or international treaties. The other set forth the interrogation methods authorized in these prisons — which we now know ranged from abuse to outright torture.

Also last month, Mr. Bush issued another of his infamous "presidential signing statements," which he has used scores of times to make clear he does not intend to respect the requirements of a particular law — in this case a little-noticed Postal Service bill. The statement suggested that Mr. Bush does not believe the government must obtain a court order before opening Americans' first-class mail. It said the administration had the right to "conduct searches in exigent circumstances," which include not only protecting lives, but also unspecified "foreign intelligence collection."

The law is clear on this. A warrant is required to open Americans' mail under a statute that was passed to stop just this sort of abuse using just this sort of pretext. But then again, the law is also clear on the need to obtain a warrant before intercepting Americans' telephone calls and e-mail. Mr. Bush began openly defying that law after Sept. 11, 2001, authorizing the National Security Agency to eavesdrop without a court order on calls and e-mail between the United States and other countries.

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News accounts have also reminded us of the shameful state of American military prisons, where supposed terrorist suspects are kept without respect for civil or human rights, and on the basis of evidence so deeply tainted by abuse, hearsay or secrecy that it is essentially worthless.

Deborah Sontag wrote in The Times last week about the sorry excuse for a criminal case that the administration whipped up against Jose Padilla, who was once — but no longer is — accused of plotting to explode a radioactive "dirty bomb" in the United States. Mr. Padilla was held for two years without charges or access to a lawyer. Then, to avoid having the Supreme Court review Mr. Bush's power grab, the administration dropped those accusations and charged Mr. Padilla in a criminal court on hazy counts of lending financial support to terrorists.

But just as the government abandoned the "dirty bomb" case against Mr. Padilla, it quietly charged an Ethiopian-born man, Binyam Mohamed, with conspiring with Mr. Padilla to commit that very crime. Unlike Mr. Padilla, Mr. Mohamed is not a United States citizen, so the administration threw him into Guantánamo. Now 28, he is still being held there as an "illegal enemy combatant" under the anti-constitutional military tribunals act that was rushed through the Republican-controlled Congress just before last November's elections.

Mr. Mohamed was a target of another favorite Bush administration practice: "extraordinary rendition," in which foreign citizens are snatched off the streets of their hometowns and secretly shipped to countries where they can be abused and tortured on behalf of the American government. Mr. Mohamed — whose name appears nowhere in either of the cases against Mr. Padilla — has said he was tortured in Morocco until he signed a confession that he conspired with Mr. Padilla. The Bush administration clearly has no intention of answering that claim, and plans to keep Mr. Mohamed in extralegal detention indefinitely.

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The Democratic majority in Congress has a moral responsibility to address all these issues: fixing the profound flaws in the military tribunals act, restoring the rule of law over Mr. Bush's rogue intelligence operations and restoring the balance of powers between Congress and the executive branch. So far, key Democrats, including Mr. Leahy and Senator Richard Durbin of Illinois, chairman of a new subcommittee on human rights, have said these issues are high priorities for them.

We would lend such efforts our enthusiastic backing and hope Mr. Leahy, Mr. Durbin and other Democratic leaders are not swayed by the absurd notion circulating in Washington that the Democrats should now "look ahead" rather than use their new majority to right the dangerous wrongs of the last six years of Mr. Bush's one-party rule.

This is a false choice. Dealing with these issues is not about the past. The administration's assault on some of the nation's founding principles continues unabated. If the Democrats were to shirk their responsibility to stop it, that would make them no better than the Republicans who formed and enabled these policies in the first place.

HOMELAND RESPONSE:

New Top Spy Inherits An Office Still Finding Its Way (WP)

By Walter Pincus, Washington Post Staff Writer

The Washington Post, January 7, 2007

McConnell's Tasks Include the Ongoing Integration of Agencies as Well as Advising the President

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President Bush's choice to be the second director of national intelligence, retired Navy Vice Adm. John M. McConnell, must pick up the job of restructuring the nation's $42 billion intelligence community, which after 19 months is still very much a work in progress.

At the White House on Friday, outgoing director John D. Negroponte said, "Admiral McConnell will continue to drive forward the reforms we have initiated, fully integrating the domestic, foreign and military dimensions of our national intelligence enterprise."

McConnell responded, "I plan to continue the strong emphasis on integration of the community to better serve all of our customers."

He will manage the collection and analysis of intelligence from the 17 agencies and roughly 100,000 people in the U.S. intelligence community. Bush emphasized that the director also "determines the national intelligence budget." That was a major recommendation of the 9/11 commission, and one Congress adopted when it passed legislation in December 2004 creating the director of national intelligence (DNI).

The DNI's other major role is as the president's top intelligence adviser. That means being present six mornings a week when Bush gets his national security briefing. That session offers the DNI an opportunity not only to have time with the president, but to hear and take part in the ensuing discussion with Vice President Cheney, national security adviser Stephen J. Hadley and chief of staff Joshua B. Bolten, who are also in the room.

This part of the job requires the DNI to take time the night before to read the roughly 28-page daily briefing report and to show up at his Old Executive Office Building suite next to the White House at about 6:30 each morning to go over the latest intelligence. One person familiar with the process described it as worthwhile, "to get a sense of what's on everyone's mind."

Another aspect of the DNI's role as top intelligence adviser to the president is attendance at high-level White House meetings, which have been increasingly frequent since the Iraq war began. Those meetings can be handled by the deputy DNI, though no one currently holds that job. How McConnell will divide his time between this advisory role and the intelligence community duties, should he be confirmed, remains to be seen.

One of the early tasks he will face, according to a senior intelligence official, is reviewing the 2004 law that created his position to see whether changes need to be made. The Senate Select Committee on Intelligence has already scheduled hearings to review how the restructuring legislation is working out.

McConnell, 63, served in the Navy as a career intelligence officer, rising to vice admiral when he headed the National Security Agency from 1992 to 1996. After his retirement from the Navy, he took a private-sector job in March 1996 with the Booz Allen Hamilton consulting firm, where he rose to be senior vice president.

John Moseman, a former senior CIA official who works with McConnell at Booz Allen, said McConnell has been "successful in helping it become an incredibly collaborative organization." That approach, "reaching across and pulling together teams of people," is a talent that is needed in the DNI job, where "you need collaboration at every level," Moseman said.

At the White House on Friday, McConnell said his private-sector work during the past 10 years "has allowed me to stay focused on national security and intelligence communities as a strategist and as a consultant." In many respects, he said, "I never left" the intelligence business.

Booz Allen makes it clear on its Web site that McConnell has played a leading role in its handling of contracts in the fields of intelligence and military affairs. "McConnell leads the firm's assignments in Military Intelligence and Information Operations for the Department of Defense, the Unified Combatant Commanders, Military Services, and Defense Agencies," according to the site.

FEMA Overhaul Delay Irks Legislators (WT)

By Shaun Waterman, United Press International

The Washington Times, January 7, 2007

Lawmakers are frustrated with the lack of progress on a congressionally mandated overhaul of the Federal Emergency Management Agency, designed to ensure that flaws that dogged the response to Hurricane Katrina are fixed.

In a letter sent late last month to Homeland Security Secretary Michael Chertoff and released last week, members of both the House and Senate homeland security committees complained about being kept in the dark over progress on the changes, which they feared was lagging.

"There are already some indicators that [the department] may not be effectively and promptly implementing" the new law, wrote Sens. Joe Lieberman, Connecticut independent, and Susan Collins, Maine Republican, and Reps. Bennie Thompson, Mississippi Democrat, and Peter T. King, New York Republican.

The law effectively reconstitutes FEMA as an independent agency within the department. Mr. Chertoff opposed the overhaul, which was included in the must-pass Homeland Security appropriations bill and signed by President Bush in October.

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The lawmakers' letter requests "full and complete briefings" for staff on the implementation of the law "no later than January 8, 2007."

Lieberman spokeswoman Leslie Phillips told United Press International on Thursday that the Senate committee had heard no response from the department.

"We will give them a courteous amount of time to respond and then decide how to proceed," she said. Miss Phillips said the letter, and the subsequent decision to release it, followed "weeks and weeks of fruitless effort to get briefings."

"It would be fair to say" that Mr. Lieberman was frustrated, she added.

Homeland Security officials denied they were dragging their feet, pointing out that it is a mammoth task to implement the reorganization, which is outlined in 180 pages of legislative language.

"The department was given until the end of March" to implement the reforms, spokeswoman Joanna Gonzalez told UPI, and "we look forward to briefing members of the committee."

But she said officials wanted to ensure that the transition plan was complete before they briefed Congress.

WAR NEWS:

Bush Plan For Iraq Requests More Troops And More Jobs (NYT)

By David E. Sanger

The New York Times, January 7, 2007

WASHINGTON, Jan. 6 — President Bush's new Iraq strategy calls for a rapid influx of forces that could add as many as 20,000 American combat troops to Baghdad, supplemented with a jobs program costing as much as $1 billion intended to employ Iraqis in projects including painting schools and cleaning streets, according to American officials who are piecing together the last parts of the initiative.

The American officials said Iraq's prime minister, Nuri Kamal al-Maliki, formally agreed in a long teleconference on Thursday with Mr. Bush to match the American troop increase, made up of five combat brigades that would go in at a rate of roughly one a month, by sending three more Iraqi brigades to Baghdad over the next month and a half.

Nonetheless, even in outlining the plan, some American officials acknowledged deep skepticism about whether the new plan could succeed.

They said two-thirds of the promised Iraqi force would consist of Kurdish pesh merga units to be sent from northern Iraq, and they said some doubts remained about whether they would show up in Baghdad and were truly committed to quelling sectarian fighting.

The call for an increase in troops would also put Mr. Bush in direct confrontation with the leaders of the new Democratic Congress, who said in a letter to the president on Friday that the United States should move instead toward a phased withdrawal of American troops, to begin in the next four months.

Mr. Bush is expected to make the plan public in coming days, probably in a speech to the country on Wednesday that will cast the initiative as a joint effort by the United States and Iraq to reclaim control of Baghdad neighborhoods racked by sectarian violence. Officials said Mr. Bush was likely to be vague on the question of how long the additional American forces would remain on the streets of Baghdad. But they said American planners intended for the push to last for less than a year.

A crucial element of the plan would include more than doubling the State Department's reconstruction efforts throughout the country, an initiative intended by the administration to signal that the new strategy would emphasize rebuilding as much as fighting.

But previous American reconstruction efforts in Iraq have failed to translate into support from the Iraqi population, and some Republicans as well as the new Democratic leadership in Congress have questioned if a troop increase would do more than postpone the inevitable and precarious moment when Iraqi forces have to stand on their own.

Congress has the power to halt the increases by cutting off money for Mr. Bush's proposals. But some Democrats are torn about whether to press ahead with such a move for fear that it will appear that they are not supporting the troops.

When Mr. Bush gives his speech, he will cast much of the program as an effort to bolster Iraq's efforts to take command over their own forces and territory, the American officials said. He will express confidence that Mr. Maliki is committed to bringing under control both the Sunni-led insurgency and the Shiite militias that have emerged as the source of most of the violence. Mr. Maliki picked up those themes in a speech in Baghdad on Saturday in which he said that multinational troops would support an Iraqi effort to secure the capital.

Some aspects of the plan were reported by The Wall Street Journal on Friday.

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The officials would not say specifically whether the American troop increase would be carried out if the Iraqis failed to make good on their commitment to add to their own ranks. But they emphasized that the American influx, which would be focused in Baghdad and Anbar Province but could also include a contingency force in Kuwait, could be re-evaluated at any point.

The American officials who described the plan included some who said they were increasingly concerned about Mr. Maliki's intentions and his ability to deliver. They said senior Bush administration officials had been deeply disturbed by accounts from witnesses to last Saturday's hanging of Saddam Hussein, who said they believed that guards involved in carrying out the execution were linked to the Mahdi Army, the Shiite militia that is headed by Moktada al-Sadr, whose name some of the executioners shouted while Mr. Hussein stood on the gallows.

"If that's an indication of how Maliki is operating these days, we've got a deeper problem with the bigger effort," said one official, who insisted on anonymity because he was discussing internal administration deliberations over a strategy that Mr. Bush has not yet publicly announced.

The White House has refused to talk publicly about any of the decisions that Mr. Bush has made about his plan, which is tentatively titled "A New Way Forward." Even though speechwriters are already drafting Mr. Bush's comments, several of the crucial elements are not final, officials warned. That apparently includes the exact amounts of money Mr. Bush will ask of Congress to finance the jobs program or a longer-term job-training effort that will also be part of the strategy.

Mr. Bush has previously promised to remake American reconstruction efforts in Iraq, most notably in December 2005, when he said that the United States had learned from the failure of efforts to rebuild major infrastructure, mostly run by American companies. But subsequent efforts to focus on programs that would bring more immediate benefits to Iraqis have also faltered.

The details of Mr. Bush's latest military, economic and political initiatives were described by several sources, including some who said they doubted it would work. The jobs program, noted one, "would have been great in 2003 or even 2004, but we are trying it now in a very different Iraq," one in which the passion for fighting for sectarian control of neighborhoods may outweigh interests in obtaining employment.

The American officials who described the program included both advocates and critics of Mr. Bush's new strategy and representatives of three different executive branch departments. They would speak only on condition of anonymity because they were discussing internal deliberations about a plan that Mr. Bush had not yet announced.

The most immediate element of the new jobs program would amount to a major expansion of what is known in the military as the Commander's Emergency Response Program, which provides money to local officers to put civilians to work as a way of reducing resistance to the American presence in neighborhoods. While the effort has had some successes, they have largely been temporary. As a senior White House official noted in an interview recently, "You'd go into a neighborhood, clear it, try to hold it, and come back later and discover that it's all been shattered."

The new effort, officials said, would cost between a half billion and a billion dollars, some of which would be spent on other efforts to achieve stability and train Iraqis for more permanent jobs. The State Department and the Treasury Department have been brought into that effort.

The plan also calls for a more than doubling of the "Provincial Reconstruction Teams," relatively small groups of State Department officials empowered to coordinate local reconstruction efforts, chiefly hiring Iraqi companies. For much of the first half of 2006, the State Department was engaged in a bureaucratic dispute with the Defense Department about how these teams would be protected, including exploration of a plan to hire private protective forces that a White House official said "was too expensive." Now those teams will be expanded and embedded with combat brigades, officials said, in what would amount to the latest effort to demonstrate to Iraqis that the American forces in their midst were not simply occupiers.

Much of the plan described by officials seemed to be consistent with views supported by Lt. Gen. David H. Petraeus, who will soon take over as the commander of ground forces in Iraq and who has been a strong advocate of an everyday American troop presence in neighborhoods.

Mr. Bush's speech is widely expected to make the case that Americans needed to commit to greater national sacrifice as part of what Bush administration officials acknowledge amounted to a last-ditch effort to salvage the mission in Iraq.

But almost as soon as his speech is done, a series of hearings will begin on Capitol Hill that Democrats intend to use to pick apart the details of the plan, with lawmakers questioning administration officials about whether a troop increase of any size can succeed this late in the war. Those hearings will also likely focus on whether the expanded American military commitment is linked to Iraqi military performance, a point that Bush administration officials would not address directly.

As described by those officials, Mr. Bush is stopping well short of declaring that the beefed-up American force will be sent only if the Iraqis also increase their own forces. But under the increase being contemplated, the reality is that every month between now and April or May, Mr. Bush will have a chance to decide whether to send an additional combat brigade into the country. "That's our moment of leverage," a White House official said.

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Officials said a larger American troop commitment also would be used to illustrate Washington's increased resolve to deter adventurism by regional adversaries, especially Iran. Mr. Bush's speech is expected to include talk of a new diplomatic initiative to shore up confidence among Washington's Islamic allies in the region as well as to warn its adversaries. Secretary of State Condoleezza Rice is expected to begin that initiative almost immediately after the speech, leaving for the Middle East by next weekend.

Parallel to an enlarged Baghdad security operation, Mr. Bush has signaled his desire to expand the number of American military trainers working with Iraqi security forces.

In a speech in Baghdad on Saturday, Mr. Maliki said he was going to renew his efforts to rid the Iraqi Army and other security forces of sectarian influences.

"I announce here that all parties and political organizations, without exception, are forbidden from practicing their activities among the armed forces," he said during a speech given to mark Army Day.

In his speech, he mentioned the new Baghdad security plan, saying multinational forces would "support and back up our forces." But he said little specifically about an increase in American troops. Officials familiar with his thinking have said privately that he opposes any measure that would delay giving his administration complete control over Iraq's armed forces as soon as possible.

He once again tried to reassure critics of his administration that no outlaws could expect protection.

"The Baghdad security plan will not provide safe haven for all outlaws, regardless of their political or sectarian identities," he said.

Bush Fleshes Out Iraq Strategy Details (AP)

By Deb Riechmann,

AP, January 7, 2007

President Bush worked Saturday to finish his new war plan that could send as many as 20,000 additional U.S. troops to Iraq and provide more money for jobs and reconstruction programs.

In Washington, Bush, who will announce his plan as early as Wednesday, held discussions with his national security advisers and then headed out of the White House for a bike ride. In Baghdad, Iraqi Prime Minister Nouri al-Maliki announced that Iraqi forces would launch a new effort to wrest control of neighborhoods in the capital from Sunni insurgents and Shiite death squads.

Military officials say Bush is considering sending two to five brigades — up to 20,000 troops — to help tamp down violence that is preventing political reconciliation and rebuilding efforts in Iraq. The idea of a troop buildup is getting a cool reception on Capitol Hill and from some military leaders who claim there is no military solution to the problems in Iraq where 140,000 troops already are deployed.

"Based on the advice of current and former military leaders, we believe this tactic would be a serious mistake," Senate Majority Leader Harry Reid said in the Democratic radio address Saturday. Instead, Reid and House Speaker Nancy Pelosi want Bush to begin pulling troops out in four to six months.

"Our troops and their families have already sacrificed a great deal for Iraq," Reid said. "They have done their part. It's time for the Iraqis to do their part."

Some military officials, familiar with the discussions, say Bush could initially dispatch 8,000 to 10,000 new troops to Baghdad, and possibly Anbar Province, and leave himself the option of sending more later if security doesn't improve.

Sen. John McCain, R-Ariz., and Sen. Joseph Lieberman, I-Conn., say that, at a minimum, another three to five brigades should be sent to Baghdad and one more to Anbar province. About 3,500 to 4,000 troops are in a brigade.

Most of the discussion about Bush's new plan has focused on U.S. troop strength, but the strategy he will unveil also will address political and economic issues. "The clear, hold and build counterinsurgency strategy requires a focus on all three," White House counselor Dan Bartlett said. "Our strategy will reflect that point."

Military analysts say Army Lt. Gen. Peter Chiarelli, who recently finished his tour as the No. 2 general in Iraq, has recommended a short-term jobs program. Others familiar with the plan say Bush is favoring: short-term jobs programs and extending micro-loans to small business; increasing the amount of money that military commanders can spend quickly on local projects to improve the daily lives of Iraqis.

Bush is considering allocating more money for the Commander's Emergency Response Program, set up in 2003 to give field commanders money to solve local problems quickly — and show American compassion and good will. The program was allocated $753 million in the 2006 budget year. The president also has expressed interest in shoring up job-training programs for

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Iraqis and the work being done by State Department teams that coordinate local reconstruction efforts in Iraq, according to those familiar with discussions.

In a move reflecting Bush's aim to shift gears in Iraq, the White House on Friday announced that Bush has picked Adm. William Fallon, who commands American forces in the Pacific, to replace retiring Gen. John Abizaid as top U.S. commander in the Middle East, and will nominate Army Lt. Gen. David Petraeus, who headed the effort to train Iraqi security forces, to replace Gen. George Casey as top American general in Iraq. Casey is becoming Army chief of staff.

Both Abizaid and Casey have expressed qualms in recent weeks about boosting U.S. forces in Iraq. Abizaid said an increase of 20,000 could not be sustained for long by the overburdened American military, and Casey said such a boost should be used only to advance U.S. strategic goals.

Last summer, the U.S. military and Iraqi army flooded the capital with 12,000 additional troops to quell violence. By October, the U.S. military said the operation had not met expectations and the situation was disheartening. And the second half of last year ended up being one of the most violent periods in the central and western sections of the Iraq since the 2003 U.S.-led invasion.

Bush is expected to continue his briefings with lawmakers next week, culminating in a meeting with bipartisan leadership on Wednesday, according to lawmakers and aides.

Critics Say "Surge" Is More Of The Same (WP)

By Michael Abramowitz, Robin Wright, Ann Scott Tyson, Washington Post Staff Writers

The Washington Post, January 7, 2007

Past Troop Buildups Have Not Quelled Iraq

President Bush is putting the final touches on his new Iraq policy amid growing skepticism inside and outside the administration that the emerging package of extra troops, economic assistance and political benchmarks for the Baghdad government will make any more than a marginal difference in stabilizing the country.

Washington's debate over Iraq will intensify this week as Bush lays out his plans, probably on Wednesday or Thursday, and Secretary of State Condoleezza Rice and other administration officials face tough questions from Democrats in congressional hearings.

Although officials said the president has yet to settle on an exact figure of new troops, senior military leaders and commanders are deeply worried that a "surge" of as many as five brigades, or 20,000 troops, in Iraq and Kuwait would tax U.S. ground forces already stretched to the breaking point -- and may still prove inadequate to quell sectarian violence and the Sunni insurgency. Some senior U.S. officials think it could even backfire.

"There is a lot of concern that this won't work," said one military official not authorized to speak publicly about the debate at the Pentagon.

Meanwhile, the political and economic ideas under consideration all appear to be variations on initiatives that U.S. and Iraqi authorities have proved unable to implement successfully since the 2003 invasion or have tried and found wanting, according to former U.S. officials and experts on reconstructing war-torn countries.

Many officials at the State and Defense departments also doubt that the government of Prime Minister Nouri al-Maliki is capable of making the necessary reforms, given its track record of promising but not delivering since taking power in May and despite Maliki's assurances in a speech yesterday that he would hold Iraqis accountable for implementing a new Baghdad security plan.

A sense that the White House is preparing more of the same is generating deep skepticism among Democrats in Congress, many of whom have signaled strongly in recent days that they would resist sending additional troops to Iraq. And although Republicans say they are open to what Bush proposes this week, they are also asking much more pointed questions about the premises of the White House Iraq policy.

Administration officials are pushing lawmakers and the public to withhold judgment until they see all the elements of the new Iraq policy. Bush consulted with advisers yesterday, and White House speechwriters were working on this week's address. There are signs that there could be some surprises as the administration's debate moves from the staff level to the final deliberations of the president and his closest advisers.

Responding to skepticism about Maliki within some parts of the administration, the White House may make a deeper involvement in Iraq contingent on Maliki cracking down on militias and death squads while also undertaking bold political initiatives and developing a wider economic plan, U.S. officials say. The addition of new U.S. troops, for example, may be phased over several months and conditioned on Iraq following through on promised political reforms, the officials said.

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One senior White House official said yesterday that the president considers the skepticism of lawmakers and the public "warranted" and that Bush will not "commit resources to a strategy that is not working." But the official said Bush was heartened by recent promises and plans from Maliki, citing the prime minister's speech in Baghdad yesterday in which he pledged a crackdown on sectarian militias, with U.S. assistance.

The official said U.S. and Iraqi leaders have been refining a new Iraqi security plan, first discussed when Bush and Maliki met in Jordan in November, in which Iraqi forces would take the lead with Americans in support. "It is not just rhetoric," the official said of Maliki. "He is actually putting forward specific plans and making different commitments than he has in the past." Speaking on the condition of anonymity because the president has not settled on a final plan, the official said Bush expects "a different result" from that of previous security plans.

Others have doubts. "I don't know that the Iraqi government has ever demonstrated ability to lead the country, and we shouldn't be surprised," said retired Army Lt. Gen. Jay M. Garner, who was the first U.S. official in charge of postwar Baghdad. "You'll never find, in my lifetime, one man that all the Iraqis will coalesce around." Iraqis are too divided among sectarian, ethnic and tribal loyalties, he said, and their loyalties are regional, not national.

Leon E. Panetta, a member of the Iraq Study Group, which recently delivered a wide-ranging set of recommendations about the way forward in Iraq, said in an interview that the test for him of the seriousness of the president's proposal will be whether Bush, in fact, conditions continued U.S. involvement on tangible progress from the Iraqi government.

"There has got to be some prospect that we are not just going to continue an open-ended commitment," said Panetta, who served in the Clinton White House as chief of staff.

As of yesterday, the president had not settled on a precise plan for adding to the 132,000 U.S. troops already in Iraq, officials said. Senior military and administration officials privately admit their deep concerns that the troop increase will backfire -- and leave the United States with no options left in six to eight months.

They note that since the U.S.-led invasion of Iraq in March 2003, the U.S. military has repeatedly carried out temporary troop increases of more than 20,000, but violence has continued to rise. The main difference under the new plan is that additional troops would be concentrated in the Baghdad vicinity, where there are currently seven U.S. brigades, and the increase could last longer, from six to 12 months, Pentagon officials said.

Meanwhile, the Joint Chiefs of Staff are worried about overstretching the Army and Marines.

The active-duty Army and Marine Corps lack a significant pool of ready and available forces to send to Iraq. The Army has one fully ready brigade of 3,500 to 4,000 troops on alert to deploy at any time. That on-alert brigade, most recently from the 82nd Airborne Division, has left for Kuwait in what could be the first phase of a troop increase, requiring that another unit take its place.

As a result, increasing ground troops would depend largely on extending units' time in Iraq and accelerating those preparing to go -- meaning longer war-zone tours and shorter periods back home for thousands of soldiers and Marines.

Under the plan, for instance, Army brigades would leave for Iraq sooner than planned, meaning soldiers would have less than 12 months at home to train and rebuild between tours -- a "red line" that outgoing Army Chief of Staff Gen. Peter J. Schoomaker said he did not want to cross, according to a senior military official.

During its two-month interagency review, the Bush administration has struggled the most to come up with proposals to jump-start the stalled political process in Iraq, according to U.S. officials and Western diplomats. The fate of the revised strategy will be determined as much by new movement on Iraq's combustible political front as by success on the battlefield, administration officials said.

But the emerging package looks slim and, absent last-minute additions, appears to be more of the same, according to sources who have been briefed.

The centerpiece of the political plan is the creation of a national reconciliation government that would bring together the two main Shiite parties with the two largest Kurdish parties and the Sunni Iraqi Islamic Party, according to Iraqi and U.S. officials. The goal is to marginalize Moqtada al-Sadr, the leader of the largest and most powerful Shiite militia and head of a group that has 30 seats in parliament and five cabinet posts.

To ensure participation of Sunni moderates, the Bush administration is pressing the Maliki government to take three other major steps: Amend the constitution to address Sunni concerns, pass a law on the distribution of Iraq's oil revenue and change the ruling that forbids the participation of former Baath Party officials.

The three major economic options on the table would revive dormant state-owned industries, launch a micro-finance program to give small loans to generate new businesses and expand a U.S. Agency for International Development stabilization program.

A fourth option would add major funds to a short-term work program to hire Iraqis to clean up trash or do repairs after U.S. and Iraqi troops secure neighborhoods. This Pentagon-run program is a way to lure unemployed men who had joined militias

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back into the mainstream economy, at least briefly, with the U.S. intention that Iraq would eventually spend its own money to create permanent jobs.

The idea to revive state-owned industries has come full circle. Iraq's economy under Saddam Hussein was state-controlled. When the first U.S. team arrived, its members looked to reenergize the industries as a key element in jump-starting the economy. But the subsequent Coalition Provisional Authority, run by L. Paul Bremer, opted to scrap the effort and emphasize a free-market economy, even though Iraq was ill equipped to make a dramatic conversion. The failure of a free market and the lack of both local and foreign investment has led the Defense Department to launch a massive reassessment.

Apparently absent from the final Iraq plan is any effort to engage Syria and Iran in trying to stabilize the country, a key recommendation from the Iraq Study Group, though the president will probably talk about new efforts to try to jump-start the Arab-Israeli peace process. Rice is expected to visit the Middle East to launch the effort later this month.

Bush Aides Lay Groundwork For Iraq Surge (LAT)

By Doyle McManus, Maura Reynolds, Times Staff Writers

The Los Angeles Times, January 7, 2007

WASHINGTON — Two months ago, the nation's voters handed both houses of Congress to the Democrats in an election that reflected deep discontent with the war in Iraq.

This week, President Bush is responding to voters' message — by preparing to escalate the U.S. military commitment in Iraq with a "surge" that would add thousands of troops.

That might sound paradoxical, but aides say Bush's willingness to send more troops makes sense based on two beliefs that have long guided his war strategy. The first is that the price of leaving Iraq would be greater than the cost of staying. The second is that the public will accept the burdens of war if convinced that success is still possible.

"Is this a war, or is it not a war?" one official asked, previewing an argument the president is likely to make. "If it is, you have to be willing to sacrifice…. Americans are willing to do that as long as we have a clear strategy that offers a chance of success."

The details of the administration's surge plan haven't been disclosed, and officials say some details are still being ironed out. Bush is expected to unveil the plan in a nationally broadcast speech this week, probably Wednesday evening.

But even before the plan's announcement, Bush aides — speaking on condition of anonymity to avoid stepping on his lines — have been describing his thinking and trying out talking points.

Their summary: Bush believes that the United States still has a chance to stop Iraq from descending into civil war — and, on the other side of the equation, that the consequences of withdrawal would be disastrous. He thinks it's too early to turn primary responsibility for security in Baghdad over to Iraqi security forces, whose performance has been disappointing.

That leaves Bush with no easy options. But one choice that would keep the hope of victory alive — a choice that has growing support in the White House — is a surge aimed at stopping sectarian violence in Baghdad, coupled with rapid political reforms and a U.S.-funded job program to halt the growth of sectarian militias.

Officials said the job program, intended to employ young men who otherwise might join the militias, could cost as much as $1 billion if Congress approves it. The administration's plan will also include proposals for increased economic aid that would further increase the total bill, they said.

White House officials acknowledge that any surge proposal would meet opposition from critics who say the prospect of success is too low to risk more troops' lives. But the officials say they believe that most members of the public are still willing to hear Bush out and give him another chance to succeed.

"If you look at the polls, immediately leaving Iraq is not actually a popular option," one White House aide said. "Everybody figures that anxiety about the war … means 'get out.' But public opinion is more complex than that."

If Bush decides to send more troops, he will argue that the deployment is part of a broader change in strategy that offers a new chance of success, aides said.

"A president does have the ability to persuade," one added.

One official involved in the administration's policy discussion described it this way: "There are several strategic options to choose from. Do we cut and leave, and attempt to exit gracefully? Do we adjust the current strategy and be patient? Do we keep the current strategy without any adjustment? Or do we try to change the dynamic by increasing the troop levels and changing the strategy?

"Given an ample supply of patience on the part of the American people, [the current strategy] would work. However, the president now knows that there's not an ample supply of patience on the part of the American people…. So he has to change the dynamic…. Does he do it by reducing troops and withdrawing, or does he change the mix in a different way?"

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If Bush does propose a surge, that will amount to his rejection of two options proposed in recent weeks. Army Gen. John P. Abizaid, commander of U.S. forces in the Middle East, opposed an increase in U.S. troops and called for a quicker transfer of responsibility to Iraqi forces. He is to retire in March.

A commission led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.) called for a strategy similar to Abizaid's and added that most U.S. combat forces should be withdrawn from Iraq by early 2008. Bush has privately dismissed its recommendations as useless.

Aides said that if Bush opted for a surge of troops, it should not surprise anyone who paid attention to his public statements about Iraq.

"Victory in Iraq is achievable," the president told reporters two weeks ago. "It hasn't happened nearly as quickly as I hoped…. A lot of Americans understand the consequences of retreat. Retreat would embolden radicals. It would hurt the credibility of the United States."

In October, Bush told a group of conservative columnists he believed that the public would support the war as long as it thought success was possible.

"People want to know, Can you win? They're with us if we can win," he said. "I'm from Texas. My buddies are saying, 'Are you doing enough?' not 'Are you doing too little?' They want to know, this mighty country … are we doing what it takes to win?"

Duke University public opinion scholar Christopher Gelpi, who has advised the Bush White House, said the administration faced an uphill battle.

"I think the public will be very unhappy with a surge proposal in the short term," he said. "Pressure for withdrawal was increasing before the election, and it's gotten even higher since the election. The Bush administration is unlikely to turn that around in the short term.

"If the White House is trying to say the election of 2006 was not a repudiation of the president's Iraq policy, that's not right," Gelpi added. "The election was a repudiation."

Still, he said, if a surge in troops succeeds in improving conditions in Iraq, public support for the war will probably increase. "If it works, the public will come around," Gelpi said. "I think he is pushing for a surge because he is willing to ride out public dissatisfaction in the short term, in hopes that he can improve the situation on the ground in Iraq and succeed in the long term…. In that sense, it's understandable."

But time may be short, Gelpi warned. "The quicker and sharper they can show some effect, the less the cost in U.S. lives is likely to matter," he said. "If it takes a year to show results, that's a real problem."

A Los Angeles Times/Bloomberg poll conducted in December found that 52% of Americans favored a fixed timetable for withdrawing U.S. troops from Iraq, 26% supported keeping troops in Iraq as long as necessary and 12% favored sending more troops. That survey did not ask about immediate withdrawal, but a CNN poll in December showed 21% favored such a plan.

Lawmakers from both parties — Democrats emboldened to oppose the war and the GOP worried about its 2008 electoral prospects — expressed skepticism about Bush's plans last week.

"No matter what [Bush] does, he'll get chewed on," said an aide to GOP congressional leadership, speaking on condition of anonymity. "If he calls for a surge, he'll get chewed on. If he doesn't, he'll get chewed on."

Sen. Mary L. Landrieu of Louisiana, a moderate Democrat who was one of 15 senators who met with Bush on Friday to share their concerns, said: "The president has … the burden of proof to give specific reasons and clear direction if, in fact, he's going to call for a troop surge. What that surge would do, how big it would be, how long the troops would stay, what cities, what neighborhoods, what his specific mission was — I think the American people's patience is wearing thin with vagueness."

Several Republicans, including Sens. Richard G. Lugar of Indiana and Chuck Hagel of Nebraska, have also expressed reservations about a surge plan.

As many as 10 of the Senate's 49 Republicans are either against or skeptical about the idea of a surge, the congressional aide said. "It would take a lot of specifics and a shorter-than-two-years time frame to bring them on board," the aide said.

In remarks last week, Bush suggested he would try to provide the details — although aides said he still rejected the idea of a fixed timetable. "One thing is for certain: I will want to make sure that the mission is clear and specific and can be accomplished," Bush said in a question-and-answer session with reporters.

Though most senators at Friday's White House meeting said they opposed any troop increase, they also suggested they were at least partially open to persuasion — even the Democrats.

"I would say that they were all opposed to it unless he comes up with some spectacular idea and a way to measure that idea," said Sen. Blanche Lincoln (D-Ark). "They weren't unequivocally against it, but most would say … the burden of proof was on the president."

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Probable Troop Surge In Iraq Raises Questions About Mission, Numbers (GAN)

By John Yaukey

Gannett, January 7, 2007

WASHINGTON — The new plan for Iraq President Bush will unveil within days probably includes increasing U.S. troops there as part of a strategy to save Baghdad, which has sparked intense debate even among advocates who differ on how many troops to send and for how long.

Signs point to Bush sending between 15,000 and 30,000 more troops on top of the 140,000 already in Iraq.

The Pentagon has raised the number of troops to almost 160,00 before — about the level it would be if Bush sent an additional 20,000.

The question now is what would the troops do given the grim new realities of sectarian division and civil war in Iraq, and is it worth it to risk more American lives?

Some leading advocates of a surge argue the situation in Iraq is too dire for anything short of a major increase of 30,000 or more troops for as long as it takes to at least stabilize the capital.

"It must be substantial and it must be sustained," presidential hopeful Sen. John McCain, R-Ariz., said after a fact-finding tour through the Middle East. "(It) will mean more casualties and more hardships. ... We have to be prepared for this."

Leading Democrats believe a troop surge is misguided at best and have vowed to fight it if it's not tied to future troop reductions. They argue the problems in Iraq can only be solved politically.

"Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain," Democratic leaders wrote in a letter to Bush on Friday.

Despite the broad range of opinion on a troop increase, many different voices in the debate agree that if more forces are sent, they must be part of an explicit mission that addresses a series of critical issues:

The troops

The Army and Marines are already stretched, raising questions about where to get the troops.

Increasing the number of troops by 20,000 for several months is possible without calling up any Guard or Reserve units. Military analysts say it probably would by done in part by delaying the departure of two Marine regiments and speeding up Army deployments scheduled for spring.

A prolonged surge into 2008, experts say, could require tapping Guard and Reserve units, which provided close to half the U.S. force in Iraq in 2005.

And would the Iraqis do their part?

Iraqi Prime Minister Nouri al-Maliki pledged to Bush on Thursday that he would commit three additional battalions to Baghdad, but his record of follow-through raises doubts.

In the ongoing failed effort to secure Baghdad that began last summer, dubbed Operation Together Forward, only two of six Iraqi battalions U.S. commanders requested showed up, according to Pentagon officials.

The mission

What would the mission be — more training of Iraqi troops, more fighting, or both — and how would success or failure be measured?

For the last year, the Pentagon has been stressing the training of Iraqi forces so they can lead the fight.

On the surface, this appears to be working. Army Maj. Gen. William Caldwell, spokesman for the Multinational Force in Iraq, recently said 80% of Iraq's army divisions are now responsible for their own battle space compared with 10% last year.

And yet every death rate — for U.S. troops, Iraqi forces and civilians — has gone up.

If the new mission is to secure Baghdad, American troops are likely in for some tough urban combat.

Retired Army Gen. Jack Keane, former vice chief of staff for the U.S. Army and an advocate of an aggressive troop surge, said retaking the streets of Baghdad would inevitably entail "clearing neighborhoods ... and that's house by house."

The militias

Would U.S. troops be able to engage the mostly Shiite militias now running death squads in Baghdad? Should they?

Following a Thursday call between Bush and al-Maliki, White House spokesman Tony Snow said, "The prime minister stressed his determination to go after anybody responsible for violence — that would include not only insurgent groups and Saddam loyalists but also militias."

Who would do that? The mostly Shiite Iraqi forces that have allowed the death squads in Baghdad free run.

U.S. forces have twice openly confronted Shiite militias, once in combat and again with a network of roadblocks set up to look for a kidnapped Iraqi-American soldier. Both times they were ordered to stand down by Maliki, himself a Shiite.

The government

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The purpose behind a troop surge in Baghdad presumably would be to provide Iraq's besieged government some breathing room to make difficult decisions.

This was tried two years ago.

A U.S. troop surge to 159,000 for Iraq's historic first elections in January 2005 had a temporary calming effect. But the new government's failure to get moving politically gave the insurgency an opening that led to a three-month spike in violence.

It raises the question: What would be the plan for U.S. troops now if the government remains paralyzed as it has been for months?

Or worse, the government crumbles as it nearly did recently when a block of Shiite lawmakers walked out in protest of a meeting between al-Maliki and Bush.

Bush has promised only that any new mission will be "clear and specific and can be accomplished."

Bush Eyes A Troop Surge (NSDY)

By Craig Gordon,

Long Island Newsday, January 7, 2007

But Bush is expected to announce a troop "surge" as early as Wednesday, even though some military experts and politicians from both parties say the results could be disastrous: a higher U.S. body count, call-ups of overstretched reserve units, and an American military pushed to the breaking point.

Plus, many fear, it probably won't work.

There is little reason to think a relative handful of troops could do what 140,000 U.S. troops have failed to achieve so far, especially in Baghdad, where 2006 was the deadliest year on record despite two previous military surges, these experts say.

"Breathing space"

Adding 20,000 more troops "is not a change in strategy. If Bush thinks that's a change, shame on him," said retired Army Col. Robert Killebrew, a respected former military planner. "It doesn't change the thrust of the war."

An administration source yesterday said the surge was a way to create "breathing space" for Iraqi security forces to grow strong enough to protect against sectarian and insurgent attacks, which U.S. officials had hoped they would start doing by now.

Instead, the plan would have U.S. forces move into Iraqi neighborhoods and protect the locals, the source said. That's dangerous duty that would put the troops in the line of fire and, critics say, merely continue Iraqi dependence on U.S. help.

In many ways, a surge would amount to a repudiation of the administration's current strategy, which has focused heavily on reducing U.S. presence in Iraq by pulling back from the fight and turning over more and more security duties to Iraqi forces.

Bush also has signaled that he will offer a massive economic and reconstruction aid package for Iraq, and propose an increase in funds that commanders on the ground can use for small local projects to build goodwill.

Even supporters of the plan paint it as essentially Bush's last stand: one final, high-stakes bid to salvage something approaching victory.

Now those supporters, including presidential hopeful Sen. John McCain (R-Ariz.), fear Bush will back down in the face of opposition from Democratic leaders and some Republicans -- sending too few troops for too short a time to do any good.

"It has to be significant and sustained. Otherwise, do not do it," McCain said Friday. "Otherwise, there will be more needless loss of American lives."

How much is enough?

McCain and other supporters suggest that 20,000 to 30,000 troops are the minimum needed, and that they should stay 18 months to two years, a dramatic reversal of proposals last year that would have had troops coming home, not going in.

But supporters of a surge fear that Bush may consider as few as 10,000 troops for as little as six months, a more politically palatable approach.

The White House has been tight-lipped about Bush's thinking, but defense sources say he ultimately could tap as many as five brigades to reach a 20,000-troop increase. Another plan under consideration calls for an initial push of two or three Army brigades into Baghdad, around 10,000 troops, and two Marine battalions into the Sunni insurgent hotbed in Anbar province, about 1,500 troops, defense officials said.

Any surge would be accomplished by speeding up the arrival of Army brigades, extending their tours from 12 months to 15 months, and lengthening the tours of Marine units already in Iraq from seven months to 10 or 12 months, sources said.

But any such plan is full of potential pitfalls, experts say -- mainly, the Pentagon's difficulty sustaining any troop increase into late 2007 and 2008. Already some Army units alternate between one year in Iraq and a little more than a year at home -- not the two years between tours the Pentagon once promised.

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"The issue isn't whether you can scare up 20,000 troops. The issue is, for how long?" said Loren Thompson, a military analyst with the conservative Lexington Institute think tank. "You just reach a point where the force barely can go home."

"No guarantee for success"

In a meeting with senators Friday, Bush pledged that any U.S. increase in Iraq would happen only if the Iraqi government stepped up its own efforts to rein in violence -- but the Iraqis have repeatedly failed to do their part.

During the most recent military push in Baghdad -- a plan Bush himself once heralded as a key step to improving security -- Prime Minister Nouri al-Maliki's government provided only one-third of the troops it had promised, said one source familiar with the operation. This time, al-Maliki is pledging to send three Iraqi brigades to supplement additional U.S. forces.

Top Democratic leaders Friday urged Bush to abandon the notion of a surge. Even McCain, whose support for the idea seems like political poison for a man who wants to be president, is clear that it might not work.

A surge "will mean more casualties and extra hardships for our brave fighting men and women, and the violence may get worse before it gets better," McCain said. "We have to be prepared for this. ... Even if we send additional troops to Iraq in large numbers for a sustained period, there is no guarantee for success in Iraq."

Iraq Will Be Petraeus's Knot To Untie (WP)

By Rick Atkinson, Washington Post Staff Writer

The Washington Post, January 7, 2007

General Known to See Peace as Still Possible

Lt. Gen. David H. Petraeus, who is President Bush's choice to become the top U.S. military commander in Iraq, posed a riddle during the initial march to Baghdad four years ago that now becomes his own conundrum to solve: "Tell me how this ends."

That query, uttered repeatedly to a reporter then embedded in Petraeus's 101st Airborne Division, revealed a flinty skepticism about prospects in Iraq -- and the man now asked to forestall a military debacle.

Long recognized as one of the Army's premier intellectuals, with a PhD from Princeton to complement his West Point education, Petraeus, 54, will inherit one of the toughest assignments handed any senior officer since the Vietnam War. He takes command of 132,000 U.S. troops in a country shattered by insurgency and sectarian bloodletting, with a home front that is divided and disheartened after 3,000 American combat deaths. If his riddle of 2003 remains apt, so does the headline on a Newsweek cover story about Petraeus in July 2004: "Can This Man Save Iraq?"

Skepticism is rife, inside and outside the Army. "Petraeus is being given a losing hand. I say that reluctantly. The war is unmistakably going in the wrong direction," retired Army Gen. Barry R. McCaffrey said in an interview yesterday. "The only good news in all this is that Petraeus is so incredibly intelligent and creative. . . . I'm sure he'll say to himself, 'I'm not going to be the last soldier off the roof of the embassy in the Green Zone.' "

Petraeus, if controversial among some peers who deem him arrogant or excessively ambitious, is seen by many others as perhaps the last, best hope for success in Iraq. "If anyone can pick up the baton and run with it, it is David Petraeus," said retired Gen. Gordon R. Sullivan, a former Army chief of staff.

After spending 2 1/2 of the past four years in Iraq, as a division commander and then as the officer overseeing the initial reconstruction of Iraqi security forces, Petraeus is known to believe that a stable, pacified Iraq is still possible -- if not probable -- but not without dramatically improved security. Having also served in Bosnia after the catastrophic civil war there, he has told friends that he sees troubling parallels between that country and Iraq. Two months ago, he said, "I actually stay awake occasionally at night trying to figure out the path ahead."

Upon Senate confirmation and the receipt of his fourth star, making him a full general, he is expected to spend some weeks assessing conditions in Iraq and drafting a strategic plan that goes beyond the current debate over whether to increase U.S. troop levels by up to five brigades, roughly 20,000 troops. That "surge" is consistent with the military's new counterinsurgency manual, much of which Petraeus wrote, which stresses protecting the indigenous population and imposing security as a condition for stability.

One of Petraeus's longtime Army patrons, now-retired Gen. Jack Keane, has advocated an even larger deployment this spring. But many strategists say such an increase is pointless without a sweeping economic reconstruction program and a robust rearmament of the Iraqi army with artillery, attack helicopters and other heavy weapons.

Many also say the additional forces to be used in any troop increase are already badly worn down by the military's intense operational tempo since the first deployments to Afghanistan in 2001. The new Democratic leadership in Congress on Friday pointedly rejected even a short-term escalation in U.S. forces in Iraq.

These problems and more confront Petraeus, who has told friends that he has no illusions about the complexity of the job at hand. Unaccustomed to failure, he is, in the words of one former aide, "the most competitive man on the planet." The son of a

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Dutch sea captain who took refuge in New York during World War II, Petraeus grew up in Cornwall on Hudson, a few miles outside the gates of the U.S. Military Academy, which he entered as a new cadet in July 1970.

"A striver to the max, Dave was always 'going for it' in sports, academics, leadership, and even his social life," the West Point yearbook noted in 1974. A month after graduation, he married Holly Knowlton, the daughter of the academy superintendent. They have two grown children.

As a young lieutenant, Petraeus entered an Army battered by defeat in Vietnam and badly frayed by drugs, lack of discipline and the American public's diminished esteem for the military. Accolades and achievements followed as he moved from post to post. Petraeus received all three prizes awarded in his class at Ranger School, perhaps the Army's toughest physical and psychological challenge, and he later won the George C. Marshall award as the top graduate in the Army Command and General Staff College class of 1983.

As he rose through the ranks, Petraeus alternated command and staff assignments with duty as an aide to several of the Army's most prominent four-star generals, a pattern that caused one envious peer to call him a "professional son." At Princeton University, Petraeus's dissertation, "The American Military and the Lessons of Vietnam," examined the caution that seized the high command after the war.

His intensity, cutting intellect and competitiveness have rubbed some officers the wrong way. Muttered jibes about "King David" have been heard around his command post. He remains obsessive about what he calls "the P.T. culture" -- physical training -- and has been known to challenge soldiers half his age to various athletic competitions. "If anyone beats him in the shorter runs, four miles or so, he takes them out for 10 miles and smokes them," a staff officer observed several years ago. At 5-foot-9 and 155 pounds, Petraeus evokes George Bernard Shaw's description of the British general Bernard L. Montgomery: "an intensely compacted hank of wire."

Twice, accidents almost ended his career, or even his life. In 1991, as a battalion commander at Fort Campbell, Ky., he was shot in the chest with an M-16 rifle when a soldier tripped during a training exercise. Rushed into surgery at Vanderbilt University Medical Center in Nashville, he underwent five hours of surgery by Bill Frist, who a decade later became Senate majority leader. While skydiving in 2000, Petraeus survived the abrupt collapse of his parachute 60 feet up. His shattered pelvis was reassembled with a plate and long screws.

As commander of the 101st Airborne, Petraeus saw combat for the first time during the division's drive up the Euphrates Valley, with sharp firefights in Najaf, Karbala and Hilla. But it was during the division's subsequent occupation of Mosul and northern Iraq that he won widespread acclaim by resurrecting the local economy, restoring services and preserving order with strategic force, which included killing Saddam Hussein's two sons. Posters in the division bivouacs read: "What have you done to win Iraqi hearts and minds today?"

More than 60 soldiers from the 101st died during the deployment, and upon bringing the division back to Kentucky in February 2004, Petraeus remarked, "It's been a long, tough year, and I am older in more ways than just age."

His subsequent service as commander of the Multi-National Security Transition Command, responsible for training Iraqi security forces, was another long, tough year -- that stretched to 15 months. Tens of thousands of Iraqi soldiers and police were trained, with concomitant efforts to supply infrastructure, equipment and procedures. But the project at best remains an imperiled work in progress, with alarming signs of sectarian fractures spreading through the Iraqi security institutions that Petraeus is known to consider as crucial to restoring stability there as any additional coalition forces could be.

Both long stints in Iraq have given Petraeus an intimate knowledge of the country's ethnic fractures and the limits of American influence. "A certain degree of intellectual humility is a good thing," he once told a reporter. "There aren't always a hell of a lot of absolutely right answers out there."

His cordial relations with the media, and the Newsweek cover story that depicted him as a potential savior for the Bush administration, rankled some of his superiors in the Pentagon, according to two now-retired senior generals. When Petraeus was sent to command the U.S. Army Combined Arms Center at Fort Leavenworth, Kan., in 2005, some of his peers wondered whether his career was in eclipse.

In asking that nettlesome question four years ago -- "Tell me how this ends" -- Petraeus alluded to the advice supposedly given President Dwight D. Eisenhower in the mid-1950s when he asked what it would take for the U.S. military to save the beleaguered French colonial empire in war-torn Vietnam: "Eight years and eight divisions."

With only ten divisions now in the U.S. Army, and the American public's patience ebbing, Petraeus recently acknowledged that such a prescription is not likely to be any more acceptable today than it was in the 1950s.

Conrad C. Crane, a West Point classmate of Petraeus's who last year helped him write the new counterinsurgency manual, said: "There have been situations in our history where American generals were given tough problems to resolve, like Lincoln

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grabbing U.S. Grant in 1864. Those situations have all demanded steadfastness, fortitude, initiative and creativity. It will take all those traits in Baghdad.

"We've got a big problem," Crane added. "He's the right guy to fix it. If anybody can fix this, he can."

A Change Of Course: Pelosi And New Democratic Congress May Face Crucial Test Over Iraq (SFC)

By Marc Sandalow

San Francisco Chronicle, January 7, 2007

Washington -- President Bush and the new Congress are on a collision course over Iraq that could overshadow the Democrats' "100-hour agenda" and end up defining Rep. Nancy Pelosi's tenure as House speaker.

Even as the House takes steps this week to raise the minimum wage, expand stem cell research, strengthen homeland security and lower prescription drug prices -- an ambitious lineup -- much of the nation's focus will be on Bush, who is expected to deliver a major address to outline the future of American involvement in Iraq.

If the president, as expected, announces his intention to deploy as many as 20,000 additional U.S. troops in Iraq, he may encounter widespread political and public defiance.

It will quickly test the new Democratic majority's capacity to stand up to the commander in chief in a time of war, and the ability of the legislative branch to seize control of the White House's controversial foreign policy.

"This war needs to come to an end. It is my highest priority as speaker," Pelosi said Friday after less than 24 hours on the job. "The president is going to have to step back. Up until now, his judgment has been severely impaired on this war in Iraq."

But the issue has been vexing to Congress, which has limited foreign policy options and has traditionally played a secondary role to the president. And Democrats are far more united in opposing Bush's war policy than in coalescing around an alternative.

It is with good reason that Iraq is not on Pelosi's 100-hour agenda -- legislation that she intends to have the House pass before the president delivers his State of the Union address later this month. Democrats are nearly unanimous in their support of the mostly domestic agenda, but they do not share a consensus on what to do next in Iraq, beyond a broad sense that the United States must begin to scale back.

"Democrats as a caucus have much more consensus around these economic issues," said Roger Hickey, co-director of the Campaign for America's Future, a liberal advocacy group, during an interview on the public radio program "Democracy Now."

Bush has been inviting lawmakers from both parties to the White House to discuss the future in Iraq. None has emerged with the impression that scaling back U.S. involvement is a leading option for the president. As Bush rattled off areas of potential agreement and bipartisan promise during his Saturday radio address, he did not mention Iraq.

Opposition to the war and Bush's approach in Iraq appeared to play a significant role in the Democrats' electoral success in November. Pelosi, as she assumed the speakership Thursday, declared that "nowhere were the American people more clear about the need for a new direction than in Iraq."

Sitting down with a small group of San Francisco journalists in her new office Friday, Pelosi bristled when a reporter said he wanted to change the subject from war to ethics.

"Wait a minute," Pelosi interrupted. "I believe the biggest ethical issue in this country is the war in Iraq. How we went there; how we put our troops out there without the equipment they needed; how, when they have given their all -- and they did their job very well -- they were abandoned in terms of political and diplomatic initiatives that are necessary to accompany a military effort."

As Pelosi's No. 1 priority, a change in the course of the war would be trumpeted as a great accomplishment. And while failure in Iraq might be blamed primarily on Bush and impair the GOP's ability to hold onto the White House in the 2008 election, it would also raise questions about whether Democrats were able to keep their pledge to usher in a new direction.

"The people have spoken. They expect change," said Rep. Barbara Lee, D-Oakland, one of the founders of the Out of Iraq caucus in the House.

For now, Democrats are counting on growing public opposition and congressional oversight to force that change.

Pelosi has held open the possibility of attaching conditions to the Pentagon's appropriation bill, which the House expects to receive in the next few weeks. And Democrats have scheduled at least five hearings on Iraq this week, three in the Senate and two in the House.

"Making policy openly, with transparency and accountability, will help," said Rep. Henry Waxman, D-Los Angeles, whose committee on government reform is expected to scrutinize Iraq contracts received by Halliburton and other private companies.

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"They haven't been answering the tough questions," Waxman said, noting that Rep. Ike Skelton, the Missouri Democrat and new chairman of the House Armed Services Committee, never received a reply when he sent the White House a letter shortly after the start of the war asking about follow-through plans.

"Now you can be certain he will get an answer," Waxman said.

But Pelosi has ruled out using what many believe is the legislative branch's most potent weapon -- its ability to cut off the funds with which the Pentagon wages war. Congress took such an approach at the very end of the Vietnam War, though the United States had already committed to leaving.

A growing number of peace organizations, and a few members of Congress, have been promoting such a direction as the only way to force Bush to change course.

Pelosi said to cut the money supply could be dangerous to American troops in that the Pentagon could continue to wage war without the proper equipment.

"You have to face the ramifications of your decision. You can't just say, 'OK, let's cut if off, but I don't mean to hurt the troops,' " Pelosi said.

Bush has shown little sign that the November election will change his thinking on the almost 4-year-old war.

"I don't know if (voters) said, 'Come home and leave behind an Iraq that could end up being a safe haven for al Qaeda.' I don't believe they said that," the president said in a news conference the day after the vote.

In the buildup to Bush's speech -- which may come Wednesday, although a time and a place have yet to be announced -- White House press secretary Tony Snow has avoided answering questions about how the president could escalate a war after what appeared to be a rejection of his policy. Polls show about 3 of 4 Americans oppose the president's efforts in Iraq and fewer than 1 in 5 support a surge of troops.

"What you're doing is, you're asking me, 'Is the president concerned about the public-opinion ramifications of a policy that he may or may not have chosen?' When the president chooses a policy, we can do the public polling questions. I think at this point it's preliminary," Snow said Friday.

But most observers foresee an intensified struggle between Bush and Congress.

"We can see a major clash coming between a Democratic Congress and the administration on this very, very fundamental issue," said Bruce Riedel, a former member of Bush's National Security Council and now a fellow at the Brookings Institution. "Not only do most Democrats on the Hill oppose the surge or have serious doubts about it, but more and more Republicans have doubts about the wisdom of the surge."

Even as the Democrats schedule votes on domestic issues for the rest of the month, Pelosi believes the new congressional scrutiny on Bush's Iraq policy will pressure lawmakers of both parties to join her demand for change.

"The opposition to the war and the call for change is coming from the American people," the speaker said.

"Nothing is more eloquent to a member of Congress than the voice of his or her constituents."

Sen. Lieberman Goes His Independent Way (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, January 7, 2007

He Calls for "Substantial" Troop Increase in Iraq

Standing under the grand dome of the Library of Congress on Friday, the three top Senate Democrats bitterly condemned sending more U.S. troops to Iraq, as President Bush is now considering.

"A bad idea," said Majority Leader Harry M. Reid (Nev.).

"A huge mistake," warned Majority Whip Richard J. Durbin (Ill.).

"Makes no sense whatsoever," fumed Sen. Charles E. Schumer (N.Y.).

Across town an hour earlier, at the conservative American Enterprise Institute, Connecticut Sen. Joseph I. Lieberman shared his own thoughts on Bush's plan. "We need an increase in troops there now," he asserted before an audience of military experts and academics. "It must be substantial, and it must be sustained."

Lieberman was sworn in last week as the chamber's one and only "independent Democrat," with the emphasis on "independent." On most issues, including big domestic priorities, he expects to vote as he has for the past 18 years, as a loyal Democrat. But on Iraq, Lieberman is more in sync with Bush than are many Republicans. He is a passionate defender of the war as a death struggle against Islamic terrorism.

The November election swept Republicans out of power in Congress and signaled that voters are deeply unhappy about the course of the Iraq war. The asterisk is Lieberman, who won a fourth term in an antiwar state with strong support from Republican and unaffiliated voters.

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That has given Lieberman a mandate to be the man in the middle, an essential player to both parties while beholden to neither. Lately he has dropped the "Democrat" half of his affiliation, describing himself at the Friday event merely as an independent. He even holds out the possibility that he would back a supporter of the Iraq war, Sen. John McCain (R-Ariz.), in the 2008 presidential race -- although his Connecticut colleague, Sen. Christopher J. Dodd (D), also may be running.

"I've had a very political two years, so I'm staying out of it for now," Lieberman demurred after his AEI address. "But you know, I'm independent, and I'm just going to watch it develop for a while. I'm going to support who's best for the country. But I wouldn't exclude the possibility" of endorsing McCain.

Bush is considering a temporary increase in U.S. force levels as he prepares to deliver a major speech on Iraq policy this week. Reid and House Speaker Nancy Pelosi (D-Calif.) told the president in a letter Friday that they oppose the idea.

"There is no military solution in Iraq, only a political solution," Reid said. "Adding more combat troops to this civil war undermines our efforts to get the Iraqis to take responsibility for the future."

Lieberman got a hearty laugh at the AEI event when asked to comment on the Reid-Pelosi letter. "Speaking as an independent," he said with a smile, "needless to say, I respectfully disagree."

For Lieberman and McCain, the big worry is that Bush will order too small a troop increase to make a difference. "Unless you believe all is lost, we've got to do everything we can to win," Lieberman said.

Upon hearing of his colleague's comments, Durbin sighed and shook his head. "Joe Lieberman said that?" he asked.

Democrats grumble off the record that Lieberman is muddying an increasingly unified Democratic message on Iraq, but their public comments are cautious and generally complimentary. They pretended not to notice his brief appearance at the Library of Congress retreat, which overlapped with the AEI forum.

"It's important to hear a lot of views, which is quite different from what happens in the White House," Schumer said. Or, as Reid put it: "Joe Lieberman could so easily be with us, but he doesn't want to be. I respect that. He's a good man."

On Dec. 29, during a quiet holiday week in Washington, Lieberman published an opinion piece in The Washington Post headlined, "Why We Need More Troops in Iraq." It recalled an earlier Lieberman op-ed, published in the Wall Street Journal on Nov. 29, 2005, headlined, "Our Troops Must Stay." That piece, which undercut a growing Democratic call for a withdrawal from Iraq, spurred antiwar candidate Ned Lamont to challenge Lieberman in last summer's Democratic primary. Lamont, a Greenwich millionaire and political neophyte, wound up winning the primary.

Lieberman's opposition to an Iraq withdrawal was not a radical position. It followed mainstream Republican thinking, and some Democrats shared the view. Sending more troops to Iraq is proving far more controversial. Two GOP senators who face potentially tough 2008 reelections, Norm Coleman of Minnesota and Susan Collins of Maine, have already said they oppose it. Other Republicans have expressed strong reservations.

One Lieberman trait that particularly rankles Democrats is his abiding loyalty to Bush. A few days after the Wall Street Journal published the senator's op-ed piece, Lieberman lectured at a foreign policy conference. "It is time for Democrats who distrust President Bush to acknowledge that he will be commander in chief for three more critical years," he said, "and that in matters of war we undermine presidential credibility at our nation's peril."

The senator was a bit more measured Friday, but his point was clear.

"The president of the United States gets this," Lieberman said. "I think he sees the moment that we are at in the larger war on terrorism and the significance of how we conclude the war in Iraq, how devastating it would be to the Iraqis, to the Middle East, to America if we simply withdrew. He needs our support."

A "Surge" In Iraq? (WP)

The Washington Post, January 7, 2007

A troop increase that few in the Pentagon, Congress or the Iraqi government really want

PRESIDENT BUSH is widely expected to unveil a new strategy for Iraq this week that will include a substantial increase in U.S. troops. If he does, he will face a formidable task in convincing Congress and the public that such a "surge" makes sense. It's well known that many senior American generals, including the outgoing commanders of American forces in Iraq and the Middle East, have resisted a troop increase. The Iraqi government of Nouri al-Maliki appears, at best, lukewarm. Mr. Maliki's own plan, like that of the Iraq Study Group, calls for Iraqi forces to take over most of the fighting in the coming months. A majority of the new Congress, and most Americans, favor a winding down of the U.S. troop commitment, not an escalation.

Mr. Bush's first challenge if he proposes a surge will consequently be to convince the country that the fresh troops would have a vital and achievable mission. Those who have been arguing for the move -- notably, Sens. John McCain (R-Ariz.) and Joseph I. Lieberman (I-Conn.) -- say the purpose would be to pacify those sectors of Baghdad where sectarian fighting has been most intense. They argue that the main U.S. goal in Iraq, which is to forge a stable and sustainable government, can't be

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achieved unless there is a minimal level of security in the capital. The Iraqi army isn't yet able to impose order, they say; if the United States doesn't do it, the sectarian warfare will continue to escalate. Without a surge, Mr. McCain and Mr. Lieberman warn, the war will be lost.

This is a serious argument, and the two senators have been principled and even courageous in making it. But several questions give us pause. One is whether the administration and the Army will have the political and logistical capacity to carry out the sort of surge that the senators, and experts at the conservative American Enterprise Institute who support them, say is necessary: Total U.S. forces in Iraq would grow from fewer than 140,000 to as many as 175,000 and remain at that level indefinitely. Such a deployment would place severe new strains on the Army and probably require the alteration of Pentagon rules limiting the deployments of reservists. Some reports have said the administration is considering a more modest increase, both in numbers and in length of deployment. Mr. McCain says that would doom the strategy to failure.

There's no guarantee that the new American forces could stop the mayhem in Baghdad. But let's assume violence did plummet: The logic of the surge assumes that while U.S. soldiers ensured security, Iraq's Sunni, Shiite and Kurdish factions could be pressured into political accord. Yet given their recent behavior, it's hard to believe that the political leadership of any of Iraq's main factions is ready for compromise -- or will be during the limited window created by the surge. While Mr. Maliki occasionally speaks of accord, his government has pursued a sectarian agenda. If U.S. troops pacify Baghdad, Shiite politicians in the government may feel less rather than more pressure to compromise.

The constructive alternative to a surge is not the abandonment of Iraq. Instead, it is the fashioning of a strategy that positions the United States to support the country's moderate forces over the long term -- not just 18 months but the years that may pass before the country can be stabilized. That means a smaller and sustainable military force that can focus on training and backing up the Iraqi army and fighting al-Qaeda, and an aid program that supports the elected government while seeking to marginalize its extremist elements.

The Iraq Study Group, the Maliki government and outgoing U.S. military commanders seemed to converge on this approach. Should he embrace it, President Bush would have a good chance of achieving a broad consensus on Iraq policy, something that is desperately needed if U.S. involvement -- and the painful loss of American lives -- is going to continue. If he chooses escalation, Mr. Bush will have to work a lot harder than he has before to explain the mission that justifies the risk and to build support in Congress and with the public.

The Timely Death Of Gerald Ford (NYT)

By Frank Rich

The New York Times, January 7, 2007

THE very strange and very long Gerald Ford funeral marathon was about many things, but Gerald Ford wasn't always paramount among them.

Forty percent of today's American population was not alive during the Ford presidency. The remaining 60 percent probably spent less time recollecting his unelected 29-month term than they did James Brown's "Papa's Got a Brand New Bag." Despite the lachrymose logorrhea of television anchors and the somber musical fanfares, the country was less likely to be found in deep mourning than in deep football. It's a safe bet that the Ford funeral attracted far fewer viewers than the most consequential death video of the New Year's weekend, the lynching of Saddam Hussein. But those two deaths were inextricably related: it was in tandem that they created a funereal mood that left us mourning for our own historical moment more than for Mr. Ford.

What the Ford obsequies were most about was the Beltway establishment's grim verdict on George W. Bush and his war in Iraq. Every Ford attribute, big and small, was trotted out by Washington eulogists with a wink, as an implicit rebuke of the White House's current occupant. Mr. Ford was a healer, not a partisan divider. He was an all-American football star, not a cheerleader. He didn't fritter away time on pranks at his college fraternity, Delta Kappa Epsilon, because he had to work his way through school as a dishwasher. He was in the top third of his class at Yale Law. He fought his way into dangerous combat service during World War II rather than accept his cushy original posting. He was pals with reporters and Democrats. He encouraged dissent in his inner circle. He had no enemies, no ego, no agenda, no ideology, no concern for his image. He described himself as "a Ford, not a Lincoln," rather than likening himself to, say, Truman.

Under the guise of not speaking ill of a dead president, the bevy of bloviators so relentlessly trashed the living incumbent that it bordered on farce. No wonder President Bush, who once hustled from Crawford to Washington to sign a bill interfering in Terri Schiavo's medical treatment, remained at his ranch last weekend rather than join Betty Ford and Dick Cheney for the state ceremony in the Capitol rotunda.

Yet for all the media acreage bestowed on the funeral, the day in Mr. Ford's presidency that most stalks Mr. Bush was given surprisingly short shrift — perhaps because it was the most painful. That day was not Sept. 8, 1974, when Mr. Ford

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pardoned his predecessor, but April 30, 1975, when the last American helicopters hightailed it out of Saigon, ending our involvement in a catastrophic war. Mr. Ford had been a consistent Vietnam hawk, but upon inheriting the final throes of the fiasco, he recognized reality when he saw it.

Just how much so can be found in a prescient speech that Mr. Ford gave a week before our clamorous Saigon exit. (And a speech prescient on other fronts, too: he called making "America independent of foreign energy sources by 1985" an urgent priority.) Speaking at Tulane University, Mr. Ford said, "America can regain the sense of pride that existed before Vietnam" but not "by refighting a war that is finished as far as America is concerned." He added: "We, of course, are saddened indeed by the events in Indochina. But these events, tragic as they are, portend neither the end of the world nor of America's leadership in the world."

All of this proved correct, and though Mr. Ford made a doomed last-ditch effort to secure more financial aid for Saigon, he could and did do nothing to stop the inevitable. He knew it was way too late to make the symbolic gesture of trying to toss fresh American troops on the pyre. "We can and we should help others to help themselves," he said in New Orleans. "But the fate of responsible men and women everywhere, in the final decision, rests in their own hands, not in ours."

Though Mr. Ford was hardly the unalloyed saint of last week's pageantry, his words and actions in 1975 should weigh heavily upon us even as our current president remains oblivious. As Mr. Ford's presidential history is hard to separate from the Bush inversion of it, so it is difficult to separate that indelible melee in Saigon from the Hussein video. Both are terrifying, and for the same reason.

The awful power of the Hussein snuff film derives not just from its illustration of the barbarity of capital punishment, even in a case where the condemned is a mass murderer undeserving of pity. What really makes the video terrifying is its glimpse into the abyss of an irreversible and lethal breakdown in civic order. It sends the same message as those images of helicopters fleeing our embassy in April 1975: Iraq, like Vietnam before it, is in chaos, beyond the control of our government or the regime we're desperately trying to prop up. The security apparatus of Iraq's "unity government" was powerless to prevent the video, let alone the chaos, and can't even get its story straight about what happened and why.

Actually, it's even worse than that. Perhaps the video's most chilling notes are the chants of "Moktada! Moktada! Moktada!" They are further confirmation, as if any were needed, that our principal achievement in Iraq over four years has been to empower a jihadist mini-Saddam in place of the secular original. The radical cleric Moktada al-Sadr, an ally of Hezbollah and Hamas, is a thug responsible for the deaths of untold Iraqis and Americans alike. It was his forces, to take just one representative example, that killed Cindy Sheehan's son, among many others, in one of two Shiite uprisings in 2004.

The day after Casey Sheehan's slaughter, Dan Senor, the spokesman for the American occupation, presided over a Green Zone news conference promising Mr. Sadr's woefully belated arrest on a months-old warrant for his likely role in the earlier assassination of Abdel Majid al-Khoei, a rival Shiite who had fiercely opposed Saddam. Today Mr. Sadr and his forces control 30 seats in the Iraqi Parliament, four government ministries, and death squads (a k a militias) more powerful than the nominal Iraqi army. He is the puppetmaster who really controls Nuri al-Maliki — the Iraqi prime minister embraced by Mr. Bush — even to the point of inducing Mr. Maliki to shut down a search for an American soldier kidnapped at gunpoint in Sadr City in the fall. (And, you might ask, whatever happened to Mr. Senor? He's a Fox News talking head calling for a "surge" of American troops to clean up the botch he and his cohort left behind.) Only Joseph Heller could find the gallows humor in a moral disaster of these proportions.

It's against the backdrop of both the Hussein video and the Ford presidency that we must examine the prospect of that much-previewed "surge" in Iraq — a surge, by the way, that the press should start calling by its rightful name, escalation. As Mr. Ford had it, America cannot regain its pride by refighting a war that is finished as far as America is concerned and, for that matter, as far as Iraq is concerned. By large margins, the citizens of both countries want us not to escalate but to start disengaging. So do America's top military commanders, who are now being cast aside just as Gen. Eric Shinseki was when he dared assert before the invasion that securing Iraq would require several hundred thousand troops.

It would still take that many troops, not the 20,000 we might scrape together now. Last month the Army and Marines issued an updated field manual on counterinsurgency (PDF) supervised by none other than Lt. Gen. David Petraeus, the next top American military commander in Iraq. It endorsed the formula that "20 counterinsurgents per 1,000 residents" is "the minimum troop density required." By that yardstick, it would take the addition of 100,000-plus troops to secure Baghdad alone.

The "surge," then, is a sham. It is not meant to achieve that undefined "victory" Mr. Bush keeps talking about but to serve his own political spin. His real mission is to float the "we're not winning, we're not losing" status quo until Jan. 20, 2009. After that, as Joseph Biden put it last week, a new president will "be the guy landing helicopters inside the Green Zone, taking people off the roof." This is nothing but a replay of the cynical Nixon-Kissinger "decent interval" exit strategy concocted to pass the political buck (to Mr. Ford, as it happened) on Vietnam.

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As the White House tries to sell this flimflam, picture fresh American troops being tossed into Baghdad's caldron to work alongside the Maliki-Sadr Shiite lynch mob that presided over the Saddam hanging. Contemplate as well Gerald Ford's most famous words, spoken as he assumed the presidency after the Nixon resignation: "Our Constitution works; our great republic is a government of laws and not of men. Here the people rule."

This time the people do not rule. Two months after Americans spoke decisively on Election Day, the president is determined to overrule them. Our long national nightmare in Iraq, far from being over, is about to get a second wind.

Making The Surge Work (NYT)

By David Brooks

The New York Times, January 7, 2007

Picture the person you love most in the world. Now imagine that person shredded by a bomb or dropped off one morning in the gutter with holes drilled through the back of the head. Imagine your lifelong rage, and the terror of not knowing who will die next. Now imagine this has happened to someone in nearly every family on your block, and on the next block, and in the whole town.

This is Iraqi society.

And yet Gen. George Casey and Gen. John Abizaid wanted to put the burden of nation-building on the victims and initiators of this maelstrom. U.S. war strategy for the past three years has been to lighten the American footprint in Iraq and compel Iraqis to undertake the policing tasks we ourselves couldn't accomplish.

Over this time a chorus has arisen to oppose this strategy. The members of this chorus — John McCain, The Weekly Standard, whispering dissenters in the middling rankings of the military — argue that it's simply unrealistic to expect human beings in these circumstances to become impartial nation-builders. These dissenters have argued, since the summer of 2003, that the U.S. must commit more troops to establish security before anything else becomes possible.

For over three years, President Bush sided with the light-footprint school. He did so for personal reasons, not military ones. Casey and Abizaid are impressive men, and Bush deferred to their judgment.

But sometimes good men make bad choices, and it is now clear that the light-footprint approach has been a disaster. If the U.S. had committed more troops and established security back in 2003, when, as Fareed Zakaria of Newsweek recently reminded us, the Coalition Provisional Authority had 70 percent approval ratings, history would be different.

It is now 2007, and President Bush has finally replaced Donald Rumsfeld, Casey and Abizaid. The question now is whether the policy that should have been implemented in 2003 can still be implemented four years on — after so many thousands have died.

Many in and out of the administration think so, hence all the talk about a surge — putting 20,000 more troops into Baghdad, finally occupying the dangerous neighborhoods, finally starting a jobs program, finally forcing national reconciliation.

Unfortunately, if the goal is to create a stable, unified Iraq, the surge is a good policy three years too late. For that surge to succeed now, it would have to accomplish the following tasks: compel the Maliki government to deliver public services in a nonsectarian way; convert the Shiite theocrats who now dominate the Iraqi government into ecumenical multiculturalists; persuade the rabid Sunni leaders to accept a dependent role in the new Iraq; induce the traumatized Iraqi people to hang together as the blood flows; sustain, over 18 months, American political support for an arduous policy that begins with a 17 percent approval rating.

The odds that the surge can accomplish these tasks are vanishingly small. The tragic truth is that the social context for this military strategy has changed since 2003.

But another surge may be realistic. This surge would begin by giving up the dream of national reconciliation and acknowledging that Iraq is in the process of dividing itself.

As the best reporting from Baghdad makes clear, today's Iraqi leaders have little interest in healing the Sunni-Shiite divide. People are retreating to their sectarian homelands by the tens of thousands. In an ever-radicalizing climate, the Sadrs are supplanting the Sistanis, and genocidal Sunni leaders are replacing the merely racist ones.

Perhaps, in other words, it's time to merge the military Plan B — the surge — with a political Plan B — flexible decentralization. That would mean using adequate force levels (finally!) to help those who are returning to sectarian homelands. It would mean erecting buffers between populations where possible and establishing order in areas that remain mixed. It would mean finding decentralized governing structures that reflect the social and psychological facts on the ground.

The record shows that in sufficient numbers and with sufficient staying power, U.S. troops can suppress violence. Perhaps more U.S. troops can create a climate in which decentralized arrangements can evolve.

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We can't turn back time. But if the disintegration of Iraqi society would be a political and humanitarian disaster, perhaps we should finally commit military resources, and create a political strategy, commensurate with the task of salvaging something.

Clarity On Iraq, And Beyond (WP)

By Jim Hoagland

The Washington Post, January 7, 2007

President Bush's choices on Iraq come down to two: clarity, or continued confusion of goals, methods and priorities. His impending address to the nation will reveal which choice he has made. It will also mold his foreign policy agenda for the gathering twilight of his presidency.

Bush will signal whether Iraq will remain the center of his grand designs for the Middle East or will recede to being one more troublesome conflict in a zone of deadly turbulence and trade-offs. Events, and one key aide, point Bush toward the latter course, with its promise of salvaging his legacy elsewhere.

The aide is Condoleezza Rice, who has developed a personal exit strategy for Iraq. She is tossing that reputation-damaging hot potato to John Negroponte, a former ambassador to Baghdad who is resigning as director of national intelligence to become Rice's deputy at the State Department.

His arrival will allow Rice to continue her minimalist personal engagement with Iraq. She will focus her considerable management skills instead on the Israeli-Palestinian conflict. A day or so after the president's midweek speech, she will embark on a high-profile Middle Eastern trip dedicated to reviving the two-state solution Bush has endorsed.

Negroponte's move -- which may enhance the influence of new Defense Secretary Robert Gates, given his own intelligence background -- is a key element in the changes of military commanders and diplomats that have been unveiled to frame Bush's speech. But the president must not confuse the administration's organization chart with a blueprint for a way out of Iraq. Only clarity of purpose will lead to that outcome.

Here is a four-point program that Bush could adopt to clarify and bolster U.S. purposes, especially if he is going to "surge" more troops into the Iraq theater, as is widely anticipated:

Â· Bush should acknowledge that his hopes for establishing Iraq as a united, free-market democratic model for the Arab world have fallen far short. Iraqis have chosen a more violent, sectarian and decentralized national reality that they must now stabilize or destroy on their own.

The best way to dramatize that shift would be to call a one-month halt to U.S. offensive actions -- a truce, in effect -- and encourage Iraqis to do the same. This would facilitate the holding of a peace conference in Baghdad, in which blood-stained radicals such as Shiite cleric Moqtada al-Sadr and Hadith al-Dari, the inflammatory voice of Sunni insurgents, would be asked to participate.

Â· Bush's speech should recognize that Iran has legitimate interests in security in Iraq and the Persian Gulf region, and he should pledge that the United States will not use Iraq as a springboard for action against the Iranian regime.

These implicit security guarantees -- if met by a proper response from Iran -- could be the basis for a broad U.S.-Iranian dialogue and an eventual regional conference to endorse and implement the work of the Baghdad conference.

Â· The United States should also be prepared to extend guarantees of territorial security for Arab states in the Gulf region. Bush should announce that he wants consultations with Saudi Arabia, Kuwait, Egypt, Jordan and other Arab states -- as well as principal U.S. allies in Europe -- on extending a U.S. or NATO nuclear umbrella over friendly states in the Gulf.

This would be a direct defensive response to Iran's destructive drive for a nuclear program that can produce atomic weapons. U.S. guarantees would enable Arab states to forgo developing their own nuclear arsenals, just as the U.S.-Japan bilateral security treaty is intended to keep Japan nuclear-free.

Â· As the first president to have explicitly endorsed a Palestinian state, Bush should use Rice's new burst of Middle East activism to reinforce the changes in Iraq strategy his speech will disclose. U.S. officials hope Rice can get Israel to release 450 Palestinian prisoners soon as a first step toward Hamas giving up the kidnapped Israeli soldier it holds.

But this heavy new U.S. involvement in the peace process must be included, along with the nuclear guarantees and the Baghdad conference, in a binding U.S. offer to the region's Sunni rulers in return for their cooperation in calming Iraq now. Bush must show the Saudis, Jordanians and others that they have much to gain from cooperation and much to lose from continuing to tolerate or encourage the catalytic Sunni-initiated violence that is destroying Iraq and increasing Iran's influence.

There are many challenges to overcome in constructing this Grand Bargain. But proposing and pursuing it gives Bush his best opportunity to explain to Americans and the rest of the world the complicated and dangerous new realities that his policies have helped create. Desperate times demand desperate measures, and desperate speeches.

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30 Dead In Baghdad Clash; Bodies Hanged On Lampposts (NYT)

By Marc Santora

The New York Times, January 7, 2007

BAGHDAD, Jan. 6 — A fierce clash left at least 30 people dead in central Baghdad late Saturday night as Iraqi Army forces fought with gunmen in an area where several residents had been killed and their bodies hanged from street lampposts, the Iraqi military said.

The fighting took place in the neighborhood around Haifa Street, a mostly Sunni Arab enclave with a small Shiite population.

A spokesman for the Defense Ministry, Muhammad al-Askari, said that an Iraqi Army unit had gone into the area after receiving reports that Sunni fighters had set up a fake security checkpoint and were taking Shiites aside and shooting them.

The bodies of many of those killed at the roadblock were then hanged from the lampposts, Mr. Askari said.

He said that Iraqi soldiers had moved in and surrounded the fighters at the checkpoint. In initial fighting there, 30 of the men were killed and several more were arrested, Mr. Askari said, adding that the neighborhood remained locked down. There was no way to verify the figures.

Residents living nearby said that they were hearing continued fighting through the night but that it was impossible to know precisely what was happening.

In the same neighborhood, there were reports of clashes as government forces moved to collect 27 bodies dumped behind a local hospital. But it was unclear whether the firefight with Iraqi troops was related.

The government said Saturday that 72 bodies were recovered around the city on Saturday, most showing signs of torture.

Prime Minister Nuri Kamal al-Maliki announced Saturday the beginning of a new Baghdad security operation and promised to purge the government security forces of militia fighters and others with sectarian aims.

But Mr. Maliki has promised such a crackdown before, and his government has been increasingly seen by Sunnis in Iraq and abroad as dominated by Shiite interests.

Iraqi Leader Plans Security Push (WP)

By Joshua Partlow, Washington Post Foreign Service

The Washington Post, January 7, 2007

Premier Promises Nonsectarian Campaign Against "Outlaws" in Baghdad

BAGHDAD, Jan. 6 -- Prime Minister Nouri al-Maliki warned Baghdad residents Saturday to expect the disruptions of a heightened military presence and said his government was ready to launch the latest effort to pacify the violent Iraqi capital.

As if to punctuate the announcement, the Iraqi army clashed with insurgents in a Sunni Arab neighborhood on the west bank of the Tigris River in Baghdad. The fighting along Haifa Street, raging into the night, killed 30 insurgents, and Iraqi soldiers captured eight others, including five Sudanese fighters, Defense Ministry spokesman Mohammed al-Askari said.

Despite fierce ongoing fighting in western Iraq and violence capable of erupting almost anywhere, Baghdad remains the heart of the country's sectarian conflict. Maliki, in his speech at a morning ceremony honoring the Iraqi army, warned rival political parties against interfering in his plan, which Askari said would start "very soon."

"The Baghdad security plan will not offer a safe shelter for outlaws, regardless of their ethnic and political affiliations, and we will punish anyone who hesitates to implement orders because of his ethnic and political background," Maliki said.

Maliki's words appeared intended to counter the perception that the plan would focus on combating Sunni insurgents. An aide to Maliki, Hasan Suneid, a Shiite Muslim lawmaker, told the Associated Press that the Iraqi army would devote 20,000 additional troops to the capital and begin by combating Sunni insurgents in western Baghdad.

Askari said there would "definitely be more troops" but declined to provide a figure.

Maliki's speech provided few details about the tactical or strategic changes guiding the forthcoming effort. But his aides described an effort that relies on U.S. troops to combat Sunni insurgents on the outskirts of Baghdad. Those areas are where the Sunni insurgents plan and manufacture the deadly explosives that detonate regularly in the city.

"Maliki believes that it is in this ring that the attacks are coming from," one of his aides said.

The Iraqi forces would target the most violent neighborhoods, and commanders would have a greater degree of autonomy in their assigned sections of the city, Askari said.

Maliki believes that if the additional troops can effect a decrease in violence over the next two months, then he can negotiate more effectively with Shiite militia leaders in the city and improve his chances of disarming them, his aides said.

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The announcement was greeted with little enthusiasm in Baghdad, where sectarian killing has escalated despite repeated attempts at cracking down on insurgents and militiamen. During Operation Together Forward, an effort to secure the capital last summer, more than 10,000 additional U.S. and Iraqi soldiers failed to halt the worsening violence.

Wamid Nadhmi, a political analyst in Baghdad, said Maliki had promised several times to restore security in Baghdad and was now offering "a new plan, without explaining why the other plans were complete failures."

Alaa Makki, a leading Sunni lawmaker, said that in principle, he wants American troops pulled out of Iraq, but not during this "urgent emergency situation."

Without an effective Iraqi military, "we'll be left with a serious security vacuum and will be lost. It will be filled with forces that are already operating here," he said. "This is a necessary action now, and that's because really the previous plan failed to achieve success."

During the last Baghdad security plan, the Iraqi government pledged more troops than it provided. The number of new troops now being discussed, in the low tens of thousands, will probably not be able to "fundamentally change" the violent neighborhoods in Baghdad, said Anthony H. Cordesman, a military expert.

"You can win every tactical clash, but we couldn't be there in enough numbers" to create stability and foster economic development, said Cordesman, an analyst for the Center for Strategic and International Studies in Washington. "At some point, you've got to leave and go on to the next place."

A joint statement by the U.S. ambassador to Iraq, Zalmay Khalilzad, and Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, said that coalition troops "will provide appropriate assistance as determined by Iraqi and coalition field commanders, for the implementation of the new plan for securing Baghdad and its surrounding environs."

Violence flared Saturday after a relative lull last week during the Muslim holiday Eid al-Adha. Nearly 100 corpses were collected Saturday across the country, in addition to the fighting on Haifa Street, the Associated Press reported.

In the central Baghdad neighborhood of Karrada, a car bomb attack targeted the convoy of the commander of the Baghdad emergency police force, Ali al-Yassiri, said Col. Hassan Abdullah, an Interior Ministry duty officer. The explosion missed the police commander but killed two civilians and wounded three others.

The fighting on Haifa Street was not the start of Baghdad's security plan, said Askari, the Defense Ministry spokesman.

"It's not part of the Baghdad security plan. They were terrorists who set up imaginary checkpoints," he said. "We were there, and we arrested them and the clashes took place."

Offensive To Pacify Baghdad Begins (WT/AP)

By Steven R. Hurst, Associated Press

The Washington Times, January 7, 2007

BAGHDAD -- In the opening battle of a major drive to tame the violent capital, the Iraqi army reported it killed 30 militants yesterday in a firefight in a Sunni insurgent stronghold just north of the heavily fortified Green Zone.

Prime Minister Nouri al-Maliki, speaking only hours earlier at a ceremony marking the 85th anniversary of the Iraqi army, announced his intention for the open-ended attempt to crush the militant fighters who have left Baghdad in the grip of sectarian violence.

Hassan al-Suneid, a key aide and member of Mr. al-Maliki's Dawa Party, said the Iraqi leader had committed 20,000 soldiers to the operation and would call upon American troops and air power only when needed.

A stern Mr. al-Maliki told the nation the operation in Baghdad would continue "until all goals are achieved and security is ensured for all citizens."

"We are fully aware that implementing the plan will lead to some harassment for all beloved Baghdad residents, but we are confident they fully understand the brutal terrorist assault we all face," he said.

State television said eight militants, including five Sudanese fighters, were captured in the battle near Haifa Street, a Sunni insurgent stronghold on the west bank of the Tigris River, where police reported finding the bodies of 27 torture victims earlier in the day.

Police reported 97 persons were killed or found dead, 80 of them assassination victims dumped in Mosul, Baghdad and south of the capital.

Mr. al-Suneid, who is also a member of parliament, said the new drive would focus initially on Sunni insurgent strongholds in western Baghdad.

Sunnis were likely to object, given that a large measure of today's violence in Baghdad is the work of Shi'ite militias, loyal to Mr. al-Maliki's key political backer, the anti-American cleric Muqtada al-Sadr.

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Mr. al-Suneid and Mr. al-Maliki insisted that this drive to contain militants, as opposed to a largely ineffective joint operation with American forces in the second half of last year, would succeed because it would be in the hands of Iraqi commanders who have been promised American backup and air power if they call for it.

But U.S. political and military leaders -- in a message of congratulation on Iraq's Army Day -- tempered Iraqi claims of full independence.

"As stated by the prime minister today, [U.S. forces] will provide appropriate assistance as determined by Iraqi and [American] field commanders, for the implementation of the new plan for securing Baghdad and its surrounding environs," said the statement from U.S. Ambassador Zalmay Khalilzad and overall American commander Gen. George W. Casey.

Mr. al-Suneid said President Bush signed off on the plan when he and Mr. al-Maliki spoke by videoconference Thursday. The two leaders began formulating the operation during a November summit in Amman, Jordan.

Last summer, the U.S. military and Iraqi army flooded the capital with 12,000 additional troops.

The last half of 2006 was one of the most violent periods in the center and west of the country since the 2003 U.S.-led invasion to topple dictator Saddam Hussein.

Iraqi Army Says It Killed 30 Militants (AP)

AP, January 6, 2007

BAGHDAD (AP) — In the opening battle of a major drive to tame the violent capital, the Iraqi army reported it killed 30 militants Saturday in a firefight in a Sunni insurgent stronghold just north of the heavily fortified Green Zone.

Prime Minister Nouri al-Maliki, speaking only hours earlier at a ceremony marking the 85th anniversary of the Iraqi army, announced his intention for the open-ended attempt to crush the militant fighters who have left Baghdad in the grip of sectarian violence.

Hassan al-Suneid, a key aide and member of Maliki's Dawa Party, said the Iraqi leader had committed 20,000 soldiers to the operation and would call upon American troops and airpower only when needed.

A stern Maliki told the nation the operation in Baghdad would continue "until all goals are achieved and security is ensured for all citizens.

"We are fully aware that implementing the plan will lead to some harassment for all beloved Baghdad residents, but we are confident they fully understand the brutal terrorist assault we all face," he said.

State television said eight militants, including five Sudanese fighters, were captured in the battle near Haifa Street, a Sunni insurgent stronghold on the west bank of the Tigris where police reported finding the bodies of 27 torture victims earlier in the day.

Suneid, who is also a member of parliament, said the new drive would focus initially on Sunni insurgent strongholds in western Baghdad.

Sunnis were likely to object, given that a large measure of today's violence in Baghdad is the work of Shiite militias, loyal to Maliki's key political backer, the anti-American cleric Muqtada al-Sadr.

An Iraqi army general said commanders would operate independently, a sharp break with Iraqi military tradition of heavy central control, and would be held individually responsible for failure.

Any civilians carrying arms faced automatic detention, he said, and would be shot if they resisted, the general said on condition of anonymity because of the sensitive nature of the information.

Suneid and Maliki insisted that this drive to contain militants, as opposed to a largely ineffective joint operation with the Americans in the second half of 2006, would succeed because it would be in the hands of Iraqi commanders who have been promised American backup and airpower if they call for it.

But U.S. political and military officials — in a message of congratulation on Iraq's Army Day — tempered Iraqi claims of full independence.

"As stated by the prime minister today, MNF-I (U.S. forces) will provide appropriate assistance as determined by Iraqi and coalition (American) field commanders, for the implementation of the new plan for securing Baghdad and its surrounding environs," said the statement from U.S. Ambassador Zalmay Khalilzad and overall American commander Gen. George Casey.

Suneid said President Bush signed off on the plan when he and Maliki spoke by video conference Thursday. The two leaders began formulating the operation during a November summit in Amman, Jordan.

Bush was widely reported to be planning to send at least 9,000 additional American forces to the capital from outside Iraq as part of his long-awaited strategy revisions in the fourth year of a war in which more than 3,000 American troops and tens of thousands of Iraqi's have died.

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Last summer the U.S. military and Iraqi army flooded the capital with 12,000 additional troops, but by October, the U.S. military spokesman said the operation had not met expectations and the situation was disheartening.

The last half of 2006 was one of the most violent periods in the center and west of the country since the 2003 U.S.-led invasion to topple Saddam Hussein. The U.S. death toll in the capital spiked with the presence of extra American troops on the street during Operation Together Forward II, which has been supplanted by the new Iraqi-dominated drive to cleanse the capital of militant fighters.

In the earlier drive, the Iraqi army failed to send much of the promised troop strength, making it impossible to secure neighborhoods after American forces cleared them of insurgent and militia fighters.

The Iraqi army general said Iraqi forces, while nominally operating independently, would rely heavily on American support.

Bush hopes to prove that the Iraqi military and security forces are capable of controlling violence by the end of the year, opening the way for an American withdrawal.

Maliki, whose political survival depends heavily on al-Sadr, the radical anti-American cleric, is eager to show his independence of American occupation forces. He wants the Americans to quickly turn over security control to Iraqi forces and withdraw to the outskirts of Baghdad and other cities, where they would be out of sight but could be called to action.

Military commanders said operations against the al-Sadr's Mahdi Army militia in its Sadr City stronghold would be left largely to a joint force made up of U.S. soldiers and the Iraqi Special Operations Command division under Brig. Gen. Fadhil Birwari, a Kurd. Soldiers in the division are a mixture of Kurds and Arabs from both the Sunni and Shiite sects.

The prime minister has repeatedly rejected U.S. demands to move against the Mahdi Army.

Violence surged in Iraq Saturday after a week of relative quiet. Police reported 97 people were killed or found dead, 80 of them assassination victims dumped in Mosul, Baghdad and south of the capital.

Battle "Marks New Iraq Campaign" (BBC)

BBC.com, January 6, 2007

Iraqi army has reportedly killed 30 militants and arrested several others, including a number of Sudanese nationals, in a gun battle in Baghdad.

State TV said the firefight took place near Haifa Street, a Sunni district which housed top officials during Saddam Hussein's regime.

The engagement in the centre of the city is believed to mark the start of a new security drive in the capital.

Iraq's PM has pledged to take action against all illegal armed groups.

Earlier, 71 bodies, apparently the victims of sectarian violence, were found dumped at locations in Baghdad.

Twenty-seven were left near a Sunni shrine in the central Sheikh Marouf area. Police said they were the victims of execution-style killings.

Elsewhere, at least two people died when a parked car exploded near a fuel station in the Doura district of the city.

In another incident, a car bomb was detonated beside the motorcade of a senior police official, Major-General Ali Yasser. He survived, but a bystander was killed.

Meanwhile, the US military said its forces had killed four suspected insurgents and detained a fifth in the city. It said all five had been armed, and that they were suspected of involvement in making roadside bombs.

'No refuge'

Prime Minister Nouri Maliki said the new security plan would be implemented by the Iraqi army, supported by US forces.

Bush may send thousands more US troops to Baghdad Mr Maliki said the new security plan would create inconveniences for the people of Baghdad, but it was for their own good.

In a speech to mark Iraqi Army Day, he said: "We will rely on our armed forces to forcefully implement the plan and the multinational forces will support our forces."

He added: "There will be no refuge from this plan for anyone who is operating beyond the law, regardless of their sect or their political affiliation."

It comes only days before President George W Bush is due to outline his new strategy for Iraq.

He is widely expected to send thousands more troops to Iraq, despite calls from the new Democratic Party leaders of Congress for the US to begin withdrawing its forces.

Hanging row

Mr Maliki also said his government could review relations with any country which criticised the execution of ex-leader Saddam Hussein.

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Mr Maliki said the hanging was a "domestic affair" for the benefit of Iraq's unity, adding that the former president had received a fair trial.

Mobile phone images showing Saddam Hussein being taunted appeared on the internet days after the execution.

On Saturday, new UN Secretary-General Ban Ki-moon urged Iraq not to execute two of Saddam Hussein's co-defendants, Barzan Ibrahim al-Tikriti and former chief judge Awad al-Bandar.

Mr Ban was criticised this week for not stating the UN's opposition to the death penalty over Saddam Hussein's hanging.

Several Sunni Arab countries criticised the hanging as sectarian.

Egyptian President Hosni Mubarak said it had turned the former leader into a martyr.

7 Iraqis Killed In Continued Violence (AP)

By Sinan Salaheddin, Associated Press Writer

AP, January 7, 2007

Gunmen killed three Sunni Muslim shopkeepers Sunday in a mixed neighborhood of Baghdad, and two pedestrians died in a roadside bomb, police said.

The shopkeepers were killed in Baghdad's southwestern Baya district. Two cars of gunmen screeched through the neighborhood's main marketplace, opening fire on wholesalers peddling food, clothing and housewares, a police officer said on condition of anonymity because he was not authorized to speak to the media. One person was also injured.

In eastern Baghdad, a roadside bomb missed an Iraqi police patrol but killed two pedestrians and wounded two others, police said. Nearby, police said drive-by shooters sprayed bullets at four guards for the Iraqi finance ministry, killing one and injuring two others.

In Diwaniyah, 80 miles south of the capital, gunmen assassinated Akeel al-Khalidi, a defense ministry employee, as he left his house for work, another police officer said on condition of anonymity out of fear of reprisals.

Another roadside bomb went off near an American military convoy in Iskandariyah, 30 miles south of Baghdad, damaging one Humvee, police said. There was no word on casualties, and U.S. troops sealed off the area.

Maliki Unveils Effort To End Bloodshed (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, January 7, 2007

Unlike the U.S. plan, the new one relies on Iraqi troops, not police. In Baghdad, soldiers kill 30 suspected insurgents.

BAGHDAD — Iraqi soldiers killed 30 suspected insurgents in a furious gun battle Saturday in downtown Baghdad, authorities said, in what appeared to be the opening salvo of a new plan by Prime Minister Nouri Maliki to secure the capital.

Maliki announced the new effort to end bloodshed in Baghdad on Saturday, five months after the U.S. military launched a plan to quell sectarian fighting that is widely regarded as a failure. Killings have steadily increased in the capital as insurgents and Shiite Muslim militia death squads continue to operate with impunity.

Maliki's speech, to commemorate Iraqi Army Day, took place on a day when at least 71 corpses were found in the streets of Baghdad, one of the largest such discoveries in a civil war in which scores of bodies turn up daily.

Most of the victims had been bound, blindfolded, tortured and executed with gunshots to the chest or head. Twenty-seven of the bodies were found near the Sheik Omar cemetery, a Sunni Arab burial ground in downtown Baghdad. Some of the victims had been strangled.

Many of the dead were presumed to be the victims of Shiite death squads, police sources said.

Maliki said that he would crack down on Sunni Arab and Shiite militants with equal vigor.

"The Baghdad Security Strategy will not be a shelter to the outlaws regardless of their political or religious affiliation, and we shall punish anyone who thwarts the strategy or presses their sectarian or partisan agenda," he said.

Shortly after Maliki's address, Iraqi soldiers fought with suspected insurgents in downtown Baghdad. The gun battle took place on Haifa Street, a road that some U.S. soldiers call "Sniper Alley" because of the large number of attacks that have taken place there.

Maliki revealed little about the new plan except that the military would have the main responsibility, a shift from the previous operation, which relied on police officers. Iraq's police forces are widely believed to have compromised the U.S. plan to quell sectarian fighting.

The old plan called for U.S. and Iraqi forces to clear the capital, neighborhood by neighborhood. Once an area was cleared of insurgents and militia fighters, Iraqi police were supposed to take over.

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But Shiite militiamen in the police forces were accused of collaborating with death squads and implicated in killings of Sunni Arabs in "cleared" areas. The entire 8th Brigade of the national police was suspended after witnesses reported that men in police uniforms raided a meat-processing plant in October and kidnapped 26 Sunni Arab workers.

Sunni Arabs also complained that the security plan seemed to focus more attention on their communities than on Shiite militia strongholds such as Baghdad's Sadr City. Maliki criticized early U.S. incursions into the area. His Shiite alliance consists of political parties with armed militias.

The Iraqi army is believed to be less sectarian than the police, but it too has faced accusations of Shiite dominance. U.S. military commanders in Diyala province exerted more control over the Iraqi army's 5th Division in October after that Shiite-dominated force conducted abusive, arbitrary sweeps of Sunni Arab neighborhoods. Shiite-dominated Iraqi army units also have been accused of human rights abuses in towns such Fallouja and Rutbah in Al Anbar province.

Maliki also said he would fight joblessness "through public- and private-sector reconstruction," and he renewed his call for negotiations to bring Sunni Arab militants into the political process.

"Let's fold up the black past and work together to build a free, democratic and diverse Iraq without discrimination or marginalization," Maliki said.

The prime minister's speech appeared to dovetail with discussions in the Bush administration about increasing the number of U.S. troops to help secure Baghdad and other problem areas.

The Bush administration also is likely to propose a new reconstruction package focusing on creating jobs and refurbishing mothballed factories.

In many areas throughout central and western Iraq, poor security has brought industry to a standstill.

Maliki also called on Iraq's parliament to attend to pressing constitutional issues, oversight of anti-corruption agencies and the controversial de-Baathification effort, which left thousands of former regime members without jobs.

But parliament has not achieved a quorum in five weeks and is scheduled to take a recess after it completes Iraq's annual budget.

Maliki also used his speech to rebuff critics of the hanging of Saddam Hussein a week earlier. Shiite guards were recorded on a camera phone jeering and cursing the former Iraqi president as he stood on the gallows with a noose around his neck. Sunni Arab leaders in the Middle East criticized Maliki's decision to execute Hussein on a Muslim holiday.

"These countries know very well that Saddam trampled over everything holy and divine," Maliki said. "We see such behavior as provocative and interference in the internal matters of Iraq and an insult to the feelings of Saddam's victims."

The execution of two of Hussein's former aides is expected to take place soon.

Meanwhile, bloodshed continued in Iraq. In northeast Baghdad, gunmen stormed the home of a police colonel and killed his wife, four children and three other relatives.

U.S. soldiers killed four suspected insurgents during a Baghdad raid, the military announced.

A car bomb in the Baghdad neighborhood of Dora killed three people, and gunmen in Yarmouk killed the driver of Iraq's minister of higher education. A car bomb targeting the director of Baghdad's Emergency Police killed a bystander.

In the southern port city of Basra, two Iraqis were found dead near a soccer stadium. Police said they were investigating to determine whether the men were the interpreters kidnapped along with an American on Friday near Basra.

Bomb's Lasting Toll: Lost Laughter And Broken Lives (NYT)

By Sabrina Tavernise

The New York Times, January 7, 2007

BAGHDAD, Jan. 6 — If the cost of this war is measured in human lives, one block in southeast Baghdad has paid more than its share.

On a hot morning two summers ago, 34 children were killed here in a flash of smoke and metal. They were scooping up candy thrown from an American Humvee. The suicide bomber's truck never slowed down.

More than 3,000 Iraqis are dying every month in this war — roughly the total deaths in the Sept. 11 attacks on the World Trade Center and the Pentagon or all the American troops killed since the war began. But behind the headlines and statistics, most of the war is experienced in Iraqi living rooms and on blocks like the one here, where families struggle with the intense pain of loss.

And while American war planners discuss the way ahead, Iraqis on this scarred block are stuck in the past on the morning of July 13, 2005, when time stopped and the war truly began for them.

"Our life now, it's not a life, it's a kind of dream," said Qais Ataiwee Yaseen, whose two boys, ages 8 and 11, were killed that day. "Life has no taste. I even feel sick of myself."

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In the early years of the war, the street — a dusty, trash-strewn strip of concrete that runs between Baghdad's southeast highway and the neighborhood of Naariya — was mostly quiet, home to a mix of Shiite and Sunni families who had known each other for years.

But the cruelty of the war intervened when the bomber struck, apparently aiming at a convoy of American Humvees parked at the end of the street. One American soldier and 34 Iraqis were killed. All were boys, and all but four were younger than 15. The youngest was 6. In all, 29 families lost children; one lost three sons.

In the seconds after the explosion, the world narrowed to one child for Sattar Hashim, a 39-year-old security guard whose son had gone out to see the American patrol. Mr. Hashim moved frantically through the wreckage, just outside his front gate, a scene now burned into his memory. He found his son unconscious, his body torn by shrapnel.

"I pray to God that no one in this world will ever have to face such a scene," he said, remembering the scene as he sat in his sparely furnished living room with the curtains drawn. "As if they had been scattered on the ground. Legs. Arms. Heads. Bodies still burning."

His son died in a hospital operating room several hours after the explosion.

Suicide bombings often stop clocks nearby, throwing the delicate mechanisms out of balance. The minute hand freezes the moment that the bomber detonates, and cleanup crews find clocks hanging crookedly on walls hours later, with the moment of loss fixed forever on the clocks' faces.

For the parents in Naariya, the clocks are frozen at a quarter after 10. The deaths that morning tore a hole in the life of the block, and more than a year later, many people have been unable to put their lives back together. Some have drifted away from their spouses. Others changed jobs or stopped going to work altogether. Reminders of the loss were everywhere: Class sizes were smaller. Soccer tournaments for 12-year-olds stopped. Bug collecting was no longer a hobby.

The pain caused strange things to happen. Mr. Yaseen lost his knack for numbers and found himself fumbling in front of customers at the hardware store where he had worked for years. Eventually, he quit. Reading and writing became difficult for Zahra Hussein, the mother of 11-year-old Hamza. She had lost her ability to concentrate and some of her eyesight.

Hadi Faris, Hamza's father, stopped his work as a driver. He could not control his thoughts, and concentrating on the road and split- second decisions was too onerous.

"I kept thinking how life is cheap, how so many innocent people are killed," he said, sitting in front of a kerosene heater in a small guest room.

After some months, he applied for, and was given, a job as a guard in his son's school. It felt somehow reassuring to do after his son's death what could not be done during his life: protect.

"I felt that all the kids were Hamza," he said. "My main job was to protect them all."

Life became empty and quiet for the children who were left. Adel Ali, 12, lost four of his best friends, most of his small soccer team and his entire bicycle-racing brigade. They had all shared a surge of happiness in the form of a birthday cake with candles, a first for most of the children, just days before the explosion. The experience was recorded in a grainy photograph of nine little boys making monkey faces. All but two are dead.

Adel spends his afternoons alone at home. In the early evening, he plays soccer with the older boys. They do not know the names of famous players that he and his friends gave each other when they made good plays. They do not know the sheer joy of riding bicycles while holding a rope together. They do not understand his loneliness.

"We used to play together, and the adults would play in another place," said Adel, his small fingers zipping and unzipping a fleece pullover at his neck.

The attack seemed calculated to make Iraqis despise Americans, in a pattern that would eventually succeed and change the direction of the war. But while some of the parents interviewed seem to have developed that hatred, many had not and even expressed respect. Mr. Faris said that immediately after the bombing he saw a soldier with a mangled arm trying to pick up a wounded child.

More Americans came to the area several weeks later and brought small trinkets to houses, in what Iraqis assumed was something of a peace offering.

"We never hurt the Americans, and the Americans never hurt us," Mr. Faris said.

A constant theme of the war for Iraqis has been their complete lack of control over chaotic, life-changing events. Like victims of a car wreck on an empty highway, they sit in pain and hope that help will come along.

Mr. Yaseen is haunted by the helplessness he felt that morning when he found his younger son, Ali, still alive. He was badly burned and missing his feet.

"I said to myself — two feet, it is nothing," he said. But within several hours the child was dead.

"I did not have the ability to do anything for him," Mr. Yaseen said. "To save him."

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Memories rush back at inconvenient moments. Mr. Yaseen has one in which his older son, Abbas, who loved bugs, begged him not to put poison down for the ants, saying, "They also have families and houses."

Even trifles sting. Ali, called English Ali for his tidiness and admiration for Americans, had only bread to eat for breakfast that morning.

"I'm like a dead man," said Mr. Yaseen, crying into his hands. "I have no ambitions. I have no goals in life. I have lost everything."

His wife and daughter have moved out, and he has retreated into his apartment, a 12-foot by 14-foot room. He stopped shaving. The room is now piled with baskets of laundry, old children's toys and a metal bassinet.

"I live in this room," he said. "I sleep in this room. I eat in this room. This is my whole life. As if I'm in prison."

Meanwhile, the war ground on, and the block was not immune to changes.

In February, poor Shiites rampaged in neighborhoods throughout eastern Baghdad. Naariya started to lose Sunnis. New graffiti in black paint across from Mr. Yaseen's house spelled praise for a Shiite cleric.

Three Shiite families from Diyala, a violent province north of Baghdad, arrived with the stunned look of refugees who just lost everything but their lives.

"There are no smiles on their faces," Ms. Hussein said. "You can tell they lost somebody."

Attacks on Shiites by Sunni militants started to wear, and families on the block began asking about the backgrounds of newcomers.

A small statue erected in the children's memory was blown up, and a bomb was planted under a date palm tree nearby, but it did not explode. During the Ramadan holiday in October, around 20 Sunni men disappeared from the neighborhood. Their bodies turned up in different neighborhoods several days later.

Mr. Hashim heard of the kidnappings but was afraid to ask about them.

"We woke up one day," he said, "and a family had left." The 2005 explosion gouged the pavement in front of his house, and afterward he had a large blast wall built. The wall had the added benefit of shielding him from seeing the crater in the street day after day.

For Adel, the 12-year-old whose friends were killed, memories returned in spurts. Some time after the July attack, he took his bicycle to the balcony of his house and threw it off. He was angry about what happened, Ms. Hussein said. A month ago, his life became even more isolated: a guard and a teacher from his school were killed, and Adel's father began keeping him home.

The boys come back in unexpected ways. Hamza's sister sees her brother's face in a boy who lives in a house on her way to school. She gives him candy sometimes. Mr. Yaseen often sees his boys in dreams.

In one, Abbas asks him why he is crying. He spoke of his own burial in a reassuring way. "He tried to make it easy for me," Mr. Yaseen said.

Speaking of the deaths, Mr. Hashim said: "It formed a hole, a big hole. Before the street was crowded. Cars had to go slowly. Now it's empty."

Before Hanging, A Push For Revenge And A Push Back (NYT)

By John F. Burns

The New York Times, January 7, 2007

This article was reported by John F. Burns, James Glanz, Sabrina Tavernise and Marc Santora and written by Mr. Burns.

BAGHDAD, Jan. 6 — When American soldiers woke Saddam Hussein in his cell near Baghdad airport at 3:55 a.m. last Saturday, they told him to dress for a journey to Baghdad. He had followed the routine dozens of times before, traveling by helicopter in the predawn darkness to the courtroom where he spent 14 months on trial for his life.

When his cell lights were dimmed on Friday night, Mr. Hussein may have hoped that he would live a few days longer, and perhaps cheat the hangman altogether.

According to Task Force 134, the American military unit responsible for all Iraqi detainees, Mr. Hussein "had heard some of the rumors on the radio about potential execution dates." But never one to understate his own importance, he had told his lawyers for months that the Americans might spare him in the end, for negotiations to end the insurgency whose daily bombings rattled his cellblock windows.

As Mr. Hussein prepared to walk out into the chill of the desert winter, dressed in a tailored black overcoat, that last illusion was shattered. After being roused and told that he was being transferred to Iraqi custody, a task force statement e-mailed to The New York Times a week later revealed, "he immediately indicated that he knew the execution would soon follow."

"As he left the detention area, he thanked the guards and medics for the treatment he had received," said Lt. Col. Keir-Kevin Curry, spokesman for the task force. Mr. Hussein was then driven to a waiting Black Hawk helicopter for a 10-minute flight

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to the old Istikhbarat prison in northern Baghdad, where a party of Iraqi officials awaited him at the gallows. “During this brief period of transfer, Saddam Hussein appeared more serious,” the task force said.

The time as the helicopter took off was 5:05 a.m., and Mr. Hussein had 65 minutes to live. But as he flew over Baghdad’s darkened suburbs, he can have known little of the last-minute battle waged between top Iraqi and American officials — and among the Americans themselves — over whether the execution, fraught with legal ambiguities and Islamic religious sensitivities, should go ahead.

American opposition to executing him in haste centered partly on the fact that the Id al-Adha religious holiday, marking the end of the annual Muslim pilgrimage to Mecca, began for Sunnis at sunrise on Saturday. In Baghdad, the sun was to rise at 7:06 a.m. Iraqi government officials had promised the hanging would be over before the dawn light began seeping through the palms that shade the capital’s streets.

The taunts Mr. Hussein endured from Shiite guards as he stood with the noose around his neck have made headlines around the world, and stirred angry protests among his fellow Iraqi Sunnis. But the story of how American commanders and diplomats fought to halt the execution until midnight on Friday, only six hours before Mr. Hussein was hanged, is only now coming into focus, as Iraqi and American officials, in the glare of international outrage over the hanging, compete with their versions of what happened.

Tensions Boil Over

It is a story of the Iraqi prime minister, Nuri Kamal al-Maliki, trying to coerce second-tier American military and diplomatic officials into handing over Mr. Hussein, first on Thursday night, then again on Friday. The American push back was complicated by the absences of Ambassador Zalmay Khalilzad and the top American military commander, Gen. George W. Casey Jr., who were both out of Iraq on leave. The American message throughout was that rushing Mr. Hussein to the gallows could rebound disastrously, as it did.

It is a story, too, of the Americans disagreeing among themselves. After a final call to Mr. Maliki at 10:30 p.m. Friday, American and Iraqi officials said, Mr. Khalilzad concluded that there was no prospect of persuading the Iraqis to delay the execution and passed that message to Washington. The conclusion found little favor with the military, who were the ones who had to transport Mr. Hussein to the gallows.

For General Casey and Mr. Khalilzad, close partners here, the messy ending for Mr. Hussein was made worse by the confirmation this week that Mr. Bush will soon replace both men as he refashions his Iraq war policy.

There were disputes among the Iraqis as well. At least one senior judge from the tribunal that sentenced Mr. Hussein to die, and three American lawyers who worked closely with the Iraqis at his trials, fought their own rearguard battle, telling fellow Iraqis how surprised they were that he received the death sentence in the narrow case that produced it — the “systematic persecution” of Dujail, a small Shiite town north of Baghdad, after an alleged assassination attempt against Mr. Hussein there in 1982.

In interviews with dozens of American and Iraqi officials involved in the hanging, a picture has emerged of a clash of cultures and political interests, reflecting the widening gulf between Americans here and the Iraqi exiles who rode to power behind American tanks. Even before a smuggled cellphone camera recording revealed the derision Mr. Hussein faced on the gallows, the hanging had become a metaphor, among Mr. Maliki’s critics, for how the “new Iraq” is starting to resemble the repressive, vengeful place it was under Mr. Hussein, albeit in a paler shade.

The hanging spread wide dismay among the Americans. Aides said American commanders were deeply upset by the way they were forced to hand Mr. Hussein over, a sequence commanders saw as motivated less by a concern for justice than for revenge. In the days following the hanging, recriminations flowed between the military command and the United States Embassy, accused by some officers of abandoning American interests at midnight Friday in favor of placating Mr. Maliki and hard-line Shiites.

But for Mr. Maliki’s inner circle, the hanging was a moment to avenge decades of brutal repression by Mr. Hussein, as well as a moment to drive home to Iraq’s five million Sunnis that after centuries of subjugation, Shiites were in power to stay. At the “White House,” as his officials now describe Mr. Maliki’s headquarters in the Green Zone, a celebratory dinner began Friday night even before the Americans withdrew their threat not to hand over Mr. Hussein.

An Iraqi who attended the hanging said the government saw the Americans as wasting time with their demands for a delay until after the four-day Id al-Adha holiday, and for whatever time beyond that required to obtain the legal authorizations they considered necessary. For the Americans to claim the moral high ground afterward by disavowing the hanging, the Iraqi said, was disingenuous.

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"They cannot wash their hands, this is a joint responsibility," he said. "They had the physical custody, and we had the legal custody. At one point, I asked, 'Is it our call or is it your call?' They said, 'It's your call.' I said, 'If it's our call, we've made the decision.' " Legal niceties could not save Mr. Hussein, he said, concluding, "The man has to go."

In a speech on Saturday, a week after the hanging, Mr. Maliki showed that he remains as angry as the Americans. Hitting out at governments and human rights organizations around the world that have condemned the hanging, he said they were hypocritical. "We're wondering where these organizations were during the crimes of Anfal and Halabja," he said, referring to Mr. Hussein's persecution of Iraqi Kurds. "Where were they during the mass graves and the executions and the massacres that killed hundreds of thousands of Iraqis?"

Differing Timelines

The countdown to the hanging began eight weeks earlier, on Nov. 5, as Raouf Abdel-Rahman, the chief judge in the Dujail case, passed death sentences on Mr. Hussein and two associates, Barzan Ibrahim al-Tikriti, Mr. Hussein's half-brother, and Awad al-Bandar, chief judge of Mr. Hussein's revolutionary court, for crimes against humanity in the hanging of 148 men and boys from the Shiite town. "Go to hell, you and the court!" Mr. Hussein yelled as bailiffs ushered him out.

The widespread expectation was that the appeal of the death sentences would run for months, allowing time for the more notorious Anfal case, involving charges of genocide in the killing of 180,000 Kurds, to be completed before Mr. Hussein was hanged. American lawyers in the embassy's Regime Crimes Liaison Office, the behind-the-scenes organizer of the trials, predicted Mr. Hussein's execution in the spring.

When the tribunal's appeals bench announced that it had upheld the death sentences on Dec. 26, three weeks into the appeal, even prosecutors were stunned. Defense lawyers said Mr. Hussein was being railroaded under pressure from Mr. Maliki, who told a BBC interviewer shortly after the Dujail verdict that he expected the ousted ruler to be hanged before year's end.

The suspicion that the judges had submitted to government pressure was shared by some of Americans working with the tribunal, who had stifled their growing disillusionment with the government's interference for months. Among a host of other complaints, the Americans' frustrations focused on the government's dismissal of two judges seen as too indulgent with Mr. Hussein, and its failure to investigate seriously when three defense lawyers were killed. The appeals court's apparent eagerness to fast-forward Mr. Hussein to the gallows — and the scenes at the execution itself — was, for some of the Americans, the last straw.

On the Thursday before the hanging, American military officials were summoned. Both Mr. Khalilzad and General Casey were on vacation, so the American team handling negotiations with Mr. Maliki and his officials was headed by Maj. Gen. Jack Gardner, head of Task Force 134, the detainee unit, and Margaret Scobey, head of the embassy's political section.

Iraqi officials said neither carried much weight with Mr. Maliki, who had learned through bruising confrontations to be wary of alienating Mr. Khalilzad and General Casey, both of whom have direct access to President Bush. At the Thursday afternoon meeting, tempers frayed. According to an Iraqi legal expert at the meeting, Iraqi officials demanded that the Americans hand over Mr. Hussein that night, for an execution before dawn on Friday.

General Gardner responded with demands of his own, for letters affirming the legality of the execution from Mr. Maliki, President Jalal Talabani and the chief judge of the high tribunal that convicted Mr. Hussein, the Iraqi legal expert said. The focus was on two issues: a constitutional requirement that Iraq's three-man presidency council approve all executions, and a Hussein-era law forbidding executions during religious holidays.

Mr. Talabani, a death penalty opponent, refused to sign off on the hanging, but did sign a letter for Mr. Maliki saying he had no objections if the government went ahead. The Iraqis, bolstering their case, said that the Hussein tribunal's own statute, drafted by the Americans, placed its rulings beyond review. They dismissed the holiday ban on executions, saying Iraq's death penalty law had been suspended by the Americans in 2003 and that the new Iraqi Parliament, in reviving it in 2004, had not reinstituted the ban.

An Iraqi participant who opposed the hanging said that Mowaffak al-Rubaie, Mr. Maliki's national security adviser, said angrily, "This is an Iraqi issue," and added, "Who is going to execute him anyway, you or us?" When the Americans insisted they would not hand over Mr. Hussein without the letters, another Iraqi official exploded: "Just give him to us!"

By Thursday evening, pressures for a quick hanging were growing. Esam al-Gazawi, a Hussein lawyer, said by telephone from Jordan that his legal team had been denied a final visit to Camp Cropper, the American detention center, and that they had been told to send somebody to collect Mr. Hussein's personal belongings.

Around midnight on Thursday, the meeting broke up, and General Gardner contacted commanders at Camp Cropper to tell them to stand down. By then, the American command had entered what it called its "X-hour sequence," a 10-hour countdown to the execution that provided a timeline for everything the Americans needed to do to ensure Mr. Hussein's "secure and dignified" delivery to the execution site.

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Negotiations resumed Friday morning. In Phoenix, 10 time zones away, General Casey was monitoring the exchanges in signals traffic from Baghdad. American military officials remained opposed to an immediate hanging, telling Mr. Maliki that beyond the legal issues, there was a question of his government's need to gain international support by carrying out the hanging in a way that could withstand any criticism.

"We said, 'You have to do it by international law, you have to do it in accordance with international standards of decorum, you have to establish yourselves as a nation under law,' " an American official recounted. When Mr. Maliki said the Americans should respect Iraq's right to decide matters for itself, American officials said, one of the Americans said: "Forget about us. You're in front of the international community here. People will be watching this."

The arguments continued deep into the Iraqi night. General Gardner and Ms. Scobey returned at one point to the former Republican Palace, the American headquarters in the Green Zone, seeking Washington's advice. Workarounds for the legal problems were discussed.

At 10:30 p.m., Ambassador Khalilzad made a last-ditch call to Mr. Maliki asking him not to proceed with the hanging. When the Iraqi leader remained adamant, an American official said, the ambassador made a second call to Washington conveying "the determination of the Iraqi prime minister to go forward," and his conclusion that there was nothing more, consistent with respect for Iraqi sovereignty, that the United States could do.

Senior Bush administration officials in Washington said that Mr. Khalilzad's principal contact in Washington was Secretary of State Condoleezza Rice, and that she gave the green light for Mr. Hussein to be turned over, despite the reservations of the military commanders in Baghdad. One official said that Ms. Rice was supported in that view by Stephen J. Hadley, Mr. Bush's national security adviser.

"It literally came down to the Iraqis interpreting their law, and our looking at their law and interpreting it differently," the official said. "Finally, it was decided we are not the court of last appeal for Iraqi law here. The president of their country says it meets their procedures. We are not going to be their legal nannies."

Mr. Khalilzad had suggested that the Iraqis get a written ruling approving the execution from Midhat al-Mahmoud, the chief judge of Iraq's Supreme Judicial Council; Mr. Mahmoud refused. Then, the Iraqis played their trump card: a call to high-ranking Shiite clerics in the holy city of Najaf, asking for approval from the marjaiya, the supreme authority in Iraqi Shiism. When his officials reported that they had it, Mr. Maliki signed a letter authorizing the hanging. It was 11:45 p.m.

The Americans suggested that foreign reporters be invited to the hanging, along with United Nations observers. American commanders feared the concern for procedure might be swept away by the urge for revenge. "Anybody who's been involved in a firefight will tell you there's a moment when rage takes over," an American official said. The Iraqis dismissed the idea of outside observers and assembled an execution party of 14 Shiite officials and a Sunni cleric invited to help Mr. Hussein with his prayers.

The 'X-Hour Sequence'

At Camp Cropper, the X-hour sequence was running for a second night. Helicopters were positioned. Special security measures went into effect along the flight path. The Americans dispatched sniffer dogs along the route of Mr. Hussein's final steps and into the execution chamber, the only time any American set foot there.

Before he left the camp, Mr. Hussein bade farewell to American soldiers who guarded him during the latter stages of his 1,110 days in solitary confinement. There, and again after the helicopter carrying him landed at 5:15 a.m. at Camp Justice, the American military post in the Kadhimiya district of northern Baghdad that encloses the Istikhbarat prison, the former dictator went man to man, thanking each of the Americans for looking after him.

At 5:21 a.m., he was led into the prison, a forbidding, four-story concrete building that once housed the headquarters of Mr. Hussein's military intelligence agency and now is a base for an Iraqi Army brigade. The Americans took him to a holding room and exchanged papers with the prison governor formalizing the transfer.

"At that point, he was dignified," Maj. Gen. William B. Caldwell IV, the American command's chief spokesman, said at a briefing later. "He said farewell to his interpreter. He thanked the military police squad, the lieutenant who was the squad leader, the medical doctor we had present, the American colonel who was on site." He added, with emphasis, "And then we had absolutely nothing to do with any of the procedures or any of control mechanisms or anything from that point forward."

At 5:30 a.m., the Iraqis took over. An American official who watched said Mr. Hussein's demeanor "changed in the Iraqi prison when the Iraqi governor assumed control of him." Mr. Hussein had long since told his American captors that he trusted them but not the Iraqis.

"He was still dignified, but he was scornful," the American official said.

Mr. Rubaie, the security adviser, said that when Mr. Hussein stepped into the execution block, an ill-lighted concrete structure behind the main prison building where thousands of hangings took place under Mr. Hussein, he seemed composed.

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"He made some joking remarks," he said. "He said to me, 'Don't be afraid,' as if I was going to be hanged. I didn't reply, but one of the guards shouted, 'You did bad things to Iraq.' And he said, 'I made this backward country into an advanced and prosperous nation.' "

After that, the story is taken up by the illicit cellphone video that has caused an uproar among Iraqi Sunnis and across the world, showing Mr. Hussein erect on the gallows in his black overcoat and gray beard, staring ahead, and answering back, as taunts flowed from Shiites gathered in front of the platform.

Mr. Hussein got halfway through the most sacred of Muslim prayers. "There is no God but God, and Muhammad. ..." The trapdoor clanged open. It was 6:10 a.m.

Securing the Body

Before 7 a.m., helicopters ferried Iraqi officials back to the Green Zone, along with Mr. Hussein's body. For nearly 17 hours, Mr. Maliki and his officials remained locked in a dispute with Sunni officials and leaders of Mr. Hussein's Albu Nasir tribe, with Mr. Maliki's officials refusing to release the body, saying they wanted no shrine to him. Throughout, the body, in a white shroud, remained inside the ambulance in the parking lot behind Mr. Maliki's office.

For the last time, the Americans intervened, flying a delegation from Tikrit, Mr. Hussein's hometown, to Baghdad, and returning them 110 miles north again after Mr. Maliki, at nearly midnight, agreed to let the body go.

It was transferred to a pine coffin, loaded onto the open back of a police pickup, and driven back to Landing Zone Washington, the Green Zone helipad.

Upset by events in the execution chamber, and concerned at attracting any fresh anger from Iraqi Sunnis, the Americans ordered their troops not to touch Mr. Hussein's body after the execution, even as it was loaded and unloaded from their helicopters.

This left Iraqi officials to unload the stretcher carrying the body when the execution party returned to the Green Zone from the prison. Mr. Rubaie, the security adviser, said he helped carry the stretcher bearing the body from the helicopter to a waiting ambulance.

"We weren't walking, we were jogging" to the ambulance, he said. "This was a chapter we wanted to get done and finished with. We just wanted it to be over."

A Slim Guidebook For Executing A Deposed Ruler (NYT)

By Mary Jo Murphy

The New York Times, January 7, 2007

THE Ceausescus of Romania were dragged to their executions on Christmas Day 1989 with Nicolae singing "The Internationale" and Elena alternately directing her captors to hell and snapping at them, "I was like a mother to you."

Or so go accounts by some of the executioners. Videotape shown on Romanian television in the aftermath records scenes from a farcical tribunal but stops as the couple are led away after they're condemned, picking up again only after the deed is done, the bullet-pocked bodies cooling where they fell.

The event did not need cellphones and YouTube to peel back the veneer of civility.

But while there is no manual for such occasions — modern history gives us relatively few instances of absolute rulers being deposed, tried and executed — all the talk last week after the hanging of Saddam Hussein suggests that we viewers thought there was some greater codification of the protocols and proprieties than was apparent in the mocking scene that unfolded.

Certainly the hanging of Mr. Hussein and the shooting of the Ceausescus lacked the decorously scripted quality of the beheading of Charles I in 1649, which from trial to scaffold might have lent a template. It had "a deliberate air of formality and solemnity," said Dr. Jason Peacey, a lecturer at University College London who has studied the regicide. There were "rival ideas about how to go about putting the king on trial," but it was decided to "not do things in the dark and in the corner and behind closed doors."

The British monarch never recognized the legitimacy of his judges but still played his role elegantly, even reaching an accommodation with his executioner. "Stay for the sign," Charles reminded him as he laid his neck on the block. The executioner did, swinging the ax only after Charles spread wide his arms in a kind of benediction.

Dr. Peacey and his colleagues discussed the "remarkable similarity" of the Hussein trial to Charles's in one regard: the appearance of legality was deemed important.

But events have a way of overtaking such considerations. Trotsky favored a trial for Czar Nicholas II of Russia, a step which "would have shown the population all of Nicholas's alleged crimes and thus served as both public political education and a ritual of humiliation and thus desacralization of a ruler who claimed divine sanction," said Mark D. Steinberg, a professor of history at the University of Illinois at Urbana-Champaign who has written on the czar's fall.

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Somebody, perhaps Lenin, was in a hurry, however, Mr. Steinberg said, and "whoever ordered it, what resulted was a brutish affair — secret, in the middle of the night, in a basement, with not only the czar and czaritsa killed but also children and servants."

Those who did the killing encountered a hitch, too. The family "were wearing what amounted to jeweled bulletproof vests," Mr. Steinberg said. When the bullets ricocheted off corsets and gems, the firing squad resorted to bayonets and rifle butts.

Is there an optimal way to execute a deposed ruler, then? If speed is paramount, "by far the best is the guillotine for dispatching anyone," said Geoffrey Abbott, author of "Execution: The Guillotine, the Pendulum, the Thousand Cuts, the Spanish Donkey and 66 Other Ways of Putting Someone to Death" and a former yeoman warder at the Tower of London. Points there, then, for the executions of Louis XVI and Marie-Antoinette ("Pardonez-moi," she said to her executioner as she trod on his foot, assuring that at least some niceties were observed).

Mr. Abbott would not say which of the 70 ways might have suited Mr. Hussein, but if the idea is to "pay the penalty untinged by revenge," then "I would say firing squad," he said. "The thought of a military execution is more honorable than a crude hanging."

Emperor Maximilian of Mexico got the former in 1867; Zulfikar Ali Bhutto of Pakistan the latter in 1979. In recalling Bhutto's execution, a jailer later wrote: "On the other side of the jailhouse's wall, in the prime minister's house, Bhutto Sahib used to get anything he wished for, from anywhere in the world. And today he could not even fulfill his simple wish of having a cup of tea."

Likely Blair Successor Blasts Hanging (AP)

AP, January 7, 2007

The likely successor to British Prime Minister Tony Blair condemned Saddam Hussein's execution as "deplorable" on Saturday.

Treasury chief Gordon Brown said he opposed the death penalty and hoped lessons would be learned from the mistakes made in Saddam's hanging, as well as from other difficulties encountered in Iraq.

"Now that we know the full picture of what happened, we can sum this up as a deplorable set of events," Brown said in an interview taped Saturday to be aired by the British Broadcasting Corp. on Sunday.

Brown's denunciation contrasted with Blair's silence on the issue. Blair, the chief U.S. ally in the war in Iraq, faces increasing pressure to share his views on the execution and has said he would speak about it in the coming week.

The former Iraqi dictator was taunted by onlookers as he was hanged Saturday, and an illicitly recorded video of his death was later leaked and distributed on the Internet.

Brown, who is expected to succeed Blair when the prime minister steps down this year, said the execution "has done nothing to lessen tensions between the Shiite and Sunni communities."

On Tuesday, Deputy Prime Minister John Prescott also described the circumstances surrounding Saddam's execution as "deplorable."

Blair's office said the prime minister did not necessarily support Prescott's view. However, Blair has endorsed an investigation into the manner of the execution.

UN Chief Urges Iraq To Suspend Executions (AFP)

AFP, January 7, 2007

UN chief Ban Ki-moon has "strongly" urged the Iraqi government to suspend imminent executions amid an international outcry over the bungled hanging of Saddam Hussein a week ago.

Iraq's embattled prime minister, Nuri al-Maliki, meanwhile, threatened to "review" relations with countries that criticized Saddam's execution and announced a new security crackdown in the chaos-wracked country.

In a statement released by the United Nations, Ban "strongly urged the Government of Iraq to grant a stay of execution to those whose death sentences may be carried out in the near future."

Ban's cabinet chief, Vijay Nambiar, sent a letter Saturday to Iraq's UN representative reiterating Ban's backing of a call by the top UN human rights official "for restraint by the Government of Iraq in the execution of death sentences imposed by the Iraqi High Tribunal," the statement said.

"The letter also refers to the Secretary General's view that all members of the international community should pay due regard to all aspects of international humanitarian and human rights laws."

Two former Saddam henchmen -- Barzan Ibrahim al-Tikriti and Awad Ahmed al-Bandar -- are expected to be hanged soon. They were found guilty along with Saddam of executing 148 Shiite civilians from Dujail, north of Baghdad, in the 1980s.

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Their executions, due Thursday, were postponed to Sunday, Shiite lawmaker Baha al-Araji from the group of radical cleric Moqtada al-Sadr told AFP earlier this week.

A senior official with Maliki's office said the executions were postponed "due to international pressure."

The December 30 hanging of Saddam sparked an outcry after the leak of an unofficial, grisly cellphone video of his execution that showed a guard taunting the former dictator moments before his death.

The UN secretary general's appeal to the Iraqi government Saturday for restraint followed a similar UN appeal in the case of the execution of Saddam, who was hanged within days after a court upheld his death sentence.

Ban, who took office on Monday, has declined to condemn or defend Saddam's hanging.

Iraqi's premier Maliki lashed out a critics Saturday, threatening to "review" relations with countries that criticized the bungled execution and arguing the hanging was an internal matter.

"The Iraqi government could be obliged to review its relations with any state that fails to respect the wish of the Iraqi people," warned Maliki, who has ordered an investigation into the illegal filming of the execution.

"We consider the execution of the dictator an internal affair that concerns only the Iraqi people," he said.

Maliki said the criticism would not deter his government from punishing other officials of the ousted regime.

"We will go ahead in applying the law against those who abused the Iraqi people and whose hands are stained with the blood of innocents," he said.

A number of international leaders have criticized Saddam's hanging, saying it appeared more like a sectarian lynching than a court-directed punishment after a guard, believed to be a Shiite, taunted the Sunni former president in his final moments.

The strongest criticism came from Egyptian President Hosni Mubarak, who said the execution had made Saddam a "martyr".

The man tipped to succeed Tony Blair as British prime minister, finance minister Gordon Brown, condemned the manner of Saddam's execution in an interview to be broadcast on BBC television Sunday.

"Now that we know the full picture of what happened, we can sum this up as a deplorable set of events," Brown said.

US President George W. Bush on Thursday acknowledged that the execution should have been "more dignified."

UN Urges Stay Of Iraq Executions (BBC)

BBC.com, January 7, 2007

New UN Secretary General Ban Ki-moon has urged Iraq to suspend the execution of two of former Iraqi leader Saddam Hussein's co-defendants.

His appeal comes amid growing international criticism of the handling of Saddam Hussein's hanging, at which he was taunted and filmed.

Mr Ban was criticised this week for failing to state the UN's policy of opposing the death penalty.

Saddam Hussein's intelligence chief and chief judge are also due to be hanged.

Barzan Ibrahim al-Tikriti and Awad al-Bandar were convicted along with Saddam Hussein for their part in the killing of 148 Shia Muslims in the Iraqi village of Dujail in the 1980s.

Saddam Hussein was hanged on 30 December.

Campaign

In a letter to the Iraqi representative at the UN, Mr Ban urged restraint in carrying out death sentences imposed by the Iraqi High Tribunal

The BBC's Keith Adams says Mr Ban's comments on Saddam Hussein's hanging caused a stir this week - his first in the job.

He said capital punishment "was for each and every member state to decide" - words that seemed at odds with the UN's policy of opposing the death penalty.

Our correspondent says Mr Ban now seems to be asserting the established UN stance.

The UN said Mr Ban's letter "also refers to the secretary general's view that all members of the international community should pay due regard to all aspects of international humanitarian and human rights laws".

Iraqi Prime Minister Nouri Maliki has reacted angrily to the international outcry over the execution.

He said his government could review relations with any country that criticised the action.

Mr Maliki said the hanging was a "domestic affair" for the benefit of Iraq's unity, adding that the former president had received a fair trial.

International protest has continued, however. On Saturday Rome's mayor lit up the Colosseum to highlight Italy's support for a global ban on the death penalty.

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Italy this week began a diplomatic push to have the issue taken up by the UN General Assembly.

Former Italian Prime Minister Silvio Berlusconi called the execution a "political and historic error".

The UK's finance minister, Gordon Brown, described the way Saddam Hussein was executed as "deplorable" and "completely unacceptable".

He said the manner of Saddam Hussein's death would do nothing to ease the tension between Sunnis and Shias.

Several Sunni Arab countries have criticised the hanging as sectarian.

Egyptian President Hosni Mubarak said it had turned the former leader into a martyr.

Not The Case (NYT)

By Noah Feldman

The New York Times, January 2, 2007

Even among those who opposed the Iraq war from the start, there was always hope that bringing Saddam Hussein to justice would be a saving grace of the entire misbegotten enterprise. Now it seems that even this comfort will be denied. Far from healing old wounds, as some suggested it would, his conviction by the Iraqi special tribunal has exerted little effect on the deepening civil conflict between Shiites and Sunnis. The often circuslike atmosphere of the trial, as well as the murder of three defense lawyers, led groups like Human Rights Watch to condemn the tribunal as flawed and illegitimate. And the charge for which Saddam Hussein received the death penalty did not include his most heinous acts. His execution must still remind the world of the horror of the atrocities he committed while in power. But unfortunately, the disarray of the legal process calls greater attention to the failings of the United States, the Iraqis and the international community in dealing with all that has come after.

Since its inception, the tribunal has been haunted by a fundamental problem that bedevils the new Iraqi government more generally: the nature and origin of its authority. That the Iraqi dictator deserved to be punished was never in question. But from what source did the tribunal, which was established under U.S. occupation and then affirmed by the sovereign Iraqi government, derive the right to do so? This was not an academic question. Saddam Hussein was found guilty and sentenced to hang for sending 148 men and boys to their deaths in the aftermath of an attempted assassination against him in the Shiite town of Dujail in 1982. Under Iraqi law at the time, the president was immune from prosecution. In order to satisfy the rule of law - and to avoid the appearance of victor's justice - the tribunal needed to be able to explain its basis for applying the law that was used to find him guilty.

In part, the tribunal sought to draw legitimacy from international law. The court found Saddam Hussein guilty not of ordinary murder but of "crimes against humanity," a grand-sounding, internationally recognized charge with intuitive moral force. When the phrase "crimes against humanity" was used at the Nuremberg trials in 1945, the convening nations did not bother to explain what gave them the right to define and punish such crimes. It was presumed self-evident that certain actions were so terrible that they must be treated as illegal, even if they might have been permissible under Nazi German law when they took place. The so-called Rome Statute, which created the International Criminal Court in The Hague in 2002, specifically defined crimes against humanity in terms drawn from the Nuremberg charter, and the definition used by the Iraqi special tribunal was copied from there.

Yet it is hard to believe that the Iraqi tribunal could convincingly claim its authority from the international community. Like the United States, Iraq has not ratified the Rome Statute. Indeed, the Iraqi tribunal explicitly avoided submitting itself to international standards so that it would be able to apply the death penalty, which most of the international community rejects. This resulted in near complete withdrawal of international cooperation in the investigation of Saddam Hussein's crimes and the trial itself, and the tribunal lost some of the perception of fairness that would have come from broader international participation.

So where, if anywhere, did the Iraqi tribunal get the right to punish Saddam Hussein for crimes against humanity? Sovereign nations like Iraq can, of course, punish whatever crimes they choose, and can change or abrogate their own earlier laws to do it. But there is something unsatisfying about offering this as an account, for it diminishes the tribunal's credible claim that the Iraqi dictator's actions reverberated worldwide, implicating not just Iraq but all of humanity. There must be some deeper source of law, apart from treaties or the dictates of the United Nations Security Council, that bans the systematic killing of innocents.

The most persuasive answer is that a law prohibiting crimes against humanity derives its authority from the inherent moral responsibility that lies with whoever has the capacity to punish truly heinous deeds. To be sure, in some cases the international community will bear that responsibility. In the case of Iraq, though, the international community was not in a position to act, not only because of the question of the death penalty but also because many of its members denied the legality of the invasion. Responsibility rested with the powers that actually held Saddam Hussein within their grasp. Their right - and their duty - was to bring him to justice.

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By these lights, the decision to charge Saddam Hussein with crimes against humanity was morally and legally justified. Nevertheless, the process fell short of what is needed to invoke the transcendent norms of universal justice. This was a profound failure. As with the other shortcomings of Iraq's government, many players were at fault here: the Americans for failing to provide security for the Iraqis, including the defense team; the Iraqis for failing to get the trial - or the country - to run smoothly; the international community for sanctimoniously disengaging.

But the fact that blame is to be shared does not mitigate the tragedy of this missed opportunity.

Arab Nationalism's Last Gasp (LAT)

By Robert D. Kaplan

The Los Angeles Times, January 7, 2007

Saddam Hussein's execution likely means the end of the foolish secular Arab nationalism movement.

JUST AS THE demise of Slobodan Milosevic in Yugoslavia closed the lid on national communist parties in Eastern Europe, the demise of Saddam Hussein in Iraq appears likely to do the same for secular Arab nationalism across the Middle East.

And just as communism exited the European stage exposed for what it always truly was — fascism without fascism's ability to make the trains run on time — secular Arab nationalism will exit the stage revealed for what it always was: a despotic perversion of the western nation-state that lasted as long as it did mainly because of secret-police techniques imported from the former Soviet Union.

Arab nationalism's roots go back to the revolt against European colonialism in the early decades of the 20th century. But as it developed, it faced a serious problem: Because it was organized around the artificial national borders that these same colonialists had drawn — which generally ignored ethnic and sectarian lines — the result, in too many cases, was multiethnic rivalry and the subjugation of one part of the population by another.

In Iraq, for instance, the national borders created a state in which the majority Shiites were subjugated by the minority Sunnis (as we all now know). In Syria, the majority Sunnis came to be subjugated by the minority Alawites, who constitute a branch of Shiism (and who had been favored in the armed forces by the French). In Lebanon, it was the Shiites who ended up subjugated by both Christians and Sunnis.

No sooner were these independent new states created than the ties of faith and tribe were undermining them. A fragile unity of sorts could only be achieved by recourse to secular nationalism, which, on paper at least, aimed to transcend those bitter rivalries.

Indeed, the more artificial the state, the more extreme the secular ideology had to be to hold it together. To secure unwieldy tribal assemblages, for instance, an austere state socialism was required in Algeria, and a form of "Dear Leader Absolutism" in Libya. Because Syria and Iraq were also artificial constructs, these two states resorted to Baathism — another bastardized form of state socialism.

Contrast all this with places such as Morocco, Tunisia and Egypt, which were age-old civilization clusters whose identities, rather than artificial, harked back to antiquity. It should be no surprise that these places produced more benign forms of secular government.

The two extremes in the Arab world became Tunisia and Iraq. Tunisia, a small country of Sunni Arabs with no internal divisions, which traced its borders back to ancient Carthage, produced Habib Bourguiba, the Arab version of the enlightened Turkish modernizer Kemal Ataturk. Iraq, a Frankenstein monster of a country assembled from warring ethnic and sectarian groups by the British, produced Saddam Hussein, the Arab Stalin.

The defining fact of the Cold War years in the Middle East was competition among these insecure new states for the right to inherit the mantle of the deceased Ottoman Turkish empire, which had held sway over most of their territories for centuries. Because Israel served as a symbolic replacement for European colonialism, each new state tried to outdo the other to prove its anti-Zionist bona fides.

Egypt, the Arab world's demographic hub, had the advantage, especially as its leader, Gamal Abdel Nassar, psychologically mobilized the Arab masses by standing up to an invasion by Britain, France and Israel in October 1956, leading to a withdrawal of these "colonial" powers from the Suez Canal. Thus began the high-water mark of secular Arabism, which lasted until Nasser's humiliation by the Israelis in the 1967 war.

The Palestine Liberation Organization emerged in the waning years of Nasserism. It was modeled after the other secular nationalist movements — so much so that its foundational text, the 1938 book "The Arab Awakening," was written not by a Muslim but by a Greek Orthodox Christian, George Antonius. Another Christian, George Habash, became one of the PLO's most radical guiding lights.

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The defining organizational attribute of secular Arab nationalism was the military emergency regime — witness Egypt, Syria and Iraq — that justified its existence by the continued state of war with Israel. Also working against liberal change in the Middle East was the influence of the Soviet Union. With Soviet military and economic aid for the secular nationalists came the techniques of East Bloc security services.

Nowhere was this more apparent than in the two Baathist countries, Syria and Iraq. The result of made-in-Moscow surveillance techniques was the emergence in the early 1970s of a new class of dictator — Hafez Assad in Syria and Saddam Hussein in Iraq — who, unlike their predecessors, were not overthrown by yet another general or colonel after a short time in office.

These new men stayed in power for decades because anyone who opposed them, no matter how furtively, was soon identified and destroyed.

Thus it was that the Nasserites, the Baathists from Syria and Iraq and the austere pseudo-Marxists from Algeria vied with each other for influence. The PLO, as the supreme symbol of the anti-Zionist struggle, was the beneficiary of the competition. But when the Berlin Wall collapsed and aid from the East Bloc began to dry up, Palestine had still not been liberated, even as creaky, authoritarian bureaucracies across the Arab world were decaying.

Beneath the carapace of secularism, a disturbing brew of religious and sectarian tensions had always simmered. Islamism emerged from an upwardly mobile peasantry that had drifted into Arab cities from the countryside. In the countryside, Islam was an integral part of a traditional existence and generally nonpolitical, but in these pseudo-Westernized cities, filled with the worst sorts of temptations, religion required a severity and ideological component in order to keep families together and teenage boys from slipping into crime.

Alas, what really killed secular Arab nationalism — much more so than the dark influence of the Soviet police state or the mobilizing distraction of the Zionist threat — was the combination of a bad form of urbanization and what Middle East expert Michael Hudson in the 1970s labeled the "primordial identifications" of tribe and sect and religion.

As the secularized Arab state withered, these sub-state loyalties reemerged full bore, making even further mockery of the borders of the Arab world — because tribe- and faith-based communities have little use for national borders.

Those who proclaim today that the only real solution to the Arab dilemma is political freedom are correct. The problem is that they are describing a process that could encompass several bloody decades. After all, it took centuries for stable democracy as we know it to evolve in Europe. In this Darwinian shaking-out process, the new forms of political legitimacy may more closely resemble militarized social welfare organizations such as Hezbollah and the Al Mahdi army than the ramshackle contrivances of the European model that we saw in the post-colonial era.

Right before the trap door was opened, Hussein's executioners chanted "Muqtada, Muqtada, Muqtada," referring to Shiite militia leader Muqtada Sadr — because what was supposed to have been retribution for crimes against humanity had, despite all of our efforts, turned into another sectarian killing. Such is the abyss that follows secular Arab nationalism.

ROBERT D. KAPLAN is a correspondent for the Atlantic Monthly and a visiting professor at the U.S. Naval Academy. He is the author of "The Arabists," among other books.

Antitank Mines Hamper Progress Of U.S.-Iraqi Assault (LAT)

By Alexandra Zavis, Times Staff Writer

The Los Angeles Times, January 7, 2007

SAMOUDI, IRAQ — All they wanted was a hot meal.

Three days into a wet, cold offensive through a lawless region east of Baghdad, Iraqi soldiers persuaded their American counterparts to let them pull back to their command post for a dinner that wasn't out of a Meals Ready to Eat packet.

As dusk fell Saturday, an urgent message came in over a crackling radio: A blast, apparently an antitank mine, had ripped through one of the vehicles in the Iraqi convoy. Flames shot out of the stricken Humvee and ignited ammunition, sending rounds streaking into the sky. One Iraqi was killed in the blast and three were injured.

Along another stretch of road, two mines exploded Saturday less than 15 yards apart, injuring five American soldiers.

This morning as U.S. and Iraqi troops started to pull out, two more antitank mines tore through two Iraqi troop carriers one after another, injuring at least 21 soldiers, five seriously.

Antitank mines have become one of the top threats as U.S. and Iraqi forces press their assault in a Sunni insurgent redoubt said to be riddled with weapons caches, secret tunnels and training ranges. Their convoys have hit at least 10 explosive devices since the operation was launched early Thursday, most of them antitank mines.

"We used to be pretty good about finding IED [improvised explosive device] tripwires and such," 1st Sgt. Michael S. Clemens said. "But since they started using antitank mines, that hasn't worked so well."

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The devices first were used in the area in November, when U.S. forces faced off against fighters maneuvering through the irrigation canals that lace the region.

U.S. vehicles have been upgraded to withstand many attacks, including in some cases adding armor around their fuel tanks that Iraqi vehicles lack. U.S. forces also have developed strategies to mitigate the impact of the blasts, including driving very slowly so the effects are concentrated on the engine box, not the passenger compartment.

Iraqi forces are often less cautious. And they sometimes attach extra fuel containers to the sides of their vehicles, U.S. soldiers noted. It was not immediately clear whether that played a part in Saturday's fiery explosion.

After three days of slow, methodical searches through remote hamlets in the region about 40 miles east of Baghdad, some Iraqi soldiers had started complaining Saturday that they were tired from spending a rain-soaked night in uncovered troop carriers. Adding to the frustration, the day coincided with a scheduled troop rotation, when most had expected to go home. U.S. officers decided it would boost morale to allow them to drive back for a hot meal.

"We do not like the MREs," said one Iraqi 1st lieutenant, wrinkling his nose in distaste. He gave his name only as Ali.

Capt. Stephen Dobbins, a troop commander in the U.S. Army's 5th Squadron, 73rd Cavalry, was driving on the opposite side of a canal road Saturday when one of the American vehicles was hit.

The charred carcass of a Humvee damaged in the first blast had already been loaded onto a truck and driven over the same stretch of road when another Humvee rounded a bend and touched off the deafening blast. Dobbins jumped out of his vehicle and strode down the road to help oversee the response.

Soldiers rushed forward to pull dazed and bloodied comrades from the stricken vehicle. Medics applied bandages and intravenous drips. Black Hawk helicopters swooped in to collect the four most seriously wounded, including one soldier with two possibly broken legs and another sitting upright on a stretcher with a blackened face and bloodshot eyes.

The explosion had blown out the front of the vehicle, sending bits of twisted metal and a backpack flying at soldiers standing nearby. A panel that protects the gun turret dangled from its hinges, and the passenger compartment was filled with bits of equipment.

Once the wounded were seen to, soldiers turned to salvaging the wrecks.

As he turned back toward his Humvee, Dobbins paused to kick dirt over blood spots.

"I don't want them to be able to come back and see that we were bleeding," he said. "It's a trophy for them."

About 1,000 U.S. and Iraqi forces are involved in the assault aimed at reclaiming an area military commanders say has become a haven for Al Qaeda in Iraq and other militant groups.

The troops have been moving from village to village, hunting for weapons, fighters and intelligence. All military-age men are questioned and tested for explosives residue. But in most homes, soldiers are finding only women and children.

In Samoudi, many homes stood eerily empty Saturday as U.S. and Iraqi forces moved through the large farming community. At one house, rows of brightly colored plastic shoes were neatly lined up outside the door, and the remnants of the previous night's meal had not yet been washed from the pots in the kitchen. There was black leather furniture in the living room, a television set and a motorcycle, which U.S. forces call "the insurgents' Humvee."

"That's an awful lot of nice stuff to leave behind," Dobbins said.

Those who remained contended that there was nothing suspicious about their neighbors' disappearance.

"People are jittery when the forces come, so they gather together," said Madeha Alwan, a tall, weathered woman sitting cross-legged on the floor with her husband's second wife, his sister and a throng of children. "These children couldn't sleep last night, so we brought them here together." Her husband, she said, was tending to his sheep.

Searching through fields and grain stacks, troops found sniper rifles, hand grenades and ammunition boxes. Six men were detained for questioning.

In one building along a notoriously mined road, soldiers found equipment to amplify a radio or wireless phone signal and a map they believed might indicate weapons caches.

U.S. forces think the building served as an observation point, part of an elaborate early warning system that includes fires, flares and gunshots to alert fighters that vehicles are approaching. Thirteen men were detained there, the military said.

Calming Voice Sought In A Restive Region (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, January 7, 2007

The Marines hope to persuade Iraqi women in Al Anbar province to talk their men into fighting the insurgency.

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BAGHDADI, IRAQ — The living room of the local sheik is filled to the bursting point with women. Some are covered in traditional garb and say little. Others take pictures and talk excitedly. They have come together for an unlikely gathering in this patriarchal society: a women's discussion group.

The U.S. military is reaching out to women in several communities in the rebel stronghold of Al Anbar province, in hopes of persuading them to tell their husbands and sons to help in the fight against the insurgency.

"We want to empower the women to the point where they can have a positive influence on the men, when they're alone, in the home, in the bedroom," said Marine Master Sgt. James Allen, who helps coordinate the effort but, as a man, cannot attend the gatherings.

Angela Khadijah Williams, a public diplomacy officer with the State Department, goes a step further. She believes outreach to Iraqi women is essential.

"If you don't bring them in, you're not going to win," said Williams, who is based at Camp Fallouja to help with what the military calls the Women's Engagement Program.

In this community along the Euphrates River, 120 miles from Baghdad, Sheik Mal Allah has given approval to a women's group and allowed it to meet in his home. The turnout was so good for the recent session, he joked that if any more came, "they'd break my house."

Allah also is a member of the City Council and, along with his brother, has rallied residents to resist intimidation and hijacking of food by insurgents in surrounding cities. His brother is a colonel with the local police.

"You are my brothers," the sheik told a group of visiting Marine brass.

The women's outreach effort is in its first stages with no tangible results so far, another reason the Marines say the fight against the insurgency in Al Anbar is a long process where patience is key.

"Right now, we're relationship-building, listening to these women … building trust," said Marine Cpl. Jennifer McNamara, who is involved with a group in another community.

In Baghdadi, female Marines and Navy corpsmen have given lectures to the group on prenatal and child care and other health issues.

The U.S. has donated sewing machines. The Marine Corps plans to provide a building inside the troops' guarded compound here where the women can meet safely.

Brig. Gen. Robert Neller, deputy commanding general of the 1st Marine Expeditionary Force, said he hoped the women would realize that "the insurgency has nothing to offer these people."

The sheik has taken a strong stand against the insurgents. "They want to take us back in history," he said through an interpreter.

After initially being resistant to helping the Americans, the sheik has come to believe the United States presents the best opportunity to combat the insurgents and compensate for a government in Baghdad that he does not believe cares about this Sunni Arab community.

"Nobody helps us from the Iraqi government," he said. "They do nothing to remove our sadness."

So far, few sheiks are as willing as Allah to embrace the idea of women's participation. In Qaim, near the Syrian border, for example, the men initially gave their approval to a meeting of women but then withdrew it.

Finding a sheik to step forward in the fight against the insurgency is not easy, Marines said. In the nearby community of Hit, no sheik has been as bold as Allah.

"Identifying trustworthy, reliable people willing to step up and take a position of responsibility has been difficult," said Army Capt. Will Bardenwerper, whose unit has responsibility for Hit.

"There's just been so much murder and intimidation," he said.

Even when a sheik offers help, the Americans have learned to be cautious. Some sheiks claim authority they don't have. Some make promises they don't keep, Marines said.

A sheik functions as a kind of village elder, often receiving payments from members of his tribe.

The insurgency threatens to disrupt long-standing economic arrangements. The Americans try to convince sheiks that the Marines can help them retain their economic position and status.

Allah decided to help the Americans because food supplies for his community were routinely stolen by insurgents.

The U.S. sent his brother to a police academy in Jordan so the man would become part of the police department rather than form a militia.

At the recent meeting at Allah's house, the women of Baghdadi were attentive and apparently eager for more sessions.

McNamara said that in the gatherings she had attended, the women seemed to appreciate having someone listen to them.

The Marines are trying to be culturally sensitive, McNamara said.

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"We're not going to tell them, 'Throw off your veils and be free,' " she said. "We're not trying to change their culture."

Official: Evidence Doesn't Back Marines (AP)

By Robert Burns,

AP, January 7, 2007

U.S. criminal investigators found no evidence to support the claim of Marines charged in the deaths of unarmed Iraqi civilians that five were shot after trying to flee the scene of a roadside bombing that killed one Marine, a senior defense official said Saturday.

Investigators determined that all five Iraqis were shot within arm's length of each other and no more than 18 feet from the white taxi they were ordered to exit by members of a Marine squad in the western Iraqi town of Haditha, said the official, who is familiar with reports produced by the Naval Criminal Investigative Service.

The official spoke on condition of anonymity because he was not authorized to publicly discuss details of the killings on Nov. 19, 2005.

Two Marines are charged with murder in the five deaths. They are Staff Sgt. Frank D. Wuterich and Sgt. Sanick P. Dela Cruz.

Two other Marines — Lance Cpl. Justin L. Sharratt and Lance Cpl. Stephen B. Tatum — face murder charges in connection with the deaths of other Iraqi civilians shot shortly after the killings by the taxi.

Through his lawyers, Wuterich has claimed he acted appropriately and within military rules governing the use of deadly force in combat.

Mark Zaid, an attorney for Wuterich, said in an interview Saturday he was highly disappointed that information from the government's investigative report on Haditha had been leaked to the media. He called it an effort by unidentified Pentagon officials to "portray a negative slant of these Marines."

Tatum's attorney, Jack Zimmerman, said he got the report the day after Christmas and has not "even begun to crack it." He called disclosure of details from the report a "serious, serious violation" and said he may ask the military to investigate the source of the leak.

Attempts on Saturday to reach lawyers for DelaCruz and Sharratt were unsuccessful.

Dela Cruz told investigators he fired bullets into the five bodies as they lay on the ground and that he later urinated on one, the defense official said.

These details about the deaths were first reported in Saturday's Washington Post, which said it obtained a copy of a lengthy government investigative report. The Post published photos from the investigative file that had not previously been made public; one shows the five Iraqis sprawled near the taxi.

One of the five may have been kneeling at the time he was shot, the defense official told The Associated Press.

In addition to the four Marines facing murder charges, four other Marines who were not at the scene were charged with dereliction of duty for failing to report or properly investigate the killings. In all, the case involves the deaths of 24 Iraqi civilians.

The Haditha investigation is the biggest U.S. criminal case involving civilian deaths so far in the Iraq war.

Members of an explosive ordnance disposal team that was summoned to the scene scoured the taxi and found no weapons or evidence of bomb-making materials, the defense official said. At least two, and possibly four, of the five Iraqis were students; the other was the taxi driver, who was taking the students to school.

The Marines claimed later that the five were attempting to flee and that they fit the profile of military-age men who, in the past, had acted as spotters for insurgents setting off roadside bombs. Zaid said Wuterich's position is that the five had disobeyed the Marines' orders, issued in Arabic, and were starting to flee. He said the report that they were up to 18 feet from the taxi supports Wuterich's position.

The NCIS investigators determined that the five had no apparent link to the bombing that morning in Haditha that shattered a Marine Humvee utility vehicle and killed Lance Cpl. Miguel Terrazas; two other Marines were injured.

The shooting of the men near the taxi was the first in a series of violence responses by the Marines, according to the NCIS investigation. The Marines subsequently raided four nearby houses, killing 18 unarmed civilians inside three of the residences. One other was shot dead outside. Among the dead were women and children.

The Marines were with Kilo Company, 3rd Battalion, 1st Marine Regiment, based at Camp Pendleton, Calif.

After the deaths, the Marines announced that 15 civilians had been killed in Haditha from a roadside bombing and a Marine firefight with insurgents. The Marines said eight insurgents also were killed. The Marines have since acknowledged that that report was false.

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The matter, involving an unusually large number of civilian casualties, was not investigated by the military until a Time magazine reporter inquired about the deaths in January 2006.

The military launched the first phase of its investigation in February, and in March it began a separate administrative probe focusing on how the matter was reported in official Marine Corps channels and whether there was an attempted cover-up. On the basis of that investigation, four Marines were charged with dereliction of duty.

The NCIS began its probe in March and it grew into the agency's largest criminal investigation in years.

One worry of military prosecutors is that American investigators failed to persuade the families of the any of the 24 dead to permit their bodies to be exhumed and examined to obtain forensic evidence.

The NCIS had hoped to gain access to the bodies so they could, for example, compare wounds on the bodies to the blood stain patterns at the scene and to other evidence and witness statements.

U.S. government officials went so far as to propose through the Iraqi government in Baghdad last year that a nongovernment humanitarian organization with medical credentials be permitted to exhume and examine the 24 bodies, but the families rejected that approach.

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Associated Press Writer Elliot Spagat in San Diego contributed to this report.

U.S. Inquiry Backs Charges Of Killing By Marines In Iraq (NYT)

By Paul Von Zielbauer

The New York Times, January 7, 2007

An American government report on the killing of 24 Iraqis, including several women and children, by marines in the village of Haditha in 2005 provides new details of how the shootings unfolded and supports allegations by prosecutors that a few marines illegally killed civilians, government officials said yesterday.

The report, by the Naval Criminal Investigative Service, contains thousands of pages of interviews with marines, Iraqi Army soldiers who had accompanied them and Iraqi villagers who had seen the attack. The shootings followed a roadside bombing that killed a young lance corporal and wounded two other marines, said a senior Defense Department official and another official who had read the report.

The evidence contained in the report, the most exhaustive of several inquiries begun by the military last year to determine what happened in Haditha that day, led prosecutors to charge four enlisted marines with murder. Four marine officers, who were not present during the attack, were also charged with dereliction of duty and other crimes for failing to properly report details of the episode.

The details of the investigation, first reported by The Washington Post yesterday, corroborate accounts of how the killings took place over a period of hours, as described by senior military and Defense Department officials last year in The New York Times.

But the report broadly expands those descriptions, and provides additional evidence, sworn testimony and accounts of witnesses that both prosecutors and lawyers for the accused marines are likely to use in upcoming courts martial, officials said.

The four enlisted men charged with unpremeditated murder, all members of a squad of Company K, Third Battalion, First Marines, are: Staff Sgt. Frank D. Wuterich of Meriden, Conn.; Sgt. Sanick P. Dela Cruz, 24, of Chicago; Lance Cpl. Justin L. Sharratt, 22, of Carbondale, Pa.; and Lance Cpl. Stephen B. Tatum, 25, of Edmond, Okla.

The attack on the Iraqis began after the roadside bomb blew up one of four Humvees the marines were traveling in on Nov. 19, 2005. Minutes after that, the report portrays Sergeant Wuterich, the squad leader, and Sergeant Dela Cruz as killing five men who had nervously piled out of a taxi that had stopped near the marine convoy, the officials said.

The men “were shot by Wuterich as they stood, unarmed, next to the vehicle approximately 10 feet in front of him,” the report said, according to a person who has read it.

Sergeant Dela Cruz said that as he approached the taxi, he saw some men standing near it with their hands in the air, officials said. After Sergeant Wuterich shot them, he continued shooting as they lay on the ground, and later urinated on one of them, an official said.

The marines, taking small arms fire from several locations near homes on either side of the convoy, attacked a home nearby, killing six people, including a young boy, a woman and two elderly people, none of them armed, the report said, according to officials and people who have read it.

The report said that marines told investigators who interviewed them months later that they believed they had permission from their superiors to fire at will inside that home and a second home they raided minutes later, officials said. They said an

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officer, First Lt. William Kallop, who arrived with other marines after the roadside bomb to support the squad under fire, told them to commandeer one of the homes.

In one of the houses the marines raided, the report said, a 13-year-old girl, Safah Yunis Salem, said she survived by pretending to be dead after marines killed several family members, including her 3-year-old sister and 5-year-old brother, government officials said.

One person who has read the N.C.I.S. report and who is sympathetic to the marines' account of events said that its thousands of pages provides evidence for both prosecution and defense teams, and that drawing conclusions from it about the guilt of any of the accused marines is difficult.

"For every statement that said X happened, there's another statement that said Y happened," this person said, speaking only after being granted anonymity, because he was not authorized to discuss the report.

An N.C.I.S. spokesman declined to comment on the report, which it has not officially released, and said the agency was troubled by the leak of it to The Post. "N.C.I.S. strives to ensure the integrity of every investigation and finds the idea that someone might leak any of its investigative products to be deeply troubling," the spokesman said.

Several lawyers representing the accused marines expressed anger at the Defense Department, which they blamed for allowing the report to be given surreptitiously to a newspaper and, they said, potentially damaging their clients' cases.

"The defense lawyers are extremely upset," said Mark Zaid, a lawyer for Sergeant Wuterich, the squad leader who is charged with killing at least a dozen Iraqis. "The release of the entire evidentiary set is unethical and appears to have been done by certain Pentagon officials with the intent to harm the defendant's defense."

The report offer some contradictory evidence, and omits other issues about how the marine chain of command handled the aftermath of the attack that have rankled certain people within the military and defense department. One issue is the cash payments that commanders approved giving to families of people killed in the attacks.

Maj. Gen. Richard A. Huck, the commander of the Second Marine Division at the time, and Col. Stephen W. Davis, then the regimental commander, should have suspected the killings were improper, one Defense Department official said yesterday. Though the Marine Corps' official view of the Haditha matter remained that 15 Iraqis were killed by the roadside bomb, the Marine Corps nonetheless approved $2,500 payments to each of at least 15 families of people killed in the episode.

"The numbers simply never added up, and the Marines never acknowledged it," the Defense Department official said.

Marines' Photos Provide Graphic Evidence In Haditha Probe (WP)

By Josh White, Washington Post Staff Writer

The Washington Post, January 7, 2007

Capturing images of war on their digital cameras, as many troops in Iraq have done, Marines took dozens of gruesome photographs of the 24 civilians who were killed in Haditha, Iraq, in November 2005.

The images -- which investigators tracked down on several laptop computers and digital media drives, some in the United States -- provide visual evidence of a series of shootings outside a taxi and inside three homes that military criminal investigators have alleged were murders.

Much like the photographs that emerged in the Abu Ghraib prison abuse cases, the Haditha images have provided investigators powerful and visceral evidence of what happened. But unlike the detainee photographs, which were turned over to officials who then investigated the case, the Haditha images were discovered months after the shootings as more than 60 Naval Criminal Investigative Service agents scoured the globe for them.

Investigators found photographs on laptop computers that were shipped back to the United States and recovered images that had supposedly been deleted from a Sony PlayStation Portable memory drive, according to investigative documents.

Marines were found to have downloaded the images from each other's devices, traded them and loaded them onto personal Web sites; one Marine told investigators he saw some of the photographs set to music on another Marine's computer. Some were e-mailed from Iraq to a civilian in the United States, but none surfaced publicly until now.

Among the images, there is a young boy with a picture of a helicopter on his pajamas, slumped over, his face and head covered in blood. There is a mother lying on a bed, arms splayed, the bodies of three young children huddled against her right side. There are men with gaping head wounds, and a woman and a child hunkered down on their knees, their hands frozen around their faces as if permanently bracing for an attack.

Several Marines took photographs on Nov. 19, 2005, some of them as part of an intelligence-gathering operation and some in order to record what had happened to a Humvee that was destroyed by a massive roadside bomb, killing Lance Cpl. Miguel "T.J." Terrazas. The photographs of the bomb crater and the shredded vehicle show the power of the explosion that set the Haditha incident in motion.

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The images are contained in thousands of pages of NCIS investigative documents obtained by The Washington Post. Post editors decided that most of the images are too graphic to publish.

Ed Buice, an NCIS spokesman, said he could not comment on an open investigation: "NCIS strives to ensure the integrity of every investigation and finds the idea that someone might leak any of its investigative products to be deeply troubling."

One Marine who decided to hold onto the photographs made it certain that officials would have a clearer view of what happened that day. Lance Cpl. Andrew A. Wright, who arrived on the scene after the violence to care for the bodies, took photographs of the dead and kept a full set.

"I decided that it was in my best interest to obtain the photos I had taken that night," Wright told investigators. "Even though there was no investigation at the time, I felt that the photographs would be evidence if anything came up in the future. In my opinion, the people that I photographed had been murdered."

Because the killings in Haditha were not investigated until four months afterward -- initially, Marine officers decided the shootings did not appear out of the norm -- the photographs are in some cases the only hard evidence. Officials are hoping to use them to reconstruct the events because they have not been able to exhume the Iraqi victims' bodies.

NCIS officials are comparing the images with the Marines' statements about what happened.

Investigators have found 44 photographs that a civil affairs officer took in the days after the incident as part of an effort to make condolence payments to the families of the dead. The pictures show pockmarked walls and bloodstained floors.

Investigators also found video from an unmanned aircraft that was aloft in the region that day, but it began recording after the first reports of a roadside bomb and the initial shootings, according to the documents. The video shows Marines conducting door-to-door searches, according to an intelligence officer's statement.

Defense lawyers for four Marines who have been charged with murder in the killings said they believe it will be hard to prove anything based on the photographs alone, other than that the Marines killed the people while hunting for insurgents. The Marines have told investigators that they were following their rules of engagement.

Marine Corps officials believe that many of the photographs -- which show the results of grenade explosions inside civilian homes and close-range rifle shots -- are inflammatory by their nature, no matter whether a crime was committed. Investigators have gone to great lengths to keep them private. It is possible that even the most grim images will surface publicly in military court proceedings.

Witness Accounts Of Attack On Civilians Revealed (LAT)

From Times Wire Services

The Los Angeles Times, January 7, 2007

WASHINGTON — A Marine squad just hit by a roadside bomb in Iraq ordered five unarmed Iraqi civilians out of a taxi, and the squad leader shot them, witnesses say in a report obtained by the Washington Post.

The report by the Naval Criminal Investigative Service, which reveals previously undisclosed details about the Haditha incident, says a taxi happened upon the scene shortly after the explosion. Witnesses told investigators that the Marines' squad leader, Staff Sgt. Frank D. Wuterich, ordered the passengers out of the car.

Naval investigators said that Wuterich shot the Iraqis one by one as they stood next to the vehicle, about 10 feet from him, the Post reported Saturday.

Another Marine allegedly fired shots into the victims' bodies as they lay on the ground.

"They didn't even try to run away," said one witness, a young Iraqi soldier working with the Marine squad. "We were afraid from Marines and we saw them behaving like crazy. They were yelling and screaming."

Four Marines have been charged in the Nov. 19, 2005, deaths of 24 civilians, including women and children, that occurred immediately after a roadside bomb killed one Marine and injured two. In addition, four officers, who were not there during the killings but were accused of failures in investigating and reporting the deaths, have been charged.

Marines took dozens of gruesome photographs of the civilians who were killed, the newspaper reported today in a subsequent article.

Much like the photographs that emerged in the Abu Ghraib prison abuse cases, the images — which investigators tracked down on several laptop computers and digital media drives, some in the United States — provide visual evidence of what happened. But unlike the detainee photographs, which were turned over to officials, who then investigated the case, the Haditha images were discovered months after the shootings as more than 60 Naval Criminal Investigative Service agents scoured the globe for them.

The killings have led to the biggest U.S. criminal case involving civilian deaths in Iraq.

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After the taxi passengers were shot, the report says, the Marines raided nearby houses, firing indiscriminately in a bloody, door-to-door sweep, killing 14 unarmed inhabitants in 10 minutes.

The four Marines charged with murder in the killings are: Wuterich; Sgt. Sanick P. Dela Cruz; Lance Cpl. Justin L. Sharratt; and Lance Cpl. Stephen B. Tatum. They face a maximum penalty of life in prison if convicted.

N.E. Toll In Iraq Nearly Doubles (BOS)

By Raja Mishra, Globe Staff

The Boston Globe, January 7, 2007

Most of 40 killed in '06 were men under age 25

The number of New Englanders killed in combat in Iraq nearly doubled last year to 40, mostly men under age 25 cut down by increasingly lethal hidden roadside bombs, according to a Globe analysis.

Military analysts said the numbers underscore a troubling aspect of the war: Insurgents have been able to outwit American forces by improving roadside bombs and other improvised explosive devices, resulting in a steady stream of deaths among the young soldiers and Marines typically assigned to daily patrols.

In New Hampshire, 2006 was particularly difficult for military families. The number of Iraq deaths jumped from two in 2005 to eight, and five of last year's dead were younger than 25, leaving a trail of unfulfilled aspirations.

Behind the grim statistics are such young men as Ryan T. McCaughn , whose dreams of opening a bar and grill vanished in an instant in November when an improvised explosive device ripped through the 19-year-old Marine lance corporal as he hunted insurgents in Anbar Province.

"He was my heart and soul," said his mother, Nicole Cote , 44, of Manchester, N.H. "He was always talking about his future, about having kids and being a father."

Of the 40 New Englanders killed in Iraq last year, 26 -- 65 percent -- were under age 25, according to the Globe analysis. Overall, among the most recent 1,000 Americans killed, between late October 2005 and the end of December, about 56 percent were younger than 25, according to a recent Pentagon study.

"The people out on patrol are the most likely to be in that age group," said David J. Danelo , a Marine who fought in Iraq and the author of "Blood Stripes: The Grunt's View of the War in Iraq," a combat memoir.

"Young people assume the greatest risk in this war," he said.

Overall, New England fatalities in Iraq have fluctuated over the course of the war, dipping in 2005, then increasing last year to nearly the level of 2004, the first full year of combat.

The victims are often such young people as 19-year-old Michael L. Ford of New Bedford, one of the youngest Massachusetts men to die last year in Iraq, killed by an improvised explosive device in April. He sent his father a letter from Iraq that said only "Hi," typical of his sense of humor, his family said. Ford planned to convert his Marine Corps experience into a career in law enforcement.

Scott Procopio , 20, of Saugus, became engaged to his longtime sweetheart, Kristal Cerbone , just six months before he was killed by an IED in April.

McCaughn had his own plans.

"The one thing he always talked about was opening his own restaurant," Cote said. "It would have a full-service bar and serve all kinds of food."

McCaughn graduated in spring 2005 from Central High School in Manchester, where he took culinary courses. He saw the military as a way to pay for further culinary training and left for boot camp on Parris Island, S.C., one week after graduation.

"He was the kind of person that thought about everyone else," said his mother, her voice trembling. "He was special, very special."

The deaths of older servicemen were no less tragic. David J. Babineau , 25, of Springfield, killed last June, left behind two sons, ages 2 and 4, and ambitions of becoming a five-star general.

Increasingly, the agent of these deaths is the improvised explosive device.

The devices caused about 22 percent of the deaths among the first 1,000 troops killed, according to the Pentagon analysis. But among the most recent 1,000 deaths, they accounted for 47 percent of fatalities.

The numbers were even starker among New England military personnel killed last year: 57 percent of Massachusetts deaths and 75 percent of New Hampshire deaths were caused by IEDs.

Military specialists said the increasing frequency of IED deaths showed the insurgents' tenacity. IEDs are hidden along roadsides and sidewalks, and often triggered by cellphone signals or hidden timers.

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"It's a really cheap, easy, and anonymous way to attack. I could show you how to make one in about 20 minutes," said Paul Rieckhoff , an Iraq veteran and executive director of Iraq and Afghanistan Veterans of America. "By the time I left in the winter of 2004, they were in full bloom."

The US military now teaches IED detection and handling during basic training. Humvees and other personnel carriers have been upgraded with armor.

In response, insurgents have come up with more sophisticated devices. They have also made bigger IEDs by using the tons of explosives that were stolen from unguarded Iraqi military buildings in the weeks after the US invasion in March 2003.

"There's been a competition between ourselves and the insurgents. Over time, the IEDs have gotten bigger, more powerful and the triggering devices have gotten more sophisticated," said Boston University international relations professor Andrew J. Bacevich , whose son is fighting in Iraq. "We've never been able to get the lead on that competition."

And with President Bush expected to announce this week that he will send tens of thousands of more troops to Iraq, military specialists predicted that roadside bombs will kill many more young Americans.

"A lot of these young people don't speak the language and don't have a good grasp of what's going on around them," said military analyst Loren B. Thompson of the Lexington Institute, a nonpartisan think tank in Arlington, Va. "It's easy for insurgents to use IEDs against them. And it will continue."

Case Tests Officers' Right To Dissent (LAT)

By Teresa Watanabe, Times Staff Writer

The Los Angeles Times, January 7, 2007

1st Lt. Ehren Watada's lawyer likens his client's comments against the war and the administration to those of retired military officials.

Do military officers have the right to publicly voice dissent about their commander in chief and U.S. war policy?

That question highlighted last week's pretrial hearing at Ft. Lewis Army base near Seattle for 1st Lt. Ehren Watada, the nation's first commissioned officer to refuse deployment to Iraq. Watada faces a court-martial and six years in prison for failing to deploy with his Stryker Brigade last year and for making four public statements criticizing President Bush and the Iraq war.

"This is an important case that will test the limits of dissent within the Army officer corps," said Eugene R. Fidell, president of the National Institute of Military Justice in Washington, D.C.

Watada, a 28-year-old Honolulu native who enlisted after the Sept. 11 attacks, said he gradually came to the conclusion that the Bush administration had lied about the basis for war and had betrayed the trust of the American people, making Watada ashamed to wear the uniform. In media interviews and in a speech at a peace convention, Watada also said that the Iraq war was "not only morally wrong but a horrible breach of American law," and that soldiers could stop it by refusing to fight.

Civilians would unquestionably be free to make such remarks under the 1st Amendment, but Army officials argue that soldiers voluntarily surrender some of that freedom when they choose to join the military. Watada's statements constitute the criminal offense of "conduct unbecoming an officer," Army officials argue.

"While service members do have freedom to speak, what you say must be in keeping with good order and discipline in the military and with national security," said Ft. Lewis spokesman Joseph Piek.

Watada's attorney, Eric Seitz, argued last week that even military personnel could voice dissent, particularly on issues of such public importance as war. In motions to dismiss the charges of unbecoming conduct, Seitz argued that Watada's dissent was respectfully delivered and did not rise to the moral failings the military code was meant to punish, which include "dishonesty, unfair dealings, indecency, indecorum, lawlessness, injustice and cruelty."

"Whether or not one agrees with Lt. Watada's conclusions, it was no sign of personal degradation or moral unfitness for him to speak his conscience on gravely important issues of war and peace," Seitz argued.

Seitz also argued that Watada was being selectively prosecuted; he noted that several high-ranking retired military officials had criticized the war effort and not been charged with any offenses.

Retired officers who draw a military pension are still subject to military law.

But two of those cited in Seitz's motion, Army Maj. Gens. John Batiste and Paul D. Eaton, said in interviews that they drew sharp distinctions between Watada's conduct as a still-active-duty officer and their own remarks after they left the service.

"It is totally inappropriate if not unauthorized for an active-duty officer to publicly criticize the chain of command," said Eaton, a 33-year military veteran who led the Iraqi security forces training program before stepping down last January. He subsequently called then-Defense Secretary Donald H. Rumsfeld "incompetent" and urged Rumsfeld to resign in an op-ed article.

Americans should not let sentiment against the unpopular Iraq war lead them to endorse behavior that undermines the military system and threatens national interests, Eaton said.

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"The American people have to have absolute faith that when the call to duty goes out, soldiers do precisely what their commander in chief asks them to do," Eaton said.

"What the American people can't have is an Army of people who on any given day can wake up and say, 'That's not what I want to do.' "

Batiste, who commanded the 1st Infantry Division in Iraq until March 2005, also said he had been careful not to criticize the war effort until he made what he called a "gut-wrenching decision" to resign from the military after 31 years. Batiste subsequently called for Rumsfeld's resignation and blasted U.S. policy for failing to commit enough resources to win the war, for watering down Geneva Convention prisoner protections and for promoting democracy over security.

"You don't [criticize] in public — not while you're wearing the uniform," Batiste said. "It's contrary to the culture and norms of the military."

Others have hailed Watada as a courageous soldier of conscience, including retired U.S. Army Col. Ann Wright and international law expert Francis Boyle.

Fidell of the military justice institute said officials chose not to prosecute soldiers who put "Impeach Nixon" bumper stickers on their cars in the 1970s. In contrast, he said, officials successfully pursued unbecoming-conduct charges against a military doctor who urged soldiers not to fight during the Vietnam War; the conviction was upheld by the Supreme Court.

Lt. Col. John Head, the military judge in Watada's case, is expected to issue a written decision this week on whether to dismiss the unbecoming-conduct charges before Watada's February court-martial trial. Those charges carry a maximum four-year sentence.

Head will also rule on whether to grant Watada's request for a hearing on the legality of the Iraq war. The lieutenant is arguing that the Bush administration failed to obtain proper authorization for the war and that the Nuremberg principles adopted after World War II require soldiers to refuse illegal orders. But Seitz said the judge indicated last week that he would probably not permit the hearing.

Contractors In War Zones Lose Immunity (BOS)

By Farah Stockman, Globe Staff

The Boston Globe, January 7, 2007

Bill provision allows military prosecutions

WASHINGTON -- An estimated 100,000 employees of US defense contractors working in Iraq are no longer immune from military prosecutions, because of a little-noticed provision in a 2007 defense spending bill aimed at holding private contractors accountable for crimes committed in war zones.

For the past three years, an unprecedented number of private contractors in Iraq have performed jobs previously reserved for the military, with immunity from military rules that govern troops and from criminal prosecution in Iraqi courts.

The legal loophole caused outrage during the Abu Ghraib scandal in 2004. Soldiers involved in abusing prisoners were sentenced in military courts, but the civilian interrogators working alongside them for Titan Corp. and CACI International, two private firms, faced no punishment.

The 2007 Defense Bill, enacted in October, placed contractors and others who accompany the military in the field under the same set of military laws that govern the armed forces.

"Basically 100,000 contractors woke up to find themselves under the Uniform Code of Military Justice," said Peter W. Singer , a senior fellow at the Brookings Institution who specializes on civilian military contractors and whose article on a defense blog Thursday called attention to the change.

Previously, the code applied to "persons serving with or accompanying an armed force in the field" only during a war, which US courts interpreted to mean a war declared by Congress. No such declaration was made in the Iraq conflict. Now, Congress has amended the code to apply to persons accompanying an armed force during a "declared war or contingency operation."

The amendment, spearheaded by Senator Lindsey Graham, a South Carolina Republican, was the latest in a series of moves by lawmakers to plug legal loopholes that had allowed contractors who had committed crimes overseas to escape justice. A Senate aide said the amendment passed with little discussion. "There was a concern about whether we have an adequate allocation of legal responsibility for contractors," said the aide, who asked not to be identified because he was not authorized to speak to the media. "If they are not subject to Iraqi law, what law are they subject to?"

But the provision might also have unintended consequences, if the military chooses to use its new power to court-martial civilians. For instance, the language in the law is so broad that it can be interpreted as saying that embedded journalists and contract employees from foreign countries would also be liable under the military code. Other punishable offenses under the code

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include disobeying an order, disrespecting an officer, and possession of pornography -- far less serious than the crimes that Congress envisioned when drafting the bill.

Contractors have yet to react publicly to the changes. A spokeswoman for L-3 Communications, which has sent hundreds of translators to work with the US military in Iraq, said the company could not comment on government policy. Calls to Halliburton, another major US contractor in Iraq, were not returned.

Some military law specialists said the move to allow civilians to be tried in military courts would raise alarm bells with human rights groups and the United Nations, and in US civilian courts.

"I think there should have been some kind of hearing before Congress passed this measure," said Eugene R. Fidell, president of the National Institute of Military Justice, a nonprofit organization in Virginia. "Ultimately, if this power is used, it will create a substantial issue that would likely reach the Supreme Court, and it will put us at odds with contemporary international standards."

Fidell said that US courts have a history of throwing out convictions of civilians who were tried in military courts, including the 1957 case of a wife who killed her husband on a military base.

"There was a period of decades that you could have crimes by US persons overseas that could never be punished," he said.

In 1970, during the Vietnam War, a civilian contractor convicted of larceny in a military court had his conviction overturned because Congress had never formally declared war in Vietnam, and therefore the court-martial had no jurisdiction.

In 2000, in Bosnia, a group of employees from DynCorp International , a Virginia-based security contractor, were accused of stockpiling illegal weapons and participating in a prostitution ring. Military investigators found a home video of an alleged rape and extracted a confession from one of the men, but they were never prosecuted because they were deemed immune from court-martial and from Bosnian laws.

That same year, Congress passed the Military Extraterritorial Jurisdiction Act, which asserts that US federal courts can prosecute civilians working for the Defense Department overseas. But that law was largely geared toward crimes committed by relatives of troops and has never been widely used to prosecute contractors, Singer said.

Congress eventually broadened that law to include all US government contractors, but US civilian prosecutors have been reluctant to take on such cases because witnesses and victims are thousands of miles away in a war zone. The Justice Department team responsible for initiating such charges has not gone forward with any of the nearly two-dozen cases referred by the Pentagon and the CIA, partly because of lack of evidence, according to The New York Times.

Fidell said the Defense Department could decline to prosecute the cases, just as the Justice Department has, even though Congress has given the department the power to do so. Only a handful of contractors have been prosecuted in US courts, mostly for financial crimes under a whistle-blower statute that protects the US government from fraud.

British Deals Seen Hurting Fight Against Taliban (WT)

By Ahmed Rashid, London Daily Telegraph

The Washington Times, January 7, 2007

ISLAMABAD, Pakistan -- British policy in Afghanistan is seriously damaging Western efforts against the Taliban, diplomats from allied countries have warned.

Officials from the United States and European members of NATO say Britain is increasingly at odds with its coalition partners over its policy of making arbitrary peace deals with the Taliban, while at the same time declining to put pressure on Pakistan to stop providing sanctuary to the Taliban leadership.

Diplomats in Kabul and Islamabad, the capitals of Afghanistan and Pakistan, say Britain's "go-it-alone policies" are threatening military preparations for a major Taliban offensive expected next month.

Western officials have strongly criticized a deal in Musa Qala in Afghanistan's Helmand province, where thousands of British troops are fighting a resurgent Taliban faction.

British commanders say the deal was struck with tribal elders, but it has been claimed that the agreement was actually made with the Taliban, who controlled the town. British officers deny the accusation.

The truce is now reported to be breaking down, with large numbers of heavily armed Taliban returning to Musa Qala.

Britain wants more such deals, but the United States and some NATO allies have rejected the idea.

Lt. Gen. David Richards, the British commander of the 32,000-strong NATO force, will be replaced this year by Lt. Gen. Dan MacNeil, an American who is expected to cancel all such agreements, officials said.

"We're going to have to fight those [Taliban]. I don't see any opportunity or need to negotiate," U.S. Assistant Secretary of State Richard Boucher said recently.

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Europe's other contention is over the relationship with Pakistani President Pervez Musharraf.

NATO is trying to forge a common front to put pressure on Gen. Musharraf to end the sanctuary that elements within Pakistan's intelligence services provide the Taliban.

The issue is of critical importance in the next few weeks as the Taliban is expected to recruit thousands of men and collect arms and other supplies for its spring offensive.

But Britain has resisted such pressure. Instead, Prime Minister Tony Blair lavished praise on Gen. Musharraf when Mr. Blair visited Islamabad in November.

The reason, diplomats say, is the cooperation between Britain's MI6 intelligence agency and Pakistan's Inter-Services Intelligence (ISI) agency on Britain's domestic terrorist threat from British-born extremists of Pakistani origin.

"Even though British troops in Helmand are facing attacks from Pakistan-based Taliban, London is willing to sacrifice that issue in exchange for getting ISI help on its home-based terrorist problems," a senior European official said.

Bombs Target NATO Convoys In Afghanistan (AP)

AP, January 6, 2007

A roadside bomb struck a NATO vehicle in southern Afghanistan on Saturday, wounding one soldier, while a suicide bomber in a car wounded four soldiers in the country's east, officials said.

The roadside bomb hit the NATO vehicle in Zhari district in Kandahar province, wounding one soldier, said Capt. Andre Salloum, a spokesman for the NATO-led force. He did not disclose the nationality of the wounded soldier.

A suicide bomber, meanwhile, plowed his car into a NATO convoy in eastern Afghanistan's Paktika province on Friday, wounding four soldiers, said Mohammad Akram Akhpelwak, the province's governor.

The bomber struck the convoy, which also included Afghan security forces, in Bermel district, he said.

A NATO spokesman confirmed the blast and said some soldiers were wounded but he did not disclose the number. Most of the troops in that region are American.

The Bermel region borders Pakistan, and a U.S. base there sees frequent rocket attacks. Afghan and Western officials say that militants cross the border to launch attacks against Afghan and foreign troops in the country.

Afghan-Pakistani Bond Steadily Deteriorating (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, January 7, 2007

Plan for Border Fence, Mines Seen Deepening Distrust

ISLAMABAD, Pakistan, Jan. 6 -- A proposal by Pakistan to plant land mines along the border with Afghanistan, aimed at preventing Islamic insurgents from using Pakistan as a sanctuary, has aroused angry protests by Afghan leaders who say the mines would endanger innocent travelers and divide tribal lands whose inhabitants do not recognize the border.

The contretemps is the latest sour note in a deteriorating relationship between the neighboring Muslim governments, both staunch U.S. allies that are linked by the common threat of terrorism but divided by bitter cross-charges of failing to curb a growing Islamic insurgency that operates on both sides of the border.

On Thursday, after a lengthy meeting in Kabul with Pakistani Prime Minister Shaukat Aziz, Afghan President Hamid Karzai said there was still an increasing "lack of trust" between the countries. The plan to mine and fence the border, Karzai said bluntly, "will not prevent terrorism, but it will divide the two nations."

The tension has persisted despite a series of high-level meetings between Karzai and senior Pakistani officials, including the two-day visit by Aziz to the Afghan capital this week and a private session with President Bush at the White House in September that brought Karzai together with the Pakistani president, Gen. Pervez Musharraf.

Taliban insurgents have spread across southern Afghanistan in the past year, battling NATO troops and launching hundreds of attacks, including suicide bombings against government facilities, military convoys and schools. Afghan and Pakistani officials have repeatedly blamed each other for failing to control the violent groups.

Karzai and his aides accuse Pakistan of allowing Taliban leaders and their sympathizers to seek refuge across the border, especially in the semiautonomous tribal districts. Recently, U.S. officials have made the same claim after months of defending Musharraf as an important partner in the war against terrorism.

"The Taliban have been able to use those areas for sanctuary and for command and control and for regrouping and supply," Richard A. Boucher, a senior State Department official, said during a visit to Canada two weeks ago, although he noted that Pakistani authorities had historically not "held sway" in the tribal regions.

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Pakistani officials, in turn, maintain that they have tried every possible means of reining in the Islamic fighters, first sending about 80,000 army troops to the restive border areas and then negotiating agreements with tribal leaders who pledged to control or eject armed Islamic groups. Both efforts have met with major problems.

"We have been the target of a whisper campaign that we are not doing enough, but no one has yet defined what enough is," Tariq Azim Khan, Pakistan's minister of state for information, said in an interview Saturday. "We have gone the extra mile, and we have lost many troops. This is a joint fight and a joint struggle, but we can only look after our side of the border. The Afghans have to look after their side, too."

Pakistan's latest proposal, to lay mines and string barbed wire along parts of the 1,500-mile border, has struck some observers as either cynical or far-fetched, but officials here insist that they are serious about it and that the work will begin sometime this month. They said they have made careful plans to avoid areas of heavy legal cross-border traffic and focus on others where clandestine crossings occur.

"If people take the legal routes, there will be no problem. They will be clearly marked," the information minister said. "Our intention is to go after those who want to move illegally," he said, comparing Pakistan's plan to the strenuous efforts made by U.S. authorities to stop illegal immigrants crossing from Mexico.

The minister noted that in addition to insurgent fighters, drug traffickers use hidden routes to bring opium out of Afghanistan, which produces 90 percent of the world's heroin supply. He suggested that drug-related groups, who are powerful in southern Afghanistan, could be using their influence against the border-sealing plan.

But Afghan reaction to the proposal has been negative for other reasons. Many Afghans have echoed Karzai's assertion that it would arbitrarily divide the Pashtun tribes that live on both sides of the border, while insurgents would continue to slip across.

Moreover, Afghanistan has endured terrible human suffering from hundreds of thousands of land mines laid during 25 years of military conflict, first by the occupying Soviet army in the 1980s and then by warring Afghan Islamic militia factions in the 1990s. The United Nations and other aid groups have spent millions of dollars on mine clearance, but many areas are still infested with the deadly devices.

"We are against planting mines on the border because we have many bad memories of mines in Afghanistan," Mir Wali Khan, a member of Afghan's parliament from Helmand province, said in a telephone interview Saturday. "This cannot possibly stop the terrorists, and it's not even clear where the border is. Pakistan always lies about trying to help us. They don't want a stable Afghanistan, they are just interfering in our affairs."

The information minister and other Pakistani officials insist that it is very much in Pakistan's interest to have Afghanistan become stable and peaceful, in part because Pakistan is tired of hosting several million refugees from years of Afghan conflict and is worried that renewed turmoil could send a new flood of people fleeing across the border. During his visit to Kabul this week, Prime Minister Aziz stressed Pakistan's determination to begin registering and returning all remaining refugees.

Taliban officials, for their part, have sent contradictory signals about their relations with Pakistan. Some have boasted that they can move freely in the tribal areas and also in the southern border city of Quetta, Pakistan, where the Taliban leadership council is widely reported to be based. But a statement this week attributed to Mohammad Omar, the fugitive Taliban leader, insisted that the entire movement was based in Afghanistan and was not receiving any foreign assistance.

Omar and other Taliban officials have vowed to step up their attacks against the Afghan government, its civilian collaborators and the 40,000 NATO troops stationed in Afghanistan, whom they condemn as infidel occupiers. They have rejected recent proposals by Karzai for tribal meetings or peace negotiations.

Solemn Duty In Section 60 (WP)

By Brigid Schulte, Washington Post Staff Writer

The Washington Post, January 7, 2007

Rising Death Toll of Young Service Members Complicates an Arlington Tradition

On a winter day when the rows and rows of white headstones were shrouded in a band of low-lying mist at Arlington National Cemetery, Jane Newman took her place in the white-gloved military honor guard. As the ashes of the latest fallen soldier arrived, she placed her hand over her heart in the civilian salute.

She didn't know this soldier or the family that shuffled behind his urn, shoulders stooped in grief. As usual, she knew only his name, Keith E. Fiscus. His age, 26. His years of service in the Army, four, and the names of his next of kin. Yet when she went through the paperwork that morning, she felt a pang. He was one more soldier killed in Iraq.

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When she was invited five years ago to become an Army Arlington Lady, Newman, the wife of a 30-year Army artillery officer and herself a retired Army nurse, was drawn to the group's mission: that no soldier is ever buried alone. Every fourth Tuesday of the month, she spends the day at Arlington, standing graveside, hand over heart, at up to six funerals a day.

When she started, most of the soldiers she was burying were World War II veterans or soldiers who had lived long lives. Handing a condolence card on behalf of the Army chief of staff and saying a few kind words from the "Army family" to a grieving widow was never easy. But these days, as the death toll from the Iraq war has topped 3,000 and many of the buried are young soldiers, Newman and other Arlington Ladies are finding it difficult to do their solemn duty. Some have asked to be excused.

"I find myself saying, 'Stiff upper lip, Jane,' " she said after a funeral. " 'Stiff upper lip.' "

An Arlington Lady does not cry. An Arlington Lady is not a professional mourner. She is not a grief counselor, according to their strict Standard Operating Procedure. She is there simply so that somebody is. Since 1973, when the Army chief of staff's wife saw a veteran's funeral with no one attending, an Army Arlington Lady, in muted civilian dress and often muddy pumps, has stood graveside at every funeral at Arlington as the personal representative of the chief of staff. Occasionally, she is the only one there.

She is part of a society open only to military wives or widows and then only to those invited to join. The Navy ladies formed in 1985. The much smaller Air Force had Arlington Ladies as far back as 1948. Now, the Navy, Air Force and Army have about 50 Arlington Ladies each. The Marines do not want to participate. The Marines take care of their own, the groups have been told.

Arlington Ladies adhere to a strict dress code -- no slacks, no bright colors. Sunglasses are permitted at all times. They stand at attention with the honor guard. Their role in the ceremony is brief: When the flag has been presented to the grieving family, they approach, offer a few words of comfort and a handwritten note and back away, never once turning their backs on the flag.

"We add a little more personal touch to the military funeral," explained Margaret Mensch, chair of the Army Arlington Ladies. "Yet not too personal."

Getting too personal got one Arlington Lady in trouble last year. After a particularly emotional funeral in section 60, where the dead from Iraq and Afghanistan are buried, she kissed the foreheads of the widow and mother. "She was reprimanded for that," Mensch said.

But it was just that gesture that Cindy Upchurch, the mother of Spec. Clinton Upchurch, who was killed by a makeshift bomb in Iraq, needed that day. "It was a blessing," she said recently. "I don't remember who the Arlington Lady was, but she was elderly and she was so kind. You could tell she was heartbroken. And at that point in a mother's life, when you've lost a child in a violent death, in a war, you need some human touch."

Lt. Col. William Barefield, Arlington's senior Army chaplain, says he sees Arlington Ladies as healers. "I watch the families. After we present the flag, you sense a little bit of sadness, like 'Oh, it's over,' " he said. And that's when the Arlington Ladies walk into what he calls the "eye of the storm -- the unbelievable sorrow for a death in war. They represent someone at the highest level of government. It's an acknowledgment that this life was one of a kind."

Their duty days are still filled with the funerals of old veterans. Of all the troops killed in Iraq and Afghanistan, fewer than 300 are buried at Arlington National Cemetery. "Some are so young," Mensch said, "the families want them closer to home."

Mensch has been attending funerals, stoic and tearless, for nearly 30 years. But the young ones killed in combat are difficult. When one of the dead on her schedule one day turned out to be her former honor guard escort, killed in Iraq, she had to steel herself. "You are still. You just don't cry. When I got there, I thought, 'Just concentrate on that leaf on that tree over there,' " she said. "A military funeral is very dignified. Very precise. It may sound cold, but that's the beauty of it."

Alba Thompson, an Army Arlington Lady, gets down on her knee and touches the hand of the widow or mother. It's hard, regardless of age, to approach what she calls this "sacred space." But it's especially hard when it's a young widow. Once, a widow wore a strapless dress. She caught herself wondering: Had she never been to a funeral before? Or was this his favorite dress?

"I tell them, 'I don't know what I can say right now to make you feel better. Just remember that thousands of people come through here, and when they see the name of your husband or your son, they'll know he was a good and honorable man. They'll know he served his country,' " she said. "Some of them nod, and some of them are bitter."

Only the Navy Arlington Ladies will meet the families before the service and send follow-up notes several months later to see how families are faring. The Army is just so much bigger -- and soldiers make up the majority of those killed in Iraq and Afghanistan -- so the Army Ladies can't, Mensch said. Nor does she want to intrude on families. "We're strangers to them."

On that December morning, Jane Newman found herself tearing up as six soldiers in dress uniform carefully smoothed and folded the American flag that had been draped over Fiscus's ashes. And taps always makes her catch her breath. When the flag was presented to Fiscus's mother, who collapsed over it, and the acrid air burned from the three volleys of rifle fire, Newman

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approached the mother. Perhaps it was better, she said later, that she didn't know Sgt. Fiscus once called his mother "as tough as woodpecker lips" and his hero. Better not to know, as she later read in the newspaper, that Pamela Fiscus had asked her son not to go to this war.

She draped her hand over the woman's shoulder and told her, with a quiver in her voice, that the nation was grateful for her son's sacrifice. The mother continued clutching the flag, head bowed and weeping.

And because this is a controversial war, because recent polls show that the majority of Americans, including Pamela Fiscus, oppose it, Newman finds it difficult to say that sometimes. "It's particularly hard when the family is wondering, 'Are they dying in vain for this?' "

Those fears, said Paula McKinley, chair of the Navy Arlington ladies, are not new. "They have permeated every war since World War II." And all the more reason that an Arlington Lady be present. "We have to understand that every person buried at Arlington was a hero to someone."

As they sit at their desks between funerals, the Arlington Ladies keep their politics to themselves. They are military wives. They do their duty. And sometimes, not everyone comes out alive. Having been wives or mothers of soldiers, pilots and sailors, the Arlington Ladies know what it means when a commitment is made to serve.

As Keith Fiscus's family remained at the columbarium to mourn in private, Newman and her escort returned to the administrative building to warm up. "She was so upset," Newman said of Fiscus's mother. "It's a son. And you're not supposed to bury your children."

Later that day, the Defense Department announced that another soldier had died in Iraq.

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Hopis Pleased Member Recommended (AR)

By Az In D.c., Billy House

The Arizona Republic, January 7, 2007

News last week that Hopi Tribe member Diane Humetewa was being recommended by Arizona's senators to President Bush as a potential nominee to be the next U.S. attorney for the District of Arizona was met with excitement in the village of Kykotsmovi.

Justice Department officials said Friday that they've determined she would not be the first Native American U.S. attorney in the entire nation, because past and former U.S. attorneys from states including Utah, South Dakota, New Hampshire and West Virginia have claimed Native American heritage. But she would be the first Native American U.S. attorney for the Arizona district if nominated and confirmed.

Hopi Tribal Vice Chairman Todd Honyaoma Sr. said Humetewa is a member of the Tobacco/Rabbit Clan from the Village of Kykotsmovi.

"We could not be more proud of and exhilarated for our sister and daughter," he said.

"The Hopi way is that we place a high value on education and serve as stewards to our communities and to the world. Ms. Humetewa has exemplified this value many times in her life," Honyaoma said.

"She will make history."

First days

After being sworn into office, Arizona's Rep. Harry Mitchell joined House Democratic leaders at a news conference Thursday urging colleagues to vote for a package of laws to improve ethics in Congress.

The House later acted on several measures, including those to bar members from accepting meals and gifts from lobbyists and requiring lawmakers to publicly disclose the pet projects, referred to as earmarks in legislative form, they want.

Mitchell, a former state senator, said there wasn't much of a difference between a Washington news conference and one in Arizona, "other than there was just more reporters and more cameras."

But he said he was genuinely surprised by one thing last week - the 15 minutes given to House member to cast their votes on the floor.

"I was comparing it to my state senator experience," he said, when everyone simply sat at their desks and voted.

"Here you get 15 minutes and people are walking around and talking," Mitchell said. "It's quite a bit different . . . there's no order . . . well, you have to get used to the order."

Reach the reporter at billy.house@arizonarepublic.com or 1-(202)-906-8136. Read his blog on Washington politics at dcblog.azcentral.com.

CORPORATE SCANDALS:

More $200 Million Parachutes? Don't Be Shocked (NYT)

The New York Times, January 7, 2007

IT has been a bit bewildering to watch two failed chief executives in the last two weeks or so waltz away from their companies toting severance packages worth more than $200 million each. But pay experts say shareholders had better get ready for more of the same.

Last week, Robert L. Nardelli hightailed it out of Home Depot with $210 million, fast on the heels of Hank McKinnell, whose farewell package of a similar amount from Pfizer was disclosed Dec. 21. Both were paid profusely for failure, thanks to contracts struck years ago by the companies' directors.

Keep in mind that both packages supplemented pay that these executives received during their tenures. Mr. Nardelli's $210 million, for example, came on top of the $63.5 million he made running Home Depot for six years.

That exit numbers like these have shocked many shareholders proves how much inadequate disclosure has kept executive pay hidden from view. But with new rules from the Securities and Exchange Commission on improved pay disclosures, more of these "holy cow" moments will be coming soon to a proxy near you.

Under the new rules, companies will have to disclose potential payments to executives in the case of a termination or a change in control at the company, wrought perhaps by a merger. Unfortunately, the S.E.C. did not require that these payments be made in tabular form and totaled, which would have made it simple for time-pressed investors.

For the most part, however, the figures will be there in black and white.

Are we likely to see any $200 million numbers? Yes, said Mike Sorensen, a principal at Exequity, a law firm in Libertyville, Ill., that does compensation work. He expects such largess to show up at roughly 10 of the nation's 100 largest companies.

"There are a lot of big numbers out there for many companies," Mr. Sorensen said. "Directors right now are looking at these things and saying, 'Wow, these are really embarrassing; we have to revisit this.' But that won't happen overnight."

A CHIEF executive with 10 years of service at a top-100 company might typically be in line to receive $50 million to $60 million in pension obligations, deferred compensation and cash severance, Mr. Sorensen estimated.

That doesn't include the value of executives' share grants, however, which is a wild card. Executives who have received oodles of options over the years and never sold a share will have a much larger total value, for example, than executives who have exercised options regularly and sold shares.

But for all the work that went into the new disclosure requirements, they still leave shareholders in the dark in several crucial areas, said Brian Foley, an independent compensation consultant in White Plains. As a result, the total pay picture will still elude us.

"Things are not going to quite make it to the surface the way they should have," Mr. Foley said. "The summary compensation is not even close to one-stop shopping, which is what one S.E.C. commissioner said was the goal."

For example, Mr. Foley said the new rules should have required a cumulative tally of exercised stock options, restricted stock awards that could be cashed in and long-term incentive payouts. That way, shareholders could see how much wealth executives had already banked.

Another missing figure: dividends paid on restricted stock and unvested stock awards.

Neither do the rules require disclosure of how much the company has contributed to an executive's defined-contribution plan, such as a 401(k). For executives who have been at a company for a long time, this can be a big number, Mr. Foley said.

Also on his wish list is full disclosure of the impact of financial restatements on executive pay dispensed in previous years, especially for executives who were directly involved in activities that led to restatements. It is not as if restatements are rare: during the first nine months of 2006, according to the research firm Glass Lewis & Company, 967 companies restated their financial results, 6.5 percent more than did so in the same period the previous year. These restatements almost certainly mean that some executives were paid for results they did not actually achieve.

But the biggest hole in the new rules, Mr. Foley said, is that they do not require the disclosure of compensation or benefits that have been paid between the end of the year covered by the proxy statement and the date of its filing, which could span several months. Often, he said, companies make large grants in the early months of their fiscal years, but shareholders don't find out about them until more than a year later, unless they pore over insider-trading forms.

"What is the excuse for not having an update section that picks up the big-ticket items like employment agreements and equity awards that went to the big guys?" Mr. Foley asked. "The proxy at the time of mailing ought to be more current."

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Last week's outcry over Mr. Nardelli's exit pay certainly means that boards will be looking at their companies' tallies, even if they are preliminary. When they do, directors should quickly correct past compensation mistakes, said Jesse M. Brill, publisher of CompensationStandards.com, a Web site specializing in pay issues.

Two practices are eroding public trust in the system, he said. The first is the granting of stock to executives who already own so many shares that additional awards cannot possibly motivate them further. The second is to continue giving retirement, severance and change-in-control pay to people who have already accumulated "several lifetimes of wealth."

"Many boards will need to implement a coordinated offset," Mr. Brill wrote, "so that when accumulated gains from equity and long-term incentives reach an agreed-upon amount, post-employment provisions become unnecessary and are canceled out."

This is surely going to be a neck-wrenching change for executives and directors who seem unable to comprehend the concept that enough is enough. Breaking executives of their more-more-more habits won't be easy, of course. Thank Mr. Nardelli for getting directors' attention, at least.

Shareholders can do their part by withholding their support for any director who doesn't try to cut back on excess pay. That could make the coming proxy season more entertaining than ever.

He's Not Out Of Cash, But Is Out Of The Club (NYT)

By Eric Dash

The New York Times, January 7, 2007

On the very same day that he left Home Depot last week with an exit package worth at least $210 million, Robert L. Nardelli walked away from another prominent position — without a cent.

While he was still Home Depot's chairman and chief executive, Mr. Nardelli volunteered as the chairman of a disaster-response task force at the Business Roundtable, a kind of club for corporate chieftains that lobbies for their interests.

Last month, he met at the White House with Michael Chertoff, the secretary of homeland security, and other top government and military officials to discuss improved collaboration on disaster preparedness.

On Tuesday, though, Mr. Nardelli had to quit the group. The Business Roundtable is only for sitting chief executives.

At least he is in good company. The roundtable's former chairman, Hank McKinnell, had to quit last year after he was pushed out of Pfizer, coincidentally with his own $200 million severance package.

CRIMINAL LAW:

Racist Murder Or Suicide? New Mayor's Death Roils Town (AP)

AP, January 7, 2007

WESTLAKE, Louisiana (AP) -- In the hours before his death on the evening of December 30, the first black mayor of this overwhelmingly white town started learning his new job.

About noon, he set City Hall's alarm system for the first time. He got instructions on how to raise and lower the U.S. flag. He had already ordered a new mayoral letterhead with his name on it and a button-down shirt embroidered "Gerald Washington, Mayor."

A few hours later he indulged in a hobby, placing a $4 bet at a nearby horse-racing track.

But by 10 p.m. Gerald "Wash" Washington was dead in the deserted parking lot of a former high school, a bullet wound in his chest. His gun was found by the body.

The coroner and the sheriff have pronounced Washington's death a suicide -- a finding that has embroiled this oil-refinery town in conspiracy theories, with Washington's kin and friends insisting he had no reason to end his life. (Watch what relatives have to say and why a second autopsy was ordered)

Some have accused police of covering up a murder -- perhaps a racially motivated one.

"This is the South, so of course everybody's going to say it was some white guy shooting a black guy," said Dr. Terry Welke, the Calcasieu Parish coroner who ruled that Washington killed himself.

Welke said soot from the pistol was deep in the wound, indicating the gun was touching Washington's chest when the trigger was pulled. That, he said, suggested suicide. He also said that while most gunfire suicides involve a bullet to the head, it is not unusual for people to kill themselves with a shot to the chest.

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But the coroner and the sheriff have offered no reason for why Washington would have killed himself. No suicide note was found. And there is no evidence he bade farewell to anyone, put his financial affairs in order, or gave any other indication he was about to kill himself, authorities said.

Washington's son, Geroski, accused the sheriff's office of doing a sloppy job, and asked the state police to take over the investigation.

"We were dissatisfied with the time frame of the investigation and the way it was opened and closed. We're thinking it's a cover-up because of the quick and fast work they did and didn't do," he told the American Press, the local newspaper.

State police entered the case earlier this week and took the body to Baton Rouge for another autopsy. The state police said it is interviewing friends of Washington's family, but it would not otherwise comment on the investigation.Popular, with 'a smile that would light up this room'

Gerald Washington, 57, was a Vietnam veteran, a retired refinery supervisor who spent 12 years as a city councilman. He stood about 6-feet-5 and enjoyed rumbling around town on his Harley Davidson, dressed in leather pants and chaps. Colleagues described him as magnetic, outgoing and always friendly.

"He had a smile that would just light up this room," said the outgoing mayor, Dudley Dixon. "He had a just dominating personality."

Washington's popularity was obvious: He defeated a white opponent in last fall's election with 69 percent of the vote in this town, which is 80 percent white. Westlake, population 4,500, is near Lake Charles, about 200 miles west of New Orleans.

On the day of his death, Washington met Dixon about noon at City Hall, where he learned about the alarm system. The men lowered the flag to half-staff, to commemorate the death of former President Ford.

A passing motorist called 911 just before 10 p.m., after spotting Washington's body in the parking lot of the school administration building that used to be Mossville High, where Washington went to school and played basketball. Washington lay on his back, in a T-shirt and baseball cap, the coroner's office said.Pearl-handled revolver and betting slip near body

Near the body was a pearl-handled revolver. On Washington's body investigators found a betting slip from Delta Downs from 4:44 p.m.

The coroner said the reaction of Washington's family to the suicide finding -- disbelief -- is not unusual.

"Almost every case of suicide is like that," he said. "Suicides give us more grief than anything else."

That explanation hasn't dampened rumors in town, particularly among blacks, that it should be a murder case.

"Someone lured him to Mossville," said Pat Hartman, 61, a lifelong resident of Mossville, the neighboring town where she and Washington went to school. "Why would he want to go to Mossville, to kill himself at his alma mater?"

"That boy didn't kill himself. Somebody killed him."

FBI: Man Tried To Extort $1.5M From Oprah (AP)

AP, January 7, 2007

Atlanta man allegedly threatened to release taped conversations

CHICAGO - A man has been charged with trying to extort $1.5 million from Oprah Winfrey by threatening to release recorded telephone conversations he claimed would hurt her reputation, according to the FBI and published reports.

Keifer Bonvillain, 36, targeted a person identified only as “a public figure and the owner of a Chicago-based company,” according to a criminal complaint filed in U.S. District Court. The Chicago Tribune and the Chicago Sun-Times, citing unnamed sources, reported Saturday that Bonvillain’s target was Winfrey.

Bonvillain, of Atlanta, was arrested Dec. 15 in the parking lot of an Atlanta hotel and released on $20,000 bail. He was scheduled for a preliminary hearing in Chicago on Monday.

Story continues below ? advertisement

According to the complaint, Bonvillain met a California-based employee of the Chicago company at a party more than two years ago, then recorded conversations with the employee about the owner and her business.

In mid-October he sent the owner an e-mail, telling her an employee said awful things about her, the complaint states.

‘It was a big mix-up,’ suspect says

A month later, Bonvillain sent a letter saying he had tapes of the conversations, an FBI agent alleges in the complaint. In response, another associate of the company called Bonvillain and learned he had taped 12 hours of those discussions.

Over the next few weeks, Bonvillain told the associate he wanted to publish a book based on the tapes and claimed he had received offers of $500,000 to $3 million from tabloids and book publishers, the complaint said.

“There are a lot of people who would want these,” Bonvillain said, according to the complaint.

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The associate, who was working with the FBI, agreed to a $1.5 million price, wired Bonvillain $3,000 in earnest money and arranged to meet him in the parking lot, the complaint said. Bonvillain was arrested the next day.

U. Student Sentenced For Hacking Into Professor's Accounts (DESERET)

By Geoffrey Fattah, Deseret Morning News

Deseret Morning News, January 7, 2007

A 22-year-old University of Utah computer science student has been sentenced to four months incarceration and 120 days home confinement after admitting to hacking into his professor's university and personal accounts, changing grades and reading personal e-mails.

During a sentencing hearing in U.S. District Court on Thursday, You Li promised U.S. District Judge Tena Campbell to lead a more honest life. "Those things were so wrong and were against my conscience and my beliefs," Li said.

Li, a Chinese national, was arrested by FBI agents at a campus dormitory last February. According to a grand jury indictment, Li was accused of using a software program to break into the university's math department computer system in December of 2004.

Li has admitted to using a professor's user name and password to attempt to change his grades in classes, read e-mails and obtain other passwords and bank account information.

According to federal prosecutors, Li also accessed the professor's personal e-mail account and installed a key-logging software that recorded the professor's other user names and passwords as well as other actions.

Li's attorney, Robert Steele, said his client has been "humbled" by his mistakes and assured the court his client would not get into any more trouble.

Assistant U.S. Attorney Scott Garland said Li's actions went beyond just changing a grade and that the student ventured into his professor's bank account and personal life.

Campbell called Li's actions "abhorrent" but noted Li's personality and potential did not warrant heavy prison time.

Li was sentenced to serve four months at a local county jail contracted with the federal system and then 120 days home confinement. Li cannot access an online-enabled computer without prior written permission by the court and is not to possess any data encryption programs.

Garland said punishment for Li's crime was necessary to send a message to other computer science students. In particular, Garland said the U.S. Justice Department is concerned about such students being recruited by organized crime groups.

Li faced a maximum of up to 15 months. Steele said had Li been sentenced to more than 12 months he would have been considered an aggravated felon and would have been immediately deported to China. As it is now, Li will still face an immigration review.

Attack Of The Zombie Computers Is Growing Threat (NYT)

By John Markoff

The New York Times, January 7, 2007

In their persistent quest to breach the Internet's defenses, the bad guys are honing their weapons and increasing their firepower.

With growing sophistication, they are taking advantage of programs that secretly install themselves on thousands or even millions of personal computers, band these computers together into an unwitting army of zombies, and use the collective power of the dragooned network to commit Internet crimes.

These systems, called botnets, are being blamed for the huge spike in spam that bedeviled the Internet in recent months, as well as fraud and data theft.

Security researchers have been concerned about botnets for some time because they automate and amplify the effects of viruses and other malicious programs.

What is new is the vastly escalating scale of the problem — and the precision with which some of the programs can scan computers for specific information, like corporate and personal data, to drain money from online bank accounts and stock brokerages.

"It's the perfect crime, both low-risk and high-profit," said Gadi Evron, a computer security researcher for an Israeli-based firm, Beyond Security, who coordinates an international volunteer effort to fight botnets. "The war to make the Internet safe was lost long ago, and we need to figure out what to do now."

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Last spring, a program was discovered at a foreign coast guard agency that systematically searched for documents that had shipping schedules, then forwarded them to an e-mail address in China, according to David Rand, chief technology officer of Trend Micro, a Tokyo-based computer security firm. He declined to identify the agency because it is a customer.

Although there is a wide range of estimates of the overall infection rate, the scale and the power of the botnet programs have clearly become immense. David Dagon, a Georgia Institute of Technology researcher who is a co-founder of Damballa, a start-up company focusing on controlling botnets, said the consensus among scientists is that botnet programs are present on about 11 percent of the more than 650 million computers attached to the Internet.

Plagues of viruses and other malicious programs have periodically swept through the Internet since 1988, when there were only 60,000 computers online. Each time, computer security managers and users have cleaned up the damage and patched holes in systems.

In recent years, however, such attacks have increasingly become endemic, forcing increasingly stringent security responses. And the emergence of botnets has alarmed not just computer security experts, but also specialists who created the early Internet infrastructure.

"It represents a threat but it's one that is hard to explain," said David J. Farber, a Carnegie Mellon computer scientist who was an Internet pioneer. "It's an insidious threat, and what worries me is that the scope of the problem is still not clear to most people." Referring to Windows computers, he added, "The popular machines are so easy to penetrate, and that's scary."

So far botnets have predominantly infected Windows-based computers, although there have been scattered reports of botnet-related attacks on computers running the Linux and Macintosh operating systems. The programs are often created by small groups of code writers in Eastern Europe and elsewhere and distributed in a variety of ways, including e-mail attachments and downloads by users who do not know they are getting something malicious. They can even be present in pirated software sold on online auction sites. Once installed on Internet-connected PCs, they can be controlled using a widely available communications system called Internet Relay Chat, or I.R.C.

ShadowServer, a voluntary organization of computer security experts that monitors botnet activity, is now tracking more than 400,000 infected machines and about 1,450 separate I.R.C. control systems, which are called Command & Control servers.

The financial danger can be seen in a technical report presented last summer by a security researcher who analyzed the information contained in a 200-megabyte file that he had intercepted. The file had been generated by a botnet that was systematically harvesting stolen information and then hiding it in a secret location where the data could be retrieved by the botnet master.

The data in the file had been collected during a 30-day period, according to Rick Wesson, chief executive of Support Intelligence, a San Francisco-based company that sells information on computer security threats to corporations and federal agencies. The data came from 793 infected computers and it generated 54,926 log-in credentials and 281 credit-card numbers. The stolen information affected 1,239 companies, he said, including 35 stock brokerages, 86 bank accounts, 174 e-commerce accounts and 245 e-mail accounts.

Sensor information collected by his company is now able to identify more than 250,000 new botnet infections daily, Mr. Wesson said.

"We are losing this war badly," he said. "Even the vendors understand that we are losing the war."

According to the annual intelligence report of MessageLabs, a New York-based computer security firm, more than 80 percent of all spam now originates from botnets. Last month, for the first time ever, a single Internet service provider generated more than one billion spam e-mail messages in a 24-hour period, according to a ranking system maintained by Trend Micro, the computer security firm. That indicated that machines of the service providers' customers had been woven into a giant network, with a single control point using them to pump out spam.

The extent of the botnet threat was underscored in recent months by the emergence of a version of the stealthy program that adds computers to the botnet. The recent version of the program, which security researchers are calling "rustock," infected several hundred thousand Internet-connected computers and then began generating vast quantities of spam e-mail messages as part of a "pump and dump" stock scheme.

The author of the program, who is active on Internet technical discussion groups and claims to live in Zimbabwe, has found a way to hide the infecting agent in such a way that it leaves none of the traditional digital fingerprints that have been used to detect such programs.

Moreover, although rustock is currently being used for distributing spam, it is a more general tool that can be used with many other forms of illegal Internet activity.

"It could be used for other types of malware as well," said Joe Stewart, a researcher at SecureWorks, an Atlanta-based computer security firm. "It's just a payload delivery system with extra stealth."

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Last month Mr. Stewart tracked trading around a penny stock being touted in a spam campaign. The Diamant Art Corporation was trading for 8 cents on Dec. 15 when a series of small transactions involving 11,532,726 shares raised the price of the stock to 11 cents. After the close of business that day, a Friday, a botnet began spewing out millions of spam messages, he said.

On the following Monday, the stock went first to 19 cents per share and then ultimately to 25 cents a share. He estimated that if the spammer then sold the shares purchased at the peak on Monday he would realize a $20,000 profit. (By Dec. 20, it was down to 12 cents.)

Computer security experts warn that botnet programs are evolving faster than security firms can respond and have now come to represent a fundamental threat to the viability of the commercial Internet. The problem is being compounded, they say, because many Internet service providers are either ignoring or minimizing the problem.

"It's a huge scientific, policy, and ultimately social crisis, and no one is taking any responsibility for addressing it," said K. C. Claffy , a veteran Internet researcher at the San Diego Supercomputer Center.

The $6 billion computer security industry offers a growing array of products and services that are targeted at network operators, corporations and individual computer users. Yet the industry has a poor track record so far in combating the plague, according to computer security researchers.

"This is a little bit like airlines advertising how infrequently they crash into mountains," said Mr. Dagon, the Georgia Tech researcher.

The malicious software is continually being refined by "black hat" programmers to defeat software that detects the malicious programs by tracking digital fingerprints.

Some botnet-installed programs have been identified that exploit features of the Windows operating system, like the ability to recognize recently viewed documents. Botnet authors assume that any personal document that a computer owner has used recently will also be of interest to a data thief, Mr. Dagon said.

Serry Winkler, a sales representative in Denver, said that she had turned off the network-security software provided by her Internet service provider because it slowed performance to a crawl on her PC, which was running Windows 98. A few months ago four sheriff's deputies pounded on her apartment door to confiscate the PC, which they said was being used to order goods from Sears with a stolen credit card. The computer, it turned out, had been commandeered by an intruder who was using it remotely.

"I'm a middle-aged single woman living here for six years," she said. "Do I sound like a terrorist?"

She is now planning to buy a more up-to-date PC, she said.

CIVIL RIGHTS:

Gay "Marriage" Ballot Measures Running Their Course (WT)

By Cheryl Wetzstein, The Washington Times

The Washington Times, January 7, 2007

The legislative approval of a marriage constitutional amendment in Massachusetts last week means that at least three states have a good chance of having such measures on their 2008 ballots.

But this is a considerably smaller crop of amendments than in previous elections, and there are signs that the state amendment strategy may have run its course.

The push to get voters to define marriage as the union of one man and one woman in state constitutions started in 1998, when traditional-values activists in Hawaii and Alaska used the tactic to overrule state Supreme Court decisions legalizing same-sex "marriage."

The amendment strategy took off after the Massachusetts Supreme Judicial Court legalized same-sex "marriage" in November 2003, and now 27 states have voter-approved marriage amendments.

But no other state court has followed the Massachusetts court -- in fact, nine recent court decisions have upheld state marriage laws -- "so, yes," the issue has "died down," said Glen Lavy of the Alliance Defense Fund, an Arizona-based legal organization active on same-sex "marriage" cases.

"But that doesn't mean that people are less interested ... and don't forget California," he said. The California Supreme Court will hear arguments on its same-sex "marriage" case this spring. If it reverses the state appellate court and finds a constitutional right to same-sex "marriage," "there will be a marriage amendment on the [California] ballot next year," Mr. Lavy said.

Meanwhile, of the 23 states without marriage amendments:

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•Florida, Indiana and Massachusetts are on track to put an amendment before voters in 2008. Florida has an amendment petition drive under way; lawmakers in the other states must pass the amendments a second time before they can be put before voters.

•Lawmakers in Iowa, Maryland, Minnesota, North Carolina and Pennsylvania debated but failed to pass amendments in their last sessions. Amendment bills could resurface, but would face strong opposition.

•New York Gov. Eliot Spitzer and California Assemblyman Mark Leno have taken stands in favor of legalizing same-sex "marriage." In 2005, California lawmakers made history when they passed a bill creating "gender-neutral" marriage. California Gov. Arnold Schwarzenegger vetoed it, saying the people or the courts should decide the issue. Last year, Rhode Island lawmakers introduced pro-homosexual "marriage" bills for the ninth time, homosexual rights advocates said.

•In Illinois, a petition drive to put a nonbinding marriage amendment on the 2006 ballot failed, and the Arizona marriage amendment was defeated at the polls. It's not known if Illinois activists will try for another amendment, but Mr. Lavy said that "there's a good chance" a new Arizona amendment will appear.

•Connecticut, New Jersey and Vermont appear to have settled the same-sex "marriage" issue by enacting civil union laws, and there are signs New Hampshire lawmakers may follow suit.

•Delaware, Maine, New Mexico, Washington, West Virginia and Wyoming do not appear to have much, if any, activity on the amendment issue.

ANTITRUST:

.S. Steel Continues To Explore Options (PTR)

By C.M. Mortimer, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, January 7, 2007

U.S. Steel Corp. still is eyeing Middletown, Ohio-based AK Steel Corp., or it could go shopping for a raw materials supplier in Central or Eastern Europe as steel industry consolidation continues, analysts said.

Merger mania was resurrected when Nucor Corp., the second-largest U.S. steel producer behind U.S. Steel, last week agreed to acquire Toronto-based Harris Steel Group Inc. for about $1.07 billion.

Conjecture over a possible U.S. Steel takeover of AK Steel surfaced in March. "Last year, their board was looking at AK Steel, and I heard they're still watching it," said independent analyst Charles Bradford, of Soleil Securities in New York.

Bradford said he understood U.S. Steel may be looking in Central and Eastern Europe, where assets are cheaper.

"Domestically, they have the iron ore and coke they need. In Central Europe, they don't have any of that. They may also be looking at smaller, government-owned steel companies," said Bradford, who did not identify potential foreign targets.

U.S. Steel operates a plant in Kosice in the Slovak Republic, the largest flat-rolled steel producer in Central Europe. The company operates U.S. Steel Serbia, too.

U.S. Steel CEO John Surma told analysts during a third-quarter conference in November that the company is not ruling out acquisitions. "We think there still could be opportunities to expand our footprint," he said.

"We believe in consolidation, and we continuously evaluate strategic opportunities focusing mostly in North America and Europe. Any acquisition we would make, however, would have to create value for our company and our shareholders. It has to generate a good return on capital, has to be accretive and generate cash," said Charles L. Rice, spokesman for U.S. Steel.

AK Steel declined comment on speculation involving U.S. Steel, said spokesman Alan H. McCoy.

Bradford said another potential target could be Illinois-based IPSCO Inc., a producer of tubular products and steel plate, with annual steelmaking capacity of 4 million tons. "It could be a good fit for U.S. Steel because IPSCO has assets in Canada," he said.

U.S. Steel may be interested in a steel processing company, said Ivan Feinseth, director of research for Matrix USA, LLC, New York.

Feinseth named Columbus, Ohio-based Worthington Industries, which processes steel and makes steel products for the automotive and aerospace industries, and Los Angeles-based Reliance Steel & Aluminum Co., a large metals service company, which also produces hot-rolled and cold-finished steel.

Feinseth said a potential acquisition target could be Grupo IMSA, a Mexican steel processor whose products include galvanized metal plate, cold and hot-rolled metal plate.

U.S. Steel may also look overseas.

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"They may do something in Europe to bolster their raw material position there," said Leo Larkin, equity analyst for Standard & Poor's in New York.

Larkin said U.S. Steel's interest in AK Steel may be lukewarm, and obstacles could include labor difficulties, health care and pension liabilities and potential anti-trust reviews. "It could happen, maybe my anti-trust concern is overblown," Larkin said.

AK Steel generated revenue of about $6 billion in 2005. The company remains mired in an 11-month labor dispute at its Middletown plant, with the International Association of Machinists Local Lodge 1943, which represents about 1,800 members.

U.S. Steel's stock has surged in the past year on speculation it could be an acquisition target. It closed Friday at $69.72, down 92 cents. It gained 46 percent in 2006.

"All of the big steel companies could be interested," said Matrix USA's Feinseth, who estimated the value of U.S. Steel anywhere from $85 to $90 per share.

S&P's Larkin mentioned POSCO, a South Korean steelmaker, as a possible suitor. "POSCO has a strong balance sheet, and they're in an expansion mode. It would strike me as logical, and they have the financial strength to pull it off," Larkin said.

POSCO shipped about 30 million tons of steel, generating about $26 billion in revenue in 2005. During the same period, U.S. Steel shipped about 25 million tons of steel and generated revenue of about $14 billion.

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US Airways Chief Digs In For Delta Fight (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 7, 2007

Don't mistake the relative quiet of the past two weeks for a sign that US Airways' resolve to buy Delta Air Lines is weakening, says Doug Parker, CEO of US Airways.

"We believe our offer is more than fair, and as a result, don't intend on ... backing off," Parker said in a telephone interview last week. "We certainly don't intend on pulling the offer."

Parker made his carrier's $8 billion-plus offer public on Nov. 15, and Delta — which had already rebuffed his private approaches — fired back with a volley of objections, employee anti-merger rallies and a formal plan to emerge from Chapter 11 on its own. The dust settled during the holidays.

Parker says he expects things to soon heat up again, pointing out that Delta's creditors recently hired retired Continental Airlines Chief Executive Gordon Bethune to evaluate the rivals' proposals or other potential alternatives for Delta.

"Gordon is a decisive, extremely knowledgeable individual who ... they clearly didn't bring in just to look at the stand-alone plan. They brought him in to look at strategic alternatives," said Parker.

Another potential flash point: Delta has asked for a bankruptcy court hearing Feb. 7 to begin pitching its stand-alone plan to creditors. They will ultimately vote on whatever reorganization plan Delta uses. Delta's plan values the company at $12 billion when it comes out of bankruptcy and would pay creditors with stock. US Airways argues its cash-stock offer is better for creditors and that a merger will create a stronger airline.

"I think you'll start seeing more urgency this month," said Parker during the interview from US Airways' headquarters in Tempe, Ariz. The conversation has been edited for clarity and length.

Q: Have you gotten any indication as to how the unsecured creditors committee views the US Airways offer?

A: We've met with the committee a couple of times. Their advisers have come back and asked us a number of questions. My own personal view is I think they appreciate the value of the synergies, and I believe they're doing their work now. They've just hired Gordon Bethune, which we think is a positive development — not because we have any idea what Gordon's views are, but just because I know Gordon is a decisive, independent person who knows the airline business very, very well.

Q: What has the committee asked the most questions about?

A: It doesn't seem to be one area of focus. They've spent a lot of time going through the synergy analysis, the $1.65 billion a year [in estimated annual savings from a merger], with our team. I know they've hired their own antitrust counsel to come up with their own views of the antitrust issues, which you know we feel very sanguine about and Delta feels very differently about. They obviously need to get their own views on that. ... So most of the time with us has been on our proposal and synergies.

Q: How soon do you expect the unsecured creditors committee to take some sort of position?

A: I don't know. It's really up to them. ... The process only becomes urgent to the extent that the Delta stand-alone plan is moving in a way that is inconsistent with our merger proposal. ... So long as Delta remains in bankruptcy and there aren't things being approved or disapproved by the bankruptcy court that are inconsistent with our plan, there's no urgency.

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Q: There's the Feb. 7 hearing about the disclosure statement on Delta's reorganization plan. [If the statement is approved by the bankruptcy judge, Delta would be allowed to start seeking creditors' votes backing its proposal.] What does that hearing mean to the US Airways deal?

A: Right now there's a request for a hearing. If indeed that hearing took place on that date, yeah, that would drive some urgency around this process, and I think it will. ... My guess is if the creditor committee wants to support that date, they have a lot of work to get done before that date.

Q: Does that mean it might force you guys to bump up your offer? Does it mean you might have to somehow figure out how to intervene in that hearing?

A: ... It doesn't drive any additional action at this point from US Airways, but I think what it does drive is action from the committee to get themselves ready. The ball's in their court. ... The dialog will continue with the committee, and we're following their lead. ... But as we stand here today, our offer, we think, is well in excess of [Delta's] stand-alone plan in terms of value, and we don't feel any need to amend the offer.

Q: If the committee does finally come out and say we're not interested in your offer, does that kill it?

A: We'd have to reassess at that point. I don't know the answer to that and don't want to speculate.

Q: Does the hostility of Delta employees toward this deal give you or the creditors any pause?

A: It certainly doesn't give us any. I understand it. As we went through the US Airways-America West merger [in which Parker's America West bought the larger carrier and took its name, as it now proposes to do with Delta], there clearly was reluctance on the US Airways side. ... Indeed, even on the America West side, there was some concern about why we were hitching ourselves to that boat. So we had to spend a lot of time communicating with our employees about where the company is going. ... But the fact is, change creates anxiety, and anxiety can turn into fear.

In a situation where we don't have the ability to communicate [with Delta employees] ... it's not surprising at all. I expect over time as this develops for us to have those opportunities. What the employees at Delta will see is that all we're trying to do is build a better Delta Air Lines, and that's only better for the employees. ... I think the culture of Delta is one of its strongest assets and one of the things we want to build on.

Q: There seems to be a widepread belief around here that the merged carrier would be based in Tempe (America West's headquarters before it merged with US Airways, which had been based near Washington) ...Would you consider putting the headquarters in Atlanta to save the deal?

A: I won't speculate on negotiating tactics and really don't want to speculate on where the headquarters might be. The answer is we just don't know right now. ... We don't even know what the management team's going to look like, so to decide where it's headquartered is just premature at this point. What we do know is that both Phoenix and Atlanta are going to be extremely important to this new airline, and there are going to be a lot on management people in both cities.

Q: Why is it so hard to figure out where the headquarters will be?

A: Well, you need to know what the management structure looks like when you're done. ... I think there's a view that ... it will be a US Airways management team that prevailed, and that's certainly not my view. What I know is that we put together US Airways and America West, and most people see me and [a few other high-ranking executives] are all America West, [but] the fact is a third of our officers came from US Airways, and that percentage gets higher as you move on down the ranks.

But you don't know what that management team looks like until you start figuring out who wants to be part of the team and who doesn't, and how it all fits best. In the case of US Airways-America West, it was a good bit easier because their headquarters in Crystal City, Va., consisted of like two or three floors of people. ... That's not the case in Atlanta. It's a much harder decision to make.

Q: What odds do you give yourself of getting this deal through?

A: I feel very good about our chances. The market has clearly spoken in favor of our transaction. The bonds of Delta are at 70 percent [of face value]. The day we announced this transaction they got all that [gain] in the first day, and they stayed there. So I feel extremely good about the market reaction, and I feel very good as a result about where it's going to end up. [The value of Delta's bonds jumped more than 50 percent when US Airways announced its proposal on Nov. 15 and about 10 percent more shortly before Delta disclosed its stand-alone plan.]

If I go back to Nov. 15, is there any disappointment? The only thing I would say is six weeks later, we still haven't begun due diligence [on the proposed merger with Delta] despite that market reaction.

Q: We noticed that Julius Maldutis [a longtime airline securities analyst and consultant] this week was quoted as saying he doesn't think US Airways will go forward with the deal ... because of Delta employees' hostility. When you talk to creditors, is that a concern?

A: They haven't mentioned it to us. ... That has not come up as an issue.

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Q: As time goes on, does that help or hurt your proposal?

A: There's nothing that gets worse with time with our proposal. The only thing that gets worse is if Delta emerges stand-alone.

Q: At least from the outside, it looks like Delta has done pretty well at lining up potential support on the unsecured creditors committee. (Delta has settled with its pilots union, Boeing and the Pension Benefit Guaranty Corp., all committee members.) Isn't that making your job harder?

A: If you accept the premise, yeah — which I don't. The committee has a fiduciary obligation to the creditors. They recognize as much as we do what's happened to the bond prices since our proposal came out, and they need to do what's best for the creditors of Delta, which is who they represent. I don't know what it means to be making progress with individual members of the committee, because the committee in itself represents all creditors.

Q: Does the possibility that the creditors committee is using US Airways to get a richer reorganization plan from Delta or a higher bid from another buyer keep you awake at night?

A: Look, we've assumed from the start that the bankruptcy process is essentially an auction process. ... We welcome any competition and any other offers, and we believe we will prevail against any of them.

Staff writer Dave Hirschman contributed to this article.

ENVIRONMENT:

NRA Pressured To Resist Bush Energy Policies (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, January 7, 2007

Hunters Wary of Limited Land Access

SEATTLE -- After years of close association with the Republican Party and hard-nosed opposition to federal land-use regulation, the National Rifle Association is being pressured by its membership to distance itself from President Bush's energy policies that have opened more public land for oil and gas drilling and limited access to hunters and anglers.

"The Bush administration has placed more emphasis on oil and gas than access rights for hunters," said Ronald L. Schmeits, second vice president of the NRA, a member of its board of directors and a bank president in Raton, N.M.

The new emphasis on the issue of access to public lands, which Schmeits said is at the "discussion" level among the NRA's directors, would represent a strategic shift for the NRA, whose leadership in Washington has long maintained that its 4 million members were not complaining or even asking questions about access to public lands.

But, during the past six years, an increasing number of the country's 46 million hunters and anglers, including Republican-leaning shooting organizations such as the Boone and Crockett Club, have been grumbling about the Bush's administration fast-tracking of oil and gas drilling leases on public lands.

"We find that our members are having a harder time finding access to public land," said Schmeits, who recently pushed the NRA to lobby for congressional protection of the game-rich Valle Vidal forest on federal land in New Mexico. "Gun rights are still number one, but there will be more time and effort spent on this issue [by NRA leaders] as we move forward."

Such a change in policy could undercut a key argument that the NRA uses to raise money, sway voters and help elect candidates. It has long warned its members that many environmentalists are advancing a subversive gun-grabbing agenda masterminded by liberal Democrats.

Andrew Arulanandam, the group's spokesman in Washington, said he agrees with Schmeits that members are voicing increasing concern about access to hunting land and that the NRA is focusing on the problem.

This comes at a politically challenging time for what has long been one of the most feared lobbying groups in Washington. The NRA is increasingly being criticized as out of touch by some members of the Outdoor Writers Association of America. A new gun ownership group is trying to win the support of disaffected hunters. Also, there is some complaining within the gun industry that NRA policies might be bad for business.

"The core, the dream, the passion that drives gun ownership is hunting and getting out on the wide open spaces," said a senior gun company executive who did not want to be quoted by name for fear of retribution from the NRA. "In the same way the Bush administration has overreached on Iraq, the NRA has overreached on gun rights. We are losing our grip on this green environmental thing."

The NRA found new strength and increased membership with its battles against gun control during the Clinton era, while cementing ties with the Republican Party. An NRA official was videotaped boasting in 2000 that the association would open an

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office in the Bush White House. No such office opened, but close identification now with an unpopular president and a party that has lost control of Congress may be hurting the NRA.

"If Republicans have a bad year, the NRA is going to have a bad year," said Charlie Cook, the political analyst who runs the nonpartisan Cook Political Report. "The Democrats have learned in recent years to shut the hell up about guns. Once they did, they started to win some elections."

In November's midterm elections, a number of prominent NRA-backed Republican incumbents were defeated, including Sen. George Allen of Virginia, Sen. Conrad Burns of Montana, Sen. James M. Talent of Missouri and Rep. Richard W. Pombo of California.

Top Democratic leaders appear to have taken the shut-your-mouth-about-guns lesson to heart. Aides to the new speaker and majority leader in the House said that Rep. Nancy Pelosi of California and Rep. Steny H. Hoyer of Maryland have no intention of bringing up gun control in the coming year.

For six years, the NRA joined the Bush administration in opposing the Clinton-era roadless rule, a broad land-protection measure that put nearly a third of the national forests off limits to most development -- while keeping them open for hunters and anglers willing to walk or ride horseback into the backcountry.

The 2001 rule, which was overturned by the Bush administration but reinstated by a federal judge in September, had little initial support from state fish and game agencies, Western governors or many major hunting groups. The NRA opposed the rule, arguing that it was too broad and prevented older, less mobile and disabled hunters from using prime hunting lands.

But years of aggressive oil and gas leasing on prime hunting areas in the federal lands of the Rocky Mountain West seem to have made those protections more attractive. Fish and game agencies in Arizona, Colorado, New Mexico, Idaho, Washington, Oregon and Montana now support the roadless rule, as do most of the region's governors and more and more hunters.

"It is a no-brainer," said Hal Herring, a contributing editor for Field and Stream magazine and an avid hunter who lives near Montana's Rocky Mountain Front, the only area in the lower 48 states where grizzlies, elk and bighorn sheep still come out of the mountains to feed on the plains.

"The NRA stance on the roadless rule is a mistake," Herring said, echoing the view of many prominent outdoor writers. "There are no more roadless areas being produced."

A reader poll in 2003 by Field and Stream found that 41 percent of hunters saw shrinking wildlife habitat as the biggest threat to hunting in America, while 25 percent saw anti-gun legislation as a major threat to hunting.

Trying to seize on these sentiments, a rival gun group, the American Hunters and Shooters Association (AHSA), was founded two years ago by former Washington Redskin Ray Schoenke and John Rosenthal, a real estate developer in Boston. "I believe that we have reached a tipping point where the majority of hunters and shooters realize the NRA isn't representing their interests," said Rosenthal, who is a longtime activist for handgun control.

The group concedes that, so far, the NRA has more executives than the new group has members. That has not stopped the NRA from attacking the AHSA in its magazine, America's 1st Freedom, as a "cold, calculated attempt by the gun-ban lobby to thieve the hard-earned political credibility of gun owners and hunters."

Threatened By Warming (WP)

The Washington Post, January 7, 2007

Polar bear as harbinger

THE BUSH administration has done everything in its power to do as little as possible about climate change. Yet the reality of global warming has a way of intruding even on the most willfully heedless of politicians. Not even an administration dead set against mandatory curbs on carbon emissions can deny that the habitat of the polar bear, as Interior Secretary Dirk Kempthorne put it the other day, "may literally be melting." In response, the administration is proposing to list the polar bear as a threatened species under the Endangered Species Act.

Such a listing would have symbolic and practical importance. Polar bears live most of their lives on sea ice, which is diminishing in an Arctic region warming much faster than more temperate regions of the globe. A formal designation, following a lengthy period of comment and analysis, would acknowledge that the law compels action at least to mitigate the effects of global climate change. What's more, it's hard to see how one could act to preserve polar bear habitat without taking steps to reduce fossil fuel consumption and slow the rate of carbon emissions into the atmosphere.

The administration proposed the polar bear designation only after environmental groups petitioned for it and then sued to force a decision. Still, when confronted with the need to make a decision, it made the right one -- and thereby set the stage for action down the road. Cuddly, loveable animals -- even ferocious ones that can kill a seal with a single blow of a monster-strong

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paw -- have a way of precipitating steps that non-furry creatures just can't manage. Unfortunately, the threat to these majestic giants of the North is all too real.

FBI/DEA/ATF/USMS:

Learning How To Fight America's Most Wanted (NYT)

By Alison Leigh Cowan

The New York Times, January 7, 2007

NEW HAVEN

I'M holding a gun for the first time and trying to look as if I know what I'm doing, as my partner and I pursue a suspect in a fatal bank robbery.

We take him by surprise in his motel room, and my partner tries to handcuff him. The suspect's brother unexpectedly emerges from the bathroom, and the momentary confusion allows the suspect to reach for a gun. I shoot once and hit the wet bar. The suspect's aim is better, and within 1.6 seconds, I am dead. Left unprotected, my partner takes two bullets to the head, and our assailants gleefully escape.

Witnessing this exercise in humiliation was a roomful of people who, like me, had signed up for an invitation-only "Citizens' Academy" course given in the fall by the Federal Bureau of Investigation in Connecticut. As part of our weekly training, we shot guns in computerized simulations, subjected ourselves to lie detector tests and met some of the graduates of a "body farm" in Knoxville, Tenn., where federal agents blow up, bury, submerge and do other unspeakable things to donated corpses to sharpen their crime-solving skills.

Though the two dozen of us taking the class often wondered why the government runs such a course, Citizens' Academy has been around for at least 13 years. One stated objective is to help the bureau improve relationships with the communities it serves. Another is "to demystify the bureau," as Kimberly K. Mertz, the special agent in charge of the F.B.I. in Connecticut, explained.

The cautious side of me fretted whether to participate, given the personal information I had to divulge in the mandatory background check. Did I have to mention religious affiliations? What about my library card? Withholding information, the application noted, was a potential crime. I inquired whether I was also subjecting my husband to a background check.

"Why, is he a Communist?" I was asked.

"Not lately," I sputtered.

On Sept. 14, having learned that my loved ones and I had passed muster, I was waved past a fortified guard booth and seated near a minister, a chiropractor, a lawyer and other working people who had been deemed by the F.B.I. to be "business, religious, civic and community leaders."

Like me, at least a few had prior dealings with the bureau. For instance, one classmate, Rocco Orso, the purchasing agent for the City of Waterbury, volunteered that his phone had been wiretapped for six months during a federal investigation into bid-rigging. Agents discovered instead in 2001 that the city's mayor, Philip A. Giordano, was molesting young girls. Mr. Orso said he was eventually told by the F.B.I. that he "was the most honest man in Waterbury." A city lawyer confirmed the comment and the agent's admonition to "give the man a raise."

Such efforts to rein in municipal corruption, white-collar fraud and organized crime have long been the F.B.I.'s stock in trade. But international terrorism has created new pressures, and the bureau's top brass has been deflecting calls for reorganizations that would separate newer intelligence-gathering functions from its historic crime-fighting mission.

Our eight weeks — three hours every Thursday night — inside the F.B.I. did not provide enough information to resolve these larger questions. But it did give us a feel for some of the 100 or so agents in Connecticut and their boss, Ms. Mertz. An Iowa native, she ran the public corruption unit in Washington from 1999 to 2001 and is now one of eight women running one of the bureau's 56 field offices. When we met, she was wearing pearls and strappy black heels and had her hair in a pony tail, and if she was packing a weapon, it was artfully tucked away inside her fitted suit.

Less than 3 percent of those who apply to be agents make the cut, and her staff was suitably impressive. David Rhieu, her chief division counsel, sometimes thumbs through 4,000 laws to determine if a situation merits federal jurisdiction. In 2002, when a man took hostages at Fairfield University, Mr. Rhieu determined that the standoff's impact on traffic on Interstate 95 justified his agency's intervention.

Dan O'Brien, the agent who runs the bureau's Meriden, Conn., office, quoted Oscar Wilde's "I can resist everything except temptation" in describing public officials and their cheating ways. Stuart Robinson, the head of a public-corruption squad in

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Bridgeport, instructed us that when catching crooks, “you want to get to the beehives, not catch bees.” Erin McNamara, an agent who recovered some of the $200 million that the former financier Martin R. Frankel had amassed by defrauding insurance companies, told us about finding a 15-carat diamond disguised as a Sucrets lozenge. Judy Eide, another agent, shared tales of “tipsters” who call the bureau’s hot line to complain, “I ordered a mail-order bride, and did not get it.”

We each left with a graduation certificate, or a reasonable facsimile, signed by Robert S. Mueller III, the F.B.I. director. And some of the lessons continue to resonate, especially after a Nov. 25 melee with police outside a Queens strip club left an unarmed man dead on his wedding day.

Our introduction to shootouts had taken place weeks before, in September, and I have no idea who was right or who was wrong on that tragic night in New York.

But one reason for letting us wield a 9-millimeter semiautomatic pistol hooked up to a $50,000 training device was to sensitize us to the split-second decisions that law enforcement agents must make in the name of public safety and to the fact that their lives are on the line. None of us wielding that gun were terribly experienced with weapons, and the full range of human frailties, from eyeglasses to middle-aged paunches, was on display that day. So the experiment had its built-in limits.

Surely, I asked, people who are better trained can disarm an assailant without killing him, say, by aiming at the hand holding the gun? Our instructors looked at me as if I watched too many westerns. Few agents are sharpshooters, they said, and their priority must be stopping the threat. One instructor, a former marine, noted that assailants often keep shooting after they’ve been wounded.

To minimize the chance of confrontations with tragic consequences, federal authorities say they collect a great deal of information about the individuals they are following and their habits before kicking in doors. By the time they make an arrest, agents generally know which night of the week a suspect orders pizza, Ms. Mertz said, jokingly. Many agents, we were also told, have never discharged their weapons in the line of duty. That goes for Ms. Mertz. “Most agents never do,” she said.

After failing at the simulator, I can see, perhaps, how I had overestimated others’ proficiency with weapons and their ability to control situations that might be beyond control. Leaving the F.B.I. building, I ran into a longtime agent, Mark Gentil, and told him about my lousy shooting. He asked which scenario had done me in. I told him the motel scene.

“Oh, that’s a hard one,” he said, extending some welcome sympathy as I headed out into the night.

Man Sets Fire To Richmond Church (SFC)

By Carrie Sturrock, Chronicle Staff Writer

San Francisco Chronicle, January 7, 2007

(01-06) 16:50 PST RICHMOND -- A man set fire to a Richmond church early Friday evening after interrupting a practicing choir.

The man walked into St. Cornelius Parish at 225 28th Street shortly before 8 p.m. and poured a flammable liquid on the altar and a nativity scene and then set it ablaze, according to fire officials and a witness.

A short time later, police arrested Robert Mills, 40, of San Pablo on suspicion of arson.

Seven members of the choir, including a 10-year-old boy, were singing the gospel song "Jardinero" in Spanish when a man entered the church who seemed to be speaking to himself, then announced, "Do you want to leave or do you want to stay? Because I'm burning this f— place down," said choir member Veronica Monroy, 32, of Albany.

Monroy said she asked him, "Who are you? Why are you doing this?"

She said he simply replied, "I'm just telling you. Either you want to burn or you want to leave."

He then opened what appeared to be a red can of gasoline and poured it on the altar and Nativity scene, Monroy said, adding that everyone left the church as he did this, except one choir member who stayed back.

Monroy said that man told her the intruder took out a lighter, lit a piece of paper and then threw the flame on the liquid. The choir member tried unsuccessfully to fight the fire with an extinguisher, Monroy said.

She said she had never seen the man at the church before, which she estimated had thousands of members.

After allegedly setting the blaze, Mills left through the same door as the choir members. As he did so, some people outside the church followed him and told police he had entered nearby Nicholl Park.

Police found Mills hiding in the southeastern corner of the park in some shrubbery at Leona Street, and arrested him at 8:10 p.m. as firefighters extinguished the flames, Johnson said.

Mills will likely be charged with arson. The district attorney may also consider charges of false imprisonment because the church was occupied at the time of the fire, said Johnson.

"If they establish it's a hate crime, they could go in that direction," he added.

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Firefighters received word of the fire at 7:47 p.m. When they arrived, the church was suffused with smoke, but they quickly got the fire under control by 8:19 p.m, said Richmond Fire Department Battalion Chief Byron Berhel. No one was injured.

The fire destroyed the altar, nativity scene, a lectern and carpeting. Berhel said there was also extensive smoke damage throughout the relatively large building.

"You can't get that smoke scent out 100 percent," he said. "A lot of the stuff is probably going to have to be replaced."

He said the arson was unusual.

"You don't find people going into a church and deliberately setting a fire," he said. "That's a first for me."

Monroy said the damage is sad to look at. Still, church officials have planned masses for tomorrow in the church gym and parishioners will later come together to repair the building.

"That is just going to keep us more united," said Monroy. "Our faith is very strong. That's one thing we can say. We're going to get up and we're going to continue."

Metairie Store Gun Theft Suspect Being Sought (NOTP)

By From Staff Reports

New Orleans Times-Picayune, January 7, 2007

Police trying to ID second man in heist

The Jefferson Parish Sheriff's Office on Saturday released the identity of a suspect being sought in Monday's theft of more than 120 guns from a Metairie sporting goods store and announced a $10,000 reward for information leading to his arrest.

Jermaine Surtain, 28, who once lived in the 5700 block of Tullis Drive, Algiers, is wanted on a warrant accusing him of burglarizing Puglia's Sporting Goods, 1925 Veterans Memorial Blvd., said Col. John Fortunato, a Sheriff's Office spokesman.

The office is also seeking the public's help in identifying a "person of interest" who rented a vehicle thought to be used in the break-in, Fortunato said.

Authorities think the burglary was committed by four men possibly using a black Dodge Durango. The men made a hole in a wall to get in around 2:30 a.m., then broke display cases and took 115 handguns, several shotguns and two assault rifles.

Authorities identified Surtain as a suspect through the cooperation of the Sheriff's Office, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the West Bank Major Crimes Task Force. The task force is made up of officers from the Sheriff's Office and the Gretna, New Orleans and Westwego police forces.

After the burglary, authorities recovered four handguns that apparently had been dropped during the break-in. Another handgun taken in the burglary was recovered Saturday at a house in New Orleans, Fortunato said.

He said Surtain has a criminal record and also will be booked with possession of a firearm by a felon when he is arrested.

Sheriff Harry Lee said he was greatly concerned about the theft of the guns, and he asked Crimestoppers to double its usual $2,500 reward for information leading to an arrest and indictment, Fortunato said. He said the ATF is offering $5,000 more.

Anyone with information can call the Sheriff's Office at (504) 364-5300.

. . . . . .

A reward is available for information leading to an indictment. Call Crimestoppers at (504) 822-1111 or toll-free at (877) 903-7867.

Gun Violence Across Puerto Rico Leaves 7 Dead On Kings Day (AP)

AP, January 6, 2007

SAN JUAN, Puerto Rico (AP) — Seven people were killed in shootings across Puerto Rico on Saturday, prompting the U.S. territory's top police official to plead for lawmakers to pass tougher gun laws.

The violence, which marred the Caribbean island's Three Kings Day celebrations, included a drive-by shooting of a minivan outside a fast-food restaurant in which two people died and two others were injured in a San Juan suburb, police said.

At a news conference, police chief Pedro Toledo urged the approval of pending legislation that would make it more difficult for islanders to import weapons from the U.S. mainland. Gunmakers have opposed the restrictions.

"Our biggest concern is the amount of weapons and ammunition on the streets," Toledo said.

The two victims killed in the parking lot in Guaynabo were identified as Leslie Machado Becerril, 18, and Christian Collazo Pacheco, 24. The other slayings were reported in Manati, Toa Alta, Caguas, Humacao and Loiza.

The U.S. territory of 3.9 million people averaged just more than two homicides a day last year. The 739 slayings marked a slight decrease from 2005. In most cases, the murders were linked to the drug trade, according to police.

IMMIGRATION:

Complaints Rise Against Immigration Lawyers (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 7, 2007

Complex Statutes, Criminal Schemes Heighten Concerns

Complaints against immigration lawyers working in and around the nation's capital are rising, say officials who investigate allegations of attorney misconduct.

Last year, the D.C. Office of Bar Counsel received 59 complaints about immigration lawyers, up from 49 in 2005 -- when, for the first time, immigration law drew more complaints than any other specialized practice area.

The bar counsel office is finalizing 2006 totals for other categories, but complaints about immigration law appear likely to rank near the top again.

Such a distinction is no small feat in a city flush with lawyers and no small worry in a region long established as a destination for immigrants, particularly those from Africa and Latin America.

"There are a lot of unhappy immigrant clients out there, and some of them have very good reason to be unhappy," said D.C. Deputy Bar Counsel Elizabeth A. Herman, who has handled immigration complaints for more than a decade.

From the simply confused to the unquestionably criminal, bad lawyers have become a concern for the immigration bar and for the nation's immigration tribunals.

Federal sanctions have been rising in recent years. Established in 2000, the bar counsel at the Executive Office for Immigration Review, the Justice Department branch that oversees U.S. immigration courts and the Board of Immigration Appeals, disciplined 47 immigration lawyers last year and 54 the previous year -- up from 22 in 2000.

"You have a very vulnerable population," said Jennifer Barnes, who has been the bar counsel for the immigration review office since the position was created. Many immigrants, she said, don't speak English, and few understand the statutes and regulations that are second perhaps only to the tax code in complexity. "And you have attorneys out there looking to take advantage of that vulnerability," she said.

Perhaps the most notorious Washington area immigration hustler in recent history is Arlington lawyer Samuel G. Kooritzky, who was imprisoned in 2003 after he was convicted of engaging in a massive fraud. Kooritzky's firm, Capital Law Centers, specialized in applying for state labor certifications, which businesses use when they cannot find a U.S. citizen for a particular job. An immigrant can then use a certification to apply to the federal government for a green card.

Kooritzky's firm submitted thousands of fake applications for labor certifications without telling the businesses they were being used. He charged immigrants $8,000 to $20,000 for the service and raked in millions before the fraud was discovered. Kooritzky received a 10-year sentence.

The breadth of Kooritzky's criminal enterprise is hard to match, but there are some contenders. In November, a few were in court in the District.

A federal judge sent a Northwest Washington lawyer, Mohamed Alamgir, to prison for more than three years. From 1996 to 2003, Alamgir filed hundreds of false labor and immigration forms as part of a scheme to obtain permanent residency for immigrants by claiming they had jobs awaiting them in the United States, prosecutors said.

But there were no jobs. In some cases, Alamgir paid employers who agreed to participate in the scheme. In others, he put up friends or relatives as employers. And in still others, he mingled fake applications with legitimate ones. In all, the fraud took in more than $2 million.

A D.C. Superior Court judge jailed another lawyer, Richard A. James, who, despite having been disbarred, continued to practice immigration law. Given a suspended sentence in 2002 for flouting his disbarment in 2000, James was ordered not to practice. But he did, working out of an office on I Street NW where one of his specialties was helping foreign physicians immigrate to the United States. He's serving an eight-month sentence for contempt.

But most of the wrongdoing that keeps bar counsels busy does not rise to the criminal level.

It is the missed deadline, the unreturned phone call, the obviously overlooked opportunity that frustrate many eager immigrants and prompt a large share of the complaints. Such lapses might be less grievous in other legal arenas, but immigration law is stringent, and immigration tribunals are exacting in their application of it, say lawyers who practice before them.

That is why bar counsel offices such as the District's have made immigration law a priority. "The consequences for missing a deadline are draconian," Herman said. "In civil court, if you miss a deadline, you just file a motion for more time. In immigration court, you can't do that and expect a good result."

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Some aggrieved immigrants file complaints. Some have no choice but to file in order to ask an immigration judge to reopen a case. But many never do, being unaware of their rights or reluctant to exercise them for fear of further complicating their situation, advocates for immigrants say.

Complaints can take months or years to investigate and resolve. Documents must be gathered, transcripts of proceedings might have to be ordered and lawyers must be given a chance to respond.

When D.C. bar counsel Wallace E. "Gene" Shipp Jr. elects to seek a sanction, his lawyers have to try the case before a Board of Professional Responsibility hearing committee, then argue it before the board, which ultimately makes a recommendation to the District's highest court, the Court of Appeals.

In 2005, for example, the court upheld a reprimand for a lawyer who had failed to file an appeal that his client had requested after the client was denied asylum and then neglected to tell his client that the appeal had not been filed; the lawyer was in a dispute with the client over how much of a $625 fee had to be paid up front.

Bad lawyering carried consequences for Fanny Saavedra and her family, they said. Born in Bolivia, Saavedra has been in the United States illegally for more than a decade, since she overstayed a tourist visa, was arrested in a workplace raid and ordered deported.

After her husband, Rene, also of Bolivia, won permanent residency in 2000, Fanny should have been right behind him in line for a green card, said her current attorney, the Rev. David Brooks. But their attorney at the time said that Fanny could not piggyback on Rene's residency and would need to wait until he became a citizen.

The lawyer was wrong, Brooks said. But not until last year, as Rene was preparing to become a citizen, did they learn that they didn't have to wait.

The couple's three children -- ages 3, 7 and 9 -- were born in the United States and are citizens, and Fanny Saavedra's teenage daughter, born in Bolivia, was able to gain permanent residency in 2002 as Rene Saavedra's stepchild.

In her own Gaithersburg home, only Fanny Saavedra is in the country illegally, haunted by the memory of the raid that led to her deportation order. Even the news that her case has been reopened and will be heard by an immigration judge this month has done little to quell her anxiety.

"It's like trauma for me," the 40-year-old housekeeper said. "I'm afraid, really afraid. I don't want to leave my kids."

But the idea of filing a grievance seemed like asking for more trouble when the family was focused on legalizing Fanny Saavedra's status. "We didn't make a complaint, because we didn't want any more legal problems with our situation," Rene Saavedra said.

In a field dominated by solo practitioners and firms of two to three lawyers, even conscientious ones can find it hard to keep up with changes in the law and the strict demands of immigration courts.

"A lot of people get into this practice and they mean well, and they get overwhelmed -- they get totally overwhelmed," said Michael Maggio, whose Dupont Circle firm, Maggio & Kattar, has one of the area's biggest immigration practices.

Last year, the American Immigration Lawyers Association created a practice and professionalism center to provide guidance for lawyers navigating immigration law, as more are entering the immigration field. The association has grown from fewer than 4,000 members in 1994 to more than 10,000. Only New York and Miami have more members than the Washington region, which has about 800.

When a lawyer's lapse costs an immigrant whatever opportunity he or she had, the aftermath can be heartbreaking.

"No matter what we do to show the lawyer did wrong, [the immigrant] may still be deported," Herman said, drawing on her experience with the D.C. bar counsel office. "It's more than frustrating. It's tragic in some cases. They may be separated from their children. They may be deported to a country they haven't lived in since they were an infant. Their whole lives are turned upside down."

Fanny Saavedra wakes up with such fears every day, despite her attorney's confidence that she'll be allowed to stay. "My husband, he always supports me," she said. "Whatever happens, we'll be together. If we go back, we're going to go back, all of us."

TAX:

House Rules Change Clears Way For Tax Increases (WT)

By Donald Lambro, The Washington Times
The Washington Times, January 7, 2007

DOJ_NMG_0113451

One of the first key procedural votes in the Democrat-controlled House last week established legislative rules that Republicans say will make it easier to raise taxes by a simple majority vote.

The straight party-line vote received little attention Thursday as Rep. Nancy Pelosi, California Democrat, was elected speaker of the House. But Republican leaders and conservative tax-cut advocates said it opened up a huge loophole in a Republican-imposed rule drawn from the Republicans' 1994 Contract with America, which requires a supermajority, or three-fifths vote, to raise taxes.

Democrats unanimously voted down a motion offered by Minority Leader John A. Boehner of Ohio that would have prevented them from waiving the rule, a move that tax-cutters said signaled the Democrats' intention to raise taxes between now and the 2008 elections.

"American taxpayers need to hold on to their wallets because the new House rules concerning taxes are not worth the paper they're written on," said Grover Norquist, president of Americans for Tax Reform (ATR).

"After spending an entire year on the campaign trail claiming she will not raise taxes, the first vote Nancy Pelosi brings to the floor for a vote as speaker will open the door to billions and billions of dollars of tax increases over the next two years," Mr. Norquist said.

Many liberal Democrats vowed in the midterm election campaigns to repeal the Bush tax cuts for those in the top income-tax brackets, and party leaders already have scheduled a vote to eliminate tax breaks for oil companies, which would effectively raise taxes on the nation's energy-producing corporations.

"The Democrats have a more established record of wanting to raise taxes than Republicans do. So to have them reject making the rule unwaivable indicates they want to preserve the option to raise taxes," said Jo Maney, spokeswoman for the Rules Committee, through which all legislation must pass.

"The Democrats were smart in crafting the new rules," said Dan Clifton, ATR's chief economist. "They did not change them but made additions to them. Now the three-fifths rule can be waived by a simple majority," or 218 votes.

"President Clinton got a bare majority 218 votes for his tax increases in 1993. So all the Democrats have to do is vote to waive the three-fifths rule, and they've got a tax increase," Mr. Clifton said.

Democratic officials saw Mr. Boehner's motion as a move to tie their hands on future tax policy, and the majority leadership effectively held all of its troops in line to oppose it, even though some of its members ran on pledges not to raise taxes.

"In the coming months, the Democrat-controlled Rules Committee will be pressured to repeal or waive the Contract with America's barriers against unfair tax increases to make it easier for the Democrat majority in Congress to raise taxes," Mr. Boehner predicted.

The Democrats also approved the so-called "pay-as-you-go" rule as part of the House rules package. The rule says that when taxes are cut, lawmakers must offset any revenue loss with either new or higher taxes elsewhere, or reductions in spending.

But the Committee for a Responsible Federal Budget said Friday that the pay-as-you-go rules "do not always work perfectly, and it may be useful to consider changes to improve the technical workings of [pay-as-you-go] to make it more effective."

A Balanced Budget (WP)

The Washington Post, January 7, 2007

In 2012. Maybe.

SO PRESIDENT Bush is promising a balanced federal budget -- three years after he leaves office. That's a worthy goal, and we look forward to seeing, when the budget is released next month, how, exactly, he hopes to achieve it. But we'd be more impressed by the professed commitment to fiscal discipline if it weren't, in large part, Mr. Bush's own policies that made that far-off target look like an achievement. Or, better yet, if we had any confidence, based on performance, that this theoretical balance is based on realistic projections. Or if there were any acknowledgment from Mr. Bush that his sacrosanct tax cuts would have to be adjusted to meet this goal.

The traditional Democratic Party rap against the Bush administration's fiscal policies goes like this: He inherited a projected 10-year budget surplus of $5.6 trillion and turned that into a projected $3 trillion deficit. The truth is more complicated: The surplus was always, to some extent, illusory, and some of the budgetary deterioration was due to circumstances -- an economic slowdown, the costs of the war against terrorism -- beyond Mr. Bush's control.

Nonetheless, it was Mr. Bush's recklessly unaffordable tax cuts and his insistence on maintaining and extending them even as the costs of the war in Iraq escalated that helped drive the deficit. It was Mr. Bush -- the same Mr. Bush who now calls for an

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end to the "dead of the night" process of inserting earmarks into spending bills -- who signed every spending bill put before him, even as they were stuffed by a Congress controlled by his party with record numbers and amounts of earmarked projects.

Even as he asserts that his budget submission next month will show a path to balance by 2012, Mr. Bush insists that the tax cuts cannot be touched. That presages yet another budget that will be hard to take seriously -- one that doesn't account adequately for expected spending in Iraq and Afghanistan and that doesn't factor in the enormous costs of adjusting the alternative minimum tax so that it doesn't sweep in increasing numbers of middle-class taxpayers.

As a political matter, it's impossible to imagine that balance could be achieved through spending cuts alone. Just consider the difficulty that the Republican-controlled Congress had trying to craft a budget based on Mr. Bush's unrealistic discretionary spending or in making even modest inroads on entitlement spending. Nor, politics aside, is it clear that spending discipline alone is the better way. Why, to put it in the starkest terms, should tax cuts for the wealthy take precedence over health care for children?

A real path to balance will not be easy. It will require a recognition from Mr. Bush and his fellow Republicans that all their tax cuts cannot stand and a willingness by Democrats to forgo spending that their constituencies demand. It's not clear that either side has accepted that reality.

CONGRESS-ADMINISTRATION:

Dems Prepare Slew Of Oversight Hearings (AP)

By Jim Kuhnhenn, Associated Press Writer

AP, January 7, 2007

In this new era of divided government, the congressional hearing room is where the executive and legislative branches will clash.

Over the next few weeks, Senate Democrats plan to hold at least 11 hearings just on Iraq. In the House, one of the Democrats' most dogged investigators is waiting to spring his committee on a different mission — suspected government fraud.

From the war to environmental policy and secret surveillance, the Democrats who now control both the House and Senate are armed with subpoena power and ready to summon panels of witnesses.

These newly empowered Democrats plan to put the Bush administration under scrutiny like never before.

"One of the clearest messages of the last election was that the Republican leadership was just AWOL when it came to holding the Bush administration accountable," said Rep. Chris Van Hollen, D-Md., chairman of the Democratic Congressional Campaign Committee.

The congressional hearing room is a Washington set piece: A lonely witness at a table covered in red velvet, klieg lights glaring, a determined inquisitor across the floor. Congressional power in its rawest form.

Iraq is the focal point of Democratic efforts.

Beginning this week, when Bush is expected to disclose his new war strategy, three Senate and at least two House committees plan to call Cabinet members to testify about the president's policy.

"We will use these hearings to ask tough questions, demand real solutions and keep working to bring this war to a close," Senate Majority Leader Harry Reid, D-Nev., said Saturday in his party's weekly radio address.

The hearings are one way for Democrats to respond to the party's anti-war wing. Last week, as Democrats prepared to assume power in the new Congress, anti-war activist Cindy Sheehan and a group of protesters interrupted a Democratic press conference, chanting "De-escalate. Investigate. Troops home now!"

The outburst highlighted the limited options Democrats have on redirecting policy in Iraq. Short of cutting off money for the war — a step Democratic leaders say they will not take — Congress has little recourse but to agitate publicly against Bush's strategy.

House Speaker Nancy Pelosi, D-Calif., and Reid wrote Bush last week to express their opposition to a potential temporary increase in the number of troops in Iraq — an idea Bush is said to be considering.

Some Democrats, so far a minority, want Congress to take a stand against an emergency spending bill that Bush is expected to send to Congress to pay for military and reconstruction operations in Iraq and Afghanistan.

That bill "is a vehicle for continuing the war through the end of Bush's term" in early 2009, said Democratic Rep. Dennis Kucinich of Ohio, who is running for president in 2008. "You cannot say you oppose the war and continue to fund it."

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Reid on Friday reiterated that Democrats would not use spending legislation to try to change the course of the war. In fact, Democratic strategists say it is far better for the party to keep the war focus on Bush than it is to devise a detailed exit plan for Iraq.

"We are not at a point at this moment where I can say we have a specific strategy, but we have several options," said Sen. Richard Durbin of Illinois, the No. 2 Democratic leader.

One idea under consideration would cap the number of troops Bush could send to Iraq.

"It could be legislation that requires the president to come for congressional approval for troops over a certain level," Durbin said, quickly adding there was no Democratic agreement on such an option. "I'm giving you speculation. This is not strategy."

Besides the focus on Iraq, Democratic committee chairmen are planning their own policy oversight sessions with Bush officials.

"We need to be the watchdog," said Rep. Henry Waxman, D-Calif.

From his perch as chairman of the House Oversight and Government Reform Committee, Waxman said he intends to tackle instances of "waste, fraud and abuse." He did not specify his first target, but previously has expressed interest in investigating federal contracts in Iraq and in the Gulf Coast after Hurricane Katrina struck.

Sen. Patrick Leahy, chairman of the Senate Judiciary Committee, has said he will examine the administration's policies on torture and other human rights issues. His request for data exposed one of the first rifts between the new Congress and the administration when the Justice Department refused to provide the committee with two secret documents that describe CIA detention and interrogation policies for suspected terrorists.

Leahy, D-Vt., stopped short of threatening the use of a subpoena to get the documents. But he told Attorney General Alberto Gonzales that he "would pursue this matter further" when the committee holds its first oversight hearing.

Now that Bush had accepted the resignation of Harriet Miers as his top in-house lawyer, the White House is preparing to revamp its counsel's office in anticipation of a more aggressive and demanding Congress.

Miers was one of Reid's favorite White House officials and the senator applauded Bush for nominating her to the Supreme Court in 2005 — though she eventually withdrew from consideration. Her replacement probably will not elicit the same warm response.

Medicare Drug Program Costing Less Than Estimates, U.S. Says (NYT)

By Robert Pear

The New York Times, January 7, 2007

WASHINGTON, Jan. 6 — The Bush administration lowered its estimate of the cost of Medicare's new prescription drug benefit Saturday, saying the price tag had come down about 10 percent in the last six months.

Administration officials said they hoped the numbers would undercut support in Congress for a Democratic proposal requiring the government to negotiate with pharmaceutical makers to secure lower drug prices for Medicare beneficiaries.

The 2003 Medicare law prohibits such direct negotiations, relying instead on private insurers and their agents to seek discounts on prescription drugs. Legislation to repeal that ban is a top priority for the new Democratic majority in Congress.

Michael O. Leavitt, the secretary of health and human services, said the new numbers showed that such legislation was unnecessary because competition among private plans had effectively held down costs.

"Our new estimates provide clear evidence that consumer choice is working," Mr. Leavitt said in an interview. "Government interference will result in fewer choices and less consumer satisfaction."

Such arguments are unlikely to sway House Democrats, who say older Americans are still paying far too much for medications. But the numbers provide new ammunition for Republicans.

In July, the Bush administration estimated that payments to private plans offering the Medicare drug benefit would total $1.077 trillion from 2007 to 2016. Officials now estimate they will be $964 billion.

The federal government subsidizes premiums and pays a variety of subsidies to insurers to draw them into the Medicare market.

Leslie V. Norwalk, acting administrator of the Centers for Medicare and Medicaid Services, said drug costs in general had been increasing more slowly than expected. In addition, Ms. Norwalk said, enrollment in the new Medicare program is lower than expected, because some beneficiaries found they had equivalent drug coverage from other sources.

Critics Warn Of Pitfalls In Democrats' Drug Plan (NYT)

By Robert Pear

The New York Times, January 7, 2007

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WASHINGTON, Jan. 6 — Democrats want the government to negotiate lower drug prices for Medicare beneficiaries, but insist that the government should not decide which drugs are covered.

Many economists and health policy experts see this as a paradox. The only way to get big savings and discounts, they say, is to steer patients to certain preferred drugs.

The debate on this issue, bubbling for several years, will come to a boil in Congress next week as the House votes on a Democratic proposal to require the secretary of health and human services to negotiate with drug manufacturers on behalf of Medicare beneficiaries.

On the one hand, the bill says the secretary "shall negotiate" lower prices. On the other hand, the drug benefit would still be delivered by private insurers. Each plan would establish its own list of covered drugs, known as a formulary, and the secretary could not "establish or require a particular formulary."

Under the 2003 Medicare law, passed by a Republican Congress, insurers and their agents negotiate prices with drug manufacturers. The law prohibits the secretary from interfering in those negotiations.

Democrats describe their proposal as a way to overcome the power of special interests — specifically, they say, the pharmaceutical and biotechnology industries, which would rather deal with dozens of private insurers than with one big federal agency.

"Direct negotiation for lower prescription drug prices is directly related to our lobbying and ethics reform legislation," said Representative Rahm Emanuel of Illinois, chairman of the House Democratic Caucus.

The purpose of both proposals, Mr. Emanuel said, is "to make sure that special interests do not control what happens in Congress."

Democrats often point to the Department of Veterans Affairs as a model, saying it negotiates much lower prices than Medicare gets. But the programs differ in significant ways.

Under federal law, the V.A. is guaranteed a substantial discount — about 24 percent off the average price paid to the manufacturer of a brand-name drug by commercial customers. Starting with this guarantee, officials negotiate deeper discounts.

The veterans agency, which filled more than 120 million prescriptions last year, has a national formulary. The agency decides which drugs or classes of drugs it needs to treat its patients.

After those decisions are made, drug companies compete for the business, and the V.A. often encourages doctors to switch patients to the drugs that are selected, if it is medically appropriate to do so.

Dr. Alan M. Garber, director of the Center for Health Policy at Stanford University, said he did not see how Medicare officials could obtain big discounts unless they were able to establish a restrictive formulary.

"To obtain drugs at low prices, a purchaser must be able to say no to covering a particular drug," said Dr. Garber, who is an economist and a physician. "If you cannot walk away from a deal, there's no way you can be sure of obtaining a low price. That's true whether you are buying a car, a house or medications."

President Bush and the pharmaceutical industry adamantly oppose a requirement for Medicare to negotiate prices. But Congressional Democrats say it is worth a try.

"Republicans had their shot at making the drug bill work, and seniors are still not getting the prices they deserve," said Representative John D. Dingell of Michigan, the chief sponsor of the Democratic proposal.

"Republicans chose to take care of their friends in the drug industry," Mr. Dingell said. "It's our turn to prove that the bill can work for seniors."

AARP, the lobby for older Americans, supports the proposal. In a new advertising campaign, the group says: "Medicare has 43 million members. And zero bargaining power when it comes to prescription drug prices."

William D. Novelli, the chief executive of AARP, said that Medicare drug plans "currently have little choice but to accept the high prices set by manufacturers" for brand-name drugs if no competing products are available.

Under the Democrats' proposal, the secretary would negotiate the prices that could be charged to sponsors of Medicare drug plans, and those plans could try to obtain still lower prices on their own.

In a report this week, the Congressional Budget Office said that private purchasers had leverage in negotiating prices when they could "systematically favor one brand-name drug over another," thus increasing its share of the market. Nothing in the Democratic proposal allows the secretary to choose one drug over another, or to influence the choices made by Medicare drug plans.

James R. Lang, former president of Anthem Prescription Management, a drug benefit manager, said: "For this proposal to work, the government would have to take over price negotiations. It would have to take over formularies. You cannot do one without the other. There's no leverage. Manufacturers won't give up something for nothing."

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Democrats Face Hurdles In Bid To Close Medicare Gap (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, January 7, 2007

Eliminating Hole in Drug Coverage Would Require Tax Increases or Spending Cuts to Avoid Expanding Budget Deficit

Democrats face a difficult time delivering on their pledge to eliminate the "doughnut hole" in Medicare's drug benefit, despite having used the unpopular coverage gap as a rhetorical club against Republicans in regaining control of Congress in the fall elections.

Requiring Medicare to negotiate lower drug prices from pharmaceutical companies -- a popular idea that nevertheless faces significant political hurdles -- will not produce enough savings to fill the doughnut hole, experts say. And making up the difference would require big tax increases or spending cuts elsewhere if Democrats are to keep another campaign promise, to be fiscally responsible and avoid increasing the federal budget deficit.

"I think the Democrats are going to shy away from it because it's very costly," said Sen. Charles E. Grassley (R-Iowa), who was chairman of the Senate Finance Committee when it crafted the Medicare drug benefit in 2003. "I think you'll find out that closing the doughnut hole would have just about doubled what we were going to put into the whole program. So you're talking about hundreds of billions of dollars."

Democrats are still determined to eliminate the gap, said Brendan Daly, spokesman for House Speaker Nancy Pelosi (D-Calif.). The House is expected to vote this week on a bill Democrats introduced Friday that would require the secretary of health and human services to negotiate the prices of drugs covered by what is formally known as Medicare Part D.

"We're hoping to get some savings, obviously, from the price negotiation, and then we can try to use some of that to start to close the doughnut hole," Daly said. "I don't think we're going to have enough to close it entirely. It's a difficult task. . . . We are committed to doing it, though."

The doughnut hole refers to a coverage gap in which Medicare beneficiaries must pay for 100 percent of their drug purchases, even as they continue to pay monthly premiums. An estimated 3 million to 4 million people fell into the gap last year. In 2007, under the standard plan, the gap opens when a senior's total drug costs reach $2,400 and closes when out-of-pocket expenses total $3,850. Medicare then picks up most additional costs.

The Congressional Budget Office has informally estimated that filling the hole would cost $450 billion over 10 years, but the agency has no estimate of how much government price negotiations might save. A study released in October by Rep. Henry A. Waxman (D-Calif.), the new chairman of the House Government Reform Committee, estimated that the savings would range from $61 billion to $96 billion.

Even before the elections, Democrats began to acknowledge that they would not be able to eliminate the coverage gap right away. But in months of campaigning, party leaders and candidates fanned public anger over the doughnut hole and accused Republicans of selling out to the pharmaceutical industry.

At a senior center in Sunrise, Fla., on Oct. 3, Pelosi touted government drug-price negotiations as a solution and pledged to make them happen as part of the Democrats' agenda for the first 100 hours of the new Congress.

"We will use that money to fill the doughnut hole so that seniors will have affordability, they will have reliability, and will not be caught in this trap of the doughnut hole," Pelosi said. " . . . You pay [premiums] in, they get the money, you get no benefits back. How could that be a good idea unless you're writing the bill for the HMOs and the pharmaceutical companies, and not for America's seniors?"

In July, Rep. Steven R. Rothman (D-N.J.) issued a statement calling the program "broken" and the doughnut hole one of its "most glaring failures."

"The Republican majority created a terrible mess with Medicare Part D," Rothman said. "We can fix Medicare Part D by providing a prescription-drug benefit through Medicare, ending the subsidies for insurance companies, and allowing the government to negotiate lower drug prices. Doing so will eliminate the doughnut hole and provide a benefit worthy of our seniors."

Back in 2003, proponents, mainly Republicans, saw the unusual setup as a way to provide some help to all beneficiaries, and substantial help to those with catastrophic drug costs, and yet not break the bank with the new benefit. Lately, GOP lawmakers have contended that the doughnut hole is not a problem because it does not apply to low-income beneficiaries, and because other seniors can choose more expensive drug plans that offer coverage without the gap.

Filling the hole soon is unlikely, many analysts say. The White House's opposition means that drug-price negotiations are not likely to be enacted even if the idea manages to win approval in the Senate, where the going is likely to be tougher than in the House, they say.

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Even if it were to pass and escape a presidential veto, the House bill would not authorize the health and human services secretary to limit Medicare coverage to a list of approved drugs -- called a formulary -- a tool that some experts say would be necessary to win major price concessions. The legislation would also not explicitly require that any savings be applied to filling the doughnut hole.

"There is virtually no chance that we are going to see any change to the doughnut hole in the foreseeable future," said Robert Laszewski, a nonpartisan health policy consultant in Washington. "The doughnut hole is sort of institutionalized now. . . . It's there for a reason. It's there because that's the kind of plan design the Congress could afford. And just because you change the Congress doesn't mean the affordability changes."

John Rother, policy director for AARP, the powerful seniors' lobby, agreed that substantial changes to the doughnut hole are unlikely this year. But he does not think that Democrats would pay a political price for that.

"It's not an overriding, intense concern for most seniors," Rother said. "What we get a lot from our members is concern about overall drug costs, not just the doughnut hole."

House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.) said requiring government negotiations is just the "first step."

"I plan to hold hearings early in the new Congress to identify additional changes needed to improve the Medicare drug program, and reviewing the donut hole will be part of that process," he said in a statement.

Leadership Tries To Restrain Fiefs In New Congress (NYT)

By Carl Hulse

The New York Times, January 7, 2007

WASHINGTON, Jan. 6 — Less than 24 hours after taking over as speaker, Representative Nancy Pelosi summoned the new chairmen of five committees with responsibility for various aspects of Iraq policy to her office to review and coordinate plans for hearings and inquiries.

The gathering on Friday would have been unthinkable when Democrats last controlled the House. In the days before the 1994 Republican takeover, all-powerful Democratic chairmen ruled their committees with impunity, doing what they wanted, when they wanted, with little regard to the views of the speaker or others in the upper ranks.

Now the new Democratic leaders of the House and Senate want to avoid a return to that era by forging a working relationship with the men and women who will actually write the bills and lead the Congressional investigations. Top lawmakers acknowledge that finding a way to keep the overarching goals of the party from clashing with the objectives of the independent chairmen will be crucial to keeping Democratic control from spiraling out of control.

“The challenge of maintaining a coherent message even though the power in the Senate is so diffuse is probably our major challenge,” said Senator Charles E. Schumer of New York, the Senate’s third-ranking Democrat.

Already there are signs of discord. Senator Max Baucus of Montana, the Finance Committee chairman who has been a headache for past Democratic leaders, says he will plunge ahead with hearings next week on giving the government power to negotiate Medicare drug prices with pharmaceutical companies — a top Democratic priority he has opposed and one the House plans to speed through with no new scrutiny.

“If we want to do legislation, I want to get the facts first,” said Mr. Baucus, who broke with colleagues in the past on the Bush administration’s tax cuts.

Senator Joseph I. Lieberman of Connecticut, who won re-election as an independent but kept his seniority within the Democratic Party and will lead the Homeland Security panel, is making his colleagues nervous as they consider his differences with many of them over the war and antiterror issues.

In the House, Representative Charles B. Rangel of New York, who as chairman of the Ways and Means Committee will be the gatekeeper for critical tax and social policy, suggested Friday that he might revisit new Democratic rules forcing lawmakers to disclose their sponsorship of tax breaks for small enterprises. And Representative John D. Dingell of Michigan, the chairman of the Energy and Commerce Committee, has broken with fellow Democrats over the years on an issue likely to return in this session, imposing tougher mileage standards on automakers.

“I am a member of the team and I am going to be a team player, but it is too early to see how it is going to develop,” Mr. Dingell said of the new relationship between leadership and the chairmen.

During four decades of Democratic rule ending in 1994, committee chairmen amassed almost unchallenged authority, often becoming more feared and influential than the elected leadership. They were nearly impossible to budge from their perches, and the concept of term limits was unimaginable. In a move that caught some new Democratic chairmen by surprise, House rules pushed through by the Democrats this week retained the six-year limit on chairmen imposed by Republicans, but the leadership

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reassured lawmakers they would revisit the restrictions when there was less attention focused on the dawn of the Democratic era.

Mr. Dingell is a holdover from those days of dominant Democratic chairmen, men like Dan Rostenkowski on Ways and Means, Jack Brooks on Judiciary and Jamie Whitten on Appropriations. Those and other lawmakers saw themselves as legislative forces and the leadership as a nuisance to be negotiated on the way to the floor. Mr. Dingell said his contemporaries in the days before Republican rule were descendants of earlier strong-willed chairman like Wilber Mills.

"We simply carried on a tradition which was there, which was accepted, which was proper and which, very frankly, worked," Mr. Dingell said.

But the delegation of such power to the chairmen came with a price. Republicans derided Democrats as arrogant and pushed the image of out-of-touch Democrats as a campaign slogan, riding it and Democratic gaffes to majority status in 1994.

Once installed, the new Republican leadership moved quickly to centralize power in the offices of speaker, majority leader and whip. They stripped chairmen of the power to control their own legislation, enacted term limits and forced prospective chairmen to plead their case with the leadership and bolster it with a record of campaign contributions.

Incoming Democrats said Republicans went too far in diminishing the authority of chairmen and fostered arrogance at the leadership level.

Now Democrats say they hope to strike a more productive balance, giving chairmen some leeway as long as they operate in concert with their fellow committee leaders and with the leadership's approval.

"It is the right mix," said Representative Barney Frank, Democrat of Massachusetts and chairman of the Financial Services Committee. "We have to work together and we don't want to do things that are discordant, but the leadership should not micromanage."

As an example, Mr. Frank said he informed Mrs. Pelosi that he intended to schedule oversight hearings quickly on administration problems in replacing housing along the Gulf of Mexico after Hurricane Katrina. Mr. Frank said he also planned initiatives to help lower-income Americans buy housing and to give corporate shareholders more say in executive compensation.

Representative Henry A. Waxman of California, the chairman of the Oversight and Government Reform Committee — renamed to put the emphasis on oversight — said he had no qualms about clearing his agenda with the leadership and believed such cooperation should not impinge on his own goals.

"I don't think it is inconsistent," said Mr. Waxman, who said his panel would most likely begin hearings this month. "We are going to pursue the most important theme we can deal with: whether taxpayers' money is wasted through fraud and abuse."

Through the meeting she convened on Friday and conversations with other lawmakers, Mrs. Pelosi has shown she considers herself firmly in charge of the House and is not going to let the chairmen set the pace.

The initial Democratic legislative program is not being routed through committee — perhaps not even the Rules Committee. But Mr. Frank and others said the new chairmen were comfortable with that approach if it helped to make a quick impression. In general, House leadership aides said they believed they could keep the chairmen and the rank-and-file moving in tandem, though they expected some feuds. Representative Steny H. Hoyer of Maryland, the majority leader, has scheduled the first weekly meeting with House chairmen for Tuesday.

Tom Daschle, the former Senate majority leader who occasionally found himself at odds with committee leaders during his tenure, said communication was essential in a legislative body where lawmakers could be such independent operators.

"The key is to just try to realize you are going to have low-maintenance and high-maintenance chairs and you have to work with both," Mr. Daschle said. "You have to personalize your relationship with each or you are going to have trouble."

Mr. Daschle, a close ally of Senator Harry Reid of Nevada, the new majority leader, said he was confident Mr. Reid had the skills to manage the sometimes delicate relationship. Some incoming chairmen agree.

Senator Christopher J. Dodd of Connecticut, the chairman of the Banking Committee, said Mr. Reid had already diplomatically sounded him out on his plans. "We are very much in sync on this," said Mr. Dodd, who is considering legislation to protect consumers from credit card marketing fraud and high-risk mortgages. "I am not going to do anything without letting Harry Reid know what we are going to do."

Mr. Baucus said he sees himself in broad agreement with Mr. Reid.

"Nine times out of 10, Harry Reid and I will agree," he said. "But when we disagree, I have to do what is right. I am elected by the people of Montana, and they are my employers."

Bipartisanship As The First Resort? (NYT)

The New York Times, January 7, 2007

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The House's new Democratic majority is mounting a legislative blitzkrieg meant to leave the displaced Republicans gasping in the dust. In successive working days, the Democrats plan to enact legislation to bolster homeland security, raise the minimum wage, encourage embryonic stem cell research, require the government to bargain for lower Medicare drug prices, recoup lost royalties on offshore oil and gas leases, and lower interest rates on student loans.

These are all commendable goals. Equally commendable is the pledge by the House speaker, Nancy Pelosi, to restore some pay-as-you-go fiscal discipline to a budget process bloated out of control by President Bush's deficit spending. But what is sorely lacking is the oft-invoked, more often abused ideal of bipartisanship — despite the Democrats' campaign pledge to end the practice of relegating minority lawmakers to the legislative wilderness.

The Democrats have the votes to impose their way. But quickly turning any of these measures into law is dicier given the more complicated rules in the Senate and the Democrats' blade-thin majority there. In scoring early political notches, House Democrats had better keep in mind the promise of bipartisanship for securing larger victories.

For years, bipartisanship has been the missing ingredient in the sour stew of Washington. It was lacking during the Democrats' long House reign that ended in 1994. But during the last 12 years, the Republicans virtually eliminated Democratic participation. Chronically invoked by President Bush, this political ideal has been reduced to rhetorical ashes.

Of necessity, perhaps, the new Senate majority leader, Harry Reid, is making a considerable show of promising to reach across the aisle. In the House, Ms. Pelosi promises bipartisanship will be in evidence after the Democrats get past their opening agenda. That is like saying the checks and balances are in the mail. If Democratic candidates were smart enough during the campaign to realize that the voters demand bipartisanship, they should be quick enough to try it from the start.

It's Really About '08, Nancy (WP)

By Victor H. Fazio

The Washington Post, January 7, 2007

Nancy Pelosi is on the clock. During the 2006 congressional contest that culminated with the California Democrat becoming the first female House speaker, Pelosi initially said she would take the campaign "one day at a time." But her timeframe quickly expanded into an ambitious vision of what the new Democratic Congress would accomplish in its first 100 hours. After the ceremony and celebration on Thursday, Pelosi must not only try to make good on her promises, but she must do so amid the general confusion, power struggles and even the smell of fresh paint that prevail whenever Congress changes hands.

Pelosi has pledged that the first 100 working hours of the 110th Congress will pass measures such as lobbying and ethics reform; a minimum-wage increase; pay-as-you-go budgeting; expanded federal funding for embryonic stem cell research; lower interest rates on student loans; adoption of the 9/11 commission's recommendations; changes to allow Medicare to directly negotiate drug prices with pharmaceutical companies; and reduced dependence on foreign oil.

But the speaker, the Democratic leadership and new lawmakers will face practical challenges in navigating this list. For a new Congress, January normally is a time for members to be sworn in, work the district or perhaps travel overseas until the president's State of the Union address later in the month.

For freshman members, these first few weeks can be especially chaotic, as they focus on establishing offices and hiring staff in Washington and their home districts. Fresh from their victories, members frequently face the dizzying challenge of finding a home in Washington and possibly relocating their families. This time is a whirlwind of exposure to new committee assignments, delegations and caucuses. Oh, and new members have to learn the administrative and practical skills they'll need as the business of making laws gets underway.

These 100 hours will also include the first time that some members will address the House, a moment every lawmaker recollects. That first address is rarely one's finest performance -- even the most experienced member can be unnerved by the realization that not only the public but also House colleagues will listen to what they have to say. (My first address was on the rice industry -- a key concern of my constituents -- and a subject I knew much more about when I left the House in 1999 than when I first took the floor in 1979.)

Not everyone will be learning anew this week. Pelosi has sought to engender some bipartisan goodwill by authorizing severance pay for newly unemployed Republican staff members. Likewise, she has sought to preserve continuity by retaining existing staff in the parliamentarian's office and other administrative positions, including the sergeant-at-arms, the clerk of the House and the House historian. In 1994, when Newt Gingrich became speaker, the leadership fired everyone except the parliamentarian. In contrast to that off-with-their-heads attitude, Pelosi has more respect for the administrative framework of the House. Perhaps most important, she reached out to John A. Boehner (R-Ohio), who was House majority leader, on transition issues, such as the schedule, oversight on intelligence and fixing the Congressional page program.

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Pelosi's strategy reflects an understanding that progress depends on bipartisan agreement, though it may also reveal an effort to take advantage of President Bush's declining popularity -- and the potential willingness of some House Republicans to distance themselves from the White House.

Pelosi's First 100 Hours initiative has drawn some comparisons with the Republicans' 1994 "Contract With America," a package that sought to bring about major policy change over 100 days. But for Pelosi, the effort is less about radical policy shifts than about bringing policy in line with what Democrats believe is common wisdom to Americans. Stem cell funding, which has passed once and enjoys bipartisan support, is the quintessential example. However, even pay-as-you-go budgeting garners support on both sides of the aisle, including from Sen. John McCain (R-Ariz.) and former Federal Reserve chairman Alan Greenspan. Perhaps most significant, there has been bipartisan cosponsorship of proposals for lobbying reform, the minimum-wage increase, the 9/11 commission recommendations and Medicare drug pricing.

Of course, no matter how carefully Pelosi has selected the issues for her first 100 hours, the legislation will not necessarily steamroll through Congress unquestioned. Though lobbying reform and minimum-wage proposals could pass easily, there may be differences between the House and Senate that could lead to conflict in conference committees.

There are early indications that issues such as adopting the 9/11 commission report and the Medicare drug proposal may face some opposition, both within and beyond the Democratic ranks. The Democrats' proposal to require offsetting revenue or savings whenever any tax cuts or spending increases occur will present challenges to the Congress as it attempts even the least expensive initiatives. This pay-as-you-go proposal may be especially problematic for Democrats in dealing with funding the Iraq war, for which less than half of the total anticipated cost has been incurred so far.

Just as elements of the Contract With America failed to pass in the Senate or get signed into law, the long-term prospects of the 100-hours legislation outside the House remain uncertain. However, if the speaker can shepherd her initiatives through Congress, she will have established herself and her Democratic caucus as advocates for the middle class as well as the poor -- and her party as one that keeps its word. This message will be especially important as the 2008 presidential contest unfolds and Democrats seek to campaign in opposition to the political quagmire, foreign and domestic, that has plagued the Bush administration.

Indeed, if Congress passes the bulk of the First 100 Hours proposals, Pelosi will have succeeded in laying these touchstone issues squarely at Bush's feet. After all, it is Bush who may ultimately determine the record of the 110th Congress. It is likely that the president will dust off his once-used veto power, at least again on stem cell funding and on interest rate breaks for college tuition, attempting to repair his fragmented base. On other issues, however, there are hints that the president, perhaps harking back to his days in Austin, may meet Congress in the middle. On immigration and Social Security reform, which will require bipartisan agreement, Democrats should at least be optimistic about the prospect of presidential compromise.

Once these issues have been placed before Bush, the First 100 Hours package in many ways will have already succeeded. If faced with a small stack of bills, the president will be in the unenviable position of either signing them and making the package an unqualified success, or refusing to sign them and making himself the villain in rejecting fairly popular proposals. Even the latter option would make the First 100 Hours package a success, at least for Democrats, by contrasting the parties and portraying Bush as a slave to inflexible partisan positions. With 2008 in mind, Pelosi's first 100 hours may prove less a personal crusade than a harbinger of greater gains to come.

Victor H. Fazio (D-Calif.), a senior adviser at Akin Gump, served in the House from 1979 to 1999.

A Good Start For Congress (LAT)

The Los Angeles Times, January 7, 2007

Democrats launch solid ethics reform in their first few hours in charge.

AFTER 12 YEARS in the political wilderness, Democrats in the House of Representatives can be excused the hoopla and hokeyness that marked their first day of control. But, to the new leadership's credit, the showmanship was accompanied by something significant: the approval of tough ethics rules that will do a lot to curb the appearance and reality of the "culture of corruption" the Democrats campaigned against.

The new ethics rules approved expeditiously Thursday — "railroaded," if you like — set a high bar for similar self-policing by the Senate. That chamber also came under Democratic control, albeit in a more subdued fashion reflecting the Democrats' one-vote majority and the charisma gap between Senate Majority Leader Harry Reid (D-Nev.) and House Speaker Nancy Pelosi (D-San Francisco), the first woman to hold that position.

The House essentially enacted the wish list of advocates of reform (including us), burnishing Pelosi's promise to preside over "the most honest, the most open and the most ethical Congress in history." Some burnishing was necessary after Pelosi

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unsuccessfully attempted to install Rep. John P. Murtha (D-Pa.), a Beltway insider who was investigated but not charged in the Abscam scandal, as majority leader.

Under the rules adopted Thursday, representatives may not accept gifts or travel from lobbyists or agents of foreign governments, and — to prevent a repetition of the Republicans' notorious "K Street Project" — members are prohibited from retaliating against firms that dare to employ lobbyists from the opposite party. On Friday, the House advanced the ethics agenda further by making it easier to monitor special-interest "earmarks" inserted in legislation.

More remains to be done. Reformers inside and outside Congress must continue to press for the creation of a new ethics watchdog in each chamber. House Democrats say they will take up that initiative in the coming weeks, and Sen. Dianne Feinstein (D-Calif.), who now chairs the Rules Committee, has indicated that she would hold hearings on the idea.

Important as they are, the new ethics rules deal with process, not substance. The public receives regular reminders, most recently from Jack Abramoff, of how the legislative process can be corrupted by narrow special interests. But even in a transparent process unsullied by bribery or self-dealing, policy choices must be made. They include relatively easy ones, such as raising the minimum wage, and harder ones, such as whether to allow Republican tax cuts to expire and how to respond to President Bush's Iraq policy.

On some of those issues, as Pelosi knows, Democrats are not united. All the more reason for them to focus first on something on which they (and their sadder-but-wiser Republican colleagues) agree: the need for an improvement in their own behavior.

Showdown In Washington (SFC)

By Leah Garchik

San Francisco Chronicle, January 7, 2007

Pat Schroeder, the former Democratic congresswoman from Colorado, vowed to wear her silvery "Madame Speaker 2007" pin "until it rusts and falls off." But by the end of last week, new House Speaker Nancy Pelosi's oft-repeated teatime remarks to the young ladies of the Convent of the Sacred Heart -- "We're not prisoners of the past; we're shaping the future" -- seemed slogan-like.

On the other hand, the educational wallop that began with what student Tanaya Macheel of the San Francisco school called "being in a political environment and being able to see Nancy in person" went beyond words.

Friday morning on national TV, Pelosi had been seen shaking her head "no" to a reporter who asked whether she would support sending additional troops to Iraq. Madam Speaker's locomotive had chugged away from the station and was heading down the track. As Americans watched, a question arose: Is the power of office any different when it is wielded by a woman, and -- even today -- do women have a harder time in office?

"The fact that you are a novelty means that you are watched doubly carefully," said Sen. Dianne Feinstein, D-Calif., during a phone conversation several weeks ago. "And I've always felt the most important thing is to show you could be effective early on."

Pelosi's 100-hour blitz of legislation began immediately Thursday with the reforming of the House rules. "Once you're effective," said Feinstein, "the whole perception of you changes."

Feinstein, now beginning her 15th year in the Senate, remembered that she passed two early tests: bills to ban assault weapons and a desert protection act, going "toe to toe" with Republican Sen. Malcolm Wallop of Wyoming, "and from that point on, I had a very productive relationship with men."

There were some social problems. "It's very difficult," she said, "to go up to a man and say, 'How about having dinner with me tonight?' It is for me ... and there is still that thing."

Sen. Barbara Boxer, D-Calif., said by phone in December that when she arrived in the House in 1983, she demanded that a male colleague's comment -- "I want to associate myself with the remarks of the gentlelady from California. As a matter of fact, I'd like to associate with the gentlelady" -- be stricken from the record.

Boxer said she treats men and women the same. But Feinstein allowed that in some cases it might be possible to "use warm femininity to reach a goal ... I think it is a finely honed art form. You have to be very careful."

Now, most male lawmakers are savvier. "There are no different rules for women or men," said Boxer, who served in the House for a decade before her election to the Senate in 1992. "We get the same pay, we get the same rules, we have the right to hold up legislation, we have the right to introduce legislation."

Although Boxer said Pelosi -- her "closest of friends" -- told her years ago "she wanted to be speaker," the feat is "amazing. ... I believed we would have a woman president long before we would have a woman speaker, because it's such a man's world in the House."

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Schroeder, who served in the House from 1973 to 1996 and is now executive director of the Association of American Publishers, said she never thought there would be a woman speaker, because in the caucus, "they can vote by secret ballot."

In the '80s, when Schroeder and her House colleagues Shirley Chisholm and Geraldine Ferraro of New York and Ohio's Mary Rose Oakar tried to push through women- and family-friendly legislation, they'd line up male allies, ducks in a row. "We thought we had the votes. And then the votes would come out the other way."

That's still not entirely in the past. Although there are a record 71 female members serving in the 110th Congress, it's "only" 16 percent of the chamber, she said, "and we still don't have an Equal Rights Amendment."

Schroeder and Boxer said there are a variety of reasons it has taken women longer to reach powerful positions in Congress.

"A lot of it in the House had to do with the fact that women came a lot later," Boxer said, "and didn't stay as long. Many had gotten there because their husbands had died. If appointed, they would have less respect ... that was a lot different than fighting for it" in an election.

Schroeder said that while nontraditional families are common in America today, in Congress "only 1 family in 10 doesn't look like the Norman Rockwell family."

The congressional men in those families, Schroeder said she believes, are personally threatened by women in power. Their wives have supported them by hosting receptions, sending holiday cards and smiling at political rallies, and that's the role they see for women.

"We all want wives," Schroeder said, laughing.

Feinstein and Rep. Mary Bono, R-Palm Springs, said that female camaraderie is essentially different from the male variety.

Despite political differences, "Women are more quick to share their personal side, to support each other," said Bono, who has known Pelosi since the early 1990s. Bono said that when they first met, she told Pelosi she was impressed with her "charisma, charm and intelligence" and Pelosi "looked at me, surprised" at the compliment.

She still has warm feelings and says Pelosi's swearing-in speech Thursday was "truly historic," but she is left with a conundrum: "I want her to be successful as a woman in power, but politically, as a Republican, I am on the other side. But I hope when she needs a friend on this side of the aisle, I'll be one of the first she will call."

Bono said expressing anger is a special problem for women in positions of authority.

"There are different ways to be, different sensitivities. ... Guys like to say we're shrill and use the b-word to describe us."

But Schroeder said in the Republican-controlled House of the past 12 years, all differences of opinion became "very personal." The attitude of GOP leaders such as Newt Gingrich and Tom DeLay was "if you don't agree with me, you must be a Commie simp from San Francisco, and your mother wore combat boots. Instead of getting angry, they tried to trash somebody. And Nancy Pelosi is not going to do that."

The Ebb Of Prejudice (WP)

By David S. Broder

The Washington Post, January 7, 2007

It was, superficially, pure coincidence that Nancy Pelosi and Deval Patrick took their precedent-setting oaths of office at almost the same hour on Thursday.

Pelosi became the first female speaker of the House of Representatives, second in line to the presidency. And Patrick became the first African American governor of Massachusetts, only the second black state chief executive elected in the history of the United States.

Impressive as their individual r?sum?s are, what's more significant is what their elevation signals: a growing sense of inclusiveness and opportunity in this society.

The United States has many challenges and shortcomings, but occasionally it is appropriate to take note of the ways in which this country is overcoming prejudices. Thursday was such a day.

It was not really an accident that these breakthroughs occurred simultaneously. The generation that is now producing major leaders is a generation substantially freed of the sexism and racism of its predecessors.

Decades of men and women of different races going to school together, working in the same offices and factories, and serving in the same military have changed attitudes. Gender and racial differences have shrunk to a manageable size.

What is striking is that Pelosi and Patrick were elevated by their opposites. Pelosi leads a House of Representatives in which men outnumber women, 364 to 71. Patrick was elected by a constituency that is nearly 90 percent white.

In neither case was the gender or race of the person competing for power the determinant of the outcome. Those who were deciding were able to look past these obvious characteristics to weigh their skills and leadership potential.

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Skeptics will argue that in 21st-century America women and blacks still face barriers that make their climb to the top harder. And that is true. Pelosi worked anonymously for years in Democratic politics before another woman, the dying Rep. Sala Burton, endorsed her as her successor -- an endorsement that helped Pelosi win her first and toughest primary. Once in the House, she showed the canniness and drive that built the alliances that eventually made her the Democratic leader and the majority party's choice for speaker.

Patrick got his break when he was one of the poverty-stricken black youths in Chicago chosen to receive scholarships to the elite Milton Academy in Massachusetts. There he starred academically and went on to Harvard and a law career both in the Justice Department and in two major corporations.

But their success is not unique, and it is part of a pattern that shows the progress this society -- and not just a few exceptional individuals -- has made.

While both Pelosi and Patrick are Democrats, and proudly part of a party that abandoned its racist past to become a champion of civil rights, Republicans have also moved with the times. The two secretaries of state named by President Bush, Colin Powell and Condoleezza Rice, are both African American. Powell is a product of the U.S. Army, one of the great egalitarian institutions of the past generation, and Rice rose in an academia that increasingly treated women as equals to men.

Their predecessor in the Clinton administration's State Department was Madeleine Albright, a woman and an immigrant -- a combination that was unimaginable in such a position in any previous time.

The United States has not reached perfection. Discrimination still exists in many forms and in many places. But the progress is real -- and well worth celebrating.

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Here is a final postscript to the wonderful tributes last week to Gerald R. Ford -- a story told me by Rep. David Obey of Wisconsin.

Two years ago, on a visit to Washington, Ford spent an hour chatting with members on the floor of the House, where he had served for so many years.

Obey, one of the few current members who served with Ford, told the former president that he was finishing a memoir, in which he discussed all the presidents he'd known in Washington, from Richard Nixon to the current President Bush.

"You'll be surprised," said the liberal Democrat, "but I've written that you were the best president of the bunch."

Ford paused for a moment and then replied with a smile, "Pretty slim pickings, wasn't it?"

That was so typical of the man -- modest, honest, realistic and good-natured, all at once.

Congressional Budget Delay Stymies Scientific Research (NYT)

By William J. Broad

The New York Times, January 7, 2007

The failure of Congress to pass new budgets for the current fiscal year has produced a crisis in science financing that threatens to close major facilities, delay new projects and leave thousands of government scientists out of work, federal and private officials say.

“The consequences for American science will be disastrous,” said Michael S. Lubell, a senior official of the American Physical Society, the world’s largest group of physicists. “The message to young scientists and industry leaders, alike, will be, ‘Look outside the U.S. if you want to succeed.’ ”

Last year, Congress passed just 2 of 11 spending bills — for the military and domestic security — and froze all other federal spending at 2006 levels. Factoring in inflation, the budgets translate into reductions of about 3 percent to 4 percent for most fields of science and engineering.

Representative Rush D. Holt, a New Jersey Democrat and a physicist, said that scientists, in most cases, were likely to see little or no relief. “It’s that bad,” Mr. Holt said. “For this year, it’s going to be belt tightening all around.”

Congressional Democrats said last month that they would not try to finish multiple spending bills left hanging by the departed Republican majority and would instead keep most government agencies operating under their current budgets until next fall. Except for the Pentagon and the Department of Homeland Security, the government is being financed under a stopgap resolution. It expires Feb. 15, and Democrats said they planned to extend a similar resolution through Sept. 30.

Some Republicans favored not finishing the bills because of automatic savings achieved by forgoing expected spending increases. Democrats and Republicans alike say that operating under current budgets, in some cases with less money, can strap federal agencies and lead to major disruptions in service.

Scientists say that is especially true for the physical sciences, which include physics, chemistry and astronomy. When it comes to federal financing, such fields in recent years have fared poorly compared with biology. The National Institutes of Health,

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for instance, spend more than $28 billion annually on biomedical programs, five times more than all federal spending for physical sciences.

For 2007, Congress and the Bush administration agreed that the federal budget for the physical sciences should get a major increase. A year ago, in his American Competitiveness Initiative, President Bush called for doubling the money for science over a decade. That prompted schools and federal laboratories to prepare for long-deferred repairs and expansions, plans that appear now to be in jeopardy.

Among the projects at risk is the Relativistic Heavy Ion Collider at the Brookhaven National Laboratory in New York, on Long Island. The $600 million machine — 2.4 miles in circumference — slams together subatomic particles to recreate conditions at the beginning of time, some 14 billion years ago, so scientists can study the Big Bang theory. It was already operating partly on charitable contributions, officials say, and now could shut down entirely, throwing its 1,069 specialists into limbo.

"For us, it's quite serious," said Sam Aronson, the Brookhaven director. For the nation, Dr. Aronson added, the timing is especially bad because the collider has given the United States a head start on European rivals, who hope to build a more powerful machine.

"Things are pretty miserable for a year in which people talked a lot about regaining our competitive edge," Dr. Aronson said. "I think all that's stalled."

Another potential victim is the Fermi National Accelerator Laboratory in Illinois, where a four-mile-long collider investigates the building blocks of matter. Its director, Piermaria Oddone, said the laboratory would close for a month as most of the staff of 4,200 are sent home.

Congress and the Bush administration could restore much of the science financing in the 2008 budget. Scientists say it would help enormously, but add that senior staff members by that point may have already abandoned major projects for other jobs that were more stable.

Other projects affected by the budget freeze include:

¶A $1.4 billion particle accelerator at the Oak Ridge National Laboratory in Tennessee meant to probe the fine structure of materials and aid in cutting-edge technologies. Its opening might be delayed a year.

¶A $30 million contribution to a global team designing an experimental reactor to fuse atoms rather than break them apart. Controlled fusion, if successful, would offer a nearly inexhaustible source of energy.

¶A $440 million X-ray machine some two miles long at the Stanford Linear Accelerator Center in California that would act like a microscope to peer inside materials, aiding science and industry. Construction, begun last year, would slow.

"It's pretty bad," said Burton Richter, a Nobel laureate in physics. "There's going to be another year of stagnation. That hurts a lot."

The National Science Foundation, which supports basic research at universities, had expected a $400 million increase over the $5.7 billion budget it received in 2006. Now, the freeze is prompting program cuts, delays and slowdowns.

"It's rather devastating," said Jeff Nesbit, the foundation's head of legislative and public affairs. "While $400 million in the grand scheme of things might seem like decimal dust, it's hugely important for universities that rely on N.S.F. funding."

The threatened programs include a $50 million plan to build a supercomputer that universities would use to push back frontiers in science and engineering; a $310 million observatory meant to study the ocean environment from the seabed to the surface; a $62 million contribution to a global program of polar research involving 10 other nations; and a $98 million ship to explore the Arctic, including the thinning of its sheath of floating sea ice.

Missions at the National Aeronautics and Space Administration are also threatened, with $100 million in cuts. Paul Hertz, the chief scientist at NASA's science mission directorate, said potential victims included programs to explore Mars, astrophysics and space weather.

Physicists said a partial solution to the crisis would let the Energy Department do what it wanted to do all along for 2007: move $500 million left over from environmental cleanup accounts into the physical sciences. That would require Congressional approval but no budget increase.

Raymond L. Orbach, the department's under secretary for science, in a recent statement seemed to call for such legislative relief.

"A yearlong continuing resolution takes away many of the opportunities for advancing science," Dr. Orbach said. "We urge Congress to continue critical investments in America's scientific leadership."

U.S. Selecting Hybrid Design For Warheads (NYT)

By William J. Broad, David E. Sanger, Thom Shanker
The New York Times, January 7, 2007

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WASHINGTON, Jan. 6 — The Bush administration is expected to announce next week a major step forward in the building of the country's first new nuclear warhead in nearly two decades. It will propose combining elements of competing designs from two weapons laboratories in an approach that some experts argue is untested and risky.

The new weapon would not add to but replace the nation's existing arsenal of aging warheads, with a new generation meant to be sturdier, more reliable, safer from accidental detonation and more secure from theft by terrorists.

The announcement, to be made by the interagency Nuclear Weapons Council, avoids making a choice between the two designs for a new weapon, called the Reliable Replacement Warhead, which at first would be mounted on submarine-launched missiles.

The effort, if approved by President Bush and financed by Congress, would require a huge refurbishment of the nation's complex for nuclear design and manufacturing, with the overall bill estimated at more than $100 billion.

But the council's decision to seek a hybrid design, combining well-tested elements from an older design with new safety and security elements from a more novel approach, could delay the weapon's production. It also raises the question of whether the United States will ultimately be forced to end its moratorium on underground nuclear testing to make sure the new design works.

On Friday, Bryan Wilkes, a spokesman for the National Nuclear Security Administration of the Energy Department, said the government would not proceed with the Reliable Replacement Warhead "if it is determined that testing is needed." But other officials in the administration, including Robert Joseph, the under secretary of state for arms control and international security, have said that the White House should make no commitment on testing.

Congress authorized exploratory research for the weapon three years ago, and has financed it at relatively low levels since. But now the costs will begin to increase.

If Mr. Bush decides to deploy the new design, he could touch off a debate in a Democrat-controlled Congress and among allies and adversaries abroad, who have opposed efforts to modernize the arsenal in the past. While proponents of the new weapon said that it would replace older weapons that could deteriorate over time, and reduce the chances of a detonation if weapons fell into the wrong hands, critics have long argued that this is the wrong moment for Washington to produce a new nuclear warhead of any kind.

At a time when the administration is trying to convince the world to put sanctions on North Korea and Iran to halt their nuclear programs, those critics argue, any move to improve the American arsenal will be seen as hypocritical, an effort by the United States to extend its nuclear lead over other countries. Should the United States decide to conduct a test, officials said, China and Russia — which have their own nuclear modernization programs under way — would feel free to do the same. North Korea was sanctioned by the United Nations Security Council for conducting its first test on Oct. 9, and it may be preparing for more, experts said.

Both administration officials and military officers like Gen. James E. Cartwright, head of the Strategic Command, which controls the nation's nuclear arsenal, argue that because the United States provides a nuclear umbrella for so many allies, it is critical that its stockpile be as reliable as possible.

"We will not 'un-invent' nuclear weapons, and we will not walk away from the world," General Cartwright said in a recent interview. "Right now, it is not the nation's position that zero is the answer to the size of our inventory."

"So, if you are going to have these weapons, they should be safe, they should be able to be secured, and they should be reliable if used," General Cartwright said in the interview, conducted before the Department of Energy's decision was announced.

The current schedule, which is subject to change, would call for the president to make a decision in a year or two and, if approved, to begin engineering development by fiscal year 2010 and production by 2012.

The two teams competing to design the weapon, one at Los Alamos in New Mexico, the other at the Livermore National Laboratory in California, approached the problem with very different philosophies, nuclear officials and experts said. Livermore drew on a single, robust design that, before the testing moratorium, was detonated in the 1980s under a desolate patch of Nevada desert. The weapon, however, never entered the nation's nuclear stockpile.

The Los Alamos team drew on aspects of many weapons from the stockpile and pulled them together in a novel design that has never undergone testing.

A winner of the competition was to have been announced in November. But federal officials said they had a hard time choosing between the two designs, calling both excellent.

The question now, arms experts said, is whether a mix-and-match approach combining the two will produce a clever hybrid or an unworkable dud. They said the nuclear laboratories, bitter rivals for decades, have never before shared responsibility for designing a weapon.

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"There has not been what I would consider a real partnership," said Philip E. Coyle III, a former director of weapons testing at the Pentagon and former director of nuclear testing for Livermore. "In some respects, it's unprecedented."

Ray E. Kidder, a senior Livermore scientist who pioneered early arms designs, said the hybrid approach appeared to be based more on the politics of survival for the laboratories than on technical merit.

"It's spreading the wealth," he said. Federal officials, Dr. Kidder added, "tend to do that fairly rigorously so as to keep the labs alive. To foreclose the possibility of closure, they try to divide the work load."

General Cartwright cast that problem differently, saying that it is critical to keep America's "intellectual capital" in producing weapons alive. "We are starting to get to the point where the people who actually have experience designing a weapon are reaching that point at which they will start to leave the industry," he said. "And are we able to attract the minds that we will need to sustain this activity?"

Nonetheless, several nuclear experts expressed doubts about the wisdom of using a design that has never undergone testing, saying future presidents might lose confidence in the arsenal's potency and be tempted to conduct test explosions.

"It's one thing to have all the components working and another to have them all working together," said Raymond Jeanloz, a geophysicist at the University of California, Berkeley, who advises the government on nuclear arms. "To me, that's the key technical issue that has yet to be resolved."

In the few years since its debut, the reliability program has grown from a fringe effort at the nation's nuclear arms laboratories into a centerpiece of the Bush administration's nuclear policy.

Advocates say a generation of more reliable arms would give military commanders the confidence to abandon the current philosophy of holding onto huge inventories of old weapons, and could speed a shrinkage of the American arsenal from some 6,000 warheads to perhaps 2,000 or less.

Critics say a main justification for the program vanished in November when a secretive federal panel known as Jason found that the plutonium "pits" at the heart of many nuclear warheads aged far better than expected, with most able to work reliability for a century or more.

"This research eliminates a major rationale," Lisbeth Gronlund, a nuclear arms specialist at the Union of Concerned Scientists, a private group based in Cambridge, Mass., said in a November statement.

Since that study was revealed, the administration has emphasized other reasons to build a new warhead, especially new, highly classified technologies to make the weapons virtually impossible to use if they fall into unfriendly hands. Other objectives are to simplify manufacturing, reduce toxic byproducts and improve safety of triggering devices.

As a signatory to the Nuclear Nonproliferation Treaty, the United States and other nuclear weapons states have committed, at least on paper, to the ultimate goal of "the liquidation of all their existing stockpiles" of weapons. But General Cartwright cautioned that much of the criticism of the program was cast in terms of achieving that disarmament, and he said the government's policy, and that of the new warhead program, was to maintain a nuclear stockpile "that would be the smallest practical to maintain its credibility."

He described the nation's nuclear weapons stockpile as "an artifact of the cold war — cold war both in its delivery systems and its characteristics and certainly in its technology."

"We stopped testing a while back. So, from the testing standpoint, we have not been fielding new weapons," General Cartwright said. "From the standpoint of engineering and design, there has been only marginal activity, mostly reacting to the age of components."

Justices Continue Trend Of Hearing Fewer Cases (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, January 7, 2007

Only a handful of decisions each year define the Supreme Court for the American public, and that might be especially appropriate this year.

After decades of decline in its caseload, the court is once again on track to take its fewest number of cases in modern history. The justices went on a relative shopping spree when they returned from their holiday break, on Friday, agreeing to hear seven additional cases before this year's term ends. Before that they had accepted only 60 petitions, as opposed to 80 at this point last year.

Even a caseload in the 80s would have been considered extraordinarily skimpy 20 years ago. In William H. Rehnquist's first term as chief justice in 1986, the court disposed of 175 cases. That had dwindled to 82 cases last year after Chief Justice John G. Roberts Jr. took over.

Roberts himself said during his 2005 confirmation hearings that the court should be doing more.

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"They hear about half the number of cases they did 25 years ago," Roberts testified. "There may be good reasons for that that I'll learn if I am confirmed. But just looking at it from the outside, I think they could contribute more to the clarity and uniformity of the law by taking more cases."

What Roberts has discovered is unclear. The process by which the nine justices decide which of the thousands of appeals they receive each year will be given the justices' full consideration -- granted certiorari, in the court's terminology -- is among the court's most closely guarded procedures. But the chief justice's role is limited.

"When it comes to certiorari, the chief justice only has one vote like everyone else," said University of Minnesota law professor David Stras, who has conducted extensive research into the process. It takes four votes of the nine to accept a case.

There is one reason for the decline from the heavy workloads of the 1980s that everyone agrees on: A 1988 congressional decision made at the court's behest eliminated a number of mandatory appeals, leaving the justices to pretty much set their own agenda.

Beyond that, theories abound. Stras said he thinks it is as simple as a change in personnel. His research shows former Justices Byron R. White and Harry A. Blackmun, who left the court in 1993 and 1994, respectively, were much more likely to grant certiorari -- or "cert" -- than their contemporaries.

He said his studies of Blackmun's papers, which detail cert grants, suggest that the downward trend could continue if Justice John Paul Stevens, 86, is the next to leave. Stevens also was above average in voting to take cases, he said.

Others say that an increasingly homogenous appellate judiciary appointed by Republican administrations is producing fewer conflicting opinions among circuits, a chief characteristic of the kinds of cases the justices like to take. Or that the federal government, usually the most persuasive in convincing the court that an issue is ripe for review, is losing less often at the lower levels and not appealing as many cases.

Some blame the so-called "cert pool," the practice by which eight justices -- Stevens is the exception -- combine their clerks to review the thousands of petitions. One clerk then makes an initial recommendation on a case, with the justices having the final say. No one really knows what the recommendations are, but the theory is that it might be safer for a relatively inexperienced clerk to recommend denial rather than a grant.

Others wonder whether the new -- with the addition of Roberts and Justice Samuel A. Alito Jr. -- and philosophically divided court is overly cautious. That theory is that justices would withhold their vote to take a case unless they could be sure their "side" would prevail.

All those theories for the falling number of cases have detractors, especially the last one. While the court's 5 to 4 decisions in controversial cases get all the attention, the vast majority of the court's work is more mundane -- tomorrow's oral arguments consist of a tax case from Guam and a trash-hauling dispute -- and more likely to be decided in unanimous or near-unanimous decisions.

Those most familiar with the court say the docket is always part happenstance, based on the cases made available. For the most part, "they're not working as a unit" deciding what areas of the law need attention, said Margaret M. Cordray, who teaches a seminar on the court at Capital University Law School in Ohio. "They operate very independently on the question of cert."

Cordray and her husband, Richard Cordray, who clerked for White and Justice Anthony M. Kennedy, wrote an op-ed piece last summer in The Washington Post criticizing the court for being so stingy in granting petitions. "The justices need to engage in a more self-conscious reflection and discussion about whether the shape of their docket is what it should be to govern the complex legal affairs of this large and diverse nation," they wrote.

Cordray said she believes the court could take on 100 to 130 cases, although she agrees there is no magic number on what the court should accept.

Thomas C. Goldstein, a Supreme Court practitioner at Akin Gump Hauer & Feld who instigated a lively debate in legal circles when he wrote about the issue on Scotusblog.com, acknowledged that the shrinking docket has been evolving for years.

"But this is different," he said. "They were sliding down a hill, and this year they fell off the cliff."

Five days of oral arguments are customarily set aside in February, and justices this year filled them only by scheduling just one case on three of those days. The court usually hears two per day and in the past has heard as many as four. Justices canceled one day set aside for hearings in December and are expediting some cases to fill their March calendar.

Margaret Cordray, Goldstein and others do not buy the argument that there are not enough conflicts out there for the court to resolve. Goldstein said there are still plenty of splits among the lower courts that the high court could accept, and Cordray wants the court to take on more cases that would give guidance to the lower courts on matters that are not necessarily high in profile.

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While the declining caseload at the nation's most visible court could create a small public-relations problem -- Roberts and other justices are actively advocating a major pay increase for the judiciary -- the court in the end will still be judged by the controversial cases it decides, rather than the number.

The court will make major decisions this term on abortion, the use of race in school admissions, and employment discrimination. Also, it has an emerging number of environmental cases, including the justices' first consideration of the issue of global warming.

Don't Pay Supes Like Members Of Congress (LAT)

The Los Angeles Times, January 7, 2007

Chief Justice John Roberts rightly argues that judges need higher pay, but he exaggerates.

WHEN JOHN G. Roberts Jr. was seeking confirmation as chief justice of the United States, he told the Senate that judges should be guided by "institutional and personal modesty and humility." Alas, Roberts has ignored his own advice. In his annual report on the judicial branch, he calls inadequate pay for federal judges a "constitutional crisis that threatens to undermine the strength and independence of the federal judiciary."

Watergate was a constitutional crisis. "Massive resistance" by Southern states to the Supreme Court's desegregation rulings was a constitutional crisis. Al Gore's refusal to accept the Supreme Court's decision in Bush vs. Gore would have been a constitutional crisis. Less-than-ideal pay for federal judges is a political problem.

In asking for higher pay for judges, Roberts is echoing not just his mentor, the late William H. Rehnquist, but blue-ribbon commissions and the organized bar. Like them, he argues that pay for federal judges has not kept up with inflation, that financial anxieties have caused some judges to resign from the bench early and that the quality of the federal bench has suffered as a result.

Maybe so. But Roberts, known for his caution in crafting judicial opinions, overreaches, especially when he suggests that once "judicial appointment ceases to be the capstone of a distinguished career and instead becomes a stepping stone to a lucrative position in private practice, the framers' goal of a truly independent judiciary will be placed in serious jeopardy."

But it is life tenure, not annual salary, that ensures judicial independence. Federal judges — first-rate or mediocre — can't be forced off the bench because of unpopular decisions. A judge's decision to quit early to improve his or her standard of living is a different issue.

Roberts' frustration is understandable. Pay raises for judges — and other public officials, for that matter — will always seem exorbitant to citizens who earn less. Yet as Roberts points out, since 1969 the average U.S. worker's wages have risen 17.8%, and judicial pay has declined 23.9%. But he shouldn't expect those numbers to inspire pity parties once it's pointed out that federal district judges were paid $165,200 in 2006.

That said, federal judges have been ill-treated by a 1989 law that links their cost-of-living raises to those of members of Congress. Fearful of being criticized for raising their own salaries, members of Congress voted not to accept several pay raises in the 1990s — meaning that the judges also went without raises. That connection would be broken under legislation that would also include a "catch-up" raise for judges.

Roberts is free to describe the problem and press for its solution. But please, Mr. Chief Justice, no more talk of a constitutional crisis.

OTHER NEWS:

Upward Bound, Just Not As Fast (WP)

By Nell Henderson, Washington Post Staff Writer

The Washington Post, January 7, 2007

Modest Growth Predicted for 2007

The coming year will be a tough one for anybody looking for jobs or profits in home building, but it holds out modest promise for most other American workers, consumers and investors.

The housing market stays in the dumps. Unemployment edges up a bit, but stays relatively low. Inflation ebbs, interest rates remain moderate and stock prices climb, though not as exuberantly as in recent years.

Or at least that's the general consensus of the experts on Wall Street and in Corporate America, who churned out their annual blizzard of forecasts last month.

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Sure, they may be wrong: Oil prices remain a wild card. The housing slump might hammer the economy harder than widely expected. And it's becoming tougher to predict the course of a U.S economy that is increasingly affected by financial decisions made overseas.

Even with such caveats, the forecasts are useful for everyone making financial plans for the new year. Families want to know what is likely to happen to prices and interest rates as they make spending decisions. Stock pickers and bond buyers want guidance on how to adjust their portfolios. Executives want a sense of the economy's health so they make decisions about hiring and expanding.

What follows is the outlook on several key economic issues. It is based on interviews with several analysts and a survey of dozens of economists conducted by Blue Chip Economic Indicators, a monthly publication.

No one has a crystal ball, and there is plenty of debate about the details. But overall, the economy is likely to grow a moderate 2.4 percent this year, according to the average forecast of the 54 top business and university economists surveyed last month by Blue Chip Economic Indicators.

That's a slowdown after three years of rapid growth of more than 3 percent, but many economists, including those at the Federal Reserve, think that's just fine. The economy needs to cool a bit to prevent inflation from worsening. And they expect the weakness in housing and auto production to be offset by growth in the services sector, which includes health care, education, law, finance, entertainment, retailing and tourism, accounting for 85 percent of the nation's economic output and more than four of every five jobs.

"I think it's going to be a very good year," said Richard Yamarone, director of research at Argus Research, among the most upbeat of the economists surveyed. The economy "is growing at a pace that is very desirable."

The key to his sunny outlook, Yamarone said, is strong job and wage growth, which fuels consumer spending. "The consumer is riding on a full tank of gas."

Some economists surveyed had a slightly gloomier view, though none predicted a recession. David A. Rosenberg, the chief North American economist for Merrill Lynch produced the most pessimistic forecast for Blue Chip Economic Indicators, predicting sluggish economic activity this year and a significant increase in unemployment.

Rosenberg argues that much of the economic growth of recent years flowed from rising home values, which made consumers feel wealthier, spurring them to borrow and spend more than their incomes. He expects that process to reverse as the housing downturn deepens this year.

"I know I sound like the boy who cried wolf, but remember the wolf did show up at the end of the story," Rosenberg said.

The Dollar Could Slip Some More (WP)

The Washington Post, January 7, 2007

The dollar fell more than 11 percent last year compared with the euro and rose slightly against the yen. A lower dollar helps boost U.S. exports, by making them relatively cheaper in overseas markets, and attracts more foreign tourists to the United States.

Many economists think the dollar will slip a bit lower this year for the same reasons it slid last year: the huge U.S. trade deficit, slower U.S. economic growth and robust growth abroad. Many analysts think the Federal Reserve will cut interest rates by midyear, while other governments are raising borrowing costs, which tends to diminish the demand for dollars.

Other analysts, however, forecast that the dollar will stabilize this year. They generally bet that the Fed will hold interest rates steady because of moderate U.S. economic growth as economies overseas lose momentum. The Blue Chip consensus also predicts that the U.S. trade deficit will shrink slightly, as Americans import less and export more.

Also, one major prop under the dollar has not shifted significantly. The Chinese government, and many others, are running big trade surpluses with the United States and plowing their profits into U.S. investments, such as Treasury securities, stocks and other assets. That keeps demand for the dollar solid.

Setting The Bar On Earnings (NYT)

By Conrad De Aenlle

The New York Times, January 7, 2007

THE flow of earnings reports will pick up this week, but the earnings themselves are expected to show a dip in growth from past quarters. Any impact on share prices may depend on investors' expectations about those expectations.

Standard & Poor's estimates that earnings for companies in its 500-stock index rose by 9 percent, year over year, in the fourth quarter. That would be a healthy gain, but also the worst one in nearly five years, said Sam Stovall, S.& P.'s chief investment strategist.

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"This would be the first quarter in 19 where we've had a single-digit advance," he said.

But it has not been 19 quarters, or even two, since analysts last forecast single-digit growth.

Earnings estimates started off low for just about every quarter during the four-year bull market and then nudged up continually as fresh numbers came in. S.& P.'s forecast is close to those of other research firms, Mr. Stovall noted, but investors may still be disappointed if results meet expectations and nothing more.

"Earnings are not going to grow at double digits forever," he said. "The real question is: Is Wall Street prepared for the first single-digit advance in 19 quarters?"

One of the first big-name companies to report is Alcoa, which Mr. Stovall likened to a corporate Iowa for its status as a periodic bellwether.

S.& P. projects 150 percent earnings growth for aluminum producers, of which Alcoa is the biggest, and a result in that neighborhood on Tuesday would augur well for fourth-quarter earnings generally, and for 2007 economic activity, he said.

No triple-digit, or even double-digit, gain is foreseen for smaller companies. After increasing earnings at an annual rate of 17 percent or more in each quarter of last year, the S.& P. 600 index of smaller companies is expected to show growth of just 5 percent for the last quarter.

The gap in earnings growth is just one reason that Mr. Stovall expects investors to find larger companies more appealing than smaller ones this year. Smaller companies' run of outperformance is looking long in the tooth after seven years, he said, and indications of softening economic conditions could steer investors toward the comparative safety that blue chips are thought to offer.

"It's getting later in the stock market and economic cycle," he said. "When sailing into an impending storm, sailors prefer a larger ship."

DATA WATCH The highlight of a thin post-holiday economic calendar may be the report on Wednesday of the nation's trade balance for November.

A Bloomberg News poll of economists forecasts a widening deficit, to $60 billion from $58.9 billion in October.

Retail sales for December, to be reported on Friday, are expected to rise by 0.6 percent after a 1.0 percent increase in November.

A Phantom Rebound In The Housing Market (NYT)

By Daniel Gross

The New York Times, January 7, 2007

HOUSING bulls took heart on Dec. 27, when the Commerce Department reported that sales of new one-family homes rose 3.4 percent in November from October. While the figure was still well below the rate of November 2005, it represented a recovery from the sharp declines of the summer.

"Sales of new and existing homes showed tentative signs of stabilizing, although at levels well below their mid-2005 peaks," the Federal Reserve's Open Market Committee said at its December meeting.

But those who think that the worst may be over for the housing market should take another look at the data, economists say. For the figures on new-home sales have a strange wrinkle that, in the current environment, may lead the government to overstate sales (and to understate inventory) by up to 20 percent. "The market is weaker than the data say," said Mark Zandi, chief economist at Moody's/Economy.com.

New-home sales are tallied by the Census Bureau, based on a sampling of contracts signed by home buyers. Running at a pace of more than one million a year for the last four years, new-home sales have been a significant contributor to the housing boom — and to the economy. (Existing-home sales, reported monthly by the National Association of Realtors, count actual closings.)

But here's the rub: If a contract to buy a home, signed in November, is canceled in December, the Census Bureau does not subtract the failed transaction from the number of sales, or add the house back to its inventory total. In the last year, as the housing market has cooled, the volume of cancellations has risen to epidemic proportions.

Speculators who signed contracts to buy homes in new communities in hot markets like Florida simply walked away from their deposits when they realized they couldn't flip the houses for a quick profit. And as prices and interest rates rose, noted Joseph Carson, chief economist at AllianceBernstein, "people who committed to making new home purchases found they were having difficulty selling their own houses."

And so, in the quarter ended on Oct. 31, Toll Brothers, the high-end home builder, noted that cancellations totaled 37 percent of contracts signed in the quarter, up from 18 percent in the same quarter the previous year. Pulte Homes, the builder

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based in Bloomfield Hills, Mich., reported a 36 percent cancellation rate in its third quarter, up from 17 percent in the 2005 third quarter.

"Cancellations have really affected big, publicly held builders the most, because they are relatively heavily concentrated in what had been the hottest markets," said Dave Seiders, chief economist at the National Association of Home Builders. Basing his findings on a survey of 30 large builders, Mr. Seiders concluded that in November 2006, cancellations constituted 38 percent of gross sales, compared with 26 percent in November 2005 and about 18 percent in the first half of 2005.

Of course, the large publicly held builders comprise a minority of the home-building industry. Lawrence Yun, senior economist at the National Association of Realtors, noted that "smaller home builders aren't affected as much by cancellations because they generally try to sign up clients before they start construction."

On its Web site, the Census Bureau acknowledges: "As a result of our methodology, if conditions are worsening in the marketplace and cancellations are high, sales would be temporarily overestimated." By how much? Mr. Carson of AllianceBernstein estimates that the government is overestimating the pace of annual sales by 100,000 to 150,000. Mr. Zandi of Economy.com estimates that the differential is even greater. "Given the rise in cancellation rates, it suggests that between 150,000 and 200,000 home sales are being counted that actually did not occur."

Just as the rising tide of cancellations leads the Census Bureau to overreport sales in the short term, it leads the government to underreport inventories. New homes on which contracts are not consummated are not added back into the inventory figure. The most recent report found that the seasonally adjusted estimate of new houses for sale at the end of November was 545,000, or 6.3 months of supply. Given the high rate of cancellations, it's likely that inventory is substantially higher.

This much is clear: Given the failure of the reports to account for cancellations, demand isn't as strong as it appears, and supply is greater than it seems.

The large builders are clearly taking action to remedy the situation. In recent months, they have thrown in extras and cut prices as part of an effort to reduce inventory. These moves may have stemmed the tide of cancellations. "In our survey of big builders, the absolute volume of sales cancellations did seem to top out in the third quarter," Mr. Seiders said.

That's good news. But it may also mean that the housing market's recovery and stabilization may turn out to be like ski trips planned in the Northeast for the week between Christmas and New Year's. Given the climate, both have been postponed until 2007.

Investors Start The New Year Indecisively (NYT)

By Jeff Sommer

The New York Times, January 7, 2007

The year got off to an uneven start on Wall Street last week, with the Dow Jones industrial average and the broader Standard & Poor's 500-stock index both dropping modestly. But the Nasdaq composite index, in which technology stocks dominate, eked out a small gain.

Many analysts expect technology earnings to be strong this year. On Thursday, after Banc of America Securities issued a bullish earnings projection for Intel, the chip maker, tech shares rose sharply. But on Friday, the sector's shares dropped on a disappointing earnings report by Motorola, the cellphone maker, whose stock had a one-day loss of 7.8 percent.

For the week, Intel had the best performance in the Dow, with a gain of 4.2 percent. Goodyear Tire's gain of 10.9 percent led the S.& P. 500. The company said it had reached an agreement with striking workers that would enable it to cut costs.

For the week, the Dow lost 65.14 points, or 0.5 percent, to close at 12,398.01. The S.& P. 500 lost 8.59 points, or 0.6 percent, to close at 1,409.71. The Nasdaq composite index rose 18.96 points, or 0.8 percent, to close at 2,434.25.

The yield on the benchmark 10-year Treasury note slipped to 4.64 percent from 4.70 percent the previous week.

Gore Leaves Door Ajar For 2008 (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, January 7, 2007

Will he or won't he?

As the Democratic field for 2008 takes shape, one big remaining question is whether former vice president Al Gore -- winner of the popular vote in 2000, an almost-candidate in 2004 and now the public face of the movement to address global warming -- will be in it.

Over the past six years, Gore has become a heroic figure for the party's liberal left, thanks in large part to his early and steady opposition to the war in Iraq. And it's not just liberals who have taken to Gore. "An Inconvenient Truth," the film detailing

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Gore's lonely quest to raise awareness of climate change, is one of the most successful documentaries of all time and, as important, has transformed Gore's public image from cold to cool.

That renewed popularity has stoked speculation that Gore just may have another national race up his sleeve. "He's the Rocky Balboa of 2008," said Chris Lehane, a former Gore adviser.

But is Gore ready to enter the ring one more time? Don't count on it, say his closest advisers. "There are no secret meetings going on to plan the Gore campaign," said Carter Eskew, a longtime confidant of the former vice president.

But neither Eskew nor any of the small cadre of Gore's closest advisers would entirely rule out such a bid, leaving the same small but substantial amount of wiggle room that Gore himself has left in his public pronouncements.

And there are small signs here and there that could be read as the stirrings of his renewed interest in a campaign. Early last month, Gore addressed more than three dozen labor leaders in Washington, a wide-ranging talk about the Democratic congressional gains and the media, said one attendee, who demanded anonymity. Asked about 2008, Gore said that he has taken a number of calls from people encouraging him to consider running but he "didn't know whether he was going to or not," the source said. "Everybody felt he left a small door open."

For the moment, however, Gore seems more interested in his role as global-warming warrior. He couldn't make time for an interview for the Sunday Fix because he was training 600 people on the slide-show presentation featured in "An Inconvenient Truth," according to his spokeswoman.Rove's Progeny

As we suspected, Karl Rove really is the progenitor of all modern political operatives.

Need evidence? Look no further than John Weaver and Beth Myers, the lead political strategists for 2008 Republican aspirants John McCain and Mitt Romney, respectively.

The two met more than two decades ago in Texas while working on the gubernatorial campaign of Bill Clements. Both Weaver and Myers were deputy campaign managers in Clements's victory over Democratic Gov. Mark Wells White. Their boss? Karl Rove.

Back in 1986, Myers and Weaver started off as rivals. Myers was working for Clements, Weaver for Rep. Tom Loeffler. Clements, who had served a term as governor from 1978 to 1982, drubbed Loeffler in the primary, but Rove must have liked what he saw of Weaver as he offered the young operative a spot on Clements's general election campaign.

Myers recalled her time alongside Weaver -- and under the tutelage of Rove -- fondly.

"John and I were in our 20s working 18-hour days fueled by pizza and chocolate, and Karl provided the adult supervision," said Myers. Ah, those halcyon days!

Although the two principals are sure to be at daggers drawn many times between now and 2008, each said their experiences in Texas would preserve their bond. "She and I developed a fast and lasting friendship then, and I'm sure it will last through this next chapter," Weaver said.

Rangel Says Encouraging Obama On '08 Is No Big Deal (NYT)

By Ray Rivera

The New York Times, January 7, 2007

Are Charles B. Rangel's loyalties mixed?

Mr. Rangel, the longtime Harlem congressman, has let it be known he encouraged Barack Obama to run for president, which could complicate the presidential ambitions of Mr. Rangel's fellow New York Democrat, Hillary Rodham Clinton.

"I told him if he didn't run, he'd regret it, and that he's a young man and he ought to test the waters," Mr. Rangel said in an interview yesterday, echoing comments he made on MSNBC and that will appear in the coming issue of New York magazine.

He said he also told Mr. Obama that he was following Mrs. Clinton's moves "and that as dean of the New York delegation, I had obligations, and he would have to understand that," Mr. Rangel said.

Asked if that meant he would support Mrs. Clinton, he said it was too early to say. And he added, "I got a call recently from my good friend Wes Clark who said he's still contemplating entering the race."

Though neither has announced a candidacy, Mr. Obama is seen as Mrs. Clinton's biggest obstacle as she prepares for a 2008 run. Her advance work has included an effort to build a united front among New York Democrats, including Mr. Rangel. The two met in late November to discuss her plans, about the same time he spoke with Mr. Obama, he said.

Mr. Rangel called the importance of having a united state delegation "relative."

"It's not the end of the world if we split," he said, though it is better to be united.

On MSNBC last week, Mr. Rangel said of Mr. Obama: "He's brilliant, he's talented. He's not tested, but who could be with the limited political experience?" He said that Democrats "should have as many exciting candidates up front as we can get, so we can find out who's electable and who can best lead our country."

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Herman D. Farrell Jr., chairman of the state Democratic Party, was unfazed by Mr. Rangel's advice to Mr. Obama. "With two years to go before the next presidential election, it's an acceptable position," he said. "A year from now, we'll talk."

Players (WP)

The Washington Post, January 7, 2007

California Gov. Arnold Schwarzenegger's reelection was one of the few bright spots for the GOP in November, so it's not surprising that Republican presidential aspirants are raiding his team.

Sen. John McCain of Arizona has turned his presidential exploratory committee into Arnold East, hiring not only campaign manager Steve Schmidt as a senior adviser but also Schmidt's deputy, Reed Galen, to serve as a deputy campaign manager and even Schmidt's assistant, Jake Suski, to be assistant to campaign manager-in-waiting Terry Nelson.

Robert Terra, who ran the Schwarzenegger war room, will do the same for McCain. Matt David, who served as director of response on the Schwarzenegger reelection drive will be the -- you guessed it! -- director of response for McCain.

McCain didn't get them all. Katie Levinson, Schwarzenegger's communications director, will oversee construction of Rudy Giuliani's communications operation. Schwarzenegger deputy political director Josh Ginsberg has inked a deal with Mitt Romney.

'08 Candidacy Could Shake Up Giuliani's Firm (NYT)

By Patrick Healy, Russ Buettner

The New York Times, January 7, 2007

In the time since Mayor Rudolph W. Giuliani left office in 2001, he has told friends and political allies that he would consider running for the presidency in 2008, and that he wanted to use the interim to create a consulting business that would both burnish and broaden his image as a leader and security expert.

And in the first months of that new firm, Giuliani Partners, there seemed no end to its ambitions: Mr. Giuliani saw safety and security, law, crime-fighting, and real estate as lucrative areas of expertise, his aides say. They quickly announced ventures with Ernst & Young, Nextel and Mexico; discussed trading services for equity; and envisioned finding such success that the business could, without doubt, survive his departure one day.

Now, as Mr. Giuliani contemplates that bid for the presidency, the firm — about which little has been publicly known — says it is dependably profitable and attractively positioned. But, at the same time, its aspirations have been modestly realized: a collection of boutiques more than an empire, and one whose long-term survival if Mr. Giuliani departs is very much a matter of debate both in-house and out.

The partnership comprises three distinct businesses that have had varying degrees of success in maintaining the steep trajectory of the early days.

The largest unit, in terms of employees and possibly revenue, is Giuliani Capital Advisors, an investment bank with 100 employees that Mr. Giuliani did not create, but rather was bought by Giuliani Partners from Ernst & Young for $9.8 million in 2004.

The investment firm's revenues were down in 2005, the first year Mr. Giuliani owned it, though its chief executive said the downturn began in the months prior to the sale and has since been reversed. Last year, eight of its original 22 managing directors left for other jobs. Despite its name, Mr. Giuliani is minimally involved.

Giuliani Partners, the 60-person consulting arm, is Mr. Giuliani's main focus, and it has had to scale back its reach somewhat in recent years to accommodate his political travel and lucrative speaking offers. It had a base of 20 major clients in early 2004, while now it has 12 to 15: a deliberate limit, firm partners say, because all of the clients seek and receive personal time with Mr. Giuliani.

The third and smallest unit is Giuliani Security and Safety, another consultancy that former Police Commissioner Bernard B. Kerik once ran (as Giuliani-Kerik L.L.C.) until he resigned at the end of 2004 amid personal problems that caused him to withdraw his name from consideration to be President Bush's secretary of homeland security. The Kerik debacle forced an overhaul of the unit, which Giuliani aides now hail as a small but fast-growing practice, with 10 employees led by a respected former F.B.I. official.

Change is a constant in all sorts of businesses, and Giuliani Partners acknowledges its own set of evolutions. Though it once announced new clients with celebratory press releases, the last such announcement was in November 2004.

Partners say their newer clients — they will not give a number — have not sought the same level of public exposure for their relationship with Mr. Giuliani.

But the largest potential change, a Giuliani candidacy, looms larger than all the rest, and the company says it is now deeply engaged with questions about its future. If he does run, executives say, at least some shakeout at the firm is certain.

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"Obviously as things accelerate, there are going to have to be changes, and we're looking at that," said Michael D. Hess, senior managing director of Giuliani Partners.

Mr. Hess acknowledged that his view had shifted since 2004, when an interviewer asked if the business could survive without Mr. Giuliani. "Absolutely," he said at the time.

Would he answer the same today? "I think so," he said last week. While Mr. Giuliani is an irreplaceable figure, he said, other executives are also attracting business. "He is, of course, a draw, people do want to work with him," Mr. Hess said of the ex-mayor, "but on the other side of the coin, we have a very deep bench."

Yet Mr. Hess acknowledged in an interview that other top executives at the firm, like him and Dennison Young Jr., a partner who was a top mayoral aide to Mr. Giuliani, would most likely join a Giuliani campaign.

"I think the answer is yes," Mr. Hess said in evaluating that possibility. At that point Mr. Giuliani's spokeswoman, Sunny Mindel, interjected, "We don't know all these things," and Mr. Hess picked up her line of thought.

"But no one knows — that's the study and continuing exploration we have to do," Mr. Hess said. "The substantive people are less likely to be involved in the campaign. We're not terribly political."

By "substantive people," he was referring to firm executives who work with clients in areas of expertise; during the interview he included in that group Pasquale J. D'Amuro, the head of Giuliani Security and Safety; Richard J. Sheirer, a senior vice president and the commissioner of emergency management under the former mayor; and Thomas Von Essen, another senior vice president and former city fire commissioner. (At the same time, Mr. Hess did not rule out any of these three or others as possible campaign members.)

Giuliani Partners is a private company, which makes it difficult to assess its financial health and assets. By one measure of accomplishment, client satisfaction, Giuliani advisers say the company has been an unqualified success, and there is no record of lawsuits or notable public complaints from those who have received services.

Jim Steets, a spokesman for Entergy, long a client of Giuliani Partners, said the firm helped revamp its security and emergency response plans and strengthened its relationships with emergency agencies around its five nuclear plants in the Northeast.

How much Mr. Giuliani and other principals of the firm are earning from the businesses is not public record. But much of Mr. Giuliani's income comes from his outside business interests and includes millions of dollars he earns from speaking appearances around the world and as a partner in a Houston-based law firm, Bracewell & Giuliani.

Mr. Hess said Mr. Giuliani's speaking fees are individual earnings and do not represent income for the firm.

But several Giuliani Partner ventures have not borne all the anticipated fruit.

In 2003, Bear Stearns Merchant Banking set up a $300 million private equity fund to invest in security-related companies, with advice and profit sharing by Giuliani Partners. But only one investment was made: the $210 million purchase of CamelBak, a Petaluma, Calif., company that makes canteens worn like backpacks. The equity fund put up $100 million of the price, according to The Deal and Forbes.

Two other relationships were ended after questions emerged in news accounts about the backgrounds and operations of the client.

Mr. Giuliani's experience as a businessman could be a factor in a presidential race, political analysts say. "Voters like supporting a businessman who has to meet a payroll, who built a business from scratch and can demonstrate an understanding of the economy," said Frank Luntz, a Republican pollster who has worked for Mr. Giuliani in the past.

Mr. Giuliani has said he will decide about a presidential bid early this year, but advisers now say the decision may be up in the air for months.

Were he to leave, could Rudy Inc. survive without Rudy?

Eric Abrahamson, a professor at Columbia Business School, said survival for a business that loses a key leader can depend on many factors, including the nature of its business and its maturity. He said the departure of a rainmaker could be hardest to survive.

"When you bring in those people, you are bringing them in for their social network," said Mr. Abrahamson, who studies the creation and growth of management techniques.

Giuliani Partners is five years old and operates from the Times Square offices of Ernst & Young, the accounting firm. As a private business, Giuliani Partners is not required to release its clients' names, but some have been announced, and others, Mr. Hess said, wish to remain private. Active clients, Mr. Hess said, include Entergy, Purdue Pharma, and TransCanada Corp. and Shell.

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Neither Mr. Giuliani nor other executives have registered to represent foreign governments in the United States, nor are they lobbyists. Mr. Giuliani also does not hold the type of licenses that are held by the directors of Giuliani Capital Advisors, of which Giuliani Partners is the majority owner.

The capital firm specializes in bankruptcy consulting, and mergers and acquisitions.

The partnership's security division, which Mr. D'Amuro took over in 2005, may be the unit most poised for growth. Mr. D'Amuro has traveled to meet with executives in Japan, Qatar, and other nations, often focusing on clients who seek the firm out for advice on how to protect against a terrorist attack.

Giuliani Partners recently launched two international offshoots: Giuliani Security and Safety Asia, and Giuliani Compliance Japan, where Mr. Giuliani and other executives speak to businesses there about complying with new conflict-of-interest rules.

Mr. Hess said he was not concerned that foreign work would somehow tarnish Mr. Giuliani politically.

"We bend over backwards and are very careful about who we do business with, for the most obvious reasons — from the beginning, Rudy's brand of integrity and ethics always had to be preserved," Mr. Hess said.

Revenues for Giuliani Partners' main consulting or security wings are not available because it is a private company.

But the third wing of the business, Giuliani Capital Advisors, is required to file annual financial statements with the Securities and Exchange Commission.

For calendar 2005, Capital Advisors reported revenues of $48 million, a drop from what the firm had brought in under Ernst & Young. For example, in the 2004 fiscal year, the last full year Ernst & Young owned it, the firm reported revenues of $85 million.

Steven D. Oesterle, a partner in Giuliani Partners and chairman of the investment bank, said a fairer comparison is to measure the Capital Advisors' performance in the final five months before the sale in December 2004, where it averaged about $3.3 million a month in revenue, versus the $4 million a month it took in the following year.

He said the firm was more modest in scale than during its Ernst & Young years, in part because there are fewer bankruptcies today and there had been very little backlog of business when the company changed hands. The firm still ranks high on lists comparing financial advisers based on the number of cases handled.

Mr. Oesterle said most of the eight managing directors who departed last year had been replaced.

The chief compliance officer and other top executives also left, but Mr. Oesterle said the departures did not reflect poorly on the business or signal unhappiness with Mr. Giuliani.

"It's a competitive marketplace," he said, "but that creates opportunity for us to hire people. I'm very comfortable with where we are in terms of the talent level within the organization."

Of Mr. Giuliani, he said, "He plays a very limited role with this business — you can think of this as more of an investment of Giuliani Partners in many ways."

One executive who left Capital Advisors last year, and spoke on the condition of anonymity because those who left had signed confidentiality agreements, said Mr. Giuliani's limited role had not helped. He said the firm needed a rainmaker to bring in business and to raise capital for the merger and acquisition portion of the business.

"When you put all that together, it's just not a winning formula," the former executive said.

Mr. Hess, however, described Mr. Giuliani as a hands-on manager in the main consulting part of the business, an executive whose busy schedule very much sets the agenda for the company, at least for now.

"We work with his schedule: When he's off speaking or when he was writing his book, we would find what days worked and what days don't work," Mr. Hess said. "He's remarkable. He doesn't sleep very much."

Bloggers Unleash A Virtual Campaign (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, January 7, 2007

Former Gen. Wesley K. Clark boasts 35,000 more friends than ex-Sen. John Edwards, and there are more flattering photos of Sen. Barack Obama than Sen. Hillary Rodham Clinton.

In an attempt to reach the MySpace generation, politicians are turning to the virtual campaign trail. Dedicated political junkies are setting up their own sites devoted to encouraging presidential runs from their favorite candidates -- former Vice President Al Gore, Sen. John McCain and the two Democratic superstars currently topping polls, Mr. Obama and Mrs. Clinton.

"Happy New Year to the future president of the United States of America," Leapin Larry told Mr. Obama Sunday on one of the fan sites, which has more than 21,000 friends.

Michele, a 28-year-old from Orange Beach, Ala., tells the former first lady: "Hillary, you fixed ny. I'd love to see you as president. Go for it, you would fix this country."

Some of the candidate MySpace pages are official, such as the sites run by 2004 vice presidential candidate Mr. Edwards and Iowa Gov. Tom Vilsack -- both Democrats seeking the 2008 nomination. Others, such as the nearly 100 sites created in Mrs. Clinton's name, are run by anonymous Web surfers.

If popularity were gauged by MySpace, Mr. Clark, a Democrat with an official "Securing America" page, is winning with more than 45,000 friends, and Mrs. Clinton, New York Democrat, is the best-known.

At least 40 MySpace accounts have been set up as belonging to Mr. Obama, Illinois Democrat, but none seem to be official. A close look at MySpace fan sites reveal passionate Web surfers.

"Hi Hillary with your brains and beauty you should have no problem!!!!!!!!" yells a man with the screen name HuckFinny, doing so entirely in capital letters.

"I have never been into politics actively, but if big Al would run again, oh, I would do anything," writes Josh Paskowitz on a Gore site. "I would march. I would rally. I would DIE to make him win." Patrick agrees, telling the former vice president: "Can't wait to see you out there again in 2008. ... Keep up the fight."

Mr. Gore does not have an official site, but he does have a page promoting his film on global warming, "An Inconvenient Truth."

There's also a site called "President Gore," which calls the 2000 Democratic nominee, who won the popular vote but lost the Electoral College to George Bush, the "Rightful president."

Mr. Edwards, a former U.S. senator from North Carolina, has one of the most active official pages as he works to build a grass-roots campaign. It includes all the details of his presidential-announcement tour and Web video links and his snazzy 2008 logo.

"Our country needs a president who sees the serious problems and honestly wants to fix them," Kristin of California tells Mr. Edwards.

Jen, a 23-year-old Pennsylvania resident, tells the candidate, "I am so happy that you decided to run again! You have my vote!!!" emphasizing her happiness and voting intentions with the screaming all-capitals style common on such sites.

The comments would be an ego boost for any politician.

"Iowa is Hillary country," Howie, a 27-year-old from Des Moines, Iowa, says. "Time to announce, so I can get to work helping you win here in the caucuses in January 2008!"

MySpace user Beth tells Mr. Obama on one site: "You're the solution in 2008."

"Please run for president," one person begs Mr. McCain, Arizona Republican. "We need a real patriot in the office!"

Several efforts to draft candidates enjoy popularity on MySpace. One site has even worked up a merchandising plan, selling "Barack the Vote" T-shirts superimposed on an altered "Rock the Vote" logo.

There are several sites devoted to Sen. John Kerry, the Massachusetts Democrat who made a failed bid to unseat Mr. Bush in 2004. Many of the sites seem to have been designed to promote his candidacy then, but a few are more current.

One is a good try at an official site, complete with the song "America the Beautiful" and a waving U.S. flag indicating Mr. Kerry is "online now."

Among his top friends are his wife, Teresa Heinz Kerry, and former Democratic Presidents Jimmy Carter and Bill Clinton. Mr. McCain is his only Republican friend.

Beth, a 44-year-old resident of Skokie, Ill., wishes Mr. Kerry "best of luck in the new year," and tells him "I voted for you!! I love you!! I'll vote for you again!!"

Plenty of the lesser-known politicians have sites as well.

Democratic Rep. Dennis J. Kucinich's official site promotes an end to the war in Iraq, complete with a Democratic presidential primary poll showing him in the lead.

"You are an inspiration," Colleen, a 31-year-old Denver resident tells the Ohio representative.

"Glad to hear that you have decided to run in 2008!" Chris Ho tells Democratic Sen. Joseph R. Biden Jr.

Another fan of the Delaware politician says, "Go for it senator. Get the troops out."

On what seems to be New Mexico Gov. Bill Richardson's official site, Jess tells the Democrat he should pursue a presidential bid. Of the most likely Democratic candidates, only Sen. Christopher J. Dodd of Connecticut has no MySpace presence, official or fan-based.

The Invasion Of The Alpha Male Democrat (NYT)

By Ryan Lizza

The New York Times, January 7, 2007

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NANCY PELOSI'S carefully crafted introduction to the American people last week seemed to reinforce some stereotypes of the so-called mommy party. On the day she made history as the first woman to be elected speaker, she appeared on the House floor, surrounded by children and bedecked in pearls.

But even as this nurturing image dominated the news, the swearing-in ceremony on Thursday was notable for another milestone in gender politics: the return of the Alpha Male Democrat.

The members of this new faction, which helped the Democrats expand into majority status, stand out not for their ideology or racial background but for their carefully cultivated masculinity.

"As much as the policy positions is the background and character of these Democrats," says John Lapp, the former executive director of the Democratic Congressional Campaign Committee who helped recruit this new breed of candidate. "So we went to C.I.A. agents, F.B.I. agents, N.F.L. quarterbacks, sheriffs, Iraq war vets. These are red-blooded Americans who are tough."

Mr. Lapp even coined a term to describe these manly — and they are all men — pols: "the Macho Dems."

The return of Democratic manliness was no accident; it was a carefully planned strategy. But now that the Macho Dems are walking the halls of Congress, it remains to be seen whether they will create as many problems for Democrats as they solved. After all, these new Democrats have heterodox political views that could complicate Democratic caucus politics, and their success may raise uncomfortable questions for those Democrats who don't pass the new macho test.

The architects of this strategy, Representative Rahm Emanuel, Mr. Lapp's boss, as well as Senator Charles Schumer, are well-known political pit bulls. Mr. Emanuel won his Congressional seat by navigating the ward politics of Chicago's old-fashioned political machine.

He is missing half of one finger — his aides refer to him as "nine point five" — and swears enough to make a Soprano blush. Senator Schumer is so aggressive and demanding that he has a reputation as one of the most difficult people in the Senate to work for. Both men, who have been elevated to leadership positions in the new Congress, are throwbacks to the era when tough-guy Democrats were urban ethnic politicians, like Dan Rostenkowski and Tip O'Neill.

When Mr. Emanuel and Mr. Schumer set out to find candidates to run in the red states and districts of the 2006 electoral battleground they sought their own rural and exurban doppelgängers.

The fruits of those efforts arrived in Washington last week. Take, for example, three House freshman from Pennsylvania. Patrick Murphy, the son of a Philadelphia police officer, was a West Point professor, a prosecutor and an Iraq war veteran before he ran for Congress. Chris Carney was a lieutenant commander in the Navy Reserves. Joe Sestak is a former Navy vice admiral whose last job was commanding 15,000 sailors and dozens of ships and aircraft for operations in Afghanistan.

"Joe Sestak — that guy's muscular!" says Mr. Lapp. "He's a vice admiral. I've told him to spend a lot of time going on the national talk shows. He can really do a service changing the mold and the way the Democratic Party is viewed."

Other House members include Minnesota's Tim Walz, an Army national guardsman; Brad Ellsworth, an Indiana sheriff; and Heath Shuler, a former N.F.L. quarterback from North Carolina.

Biography, it can be argued, counts more than substance. For example, Mr. Shuler's Web site includes more information about his high-school football career (106 touchdowns) than his post-football career (selling real estate).

In the Senate, Mr. Schumer's tough-guy caucus includes Jon Tester, a husky Montana farmer with a buzz-cut, and Jim Webb, the former marine from Virginia who turned his son's combat boots into an effective electoral prop. Upon arriving in Washington, he promptly picked a fight with President Bush at a White House reception.

The roots of the Macho Dem strategy can be found in the party's 2004 losses when Democrats decided that their post-9/11 candidates needed to exude strength above all else.

"Presidential politics, but also the rest of national political leadership, has a lot to do with the understandable desire of voters for leadership, strength, clarity and sureness," says Jim Jordan, John Kerry's first presidential campaign manager. "Frankly, in the post-Vietnam era, Democrats have come up short by those measures too frequently."

Adds the Democratic strategist James Carville, "The fact that the party has come across as less — I don't want to say less masculine — but certainly less aggressive than Republicans, is true."

But there may be serious risks for the Democrats' embrace of an electoral philosophy based less on bold ideas than on bold biography. For one, the Macho Dem strategy is inherently pro-male. And Democrats have historically relied on a gender gap advantage — with women. If they tilt in the other direction, does that gap disappear?

As Tom Edsall recently pointed out in a guest column on The New York Times Op-Ed page, despite Ms. Pelosi's historic ascension, 2006 was a bad year for Democratic women. Nine of the party's top 11 male House candidates won, while only 1 of the organization's top 11 female candidates prevailed.

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It's a paradoxical conclusion to an election that was followed by Ms. Pelosi's ascension to speaker and Hillary Clinton's dominance of presidential political predictions. Just as these female faces are solidifying the perception of the Democrats as the party of women — the gender gap still exists — the Macho Dems are adding a dash of testosterone, which could add some cultural frisson to the party.

Sure, some Macho Dems express support for, say, abortion rights but one gets the sense that ensuring Roe's preservation may not be one of their highest priorities in coming to the Senate. It's hard to imagine them at the next Emily's List fund-raiser.

Ideologically, many Macho Dems are culturally conservative and economically liberal — making them odd ducks in a party that since the Clinton years has been defined by cultural liberalism and Rubinomics.

"You can argue it will cause more problems because there will be more cross currents," says Mr. Carville. "A lot of these guys are economically pretty populist — Webb and Tester — more so than the Clintonites like myself."

Then again, President Bush and the Iraq war serve as unifying force for Democrats that may militate against these cross currents.

More interesting may be the implications of the Macho Dem theory for the 2008 presidential campaign. If a party measures its candidates by whether they wear a uniform, carry a gun or simply look tough — does it invite the public and press to apply that standard to all the party's leaders?

The leading presidential candidates — Barack Obama and Hillary Clinton — may not score that high on the Alpha meter. And in the past, when Democrats believed their candidate was a true hero — well, just remember how the Republican Party was able to portray John Kerry. It could be a warning sign for Democrats: live by the Macho Dem creed, die by it.

The Jeb Bush Era Ends In Florida (WP)

By Linda Kleindienst

The Washington Post, January 7, 2007

Outgoing Governor Did Things His Way

TALLAHASSEE -- On a bright January day in 1998 marked by bone-numbing 33-degree cold, Jeb Bush took office as Florida's 43rd governor with a pledge to safeguard the interests of the people, not the bureaucrats.

In the ensuing eight years, Bush sent shivers through Florida's status quo as he gathered more power than any previous governor and reshaped state government to fit his vision.

Nicknamed "King Jeb," the Republican transformed what he saw as a tangle of red tape and squanderer of public money into a smaller, business-friendly administration needing fewer tax dollars to run.

Bush, who passed the mantle to Charlie Crist (R) last Tuesday, leaves a legacy of a leader adamant about doing things his way, who fearlessly championed such controversial causes as school vouchers, faith-based prisons and prolonging the life of Terri Schiavo, a brain-damaged woman who became the centerpiece of a national right-to-die battle.

Yet, while his tenure coincided with a sizzling economy and an overflowing treasury, Bush's back-to-back terms were marred by frequent ethics scandals, official bungling and the inability of the government he downsized to meet growing demands for state services, including education and aid for the infirm and the elderly.

A policy wonk, Bush pursued an agenda so frenetic that even his efficiency czar resigned in protest.

"I've always felt, if you can do something today, why wait? It's just my nature," said Bush, 53, who grew grayer and slightly stouter in Tallahassee but never slackened his pace, even during his final days.

He championed tax cuts that chiefly benefited business and the wealthy, trimmed the state's payroll, stripped job protection from thousands of mid-level civil servants, gained more power over the judiciary, exploited his Washington connections to prevent the closing of military bases and launched the nation's first statewide private-school voucher program.

While older brother George's administration in Washington badly fumbled its initial response to Hurricane Katrina, Jeb Bush was praised for his actions before, during and after the eight hurricanes that raked Florida in 2004 and 2005. Seemingly everywhere, he warned residents in English and Spanish to gird themselves for the storms' fury, then oversaw relief efforts when the winds died down.

But his administration -- the Department of Children and Families, in particular -- was vilified for losing track of 500 youngsters under state care and for failing to prevent the deaths of several others. A smiling Rilya Wilson became the poster child for all that was wrong with the agency and, by extension, the Bush administration's failure to serve Floridians in need. Although her body was never found, it is believed the 5-year-old Miami girl was killed in December 2000, 15 months before the state realized she was missing.

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Despite the controversy that swirled around the botched 2000 presidential election, which saw his brother win Florida and thus the White House by 537 votes, Bush failed to fully restore confidence in an electoral system that is still mired in controversy and lawsuits. He did little to counteract soaring property insurance rates or shorten waiting lists for citizens needing services.

"He led the enactment of tax cuts that will drain the state of needed revenue for health care and children and senior citizens -- and we already rank at the bottom of the nation in those services," said Karen Woodall, a lobbyist for migrant workers and the poor.

Few people have so dominated Florida's political landscape. When Bush moved into the governor's mansion, Florida Republicans reached their zenith of power. Buoyed by a GOP-controlled legislature awed by his personality, clout and family name, Bush enjoyed superstar status and high job performance ratings from voters -- and believed he had the political capital to shake things up.

"Most governors have been committed to the public sector. They grew up knowing and supporting government," said Dominic Calabro, president of Florida TaxWatch, a private watchdog of government spending. "He grew up with a disdain and believed in limited government."

While seeking reelection in 2002, Bush defined "real leadership" as making tough choices. For those who disagreed with him, he said, "You know where I stand."

Bush battled against government intrusion in private lives but commandeered the state's executive and legislative branches to prolong the life of Schiavo, Florida's legislature and Congress. Ignoring the repeated verdicts of judges, Bush, a convert to Roman Catholicism who approached this battle with moral zeal, rammed through a special law to restore Schiavo's feeding tube in what many saw as an attempt to pander to the religious right. But the courts had the final word and on March 31, 2005, the 41-year-old Schiavo died.

"I'm deeply disappointed that a woman was starved to death," said Bush, calling it the most disheartening event during his time in office. "I can respect other people's opinions but, at the end of the day, that's what happened."

Under Bush, Florida earned Wall Street's highest possible bond rating. He led a drive to make Florida a biotechnology center by luring the Scripps Research Institute to Palm Beach County with $369 million in state money as bait. But while Florida led the nation in job creation, much of that was in low-paid service industry jobs that left many Floridians without health insurance and scrambling for affordable housing amid a real estate boom that helped fuel business-friendly tax breaks.

A fiscal conservative, Bush slashed the number of state workers by giving their jobs to private companies. Many public services -- including the state's foster-care system -- were spun off without official oversight, and some ran up cost overruns in the millions. The state budget ballooned by 52 percent, from $48.6 billion in 1999 to $73.9 billion in 2006, though much of the growth was attributable to the hot real estate market and post-hurricane rebuilding.

Though he proclaimed himself the "education governor," Bush's legacy in this field was mixed at best. Test results showed learning gains among fourth-graders, whose scores were easier to improve than those of older children, as well as minorities across all grade levels. But Florida's high school dropout rate and per-pupil spending continued to rank among the nation's worst. While Bush sought spending increases for public schools, they barely offset steadily growing demands on school districts, including the soaring cost of health and property insurance.

During his first year in office, the Legislature approved Bush's A-Plus education reform package, including the nation's first statewide private school voucher program for students in failing schools. But it was struck down as unconstitutional by the Florida Supreme Court early this year.

Perhaps Bush's most grievous blunder came with the enactment of One Florida, a plan to end affirmative-action preferences for minorities in university admissions and state contracting. It sparked a sit-in by two black legislators in the governor's executive suite -- and hundreds of black college students in the hallway outside his office -- and the largest ever protest-march, led by the Rev. Jesse L. Jackson, on the state Capitol in 2000.

One Florida was a prime example of Bush's shoot-first, take-no-advice method of governing. It tarnished his image in the black community and alienated voters he and the Republican Party had been working hard to woo.

Yet, Bush voiced no regrets. He left behind an office he worked hard to overhaul, in a way he thinks better meets the needs of a fast-changing Florida. Summing up his legacy, he said: "This office has more authority to create the agenda and implement it. . . . My gift is that we've shown that governors can be activists, they can be reformers, if they want to."

Katie O'Malley Makes A Case For Keeping Her Job (WP)

By John Wagner

The Washington Post, January 7, 2007

DOJ_NMG_0113479

Maryland's soon-to-be first lady, Catherine Curran O'Malley, is sticking with her plan to stay on the bench once her husband is sworn in as governor.

O'Malley, a district court judge in Baltimore, spoke publicly about her intentions during the summer as her husband, Baltimore Mayor Martin O'Malley (D), was campaigning to unseat Gov. Robert L. Ehrlich Jr. (R).

But Katie O'Malley's desire to keep her job has been complicated by a residency requirement and other family considerations regarding an anticipated move to Annapolis. The O'Malleys have four children, including two daughters in high school.

On Friday, a lawyer for the governor-elect wrote to Ben C. Clyburn, the chief judge for the District Court of Maryland, citing case law that suggests a temporary move to Annapolis would not preclude Katie O'Malley from maintaining her "domicile" in Baltimore, provided she intends to return there at the end of her husband's term.

"When this temporary position of Martin's is over, we both intend to reside in Baltimore," Katie O'Malley said yesterday.

The O'Malley family plans to move into the 54-room governor's mansion, known as Government House, sometime after Martin O'Malley's Jan. 17 swearing-in. But the timing remains unclear, aides said. The family has yet to make a decision as to whether to sell their home in Baltimore.

Katie O'Malley's decision to stay on the bench is hardly without precedent.

Marjorie Rendell, the wife of Pennsylvania Gov. Edward G. Rendell (D), sits on the 3rd U.S. Circuit Court of Appeals; Mary Pawlenty, the wife of Minnesota Gov. Tim Pawlenty (R), is a district judge in the state; and Gary Sebelius, the husband of Kansas Gov. Kathleen Sebelius (D), who refers to himself as the state's "first dude," is a federal magistrate judge.

Anne Holton, first lady of Virginia, had been a judge but decided to step down after her husband, Timothy M. Kaine (D), won the governorship.O'Malley Continues to Fill Out His Staff

Gov.-elect Martin O'Malley has added a few more familiar faces to his incoming State House staff, including two former campaign managers.

O'Malley made one of his picks public last week at a gathering of Maryland county officials, announcing that Josh White would serve as his director of intergovernmental affairs.

The seemingly unflappable White served as O'Malley's campaign manager during his recent win over Gov. Robert L. Ehrlich Jr. (R) and is a former executive director of the Maryland Democratic Party. He has been serving in a key staff role in O'Malley's transition in recent months.

Also on board, according to transition sources, is Sean R. Malone, who ran O'Malley's 1995 campaign for reelection to the Baltimore City Council. Since O'Malley's election as mayor, Malone has most recently served as labor commissioner.

In Annapolis, Malone will serve as a deputy to Joseph C. Bryce, whom O'Malley recently named as his senior policy and legislative adviser.

Malone and O'Malley have been friends for more than 12 years, dating back to Malone's time as a bartender at a Charles Street pub in Baltimore where O'Malley regularly played Irish music.Political Staffs Play Musical Chairs

While Gov.-elect Martin O'Malley works to fill his new administration, people with close ties to the outgoing Baltimore mayor are also popping up in some interesting places in county and state governments.

Peter O'Malley, a brother of the governor-elect and former senior campaign aide, is now chief of staff to Baltimore County Executive Jim Smith (D).

Kevin Enright, brother of the governor-elect's chief of staff, Michael Enright, and a former spokesman for the Baltimore police department, has taken a job as communications director for new Howard County Executive Ken Ulman (D). Enright most recently served as spokesman for Maryland Attorney General J. Joseph Curran Jr. (D), O'Malley's father-in-law.

Aaron Greenfield, a former assistant city solicitor for O'Malley's administration, is also working for Ulman, as his chief of staff.

Raquel Guillory, O'Malley's City Hall press secretary, will become communications director later this month for the newly installed Maryland Attorney General Douglas F. Gansler (D).

And Alexandra M. Hughes, a former economic and neighborhood development aide at City Hall, recently landed in the office of House Speaker Michael E. Busch (D-Anne Arundel) as his communications and policy adviser. Hughes more recently worked for the Baltimore schools as a top aide to then-Chief Executive Bonnie S. Copeland.

Breakfast Of Champions (NYT)

By Charles Baxter

The New York Times, January 7, 2007

DOJ_NMG_0113480

THE Senate has been seated, and we have a new senator, Amy Klobuchar. But we're still talking about the aftermath of the midterm elections.

Two friends from high school, guys I've known for 40 years, and I are at breakfast at a greasy spoon on Lyndale Avenue, watching the Minneapolis traffic. I ask for their analysis. My friend the estate planner speaks up first.

"I have it all figured out. Bill Clinton defeated Karl Rove," he says. "The centrist Democrats, Bill Clinton types, beat out the Karl Rove types, the base voters. The base strategy isn't going to work for a while. If it had worked, Mark Kennedy would have won the race for the Senate, and we'd have a scowling movement-conservative accountant as Minnesota's senator. Instead, we have a brainy upbeat soccer-mom progressive. She won in a landslide. She was the antidote to despair. That's what's important."

My other friend looks up from cutting his waffle and joins in. "Bill O'Reilly said national voter turnout would be low. He said that the election was a matter of life and death but that everyone — or 'the folks,' as he calls them — would be watching 'Dancing with the Stars.' " He chews thoughtfully. "That's pretty cynical of him. Who are these 'folks' he's always talking about? Anyway, he was wrong. There was a huge turnout in Minnesota."

"George Bush hit the trifecta," I say. "Iraq, corruption and incompetence." I dig into my huevos. "Failure follows failure. The Republic Party will take years to recover from this. Al Franken thinks George Bush won't even be invited to the 2008 convention. It doesn't matter. No one has anything new to say about the current administration. It's all been said."

"Why do you call it 'the Republic Party'?" my friend asks.

"Because they say 'the Democrat Party.' So we should follow their example and say, 'the Republic Party,' and see what happens."

"The Republic Party convention is going to be here," the estate planner says. "Think about that."

There is a long silence.

"Let them come," my other friend, a sculptor and furniture-maker, proclaims with a smile. "This Congressional district is now represented by an African-American Muslim, a follower of Paul Wellstone." He means Keith Ellison.

"Here's a guy who doesn't run a single TV ad and beats his opponent in a landslide. He gets on TV after the election and is asked by a conservative commentator to prove that he's not sympathetic to terrorism. Then a representative from Virginia wonders if he's going to take the oath of office on the Koran. This district is the object of national attention. It's so progressive, it goes beyond blue into deep purple. We're not just a bunch of Lutherans anymore: Somalis and Latinos and everybody lives here. The party of George Bush wants to have its convention in St. Paul? Fine."

We watch the traffic.

"It's safer to drive now," the estate planner says. "After the last elections, people were so angry that they were driving 80 or 90 miles an hour on I-35. They've calmed down a little."

I speak up. "Well, there's no winter here; the roads are clear. You can't ski because there's no snow, and the hockey rinks haven't opened because the ice is unsafe — when there is ice. In Minnesota! It's creepy. You'd think someone would pay attention."

Another pause. "Why did they lie to us, those guys?" the sculptor asks, reaching for his coffee. "Why do they keep lying about Iraq and global warming?" I am always quoting from somewhere, so I quote my Minneapolis neighbor, the poet Robert Bly: "These lies mean that the country wants to die."

"Not anymore," the sculptor says, sipping his coffee. "We're in a new, positive era, starting now. The Democrats will make some difference."

"You think so?" I reply. Minnesotans cherish their political optimism. But when I think of Iraq and of our intentions there, another line of poetry comes to me, by Louis Simpson, so I say it: "Grave by grave we civilize the ground."

They Came From Montana (NYT)

By Deirdre McNamer

The New York Times, January 7, 2007

IT seemed a good idea, during the holidays, to get a dose of Capra corn. So I rented "Mr. Smith Goes to Washington" (one of the screenwriters based it on a novel he'd written called "The Gentleman From Montana") to watch Jimmy Stewart play the consummate rube who can scarcely stop gawking long enough to get sworn in as a newly appointed senator. Nefarious powers think his naïveté makes him the perfectly malleable replacement for his predecessor, who keeled over unexpectedly. But, boy, are they in for a surprise.

During Senator Smith's excited sightseeing ("I don't think I've ever been so thrilled in my whole life, and that Lincoln Memorial! Gee-whiz!"), I thought about Montana's new senator, Jon Tester, gazing up at the Capitol dome for the first time, shortly after the general election. "It hasn't soaked in yet," he told reporters. "Maybe it will never soak in."

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Mr. Tester and his wife, Sharla, had traveled to Washington from their farm in north-central Montana, a patch of ground in a county with 1.5 people per square mile, about 1,800 miles from the nation's capital as the crow flies. They were there because Mr. Tester, campaigning for government honesty and attention to the concerns of "regular folks," had unseated the Republican incumbent, Conrad Burns, in a cliffhanger that helped deliver the Senate to the Democratic Party.

And now what?

Undoubtedly, Mr. Tester's rhetoric and style — he might always look a little wrong in a business suit — will tempt continuing comparisons to the barmy screen version of the gentleman from Montana. But only if one forgets that Mr. Tester is 50 years old, he's seasoned in state politics, he ran a canny, gloves-off campaign, and he's the kind of charismatic, hard-to-peg, Western neopopulist (like his friend, Gov. Brian Schweitzer of Montana) who might be, even now, redefining in certain far-reaching ways what it means to be a Democrat.

Or not.

The 110th Congress is just four days into what it will become. It is still on the brink. On the verge. The verge, says my dictionary, is "the point beyond which an action, state or condition is likely to begin or occur." It's also, interestingly, "a rod, wand or staff carried as an emblem of authority or office."

Montana, like any state, has sent to Congress its share of those who strode forth, verges in hand, to become forgettable in the long run. But I think we can be forgiven for anticipating the exceptional. After all, we sent lean and plain-spoken Mike Mansfield, the Senate's longest-serving majority leader and a pivotal force behind civil rights legislation, the Watergate investigation and opposition to the Vietnam War. Decades earlier, we sent Congress its first female member, Republican Jeannette Rankin, the only person to vote against United States entry into not one, but two, world wars. We sent Thomas J. Walsh, who became a national hero for exposing Interior Department corruption in the Teapot Dome oil scandal of the 1920s. And Senator Burton K. Wheeler, a Democrat, who became the most vocal foe of F.D.R.'s attempt to "pack" the Supreme Court.

"Always try to see life around you as if you just came out of a tunnel," Senator Smith advises his hard-boiled assistant, Miss Saunders, in the Capra parable.

Campaigns are tunnels in a sense, filled as they are with obfuscation, noise and narrowly defined progress. Out of the tunnel, out in the lit-up day, it's different. What the members of the 110th Congress see now, and what they choose to do about what they see, might well decide who among them — among both the Testers and the old hands — will outlast their day.

Paint My Sidewalk Blue (NYT)

By Dan Chaon

The New York Times, January 7, 2007

"Congratulations!" cries Dolly, our Republican neighbor, a few days after the election, and my wife and I pause warily on the sidewalk outside her house. Our street is noted for its calm bipartisanship, and Dolly in particular is well-known for her good nature and graciousness. But still, we hesitate for a moment. "Oh," my wife says. "Um ...thanks!" And we exchange glances. Congratulations?

I guess we're still trying to get used to the concept of "winning." As Democrats in Ohio, victory is a sensation we've been unfamiliar with for quite some time, and I have to admit that it makes me a little suspicious. "Oh, snap out of it," my wife says, and I put my hands in my pockets as we continue on down the street.

Of course, it's not easy to be jubilant given the state of affairs in Ohio, or in the country, or in the world. December comes on drizzly and warmish in a kind of eerie, global-warming way, and that first blush of excitement seems to mute quickly. Mike DeWine, the defeated incumbent senator, spends his final days in Congress delivering eulogies for service members killed in Iraq and Afghanistan. Meanwhile, Bob Taft, the departing governor, rounds out his unpopular, scandal-ridden tenure with one last humiliation — on Dec. 27, the Ohio Supreme Court formally reprimands him for his failure to report nearly $6,000 worth of gifts. Around the same time, newspapers begin to report that a Cleveland-size ice shelf had broken clear of the coast of Ellesmere Island in the Canadian Arctic, though apparently Mr. Taft had nothing to do with this.

Our neighbor Susan is usually reliably cynical this time of year, but she says that she's been feeling pretty happy since the election. "I would actually characterize myself as giddy," Susan says, and she tells me that she's even begun to warm to our new senator, Sherrod Brown, who now seems admirably enthusiastic and energetic, especially since he doesn't have to continue to repeat the phrase "fight for the middle class" in every sentence. He seems more solidly progressive than she thought at first.

Sue is one of several people I know who believes that the 2004 election was stolen, and that voting irregularities in Ohio were primarily at fault. She had been very pessimistic about 2006 as well. "And there were plenty of problems," she says.

In Cleveland, voting machine breakdowns led to delays and long lines at many polling places. There also continued to be questions about the reliability of the electronic voting systems. Major discrepancies were reported in several counties, including

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Cuyahoga, where there was a disparity of almost 17 percent between the unofficial vote tally reported immediately after the election (562,498 votes) and the official tally reported in December (468,056 votes).

It is troubling and worrisome, Susan agrees — but this time, it seemed, the inconsistencies hadn't been enough to counteract the number of Democratic voters who went to the polls. "I felt like there was a real surge of energy," Susan tells me. "Almost like a grass-roots movement."

My friend Peggy disagrees. " 'Movement' is strong word," she says. Peggy is a retired law school dean, a little past 60, more than a bit skeptical, and she looks at me wryly. "What are they going to pull off, really?" she asks. "Where's the leadership? Seriously. Nancy Pelosi? Harry Reid?"

The two of us are shopping at the West Side Market on yet another warm late December day, walking through the busy aisles and selecting produce from various stands, pausing to look at a case full of beautiful breads or interesting sausages.

"I guess I've become apolitical," Peggy says, and shrugs. "I just don't think that a meaningful discussion of what's important in life is going to reside in politics. I don't suppose that's really going to help your article."

"No," I say. "Not really." The two of us sit down in the balcony above the market, sharing a piece of strudel, and we look down onto a throng of people, buying up food for their New Year's Eve parties.

"I don't mean to be discouraging," she says. "I mean, I do keep voting every year — just like I keep on washing the dishes and lighting the candles — I guess partially it's just a ritual that we go through."

"But not all of it," I say.

"No, of course not," Peggy says, looking at me sidelong. "You can always hope that things are going to change."

We sit there for a moment longer, and she cuts off a piece of pastry with her plastic fork, scrutinizes it, then takes a bite. Christmas music is still playing from some loudspeaker somewhere.

"Anyway," Peggy says. "It's a new year, isn't it?"

An Election With No Losers (NYT)

By Robert Hicks

The New York Times, January 7, 2007

FORMER Mayor Bob Corker of Chattanooga is now Senator Bob Corker in Washington and, while I didn't vote for him, I think that if he proves true to his own past he will do well. That is, he'll be a centrist Republican, guided by his own common sense and maybe a bit by the example of Tennessee's moderate senior senator, Lamar Alexander, rather than by the right-wing rhetoric that has become de rigueur in so much of the South.

As for former Representative Harold Ford, the Democrat Mr. Corker defeated, things aren't all that grim. Despite his loss, he was quickly nominated by James Carville to challenge Howard Dean for the chairmanship of the Democratic National Committee. He declined, but sooner or later there is going to be a fight for the leadership of the party, and Mr. Ford has likely earned himself a pivotal role in any effort to move Democrats away from reflexive Deaniac liberalism.

Ironic as it may sound, what Mr. Ford did prove in his defeat was that he is electable. As it turned out, race didn't seem to hold the Memphis congressman back — the exit polls made it pretty clear that he probably did as well as any white Democrat could have done, given the growing conservative bent of Tennessee.

In talking with my Republican friends and neighbors, I too have concluded that his color was far less important than his family's long record of graft and political strong-arming. Of course, my fellow Tennesseans had their reservations, but, as it turned out, their concerns were not based on the fact that Mr. Ford is a black man or on his voting record, but on the baggage he bears with his lineage.

As one of my neighbors said to me, "I just kept wanting him to say something more than 'You can't choose your family.' " The neighbor's big disappointment was that Mr. Ford wouldn't actively support Steve Cohen, the Democratic nominee for the Congressional seat he vacated, over Mr. Ford's brother Jake, who ran a write-in campaign after losing the Democratic primary.

And the other night I was having dinner with Welling LaGrone, one of Nashville's civic leaders and a Republican if there ever was one, and even he said he had to admit that Mr. Ford was impressive on all fronts, other than that he was raised in a den of thieves.

I say all this to make the point that despite not being able to choose — or cut loose from — his family, his race or his party, Harold Ford has emerged as a serious politician, a gracious loser, a gentleman worthy of respect and with a solid foundation to build a future on, not only for himself but, I hope, for those remaining yellow dog Democrats like myself.

So what does the future look like? Gov. Phil Bredesen, a Democrat, will begin a well-deserved second term. Senators Alexander and Corker seem set to infuse Washington's newly minority party with the spirit of moderation. And Harold Ford looks likely to find the door that will lead him to best serve his party and the nation.

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In an era when elections leave so many Americans of both parties frustrated and bitter, I think Tennessee voters across the spectrum are feeling they can congratulate themselves on a job well done.

For Veterans, Alaska's An Attraction (WP/AP)

By Jeannette J. Lee, Associated Press

The Washington Post, January 7, 2007

Ex-Military Personnel Have Flocked to State

ANCHORAGE -- As a boy in Upstate New York, Bill McCue spent many hours poring over articles in Field and Stream magazine about moose and grizzlies and dreaming about adventures in the Alaska wilderness.

Later, as a military man, he was stationed in Alaska, and "it was like a dream come true," said McCue, a Vietnam veteran who served at the Navy base on Kodiak Island in the early 1960s. "It's like no other place I'd ever been to."

McCue is one of nearly 70,000 veterans who have chosen to make their home in Alaska, which, according to the Census Bureau, has the country's highest concentration of former military personnel.

The high number reflects, in part, that veterans tend to cluster near military bases. Alaska's two biggest cities, Anchorage and Fairbanks, have one Army and one Air Force base apiece.

"There are real advantages to staying near a military post once you've retired. You can use the PX, you can go on post for medical care, and you've got a social network," said Catherine Lutz, a professor of anthropology at Brown University in Providence, R.I.

But why cold and snowy Alaska and not, say, a warm military town in the Sunbelt? Many veterans, as with many non-military residents, are drawn by the untrammeled wilderness, the world-class hunting and fishing, and secure jobs with good pay.

Moreover, the libertarian frontier spirit and the extreme solitude in this sparsely settled state of 650,000 have a certain appeal to veterans who led highly regimented professional lives or saw too much of the horrors of war.

"There's a lot of open space," said state Veterans Affairs Administrator Jerry Beale. "You can be an individual. You can move out into the bush as far as you want and not have to see anybody for a year if don't want to."

McCue said that for years he suffered from night sweats after serving on an aircraft carrier in the South China Sea during the Vietnam War.

"You come to get away from everything, especially if you've seen stuff you don't want to remember," he said.

McCue has since realized many of his boyhood imaginings. He has been a commercial fisherman, helped guide bear hunts on Kodiak Island and once filled the bed of a pickup truck with pink salmon after fishing for 11 hours with a rod and reel. Now, at 63, he drives a taxi in Anchorage.

Dave Landacre, who is a chaplain at the Veterans of Foreign Wars in Fairbanks, said the veterans he knows "don't like to be told what to do."

"Fairbanks veterans are the people that had 20 to 30 years in military service. They're very loyal, but now that they're done, they want to do things on their own," Landacre said.

Veterans make up nearly 17 percent of the state's adult population, the Census Bureau reported in 2005. Nationally, the proportion is 11 percent.

Beale said most veterans in Alaska are originally from the lower 48 states and get their first glimpse of the state while on duty.

John Kelley, who served in the Air Force and Army, stopped in Alaska in 1968 on his way to Vietnam. He remembers the plane had to circle to scare a moose off the runway before landing.

"I said, 'All righty, I'm coming back,' " he said. "I made it back in 1986 and haven't lived anywhere else since."

Many of Alaska's veterans work for state or federal agencies, with a high percentage in law enforcement as police officers, state troopers or prison guards.

But it takes a hardy sort to live independently in Alaska, and as many veterans grow old, they leave for retirement communities in Arizona, Florida or California. "The cold, snow and ice gets to a lot of people," Beale said.

But Landacre said he and his fellow veterans made an educated choice, having sampled cities around the world while in the service. Landacre, for example, was stationed in balmy places such as Hawaii, California, Cuba and Guam before settling on Fairbanks, where temperatures can sink to 60 below.

"The Fairbanks crew is not going anywhere. They're up here, and they're staying," Landacre said. "I guarantee not one of us is planning to move to Florida."

Oh, Now The Right Wants To Talk Nice (LAT)

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By Jonathan Chait

The Los Angeles Times, January 7, 2007

After raining fire on Clinton for years, conservatives are becoming obsessed with tone now that Democrats are in power.

IN THE 1990S, prominent conservatives suggested that President Clinton was a murderer, a conservative senator warned that the president might be shot if he visited that senator's state, and a Republican majority leader told Democrats, "Your president is just not that important to us." And there were many other nasty episodes. But ever since a Republican has held the White House, certain conservatives have decided that political anger is now the main problem of American life and that it resides primarily on the left.

The latest such conservative is Peter Woods, who has written an article in National Review holding me up as the apotheosis of this trend. Woods refers to my "anger" and "nastiness" and writes that I represent "a kind of political theater — a special kind of theater in which the performer enacts rage and attempts symbolically to annihilate his opponent."

Because he is obviously very sensitive, I will try to explain myself as delicately as possible, in the civil and respectful tone that he finds appropriate.

Let me begin by saying Woods is obviously a brilliant and discerning man. I'm sure he writes in good faith and is a caring father or son or cousin to somebody. If I were to run into him, I would greet him warmly, offer him a drink and start gently washing his feet.

Yet I must ever so gently point out that his logic falls just a wee bit short. In 2003, I wrote an essay for the New Republic defending hatred of George W. Bush, an essay to which Woods attributes many of the ills of modern life. According to Woods, "its essential message is, 'I am to be believed and reckoned with because I am angry.' "

I would meekly suggest that this was the opposite of the point of the essay. I wrote that I personally find Bush to be a quite distasteful person, but you must separate your view of the man from your view of his policies. That is the reason why I forcefully (and, in retrospect, mistakenly) supported the Iraq war and upbraided my fellow liberals for allowing their disdain for Bush to color their view of the enterprise. The point of the essay was that personal anger can exist, but it ought to be put aside, and there were sound and natural reasons why liberals loathe Bush.

Woods further claims that I have exposed myself again with another article in the New Republic. Let me explain this one. Recently, a libertarian named Brink Lindsey wrote an article for the New Republic arguing that liberals needed to form an alliance with libertarians. I found his argument interesting (and I encouraged its publication) but ultimately unconvincing. So I wrote a reply, arguing that it would be ideologically and politically counterproductive for liberals to follow Lindsey's advice.

This is the article Woods seizes on as verification that I and other liberals are driven by blind rage. "It is the proof that the American Left's anger is ultimately not about Bush," he writes. My article, in his description, exuded "withering disdain." Most horrible of all, it ended by quoting Michael Corleone — from "The Godfather, Part 2" — saying, "My offer is this: Nothing." My use of this quote, Woods writes, was an effort to "adopt the persona of a gravely insulted Michael Corleone."

Well. As for the "withering disdain," I do confess that I found Lindsey's argument unconvincing. But in my reply, I did write that Lindsey's offer was "written in a friendly spirit" and I called it "quite thought-provoking." If my politesse was not up to Woods' standards, I humbly apologize and plead the constraints of space, without which I would have gone on in my praise of Lindsey in greater detail.

Moreover, by quoting a movie, I was not attempting to adopt the persona of a mafia don. Nor, for that matter, was I threatening to have Lindsey killed. I was simply trying to make a little joke. I am deeply sorry that in so doing I tore asunder the fragile threads of our civil society.

Some would suggest that the right's newfound obsession with tone is not only hypocritical but an attempt to stifle criticism through arbitrary criteria, much like campus PC-niks. But I would not suggest that because that would be an angry thing to say, and I do not want to do any more damage to civil discourse than I already have.

Saudis, France Urge Compliance From Iran (AP)

AP, January 7, 2007

Saudi Arabia and France called Saturday on Iran to accept international demands to halt uranium enrichment, saying the Mideast should be free of weapons of mass destruction.

Visiting French Foreign Minister Philippe Douste-Blazy and his Saudi counterpart Prince Saud al-Faisal stressed diplomacy must be the way to solve Iran's ongoing standoff with the West over its nuclear program.

"We agreed on the necessity that the region should be void of weapons of mass destruction and that achieving this target will be by dialogue and diplomacy," al-Faisal said during a joint news conference.

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"Israel should not be excluded from the international efforts and procedures," he added, reflecting regional demands that the Jewish state also be scrutinized for its nuclear program.

Iran recently stated it would continue to defy international sanctions aimed at rolling back its uranium enrichment program. Enriched uranium can be used both for nuclear power and nuclear weapons.

Tehran says its nuclear program is peaceful, but the United States and Europe fear Iran is trying to develop an atomic bomb.

"Iran has to respond to international demands regarding this issue, and should have a positive stance," Douste-Blazy was quoted as saying by the state-run Saudi Press Agency.

Arab states near Iran are concerned nuclear accidents could endanger their citizens or environment, and fear a possible military confrontation between the Islamic regime and the United States or its Israeli ally. Gulf nations hosting U.S. military bases — Kuwait, Bahrain and Qatar — also fear Iran could retaliate against them.

U.S. Puts Squeeze On Iran's Oil Fields (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, January 7, 2007

A campaign to dry up financing for projects poses a threat to Tehran's ability to maintain exports, analysts say.

LONDON — As Washington wages a very public battle against Iran's quest for nuclear power, it is quietly gaining ground on another energy front: the oil fields that are the Islamic Republic's lifeblood.

Iran's oil industry has raked in record amounts of cash during three years of high oil prices. But a new U.S. campaign to dry up financing for oil and natural gas development poses a threat to the republic's ability to continue exporting oil over the next two decades, many analysts say.

The campaign comes at a moment of unique vulnerability for Iran's oil industry, which also faces challenges from rising domestic energy consumption, international isolation, a populist spending spree by President Mahmoud Ahmadinejad and trouble closing contracts with foreign oil companies — a recipe for potential disaster in a nation with one of the world's largest reservoirs of oil.

"If the government does not control the consumption of oil products in Iran … and at the same time, if the projects for increasing the capacity of the oil and protection of the oil wells will not happen, within 10 years, there will not be any oil for export," Mohammed Hadi Nejad-Hosseinian, Iran's deputy oil minister for international affairs, said in a telephone interview.

If Iran were to suddenly stop exporting its 2.6 million barrels of oil a day, such as in the event of a military strike, world oil prices probably would skyrocket. But a gradual decline might be offset by other OPEC members, analysts say, particularly as Iraq increases its oil production and Saudi Arabia carries out plans for significant increases in its production capacity.

The efforts by the United States and its allies over the last few months to persuade international banks and oil companies to pull out of Iran threaten dozens of projects, including development of Iran's two massive new oil fields that could expand output by 800,000 barrels a day over the next four years.

"Many European banks which had accepted financing some oil industries projects have recently canceled them," Nejad-Hosseinian said.

In addition, banks are no longer granting letters of credit for delivery of some supplies, ministry officials say. And as nations such as Japan begin to back out of Iran oil development under U.S. pressure, the government in Tehran is being forced to dig into its own reserve funds to get crucial new projects off the ground.

But Nejad-Hosseinian said Iran had recognized the gravity of the threat and launched steps to head it off, including new "smart" rationing cards, scheduled for distribution in March to check skyrocketing sales of cheap gasoline, and an overhaul of Iran's historically stingy contract terms in an attempt to lure big oil companies into skirting the U.S. roadblocks.

Iran also is hoping to turn to China and Russia for help. But U.S. officials already have warned that they will seek to hold China accountable under Washington's unilateral sanctions laws if it proceeds with a $16-billion project to develop Iran's North Pars gas field. China also has signed a memorandum of understanding under which it may take on development of the Yadavaran field in southwestern Iran, expected to boost production by 300,000 barrels a day.

Domestic problems

Iran's oil and natural-gas dilemma has no direct connection with the sanctions adopted last month by the United Nations Security Council, which are narrowly aimed at assistance to Iran's nuclear program. Although Tehran insists it has strictly peaceful intentions, the U.S. and others believe the program is linked to development of nuclear weapons.

Rather, the looming crisis stems from a series of domestic problems that have converged at a time when Iran is susceptible to U.S. attempts to capitalize on them to coerce Tehran's compliance on the nuclear issue.

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First is the condition of Iran's aging oil fields, which have never fully recovered from damage inflicted during the Iran-Iraq war of the 1980s.

To maintain sufficient pressure to keep them pumping, Iran has to divert large amounts of natural gas that might otherwise be sold.

"You need billions of dollars invested in order to stand still — to avoid a decline," said Manouchehr Takin, a former Iranian petroleum geologist who is a senior analyst for the Center for Global Energy Studies in London.

Likewise, increased output from refinery construction is being outpaced by the swelling number of young Iranians with a fondness for gas-guzzling cars. Heavily subsidized gasoline is just 35 cents a gallon, a price that invites smuggling, and talk about raising the price has, until recently, gone nowhere.

Moreover, the country has one of the most extensive residential heating infrastructures in the world, with homes in the most remote villages warmed toastily with cheap natural gas.

Total domestic energy subsidies total $20 billion to $30 billion a year, Takin said.

"These subsidies are now costing the government roughly 15% of Iran's GDP. That should knock you over. That's a mind-boggling number," said Hossein Askari, professor of international business at George Washington University. "And the nub of the problem is that if you were to cut the subsidies, I think there would be riots in the streets."

Iran could be reinvesting in the oil and gas infrastructure, and it is to a degree, but Ahmadinejad also has diverted billions of dollars in oil revenue to social welfare programs, major infrastructure building programs in neighboring countries such as Afghanistan and importation of consumer products — to the consternation of many of those in his government.

Foreign investment

The heavy lifting in recent years has been left to foreign oil companies, which in the 1990s began working in Iran in substantial numbers for the first time since the Islamic Revolution.

U.S. sanctions in place since the seizure of the American Embassy in Tehran in 1979 have prevented U.S.-based oil companies from operating in Iran, but companies such as Royal Dutch Shell, France's Total and Italy's Eni have invested, some heavily, despite on-again, off-again threats by Washington to pursue sanctions against foreign companies under U.S. laws.

To a great degree, though, Iran has created its own woes by dragging out contract negotiations and offering only skimpy paybacks to foreign oil companies interested in building new production, industry analysts say.

"People have said that even with sanctions and all the rest, if Iranians want investment in their oil industry, what they need to do is offer decent terms, and whatever the sanctions, they would have companies flooding in," said one Western oil company official, who spoke on condition of anonymity.

"But the issue for us at this point is both political and commercial. The state of the country is such that it's just not the right time to be there."

That is the message Washington is trying to reinforce. For years, U.S. sanctions prohibited investments of more than $20 million in Iran's oil industry, but in practice, they were applied only to U.S.-based oil companies. But as the nuclear showdown has unfolded, and as it became clear the U.N. sanctions would not impose serious economic penalties on Iran, Bush administration officials decided on a different tack.

Envoys from the Treasury Department have approached international banks and companies, reminding them of Iran's record of financing militant Islamic organizations such as Hamas, in the Palestinian territories, and Hezbollah, in Lebanon, through the banking system and its defiance of U.N. resolutions on nonproliferation, and warning that investing in such a country may not be a good business risk.

Simultaneously, the Justice Department reportedly has opened investigations of several banks to determine whether investments in Iran violated U.S. sanctions laws. In late 2005, Dutch bank ABN Amro agreed to pay $80 million in fines stemming in part from improper transactions with Iran through its subsidiary in Dubai, United Arab Emirates.

UBS Bank and Credit Suisse of Switzerland recently announced they were suspending most new business with Iran, and British-based HSBC said it would no longer accept dollar transactions from within Iran.

"Banks are constantly doing risk assessments about what kind of business they want to be involved in," Stuart Levey, Treasury undersecretary for terrorism and financial intelligence, said in a telephone interview.

"There's a lot out there suggesting that there's an element of coercion involved. But I think that for a lot of these executives, the main thing driving them is they really don't want to be involved in facilitating terrorism or proliferation or any other crime."

More than two decades of U.S. sanctions have had little effect on Iran's oil industry — U.S.-based companies have been replaced, largely by Europeans. But this new attack on financing has rapidly started to dry up potential loans on dozens of projects, according to oil industry insiders in Tehran and the West.

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One of them is reportedly the giant Azadegan oil field in southwestern Iran near the Iraqi border. Japan's INPEX Holdings Inc. in October pulled out of all but a 10% stake in the $2-billion project under U.S. pressure, and alternative financing from foreign banks has failed to materialize, said one source with close connections to the Iranian Oil Ministry.

"It has been very effective. Nobody is prepared to loan Iran anything on anything," said Fereidun Fesharaki, an energy advisor to the Iranian prime minister in the 1970s who now heads the FACTS Inc. petroleum consulting firm in Honolulu.

In a report published this month by the National Academy of Sciences, Johns Hopkins University geography professor Roger Stern argued that the confluence of high domestic demand, a delay in adding production capacity, the diversion of natural gas to keep wells producing and other factors could lead to a decline of 33% to 46% in Iran's exports by 2011 and a halt to exports by 2015 or so.

Other analysts have said those forecasts are too dismal, and output is more likely to remain flat at about 4 million barrels a day. Iranian officials say they have signed $28.4 billion worth of new oil and gas development contracts over the last 15 months, and hope to increase production to 7 million barrels a day by 2014 — a goal that the International Energy Agency says will require $80 billion in investments.

The nuclear issue

Whether that will be realized could depend, in large part, on what happens on the nuclear issue.

In fact, Iran's oil and gas dilemma appears to point up a "genuine" need for civilian nuclear power, Stern said.

"When I first started hearing this claim that Iran needed these nuclear plans to substitute for oil and gas, I thought, 'That's ridiculous,' " he said. "So it has really been a surprise to me," he added, to see evidence that Tehran's stated purpose for the nuclear reactor is not "simply a weapons deception."

"I don't think they're nice guys," he said. "This is a regime that funds terrorism and is making outrageous claims that Israel should disappear. But it just happens to be a convenient truth for them that they do need nuclear power."

Revealed: Israel Plans Nuclear Strike On Iran (LONT)

By Uzi Mahnaimi, Sarah Baxter

Times of London, January 7, 2007

ISRAEL has drawn up secret plans to destroy Iran's uranium enrichment facilities with tactical nuclear weapons.

Two Israeli air force squadrons are training to blow up an Iranian facility using low-yield nuclear "bunker-busters", according to several Israeli military sources.

The attack would be the first with nuclear weapons since 1945, when the United States dropped atomic bombs on Hiroshima and Nagasaki. The Israeli weapons would each have a force equivalent to one-fifteenth of the Hiroshima bomb.

Under the plans, conventional laser-guided bombs would open "tunnels" into the targets. "Mini-nukes" would then immediately be fired into a plant at Natanz, exploding deep underground to reduce the risk of radioactive fallout.

"As soon as the green light is given, it will be one mission, one strike and the Iranian nuclear project will be demolished," said one of the sources.

The plans, disclosed to The Sunday Times last week, have been prompted in part by the Israeli intelligence service Mossad's assessment that Iran is on the verge of producing enough enriched uranium to make nuclear weapons within two years.

Israeli military commanders believe conventional strikes may no longer be enough to annihilate increasingly well-defended enrichment facilities. Several have been built beneath at least 70ft of concrete and rock. However, the nuclear-tipped bunker-busters would be used only if a conventional attack was ruled out and if the United States declined to intervene, senior sources said.

Israeli and American officials have met several times to consider military action. Military analysts said the disclosure of the plans could be intended to put pressure on Tehran to halt enrichment, cajole America into action or soften up world opinion in advance of an Israeli attack.

Some analysts warned that Iranian retaliation for such a strike could range from disruption of oil supplies to the West to terrorist attacks against Jewish targets around the world.

Israel has identified three prime targets south of Tehran which are believed to be involved in Iran's nuclear programme:

Natanz, where thousands of centrifuges are being installed for uranium enrichment

A uranium conversion facility near Isfahan where, according to a statement by an Iranian vice-president last week, 250 tons of gas for the enrichment process have been stored in tunnels

A heavy water reactor at Arak, which may in future produce enough plutonium for a bomb

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Israeli officials believe that destroying all three sites would delay Iran's nuclear programme indefinitely and prevent them from having to live in fear of a "second Holocaust".

The Israeli government has warned repeatedly that it will never allow nuclear weapons to be made in Iran, whose president, Mahmoud Ahmadinejad, has declared that "Israel must be wiped off the map".

Robert Gates, the new US defence secretary, has described military action against Iran as a "last resort", leading Israeli officials to conclude that it will be left to them to strike.

Israeli pilots have flown to Gibraltar in recent weeks to train for the 2,000-mile round trip to the Iranian targets. Three possible routes have been mapped out, including one over Turkey.

Air force squadrons based at Hatzerim in the Negev desert and Tel Nof, south of Tel Aviv, have trained to use Israel's tactical nuclear weapons on the mission. The preparations have been overseen by Major General Eliezer Shkedi, commander of the Israeli air force.

Sources close to the Pentagon said the United States was highly unlikely to give approval for tactical nuclear weapons to be used. One source said Israel would have to seek approval "after the event", as it did when it crippled Iraq's nuclear reactor at Osirak with airstrikes in 1981.

Scientists have calculated that although contamination from the bunker-busters could be limited, tons of radioactive uranium compounds would be released.

The Israelis believe that Iran's retaliation would be constrained by fear of a second strike if it were to launch its Shehab-3 ballistic missiles at Israel.

However, American experts warned of repercussions, including widespread protests that could destabilise parts of the Islamic world friendly to the West.

Colonel Sam Gardiner, a Pentagon adviser, said Iran could try to close the Strait of Hormuz, the route for 20% of the world's oil.

Some sources in Washington said they doubted if Israel would have the nerve to attack Iran. However, Dr Ephraim Sneh, the deputy Israeli defence minister, said last month: "The time is approaching when Israel and the international community will have to decide whether to take military action against Iran."

Hamas Pledges To Boost Forces In Gaza (AP)

By Ibrahim Barzak, Associated Press Writer

AP, January 7, 2007

Hamas defied President Mahmoud Abbas' decree Saturday that its paramilitary unit is illegal, saying it will fight any attempt to disband the force in an increasingly bloody faceoff between the Islamic militant group and Abbas' Fatah party.

Three more Hamas supporters were killed in the factional fighting that is threatening to plunge the Palestinian territories into civil war.

The two groups have been wrangling over power since Hamas defeated Fatah in parliamentary elections a year ago and gained control over most Palestinian government functions. However, Fatah continued to dominate security forces and last spring, Hamas formed its own security unit known as the Executive Force, recruiting many former members of its military wing.

Tensions between the rival security forces erupted into large-scale fighting last month. Since then, more than two dozen people have been killed.

Abbas outlawed the Executive Force on Saturday, two days after Hamas gunmen stormed the home of a top pro-Fatah security commander and killed him and seven bodyguards. It was the deadliest battle yet during the recent wave of infighting.

Abbas' office said the decision was made "in light of continued security chaos and assassinations of a number of our fighters ... and in light of the failure of existing agencies and security apparatuses in imposing law and order and protecting the security of the citizens."

The statement did not explicitly threaten force, saying only that the Hamas militia "will be dealt with accordingly as long as it is not immediately folded into legal security forces."

Abbas also confirmed the U.S. was sending aid to boost Palestinian security forces loyal to him. President Bush is asking Congress to provide $83 million for those forces, U.S. officials said Friday.

Abbas' office said late Saturday he spoke to Secretary of State Condoleezza Rice on the current situation ahead of her upcoming visit. The U.S. views Abbas, a moderate who seeks peace talks with Israel, as a legitimate negotiating partner. But Washington, along with Israel and the European Union consider Hamas, which is committed to Israel's destruction, a terrorist group.

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Egyptian President Hosni Mubarak called on the Palestinians to halt their fighting. Egypt frequently mediates between opposing Palestinian factions.

Abbas claims authority over most Palestinian security forces, but Hamas controls the Interior Ministry, which also has security responsibilities. The various forces were formed more than a decade ago by the late Yasser Arafat, who created rivalries to keep potential challengers weak.

After years of corruption and fighting with Israel, the forces have become largely ineffective, resulting in widespread lawlessness, particularly in the Gaza Strip.

In the Hamas stronghold of Gaza, leaders of the group defiantly rejected Abbas' decree.

Interior Ministry spokesman Khaled Abu Hilal said Abbas was giving the green light for attacks on Hamas security men and that the unit would "deal firmly" with anyone who attacks it. He also announced plans to double the size of the Executive Force, which now has 6,000 men, compared with some 18,000 security men aligned with Fatah.

Prime Minister Ismail Haniyeh of Hamas accused Abbas of trying to deepen the rift between the two camps.

"I'm completely convinced that there are those who don't want the Palestinian scene to enjoy calm and stability or to create the appropriate atmosphere for starting serious and deep dialogue aimed at reaching a national unity government," he said.

Abbas has been urging Hamas to join Fatah in a coalition in an effort to end international sanctions against the Hamas-led government that have crippled the Palestinian economy. But months of negotiations broke down in late November, sparking the latest wave of violence.

Previous attempts by Abbas to disband the Hamas militia or integrate it into existing security units have failed.

Late Saturday, three members of a pro-Hamas family were slain by gunmen from a rival clan considered to be Fatah supporters, witnesses and family members said. The same Fatah family has kidnapped about 10 Hamas supporters in recent days, Hamas officials said.

Hamas' radio station in Gaza said one of the dead was a member of the Executive Force.

Also Saturday, gunmen in the West Bank stopped the car of Nablus' deputy mayor, Mahdi al-Khamdali of Hamas, and took him away in another car, security officials said. There was no immediate claim of responsibility, but the officials said they believed the kidnappers were Fatah supporters.

A pro-Hamas university professor in Nablus was shot and seriously wounded by gunmen who fired at his home late Saturday, security officials said.

Abbas Bans Hamas Militia (WT/AP)

By Ibrahim Barzak, Associated Press

The Washington Times, January 7, 2007

GAZA CITY, Gaza Strip -- Palestinian President Mahmoud Abbas yesterday declared Hamas' militia in the Gaza Strip illegal, and the Islamic movement responded by defiantly announcing plans to double the size of the paramilitary unit.

Three more Hamas supporters were killed in the factional fighting that is threatening to plunge the Palestinian territories into civil war.

Mr. Abbas outlawed the Executive Force, issuing the decree two days after Hamas gunmen stormed the home of a top pro-Fatah security commander in northern Gaza and killed the man and seven bodyguards. It was the deadliest battle yet during the recent wave of infighting.

Mr. Abbas' office said the decision was made "in light of continued security chaos and assassinations of a number of our fighters ... and in light of the failure of existing agencies and security apparatuses in imposing law and order and protecting the security of the citizens."

In Gaza, Hamas' stronghold, leaders of the group defiantly rejected Mr. Abbas' decree and announced plans to double the size of its Executive Force to 12,000. Interior Ministry spokesman Khaled Abu Hilal of Hamas said that Mr. Abbas was giving the green light for attacks on Hamas security men and that the unit would "deal firmly" with anyone who attacks it.

Prime Minister Ismail Haniyeh of Hamas accused Mr. Abbas of trying to deepen the rift between the two camps.

"I'm completely convinced that there are those who don't want the Palestinian scene to enjoy calm and stability or to create the appropriate atmosphere for starting serious and deep dialogue aimed at reaching a national-unity government," he said.

Late yesterday, three members of a pro-Hamas family were slain by gunmen from a rival clan considered to be Fatah supporters, witnesses and family members said. The same Fatah family has kidnapped about 10 Hamas supporters in recent days, Hamas officials said.

The Palestinian infighting initially was largely confined to Gaza, but in recent days, it spread to the West Bank with a series of kidnappings and shootings.

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Gunmen in the West Bank yesterday stopped the car of Nablus' deputy mayor, Mahdi al-Khamdali of Hamas, pulled him out and took him away in another car, security officials said. There was no immediate claim of responsibility, but the officials said they believed the kidnappers were Fatah supporters.

In Ramallah, gunmen stormed the offices of the Hamas-controlled Interior Ministry, shot the office manager in the legs and took him away, security officials said. The man, also a Hamas supporter, was released in a nearby town and hospitalized, the officials said.

Shopkeepers in the West Bank city of Hebron closed their stores in a protest action ordered by the Al Aqsa Martyrs Brigades, a violent group affiliated with Fatah.

Fatah and Hamas have been wrangling over power since the Islamic group defeated Fatah in parliamentary elections a year ago and gained control over most Palestinian government functions. Mr. Abbas, who was elected in a separate election, retained his post as president, and Fatah continued to dominate security forces.

Challenging that position, Hamas formed its own security unit, the Executive Force, last spring, recruiting many former members of the Hamas military wing.

Tensions between the rival security forces kept building in the streets until large-scale fighting erupted last month. Since then, more than two dozen people have been killed.

Mr. Abbas claims authority over most Palestinian security forces, but Hamas controls the Interior Ministry, which also has security responsibilities. The various forces were formed more than a decade ago by the now-deceased Yasser Arafat as part of his autocratic style of rule, in which he created rivalries to keep potential challengers weak.

After years of corruption and fighting with Israel, the Fatah forces -- which number about 18,000 -- have become largely ineffective, fueling widespread lawlessness.

Abbas Asks Dissolution Of Hamas Military Police (NYT)

By Steven Erlanger

The New York Times, January 7, 2007

JERUSALEM, Jan. 6 — After two days of intense fighting between Hamas and his Fatah faction, the Palestinian Authority president, Mahmoud Abbas, demanded Saturday that Hamas-run paramilitary police be integrated into Fatah-dominated security forces.

Hamas warned Mr. Abbas that he was making a mistake and that it would resist any effort to disband the group, known as the Executive Force. The Hamas Interior Ministry immediately announced that it had plans to double the size of the Executive Force to 12,000 men and called on Palestinians to join it.

Mr. Abbas made his demand after the deaths of many Fatah men in clashes with the Executive Force over the last two days. In his statement on Saturday, Mr. Abbas called the force illegal and said it "will be treated as such if it is not immediately integrated into legal security services as stipulated by basic law."

It is not clear whether Mr. Abbas's statement is simply declaratory or whether he would order his security forces to take action against the paramilitary group if Hamas did not meet his demands.

A Hamas government spokesman, Ghazi Hamad, said that "to take such a decision under pressure and the current tense conditions is a mistake that will not contribute to peace and to resolving existing problems." The spokesman for the Hamas Interior Ministry, Khaled Abu Hillal, took a sharper tone, saying, "We warn against making any move, which will be met with force."

Mr. Abbas tried unsuccessfully to ban the Executive Force once last year, finally agreeing with Hamas Prime Minister Ismail Haniya to integrate it into the Palestinian Authority.

But Hamas and Interior Minister Said Siam have kept effective control of the force, which is dominant in Gaza, arguing that the Fatah-dominated security services were lax, corrupt, badly trained and failed to keep order in the territory.

The Hamas force currently consists of more than 5,000 well-armed and well-trained fighters.

Mr. Abbas is the commander-in-chief of all armed men in the Palestinian Authority, but where the authority of the Prime Minister and Interior Minister fit into the equation has been a confusion ever since the job of prime minister was invented as a way of reducing the power of the late Yasir Arafat.

Mr. Abbas was the first prime minister and complained, when he quit after four months, that Mr. Arafat would not relinquish control over the security services. That struggle over the security forces is more complicated now because both the prime minister and interior minister are from Hamas.

Hamas is also making efforts to expand the force to the occupied West Bank, where it is much weaker, given the regular presence of Israeli troops.

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The Bush administration is asking Congress for $86 million to improve the equipment and training of Mr. Abbas's Presidential Guard and to expand the group, which has 3,700 members. American officials describe the effort as a way to balance Hamas and deter it, but say they are not trying to finance a civil war.

Mr. Abbas, in principle, controls the 45,000 security forces on the Palestinian Authority payroll, but it is unclear how many of them come to work, let alone obey his commands.

Separately, the Dagmoush clan in Gaza kidnapped several Hamas members Saturday. The clan, which is believed by Gazans close to Hamas to have captured an Agence France-Press photographer this week, is said to be insisting that it will not release the man, Jaime Razuri of Peru, until Hamas hands over fighters who the Dagmoush say were responsible for killing clan members.

Late Saturday, three members of a pro-Hamas family, the Diri, were killed by gunmen from the Dagmoush clan and five were wounded, witnesses and family members said.

Two Hamas officials were also seized in the West Bank, including the deputy mayor of Nablus, Mehdi Hambali. In Ramallah, masked gunmen abducted an Interior Ministry official, Ihad Suleiman Ghidhan. He was found alive an hour later with three bullets fired into his legs.

Fatah gunmen from the Aksa Martyrs Brigades forced a strike in the West Bank city of Hebron, preventing stores from opening to protest Hamas's attacks in Gaza.

Abbas Bans Hamas Police Force (LAT)

By Richard Boudreaux, Maher Abukhater, Special To The Times

The Los Angeles Times, January 7, 2007

Palestinian leader acts amid factional fighting. A defiant Interior Ministry says it will double the militia's size.

RAMALLAH, WEST BANK — Palestinian Authority President Mahmoud Abbas on Saturday outlawed the Hamas-led Interior Ministry's police force, the most powerful armed unit outside his control in factional fighting that has left 33 people dead in the last month.

The ministry responded with defiance. It announced plans to double the size of the black-uniformed paramilitary force and vowed to resist Abbas' order that its 6,000 members be incorporated into the security apparatus loyal to the president's Fatah movement.

The dueling announcements raised the prospect of an intensified armed standoff. Abbas' only means of enforcing the order appeared to be coercive action by police and security units under his command, but they are relatively weak in the Gaza Strip, Hamas' stronghold.

In an effort to strengthen Abbas, U.S. officials have said they expect to ask Congress for nearly $100 million in aid to help train and supply his expanding Presidential Guard. The Bush administration and Israel have recently coordinated arms shipments to Abbas' forces from Egypt.

Secretary of State Condoleezza Rice is scheduled to meet with Abbas here this month to discuss efforts to weaken and isolate Hamas, the Iranian-backed Islamic movement that leads the Palestinian government. Hamas resists Abbas' efforts to start peace talks with Israel, and refuses to recognize the Jewish state.

Saturday's statement by Abbas came two days after a unit of the Interior Ministry police, known as the Executive Force, besieged the Gaza home of a Fatah commander, Col. Mohammed Ghayeb, killing him and his bodyguards and seriously wounding his wife and brother.

Hamas officials said Ghayeb had been responsible for the deaths of two of their fighters.

Abbas ordered the Executive Force disbanded "in light of continued lawlessness and assassinations," the statement said. It said its members would be treated as outlaws unless they were incorporated into forces commanded by the president.

Interior Ministry spokesman Khaled abu Hilal called Abbas' announcement "a green light to those who seek to shed the blood of the Executive Force members" and said the force would "deal firmly" with anyone who attacked it.

Intermittent fighting among the Palestinians erupted after elections a year ago created a division of power between the president and Hamas, which won control of parliament and formed a government in March. The split paralyzed most governing institutions, and the rival movements began conducting politics through armed force.

Abbas claims authority over the various armed Palestinian forces created in the 1990s by Yasser Arafat, the late Fatah and Palestinian Authority leader. Today they include two police agencies with 15,000 members each in addition to the elite Presidential Guard, which is being enlarged from 4,000 to 6,000 members.

Hamas formed the Executive Force in March, saying the Fatah-led forces had become corrupt and ineffective.

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Shortly afterward, Abbas tried to disband the Executive Force but failed. Hamas officials have said they are open to the idea of incorporating the force into the president's security apparatus, but only if Abbas overhauls its command structure to make it less partisan.

The announcement Saturday said Abbas planned a reshuffle of commanders but gave no details. On Thursday, he appointed Brig. Gen. Jamal Kayed, a Fatah loyalist who is believed to have good relations with Hamas, to head one of his police agencies in Gaza.

Many Palestinians on both sides of the divide say the only way Abbas can end the violence is through a power-sharing agreement with Hamas. The two sides discussed such a pact for much of last year, until Abbas broke off talks with Prime Minister Ismail Haniyeh in November.

The two men met early Friday for the first time since then and seemed to be working together to restore calm after the killings Thursday.

Haniyeh said Saturday that Abbas' outlawing of the Executive Force "contradicted the positive atmosphere" of their meeting. He said the Executive Force is legal. Abu Hilal said the Interior Ministry was taking applications to expand the force to 12,000 members.

Factional fighting continued Saturday.

In the West Bank, gunmen abducted the Hamas deputy mayor of Nablus from his car and stormed the Interior Ministry offices in Ramallah, where they wounded the office manager in the legs.

In Gaza City, three members of a pro-Hamas family were killed by gunmen from a rival clan considered to be Fatah supporters.

The Hamas radio station said one of the dead was an Executive Force member.

Jews, Arabs And Jimmy Carter (NYT)

By Ethan Bronner

The New York Times Book Review, January 7, 2007

PALESTINE PEACE NOT APARTHEID

By Jimmy Carter.

264 pp. Simon and Schuster. $27.

This is a strange little book about the Arab-Israeli conflict from a major public figure. It is premised on the notion that Americans too often get only one side of the story, one uncritically sympathetic to Israel, so someone with authority and knowledge needs to offer a fuller picture. Fine idea. The problem is that in this book Jimmy Carter does not do so. Instead, he simply offers a narrative that is largely unsympathetic to Israel. Israeli bad faith fills the pages. Hollow statements by Israel's enemies are presented without comment. Broader regional developments go largely unexamined. In other words, whether or not Carter is right that most Americans have a distorted view of the conflict, his contribution is to offer a distortion of his own.

Yasir Arafat is portrayed as someone who disavowed terrorism. Hafez al-Assad, who was president of Syria until 2000 when he died and his son took over, is quoted for an entire section, offering harsh impressions of Israel, including the opinion that it "initiated the 1967 war in order to take even more Arab land." Carter does not contradict him. The separation barrier that Israel is building along and inside parts of the West Bank is not to stop suicide bombers and other violent attacks. Its "driving purpose," Carter says, is "the acquisition of land."

Such misrepresentations — and there are others — are a shame because most of what Carter focuses on is well worth reading about. The barrier (which he calls a "wall" even though a very small percentage is wall) does indeed take land from the Palestinians. His chapter on the endless humiliation of daily life for the Palestinians under Israeli occupation paints a devastating and largely accurate picture of confiscated farm produce, unfair competition from Israeli goods, withheld foreign donations, leveled houses and legal dead ends. Carter is right that insufficient attention is being paid, but perhaps that is because his picture feels like yesterday's story, especially since Israel's departures from southern Lebanon and Gaza have not stopped anti-Israel violence from those areas.

This book has something of a Rip van Winkle feel to it, as if little had changed since Carter diagnosed the problem in the 1970s. All would be well today, he suggests, if his advice then had been followed. Forget Al Qaeda (the name does not appear in this book), the nuclear ambitions of Iran and the rise of the Taliban in Afghanistan. If Israel had "refrained from colonizing the West Bank," he asserts, there would have been "a comprehensive and lasting peace." The debate about the Israeli occupation "will shape the future of Israel; it may also determine the prospects for peace in the Middle East — and perhaps the world."

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This is an awfully narrow perspective. The Middle East could well be the source of the next major war and the chances of avoiding it would be increased if the Israeli question were settled. Moreover, if Israel had not built settlements throughout Gaza and the West Bank, solving its dispute with the Palestinians would probably have been — and would be — a lot easier.

But there are other factors to consider, including that for the most radical leaders of the Muslim world — and their numbers are not dwindling — settling the Israel question does not mean an equitable division of land between Israel and Palestine. It means eliminating Israel.

To see the narrowness of Carter's perspective, it is worth returning to 1979, the year of the Egypt-Israel peace treaty that resulted from Carter's Camp David mediation as president, a hugely significant accomplishment. Carter rightly accuses Menachem Begin, then Israel's prime minister, of deception regarding the expansion of West Bank settlements. Begin promised to freeze the settlements. Not only did he not do so; he had no intention of doing so. Carter lost re-election in 1980 to Ronald Reagan and suggests that Reagan's nod-and-wink tolerance of Israeli actions — its bombing of Iraq's nuclear reactor, annexation of the Golan Heights, settlement building and 1982 invasion of Lebanon — were the beginning of the end of the process he had set in motion.

Yet the trouble that was brewing even before these events suggests they may not have been the central issue Carter sees them as. Egypt was instantly ostracized from the Arab world because of its agreement with Israel. Moreover, 1979 was the year of the Iranian revolution, the Soviet invasion of Afghanistan and Saddam Hussein's consolidation of power in Iraq. As much as Israeli policies fueled Arab rage — and they certainly did — these other forces contributed heavily to the state of affairs today.

This does not mean that the problems on the ground have no impact. Israel's friends will increasingly tell you that the dispute is not about land or occupation at all but about the growing radicalism of the Muslim world and its refusal to countenance a Jewish state in its midst. The confiscation of land, the roadblocks and border closings, the preference given to Israeli products within the occupied areas over locally made ones do not amount to much, they say. And those who focus on them are engaging not only in anti-Israel propaganda but in a kind of anti-Semitism.

Which is what some are hinting unfairly of Carter. The Anti-Defamation League has run large advertisements in major newspapers, including this one, attacking the book for Carter's propagation of "myths like Jewish control of the government and media." Across the land, Jewish leaders and their friends are asking each other what exactly Carter's problem is with the Jews.

Their biggest complaint against the book — a legitimate one — is the word "apartheid" in the title, with its false echo of the racist policies of the old South Africa. But overstatement hardly adds up to anti-Semitism.

There is, however, another subtler issue and it has to do with Carter's religious focus. There is a weird scene toward the start of the book in which Carter, a born-again Christian, goes to see Prime Minister Golda Meir on his first visit to Israel in 1973. She asks his impressions. "I said that I had long taught lessons from the Hebrew Scriptures and that a common historical pattern was that Israel was punished whenever the leaders turned away from devout worship of God. I asked if she was concerned about the secular nature of her Labor government."

Meir, a secular chain smoker, could only shrug. Carter seems impressed with his own temerity, as he calls it. But the episode hints at his tone deafness about Israel and Jews. Today, those most opposed to Israel's withdrawal from the West Bank are not the secular Labor Party leaders that Carter worried about. They are the leaders of the religious Zionist parties who consider the West Bank not a Palestinian area where Jews once lived, but their God-given birthright that must not be yielded. Carter never tells us how he squares his notions of God's punishment of secular Jews with the policies of such devout politicians.

In A Divided Israel, Angry Words Or No Words At All (NYT)

By Steven Erlanger

The New York Times, January 7, 2007

JERUSALEM, Jan. 6 — Two of Israel's most important relationships in the world are with the United States and Egypt. In the past 10 days, the Israeli government of Prime Minister Ehud Olmert has managed to embarrass both of them.

First, Defense Minister Amir Peretz approved building a new settlement in the occupied West Bank, in the Jordan Valley, far beyond the current separation barrier, and then seemed astonished when the United States called the action a violation of commitments made under the 2003 peace plan, known as the road map.

Then, on Thursday, only hours before Mr. Olmert was to sit down at a summit meeting with the Egyptian president, Hosni Mubarak, the Israeli Army conducted a botched arrest raid in daylight in the center of Ramallah, the capital of the West Bank. In the ensuing mayhem, four Palestinians died, 20 were wounded, the target got away and Mr. Olmert had to sit through a humiliating tongue-lashing on live television from Mr. Mubarak.

Neither incident was of fundamental importance, and neither, it seems, was intended to create the ensuing ruckus. And neither action, Mr. Olmert's aides insisted, had been approved by the prime minister.

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But together, Israeli politicians and analysts suggest, the moves reflect a malfunctioning Israeli government, deeply split over personalities, politics and policies. It has lost the confidence of most Israelis, according to the opinion polls, which makes Israeli leaders even less likely to take bold political steps domestically or internationally.

It is a government weak on security experience, as well, meaning that Mr. Olmert of Kadima and Defense Minister Peretz of Labor are unlikely to challenge the views and actions of the Israeli military. The rivalry between the men — a political competition between party leaders that has veered into mutual contempt — means that they and their staffs barely speak to one another.

This picture does not include the bitter rivalries within the Labor Party, as Mr. Peretz appears fatally weakened, or between Mr. Olmert and his Kadima party colleague, Tzipi Livni, the deputy prime minister and foreign minister, who Mr. Olmert thinks is angling for his job.

"There's a mess, but it's part of a more general mess," said, a senior Labor legislator on the Foreign and Defense Committee. "There's a breakdown in communications between the prime minister and the minister of defense. It's enough to look at them together. When they sit down, they don't say a word."

On Friday, Mr. Olmert denied a report that he would fire Mr. Peretz, but there is little doubt that he may do so if the Labor Party itself does not convince its current leader to change portfolios.

Adding to the tension is a traditional attitude by the Israeli military that it should be the prime judge of security issues. When Yitzhak Rabin was prime minister in the 1990s, he used to say that Israel would fight terrorism as if there were no peace negotiations and negotiate peace as if there were no terrorism, meaning that decision making for each track was separate. That sometimes led to politically awkward moments comparable to the two recent ones.

"Over the years, the army and intelligence have called the shots, no matter the political impact," Ms. Avital said. "There's a decision made in principle in a given scenario, but when and how to do a raid is left to their discretion and they don't give a hoot about the political timing. No one coordinates with the political level and there's little civilian control over operational decisions."

The situation becomes worse, however, when the military has little respect for its political masters, Ms. Avital concedes, suggesting that Mr. Peretz's time as defense minister is limited.

Shlomo Avineri, a former Israeli official who teaches at Hebrew University, says that the events of the last few weeks are accidental, but inevitable. "This is a government where the prime minister and defense minister don't really control their own people in the security services and don't feel strong enough to challenge them," he said, and are unable to read the military mind the way that former generals like Mr. Rabin and Ariel Sharon could. Both Olmert and Peretz are on the defensive," Mr. Avineri said. "It's a bad scene, and it doesn't make for strong government."

Mark Heller, of the Institute for National Security Studies at Tel Aviv University, said the problem "goes beyond the prime minister and defense minister not respecting one another." Worse, "neither one is respected by the public after the Lebanon war, especially in security matters," he said. "So neither of them is prepared to put his judgment up against that of a high-ranking military officer."

"A House Not in Order" was the headline on a stinging analysis in Haaretz by the political reporter Aluf Benn. Mr. Olmert, he wrote, "is looking more and more like a tragic hero, unable to recover from the disaster that befell him in the form of the second Lebanon war."

Mr. Olmert and his cabinet decided to go to war in southern Lebanon against Hezbollah in the course of an hour on July 12, after Hezbollah made another raid into Israel and succeeded in capturing two Israeli soldiers. That raid followed the capture of another Israeli soldier during a raid from Gaza carried out by Hamas on June 25.

The government, in office only four months after an election campaign that saw Ariel Sharon collapse into a coma, decided that a strong riposte was necessary to restore Israel's military deterrence.

But the cabinet was not set up for war. Mr. Olmert, though an experienced politician, had little security experience; his unlikely defense minister, Mr. Peretz, a trade union leader, had even less. And the chief of staff, Lt. Gen. Dan Halutz, was an air force man.

The war was neither quick nor clean, ending in a United Nations mandated cease-fire after 34 days and no clear victory. Mr. Olmert, Mr. Peretz and General Halutz have kept their posts, but their credibility, both individually and as a team, was badly damaged.

Ms. Livni, though relatively silent during the fighting, later made no secret of her belief that the war could have ended much sooner with the same results; Mr. Olmert, prideful and prickly, has not appreciated her effort to emphasize her disagreements. Only last week, Ms. Livni announced that she was prepared to become prime minister and would run for the job if Mr. Olmert continued to ignore her opinions.

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Miri Eisin, a spokeswoman for Mr. Olmert, said she had never seen "Olmert so angry" as he was about the Thursday raid while he was about to meet Mr. Mubarak. The military "had the authority to carry out a raid, but this goes beyond authority to common sense," she said. "No one in the army was thinking about the timing and relevance."

After the fuss over the new settlement, Maskiot, Mr. Peretz insisted that his predecessor had really approved it, and then the government argued that it had been set up as a settlement in the early 1980s, even though it had fallen into disuse and was only being used for training.

"These are lame excuses, and anyone can see through them," Mr. Heller said. "Notwithstanding the rhetoric, it's clear that the government doesn't have the political courage to enter into a confrontation with settlers."

Violence In Somalia Over Disarmament (NYT)

By Jeffrey Gettleman

The New York Times, January 7, 2007

KISMAYO, Somalia, Jan. 6 — Hundreds of Somalis stormed Saturday into the streets of Mogadishu, Somalia's already unsteady capital, to hurl rocks at Ethiopian troops allied with the government and to protest a disarmament program that Somali leaders ended up scrapping.

Meanwhile, near Kismayo, along Somalia's southern coast, Ethiopian-led forces continued to hunt down the last remnants of the once powerful Islamist forces, who ruled much of the country until Ethiopia and its powerful army intervened last month.

According to Abdul Rashid Hidig, a government official in Kismayo, the Ethiopian-led forces blew up several of the Islamists' armed pickup trucks, leaving hundreds of fighters cornered in a remote jungle with their backs to the Indian Ocean and no way to escape. "I think it will be over very soon," Mr. Hidig said.

Still, a pack of gunmen attacked a government patrol near Kismayo's market on Saturday night, and the cracks and whistles of their high-powered rifles echoed across what had been a rather quiet town. It was unclear if anyone was hurt.

Despite much tactical success in recent weeks, Somalia's transitional government appears to have failed its first leadership test: disarmament. After 16 years of anarchy, the streets of Mogadishu are awash with military-grade weaponry, much of it in the hands of illiterate teenagers. Scooping up these guns was one of the first goals of the transitional government, which had struggled for the past two years to assert control and then, nearly overnight, found itself in charge of a needy, violent country.

On Monday, Ali Mohammed Gedi, a veterinarian turned transitional prime minister, demanded that all Somalis surrender their weapons in three days. Only a handful of Mr. Gedi's allies complied, so the prime minister extended the deadline, but still, most Somalis did not give up their guns.

Even former military officers disagreed with Mr. Gedi's approach, saying it would take months, not days, to disarm the populace and that the government should negotiate with militiamen and clan elders.

With the new deadline set to expire Saturday morning and with Mr. Gedi threatening house-to-house searches, riots exploded.

No matter that officials in the government had decided at the last minute to abandon the disarmament program, at least temporarily. By the time the government got the word out Saturday, hundreds of people had already flooded into Mogadishu's streets. Residents quickly erected roadblocks out of chunks of concrete and flaming tires, and some witnesses said men with rocket-propelled grenades lurked in doorways, prepared to attack government troops.

According to several protesters, the demonstrations were organized by the defeated Islamist movement, which still has thousands of supporters, many armed, in the capital. The supporters had melted back into the population late last month after the Islamists abandoned Mogadishu, ceding it to Ethiopian and Somali forces without a fight.

On Saturday, women in a kaleidoscope of colored shawls shook Korans in their hands and shouted "Down, down, Ethiopia!" and "The infidels must die!" Ethiopia is a country with a long Christian history, though it is about half Muslim. Somalia's Islamist leaders have repeatedly tried to stir up support by casting the Ethiopian troops as infidel invaders.

The demonstrators surged through downtown Mogadishu lighting fires with plastic jugs of gasoline, throwing rocks at cars and punching fists through windows.

"Unless we do this, the Ethiopians will never leave," said Nuro Ibraheim, a 28-year-old woman. The protesters surrounded a military camp used by Ethiopian and government troops and began to pelt it with stones. According to witnesses, Ethiopian troops first fired in the air. When that did not work, the witnesses said, the soldiers aimed into the crowd and several people were hurt. Hospital officials said one teenage boy was killed.

By midday, the violence had flared out, and the demonstrators had gone home.

"We have postponed the disarmament until an unspecified time," said Salad Ali Jelle, the deputy defense minister. "We are now talking with clan elders about how to proceed."

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The transitional government, a mix of clan elders, foreign-educated professionals and former warlords, was formed in 2004 with the help of United Nations officials and has a mandate to rule until proposed elections in 2009. The transitional government concedes that it needs outside muscle to maintain order once the Ethiopians go home.

Americans officials have been heavily lobbying African allies, especially Uganda, Nigeria and South Africa, to contribute troops to a peacekeeping force. On Sunday, Jendayi E. Frazer, the United States assistant secretary of state for Africa, is scheduled to visit Mogadishu for four hours to meet with Somali leaders and intellectuals.

The trip is still tentative because of the continuing turmoil. If Ms. Frazer does arrive, she will be the highest ranking American official to set foot in Somalia since American forces pulled out of the country in 1994, the year after 18 Americans were killed during an attempt to capture a warlord in Mogadishu.

Somalis Rail At Ethiopian Forces (WP)

By Stephanie McCrummen, Washington Post Foreign Service

The Washington Post, January 7, 2007

Two Killed as Protesters Smash Cars, Throw Stones in Mogadishu

MOGADISHU, Somalia, Jan. 6 -- Hundreds of angry and fed-up Somalis demanded that Ethiopian troops leave the city Saturday, smashing cars, burning tires, and hurling stones and threats as a prevailing sense of insecurity deepened in the patched-together neighborhoods of Mogadishu.

A volatile mix of grievances fueled the clashes between demonstrators and Ethiopian troops, leaving at least two people dead.

Tensions are rising over the presence of the Ethiopian troops, who are perceived here as having U.S. backing and last week pushed out an Islamic movement widely credited with bringing security to the capital. Almost immediately after taking control, the ascendant prime minister, Ali Mohamed Gedi, announced that he would begin forcibly disarming Somalia's matrix of clans, whose members are accustomed to relying on their own stashes of AK-47 assault rifles for protection in a country that has been without a central government since 1991.

Following the protests, Gedi said the disarmament would be postponed indefinitely. A planned visit to Mogadishu on Sunday by the U.S. assistant secretary of state for African affairs, Jendayi E. Frazer, appeared in doubt amid security concerns.

"They are saying disarmament when you can't safely sleep at home without people guarding you," said Ugas Abulaihi Farah, leader of the Suleiyman sub-sub-clan, clutching a gold-handled cane. "My people are angry about this. . . . Before disarming, there should be security."

But at the moment in Mogadishu, there is little of that.

As Gedi's internationally recognized government scrambles to establish ministries, police and other services from scratch, the city is reverting to its old forms of self-governance. Clan and sub-clan leaders who trace their lineage back to Adam and control thousands of people and weapons say that Gedi has not consulted with them. The city's old collection of warlords and freelance militias seems to be reemerging, as groups rebuild roadblocks and checkpoints that for years rendered the city impassable.

Fighters who were loyal to the ousted Islamic movement remain hidden in the city's Byzantine neighborhoods of corrugated steel and graceful arches, barbed-wire coils and donkey carts. According to one fighter, young militiamen are awaiting instructions from their leaders, who reportedly are on the run along the Indian Ocean coast near the Kenyan border, where U.S. warships are on patrol.

The Islamic Courts movement, which took power in June, included moderate leaders as well as some suspected of having ties to al-Qaeda and of sheltering three suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania. The Islamic Courts leaders have denied those charges, and analysts say the connection between the movement and al-Qaeda has been exaggerated.

The Islamic movement's fundamentalist brand of Islam was foreign to most Somalis, who adhere to a more moderate interpretation but seemed willing, at least at first, to tolerate the social restrictions in exchange for security.

Ethiopian Prime Minister Meles Zenawi grew increasingly uncomfortable with the prospect of an Islamic government on his border, and in late December, Ethiopian troops backing Gedi's government swept the Islamic movement from power.

Within days, Mogadishu shifted from a period of unusual calm, during which people could freely drive across the capital from corner to corner, to the current sense of uncertainty, with the occupation of Ethiopian troops and the return of militias.

"People have no clear idea what's going on in the city," said Mohamud Uluso, a former banker who had attempted to mediate between the Islamic Courts and the nascent Somali government. "There are roadblocks everywhere and large numbers of unemployed youths not going to school. . . . People are charged internally. People are charged to explode."

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The protests began in the dark hours of Saturday morning and spilled into the early afternoon, with Ethiopian troops firing into the air from among the crowds in a neighborhood that had been a stronghold of the ousted Islamic movement. Women and children were among those flooding the streets and wielding sticks in the air. By afternoon, Gedi had rescinded the disarmament deadline and the city seemed to snap back into its old rhythms.

On sandy, lumpy Adde Road, about three miles from where the protests broke out, people hauled wood to a building under construction and loaded bags of pasta onto donkey carts.

Somali Fighters: We'll Heed Al Qaeda's Call (AP)

AP, January 6, 2007

MOGADISHU, Somalia (AP) -- Somalia's interim government on Saturday indefinitely postponed plans to forcibly disarm Mogadishu, as hundreds of people burned tires, looted vehicles and said they wouldn't give up their guns. Two people were reported killed and at least 17 people were wounded.

The protest came a day after al Qaeda's deputy leader called on Muslim militants to attack Ethiopian troops, who helped government forces chase Somalia's Islamic militia from the capital last week. Some Islamic fighters hiding in Mogadishu said they would heed the call.

About 400 protesters gathered at Tribunka Square in a southern neighborhood, shouting, "Down, down with Ethiopia," and demanding an end to the disarmament plan.

"We don't want disarmament only in Mogadishu. We want all the people [of Somalia] and all the clans to be disarmed simultaneously," said Dahil Abukar, one of the protesters.

Gunfire broke out during the demonstration, but it was not immediately clear what set off the violence.

A nurse at Medina Hospital said a government soldier was killed when his own hand grenade exploded accidentally. Dr. Dahir Mohamud at the same hospital said a 13-year-old boy was killed by bullets and the hospital was treating 17 other people wounded by gunshots.

Abdirahman Dinari, spokesman for the 2-year-old U.N.-backed transitional government, told The Associated Press that plans to forcibly disarm the city this week had been delayed.

"The prime minister has decided to postpone disarming people by force until an unspecified time," Dinari said. He did not say why Prime Minister Ali Mohamed Gedi reversed his stand.

The ease with which Somalis can get weapons is a major problem in this chaotic African nation. It has not had an effective government since clan-based warlords toppled a military dictatorship in 1991 and plunged the country into anarchy.

The Council of Islamic Courts militia had brought a semblance of stability to Mogadishu after seizing control six months ago, but it terrified residents with a version of Quranic rule that included public executions and floggings of criminals.

Government troops, backed by the Ethiopian military, routed the Islamic militia from much of southern Somalia last week. Many of the militiamen are now besieged at the southernmost tip of Somalia with their backs to the sea, but the government estimates 3,500 fighters are hiding out in Mogadishu. (Map)Al Qaeda's call gains supporters

Some of the fighters in hiding told The Associated Press on Thursday that they would heed a call from Ayman al-Zawahiri, al Qaeda leader Osama bin Laden's deputy, for guerrilla attacks and suicide bombings against the troops from Ethiopia, which has a large Christian population.

"I am committed to die for the sake of my religion, and the al Qaeda deputy's speech only encourages me to go ahead with my holy war," 18-year-old Sahal Abdi in Mogadishu said in a phone interview.

Leaders of the Islamic movement previously vowed to launch an Iraq-style guerrilla war.

Ethiopian soldiers, tanks and warplanes intervened December 24 in support of the interim Somali government, which at the time controlled only the western town of Baidoa. But Ethiopia's government wants to pull out in a few weeks, saying it cannot afford to keep its troops in Somalia.

The government is trying to train and expand its own military and police while an international diplomatic effort seeks to put a foreign peacekeeping force in place.

A meeting of U.S., European Union, African and Arab diplomats ended in Kenya on Friday. The U.S. pledged to provide $40 million to Somalia in political, humanitarian and peacekeeping assistance. Uganda has pledged at least 1,000 peacekeepers.

The EU said it also would help pay for a peacekeeping force envisioned at 8,000 soldiers.

On Friday, U.S. warships patrolled offshore to prevent militiamen from escaping by sea.

The U.S. 5th Fleet said vessels were being boarded to look for militants, including three al Qaeda suspects wanted for the 1998 bombings of two U.S. embassies in East Africa. The Islamic council has denied U.S. allegations that the three were leaders in the Somali movement. (Watch who is being hunted)

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Ethiopia's Intervention May Destabilize Region (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, January 7, 2007

Unless it is followed by diplomacy and aid, the battle against Somalia's Islamists may radicalize moderate Muslims.

MOGADISHU, SOMALIA — By launching a war against Somalia's Islamists, Ethiopia says it was drawing a line in the sand against religious extremism in East Africa. But without quick diplomacy and international aid, analysts caution that the war could radicalize the region's traditionally moderate Muslims.

"This could bode ill for both Somalia and eastern Ethiopia, but perhaps even northern Kenya," said John Prendergast, Africa analyst at International Crisis Group, a conflict-resolution think tank based in Washington.

Signs of a budding insurgency already are emerging in Mogadishu. Gunshots and riots rocked Somalia's capital on Saturday as Ethiopian troops clashed with Somalian protesters. A 13-year-old Somalian boy was killed. Anonymous pamphlets distributed in some neighborhoods warned locals to steer clear of Ethiopian and allied soldiers from Somalia's transitional government. The pamphlets pledged guerrilla tactics and suicide attacks.

At least one Ethiopian soldier was killed by Somalian gunmen last week near the town of Kismayo. On Thursday, a group of Ethiopian soldiers in Mogadishu was attacked with a hand grenade tossed from a truck; no one was injured.

"They will never take our country!" anti-Ethiopian demonstrators chanted Saturday as they marched through Mogadishu. "We will fight for our religion."

The protests came as Assistant Secretary of State for African Affairs Jendayi E. Frazer prepared to make a brief visit to Mogadishu to support efforts to deploy Africa Union peacekeepers in Somalia. The visit would be the first in years to Somalia by a senior U.S. official.

American officials supported Ethiopia's intervention, accusing Somalia's Islamic Courts Union of having links to terrorism. The U.S. has earmarked $40 million for Somalia's recovery.

Although Ethiopia is about half Muslim and half Christian, extremists in Somalia and elsewhere are characterizing Ethiopia's presence here as a Christian occupation. On Friday, a deputy leader of the Al Qaeda terrorist network posted a website message calling for attacks on Ethiopian troops in Somalia.

Many believe the U.S. encouraged Ethiopia to lead the assault last month to put an African face on the war, though Ethiopian officials say the U.S. opposed a direct military attack in Somalia. For better or worse, analysts say, America is now linked to Somalia's recovery.

"The U.S. is tethered to this intervention," said Ken Menkhaus, a Somalia expert and political science professor at Davidson College in North Carolina. "Because of the impression that we subcontracted the war out to Ethiopia, we're going to be held responsible."

Winning support from the Hawiye subclans that previously opposed the transitional government is crucial, experts said. In the beginning, these clans praised the Islamic Courts Union for restoring security to the capital. But when the tough talk of courts leaders brought Ethiopian soldiers to Mogadishu's doorstep, clan leaders withdrew their support.

"The courts overreached," Prendergast said. "As soon as it appeared that the stability that the courts once offered would be replaced by open warfare with Ethiopia, the clan leaders took back their weapons."

Sought-after foothold

In the past, efforts by radicals to establish a beachhead in the Horn of Africa met with limited success in Somalia. Intelligence officials said Al Qaeda's efforts to penetrate Somalia after the 1991 collapse of the dictatorship encountered stiff resistance from clan leaders.

But the sight of Ethiopian jets bombing targets in Mogadishu and driving out Islamists may unite the region's Muslims. Prendergast warned against declaring victory too soon.

"To believe that the Islamists are defeated now would be the same as believing that the Sunnis were defeated when the U.S. marched into Baghdad," Prendergast said.

For now, the war appears to have cemented Ethiopia's standing as a dominant force in the Horn.

Ethiopian Prime Minister Meles Zenawi secured a friendly Somalian government that isn't likely to push hot-button issues such as control of the contested Ogaden region in eastern Ethiopia. He also strengthened ties with the United States by establishing Ethiopia as America's leading regional partner in the U.S.-declared war on terrorism.

Ethiopians say the U.S. and rest of the world should thank them for holding the line against the spread of Islamic fundamentalism.

"We have to make sure that religious extremism doesn't take hold in Africa," said Bereket Simon, a minister of state in Ethiopia. He said his nation, home to sub-Saharan Africa's second-largest Muslim population after Nigeria, acted in self-defense.

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But Menkhaus said that success could be measured only in the coming months. "A lot depends on what kind of insurgency emerges," he said.

If Somalia's problems bleed across its borders, the ripple effects could include a destabilization of Ethiopia's Muslim community and reduced tourism for Kenya, Menkhaus said.

Ethiopia's victory also draws Somalia a step closer to its African neighbors. Historically, Somalis have been divided over whether to consider themselves part of Africa or orient themselves toward the Arab world. Former dictator Mohamed Siad Barre, who was ousted in 1991, straddled the fence.

Islamic courts leaders were working to forge closer ties with Arab-led countries, such as Yemen and Sudan.

Mohammed Abduallahi Afra, director of parliament in the transitional government that collapsed in 2003, worries that the regional balance of power could be upset.

Recent events could stir up animosity between Ethiopia and Eritrea, which never settled a border dispute that led to war in 1998. Kenya and Djibouti have been improving ties in recent years, but they were divided over how to handle Somalia, Afra said.

A history of conflict

This isn't the first time Somalia has found itself caught in an international tug of war. In the 1970s, Somalia and Ethiopia were Cold War pawns, heavily armed by the Soviet Union and United States, respectively. Then communists seized control of Ethiopia, and the superpowers simply swapped allies. A 1977 war between Ethiopia and Somalia was fueled largely by the U.S. and Soviet Union.

Analysts say U.S. policymakers now have a short window of time to bring change. Ethiopian troops plan to leave Somalia in a matter of weeks and the transitional government needs substantial assistance to survive on its own.

Since withdrawing U.S. troops in 1994 after 18 American servicemen were killed in Mogadishu in October 1993, U.S. engagement in Somalia has been limited. About 1,500 U.S. troops are based in Djibouti to fight terrorism, train African security forces and improve infrastructure in the region. But the base has no representation or activity in Somalia, a representative said.

Last year, Mogadishu warlords, with support and funding from the CIA, formed an anti-terrorism alliance that began pursuing and kidnapping Islamists sought by the U.S., including three suspects in the 1998 U.S. Embassy bombings in Kenya and Tanzania.

The move not only undermined Somalia's transitional government but also built public support for the Islamic fighters.

Ted Dagne, Africa specialist for the Congressional Research Service, said U.S. policymakers must pressure the transitional government to reach out to moderate Islamic leaders and the Mogadishu clans who feel excluded.

Somalia's underlying problems remain unresolved, he warned. They include a weak transitional government, clan rivalries and warlords seeking to reassert their power.

"Unless there is sustained and careful support for the process, Somalia will go back to where it was before," Dagne said.

Richardson Heads To Sudan With 3 Goals (AP)

By Nedra Pickler, Associated Press Writer

AP, January 7, 2007

Heading on a diplomatic mission to Sudan, Gov. Bill Richardson said Saturday he hopes to persuade the country's president to accept more U.N. peacekeepers in war-ravaged Darfur, a goal that has eluded world leaders.

The New Mexico Democrat, a potential 2008 presidential candidate, said in an Associated Press interview that he does not expect to settle President Omar al-Bashir's dispute with the U.N. over troop levels during the trip beginning this weekend.

He planned to meet with rebel leaders in Darfur on Tuesday and al-Bashir in Khartoum, the capital, on Monday. Sudan's state news agency confirmed Saturday that Richardson would meet the president; several Western officials were unable to get a meeting with the Sudanese leader during their recent visits.

Richardson, who was U.N. ambassador under President Clinton, said he has three goals for his visit to the African nation: increasing the U.N. force in Darfur, improving the humanitarian situation and helping encourage a cease-fire.

"I'll consider it a success if we accelerate movement in those areas," Richardson said over breakfast at the governor's mansion before departing. "But I don't want to raise expectations. I don't think we'll settle the U.N. issue."

The dispute is over a three-stage plan to send some 20,000 peacekeepers and police to Darfur to provide protection to the 2.5 million people uprooted since early 2003 as a result of sectarian conflict. More than 200,000 people have died, victims of violence as well as malnutrition and disease.

Al-Bashir indicated in late December that he would go along with a plan that would create a hybrid U.N.-African Union force. But al-Bashir's U.N. ambassador quickly ruled out any U.N. peacekeeping operation in Darfur.

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President Bush's special envoy to Sudan, Andrew Natsios, met with al-Bashir last month. Natsios said he insisted al-Bashir allow 60 U.N. troops and civilians into Darfur by the end of the year, but the State Department says only 20 civilians have been deployed.

Natsios, who is scheduled to visit China this week to ask for help in bringing peace to Darfur, has not responded to a request for comment about Richardson's trip.

State Department spokesman Sean McCormack said Friday the U.S. was urging all parties in the conflict to refrain from violence "that prevents a durable cease-fire."

Richardson said he is visiting Sudan in cooperation with Natsios and he said Bush has "done the right thing" in Darfur, sending in humanitarian aide and speaking out at the U.N.

"The thought is that if we go in with a bipartisan appeal, we might be able to make progress with Bashir," Richardson said.

The governor, who left Saturday afternoon by private jet for Khartoum, said he hoped to depart Sudan on Wednesday night or Thursday morning.

The Sudanese Ministry of Foreign Affairs "expressed hope that the visit would contribute to correcting the image of the situations in Darfur (in the) US Congress," the official news agency said Saturday.

Richardson is making the trip at the request of the Save Darfur Coalition, which is paying for the travel bills. The group asked Richardson's help because he has a good relationship with al-Bashir and has successfully negotiated with him in the past.

Associated Press writer Alfred de Montesquiou in Cairo, Egypt, contributed to this report.

Bomb Attack On Bus In Sri Lanka Kills 11 (NYT)

By Shimali Senanayake

The New York Times, January 7, 2007

COLOMBO, Sri Lanka, Jan. 6 — A powerful bomb blew up a passenger bus on Saturday, killing 11 people and wounding more than 40 others on the southern coast of Sri Lanka.

The bombing was the second in less than 24 hours. The authorities are investigating the first blast, which killed six people and wounded 50 on Friday northeast of the capital, Colombo.

A government statement blamed the Liberation Tigers of Tamil Eelam for the explosions.

“The government believes that the L.T.T.E. is attempting to divert attention from the continuous defeats they have been suffering at the hands of the security forces during the recent past,” the statement said. “The government reiterates that terror attacks will not deter its efforts to find a peaceful solution to the national problem or its counterterrorism measures to defeat terrorism.”

The rebels had no immediate comment. They routinely deny involvement in attacks. The Tigers have been fighting for more than two decades to carve out a separate state for the island’s Tamil minority.

The bombing on Saturday took place near the busy town of Hikkaduwa, in an area that is popular with tourists.

The body of a woman who was believed to have planted the parcel bomb was found near the bus, said Jayantha Gamage, the senior police official in the area. He said most of the damage and casualties were to the rear section of the bus, which bore a gaping hole.

The Personal Politics Of Bangladesh (WP/AP)

By Matthew Rosenberg, Associated Press

The Washington Post, January 7, 2007

Feuding Women Lead Top Parties

DHAKA, Bangladesh -- For 15 years Bangladesh has been dominated by the revolving-door premiership of two women whose rivalry is among the most ferocious in the democratic world.

Former president Jimmy Carter tried to get Khaleda Zia and Sheikh Hasina to shake hands in 2004, but couldn't even persuade them to look at each other. At a party in November, the two held court in different corners of the room.

It's the stuff of political slapstick, except that this feud is rooted in the assassination of one woman's father and the other's husband, and the result today is anything but funny.

"We have floods, cyclones, many people die. But Zia and Hasina are worse," said Abul Islam, a 51-year-old Dhaka shop owner. "The two ladies are our worst disaster."

Many Bangladeshis -- illiterate men pedaling rickshaws through Dhaka's squalid streets, or educated women sipping tea in stately homes -- will say the rivalry is the cause of all the country's problems of poverty and corruption.

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That's an overstatement, perhaps; those problems existed before 1971, the year Bangladesh became independent and the two women were at home raising their children, and have continued since. It was political instability, wholly male-generated, that led to the assassinations that brought Zia and Hasina to prominence.

But their rivalry has done nothing to improve things. Bangladesh is deeply corrupt and, in many parts, barely governed, raising concerns about instability in this strategic Muslim country already contending with Islamic militancy. Now, with an election set for Jan. 22, tempers are rising again.

Zia was elected in 1991, Hasina in 1996, and Zia again in 2001.

Zia's latest term ended in October, and the race between her Bangladesh Nationalist Party and Hasina's Awami League had already been bloody, with dozens killed in street clashes, before Hasina announced Wednesday that the 17-party alliance she leads would boycott the election. She alleged bias by the interim government.

Bangladesh is roughly the size of New York state with four times the population -- 147 million at last count -- and grindingly poor. Yet nationwide strikes repeatedly bring it to a standstill, shutting factories that churn out J. Crew sweaters and Banana Republic shirts and earn more than 75 percent of the country's hard currency.

"Foreigners think we are a moderate Muslim country because we have two women in charge," said Obaidul Kader, a 42-year-old businessman.

"But that's only thinking in religious terms," he said. "Maybe our ladies are not Islamic extremists, but they are not moderate people. Their hate is not moderate."

At a glance, they don't look all that different. They are close in age -- Zia, 61, and Hasina, 59. Both appear in public wearing flowing saris and shawls. Both go by grand feudal titles -- Begum Zia and Sheikh Hasina.

Some might see them as evidence of women's liberation in Bangladesh. But patriarchal traditions run deep here.

"They can't sit down and discuss their problems like men," Kader said, as if Bangladesh had not had coups and assassinations before the women took over.

Both women became heads of parties that had lost their male leaders to killers. Hasina's father was Prime Minister Mujibur Rahman, assassinated along with most of his family by army officers in 1975. Hasina was out of the country at the time.

In the killing's aftermath, Zia's husband, Gen. Ziaur Rahman, became president, a post he held until 1981, when he too was assassinated by soldiers. Zia then took over his party.

Zia suspects that Hasina's Awami League was behind her husband's slaying, while Hasina believes Zia's husband knew about the plot against her father.

Despite their suspicions, the two put aside their differences to fight the decade-long dictatorship of Lt. Gen. Hussein Mohammed Ershad, and both spent much of the 1980s in and out of prison.

When democracy was restored in 1991, Zia led her husband's Bangladesh Nationalist Party to victory and was elected prime minister.

The party had picked her as leader because she "was a symbol that could unify party workers," said Nazim Kamran Chowdhury, a former BNP lawmaker.

"We thought she believed in the ideals we had," he said. But "the moment she became prime minister she was more interested in the trappings of power rather than the exercise of power. There was no discussion, no policy initiatives."

He and others describe Zia as having lived a cloistered life until her husband's assassination.

"She was a person who never had to go to a market, has never been to a bank to open a bank account -- doesn't know everyday life," Chowdhury said.

Hasina, who has been married to nuclear scientist Wajed Miah since 1968, was active in student politics at Dhaka University but shares the same reputation for being removed from the many who live on less than a dollar a day.

No one has seen the two women speak to each other-- not a "Hello," "How are you?" or "Goodbye" -- in years.

"In true democracies, you have political parties running on different platforms but working together to govern," said Chowdhury, the former lawmaker.

But both parties led by the women are relatively centrist, with few issues separating Zia and Hasina. "They have no conception of what democracy is -- they just want to rule," Chowdhury said. "The state, running it -- they get to decide who gets government jobs, give business to supporters."

So why not elect someone else? Analysts blame social conservatism -- a reluctance of the poor and illiterate to question those perceived as their betters -- and thuggish political tactics to ensure that people who do not support either party nonetheless turn out to vote for one of them.

As for the small middle and upper classes, most are tied to one party or the other -- and the rest are simply afraid to gamble on something new.

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"I've got major property holdings, I import electronics," said a middle-aged businessman who maintains ties with both camps and spoke on condition of anonymity. "I can't take foolish risks. They could shut me down."

Police Ignore Serial Killings In Delhi Slum, Exposing Unequal Justice For India's Poor (NYT)

By Amelia Gentleman

The New York Times, January 7, 2007

NEW DELHI, Jan. 6 — When Vandana Sarkar, an impoverished migrant worker, went to the police in October to report that her 20-year-old daughter was missing, she recalled Friday, officers laughed and said, "Why do you people have so many children if you can't look after them?"

Their casual response should not have come as a surprise. At least 30 other sets of parents had reported children missing from the same slum area in Noida, an affluent suburb of Delhi, over recent months. Some say they were dismissed as "drunken trouble-makers." Others claim officers refused even to register their complaints.

It was only when 17 chopped-up bodies, most of them belonging to children, were found in the sewers behind the home of a wealthy local resident on Dec. 29 that the Noida police were finally stirred into action.

What seems clearly a case of serial killing on the fringes of the capital has become a national scandal, with public horror at the brutal details interwoven with outrage at the police department's failure to investigate.

That India has a two-tier justice system is nothing new. Only widespread protest drove the courts to order a retrial for a rich young man acquitted in February of fatally shooting a model at a party in 1999. In December, the accused, Manu Sharma, was found guilty and sentenced to life in prison.

And when the 3-year-old son of an Indian executive disappeared near his Noida home in November, it was instantly national news. The police immediately began a huge hunt, found the abductors and returned the child to his distraught parents.

But the case of the dead and missing slum children has provided a brutally stark example of how the law does not work for the marginalized, shocking even the most jaundiced observers of the nation's legal processes.

The bags full of dismembered body parts found on Dec. 29 were pulled one by one from an open sewer behind a whitewashed two-story house belonging to Moninder Singh Pandher, a businessman. He and his servant, Surender Kohli, were arrested and charged with kidnapping, raping and killing the victims, some reported to be as young as three.

A police spokesman told the news media the next day that Mr. Kohli, when confronted with photographs of some of the victims, confessed to having killed 10 women and 5 children. Mr. Kohli said that he and Mr. Pandher had lured some of the victims into the house with toffees and chocolates, the police said. The Noida police chief, R.K.S. Rathore, said that other victims were young women who were offered jobs at the house.

The officials said that according to Mr. Kohli's confession, the two men sexually abused their victims, then strangled them and chopped up their bodies, concealing the remains in the drains. An autopsy report said the bodies were sliced with "butcher-like" precision, Agence France-Presse reported.

Neither suspect has spoken publicly but Mr. Pandher's son, Karan Pandher, warned against prejudging his father. "He is just a suspect," Karan Pandher told reporters on Saturday, Agence France-Presse reported. "He is not a monster."

The police said the body parts included 12 skulls belonging to children and 5 belonging to adults. Thirteen of the dead were quickly identified. Mrs. Sarkar's daughter was one.

The sluggish police response to the disappearance of dozens of children has horrified the nation as much as the crime itself. Residents said as many as 38 children have been reported missing over the last two years from the slum, Nithari, but that the police recorded only 19 cases, according to Indian news media. Many parents, the reports said, were told their children must have run away.

Groups like India's National Commission for Women were disturbed by reports of women disappearing from the Noida slums as early as August 2005. Nirmala Venkatesh, a commission member, was working with six families missing daughters, none of whom had managed to persuade the police to investigate.

"The police system failed," she said. "They were ignorant, they were careless."

On Wednesday, the national government opened an inquiry into the police failures. The next day, six policemen were dismissed for failure to investigate reports of the missing children, accused by the state government "of dereliction of duty and gross negligence in responding to complaints made by parents of missing children." Four other officers were suspended, and widespread condemnation is growing.

"There was shocking inaction," Ved Marwah, the former Delhi police chief, said in a television interview.

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The Asian Age, an English language daily newspaper, condemned the police for turning away the missing children's parents "with contemptuous disdain for two long years only because they were poor villagers with no influence of any kind, political or otherwise."

Hundreds of angry Nithari residents have been protesting all week in the street where the bodies were found. On Monday, they stormed past the officers guarding the house and broke into the premises, pelting neighboring houses with stones.

Now, barricades have been erected near the house, and relatives of the dead wait alongside protesters for more news. Parents with missing children also come, trying to establish whether any of the unidentified victims might be their child.

A woman named Dayawati, also from a nearby slum, came holding a black-and-white passport photo of her son, Vipin, 16, who has been missing for four months. "When I told the police he had disappeared, they told me to look for him myself," she said. "Things would have been different if I'd been rich. Then I could have bribed them to make them investigate."

For Mrs. Sarkar, as for so many bereft parents, the furor comes too late. She said she had described to police officers the yellow suit her daughter Rupa was wearing when she went out to work early on Oct. 5, 2006. The clothes, she said in an interview, were found in the sewer, in a bag alongside body parts.

Brandishing a state government check for 500,000 rupees — roughly $11,300 — in compensation, she said: "My child's life is worth more than this. It's as if they want us to keep quiet — but I'm not going to remain silent."

The money, she said, could help look after Rupa's 18-month-old son, Amit. But, she said, as a migrant worker from East Bengal with no identity papers, opening a bank account is nearly impossible and she does not know how to go about cashing the check.

Before her daughter disappeared, Mrs. Sarkar said, she walked with her every morning past the house where the two men charged with the murders lived. The two women worked as maids at nearby houses.

It is just a 30-second walk, but it crosses the divide between the India of the excluded and destitute, and the India of the privileged elite. The extended Sarkar family shares one large wooden bed, which takes up most of a tiny rooftop room in the heart of Nithari. Neighbors live less well: in mud huts, straw houses and shacks made of plastic sheeting and corrugated tin, breathing in the stench from a vast rubbish dump where cows and pigs forage.

Beyond the open sewer, across a makeshift bridge made of discarded metal pipe, is the tree-lined street where Mr. Pandher and Mr. Kohli lived. Here a dozen new houses flaunt their owners' recent wealth, acquired in India's booming economy, with displays of extravagant architectural fancy: large, arched windows; verandas with elaborate wrought-iron railings; and marble-fronted buildings. The entrances are blocked from public gaze with high gates, and guarded by watchmen.

"I never saw anyone in that house," Mrs. Sarkar said. "I only know that rich people live on that street."

It was only when she watched police removing body parts on her way home from that day in December, and heard about the killings, that she understood what had happened to her daughter.

"Where was the help when I needed it?" she said. "No one would listen to me. The police officers looked at the photograph of my daughter and said: 'She looks so beautiful. She probably eloped.' No one ever bothered to come to my house to follow up on the case."

In Mexico, "People Do Really Want To Stay" (WP)

By Peter S. Goodman, Washington Post Foreign Service

The Washington Post, January 7, 2007

Chicken Farmers Fear U.S. Exports Will Send More Workers North for Jobs

PEGUEROS, Mexico -- Even as his village emptied, Pedro Martin stayed behind. His schoolmates abandoned the scrub-covered hills of central Mexico for the land they called El Norte-- the North. They mopped floors in Fresno, poured concrete in Tempe and tended other people's children in Galveston, measuring their lives in dollars.

Martin worked at a poultry farm. His wages rose to 2,000 pesos per week, about $185. Meager by the standards of the north, it was enough to build a brick house with white tile floors. Enough to buy a car, and to stay in the village and watch his three boys grow, resisting the gravitational pull the United States exerts on much of rural Mexico.

"Up north, even though they pay more, you're not necessarily living as well," Martin said, as church bells echoed down lanes of pastel-painted houses. "You feel out of place. Here, you can walk around the whole town and it's comfortable. Life is easier."

But now, Martin worries that life in the central Mexican state of Jalisco is about to be shaken by globalization. Already much of Mexico's farm country has been overwhelmed by an influx of crops from the United States in the years following the North American Free Trade Agreement. Over the next two years, the final provisions of the trade pact kick in, opening Mexico to

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unlimited imports of poultry from its northern neighbor. Mexican farms will compete directly with an American agribusiness nurtured by subsidies on the corn that feeds the birds.

"If a lot of chicken comes in from the United States, we're not going to be able to maintain our farms," said Martin, 39. "What's going to happen? People are going to get fired. People are going to go north."

NAFTA, as the landmark trade agreement is known, was supposed to work the other way around. In the early 1990s, as politicians in the three countries of North America sold the pact, they promised it would spur enough development in Mexico to create millions of jobs, raise wages and diminish the lure of the north.

But since 1994, the year NAFTA took effect, Mexico's economy has grown sluggishly. Not enough jobs have materialized, while Mexico's working-age population has swelled. Meanwhile, the United States has been a magnet for Mexican laborers willing to take on low-paying, unpleasant work.

More than 6.2 million Mexicans now live in the United States illegally, according to Mexico's National Council of Population. Two-thirds arrived after NAFTA.

For Mexico, as for most developing countries, free trade was a gamble. It opened the world's most lucrative market, the United States, to wares produced in Mexico's factories, and to produce grown on Mexican soil. But it also lifted protections on Mexico's manufacturers and farmers, bringing an influx of products from the north.

As NAFTA's final provisions take effect next year, tying Mexico's fortunes more tightly to world markets, how will its economy adjust? And how will the latest wave of trade liberalization alter the calculations for millions of Mexicans wanting to stay home, but constantly feeling the tug of the north?Baby Boom Fuels Emigration

The demographic wave that has carried unprecedented numbers of Mexicans to the United States is the consequence of a baby boom that began in Mexico four decades ago, when improvements in rural health care allowed more infants to survive.

From 1993 to 2006, as those born during the boom reached adulthood, Mexicans of working age swelled from 34 million to 44 million, according to Agustin Escobar, a sociologist at the Center for Higher Research in Social Anthropology in Guadalajara. Over the same period, Mexico's businesses added only 8 million jobs that pay decent wages and benefits, exacerbating a backlog of about 15 million Mexicans needing work, Escobar said.

Population pressure, combined with the lifting of subsidies on the farm, sent rural Mexicans in search of higher wages. They moved within Mexico in vast numbers. Many crossed the border. By 2002, 14 percent of all people born in Mexican villages were living in the United States, according to J. Edward Taylor, an agricultural economist at the University of California at Davis. Mexicans in the United States sent home nearly $17 billion in 2004, according to the Bank of Mexico.

"If you want to buy a house, you have to go to the States," Escobar said. "People go to America to make their Mexican dream come true."

NAFTA, as the politicians sold it, was supposed to make Mexican dreams attainable at home.

Mexico's government promised that the pact would add 1 million jobs a year. But jobs have been created at roughly half that rate. Mexico's economy has grown less than 3 percent a year since NAFTA. Not even a sustained expansion of 5 percent a year would have been enough to stem the surge of immigrants headed north, given the numbers of Mexicans entering the workforce, declared the 1997 Mexico-U.S. Binational Migration Study.

NAFTA did bring Mexico foreign investment. Jobs at its maquiladoras -- export factories set up in the 1960s, mostly near the border -- more than doubled from 540,000 to 1.13 million between 1993 and 2004. But in other factories, employment has slipped and average wages have dropped by 5 percent.

Economists emphasize that any assessment of NAFTA must include the financial crisis that savaged Mexico in 1994 and 1995, sowing unemployment. Some assert that without NAFTA and the exports it fueled, Mexico's recovery would have been slower. Many also say that Mexico's government squandered opportunities for growth by failing to improve highways and ports, and by leaving unchecked the monopoly power of the national telephone company, which has kept rates for Internet access and other telecommunication services high, discouraging new ventures. While Mexico has stagnated, China has exploded, capturing factory jobs.

Oddly, border enforcement may have stifled some of Mexico's gains. In a paper presented to the Federal Reserve Bank of Dallas, Raymond Robertson, an economist at Macalester College, found that Mexico's increased foreign trade has been a factor pushing wages up at home, but that has been countered by the intensification of U.S. border security, which has kept people in Mexico, leaving more workers competing for jobs and pushing wages down.

The clearest reason why Mexico has not prospered under NAFTA is found on the farm, the workplace for about one-fourth of the population.

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From 1993 to 2003, exports of American agriculture to Mexico more than doubled, climbing from $3.6 billion to $7.9 billion, according to Gary C. Hufbauer and Jeffrey J. Schott in their book, "NAFTA Revisited." Over a similar period, Mexico lost nearly 2 million agricultural jobs, according to Mexico's National Employment Survey.

Mexico's agricultural exports to the United States also surged, climbing from $2.7 billion in 1993 to $6.3 billion in 2003. Huge farms have been developed to grow artichokes, tomatoes and other produce for the U.S. market. But those farms, many launched with American investment, typically pay about $13 a day. That's not enough to keep workers from leaving: They can make three to four times as much in even the lowliest U.S. jobs.

"I'm only here because someone had to stay home and take care of our mother," said Luz Maria Vazquez, 36, as she picked tomatoes in Jalisco, sporting a T-shirt from a tavern in McLean, Va. Six of her brothers and sisters were in the United States, most of them without papers, she said.

And the growth of Mexico's export farms, though good for the owners, has had a paradoxical effect on the country's markets. Produce not good enough for American stores is trucked instead to Mexican cities, sending local prices down. On a recent morning in Guadalajara, men unloaded crates of wrinkled bell peppers arriving from the northern province of Sinaloa -- rejects from the American market. Bell peppers had been selling locally for about $13 per crate. These were $10.

Two hours south, in the village of Ejido Modelo Emiliano Zapata, Ruben Rivera sat on a bench in a forlorn plaza, rather than working on his seven-acre farm. He used to grow tomatoes and onions, hiring 150 workers to help at harvest. Now he doesn't even bother to plant. He can buy onions in the supermarket more cheaply than he can grow them. A crop of tomatoes yields less than the taxes. He lives off the $800 sent home monthly by his three sons, who run a yardwork business in Macon, Ga.

"For people who can grow huge scale for export, NAFTA has been good," he said. "For people like us, it's been a bloodbath."

In the nearby town of Tizapan el Alto, where traditionally 90 percent of local people have farmed, one-third of all agricultural jobs have been wiped out in the last five years, said Mayor Ramon Martinez.

About 200 have gained jobs assembling electronics in maquiladoras on the edges of Guadalajara, earning as much as $23 a day, nearly double farm pay. Martinez is courting investment for a factory in his town. But roads and other facilities are in rough shape, and global investment is flowing to China.

"People do really want to stay," the mayor said, but with the pull of the north, almost half his town's official population of 19,000 has decamped for the United States. "We're basically exporters of people."In the Heart of Chicken Country

Jalisco has long been one of the primary sources of Mexican immigrants to the United States. And its farms produce more than 10 percent of Mexico's poultry. What happens next year, when the tariffs come off chicken imported from the United States, could test how continued globalization is altering life on both sides of the border.

In the town Atotonilco el Alto, Sergio Garcia's chicken houses are scattered among lemon orchards and rows of blue-green agave cactus, the source of tequila. Garcia is betting that Fresko Pollo, the chicken business his father started from the back of a truck in 1950, can survive the expected American onslaught by catering to local tastes. His workers weigh chickens and slaughter only those of ideal size. He runs a chain of retail shops, where he sells marinated breasts, chicken sausages and smoked chicken prepared at his processing plant.

"I'm not so worried, because we're not just producers," Garcia said. "Despite free trade, niches remain."

But he knows he faces a formidable foe. An archetype of efficiency, the American poultry industry is dominated by enormous brands that control all aspects of production -- employing computerized feed mills that mix grains, mechanized slaughterhouses, and hatcheries that use genetic science to breed disease-resistant chicks.

At Garcia's feed mill, workers shovel grain by hand. At his slaughterhouse, a man slices throats with a wood-handled blade.

Feed amounts to nearly 60 percent of the cost of raising a chicken. For the American poultry industry, the cost has been held down, historically, by subsidies for corn production. In 2005, American cropland for corn received a range of subsidies worth more than $10 billion, according to a Washington Post analysis of data from the U.S. Department of Agriculture.

Labor, where Mexico has an advantage, makes up only about 5 percent of production costs.

Already, Garcia is feeling the pressure. Americans prefer breast meat, while Mexicans opt for dark. So U.S. poultry producers can sell leg quarters -- dark meat -- in Mexico at low prices and still make money. From January 2005 to January 2006, even though a 59 percent tariff applied to some chicken imports, the wholesale price of chicken leg quarters sold in Mexico City plunged by nearly one-fourth, according to the U.S. Department of Agriculture. Next year, as NAFTA's final provisions kick in, the door opens to unlimited imports.

"The price will fall," Garcia said. "It could drop by half."

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In the village of Pegueros, a center of poultry, NAFTA is a word laden with anxiety. Corn farmers saw prices fall due to American imports, though demand for ethanol in the United States, made from corn, is now sending prices up. Dairy farmers have been decimated, a trend expected to intensify next year as protections on powdered milk expire.

The forces of trade have laid waste to the Mexican dream of Trino Franco, who came home three years ago to launch a dairy business with his three brothers after more than a decade in the north. He poured $40,000 into the venture -- everything he saved in Los Angeles, where he parked cars at a 24-hour gym from six in the morning until two in the afternoon, then worked security at a hotel until 11 at night.

But the price of milk has dropped by nearly one-fifth in the last year. The farm has lost money, forcing Franco, 38, to take a job as general manager at a larger dairy operation. He earns $200 a week, enough to keep him home with his wife and baby. For now.

"You can't see a good future in this area," he said. "That's why so many people cross the border."

Pedro Martin, still at home while so many friends and relatives make their lives in another country, is intent that his three boys -- 13, 8 and eight months -- stay in Mexico. On a recent morning, as firecrackers boomed in salute to Mexico's patron saint, Guadalupe, a procession of shiny SUVs pulled into Pegueros, their license plates advertising the riches of Texas, Virginia and California. People were returning for Christmas.

Martin professed no envy. His sister and her two boys are crammed into an $1,100-a-month apartment in San Francisco. The boys have to work to help pay the rent. "They're thinking of returning," Martin said. His own boys are growing up with the fresh air and broad vistas of Jalisco.

But in the adjacent town of Tepatitlan, the people in control of the poultry farms are fretting. They are organizing into cooperatives to improve their bargaining position as they brace for a flood of imports next year. The well-trod path to El Norte is never far from their minds.

"If there are corn subsidies in the United States and none here, we're dead," said Lorenzo Martin, president of the Tepatitlan Poultry Farmers Association and the head of one large producer. "If the U.S. starts selling things extra cheap outside the U.S., then it won't just be small farmers and individuals who will be leaving. It will be people like me."

Mexico's New President Sends Thousands Of Federal Officers To Fight Drug Cartels (NYT)

By James C. McKinley Jr.

The New York Times, January 7, 2007

TIJUANA, Mexico, Jan. 6 — President Felipe Calderón ran last summer on a promise to create jobs, but in his first five weeks as chief executive he has made it clear his first priority is to turn his government into the scourge of organized crime.

The president has sent thousands of federal police and troops into the drug-plagued states of Michoacán and Baja California to break up criminal organizations and stop the brutal violence they perpetuate. The federal forces have burned marijuana crops, arrested suspected drug gang members and disarmed local police forces the authorities say are crippled by corruption.

"We will continue with the operations that let us re-establish the minimum conditions of security in some parts of the republic, so that little by little we can take back our streets, our parks, our schools," Mr. Calderón said in a New Year's message to the nation.

But some opposition politicians and experts on the drug trade wonder if the federal interventions are not more flash than substance, and question if they will have a lasting impact on the drug trade and police corruption, whose roots run deep.

Mr. Calderón's predecessor, Vicente Fox, created an elite force to combat narcotics dealers and arrested dozens of drug cartel leaders during his six-year term. Rather than stanch the violence, however, the arrests led to a brutal war between the remaining traffickers for the smuggling routes and territory.

In the southwestern state of Michoacán, where more than 500 people were killed last year, the violence has persisted despite the president's decision to send in more than 7,000 officers and soldiers last month. Drug dealers killed about 21 people during the last three weeks of December, according to local news reports. This week, a mass grave was found with seven bodies bearing signs of gangland executions, and a 12-year-old boy was executed in what appeared to be a drug dispute.

Still, Mr. Calderón made a rare appearance dressed in military fatigues on Wednesday to congratulate troops in Michoacán and to tout their successes. Four top members of the Valencia drug gang were arrested and hundreds of acres of marijuana were burned, the authorities said.

In Tijuana on Tuesday, Mr. Calderón ordered 2,600 soldiers and 110 federal police officers to begin an operation aimed at ending the grip of mobsters on the local police department, slowing the flow of drugs and ending kidnappings and killings related to the trade.

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The officers began patrolling the streets with caravans of pickups filled with heavily armed officers in black combat outfits. The army set up roadblocks, while navy boats prowled the coast and helicopters buzzed overhead. Soldiers in camouflage uniforms pulled over cars at random and searched them. Federal and state police manned checkpoints in the town.

The federal government also stripped all 2,320 city police officers of their weapons on Wednesday night. The move prompted fears that anarchy would break out in the city streets, where drunken brawls, car thefts, muggings and drug-induced mayhem are a daily fact of life.

The city secretary of public security, Luis Javier Algorri, said Friday morning there were too few federal officers to keep order, much less ferret out drug gangs at the same time.

"We think they don't have the experience to deal with these sorts of problems," Mr. Algorri said. "And without firearms this kind of work will be hard to carry out."

The decision to disarm the local police reflects the belief among federal officials that many local officers are on the payroll of drug cartels as assassins, enforcers and, in some cases, kidnappers. Federal prosecutors say the lack of help from the local police in border towns, either because they are corrupt or afraid, makes it nearly impossible to dismantle drug cartels.

The mayor of Tijuana, Jorge Hank Rhon, said he welcomed the intervention. He did not dispute that a significant number of police officers were corrupt, saying their salaries are so low that drug lords can easily bribe them. "It's not the police," he said. "It's some policemen."

Many residents said they were tired of finding victims of mob executions in the streets in the mornings, as well as the wave of kidnappings that has rocked this border town over the last 12 months. Last year there were more than 300 killings in the city, most of them linked to drug gangs, including 25 police officers, authorities said.

In interviews, most residents said they welcomed the crackdown, even as some expressed skepticism the caravan-style patrols and roadblocks would do much to hurt drug traffickers.

David López, a 28-year-old importer, watched Wednesday night as about 25 federal policemen in full combat uniforms and carrying machine guns pulled over an expensive pickup truck outside a downtown nightclub. It seemed to him a showy waste to use a small army of officers to make a traffic stop.

Tijuana has always been a major corridor for drug smugglers because it is one of the busiest border crossings in the country. Since the 1990s, the infamous Arellano Félix family has controlled the traffic of cocaine, heroin, marijuana and synthetic drugs, but in recent years the organization has been weakened significantly, law enforcement authorities say.

Federal police commanders acknowledged their job would be difficult in a city of 1.5 million where most of them do not even know the street names, much less the workings of the criminal underworld.

Still, several expressed confidence they would prevail.

"It's a big city and there are a lot of people here who are crooked," said Inspector Alejandro Zapata. "But this is not going to end until we put a end to the Arellano Félix organization."

Armenian Genocide Question Hits Home (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, January 7, 2007

The former U.S. ambassador's use of the term leaves Congress poised for a battle between pragmatism and principle.

WASHINGTON — Nearly two years ago, John Evans did something no U.S. ambassador to Armenia before him had done: He used the word "genocide" — in public — to describe the deaths of about 1.2 million Armenians at the hands of Ottoman Turks.

It has long been a sore point with Armenian Americans that the U.S. government does not refer to the killings that began in 1915 as genocide, and Evans' use of the word did not signal a change in that policy. It did set off a slow-boiling controversy that eventually cost him his job.

Now, the issue is preparing to boil over again, setting up a clash between the Democratic-controlled Congress and the Republican White House. The dispute has stalled the confirmation of Evans' successor and strained U.S. relations with Turkey, a key U.S. ally in the Middle East.

"Based on what I've seen, this is headed to a confrontation," said a senior Democratic congressional aide. "It's an issue that's a flashpoint of controversy for both parties."

It started at UC Berkeley, in February 2005, soon after Evans took up his ambassadorship.

"I will today call it the Armenian genocide," Evans said, according to a transcript by one of the groups attending the gathering hosted by the university's Armenian studies program.

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Evans' comments floored — and pleased — his audience, even though he made it clear that he was articulating a personal view, not U.S. policy.

"I recall being surprised at that moment," said Stephan Astourian, executive director of Berkeley's Armenian Studies program, who organized the session.

Though Armenian Americans and others consider Evans' statement an act of courage for which he has been unfairly punished, policymakers call it a misjudgment that could fuel anti-Western sentiment in Turkey.

Historians have long used the term "genocide" to describe the murderous campaign against the Armenians in Turkey. Nearly the entire population of Armenians was executed, starved or forced into exile on the orders of the ruling Young Turk Party. Outside Turkey, there is little debate over the facts or the use of the word "genocide."

In Turkey, however, official history has long disputed the use of that term. As a result, American officials have used all sorts of others — "mass killing," "massacres," "atrocities," "annihilation" — but have stopped short of "genocide."

"We have never said it wasn't genocide," explained a senior State Department official, who agreed to discuss formation of U.S. policy in detail on condition he not be further identified. "We just haven't used that word."

State Department officials believe that Turks will come to their own acceptance of the term from internal debate.

"That debate needs to happen, but it needs to be a Turkish debate," the official said. "It has been our view that our position of encouraging that debate — and not allowing Turks an easy out to say, 'This is foreign pressure' — is more effective."

Most Armenian Americans and many members of Congress disagree, arguing that the U.S. government should call the killings "genocide."

In a short interview, his first since leaving the State Department, Evans declined to discuss his motives in making the genocide statement, but said that "it wasn't a slip of the tongue."

"I knew it was not the policy of the United States" to use the word "genocide," Evans said.

"Ninety years is a long time," Evans added, referring to the decades since the genocide began. "At some point you have to call a spade a spade."

In the months after Evans' remark, the State Department made clear its displeasure. By July 2005, "it was absolutely crystal clear" that he would be forced out, he said. Still, it took more than a year more for him to leave.

"Evans was a career foreign service officer, and you do not go after a career foreign service officer lightly," said a second State Department official.

Evans left Armenia in September and formally retired from the State Department last month.

Meanwhile, the American Foreign Service Assn., the organization that represents U.S. foreign service officers, granted Evans its 2005 award for "constructive dissent" by a senior diplomat. But weeks later, the group rescinded the prize, arousing suspicion that the State Department had intervened.

Foreign Service Assn. officials who agreed to discuss the matter said they took back the award after learning that Evans apparently did not first go through internal channels of dissent before publicly stating his views.

"Ambassador Evans' action — admirable as it was — did not fit the category of 'constructive dissent,' " the group said in a statement.

State Department officials said they felt blindsided by Evans' genocide remarks.

The unanswered questions about Evans' departure have stalled the nomination of a successor.

In May, President Bush nominated Ambassador Richard Hoagland, who most recently served as ambassador to Tajikistan. But in September, Sen. Robert Menendez (D-N.J.) put a parliamentary hold on Hoagland's nomination, blocking it until the end of the congressional session, when the nomination expired.

Some Armenian Americans took issue with Hoagland, complaining that in written responses to questions from the Senate Foreign Relations Committee, he was dismissive of the Armenian genocide. Last month, Menendez and Senate Majority Leader Harry Reid (D-Nev.) demanded the administration send over a new nominee.

Bush will have to decide whether to renominate Hoagland. The administration appears to be standing behind him, and complains that he has been turned into a scapegoat over Evans' dismissal.

"Senators can say that our policy on the Armenian massacres is wrong, but it's wrong to punish the president's nominee for adhering to the president's policy," said the senior State Department official, adding that some of Hoagland's opponents had "twisted" his responses on the genocide.

"He's being tarred as a [genocide] denier," said the senior State Department official. "And the only reason it's being done is that they are angry about Evans for the wrong reasons."

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Not all Armenian Americans oppose Hoagland's nomination. The Armenian Assembly of America has said that although it opposes administration policy, it would support Hoagland. And the Armenian government has said that policy on the genocide issue should take second place to more immediate problems, including diplomatic relations with Turkey.

The Republic of Armenia became an independent state after the breakup of the Soviet Union in 1991, and today has a population of about 3 million.

To both Democrats and Republicans, support from Armenian Americans is important. There are an estimated 1.4 million Armenian Americans, with the largest population center in Glendale.

In the end, Democrats now in control of Congress may need to decide between pragmatism and principle.

"To the extent that Armenia goes without a U.S. ambassador, that's a bad thing by anyone's standard," said a Democratic staffer involved in the confirmation process. "We're 1,000% supportive of the Armenian community on the genocide issue. But in this case, the [State Department] policy is going to be very tough to change, and I don't think holding up an ambassador is going to get them to change their policy."

Warsaw Archbishop Resigns Amid Scandal (AP)

AP, January 7, 2007

Warsaw's new archbishop resigned amid a scandal about his cooperation with the communist-era secret police, Poland's Roman Catholic Church said Sunday.

Archbishop Stanislaw Wielgus, who took the office on Friday, has submitted his resignation, Poland's Episcopate said in a statement.

The church said Pope Benedict XVI asked the outgoing archbishop, Cardinal Jozef Glemp, to administer the archdiocese until a replacement is found.

A furor had grown around Wielgus since the allegations were first raised Dec. 20 by a Polish weekly, with demands that he step down from his post.

The church in Poland, a heavily Roman Catholic country, enjoys high esteem for its opposition to the former Communist government. Catholics here revere the late Polish-born Pope John Paul II — credited by some with hastening the regime's fall.

The scandal gained intensity after church officials said Friday that documents at a historical institute indicated Wielgus had willingly collaborated.

Newspapers Friday devoted their front pages to the revelations, even as Wielgus took canonical vows as required by church law ahead of his installation.

"Stop the installation," the daily Dziennik wrote in large bold print on its front page, arguing that to allow a "former agent" to hold a top church post would amount to a "moral scandal."

Wielgus acknowledged Friday that he did have contact with the secret service, but he said that documents indicating he collaborated were written by the secret police and reflected their account of events, not the truth.

The allegations first surfaced in the right-wing Gazeta Polska weekly, two weeks after the Vatican appointed him archbishop of Warsaw. Wielgus initially denied any collaboration.

Wielgus, who had been bishop of Plock since 1999, said Friday that he was leaving his fate in the hands of the pope: "With full humility, I declare to the Holy Father that I will submit to each of his decisions."

The Vatican had named Wielgus to replace Cardinal Jozef Glemp, who stepped down after more than 25 years as archbishop of Warsaw.

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TERRORISM NEWS:

Poisoning Of Ex-Agent Sets Off Alarm Bells (WP)

By Peter Finn, Washington Post Foreign Service
The Washington Post, January 7, 2007
Nuclear Regulators Fear Wider Attempt

MOSCOW -- Ninety-seven percent of the legal production of one of the world's rarest industrial products -- the intensely radioactive isotope polonium-210 -- takes place at a closely guarded nuclear reactor near the Volga River 450 miles southeast of Moscow.

In an average year, about three ounces of the substance is made at the Avangard facility, a former nuclear weapons plant, then sold under strict controls to Russian and foreign companies that prize it for its abilities to reduce static electricity.

This fall, a microscopic quantity of polonium-210, from somewhere, found its way into the body of Alexander Litvinenko, a former Russian internal security agent living in London. He died an agonizing death in a hospital 22 days later.

Now an international investigation is trying to track that dose back to its source. Detectives from Scotland Yard have said nothing about where the trail of evidence may be leading; Russian officials have been more willing to talk, saying that Avangard is tightly audited and that illicit production of polonium-210 is technically possible at many of the world's reactors.

Still, Russia's near total domination of the world's legal trade in the substance has focused new international attention on the country's production system and controls. In addition, Litvinenko's death has created new concern among regulators that the substance might be used as an instrument of murder by terrorists.

Russia is the main source of polonium in part because it offers high quality and the best price for commercial users, according to Nick Priest, professor of radiation toxicology at Middlesex University and a former head of biomedical research at the Atomic Energy Authority in Britain. No polonium is produced in Britain, and officials in Russia said none has been exported commercially to Britain for at least five years.

Polonium-210 is produced in reactors by irradiating bismuth-209, an isotope of the element bismuth. The resulting substance is so radioactive that it has a half-life of only 138 days, meaning that half the atoms in a given quantity will disintegrate in that period.

Specialists say that around the world, reactors capable of this operation belong either to state agencies or universities and so are highly regulated. "Everything connected with polonium production and application is controlled by governments," said Boris Zhuikov, head of the radioisotope laboratory in the Nuclear Studies Institute of the Russian Academy of Sciences, in an interview. "You cannot just put any target inside a reactor. It is regulated and checked by many, many people. It would be discovered."

The Avangard plant operates under close Russian government scrutiny. Officials said four Russian organizations are licensed to handle the material made there: the chemistry faculty of Moscow State University; the Federal Nuclear Center in Samara, also on the Volga; Techsnabexport, the state-controlled uranium supplier; and one private company, Nuclon, which uses it for medical devices and transports isotopes to customers.

The controls have proved effective, Russian officials contend. "I can say with complete certainty that no deviations from the rules of storage and transportation of nuclear materials, including polonium, have been discovered at any structures of our fuel and nuclear complex," said Konstantin Pulikovsky, head of the Federal Service for the Oversight of the Environment, Technology and Nuclear Management, according to the Russian news agency RIA-Novosti.

Worldwide, polonium has been lost or stolen in at least 15 known incidents before 2006, most of them in the United States, according to the International Atomic Energy Agency, the U.N. nuclear watchdog based in Vienna.

Priest said he believed that in Russia, audit safeguards could be circumvented if there was demand for polonium from officials with strong influence. Audits could also be an unreliable gauge of pilfering because during production, much more polonium is made than is actually needed, with the surplus never entering the officially recognized supply.

"When they do these runs, they produce a large amount because it's got a 138-day half-life and they don't want to be making it all the time. It's not possible to maintain complete control by measurement at the source," Priest said.

Other theories suggest that the polonium that killed Litvinenko might have been obtained from an officially tracked commercial supply after it reached its final customer.

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Polonium is commonly used in static eliminators in printing plants, photography labs and textile mills. In these applications, it is bound in extremely small quantities with other metals.

Extracting the substance from the molds in which these mixtures are made would be difficult because "polonium science is quite complicated," Priest said.

But with qualified scientists and the right lab conditions, it is possible. "I can see how they could be used to brew up a dose to kill one person," said Peter D. Zimmerman, a nuclear physicist and professor of science and security at King's College London. "It would require very delicate lab work."

In its pure form, polonium-210 is a soft, silvery metal. One microgram, or millionth of a gram, can be fatal, and the body of the poisoned Russian contained multiple times the lethal dose. One gram, about 0.035 of an ounce, could theoretically kill tens of millions of people.

The substance is self-heating and highly radioactive, but as long as it is housed in a sealed capsule of glass or metal, it can be safely transported in, for example, one drop of solution. It eludes radiation detectors in place at airports, border crossings and ports because it emits alpha rays, not the gamma rays the devices look for.

Polonium-210 can be dried into a substance such as chalk and turned into powder. Or it can be mixed with an aerosol solution, allowing it to be sprayed. But many scientists believe the probable method of transporting and dispensing it in the London killing was putting the isotope in a solution that could be tipped at arm's length into a drink or onto food.

"The ideal volume would be a couple of teaspoons of solution; it can sometimes be difficult to transfer a drop or something smaller," Priest said. "Once it's in the body, it irradiates the whole body."

Yet scientists in London did not discover the presence of polonium-210 until Litvinenko's urine was tested with an alpha ray detector at the Atomic Weapons Establishment, the British agency that maintains nuclear warheads. "It's so obscure that it will be among the last things people will look for," Priest said. "And except by extreme luck, there's no chance to work out in a short time what's happened, so it gives the people who did it a long time to get away."

The substance's great giveaway is that once discovered, its telltale traces are easily tracked. Out of its box, polonium smears everything. After Litvinenko's death, it was discovered in planes, cars, hotels and offices -- all places that the victim and people he met had visited around the time of the poisoning.

If it enters the body in tiny amounts, death is certain. The devastating effects were studied in the 1960s at a Moscow institute where the isotope was administered to dogs, rabbits and rats, according to Zhuikov. He said Soviet scientists wanted to understand polonium's potential in case humans were exposed to it, because the isotope was used in various applications in the country's nuclear and space programs.

The painful progression from severe vomiting and diarrhea to hair loss, internal bleeding and organ failure was clear in a photograph of a stricken Litvinenko lying in a London hospital. "If someone hates, really hates, then it's a good material [to use to] to kill," Zhuikov said. "This is real suffering."

The former agent's death has caused anti-terrorism officials to worry that an explosive or airborne dispersal of polonium, particularly in a crowded, enclosed space, could cause numerous fatalities and sow widespread panic, scientists said. Compromise a food or water supply, they said, and the consequences could be even more dire.

"You need a lot of the material," Zimmerman said. "But not more than it is reasonable to think could be diverted from the commercial stream."

The International Atomic Energy Agency is considering tighter controls on polonium.

An IAEA diplomat, who was not authorized to speak for quotation, said that in the wake of the Litvinenko case, concerns have risen at the agency about a mass poisoning through the introduction of polonium into the food chain or drinking water.

Ultimately, scientists such as Zimmerman would like to phase out polonium's commercial use and see the development of anti-static technology using other material.

"Peace Mom" Turns Attention To Guantanamo (AP)

AP, January 6, 2007

HAVANA, Cuba (AP) -- American "peace mom" Cindy Sheehan called for the closure of the U.S. military prison in Guantanamo Bay, Cuba, as she and other activists arrived in Cuba on Saturday to draw attention to the nearly 400 terror suspects held at the remote site.

Sheehan is among 12 human rights and anti-war activists who will travel across this Caribbean island next week, arriving at the main gate of the Guantanamo base in eastern Cuba on Thursday -- five years after the first prisoners were flown in.

"Anyone who knows me knows that I am not afraid of anything," Sheehan said when asked about the possibility of U.S. sanctions for traveling to communist-run Cuba, which remains under an American trade embargo.

"What is more important is the inhumanity that my government is perpetrating at Guantanamo," she told reporters.

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Sheehan, 49, of Vacaville, California, became an anti-war activist known as the "peace mom" after losing her 24-year-old son, Casey, in Iraq in April 2004.

She drew international attention after camping outside President Bush's Texas ranch to protest the war in Iraq, and has been arrested numerous times for trespassing.

Sheehan arrived in Havana early Saturday evening with trip organizer Medea Benjamin of the California nonprofit groups Global Exchange and CODEPINK: Women for Peace.

Benjamin said group members believed they were exempt from U.S. travel restrictions on Cuba because they were traveling as professional human rights activists who will attend a daylong international conference in the Cuban city of Guantanamo on Wednesday, the eve of their protest.

The U.S. military still holds about 395 men on suspicion of links to al Qaeda or the Taliban, including about 85 who have been cleared to be released or transferred to other countries.

Cleric's Story Of Abduction, Torture (CHIT)

By John Crewdson, Tribune Senior Correspondent

Chicago Tribune, January 7, 2007

Letter opening salvo in CIA officers' trial

CAIRO -- "This is how they kidnapped me from Italy ... and how they tortured and imprisoned me in Egypt."

So begins a 6,300-word, handwritten letter, composed in an Egyptian prison cell by radical Muslim cleric Osama Moustafa Hassan Nasr. His abduction by the CIA is at the center of an unprecedented judicial proceeding set to open in Italy this week that may ultimately expose to public view one of the agency's most sensitive and controversial operations in its secret war on terror.

In a kidnapping case against 26 Americans and five Italian intelligence operatives, including the one-time CIA chief in Rome and Italy's former top spymaster, Nasr, better known as Abu Omar, will speak to the court through his letter, telling his story for the first time in his own words.

According to Abu Omar's written account, obtained by the Tribune, he was walking to his mosque in Milan on Feb. 17, 2003, when he was stopped on the street by a man who identified himself as a police officer. The cleric wrote that he was pulled into a van, beaten and taken by plane to Egypt.

He described in detail how his Egyptian interrogators tried to get him to agree to become an informer, and he says he refused. What followed, according to his letter, was torture with electric shocks, beatings that caused him to lose the hearing in one ear, and sexual abuse.

For long periods of time, he said in his letter, he was kept in an underground cell "where you cannot distinguish between night and day and the cockroaches and rats and insects walk all over my body night and day."

Abu Omar has been locked away for nearly four years, most of it in Egypt's notorious Torah Prison, some 1,600 miles from the massive Tribunale in Milan, where a preliminary hearing in the case is to begin on Tuesday. Those proceedings could shine the first bright light on the U.S. practice of "rendering" terrorist suspects to other countries for interrogation that allegedly is often accompanied by torture.

Prosecutors in Milan have compiled evidence ranging from hotel and cell phone records to hundreds of hours of wiretapped telephone conversations. Now Abu Omar, through his letter, promises to be a prominent witness in the case.

Abu Omar, 43, is a native Egyptian who fled his homeland when he was young in order to escape what he said was political persecution. He married and had children in Albania and married a second time in Milan. Like uncounted millions of his brethren, he grew increasingly hostile toward Israel and the United States because of perceived injustices to Palestinians and other Muslims.

He was under surveillance by Italian authorities because of his suspected role in helping young European Muslims go to Iraq to take up arms against the expected U.S.-led invasion, which occurred a month after he disappeared from Milan.

While ultimately charged in Italy in April 2005 with helping Muslim fighters make their way to Iraq, Abu Omar had not been charged with a crime in the U.S. or Italy at the time of his abduction. Italian courts are divided on whether the recruiting of "foreign fighters" for a war violates Italy's anti-terrorism laws.

Some human-rights groups have cited Abu Omar's "rendition" as a prime example of the "outsourcing of torture" by the Bush administration. But his case is not unique. Egypt, which has often been accused of torturing prisoners, acknowledges taking custody of 60 to 70 radical Muslims abducted by the CIA.

The Americans charged in the Abu Omar case--25 current and former CIA operatives and a U.S. Air Force colonel--are fugitives from Italian justice, and none of them are expected in court for this week's hearing. Prosecutors plan to ask the Milanese court to try the Americans in absentia, and the court is expected to agree.

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CIA spokesman Mark Mansfield declined comment on any aspect of the case. The agency has refused to acknowledge that it played a role in the Milan rendition, or even that it occurred.

Except for a three-week period in 2004 when he was freed by the Egyptian courts for lack of evidence, Abu Omar's contacts with the world have been limited to a few visits from Nabila Ghali, the second of his two Muslim wives, and a handful of telephone conversations with Ghali and his first wife, Marsela Glina, who lives in Albania.

Testimony a surprise

Until recently, prosecutors in Milan assumed they would have to make their case against the 31 defendants without any testimony from Abu Omar, who is charged under a 25-year-old "emergency decree" with posing a danger to the Egyptian state.

After learning that Abu Omar was in Egypt, Milan's deputy public prosecutor, Armando Spataro, repeatedly asked the Egyptian government for permission to question him. When the Egyptians ignored Spataro's initial request, he sent a second one. When that request was ignored, a third followed last February. Spataro assumed his requests were being thrown away.

Then, last April, Abu Omar's Egyptian lawyer, Montasser El Zayat, who has earned a reputation for defending Muslim radicals, received a surprise summons demanding his client's presence before Egypt's chief appellate prosecutor, Sherif El Kady.

According to El Zayat, as a stenographer took notes Abu Omar answered El Kady's questions about his years as a Cairo university student, a brief jail term for political activity, his flight to Albania, and his life in Milan after being granted political asylum in Italy.

Whether Abu Omar's testimony was taken in response to Spataro's requests is not clear. The Egyptian Interior Ministry declines to discuss the case, and no transcript was ever sent to Milan or provided to El Zayat.

When Abu Omar learned from his wife Ghali that his testimony had never reached Italy, he wrote, in a measured Arabic hand, what Ghali refers to as "his memoirs"--his version of the story of his abduction and captivity.

The document is now in the possession of Spataro, who says he has verified its authenticity.

`Severely beaten'

Abu Omar wrote that he was grabbed on the street in Milan and thrown into a van by men who never spoke. When he tried to resist, he wrote, he was "severely beaten" until white foam spewed from his mouth and he became incontinent.

Suddenly, his kidnappers, evidently fearing a heart attack or some other cardiac event, "began to tear at my clothes quickly and one of them began to compress on my heart," performing heart massage.

The crisis averted, Abu Omar was taken to an airport. A short flight was followed by a longer one, which ended in Cairo shortly after 5 a.m.--in time, he wrote, for him to hear the first call for morning prayer echoing across the Egyptian capital.

Abu Omar wrote that he was driven to a building he later identified as the headquarters of the Egyptian intelligence service, where a man his captors described only as a "great Pasha"--a high-ranking official--asked him:

"Do you accept to work with us in exchange for your safe return to Italy?"

After refusing to become an informer, Abu Omar wrote, he was allowed to sleep and provided with some food before being given paper and pen, ordered to write his life story, and shown "many pictures of people in Italy (Egyptians, Tunisians, Algerians, Moroccans, etc.)."

Refusals to answer questions were met with electric shocks, "hand beatings," and threats of rape, Abu Omar claimed. "I was hung like slaughtered cattle," he wrote, "head down, feet up, hands tied behind my back, feet also tied together, and I was exposed to electric shocks all over my body and especially the head area to weaken the brain. ..."

He also described being tied up and placed on a mattress that was hosed down with water and connected to electricity.

Even when he was not being tortured, he wrote, "I was placed near the torture chambers for long periods of time to hear the screams of the tortured and their moans and their howls so that I would collapse psychologically."

According to El Zayat, Abu Omar has tried to commit suicide at least once in captivity.

Although Abu Omar did not mention it in the handwritten statement, his lawyer, El Zayat, said that his client told the Egyptian prosecutor in his earlier testimony that a man who looked, dressed and spoke English like an American had been present during the first several days of his interrogation.

Asked whether the mystery man had been present during the torture as well as the questioning, El Zayat replied in a recent interview here that his client was "not sure."

A former senior CIA official said it was standard procedure following a rendition for a CIA officer to visit the receiving country and assess how the case was proceeding.

Cell phone and hotel reservation records compiled by the Milan prosecutors show that Robert Seldon Lady, then the CIA's chief in Milan, traveled to Cairo four days after Abu Omar arrived here and that Lady stayed for two weeks.

Daria Pesce, an Italian lawyer representing Lady, who is one of the CIA operatives charged in Abu Omar's kidnapping, will say only that his visit to Cairo was "official" CIA business.

DOJ_NMG_0113516

CIA Cases Spur Debate Over Torture (CHIT)

By John Crewdson, Tribune Senior Correspondent

Chicago Tribune, January 7, 2007

The use of torture has been prohibited in the United States since the ratification in 1787 of the 8th Amendment to the Constitution barring "cruel and unusual punishment."

"We do not condone torture," President Bush has declared. "I have never ordered torture. I will never order torture. The values of this country are such that torture is not a part of our soul and our being."

Yet some human rights groups contend that a technique known as "waterboarding," which simulates drowning and reportedly has been used by the U.S. on some terrorist suspects, is torture. These groups also argue that some psychological interrogation techniques, such as sleep deprivation and exposure to loud music, contravene the 8th Amendment.

While those debates continue, there is no question that terrorism suspects such as Abu Omar have been captured abroad by the CIA and transported to third countries whose police and intelligence services routinely employ interrogation methods, such as electric shock, that everyone agrees constitute torture.

Bush said on March 16, 2005, that before a third-country "rendition" of a suspected terrorist can take place, the CIA must obtain from the receiving country "the promise that they won't be tortured."

Atty. Gen. Alberto Gonzales said on May 3, 2006, that the actual standard applied by the U.S. in choosing a destination country is less stringent: whether a suspect is "more likely than not" to be tortured.

Canadian government and United Nations investigations have found that individuals "rendered" by the CIA to Egypt and Syria were mistreated despite assurances that they would not be tortured.

"It's almost impossible to talk about rendition apart from the torture element," says Joanne Mariner, a lawyer with Human Rights Watch, "since that is and has always been one of the central issues with renditions. The CIA knows that Egypt practices torture routinely, particularly against suspected Islamists."

Sen. Patrick Leahy (D-Vt.), whose Judiciary Committee has just begun an investigation of CIA renditions, agrees.

"We diminish our own values as a nation--and lose credibility as an advocate of human rights around the world--by engaging in, or outsourcing, torture," Leahy wrote Gonzales in November.

According to the U.S. State Department's global survey of human rights, torture and abuse of prisoners in Egypt remain "common and persistent." The State Department report is also critical of Saudi Arabia, Jordan, Morocco and Syria, which have been recipients of other CIA renditions.

Under legislation implementing the United Nations Convention Against Torture, to which the U.S. is a signatory, it is a federal crime for U.S. government employees to participate in, conspire in or contribute to the torture of anybody, anywhere in the world.

Mariner and other human-rights lawyers think that rendering someone to a country where he is likely to be tortured may violate the law even if the CIA operatives involved in the rendition played no direct role in the torture.

"If the people involved in the process knew he was likely to be tortured, then they're responsible," said M. Cherif Bassiouni, distinguished research professor of law at DePaul University College of Law.

The Imperial Presidency 2.0 (NYT)

The New York Times, January 7, 2007

Observing President Bush in action lately, we have to wonder if he actually watched the election returns in November, or if he was just rerunning the 2002 vote on his TiVo.

That year, the White House used the fear of terrorism to scare American voters into cementing the Republican domination of Congress. Mr. Bush and Vice President Dick Cheney then embarked on an expansion of presidential power chilling both in its sweep and in the damage it did to the constitutional system of checks and balances.

In 2006, the voters sent Mr. Bush a powerful message that it was time to rein in his imperial ambitions. But we have yet to see any sign that Mr. Bush understands that — or even realizes that the Democrats are now in control of the Congress. Indeed, he seems to have interpreted his party's drubbing as a mandate to keep pursuing his fantasy of victory in Iraq and to press ahead undaunted with his assault on civil liberties and the judicial system. Just before the Christmas break, the Justice Department served notice to Senator Patrick Leahy — the new chairman of the Judiciary Committee — that it intended to keep stonewalling Congressional inquiries into Mr. Bush's inhumane and unconstitutional treatment of prisoners taken in anti-terrorist campaigns. It refused to hand over two documents, including one in which Mr. Bush authorized the Central Intelligence Agency to establish secret prisons beyond the reach of American law or international treaties. The other set forth the interrogation methods authorized in these prisons — which we now know ranged from abuse to outright torture.

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Also last month, Mr. Bush issued another of his infamous "presidential signing statements," which he has used scores of times to make clear he does not intend to respect the requirements of a particular law — in this case a little-noticed Postal Service bill. The statement suggested that Mr. Bush does not believe the government must obtain a court order before opening Americans' first-class mail. It said the administration had the right to "conduct searches in exigent circumstances," which include not only protecting lives, but also unspecified "foreign intelligence collection."

The law is clear on this. A warrant is required to open Americans' mail under a statute that was passed to stop just this sort of abuse using just this sort of pretext. But then again, the law is also clear on the need to obtain a warrant before intercepting Americans' telephone calls and e-mail. Mr. Bush began openly defying that law after Sept. 11, 2001, authorizing the National Security Agency to eavesdrop without a court order on calls and e-mail between the United States and other countries.

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News accounts have also reminded us of the shameful state of American military prisons, where supposed terrorist suspects are kept without respect for civil or human rights, and on the basis of evidence so deeply tainted by abuse, hearsay or secrecy that it is essentially worthless.

Deborah Sontag wrote in The Times last week about the sorry excuse for a criminal case that the administration whipped up against Jose Padilla, who was once — but no longer is — accused of plotting to explode a radioactive "dirty bomb" in the United States. Mr. Padilla was held for two years without charges or access to a lawyer. Then, to avoid having the Supreme Court review Mr. Bush's power grab, the administration dropped those accusations and charged Mr. Padilla in a criminal court on hazy counts of lending financial support to terrorists.

But just as the government abandoned the "dirty bomb" case against Mr. Padilla, it quietly charged an Ethiopian-born man, Binyam Mohamed, with conspiring with Mr. Padilla to commit that very crime. Unlike Mr. Padilla, Mr. Mohamed is not a United States citizen, so the administration threw him into Guantánamo. Now 28, he is still being held there as an "illegal enemy combatant" under the anti-constitutional military tribunals act that was rushed through the Republican-controlled Congress just before last November's elections.

Mr. Mohamed was a target of another favorite Bush administration practice: "extraordinary rendition," in which foreign citizens are snatched off the streets of their hometowns and secretly shipped to countries where they can be abused and tortured on behalf of the American government. Mr. Mohamed — whose name appears nowhere in either of the cases against Mr. Padilla — has said he was tortured in Morocco until he signed a confession that he conspired with Mr. Padilla. The Bush administration clearly has no intention of answering that claim, and plans to keep Mr. Mohamed in extralegal detention indefinitely.

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The Democratic majority in Congress has a moral responsibility to address all these issues: fixing the profound flaws in the military tribunals act, restoring the rule of law over Mr. Bush's rogue intelligence operations and restoring the balance of powers between Congress and the executive branch. So far, key Democrats, including Mr. Leahy and Senator Richard Durbin of Illinois, chairman of a new subcommittee on human rights, have said these issues are high priorities for them.

We would lend such efforts our enthusiastic backing and hope Mr. Leahy, Mr. Durbin and other Democratic leaders are not swayed by the absurd notion circulating in Washington that the Democrats should now "look ahead" rather than use their new majority to right the dangerous wrongs of the last six years of Mr. Bush's one-party rule.

This is a false choice. Dealing with these issues is not about the past. The administration's assault on some of the nation's founding principles continues unabated. If the Democrats were to shirk their responsibility to stop it, that would make them no better than the Republicans who formed and enabled these policies in the first place.

HOMELAND RESPONSE:

New Top Spy Inherits An Office Still Finding Its Way (WP)

By Walter Pincus, Washington Post Staff Writer

The Washington Post, January 7, 2007

McConnell's Tasks Include the Ongoing Integration of Agencies as Well as Advising the President

President Bush's choice to be the second director of national intelligence, retired Navy Vice Adm. John M. McConnell, must pick up the job of restructuring the nation's $42 billion intelligence community, which after 19 months is still very much a work in progress.

At the White House on Friday, outgoing director John D. Negroponte said, "Admiral McConnell will continue to drive forward the reforms we have initiated, fully integrating the domestic, foreign and military dimensions of our national intelligence enterprise."

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McConnell responded, "I plan to continue the strong emphasis on integration of the community to better serve all of our customers."

He will manage the collection and analysis of intelligence from the 17 agencies and roughly 100,000 people in the U.S. intelligence community. Bush emphasized that the director also "determines the national intelligence budget." That was a major recommendation of the 9/11 commission, and one Congress adopted when it passed legislation in December 2004 creating the director of national intelligence (DNI).

The DNI's other major role is as the president's top intelligence adviser. That means being present six mornings a week when Bush gets his national security briefing. That session offers the DNI an opportunity not only to have time with the president, but to hear and take part in the ensuing discussion with Vice President Cheney, national security adviser Stephen J. Hadley and chief of staff Joshua B. Bolten, who are also in the room.

This part of the job requires the DNI to take time the night before to read the roughly 28-page daily briefing report and to show up at his Old Executive Office Building suite next to the White House at about 6:30 each morning to go over the latest intelligence. One person familiar with the process described it as worthwhile, "to get a sense of what's on everyone's mind."

Another aspect of the DNI's role as top intelligence adviser to the president is attendance at high-level White House meetings, which have been increasingly frequent since the Iraq war began. Those meetings can be handled by the deputy DNI, though no one currently holds that job. How McConnell will divide his time between this advisory role and the intelligence community duties, should he be confirmed, remains to be seen.

One of the early tasks he will face, according to a senior intelligence official, is reviewing the 2004 law that created his position to see whether changes need to be made. The Senate Select Committee on Intelligence has already scheduled hearings to review how the restructuring legislation is working out.

McConnell, 63, served in the Navy as a career intelligence officer, rising to vice admiral when he headed the National Security Agency from 1992 to 1996. After his retirement from the Navy, he took a private-sector job in March 1996 with the Booz Allen Hamilton consulting firm, where he rose to be senior vice president.

John Moseman, a former senior CIA official who works with McConnell at Booz Allen, said McConnell has been "successful in helping it become an incredibly collaborative organization." That approach, "reaching across and pulling together teams of people," is a talent that is needed in the DNI job, where "you need collaboration at every level," Moseman said.

At the White House on Friday, McConnell said his private-sector work during the past 10 years "has allowed me to stay focused on national security and intelligence communities as a strategist and as a consultant." In many respects, he said, "I never left" the intelligence business.

Booz Allen makes it clear on its Web site that McConnell has played a leading role in its handling of contracts in the fields of intelligence and military affairs. "McConnell leads the firm's assignments in Military Intelligence and Information Operations for the Department of Defense, the Unified Combatant Commanders, Military Services, and Defense Agencies," according to the site.

FEMA Overhaul Delay Irks Legislators (WT)

By Shaun Waterman, United Press International

The Washington Times, January 7, 2007

Lawmakers are frustrated with the lack of progress on a congressionally mandated overhaul of the Federal Emergency Management Agency, designed to ensure that flaws that dogged the response to Hurricane Katrina are fixed.

In a letter sent late last month to Homeland Security Secretary Michael Chertoff and released last week, members of both the House and Senate homeland security committees complained about being kept in the dark over progress on the changes, which they feared was lagging.

"There are already some indicators that [the department] may not be effectively and promptly implementing" the new law, wrote Sens. Joe Lieberman, Connecticut independent, and Susan Collins, Maine Republican, and Reps. Bennie Thompson, Mississippi Democrat, and Peter T. King, New York Republican.

The law effectively reconstitutes FEMA as an independent agency within the department. Mr. Chertoff opposed the overhaul, which was included in the must-pass Homeland Security appropriations bill and signed by President Bush in October.

The lawmakers' letter requests "full and complete briefings" for staff on the implementation of the law "no later than January 8, 2007."

Lieberman spokeswoman Leslie Phillips told United Press International on Thursday that the Senate committee had heard no response from the department.

"We will give them a courteous amount of time to respond and then decide how to proceed," she said. Miss Phillips said the letter, and the subsequent decision to release it, followed "weeks and weeks of fruitless effort to get briefings."

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"It would be fair to say" that Mr. Lieberman was frustrated, she added.

Homeland Security officials denied they were dragging their feet, pointing out that it is a mammoth task to implement the reorganization, which is outlined in 180 pages of legislative language.

"The department was given until the end of March" to implement the reforms, spokeswoman Joanna Gonzalez told UPI, and "we look forward to briefing members of the committee."

But she said officials wanted to ensure that the transition plan was complete before they briefed Congress.

WAR NEWS:

Bush Plan For Iraq Requests More Troops And More Jobs (NYT)

By David E. Sanger

The New York Times, January 7, 2007

WASHINGTON, Jan. 6 — President Bush's new Iraq strategy calls for a rapid influx of forces that could add as many as 20,000 American combat troops to Baghdad, supplemented with a jobs program costing as much as $1 billion intended to employ Iraqis in projects including painting schools and cleaning streets, according to American officials who are piecing together the last parts of the initiative.

The American officials said Iraq's prime minister, Nuri Kamal al-Maliki, formally agreed in a long teleconference on Thursday with Mr. Bush to match the American troop increase, made up of five combat brigades that would go in at a rate of roughly one a month, by sending three more Iraqi brigades to Baghdad over the next month and a half.

Nonetheless, even in outlining the plan, some American officials acknowledged deep skepticism about whether the new plan could succeed.

They said two-thirds of the promised Iraqi force would consist of Kurdish pesh merga units to be sent from northern Iraq, and they said some doubts remained about whether they would show up in Baghdad and were truly committed to quelling sectarian fighting.

The call for an increase in troops would also put Mr. Bush in direct confrontation with the leaders of the new Democratic Congress, who said in a letter to the president on Friday that the United States should move instead toward a phased withdrawal of American troops, to begin in the next four months.

Mr. Bush is expected to make the plan public in coming days, probably in a speech to the country on Wednesday that will cast the initiative as a joint effort by the United States and Iraq to reclaim control of Baghdad neighborhoods racked by sectarian violence. Officials said Mr. Bush was likely to be vague on the question of how long the additional American forces would remain on the streets of Baghdad. But they said American planners intended for the push to last for less than a year.

A crucial element of the plan would include more than doubling the State Department's reconstruction efforts throughout the country, an initiative intended by the administration to signal that the new strategy would emphasize rebuilding as much as fighting.

But previous American reconstruction efforts in Iraq have failed to translate into support from the Iraqi population, and some Republicans as well as the new Democratic leadership in Congress have questioned if a troop increase would do more than postpone the inevitable and precarious moment when Iraqi forces have to stand on their own.

Congress has the power to halt the increases by cutting off money for Mr. Bush's proposals. But some Democrats are torn about whether to press ahead with such a move for fear that it will appear that they are not supporting the troops.

When Mr. Bush gives his speech, he will cast much of the program as an effort to bolster Iraq's efforts to take command over their own forces and territory, the American officials said. He will express confidence that Mr. Maliki is committed to bringing under control both the Sunni-led insurgency and the Shiite militias that have emerged as the source of most of the violence. Mr. Maliki picked up those themes in a speech in Baghdad on Saturday in which he said that multinational troops would support an Iraqi effort to secure the capital.

Some aspects of the plan were reported by The Wall Street Journal on Friday.

The officials would not say specifically whether the American troop increase would be carried out if the Iraqis failed to make good on their commitment to add to their own ranks. But they emphasized that the American influx, which would be focused in Baghdad and Anbar Province but could also include a contingency force in Kuwait, could be re-evaluated at any point.

The American officials who described the plan included some who said they were increasingly concerned about Mr. Maliki's intentions and his ability to deliver. They said senior Bush administration officials had been deeply disturbed by accounts from witnesses to last Saturday's hanging of Saddam Hussein, who said they believed that guards involved in carrying out the

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execution were linked to the Mahdi Army, the Shiite militia that is headed by Moktada al-Sadr, whose name some of the executioners shouted while Mr. Hussein stood on the gallows.

"If that's an indication of how Maliki is operating these days, we've got a deeper problem with the bigger effort," said one official, who insisted on anonymity because he was discussing internal administration deliberations over a strategy that Mr. Bush has not yet publicly announced.

The White House has refused to talk publicly about any of the decisions that Mr. Bush has made about his plan, which is tentatively titled "A New Way Forward." Even though speechwriters are already drafting Mr. Bush's comments, several of the crucial elements are not final, officials warned. That apparently includes the exact amounts of money Mr. Bush will ask of Congress to finance the jobs program or a longer-term job-training effort that will also be part of the strategy.

Mr. Bush has previously promised to remake American reconstruction efforts in Iraq, most notably in December 2005, when he said that the United States had learned from the failure of efforts to rebuild major infrastructure, mostly run by American companies. But subsequent efforts to focus on programs that would bring more immediate benefits to Iraqis have also faltered.

The details of Mr. Bush's latest military, economic and political initiatives were described by several sources, including some who said they doubted it would work. The jobs program, noted one, "would have been great in 2003 or even 2004, but we are trying it now in a very different Iraq," one in which the passion for fighting for sectarian control of neighborhoods may outweigh interests in obtaining employment.

The American officials who described the program included both advocates and critics of Mr. Bush's new strategy and representatives of three different executive branch departments. They would speak only on condition of anonymity because they were discussing internal deliberations about a plan that Mr. Bush had not yet announced.

The most immediate element of the new jobs program would amount to a major expansion of what is known in the military as the Commander's Emergency Response Program, which provides money to local officers to put civilians to work as a way of reducing resistance to the American presence in neighborhoods. While the effort has had some successes, they have largely been temporary. As a senior White House official noted in an interview recently, "You'd go into a neighborhood, clear it, try to hold it, and come back later and discover that it's all been shattered."

The new effort, officials said, would cost between a half billion and a billion dollars, some of which would be spent on other efforts to achieve stability and train Iraqis for more permanent jobs. The State Department and the Treasury Department have been brought into that effort.

The plan also calls for a more than doubling of the "Provincial Reconstruction Teams," relatively small groups of State Department officials empowered to coordinate local reconstruction efforts, chiefly hiring Iraqi companies. For much of the first half of 2006, the State Department was engaged in a bureaucratic dispute with the Defense Department about how these teams would be protected, including exploration of a plan to hire private protective forces that a White House official said "was too expensive." Now those teams will be expanded and embedded with combat brigades, officials said, in what would amount to the latest effort to demonstrate to Iraqis that the American forces in their midst were not simply occupiers.

Much of the plan described by officials seemed to be consistent with views supported by Lt. Gen. David H. Petraeus, who will soon take over as the commander of ground forces in Iraq and who has been a strong advocate of an everyday American troop presence in neighborhoods.

Mr. Bush's speech is widely expected to make the case that Americans needed to commit to greater national sacrifice as part of what Bush administration officials acknowledge amounted to a last-ditch effort to salvage the mission in Iraq.

But almost as soon as his speech is done, a series of hearings will begin on Capitol Hill that Democrats intend to use to pick apart the details of the plan, with lawmakers questioning administration officials about whether a troop increase of any size can succeed this late in the war. Those hearings will also likely focus on whether the expanded American military commitment is linked to Iraqi military performance, a point that Bush administration officials would not address directly.

As described by those officials, Mr. Bush is stopping well short of declaring that the beefed-up American force will be sent only if the Iraqis also increase their own forces. But under the increase being contemplated, the reality is that every month between now and April or May, Mr. Bush will have a chance to decide whether to send an additional combat brigade into the country. "That's our moment of leverage," a White House official said.

Officials said a larger American troop commitment also would be used to illustrate Washington's increased resolve to deter adventurism by regional adversaries, especially Iran. Mr. Bush's speech is expected to include talk of a new diplomatic initiative to shore up confidence among Washington's Islamic allies in the region as well as to warn its adversaries. Secretary of State Condoleezza Rice is expected to begin that initiative almost immediately after the speech, leaving for the Middle East by next weekend.

Parallel to an enlarged Baghdad security operation, Mr. Bush has signaled his desire to expand the number of American military trainers working with Iraqi security forces.

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In a speech in Baghdad on Saturday, Mr. Maliki said he was going to renew his efforts to rid the Iraqi Army and other security forces of sectarian influences.

"I announce here that all parties and political organizations, without exception, are forbidden from practicing their activities among the armed forces," he said during a speech given to mark Army Day.

In his speech, he mentioned the new Baghdad security plan, saying multinational forces would "support and back up our forces." But he said little specifically about an increase in American troops. Officials familiar with his thinking have said privately that he opposes any measure that would delay giving his administration complete control over Iraq's armed forces as soon as possible.

He once again tried to reassure critics of his administration that no outlaws could expect protection.

"The Baghdad security plan will not provide safe haven for all outlaws, regardless of their political or sectarian identities," he said.

Bush Fleshes Out Iraq Strategy Details (AP)

By Deb Riechmann,

AP, January 7, 2007

President Bush worked Saturday to finish his new war plan that could send as many as 20,000 additional U.S. troops to Iraq and provide more money for jobs and reconstruction programs.

In Washington, Bush, who will announce his plan as early as Wednesday, held discussions with his national security advisers and then headed out of the White House for a bike ride. In Baghdad, Iraqi Prime Minister Nouri al-Maliki announced that Iraqi forces would launch a new effort to wrest control of neighborhoods in the capital from Sunni insurgents and Shiite death squads.

Military officials say Bush is considering sending two to five brigades — up to 20,000 troops — to help tamp down violence that is preventing political reconciliation and rebuilding efforts in Iraq. The idea of a troop buildup is getting a cool reception on Capitol Hill and from some military leaders who claim there is no military solution to the problems in Iraq where 140,000 troops already are deployed.

"Based on the advice of current and former military leaders, we believe this tactic would be a serious mistake," Senate Majority Leader Harry Reid said in the Democratic radio address Saturday. Instead, Reid and House Speaker Nancy Pelosi want Bush to begin pulling troops out in four to six months.

"Our troops and their families have already sacrificed a great deal for Iraq," Reid said. "They have done their part. It's time for the Iraqis to do their part."

Some military officials, familiar with the discussions, say Bush could initially dispatch 8,000 to 10,000 new troops to Baghdad, and possibly Anbar Province, and leave himself the option of sending more later if security doesn't improve.

Sen. John McCain, R-Ariz., and Sen. Joseph Lieberman, I-Conn., say that, at a minimum, another three to five brigades should be sent to Baghdad and one more to Anbar province. About 3,500 to 4,000 troops are in a brigade.

Most of the discussion about Bush's new plan has focused on U.S. troop strength, but the strategy he will unveil also will address political and economic issues. "The clear, hold and build counterinsurgency strategy requires a focus on all three," White House counselor Dan Bartlett said. "Our strategy will reflect that point."

Military analysts say Army Lt. Gen. Peter Chiarelli, who recently finished his tour as the No. 2 general in Iraq, has recommended a short-term jobs program. Others familiar with the plan say Bush is favoring: short-term jobs programs and extending micro-loans to small business; increasing the amount of money that military commanders can spend quickly on local projects to improve the daily lives of Iraqis.

Bush is considering allocating more money for the Commander's Emergency Response Program, set up in 2003 to give field commanders money to solve local problems quickly — and show American compassion and good will. The program was allocated $753 million in the 2006 budget year. The president also has expressed interest in shoring up job-training programs for Iraqis and the work being done by State Department teams that coordinate local reconstruction efforts in Iraq, according to those familiar with discussions.

In a move reflecting Bush's aim to shift gears in Iraq, the White House on Friday announced that Bush has picked Adm. William Fallon, who commands American forces in the Pacific, to replace retiring Gen. John Abizaid as top U.S. commander in the Middle East, and will nominate Army Lt. Gen. David Petraeus, who headed the effort to train Iraqi security forces, to replace Gen. George Casey as top American general in Iraq. Casey is becoming Army chief of staff.

Both Abizaid and Casey have expressed qualms in recent weeks about boosting U.S. forces in Iraq. Abizaid said an increase of 20,000 could not be sustained for long by the overburdened American military, and Casey said such a boost should be used only to advance U.S. strategic goals.

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Last summer, the U.S. military and Iraqi army flooded the capital with 12,000 additional troops to quell violence. By October, the U.S. military said the operation had not met expectations and the situation was disheartening. And the second half of last year ended up being one of the most violent periods in the central and western sections of the Iraq since the 2003 U.S.-led invasion.

Bush is expected to continue his briefings with lawmakers next week, culminating in a meeting with bipartisan leadership on Wednesday, according to lawmakers and aides.

Critics Say "Surge" Is More Of The Same (WP)

By Michael Abramowitz, Robin Wright, Ann Scott Tyson, Washington Post Staff Writers

The Washington Post, January 7, 2007

Past Troop Buildups Have Not Quelled Iraq

President Bush is putting the final touches on his new Iraq policy amid growing skepticism inside and outside the administration that the emerging package of extra troops, economic assistance and political benchmarks for the Baghdad government will make any more than a marginal difference in stabilizing the country.

Washington's debate over Iraq will intensify this week as Bush lays out his plans, probably on Wednesday or Thursday, and Secretary of State Condoleezza Rice and other administration officials face tough questions from Democrats in congressional hearings.

Although officials said the president has yet to settle on an exact figure of new troops, senior military leaders and commanders are deeply worried that a "surge" of as many as five brigades, or 20,000 troops, in Iraq and Kuwait would tax U.S. ground forces already stretched to the breaking point -- and may still prove inadequate to quell sectarian violence and the Sunni insurgency. Some senior U.S. officials think it could even backfire.

"There is a lot of concern that this won't work," said one military official not authorized to speak publicly about the debate at the Pentagon.

Meanwhile, the political and economic ideas under consideration all appear to be variations on initiatives that U.S. and Iraqi authorities have proved unable to implement successfully since the 2003 invasion or have tried and found wanting, according to former U.S. officials and experts on reconstructing war-torn countries.

Many officials at the State and Defense departments also doubt that the government of Prime Minister Nouri al-Maliki is capable of making the necessary reforms, given its track record of promising but not delivering since taking power in May and despite Maliki's assurances in a speech yesterday that he would hold Iraqis accountable for implementing a new Baghdad security plan.

A sense that the White House is preparing more of the same is generating deep skepticism among Democrats in Congress, many of whom have signaled strongly in recent days that they would resist sending additional troops to Iraq. And although Republicans say they are open to what Bush proposes this week, they are also asking much more pointed questions about the premises of the White House Iraq policy.

Administration officials are pushing lawmakers and the public to withhold judgment until they see all the elements of the new Iraq policy. Bush consulted with advisers yesterday, and White House speechwriters were working on this week's address. There are signs that there could be some surprises as the administration's debate moves from the staff level to the final deliberations of the president and his closest advisers.

Responding to skepticism about Maliki within some parts of the administration, the White House may make a deeper involvement in Iraq contingent on Maliki cracking down on militias and death squads while also undertaking bold political initiatives and developing a wider economic plan, U.S. officials say. The addition of new U.S. troops, for example, may be phased over several months and conditioned on Iraq following through on promised political reforms, the officials said.

One senior White House official said yesterday that the president considers the skepticism of lawmakers and the public "warranted" and that Bush will not "commit resources to a strategy that is not working." But the official said Bush was heartened by recent promises and plans from Maliki, citing the prime minister's speech in Baghdad yesterday in which he pledged a crackdown on sectarian militias, with U.S. assistance.

The official said U.S. and Iraqi leaders have been refining a new Iraqi security plan, first discussed when Bush and Maliki met in Jordan in November, in which Iraqi forces would take the lead with Americans in support. "It is not just rhetoric," the official said of Maliki. "He is actually putting forward specific plans and making different commitments than he has in the past." Speaking on the condition of anonymity because the president has not settled on a final plan, the official said Bush expects "a different result" from that of previous security plans.

Others have doubts. "I don't know that the Iraqi government has ever demonstrated ability to lead the country, and we shouldn't be surprised," said retired Army Lt. Gen. Jay M. Garner, who was the first U.S. official in charge of postwar Baghdad.

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"You'll never find, in my lifetime, one man that all the Iraqis will coalesce around." Iraqis are too divided among sectarian, ethnic and tribal loyalties, he said, and their loyalties are regional, not national.

Leon E. Panetta, a member of the Iraq Study Group, which recently delivered a wide-ranging set of recommendations about the way forward in Iraq, said in an interview that the test for him of the seriousness of the president's proposal will be whether Bush, in fact, conditions continued U.S. involvement on tangible progress from the Iraqi government.

"There has got to be some prospect that we are not just going to continue an open-ended commitment," said Panetta, who served in the Clinton White House as chief of staff.

As of yesterday, the president had not settled on a precise plan for adding to the 132,000 U.S. troops already in Iraq, officials said. Senior military and administration officials privately admit their deep concerns that the troop increase will backfire -- and leave the United States with no options left in six to eight months.

They note that since the U.S.-led invasion of Iraq in March 2003, the U.S. military has repeatedly carried out temporary troop increases of more than 20,000, but violence has continued to rise. The main difference under the new plan is that additional troops would be concentrated in the Baghdad vicinity, where there are currently seven U.S. brigades, and the increase could last longer, from six to 12 months, Pentagon officials said.

Meanwhile, the Joint Chiefs of Staff are worried about overstretching the Army and Marines.

The active-duty Army and Marine Corps lack a significant pool of ready and available forces to send to Iraq. The Army has one fully ready brigade of 3,500 to 4,000 troops on alert to deploy at any time. That on-alert brigade, most recently from the 82nd Airborne Division, has left for Kuwait in what could be the first phase of a troop increase, requiring that another unit take its place.

As a result, increasing ground troops would depend largely on extending units' time in Iraq and accelerating those preparing to go -- meaning longer war-zone tours and shorter periods back home for thousands of soldiers and Marines.

Under the plan, for instance, Army brigades would leave for Iraq sooner than planned, meaning soldiers would have less than 12 months at home to train and rebuild between tours -- a "red line" that outgoing Army Chief of Staff Gen. Peter J. Schoomaker said he did not want to cross, according to a senior military official.

During its two-month interagency review, the Bush administration has struggled the most to come up with proposals to jump-start the stalled political process in Iraq, according to U.S. officials and Western diplomats. The fate of the revised strategy will be determined as much by new movement on Iraq's combustible political front as by success on the battlefield, administration officials said.

But the emerging package looks slim and, absent last-minute additions, appears to be more of the same, according to sources who have been briefed.

The centerpiece of the political plan is the creation of a national reconciliation government that would bring together the two main Shiite parties with the two largest Kurdish parties and the Sunni Iraqi Islamic Party, according to Iraqi and U.S. officials. The goal is to marginalize Moqtada al-Sadr, the leader of the largest and most powerful Shiite militia and head of a group that has 30 seats in parliament and five cabinet posts.

To ensure participation of Sunni moderates, the Bush administration is pressing the Maliki government to take three other major steps: Amend the constitution to address Sunni concerns, pass a law on the distribution of Iraq's oil revenue and change the ruling that forbids the participation of former Baath Party officials.

The three major economic options on the table would revive dormant state-owned industries, launch a micro-finance program to give small loans to generate new businesses and expand a U.S. Agency for International Development stabilization program.

A fourth option would add major funds to a short-term work program to hire Iraqis to clean up trash or do repairs after U.S. and Iraqi troops secure neighborhoods. This Pentagon-run program is a way to lure unemployed men who had joined militias back into the mainstream economy, at least briefly, with the U.S. intention that Iraq would eventually spend its own money to create permanent jobs.

The idea to revive state-owned industries has come full circle. Iraq's economy under Saddam Hussein was state-controlled. When the first U.S. team arrived, its members looked to reenergize the industries as a key element in jump-starting the economy. But the subsequent Coalition Provisional Authority, run by L. Paul Bremer, opted to scrap the effort and emphasize a free-market economy, even though Iraq was ill equipped to make a dramatic conversion. The failure of a free market and the lack of both local and foreign investment has led the Defense Department to launch a massive reassessment.

Apparently absent from the final Iraq plan is any effort to engage Syria and Iran in trying to stabilize the country, a key recommendation from the Iraq Study Group, though the president will probably talk about new efforts to try to jump-start the Arab-Israeli peace process. Rice is expected to visit the Middle East to launch the effort later this month.

Bush Aides Lay Groundwork For Iraq Surge (LAT)

By Doyle McManus, Maura Reynolds, Times Staff Writers

The Los Angeles Times, January 7, 2007

WASHINGTON — Two months ago, the nation's voters handed both houses of Congress to the Democrats in an election that reflected deep discontent with the war in Iraq.

This week, President Bush is responding to voters' message — by preparing to escalate the U.S. military commitment in Iraq with a "surge" that would add thousands of troops.

That might sound paradoxical, but aides say Bush's willingness to send more troops makes sense based on two beliefs that have long guided his war strategy. The first is that the price of leaving Iraq would be greater than the cost of staying. The second is that the public will accept the burdens of war if convinced that success is still possible.

"Is this a war, or is it not a war?" one official asked, previewing an argument the president is likely to make. "If it is, you have to be willing to sacrifice…. Americans are willing to do that as long as we have a clear strategy that offers a chance of success."

The details of the administration's surge plan haven't been disclosed, and officials say some details are still being ironed out. Bush is expected to unveil the plan in a nationally broadcast speech this week, probably Wednesday evening.

But even before the plan's announcement, Bush aides — speaking on condition of anonymity to avoid stepping on his lines — have been describing his thinking and trying out talking points.

Their summary: Bush believes that the United States still has a chance to stop Iraq from descending into civil war — and, on the other side of the equation, that the consequences of withdrawal would be disastrous. He thinks it's too early to turn primary responsibility for security in Baghdad over to Iraqi security forces, whose performance has been disappointing.

That leaves Bush with no easy options. But one choice that would keep the hope of victory alive — a choice that has growing support in the White House — is a surge aimed at stopping sectarian violence in Baghdad, coupled with rapid political reforms and a U.S.-funded job program to halt the growth of sectarian militias.

Officials said the job program, intended to employ young men who otherwise might join the militias, could cost as much as $1 billion if Congress approves it. The administration's plan will also include proposals for increased economic aid that would further increase the total bill, they said.

White House officials acknowledge that any surge proposal would meet opposition from critics who say the prospect of success is too low to risk more troops' lives. But the officials say they believe that most members of the public are still willing to hear Bush out and give him another chance to succeed.

"If you look at the polls, immediately leaving Iraq is not actually a popular option," one White House aide said. "Everybody figures that anxiety about the war … means 'get out.' But public opinion is more complex than that."

If Bush decides to send more troops, he will argue that the deployment is part of a broader change in strategy that offers a new chance of success, aides said.

"A president does have the ability to persuade," one added.

One official involved in the administration's policy discussion described it this way: "There are several strategic options to choose from. Do we cut and leave, and attempt to exit gracefully? Do we adjust the current strategy and be patient? Do we keep the current strategy without any adjustment? Or do we try to change the dynamic by increasing the troop levels and changing the strategy?

"Given an ample supply of patience on the part of the American people, [the current strategy] would work. However, the president now knows that there's not an ample supply of patience on the part of the American people…. So he has to change the dynamic…. Does he do it by reducing troops and withdrawing, or does he change the mix in a different way?"

If Bush does propose a surge, that will amount to his rejection of two options proposed in recent weeks. Army Gen. John P. Abizaid, commander of U.S. forces in the Middle East, opposed an increase in U.S. troops and called for a quicker transfer of responsibility to Iraqi forces. He is to retire in March.

A commission led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.) called for a strategy similar to Abizaid's and added that most U.S. combat forces should be withdrawn from Iraq by early 2008. Bush has privately dismissed its recommendations as useless.

Aides said that if Bush opted for a surge of troops, it should not surprise anyone who paid attention to his public statements about Iraq.

"Victory in Iraq is achievable," the president told reporters two weeks ago. "It hasn't happened nearly as quickly as I hoped…. A lot of Americans understand the consequences of retreat. Retreat would embolden radicals. It would hurt the credibility of the United States."

In October, Bush told a group of conservative columnists he believed that the public would support the war as long as it thought success was possible.

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"People want to know, Can you win? They're with us if we can win," he said. "I'm from Texas. My buddies are saying, 'Are you doing enough?' not 'Are you doing too little?' They want to know, this mighty country … are we doing what it takes to win?"

Duke University public opinion scholar Christopher Gelpi, who has advised the Bush White House, said the administration faced an uphill battle.

"I think the public will be very unhappy with a surge proposal in the short term," he said. "Pressure for withdrawal was increasing before the election, and it's gotten even higher since the election. The Bush administration is unlikely to turn that around in the short term.

"If the White House is trying to say the election of 2006 was not a repudiation of the president's Iraq policy, that's not right," Gelpi added. "The election was a repudiation."

Still, he said, if a surge in troops succeeds in improving conditions in Iraq, public support for the war will probably increase. "If it works, the public will come around," Gelpi said. "I think he is pushing for a surge because he is willing to ride out public dissatisfaction in the short term, in hopes that he can improve the situation on the ground in Iraq and succeed in the long term…. In that sense, it's understandable."

But time may be short, Gelpi warned. "The quicker and sharper they can show some effect, the less the cost in U.S. lives is likely to matter," he said. "If it takes a year to show results, that's a real problem."

A Los Angeles Times/Bloomberg poll conducted in December found that 52% of Americans favored a fixed timetable for withdrawing U.S. troops from Iraq, 26% supported keeping troops in Iraq as long as necessary and 12% favored sending more troops. That survey did not ask about immediate withdrawal, but a CNN poll in December showed 21% favored such a plan.

Lawmakers from both parties — Democrats emboldened to oppose the war and the GOP worried about its 2008 electoral prospects — expressed skepticism about Bush's plans last week.

"No matter what [Bush] does, he'll get chewed on," said an aide to GOP congressional leadership, speaking on condition of anonymity. "If he calls for a surge, he'll get chewed on. If he doesn't, he'll get chewed on."

Sen. Mary L. Landrieu of Louisiana, a moderate Democrat who was one of 15 senators who met with Bush on Friday to share their concerns, said: "The president has … the burden of proof to give specific reasons and clear direction if, in fact, he's going to call for a troop surge. What that surge would do, how big it would be, how long the troops would stay, what cities, what neighborhoods, what his specific mission was — I think the American people's patience is wearing thin with vagueness."

Several Republicans, including Sens. Richard G. Lugar of Indiana and Chuck Hagel of Nebraska, have also expressed reservations about a surge plan.

As many as 10 of the Senate's 49 Republicans are either against or skeptical about the idea of a surge, the congressional aide said. "It would take a lot of specifics and a shorter-than-two-years time frame to bring them on board," the aide said.

In remarks last week, Bush suggested he would try to provide the details — although aides said he still rejected the idea of a fixed timetable. "One thing is for certain: I will want to make sure that the mission is clear and specific and can be accomplished," Bush said in a question-and-answer session with reporters.

Though most senators at Friday's White House meeting said they opposed any troop increase, they also suggested they were at least partially open to persuasion — even the Democrats.

"I would say that they were all opposed to it unless he comes up with some spectacular idea and a way to measure that idea," said Sen. Blanche Lincoln (D-Ark). "They weren't unequivocally against it, but most would say … the burden of proof was on the president."

Probable Troop Surge In Iraq Raises Questions About Mission, Numbers (GAN)

By John Yaukey

Gannett, January 7, 2007

WASHINGTON — The new plan for Iraq President Bush will unveil within days probably includes increasing U.S. troops there as part of a strategy to save Baghdad, which has sparked intense debate even among advocates who differ on how many troops to send and for how long.

Signs point to Bush sending between 15,000 and 30,000 more troops on top of the 140,000 already in Iraq.

The Pentagon has raised the number of troops to almost 160,00 before — about the level it would be if Bush sent an additional 20,000.

The question now is what would the troops do given the grim new realities of sectarian division and civil war in Iraq, and is it worth it to risk more American lives?

Some leading advocates of a surge argue the situation in Iraq is too dire for anything short of a major increase of 30,000 or more troops for as long as it takes to at least stabilize the capital.

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"It must be substantial and it must be sustained," presidential hopeful Sen. John McCain, R-Ariz., said after a fact-finding tour through the Middle East. "(It) will mean more casualties and more hardships. ... We have to be prepared for this."

Leading Democrats believe a troop surge is misguided at best and have vowed to fight it if it's not tied to future troop reductions. They argue the problems in Iraq can only be solved politically.

"Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain," Democratic leaders wrote in a letter to Bush on Friday.

Despite the broad range of opinion on a troop increase, many different voices in the debate agree that if more forces are sent, they must be part of an explicit mission that addresses a series of critical issues:

The troops

The Army and Marines are already stretched, raising questions about where to get the troops.

Increasing the number of troops by 20,000 for several months is possible without calling up any Guard or Reserve units. Military analysts say it probably would by done in part by delaying the departure of two Marine regiments and speeding up Army deployments scheduled for spring.

A prolonged surge into 2008, experts say, could require tapping Guard and Reserve units, which provided close to half the U.S. force in Iraq in 2005.

And would the Iraqis do their part?

Iraqi Prime Minister Nouri al-Maliki pledged to Bush on Thursday that he would commit three additional battalions to Baghdad, but his record of follow-through raises doubts.

In the ongoing failed effort to secure Baghdad that began last summer, dubbed Operation Together Forward, only two of six Iraqi battalions U.S. commanders requested showed up, according to Pentagon officials.

The mission

What would the mission be — more training of Iraqi troops, more fighting, or both — and how would success or failure be measured?

For the last year, the Pentagon has been stressing the training of Iraqi forces so they can lead the fight.

On the surface, this appears to be working. Army Maj. Gen. William Caldwell, spokesman for the Multinational Force in Iraq, recently said 80% of Iraq's army divisions are now responsible for their own battle space compared with 10% last year.

And yet every death rate — for U.S. troops, Iraqi forces and civilians — has gone up.

If the new mission is to secure Baghdad, American troops are likely in for some tough urban combat.

Retired Army Gen. Jack Keane, former vice chief of staff for the U.S. Army and an advocate of an aggressive troop surge, said retaking the streets of Baghdad would inevitably entail "clearing neighborhoods ... and that's house by house."

The militias

Would U.S. troops be able to engage the mostly Shiite militias now running death squads in Baghdad? Should they?

Following a Thursday call between Bush and al-Maliki, White House spokesman Tony Snow said, "The prime minister stressed his determination to go after anybody responsible for violence — that would include not only insurgent groups and Saddam loyalists but also militias."

Who would do that? The mostly Shiite Iraqi forces that have allowed the death squads in Baghdad free run.

U.S. forces have twice openly confronted Shiite militias, once in combat and again with a network of roadblocks set up to look for a kidnapped Iraqi-American soldier. Both times they were ordered to stand down by Maliki, himself a Shiite.

The government

The purpose behind a troop surge in Baghdad presumably would be to provide Iraq's besieged government some breathing room to make difficult decisions.

This was tried two years ago.

A U.S. troop surge to 159,000 for Iraq's historic first elections in January 2005 had a temporary calming effect. But the new government's failure to get moving politically gave the insurgency an opening that led to a three-month spike in violence.

It raises the question: What would be the plan for U.S. troops now if the government remains paralyzed as it has been for months?

Or worse, the government crumbles as it nearly did recently when a block of Shiite lawmakers walked out in protest of a meeting between al-Maliki and Bush.

Bush has promised only that any new mission will be "clear and specific and can be accomplished."

Bush Eyes A Troop Surge (NSDY)

By Craig Gordon,

Long Island Newsday, January 7, 2007

DOJ_NMG_0113527

But Bush is expected to announce a troop "surge" as early as Wednesday, even though some military experts and politicians from both parties say the results could be disastrous: a higher U.S. body count, call-ups of overstretched reserve units, and an American military pushed to the breaking point.

Plus, many fear, it probably won't work.

There is little reason to think a relative handful of troops could do what 140,000 U.S. troops have failed to achieve so far, especially in Baghdad, where 2006 was the deadliest year on record despite two previous military surges, these experts say.

"Breathing space"

Adding 20,000 more troops "is not a change in strategy. If Bush thinks that's a change, shame on him," said retired Army Col. Robert Killebrew, a respected former military planner. "It doesn't change the thrust of the war."

An administration source yesterday said the surge was a way to create "breathing space" for Iraqi security forces to grow strong enough to protect against sectarian and insurgent attacks, which U.S. officials had hoped they would start doing by now.

Instead, the plan would have U.S. forces move into Iraqi neighborhoods and protect the locals, the source said. That's dangerous duty that would put the troops in the line of fire and, critics say, merely continue Iraqi dependence on U.S. help.

In many ways, a surge would amount to a repudiation of the administration's current strategy, which has focused heavily on reducing U.S. presence in Iraq by pulling back from the fight and turning over more and more security duties to Iraqi forces.

Bush also has signaled that he will offer a massive economic and reconstruction aid package for Iraq, and propose an increase in funds that commanders on the ground can use for small local projects to build goodwill.

Even supporters of the plan paint it as essentially Bush's last stand: one final, high-stakes bid to salvage something approaching victory.

Now those supporters, including presidential hopeful Sen. John McCain (R-Ariz.), fear Bush will back down in the face of opposition from Democratic leaders and some Republicans -- sending too few troops for too short a time to do any good.

"It has to be significant and sustained. Otherwise, do not do it," McCain said Friday. "Otherwise, there will be more needless loss of American lives."

How much is enough?

McCain and other supporters suggest that 20,000 to 30,000 troops are the minimum needed, and that they should stay 18 months to two years, a dramatic reversal of proposals last year that would have had troops coming home, not going in.

But supporters of a surge fear that Bush may consider as few as 10,000 troops for as little as six months, a more politically palatable approach.

The White House has been tight-lipped about Bush's thinking, but defense sources say he ultimately could tap as many as five brigades to reach a 20,000-troop increase. Another plan under consideration calls for an initial push of two or three Army brigades into Baghdad, around 10,000 troops, and two Marine battalions into the Sunni insurgent hotbed in Anbar province, about 1,500 troops, defense officials said.

Any surge would be accomplished by speeding up the arrival of Army brigades, extending their tours from 12 months to 15 months, and lengthening the tours of Marine units already in Iraq from seven months to 10 or 12 months, sources said.

But any such plan is full of potential pitfalls, experts say -- mainly, the Pentagon's difficulty sustaining any troop increase into late 2007 and 2008. Already some Army units alternate between one year in Iraq and a little more than a year at home -- not the two years between tours the Pentagon once promised.

"The issue isn't whether you can scare up 20,000 troops. The issue is, for how long?" said Loren Thompson, a military analyst with the conservative Lexington Institute think tank. "You just reach a point where the force barely can go home."

"No guarantee for success"

In a meeting with senators Friday, Bush pledged that any U.S. increase in Iraq would happen only if the Iraqi government stepped up its own efforts to rein in violence -- but the Iraqis have repeatedly failed to do their part.

During the most recent military push in Baghdad -- a plan Bush himself once heralded as a key step to improving security -- Prime Minister Nouri al-Maliki's government provided only one-third of the troops it had promised, said one source familiar with the operation. This time, al-Maliki is pledging to send three Iraqi brigades to supplement additional U.S. forces.

Top Democratic leaders Friday urged Bush to abandon the notion of a surge. Even McCain, whose support for the idea seems like political poison for a man who wants to be president, is clear that it might not work.

A surge "will mean more casualties and extra hardships for our brave fighting men and women, and the violence may get worse before it gets better," McCain said. "We have to be prepared for this. ... Even if we send additional troops to Iraq in large numbers for a sustained period, there is no guarantee for success in Iraq."

Iraq Will Be Petraeus's Knot To Untie (WP)

By Rick Atkinson, Washington Post Staff Writer

DOJ_NMG_0113528

The Washington Post, January 7, 2007

General Known to See Peace as Still Possible

Lt. Gen. David H. Petraeus, who is President Bush's choice to become the top U.S. military commander in Iraq, posed a riddle during the initial march to Baghdad four years ago that now becomes his own conundrum to solve: "Tell me how this ends."

That query, uttered repeatedly to a reporter then embedded in Petraeus's 101st Airborne Division, revealed a flinty skepticism about prospects in Iraq -- and the man now asked to forestall a military debacle.

Long recognized as one of the Army's premier intellectuals, with a PhD from Princeton to complement his West Point education, Petraeus, 54, will inherit one of the toughest assignments handed any senior officer since the Vietnam War. He takes command of 132,000 U.S. troops in a country shattered by insurgency and sectarian bloodletting, with a home front that is divided and disheartened after 3,000 American combat deaths. If his riddle of 2003 remains apt, so does the headline on a Newsweek cover story about Petraeus in July 2004: "Can This Man Save Iraq?"

Skepticism is rife, inside and outside the Army. "Petraeus is being given a losing hand. I say that reluctantly. The war is unmistakably going in the wrong direction," retired Army Gen. Barry R. McCaffrey said in an interview yesterday. "The only good news in all this is that Petraeus is so incredibly intelligent and creative. . . . I'm sure he'll say to himself, 'I'm not going to be the last soldier off the roof of the embassy in the Green Zone.' "

Petraeus, if controversial among some peers who deem him arrogant or excessively ambitious, is seen by many others as perhaps the last, best hope for success in Iraq. "If anyone can pick up the baton and run with it, it is David Petraeus," said retired Gen. Gordon R. Sullivan, a former Army chief of staff.

After spending 2 1/2 of the past four years in Iraq, as a division commander and then as the officer overseeing the initial reconstruction of Iraqi security forces, Petraeus is known to believe that a stable, pacified Iraq is still possible -- if not probable -- but not without dramatically improved security. Having also served in Bosnia after the catastrophic civil war there, he has told friends that he sees troubling parallels between that country and Iraq. Two months ago, he said, "I actually stay awake occasionally at night trying to figure out the path ahead."

Upon Senate confirmation and the receipt of his fourth star, making him a full general, he is expected to spend some weeks assessing conditions in Iraq and drafting a strategic plan that goes beyond the current debate over whether to increase U.S. troop levels by up to five brigades, roughly 20,000 troops. That "surge" is consistent with the military's new counterinsurgency manual, much of which Petraeus wrote, which stresses protecting the indigenous population and imposing security as a condition for stability.

One of Petraeus's longtime Army patrons, now-retired Gen. Jack Keane, has advocated an even larger deployment this spring. But many strategists say such an increase is pointless without a sweeping economic reconstruction program and a robust rearmament of the Iraqi army with artillery, attack helicopters and other heavy weapons.

Many also say the additional forces to be used in any troop increase are already badly worn down by the military's intense operational tempo since the first deployments to Afghanistan in 2001. The new Democratic leadership in Congress on Friday pointedly rejected even a short-term escalation in U.S. forces in Iraq.

These problems and more confront Petraeus, who has told friends that he has no illusions about the complexity of the job at hand. Unaccustomed to failure, he is, in the words of one former aide, "the most competitive man on the planet." The son of a Dutch sea captain who took refuge in New York during World War II, Petraeus grew up in Cornwall on Hudson, a few miles outside the gates of the U.S. Military Academy, which he entered as a new cadet in July 1970.

"A striver to the max, Dave was always 'going for it' in sports, academics, leadership, and even his social life," the West Point yearbook noted in 1974. A month after graduation, he married Holly Knowlton, the daughter of the academy superintendent. They have two grown children.

As a young lieutenant, Petraeus entered an Army battered by defeat in Vietnam and badly frayed by drugs, lack of discipline and the American public's diminished esteem for the military. Accolades and achievements followed as he moved from post to post. Petraeus received all three prizes awarded in his class at Ranger School, perhaps the Army's toughest physical and psychological challenge, and he later won the George C. Marshall award as the top graduate in the Army Command and General Staff College class of 1983.

As he rose through the ranks, Petraeus alternated command and staff assignments with duty as an aide to several of the Army's most prominent four-star generals, a pattern that caused one envious peer to call him a "professional son." At Princeton University, Petraeus's dissertation, "The American Military and the Lessons of Vietnam," examined the caution that seized the high command after the war.

His intensity, cutting intellect and competitiveness have rubbed some officers the wrong way. Muttered jibes about "King David" have been heard around his command post. He remains obsessive about what he calls "the P.T. culture" -- physical

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training -- and has been known to challenge soldiers half his age to various athletic competitions. "If anyone beats him in the shorter runs, four miles or so, he takes them out for 10 miles and smokes them," a staff officer observed several years ago. At 5-foot-9 and 155 pounds, Petraeus evokes George Bernard Shaw's description of the British general Bernard L. Montgomery: "an intensely compacted hank of wire."

Twice, accidents almost ended his career, or even his life. In 1991, as a battalion commander at Fort Campbell, Ky., he was shot in the chest with an M-16 rifle when a soldier tripped during a training exercise. Rushed into surgery at Vanderbilt University Medical Center in Nashville, he underwent five hours of surgery by Bill Frist, who a decade later became Senate majority leader. While skydiving in 2000, Petraeus survived the abrupt collapse of his parachute 60 feet up. His shattered pelvis was reassembled with a plate and long screws.

As commander of the 101st Airborne, Petraeus saw combat for the first time during the division's drive up the Euphrates Valley, with sharp firefights in Najaf, Karbala and Hilla. But it was during the division's subsequent occupation of Mosul and northern Iraq that he won widespread acclaim by resurrecting the local economy, restoring services and preserving order with strategic force, which included killing Saddam Hussein's two sons. Posters in the division bivouacs read: "What have you done to win Iraqi hearts and minds today?"

More than 60 soldiers from the 101st died during the deployment, and upon bringing the division back to Kentucky in February 2004, Petraeus remarked, "It's been a long, tough year, and I am older in more ways than just age."

His subsequent service as commander of the Multi-National Security Transition Command, responsible for training Iraqi security forces, was another long, tough year -- that stretched to 15 months. Tens of thousands of Iraqi soldiers and police were trained, with concomitant efforts to supply infrastructure, equipment and procedures. But the project at best remains an imperiled work in progress, with alarming signs of sectarian fractures spreading through the Iraqi security institutions that Petraeus is known to consider as crucial to restoring stability there as any additional coalition forces could be.

Both long stints in Iraq have given Petraeus an intimate knowledge of the country's ethnic fractures and the limits of American influence. "A certain degree of intellectual humility is a good thing," he once told a reporter. "There aren't always a hell of a lot of absolutely right answers out there."

His cordial relations with the media, and the Newsweek cover story that depicted him as a potential savior for the Bush administration, rankled some of his superiors in the Pentagon, according to two now-retired senior generals. When Petraeus was sent to command the U.S. Army Combined Arms Center at Fort Leavenworth, Kan., in 2005, some of his peers wondered whether his career was in eclipse.

In asking that nettlesome question four years ago -- "Tell me how this ends" -- Petraeus alluded to the advice supposedly given President Dwight D. Eisenhower in the mid-1950s when he asked what it would take for the U.S. military to save the beleaguered French colonial empire in war-torn Vietnam: "Eight years and eight divisions."

With only ten divisions now in the U.S. Army, and the American public's patience ebbing, Petraeus recently acknowledged that such a prescription is not likely to be any more acceptable today than it was in the 1950s.

Conrad C. Crane, a West Point classmate of Petraeus's who last year helped him write the new counterinsurgency manual, said: "There have been situations in our history where American generals were given tough problems to resolve, like Lincoln grabbing U.S. Grant in 1864. Those situations have all demanded steadfastness, fortitude, initiative and creativity. It will take all those traits in Baghdad.

"We've got a big problem," Crane added. "He's the right guy to fix it. If anybody can fix this, he can."

A Change Of Course: Pelosi And New Democratic Congress May Face Crucial Test Over Iraq (SFC)

By Marc Sandalow

San Francisco Chronicle, January 7, 2007

Washington -- President Bush and the new Congress are on a collision course over Iraq that could overshadow the Democrats' "100-hour agenda" and end up defining Rep. Nancy Pelosi's tenure as House speaker.

Even as the House takes steps this week to raise the minimum wage, expand stem cell research, strengthen homeland security and lower prescription drug prices -- an ambitious lineup -- much of the nation's focus will be on Bush, who is expected to deliver a major address to outline the future of American involvement in Iraq.

If the president, as expected, announces his intention to deploy as many as 20,000 additional U.S. troops in Iraq, he may encounter widespread political and public defiance.

It will quickly test the new Democratic majority's capacity to stand up to the commander in chief in a time of war, and the ability of the legislative branch to seize control of the White House's controversial foreign policy.

"This war needs to come to an end. It is my highest priority as speaker," Pelosi said Friday after less than 24 hours on the job. "The president is going to have to step back. Up until now, his judgment has been severely impaired on this war in Iraq."

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But the issue has been vexing to Congress, which has limited foreign policy options and has traditionally played a secondary role to the president. And Democrats are far more united in opposing Bush's war policy than in coalescing around an alternative.

It is with good reason that Iraq is not on Pelosi's 100-hour agenda -- legislation that she intends to have the House pass before the president delivers his State of the Union address later this month. Democrats are nearly unanimous in their support of the mostly domestic agenda, but they do not share a consensus on what to do next in Iraq, beyond a broad sense that the United States must begin to scale back.

"Democrats as a caucus have much more consensus around these economic issues," said Roger Hickey, co-director of the Campaign for America's Future, a liberal advocacy group, during an interview on the public radio program "Democracy Now."

Bush has been inviting lawmakers from both parties to the White House to discuss the future in Iraq. None has emerged with the impression that scaling back U.S. involvement is a leading option for the president. As Bush rattled off areas of potential agreement and bipartisan promise during his Saturday radio address, he did not mention Iraq.

Opposition to the war and Bush's approach in Iraq appeared to play a significant role in the Democrats' electoral success in November. Pelosi, as she assumed the speakership Thursday, declared that "nowhere were the American people more clear about the need for a new direction than in Iraq."

Sitting down with a small group of San Francisco journalists in her new office Friday, Pelosi bristled when a reporter said he wanted to change the subject from war to ethics.

"Wait a minute," Pelosi interrupted. "I believe the biggest ethical issue in this country is the war in Iraq. How we went there; how we put our troops out there without the equipment they needed; how, when they have given their all -- and they did their job very well -- they were abandoned in terms of political and diplomatic initiatives that are necessary to accompany a military effort."

As Pelosi's No. 1 priority, a change in the course of the war would be trumpeted as a great accomplishment. And while failure in Iraq might be blamed primarily on Bush and impair the GOP's ability to hold onto the White House in the 2008 election, it would also raise questions about whether Democrats were able to keep their pledge to usher in a new direction.

"The people have spoken. They expect change," said Rep. Barbara Lee, D-Oakland, one of the founders of the Out of Iraq caucus in the House.

For now, Democrats are counting on growing public opposition and congressional oversight to force that change.

Pelosi has held open the possibility of attaching conditions to the Pentagon's appropriation bill, which the House expects to receive in the next few weeks. And Democrats have scheduled at least five hearings on Iraq this week, three in the Senate and two in the House.

"Making policy openly, with transparency and accountability, will help," said Rep. Henry Waxman, D-Los Angeles, whose committee on government reform is expected to scrutinize Iraq contracts received by Halliburton and other private companies.

"They haven't been answering the tough questions," Waxman said, noting that Rep. Ike Skelton, the Missouri Democrat and new chairman of the House Armed Services Committee, never received a reply when he sent the White House a letter shortly after the start of the war asking about follow-through plans.

"Now you can be certain he will get an answer," Waxman said.

But Pelosi has ruled out using what many believe is the legislative branch's most potent weapon -- its ability to cut off the funds with which the Pentagon wages war. Congress took such an approach at the very end of the Vietnam War, though the United States had already committed to leaving.

A growing number of peace organizations, and a few members of Congress, have been promoting such a direction as the only way to force Bush to change course.

Pelosi said to cut the money supply could be dangerous to American troops in that the Pentagon could continue to wage war without the proper equipment.

"You have to face the ramifications of your decision. You can't just say, 'OK, let's cut if off, but I don't mean to hurt the troops,' " Pelosi said.

Bush has shown little sign that the November election will change his thinking on the almost 4-year-old war.

"I don't know if (voters) said, 'Come home and leave behind an Iraq that could end up being a safe haven for al Qaeda.' I don't believe they said that," the president said in a news conference the day after the vote.

In the buildup to Bush's speech -- which may come Wednesday, although a time and a place have yet to be announced -- White House press secretary Tony Snow has avoided answering questions about how the president could escalate a war after what appeared to be a rejection of his policy. Polls show about 3 of 4 Americans oppose the president's efforts in Iraq and fewer than 1 in 5 support a surge of troops.

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"What you're doing is, you're asking me, 'Is the president concerned about the public-opinion ramifications of a policy that he may or may not have chosen?' When the president chooses a policy, we can do the public polling questions. I think at this point it's preliminary," Snow said Friday.

But most observers foresee an intensified struggle between Bush and Congress.

"We can see a major clash coming between a Democratic Congress and the administration on this very, very fundamental issue," said Bruce Riedel, a former member of Bush's National Security Council and now a fellow at the Brookings Institution. "Not only do most Democrats on the Hill oppose the surge or have serious doubts about it, but more and more Republicans have doubts about the wisdom of the surge."

Even as the Democrats schedule votes on domestic issues for the rest of the month, Pelosi believes the new congressional scrutiny on Bush's Iraq policy will pressure lawmakers of both parties to join her demand for change.

"The opposition to the war and the call for change is coming from the American people," the speaker said.

"Nothing is more eloquent to a member of Congress than the voice of his or her constituents."

Sen. Lieberman Goes His Independent Way (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, January 7, 2007

He Calls for "Substantial" Troop Increase in Iraq

Standing under the grand dome of the Library of Congress on Friday, the three top Senate Democrats bitterly condemned sending more U.S. troops to Iraq, as President Bush is now considering.

"A bad idea," said Majority Leader Harry M. Reid (Nev.).

"A huge mistake," warned Majority Whip Richard J. Durbin (Ill.).

"Makes no sense whatsoever," fumed Sen. Charles E. Schumer (N.Y.).

Across town an hour earlier, at the conservative American Enterprise Institute, Connecticut Sen. Joseph I. Lieberman shared his own thoughts on Bush's plan. "We need an increase in troops there now," he asserted before an audience of military experts and academics. "It must be substantial, and it must be sustained."

Lieberman was sworn in last week as the chamber's one and only "independent Democrat," with the emphasis on "independent." On most issues, including big domestic priorities, he expects to vote as he has for the past 18 years, as a loyal Democrat. But on Iraq, Lieberman is more in sync with Bush than are many Republicans. He is a passionate defender of the war as a death struggle against Islamic terrorism.

The November election swept Republicans out of power in Congress and signaled that voters are deeply unhappy about the course of the Iraq war. The asterisk is Lieberman, who won a fourth term in an antiwar state with strong support from Republican and unaffiliated voters.

That has given Lieberman a mandate to be the man in the middle, an essential player to both parties while beholden to neither. Lately he has dropped the "Democrat" half of his affiliation, describing himself at the Friday event merely as an independent. He even holds out the possibility that he would back a supporter of the Iraq war, Sen. John McCain (R-Ariz.), in the 2008 presidential race -- although his Connecticut colleague, Sen. Christopher J. Dodd (D), also may be running.

"I've had a very political two years, so I'm staying out of it for now," Lieberman demurred after his AEI address. "But you know, I'm independent, and I'm just going to watch it develop for a while. I'm going to support who's best for the country. But I wouldn't exclude the possibility" of endorsing McCain.

Bush is considering a temporary increase in U.S. force levels as he prepares to deliver a major speech on Iraq policy this week. Reid and House Speaker Nancy Pelosi (D-Calif.) told the president in a letter Friday that they oppose the idea.

"There is no military solution in Iraq, only a political solution," Reid said. "Adding more combat troops to this civil war undermines our efforts to get the Iraqis to take responsibility for the future."

Lieberman got a hearty laugh at the AEI event when asked to comment on the Reid-Pelosi letter. "Speaking as an independent," he said with a smile, "needless to say, I respectfully disagree."

For Lieberman and McCain, the big worry is that Bush will order too small a troop increase to make a difference. "Unless you believe all is lost, we've got to do everything we can to win," Lieberman said.

Upon hearing of his colleague's comments, Durbin sighed and shook his head. "Joe Lieberman said that?" he asked.

Democrats grumble off the record that Lieberman is muddying an increasingly unified Democratic message on Iraq, but their public comments are cautious and generally complimentary. They pretended not to notice his brief appearance at the Library of Congress retreat, which overlapped with the AEI forum.

"It's important to hear a lot of views, which is quite different from what happens in the White House," Schumer said. Or, as Reid put it: "Joe Lieberman could so easily be with us, but he doesn't want to be. I respect that. He's a good man."

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On Dec. 29, during a quiet holiday week in Washington, Lieberman published an opinion piece in The Washington Post headlined, "Why We Need More Troops in Iraq." It recalled an earlier Lieberman op-ed, published in the Wall Street Journal on Nov. 29, 2005, headlined, "Our Troops Must Stay." That piece, which undercut a growing Democratic call for a withdrawal from Iraq, spurred antiwar candidate Ned Lamont to challenge Lieberman in last summer's Democratic primary. Lamont, a Greenwich millionaire and political neophyte, wound up winning the primary.

Lieberman's opposition to an Iraq withdrawal was not a radical position. It followed mainstream Republican thinking, and some Democrats shared the view. Sending more troops to Iraq is proving far more controversial. Two GOP senators who face potentially tough 2008 reelections, Norm Coleman of Minnesota and Susan Collins of Maine, have already said they oppose it. Other Republicans have expressed strong reservations.

One Lieberman trait that particularly rankles Democrats is his abiding loyalty to Bush. A few days after the Wall Street Journal published the senator's op-ed piece, Lieberman lectured at a foreign policy conference. "It is time for Democrats who distrust President Bush to acknowledge that he will be commander in chief for three more critical years," he said, "and that in matters of war we undermine presidential credibility at our nation's peril."

The senator was a bit more measured Friday, but his point was clear.

"The president of the United States gets this," Lieberman said. "I think he sees the moment that we are at in the larger war on terrorism and the significance of how we conclude the war in Iraq, how devastating it would be to the Iraqis, to the Middle East, to America if we simply withdrew. He needs our support."

A "Surge" In Iraq? (WP)

The Washington Post, January 7, 2007

A troop increase that few in the Pentagon, Congress or the Iraqi government really want

PRESIDENT BUSH is widely expected to unveil a new strategy for Iraq this week that will include a substantial increase in U.S. troops. If he does, he will face a formidable task in convincing Congress and the public that such a "surge" makes sense. It's well known that many senior American generals, including the outgoing commanders of American forces in Iraq and the Middle East, have resisted a troop increase. The Iraqi government of Nouri al-Maliki appears, at best, lukewarm. Mr. Maliki's own plan, like that of the Iraq Study Group, calls for Iraqi forces to take over most of the fighting in the coming months. A majority of the new Congress, and most Americans, favor a winding down of the U.S. troop commitment, not an escalation.

Mr. Bush's first challenge if he proposes a surge will consequently be to convince the country that the fresh troops would have a vital and achievable mission. Those who have been arguing for the move -- notably, Sens. John McCain (R-Ariz.) and Joseph I. Lieberman (I-Conn.) -- say the purpose would be to pacify those sectors of Baghdad where sectarian fighting has been most intense. They argue that the main U.S. goal in Iraq, which is to forge a stable and sustainable government, can't be achieved unless there is a minimal level of security in the capital. The Iraqi army isn't yet able to impose order, they say; if the United States doesn't do it, the sectarian warfare will continue to escalate. Without a surge, Mr. McCain and Mr. Lieberman warn, the war will be lost.

This is a serious argument, and the two senators have been principled and even courageous in making it. But several questions give us pause. One is whether the administration and the Army will have the political and logistical capacity to carry out the sort of surge that the senators, and experts at the conservative American Enterprise Institute who support them, say is necessary: Total U.S. forces in Iraq would grow from fewer than 140,000 to as many as 175,000 and remain at that level indefinitely. Such a deployment would place severe new strains on the Army and probably require the alteration of Pentagon rules limiting the deployments of reservists. Some reports have said the administration is considering a more modest increase, both in numbers and in length of deployment. Mr. McCain says that would doom the strategy to failure.

There's no guarantee that the new American forces could stop the mayhem in Baghdad. But let's assume violence did plummet: The logic of the surge assumes that while U.S. soldiers ensured security, Iraq's Sunni, Shiite and Kurdish factions could be pressured into political accord. Yet given their recent behavior, it's hard to believe that the political leadership of any of Iraq's main factions is ready for compromise -- or will be during the limited window created by the surge. While Mr. Maliki occasionally speaks of accord, his government has pursued a sectarian agenda. If U.S. troops pacify Baghdad, Shiite politicians in the government may feel less rather than more pressure to compromise.

The constructive alternative to a surge is not the abandonment of Iraq. Instead, it is the fashioning of a strategy that positions the United States to support the country's moderate forces over the long term -- not just 18 months but the years that may pass before the country can be stabilized. That means a smaller and sustainable military force that can focus on training and backing up the Iraqi army and fighting al-Qaeda, and an aid program that supports the elected government while seeking to marginalize its extremist elements.

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The Iraq Study Group, the Maliki government and outgoing U.S. military commanders seemed to converge on this approach. Should he embrace it, President Bush would have a good chance of achieving a broad consensus on Iraq policy, something that is desperately needed if U.S. involvement -- and the painful loss of American lives -- is going to continue. If he chooses escalation, Mr. Bush will have to work a lot harder than he has before to explain the mission that justifies the risk and to build support in Congress and with the public.

The Timely Death Of Gerald Ford (NYT)

By Frank Rich

The New York Times, January 7, 2007

THE very strange and very long Gerald Ford funeral marathon was about many things, but Gerald Ford wasn't always paramount among them.

Forty percent of today's American population was not alive during the Ford presidency. The remaining 60 percent probably spent less time recollecting his unelected 29-month term than they did James Brown's "Papa's Got a Brand New Bag." Despite the lachrymose logorrhea of television anchors and the somber musical fanfares, the country was less likely to be found in deep mourning than in deep football. It's a safe bet that the Ford funeral attracted far fewer viewers than the most consequential death video of the New Year's weekend, the lynching of Saddam Hussein. But those two deaths were inextricably related: it was in tandem that they created a funereal mood that left us mourning for our own historical moment more than for Mr. Ford.

What the Ford obsequies were most about was the Beltway establishment's grim verdict on George W. Bush and his war in Iraq. Every Ford attribute, big and small, was trotted out by Washington eulogists with a wink, as an implicit rebuke of the White House's current occupant. Mr. Ford was a healer, not a partisan divider. He was an all-American football star, not a cheerleader. He didn't fritter away time on pranks at his college fraternity, Delta Kappa Epsilon, because he had to work his way through school as a dishwasher. He was in the top third of his class at Yale Law. He fought his way into dangerous combat service during World War II rather than accept his cushy original posting. He was pals with reporters and Democrats. He encouraged dissent in his inner circle. He had no enemies, no ego, no agenda, no ideology, no concern for his image. He described himself as "a Ford, not a Lincoln," rather than likening himself to, say, Truman.

Under the guise of not speaking ill of a dead president, the bevy of bloviators so relentlessly trashed the living incumbent that it bordered on farce. No wonder President Bush, who once hustled from Crawford to Washington to sign a bill interfering in Terri Schiavo's medical treatment, remained at his ranch last weekend rather than join Betty Ford and Dick Cheney for the state ceremony in the Capitol rotunda.

Yet for all the media acreage bestowed on the funeral, the day in Mr. Ford's presidency that most stalks Mr. Bush was given surprisingly short shrift — perhaps because it was the most painful. That day was not Sept. 8, 1974, when Mr. Ford pardoned his predecessor, but April 30, 1975, when the last American helicopters hightailed it out of Saigon, ending our involvement in a catastrophic war. Mr. Ford had been a consistent Vietnam hawk, but upon inheriting the final throes of the fiasco, he recognized reality when he saw it.

Just how much so can be found in a prescient speech that Mr. Ford gave a week before our clamorous Saigon exit. (And a speech prescient on other fronts, too: he called making "America independent of foreign energy sources by 1985" an urgent priority.) Speaking at Tulane University, Mr. Ford said, "America can regain the sense of pride that existed before Vietnam" but not "by refighting a war that is finished as far as America is concerned." He added: "We, of course, are saddened indeed by the events in Indochina. But these events, tragic as they are, portend neither the end of the world nor of America's leadership in the world."

All of this proved correct, and though Mr. Ford made a doomed last-ditch effort to secure more financial aid for Saigon, he could and did do nothing to stop the inevitable. He knew it was way too late to make the symbolic gesture of trying to toss fresh American troops on the pyre. "We can and we should help others to help themselves," he said in New Orleans. "But the fate of responsible men and women everywhere, in the final decision, rests in their own hands, not in ours."

Though Mr. Ford was hardly the unalloyed saint of last week's pageantry, his words and actions in 1975 should weigh heavily upon us even as our current president remains oblivious. As Mr. Ford's presidential history is hard to separate from the Bush inversion of it, so it is difficult to separate that indelible melee in Saigon from the Hussein video. Both are terrifying, and for the same reason.

The awful power of the Hussein snuff film derives not just from its illustration of the barbarity of capital punishment, even in a case where the condemned is a mass murderer undeserving of pity. What really makes the video terrifying is its glimpse into the abyss of an irreversible and lethal breakdown in civic order. It sends the same message as those images of helicopters fleeing our embassy in April 1975: Iraq, like Vietnam before it, is in chaos, beyond the control of our government or the regime

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we're desperately trying to prop up. The security apparatus of Iraq's "unity government" was powerless to prevent the video, let alone the chaos, and can't even get its story straight about what happened and why.

Actually, it's even worse than that. Perhaps the video's most chilling notes are the chants of "Moktada! Moktada! Moktada!" They are further confirmation, as if any were needed, that our principal achievement in Iraq over four years has been to empower a jihadist mini-Saddam in place of the secular original. The radical cleric Moktada al-Sadr, an ally of Hezbollah and Hamas, is a thug responsible for the deaths of untold Iraqis and Americans alike. It was his forces, to take just one representative example, that killed Cindy Sheehan's son, among many others, in one of two Shiite uprisings in 2004.

The day after Casey Sheehan's slaughter, Dan Senor, the spokesman for the American occupation, presided over a Green Zone news conference promising Mr. Sadr's woefully belated arrest on a months-old warrant for his likely role in the earlier assassination of Abdel Majid al-Khoei, a rival Shiite who had fiercely opposed Saddam. Today Mr. Sadr and his forces control 30 seats in the Iraqi Parliament, four government ministries, and death squads (a k a militias) more powerful than the nominal Iraqi army. He is the puppetmaster who really controls Nuri al-Maliki — the Iraqi prime minister embraced by Mr. Bush — even to the point of inducing Mr. Maliki to shut down a search for an American soldier kidnapped at gunpoint in Sadr City in the fall. (And, you might ask, whatever happened to Mr. Senor? He's a Fox News talking head calling for a "surge" of American troops to clean up the botch he and his cohort left behind.) Only Joseph Heller could find the gallows humor in a moral disaster of these proportions.

It's against the backdrop of both the Hussein video and the Ford presidency that we must examine the prospect of that much-previewed "surge" in Iraq — a surge, by the way, that the press should start calling by its rightful name, escalation. As Mr. Ford had it, America cannot regain its pride by refighting a war that is finished as far as America is concerned and, for that matter, as far as Iraq is concerned. By large margins, the citizens of both countries want us not to escalate but to start disengaging. So do America's top military commanders, who are now being cast aside just as Gen. Eric Shinseki was when he dared assert before the invasion that securing Iraq would require several hundred thousand troops.

It would still take that many troops, not the 20,000 we might scrape together now. Last month the Army and Marines issued an updated field manual on counterinsurgency (PDF) supervised by none other than Lt. Gen. David Petraeus, the next top American military commander in Iraq. It endorsed the formula that "20 counterinsurgents per 1,000 residents" is "the minimum troop density required." By that yardstick, it would take the addition of 100,000-plus troops to secure Baghdad alone.

The "surge," then, is a sham. It is not meant to achieve that undefined "victory" Mr. Bush keeps talking about but to serve his own political spin. His real mission is to float the "we're not winning, we're not losing" status quo until Jan. 20, 2009. After that, as Joseph Biden put it last week, a new president will "be the guy landing helicopters inside the Green Zone, taking people off the roof." This is nothing but a replay of the cynical Nixon-Kissinger "decent interval" exit strategy concocted to pass the political buck (to Mr. Ford, as it happened) on Vietnam.

As the White House tries to sell this flimflam, picture fresh American troops being tossed into Baghdad's caldron to work alongside the Maliki-Sadr Shiite lynch mob that presided over the Saddam hanging. Contemplate as well Gerald Ford's most famous words, spoken as he assumed the presidency after the Nixon resignation: "Our Constitution works; our great republic is a government of laws and not of men. Here the people rule."

This time the people do not rule. Two months after Americans spoke decisively on Election Day, the president is determined to overrule them. Our long national nightmare in Iraq, far from being over, is about to get a second wind.

Making The Surge Work (NYT)

By David Brooks

The New York Times, January 7, 2007

Picture the person you love most in the world. Now imagine that person shredded by a bomb or dropped off one morning in the gutter with holes drilled through the back of the head. Imagine your lifelong rage, and the terror of not knowing who will die next. Now imagine this has happened to someone in nearly every family on your block, and on the next block, and in the whole town.

This is Iraqi society.

And yet Gen. George Casey and Gen. John Abizaid wanted to put the burden of nation-building on the victims and initiators of this maelstrom. U.S. war strategy for the past three years has been to lighten the American footprint in Iraq and compel Iraqis to undertake the policing tasks we ourselves couldn't accomplish.

Over this time a chorus has arisen to oppose this strategy. The members of this chorus — John McCain, The Weekly Standard, whispering dissenters in the middling rankings of the military — argue that it's simply unrealistic to expect human beings in these circumstances to become impartial nation-builders. These dissenters have argued, since the summer of 2003, that the U.S. must commit more troops to establish security before anything else becomes possible.

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For over three years, President Bush sided with the light-footprint school. He did so for personal reasons, not military ones. Casey and Abizaid are impressive men, and Bush deferred to their judgment.

But sometimes good men make bad choices, and it is now clear that the light-footprint approach has been a disaster. If the U.S. had committed more troops and established security back in 2003, when, as Fareed Zakaria of Newsweek recently reminded us, the Coalition Provisional Authority had 70 percent approval ratings, history would be different.

It is now 2007, and President Bush has finally replaced Donald Rumsfeld, Casey and Abizaid. The question now is whether the policy that should have been implemented in 2003 can still be implemented four years on — after so many thousands have died.

Many in and out of the administration think so, hence all the talk about a surge — putting 20,000 more troops into Baghdad, finally occupying the dangerous neighborhoods, finally starting a jobs program, finally forcing national reconciliation.

Unfortunately, if the goal is to create a stable, unified Iraq, the surge is a good policy three years too late. For that surge to succeed now, it would have to accomplish the following tasks: compel the Maliki government to deliver public services in a nonsectarian way; convert the Shiite theocrats who now dominate the Iraqi government into ecumenical multiculturalists; persuade the rabid Sunni leaders to accept a dependent role in the new Iraq; induce the traumatized Iraqi people to hang together as the blood flows; sustain, over 18 months, American political support for an arduous policy that begins with a 17 percent approval rating.

The odds that the surge can accomplish these tasks are vanishingly small. The tragic truth is that the social context for this military strategy has changed since 2003.

But another surge may be realistic. This surge would begin by giving up the dream of national reconciliation and acknowledging that Iraq is in the process of dividing itself.

As the best reporting from Baghdad makes clear, today's Iraqi leaders have little interest in healing the Sunni-Shiite divide. People are retreating to their sectarian homelands by the tens of thousands. In an ever-radicalizing climate, the Sadrs are supplanting the Sistanis, and genocidal Sunni leaders are replacing the merely racist ones.

Perhaps, in other words, it's time to merge the military Plan B — the surge — with a political Plan B — flexible decentralization. That would mean using adequate force levels (finally!) to help those who are returning to sectarian homelands. It would mean erecting buffers between populations where possible and establishing order in areas that remain mixed. It would mean finding decentralized governing structures that reflect the social and psychological facts on the ground.

The record shows that in sufficient numbers and with sufficient staying power, U.S. troops can suppress violence. Perhaps more U.S. troops can create a climate in which decentralized arrangements can evolve.

We can't turn back time. But if the disintegration of Iraqi society would be a political and humanitarian disaster, perhaps we should finally commit military resources, and create a political strategy, commensurate with the task of salvaging something.

Clarity On Iraq, And Beyond (WP)

By Jim Hoagland

The Washington Post, January 7, 2007

President Bush's choices on Iraq come down to two: clarity, or continued confusion of goals, methods and priorities. His impending address to the nation will reveal which choice he has made. It will also mold his foreign policy agenda for the gathering twilight of his presidency.

Bush will signal whether Iraq will remain the center of his grand designs for the Middle East or will recede to being one more troublesome conflict in a zone of deadly turbulence and trade-offs. Events, and one key aide, point Bush toward the latter course, with its promise of salvaging his legacy elsewhere.

The aide is Condoleezza Rice, who has developed a personal exit strategy for Iraq. She is tossing that reputation-damaging hot potato to John Negroponte, a former ambassador to Baghdad who is resigning as director of national intelligence to become Rice's deputy at the State Department.

His arrival will allow Rice to continue her minimalist personal engagement with Iraq. She will focus her considerable management skills instead on the Israeli-Palestinian conflict. A day or so after the president's midweek speech, she will embark on a high-profile Middle Eastern trip dedicated to reviving the two-state solution Bush has endorsed.

Negroponte's move -- which may enhance the influence of new Defense Secretary Robert Gates, given his own intelligence background -- is a key element in the changes of military commanders and diplomats that have been unveiled to frame Bush's speech. But the president must not confuse the administration's organization chart with a blueprint for a way out of Iraq. Only clarity of purpose will lead to that outcome.

Here is a four-point program that Bush could adopt to clarify and bolster U.S. purposes, especially if he is going to "surge" more troops into the Iraq theater, as is widely anticipated:

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Â· Bush should acknowledge that his hopes for establishing Iraq as a united, free-market democratic model for the Arab world have fallen far short. Iraqis have chosen a more violent, sectarian and decentralized national reality that they must now stabilize or destroy on their own.

The best way to dramatize that shift would be to call a one-month halt to U.S. offensive actions -- a truce, in effect -- and encourage Iraqis to do the same. This would facilitate the holding of a peace conference in Baghdad, in which blood-stained radicals such as Shiite cleric Moqtada al-Sadr and Hadith al-Dari, the inflammatory voice of Sunni insurgents, would be asked to participate.

Â· Bush's speech should recognize that Iran has legitimate interests in security in Iraq and the Persian Gulf region, and he should pledge that the United States will not use Iraq as a springboard for action against the Iranian regime.

These implicit security guarantees -- if met by a proper response from Iran -- could be the basis for a broad U.S.-Iranian dialogue and an eventual regional conference to endorse and implement the work of the Baghdad conference.

Â· The United States should also be prepared to extend guarantees of territorial security for Arab states in the Gulf region. Bush should announce that he wants consultations with Saudi Arabia, Kuwait, Egypt, Jordan and other Arab states -- as well as principal U.S. allies in Europe -- on extending a U.S. or NATO nuclear umbrella over friendly states in the Gulf.

This would be a direct defensive response to Iran's destructive drive for a nuclear program that can produce atomic weapons. U.S. guarantees would enable Arab states to forgo developing their own nuclear arsenals, just as the U.S.-Japan bilateral security treaty is intended to keep Japan nuclear-free.

Â· As the first president to have explicitly endorsed a Palestinian state, Bush should use Rice's new burst of Middle East activism to reinforce the changes in Iraq strategy his speech will disclose. U.S. officials hope Rice can get Israel to release 450 Palestinian prisoners soon as a first step toward Hamas giving up the kidnapped Israeli soldier it holds.

But this heavy new U.S. involvement in the peace process must be included, along with the nuclear guarantees and the Baghdad conference, in a binding U.S. offer to the region's Sunni rulers in return for their cooperation in calming Iraq now. Bush must show the Saudis, Jordanians and others that they have much to gain from cooperation and much to lose from continuing to tolerate or encourage the catalytic Sunni-initiated violence that is destroying Iraq and increasing Iran's influence.

There are many challenges to overcome in constructing this Grand Bargain. But proposing and pursuing it gives Bush his best opportunity to explain to Americans and the rest of the world the complicated and dangerous new realities that his policies have helped create. Desperate times demand desperate measures, and desperate speeches.

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30 Dead In Baghdad Clash; Bodies Hanged On Lampposts (NYT)

By Marc Santora

The New York Times, January 7, 2007

BAGHDAD, Jan. 6 — A fierce clash left at least 30 people dead in central Baghdad late Saturday night as Iraqi Army forces fought with gunmen in an area where several residents had been killed and their bodies hanged from street lampposts, the Iraqi military said.

The fighting took place in the neighborhood around Haifa Street, a mostly Sunni Arab enclave with a small Shiite population.

A spokesman for the Defense Ministry, Muhammad al-Askari, said that an Iraqi Army unit had gone into the area after receiving reports that Sunni fighters had set up a fake security checkpoint and were taking Shiites aside and shooting them.

The bodies of many of those killed at the roadblock were then hanged from the lampposts, Mr. Askari said.

He said that Iraqi soldiers had moved in and surrounded the fighters at the checkpoint. In initial fighting there, 30 of the men were killed and several more were arrested, Mr. Askari said, adding that the neighborhood remained locked down. There was no way to verify the figures.

Residents living nearby said that they were hearing continued fighting through the night but that it was impossible to know precisely what was happening.

In the same neighborhood, there were reports of clashes as government forces moved to collect 27 bodies dumped behind a local hospital. But it was unclear whether the firefight with Iraqi troops was related.

The government said Saturday that 72 bodies were recovered around the city on Saturday, most showing signs of torture.

Prime Minister Nuri Kamal al-Maliki announced Saturday the beginning of a new Baghdad security operation and promised to purge the government security forces of militia fighters and others with sectarian aims.

But Mr. Maliki has promised such a crackdown before, and his government has been increasingly seen by Sunnis in Iraq and abroad as dominated by Shiite interests.

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Iraqi Leader Plans Security Push (WP)

By Joshua Partlow, Washington Post Foreign Service

The Washington Post, January 7, 2007

Premier Promises Nonsectarian Campaign Against "Outlaws" in Baghdad

BAGHDAD, Jan. 6 -- Prime Minister Nouri al-Maliki warned Baghdad residents Saturday to expect the disruptions of a heightened military presence and said his government was ready to launch the latest effort to pacify the violent Iraqi capital.

As if to punctuate the announcement, the Iraqi army clashed with insurgents in a Sunni Arab neighborhood on the west bank of the Tigris River in Baghdad. The fighting along Haifa Street, raging into the night, killed 30 insurgents, and Iraqi soldiers captured eight others, including five Sudanese fighters, Defense Ministry spokesman Mohammed al-Askari said.

Despite fierce ongoing fighting in western Iraq and violence capable of erupting almost anywhere, Baghdad remains the heart of the country's sectarian conflict. Maliki, in his speech at a morning ceremony honoring the Iraqi army, warned rival political parties against interfering in his plan, which Askari said would start "very soon."

"The Baghdad security plan will not offer a safe shelter for outlaws, regardless of their ethnic and political affiliations, and we will punish anyone who hesitates to implement orders because of his ethnic and political background," Maliki said.

Maliki's words appeared intended to counter the perception that the plan would focus on combating Sunni insurgents. An aide to Maliki, Hasan Suneid, a Shiite Muslim lawmaker, told the Associated Press that the Iraqi army would devote 20,000 additional troops to the capital and begin by combating Sunni insurgents in western Baghdad.

Askari said there would "definitely be more troops" but declined to provide a figure.

Maliki's speech provided few details about the tactical or strategic changes guiding the forthcoming effort. But his aides described an effort that relies on U.S. troops to combat Sunni insurgents on the outskirts of Baghdad. Those areas are where the Sunni insurgents plan and manufacture the deadly explosives that detonate regularly in the city.

"Maliki believes that it is in this ring that the attacks are coming from," one of his aides said.

The Iraqi forces would target the most violent neighborhoods, and commanders would have a greater degree of autonomy in their assigned sections of the city, Askari said.

Maliki believes that if the additional troops can effect a decrease in violence over the next two months, then he can negotiate more effectively with Shiite militia leaders in the city and improve his chances of disarming them, his aides said.

The announcement was greeted with little enthusiasm in Baghdad, where sectarian killing has escalated despite repeated attempts at cracking down on insurgents and militiamen. During Operation Together Forward, an effort to secure the capital last summer, more than 10,000 additional U.S. and Iraqi soldiers failed to halt the worsening violence.

Wamid Nadhmi, a political analyst in Baghdad, said Maliki had promised several times to restore security in Baghdad and was now offering "a new plan, without explaining why the other plans were complete failures."

Alaa Makki, a leading Sunni lawmaker, said that in principle, he wants American troops pulled out of Iraq, but not during this "urgent emergency situation."

Without an effective Iraqi military, "we'll be left with a serious security vacuum and will be lost. It will be filled with forces that are already operating here," he said. "This is a necessary action now, and that's because really the previous plan failed to achieve success."

During the last Baghdad security plan, the Iraqi government pledged more troops than it provided. The number of new troops now being discussed, in the low tens of thousands, will probably not be able to "fundamentally change" the violent neighborhoods in Baghdad, said Anthony H. Cordesman, a military expert.

"You can win every tactical clash, but we couldn't be there in enough numbers" to create stability and foster economic development, said Cordesman, an analyst for the Center for Strategic and International Studies in Washington. "At some point, you've got to leave and go on to the next place."

A joint statement by the U.S. ambassador to Iraq, Zalmay Khalilzad, and Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, said that coalition troops "will provide appropriate assistance as determined by Iraqi and coalition field commanders, for the implementation of the new plan for securing Baghdad and its surrounding environs."

Violence flared Saturday after a relative lull last week during the Muslim holiday Eid al-Adha. Nearly 100 corpses were collected Saturday across the country, in addition to the fighting on Haifa Street, the Associated Press reported.

In the central Baghdad neighborhood of Karrada, a car bomb attack targeted the convoy of the commander of the Baghdad emergency police force, Ali al-Yassiri, said Col. Hassan Abdullah, an Interior Ministry duty officer. The explosion missed the police commander but killed two civilians and wounded three others.

The fighting on Haifa Street was not the start of Baghdad's security plan, said Askari, the Defense Ministry spokesman.

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"It's not part of the Baghdad security plan. They were terrorists who set up imaginary checkpoints," he said. "We were there, and we arrested them and the clashes took place."

Offensive To Pacify Baghdad Begins (WT/AP)

By Steven R. Hurst, Associated Press

The Washington Times, January 7, 2007

BAGHDAD -- In the opening battle of a major drive to tame the violent capital, the Iraqi army reported it killed 30 militants yesterday in a firefight in a Sunni insurgent stronghold just north of the heavily fortified Green Zone.

Prime Minister Nouri al-Maliki, speaking only hours earlier at a ceremony marking the 85th anniversary of the Iraqi army, announced his intention for the open-ended attempt to crush the militant fighters who have left Baghdad in the grip of sectarian violence.

Hassan al-Suneid, a key aide and member of Mr. al-Maliki's Dawa Party, said the Iraqi leader had committed 20,000 soldiers to the operation and would call upon American troops and air power only when needed.

A stern Mr. al-Maliki told the nation the operation in Baghdad would continue "until all goals are achieved and security is ensured for all citizens."

"We are fully aware that implementing the plan will lead to some harassment for all beloved Baghdad residents, but we are confident they fully understand the brutal terrorist assault we all face," he said.

State television said eight militants, including five Sudanese fighters, were captured in the battle near Haifa Street, a Sunni insurgent stronghold on the west bank of the Tigris River, where police reported finding the bodies of 27 torture victims earlier in the day.

Police reported 97 persons were killed or found dead, 80 of them assassination victims dumped in Mosul, Baghdad and south of the capital.

Mr. al-Suneid, who is also a member of parliament, said the new drive would focus initially on Sunni insurgent strongholds in western Baghdad.

Sunnis were likely to object, given that a large measure of today's violence in Baghdad is the work of Shi'ite militias, loyal to Mr. al-Maliki's key political backer, the anti-American cleric Muqtada al-Sadr.

Mr. al-Suneid and Mr. al-Maliki insisted that this drive to contain militants, as opposed to a largely ineffective joint operation with American forces in the second half of last year, would succeed because it would be in the hands of Iraqi commanders who have been promised American backup and air power if they call for it.

But U.S. political and military leaders -- in a message of congratulation on Iraq's Army Day -- tempered Iraqi claims of full independence.

"As stated by the prime minister today, [U.S. forces] will provide appropriate assistance as determined by Iraqi and [American] field commanders, for the implementation of the new plan for securing Baghdad and its surrounding environs," said the statement from U.S. Ambassador Zalmay Khalilzad and overall American commander Gen. George W. Casey.

Mr. al-Suneid said President Bush signed off on the plan when he and Mr. al-Maliki spoke by videoconference Thursday. The two leaders began formulating the operation during a November summit in Amman, Jordan.

Last summer, the U.S. military and Iraqi army flooded the capital with 12,000 additional troops.

The last half of 2006 was one of the most violent periods in the center and west of the country since the 2003 U.S.-led invasion to topple dictator Saddam Hussein.

Iraqi Army Says It Killed 30 Militants (AP)

AP, January 6, 2007

BAGHDAD (AP) — In the opening battle of a major drive to tame the violent capital, the Iraqi army reported it killed 30 militants Saturday in a firefight in a Sunni insurgent stronghold just north of the heavily fortified Green Zone.

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"We are fully aware that implementing the plan will lead to some harassment for all beloved Baghdad residents, but we are confident they fully understand the brutal terrorist assault we all face," he said.

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State television said eight militants, including five Sudanese fighters, were captured in the battle near Haifa Street, a Sunni insurgent stronghold on the west bank of the Tigris where police reported finding the bodies of 27 torture victims earlier in the day.

Suneid, who is also a member of parliament, said the new drive would focus initially on Sunni insurgent strongholds in western Baghdad.

Sunnis were likely to object, given that a large measure of today's violence in Baghdad is the work of Shiite militias, loyal to Maliki's key political backer, the anti-American cleric Muqtada al-Sadr.

An Iraqi army general said commanders would operate independently, a sharp break with Iraqi military tradition of heavy central control, and would be held individually responsible for failure.

Any civilians carrying arms faced automatic detention, he said, and would be shot if they resisted, the general said on condition of anonymity because of the sensitive nature of the information.

Suneid and Maliki insisted that this drive to contain militants, as opposed to a largely ineffective joint operation with the Americans in the second half of 2006, would succeed because it would be in the hands of Iraqi commanders who have been promised American backup and airpower if they call for it.

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Suneid said President Bush signed off on the plan when he and Maliki spoke by video conference Thursday. The two leaders began formulating the operation during a November summit in Amman, Jordan.

Bush was widely reported to be planning to send at least 9,000 additional American forces to the capital from outside Iraq as part of his long-awaited strategy revisions in the fourth year of a war in which more than 3,000 American troops and tens of thousands of Iraqi's have died.

Last summer the U.S. military and Iraqi army flooded the capital with 12,000 additional troops, but by October, the U.S. military spokesman said the operation had not met expectations and the situation was disheartening.

The last half of 2006 was one of the most violent periods in the center and west of the country since the 2003 U.S.-led invasion to topple Saddam Hussein. The U.S. death toll in the capital spiked with the presence of extra American troops on the street during Operation Together Forward II, which has been supplanted by the new Iraqi-dominated drive to cleanse the capital of militant fighters.

In the earlier drive, the Iraqi army failed to send much of the promised troop strength, making it impossible to secure neighborhoods after American forces cleared them of insurgent and militia fighters.

The Iraqi army general said Iraqi forces, while nominally operating independently, would rely heavily on American support.

Bush hopes to prove that the Iraqi military and security forces are capable of controlling violence by the end of the year, opening the way for an American withdrawal.

Maliki, whose political survival depends heavily on al-Sadr, the radical anti-American cleric, is eager to show his independence of American occupation forces. He wants the Americans to quickly turn over security control to Iraqi forces and withdraw to the outskirts of Baghdad and other cities, where they would be out of sight but could be called to action.

Military commanders said operations against the al-Sadr's Mahdi Army militia in its Sadr City stronghold would be left largely to a joint force made up of U.S. soldiers and the Iraqi Special Operations Command division under Brig. Gen. Fadhil Birwari, a Kurd. Soldiers in the division are a mixture of Kurds and Arabs from both the Sunni and Shiite sects.

The prime minister has repeatedly rejected U.S. demands to move against the Mahdi Army.

Violence surged in Iraq Saturday after a week of relative quiet. Police reported 97 people were killed or found dead, 80 of them assassination victims dumped in Mosul, Baghdad and south of the capital.

Battle "Marks New Iraq Campaign" (BBC)

BBC.com, January 6, 2007

Iraqi army has reportedly killed 30 militants and arrested several others, including a number of Sudanese nationals, in a gun battle in Baghdad.

State TV said the firefight took place near Haifa Street, a Sunni district which housed top officials during Saddam Hussein's regime.

The engagement in the centre of the city is believed to mark the start of a new security drive in the capital.

Iraq's PM has pledged to take action against all illegal armed groups.

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Earlier, 71 bodies, apparently the victims of sectarian violence, were found dumped at locations in Baghdad.

Twenty-seven were left near a Sunni shrine in the central Sheikh Marouf area. Police said they were the victims of execution-style killings.

Elsewhere, at least two people died when a parked car exploded near a fuel station in the Doura district of the city.

In another incident, a car bomb was detonated beside the motorcade of a senior police official, Major-General Ali Yasser. He survived, but a bystander was killed.

Meanwhile, the US military said its forces had killed four suspected insurgents and detained a fifth in the city. It said all five had been armed, and that they were suspected of involvement in making roadside bombs.

'No refuge'

Prime Minister Nouri Maliki said the new security plan would be implemented by the Iraqi army, supported by US forces.

Bush may send thousands more US troops to Baghdad Mr Maliki said the new security plan would create inconveniences for the people of Baghdad, but it was for their own good.

In a speech to mark Iraqi Army Day, he said: "We will rely on our armed forces to forcefully implement the plan and the multinational forces will support our forces."

He added: "There will be no refuge from this plan for anyone who is operating beyond the law, regardless of their sect or their political affiliation."

It comes only days before President George W Bush is due to outline his new strategy for Iraq.

He is widely expected to send thousands more troops to Iraq, despite calls from the new Democratic Party leaders of Congress for the US to begin withdrawing its forces.

Hanging row

Mr Maliki also said his government could review relations with any country which criticised the execution of ex-leader Saddam Hussein.

Mr Maliki said the hanging was a "domestic affair" for the benefit of Iraq's unity, adding that the former president had received a fair trial.

Mobile phone images showing Saddam Hussein being taunted appeared on the internet days after the execution.

On Saturday, new UN Secretary-General Ban Ki-moon urged Iraq not to execute two of Saddam Hussein's co-defendants, Barzan Ibrahim al-Tikriti and former chief judge Awad al-Bandar.

Mr Ban was criticised this week for not stating the UN's opposition to the death penalty over Saddam Hussein's hanging.

Several Sunni Arab countries criticised the hanging as sectarian.

Egyptian President Hosni Mubarak said it had turned the former leader into a martyr.

7 Iraqis Killed In Continued Violence (AP)

By Sinan Salaheddin, Associated Press Writer

AP, January 7, 2007

Gunmen killed three Sunni Muslim shopkeepers Sunday in a mixed neighborhood of Baghdad, and two pedestrians died in a roadside bomb, police said.

The shopkeepers were killed in Baghdad's southwestern Baya district. Two cars of gunmen screeched through the neighborhood's main marketplace, opening fire on wholesalers peddling food, clothing and housewares, a police officer said on condition of anonymity because he was not authorized to speak to the media. One person was also injured.

In eastern Baghdad, a roadside bomb missed an Iraqi police patrol but killed two pedestrians and wounded two others, police said. Nearby, police said drive-by shooters sprayed bullets at four guards for the Iraqi finance ministry, killing one and injuring two others.

In Diwaniyah, 80 miles south of the capital, gunmen assassinated Akeel al-Khalidi, a defense ministry employee, as he left his house for work, another police officer said on condition of anonymity out of fear of reprisals.

Another roadside bomb went off near an American military convoy in Iskandariyah, 30 miles south of Baghdad, damaging one Humvee, police said. There was no word on casualties, and U.S. troops sealed off the area.

Maliki Unveils Effort To End Bloodshed (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, January 7, 2007

Unlike the U.S. plan, the new one relies on Iraqi troops, not police. In Baghdad, soldiers kill 30 suspected insurgents.

BAGHDAD — Iraqi soldiers killed 30 suspected insurgents in a furious gun battle Saturday in downtown Baghdad, authorities said, in what appeared to be the opening salvo of a new plan by Prime Minister Nouri Maliki to secure the capital.

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Maliki announced the new effort to end bloodshed in Baghdad on Saturday, five months after the U.S. military launched a plan to quell sectarian fighting that is widely regarded as a failure. Killings have steadily increased in the capital as insurgents and Shiite Muslim militia death squads continue to operate with impunity.

Maliki's speech, to commemorate Iraqi Army Day, took place on a day when at least 71 corpses were found in the streets of Baghdad, one of the largest such discoveries in a civil war in which scores of bodies turn up daily.

Most of the victims had been bound, blindfolded, tortured and executed with gunshots to the chest or head. Twenty-seven of the bodies were found near the Sheik Omar cemetery, a Sunni Arab burial ground in downtown Baghdad. Some of the victims had been strangled.

Many of the dead were presumed to be the victims of Shiite death squads, police sources said.

Maliki said that he would crack down on Sunni Arab and Shiite militants with equal vigor.

"The Baghdad Security Strategy will not be a shelter to the outlaws regardless of their political or religious affiliation, and we shall punish anyone who thwarts the strategy or presses their sectarian or partisan agenda," he said.

Shortly after Maliki's address, Iraqi soldiers fought with suspected insurgents in downtown Baghdad. The gun battle took place on Haifa Street, a road that some U.S. soldiers call "Sniper Alley" because of the large number of attacks that have taken place there.

Maliki revealed little about the new plan except that the military would have the main responsibility, a shift from the previous operation, which relied on police officers. Iraq's police forces are widely believed to have compromised the U.S. plan to quell sectarian fighting.

The old plan called for U.S. and Iraqi forces to clear the capital, neighborhood by neighborhood. Once an area was cleared of insurgents and militia fighters, Iraqi police were supposed to take over.

But Shiite militiamen in the police forces were accused of collaborating with death squads and implicated in killings of Sunni Arabs in "cleared" areas. The entire 8th Brigade of the national police was suspended after witnesses reported that men in police uniforms raided a meat-processing plant in October and kidnapped 26 Sunni Arab workers.

Sunni Arabs also complained that the security plan seemed to focus more attention on their communities than on Shiite militia strongholds such as Baghdad's Sadr City. Maliki criticized early U.S. incursions into the area. His Shiite alliance consists of political parties with armed militias.

The Iraqi army is believed to be less sectarian than the police, but it too has faced accusations of Shiite dominance. U.S. military commanders in Diyala province exerted more control over the Iraqi army's 5th Division in October after that Shiite-dominated force conducted abusive, arbitrary sweeps of Sunni Arab neighborhoods. Shiite-dominated Iraqi army units also have been accused of human rights abuses in towns such Fallouja and Rutbah in Al Anbar province.

Maliki also said he would fight joblessness "through public- and private-sector reconstruction," and he renewed his call for negotiations to bring Sunni Arab militants into the political process.

"Let's fold up the black past and work together to build a free, democratic and diverse Iraq without discrimination or marginalization," Maliki said.

The prime minister's speech appeared to dovetail with discussions in the Bush administration about increasing the number of U.S. troops to help secure Baghdad and other problem areas.

The Bush administration also is likely to propose a new reconstruction package focusing on creating jobs and refurbishing mothballed factories.

In many areas throughout central and western Iraq, poor security has brought industry to a standstill.

Maliki also called on Iraq's parliament to attend to pressing constitutional issues, oversight of anti-corruption agencies and the controversial de-Baathification effort, which left thousands of former regime members without jobs.

But parliament has not achieved a quorum in five weeks and is scheduled to take a recess after it completes Iraq's annual budget.

Maliki also used his speech to rebuff critics of the hanging of Saddam Hussein a week earlier. Shiite guards were recorded on a camera phone jeering and cursing the former Iraqi president as he stood on the gallows with a noose around his neck. Sunni Arab leaders in the Middle East criticized Maliki's decision to execute Hussein on a Muslim holiday.

"These countries know very well that Saddam trampled over everything holy and divine," Maliki said. "We see such behavior as provocative and interference in the internal matters of Iraq and an insult to the feelings of Saddam's victims."

The execution of two of Hussein's former aides is expected to take place soon.

Meanwhile, bloodshed continued in Iraq. In northeast Baghdad, gunmen stormed the home of a police colonel and killed his wife, four children and three other relatives.

U.S. soldiers killed four suspected insurgents during a Baghdad raid, the military announced.

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A car bomb in the Baghdad neighborhood of Dora killed three people, and gunmen in Yarmouk killed the driver of Iraq's minister of higher education. A car bomb targeting the director of Baghdad's Emergency Police killed a bystander.

In the southern port city of Basra, two Iraqis were found dead near a soccer stadium. Police said they were investigating to determine whether the men were the interpreters kidnapped along with an American on Friday near Basra.

Bomb's Lasting Toll: Lost Laughter And Broken Lives (NYT)

By Sabrina Tavernise

The New York Times, January 7, 2007

BAGHDAD, Jan. 6 — If the cost of this war is measured in human lives, one block in southeast Baghdad has paid more than its share.

On a hot morning two summers ago, 34 children were killed here in a flash of smoke and metal. They were scooping up candy thrown from an American Humvee. The suicide bomber's truck never slowed down.

More than 3,000 Iraqis are dying every month in this war — roughly the total deaths in the Sept. 11 attacks on the World Trade Center and the Pentagon or all the American troops killed since the war began. But behind the headlines and statistics, most of the war is experienced in Iraqi living rooms and on blocks like the one here, where families struggle with the intense pain of loss.

And while American war planners discuss the way ahead, Iraqis on this scarred block are stuck in the past on the morning of July 13, 2005, when time stopped and the war truly began for them.

"Our life now, it's not a life, it's a kind of dream," said Qais Ataiwee Yaseen, whose two boys, ages 8 and 11, were killed that day. "Life has no taste. I even feel sick of myself."

In the early years of the war, the street — a dusty, trash-strewn strip of concrete that runs between Baghdad's southeast highway and the neighborhood of Naariya — was mostly quiet, home to a mix of Shiite and Sunni families who had known each other for years.

But the cruelty of the war intervened when the bomber struck, apparently aiming at a convoy of American Humvees parked at the end of the street. One American soldier and 34 Iraqis were killed. All were boys, and all but four were younger than 15. The youngest was 6. In all, 29 families lost children; one lost three sons.

In the seconds after the explosion, the world narrowed to one child for Sattar Hashim, a 39-year-old security guard whose son had gone out to see the American patrol. Mr. Hashim moved frantically through the wreckage, just outside his front gate, a scene now burned into his memory. He found his son unconscious, his body torn by shrapnel.

"I pray to God that no one in this world will ever have to face such a scene," he said, remembering the scene as he sat in his sparely furnished living room with the curtains drawn. "As if they had been scattered on the ground. Legs. Arms. Heads. Bodies still burning."

His son died in a hospital operating room several hours after the explosion.

Suicide bombings often stop clocks nearby, throwing the delicate mechanisms out of balance. The minute hand freezes the moment that the bomber detonates, and cleanup crews find clocks hanging crookedly on walls hours later, with the moment of loss fixed forever on the clocks' faces.

For the parents in Naariya, the clocks are frozen at a quarter after 10. The deaths that morning tore a hole in the life of the block, and more than a year later, many people have been unable to put their lives back together. Some have drifted away from their spouses. Others changed jobs or stopped going to work altogether. Reminders of the loss were everywhere: Class sizes were smaller. Soccer tournaments for 12-year-olds stopped. Bug collecting was no longer a hobby.

The pain caused strange things to happen. Mr. Yaseen lost his knack for numbers and found himself fumbling in front of customers at the hardware store where he had worked for years. Eventually, he quit. Reading and writing became difficult for Zahra Hussein, the mother of 11-year-old Hamza. She had lost her ability to concentrate and some of her eyesight.

Hadi Faris, Hamza's father, stopped his work as a driver. He could not control his thoughts, and concentrating on the road and split- second decisions was too onerous.

"I kept thinking how life is cheap, how so many innocent people are killed," he said, sitting in front of a kerosene heater in a small guest room.

After some months, he applied for, and was given, a job as a guard in his son's school. It felt somehow reassuring to do after his son's death what could not be done during his life: protect.

"I felt that all the kids were Hamza," he said. "My main job was to protect them all."

Life became empty and quiet for the children who were left. Adel Ali, 12, lost four of his best friends, most of his small soccer team and his entire bicycle-racing brigade. They had all shared a surge of happiness in the form of a birthday cake with

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candles, a first for most of the children, just days before the explosion. The experience was recorded in a grainy photograph of nine little boys making monkey faces. All but two are dead.

Adel spends his afternoons alone at home. In the early evening, he plays soccer with the older boys. They do not know the names of famous players that he and his friends gave each other when they made good plays. They do not know the sheer joy of riding bicycles while holding a rope together. They do not understand his loneliness.

"We used to play together, and the adults would play in another place," said Adel, his small fingers zipping and unzipping a fleece pullover at his neck.

The attack seemed calculated to make Iraqis despise Americans, in a pattern that would eventually succeed and change the direction of the war. But while some of the parents interviewed seem to have developed that hatred, many had not and even expressed respect. Mr. Faris said that immediately after the bombing he saw a soldier with a mangled arm trying to pick up a wounded child.

More Americans came to the area several weeks later and brought small trinkets to houses, in what Iraqis assumed was something of a peace offering.

"We never hurt the Americans, and the Americans never hurt us," Mr. Faris said.

A constant theme of the war for Iraqis has been their complete lack of control over chaotic, life-changing events. Like victims of a car wreck on an empty highway, they sit in pain and hope that help will come along.

Mr. Yaseen is haunted by the helplessness he felt that morning when he found his younger son, Ali, still alive. He was badly burned and missing his feet.

"I said to myself — two feet, it is nothing," he said. But within several hours the child was dead.

"I did not have the ability to do anything for him," Mr. Yaseen said. "To save him."

Memories rush back at inconvenient moments. Mr. Yaseen has one in which his older son, Abbas, who loved bugs, begged him not to put poison down for the ants, saying, "They also have families and houses."

Even trifles sting. Ali, called English Ali for his tidiness and admiration for Americans, had only bread to eat for breakfast that morning.

"I'm like a dead man," said Mr. Yaseen, crying into his hands. "I have no ambitions. I have no goals in life. I have lost everything."

His wife and daughter have moved out, and he has retreated into his apartment, a 12-foot by 14-foot room. He stopped shaving. The room is now piled with baskets of laundry, old children's toys and a metal bassinet.

"I live in this room," he said. "I sleep in this room. I eat in this room. This is my whole life. As if I'm in prison."

Meanwhile, the war ground on, and the block was not immune to changes.

In February, poor Shiites rampaged in neighborhoods throughout eastern Baghdad. Naariya started to lose Sunnis. New graffiti in black paint across from Mr. Yaseen's house spelled praise for a Shiite cleric.

Three Shiite families from Diyala, a violent province north of Baghdad, arrived with the stunned look of refugees who just lost everything but their lives.

"There are no smiles on their faces," Ms. Hussein said. "You can tell they lost somebody."

Attacks on Shiites by Sunni militants started to wear, and families on the block began asking about the backgrounds of newcomers.

A small statue erected in the children's memory was blown up, and a bomb was planted under a date palm tree nearby, but it did not explode. During the Ramadan holiday in October, around 20 Sunni men disappeared from the neighborhood. Their bodies turned up in different neighborhoods several days later.

Mr. Hashim heard of the kidnappings but was afraid to ask about them.

"We woke up one day," he said, "and a family had left." The 2005 explosion gouged the pavement in front of his house, and afterward he had a large blast wall built. The wall had the added benefit of shielding him from seeing the crater in the street day after day.

For Adel, the 12-year-old whose friends were killed, memories returned in spurts. Some time after the July attack, he took his bicycle to the balcony of his house and threw it off. He was angry about what happened, Ms. Hussein said. A month ago, his life became even more isolated: a guard and a teacher from his school were killed, and Adel's father began keeping him home.

The boys come back in unexpected ways. Hamza's sister sees her brother's face in a boy who lives in a house on her way to school. She gives him candy sometimes. Mr. Yaseen often sees his boys in dreams.

In one, Abbas asks him why he is crying. He spoke of his own burial in a reassuring way. "He tried to make it easy for me," Mr. Yaseen said.

Speaking of the deaths, Mr. Hashim said: "It formed a hole, a big hole. Before the street was crowded. Cars had to go slowly. Now it's empty."

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Before Hanging, A Push For Revenge And A Push Back (NYT)

By John F. Burns

The New York Times, January 7, 2007

This article was reported by John F. Burns, James Glanz, Sabrina Tavernise and Marc Santora and written by Mr. Burns.

BAGHDAD, Jan. 6 — When American soldiers woke Saddam Hussein in his cell near Baghdad airport at 3:55 a.m. last Saturday, they told him to dress for a journey to Baghdad. He had followed the routine dozens of times before, traveling by helicopter in the predawn darkness to the courtroom where he spent 14 months on trial for his life.

When his cell lights were dimmed on Friday night, Mr. Hussein may have hoped that he would live a few days longer, and perhaps cheat the hangman altogether.

According to Task Force 134, the American military unit responsible for all Iraqi detainees, Mr. Hussein "had heard some of the rumors on the radio about potential execution dates." But never one to understate his own importance, he had told his lawyers for months that the Americans might spare him in the end, for negotiations to end the insurgency whose daily bombings rattled his cellblock windows.

As Mr. Hussein prepared to walk out into the chill of the desert winter, dressed in a tailored black overcoat, that last illusion was shattered. After being roused and told that he was being transferred to Iraqi custody, a task force statement e-mailed to The New York Times a week later revealed, "he immediately indicated that he knew the execution would soon follow."

"As he left the detention area, he thanked the guards and medics for the treatment he had received," said Lt. Col. Keir-Kevin Curry, spokesman for the task force. Mr. Hussein was then driven to a waiting Black Hawk helicopter for a 10-minute flight to the old Istikhbarat prison in northern Baghdad, where a party of Iraqi officials awaited him at the gallows. "During this brief period of transfer, Saddam Hussein appeared more serious," the task force said.

The time as the helicopter took off was 5:05 a.m., and Mr. Hussein had 65 minutes to live. But as he flew over Baghdad's darkened suburbs, he can have known little of the last-minute battle waged between top Iraqi and American officials — and among the Americans themselves — over whether the execution, fraught with legal ambiguities and Islamic religious sensitivities, should go ahead.

American opposition to executing him in haste centered partly on the fact that the Id al-Adha religious holiday, marking the end of the annual Muslim pilgrimage to Mecca, began for Sunnis at sunrise on Saturday. In Baghdad, the sun was to rise at 7:06 a.m. Iraqi government officials had promised the hanging would be over before the dawn light began seeping through the palms that shade the capital's streets.

The taunts Mr. Hussein endured from Shiite guards as he stood with the noose around his neck have made headlines around the world, and stirred angry protests among his fellow Iraqi Sunnis. But the story of how American commanders and diplomats fought to halt the execution until midnight on Friday, only six hours before Mr. Hussein was hanged, is only now coming into focus, as Iraqi and American officials, in the glare of international outrage over the hanging, compete with their versions of what happened.

Tensions Boil Over

It is a story of the Iraqi prime minister, Nuri Kamal al-Maliki, trying to coerce second-tier American military and diplomatic officials into handing over Mr. Hussein, first on Thursday night, then again on Friday. The American push back was complicated by the absences of Ambassador Zalmay Khalilzad and the top American military commander, Gen. George W. Casey Jr., who were both out of Iraq on leave. The American message throughout was that rushing Mr. Hussein to the gallows could rebound disastrously, as it did.

It is a story, too, of the Americans disagreeing among themselves. After a final call to Mr. Maliki at 10:30 p.m. Friday, American and Iraqi officials said, Mr. Khalilzad concluded that there was no prospect of persuading the Iraqis to delay the execution and passed that message to Washington. The conclusion found little favor with the military, who were the ones who had to transport Mr. Hussein to the gallows.

For General Casey and Mr. Khalilzad, close partners here, the messy ending for Mr. Hussein was made worse by the confirmation this week that Mr. Bush will soon replace both men as he refashions his Iraq war policy.

There were disputes among the Iraqis as well. At least one senior judge from the tribunal that sentenced Mr. Hussein to die, and three American lawyers who worked closely with the Iraqis at his trials, fought their own rearguard battle, telling fellow Iraqis how surprised they were that he received the death sentence in the narrow case that produced it — the "systematic persecution" of Dujail, a small Shiite town north of Baghdad, after an alleged assassination attempt against Mr. Hussein there in 1982.

In interviews with dozens of American and Iraqi officials involved in the hanging, a picture has emerged of a clash of cultures and political interests, reflecting the widening gulf between Americans here and the Iraqi exiles who rode to power

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behind American tanks. Even before a smuggled cellphone camera recording revealed the derision Mr. Hussein faced on the gallows, the hanging had become a metaphor, among Mr. Maliki's critics, for how the "new Iraq" is starting to resemble the repressive, vengeful place it was under Mr. Hussein, albeit in a paler shade.

The hanging spread wide dismay among the Americans. Aides said American commanders were deeply upset by the way they were forced to hand Mr. Hussein over, a sequence commanders saw as motivated less by a concern for justice than for revenge. In the days following the hanging, recriminations flowed between the military command and the United States Embassy, accused by some officers of abandoning American interests at midnight Friday in favor of placating Mr. Maliki and hard-line Shiites.

But for Mr. Maliki's inner circle, the hanging was a moment to avenge decades of brutal repression by Mr. Hussein, as well as a moment to drive home to Iraq's five million Sunnis that after centuries of subjugation, Shiites were in power to stay. At the "White House," as his officials now describe Mr. Maliki's headquarters in the Green Zone, a celebratory dinner began Friday night even before the Americans withdrew their threat not to hand over Mr. Hussein.

An Iraqi who attended the hanging said the government saw the Americans as wasting time with their demands for a delay until after the four-day Id al-Adha holiday, and for whatever time beyond that required to obtain the legal authorizations they considered necessary. For the Americans to claim the moral high ground afterward by disavowing the hanging, the Iraqi said, was disingenuous.

"They cannot wash their hands, this is a joint responsibility," he said. "They had the physical custody, and we had the legal custody. At one point, I asked, 'Is it our call or is it your call?' They said, 'It's your call.' I said, 'If it's our call, we've made the decision.' " Legal niceties could not save Mr. Hussein, he said, concluding, "The man has to go."

In a speech on Saturday, a week after the hanging, Mr. Maliki showed that he remains as angry as the Americans. Hitting out at governments and human rights organizations around the world that have condemned the hanging, he said they were hypocritical. "We're wondering where these organizations were during the crimes of Anfal and Halabja," he said, referring to Mr. Hussein's persecution of Iraqi Kurds. "Where were they during the mass graves and the executions and the massacres that killed hundreds of thousands of Iraqis?"

Differing Timelines

The countdown to the hanging began eight weeks earlier, on Nov. 5, as Raouf Abdel-Rahman, the chief judge in the Dujail case, passed death sentences on Mr. Hussein and two associates, Barzan Ibrahim al-Tikriti, Mr. Hussein's half-brother, and Awad al-Bandar, chief judge of Mr. Hussein's revolutionary court, for crimes against humanity in the hanging of 148 men and boys from the Shiite town. "Go to hell, you and the court!" Mr. Hussein yelled as bailiffs ushered him out.

The widespread expectation was that the appeal of the death sentences would run for months, allowing time for the more notorious Anfal case, involving charges of genocide in the killing of 180,000 Kurds, to be completed before Mr. Hussein was hanged. American lawyers in the embassy's Regime Crimes Liaison Office, the behind-the-scenes organizer of the trials, predicted Mr. Hussein's execution in the spring.

When the tribunal's appeals bench announced that it had upheld the death sentences on Dec. 26, three weeks into the appeal, even prosecutors were stunned. Defense lawyers said Mr. Hussein was being railroaded under pressure from Mr. Maliki, who told a BBC interviewer shortly after the Dujail verdict that he expected the ousted ruler to be hanged before year's end.

The suspicion that the judges had submitted to government pressure was shared by some of Americans working with the tribunal, who had stifled their growing disillusionment with the government's interference for months. Among a host of other complaints, the Americans' frustrations focused on the government's dismissal of two judges seen as too indulgent with Mr. Hussein, and its failure to investigate seriously when three defense lawyers were killed. The appeals court's apparent eagerness to fast-forward Mr. Hussein to the gallows — and the scenes at the execution itself — was, for some of the Americans, the last straw.

On the Thursday before the hanging, American military officials were summoned. Both Mr. Khalilzad and General Casey were on vacation, so the American team handling negotiations with Mr. Maliki and his officials was headed by Maj. Gen. Jack Gardner, head of Task Force 134, the detainee unit, and Margaret Scobey, head of the embassy's political section.

Iraqi officials said neither carried much weight with Mr. Maliki, who had learned through bruising confrontations to be wary of alienating Mr. Khalilzad and General Casey, both of whom have direct access to President Bush. At the Thursday afternoon meeting, tempers frayed. According to an Iraqi legal expert at the meeting, Iraqi officials demanded that the Americans hand over Mr. Hussein that night, for an execution before dawn on Friday.

General Gardner responded with demands of his own, for letters affirming the legality of the execution from Mr. Maliki, President Jalal Talabani and the chief judge of the high tribunal that convicted Mr. Hussein, the Iraqi legal expert said. The focus was on two issues: a constitutional requirement that Iraq's three-man presidency council approve all executions, and a Hussein-era law forbidding executions during religious holidays.

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Mr. Talabani, a death penalty opponent, refused to sign off on the hanging, but did sign a letter for Mr. Maliki saying he had no objections if the government went ahead. The Iraqis, bolstering their case, said that the Hussein tribunal's own statute, drafted by the Americans, placed its rulings beyond review. They dismissed the holiday ban on executions, saying Iraq's death penalty law had been suspended by the Americans in 2003 and that the new Iraqi Parliament, in reviving it in 2004, had not reinstituted the ban.

An Iraqi participant who opposed the hanging said that Mowaffak al-Rubaie, Mr. Maliki's national security adviser, said angrily, "This is an Iraqi issue," and added, "Who is going to execute him anyway, you or us?" When the Americans insisted they would not hand over Mr. Hussein without the letters, another Iraqi official exploded: "Just give him to us!"

By Thursday evening, pressures for a quick hanging were growing. Esam al-Gazawi, a Hussein lawyer, said by telephone from Jordan that his legal team had been denied a final visit to Camp Cropper, the American detention center, and that they had been told to send somebody to collect Mr. Hussein's personal belongings.

Around midnight on Thursday, the meeting broke up, and General Gardner contacted commanders at Camp Cropper to tell them to stand down. By then, the American command had entered what it called its "X-hour sequence," a 10-hour countdown to the execution that provided a timeline for everything the Americans needed to do to ensure Mr. Hussein's "secure and dignified" delivery to the execution site.

Negotiations resumed Friday morning. In Phoenix, 10 time zones away, General Casey was monitoring the exchanges in signals traffic from Baghdad. American military officials remained opposed to an immediate hanging, telling Mr. Maliki that beyond the legal issues, there was a question of his government's need to gain international support by carrying out the hanging in a way that could withstand any criticism.

"We said, 'You have to do it by international law, you have to do it in accordance with international standards of decorum, you have to establish yourselves as a nation under law,' " an American official recounted. When Mr. Maliki said the Americans should respect Iraq's right to decide matters for itself, American officials said, one of the Americans said: "Forget about us. You're in front of the international community here. People will be watching this."

The arguments continued deep into the Iraqi night. General Gardner and Ms. Scobey returned at one point to the former Republican Palace, the American headquarters in the Green Zone, seeking Washington's advice. Workarounds for the legal problems were discussed.

At 10:30 p.m., Ambassador Khalilzad made a last-ditch call to Mr. Maliki asking him not to proceed with the hanging. When the Iraqi leader remained adamant, an American official said, the ambassador made a second call to Washington conveying "the determination of the Iraqi prime minister to go forward," and his conclusion that there was nothing more, consistent with respect for Iraqi sovereignty, that the United States could do.

Senior Bush administration officials in Washington said that Mr. Khalilzad's principal contact in Washington was Secretary of State Condoleezza Rice, and that she gave the green light for Mr. Hussein to be turned over, despite the reservations of the military commanders in Baghdad. One official said that Ms. Rice was supported in that view by Stephen J. Hadley, Mr. Bush's national security adviser.

"It literally came down to the Iraqis interpreting their law, and our looking at their law and interpreting it differently," the official said. "Finally, it was decided we are not the court of last appeal for Iraqi law here. The president of their country says it meets their procedures. We are not going to be their legal nannies."

Mr. Khalilzad had suggested that the Iraqis get a written ruling approving the execution from Midhat al-Mahmoud, the chief judge of Iraq's Supreme Judicial Council; Mr. Mahmoud refused. Then, the Iraqis played their trump card: a call to high-ranking Shiite clerics in the holy city of Najaf, asking for approval from the marjaiya, the supreme authority in Iraqi Shiism. When his officials reported that they had it, Mr. Maliki signed a letter authorizing the hanging. It was 11:45 p.m.

The Americans suggested that foreign reporters be invited to the hanging, along with United Nations observers. American commanders feared the concern for procedure might be swept away by the urge for revenge. "Anybody who's been involved in a firefight will tell you there's a moment when rage takes over," an American official said. The Iraqis dismissed the idea of outside observers and assembled an execution party of 14 Shiite officials and a Sunni cleric invited to help Mr. Hussein with his prayers.

The 'X-Hour Sequence'

At Camp Cropper, the X-hour sequence was running for a second night. Helicopters were positioned. Special security measures went into effect along the flight path. The Americans dispatched sniffer dogs along the route of Mr. Hussein's final steps and into the execution chamber, the only time any American set foot there.

Before he left the camp, Mr. Hussein bade farewell to American soldiers who guarded him during the latter stages of his 1,110 days in solitary confinement. There, and again after the helicopter carrying him landed at 5:15 a.m. at Camp Justice, the American military post in the Kadhimiya district of northern Baghdad that encloses the Istikhbarat prison, the former dictator went man to man, thanking each of the Americans for looking after him.

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At 5:21 a.m., he was led into the prison, a forbidding, four-story concrete building that once housed the headquarters of Mr. Hussein's military intelligence agency and now is a base for an Iraqi Army brigade. The Americans took him to a holding room and exchanged papers with the prison governor formalizing the transfer.

"At that point, he was dignified," Maj. Gen. William B. Caldwell IV, the American command's chief spokesman, said at a briefing later. "He said farewell to his interpreter. He thanked the military police squad, the lieutenant who was the squad leader, the medical doctor we had present, the American colonel who was on site." He added, with emphasis, "And then we had absolutely nothing to do with any of the procedures or any of control mechanisms or anything from that point forward."

At 5:30 a.m., the Iraqis took over. An American official who watched said Mr. Hussein's demeanor "changed in the Iraqi prison when the Iraqi governor assumed control of him." Mr. Hussein had long since told his American captors that he trusted them but not the Iraqis.

"He was still dignified, but he was scornful," the American official said.

Mr. Rubaie, the security adviser, said that when Mr. Hussein stepped into the execution block, an ill-lighted concrete structure behind the main prison building where thousands of hangings took place under Mr. Hussein, he seemed composed.

"He made some joking remarks," he said. "He said to me, 'Don't be afraid,' as if I was going to be hanged. I didn't reply, but one of the guards shouted, 'You did bad things to Iraq.' And he said, 'I made this backward country into an advanced and prosperous nation.' "

After that, the story is taken up by the illicit cellphone video that has caused an uproar among Iraqi Sunnis and across the world, showing Mr. Hussein erect on the gallows in his black overcoat and gray beard, staring ahead, and answering back, as taunts flowed from Shiites gathered in front of the platform.

Mr. Hussein got halfway through the most sacred of Muslim prayers. "There is no God but God, and Muhammad. ..." The trapdoor clanged open. It was 6:10 a.m.

Securing the Body

Before 7 a.m., helicopters ferried Iraqi officials back to the Green Zone, along with Mr. Hussein's body. For nearly 17 hours, Mr. Maliki and his officials remained locked in a dispute with Sunni officials and leaders of Mr. Hussein's Albu Nasir tribe, with Mr. Maliki's officials refusing to release the body, saying they wanted no shrine to him. Throughout, the body, in a white shroud, remained inside the ambulance in the parking lot behind Mr. Maliki's office.

For the last time, the Americans intervened, flying a delegation from Tikrit, Mr. Hussein's hometown, to Baghdad, and returning them 110 miles north again after Mr. Maliki, at nearly midnight, agreed to let the body go.

It was transferred to a pine coffin, loaded onto the open back of a police pickup, and driven back to Landing Zone Washington, the Green Zone helipad.

Upset by events in the execution chamber, and concerned at attracting any fresh anger from Iraqi Sunnis, the Americans ordered their troops not to touch Mr. Hussein's body after the execution, even as it was loaded and unloaded from their helicopters.

This left Iraqi officials to unload the stretcher carrying the body when the execution party returned to the Green Zone from the prison. Mr. Rubaie, the security adviser, said he helped carry the stretcher bearing the body from the helicopter to a waiting ambulance.

"We weren't walking, we were jogging" to the ambulance, he said. "This was a chapter we wanted to get done and finished with. We just wanted it to be over."

A Slim Guidebook For Executing A Deposed Ruler (NYT)

By Mary Jo Murphy

The New York Times, January 7, 2007

THE Ceausescus of Romania were dragged to their executions on Christmas Day 1989 with Nicolae singing "The Internationale" and Elena alternately directing her captors to hell and snapping at them, "I was like a mother to you."

Or so go accounts by some of the executioners. Videotape shown on Romanian television in the aftermath records scenes from a farcical tribunal but stops as the couple are led away after they're condemned, picking up again only after the deed is done, the bullet-pocked bodies cooling where they fell.

The event did not need cellphones and YouTube to peel back the veneer of civility.

But while there is no manual for such occasions — modern history gives us relatively few instances of absolute rulers being deposed, tried and executed — all the talk last week after the hanging of Saddam Hussein suggests that we viewers thought there was some greater codification of the protocols and proprieties than was apparent in the mocking scene that unfolded.

Certainly the hanging of Mr. Hussein and the shooting of the Ceausescus lacked the decorously scripted quality of the beheading of Charles I in 1649, which from trial to scaffold might have lent a template. It had "a deliberate air of formality and

solemnity," said Dr. Jason Peacey, a lecturer at University College London who has studied the regicide. There were "rival ideas about how to go about putting the king on trial," but it was decided to "not do things in the dark and in the corner and behind closed doors."

The British monarch never recognized the legitimacy of his judges but still played his role elegantly, even reaching an accommodation with his executioner. "Stay for the sign," Charles reminded him as he laid his neck on the block. The executioner did, swinging the ax only after Charles spread wide his arms in a kind of benediction.

Dr. Peacey and his colleagues discussed the "remarkable similarity" of the Hussein trial to Charles's in one regard: the appearance of legality was deemed important.

But events have a way of overtaking such considerations. Trotsky favored a trial for Czar Nicholas II of Russia, a step which "would have shown the population all of Nicholas's alleged crimes and thus served as both public political education and a ritual of humiliation and thus desacralization of a ruler who claimed divine sanction," said Mark D. Steinberg, a professor of history at the University of Illinois at Urbana-Champaign who has written on the czar's fall.

Somebody, perhaps Lenin, was in a hurry, however, Mr. Steinberg said, and "whoever ordered it, what resulted was a brutish affair — secret, in the middle of the night, in a basement, with not only the czar and czaritsa killed but also children and servants."

Those who did the killing encountered a hitch, too. The family "were wearing what amounted to jeweled bulletproof vests," Mr. Steinberg said. When the bullets ricocheted off corsets and gems, the firing squad resorted to bayonets and rifle butts.

Is there an optimal way to execute a deposed ruler, then? If speed is paramount, "by far the best is the guillotine for dispatching anyone," said Geoffrey Abbott, author of "Execution: The Guillotine, the Pendulum, the Thousand Cuts, the Spanish Donkey and 66 Other Ways of Putting Someone to Death" and a former yeoman warder at the Tower of London. Points there, then, for the executions of Louis XVI and Marie-Antoinette ("Pardonez-moi," she said to her executioner as she trod on his foot, assuring that at least some niceties were observed).

Mr. Abbott would not say which of the 70 ways might have suited Mr. Hussein, but if the idea is to "pay the penalty untinged by revenge," then "I would say firing squad," he said. "The thought of a military execution is more honorable than a crude hanging."

Emperor Maximilian of Mexico got the former in 1867; Zulfikar Ali Bhutto of Pakistan the latter in 1979. In recalling Bhutto's execution, a jailer later wrote: "On the other side of the jailhouse's wall, in the prime minister's house, Bhutto Sahib used to get anything he wished for, from anywhere in the world. And today he could not even fulfill his simple wish of having a cup of tea."

Likely Blair Successor Blasts Hanging (AP)

AP, January 7, 2007

The likely successor to British Prime Minister Tony Blair condemned Saddam Hussein's execution as "deplorable" on Saturday.

Treasury chief Gordon Brown said he opposed the death penalty and hoped lessons would be learned from the mistakes made in Saddam's hanging, as well as from other difficulties encountered in Iraq.

"Now that we know the full picture of what happened, we can sum this up as a deplorable set of events," Brown said in an interview taped Saturday to be aired by the British Broadcasting Corp. on Sunday.

Brown's denunciation contrasted with Blair's silence on the issue. Blair, the chief U.S. ally in the war in Iraq, faces increasing pressure to share his views on the execution and has said he would speak about it in the coming week.

The former Iraqi dictator was taunted by onlookers as he was hanged Saturday, and an illicitly recorded video of his death was later leaked and distributed on the Internet.

Brown, who is expected to succeed Blair when the prime minister steps down this year, said the execution "has done nothing to lessen tensions between the Shiite and Sunni communities."

On Tuesday, Deputy Prime Minister John Prescott also described the circumstances surrounding Saddam's execution as "deplorable."

Blair's office said the prime minister did not necessarily support Prescott's view. However, Blair has endorsed an investigation into the manner of the execution.

UN Chief Urges Iraq To Suspend Executions (AFP)

AFP, January 7, 2007

UN chief Ban Ki-moon has "strongly" urged the Iraqi government to suspend imminent executions amid an international outcry over the bungled hanging of Saddam Hussein a week ago.

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Iraq's embattled prime minister, Nuri al-Maliki, meanwhile, threatened to "review" relations with countries that criticized Saddam's execution and announced a new security crackdown in the chaos-wracked country.

In a statement released by the United Nations, Ban "strongly urged the Government of Iraq to grant a stay of execution to those whose death sentences may be carried out in the near future."

Ban's cabinet chief, Vijay Nambiar, sent a letter Saturday to Iraq's UN representative reiterating Ban's backing of a call by the top UN human rights official "for restraint by the Government of Iraq in the execution of death sentences imposed by the Iraqi High Tribunal," the statement said.

"The letter also refers to the Secretary General's view that all members of the international community should pay due regard to all aspects of international humanitarian and human rights laws."

Two former Saddam henchmen -- Barzan Ibrahim al-Tikriti and Awad Ahmed al-Bandar -- are expected to be hanged soon. They were found guilty along with Saddam of executing 148 Shiite civilians from Dujail, north of Baghdad, in the 1980s.

Their executions, due Thursday, were postponed to Sunday, Shiite lawmaker Baha al-Araji from the group of radical cleric Moqtada al-Sadr told AFP earlier this week.

A senior official with Maliki's office said the executions were postponed "due to international pressure."

The December 30 hanging of Saddam sparked an outcry after the leak of an unofficial, grisly cellphone video of his execution that showed a guard taunting the former dictator moments before his death.

The UN secretary general's appeal to the Iraqi government Saturday for restraint followed a similar UN appeal in the case of the execution of Saddam, who was hanged within days after a court upheld his death sentence.

Ban, who took office on Monday, has declined to condemn or defend Saddam's hanging.

Iraqi's premier Maliki lashed out a critics Saturday, threatening to "review" relations with countries that criticized the bungled execution and arguing the hanging was an internal matter.

"The Iraqi government could be obliged to review its relations with any state that fails to respect the wish of the Iraqi people," warned Maliki, who has ordered an investigation into the illegal filming of the execution.

"We consider the execution of the dictator an internal affair that concerns only the Iraqi people," he said.

Maliki said the criticism would not deter his government from punishing other officials of the ousted regime.

"We will go ahead in applying the law against those who abused the Iraqi people and whose hands are stained with the blood of innocents," he said.

A number of international leaders have criticized Saddam's hanging, saying it appeared more like a sectarian lynching than a court-directed punishment after a guard, believed to be a Shiite, taunted the Sunni former president in his final moments.

The strongest criticism came from Egyptian President Hosni Mubarak, who said the execution had made Saddam a "martyr".

The man tipped to succeed Tony Blair as British prime minister, finance minister Gordon Brown, condemned the manner of Saddam's execution in an interview to be broadcast on BBC television Sunday.

"Now that we know the full picture of what happened, we can sum this up as a deplorable set of events," Brown said.

US President George W. Bush on Thursday acknowledged that the execution should have been "more dignified."

UN Urges Stay Of Iraq Executions (BBC)

BBC.com, January 7, 2007

New UN Secretary General Ban Ki-moon has urged Iraq to suspend the execution of two of former Iraqi leader Saddam Hussein's co-defendants.

His appeal comes amid growing international criticism of the handling of Saddam Hussein's hanging, at which he was taunted and filmed.

Mr Ban was criticised this week for failing to state the UN's policy of opposing the death penalty.

Saddam Hussein's intelligence chief and chief judge are also due to be hanged.

Barzan Ibrahim al-Tikriti and Awad al-Bandar were convicted along with Saddam Hussein for their part in the killing of 148 Shia Muslims in the Iraqi village of Dujail in the 1980s.

Saddam Hussein was hanged on 30 December.

Campaign

In a letter to the Iraqi representative at the UN, Mr Ban urged restraint in carrying out death sentences imposed by the Iraqi High Tribunal

The BBC's Keith Adams says Mr Ban's comments on Saddam Hussein's hanging caused a stir this week - his first in the job.

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He said capital punishment "was for each and every member state to decide" - words that seemed at odds with the UN's policy of opposing the death penalty.

Our correspondent says Mr Ban now seems to be asserting the established UN stance.

The UN said Mr Ban's letter "also refers to the secretary general's view that all members of the international community should pay due regard to all aspects of international humanitarian and human rights laws".

Iraqi Prime Minister Nouri Maliki has reacted angrily to the international outcry over the execution.

He said his government could review relations with any country that criticised the action.

Mr Maliki said the hanging was a "domestic affair" for the benefit of Iraq's unity, adding that the former president had received a fair trial.

International protest has continued, however. On Saturday Rome's mayor lit up the Colosseum to highlight Italy's support for a global ban on the death penalty.

Italy this week began a diplomatic push to have the issue taken up by the UN General Assembly.

Former Italian Prime Minister Silvio Berlusconi called the execution a "political and historic error".

The UK's finance minister, Gordon Brown, described the way Saddam Hussein was executed as "deplorable" and "completely unacceptable".

He said the manner of Saddam Hussein's death would do nothing to ease the tension between Sunnis and Shias.

Several Sunni Arab countries have criticised the hanging as sectarian.

Egyptian President Hosni Mubarak said it had turned the former leader into a martyr.

Not The Case (NYT)

By Noah Feldman

The New York Times, January 2, 2007

Even among those who opposed the Iraq war from the start, there was always hope that bringing Saddam Hussein to justice would be a saving grace of the entire misbegotten enterprise. Now it seems that even this comfort will be denied. Far from healing old wounds, as some suggested it would, his conviction by the Iraqi special tribunal has exerted little effect on the deepening civil conflict between Shiites and Sunnis. The often circuslike atmosphere of the trial, as well as the murder of three defense lawyers, led groups like Human Rights Watch to condemn the tribunal as flawed and illegitimate. And the charge for which Saddam Hussein received the death penalty did not include his most heinous acts. His execution must still remind the world of the horror of the atrocities he committed while in power. But unfortunately, the disarray of the legal process calls greater attention to the failings of the United States, the Iraqis and the international community in dealing with all that has come after.

Since its inception, the tribunal has been haunted by a fundamental problem that bedevils the new Iraqi government more generally: the nature and origin of its authority. That the Iraqi dictator deserved to be punished was never in question. But from what source did the tribunal, which was established under U.S. occupation and then affirmed by the sovereign Iraqi government, derive the right to do so? This was not an academic question. Saddam Hussein was found guilty and sentenced to hang for sending 148 men and boys to their deaths in the aftermath of an attempted assassination against him in the Shiite town of Dujail in 1982. Under Iraqi law at the time, the president was immune from prosecution. In order to satisfy the rule of law - and to avoid the appearance of victor's justice - the tribunal needed to be able to explain its basis for applying the law that was used to find him guilty.

In part, the tribunal sought to draw legitimacy from international law. The court found Saddam Hussein guilty not of ordinary murder but of "crimes against humanity," a grand-sounding, internationally recognized charge with intuitive moral force. When the phrase "crimes against humanity" was used at the Nuremberg trials in 1945, the convening nations did not bother to explain what gave them the right to define and punish such crimes. It was presumed self-evident that certain actions were so terrible that they must be treated as illegal, even if they might have been permissible under Nazi German law when they took place. The so-called Rome Statute, which created the International Criminal Court in The Hague in 2002, specifically defined crimes against humanity in terms drawn from the Nuremberg charter, and the definition used by the Iraqi special tribunal was copied from there.

Yet it is hard to believe that the Iraqi tribunal could convincingly claim its authority from the international community. Like the United States, Iraq has not ratified the Rome Statute. Indeed, the Iraqi tribunal explicitly avoided submitting itself to international standards so that it would be able to apply the death penalty, which most of the international community rejects. This resulted in near complete withdrawal of international cooperation in the investigation of Saddam Hussein's crimes and the trial itself, and the tribunal lost some of the perception of fairness that would have come from broader international participation.

So where, if anywhere, did the Iraqi tribunal get the right to punish Saddam Hussein for crimes against humanity? Sovereign nations like Iraq can, of course, punish whatever crimes they choose, and can change or abrogate their own earlier laws to do it. But there is something unsatisfying about offering this as an account, for it diminishes the tribunal's credible claim

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that the Iraqi dictator's actions reverberated worldwide, implicating not just Iraq but all of humanity. There must be some deeper source of law, apart from treaties or the dictates of the United Nations Security Council, that bans the systematic killing of innocents.

The most persuasive answer is that a law prohibiting crimes against humanity derives its authority from the inherent moral responsibility that lies with whoever has the capacity to punish truly heinous deeds. To be sure, in some cases the international community will bear that responsibility. In the case of Iraq, though, the international community was not in a position to act, not only because of the question of the death penalty but also because many of its members denied the legality of the invasion. Responsibility rested with the powers that actually held Saddam Hussein within their grasp. Their right - and their duty - was to bring him to justice.

By these lights, the decision to charge Saddam Hussein with crimes against humanity was morally and legally justified. Nevertheless, the process fell short of what is needed to invoke the transcendent norms of universal justice. This was a profound failure. As with the other shortcomings of Iraq's government, many players were at fault here: the Americans for failing to provide security for the Iraqis, including the defense team; the Iraqis for failing to get the trial - or the country - to run smoothly; the international community for sanctimoniously disengaging.

But the fact that blame is to be shared does not mitigate the tragedy of this missed opportunity.

Arab Nationalism's Last Gasp (LAT)

By Robert D. Kaplan

The Los Angeles Times, January 7, 2007

Saddam Hussein's execution likely means the end of the foolish secular Arab nationalism movement.

JUST AS THE demise of Slobodan Milosevic in Yugoslavia closed the lid on national communist parties in Eastern Europe, the demise of Saddam Hussein in Iraq appears likely to do the same for secular Arab nationalism across the Middle East.

And just as communism exited the European stage exposed for what it always truly was — fascism without fascism's ability to make the trains run on time — secular Arab nationalism will exit the stage revealed for what it always was: a despotic perversion of the western nation-state that lasted as long as it did mainly because of secret-police techniques imported from the former Soviet Union.

Arab nationalism's roots go back to the revolt against European colonialism in the early decades of the 20th century. But as it developed, it faced a serious problem: Because it was organized around the artificial national borders that these same colonialists had drawn — which generally ignored ethnic and sectarian lines — the result, in too many cases, was multiethnic rivalry and the subjugation of one part of the population by another.

In Iraq, for instance, the national borders created a state in which the majority Shiites were subjugated by the minority Sunnis (as we all now know). In Syria, the majority Sunnis came to be subjugated by the minority Alawites, who constitute a branch of Shiism (and who had been favored in the armed forces by the French). In Lebanon, it was the Shiites who ended up subjugated by both Christians and Sunnis.

No sooner were these independent new states created than the ties of faith and tribe were undermining them. A fragile unity of sorts could only be achieved by recourse to secular nationalism, which, on paper at least, aimed to transcend those bitter rivalries.

Indeed, the more artificial the state, the more extreme the secular ideology had to be to hold it together. To secure unwieldy tribal assemblages, for instance, an austere state socialism was required in Algeria, and a form of "Dear Leader Absolutism" in Libya. Because Syria and Iraq were also artificial constructs, these two states resorted to Baathism — another bastardized form of state socialism.

Contrast all this with places such as Morocco, Tunisia and Egypt, which were age-old civilization clusters whose identities, rather than artificial, harked back to antiquity. It should be no surprise that these places produced more benign forms of secular government.

The two extremes in the Arab world became Tunisia and Iraq. Tunisia, a small country of Sunni Arabs with no internal divisions, which traced its borders back to ancient Carthage, produced Habib Bourguiba, the Arab version of the enlightened Turkish modernizer Kemal Ataturk. Iraq, a Frankenstein monster of a country assembled from warring ethnic and sectarian groups by the British, produced Saddam Hussein, the Arab Stalin.

The defining fact of the Cold War years in the Middle East was competition among these insecure new states for the right to inherit the mantle of the deceased Ottoman Turkish empire, which had held sway over most of their territories for centuries. Because Israel served as a symbolic replacement for European colonialism, each new state tried to outdo the other to prove its anti-Zionist bona fides.

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Egypt, the Arab world's demographic hub, had the advantage, especially as its leader, Gamal Abdel Nassar, psychologically mobilized the Arab masses by standing up to an invasion by Britain, France and Israel in October 1956, leading to a withdrawal of these "colonial" powers from the Suez Canal. Thus began the high-water mark of secular Arabism, which lasted until Nasser's humiliation by the Israelis in the 1967 war.

The Palestine Liberation Organization emerged in the waning years of Nasserism. It was modeled after the other secular nationalist movements — so much so that its foundational text, the 1938 book "The Arab Awakening," was written not by a Muslim but by a Greek Orthodox Christian, George Antonius. Another Christian, George Habash, became one of the PLO's most radical guiding lights.

The defining organizational attribute of secular Arab nationalism was the military emergency regime — witness Egypt, Syria and Iraq — that justified its existence by the continued state of war with Israel. Also working against liberal change in the Middle East was the influence of the Soviet Union. With Soviet military and economic aid for the secular nationalists came the techniques of East Bloc security services.

Nowhere was this more apparent than in the two Baathist countries, Syria and Iraq. The result of made-in-Moscow surveillance techniques was the emergence in the early 1970s of a new class of dictator — Hafez Assad in Syria and Saddam Hussein in Iraq — who, unlike their predecessors, were not overthrown by yet another general or colonel after a short time in office.

These new men stayed in power for decades because anyone who opposed them, no matter how furtively, was soon identified and destroyed.

Thus it was that the Nasserites, the Baathists from Syria and Iraq and the austere pseudo-Marxists from Algeria vied with each other for influence. The PLO, as the supreme symbol of the anti-Zionist struggle, was the beneficiary of the competition. But when the Berlin Wall collapsed and aid from the East Bloc began to dry up, Palestine had still not been liberated, even as creaky, authoritarian bureaucracies across the Arab world were decaying.

Beneath the carapace of secularism, a disturbing brew of religious and sectarian tensions had always simmered. Islamism emerged from an upwardly mobile peasantry that had drifted into Arab cities from the countryside. In the countryside, Islam was an integral part of a traditional existence and generally nonpolitical, but in these pseudo-Westernized cities, filled with the worst sorts of temptations, religion required a severity and ideological component in order to keep families together and teenage boys from slipping into crime.

Alas, what really killed secular Arab nationalism — much more so than the dark influence of the Soviet police state or the mobilizing distraction of the Zionist threat — was the combination of a bad form of urbanization and what Middle East expert Michael Hudson in the 1970s labeled the "primordial identifications" of tribe and sect and religion.

As the secularized Arab state withered, these sub-state loyalties reemerged full bore, making even further mockery of the borders of the Arab world — because tribe- and faith-based communities have little use for national borders.

Those who proclaim today that the only real solution to the Arab dilemma is political freedom are correct. The problem is that they are describing a process that could encompass several bloody decades. After all, it took centuries for stable democracy as we know it to evolve in Europe. In this Darwinian shaking-out process, the new forms of political legitimacy may more closely resemble militarized social welfare organizations such as Hezbollah and the Al Mahdi army than the ramshackle contrivances of the European model that we saw in the post-colonial era.

Right before the trap door was opened, Hussein's executioners chanted "Muqtada, Muqtada, Muqtada," referring to Shiite militia leader Muqtada Sadr — because what was supposed to have been retribution for crimes against humanity had, despite all of our efforts, turned into another sectarian killing. Such is the abyss that follows secular Arab nationalism.

ROBERT D. KAPLAN is a correspondent for the Atlantic Monthly and a visiting professor at the U.S. Naval Academy. He is the author of "The Arabists," among other books.

Antitank Mines Hamper Progress Of U.S.-Iraqi Assault (LAT)

By Alexandra Zavis, Times Staff Writer

The Los Angeles Times, January 7, 2007

SAMOUDI, IRAQ — All they wanted was a hot meal.

Three days into a wet, cold offensive through a lawless region east of Baghdad, Iraqi soldiers persuaded their American counterparts to let them pull back to their command post for a dinner that wasn't out of a Meals Ready to Eat packet.

As dusk fell Saturday, an urgent message came in over a crackling radio: A blast, apparently an antitank mine, had ripped through one of the vehicles in the Iraqi convoy. Flames shot out of the stricken Humvee and ignited ammunition, sending rounds streaking into the sky. One Iraqi was killed in the blast and three were injured.

Along another stretch of road, two mines exploded Saturday less than 15 yards apart, injuring five American soldiers.

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This morning as U.S. and Iraqi troops started to pull out, two more antitank mines tore through two Iraqi troop carriers one after another, injuring at least 21 soldiers, five seriously.

Antitank mines have become one of the top threats as U.S. and Iraqi forces press their assault in a Sunni insurgent redoubt said to be riddled with weapons caches, secret tunnels and training ranges. Their convoys have hit at least 10 explosive devices since the operation was launched early Thursday, most of them antitank mines.

"We used to be pretty good about finding IED [improvised explosive device] tripwires and such," 1st Sgt. Michael S. Clemens said. "But since they started using antitank mines, that hasn't worked so well."

The devices first were used in the area in November, when U.S. forces faced off against fighters maneuvering through the irrigation canals that lace the region.

U.S. vehicles have been upgraded to withstand many attacks, including in some cases adding armor around their fuel tanks that Iraqi vehicles lack. U.S. forces also have developed strategies to mitigate the impact of the blasts, including driving very slowly so the effects are concentrated on the engine box, not the passenger compartment.

Iraqi forces are often less cautious. And they sometimes attach extra fuel containers to the sides of their vehicles, U.S. soldiers noted. It was not immediately clear whether that played a part in Saturday's fiery explosion.

After three days of slow, methodical searches through remote hamlets in the region about 40 miles east of Baghdad, some Iraqi soldiers had started complaining Saturday that they were tired from spending a rain-soaked night in uncovered troop carriers. Adding to the frustration, the day coincided with a scheduled troop rotation, when most had expected to go home. U.S. officers decided it would boost morale to allow them to drive back for a hot meal.

"We do not like the MREs," said one Iraqi 1st lieutenant, wrinkling his nose in distaste. He gave his name only as Ali.

Capt. Stephen Dobbins, a troop commander in the U.S. Army's 5th Squadron, 73rd Cavalry, was driving on the opposite side of a canal road Saturday when one of the American vehicles was hit.

The charred carcass of a Humvee damaged in the first blast had already been loaded onto a truck and driven over the same stretch of road when another Humvee rounded a bend and touched off the deafening blast. Dobbins jumped out of his vehicle and strode down the road to help oversee the response.

Soldiers rushed forward to pull dazed and bloodied comrades from the stricken vehicle. Medics applied bandages and intravenous drips. Black Hawk helicopters swooped in to collect the four most seriously wounded, including one soldier with two possibly broken legs and another sitting upright on a stretcher with a blackened face and bloodshot eyes.

The explosion had blown out the front of the vehicle, sending bits of twisted metal and a backpack flying at soldiers standing nearby. A panel that protects the gun turret dangled from its hinges, and the passenger compartment was filled with bits of equipment.

Once the wounded were seen to, soldiers turned to salvaging the wrecks.

As he turned back toward his Humvee, Dobbins paused to kick dirt over blood spots.

"I don't want them to be able to come back and see that we were bleeding," he said. "It's a trophy for them."

About 1,000 U.S. and Iraqi forces are involved in the assault aimed at reclaiming an area military commanders say has become a haven for Al Qaeda in Iraq and other militant groups.

The troops have been moving from village to village, hunting for weapons, fighters and intelligence. All military-age men are questioned and tested for explosives residue. But in most homes, soldiers are finding only women and children.

In Samoudi, many homes stood eerily empty Saturday as U.S. and Iraqi forces moved through the large farming community. At one house, rows of brightly colored plastic shoes were neatly lined up outside the door, and the remnants of the previous night's meal had not yet been washed from the pots in the kitchen. There was black leather furniture in the living room, a television set and a motorcycle, which U.S. forces call "the insurgents' Humvee."

"That's an awful lot of nice stuff to leave behind," Dobbins said.

Those who remained contended that there was nothing suspicious about their neighbors' disappearance.

"People are jittery when the forces come, so they gather together," said Madeha Alwan, a tall, weathered woman sitting cross-legged on the floor with her husband's second wife, his sister and a throng of children. "These children couldn't sleep last night, so we brought them here together." Her husband, she said, was tending to his sheep.

Searching through fields and grain stacks, troops found sniper rifles, hand grenades and ammunition boxes. Six men were detained for questioning.

In one building along a notoriously mined road, soldiers found equipment to amplify a radio or wireless phone signal and a map they believed might indicate weapons caches.

U.S. forces think the building served as an observation point, part of an elaborate early warning system that includes fires, flares and gunshots to alert fighters that vehicles are approaching. Thirteen men were detained there, the military said.

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Calming Voice Sought In A Restive Region (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, January 7, 2007

The Marines hope to persuade Iraqi women in Al Anbar province to talk their men into fighting the insurgency.

BAGHDADI, IRAQ — The living room of the local sheik is filled to the bursting point with women. Some are covered in traditional garb and say little. Others take pictures and talk excitedly. They have come together for an unlikely gathering in this patriarchal society: a women's discussion group.

The U.S. military is reaching out to women in several communities in the rebel stronghold of Al Anbar province, in hopes of persuading them to tell their husbands and sons to help in the fight against the insurgency.

"We want to empower the women to the point where they can have a positive influence on the men, when they're alone, in the home, in the bedroom," said Marine Master Sgt. James Allen, who helps coordinate the effort but, as a man, cannot attend the gatherings.

Angela Khadijah Williams, a public diplomacy officer with the State Department, goes a step further. She believes outreach to Iraqi women is essential.

"If you don't bring them in, you're not going to win," said Williams, who is based at Camp Fallouja to help with what the military calls the Women's Engagement Program.

In this community along the Euphrates River, 120 miles from Baghdad, Sheik Mal Allah has given approval to a women's group and allowed it to meet in his home. The turnout was so good for the recent session, he joked that if any more came, "they'd break my house."

Allah also is a member of the City Council and, along with his brother, has rallied residents to resist intimidation and hijacking of food by insurgents in surrounding cities. His brother is a colonel with the local police.

"You are my brothers," the sheik told a group of visiting Marine brass.

The women's outreach effort is in its first stages with no tangible results so far, another reason the Marines say the fight against the insurgency in Al Anbar is a long process where patience is key.

"Right now, we're relationship-building, listening to these women … building trust," said Marine Cpl. Jennifer McNamara, who is involved with a group in another community.

In Baghdadi, female Marines and Navy corpsmen have given lectures to the group on prenatal and child care and other health issues.

The U.S. has donated sewing machines. The Marine Corps plans to provide a building inside the troops' guarded compound here where the women can meet safely.

Brig. Gen. Robert Neller, deputy commanding general of the 1st Marine Expeditionary Force, said he hoped the women would realize that "the insurgency has nothing to offer these people."

The sheik has taken a strong stand against the insurgents. "They want to take us back in history," he said through an interpreter.

After initially being resistant to helping the Americans, the sheik has come to believe the United States presents the best opportunity to combat the insurgents and compensate for a government in Baghdad that he does not believe cares about this Sunni Arab community.

"Nobody helps us from the Iraqi government," he said. "They do nothing to remove our sadness."

So far, few sheiks are as willing as Allah to embrace the idea of women's participation. In Qaim, near the Syrian border, for example, the men initially gave their approval to a meeting of women but then withdrew it.

Finding a sheik to step forward in the fight against the insurgency is not easy, Marines said. In the nearby community of Hit, no sheik has been as bold as Allah.

"Identifying trustworthy, reliable people willing to step up and take a position of responsibility has been difficult," said Army Capt. Will Bardenwerper, whose unit has responsibility for Hit.

"There's just been so much murder and intimidation," he said.

Even when a sheik offers help, the Americans have learned to be cautious. Some sheiks claim authority they don't have. Some make promises they don't keep, Marines said.

A sheik functions as a kind of village elder, often receiving payments from members of his tribe.

The insurgency threatens to disrupt long-standing economic arrangements. The Americans try to convince sheiks that the Marines can help them retain their economic position and status.

Allah decided to help the Americans because food supplies for his community were routinely stolen by insurgents.

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The U.S. sent his brother to a police academy in Jordan so the man would become part of the police department rather than form a militia.

At the recent meeting at Allah's house, the women of Baghdadi were attentive and apparently eager for more sessions.

McNamara said that in the gatherings she had attended, the women seemed to appreciate having someone listen to them.

The Marines are trying to be culturally sensitive, McNamara said.

"We're not going to tell them, 'Throw off your veils and be free,' " she said. "We're not trying to change their culture."

Official: Evidence Doesn't Back Marines (AP)

By Robert Burns,

AP, January 7, 2007

U.S. criminal investigators found no evidence to support the claim of Marines charged in the deaths of unarmed Iraqi civilians that five were shot after trying to flee the scene of a roadside bombing that killed one Marine, a senior defense official said Saturday.

Investigators determined that all five Iraqis were shot within arm's length of each other and no more than 18 feet from the white taxi they were ordered to exit by members of a Marine squad in the western Iraqi town of Haditha, said the official, who is familiar with reports produced by the Naval Criminal Investigative Service.

The official spoke on condition of anonymity because he was not authorized to publicly discuss details of the killings on Nov. 19, 2005.

Two Marines are charged with murder in the five deaths. They are Staff Sgt. Frank D. Wuterich and Sgt. Sanick P. Dela Cruz.

Two other Marines — Lance Cpl. Justin L. Sharratt and Lance Cpl. Stephen B. Tatum — face murder charges in connection with the deaths of other Iraqi civilians shot shortly after the killings by the taxi.

Through his lawyers, Wuterich has claimed he acted appropriately and within military rules governing the use of deadly force in combat.

Mark Zaid, an attorney for Wuterich, said in an interview Saturday he was highly disappointed that information from the government's investigative report on Haditha had been leaked to the media. He called it an effort by unidentified Pentagon officials to "portray a negative slant of these Marines."

Tatum's attorney, Jack Zimmerman, said he got the report the day after Christmas and has not "even begun to crack it." He called disclosure of details from the report a "serious, serious violation" and said he may ask the military to investigate the source of the leak.

Attempts on Saturday to reach lawyers for DelaCruz and Sharratt were unsuccessful.

Dela Cruz told investigators he fired bullets into the five bodies as they lay on the ground and that he later urinated on one, the defense official said.

These details about the deaths were first reported in Saturday's Washington Post, which said it obtained a copy of a lengthy government investigative report. The Post published photos from the investigative file that had not previously been made public; one shows the five Iraqis sprawled near the taxi.

One of the five may have been kneeling at the time he was shot, the defense official told The Associated Press.

In addition to the four Marines facing murder charges, four other Marines who were not at the scene were charged with dereliction of duty for failing to report or properly investigate the killings. In all, the case involves the deaths of 24 Iraqi civilians.

The Haditha investigation is the biggest U.S. criminal case involving civilian deaths so far in the Iraq war.

Members of an explosive ordnance disposal team that was summoned to the scene scoured the taxi and found no weapons or evidence of bomb-making materials, the defense official said. At least two, and possibly four, of the five Iraqis were students; the other was the taxi driver, who was taking the students to school.

The Marines claimed later that the five were attempting to flee and that they fit the profile of military-age men who, in the past, had acted as spotters for insurgents setting off roadside bombs. Zaid said Wuterich's position is that the five had disobeyed the Marines' orders, issued in Arabic, and were starting to flee. He said the report that they were up to 18 feet from the taxi supports Wuterich's position.

The NCIS investigators determined that the five had no apparent link to the bombing that morning in Haditha that shattered a Marine Humvee utility vehicle and killed Lance Cpl. Miguel Terrazas; two other Marines were injured.

The shooting of the men near the taxi was the first in a series of violence responses by the Marines, according to the NCIS investigation. The Marines subsequently raided four nearby houses, killing 18 unarmed civilians inside three of the residences. One other was shot dead outside. Among the dead were women and children.

The Marines were with Kilo Company, 3rd Battalion, 1st Marine Regiment, based at Camp Pendleton, Calif.

After the deaths, the Marines announced that 15 civilians had been killed in Haditha from a roadside bombing and a Marine firefight with insurgents. The Marines said eight insurgents also were killed. The Marines have since acknowledged that that report was false.

The matter, involving an unusually large number of civilian casualties, was not investigated by the military until a Time magazine reporter inquired about the deaths in January 2006.

The military launched the first phase of its investigation in February, and in March it began a separate administrative probe focusing on how the matter was reported in official Marine Corps channels and whether there was an attempted cover-up. On the basis of that investigation, four Marines were charged with dereliction of duty.

The NCIS began its probe in March and it grew into the agency's largest criminal investigation in years.

One worry of military prosecutors is that American investigators failed to persuade the families of the any of the 24 dead to permit their bodies to be exhumed and examined to obtain forensic evidence.

The NCIS had hoped to gain access to the bodies so they could, for example, compare wounds on the bodies to the blood stain patterns at the scene and to other evidence and witness statements.

U.S. government officials went so far as to propose through the Iraqi government in Baghdad last year that a nongovernment humanitarian organization with medical credentials be permitted to exhume and examine the 24 bodies, but the families rejected that approach.

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Associated Press Writer Elliot Spagat in San Diego contributed to this report.

U.S. Inquiry Backs Charges Of Killing By Marines In Iraq (NYT)

By Paul Von Zielbauer

The New York Times, January 7, 2007

An American government report on the killing of 24 Iraqis, including several women and children, by marines in the village of Haditha in 2005 provides new details of how the shootings unfolded and supports allegations by prosecutors that a few marines illegally killed civilians, government officials said yesterday.

The report, by the Naval Criminal Investigative Service, contains thousands of pages of interviews with marines, Iraqi Army soldiers who had accompanied them and Iraqi villagers who had seen the attack. The shootings followed a roadside bombing that killed a young lance corporal and wounded two other marines, said a senior Defense Department official and another official who had read the report.

The evidence contained in the report, the most exhaustive of several inquiries begun by the military last year to determine what happened in Haditha that day, led prosecutors to charge four enlisted marines with murder. Four marine officers, who were not present during the attack, were also charged with dereliction of duty and other crimes for failing to properly report details of the episode.

The details of the investigation, first reported by The Washington Post yesterday, corroborate accounts of how the killings took place over a period of hours, as described by senior military and Defense Department officials last year in The New York Times.

But the report broadly expands those descriptions, and provides additional evidence, sworn testimony and accounts of witnesses that both prosecutors and lawyers for the accused marines are likely to use in upcoming courts martial, officials said.

The four enlisted men charged with unpremeditated murder, all members of a squad of Company K, Third Battalion, First Marines, are: Staff Sgt. Frank D. Wuterich of Meriden, Conn.; Sgt. Sanick P. Dela Cruz, 24, of Chicago; Lance Cpl. Justin L. Sharratt, 22, of Carbondale, Pa.; and Lance Cpl. Stephen B. Tatum, 25, of Edmond, Okla.

The attack on the Iraqis began after the roadside bomb blew up one of four Humvees the marines were traveling in on Nov. 19, 2005. Minutes after that, the report portrays Sergeant Wuterich, the squad leader, and Sergeant Dela Cruz as killing five men who had nervously piled out of a taxi that had stopped near the marine convoy, the officials said.

The men “were shot by Wuterich as they stood, unarmed, next to the vehicle approximately 10 feet in front of him,” the report said, according to a person who has read it.

Sergeant Dela Cruz said that as he approached the taxi, he saw some men standing near it with their hands in the air, officials said. After Sergeant Wuterich shot them, he continued shooting as they lay on the ground, and later urinated on one of them, an official said.

The marines, taking small arms fire from several locations near homes on either side of the convoy, attacked a home nearby, killing six people, including a young boy, a woman and two elderly people, none of them armed, the report said, according to officials and people who have read it.

The report said that marines told investigators who interviewed them months later that they believed they had permission from their superiors to fire at will inside that home and a second home they raided minutes later, officials said. They said an officer, First Lt. William Kallop, who arrived with other marines after the roadside bomb to support the squad under fire, told them to commandeer one of the homes.

In one of the houses the marines raided, the report said, a 13-year-old girl, Safah Yunis Salem, said she survived by pretending to be dead after marines killed several family members, including her 3-year-old sister and 5-year-old brother, government officials said.

One person who has read the N.C.I.S. report and who is sympathetic to the marines' account of events said that its thousands of pages provides evidence for both prosecution and defense teams, and that drawing conclusions from it about the guilt of any of the accused marines is difficult.

"For every statement that said X happened, there's another statement that said Y happened," this person said, speaking only after being granted anonymity, because he was not authorized to discuss the report.

An N.C.I.S. spokesman declined to comment on the report, which it has not officially released, and said the agency was troubled by the leak of it to The Post. "N.C.I.S. strives to ensure the integrity of every investigation and finds the idea that someone might leak any of its investigative products to be deeply troubling," the spokesman said.

Several lawyers representing the accused marines expressed anger at the Defense Department, which they blamed for allowing the report to be given surreptitiously to a newspaper and, they said, potentially damaging their clients' cases.

"The defense lawyers are extremely upset," said Mark Zaid, a lawyer for Sergeant Wuterich, the squad leader who is charged with killing at least a dozen Iraqis. "The release of the entire evidentiary set is unethical and appears to have been done by certain Pentagon officials with the intent to harm the defendant's defense."

The report offer some contradictory evidence, and omits other issues about how the marine chain of command handled the aftermath of the attack that have rankled certain people within the military and defense department. One issue is the cash payments that commanders approved giving to families of people killed in the attacks.

Maj. Gen. Richard A. Huck, the commander of the Second Marine Division at the time, and Col. Stephen W. Davis, then the regimental commander, should have suspected the killings were improper, one Defense Department official said yesterday. Though the Marine Corps' official view of the Haditha matter remained that 15 Iraqis were killed by the roadside bomb, the Marine Corps nonetheless approved $2,500 payments to each of at least 15 families of people killed in the episode.

"The numbers simply never added up, and the Marines never acknowledged it," the Defense Department official said.

Marines' Photos Provide Graphic Evidence In Haditha Probe (WP)

By Josh White, Washington Post Staff Writer

The Washington Post, January 7, 2007

Capturing images of war on their digital cameras, as many troops in Iraq have done, Marines took dozens of gruesome photographs of the 24 civilians who were killed in Haditha, Iraq, in November 2005.

The images -- which investigators tracked down on several laptop computers and digital media drives, some in the United States -- provide visual evidence of a series of shootings outside a taxi and inside three homes that military criminal investigators have alleged were murders.

Much like the photographs that emerged in the Abu Ghraib prison abuse cases, the Haditha images have provided investigators powerful and visceral evidence of what happened. But unlike the detainee photographs, which were turned over to officials who then investigated the case, the Haditha images were discovered months after the shootings as more than 60 Naval Criminal Investigative Service agents scoured the globe for them.

Investigators found photographs on laptop computers that were shipped back to the United States and recovered images that had supposedly been deleted from a Sony PlayStation Portable memory drive, according to investigative documents.

Marines were found to have downloaded the images from each other's devices, traded them and loaded them onto personal Web sites; one Marine told investigators he saw some of the photographs set to music on another Marine's computer. Some were e-mailed from Iraq to a civilian in the United States, but none surfaced publicly until now.

Among the images, there is a young boy with a picture of a helicopter on his pajamas, slumped over, his face and head covered in blood. There is a mother lying on a bed, arms splayed, the bodies of three young children huddled against her right side. There are men with gaping head wounds, and a woman and a child hunkered down on their knees, their hands frozen around their faces as if permanently bracing for an attack.

Several Marines took photographs on Nov. 19, 2005, some of them as part of an intelligence-gathering operation and some in order to record what had happened to a Humvee that was destroyed by a massive roadside bomb, killing Lance Cpl.

Miguel "T.J." Terrazas. The photographs of the bomb crater and the shredded vehicle show the power of the explosion that set the Haditha incident in motion.

The images are contained in thousands of pages of NCIS investigative documents obtained by The Washington Post. Post editors decided that most of the images are too graphic to publish.

Ed Buice, an NCIS spokesman, said he could not comment on an open investigation: "NCIS strives to ensure the integrity of every investigation and finds the idea that someone might leak any of its investigative products to be deeply troubling."

One Marine who decided to hold onto the photographs made it certain that officials would have a clearer view of what happened that day. Lance Cpl. Andrew A. Wright, who arrived on the scene after the violence to care for the bodies, took photographs of the dead and kept a full set.

"I decided that it was in my best interest to obtain the photos I had taken that night," Wright told investigators. "Even though there was no investigation at the time, I felt that the photographs would be evidence if anything came up in the future. In my opinion, the people that I photographed had been murdered."

Because the killings in Haditha were not investigated until four months afterward -- initially, Marine officers decided the shootings did not appear out of the norm -- the photographs are in some cases the only hard evidence. Officials are hoping to use them to reconstruct the events because they have not been able to exhume the Iraqi victims' bodies.

NCIS officials are comparing the images with the Marines' statements about what happened.

Investigators have found 44 photographs that a civil affairs officer took in the days after the incident as part of an effort to make condolence payments to the families of the dead. The pictures show pockmarked walls and bloodstained floors.

Investigators also found video from an unmanned aircraft that was aloft in the region that day, but it began recording after the first reports of a roadside bomb and the initial shootings, according to the documents. The video shows Marines conducting door-to-door searches, according to an intelligence officer's statement.

Defense lawyers for four Marines who have been charged with murder in the killings said they believe it will be hard to prove anything based on the photographs alone, other than that the Marines killed the people while hunting for insurgents. The Marines have told investigators that they were following their rules of engagement.

Marine Corps officials believe that many of the photographs -- which show the results of grenade explosions inside civilian homes and close-range rifle shots -- are inflammatory by their nature, no matter whether a crime was committed. Investigators have gone to great lengths to keep them private. It is possible that even the most grim images will surface publicly in military court proceedings.

Witness Accounts Of Attack On Civilians Revealed (LAT)

From Times Wire Services

The Los Angeles Times, January 7, 2007

WASHINGTON — A Marine squad just hit by a roadside bomb in Iraq ordered five unarmed Iraqi civilians out of a taxi, and the squad leader shot them, witnesses say in a report obtained by the Washington Post.

The report by the Naval Criminal Investigative Service, which reveals previously undisclosed details about the Haditha incident, says a taxi happened upon the scene shortly after the explosion. Witnesses told investigators that the Marines' squad leader, Staff Sgt. Frank D. Wuterich, ordered the passengers out of the car.

Naval investigators said that Wuterich shot the Iraqis one by one as they stood next to the vehicle, about 10 feet from him, the Post reported Saturday.

Another Marine allegedly fired shots into the victims' bodies as they lay on the ground.

"They didn't even try to run away," said one witness, a young Iraqi soldier working with the Marine squad. "We were afraid from Marines and we saw them behaving like crazy. They were yelling and screaming."

Four Marines have been charged in the Nov. 19, 2005, deaths of 24 civilians, including women and children, that occurred immediately after a roadside bomb killed one Marine and injured two. In addition, four officers, who were not there during the killings but were accused of failures in investigating and reporting the deaths, have been charged.

Marines took dozens of gruesome photographs of the civilians who were killed, the newspaper reported today in a subsequent article.

Much like the photographs that emerged in the Abu Ghraib prison abuse cases, the images — which investigators tracked down on several laptop computers and digital media drives, some in the United States — provide visual evidence of what happened. But unlike the detainee photographs, which were turned over to officials, who then investigated the case, the Haditha images were discovered months after the shootings as more than 60 Naval Criminal Investigative Service agents scoured the globe for them.

The killings have led to the biggest U.S. criminal case involving civilian deaths in Iraq.

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After the taxi passengers were shot, the report says, the Marines raided nearby houses, firing indiscriminately in a bloody, door-to-door sweep, killing 14 unarmed inhabitants in 10 minutes.

The four Marines charged with murder in the killings are: Wuterich; Sgt. Sanick P. Dela Cruz; Lance Cpl. Justin L. Sharratt; and Lance Cpl. Stephen B. Tatum. They face a maximum penalty of life in prison if convicted.

N.E. Toll In Iraq Nearly Doubles (BOS)

By Raja Mishra, Globe Staff

The Boston Globe, January 7, 2007

Most of 40 killed in '06 were men under age 25

The number of New Englanders killed in combat in Iraq nearly doubled last year to 40, mostly men under age 25 cut down by increasingly lethal hidden roadside bombs, according to a Globe analysis.

Military analysts said the numbers underscore a troubling aspect of the war: Insurgents have been able to outwit American forces by improving roadside bombs and other improvised explosive devices, resulting in a steady stream of deaths among the young soldiers and Marines typically assigned to daily patrols.

In New Hampshire, 2006 was particularly difficult for military families. The number of Iraq deaths jumped from two in 2005 to eight, and five of last year's dead were younger than 25, leaving a trail of unfulfilled aspirations.

Behind the grim statistics are such young men as Ryan T. McCaughn , whose dreams of opening a bar and grill vanished in an instant in November when an improvised explosive device ripped through the 19-year-old Marine lance corporal as he hunted insurgents in Anbar Province.

"He was my heart and soul," said his mother, Nicole Cote , 44, of Manchester, N.H. "He was always talking about his future, about having kids and being a father."

Of the 40 New Englanders killed in Iraq last year, 26 -- 65 percent -- were under age 25, according to the Globe analysis. Overall, among the most recent 1,000 Americans killed, between late October 2005 and the end of December, about 56 percent were younger than 25, according to a recent Pentagon study.

"The people out on patrol are the most likely to be in that age group," said David J. Danelo , a Marine who fought in Iraq and the author of "Blood Stripes: The Grunt's View of the War in Iraq," a combat memoir.

"Young people assume the greatest risk in this war," he said.

Overall, New England fatalities in Iraq have fluctuated over the course of the war, dipping in 2005, then increasing last year to nearly the level of 2004, the first full year of combat.

The victims are often such young people as 19-year-old Michael L. Ford of New Bedford, one of the youngest Massachusetts men to die last year in Iraq, killed by an improvised explosive device in April. He sent his father a letter from Iraq that said only "Hi," typical of his sense of humor, his family said. Ford planned to convert his Marine Corps experience into a career in law enforcement.

Scott Procopio , 20, of Saugus, became engaged to his longtime sweetheart, Kristal Cerbone , just six months before he was killed by an IED in April.

McCaughn had his own plans.

"The one thing he always talked about was opening his own restaurant," Cote said. "It would have a full-service bar and serve all kinds of food."

McCaughn graduated in spring 2005 from Central High School in Manchester, where he took culinary courses. He saw the military as a way to pay for further culinary training and left for boot camp on Parris Island, S.C., one week after graduation.

"He was the kind of person that thought about everyone else," said his mother, her voice trembling. "He was special, very special."

The deaths of older servicemen were no less tragic. David J. Babineau , 25, of Springfield, killed last June, left behind two sons, ages 2 and 4, and ambitions of becoming a five-star general.

Increasingly, the agent of these deaths is the improvised explosive device.

The devices caused about 22 percent of the deaths among the first 1,000 troops killed, according to the Pentagon analysis. But among the most recent 1,000 deaths, they accounted for 47 percent of fatalities.

The numbers were even starker among New England military personnel killed last year: 57 percent of Massachusetts deaths and 75 percent of New Hampshire deaths were caused by IEDs.

Military specialists said the increasing frequency of IED deaths showed the insurgents' tenacity. IEDs are hidden along roadsides and sidewalks, and often triggered by cellphone signals or hidden timers.

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"It's a really cheap, easy, and anonymous way to attack. I could show you how to make one in about 20 minutes," said Paul Rieckhoff , an Iraq veteran and executive director of Iraq and Afghanistan Veterans of America. "By the time I left in the winter of 2004, they were in full bloom."

The US military now teaches IED detection and handling during basic training. Humvees and other personnel carriers have been upgraded with armor.

In response, insurgents have come up with more sophisticated devices. They have also made bigger IEDs by using the tons of explosives that were stolen from unguarded Iraqi military buildings in the weeks after the US invasion in March 2003.

"There's been a competition between ourselves and the insurgents. Over time, the IEDs have gotten bigger, more powerful and the triggering devices have gotten more sophisticated," said Boston University international relations professor Andrew J. Bacevich , whose son is fighting in Iraq. "We've never been able to get the lead on that competition."

And with President Bush expected to announce this week that he will send tens of thousands of more troops to Iraq, military specialists predicted that roadside bombs will kill many more young Americans.

"A lot of these young people don't speak the language and don't have a good grasp of what's going on around them," said military analyst Loren B. Thompson of the Lexington Institute, a nonpartisan think tank in Arlington, Va. "It's easy for insurgents to use IEDs against them. And it will continue."

Case Tests Officers' Right To Dissent (LAT)

By Teresa Watanabe, Times Staff Writer

The Los Angeles Times, January 7, 2007

1st Lt. Ehren Watada's lawyer likens his client's comments against the war and the administration to those of retired military officials.

Do military officers have the right to publicly voice dissent about their commander in chief and U.S. war policy?

That question highlighted last week's pretrial hearing at Ft. Lewis Army base near Seattle for 1st Lt. Ehren Watada, the nation's first commissioned officer to refuse deployment to Iraq. Watada faces a court-martial and six years in prison for failing to deploy with his Stryker Brigade last year and for making four public statements criticizing President Bush and the Iraq war.

"This is an important case that will test the limits of dissent within the Army officer corps," said Eugene R. Fidell, president of the National Institute of Military Justice in Washington, D.C.

Watada, a 28-year-old Honolulu native who enlisted after the Sept. 11 attacks, said he gradually came to the conclusion that the Bush administration had lied about the basis for war and had betrayed the trust of the American people, making Watada ashamed to wear the uniform. In media interviews and in a speech at a peace convention, Watada also said that the Iraq war was "not only morally wrong but a horrible breach of American law," and that soldiers could stop it by refusing to fight.

Civilians would unquestionably be free to make such remarks under the 1st Amendment, but Army officials argue that soldiers voluntarily surrender some of that freedom when they choose to join the military. Watada's statements constitute the criminal offense of "conduct unbecoming an officer," Army officials argue.

"While service members do have freedom to speak, what you say must be in keeping with good order and discipline in the military and with national security," said Ft. Lewis spokesman Joseph Piek.

Watada's attorney, Eric Seitz, argued last week that even military personnel could voice dissent, particularly on issues of such public importance as war. In motions to dismiss the charges of unbecoming conduct, Seitz argued that Watada's dissent was respectfully delivered and did not rise to the moral failings the military code was meant to punish, which include "dishonesty, unfair dealings, indecency, indecorum, lawlessness, injustice and cruelty."

"Whether or not one agrees with Lt. Watada's conclusions, it was no sign of personal degradation or moral unfitness for him to speak his conscience on gravely important issues of war and peace," Seitz argued.

Seitz also argued that Watada was being selectively prosecuted; he noted that several high-ranking retired military officials had criticized the war effort and not been charged with any offenses.

Retired officers who draw a military pension are still subject to military law.

But two of those cited in Seitz's motion, Army Maj. Gens. John Batiste and Paul D. Eaton, said in interviews that they drew sharp distinctions between Watada's conduct as a still-active-duty officer and their own remarks after they left the service.

"It is totally inappropriate if not unauthorized for an active-duty officer to publicly criticize the chain of command," said Eaton, a 33-year military veteran who led the Iraqi security forces training program before stepping down last January. He subsequently called then-Defense Secretary Donald H. Rumsfeld "incompetent" and urged Rumsfeld to resign in an op-ed article.

Americans should not let sentiment against the unpopular Iraq war lead them to endorse behavior that undermines the military system and threatens national interests, Eaton said.

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"The American people have to have absolute faith that when the call to duty goes out, soldiers do precisely what their commander in chief asks them to do," Eaton said.

"What the American people can't have is an Army of people who on any given day can wake up and say, 'That's not what I want to do.' "

Batiste, who commanded the 1st Infantry Division in Iraq until March 2005, also said he had been careful not to criticize the war effort until he made what he called a "gut-wrenching decision" to resign from the military after 31 years. Batiste subsequently called for Rumsfeld's resignation and blasted U.S. policy for failing to commit enough resources to win the war, for watering down Geneva Convention prisoner protections and for promoting democracy over security.

"You don't [criticize] in public — not while you're wearing the uniform," Batiste said. "It's contrary to the culture and norms of the military."

Others have hailed Watada as a courageous soldier of conscience, including retired U.S. Army Col. Ann Wright and international law expert Francis Boyle.

Fidell of the military justice institute said officials chose not to prosecute soldiers who put "Impeach Nixon" bumper stickers on their cars in the 1970s. In contrast, he said, officials successfully pursued unbecoming-conduct charges against a military doctor who urged soldiers not to fight during the Vietnam War; the conviction was upheld by the Supreme Court.

Lt. Col. John Head, the military judge in Watada's case, is expected to issue a written decision this week on whether to dismiss the unbecoming-conduct charges before Watada's February court-martial trial. Those charges carry a maximum four-year sentence.

Head will also rule on whether to grant Watada's request for a hearing on the legality of the Iraq war. The lieutenant is arguing that the Bush administration failed to obtain proper authorization for the war and that the Nuremberg principles adopted after World War II require soldiers to refuse illegal orders. But Seitz said the judge indicated last week that he would probably not permit the hearing.

Contractors In War Zones Lose Immunity (BOS)

By Farah Stockman, Globe Staff

The Boston Globe, January 7, 2007

Bill provision allows military prosecutions

WASHINGTON -- An estimated 100,000 employees of US defense contractors working in Iraq are no longer immune from military prosecutions, because of a little-noticed provision in a 2007 defense spending bill aimed at holding private contractors accountable for crimes committed in war zones.

For the past three years, an unprecedented number of private contractors in Iraq have performed jobs previously reserved for the military, with immunity from military rules that govern troops and from criminal prosecution in Iraqi courts.

The legal loophole caused outrage during the Abu Ghraib scandal in 2004. Soldiers involved in abusing prisoners were sentenced in military courts, but the civilian interrogators working alongside them for Titan Corp. and CACI International, two private firms, faced no punishment.

The 2007 Defense Bill, enacted in October, placed contractors and others who accompany the military in the field under the same set of military laws that govern the armed forces.

"Basically 100,000 contractors woke up to find themselves under the Uniform Code of Military Justice," said Peter W. Singer , a senior fellow at the Brookings Institution who specializes on civilian military contractors and whose article on a defense blog Thursday called attention to the change.

Previously, the code applied to "persons serving with or accompanying an armed force in the field" only during a war, which US courts interpreted to mean a war declared by Congress. No such declaration was made in the Iraq conflict. Now, Congress has amended the code to apply to persons accompanying an armed force during a "declared war or contingency operation."

The amendment, spearheaded by Senator Lindsey Graham, a South Carolina Republican, was the latest in a series of moves by lawmakers to plug legal loopholes that had allowed contractors who had committed crimes overseas to escape justice. A Senate aide said the amendment passed with little discussion. "There was a concern about whether we have an adequate allocation of legal responsibility for contractors," said the aide, who asked not to be identified because he was not authorized to speak to the media. "If they are not subject to Iraqi law, what law are they subject to?"

But the provision might also have unintended consequences, if the military chooses to use its new power to court-martial civilians. For instance, the language in the law is so broad that it can be interpreted as saying that embedded journalists and contract employees from foreign countries would also be liable under the military code. Other punishable offenses under the code include disobeying an order, disrespecting an officer, and possession of pornography -- far less serious than the crimes that Congress envisioned when drafting the bill.

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Contractors have yet to react publicly to the changes. A spokeswoman for L-3 Communications, which has sent hundreds of translators to work with the US military in Iraq, said the company could not comment on government policy. Calls to Halliburton, another major US contractor in Iraq, were not returned.

Some military law specialists said the move to allow civilians to be tried in military courts would raise alarm bells with human rights groups and the United Nations, and in US civilian courts.

"I think there should have been some kind of hearing before Congress passed this measure," said Eugene R. Fidell, president of the National Institute of Military Justice, a nonprofit organization in Virginia. "Ultimately, if this power is used, it will create a substantial issue that would likely reach the Supreme Court, and it will put us at odds with contemporary international standards."

Fidell said that US courts have a history of throwing out convictions of civilians who were tried in military courts, including the 1957 case of a wife who killed her husband on a military base.

"There was a period of decades that you could have crimes by US persons overseas that could never be punished," he said.

In 1970, during the Vietnam War, a civilian contractor convicted of larceny in a military court had his conviction overturned because Congress had never formally declared war in Vietnam, and therefore the court-martial had no jurisdiction.

In 2000, in Bosnia, a group of employees from DynCorp International , a Virginia-based security contractor, were accused of stockpiling illegal weapons and participating in a prostitution ring. Military investigators found a home video of an alleged rape and extracted a confession from one of the men, but they were never prosecuted because they were deemed immune from court-martial and from Bosnian laws.

That same year, Congress passed the Military Extraterritorial Jurisdiction Act, which asserts that US federal courts can prosecute civilians working for the Defense Department overseas. But that law was largely geared toward crimes committed by relatives of troops and has never been widely used to prosecute contractors, Singer said.

Congress eventually broadened that law to include all US government contractors, but US civilian prosecutors have been reluctant to take on such cases because witnesses and victims are thousands of miles away in a war zone. The Justice Department team responsible for initiating such charges has not gone forward with any of the nearly two-dozen cases referred by the Pentagon and the CIA, partly because of lack of evidence, according to The New York Times.

Fidell said the Defense Department could decline to prosecute the cases, just as the Justice Department has, even though Congress has given the department the power to do so. Only a handful of contractors have been prosecuted in US courts, mostly for financial crimes under a whistle-blower statute that protects the US government from fraud.

British Deals Seen Hurting Fight Against Taliban (WT)

By Ahmed Rashid, London Daily Telegraph

The Washington Times, January 7, 2007

ISLAMABAD, Pakistan -- British policy in Afghanistan is seriously damaging Western efforts against the Taliban, diplomats from allied countries have warned.

Officials from the United States and European members of NATO say Britain is increasingly at odds with its coalition partners over its policy of making arbitrary peace deals with the Taliban, while at the same time declining to put pressure on Pakistan to stop providing sanctuary to the Taliban leadership.

Diplomats in Kabul and Islamabad, the capitals of Afghanistan and Pakistan, say Britain's "go-it-alone policies" are threatening military preparations for a major Taliban offensive expected next month.

Western officials have strongly criticized a deal in Musa Qala in Afghanistan's Helmand province, where thousands of British troops are fighting a resurgent Taliban faction.

British commanders say the deal was struck with tribal elders, but it has been claimed that the agreement was actually made with the Taliban, who controlled the town. British officers deny the accusation.

The truce is now reported to be breaking down, with large numbers of heavily armed Taliban returning to Musa Qala.

Britain wants more such deals, but the United States and some NATO allies have rejected the idea.

Lt. Gen. David Richards, the British commander of the 32,000-strong NATO force, will be replaced this year by Lt. Gen. Dan MacNeil, an American who is expected to cancel all such agreements, officials said.

"We're going to have to fight those [Taliban]. I don't see any opportunity or need to negotiate," U.S. Assistant Secretary of State Richard Boucher said recently.

Europe's other contention is over the relationship with Pakistani President Pervez Musharraf.

NATO is trying to forge a common front to put pressure on Gen. Musharraf to end the sanctuary that elements within Pakistan's intelligence services provide the Taliban.

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The issue is of critical importance in the next few weeks as the Taliban is expected to recruit thousands of men and collect arms and other supplies for its spring offensive.

But Britain has resisted such pressure. Instead, Prime Minister Tony Blair lavished praise on Gen. Musharraf when Mr. Blair visited Islamabad in November.

The reason, diplomats say, is the cooperation between Britain's MI6 intelligence agency and Pakistan's Inter-Services Intelligence (ISI) agency on Britain's domestic terrorist threat from British-born extremists of Pakistani origin.

"Even though British troops in Helmand are facing attacks from Pakistan-based Taliban, London is willing to sacrifice that issue in exchange for getting ISI help on its home-based terrorist problems," a senior European official said.

Bombs Target NATO Convoys In Afghanistan (AP)

AP, January 6, 2007

A roadside bomb struck a NATO vehicle in southern Afghanistan on Saturday, wounding one soldier, while a suicide bomber in a car wounded four soldiers in the country's east, officials said.

The roadside bomb hit the NATO vehicle in Zhari district in Kandahar province, wounding one soldier, said Capt. Andre Salloum, a spokesman for the NATO-led force. He did not disclose the nationality of the wounded soldier.

A suicide bomber, meanwhile, plowed his car into a NATO convoy in eastern Afghanistan's Paktika province on Friday, wounding four soldiers, said Mohammad Akram Akhpelwak, the province's governor.

The bomber struck the convoy, which also included Afghan security forces, in Bermel district, he said.

A NATO spokesman confirmed the blast and said some soldiers were wounded but he did not disclose the number. Most of the troops in that region are American.

The Bermel region borders Pakistan, and a U.S. base there sees frequent rocket attacks. Afghan and Western officials say that militants cross the border to launch attacks against Afghan and foreign troops in the country.

Afghan-Pakistani Bond Steadily Deteriorating (WP)

By Pamela Constable, Washington Post Foreign Service

The Washington Post, January 7, 2007

Plan for Border Fence, Mines Seen Deepening Distrust

ISLAMABAD, Pakistan, Jan. 6 -- A proposal by Pakistan to plant land mines along the border with Afghanistan, aimed at preventing Islamic insurgents from using Pakistan as a sanctuary, has aroused angry protests by Afghan leaders who say the mines would endanger innocent travelers and divide tribal lands whose inhabitants do not recognize the border.

The contretemps is the latest sour note in a deteriorating relationship between the neighboring Muslim governments, both staunch U.S. allies that are linked by the common threat of terrorism but divided by bitter cross-charges of failing to curb a growing Islamic insurgency that operates on both sides of the border.

On Thursday, after a lengthy meeting in Kabul with Pakistani Prime Minister Shaukat Aziz, Afghan President Hamid Karzai said there was still an increasing "lack of trust" between the countries. The plan to mine and fence the border, Karzai said bluntly, "will not prevent terrorism, but it will divide the two nations."

The tension has persisted despite a series of high-level meetings between Karzai and senior Pakistani officials, including the two-day visit by Aziz to the Afghan capital this week and a private session with President Bush at the White House in September that brought Karzai together with the Pakistani president, Gen. Pervez Musharraf.

Taliban insurgents have spread across southern Afghanistan in the past year, battling NATO troops and launching hundreds of attacks, including suicide bombings against government facilities, military convoys and schools. Afghan and Pakistani officials have repeatedly blamed each other for failing to control the violent groups.

Karzai and his aides accuse Pakistan of allowing Taliban leaders and their sympathizers to seek refuge across the border, especially in the semiautonomous tribal districts. Recently, U.S. officials have made the same claim after months of defending Musharraf as an important partner in the war against terrorism.

"The Taliban have been able to use those areas for sanctuary and for command and control and for regrouping and supply," Richard A. Boucher, a senior State Department official, said during a visit to Canada two weeks ago, although he noted that Pakistani authorities had historically not "held sway" in the tribal regions.

Pakistani officials, in turn, maintain that they have tried every possible means of reining in the Islamic fighters, first sending about 80,000 army troops to the restive border areas and then negotiating agreements with tribal leaders who pledged to control or eject armed Islamic groups. Both efforts have met with major problems.

"We have been the target of a whisper campaign that we are not doing enough, but no one has yet defined what enough is," Tariq Azim Khan, Pakistan's minister of state for information, said in an interview Saturday. "We have gone the extra mile,

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and we have lost many troops. This is a joint fight and a joint struggle, but we can only look after our side of the border. The Afghans have to look after their side, too."

Pakistan's latest proposal, to lay mines and string barbed wire along parts of the 1,500-mile border, has struck some observers as either cynical or far-fetched, but officials here insist that they are serious about it and that the work will begin sometime this month. They said they have made careful plans to avoid areas of heavy legal cross-border traffic and focus on others where clandestine crossings occur.

"If people take the legal routes, there will be no problem. They will be clearly marked," the information minister said. "Our intention is to go after those who want to move illegally," he said, comparing Pakistan's plan to the strenuous efforts made by U.S. authorities to stop illegal immigrants crossing from Mexico.

The minister noted that in addition to insurgent fighters, drug traffickers use hidden routes to bring opium out of Afghanistan, which produces 90 percent of the world's heroin supply. He suggested that drug-related groups, who are powerful in southern Afghanistan, could be using their influence against the border-sealing plan.

But Afghan reaction to the proposal has been negative for other reasons. Many Afghans have echoed Karzai's assertion that it would arbitrarily divide the Pashtun tribes that live on both sides of the border, while insurgents would continue to slip across.

Moreover, Afghanistan has endured terrible human suffering from hundreds of thousands of land mines laid during 25 years of military conflict, first by the occupying Soviet army in the 1980s and then by warring Afghan Islamic militia factions in the 1990s. The United Nations and other aid groups have spent millions of dollars on mine clearance, but many areas are still infested with the deadly devices.

"We are against planting mines on the border because we have many bad memories of mines in Afghanistan," Mir Wali Khan, a member of Afghan's parliament from Helmand province, said in a telephone interview Saturday. "This cannot possibly stop the terrorists, and it's not even clear where the border is. Pakistan always lies about trying to help us. They don't want a stable Afghanistan, they are just interfering in our affairs."

The information minister and other Pakistani officials insist that it is very much in Pakistan's interest to have Afghanistan become stable and peaceful, in part because Pakistan is tired of hosting several million refugees from years of Afghan conflict and is worried that renewed turmoil could send a new flood of people fleeing across the border. During his visit to Kabul this week, Prime Minister Aziz stressed Pakistan's determination to begin registering and returning all remaining refugees.

Taliban officials, for their part, have sent contradictory signals about their relations with Pakistan. Some have boasted that they can move freely in the tribal areas and also in the southern border city of Quetta, Pakistan, where the Taliban leadership council is widely reported to be based. But a statement this week attributed to Mohammad Omar, the fugitive Taliban leader, insisted that the entire movement was based in Afghanistan and was not receiving any foreign assistance.

Omar and other Taliban officials have vowed to step up their attacks against the Afghan government, its civilian collaborators and the 40,000 NATO troops stationed in Afghanistan, whom they condemn as infidel occupiers. They have rejected recent proposals by Karzai for tribal meetings or peace negotiations.

Solemn Duty In Section 60 (WP)

By Brigid Schulte, Washington Post Staff Writer

The Washington Post, January 7, 2007

Rising Death Toll of Young Service Members Complicates an Arlington Tradition

On a winter day when the rows and rows of white headstones were shrouded in a band of low-lying mist at Arlington National Cemetery, Jane Newman took her place in the white-gloved military honor guard. As the ashes of the latest fallen soldier arrived, she placed her hand over her heart in the civilian salute.

She didn't know this soldier or the family that shuffled behind his urn, shoulders stooped in grief. As usual, she knew only his name, Keith E. Fiscus. His age, 26. His years of service in the Army, four, and the names of his next of kin. Yet when she went through the paperwork that morning, she felt a pang. He was one more soldier killed in Iraq.

When she was invited five years ago to become an Army Arlington Lady, Newman, the wife of a 30-year Army artillery officer and herself a retired Army nurse, was drawn to the group's mission: that no soldier is ever buried alone. Every fourth Tuesday of the month, she spends the day at Arlington, standing graveside, hand over heart, at up to six funerals a day.

When she started, most of the soldiers she was burying were World War II veterans or soldiers who had lived long lives. Handing a condolence card on behalf of the Army chief of staff and saying a few kind words from the "Army family" to a grieving widow was never easy. But these days, as the death toll from the Iraq war has topped 3,000 and many of the buried are young soldiers, Newman and other Arlington Ladies are finding it difficult to do their solemn duty. Some have asked to be excused.

"I find myself saying, 'Stiff upper lip, Jane,' " she said after a funeral. " 'Stiff upper lip.' "

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An Arlington Lady does not cry. An Arlington Lady is not a professional mourner. She is not a grief counselor, according to their strict Standard Operating Procedure. She is there simply so that somebody is. Since 1973, when the Army chief of staff's wife saw a veteran's funeral with no one attending, an Army Arlington Lady, in muted civilian dress and often muddy pumps, has stood graveside at every funeral at Arlington as the personal representative of the chief of staff. Occasionally, she is the only one there.

She is part of a society open only to military wives or widows and then only to those invited to join. The Navy ladies formed in 1985. The much smaller Air Force had Arlington Ladies as far back as 1948. Now, the Navy, Air Force and Army have about 50 Arlington Ladies each. The Marines do not want to participate. The Marines take care of their own, the groups have been told.

Arlington Ladies adhere to a strict dress code -- no slacks, no bright colors. Sunglasses are permitted at all times. They stand at attention with the honor guard. Their role in the ceremony is brief: When the flag has been presented to the grieving family, they approach, offer a few words of comfort and a handwritten note and back away, never once turning their backs on the flag.

"We add a little more personal touch to the military funeral," explained Margaret Mensch, chair of the Army Arlington Ladies. "Yet not too personal."

Getting too personal got one Arlington Lady in trouble last year. After a particularly emotional funeral in section 60, where the dead from Iraq and Afghanistan are buried, she kissed the foreheads of the widow and mother. "She was reprimanded for that," Mensch said.

But it was just that gesture that Cindy Upchurch, the mother of Spec. Clinton Upchurch, who was killed by a makeshift bomb in Iraq, needed that day. "It was a blessing," she said recently. "I don't remember who the Arlington Lady was, but she was elderly and she was so kind. You could tell she was heartbroken. And at that point in a mother's life, when you've lost a child in a violent death, in a war, you need some human touch."

Lt. Col. William Barefield, Arlington's senior Army chaplain, says he sees Arlington Ladies as healers. "I watch the families. After we present the flag, you sense a little bit of sadness, like 'Oh, it's over,' " he said. And that's when the Arlington Ladies walk into what he calls the "eye of the storm -- the unbelievable sorrow for a death in war. They represent someone at the highest level of government. It's an acknowledgment that this life was one of a kind."

Their duty days are still filled with the funerals of old veterans. Of all the troops killed in Iraq and Afghanistan, fewer than 300 are buried at Arlington National Cemetery. "Some are so young," Mensch said, "the families want them closer to home."

Mensch has been attending funerals, stoic and tearless, for nearly 30 years. But the young ones killed in combat are difficult. When one of the dead on her schedule one day turned out to be her former honor guard escort, killed in Iraq, she had to steel herself. "You are still. You just don't cry. When I got there, I thought, 'Just concentrate on that leaf on that tree over there,' " she said. "A military funeral is very dignified. Very precise. It may sound cold, but that's the beauty of it."

Alba Thompson, an Army Arlington Lady, gets down on her knee and touches the hand of the widow or mother. It's hard, regardless of age, to approach what she calls this "sacred space." But it's especially hard when it's a young widow. Once, a widow wore a strapless dress. She caught herself wondering: Had she never been to a funeral before? Or was this his favorite dress?

"I tell them, 'I don't know what I can say right now to make you feel better. Just remember that thousands of people come through here, and when they see the name of your husband or your son, they'll know he was a good and honorable man. They'll know he served his country,' " she said. "Some of them nod, and some of them are bitter."

Only the Navy Arlington Ladies will meet the families before the service and send follow-up notes several months later to see how families are faring. The Army is just so much bigger -- and soldiers make up the majority of those killed in Iraq and Afghanistan -- so the Army Ladies can't, Mensch said. Nor does she want to intrude on families. "We're strangers to them."

On that December morning, Jane Newman found herself tearing up as six soldiers in dress uniform carefully smoothed and folded the American flag that had been draped over Fiscus's ashes. And taps always makes her catch her breath. When the flag was presented to Fiscus's mother, who collapsed over it, and the acrid air burned from the three volleys of rifle fire, Newman approached the mother. Perhaps it was better, she said later, that she didn't know Sgt. Fiscus once called his mother "as tough as woodpecker lips" and his hero. Better not to know, as she later read in the newspaper, that Pamela Fiscus had asked her son not to go to this war.

She draped her hand over the woman's shoulder and told her, with a quiver in her voice, that the nation was grateful for her son's sacrifice. The mother continued clutching the flag, head bowed and weeping.

And because this is a controversial war, because recent polls show that the majority of Americans, including Pamela Fiscus, oppose it, Newman finds it difficult to say that sometimes. "It's particularly hard when the family is wondering, 'Are they dying in vain for this?' "

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Those fears, said Paula McKinley, chair of the Navy Arlington ladies, are not new. "They have permeated every war since World War II." And all the more reason that an Arlington Lady be present. "We have to understand that every person buried at Arlington was a hero to someone."

As they sit at their desks between funerals, the Arlington Ladies keep their politics to themselves. They are military wives. They do their duty. And sometimes, not everyone comes out alive. Having been wives or mothers of soldiers, pilots and sailors, the Arlington Ladies know what it means when a commitment is made to serve.

As Keith Fiscus's family remained at the columbarium to mourn in private, Newman and her escort returned to the administrative building to warm up. "She was so upset," Newman said of Fiscus's mother. "It's a son. And you're not supposed to bury your children."

Later that day, the Defense Department announced that another soldier had died in Iraq.

DOJ:

Hopis Pleased Member Recommended (AR)

By Az In D.c., Billy House

The Arizona Republic, January 7, 2007

News last week that Hopi Tribe member Diane Humetewa was being recommended by Arizona's senators to President Bush as a potential nominee to be the next U.S. attorney for the District of Arizona was met with excitement in the village of Kykotsmovi.

Justice Department officials said Friday that they've determined she would not be the first Native American U.S. attorney in the entire nation, because past and former U.S. attorneys from states including Utah, South Dakota, New Hampshire and West Virginia have claimed Native American heritage. But she would be the first Native American U.S. attorney for the Arizona district if nominated and confirmed.

Hopi Tribal Vice Chairman Todd Honyaoma Sr. said Humetewa is a member of the Tobacco/Rabbit Clan from the Village of Kykotsmovi.

"We could not be more proud of and exhilarated for our sister and daughter," he said.

"The Hopi way is that we place a high value on education and serve as stewards to our communities and to the world. Ms. Humetewa has exemplified this value many times in her life," Honyaoma said.

"She will make history."

First days

After being sworn into office, Arizona's Rep. Harry Mitchell joined House Democratic leaders at a news conference Thursday urging colleagues to vote for a package of laws to improve ethics in Congress.

The House later acted on several measures, including those to bar members from accepting meals and gifts from lobbyists and requiring lawmakers to publicly disclose the pet projects, referred to as earmarks in legislative form, they want.

Mitchell, a former state senator, said there wasn't much of a difference between a Washington news conference and one in Arizona, "other than there was just more reporters and more cameras."

But he said he was genuinely surprised by one thing last week - the 15 minutes given to House member to cast their votes on the floor.

"I was comparing it to my state senator experience," he said, when everyone simply sat at their desks and voted.

"Here you get 15 minutes and people are walking around and talking," Mitchell said. "It's quite a bit different . . . there's no order . . . well, you have to get used to the order."

Reach the reporter at billy.house@arizonarepublic.com or 1-(202)-906-8136. Read his blog on Washington politics at dcblog.azcentral.com.

CORPORATE SCANDALS:

More $200 Million Parachutes? Don't Be Shocked (NYT)

The New York Times, January 7, 2007

IT has been a bit bewildering to watch two failed chief executives in the last two weeks or so waltz away from their companies toting severance packages worth more than $200 million each. But pay experts say shareholders had better get ready for more of the same.

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Last week, Robert L. Nardelli hightailed it out of Home Depot with $210 million, fast on the heels of Hank McKinnell, whose farewell package of a similar amount from Pfizer was disclosed Dec. 21. Both were paid profusely for failure, thanks to contracts struck years ago by the companies' directors.

Keep in mind that both packages supplemented pay that these executives received during their tenures. Mr. Nardelli's $210 million, for example, came on top of the $63.5 million he made running Home Depot for six years.

That exit numbers like these have shocked many shareholders proves how much inadequate disclosure has kept executive pay hidden from view. But with new rules from the Securities and Exchange Commission on improved pay disclosures, more of these "holy cow" moments will be coming soon to a proxy near you.

Under the new rules, companies will have to disclose potential payments to executives in the case of a termination or a change in control at the company, wrought perhaps by a merger. Unfortunately, the S.E.C. did not require that these payments be made in tabular form and totaled, which would have made it simple for time-pressed investors.

For the most part, however, the figures will be there in black and white.

Are we likely to see any $200 million numbers? Yes, said Mike Sorensen, a principal at Exequity, a law firm in Libertyville, Ill., that does compensation work. He expects such largess to show up at roughly 10 of the nation's 100 largest companies.

"There are a lot of big numbers out there for many companies," Mr. Sorensen said. "Directors right now are looking at these things and saying, 'Wow, these are really embarrassing; we have to revisit this.' But that won't happen overnight."

A CHIEF executive with 10 years of service at a top-100 company might typically be in line to receive $50 million to $60 million in pension obligations, deferred compensation and cash severance, Mr. Sorensen estimated.

That doesn't include the value of executives' share grants, however, which is a wild card. Executives who have received oodles of options over the years and never sold a share will have a much larger total value, for example, than executives who have exercised options regularly and sold shares.

But for all the work that went into the new disclosure requirements, they still leave shareholders in the dark in several crucial areas, said Brian Foley, an independent compensation consultant in White Plains. As a result, the total pay picture will still elude us.

"Things are not going to quite make it to the surface the way they should have," Mr. Foley said. "The summary compensation is not even close to one-stop shopping, which is what one S.E.C. commissioner said was the goal."

For example, Mr. Foley said the new rules should have required a cumulative tally of exercised stock options, restricted stock awards that could be cashed in and long-term incentive payouts. That way, shareholders could see how much wealth executives had already banked.

Another missing figure: dividends paid on restricted stock and unvested stock awards.

Neither do the rules require disclosure of how much the company has contributed to an executive's defined-contribution plan, such as a 401(k). For executives who have been at a company for a long time, this can be a big number, Mr. Foley said.

Also on his wish list is full disclosure of the impact of financial restatements on executive pay dispensed in previous years, especially for executives who were directly involved in activities that led to restatements. It is not as if restatements are rare: during the first nine months of 2006, according to the research firm Glass Lewis & Company, 967 companies restated their financial results, 6.5 percent more than did so in the same period the previous year. These restatements almost certainly mean that some executives were paid for results they did not actually achieve.

But the biggest hole in the new rules, Mr. Foley said, is that they do not require the disclosure of compensation or benefits that have been paid between the end of the year covered by the proxy statement and the date of its filing, which could span several months. Often, he said, companies make large grants in the early months of their fiscal years, but shareholders don't find out about them until more than a year later, unless they pore over insider-trading forms.

"What is the excuse for not having an update section that picks up the big-ticket items like employment agreements and equity awards that went to the big guys?" Mr. Foley asked. "The proxy at the time of mailing ought to be more current."

Last week's outcry over Mr. Nardelli's exit pay certainly means that boards will be looking at their companies' tallies, even if they are preliminary. When they do, directors should quickly correct past compensation mistakes, said Jesse M. Brill, publisher of CompensationStandards.com, a Web site specializing in pay issues.

Two practices are eroding public trust in the system, he said. The first is the granting of stock to executives who already own so many shares that additional awards cannot possibly motivate them further. The second is to continue giving retirement, severance and change-in-control pay to people who have already accumulated "several lifetimes of wealth."

"Many boards will need to implement a coordinated offset," Mr. Brill wrote, "so that when accumulated gains from equity and long-term incentives reach an agreed-upon amount, post-employment provisions become unnecessary and are canceled out."

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This is surely going to be a neck-wrenching change for executives and directors who seem unable to comprehend the concept that enough is enough. Breaking executives of their more-more-more habits won't be easy, of course. Thank Mr. Nardelli for getting directors' attention, at least.

Shareholders can do their part by withholding their support for any director who doesn't try to cut back on excess pay. That could make the coming proxy season more entertaining than ever.

He's Not Out Of Cash, But Is Out Of The Club (NYT)

By Eric Dash

The New York Times, January 7, 2007

On the very same day that he left Home Depot last week with an exit package worth at least $210 million, Robert L. Nardelli walked away from another prominent position — without a cent.

While he was still Home Depot's chairman and chief executive, Mr. Nardelli volunteered as the chairman of a disaster-response task force at the Business Roundtable, a kind of club for corporate chieftains that lobbies for their interests.

Last month, he met at the White House with Michael Chertoff, the secretary of homeland security, and other top government and military officials to discuss improved collaboration on disaster preparedness.

On Tuesday, though, Mr. Nardelli had to quit the group. The Business Roundtable is only for sitting chief executives.

At least he is in good company. The roundtable's former chairman, Hank McKinnell, had to quit last year after he was pushed out of Pfizer, coincidentally with his own $200 million severance package.

CRIMINAL LAW:

Racist Murder Or Suicide? New Mayor's Death Roils Town (AP)

AP, January 7, 2007

WESTLAKE, Louisiana (AP) -- In the hours before his death on the evening of December 30, the first black mayor of this overwhelmingly white town started learning his new job.

About noon, he set City Hall's alarm system for the first time. He got instructions on how to raise and lower the U.S. flag. He had already ordered a new mayoral letterhead with his name on it and a button-down shirt embroidered "Gerald Washington, Mayor."

A few hours later he indulged in a hobby, placing a $4 bet at a nearby horse-racing track.

But by 10 p.m. Gerald "Wash" Washington was dead in the deserted parking lot of a former high school, a bullet wound in his chest. His gun was found by the body.

The coroner and the sheriff have pronounced Washington's death a suicide -- a finding that has embroiled this oil-refinery town in conspiracy theories, with Washington's kin and friends insisting he had no reason to end his life. (Watch what relatives have to say and why a second autopsy was ordered)

Some have accused police of covering up a murder -- perhaps a racially motivated one.

"This is the South, so of course everybody's going to say it was some white guy shooting a black guy," said Dr. Terry Welke, the Calcasieu Parish coroner who ruled that Washington killed himself.

Welke said soot from the pistol was deep in the wound, indicating the gun was touching Washington's chest when the trigger was pulled. That, he said, suggested suicide. He also said that while most gunfire suicides involve a bullet to the head, it is not unusual for people to kill themselves with a shot to the chest.

But the coroner and the sheriff have offered no reason for why Washington would have killed himself. No suicide note was found. And there is no evidence he bade farewell to anyone, put his financial affairs in order, or gave any other indication he was about to kill himself, authorities said.

Washington's son, Geroski, accused the sheriff's office of doing a sloppy job, and asked the state police to take over the investigation.

"We were dissatisfied with the time frame of the investigation and the way it was opened and closed. We're thinking it's a cover-up because of the quick and fast work they did and didn't do," he told the American Press, the local newspaper.

State police entered the case earlier this week and took the body to Baton Rouge for another autopsy. The state police said it is interviewing friends of Washington's family, but it would not otherwise comment on the investigation.Popular, with 'a smile that would light up this room'

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Gerald Washington, 57, was a Vietnam veteran, a retired refinery supervisor who spent 12 years as a city councilman. He stood about 6-feet-5 and enjoyed rumbling around town on his Harley Davidson, dressed in leather pants and chaps. Colleagues described him as magnetic, outgoing and always friendly.

"He had a smile that would just light up this room," said the outgoing mayor, Dudley Dixon. "He had a just dominating personality."

Washington's popularity was obvious: He defeated a white opponent in last fall's election with 69 percent of the vote in this town, which is 80 percent white. Westlake, population 4,500, is near Lake Charles, about 200 miles west of New Orleans.

On the day of his death, Washington met Dixon about noon at City Hall, where he learned about the alarm system. The men lowered the flag to half-staff, to commemorate the death of former President Ford.

A passing motorist called 911 just before 10 p.m., after spotting Washington's body in the parking lot of the school administration building that used to be Mossville High, where Washington went to school and played basketball. Washington lay on his back, in a T-shirt and baseball cap, the coroner's office said.Pearl-handled revolver and betting slip near body

Near the body was a pearl-handled revolver. On Washington's body investigators found a betting slip from Delta Downs from 4:44 p.m.

The coroner said the reaction of Washington's family to the suicide finding -- disbelief -- is not unusual.

"Almost every case of suicide is like that," he said. "Suicides give us more grief than anything else."

That explanation hasn't dampened rumors in town, particularly among blacks, that it should be a murder case.

"Someone lured him to Mossville," said Pat Hartman, 61, a lifelong resident of Mossville, the neighboring town where she and Washington went to school. "Why would he want to go to Mossville, to kill himself at his alma mater?"

"That boy didn't kill himself. Somebody killed him."

FBI: Man Tried To Extort $1.5M From Oprah (AP)

AP, January 7, 2007

Atlanta man allegedly threatened to release taped conversations

CHICAGO - A man has been charged with trying to extort $1.5 million from Oprah Winfrey by threatening to release recorded telephone conversations he claimed would hurt her reputation, according to the FBI and published reports.

Keifer Bonvillain, 36, targeted a person identified only as “a public figure and the owner of a Chicago-based company,” according to a criminal complaint filed in U.S. District Court. The Chicago Tribune and the Chicago Sun-Times, citing unnamed sources, reported Saturday that Bonvillain’s target was Winfrey.

Bonvillain, of Atlanta, was arrested Dec. 15 in the parking lot of an Atlanta hotel and released on $20,000 bail. He was scheduled for a preliminary hearing in Chicago on Monday.

Story continues below ? advertisement

According to the complaint, Bonvillain met a California-based employee of the Chicago company at a party more than two years ago, then recorded conversations with the employee about the owner and her business.

In mid-October he sent the owner an e-mail, telling her an employee said awful things about her, the complaint states.

‘It was a big mix-up,’ suspect says

A month later, Bonvillain sent a letter saying he had tapes of the conversations, an FBI agent alleges in the complaint. In response, another associate of the company called Bonvillain and learned he had taped 12 hours of those discussions.

Over the next few weeks, Bonvillain told the associate he wanted to publish a book based on the tapes and claimed he had received offers of $500,000 to $3 million from tabloids and book publishers, the complaint said.

“There are a lot of people who would want these,” Bonvillain said, according to the complaint.

The associate, who was working with the FBI, agreed to a $1.5 million price, wired Bonvillain $3,000 in earnest money and arranged to meet him in the parking lot, the complaint said. Bonvillain was arrested the next day.

U. Student Sentenced For Hacking Into Professor's Accounts (DESERET)

By Geoffrey Fattah, Deseret Morning News

Deseret Morning News, January 7, 2007

A 22-year-old University of Utah computer science student has been sentenced to four months incarceration and 120 days home confinement after admitting to hacking into his professor's university and personal accounts, changing grades and reading personal e-mails.

During a sentencing hearing in U.S. District Court on Thursday, You Li promised U.S. District Judge Tena Campbell to lead a more honest life. "Those things were so wrong and were against my conscience and my beliefs," Li said.

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Li, a Chinese national, was arrested by FBI agents at a campus dormitory last February. According to a grand jury indictment, Li was accused of using a software program to break into the university's math department computer system in December of 2004.

Li has admitted to using a professor's user name and password to attempt to change his grades in classes, read e-mails and obtain other passwords and bank account information.

According to federal prosecutors, Li also accessed the professor's personal e-mail account and installed a key-logging software that recorded the professor's other user names and passwords as well as other actions.

Li's attorney, Robert Steele, said his client has been "humbled" by his mistakes and assured the court his client would not get into any more trouble.

Assistant U.S. Attorney Scott Garland said Li's actions went beyond just changing a grade and that the student ventured into his professor's bank account and personal life.

Campbell called Li's actions "abhorrent" but noted Li's personality and potential did not warrant heavy prison time.

Li was sentenced to serve four months at a local county jail contracted with the federal system and then 120 days home confinement. Li cannot access an online-enabled computer without prior written permission by the court and is not to possess any data encryption programs.

Garland said punishment for Li's crime was necessary to send a message to other computer science students. In particular, Garland said the U.S. Justice Department is concerned about such students being recruited by organized crime groups.

Li faced a maximum of up to 15 months. Steele said had Li been sentenced to more than 12 months he would have been considered an aggravated felon and would have been immediately deported to China. As it is now, Li will still face an immigration review.

Attack Of The Zombie Computers Is Growing Threat (NYT)

By John Markoff

The New York Times, January 7, 2007

In their persistent quest to breach the Internet's defenses, the bad guys are honing their weapons and increasing their firepower.

With growing sophistication, they are taking advantage of programs that secretly install themselves on thousands or even millions of personal computers, band these computers together into an unwitting army of zombies, and use the collective power of the dragooned network to commit Internet crimes.

These systems, called botnets, are being blamed for the huge spike in spam that bedeviled the Internet in recent months, as well as fraud and data theft.

Security researchers have been concerned about botnets for some time because they automate and amplify the effects of viruses and other malicious programs.

What is new is the vastly escalating scale of the problem — and the precision with which some of the programs can scan computers for specific information, like corporate and personal data, to drain money from online bank accounts and stock brokerages.

"It's the perfect crime, both low-risk and high-profit," said Gadi Evron, a computer security researcher for an Israeli-based firm, Beyond Security, who coordinates an international volunteer effort to fight botnets. "The war to make the Internet safe was lost long ago, and we need to figure out what to do now."

Last spring, a program was discovered at a foreign coast guard agency that systematically searched for documents that had shipping schedules, then forwarded them to an e-mail address in China, according to David Rand, chief technology officer of Trend Micro, a Tokyo-based computer security firm. He declined to identify the agency because it is a customer.

Although there is a wide range of estimates of the overall infection rate, the scale and the power of the botnet programs have clearly become immense. David Dagon, a Georgia Institute of Technology researcher who is a co-founder of Damballa, a start-up company focusing on controlling botnets, said the consensus among scientists is that botnet programs are present on about 11 percent of the more than 650 million computers attached to the Internet.

Plagues of viruses and other malicious programs have periodically swept through the Internet since 1988, when there were only 60,000 computers online. Each time, computer security managers and users have cleaned up the damage and patched holes in systems.

In recent years, however, such attacks have increasingly become endemic, forcing increasingly stringent security responses. And the emergence of botnets has alarmed not just computer security experts, but also specialists who created the early Internet infrastructure.

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"It represents a threat but it's one that is hard to explain," said David J. Farber, a Carnegie Mellon computer scientist who was an Internet pioneer. "It's an insidious threat, and what worries me is that the scope of the problem is still not clear to most people." Referring to Windows computers, he added, "The popular machines are so easy to penetrate, and that's scary."

So far botnets have predominantly infected Windows-based computers, although there have been scattered reports of botnet-related attacks on computers running the Linux and Macintosh operating systems. The programs are often created by small groups of code writers in Eastern Europe and elsewhere and distributed in a variety of ways, including e-mail attachments and downloads by users who do not know they are getting something malicious. They can even be present in pirated software sold on online auction sites. Once installed on Internet-connected PCs, they can be controlled using a widely available communications system called Internet Relay Chat, or I.R.C.

ShadowServer, a voluntary organization of computer security experts that monitors botnet activity, is now tracking more than 400,000 infected machines and about 1,450 separate I.R.C. control systems, which are called Command & Control servers.

The financial danger can be seen in a technical report presented last summer by a security researcher who analyzed the information contained in a 200-megabyte file that he had intercepted. The file had been generated by a botnet that was systematically harvesting stolen information and then hiding it in a secret location where the data could be retrieved by the botnet master.

The data in the file had been collected during a 30-day period, according to Rick Wesson, chief executive of Support Intelligence, a San Francisco-based company that sells information on computer security threats to corporations and federal agencies. The data came from 793 infected computers and it generated 54,926 log-in credentials and 281 credit-card numbers. The stolen information affected 1,239 companies, he said, including 35 stock brokerages, 86 bank accounts, 174 e-commerce accounts and 245 e-mail accounts.

Sensor information collected by his company is now able to identify more than 250,000 new botnet infections daily, Mr. Wesson said.

"We are losing this war badly," he said. "Even the vendors understand that we are losing the war."

According to the annual intelligence report of MessageLabs, a New York-based computer security firm, more than 80 percent of all spam now originates from botnets. Last month, for the first time ever, a single Internet service provider generated more than one billion spam e-mail messages in a 24-hour period, according to a ranking system maintained by Trend Micro, the computer security firm. That indicated that machines of the service providers' customers had been woven into a giant network, with a single control point using them to pump out spam.

The extent of the botnet threat was underscored in recent months by the emergence of a version of the stealthy program that adds computers to the botnet. The recent version of the program, which security researchers are calling "rustock," infected several hundred thousand Internet-connected computers and then began generating vast quantities of spam e-mail messages as part of a "pump and dump" stock scheme.

The author of the program, who is active on Internet technical discussion groups and claims to live in Zimbabwe, has found a way to hide the infecting agent in such a way that it leaves none of the traditional digital fingerprints that have been used to detect such programs.

Moreover, although rustock is currently being used for distributing spam, it is a more general tool that can be used with many other forms of illegal Internet activity.

"It could be used for other types of malware as well," said Joe Stewart, a researcher at SecureWorks, an Atlanta-based computer security firm. "It's just a payload delivery system with extra stealth."

Last month Mr. Stewart tracked trading around a penny stock being touted in a spam campaign. The Diamant Art Corporation was trading for 8 cents on Dec. 15 when a series of small transactions involving 11,532,726 shares raised the price of the stock to 11 cents. After the close of business that day, a Friday, a botnet began spewing out millions of spam messages, he said.

On the following Monday, the stock went first to 19 cents per share and then ultimately to 25 cents a share. He estimated that if the spammer then sold the shares purchased at the peak on Monday he would realize a $20,000 profit. (By Dec. 20, it was down to 12 cents.)

Computer security experts warn that botnet programs are evolving faster than security firms can respond and have now come to represent a fundamental threat to the viability of the commercial Internet. The problem is being compounded, they say, because many Internet service providers are either ignoring or minimizing the problem.

"It's a huge scientific, policy, and ultimately social crisis, and no one is taking any responsibility for addressing it," said K. C. Claffy , a veteran Internet researcher at the San Diego Supercomputer Center.

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The $6 billion computer security industry offers a growing array of products and services that are targeted at network operators, corporations and individual computer users. Yet the industry has a poor track record so far in combating the plague, according to computer security researchers.

"This is a little bit like airlines advertising how infrequently they crash into mountains," said Mr. Dagon, the Georgia Tech researcher.

The malicious software is continually being refined by "black hat" programmers to defeat software that detects the malicious programs by tracking digital fingerprints.

Some botnet-installed programs have been identified that exploit features of the Windows operating system, like the ability to recognize recently viewed documents. Botnet authors assume that any personal document that a computer owner has used recently will also be of interest to a data thief, Mr. Dagon said.

Serry Winkler, a sales representative in Denver, said that she had turned off the network-security software provided by her Internet service provider because it slowed performance to a crawl on her PC, which was running Windows 98. A few months ago four sheriff's deputies pounded on her apartment door to confiscate the PC, which they said was being used to order goods from Sears with a stolen credit card. The computer, it turned out, had been commandeered by an intruder who was using it remotely.

"I'm a middle-aged single woman living here for six years," she said. "Do I sound like a terrorist?"

She is now planning to buy a more up-to-date PC, she said.

CIVIL RIGHTS:

Gay "Marriage" Ballot Measures Running Their Course (WT)

By Cheryl Wetzstein, The Washington Times

The Washington Times, January 7, 2007

The legislative approval of a marriage constitutional amendment in Massachusetts last week means that at least three states have a good chance of having such measures on their 2008 ballots.

But this is a considerably smaller crop of amendments than in previous elections, and there are signs that the state amendment strategy may have run its course.

The push to get voters to define marriage as the union of one man and one woman in state constitutions started in 1998, when traditional-values activists in Hawaii and Alaska used the tactic to overrule state Supreme Court decisions legalizing same-sex "marriage."

The amendment strategy took off after the Massachusetts Supreme Judicial Court legalized same-sex "marriage" in November 2003, and now 27 states have voter-approved marriage amendments.

But no other state court has followed the Massachusetts court -- in fact, nine recent court decisions have upheld state marriage laws -- "so, yes," the issue has "died down," said Glen Lavy of the Alliance Defense Fund, an Arizona-based legal organization active on same-sex "marriage" cases.

"But that doesn't mean that people are less interested ... and don't forget California," he said. The California Supreme Court will hear arguments on its same-sex "marriage" case this spring. If it reverses the state appellate court and finds a constitutional right to same-sex "marriage," "there will be a marriage amendment on the [California] ballot next year," Mr. Lavy said.

Meanwhile, of the 23 states without marriage amendments:

·Florida, Indiana and Massachusetts are on track to put an amendment before voters in 2008. Florida has an amendment petition drive under way; lawmakers in the other states must pass the amendments a second time before they can be put before voters.

·Lawmakers in Iowa, Maryland, Minnesota, North Carolina and Pennsylvania debated but failed to pass amendments in their last sessions. Amendment bills could resurface, but would face strong opposition.

·New York Gov. Eliot Spitzer and California Assemblyman Mark Leno have taken stands in favor of legalizing same-sex "marriage." In 2005, California lawmakers made history when they passed a bill creating "gender-neutral" marriage. California Gov. Arnold Schwarzenegger vetoed it, saying the people or the courts should decide the issue. Last year, Rhode Island lawmakers introduced pro-homosexual "marriage" bills for the ninth time, homosexual rights advocates said.

·In Illinois, a petition drive to put a nonbinding marriage amendment on the 2006 ballot failed, and the Arizona marriage amendment was defeated at the polls. It's not known if Illinois activists will try for another amendment, but Mr. Lavy said that "there's a good chance" a new Arizona amendment will appear.

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·Connecticut, New Jersey and Vermont appear to have settled the same-sex "marriage" issue by enacting civil union laws, and there are signs New Hampshire lawmakers may follow suit.

·Delaware, Maine, New Mexico, Washington, West Virginia and Wyoming do not appear to have much, if any, activity on the amendment issue.

ANTITRUST:

.S. Steel Continues To Explore Options (PTR)

By C.M. Mortimer, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, January 7, 2007

U.S. Steel Corp. still is eyeing Middletown, Ohio-based AK Steel Corp., or it could go shopping for a raw materials supplier in Central or Eastern Europe as steel industry consolidation continues, analysts said.

Merger mania was resurrected when Nucor Corp., the second-largest U.S. steel producer behind U.S. Steel, last week agreed to acquire Toronto-based Harris Steel Group Inc. for about $1.07 billion.

Conjecture over a possible U.S. Steel takeover of AK Steel surfaced in March. "Last year, their board was looking at AK Steel, and I heard they're still watching it," said independent analyst Charles Bradford, of Soleil Securities in New York.

Bradford said he understood U.S. Steel may be looking in Central and Eastern Europe, where assets are cheaper.

"Domestically, they have the iron ore and coke they need. In Central Europe, they don't have any of that. They may also be looking at smaller, government-owned steel companies," said Bradford, who did not identify potential foreign targets.

U.S. Steel operates a plant in Kosice in the Slovak Republic, the largest flat-rolled steel producer in Central Europe. The company operates U.S. Steel Serbia, too.

U.S. Steel CEO John Surma told analysts during a third-quarter conference in November that the company is not ruling out acquisitions. "We think there still could be opportunities to expand our footprint," he said.

"We believe in consolidation, and we continuously evaluate strategic opportunities focusing mostly in North America and Europe. Any acquisition we would make, however, would have to create value for our company and our shareholders. It has to generate a good return on capital, has to be accretive and generate cash," said Charles L. Rice, spokesman for U.S. Steel.

AK Steel declined comment on speculation involving U.S. Steel, said spokesman Alan H. McCoy.

Bradford said another potential target could be Illinois-based IPSCO Inc., a producer of tubular products and steel plate, with annual steelmaking capacity of 4 million tons. "It could be a good fit for U.S. Steel because IPSCO has assets in Canada," he said.

U.S. Steel may be interested in a steel processing company, said Ivan Feinseth, director of research for Matrix USA, LLC, New York.

Feinseth named Columbus, Ohio-based Worthington Industries, which processes steel and makes steel products for the automotive and aerospace industries, and Los Angeles-based Reliance Steel & Aluminum Co., a large metals service company, which also produces hot-rolled and cold-finished steel.

Feinseth said a potential acquisition target could be Grupo IMSA, a Mexican steel processor whose products include galvanized metal plate, cold and hot-rolled metal plate.

U.S. Steel may also look overseas.

"They may do something in Europe to bolster their raw material position there," said Leo Larkin, equity analyst for Standard & Poor's in New York.

Larkin said U.S. Steel's interest in AK Steel may be lukewarm, and obstacles could include labor difficulties, health care and pension liabilities and potential anti-trust reviews. "It could happen, maybe my anti-trust concern is overblown," Larkin said.

AK Steel generated revenue of about $6 billion in 2005. The company remains mired in an 11-month labor dispute at its Middletown plant, with the International Association of Machinists Local Lodge 1943, which represents about 1,800 members.

U.S. Steel's stock has surged in the past year on speculation it could be an acquisition target. It closed Friday at $69.72, down 92 cents. It gained 46 percent in 2006.

"All of the big steel companies could be interested," said Matrix USA's Feinseth, who estimated the value of U.S. Steel anywhere from $85 to $90 per share.

S&P's Larkin mentioned POSCO, a South Korean steelmaker, as a possible suitor. "POSCO has a strong balance sheet, and they're in an expansion mode. It would strike me as logical, and they have the financial strength to pull it off," Larkin said.

POSCO shipped about 30 million tons of steel, generating about $26 billion in revenue in 2005. During the same period, U.S. Steel shipped about 25 million tons of steel and generated revenue of about $14 billion.

DOJ_NMG_0113574

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US Airways Chief Digs In For Delta Fight (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 7, 2007

Don't mistake the relative quiet of the past two weeks for a sign that US Airways' resolve to buy Delta Air Lines is weakening, says Doug Parker, CEO of US Airways.

"We believe our offer is more than fair, and as a result, don't intend on ... backing off," Parker said in a telephone interview last week. "We certainly don't intend on pulling the offer."

Parker made his carrier's $8 billion-plus offer public on Nov. 15, and Delta — which had already rebuffed his private approaches — fired back with a volley of objections, employee anti-merger rallies and a formal plan to emerge from Chapter 11 on its own. The dust settled during the holidays.

Parker says he expects things to soon heat up again, pointing out that Delta's creditors recently hired retired Continental Airlines Chief Executive Gordon Bethune to evaluate the rivals' proposals or other potential alternatives for Delta.

"Gordon is a decisive, extremely knowledgeable individual who ... they clearly didn't bring in just to look at the stand-alone plan. They brought him in to look at strategic alternatives," said Parker.

Another potential flash point: Delta has asked for a bankruptcy court hearing Feb. 7 to begin pitching its stand-alone plan to creditors. They will ultimately vote on whatever reorganization plan Delta uses. Delta's plan values the company at $12 billion when it comes out of bankruptcy and would pay creditors with stock. US Airways argues its cash-stock offer is better for creditors and that a merger will create a stronger airline.

"I think you'll start seeing more urgency this month," said Parker during the interview from US Airways' headquarters in Tempe, Ariz. The conversation has been edited for clarity and length.

Q: Have you gotten any indication as to how the unsecured creditors committee views the US Airways offer?

A: We've met with the committee a couple of times. Their advisers have come back and asked us a number of questions. My own personal view is I think they appreciate the value of the synergies, and I believe they're doing their work now. They've just hired Gordon Bethune, which we think is a positive development — not because we have any idea what Gordon's views are, but just because I know Gordon is a decisive, independent person who knows the airline business very, very well.

Q: What has the committee asked the most questions about?

A: It doesn't seem to be one area of focus. They've spent a lot of time going through the synergy analysis, the $1.65 billion a year [in estimated annual savings from a merger], with our team. I know they've hired their own antitrust counsel to come up with their own views of the antitrust issues, which you know we feel very sanguine about and Delta feels very differently about. They obviously need to get their own views on that. ... So most of the time with us has been on our proposal and synergies.

Q: How soon do you expect the unsecured creditors committee to take some sort of position?

A: I don't know. It's really up to them. ... The process only becomes urgent to the extent that the Delta stand-alone plan is moving in a way that is inconsistent with our merger proposal. ... So long as Delta remains in bankruptcy and there aren't things being approved or disapproved by the bankruptcy court that are inconsistent with our plan, there's no urgency.

Q: There's the Feb. 7 hearing about the disclosure statement on Delta's reorganization plan. [If the statement is approved by the bankruptcy judge, Delta would be allowed to start seeking creditors' votes backing its proposal.] What does that hearing mean to the US Airways deal?

A: Right now there's a request for a hearing. If indeed that hearing took place on that date, yeah, that would drive some urgency around this process, and I think it will. ... My guess is if the creditor committee wants to support that date, they have a lot of work to get done before that date.

Q: Does that mean it might force you guys to bump up your offer? Does it mean you might have to somehow figure out how to intervene in that hearing?

A: ... It doesn't drive any additional action at this point from US Airways, but I think what it does drive is action from the committee to get themselves ready. The ball's in their court. ... The dialog will continue with the committee, and we're following their lead. ... But as we stand here today, our offer, we think, is well in excess of [Delta's] stand-alone plan in terms of value, and we don't feel any need to amend the offer.

Q: If the committee does finally come out and say we're not interested in your offer, does that kill it?

A: We'd have to reassess at that point. I don't know the answer to that and don't want to speculate.

Q: Does the hostility of Delta employees toward this deal give you or the creditors any pause?

A: It certainly doesn't give us any. I understand it. As we went through the US Airways-America West merger [in which Parker's America West bought the larger carrier and took its name, as it now proposes to do with Delta], there clearly was

reluctance on the US Airways side. ... Indeed, even on the America West side, there was some concern about why we were hitching ourselves to that boat. So we had to spend a lot of time communicating with our employees about where the company is going. ... But the fact is, change creates anxiety, and anxiety can turn into fear.

In a situation where we don't have the ability to communicate [with Delta employees] ... it's not surprising at all. I expect over time as this develops for us to have those opportunities. What the employees at Delta will see is that all we're trying to do is build a better Delta Air Lines, and that's only better for the employees. ... I think the culture of Delta is one of its strongest assets and one of the things we want to build on.

Q: There seems to be a widepread belief around here that the merged carrier would be based in Tempe (America West's headquarters before it merged with US Airways, which had been based near Washington) ...Would you consider putting the headquarters in Atlanta to save the deal?

A: I won't speculate on negotiating tactics and really don't want to speculate on where the headquarters might be. The answer is we just don't know right now. ... We don't even know what the management team's going to look like, so to decide where it's headquartered is just premature at this point. What we do know is that both Phoenix and Atlanta are going to be extremely important to this new airline, and there are going to be a lot on management people in both cities.

Q: Why is it so hard to figure out where the headquarters will be?

A: Well, you need to know what the management structure looks like when you're done. ... I think there's a view that ... it will be a US Airways management team that prevailed, and that's certainly not my view. What I know is that we put together US Airways and America West, and most people see me and [a few other high-ranking executives] are all America West, [but] the fact is a third of our officers came from US Airways, and that percentage gets higher as you move on down the ranks.

But you don't know what that management team looks like until you start figuring out who wants to be part of the team and who doesn't, and how it all fits best. In the case of US Airways-America West, it was a good bit easier because their headquarters in Crystal City, Va., consisted of like two or three floors of people. ... That's not the case in Atlanta. It's a much harder decision to make.

Q: What odds do you give yourself of getting this deal through?

A: I feel very good about our chances. The market has clearly spoken in favor of our transaction. The bonds of Delta are at 70 percent [of face value]. The day we announced this transaction they got all that [gain] in the first day, and they stayed there. So I feel extremely good about the market reaction, and I feel very good as a result about where it's going to end up. [The value of Delta's bonds jumped more than 50 percent when US Airways announced its proposal on Nov. 15 and about 10 percent more shortly before Delta disclosed its stand-alone plan.]

If I go back to Nov. 15, is there any disappointment? The only thing I would say is six weeks later, we still haven't begun due diligence [on the proposed merger with Delta] despite that market reaction.

Q: We noticed that Julius Maldutis [a longtime airline securities analyst and consultant] this week was quoted as saying he doesn't think US Airways will go forward with the deal ... because of Delta employees' hostility. When you talk to creditors, is that a concern?

A: They haven't mentioned it to us. ... That has not come up as an issue.

Q: As time goes on, does that help or hurt your proposal?

A: There's nothing that gets worse with time with our proposal. The only thing that gets worse is if Delta emerges stand-alone.

Q: At least from the outside, it looks like Delta has done pretty well at lining up potential support on the unsecured creditors committee. (Delta has settled with its pilots union, Boeing and the Pension Benefit Guaranty Corp., all committee members.) Isn't that making your job harder?

A: If you accept the premise, yeah — which I don't. The committee has a fiduciary obligation to the creditors. They recognize as much as we do what's happened to the bond prices since our proposal came out, and they need to do what's best for the creditors of Delta, which is who they represent. I don't know what it means to be making progress with individual members of the committee, because the committee in itself represents all creditors.

Q: Does the possibility that the creditors committee is using US Airways to get a richer reorganization plan from Delta or a higher bid from another buyer keep you awake at night?

A: Look, we've assumed from the start that the bankruptcy process is essentially an auction process. ... We welcome any competition and any other offers, and we believe we will prevail against any of them.

Staff writer Dave Hirschman contributed to this article.

DOJ_NMG_0113576

ENVIRONMENT:

NRA Pressured To Resist Bush Energy Policies (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, January 7, 2007

Hunters Wary of Limited Land Access

SEATTLE -- After years of close association with the Republican Party and hard-nosed opposition to federal land-use regulation, the National Rifle Association is being pressured by its membership to distance itself from President Bush's energy policies that have opened more public land for oil and gas drilling and limited access to hunters and anglers.

"The Bush administration has placed more emphasis on oil and gas than access rights for hunters," said Ronald L. Schmeits, second vice president of the NRA, a member of its board of directors and a bank president in Raton, N.M.

The new emphasis on the issue of access to public lands, which Schmeits said is at the "discussion" level among the NRA's directors, would represent a strategic shift for the NRA, whose leadership in Washington has long maintained that its 4 million members were not complaining or even asking questions about access to public lands.

But, during the past six years, an increasing number of the country's 46 million hunters and anglers, including Republican-leaning shooting organizations such as the Boone and Crockett Club, have been grumbling about the Bush's administration fast-tracking of oil and gas drilling leases on public lands.

"We find that our members are having a harder time finding access to public land," said Schmeits, who recently pushed the NRA to lobby for congressional protection of the game-rich Valle Vidal forest on federal land in New Mexico. "Gun rights are still number one, but there will be more time and effort spent on this issue [by NRA leaders] as we move forward."

Such a change in policy could undercut a key argument that the NRA uses to raise money, sway voters and help elect candidates. It has long warned its members that many environmentalists are advancing a subversive gun-grabbing agenda masterminded by liberal Democrats.

Andrew Arulanandam, the group's spokesman in Washington, said he agrees with Schmeits that members are voicing increasing concern about access to hunting land and that the NRA is focusing on the problem.

This comes at a politically challenging time for what has long been one of the most feared lobbying groups in Washington. The NRA is increasingly being criticized as out of touch by some members of the Outdoor Writers Association of America. A new gun ownership group is trying to win the support of disaffected hunters. Also, there is some complaining within the gun industry that NRA policies might be bad for business.

"The core, the dream, the passion that drives gun ownership is hunting and getting out on the wide open spaces," said a senior gun company executive who did not want to be quoted by name for fear of retribution from the NRA. "In the same way the Bush administration has overreached on Iraq, the NRA has overreached on gun rights. We are losing our grip on this green environmental thing."

The NRA found new strength and increased membership with its battles against gun control during the Clinton era, while cementing ties with the Republican Party. An NRA official was videotaped boasting in 2000 that the association would open an office in the Bush White House. No such office opened, but close identification now with an unpopular president and a party that has lost control of Congress may be hurting the NRA.

"If Republicans have a bad year, the NRA is going to have a bad year," said Charlie Cook, the political analyst who runs the nonpartisan Cook Political Report. "The Democrats have learned in recent years to shut the hell up about guns. Once they did, they started to win some elections."

In November's midterm elections, a number of prominent NRA-backed Republican incumbents were defeated, including Sen. George Allen of Virginia, Sen. Conrad Burns of Montana, Sen. James M. Talent of Missouri and Rep. Richard W. Pombo of California.

Top Democratic leaders appear to have taken the shut-your-mouth-about-guns lesson to heart. Aides to the new speaker and majority leader in the House said that Rep. Nancy Pelosi of California and Rep. Steny H. Hoyer of Maryland have no intention of bringing up gun control in the coming year.

For six years, the NRA joined the Bush administration in opposing the Clinton-era roadless rule, a broad land-protection measure that put nearly a third of the national forests off limits to most development -- while keeping them open for hunters and anglers willing to walk or ride horseback into the backcountry.

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The 2001 rule, which was overturned by the Bush administration but reinstated by a federal judge in September, had little initial support from state fish and game agencies, Western governors or many major hunting groups. The NRA opposed the rule, arguing that it was too broad and prevented older, less mobile and disabled hunters from using prime hunting lands.

But years of aggressive oil and gas leasing on prime hunting areas in the federal lands of the Rocky Mountain West seem to have made those protections more attractive. Fish and game agencies in Arizona, Colorado, New Mexico, Idaho, Washington, Oregon and Montana now support the roadless rule, as do most of the region's governors and more and more hunters.

"It is a no-brainer," said Hal Herring, a contributing editor for Field and Stream magazine and an avid hunter who lives near Montana's Rocky Mountain Front, the only area in the lower 48 states where grizzlies, elk and bighorn sheep still come out of the mountains to feed on the plains.

"The NRA stance on the roadless rule is a mistake," Herring said, echoing the view of many prominent outdoor writers. "There are no more roadless areas being produced."

A reader poll in 2003 by Field and Stream found that 41 percent of hunters saw shrinking wildlife habitat as the biggest threat to hunting in America, while 25 percent saw anti-gun legislation as a major threat to hunting.

Trying to seize on these sentiments, a rival gun group, the American Hunters and Shooters Association (AHSA), was founded two years ago by former Washington Redskin Ray Schoenke and John Rosenthal, a real estate developer in Boston. "I believe that we have reached a tipping point where the majority of hunters and shooters realize the NRA isn't representing their interests," said Rosenthal, who is a longtime activist for handgun control.

The group concedes that, so far, the NRA has more executives than the new group has members. That has not stopped the NRA from attacking the AHSA in its magazine, America's 1st Freedom, as a "cold, calculated attempt by the gun-ban lobby to thieve the hard-earned political credibility of gun owners and hunters."

Threatened By Warming (WP)

The Washington Post, January 7, 2007

Polar bear as harbinger

THE BUSH administration has done everything in its power to do as little as possible about climate change. Yet the reality of global warming has a way of intruding even on the most willfully heedless of politicians. Not even an administration dead set against mandatory curbs on carbon emissions can deny that the habitat of the polar bear, as Interior Secretary Dirk Kempthorne put it the other day, "may literally be melting." In response, the administration is proposing to list the polar bear as a threatened species under the Endangered Species Act.

Such a listing would have symbolic and practical importance. Polar bears live most of their lives on sea ice, which is diminishing in an Arctic region warming much faster than more temperate regions of the globe. A formal designation, following a lengthy period of comment and analysis, would acknowledge that the law compels action at least to mitigate the effects of global climate change. What's more, it's hard to see how one could act to preserve polar bear habitat without taking steps to reduce fossil fuel consumption and slow the rate of carbon emissions into the atmosphere.

The administration proposed the polar bear designation only after environmental groups petitioned for it and then sued to force a decision. Still, when confronted with the need to make a decision, it made the right one -- and thereby set the stage for action down the road. Cuddly, loveable animals -- even ferocious ones that can kill a seal with a single blow of a monster-strong paw -- have a way of precipitating steps that non-furry creatures just can't manage. Unfortunately, the threat to these majestic giants of the North is all too real.

FBI/DEA/ATF/USMS:

Learning How To Fight America's Most Wanted (NYT)

By Alison Leigh Cowan

The New York Times, January 7, 2007

NEW HAVEN

I'M holding a gun for the first time and trying to look as if I know what I'm doing, as my partner and I pursue a suspect in a fatal bank robbery.

We take him by surprise in his motel room, and my partner tries to handcuff him. The suspect's brother unexpectedly emerges from the bathroom, and the momentary confusion allows the suspect to reach for a gun. I shoot once and hit the wet bar. The suspect's aim is better, and within 1.6 seconds, I am dead. Left unprotected, my partner takes two bullets to the head, and our assailants gleefully escape.

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Witnessing this exercise in humiliation was a roomful of people who, like me, had signed up for an invitation-only "Citizens' Academy" course given in the fall by the Federal Bureau of Investigation in Connecticut. As part of our weekly training, we shot guns in computerized simulations, subjected ourselves to lie detector tests and met some of the graduates of a "body farm" in Knoxville, Tenn., where federal agents blow up, bury, submerge and do other unspeakable things to donated corpses to sharpen their crime-solving skills.

Though the two dozen of us taking the class often wondered why the government runs such a course, Citizens' Academy has been around for at least 13 years. One stated objective is to help the bureau improve relationships with the communities it serves. Another is "to demystify the bureau," as Kimberly K. Mertz, the special agent in charge of the F.B.I. in Connecticut, explained.

The cautious side of me fretted whether to participate, given the personal information I had to divulge in the mandatory background check. Did I have to mention religious affiliations? What about my library card? Withholding information, the application noted, was a potential crime. I inquired whether I was also subjecting my husband to a background check.

"Why, is he a Communist?" I was asked.

"Not lately," I sputtered.

On Sept. 14, having learned that my loved ones and I had passed muster, I was waved past a fortified guard booth and seated near a minister, a chiropractor, a lawyer and other working people who had been deemed by the F.B.I. to be "business, religious, civic and community leaders."

Like me, at least a few had prior dealings with the bureau. For instance, one classmate, Rocco Orso, the purchasing agent for the City of Waterbury, volunteered that his phone had been wiretapped for six months during a federal investigation into bid-rigging. Agents discovered instead in 2001 that the city's mayor, Philip A. Giordano, was molesting young girls. Mr. Orso said he was eventually told by the F.B.I. that he "was the most honest man in Waterbury." A city lawyer confirmed the comment and the agent's admonition to "give the man a raise."

Such efforts to rein in municipal corruption, white-collar fraud and organized crime have long been the F.B.I.'s stock in trade. But international terrorism has created new pressures, and the bureau's top brass has been deflecting calls for reorganizations that would separate newer intelligence-gathering functions from its historic crime-fighting mission.

Our eight weeks — three hours every Thursday night — inside the F.B.I. did not provide enough information to resolve these larger questions. But it did give us a feel for some of the 100 or so agents in Connecticut and their boss, Ms. Mertz. An Iowa native, she ran the public corruption unit in Washington from 1999 to 2001 and is now one of eight women running one of the bureau's 56 field offices. When we met, she was wearing pearls and strappy black heels and had her hair in a pony tail, and if she was packing a weapon, it was artfully tucked away inside her fitted suit.

Less than 3 percent of those who apply to be agents make the cut, and her staff was suitably impressive. David Rhieu, her chief division counsel, sometimes thumbs through 4,000 laws to determine if a situation merits federal jurisdiction. In 2002, when a man took hostages at Fairfield University, Mr. Rhieu determined that the standoff's impact on traffic on Interstate 95 justified his agency's intervention.

Dan O'Brien, the agent who runs the bureau's Meriden, Conn., office, quoted Oscar Wilde's "I can resist everything except temptation" in describing public officials and their cheating ways. Stuart Robinson, the head of a public-corruption squad in Bridgeport, instructed us that when catching crooks, "you want to get to the beehives, not catch bees." Erin McNamara, an agent who recovered some of the $200 million that the former financier Martin R. Frankel had amassed by defrauding insurance companies, told us about finding a 15-carat diamond disguised as a Sucrets lozenge. Judy Eide, another agent, shared tales of "tipsters" who call the bureau's hot line to complain, "I ordered a mail-order bride, and did not get it."

We each left with a graduation certificate, or a reasonable facsimile, signed by Robert S. Mueller III, the F.B.I. director. And some of the lessons continue to resonate, especially after a Nov. 25 melee with police outside a Queens strip club left an unarmed man dead on his wedding day.

Our introduction to shootouts had taken place weeks before, in September, and I have no idea who was right or who was wrong on that tragic night in New York.

But one reason for letting us wield a 9-millimeter semiautomatic pistol hooked up to a $50,000 training device was to sensitize us to the split-second decisions that law enforcement agents must make in the name of public safety and to the fact that their lives are on the line. None of us wielding that gun were terribly experienced with weapons, and the full range of human frailties, from eyeglasses to middle-aged paunches, was on display that day. So the experiment had its built-in limits.

Surely, I asked, people who are better trained can disarm an assailant without killing him, say, by aiming at the hand holding the gun? Our instructors looked at me as if I watched too many westerns. Few agents are sharpshooters, they said, and their priority must be stopping the threat. One instructor, a former marine, noted that assailants often keep shooting after they've been wounded.

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To minimize the chance of confrontations with tragic consequences, federal authorities say they collect a great deal of information about the individuals they are following and their habits before kicking in doors. By the time they make an arrest, agents generally know which night of the week a suspect orders pizza, Ms. Mertz said, jokingly. Many agents, we were also told, have never discharged their weapons in the line of duty. That goes for Ms. Mertz. “Most agents never do,” she said.

After failing at the simulator, I can see, perhaps, how I had overestimated others’ proficiency with weapons and their ability to control situations that might be beyond control. Leaving the F.B.I. building, I ran into a longtime agent, Mark Gentil, and told him about my lousy shooting. He asked which scenario had done me in. I told him the motel scene.

“Oh, that’s a hard one,” he said, extending some welcome sympathy as I headed out into the night.

Man Sets Fire To Richmond Church (SFC)

By Carrie Sturrock, Chronicle Staff Writer

San Francisco Chronicle, January 7, 2007

(01-06) 16:50 PST RICHMOND -- A man set fire to a Richmond church early Friday evening after interrupting a practicing choir.

The man walked into St. Cornelius Parish at 225 28th Street shortly before 8 p.m. and poured a flammable liquid on the altar and a nativity scene and then set it ablaze, according to fire officials and a witness.

A short time later, police arrested Robert Mills, 40, of San Pablo on suspicion of arson.

Seven members of the choir, including a 10-year-old boy, were singing the gospel song "Jardinero" in Spanish when a man entered the church who seemed to be speaking to himself, then announced, "Do you want to leave or do you want to stay? Because I'm burning this f— place down," said choir member Veronica Monroy, 32, of Albany.

Monroy said she asked him, "Who are you? Why are you doing this?"

She said he simply replied, "I'm just telling you. Either you want to burn or you want to leave."

He then opened what appeared to be a red can of gasoline and poured it on the altar and Nativity scene, Monroy said, adding that everyone left the church as he did this, except one choir member who stayed back.

Monroy said that man told her the intruder took out a lighter, lit a piece of paper and then threw the flame on the liquid. The choir member tried unsuccessfully to fight the fire with an extinguisher, Monroy said.

She said she had never seen the man at the church before, which she estimated had thousands of members.

After allegedly setting the blaze, Mills left through the same door as the choir members. As he did so, some people outside the church followed him and told police he had entered nearby Nicholl Park.

Police found Mills hiding in the southeastern corner of the park in some shrubbery at Leona Street, and arrested him at 8:10 p.m. as firefighters extinguished the flames, Johnson said.

Mills will likely be charged with arson. The district attorney may also consider charges of false imprisonment because the church was occupied at the time of the fire, said Johnson.

"If they establish it's a hate crime, they could go in that direction," he added.

Firefighters received word of the fire at 7:47 p.m. When they arrived, the church was suffused with smoke, but they quickly got the fire under control by 8:19 p.m, said Richmond Fire Department Battalion Chief Byron Berhel. No one was injured.

The fire destroyed the altar, nativity scene, a lectern and carpeting. Berhel said there was also extensive smoke damage throughout the relatively large building.

"You can't get that smoke scent out 100 percent," he said. "A lot of the stuff is probably going to have to be replaced."

He said the arson was unusual.

"You don't find people going into a church and deliberately setting a fire," he said. "That's a first for me."

Monroy said the damage is sad to look at. Still, church officials have planned masses for tomorrow in the church gym and parishioners will later come together to repair the building.

"That is just going to keep us more united," said Monroy. "Our faith is very strong. That's one thing we can say. We're going to get up and we're going to continue."

Metairie Store Gun Theft Suspect Being Sought (NOTP)

By From Staff Reports

New Orleans Times-Picayune, January 7, 2007

Police trying to ID second man in heist

The Jefferson Parish Sheriff's Office on Saturday released the identity of a suspect being sought in Monday's theft of more than 120 guns from a Metairie sporting goods store and announced a $10,000 reward for information leading to his arrest.

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Jermaine Surtain, 28, who once lived in the 5700 block of Tullis Drive, Algiers, is wanted on a warrant accusing him of burglarizing Puglia's Sporting Goods, 1925 Veterans Memorial Blvd., said Col. John Fortunato, a Sheriff's Office spokesman.

The office is also seeking the public's help in identifying a "person of interest" who rented a vehicle thought to be used in the break-in, Fortunato said.

Authorities think the burglary was committed by four men possibly using a black Dodge Durango. The men made a hole in a wall to get in around 2:30 a.m., then broke display cases and took 115 handguns, several shotguns and two assault rifles.

Authorities identified Surtain as a suspect through the cooperation of the Sheriff's Office, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the West Bank Major Crimes Task Force. The task force is made up of officers from the Sheriff's Office and the Gretna, New Orleans and Westwego police forces.

After the burglary, authorities recovered four handguns that apparently had been dropped during the break-in. Another handgun taken in the burglary was recovered Saturday at a house in New Orleans, Fortunato said.

He said Surtain has a criminal record and also will be booked with possession of a firearm by a felon when he is arrested.

Sheriff Harry Lee said he was greatly concerned about the theft of the guns, and he asked Crimestoppers to double its usual $2,500 reward for information leading to an arrest and indictment, Fortunato said. He said the ATF is offering $5,000 more.

Anyone with information can call the Sheriff's Office at (504) 364-5300.

. . . . . .

A reward is available for information leading to an indictment. Call Crimestoppers at (504) 822-1111 or toll-free at (877) 903-7867.

Gun Violence Across Puerto Rico Leaves 7 Dead On Kings Day (AP)

AP, January 6, 2007

SAN JUAN, Puerto Rico (AP) — Seven people were killed in shootings across Puerto Rico on Saturday, prompting the U.S. territory's top police official to plead for lawmakers to pass tougher gun laws.

The violence, which marred the Caribbean island's Three Kings Day celebrations, included a drive-by shooting of a minivan outside a fast-food restaurant in which two people died and two others were injured in a San Juan suburb, police said.

At a news conference, police chief Pedro Toledo urged the approval of pending legislation that would make it more difficult for islanders to import weapons from the U.S. mainland. Gunmakers have opposed the restrictions.

"Our biggest concern is the amount of weapons and ammunition on the streets," Toledo said.

The two victims killed in the parking lot in Guaynabo were identified as Leslie Machado Becerril, 18, and Christian Collazo Pacheco, 24. The other slayings were reported in Manati, Toa Alta, Caguas, Humacao and Loiza.

The U.S. territory of 3.9 million people averaged just more than two homicides a day last year. The 739 slayings marked a slight decrease from 2005. In most cases, the murders were linked to the drug trade, according to police.

IMMIGRATION:

Complaints Rise Against Immigration Lawyers (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 7, 2007

Complex Statutes, Criminal Schemes Heighten Concerns

Complaints against immigration lawyers working in and around the nation's capital are rising, say officials who investigate allegations of attorney misconduct.

Last year, the D.C. Office of Bar Counsel received 59 complaints about immigration lawyers, up from 49 in 2005 -- when, for the first time, immigration law drew more complaints than any other specialized practice area.

The bar counsel office is finalizing 2006 totals for other categories, but complaints about immigration law appear likely to rank near the top again.

Such a distinction is no small feat in a city flush with lawyers and no small worry in a region long established as a destination for immigrants, particularly those from Africa and Latin America.

"There are a lot of unhappy immigrant clients out there, and some of them have very good reason to be unhappy," said D.C. Deputy Bar Counsel Elizabeth A. Herman, who has handled immigration complaints for more than a decade.

From the simply confused to the unquestionably criminal, bad lawyers have become a concern for the immigration bar and for the nation's immigration tribunals.

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Federal sanctions have been rising in recent years. Established in 2000, the bar counsel at the Executive Office for Immigration Review, the Justice Department branch that oversees U.S. immigration courts and the Board of Immigration Appeals, disciplined 47 immigration lawyers last year and 54 the previous year -- up from 22 in 2000.

"You have a very vulnerable population," said Jennifer Barnes, who has been the bar counsel for the immigration review office since the position was created. Many immigrants, she said, don't speak English, and few understand the statutes and regulations that are second perhaps only to the tax code in complexity. "And you have attorneys out there looking to take advantage of that vulnerability," she said.

Perhaps the most notorious Washington area immigration hustler in recent history is Arlington lawyer Samuel G. Kooritzky, who was imprisoned in 2003 after he was convicted of engaging in a massive fraud. Kooritzky's firm, Capital Law Centers, specialized in applying for state labor certifications, which businesses use when they cannot find a U.S. citizen for a particular job. An immigrant can then use a certification to apply to the federal government for a green card.

Kooritzky's firm submitted thousands of fake applications for labor certifications without telling the businesses they were being used. He charged immigrants $8,000 to $20,000 for the service and raked in millions before the fraud was discovered. Kooritzky received a 10-year sentence.

The breadth of Kooritzky's criminal enterprise is hard to match, but there are some contenders. In November, a few were in court in the District.

A federal judge sent a Northwest Washington lawyer, Mohamed Alamgir, to prison for more than three years. From 1996 to 2003, Alamgir filed hundreds of false labor and immigration forms as part of a scheme to obtain permanent residency for immigrants by claiming they had jobs awaiting them in the United States, prosecutors said.

But there were no jobs. In some cases, Alamgir paid employers who agreed to participate in the scheme. In others, he put up friends or relatives as employers. And in still others, he mingled fake applications with legitimate ones. In all, the fraud took in more than $2 million.

A D.C. Superior Court judge jailed another lawyer, Richard A. James, who, despite having been disbarred, continued to practice immigration law. Given a suspended sentence in 2002 for flouting his disbarment in 2000, James was ordered not to practice. But he did, working out of an office on I Street NW where one of his specialties was helping foreign physicians immigrate to the United States. He's serving an eight-month sentence for contempt.

But most of the wrongdoing that keeps bar counsels busy does not rise to the criminal level.

It is the missed deadline, the unreturned phone call, the obviously overlooked opportunity that frustrate many eager immigrants and prompt a large share of the complaints. Such lapses might be less grievous in other legal arenas, but immigration law is stringent, and immigration tribunals are exacting in their application of it, say lawyers who practice before them.

That is why bar counsel offices such as the District's have made immigration law a priority. "The consequences for missing a deadline are draconian," Herman said. "In civil court, if you miss a deadline, you just file a motion for more time. In immigration court, you can't do that and expect a good result."

Some aggrieved immigrants file complaints. Some have no choice but to file in order to ask an immigration judge to reopen a case. But many never do, being unaware of their rights or reluctant to exercise them for fear of further complicating their situation, advocates for immigrants say.

Complaints can take months or years to investigate and resolve. Documents must be gathered, transcripts of proceedings might have to be ordered and lawyers must be given a chance to respond.

When D.C. bar counsel Wallace E. "Gene" Shipp Jr. elects to seek a sanction, his lawyers have to try the case before a Board of Professional Responsibility hearing committee, then argue it before the board, which ultimately makes a recommendation to the District's highest court, the Court of Appeals.

In 2005, for example, the court upheld a reprimand for a lawyer who had failed to file an appeal that his client had requested after the client was denied asylum and then neglected to tell his client that the appeal had not been filed; the lawyer was in a dispute with the client over how much of a $625 fee had to be paid up front.

Bad lawyering carried consequences for Fanny Saavedra and her family, they said. Born in Bolivia, Saavedra has been in the United States illegally for more than a decade, since she overstayed a tourist visa, was arrested in a workplace raid and ordered deported.

After her husband, Rene, also of Bolivia, won permanent residency in 2000, Fanny should have been right behind him in line for a green card, said her current attorney, the Rev. David Brooks. But their attorney at the time said that Fanny could not piggyback on Rene's residency and would need to wait until he became a citizen.

The lawyer was wrong, Brooks said. But not until last year, as Rene was preparing to become a citizen, did they learn that they didn't have to wait.

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The couple's three children -- ages 3, 7 and 9 -- were born in the United States and are citizens, and Fanny Saavedra's teenage daughter, born in Bolivia, was able to gain permanent residency in 2002 as Rene Saavedra's stepchild.

In her own Gaithersburg home, only Fanny Saavedra is in the country illegally, haunted by the memory of the raid that led to her deportation order. Even the news that her case has been reopened and will be heard by an immigration judge this month has done little to quell her anxiety.

"It's like trauma for me," the 40-year-old housekeeper said. "I'm afraid, really afraid. I don't want to leave my kids."

But the idea of filing a grievance seemed like asking for more trouble when the family was focused on legalizing Fanny Saavedra's status. "We didn't make a complaint, because we didn't want any more legal problems with our situation," Rene Saavedra said.

In a field dominated by solo practitioners and firms of two to three lawyers, even conscientious ones can find it hard to keep up with changes in the law and the strict demands of immigration courts.

"A lot of people get into this practice and they mean well, and they get overwhelmed -- they get totally overwhelmed," said Michael Maggio, whose Dupont Circle firm, Maggio & Kattar, has one of the area's biggest immigration practices.

Last year, the American Immigration Lawyers Association created a practice and professionalism center to provide guidance for lawyers navigating immigration law, as more are entering the immigration field. The association has grown from fewer than 4,000 members in 1994 to more than 10,000. Only New York and Miami have more members than the Washington region, which has about 800.

When a lawyer's lapse costs an immigrant whatever opportunity he or she had, the aftermath can be heartbreaking.

"No matter what we do to show the lawyer did wrong, [the immigrant] may still be deported," Herman said, drawing on her experience with the D.C. bar counsel office. "It's more than frustrating. It's tragic in some cases. They may be separated from their children. They may be deported to a country they haven't lived in since they were an infant. Their whole lives are turned upside down."

Fanny Saavedra wakes up with such fears every day, despite her attorney's confidence that she'll be allowed to stay. "My husband, he always supports me," she said. "Whatever happens, we'll be together. If we go back, we're going to go back, all of us."

TAX:

House Rules Change Clears Way For Tax Increases (WT)

By Donald Lambro, The Washington Times

The Washington Times, January 7, 2007

One of the first key procedural votes in the Democrat-controlled House last week established legislative rules that Republicans say will make it easier to raise taxes by a simple majority vote.

The straight party-line vote received little attention Thursday as Rep. Nancy Pelosi, California Democrat, was elected speaker of the House. But Republican leaders and conservative tax-cut advocates said it opened up a huge loophole in a Republican-imposed rule drawn from the Republicans' 1994 Contract with America, which requires a supermajority, or three-fifths vote, to raise taxes.

Democrats unanimously voted down a motion offered by Minority Leader John A. Boehner of Ohio that would have prevented them from waiving the rule, a move that tax-cutters said signaled the Democrats' intention to raise taxes between now and the 2008 elections.

"American taxpayers need to hold on to their wallets because the new House rules concerning taxes are not worth the paper they're written on," said Grover Norquist, president of Americans for Tax Reform (ATR).

"After spending an entire year on the campaign trail claiming she will not raise taxes, the first vote Nancy Pelosi brings to the floor for a vote as speaker will open the door to billions and billions of dollars of tax increases over the next two years," Mr. Norquist said.

Many liberal Democrats vowed in the midterm election campaigns to repeal the Bush tax cuts for those in the top income-tax brackets, and party leaders already have scheduled a vote to eliminate tax breaks for oil companies, which would effectively raise taxes on the nation's energy-producing corporations.

"The Democrats have a more established record of wanting to raise taxes than Republicans do. So to have them reject making the rule unwaivable indicates they want to preserve the option to raise taxes," said Jo Maney, spokeswoman for the Rules Committee, through which all legislation must pass.

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"The Democrats were smart in crafting the new rules," said Dan Clifton, ATR's chief economist. "They did not change them but made additions to them. Now the three-fifths rule can be waived by a simple majority," or 218 votes.

"President Clinton got a bare majority 218 votes for his tax increases in 1993. So all the Democrats have to do is vote to waive the three-fifths rule, and they've got a tax increase," Mr. Clifton said.

Democratic officials saw Mr. Boehner's motion as a move to tie their hands on future tax policy, and the majority leadership effectively held all of its troops in line to oppose it, even though some of its members ran on pledges not to raise taxes.

"In the coming months, the Democrat-controlled Rules Committee will be pressured to repeal or waive the Contract with America's barriers against unfair tax increases to make it easier for the Democrat majority in Congress to raise taxes," Mr. Boehner predicted.

The Democrats also approved the so-called "pay-as-you-go" rule as part of the House rules package. The rule says that when taxes are cut, lawmakers must offset any revenue loss with either new or higher taxes elsewhere, or reductions in spending.

But the Committee for a Responsible Federal Budget said Friday that the pay-as-you-go rules "do not always work perfectly, and it may be useful to consider changes to improve the technical workings of [pay-as-you-go] to make it more effective."

A Balanced Budget (WP)

The Washington Post, January 7, 2007

In 2012. Maybe.

SO PRESIDENT Bush is promising a balanced federal budget -- three years after he leaves office. That's a worthy goal, and we look forward to seeing, when the budget is released next month, how, exactly, he hopes to achieve it. But we'd be more impressed by the professed commitment to fiscal discipline if it weren't, in large part, Mr. Bush's own policies that made that far-off target look like an achievement. Or, better yet, if we had any confidence, based on performance, that this theoretical balance is based on realistic projections. Or if there were any acknowledgment from Mr. Bush that his sacrosanct tax cuts would have to be adjusted to meet this goal.

The traditional Democratic Party rap against the Bush administration's fiscal policies goes like this: He inherited a projected 10-year budget surplus of $5.6 trillion and turned that into a projected $3 trillion deficit. The truth is more complicated: The surplus was always, to some extent, illusory, and some of the budgetary deterioration was due to circumstances -- an economic slowdown, the costs of the war against terrorism -- beyond Mr. Bush's control.

Nonetheless, it was Mr. Bush's recklessly unaffordable tax cuts and his insistence on maintaining and extending them even as the costs of the war in Iraq escalated that helped drive the deficit. It was Mr. Bush -- the same Mr. Bush who now calls for an end to the "dead of the night" process of inserting earmarks into spending bills -- who signed every spending bill put before him, even as they were stuffed by a Congress controlled by his party with record numbers and amounts of earmarked projects.

Even as he asserts that his budget submission next month will show a path to balance by 2012, Mr. Bush insists that the tax cuts cannot be touched. That presages yet another budget that will be hard to take seriously -- one that doesn't account adequately for expected spending in Iraq and Afghanistan and that doesn't factor in the enormous costs of adjusting the alternative minimum tax so that it doesn't sweep in increasing numbers of middle-class taxpayers.

As a political matter, it's impossible to imagine that balance could be achieved through spending cuts alone. Just consider the difficulty that the Republican-controlled Congress had trying to craft a budget based on Mr. Bush's unrealistic discretionary spending or in making even modest inroads on entitlement spending. Nor, politics aside, is it clear that spending discipline alone is the better way. Why, to put it in the starkest terms, should tax cuts for the wealthy take precedence over health care for children?

A real path to balance will not be easy. It will require a recognition from Mr. Bush and his fellow Republicans that all their tax cuts cannot stand and a willingness by Democrats to forgo spending that their constituencies demand. It's not clear that either side has accepted that reality.

CONGRESS-ADMINISTRATION:

Dems Prepare Slew Of Oversight Hearings (AP)

By Jim Kuhnhenn, Associated Press Writer

AP, January 7, 2007

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In this new era of divided government, the congressional hearing room is where the executive and legislative branches will clash.

Over the next few weeks, Senate Democrats plan to hold at least 11 hearings just on Iraq. In the House, one of the Democrats' most dogged investigators is waiting to spring his committee on a different mission — suspected government fraud.

From the war to environmental policy and secret surveillance, the Democrats who now control both the House and Senate are armed with subpoena power and ready to summon panels of witnesses.

These newly empowered Democrats plan to put the Bush administration under scrutiny like never before.

"One of the clearest messages of the last election was that the Republican leadership was just AWOL when it came to holding the Bush administration accountable," said Rep. Chris Van Hollen, D-Md., chairman of the Democratic Congressional Campaign Committee.

The congressional hearing room is a Washington set piece: A lonely witness at a table covered in red velvet, klieg lights glaring, a determined inquisitor across the floor. Congressional power in its rawest form.

Iraq is the focal point of Democratic efforts.

Beginning this week, when Bush is expected to disclose his new war strategy, three Senate and at least two House committees plan to call Cabinet members to testify about the president's policy.

"We will use these hearings to ask tough questions, demand real solutions and keep working to bring this war to a close," Senate Majority Leader Harry Reid, D-Nev., said Saturday in his party's weekly radio address.

The hearings are one way for Democrats to respond to the party's anti-war wing. Last week, as Democrats prepared to assume power in the new Congress, anti-war activist Cindy Sheehan and a group of protesters interrupted a Democratic press conference, chanting "De-escalate. Investigate. Troops home now!"

The outburst highlighted the limited options Democrats have on redirecting policy in Iraq. Short of cutting off money for the war — a step Democratic leaders say they will not take — Congress has little recourse but to agitate publicly against Bush's strategy.

House Speaker Nancy Pelosi, D-Calif., and Reid wrote Bush last week to express their opposition to a potential temporary increase in the number of troops in Iraq — an idea Bush is said to be considering.

Some Democrats, so far a minority, want Congress to take a stand against an emergency spending bill that Bush is expected to send to Congress to pay for military and reconstruction operations in Iraq and Afghanistan.

That bill "is a vehicle for continuing the war through the end of Bush's term" in early 2009, said Democratic Rep. Dennis Kucinich of Ohio, who is running for president in 2008. "You cannot say you oppose the war and continue to fund it."

Reid on Friday reiterated that Democrats would not use spending legislation to try to change the course of the war. In fact, Democratic strategists say it is far better for the party to keep the war focus on Bush than it is to devise a detailed exit plan for Iraq.

"We are not at a point at this moment where I can say we have a specific strategy, but we have several options," said Sen. Richard Durbin of Illinois, the No. 2 Democratic leader.

One idea under consideration would cap the number of troops Bush could send to Iraq.

"It could be legislation that requires the president to come for congressional approval for troops over a certain level," Durbin said, quickly adding there was no Democratic agreement on such an option. "I'm giving you speculation. This is not strategy."

Besides the focus on Iraq, Democratic committee chairmen are planning their own policy oversight sessions with Bush officials.

"We need to be the watchdog," said Rep. Henry Waxman, D-Calif.

From his perch as chairman of the House Oversight and Government Reform Committee, Waxman said he intends to tackle instances of "waste, fraud and abuse." He did not specify his first target, but previously has expressed interest in investigating federal contracts in Iraq and in the Gulf Coast after Hurricane Katrina struck.

Sen. Patrick Leahy, chairman of the Senate Judiciary Committee, has said he will examine the administration's policies on torture and other human rights issues. His request for data exposed one of the first rifts between the new Congress and the administration when the Justice Department refused to provide the committee with two secret documents that describe CIA detention and interrogation policies for suspected terrorists.

Leahy, D-Vt., stopped short of threatening the use of a subpoena to get the documents. But he told Attorney General Alberto Gonzales that he "would pursue this matter further" when the committee holds its first oversight hearing.

Now that Bush had accepted the resignation of Harriet Miers as his top in-house lawyer, the White House is preparing to revamp its counsel's office in anticipation of a more aggressive and demanding Congress.

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Miers was one of Reid's favorite White House officials and the senator applauded Bush for nominating her to the Supreme Court in 2005 — though she eventually withdrew from consideration. Her replacement probably will not elicit the same warm response.

Medicare Drug Program Costing Less Than Estimates, U.S. Says (NYT)

By Robert Pear

The New York Times, January 7, 2007

WASHINGTON, Jan. 6 — The Bush administration lowered its estimate of the cost of Medicare's new prescription drug benefit Saturday, saying the price tag had come down about 10 percent in the last six months.

Administration officials said they hoped the numbers would undercut support in Congress for a Democratic proposal requiring the government to negotiate with pharmaceutical makers to secure lower drug prices for Medicare beneficiaries.

The 2003 Medicare law prohibits such direct negotiations, relying instead on private insurers and their agents to seek discounts on prescription drugs. Legislation to repeal that ban is a top priority for the new Democratic majority in Congress.

Michael O. Leavitt, the secretary of health and human services, said the new numbers showed that such legislation was unnecessary because competition among private plans had effectively held down costs.

"Our new estimates provide clear evidence that consumer choice is working," Mr. Leavitt said in an interview. "Government interference will result in fewer choices and less consumer satisfaction."

Such arguments are unlikely to sway House Democrats, who say older Americans are still paying far too much for medications. But the numbers provide new ammunition for Republicans.

In July, the Bush administration estimated that payments to private plans offering the Medicare drug benefit would total $1.077 trillion from 2007 to 2016. Officials now estimate they will be $964 billion.

The federal government subsidizes premiums and pays a variety of subsidies to insurers to draw them into the Medicare market.

Leslie V. Norwalk, acting administrator of the Centers for Medicare and Medicaid Services, said drug costs in general had been increasing more slowly than expected. In addition, Ms. Norwalk said, enrollment in the new Medicare program is lower than expected, because some beneficiaries found they had equivalent drug coverage from other sources.

Critics Warn Of Pitfalls In Democrats' Drug Plan (NYT)

By Robert Pear

The New York Times, January 7, 2007

WASHINGTON, Jan. 6 — Democrats want the government to negotiate lower drug prices for Medicare beneficiaries, but insist that the government should not decide which drugs are covered.

Many economists and health policy experts see this as a paradox. The only way to get big savings and discounts, they say, is to steer patients to certain preferred drugs.

The debate on this issue, bubbling for several years, will come to a boil in Congress next week as the House votes on a Democratic proposal to require the secretary of health and human services to negotiate with drug manufacturers on behalf of Medicare beneficiaries.

On the one hand, the bill says the secretary "shall negotiate" lower prices. On the other hand, the drug benefit would still be delivered by private insurers. Each plan would establish its own list of covered drugs, known as a formulary, and the secretary could not "establish or require a particular formulary."

Under the 2003 Medicare law, passed by a Republican Congress, insurers and their agents negotiate prices with drug manufacturers. The law prohibits the secretary from interfering in those negotiations.

Democrats describe their proposal as a way to overcome the power of special interests — specifically, they say, the pharmaceutical and biotechnology industries, which would rather deal with dozens of private insurers than with one big federal agency.

"Direct negotiation for lower prescription drug prices is directly related to our lobbying and ethics reform legislation," said Representative Rahm Emanuel of Illinois, chairman of the House Democratic Caucus.

The purpose of both proposals, Mr. Emanuel said, is "to make sure that special interests do not control what happens in Congress."

Democrats often point to the Department of Veterans Affairs as a model, saying it negotiates much lower prices than Medicare gets. But the programs differ in significant ways.

Under federal law, the V.A. is guaranteed a substantial discount — about 24 percent off the average price paid to the manufacturer of a brand-name drug by commercial customers. Starting with this guarantee, officials negotiate deeper discounts.

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The veterans agency, which filled more than 120 million prescriptions last year, has a national formulary. The agency decides which drugs or classes of drugs it needs to treat its patients.

After those decisions are made, drug companies compete for the business, and the V.A. often encourages doctors to switch patients to the drugs that are selected, if it is medically appropriate to do so.

Dr. Alan M. Garber, director of the Center for Health Policy at Stanford University, said he did not see how Medicare officials could obtain big discounts unless they were able to establish a restrictive formulary.

"To obtain drugs at low prices, a purchaser must be able to say no to covering a particular drug," said Dr. Garber, who is an economist and a physician. "If you cannot walk away from a deal, there's no way you can be sure of obtaining a low price. That's true whether you are buying a car, a house or medications."

President Bush and the pharmaceutical industry adamantly oppose a requirement for Medicare to negotiate prices. But Congressional Democrats say it is worth a try.

"Republicans had their shot at making the drug bill work, and seniors are still not getting the prices they deserve," said Representative John D. Dingell of Michigan, the chief sponsor of the Democratic proposal.

"Republicans chose to take care of their friends in the drug industry," Mr. Dingell said. "It's our turn to prove that the bill can work for seniors."

AARP, the lobby for older Americans, supports the proposal. In a new advertising campaign, the group says: "Medicare has 43 million members. And zero bargaining power when it comes to prescription drug prices."

William D. Novelli, the chief executive of AARP, said that Medicare drug plans "currently have little choice but to accept the high prices set by manufacturers" for brand-name drugs if no competing products are available.

Under the Democrats' proposal, the secretary would negotiate the prices that could be charged to sponsors of Medicare drug plans, and those plans could try to obtain still lower prices on their own.

In a report this week, the Congressional Budget Office said that private purchasers had leverage in negotiating prices when they could "systematically favor one brand-name drug over another," thus increasing its share of the market. Nothing in the Democratic proposal allows the secretary to choose one drug over another, or to influence the choices made by Medicare drug plans.

James R. Lang, former president of Anthem Prescription Management, a drug benefit manager, said: "For this proposal to work, the government would have to take over price negotiations. It would have to take over formularies. You cannot do one without the other. There's no leverage. Manufacturers won't give up something for nothing."

Democrats Face Hurdles In Bid To Close Medicare Gap (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, January 7, 2007

Eliminating Hole in Drug Coverage Would Require Tax Increases or Spending Cuts to Avoid Expanding Budget Deficit

Democrats face a difficult time delivering on their pledge to eliminate the "doughnut hole" in Medicare's drug benefit, despite having used the unpopular coverage gap as a rhetorical club against Republicans in regaining control of Congress in the fall elections.

Requiring Medicare to negotiate lower drug prices from pharmaceutical companies -- a popular idea that nevertheless faces significant political hurdles -- will not produce enough savings to fill the doughnut hole, experts say. And making up the difference would require big tax increases or spending cuts elsewhere if Democrats are to keep another campaign promise, to be fiscally responsible and avoid increasing the federal budget deficit.

"I think the Democrats are going to shy away from it because it's very costly," said Sen. Charles E. Grassley (R-Iowa), who was chairman of the Senate Finance Committee when it crafted the Medicare drug benefit in 2003. "I think you'll find out that closing the doughnut hole would have just about doubled what we were going to put into the whole program. So you're talking about hundreds of billions of dollars."

Democrats are still determined to eliminate the gap, said Brendan Daly, spokesman for House Speaker Nancy Pelosi (D-Calif.). The House is expected to vote this week on a bill Democrats introduced Friday that would require the secretary of health and human services to negotiate the prices of drugs covered by what is formally known as Medicare Part D.

"We're hoping to get some savings, obviously, from the price negotiation, and then we can try to use some of that to start to close the doughnut hole," Daly said. "I don't think we're going to have enough to close it entirely. It's a difficult task. . . . We are committed to doing it, though."

The doughnut hole refers to a coverage gap in which Medicare beneficiaries must pay for 100 percent of their drug purchases, even as they continue to pay monthly premiums. An estimated 3 million to 4 million people fell into the gap last year.

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In 2007, under the standard plan, the gap opens when a senior's total drug costs reach $2,400 and closes when out-of-pocket expenses total $3,850. Medicare then picks up most additional costs.

The Congressional Budget Office has informally estimated that filling the hole would cost $450 billion over 10 years, but the agency has no estimate of how much government price negotiations might save. A study released in October by Rep. Henry A. Waxman (D-Calif.), the new chairman of the House Government Reform Committee, estimated that the savings would range from $61 billion to $96 billion.

Even before the elections, Democrats began to acknowledge that they would not be able to eliminate the coverage gap right away. But in months of campaigning, party leaders and candidates fanned public anger over the doughnut hole and accused Republicans of selling out to the pharmaceutical industry.

At a senior center in Sunrise, Fla., on Oct. 3, Pelosi touted government drug-price negotiations as a solution and pledged to make them happen as part of the Democrats' agenda for the first 100 hours of the new Congress.

"We will use that money to fill the doughnut hole so that seniors will have affordability, they will have reliability, and will not be caught in this trap of the doughnut hole," Pelosi said. " . . . You pay [premiums] in, they get the money, you get no benefits back. How could that be a good idea unless you're writing the bill for the HMOs and the pharmaceutical companies, and not for America's seniors?"

In July, Rep. Steven R. Rothman (D-N.J.) issued a statement calling the program "broken" and the doughnut hole one of its "most glaring failures."

"The Republican majority created a terrible mess with Medicare Part D," Rothman said. "We can fix Medicare Part D by providing a prescription-drug benefit through Medicare, ending the subsidies for insurance companies, and allowing the government to negotiate lower drug prices. Doing so will eliminate the doughnut hole and provide a benefit worthy of our seniors."

Back in 2003, proponents, mainly Republicans, saw the unusual setup as a way to provide some help to all beneficiaries, and substantial help to those with catastrophic drug costs, and yet not break the bank with the new benefit. Lately, GOP lawmakers have contended that the doughnut hole is not a problem because it does not apply to low-income beneficiaries, and because other seniors can choose more expensive drug plans that offer coverage without the gap.

Filling the hole soon is unlikely, many analysts say. The White House's opposition means that drug-price negotiations are not likely to be enacted even if the idea manages to win approval in the Senate, where the going is likely to be tougher than in the House, they say.

Even if it were to pass and escape a presidential veto, the House bill would not authorize the health and human services secretary to limit Medicare coverage to a list of approved drugs -- called a formulary -- a tool that some experts say would be necessary to win major price concessions. The legislation would also not explicitly require that any savings be applied to filling the doughnut hole.

"There is virtually no chance that we are going to see any change to the doughnut hole in the foreseeable future," said Robert Laszewski, a nonpartisan health policy consultant in Washington. "The doughnut hole is sort of institutionalized now. . . . It's there for a reason. It's there because that's the kind of plan design the Congress could afford. And just because you change the Congress doesn't mean the affordability changes."

John Rother, policy director for AARP, the powerful seniors' lobby, agreed that substantial changes to the doughnut hole are unlikely this year. But he does not think that Democrats would pay a political price for that.

"It's not an overriding, intense concern for most seniors," Rother said. "What we get a lot from our members is concern about overall drug costs, not just the doughnut hole."

House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.) said requiring government negotiations is just the "first step."

"I plan to hold hearings early in the new Congress to identify additional changes needed to improve the Medicare drug program, and reviewing the donut hole will be part of that process," he said in a statement.

Leadership Tries To Restrain Fiefs In New Congress (NYT)

By Carl Hulse

The New York Times, January 7, 2007

WASHINGTON, Jan. 6 — Less than 24 hours after taking over as speaker, Representative Nancy Pelosi summoned the new chairmen of five committees with responsibility for various aspects of Iraq policy to her office to review and coordinate plans for hearings and inquiries.

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The gathering on Friday would have been unthinkable when Democrats last controlled the House. In the days before the 1994 Republican takeover, all-powerful Democratic chairmen ruled their committees with impunity, doing what they wanted, when they wanted, with little regard to the views of the speaker or others in the upper ranks.

Now the new Democratic leaders of the House and Senate want to avoid a return to that era by forging a working relationship with the men and women who will actually write the bills and lead the Congressional investigations. Top lawmakers acknowledge that finding a way to keep the overarching goals of the party from clashing with the objectives of the independent chairmen will be crucial to keeping Democratic control from spiraling out of control.

"The challenge of maintaining a coherent message even though the power in the Senate is so diffuse is probably our major challenge," said Senator Charles E. Schumer of New York, the Senate's third-ranking Democrat.

Already there are signs of discord. Senator Max Baucus of Montana, the Finance Committee chairman who has been a headache for past Democratic leaders, says he will plunge ahead with hearings next week on giving the government power to negotiate Medicare drug prices with pharmaceutical companies — a top Democratic priority he has opposed and one the House plans to speed through with no new scrutiny.

"If we want to do legislation, I want to get the facts first," said Mr. Baucus, who broke with colleagues in the past on the Bush administration's tax cuts.

Senator Joseph I. Lieberman of Connecticut, who won re-election as an independent but kept his seniority within the Democratic Party and will lead the Homeland Security panel, is making his colleagues nervous as they consider his differences with many of them over the war and antiterror issues.

In the House, Representative Charles B. Rangel of New York, who as chairman of the Ways and Means Committee will be the gatekeeper for critical tax and social policy, suggested Friday that he might revisit new Democratic rules forcing lawmakers to disclose their sponsorship of tax breaks for small enterprises. And Representative John D. Dingell of Michigan, the chairman of the Energy and Commerce Committee, has broken with fellow Democrats over the years on an issue likely to return in this session, imposing tougher mileage standards on automakers.

"I am a member of the team and I am going to be a team player, but it is too early to see how it is going to develop," Mr. Dingell said of the new relationship between leadership and the chairmen.

During four decades of Democratic rule ending in 1994, committee chairmen amassed almost unchallenged authority, often becoming more feared and influential than the elected leadership. They were nearly impossible to budge from their perches, and the concept of term limits was unimaginable. In a move that caught some new Democratic chairmen by surprise, House rules pushed through by the Democrats this week retained the six-year limit on chairmen imposed by Republicans, but the leadership reassured lawmakers they would revisit the restrictions when there was less attention focused on the dawn of the Democratic era.

Mr. Dingell is a holdover from those days of dominant Democratic chairmen, men like Dan Rostenkowski on Ways and Means, Jack Brooks on Judiciary and Jamie Whitten on Appropriations. Those and other lawmakers saw themselves as legislative forces and the leadership as a nuisance to be negotiated on the way to the floor. Mr. Dingell said his contemporaries in the days before Republican rule were descendants of earlier strong-willed chairman like Wilber Mills.

"We simply carried on a tradition which was there, which was accepted, which was proper and which, very frankly, worked," Mr. Dingell said.

But the delegation of such power to the chairmen came with a price. Republicans derided Democrats as arrogant and pushed the image of out-of-touch Democrats as a campaign slogan, riding it and Democratic gaffes to majority status in 1994.

Once installed, the new Republican leadership moved quickly to centralize power in the offices of speaker, majority leader and whip. They stripped chairmen of the power to control their own legislation, enacted term limits and forced prospective chairmen to plead their case with the leadership and bolster it with a record of campaign contributions.

Incoming Democrats said Republicans went too far in diminishing the authority of chairmen and fostered arrogance at the leadership level.

Now Democrats say they hope to strike a more productive balance, giving chairmen some leeway as long as they operate in concert with their fellow committee leaders and with the leadership's approval.

"It is the right mix," said Representative Barney Frank, Democrat of Massachusetts and chairman of the Financial Services Committee. "We have to work together and we don't want to do things that are discordant, but the leadership should not micromanage."

As an example, Mr. Frank said he informed Mrs. Pelosi that he intended to schedule oversight hearings quickly on administration problems in replacing housing along the Gulf of Mexico after Hurricane Katrina. Mr. Frank said he also planned initiatives to help lower-income Americans buy housing and to give corporate shareholders more say in executive compensation.

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Representative Henry A. Waxman of California, the chairman of the Oversight and Government Reform Committee — renamed to put the emphasis on oversight — said he had no qualms about clearing his agenda with the leadership and believed such cooperation should not impinge on his own goals.

"I don't think it is inconsistent," said Mr. Waxman, who said his panel would most likely begin hearings this month. "We are going to pursue the most important theme we can deal with: whether taxpayers' money is wasted through fraud and abuse."

Through the meeting she convened on Friday and conversations with other lawmakers, Mrs. Pelosi has shown she considers herself firmly in charge of the House and is not going to let the chairmen set the pace.

The initial Democratic legislative program is not being routed through committee — perhaps not even the Rules Committee. But Mr. Frank and others said the new chairmen were comfortable with that approach if it helped to make a quick impression. In general, House leadership aides said they believed they could keep the chairmen and the rank-and-file moving in tandem, though they expected some feuds. Representative Steny H. Hoyer of Maryland, the majority leader, has scheduled the first weekly meeting with House chairmen for Tuesday.

Tom Daschle, the former Senate majority leader who occasionally found himself at odds with committee leaders during his tenure, said communication was essential in a legislative body where lawmakers could be such independent operators.

"The key is to just try to realize you are going to have low-maintenance and high-maintenance chairs and you have to work with both," Mr. Daschle said. "You have to personalize your relationship with each or you are going to have trouble."

Mr. Daschle, a close ally of Senator Harry Reid of Nevada, the new majority leader, said he was confident Mr. Reid had the skills to manage the sometimes delicate relationship. Some incoming chairmen agree.

Senator Christopher J. Dodd of Connecticut, the chairman of the Banking Committee, said Mr. Reid had already diplomatically sounded him out on his plans. "We are very much in sync on this," said Mr. Dodd, who is considering legislation to protect consumers from credit card marketing fraud and high-risk mortgages. "I am not going to do anything without letting Harry Reid know what we are going to do."

Mr. Baucus said he sees himself in broad agreement with Mr. Reid.

"Nine times out of 10, Harry Reid and I will agree," he said. "But when we disagree, I have to do what is right. I am elected by the people of Montana, and they are my employers."

Bipartisanship As The First Resort? (NYT)

The New York Times, January 7, 2007

The House's new Democratic majority is mounting a legislative blitzkrieg meant to leave the displaced Republicans gasping in the dust. In successive working days, the Democrats plan to enact legislation to bolster homeland security, raise the minimum wage, encourage embryonic stem cell research, require the government to bargain for lower Medicare drug prices, recoup lost royalties on offshore oil and gas leases, and lower interest rates on student loans.

These are all commendable goals. Equally commendable is the pledge by the House speaker, Nancy Pelosi, to restore some pay-as-you-go fiscal discipline to a budget process bloated out of control by President Bush's deficit spending. But what is sorely lacking is the oft-invoked, more often abused ideal of bipartisanship — despite the Democrats' campaign pledge to end the practice of relegating minority lawmakers to the legislative wilderness.

The Democrats have the votes to impose their way. But quickly turning any of these measures into law is dicier given the more complicated rules in the Senate and the Democrats' blade-thin majority there. In scoring early political notches, House Democrats had better keep in mind the promise of bipartisanship for securing larger victories.

For years, bipartisanship has been the missing ingredient in the sour stew of Washington. It was lacking during the Democrats' long House reign that ended in 1994. But during the last 12 years, the Republicans virtually eliminated Democratic participation. Chronically invoked by President Bush, this political ideal has been reduced to rhetorical ashes.

Of necessity, perhaps, the new Senate majority leader, Harry Reid, is making a considerable show of promising to reach across the aisle. In the House, Ms. Pelosi promises bipartisanship will be in evidence after the Democrats get past their opening agenda. That is like saying the checks and balances are in the mail. If Democratic candidates were smart enough during the campaign to realize that the voters demand bipartisanship, they should be quick enough to try it from the start.

It's Really About '08, Nancy (WP)

By Victor H. Fazio

The Washington Post, January 7, 2007

Nancy Pelosi is on the clock. During the 2006 congressional contest that culminated with the California Democrat becoming the first female House speaker, Pelosi initially said she would take the campaign "one day at a time." But her timeframe quickly expanded into an ambitious vision of what the new Democratic Congress would accomplish in its first 100

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hours. After the ceremony and celebration on Thursday, Pelosi must not only try to make good on her promises, but she must do so amid the general confusion, power struggles and even the smell of fresh paint that prevail whenever Congress changes hands.

Pelosi has pledged that the first 100 working hours of the 110th Congress will pass measures such as lobbying and ethics reform; a minimum-wage increase; pay-as-you-go budgeting; expanded federal funding for embryonic stem cell research; lower interest rates on student loans; adoption of the 9/11 commission's recommendations; changes to allow Medicare to directly negotiate drug prices with pharmaceutical companies; and reduced dependence on foreign oil.

But the speaker, the Democratic leadership and new lawmakers will face practical challenges in navigating this list. For a new Congress, January normally is a time for members to be sworn in, work the district or perhaps travel overseas until the president's State of the Union address later in the month.

For freshman members, these first few weeks can be especially chaotic, as they focus on establishing offices and hiring staff in Washington and their home districts. Fresh from their victories, members frequently face the dizzying challenge of finding a home in Washington and possibly relocating their families. This time is a whirlwind of exposure to new committee assignments, delegations and caucuses. Oh, and new members have to learn the administrative and practical skills they'll need as the business of making laws gets underway.

These 100 hours will also include the first time that some members will address the House, a moment every lawmaker recollects. That first address is rarely one's finest performance -- even the most experienced member can be unnerved by the realization that not only the public but also House colleagues will listen to what they have to say. (My first address was on the rice industry -- a key concern of my constituents -- and a subject I knew much more about when I left the House in 1999 than when I first took the floor in 1979.)

Not everyone will be learning anew this week. Pelosi has sought to engender some bipartisan goodwill by authorizing severance pay for newly unemployed Republican staff members. Likewise, she has sought to preserve continuity by retaining existing staff in the parliamentarian's office and other administrative positions, including the sergeant-at-arms, the clerk of the House and the House historian. In 1994, when Newt Gingrich became speaker, the leadership fired everyone except the parliamentarian. In contrast to that off-with-their-heads attitude, Pelosi has more respect for the administrative framework of the House. Perhaps most important, she reached out to John A. Boehner (R-Ohio), who was House majority leader, on transition issues, such as the schedule, oversight on intelligence and fixing the Congressional page program.

Pelosi's strategy reflects an understanding that progress depends on bipartisan agreement, though it may also reveal an effort to take advantage of President Bush's declining popularity -- and the potential willingness of some House Republicans to distance themselves from the White House.

Pelosi's First 100 Hours initiative has drawn some comparisons with the Republicans' 1994 "Contract With America," a package that sought to bring about major policy change over 100 days. But for Pelosi, the effort is less about radical policy shifts than about bringing policy in line with what Democrats believe is common wisdom to Americans. Stem cell funding, which has passed once and enjoys bipartisan support, is the quintessential example. However, even pay-as-you-go budgeting garners support on both sides of the aisle, including from Sen. John McCain (R-Ariz.) and former Federal Reserve chairman Alan Greenspan. Perhaps most significant, there has been bipartisan cosponsorship of proposals for lobbying reform, the minimum-wage increase, the 9/11 commission recommendations and Medicare drug pricing.

Of course, no matter how carefully Pelosi has selected the issues for her first 100 hours, the legislation will not necessarily steamroll through Congress unquestioned. Though lobbying reform and minimum-wage proposals could pass easily, there may be differences between the House and Senate that could lead to conflict in conference committees.

There are early indications that issues such as adopting the 9/11 commission report and the Medicare drug proposal may face some opposition, both within and beyond the Democratic ranks. The Democrats' proposal to require offsetting revenue or savings whenever any tax cuts or spending increases occur will present challenges to the Congress as it attempts even the least expensive initiatives. This pay-as-you-go proposal may be especially problematic for Democrats in dealing with funding the Iraq war, for which less than half of the total anticipated cost has been incurred so far.

Just as elements of the Contract With America failed to pass in the Senate or get signed into law, the long-term prospects of the 100-hours legislation outside the House remain uncertain. However, if the speaker can shepherd her initiatives through Congress, she will have established herself and her Democratic caucus as advocates for the middle class as well as the poor -- and her party as one that keeps its word. This message will be especially important as the 2008 presidential contest unfolds and Democrats seek to campaign in opposition to the political quagmire, foreign and domestic, that has plagued the Bush administration.

Indeed, if Congress passes the bulk of the First 100 Hours proposals, Pelosi will have succeeded in laying these touchstone issues squarely at Bush's feet. After all, it is Bush who may ultimately determine the record of the 110th Congress. It

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is likely that the president will dust off his once-used veto power, at least again on stem cell funding and on interest rate breaks for college tuition, attempting to repair his fragmented base. On other issues, however, there are hints that the president, perhaps harking back to his days in Austin, may meet Congress in the middle. On immigration and Social Security reform, which will require bipartisan agreement, Democrats should at least be optimistic about the prospect of presidential compromise.

Once these issues have been placed before Bush, the First 100 Hours package in many ways will have already succeeded. If faced with a small stack of bills, the president will be in the unenviable position of either signing them and making the package an unqualified success, or refusing to sign them and making himself the villain in rejecting fairly popular proposals. Even the latter option would make the First 100 Hours package a success, at least for Democrats, by contrasting the parties and portraying Bush as a slave to inflexible partisan positions. With 2008 in mind, Pelosi's first 100 hours may prove less a personal crusade than a harbinger of greater gains to come.

Victor H. Fazio (D-Calif.), a senior adviser at Akin Gump, served in the House from 1979 to 1999.

A Good Start For Congress (LAT)

The Los Angeles Times, January 7, 2007

Democrats launch solid ethics reform in their first few hours in charge.

AFTER 12 YEARS in the political wilderness, Democrats in the House of Representatives can be excused the hoopla and hokeyness that marked their first day of control. But, to the new leadership's credit, the showmanship was accompanied by something significant: the approval of tough ethics rules that will do a lot to curb the appearance and reality of the "culture of corruption" the Democrats campaigned against.

The new ethics rules approved expeditiously Thursday — "railroaded," if you like — set a high bar for similar self-policing by the Senate. That chamber also came under Democratic control, albeit in a more subdued fashion reflecting the Democrats' one-vote majority and the charisma gap between Senate Majority Leader Harry Reid (D-Nev.) and House Speaker Nancy Pelosi (D-San Francisco), the first woman to hold that position.

The House essentially enacted the wish list of advocates of reform (including us), burnishing Pelosi's promise to preside over "the most honest, the most open and the most ethical Congress in history." Some burnishing was necessary after Pelosi unsuccessfully attempted to install Rep. John P. Murtha (D-Pa.), a Beltway insider who was investigated but not charged in the Abscam scandal, as majority leader.

Under the rules adopted Thursday, representatives may not accept gifts or travel from lobbyists or agents of foreign governments, and — to prevent a repetition of the Republicans' notorious "K Street Project" — members are prohibited from retaliating against firms that dare to employ lobbyists from the opposite party. On Friday, the House advanced the ethics agenda further by making it easier to monitor special-interest "earmarks" inserted in legislation.

More remains to be done. Reformers inside and outside Congress must continue to press for the creation of a new ethics watchdog in each chamber. House Democrats say they will take up that initiative in the coming weeks, and Sen. Dianne Feinstein (D-Calif.), who now chairs the Rules Committee, has indicated that she would hold hearings on the idea.

Important as they are, the new ethics rules deal with process, not substance. The public receives regular reminders, most recently from Jack Abramoff, of how the legislative process can be corrupted by narrow special interests. But even in a transparent process unsullied by bribery or self-dealing, policy choices must be made. They include relatively easy ones, such as raising the minimum wage, and harder ones, such as whether to allow Republican tax cuts to expire and how to respond to President Bush's Iraq policy.

On some of those issues, as Pelosi knows, Democrats are not united. All the more reason for them to focus first on something on which they (and their sadder-but-wiser Republican colleagues) agree: the need for an improvement in their own behavior.

Showdown In Washington (SFC)

By Leah Garchik

San Francisco Chronicle, January 7, 2007

Pat Schroeder, the former Democratic congresswoman from Colorado, vowed to wear her silvery "Madame Speaker 2007" pin "until it rusts and falls off." But by the end of last week, new House Speaker Nancy Pelosi's oft-repeated teatime remarks to the young ladies of the Convent of the Sacred Heart -- "We're not prisoners of the past; we're shaping the future" -- seemed slogan-like.

On the other hand, the educational wallop that began with what student Tanaya Macheel of the San Francisco school called "being in a political environment and being able to see Nancy in person" went beyond words.

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Friday morning on national TV, Pelosi had been seen shaking her head "no" to a reporter who asked whether she would support sending additional troops to Iraq. Madam Speaker's locomotive had chugged away from the station and was heading down the track. As Americans watched, a question arose: Is the power of office any different when it is wielded by a woman, and -- even today -- do women have a harder time in office?

"The fact that you are a novelty means that you are watched doubly carefully," said Sen. Dianne Feinstein, D-Calif., during a phone conversation several weeks ago. "And I've always felt the most important thing is to show you could be effective early on."

Pelosi's 100-hour blitz of legislation began immediately Thursday with the reforming of the House rules. "Once you're effective," said Feinstein, "the whole perception of you changes."

Feinstein, now beginning her 15th year in the Senate, remembered that she passed two early tests: bills to ban assault weapons and a desert protection act, going "toe to toe" with Republican Sen. Malcolm Wallop of Wyoming, "and from that point on, I had a very productive relationship with men."

There were some social problems. "It's very difficult," she said, "to go up to a man and say, 'How about having dinner with me tonight?' It is for me ... and there is still that thing."

Sen. Barbara Boxer, D-Calif., said by phone in December that when she arrived in the House in 1983, she demanded that a male colleague's comment -- "I want to associate myself with the remarks of the gentlelady from California. As a matter of fact, I'd like to associate with the gentlelady" -- be stricken from the record.

Boxer said she treats men and women the same. But Feinstein allowed that in some cases it might be possible to "use warm femininity to reach a goal ... I think it is a finely honed art form. You have to be very careful."

Now, most male lawmakers are savvier. "There are no different rules for women or men," said Boxer, who served in the House for a decade before her election to the Senate in 1992. "We get the same pay, we get the same rules, we have the right to hold up legislation, we have the right to introduce legislation."

Although Boxer said Pelosi -- her "closest of friends" -- told her years ago "she wanted to be speaker," the feat is "amazing. ... I believed we would have a woman president long before we would have a woman speaker, because it's such a man's world in the House."

Schroeder, who served in the House from 1973 to 1996 and is now executive director of the Association of American Publishers, said she never thought there would be a woman speaker, because in the caucus, "they can vote by secret ballot."

In the '80s, when Schroeder and her House colleagues Shirley Chisholm and Geraldine Ferraro of New York and Ohio's Mary Rose Oakar tried to push through women- and family-friendly legislation, they'd line up male allies, ducks in a row. "We thought we had the votes. And then the votes would come out the other way."

That's still not entirely in the past. Although there are a record 71 female members serving in the 110th Congress, it's "only" 16 percent of the chamber, she said, "and we still don't have an Equal Rights Amendment."

Schroeder and Boxer said there are a variety of reasons it has taken women longer to reach powerful positions in Congress.

"A lot of it in the House had to do with the fact that women came a lot later," Boxer said, "and didn't stay as long. Many had gotten there because their husbands had died. If appointed, they would have less respect ... that was a lot different than fighting for it" in an election.

Schroeder said that while nontraditional families are common in America today, in Congress "only 1 family in 10 doesn't look like the Norman Rockwell family."

The congressional men in those families, Schroeder said she believes, are personally threatened by women in power. Their wives have supported them by hosting receptions, sending holiday cards and smiling at political rallies, and that's the role they see for women.

"We all want wives," Schroeder said, laughing.

Feinstein and Rep. Mary Bono, R-Palm Springs, said that female camaraderie is essentially different from the male variety.

Despite political differences, "Women are more quick to share their personal side, to support each other," said Bono, who has known Pelosi since the early 1990s. Bono said that when they first met, she told Pelosi she was impressed with her "charisma, charm and intelligence" and Pelosi "looked at me, surprised" at the compliment.

She still has warm feelings and says Pelosi's swearing-in speech Thursday was "truly historic," but she is left with a conundrum: "I want her to be successful as a woman in power, but politically, as a Republican, I am on the other side. But I hope when she needs a friend on this side of the aisle, I'll be one of the first she will call."

Bono said expressing anger is a special problem for women in positions of authority.

"There are different ways to be, different sensitivities. ... Guys like to say we're shrill and use the b-word to describe us."

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But Schroeder said in the Republican-controlled House of the past 12 years, all differences of opinion became "very personal." The attitude of GOP leaders such as Newt Gingrich and Tom DeLay was "if you don't agree with me, you must be a Commie simp from San Francisco, and your mother wore combat boots. Instead of getting angry, they tried to trash somebody. And Nancy Pelosi is not going to do that."

The Ebb Of Prejudice (WP)

By David S. Broder

The Washington Post, January 7, 2007

It was, superficially, pure coincidence that Nancy Pelosi and Deval Patrick took their precedent-setting oaths of office at almost the same hour on Thursday.

Pelosi became the first female speaker of the House of Representatives, second in line to the presidency. And Patrick became the first African American governor of Massachusetts, only the second black state chief executive elected in the history of the United States.

Impressive as their individual r?sum?s are, what's more significant is what their elevation signals: a growing sense of inclusiveness and opportunity in this society.

The United States has many challenges and shortcomings, but occasionally it is appropriate to take note of the ways in which this country is overcoming prejudices. Thursday was such a day.

It was not really an accident that these breakthroughs occurred simultaneously. The generation that is now producing major leaders is a generation substantially freed of the sexism and racism of its predecessors.

Decades of men and women of different races going to school together, working in the same offices and factories, and serving in the same military have changed attitudes. Gender and racial differences have shrunk to a manageable size.

What is striking is that Pelosi and Patrick were elevated by their opposites. Pelosi leads a House of Representatives in which men outnumber women, 364 to 71. Patrick was elected by a constituency that is nearly 90 percent white.

In neither case was the gender or race of the person competing for power the determinant of the outcome. Those who were deciding were able to look past these obvious characteristics to weigh their skills and leadership potential.

Skeptics will argue that in 21st-century America women and blacks still face barriers that make their climb to the top harder. And that is true. Pelosi worked anonymously for years in Democratic politics before another woman, the dying Rep. Sala Burton, endorsed her as her successor -- an endorsement that helped Pelosi win her first and toughest primary. Once in the House, she showed the canniness and drive that built the alliances that eventually made her the Democratic leader and the majority party's choice for speaker.

Patrick got his break when he was one of the poverty-stricken black youths in Chicago chosen to receive scholarships to the elite Milton Academy in Massachusetts. There he starred academically and went on to Harvard and a law career both in the Justice Department and in two major corporations.

But their success is not unique, and it is part of a pattern that shows the progress this society -- and not just a few exceptional individuals -- has made.

While both Pelosi and Patrick are Democrats, and proudly part of a party that abandoned its racist past to become a champion of civil rights, Republicans have also moved with the times. The two secretaries of state named by President Bush, Colin Powell and Condoleezza Rice, are both African American. Powell is a product of the U.S. Army, one of the great egalitarian institutions of the past generation, and Rice rose in an academia that increasingly treated women as equals to men.

Their predecessor in the Clinton administration's State Department was Madeleine Albright, a woman and an immigrant -- a combination that was unimaginable in such a position in any previous time.

The United States has not reached perfection. Discrimination still exists in many forms and in many places. But the progress is real -- and well worth celebrating.

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Here is a final postscript to the wonderful tributes last week to Gerald R. Ford -- a story told me by Rep. David Obey of Wisconsin.

Two years ago, on a visit to Washington, Ford spent an hour chatting with members on the floor of the House, where he had served for so many years.

Obey, one of the few current members who served with Ford, told the former president that he was finishing a memoir, in which he discussed all the presidents he'd known in Washington, from Richard Nixon to the current President Bush.

"You'll be surprised," said the liberal Democrat, "but I've written that you were the best president of the bunch."

Ford paused for a moment and then replied with a smile, "Pretty slim pickings, wasn't it?"

That was so typical of the man -- modest, honest, realistic and good-natured, all at once.

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Congressional Budget Delay Stymies Scientific Research (NYT)

By William J. Broad

The New York Times, January 7, 2007

The failure of Congress to pass new budgets for the current fiscal year has produced a crisis in science financing that threatens to close major facilities, delay new projects and leave thousands of government scientists out of work, federal and private officials say.

"The consequences for American science will be disastrous," said Michael S. Lubell, a senior official of the American Physical Society, the world's largest group of physicists. "The message to young scientists and industry leaders, alike, will be, 'Look outside the U.S. if you want to succeed.' "

Last year, Congress passed just 2 of 11 spending bills — for the military and domestic security — and froze all other federal spending at 2006 levels. Factoring in inflation, the budgets translate into reductions of about 3 percent to 4 percent for most fields of science and engineering.

Representative Rush D. Holt, a New Jersey Democrat and a physicist, said that scientists, in most cases, were likely to see little or no relief. "It's that bad," Mr. Holt said. "For this year, it's going to be belt tightening all around."

Congressional Democrats said last month that they would not try to finish multiple spending bills left hanging by the departed Republican majority and would instead keep most government agencies operating under their current budgets until next fall. Except for the Pentagon and the Department of Homeland Security, the government is being financed under a stopgap resolution. It expires Feb. 15, and Democrats said they planned to extend a similar resolution through Sept. 30.

Some Republicans favored not finishing the bills because of automatic savings achieved by forgoing expected spending increases. Democrats and Republicans alike say that operating under current budgets, in some cases with less money, can strap federal agencies and lead to major disruptions in service.

Scientists say that is especially true for the physical sciences, which include physics, chemistry and astronomy. When it comes to federal financing, such fields in recent years have fared poorly compared with biology. The National Institutes of Health, for instance, spend more than $28 billion annually on biomedical programs, five times more than all federal spending for physical sciences.

For 2007, Congress and the Bush administration agreed that the federal budget for the physical sciences should get a major increase. A year ago, in his American Competitiveness Initiative, President Bush called for doubling the money for science over a decade. That prompted schools and federal laboratories to prepare for long-deferred repairs and expansions, plans that appear now to be in jeopardy.

Among the projects at risk is the Relativistic Heavy Ion Collider at the Brookhaven National Laboratory in New York, on Long Island. The $600 million machine — 2.4 miles in circumference — slams together subatomic particles to recreate conditions at the beginning of time, some 14 billion years ago, so scientists can study the Big Bang theory. It was already operating partly on charitable contributions, officials say, and now could shut down entirely, throwing its 1,069 specialists into limbo.

"For us, it's quite serious," said Sam Aronson, the Brookhaven director. For the nation, Dr. Aronson added, the timing is especially bad because the collider has given the United States a head start on European rivals, who hope to build a more powerful machine.

"Things are pretty miserable for a year in which people talked a lot about regaining our competitive edge," Dr. Aronson said. "I think all that's stalled."

Another potential victim is the Fermi National Accelerator Laboratory in Illinois, where a four-mile-long collider investigates the building blocks of matter. Its director, Piermaria Oddone, said the laboratory would close for a month as most of the staff of 4,200 are sent home.

Congress and the Bush administration could restore much of the science financing in the 2008 budget. Scientists say it would help enormously, but add that senior staff members by that point may have already abandoned major projects for other jobs that were more stable.

Other projects affected by the budget freeze include:

¶A $1.4 billion particle accelerator at the Oak Ridge National Laboratory in Tennessee meant to probe the fine structure of materials and aid in cutting-edge technologies. Its opening might be delayed a year.

¶A $30 million contribution to a global team designing an experimental reactor to fuse atoms rather than break them apart. Controlled fusion, if successful, would offer a nearly inexhaustible source of energy.

¶A $440 million X-ray machine some two miles long at the Stanford Linear Accelerator Center in California that would act like a microscope to peer inside materials, aiding science and industry. Construction, begun last year, would slow.

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"It's pretty bad," said Burton Richter, a Nobel laureate in physics. "There's going to be another year of stagnation. That hurts a lot."

The National Science Foundation, which supports basic research at universities, had expected a $400 million increase over the $5.7 billion budget it received in 2006. Now, the freeze is prompting program cuts, delays and slowdowns.

"It's rather devastating," said Jeff Nesbit, the foundation's head of legislative and public affairs. "While $400 million in the grand scheme of things might seem like decimal dust, it's hugely important for universities that rely on N.S.F. funding."

The threatened programs include a $50 million plan to build a supercomputer that universities would use to push back frontiers in science and engineering; a $310 million observatory meant to study the ocean environment from the seabed to the surface; a $62 million contribution to a global program of polar research involving 10 other nations; and a $98 million ship to explore the Arctic, including the thinning of its sheath of floating sea ice.

Missions at the National Aeronautics and Space Administration are also threatened, with $100 million in cuts. Paul Hertz, the chief scientist at NASA's science mission directorate, said potential victims included programs to explore Mars, astrophysics and space weather.

Physicists said a partial solution to the crisis would let the Energy Department do what it wanted to do all along for 2007: move $500 million left over from environmental cleanup accounts into the physical sciences. That would require Congressional approval but no budget increase.

Raymond L. Orbach, the department's under secretary for science, in a recent statement seemed to call for such legislative relief.

"A yearlong continuing resolution takes away many of the opportunities for advancing science," Dr. Orbach said. "We urge Congress to continue critical investments in America's scientific leadership."

U.S. Selecting Hybrid Design For Warheads (NYT)

By William J. Broad, David E. Sanger, Thom Shanker

The New York Times, January 7, 2007

WASHINGTON, Jan. 6 — The Bush administration is expected to announce next week a major step forward in the building of the country's first new nuclear warhead in nearly two decades. It will propose combining elements of competing designs from two weapons laboratories in an approach that some experts argue is untested and risky.

The new weapon would not add to but replace the nation's existing arsenal of aging warheads, with a new generation meant to be sturdier, more reliable, safer from accidental detonation and more secure from theft by terrorists.

The announcement, to be made by the interagency Nuclear Weapons Council, avoids making a choice between the two designs for a new weapon, called the Reliable Replacement Warhead, which at first would be mounted on submarine-launched missiles.

The effort, if approved by President Bush and financed by Congress, would require a huge refurbishment of the nation's complex for nuclear design and manufacturing, with the overall bill estimated at more than $100 billion.

But the council's decision to seek a hybrid design, combining well-tested elements from an older design with new safety and security elements from a more novel approach, could delay the weapon's production. It also raises the question of whether the United States will ultimately be forced to end its moratorium on underground nuclear testing to make sure the new design works.

On Friday, Bryan Wilkes, a spokesman for the National Nuclear Security Administration of the Energy Department, said the government would not proceed with the Reliable Replacement Warhead "if it is determined that testing is needed." But other officials in the administration, including Robert Joseph, the under secretary of state for arms control and international security, have said that the White House should make no commitment on testing.

Congress authorized exploratory research for the weapon three years ago, and has financed it at relatively low levels since. But now the costs will begin to increase.

If Mr. Bush decides to deploy the new design, he could touch off a debate in a Democrat-controlled Congress and among allies and adversaries abroad, who have opposed efforts to modernize the arsenal in the past. While proponents of the new weapon said that it would replace older weapons that could deteriorate over time, and reduce the chances of a detonation if weapons fell into the wrong hands, critics have long argued that this is the wrong moment for Washington to produce a new nuclear warhead of any kind.

At a time when the administration is trying to convince the world to put sanctions on North Korea and Iran to halt their nuclear programs, those critics argue, any move to improve the American arsenal will be seen as hypocritical, an effort by the United States to extend its nuclear lead over other countries. Should the United States decide to conduct a test, officials said, China and Russia — which have their own nuclear modernization programs under way — would feel free to do the same. North

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Korea was sanctioned by the United Nations Security Council for conducting its first test on Oct. 9, and it may be preparing for more, experts said.

Both administration officials and military officers like Gen. James E. Cartwright, head of the Strategic Command, which controls the nation's nuclear arsenal, argue that because the United States provides a nuclear umbrella for so many allies, it is critical that its stockpile be as reliable as possible.

"We will not 'un-invent' nuclear weapons, and we will not walk away from the world," General Cartwright said in a recent interview. "Right now, it is not the nation's position that zero is the answer to the size of our inventory."

"So, if you are going to have these weapons, they should be safe, they should be able to be secured, and they should be reliable if used," General Cartwright said in the interview, conducted before the Department of Energy's decision was announced.

The current schedule, which is subject to change, would call for the president to make a decision in a year or two and, if approved, to begin engineering development by fiscal year 2010 and production by 2012.

The two teams competing to design the weapon, one at Los Alamos in New Mexico, the other at the Livermore National Laboratory in California, approached the problem with very different philosophies, nuclear officials and experts said. Livermore drew on a single, robust design that, before the testing moratorium, was detonated in the 1980s under a desolate patch of Nevada desert. The weapon, however, never entered the nation's nuclear stockpile.

The Los Alamos team drew on aspects of many weapons from the stockpile and pulled them together in a novel design that has never undergone testing.

A winner of the competition was to have been announced in November. But federal officials said they had a hard time choosing between the two designs, calling both excellent.

The question now, arms experts said, is whether a mix-and-match approach combining the two will produce a clever hybrid or an unworkable dud. They said the nuclear laboratories, bitter rivals for decades, have never before shared responsibility for designing a weapon.

"There has not been what I would consider a real partnership," said Philip E. Coyle III, a former director of weapons testing at the Pentagon and former director of nuclear testing for Livermore. "In some respects, it's unprecedented."

Ray E. Kidder, a senior Livermore scientist who pioneered early arms designs, said the hybrid approach appeared to be based more on the politics of survival for the laboratories than on technical merit.

"It's spreading the wealth," he said. Federal officials, Dr. Kidder added, "tend to do that fairly rigorously so as to keep the labs alive. To foreclose the possibility of closure, they try to divide the work load."

General Cartwright cast that problem differently, saying that it is critical to keep America's "intellectual capital" in producing weapons alive. "We are starting to get to the point where the people who actually have experience designing a weapon are reaching that point at which they will start to leave the industry," he said. "And are we able to attract the minds that we will need to sustain this activity?"

Nonetheless, several nuclear experts expressed doubts about the wisdom of using a design that has never undergone testing, saying future presidents might lose confidence in the arsenal's potency and be tempted to conduct test explosions.

"It's one thing to have all the components working and another to have them all working together," said Raymond Jeanloz, a geophysicist at the University of California, Berkeley, who advises the government on nuclear arms. "To me, that's the key technical issue that has yet to be resolved."

In the few years since its debut, the reliability program has grown from a fringe effort at the nation's nuclear arms laboratories into a centerpiece of the Bush administration's nuclear policy.

Advocates say a generation of more reliable arms would give military commanders the confidence to abandon the current philosophy of holding onto huge inventories of old weapons, and could speed a shrinkage of the American arsenal from some 6,000 warheads to perhaps 2,000 or less.

Critics say a main justification for the program vanished in November when a secretive federal panel known as Jason found that the plutonium "pits" at the heart of many nuclear warheads aged far better than expected, with most able to work reliability for a century or more.

"This research eliminates a major rationale," Lisbeth Gronlund, a nuclear arms specialist at the Union of Concerned Scientists, a private group based in Cambridge, Mass., said in a November statement.

Since that study was revealed, the administration has emphasized other reasons to build a new warhead, especially new, highly classified technologies to make the weapons virtually impossible to use if they fall into unfriendly hands. Other objectives are to simplify manufacturing, reduce toxic byproducts and improve safety of triggering devices.

As a signatory to the Nuclear Nonproliferation Treaty, the United States and other nuclear weapons states have committed, at least on paper, to the ultimate goal of "the liquidation of all their existing stockpiles" of weapons. But General Cartwright cautioned that much of the criticism of the program was cast in terms of achieving that disarmament, and he said the

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government's policy, and that of the new warhead program, was to maintain a nuclear stockpile "that would be the smallest practical to maintain its credibility."

He described the nation's nuclear weapons stockpile as "an artifact of the cold war — cold war both in its delivery systems and its characteristics and certainly in its technology."

"We stopped testing a while back. So, from the testing standpoint, we have not been fielding new weapons," General Cartwright said. "From the standpoint of engineering and design, there has been only marginal activity, mostly reacting to the age of components."

Justices Continue Trend Of Hearing Fewer Cases (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, January 7, 2007

Only a handful of decisions each year define the Supreme Court for the American public, and that might be especially appropriate this year.

After decades of decline in its caseload, the court is once again on track to take its fewest number of cases in modern history. The justices went on a relative shopping spree when they returned from their holiday break, on Friday, agreeing to hear seven additional cases before this year's term ends. Before that they had accepted only 60 petitions, as opposed to 80 at this point last year.

Even a caseload in the 80s would have been considered extraordinarily skimpy 20 years ago. In William H. Rehnquist's first term as chief justice in 1986, the court disposed of 175 cases. That had dwindled to 82 cases last year after Chief Justice John G. Roberts Jr. took over.

Roberts himself said during his 2005 confirmation hearings that the court should be doing more.

"They hear about half the number of cases they did 25 years ago," Roberts testified. "There may be good reasons for that that I'll learn if I am confirmed. But just looking at it from the outside, I think they could contribute more to the clarity and uniformity of the law by taking more cases."

What Roberts has discovered is unclear. The process by which the nine justices decide which of the thousands of appeals they receive each year will be given the justices' full consideration -- granted certiorari, in the court's terminology -- is among the court's most closely guarded procedures. But the chief justice's role is limited.

"When it comes to certiorari, the chief justice only has one vote like everyone else," said University of Minnesota law professor David Stras, who has conducted extensive research into the process. It takes four votes of the nine to accept a case.

There is one reason for the decline from the heavy workloads of the 1980s that everyone agrees on: A 1988 congressional decision made at the court's behest eliminated a number of mandatory appeals, leaving the justices to pretty much set their own agenda.

Beyond that, theories abound. Stras said he thinks it is as simple as a change in personnel. His research shows former Justices Byron R. White and Harry A. Blackmun, who left the court in 1993 and 1994, respectively, were much more likely to grant certiorari -- or "cert" -- than their contemporaries.

He said his studies of Blackmun's papers, which detail cert grants, suggest that the downward trend could continue if Justice John Paul Stevens, 86, is the next to leave. Stevens also was above average in voting to take cases, he said.

Others say that an increasingly homogenous appellate judiciary appointed by Republican administrations is producing fewer conflicting opinions among circuits, a chief characteristic of the kinds of cases the justices like to take. Or that the federal government, usually the most persuasive in convincing the court that an issue is ripe for review, is losing less often at the lower levels and not appealing as many cases.

Some blame the so-called "cert pool," the practice by which eight justices -- Stevens is the exception -- combine their clerks to review the thousands of petitions. One clerk then makes an initial recommendation on a case, with the justices having the final say. No one really knows what the recommendations are, but the theory is that it might be safer for a relatively inexperienced clerk to recommend denial rather than a grant.

Others wonder whether the new -- with the addition of Roberts and Justice Samuel A. Alito Jr. -- and philosophically divided court is overly cautious. That theory is that justices would withhold their vote to take a case unless they could be sure their "side" would prevail.

All those theories for the falling number of cases have detractors, especially the last one. While the court's 5 to 4 decisions in controversial cases get all the attention, the vast majority of the court's work is more mundane -- tomorrow's oral arguments consist of a tax case from Guam and a trash-hauling dispute -- and more likely to be decided in unanimous or near-unanimous decisions.

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Those most familiar with the court say the docket is always part happenstance, based on the cases made available. For the most part, "they're not working as a unit" deciding what areas of the law need attention, said Margaret M. Cordray, who teaches a seminar on the court at Capital University Law School in Ohio. "They operate very independently on the question of cert."

Cordray and her husband, Richard Cordray, who clerked for White and Justice Anthony M. Kennedy, wrote an op-ed piece last summer in The Washington Post criticizing the court for being so stingy in granting petitions. "The justices need to engage in a more self-conscious reflection and discussion about whether the shape of their docket is what it should be to govern the complex legal affairs of this large and diverse nation," they wrote.

Cordray said she believes the court could take on 100 to 130 cases, although she agrees there is no magic number on what the court should accept.

Thomas C. Goldstein, a Supreme Court practitioner at Akin Gump Hauer & Feld who instigated a lively debate in legal circles when he wrote about the issue on Scotusblog.com, acknowledged that the shrinking docket has been evolving for years.

"But this is different," he said. "They were sliding down a hill, and this year they fell off the cliff."

Five days of oral arguments are customarily set aside in February, and justices this year filled them only by scheduling just one case on three of those days. The court usually hears two per day and in the past has heard as many as four. Justices canceled one day set aside for hearings in December and are expediting some cases to fill their March calendar.

Margaret Cordray, Goldstein and others do not buy the argument that there are not enough conflicts out there for the court to resolve. Goldstein said there are still plenty of splits among the lower courts that the high court could accept, and Cordray wants the court to take on more cases that would give guidance to the lower courts on matters that are not necessarily high in profile.

While the declining caseload at the nation's most visible court could create a small public-relations problem -- Roberts and other justices are actively advocating a major pay increase for the judiciary -- the court in the end will still be judged by the controversial cases it decides, rather than the number.

The court will make major decisions this term on abortion, the use of race in school admissions, and employment discrimination. Also, it has an emerging number of environmental cases, including the justices' first consideration of the issue of global warming.

Don't Pay Supes Like Members Of Congress (LAT)

The Los Angeles Times, January 7, 2007

Chief Justice John Roberts rightly argues that judges need higher pay, but he exaggerates.

WHEN JOHN G. Roberts Jr. was seeking confirmation as chief justice of the United States, he told the Senate that judges should be guided by "institutional and personal modesty and humility." Alas, Roberts has ignored his own advice. In his annual report on the judicial branch, he calls inadequate pay for federal judges a "constitutional crisis that threatens to undermine the strength and independence of the federal judiciary."

Watergate was a constitutional crisis. "Massive resistance" by Southern states to the Supreme Court's desegregation rulings was a constitutional crisis. Al Gore's refusal to accept the Supreme Court's decision in Bush vs. Gore would have been a constitutional crisis. Less-than-ideal pay for federal judges is a political problem.

In asking for higher pay for judges, Roberts is echoing not just his mentor, the late William H. Rehnquist, but blue-ribbon commissions and the organized bar. Like them, he argues that pay for federal judges has not kept up with inflation, that financial anxieties have caused some judges to resign from the bench early and that the quality of the federal bench has suffered as a result.

Maybe so. But Roberts, known for his caution in crafting judicial opinions, overreaches, especially when he suggests that once "judicial appointment ceases to be the capstone of a distinguished career and instead becomes a stepping stone to a lucrative position in private practice, the framers' goal of a truly independent judiciary will be placed in serious jeopardy."

But it is life tenure, not annual salary, that ensures judicial independence. Federal judges — first-rate or mediocre — can't be forced off the bench because of unpopular decisions. A judge's decision to quit early to improve his or her standard of living is a different issue.

Roberts' frustration is understandable. Pay raises for judges — and other public officials, for that matter — will always seem exorbitant to citizens who earn less. Yet as Roberts points out, since 1969 the average U.S. worker's wages have risen 17.8%, and judicial pay has declined 23.9%. But he shouldn't expect those numbers to inspire pity parties once it's pointed out that federal district judges were paid $165,200 in 2006.

That said, federal judges have been ill-treated by a 1989 law that links their cost-of-living raises to those of members of Congress. Fearful of being criticized for raising their own salaries, members of Congress voted not to accept several pay raises

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in the 1990s — meaning that the judges also went without raises. That connection would be broken under legislation that would also include a "catch-up" raise for judges.

Roberts is free to describe the problem and press for its solution. But please, Mr. Chief Justice, no more talk of a constitutional crisis.

OTHER NEWS:

Upward Bound, Just Not As Fast (WP)

By Nell Henderson, Washington Post Staff Writer

The Washington Post, January 7, 2007

Modest Growth Predicted for 2007

The coming year will be a tough one for anybody looking for jobs or profits in home building, but it holds out modest promise for most other American workers, consumers and investors.

The housing market stays in the dumps. Unemployment edges up a bit, but stays relatively low. Inflation ebbs, interest rates remain moderate and stock prices climb, though not as exuberantly as in recent years.

Or at least that's the general consensus of the experts on Wall Street and in Corporate America, who churned out their annual blizzard of forecasts last month.

Sure, they may be wrong: Oil prices remain a wild card. The housing slump might hammer the economy harder than widely expected. And it's becoming tougher to predict the course of a U.S economy that is increasingly affected by financial decisions made overseas.

Even with such caveats, the forecasts are useful for everyone making financial plans for the new year. Families want to know what is likely to happen to prices and interest rates as they make spending decisions. Stock pickers and bond buyers want guidance on how to adjust their portfolios. Executives want a sense of the economy's health so they make decisions about hiring and expanding.

What follows is the outlook on several key economic issues. It is based on interviews with several analysts and a survey of dozens of economists conducted by Blue Chip Economic Indicators, a monthly publication.

No one has a crystal ball, and there is plenty of debate about the details. But overall, the economy is likely to grow a moderate 2.4 percent this year, according to the average forecast of the 54 top business and university economists surveyed last month by Blue Chip Economic Indicators.

That's a slowdown after three years of rapid growth of more than 3 percent, but many economists, including those at the Federal Reserve, think that's just fine. The economy needs to cool a bit to prevent inflation from worsening. And they expect the weakness in housing and auto production to be offset by growth in the services sector, which includes health care, education, law, finance, entertainment, retailing and tourism, accounting for 85 percent of the nation's economic output and more than four of every five jobs.

"I think it's going to be a very good year," said Richard Yamarone, director of research at Argus Research, among the most upbeat of the economists surveyed. The economy "is growing at a pace that is very desirable."

The key to his sunny outlook, Yamarone said, is strong job and wage growth, which fuels consumer spending. "The consumer is riding on a full tank of gas."

Some economists surveyed had a slightly gloomier view, though none predicted a recession. David A. Rosenberg, the chief North American economist for Merrill Lynch produced the most pessimistic forecast for Blue Chip Economic Indicators, predicting sluggish economic activity this year and a significant increase in unemployment.

Rosenberg argues that much of the economic growth of recent years flowed from rising home values, which made consumers feel wealthier, spurring them to borrow and spend more than their incomes. He expects that process to reverse as the housing downturn deepens this year.

"I know I sound like the boy who cried wolf, but remember the wolf did show up at the end of the story," Rosenberg said.

The Dollar Could Slip Some More (WP)

The Washington Post, January 7, 2007

The dollar fell more than 11 percent last year compared with the euro and rose slightly against the yen. A lower dollar helps boost U.S. exports, by making them relatively cheaper in overseas markets, and attracts more foreign tourists to the United States.

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Many economists think the dollar will slip a bit lower this year for the same reasons it slid last year: the huge U.S. trade deficit, slower U.S. economic growth and robust growth abroad. Many analysts think the Federal Reserve will cut interest rates by midyear, while other governments are raising borrowing costs, which tends to diminish the demand for dollars.

Other analysts, however, forecast that the dollar will stabilize this year. They generally bet that the Fed will hold interest rates steady because of moderate U.S. economic growth as economies overseas lose momentum. The Blue Chip consensus also predicts that the U.S. trade deficit will shrink slightly, as Americans import less and export more.

Also, one major prop under the dollar has not shifted significantly. The Chinese government, and many others, are running big trade surpluses with the United States and plowing their profits into U.S. investments, such as Treasury securities, stocks and other assets. That keeps demand for the dollar solid.

Setting The Bar On Earnings (NYT)

By Conrad De Aenlle

The New York Times, January 7, 2007

THE flow of earnings reports will pick up this week, but the earnings themselves are expected to show a dip in growth from past quarters. Any impact on share prices may depend on investors' expectations about those expectations.

Standard & Poor's estimates that earnings for companies in its 500-stock index rose by 9 percent, year over year, in the fourth quarter. That would be a healthy gain, but also the worst one in nearly five years, said Sam Stovall, S.& P.'s chief investment strategist.

"This would be the first quarter in 19 where we've had a single-digit advance," he said.

But it has not been 19 quarters, or even two, since analysts last forecast single-digit growth.

Earnings estimates started off low for just about every quarter during the four-year bull market and then nudged up continually as fresh numbers came in. S.& P.'s forecast is close to those of other research firms, Mr. Stovall noted, but investors may still be disappointed if results meet expectations and nothing more.

"Earnings are not going to grow at double digits forever," he said. "The real question is: Is Wall Street prepared for the first single-digit advance in 19 quarters?"

One of the first big-name companies to report is Alcoa, which Mr. Stovall likened to a corporate Iowa for its status as a periodic bellwether.

S.& P. projects 150 percent earnings growth for aluminum producers, of which Alcoa is the biggest, and a result in that neighborhood on Tuesday would augur well for fourth-quarter earnings generally, and for 2007 economic activity, he said.

No triple-digit, or even double-digit, gain is foreseen for smaller companies. After increasing earnings at an annual rate of 17 percent or more in each quarter of last year, the S.& P. 600 index of smaller companies is expected to show growth of just 5 percent for the last quarter.

The gap in earnings growth is just one reason that Mr. Stovall expects investors to find larger companies more appealing than smaller ones this year. Smaller companies' run of outperformance is looking long in the tooth after seven years, he said, and indications of softening economic conditions could steer investors toward the comparative safety that blue chips are thought to offer.

"It's getting later in the stock market and economic cycle," he said. "When sailing into an impending storm, sailors prefer a larger ship."

DATA WATCH The highlight of a thin post-holiday economic calendar may be the report on Wednesday of the nation's trade balance for November.

A Bloomberg News poll of economists forecasts a widening deficit, to $60 billion from $58.9 billion in October.

Retail sales for December, to be reported on Friday, are expected to rise by 0.6 percent after a 1.0 percent increase in November.

A Phantom Rebound In The Housing Market (NYT)

By Daniel Gross

The New York Times, January 7, 2007

HOUSING bulls took heart on Dec. 27, when the Commerce Department reported that sales of new one-family homes rose 3.4 percent in November from October. While the figure was still well below the rate of November 2005, it represented a recovery from the sharp declines of the summer.

"Sales of new and existing homes showed tentative signs of stabilizing, although at levels well below their mid-2005 peaks," the Federal Reserve's Open Market Committee said at its December meeting.

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But those who think that the worst may be over for the housing market should take another look at the data, economists say. For the figures on new-home sales have a strange wrinkle that, in the current environment, may lead the government to overstate sales (and to understate inventory) by up to 20 percent. "The market is weaker than the data say," said Mark Zandi, chief economist at Moody's/Economy.com.

New-home sales are tallied by the Census Bureau, based on a sampling of contracts signed by home buyers. Running at a pace of more than one million a year for the last four years, new-home sales have been a significant contributor to the housing boom — and to the economy. (Existing-home sales, reported monthly by the National Association of Realtors, count actual closings.)

But here's the rub: If a contract to buy a home, signed in November, is canceled in December, the Census Bureau does not subtract the failed transaction from the number of sales, or add the house back to its inventory total. In the last year, as the housing market has cooled, the volume of cancellations has risen to epidemic proportions.

Speculators who signed contracts to buy homes in new communities in hot markets like Florida simply walked away from their deposits when they realized they couldn't flip the houses for a quick profit. And as prices and interest rates rose, noted Joseph Carson, chief economist at AllianceBernstein, "people who committed to making new home purchases found they were having difficulty selling their own houses."

And so, in the quarter ended on Oct. 31, Toll Brothers, the high-end home builder, noted that cancellations totaled 37 percent of contracts signed in the quarter, up from 18 percent in the same quarter the previous year. Pulte Homes, the builder based in Bloomfield Hills, Mich., reported a 36 percent cancellation rate in its third quarter, up from 17 percent in the 2005 third quarter.

"Cancellations have really affected big, publicly held builders the most, because they are relatively heavily concentrated in what had been the hottest markets," said Dave Seiders, chief economist at the National Association of Home Builders. Basing his findings on a survey of 30 large builders, Mr. Seiders concluded that in November 2006, cancellations constituted 38 percent of gross sales, compared with 26 percent in November 2005 and about 18 percent in the first half of 2005.

Of course, the large publicly held builders comprise a minority of the home-building industry. Lawrence Yun, senior economist at the National Association of Realtors, noted that "smaller home builders aren't affected as much by cancellations because they generally try to sign up clients before they start construction."

On its Web site, the Census Bureau acknowledges: "As a result of our methodology, if conditions are worsening in the marketplace and cancellations are high, sales would be temporarily overestimated." By how much? Mr. Carson of AllianceBernstein estimates that the government is overestimating the pace of annual sales by 100,000 to 150,000. Mr. Zandi of Economy.com estimates that the differential is even greater. "Given the rise in cancellation rates, it suggests that between 150,000 and 200,000 home sales are being counted that actually did not occur."

Just as the rising tide of cancellations leads the Census Bureau to overreport sales in the short term, it leads the government to underreport inventories. New homes on which contracts are not consummated are not added back into the inventory figure. The most recent report found that the seasonally adjusted estimate of new houses for sale at the end of November was 545,000, or 6.3 months of supply. Given the high rate of cancellations, it's likely that inventory is substantially higher.

This much is clear: Given the failure of the reports to account for cancellations, demand isn't as strong as it appears, and supply is greater than it seems.

The large builders are clearly taking action to remedy the situation. In recent months, they have thrown in extras and cut prices as part of an effort to reduce inventory. These moves may have stemmed the tide of cancellations. "In our survey of big builders, the absolute volume of sales cancellations did seem to top out in the third quarter," Mr. Seiders said.

That's good news. But it may also mean that the housing market's recovery and stabilization may turn out to be like ski trips planned in the Northeast for the week between Christmas and New Year's. Given the climate, both have been postponed until 2007.

Investors Start The New Year Indecisively (NYT)

By Jeff Sommer

The New York Times, January 7, 2007

The year got off to an uneven start on Wall Street last week, with the Dow Jones industrial average and the broader Standard & Poor's 500-stock index both dropping modestly. But the Nasdaq composite index, in which technology stocks dominate, eked out a small gain.

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Many analysts expect technology earnings to be strong this year. On Thursday, after Banc of America Securities issued a bullish earnings projection for Intel, the chip maker, tech shares rose sharply. But on Friday, the sector's shares dropped on a disappointing earnings report by Motorola, the cellphone maker, whose stock had a one-day loss of 7.8 percent.

For the week, Intel had the best performance in the Dow, with a gain of 4.2 percent. Goodyear Tire's gain of 10.9 percent led the S.& P. 500. The company said it had reached an agreement with striking workers that would enable it to cut costs.

For the week, the Dow lost 65.14 points, or 0.5 percent, to close at 12,398.01. The S.& P. 500 lost 8.59 points, or 0.6 percent, to close at 1,409.71. The Nasdaq composite index rose 18.96 points, or 0.8 percent, to close at 2,434.25.

The yield on the benchmark 10-year Treasury note slipped to 4.64 percent from 4.70 percent the previous week.

Gore Leaves Door Ajar For 2008 (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, January 7, 2007

Will he or won't he?

As the Democratic field for 2008 takes shape, one big remaining question is whether former vice president Al Gore -- winner of the popular vote in 2000, an almost-candidate in 2004 and now the public face of the movement to address global warming -- will be in it.

Over the past six years, Gore has become a heroic figure for the party's liberal left, thanks in large part to his early and steady opposition to the war in Iraq. And it's not just liberals who have taken to Gore. "An Inconvenient Truth," the film detailing Gore's lonely quest to raise awareness of climate change, is one of the most successful documentaries of all time and, as important, has transformed Gore's public image from cold to cool.

That renewed popularity has stoked speculation that Gore just may have another national race up his sleeve. "He's the Rocky Balboa of 2008," said Chris Lehane, a former Gore adviser.

But is Gore ready to enter the ring one more time? Don't count on it, say his closest advisers. "There are no secret meetings going on to plan the Gore campaign," said Carter Eskew, a longtime confidant of the former vice president.

But neither Eskew nor any of the small cadre of Gore's closest advisers would entirely rule out such a bid, leaving the same small but substantial amount of wiggle room that Gore himself has left in his public pronouncements.

And there are small signs here and there that could be read as the stirrings of his renewed interest in a campaign. Early last month, Gore addressed more than three dozen labor leaders in Washington, a wide-ranging talk about the Democratic congressional gains and the media, said one attendee, who demanded anonymity. Asked about 2008, Gore said that he has taken a number of calls from people encouraging him to consider running but he "didn't know whether he was going to or not," the source said. "Everybody felt he left a small door open."

For the moment, however, Gore seems more interested in his role as global-warming warrior. He couldn't make time for an interview for the Sunday Fix because he was training 600 people on the slide-show presentation featured in "An Inconvenient Truth," according to his spokeswoman.Rove's Progeny

As we suspected, Karl Rove really is the progenitor of all modern political operatives.

Need evidence? Look no further than John Weaver and Beth Myers, the lead political strategists for 2008 Republican aspirants John McCain and Mitt Romney, respectively.

The two met more than two decades ago in Texas while working on the gubernatorial campaign of Bill Clements. Both Weaver and Myers were deputy campaign managers in Clements's victory over Democratic Gov. Mark Wells White. Their boss? Karl Rove.

Back in 1986, Myers and Weaver started off as rivals. Myers was working for Clements, Weaver for Rep. Tom Loeffler. Clements, who had served a term as governor from 1978 to 1982, drubbed Loeffler in the primary, but Rove must have liked what he saw of Weaver as he offered the young operative a spot on Clements's general election campaign.

Myers recalled her time alongside Weaver -- and under the tutelage of Rove -- fondly.

"John and I were in our 20s working 18-hour days fueled by pizza and chocolate, and Karl provided the adult supervision," said Myers. Ah, those halcyon days!

Although the two principals are sure to be at daggers drawn many times between now and 2008, each said their experiences in Texas would preserve their bond. "She and I developed a fast and lasting friendship then, and I'm sure it will last through this next chapter," Weaver said.

Rangel Says Encouraging Obama On '08 Is No Big Deal (NYT)

By Ray Rivera

The New York Times, January 7, 2007

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Are Charles B. Rangel's loyalties mixed?

Mr. Rangel, the longtime Harlem congressman, has let it be known he encouraged Barack Obama to run for president, which could complicate the presidential ambitions of Mr. Rangel's fellow New York Democrat, Hillary Rodham Clinton.

"I told him if he didn't run, he'd regret it, and that he's a young man and he ought to test the waters," Mr. Rangel said in an interview yesterday, echoing comments he made on MSNBC and that will appear in the coming issue of New York magazine.

He said he also told Mr. Obama that he was following Mrs. Clinton's moves "and that as dean of the New York delegation, I had obligations, and he would have to understand that," Mr. Rangel said.

Asked if that meant he would support Mrs. Clinton, he said it was too early to say. And he added, "I got a call recently from my good friend Wes Clark who said he's still contemplating entering the race."

Though neither has announced a candidacy, Mr. Obama is seen as Mrs. Clinton's biggest obstacle as she prepares for a 2008 run. Her advance work has included an effort to build a united front among New York Democrats, including Mr. Rangel. The two met in late November to discuss her plans, about the same time he spoke with Mr. Obama, he said.

Mr. Rangel called the importance of having a united state delegation "relative."

"It's not the end of the world if we split," he said, though it is better to be united.

On MSNBC last week, Mr. Rangel said of Mr. Obama: "He's brilliant, he's talented. He's not tested, but who could be with the limited political experience?" He said that Democrats "should have as many exciting candidates up front as we can get, so we can find out who's electable and who can best lead our country."

Herman D. Farrell Jr., chairman of the state Democratic Party, was unfazed by Mr. Rangel's advice to Mr. Obama. "With two years to go before the next presidential election, it's an acceptable position," he said. "A year from now, we'll talk."

Players (WP)

The Washington Post, January 7, 2007

California Gov. Arnold Schwarzenegger's reelection was one of the few bright spots for the GOP in November, so it's not surprising that Republican presidential aspirants are raiding his team.

Sen. John McCain of Arizona has turned his presidential exploratory committee into Arnold East, hiring not only campaign manager Steve Schmidt as a senior adviser but also Schmidt's deputy, Reed Galen, to serve as a deputy campaign manager and even Schmidt's assistant, Jake Suski, to be assistant to campaign manager-in-waiting Terry Nelson.

Robert Terra, who ran the Schwarzenegger war room, will do the same for McCain. Matt David, who served as director of response on the Schwarzenegger reelection drive will be the -- you guessed it! -- director of response for McCain.

McCain didn't get them all. Katie Levinson, Schwarzenegger's communications director, will oversee construction of Rudy Giuliani's communications operation. Schwarzenegger deputy political director Josh Ginsberg has inked a deal with Mitt Romney.

'08 Candidacy Could Shake Up Giuliani's Firm (NYT)

By Patrick Healy, Russ Buettner

The New York Times, January 7, 2007

In the time since Mayor Rudolph W. Giuliani left office in 2001, he has told friends and political allies that he would consider running for the presidency in 2008, and that he wanted to use the interim to create a consulting business that would both burnish and broaden his image as a leader and security expert.

And in the first months of that new firm, Giuliani Partners, there seemed no end to its ambitions: Mr. Giuliani saw safety and security, law, crime-fighting, and real estate as lucrative areas of expertise, his aides say. They quickly announced ventures with Ernst & Young, Nextel and Mexico; discussed trading services for equity; and envisioned finding such success that the business could, without doubt, survive his departure one day.

Now, as Mr. Giuliani contemplates that bid for the presidency, the firm — about which little has been publicly known — says it is dependably profitable and attractively positioned. But, at the same time, its aspirations have been modestly realized: a collection of boutiques more than an empire, and one whose long-term survival if Mr. Giuliani departs is very much a matter of debate both in-house and out.

The partnership comprises three distinct businesses that have had varying degrees of success in maintaining the steep trajectory of the early days.

The largest unit, in terms of employees and possibly revenue, is Giuliani Capital Advisors, an investment bank with 100 employees that Mr. Giuliani did not create, but rather was bought by Giuliani Partners from Ernst & Young for $9.8 million in 2004.

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The investment firm's revenues were down in 2005, the first year Mr. Giuliani owned it, though its chief executive said the downturn began in the months prior to the sale and has since been reversed. Last year, eight of its original 22 managing directors left for other jobs. Despite its name, Mr. Giuliani is minimally involved.

Giuliani Partners, the 60-person consulting arm, is Mr. Giuliani's main focus, and it has had to scale back its reach somewhat in recent years to accommodate his political travel and lucrative speaking offers. It had a base of 20 major clients in early 2004, while now it has 12 to 15: a deliberate limit, firm partners say, because all of the clients seek and receive personal time with Mr. Giuliani.

The third and smallest unit is Giuliani Security and Safety, another consultancy that former Police Commissioner Bernard B. Kerik once ran (as Giuliani-Kerik L.L.C.) until he resigned at the end of 2004 amid personal problems that caused him to withdraw his name from consideration to be President Bush's secretary of homeland security. The Kerik debacle forced an overhaul of the unit, which Giuliani aides now hail as a small but fast-growing practice, with 10 employees led by a respected former F.B.I. official.

Change is a constant in all sorts of businesses, and Giuliani Partners acknowledges its own set of evolutions. Though it once announced new clients with celebratory press releases, the last such announcement was in November 2004.

Partners say their newer clients — they will not give a number — have not sought the same level of public exposure for their relationship with Mr. Giuliani.

But the largest potential change, a Giuliani candidacy, looms larger than all the rest, and the company says it is now deeply engaged with questions about its future. If he does run, executives say, at least some shakeout at the firm is certain.

"Obviously as things accelerate, there are going to have to be changes, and we're looking at that," said Michael D. Hess, senior managing director of Giuliani Partners.

Mr. Hess acknowledged that his view had shifted since 2004, when an interviewer asked if the business could survive without Mr. Giuliani. "Absolutely," he said at the time.

Would he answer the same today? "I think so," he said last week. While Mr. Giuliani is an irreplaceable figure, he said, other executives are also attracting business. "He is, of course, a draw, people do want to work with him," Mr. Hess said of the ex-mayor, "but on the other side of the coin, we have a very deep bench."

Yet Mr. Hess acknowledged in an interview that other top executives at the firm, like him and Dennison Young Jr., a partner who was a top mayoral aide to Mr. Giuliani, would most likely join a Giuliani campaign.

"I think the answer is yes," Mr. Hess said in evaluating that possibility. At that point Mr. Giuliani's spokeswoman, Sunny Mindel, interjected, "We don't know all these things," and Mr. Hess picked up her line of thought.

"But no one knows — that's the study and continuing exploration we have to do," Mr. Hess said. "The substantive people are less likely to be involved in the campaign. We're not terribly political."

By "substantive people," he was referring to firm executives who work with clients in areas of expertise; during the interview he included in that group Pasquale J. D'Amuro, the head of Giuliani Security and Safety; Richard J. Sheirer, a senior vice president and the commissioner of emergency management under the former mayor; and Thomas Von Essen, another senior vice president and former city fire commissioner. (At the same time, Mr. Hess did not rule out any of these three or others as possible campaign members.)

Giuliani Partners is a private company, which makes it difficult to assess its financial health and assets. By one measure of accomplishment, client satisfaction, Giuliani advisers say the company has been an unqualified success, and there is no record of lawsuits or notable public complaints from those who have received services.

Jim Steets, a spokesman for Entergy, long a client of Giuliani Partners, said the firm helped revamp its security and emergency response plans and strengthened its relationships with emergency agencies around its five nuclear plants in the Northeast.

How much Mr. Giuliani and other principals of the firm are earning from the businesses is not public record. But much of Mr. Giuliani's income comes from his outside business interests and includes millions of dollars he earns from speaking appearances around the world and as a partner in a Houston-based law firm, Bracewell & Giuliani.

Mr. Hess said Mr. Giuliani's speaking fees are individual earnings and do not represent income for the firm.

But several Giuliani Partner ventures have not borne all the anticipated fruit.

In 2003, Bear Stearns Merchant Banking set up a $300 million private equity fund to invest in security-related companies, with advice and profit sharing by Giuliani Partners. But only one investment was made: the $210 million purchase of CamelBak, a Petaluma, Calif., company that makes canteens worn like backpacks. The equity fund put up $100 million of the price, according to The Deal and Forbes.

Two other relationships were ended after questions emerged in news accounts about the backgrounds and operations of the client.

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Mr. Giuliani's experience as a businessman could be a factor in a presidential race, political analysts say. "Voters like supporting a businessman who has to meet a payroll, who built a business from scratch and can demonstrate an understanding of the economy," said Frank Luntz, a Republican pollster who has worked for Mr. Giuliani in the past.

Mr. Giuliani has said he will decide about a presidential bid early this year, but advisers now say the decision may be up in the air for months.

Were he to leave, could Rudy Inc. survive without Rudy?

Eric Abrahamson, a professor at Columbia Business School, said survival for a business that loses a key leader can depend on many factors, including the nature of its business and its maturity. He said the departure of a rainmaker could be hardest to survive.

"When you bring in those people, you are bringing them in for their social network," said Mr. Abrahamson, who studies the creation and growth of management techniques.

Giuliani Partners is five years old and operates from the Times Square offices of Ernst & Young, the accounting firm. As a private business, Giuliani Partners is not required to release its clients' names, but some have been announced, and others, Mr. Hess said, wish to remain private. Active clients, Mr. Hess said, include Entergy, Purdue Pharma, and TransCanada Corp. and Shell.

Neither Mr. Giuliani nor other executives have registered to represent foreign governments in the United States, nor are they lobbyists. Mr. Giuliani also does not hold the type of licenses that are held by the directors of Giuliani Capital Advisors, of which Giuliani Partners is the majority owner.

The capital firm specializes in bankruptcy consulting, and mergers and acquisitions.

The partnership's security division, which Mr. D'Amuro took over in 2005, may be the unit most poised for growth. Mr. D'Amuro has traveled to meet with executives in Japan, Qatar, and other nations, often focusing on clients who seek the firm out for advice on how to protect against a terrorist attack.

Giuliani Partners recently launched two international offshoots: Giuliani Security and Safety Asia, and Giuliani Compliance Japan, where Mr. Giuliani and other executives speak to businesses there about complying with new conflict-of-interest rules.

Mr. Hess said he was not concerned that foreign work would somehow tarnish Mr. Giuliani politically.

"We bend over backwards and are very careful about who we do business with, for the most obvious reasons — from the beginning, Rudy's brand of integrity and ethics always had to be preserved," Mr. Hess said.

Revenues for Giuliani Partners' main consulting or security wings are not available because it is a private company.

But the third wing of the business, Giuliani Capital Advisors, is required to file annual financial statements with the Securities and Exchange Commission.

For calendar 2005, Capital Advisors reported revenues of $48 million, a drop from what the firm had brought in under Ernst & Young. For example, in the 2004 fiscal year, the last full year Ernst & Young owned it, the firm reported revenues of $85 million.

Steven D. Oesterle, a partner in Giuliani Partners and chairman of the investment bank, said a fairer comparison is to measure the Capital Advisors' performance in the final five months before the sale in December 2004, where it averaged about $3.3 million a month in revenue, versus the $4 million a month it took in the following year.

He said the firm was more modest in scale than during its Ernst & Young years, in part because there are fewer bankruptcies today and there had been very little backlog of business when the company changed hands. The firm still ranks high on lists comparing financial advisers based on the number of cases handled.

Mr. Oesterle said most of the eight managing directors who departed last year had been replaced.

The chief compliance officer and other top executives also left, but Mr. Oesterle said the departures did not reflect poorly on the business or signal unhappiness with Mr. Giuliani.

"It's a competitive marketplace," he said, "but that creates opportunity for us to hire people. I'm very comfortable with where we are in terms of the talent level within the organization."

Of Mr. Giuliani, he said, "He plays a very limited role with this business — you can think of this as more of an investment of Giuliani Partners in many ways."

One executive who left Capital Advisors last year, and spoke on the condition of anonymity because those who left had signed confidentiality agreements, said Mr. Giuliani's limited role had not helped. He said the firm needed a rainmaker to bring in business and to raise capital for the merger and acquisition portion of the business.

"When you put all that together, it's just not a winning formula," the former executive said.

Mr. Hess, however, described Mr. Giuliani as a hands-on manager in the main consulting part of the business, an executive whose busy schedule very much sets the agenda for the company, at least for now.

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"We work with his schedule: When he's off speaking or when he was writing his book, we would find what days worked and what days don't work," Mr. Hess said. "He's remarkable. He doesn't sleep very much."

Bloggers Unleash A Virtual Campaign (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, January 7, 2007

Former Gen. Wesley K. Clark boasts 35,000 more friends than ex-Sen. John Edwards, and there are more flattering photos of Sen. Barack Obama than Sen. Hillary Rodham Clinton.

In an attempt to reach the MySpace generation, politicians are turning to the virtual campaign trail. Dedicated political junkies are setting up their own sites devoted to encouraging presidential runs from their favorite candidates -- former Vice President Al Gore, Sen. John McCain and the two Democratic superstars currently topping polls, Mr. Obama and Mrs. Clinton.

"Happy New Year to the future president of the United States of America," Leapin Larry told Mr. Obama Sunday on one of the fan sites, which has more than 21,000 friends.

Michele, a 28-year-old from Orange Beach, Ala., tells the former first lady: "Hillary, you fixed ny. I'd love to see you as president. Go for it, you would fix this country."

Some of the candidate MySpace pages are official, such as the sites run by 2004 vice presidential candidate Mr. Edwards and Iowa Gov. Tom Vilsack -- both Democrats seeking the 2008 nomination. Others, such as the nearly 100 sites created in Mrs. Clinton's name, are run by anonymous Web surfers.

If popularity were gauged by MySpace, Mr. Clark, a Democrat with an official "Securing America" page, is winning with more than 45,000 friends, and Mrs. Clinton, New York Democrat, is the best-known.

At least 40 MySpace accounts have been set up as belonging to Mr. Obama, Illinois Democrat, but none seem to be official. A close look at MySpace fan sites reveal passionate Web surfers.

"Hi Hillary with your brains and beauty you should have no problem!!!!!!!!" yells a man with the screen name HuckFinny, doing so entirely in capital letters.

"I have never been into politics actively, but if big Al would run again, oh, I would do anything," writes Josh Paskowitz on a Gore site. "I would march. I would rally. I would DIE to make him win." Patrick agrees, telling the former vice president: "Can't wait to see you out there again in 2008. ... Keep up the fight."

Mr. Gore does not have an official site, but he does have a page promoting his film on global warming, "An Inconvenient Truth."

There's also a site called "President Gore," which calls the 2000 Democratic nominee, who won the popular vote but lost the Electoral College to George Bush, the "Rightful president."

Mr. Edwards, a former U.S. senator from North Carolina, has one of the most active official pages as he works to build a grass-roots campaign. It includes all the details of his presidential-announcement tour and Web video links and his snazzy 2008 logo.

"Our country needs a president who sees the serious problems and honestly wants to fix them," Kristin of California tells Mr. Edwards.

Jen, a 23-year-old Pennsylvania resident, tells the candidate, "I am so happy that you decided to run again! You have my vote!!!" emphasizing her happiness and voting intentions with the screaming all-capitals style common on such sites.

The comments would be an ego boost for any politician.

"Iowa is Hillary country," Howie, a 27-year-old from Des Moines, Iowa, says. "Time to announce, so I can get to work helping you win here in the caucuses in January 2008!"

MySpace user Beth tells Mr. Obama on one site: "You're the solution in 2008."

"Please run for president," one person begs Mr. McCain, Arizona Republican. "We need a real patriot in the office!"

Several efforts to draft candidates enjoy popularity on MySpace. One site has even worked up a merchandising plan, selling "Barack the Vote" T-shirts superimposed on an altered "Rock the Vote" logo.

There are several sites devoted to Sen. John Kerry, the Massachusetts Democrat who made a failed bid to unseat Mr. Bush in 2004. Many of the sites seem to have been designed to promote his candidacy then, but a few are more current.

One is a good try at an official site, complete with the song "America the Beautiful" and a waving U.S. flag indicating Mr. Kerry is "online now."

Among his top friends are his wife, Teresa Heinz Kerry, and former Democratic Presidents Jimmy Carter and Bill Clinton. Mr. McCain is his only Republican friend.

Beth, a 44-year-old resident of Skokie, Ill., wishes Mr. Kerry "best of luck in the new year," and tells him "I voted for you!! I love you!! I'll vote for you again!!"

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Plenty of the lesser-known politicians have sites as well.

Democratic Rep. Dennis J. Kucinich's official site promotes an end to the war in Iraq, complete with a Democratic presidential primary poll showing him in the lead.

"You are an inspiration," Colleen, a 31-year-old Denver resident tells the Ohio representative.

"Glad to hear that you have decided to run in 2008!" Chris Ho tells Democratic Sen. Joseph R. Biden Jr.

Another fan of the Delaware politician says, "Go for it senator. Get the troops out."

On what seems to be New Mexico Gov. Bill Richardson's official site, Jess tells the Democrat he should pursue a presidential bid. Of the most likely Democratic candidates, only Sen. Christopher J. Dodd of Connecticut has no MySpace presence, official or fan-based.

The Invasion Of The Alpha Male Democrat (NYT)

By Ryan Lizza

The New York Times, January 7, 2007

NANCY PELOSI'S carefully crafted introduction to the American people last week seemed to reinforce some stereotypes of the so-called mommy party. On the day she made history as the first woman to be elected speaker, she appeared on the House floor, surrounded by children and bedecked in pearls.

But even as this nurturing image dominated the news, the swearing-in ceremony on Thursday was notable for another milestone in gender politics: the return of the Alpha Male Democrat.

The members of this new faction, which helped the Democrats expand into majority status, stand out not for their ideology or racial background but for their carefully cultivated masculinity.

"As much as the policy positions is the background and character of these Democrats," says John Lapp, the former executive director of the Democratic Congressional Campaign Committee who helped recruit this new breed of candidate. "So we went to C.I.A. agents, F.B.I. agents, N.F.L. quarterbacks, sheriffs, Iraq war vets. These are red-blooded Americans who are tough."

Mr. Lapp even coined a term to describe these manly — and they are all men — pols: "the Macho Dems."

The return of Democratic manliness was no accident; it was a carefully planned strategy. But now that the Macho Dems are walking the halls of Congress, it remains to be seen whether they will create as many problems for Democrats as they solved. After all, these new Democrats have heterodox political views that could complicate Democratic caucus politics, and their success may raise uncomfortable questions for those Democrats who don't pass the new macho test.

The architects of this strategy, Representative Rahm Emanuel, Mr. Lapp's boss, as well as Senator Charles Schumer, are well-known political pit bulls. Mr. Emanuel won his Congressional seat by navigating the ward politics of Chicago's old-fashioned political machine.

He is missing half of one finger — his aides refer to him as "nine point five" — and swears enough to make a Soprano blush. Senator Schumer is so aggressive and demanding that he has a reputation as one of the most difficult people in the Senate to work for. Both men, who have been elevated to leadership positions in the new Congress, are throwbacks to the era when tough-guy Democrats were urban ethnic politicians, like Dan Rostenkowski and Tip O'Neill.

When Mr. Emanuel and Mr. Schumer set out to find candidates to run in the red states and districts of the 2006 electoral battleground they sought their own rural and exurban doppelgängers.

The fruits of those efforts arrived in Washington last week. Take, for example, three House freshman from Pennsylvania. Patrick Murphy, the son of a Philadelphia police officer, was a West Point professor, a prosecutor and an Iraq war veteran before he ran for Congress. Chris Carney was a lieutenant commander in the Navy Reserves. Joe Sestak is a former Navy vice admiral whose last job was commanding 15,000 sailors and dozens of ships and aircraft for operations in Afghanistan.

"Joe Sestak — that guy's muscular!" says Mr. Lapp. "He's a vice admiral. I've told him to spend a lot of time going on the national talk shows. He can really do a service changing the mold and the way the Democratic Party is viewed."

Other House members include Minnesota's Tim Walz, an Army national guardsman; Brad Ellsworth, an Indiana sheriff; and Heath Shuler, a former N.F.L. quarterback from North Carolina.

Biography, it can be argued, counts more than substance. For example, Mr. Shuler's Web site includes more information about his high-school football career (106 touchdowns) than his post-football career (selling real estate).

In the Senate, Mr. Schumer's tough-guy caucus includes Jon Tester, a husky Montana farmer with a buzz-cut, and Jim Webb, the former marine from Virginia who turned his son's combat boots into an effective electoral prop. Upon arriving in Washington, he promptly picked a fight with President Bush at a White House reception.

The roots of the Macho Dem strategy can be found in the party's 2004 losses when Democrats decided that their post-9/11 candidates needed to exude strength above all else.

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"Presidential politics, but also the rest of national political leadership, has a lot to do with the understandable desire of voters for leadership, strength, clarity and sureness," says Jim Jordan, John Kerry's first presidential campaign manager. "Frankly, in the post-Vietnam era, Democrats have come up short by those measures too frequently."

Adds the Democratic strategist James Carville, "The fact that the party has come across as less — I don't want to say less masculine — but certainly less aggressive than Republicans, is true."

But there may be serious risks for the Democrats' embrace of an electoral philosophy based less on bold ideas than on bold biography. For one, the Macho Dem strategy is inherently pro-male. And Democrats have historically relied on a gender gap advantage — with women. If they tilt in the other direction, does that gap disappear?

As Tom Edsall recently pointed out in a guest column on The New York Times Op-Ed page, despite Ms. Pelosi's historic ascension, 2006 was a bad year for Democratic women. Nine of the party's top 11 male House candidates won, while only 1 of the organization's top 11 female candidates prevailed.

It's a paradoxical conclusion to an election that was followed by Ms. Pelosi's ascension to speaker and Hillary Clinton's dominance of presidential political predictions. Just as these female faces are solidifying the perception of the Democrats as the party of women — the gender gap still exists — the Macho Dems are adding a dash of testosterone, which could add some cultural frisson to the party.

Sure, some Macho Dems express support for, say, abortion rights but one gets the sense that ensuring Roe's preservation may not be one of their highest priorities in coming to the Senate. It's hard to imagine them at the next Emily's List fund-raiser.

Ideologically, many Macho Dems are culturally conservative and economically liberal — making them odd ducks in a party that since the Clinton years has been defined by cultural liberalism and Rubinomics.

"You can argue it will cause more problems because there will be more cross currents," says Mr. Carville. "A lot of these guys are economically pretty populist — Webb and Tester — more so than the Clintonites like myself."

Then again, President Bush and the Iraq war serve as unifying force for Democrats that may militate against these cross currents.

More interesting may be the implications of the Macho Dem theory for the 2008 presidential campaign. If a party measures its candidates by whether they wear a uniform, carry a gun or simply look tough — does it invite the public and press to apply that standard to all the party's leaders?

The leading presidential candidates — Barack Obama and Hillary Clinton — may not score that high on the Alpha meter. And in the past, when Democrats believed their candidate was a true hero — well, just remember how the Republican Party was able to portray John Kerry. It could be a warning sign for Democrats: live by the Macho Dem creed, die by it.

The Jeb Bush Era Ends In Florida (WP)

By Linda Kleindienst

The Washington Post, January 7, 2007

Outgoing Governor Did Things His Way

TALLAHASSEE -- On a bright January day in 1998 marked by bone-numbing 33-degree cold, Jeb Bush took office as Florida's 43rd governor with a pledge to safeguard the interests of the people, not the bureaucrats.

In the ensuing eight years, Bush sent shivers through Florida's status quo as he gathered more power than any previous governor and reshaped state government to fit his vision.

Nicknamed "King Jeb," the Republican transformed what he saw as a tangle of red tape and squanderer of public money into a smaller, business-friendly administration needing fewer tax dollars to run.

Bush, who passed the mantle to Charlie Crist (R) last Tuesday, leaves a legacy of a leader adamant about doing things his way, who fearlessly championed such controversial causes as school vouchers, faith-based prisons and prolonging the life of Terri Schiavo, a brain-damaged woman who became the centerpiece of a national right-to-die battle.

Yet, while his tenure coincided with a sizzling economy and an overflowing treasury, Bush's back-to-back terms were marred by frequent ethics scandals, official bungling and the inability of the government he downsized to meet growing demands for state services, including education and aid for the infirm and the elderly.

A policy wonk, Bush pursued an agenda so frenetic that even his efficiency czar resigned in protest.

"I've always felt, if you can do something today, why wait? It's just my nature," said Bush, 53, who grew grayer and slightly stouter in Tallahassee but never slackened his pace, even during his final days.

He championed tax cuts that chiefly benefited business and the wealthy, trimmed the state's payroll, stripped job protection from thousands of mid-level civil servants, gained more power over the judiciary, exploited his Washington connections to prevent the closing of military bases and launched the nation's first statewide private-school voucher program.

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While older brother George's administration in Washington badly fumbled its initial response to Hurricane Katrina, Jeb Bush was praised for his actions before, during and after the eight hurricanes that raked Florida in 2004 and 2005. Seemingly everywhere, he warned residents in English and Spanish to gird themselves for the storms' fury, then oversaw relief efforts when the winds died down.

But his administration -- the Department of Children and Families, in particular -- was vilified for losing track of 500 youngsters under state care and for failing to prevent the deaths of several others. A smiling Rilya Wilson became the poster child for all that was wrong with the agency and, by extension, the Bush administration's failure to serve Floridians in need. Although her body was never found, it is believed the 5-year-old Miami girl was killed in December 2000, 15 months before the state realized she was missing.

Despite the controversy that swirled around the botched 2000 presidential election, which saw his brother win Florida and thus the White House by 537 votes, Bush failed to fully restore confidence in an electoral system that is still mired in controversy and lawsuits. He did little to counteract soaring property insurance rates or shorten waiting lists for citizens needing services.

"He led the enactment of tax cuts that will drain the state of needed revenue for health care and children and senior citizens -- and we already rank at the bottom of the nation in those services," said Karen Woodall, a lobbyist for migrant workers and the poor.

Few people have so dominated Florida's political landscape. When Bush moved into the governor's mansion, Florida Republicans reached their zenith of power. Buoyed by a GOP-controlled legislature awed by his personality, clout and family name, Bush enjoyed superstar status and high job performance ratings from voters -- and believed he had the political capital to shake things up.

"Most governors have been committed to the public sector. They grew up knowing and supporting government," said Dominic Calabro, president of Florida TaxWatch, a private watchdog of government spending. "He grew up with a disdain and believed in limited government."

While seeking reelection in 2002, Bush defined "real leadership" as making tough choices. For those who disagreed with him, he said, "You know where I stand."

Bush battled against government intrusion in private lives but commandeered the state's executive and legislative branches to prolong the life of Schiavo, Florida's legislature and Congress. Ignoring the repeated verdicts of judges, Bush, a convert to Roman Catholicism who approached this battle with moral zeal, rammed through a special law to restore Schiavo's feeding tube in what many saw as an attempt to pander to the religious right. But the courts had the final word and on March 31, 2005, the 41-year-old Schiavo died.

"I'm deeply disappointed that a woman was starved to death," said Bush, calling it the most disheartening event during his time in office. "I can respect other people's opinions but, at the end of the day, that's what happened."

Under Bush, Florida earned Wall Street's highest possible bond rating. He led a drive to make Florida a biotechnology center by luring the Scripps Research Institute to Palm Beach County with $369 million in state money as bait. But while Florida led the nation in job creation, much of that was in low-paid service industry jobs that left many Floridians without health insurance and scrambling for affordable housing amid a real estate boom that helped fuel business-friendly tax breaks.

A fiscal conservative, Bush slashed the number of state workers by giving their jobs to private companies. Many public services -- including the state's foster-care system -- were spun off without official oversight, and some ran up cost overruns in the millions. The state budget ballooned by 52 percent, from $48.6 billion in 1999 to $73.9 billion in 2006, though much of the growth was attributable to the hot real estate market and post-hurricane rebuilding.

Though he proclaimed himself the "education governor," Bush's legacy in this field was mixed at best. Test results showed learning gains among fourth-graders, whose scores were easier to improve than those of older children, as well as minorities across all grade levels. But Florida's high school dropout rate and per-pupil spending continued to rank among the nation's worst. While Bush sought spending increases for public schools, they barely offset steadily growing demands on school districts, including the soaring cost of health and property insurance.

During his first year in office, the Legislature approved Bush's A-Plus education reform package, including the nation's first statewide private school voucher program for students in failing schools. But it was struck down as unconstitutional by the Florida Supreme Court early this year.

Perhaps Bush's most grievous blunder came with the enactment of One Florida, a plan to end affirmative-action preferences for minorities in university admissions and state contracting. It sparked a sit-in by two black legislators in the governor's executive suite -- and hundreds of black college students in the hallway outside his office -- and the largest ever protest-march, led by the Rev. Jesse L. Jackson, on the state Capitol in 2000.

One Florida was a prime example of Bush's shoot-first, take-no-advice method of governing. It tarnished his image in the black community and alienated voters he and the Republican Party had been working hard to woo.

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Yet, Bush voiced no regrets. He left behind an office he worked hard to overhaul, in a way he thinks better meets the needs of a fast-changing Florida. Summing up his legacy, he said: "This office has more authority to create the agenda and implement it. . . . My gift is that we've shown that governors can be activists, they can be reformers, if they want to."

Katie O'Malley Makes A Case For Keeping Her Job (WP)

By John Wagner

The Washington Post, January 7, 2007

Maryland's soon-to-be first lady, Catherine Curran O'Malley, is sticking with her plan to stay on the bench once her husband is sworn in as governor.

O'Malley, a district court judge in Baltimore, spoke publicly about her intentions during the summer as her husband, Baltimore Mayor Martin O'Malley (D), was campaigning to unseat Gov. Robert L. Ehrlich Jr. (R).

But Katie O'Malley's desire to keep her job has been complicated by a residency requirement and other family considerations regarding an anticipated move to Annapolis. The O'Malleys have four children, including two daughters in high school.

On Friday, a lawyer for the governor-elect wrote to Ben C. Clyburn, the chief judge for the District Court of Maryland, citing case law that suggests a temporary move to Annapolis would not preclude Katie O'Malley from maintaining her "domicile" in Baltimore, provided she intends to return there at the end of her husband's term.

"When this temporary position of Martin's is over, we both intend to reside in Baltimore," Katie O'Malley said yesterday.

The O'Malley family plans to move into the 54-room governor's mansion, known as Government House, sometime after Martin O'Malley's Jan. 17 swearing-in. But the timing remains unclear, aides said. The family has yet to make a decision as to whether to sell their home in Baltimore.

Katie O'Malley's decision to stay on the bench is hardly without precedent.

Marjorie Rendell, the wife of Pennsylvania Gov. Edward G. Rendell (D), sits on the 3rd U.S. Circuit Court of Appeals; Mary Pawlenty, the wife of Minnesota Gov. Tim Pawlenty (R), is a district judge in the state; and Gary Sebelius, the husband of Kansas Gov. Kathleen Sebelius (D), who refers to himself as the state's "first dude," is a federal magistrate judge.

Anne Holton, first lady of Virginia, had been a judge but decided to step down after her husband, Timothy M. Kaine (D), won the governorship.O'Malley Continues to Fill Out His Staff

Gov.-elect Martin O'Malley has added a few more familiar faces to his incoming State House staff, including two former campaign managers.

O'Malley made one of his picks public last week at a gathering of Maryland county officials, announcing that Josh White would serve as his director of intergovernmental affairs.

The seemingly unflappable White served as O'Malley's campaign manager during his recent win over Gov. Robert L. Ehrlich Jr. (R) and is a former executive director of the Maryland Democratic Party. He has been serving in a key staff role in O'Malley's transition in recent months.

Also on board, according to transition sources, is Sean R. Malone, who ran O'Malley's 1995 campaign for reelection to the Baltimore City Council. Since O'Malley's election as mayor, Malone has most recently served as labor commissioner.

In Annapolis, Malone will serve as a deputy to Joseph C. Bryce, whom O'Malley recently named as his senior policy and legislative adviser.

Malone and O'Malley have been friends for more than 12 years, dating back to Malone's time as a bartender at a Charles Street pub in Baltimore where O'Malley regularly played Irish music.Political Staffs Play Musical Chairs

While Gov.-elect Martin O'Malley works to fill his new administration, people with close ties to the outgoing Baltimore mayor are also popping up in some interesting places in county and state governments.

Peter O'Malley, a brother of the governor-elect and former senior campaign aide, is now chief of staff to Baltimore County Executive Jim Smith (D).

Kevin Enright, brother of the governor-elect's chief of staff, Michael Enright, and a former spokesman for the Baltimore police department, has taken a job as communications director for new Howard County Executive Ken Ulman (D). Enright most recently served as spokesman for Maryland Attorney General J. Joseph Curran Jr. (D), O'Malley's father-in-law.

Aaron Greenfield, a former assistant city solicitor for O'Malley's administration, is also working for Ulman, as his chief of staff.

Raquel Guillory, O'Malley's City Hall press secretary, will become communications director later this month for the newly installed Maryland Attorney General Douglas F. Gansler (D).

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And Alexandra M. Hughes, a former economic and neighborhood development aide at City Hall, recently landed in the office of House Speaker Michael E. Busch (D-Anne Arundel) as his communications and policy adviser. Hughes more recently worked for the Baltimore schools as a top aide to then-Chief Executive Bonnie S. Copeland.

Breakfast Of Champions (NYT)

By Charles Baxter

The New York Times, January 7, 2007

THE Senate has been seated, and we have a new senator, Amy Klobuchar. But we're still talking about the aftermath of the midterm elections.

Two friends from high school, guys I've known for 40 years, and I are at breakfast at a greasy spoon on Lyndale Avenue, watching the Minneapolis traffic. I ask for their analysis. My friend the estate planner speaks up first.

"I have it all figured out. Bill Clinton defeated Karl Rove," he says. "The centrist Democrats, Bill Clinton types, beat out the Karl Rove types, the base voters. The base strategy isn't going to work for a while. If it had worked, Mark Kennedy would have won the race for the Senate, and we'd have a scowling movement-conservative accountant as Minnesota's senator. Instead, we have a brainy upbeat soccer-mom progressive. She won in a landslide. She was the antidote to despair. That's what's important."

My other friend looks up from cutting his waffle and joins in. "Bill O'Reilly said national voter turnout would be low. He said that the election was a matter of life and death but that everyone — or 'the folks,' as he calls them — would be watching 'Dancing with the Stars.' " He chews thoughtfully. "That's pretty cynical of him. Who are these 'folks' he's always talking about? Anyway, he was wrong. There was a huge turnout in Minnesota."

"George Bush hit the trifecta," I say. "Iraq, corruption and incompetence." I dig into my huevos. "Failure follows failure. The Republic Party will take years to recover from this. Al Franken thinks George Bush won't even be invited to the 2008 convention. It doesn't matter. No one has anything new to say about the current administration. It's all been said."

"Why do you call it 'the Republic Party'?" my friend asks.

"Because they say 'the Democrat Party.' So we should follow their example and say, 'the Republic Party,' and see what happens."

"The Republic Party convention is going to be here," the estate planner says. "Think about that."

There is a long silence.

"Let them come," my other friend, a sculptor and furniture-maker, proclaims with a smile. "This Congressional district is now represented by an African-American Muslim, a follower of Paul Wellstone." He means Keith Ellison.

"Here's a guy who doesn't run a single TV ad and beats his opponent in a landslide. He gets on TV after the election and is asked by a conservative commentator to prove that he's not sympathetic to terrorism. Then a representative from Virginia wonders if he's going to take the oath of office on the Koran. This district is the object of national attention. It's so progressive, it goes beyond blue into deep purple. We're not just a bunch of Lutherans anymore: Somalis and Latinos and everybody lives here. The party of George Bush wants to have its convention in St. Paul? Fine."

We watch the traffic.

"It's safer to drive now," the estate planner says. "After the last elections, people were so angry that they were driving 80 or 90 miles an hour on I-35. They've calmed down a little."

I speak up. "Well, there's no winter here; the roads are clear. You can't ski because there's no snow, and the hockey rinks haven't opened because the ice is unsafe — when there is ice. In Minnesota! It's creepy. You'd think someone would pay attention."

Another pause. "Why did they lie to us, those guys?" the sculptor asks, reaching for his coffee. "Why do they keep lying about Iraq and global warming?" I am always quoting from somewhere, so I quote my Minneapolis neighbor, the poet Robert Bly: "These lies mean that the country wants to die."

"Not anymore," the sculptor says, sipping his coffee. "We're in a new, positive era, starting now. The Democrats will make some difference."

"You think so?" I reply. Minnesotans cherish their political optimism. But when I think of Iraq and of our intentions there, another line of poetry comes to me, by Louis Simpson, so I say it: "Grave by grave we civilize the ground."

They Came From Montana (NYT)

By Deirdre McNamer

The New York Times, January 7, 2007

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IT seemed a good idea, during the holidays, to get a dose of Capra corn. So I rented "Mr. Smith Goes to Washington" (one of the screenwriters based it on a novel he'd written called "The Gentleman From Montana") to watch Jimmy Stewart play the consummate rube who can scarcely stop gawking long enough to get sworn in as a newly appointed senator. Nefarious powers think his naïveté makes him the perfectly malleable replacement for his predecessor, who keeled over unexpectedly. But, boy, are they in for a surprise.

During Senator Smith's excited sightseeing ("I don't think I've ever been so thrilled in my whole life, and that Lincoln Memorial! Gee-whiz!"), I thought about Montana's new senator, Jon Tester, gazing up at the Capitol dome for the first time, shortly after the general election. "It hasn't soaked in yet," he told reporters. "Maybe it will never soak in."

Mr. Tester and his wife, Sharla, had traveled to Washington from their farm in north-central Montana, a patch of ground in a county with 1.5 people per square mile, about 1,800 miles from the nation's capital as the crow flies. They were there because Mr. Tester, campaigning for government honesty and attention to the concerns of "regular folks," had unseated the Republican incumbent, Conrad Burns, in a cliffhanger that helped deliver the Senate to the Democratic Party.

And now what?

Undoubtedly, Mr. Tester's rhetoric and style — he might always look a little wrong in a business suit — will tempt continuing comparisons to the barmy screen version of the gentleman from Montana. But only if one forgets that Mr. Tester is 50 years old, he's seasoned in state politics, he ran a canny, gloves-off campaign, and he's the kind of charismatic, hard-to-peg, Western neopopulist (like his friend, Gov. Brian Schweitzer of Montana) who might be, even now, redefining in certain far-reaching ways what it means to be a Democrat.

Or not.

The 110th Congress is just four days into what it will become. It is still on the brink. On the verge. The verge, says my dictionary, is "the point beyond which an action, state or condition is likely to begin or occur." It's also, interestingly, "a rod, wand or staff carried as an emblem of authority or office."

Montana, like any state, has sent to Congress its share of those who strode forth, verges in hand, to become forgettable in the long run. But I think we can be forgiven for anticipating the exceptional. After all, we sent lean and plain-spoken Mike Mansfield, the Senate's longest-serving majority leader and a pivotal force behind civil rights legislation, the Watergate investigation and opposition to the Vietnam War. Decades earlier, we sent Congress its first female member, Republican Jeannette Rankin, the only person to vote against United States entry into not one, but two, world wars. We sent Thomas J. Walsh, who became a national hero for exposing Interior Department corruption in the Teapot Dome oil scandal of the 1920s. And Senator Burton K. Wheeler, a Democrat, who became the most vocal foe of F.D.R.'s attempt to "pack" the Supreme Court.

"Always try to see life around you as if you just came out of a tunnel," Senator Smith advises his hard-boiled assistant, Miss Saunders, in the Capra parable.

Campaigns are tunnels in a sense, filled as they are with obfuscation, noise and narrowly defined progress. Out of the tunnel, out in the lit-up day, it's different. What the members of the 110th Congress see now, and what they choose to do about what they see, might well decide who among them — among both the Testers and the old hands — will outlast their day.

Paint My Sidewalk Blue (NYT)

By Dan Chaon

The New York Times, January 7, 2007

"Congratulations!" cries Dolly, our Republican neighbor, a few days after the election, and my wife and I pause warily on the sidewalk outside her house. Our street is noted for its calm bipartisanship, and Dolly in particular is well-known for her good nature and graciousness. But still, we hesitate for a moment. "Oh," my wife says. "Um ...thanks!" And we exchange glances. Congratulations?

I guess we're still trying to get used to the concept of "winning." As Democrats in Ohio, victory is a sensation we've been unfamiliar with for quite some time, and I have to admit that it makes me a little suspicious. "Oh, snap out of it," my wife says, and I put my hands in my pockets as we continue on down the street.

Of course, it's not easy to be jubilant given the state of affairs in Ohio, or in the country, or in the world. December comes on drizzly and warmish in a kind of eerie, global-warming way, and that first blush of excitement seems to mute quickly. Mike DeWine, the defeated incumbent senator, spends his final days in Congress delivering eulogies for service members killed in Iraq and Afghanistan. Meanwhile, Bob Taft, the departing governor, rounds out his unpopular, scandal-ridden tenure with one last humiliation — on Dec. 27, the Ohio Supreme Court formally reprimands him for his failure to report nearly $6,000 worth of gifts. Around the same time, newspapers begin to report that a Cleveland-size ice shelf had broken clear of the coast of Ellesmere Island in the Canadian Arctic, though apparently Mr. Taft had nothing to do with this.

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Our neighbor Susan is usually reliably cynical this time of year, but she says that she's been feeling pretty happy since the election. "I would actually characterize myself as giddy," Susan says, and she tells me that she's even begun to warm to our new senator, Sherrod Brown, who now seems admirably enthusiastic and energetic, especially since he doesn't have to continue to repeat the phrase "fight for the middle class" in every sentence. He seems more solidly progressive than she thought at first.

Sue is one of several people I know who believes that the 2004 election was stolen, and that voting irregularities in Ohio were primarily at fault. She had been very pessimistic about 2006 as well. "And there were plenty of problems," she says.

In Cleveland, voting machine breakdowns led to delays and long lines at many polling places. There also continued to be questions about the reliability of the electronic voting systems. Major discrepancies were reported in several counties, including Cuyahoga, where there was a disparity of almost 17 percent between the unofficial vote tally reported immediately after the election (562,498 votes) and the official tally reported in December (468,056 votes).

It is troubling and worrisome, Susan agrees — but this time, it seemed, the inconsistencies hadn't been enough to counteract the number of Democratic voters who went to the polls. "I felt like there was a real surge of energy," Susan tells me. "Almost like a grass-roots movement."

My friend Peggy disagrees. " 'Movement' is strong word," she says. Peggy is a retired law school dean, a little past 60, more than a bit skeptical, and she looks at me wryly. "What are they going to pull off, really?" she asks. "Where's the leadership? Seriously. Nancy Pelosi? Harry Reid?"

The two of us are shopping at the West Side Market on yet another warm late December day, walking through the busy aisles and selecting produce from various stands, pausing to look at a case full of beautiful breads or interesting sausages.

"I guess I've become apolitical," Peggy says, and shrugs. "I just don't think that a meaningful discussion of what's important in life is going to reside in politics. I don't suppose that's really going to help your article."

"No," I say. "Not really." The two of us sit down in the balcony above the market, sharing a piece of strudel, and we look down onto a throng of people, buying up food for their New Year's Eve parties.

"I don't mean to be discouraging," she says. "I mean, I do keep voting every year — just like I keep on washing the dishes and lighting the candles — I guess partially it's just a ritual that we go through."

"But not all of it," I say.

"No, of course not," Peggy says, looking at me sidelong. "You can always hope that things are going to change."

We sit there for a moment longer, and she cuts off a piece of pastry with her plastic fork, scrutinizes it, then takes a bite. Christmas music is still playing from some loudspeaker somewhere.

"Anyway," Peggy says. "It's a new year, isn't it?"

An Election With No Losers (NYT)

By Robert Hicks

The New York Times, January 7, 2007

FORMER Mayor Bob Corker of Chattanooga is now Senator Bob Corker in Washington and, while I didn't vote for him, I think that if he proves true to his own past he will do well. That is, he'll be a centrist Republican, guided by his own common sense and maybe a bit by the example of Tennessee's moderate senior senator, Lamar Alexander, rather than by the right-wing rhetoric that has become de rigueur in so much of the South.

As for former Representative Harold Ford, the Democrat Mr. Corker defeated, things aren't all that grim. Despite his loss, he was quickly nominated by James Carville to challenge Howard Dean for the chairmanship of the Democratic National Committee. He declined, but sooner or later there is going to be a fight for the leadership of the party, and Mr. Ford has likely earned himself a pivotal role in any effort to move Democrats away from reflexive Deaniac liberalism.

Ironic as it may sound, what Mr. Ford did prove in his defeat was that he is electable. As it turned out, race didn't seem to hold the Memphis congressman back — the exit polls made it pretty clear that he probably did as well as any white Democrat could have done, given the growing conservative bent of Tennessee.

In talking with my Republican friends and neighbors, I too have concluded that his color was far less important than his family's long record of graft and political strong-arming. Of course, my fellow Tennesseans had their reservations, but, as it turned out, their concerns were not based on the fact that Mr. Ford is a black man or on his voting record, but on the baggage he bears with his lineage.

As one of my neighbors said to me, "I just kept wanting him to say something more than 'You can't choose your family.' " The neighbor's big disappointment was that Mr. Ford wouldn't actively support Steve Cohen, the Democratic nominee for the Congressional seat he vacated, over Mr. Ford's brother Jake, who ran a write-in campaign after losing the Democratic primary.

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And the other night I was having dinner with Welling LaGrone, one of Nashville's civic leaders and a Republican if there ever was one, and even he said he had to admit that Mr. Ford was impressive on all fronts, other than that he was raised in a den of thieves.

I say all this to make the point that despite not being able to choose — or cut loose from — his family, his race or his party, Harold Ford has emerged as a serious politician, a gracious loser, a gentleman worthy of respect and with a solid foundation to build a future on, not only for himself but, I hope, for those remaining yellow dog Democrats like myself.

So what does the future look like? Gov. Phil Bredesen, a Democrat, will begin a well-deserved second term. Senators Alexander and Corker seem set to infuse Washington's newly minority party with the spirit of moderation. And Harold Ford looks likely to find the door that will lead him to best serve his party and the nation.

In an era when elections leave so many Americans of both parties frustrated and bitter, I think Tennessee voters across the spectrum are feeling they can congratulate themselves on a job well done.

For Veterans, Alaska's An Attraction (WP/AP)

By Jeannette J. Lee, Associated Press

The Washington Post, January 7, 2007

Ex-Military Personnel Have Flocked to State

ANCHORAGE -- As a boy in Upstate New York, Bill McCue spent many hours poring over articles in Field and Stream magazine about moose and grizzlies and dreaming about adventures in the Alaska wilderness.

Later, as a military man, he was stationed in Alaska, and "it was like a dream come true," said McCue, a Vietnam veteran who served at the Navy base on Kodiak Island in the early 1960s. "It's like no other place I'd ever been to."

McCue is one of nearly 70,000 veterans who have chosen to make their home in Alaska, which, according to the Census Bureau, has the country's highest concentration of former military personnel.

The high number reflects, in part, that veterans tend to cluster near military bases. Alaska's two biggest cities, Anchorage and Fairbanks, have one Army and one Air Force base apiece.

"There are real advantages to staying near a military post once you've retired. You can use the PX, you can go on post for medical care, and you've got a social network," said Catherine Lutz, a professor of anthropology at Brown University in Providence, R.I.

But why cold and snowy Alaska and not, say, a warm military town in the Sunbelt? Many veterans, as with many non-military residents, are drawn by the untrammeled wilderness, the world-class hunting and fishing, and secure jobs with good pay.

Moreover, the libertarian frontier spirit and the extreme solitude in this sparsely settled state of 650,000 have a certain appeal to veterans who led highly regimented professional lives or saw too much of the horrors of war.

"There's a lot of open space," said state Veterans Affairs Administrator Jerry Beale. "You can be an individual. You can move out into the bush as far as you want and not have to see anybody for a year if don't want to."

McCue said that for years he suffered from night sweats after serving on an aircraft carrier in the South China Sea during the Vietnam War.

"You come to get away from everything, especially if you've seen stuff you don't want to remember," he said.

McCue has since realized many of his boyhood imaginings. He has been a commercial fisherman, helped guide bear hunts on Kodiak Island and once filled the bed of a pickup truck with pink salmon after fishing for 11 hours with a rod and reel. Now, at 63, he drives a taxi in Anchorage.

Dave Landacre, who is a chaplain at the Veterans of Foreign Wars in Fairbanks, said the veterans he knows "don't like to be told what to do."

"Fairbanks veterans are the people that had 20 to 30 years in military service. They're very loyal, but now that they're done, they want to do things on their own," Landacre said.

Veterans make up nearly 17 percent of the state's adult population, the Census Bureau reported in 2005. Nationally, the proportion is 11 percent.

Beale said most veterans in Alaska are originally from the lower 48 states and get their first glimpse of the state while on duty.

John Kelley, who served in the Air Force and Army, stopped in Alaska in 1968 on his way to Vietnam. He remembers the plane had to circle to scare a moose off the runway before landing.

"I said, 'All righty, I'm coming back,' " he said. "I made it back in 1986 and haven't lived anywhere else since."

Many of Alaska's veterans work for state or federal agencies, with a high percentage in law enforcement as police officers, state troopers or prison guards.

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But it takes a hardy sort to live independently in Alaska, and as many veterans grow old, they leave for retirement communities in Arizona, Florida or California. "The cold, snow and ice gets to a lot of people," Beale said.

But Landacre said he and his fellow veterans made an educated choice, having sampled cities around the world while in the service. Landacre, for example, was stationed in balmy places such as Hawaii, California, Cuba and Guam before settling on Fairbanks, where temperatures can sink to 60 below.

"The Fairbanks crew is not going anywhere. They're up here, and they're staying," Landacre said. "I guarantee not one of us is planning to move to Florida."

Oh, Now The Right Wants To Talk Nice (LAT)

By Jonathan Chait

The Los Angeles Times, January 7, 2007

After raining fire on Clinton for years, conservatives are becoming obsessed with tone now that Democrats are in power.

IN THE 1990S, prominent conservatives suggested that President Clinton was a murderer, a conservative senator warned that the president might be shot if he visited that senator's state, and a Republican majority leader told Democrats, "Your president is just not that important to us." And there were many other nasty episodes. But ever since a Republican has held the White House, certain conservatives have decided that political anger is now the main problem of American life and that it resides primarily on the left.

The latest such conservative is Peter Woods, who has written an article in National Review holding me up as the apotheosis of this trend. Woods refers to my "anger" and "nastiness" and writes that I represent "a kind of political theater — a special kind of theater in which the performer enacts rage and attempts symbolically to annihilate his opponent."

Because he is obviously very sensitive, I will try to explain myself as delicately as possible, in the civil and respectful tone that he finds appropriate.

Let me begin by saying Woods is obviously a brilliant and discerning man. I'm sure he writes in good faith and is a caring father or son or cousin to somebody. If I were to run into him, I would greet him warmly, offer him a drink and start gently washing his feet.

Yet I must ever so gently point out that his logic falls just a wee bit short. In 2003, I wrote an essay for the New Republic defending hatred of George W. Bush, an essay to which Woods attributes many of the ills of modern life. According to Woods, "its essential message is, 'I am to be believed and reckoned with because I am angry.' "

I would meekly suggest that this was the opposite of the point of the essay. I wrote that I personally find Bush to be a quite distasteful person, but you must separate your view of the man from your view of his policies. That is the reason why I forcefully (and, in retrospect, mistakenly) supported the Iraq war and upbraided my fellow liberals for allowing their disdain for Bush to color their view of the enterprise. The point of the essay was that personal anger can exist, but it ought to be put aside, and there were sound and natural reasons why liberals loathe Bush.

Woods further claims that I have exposed myself again with another article in the New Republic. Let me explain this one. Recently, a libertarian named Brink Lindsey wrote an article for the New Republic arguing that liberals needed to form an alliance with libertarians. I found his argument interesting (and I encouraged its publication) but ultimately unconvincing. So I wrote a reply, arguing that it would be ideologically and politically counterproductive for liberals to follow Lindsey's advice.

This is the article Woods seizes on as verification that I and other liberals are driven by blind rage. "It is the proof that the American Left's anger is ultimately not about Bush," he writes. My article, in his description, exuded "withering disdain." Most horrible of all, it ended by quoting Michael Corleone — from "The Godfather, Part 2" — saying, "My offer is this: Nothing." My use of this quote, Woods writes, was an effort to "adopt the persona of a gravely insulted Michael Corleone."

Well. As for the "withering disdain," I do confess that I found Lindsey's argument unconvincing. But in my reply, I did write that Lindsey's offer was "written in a friendly spirit" and I called it "quite thought-provoking." If my politesse was not up to Woods' standards, I humbly apologize and plead the constraints of space, without which I would have gone on in my praise of Lindsey in greater detail.

Moreover, by quoting a movie, I was not attempting to adopt the persona of a mafia don. Nor, for that matter, was I threatening to have Lindsey killed. I was simply trying to make a little joke. I am deeply sorry that in so doing I tore asunder the fragile threads of our civil society.

Some would suggest that the right's newfound obsession with tone is not only hypocritical but an attempt to stifle criticism through arbitrary criteria, much like campus PC-niks. But I would not suggest that because that would be an angry thing to say, and I do not want to do any more damage to civil discourse than I already have.

Saudis, France Urge Compliance From Iran (AP)

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AP, January 7, 2007

Saudi Arabia and France called Saturday on Iran to accept international demands to halt uranium enrichment, saying the Mideast should be free of weapons of mass destruction.

Visiting French Foreign Minister Philippe Douste-Blazy and his Saudi counterpart Prince Saud al-Faisal stressed diplomacy must be the way to solve Iran's ongoing standoff with the West over its nuclear program.

"We agreed on the necessity that the region should be void of weapons of mass destruction and that achieving this target will be by dialogue and diplomacy," al-Faisal said during a joint news conference.

"Israel should not be excluded from the international efforts and procedures," he added, reflecting regional demands that the Jewish state also be scrutinized for its nuclear program.

Iran recently stated it would continue to defy international sanctions aimed at rolling back its uranium enrichment program. Enriched uranium can be used both for nuclear power and nuclear weapons.

Tehran says its nuclear program is peaceful, but the United States and Europe fear Iran is trying to develop an atomic bomb.

"Iran has to respond to international demands regarding this issue, and should have a positive stance," Douste-Blazy was quoted as saying by the state-run Saudi Press Agency.

Arab states near Iran are concerned nuclear accidents could endanger their citizens or environment, and fear a possible military confrontation between the Islamic regime and the United States or its Israeli ally. Gulf nations hosting U.S. military bases — Kuwait, Bahrain and Qatar — also fear Iran could retaliate against them.

U.S. Puts Squeeze On Iran's Oil Fields (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, January 7, 2007

A campaign to dry up financing for projects poses a threat to Tehran's ability to maintain exports, analysts say.

LONDON — As Washington wages a very public battle against Iran's quest for nuclear power, it is quietly gaining ground on another energy front: the oil fields that are the Islamic Republic's lifeblood.

Iran's oil industry has raked in record amounts of cash during three years of high oil prices. But a new U.S. campaign to dry up financing for oil and natural gas development poses a threat to the republic's ability to continue exporting oil over the next two decades, many analysts say.

The campaign comes at a moment of unique vulnerability for Iran's oil industry, which also faces challenges from rising domestic energy consumption, international isolation, a populist spending spree by President Mahmoud Ahmadinejad and trouble closing contracts with foreign oil companies — a recipe for potential disaster in a nation with one of the world's largest reservoirs of oil.

"If the government does not control the consumption of oil products in Iran … and at the same time, if the projects for increasing the capacity of the oil and protection of the oil wells will not happen, within 10 years, there will not be any oil for export," Mohammed Hadi Nejad-Hosseinian, Iran's deputy oil minister for international affairs, said in a telephone interview.

If Iran were to suddenly stop exporting its 2.6 million barrels of oil a day, such as in the event of a military strike, world oil prices probably would skyrocket. But a gradual decline might be offset by other OPEC members, analysts say, particularly as Iraq increases its oil production and Saudi Arabia carries out plans for significant increases in its production capacity.

The efforts by the United States and its allies over the last few months to persuade international banks and oil companies to pull out of Iran threaten dozens of projects, including development of Iran's two massive new oil fields that could expand output by 800,000 barrels a day over the next four years.

"Many European banks which had accepted financing some oil industries projects have recently canceled them," Nejad-Hosseinian said.

In addition, banks are no longer granting letters of credit for delivery of some supplies, ministry officials say. And as nations such as Japan begin to back out of Iran oil development under U.S. pressure, the government in Tehran is being forced to dig into its own reserve funds to get crucial new projects off the ground.

But Nejad-Hosseinian said Iran had recognized the gravity of the threat and launched steps to head it off, including new "smart" rationing cards, scheduled for distribution in March to check skyrocketing sales of cheap gasoline, and an overhaul of Iran's historically stingy contract terms in an attempt to lure big oil companies into skirting the U.S. roadblocks.

Iran also is hoping to turn to China and Russia for help. But U.S. officials already have warned that they will seek to hold China accountable under Washington's unilateral sanctions laws if it proceeds with a $16-billion project to develop Iran's North Pars gas field. China also has signed a memorandum of understanding under which it may take on development of the Yadavaran field in southwestern Iran, expected to boost production by 300,000 barrels a day.

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Domestic problems

Iran's oil and natural-gas dilemma has no direct connection with the sanctions adopted last month by the United Nations Security Council, which are narrowly aimed at assistance to Iran's nuclear program. Although Tehran insists it has strictly peaceful intentions, the U.S. and others believe the program is linked to development of nuclear weapons.

Rather, the looming crisis stems from a series of domestic problems that have converged at a time when Iran is susceptible to U.S. attempts to capitalize on them to coerce Tehran's compliance on the nuclear issue.

First is the condition of Iran's aging oil fields, which have never fully recovered from damage inflicted during the Iran-Iraq war of the 1980s.

To maintain sufficient pressure to keep them pumping, Iran has to divert large amounts of natural gas that might otherwise be sold.

"You need billions of dollars invested in order to stand still — to avoid a decline," said Manouchehr Takin, a former Iranian petroleum geologist who is a senior analyst for the Center for Global Energy Studies in London.

Likewise, increased output from refinery construction is being outpaced by the swelling number of young Iranians with a fondness for gas-guzzling cars. Heavily subsidized gasoline is just 35 cents a gallon, a price that invites smuggling, and talk about raising the price has, until recently, gone nowhere.

Moreover, the country has one of the most extensive residential heating infrastructures in the world, with homes in the most remote villages warmed toastily with cheap natural gas.

Total domestic energy subsidies total $20 billion to $30 billion a year, Takin said.

"These subsidies are now costing the government roughly 15% of Iran's GDP. That should knock you over. That's a mind-boggling number," said Hossein Askari, professor of international business at George Washington University. "And the nub of the problem is that if you were to cut the subsidies, I think there would be riots in the streets."

Iran could be reinvesting in the oil and gas infrastructure, and it is to a degree, but Ahmadinejad also has diverted billions of dollars in oil revenue to social welfare programs, major infrastructure building programs in neighboring countries such as Afghanistan and importation of consumer products — to the consternation of many of those in his government.

Foreign investment

The heavy lifting in recent years has been left to foreign oil companies, which in the 1990s began working in Iran in substantial numbers for the first time since the Islamic Revolution.

U.S. sanctions in place since the seizure of the American Embassy in Tehran in 1979 have prevented U.S.-based oil companies from operating in Iran, but companies such as Royal Dutch Shell, France's Total and Italy's Eni have invested, some heavily, despite on-again, off-again threats by Washington to pursue sanctions against foreign companies under U.S. laws.

To a great degree, though, Iran has created its own woes by dragging out contract negotiations and offering only skimpy paybacks to foreign oil companies interested in building new production, industry analysts say.

"People have said that even with sanctions and all the rest, if Iranians want investment in their oil industry, what they need to do is offer decent terms, and whatever the sanctions, they would have companies flooding in," said one Western oil company official, who spoke on condition of anonymity.

"But the issue for us at this point is both political and commercial. The state of the country is such that it's just not the right time to be there."

That is the message Washington is trying to reinforce. For years, U.S. sanctions prohibited investments of more than $20 million in Iran's oil industry, but in practice, they were applied only to U.S.-based oil companies. But as the nuclear showdown has unfolded, and as it became clear the U.N. sanctions would not impose serious economic penalties on Iran, Bush administration officials decided on a different tack.

Envoys from the Treasury Department have approached international banks and companies, reminding them of Iran's record of financing militant Islamic organizations such as Hamas, in the Palestinian territories, and Hezbollah, in Lebanon, through the banking system and its defiance of U.N. resolutions on nonproliferation, and warning that investing in such a country may not be a good business risk.

Simultaneously, the Justice Department reportedly has opened investigations of several banks to determine whether investments in Iran violated U.S. sanctions laws. In late 2005, Dutch bank ABN Amro agreed to pay $80 million in fines stemming in part from improper transactions with Iran through its subsidiary in Dubai, United Arab Emirates.

UBS Bank and Credit Suisse of Switzerland recently announced they were suspending most new business with Iran, and British-based HSBC said it would no longer accept dollar transactions from within Iran.

"Banks are constantly doing risk assessments about what kind of business they want to be involved in," Stuart Levey, Treasury undersecretary for terrorism and financial intelligence, said in a telephone interview.

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"There's a lot out there suggesting that there's an element of coercion involved. But I think that for a lot of these executives, the main thing driving them is they really don't want to be involved in facilitating terrorism or proliferation or any other crime."

More than two decades of U.S. sanctions have had little effect on Iran's oil industry — U.S.-based companies have been replaced, largely by Europeans. But this new attack on financing has rapidly started to dry up potential loans on dozens of projects, according to oil industry insiders in Tehran and the West.

One of them is reportedly the giant Azadegan oil field in southwestern Iran near the Iraqi border. Japan's INPEX Holdings Inc. in October pulled out of all but a 10% stake in the $2-billion project under U.S. pressure, and alternative financing from foreign banks has failed to materialize, said one source with close connections to the Iranian Oil Ministry.

"It has been very effective. Nobody is prepared to loan Iran anything on anything," said Fereidun Fesharaki, an energy advisor to the Iranian prime minister in the 1970s who now heads the FACTS Inc. petroleum consulting firm in Honolulu.

In a report published this month by the National Academy of Sciences, Johns Hopkins University geography professor Roger Stern argued that the confluence of high domestic demand, a delay in adding production capacity, the diversion of natural gas to keep wells producing and other factors could lead to a decline of 33% to 46% in Iran's exports by 2011 and a halt to exports by 2015 or so.

Other analysts have said those forecasts are too dismal, and output is more likely to remain flat at about 4 million barrels a day. Iranian officials say they have signed $28.4 billion worth of new oil and gas development contracts over the last 15 months, and hope to increase production to 7 million barrels a day by 2014 — a goal that the International Energy Agency says will require $80 billion in investments.

The nuclear issue

Whether that will be realized could depend, in large part, on what happens on the nuclear issue.

In fact, Iran's oil and gas dilemma appears to point up a "genuine" need for civilian nuclear power, Stern said.

"When I first started hearing this claim that Iran needed these nuclear plans to substitute for oil and gas, I thought, 'That's ridiculous,' " he said. "So it has really been a surprise to me," he added, to see evidence that Tehran's stated purpose for the nuclear reactor is not "simply a weapons deception."

"I don't think they're nice guys," he said. "This is a regime that funds terrorism and is making outrageous claims that Israel should disappear. But it just happens to be a convenient truth for them that they do need nuclear power."

Revealed: Israel Plans Nuclear Strike On Iran (LONT)

By Uzi Mahnaimi, Sarah Baxter

Times of London, January 7, 2007

ISRAEL has drawn up secret plans to destroy Iran's uranium enrichment facilities with tactical nuclear weapons.

Two Israeli air force squadrons are training to blow up an Iranian facility using low-yield nuclear "bunker-busters", according to several Israeli military sources.

The attack would be the first with nuclear weapons since 1945, when the United States dropped atomic bombs on Hiroshima and Nagasaki. The Israeli weapons would each have a force equivalent to one-fifteenth of the Hiroshima bomb.

Under the plans, conventional laser-guided bombs would open "tunnels" into the targets. "Mini-nukes" would then immediately be fired into a plant at Natanz, exploding deep underground to reduce the risk of radioactive fallout.

"As soon as the green light is given, it will be one mission, one strike and the Iranian nuclear project will be demolished," said one of the sources.

The plans, disclosed to The Sunday Times last week, have been prompted in part by the Israeli intelligence service Mossad's assessment that Iran is on the verge of producing enough enriched uranium to make nuclear weapons within two years.

Israeli military commanders believe conventional strikes may no longer be enough to annihilate increasingly well-defended enrichment facilities. Several have been built beneath at least 70ft of concrete and rock. However, the nuclear-tipped bunker-busters would be used only if a conventional attack was ruled out and if the United States declined to intervene, senior sources said.

Israeli and American officials have met several times to consider military action. Military analysts said the disclosure of the plans could be intended to put pressure on Tehran to halt enrichment, cajole America into action or soften up world opinion in advance of an Israeli attack.

Some analysts warned that Iranian retaliation for such a strike could range from disruption of oil supplies to the West to terrorist attacks against Jewish targets around the world.

Israel has identified three prime targets south of Tehran which are believed to be involved in Iran's nuclear programme:

Natanz, where thousands of centrifuges are being installed for uranium enrichment

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A uranium conversion facility near Isfahan where, according to a statement by an Iranian vice-president last week, 250 tons of gas for the enrichment process have been stored in tunnels

A heavy water reactor at Arak, which may in future produce enough plutonium for a bomb

Israeli officials believe that destroying all three sites would delay Iran's nuclear programme indefinitely and prevent them from having to live in fear of a "second Holocaust".

The Israeli government has warned repeatedly that it will never allow nuclear weapons to be made in Iran, whose president, Mahmoud Ahmadinejad, has declared that "Israel must be wiped off the map".

Robert Gates, the new US defence secretary, has described military action against Iran as a "last resort", leading Israeli officials to conclude that it will be left to them to strike.

Israeli pilots have flown to Gibraltar in recent weeks to train for the 2,000-mile round trip to the Iranian targets. Three possible routes have been mapped out, including one over Turkey.

Air force squadrons based at Hatzerim in the Negev desert and Tel Nof, south of Tel Aviv, have trained to use Israel's tactical nuclear weapons on the mission. The preparations have been overseen by Major General Eliezer Shkedi, commander of the Israeli air force.

Sources close to the Pentagon said the United States was highly unlikely to give approval for tactical nuclear weapons to be used. One source said Israel would have to seek approval "after the event", as it did when it crippled Iraq's nuclear reactor at Osirak with airstrikes in 1981.

Scientists have calculated that although contamination from the bunker-busters could be limited, tons of radioactive uranium compounds would be released.

The Israelis believe that Iran's retaliation would be constrained by fear of a second strike if it were to launch its Shehab-3 ballistic missiles at Israel.

However, American experts warned of repercussions, including widespread protests that could destabilise parts of the Islamic world friendly to the West.

Colonel Sam Gardiner, a Pentagon adviser, said Iran could try to close the Strait of Hormuz, the route for 20% of the world's oil.

Some sources in Washington said they doubted if Israel would have the nerve to attack Iran. However, Dr Ephraim Sneh, the deputy Israeli defence minister, said last month: "The time is approaching when Israel and the international community will have to decide whether to take military action against Iran."

Hamas Pledges To Boost Forces In Gaza (AP)

By Ibrahim Barzak, Associated Press Writer

AP, January 7, 2007

Hamas defied President Mahmoud Abbas' decree Saturday that its paramilitary unit is illegal, saying it will fight any attempt to disband the force in an increasingly bloody faceoff between the Islamic militant group and Abbas' Fatah party.

Three more Hamas supporters were killed in the factional fighting that is threatening to plunge the Palestinian territories into civil war.

The two groups have been wrangling over power since Hamas defeated Fatah in parliamentary elections a year ago and gained control over most Palestinian government functions. However, Fatah continued to dominate security forces and last spring, Hamas formed its own security unit known as the Executive Force, recruiting many former members of its military wing.

Tensions between the rival security forces erupted into large-scale fighting last month. Since then, more than two dozen people have been killed.

Abbas outlawed the Executive Force on Saturday, two days after Hamas gunmen stormed the home of a top pro-Fatah security commander and killed him and seven bodyguards. It was the deadliest battle yet during the recent wave of infighting.

Abbas' office said the decision was made "in light of continued security chaos and assassinations of a number of our fighters ... and in light of the failure of existing agencies and security apparatuses in imposing law and order and protecting the security of the citizens."

The statement did not explicitly threaten force, saying only that the Hamas militia "will be dealt with accordingly as long as it is not immediately folded into legal security forces."

Abbas also confirmed the U.S. was sending aid to boost Palestinian security forces loyal to him. President Bush is asking Congress to provide $83 million for those forces, U.S. officials said Friday.

Abbas' office said late Saturday he spoke to Secretary of State Condoleezza Rice on the current situation ahead of her upcoming visit. The U.S. views Abbas, a moderate who seeks peace talks with Israel, as a legitimate negotiating partner. But

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Washington, along with Israel and the European Union consider Hamas, which is committed to Israel's destruction, a terrorist group.

Egyptian President Hosni Mubarak called on the Palestinians to halt their fighting. Egypt frequently mediates between opposing Palestinian factions.

Abbas claims authority over most Palestinian security forces, but Hamas controls the Interior Ministry, which also has security responsibilities. The various forces were formed more than a decade ago by the late Yasser Arafat, who created rivalries to keep potential challengers weak.

After years of corruption and fighting with Israel, the forces have become largely ineffective, resulting in widespread lawlessness, particularly in the Gaza Strip.

In the Hamas stronghold of Gaza, leaders of the group defiantly rejected Abbas' decree.

Interior Ministry spokesman Khaled Abu Hilal said Abbas was giving the green light for attacks on Hamas security men and that the unit would "deal firmly" with anyone who attacks it. He also announced plans to double the size of the Executive Force, which now has 6,000 men, compared with some 18,000 security men aligned with Fatah.

Prime Minister Ismail Haniyeh of Hamas accused Abbas of trying to deepen the rift between the two camps.

"I'm completely convinced that there are those who don't want the Palestinian scene to enjoy calm and stability or to create the appropriate atmosphere for starting serious and deep dialogue aimed at reaching a national unity government," he said.

Abbas has been urging Hamas to join Fatah in a coalition in an effort to end international sanctions against the Hamas-led government that have crippled the Palestinian economy. But months of negotiations broke down in late November, sparking the latest wave of violence.

Previous attempts by Abbas to disband the Hamas militia or integrate it into existing security units have failed.

Late Saturday, three members of a pro-Hamas family were slain by gunmen from a rival clan considered to be Fatah supporters, witnesses and family members said. The same Fatah family has kidnapped about 10 Hamas supporters in recent days, Hamas officials said.

Hamas' radio station in Gaza said one of the dead was a member of the Executive Force.

Also Saturday, gunmen in the West Bank stopped the car of Nablus' deputy mayor, Mahdi al-Khamdali of Hamas, and took him away in another car, security officials said. There was no immediate claim of responsibility, but the officials said they believed the kidnappers were Fatah supporters.

A pro-Hamas university professor in Nablus was shot and seriously wounded by gunmen who fired at his home late Saturday, security officials said.

Abbas Bans Hamas Militia (WT/AP)

By Ibrahim Barzak, Associated Press

The Washington Times, January 7, 2007

GAZA CITY, Gaza Strip -- Palestinian President Mahmoud Abbas yesterday declared Hamas' militia in the Gaza Strip illegal, and the Islamic movement responded by defiantly announcing plans to double the size of the paramilitary unit.

Three more Hamas supporters were killed in the factional fighting that is threatening to plunge the Palestinian territories into civil war.

Mr. Abbas outlawed the Executive Force, issuing the decree two days after Hamas gunmen stormed the home of a top pro-Fatah security commander in northern Gaza and killed the man and seven bodyguards. It was the deadliest battle yet during the recent wave of infighting.

Mr. Abbas' office said the decision was made "in light of continued security chaos and assassinations of a number of our fighters ... and in light of the failure of existing agencies and security apparatuses in imposing law and order and protecting the security of the citizens."

In Gaza, Hamas' stronghold, leaders of the group defiantly rejected Mr. Abbas' decree and announced plans to double the size of its Executive Force to 12,000. Interior Ministry spokesman Khaled Abu Hilal of Hamas said that Mr. Abbas was giving the green light for attacks on Hamas security men and that the unit would "deal firmly" with anyone who attacks it.

Prime Minister Ismail Haniyeh of Hamas accused Mr. Abbas of trying to deepen the rift between the two camps.

"I'm completely convinced that there are those who don't want the Palestinian scene to enjoy calm and stability or to create the appropriate atmosphere for starting serious and deep dialogue aimed at reaching a national-unity government," he said.

Late yesterday, three members of a pro-Hamas family were slain by gunmen from a rival clan considered to be Fatah supporters, witnesses and family members said. The same Fatah family has kidnapped about 10 Hamas supporters in recent days, Hamas officials said.

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The Palestinian infighting initially was largely confined to Gaza, but in recent days, it spread to the West Bank with a series of kidnappings and shootings.

Gunmen in the West Bank yesterday stopped the car of Nablus' deputy mayor, Mahdi al-Khamdali of Hamas, pulled him out and took him away in another car, security officials said. There was no immediate claim of responsibility, but the officials said they believed the kidnappers were Fatah supporters.

In Ramallah, gunmen stormed the offices of the Hamas-controlled Interior Ministry, shot the office manager in the legs and took him away, security officials said. The man, also a Hamas supporter, was released in a nearby town and hospitalized, the officials said.

Shopkeepers in the West Bank city of Hebron closed their stores in a protest action ordered by the Al Aqsa Martyrs Brigades, a violent group affiliated with Fatah.

Fatah and Hamas have been wrangling over power since the Islamic group defeated Fatah in parliamentary elections a year ago and gained control over most Palestinian government functions. Mr. Abbas, who was elected in a separate election, retained his post as president, and Fatah continued to dominate security forces.

Challenging that position, Hamas formed its own security unit, the Executive Force, last spring, recruiting many former members of the Hamas military wing.

Tensions between the rival security forces kept building in the streets until large-scale fighting erupted last month. Since then, more than two dozen people have been killed.

Mr. Abbas claims authority over most Palestinian security forces, but Hamas controls the Interior Ministry, which also has security responsibilities. The various forces were formed more than a decade ago by the now-deceased Yasser Arafat as part of his autocratic style of rule, in which he created rivalries to keep potential challengers weak.

After years of corruption and fighting with Israel, the Fatah forces -- which number about 18,000 -- have become largely ineffective, fueling widespread lawlessness.

Abbas Asks Dissolution Of Hamas Military Police (NYT)

By Steven Erlanger

The New York Times, January 7, 2007

JERUSALEM, Jan. 6 — After two days of intense fighting between Hamas and his Fatah faction, the Palestinian Authority president, Mahmoud Abbas, demanded Saturday that Hamas-run paramilitary police be integrated into Fatah-dominated security forces.

Hamas warned Mr. Abbas that he was making a mistake and that it would resist any effort to disband the group, known as the Executive Force. The Hamas Interior Ministry immediately announced that it had plans to double the size of the Executive Force to 12,000 men and called on Palestinians to join it.

Mr. Abbas made his demand after the deaths of many Fatah men in clashes with the Executive Force over the last two days. In his statement on Saturday, Mr. Abbas called the force illegal and said it “will be treated as such if it is not immediately integrated into legal security services as stipulated by basic law.”

It is not clear whether Mr. Abbas’s statement is simply declaratory or whether he would order his security forces to take action against the paramilitary group if Hamas did not meet his demands.

A Hamas government spokesman, Ghazi Hamad, said that “to take such a decision under pressure and the current tense conditions is a mistake that will not contribute to peace and to resolving existing problems.” The spokesman for the Hamas Interior Ministry, Khaled Abu Hillal, took a sharper tone, saying, “We warn against making any move, which will be met with force.”

Mr. Abbas tried unsuccessfully to ban the Executive Force once last year, finally agreeing with Hamas Prime Minister Ismail Haniya to integrate it into the Palestinian Authority.

But Hamas and Interior Minister Said Siam have kept effective control of the force, which is dominant in Gaza, arguing that the Fatah-dominated security services were lax, corrupt, badly trained and failed to keep order in the territory.

The Hamas force currently consists of more than 5,000 well-armed and well-trained fighters.

Mr. Abbas is the commander-in-chief of all armed men in the Palestinian Authority, but where the authority of the Prime Minister and Interior Minister fit into the equation has been a confusion ever since the job of prime minister was invented as a way of reducing the power of the late Yasir Arafat.

Mr. Abbas was the first prime minister and complained, when he quit after four months, that Mr. Arafat would not relinquish control over the security services. That struggle over the security forces is more complicated now because both the prime minister and interior minister are from Hamas.

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Hamas is also making efforts to expand the force to the occupied West Bank, where it is much weaker, given the regular presence of Israeli troops.

The Bush administration is asking Congress for $86 million to improve the equipment and training of Mr. Abbas's Presidential Guard and to expand the group, which has 3,700 members. American officials describe the effort as a way to balance Hamas and deter it, but say they are not trying to finance a civil war.

Mr. Abbas, in principle, controls the 45,000 security forces on the Palestinian Authority payroll, but it is unclear how many of them come to work, let alone obey his commands.

Separately, the Dagmoush clan in Gaza kidnapped several Hamas members Saturday. The clan, which is believed by Gazans close to Hamas to have captured an Agence France-Press photographer this week, is said to be insisting that it will not release the man, Jaime Razuri of Peru, until Hamas hands over fighters who the Dagmoush say were responsible for killing clan members.

Late Saturday, three members of a pro-Hamas family, the Diri, were killed by gunmen from the Dagmoush clan and five were wounded, witnesses and family members said.

Two Hamas officials were also seized in the West Bank, including the deputy mayor of Nablus, Mehdi Hambali. In Ramallah, masked gunmen abducted an Interior Ministry official, Ihad Suleiman Ghidhan. He was found alive an hour later with three bullets fired into his legs.

Fatah gunmen from the Aksa Martyrs Brigades forced a strike in the West Bank city of Hebron, preventing stores from opening to protest Hamas's attacks in Gaza.

Abbas Bans Hamas Police Force (LAT)

By Richard Boudreaux, Maher Abukhater, Special To The Times

The Los Angeles Times, January 7, 2007

Palestinian leader acts amid factional fighting. A defiant Interior Ministry says it will double the militia's size.

RAMALLAH, WEST BANK — Palestinian Authority President Mahmoud Abbas on Saturday outlawed the Hamas-led Interior Ministry's police force, the most powerful armed unit outside his control in factional fighting that has left 33 people dead in the last month.

The ministry responded with defiance. It announced plans to double the size of the black-uniformed paramilitary force and vowed to resist Abbas' order that its 6,000 members be incorporated into the security apparatus loyal to the president's Fatah movement.

The dueling announcements raised the prospect of an intensified armed standoff. Abbas' only means of enforcing the order appeared to be coercive action by police and security units under his command, but they are relatively weak in the Gaza Strip, Hamas' stronghold.

In an effort to strengthen Abbas, U.S. officials have said they expect to ask Congress for nearly $100 million in aid to help train and supply his expanding Presidential Guard. The Bush administration and Israel have recently coordinated arms shipments to Abbas' forces from Egypt.

Secretary of State Condoleezza Rice is scheduled to meet with Abbas here this month to discuss efforts to weaken and isolate Hamas, the Iranian-backed Islamic movement that leads the Palestinian government. Hamas resists Abbas' efforts to start peace talks with Israel, and refuses to recognize the Jewish state.

Saturday's statement by Abbas came two days after a unit of the Interior Ministry police, known as the Executive Force, besieged the Gaza home of a Fatah commander, Col. Mohammed Ghayeb, killing him and his bodyguards and seriously wounding his wife and brother.

Hamas officials said Ghayeb had been responsible for the deaths of two of their fighters.

Abbas ordered the Executive Force disbanded "in light of continued lawlessness and assassinations," the statement said. It said its members would be treated as outlaws unless they were incorporated into forces commanded by the president.

Interior Ministry spokesman Khaled abu Hilal called Abbas' announcement "a green light to those who seek to shed the blood of the Executive Force members" and said the force would "deal firmly" with anyone who attacked it.

Intermittent fighting among the Palestinians erupted after elections a year ago created a division of power between the president and Hamas, which won control of parliament and formed a government in March. The split paralyzed most governing institutions, and the rival movements began conducting politics through armed force.

Abbas claims authority over the various armed Palestinian forces created in the 1990s by Yasser Arafat, the late Fatah and Palestinian Authority leader. Today they include two police agencies with 15,000 members each in addition to the elite Presidential Guard, which is being enlarged from 4,000 to 6,000 members.

Hamas formed the Executive Force in March, saying the Fatah-led forces had become corrupt and ineffective.

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Shortly afterward, Abbas tried to disband the Executive Force but failed. Hamas officials have said they are open to the idea of incorporating the force into the president's security apparatus, but only if Abbas overhauls its command structure to make it less partisan.

The announcement Saturday said Abbas planned a reshuffle of commanders but gave no details. On Thursday, he appointed Brig. Gen. Jamal Kayed, a Fatah loyalist who is believed to have good relations with Hamas, to head one of his police agencies in Gaza.

Many Palestinians on both sides of the divide say the only way Abbas can end the violence is through a power-sharing agreement with Hamas. The two sides discussed such a pact for much of last year, until Abbas broke off talks with Prime Minister Ismail Haniyeh in November.

The two men met early Friday for the first time since then and seemed to be working together to restore calm after the killings Thursday.

Haniyeh said Saturday that Abbas' outlawing of the Executive Force "contradicted the positive atmosphere" of their meeting. He said the Executive Force is legal. Abu Hilal said the Interior Ministry was taking applications to expand the force to 12,000 members.

Factional fighting continued Saturday.

In the West Bank, gunmen abducted the Hamas deputy mayor of Nablus from his car and stormed the Interior Ministry offices in Ramallah, where they wounded the office manager in the legs.

In Gaza City, three members of a pro-Hamas family were killed by gunmen from a rival clan considered to be Fatah supporters.

The Hamas radio station said one of the dead was an Executive Force member.

Jews, Arabs And Jimmy Carter (NYT)

By Ethan Bronner

The New York Times Book Review, January 7, 2007

PALESTINE PEACE NOT APARTHEID

By Jimmy Carter.

264 pp. Simon and Schuster. $27.

This is a strange little book about the Arab-Israeli conflict from a major public figure. It is premised on the notion that Americans too often get only one side of the story, one uncritically sympathetic to Israel, so someone with authority and knowledge needs to offer a fuller picture. Fine idea. The problem is that in this book Jimmy Carter does not do so. Instead, he simply offers a narrative that is largely unsympathetic to Israel. Israeli bad faith fills the pages. Hollow statements by Israel's enemies are presented without comment. Broader regional developments go largely unexamined. In other words, whether or not Carter is right that most Americans have a distorted view of the conflict, his contribution is to offer a distortion of his own.

Yasir Arafat is portrayed as someone who disavowed terrorism. Hafez al-Assad, who was president of Syria until 2000 when he died and his son took over, is quoted for an entire section, offering harsh impressions of Israel, including the opinion that it "initiated the 1967 war in order to take even more Arab land." Carter does not contradict him. The separation barrier that Israel is building along and inside parts of the West Bank is not to stop suicide bombers and other violent attacks. Its "driving purpose," Carter says, is "the acquisition of land."

Such misrepresentations — and there are others — are a shame because most of what Carter focuses on is well worth reading about. The barrier (which he calls a "wall" even though a very small percentage is wall) does indeed take land from the Palestinians. His chapter on the endless humiliation of daily life for the Palestinians under Israeli occupation paints a devastating and largely accurate picture of confiscated farm produce, unfair competition from Israeli goods, withheld foreign donations, leveled houses and legal dead ends. Carter is right that insufficient attention is being paid, but perhaps that is because his picture feels like yesterday's story, especially since Israel's departures from southern Lebanon and Gaza have not stopped anti-Israel violence from those areas.

This book has something of a Rip van Winkle feel to it, as if little had changed since Carter diagnosed the problem in the 1970s. All would be well today, he suggests, if his advice then had been followed. Forget Al Qaeda (the name does not appear in this book), the nuclear ambitions of Iran and the rise of the Taliban in Afghanistan. If Israel had "refrained from colonizing the West Bank," he asserts, there would have been "a comprehensive and lasting peace." The debate about the Israeli occupation "will shape the future of Israel; it may also determine the prospects for peace in the Middle East — and perhaps the world."

This is an awfully narrow perspective. The Middle East could well be the source of the next major war and the chances of avoiding it would be increased if the Israeli question were settled. Moreover, if Israel had not built settlements throughout Gaza and the West Bank, solving its dispute with the Palestinians would probably have been — and would be — a lot easier.

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But there are other factors to consider, including that for the most radical leaders of the Muslim world — and their numbers are not dwindling — settling the Israel question does not mean an equitable division of land between Israel and Palestine. It means eliminating Israel.

To see the narrowness of Carter's perspective, it is worth returning to 1979, the year of the Egypt-Israel peace treaty that resulted from Carter's Camp David mediation as president, a hugely significant accomplishment. Carter rightly accuses Menachem Begin, then Israel's prime minister, of deception regarding the expansion of West Bank settlements. Begin promised to freeze the settlements. Not only did he not do so; he had no intention of doing so. Carter lost re-election in 1980 to Ronald Reagan and suggests that Reagan's nod-and-wink tolerance of Israeli actions — its bombing of Iraq's nuclear reactor, annexation of the Golan Heights, settlement building and 1982 invasion of Lebanon — were the beginning of the end of the process he had set in motion.

Yet the trouble that was brewing even before these events suggests they may not have been the central issue Carter sees them as. Egypt was instantly ostracized from the Arab world because of its agreement with Israel. Moreover, 1979 was the year of the Iranian revolution, the Soviet invasion of Afghanistan and Saddam Hussein's consolidation of power in Iraq. As much as Israeli policies fueled Arab rage — and they certainly did — these other forces contributed heavily to the state of affairs today.

This does not mean that the problems on the ground have no impact. Israel's friends will increasingly tell you that the dispute is not about land or occupation at all but about the growing radicalism of the Muslim world and its refusal to countenance a Jewish state in its midst. The confiscation of land, the roadblocks and border closings, the preference given to Israeli products within the occupied areas over locally made ones do not amount to much, they say. And those who focus on them are engaging not only in anti-Israel propaganda but in a kind of anti-Semitism.

Which is what some are hinting unfairly of Carter. The Anti-Defamation League has run large advertisements in major newspapers, including this one, attacking the book for Carter's propagation of "myths like Jewish control of the government and media." Across the land, Jewish leaders and their friends are asking each other what exactly Carter's problem is with the Jews.

Their biggest complaint against the book — a legitimate one — is the word "apartheid" in the title, with its false echo of the racist policies of the old South Africa. But overstatement hardly adds up to anti-Semitism.

There is, however, another subtler issue and it has to do with Carter's religious focus. There is a weird scene toward the start of the book in which Carter, a born-again Christian, goes to see Prime Minister Golda Meir on his first visit to Israel in 1973. She asks his impressions. "I said that I had long taught lessons from the Hebrew Scriptures and that a common historical pattern was that Israel was punished whenever the leaders turned away from devout worship of God. I asked if she was concerned about the secular nature of her Labor government."

Meir, a secular chain smoker, could only shrug. Carter seems impressed with his own temerity, as he calls it. But the episode hints at his tone deafness about Israel and Jews. Today, those most opposed to Israel's withdrawal from the West Bank are not the secular Labor Party leaders that Carter worried about. They are the leaders of the religious Zionist parties who consider the West Bank not a Palestinian area where Jews once lived, but their God-given birthright that must not be yielded. Carter never tells us how he squares his notions of God's punishment of secular Jews with the policies of such devout politicians.

In A Divided Israel, Angry Words Or No Words At All (NYT)

By Steven Erlanger

The New York Times, January 7, 2007

JERUSALEM, Jan. 6 — Two of Israel's most important relationships in the world are with the United States and Egypt. In the past 10 days, the Israeli government of Prime Minister Ehud Olmert has managed to embarrass both of them.

First, Defense Minister Amir Peretz approved building a new settlement in the occupied West Bank, in the Jordan Valley, far beyond the current separation barrier, and then seemed astonished when the United States called the action a violation of commitments made under the 2003 peace plan, known as the road map.

Then, on Thursday, only hours before Mr. Olmert was to sit down at a summit meeting with the Egyptian president, Hosni Mubarak, the Israeli Army conducted a botched arrest raid in daylight in the center of Ramallah, the capital of the West Bank. In the ensuing mayhem, four Palestinians died, 20 were wounded, the target got away and Mr. Olmert had to sit through a humiliating tongue-lashing on live television from Mr. Mubarak.

Neither incident was of fundamental importance, and neither, it seems, was intended to create the ensuing ruckus. And neither action, Mr. Olmert's aides insisted, had been approved by the prime minister.

But together, Israeli politicians and analysts suggest, the moves reflect a malfunctioning Israeli government, deeply split over personalities, politics and policies. It has lost the confidence of most Israelis, according to the opinion polls, which makes Israeli leaders even less likely to take bold political steps domestically or internationally.

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It is a government weak on security experience, as well, meaning that Mr. Olmert of Kadima and Defense Minister Peretz of Labor are unlikely to challenge the views and actions of the Israeli military. The rivalry between the men — a political competition between party leaders that has veered into mutual contempt — means that they and their staffs barely speak to one another.

This picture does not include the bitter rivalries within the Labor Party, as Mr. Peretz appears fatally weakened, or between Mr. Olmert and his Kadima party colleague, Tzipi Livni, the deputy prime minister and foreign minister, who Mr. Olmert thinks is angling for his job.

"There's a mess, but it's part of a more general mess," said, a senior Labor legislator on the Foreign and Defense Committee. "There's a breakdown in communications between the prime minister and the minister of defense. It's enough to look at them together. When they sit down, they don't say a word."

On Friday, Mr. Olmert denied a report that he would fire Mr. Peretz, but there is little doubt that he may do so if the Labor Party itself does not convince its current leader to change portfolios.

Adding to the tension is a traditional attitude by the Israeli military that it should be the prime judge of security issues. When Yitzhak Rabin was prime minister in the 1990s, he used to say that Israel would fight terrorism as if there were no peace negotiations and negotiate peace as if there were no terrorism, meaning that decision making for each track was separate. That sometimes led to politically awkward moments comparable to the two recent ones.

"Over the years, the army and intelligence have called the shots, no matter the political impact," Ms. Avital said. "There's a decision made in principle in a given scenario, but when and how to do a raid is left to their discretion and they don't give a hoot about the political timing. No one coordinates with the political level and there's little civilian control over operational decisions."

The situation becomes worse, however, when the military has little respect for its political masters, Ms. Avital concedes, suggesting that Mr. Peretz's time as defense minister is limited.

Shlomo Avineri, a former Israeli official who teaches at Hebrew University, says that the events of the last few weeks are accidental, but inevitable. "This is a government where the prime minister and defense minister don't really control their own people in the security services and don't feel strong enough to challenge them," he said, and are unable to read the military mind the way that former generals like Mr. Rabin and Ariel Sharon could. Both Olmert and Peretz are on the defensive," Mr. Avineri said. "It's a bad scene, and it doesn't make for strong government."

Mark Heller, of the Institute for National Security Studies at Tel Aviv University, said the problem "goes beyond the prime minister and defense minister not respecting one another." Worse, "neither one is respected by the public after the Lebanon war, especially in security matters," he said. "So neither of them is prepared to put his judgment up against that of a high-ranking military officer."

"A House Not in Order" was the headline on a stinging analysis in Haaretz by the political reporter Aluf Benn. Mr. Olmert, he wrote, "is looking more and more like a tragic hero, unable to recover from the disaster that befell him in the form of the second Lebanon war."

Mr. Olmert and his cabinet decided to go to war in southern Lebanon against Hezbollah in the course of an hour on July 12, after Hezbollah made another raid into Israel and succeeded in capturing two Israeli soldiers. That raid followed the capture of another Israeli soldier during a raid from Gaza carried out by Hamas on June 25.

The government, in office only four months after an election campaign that saw Ariel Sharon collapse into a coma, decided that a strong riposte was necessary to restore Israel's military deterrence.

But the cabinet was not set up for war. Mr. Olmert, though an experienced politician, had little security experience; his unlikely defense minister, Mr. Peretz, a trade union leader, had even less. And the chief of staff, Lt. Gen. Dan Halutz, was an air force man.

The war was neither quick nor clean, ending in a United Nations mandated cease-fire after 34 days and no clear victory. Mr. Olmert, Mr. Peretz and General Halutz have kept their posts, but their credibility, both individually and as a team, was badly damaged.

Ms. Livni, though relatively silent during the fighting, later made no secret of her belief that the war could have ended much sooner with the same results; Mr. Olmert, prideful and prickly, has not appreciated her effort to emphasize her disagreements. Only last week, Ms. Livni announced that she was prepared to become prime minister and would run for the job if Mr. Olmert continued to ignore her opinions.

Miri Eisin, a spokeswoman for Mr. Olmert, said she had never seen "Olmert so angry" as he was about the Thursday raid while he was about to meet Mr. Mubarak. The military "had the authority to carry out a raid, but this goes beyond authority to common sense," she said. "No one in the army was thinking about the timing and relevance."

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After the fuss over the new settlement, Maskiot, Mr. Peretz insisted that his predecessor had really approved it, and then the government argued that it had been set up as a settlement in the early 1980s, even though it had fallen into disuse and was only being used for training.

"These are lame excuses, and anyone can see through them," Mr. Heller said. "Notwithstanding the rhetoric, it's clear that the government doesn't have the political courage to enter into a confrontation with settlers."

Violence In Somalia Over Disarmament (NYT)

By Jeffrey Gettleman

The New York Times, January 7, 2007

KISMAYO, Somalia, Jan. 6 — Hundreds of Somalis stormed Saturday into the streets of Mogadishu, Somalia's already unsteady capital, to hurl rocks at Ethiopian troops allied with the government and to protest a disarmament program that Somali leaders ended up scrapping.

Meanwhile, near Kismayo, along Somalia's southern coast, Ethiopian-led forces continued to hunt down the last remnants of the once powerful Islamist forces, who ruled much of the country until Ethiopia and its powerful army intervened last month.

According to Abdul Rashid Hidig, a government official in Kismayo, the Ethiopian-led forces blew up several of the Islamists' armed pickup trucks, leaving hundreds of fighters cornered in a remote jungle with their backs to the Indian Ocean and no way to escape. "I think it will be over very soon," Mr. Hidig said.

Still, a pack of gunmen attacked a government patrol near Kismayo's market on Saturday night, and the cracks and whistles of their high-powered rifles echoed across what had been a rather quiet town. It was unclear if anyone was hurt.

Despite much tactical success in recent weeks, Somalia's transitional government appears to have failed its first leadership test: disarmament. After 16 years of anarchy, the streets of Mogadishu are awash with military-grade weaponry, much of it in the hands of illiterate teenagers. Scooping up these guns was one of the first goals of the transitional government, which had struggled for the past two years to assert control and then, nearly overnight, found itself in charge of a needy, violent country.

On Monday, Ali Mohammed Gedi, a veterinarian turned transitional prime minister, demanded that all Somalis surrender their weapons in three days. Only a handful of Mr. Gedi's allies complied, so the prime minister extended the deadline, but still, most Somalis did not give up their guns.

Even former military officers disagreed with Mr. Gedi's approach, saying it would take months, not days, to disarm the populace and that the government should negotiate with militiamen and clan elders.

With the new deadline set to expire Saturday morning and with Mr. Gedi threatening house-to-house searches, riots exploded.

No matter that officials in the government had decided at the last minute to abandon the disarmament program, at least temporarily. By the time the government got the word out Saturday, hundreds of people had already flooded into Mogadishu's streets. Residents quickly erected roadblocks out of chunks of concrete and flaming tires, and some witnesses said men with rocket-propelled grenades lurked in doorways, prepared to attack government troops.

According to several protesters, the demonstrations were organized by the defeated Islamist movement, which still has thousands of supporters, many armed, in the capital. The supporters had melted back into the population late last month after the Islamists abandoned Mogadishu, ceding it to Ethiopian and Somali forces without a fight.

On Saturday, women in a kaleidoscope of colored shawls shook Korans in their hands and shouted "Down, down, Ethiopia!" and "The infidels must die!" Ethiopia is a country with a long Christian history, though it is about half Muslim. Somalia's Islamist leaders have repeatedly tried to stir up support by casting the Ethiopian troops as infidel invaders.

The demonstrators surged through downtown Mogadishu lighting fires with plastic jugs of gasoline, throwing rocks at cars and punching fists through windows.

"Unless we do this, the Ethiopians will never leave," said Nuro Ibraheim, a 28-year-old woman. The protesters surrounded a military camp used by Ethiopian and government troops and began to pelt it with stones. According to witnesses, Ethiopian troops first fired in the air. When that did not work, the witnesses said, the soldiers aimed into the crowd and several people were hurt. Hospital officials said one teenage boy was killed.

By midday, the violence had flared out, and the demonstrators had gone home.

"We have postponed the disarmament until an unspecified time," said Salad Ali Jelle, the deputy defense minister. "We are now talking with clan elders about how to proceed."

The transitional government, a mix of clan elders, foreign-educated professionals and former warlords, was formed in 2004 with the help of United Nations officials and has a mandate to rule until proposed elections in 2009. The transitional government concedes that it needs outside muscle to maintain order once the Ethiopians go home.

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Americans officials have been heavily lobbying African allies, especially Uganda, Nigeria and South Africa, to contribute troops to a peacekeeping force. On Sunday, Jendayi E. Frazer, the United States assistant secretary of state for Africa, is scheduled to visit Mogadishu for four hours to meet with Somali leaders and intellectuals.

The trip is still tentative because of the continuing turmoil. If Ms. Frazer does arrive, she will be the highest ranking American official to set foot in Somalia since American forces pulled out of the country in 1994, the year after 18 Americans were killed during an attempt to capture a warlord in Mogadishu.

Somalis Rail At Ethiopian Forces (WP)

By Stephanie McCrummen, Washington Post Foreign Service

The Washington Post, January 7, 2007

Two Killed as Protesters Smash Cars, Throw Stones in Mogadishu

MOGADISHU, Somalia, Jan. 6 -- Hundreds of angry and fed-up Somalis demanded that Ethiopian troops leave the city Saturday, smashing cars, burning tires, and hurling stones and threats as a prevailing sense of insecurity deepened in the patched-together neighborhoods of Mogadishu.

A volatile mix of grievances fueled the clashes between demonstrators and Ethiopian troops, leaving at least two people dead.

Tensions are rising over the presence of the Ethiopian troops, who are perceived here as having U.S. backing and last week pushed out an Islamic movement widely credited with bringing security to the capital. Almost immediately after taking control, the ascendant prime minister, Ali Mohamed Gedi, announced that he would begin forcibly disarming Somalia's matrix of clans, whose members are accustomed to relying on their own stashes of AK-47 assault rifles for protection in a country that has been without a central government since 1991.

Following the protests, Gedi said the disarmament would be postponed indefinitely. A planned visit to Mogadishu on Sunday by the U.S. assistant secretary of state for African affairs, Jendayi E. Frazer, appeared in doubt amid security concerns.

"They are saying disarmament when you can't safely sleep at home without people guarding you," said Ugas Abulaihi Farah, leader of the Suleiyman sub-sub-clan, clutching a gold-handled cane. "My people are angry about this. . . . Before disarming, there should be security."

But at the moment in Mogadishu, there is little of that.

As Gedi's internationally recognized government scrambles to establish ministries, police and other services from scratch, the city is reverting to its old forms of self-governance. Clan and sub-clan leaders who trace their lineage back to Adam and control thousands of people and weapons say that Gedi has not consulted with them. The city's old collection of warlords and freelance militias seems to be reemerging, as groups rebuild roadblocks and checkpoints that for years rendered the city impassable.

Fighters who were loyal to the ousted Islamic movement remain hidden in the city's Byzantine neighborhoods of corrugated steel and graceful arches, barbed-wire coils and donkey carts. According to one fighter, young militiamen are awaiting instructions from their leaders, who reportedly are on the run along the Indian Ocean coast near the Kenyan border, where U.S. warships are on patrol.

The Islamic Courts movement, which took power in June, included moderate leaders as well as some suspected of having ties to al-Qaeda and of sheltering three suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania. The Islamic Courts leaders have denied those charges, and analysts say the connection between the movement and al-Qaeda has been exaggerated.

The Islamic movement's fundamentalist brand of Islam was foreign to most Somalis, who adhere to a more moderate interpretation but seemed willing, at least at first, to tolerate the social restrictions in exchange for security.

Ethiopian Prime Minister Meles Zenawi grew increasingly uncomfortable with the prospect of an Islamic government on his border, and in late December, Ethiopian troops backing Gedi's government swept the Islamic movement from power.

Within days, Mogadishu shifted from a period of unusual calm, during which people could freely drive across the capital from corner to corner, to the current sense of uncertainty, with the occupation of Ethiopian troops and the return of militias.

"People have no clear idea what's going on in the city," said Mohamud Uluso, a former banker who had attempted to mediate between the Islamic Courts and the nascent Somali government. "There are roadblocks everywhere and large numbers of unemployed youths not going to school. . . . People are charged internally. People are charged to explode."

The protests began in the dark hours of Saturday morning and spilled into the early afternoon, with Ethiopian troops firing into the air from among the crowds in a neighborhood that had been a stronghold of the ousted Islamic movement. Women and children were among those flooding the streets and wielding sticks in the air. By afternoon, Gedi had rescinded the disarmament deadline and the city seemed to snap back into its old rhythms.

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On sandy, lumpy Adde Road, about three miles from where the protests broke out, people hauled wood to a building under construction and loaded bags of pasta onto donkey carts.

Somali Fighters: We'll Heed Al Qaeda's Call (AP)

AP, January 6, 2007

MOGADISHU, Somalia (AP) -- Somalia's interim government on Saturday indefinitely postponed plans to forcibly disarm Mogadishu, as hundreds of people burned tires, looted vehicles and said they wouldn't give up their guns. Two people were reported killed and at least 17 people were wounded.

The protest came a day after al Qaeda's deputy leader called on Muslim militants to attack Ethiopian troops, who helped government forces chase Somalia's Islamic militia from the capital last week. Some Islamic fighters hiding in Mogadishu said they would heed the call.

About 400 protesters gathered at Tribunka Square in a southern neighborhood, shouting, "Down, down with Ethiopia," and demanding an end to the disarmament plan.

"We don't want disarmament only in Mogadishu. We want all the people [of Somalia] and all the clans to be disarmed simultaneously," said Dahil Abukar, one of the protesters.

Gunfire broke out during the demonstration, but it was not immediately clear what set off the violence.

A nurse at Medina Hospital said a government soldier was killed when his own hand grenade exploded accidentally. Dr. Dahir Mohamud at the same hospital said a 13-year-old boy was killed by bullets and the hospital was treating 17 other people wounded by gunshots.

Abdirahman Dinari, spokesman for the 2-year-old U.N.-backed transitional government, told The Associated Press that plans to forcibly disarm the city this week had been delayed.

"The prime minister has decided to postpone disarming people by force until an unspecified time," Dinari said. He did not say why Prime Minister Ali Mohamed Gedi reversed his stand.

The ease with which Somalis can get weapons is a major problem in this chaotic African nation. It has not had an effective government since clan-based warlords toppled a military dictatorship in 1991 and plunged the country into anarchy.

The Council of Islamic Courts militia had brought a semblance of stability to Mogadishu after seizing control six months ago, but it terrified residents with a version of Quranic rule that included public executions and floggings of criminals.

Government troops, backed by the Ethiopian military, routed the Islamic militia from much of southern Somalia last week. Many of the militiamen are now besieged at the southernmost tip of Somalia with their backs to the sea, but the government estimates 3,500 fighters are hiding out in Mogadishu. (Map)Al Qaeda's call gains supporters

Some of the fighters in hiding told The Associated Press on Thursday that they would heed a call from Ayman al-Zawahiri, al Qaeda leader Osama bin Laden's deputy, for guerrilla attacks and suicide bombings against the troops from Ethiopia, which has a large Christian population.

"I am committed to die for the sake of my religion, and the al Qaeda deputy's speech only encourages me to go ahead with my holy war," 18-year-old Sahal Abdi in Mogadishu said in a phone interview.

Leaders of the Islamic movement previously vowed to launch an Iraq-style guerrilla war.

Ethiopian soldiers, tanks and warplanes intervened December 24 in support of the interim Somali government, which at the time controlled only the western town of Baidoa. But Ethiopia's government wants to pull out in a few weeks, saying it cannot afford to keep its troops in Somalia.

The government is trying to train and expand its own military and police while an international diplomatic effort seeks to put a foreign peacekeeping force in place.

A meeting of U.S., European Union, African and Arab diplomats ended in Kenya on Friday. The U.S. pledged to provide $40 million to Somalia in political, humanitarian and peacekeeping assistance. Uganda has pledged at least 1,000 peacekeepers.

The EU said it also would help pay for a peacekeeping force envisioned at 8,000 soldiers.

On Friday, U.S. warships patrolled offshore to prevent militiamen from escaping by sea.

The U.S. 5th Fleet said vessels were being boarded to look for militants, including three al Qaeda suspects wanted for the 1998 bombings of two U.S. embassies in East Africa. The Islamic council has denied U.S. allegations that the three were leaders in the Somali movement. (Watch who is being hunted)

Ethiopia's Intervention May Destabilize Region (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, January 7, 2007

DOJ_NMG_0113629

Unless it is followed by diplomacy and aid, the battle against Somalia's Islamists may radicalize moderate Muslims.

MOGADISHU, SOMALIA — By launching a war against Somalia's Islamists, Ethiopia says it was drawing a line in the sand against religious extremism in East Africa. But without quick diplomacy and international aid, analysts caution that the war could radicalize the region's traditionally moderate Muslims.

"This could bode ill for both Somalia and eastern Ethiopia, but perhaps even northern Kenya," said John Prendergast, Africa analyst at International Crisis Group, a conflict-resolution think tank based in Washington.

Signs of a budding insurgency already are emerging in Mogadishu. Gunshots and riots rocked Somalia's capital on Saturday as Ethiopian troops clashed with Somalian protesters. A 13-year-old Somalian boy was killed. Anonymous pamphlets distributed in some neighborhoods warned locals to steer clear of Ethiopian and allied soldiers from Somalia's transitional government. The pamphlets pledged guerrilla tactics and suicide attacks.

At least one Ethiopian soldier was killed by Somalian gunmen last week near the town of Kismayo. On Thursday, a group of Ethiopian soldiers in Mogadishu was attacked with a hand grenade tossed from a truck; no one was injured.

"They will never take our country!" anti-Ethiopian demonstrators chanted Saturday as they marched through Mogadishu. "We will fight for our religion."

The protests came as Assistant Secretary of State for African Affairs Jendayi E. Frazer prepared to make a brief visit to Mogadishu to support efforts to deploy Africa Union peacekeepers in Somalia. The visit would be the first in years to Somalia by a senior U.S. official.

American officials supported Ethiopia's intervention, accusing Somalia's Islamic Courts Union of having links to terrorism. The U.S. has earmarked $40 million for Somalia's recovery.

Although Ethiopia is about half Muslim and half Christian, extremists in Somalia and elsewhere are characterizing Ethiopia's presence here as a Christian occupation. On Friday, a deputy leader of the Al Qaeda terrorist network posted a website message calling for attacks on Ethiopian troops in Somalia.

Many believe the U.S. encouraged Ethiopia to lead the assault last month to put an African face on the war, though Ethiopian officials say the U.S. opposed a direct military attack in Somalia. For better or worse, analysts say, America is now linked to Somalia's recovery.

"The U.S. is tethered to this intervention," said Ken Menkhaus, a Somalia expert and political science professor at Davidson College in North Carolina. "Because of the impression that we subcontracted the war out to Ethiopia, we're going to be held responsible."

Winning support from the Hawiye subclans that previously opposed the transitional government is crucial, experts said. In the beginning, these clans praised the Islamic Courts Union for restoring security to the capital. But when the tough talk of courts leaders brought Ethiopian soldiers to Mogadishu's doorstep, clan leaders withdrew their support.

"The courts overreached," Prendergast said. "As soon as it appeared that the stability that the courts once offered would be replaced by open warfare with Ethiopia, the clan leaders took back their weapons."

Sought-after foothold

In the past, efforts by radicals to establish a beachhead in the Horn of Africa met with limited success in Somalia. Intelligence officials said Al Qaeda's efforts to penetrate Somalia after the 1991 collapse of the dictatorship encountered stiff resistance from clan leaders.

But the sight of Ethiopian jets bombing targets in Mogadishu and driving out Islamists may unite the region's Muslims. Prendergast warned against declaring victory too soon.

"To believe that the Islamists are defeated now would be the same as believing that the Sunnis were defeated when the U.S. marched into Baghdad," Prendergast said.

For now, the war appears to have cemented Ethiopia's standing as a dominant force in the Horn.

Ethiopian Prime Minister Meles Zenawi secured a friendly Somalian government that isn't likely to push hot-button issues such as control of the contested Ogaden region in eastern Ethiopia. He also strengthened ties with the United States by establishing Ethiopia as America's leading regional partner in the U.S.-declared war on terrorism.

Ethiopians say the U.S. and rest of the world should thank them for holding the line against the spread of Islamic fundamentalism.

"We have to make sure that religious extremism doesn't take hold in Africa," said Bereket Simon, a minister of state in Ethiopia. He said his nation, home to sub-Saharan Africa's second-largest Muslim population after Nigeria, acted in self-defense.

But Menkhaus said that success could be measured only in the coming months. "A lot depends on what kind of insurgency emerges," he said.

If Somalia's problems bleed across its borders, the ripple effects could include a destabilization of Ethiopia's Muslim community and reduced tourism for Kenya, Menkhaus said.

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Ethiopia's victory also draws Somalia a step closer to its African neighbors. Historically, Somalis have been divided over whether to consider themselves part of Africa or orient themselves toward the Arab world. Former dictator Mohamed Siad Barre, who was ousted in 1991, straddled the fence.

Islamic courts leaders were working to forge closer ties with Arab-led countries, such as Yemen and Sudan.

Mohammed Abduallahi Afra, director of parliament in the transitional government that collapsed in 2003, worries that the regional balance of power could be upset.

Recent events could stir up animosity between Ethiopia and Eritrea, which never settled a border dispute that led to war in 1998. Kenya and Djibouti have been improving ties in recent years, but they were divided over how to handle Somalia, Afra said.

A history of conflict

This isn't the first time Somalia has found itself caught in an international tug of war. In the 1970s, Somalia and Ethiopia were Cold War pawns, heavily armed by the Soviet Union and United States, respectively. Then communists seized control of Ethiopia, and the superpowers simply swapped allies. A 1977 war between Ethiopia and Somalia was fueled largely by the U.S. and Soviet Union.

Analysts say U.S. policymakers now have a short window of time to bring change. Ethiopian troops plan to leave Somalia in a matter of weeks and the transitional government needs substantial assistance to survive on its own.

Since withdrawing U.S. troops in 1994 after 18 American servicemen were killed in Mogadishu in October 1993, U.S. engagement in Somalia has been limited. About 1,500 U.S. troops are based in Djibouti to fight terrorism, train African security forces and improve infrastructure in the region. But the base has no representation or activity in Somalia, a representative said.

Last year, Mogadishu warlords, with support and funding from the CIA, formed an anti-terrorism alliance that began pursuing and kidnapping Islamists sought by the U.S., including three suspects in the 1998 U.S. Embassy bombings in Kenya and Tanzania.

The move not only undermined Somalia's transitional government but also built public support for the Islamic fighters.

Ted Dagne, Africa specialist for the Congressional Research Service, said U.S. policymakers must pressure the transitional government to reach out to moderate Islamic leaders and the Mogadishu clans who feel excluded.

Somalia's underlying problems remain unresolved, he warned. They include a weak transitional government, clan rivalries and warlords seeking to reassert their power.

"Unless there is sustained and careful support for the process, Somalia will go back to where it was before," Dagne said.

Richardson Heads To Sudan With 3 Goals (AP)

By Nedra Pickler, Associated Press Writer

AP, January 7, 2007

Heading on a diplomatic mission to Sudan, Gov. Bill Richardson said Saturday he hopes to persuade the country's president to accept more U.N. peacekeepers in war-ravaged Darfur, a goal that has eluded world leaders.

The New Mexico Democrat, a potential 2008 presidential candidate, said in an Associated Press interview that he does not expect to settle President Omar al-Bashir's dispute with the U.N. over troop levels during the trip beginning this weekend.

He planned to meet with rebel leaders in Darfur on Tuesday and al-Bashir in Khartoum, the capital, on Monday. Sudan's state news agency confirmed Saturday that Richardson would meet the president; several Western officials were unable to get a meeting with the Sudanese leader during their recent visits.

Richardson, who was U.N. ambassador under President Clinton, said he has three goals for his visit to the African nation: increasing the U.N. force in Darfur, improving the humanitarian situation and helping encourage a cease-fire.

"I'll consider it a success if we accelerate movement in those areas," Richardson said over breakfast at the governor's mansion before departing. "But I don't want to raise expectations. I don't think we'll settle the U.N. issue."

The dispute is over a three-stage plan to send some 20,000 peacekeepers and police to Darfur to provide protection to the 2.5 million people uprooted since early 2003 as a result of sectarian conflict. More than 200,000 people have died, victims of violence as well as malnutrition and disease.

Al-Bashir indicated in late December that he would go along with a plan that would create a hybrid U.N.-African Union force. But al-Bashir's U.N. ambassador quickly ruled out any U.N. peacekeeping operation in Darfur.

President Bush's special envoy to Sudan, Andrew Natsios, met with al-Bashir last month. Natsios said he insisted al-Bashir allow 60 U.N. troops and civilians into Darfur by the end of the year, but the State Department says only 20 civilians have been deployed.

Natsios, who is scheduled to visit China this week to ask for help in bringing peace to Darfur, has not responded to a request for comment about Richardson's trip.

DOJ_NMG_0113631

State Department spokesman Sean McCormack said Friday the U.S. was urging all parties in the conflict to refrain from violence "that prevents a durable cease-fire."

Richardson said he is visiting Sudan in cooperation with Natsios and he said Bush has "done the right thing" in Darfur, sending in humanitarian aide and speaking out at the U.N.

"The thought is that if we go in with a bipartisan appeal, we might be able to make progress with Bashir," Richardson said.

The governor, who left Saturday afternoon by private jet for Khartoum, said he hoped to depart Sudan on Wednesday night or Thursday morning.

The Sudanese Ministry of Foreign Affairs "expressed hope that the visit would contribute to correcting the image of the situations in Darfur (in the) US Congress," the official news agency said Saturday.

Richardson is making the trip at the request of the Save Darfur Coalition, which is paying for the travel bills. The group asked Richardson's help because he has a good relationship with al-Bashir and has successfully negotiated with him in the past.

Associated Press writer Alfred de Montesquiou in Cairo, Egypt, contributed to this report.

Bomb Attack On Bus In Sri Lanka Kills 11 (NYT)

By Shimali Senanayake

The New York Times, January 7, 2007

COLOMBO, Sri Lanka, Jan. 6 — A powerful bomb blew up a passenger bus on Saturday, killing 11 people and wounding more than 40 others on the southern coast of Sri Lanka.

The bombing was the second in less than 24 hours. The authorities are investigating the first blast, which killed six people and wounded 50 on Friday northeast of the capital, Colombo.

A government statement blamed the Liberation Tigers of Tamil Eelam for the explosions.

“The government believes that the L.T.T.E. is attempting to divert attention from the continuous defeats they have been suffering at the hands of the security forces during the recent past,” the statement said. “The government reiterates that terror attacks will not deter its efforts to find a peaceful solution to the national problem or its counterterrorism measures to defeat terrorism.”

The rebels had no immediate comment. They routinely deny involvement in attacks. The Tigers have been fighting for more than two decades to carve out a separate state for the island’s Tamil minority.

The bombing on Saturday took place near the busy town of Hikkaduwa, in an area that is popular with tourists.

The body of a woman who was believed to have planted the parcel bomb was found near the bus, said Jayantha Gamage, the senior police official in the area. He said most of the damage and casualties were to the rear section of the bus, which bore a gaping hole.

The Personal Politics Of Bangladesh (WP/AP)

By Matthew Rosenberg, Associated Press

The Washington Post, January 7, 2007

Feuding Women Lead Top Parties

DHAKA, Bangladesh -- For 15 years Bangladesh has been dominated by the revolving-door premiership of two women whose rivalry is among the most ferocious in the democratic world.

Former president Jimmy Carter tried to get Khaleda Zia and Sheikh Hasina to shake hands in 2004, but couldn't even persuade them to look at each other. At a party in November, the two held court in different corners of the room.

It's the stuff of political slapstick, except that this feud is rooted in the assassination of one woman's father and the other's husband, and the result today is anything but funny.

"We have floods, cyclones, many people die. But Zia and Hasina are worse," said Abul Islam, a 51-year-old Dhaka shop owner. "The two ladies are our worst disaster."

Many Bangladeshis -- illiterate men pedaling rickshaws through Dhaka's squalid streets, or educated women sipping tea in stately homes -- will say the rivalry is the cause of all the country's problems of poverty and corruption.

That's an overstatement, perhaps; those problems existed before 1971, the year Bangladesh became independent and the two women were at home raising their children, and have continued since. It was political instability, wholly male-generated, that led to the assassinations that brought Zia and Hasina to prominence.

But their rivalry has done nothing to improve things. Bangladesh is deeply corrupt and, in many parts, barely governed, raising concerns about instability in this strategic Muslim country already contending with Islamic militancy. Now, with an election set for Jan. 22, tempers are rising again.

Zia was elected in 1991, Hasina in 1996, and Zia again in 2001.

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Zia's latest term ended in October, and the race between her Bangladesh Nationalist Party and Hasina's Awami League had already been bloody, with dozens killed in street clashes, before Hasina announced Wednesday that the 17-party alliance she leads would boycott the election. She alleged bias by the interim government.

Bangladesh is roughly the size of New York state with four times the population -- 147 million at last count -- and grindingly poor. Yet nationwide strikes repeatedly bring it to a standstill, shutting factories that churn out J. Crew sweaters and Banana Republic shirts and earn more than 75 percent of the country's hard currency.

"Foreigners think we are a moderate Muslim country because we have two women in charge," said Obaidul Kader, a 42-year-old businessman.

"But that's only thinking in religious terms," he said. "Maybe our ladies are not Islamic extremists, but they are not moderate people. Their hate is not moderate."

At a glance, they don't look all that different. They are close in age -- Zia, 61, and Hasina, 59. Both appear in public wearing flowing saris and shawls. Both go by grand feudal titles -- Begum Zia and Sheikh Hasina.

Some might see them as evidence of women's liberation in Bangladesh. But patriarchal traditions run deep here.

"They can't sit down and discuss their problems like men," Kader said, as if Bangladesh had not had coups and assassinations before the women took over.

Both women became heads of parties that had lost their male leaders to killers. Hasina's father was Prime Minister Mujibur Rahman, assassinated along with most of his family by army officers in 1975. Hasina was out of the country at the time.

In the killing's aftermath, Zia's husband, Gen. Ziaur Rahman, became president, a post he held until 1981, when he too was assassinated by soldiers. Zia then took over his party.

Zia suspects that Hasina's Awami League was behind her husband's slaying, while Hasina believes Zia's husband knew about the plot against her father.

Despite their suspicions, the two put aside their differences to fight the decade-long dictatorship of Lt. Gen. Hussein Mohammed Ershad, and both spent much of the 1980s in and out of prison.

When democracy was restored in 1991, Zia led her husband's Bangladesh Nationalist Party to victory and was elected prime minister.

The party had picked her as leader because she "was a symbol that could unify party workers," said Nazim Kamran Chowdhury, a former BNP lawmaker.

"We thought she believed in the ideals we had," he said. But "the moment she became prime minister she was more interested in the trappings of power rather than the exercise of power. There was no discussion, no policy initiatives."

He and others describe Zia as having lived a cloistered life until her husband's assassination.

"She was a person who never had to go to a market, has never been to a bank to open a bank account -- doesn't know everyday life," Chowdhury said.

Hasina, who has been married to nuclear scientist Wajed Miah since 1968, was active in student politics at Dhaka University but shares the same reputation for being removed from the many who live on less than a dollar a day.

No one has seen the two women speak to each other-- not a "Hello," "How are you?" or "Goodbye" -- in years.

"In true democracies, you have political parties running on different platforms but working together to govern," said Chowdhury, the former lawmaker.

But both parties led by the women are relatively centrist, with few issues separating Zia and Hasina. "They have no conception of what democracy is -- they just want to rule," Chowdhury said. "The state, running it -- they get to decide who gets government jobs, give business to supporters."

So why not elect someone else? Analysts blame social conservatism -- a reluctance of the poor and illiterate to question those perceived as their betters -- and thuggish political tactics to ensure that people who do not support either party nonetheless turn out to vote for one of them.

As for the small middle and upper classes, most are tied to one party or the other -- and the rest are simply afraid to gamble on something new.

"I've got major property holdings, I import electronics," said a middle-aged businessman who maintains ties with both camps and spoke on condition of anonymity. "I can't take foolish risks. They could shut me down."

Police Ignore Serial Killings In Delhi Slum, Exposing Unequal Justice For India's Poor (NYT)

By Amelia Gentleman

The New York Times, January 7, 2007

DOJ_NMG_0113633

NEW DELHI, Jan. 6 — When Vandana Sarkar, an impoverished migrant worker, went to the police in October to report that her 20-year-old daughter was missing, she recalled Friday, officers laughed and said, "Why do you people have so many children if you can't look after them?"

Their casual response should not have come as a surprise. At least 30 other sets of parents had reported children missing from the same slum area in Noida, an affluent suburb of Delhi, over recent months. Some say they were dismissed as "drunken trouble-makers." Others claim officers refused even to register their complaints.

It was only when 17 chopped-up bodies, most of them belonging to children, were found in the sewers behind the home of a wealthy local resident on Dec. 29 that the Noida police were finally stirred into action.

What seems clearly a case of serial killing on the fringes of the capital has become a national scandal, with public horror at the brutal details interwoven with outrage at the police department's failure to investigate.

That India has a two-tier justice system is nothing new. Only widespread protest drove the courts to order a retrial for a rich young man acquitted in February of fatally shooting a model at a party in 1999. In December, the accused, Manu Sharma, was found guilty and sentenced to life in prison.

And when the 3-year-old son of an Indian executive disappeared near his Noida home in November, it was instantly national news. The police immediately began a huge hunt, found the abductors and returned the child to his distraught parents.

But the case of the dead and missing slum children has provided a brutally stark example of how the law does not work for the marginalized, shocking even the most jaundiced observers of the nation's legal processes.

The bags full of dismembered body parts found on Dec. 29 were pulled one by one from an open sewer behind a whitewashed two-story house belonging to Moninder Singh Pandher, a businessman. He and his servant, Surender Kohli, were arrested and charged with kidnapping, raping and killing the victims, some reported to be as young as three.

A police spokesman told the news media the next day that Mr. Kohli, when confronted with photographs of some of the victims, confessed to having killed 10 women and 5 children. Mr. Kohli said that he and Mr. Pandher had lured some of the victims into the house with toffees and chocolates, the police said. The Noida police chief, R.K.S. Rathore, said that other victims were young women who were offered jobs at the house.

The officials said that according to Mr. Kohli's confession, the two men sexually abused their victims, then strangled them and chopped up their bodies, concealing the remains in the drains. An autopsy report said the bodies were sliced with "butcher-like" precision, Agence France-Presse reported.

Neither suspect has spoken publicly but Mr. Pandher's son, Karan Pandher, warned against prejudging his father. "He is just a suspect," Karan Pandher told reporters on Saturday, Agence France-Presse reported. "He is not a monster."

The police said the body parts included 12 skulls belonging to children and 5 belonging to adults. Thirteen of the dead were quickly identified. Mrs. Sarkar's daughter was one.

The sluggish police response to the disappearance of dozens of children has horrified the nation as much as the crime itself. Residents said as many as 38 children have been reported missing over the last two years from the slum, Nithari, but that the police recorded only 19 cases, according to Indian news media. Many parents, the reports said, were told their children must have run away.

Groups like India's National Commission for Women were disturbed by reports of women disappearing from the Noida slums as early as August 2005. Nirmala Venkatesh, a commission member, was working with six families missing daughters, none of whom had managed to persuade the police to investigate.

"The police system failed," she said. "They were ignorant, they were careless."

On Wednesday, the national government opened an inquiry into the police failures. The next day, six policemen were dismissed for failure to investigate reports of the missing children, accused by the state government "of dereliction of duty and gross negligence in responding to complaints made by parents of missing children." Four other officers were suspended, and widespread condemnation is growing.

"There was shocking inaction," Ved Marwah, the former Delhi police chief, said in a television interview.

The Asian Age, an English language daily newspaper, condemned the police for turning away the missing children's parents "with contemptuous disdain for two long years only because they were poor villagers with no influence of any kind, political or otherwise."

Hundreds of angry Nithari residents have been protesting all week in the street where the bodies were found. On Monday, they stormed past the officers guarding the house and broke into the premises, pelting neighboring houses with stones.

Now, barricades have been erected near the house, and relatives of the dead wait alongside protesters for more news. Parents with missing children also come, trying to establish whether any of the unidentified victims might be their child.

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A woman named Dayawati, also from a nearby slum, came holding a black-and-white passport photo of her son, Vipin, 16, who has been missing for four months. “When I told the police he had disappeared, they told me to look for him myself,” she said. “Things would have been different if I’d been rich. Then I could have bribed them to make them investigate.”

For Mrs. Sarkar, as for so many bereft parents, the furor comes too late. She said she had described to police officers the yellow suit her daughter Rupa was wearing when she went out to work early on Oct. 5, 2006. The clothes, she said in an interview, were found in the sewer, in a bag alongside body parts.

Brandishing a state government check for 500,000 rupees — roughly $11,300 — in compensation, she said: “My child’s life is worth more than this. It’s as if they want us to keep quiet — but I’m not going to remain silent.”

The money, she said, could help look after Rupa’s 18-month-old son, Amit. But, she said, as a migrant worker from East Bengal with no identity papers, opening a bank account is nearly impossible and she does not know how to go about cashing the check.

Before her daughter disappeared, Mrs. Sarkar said, she walked with her every morning past the house where the two men charged with the murders lived. The two women worked as maids at nearby houses.

It is just a 30-second walk, but it crosses the divide between the India of the excluded and destitute, and the India of the privileged elite. The extended Sarkar family shares one large wooden bed, which takes up most of a tiny rooftop room in the heart of Nithari. Neighbors live less well: in mud huts, straw houses and shacks made of plastic sheeting and corrugated tin, breathing in the stench from a vast rubbish dump where cows and pigs forage.

Beyond the open sewer, across a makeshift bridge made of discarded metal pipe, is the tree-lined street where Mr. Pandher and Mr. Kohli lived. Here a dozen new houses flaunt their owners’ recent wealth, acquired in India’s booming economy, with displays of extravagant architectural fancy: large, arched windows; verandas with elaborate wrought-iron railings; and marble-fronted buildings. The entrances are blocked from public gaze with high gates, and guarded by watchmen.

“I never saw anyone in that house,” Mrs. Sarkar said. “I only know that rich people live on that street.”

It was only when she watched police removing body parts on her way home from that day in December, and heard about the killings, that she understood what had happened to her daughter.

“Where was the help when I needed it?” she said. “No one would listen to me. The police officers looked at the photograph of my daughter and said: ‘She looks so beautiful. She probably eloped.’ No one ever bothered to come to my house to follow up on the case.”

In Mexico, "People Do Really Want To Stay" (WP)

By Peter S. Goodman, Washington Post Foreign Service

The Washington Post, January 7, 2007

Chicken Farmers Fear U.S. Exports Will Send More Workers North for Jobs

PEGUEROS, Mexico -- Even as his village emptied, Pedro Martin stayed behind. His schoolmates abandoned the scrub-covered hills of central Mexico for the land they called El Norte-- the North. They mopped floors in Fresno, poured concrete in Tempe and tended other people's children in Galveston, measuring their lives in dollars.

Martin worked at a poultry farm. His wages rose to 2,000 pesos per week, about $185. Meager by the standards of the north, it was enough to build a brick house with white tile floors. Enough to buy a car, and to stay in the village and watch his three boys grow, resisting the gravitational pull the United States exerts on much of rural Mexico.

"Up north, even though they pay more, you're not necessarily living as well," Martin said, as church bells echoed down lanes of pastel-painted houses. "You feel out of place. Here, you can walk around the whole town and it's comfortable. Life is easier."

But now, Martin worries that life in the central Mexican state of Jalisco is about to be shaken by globalization. Already much of Mexico's farm country has been overwhelmed by an influx of crops from the United States in the years following the North American Free Trade Agreement. Over the next two years, the final provisions of the trade pact kick in, opening Mexico to unlimited imports of poultry from its northern neighbor. Mexican farms will compete directly with an American agribusiness nurtured by subsidies on the corn that feeds the birds.

"If a lot of chicken comes in from the United States, we're not going to be able to maintain our farms," said Martin, 39. "What's going to happen? People are going to get fired. People are going to go north."

NAFTA, as the landmark trade agreement is known, was supposed to work the other way around. In the early 1990s, as politicians in the three countries of North America sold the pact, they promised it would spur enough development in Mexico to create millions of jobs, raise wages and diminish the lure of the north.

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But since 1994, the year NAFTA took effect, Mexico's economy has grown sluggishly. Not enough jobs have materialized, while Mexico's working-age population has swelled. Meanwhile, the United States has been a magnet for Mexican laborers willing to take on low-paying, unpleasant work.

More than 6.2 million Mexicans now live in the United States illegally, according to Mexico's National Council of Population. Two-thirds arrived after NAFTA.

For Mexico, as for most developing countries, free trade was a gamble. It opened the world's most lucrative market, the United States, to wares produced in Mexico's factories, and to produce grown on Mexican soil. But it also lifted protections on Mexico's manufacturers and farmers, bringing an influx of products from the north.

As NAFTA's final provisions take effect next year, tying Mexico's fortunes more tightly to world markets, how will its economy adjust? And how will the latest wave of trade liberalization alter the calculations for millions of Mexicans wanting to stay home, but constantly feeling the tug of the north?Baby Boom Fuels Emigration

The demographic wave that has carried unprecedented numbers of Mexicans to the United States is the consequence of a baby boom that began in Mexico four decades ago, when improvements in rural health care allowed more infants to survive.

From 1993 to 2006, as those born during the boom reached adulthood, Mexicans of working age swelled from 34 million to 44 million, according to Agustin Escobar, a sociologist at the Center for Higher Research in Social Anthropology in Guadalajara. Over the same period, Mexico's businesses added only 8 million jobs that pay decent wages and benefits, exacerbating a backlog of about 15 million Mexicans needing work, Escobar said.

Population pressure, combined with the lifting of subsidies on the farm, sent rural Mexicans in search of higher wages. They moved within Mexico in vast numbers. Many crossed the border. By 2002, 14 percent of all people born in Mexican villages were living in the United States, according to J. Edward Taylor, an agricultural economist at the University of California at Davis. Mexicans in the United States sent home nearly $17 billion in 2004, according to the Bank of Mexico.

"If you want to buy a house, you have to go to the States," Escobar said. "People go to America to make their Mexican dream come true."

NAFTA, as the politicians sold it, was supposed to make Mexican dreams attainable at home.

Mexico's government promised that the pact would add 1 million jobs a year. But jobs have been created at roughly half that rate. Mexico's economy has grown less than 3 percent a year since NAFTA. Not even a sustained expansion of 5 percent a year would have been enough to stem the surge of immigrants headed north, given the numbers of Mexicans entering the workforce, declared the 1997 Mexico-U.S. Binational Migration Study.

NAFTA did bring Mexico foreign investment. Jobs at its maquiladoras -- export factories set up in the 1960s, mostly near the border -- more than doubled from 540,000 to 1.13 million between 1993 and 2004. But in other factories, employment has slipped and average wages have dropped by 5 percent.

Economists emphasize that any assessment of NAFTA must include the financial crisis that savaged Mexico in 1994 and 1995, sowing unemployment. Some assert that without NAFTA and the exports it fueled, Mexico's recovery would have been slower. Many also say that Mexico's government squandered opportunities for growth by failing to improve highways and ports, and by leaving unchecked the monopoly power of the national telephone company, which has kept rates for Internet access and other telecommunication services high, discouraging new ventures. While Mexico has stagnated, China has exploded, capturing factory jobs.

Oddly, border enforcement may have stifled some of Mexico's gains. In a paper presented to the Federal Reserve Bank of Dallas, Raymond Robertson, an economist at Macalester College, found that Mexico's increased foreign trade has been a factor pushing wages up at home, but that has been countered by the intensification of U.S. border security, which has kept people in Mexico, leaving more workers competing for jobs and pushing wages down.

The clearest reason why Mexico has not prospered under NAFTA is found on the farm, the workplace for about one-fourth of the population.

From 1993 to 2003, exports of American agriculture to Mexico more than doubled, climbing from $3.6 billion to $7.9 billion, according to Gary C. Hufbauer and Jeffrey J. Schott in their book, "NAFTA Revisited." Over a similar period, Mexico lost nearly 2 million agricultural jobs, according to Mexico's National Employment Survey.

Mexico's agricultural exports to the United States also surged, climbing from $2.7 billion in 1993 to $6.3 billion in 2003. Huge farms have been developed to grow artichokes, tomatoes and other produce for the U.S. market. But those farms, many launched with American investment, typically pay about $13 a day. That's not enough to keep workers from leaving: They can make three to four times as much in even the lowliest U.S. jobs.

"I'm only here because someone had to stay home and take care of our mother," said Luz Maria Vazquez, 36, as she picked tomatoes in Jalisco, sporting a T-shirt from a tavern in McLean, Va. Six of her brothers and sisters were in the United States, most of them without papers, she said.

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And the growth of Mexico's export farms, though good for the owners, has had a paradoxical effect on the country's markets. Produce not good enough for American stores is trucked instead to Mexican cities, sending local prices down. On a recent morning in Guadalajara, men unloaded crates of wrinkled bell peppers arriving from the northern province of Sinaloa -- rejects from the American market. Bell peppers had been selling locally for about $13 per crate. These were $10.

Two hours south, in the village of Ejido Modelo Emiliano Zapata, Ruben Rivera sat on a bench in a forlorn plaza, rather than working on his seven-acre farm. He used to grow tomatoes and onions, hiring 150 workers to help at harvest. Now he doesn't even bother to plant. He can buy onions in the supermarket more cheaply than he can grow them. A crop of tomatoes yields less than the taxes. He lives off the $800 sent home monthly by his three sons, who run a yardwork business in Macon, Ga.

"For people who can grow huge scale for export, NAFTA has been good," he said. "For people like us, it's been a bloodbath."

In the nearby town of Tizapan el Alto, where traditionally 90 percent of local people have farmed, one-third of all agricultural jobs have been wiped out in the last five years, said Mayor Ramon Martinez.

About 200 have gained jobs assembling electronics in maquiladoras on the edges of Guadalajara, earning as much as $23 a day, nearly double farm pay. Martinez is courting investment for a factory in his town. But roads and other facilities are in rough shape, and global investment is flowing to China.

"People do really want to stay," the mayor said, but with the pull of the north, almost half his town's official population of 19,000 has decamped for the United States. "We're basically exporters of people."In the Heart of Chicken Country

Jalisco has long been one of the primary sources of Mexican immigrants to the United States. And its farms produce more than 10 percent of Mexico's poultry. What happens next year, when the tariffs come off chicken imported from the United States, could test how continued globalization is altering life on both sides of the border.

In the town Atotonilco el Alto, Sergio Garcia's chicken houses are scattered among lemon orchards and rows of blue-green agave cactus, the source of tequila. Garcia is betting that Fresko Pollo, the chicken business his father started from the back of a truck in 1950, can survive the expected American onslaught by catering to local tastes. His workers weigh chickens and slaughter only those of ideal size. He runs a chain of retail shops, where he sells marinated breasts, chicken sausages and smoked chicken prepared at his processing plant.

"I'm not so worried, because we're not just producers," Garcia said. "Despite free trade, niches remain."

But he knows he faces a formidable foe. An archetype of efficiency, the American poultry industry is dominated by enormous brands that control all aspects of production -- employing computerized feed mills that mix grains, mechanized slaughterhouses, and hatcheries that use genetic science to breed disease-resistant chicks.

At Garcia's feed mill, workers shovel grain by hand. At his slaughterhouse, a man slices throats with a wood-handled blade.

Feed amounts to nearly 60 percent of the cost of raising a chicken. For the American poultry industry, the cost has been held down, historically, by subsidies for corn production. In 2005, American cropland for corn received a range of subsidies worth more than $10 billion, according to a Washington Post analysis of data from the U.S. Department of Agriculture.

Labor, where Mexico has an advantage, makes up only about 5 percent of production costs.

Already, Garcia is feeling the pressure. Americans prefer breast meat, while Mexicans opt for dark. So U.S. poultry producers can sell leg quarters -- dark meat -- in Mexico at low prices and still make money. From January 2005 to January 2006, even though a 59 percent tariff applied to some chicken imports, the wholesale price of chicken leg quarters sold in Mexico City plunged by nearly one-fourth, according to the U.S. Department of Agriculture. Next year, as NAFTA's final provisions kick in, the door opens to unlimited imports.

"The price will fall," Garcia said. "It could drop by half."

In the village of Pegueros, a center of poultry, NAFTA is a word laden with anxiety. Corn farmers saw prices fall due to American imports, though demand for ethanol in the United States, made from corn, is now sending prices up. Dairy farmers have been decimated, a trend expected to intensify next year as protections on powdered milk expire.

The forces of trade have laid waste to the Mexican dream of Trino Franco, who came home three years ago to launch a dairy business with his three brothers after more than a decade in the north. He poured $40,000 into the venture -- everything he saved in Los Angeles, where he parked cars at a 24-hour gym from six in the morning until two in the afternoon, then worked security at a hotel until 11 at night.

But the price of milk has dropped by nearly one-fifth in the last year. The farm has lost money, forcing Franco, 38, to take a job as general manager at a larger dairy operation. He earns $200 a week, enough to keep him home with his wife and baby. For now.

"You can't see a good future in this area," he said. "That's why so many people cross the border."

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Pedro Martin, still at home while so many friends and relatives make their lives in another country, is intent that his three boys -- 13, 8 and eight months -- stay in Mexico. On a recent morning, as firecrackers boomed in salute to Mexico's patron saint, Guadalupe, a procession of shiny SUVs pulled into Pegueros, their license plates advertising the riches of Texas, Virginia and California. People were returning for Christmas.

Martin professed no envy. His sister and her two boys are crammed into an $1,100-a-month apartment in San Francisco. The boys have to work to help pay the rent. "They're thinking of returning," Martin said. His own boys are growing up with the fresh air and broad vistas of Jalisco.

But in the adjacent town of Tepatitlan, the people in control of the poultry farms are fretting. They are organizing into cooperatives to improve their bargaining position as they brace for a flood of imports next year. The well-trod path to El Norte is never far from their minds.

"If there are corn subsidies in the United States and none here, we're dead," said Lorenzo Martin, president of the Tepatitlan Poultry Farmers Association and the head of one large producer. "If the U.S. starts selling things extra cheap outside the U.S., then it won't just be small farmers and individuals who will be leaving. It will be people like me."

Mexico's New President Sends Thousands Of Federal Officers To Fight Drug Cartels (NYT)

By James C. McKinley Jr.

The New York Times, January 7, 2007

TIJUANA, Mexico, Jan. 6 — President Felipe Calderón ran last summer on a promise to create jobs, but in his first five weeks as chief executive he has made it clear his first priority is to turn his government into the scourge of organized crime.

The president has sent thousands of federal police and troops into the drug-plagued states of Michoacán and Baja California to break up criminal organizations and stop the brutal violence they perpetuate. The federal forces have burned marijuana crops, arrested suspected drug gang members and disarmed local police forces the authorities say are crippled by corruption.

"We will continue with the operations that let us re-establish the minimum conditions of security in some parts of the republic, so that little by little we can take back our streets, our parks, our schools," Mr. Calderón said in a New Year's message to the nation.

But some opposition politicians and experts on the drug trade wonder if the federal interventions are not more flash than substance, and question if they will have a lasting impact on the drug trade and police corruption, whose roots run deep.

Mr. Calderón's predecessor, Vicente Fox, created an elite force to combat narcotics dealers and arrested dozens of drug cartel leaders during his six-year term. Rather than stanch the violence, however, the arrests led to a brutal war between the remaining traffickers for the smuggling routes and territory.

In the southwestern state of Michoacán, where more than 500 people were killed last year, the violence has persisted despite the president's decision to send in more than 7,000 officers and soldiers last month. Drug dealers killed about 21 people during the last three weeks of December, according to local news reports. This week, a mass grave was found with seven bodies bearing signs of gangland executions, and a 12-year-old boy was executed in what appeared to be a drug dispute.

Still, Mr. Calderón made a rare appearance dressed in military fatigues on Wednesday to congratulate troops in Michoacán and to tout their successes. Four top members of the Valencia drug gang were arrested and hundreds of acres of marijuana were burned, the authorities said.

In Tijuana on Tuesday, Mr. Calderón ordered 2,600 soldiers and 110 federal police officers to begin an operation aimed at ending the grip of mobsters on the local police department, slowing the flow of drugs and ending kidnappings and killings related to the trade.

The officers began patrolling the streets with caravans of pickups filled with heavily armed officers in black combat outfits. The army set up roadblocks, while navy boats prowled the coast and helicopters buzzed overhead. Soldiers in camouflage uniforms pulled over cars at random and searched them. Federal and state police manned checkpoints in the town.

The federal government also stripped all 2,320 city police officers of their weapons on Wednesday night. The move prompted fears that anarchy would break out in the city streets, where drunken brawls, car thefts, muggings and drug-induced mayhem are a daily fact of life.

The city secretary of public security, Luis Javier Algorri, said Friday morning there were too few federal officers to keep order, much less ferret out drug gangs at the same time.

"We think they don't have the experience to deal with these sorts of problems," Mr. Algorri said. "And without firearms this kind of work will be hard to carry out."

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The decision to disarm the local police reflects the belief among federal officials that many local officers are on the payroll of drug cartels as assassins, enforcers and, in some cases, kidnappers. Federal prosecutors say the lack of help from the local police in border towns, either because they are corrupt or afraid, makes it nearly impossible to dismantle drug cartels.

The mayor of Tijuana, Jorge Hank Rhon, said he welcomed the intervention. He did not dispute that a significant number of police officers were corrupt, saying their salaries are so low that drug lords can easily bribe them. “It’s not the police,” he said. “It’s some policemen.”

Many residents said they were tired of finding victims of mob executions in the streets in the mornings, as well as the wave of kidnappings that has rocked this border town over the last 12 months. Last year there were more than 300 killings in the city, most of them linked to drug gangs, including 25 police officers, authorities said.

In interviews, most residents said they welcomed the crackdown, even as some expressed skepticism the caravan-style patrols and roadblocks would do much to hurt drug traffickers.

David López, a 28-year-old importer, watched Wednesday night as about 25 federal policemen in full combat uniforms and carrying machine guns pulled over an expensive pickup truck outside a downtown nightclub. It seemed to him a showy waste to use a small army of officers to make a traffic stop.

Tijuana has always been a major corridor for drug smugglers because it is one of the busiest border crossings in the country. Since the 1990s, the infamous Arellano Félix family has controlled the traffic of cocaine, heroin, marijuana and synthetic drugs, but in recent years the organization has been weakened significantly, law enforcement authorities say.

Federal police commanders acknowledged their job would be difficult in a city of 1.5 million where most of them do not even know the street names, much less the workings of the criminal underworld.

Still, several expressed confidence they would prevail.

“It’s a big city and there are a lot of people here who are crooked,” said Inspector Alejandro Zapata. “But this is not going to end until we put a end to the Arellano Félix organization.”

Armenian Genocide Question Hits Home (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, January 7, 2007

The former U.S. ambassador's use of the term leaves Congress poised for a battle between pragmatism and principle.

WASHINGTON — Nearly two years ago, John Evans did something no U.S. ambassador to Armenia before him had done: He used the word "genocide" — in public — to describe the deaths of about 1.2 million Armenians at the hands of Ottoman Turks.

It has long been a sore point with Armenian Americans that the U.S. government does not refer to the killings that began in 1915 as genocide, and Evans' use of the word did not signal a change in that policy. It did set off a slow-boiling controversy that eventually cost him his job.

Now, the issue is preparing to boil over again, setting up a clash between the Democratic-controlled Congress and the Republican White House. The dispute has stalled the confirmation of Evans' successor and strained U.S. relations with Turkey, a key U.S. ally in the Middle East.

"Based on what I've seen, this is headed to a confrontation," said a senior Democratic congressional aide. "It's an issue that's a flashpoint of controversy for both parties."

It started at UC Berkeley, in February 2005, soon after Evans took up his ambassadorship.

"I will today call it the Armenian genocide," Evans said, according to a transcript by one of the groups attending the gathering hosted by the university's Armenian studies program.

Evans' comments floored — and pleased — his audience, even though he made it clear that he was articulating a personal view, not U.S. policy.

"I recall being surprised at that moment," said Stephan Astourian, executive director of Berkeley's Armenian Studies program, who organized the session.

Though Armenian Americans and others consider Evans' statement an act of courage for which he has been unfairly punished, policymakers call it a misjudgment that could fuel anti-Western sentiment in Turkey.

Historians have long used the term "genocide" to describe the murderous campaign against the Armenians in Turkey. Nearly the entire population of Armenians was executed, starved or forced into exile on the orders of the ruling Young Turk Party. Outside Turkey, there is little debate over the facts or the use of the word "genocide."

In Turkey, however, official history has long disputed the use of that term. As a result, American officials have used all sorts of others — "mass killing," "massacres," "atrocities," "annihilation" — but have stopped short of "genocide."

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"We have never said it wasn't genocide," explained a senior State Department official, who agreed to discuss formation of U.S. policy in detail on condition he not be further identified. "We just haven't used that word."

State Department officials believe that Turks will come to their own acceptance of the term from internal debate.

"That debate needs to happen, but it needs to be a Turkish debate," the official said. "It has been our view that our position of encouraging that debate — and not allowing Turks an easy out to say, 'This is foreign pressure' — is more effective."

Most Armenian Americans and many members of Congress disagree, arguing that the U.S. government should call the killings "genocide."

In a short interview, his first since leaving the State Department, Evans declined to discuss his motives in making the genocide statement, but said that "it wasn't a slip of the tongue."

"I knew it was not the policy of the United States" to use the word "genocide," Evans said.

"Ninety years is a long time," Evans added, referring to the decades since the genocide began. "At some point you have to call a spade a spade."

In the months after Evans' remark, the State Department made clear its displeasure. By July 2005, "it was absolutely crystal clear" that he would be forced out, he said. Still, it took more than a year more for him to leave.

"Evans was a career foreign service officer, and you do not go after a career foreign service officer lightly," said a second State Department official.

Evans left Armenia in September and formally retired from the State Department last month.

Meanwhile, the American Foreign Service Assn., the organization that represents U.S. foreign service officers, granted Evans its 2005 award for "constructive dissent" by a senior diplomat. But weeks later, the group rescinded the prize, arousing suspicion that the State Department had intervened.

Foreign Service Assn. officials who agreed to discuss the matter said they took back the award after learning that Evans apparently did not first go through internal channels of dissent before publicly stating his views.

"Ambassador Evans' action — admirable as it was — did not fit the category of 'constructive dissent,' " the group said in a statement.

State Department officials said they felt blindsided by Evans' genocide remarks.

The unanswered questions about Evans' departure have stalled the nomination of a successor.

In May, President Bush nominated Ambassador Richard Hoagland, who most recently served as ambassador to Tajikistan. But in September, Sen. Robert Menendez (D-N.J.) put a parliamentary hold on Hoagland's nomination, blocking it until the end of the congressional session, when the nomination expired.

Some Armenian Americans took issue with Hoagland, complaining that in written responses to questions from the Senate Foreign Relations Committee, he was dismissive of the Armenian genocide. Last month, Menendez and Senate Majority Leader Harry Reid (D-Nev.) demanded the administration send over a new nominee.

Bush will have to decide whether to renominate Hoagland. The administration appears to be standing behind him, and complains that he has been turned into a scapegoat over Evans' dismissal.

"Senators can say that our policy on the Armenian massacres is wrong, but it's wrong to punish the president's nominee for adhering to the president's policy," said the senior State Department official, adding that some of Hoagland's opponents had "twisted" his responses on the genocide.

"He's being tarred as a [genocide] denier," said the senior State Department official. "And the only reason it's being done is that they are angry about Evans for the wrong reasons."

Not all Armenian Americans oppose Hoagland's nomination. The Armenian Assembly of America has said that although it opposes administration policy, it would support Hoagland. And the Armenian government has said that policy on the genocide issue should take second place to more immediate problems, including diplomatic relations with Turkey.

The Republic of Armenia became an independent state after the breakup of the Soviet Union in 1991, and today has a population of about 3 million.

To both Democrats and Republicans, support from Armenian Americans is important. There are an estimated 1.4 million Armenian Americans, with the largest population center in Glendale.

In the end, Democrats now in control of Congress may need to decide between pragmatism and principle.

"To the extent that Armenia goes without a U.S. ambassador, that's a bad thing by anyone's standard," said a Democratic staffer involved in the confirmation process. "We're 1,000% supportive of the Armenian community on the genocide issue. But in this case, the [State Department] policy is going to be very tough to change, and I don't think holding up an ambassador is going to get them to change their policy."

Warsaw Archbishop Resigns Amid Scandal (AP)

DOJ_NMG_0113640

AP, January 7, 2007

Warsaw's new archbishop resigned amid a scandal about his cooperation with the communist-era secret police, Poland's Roman Catholic Church said Sunday.

Archbishop Stanislaw Wielgus, who took the office on Friday, has submitted his resignation, Poland's Episcopate said in a statement.

The church said Pope Benedict XVI asked the outgoing archbishop, Cardinal Jozef Glemp, to administer the archdiocese until a replacement is found.

A furor had grown around Wielgus since the allegations were first raised Dec. 20 by a Polish weekly, with demands that he step down from his post.

The church in Poland, a heavily Roman Catholic country, enjoys high esteem for its opposition to the former Communist government. Catholics here revere the late Polish-born Pope John Paul II — credited by some with hastening the regime's fall.

The scandal gained intensity after church officials said Friday that documents at a historical institute indicated Wielgus had willingly collaborated.

Newspapers Friday devoted their front pages to the revelations, even as Wielgus took canonical vows as required by church law ahead of his installation.

"Stop the installation," the daily Dziennik wrote in large bold print on its front page, arguing that to allow a "former agent" to hold a top church post would amount to a "moral scandal."

Wielgus acknowledged Friday that he did have contact with the secret service, but he said that documents indicating he collaborated were written by the secret police and reflected their account of events, not the truth.

The allegations first surfaced in the right-wing Gazeta Polska weekly, two weeks after the Vatican appointed him archbishop of Warsaw. Wielgus initially denied any collaboration.

Wielgus, who had been bishop of Plock since 1999, said Friday that he was leaving his fate in the hands of the pope: "With full humility, I declare to the Holy Father that I will submit to each of his decisions."

The Vatican had named Wielgus to replace Cardinal Jozef Glemp, who stepped down after more than 25 years as archbishop of Warsaw.

DOJ_NMG_0113641

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DATE: SATURDAY, JANUARY 6, 2007 7:45 AM EST

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TERRORISM NEWS:

Judge Grants Delay In Padilla Mental Exam.

The AP (1/6, Anderson) reports from Miami, "A federal judge on Friday gave prison officials another week to complete mental examinations to determine if alleged al-Qaida operative Jose Padilla is competent to stand trial." The AP continues, "Bureau of Prisons officials sought an even longer delay until Jan. 30. They said in court papers that Padilla is not "compliant with psychological testing" and must be observed by staff members to complete the evaluation. The documents provided no further details. … The tests were originally supposed to be completed by Friday." The AP adds, "U.S. District Judge Marcia Cooke insisted that the examinations be finished before the scheduled Jan. 22 trial date so she can rule on a number of other outstanding issues, including Padilla's claim that the case should be dismissed because he was tortured during 3½ years in military custody as an 'enemy combatant.' … 'This court cannot proceed to trial until these motions are adequately resolved,' Cooke said in a two-page order Friday. … Justice Department and Pentagon officials have repeatedly denied the torture allegations." The AP notes, "Cooke gave prisons officials until next Friday to finish the evaluation of Padilla and until Jan. 16 to deliver a competency report to her. Two mental experts hired by defense lawyers have concluded that Padilla suffers from post-traumatic stress disorder and is unable to adequately assist his attorneys. … Padilla, a 36-year-old U.S. citizen, is charged along with two others in the U.S. with being part of a support cell that provided money, recruits and supplies to violent Islamic extremists around the world. All three have pleaded not guilty. Two others charged in the case are in custody overseas."

HOMELAND RESPONSE:

McConnell Seen As Likely To Be Weaker DNI Than Negroponte.

The Los Angeles Times (1/6, Miller, 850K) reports, "The main question surrounding J. Michael McConnell's nomination to be the next intelligence chief is whether he is forceful enough to keep an already ill-defined job from sliding into irrelevancy. When the position of national intelligence director was created two years ago, even lawmakers who drafted legislation that created the job acknowledged that its actual authority is not clear." John Negroponte "spent much of his tenure trying to consolidate his control over the intelligence community. … In turning to McConnell, the White House 'went from Negroponte, who was a pretty significant figure, to a less significant one,' said a senior government official involved in creating the director's post. If McConnell is not able to impose his will on the 16 intelligence agencies that fall under his responsibility, 'it could be the beginning of the end of the DNI's office,' the official said on condition of anonymity because he was not authorized to speak publicly." AFP (1/5, Knox) reports President Bush "named a new spy chief and filled a critical diplomatic vacancy as he put the last touches on a retooled Iraq strategy that critics charge may escalate the war." BBC.com (1/5) profiles McConnell.

Roemer Critical Of Negroponte Departure. Ex-Rep. Tim Roemer, who served on the 9/11 Commission, said on Fox News (1/5), "Certainly change can be good and it is needed in Iraq. We need better policy there and we need to make some switches and changes. But musical chairs at this new director of national intelligence is the last thing we need. We have had a vacant number two position when General Mike Hayden left to go to the CIA. And now, with Ambassador Negroponte leaving, we've lost the quarterback who manages and coordinates the intelligence for 16 different agencies. So this kind of destabilizing impact at DNI is the last thing we need."

DHS Boosts Funding For Six Major Metropolitan Areas.

NBC Nightly News (1/5, story 5, 2:00, Williams, 9.87M) reported, "A big change to report tonight in the Department of Homeland Security's formula for giving out millions of dollars in federal money to help this nation's cities defend themselves against future terrorist attacks. That formula has now changed. Many of those cities are saying it is about time." NBC (P. Williams): "In a big change, homeland security says it will commitment in advance over half its urban security -- this picture is worrying about how to protect the most people from the greatest risks most of the time. Six areas, New York, New Jersey, Washington, D.C., Chicago, Houston and L.A. and San Francisco will get 55% of urban area grants."

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The Washington Post (1/6, A6, Hsu, 690K) reports, "Chastened by complaints about poor federal cooperation and by controversy over its slashing of aid to New York and Washington last year, the Department of Homeland Security will reserve about $100 million of the $747 million it will dole out to U.S. cities this year to pay for police counterterrorism operations in six metropolitan areas, officials said yesterday. In announcing changes in style and substance to the Urban Area Security Initiative (UASI) program, Secretary Michael Chertoff cited a 'secretary's prerogative to sometimes inject common sense' to grant calculations based on the risk of terrorism and a subjective rating of the effectiveness of local anti-terrorism programs. … For the first time, DHS designated six high-risk urban areas -- New York and northern New Jersey; the Washington region; Los Angeles-Long Beach; Chicago; the San Francisco Bay area; and Houston." Chertoff "cited the threat of 'homegrown terrorism' in encouraging the funding of law-enforcement-led domestic intelligence 'fusion centers.'" However, Sen. Joseph Lieberman, chairman of the Senate Homeland Security Committee, "said DHS also made 'ill-advised' changes to a $509 million state grant program, down $19 million from last year, by eliminating population density as a factor and changing the minimum amount each state can receive."

Newsday (1/6, Eisenberg) reports Chertoff announced that New York and northern New Jersey "would be considered a single area for homeland security planning" and "denied that linking two states and 15 counties (including Nassau and Suffolk) would mean less money for New York. 'There is nothing about this to suggest New York is going to get a grant cut,' he said. … But not everyone was convinced the process had been sufficiently improved. 'Based on last year's ridiculous allocations, and DHS's indication that once again it will use the peer review process, New Yorkers have every reason to be skeptical,'" said Sen. Charles Schumer. Rep. Peter King, ranking member of the House Homeland Security Committee "and a leading critic of last year's cuts, was…cautiously optimistic." The New York Times (1/6, B2, Lipton, 1.16M) reports New York City "will be able for the first time to use federal grant dollars to pay basic salaries of police officers assigned to counterterrorism tasks, like guarding city bridges and subway tunnels. … New York City officials welcomed the rule change, for which they had lobbied over several years. Previously, while some use of grant dollars was allowed for overtime, federal officials pushed cities to use the money to buy antiterrorism equipment like gas masks or surveillance systems rather than for salaries."

The Houston Chronicle (1/6, A1, Hedges, 530K) reports, "Houston's energy industry and port system are considered prime potential targets for terrorists, officials said, and the area's population size as well as its location relatively close to an international border were also considered by federal officials."

Hoyer Admits Not All 9/11 Commission Recommendations Will Be Enacted. The Washington Times (1/6, A1, Debose, 88K) reports House Democrats "campaigned on a promise to implement the recommendations of the September 11 commission, but now say they will not enact all of them. The recommendation to place all intelligence agencies under the Defense Department 'is not on the table,'" said Majority Leader Steny Hoyer. The Times goes on to report that "another obstacle to enacting all the commission reforms as promised is the formula by which federal anti-terrorism money is distributed across the country. House Democrats are confident they can pass a bill in which funds would be distributed based on risk. … But such a plan almost certainly will be killed in the Democratic-controlled Senate."

FBI Investigating Death Threat Against California CAIR Leader. The AP (1/6, Lawrence) reported, "The FBI said Friday it is investigating a death threat sent to the leader of a local Muslim group after U.S. Sen. Barbara Boxer rescinded a certificate her office had awarded to him. Special Agent Karen Ernst said the bureau launched an investigation after Basim Elkarra reported receiving a threatening e-mail." The AP notes, "Nihad Awad, CAIR's national executive director, thanked the FBI for investigating and urged Boxer to 'examine the agendas of those who seek to marginalize and disenfranchise American Muslims.' Elkarra said the death threat was sent Dec. 30, the day after an article about Boxer rescinding the certificate appeared on Newsweek magazine's Web site. He said he also received another e-mail he described as hate mail when CAIR announced the award."

The Los Angeles Times (1/6, Khalil) reported on Boxer's decision to rescind the certificate, noting that CAIR "has a complicated relationship with federal law enforcement agencies. Former FBI counterterrorism chief Steven Pomerantz once said the council's activities 'effectively give

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aid to international terrorist groups.' But council representatives say they frequently meet with senior FBI officials, and the group has helped train FBI agents in how to interact with the American Muslim community." The Times added, "The council has responded to Boxer's snub by demanding a meeting with the senator — an option Boxer said she would welcome — and rallying supporters of various faiths."

Hatfill Plans To Use Internal Memos In Suit Against NYTimes. The New York Times (1/6, A12, Lewis, 1.16M) reports, "A lawyer for a former government scientist who is suing The New York Times for defamation over a series of columns about the deadly anthrax mailings of 2001 said Friday in court that he was prepared to introduce an internal e-mail message from a senior Times editor that raised questions about one of the columns. The lawyer, Mark A. Grannis, said the columns written by Nicholas D. Kristof about the federal investigation of the mailings unfairly damaged the reputation of his client, Dr. Stephen A. Hatfill, a former germ warfare scientist. … Mr. Grannis told Judge Claude M. Hilton of Federal District Court here that if the trial proceeded he would introduce evidence including a May 23, 2002, message from Philip Taubman, then deputy editor of the editorial page, raising questions about a draft of a column by Mr. Kristof." The Washington Post (1/6, A6, Markon, 690K) reports, "In the 2002 columns, Kristof criticized the FBI, saying it had failed to aggressively pursue a scientist he first identified as 'Mr. Z.' He wrote that the biodefense community had called Mr. Z a 'likely culprit,' partly because the scientist was familiar with anthrax."

The AP (1/6) reports, "U.S. District Judge Claude Hilton said he will rule on the newspaper's motion soon. The trial is scheduled to begin Jan. 29. … Hilton previously ordered Kristof to disclose his confidential FBI sources so Hatfill could pursue his claim. Kristof refused, and in response Hilton barred Kristof from relying on any information provided by those sources in his defense." The AP notes, "Hatfill's lawsuit was dismissed by Hilton in 2004 but reinstated by a federal appeals court. Hatfill is also suing former Attorney General John Ashcroft, the Justice Department and others in U.S. District Court in Washington claiming they violated Hatfill's civil rights."

Modular Houses Speed Redevelopment Of Gulf Region. The New York Times (1/6, A1, Eaton, 1.16M) reports that before Hurrican katrina modular houses "were almost unknown in Mississippi, where houses tended to be the traditional 'stick built' on site or mobile homes. … But since the storm, modular houses…are starting to appear across the Gulf Coast, as public officials and private citizens search for ways to speed the slow pace of recovery and begin experimenting with new forms of shelter."

WAR NEWS:

In Blunt Letter To Bush, Pelosi And Reid Express Opposition To Iraq Troop Surge. News coverage again focuses on the new Democratic rulers on Capitol Hill, this time focusing on the joint letter from House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid to President Bush stating their opposition to a troop surge in Iraq. ABC World News (1/5, lead story, 2:40, Gibson, 8.78M) reported, "No one knows for sure exactly what the President is going to propose next week, as a new strategy for Iraq. But it would seem a lot of the leaders of Congress don't like what they think he'll say. ... A number of Congressional leaders newly back in Washington are objecting to the idea of a surge, an increase of troops in Iraq." ABC (Raddatz): "Before he has even uttered a word, Democrats are strongly criticizing the plan. In a letter to the President today, top Democratic leaders wrote that 'adding more combat troops will only endanger more Americans and stretch our military to the breaking point.'"

NBC Nightly News (1/5, story 4, 2:15, Gregory, 9.87M) reported, "Democrats wasted little time challenging the President over Iraq, objecting to the expected call for a surge of troops and saying that would be a serious mistake. ... today with the details of a troop surge already public, Democratic leaders shot it down, insisting they should come home in four to six months." The CBS Evening News (1/5, lead story, 3:15, Mitchell, 7.66M) said Pelosi and Reid "wrote that adding more combat troops will only endanger more Americans and stretch our military to the breaking point. The President heard the same message when he met with Senators ... But it does not appear the President will take their advice when he outlines his new Iraq strategy next week."

On ABC World News (1/5, story 2, 1:20, 8.78M), George Stephanopoulos said of Democrats and the surge, "If they can't stop it, they have to make clear where they stand. They're taking aim at the reconstruction and jobs money.

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They're going to take direct aim at that. And they do believe they can cut that back a bit."

CNN's The Situation Room (1/5, Bash) reported, "What Harry Reid and Nancy Pelosi are arguing for is something that we have heard also for quite a while, is that troops should not be going into Iraq, rather, they should be coming out. And that they should start a withdrawal at the White House, at the Pentagon, in about four to six months. Now, again, we have heard that message before. But it is something that has a new kind of importance, if you will, given the fact that it's clear now that Congress is going to add some heightened scrutiny to the White House when it comes to Iraq. And it's not just coming from Democrats. Republicans are being a lot more vocal about what they want to see in Iraq, too."

The Washington Post (1/6, A1, Baker, Wright, 690K) reports that Pelosi and Reid "warned President Bush that sending more U.S. troops to Iraq would be unacceptable to the Democratic majorities that have just taken over Congress." While the two top Democrats "sent a signal that the new congressional leadership intends to be aggressive in voicing opposition to Bush's handling of the war," they have "eschewed using the main legislative mechanism to change policy, namely cutting off funding for the war." The New York Times (1/6, A7, Sanger, Zeleny, 1.16M) reports the possibility of "a major confrontation over a new war strategy." Although "not all Democrats" agree with Pelosi and Reid, "the release of the letter suggests that a major political battle may be brewing."

The AP (1/6, Flaherty) reports Republicans are "joining Democrats in raising eyebrows before the president even has a chance to make his case." Sen. Susan Collins and Rep. Heather Wilson are quoted expressing skepticism, and the AP adds that "even Sen. John McCain, a Republican who advocates sending more troops in Iraq, said he wouldn't support sending in the additional forces unless the number was adequate enough to finally tamp down the violence." Wilson appeared on MSNBC (1/5, O'Donnell) to discuss her opposition to a surge, saying, "I don't think we're focusing on America's vital interests. And the soaring rhetoric about making Iraq a point of democracy, a model for others, is far beyond our vital interests."

The Washington Times (1/6, A1, Dinan, 88K) reports that the Pelosi-Reid letter "puts them out in front of Mr. Bush's speech next week, filling the vacuum created as the president works out his new strategy and earning them part of the discussion on the Sunday political talk shows." In other shows of Democrats' "newfound muscle," Senate Foreign Relations Chairman Joseph Biden "announced a schedule of four weeks of hearings to look at U.S. strategy in Iraq, while Sen. Edward M. Kennedy," who heads the "Judiciary Committee's immigration and refugees subcommittee, will hold a hearing on Iraqi refugees."

RollCall.com (1/5, Stanton) reports that in the "sharply worded" letter, Pelosi and Reid "called the plan little more than a retread" of earlier, failed strategies. On its web site, The Hill (1/5, Schor) reports that Reid "said he heeded the words from U.S. commanders in Iraq who also rejected the surge." BBC.com (1/5) calls the Pelosi-Reid letter "an aggressive move from the Democrats, setting the stage for a huge political battle."

Democrats Fear Inability To Stop Surge. The Boston Globe (1/6, Bender, 413K) reports, "Despite taking both houses of Congress on an antiwar platform, party leaders worry they can't do much to stop the president -- short of the politically unpalatable move of ending funding for the war. ... Some congressional aides raised the prospect that lawmakers could place conditions on war funding, such as refusing to pay for additional military brigades. But they doubted such measures would have any effect: As a wartime commander in chief, Bush can simply ignore them." Skepticism of the surge plan "has come from a variety of quarters, including the top military brass."

Gates Reportedly Recommends Surge To Bush. The CBS Evening News (1/5, lead story, 3:15, Martin, 7.66M) reported Defense Secretary Robert Gates "has recommended that President ordered an immediate buildup of 10,000 US troops in Iraq plus an option of doubling that to 20,000 by next spring. The plan is known as 'Five Plus Two' -- five Army brigades into Baghdad, plus two Marine battalions into western Iraq. Two of the Army brigades would go into Baghdad starting in January, with the other three on call. ... It would need to last a year and a half." The CBS Evening News (1/5, story 2, 2:15, Mitchell, 7.66M) additionally reported, "No Americans are more eager to hear the President's new strategy next week then members of the armed forces and their families."

McConnell Says "The President Believes That We Can Win In Iraq." Senate Minority Leader Mitch McConnell said on CNN's The Situation Room (1/5, Blitzer), "The President is in charge of tactics in the war. I think he knows that the Democrats basically would like to withdraw as rapidly as possible. There are many of the rest of us who think that

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the strategy ought to be to prevail. … I think our goals still ought to be to prevail there, and to have a stable country that's an ally on the war on terror. And it's also important, Wolf, to remember that we haven't been attacked again here at home for five years. It's not an accident. Being on offense in Afghanistan and Iraq has made a positive difference in protecting America here at home. … I just came from a meeting with the President this afternoon on this subject. I think the President believes that we can win in Iraq. I think he believes the strategy that he's going to be announcing next week is an essential component part of success there. And I think the majority of Republicans in the House and Senate are likely to stick with the President on this very important decision."

McCain, Lieberman Back Surge. The Financial Times (1/6, Luce) reports Sen. John McCain, "the leading Republican presidential hopeful," endorsed a report by the American Enterprise Institute "neo-conservative think-tank…that many see as the basis for the 'new way forward in Iraq' strategy that George W. Bush will unveil next week. Mr McCain, who shared a platform with Joe Lieberman, the independent Democratic senator and former vice-presidential candidate, said Mr Bush's expected 'surge' of US forces to Iraq should persist until the job of stabilising the security situation has been achieved. ... The two senators strongly rejected the Democratic leadership's call for a timeline for the phased withdrawal of US troops from Iraq, which they said would play into the hands of the insurgent groups and militias which would simply await the expiry of the deadline."

Surge Supporters Urge Avoidance Of Preconditions. The Los Angeles Times (1/6, A1, Spiegel, Reynolds, 850K) reports, "The leading advocates of an increase in U.S. forces in Iraq warned President Bush on Friday that any buildup lasting less than 18 months was doomed to fail, and urged the White House to avoid compromises that would scale back the plan." Senator McCain called a "short, small surge" the "worst of all worlds." However, "Bush faces growing unease about an extended buildup among some congressional Republicans, who are concerned that it could stretch into the 2008 election season and doom their reelection chances. In the Senate, there are about five to 10 such Republicans, according to GOP aides, who are expected to push for time limits or firm conditions in return for backing the increase."

ABC Says Senate Would Oppose War Resolution Today. ABC World News (1/5, story 3, 0:30, Gibson, 8.78M) reported, "ABC's Jake Tapper and our Congressional team wanted to know Senators who voted for the war think now, in hindsight. In October 2002, the vote was 77-23 to authorize war. Now, Jake's tally indicates the vote would flip to 43 in favor and 57 opposed."

Television Commentary On Surge Debate. On CNN's Lou Dobbs Tonight (1/5), host Dobbs commented on a recent statement by a State Department official that "instead of a surge, it is a bump." Dobbs said, "These are silly word games at a time when we have men and women in uniform being wounded and killed. Is it fair to say, if we may extricate ourselves from the games that are often played there, no matter how serious the issues around the world facing our men and women in uniform, is it fair to say that it's a time for honesty and straightforward discussion of these issues and less of this nonsense and artificial language?"

On MSNBC's Tucker (1/5, Carlson), A.B. Stoddard, associate editor of The Hill, said, "I really think that there's going to be sort of a unified attack from the Democratic side against the surge. I think that these words from Carl Levin, the Armed Services chairman on the Senate side, about being open to a surge with certain conditions, conditions we know Bush is not going to agree to, is just kind of happy talk at this point. I think generally speaking, the Democrats are opposed to surge. And there's opposition building in the Republican Party as well."

The New Republic's Michael Crowley said on MSNBC's Tucker (1/5, Carlson), "I don't really understand what happened with Reid, because I think he had actually previously kind of taken back that statement that he made on a Sunday show a couple of weeks ago. I actually don't think this is a brand-new position for him. He's kind of hinted that he didn't mean that he supported the surge. And I honestly don't know what he meant to say in the first place."

Khalilzad's Departure Pleases Shiites, Worries Sunnis. The Washington Post (1/6, A12, Partlow, 690K) reports, "The news of the expected departure of U.S. Ambassador Zalmay Khalilzad split Iraqi politicians along sectarian lines, with members of the ruling Shiite alliance voicing eagerness for him to leave and minority Sunnis expressing concern at the loss of an ally. Members of the U.S.-backed government in Iraq have grown increasingly frustrated with what they see as Khalilzad's efforts to reach out

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to Sunni groups, and many argue that the U.S. military confronts Shiite militias more aggressively than it does Sunni insurgents." On the other hand, "Sunni lawmakers said Khalilzad's deep knowledge of Iraq's complex political landscape and his openness to Sunni concerns will be missed. Khalilzad is a Sunni Muslim of Afghan descent."

The New York Times (1/6, A8, Cooper, 1.16M) says Khalilzad "earned a reputation as a high-flying, independent, smooth operator — an Afghan-born problem solver who worked with two fragile countries recently invaded by the United States to try to cobble together stability." Reviewing his performance in Afghanistan and Iraq, the Times says that in Afghanistan he "became known for his ability to weave through warring tribal factions and his ability to quickly get senior Afghan officials on the phone or to summon them to his office, including President Hamid Karzai." In Iraq, "he failed the task of bringing stability, but succeeded in helping Iraqis to agree on a Constitution. Arriving in Baghdad, he quickly recognized that his marching instructions from Washington -- that Iraq's Constitution should reflect a strong central government with strong control over the country's oil resources -- were not achievable."

Ambassador-Designate Crocker Profiled. The New York Times (1/6, A8, Shane, 1.16M) reports admiringly on US Ambassador to Iraq-designate Ryan Crocker that when he "was trying to improve his Arabic in the late 1970s, he traveled to Jordan, made contact with a desert tribe and settled in for some hands-on training a little different from the standard State Department regimen. 'He wound up being a shepherd for a week or two, chasing down stray sheep and living with the Bedouin,'" said an associate. Crocker has amassed "a record of Middle East and South Asia experience possibly unrivaled in the United States Foreign Service. He has served as ambassador to Lebanon, Kuwait, Syria and, since 2004, Pakistan. He reopened the American Embassy in Afghanistan after the fall of the Taliban. And he knows Iraq well; he worked there in the 1970s, led the State Department's Iraq-Kuwait task force during the Persian Gulf war in 1991 and returned to Baghdad for four months after the 2003 invasion as director of governance for the Coalition Provisional Authority.

Petraeus Selection Seen As "Important Turn" In US Strategy. The New York Times (1/6, A1, Gordon, 1.16M) reports, "The selection of Lt. Gen. David H. Petraeus to serve as the senior American commander in Iraq signals an important turn in United States strategy. As a supporter of increased forces in Iraq," Petraeus "is expected to back a rapid five-brigade expansion, in sharp contrast to his predecessor, Gen. George W. Casey Jr., who has been openly skeptical that additional troops would help stabilize the country." Petraeus, overseer of the new counterinsurgency manual, "is also likely to change the American military operation in Baghdad. American forces can be expected to take up positions in neighborhoods throughout the capital instead of limiting themselves to conducting patrols from large, fortified bases in and around the city." Under Casey, "the principal focus has been on transferring security responsibilities to the Iraqi security forces, so American troops could gradually withdraw. Now, the emphasis will shift to protecting the Iraqi population from sectarian strife and insurgent attacks."

On the CBS Evening News (1/5, lead story, 3:15, 7.66M), David Martin reported more critically of Petraeus, "The new commander in Iraq" is "perhaps the most controversial officer in the Army because of his type A personality and what many view as his too-cozy relationship with the media."

Pace's Future In Doubt. The Washington Times (1/6, Scarborough, 88K) reports, "With President Bush replacing his two top field generals for Iraq, speculation has arisen in the Pentagon about the long-term future of his principal military adviser, Marine Corps Gen. Peter Pace." A White House spokesman "said yesterday he does not know the president's plans regarding Gen. Pace."

Hanging Video Makes Saddam "Martyr" To Many Sunnis. The New York Times (1/6, Fattah, 1.16M) reports on its front page, "In the week since Saddam Hussein was hanged in an execution steeped in sectarian overtones, his public image in the Arab world, formerly that of a convicted dictator, has undergone a resurgence of admiration and awe. On the streets, in newspapers and over the Internet, Mr. Hussein has emerged as a Sunni Arab hero who stood calm and composed as his Shiite executioners tormented and abused him. ... By standing up to the United States and its client government in Baghdad and dying with seeming dignity, Mr. Hussein appears to have been virtually cleansed of his past. … Many across the region began looking at him as a martyr."

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Iraqi Forces To Begin Neighborhood-By-Neighborhood Baghdad Mission. The AP (1/6, Hurst, Abdul-Zahra) reports, "Iraqi forces backed by U.S. troops will begin a neighborhood-by-neighborhood assault on militants in the capital this weekend as a first step in the new White House strategy to contain Sunni insurgents and Shiite death squads," according to key advisers to Prime Minister Nouri al-Maliki.

American, Two Interpreters Abducted Near Basra. The Los Angeles Times (1/6, Moore, 850K) reports, "A U.S. civilian contractor and two Iraqi interpreters were kidnapped Friday near the southern city of Basra, Iraqi police officials said. Police Col. Kareem Azaidi in Basra said witnesses saw gunmen in a civilian car, a pickup and two police vehicles cut off the captives' car and take them hostage." A US Embassy spokesman did not identify the victims; "the fate of the American contractor was unknown, but the two Iraqis were later found dead, the Associated Press reported."

Insurgents Dodge US Forces In Diyala. The Los Angeles Times (1/6, Zavis, 850K) reports, "Time and again, U.S. forces in Iraq have staged major assaults on known insurgent hide-outs only to have key individuals melt away. As with other operations, the military is attempting to dislodge insurgents from their hiding places in Diyala province, then sweep them into known escape routes where they can be intercepted. But the area's sunken irrigation canals, vast agricultural fields, seldom-traveled back roads and widely scattered hamlets have given guerrillas innumerable ways to avoid capture." Officials say the rebels "use spotters, infiltrators in Iraqi security forces and contacts on or near U.S. bases to stay abreast of American troop movements." Insurgents rarely stage "platoon-sized attacks," preferring to "hit and run. ... After the U.S. eventually withdraws, the insurgents often return."

Eyewitnesses Say Marines Gunned Down "Five Unarmed Iraqis" In Haditha. The Washington Post (1/6, A1, White, 690K) reports, "U.S. Marines gunned down five unarmed Iraqis who stumbled onto the scene of a 2005 roadside bombing in Haditha, Iraq, according to eyewitness accounts that are part of a lengthy investigative report obtained by The Washington Post. Staff Sgt. Frank D. Wuterich, the squad's leader, shot the men one by one after Marines ordered them out of a white taxi in the moments following the explosion, which killed one Marine and injured two others, witnesses told investigators. Another Marine fired rounds into their bodies as they lay on the ground. ... The report, which relied on hundreds of interviews with Marines, Iraqi soldiers and civilian survivors conducted months after the incident, presents a fragmented and sometimes conflicting chronicle of the violence that day. But taken together, the accounts provide evidence that as the Marines came under attack, they responded in ways that are difficult to reconcile with their rules of engagement."

Wilson Claims US Practicing "Catch And Release" Of Al Qaeda In Iraq. CNN.com (1/5) reports, "The U.S. military already knows what half of its most-wanted terrorist targets look like because they have been apprehended and photographed in the past, a Republican congresswoman said Friday." Rep. Heather Wilson said a "senior official told her that the U.S. military already has photographs of 'fully half of the high-value al Qaeda targets in Iraq' presently being hunted. 'They're wearing orange jumpsuits in the mugshots we took of them when we captured them the first time,' Wilson recalled the official telling her. 'We are operating a catch and release program for al Qaeda in Iraq. This is inexcusable and frustrating ... for the young men and women in the military who are in the fight,' she added."

Biden Says Cheney, Rumsfeld "Had To Know How Bad Things Were." Sen. Joseph Biden said on CNN's The Situation Room (1/5, Blitzer), "I start with the premise that Vice President Cheney and Secretary Rumsfeld are very smart guys. I've known them and worked around them and with them for the last 30 years. They're very bright. I could not believe…that the last three years they actually thought we were making progress. I could not believe the assertions about them saying we've trained up Iraqis and we're doing so well, that they actually believed. And so I've reached the conclusion that they had to know how bad things were, but they had to have reached one of two conclusions: either the radical change necessary in order to get this back on the right path was something they weren't willing to recommend, or two, they concluded that the best thing to do is keep this stitched together and hand it off to the next president."

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Contractors Allegedly Defraud US Government In Iraq. The CBS Evening News (1/5, story 5, 3:00, Mitchell, 7.66M) reported, "The US government has spent a fortune in Iraq. At least $437 billion so far, according to Congress, and up to $100 billion more will be spent this year. Much of it goes to 60,000 civilian contractors involved in reconstruction and providing services to our troops. But the Pentagon recently admitted it has a hard time accounting for how that money is being spent and the billions that may be lost to waste and fraud." CBS (Keteyian): "This document, part of a whistle- blower lawsuit obtained by CBS News, alleges a blueprint of contractor abuse in Iraq, detailing how the government was billed ten times more than it should have been when US troops used a recreation facility in Iraq. ... The contractor in question, Kellogg, Brown and Root, denies any wrongdoing." Sen. Patrick Leahy: "We're talking about huge amounts of money. And eventually, we're going to have a bill for about $1 trillion over there, and people aren't going to be able to account for very, very large amounts of it."

Army To Apologize To Families Of Dead Recipients Of Summonses. The AP (1/5) reports, "The Army said Friday it would apologize to the families of about 275 officers killed or wounded in action who were mistakenly sent letters urging them to return to active duty. The letters were sent a few days after Christmas to more than 5,100 Army officers who had recently left the service. Included were letters to about 75 officers killed in action and about 200 wounded in action. ... The Army did not say how or when the mistake was discovered. It said the database normally used for such correspondence with former officers had been 'thoroughly reviewed' to remove the names of wounded or dead soldiers."

Marine Survivor Remembers Comrade's Sacrifice. The Wall Street Journal (1/6, Phillips, 2.04M) has a front-page feature on former USMC Cpl. Kelly Miller, who lived because the late Cpl. Jason Dunham "intentionally took the brunt of a live grenade and gave his own life to save Cpl. Miller's." Miller's survivor's guilt is described. The Journal adds, "At the White House on Thursday, President Bush will present Cpl. Dunham's parents with the Medal of Honor, the nation's highest award for military valor, the first such award for a Marine since Vietnam. ... In the audience will sit Cpl. Miller, a 23-year-old still struggling with what it means to receive that much love."

Growing Field Of Flags In New York Town Commemorates Fallen Troops. The New York Times (1/6, B1, Santos, 1.16M) reports from Middle Grove, New York., "From afar, the flags look like clumsily painted dots, an amateur installation of elusive meaning. A closer look yields a clue: a laminated sign with bold black numbers that match the number of flags on the field, numbers that climb almost by the day. On Sunday, there were 3,000 yellow flags on the ground. By Thursday, five more." Caren Crootof "makes the flags, cutting the plastic with scissors at her kitchen table. ... The field of flags is at once poignant and terrifying, plain yet powerful for those who have taken notice in this out-of-the-way town of 2,300 in northeastern New York State."

Many Fallen Troops Came From Small Towns. The Financial Times (1/6, Luce) writes, "Every night at the end of Jim Lehrer's NewsHour on America's PBS channel, there is a roll call of American soldiers who died in Iraq that day. ... Obscure towns such as Hollidaysburg, Pennsylvania, Wolfeboro Falls, New Hampshire and Thermopolis, Wyoming, dominate the listings rather than the big cities." A "breakdown of their ethnicity and states of origins shows they are overwhelmingly white and from small towns in the interior states of mid-America and the south."

Chirac Says France Proven Right On Iraq War. The New York Times (1/6, A7, Sciolino, 1.16M) reports, "In a scathing attack of the American-led war in Iraq, President Jacques Chirac said Friday that his predictions that the war would spread chaos and more terrorism had come true. 'As France had foreseen and feared, the war in Iraq has sparked upheavals that have yet to show their full effects,' Mr. Chirac said ... The single paragraph on Iraq in a speech that addressed many crises and problems around the world was one of Mr. Chirac's most pointed justifications for France's decision to oppose the invasion of Iraq in 2003." The message was "surprising" because "the 74-year-old French president tended to avoid reminding the United States of its failures there." However, "as Mr. Chirac seems unlikely to run for a third term in presidential elections this spring, he may feel he has little to lose in being blunt in defending what some French political analysts call the high point of his foreign policy in his 12-year presidency."

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CORPORATE SCANDALS:

10th Circuit Reverses Convictions Of Two Westar Executives. The AP (1/6, Press) reports from Kansas City, MO, "An appeals court on Friday overturned convictions against two former executives of Westar Energy who were accused of 'looting' the Kansas utility and said the most serious charges cannot be retried." The AP continues, "The United States Court of Appeals for the 10th Circuit said the case against the former chief executive, David Wittig, and the former chief strategy officer, Douglas Lake, 'hung by a thin legal thread,' based on claims that the men tried to hide their personal use of corporate aircraft from securities officials. … Those claims led jurors in September 2005 to convict Mr. Wittig on 39 counts of conspiracy, wire fraud, money laundering and circumventing of internal controls, and to convict Mr. Lake on 30 counts. Mr. Wittig was sentenced in April 2006 to 18 years; Mr. Lake received 15 years. … But the three-judge panel said prosecutors did not provide evidence that the two men failed to comply with federal regulations." The AP adds, "Without that evidence, the court said, Mr. Wittig and Mr. Lake are not guilty of wire fraud and cannot be retried on those counts. In addition, the panel threw out the money laundering counts, which were based on the wire fraud, and said those cannot be retried. The court sent back the remaining conspiracy and circumvention counts for trial. … The decision was a blow to federal prosecutors, who have now failed twice to convict the two men. Their first trial ended in a mistrial."

Former Merrill Lynch Analyst Sentenced For Insider Trading Scheme. The AP (1/6, Neumeister) reports, "A former analyst at Merrill Lynch & Co. Inc. who pleaded guilty to insider trading was sentenced Friday to 37 months in prison for his part in a sprawling scheme that used chatty investment bankers and leaked copies of a market-moving magazine." The AP continues, "Stanislav Shpigelman, 24, had admitted tipping other participants who made more than $6.7 million from October 2004 to August 2005. At the time, he worked in Merrill Lynch's mergers and acquisitions division." The AP adds, "In a plea deal he signed with prosecutors, Shpigelman admitted to a single count of conspiracy to commit insider trading in return for a recommendation that he serve between three and four years in prison. .. His lawyer, Mary Mulligan, and family members asked U.S. District Judge Kenneth M. Karas to sentence Shpigelman to less than three years in prison." The AP notes, "Karas, though, called Shpigelman the 'critical component' in a scheme that could make others millions of dollars, though Shpigelman conceded receiving only $10,000 for providing tips to several mergers and acquisitions."

The New York Post (1/6, Whitman) reported, "Judge Karas said he imposed the jail term with a 'heavy heart' because Shpigelman had one of the most supportive families he had ever come across. But the judge added that the stiff sentence was necessary to send a strong signal to other young bankers on Wall Street." The Post noted, "Investigators were tipped off to the trading ring in late 2005, when the FBI got word of a suspicious trade ahead of news that Reebok was being acquired." The New York Daily News (1/6, Zambito) and Bloomberg (1/6, Glovin) also reported on Shpigelman's sentencing.

ACS Chair Benefited From Misdated Option. The Wall Street Journal (1/6, A2, Bandler) reports, "Affiliated Computer Services Inc. for the first time said its chairman, Darwin Deason, benefited from a wrongly dated stock option, adding that a portion of the 2002 award would be repriced to cut its potential value by $655,000. … But the company said the repricing is being done for tax reasons, and repeated its earlier insistence that an internal probe didn't find evidence that Mr. Deason's 2002 option grant had been improperly backdated." The Journal continues, "The Dallas-based technology outsourcing concern forced its chief executive and top finance official to resign their posts in November, after the internal investigation uncovered rampant backdating. … In a filing late Friday, the company detailed a series of past option grants to Mr. Deason and other top officials that it is repricing to avoid having individual executives suffer tax penalties associated with mispriced option grants. Except for the 2002 grant received by Mr. Deason and several others, the company didn't say whether the particular grants being repriced were backdated, or merely carried incorrect dates because final approval hadn't yet occurred." The Journal adds, "In Mr. Deason's case, the fortunately timed 2002 grant came at the bottom of a steep trough, on a late July date when the stock hit a quarterly low. The company said yesterday its internal probe found 'evidence, though inconclusive' that there had been an 'informal' selection of that date for Mr. Deason's grant. But formal approval, it said, didn't occur until five days later, when the stock had risen 5%.

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… Repricing the entire grant of 600,000 shares would have wiped $1.1 million from its potential value. ACS repriced only a portion of the award to the higher exercise price, because there is no tax penalty associated with already vested options. The company has already repriced all options for individuals found to have engaged in misconduct."

More Effective Corporate Governance Urged. In an op-ed for the Wall Street Journal (1/6, A6), Lucien Bebchuk, director of Harvard Law School's Program on Corporate Governance, writes, "Apple Computer announced a week ago the conclusions of a special board committee that examined the 'improper dating' of over 6,000 option grants during 1997-2002. The committee found no basis for having less than 'complete confidence in [CEO] Steve Jobs and the senior management team,' placing full responsibility for past problems on the company's former CFO and general counsel. But the company's report fails to dispel concerns about Apple's governance. … In reviewing past grant awards, the report discusses separately grants awarded to directors and to Mr. Jobs, but it lumps grants to senior managers other than Jobs together with all other grants. The company is surprisingly silent on whether any of these senior managers received 'improperly dated' grants." Bebchuk continues, "Steve Jobs's great accomplishments have well earned him a place in the pantheon of high-tech leaders and visionaries. And Apple's senior management has undoubtedly done very well for shareholders during the past several years. All of this, however, clearly does not compel the conclusion that Apple's governance has performed adequately with respect to option grants. And the company's report falls far short of providing a basis for accepting such a conclusion." Bebchuk adds, "CEO lucky grants were more common when the board lacked a majority of independent directors. In contrast to claims that gains from backdated grants served as an efficient substitute for other forms of compensation, CEOs getting lucky grants received more, not less, total reported compensation. Lucky grants to outside directors were more common in firms with entrenching arrangements that protect incumbents from removal. And outside directors' luck was correlated with CEO luck. … For corporate America to improve its governance going forward, boards should face up to -- and fully share with shareholders -- past governance problems in their companies."

CRIMINAL LAW:

Media Seeks Daily Audio Tapes Of Libby Trial. The AP (1/5) reports, "Fifteen news organizations and five other groups are asking a federal judge to release audio recordings each day" in the upcoming trial of Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff. The request states, "Most of the key witnesses are public figures who regularly appear in the media. … Knowledge that their testimony might be released on audiotapes will not make them feel awkward or uncomfortable, and certainly no more so than testifying in front of a courtroom filled with reporters."

Fraudulent Currency Sales On The Rise. The Wall Street Journal (1/6, B1, Slater) reports, "Cashing in on the volatile world of buying and selling currencies just became riskier. … Scam artists are increasingly using currency-trading schemes to ensnare even experienced investors, regulators say. The scams take many forms, soliciting individuals over the telephone or wooing them at hotel presentations." The Journal continues, "One widespread scheme promises investors fat profits if they jump in on a time-sensitive opportunity to trade currencies. The money then disappears or gets eaten up in unprofitable trades. … Such frauds exploit a growing awareness among the investing public that the global foreign-exchange market -- worth roughly $2 trillion a day -- is an important financial arena. They also benefit from a legal loophole: Not all of the people who solicit investors to trade currencies are regulated, making them difficult to monitor." The Journal adds, "Over the past five years, more than 25,000 investors have been burned by these frauds, which employ a variety of tactics to lure individuals. Some firms set up booths at investor fairs or rely on printed brochures or pitches over the telephone. Other schemes target particular ethnic groups or spread by word of mouth. … The scams tap into an increasing curiosity among individuals about the world of currencies, long the domain of banks, companies, and other institutions."

Convicted Man Challenges CA Law On Police Killings. The San Francisco Chronicle (1/6, B-1, Egelko) reports, "The lawyer for the man convicted of second-degree murder for killing San Francisco police Officer Isaac Espinoza said Friday he will ask the sentencing judge to declare unconstitutional a state law requiring his 23-year-old client to spend the rest of his life in prison." The Chronicle

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continues, "The law may violate the right to equal protection because it punishes second-degree murder of a police officer more severely than first-degree murder of someone who isn't an officer, said Martin Sabelli, attorney for defendant David Hill. … District Attorney Kamala Harris disagreed, saying it was both legal and just that 'this defendant should die in prison.'" The Chronicle adds, "A San Francisco jury convicted Hill on Thursday of shooting Espinoza to death in April 2004. The 29-year-old officer, an eight-year police veteran, and his partner, Barry Parker, both in plainclothes, stepped out of their unmarked car on Newhall Street in the Bayview district and ordered Hill to stop because they thought he might be concealing a weapon, according to Parker's testimony. … The defense argued that Hill thought he was being threatened by rival gang members when he opened fire, killing Espinoza and wounding Parker. But jurors found that Hill had known both men were officers, though they acquitted him of premeditated first-degree murder. … Second-degree murder, a killing that is deliberate but not premeditated or planned in advance, is normally punishable by 15 years to life in prison, or 20 to life if a gun is used. But the sentence is longer if the defendant knew, or should have known, that the victim was an on-duty law enforcement officer."

Documents Provide New Details Of Ney Bribe. The Miami Herald (1/6, Weaver) reports, "One-time powerful lobbyist Jack Abramoff gave a $10,000 campaign bribe to an Ohio congressman for his public words of praise for Abramoff's business partner in the purchase of a South Florida fleet of gambling ships more than six years ago." The Herald continues, "Specific details of the political bribe linked to the SunCruz Casinos sale were disclosed for the first time this week in court papers filed by Justice Department lawyers for the upcoming sentencing of convicted former Republican Congressman Bob Ney." The Herald adds, "Ney, 52, pleaded guilty to corruption charges in October and faces sentencing in Washington on Jan. 19. He's trying to downplay the scope of the corruption conspiracy in hopes of receiving a two-year prison sentence. Prosecutors counter that he should be imprisoned for at least two years and three months. … Abramoff, who is at the center of the ongoing corruption investigation in Washington, turned himself in last November to serve about six years in prison for lying to lenders to obtain a $60 million bank loan to buy the SunCruz fleet, based in Dania Beach. … Abramoff and his SunCruz business partner, Adam Kidan of New York, who is serving the same prison sentence, used that money to buy the gambling fleet for $147 million from Fort Lauderdale tycoon Konstantinos 'Gus' Boulis in fall 2000. … Boulis would be slain months later, but Abramoff and Kidan have not been implicated in any way in that case. .. .The SunCruz case against Abramoff and Kidan gave Justice Department officials the leverage to pressure Abramoff to turn on other colleagues, congressional aides and politicians last year."

DOJ "Pushing" FBI To Speed Data Sharing Via OneDOJ Database. Computerworld (1/6, Weiss) reported, "The U.S. Department of Justice is pushing the FBI and its other operating units to speed up and expand their efforts to share a wide array of information with outside law enforcement agencies via a centralized database called OneDOJ." Computerworld noted, "The plan to expand the use of OneDOJ…has raised the hackles of some privacy and civil rights advocates, who said last week that the DOJ will need to work hard to ensure that the increased information sharing doesn't infringe on the rights of law-abiding Americans. … OneDOJ is 'far more than just bringing together all the information they have,' said Barry Steinhardt, director of the technology and liberty program at the American Civil Liberties Union. … One problem, Steinhardt added, is that the DOJ, and the FBI in particular, have been 'notoriously inept at managing [their] computing resources.'"

Judge Imposes Light Sentences In Alabama Corruption Case. The Mobile Press-Register (1/6, Kirby) reported real estate investor Ken Wall "escaped a lengthy prison sentence Friday for his role in a wide-ranging corruption case in Orange Beach," and former Orange Beach Mayor Steve Russo's wife "avoided prison altogether." US District Judge Kristi DuBose "sentenced Wall to a year and a day in prison -- less than the minimum recommended by advisory guidelines -- and fined him $250,000. DuBose sentenced Russo's wife, Crystal Russo, to 180 days of home confinement and two years' probation for obstruction of justice. As part of a plea bargain in September, she admitted that she helped her husband try to hide money that prosecutors had targeted for forfeiture. Assistant U.S. Attorney Steven Butler objected to the 'insufficiency' of Wall's sentence and indicated prosecutors might appeal."

Former City Councilman Pleads Guilty To Ethics Law Violations. The AP (1/6) reportedm, "Former Orange

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Beach City Councilman Joseph F. McCarron Jr. pleaded guilty Friday to 15 misdemeanor ethics law violations related to his votes on construction projects in the Alabama Gulf Coast resort. McCarron has agreed to testify in the state prosecution of former Orange Beach Mayor Steve Russo and former city attorney Larry Sutley, Attorney General Troy King said in a statement announcing the guilty plea. As part of McCarron's plea agreement, he has committed to pay fines of $2,000 for each of the 15 counts, King said." The AP noted, "Russo is charged in two state indictments with accepting bribes while in office in exchange for supporting construction projects."

Judge Reluctantly Grants Pellicano Request To Represent Himself. The Los Angeles Times (1/6, Spano) reports, "Tossing a legal hand grenade into an already-contentious case, celebrity sleuth Anthony Pellicano on Friday demanded and won the right to act as his own lawyer in his upcoming trial on wiretapping and racketeering charges. U.S. District Judge Dale S. Fischer tried to talk Pellicano out of his plan, but he would not relent. … The specter of an untrained self-advocate in a complex, high-profile case raised sharp concerns among some court observers." The Times noted, "Half a dozen defendants have pleaded guilty in the broad Pellicano investigation, including a Hollywood filmmaker and a former record executive, both of whom admitted lying to the FBI about hiring Pellicano to wire-tap rivals."

New DC Mayor, Police Chief To Focus On Community Input, Foot Patrols. The Washington Post (1/6, B1, Klein) reports, "D.C. Mayor Adrian M. Fenty and Acting Police Chief Cathy L. Lanier yesterday outlined a new crime-fighting strategy that calls for customized actions to address safety needs in each region of the city." The Post continues, "Officers in each of the city's 46 police service areas will meet with residents and elected officials in coming weeks and create initiatives that will be launched in March, Lanier said. At her urging, patrol commanders have started programs, including one that has officers adopting specific neighborhood blocks or parks where they will personally keep track of any emerging concerns. … 'Our overriding goal is to reduce crime and the fear of crime in every neighborhood,' said Lanier, who last week succeeded Charles H. Ramsey as chief. She has the job on an acting basis pending confirmation from the D.C. Council." The Post adds, "Fenty and Lanier have emphasized increased officer visibility and foot patrols. The city plans to add 100 officers to the 3,800-member department, and Lanier has said patrols will be her priority. She envisions a force that goes beyond reacting to crimes by building and sustaining safe neighborhoods. … The new mayor and chief outlined their plans at a news conference yesterday -- the second day in a row that Fenty has promoted his early agenda."

Denver Archdiocese Settles Sex Abuse Suits. The Denver Post (1/6, Gorski) reports, "The Roman Catholic Archdiocese of Denver has settled clergy abuse lawsuits with 15 plaintiffs for a total of $1.58 million, the law firm representing the litigants said today. … 'We are pleased with the settlements,' said Adam Horowitz, an attorney in the Miami law firm Herman and Mermelstein. 'Any time can give a client an opportunity to resolve something at an early stage, that's a good thing for the client.'" The Post continues, "In a statement, Archbishop Charles Chaput said he was grateful to those who had worked to achieve the settlement. 'I sincerely hope that each of the..individuals who participated begin to truly heal,' he said." The Post adds, "Last year, Chaput announced the 24-county northern Colorado diocese had hired mediator Richard Dana, a former federal judge, in an effort to reach settlements with plaintiffs who had sued the archdiocese for clergy sex abuse. … The settlements announced today do not mean the clergy abuse scandal that hit the Denver archdiocese starting in 2004 is resolved, however. At least 20 lawsuits are still pending in Denver District Court. … Today Chaput appealed to those who have yet to settle, asking that they continue to work with the mediation outreach panel, and making himself available to talk with them personally."

New Orleans Terrorized By Wave Of Homicides. NBC Nightly News (1/5, story 8, 2:10, Williams, 9.87M) reported, "The front page headline this morning in the New Orleans paper may tell the whole sad story best: 'Killings Bring The City To Its Bloody Knees.' It is about a new wave of killings that the newspaper describes as unusual even by New Orleans standards." The New York Times (1/6, A11, Nossiter, 1.16M) reports, "A surge in murders since the new year has residents on edge and has raised new fears that officials here remain helpless to contain a lethal combination of guns, drugs and jobless young men. … Eight people have been found dead since Jan. 1, seven of

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them shooting victims." The Washington Post/AP (1/6, A2, McConnaughey) reports police spokeswoman Bambi Hall "said that, after 19 killings in October and another 19 in November, December's total was 15. There were 161 homicides in the city in 2006. New Orleans's murder rate was seven to 10 times the national average for cities of its size in 2005, the latest period for which complete data are available."

CIVIL LAW:

High Court To Rule On Whistleblower's Suit. The AP (1/6, Press) reports, "After 17 years, James Stone has perhaps a few more months to wait before he learns whether he will collect up to $1 million for exposing fraud by a government contractor at a now-closed nuclear weapons plant." The AP continues, "A court ordered Rockwell International, now part of aerospace giant Boeing Co., to pay the government nearly $4.2 million for fraud connected with environmental cleanup at the Rocky Flats plant northwest of Denver. Stone, a former employee at the facility, could be entitled to as much as one-quarter of the payment under the federal False Claims Act." The AP adds, "The 81-year-old retired engineer filed his whistle-blower lawsuit in 1989, the year Rocky Flats shut its operations after nearly 40 years of production. He has survived legal challenges by Rockwell to dismiss the claim or deprive him of his share. The government joined the suit as Stone's partner 10 years ago. … The Supreme Court now has the case. The ruling could affect an anticipated crush of fraud suits if the high court makes it harder for whistle-blowers to share in the proceeds." The AP notes, "The Bush administration is on Stone's side even though the government collects more money if Rockwell wins. … 'It might be natural for the court to wonder why would it be in the government's interest to advocate that a share of the money damages in this case should be given to a private party,' Justice Department lawyer Malcolm Stewart told the justices during the oral argument in early December. 'In our view, Stone is precisely the type of relator that Congress intended to encourage.' A relator is an individual who sues under the False Claims Act."

Former Texas Acute-Care Service Settles Medicare Fraud Suit For $7.5 Million. The Houston Chronicle (1/6, Villafranca) reports, "A former long-term acute-care service based in Dallas has paid the federal government $7.5 million to settle allegations of fraudulent Medicare claims, the U.S. Department of Justice announced on Friday." The Chronicle continues, "The settlement resolves a civil lawsuit filed in 1999 by four former employees and an independent contractor who worked for SCCI Houston, a 40-bed long-term acute-care hospital. … SCCI Houston was part of SCCI Health Services Corp., which operated six acute-care facilities in Texas and others outside the state." The Chronicle adds, "The lawsuit was filed under whistleblower provisions of the False Claims Act, which authorizes private individuals to file lawsuits on behalf of the United States. … The government filed its own complaint in March 2003. … The allegations claim that from 1996 to 1999, SCCI entered into illegal financial relationships with three physicians and paid the doctors in violation of self-referral statutes, and submitted or caused false claims to be submitted to the Medicare program. … SCCI Corp. was acquired by Triumph HealthCare in 2005. None of the whistleblowers nor any SCCI employees involved in the fraud were part of the acquisition, said Tanya Snodgrass, vice president of professional relations for Triumph HealthCare. … Justice Department spokesman Charles Miller said the whistleblowers, Daryl Kaczymarczyk, Patricia Rocha, Michelle Pate, Michael Brigle and Theresa Taylor, shared $1.7 million of the settlement."

Bankruptcy Judge Approves Delphi Debt Refinancing Plan. The AP (1/6, Tong) reports, "A federal bankruptcy judge on Friday approved a plan by auto parts maker Delphi Corp. to borrow $4.5 billion to refinance debt and lower its monthly interest expenses." The AP continues, "Lawyers for Troy, Mich.-based Delphi said the refinancing, expected to close next week, would save the company $8 million a month. … The debt refinancing proposal was announced on Dec. 18, along with a plan by private equity investors to buy shares worth up to $3.4 billion in a reorganized Delphi." The AP adds, "Delphi lawyers say that the debt and share purchase plans represent 'significant milestones in the debtor's reorganization and another major step forward towards emergence.' … Judge Robert Drain, who approved the debt refinancing proposal on Friday, will consider the equity purchase plan next Thursday. … The company said it will also seek an extension of the deadline for filing its reorganization plan at a hearing next Friday. If approved, the company would have until July 31 to file its plan and Sept. 30 to solicit acceptances."

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CIVIL RIGHTS:

EEOC Says DOJ Wrongly Fired Alabama Prosecutor. The Birmingham News (AL) (1/6, Walton) reports, "The federal government has ruled that U.S. Attorney Alice Martin wrongly fired a former assistant prosecutor in 2002." The News continues, "Martin fired Assistant U.S. Attorney Deirdra Brown-Fleming on grounds that she was 'not a team player.' The Equal Employment Opportunity Commission found the reason was 'simply unworthy of credence.' Instead, the EEOC found that Brown-Fleming's firing was retaliatory." The News adds, "The EEOC said it is unclear whether Martin harbored a racist or sexist attitude toward Brown-Fleming, but found that Martin's assessment of Brown-Fleming's relationship with co-workers was tainted with the racist and sexist prejudices of Brown-Fleming's co-workers. … Brown-Fleming was described as rude and condescending, documents show." The News notes, "The EEOC is requiring that the Department of Justice reinstate Brown-Fleming to her former job, with full back pay and other benefits. The amount of back pay was not announced. The commission also ordered the reinstatement of Brown-Fleming's former supervisor, Victor Conrad, who took steps to correct acts of racial hostility against Brown-Fleming and filed his own discrimination claim against the agency. He also is to be reinstated with back pay. … Brown-Fleming worked in the U.S. attorney's Huntsville office from 1998 until her May 2002 firing. Martin serves as U.S. attorney for the 31 northern counties and has offices in Birmingham and Huntsville."

Indiana Jailers Suspended As FBI Launches Probe Of Inmate Beating. The Chicago Tribune (1/6, Fitzsimmons) reported, "Six guards at the Lake County Jail in Indiana were suspended Friday while local and federal officials investigate allegations that an inmate was beaten, officials said. Lake County Sheriff Roy Dominguez said he believes a cover-up took place over the incident, which occurred Dec. 26. … The inmate, Tommy Ford, 40, lashed out verbally and physically at guards who were escorting him to see a visitor, according to an incident report filed later that day. In their report, the guards said Ford 'was taken to the ground' and restrained after he struck one officer in the forehead and spit on another." The Tribune noted, "The FBI is conducting a civil rights investigation of the alleged beating, said FBI spokesman Drew Northern. It is being handled as a 'color of law' case, which looks into abuses of authority, he said."

The Northwest Times (1/6, Guinane) reported Dominguez "said the officers will remain suspended pending investigations by the sheriff's department and possibly the FBI. 'The allegations are very serious, and I intend to pursue them in an objective, timely and professional manner,' Dominguez said. 'The victim was assaulted and was taken to the hospital, treated and days later released.'" Ford "is contemplating a civil lawsuit against the county, the sheriff's department and the individual officers, said Joann Price, an attorney with the Gary firm of Freeman-Wilson & Lewis-Shannon LLC." The AP (1/6) noted Dominguez "said he personally requested that the FBI investigate the attack. 'They will conduct an independent investigation,' he said. 'I want to assure members of the public that no stone will go unturned.'"

Federal Suit Alleges Racial Bias In Falls Church Police Department. The Washington Post (1/6, B5, Jackman) reports, "Three black officers and one black civilian employee of the Falls Church Police Department have filed a federal civil rights suit against the city, claiming racial discrimination in the department's pay and promotion practices and a hostile work environment for black employees." The Post continues, "One officer alleged that a captain told her last year, 'Do you know why the boundaries of Falls Church are 2.2 square miles? To keep the black people out.' And the civilian employee, who heads the police dispatch center, said that white commanders 'purposefully ignore calls from minority officers for help when on patrol' but do respond when requested by white officers." The Post adds, "The suit, filed Thursday in U.S. District Court in Alexandria, adds another layer to the turmoil that has roiled the department since its officers union began complaining about internal problems in 2004. The union said that officers were evaluated on how many traffic tickets they wrote and that their weapons were faulty. … Over the summer, then-Chief Robert T. Murray fired the union president, Scott Rhodes. Last month, after the city was forced to rehire Rhodes, pay him a settlement and allow him to retire with full benefits, Murray retired. The city is searching for a new chief."

Man Accused Of Fatal Mississippi Jail Assault Given Videotape. The Biloxi Sun Herald (1/6, Fitzgerald) reports from Gulfport, MS, "Attorneys for Ryan Teel have received a copy of videotaped images of the Feb.

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4, 2006, assault on Harrison County jail inmate Jessie Lee Williams Jr." The Herald continues, "The tape, however, may not be enough for defense attorneys to persuade a federal review panel against seeking the death penalty when the former deputy stands trial on May 28, attorney Jim Davis said Friday." The Herald adds, "Davis wanted prosecutors to hand over copies of witness statements, expert reports and other types of evidence so he can prepare to defend Teel in a 'mini-trial' before a Justice Department panel in Washington. The government has a deadline of Feb. 16 to decide whether Teel's alleged involvement in Williams' fatal beating merits a possible death penalty. … On Friday, U.S. Chief Magistrate Judge John M. Roper ruled against Davis' request, citing a federal rule known as the Jencks Act. The rule, considered by some to be unconstitutional, restricts a defendant's access to witness statements until the witness has testified in court against him. … 'They're going to eat my lunch,' said Davis, referring to the review panel and federal trial attorney John Richmond. 'This is going to hinder my ability to give (Teel) the best defense possible.'" The Herald notes, "Roper said he does not agree with the Jencks Act, but said he will not circumvent it. … Federal death-penalty cases are rare in Mississippi. They're even rarer nationwide when the defendant is a former law enforcement officer."

North Carolina Man Dies After Police Use Taser To Restrain Him. The Charlotte Observer/AP (1/6) reports, "A 42-year-old man died early Friday after police officers used a Taser when he wouldn't cooperate during his arrest." The AP continues, "Calvin Thompson, of Gastonia, was found nude running on a city street, according to Gaston County Police Department. He disobeyed officers' commands and resisted arrest, police said. … Officers used a Taser to arrest Thompson, but he became unconscious when being placed in custody, police said." The AP adds, "Tasers are stun guns used by law enforcement officials as a non-lethal alternative to bullet-firing weapons. The U.S. Justice Department last year announced it would study a number of cases in which people died after being stunned by the weapons. … Officers said they provided Thompson with medical attention and found what appeared to be crack cocaine in his mouth. He was taken to Gaston Memorial Hospital, where he was pronounced dead. … The North Carolina Highway Patrol believes the vehicle Thompson was driving was involved in at least four separate collisions in a Gastonia subdivision before his arrest. A substance that appeared to be crack cocaine was found in the vehicle, police said."

SCOTUS To Hear Coca-Cola's Appeal Of Racial Discrimination Case. The AP (1/6) reports, "The U.S. Supreme Court on Friday agreed to consider a discrimination case in which a Coca-Cola bottling company fired a black employee." The AP continues, "Coca-Cola asked the Supreme Court to hear the lawsuit, which involves allegations that a supervisor of employee Stephen Peters was motivated by racial bias and influenced a manager to fire the worker. … Such circumstances are sometimes referred to as 'cat's paw' or 'rubber stamp' liability. Coca-Cola fired Peters for insubordination after he refused a request to work on a weekend during his scheduled days off. … The case was one of seven appeals the court accepted Friday." The AP adds, "A federal appeals court reinstated a lawsuit brought on Peters' behalf by the Equal Employment Opportunity Commission. The appeals court said a federal judge placed too much emphasis on the fact that Peters' immediate supervisor made no express recommendation to fire him. … In asking the court to hear the case, the company asked the justices to consider when an employer may be held liable for intentional discrimination when the person who fired an employee harbored no discriminatory bias."

WPost Troubled By Christian Embassy Pentagon Video. The Washington Post (1/6, 690K) editorializes, "'There are over 25,000 Department of Defense leaders working in the rings and corridors of the Pentagon. Through Bible study, discipleship, prayer breakfasts, and outreach events, Christian Embassy is mustering these men and women into an intentional relationship with Jesus Christ,' a narrator explains toward the start of a promotional video for Christian Embassy, an offshoot of Campus Crusade for Christ that focuses on diplomats, government leaders and military officers. … Free exercise of religion doesn't stop at the entrance to the Pentagon or other government buildings." But it is "important that both uniformed and civilian military leaders, whatever their religious views, take care that others who don't share their beliefs don't feel coerced or excluded as a result. The Christian Embassy video suggests that such sensitivity has not always been present."

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ANTITRUST:

DOJ Asks For More Information On Brooks Automation's Sale Of Software Division. The Boston Globe/AP (1/6) reports, "Brooks Automation Inc., which supplies hardware and software to the semiconductor industry, said Friday federal antitrust regulators asked for additional information about the pending sale of its software division to chip equipment maker Applied Materials Inc. … This is the DOJ's second request for both companies." The AP continues, "Brooks Automation and Applied Materials both plan to respond quickly to the request from the Department of Justice's antitrust division, which extends the waiting period until 30 days after the companies have complied. Brooks said it still hopes the $125 million deal can close in the first quarter."

Buyout Pair Sees Bargain In McClatchy Purchase. The Wall Street Journal (1/6, B1, Zuckerman) reports, "Leveraged-buyout firms such as Kohlberg Kravis Roberts & Co., Texas Pacific Group and Blackstone Group have been making news for their ambitious takeover deals. … But few of the headline-grabbing buyouts have been as gutsy as the $530 million planned purchase by Avista Capital Partners of McClatchy Co.'s Star Tribune newspaper, announced in late December1." The Journal continues, "The deal for the nation's 15th-largest newspaper by circulation comes amid a slump in the business. The Star Tribune is especially challenged. It has been the worst-performing paper in terms of revenue for McClatchy, which paid $1.2 billion for the Minneapolis paper in 1998. The Star Tribune's ad revenue dropped about 6% last year on a circulation decline of about 4%." The Journal adds, "Despite the ugly writing on the wall for the industry, the prospective purchase is the third-largest for New York-based Avista, a previously little-known private-equity firm that still is raising its first buyout fund and whose executives have never bought any newspaper properties. … Avista mightn't be a household name, but its founders, Thompson Dean and Steven Webster, have been well known in the buyout community for more than a decade. They ran a group that generated returns of about 50% from buyout investments for Donaldson, Lufkin & Jenrette, which was acquired by Credit Suisse in 2000. The pair left Credit Suisse 18 months ago to start Avista, which they hope will manage $1.5 billion. … The 48-year-old Mr. Dean, who is the son of a career foreign-service officer, was born in Taiwan and grew up in Asia, says they already have spent $850 million to make 11 buyout purchases, focusing on energy, media and health care. Mr. Webster, 55, is an energy specialist who had founded Falcon Drilling. .. .So what do they see with the Star Tribune deal that others in the buyout world missed? A very cheap price -- 6.5 times the paper's cash flow -- a respected brand and an industry that may be bottoming out and poised for a rebound. Avista passed on bidding for the Philadelphia Inquirer, which Mr. Dean says doesn't have comparable cash flow as the Star Tribune."

Iowa Hospital Declines Merger Offer. The Des Moines Register (1/6, Leys) reports, "One of Des Moines' two dominant hospital companies offered Friday to work with its rival to jointly build a single suburban hospital, but the rival declined." The Register continues, "The offer from Iowa Health-Des Moines comes as both that company and Mercy Medical Center move forward with plans to build hospitals next door to each other in West Des Moines. … The companies explored the possibility of a jointly owned suburban facility in 2002. Hospital leaders said they dropped the idea after federal regulators told them informally that it could run afoul of antitrust laws." The Register adds, "Wellmark Blue Cross/Blue Shield, Iowa's largest health insurer, suggested recently that the two companies attempt again to cooperate on a suburban hospital. Iowa Health agreed to try, but Mercy said no. … Wellmark Vice President Cliff Gold said his company believes a joint venture might be acceptable to federal regulators. 'We're saying it's four or five years later, and a lot has changed,' he said. … Gold said the Justice Department has been friendlier to such ideas lately. He also said his company, which is the largest private payer to both hospital companies, would help the hospitals make their case." The Register notes, "Wellmark fears that if two similar hospitals are built side-by-side in West Des Moines, health-care costs would be needlessly inflated. A joint venture would be a more economical option, Gold said. … Iowa Health Chief Executive Officer Eric Crowell wrote a letter to Wellmark Friday saying that his company would agree to a renewed attempt at a joint project, with several conditions."

ENVIRONMENT:

DOJ Drops Probe Of Florida Waste-Water Dumping. The Herald Tribune (Southwest Florida) (1/6,

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Quinlan) reports from Venice, FL, "The Department of Justice will not file charges against any individuals involved in the city utilities department's 2001 waste-water dumping into Curry Creek, officials said Friday." The Tribune continues, "The announcement answers the question that lingered after the city pleaded guilty in December 2005 to a three-count felony violation of the Clean Water Act: Would those responsible for the dumping or the falsification of records during the subsequent cover-up go to jail?" The Tribune adds, "Speculation centered on what court papers called the 'Executive Group,' a reference to the 'high-level executives, managers, supervisors' who oversaw 'the day-to-day operations' of the Eastside Wastewater Treatment Facility at the time of the dumping. … But the Department of Justice has closed its inquiry, leading the Environmental Protection Agency to drop its investigation. … A Department of Justice spokeswoman would not comment on why the department closed the case." The Tribune notes, "The Justice Department pulled the EPA off the case in a letter to EPA special agent Dan Green, who had handled the investigation. … 'Their recommendation was not to pursue any individual defendants in this case, and the local U.S. Attorney's office went along with this,' Green said. … When the city pleaded guilty in 2005, a judge imposed the minimum fine allowable, $110,000, or $5,000 for each of the 22 days that plant employees discharged waste water into the creek and sprayed it onto a field at Knights Trail. … As part of a deal with prosecutors, the city pledged its full cooperation in any further investigation of any current or past city employees."

Ohio Cities Sue Lead Paint Manufacturers. The New York Times (1/6, Driehaus) reports, "Racing against a proposed state law that would limit paint manufacturers' liability for lead poisoning in aging neighborhoods, Cincinnati has joined five other Ohio cities in filing suits that seek millions of dollars from the companies to clean up lead paint." The Times continues, "Ohio is the latest front in a battle that pits paint companies against cities and states struggling to overcome problems associated with lead poisoning. … The problems include learning impairment in children, high blood pressure in adults and, at high levels of exposure, seizures, comas and deaths." The Times adds, "Municipal and county governments in California, Mississippi, Missouri, New Jersey and Texas have also sued major manufacturers seeking what would amount to billions of dollars in damages. … Whether responsibility rests primarily with paint companies, landlords who let paint deteriorate or cities that fail to enforce housing codes remains an open question." The Times notes, "Rhode Island broke new ground in February by winning a jury trial that found that three paint companies had created a public nuisance and had to clean up lead-paint contamination throughout the state at an estimated cost of $1.37 billion to $3.74 billion. … The companies are seeking a new trial there and trying to fend off litigation throughout the country. They are Sherwin-Williams, based in Cleveland; NL Industries, part of Valhi of Dallas and whose predecessor National Lead made Dutch Boy paint; and Millennium Holdings of Hunt Valley, Md., a successor to a company that owned Glidden Paint, originally based in Cleveland."

ANWR Drilling Ban Introduced In House. The AP (1/5) reports, "Opponents of oil drilling in an Alaskan wildlife refuge are going on the offense after playing defense for a quarter of a century. They want the new Democratic Congress to make an oft-challenged drilling ban permanent. Legislation introduced in the House on Friday would make ANWR "a permanently protected wilderness and end repeated efforts to open the area east of the Prudhoe oil field to energy companies. 'The consensus is that there should not be drilling in the refuge, so the logical next step is to pass legislation which turns it into a wilderness,' Rep. Edward Markey, chief sponsor of the legislation, said in an interview. … A co-sponsor of the bill is Rep. Jim Ramstad, a Minnesota Republican." BBC.com (1/6, Willis) reports ANWR "has been compared to the Serengeti nature reserve in Africa because of its abundance of wildlife."

DuPont Drops Plan To Dump Nerve Gas Wastewaster. The New York Times (1/6, B3, Jones, 1.16M) reports, "Bringing an abrupt end to a three-year fight between environmentalists and federal officials, the DuPont Company announced on Friday that it would not participate in an Army plan to dispose of wastewater from neutralized VX nerve gas by dumping it into the Delaware River. The decision was a victory for environmentalists who questioned how placing wastewater from the neutralized form of the deadly nerve agent would affect the river. ... The decision was hailed by elected officials and environmentalists on both sides of the Delaware, including Gov. Jon S. Corzine of New Jersey." VX "is considered one of the world's most toxic

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chemicals. Exposure to its active form can kill within minutes."

Reports Identify Five New Mercury Contamination Sites In North America. The Washington Post (1/6, A7, Eilperin, 690K) reports, "Two newly published scientific reports suggest that mercury contamination has created at least five 'hot spots' in New England and Canada, places where the neurotoxin has accumulated in fish and wildlife to such an extent that it could harm human health and local ecosystems. The 11 scientists, who work at institutions including Syracuse University and Vermont's Department of Environmental Conservation, analyzed how mercury has accumulated in two indicator species in the northern United States and southern Canada. … Taken together, the two papers, published in this month's edition of the peer-reviewed journal BioScience, represent the most comprehensive ecological analysis of mercury accumulation ever conducted in the United States."

NYTimes Encouraged By Boxer's Pledge To Curb Carbon Dioxide Emissions. The New York Times (1/6, A14, 1.16M), in an editorial, notes Sen. Barbara Boxer is the new chairwoman of the Senate Environment and Public Works Committee, replacing Sen. James Inhofe, "who regards global warming as an elaborate hoax drummed up by environmentalists and scientists in search of money. Ms. Boxer has already scheduled hearings, and there will be no shortage of legislative remedies to consider. All share one objective, which is to attach a cost to carbon dioxide through a cap on emissions. The underlying logic is that if people and industries are made to pay for the privilege of pumping these gases into the atmosphere, they will inevitably be driven to developer cleaner fuels, cleaner cars and cleaner factories."

Navy Urged Not To Harm Whales. In an op-ed for the Los Angeles Times (1/6, 850K), environmentalists Jean-Michel Cousteau and Michael Jasny write that last July, "the Navy was allowed to proceed with its exercises only when it agreed to take significant, common-sense measures to protect whales and other marine species, such as staying away from the newly designated Northwestern Hawaiian Islands Marine National Monument. ... Yet now, in training exercises planned for California's coastal waters, the Navy is proposing to abandon its commitment to safeguard whales and their habitat from high-intensity sonar. ... The Navy should not be permitted to conduct, and the [California Coastal] Commission must not approve, dangerous sonar training without assurances that the Navy will take meaningful steps to protect whales and other marine life."

FBI/DEA/ATF/USMS:

Mueller Appoints Brink Mississippi SAC. The AP (1/6) reported, "Frederick T. Brink has been appointed the special agent in charge of the FBI in Mississippi, the federal law enforcement agency announced Friday. FBI Director Robert S. Mueller III said Brink replaces John G. Raucci, who left Friday for a position at the agency's headquarters in Washington." The AP added, "Brink has also served at the FBI's Operational Technology Division, located at Quantico, Va., and overseas at the U.S Embassy in Riyadh, Saudi Arabia. In June 2005, Brink was promoted by Mueller to special agent in charge of the FBI's Special Operations Division in New York." The Jackson Clarion-Ledger (1/6, Kanengiser) noted that Raucci has been named "assistant director of the agency's human resources division. There are 34,500 FBI employees and 'we still turn away thousands every year,' Raucci said. In his first assignment in the South, Raucci said there was excellent cooperation between the FBI and state and local law enforcement agencies throughout Mississippi."

Former El Paso SAC Sentenced To Six Months In Prison. The El Paso Times (1/6, Gilot) reported, "Former FBI special agent in charge Hardrick Crawford was sentenced Friday to six months in prison, making him probably the first person of his rank to do hard time. At the sentencing hearing, U.S. District Judge Philip Martinez said that he liked Crawford, and that seeing the government man in court had been 'painful.' … Crawford was convicted in August of making false statements regarding gifts he received in an Office of Government Ethics Public Financial Disclosure Report submitted to the FBI. Crawford was also found guilty of concealing material facts from the FBI about his friendship with Jose Maria Guardia, a Juárez racetrack owner." The Times noted, "The El Paso FBI office reacted to the sentencing of a popular boss with sadness and resignation Friday. 'We respect the federal justice system, which we in the FBI have sworn to uphold,' spokeswoman Andrea Simmons said. 'While we are saddened by this entire

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situation, we believe that justice was served.'" The AP (1/6) also briefly reported on Crawford's sentencing.

IG Report Finds DEA Agents Mishandled Seized Cash. The DC Examiner (1/6, Myers) reports, "Drug Enforcement Administration agents routinely disregarded agency rules on the handling of seized cash, jeopardizing hundreds of millions of dollars taken in drug raids, a Justice Department review found." The Examiner continues, "In an audit published Friday, Justice Department Inspector General Glenn A. Fine examined thousands of seizures between October 2003 and November 2005. … Fine's report states that drug agents rarely counted the cash they took, often didn't provide receipts for seized money, rarely recorded the seizures in agency ledgers and often didn't ask their colleagues to witness their counting and handling of the money." The Examiner adds, "DEA agents recorded more than 16,000 seizures for nearly $616 million in the period surveyed, the report states. … 'Cash seized by the DEA is at risk because of the DEA's failure to consistently implement and document controls over the seized cash,' Fine's spokeswoman, Cynthia Schnedar, said in an e-mail to The Examiner. … The lack of internal controls over the seized cash leads to accusations of theft by the agents, the report states."

Federal Agencies Team To Fight Florida Gang Violence. The South Florida Sun-Sentinel (1/6, Burdi) reports, "The upsurge in gang violence in Palm Beach County is like a nightmare from 15 years ago when drive-by shootings were commonplace, officials said. … So the county Violent Crimes Task Force has turned to the same remedy it did in the 1990s: Federal prosecution, Sheriff Ric Bradshaw said Friday." The Sun-Sentinel continues, "Local law enforcement and federal agencies -- including the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Drug Enforcement Administration -- have joined forces because criminals are more likely to do time and more of it under federal guidelines, Bradshaw said. … 'You always try to bring state and federal law enforcement together and use whatever advantages are available,' said Dale Armstrong, ATF resident agent in charge in West Palm Beach." The Sun-Sentinel adds, "Working with federal agencies is nothing new for local departments, but since the county task force was re-formed in April, its focus has been on gangs, Bradshaw said. … 'We're confident we're going to make an impact,' he said."

FBI Investigating Bomb Left At Louisiana Church, Offers $5000 Reward. The Baton Rouge Advocate (1/6) reported, "The FBI is offering a reward of up to $5,000 for information leading to the arrest and indictment of those responsible for placing an explosive device at Erwinville Baptist Church" on New Year's Eve. "Debris from the detonated device, described as a pipe bomb, was sent to the FBI Crime Lab at Quantico, Va. Jim Bernazzani, special agent in charge of the FBI's New Orleans Division, asked that anyone with information about the incident call the Baton Rouge office of the FBI at (225) 291-5159."

IMMIGRATION:

Gunmen Force National Guard Troops Along Mexican Border To Retreat. The Washington Times (1/6, A1, Seper, 88K) reports, "Armed men overran a National Guard observation post along the U.S.-Mexico border in Arizona this week, forcing the soldiers to retreat and prompting an investigation by the U.S. Border Patrol that has focused on the intruders' identity. No shots were exchanged and no one was injured in the incident, which occurred shortly after 11 p.m. on Wednesday." National Guard Sgt. Edward Balaban "said the troops did not know how many men were involved in the attack 'because obviously it took place in the dark.' … Several Border Patrol agents in the area told The Washington Times yesterday the armed men might have been trying to find out what the Guard troops would do if they were confronted by drug or alien smugglers. They said the increased presence of troops and additional Border Patrol agents in recent months had frustrated many of the area's drug and alien smugglers."

WSJournal Argues H-1B Visas Create Additional Jobs. The Wall Street Journal (1/6, A6, 2.04M), in an editorial, writes, "Nearly one-third of science and engineering Ph.D.s working in places like Silicon Valley are the top minds from foreign nations, according to a study from the National Bureau of Economic Research. Many are also here on H1-B visas. Companies are required to spend tens of thousands of dollars in legal fees, advertising expenses and long delays to secure visas for the talented people they need. And the demand for these specialty visas is two to three times higher than the 65,000 per year allotted by Congress. This is all supposed to protect jobs for Americans, but these immigrants are job creators."

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CONGRESS-ADMINISTRATION:

House Passes Earmark Reform, "Pay-Go" Rules By Wide Margin. The New York Times (1/6, Kirkpatrick, 1.16M) reports on its front page that the new Democratic House voted 280-152 Friday "to pull the shadowy tradition of Congressional earmarking into the daylight, requiring lawmakers to attach their names to the pet items they slip into spending or tax bills and certify that they have no financial interest in the provisions." Forty-eight Republicans joined all 232 Democrats in supporting the measure. The Times says that "more than any of several ethics rules adopted by the House this week, the earmark measure could prevent the kind of corruption that led to several big scandals in recent years." The vote "was linked to a rule known as 'pay as you go' that would prohibit the House from increasing the deficit by passing any new tax cuts or entitlement spending programs without offsetting them with spending cuts or tax increases."

The Los Angeles Times (1/6, Hamburger, Simon, 850K) headlines its report "Everybody Will Know If It's Pork," saying the measure was "championed by House Speaker Nancy Pelosi, herself a prodigious author of earmarks." The Chicago Tribune (1/6, Zuckman, 617K) leads its story, "Bye-bye, bridge to nowhere," saying the vote will "curb the middle-of-the-night, backroom deal-making that resulted in approval of embarrassing -- and sometimes illegal -- pork barrel projects."

The Wall Street Journal (1/6, A3, Lueck, 2.04M) focuses on the so-called "pay-go" aspect, saying that the new rule makes efforts to "protect more middle-class Americans from the individual Alternative Minimum Tax" a "whole lot tougher." Pay-go prohibits the House "from considering any tax-cut or entitlement legislation if the cost isn't offset by increased revenue or spending trims. For now, at least, House Democrats say they intend to abide by the rule -- even when it comes to 'fixing' the AMT." The Washington Post (1/6, A4, Montgomery, 690K) also focuses on pay-go, saying the new rules are "aimed at reining in deficit spending and shedding more light on the murky world of special-interest projects known as earmarks." Key Democrats "acknowledged that it will be difficult to abide by" pay-go rules "while keeping their promises to fund health-care, education and homeland-security initiatives." The Post also notes the impact on an AMT fix.

The Washington Times (1/6, Hurt, 88K) says in its front-page report that Republicans "warned that the new majority is paving the way to increase federal taxes." Rep. Mike Pence said, " 'It doesn't reduce current spending levels or require a reduction in current spending levels. It is a means to justifying tax increases on working families, small businesses and family farms. In a very real sense, the American people ought to know that this proposal translates to: You pay as Congress goes on spending.'"

The CBS Evening News (1/5, story 6, 1:45, Mitchell, 7.66M) reported, "The new Democrat-controlled House is not procrastinating. Today, it completed work on ethics reform rules by requiring full disclosure of pet spending earmarks that are often hidden in legislation. And it voted to end perks that members get from lobbyists, such as gifts of any kind, the use of corporate jets, and free meals. The Senate takes up its own ethics package on Monday, but expect some habits to die hard." NBC Nightly News (1/5, story 7, 2:00, Williams, 9.87M) ran an "In Depth" report on "congressional ethics, a top priority of the new Democratic majority on Capitol Hill in Washington."

The Los Angeles Times (1/6, Levey, 850K) reports that when Democrats "brought their new ethics rules up for a vote, more than a few eyebrows arched over the congressman who cried loudest about the indignities the Democrats were already inflicting on their GOP colleagues. As much as any Republican," then-Rules Chairman David Dreier "had stirred the rage of Democrats while they suffered in the minority. … But there was Dreier this week, lecturing Democrats on the virtue of openness and professing disappointment about being left out of the legislative process." Rep. Jim McGovern said, "I have whiplash. I thought it would take a couple of weeks before the hypocrisy bubbled up."

Sen. Jon Kyl said on CNBC (1/5, Griffeth), "There's an incentive for both sides to work with each other now. When Republicans controlled both branches of government and the White House, Democrats had every incentive to be negative, to stop success in other words, and prevent the president and the Republicans from being able to tout achievements. … Democrats now control both houses of Congress, and they're not going to be able to go to the next election saying 're-elect us' if they're not able to reach achievements. That will require cooperation from Republicans."

House Democrats Rename International Relations Committee. The Washington Times (1/6, Sands, 88K) reports House Democrats, "seeking a new name to go with a

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new attitude," said the House International Relations Committee "would be reverting to its old, pre-Republican majority moniker: the 'House Committee on Foreign Affairs.'" Chairman Tom Lantos said, "A new sheriff has come to town, taking the reins with a purpose. Americans have demanded change in the way our country conducts itself in the world." The GOP renamed the panel in 1995 "in part to distinguish it from its counterpart in the other wing of the Capitol, the Senate Foreign Relations Committee."

Pelosi Viewed Favorably By 43%, Unfavorably By 39%, In Rasmussen Poll. A Rasmussen Reports survey of 800 likely voters (+/- 3%) taken January 3-4 finds Speaker Nancy Pelosi is viewed very favorably by 18%, somewhat favorably by 25%, somewhat unfavorably by 14%, and very unfavorably by 25%.

Pelosi Returns To Childhood Neighborhood In Baltimore. The Washington Post (1/6, B3, Morse, 690K) reports Pelosi, "capping off a three-day celebration of her ascension," returned to her hometown of Baltimore Friday, "where a street was renamed for her in front of a stage of dignitaries and a bank of TV cameras." Addressing a crowd near her Little Italy childhood home, she "mentioned her Italian immigrant ancestors, who came to the United States poor, hardworking and religious. Her own upbringing, in the Baltimore rowhouse to her left, she said, was shaped by Italian American pride, devout Catholicism, deep patriotism and staunch Democratic ideals." A street nearby was renamed "Via Nancy D'Alesandro Pelosi." The AP (1/5, Wyatt) also reports on Speaker Pelosi's trip home. The Washington Post (1/6, C1, DuLac, 690K) has a Style section feature on other Democratic celebrations.

New Congress Brings 66 Fresh Faces To Capitol Hill. The New York Times (1/6, A10, Kornblut, 1.16M) takes a look at the "66 new members of the 110th Congress, part of a historic Democratic tide that swept Republicans from power after a dozen years and left President Bush on the defensive." Ohio's Zack Space is said to be typical of the new class. He "campaigned hard on the issue of ethics reform in a race to succeed Representative Bob Ney, who pleaded guilty in a corruption case. Despite his political inexperience -- and the fact that Democratic officials considered him one of their weakest candidates -- Mr. Space beat his Republican rival, in an increasingly Republican district," by 24 points. And "hours after casting his first votes," Space "still beamed with excitement on Thursday, showing off the identification card that doubles as an electronic balloting device. 'I had to ask someone how to use it,' he said."

New Congress Is Most Religiously Diverse. The Washington Post (1/6, B9, Tilove, 690K) says the new Congress, "for the first time, includes a Muslim, two Buddhists, more Jews than Episcopalians and the highest-ranking Mormon in congressional history. Roman Catholics remain the largest single faith group in Congress, accounting for 29 percent of all members of the House and Senate, followed by Baptists, Methodists, Presbyterians, Jews and Episcopalians." While Catholics in Congress "are almost 2-to-1 Democrats, the most lopsidedly Democratic groups are Jews and those not affiliated with a religion. Of the 43 Jewish members of Congress, there is only one Jewish Republican in the House and two in the Senate. The six religiously unaffiliated members of the House are all Democrats."

WSJournal Says "Pay-Go" Creates AMT Dilemma For Democrats. The Wall Street Journal (1/6, A6, 2.04M), in an editorial, writes, "In his op-ed column on these pages this week, President Bush made some news by underscoring his opposition to raising taxes. We were certainly glad to hear it, and to publish it, because by our lights the tax cuts and economic growth that has followed are his most notable domestic achievements (give or take a Supreme Court Justice). … However, those lower tax rates are set to expire at the end of 2010, and the Democrats who now control Congress want them repealed. The 'pay-as-you-go' rules that the House just passed would make their extension all but impossible. What this means is that if Congress merely fails to act, the tax cuts expire and the economy will be hit with one of the largest tax increases in history in 2010." According to the Journal, "this…certainly poses a dilemma for Democrats -- all the more so because they must also cope with the rising burden of the Alternative Minimum Tax. … This week, the new Democratic Chairman of the Senate Finance Committee, Montana's Max Baucus, called the AMT a 'monster in the tax code' and introduced a bill to repeal it."

Dowd Says Democrats "Should Have Shown Some Class." In her New York Times (1/6, A15, 1.16M), column, Maureen Dowd writes, "There was a touch of parody to the giddy Democrat takeover this week. … The first act of House Democrats who promised to govern with bipartisan comity was imperiously banishing Republicans from participating in the initial round of lawmaking. Even if Republicans were brutes during their reign, Democrats should have shown more class, letting the whiny minority

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party offer some stupid amendments that would lose. Perhaps the Democrats' power-shift into overdrive is a neurological disorder, or neuropolitical disorder."

Democrats Expected To Oppose Making Bush Tax Cuts Permanent. The Wall Street Journal's "Hot Topic" feature (1/6, A5, Timiraos) spotlights tax cuts this week, asking, "Can Congress balance the budget if it keeps the tax cuts in place? In the short term, maybe. But it won't be easy. White House forecasts show a $127 billion shortfall in 2011. Making the tax cuts permanent while balancing the budget will require sharp spending cuts, which likely will cause even many congressional Republicans to balk. President Bush's efforts to constrain spending in the past have had little effect. … Now that Democrats are in control, the resistance from Congress is likely to be greater." The Journal notes, "Both parties have expressed support for permanent changes" to the Alternative Minimum Tax, but "passage of 'pay-go' legislation by the House Friday could add an extra hurdle."

WPost Cites Mankiw In Rejecting Bush's Tax Cut Defense. The Washington Post (1/6, A16, 690K) editorializes, "President Bush wrote in a Wall Street Journal op-ed Wednesday that 'it is also a fact that our tax cuts have fueled robust economic growth and record revenues.' The claim about fueling record revenue is flat wrong, and it is shocking that the president should persist in making such errors. … This is not just our opinion. Harvard's N. Gregory Mankiw, an economic conservative who served as chairman of Mr. Bush's Council of Economic Advisers, has tested the hypothesis on which Mr. Bush's claim is based: He looked at the extent to which tax cuts stimulate extra growth and the extent to which that growth generates extra tax revenue that offsets the initial loss of revenue from the tax cut. Mr. Mankiw's conclusion: Even over the long term, once you've allowed all of the extra growth to feed through into extra revenue, cuts in capital taxes juice the economy enough to recoup half of the lost revenue, and cuts in income taxes deliver a boost that recoups 17 percent of the lost revenue."

Democratic Medicare Bill Lacks Formulary To Pressure Drug Firms. The Los Angeles Times (1/6, Alonso-Zaldivar, 850K) reports, "The bill that House Democrats unveiled Friday to lower drug prices for the elderly contains a provision that could make it difficult — or maybe even impossible — to achieve its goal, some critics said. The legislation would direct the federal government to use its huge market power to bargain for lower prices with drug manufacturers on behalf of some 23 million seniors enrolled in the Medicare prescription program. But a provision in the bill would explicitly prohibit the government from creating a list of approved drugs, known as a formulary — thus taking away a powerful lever commonly used in such pricing negotiations. Fear of not being included on such a list of approved drugs is one of the principal reasons manufacturers agree to lower prices."

"Health Courts" Proposed As Alternative To Malpractice Jury Trials. In an op-ed for the Wall Street Journal (1/6, A6, 2.04M) Phillip K. Howard, chair of Common Good, writes, "Skyrocketing health-care costs are a looming national tragedy, but cannot be contained without restoring reliability to the justice system. … Fear of erratic jury decisions in medical malpractice cases has spawned a culture of fear, causing inefficiencies that infect every level of medicine." Howard adds, "A functioning system of justice must aspire to deliberate choices, binding from one case to the next. Reliability is critical. Providers must know what's expected of them and must trust the system to distinguish good care from bad care. What's needed is something entirely new: specialized health-care courts. … A proposal for expert health courts has been developed in a joint venture of Common Good (a nonprofit organization) and the Harvard School of Public Health. It promises to restore reliability and foster confidence."

Boxer Will Lead Senate Ethics Panel In Johnson's Absence. RollCall.com (1/5) reports that with Sen. Tim Johnson recovering from brain surgery, Majority Leader Harry Reid has selected Environment and Public Works Chairwoman Barbara Boxer "to temporarily take the reins of the chamber's Ethics Committee." The move "will allow the committee to convene before Johnson returns to work. Democratic aides said Friday that Reid's decision also is being driven in part by the fact that the Senate will take up its ethics reform package next week."

Records Of White House Visitors Not Open To Public. The AP (1/6, Yost) reports, "The White House and the Secret Service quietly signed an agreement last spring in the midst of the Jack Abramoff lobbying scandal declaring that records identifying visitors to the White House are not open to the public." The AP continues, "The Bush

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administration didn't reveal the existence of the memorandum of understanding until last fall. The White House is using it to deal with a legal problem on a separate front, a ruling by a federal judge ordering the production of Secret Service logs identifying visitors to the office of Vice President Dick Cheney." The AP adds, "In a federal appeals court filing three weeks ago, the administration's lawyers used the memo in a legal argument aimed at overturning the judge's ruling. The Washington Post is suing for access to the Secret Service logs. … The five-page document dated May 17 declares that all entry and exit data on White House visitors belongs to the White House as presidential records rather than to the Secret Service as agency records. Therefore, the agreement states, the material is not subject to public disclosure under the Freedom of Information Act. … In the past, Secret Service logs have revealed the comings and goings of various White House visitors, including Monica Lewinsky and Clinton campaign donor Denise Rich, the wife of fugitive financier Marc Rich, who received a pardon in the closing hours of the Clinton administration."

Roberts Credited With Making SCOTUS More Accessible To Media. The Washington Post (1/6, A3, Barnes, 690K) reports, "Just in the past few months, Justice Ruth Bader Ginsburg has invited television interrogator Mike Wallace into her chambers for a well-mannered chat. Justice Antonin Scalia has turned up at a sold-out breakfast meeting of the Northern Virginia Technology Council and mixed it up with the American Civil Liberties Union, and he has publicly debated the Constitution with fellow justice…Stephen G. Breyer. Breyer has promoted his book 'Active Liberty' on 'Fox News Sunday'. … And this week…Justice John Paul Stevens said in what was grandly billed as his first network television interview that he considered himself the same 'moderate conservative' that President Gerald R. Ford appointed 31 years ago." According to the Post, "there has…been a change in the way justices, now led by Chief Justice John G. Roberts…see their role both in explaining what they do and in fostering a public conversation about the judiciary, according to those who most carefully monitor the court." Roberts "seems comfortable with reporters."

SCOTUS Adds Cases On Race Discrimination, Environmental Law. The Washington Post/AP (1/6, A3) reports the Supreme Court "added seven cases to its docket, including a discrimination case in which a Coca-Cola bottling company fired a black employee. The lawsuit involves allegations that a supervisor of employee Stephen Peters was motivated by racial bias and influenced a human resources manager to fire the worker. … The court also agreed to consider the interaction of two federal laws, the Endangered Species Act and the Clean Water Act, which set out different standards for federal agencies to protect endangered species." The Los Angeles Times (1/6, Savage, 850K) reports, "The Supreme Court agreed Friday to referee a high school sports dispute over whether coaches have a free-speech right to recruit athletes from other schools. … In Long Island Care at Home vs. Osborne, the court will decide whether certain home-care workers are protected by the federal law that requires a minimum wage and overtime pay. Since the 1970s, the Labor Department has said home-care workers who provide companionship services to the elderly and infirm are generally not covered by the law. … The justices also said they would consider making it harder to sue companies for stock fraud. Tellabs, a maker of telecommunications equipment, was sued by investors who said its executives had knowingly inflated its value."

Death Penalty Appeal Will Also Be Heard. The New York Times (1/6, A12, Greenhouse, 1.16M) reports the Supreme Court "agreed…to use the case of a schizophrenic death row inmate in Texas to set the standard for determining when a mental illness is so severe that execution would be constitutionally impermissible. … The American Psychiatric Association has expressed specific concern about the competency standard used by the United States Court of Appeals for the Fifth Circuit, which upheld the death sentence for the Texas inmate, Scott L. Panetti, in rejecting his petition for a writ of habeas corpus last May. Mr. Panetti, convicted in 1992 of fatally shooting his in-laws in the presence of his estranged wife and their 3-year-old child, is a 48-year-old Navy veteran who was hospitalized 14 times for schizophrenia and other serious mental disorders in the decade before the crime."

White House Seeks "Proven Combatant" For Counsel. The New York Times (1/6, A10, Rutenberg, 1.16M) reports President Bush "is seeking a new chief lawyer with credentials as a proven combatant as he and his staff prepare for a potential raft of investigations from Democrats in Congress who have promised to challenge the White House's conduct of policy and its assertions of executive power. … Republicans said Friday in interviews that the White House was now, in essence, seeking a

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politically savvy outsider." The Times add, "Several Republicans, including some former administration officials, said the new White House counsel would also need the stature to counterbalance David S. Addington, the powerful chief of staff of Vice President Dick Cheney. Mr. Addington has tended to argue against cooperating with Congressional requests for classified information, a position that may require some softening, or at least more diplomacy, in the 110th Congress." The Times lists as potential contenders: Fred F. Fielding, Charles J. Cooper, Laurence H. Silberman, David Aufhauser and J. Thomas Schieffer.

NYTimes Blasts FDA Over Decision On Cloned Animals. The New York Times (1/6, A14, 1.16M) editorializes, "The Food and Drug Administration's assessment that food from cloned animals is safe to eat is a victory for biotech companies and a loss for everyone else. Like many decisions on the cutting edge of agricultural technology, it was hurried along in a way that is more sensitive to political and economic pressure than to the long-term welfare of animals, humans and the world they inhabit. Asking whether cloned meat and milk are safe is not even the right question. The right question is, why clone at all? … Cloning isn't just a matter for the F.D.A. to decide. It is up to us as a society to decide as well."

LATimes Supports FDA Move. The Los Angeles Times (1/6, 850K), in an editorial, writes, "Even if it's creepy, cloned meat is safe and tasty, says the Food and Drug Administration. … It isn't the FDA's job to rule on the morality of animal husbandry, nor to placate nervous trading partners overseas. Its mandate is to ensure the safety of the nation's food supply, and the verdict is in: Cloned meat is safe. Those who aren't convinced will have other options. Just as 'organic' farms and dairies across the country put special labels on their hormone-free milk or pesticide-free produce, ranches will doubtless spring up to market 'non-cloned' meats. Those who want to pay more for lower-quality food will no doubt be able to do so."

OTHER NEWS:

Jobs Were Created At 2006's Highest Rate In December. ABC World News (1/5, story 6, 0:10, Gibson, 8.78M) reported, "There is some surprising news tonight about the strength of the job market. The government says employers added 167,000 jobs last month. That's far more than expected." NBC Nightly News (1/5, story 6, 1:00, Williams, 9.87M) reported, "160,000 new jobs were added in December, what one economist called a 'rock-solid' reading. And the unemployment rate held steady at 4.5%."

The Wall Street Journal (1/6, A3, Gerena-Morales, lp, 2.04M) reports the Labor Department said Friday that job creation "accelerated at the end of last year and wage gains hovered at their highest level in nearly six years, suggesting that the economy might be performing better than economists anticipated and dashing hopes that the Federal Reserve will cut interest rates anytime soon." Payrolls expanded by "a seasonally adjusted 167,000 jobs in December," and unemployment remained unchanged at 4.5%. The Financial Times (1/6, Callan, Guha, Crooks) says the December job gains were "the biggest increase in 2006, defying economists' predictions that the pace of hiring would slow. Wages also picked up, with a 4.2 per cent annual increase in average hourly earnings." The Washington Post (1/6, D1, Henderson, Schneider, 690K) says the report "followed others this week showing that retailers rang up decent holiday sales last month, while factories churned out more goods and businesses spent more on offices, shopping centers and other types of commercial construction." The Washington Times (1/6, A1, Hill, 88K) puts the positive jobs news on its front page, and the New York Times (1/6, C1, Peters, 1.16M) has a business section report.

Jobs Data To Play Key Role In Next Fed Deliberations. The Financial Times (1/6, Guha) says the data will play a "central role" in the Fed's "next deliberations on interest rates." The latest published Fed minutes "show the Fed putting considerable weight on the continued strength of the labour market as an offset to other signs of weakness in the economy, for instance, in manufacturing output."

Bernanke Defends Fed's Banking Role. The Financial Times (1/6) reports Federal Reserve Chairman Ben Bernanke "stoutly defended" the Fed's role in banking supervision, "pushing back against suggestions that this role should be hived off and given to a single regulator." Addressing the American Economic Association, Bernanke said, "The Fed's ability to deal with diverse and hard-to-predict threats to financial stability depends critically on the information, expertise and powers that it holds by virtue of being both a bank supervisor and a central bank."

Markets Down On Jobs Report. The New York Times/AP (1/6, C6) reports the "surprising surge in new jobs

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and wages diminished the hopes of investors for an interest rate cut." The Dow "fell 82.68 points, or 0.66 percent, to 12,398.01 -- the biggest one-day drop since Nov. 27. The Dow was down more than 115 points at one time yesterday." The S&P 500 was down "8.63 points, or 0.61 percent, to 1,409.71." and the Nasdaq "dropped 19.18 points, or 0.78 percent, to 2,434.25." The Financial Times (1/6, Scholtes, Davies) reports US bond prices were also down on the jobs news, while the Wall Street Journal (1/6, B2, Molinski, 2.04M) reports the dollar hit a "six-week high against the euro Friday and recovered much of its overnight losses against the yen" on the report. In a related piece, the Wall Street Journal (1/6, B1, McKay, 2.04M) examines whether, "after the Dow's 16% gain last year," a correction is due.

The New York Times (1/6, C6, DeAenlle, 1.16M) also reports that "Dogs of the Dow" -- the DJIA's 10 stocks "with the highest dividend yields at the end of each year -- have handily outperformed the index itself and other benchmarks of blue-chip stocks" over the past seven years, making them "the sort of stocks that value investors covet. … The Dogs for 2007, in descending order of yield, are Verizon, Altria, AT&T, Pfizer, Citigroup, Merck, General Motors, Dupont, J. P. Morgan and General Electric."

Lower Oil Prices Yet To Reach Consumers. The Washington Post (1/6, D1, Mufson, 690K) reports that while "warm weather was bad news this week" for OPEC, oil and gas companies, and "any traders who had bet on rising energy prices," the "unseasonably warm weather may make it cheaper to fill their gas tanks -- though it hasn't yet." While crude oil is down 7.8% in New York since the start of 2007, "so far, the benefits of falling crude oil prices haven't trickled down to consumers. … According to AAA, the average nationwide price for unleaded regular gasoline was $2.33 a gallon yesterday, essentially unchanged from the day before and up nearly 3 cents from a month ago." On the same page, the Washington Post (1/6, D1, Freeman, 690K) has a feature on how automakers are gauging demand for alternative-fuel vehicles.

Ex-SEC Chairs Back NYSE/NASD Regulatory Merger. In a Wall Street Journal (1/6, A7, 2.04M) op-ed, former SEC chairmen William Donaldson and Harvey Pitt write, "Despite government's increasing role, there remains an important need for securities industry self-regulation. Given some of the lapses we've seen over the last several years, the need for high ethical standards and business practices is more important than ever. And yet, under the current, outmoded system, there are conflicting standards, inefficiencies and waste. … The proposed merger of the NASD and NYSE regulatory regimes put forward last month is in the best traditions of the government-private sector partnership Congress envisioned when it enacted the federal securities laws."

Biden Expects To Create Exploratory Committee This Month. Asked on CNN's The Situation Room (1/5, Blitzer) about whether he has "formally gone through the process of declaring your intention to run" for president, Sen. Joseph Biden said, "I haven't formally done that, but will formally set up that committee, I expect, by the end of this month. It is my intention to run. I've been straightforward about that for the last six or eight months."

Brownback To Enter Presidential Race On January 20. The AP (1/5, Sidoti) reports Sen. Sam Brownback, a "favorite son of the religious right, will officially enter the presidential race later this month in his home state." A spokesman said Brownback will officially enter the race on January 20 in Topeka, and then "will fly to Washington to participate in the anti-abortion march" marking the anniversary of the Roe v. Wade ruling.

Owens Joins Romney's Senior Advisory Team. The Denver Post (1/6, Marshall, 256K) reports exiting Colorado Gov. Bill Owens has joined Mitt Romney's senior advisory team as the ex-Massachusetts governor moves toward a presidential run. During a radio interview, Owens said of Romney, "I think he's one of the brightest people I've ever seen in public office. He's a businessman, he's a manager. He is a conservative, he wants to cut taxes."

Giuliani Playbook Offers Self-Assessment Of Potential Liabilities. The New York Times (1/6, B3, Purnick, 1.16M) writes, "The country sure has been enjoying itself reading about the Rudy Caper, feasting on the inside dish gleaned from Rudolph W. Giuliani's presidential playbook. The purloined or lost document gives outsiders a glimpse behind the curtain." The Rudy "portrayed on JoinRudy2008.com is a dragon slayer with a record of unmitigated success. He is a man with an open smile, replacing the fearsome City Hall scowl that he used so often to great effect." But the playbook, "meant for insider eyes," concedes Giuliani "as a presidential candidate may have to contend with such trouble as questions about his former wife,

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Donna Hanover, and his former associate, the controversial Bernard B. Kerik. It cites concerns about Mr. Giuliani's relatively liberal positions on social issues -- stances not likely to find favor with the Republican Party's conservative wing."

Obama To Address Virginia Democrats Next Month. The Washington Post (1/6, B3, Craig, 690K) reports Sen. Barack Obama "will be the featured guest at a major fundraiser for the Virginia Democratic Party next month," addressing about 2,000 donors and activists at the party's annual Jefferson-Jackson Day Dinner in Richmond. While Obama could announce his presidential plans "as soon as this month, his speech at the fundraiser at the Richmond Convention Center could prompt a lot of discussion about Virginia's role in the presidential race. Virginia's Democratic presidential primary has been held relatively early in past elections, before any candidate had the nomination locked up."

McAuliffe Blasts Kerry In Memoir. The AP (1/5) reports Terry McAuliffe, the "former Democratic Party boss and Clinton friend," is "lambasting John Kerry's unsuccessful presidential campaign, calling his effort to unseat President Bush 'one of the biggest acts of political malpractice in the history of American politics.'" The AP says McAuliffe "is close to Bill and Hillary Rodham Clinton and will support her presidential bid if the New York senator runs in 2008," and his memoir "could serve as the opening salvo against a potential Clinton rival as Kerry weighs another bid. However, McAuliffe has kind words for other possible candidates, such as Sens. Barack Obama and Chris Dodd and Iowa Gov. Tom Vilsack." The book, "What a Party! My Life Among Democrats: Presidents, Candidates, Donors, Activists, Alligators and Other Wild Animals," goes on sale January 23. The New York Times (1/6, A13, Broder, 1.16M) says there are "any number of humorous anecdotes sprinkled among the chest-deep pile of dropped names in the 406-page volume."

Candidate For New Hampshire Democratic Chair Withdraws. The New Hampshire Union Leader (1/6) reports New Hampshire Democratic Vice Chairman withdrew from the race to lead the state party. Manchester police "began an investigation of Buckley at the request of the Attorney General's office after Gov. John Lynch received a complaint linking him to pornography. Buckley tonight denied any wrongdoing."

Schwarzenegger Begins Second Term By Claiming Centrist Mantle. The San Francisco Chronicle (1/6, Martin, 384K) reports on its front page that Gov. Arnold Schwarzenegger "cast himself Friday as the leader of a 'post-partisan' movement that would give birth to innovative ideas through collaboration, not party warfare, urging leaders in his second inaugural address to govern from a 'dynamic center that is not held captive by either the left or the right or the past.'" In his 15-minute speech, Schwarzenegger "made no policy proposals and instead focused entirely on tone, rejecting the liberal versus conservative battleground in favor of the pragmatic middle. Aides said the message, from a governor who bucked a national anti-GOP trend last fall by cruising to re-election, was aimed beyond the state toward a national audience." Schwarzenegger said, "The American people are instinctively centrist. So should be our government. America's political parties should return to the center. They should return to the center where the people are."

CNN's The Situation Room (1/5, Blitzer) reported, "Schwarzenegger limped to his inaugural on crutches today. But the California governor may be politically stronger than ever, after mining the middle ground." ABC World News (1/5, story 7, 0:15, Gibson, 8.78M) reported, "Gov. Arnold Schwarzenegger used crutches to get on stage to his swearing in. It's the first time he's been seen in public since the bad leg break he suffered skiing before Christmas. Schwarzenegger called every day as governor an adventure. And his political escapes are more hair-raising than anything he did in the movies." The Washington Times/AP (1/6) further quotes Schwarzenegger: "Like Paul on the road to Damascus, I had an experience that opened my eyes. And what was it that I saw? I saw that people, not just in California, but across the nation, were hungry for a new kind of politics, a politics that looks beyond the old labels, the old ways, the old arguments."

The Los Angeles Times (1/6, Martelle, Salladay, 850K) says in a front page feature that "the celebrities and the crowds were notably absent, spotlighting the difference between a movie star doing the unusual -- winning a gubernatorial recall election -- and a now-seasoned politician signing in for four more years." The New York Times (1/6, A9, McKinley, 1.16M) says Schwarzenegger was "nursing a broken leg" but came "armed with an electoral mandate." The event "was a chance for Mr. Schwarzenegger to take hold of the political center, something he did effectively during

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the election year…and in the election itself." The Washington Post (1/6, C1, Booth, Geis, 690K) writes, "It was Arnold's second inauguration -- and unlike the first one (boring), his wife, former TV news star Maria Shriver, was clearly in charge of the sequel. The theme? Make nice. It is apparently the dawn of 'post-partisanship' in California, as Schwarzenegger renounced the 'fringes of left and right' (technically, he's still a Republican) and declared the 'new creative center.'"

O'Malley To Tour Maryland In Week Before Inaugural. The Washington Post (1/6, B2, Wagner, 690K) reports Maryland Gov.-elect Martin O'Malley "announced plans yesterday for a 'One Maryland Inaugural Tour and Celebration' in the week leading up to" his January 17 inauguration, with events across the state.

NYTimes Says Spitzer Has Big Ambitions For New York. The New York Times (1/6, A14, 1.16M) editorializes, "Gov. Eliot Spitzer is fond of saying that you can't change the world by whispering. What New Yorkers saw in his first week in office was a governor in full trumpet about how to overhaul their state government. While some veterans of state politics saw Mr. Spitzer's State of the State speech on Wednesday as too ambitious, former Gov. Hugh Carey got it just right. 'It's a very big agenda,' he said, 'but it's not too big for New York.' … Spitzer certainly acts like a man ready to go forward quickly. The goals he has set may be daunting to the old guard in Albany, but anything less from this governor would have been a grave disappointment."

"Embryo Brokerage" Stirs Bioethics Debate. The Washington Post (1/6, A1, Stein, 690K) reports, "A Texas company has started producing batches of ready-made embryos that single women and infertile couples can order after reviewing detailed information about the race, education, appearance, personality and other characteristics of the egg and sperm donors. The Abraham Center of Life LLC of San Antonio, the first commercial dealer making embryos in advance for unspecified recipients, was created to help make it easier and more affordable for clients to have babies that match their preferences, according to its founder. … The embryo brokerage, which calls itself 'the world's first human embryo bank,' raises alarm among some fertility experts and bioethicists, who say the service marks another disturbing step toward commercialization of human reproduction and 'designer babies.'" The Houston Chronicle (1/6, 530K) and the Dallas Morning News (1/6, 500K) both run this Post story today.

Former President Bush Recovering Well From Surgery. NBC Nightly News (1/5, story 9, 0:30, Williams, 9.87M) reported, "We have an update tonight on the condition of President George H.W. Bush. Eleven doctors say he has recovered well ahead of schedule from hip replacement surgery. He is said to be up and around and walking and expects to be sent home tomorrow. The former president, now 82 years old, underwent the surgery at the Mayo Clinic in Minnesota on Wednesday, where he had his left hip replaced back in the year 2000."

California Legislators Approve Reagan Bust For Capitol Rotunda. The Washington Times (1/6, Pfeiffer, 88K) reports, "Nearly twenty years after leaving office, Ronald Reagan is coming back to Washington. California lawmakers have voted to place a bronze bust of the former president in the Capitol Rotunda. … The bust of Mr. Reagan…will replace that of Thomas Starr King, 'the orator who saved the nation.' King is credited with keeping California in the Union during the Civil War."

Ex-Commerce Secretary Verity Dies At 89. The New York Times/AP (1/6, A16, Press) reports Reagan-era Commerce secretary C. William Verity Jr. "died Wednesday in Beaufort, S.C. He was 89. Mr. Verity, who suffered from asthma, died of complications of pneumonia in a Beaufort hospital." He joined the Cabinet "in August 1987 after his predecessor, Malcolm Baldrige, was killed in a rodeo accident."

WSJournal Says Sheehan Is Democrats' "Problem Now." The Wall Street Journal (1/6, A6, 2.04M) editorializes, "When Cindy Sheehan became a celebrity for her 'peace' vigil outside President Bush's Texas ranch in 2005, the antiwar left hailed her as a heroine. ... Well, she's their problem now. On Wednesday members of the new House majority tried to hold a press conference to discuss their legislative priorities, but a group of hecklers, led by Mrs. Sheehan…forced Representative Rahm Emanuel to shut it down. ... We found few comments about her latest antics on the left-wing blogs. It's heartening to realize that her erstwhile backers were motivated by partisanship, not hatred of country."

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Ford Remembered On NYTimes Op-Ed Page. New York Times (1/6, 1.16M) guest columnist Orlando Patterson writes that President Gerald Ford "was a man at peace with himself. Uncomplicated but without a trace of shallowness; calm, dignified and quietly engaging, a person you would like to be your friend." In an op-ed for the New York Times (1/6, A15, 1.16M), comic actor Chevy Chase writes about his "relationship" with Ford.

Rice, South Korea's Song Laud Resumption Of Nuclear Talks, Discount Likelihood Of Test. AFP (1/6, Millikin) reports, "The United States has intensified efforts to resume nuclear disarmament talks with North Korea, while confirming it was working with Japan on an emergency plan for a possible crisis in the Korean peninsula." Secretary of State Rice "told a joint news conference with visiting South Korean Foreign Minister Song Min-Soon that the six-party talks could resume 'fairly soon' if Pyongyang signals it is ready for constructive denuclearization steps." The first round "ended without apparent progress," however, "Rice said Friday that those five days of discussions had laid the groundwork for further negotiations." Song "said it was 'North Korea's turn to come back to us with a positive and realistic response' to proposals made" during that first round of talks. In addition, Rice "played down press reports this week that North Korea was making preparations for a second nuclear test explosion as a way of pressuring its partners for concessions in the next round of talks."

The AP (1/5, Schweid) says Rice "cautioned North Korea on Friday that a second nuclear test 'no doubt would deepen its isolation.'" She and Song "agreed at a State Department news conference that their governments want negotiations on North Korea's nuclear program resumed." Song "said he had no indication that a fresh nuclear test by the North Koreans is imminent." The Washington Post (1/6, A13, Kessler, 690K) keys on the "expected" resumption of the Six-Party Talks, reporting Rice and Song said meetings "are likely to reconvene this month or next, when the United States and its allies hope to get a clearer sense of whether Pyongyang has any interest in giving up its weapons.

Death Of North's Foreign Minister Unlikely To Change Policy. The Washington Times (1/6, Salmon, 88K) reports on the impact of North Korean Foreign Minister Paek Nam-sun's death on Pyongyang's foreign policy, noting most experts believe significant change is "unlikely." Noting Paek's eight-year leadership of the foreign ministry, the Times adds, "In a society as opaque as North Korea's, it is impossible to predict a successor to Mr. Paek, but one analyst expected Mr. Paek's deputy at the foreign ministry," Kang Sok-ju, to take over. "The chances of Mr. Paek's successor having any leeway in moderating the country's nuclear policy are small."

Beijing Asks Tehran To Consider Sanctions, Talks. The Washington Post (1/6, A9, Cody, 690K) reports Beijing "told" Iranian nuclear negotiator Ali Larijani "that Tehran should abandon its defiance of U.N. sanctions and work for a swift return to talks to resolve the standoff over its nuclear program." Chinese media indicate that President Hu Jintao "urged" Larijani to offer "a 'serious response' to the U.N. sanctions." The Post calls the "public advice to Iran" one more "instance in which Beijing seemed to be following a course parallel to that of the United States on nuclear nonproliferation. Diplomats from the two countries have worked with increasing closeness over the past three years in Chinese-sponsored negotiations to dismantle North Korea's nuclear weapons program."

The AP (1/5, Ang) adds Beijing "urged Iran to give a 'serious response' to" UNSCR 1737. Larijani "warned that Tehran's commitment to the peaceful use of nuclear technology will change if the country is threatened." Hu reportedly told Larijani that that the "sanctions reflect 'the shared concerns of the international community over the Iranian nuclear issue.'"

US Diplomat To Be First To Visit Mogadishu In Over A Decade. The New York Times (1/6, Gettleman, 1.16M) reports Assistant Secretary of State Jendayi Frazer "plans to visit Mogadishu, the violence-scarred Somali capital," tomorrow. "It would be the first time in more than a decade that a high-ranking United States official has set foot there." While Frazer's schedule "was still tentative," the Times says she plans "to be in Mogadishu for four hours to meet with officials of the transitional government and leading Somali intellectuals." The Times calls the two announcements "part of Somalia's transformation after Ethiopian-led forces ousted the once powerful Islamist movement from the capital last week and helped install a potentially viable government there for the first time in over 16 years." The Financial Times (1/6, England) keys on Zawahiri's call for an "Iraq-style insurgency" across Somalia. The Washington Times/AP (1/6, Kennedy) adds fighters loyal to the Islamic Courts "say they will heed al Qaeda's call for

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guerrilla attacks and suicide bombings against Ethiopian troops whose intervention was key to the Islamists' defeat."

The Washington Post (1/6, A13, DeYoung, 690K) focuses its coverage on yesterday's meeting of the Somali Contact Group in Nairobi, saying the diplomats and aid providers "urged the quick deployment of an African peacekeeping force in Somalia, as the United States pledged $40 million to assist the mission and provide humanitarian aid." The Somali Contact Group "called for 'immediate support for the stabilization of Somalia,' noted an imperative to launch a political reconciliation process 'without delay' and cited the need for 'immediate concrete assistance.'" Frazer, the meeting's chair, is quoted saying, "The group clearly felt it was important that there not be a security vacuum." Under the front-page headline, "In Somalia, Confusion Remains In Command," the Washington Post (1/6, A1, McCrummen, 690K) adds, "Ordinary Somalis are not sure who is in charge: the Ethiopians, the government, the warlords or the exiled Islamic Courts leaders and their underground fighters," and "security continues to be the main concern in Mogadishu."

Hamas-Fatah Violence Continues Ahead Of Rice Visit. The New York Times (1/6, A6, Erlanger, 1.16M) reports Palestinian Prime Minister Ismail Haniya "called Friday for an end to the internal violence in the Gaza Strip, a day after members of his own Hamas militia surrounded the house" of Fatah Col. Muhammed Gharib, "killed him and his bodyguards and seriously wounded his wife and brother." Fatah responded to Gharib's murder by "suggesting another round of retaliation," and "also said negotiations with Hamas on a unity government were impossible in the present atmosphere." In addition, "a local cleric and frequent critic of Hamas, Adel Nasar, was murdered as he left his mosque" yesterday. The Times adds, "The new tensions have set off a series of battles between Hamas and Fatah forces that show no sign of ending, despite various efforts to restore calm."

The Financial Times (1/6, Morris, Dinmore) keys on Nasar's murder, reporting, "Unidentified gunmen shot dead a Muslim cleric after he delivered a sermon in the Gaza Strip on Friday calling for an end to fierce factional fighting." The "factional violence is worsening just as the US is gearing up for another diplomatic effort in the region," sending Secretary of State Rice to Israel "and the Palestinian territories late next week." Experts on US policy "give no sign of any significant shift away from the current strategy of supporting Mr. Abbas, with money and equipment, while isolating and shunning Hamas."

Tanzanian Foreign Minister Will Be Number Two At UN. The New York Times (1/6, Preston, 1.16M) notes UN Secretary-General Ban Ki-moon "appointed Asha-Rose Mtengeti-Migiro, the foreign minister of Tanzania, to be deputy secretary general and said he intended to give her responsibility for day-to-day management of the world organization." The Times says Ban "fulfilled a pledge to place a woman from a developing country in the second most powerful post at the United Nations." USUN's Richard Grenell is quoted saying of Migiro, "Her experience indicates she will do a fantastic job." US "officials said [Secretary Rice] was personally acquainted with Ms. Migiro and was pleased when she heard of the appointment on Friday." Migiro was a professor before joining the Cabinet in 2000, and took over the foreign ministry one year ago. BBC.com (1/5) adds Ban "described Ms. Migiro as a highly respected leader who had championed the cause of developing countries over the years."

The Los Angeles Times (1/6, Farley, 850K) notes Ban "said he planned to delegate much of the U.N.'s management and administrative work to" Migiro. "She will also oversee socioeconomic affairs and development issues." A UN statement "said Migiro proved her ability to manage as the chairwoman of the Great Lakes regional conference in Central Africa in December." Ban also appointed former Indian ambassador and undersecretary-general Vijay Nambiar as his chief of staff.

Ban To Publicize His Personal Finances. The Washington Post (1/6, A13, Lynch, 690K) reports Ban "announced Friday that he will release his personal financial records, making him the first U.N. leader to subject his financial dealings to public scrutiny." His "action on his financial records was partly symbolic, because Ban had already been required to file disclosure statements when he served in the South Korean government. It was calculated to prod other senior U.N. officials to voluntarily make their own financial statements public."

NYTimes Calls Ban "A Status Quo Secretary General." The New York Times (1/6, A14, 1.16M) editorializes, "The big powers in the United Nations Security Council…wanted a low-key bureaucrat who wouldn't rock the boat. Judging by Mr. Ban's early moves, the world has gotten exactly that. Expect no Kofi Annan-style exhortations to live up

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to the values of the U.N. charter. ... And expect no serious drive for much-needed administrative reform."

Chinese Fed Raises Reserve Requirements. The New York Times (1/6, C3, Barboza, 1.16M) notes the Chinese central bank "raised the reserve requirement ratio for banks, the fourth increase in six months, to further tighten the nation's money supply." That "modest move" pushes the reserve ratio to 9.5 percent, and experts believe "it was the government's latest warning that too much money in the financial system could ignite inflation and perhaps fuel a stock market bubble." The Times adds that the hike "comes as China's stock market is booming after several years in the doldrums." Beijing "is determined to keep the economy expanding but is concerned about growing so quickly that the economy might crash before 2008, when Beijing is host to the Olympic Games, viewed as the ultimate coming-out party for China."

Chinese Yuan Reaches Parity With Hong Kong Dollar. The New York Times (1/6, C3, Bradsher, 1.16M) notes the Chinese yuan "is poised to become more valuable than the Hong Kong dollar by the end of the month, and could pass the traditional benchmark for the Hong Kong dollar's value as early as next week. The shift has been the latest in a series of shocks for [Hong Kong] residents' confidence that they or their ancestors had made the right decision to live in Hong Kong instead of anywhere else in China." The Times explains, "People in Hong Kong are used to comparing themselves with the educated middle class on the mainland. And they are finding that a growing class of Chinese businessmen and businesswomen have become more affluent than the average resident of Hong Kong." Some Chinese merchants "have stopped taking Hong Kong dollars or have begun asking a slightly greater number of dollars than the number of yuan on price tags would suggest. Prices are rising here in markets for everything from luxury apartments to dried bugs, and the culprit is the same: the rising value of the Chinese yuan and the falling value of the Hong Kong dollar."

Chinese Newspapers' Intellectual Property Suit Could Prove Pivotal. The New York Times (1/6, A3, French, 1.16M) reports the Beijing News, "one of China's largest newspapers," is suing Tom.com, "one of the country's leading Internet portals, claiming that it violated copyright laws, setting off a media war and highlighting the first signs of a possible shift in policies toward intellectual property rights" in China. The newspaper seeks $400,000 in damages for the republication of "more than 25,000 articles and photos without authorization since 2003." Despite China having a "reputation as a sort of no man's land for intellectual property rights," the Times says the News' suit "is headed to court at a time of accelerating legal change and signs of increased efforts by law enforcement to protect copyrights and intellectual property."

Zimbabwe Offers Long-Term Land Leases To Some White Farmers. The Washington Post (1/6, A9, Timberg, 690K) notes the Zimbabwean government of President Robert Mugabe "has granted long-term leases to 19 white farmers in a step toward allowing as many as 1,000 white-owned commercial farms to resume operating legally after years of land seizures." The Post calls the leases "the latest indication that Zimbabwe is pulling back from the harshest elements of a seven-year-old land reform program that has devastated its once-thriving agricultural sector and helped push the annual inflation rate over 1,000 percent, the highest in the world." However, the Post notes, "many white farmers have rejected the move as a desperate bid to revive the country's economy without restoring their property rights." Calling land "an emotional, politically explosive issue in Zimbabwe," the Post adds, "Among the contentious issues remaining is whether white farmers must surrender the deeds to their land to qualify for new leases."

Warsaw Archbishop Collaborated With Soviet Secret Police. The New York Times (1/6, A3, Smith, 1.16M) notes Warsaw Catholic Archbishop Stanislaw Wielgus, "caught in Eastern Europe's widening witch hunt for former Communist secret police informers, admitted Friday that he had collaborated with the Sluzba Bezpieczenstwa, or Security Service, known as the S.B." While admitted he'd "damaged" the Church, Wielgus said "he had neither spied on anyone nor harmed anyone. He said the only thing he ever did was to inform the secret police of his agenda during foreign academic meetings and to promise not to take part in anti-Communist activities." The Times says "many voices in Poland have called for him to step down," noting the "Warsaw archbishopric is a particularly symbolic institution in the former Soviet bloc." Poland's Catholic Church Historical Commission "said that there was no evidence that Bishop Wielgus's actions harmed anyone, and that [their] documents would be sent to the Vatican for further study."

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The Washington Post/AP (1/6, A9, Gera) adds Wielgus "admitted Friday that he had signed an agreement to cooperate with the secret police during the Communist era and said he was leaving his fate in the hands of Pope Benedict XVI." The AP continues, "The mounting allegations against Wielgus have gripped the heavily Roman Catholic country, where the church is esteemed for its opposition to the former Communist government."

Chavez Will Not Renew License Of Venezuela's Largest Television Network. The Los Angeles Times (1/6, Kraul, 850K) notes Venezuelan President Hugo Chavez's "decision not to renew the license of his nation's largest and oldest television network, a frequent critic of his policies, drew a rebuke Friday from the Organization of American States." Secretary-General Jose Miguel Insulza "said in a statement that Chavez acted in an arbitrary manner in yanking the license of RCTV." The OAS "objection follows similar condemnations by news media freedom groups, including Reporters Without Borders and the Inter-American Press Association." Chavez has "accused" RCTV "of promoting the coup in April 2002 that briefly knocked him from power, and of committing unspecified ethical lapses." He "said [his] decision was 'irrevocable' and was made because RCTV 'didn't pass the test to receive a renewal of a concession from a state that is serious, responsible, committed and respectful of the people.'"

Candidates Target Incumbent In Argentine Presidential Race. The Financial Times runs profiles today on two candidates for the Argentine presidency. Under the headline, "Menem Preaches His Free Market Gospel," the Financial Times (1/6, Webber) says Carlos Menem "polarises Argentines like few other politicians. His economic policies during a corruption-tainted government in the 1990s are blamed by many for sowing the seeds of the calamitous debt crisis that erupted five years ago, but a quarter of voters were still prepared to have him back in the past elections – and he is betting more will give him another chance now." Labeling him a "Kirchner critic," the Financial Times (1/6, Mander) reports Roberto Lavagna, "the former economy minister who is widely credited with engineering Argentina's rapid economic recovery since its collapse in 2001, has announced that he will run for president in elections due in October." Lavagna "has criticised the government's 'shift to the left' in the past year."

Nuclear Power Said To Enjoy Renaissance Worldwide. A 1,750-word piece on the front page of today's Washington Post (1/6, Struck, 690K) reports, "Faced with evidence that coal- and oil-fired electric plants are overheating the planet, and alarmed by soaring demand for electricity, governments from South America to Asia are turning once again to a power source mostly shunned for two decades as too dangerous and too costly." Noting that 29 plants are under construction worldwide and over 100 more are planned, the Post says officials "are dusting off plans for nuclear plants even though most of the problems that shelved those projects remain." Notably, some experts "contend that the nuclear resurgence is still just talk. In the United States, they note, not a single reactor has been ordered. The high costs and long delays that vexed nuclear construction … soon will diminish the atomic ardor in other countries, they say."

EU Enlargement Said To Force Retooling Of Attitudes Towards Roma. In an op-ed in today's Los Angeles Times (1/6, 850K), author Colum McCann says many Europeans view the EU's three million new Gypsies as "potential problems." He continues, "If a society recognizes itself, and ultimately critiques itself, on how it treats its most downtrodden, then surely the acid test for the EU is its ongoing treatment of the Roma." McCann admits that it is essential "not to turn any culture into a list of sorrows and benedictions," and says the "European call for inclusion is decent and right. The politicians and bureaucrats behind the sound bites mean well. Why not be in the habit of hoping for a better world?" He concludes that "much about Romani history is still wrapped up in a willful forgetfulness," and urges the end of lingering Roma stereotypes.

Writer Pans Anti-Islamic European Sentiment. In an op-ed in the Wall Street Journal (1/6, A7, 2.04M), Israeli academic Fania Oz-Salzberger says Israelis in Europe "seem to have gained new European friends, and not quite for the right reasons. These new pro-Israel voices base a love of Jews upon the hatred of Muslims." She adds, "Many of these new friends are Muslim-bashers first and Israel-backers second. Their blanket condemnation of Muslim communities on their continent rings eerily familiar. Their sweeping verdict against a whole civilization has that strange déjà-vu feel." Noting that Israel needs "sober, reliable, critical friends" in Europe, Oz-Salzberger concludes, "Israelis

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probably deserve a better European opinion, warranted by our history, culture, science and freedom. Not for being the targeted foes of Islam. Beware of Islamophobes bearing gifts."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"President Urged To Avoid Compromises In Iraq."
"Celebrities Shun Gov.'s Inauguration."
"Tijuana's Police Are Back – Unarmed."
"Sen. Barbara Boxer Rescinds Award."

New York Times:

"House Tightens Disclosure Rules For Pet Projects."
"Images Of Hanging Make Hussein A Martyr To Many."
"A New Commander, In Step With The White House On Iraq."
"Katrina Victims Find A Solution: Modular House."
"Companies Pay Dearly For Technology Trade Show."
"San Franciscans Hurl Their Rage At Parking Patrol."

Washington Post:

"Death In Haditha."
"Pelosi, Reid Urge Bush To Begin Iraq Pullout."
"'Embryo Bank' Stirs Ethics Fears."
"In Somalia, Confusion Remains In Command."
"Something For The Dog That Eats Everything: A Diet Pill."
"In The Global Energy Rush, Nuclear Gets A Resurgence."

Washington Times:

"House OKs Budget Rule Changes."
"Reid, Pelosi Rip Iraq Buildup."
"Democrats Backpedal On 9/11 Commission."
"Jobs, Income Gains Bright Spots In 2006."
"Troops Flee From Border Outpost."
"Fenty, Chief To Put More Cops On Streets."

Detroit Free Press:

"Show-Me Time!"
"Detroit May Shut Up To 52 Schools."
"Behind The Scenes At The Rose Bowl: Part 3."

Atlanta Journal-Constitution:

"Arrests Of Call-Girl Clients Expected."
"New Hogzilla Tops 1,000 Pounds."
"Bush Shakes Up War Team."
"More Aquarium Stars."

Dallas Morning News:

"Santeria Leader Fights Euless Ban."
"Plucky 13: Gritty Mavs Top Spurs."
"Family, Friends Gather To Remember Darrent Williams."
"Culbreath Called In To Lead Housing Board."
"Revamp To Take Casa Linda Back To Its Roots."
"'Nice, Little Old Man' Shot, Killed."
"FDA Approves Drug For Obese Dogs."

Houston Chronicle:

"Houston's Terror Risk Draws More Federal Funds."
"Pelosi, Reid Tell Bush 'Bring The War To A Close.'"
"Secret Vote Could Cost Craddick Speaker's Post."
"House Votes To Reveal Pet Projects' Sponsors."
"Harris Seeks Laws To Curb Treasurer, Bad Dogs."
"Houston Panel Targets Convenience Store Crime."
"New U.S. War Chief In Iraq Signals Tactics Change."
"MLK Parade Group Sues Houston Over Event Rules."
"Cool Cats Show Off Their Agility At Houston Show."

Story Lineup From Last Night's Network News:

ABC: President's Strategy In Iraq; Iraq War Policy Analysis; Congressional View On Iraq/ Spending; Unseasonable Weather; Warm Weather Expected To Continue; Close Call At Denver Airport; Jobs Increase In December; Schwarzeneggar Sworn In; Infant Car Seat Report; Solo Sailor Returning Home; Florida Coastal Trailer Park Windfall.

CBS: Gates Recommends Troop Buildup In Iraq; Military Awaits Troop Buildup Decision; Litvinenko Poisoning Update; Mysterious Weather; Contractor Contract Abuse In Iraq; New Democratic Congress/ Lobbying Reform.

NBC: Warm Winter Weather; Colds Persist In Warm Weather Also; Weather Analysis/ Southern Storms; New Democratic Congress; Homeland Security Spending; US Economy And Jobs; In Depth- Congressional Ethics; Bloody Violence Plagues New Orleans; Update On Former President Bush's Health; Mayfield Retires From National Hurricane Center.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session

US House: Not in session.

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Other: LAW SCHOOLS-CONFERENCE _ Immigration debate, surveillance and security issues are among topics at the Association of American Law Schools Annual Meeting. Over 3,500 law faculty expected to attend. Location: Marriott Wardman Park. Contacts: Elizabeth Patterson, 202-296-5184.

IRAQ DIALOGUE _ 9 a.m. Two days before President Bush will deliver a speech announcing a new course in Iraq, women Nobel Peace Prize Winners Dr. Shirin Ebadi and Professor Jody Williams hold a news conference to call for a constructive US-Iran dialogue and engagement. Location: Old Ebbitt Grill, 675 15th St. NW. Contacts: Carah Ong, 202-378-3334.

BIRTH DEFECTS _ 11 a.m. - 2 p.m. The National Museum of Health and Medicine presents a health fair which will include information on steps women can take to ensure a healthy pregnancy and baby. Information about the most common birth defects will also be available, as well as an exhibition at the museum, "From A Single Cell," which will provide insight into some of the rarest complications that can occur in a pregnancy. Location: National Museum of Health and Medicine, Walter Reed Army Medical Center, 6900 Georgia Ave. and Elder Street NW. Contacts: Jennifer Heilman, 202-782-2671.

AYALON HONORED _ 6 p.m. - 9:30 p.m. A number of Christian groups will honor Israeli Ambassador Daniel Ayalon for the advances made in building bridges of support and understanding for Israel with the American Jewish and Christian communities.The event is sponsored by Love of Israel in cooperation with the Embassy of Israel, with co-sponsors including The International Christian Embassy Jerusalem, Salem Communications, High Adventure Broadcasting, Capital City Church, and the Healing Rooms of DC. Location: Capital Hilton, 1001 16th St. NW. Contacts: Kevin McVicker, 703-739-5920.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 6, 2007 7:45 AM EST

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TERRORISM NEWS:

Judge Grants Delay In Padilla Mental Exam. The AP (1/6, Anderson) reports from Miami, "A federal judge on Friday gave prison officials another week to complete mental examinations to determine if alleged al-Qaida operative Jose Padilla is competent to stand trial." The AP continues, "Bureau of Prisons officials sought an even longer delay until Jan. 30. They said in court papers that Padilla is not "compliant with psychological testing" and must be observed by staff members to complete the evaluation. The documents provided no further details. … The tests were originally supposed to be completed by Friday." The AP adds, "U.S. District Judge Marcia Cooke insisted that the examinations be finished before the scheduled Jan. 22 trial date so she can rule on a number of other outstanding issues, including Padilla's claim that the case should be dismissed because he was tortured during 3½ years in military custody as an 'enemy combatant.' … 'This court cannot proceed to trial until these motions are adequately resolved,' Cooke said in a two-page order Friday. … Justice Department and Pentagon officials have repeatedly denied the torture allegations." The AP notes, "Cooke gave prisons officials until next Friday to finish the evaluation of Padilla and until Jan. 16 to deliver a competency report to her. Two mental experts hired by defense lawyers have concluded that Padilla suffers from post-traumatic stress disorder and is unable to adequately assist his attorneys. … Padilla, a 36-year-old U.S. citizen, is charged along with two others in the U.S. with being part of a support cell that provided money, recruits and supplies to violent Islamic extremists around the world. All three have pleaded not guilty. Two others charged in the case are in custody overseas."

HOMELAND RESPONSE:

McConnell Seen As Likely To Be Weaker DNI Than Negroponte. The Los Angeles Times (1/6, Miller, 850K) reports, "The main question surrounding J. Michael McConnell's nomination to be the next intelligence chief is whether he is forceful enough to keep an already ill-defined job from sliding into irrelevancy. When the position of national intelligence director was created two years ago, even lawmakers who drafted legislation that created the job acknowledged that its actual authority is not clear." John Negroponte "spent much of his tenure trying to consolidate his control over the intelligence community. … In turning to McConnell, the White House 'went from Negroponte, who was a pretty significant figure, to a less significant one,' said a senior government official involved in creating the director's post. If McConnell is not able to impose his will on the 16 intelligence agencies that fall under his responsibility, 'it could be the beginning of the end of the DNI's office,' the official said on condition of anonymity because he was not authorized to speak publicly." AFP (1/5, Knox) reports President Bush "named a new spy chief and filled a critical diplomatic vacancy as he put the last touches on a retooled Iraq strategy that critics charge may escalate the war." BBC.com (1/5) profiles McConnell.

Roemer Critical Of Negroponte Departure. Ex-Rep. Tim Roemer, who served on the 9/11 Commission, said on Fox News (1/5), "Certainly change can be good and it is needed in Iraq. We need better policy there and we need to make some switches and changes. But musical chairs at this new director of national intelligence is the last thing we need. We have had a vacant number two position when General Mike Hayden left to go to the CIA. And now, with Ambassador Negroponte leaving, we've lost the quarterback who manages and coordinates the intelligence for 16 different agencies. So this kind of destabilizing impact at DNI is the last thing we need."

DHS Boosts Funding For Six Major Metropolitan Areas. NBC Nightly News (1/5, story 5, 2:00, Williams, 9.87M) reported, "A big change to report tonight in the Department of Homeland Security's formula for giving out millions of dollars in federal money to help this nation's cities defend themselves against future terrorist attacks. That formula has now changed. Many of those cities are saying it is about time." NBC (P. Williams): "In a big change, homeland security says it will commitment in advance over half its urban security -- this picture is worrying about how to protect the most people from the greatest risks most of the time. Six areas, New York, New Jersey, Washington, D.C., Chicago, Houston and L.A. and San Francisco will get 55% of urban area grants."

The Washington Post (1/6, A6, Hsu, 690K) reports, "Chastened by complaints about poor federal cooperation and by controversy over its slashing of aid to New York and Washington last year, the Department of Homeland Security will reserve about $100 million of the $747 million it will dole out to U.S. cities this year to pay for police counterterrorism operations in six metropolitan areas, officials said yesterday. In announcing changes in style and substance to the Urban Area Security Initiative (UASI) program, Secretary Michael Chertoff cited a 'secretary's prerogative to sometimes inject common sense' to grant calculations based on the risk of terrorism and a subjective rating of the effectiveness of local anti-terrorism programs. … For the first time, DHS

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designated six high-risk urban areas -- New York and northern New Jersey; the Washington region; Los Angeles-Long Beach; Chicago; the San Francisco Bay area; and Houston." Chertoff "cited the threat of 'homegrown terrorism' in encouraging the funding of law-enforcement-led domestic intelligence 'fusion centers.'" However, Sen. Joseph Lieberman, chairman of the Senate Homeland Security Committee, "said DHS also made 'ill-advised' changes to a $509 million state grant program, down $19 million from last year, by eliminating population density as a factor and changing the minimum amount each state can receive."

Newsday (1/6, Eisenberg) reports Chertoff announced that New York and northern New Jersey "would be considered a single area for homeland security planning" and "denied that linking two states and 15 counties (including Nassau and Suffolk) would mean less money for New York. 'There is nothing about this to suggest New York is going to get a grant cut,' he said. … But not everyone was convinced the process had been sufficiently improved. 'Based on last year's ridiculous allocations, and DHS's indication that once again it will use the peer review process, New Yorkers have every reason to be skeptical,'" said Sen. Charles Schumer. Rep. Peter King, ranking member of the House Homeland Security Committee "and a leading critic of last year's cuts, was…cautiously optimistic." The New York Times (1/6, B2, Lipton, 1.16M) reports New York City "will be able for the first time to use federal grant dollars to pay basic salaries of police officers assigned to counterterrorism tasks, like guarding city bridges and subway tunnels. … New York City officials welcomed the rule change, for which they had lobbied over several years. Previously, while some use of grant dollars was allowed for overtime, federal officials pushed cities to use the money to buy antiterrorism equipment like gas masks or surveillance systems rather than for salaries."

The Houston Chronicle (1/6, A1, Hedges, 530K) reports, "Houston's energy industry and port system are considered prime potential targets for terrorists, officials said, and the area's population size as well as its location relatively close to an international border were also considered by federal officials."

Hoyer Admits Not All 9/11 Commission Recommendations Will Be Enacted. The Washington Times (1/6, A1, Debose, 88K) reports House Democrats "campaigned on a promise to implement the recommendations of the September 11 commission, but now say they will not enact all of them. The recommendation to place all intelligence agencies under the Defense Department 'is not on the table,'" said Majority Leader Steny Hoyer. The Times goes on to report that "another obstacle to enacting all the commission reforms as promised is the formula by which federal anti-terrorism money is distributed across the country. House Democrats are confident they can pass a bill in which funds would be distributed based on risk. … But such a plan almost certainly will be killed in the Democratic-controlled Senate."

FBI Investigating Death Threat Against California CAIR Leader. The AP (1/6, Lawrence) reported, "The FBI said Friday it is investigating a death threat sent to the leader of a local Muslim group after U.S. Sen. Barbara Boxer rescinded a certificate her office had awarded to him. Special Agent Karen Ernst said the bureau launched an investigation after Basim Elkarra reported receiving a threatening e-mail." The AP notes, "Nihad Awad, CAIR's national executive director, thanked the FBI for investigating and urged Boxer to 'examine the agendas of those who seek to marginalize and disenfranchise American Muslims.' Elkarra said the death threat was sent Dec. 30, the day after an article about Boxer rescinding the certificate appeared on Newsweek magazine's Web site. He said he also received another e-mail he described as hate mail when CAIR announced the award."

The Los Angeles Times (1/6, Khalil) reported on Boxer's decision to rescind the certificate, noting that CAIR "has a complicated relationship with federal law enforcement agencies. Former FBI counterterrorism chief Steven Pomerantz once said the council's activities 'effectively give aid to international terrorist groups.' But council representatives say they frequently meet with senior FBI officials, and the group has helped train FBI agents in how to interact with the American Muslim community." The Times added, "The council has responded to Boxer's snub by demanding a meeting with the senator — an option Boxer said she would welcome — and rallying supporters of various faiths."

Hatfill Plans To Use Internal Memos In Suit Against NYTimes. The New York Times (1/6, A12, Lewis, 1.16M) reports, "A lawyer for a former government scientist who is suing The New York Times for defamation over a series of columns about the deadly anthrax mailings of 2001 said Friday in court that he was prepared to introduce an internal e-mail message from a senior Times editor that raised questions about one of the columns. The lawyer, Mark A. Grannis, said the columns written by Nicholas D. Kristof about the federal investigation of the mailings unfairly damaged the reputation of his client, Dr. Stephen A. Hatfill, a former germ warfare scientist. … Mr. Grannis told Judge Claude M. Hilton of Federal District Court here that if the trial proceeded he would introduce evidence including a May 23, 2002, message from Philip Taubman, then deputy editor of the editorial page, raising questions about a draft of a column by Mr. Kristof." The Washington Post (1/6, A6, Markon,

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690K) reports, "In the 2002 columns, Kristof criticized the FBI, saying it had failed to aggressively pursue a scientist he first identified as 'Mr. Z.' He wrote that the biodefense community had called Mr. Z a 'likely culprit,' partly because the scientist was familiar with anthrax."

The AP (1/6) reports, "U.S. District Judge Claude Hilton said he will rule on the newspaper's motion soon. The trial is scheduled to begin Jan. 29. … Hilton previously ordered Kristof to disclose his confidential FBI sources so Hatfill could pursue his claim. Kristof refused, and in response Hilton barred Kristof from relying on any information provided by those sources in his defense." The AP notes, "Hatfill's lawsuit was dismissed by Hilton in 2004 but reinstated by a federal appeals court. Hatfill is also suing former Attorney General John Ashcroft, the Justice Department and others in U.S. District Court in Washington claiming they violated Hatfill's civil rights."

Modular Houses Speed Redevelopment Of Gulf Region. The New York Times (1/6, A1, Eaton, 1.16M) reports that before Hurrican katrina modular houses "were almost unknown in Mississippi, where houses tended to be the traditional 'stick built' on site or mobile homes. … But since the storm, modular houses…are starting to appear across the Gulf Coast, as public officials and private citizens search for ways to speed the slow pace of recovery and begin experimenting with new forms of shelter."

WAR NEWS:

In Blunt Letter To Bush, Pelosi And Reid Express Opposition To Iraq Troop Surge. News coverage again focuses on the new Democratic rulers on Capitol Hill, this time focusing on the joint letter from House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid to President Bush stating their opposition to a troop surge in Iraq. ABC World News (1/5, lead story, 2:40, Gibson, 8.78M) reported, "No one knows for sure exactly what the President is going to propose next week, as a new strategy for Iraq. But it would seem a lot of the leaders of Congress don't like what they think he'll say. ... A number of Congressional leaders newly back in Washington are objecting to the idea of a surge, an increase of troops in Iraq." ABC (Raddatz): "Before he has even uttered a word, Democrats are strongly criticizing the plan. In a letter to the President today, top Democratic leaders wrote that 'adding more combat troops will only endanger more Americans and stretch our military to the breaking point.'"

NBC Nightly News (1/5, story 4, 2:15, Gregory, 9.87M) reported, "Democrats wasted little time challenging the President over Iraq, objecting to the expected call for a surge of troops and saying that would be a serious mistake. ... today with the details of a troop surge already public, Democratic leaders shot it down, insisting they should come home in four to six months." The CBS Evening News (1/5, lead story, 3:15, Mitchell, 7.66M) said Pelosi and Reid "wrote that adding more combat troops will only endanger more Americans and stretch our military to the breaking point. The President heard the same message when he met with Senators ... But it does not appear the President will take their advice when he outlines his new Iraq strategy next week."

On ABC World News (1/5, story 2, 1:20, 8.78M), George Stephanopoulos said of Democrats and the surge, "If they can't stop it, they have to make clear where they stand. They're taking aim at the reconstruction and jobs money. They're going to take direct aim at that. And they do believe they can cut that back a bit."

CNN's The Situation Room (1/5, Bash) reported, "What Harry Reid and Nancy Pelosi are arguing for is something that we have heard also for quite a while, is that troops should not be going into Iraq, rather, they should be coming out. And that they should start a withdrawal at the White House, at the Pentagon, in about four to six months. Now, again, we have heard that message before. But it is something that has a new kind of importance, if you will, given the fact that it's clear now that Congress is going to add some heightened scrutiny to the White House when it comes to Iraq. And it's not just coming from Democrats. Republicans are being a lot more vocal about what they want to see in Iraq, too."

The Washington Post (1/6, A1, Baker, Wright, 690K) reports that Pelosi and Reid "warned President Bush that sending more U.S. troops to Iraq would be unacceptable to the Democratic majorities that have just taken over Congress." While the two top Democrats "sent a signal that the new congressional leadership intends to be aggressive in voicing opposition to Bush's handling of the war," they have "eschewed using the main legislative mechanism to change policy, namely cutting off funding for the war." The New York Times (1/6, A7, Sanger, Zeleny, 1.16M) reports the possibility of "a major confrontation over a new war strategy." Although "not all Democrats" agree with Pelosi and Reid, "the release of the letter suggests that a major political battle may be brewing."

The AP (1/6, Flaherty) reports Republicans are "joining Democrats in raising eyebrows before the president even has a chance to make his case." Sen. Susan Collins and Rep. Heather Wilson are quoted expressing skepticism, and the AP adds that "even Sen. John McCain, a Republican who advocates sending more troops in Iraq, said he wouldn't support sending in the additional forces unless the number was adequate enough to finally tamp down the violence." Wilson appeared on MSNBC (1/5, O'Donnell) to discuss her opposition to a surge, saying, "I don't think we're focusing on

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America's vital interests. And the soaring rhetoric about making Iraq a point of democracy, a model for others, is far beyond our vital interests."

The Washington Times (1/6, A1, Dinan, 88K) reports that the Pelosi-Reid letter "puts them out in front of Mr. Bush's speech next week, filling the vacuum created as the president works out his new strategy and earning them part of the discussion on the Sunday political talk shows." In other shows of Democrats' "newfound muscle," Senate Foreign Relations Chairman Joseph Biden "announced a schedule of four weeks of hearings to look at U.S. strategy in Iraq, while Sen. Edward M. Kennedy," who heads the "Judiciary Committee's immigration and refugees subcommittee, will hold a hearing on Iraqi refugees."

RollCall.com (1/5, Stanton) reports that in the "sharply worded" letter, Pelosi and Reid "called the plan little more than a retread" of earlier, failed strategies. On its web site, The Hill (1/5, Schor) reports that Reid "said he heeded the words from U.S. commanders in Iraq who also rejected the surge." BBC.com (1/5) calls the Pelosi-Reid letter "an aggressive move from the Democrats, setting the stage for a huge political battle."

Democrats Fear Inability To Stop Surge. The Boston Globe (1/6, Bender, 413K) reports, "Despite taking both houses of Congress on an antiwar platform, party leaders worry they can't do much to stop the president -- short of the politically unpalatable move of ending funding for the war. ... Some congressional aides raised the prospect that lawmakers could place conditions on war funding, such as refusing to pay for additional military brigades. But they doubted such measures would have any effect: As a wartime commander in chief, Bush can simply ignore them." Skepticism of the surge plan "has come from a variety of quarters, including the top military brass."

Gates Reportedly Recommends Surge To Bush. The CBS Evening News (1/5, lead story, 3:15, Martin, 7.66M) reported Defense Secretary Robert Gates "has recommended that President ordered an immediate buildup of 10,000 US troops in Iraq plus an option of doubling that to 20,000 by next spring. The plan is known as 'Five Plus Two' -- five Army brigades into Baghdad, plus two Marine battalions into western Iraq. Two of the Army brigades would go into Baghdad starting in January, with the other three on call. ... It would need to last a year and a half." The CBS Evening News (1/5, story 2, 2:15, Mitchell, 7.66M) additionally reported, "No Americans are more eager to hear the President's new strategy next week then members of the armed forces and their families."

McConnell Says "The President Believes That We Can Win In Iraq." Senate Minority Leader Mitch McConnell said on CNN's The Situation Room (1/5, Blitzer), "The President is in charge of tactics in the war. I think he knows that the Democrats basically would like to withdraw as rapidly as possible. There are many of the rest of us who think that the strategy ought to be to prevail. … I think our goals still ought to be to prevail there, and to have a stable country that's an ally on the war on terror. And it's also important, Wolf, to remember that we haven't been attacked again here at home for five years. It's not an accident. Being on offense in Afghanistan and Iraq has made a positive difference in protecting America here at home. … I just came from a meeting with the President this afternoon on this subject. I think the President believes that we can win in Iraq. I think he believes the strategy that he's going to be announcing next week is an essential component part of success there. And I think the majority of Republicans in the House and Senate are likely to stick with the President on this very important decision."

McCain, Lieberman Back Surge. The Financial Times (1/6, Luce) reports Sen. John McCain, "the leading Republican presidential hopeful," endorsed a report by the American Enterprise Institute "neo-conservative think-tank…that many see as the basis for the 'new way forward in Iraq' strategy that George W. Bush will unveil next week. Mr McCain, who shared a platform with Joe Lieberman, the independent Democratic senator and former vice-presidential candidate, said Mr Bush's expected 'surge' of US forces to Iraq should persist until the job of stabilising the security situation has been achieved. ... The two senators strongly rejected the Democratic leadership's call for a timeline for the phased withdrawal of US troops from Iraq, which they said would play into the hands of the insurgent groups and militias which would simply await the expiry of the deadline."

Surge Supporters Urge Avoidance Of Preconditions. The Los Angeles Times (1/6, A1, Spiegel, Reynolds, 850K) reports, "The leading advocates of an increase in U.S. forces in Iraq warned President Bush on Friday that any buildup lasting less than 18 months was doomed to fail, and urged the White House to avoid compromises that would scale back the plan." Senator McCain called a "short, small surge" the "worst of all worlds." However, "Bush faces growing unease about an extended buildup among some congressional Republicans, who are concerned that it could stretch into the 2008 election season and doom their reelection chances. In the Senate, there are about five to 10 such Republicans, according to GOP aides, who are expected to push for time limits or firm conditions in return for backing the increase."

ABC Says Senate Would Oppose War Resolution Today. ABC World News (1/5, story 3, 0:30, Gibson, 8.78M) reported, "ABC's Jake Tapper and our Congressional team wanted to know Senators who voted for the war think now, in hindsight. In October 2002, the vote was 77-23 to authorize war. Now, Jake's tally indicates the vote would flip to 43 in favor and 57 opposed."

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Television Commentary On Surge Debate. On CNN's Lou Dobbs Tonight (1/5), host Dobbs commented on a recent statement by a State Department official that "instead of a surge, it is a bump." Dobbs said, "These are silly word games at a time when we have men and women in uniform being wounded and killed. Is it fair to say, if we may extricate ourselves from the games that are often played there, no matter how serious the issues around the world facing our men and women in uniform, is it fair to say that it's a time for honesty and straightforward discussion of these issues and less of this nonsense and artificial language?"

On MSNBC's Tucker (1/5, Carlson), A.B. Stoddard, associate editor of The Hill, said, "I really think that there's going to be sort of a unified attack from the Democratic side against the surge. I think that these words from Carl Levin, the Armed Services chairman on the Senate side, about being open to a surge with certain conditions, conditions we know Bush is not going to agree to, is just kind of happy talk at this point. I think generally speaking, the Democrats are opposed to surge. And there's opposition building in the Republican Party as well."

The New Republic's Michael Crowley said on MSNBC's Tucker (1/5, Carlson), "I don't really understand what happened with Reid, because I think he had actually previously kind of taken back that statement that he made on a Sunday show a couple of weeks ago. I actually don't think this is a brand-new position for him. He's kind of hinted that he didn't mean that he supported the surge. And I honestly don't know what he meant to say in the first place."

Khalilzad's Departure Pleases Shiites, Worries Sunnis. The Washington Post (1/6, A12, Partlow, 690K) reports, "The news of the expected departure of U.S. Ambassador Zalmay Khalilzad split Iraqi politicians along sectarian lines, with members of the ruling Shiite alliance voicing eagerness for him to leave and minority Sunnis expressing concern at the loss of an ally. Members of the U.S.-backed government in Iraq have grown increasingly frustrated with what they see as Khalilzad's efforts to reach out to Sunni groups, and many argue that the U.S. military confronts Shiite militias more aggressively than it does Sunni insurgents." On the other hand, "Sunni lawmakers said Khalilzad's deep knowledge of Iraq's complex political landscape and his openness to Sunni concerns will be missed. Khalilzad is a Sunni Muslim of Afghan descent."

The New York Times (1/6, A8, Cooper, 1.16M) says Khalilzad "earned a reputation as a high-flying, independent, smooth operator — an Afghan-born problem solver who worked with two fragile countries recently invaded by the United States to try to cobble together stability." Reviewing his performance in Afghanistan and Iraq, the Times says that in Afghanistan he "became known for his ability to weave through warring tribal factions and his ability to quickly get senior Afghan officials on the phone or to summon them to his office, including President Hamid Karzai." In Iraq, "he failed the task of bringing stability, but succeeded in helping Iraqis to agree on a Constitution. Arriving in Baghdad, he quickly recognized that his marching instructions from Washington -- that Iraq's Constitution should reflect a strong central government with strong control over the country's oil resources -- were not achievable."

Ambassador-Designate Crocker Profiled. The New York Times (1/6, A8, Shane, 1.16M) reports admiringly on US Ambassador to Iraq-designate Ryan Crocker that when he "was trying to improve his Arabic in the late 1970s, he traveled to Jordan, made contact with a desert tribe and settled in for some hands-on training a little different from the standard State Department regimen. 'He wound up being a shepherd for a week or two, chasing down stray sheep and living with the Bedouin,'" said an associate. Crocker has amassed "a record of Middle East and South Asia experience possibly unrivaled in the United States Foreign Service. He has served as ambassador to Lebanon, Kuwait, Syria and, since 2004, Pakistan. He reopened the American Embassy in Afghanistan after the fall of the Taliban. And he knows Iraq well; he worked there in the 1970s, led the State Department's Iraq-Kuwait task force during the Persian Gulf war in 1991 and returned to Baghdad for four months after the 2003 invasion as director of governance for the Coalition Provisional Authority.

Petraeus Selection Seen As "Important Turn" In US Strategy. The New York Times (1/6, A1, Gordon, 1.16M) reports, "The selection of Lt. Gen. David H. Petraeus to serve as the senior American commander in Iraq signals an important turn in United States strategy. As a supporter of increased forces in Iraq," Petraeus "is expected to back a rapid five-brigade expansion, in sharp contrast to his predecessor, Gen. George W. Casey Jr., who has been openly skeptical that additional troops would help stabilize the country." Petraeus, overseer of the new counterinsurgency manual, "is also likely to change the American military operation in Baghdad. American forces can be expected to take up positions in neighborhoods throughout the capital instead of limiting themselves to conducting patrols from large, fortified bases in and around the city." Under Casey, "the principal focus has been on transferring security responsibilities to the Iraqi security forces, so American troops could gradually withdraw. Now, the emphasis will shift to protecting the Iraqi population from sectarian strife and insurgent attacks."

On the CBS Evening News (1/5, lead story, 3:15, 7.66M), David Martin reported more critically of Petraeus, "The new commander in Iraq" is "perhaps the most

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controversial officer in the Army because of his type A personality and what many view as his too-cozy relationship with the media."

Pace's Future In Doubt. The Washington Times (1/6, Scarborough, 88K) reports, "With President Bush replacing his two top field generals for Iraq, speculation has arisen in the Pentagon about the long-term future of his principal military adviser, Marine Corps Gen. Peter Pace." A White House spokesman "said yesterday he does not know the president's plans regarding Gen. Pace."

Hanging Video Makes Saddam "Martyr" To Many Sunnis. The New York Times (1/6, Fattah, 1.16M) reports on its front page, "In the week since Saddam Hussein was hanged in an execution steeped in sectarian overtones, his public image in the Arab world, formerly that of a convicted dictator, has undergone a resurgence of admiration and awe. On the streets, in newspapers and over the Internet, Mr. Hussein has emerged as a Sunni Arab hero who stood calm and composed as his Shiite executioners tormented and abused him. ... By standing up to the United States and its client government in Baghdad and dying with seeming dignity, Mr. Hussein appears to have been virtually cleansed of his past. … Many across the region began looking at him as a martyr."

Iraqi Forces To Begin Neighborhood-By-Neighborhood Baghdad Mission. The AP (1/6, Hurst, Abdul-Zahra) reports, "Iraqi forces backed by U.S. troops will begin a neighborhood-by-neighborhood assault on militants in the capital this weekend as a first step in the new White House strategy to contain Sunni insurgents and Shiite death squads," according to key advisers to Prime Minister Nouri al-Maliki.

American, Two Interpreters Abducted Near Basra. The Los Angeles Times (1/6, Moore, 850K) reports, "A U.S. civilian contractor and two Iraqi interpreters were kidnapped Friday near the southern city of Basra, Iraqi police officials said. Police Col. Kareem Azaidi in Basra said witnesses saw gunmen in a civilian car, a pickup and two police vehicles cut off the captives' car and take them hostage." A US Embassy spokesman did not identify the victims; "the fate of the American contractor was unknown, but the two Iraqis were later found dead, the Associated Press reported."

Insurgents Dodge US Forces In Diyala. The Los Angeles Times (1/6, Zavis, 850K) reports, "Time and again, U.S. forces in Iraq have staged major assaults on known insurgent hide-outs only to have key individuals melt away. As with other operations, the military is attempting to dislodge insurgents from their hiding places in Diyala province, then sweep them into known escape routes where they can be intercepted. But the area's sunken irrigation canals, vast agricultural fields, seldom-traveled back roads and widely scattered hamlets have given guerrillas innumerable ways to avoid capture." Officials say the rebels "use spotters, infiltrators in Iraqi security forces and contacts on or near U.S. bases to stay abreast of American troop movements." Insurgents rarely stage "platoon-sized attacks," preferring to "hit and run. ... After the U.S. eventually withdraws, the insurgents often return."

Eyewitnesses Say Marines Gunned Down "Five Unarmed Iraqis" In Haditha. The Washington Post (1/6, A1, White, 690K) reports, "U.S. Marines gunned down five unarmed Iraqis who stumbled onto the scene of a 2005 roadside bombing in Haditha, Iraq, according to eyewitness accounts that are part of a lengthy investigative report obtained by The Washington Post. Staff Sgt. Frank D. Wuterich, the squad's leader, shot the men one by one after Marines ordered them out of a white taxi in the moments following the explosion, which killed one Marine and injured two others, witnesses told investigators. Another Marine fired rounds into their bodies as they lay on the ground. ... The report, which relied on hundreds of interviews with Marines, Iraqi soldiers and civilian survivors conducted months after the incident, presents a fragmented and sometimes conflicting chronicle of the violence that day. But taken together, the accounts provide evidence that as the Marines came under attack, they responded in ways that are difficult to reconcile with their rules of engagement."

Wilson Claims US Practicing "Catch And Release" Of Al Qaeda In Iraq. CNN.com (1/5) reports, "The U.S. military already knows what half of its most-wanted terrorist targets look like because they have been apprehended and photographed in the past, a Republican congresswoman said Friday." Rep. Heather Wilson said a "senior official told her that the U.S. military already has photographs of 'fully half of the high-value al Qaeda targets in Iraq' presently being hunted. 'They're wearing orange jumpsuits in the mugshots we took of them when we captured them the first time,' Wilson recalled the official telling her. 'We are operating a catch and release program for al Qaeda in Iraq. This is inexcusable and frustrating ... for the young men and women in the military who are in the fight,' she added."

Biden Says Cheney, Rumsfeld "Had To Know How Bad Things Were." Sen. Joseph Biden said on CNN's The Situation Room (1/5, Blitzer), "I start with the premise that Vice President Cheney and Secretary Rumsfeld

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are very smart guys. I've known them and worked around them and with them for the last 30 years. They're very bright. I could not believe…that the last three years they actually thought we were making progress. I could not believe the assertions about them saying we've trained up Iraqis and we're doing so well, that they actually believed. And so I've reached the conclusion that they had to know how bad things were, but they had to have reached one of two conclusions: either the radical change necessary in order to get this back on the right path was something they weren't willing to recommend, or two, they concluded that the best thing to do is keep this stitched together and hand it off to the next president."

Contractors Allegedly Defraud US Government In Iraq. The CBS Evening News (1/5, story 5, 3:00, Mitchell, 7.66M) reported, "The US government has spent a fortune in Iraq. At least $437 billion so far, according to Congress, and up to $100 billion more will be spent this year. Much of it goes to 60,000 civilian contractors involved in reconstruction and providing services to our troops. But the Pentagon recently admitted it has a hard time accounting for how that money is being spent and the billions that may be lost to waste and fraud." CBS (Keteyian): "This document, part of a whistle- blower lawsuit obtained by CBS News, alleges a blueprint of contractor abuse in Iraq, detailing how the government was billed ten times more than it should have been when US troops used a recreation facility in Iraq. ... The contractor in question, Kellogg, Brown and Root, denies any wrongdoing." Sen. Patrick Leahy: "We're talking about huge amounts of money. And eventually, we're going to have a bill for about $1 trillion over there, and people aren't going to be able to account for very, very large amounts of it."

Army To Apologize To Families Of Dead Recipients Of Summonses. The AP (1/5) reports, "The Army said Friday it would apologize to the families of about 275 officers killed or wounded in action who were mistakenly sent letters urging them to return to active duty. The letters were sent a few days after Christmas to more than 5,100 Army officers who had recently left the service. Included were letters to about 75 officers killed in action and about 200 wounded in action. ... The Army did not say how or when the mistake was discovered. It said the database normally used for such correspondence with former officers had been 'thoroughly reviewed' to remove the names of wounded or dead soldiers."

Marine Survivor Remembers Comrade's Sacrifice. The Wall Street Journal (1/6, Phillips, 2.04M) has a front-page feature on former USMC Cpl. Kelly Miller, who lived because the late Cpl. Jason Dunham "intentionally took the brunt of a live grenade and gave his own life to save Cpl. Miller's." Miller's survivor's guilt is described. The Journal adds, "At the White House on Thursday, President Bush will present Cpl. Dunham's parents with the Medal of Honor, the nation's highest award for military valor, the first such award for a Marine since Vietnam. ... In the audience will sit Cpl. Miller, a 23-year-old still struggling with what it means to receive that much love."

Growing Field Of Flags In New York Town Commemorates Fallen Troops. The New York Times (1/6, B1, Santos, 1.16M) reports from Middle Grove, New York., "From afar, the flags look like clumsily painted dots, an amateur installation of elusive meaning. A closer look yields a clue: a laminated sign with bold black numbers that match the number of flags on the field, numbers that climb almost by the day. On Sunday, there were 3,000 yellow flags on the ground. By Thursday, five more." Caren Crootof "makes the flags, cutting the plastic with scissors at her kitchen table. ... The field of flags is at once poignant and terrifying, plain yet powerful for those who have taken notice in this out-of-the-way town of 2,300 in northeastern New York State."

Many Fallen Troops Came From Small Towns. The Financial Times (1/6, Luce) writes, "Every night at the end of Jim Lehrer's NewsHour on America's PBS channel, there is a roll call of American soldiers who died in Iraq that day. ... Obscure towns such as Hollidaysburg, Pennsylvania, Wolfeboro Falls, New Hampshire and Thermopolis, Wyoming, dominate the listings rather than the big cities." A "breakdown of their ethnicity and states of origins shows they are overwhelmingly white and from small towns in the interior states of mid-America and the south."

Chirac Says France Proven Right On Iraq War. The New York Times (1/6, A7, Sciolino, 1.16M) reports, "In a scathing attack of the American-led war in Iraq, President Jacques Chirac said Friday that his predictions that the war would spread chaos and more terrorism had come true. 'As France had foreseen and feared, the war in Iraq has sparked upheavals that have yet to show their full effects,' Mr. Chirac said ... The single paragraph on Iraq in a speech that addressed many crises and problems around the world was one of Mr. Chirac's most pointed justifications for France's decision to oppose the invasion of Iraq in 2003." The message was "surprising" because "the 74-year-old French president tended to avoid reminding the United States of its failures there." However, "as Mr. Chirac seems unlikely to run for a third term in presidential elections this spring, he may feel he has little to lose in being blunt in defending what some French political analysts call the high point of his foreign policy in his 12-year presidency."

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CORPORATE SCANDALS:

10th Circuit Reverses Convictions Of Two Westar Executives. The AP (1/6, Press) reports from Kansas City, MO, "An appeals court on Friday overturned convictions against two former executives of Westar Energy who were accused of 'looting' the Kansas utility and said the most serious charges cannot be retried." The AP continues, "The United States Court of Appeals for the 10th Circuit said the case against the former chief executive, David Wittig, and the former chief strategy officer, Douglas Lake, 'hung by a thin legal thread,' based on claims that the men tried to hide their personal use of corporate aircraft from securities officials. … Those claims led jurors in September 2005 to convict Mr. Wittig on 39 counts of conspiracy, wire fraud, money laundering and circumventing of internal controls, and to convict Mr. Lake on 30 counts. Mr. Wittig was sentenced in April 2006 to 18 years; Mr. Lake received 15 years. … But the three-judge panel said prosecutors did not provide evidence that the two men failed to comply with federal regulations." The AP adds, "Without that evidence, the court said, Mr. Wittig and Mr. Lake are not guilty of wire fraud and cannot be retried on those counts. In addition, the panel threw out the money laundering counts, which were based on the wire fraud, and said those cannot be retried. The court sent back the remaining conspiracy and circumvention counts for trial. … The decision was a blow to federal prosecutors, who have now failed twice to convict the two men. Their first trial ended in a mistrial."

Former Merrill Lynch Analyst Sentenced For Insider Trading Scheme. The AP (1/6, Neumeister) reports, "A former analyst at Merrill Lynch & Co. Inc. who pleaded guilty to insider trading was sentenced Friday to 37 months in prison for his part in a sprawling scheme that used chatty investment bankers and leaked copies of a market-moving magazine." The AP continues, "Stanislav Shpigelman, 24, had admitted tipping other participants who made more than $6.7 million from October 2004 to August 2005. At the time, he worked in Merrill Lynch's mergers and acquisitions division." The AP adds, "In a plea deal he signed with prosecutors, Shpigelman admitted to a single count of conspiracy to commit insider trading in return for a recommendation that he serve between three and four years in prison. .. His lawyer, Mary Mulligan, and family members asked U.S. District Judge Kenneth M. Karas to sentence Shpigelman to less than three years in prison." The AP notes, "Karas, though, called Shpigelman the 'critical component' in a scheme that could make others millions of dollars, though Shpigelman conceded receiving only $10,000 for providing tips to several mergers and acquisitions."

The New York Post (1/6, Whitman) reported, "Judge Karas said he imposed the jail term with a 'heavy heart' because Shpigelman had one of the most supportive families he had ever come across. But the judge added that the stiff sentence was necessary to send a strong signal to other young bankers on Wall Street." The Post noted, "Investigators were tipped off to the trading ring in late 2005, when the FBI got word of a suspicious trade ahead of news that Reebok was being acquired." The New York Daily News (1/6, Zambito) and Bloomberg (1/6, Glovin) also reported on Shpigelman's sentencing.

ACS Chair Benefited From Misdated Option. The Wall Street Journal (1/6, A2, Bandler) reports, "Affiliated Computer Services Inc. for the first time said its chairman, Darwin Deason, benefited from a wrongly dated stock option, adding that a portion of the 2002 award would be repriced to cut its potential value by $655,000. … But the company said the repricing is being done for tax reasons, and repeated its earlier insistence that an internal probe didn't find evidence that Mr. Deason's 2002 option grant had been improperly backdated." The Journal continues, "The Dallas-based technology outsourcing concern forced its chief executive and top finance official to resign their posts in November, after the internal investigation uncovered rampant backdating. … In a filing late Friday, the company detailed a series of past option grants to Mr. Deason and other top officials that it is repricing to avoid having individual executives suffer tax penalties associated with mispriced option grants. Except for the 2002 grant received by Mr. Deason and several others, the company didn't say whether the particular grants being repriced were backdated, or merely carried incorrect dates because final approval hadn't yet occurred." The Journal adds, "In Mr. Deason's case, the fortunately timed 2002 grant came at the bottom of a steep trough, on a late July date when the stock hit a quarterly low. The company said yesterday its internal probe found 'evidence, though inconclusive' that there had been an 'informal' selection of that date for Mr. Deason's grant. But formal approval, it said, didn't occur until five days later, when the stock had risen 5%. … Repricing the entire grant of 600,000 shares would have wiped $1.1 million from its potential value. ACS repriced only a portion of the award to the higher exercise price, because there is no tax penalty associated with already vested options. The company has already repriced all options for individuals found to have engaged in misconduct."

More Effective Corporate Governance Urged. In an op-ed for the Wall Street Journal (1/6, A6), Lucien Bebchuk, director of Harvard Law School's Program on Corporate Governance, writes, "Apple Computer announced a week ago the conclusions of a special board committee that examined the 'improper dating' of over 6,000 option grants

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during 1997-2002. The committee found no basis for having less than 'complete confidence in [CEO] Steve Jobs and the senior management team,' placing full responsibility for past problems on the company's former CFO and general counsel. But the company's report fails to dispel concerns about Apple's governance. … In reviewing past grant awards, the report discusses separately grants awarded to directors and to Mr. Jobs, but it lumps grants to senior managers other than Jobs together with all other grants. The company is surprisingly silent on whether any of these senior managers received 'improperly dated' grants." Bebchuk continues, "Steve Jobs's great accomplishments have well earned him a place in the pantheon of high-tech leaders and visionaries. And Apple's senior management has undoubtedly done very well for shareholders during the past several years. All of this, however, clearly does not compel the conclusion that Apple's governance has performed adequately with respect to option grants. And the company's report falls far short of providing a basis for accepting such a conclusion." Bebchuk adds, "CEO lucky grants were more common when the board lacked a majority of independent directors. In contrast to claims that gains from backdated grants served as an efficient substitute for other forms of compensation, CEOs getting lucky grants received more, not less, total reported compensation. Lucky grants to outside directors were more common in firms with entrenching arrangements that protect incumbents from removal. And outside directors' luck was correlated with CEO luck. … For corporate America to improve its governance going forward, boards should face up to -- and fully share with shareholders -- past governance problems in their companies."

CRIMINAL LAW:

Media Seeks Daily Audio Tapes Of Libby Trial. The AP (1/5) reports, "Fifteen news organizations and five other groups are asking a federal judge to release audio recordings each day" in the upcoming trial of Lewis "Scooter" Libby, Vice President Dick Cheney's former chief of staff. The request states, "Most of the key witnesses are public figures who regularly appear in the media. … Knowledge that their testimony might be released on audiotapes will not make them feel awkward or uncomfortable, and certainly no more so than testifying in front of a courtroom filled with reporters."

Fraudulent Currency Sales On The Rise. The Wall Street Journal (1/6, B1, Slater) reports, "Cashing in on the volatile world of buying and selling currencies just became riskier. … Scam artists are increasingly using currency-trading schemes to ensnare even experienced investors, regulators say. The scams take many forms, soliciting individuals over the telephone or wooing them at hotel presentations." The Journal continues, "One widespread scheme promises investors fat profits if they jump in on a time-sensitive opportunity to trade currencies. The money then disappears or gets eaten up in unprofitable trades. … Such frauds exploit a growing awareness among the investing public that the global foreign-exchange market -- worth roughly $2 trillion a day -- is an important financial arena. They also benefit from a legal loophole: Not all of the people who solicit investors to trade currencies are regulated, making them difficult to monitor." The Journal adds, "Over the past five years, more than 25,000 investors have been burned by these frauds, which employ a variety of tactics to lure individuals. Some firms set up booths at investor fairs or rely on printed brochures or pitches over the telephone. Other schemes target particular ethnic groups or spread by word of mouth. … The scams tap into an increasing curiosity among individuals about the world of currencies, long the domain of banks, companies, and other institutions."

Convicted Man Challenges CA Law On Police Killings. The San Francisco Chronicle (1/6, B-1, Egelko) reports, "The lawyer for the man convicted of second-degree murder for killing San Francisco police Officer Isaac Espinoza said Friday he will ask the sentencing judge to declare unconstitutional a state law requiring his 23-year-old client to spend the rest of his life in prison." The Chronicle continues, "The law may violate the right to equal protection because it punishes second-degree murder of a police officer more severely than first-degree murder of someone who isn't an officer, said Martin Sabelli, attorney for defendant David Hill. … District Attorney Kamala Harris disagreed, saying it was both legal and just that 'this defendant should die in prison.'" The Chronicle adds, "A San Francisco jury convicted Hill on Thursday of shooting Espinoza to death in April 2004. The 29-year-old officer, an eight-year police veteran, and his partner, Barry Parker, both in plainclothes, stepped out of their unmarked car on Newhall Street in the Bayview district and ordered Hill to stop because they thought he might be concealing a weapon, according to Parker's testimony. … The defense argued that Hill thought he was being threatened by rival gang members when he opened fire, killing Espinoza and wounding Parker. But jurors found that Hill had known both men were officers, though they acquitted him of premeditated first-degree murder. … Second-degree murder, a killing that is deliberate but not premeditated or planned in advance, is normally punishable by 15 years to life in prison, or 20 to life if a gun is used. But the sentence is longer if the defendant knew, or should have known, that the victim was an on-duty law enforcement officer."

Documents Provide New Details Of Ney Bribe. The Miami Herald (1/6, Weaver) reports, "One-time powerful

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lobbyist Jack Abramoff gave a $10,000 campaign bribe to an Ohio congressman for his public words of praise for Abramoff's business partner in the purchase of a South Florida fleet of gambling ships more than six years ago." The Herald continues, "Specific details of the political bribe linked to the SunCruz Casinos sale were disclosed for the first time this week in court papers filed by Justice Department lawyers for the upcoming sentencing of convicted former Republican Congressman Bob Ney." The Herald adds, "Ney, 52, pleaded guilty to corruption charges in October and faces sentencing in Washington on Jan. 19. He's trying to downplay the scope of the corruption conspiracy in hopes of receiving a two-year prison sentence. Prosecutors counter that he should be imprisoned for at least two years and three months. … Abramoff, who is at the center of the ongoing corruption investigation in Washington, turned himself in last November to serve about six years in prison for lying to lenders to obtain a $60 million bank loan to buy the SunCruz fleet, based in Dania Beach. … Abramoff and his SunCruz business partner, Adam Kidan of New York, who is serving the same prison sentence, used that money to buy the gambling fleet for $147 million from Fort Lauderdale tycoon Konstantinos 'Gus' Boulis in fall 2000. … Boulis would be slain months later, but Abramoff and Kidan have not been implicated in any way in that case. .. .The SunCruz case against Abramoff and Kidan gave Justice Department officials the leverage to pressure Abramoff to turn on other colleagues, congressional aides and politicians last year."

DOJ "Pushing" FBI To Speed Data Sharing Via OneDOJ Database. Computerworld (1/6, Weiss) reported, "The U.S. Department of Justice is pushing the FBI and its other operating units to speed up and expand their efforts to share a wide array of information with outside law enforcement agencies via a centralized database called OneDOJ." Computerworld noted, "The plan to expand the use of OneDOJ…has raised the hackles of some privacy and civil rights advocates, who said last week that the DOJ will need to work hard to ensure that the increased information sharing doesn't infringe on the rights of law-abiding Americans. … OneDOJ is 'far more than just bringing together all the information they have,' said Barry Steinhardt, director of the technology and liberty program at the American Civil Liberties Union. … One problem, Steinhardt added, is that the DOJ, and the FBI in particular, have been 'notoriously inept at managing [their] computing resources.'"

Judge Imposes Light Sentences In Alabama Corruption Case. The Mobile Press-Register (1/6, Kirby) reported real estate investor Ken Wall "escaped a lengthy prison sentence Friday for his role in a wide-ranging corruption case in Orange Beach," and former Orange Beach Mayor Steve Russo's wife "avoided prison altogether." US District Judge Kristi DuBose "sentenced Wall to a year and a day in prison -- less than the minimum recommended by advisory guidelines -- and fined him $250,000. DuBose sentenced Russo's wife, Crystal Russo, to 180 days of home confinement and two years' probation for obstruction of justice. As part of a plea bargain in September, she admitted that she helped her husband try to hide money that prosecutors had targeted for forfeiture. Assistant U.S. Attorney Steven Butler objected to the 'insufficiency' of Wall's sentence and indicated prosecutors might appeal."

Former City Councilman Pleads Guilty To Ethics Law Violations. The AP (1/6) reportedm, "Former Orange Beach City Councilman Joseph F. McCarron Jr. pleaded guilty Friday to 15 misdemeanor ethics law violations related to his votes on construction projects in the Alabama Gulf Coast resort. McCarron has agreed to testify in the state prosecution of former Orange Beach Mayor Steve Russo and former city attorney Larry Sutley, Attorney General Troy King said in a statement announcing the guilty plea. As part of McCarron's plea agreement, he has committed to pay fines of $2,000 for each of the 15 counts, King said." The AP noted, "Russo is charged in two state indictments with accepting bribes while in office in exchange for supporting construction projects."

Judge Reluctantly Grants Pellicano Request To Represent Himself. The Los Angeles Times (1/6, Spano) reports, "Tossing a legal hand grenade into an already-contentious case, celebrity sleuth Anthony Pellicano on Friday demanded and won the right to act as his own lawyer in his upcoming trial on wiretapping and racketeering charges. U.S. District Judge Dale S. Fischer tried to talk Pellicano out of his plan, but he would not relent. … The specter of an untrained self-advocate in a complex, high-profile case raised sharp concerns among some court observers." The Times noted, "Half a dozen defendants have pleaded guilty in the broad Pellicano investigation, including a Hollywood filmmaker and a former record executive, both of whom admitted lying to the FBI about hiring Pellicano to wire-tap rivals."

New DC Mayor, Police Chief To Focus On Community Input, Foot Patrols. The Washington Post (1/6, B1, Klein) reports, "D.C. Mayor Adrian M. Fenty and Acting Police Chief Cathy L. Lanier yesterday outlined a new crime-fighting strategy that calls for customized actions to address safety needs in each region of the city." The Post continues, "Officers in each of the city's 46 police service areas will meet with residents and elected officials in coming weeks and create initiatives that will be launched in March, Lanier said. At her urging, patrol commanders have started

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programs, including one that has officers adopting specific neighborhood blocks or parks where they will personally keep track of any emerging concerns. … 'Our overriding goal is to reduce crime and the fear of crime in every neighborhood,' said Lanier, who last week succeeded Charles H. Ramsey as chief. She has the job on an acting basis pending confirmation from the D.C. Council." The Post adds, "Fenty and Lanier have emphasized increased officer visibility and foot patrols. The city plans to add 100 officers to the 3,800-member department, and Lanier has said patrols will be her priority. She envisions a force that goes beyond reacting to crimes by building and sustaining safe neighborhoods. … The new mayor and chief outlined their plans at a news conference yesterday -- the second day in a row that Fenty has promoted his early agenda."

Denver Archdiocese Settles Sex Abuse Suits. The Denver Post (1/6, Gorski) reports, "The Roman Catholic Archdiocese of Denver has settled clergy abuse lawsuits with 15 plaintiffs for a total of $1.58 million, the law firm representing the litigants said today. … 'We are pleased with the settlements,' said Adam Horowitz, an attorney in the Miami law firm Herman and Mermelstein. 'Any time can give a client an opportunity to resolve something at an early stage, that's a good thing for the client.'" The Post continues, "In a statement, Archbishop Charles Chaput said he was grateful to those who had worked to achieve the settlement. 'I sincerely hope that each of the..individuals who participated begin to truly heal,' he said." The Post adds, "Last year, Chaput announced the 24-county northern Colorado diocese had hired mediator Richard Dana, a former federal judge, in an effort to reach settlements with plaintiffs who had sued the archdiocese for clergy sex abuse. … The settlements announced today do not mean the clergy abuse scandal that hit the Denver archdiocese starting in 2004 is resolved, however. At least 20 lawsuits are still pending in Denver District Court. … Today Chaput appealed to those who have yet to settle, asking that they continue to work with the mediation outreach panel, and making himself available to talk with them personally."

New Orleans Terrorized By Wave Of Homicides. NBC Nightly News (1/5, story 8, 2:10, Williams, 9.87M) reported, "The front page headline this morning in the New Orleans paper may tell the whole sad story best: 'Killings Bring The City To Its Bloody Knees.' It is about a new wave of killings that the newspaper describes as unusual even by New Orleans standards." The New York Times (1/6, A11, Nossiter, 1.16M) reports, "A surge in murders since the new year has residents on edge and has raised new fears that officials here remain helpless to contain a lethal combination of guns, drugs and jobless young men. … Eight people have been found dead since Jan. 1, seven of them shooting victims." The Washington Post/AP (1/6, A2, McConnaughey) reports police spokeswoman Bambi Hall "said that, after 19 killings in October and another 19 in November, December's total was 15. There were 161 homicides in the city in 2006. New Orleans's murder rate was seven to 10 times the national average for cities of its size in 2005, the latest period for which complete data are available."

CIVIL LAW:

High Court To Rule On Whistleblower's Suit. The AP (1/6, Press) reports, "After 17 years, James Stone has perhaps a few more months to wait before he learns whether he will collect up to $1 million for exposing fraud by a government contractor at a now-closed nuclear weapons plant." The AP continues, "A court ordered Rockwell International, now part of aerospace giant Boeing Co., to pay the government nearly $4.2 million for fraud connected with environmental cleanup at the Rocky Flats plant northwest of Denver. Stone, a former employee at the facility, could be entitled to as much as one-quarter of the payment under the federal False Claims Act." The AP adds, "The 81-year-old retired engineer filed his whistle-blower lawsuit in 1989, the year Rocky Flats shut its operations after nearly 40 years of production. He has survived legal challenges by Rockwell to dismiss the claim or deprive him of his share. The government joined the suit as Stone's partner 10 years ago. … The Supreme Court now has the case. The ruling could affect an anticipated crush of fraud suits if the high court makes it harder for whistle-blowers to share in the proceeds." The AP notes, "The Bush administration is on Stone's side even though the government collects more money if Rockwell wins. … 'It might be natural for the court to wonder why would it be in the government's interest to advocate that a share of the money damages in this case should be given to a private party,' Justice Department lawyer Malcolm Stewart told the justices during the oral argument in early December. 'In our view, Stone is precisely the type of relator that Congress intended to encourage.' A relator is an individual who sues under the False Claims Act."

Former Texas Acute-Care Service Settles Medicare Fraud Suit For $7.5 Million. The Houston Chronicle (1/6, Villafranca) reports, "A former long-term acute-care service based in Dallas has paid the federal government $7.5 million to settle allegations of fraudulent Medicare claims, the U.S. Department of Justice announced on Friday." The Chronicle continues, "The settlement resolves a civil lawsuit filed in 1999 by four former employees and an independent contractor who worked for SCCI Houston, a 40-bed long-term acute-care hospital. … SCCI Houston was part of SCCI Health Services Corp., which operated six acute-care

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facilities in Texas and others outside the state." The Chronicle adds, "The lawsuit was filed under whistleblower provisions of the False Claims Act, which authorizes private individuals to file lawsuits on behalf of the United States. … The government filed its own complaint in March 2003. … The allegations claim that from 1996 to 1999, SCCI entered into illegal financial relationships with three physicians and paid the doctors in violation of self-referral statutes, and submitted or caused false claims to be submitted to the Medicare program. … SCCI Corp. was acquired by Triumph HealthCare in 2005. None of the whistleblowers nor any SCCI employees involved in the fraud were part of the acquisition, said Tanya Snodgrass, vice president of professional relations for Triumph HealthCare. … Justice Department spokesman Charles Miller said the whistleblowers, Daryl Kaczymarczyk, Patricia Rocha, Michelle Pate, Michael Brigle and Theresa Taylor, shared $1.7 million of the settlement."

Bankruptcy Judge Approves Delphi Debt Refinancing Plan. The AP (1/6, Tong) reports, "A federal bankruptcy judge on Friday approved a plan by auto parts maker Delphi Corp. to borrow $4.5 billion to refinance debt and lower its monthly interest expenses." The AP continues, "Lawyers for Troy, Mich.-based Delphi said the refinancing, expected to close next week, would save the company $8 million a month. … The debt refinancing proposal was announced on Dec. 18, along with a plan by private equity investors to buy shares worth up to $3.4 billion in a reorganized Delphi." The AP adds, "Delphi lawyers say that the debt and share purchase plans represent 'significant milestones in the debtor's reorganization and another major step forward towards emergence.' … Judge Robert Drain, who approved the debt refinancing proposal on Friday, will consider the equity purchase plan next Thursday. … The company said it will also seek an extension of the deadline for filing its reorganization plan at a hearing next Friday. If approved, the company would have until July 31 to file its plan and Sept. 30 to solicit acceptances."

CIVIL RIGHTS:

EEOC Says DOJ Wrongly Fired Alabama Prosecutor. The Birmingham News (AL) (1/6, Walton) reports, "The federal government has ruled that U.S. Attorney Alice Martin wrongly fired a former assistant prosecutor in 2002." The News continues, "Martin fired Assistant U.S. Attorney Deirdra Brown-Fleming on grounds that she was 'not a team player.' The Equal Employment Opportunity Commission found the reason was 'simply unworthy of credence.' Instead, the EEOC found that Brown-Fleming's firing was retaliatory." The News adds, "The EEOC said it is unclear whether Martin harbored a racist or sexist attitude toward Brown-Fleming, but found that Martin's assessment of Brown-Fleming's relationship with co-workers was tainted with the racist and sexist prejudices of Brown-Fleming's co-workers. … Brown-Fleming was described as rude and condescending, documents show." The News notes, "The EEOC is requiring that the Department of Justice reinstate Brown-Fleming to her former job, with full back pay and other benefits. The amount of back pay was not announced. The commission also ordered the reinstatement of Brown-Fleming's former supervisor, Victor Conrad, who took steps to correct acts of racial hostility against Brown-Fleming and filed his own discrimination claim against the agency. He also is to be reinstated with back pay. … Brown-Fleming worked in the U.S. attorney's Huntsville office from 1998 until her May 2002 firing. Martin serves as U.S. attorney for the 31 northern counties and has offices in Birmingham and Huntsville."

Indiana Jailers Suspended As FBI Launches Probe Of Inmate Beating. The Chicago Tribune (1/6, Fitzsimmons) reported, "Six guards at the Lake County Jail in Indiana were suspended Friday while local and federal officials investigate allegations that an inmate was beaten, officials said. Lake County Sheriff Roy Dominguez said he believes a cover-up took place over the incident, which occurred Dec. 26. … The inmate, Tommy Ford, 40, lashed out verbally and physically at guards who were escorting him to see a visitor, according to an incident report filed later that day. In their report, the guards said Ford 'was taken to the ground' and restrained after he struck one officer in the forehead and spit on another." The Tribune noted, "The FBI is conducting a civil rights investigation of the alleged beating, said FBI spokesman Drew Northern. It is being handled as a 'color of law' case, which looks into abuses of authority, he said."

The Northwest Times (1/6, Guinane) reported Dominguez "said the officers will remain suspended pending investigations by the sheriff's department and possibly the FBI. 'The allegations are very serious, and I intend to pursue them in an objective, timely and professional manner,' Dominguez said. 'The victim was assaulted and was taken to the hospital, treated and days later released.'" Ford "is contemplating a civil lawsuit against the county, the sheriff's department and the individual officers, said Joann Price, an attorney with the Gary firm of Freeman-Wilson & Lewis-Shannon LLC." The AP (1/6) noted Dominguez "said he personally requested that the FBI investigate the attack. 'They will conduct an independent investigation,' he said. 'I want to assure members of the public that no stone will go unturned.'"

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Federal Suit Alleges Racial Bias In Falls Church Police Department. The Washington Post (1/6, B5, Jackman) reports, "Three black officers and one black civilian employee of the Falls Church Police Department have filed a federal civil rights suit against the city, claiming racial discrimination in the department's pay and promotion practices and a hostile work environment for black employees." The Post continues, "One officer alleged that a captain told her last year, 'Do you know why the boundaries of Falls Church are 2.2 square miles? To keep the black people out.' And the civilian employee, who heads the police dispatch center, said that white commanders 'purposefully ignore calls from minority officers for help when on patrol' but do respond when requested by white officers." The Post adds, "The suit, filed Thursday in U.S. District Court in Alexandria, adds another layer to the turmoil that has roiled the department since its officers union began complaining about internal problems in 2004. The union said that officers were evaluated on how many traffic tickets they wrote and that their weapons were faulty. … Over the summer, then-Chief Robert T. Murray fired the union president, Scott Rhodes. Last month, after the city was forced to rehire Rhodes, pay him a settlement and allow him to retire with full benefits, Murray retired. The city is searching for a new chief."

Man Accused Of Fatal Mississippi Jail Assault Given Videotape. The Biloxi Sun Herald (1/6, Fitzgerald) reports from Gulfport, MS, "Attorneys for Ryan Teel have received a copy of videotaped images of the Feb. 4, 2006, assault on Harrison County jail inmate Jessie Lee Williams Jr." The Herald continues, "The tape, however, may not be enough for defense attorneys to persuade a federal review panel against seeking the death penalty when the former deputy stands trial on May 28, attorney Jim Davis said Friday." The Herald adds, "Davis wanted prosecutors to hand over copies of witness statements, expert reports and other types of evidence so he can prepare to defend Teel in a 'mini-trial' before a Justice Department panel in Washington. The government has a deadline of Feb. 16 to decide whether Teel's alleged involvement in Williams' fatal beating merits a possible death penalty. … On Friday, U.S. Chief Magistrate Judge John M. Roper ruled against Davis' request, citing a federal rule known as the Jencks Act. The rule, considered by some to be unconstitutional, restricts a defendant's access to witness statements until the witness has testified in court against him. … 'They're going to eat my lunch,' said Davis, referring to the review panel and federal trial attorney John Richmond. 'This is going to hinder my ability to give (Teel) the best defense possible.'" The Herald notes, "Roper said he does not agree with the Jencks Act, but said he will not circumvent it. … Federal death-penalty cases are rare in Mississippi. They're even rarer nationwide when the defendant is a former law enforcement officer."

North Carolina Man Dies After Police Use Taser To Restrain Him. The Charlotte Observer/AP (1/6) reports, "A 42-year-old man died early Friday after police officers used a Taser when he wouldn't cooperate during his arrest." The AP continues, "Calvin Thompson, of Gastonia, was found nude running on a city street, according to Gaston County Police Department. He disobeyed officers' commands and resisted arrest, police said. … Officers used a Taser to arrest Thompson, but he became unconscious when being placed in custody, police said." The AP adds, "Tasers are stun guns used by law enforcement officials as a non-lethal alternative to bullet-firing weapons. The U.S. Justice Department last year announced it would study a number of cases in which people died after being stunned by the weapons. … Officers said they provided Thompson with medical attention and found what appeared to be crack cocaine in his mouth. He was taken to Gaston Memorial Hospital, where he was pronounced dead. … The North Carolina Highway Patrol believes the vehicle Thompson was driving was involved in at least four separate collisions in a Gastonia subdivision before his arrest. A substance that appeared to be crack cocaine was found in the vehicle, police said."

SCOTUS To Hear Coca-Cola's Appeal Of Racial Discrimination Case. The AP (1/6) reports, "The U.S. Supreme Court on Friday agreed to consider a discrimination case in which a Coca-Cola bottling company fired a black employee." The AP continues, "Coca-Cola asked the Supreme Court to hear the lawsuit, which involves allegations that a supervisor of employee Stephen Peters was motivated by racial bias and influenced a manager to fire the worker. … Such circumstances are sometimes referred to as 'cat's paw' or 'rubber stamp' liability. Coca-Cola fired Peters for insubordination after he refused a request to work on a weekend during his scheduled days off. … The case was one of seven appeals the court accepted Friday." The AP adds, "A federal appeals court reinstated a lawsuit brought on Peters' behalf by the Equal Employment Opportunity Commission. The appeals court said a federal judge placed too much emphasis on the fact that Peters' immediate supervisor made no express recommendation to fire him. … In asking the court to hear the case, the company asked the justices to consider when an employer may be held liable for intentional discrimination when the person who fired an employee harbored no discriminatory bias."

WPost Troubled By Christian Embassy Pentagon Video. The Washington Post (1/6, 690K)

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editorializes, "'There are over 25,000 Department of Defense leaders working in the rings and corridors of the Pentagon. Through Bible study, discipleship, prayer breakfasts, and outreach events, Christian Embassy is mustering these men and women into an intentional relationship with Jesus Christ,' a narrator explains toward the start of a promotional video for Christian Embassy, an offshoot of Campus Crusade for Christ that focuses on diplomats, government leaders and military officers. … Free exercise of religion doesn't stop at the entrance to the Pentagon or other government buildings." But it is "important that both uniformed and civilian military leaders, whatever their religious views, take care that others who don't share their beliefs don't feel coerced or excluded as a result. The Christian Embassy video suggests that such sensitivity has not always been present."

ANTITRUST:

DOJ Asks For More Information On Brooks Automation's Sale Of Software Division. The Boston Globe/AP (1/6) reports, "Brooks Automation Inc., which supplies hardware and software to the semiconductor industry, said Friday federal antitrust regulators asked for additional information about the pending sale of its software division to chip equipment maker Applied Materials Inc. … This is the DOJ's second request for both companies." The AP continues, "Brooks Automation and Applied Materials both plan to respond quickly to the request from the Department of Justice's antitrust division, which extends the waiting period until 30 days after the companies have complied. Brooks said it still hopes the $125 million deal can close in the first quarter."

Buyout Pair Sees Bargain In McClatchy Purchase. The Wall Street Journal (1/6, B1, Zuckerman) reports, "Leveraged-buyout firms such as Kohlberg Kravis Roberts & Co., Texas Pacific Group and Blackstone Group have been making news for their ambitious takeover deals. … But few of the headline-grabbing buyouts have been as gutsy as the $530 million planned purchase by Avista Capital Partners of McClatchy Co.'s Star Tribune newspaper, announced in late December1." The Journal continues, "The deal for the nation's 15th-largest newspaper by circulation comes amid a slump in the business. The Star Tribune is especially challenged. It has been the worst-performing paper in terms of revenue for McClatchy, which paid $1.2 billion for the Minneapolis paper in 1998. The Star Tribune's ad revenue dropped about 6% last year on a circulation decline of about 4%." The Journal adds, "Despite the ugly writing on the wall for the industry, the prospective purchase is the third-largest for New York-based Avista, a previously little-known private-equity firm that still is raising its first buyout fund and whose executives have never bought any newspaper properties. … Avista mightn't be a household name, but its founders, Thompson Dean and Steven Webster, have been well known in the buyout community for more than a decade. They ran a group that generated returns of about 50% from buyout investments for Donaldson, Lufkin & Jenrette, which was acquired by Credit Suisse in 2000. The pair left Credit Suisse 18 months ago to start Avista, which they hope will manage $1.5 billion. … The 48-year-old Mr. Dean, who is the son of a career foreign-service officer, was born in Taiwan and grew up in Asia, says they already have spent $850 million to make 11 buyout purchases, focusing on energy, media and health care. Mr. Webster, 55, is an energy specialist who had founded Falcon Drilling. .. .So what do they see with the Star Tribune deal that others in the buyout world missed? A very cheap price -- 6.5 times the paper's cash flow -- a respected brand and an industry that may be bottoming out and poised for a rebound. Avista passed on bidding for the Philadelphia Inquirer, which Mr. Dean says doesn't have comparable cash flow as the Star Tribune."

Iowa Hospital Declines Merger Offer. The Des Moines Register (1/6, Leys) reports, "One of Des Moines' two dominant hospital companies offered Friday to work with its rival to jointly build a single suburban hospital, but the rival declined." The Register continues, "The offer from Iowa Health-Des Moines comes as both that company and Mercy Medical Center move forward with plans to build hospitals next door to each other in West Des Moines. … The companies explored the possibility of a jointly owned suburban facility in 2002. Hospital leaders said they dropped the idea after federal regulators told them informally that it could run afoul of antitrust laws." The Register adds, "Wellmark Blue Cross/Blue Shield, Iowa's largest health insurer, suggested recently that the two companies attempt again to cooperate on a suburban hospital. Iowa Health agreed to try, but Mercy said no. … Wellmark Vice President Cliff Gold said his company believes a joint venture might be acceptable to federal regulators. 'We're saying it's four or five years later, and a lot has changed,' he said. … Gold said the Justice Department has been friendlier to such ideas lately. He also said his company, which is the largest private payer to both hospital companies, would help the hospitals make their case." The Register notes, "Wellmark fears that if two similar hospitals are built side-by-side in West Des Moines, health-care costs would be needlessly inflated. A joint venture would be a more economical option, Gold said. … Iowa Health Chief Executive Officer Eric Crowell wrote a letter to Wellmark Friday saying that his company would agree to a renewed attempt at a joint project, with several conditions."

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ENVIRONMENT:

DOJ Drops Probe Of Florida Waste-Water Dumping. The Herald Tribune (Southwest Florida) (1/6, Quinlan) reports from Venice, FL, "The Department of Justice will not file charges against any individuals involved in the city utilities department's 2001 waste-water dumping into Curry Creek, officials said Friday." The Tribune continues, "The announcement answers the question that lingered after the city pleaded guilty in December 2005 to a three-count felony violation of the Clean Water Act: Would those responsible for the dumping or the falsification of records during the subsequent cover-up go to jail?" The Tribune adds, "Speculation centered on what court papers called the 'Executive Group,' a reference to the 'high-level executives, managers, supervisors' who oversaw 'the day-to-day operations' of the Eastside Wastewater Treatment Facility at the time of the dumping. … But the Department of Justice has closed its inquiry, leading the Environmental Protection Agency to drop its investigation. … A Department of Justice spokeswoman would not comment on why the department closed the case." The Tribune notes, "The Justice Department pulled the EPA off the case in a letter to EPA special agent Dan Green, who had handled the investigation. … 'Their recommendation was not to pursue any individual defendants in this case, and the local U.S. Attorney's office went along with this,' Green said. … When the city pleaded guilty in 2005, a judge imposed the minimum fine allowable, $110,000, or $5,000 for each of the 22 days that plant employees discharged waste water into the creek and sprayed it onto a field at Knights Trail. … As part of a deal with prosecutors, the city pledged its full cooperation in any further investigation of any current or past city employees."

Ohio Cities Sue Lead Paint Manufacturers. The New York Times (1/6, Driehaus) reports, "Racing against a proposed state law that would limit paint manufacturers' liability for lead poisoning in aging neighborhoods, Cincinnati has joined five other Ohio cities in filing suits that seek millions of dollars from the companies to clean up lead paint." The Times continues, "Ohio is the latest front in a battle that pits paint companies against cities and states struggling to overcome problems associated with lead poisoning. … The problems include learning impairment in children, high blood pressure in adults and, at high levels of exposure, seizures, comas and deaths." The Times adds, "Municipal and county governments in California, Mississippi, Missouri, New Jersey and Texas have also sued major manufacturers seeking what would amount to billions of dollars in damages. … Whether responsibility rests primarily with paint companies, landlords who let paint deteriorate or cities that fail to enforce housing codes remains an open question." The Times notes, "Rhode Island broke new ground in February by winning a jury trial that found that three paint companies had created a public nuisance and had to clean up lead-paint contamination throughout the state at an estimated cost of $1.37 billion to $3.74 billion. … The companies are seeking a new trial there and trying to fend off litigation throughout the country. They are Sherwin-Williams, based in Cleveland; NL Industries, part of Valhi of Dallas and whose predecessor National Lead made Dutch Boy paint; and Millennium Holdings of Hunt Valley, Md., a successor to a company that owned Glidden Paint, originally based in Cleveland."

ANWR Drilling Ban Introduced In House. The AP (1/5) reports, "Opponents of oil drilling in an Alaskan wildlife refuge are going on the offense after playing defense for a quarter of a century. They want the new Democratic Congress to make an oft-challenged drilling ban permanent. Legislation introduced in the House on Friday would make ANWR "a permanently protected wilderness and end repeated efforts to open the area east of the Prudhoe oil field to energy companies. 'The consensus is that there should not be drilling in the refuge, so the logical next step is to pass legislation which turns it into a wilderness,' Rep. Edward Markey, chief sponsor of the legislation, said in an interview. … A co-sponsor of the bill is Rep. Jim Ramstad, a Minnesota Republican." BBC.com (1/6, Willis) reports ANWR "has been compared to the Serengeti nature reserve in Africa because of its abundance of wildlife."

DuPont Drops Plan To Dump Nerve Gas Wastewaster. The New York Times (1/6, B3, Jones, 1.16M) reports, "Bringing an abrupt end to a three-year fight between environmentalists and federal officials, the DuPont Company announced on Friday that it would not participate in an Army plan to dispose of wastewater from neutralized VX nerve gas by dumping it into the Delaware River. The decision was a victory for environmentalists who questioned how placing wastewater from the neutralized form of the deadly nerve agent would affect the river. ... The decision was hailed by elected officials and environmentalists on both sides of the Delaware, including Gov. Jon S. Corzine of New Jersey." VX "is considered one of the world's most toxic chemicals. Exposure to its active form can kill within minutes."

Reports Identify Five New Mercury Contamination Sites In North America. The Washington Post (1/6, A7, Eilperin, 690K) reports, "Two newly published scientific reports suggest that mercury contamination has created at least five 'hot spots' in New England and Canada, places where the neurotoxin has accumulated in fish and wildlife to such an extent that it could harm human health and local ecosystems. The 11 scientists,

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who work at institutions including Syracuse University and Vermont's Department of Environmental Conservation, analyzed how mercury has accumulated in two indicator species in the northern United States and southern Canada. … Taken together, the two papers, published in this month's edition of the peer-reviewed journal BioScience, represent the most comprehensive ecological analysis of mercury accumulation ever conducted in the United States."

NYTimes Encouraged By Boxer's Pledge To Curb Carbon Dioxide Emissions. The New York Times (1/6, A14, 1.16M), in an editorial, notes Sen. Barbara Boxer is the new chairwoman of the Senate Environment and Public Works Committee, replacing Sen. James Inhofe, "who regards global warming as an elaborate hoax drummed up by environmentalists and scientists in search of money. Ms. Boxer has already scheduled hearings, and there will be no shortage of legislative remedies to consider. All share one objective, which is to attach a cost to carbon dioxide through a cap on emissions. The underlying logic is that if people and industries are made to pay for the privilege of pumping these gases into the atmosphere, they will inevitably be driven to developer cleaner fuels, cleaner cars and cleaner factories."

Navy Urged Not To Harm Whales. In an op-ed for the Los Angeles Times (1/6, 850K), environmentalists Jean-Michel Cousteau and Michael Jasny write that last July, "the Navy was allowed to proceed with its exercises only when it agreed to take significant, common-sense measures to protect whales and other marine species, such as staying away from the newly designated Northwestern Hawaiian Islands Marine National Monument. ... Yet now, in training exercises planned for California's coastal waters, the Navy is proposing to abandon its commitment to safeguard whales and their habitat from high-intensity sonar. ... The Navy should not be permitted to conduct, and the [California Coastal] Commission must not approve, dangerous sonar training without assurances that the Navy will take meaningful steps to protect whales and other marine life."

FBI/DEA/ATF/USMS:

Mueller Appoints Brink Mississippi SAC. The AP (1/6) reported, "Frederick T. Brink has been appointed the special agent in charge of the FBI in Mississippi, the federal law enforcement agency announced Friday. FBI Director Robert S. Mueller III said Brink replaces John G. Raucci, who left Friday for a position at the agency's headquarters in Washington." The AP added, "Brink has also served at the FBI's Operational Technology Division, located at Quantico, Va., and overseas at the U.S Embassy in Riyadh, Saudi Arabia. In June 2005, Brink was promoted by Mueller to special agent in charge of the FBI's Special Operations Division in New York." The Jackson Clarion-Ledger (1/6, Kanengiser) noted that Raucci has been named "assistant director of the agency's human resources division. There are 34,500 FBI employees and 'we still turn away thousands every year,' Raucci said. In his first assignment in the South, Raucci said there was excellent cooperation between the FBI and state and local law enforcement agencies throughout Mississippi."

Former El Paso SAC Sentenced To Six Months In Prison. The El Paso Times (1/6, Gilot) reported, "Former FBI special agent in charge Hardrick Crawford was sentenced Friday to six months in prison, making him probably the first person of his rank to do hard time. At the sentencing hearing, U.S. District Judge Philip Martinez said that he liked Crawford, and that seeing the government man in court had been 'painful.' … Crawford was convicted in August of making false statements regarding gifts he received in an Office of Government Ethics Public Financial Disclosure Report submitted to the FBI. Crawford was also found guilty of concealing material facts from the FBI about his friendship with Jose Maria Guardia, a Juárez racetrack owner." The Times noted, "The El Paso FBI office reacted to the sentencing of a popular boss with sadness and resignation Friday. 'We respect the federal justice system, which we in the FBI have sworn to uphold,' spokeswoman Andrea Simmons said. 'While we are saddened by this entire situation, we believe that justice was served.'" The AP (1/6) also briefly reported on Crawford's sentencing.

IG Report Finds DEA Agents Mishandled Seized Cash. The DC Examiner (1/6, Myers) reports, "Drug Enforcement Administration agents routinely disregarded agency rules on the handling of seized cash, jeopardizing hundreds of millions of dollars taken in drug raids, a Justice Department review found." The Examiner continues, "In an audit published Friday, Justice Department Inspector General Glenn A. Fine examined thousands of seizures between October 2003 and November 2005. … Fine's report states that drug agents rarely counted the cash they took, often didn't provide receipts for seized money, rarely recorded the seizures in agency ledgers and often didn't ask their colleagues to witness their counting and handling of the money." The Examiner adds, "DEA agents recorded more than 16,000 seizures for nearly $616 million in the period surveyed, the report states. … 'Cash seized by the DEA is at risk because of the DEA's failure to consistently implement and document controls over the seized cash,' Fine's spokeswoman, Cynthia Schnedar, said in an e-mail to The Examiner. … The lack of internal controls over the seized

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cash leads to accusations of theft by the agents, the report states."

Federal Agencies Team To Fight Florida Gang Violence. The South Florida Sun-Sentinel (1/6, Burdi) reports, "The upsurge in gang violence in Palm Beach County is like a nightmare from 15 years ago when drive-by shootings were commonplace, officials said. … So the county Violent Crimes Task Force has turned to the same remedy it did in the 1990s: Federal prosecution, Sheriff Ric Bradshaw said Friday." The Sun-Sentinel continues, "Local law enforcement and federal agencies -- including the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Drug Enforcement Administration -- have joined forces because criminals are more likely to do time and more of it under federal guidelines, Bradshaw said. … 'You always try to bring state and federal law enforcement together and use whatever advantages are available,' said Dale Armstrong, ATF resident agent in charge in West Palm Beach." The Sun-Sentinel adds, "Working with federal agencies is nothing new for local departments, but since the county task force was re-formed in April, its focus has been on gangs, Bradshaw said. … 'We're confident we're going to make an impact,' he said."

FBI Investigating Bomb Left At Louisiana Church, Offers $5000 Reward. The Baton Rouge Advocate (1/6) reported, "The FBI is offering a reward of up to $5,000 for information leading to the arrest and indictment of those responsible for placing an explosive device at Erwinville Baptist Church" on New Year's Eve. "Debris from the detonated device, described as a pipe bomb, was sent to the FBI Crime Lab at Quantico, Va. Jim Bernazzani, special agent in charge of the FBI's New Orleans Division, asked that anyone with information about the incident call the Baton Rouge office of the FBI at (225) 291-5159."

IMMIGRATION:

Gunmen Force National Guard Troops Along Mexican Border To Retreat. The Washington Times (1/6, A1, Seper, 88K) reports, "Armed men overran a National Guard observation post along the U.S.-Mexico border in Arizona this week, forcing the soldiers to retreat and prompting an investigation by the U.S. Border Patrol that has focused on the intruders' identity. No shots were exchanged and no one was injured in the incident, which occurred shortly after 11 p.m. on Wednesday." National Guard Sgt. Edward Balaban "said the troops did not know how many men were involved in the attack 'because obviously it took place in the dark.' … Several Border Patrol agents in the area told The Washington Times yesterday the armed men might have been trying to find out what the Guard troops would do if they were confronted by drug or alien smugglers. They said the increased presence of troops and additional Border Patrol agents in recent months had frustrated many of the area's drug and alien smugglers."

WSJournal Argues H-1B Visas Create Additional Jobs. The Wall Street Journal (1/6, A6, 2.04M), in an editorial, writes, "Nearly one-third of science and engineering Ph.D.s working in places like Silicon Valley are the top minds from foreign nations, according to a study from the National Bureau of Economic Research. Many are also here on H1-B visas. Companies are required to spend tens of thousands of dollars in legal fees, advertising expenses and long delays to secure visas for the talented people they need. And the demand for these specialty visas is two to three times higher than the 65,000 per year allotted by Congress. This is all supposed to protect jobs for Americans, but these immigrants are job creators."

CONGRESS-ADMINISTRATION:

House Passes Earmark Reform, "Pay-Go" Rules By Wide Margin. The New York Times (1/6, Kirkpatrick, 1.16M) reports on its front page that the new Democratic House voted 280-152 Friday "to pull the shadowy tradition of Congressional earmarking into the daylight, requiring lawmakers to attach their names to the pet items they slip into spending or tax bills and certify that they have no financial interest in the provisions." Forty-eight Republicans joined all 232 Democrats in supporting the measure. The Times says that "more than any of several ethics rules adopted by the House this week, the earmark measure could prevent the kind of corruption that led to several big scandals in recent years." The vote "was linked to a rule known as 'pay as you go' that would prohibit the House from increasing the deficit by passing any new tax cuts or entitlement spending programs without offsetting them with spending cuts or tax increases."

The Los Angeles Times (1/6, Hamburger, Simon, 850K) headlines its report "Everybody Will Know If It's Pork," saying the measure was "championed by House Speaker Nancy Pelosi, herself a prodigious author of earmarks." The Chicago Tribune (1/6, Zuckman, 617K) leads its story, "Bye-bye, bridge to nowhere," saying the vote will "curb the middle-of-the-night, backroom deal-making that resulted in approval of embarrassing -- and sometimes illegal -- pork barrel projects."

The Wall Street Journal (1/6, A3, Lueck, 2.04M) focuses on the so-called "pay-go" aspect, saying that the new rule makes efforts to "protect more middle-class Americans from the individual Alternative Minimum Tax" a "whole lot tougher." Pay-go prohibits the House "from considering any

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tax-cut or entitlement legislation if the cost isn't offset by increased revenue or spending trims. For now, at least, House Democrats say they intend to abide by the rule -- even when it comes to 'fixing' the AMT." The Washington Post (1/6, A4, Montgomery, 690K) also focuses on pay-go, saying the new rules are "aimed at reining in deficit spending and shedding more light on the murky world of special-interest projects known as earmarks." Key Democrats "acknowledged that it will be difficult to abide by" pay-go rules "while keeping their promises to fund health-care, education and homeland-security initiatives." The Post also notes the impact on an AMT fix.

The Washington Times (1/6, Hurt, 88K) says in its front-page report that Republicans "warned that the new majority is paving the way to increase federal taxes." Rep. Mike Pence said, " 'It doesn't reduce current spending levels or require a reduction in current spending levels. It is a means to justifying tax increases on working families, small businesses and family farms. In a very real sense, the American people ought to know that this proposal translates to: You pay as Congress goes on spending.'"

The CBS Evening News (1/5, story 6, 1:45, Mitchell, 7.66M) reported, "The new Democrat-controlled House is not procrastinating. Today, it completed work on ethics reform rules by requiring full disclosure of pet spending earmarks that are often hidden in legislation. And it voted to end perks that members get from lobbyists, such as gifts of any kind, the use of corporate jets, and free meals. The Senate takes up its own ethics package on Monday, but expect some habits to die hard." NBC Nightly News (1/5, story 7, 2:00, Williams, 9.87M) ran an "In Depth" report on "congressional ethics, a top priority of the new Democratic majority on Capitol Hill in Washington."

The Los Angeles Times (1/6, Levey, 850K) reports that when Democrats "brought their new ethics rules up for a vote, more than a few eyebrows arched over the congressman who cried loudest about the indignities the Democrats were already inflicting on their GOP colleagues. As much as any Republican," then-Rules Chairman David Dreier "had stirred the rage of Democrats while they suffered in the minority. … But there was Dreier this week, lecturing Democrats on the virtue of openness and professing disappointment about being left out of the legislative process." Rep. Jim McGovern said, "I have whiplash. I thought it would take a couple of weeks before the hypocrisy bubbled up."

Sen. Jon Kyl said on CNBC (1/5, Griffeth), "There's an incentive for both sides to work with each other now. When Republicans controlled both branches of government and the White House, Democrats had every incentive to be negative, to stop success in other words, and prevent the president and the Republicans from being able to tout achievements. … Democrats now control both houses of Congress, and they're not going to be able to go to the next election saying 're-elect us' if they're not able to reach achievements. That will require cooperation from Republicans."

House Democrats Rename International Relations Committee. The Washington Times (1/6, Sands, 88K) reports House Democrats, "seeking a new name to go with a new attitude," said the House International Relations Committee "would be reverting to its old, pre-Republican majority moniker: the 'House Committee on Foreign Affairs.'" Chairman Tom Lantos said, "A new sheriff has come to town, taking the reins with a purpose. Americans have demanded change in the way our country conducts itself in the world." The GOP renamed the panel in 1995 "in part to distinguish it from its counterpart in the other wing of the Capitol, the Senate Foreign Relations Committee."

Pelosi Viewed Favorably By 43%, Unfavorably By 39%, In Rasmussen Poll. A Rasmussen Reports survey of 800 likely voters (+/- 3%) taken January 3-4 finds Speaker Nancy Pelosi is viewed very favorably by 18%, somewhat favorably by 25%, somewhat unfavorably by 14%, and very unfavorably by 25%.

Pelosi Returns To Childhood Neighborhood In Baltimore. The Washington Post (1/6, B3, Morse, 690K) reports Pelosi, "capping off a three-day celebration of her ascension," returned to her hometown of Baltimore Friday, "where a street was renamed for her in front of a stage of dignitaries and a bank of TV cameras." Addressing a crowd near her Little Italy childhood home, she "mentioned her Italian immigrant ancestors, who came to the United States poor, hardworking and religious. Her own upbringing, in the Baltimore rowhouse to her left, she said, was shaped by Italian American pride, devout Catholicism, deep patriotism and staunch Democratic ideals." A street nearby was renamed "Via Nancy D'Alesandro Pelosi." The AP (1/5, Wyatt) also reports on Speaker Pelosi's trip home. The Washington Post (1/6, C1, DuLac, 690K) has a Style section feature on other Democratic celebrations.

New Congress Brings 66 Fresh Faces To Capitol Hill. The New York Times (1/6, A10, Kornblut, 1.16M) takes a look at the "66 new members of the 110th Congress, part of a historic Democratic tide that swept Republicans from power after a dozen years and left President Bush on the defensive." Ohio's Zack Space is said to be typical of the new class. He "campaigned hard on the issue of ethics reform in a race to succeed Representative Bob Ney, who pleaded guilty in a corruption case. Despite his political inexperience -- and the fact that Democratic officials considered him one of their weakest candidates -- Mr. Space beat his Republican rival, in an increasingly Republican district," by 24 points. And "hours after casting his first votes," Space "still beamed with excitement on Thursday, showing off the identification card that doubles as an electronic balloting device. 'I had to ask someone how to use it,' he said."

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New Congress Is Most Religiously Diverse. The Washington Post (1/6, B9, Tilove, 690K) says the new Congress, "for the first time, includes a Muslim, two Buddhists, more Jews than Episcopalians and the highest-ranking Mormon in congressional history. Roman Catholics remain the largest single faith group in Congress, accounting for 29 percent of all members of the House and Senate, followed by Baptists, Methodists, Presbyterians, Jews and Episcopalians." While Catholics in Congress "are almost 2-to-1 Democrats, the most lopsidedly Democratic groups are Jews and those not affiliated with a religion. Of the 43 Jewish members of Congress, there is only one Jewish Republican in the House and two in the Senate. The six religiously unaffiliated members of the House are all Democrats."

WSJournal Says "Pay-Go" Creates AMT Dilemma For Democrats. The Wall Street Journal (1/6, A6, 2.04M), in an editorial, writes, "In his op-ed column on these pages this week, President Bush made some news by underscoring his opposition to raising taxes. We were certainly glad to hear it, and to publish it, because by our lights the tax cuts and economic growth that has followed are his most notable domestic achievements (give or take a Supreme Court Justice). … However, those lower tax rates are set to expire at the end of 2010, and the Democrats who now control Congress want them repealed. The 'pay-as-you-go' rules that the House just passed would make their extension all but impossible. What this means is that if Congress merely fails to act, the tax cuts expire and the economy will be hit with one of the largest tax increases in history in 2010." According to the Journal, "this…certainly poses a dilemma for Democrats -- all the more so because they must also cope with the rising burden of the Alternative Minimum Tax. … This week, the new Democratic Chairman of the Senate Finance Committee, Montana's Max Baucus, called the AMT a 'monster in the tax code' and introduced a bill to repeal it."

Dowd Says Democrats "Should Have Shown Some Class." In her New York Times (1/6, A15, 1.16M), column, Maureen Dowd writes, "There was a touch of parody to the giddy Democrat takeover this week. … The first act of House Democrats who promised to govern with bipartisan comity was imperiously banishing Republicans from participating in the initial round of lawmaking. Even if Republicans were brutes during their reign, Democrats should have shown more class, letting the whiny minority party offer some stupid amendments that would lose. Perhaps the Democrats' power-shift into overdrive is a neurological disorder, or neuropolitical disorder."

Democrats Expected To Oppose Making Bush Tax Cuts Permanent. The Wall Street Journal's "Hot Topic" feature (1/6, A5, Timiraos) spotlights tax cuts this week, asking, "Can Congress balance the budget if it keeps the tax cuts in place? In the short term, maybe. But it won't be easy. White House forecasts show a $127 billion shortfall in 2011. Making the tax cuts permanent while balancing the budget will require sharp spending cuts, which likely will cause even many congressional Republicans to balk. President Bush's efforts to constrain spending in the past have had little effect. … Now that Democrats are in control, the resistance from Congress is likely to be greater." The Journal notes, "Both parties have expressed support for permanent changes" to the Alternative Minimum Tax, but "passage of 'pay-go' legislation by the House Friday could add an extra hurdle."

WPost Cites Mankiw In Rejecting Bush's Tax Cut Defense. The Washington Post (1/6, A16, 690K) editorializes, "President Bush wrote in a Wall Street Journal op-ed Wednesday that 'it is also a fact that our tax cuts have fueled robust economic growth and record revenues.' The claim about fueling record revenue is flat wrong, and it is shocking that the president should persist in making such errors. … This is not just our opinion. Harvard's N. Gregory Mankiw, an economic conservative who served as chairman of Mr. Bush's Council of Economic Advisers, has tested the hypothesis on which Mr. Bush's claim is based: He looked at the extent to which tax cuts stimulate extra growth and the extent to which that growth generates extra tax revenue that offsets the initial loss of revenue from the tax cut. Mr. Mankiw's conclusion: Even over the long term, once you've allowed all of the extra growth to feed through into extra revenue, cuts in capital taxes juice the economy enough to recoup half of the lost revenue, and cuts in income taxes deliver a boost that recoups 17 percent of the lost revenue."

Democratic Medicare Bill Lacks Formulary To Pressure Drug Firms. The Los Angeles Times (1/6, Alonso-Zaldivar, 850K) reports, "The bill that House Democrats unveiled Friday to lower drug prices for the elderly contains a provision that could make it difficult — or maybe even impossible — to achieve its goal, some critics said. The legislation would direct the federal government to use its huge market power to bargain for lower prices with drug manufacturers on behalf of some 23 million seniors enrolled in the Medicare prescription program. But a provision in the bill would explicitly prohibit the government from creating a list of approved drugs, known as a formulary — thus taking away a powerful lever commonly used in such pricing negotiations. Fear of not being included on such a list of approved drugs is one of the principal reasons manufacturers agree to lower prices."

"Health Courts" Proposed As Alternative To Malpractice Jury Trials. In an op-ed for the Wall Street Journal (1/6, A6, 2.04M) Phillip K. Howard, chair of Common Good, writes, "Skyrocketing health-care costs are a looming national tragedy, but cannot be contained without restoring reliability to the justice system. … Fear of erratic jury

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decisions in medical malpractice cases has spawned a culture of fear, causing inefficiencies that infect every level of medicine." Howard adds, "A functioning system of justice must aspire to deliberate choices, binding from one case to the next. Reliability is critical. Providers must know what's expected of them and must trust the system to distinguish good care from bad care. What's needed is something entirely new: specialized health-care courts. … A proposal for expert health courts has been developed in a joint venture of Common Good (a nonprofit organization) and the Harvard School of Public Health. It promises to restore reliability and foster confidence."

Boxer Will Lead Senate Ethics Panel In Johnson's Absence. RollCall.com (1/5) reports that with Sen. Tim Johnson recovering from brain surgery, Majority Leader Harry Reid has selected Environment and Public Works Chairwoman Barbara Boxer "to temporarily take the reins of the chamber's Ethics Committee." The move "will allow the committee to convene before Johnson returns to work. Democratic aides said Friday that Reid's decision also is being driven in part by the fact that the Senate will take up its ethics reform package next week."

Records Of White House Visitors Not Open To Public. The AP (1/6, Yost) reports, "The White House and the Secret Service quietly signed an agreement last spring in the midst of the Jack Abramoff lobbying scandal declaring that records identifying visitors to the White House are not open to the public." The AP continues, "The Bush administration didn't reveal the existence of the memorandum of understanding until last fall. The White House is using it to deal with a legal problem on a separate front, a ruling by a federal judge ordering the production of Secret Service logs identifying visitors to the office of Vice President Dick Cheney." The AP adds, "In a federal appeals court filing three weeks ago, the administration's lawyers used the memo in a legal argument aimed at overturning the judge's ruling. The Washington Post is suing for access to the Secret Service logs. … The five-page document dated May 17 declares that all entry and exit data on White House visitors belongs to the White House as presidential records rather than to the Secret Service as agency records. Therefore, the agreement states, the material is not subject to public disclosure under the Freedom of Information Act. … In the past, Secret Service logs have revealed the comings and goings of various White House visitors, including Monica Lewinsky and Clinton campaign donor Denise Rich, the wife of fugitive financier Marc Rich, who received a pardon in the closing hours of the Clinton administration."

Roberts Credited With Making SCOTUS More Accessible To Media. The Washington Post (1/6, A3, Barnes, 690K) reports, "Just in the past few months, Justice Ruth Bader Ginsburg has invited television interrogator Mike Wallace into her chambers for a well-mannered chat. Justice Antonin Scalia has turned up at a sold-out breakfast meeting of the Northern Virginia Technology Council and mixed it up with the American Civil Liberties Union, and he has publicly debated the Constitution with fellow justice…Stephen G. Breyer. Breyer has promoted his book 'Active Liberty' on 'Fox News Sunday'. … And this week…Justice John Paul Stevens said in what was grandly billed as his first network television interview that he considered himself the same 'moderate conservative' that President Gerald R. Ford appointed 31 years ago." According to the Post, "there has…been a change in the way justices, now led by Chief Justice John G. Roberts…see their role both in explaining what they do and in fostering a public conversation about the judiciary, according to those who most carefully monitor the court." Roberts "seems comfortable with reporters."

SCOTUS Adds Cases On Race Discrimination, Environmental Law. The Washington Post/AP (1/6, A3) reports the Supreme Court "added seven cases to its docket, including a discrimination case in which a Coca-Cola bottling company fired a black employee. The lawsuit involves allegations that a supervisor of employee Stephen Peters was motivated by racial bias and influenced a human resources manager to fire the worker. … The court also agreed to consider the interaction of two federal laws, the Endangered Species Act and the Clean Water Act, which set out different standards for federal agencies to protect endangered species." The Los Angeles Times (1/6, Savage, 850K) reports, "The Supreme Court agreed Friday to referee a high school sports dispute over whether coaches have a free-speech right to recruit athletes from other schools. … In Long Island Care at Home vs. Osborne, the court will decide whether certain home-care workers are protected by the federal law that requires a minimum wage and overtime pay. Since the 1970s, the Labor Department has said home-care workers who provide companionship services to the elderly and infirm are generally not covered by the law. … The justices also said they would consider making it harder to sue companies for stock fraud. Tellabs, a maker of telecommunications equipment, was sued by investors who said its executives had knowingly inflated its value."

Death Penalty Appeal Will Also Be Heard. The New York Times (1/6, A12, Greenhouse, 1.16M) reports the Supreme Court "agreed…to use the case of a schizophrenic death row inmate in Texas to set the standard for determining when a mental illness is so severe that execution would be constitutionally impermissible. … The American Psychiatric Association has expressed specific concern about the

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competency standard used by the United States Court of Appeals for the Fifth Circuit, which upheld the death sentence for the Texas inmate, Scott L. Panetti, in rejecting his petition for a writ of habeas corpus last May. Mr. Panetti, convicted in 1992 of fatally shooting his in-laws in the presence of his estranged wife and their 3-year-old child, is a 48-year-old Navy veteran who was hospitalized 14 times for schizophrenia and other serious mental disorders in the decade before the crime."

White House Seeks "Proven Combatant" For Counsel. The New York Times (1/6, A10, Rutenberg, 1.16M) reports President Bush "is seeking a new chief lawyer with credentials as a proven combatant as he and his staff prepare for a potential raft of investigations from Democrats in Congress who have promised to challenge the White House's conduct of policy and its assertions of executive power. … Republicans said Friday in interviews that the White House was now, in essence, seeking a politically savvy outsider." The Times add, "Several Republicans, including some former administration officials, said the new White House counsel would also need the stature to counterbalance David S. Addington, the powerful chief of staff of Vice President Dick Cheney. Mr. Addington has tended to argue against cooperating with Congressional requests for classified information, a position that may require some softening, or at least more diplomacy, in the 110th Congress." The Times lists as potential contenders: Fred F. Fielding, Charles J. Cooper, Laurence H. Silberman, David Aufhauser and J. Thomas Schieffer.

NYTimes Blasts FDA Over Decision On Cloned Animals. The New York Times (1/6, A14, 1.16M) editorializes, "The Food and Drug Administration's assessment that food from cloned animals is safe to eat is a victory for biotech companies and a loss for everyone else. Like many decisions on the cutting edge of agricultural technology, it was hurried along in a way that is more sensitive to political and economic pressure than to the long-term welfare of animals, humans and the world they inhabit. Asking whether cloned meat and milk are safe is not even the right question. The right question is, why clone at all? … Cloning isn't just a matter for the F.D.A. to decide. It is up to us as a society to decide as well."

LATimes Supports FDA Move. The Los Angeles Times (1/6, 850K), in an editorial, writes, "Even if it's creepy, cloned meat is safe and tasty, says the Food and Drug Administration. … It isn't the FDA's job to rule on the morality of animal husbandry, nor to placate nervous trading partners overseas. Its mandate is to ensure the safety of the nation's food supply, and the verdict is in: Cloned meat is safe. Those who aren't convinced will have other options. Just as 'organic' farms and dairies across the country put special labels on their hormone-free milk or pesticide-free produce, ranches will doubtless spring up to market 'non-cloned' meats. Those who want to pay more for lower-quality food will no doubt be able to do so."

OTHER NEWS:

Jobs Were Created At 2006's Highest Rate In December. ABC World News (1/5, story 6, 0:10, Gibson, 8.78M) reported, "There is some surprising news tonight about the strength of the job market. The government says employers added 167,000 jobs last month. That's far more than expected." NBC Nightly News (1/5, story 6, 1:00, Williams, 9.87M) reported, "160,000 new jobs were added in December, what one economist called a 'rock-solid' reading. And the unemployment rate held steady at 4.5%."

The Wall Street Journal (1/6, A3, Gerena-Morales, lp, 2.04M) reports the Labor Department said Friday that job creation "accelerated at the end of last year and wage gains hovered at their highest level in nearly six years, suggesting that the economy might be performing better than economists anticipated and dashing hopes that the Federal Reserve will cut interest rates anytime soon." Payrolls expanded by "a seasonally adjusted 167,000 jobs in December," and unemployment remained unchanged at 4.5%. The Financial Times (1/6, Callan, Guha, Crooks) says the December job gains were "the biggest increase in 2006, defying economists' predictions that the pace of hiring would slow. Wages also picked up, with a 4.2 per cent annual increase in average hourly earnings." The Washington Post (1/6, D1, Henderson, Schneider, 690K) says the report "followed others this week showing that retailers rang up decent holiday sales last month, while factories churned out more goods and businesses spent more on offices, shopping centers and other types of commercial construction." The Washington Times (1/6, A1, Hill, 88K) puts the positive jobs news on its front page, and the New York Times (1/6, C1, Peters, 1.16M) has a business section report.

Jobs Data To Play Key Role In Next Fed Deliberations. The Financial Times (1/6, Guha) says the data will play a "central role" in the Fed's "next deliberations on interest rates." The latest published Fed minutes "show the Fed putting considerable weight on the continued strength of the labour market as an offset to other signs of weakness in the economy, for instance, in manufacturing output."

Bernanke Defends Fed's Banking Role. The Financial Times (1/6) reports Federal Reserve Chairman Ben Bernanke "stoutly defended" the Fed's role in banking supervision, "pushing back against suggestions that this role should be hived off and given to a single regulator."

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Addressing the American Economic Association, Bernanke said, "The Fed's ability to deal with diverse and hard-to-predict threats to financial stability depends critically on the information, expertise and powers that it holds by virtue of being both a bank supervisor and a central bank."

Markets Down On Jobs Report. The New York Times/AP (1/6, C6) reports the "surprising surge in new jobs and wages diminished the hopes of investors for an interest rate cut." The Dow "fell 82.68 points, or 0.66 percent, to 12,398.01 -- the biggest one-day drop since Nov. 27. The Dow was down more than 115 points at one time yesterday." The S&P 500 was down "8.63 points, or 0.61 percent, to 1,409.71." and the Nasdaq "dropped 19.18 points, or 0.78 percent, to 2,434.25." The Financial Times (1/6, Scholtes, Davies) reports US bond prices were also down on the jobs news, while the Wall Street Journal (1/6, B2, Molinski, 2.04M) reports the dollar hit a "six-week high against the euro Friday and recovered much of its overnight losses against the yen" on the report. In a related piece, the Wall Street Journal (1/6, B1, McKay, 2.04M) examines whether, "after the Dow's 16% gain last year," a correction is due.

The New York Times (1/6, C6, DeAenlle, 1.16M) also reports that "Dogs of the Dow" -- the DJIA's 10 stocks "with the highest dividend yields at the end of each year -- have handily outperformed the index itself and other benchmarks of blue-chip stocks" over the past seven years, making them "the sort of stocks that value investors covet. … The Dogs for 2007, in descending order of yield, are Verizon, Altria, AT&T, Pfizer, Citigroup, Merck, General Motors, Dupont, J. P. Morgan and General Electric."

Lower Oil Prices Yet To Reach Consumers. The Washington Post (1/6, D1, Mufson, 690K) reports that while "warm weather was bad news this week" for OPEC, oil and gas companies, and "any traders who had bet on rising energy prices," the "unseasonably warm weather may make it cheaper to fill their gas tanks -- though it hasn't yet." While crude oil is down 7.8% in New York since the start of 2007, "so far, the benefits of falling crude oil prices haven't trickled down to consumers. … According to AAA, the average nationwide price for unleaded regular gasoline was $2.33 a gallon yesterday, essentially unchanged from the day before and up nearly 3 cents from a month ago." On the same page, the Washington Post (1/6, D1, Freeman, 690K) has a feature on how automakers are gauging demand for alternative-fuel vehicles.

Ex-SEC Chairs Back NYSE/NASD Regulatory Merger. In a Wall Street Journal (1/6, A7, 2.04M) op-ed, former SEC chairmen William Donaldson and Harvey Pitt write, "Despite government's increasing role, there remains an important need for securities industry self-regulation. Given some of the lapses we've seen over the last several years, the need for high ethical standards and business practices is more important than ever. And yet, under the current, outmoded system, there are conflicting standards, inefficiencies and waste. … The proposed merger of the NASD and NYSE regulatory regimes put forward last month is in the best traditions of the government-private sector partnership Congress envisioned when it enacted the federal securities laws."

Biden Expects To Create Exploratory Committee This Month. Asked on CNN's The Situation Room (1/5, Blitzer) about whether he has "formally gone through the process of declaring your intention to run" for president, Sen. Joseph Biden said, "I haven't formally done that, but will formally set up that committee, I expect, by the end of this month. It is my intention to run. I've been straightforward about that for the last six or eight months."

Brownback To Enter Presidential Race On January 20. The AP (1/5, Sidoti) reports Sen. Sam Brownback, a "favorite son of the religious right, will officially enter the presidential race later this month in his home state." A spokesman said Brownback will officially enter the race on January 20 in Topeka, and then "will fly to Washington to participate in the anti-abortion march" marking the anniversary of the Roe v. Wade ruling.

Owens Joins Romney's Senior Advisory Team. The Denver Post (1/6, Marshall, 256K) reports exiting Colorado Gov. Bill Owens has joined Mitt Romney's senior advisory team as the ex-Massachusetts governor moves toward a presidential run. During a radio interview, Owens said of Romney, "I think he's one of the brightest people I've ever seen in public office. He's a businessman, he's a manager. He is a conservative, he wants to cut taxes."

Giuliani Playbook Offers Self-Assessment Of Potential Liabilities. The New York Times (1/6, B3, Purnick, 1.16M) writes, "The country sure has been enjoying itself reading about the Rudy Caper, feasting on the inside dish gleaned from Rudolph W. Giuliani's presidential playbook. The purloined or lost document gives outsiders a glimpse behind the curtain." The Rudy "portrayed on JoinRudy2008.com is a dragon slayer with a record of unmitigated success. He is a man with an open smile, replacing the fearsome City Hall scowl that he used so often to great effect." But the playbook, "meant for insider eyes," concedes Giuliani "as a presidential candidate may have to contend with such trouble as questions about his former wife, Donna Hanover, and his former associate, the controversial Bernard B. Kerik. It cites concerns about Mr. Giuliani's relatively liberal positions on social issues -- stances not likely to find favor with the Republican Party's conservative wing."

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Obama To Address Virginia Democrats Next Month. The Washington Post (1/6, B3, Craig, 690K) reports Sen. Barack Obama "will be the featured guest at a major fundraiser for the Virginia Democratic Party next month," addressing about 2,000 donors and activists at the party's annual Jefferson-Jackson Day Dinner in Richmond. While Obama could announce his presidential plans "as soon as this month, his speech at the fundraiser at the Richmond Convention Center could prompt a lot of discussion about Virginia's role in the presidential race. Virginia's Democratic presidential primary has been held relatively early in past elections, before any candidate had the nomination locked up."

McAuliffe Blasts Kerry In Memoir. The AP (1/5) reports Terry McAuliffe, the "former Democratic Party boss and Clinton friend," is "lambasting John Kerry's unsuccessful presidential campaign, calling his effort to unseat President Bush 'one of the biggest acts of political malpractice in the history of American politics.'" The AP says McAuliffe "is close to Bill and Hillary Rodham Clinton and will support her presidential bid if the New York senator runs in 2008," and his memoir "could serve as the opening salvo against a potential Clinton rival as Kerry weighs another bid. However, McAuliffe has kind words for other possible candidates, such as Sens. Barack Obama and Chris Dodd and Iowa Gov. Tom Vilsack." The book, "What a Party! My Life Among Democrats: Presidents, Candidates, Donors, Activists, Alligators and Other Wild Animals," goes on sale January 23. The New York Times (1/6, A13, Broder, 1.16M) says there are "any number of humorous anecdotes sprinkled among the chest-deep pile of dropped names in the 406-page volume."

Candidate For New Hampshire Democratic Chair Withdraws. The New Hampshire Union Leader (1/6) reports New Hampshire Democratic Vice Chairman withdrew from the race to lead the state party. Manchester police "began an investigation of Buckley at the request of the Attorney General's office after Gov. John Lynch received a complaint linking him to pornography. Buckley tonight denied any wrongdoing."

Schwarzenegger Begins Second Term By Claiming Centrist Mantle. The San Francisco Chronicle (1/6, Martin, 384K) reports on its front page that Gov. Arnold Schwarzenegger "cast himself Friday as the leader of a 'post-partisan' movement that would give birth to innovative ideas through collaboration, not party warfare, urging leaders in his second inaugural address to govern from a 'dynamic center that is not held captive by either the left or the right or the past.'" In his 15-minute speech, Schwarzenegger "made no policy proposals and instead focused entirely on tone, rejecting the liberal versus conservative battleground in favor of the pragmatic middle. Aides said the message, from a governor who bucked a national anti-GOP trend last fall by cruising to re-election, was aimed beyond the state toward a national audience." Schwarzenegger said, "The American people are instinctively centrist. So should be our government. America's political parties should return to the center. They should return to the center where the people are."

CNN's The Situation Room (1/5, Blitzer) reported, "Schwarzenegger limped to his inaugural on crutches today. But the California governor may be politically stronger than ever, after mining the middle ground." ABC World News (1/5, story 7, 0:15, Gibson, 8.78M) reported, "Gov. Arnold Schwarzenegger used crutches to get on stage to his swearing in. It's the first time he's been seen in public since the bad leg break he suffered skiing before Christmas. Schwarzenegger called every day as governor an adventure. And his political escapes are more hair-raising than anything he did in the movies." The Washington Times/AP (1/6) further quotes Schwarzenegger: "Like Paul on the road to Damascus, I had an experience that opened my eyes. And what was it that I saw? I saw that people, not just in California, but across the nation, were hungry for a new kind of politics, a politics that looks beyond the old labels, the old ways, the old arguments."

The Los Angeles Times (1/6, Martelle, Salladay, 850K) says in a front page feature that "the celebrities and the crowds were notably absent, spotlighting the difference between a movie star doing the unusual -- winning a gubernatorial recall election -- and a now-seasoned politician signing in for four more years." The New York Times (1/6, A9, McKinley, 1.16M) says Schwarzenegger was "nursing a broken leg" but came "armed with an electoral mandate." The event "was a chance for Mr. Schwarzenegger to take hold of the political center, something he did effectively during the election year…and in the election itself." The Washington Post (1/6, C1, Booth, Geis, 690K) writes, "It was Arnold's second inauguration -- and unlike the first one (boring), his wife, former TV news star Maria Shriver, was clearly in charge of the sequel. The theme? Make nice. It is apparently the dawn of 'post-partisanship' in California, as Schwarzenegger renounced the 'fringes of left and right' (technically, he's still a Republican) and declared the 'new creative center.'"

O'Malley To Tour Maryland In Week Before Inaugural. The Washington Post (1/6, B2, Wagner, 690K) reports Maryland Gov.-elect Martin O'Malley "announced plans yesterday for a 'One Maryland Inaugural Tour and Celebration' in the week leading up to" his January 17 inauguration, with events across the state.

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NYTimes Says Spitzer Has Big Ambitions For New York. The New York Times (1/6, A14, 1.16M) editorializes, "Gov. Eliot Spitzer is fond of saying that you can't change the world by whispering. What New Yorkers saw in his first week in office was a governor in full trumpet about how to overhaul their state government. While some veterans of state politics saw Mr. Spitzer's State of the State speech on Wednesday as too ambitious, former Gov. Hugh Carey got it just right. 'It's a very big agenda,' he said, 'but it's not too big for New York.' … Spitzer certainly acts like a man ready to go forward quickly. The goals he has set may be daunting to the old guard in Albany, but anything less from this governor would have been a grave disappointment."

"Embryo Brokerage" Stirs Bioethics Debate. The Washington Post (1/6, A1, Stein, 690K) reports, "A Texas company has started producing batches of ready-made embryos that single women and infertile couples can order after reviewing detailed information about the race, education, appearance, personality and other characteristics of the egg and sperm donors. The Abraham Center of Life LLC of San Antonio, the first commercial dealer making embryos in advance for unspecified recipients, was created to help make it easier and more affordable for clients to have babies that match their preferences, according to its founder. … The embryo brokerage, which calls itself 'the world's first human embryo bank,' raises alarm among some fertility experts and bioethicists, who say the service marks another disturbing step toward commercialization of human reproduction and 'designer babies.'" The Houston Chronicle (1/6, 530K) and the Dallas Morning News (1/6, 500K) both run this Post story today.

Former President Bush Recovering Well From Surgery. NBC Nightly News (1/5, story 9, 0:30, Williams, 9.87M) reported, "We have an update tonight on the condition of President George H.W. Bush. Eleven doctors say he has recovered well ahead of schedule from hip replacement surgery. He is said to be up and around and walking and expects to be sent home tomorrow. The former president, now 82 years old, underwent the surgery at the Mayo Clinic in Minnesota on Wednesday, where he had his left hip replaced back in the year 2000."

California Legislators Approve Reagan Bust For Capitol Rotunda. The Washington Times (1/6, Pfeiffer, 88K) reports, "Nearly twenty years after leaving office, Ronald Reagan is coming back to Washington. California lawmakers have voted to place a bronze bust of the former president in the Capitol Rotunda. … The bust of Mr. Reagan…will replace that of Thomas Starr King, 'the orator who saved the nation.' King is credited with keeping California in the Union during the Civil War."

Ex-Commerce Secretary Verity Dies At 89. The New York Times/AP (1/6, A16, Press) reports Reagan-era Commerce secretary C. William Verity Jr. "died Wednesday in Beaufort, S.C. He was 89. Mr. Verity, who suffered from asthma, died of complications of pneumonia in a Beaufort hospital." He joined the Cabinet "in August 1987 after his predecessor, Malcolm Baldrige, was killed in a rodeo accident."

WSJournal Says Sheehan Is Democrats' "Problem Now." The Wall Street Journal (1/6, A6, 2.04M) editorializes, "When Cindy Sheehan became a celebrity for her 'peace' vigil outside President Bush's Texas ranch in 2005, the antiwar left hailed her as a heroine. ... Well, she's their problem now. On Wednesday members of the new House majority tried to hold a press conference to discuss their legislative priorities, but a group of hecklers, led by Mrs. Sheehan…forced Representative Rahm Emanuel to shut it down. ... We found few comments about her latest antics on the left-wing blogs. It's heartening to realize that her erstwhile backers were motivated by partisanship, not hatred of country."

Ford Remembered On NYTimes Op-Ed Page. New York Times (1/6, 1.16M) guest columnist Orlando Patterson writes that President Gerald Ford "was a man at peace with himself. Uncomplicated but without a trace of shallowness; calm, dignified and quietly engaging, a person you would like to be your friend." In an op-ed for the New York Times (1/6, A15, 1.16M), comic actor Chevy Chase writes about his "relationship" with Ford.

Rice, South Korea's Song Laud Resumption Of Nuclear Talks, Discount Likelihood Of Test. AFP (1/6, Millikin) reports, "The United States has intensified efforts to resume nuclear disarmament talks with North Korea, while confirming it was working with Japan on an emergency plan for a possible crisis in the Korean peninsula." Secretary of State Rice "told a joint news conference with visiting South Korean Foreign Minister Song Min-Soon that the six-party talks could resume 'fairly soon' if Pyongyang signals it is ready for constructive denuclearization steps." The first round "ended without apparent progress," however, "Rice said Friday that those five days of discussions had laid the groundwork for further negotiations." Song "said it was 'North Korea's turn to come back to us with a positive and realistic response' to proposals made" during that first round of talks. In addition, Rice "played down press reports this week that North Korea was making preparations for a second

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nuclear test explosion as a way of pressuring its partners for concessions in the next round of talks."

The AP (1/5, Schweid) says Rice "cautioned North Korea on Friday that a second nuclear test 'no doubt would deepen its isolation.'" She and Song "agreed at a State Department news conference that their governments want negotiations on North Korea's nuclear program resumed." Song "said he had no indication that a fresh nuclear test by the North Koreans is imminent." The Washington Post (1/6, A13, Kessler, 690K) keys on the "expected" resumption of the Six-Party Talks, reporting Rice and Song said meetings "are likely to reconvene this month or next, when the United States and its allies hope to get a clearer sense of whether Pyongyang has any interest in giving up its weapons.

Death Of North's Foreign Minister Unlikely To Change Policy. The Washington Times (1/6, Salmon, 88K) reports on the impact of North Korean Foreign Minister Paek Nam-sun's death on Pyongyang's foreign policy, noting most experts believe significant change is "unlikely." Noting Paek's eight-year leadership of the foreign ministry, the Times adds, "In a society as opaque as North Korea's, it is impossible to predict a successor to Mr. Paek, but one analyst expected Mr. Paek's deputy at the foreign ministry," Kang Sok-ju, to take over. "The chances of Mr. Paek's successor having any leeway in moderating the country's nuclear policy are small."

Beijing Asks Tehran To Consider Sanctions, Talks. The Washington Post (1/6, A9, Cody, 690K) reports Beijing "told" Iranian nuclear negotiator Ali Larijani "that Tehran should abandon its defiance of U.N. sanctions and work for a swift return to talks to resolve the standoff over its nuclear program." Chinese media indicate that President Hu Jintao "urged" Larijani to offer "a 'serious response' to the U.N. sanctions." The Post calls the "public advice to Iran" one more "instance in which Beijing seemed to be following a course parallel to that of the United States on nuclear nonproliferation. Diplomats from the two countries have worked with increasing closeness over the past three years in Chinese-sponsored negotiations to dismantle North Korea's nuclear weapons program."

The AP (1/5, Ang) adds Beijing "urged Iran to give a 'serious response' to" UNSCR 1737. Larijani "warned that Tehran's commitment to the peaceful use of nuclear technology will change if the country is threatened." Hu reportedly told Larijani that that the "sanctions reflect 'the shared concerns of the international community over the Iranian nuclear issue.'"

US Diplomat To Be First To Visit Mogadishu In Over A Decade. The New York Times (1/6, Gettleman, 1.16M) reports Assistant Secretary of State Jendayi Frazer "plans to visit Mogadishu, the violence-scarred Somali capital," tomorrow. "It would be the first time in more than a decade that a high-ranking United States official has set foot there." While Frazer's schedule "was still tentative," the Times says she plans "to be in Mogadishu for four hours to meet with officials of the transitional government and leading Somali intellectuals." The Times calls the two announcements "part of Somalia's transformation after Ethiopian-led forces ousted the once powerful Islamist movement from the capital last week and helped install a potentially viable government there for the first time in over 16 years." The Financial Times (1/6, England) keys on Zawahiri's call for an "Iraq-style insurgency" across Somalia. The Washington Times/AP (1/6, Kennedy) adds fighters loyal to the Islamic Courts "say they will heed al Qaeda's call for guerrilla attacks and suicide bombings against Ethiopian troops whose intervention was key to the Islamists' defeat."

The Washington Post (1/6, A13, DeYoung, 690K) focuses its coverage on yesterday's meeting of the Somali Contact Group in Nairobi, saying the diplomats and aid providers "urged the quick deployment of an African peacekeeping force in Somalia, as the United States pledged $40 million to assist the mission and provide humanitarian aid." The Somali Contact Group "called for 'immediate support for the stabilization of Somalia,' noted an imperative to launch a political reconciliation process 'without delay' and cited the need for 'immediate concrete assistance.'" Frazer, the meeting's chair, is quoted saying, "The group clearly felt it was important that there not be a security vacuum." Under the front-page headline, "In Somalia, Confusion Remains In Command," the Washington Post (1/6, A1, McCrummen, 690K) adds, "Ordinary Somalis are not sure who is in charge: the Ethiopians, the government, the warlords or the exiled Islamic Courts leaders and their underground fighters," and "security continues to be the main concern in Mogadishu."

Hamas-Fatah Violence Continues Ahead Of Rice Visit. The New York Times (1/6, A6, Erlanger, 1.16M) reports Palestinian Prime Minister Ismail Haniya "called Friday for an end to the internal violence in the Gaza Strip, a day after members of his own Hamas militia surrounded the house" of Fatah Col. Muhammed Gharib, "killed him and his bodyguards and seriously wounded his wife and brother." Fatah responded to Gharib's murder by "suggesting another round of retaliation," and "also said negotiations with Hamas on a unity government were impossible in the present atmosphere." In addition, "a local cleric and frequent critic of Hamas, Adel Nasar, was murdered as he left his mosque" yesterday. The Times adds, "The new tensions have set off a series of battles between Hamas and Fatah forces that show no sign of ending, despite various efforts to restore calm."

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The Financial Times (1/6, Morris, Dinmore) keys on Nasar's murder, reporting, "Unidentified gunmen shot dead a Muslim cleric after he delivered a sermon in the Gaza Strip on Friday calling for an end to fierce factional fighting." The "factional violence is worsening just as the US is gearing up for another diplomatic effort in the region," sending Secretary of State Rice to Israel "and the Palestinian territories late next week." Experts on US policy "give no sign of any significant shift away from the current strategy of supporting Mr. Abbas, with money and equipment, while isolating and shunning Hamas."

Tanzanian Foreign Minister Will Be Number Two At UN. The New York Times (1/6, Preston, 1.16M) notes UN Secretary-General Ban Ki-moon "appointed Asha-Rose Mtengeti-Migiro, the foreign minister of Tanzania, to be deputy secretary general and said he intended to give her responsibility for day-to-day management of the world organization." The Times says Ban "fulfilled a pledge to place a woman from a developing country in the second most powerful post at the United Nations." USUN's Richard Grenell is quoted saying of Migiro, "Her experience indicates she will do a fantastic job." US "officials said [Secretary Rice] was personally acquainted with Ms. Migiro and was pleased when she heard of the appointment on Friday." Migiro was a professor before joining the Cabinet in 2000, and took over the foreign ministry one year ago. BBC.com (1/5) adds Ban "described Ms. Migiro as a highly respected leader who had championed the cause of developing countries over the years."

The Los Angeles Times (1/6, Farley, 850K) notes Ban "said he planned to delegate much of the U.N.'s management and administrative work to" Migiro. "She will also oversee socioeconomic affairs and development issues." A UN statement "said Migiro proved her ability to manage as the chairwoman of the Great Lakes regional conference in Central Africa in December." Ban also appointed former Indian ambassador and undersecretary-general Vijay Nambiar as his chief of staff.

Ban To Publicize His Personal Finances. The Washington Post (1/6, A13, Lynch, 690K) reports Ban "announced Friday that he will release his personal financial records, making him the first U.N. leader to subject his financial dealings to public scrutiny." His "action on his financial records was partly symbolic, because Ban had already been required to file disclosure statements when he served in the South Korean government. It was calculated to prod other senior U.N. officials to voluntarily make their own financial statements public."

NYTimes Calls Ban "A Status Quo Secretary General." The New York Times (1/6, A14, 1.16M) editorializes, "The big powers in the United Nations Security Council…wanted a low-key bureaucrat who wouldn't rock the boat. Judging by Mr. Ban's early moves, the world has gotten exactly that. Expect no Kofi Annan-style exhortations to live up to the values of the U.N. charter. ... And expect no serious drive for much-needed administrative reform."

Chinese Fed Raises Reserve Requirements. The New York Times (1/6, C3, Barboza, 1.16M) notes the Chinese central bank "raised the reserve requirement ratio for banks, the fourth increase in six months, to further tighten the nation's money supply." That "modest move" pushes the reserve ratio to 9.5 percent, and experts believe "it was the government's latest warning that too much money in the financial system could ignite inflation and perhaps fuel a stock market bubble." The Times adds that the hike "comes as China's stock market is booming after several years in the doldrums." Beijing "is determined to keep the economy expanding but is concerned about growing so quickly that the economy might crash before 2008, when Beijing is host to the Olympic Games, viewed as the ultimate coming-out party for China."

Chinese Yuan Reaches Parity With Hong Kong Dollar. The New York Times (1/6, C3, Bradsher, 1.16M) notes the Chinese yuan "is poised to become more valuable than the Hong Kong dollar by the end of the month, and could pass the traditional benchmark for the Hong Kong dollar's value as early as next week. The shift has been the latest in a series of shocks for [Hong Kong] residents' confidence that they or their ancestors had made the right decision to live in Hong Kong instead of anywhere else in China." The Times explains, "People in Hong Kong are used to comparing themselves with the educated middle class on the mainland. And they are finding that a growing class of Chinese businessmen and businesswomen have become more affluent than the average resident of Hong Kong." Some Chinese merchants "have stopped taking Hong Kong dollars or have begun asking a slightly greater number of dollars than the number of yuan on price tags would suggest. Prices are rising here in markets for everything from luxury apartments to dried bugs, and the culprit is the same: the rising value of the Chinese yuan and the falling value of the Hong Kong dollar."

Chinese Newspapers' Intellectual Property Suit Could Prove Pivotal. The New York Times (1/6, A3, French, 1.16M) reports the Beijing News, "one of China's largest newspapers," is suing Tom.com, "one of the country's leading Internet portals, claiming that it violated copyright laws, setting off a media war and highlighting the first signs of a possible shift in policies toward intellectual property rights" in China. The newspaper seeks $400,000 in damages for the republication of "more than 25,000 articles and photos without authorization since 2003." Despite China having a "reputation as a sort of no man's land for intellectual property

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rights," the Times says the News' suit "is headed to court at a time of accelerating legal change and signs of increased efforts by law enforcement to protect copyrights and intellectual property."

Zimbabwe Offers Long-Term Land Leases To Some White Farmers. The Washington Post (1/6, A9, Timberg, 690K) notes the Zimbabwean government of President Robert Mugabe "has granted long-term leases to 19 white farmers in a step toward allowing as many as 1,000 white-owned commercial farms to resume operating legally after years of land seizures." The Post calls the leases "the latest indication that Zimbabwe is pulling back from the harshest elements of a seven-year-old land reform program that has devastated its once-thriving agricultural sector and helped push the annual inflation rate over 1,000 percent, the highest in the world." However, the Post notes, "many white farmers have rejected the move as a desperate bid to revive the country's economy without restoring their property rights." Calling land "an emotional, politically explosive issue in Zimbabwe," the Post adds, "Among the contentious issues remaining is whether white farmers must surrender the deeds to their land to qualify for new leases."

Warsaw Archbishop Collaborated With Soviet Secret Police. The New York Times (1/6, A3, Smith, 1.16M) notes Warsaw Catholic Archbishop Stanislaw Wielgus, "caught in Eastern Europe's widening witch hunt for former Communist secret police informers, admitted Friday that he had collaborated with the Sluzba Bezpieczenstwa, or Security Service, known as the S.B." While admitted he'd "damaged" the Church, Wielgus said "he had neither spied on anyone nor harmed anyone. He said the only thing he ever did was to inform the secret police of his agenda during foreign academic meetings and to promise not to take part in anti-Communist activities." The Times says "many voices in Poland have called for him to step down," noting the "Warsaw archbishopric is a particularly symbolic institution in the former Soviet bloc." Poland's Catholic Church Historical Commission "said that there was no evidence that Bishop Wielgus's actions harmed anyone, and that [their] documents would be sent to the Vatican for further study."

The Washington Post/AP (1/6, A9, Gera) adds Wielgus "admitted Friday that he had signed an agreement to cooperate with the secret police during the Communist era and said he was leaving his fate in the hands of Pope Benedict XVI." The AP continues, "The mounting allegations against Wielgus have gripped the heavily Roman Catholic country, where the church is esteemed for its opposition to the former Communist government."

Chavez Will Not Renew License Of Venezuela's Largest Television Network. The Los Angeles Times (1/6, Kraul, 850K) notes Venezuelan President Hugo Chavez's "decision not to renew the license of his nation's largest and oldest television network, a frequent critic of his policies, drew a rebuke Friday from the Organization of American States." Secretary-General Jose Miguel Insulza "said in a statement that Chavez acted in an arbitrary manner in yanking the license of RCTV." The OAS "objection follows similar condemnations by news media freedom groups, including Reporters Without Borders and the Inter-American Press Association." Chavez has "accused" RCTV "of promoting the coup in April 2002 that briefly knocked him from power, and of committing unspecified ethical lapses." He "said [his] decision was 'irrevocable' and was made because RCTV 'didn't pass the test to receive a renewal of a concession from a state that is serious, responsible, committed and respectful of the people.'"

Candidates Target Incumbent In Argentine Presidential Race. The Financial Times runs profiles today on two candidates for the Argentine presidency. Under the headline, "Menem Preaches His Free Market Gospel," the Financial Times (1/6, Webber) says Carlos Menem "polarises Argentines like few other politicians. His economic policies during a corruption-tainted government in the 1990s are blamed by many for sowing the seeds of the calamitous debt crisis that erupted five years ago, but a quarter of voters were still prepared to have him back in the past elections – and he is betting more will give him another chance now." Labeling him a "Kirchner critic," the Financial Times (1/6, Mander) reports Roberto Lavagna, "the former economy minister who is widely credited with engineering Argentina's rapid economic recovery since its collapse in 2001, has announced that he will run for president in elections due in October." Lavagna "has criticised the government's 'shift to the left' in the past year."

Nuclear Power Said To Enjoy Renaissance Worldwide. A 1,750-word piece on the front page of today's Washington Post (1/6, Struck, 690K) reports, "Faced with evidence that coal- and oil-fired electric plants are overheating the planet, and alarmed by soaring demand for electricity, governments from South America to Asia are turning once again to a power source mostly shunned for two decades as too dangerous and too costly." Noting that 29 plants are under construction worldwide and over 100 more are planned, the Post says officials "are dusting off plans for nuclear plants even though most of the problems that shelved those projects remain." Notably, some experts "contend that the nuclear resurgence is still just talk. In the United States, they note, not a single reactor has been ordered. The high

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costs and long delays that vexed nuclear construction … soon will diminish the atomic ardor in other countries, they say."

EU Enlargement Said To Force Retooling Of Attitudes Towards Roma. In an op-ed in today's Los Angeles Times (1/6, 850K), author Colum McCann says many Europeans view the EU's three million new Gypsies as "potential problems." He continues, "If a society recognizes itself, and ultimately critiques itself, on how it treats its most downtrodden, then surely the acid test for the EU is its ongoing treatment of the Roma." McCann admits that it is essential "not to turn any culture into a list of sorrows and benedictions," and says the "European call for inclusion is decent and right. The politicians and bureaucrats behind the sound bites mean well. Why not be in the habit of hoping for a better world?" He concludes that "much about Romani history is still wrapped up in a willful forgetfulness," and urges the end of lingering Roma stereotypes.

Writer Pans Anti-Islamic European Sentiment. In an op-ed in the Wall Street Journal (1/6, A7, 2.04M), Israeli academic Fania Oz-Salzberger says Israelis in Europe "seem to have gained new European friends, and not quite for the right reasons. These new pro-Israel voices base a love of Jews upon the hatred of Muslims." She adds, "Many of these new friends are Muslim-bashers first and Israel-backers second. Their blanket condemnation of Muslim communities on their continent rings eerily familiar. Their sweeping verdict against a whole civilization has that strange déjà-vu feel." Noting that Israel needs "sober, reliable, critical friends" in Europe, Oz-Salzberger concludes, "Israelis probably deserve a better European opinion, warranted by our history, culture, science and freedom. Not for being the targeted foes of Islam. Beware of Islamophobes bearing gifts."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"President Urged To Avoid Compromises In Iraq."
"Celebrities Shun Gov.'s Inauguration."
"Tijuana's Police Are Back – Unarmed."
"Sen. Barbara Boxer Rescinds Award."

New York Times:
"House Tightens Disclosure Rules For Pet Projects."
"Images Of Hanging Make Hussein A Martyr To Many."
"A New Commander, In Step With The White House On Iraq."
"Katrina Victims Find A Solution: Modular House."
"Companies Pay Dearly For Technology Trade Show."
"San Franciscans Hurl Their Rage At Parking Patrol."

Washington Post:
"Death In Haditha."
"Pelosi, Reid Urge Bush To Begin Iraq Pullout."
"'Embryo Bank' Stirs Ethics Fears."
"In Somalia, Confusion Remains In Command."
"Something For The Dog That Eats Everything: A Diet Pill."
"In The Global Energy Rush, Nuclear Gets A Resurgence."

Washington Times:
"House OKs Budget Rule Changes."
"Reid, Pelosi Rip Iraq Buildup."
"Democrats Backpedal On 9/11 Commission."
"Jobs, Income Gains Bright Spots In 2006."
"Troops Flee From Border Outpost."
"Fenty, Chief To Put More Cops On Streets."

Detroit Free Press:
"Show-Me Time!"
"Detroit May Shut Up To 52 Schools."
"Behind The Scenes At The Rose Bowl: Part 3."

Atlanta Journal-Constitution:
"Arrests Of Call-Girl Clients Expected."
"New Hogzilla Tops 1,000 Pounds."
"Bush Shakes Up War Team."
"More Aquarium Stars."

Dallas Morning News:
"Santeria Leader Fights Euless Ban."
"Plucky 13: Gritty Mavs Top Spurs."
"Family, Friends Gather To Remember Darrent Williams."
"Culbreath Called In To Lead Housing Board."
"Revamp To Take Casa Linda Back To Its Roots."
"'Nice, Little Old Man' Shot, Killed."
"FDA Approves Drug For Obese Dogs."

Houston Chronicle:
"Houston's Terror Risk Draws More Federal Funds."
"Pelosi, Reid Tell Bush 'Bring The War To A Close.'"
"Secret Vote Could Cost Craddick Speaker's Post."
"House Votes To Reveal Pet Projects' Sponsors."
"Harris Seeks Laws To Curb Treasurer, Bad Dogs."
"Houston Panel Targets Convenience Store Crime."
"New U.S. War Chief In Iraq Signals Tactics Change."
"MLK Parade Group Sues Houston Over Event Rules."
"Cool Cats Show Off Their Agility At Houston Show."

Story Lineup From Last Night's Network News:
ABC: President's Strategy In Iraq; Iraq War Policy Analysis; Congressional View On Iraq/ Spending; Unseasonable Weather; Warm Weather Expected To Continue; Close Call At Denver Airport; Jobs Increase In December; Schwarzeneggar Sworn In; Infant Car Seat Report; Solo Sailor Returning Home; Florida Coastal Trailer Park Windfall.

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CBS: Gates Recommends Troop Buildup In Iraq; Military Awaits Troop Buildup Decision; Litvinenko Poisoning Update; Mysterious Weather; Contractor Contract Abuse In Iraq; New Democratic Congress/ Lobbying Reform.

NBC: Warm Winter Weather; Colds Persist In Warm Weather Also; Weather Analysis/ Southern Storms; New Democratic Congress; Homeland Security Spending; US Economy And Jobs; In Depth- Congressional Ethics; Bloody Violence Plagues New Orleans; Update On Former President Bush's Health; Mayfield Retires From National Hurricane Center.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session

US House: Not in session.

Other: LAW SCHOOLS-CONFERENCE _ Immigration debate, surveillance and security issues are among topics at the Association of American Law Schools Annual Meeting. Over 3,500 law faculty expected to attend. Location: Marriott Wardman Park. Contacts: Elizabeth Patterson, 202-296-5184.

IRAQ DIALOGUE _ 9 a.m. Two days before President Bush will deliver a speech announcing a new course in Iraq, women Nobel Peace Prize Winners Dr. Shirin Ebadi and Professor Jody Williams hold a news conference to call for a constructive US-Iran dialogue and engagement. Location: Old Ebbitt Grill, 675 15th St. NW. Contacts: Carah Ong, 202-378-3334.

BIRTH DEFECTS _ 11 a.m. - 2 p.m. The National Museum of Health and Medicine presents a health fair which will include information on steps women can take to ensure a healthy pregnancy and baby. Information about the most common birth defects will also be available, as well as an exhibition at the museum, "From A Single Cell," which will provide insight into some of the rarest complications that can occur in a pregnancy. Location: National Museum of Health and Medicine, Walter Reed Army Medical Center, 6900 Georgia Ave. and Elder Street NW. Contacts: Jennifer Heilman, 202-782-2671.

AYALON HONORED _ 6 p.m. - 9:30 p.m. A number of Christian groups will honor Israeli Ambassador Daniel Ayalon for the advances made in building bridges of support and understanding for Israel with the American Jewish and Christian communities.The event is sponsored by Love of Israel in cooperation with the Embassy of Israel, with co-sponsors including The International Christian Embassy Jerusalem, Salem Communications, High Adventure Broadcasting, Capital City Church, and the Healing Rooms of DC. Location: Capital Hilton, 1001 16th St. NW. Contacts: Kevin McVicker, 703-739-5920.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 6, 2007 7:45 AM EST

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TERRORISM NEWS:

Judge Grants Delay In Mental Exam For Padilla (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, January 6, 2007

MIAMI — A federal judge on Friday gave prison officials another week to complete mental examinations to determine if alleged al-Qaida operative Jose Padilla is competent to stand trial.

Bureau of Prisons officials sought an even longer delay until Jan. 30. They said in court papers that Padilla is not "compliant with psychological testing" and must be observed by staff members to complete the evaluation. The documents provided no further details.

The tests were originally supposed to be completed by Friday.

U.S. District Judge Marcia Cooke insisted that the examinations be finished before the scheduled Jan. 22 trial date so she can rule on a number of other outstanding issues, including Padilla's claim that the case should be dismissed because he was tortured during 3½ years in military custody as an "enemy combatant."

"This court cannot proceed to trial until these motions are adequately resolved," Cooke said in a two-page order Friday.

Justice Department and Pentagon officials have repeatedly denied the torture allegations.

Cooke gave prisons officials until next Friday to finish the evaluation of Padilla and until Jan. 16 to deliver a competency report to her. Two mental experts hired by defense lawyers have concluded that Padilla suffers from post-traumatic stress disorder and is unable to adequately assist his attorneys.

Padilla, a 36-year-old U.S. citizen, is charged along with two others in the U.S. with being part of a support cell that provided money, recruits and supplies to violent Islamic extremists around the world. All three have pleaded not guilty. Two others charged in the case are in custody overseas.

Padilla was arrested in 2002 at Chicago's O'Hare International Airport for what U.S. officials originally called a plot to detonate a radioactive "dirty bomb" in the United States. President Bush designated him an "enemy combatant" and he was held without criminal charge at a Navy brig in South Carolina until he was added to the Miami terror support case in late 2005.

The "dirty bomb" allegations are not mentioned in the Miami indictment.

Aside from the competency issue, the Jan. 22 trial date is in jeopardy because federal prosecutors have appealed Cooke's dismissal of a key terrorism count in the case. The 11th U.S. Circuit Court of Appeals is scheduled to hear oral arguments on that issue Wednesday in Atlanta, and Cooke has said the trial will not go forward until that question is settled.

The dismissed count carries a potential life prison sentence, while the two remaining terror support counts carry possible 15-year sentences each. Cooke ruled that the dismissed count improperly duplicated other parts of the same indictment.

HOMELAND RESPONSE:

Spy Pick: Low-key But "Rock Solid" (LAT)

By Greg Miller

The Los Angeles Times, January 6, 2007

President Bush's nominee to be the next director of national intelligence is a spy agency veteran who is a master of the intricacies of the trade, from the technology of intercepting electronic signals to the financial sleight-of-hand of hidden, or "black," budgets.

The main question surrounding J. Michael McConnell's nomination to be the next intelligence chief is whether he is forceful enough to keep an already ill-defined job from sliding into irrelevancy.

When the position of national intelligence director was created two years ago, even lawmakers who drafted legislation that created the job acknowledged that its actual authority is not clear.

A key national commission said the position had more responsibility than institutional power. And high-profile intelligence veterans, including new Defense Secretary Robert M. Gates, turned down a chance to fill the job in part because of concerns about how it was structured.

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John D. Negroponte, a longtime government official who became the first occupant of the position, spent much of his tenure trying to consolidate his control over the intelligence community, said Gregory Treverton, an analyst at Rand Corp. and former vice chairman of the National Intelligence Council, which represents all U.S. intelligence agencies.

"Negroponte had the reputation for being a savvy operator with no shortage of razor blades on his elbows," Treverton said. The fact that Negroponte is vacating the position 18 months into his tenure, Treverton said, "may be a commentary on just how hard it is."

Others in Washington were more blunt. In turning to McConnell, the White House "went from Negroponte, who was a pretty significant figure, to a less significant one," said a senior government official involved in creating the director's post.

If McConnell is not able to impose his will on the 16 intelligence agencies that fall under his responsibility, "it could be the beginning of the end of the DNI's office," the official said on condition of anonymity because he was not authorized to speak publicly.

McConnell, 63, is known for his courtly manner and soft South Carolina drawl. A retired Navy vice admiral, he is part of an influx of national security officials who first came to prominence during the administration of President George H.W. Bush.

During the 1991 Persian Gulf War, McConnell was a senior intelligence advisor to then-Defense Secretary Dick Cheney and former Chairman of the Joint Chiefs of Staff Colin L. Powell. In that position, he also established relationships with Gates and Condoleezza Rice, who then worked at the National Security Council in the White House.

McConnell later served as director of the National Security Agency, which is the nation's largest intelligence agency and is responsible for eavesdropping on electronic communications around the world.

During McConnell's tenure, from 1992 to 1996, the NSA is widely viewed as having struggled to keep up with emerging technologies, including the Internet. Even so, McConnell was seen as an effective leader who pushed to improve the agency's ability to confirm the authenticity of intercepted e-mails and other communications.

McConnell "is rock solid," Treverton said. "He knows intelligence, and he's a steady pair of hands."

After retiring, McConnell, a graduate of Furman University in South Carolina, joined the consulting firm Booz Allen Hamilton, where he has spent the last 10 years serving as an advisor to companies as well as government agencies on intelligence and technology issues.

If confirmed by the Senate, McConnell is widely expected to follow the course set by Negroponte and continue pushing for better information sharing among intelligence agencies, rather than launch a major shake-up.

McConnell is invariably described as low-key, causing some to question whether he is the right pick for a job that would seem to require an appetite and aptitude for bureaucratic infighting.

But supporters note that McConnell will not have to contend with former Defense Secretary Donald H. Rumsfeld, who opposed the creation of the position and was widely seen as pushing the military to encroach on spy agency turf. Rumsfeld stepped down as Defense secretary last month.

Because of his long-standing ties to Cheney, Gates and others, McConnell also has built-in allies.

"McConnell is very quiet," said Mark M. Lowenthal, a former senior CIA official. "But he has a lovely touch, and he's well-known to a lot of people in the community who are still in senior positions in a way that Negroponte was not."

Bush Names New Spy Chief With Iraq Speech Looming (AFP)

By Olivier Knox

AFP, January 5, 2007

US President George W. Bush named a new spy chief and filled a critical diplomatic vacancy as he put the last touches on a retooled Iraq strategy that critics charge may escalate the war.

Bush, expected to unveil his new plan as early as Wednesday, nominated director of national intelligence John Negroponte to be US Secretary of State Condoleezza Rice's deputy -- a key post vacant since July 2006.

"I have asked John Negroponte to serve in this vital position at this crucial moment," Bush said, stressing the former ambassador's responsibility to help ensure "that America speaks to the world with one voice."

And Bush announced that he had chosen vice admiral Michael McConnell, a former head of the National Security Agency, to replace Negroponte at the head of all 16 US spy agencies, officials said.

"Mike will report directly to me. And I am confident he will give me the best information and analysis that America's intelligence community can provide," the US president said.

The reshuffle -- begun when he dumped defense secretary Donald Rumsfeld after opposition Democrats captured the US Congress in November elections -- came days before Bush was to reveal his plans for the unpopular war in Iraq.

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"It is vital they take up their new responsibilities promptly," Bush said in a message aimed at shaping their Senate confirmation. "I would hope that they would be confirmed as quickly as possible."

The embattled US president, his job approval numbers in the cellar, was to unveil his new Iraq approach as early as Wednesday, after consultations with key world leaders and US lawmakers, the White House said.

The president has left untouched his other core national security aides -- Vice President Dick Cheney, Rice and national security adviser Stephen Hadley -- leaving doubts about how far-reaching his Iraq overhaul would be.

In addition to shifting Negroponte -- the first US ambassador to post-Saddam Hussein Iraq -- Bush was to nominate the current US ambassador there, Zalmay Khalilzad, to be US ambassador to the United Nations, a top aide said.

That announcement, filling another key vacancy left by controversial diplomat John Bolton's recent departure, was expected to be announced on Friday.

Replacing Khalilzad in Baghdad would be Ryan Crocker, 57, the US ambassador in Pakistan since November 2004. Crocker is one of the State Department's most experienced Middle East experts and a fluent Arabic speaker.

On the military side, Bush was to change the head of the US Central Command and the top US military commander in Iraq, both of whom have expressed skepticism about escalating the war, US media reported.

Admiral William Fallon, currently head of US forces in the Pacific, would replace retiring General John Abizaid, 55, at the Central Command, which manages the wars in Afghanistan and Iraq.

In Iraq, Lieutenant General David Petraeus would replace General George Casey as the man in charge of all US and coalition forces, according to the reports, which went unchallenged by the White House.

On Thursday, Bush did not directly address a wave of media reports that he plans to boost the US troop level in Iraq, but stressed, "One thing is for certain: I will want to make sure that the mission is clear and specific and can be accomplished."

Bush, who held a nearly two-hour videoconference with Iraqi Prime Minister Nuri al-Maliki on Thursday, said that the Iraqi leader "has the will necessary to make the tough decisions. That's one of the things I learned today."

But The Washington Post reported Friday that the US president's top aides are still deeply divided over Maliki's reliability and over whether to escalate the war by sending more US troops to Iraq.

The advisers fear Maliki's government may not provide the military support and implement the political reforms necessary for US forces to eventually withdraw, the Post reported, citing officials familiar with the debate.

Profile: Michael McConnell (BBC)

BBC.com, January 5, 2007

Michael McConnell's nomination as head of Washington's 16 spy agencies tops a long career serving the many instruments of US intelligence gathering.

President Bush is looking Mr McConnell to steer the spy agencies

He is seen as a committed, capable official - broadly respected by the spy community and well known to senior figures in the Bush administration.

Naming him as the new Director of National Intelligence, President George W Bush said he had "decades of experience, ensuring our military has the intelligence it needs to fight and win wars".

A courteous man with a soft South Carolina accent, Mr McConnell became a naval intelligence officer after serving in Vietnam.

He came to prominence during the 1991 Gulf War, delivering intelligence about Iraqi forces to the military and political leadership of the time, including Defence Secretary Dick Cheney and Gen Colin Powell.

A tribute offered to him in the US Congress in 1996 said he had been "instrumental in saving US and coalition lives and directly contributed to bringing about a quick and decisive victory" in the first Gulf conflict.

'Candour and openness'

After the war, Mr McConnell was promoted to the rank of Vice Admiral and appointed head of the National Security Agency (NSA).

He led the agency from 1992 to 1996 - an era of rapid technological advances and drastic budget cuts.

Encryption technology developed during his tenure has been used to protect sensitive US electronic communications from enemy hackers.

Mr McConnell's deputy at the NSA, William P Crowell, told the New York Times newspaper he was a "consummate professional".

Another former colleague, Ronald D Lee, told the paper he was "an exceptionally gifted leader who was completely devoted to the rule of law and the constitution".

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The Congressional tribute from 1996 praises his "candour and openness" in keeping Congress informed of the NSA's work.

'Hands-on'

Mr McConnell left the NSA to join the board of Booz Allen Hamilton, a management consulting firm, and stayed out of government for the next 10 years.

The firm has been a major recipient of intelligence outsourcing contracts offered by the Pentagon, according to federal records cited by the USA Today newspaper.

Ralph Shrader, Booz Allen Hamilton's chairman and CEO, told the paper Mr McConnell was a "hands-on" official, who can "solicit lots of opinions" and produce something that takes the needs of the entire country into consideration".

However, some officials have questioned whether his gentle touch will be suited to co-ordinating the diverse arms of US intelligence.

W Patrick Lang, a former intelligence official interviewed by the New York Times, said Mr McConnell's "competent but compliant" reputation meant he may not want to challenge his bosses on critical issues.

DHS To Boost 6 Cities' Share Of Anti-Terror Funds (WP)

By Spencer S. Hsu, Washington Post Staff Writer

The Washington Post, January 6, 2007

D.C., New York Among Those to Share $411 Million

Chastened by complaints about poor federal cooperation and by controversy over its slashing of aid to New York and Washington last year, the Department of Homeland Security will reserve about $100 million of the $747 million it will dole out to U.S. cities this year to pay for police counterterrorism operations in six metropolitan areas, officials said yesterday.

In announcing changes in style and substance to the Urban Area Security Initiative (UASI) program, Secretary Michael Chertoff cited a "secretary's prerogative to sometimes inject common sense" to grant calculations based on the risk of terrorism and a subjective rating of the effectiveness of local anti-terrorism programs. The process was ridiculed by Congress and private analysts last year for slighting the two areas struck in the 2001 terrorist attacks.

"This is going to be an amazing admission for a public official in Washington: We actually listen to people," Chertoff said, adding that DHS will collaborate more closely with applicants in the distribution of $1.7 billion in state and local grants in 2007.

For the first time, DHS designated six high-risk urban areas -- New York and northern New Jersey; the Washington region; Los Angeles-Long Beach; Chicago; the San Francisco Bay area; and Houston -- which will be allowed to spend as much as 25 percent of their grants for personnel and operations, not just for overtime during heightened national terrorism alerts. Chertoff cited the threat of "homegrown terrorism" in encouraging the funding of law-enforcement-led domestic intelligence "fusion centers."

The six will compete for $411 million, or 55 percent of the UASI funds. An additional 39 cities will compete for the remaining $336 million.

Repeating past assertions, Chertoff said the change reflects risk, not politics. The high-risk areas will receive nearly $30 million more than last year, but their percentage of the UASI budget will remain about the same.

Chertoff declined to say if specific cities would get a boost when grants are announced by summer, saying only that he is confident that New York will "do well" because it has worked closely with DHS.

Senate leaders were critical, noting that DHS will still use subjective peer grading of recipients.

"Amazingly enough, DHS insists on using the same process again," said Sen. Charles E. Schumer (D-N.Y.), the chamber's third-ranking Democrat. He added that New Yorkers "have every reason to be skeptical" of the results because the city is now joined with suburban New Jersey for grant award purposes.

Sen. Joseph I. Lieberman (I-Conn.), the chairman of the Senate Homeland Security Committee, said DHS also made "ill-advised" changes to a $509 million state grant program, down $19 million from last year, by eliminating population density as a factor and changing the minimum amount each state can receive.

"I am committed to passing a permanent funding formula so that the guidelines are not arbitrarily rewritten each year," Lieberman said.

Defending the program changes, Chertoff said DHS officials no longer engage in excessive "bean counting" -- using mathematical programs to analyze huge databases listing non-vital facilities such as apartment buildings, small-town popcorn stands and petting zoos.

Urban areas were chosen, Chertoff said, based on population size and density, economic significance, and proximity to critical infrastructure, such as borders and key military assets. They were vetted by Pentagon, Commerce Department and intelligence officials.

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DHS winnowed a database of 80,000 assets into a classified list of about 2,100 targets of national or regional importance, he said, such as nuclear, chemical and energy facilities, dams and transportation systems.

New York, New Jersey To Split Security Funds (NSDY)

By Carol Eisenberg, Newsday Washington Bureau

Newsday, January 6, 2007

WASHINGTON -- As part of a new regional approach to combatting terror, Homeland Security Secretary Michael Chertoff announced Friday that New York and northern New Jersey would be considered a single area for homeland security planning.

The homeland security chief, who came under withering criticism last year for slashing antiterror funds to New York City, denied that linking two states and 15 counties (including Nassau and Suffolk) would mean less money for New York.

"There is nothing about this to suggest New York is going to get a grant cut," he said.

"I can tell you from the first World Trade Center investigation, a lot of the planning for that bombing took place in Jersey City. So who bore the security responsibility there? Was it New York? Well, New York didn't have the ability to get into Jersey City. Was it New Jersey? Well, the attack took place in New York. ... If you look at the risk, the risk is combined."

In addition, Chertoff said the department is guaranteeing for the first time that the six highest-risk areas -- including New York-northern New Jersey -- will split 55 percent of the $747 million earmarked for the 45 highest-risk urban areas. A total of $1.7 billion will be awarded for all counterterrorism programs next year.

Specific grants won't be announced until the spring, after municipalities have submitted proposals that will once again be judged by secret peer-review panels.

Chertoff vowed that the grant process would be more user-friendly and publicly transparent. He said grants would still be channeled through each state, which will disperse them to localities, "because that's what the law requires."

But not everyone was convinced the process had been sufficiently improved.

"Based on last year's ridiculous allocations, and DHS's indication that once again it will use the peer review process, New Yorkers have every reason to be skeptical," said Sen. Charles Schumer (D-N.Y.).

"If DHS gives out money based on a combined New York and New Jersey area, it better be two full loaves, not a half for each. ... DHS simply cannot direct fewer dollars to the highest-risk area in the country."

New York City officials said they were cautiously optimistic -- in large part because of another significant change in how the program will work. For the first time, high-risk cities may use up to a quarter of their antiterror money to defray the cost of "boots on the ground" -- that is, personnel devoted exclusively to counterterror work.

Until now, the federal government has resisted the city's requests for help defraying the cost of its 1,000-strong counterterror force, insisting instead that the money go to purchase technology.

"We have been advocating for this policy change for several years," said New York City Deputy Mayor Edward Skyler. "Overall, the devil will be in the details, but we are optimistic that our concerns are being heard by Secretary Chertoff and that we will receive more funding than last year."

Rep. Peter King (R-Seaford), ranking member of the House Homeland Security Committee and a leading critic of last year's cuts, was also cautiously optimistic.

"I was assured that the New York-northern New Jersey designation certainly won't hurt New York, and the inference was it should help," he said.

King also called the department's agreement to allow cities to use federal money for dedicated counterterrorism forces "incredibly significant."

"Last year, that was the real philosophical divide," he said. "DHS was consumed by a desire for high-tech gadgetry and New York said it had as much of that as they needed. Their main need is boots on the ground. This will definitely favor communities like them."

Federal Funds May Now Pay Police Salaries In Terror Fight (NYT)

By Eric Lipton

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — New York City will be able for the first time to use federal grant dollars to pay basic salaries of police officers assigned to counterterrorism tasks, like guarding city bridges and subway tunnels, the secretary of homeland security, Michael Chertoff, said on Friday.

The rules change will apply to six metropolitan areas considered at highest risk for attack: New York, Chicago, Houston, Los Angeles, Washington and San Francisco.

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These six urban areas will share $411 million in antiterrorism grants this year, while 39 other areas from Atlanta to Tucson will compete for the remaining $336 million in available grants, or 45 percent of the total, Mr. Chertoff said.

New York City officials welcomed the rule change, for which they had lobbied over several years. Previously, while some use of grant dollars was allowed for overtime, federal officials pushed cities to use the money to buy antiterrorism equipment like gas masks or surveillance systems rather than for salaries.

In New York, nearly 1,000 officers, at a cost of about $200 million a year, are assigned to antiterrorism tasks, and city officials have argued that the federal government should foot a bigger chunk of the bill. Under the new rules, the city will be able to use up to 25 percent of its federal grant to cover these salaries.

"Our Police Department is essentially a first line of defense again terrorist attacks; that is serving the nation as well as the city," Deputy Mayor Edward Skyler said. "These are the boots on the ground."

But there is still a good chance that when the actual urban-area grant awards come out later this year, city officials will be disappointed.

That is because with an overall pool of just $441 million for these six urban areas, it remains unlikely that the New York City area will get anywhere close to the nearly $230 million it received two years ago — before a cut in the grant last year outraged New York City politicians.

The problem, Mr. Skyler and Senator Charles E. Schumer of New York said, is that too much of the overall $1.7 billion in antiterrorism grants — only a piece of which is set aside for cities, with much of the rest going directly to states — is still being distributed based on politically driven formulas that ensure that every state gets a cut.

Legislation that Democrats have introduced in the House would change the way these grants are awarded — to comply with a 9/11 commission recommendation that they be based on risk.

"You should make it all threat-based," Senator Schumer said. Mr. Chertoff said that regardless of any action by Congress, he hoped to steer as much of the money as he could to those cities with the greatest needs.

Homeland Security is also trying to simplify the evaluation process, to avoid the same criticism as last year that its complicated formula — which includes considering potential targets as obscure as a popcorn factory, a flea market and a petting zoo — was irrational if not comical.

"Speaking for myself, I don't believe that I'm infallible or that I have nothing to learn from anybody," Mr. Chertoff said, admitting that last year's grant process was flawed.

Area In Highest Tier Of Terror Funding (HC)

By Michael Hedges, Houston Chronicle Washington Bureau

Houston Chronicle, January 6, 2007

WASHINGTON — Houston will be eligible for a larger chunk of federal grant money for local security as one of six U.S. metropolitan areas most likely to face a terrorist attack, the Department of Homeland Security announced Friday.

Houston's energy industry and port system are considered prime potential targets for terrorists, officials said, and the area's population size as well as its location relatively close to an international border were also considered by federal officials.

It was the first time the federal government identified so-called Tier One potential terrorism targets. The other metro areas are New York, Los Angeles, Washington, Chicago and San Francisco.

The six will split $411 million in urban-area security grants in 2007, or 55 percent of the total allocated directly to all metro regions.

Department of Homeland Security chief Michael Chertoff said the economic consequences to the country of a successful strike on an area such as Houston were also weighed.

"The more sophisticated we become at weighing these variables ... the better we've become at targeting resources to address and mitigate those risks," he said.

The Houston area consists of Harris, Montgomery and Fort Bend counties.

"We've done a good job of getting the folks in D.C. to recognize there is a real threat here," said Doug Adkinson, deputy chief of staff to Harris County Judge Robert Eckels. "We've convinced them that the Ship Channel is a real target and — God forbid — a successful attack there would impact the whole country economically."

Equipment and trainingHigh on Houston's wish list for federal funding is an upgrade of the city's aging radio system for police and firefighters, which is not compatible with the high-tech system used in the rest of the region, Adkinson said.

This week, Chertoff cited the 16-year-old UHF radio system in Houston as a potential vulnerability if a terrorist attack required local agencies to coordinate their responses.

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The region also is expected to seek funding for training police in counterterrorism techniques, video cameras for surveillance of potential targets, a marine fire-fighting task force for the Ship Channel, bomb disposal equipment, a building collapse response team, generators, and salaries for intelligence experts working in the city, Adkinson said.

Tier Two targetsThree other Texas locales — Dallas/Fort Worth, San Antonio and El Paso — were among 39 urban areas designated as Tier Two targets. The areas will divide up the remaining $336 million in federal grants.

It was the first time that El Paso became eligible for anti-terrorism funding, a consequence of it being on the Mexican border, Chertoff said.

Rep. Silvestre Reyes, D-El Paso, said he had pushed for the city's inclusion since 2003.

"El Paso is a major metropolitan area along an international border with a major military presence," Reyes said. "I have long argued that it is imperative that our community be included in this grant program, and we should have received these funds years ago."

A separate grant program makes another $2.5 billion in homeland security money available to the states. Texas allocated $17 million to Houston last year.

No precise dollar figure has been set for Houston under the urban grant program.

Its funding application will be weighed against proposals from the other Tier One areas, Chertoff said.

In recent years, New York and Washington officials lobbied for a disproportionately larger share of the money, citing the 9/11 attacks as evidence that they were especially vulnerable targets. The cities ended up complaining that their funding levels were too low.

The feedback was part of the reason DHS divided metropolitan areas into two threat tiers, Chertoff said.

Democrats Backpedal On 9/11 Commission (WT)

By Brian Debose, The Washington Times

The Washington Times, January 6, 2007

House Democrats campaigned on a promise to implement the recommendations of the September 11 commission, but now say they will not enact all of them.

The recommendation to place all intelligence agencies under the Defense Department "is not on the table," said Majority Leader Steny H. Hoyer, Maryland Democrat.

Another obstacle to enacting all the commission reforms as promised is the formula by which federal anti-terrorism money is distributed across the country.

House Democrats are confident they can pass a bill in which funds would be distributed based on risk. Under that plan, the area around New York City and San Francisco would get much more funding than, for example, the area around Topeka, Kan., or Searchlight, Nev.

But such a plan almost certainly will be killed in the Democratic-controlled Senate. Lawmakers there almost always find it difficult to part with money for their police and fire departments or the Coast Guard, regardless of terrorism-risk assessments.

"I suspect the Senate will pass a different version than ours, and we will have to work it out in a conference," said Rep. Bennie Thompson, Mississippi Democrat and chairman of the Homeland Security Committee. "We should have a baseline funding of 25 percent for first responders in all 50 states and the rest should go to the areas with the greatest need and that have the most risk of a terrorist attack."

Another recommendation unlikely to be fully implemented is tasking one House committee with the responsibility of overseeing both intelligence operations and funding. However, Mr. Hoyer said, the plan to create a new subcommittee comprising members from the appropriations and intelligence committees will help.

"The 9/11 commission wanted a single authorizing body for intelligence, and I think the substance or the spirit of the recommendations will be achieved," he said.

Details are still to be finalized.

"It hasn't been worked out how the members would be chosen," said Rep. Silvestre Reyes, Texas Democrat and chairman of the intelligence panel. Whether the chairmen of the two committees or House Speaker Nancy Pelosi would pick the members has yet to be decided, he said, but there will be a new panel in some form.

"As I understand it, it's a final deal. The rest is still being determined," said Rep. Chaka Fattah, Pennsylvania Democrat and a member of the Appropriations Committee.

Some Democrats oppose the hybrid idea from the outset.

"The question is what impact will it have on the intelligence committee, and it seems it will gut the committee's authority," said one Democrat, who did not wish to be named.

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Mr. Hoyer said the intelligence panel would still have oversight and responsibility to ensure that intelligence operations are "effective and accountable."

The Senate will have few problems deciding who will oversee intelligence because "only the Senate intelligence committee can authorize spending for intelligence agencies," said its chairman, Sen. John D. Rockefeller IV, West Virginia Democrat.

"Our biggest problem is getting the spending authorization done," he said. "It's been two years since we have and we want to do the 2007 as soon as possible and then work on 2008."

The indecision in the House could become a problem for Democrats' hopes of convincing the public that they are just as capable of protecting the country from terrorist attacks as Republicans.

And Republicans are eagerly waiting to see whether Democrats will finally concede that many of the remaining September 11 commission recommendations shouldn't be enacted.

"I think what Democrats are finding in some of the 9/11 recommendations we didn't implement, looking closely at them ... these are not good ideas," said Rep. Peter Hoekstra, Michigan Republican and his party's ranking member on the intelligence panel.

He said the hybrid committee is unnecessary if both the Appropriations Committee and the intelligence panel chairmen pledge to have the same budget priorities.

"That is what I did with Representative Jerry Lewis [California Republican] when I was intelligence chair and he was appropriations chair in the last Congress, and it worked fine," Mr. Hoekstra said.

FBI Probing Death Threat To Muslim (CCT)

By Steve Lawrence

The Contra Costa Times, January 6, 2007

SACRAMENTO - The FBI said Friday it is investigating a death threat sent to the leader of a local Muslim group after U.S. Sen. Barbara Boxer rescinded a certificate her office had awarded to him.

Special Agent Karen Ernst said the bureau launched an investigation after Basim Elkarra reported receiving a threatening e-mail.

Elkarra, executive director of the Sacramento chapter of the Council on American-Islamic Relations, received a certificate of accomplishment from Boxer's office in November recognizing his "outstanding service."

Elkarra said the award reflected his group's efforts to establish good relations with Christians, Jews, minority groups and the FBI.

After the certificate was awarded, Boxer read a Web log linking her to the council and accusing it of pro-terrorist activities, including refusing to condemn Osama bin Laden by name.

Boxer asked her staff to investigate, and her office sent a letter withdrawing the certificate Dec. 21, her communications director, Natalie Ravitz, said Thursday.

Ravitz said two of the council's former members were sentenced to prison for crimes related to terrorist groups. She also said CAIR had refused to label Hamas and Hezbollah as terrorist organizations.

CAIR's national leaders denied that the group had terrorist ties or sympathies and accused Boxer of caving in to anti-Muslim extremists.

"By acting on smears, distortions and guilt by association, Senator Boxer has failed her Muslim constituents and has betrayed the progressive values of her party and state," Parvez Ahmed, CAIR's chairman, said in a statement.

Nihad Awad, CAIR's national executive director, thanked the FBI for investigating and urged Boxer to "examine the agendas of those who seek to marginalize and disenfranchise American Muslims."

Elkarra said the death threat was sent Dec. 30, the day after an article about Boxer rescinding the certificate appeared on Newsweek magazine's Web site. He said he also received another e-mail he described as hate mail when CAIR announced the award.

He said he still has the certificate but doesn't display it. He said he hopes Boxer will reconsider her decision.

"If she went to our Web site, it probably would have taken her two minutes to see all the (positive) campaigns we've launched in the past," he said, adding that his group was "willing to work with Senator Boxer and other officials who seek to build a more tolerant America."

Ravitz said Boxer asked her staff to contact the FBI and urge it to investigate the death threat.

Sen. Boxer Rescinds Award To Islamic Activist (LAT)

By Ashraf Khalil, Times Staff Writer

DOJ_NMG_0113721

The Los Angeles Times, January 6, 2007

The man represents a group some contend is extremist. Supporters say right-wingers are just trying to silence American Muslims.

Sen. Barbara Boxer has rescinded an award her office gave to a Sacramento Islamic activist after criticism that the group he represents — the Council on American-Islamic Relations — holds extremist views and has ties to international terrorist organizations.

"I'm saying the four words that every elected official hates to say: 'I made a mistake,' " the California Democrat said in a telephone interview Friday. "I hope they won't believe that I did this to hurt the Muslim community…. We just have to be more careful when we reach out."

The U.S. senator's office rescinded a "certificate of achievement" awarded in November to Basim Elkarra, head of the council's Sacramento office. The rare public reversal follows charges from right-wing activists that Boxer was courting Muslim extremists by associating with the group.

The controversy highlights the complexities facing leading American Muslim groups in their dealings with elected officials — and vice versa.

It recalls a similar dispute surrounding a decision by the Los Angeles County Human Relations Commission to give an award to Dr. Maher Hathout last fall. A senior advisor to the Muslim Public Affairs Council, Hathout also faced charges of extremism. After a bitter two-week public battle, Hathout narrowly avoided having the award rescinded. In a rare revote, only four of the commission's 14 members voted to reaffirm Hathout, with the majority either absent or abstaining.

Council on American-Islamic Relations officials say they and other Muslim organizations have been targets of an ongoing, and sometimes effective, campaign to silence and marginalize American Muslim voices.

"There is a market for Islamophobia right now," said Hussam Ayloush, head of the council's Southern California office. "It's the same group of right-wing extremists who are interconnected and feed off each other and keep recycling the same allegations."

The controversy started when Joe Kaufman, a Florida-based activist and longtime critic of the group, posted an online article attacking the award to Elkarra. Kaufman, who runs a website called CAIRwatch.com, has long contended that the council actively encourages and supports groups such as Hamas and Hezbollah — both of which are on the U.S. government's terrorism watch lists.

"We believe this organization should be shut down and that no elected leaders should have anything to do with them," Kaufman said.

One of the largest American Muslim political groups, the council has seen its profile and membership soar in the last five years. The group had only eight offices as of Sept. 11, 2001. It now has 32, along with an active lobbying arm based in Washington, D.C.

Founded in 1994, the council describes itself as the country's leading Muslim civil rights and advocacy organization. Its local chapters have tax-exempt nonprofit status, and its leaders deny any ties to Hezbollah or Hamas.

Boxer, who said she was unaware of the initial decision by her office to honor Elkarra, said independent research by her office later revealed troubling information about the organization.

"It's the volume of things, not any one thing," she said. "There's a long list."

That list includes several individual council members who have been indicted on terrorism-related charges, as well as harsh criticism of the organization by some of Boxer's congressional colleagues. In 2003, Sen. Richard J. Durbin (D-Ill.) said the council was "unusual in its extreme rhetoric and its associations with groups that are suspect."

In recent years the council has drawn a carefully calibrated line on terrorism — strongly criticizing individual attacks and suicide bombings but refusing to label Hamas or Hezbollah as terrorist organizations.

It's also quick to condemn Israeli attacks in Lebanon and the occupied territories and label them as terrorism against civilians.

That criticism of Israel, council officials say, is what's really fueling the campaign against their group. Nothing short of endorsing Israeli policy, they say, will spare them from allegations of extremism.

"The minute we criticize Israel, then we become a nonmoderate group," Ayloush said. "You become public enemy No. 1."

The group also has a complicated relationship with federal law enforcement agencies. Former FBI counterterrorism chief Steven Pomerantz once said the council's activities "effectively give aid to international terrorist groups."

But council representatives say they frequently meet with senior FBI officials, and the group has helped train FBI agents in how to interact with the American Muslim community.

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Kaufman, who regularly contributes to the influential website frontpagemag.com, denies assertions that he's seeking to defame all Muslim groups. But he also said that none of the major American Muslim organizations qualify as moderates in his view. The website touts a variety of publications, such as "Big Lies: Demolishing the Myths of the Propaganda War Against Israel" and "The Truth About Muhammad, Founder of the World's Most Intolerant Religion."

The council has responded to Boxer's snub by demanding a meeting with the senator — an option Boxer said she would welcome — and rallying supporters of various faiths. Among those supporters is Elizabeth Sholes, director of public policy for the California Council of Churches, who has worked personally with Elkarra in Sacramento.

"They've issued multiple declarations against extremism and violence both in the Middle East and in the America Muslim community," Sholes said of the Muslim council. "I have found them in every instance to be absolutely dedicated to the issues of peace and justice."

The Muslim council is also encouraging supporters to contact Boxer's offices to protest the decision. A spokeswoman for Boxer said that as of Friday afternoon, the senator's offices in Washington and California have received 19 calls on the issue — 15 of them against the decision to rescind the award.

But Ayloush acknowledged that the situation represents a setback for the group's attempts to make inroads into American government and society.

"For us, the award has little value," Ayloush said. "It's the symbolism of a progressive Democrat giving in to pressure from right-wing Islamophobes."

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Editor's E-Mail May Be Used In Suit Against The Times (NYT)

By Neil A. Lewis

The New York Times, January 6, 2007

ALEXANDRIA, Va., Jan. 5 — A lawyer for a former government scientist who is suing The New York Times for defamation over a series of columns about the deadly anthrax mailings of 2001 said Friday in court that he was prepared to introduce an internal e-mail message from a senior Times editor that raised questions about one of the columns.

The lawyer, Mark A. Grannis, said the columns written by Nicholas D. Kristof about the federal investigation of the mailings unfairly damaged the reputation of his client, Dr. Stephen A. Hatfill, a former germ warfare scientist.

Dr. Hatfill's lawyers have said the columns wrongfully suggested that he was responsible for the attacks.

Mr. Grannis told Judge Claude M. Hilton of Federal District Court here that if the trial proceeded he would introduce evidence including a May 23, 2002, message from Philip Taubman, then deputy editor of the editorial page, raising questions about a draft of a column by Mr. Kristof.

Beginning that spring, Mr. Kristof wrote a series of columns about a government scientist whom he initially referred to as Mr. Z., saying the scientist had become the overwhelming focus of the investigation. That August, Mr. Kristof wrote that Dr. Hatfill had acknowledged that he was Mr. Z. at a news conference in which he said the news media had mistreated him.

Mr. Grannis said he would introduce evidence of questions about the column posed by Mr. Taubman and others. The evidence from Mr. Taubman, the lawyer said, was a message saying the as-yet-unpublished column "pointed pretty much at the guy" and encouraging Mr. Kristof to take out some of the material that did that.

Mr. Grannis made his disclosure of the information that he has obtained in the discovery phase of the suit in a hearing on a Times motion to seek dismissal of the complaint.

The trial is scheduled to start Jan. 29. Judge Hilton did not say when he would rule.

The Times has argued that the columns were aimed at prodding the Federal Bureau of Investigation to pursue the anthrax case more vigorously and did not accuse Dr. Hatfill of being the person responsible for the mailings.

In writing about the investigation, Mr. Kristof's ire was directed against federal officials for not moving swiftly to decide whether the scientist was guilty or innocent, the paper's lawyers have said.

"His intent was to focus on the F.B.I.," a lawyer for The Times, Lee Levine, told Judge Hilton.

Mr. Levine, of Levine Sullivan Koch & Schulz, told Judge Hilton that Mr. Hatfill was a public figure, or as someone recognized in libel and defamation law as a limited-purpose public figure, because of his involvement in the public debate about preparedness for a bioterrorist attack.

Mr. Levine said Dr. Hatfill had "voluntarily thrust himself into the vortex of that controversy" through his writings and speeches, confirmed by Dr. Hatfill's complaints that he was easily identified as Mr. Z by many people in the field.

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As a public figure Dr. Hatfill would have a far greater burden in his effort to win a defamation suit. To prevail, a public figure has to prove that the material was published with “actual malice,” that is with the knowledge that the statements were false or with reckless disregard as to whether they were false.

Lawyers for The Times also argued that neither Mr. Taubman’s message nor any other evidence put forward by Mr. Hatfill’s lawyers was proof that Mr. Kristof had acted with reckless disregard for the truth, the standard that Mr. Hatfill must meet if he is found to be a public figure.

The Times said that even if all of Mr. Hatfill’s assertions were true, he would not prevail and that therefore the judge should dismiss the case before trial. The message from Mr. Taubman, now Washington bureau chief for The Times, was released Friday afternoon by the lawyers for The Times. It read: “Nick, you’re still pointing pretty much at the guy. I think you need to lose the material I’ve marked in boldface.”

Mr. Taubman had marked two paragraphs referring to a middle-age American scientist with experience in producing bioweapons. The column, which appeared May 24, included the first of those two paragraphs but dropped the second, the messages showed. Although the essence of that message was pretty much as Mr. Grannis represented it in court, two other e-mail messages he cited were more ambiguous.

He said messages from Nicholas Wade, a former science editor at the paper and then a special projects writer, and Gail Collins, the editorial page editor, were critical of a column prepared for publication in July. Those messages, as disclosed by lawyers for The Times, raised more generalized suggestions.

Mr. Grannis said Mr. Wade’s message had said the column made it plausible to a reader that Mr. Kristof was pointing at Mr. Z as the culprit. But the message said it was plausible that Dr. Hatfill might have been involved in an earlier anthrax scare that was a hoax.

In her message, Ms. Collins said the column “looked fine to me” and asked how an anthrax mailing to The National Enquirer in Florida fit in.

Five people died in the attacks. Although federal authorities identified Dr. Hatfill as a “person of interest” in the case, he was not charged with any crimes. No one has been charged in the attacks.

N.Y. Times Urges Judge To Dismiss Hatfill Suit (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, January 6, 2007

The New York Times Co. yesterday urged a federal judge to throw out a defamation suit filed by a former Army scientist, saying that columnist Nicholas D. Kristof did not intend to implicate the scientist in the 2001 anthrax attacks.

In a series of columns that explored whether Steven J. Hatfill was responsible for the anthrax-spore mailings that killed five people and sickened 17, Kristof was trying "to focus attention on the FBI, to get it to jump-start the investigation . . . not to point a finger at Mr. Hatfill," said Lee Levine, a Times company lawyer.

But attorneys for Hatfill accused Kristof of deliberately ruining Hatfill's reputation and said Kristof's editor warned him that one of the columns could be read as implicating Hatfill in the attacks. The editor, Philip Taubman, said in an e-mail to Kristof that the column was "pointing pretty directly at the guy" and urged Kristof to take some passages out before publication, said the lawyer, Mark A. Grannis. Kristof declined, Grannis said.

"He was implicating Dr. Hatfill in a notorious act of terrorism," Grannis said. "To pretend otherwise is to just ignore the reality of this case."

Taubman, now the Times's Washington bureau chief, referred questions to a company official yesterday. David McCraw, assistant general counsel for the Times company, said Taubman was not Kristof's editor "for column content. Nick had sent draft columns to Phil and other colleagues seeking their opinion and advice on them." Kristof declined to comment.

U.S. District Judge Claude M. Hilton in Alexandria did not rule yesterday on the Times's request for a dismissal. Hatfill sued the Times company in 2004, contending that the paper defamed him in a series of Kristof columns that identified him as a "likely culprit." A trial is set for Jan. 29.

The legal maneuvering comes in advance of a trial that lawyers say is expected to shine new light on the government's investigation of Hatfill and possibly on the overall anthrax probe itself. No one has been charged in the investigation of anthrax-tainted letters mailed to media and government offices.

Hatfill, a former researcher at the Army's infectious disease research laboratory at Fort Detrick in Frederick, has been trying to clear his name ever since then-Attorney General John D. Ashcroft publicly called him a "person of interest" in the investigation in 2002.

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In the 2002 columns, Kristof criticized the FBI, saying it had failed to aggressively pursue a scientist he first identified as "Mr. Z." He wrote that the biodefense community had called Mr. Z a "likely culprit," partly because the scientist was familiar with anthrax.

Kristof later acknowledged that Hatfill was Mr. Z. He also wrote that Hatfill deserved the "presumption of innocence."

Attorneys for the Times said yesterday that Kristof was only trying to focus attention on the failure to solve the case. "The larger issue in the columns was the nation's preparedness to handle biological attacks," Levine said.

Hatfill's attorneys contended that Kristof had deliberately fingered their client as the anthrax killer. "Dr. Hatfill was a purely private citizen, as innocent as anyone in this courtroom and as deserving of the protection of his reputation as anyone in this country," Grannis said.

Hatfill Lawyer: Times Editor Warned Columnist On Anthrax Piece (AP)

Associated Press

AP, January 6, 2007

ALEXANDRIA, Va. -- Lawyers for a former Army scientist suing The New York Times for libel said Friday that an editor at the paper warned columnist Nicholas Kristof to remove incriminating passages from a column that raised suspicions that Steven Hatfill was involved in the 2001 anthrax attacks.

Kristof left the passages in the May 2002 column despite the warning, said lawyers for Hatfill, who claims that a series of Kristof columns that year falsely implicated him as the culprit in the anthrax mailings that left five people dead. An elderly Connecticut woman was among the victims.

The editor's warning to Kristof was voiced in an e-mail uncovered during the extensive pretrial discovery process, said Mark Grannis, one of Hatfill's lawyers. Grannis did not give specifics on the passages at issue outside court; he said some details of the case have been sealed.

The accusation came as a federal judge again heard arguments on whether to dismiss the lawsuit. The newspaper's lawyers argued that under federal libel law, Hatfill should be considered a public figure. The law makes it more difficult for public figures to prevail in libel cases.

Hatfill's lawyers dispute that their client should be classified as a public figure. But even if he were, they said, they have uncovered flaws in Kristof's reporting that are so flagrant that Hatfill would still win his case.

Grannis said that in addition to the editor's warning, several of Kristof's sources testified in pretrial depositions that they did not provide the information Kristof has said they did.

"Mr. Kristof made things up," Grannis said. "What Mr. Kristof reported was not just false, it was embarrassingly false. It was outrageously false."

Five people were killed and 17 sickened by anthrax that had been mailed to lawmakers on Capitol Hill and members of the news media in New York and Florida just weeks after the Sept. 11, 2001, terrorist attacks.

The victims include Ottilie Lundgren, 94, of Oxford, Conn., who investigators say died after opening anthrax-contaminated mail that passed through a Connecticut mail distribution center.

The case remains unsolved.

Kristof's columns initially referred to Hatfill only as "Mr. Z"; Hatfill was identified by name only after he held a news conference in August 2002 to denounce rumors that had been swirling around him.

Kristof has said his purpose in writing the columns was to prod a dawdling FBI investigation and that he said in several columns that Mr. Z enjoys a legal presumption of innocence.

Hatfill claims that Kristof's columns revealed enough details for people to figure out who he was despite withholding his name.

Times lawyer Lee Levine said Hatfill is being hypocritical when he argues that he is not a public figure. On the one hand, Hatfill contends he was so well known that people could piece together his identity from the clues in Kristof's "Mr. Z" columns. On the other hand, they argue that he was essentially an unknown when it comes to his status as a public figure under libel law.

"You can't have it both ways," Levine said.

Levine said Hatfill qualifies as a public figure because he had injected himself into the national debate about bioterrorism years before the anthrax attacks. He had occasionally been quoted as an expert in the media, and even once donned a chemical suit for a magazine photo.

U.S. District Judge Claude Hilton said he will rule on the newspaper's motion soon. The trial is scheduled to begin Jan. 29.

Hilton previously ordered Kristof to disclose his confidential FBI sources so Hatfill could pursue his claim. Kristof refused, and in response Hilton barred Kristof from relying on any information provided by those sources in his defense.

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Hatfill's lawsuit was dismissed by Hilton in 2004 but reinstated by a federal appeals court. Hatfill is also suing former Attorney General John Ashcroft, the Justice Department and others in U.S. District Court in Washington claiming they violated Hatfill's civil rights.

Katrina Victims Find A Solution: Modular House (NYT)

By Leslie Eaton

The New York Times, January 6, 2007

PASS CHRISTIAN, Miss. — Of the hundreds of houses swept away by Hurricane Katrina in this small Gulf Coast town, only a fraction have been replaced. The price of building materials has skyrocketed, and the services of even mediocre contractors can be hard to come by.

But on East North Street recently, a swarm of workmen put the final touches on Gwen and Rudy Cardreon's new home, a tan ranch house that sprang up, on 11-foot piling, in a matter of days. Constructed in three pieces in a factory hundreds of miles away, the house came equipped with carpets, curtains, even ceiling fans, but looks as if it were custom built in the Cardreons' yard.

"Isn't it gorgeous?" Mrs. Cardreon exclaimed, standing in her new kitchen as construction workers hammered on the wooden staircase outside.

Before the August 2005 hurricane, so-called modular houses like the Cardreons' were almost unknown in Mississippi, where houses tended to be the traditional "stick built" on site or mobile homes. Modulars have been popular until now mainly in Northern states with short building seasons and high labor costs.

But since the storm, modular houses, which range from simple shotgun-style cottages to fancy minimansions, are starting to appear across the Gulf Coast, as public officials and private citizens search for ways to speed the slow pace of recovery and begin experimenting with new forms of shelter.

Modular houses have a number of advantages over conventionally built houses, their advocates said. For example, once they are delivered, modular homes can sometimes be completed in days, rather than months. They are relatively easy to perch up on stilts to comply with flood zone rules. They require less local labor in a region where there is more than enough construction work to go around. Some are less expensive than conventional houses — they range from $50,000 to $500,000 — and manufacturers say some can withstand 160-mile-an-hour winds.

The number of modular houses on the Gulf Coast is still small; perhaps 400 have been installed in Mississippi in the last year, said Fred C. Hallahan, a consultant in Baltimore who tracks the modular business.

But Mr. Hallahan and other experts expect the trickle of modular housing to grow rapidly this year, and perhaps lead to even bigger changes.

"Really, if we look back 20 years from now, we could see a dramatic shift in the way houses get built," said David W. Hinson, a professor of architecture at Auburn University in Alabama.

In Mississippi, Hurricane Katrina destroyed 70,000 houses and apartments, according to state estimates; more than 30,000 families in the state still live in the small trailers supplied by the Federal Emergency Management Agency.

Though Mississippi is widely considered to be far ahead of Louisiana in terms of recovery, only 2,480 building permits had been issued by the end of November for new home construction in the hardest-hit counties along the coast, according to the governor's office.

Officials cite many reasons for the slow going, including insurance issues, wetlands regulations, permit backlogs and infrastructure problems. And, of course, money: many people are still fighting with their insurance companies, and over the summer, Mississippi's grant program to help homeowners rebuild ran into some of the same bottlenecks that still plague Louisiana's Road Home program.

But after several adjustments, the Mississippi program has distributed more than $500 million to more than 8,000 homeowners, said Donna Sanford, who supervises the program for the Mississippi Development Authority. Last month, the federal Department of Housing and Urban Development approved a second phase of the program, to help low-income applicants and those who lived in the flood zones.

With the prospect of money finally starting to flow to housing, experiments are going on across the Gulf Coast as people look for ways to build more quickly, more cheaply and with more resistance to hurricanes.

Builders are exploring houses made of steel or concrete, and are considering putting housing above stores, as they do in concentrated urban areas like New York City. Volunteer groups have been ordering house-in-a-box kits from New Hope Construction, a nonprofit supplier in Tennessee that often works closely with churches.

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Lowe's, the big building supply chain, says it will be selling everything necessary to build a Katrina Cottage, designed as a low-cost, high-quality alternative to trailers.

[Directed by Congress, even FEMA has gotten into the act, awarding about $400 million on Dec. 22 to various state-sponsored pilot programs to replace its travel trailers with roomier and sturdier housing.]

But the big push seems to be modular housing, which is being used not just by private developers, but also by Habitat for Humanity and Catholic Charities in New Orleans.

"It's the only answer, it is simply the only answer in Mississippi," said Fred Carl Jr., the founder of the Viking Range Corporation, who served as the Hurricane Katrina housing coordinator for Gov. Haley Barbour.

Mr. Carl said he was trying to lure a major modular manufacturer to the state. "We need nine or ten thousand houses a year," he said.

There is already one home-grown modular builder in Mississippi, Safeway Homes, which Buddy Jenkins and his brother started in 2005. "We're really a stick-built house moved in component parts," Mr. Jenkins said of his tidy houses, which are rated to withstand high winds.

At the company's spotless plant in Lexington, a small town north of the state capital, Jackson, Joel E. Smith walks a visitor through the 16 stations where the houses are framed and insulated by about 100 workers. The ducts and plumbing are installed, fixtures added, doors and windows placed, and each half of a house is tightly screwed and glued.

Once they are delivered, a crane will lower the halves onto a foundation, where they will be joined, and a roof, also built at the plant, will be attached. The basic house costs about $58,000, company officials said, but the final cost will depend on the land, the foundation, the developer and whether the owner has chosen any extras like arched windows.

Safeway Homes has built about 250 houses, Mr. Smith said, and could make as many as three a day. But there are hurdles. Some are regulatory; building inspectors are often unfamiliar with modular housing, and customers must buy through a developer rather than from manufacturers. And some consumers still equate modular houses with mobile homes, in part because they are sold by many of the same manufacturers. That image problem is being tackled by Victor Planetta, a developer based in Louisiana who, with his son, Victor Jr., has started putting modular houses in their Mississippi developments.

Their showplace, on the main highway into Bay St. Louis, near Pass Christian, is a bright yellow, two-story house on pillars with a fountain burbling out front and a big motorboat named Beyond Belief out back in the canal.

The house, which was trucked in several pieces from a Genesis Homes plant in Lake City, Fla., and assembled on the site, has crown moldings, granite, silk flowers and tassels; there is even an elevator. More than 1,000 people have visited the house, which will sell for about $425,000, the Planettas said.

Here in the Pass, as the devastated town is known, about three dozen simple modular houses, including Gwen and Rudy Cardreon's, have been installed though a program called Home Again. Phil Eide, who runs the program for ECD/Hope, a community development organization, said that modular housing had been harder to deal with than he had first hoped. For example, it takes 41 steps to get a permit, he said, and some suppliers make promises they do not keep.

But the program has attracted backing from James L. Barksdale, the former Internet executive and investor who served as chairman of Mississippi's Commission on Recovery, Rebuilding and Renewal, who just bought about 35 modular houses that Home Again will place in communities.

Mr. Barksdale said he had become frustrated with the lack of progress in returning affordable housing to the Gulf Coast.

"My goal," he said, "is to prove to people that we can do this, and then let it become a lot bigger program."

WAR NEWS:

Pelosi, Reid Urge Bush To Begin Iraq Pullout (WP)

By Peter Baker, Robin Wright, Washington Post Staff Writers

The Washington Post, January 6, 2007

President Considering Three "Surge" Options

House Speaker Nancy Pelosi and Senate Majority Leader Harry M. Reid declared yesterday that "it is time to bring the war to a close" and warned President Bush that sending more U.S. troops to Iraq would be unacceptable to the Democratic majorities that have just taken over Congress.

Directly challenging Bush's wartime leadership on their second day in charge on Capitol Hill, Democrats Pelosi (Calif.) and Reid (Nev.) sent Bush a letter suggesting that, instead of starting a short-term escalation, he begin a phased withdrawal of U.S.

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forces in the next four to six months. The mission of remaining troops, they said, should be shifted away from combat toward more training, logistics and counterterrorism.

The newly ascendant Democrats are trying to preempt the president before he announces his new strategy. As he prepares for a nationally televised address next week, officials said, Bush is considering three main options to bolster U.S. forces in Iraq: a relatively modest deployment of fewer than 4,000 additional troops, a middle-ground alternative involving about 9,000 and, the most aggressive idea, flowing 20,000 more troops into the country.

In a speech today unveiling his own revised security plan, Iraqi Prime Minister Nouri al-Maliki is expected to publicly welcome additional U.S. troops, a condition requested by the Bush administration. Maliki's cooperation is pivotal to Bush's own efforts. Bush told Maliki in a videoconference Thursday that the United States is willing to help but that Maliki has to deliver along the way, U.S. officials said.

In preparation for the shift in strategy, Bush reshuffled his national security leadership team yesterday. He replaced the top two generals running the Iraq war, named a new Army chief of staff, moved his intelligence director over to the State Department and put a veteran officer in charge of intelligence. Officials have said he also plans to move his ambassador in Baghdad to the United Nations and replace him with a veteran diplomat.

Over the next few days before his speech, Bush is conducting intensive consultations with lawmakers, foreign allies and advisers. He met with lawmakers from both parties yesterday and plans to talk with leaders of Britain, Australia and possibly Denmark, countries that still have major military contingents in Iraq, according to U.S. officials and diplomats. The White House said he will talk with both Pelosi and Reid before announcing his new strategy.

White House press secretary Tony Snow said the sessions with lawmakers have featured "some vigorous exchanges" and have been useful. "The fact is that these meetings may not be happy-face 'Kumbaya,' but they have been very constructive in the sense that people are talking respectfully about important issues and expressing their ideas," he said. "And some of them are quite interesting. And we're taking them into account."

But some lawmakers have left the meetings unsatisfied. Sen. Ben Nelson (Neb.), a conservative Democrat needed by Bush if he hopes to have any support across the aisle, said he pressed the president yesterday to provide a clear and specific mission before ordering additional forces to Iraq. "The White House has to make the case for sending in more troops before they send the troops," he said. "We need a new direction, not just a new slogan."

Even many Republicans appear unenthusiastic about troop increases. Senate Minority Whip Trent Lott (R-Miss.) said Thursday night on MSNBC's "Hardball" that he might say no to the surge. "I want to know what it all is," Lott said of Bush's overall plan. "But here's my main point: We've got to change the status quo. At some point we've got to say to the Iraqis, 'Congratulations. Saddam is dead. We've given you an opportunity for peace and freedom. It's yours.' "

The letter by Pelosi and Reid sent a signal that the new congressional leadership intends to be aggressive in voicing opposition to Bush's handling of the war. With their new majorities, they have a bigger political megaphone and more ability to bring pressure to bear. At the same time, Pelosi and Reid have eschewed using the main legislative mechanism to change policy, namely cutting off funding for the war.

"Surging forces is a strategy that you have already tried and that has already failed," Pelosi and Reid wrote. "Like many current and former military leaders, we believe that trying again would be a serious mistake. . . . Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain."

By releasing the sternly worded letter, Democratic leaders hoped to jump ahead of Bush and set the agenda for the weekend talk shows. Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus, said the party wants to address even the terminology of the White House plan, defining it not as a "surge" but as an "escalation." "People are going to know [the president] has a very critical audience in the Democratic Congress on this proposal," he said.

The prospect of increasing troop levels has been greeted with so much hostility that some lawmakers are questioning whether Bush is serious. "A surge is not a new strategy. A surge is a new tactic that does nothing to change the underlying strategy that has so clearly failed," said Rep. Loretta Sanchez (D-Calif.), a member of the House Armed Services Committee.

"I don't know if Mr. Bush even believes in this so-called surge," scoffed Rep. Neil Abercrombie (D-Hawaii), another member of the committee. "The neocons are trying to test the new Congress to see how we respond."

While the din of opposition has risen, the administration has not made a public case for why more troops would be the answer. Even senior military officers have expressed deep skepticism in public and outright opposition in private. Aside from some neoconservative scholars, virtually the only prominent voices advocating the troop increase are Sens. John McCain (R-Ariz.) and Joseph I. Lieberman (Conn.), an independent who caucuses with the Democrats.

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Bush is looking at three broad options involving one to five additional brigades, according to U.S. officials. The smallest increase would basically be limited to the brigade from the Army's 82nd Airborne Division, comprising fewer than 4,000 troops, which has already departed for Kuwait. It would eventually be deployed in Baghdad.

The second option would involve deploying another Army brigade to Baghdad and two battalions of Marines to Anbar, the volatile province that has been a battlefield for the Sunni insurgency and foreign fighters associated with al-Qaeda. The Marines could not be deployed until February, U.S. officials said. The joint Army and Marine deployment would bring the increase to between 9,000 and 10,000 troops.

The third option would supplement the first and second with additional Army brigades, bringing the total to about 20,000, largely deployed in the Iraqi capital. But U.S. officials said this would take considerable time -- possibly three or four months, with a complete deployment as late as May -- because of the difficulty of assembling additional troops through accelerating planned deployments and remobilizing reserves, U.S. officials said.

The Bush administration is also considering a troop increase that would play out in phases and in response to the performance of the Iraqi government in following through on its promises to go after illegal militias and crack down on sectarian violence. Maliki has in turn requested more operational control over Iraqi troops, which Washington is tentatively prepared to give him, U.S. officials said.

Bush installed new U.S. figures yesterday to manage efforts in Iraq. As expected, he replaced Army Gen. John P. Abizaid, head of U.S. Central Command overseeing Middle East operations, with Navy Adm. William J. Fallon, and replaced Gen. George W. Casey Jr., the Iraq commander, with Army Lt. Gen. David H. Petraeus, who would be given a fourth star. Bush also confirmed that John D. Negroponte, director of national intelligence, will become deputy secretary of state and be replaced by Navy Adm. John M. McConnell.

Snow said the generals are not being replaced because of their resistance to increasing troop levels, calling Casey "magnificent" and Abizaid "an extraordinary officer." Casey will become Army chief of staff, and Abizaid is retiring.

Democrats signaled that they will start closely examining administration decisions on Iraq next week. The Senate Foreign Relations Committee announced a schedule for four weeks of hearings on Iraq featuring witnesses such as Secretary of State Condoleezza Rice; members of the Iraq Study Group, which recommended a new course in Iraq; a slew of former secretaries of state and defense; current and retired generals; and Middle East scholars.

"Our purpose is not to revisit the past," said Chairman Joseph R. Biden Jr. (D-Del.), "but to help build a consensus behind a new course for America in Iraq."

Bush Facing A Deep Divide With Democrats Over Talk Of Increasing Troops In Iraq (NYT)

By David E. Sanger, Jeff Zeleny

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — The new Democratic leaders of the Senate and the House warned President Bush on Friday against sending additional troops to Iraq, setting the stage for what could become a major confrontation over a new war strategy.

Mr. Bush is expected to call for more troops in a speech as soon as Wednesday, as part of a renewed effort to secure Baghdad. But Nancy Pelosi, the new speaker of the House, and Harry Reid, the new Senate majority leader, dismissed that approach as a strategy “that has already failed.”

“Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain,” Mrs. Pelosi and Mr. Reid wrote in a letter to Mr. Bush. “We are well past the point of more troops for Iraq,” they added, urging Mr. Bush to begin a “phased redeployment,” or gradual withdrawal.

Not all Democrats agree with the position their leaders staked out in the letter on Friday, just days before Mr. Bush is expected to announce a broad strategy involving more troops, accelerated training of Iraqi forces and a large increase in economic and reconstruction aid to Iraq. But the release of the letter suggests that a major political battle may be brewing.

Mr. Bush appeared to be trying to head off any confrontation when he invited 13 Democratic and Republican senators to the White House Friday for what administration officials called a “consultation” on Iraq.

At a later meeting, Mr. Bush met with the former chairman of the Armed Services Committee, Senator John W. Warner, Republican of Virginia, who cautioned that Congress would want to take time to consider the strategy before Mr. Bush began implementing it.

“The president has had this opportunity now for some weeks, and I think Congress is entitled to an opportunity to independently look at the situation,” Mr. Warner said.

Mr. Bush has begun to put parts of his plan in place, making official on Friday some changes that will insure new faces are associated with a new approach.

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He announced the nomination of Lt. Gen. David H. Petraeus as the new commander in Iraq, to succeed Gen. George W. Casey Jr., whom Mr. Bush said he intended to elevate to Army chief of staff.

Mr. Bush praised General Casey, who spent much of 2006 pressing for a gradual withdrawal of troops, as "strong and effective"; he hailed General Petraeus, who has reportedly backed an increase, as "a soldier of vision and determination."

Mr. Bush is also remaking his diplomatic team, nominating John D. Negroponte, the director of national intelligence, to be deputy secretary of state.

Ryan C. Crocker is expected to be nominated ambassador to Iraq. His nomination would for the first time place an Arabist with experience in sectarian conflicts, mostly in Lebanon, at the head of the embassy in Baghdad.

Administration and Congressional officials said they expected the military and diplomatic nominations to receive Senate approval, though senators might use the hearings to air dissent about any troop increase and draw attention to the perceived failings of Iraq strategy.

The bigger question is whether Congress will seek to stop the troop increase. In theory, it could cut off financing, the only way it could actually interfere with the commander in chief's plans. But Democrats have said they would not take such a step, largely out of fear of being accused of undercutting the troops.

That leaves them with only one option: holding a series of hearings, which start next week, immediately after the president's speech, that are intended to expose the divisions within the military over the wisdom of increasing troops. Many senior officers, including General Casey, have argued that adding American troops will undercut the effort to get the Iraqi government to defend itself.

Some Republican leaders insisted that Congress should not go down that path. "I don't think that we should be dictating military strategy in Iraq from Capitol Hill," said Representative John A. Boehner of Ohio, the Republican minority leader in the House.

In addition to the 13 senators, Democrats and Republicans, invited to the White House on Friday afternoon, those attending the meeting included Vice President Dick Cheney, Secretary of State Condoleezza Rice, the Joint Chiefs chairman, Gen. Peter Pace, and Stephen J. Hadley, the national security adviser.

Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, who both are considering a presidential candidacy, arrived at the White House at nearly the same time. After the meeting, Mrs. Clinton did not issue a statement, while Mr. Obama spoke to reporters about his conversation with Mr. Bush.

"I personally indicated that an escalation of troop levels in Iraq was a mistake and that we need a political accommodation, rather than a military approach to the sectarian violence there," he said. "I think he recognizes that the status quo is unacceptable and has to change."

Senator Mary L. Landrieu, a Louisiana Democrat, said she would consider supporting an increase in troops for a short time if the president could articulate "specific opportunities for success," particularly cities that troops would be dispatched to and how long they would stay. Ms. Landrieu also said she would need to be convinced that there was a broader solution to limit American involvement in Iraq.

"The American people's patience is wearing thin with the vagueness," she said, speaking to reporters as she left the White House.

In interviews after the meeting, several senators said they could not tell whether Mr. Bush had made a decision whether to call for a troop increase. The senators described the meeting as frank but not confrontational. But even those who have supported the administration's Iraq policy said it was time for a change of course.

"I don't know that the American people will see the surge as a new direction," said Senator Ben Nelson, a Democrat from Nebraska. "The American people want to see a change in direction, not just a change in slogans."

Senator Blanche Lincoln, an Arkansas Democrat at the meeting, said an increase in troops would face considerable scrutiny in Congress from Democrats and Republicans.

"I asked the president, 'Where would that surge come from?' " Ms. Lincoln said. "He said that was a very good question."

Critics Slam Possible Iraq Troop Boost (AP)

By Jennifer Loven,

AP, January 6, 2007

Days from announcing an overhaul of Iraq strategy, President Bush on Friday encountered a wall of criticism of the U.S. troop escalation that is expected to be the centerpiece of his new war plan.

Bush also reshuffled his war commanders, installing a new team to support the policies he will announce next week. Democrats and Republicans alike took aim at the expected increase in U.S. forces.

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"It has to be significant and sustained. Otherwise do not do it," said Sen. John McCain, a Republican presidential hopeful and Vietnam veteran who has been advocating a troop increase.

Those for going in the opposite direction spoke out, too.

"We are well past the point of more troops for Iraq," new House Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Harry Reid, D-Nev., wrote in a letter to Bush a day after their party took the reins on Capitol Hill. Instead, Pelosi and Reid urged Bush to begin pulling troops out in four to six months.

The criticism underscored that Bush, preparing his new policy for an increasingly unpopular and costly war, will face a Congress that is not only controlled by Democrats who could challenge him at any turn but also populated with Republicans looking toward the congressional and presidential elections of 2008.

The president spent much of the day in last-minute consultations with members of Congress from both parties, by all accounts soliciting their input while giving few hints of his own plans. But doubts about dispatching more soldiers to Iraq — which Democratic Sen. Ben Nelson called "the elephant in the room" at the White House — were expressed to the president's face and before various audiences around Washington.

Rep. Heather Wilson, R-N.M., an Air Force veteran and member of the House Intelligence Committee who had just returned from Iraq, lambasted Bush's war leadership as lacking "a clarity of mission."

She spoke at a news conference against sending more Americans, saying the U.S. should be focused only on hunting for al-Qaida terrorists and ensuring Iraq does not become a source of regional instability.

"We're talking about goals in lofty terms that are not vital American national interests," she said.

CBS News reported that Defense Secretary Robert Gates has recommended that the president order an immediate 10,000 additional troops to Iraq with an option to double that number by spring under a plan in which five additional brigades of troops could eventually help in Baghdad and two battalions in troubled Anbar Province. Asked for comment, a senior defense official told The Associated Press that parts of the CBS report were incorrect but declined to say which parts or to comment on any recommendations Gates might have made to Bush.

Bush, meanwhile, announced more changes in his team of military and diplomatic advisers.

He said Gen. John Abizaid, the top U.S. commander overseeing the theater that includes Iraq, will be succeeded by Adm. William Fallon, now Abizaid's counterpart in the Pacific. Army Lt. Gen. David Petraeus is the president's choice to be the new chief commander in Iraq, replacing Gen. George Casey. The nominations must be approved by the Senate.

Petraeus led the 101st Airborne Division during the 2003 Iraq invasion and later headed the effort to train Iraqi security forces.

Both Abizaid and Casey already had been expected to rotate out of their jobs. Both also had publicly expressed skepticism about a troop increase, and when Bush began devising a new Iraq plan their timetable appeared to move up.

Also, Ryan Crocker, a veteran American diplomat who is now U.S. envoy to Pakistan, was expected to replace Zalmay Khalilzad as U.S. ambassador to Iraq. Bush nominated Khalilzad, a subject of criticism in Iraq as favoring his fellow Sunni Muslims, to become the U.S. ambassador to the United Nations.

In a White House that prides itself on discipline, there was much confusion about the personnel changes. There was a torrent of news leaks, unsuccessful efforts by the White House to control the flow of information and messy shifts in how the announcements would be made.

The president's talks Friday with several groups of lawmakers included moderate Democrats and loyalist Republicans but also some of the president's biggest critics, such as Democratic Sens. Hillary Rodham Clinton and Barack Obama.

"He did say he has not made up his mind yet," said Rep. Chris Carney, a freshman Democrat from Pennsylvania who is in the Navy Reserve and served as a Pentagon intelligence analyst.

Republican Sen. Norm Coleman, part of a later meeting with over a dozen senators of both parties, said the skepticism about whether a burst of troops could achieve anything was nearly universal.

"I don't think there was a sense that case had been made," said Coleman, from Minnesota.

Several senators said Bush promised an increase would be done only in concert with greater efforts by the Iraqi government, which has failed to rein in the Shiite militias and to supply the promised amount of Iraqi forces to work alongside Americans.

Nelson, who said he walked away with no doubt Bush is planning to boost troops, said the president suggested there would be "the expectation of the Iraqis carrying out their part of the deal or else." But, said the Nebraska Democrat, the president did not define the consequences.

Iraqi Prime Minister Nouri al-Maliki, set to unveil his own revamped strategy within days, is himself uneasy about more American troops, preferring that the U.S. presence be pulled back to Baghdad's outskirts.

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During a nearly two-hour discussion Thursday, Bush told al-Maliki he was ready to send additional U.S. forces. But the Iraqi leader replied "he would have to talk that over with his senior military officers to see if they were needed," Sami al-Askari, an al-Maliki political adviser, told The Associated Press.

Sen. Joe Lieberman, meanwhile, agreed with McCain that a small, temporary force boost would not be enough. Neither of the senators, appearing together at the conservative American Enterprise Institute, would put a precise number on how many more troops might be necessary.

However, they said that — at minimum — it should be another three to five brigades for Baghdad, where Shiite militias are terrorizing the minority Sunni population, and one brigade for western Anbar Province, the center of the mostly Sunni anti-American insurgency. With about 3,500 troops in each brigade, that would total 14,000 to 21,000 additional troops.

A letter from 28 House Republicans urged Bush to divert some of the 21 Iraqi battalions operating in peaceful provinces to Baghdad and other dangerous areas, to spare U.S. troops.

White House press secretary Tony Snow said Bush's meetings with lawmakers were more than just window dressing.

He said, "The fact is, these meetings may not be happy-face, kumbaya, but they have been very constructive."

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Associated Press writers Deb Riechmann, Anne Flaherty, Liz Sidoti, Kimberly Hefling, Jennifer Talhelm and Frederic J. Frommer and Pauline Jelinek contributed to this report.

Reid, Pelosi Rip Iraq Buildup (WT)

By Stephen Dinan, The Washington Times

The Washington Times, January 6, 2007

Top House and Senate Democrats yesterday said they oppose boosting the number of troops in Iraq, giving them a jump on President Bush's speech next week detailing a new war strategy and setting a roadblock in front of one of the major options he is considering.

"Surging forces is a strategy that you have already tried and that has already failed. Like many current and former military leaders, we believe that trying again would be a serious mistake," House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid wrote in a letter designed to frame the debate as Mr. Bush tries to devise what the White House calls a new way forward in Iraq.

Meanwhile, in a shake-up in advance of the speech, Mr. Bush nominated a new deputy secretary of state, director of national intelligence, commander of U.S. forces in Iraq and head of Central Command, the post that oversees the broader war on terrorism in the Middle East.

"It makes sense to go ahead and make sure that you're going to have your command team that is going to be in place as you're working on this new way forward and enacting it," White House press secretary Tony Snow said, adding that some of the outgoing military commanders' jobs would have expired in the middle of implementing the new strategy.

Mr. Snow said the president is "moving in a direction" toward a revamped strategy, but is still listening for ideas.

Now, though, he is facing a challenge from Mrs. Pelosi, California Democrat, and Mr. Reid, Nevada Democrat, at the beginning of the new Congress.

Their letter puts them out in front of Mr. Bush's speech next week, filling the vacuum created as the president works out his new strategy and earning them part of the discussion on the Sunday political talk shows.

But it also comes on the heels of criticism that Democrats are ignoring the concerns of the anti-war faction of their party, and just days after an anti-war demonstration led by activist Cindy Sheehan drowned out a Democratic press conference on Capitol Hill.

Asked about the leaders' letter, Mr. Snow said the administration shares some of the Democrats' goals, such as renewed diplomatic efforts, and chose to focus on the section where the leaders said they "want to do everything we can to help Iraq succeed in the future."

"The ultimate objective here is not to engage in sparring, but to engage in an open dialogue with people on both sides of the aisle," Mr. Snow said.

In their letter, the two leaders pointed to Gen. John Abizaid, the head of Central Command, who said in congressional testimony that bringing in more troops would run counter to trying to get the Iraqis to do more.

Gen. Abizaid lost his job in yesterday's shake-up -- his retirement was announced by the Pentagon -- though Mr. Snow said the administration still values his counsel. Adm. William J. Fallon will replace him at Central Command.

Meanwhile, Gen. George Casey will be moved from commander of U.S forces in Iraq to become Army chief of staff. He will be replaced in Iraq by Lt. Gen. David Petraeus.

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The letter is just one part of the Democrats flexing their newfound muscle on foreign policy and the strategy in Iraq.

Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Foreign Relations Committee, announced a schedule of four weeks of hearings to look at U.S. strategy in Iraq, while Sen. Edward M. Kennedy, Massachusetts Democrat and chairman of the Judiciary Committee's immigration and refugees subcommittee, will hold a hearing on Iraqi refugees.

If Mr. Bush does choose to increase the number of U.S. troops in Iraq -- something Mr. Snow said had not been decided yet -- he will have the backing of two prominent senators: Sen. John McCain, Arizona Republican, and Sen. Joe Lieberman, Connecticut independent.

Speaking together at the American Enterprise Institute, the two lawmakers endorsed a strategy of increasing troops and shifting from training Iraqi security forces to protecting the Iraqi people. Mr. McCain said that the increase must be significant and sustained, and that Americans must be prepared for more casualties, but that the fight is necessary.

"There is somehow the belief, that I don't quite comprehend, that we just come home and then it's over," Mr. McCain said.

Mr. Lieberman warned that leaving Iraq at this juncture would lead to a complete collapse of the country, chaos that would spread across the region and inflame greater Islamic extremism.

Both men also endorsed the change in military leadership.

The military shake-up was coupled yesterday with Mr. Bush nominating John D. Negroponte to become the deputy secretary of state, and nominating retired Vice Adm. Mike McConnell to fill Mr. Negroponte's current slot as director of national intelligence.

Reid And Pelosi Warn Bush Against "Surge" (RC)

By John Stanton

RollCall.com, January 5, 2007

Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) today rejected an expected Bush administration proposal to sharply increase the number of U.S. troops in Iraq and called on the administration to drop the “surge proposal.”

In a letter to President Bush, Pelosi and Reid called the plan little more than a retread of the administration’s previous failed attempts to quell the violence in Iraq. “Surging forces is a strategy that you have already tried and that has already failed,” Pelosi and Reid wrote in the letter, adding that, “like many current and former military leaders, we believe that trying again would be a serious mistake. They, like us, believe there is no purely military solution in Iraq. There is only a political solution. Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain. And it would undermine our efforts to get the Iraqis to take responsibility for their own future. We are well past the point of more troops for Iraq.”

The sharply worded letter — the first formal communication between the two new leaders of Congress and Bush — comes as the president is preparing for a major address to the nation on the Iraq War and his plans for overhauling his administration’s approach to prosecuting the conflict.

Democrats Blast Bush's Iraq "Surge" Policy (HILL)

By Elana Schor

The Hill, January 5, 2007

Democratic congressional leaders Friday issued a warning to President Bush on his publicly signaled plans to escalate the U.S. troop presence in Iraq, presaging four weeks of Senate hearings that promise to bring sharp scrutiny and criticism for the White House’s war policy.

Senate Majority Leader Harry Reid (D-Nev.) and Speaker Nancy Pelosi (D-Calif.) sent a letter to Bush requesting he abandon plans for a troop “surge” in an all-out bid to stabilize Iraq, calling the strategy one “you have already tried and that has already failed.” Reid and other Senate Democratic leaders reiterated their strong disapproval of the Bush gambit during an all-day retreat at the Library of Congress.

“The people of this country no longer support the war in Iraq,” Reid told reporters, adding that Democrats are willing to work with the president but “we believe the tactic would be a serious mistake.”

Reid had previously voiced tentative openness to the surge proposal, telling ABC News’ “This Week” on Dec. 17 that he could back temporary military escalation if it were part of a strategy to withdraw from Iraq by next year. The majority leader, who supported last year’s Democratic call for an immediate start to withdrawal, said he heeded the words from U.S. commanders in Iraq who also rejected the surge.

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"The president said he was going to listen to his commanders," Reid said. Referring to the pending arrivals of a new chief of U.S. Central Command and a new senior commander in Iraq, Reid added: "I know he's going to shuffle some of them out, obviously because they're not telling him what he wants to hear."

The Senate Foreign Relations Committee Tuesday will begin four weeks of in-depth hearings on the war, starting with a closed briefing from intelligence officials and featuring testimony from Secretary of State Condoleezza Rice, committee Chairman Joseph Biden (D-Del.). Sen. Richard Lugar (Ind.), the panel's ranking Republican, fully endorsed the ambitious schedule, but Reid and Pelosi's letter earned criticism from one Senate GOP leader.

"In less than 24 hours after opening the new Congress, with calls of working together in the sprit of bipartisanship and putting aside divisive rhetoric, it is disappointing, and more than a touch ironic, that the Democratic leadership has decided to start criticizing this new approach even before it is announced," Sen. Jon Kyl (Ariz.), Republican conference chairman, said in a statement.

Kyl harkened back to Thursday's bipartisan Senate caucus, which emphasized bipartisanship and comity: "In the spirit of national unity, we should at least hear what the president proposes before we criticize it; and once we hear him out, work together in giving his proposals an opportunity to work."

Democrats Step Up Iraq Pressure (BBC)

BBC.com, January 5, 2007

US Democrat leaders have urged President George W Bush not to increase troop levels in Iraq, days before he is expected to announce such a move.

The Democrats, in control of Congress for the first time in 12 years, stepped up pressure ahead of Mr Bush's new policy initiative on Iraq.

The administration has confirmed it is replacing two top US military leaders in Iraq as part of the new strategy.

Mr Bush also announced a new national intelligence director.

'Political battle'

On the first full day of Democratic control of Congress, the new leaders of both Houses called on Mr Bush not to raise troop levels in Iraq.

Correspondents say the president's policy initiative could include a deployment of 10,000 to 20,000 fresh troops in and around Baghdad to disarm militia groups there.

Nancy Pelosi and Harry Reid called for a phased withdrawal of forces

But in a letter to the president, Senate Democratic Leader, Harry Reid, and House of Representatives Speaker, Nancy Pelosi, said adding more combat troops would stretch the US military to breaking point with no strategic gain.

They instead urged a phased redeployment of US forces, starting in four to six months, with a re-emphasis on training, logistics and counter-terrorism operations in Iraq.

The BBC's Justin Webb in Washington says this is an aggressive move from the Democrats, setting the stage for a huge political battle.

Mr Bush cannot be prevented from sending more troops, our correspondent says, but he may pay a big political cost if the deployment is carried out amid fierce congressional opposition.

Top Democrats Balk At Troop Surge (BOS)

By Bryan Bender, Globe Staff

The Boston Globe, January 6, 2007

Pelosi, Reid send warning to Bush

WASHINGTON -- President Bush's anticipated decision to increase troop levels in Iraq set off a pitched battle yesterday as newly empowered Democrats warned the White House against an escalation of an unpopular war while two influential senators who want to send more forces drew hundreds of anti war protesters when they appeared at a conservative Washington think tank.

To preempt Bush's scheduled announcement of a new Iraq strategy on Wednesday, House Speaker Nancy Pelosi and Senate majority leader Harry Reid told the president that sending thousands more troops into combat is a bad idea, declaring that "no issue is more important than finding an end to the war in Iraq."

The increase, described as a "surge" of forces, "is a strategy that you have already tried and that has already failed," the Democratic leaders wrote in a letter delivered to the White House yesterday. "Like many current and former military leaders, we believe that trying again would be a serious mistake."

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Several House committee chairmen agreed with the letter and vowed to fight such a decision.

Meanwhile, anti war demonstrators -- chanting and carrying "No Escalation in Iraq" placards -- stood in the rain outside the American Enterprise Institute in downtown Washington, where proponents of the surge plan convened at a forum featuring Senators John McCain of Arizona and Joseph I. Lieberman of Connecticut. McCain, a Republican, and Lieberman, an independent, agree with the idea of sending more troops to Iraq.

"Escalating the number of troops is only going to escalate the violence," said protester Tim Goodrich , co founder of Iraq Veterans Against the War, standing near the American Enterprise Institute yesterday. The liberal grass-roots organization MoveOn.org had enlisted Goodrich and others to demonstrate.

Democrats believe Bush is about to dispatch up to 40,000 more troops to the war, an attempt to stem the rising violence in Baghdad. Despite taking both houses of Congress on an antiwar platform, party leaders worry they can't do much to stop the president -- short of the politically unpalatable move of ending funding for the war.

"We don't have many options," said Representative Solomon Ortiz , a Texas Democrat set to oversee military readiness issues. "If the president decides he is not going to wait for us to have hearings and the troops are going there, we are going to be criticized by the American public if we don't support them."

"He is going to send them," Ortiz added, "and we're going to have to pay for it."

Some congressional aides raised the prospect that lawmakers could place conditions on war funding, such as refusing to pay for additional military brigades. But they doubted such measures would have any effect: As a wartime commander in chief, Bush can simply ignore them.

Skepticism of the surge plan has come from a variety of quarters, including the top military brass.

General John Abizaid , commander of US forces in the Middle East, has testified in the Senate against more troops. The senior commander in Iraq, General George Casey, has warned that additional troops could further inflame the situation.

The Joint Chiefs of Staff have reportedly expressed reservations about the surge plan in recent meetings with the president and his national security team. Senator Richard Lugar, a Republican of Indiana and former chairman of the Senate Foreign Relations Committee, has also questioned the logic of sending more troops.

"This is a political decision, not military strategy," said Representative Neil Abercrombie , a Democrat of Hawaii who is set to chair a key House subcommittee on the military. "There is simply no reasonable expectation that an additional 15,000 to 20,000 US troops in Baghdad is going to suddenly and miraculously stop Iraqis from killing Iraqis. In fact, there is a great deal of evidence and judgment to the contrary."

Still, there is growing support for one last show of military force to clamp down on the violence in Baghdad. And McCain and Lieberman, the primary supporters of that strategy, were the key participants at the AEI forum yesterday.

The institute has released an updated blueprint for salvaging the Iraq mission, chiefly through a larger US military commitment. The escalation plan is the brainchild of American Enterprise Institute scholar Frederick W. Kagan , and retired Army General Jack Keane , a member of the Pentagon's Defense Policy Board who has recently briefed Bush on the need for additional troops.

Because AEI was the intellectual breeding ground for many of the Bush administration neoconservatives who originally championed the war, some were puzzled by AEI's continued influence on White House policy. Bush "appears to be taking advice from the very same people who advised him in 2002 and 2003," said Chris Preble , director of foreign policy studies at the libertarian Cato Institute.

Yet the AEI plan appears to be at the forefront of administration deliberations.

"Victory is still an option in Iraq," the AEI report declares. "The strategy of relying on a political process to eliminate the insurgency has failed. Rising sectarian violence threatens to break America's will to fight. This violence will destroy the Iraqi government, armed forces, and people if it is not rapidly controlled."

The report called for adding a total of seven Army brigades and Marine regiments as partners with Iraqi forces in Baghdad and "clear high-violence Sunni and mixed Sunni-Shia neighborhoods" of the city. The authors acknowledged the strategy will take "a national commitment to victory in Iraq," including longer tours for ground troops for the foreseeable future.

Achieving such a commitment, however, seemed a longshot.

"It is a profoundly bad idea on so many levels," said Ortiz. "More troops mean more targets for all sides in this expanding civil war."

Representative Marty Meehan , a Lowell Democrat and senior member of the House Armed Services, said yesterday he is drafting a resolution to express congressional disapproval of any major increase in US force levels. "The time for a surge in troops was three and a half years ago," he said. "It's too late."

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In sizing up the surge debate, several observers used the Vietnam War as an analogy, noting that even though support for that war plunged after the Tet Offensive in January 1968, President Lyndon Johnson continued to send troops. They remained in Vietnam for seven more years.

"I don't know what they can do," one congressional aide said of the Democrats' prospects to influence the president's decision, noting that Johnson was known as a stubborn president. Bush "is at least as headstrong as LBJ."

Senators Back Call For More Troops In Iraq (FT)

By Edward Luce

Financial Times, January 6, 2007

John McCain, the leading Republican presidential hopeful, on Friday strongly endorsed a neo-conservative think-tank report that many see as the basis for the "new way forward in Iraq" strategy that George W. Bush will unveil next week.

Mr McCain, who shared a platform with Joe Lieberman, the independent Democratic senator and former vice-presidential candidate, said Mr Bush's expected "surge" of US forces to Iraq should persist until the job of stabilising the security situation has been achieved.

The report, "Choosing Victory: A Plan for Success in Iraq", was sponsored by the American Enterprise Institute and authored by Frederick Kagan. The senators on Friday strongly rejected last month's findings of the Iraq Study Group, which eschewed the word "victory" in its report.

"The troop surge must be substantial and it must be sustained," Mr McCain told an audience at the AEI. "It will mean extra hardships for our men and women in uniform and the violence will get worse before it gets better."

The two senators strongly rejected the Democratic leadership's call for a timeline for the phased withdrawal of US troops from Iraq, which they said would play into the hands of the insurgent groups and militias which would simply await the expiry of the deadline.

Nancy Pelosi, the new Democratic speaker of the House of Representatives, and Harry Reid, the Democratic Senate majority leader, on Friday issued a statement urging Mr Bush to pull back from announcing the expected "surge".

They said it would cut against the verdict of the US electorate in last November's midterm elections.

"Rather than deploy additional forces to Iraq, we believe the way forward is to begin the phased redeployment of our forces in the next four to six months," they said.

However, officials say Mr Bush will base his strategy on conviction rather than opinion polls or the views of the Democratic party.

On Friday Mr Bush appointed David Petraeus, a widely respected general, to replace George Casey in charge of US forces in Iraq.

Gen Petraeus has twice served in Iraq as head of the 101st Airborne division and is considered the person best suited to head a strategy that would focus US forces primarily on "clear, hold and build" operations aimed at winning the confidence of the Iraqi population.

The main target areas would be Baghdad, the capital, and the primarily Sunni al-Anbar province.

Troop Surge Can't Be Brief, Backers Insist (LAT)

By Peter Spiegel, Maura Reynolds, Times Staff Writers

The Los Angeles Times, January 6, 2007

Some GOP senators facing reelection want conditions on Iraq.

The leading advocates of an increase in U.S. forces in Iraq warned President Bush on Friday that any buildup lasting less than 18 months was doomed to fail, and urged the White House to avoid compromises that would scale back the plan.

The hard line taken by such backers as Sen. John McCain (R-Ariz) and retired Army Gen. Jack Keane comes as the Bush administration continues to debate the size and the scope of an expected troop increase. White House spokesman Tony Snow said Bush has "not entirely" made up his mind, even as he reorganized his top war advisors and began meeting with key members of Congress in advance of a major address next week.

Bush faces growing unease about an extended buildup among some congressional Republicans, who are concerned that it could stretch into the 2008 election season and doom their reelection chances. In the Senate, there are about five to 10 such Republicans, according to GOP aides, who are expected to push for time limits or firm conditions in return for backing the increase.

"For any kind of a surge, they would have to show that the surge itself was limited," said one senior Republican leadership aide. "It would have to be 6 months or a year, tops."

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However, a strategy advocated by McCain and Keane, who has advised Bush on Iraq policy, calls for about 30,000 additional troops who would remain in Iraq from 18 months to two years. About 140,000 U.S. troops are now in Iraq. The plan has heavily influenced administration thinking and has strong advocates within the Pentagon and White House, setting up tension between those advocating a broad troop buildup and supporters of a more limited increase.

"The worst of all worlds would be a short, small surge of U.S. forces," McCain said at a forum on the final version of the plan, developed by Keane and Frederick Kagan, a military analyst at the American Enterprise Institute, a conservative Washington think tank. "This troop surge [must be] significant and sustained; otherwise, don't do it."

Advocates of the plan say a large, sustained increase is needed to hold and rebuild pacified Baghdad neighborhoods, which have seen a return of sectarian violence once overstretched U.S. troops move onto other parts of the capital. A short-term or limited troop increase would allow insurgents and sectarian death squads to wait out the U.S. offensive, advocates argue.

"The enemy always expects us to surge and leave," said Kagan, a former faculty member at the U.S. Military Academy. "If we surge for 3 or 6 months and then pull our forces back, the enemy will be right there waiting."

But a more substantial buildup appears to be running into opposition from some within the president's own party. The senior Republican leadership aide said that GOP skeptics in the Senate either oppose or have significant reservations about a troop increase.

"We have people on all sides of this. We're all over the map," the aide said, speaking on condition of anonymity while discussing internal party deliberations.

Only three of those Republican skeptics have gone public so far — Sen. Gordon Smith (R-Ore.), Sen. Norm Coleman (R-Minn.) and Sen. John Sununu (R-N.H.). All three are Republicans in states with a large Democratic electorate and are facing reelection in 2008. Some Republicans fear the buildup will be seen as an escalation of the current policy.

"Some are calling this 'staying the course — super-sized,'" said a senior staffer for a skeptical Republican moderate.

McCain said he believed any Republican fence-sitters would rally around the president once the plan is announced, which could come as soon as Wednesday.

"Most of my Republican colleagues are waiting to hear the president," McCain said. "I think you'll see, at the end of the day, most Republicans will support the president's proposal."

The new Democratic leadership in Congress came out forcefully Friday against any increase in troops, calling on Bush in a letter to reject calls for escalation, arguing it would allow the Iraqi government to delay taking over responsibility for their own security.

The letter, signed by House Speaker Nancy Pelosi (D-San Francisco) and Senate Majority Leader Harry Reid (D-Nev.), said their views were shared by senior military leaders and warned that an increase could overstretch U.S. ground forces.

"We're willing to work with the president on a new way forward, but the surge is not the way forward," Reid said at a news conference. "The president said he was going to listen to his commanders, but if he listens to his commanders he can't do this. I know he's shuffling some of them out, I've been told it's because they're not telling them what he wants to hear."

Other leading Democrats, however, appeared to be more open to the proposal.

Sen. Carl Levin (D-Mich), chairman of the Senate Armed Services Committee and a backer of plans to gradually withdraw troops from Iraq, said he could support an increase in troops as long as the Iraqi government took concrete steps to achieve political reconciliation within the country before new forces were sent.

"That at least puts pressure on Iraqis," Levin said. "That's what I would call 'hard conditionality.'"

Bush continued his reorganization of his Iraq team ahead of next week's strategy announcement. In the latest shift, Bush named Gen. George W. Casey Jr., the U.S. ground commander in Iraq for the last two years, as the Army's new chief of staff, taking over from Gen. Peter J. Schoomaker, whose term expires in August.

The move was widely anticipated while Donald H. Rumsfeld was Defense secretary, but there had been speculation within the Pentagon that Casey would retire, given the administration's shift away from his strategy in Iraq.

Bush also confirmed reports he would replace Casey in Iraq with Army Lt. Gen. David H. Petraeus, believed to be an advocate of a more complex counterinsurgency campaign, and would nominate Navy Adm. William J. "Fox" Fallon as the new head of U.S. Central Command, the military's Middle East headquarters being vacated by retiring Army Gen. John P. Abizaid.

Bush also formally nominated retired Navy Vice Adm. J. Michael McConnell as the new director of national intelligence, replacing John D. Negroponte, who is moving to become the No. 2 official at State.

There were hints that even more moves were in the works. John Hillen, the State Department assistant secretary in charge of political and military affairs who played a key role in the agency's efforts in Iraq, has made plans to leave the department this month. His departure comes after only 15 months in the job.

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Bush is also expected to name Zalmay Khalilzad, the U.S. ambassador to Iraq, to become the new envoy to the United Nations, to be replaced by Ryan Crocker, currently the U.S. envoy to Pakistan. Khalilzad will take the place of John R. Bolton, who left the job at the end of a recess appointment when it became clear he did not have Senate backing to remain in the post. As part of his ongoing consultations in advance of his announcement next week, Bush and members of his national security team met Friday with a group of 15 senators to discuss Iraq policy.

According to senators in attendance and White House officials, Bush did not disclose any details of his thinking. Congressional aides said the White House did not intend to brief their leaders on specifics of his plan until Wednesday, just hours before Bush delivers the nationwide speech, a move that has angered Reid.

Despite the lack of details, Sen. Ben Nelson (D-Neb.), one of those who attended the meeting in the Cabinet Room, said in an interview that Bush's plan appeared likely to include a substantial buildup.

"I did walk away believing that a surge of some sort will be part of any plan," Nelson said. "But I do believe ... another part would be a set of conditions for the Iraqis to go through, for Prime Minister [Nouri] Maliki to go through."

Other senators in attendance said there was widespread skepticism among both Democrats and Republicans about the troop increase. Many advocated inclusion of strict guidelines and benchmarks to prod the Iraqi government into action.

"I would say that they were all opposed to it unless he come up with some spectacular idea and a way to measure that idea," said Sen. Blanche Lincoln (D-Ark.), another participant. "They weren't unequivocally against it, but most would say ... the burden of proof was on the president."

Added Nelson: "I don't think there was anything partisan about the skepticism. But the message was, tell us more and when you tell us more we can make up our minds."

Sen. Mark Pryor (D-Ark.) told the president that "he has the burden of proof" if he wants to send more troops.

"He has to show the American people what we do next," Pryor said.

The assertion by Snow, the presidential spokesman, that Bush has yet to make up his mind on the plan was echoed in other parts of the government, and there are indications the White House is considering options short of a full-scale, long-term buildup.

Although the most likely scenario includes an increase of 20,000 troops, another option is a gradual increase of forces, which could see a portion of new forces sent into Iraq while other brigades are kept in the U.S. or Kuwait as backup forces.

Iraqi Politicians Divided Over U.S. Envoy (WP)

By Joshua Partlow, Washington Post Foreign Service

The Washington Post, January 6, 2007

Khalilzad's Expected Departure Pleases Shiites, Worries Sunnis

BAGHDAD, Jan. 5 -- The news of the expected departure of U.S. Ambassador Zalmay Khalilzad split Iraqi politicians along sectarian lines, with members of the ruling Shiite alliance voicing eagerness for him to leave and minority Sunnis expressing concern at the loss of an ally.

Members of the U.S.-backed government in Iraq have grown increasingly frustrated with what they see as Khalilzad's efforts to reach out to Sunni groups, and many argue that the U.S. military confronts Shiite militias more aggressively than it does Sunni insurgents.

With both Iraqi and U.S. governments considering new strategies to stem the violence in Baghdad, including increasing the number of U.S. troops, the time seems right for new leadership, Iraqi politicians said Friday.

"Lately there has been a lot of criticism by the Shiites against [Khalilzad], saying he is pro-Sunni. A new face with this new strategy, possibly that would be more effective," said Mahmoud Othman, a senior Kurdish legislator who is regarded as independent.

U.S. officials have said they expect Khalilzad to be replaced by Ryan C. Crocker, the current U.S. envoy to Pakistan, who worked in Iraq earlier in his career. President Bush also picked Army Lt. Gen. David H. Petraeus, who is credited with reducing sectarian violence in the northern Iraqi city of Mosul, to replace Gen. George W. Casey Jr. as the top U.S. commander in Iraq.

Shiite officials have been critical of some U.S. military operations targeting the Mahdi Army, the vast militia led by Shiite cleric Moqtada al-Sadr. Khalilzad said in March that the militias posed the greatest threat to Iraq's stability.

In October, the Iraqi government ordered the United States to remove blockades around Sadr City, the Baghdad slum that is home to many Mahdi Army militiamen.

"Obviously, they're not great fans of Khalilzad," said an official in Prime Minister Nouri al-Maliki's government who spoke on condition of anonymity. Khalilzad's efforts have "failed in reducing the number of attacks, either on Iraqis or Americans, and at the same time it created a negative attitude toward the Americans amongst the Shia."

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U.S. Embassy officials have said that they do not favor one sect over the other and that reducing the violence requires difficult compromises for all parties.

Sunni lawmakers said Khalilzad's deep knowledge of Iraq's complex political landscape and his openness to Sunni concerns will be missed. Khalilzad is a Sunni Muslim of Afghan descent.

"It is an American decision, and we respect the American decision," said Alaa Makki, a leading Sunni legislator. "But nevertheless, we want those people to be close consultants to the Iraqi field, people who have lived the problem -- they didn't read or hear about the problems."

Mithal Alousi, a secular Sunni lawmaker who considers the ambassador a friend, said Khalilzad's expected appointment as U.S. envoy to the United Nations could help attract more international support for Iraq.

The replacement of top U.S. officials would be a "very good tactical move," Alousi said. "We're talking about a new state and a new strategy, and I think it will be very useful to have a fully new team."

But in the fourth year of violence in Iraq, and with the continuing presence of U.S. troops, some Iraqi leaders express resignation about whether new U.S. leaders on the ground can make a difference.

"I think it all depends on the Iraqis, the political leaders and the religious leaders," Othman said. "I don't think outside countries could solve their problem."

"The American strategy is fixed and obvious and doesn't change by the changing of personnel or leaders," said Nassar al-Rubaie, the leader of a bloc in parliament loyal to Sadr. "While they were counting on the American forces and were not giving wide authority to the prime minister, the security situation was deteriorating, and this will keep happening even if they increase the forces to 10 times the ones that already exist."

A U.S. Embassy spokesman in Baghdad declined to comment on Khalilzad's plans.

The violence in Iraq continued on Friday. A 28-year-old Associated Press photographer, Ahmed Hadi Naji, was found shot in the head several days after he went missing in Baghdad, the news service reported.

Also, a U.S. citizen was reported kidnapped Friday morning in northern Basra, a city in the south of Iraq. U.S. Embassy officials said they were looking into the reports.

Zalmay Khalilzad, On To A New Trouble Spot (NYT)

By Helene Cooper

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — In successive tours in Afghanistan and Iraq, Zalmay Khalilzad earned a reputation as a high-flying, independent, smooth operator — an Afghan-born problem solver who worked with two fragile countries recently invaded by the United States to try to cobble together stability.

Now, as President Bush's choice to become the next ambassador to the United Nations, Mr. Khalilzad is headed to another American trouble spot, though his record would suggest that he is less likely to ruffle bureaucratic feathers than his predecessor, John R. Bolton, who often seemed to regard the organization as a foe.

Mr. Khalilzad joined the Bush administration as a well-known, neoconservative hawk, in the style of Paul D. Wolfowitz, the former deputy defense secretary. Born in Afghanistan and educated in Beirut and the United States, Mr. Khalilzad, as a policy planner in President Reagan's State Department during the 1980s, argued that the United States should arm Afghanistan's mujahedeen.

He was America's first ambassador to Afghanistan, where he became known as the "viceroy," a term evocative of colonialism. He became known for his ability to weave through warring tribal factions and his ability to quickly get senior Afghan officials on the phone or to summon them to his office, including President Hamid Karzai.

In 2005, he was sent to Iraq, where he failed the task of bringing stability, but succeeded in helping Iraqis to agree on a Constitution. Arriving in Baghdad, he quickly recognized that his marching instructions from Washington — that Iraq's Constitution should reflect a strong central government with strong control over the country's oil resources — were not achievable. Mr. Khalilzad advised his bosses that any deal on an Iraqi Constitution would have to provide for greater regional control over the country's oil fields, a key demand of Iraq's Kurdish population.

"He was pragmatic to see that the instructions he had were not achievable, and he had enough clout in Washington to get them changed," said Peter W. Galbraith, the former United States ambassador to Croatia and the author of "The End of Iraq."

Mr. Bolton, the fiery former ambassador, could not have done that, Mr. Galbraith and other current and former diplomats said, because Mr. Bolton seemed to view the world in starker terms of black and white, and shied away from compromise, even though that approach is prized at the United Nations. The blunt-spoken Mr. Bolton's confrontational style often conflicted with the understated ways of the United Nations.

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Mr. Khalilzad is no shrinking violet but he is less confrontational, people who have worked with both men at the State Department said. "I think he will be welcomed and will get a good response at the U.N., because of his experience, but also simply because he's following John Bolton, who broke a lot of crockery," said Mitchell B. Reiss, a former policy and planning director at the State Department who is now vice provost at the College of William and Mary.

Zalmay Mamozy Khalilzad, known as Zal to his colleagues and friends, was born on March 22, 1951, in Mazar-i-Sharif, Afghanistan, to an urbanized, highly educated and outward-looking Kabul family. During his high school years, Mr. Khalilzad attended the Ghazi Lycée in Kabul, a rigorous, elite school, and went out for the Afghan national basketball team.

He attended the American University of Beirut and then the University of Chicago, where he studied under Albert Wohlstetter, the innovator in strategic nuclear doctrine. Mr. Khalilzad received his Ph.D. in 1979, taught political science at Columbia University and joined the State Department in 1984. He is married to Cheryl Bernard, a political analyst with the RAND Corporation. They have two children, Alexander and Maximilian.

Mr. Khalilzad, a Sunni Muslim, is known at the State Department for his staunch — some say, swaggering — belief that he is a deal broker who can solve any problem. State Department staffers sometimes joked that Mr. Khalilzad, who has advocated talking to Iran, might one day go off script, personally meet with Iran's ruling mullahs and return to inform his bosses that he had worked everything out in American-Iranian relations.

During his time as the United States ambassador to Iraq, Mr. Khalilzad received permission from Secretary of State Condoleezza Rice to hold talks with Iran about the deteriorating security situation in Iraq. But those talks never happened, although Ms. Rice has consistently referred to "the Zal channel" as an option that the United States could use at any time if Bush officials decided they wanted to talk to Iran.

Mr. Khalilzad speaks Arabic and Persian and often fingered worry beads during long sessions with Sunni and Shiite leaders in Iraq. The fact that he is a Sunni Muslim did not always play well among Iraq's majority Shiite population, and he was sometimes viewed with suspicion and sometimes accused of favoring Sunnis.

In recent months, he has told colleagues that he was ready to leave Iraq. He was considered for the position of Ms. Rice's deputy, the job for which John D. Negroponte has been nominated.

State Department officials said they expected Mr. Khalilzad would get along better with bureaucrats at the United Nations than did Mr. Bolton, but noted that they still expected him to carry on America's agenda for change.

Ryan Clark Crocker, A Diplomat Used To Danger (NYT)

By Scott Shane

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — When Ryan C. Crocker was trying to improve his Arabic in the late 1970s, he traveled to Jordan, made contact with a desert tribe and settled in for some hands-on training a little different from the standard State Department regimen.

"He wound up being a shepherd for a week or two, chasing down stray sheep and living with the Bedouin," said Frederic C. Hof, a retired Army officer and author on the Middle East who recalls reading Mr. Crocker's official report on the trip when they were in language training.

Mr. Crocker, President Bush's choice as the new ambassador to Iraq, has brought the same intensity to his three-decade diplomatic career, amassing a record of Middle East and South Asia experience possibly unrivaled in the United States Foreign Service.

He has served as ambassador to Lebanon, Kuwait, Syria and, since 2004, Pakistan. He reopened the American Embassy in Afghanistan after the fall of the Taliban. And he knows Iraq well; he worked there in the 1970s, led the State Department's Iraq-Kuwait task force during the Persian Gulf war in 1991 and returned to Baghdad for four months after the 2003 invasion as director of governance for the Coalition Provisional Authority.

In confronting Iraq's sectarian mayhem and the baffling mix of religious, political and tribal interests, he will be able to draw on many years of immersion in trouble spots with similar problems, including Beirut, where he survived the embassy bombing in 1983.

"He's an absolutely first-rate professional who will manage the job with skill and sensitivity," said Edward S. Walker Jr., president of the Middle East Institute and a former American ambassador to Egypt and Israel. "He has the cultural understanding that's so important to working in that region and that country."

Still, Mr. Walker said, the situation in Iraq is so intractable that it may prove impossible for any envoy to affect events decisively. "We're facing a division in Iraq that may be beyond anyone's capacity to heal," he said.

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Assuming he is formally nominated and confirmed by the Senate, Mr. Crocker, 57, will succeed three men who had very different approaches to the job of top American representative in Baghdad. L. Paul Bremer III, who led the Coalition Provisional Authority, had little experience in the region and exercised control over emerging Iraqi leaders that critics found heavy-handed.

John D. Negroponte, the first ambassador to the new government, took the opposite approach, encouraging Iraqis to take on responsibility and trying to remain in the background. Zalmay M. Khalilzad, who succeeded Mr. Negroponte, has taken a far stronger hand in pressing for reconciliation between the Shiite majority and the Sunni minority.

Former colleagues say Mr. Crocker is likely to be a less public presence in the Iraqi capital than Mr. Khalilzad, though they say he will work assiduously behind the scenes for the political accommodation necessary to reverse the slide to civil war.

They describe Mr. Crocker as a tough boss who drives himself as hard as he drives his staff. An accomplished marathon runner, he runs several miles early every morning, even in such danger spots as Beirut, where he was trailed by burly security guards who sometimes had to hop on bicycles to keep up.

Robin L. Raphel, a senior diplomat who worked with Mr. Crocker in Baghdad in 2003, said he was responsible for helping to put together the Iraqi Governing Council, the provisional government that oversaw the country for a year after the fall of Saddam Hussein.

"He's a very good persuader and negotiator," Ms. Raphel said. "He has the background on a lot of the important figures in Iraq, and he's very good at sussing out who's who."

A former colleague who agreed to speak of Mr. Crocker candidly on condition of anonymity called him "incredibly hard-working, very serious, a little introverted."

"I'd say he's more respected than loved in the State Department," the colleague said, "but he certainly is respected. He's done the dirtiest, hardest assignments you can imagine."

In Pakistan, Mr. Crocker has proved to be an "old school" ambassador who has put only limited pressure on President Pervez Musharraf, the military ruler who has sometimes frustrated the Bush administration by failing to act decisively against Al Qaeda and other militant groups, said Husain Haqqani, professor of international relations at Boston University.

"He's not somebody who will come up with a new grand strategy to change the world," said Mr. Haqqani, a former Pakistani government official. "But attempts to craft grand strategy have caused a lot of upheaval in American diplomacy."

Born June 19, 1949, in Spokane, Wash., Ryan Clark Crocker grew up in an Air Force family and attended school in Morocco, Turkey and Canada, as well as the United States. He graduated from Whitman College in Walla Walla, Wash., in 1971 and took his first Foreign Service assignment to the American Consulate in Khorramshahr, Iran, in 1972. He later worked in the embassies in Qatar, Iraq and Egypt. Because he prefers working overseas, he has rarely worked in Washington, but did hold a few posts there, including deputy assistant secretary of state for near eastern affairs.

He is married to Christine Barnes, a retired Foreign Service secretary, whom he met in Baghdad in 1979. Friends say they own property in the Willamette Valley of Oregon, where a friend said they discussed retiring before Mr. Crocker was named to his current post.

Now Mr. Crocker will face what is likely to be the most demanding assignment of his long career. "He's capable of doing the juggling act required in Iraq," Mr. Haqqani said. "Let's hope he does it well."

A New Commander, In Step With The White House On Iraq (NYT)

By Michael R. Gordon

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — The selection of Lt. Gen. David H. Petraeus to serve as the senior American commander in Iraq signals an important turn in United States strategy.

As a supporter of increased forces in Iraq, General Petraeus is expected to back a rapid five-brigade expansion, in sharp contrast to his predecessor, Gen. George W. Casey Jr., who has been openly skeptical that additional troops would help stabilize the country.

Having overseen the recent drafting of the military's counterinsurgency manual, General Petraeus is also likely to change the American military operation in Baghdad. American forces can be expected to take up positions in neighborhoods throughout the capital instead of limiting themselves to conducting patrols from large, fortified bases in and around the city.

The overarching goal of the American military operation may be altered as well. Under General Casey, the principal focus has been on transferring security responsibilities to the Iraqi security forces, so American troops could gradually withdraw. Now, the emphasis will shift to protecting the Iraqi population from sectarian strife and insurgent attacks.

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Since his appointment was disclosed Thursday, General Petraeus has not spoken publicly about his plans for Iraq. But the doctrine he has advocated suggests that he will want all five of the combat brigades slated to go to Iraq as quickly as possible instead of waiting for them to be phased in.

Before the selection of General Petraeus, there was some doubt about whether the top Iraq commander would be an enthusiastic executor of the new strategy President Bush is preparing to unveil next week — one that could send 20,000 new troops to Iraq. Now, the White House will have an articulate officer to champion and shape that strategy, an important asset for an administration that has decided to buck the tide of public opinion by deepening the American military involvement in Iraq. While some Democratic lawmakers have insisted that any increase be limited to a few months, neither the While House nor General Petraeus would support such a deadline.

To many civilians, the military seems monolithic. But in fact, there has been a lively debate behind the scenes about the best way to achieve the United States' objectives in Iraq — or at least to preserve a measure of stability as sectarian passions threaten to engulf the country.

At one end of the spectrum have been General Casey, Gen. John P. Abizaid, the head of the United States Central Command, and Lt. Gen. Martin Dempsey, who is in charge of training Iraqi security forces.

They have advocated plans to hand over security responsibilities to the Iraqis while gradually reducing American forces and shrinking the number of American bases in Iraq, as conditions permit. Their argument has been that a lengthy expansion of American forces in Iraq will simply put off the day when Iraqis take more responsibility for their security.

Taking a different view, other officers have argued for sending more troops while stepping up economic efforts, the better to apply the military's new counterinsurgency doctrine. Progress in stabilizing Iraq, they argue, will come only when the Iraqi public does not feel that it needs militias or insurgent groups to ensure its security, and when it concludes that its basic economic needs are being met.

Training and advising the Iraqi forces should continue to be an important priority, these officers have argued, but the Iraqis cannot be expected to shoulder the brunt of the security effort so quickly.

General Petraeus has been squarely in this camp, as was reflected in the military's new counterinsurgency field manual.

The United States has sought to apply the basic lessons of counterinsurgency operations in Baghdad before — most notably during Operation Together Forward II, the second phase of an effort begun over the summer to reduce violence in Baghdad.

But that effort foundered when the United States and Iraqi authorities failed to marshal sufficient forces to hold neighborhoods after they were cleared of insurgents and militias, and when the Iraqis failed to follow through with the job and reconstruction programs that were intended to win over Iraqi citizens.

By all accounts, Mr. Bush plans to announce an expanded military and economic push. But the United States will still have to contend with the political realities in Iraq, including a Shiite-dominated government that has often seemed more sectarian than inclusive, and may not prove enthusiastic about a larger and more visible role for the Americans.

At 54, General Petraeus has a long Army record and a diverse array of contacts and supporters. Having earned a Ph.D. in international relations from Princeton University's Woodrow Wilson School, he invited experts from Harvard, nongovernmental organizations and policy groups to review an early draft of the counterinsurgency manual.

During the invasion, he led the 101st Airborne Division, which sought to emphasize economic and political reconstruction efforts in northern Iraq.

When L. Paul Bremer III, the second American civilian administrator of Iraq, formally abolished the Iraqi Army without announcing a plan to pay the former soldiers, General Petraeus approached one of Mr. Bremer's aides and delivered a clear message. The decision to leave Iraqi soldiers without a livelihood was prompting angry protests and putting the lives of American soldiers at risk. Mr. Bremer later decided to pay the Iraqi troops.

In June 2004, General Petraeus was charged with training the new Iraqi Army, a position he held for more than a year. It is a mission that is critical to American efforts in Iraq but which is as yet a mixed success.

As the senior American officer in Iraq, General Petraeus will work with Lt. Gen. Raymond T. Odierno, a subordinate who has day-to-day command of the forces and who also supports a troop increase.

Instead of immediately confronting the Mahdi Army, the Shiite militia led by the cleric Moktada al-Sadr, the initial strategy is likely to be more subtle: by trying to tamp down sectarian killings, American troops — and the Iraqi forces they are partnered with — will try to reduce the population's reliance on militias for security, making it easier for the government of Prime Minister Nuri Kamal al-Maliki to take the long-promised step of limiting the role of the militias.

Whether a modicum of stability can be achieved amid the violence and sectarian agendas in Iraq is uncertain at best. But General Petraeus seems determined to give the military's new counterinsurgency plan its most ambitious field test.

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Pace Future In Doubt After Shake-up (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, January 6, 2007

With President Bush replacing his two top field generals for Iraq, speculation has arisen in the Pentagon about the long-term future of his principal military adviser, Marine Corps Gen. Peter Pace.

From the start, no other four-star general has had more to do with Iraq war policy than Gen. Pace, the Joint Chiefs of Staff chairman handpicked by former Defense Secretary Donald H. Rumsfeld.

Mr. Rumsfeld chose the highly decorated Marine as vice chairman in 2001. He promptly gave the disciplined Vietnam combatant a front-row seat in his Pentagon office as strategy was set for the war on terror and the 2003 invasion that toppled Iraqi leader Saddam Hussein.

Mr. Rumsfeld then elevated Gen. Pace as the first Marine to head the Joint Chiefs in September 2005. Unlike the four service chiefs who get four-year terms, the Senate confirms chairmen for two years at a time. The question some are asking inside the Pentagon this week is whether the president will nominate Gen. Pace later this year for a second term, as has been the tradition for chairman.

"Is the president going to root out all his Iraq advisers?" is the way a defense source described speculation in the Pentagon.

A White House spokesman said yesterday he does not know the president's plans regarding Gen. Pace.

The speculation comes as the Pentagon yesterday announced Defense Secretary Robert M. Gates' first major changes for the Iraq war since taking office.

Adm. William J. Fallon, the combatant commander for the Pacific region, will succeed Army Gen. John Abizaid, who is retiring, as head of U.S. Central Command. The command is the center of the war on Islamic extremists, encompassing Afghanistan, Iraq, Iran and the Horn of Africa.

Gen. Fallon's Pacific Command has principal missions of watching Stalinist North Korea and communist China.

Navy admirals have overseen ground operations in the Pacific, but Adm. Fallon will be the first naval officer to run wars in the Persian Gulf region, which is home to a large sea component headquartered in Bahrain.

Gen. George Casey, the top commander in Iraq, will be replaced by Lt. Gen. David Petraeus, who now heads the U.S. Army Combined Arms Center. Gen. Casey will succeed Gen. Peter Schoomaker as Army chief of staff.

Gen. Petraeus led the 101st Airborne Division in the original invasion. He later took command of training an emerging Iraqi army and police force. He received high praise for making progress in the difficult job of building an Iraqi security force virtually from scratch.

Mr. Bush announced the resignation of Mr. Rumsfeld in November, saying he wanted a "fresh perspective" on an Iraq war that has seen more than 3,000 American troops killed amid extremely violent sectarian fighting.

Pentagon officials say they expect Mr. Bush to order a "surge" of 5,000 to 20,000 soldiers who would focus on quelling violence in Baghdad. There would also be a new economic package in addition to the more than $30 billion approved by Congress for reconstruction and redevelopment.

Gens. Casey and Abizaid had both been expected to leave later this year. Gen. Abizaid, an Arabic speaker seen perfectly suited for the Arab-dominated region, was in his fourth year of command, longer than the normal two-to-three-year shift for combatant commanders. Gen. Casey has been mentioned frequently as Gen. Schoomaker's successor.

White House Press Secretary Tony Snow said yesterday it made sense to change commanders now and have them in place to implement Mr. Bush's new Iraq strategy.

Images Of Hanging Make Hussein A Martyr To Many (NYT)

By Hassan M. Fattah

The New York Times, January 6, 2007

BEIRUT, Lebanon, Jan. 5 — In the week since Saddam Hussein was hanged in an execution steeped in sectarian overtones, his public image in the Arab world, formerly that of a convicted dictator, has undergone a resurgence of admiration and awe.

On the streets, in newspapers and over the Internet, Mr. Hussein has emerged as a Sunni Arab hero who stood calm and composed as his Shiite executioners tormented and abused him.

“No one will ever forget the way in which Saddam was executed,” President Hosni Mubarak of Egypt remarked in an interview with the Israeli newspaper Yediot Aharonot published Friday and distributed by the official Egyptian news agency. “They turned him into a martyr.”

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In Libya, which canceled celebrations of the feast of Id al-Adha after the execution, a government statement said a statue depicting Mr. Hussein in the gallows would be erected, along with a monument to Omar al-Mukhtar, who resisted the Italian invasion of Libya and was hanged by the Italians in 1931.

In Morocco and the Palestinian territories, demonstrators held aloft photographs of Mr. Hussein and condemned the United States.

Here in Beirut, hundreds of members of the Lebanese Baath Party and Palestinian activists marched Friday in a predominantly Sunni neighborhood behind a symbolic coffin representing that of Mr. Hussein and later offered a funeral prayer. Photographs of Mr. Hussein standing up in court, against a backdrop of the Dome of the Rock shrine in Jerusalem, were pasted on city walls near Palestinian refugee camps, praising "Saddam the martyr."

"God damn America and its spies," a banner across one major Beirut thoroughfare read. "Our condolences to the nation for the assassination of Saddam, and victory to the Iraqi resistance."

By standing up to the United States and its client government in Baghdad and dying with seeming dignity, Mr. Hussein appears to have been virtually cleansed of his past.

"Suddenly we forgot that he was a dictator and that he killed thousands of people," said Roula Haddad, 33, a Lebanese Christian. "All our hatred for him suddenly turned into sympathy, sympathy with someone who was treated unjustly by an occupation force and its collaborators."

Just a month ago Mr. Hussein was widely dismissed as a criminal who deserved the death penalty, even if his trial was seen as flawed. Much of the Middle East reacted with a collective shrug when he was found guilty of crimes against humanity in November.

But shortly after his execution last Saturday, a video emerged that showed Shiite guards taunting Mr. Hussein, who responded calmly but firmly to them. From then on, many across the region began looking at him as a martyr.

"The Arab world has been devoid of pride for a long time," said Ahmad Mazin al-Shugairi, who hosts a television show at the Middle East Broadcasting Center that promotes a moderate version of Islam in Saudi Arabia. "The way Saddam acted in court and just before he was executed, with dignity and no fear, struck a chord with Arabs who are desperate for their own leaders to have pride too."

Ayman Safadi, editor in chief of the independent Jordanian daily Al Ghad, said, "The last image for many was of Saddam taken out of a hole. That has all changed now."

At the heart of the sudden reversal of opinion was the symbolism of the hasty execution, now framed as an act of sectarian vengeance shrouded in political theater and overseen by the American occupation.

In much of the predominantly Sunni Arab world, the timing of the execution in the early hours of Id al-Adha, which is among the holiest days of the Muslim year, when violence is forbidden and when even Mr. Hussein himself sometimes released prisoners, was seen as a direct insult to the Sunni world.

The contrast between the official video aired without sound on Iraqi television of Mr. Hussein being taken to the gallows and fitted with a noose around his neck and the unauthorized grainy, chaotic recording of the same scene with sound, depicting Shiite militiamen taunting Mr. Hussein with his hands tied, damning him to hell and praising the militant Shiite cleric Moktada al-Sadr, touched a sectarian nerve.

"He stood as strong as a mountain while he was being hanged," said Ahmed el-Ghamrawi, a former Egyptian ambassador to Iraq. "He died a strong president and lived as a strong president. This is the image people are left with."

Daoud Kuttab, a Palestinian media critic and director of the online radio station Ammannet.net, said: "If Saddam had media planners, he could not have planned it better than this. Nobody could ever have imagined that Saddam would have gone down with such dignity."

Writers and commentators have stopped short of eulogizing the dictator but have looked right past his bloody history as they compare Iraq's present circumstances with Iraq under Mr. Hussein.

In Jordan, long a bastion of support forMr. Hussein, many are lionizing him, decrying the timing of the execution and the taunts as part of a Sunni-Shiite conflict.

"Was it a coincidence that Israel, Iran and the United States all welcomed Saddam's execution?" wrote Hamadeh Faraneh, a columnist for the daily Al Rai. "Was it also a coincidence when Saddam said bravely in front of his tormentors, 'Long live the nation,' and that Palestine is Arab, then uttered the declaration of faith? His last words expressed his depth and what he died for."

Another Jordanian journalist, Muhammad Abu Rumman, wrote in Al Ghad on Thursday: "For the vast majority Saddam is a martyr, even if he made mistakes in his first years of rule. He cleansed himself later by confronting the Americans and by rejecting to negotiate with them."

Even the pro-Saudi news media, normally critical of Mr. Hussein, chimed in with a more sentimental tone.

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In the London-based pan-Arab daily Al Hayat, Bilal Khubbaiz, commenting on Iranian and Israeli praise of the execution, wrote, “Saddam, as Iraq’s ruler, was an iron curtain that prevented the Iranian influence from reaching into the Arab world,” as well as “a formidable party in the Arab-Israeli conflict.”

Zuhayr Qusaybati, also writing in Al Hayat, said the Iraqi prime minister, Nuri Kamal al-Maliki, “gave Saddam what he most wanted: he turned him into a martyr in the eyes of many Iraqis, who can now demand revenge.”

“The height of idiocy,” Mr. Qusaybati said, “is for the man who rules Baghdad under American protection not to realize the purpose of rushing the execution, and that the guillotine carries the signature of a Shiite figure as the flames of sectarian division do not spare Shiites or Sunnis in a country grieving for its butchered citizens.”

In Saudi Arabia, poems eulogizing Mr. Hussein have been passed around on cellphones and in e-mail messages.

“Prepare the gun that will avenge Saddam,” a poem published in a Saudi newspaper warned. “The criminal who signed the execution order without valid reason cheated us on our celebration day. How beautiful it will be when the bullet goes through the heart of him who betrayed Arabism.”

Mr. Safadi, the Jordanian editor, said: “In the public’s perception Saddam was terrible, but those people were worse. That final act has really jeopardized the future of Iraq immensely. And we all know this is a blow to the moderate camp in the Arab world.”

Baghdad Initiative To Go Door To Door (AP)

By Steven R. Hurst And Qassim Abdul-Zahra, Associated Press Writers

AP, January 6, 2007

Iraqi forces backed by U.S. troops will begin a neighborhood-by-neighborhood assault on militants in the capital this weekend as a first step in the new White House strategy to contain Sunni insurgents and Shiite death squads, key advisers to the prime minister said Friday.

The first details of the plan — a fresh bid to pacify the capital — emerged a day after President Bush and Prime Minister Nouri al-Maliki spoke for nearly two hours by video conference. Both leaders were expected to detail their vision of a new strategy in the coming days.

The al-Maliki aides would not address the scope of the planned assaults nor where specifically they were planned.

The Iraqis did, however, signal continuing disagreement on key issues, including al-Maliki's unease over the introduction of more U.S. troops.

Another point of contention has been the Iraqi leader's repeated refusal of U.S. demands to crush the militia of anti-American Shiite cleric Muqtada al-Sadr, one of the prime minister's most powerful backers.

Any serious drive to curb the extreme chaos and violence in the capital would put not only American forces but al-Maliki's Iraqi army in direct confrontation with al-Sadr's Mahdi Army.

The militants are gaining more and more ground as they kill Sunni residents of the city and drive others from their neighborhoods. The explosion of vengeance began after the Feb. 22 bombing by al-Qaida in Iraq militants of an important Shiite shrine, the Golden Dome mosque in Samarra north of the capital.

Sami al-Askari, an al-Maliki political adviser, told The Associated Press on Friday that al-Maliki had not acquiesced to the reported White House plan to send as many as 9,000 more U.S. troops to Baghdad alone.

"President Bush told the prime minister he was ready to send additional troops, but al-Maliki said he would have to talk that over with his senior military officers to see if they were needed," al-Askari said.

Bush reportedly wants to increase troop strength as part of his developing plan to shake-up the U.S. military effort in Iraq, now in its fourth year.

Without a substantial U.S. troop increase there were questions about the success of any new drive to curb violence.

Last summer the U.S. military and Iraqi army flooded the capital with 12,000 additional troops for the same purpose. By October, the U.S. military spokesman said the operation had not met expectations and the situation was disheartening. The last half of 2006 was one of the most violent periods in the center and west of the country since the 2003 U.S.-led invasion to topple Saddam Hussein.

In his discussions with Bush, al-Maliki continued to press for a rapid U.S. withdrawal from the capital to bases "on the outskirts of Baghdad," al-Askari said. The prime minister has claimed his forces will be ready to assume control of security for the whole country by summer. The Americans, perhaps optimistically, hope that can happen by year's end.

Al-Askari and Hassan al-Suneid, another top al-Maliki aide and lawmaker from his Dawa Party, said the fresh security push would be open-ended once initiated this weekend.

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"The Iraqi Interior, Defense and National Security ministries will take part using information we have gathered from a new intelligence network," al-Suneid said. "There will be no time limit, and there will be many stages to the operation."

Al-Suneid said American forces would take part in a supporting role.

As forces apparently began to get ready, the powerful Association of Muslim Scholars voiced Sunni agitation and claimed the coming drive was really a joint operation by Interior Ministry commandos, the Iraqi army and the Mahdi Army to further cleanse mixed neighborhoods. Iraq's security forces are dominated by Shiites.

Sheik Mohammed Bashar al-Fayadh, a spokesman for the organization, claimed residents had seen 150 vehicles massing Friday in the Shula region in northwest Baghdad in advance of the assault.

"We fear a huge attack," al-Fayadh said on Al-Jazeera satellite television.

Throughout Iraq on Friday, at least 31 people died violently or were found dead, including two beheaded victims of the sectarian slaughter found floating in the Tigris river.

The body of an Associated Press employee was found shot in the back of the head Friday, six days after he was last seen by his family leaving for work. Ahmed Hadi Naji, 28, was the fourth AP staffer to die violently in the Iraq war and the second AP employee killed in less than a month. He had been a messenger and occasional cameraman for the AP for 2 1/2 years.

"All of us at AP share the pain and grief being felt by Ahmed's family and friends," said AP President and CEO Tom Curley.

The circumstances of Naji's death were unclear. Dozens of Iraqis are found slain almost every day in Baghdad, many believed to be victims of sectarian death squads.

An American contractor was abducted Friday along with his driver and translator, and the two Iraqis were later found dead near a stadium in the southern city of Basra, police said. The fate of the American was unknown.

"The two victims were the translator and a driver," said a Basra police official, who spoke on condition of anonymity because he was not authorized to release the information.

Basra's police chief, Gen. Mohammed Humadi, confirmed that a U.S. citizen had been kidnapped and said he was an American of Iraqi origin. The contractor's name and the company for which he worked were not disclosed.

French President Jacques Chirac, meanwhile, said the U.S.-led invasion of Iraq destabilized the entire Middle East and caused terrorism to spread, adding that the problems in Iraq justified France's strong opposition to the war.

"As France foresaw and feared, the war in Iraq caused upheavals whose effects have not yet finished unraveling," Chirac said in a speech to French ambassadors.

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AP Military Writer Robert Burns in Washington and AP reporter Christine Ollivier in Paris contributed to this report.

American, 2 Iraqi Interpreters Kidnapped (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, January 6, 2007

BAGHDAD — A U.S. civilian contractor and two Iraqi interpreters were kidnapped Friday near the southern city of Basra, Iraqi police officials said.

Police Col. Kareem Azaidi in Basra said witnesses saw gunmen in a civilian car, a pickup and two police vehicles cut off the captives' car and take them hostage.

U.S. Embassy spokesman Lou Fintor declined to identify the victims. "We're aware of reports that an American citizen was kidnapped," he said. "And we're looking into them."

The fate of the American contractor was unknown, but the two Iraqis were later found dead, the Associated Press reported.

The abductions came a day after a videotape emerged showing four kidnapped Americans and an Austrian.

The five men in the video said they were contractors for Crescent Security Group, a Kuwait-based firm, abducted near Basra in November. The men identified themselves as John R. Young, 44, of Kansas City, Mo.; Jon Cote of Buffalo, N.Y.; Josh Munns, 23, of Redding, Calif.; Paul Johnson Reuben of Buffalo, Minn.; and Bert Nussbaumer of Austria.

"I'm well; my friends are well. We've been treated well," Young said. Reuben said the video was recorded Dec. 22.

Meanwhile, in the first Friday prayers since Saddam Hussein was hanged, Shiite Muslim clerics called the death of the former Iraqi president — whose regime favored minority Sunnis — a "breakthrough" and condemned those who opposed the recording of the execution.

"The execution of Saddam is a turning point not only in the history of the Iraqi people but in the whole area," Shiite cleric Sadruddin Qubanchi said in the holy city of Najaf. "We foresee a new breakthrough in the region, and this explains the anger of some Arab countries…. Libya, Algeria and Yemen — all these governments are tyrannical too."

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Sunni Arabs throughout the Middle East complained about the way Hussein was executed. A cellphone camera recorded supporters of radical Shiite cleric Muqtada Sadr taunting and jeering Hussein as he stood on the gallows.

Qubanchi accused the critics of hypocrisy. "When Saudi Arabia shot dead in the streets 400 Iranian Shiite pilgrims after they held a demonstration, no one protested," he said. "But today those who pretend to grieve over Saddam are really grieving only because they fear the wind of change will move people in their countries."

At Baghdad's Bratha Mosque, Sheik Jalaluddin Saghir, a Shiite cleric and parliament member, said that whatever pain Hussein experienced paled in comparison to the atrocities he committed.

"Executing Saddam on the first day of Eid made the Baathists and Sunnis angry," Saghir said, referring to the Islamic holiday of Eid al-Adha. "That is all pretense. Saddam used to execute leaders and prominent figures anytime he liked — even during Eid."

Sheik Harith Obeidi, a prominent Sunni cleric and parliament member, avoided discussing Hussein's execution and focused instead on religious matters.

Many sermons emphasized the failure of the government to provide security and services.

At least 18 bodies were discovered Friday in Baghdad, some with gunshots to the head and wounds suggesting torture.

Mortar fire killed at least 10 other Iraqis in the capital, and at least five people, including a police officer, were shot to death.

Police officials said 30 gunmen drove 18 Shiite families out of their west Baghdad homes.

Insurgents Elude Forces In Eastern Iraqi Province (LAT)

By Alexandra Zavis, Times Staff Writer

The Los Angeles Times, January 6, 2007

Villagers deny knowledge of the rebels -- except for a teen who describes their getaways.

FONTIMIYA, IRAQ — U.S. and Iraqi forces trudged through waterlogged fields, crawled down tunnels and went house to house Friday in a painstaking search for Sunni Arab insurgents, combing a remote rural region east of Baghdad that has been a training and logistics base for Al Qaeda in Iraq and other militant groups.

But for the second day of the 1,000-troop operation, in home after home, they found only women, children and men too old to fight.

Time and again, U.S. forces in Iraq have staged major assaults on known insurgent hide-outs only to have key individuals melt away. As with other operations, the military is attempting to dislodge insurgents from their hiding places in Diyala province, then sweep them into known escape routes where they can be intercepted.

But the area's sunken irrigation canals, vast agricultural fields, seldom-traveled back roads and widely scattered hamlets have given guerrillas innumerable ways to avoid capture.

"We are hardly finding any military-aged males," U.S. Army Sgt. 1st Class Pete Johnson said as he directed a truckload of Iraqi fighters into position outside a village in an icy downpour. "They have all pushed away somewhere. Either they have run away or they are waiting for us."

If the insurgents are preparing to make a stand, Johnson said, "we can definitely take the fight to them."

"But if they disappear and hide," he said, "there is no way we can establish positive identification and get them."

U.S. field commanders have struggled to keep pace with guerrillas' movements. Officials say the rebels use spotters, infiltrators in Iraqi security forces and contacts on or near U.S. bases to stay abreast of American troop movements.

The Bush administration is considering sending more troops to Iraq, which in November numbered about 140,000, to quell sectarian fighting in places such as Diyala. Proponents of the idea say 20,000 or more additional troops would enable the military to conduct more operations and train Iraqi forces more quickly. But critics say earlier troop surges have failed to stem the fighting and led to more American casualties.

Since the battle for Fallouja in 2004, when hundreds of insurgents faced off against U.S. soldiers and Marines in close block-to-block combat, the outgunned guerrillas have rarely amassed platoon-sized attacks against the Americans. Rather, they hit and run. Snipers fire at troops from darkened rooms. Triggermen detonate bombs remotely. Rocket-propelled grenades blaze from thick palm groves.

When U.S. troops do learn of large gatherings of insurgents, they often arrive too late — weapons have been stashed and the rebels have scattered among the populace.

After the U.S. eventually withdraws, the insurgents often return.

In Al Anbar province in western Iraq, Col. Brian Beaudreault, commander of the 15th Marine Expeditionary Unit, said he was attempting to reestablish a police force in Rutbah, a town of 30,000 between Ramadi and Syria. At least three waves of

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recruits have come and gone in many Al Anbar towns. Iraqi soldiers brought in to provide security in the absence of police have also been plagued by battle losses and attrition.

Perhaps the most publicized failure of the "clear and hold" tactic has been Operation Together Forward in Baghdad. U.S. commanders announced the plan to clear neighborhoods of insurgents and Shiite death squads with great fanfare, but since the operation began in August, sectarian violence and U.S. casualties in the capital have steadily increased.

In Baqubah, Diyala's capital, guerrillas had virtually destroyed the police force by November. The virulence of the insurgency led Col. David W. Sutherland, the U.S. commander in charge of the province, to take stronger action against the Sunni militants.

But the region, a vast area of farmland dotted with palm groves about 40 miles northeast of Baghdad, is laced with canals and tunnels that insurgents use to evade U.S. aircraft and ground forces.

In addition to intelligence, the offensive has yielded a number of weapons stores, including mortar rounds, antitank mines and two vans rigged with rocket equipment, the military said.

About 600 U.S. and 400 Iraqi troops are participating in the operation, which has drawn in attack helicopters, tanks, fighting vehicles and Humvees.

U.S. Capt. Stephen Dobbins, who commands Bravo Troop, 5th Squadron, 73rd Cavalry, said the current sweep was using what some military officials call a "hammer and anvil" tactic, to push insurgents into waiting troop positions.

Fighter jets dropped a 500-pound bomb on six armed men as they crept through canals toward U.S. and Iraqi troops overnight, the military said. In the morning, troops found a 30-foot tunnel at the site with a store of food, blankets and religious texts. It was destroyed.

At least two suspected insurgents were killed when they were spotted digging in a road, apparently to plant a bomb. The Iraqi army said two of its soldiers were killed in a roadside bombing the previous day.

But fighting so far has been minimal compared with a November offensive in the area, when U.S. soldiers said they faced bands of highly trained and well-disciplined insurgents.

Two roadside bombs wounded two Iraqi soldiers and a U.S. soldier Friday. A disabled vehicle delayed a convoy for several hours, as did wind and rain, which further degraded Diyala's poorly maintained dirt roads and vexed air support operations.

In each village, U.S. and Iraqi troops are moving house to house, separating out military-aged men, swiping their hands for explosives residue and questioning them about insurgent activity in the area.

In Fontimiya, one of the larger wheat-farming communities, 20 men sat cross-legged in a windblown field, eyes downcast and some shivering in the cold, as U.S. soldiers barked out questions.

But the village was otherwise deserted, many of its mud-brick homes reduced to rubble. Residents said the once mostly Shiite Muslim hamlet had been racked by sectarian violence that sent many families fleeing. Just two Shiite families remain in what has become a mostly Sunni Muslim community, they said.

Most denied any knowledge of insurgents. But a detained teenager told troops that the community included a number of fighters who fled on motorcycles through the canal network at the first sound of U.S. helicopters. The boy also said residents received regular visits from masked men on motorcycles who warned them which roads were mined.

U.S. forces said they had positioned troops to block the insurgents' escape.

"The enemy is reacting the way we expected them to, and that will ultimately lead us to triumph and prevail," squadron commander Lt. Col. Andrew Poppas told superiors in a radio call later Friday night, as a sandstorm closed in and wailing winds buffeted their vehicles.

But Poppas has said that long-term success depends on the cooperation of the mostly Shiite Iraqi forces, who until recently had refused to patrol the area, which they consider a death trap. He plans to build them a new patrol base in the area.

Now, U.S. forces say, they must hold the Iraqis back. Iraqi soldiers, used to sprinting through attacks, have expressed frustration at the deliberate approach of the Americans.

"We want to kill Wahhabis," an Iraqi soldier complained to his U.S. counterparts in a joking exchange as they sifted through piles of receipts, letters, identification cards and other documents at a suspect's residence. He referred to followers of the fundamentalist form of Sunni Islam practiced by Al Qaeda, which has spread in the region.

A U.S. soldier assured him he would get his chance.

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Times staff writers Solomon Moore in Baghdad and Molly Hennessy-Fiske in Kirkuk contributed to this report.

Death In Haditha (WP)

By Josh White, Washington Post Staff Writer

DOJ_NMG_0113748

The Washington Post, January 6, 2007

U.S. Marines gunned down five unarmed Iraqis who stumbled onto the scene of a 2005 roadside bombing in Haditha, Iraq, according to eyewitness accounts that are part of a lengthy investigative report obtained by The Washington Post.

Staff Sgt. Frank D. Wuterich, the squad's leader, shot the men one by one after Marines ordered them out of a white taxi in the moments following the explosion, which killed one Marine and injured two others, witnesses told investigators. Another Marine fired rounds into their bodies as they lay on the ground.

"The taxi's five occupants exited the vehicle and according to U.S. and Iraqi witnesses, were shot by Wuterich as they stood, unarmed, next to the vehicle approximately ten feet in front of him," said a report by the Naval Criminal Investigative Service on the incident that runs thousands of pages.

One of the witnesses, Sgt. Asad Amer Mashoot, a 26-year-old Iraqi soldier who was in the Marine convoy, told investigators he watched in horror as the four students and the taxi driver fell. "They didn't even try to run away," he said. "We were afraid from Marines and we saw them behaving like crazy. They were yelling and screaming."

The shootings were the first in a series of violent reactions by Marines on the morning of Nov. 19, 2005 that left 24 civilians -- many of them women and children -- dead, in what some human rights groups and Iraqis have called a massacre by U.S. troops.

The report, which relied on hundreds of interviews with Marines, Iraqi soldiers and civilian survivors conducted months after the incident, presents a fragmented and sometimes conflicting chronicle of the violence that day. But taken together, the accounts provide evidence that as the Marines came under attack, they responded in ways that are difficult to reconcile with their rules of engagement.

Four Marines were charged with murder last month in connection with the civilian deaths in Haditha: Wuterich, who faces 13 counts of unpremeditated murder; Sgt. Sanick P. Dela Cruz; Lance Cpl. Justin L. Sharratt; and Lance Cpl. Stephen B. Tatum. Each faces the possibility of life in prison if convicted.

Through their lawyers, three have argued that they behaved appropriately while taking fire on a chaotic battlefield, and that the civilian deaths were a regrettable but unavoidable part of warfare in an especially dangerous area. Dela Cruz's attorney has declined to comment.

The Marine Corps also has charged four officers with failing to investigate and fully report the slayings: Lt. Col. Jeffrey R. Chessani, Capt. Lucas M. McConnell, Capt. Randy W. Stone and Lt. Andrew A. Grayson.

The Marines told investigators that they believed they were authorized to fire freely inside two houses they raided in the minutes following the taxi shootings, after concluding that insurgents were firing on them. After an officer ordered them to "take" one of the homes and Wuterich commanded them to "shoot first, ask questions later," the Marines considered the houses "hostile," according to sworn statements to investigators.

Marine officials have accused the troops of failing to identify their targets before using grenades and guns to kill 14 unarmed people in the houses, including several young children in their pajamas, in a span of about 10 minutes, according to the documents.

Safah Yunis Salem, 13, who said she played dead to avoid being shot, was the only person to survive the Marine attack on the second house. Her sister Aisha, 3, was shot in the leg and died; her brother Zainab, 5, was killed by a shot to the head. She said she lost five other members of her family in the room, including her mother.

"He fired and killed everybody," Safah said. "The American fired and killed everybody."

Numerous Marine officers in the chain of command in Iraq -- including a major general -- knew about the civilian deaths almost immediately but did not launch an investigation for months, according to interview transcripts. Some lower-level officers did not believe that the Marines had done anything inappropriate, while high-ranking officers had limited information about the incident and did not inquire further.

Neal Puckett, one of Wuterich's attorneys, declined to comment on the case yesterday, saying he is "deeply disturbed that any media have access to what sounds like the entire investigation."

Wuterich told investigators in a February interview: "I want to make clear that we did not go in intentionally to spray everyone we saw. We were taking fire."

Marine Corps and NCIS officials declined to comment on details of the case because it is ongoing.A Routine Mission Turns Violent

The report provides a detailed narrative of the events leading to the violence in Haditha. The day began about 6 a.m., when Lance Cpl. Salvador A. Guzman Jr. awoke at Firm Base Sparta and members of his squad learned they would be bringing fresh Iraqi troops to a traffic checkpoint in Haditha. He bumped into Lance Cpl. Miguel "T.J." Terrazas, who joked that "we were going to get hit by an improvised explosive device one day because we travel so much," Guzman told investigators.

The Marines left the base at about 6:45 a.m. and made the personnel changes by about 7 a.m.; then they turned their four-vehicle convoy around and headed back. Sharratt, in the turret of the first Humvee, waved a white sedan over to the side of "Route Chestnut," and as it slid to the south shoulder a blast rocked the neighborhood.

Terrazas, who was driving the fourth Humvee, was killed instantly by the remotely detonated propane tank, which shredded the front of the vehicle and launched it into the middle of the road. Another Marine, severely injured, was trapped in the wreckage.

Marines who rushed to help told investigators they took enemy rifle fire from several locations on the north and south sides of the road. Navy Hospitalman Brian D. Whitt said he could see bullet impacts near his feet and noticed men with rifles disappearing from atop a house to the north. Some of the fire appeared to be coming from behind the white taxi.

The Marines concurred that they were under fire from all sides, indicating that the incident was part of a complex insurgent attack that lasted much of the day.

One Marine and two Iraqi soldiers told investigators that the men who had been in the taxi were standing in a line outside it, some with their hands in the air, when Wuterich began to fire on them.

Wuterich said the men got out of the car, and he shot them because he considered them a threat. But Dela Cruz said the men were standing in a line when they started to fall.

"As I crossed the median I saw one of the Iraqi civilians, who was standing in the center of the line, drop to the ground," Dela Cruz told investigators. "Immediately afterwards another Iraqi standing by him raised his hands to his head. I then heard other small arms fire and looked to my left and saw Sgt. Wuterich kneeling on one knee and shooting his M16 in the direction of the Iraqi civilians."

Dela Cruz told investigators that he pumped bullets into the bodies of the Iraqi men after they were on the ground and later urinated on one of them.

Minutes later, a Quick Reaction Force arrived from the Marine base, bringing Lt. William T. Kallop, the first officer on the scene. Kallop told investigators he began to receive enemy fire almost immediately. About that time, Cpl. Hector A. Salinas spotted a man firing at the squad from the corner of a house on the south side of the road.

"Salinas then stated that he could see the enemy so Kallop told them to 'take the house,' " according to an NCIS summary of an interview with Kallop. The interview provides the first evidence that an officer ordered the attack.

Richard McNeil, a lawyer who represents Kallop, declined to comment about him or his role, but he warned that "typically in an NCIS investigation, the narratives are always slanted to the interpretation of the government."

Wuterich, Salinas, Tatum and Lance Cpl. Humberto M. Mendoza formed a team to attack the house, launching grenades first and then busting through the door.

"I told them to treat it as a hostile environment," Wuterich told investigators. "I told them to shoot first, ask questions later."

Defense attorneys have argued that the men were following their "rules of engagement" when they shot into the homes, using effective techniques in a difficult environment.

The Marine division's rules-of-engagement card in effect at the time in western Iraq instructed Marines to "ALWAYS minimize collateral damage" and said that targets must be positively identified as threats before a Marine can open fire. It also told Marines that "nothing on this card prevents you from using all force necessary to defend yourself."

After entering the first house through a kitchen, Tatum told investigators, he heard what he believed was an AK-47 rifle being "racked," or readied to fire, around a corner. He and Salinas tossed grenades into the room, according to the documents. Waleed Hasan, 37, was killed. Khamisa Ali, 66, was shot dead in the hallway before four others were killed in a bedroom by grenades and rifle fire.

Nine-year-old Eman Hamed told investigators that a grenade landed near her grandfather's bed and exploded, sending shrapnel through the room. Her mother and 4-year-old brother were killed as she huddled, injured, with another brother, Abid, 6, who survived. "All rooms," Abid told investigators. "They were shooting in all rooms."

Several Marines said they quickly cleared the home by fire, shooting through the dust, debris and darkness to eliminate what they believed was a threat.

From there, Wuterich, Mendoza and Tatum said, they moved to a second house after suspecting that insurgents might have escaped. Mendoza told investigators that the Marines approached the second house the same way they did the first, treating it as hostile, according to his sworn statement. Mendoza said he shot a man, 43-year-old Yunis Rasif, through the house's glass kitchen door.

"I fired because I had been told the house was hostile and I was following my training that all individuals in a hostile house are to be shot," Mendoza told investigators. The Marines then entered the house and tossed grenades before firing into a back bedroom, which they later found was filled with women and children.

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"Knowing what I know now, I feel badly about killing Iraqi civilians who may have been innocent, but I stand fast in my decisions that day, as I reacted to the threats that I perceived at the time," Tatum said. "I did not shoot randomly with the intent to harm innocent Iraqi civilians."

Jack Zimmerman, Tatum's attorney, declined to comment yesterday but decried the publication of the documents. "The ethical rules that govern lawyers prohibit me from even discussing the matter," he said.

Mashoot, the Iraqi soldier who was with the Marines, said he thought the attack on the houses was warranted because the entire convoy was taking fire. Investigators noted that he believed the Marines "had justification" because they were "defending themselves."

Another group of Marines, including Dela Cruz, simultaneously went to the north side of the road and found a dwelling that they believed was the "trigger house" for the roadside bomb. They took several Iraqis into custody, according to the documents, but did not shoot anyone in a search of several houses. Another man was shot after Marines observed him running along a ridgeline.

A few hours later, Sharratt, Wuterich and Salinas approached a third and fourth house after noticing men they said were peering at them suspiciously.

The investigative reports show that what happened there is unclear. Iraqi witnesses said the Marines angrily separated men and women into two lines before marching the men into the fourth house and shooting them. The three Marines told investigators they were searching for the men they had seen and separated the women into a safe area before Wuterich and Sharratt entered the house.

Sharratt told investigators that he saw a man raise an AK-47 rifle as if to shoot him. Sharratt said his gun jammed, but he grabbed his 9mm handgun and shot the attacker. He told investigators he saw another man with a rifle and shot him and two others because he "felt threatened." Wuterich also shot at the men, he said.

Sharratt has been charged with unpremeditated murder in three of the slayings.

Gary Myers, a lawyer representing Sharratt, declined to comment yesterday.At First, No Inquiry

The military did not launch an inquiry of the Haditha deaths until a Time magazine reporter began to inquire about the incident two months later. Marine officers told investigators the reason was simple: Nothing in the reports they received from the field caused them to believe that a probe was warranted.

Investigators appear to have found little evidence that Marines on the ground or at headquarters tried to conceal the day's events. But Dela Cruz told investigators that Wuterich asked him to back up claims that the men in the taxi were trying to flee before they were shot.

Puckett, Wuterich's lawyer, challenged Dela Cruz's assertion: "Staff Sergeant Wuterich adamantly denies asking anybody to lie or change their story."

The documents show that Marines in Kilo Company, 3rd Battalion, 1st Marine Regiment, reported the incident to their base as it was happening and made clear that there were a significant number of civilian casualties. Though at first the Marines classified eight of the civilians as insurgents, they quickly reported that at least 15 civilians had been killed in what they called "crossfire" with the enemy.

The events came amid heavy insurgent attacks in Haditha that day that ultimately prompted Marines to call in airstrikes on suspected insurgent homes. The hectic nature of the day caused some early reports to be confused and inaccurate, Marines told investigators.

The Kilo Company commander, McConnell, told his Marines on the day of the attacks that they had done a good job, according to an investigative summary in the NCIS report. Investigators wrote that McConnell did not want to question his Marines on a day they lost a comrade but that he informed his superiors about the civilian deaths.

"There was never a hint whatsoever that these kids did anything improper. Not one," said Kevin McDermott, a lawyer who represents McConnell.

Marine officers said Chessani, the Marines' battalion commander, informed his superior, the regimental commander, of the civilian casualties the day they occurred and was told by that officer, Col. Stephen W. Davis, that no investigation was needed.

"There was nothing out of the ordinary about any of this, including the number of civilian dead, that would have triggered anything in my mind that was out of the norm," Davis told military investigators, according to a transcript. "There is nothing about this incident that jumped out at any point to us."

Maj. Gen. Richard A. Huck, the division commander, told investigators he learned about the civilian casualties on the day they occurred and believed that they were the result of a roadside bomb and the ensuing gunbattle between Marines and insurgents. Huck visited Haditha three days later and was briefed on the incident.

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"Nothing in the brief caused any concern to me," Huck told investigators. "I do not recall if the brief discussed the number of Iraqis killed that day, but I do recall the brief discussing Marines clearing houses following the IED attack."

McConnell and Chessani have been charged in the case; Huck and Davis have not. Attempts to reach Chessani or an attorney for him were not successful.

In December 2005, the Marines authorized $38,000 in condolence payments to the families of the civilians killed in the first two houses, and Chessani, in early February, explained the payments in a memo. "The enemy chose the time and place of his ambush. Without callous disregard for the lives of innocent bystanders, the enemy would not have chosen to fight from the bedrooms and living rooms of civilian-occupied houses," he wrote.

The official inquiry began two weeks later, after the Time reporter sent a list of questions about the incident to Marine officials in Iraq. In his e-mail, the reporter raised the possibility that Marines had massacred civilians and executed the men from the taxi, based in part on a videotape made by an activist a day after the incident.

Huck told investigators he dismissed the allegations, believing they were part of an insurgent campaign to smear the Marines. Other Marine officers, such as Davis, also believed that the allegations were outlandish.

But Maj. Samuel H. Carrasco, then a battalion operations officer, said he and the battalion executive officer suggested an investigation to Chessani. Carrasco told investigators that "Lt. Col. Chessani then shouted, 'My men are not murderers.' "

The first investigation, by Army Col. Gregory Watt, ordered by Lt. Gen. Peter W. Chiarelli, then the top field commander in Iraq, essentially supported the Marines' accounts of events. Watt determined that the troops had reason to be suspicious of the men in the white car and concluded that while they did not positively identify targets in the houses, it might have been "unrealistic to expect" on the battlefield that day.

He also found no indication that the Marines "intentionally targeted, engaged and killed noncombatants," but he suggested a criminal investigation nonetheless. The NCIS investigation began March 12, leading to last month's charges.

Lawmaker: U.S. Catching, Releasing Top Terror Targets (CNN)

CNN.com, January 5, 2007

WASHINGTON (CNN) -- The U.S. military already knows what half of its most-wanted terrorist targets look like because they have been apprehended and photographed in the past, a Republican congresswoman said Friday.

The United States is operating "a catch and release program for al Qaeda in Iraq," said Rep. Heather Wilson, a member of the House intelligence committee.

In remarks at the National Press Club, the New Mexico lawmaker said a senior official told her that the U.S. military already has photographs of "fully half of the high-value al Qaeda targets in Iraq" presently being hunted.

"They're wearing orange jumpsuits in the mugshots we took of them when we captured them the first time," Wilson recalled the official telling her.

"We are operating a catch and release program for al Qaeda in Iraq. This is inexcusable and frustrating ... for the young men and women in the military who are in the fight," she added.

Wilson also joined a congressional chorus Friday calling for President Bush to reject a reported proposal to send another 20,000 to 40,000 troops to bolster the force of 140,000 already deployed in Iraq.

Top Democrats have called the idea a strategy "that has already failed," and Wilson said quelling sectarian violence in the war-ravaged nation is a task best left to the Iraqis.

"I am not a supporter of a surge to do for the Iraqis what the Iraqis will not do for themselves," Wilson said.

"I also have not seen a clarity of mission, and I think that's the greatest weakness that we have right now."

Wilson's remarks came as the U.S. military announced that Iraqi special forces caught four suspected leaders of a terrorist cell during a raid in Baghdad's Sadr City. Three other suspects were detained for questioning.

The men are suspected of being involved in the kidnapping and murder of civilians, the military said.

"They are also suspected of organizing and directing sectarian-based mortar attacks on neighborhoods surrounding Sadr City," a military statement said.

Sadr City is a stronghold of the Mehdi Army, a Shiite militia led by radical cleric Muqtada al-Sadr.Execution backlash

A day after Bush said he wished Saddam Hussein's execution had "gone in a more dignified way," violent protests erupted in India and Indian-controlled Kashmir over the Iraqi leader's hanging.

Like Bush, the protesters objected to the release of a cell phone video showing Shiite guards taunting the Sunni dictator before his death.

The protests, which have been going on for four days in India's only majority Muslim state, prompted police in Srinagar to use tear gas and batons to control the crowd. Muslim protesters pelted police and troops with heavy stones after Friday prayers.

The protesters also chanted anti-American slogans and torched effigies of Bush.

In the northern town of Agra, home to the Taj Mahal, two men were arrested for allegedly hurling stones at tourists Friday. It was at least the second such incident since Saddam's execution, police said.

U.S. tourist Karen Maini said she "was in great danger" after a man threw a brick at her car while she was stuck in traffic in Agra.

"It was so loud and noisy and scary," she said of the protest. "My driver saved my life." (Watch how the Iraqi government is reacting to footage of Hussein's execution)Other developments

• Police found 12 bodies, most showing signs of torture, strewn across Baghdad on Friday.

• The driver for Iraqi Minister of Agriculture Yaarub Nadhim al-Aboudi was shot to death Friday in the Dora district of southern Baghdad, an Interior Ministry source said. Al-Aboudi is one of al-Sadr's followers.

• Mortar rounds fell in residential areas of eastern and western Baghdad, killing four people and wounding 16. Four civilians were wounded after mortar rounds landed in the city's al-Amil neighborhood, and four people were killed and another 12 wounded when mortar rounds struck a market and apartment complex in Zafaraniya.

• Unidentified gunmen attacked police officers in western Baghdad's Adel neighborhood, killing one and wounding another.

Army Asks Dead To Sign Up For Another Hitch (AP)

AP, January 5, 2007

WASHINGTON (AP) -- The Army said Friday it would apologize to the families of about 275 officers killed or wounded in action who were mistakenly sent letters urging them to return to active duty.

The letters were sent a few days after Christmas to more than 5,100 Army officers who had recently left the service. Included were letters to about 75 officers killed in action and about 200 wounded in action.

"Army personnel officials are contacting those officers' families now to personally apologize for erroneously sending the letters," the Army said in a brief news release issued Friday night.

The Army did not say how or when the mistake was discovered. It said the database normally used for such correspondence with former officers had been "thoroughly reviewed" to remove the names of wounded or dead soldiers.

"But an earlier list was used inadvertently for the December mailings," the Army statement said, adding that the Army is apologizing to those officers and families affected and "regrets any confusion."

How Do You Repay A Hero's Sacrifice? (WSJ)

By Michael M. Phillips

The Wall Street Journal, January 6, 2007

EUREKA, Calif. -- Kelly Miller has the dream once or twice a week.

He's on patrol in Iraq, searching a white Toyota Land Cruiser. The driver lunges out and grabs Cpl. Miller's squad leader, Jason Dunham, around the neck. The Iraqi and Cpl. Dunham tumble to the ground in a ferocious hand-to-hand struggle. Cpl. Miller beats the insurgent with a police baton. Another Marine races over to help. The Iraqi drops a hand grenade.

The force of the explosion lifts Cpl. Dunham into the air, his back arching before he falls back toward the brown-dirt road.

Cpl. Miller wakes up.

Almost three years have passed since that grenade exploded for real. But the images are never far from his mind -- the insurgent, the explosion and the friend who intentionally took the brunt of a live grenade and gave his own life to save Cpl. Miller's. The adrenalin of combat, the pain of hot shrapnel, the guilt of making it home alive.

At the White House on Thursday, President Bush will present Cpl. Dunham's parents with the Medal of Honor, the nation's highest award for military valor, the first such award for a Marine since Vietnam. The ceremony will enshrine Jason Dunham for posterity as one who loved his brothers more than himself.

In the audience will sit Cpl. Miller, a 23-year-old still struggling with what it means to receive that much love.

When American forces rolled into Baghdad in April 2003, Kelly Miller was living with his parents in Eureka in their modest shingled home, within sight of the smoky columns rising from the local paper mill. His mom, Linda, was an energetic doctor's-office manager with practical short hair. His dad, Charlie, was a quiet man who delivered mail for 31 years, then retired to care for his grandchildren.

Kelly Miller, sandy-brown-haired and six-foot-one, spent his days with friends, fishing for crabs and racing his car by the beach. On weekends he managed the night crew at the local supermarket.

But the news from Iraq made him wonder about his own courage. How would he perform in combat? One morning after his shift ended, he walked into the Marine recruiter's office at the strip mall and enlisted in the infantry.

DOJ_NMG_0113753

So just after noon on April 14, 2004, he found himself a grunt in the Fourth Platoon of Kilo Co., Third Battalion, Seventh Marines -- and Cpl. Dunham's point man on a patrol through a trash-strewn Iraqi neighborhood near Karabilah, on the Syrian border.

HE WAS STILL what the Marines called a boot, a private first class fresh out of boot camp. Many senior enlisted men made life miserable for the boots. But Cpl. Dunham was different. When the boots had to fill sand bags in the hot sun, Cpl. Dunham filled sand bags beside them. Cpl. Miller and other boots loved him for it.

The insurgents had already gotten the jump on the patrol that day, firing a rocket-propelled grenade at the squad's Humvees. The grenade had missed its mark, and Cpl. Dunham's men climbed out of the vehicles to hunt down the shooter.

As point man, it was Cpl. Miller's job to spot roadside bombs and ambushes before it was too late. The responsibility weighed on him as he moved carefully past stone walls and silent, half-built homes. He worried that any mistake would get his friends killed.

The patrol stopped to search a line of vehicles that seemed to be fleeing. Cpl. Miller and Cpl. Dunham approached the white Land Cruiser, where Cpl. Miller saw a rifle poking out from under the rear floor mat. He looked up just in time to see the driver attack Cpl. Dunham.

The insurgent's hand grenade sprayed Cpl. Miller and Cpl. Bill Hampton, the other Marine who rushed to Cpl. Dunham's aid, with jagged pieces of metal. Cpl. Miller heard a ringing in his head, the echoes of a burst ear drum. His face flushed hot, and his mouth tasted of blood. A red stream dripped off his left hand, and he was confused to find that he couldn't pick up his rifle. Pieces of shrapnel burned in his face and arms.

"My mom is going to be … pissed," he told another Marine as he wandered away from the scene, according to both men.

Despite the shrapnel that peppered Cpl. Hampton, he, too, was able to stagger away. But Cpl. Dunham lay still, a fragment embedded deep in his brain. He would die eight days later at a Naval hospital in Bethesda, Md., with his parents at his bedside.

Cpl. Dunham's commanders soon figured out that he had placed his helmet over the grenade to protect his friends, an act of bravery described in a front-page story in The Wall Street Journal on May 25, 2004.

The Marines sent Cpl. Miller to recuperate in Eureka, where he became withdrawn and quick to anger. He couldn't get it out of his head that, as point man, he was supposed to protect the Marines behind him. He was the first one to get to Cpl. Dunham's side, but instead of saving Jason, Jason saved him.

He had a tattoo artist ink a helmet-and-rifle memorial honoring Cpl. Dunham on his right arm with the words: Remember the Fallen 4-14-04. When he was well enough to play softball, Cpl. Miller taped his wrist to give him strength to swing the bat and wrote "Cpl. J.D. USMC" on the wrap.

"Mom, goddammit," he told Mrs. Miller after a couple of beers one night, "I should have done more to save Jason."

MORE ABOUT CPL. DUNHAM

• Page One: In Combat, Marine Put Theory to Test, Comrades Believe4

5/25/04

Mrs. Miller, now 59, became long-distance friends with Cpl. Dunham's mom, Deb, a 46-year-old with shoulder-length red hair. Mrs. Dunham taught home economics at the only school in tiny Scio, N.Y., patiently coaching students in such survival skills as child-care and bachelors' cooking. At home she baked pies, made fudge and did battle with three dogs.

When she first dated Dan Dunham, a farmhand, the locals thought them an unlikely pair. She was a self-described good girl; he took pride in being a hard-drinking bad boy who gave the local police headaches. He had already been married once and was raising two young boys, Jason and Justin, on his own on $600 a month. She fell in love as much with the boys as she did with Dan, and ever after raised them as her own. The Dunhams had two more children together. For years, Mrs. Dunham couldn't rest until she knew all four children were safe in their beds.

Mrs. Dunham wasn't surprised that Jason had given his own life for his friends; she would have been surprised if he had done anything else under the circumstances. In a letter to Cpl. Hampton's mother, Mrs. Dunham wrote: "When you next get a chance to hug your son please give him one from me. He does not need to know it is from me, but I would appreciate if you would do that for me."

Far from begrudging Cpls. Miller and Hampton their survival, Mrs. Dunham felt that their lives added meaning to her own son's death. Soon Deb Dunham and Linda Miller began referring to Cpl. Miller as "our son."

"We believe that Kelly and William are both very special," Mrs. Dunham wrote to Mrs. Miller. "I do not know what is in their futures but I (we) firmly believe that Jason did what he had to do and they have some important purpose here and he has his to do in Heaven."

But for months Cpl. Miller couldn't get himself to talk to Jason's parents. When they finally met at the Marines' desert base in Twentynine Palms, Calif., Cpl. Miller spoke with them for 15 awkward minutes, unsure whether to thank them or apologize.

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AS HE REGAINED STRENGTH and sensation in his arms, Cpl. Miller returned to Twentynine Palms obsessed with trying to rejoin his old platoon mates before they shipped out for their next tour of Iraq in the second half of 2005. It troubled him that his friends had finished their full seven months in the combat zone, while he had not.

Cpl. Miller's commander allowed him to resume light duty as Kilo Co.'s clerk, but even in Iraq that would be a rear-echelon job without the camaraderie of the front lines. So several times a day Cpl. Miller pestered the captain to allow him to rejoin Fourth Platoon as a rifleman, doing five quick pull-ups outside the office for emphasis.

The captain would allow Cpl. Miller back into a rifle platoon only with permission from his surgeon, his physical therapist, the battalion medical officer and his mother. Cpl. Miller collected the letters, including one from a very reluctant Mrs. Miller.

In March 2005, the captain cleared him to rejoin Fourth Platoon, and Cpl. Miller traveled home to Eureka to break the news. Mrs. Miller was in her room, folding clothes on the bed, when he told her that he would soon return to Iraq.

"Why do you feel you need to go back?" she asked him. "You don't have to."

"I have to finish something I started the first time," Cpl. Miller told her. He left the room, returning a few minutes later. "I have to go and finish what Dunham started, and bring my guys home," he said.

SOON ENOUGH, Cpl. Miller found himself in Ramadi, the most hostile city in the Sunni Triangle, for what proved to be months of grueling cat-and-mouse games with the insurgents. The Marines of Kilo Co. hid in abandoned buildings to ambush bomb makers. They manned an isolated, bomb-gutted outpost that was a frequent target for mortar and rocket attacks. They watched as Iraqis in civilian clothes casually dropped explosives on the main road through the city.

On three occasions Cpl. Miller called home from Iraq to report that he had been hurt. Once he injured his ankle playing basketball on base. Another time he stepped into a hole while on patrol. And another, his Humvee was destroyed by a roadside bomb. Each time he called, Mrs. Miller would report back to Mrs. Dunham, and they would fret together.

After he returned from Ramadi, Cpl. Miller decided he had had enough of the Marine Corps, and on his Web page he put a clock that counted down to the end of his enlistment in June, 2007. When the clock hit zero, he hoped to join his older brother as a sheriff's deputy back home in Eureka. He liked the idea of uniformed service, but without the long overseas deployments that made it hard to raise a family as a Marine.

Over the years, Cpl. Miller grew more comfortable around the Dunhams, and made a habit of calling Mrs. Dunham on holidays, such as Christmas and Mother's Day, when he knew that Jason would have called. They'd chat about his dating life and the doings of the Dunham family. He had long talks with Jason's younger brother and sister. Mrs. Dunham noticed the brotherly, teasing tone of their conversations, as if Kelly were trying to fill the gap left by Jason. He talked to Kyle, then 15, about the pros and cons of enlisting in the Marines, reminding him that going to college first would give him more options in life. Enlisting meant a four-year contract.

One night last summer, Mrs. Dunham hit a low spot, home alone and desperate to talk to Jason. In tears she phoned Cpl. Miller. He had friends over, but kept her talking until she was laughing again.

On his Web page, Cpl. Miller wrote, "Who I'd like to meet: The most Honorable Man I have ever had the privilege of meeting: Cpl. Jason Dunham. To have a chance to talk to him one more time would be priceless."

At the same time, Mrs. Miller felt that her son's personality had darkened. Her Kelly had been such a happy-go-lucky kid; now he seemed at ease only with other Marines or with two Eureka friends who served in the Army. His voice-mail message was a droning monotone: "You've reached Kelly. Whatever."

On his Web page, he posted a photo of himself in Ramadi, aiming a rifle at the photographer. He described his Nissan sports car and wrote: "I love to pitch it sideways or scream through a windy mountain pass."

One weekend last September, Cpl. Miller left base and drove to Eureka to see his girlfriend, Kellyn Griffin, a 21-year-old junior at Humboldt State University. On Saturday night, they went to the apartment of one of his Army buddies to play a movie-trivia game. Ms. Griffin drank rum and Cokes. Cpl. Miller drank Maker's Mark bourbon. They left just after midnight.

Cpl. Miller made it about a mile before he lost control of the Nissan and flipped it over at a "high rate of speed," according to the police report. The car took to the air, sheared off a wooden utility pole 20 feet above the street and came to a rest on the driver's side, crunched up like a paper napkin after a dinner party.

Ms. Griffin was found in a pool of blood fifty feet away from the Nissan, with a broken arm, a lacerated liver and a concussion that dulled her thinking for days.

Police found Cpl. Miller walking in circles in a nearby parking lot. When a state trooper interviewed him, the corporal volunteered that he "(messed) up and am screwed for drunk driving" and said he had to take responsibility for his mistake, according to the police report. The officer arrested him at 2 a.m. after a test that police say revealed a blood-alcohol level above the legal limit.

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The crash broke Cpl. Miller's nose, a front tooth and his left shoulder blade and socket. At the hospital, Cpl. Miller was frantic for news of Ms. Griffin. Blood still covering his face, he found her hospital bed, felt his head spin and stumbled out of the room.

Cpl. Miller was released a few hours later. That night Mrs. Miller called Cpl. Dunham's mom. "Well, our boy did it," Mrs. Miller said.

A few days later, Mrs. Dunham called back and laid into Cpl. Miller. "You need to stop, Kelly," she recalls saying. "You need to learn to like yourself because Jason gave you a gift. Your mom and I can't lose anybody else."

"I know," he said. "I'm sorry."

"Whether you do something spectacular or not, you still haven't completed your purpose in this life," she continued. "Whether it's you or your child or your great-great-grandchild who does something phenomenal, you have a purpose here, and your destiny isn't done yet."

Cpl. Miller was on heavy painkillers at the time and soon forgot the details of the conversation. But later he remembered how angry Jason's mother had been, and how ashamed he had felt.

The police charged Cpl. Miller with two drunk-driving felonies that carry a maximum combined penalty of six years in prison. A felony conviction would kill any chance of joining the sheriff's department.

Shortly after doctors removed the staples closing the wound on her back, Ms. Griffin and Cpl. Miller lay in bed in his childhood room. "I feel really bad, because in essence someone gave his life for me, and then I turned around and instead of making use of it, I quite possibly put it to waste," he told her.

Near the bed was a photo of Cpl. Miller in his dress blues and Purple Heart medal, a reminder of Cpl. Dunham's sacrifice. "I have to do good by more people and live up to the potential of both of us," Cpl. Miller told her.

THE CORPORAL'S FELLOW GRUNTS have rallied to his side. When Maj. Trent Gibson, commander of Kilo Co. when Cpl. Dunham was killed, heard about the car accident, he felt he had let Cpl. Miller down. Even though the major had changed jobs in the Marine Corps, he knew that Kelly had been having nightmares about the grenade attack. He knew Kelly had been getting reckless.

He wished he had said something earlier. Now, he emailed his men:

Kilo Brothers,

For those of you who haven't heard, Cpl Miller had another near-death experience this last Sunday. He's goddamned lucky. Let's all give him a phone call...or shoot him an email...and let him know that we care about him and that he's got to keep his head on straight if he's going to make good on the gift that Cpl Dunham gave him....

Semper Kilo.

Marines who had served under Cpl. Miller in Ramadi sent letters and emails to the judge who would hear his case. "This Marine has only to begin his life," wrote LCpl.Robert B. Bullard. "To rob him of what he has done for me, my platoon, and country would not only be morally incorrect but a criminal act against a mistake."

Mrs. Dunham wrote a lengthy letter telling the judge how Cpl. Miller had rushed to her son's side that day in Iraq. She described how he had since stepped in as a surrogate brother to her youngest children.

She also described how Kelly "has been chasing his personal demons" since Jason sacrificed himself. "I wish you would consider that Kelly is an honorable young man who volunteered to serve and protect those weaker than himself," she wrote.

On Nov. 10, at the opening of the Marine Corps museum in Quantico, Va., President Bush announced his decision to award Cpl. Dunham the Medal of Honor. Leaving the ceremony, Mrs. Dunham talked about the legacy of her son's death. "I'm worried about Kelly," she said. "It's a gift. Strings aren't attached to it. Guilt shouldn't be attached to it. They should just do the best they can with their lives."

The Dunhams have invited dozens of Kilo Co. Marines to Thursday's Medal of Honor presentation in the East Room of the White House. The award, they say, isn't just for their son; it's for all of the young men who served beside him.

Two weeks later, Cpl. Miller is due back in court . His lawyer is trying to persuade the judge and prosecutor to reduce the felony charges to misdemeanors, which would probably allow the corporal to avoid prison. If they agree, and he keeps his record clean for a few years, he could still apply to be a sheriff's deputy.

On his Web page Cpl. Miller writes: "I can't wait for the time to come for a new chapter in my life."

With Each Fallen Soldier, A Field Of Flags Grows (NYT)

By Fernanda Santos

The New York Times, January 6, 2007

DOJ_NMG_0113756

MIDDLE GROVE, N.Y., Jan. 4 — The flags are cut from rolls of yellow plastic tablecloth, then woven onto thin wire rods. Each is about as long as a man's size 7 shoe, as wide as an outstretched hand.

They stand on a sloped corner field framed by a row of conifer trees in this upstate hamlet, spreading in concentric circles like ripples on still water.

From afar, the flags look like clumsily painted dots, an amateur installation of elusive meaning. A closer look yields a clue: a laminated sign with bold black numbers that match the number of flags on the field, numbers that climb almost by the day.

On Sunday, there were 3,000 yellow flags on the ground. By Thursday, five more.

"Just imagine if instead of flags, there were soldiers standing here," Caren Crootof said as she walked across the field, replacing flags torn or toppled by rain and wind.

Mrs. Crootof, 54, makes the flags, cutting the plastic with scissors at her kitchen table. She plants them most mornings before going to work as a midwife, on the one-acre plot next to the 19th-century farmhouse where she and her husband raised three children. First, she checks a Web site that provides a daily tally of the number of American soldiers killed in the war in Iraq. Then she takes to the field, updates the sign and plants the flags.

It started in July 2004, with 877 flags.

"We all grieved the losses of 9/11, we all shared the pain of those families that lost loved ones in the attacks," Mrs. Crootof said. "But here we were, losing all this potential, losing heroes who threw their bodies on grenades to save other troops, and I felt that we, as a nation, were doing so little to acknowledge them.

"I just felt compelled to do something," she added, "and this is what I could do."

The field of flags is at once poignant and terrifying, plain yet powerful for those who have taken notice in this out-of-the-way town of 2,300 in northeastern New York State. The Crootofs' field sits at the end of Middle Line Road, which slices through a landscape of rolling hills, silos and grazing cattle. It is just off Route 29, next door to Saratoga Springs.

One recent morning, a truck driver passing by flashed a thumbs-up sign to Mrs. Crootof, who stood in the field like a dark speck on a yellow-gold sea. A few minutes later, a van rolled past the field and its driver honked twice as he steered around the bend.

Just as the van disappeared, Bruce Houser pulled up in a sport utility vehicle and snapped a picture. He first spotted the flags some months ago, while traveling the road on business, but drove back this week, 30 miles from his home in Speigletown, to mark the milestone of 3,000 dead soldiers.

"These flags here, they're a stark reminder of what the war really means," Mr. Houser said.

Ankie Meuwissen, 30, who lives opposite Mrs. Crootof, said people often stopped and stared for a moment — mothers with children in tow, working men, couples young and old.

"I don't know if wonderful is the most appropriate word to describe it," Ms. Meuwissen said, "but it's nice that somebody is doing something to remind us what we're giving up in this war."

Last Memorial Day, Mrs. Crootof's daughter, Rebecca, 25, heard taps being played as she was eating breakfast on the sun porch. She stepped outside to find a man playing the piece on a trumpet while standing atop a knoll overlooking the field.

What started as a simple exercise in remembrance has become a vast daily vigil for Mrs. Crootof, a self-professed leftist who has taken part in boisterous antiwar protests in New York City and more subdued ones among her neighbors here.

She abhors the war, but sees the flags as nothing more than a heartfelt way of honoring the troops and sharing the grief of their families.

It is a laborious, tedious task of bending, of burying the rods in the ground. Mrs. Crootof often has help — from her children, who come home during college breaks; from her aging parents, who live nearby; from friends and strangers.

Her husband, Mark, a veterinarian, and their son, Aaron, 18, mow the field in the warm months to keep the wild grass from obscuring the flags; a local 4-H club has offered to take on that task come spring. In the summer of 2005, nine girls from Girl Scout Troop 299 in Ballston Lake, about 15 miles to the south, made 100 flags to replace tattered ones.

"The thing is, we all tend to just go along with our everyday life and forget what's going on in Iraq," said Suzanne DeVito, the troop leader at the time. "But when you look at this field and when you step on it and you walk around it, the war becomes very real because you remember that it's not about bombs and tanks. It's about people like you and I."

White Small-town America Pays Highest price For Going To War (FT)

By Edward Luce

Financial Times, January 6, 2007

DOJ_NMG_0113757

Every night at the end of Jim Lehrer's NewsHour on America's PBS channel, there is a roll call of American soldiers who died in Iraq that day. Apart from their tragic fates, most of the dead have something else in common: they come from places of which few people have heard.

Obscure towns such as Hollidaysburg, Pennsylvania, Wolfeboro Falls, New Hampshire and Thermopolis, Wyoming, dominate the listings rather than the big cities.

"It is like watching a different reality," says Larry Wilkerson, a former colonel who was chief of staff to Colin Powell. "Nothing could better illustrate the alienation of America's armed forces from the college-going Americans for whom the Iraq war has meant tax cuts, SUVs and nice holidays."

During the week since the 3,000th American soldier was killed in Iraq - by a roadside bomb in Baghdad - Washington's attention has turned to speculation over President George W. Bush's reported plans to order a "surge" of US troops to Iraq.

What is often missing from America's increasingly recriminatory debate on Iraq is how isolated the communities are that bear most of the human cost. The Pentagon does not disclose the socio-economic background of the 25,000 US soldiers who have been killed or wounded in Iraq. But a breakdown of their ethnicity and states of origins shows they are overwhelmingly white and from small towns in the interior states of mid-America and the south.

For example, the ratio of dead in relation to the state's share of the national population is 221 per cent for South Dakota, 178 per cent for Nebraska and 163 per cent for Louisiana.

In contrast, the District of Columbia, which is home to Washington, the US capital, has a ratio of just 52 per cent, while Connecticut is 66 per cent and New Jersey is 60 per cent.

Charles Moskos, a military sociologist at Northwestern University, says the divorce between the social origins of most US army personnel and the character of the population as a whole is greater than ever. When he attended Princeton as a student in the late 1950s, 400 out of his class of 750 had served in uniform. Last year only nine of Princeton's class of 1,100 had been in the armed services, he says.

Even during the Vietnam war, when the well-connected, such as Mr Bush and Dick Cheney, his vice-president, were able to avoid combat in spite of a national enlistment lottery or,like Bill Clinton, dodge the draft altogether, America's middle classes were better represented.

"There is a myth that Americans respect people who have served in combat," says Mr Moskos. "But if you look at the last four presidential elections, it is the draft dodger who has been elected to the White House. They might hate to admit it, but middle-class Americans identify with the draft dodger."

As the war continues, the US military is finding it ever harder to meet enlistment targets. Spending on recruitment has risen several times to more than $1bn (€769m, £518m) in the past 12 months. Standards have been lowered too. The army is now enlisting recruits aged 40, paying recruitment bonuses of up to $40,000 and has lowered the mental threshold to "category three", which, according to Mr Wilkerson, is "one level above imbecility".

Some, including Charlie Rangel, a Democratic representative from Harlem, have even argued for a reinstatement of the draft to make recruitment fairer. Others argue for much larger incentives for graduates to enlist.

Cindy Sheehan, the celebrity anti-war activist whose son Casey was killed in Baghdad in 2004, says she is receiving a huge volume of e-mails from mothers worried their sons should not sign up. "People are joining the military for economic reasons," says Mrs Sheehan, who is from Vacaville, California. "I call it the poverty draft."

However, according to a poll by the Military Times this week, serving US soldiers are not yet fully disenchanted: 72 per cent said they would support their son or daughter if they wished to enlist.

But their opinions on Iraq offer little comfort to Mr Bush as he contemplates whether to increase the number of soldiers in harm's way.

Almost half the soldiers polled said the Iraq war bore no relation to the "war on terrorism" - a key justification for continued fighting. And only 13 per cent said the US was "very likely to succeed" in Iraq.

Chirac Says Time Proves France Was Right To Resist War (NYT)

By Elaine Sciolino

The New York Times, January 6, 2007

PARIS, Jan. 5 — In a scathing attack of the American-led war in Iraq, President Jacques Chirac said Friday that his predictions that the war would spread chaos and more terrorism had come true.

“As France had foreseen and feared, the war in Iraq has sparked upheavals that have yet to show their full effects,” Mr. Chirac said in his New Year’s address at Élysée Palace to the foreign diplomatic corps.

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"This adventure has worsened the divisions among communities and threatened the very integrity of Iraq," he said. "It has undermined the stability of the entire region, where every country now fears for its security and its independence. It has offered terrorism a new field for expansion."

As President Bush prepares to unveil next week a new military strategy in Iraq, Mr. Chirac added that "the priority, more than ever, is to restore full sovereignty to the Iraqi people."

The single paragraph on Iraq in a speech that addressed many crises and problems around the world was one of Mr. Chirac's most pointed justifications for France's decision to oppose the invasion of Iraq in 2003.

In a sense, the attack was surprising. France's opposition to the war set off a crisis in French-American relations that has since eased, thanks to close cooperation between the United States and France to resolve the summer's Israeli-Hezbollah war and to curb Iran's nuclear program.

As the violence and chaos in Iraq steadily worsened, despite the presence of American troops, the 74-year-old French president tended to avoid reminding the United States of its failures there.

After Mr. Bush's re-election, for example, Mr. Chirac sent him a handwritten "Cher George" letter of congratulations. He also gave a speech expressing hope that 2005 would be a year of "trust" with Mr. Bush, and congratulated him again after elections took place in Iraq.

In Mr. Chirac's last speech to the foreign diplomatic corps, a year ago, he expressed hope that Iraqi elections would help unify Iraqis.

But as Mr. Chirac seems unlikely to run for a third term in presidential elections this spring, he may feel he has little to lose in being blunt in defending what some French political analysts call the high point of his foreign policy in his 12-year presidency.

In Friday's speech, Mr. Chirac also attacked "the pitfalls of unilateralism," a veiled criticism of the Bush administration for going to war in Iraq without the backing of the United Nations Security Council.

He repeated his approval of the emergence of a "multipolar world" as countries like China, India and Brazil assume "the status of global powers." The term enrages the Bush administration because it seems to envision a power that competes with American interests and influence.

CORPORATE SCANDALS:

Appeals Court Reverses Convictions Of 2 Westar Energy Executives (AP)

By The Associated Press

AP, January 6, 2007

KANSAS CITY, Mo., Jan. 4 (AP) — An appeals court on Friday overturned convictions against two former executives of Westar Energy who were accused of "looting" the Kansas utility and said the most serious charges cannot be retried.

The United States Court of Appeals for the 10th Circuit said the case against the former chief executive, David Wittig, and the former chief strategy officer, Douglas Lake, "hung by a thin legal thread," based on claims that the men tried to hide their personal use of corporate aircraft from securities officials.

Those claims led jurors in September 2005 to convict Mr. Wittig on 39 counts of conspiracy, wire fraud, money laundering and circumventing of internal controls, and to convict Mr. Lake on 30 counts. Mr. Wittig was sentenced in April 2006 to 18 years; Mr. Lake received 15 years.

But the three-judge panel said prosecutors did not provide evidence that the two men failed to comply with federal regulations.

Without that evidence, the court said, Mr. Wittig and Mr. Lake are not guilty of wire fraud and cannot be retried on those counts. In addition, the panel threw out the money laundering counts, which were based on the wire fraud, and said those cannot be retried. The court sent back the remaining conspiracy and circumvention counts for trial.

The decision was a blow to federal prosecutors, who have now failed twice to convict the two men. Their first trial ended in a mistrial.

Ex-Merrill Lynch Analyst Sentenced In Insider Trading Scheme (AP)

By Larry Neumeister, Associated Press Writer

AP, January 6, 2007

DOJ_NMG_0113759

(AP) - NEW YORK-A former analyst at Merrill Lynch & Co. Inc. who pleaded guilty to insider trading was sentenced Friday to 37 months in prison for his part in a sprawling scheme that used chatty investment bankers and leaked copies of a market-moving magazine.

Stanislav Shpigelman, 24, had admitted tipping other participants who made more than $6.7 million (â‚¬5.1 million) from October 2004 to August 2005. At the time, he worked in Merrill Lynch's mergers and acquisitions division.

In a plea deal he signed with prosecutors, Shpigelman admitted to a single count of conspiracy to commit insider trading in return for a recommendation that he serve between three and four years in prison.

His lawyer, Mary Mulligan, and family members asked U.S. District Judge Kenneth M. Karas to sentence Shpigelman to less than three years in prison.

Karas, though, called Shpigelman the "critical component" in a scheme that could make others millions of dollars, though Shpigelman conceded receiving only $10,000 (â‚¬7,643) for providing tips to several mergers and acquisitions.

The judge noted that Shpigelman sometimes sought out secret information about deals from others at his company and did so repeatedly.

"It is unfortunately a classic insider trading scheme," Karas said.

The case originated after regulators noticed unusually high trading volume before a merger announcement and discovered that a 63-year-old retired seamstress in Croatia - the aunt of one of the defendants - had made more than $2 million (â‚¬1.5 million).

Investigators soon realized they had found a beehive of inside trading activity that seemed to rely on any method its participants could dream up. At one point, they even discussed getting exotic dancers to coax stock secrets from investment bankers, the government said.

The case also resulted in the arrests of a Milwaukee forklift operator who allegedly obtained early copies of a market-moving column in BusinessWeek magazine and a New Jersey grand juror who supposedly fed the conspiracy secrets about an accounting fraud probe.

But at the heart of the scandal was David Pajcin, a former Goldman Sachs Group Inc. analyst who is cooperating with the government, prosecutors said.

Prosecutors say Pajcin and Eugene Plotkin, 26, a Harvard-trained former Goldman Sachs analyst who has pleaded not guilty to charges in the case, made more than $6.7 million (â‚¬5.1 million) through inside trades. Plotkin is awaiting trial.

Investigators said Plotkin introduced Pajcin to Shpigelman in November 2004 at a Russian day spa and sauna in Manhattan.

The forklift operator, Nickolaus Shuster, 25, has pleaded guilty to conspiracy to commit insider trading and awaits sentencing.

BANKER SLAMMED (NYPOST)

By Janet Whitman

The New York Post, January 6, 2007

January 6, 2007 -- A former junior banker at Merrill Lynch was sentenced yesterday to three years and a month behind bars for leaking secret details on pending mergers to the ringleaders of an audacious scheme that also ensnared a stripper, a retired Croatian seamstress, spies in a Business Week print shop and a New Jersey mailman.

Stanislav Shpigelman, 24, pleaded guilty to the insider-trading charges in July, admitting that he passed on confidential information on deals, such as Reebok's acquisition by Adidas, to the scam's two masterminds, who racked up $6.4 million in ill-gotten gains by trading on the tips.

"I realize my actions are inexcusable," Shpigelman told a Manhattan courtroom yesterday, as his parents, sister, other family members and friends sat behind him. "I should have walked away from the situation, but I didn't have the strength."

The promising young investment banker, who lives with his parents in Sheepshead Bay, Brooklyn, has been working for a moving company.

His family begged the judge for leniency.

"I know my son," his mother, Jane, told U.S. District Judge Kenneth Karas. "I am afraid the stress of prison may break him."

Judge Karas said he imposed the jail term with a "heavy heart" because Shpigelman had one of the most supportive families he had ever come across.

But the judge added that the stiff sentence was necessary to send a strong signal to other young bankers on Wall Street.

Shpigelman has asked to do his time at the Otisville Federal Correctional Institution in Otisville, N.Y., or the Schuylkill Federal Correctional Institution in Minersville, Pa.

The plot's architects, former Goldman Sachs bankers Eugene Plotkin and David Pajcin, recruited Shpigelman in November 2004 at a Russian bathhouse in lower Manhattan called Spa 88.

Shpigelman, who had earlier got help from Plotkin in securing an internship at Merrill, said he felt pressured to cooperate. He netted less than $12,000 for providing inside info on six pending mergers.

Investigators were tipped off to the trading ring in late 2005, when the FBI got word of a suspicious trade ahead of news that Reebok was being acquired.

A retired underwear seamstress in Croatia bought $130,000 worth of Reebok options, a trade that turned into a $2 million profit in only two days.

The seamstress turned out to be the aunt of Pajcin, who controlled her account from New Jersey.

Investigators later learned of other plots hatched by Plotkin, 27, and Pajcin, 29, including the planting of forklift operator moles inside a BusinessWeek print shop to steal prepublication copies.

Pajcin also persuaded his friend, former New Jersey mailman Jason Smith, to divulge secret information while he served on a grand jury. Smith got a sentence of two years and nine months in prison.

Plotkin, who has pleaded not guilty, is out on bail awaiting trial. Pajcin is in a Brooklyn jail and is cooperating with investigators.

Shpigelman must report to prison on March 9.

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Jail For Merrill Analyst In Insider Trading Scam (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, January 6, 2007

The inside man in a $6.7 million Wall Street trading scam that envisioned using strippers to pry stock tips from drunken bankers was sentenced yesterday to three years and a month in prison.

"My actions were foolish and I regret considerably what I have done," Stanislav Shpigelman told Manhattan Federal Judge Kenneth Karas.

Karas called the Brooklyn-reared Merrill Lynch investment analyst a "classic overachiever," but said prison time was necessary to deter others from trying the same thing.

Shpigelman, 24, leaked details of several pending deals, including the 2005 merger of Adidas and Reebok, to accomplices who traded on the information.

Shpigelman met co-conspirator Eugene Plotkin, a Harvard grad, at a Russian day spa in the financial district where they traded stock tips between steams, prosecutors said. In November 2004, Plotkin introduced him to David Pajcin, and Shpigelman promptly filled him in on the pending merger between Procter & Gamble and Gillette, the feds said.

Shpigelman, a SUNY-Binghamton alum whose family lives in Sheepshead Bay, got just $10,000 for his role in the scheme.

The defendants hoped to employ strippers to glean stock tips from bankers over drinks, but that plan never materialized. They did, however, get advance copies of a popular Business Week stock tips column by getting an associate a job as a forklift operator at the Wisconsin plant where the magazine is printed.

Plotkin goes on trial in April. Pajcin is cooperating with the feds.

"Shpigelman did this for the oldest reason in the book," prosecutor Benjamin Lawsky said. "Greed and the desire to make bundles and bundles of money."

But Shpigelman's lawyer, Mary Mulligan, said greed was not a factor for a client who still lives with his parents in the same bedroom he had in high school.

"He sits before you a humble, repentant man," she said, noting that he now works for a moving company and does charity work.

Ex-Merrill Analyst Gets 37 Months In Insider Case (Update4) (BLOOM)

By David Glovin

Bloomberg, January 6, 2007

Jan. 5 (Bloomberg) -- Former Merrill Lynch & Co. analyst Stanislav Shpigelman was sentenced to 37 months in prison for leaking secret information on a pending deal, the first analyst jailed in the million-dollar insider-trading scheme.

Shpigelman, 24, a former analyst in Merrill's mergers-and- acquisitions division, told U.S. District Judge Kenneth Karas today he was ``sorry'' for giving secret information about pending mergers to two junior employees at Goldman Sachs Group Inc., Eugene Plotkin and David Pajcin, who allegedly bought shares in companies targeted for takeover.

``I realize what I've done is inexcusable," Shpigelman said in Manhattan federal court. ``I do beg for leniency."

Today's sentencing is the second in a case that has led to criminal charges against Plotkin, Pajcin and others. Last month Jason Smith, a former mailman in New Jersey, was sentenced to 33 months in prison for leaking secret information from a grand jury he served on to Plotkin and Pajcin to use in insider trading.

Shpigelman was a ``mole inside Merrill Lynch," Assistant U.S. Attorney Benjamin Lawsky told Karas. ``On any one of these deals, a savvy trader could make millions of dollars." New York-based Merrill fired Shpigelman after the scheme came to light.

Shpigelman, who lives in Brooklyn, New York, faced from 37 to 46 months in prison under federal sentencing guidelines.

Secret Information

Prosecutors said Shpigelman leaked secret information on six pending transactions in 2004 and 2005, including Procter & Gamble Co.'s $61 billion purchase of Gillette Co. Shpigelman admitted in his guilty plea in July that he tipped the others about a single deal, Adidas-Salomon AG's $3.67 billion purchase of Reebok International.

Shpigelman was a student at the State University of New York at Binghamton when he befriended Plotkin, who helped him prepare for Wall Street job interviews, prosecutors said. Plotkin and Pajcin, a 2000 University of Notre Dame economics graduate, met at Goldman.

Shpigelman worked as a summer intern at Merrill from 2000 to 2002 before graduating with a degree in business management in 2004, the Securities and Exchange Commission said in April in a related civil suit.

Plotkin and Pajcin, who is now cooperating with prosecutors, recruited Shpigelman for the insider-trading scheme in a meeting at Club 88, a Manhattan day spa and Russian sauna, the SEC said. Prosecutors said Plotkin and others tried to recruit sources at other investment banks to leak them information.

`Bundles of Money'

Lawsky disputed Shpigelman's claim that he was ``pressured" to leak information that helped others earn at least $2.5 million in illegal profits. ``Mr. Shpigelman did this for the oldest reason in the book -- greed -- and his desire to make bundles and bundles of money," Lawsky said.

Karas called Shpigelman an ``overachiever" who became a ``critical component" in a ``classic insider-trading case." Karas said he wanted the sentence to send a stern message to Wall Street.

``This is the kind of case that comes along that people talk about," Karas said.

Defense attorney Mary Mulligan said the safe-deposit box Shpigelman opened soon after the scheme began was for his poker winnings, a claim Karas rejected.

``Greed was not his motivation," Mulligan said of Shpigelman, who now works for a moving company and must report to prison on March 9. Mulligan asked unsuccessfully that her client be allowed to serve part of his sentence at home. Shpigelman's mother and sister also requested leniency.

Business Week

Separately, Plotkin and Pajcin are accused of illegally obtaining the names of stocks mentioned in Business Week magazine before issues were mailed to subscribers.

Nickolaus Shuster, who worked at a Wisconsin printing plant, pleaded guilty in October to charges that he leaked the names of companies set to appear in the magazine. Prosecutors said Shuster stole copies for Plotkin and Pajcin. Charges were filed against another plant worker, Juan Renteria, who has pleaded not guilty.

If convicted, Plotkin may face up to 15 years in jail because he allegedly helped organize the scheme.

Merrill shares fell 9 cents to $91.95 in New York Stock Exchange composite trading at 1:44 p.m. Merrill is a passive minority investor in Bloomberg LP, the parent of Bloomberg News.

The case is U.S. v. Shpigelman, 06-CR-586, U.S. District Court, Southern District of New York (Manhattan).

A Misdated Option Aided ACS's Deason (WSJ)

By James Bandler

The Wall Street Journal, January 6, 2007

Affiliated Computer Services Inc. for the first time said its chairman, Darwin Deason, benefited from a wrongly dated stock option, adding that a portion of the 2002 award would be repriced to cut its potential value by $655,000.

But the company said the repricing is being done for tax reasons, and repeated its earlier insistence that an internal probe didn't find evidence that Mr. Deason's 2002 option grant had been improperly backdated.

The Dallas-based technology outsourcing concern forced its chief executive and top finance official to resign their posts in November, after the internal investigation uncovered rampant backdating.

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In a filing late Friday, the company detailed a series of past option grants to Mr. Deason and other top officials that it is repricing to avoid having individual executives suffer tax penalties associated with mispriced option grants. Except for the 2002 grant received by Mr. Deason and several others, the company didn't say whether the particular grants being repriced were backdated, or merely carried incorrect dates because final approval hadn't yet occurred.

Fortunate Timing

In Mr. Deason's case, the fortunately timed 2002 grant came at the bottom of a steep trough, on a late July date when the stock hit a quarterly low. The company said yesterday its internal probe found "evidence, though inconclusive" that there had been an "informal" selection of that date for Mr. Deason's grant. But formal approval, it said, didn't occur until five days later, when the stock had risen 5%.

Repricing the entire grant of 600,000 shares would have wiped $1.1 million from its potential value. ACS repriced only a portion of the award to the higher exercise price, because there is no tax penalty associated with already vested options. The company has already repriced all options for individuals found to have engaged in misconduct.

The company offered no more details Friday about a 1998 grant to Mr. Deason and other executives that was dated at a yearly low.

Nearly a Month Off

The repricing of other grants to ACS top executives show that the company misdated grants by close to a month on occasion. One grant, originally dated July 11, 2000, to current CEO Lynn Blodgett among others, was priced at $16.44, just ahead of a steep run-up in the company's stock. The company said the actual price should have been $23.47, or 43% higher. The stock next reached that level on August 10, 2000.

The ACS spokesman, Michael Buckley, said the company is reimbursing Mr. Deason and other executives for any financial loss or tax penalties associated with the misdated, repriced options. He said Mr. Deason is being treated like all the other employees whose grants have been repriced.

Write to James Bandler at james.bandler@wsj.com4

Inside Jobs (WSJ)

By Lucian Bebchuk

The Wall Street Journal, January 6, 2007

Apple Computer announced a week ago the conclusions of a special board committee that examined the "improper dating" of over 6,000 option grants during 1997-2002. The committee found no basis for having less than "complete confidence in [CEO] Steve Jobs and the senior management team," placing full responsibility for past problems on the company's former CFO and general counsel. But the company's report fails to dispel concerns about Apple's governance.

In reviewing past grant awards, the report discusses separately grants awarded to directors and to Mr. Jobs, but it lumps grants to senior managers other than Jobs together with all other grants. The company is surprisingly silent on whether any of these senior managers received "improperly dated" grants.

The report indicates that Mr. Jobs "was aware or recommended the selection of some favorable grant dates," but states that "he did not receive or financially benefit from these grants." But even though Mr. Jobs did not personally benefit from these grants, it turns out that he did benefit from other improperly timed grants.

In particular, Mr. Jobs received in 2002 an award of at-the-money options to buy 7.5 million Apple shares, roughly 2% of the total shares then outstanding. The grant was backdated by two months, which significantly increased the award's value. Surprisingly, Apple did not disclose the backdating of this large CEO grant in October when it announced the committee's "key findings."

When reporting about this grant in 2003, Apple noted that the grant comprised 32% of the total options awarded to Apple employees during 2002, and explicitly stated that the grant's exercise price was equal to the stock price on the grant date. Apple's report does not provide any insight into why the special committee found as fully acceptable the failure by Mr. Jobs and all other directors to notice the erroneous recording and reporting of this significant grant.

The special committee concluded that Mr. Jobs did not appreciate the "accounting implications" that the improper dating of grants had for Apple's financial statements. But improper dating may be viewed as wrong for reasons other than the accounting consequences. Thus, it is unfortunate that the report says little about what Mr. Jobs and others current senior managers knew and believed about the improper dating beyond noting Mr. Jobs's failure to appreciate the accounting implications.

Finally, the account suggested by Apple's report leaves readers wondering what incentive the former CFO and general counsel had to engage in improper dating. CFOs and general counsels commonly do not have primary responsibility for attracting and compensating employees. Why would these two former executives engage in massive backdating of thousands of

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grants without at least tacit support from other members of senior management? Why would they act to increase the compensation of a CEO who was unaware of their having done so? These mysteries add to the questions posed by the company's report.

Steve Jobs's great accomplishments have well earned him a place in the pantheon of high-tech leaders and visionaries. And Apple's senior management has undoubtedly done very well for shareholders during the past several years. All of this, however, clearly does not compel the conclusion that Apple's governance has performed adequately with respect to option grants. And the company's report falls far short of providing a basis for accepting such a conclusion.

Beyond Apple Computer, there are many other apples in the barrel of companies whose past option grant practices raise serious questions. In a recent study, "Lucky CEOs," Yaniv Grinstein, Urs Peyer and I estimate that 12% of public firms were involved in lucky grants awarded at monthly lows that cannot be explained by sheer luck. In a subsequent study, "Lucky Directors," we further show that outside directors received lucky grants not produced by sheer luck in an estimated 7% of public firms.

We also find evidence linking lucky grants with governance problems. CEO lucky grants were more common when the board lacked a majority of independent directors. In contrast to claims that gains from backdated grants served as an efficient substitute for other forms of compensation, CEOs getting lucky grants received more, not less, total reported compensation. Lucky grants to outside directors were more common in firms with entrenching arrangements that protect incumbents from removal. And outside directors' luck was correlated with CEO luck.

For corporate America to improve its governance going forward, boards should face up to -- and fully share with shareholders -- past governance problems in their companies.

Mr. Bebchuk, director of Harvard Law School's program on corporate governance, is co-author of "Pay without Performance: The Unfulfilled Promise of Executive Compensation" (Harvard University Press, 2004).

CRIMINAL LAW:

News Media Seek Audio Of Libby Trial (AP)

AP, January 5, 2007

WASHINGTON - Fifteen news organizations and five other groups are asking a federal judge to release audio recordings each day in the upcoming criminal trial of Vice President Dick Cheney's former chief of staff.

The Supreme Court releases audio recordings of arguments in major cases, and lower federal courts have "started to follow the Supreme Court's lead," lawyers for the news organizations said in filings this week in U.S. District Court.

Cheney is expected to testify for his former aide, I. Lewis "Scooter" Libby, and other witnesses will include NBC Washington bureau chief Tim Russert.

"Most of the key witnesses are public figures who regularly appear in the media," the organizations said in documents filed late Thursday with Judge Reggie Walton. "Knowledge that their testimony might be released on audiotapes will not make them feel awkward or uncomfortable, and certainly no more so than testifying in front of a courtroom filled with reporters."

The Libby trial is scheduled to begin Jan. 16. He is accused of perjury, obstruction and lying to the FBI about his conversations with journalists regarding outed CIA officer Valerie Plame.

"If there were ever a case where release of audio recordings is unlikely to have any impact on the proceedings - other than the beneficial one of more fully informing the public - it is this one," lawyers for the news organizations stated.

The organizations are ABC, The Associated Press, Bloomberg News, CNN, CBS, Dow Jones, E.W. Scripps, the Hearst Corp., the Los Angeles Times, the McClatchey Co., NBC, National Public Radio, USA Today, the Washington Post, the American Society of Newspaper Editors, the Newspaper Association of America, the Radio-Television News Directors Association, the Reporters Committee for Freedom of the Press and the Society of Professional Journalists.

The Villains Of Currency (WSJ)

By Joanna Slater

The Wall Street Journal, January 6, 2007

Investors' Excitement Allows Fraudsters To Get Even the Savvy

Cashing in on the volatile world of buying and selling currencies just became riskier.

Scam artists are increasingly using currency-trading schemes to ensnare even experienced investors, regulators say. The scams take many forms, soliciting individuals over the telephone or wooing them at hotel presentations.

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One widespread scheme promises investors fat profits if they jump in on a time-sensitive opportunity to trade currencies. The money then disappears or gets eaten up in unprofitable trades.

Such frauds exploit a growing awareness among the investing public that the global foreign-exchange market -- worth roughly $2 trillion a day -- is an important financial arena. They also benefit from a legal loophole: Not all of the people who solicit investors to trade currencies are regulated, making them difficult to monitor.

Schemes like these are "the fraud du jour," says Michael Dunn, a commissioner at the Commodity Futures Trading Commission, the government body responsible for regulating a portion of currency trading. In recent years, foreign-exchange fraud cases have expanded to take up 28% of the body's current litigation. "This is a real problem out there," says Mr. Dunn.

Over the past five years, more than 25,000 investors have been burned by these frauds, which employ a variety of tactics to lure individuals. Some firms set up booths at investor fairs or rely on printed brochures or pitches over the telephone. Other schemes target particular ethnic groups or spread by word of mouth.

That's how Vicki Myers learned about White Pine Trust Corp., a San Diego foreign-currency fund. Before deciding whether to invest, Ms. Myers visited the company's office. The firm had trading screens, glossy brochures, and, it claimed, an outstanding track record. Impressed, Ms. Myers and her husband invested $58,000 in retirement funds and other savings.

After the fund's Web site stopped working and no one returned her calls, she drove back to the office in 2004, only to find it abandoned. The money was likely gone, she realized. The fund's founder is now in prison after pleading guilty to wire fraud.

"It made me sick," recalls the 57-year-old, who is a marketing director at a residence for the elderly. She estimates that about half of her husband's retirement savings disappeared in the fraud.

The scams tap into an increasing curiosity among individuals about the world of currencies, long the domain of banks, companies, and other institutions.

"The strength and weakness in the dollar is being talked about in the headlines on a daily basis," says Muhammad Rasoul, chief operating officer of Global Forex Trading, a registered foreign-exchange firm based in Michigan that caters to individual customers. "You're going to have people trying to take advantage of those who aren't as familiar" with currencies.

To combat such practices, Mr. Rasoul advocates closing the loopholes that allow some currency-market players to escape regulation and help unscrupulous operators to thrive.

Knowing how to identify legitimate foreign-exchange players is particularly important since the number of firms catering to individual investors has exploded in recent years. Increasing numbers of small investors are trying their hand at buying and selling actual money, thanks to electronic-trading platforms that require low minimum investments.

It's a risky proposition that features unpredictable swings in prices that can wipe out gains. The scams rarely mention such hazards. They target not only financial novices and the elderly, but also investors with an advanced grasp of how markets work.

A good example is the con that ensnared Ms. Myers, which managed to solicit more than $30 million from investors.

The fund's founder, Richard Matthews Jr., pleaded guilty to wire fraud in 2005 in federal court in San Diego, and is in prison while a receiver liquidates the ill-gotten gains from the scam, which included a 12-acre island in Belize, property in California, and a yacht.

Investors in the scheme may recover approximately 20% of their original investment, according to the receiver.

The frauds themselves differ in type and scope. A garden-variety scam might work like this: Fraudsters rent a telemarketing "boiler room" complete with phones and cubicles, and start cold-calling numbers from a list of leads available for purchase. They promise large guaranteed returns, hail their track record, and ask that a minimum investment be wired to a particular bank. If an investor bites, the calls continue, saying more money is needed to take advantage of an urgent trading opportunity.

When the investor asks for the money back, the response is that the market has shifted; then a month or two later the company closes. "The next day they're up and running under a new name," says Mr. Dunn of the CFTC. Florida is a particular hotspot for such schemes, he says.

Another tactic is to target members of a particular community. In San Francisco, for example, a firm placed a classified ad in a local Chinese-language newspaper -- promising well-paid work with health insurance. People who responded to the ad were given a minimal amount of training in how to trade currencies. Then they were asked to invest $20,000 of their own money and to encourage friends and relatives to open accounts. Nearly all of the $1.78 million invested by at least 45 people was lost.

One fact that helps to explain the prevalence of such currency scams is that they sometimes slip through the regulatory cracks. The CFTC has the authority to crack down on fraud in futures contracts, which are agreements to buy or sell a given commodity (or in this case, a particular currency) on specific dates. Futures contracts are a basic way to speculate on currencies. In a recent foreign-exchange case, CFTC v. Zelener, in the 7th U.S. Circuit Court of Appeals in Chicago, the judges ruled that although customers were defrauded, the contracts involved weren't explicitly futures. As a result, the judges said the carefully

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worded contracts in the case put the wrongdoers beyond the mandate of the CFTC. "In effect, it gave a blueprint for fraudsters on how to escape our jurisdiction," says Mr. Dunn of the CFTC.

Last year, Congress examined ways to close the Zelener loophole and is expected to reconsider the issue soon.

Another issue exploited by fraudsters relates to how currency contracts get sold to the average investor. The current law provides a fair degree of latitude for companies selling over-the-counter currency futures: for example, they don't have to register with a regulatory body, as long as they're affiliated with a company that has done so. Their employees can also escape regulatory scrutiny.

The result, at times, is high-pressure sales tactics by people who were previously involved in other forms of commodity fraud, says Daniel Roth, president of the National Futures Association, a self-regulating body for the industry.

"Essentially you have a completely unregulated sales force that is in some cases preying on retail customers," says Mr. Roth. "I can't believe that's what Congress intended."

Some registered firms take steps to protect themselves. Mr. Rasoul of Global Forex Trading says his firm won't take customer referrals from unregulated agents who may be using questionable practices to bring in business. "We're not interested in dealing with people who don't have some kind of responsibility over them," he says.

Write to Joanna Slater at joanna.slater@wsj.com1 Unmasking Fraud ...

If you're considering investing in currencies, some resources to protect yourself:

• Visit the CFTC's currency fraud site: www.cftc.gov/enf/enfforex.htm2

• Contact the National Futures Association at (800) 676-4NFA and ask if a company is a member of the NFA or registered with the CFTC, and to check the disciplinary record of a particular company or salesperson. The NFA has a site to check a firm's record (www.nfa.futures.org/basicnet3).

• Check if the company has attracted the attention of other authorities, like your state's securities commissioner (www.nasaa.org4) or Attorney General's consumer protection bureau (www.naag.org5).

... And Getting Into Forex

There are several ways to invest in foreign-currency movements:

• Mutual Funds. Several "hard currency" funds invest in a variety of currencies. Foreign-bond funds also derive a portion of returns from currency movements. Morningstar's Web site is a resource to research such funds.

• Online Accounts. A large number of companies offer online trading accounts to retail investors where they can speculate directly on currency movements.

• ETFs. Certain exchange-traded funds track the performance of individual foreign currencies against the dollar. Sites such as www.etfconnect.com6 offer information.

Sources: CFTC; WSJ data

SAN FRANCISCO Challenge To Law On Officer Killings Convicted Man's Attorney Calls It Unconstitutional (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 6, 2007

(01-05) 20:57 PST -- The lawyer for the man convicted of second-degree murder for killing San Francisco police Officer Isaac Espinoza said Friday he will ask the sentencing judge to declare unconstitutional a state law requiring his 23-year-old client to spend the rest of his life in prison.

The law may violate the right to equal protection because it punishes second-degree murder of a police officer more severely than first-degree murder of someone who isn't an officer, said Martin Sabelli, attorney for defendant David Hill.

District Attorney Kamala Harris disagreed, saying it was both legal and just that "this defendant should die in prison."

A San Francisco jury convicted Hill on Thursday of shooting Espinoza to death in April 2004. The 29-year-old officer, an eight-year police veteran, and his partner, Barry Parker, both in plainclothes, stepped out of their unmarked car on Newhall Street in the Bayview district and ordered Hill to stop because they thought he might be concealing a weapon, according to Parker's testimony.

The defense argued that Hill thought he was being threatened by rival gang members when he opened fire, killing Espinoza and wounding Parker. But jurors found that Hill had known both men were officers, though they acquitted him of premeditated first-degree murder.

Second-degree murder, a killing that is deliberate but not premeditated or planned in advance, is normally punishable by 15 years to life in prison, or 20 to life if a gun is used. But the sentence is longer if the defendant knew, or should have known, that the victim was an on-duty law enforcement officer.

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Under a law that the Legislature passed in 1997, and voters reaffirmed in a 1998 ballot initiative, second-degree murder of a peace officer carries a mandatory sentence of life in prison without possibility of parole, if the killer used a gun or other dangerous weapon, or intended to kill or seriously injure the officer. If none of those circumstances is proved but the defendant knew the victim was an officer, the punishment is 25 years to life.

First-degree murder of a law enforcement officer is punishable by death or life without parole. Harris, fulfilling a campaign promise of opposition to the death penalty, said within days of Hill's arrest that she would not seek a death sentence.

Hill is scheduled to be sentenced Feb. 8 by Superior Court Judge Carol Yaggy.

Sabelli, Hill's lawyer, said he would base his constitutional challenge on the fact that the law requires a harsher sentence for second-degree murder of a police officer, life without parole, than the sentence for first-degree murder of a non-officer, 25 years to life.

"It's a more serious punishment for what appears to be a lesser crime, based on the status of the victim," Sabelli said. "There may be a constitutional issue, an equal-protection issue."

He also said there appeared to be "a tension, if not a contradiction," in the jury's findings that Hill had known the victims were police officers but had not acted with premeditation when he shot them.

But Harris said the nature of a police officer's job justifies a more severe punishment for their murder.

"It's absolutely necessary to have a law that gives more of a penalty when someone harms a person who is fulfilling a duty to keep us safe," Harris said.

E-mail Bob Egelko at begelko@sfchronicle.com.

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Documents Give New Details Of SunCruz-linked Bribe To Ex-Ohio Lawmaker (MH)

By Jay Weaver

The Miami Herald, January 6, 2007

One-time powerful lobbyist Jack Abramoff gave a $10,000 campaign bribe to an Ohio congressman for his public words of praise for Abramoff's business partner in the purchase of a South Florida fleet of gambling ships more than six years ago.

Specific details of the political bribe linked to the SunCruz Casinos sale were disclosed for the first time this week in court papers filed by Justice Department lawyers for the upcoming sentencing of convicted former Republican Congressman Bob Ney.

Ney, 52, pleaded guilty to corruption charges in October and faces sentencing in Washington on Jan. 19. He's trying to downplay the scope of the corruption conspiracy in hopes of receiving a two-year prison sentence. Prosecutors counter that he should be imprisoned for at least two years and three months.

Abramoff, who is at the center of the ongoing corruption investigation in Washington, turned himself in last November to serve about six years in prison for lying to lenders to obtain a $60 million bank loan to buy the SunCruz fleet, based in Dania Beach.

Abramoff and his SunCruz business partner, Adam Kidan of New York, who is serving the same prison sentence, used that money to buy the gambling fleet for $147 million from Fort Lauderdale tycoon Konstantinos "Gus" Boulis in fall 2000.

Boulis would be slain months later, but Abramoff and Kidan have not been implicated in any way in that case.

The SunCruz case against Abramoff and Kidan gave Justice Department officials the leverage to pressure Abramoff to turn on other colleagues, congressional aides and politicians last year.

The charges against Ney are based primarily on his behind-the-scenes work for Abramoff's Indian tribal clients in exchange for a golf trip to Scotland, campaign money and professional sports tickets. Ney also took tens of thousands of dollars in casino chips and cash from a foreign businessman seeking political favors. But the charges also include the former lawmaker's unusual tactics to help Abramoff buy the SunCruz gambling fleet.

During negotiations in the SunCruz deal, Abramoff asked his lobbying partner, Michael Scanlon, who had once worked for ex-GOP leader Tom DeLay, to do him a favor. That's when Ney entered the picture.

Scanlon contacted Ney's chief of staff, Neil Volz, to arrange to have Ney disparage Boulis and his company in the Congressional Record. Scanlon drafted a statement that Ney put into the Record in March 2000, saying: ``There are a few bad apples out there who don't play by the rules and that is just plain wrong. One such example is the case of SunCruz Casinos, based out of Florida."

The motive: "To soften the negotiating position" of Boulis and "secure a better deal" for Abramoff and his business partner Kidan, according to the court documents filed Wednesday.

Scanlon, who also pleaded guilty to corruption charges, told investigators that Abramoff and Kidan asked for another favor from Ney after the SunCruz sale that September. "Abramoff and Kidan wanted a second statement, this time praising Kidan as the new manager of the business," according to the court documents.

That October, Scanlon discussed the plan in e-mails with Abramoff -- including a payoff to the congressman.

And in a phone call with Ney and Volz, "Scanlon offered them a $10,000 contribution to the National Republican Campaign Committee in return for [Ney's] agreement to insert the second statement into the Congressional Record," the documents say.

In late October 2000, Ney inserted these remarks: ``I have come to learn that SunCruz Casinos now finds itself under new ownership and, more importantly, that its new owner has a renowned reputation for honesty and integrity."

Ney predicted that Kidan ``will easily transform SunCruz from a questionable enterprise to an upstanding establishment that the gaming community can be proud of."

On Nov. 1, 2000, Abramoff and Kidan tapped SunCruz's coffers to donate $10,000 on Ney's behalf to the GOP campaign committee.

The following year, the partners ran the business into the ground.

DOJ Pushes FBI To Broaden Data Sharing With Outside Agencies (COMPWRLD)

By Todd R. Weiss

Computerworld, January 6, 2007

It plans to use a central database to make crime info widely available

January 06, 2007 (Computerworld) -- The U.S. Department of Justice is pushing the FBI and its other operating units to speed up and expand their efforts to share a wide array of information with outside law enforcement agencies via a centralized database called OneDOJ.

In a Dec. 21 memo, Deputy Attorney General Paul J. McNulty also directed CIO Vance Hitch to work with the DOJ's component agencies to develop "an aggressive but practical plan" for increasing their information-sharing capabilities. The plans, which must be submitted to McNulty's office by Feb. 9, will include steps that can be taken within the next 180 days to enable the units to participate more fully in seven ongoing data-sharing initiatives.

In addition, McNulty assigned Hitch to a new committee that will coordinate the DOJ's information-sharing program. And he said in the memo that the coordinating committee and his staff will work with Hitch's office to develop plans for implementing the Unix-based OneDOJ technology internally in 15 high-priority metropolitan areas and other regions.

The plan to expand the use of OneDOJ by other law enforcement authorities at the federal, state and local levels has raised the hackles of some privacy and civil rights advocates, who said last week that the DOJ will need to work hard to ensure that the increased information sharing doesn't infringe on the rights of law-abiding Americans.

"The problem is the ease with which the information held by multiple agencies can be accessed in one place," said Allison Knight, staff counsel at the Electronic Privacy Information Center in Washington. Any inaccurate data stored in OneDOJ could be quickly disseminated to a large number of law enforcement officials, she said, adding that the DOJ should enable people to correct erroneous information.

Knight also said that the centralized database could become a big target of hackers and other unauthorized users. DOJ officials need to ensure that deep security and safety mechanisms are in place to prevent breaches, she said.

OneDOJ is "far more than just bringing together all the information they have," said Barry Steinhardt, director of the technology and liberty program at the American Civil Liberties Union. "Once you put all the information in one place, it enables the kind of data mining that's not possible by traditional law enforcement."

One problem, Steinhardt added, is that the DOJ, and the FBI in particular, have been "notoriously inept at managing [their] computing resources."

For example, the FBI in 2005 scrapped a three-year, $170 million effort to develop an automated case management system and now is pursuing a project called Sentinel that isn't due for completion until late 2009. And the DOJ received a "D" grade for computer security on an annual report card issued by a congressional committee last March.

Ken Wall, Crystal Russo Sentenced In Orange Beach Case (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), January 6, 2007

A real estate investor escaped a lengthy prison sentence Friday for his role in a wide-ranging corruption case in Orange Beach, while the wife of that city's former mayor avoided prison altogether.

Federal prosecutors in Mobile urged U.S. District Judge Kristi DuBose to send Ken Wall to prison for more than two years for mail and wire fraud in a case centering on Steve Russo, who had served as mayor of the resort city before resigning last year following his indictment on corruption charges.

Instead, DuBose sentenced Wall to a year and a day in prison -- less than the minimum recommended by advisory guidelines -- and fined him $250,000.

DuBose sentenced Russo's wife, Crystal Russo, to 180 days of home confinement and two years' probation for obstruction of justice. As part of a plea bargain in September, she admitted that she helped her husband try to hide money that prosecutors had targeted for forfeiture.

Assistant U.S. Attorney Steven

Butler objected to the "insufficiency" of Wall's sentence and indicated prosecutors might appeal.

"This case, like any public corruption case, strikes at the core of our democratic process -- which is the right to honest government by our elected officials," U.S. Attorney Deborah Rhodes said in a statement.

A jury in September found Wall, 55, guilty of conspiracy, two counts of mail fraud and three counts of wire fraud in connection with a real estate deal that netted Steve Russo $400,000.

The charges arose from one of a number of corrupt schemes that prosecutors contended the mayor ran to enrich himself. Russo and former City Attorney Larry Sutley, who also were convicted in September, will be sentenced next month.

DuBose earlier this week overturned Wall's conspiracy conviction, ruling that there was insufficient evidence to support it. But she let the other counts stand.

At the trial, developer Jim Brown -- who cut a deal with prosecutors for his testimony -- told jurors that he financed Russo's $1.2 million purchase of property on Gulf Bay Road along Wolf Bay in August 2005 in order to ensure support for his development projects. The mayor sold the property the same day for $1.6 million to Deck Investments -- a partnership that included Wall, who had teamed with Brown on a controversial proposal to build a $300 million condominium-hotel and retail project called The Water Club.

Brown is scheduled to be sentenced in June for conspiracy.

Testimony during the trial indicated that Wall had never disclosed to his Deck Investments partners that Russo was the owner of the property, and Brown told jurors that Wall wanted Russo to know that Wall had made the deal work.

The initial calculation of advisory sentencing guidelines by the U.S. Probation Office for Wall called for a minimum prison term of 6½ years in prison. That was based partly on the $400,000 profit Russo made on the "land flip."

But defense attorneys Bill Baxley and David McKnight argued Friday that no one lost any money. Although Russo undoubtedly profited, McKnight said, he pointed to testimony from Brown that the Gulf Bay property was worth at least $2 million. And he also noted that Deck Investments was searching for property in the area anyway.

DuBose agreed.

"There was no bribe given. There was no gratuity given," she said. "There was an obvious conflict of interest."

DuBose said the adjusted guideline range of 21 to 27 months was not appropriate and cited several factors that supported the defense request for probation, including Wall's spotless criminal record, his lack of danger to the community and the likelihood that he will not commit more crimes. But she said some prison time was necessary to reflect the seriousness of the offense.

"The public deserves complete and infallible honesty from its public officials," she said.

Given a chance to address the court, Wall continued to maintain his innocence, reasserting that he would have bought the Gulf Bay Road property "from the man on the moon" because it was in the best interest of Deck Investments.

Wall also told the judge that the criminal charges have wrecked him financially. He said he earned no regular income in 2006 and had to sell assets to pay loans that lenders called as a result of the indictment. He said his bank has given him a 90-day extension to pay the mortgage on his own home.

Turning to face 40 or so friends and relatives who packed the small courtroom, a visibly emotional Wall said, "The only joy I felt in the last 10 months is the love and support and shoulder that you folks have offered to me."

Crystal Russo's sentencing came after a plea by her lawyer and her father for leniency. A federal grand jury indicted her in June after investigators alleged that she had opened a bank account in her maiden name at the behest of her husband, who then transferred $95,000 from his own account.

Defense attorney Gordon Armstrong asked the judge to sentence his client to straight probation, arguing that she was entitled to leniency under a federal rule available to otherwise law-abiding defendants who commit an aberrant and spontaneous crime.

Armstrong said his client, who was 19 years old and working at Russo's store when she met him, was "very young, very inexperienced and very naive."

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But Butler, the prosecutor, argued that to qualify for a break under the "aberrant behavior" rule the crime must be of limited duration and not include subsequent acts. He pointed out that Russo opened the account over the phone on a Friday afternoon, went to the bank the following Monday to submit the required paperwork and then tried to take money out two days later.

DuBose agreed that restricted probation was appropriate. While on home confinement, Russo will have to wear an electronic monitoring device and pay its $3.26 daily expense. She will not be allowed to leave her home unless she gets advance permission from the U.S. Probation Office.

"Sorry would not even describe the remorse I feel ... that you even have to know who I am," she told the judge.

As she left the courthouse, Russo focused on the positive.

"I'm going home," she said.

Ex-councilman Pleads Guilty In Orange Beach Corruption Case (AP)

AP, January 6, 2007

BAY MINETTE, Ala. (AP) — Former Orange Beach City Councilman Joseph F. McCarron Jr. pleaded guilty Friday to 15 misdemeanor ethics law violations related to his votes on construction projects in the Alabama Gulf Coast resort.

McCarron has agreed to testify in the state prosecution of former Orange Beach Mayor Steve Russo and former city attorney Larry Sutley, Attorney General Troy King said in a statement announcing the guilty plea.

As part of McCarron's plea agreement, he has committed to pay fines of $2,000 for each of the 15 counts, King said. Sentencing is set for March 21.

King said McCarron admitted to five instances of "unintentional violation" of three different sections of the state ethics law, through his votes to rezone properties for his business clients, for which he later sold them insurance.

The votes were for rezoning properties including Terry Cove Marina, Phoenix on the Bay II, Turquoise Place, Turquoise Place East, and Caribe Planned Unit Development.

Unintentional violation of the ethics law is a misdemeanor.

Russo is charged in two state indictments with accepting bribes while in office in exchange for supporting construction projects.

Russo, Sutley and developer Ken Wall were convicted by a federal jury on numerous public corruption counts after a two-week trial in September. A federal judge later overturned Wall's conspiracy conviction but upheld his mail and wire fraud convictions. Developer Jim Brown pleaded guilty in June to federal charges of bribing Russo to curry favor at City Hall. Wall was charged for his role in separate schemes to enrich the mayor.

Pellicano Allowed To Defend Himself (LAT)

By John Spano, Times Staff Writer

The Los Angeles Times, January 6, 2007

The private investigator facing racketeering and wiretapping charges dismissed his attorney because the courts wouldn't pay him.

Tossing a legal hand grenade into an already-contentious case, celebrity sleuth Anthony Pellicano on Friday demanded and won the right to act as his own lawyer in his upcoming trial on wiretapping and racketeering charges.

U.S. District Judge Dale S. Fischer tried to talk Pellicano out of his plan, but he would not relent.

"I urge you to let me appoint counsel for you," Fischer implored in federal court in downtown Los Angeles.

"You're very kind, your honor, but no, thank you," Pellicano said.

The ruling added another unexpected turn to a case that has rocked Los Angeles' legal and entertainment communities. Pellicano was once one of the city's most successful private detectives and for years had worked on behalf of marquee names in Hollywood and legal circles, gathering secrets to help sway court and business affairs in his clients' favor.

The specter of an untrained self-advocate in a complex, high-profile case raised sharp concerns among some court observers. One cited the trial of Lynette Alice "Squeaky" Fromme, who insisted on exercising her constitutional right to defend herself on charges of trying to shoot President Ford in 1975, only to turn the courtroom into a circus.

"It's a very foolish thing to do," said Peter Keane, former dean of Golden Gate University School of Law in San Francisco. "Usually you're consigning yourself to failure. It creates nightmares for judges. Judges and prosecutors hate it."

Most lawyers for Pellicano's six co-defendants declined to comment on the record. But while some saw catastrophe, others cited the defendant's stellar career as a private detective in suggesting he might be effective.

"It affects the whole case," one lawyer said. "You have to address his silly motions. If the government is taking up time answering frivolous motions, it's time they are not spending providing your discovery."

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"I don't know what happens with Anthony when he gets up to do his opening statement," another lawyer said. "Does he waive his 5th Amendment privilege [against self-incrimination]? I don't know which way it cuts, in terms of benefit to the prosecution or the defense."

Pellicano, one of seven defendants in the complicated federal case, had been represented by San Francisco attorney Steven F. Gruel without charge. Pellicano wrote to Fischer that he released Gruel because he believed it was unfair for him to continue working gratis.

Pellicano has already been declared indigent and qualifies for court-paid counsel, which is normally selected from a list of qualified lawyers maintained by each federal trial court in California. Lawyers familiar with the case said Gruel is not on the list, and Fischer was reluctant to appoint him.

The judge cleared the courtroom and held a 15-minute closed-door session with Pellicano and Gruel before publicly allowing the former private detective to represent himself.

Lawyers uniformly praised Gruel as a top attorney and said his loss would be difficult. Several lawyers and observers suggested other defendants may decide to seek separate trials, adding to delays. The trial is scheduled for this summer.

Several suggested Pellicano will find it impossible to review all the evidence before trial. Massive amounts of electronic records were seized from Pellicano's computer system before his arrest. Being incarcerated, his options are limited, lawyers said.

Keane said that while Pellicano has "assured his own conviction," the effect on other defendants "could go in a number of directions."

"If Pellicano is an abrasive, arrogant, obnoxious person, it could be a godsend for the other defendants. He could deflect all the antipathy towards himself," Keane said.

Half a dozen defendants have pleaded guilty in the broad Pellicano investigation, including a Hollywood filmmaker and a former record executive, both of whom admitted lying to the FBI about hiring Pellicano to wire-tap rivals.

Gruel said he would rejoin the defense if and when Pellicano asks. In the meantime, he said his former client "could do a pretty darn good job. He knows the issues and he knows the facts better than anyone."

"After 40 years of experience, he has a practical knowledge of how the legal system works," Gruel said.

On Friday, Fischer ended the hearing by telling Pellicano, "If you change your mind, let me know."

"Yes ma'am," responded Pellicano. "I know exactly what you mean."

If convicted of all 108 counts in the federal indictment — including wire fraud, identity theft, computer theft and possession of wiretapping devices — Pellicano could get up to 625 years in prison and $26.75 million in fines.

john.spano@latimes.com

D.C. Police To Target Each Area's Safety Needs Individually (WP)

By Allison Klein, Washington Post Staff Writer

The Washington Post, January 6, 2007

Mayor and Chief Emphasize Community Input, Foot Patrols

D.C. Mayor Adrian M. Fenty and Acting Police Chief Cathy L. Lanier yesterday outlined a new crime-fighting strategy that calls for customized actions to address safety needs in each region of the city.

Officers in each of the city's 46 police service areas will meet with residents and elected officials in coming weeks and create initiatives that will be launched in March, Lanier said. At her urging, patrol commanders have started programs, including one that has officers adopting specific neighborhood blocks or parks where they will personally keep track of any emerging concerns.

"Our overriding goal is to reduce crime and the fear of crime in every neighborhood," said Lanier, who last week succeeded Charles H. Ramsey as chief. She has the job on an acting basis pending confirmation from the D.C. Council.

Fenty and Lanier have emphasized increased officer visibility and foot patrols. The city plans to add 100 officers to the 3,800-member department, and Lanier has said patrols will be her priority. She envisions a force that goes beyond reacting to crimes by building and sustaining safe neighborhoods.

The new mayor and chief outlined their plans at a news conference yesterday -- the second day in a row that Fenty has promoted his early agenda. On Thursday, he proposed a dramatic restructuring of the D.C. public schools that would give him ultimate authority over the troubled system.

Fenty (D), who was sworn in Tuesday, said he moved quickly on schools and police because he believes they are twin vital components to a healthy city.

"We very much view our record of service intertwined with our ability to make our streets safer," said Fenty, who as a council member frequently criticized the police department's direction.

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Fenty's approach drew praise from one of his predecessors, council member and former mayor Marion Barry (D-Ward 8). "I commend the mayor to move public safety parallel with education because there's no way you can educate young people when they don't feel safe going to school or in school," Barry said.

Lanier, a 16-year member of the department, is taking a team approach to policing. She told patrol commanders in the seven police districts to have open dialogues with their officers, who in turn are supposed to cull ideas from the community.

In the 3rd District, which encompasses neighborhoods such as Shaw, Adams Morgan, Columbia Heights and the U Street corridor, Cmdr. Larry McCoy came up with the adopt-a-block program. His district has the biggest volume of crime in the city, driven by robberies, burglaries and assaults.

With 467 officers, he does not have enough officers to assign one to each block, but he will cover the district strategically.

"The idea is that's their baby," McCoy said. "That's their place to make a difference."

In choosing to increase foot patrols, McCoy said, he and other commanders will have to strike a balance to ensure that officers are able to arrive quickly when someone calls for help. "We'll always have the capability to respond; that won't be a problem," McCoy said. "Sometimes it will be a matter of officers going back to their cars and responding."

Since the initiative was announced this week, comments have been popping up on the 3rd District e-mail group from people such as Columbia Heights resident Winnie Huston, who said that it reminds her of growing up in a small town. "It brings a small-town sensibility to the city in a way that makes a lot of sense," Huston said.

Cmdr. Robin Hoey has carved the 6th District, the northern section of the city east of the Anacostia River, into 34 small areas and will cover them with foot, bike and motor patrols. He emphasized foot beats -- "going back to the old days," he said.

His plan focuses on getting guns off the streets in his communities, which have some of the highest homicide rates in the city. And he will initiate anti-bullying programs in schools.

"We're looking at youth gun violence," Hoey said. "There are some crooks out there, but there are other kids who are arming themselves to protect themselves."

In the 1st District, which includes Capitol Hill and the RFK Stadium area, Cmdr. Diane Groomes said she is encouraging citizens to ride along with officers on patrol, and she will have every officer become involved in a community-based program, such as reading in schools, taking the elderly on errands and youth midnight basketball.

She said the benefit is twofold: It assists people, and it often helps solve cases. "You get a lot of information that way," Groomes said.

Lanier also is changing the way homicide detectives are assigned cases. Detectives, who now get cases from throughout the city, instead will be on regional teams to become more familiar with criminals, witnesses and sources in specific areas and neighborhoods.

Over the years, various chiefs have tried decentralizing the homicide unit instead of having detectives report to one command. Lanier did not go that far.

Detectives will work out of the same building and report to a centralized chain of command. But they will be assigned to one of three regional operations commands. The east command, which has the majority of the city's homicides, will have the most detectives, said C.V. Morris, head of the Violent Crimes Branch.

Council member Phil Mendelson (D-At Large), chairman of the Judiciary Committee, said the shift to regional homicide detectives is a sound decision because "a lot of homicide is territorial."

Lanier said she will reevaluate some strategies now in place, such as targeting crime hot spots, to see what's working well and what's not. Overall, she has gotten a positive response from officers.

"We're very optimistic," said Officer Kristopher Baumann, chairman of the D.C. police union, who had a strained relationship with Ramsey. "The officers on the streets know what the problems are, and they have ideas about how to solve them."

Archdiocese Settles Sex Suits (DENP)

By Eric Gorski, Denver Post Staff Writer

Denver Post, January 6, 2007

The Roman Catholic Archdiocese of Denver has settled clergy abuse lawsuits with 15 plaintiffs for a total of $1.58 million, the law firm representing the litigants said today.

"We are pleased with the settlements," said Adam Horowitz, an attorney in the Miami law firm Herman and Mermelstein. "Any time can give a client an opportunity to resolve something at an early stage, that's a good thing for the client."

In a statement, Archbishop Charles Chaput said he was grateful to those who had worked to achieve the settlement. "I sincerely hope that each of the..individuals who participated begin to truly heal," he said.

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Last year, Chaput announced the 24-county northern Colorado diocese had hired mediator Richard Dana, a former federal judge, in an effort to reach settlements with plaintiffs who had sued the archdiocese for clergy sex abuse.

The settlements announced today do not mean the clergy abuse scandal that hit the Denver archdiocese starting in 2004 is resolved, however. At least 20 lawsuits are still pending in Denver District Court.

Today Chaput appealed to those who have yet to settle, asking that they continue to work with the mediation outreach panel, and making himself available to talk with them personally. "We will continue to try to be proactive, both spiritually and otherwise, to help anyone who has ever been hurt during his or her childhood by any member of our clergy," he said.

Four of Herman's clients declined to settle. None of the clients represented by lawyer Jeffrey Anderson of St. Paul, Minn., agreed to settlements. Anderson rejected the mediation process, saying the archdiocese should open its personnel files also.

The archdiocese declined to say how much money was available through mediation except to call it a "substantial sum."

News of some settlements with Herman clients has trickled out in recent months. It was unclear whether the announcement today means Dana's work is done.

The settlements range anywhere from $30,000 to $150,000 per case, the law firm said. All settlements involving allegations of sexual abuse with minor boys exceeded $100,000, it said.

Ten of the settled suits targeted the Rev. Harold Robert White, who was defrocked in 2003. White died late last year of an apparent heart attack while vacationing in Mexico. He was 73.

Among the White accusers who settled lawsuits: his godson, Delbert Nielsen, whose agreement is for $150,000. Four other White accusers are named, and the others are John Does. One is a Jane Doe - the only female to file suit accusing White.

The Denver Post reported a single allegation against White in 2004, and many more followed. At least three times, the Denver archdiocese was told of allegations against White but allowed him to serve, moving him from parish to parish for years before taking steps to remove him, according to interviews with alleged victims, one of his former superiors and church documents obtained by The Denver Post.

Five of the settled cases involve lawsuits naming the Rev. Leonard Abercrombie, who died in 1994.

The Herman law firm blamed the lack of settlements in its remaining cases primarily on the archdiocese's refusal "to voluntarily release the contents of the offending priests' personnel files..." The archdiocese has said such files are private and confidential.

Just Days Into The Year, Killings Toll Hits 8 In New Orleans (NYT)

By Adam Nossiter

The New York Times, January 6, 2007

NEW ORLEANS, Jan. 5 — A surge in murders since the new year has residents on edge and has raised new fears that officials here remain helpless to contain a lethal combination of guns, drugs and jobless young men.

The worries are particularly acute as this city struggles to repopulate 17 months after Hurricane Katrina.

Eight people have been found dead since Jan. 1, seven of them shooting victims, with the most recent being a young woman found lying on her bed in the Uptown section Friday morning, shot in the head.

As the police were scrambling to investigate that killing and the others, mostly of young men gunned down in high-crime areas, grief-stricken neighbors gathered outside the house of Helen Hill, an independent filmmaker, and her husband, Dr. Paul Gailiunas, who were shot by an intruder early Thursday morning in the Faubourg Marigny section, the authorities said.

Ms. Hill, 36, well known in the local film community and the recipient of several awards, was killed; Dr. Gailiunas, who specialized in treating the city's poor, survived his wounds. The police found him kneeling by the front door, bleeding and holding the couple's 2-year-old son in his arms. His wife lay nearby, shot in the neck. The child was not hurt.

That crime, breaking the typical pattern of drug-related shootings, helped prompt a front-page headline in The Times-Picayune on Friday: "Killings bring the city to its bloodied knees."

The spate of murders came after a New Year's Day statement by the city's police superintendent, Warren J. Riley, that New Orleans had been made safer because the 2006 murder total was the lowest in 30 years.

But the assertion was questionable even before these killings started. On a per-capita basis, because of the city's drastically reduced population after Hurricane Katrina, the murder rate of at least 81 per 100,000 people in 2006 easily makes New Orleans one of the most violent cities in the nation.

On Friday, flowers and scribbled remembrances fronted the modest duplex of Ms. Hill and her husband on North Rampart Street, in a picturesque neighborhood of old Creole cottages frequented by tourists and local residents escaping the crowds of the nearby French Quarter.

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Both were remembered as outsiders — Dr. Gailiunas is from Canada, friends said, and his wife from South Carolina — with a fervent commitment to the city's culture and its underclass.

"You know what, it's horrifying: you kill my wife, you shoot me while I'm holding my baby," said Darlene Wright, who said Dr. Gailiunas had treated her two sons at the low-cost clinic he started on Esplanade Avenue. "He was different from the other doctors. It didn't matter what your color or culture. He cared about the people."

Friends said Dr. Gailiunas had been released from the hospital Friday afternoon and that he planned to return to Canada. The police said his wounds were not life-threatening but they could not confirm his release.

Ms. Hill, a Harvard graduate and recipient of a Rockefeller Foundation fellowship, had shown her films at numerous festivals in Canada and the United States.

"Things didn't matter to them, their whole focus was on people and partaking in the culture of what was happening in New Orleans," said Carlton Charles, Dr. Gailiunas's landlord at the Esplanade clinic.

Previously, the doctor had worked in the high-crime, impoverished Central City area.

"He wanted to reach out to the poor and the underprivileged, people he felt had a lot of needs," Dr. Henry Evans, a colleague there, said.

On Friday, David Jones, the owner of a bed-and-breakfast near the couple's home, described how, shortly before the shooting, a lanky gun-wielding intruder — possibly the same one who shot the couple — had forced his way into his establishment, but apparently fled after panicked guests called the police.

The other recent killings followed a depressingly familiar pattern. Earlier Thursday, the police found a young man with gunshot wounds lying face-down in a Central City alleyway; on Wednesday evening, they responded to a report of gunshots in the same neighborhood and found another young man dead; that afternoon, Louisiana National Guardsmen found the body of a man shot in the head in the Desire area, in the Ninth Ward; and on Wednesday morning, they found the body of a woman wrapped in a rug in the Lower Ninth Ward.

The National Guard is patrolling several sections of the city at the request of the Police Department, which is still low on manpower. Superintendent Riley, who has been out of town, and other senior police officials did not respond to requests for comment on the violence.

Compounding residents' fears here is the apparent inability of the criminal justice system to successfully prosecute the murderers. A study by the Metropolitan Crime Commission of New Orleans, a foundation, found that from October 2003 to September 2004, only 12 percent of those arrested for murder were incarcerated.

"You know, there are people in this neighborhood trying to bring it back," said Mr. Jones, the bed-and-breakfast owner. "I'm tired of this. I'm ready to torch the whole neighborhood."

A Spate Of Killings Opens New Year In New Orleans (WP/AP)

By Janet McConnaughey, Associated Press

The Washington Post, January 6, 2007

Filmmaker Among the Latest Victims

NEW ORLEANS, Dec. 5 -- A young woman shot to death in her home Friday morning became at least the seventh New Orleans homicide victim of the new year.

The victim, whose identity was not released, was said to be in her early 20s. Her house in the Uptown section of New Orleans had been ransacked; police did not know whether anything had been taken.

Five of the shootings, all unrelated, occurred within a 14-hour span Wednesday night and Thursday morning. Also, a body with signs of physical trauma was found Wednesday wrapped in a rug. That death has not been classified.

The spate of killings dashed hopes that the city's police chief was right on New Year's Day when he said he believed the violence that has plagued parts of the city for months had been brought under control.

One of Thursday's victims was independent filmmaker Helen Hill; her husband, Paul Gailiunas, a physician who treats the city's poor, was wounded.

Police did not release the names; they were identified by weeping friends and neighbors who gathered in front of the little white house where the killing occurred. They had moved to the Faubourg Marigny neighborhood near the French Quarter about a year after Hurricane Katrina wiped out their home in the Mid-City neighborhood.

Police said both were shot at their front door about 5:30 a.m. Thursday. No other details were available. A friend said family members from Columbia, S.C., were on their way to New Orleans on Thursday after learning of the shooting.

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"They were wonderful people. Two bright spots in New Orleans. They gave us hope that people could live together. And they'd do anything for anybody," said Sheri Branch, who was taking care of the couple's 2-year-old son while Gailiunas was hospitalized.

Hill made short films; her experimental animation shorts had been shown at a number of festivals in the United States and Canada.

Gailiunas, who was in stable condition Thursday, opened a clinic for poor people in the Treme neighborhood in 2004. It was flooded by Katrina a year later.

No witnesses to any of the killings have come forward, police said Thursday, appealing for help to solve the most recent cases.

Assistant Superintendent Steven Nicholas described the recent killings as brazen acts, often committed in broad daylight and, in one case, within a block of police officers.

At a news conference earlier this week, Police Superintendent Warren J. Riley said homicides in the city spiked in April, May and July but had become less frequent -- something he credited to police initiatives.

Police spokeswoman Bambi Hall said that, after 19 killings in October and another 19 in November, December's total was 15. There were 161 homicides in the city in 2006. New Orleans's murder rate was seven to 10 times the national average for cities of its size in 2005, the latest period for which complete data are available.

National Guard troops and state police were brought in to help patrol some neighborhoods after five teenagers were killed in one night in June 2006. The Guard has focused on areas most devastated by Hurricane Katrina so police could focus on higher-crime areas. Their patrols are expected to continue this year.

Nicholas said Riley and New Orleans District Attorney Eddie Jordan have spoken and are working to target violent criminals and to get them off the street. "Those partnerships are well established," he said.

CIVIL LAW:

Supreme Court To Rule On Whistle - Blowing (AP)

By The Associated Press

AP, January 6, 2007

Filed at 3:24 a.m. ET

WASHINGTON (AP) -- After 17 years, James Stone has perhaps a few more months to wait before he learns whether he will collect up to $1 million for exposing fraud by a government contractor at a now-closed nuclear weapons plant.

A court ordered Rockwell International, now part of aerospace giant Boeing Co., to pay the government nearly $4.2 million for fraud connected with environmental cleanup at the Rocky Flats plant northwest of Denver. Stone, a former employee at the facility, could be entitled to as much as one-quarter of the payment under the federal False Claims Act.

The 81-year-old retired engineer filed his whistle-blower lawsuit in 1989, the year Rocky Flats shut its operations after nearly 40 years of production. He has survived legal challenges by Rockwell to dismiss the claim or deprive him of his share. The government joined the suit as Stone's partner 10 years ago.

The Supreme Court now has the case. The ruling could affect an anticipated crush of fraud suits if the high court makes it harder for whistle-blowers to share in the proceeds.

If Rockwell wins, "it's going to be much more difficult for whistle-blowers and there are going to be fewer cases," said James Moorman, president of the Taxpayers Against Fraud Education Fund, an advocacy group.

Rockwell must pay the entire penalty no matter how the Supreme Court rules, although it would not have to pay Stone's attorney fees. The only question before the court is whether Stone will get his cut.

The company, backed by defense, energy and pharmaceutical interests, wants the justices to restrict when an individual can collect for suing on the government's behalf.

The Bush administration is on Stone's side even though the government collects more money if Rockwell wins.

"It might be natural for the court to wonder why would it be in the government's interest to advocate that a share of the money damages in this case should be given to a private party," Justice Department lawyer Malcolm Stewart told the justices during the oral argument in early December. "In our view, Stone is precisely the type of relator that Congress intended to encourage." A relator is an individual who sues under the False Claims Act.

The False Claims Act allows individuals, acting on the government's behalf, to file fraud suits against companies that do business with the government. If they prevail, they receive a portion of what the contractor must pay the government.

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During World War II, Congress amended the Civil War-era law to make whistle-blower suits more difficult. Since Congress changed the law again in 1986, such suits have returned $11 billion to the government. Recent high-profile cases include settlements with leading pharmaceutical manufacturers.

Sen. Charles Grassley, who led the fight to reinvigorate the False Claims Act in 1986, urged the court to rule in Stone's favor.

Grassley, R-Iowa, said provisions in the law that authorize whistle-blower suits are "essential to the government today to confront fraud in government programs from reconstruction in Iraq to aid for victims of Hurricane Katrina."

The issues before the justices are:

--How much independent knowledge of wrongdoing must someone have to file a False Claims Act suit?

--Does that information have to be part of the case that eventually convinces a jury that a government contractor committed fraud?

Once alleged improprieties are disclosed publicly, often by the media, individuals face a higher hurdle in bringing fraud suits on the government's behalf. Otherwise, people could read a newspaper account or an indictment and then rush to the courthouse to file suit.

The major exception to this rule is if an individual is an original source of the information. That is what Stone claims; several courts have agreed.

Stone did not file suit until after problems at Rocky Flats became public. He did, however, approach federal investigators with information about environmental issues before news accounts were published.

At trial, the jury found Rockwell submitted false claims in 1987 and 1988 saying it was meeting goals of treating low-level radioactive wastes at the former atomic weapons plant. Rockwell laid off Stone in 1986.

Maureen Mahoney, representing the company, told the justices it is implausible for Stone to claim he had independent knowledge of any fraud. "His claim by his own admission starts in 1987, after he was gone," Mahoney said.

Yet both the trial and appeals courts, as well as the government, say Stone has shown he provided information on which the allegations of fraud were based.

A ruling by the Supreme Court is expected before July.

Rocky Flats is designated by the Environmental Protection Agency as a Superfund cleanup site. It is an Energy Department-owned cleanup and closure site.

In nearly four decades, some 70,000 plutonium triggers for nuclear bombs were made at Rocky Flats. Production was halted in 1989 because of chronic safety problems, prompting a raid by FBI agents. The Cold War ended before production could resume. In 1993, the Energy Department announced that the facility's mission was over.

State and federal regulators signed an agreement in 1996 on the cleanup, including demolition of what was termed "the most dangerous building in America" because of leaks, spills and a fire that drove radiation levels off the charts.

The case is Rockwell International v. U.S., ex rel Stone, 05-1272.

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On the Net:

Supreme Court: http://www.supremecourtus.gov

Taxpayers Against Fraud Education Fund: http://www.taf.org/

Energy Department: http://www.energy.gov/

Boeing: http://www.boeing.com/

Former Acute-care Service Settles Suit For $7.5 Million (HC)

By Armando Villafranca, Houston Chronicle

Houston Chronicle, January 6, 2007

Ex-workers and contractor alleged Medicare fraud at SCCI Corp.

A former long-term acute-care service based in Dallas has paid the federal government $7.5 million to settle allegations of fraudulent Medicare claims, the U.S. Department of Justice announced on Friday.

The settlement resolves a civil lawsuit filed in 1999 by four former employees and an independent contractor who worked for SCCI Houston, a 40-bed long-term acute-care hospital.

SCCI Houston was part of SCCI Health Services Corp., which operated six acute-care facilities in Texas and others outside the state.

The lawsuit was filed under whistleblower provisions of the False Claims Act, which authorizes private individuals to file lawsuits on behalf of the United States.

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The government filed its own complaint in March 2003.

The allegations claim that from 1996 to 1999, SCCI entered into illegal financial relationships with three physicians and paid the doctors in violation of self-referral statutes, and submitted or caused false claims to be submitted to the Medicare program.

SCCI Corp. was acquired by Triumph HealthCare in 2005. None of the whistleblowers nor any SCCI employees involved in the fraud were part of the acquisition, said Tanya Snodgrass, vice president of professional relations for Triumph HealthCare.

"We are very happy that it is officially over and we can finally move forward without this distraction," Snodgrass said.

She said Triumph worked with the Justice Department to resolve the lawsuit.

Justice Department spokesman Charles Miller said the whistleblowers, Daryl Kaczymarczyk, Patricia Rocha, Michelle Pate, Michael Brigle and Theresa Taylor, shared $1.7 million of the settlement.

Under the whistleblower provision, anyone who reports fraud can reap between 15 and 25 percent of a settlement, Miller said.

The case was handled by the Justice Department's Civil Division and the U.S. Attorney's Office for the Southern District of Texas, with the assistance of the FBI.

Judge Clears Delphi Debt Refinance Plan (AP)

By Vinnee Tong, Ap Business Writer

AP, January 6, 2007

(AP) - NEW YORK-A federal bankruptcy judge on Friday approved a plan by auto parts maker Delphi Corp. to borrow $4.5 billion to refinance debt and lower its monthly interest expenses.

Lawyers for Troy, Mich.-based Delphi said the refinancing, expected to close next week, would save the company $8 million a month.

The debt refinancing proposal was announced on Dec. 18, along with a plan by private equity investors to buy shares worth up to $3.4 billion in a reorganized Delphi.

Delphi lawyers say that the debt and share purchase plans represent "significant milestones in the debtor's reorganization and another major step forward towards emergence."

Judge Robert Drain, who approved the debt refinancing proposal on Friday, will consider the equity purchase plan next Thursday.

The company said it will also seek an extension of the deadline for filing its reorganization plan at a hearing next Friday. If approved, the company would have until July 31 to file its plan and Sept. 30 to solicit acceptances.

The current deadline to file a plan is Feb. 1 and to seek acceptances is April 2.

JP Morgan Chase Bank, which administers the company's current debtor-in-possession loan, would be joined by another lender group led by two investment banks to do the refinancing.

Lawyers said in court papers that JP Morgan Chase Bank offered the best terms and would save time for the debtor since a new lender would need to examine the borrower's books.

In the separate equity investment plan, affiliates of three private equity investors, Appaloosa Management LP, Cerberus Capital Management LP and Harbinger Capital Partners Master Fund I, as well as Merrill Lynch & Co. and UBS Securities LLC, would buy shares in a restructured Delphi at a cost of between $1.4 billion and $3.4 billion.

The equity investment plan has been approved by the company, the investors and General Motors Corp., and would give the investors a minimum of 30 percent and up to 72 percent of the restructured company. The plan depends on consensual resolution of Delphi's labor agreements by Jan. 31.

GM was Delphi's parent company until the auto parts supplier was spun off in 1999. The automaker remains Delphi's biggest customer and has had a prominent role in negotiations. Delphi and its affiliates filed for bankruptcy protection in October 2005 under financial duress from a declining American auto industry.

Several parties in the case have objected to the equity investment plan, including Highland Capital Management LP, which has submitted a rival bid to buy shares it has said is worth $4.7 billion, and the acting U.S. Trustee in the case. The company's second-largest union, the official committee of equity security holders and the official committee of unsecured creditors also object.

The union representing the largest number of Delphi employees, the United Auto Workers, has not objected.

The investment agreement depends on Delphi and its unions reaching agreement on changes to their collective bargaining agreements. They have been the subject of out-of-court negotiations since early summer and representatives will hold a chamber's conference with the judge next Friday.

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CIVIL RIGHTS:

EEOC Says Prosecutor Wrongly Fired (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), January 6, 2007

The federal government has ruled that U.S. Attorney Alice Martin wrongly fired a former assistant prosecutor in 2002.

Martin fired Assistant U.S. Attorney Deirdra Brown-Fleming on grounds that she was "not a team player." The Equal Employment Opportunity Commission found the reason was "simply unworthy of credence." Instead, the EEOC found that Brown-Fleming's firing was retaliatory.

The EEOC said it is unclear whether Martin harbored a racist or sexist attitude toward Brown-Fleming, but found that Martin's assessment of Brown-Fleming's relationship with co-workers was tainted with the racist and sexist prejudices of Brown-Fleming's co-workers.

Brown-Fleming was described as rude and condescending, documents show.

The EEOC is requiring that the Department of Justice reinstate Brown-Fleming to her former job, with full back pay and other benefits. The amount of back pay was not announced. The commission also ordered the reinstatement of Brown-Fleming's former supervisor, Victor Conrad, who took steps to correct acts of racial hostility against Brown-Fleming and filed his own discrimination claim against the agency. He also is to be reinstated with back pay.

Brown-Fleming worked in the U.S. attorney's Huntsville office from 1998 until her May 2002 firing. Martin serves as U.S. attorney for the 31 northern counties and has offices in Birmingham and Huntsville.

In a Friday statement, Martin said the decision to remove Brown-Fleming was "not grounded on impermissible considerations."

She said the Department of Justice takes allegations of discrimination very seriously.

"We firmly support equal employment opportunity and combating illegal discrimination in the federal workplace," Martin said.

Martin's statement said the department will file a request for reconsideration. She declined further comment.

Brown-Fleming said that as the first black woman to be hired in the Huntsville office, she became aware of racially hostile activities against her as early as August 1998. She shared her concerns with Conrad, who is white.

Martin became U.S. attorney for Alabama's Northern District in 2001, replacing Doug Jones, who is now in private practice.

The EEOC found that the office took immediate and appropriate corrective action to address Brown-Fleming's hostile environment after learning of her allegations.

Brown-Fleming said Thursday what happened to her was not an isolated event.

Brown-Fleming maintained during her five-year legal battle against the Justice Department that she was fired in retaliation for helping Conrad with a discrimination claim against the office.

Brown-Fleming detailed instances of where she endured racially derogatory comments by an administrative assistant and a paralegal. Brown-Fleming said the paralegal sabotaged her work.

The EEOC agreed with Brown-Fleming, who lives in Huntsville, that reinstating her as a Justice Department employee in the northern district is "tantamount to placing her into a very antagonistic work environment." If Brown-Fleming chooses not to accept the reinstatement, the Justice Department is ordered to provide her the pay she would receive if she worked there.

Brown-Fleming said Thursday she expects to go back into the practice of law full time, but declined to give specifics.

The EEOC also requires the U.S. attorney's office to provide training related to anti-retaliation, discrimination and preventing and remedying harassment to all staff in Huntsville and Birmingham.

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Alleged Jail Beating Spurs Suspensions (CHIT)

By Emma Graves Fitzsimmons, Tribune Staff Reporter

Chicago Tribune, January 6, 2007

FBI probes 6 guards in Lake County, Ind.

Six guards at the Lake County Jail in Indiana were suspended Friday while local and federal officials investigate allegations that an inmate was beaten, officials said.

Lake County Sheriff Roy Dominguez said he believes a cover-up took place over the incident, which occurred Dec. 26. The inmate's injuries were severe enough that he was taken to a hospital and placed in intensive care, Dominguez said.

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The inmate, Tommy Ford, 40, lashed out verbally and physically at guards who were escorting him to see a visitor, according to an incident report filed later that day. In their report, the guards said Ford "was taken to the ground" and restrained after he struck one officer in the forehead and spit on another.

"This went above and beyond what is required to restrain an individual," the sheriff said. "This was abuse."

The sheriff said he was angry that he did not learn of the incident until Thursday.

The FBI is conducting a civil rights investigation of the alleged beating, said FBI spokesman Drew Northern. It is being handled as a "color of law" case, which looks into abuses of authority, he said.

The sheriff did not release the names of the correctional officers, who were suspended with pay, but said many were seasoned officers trained to deal with aggressive inmates.

Dominguez would not disclose the extent of Ford's injuries. He said only that Ford was hospitalized for several days and is now in the medical unit of the jail.

Ford's lawyer, Joann Price, said his family is planning to pursue legal action. Ford had "physical marks and signs of injury on his face" when she interviewed him, Price said.

Ford was being held in the Lake County Jail while waiting to be transferred to prison. In October, he was sentenced to 50 years in prison for the murder of a 15-year-old boy.

Dominguez said his office is looking into the possibility of a cover-up because the incident report did not contain information about the alleged beating.

The sheriff's office expects the investigation to last about a week.

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efitzsimmons@tribune.com

6 Guards Suspended After Alleged Jail Beating (NWTIMES)

By Patrick Guinane

Northwest Times, January 6, 2007

CROWN POINT | Lake County Sheriff Roy Dominguez suspended six jail guards Friday accused of beating an inmate and sending the man to a local hospital's intensive care unit, the sheriff reported.

Tommy Ford, who is awaiting transfer to state prison to serve a 50-year sentence for murder, was hospitalized for "a few days" following the Dec. 26 incident, the sheriff said. He now is housed in the jail's medical unit.

Dominguez said he did not find out about the alleged assault until Thursday and that the investigation would explore whether officers attempted to cover up the incident.

The sheriff declined to discuss the extent of Ford's injuries, citing federal medical privacy law. Dominguez also would not name the jail officers, who were suspended with pay. He said the officers will remain suspended pending investigations by the sheriff's department and possibly the FBI.

"The allegations are very serious, and I intend to pursue them in an objective, timely and professional manner,"

Dominguez said. "The victim was assaulted and was taken to the hospital, treated and days later released."

Ford, who lists Gary addresses in court and jail records, is contemplating a civil lawsuit against the county, the sheriff's department and the individual officers, said Joann Price, an attorney with the Gary firm of Freeman-Wilson & Lewis-Shannon LLC.

"His injuries were quite severe. He still is experiencing a great deal of pain, and there is still some evidence of the extent of his injuries," Price said. "(The beating) was with implements (and) certainly with fists."

Dominguez said he requested an independent investigation Thursday and planned to meet Friday with local FBI officials. Commander Kathy Hrebenyak is leading the sheriff's department investigation, which Dominguez intends to forward to Lake County Prosecutor Bernard Carter.

Dominguez would not describe the actions the guards took against Ford, but said, "If they believe that somehow they can conduct themselves in this type of fashion and nothing's going to occur to them, they're sadly mistaken."

An incident report released by the sheriff's department shows that Ford became combative while being escorted to the visitation area of the jail at 1:40 p.m. Dec. 26. Ford called one officer a homosexual slur and -- when uncuffed for visitation -- punched another officer in the face after threatening to kill his mother, the report states.

Once back at his cell, Ford spat at one guard and tried to attack others, at which point three officers restrained him, the report states. Eleven responding officers are listed on the incident report.

Lake County Jail Guards Suspended After Beating (AP)

AP, January 6, 2007

CROWN POINT, Ind. - Lake County's sheriff on Friday asked the FBI to investigate allegations that several jail guards severely beat a convicted murderer and then tried to cover it up.

Six jailers have been suspended with pay during the investigation, said Sheriff Roy Dominguez, who did not release the names of the guards.

The beaten prisoner, Tommy Ford, 40, was hospitalized in intensive care following the Dec. 26 attack in the county jail.

Dominguez would not disclose the extent of Ford's injuries or information about the beating. He would only say Ford that was hospitalized for "several days" and was in the jail's medical unit on Friday.

Dominguez said up to six jail staffers attacked Ford after he cursed guards who were escorting him to see a visitor.

"This went above and beyond what is required to restrain an individual," the sheriff said. "This was abuse."

Ford was convicted of murder in October and sentenced to 50 years in prison. He was being held at the jail awaiting transfer to a state prison.

Dominguez said his office was looking into the possibility of a cover-up because a report on the incident did not contain information about the beating.

He said he personally requested that the FBI investigate the attack.

"They will conduct an independent investigation," he said. "I want to assure members of the public that no stone will go unturned."

Federal Lawsuit Claims Racial Discrimination In Police Department (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, January 6, 2007

Pay Practices, Hostile Work Environment Cited

Three black officers and one black civilian employee of the Falls Church Police Department have filed a federal civil rights suit against the city, claiming racial discrimination in the department's pay and promotion practices and a hostile work environment for black employees.

One officer alleged that a captain told her last year, "Do you know why the boundaries of Falls Church are 2.2 square miles? To keep the black people out." And the civilian employee, who heads the police dispatch center, said that white commanders "purposefully ignore calls from minority officers for help when on patrol" but do respond when requested by white officers.

The suit, filed Thursday in U.S. District Court in Alexandria, adds another layer to the turmoil that has roiled the department since its officers union began complaining about internal problems in 2004. The union said that officers were evaluated on how many traffic tickets they wrote and that their weapons were faulty.

Over the summer, then-Chief Robert T. Murray fired the union president, Scott Rhodes. Last month, after the city was forced to rehire Rhodes, pay him a settlement and allow him to retire with full benefits, Murray retired. The city is searching for a new chief.

Acting Chief Harry W. Reitze said he had not seen the suit and could not comment specifically. "I'm really trying to lead the department in positive directions . . . and to continue to provide the highest level of services and safety to the community," Reitze said. "I'm doing my best to make sure the department is a positive place to work."

The plaintiffs are the officers union's new president, Markus Bristol, Cpl. Frank D. Hicks, Officer Derrica N. Wilson and civilian employee Carolyn A. Pendleton. The suit states that there are no African Americans above the rank of corporal and that Wilson is the only black female officer in the department's history.

Of the 30 sworn officers in the department, five are black, the suit says.

Bristol, a 10-year member of the department, was suspended with pay for four months last year after he and Rhodes publicly pointed out that officers' guns repeatedly misfired in training and that Murray was taking no action to repair or replace them. The suit states he was reinstated without explanation.

Bristol, 38, alleges in the lawsuit that, in conversations with fellow officers, "he is constantly reminded of his superiors' sentiments toward African-Americans, such as: they are lazy, they don't like to work, and they take too much time off."

Hicks, on the force for eight years, said he went on leave for treatment of a brain tumor in 2001. He later found that while he was away, his approved 7 percent pay raise had been reduced to 5 percent by Murray, the suit alleges.

In 2004, Hicks served as a trainer for new officers, without extra pay. But in 2005, Hicks said, white officers he had trained were sent to school for instruction on how to train and then replaced Hicks and were paid extra for the work.

Hicks also said he sometimes called for backup and other officers "wouldn't answer me."

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Christopher E. Brown, the plaintiffs' attorney, noted that the black officers frequently filed internal complaints about such treatment. "The command staff would do nothing about it," Brown said. "They'd ignore it."

Wilson, 28, joined the department in 2002 and, among other duties, supervises the city's crossing guards and performs background checks on applicants, but she said the department refuses to pay her a supervisor's salary. She said that she endured racist comments such as the one about the size of Falls Church and that she now suffers from migraine headaches caused by the stressful situation.

Pendleton, 49, joined the department in 1982 and has supervised communications for 15 years. But when she was assigned to also oversee the records unit in 2004, she said she was paid less than the white man who had held the records job, despite having more education and more employees to supervise.

Teel Given Copy Of Tape (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, January 6, 2007

GULFPORT - Attorneys for Ryan Teel have received a copy of videotaped images of the Feb. 4, 2006, assault on Harrison County jail inmate Jessie Lee Williams Jr.

The tape, however, may not be enough for defense attorneys to persuade a federal review panel against seeking the death penalty when the former deputy stands trial on May 28, attorney Jim Davis said Friday.

Davis wanted prosecutors to hand over copies of witness statements, expert reports and other types of evidence so he can prepare to defend Teel in a "mini-trial" before a Justice Department panel in Washington. The government has a deadline of Feb. 16 to decide whether Teel's alleged involvement in Williams' fatal beating merits a possible death penalty.

On Friday, U.S. Chief Magistrate Judge John M. Roper ruled against Davis' request, citing a federal rule known as the Jencks Act. The rule, considered by some to be unconstitutional, restricts a defendant's access to witness statements until the witness has testified in court against him.

"They're going to eat my lunch," said Davis, referring to the review panel and federal trial attorney John Richmond. "This is going to hinder my ability to give (Teel) the best defense possible."

Roper said he does not agree with the Jencks Act, but said he will not circumvent it.

"We're in uncharted waters here," Roper said.

Federal death-penalty cases are rare in Mississippi. They're even rarer nationwide when the defendant is a former law enforcement officer.

Davis said the videotape, compiled from surveillance cameras in the jail booking room, is of poor quality. Facing the review panel without more information puts the defense at an unfair advantage, said Davis, who wants to know what government witnesses and experts are prepared to say.

"His client should know who was there," Richmond said. "His client was the officer in charge of the booking room that night."

Roper allowed one advantage: He ordered federal prosecutors to provide the defense with a list of people who appear on the videotape within a few days before the panel review.

Roper said the defense can study plea agreements to get a better idea of how to defend Teel before the review board. Roper said he also has seen the videotape.

Richmond said the government has been generous in providing more documents to the defense than it is required to provide months in advance of trial. Davis and co-counsel Keith Pisarich have also received more than 450 pages in documents, Richmond said.

Teel, who remains in custody, is accused of two counts: using excessive force in an attempt to kill Williams under color of law in deprivation of civil rights, and destruction, alteration or falsification of records in a federal investigation.

The count involving injuries resulting in death is punishable by any number of years to life in prison. It's the count the government could use to seek the death penalty.

The other count is punishable by up to 20 years in prison.

Four former corrections officers have pleaded guilty to conspiring to deprive jail inmates of their civil rights. Two of them were on duty the night Williams, 40, was beaten in the booking room. They have agreed to testify for the government.

The Jencks Act

A federal rule named for labor organizer Clinton Jencks allows the government to withhold witness statements from a defendant until a witness has first testified on direct examination at trial.

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Jencks, who led Mexican-American mineworkers in a 15-month strike for fair treatment in the 1950s, was given a five-year sentence for allegedly falsifying a non-communist document. The Supreme Court overturned the decision because the government refused to give the defense witness statements, including those of a paid informant who later recanted.

Congress later passed a rule in Jencks' name; Jencks portrayed himself in the movie "Salt of the Earth."

Gastonia Man Dies After Police Use Taser To Restrain Him (CO)

The Charlotte Observer, January 6, 2007

GASTONIA, N.C. - A 42-year-old man died early Friday after police officers used a Taser when he wouldn't cooperate during his arrest.

Calvin Thompson, of Gastonia, was found nude running on a city street, according to Gaston County Police Department. He disobeyed officers' commands and resisted arrest, police said.

Officers used a Taser to arrest Thompson, but he became unconscious when being placed in custody, police said.

Tasers are stun guns used by law enforcement officials as a non-lethal alternative to bullet-firing weapons. The U.S. Justice Department last year announced it would study a number of cases in which people died after being stunned by the weapons.

Officers said they provided Thompson with medical attention and found what appeared to be crack cocaine in his mouth. He was taken to Gaston Memorial Hospital, where he was pronounced dead.

The North Carolina Highway Patrol believes the vehicle Thompson was driving was involved in at least four separate collisions in a Gastonia subdivision before his arrest. A substance that appeared to be crack cocaine was found in the vehicle, police said.

The State Bureau of Investigation is looking into the incident and three Gastonia police officers were placed on paid administrative leave while the department conducts an internal investigation.

US Supreme Court Agrees To Hear Coca-Cola's Appeal In A Race Discrimination Case (AP)

AP, January 6, 2007

(AP) - WASHINGTON-The U.S. Supreme Court on Friday agreed to consider a discrimination case in which a Coca-Cola bottling company fired a black employee.

Coca-Cola asked the Supreme Court to hear the lawsuit, which involves allegations that a supervisor of employee Stephen Peters was motivated by racial bias and influenced a manager to fire the worker.

Such circumstances are sometimes referred to as "cat's paw" or "rubber stamp" liability. Coca-Cola fired Peters for insubordination after he refused a request to work on a weekend during his scheduled days off.

The case was one of seven appeals the court accepted Friday.

A federal appeals court reinstated a lawsuit brought on Peters' behalf by the Equal Employment Opportunity Commission. The appeals court said a federal judge placed too much emphasis on the fact that Peters' immediate supervisor made no express recommendation to fire him.

In asking the court to hear the case, the company asked the justices to consider when an employer may be held liable for intentional discrimination when the person who fired an employee harbored no discriminatory bias.

Peters worked at the Coca-Cola facility in Albuquerque, New Mexico.

Questionable Mission (WP)

The Washington Post, January 6, 2007

A Christian Embassy campaign at the Pentagon tests constitutional boundaries.

"THERE ARE over 25,000 Department of Defense leaders working in the rings and corridors of the Pentagon. Through Bible study, discipleship, prayer breakfasts, and outreach events, Christian Embassy is mustering these men and women into an intentional relationship with Jesus Christ," a narrator explains toward the start of a promotional video for Christian Embassy, an offshoot of Campus Crusade for Christ that focuses on diplomats, government leaders and military officers. As a uniformed Air Force Maj. Gen. Jack J. Catton Jr. explains, "I found a wonderful opportunity as a director on the joint staff, as I meet the people that come into my directorate, and I tell them right up front who Jack Catton is . . . and my first priority is my faith in God, then my family and then country. I share my faith because it describes who I am."

Free exercise of religion doesn't stop at the entrance to the Pentagon or other government buildings; it's a right of those who occupy the upper rungs of government service as well as those in lower ranks. But when those in senior positions are moved to share their religious views with colleagues and subordinates, the tension between the twin constitutional guarantees -- the mandate of free exercise of and the prohibition against government establishment of religion -- comes into play. That tension is heightened in the military, with its emphasis on rank and command. It's important that both uniformed and civilian military

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leaders, whatever their religious views, take care that others who don't share their beliefs don't feel coerced or excluded as a result.

The Christian Embassy video suggests that such sensitivity has not always been present. With its extensive, inside-the-Pentagon footage and interviews with senior officials and high-ranking officers in uniform, the video conveys a sense that the group's mission has been endorsed by the Pentagon; it carries no disclaimer. Robert Varney, the group's executive director, says the Pentagon chaplain's office gave permission for the filming and that it's no surprise that military officers, interviewed at work in the Pentagon, were in uniform. But following a complaint by the Military Religious Freedom Foundation, the video has been removed from Christian Embassy's Web site and the Pentagon is reviewing the matter. As it does so, it would be wise to consider not only whether the video and the Christian Embassy's other activities comply with the letter of Pentagon rules but also with the spirit of the Constitution its personnel are sworn to protect.

ANTITRUST:

Brooks Unit Sale Gets Antitrust Scrutiny (BOS)

The Boston Globe, January 6, 2007

CHELMSFORD, Mass. --Brooks Automation Inc., which supplies hardware and software to the semiconductor industry, said Friday federal antitrust regulators asked for additional information about the pending sale of its software division to chip equipment maker Applied Materials Inc.

This is the DOJ's second request for both companies.

Brooks Automation and Applied Materials both plan to respond quickly to the request from the Department of Justice's antitrust division, which extends the waiting period until 30 days after the companies have complied. Brooks said it still hopes the $125 million deal can close in the first quarter.

Brooks Automation shares fell 9 cents to close at $14.57, while Advanced Materials shares fell 13 cents to close at $18.67, both on the Nasdaq.

A Buyout Duo Reads Potential In Newspaper (WSJ)

By Gregory Zuckerman

The Wall Street Journal, January 6, 2007

Avista Likes Quality Of Star Tribune Brand; Thoughts of Rebound

Leveraged-buyout firms such as Kohlberg Kravis Roberts & Co., Texas Pacific Group and Blackstone Group have been making news for their ambitious takeover deals.

But few of the headline-grabbing buyouts have been as gutsy as the $530 million planned purchase by Avista Capital Partners of McClatchy Co.'s Star Tribune newspaper, announced in late December1.

The deal for the nation's 15th-largest newspaper by circulation comes amid a slump in the business. The Star Tribune is especially challenged. It has been the worst-performing paper in terms of revenue for McClatchy, which paid $1.2 billion for the Minneapolis paper in 1998. The Star Tribune's ad revenue dropped about 6% last year on a circulation decline of about 4%.

Despite the ugly writing on the wall for the industry, the prospective purchase is the third-largest for New York-based Avista, a previously little-known private-equity firm that still is raising its first buyout fund and whose executives have never bought any newspaper properties.

Avista mightn't be a household name, but its founders, Thompson Dean and Steven Webster, have been well known in the buyout community for more than a decade. They ran a group that generated returns of about 50% from buyout investments for Donaldson, Lufkin & Jenrette, which was acquired by Credit Suisse in 2000. The pair left Credit Suisse 18 months ago to start Avista, which they hope will manage $1.5 billion.

The 48-year-old Mr. Dean, who is the son of a career foreign-service officer, was born in Taiwan and grew up in Asia, says they already have spent $850 million to make 11 buyout purchases, focusing on energy, media and health care. Mr. Webster, 55, is an energy specialist who had founded Falcon Drilling.

So what do they see with the Star Tribune deal that others in the buyout world missed? A very cheap price -- 6.5 times the paper's cash flow -- a respected brand and an industry that may be bottoming out and poised for a rebound. Avista passed on bidding for the Philadelphia Inquirer, which Mr. Dean says doesn't have comparable cash flow as the Star Tribune.

"We got a premium paper in a healthy market, and we paid a very attractive price," says Mr. Dean. "There is meaningful franchise value for top-20 papers. The risk is that readership continues its steady decline."

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The Avista team, which left Credit Suisse when the bank became wary of competing with its clients for large buyouts, is comfortable making contrarian bets. "Newspapers are poised to stabilize their revenue base, and advertising rates are stabilizing," Mr. Dean says. "People will continue to read newspapers."

Mr. Dean wouldn't address whether Avista will slash costs or lay off employees. "Newspapers have to recognize that they are operating in a different environment, with different pressures, declining readership and advertising pressures," he says. "We have to get additional revenue growth and do things more efficiently, but that may not be about staff cuts."

While public investors penalize newspaper companies for their lack of growth, private-equity investors generally are more concerned with steady cash flows. And newspapers usually don't have steep capital expenditures that soak up cash.

So if the Star Tribune's circulation stops declining and Avista can generate some growth for the paper's Web site, the firm might avoid significant cost cutting.

"To generate an acceptable return, we only need modest growth because of [the paper's] impressive high free-cash flow," and the low purchase price that Avista paid, Mr. Dean says.

Avista hasn't said how much of its fund's own cash it will use for the purchase price and how much of it will come from debt it will pile on the paper.

Avista's executives don't have any newspaper experience, but they are used to betting on overlooked media sectors. In the early 1990s the Avista team scored by buying the Argyle television group, which turned out to be a profitable investment, at a time "people said no one will watch network TV," Mr. Dean recalls. They also scored on radio purchases.

In May of last year, while the cable-television business was in Wall Street's doghouse, Avista bought WideOpenWest, the 13th-largest cable company in the U.S., the fund's first buyout. WideOpenWest, which focuses on cities like Detroit and Chicago, was grappling with savage competition and was sold by two buyout firms with broad media experience.

But cable stocks have taken off since the Avista purchase, WideOpenWest's cash flow is up almost 70% and people in the private-equity world describe the deal as a home run, at least so far.

Although Avista hasn't made previous newspaper acquisitions, it placed Chris Harte, a former Knight Ridder executive whose family is among the owners of San Antonio-based direct-marketing firm and publisher Harte-Hanks Inc., as the chairman of Star Tribune's holding company.

"If you analyze [the performance of Avista's team over time], you see consistent, strong investments with low volatility," says Daniel Cahill, who manages U.S. private-equity investments for Scotland's Standard Life Investments, one of Avista's first investors.

But Mr. Cahill notes that "spinning off from Credit Suisse will cause some distractions" for the group, as they continue to expand.

Write to Gregory Zuckerman at gregory.zuckerman@wsj.com2

Mercy 'no' To Proposal For Joint Hospital (DMR)

By Tony Leys

Des Moines Register, January 6, 2007

Iowa's largest health insurer, Wellmark, likes the idea, but there are worries about federal antitrust regulations.

One of Des Moines' two dominant hospital companies offered Friday to work with its rival to jointly build a single suburban hospital, but the rival declined.

The offer from Iowa Health-Des Moines comes as both that company and Mercy Medical Center move forward with plans to build hospitals next door to each other in West Des Moines.

The companies explored the possibility of a jointly owned suburban facility in 2002. Hospital leaders said they dropped the idea after federal regulators told them informally that it could run afoul of antitrust laws.

Wellmark Blue Cross/Blue Shield, Iowa's largest health insurer, suggested recently that the two companies attempt again to cooperate on a suburban hospital. Iowa Health agreed to try, but Mercy said no.

Wellmark Vice President Cliff Gold said his company believes a joint venture might be acceptable to federal regulators. "We're saying it's four or five years later, and a lot has changed," he said.

Gold said the Justice Department has been friendlier to such ideas lately. He also said his company, which is the largest private payer to both hospital companies, would help the hospitals make their case.

Wellmark fears that if two similar hospitals are built side-by-side in West Des Moines, health-care costs would be needlessly inflated. A joint venture would be a more economical option, Gold said.

Iowa Health Chief Executive Officer Eric Crowell wrote a letter to Wellmark Friday saying that his company would agree to a renewed attempt at a joint project, with several conditions.

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One condition was that the process include Broadlawns Medical Center, Polk County's public hospital. Iowa Health's current plans include giving Iowa Lutheran Hospital to Broadlawns, which would demolish its current facility.

Iowa Health also said that Mercy would have to put its suburban plans on hold, and that Wellmark would pay the legal costs of the request.

When the original joint proposal was made in 2002, Mercy Chief Executive Officer David Vellinga said the idea "just makes common sense."

But in a letter to Wellmark this week, Vellinga said Mercy was not interested now.

"This approach has been tried and, as you know, has been rejected by the (Department of Justice)," the letter said. "Our attorneys have advised us not to proceed with meetings to plan such a joint venture again as that would be contrary to the direction given by DOJ and, further, that it is extremely unlikely that the DOJ would reach a different conclusion in this matter."

Both systems have talked for years about building hospitals in the western suburbs. The jockeying has intensified in recent months, as Mercy and Iowa Health proposed closing Des Moines hospitals and replacing them with new facilities in West Des Moines. Both sides contend their plans do not need permission from state regulators, though Iowa Health has offered to seek such permission if Mercy would do the same. Mercy said no to that offer.

The Iowa Health Facilities Council, which judges large medical projects, is scheduled to meet Jan. 16 to consider whether the projects must be reviewed.

ENVIRONMENT:

Feds Drop Waste-water Inquiry (HTRIB)

By Paul Quinlan

The Herald Tribune (Southwest Florida), January 6, 2007

No charges will be brought against workers involved in Venice utilities department dumping.

VENICE -- The Department of Justice will not file charges against any individuals involved in the city utilities department's 2001 waste-water dumping into Curry Creek, officials said Friday.

The announcement answers the question that lingered after the city pleaded guilty in December 2005 to a three-count felony violation of the Clean Water Act: Would those responsible for the dumping or the falsification of records during the subsequent cover-up go to jail?

Speculation centered on what court papers called the "Executive Group," a reference to the "high-level executives, managers, supervisors" who oversaw "the day-to-day operations" of the Eastside Wastewater Treatment Facility at the time of the dumping.

But the Department of Justice has closed its inquiry, leading the Environmental Protection Agency to drop its investigation.

A Department of Justice spokeswoman would not comment on why the department closed the case.

The Justice Department pulled the EPA off the case in a letter to EPA special agent Dan Green, who had handled the investigation.

"Their recommendation was not to pursue any individual defendants in this case, and the local U.S. Attorney's office went along with this," Green said.

When the city pleaded guilty in 2005, a judge imposed the minimum fine allowable, $110,000, or $5,000 for each of the 22 days that plant employees discharged waste water into the creek and sprayed it onto a field at Knights Trail.

As part of a deal with prosecutors, the city pledged its full cooperation in any further investigation of any current or past city employees.

City employees testified for months afterward.

City Manager Marty Black fumed over the Justice Department's decision to drop the inquiry Friday.

"We're very disappointed that the federal authorities have elected not to put the resources into this to finish out prosecution of the individuals who committed the crimes," said Black.

Despite the small fine that the charges carried, Black estimates the cost of the episode, including legal, consulting and engineering expenses, exceeds $2 million.

Last June, the city struck a deal with the EPA that would keep Venice off a blacklist of Clean Water Act violators.

The deal preserves the city's eligibility for federal contracts, assistance and loans for its water plant.

According to the plea agreement, city employees knowingly dumped the treated waste water into Curry Creek and sprayed it onto the Knights Trail field even though systems designed to measure and limit the flow were not working.

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City workers then submitted reports that falsified measurements of the discharge.

Members of the Executive Group later certified the accuracy of those reports.

The three utility workers who blew the whistle on the dumping later sued the city, saying they were harassed by supervisors after the incident.

The city settled, giving each $25,000 and a letter of apology.

The City Council purged the department in 2004, eliminating more than a dozen top positions and hiring a private company, Operations Management International, to run the department.

6 Ohio Cities Rush To File Suits Against Makers Of Lead Paint (NYT)

By Bob Driehaus

The New York Times, January 6, 2007

CINCINNATI, Jan. 5 — Racing against a proposed state law that would limit paint manufacturers' liability for lead poisoning in aging neighborhoods, Cincinnati has joined five other Ohio cities in filing suits that seek millions of dollars from the companies to clean up lead paint.

Ohio is the latest front in a battle that pits paint companies against cities and states struggling to overcome problems associated with lead poisoning.

The problems include learning impairment in children, high blood pressure in adults and, at high levels of exposure, seizures, comas and deaths.

Municipal and county governments in California, Mississippi, Missouri, New Jersey and Texas have also sued major manufacturers seeking what would amount to billions of dollars in damages.

Whether responsibility rests primarily with paint companies, landlords who let paint deteriorate or cities that fail to enforce housing codes remains an open question.

Rhode Island broke new ground in February by winning a jury trial that found that three paint companies had created a public nuisance and had to clean up lead-paint contamination throughout the state at an estimated cost of $1.37 billion to $3.74 billion.

The companies are seeking a new trial there and trying to fend off litigation throughout the country. They are Sherwin-Williams, based in Cleveland; NL Industries, part of Valhi of Dallas and whose predecessor National Lead made Dutch Boy paint; and Millennium Holdings of Hunt Valley, Md., a successor to a company that owned Glidden Paint, originally based in Cleveland.

"The movement is gaining steam," Jack McConnell, the lead lawyer in the Ohio lawsuits and a participant in the Rhode Island trial, said. "We've seen it both in the Rhode Island trial and in three or four appellate court decisions, all of which have ruled against the lead-paint industry."

Lawyers for paint companies say such suits unjustifiably shift responsibility from the cities that failed to enforce housing codes that would have kept lead paint from deteriorating and affecting residents.

"Did the companies know that lead was toxic?" asked Bonnie Campbell, who represents several paint manufacturers. "Sure, everybody knew that. What wasn't known was that property owners wouldn't take care of their property."

Ms. Campbell noted that most manufacturers voluntarily began removing lead from their products in 1955, when problems became apparent.

In Ohio, Gov. Bob Taft decided on Friday to allow a bill to become law without his signature that will ban future suits like those filed by the cities that are based on public nuisance grounds. Plaintiffs will instead have to rely on product liability law, which requires proof linking lead paint in a given home to a specific manufacturer. Noneconomic damages, including punitive damages, will be capped at $5,000 a consumer, instead of being unlimited.

Mr. Taft said that provision prevented him from signing the bill because the cap was too low.

Bill Would Permanently Bar Drilling In Alaskan Refuge (AP)

AP, January 5, 2007

WASHINGTON (AP) -- Opponents of oil drilling in an Alaskan wildlife refuge are going on the offense after playing defense for a quarter of a century. They want the new Democratic Congress to make an oft-challenged drilling ban permanent.

Legislation introduced in the House on Friday would make the oil-rich 1.2 million-acre coastal strip of the Arctic National Wildlife Refuge a permanently protected wilderness and end repeated efforts to open the area east of the Prudhoe oil field to energy companies.

"The consensus is that there should not be drilling in the refuge, so the logical next step is to pass legislation which turns it into a wilderness," Rep. Edward Markey, chief sponsor of the legislation, said in an interview.

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The Massachusetts Democrat has introduced similar legislation in each of the last three congressional sessions. However, the House has approved drilling in the refuge a half dozen times, only to see the effort die in the Senate were supporters couldn't muster the 60 votes to overcome a likely filibuster.

This time, with Democrats in the majority and a number of moderate Republicans on record as opposed to drilling, Markey believe he has a good chance in the House to go one step farther and declare the refuge permanently off-limits to oil development.

A co-sponsor of the bill is Rep. Jim Ramstad, a Minnesota Republican.

Cindy Shogan, executive director of the Alaska Wilderness League, also says this time is different.

"What's changed is we won't have those daily assaults" from pro-drilling forces, she said. "We are definitely on the offense."

Environmentalists said they plan to mobilize the same people that have fought drilling proposals in past years behind the Markey-Ramstad legislation.

Two years ago, when Republicans expanded their majorities in both the House and Senate, the likelihood of opening the refuge to oil development gained new momentum. It already had been a top energy priority of President Bush since 2001.

"Many people had written the obituary for the refuge," said Melinda Pierce, legislative director of the Sierra Club. But a concerted push by pro-drilling forces fell short.

Now Markey believes the momentum is going the other way.

"We now have a majority of House members that have publicly said they oppose any drilling in the refuge. In the previous Congress we were battling the Republicans in the majority who wanted to drill."

Environmentalist know that in the Senate they will need 60 votes to get the wilderness designation, with the filibuster threat coming from Republicans this time. Sen. Ted Stevens, an Alaska Republican who has battled to open the refuge to oil drilling for a quarter century, has not given up.

The coastal strip of ANWR, as the refuge is commonly referred to, is believed to contain 10.5 billion barrels of oil, approaching the size of the Prudhoe Bay field to the west. At peak production the refuge could supply 1 million barrels a day by 2025, according to the Interior Department.

On the other hand, to environmentalists and conservationists the refuge's coastal strip represents the ultimate wild place to be protected. They compare it to the Serengeti in Africa because of the wildlife that abound: polar bears, musk oxen, caribou and millions of migratory birds that fly there as part of their annual migration.

Drilling proponents argue that modern technology can limit the footprint on the coastal tundra and develop the oil without disturbing the wildlife.

Bush, who called for opening the refuge during his 2000 presidential campaign, repeatedly has said its environment can be protected alongside oil rigs. He views the refuge's oil as essential to lessening America's dependence on foreign energy sources.

Markey disagrees.

"Our addiction to oil is real [but] drilling in the refuge would amount to a declaration that we remain in denial about this addiction," he said.

"There are some places in our world that are so rare and so special, that we have a responsibility to protect them."

Drill Ban Sought For Alaskan Park (BBC)

By David Willis

BBC.com, January 6, 2007

Legislation has been tabled in the United States aimed at making a ban on oil drilling at a wildlife refuge in Alaska permanent.

Wildlife campaigners are hoping the new Democrat-led Congress will adopt such a move, which has been rejected on several occasions in the past.

The legislation would make about 500,000 hectares of land along the Alaskan coast a protected wilderness.

It is rich in wildlife but also has more than 10bn barrels of oil.

Political shift

To many environmentalists the area represents probably the ultimate wild place in need of protection.

It has been compared to the Serengeti nature reserve in Africa because of its abundance of wildlife - polar bears, oxen, caribou and millions of migratory birds.

But it is also thought the area could supply up to one million barrels of oil a day at peak production.

US President George W Bush has said repeatedly that he believes it is possible to protect the environment while still allowing drilling to take place.

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He believes the area is essential for lessening US dependence on foreign energy sources.

Outlawing drilling in the area has been tried in the past without success.

But with Democrats now in the majority in the US Congress and a number of moderate Republicans on record as supporting the move, chief sponsor of the legislation, Representative Edward Markey, believes he stands a good chance of success.

DuPont Drops Plan For Nerve Gas Wastewater (NYT)

By Richard G. Jones

The New York Times, January 6, 2007

TRENTON, Jan. 5 — Bringing an abrupt end to a three-year fight between environmentalists and federal officials, the DuPont Company announced on Friday that it would not participate in an Army plan to dispose of wastewater from neutralized VX nerve gas by dumping it into the Delaware River.

The decision was a victory for environmentalists who questioned how placing wastewater from the neutralized form of the deadly nerve agent would affect the river. Created for use by the military, VX is considered one of the world's most toxic chemicals. Exposure to its active form can kill within minutes.

The Army plan involved bringing VX wastewater from a chemical treatment center in Newport, Ind., to a DuPont plant in Deepwater, N.J.

But, citing what was expected to be a long and contentious approval process by state environmental regulators, officials at E. I. du Pont de Nemours & Company said they would not take part in the effort.

"During our three-year evaluation of the Newport proposal, it has become increasingly clear to us that the approval process will be lengthy and arduous," Nicholas C. Fanandakis, a vice president and general manager at DuPont, said in a statement. "Therefore, we believe it is in the best interests of New Jersey and DuPont not to proceed."

The decision was hailed by elected officials and environmentalists on both sides of the Delaware, including Gov. Jon S. Corzine of New Jersey, who had questioned the plan in 2004 while he was a member of the United States Senate.

"It's now official," Mr. Corzine said in a statement. "VX will never be dumped in the Delaware River or any other New Jersey waterway. This is a decisive victory for the people of New Jersey. VX nerve agent is one of the world's most deadly chemical compounds, and dumping it in a river never made any sense."

Mr. Corzine credited the state's Congressional delegation, including Representative Robert E. Andrews, with helping to bring about the company's decision.

Mr. Andrews said that he and other members of the delegation had recently commissioned a report by the federal Government Accountability Office, to be released this month, to examine the soundness of the Army's proposal.

"I believe that forthcoming report played a role in DuPont's very commendable decision," Mr. Andrews said in a telephone interview.

Mr. Fanandakis said that DuPont abandoned the project despite endorsements for it by the federal Centers for Disease Control and Prevention and the Environmental Protection Agency.

A spokesman for the Army's chemical materials agency said that it would continue to review other options for disposing of the neutralized VX gas.

Mickey Morales, an Army spokesman, said in a statement that although federal officials were disappointed, they appreciated DuPont's work "in this effort to rid our nation of the threat associated with continued storage of these obsolete chemical weapons."

DuPont and the Army had been working together for the last few years on the plan to dispose of the waste. Because DuPont had not formally agreed to take on the project, the two sides had not entered into a contract, and no money related to the disposal of the waste was lost because of DuPont's decision.

The plan under consideration would have shipped waste from the Army's Newport Chemical Depot in Indiana to the DuPont plant, near the Delaware Memorial Bridge in South Jersey.

Workers at the depot neutralize the nerve gas in a process that includes mixing it with hot water and sodium hydroxide to form a nonlethal, but still caustic, material known as hydrolysate. Some compare its potency to that of household cleaning products.

The Army plan called for DuPont to remove any remaining harmful chemicals from the hydrolysate before dumping it into the Delaware. Mr. Morales said that the Army had neutralized little more than a third of its total stockpile of 1,269 tons of VX gas, and that the depot in Indiana was equipped to handle all of the hydrolysate wastewater expected to be produced.

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Environmentalists had received assurances that the water would not be harmful to the Delaware, but continued to question the Army plan. Late last month, a coalition of environmental groups from Pennsylvania, New Jersey, Delaware and Kentucky filed suit against the Army.

On Friday, environmentalists in New Jersey and Pennsylvania welcomed the DuPont decision.

“This is a great day for the river and the people of New Jersey, Delaware and the states that the nerve agent waste would have been trucked through,” said Maya van Rossum of the Delaware Riverkeeper Network, a plaintiff in the suit. “This is the right decision by DuPont.”

Jeff Tittel, executive director of the New Jersey chapter of the Sierra Club, said: “They had a lot of nerve to dump on New Jersey. I’m glad they realized this was a bad idea.”

Mercury "Hot Spots" Identified In U.S. And Canada (WP)

By Juliet Eilperin, Washington Post Staff Writer

The Washington Post, January 6, 2007

Two newly published scientific reports suggest that mercury contamination has created at least five "hot spots" in New England and Canada, places where the neurotoxin has accumulated in fish and wildlife to such an extent that it could harm human health and local ecosystems.

The 11 scientists, who work at institutions including Syracuse University and Vermont's Department of Environmental Conservation, analyzed how mercury has accumulated in two indicator species in the northern United States and southern Canada. In both cases, they were able to identify several regions where mercury in yellow perch and common loons was above acceptable levels.

David C. Evans, who heads a Maine-based nonprofit group called the BioDiversity Research Institute and is one of the papers' lead authors, said the study shows that some areas of the country are more susceptible to mercury pollution than others.

"You need to look at the fish and wildlife to understand what areas are problematic," Evans said. "A coal-burning plant in a wetland area would have far greater impact on human health and wildlife than a coal-burning plant in a dry, grassy area."

Taken together, the two papers, published in this month's edition of the peer-reviewed journal BioScience, represent the most comprehensive ecological analysis of mercury accumulation ever conducted in the United States. They are significant because the Environmental Protection Agency has created a system requiring electric utilities to cut their mercury emissions 70 percent by 2025 but allowing power plants to trade pollution credits in reaching that target.

Under the Clean Air Mercury Rule, power plants in some regions may emit more mercury than others, which has prompted some to question whether the new system will result in mercury hot spots across the country.

One EPA official, who spoke on the condition that he not to be identified because of agency rules, said the two papers raise questions about the system, which will begin to take effect in 2010. In the 2005 federal notice announcing the rule, the agency wrote that it would "evaluate and take appropriate action" if more information emerged about mercury hot spots.

"There's a growing body of evidence that there are places where mercury deposition is a serious problem," the official said. "This is something that needs to be looked at very carefully before putting in a cap-and-trade system."

But EPA spokeswoman Jessica Emond said the agency remains committed to the rule.

"U.S. mercury air emissions have dropped by 45 percent since 1990," Emond said. "Under the Bush administration, the U.S. is the first nation in the world to regulate mercury emissions from coal-fired power plants."

Scott Segal, a lobbyist who represents electric utilities, noted that when the nation adopted a cap-and-trade system for sulfur dioxide, the largest polluters cleaned up fastest.

"Nothing in the report establishes a basis for changing course away from trading systems for mercury control like the one found in the Clean Air Mercury Rule," Segal said. "A well-designed cap-and-trade program remains the most appropriate response to dealing with mercury emissions from power plants."

But the researchers said their findings suggest that local and regional emissions can have a serious impact on local wildlife and human health. They identified five regions as "biological mercury hot spots," including New York's Adirondack Mountains, the Merrimack River in Massachusetts and New Hampshire, Maine's Androscoggin and Kennebec rivers, and central Nova Scotia.

The Senate’s Task On Warming (NYT)

The New York Times, January 6, 2007

Here are a few bulletins from planet Earth:

Dec. 12 — Exhaustive computer simulations carried out at the National Center for Atmospheric Research in Boulder, Colo., suggest that the Arctic Ocean will be mostly open water in the summer of 2040 — several decades earlier than expected.

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Scientists attribute the loss of summer ice largely to the buildup of carbon dioxide and other man-made greenhouse gases in the atmosphere.

Dec. 14 — Experts at NASA's Goddard Institute predict that 2006 will be the fifth-warmest year since modern record-keeping began, continuing a decades-long global warming trend caused, again, by the buildup of man-made carbon dioxide.

Dec. 27 — The Interior Department proposes adding polar bears to the list of threatened species because of the accelerating loss of the Arctic ice that is the bears' habitat. The department does not take a position on why the ice is melting, but studies supporting the proposed listing identify greenhouse gases as the main culprit, adding that if left unchecked these gases will create ice-free Arctic summers in three decades.

But we knew that.

One can only assume that the Senate's new Democratic leadership is paying attention. California's Barbara Boxer is the new chairwoman of the Senate Environment and Public Works Committee, replacing James Inhofe, the Oklahoma Republican who regards global warming as an elaborate hoax drummed up by environmentalists and scientists in search of money. Ms. Boxer has already scheduled hearings, and there will be no shortage of legislative remedies to consider. All share one objective, which is to attach a cost to carbon dioxide through a cap on emissions.

The underlying logic is that if people and industries are made to pay for the privilege of pumping these gases into the atmosphere, they will inevitably be driven to developer cleaner fuels, cleaner cars and cleaner factories.

This is the path most developed countries have chosen. Europe has imposed caps on industrial emissions, and European companies have begun investing in new technologies and cleaner factories in places like China, partly as a way to meet their own obligations to cut emissions and partly as a way to lead China to a greener future.

These hearings need to be conducted in a thoughtful manner. There has been enough noise, from the Inhofe right and from the doomsayers who see each hurricane as a sign the apocalypse is upon us. But it is also important that Ms. Boxer and her colleagues not lose sight of a fundamental reality: Saturating the atmosphere with greenhouse gases is loading the dice in a dangerous game.

The Navy's War On Whales (LAT)

By Jean-Michel Cousteau, Michael Jasny

The Los Angeles Times, January 6, 2007

The Navy should be required to minimize whale deaths when testing sonar equipment, which can wreak havoc on marine life.

LAST JULY, with ships off Hawaii poised to begin one of the Navy's largest training exercises, a federal judge in Los Angeles temporarily halted use of a dangerous type of military sonar — called midfrequency active sonar, or MFA sonar, used to detect submarines — that has been linked to mass strandings and deaths of whales around the world. The Navy was allowed to proceed with its exercises only when it agreed to take significant, common-sense measures to protect whales and other marine species, such as staying away from the newly designated Northwestern Hawaiian Islands Marine National Monument. This outcome showed that the Navy can, if ordered to do so, achieve its training objectives while making strides to protect the marine environment.

Yet now, in training exercises planned for California's coastal waters, the Navy is proposing to abandon its commitment to safeguard whales and their habitat from high-intensity sonar. It has submitted an application to the California Coastal Commission to conduct two years of intensive MFA sonar training off Southern California without committing to measures that effectively protect the state's rich marine life. The commission is scheduled to make a final decision next week. The proposed training would take place in some of the most diverse and biologically rich waters off the continental United States — waters that host blue whales, humpbacks, gray whales, dolphins, porpoises and other sensitive and iconic California species.

That MFA sonar can cause serious injury and death to whales is beyond reasonable scientific dispute. Sonar has been associated with mass strandings off Hawaii, Alaska, the Bahamas, the Virgin Islands, Japan and numerous other sites. In 2004, at a symposium by the International Whaling Commission, more than 100 whale biologists reported that the association between sonar and whale deaths "is very convincing and appears overwhelming." The same year, an expert panel commissioned by the Navy reached the same conclusion.

Despite the proven dangers, the Navy persists in thinking that sonar training doesn't pose a significant threat to the environment, and so objects to adequate precautions. The Navy asked the commission in effect to rubber-stamp its application without any real information about steps it will or won't take to protect marine life.

The Navy should not be permitted to conduct, and the commission must not approve, dangerous sonar training without assurances that the Navy will take meaningful steps to protect whales and other marine life.

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Such steps include avoiding key whale habitats, such as the Channel Islands National Marine Sanctuary; turning off sonar if whales get too close; limiting training in low-visibility conditions, in which whales cannot be detected; and taking other common-sense measures to minimize the risk of more whale deaths. The Coastal Commission has the power to make these demands. Indeed, in a 40-page report issued last week, the commission's staff recommended such measures.

The Coastal Commission was created 35 years ago by a vote of the people to act as the state's independent voice for the conservation and management of our greatest economic and environmental resource — our coast and coastal waters. When the Navy requests permission to train in our coastal waters, it cannot reasonably refuse to protect those waters and the marine life that thrives there. The commission must insist that it do so.

JEAN-MICHEL COUSTEAU is founder and president of Ocean Futures Society in Santa Barbara. MICHAEL JASNY is a senior policy analyst with the Natural Resources Defense Council in Los Angeles.

FBI/DEA/ATF/USMS:

New Agent Named To Lead FBI's Miss. Operations (BSH)

Biloxi Sun Herald, January 6, 2007

JACKSON, Miss. - Frederick T. Brink has been appointed the special agent in charge of the FBI in Mississippi, the federal law enforcement agency announced Friday.

FBI Director Robert S. Mueller III said Brink replaces John G. Raucci, who left Friday for a position at the agency's headquarters in Washington.

Raucci had led the FBI's Jackson division since July 18, 2005.

Brink joined the FBI in 1985. Before that he was a military instructor and a shipboard surface warfare officer with the Naval Academy, which he graduated from in 1978.

His field office assignments have been in Tampa, Honolulu and Hawaii.

Brink has also served at the FBI's Operational Technology Division, located at Quantico, Va., and overseas at the U.S Embassy in Riyadh, Saudi Arabia.

In June 2005, Brink was promoted by Mueller to special agent in charge of the FBI's Special Operations Division in New York.

He comes to Mississippi from that post.

There are nine resident offices of the FBI in Mississippi.

Brink To Become New FBI Chief In Miss. (JCL)

Jackson Clarion-Ledger, January 6, 2007

Fred Brink, a graduate of the U.S. Naval Academy and 21-year FBI veteran, today was named the new special agent in charge of the FBI's Jackson Division.

Brink is coming to Mississippi from his post as special agent in charge of the FBI's special operations division in New York.

He succeeds John G. Raucci, who will move to FBI headquarters in Washington, D.C. next week as assistant director of the agency's human resources division. There are 34,500 FBI employees and "we still turn away thousands every year," Raucci said.

In his first assignment in the South, Raucci said there was excellent cooperation between the FBI and state and local law enforcement agencies throughout Mississippi.

Stephen F. Gomez will serve as acting special agent in charge for a few weeks, said FBI spokesman Jason Pack. Gomez has worked in the FBI's Jackson office.

Overseeing FBI operations in Mississippi, Raucci served in the Jackson office since July 18, 2005.

Mississippi's FBI chief oversees nine offices statewide.

Former FBI Top Agent Gets Prison Sentence (ELPT)

By Louie Gilot, El Paso Times

El Paso Times, January 6, 2007

Former FBI special agent in charge Hardrick Crawford was sentenced Friday to six months in prison, making him probably the first person of his rank to do hard time.

At the sentencing hearing, U.S. District Judge Philip Martinez said that he liked Crawford, and that seeing the government man in court had been "painful."

But Martinez opted for a sentence at the high end of the sentencing guideline. He could have decided on probation.

"This is a sad day. It's a sad day for your family. It's a sad day for me," Martinez said.

Crawford was convicted in August of making false statements regarding gifts he received in an Office of Government Ethics Public Financial Disclosure Report submitted to the FBI.

Crawford was also found guilty of concealing material facts from the FBI about his friendship with Jose Maria Guardia, a Juárez racetrack owner.

He was acquitted of three charges, including that he made false statements to investigators looking into the friendship.

Crawford will remain free on bond until 2 p.m. March 5, when

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he is must surrender and start his prison sentence. Crawford did not want to comment after the sentencing and has not decided whether to appeal, said his lawyer, Mary Stillinger.

FBI officials said they did not recall any other special agent in charge of the FBI who was sent to prison. Retired and active FBI agents from around the country followed the sentencing outcome online. Agents even wrote some of the 70 letters submitted to Judge Martinez in Crawford's behalf.

One letter writer was former city Rep. Dusty Rhodes, who said Friday's sentence was "harsh and unnecessary."

"He's suffered enough. His career is ruined. He's broke. What else can you do to him?" Rhodes said.

Many retired law enforcement officers enjoy a second career as security consultants, a path that is now closed for Crawford, as Martinez pointed out during the hearing.

Crawford, who was the special agent in charge of the El Paso FBI office from July 2001 to November 2003, met Guardia in 2002, when Guardia was a FBI informant for a short time.

The two became as close as brothers, according to trial testimony. At one point during their friendship, Crawford vouched for Guardia's character at a news conference in Juárez after Guardia was accused of having ties to drug trafficking and money laundering.

Crawford's involvement drew the ire of Mexican officials, who saw it as meddling and triggered the U.S. investigation that led to the prosecution.

Prosecutors also accused Crawford of improperly accepting gifts from Guardia, such as a job for Crawford's wife, a membership at the Coronado Country Club and three family trips to Las Vegas.

During his trial, Crawford sought to show that he was manipulated by Guardia but that he did nothing illegal or unethical.

Friday, he addressed the court.

"I stand tall before you this morning, ... proud of my U.S. Army service, proud of my Beachwood, Ohio, (police) service and proud of my FBI service. However, I believe my love for my wife and my friendship clouded my judgment and made me vulnerable," he said.

When Martinez asked him to name something he had done wrong, Crawford said he should have "micromanaged" his wife's employment with Guardia. Crawford's wife, Linda Crawford, burst into tears during her husband's statement.

Martinez said that he had problems with some aspects of the case, including Crawford's statements that he had never heard any negative information about Guardia even though he had been briefed by some of his agents about suspicions surrounding the Mexican businessman.

Martinez also said that Crawford had been selective with information when interviewed by investigators, that he had been confusing about whether the Juárez news conference had been planned and that it wasn't clear how he supposedly repaid Guardia for the Vegas trips.

Martinez also sentenced Crawford to three years of supervised release, a $10,000 fine and 200 hours of community service.

The El Paso FBI office reacted to the sentencing of a popular boss with sadness and resignation Friday.

"We respect the federal justice system, which we in the FBI have sworn to uphold," spokeswoman Andrea Simmons said. "While we are saddened by this entire situation, we believe that justice was served."

Assistant U.S. Attorney James Blankinship said investigators did their job as if Crawford were any low-level employee, such as letter carriers or prison guards who "get in a bad situation and lie about it."

Where Crawford will serve his time had not been decided Friday. For his safety, he would not have to stay in the area where he worked, a standard rule for imprisoning former law enforcement officers.

Louie Gilot may be reached at lgilot@elpasotimes.com, 546-6131.

Former El Paso FBI Chief Sentenced To 6 Months In Prison (DMN/AP)

Associated Press

The Dallas Morning News, January 6, 2007

EL PASO – The former head of the FBI's El Paso bureau was sentenced Friday to six months in federal prison for lying to investigators about his relationship with a Mexican race track owner.

Hardrick Crawford Jr. was convicted last year of concealing information about his association with Jose Maria Guardia and of making false statements on federal financial disclosure reports about gifts he received from Guardia.

He was sentenced to six months on each count by U.S. District Judge Philip R. Martinez and will serve the terms concurrently. He also was ordered to serve three years of supervised release and fined $10,000.

Crawford, who left his job in 2003, was acquitted of three charges of lying to investigators. He faced up to five years in prison and a $250,000 fine.

Drug Agents Mishandled Seized Cash, Audit Finds (DCEX)

By Bill Myers, The Examiner

DC Examiner, January 6, 2007

WASHINGTON - Drug Enforcement Administration agents routinely disregarded agency rules on the handling of seized cash, jeopardizing hundreds of millions of dollars taken in drug raids, a Justice Department review found.

In an audit published Friday, Justice Department Inspector General Glenn A. Fine examined thousands of seizures between October 2003 and November 2005.

Fine's report states that drug agents rarely counted the cash they took, often didn't provide receipts for seized money, rarely recorded the seizures in agency ledgers and often didn't ask their colleagues to witness their counting and handling of the money.

DEA agents recorded more than 16,000 seizures for nearly $616 million in the period surveyed, the report states.

"Cash seized by the DEA is at risk because of the DEA's failure to consistently implement and document controls over the seized cash," Fine's

spokeswoman, Cynthia Schnedar, said in an e-mail to The Examiner.

The lack of internal controls over the seized cash leads to accusations of theft by the agents, the report states.

The DEA opened internal investigations of 33 agents between 2003 and 2005, Fine's report states. In 11 of those cases, the agents didn't follow agency guidelines on handling, processing or disposing of the evidence, the report states.

"DEA takes the OIG recommendations seriously and is taking prompt actions to address them," agency spokesman Steven Robertson said.

Anyone with information on the DEA or the Justice Department's Inspector General can call 202-459-4956.

bmyers@dcexaminer.com

Federal Agencies To Help Fight Violence (FLSUNSEN)

By Jerome Burdi, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 6, 2007

The upsurge in gang violence in Palm Beach County is like a nightmare from 15 years ago when drive-by shootings were commonplace, officials said.

So the county Violent Crimes Task Force has turned to the same remedy it did in the 1990s: Federal prosecution, Sheriff Ric Bradshaw said Friday.

Local law enforcement and federal agencies -- including the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Drug Enforcement Administration -- have joined forces because criminals are more likely to do time and more of it under federal guidelines, Bradshaw said.

"You always try to bring state and federal law enforcement together and use whatever advantages are available," said Dale Armstrong, ATF resident agent in charge in West Palm Beach.

Working with federal agencies is nothing new for local departments, but since the county task force was re-formed in April, its focus has been on gangs, Bradshaw said.

"We're confident we're going to make an impact," he said.

The New Year started off with bullets and blood, the same way 2006 ended.

On Christmas Eve, a simmering battle between rival gangs left one man shot to death in the Boynton Beach Mall. On New Year's Day gunmen drove down a residential street in Riviera Beach, fired at least 37 shots and killed an 8-month-old baby strapped in a car safety seat.

On Wednesday night, a deaf man was killed in a spray of bullets in Belle Glade. His back turned to the masked gunmen, Ziatavian Griffin, 22, didn't hear everyone on the busy street scatter. Investigators said he might not have been the target.

Bradshaw said that law enforcement will take a more proactive approach to identify gang members and prevent crime, that the federal system can impose stiffer jail sentences and fines and that witnesses are protected from defendants until trial. This prevents witness tampering, one of the most common tactics used by suspected gang members to derail cases against them, he said.

"These people have no regard for life," Bradshaw said.

Anonymity helps, said Riviera Beach Assistant Chief David Harris. Harris led the task force in 1991 for about nine months, making over 300 cases against suspected gang members; about 60 were drive-by shooting cases, he said. All but one shooting case ended in conviction, he said.

"The drive-bys just stopped," Harris said. "It was the federal intervention that prosecuted these guys and kept them in jail."

Once people in the community took notice that criminals were staying in jail, witnesses started coming forward, he said. Three months into the collaborative effort one woman brought him six high-powered guns, Harris said.

"`I was afraid my boyfriend was going to kill me. Now I know he's going to jail so here's the weapons,'" he recalled her saying.

Anyone with information on gang activity should call Crime Stoppers at 800-458-8477.

FBI Seeks Information On Device At Church Advocate Westside Bureau (BRADV)

Baton Rouge Advocate, January 6, 2007

The FBI is offering a reward of up to $5,000 for information leading to the arrest and indictment of those responsible for placing an explosive device at Erwinville Baptist Church.

The device was discovered outside the church at 5:19 p.m. New Year's Eve.

The West Baton Rouge Sheriff's Office was notified, and deputies called the State Police Hazardous Materials Unit.

Deputies closed off La. 413 and the State Police team detonated the device about 9 p.m.

FBI crime scene investigators went to the location Monday to collect possible evidence, West Baton Rouge Parish Sheriff Mike Cazes said.

Debris from the detonated device, described as a pipe bomb, was sent to the FBI Crime Lab at Quantico, Va.

Jim Bernazzani, special agent in charge of the FBI's New Orleans Division, asked that anyone with information about the incident call the Baton Rouge office of the FBI at (225) 291-5159.

IMMIGRATION:

Troops Flee From Border Outpost (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 6, 2007

Armed men overran a National Guard observation post along the U.S.-Mexico border in Arizona this week, forcing the soldiers to retreat and prompting an investigation by the U.S. Border Patrol that has focused on the intruders' identity.

No shots were exchanged and no one was injured in the incident, which occurred shortly after 11 p.m. on Wednesday. The National Guard troops were members of an entry-identification team, assigned to monitor major illegal-alien and drug-smuggling corridors.

After forcing the soldiers to flee, the unidentified men retreated into Mexico.

National Guard Sgt. Edward Balaban said the troops did not know how many men were involved in the attack "because obviously it took place in the dark." He said National Guard officials are investigating the incident and will determine shortly whether to change any procedures for troops at the border.

The Border Patrol probe has focused on determining who the armed men were, what they were doing and why they approached the observation post, which is located near Sasabe, Ariz., in one of this country's major alien and drug-smuggling corridors. The outpost sits on a hillside overlooking the border and is covered by a tent and camouflage netting.

Several Border Patrol agents in the area told The Washington Times yesterday the armed men might have been trying to find out what the Guard troops would do if they were confronted by drug or alien smugglers. They said the increased presence of troops and additional Border Patrol agents in recent months had frustrated many of the area's drug and alien smugglers.

"I guess they got their answer," said one veteran agent. "When in doubt, the troops will run."

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Earlier this year, several Border Patrol agents said they had been assigned to guard National Guard personnel, given standing orders to be within five minutes of the troops deployed along the border. The agents, who referred to the assignment as "the nanny patrol," said most of the Guard troops are not allowed to carry loaded weapons, despite a significant increase in violence directed at Border Patrol agents during the past year.

Border Patrol Chief David V. Aguilar disputed the assertions, saying only that "a small percentage" of his agents were working as "force protection" for the Guard members. He said those agents also were performing their traditional border-enforcement functions.

National Guard troops taking part in Operation Jump Start are not empowered to get involved in law-enforcement duties. They cannot detain, arrest or interdict anyone or anything coming across the border -- only report them to the Border Patrol.

The Sasabe area has been the busiest in the Tucson, Ariz., Border Patrol sector for marijuana seizures. Agents have seized 124,000 pounds of the drug there since Oct. 1, said Rob Daniels, spokesman for the Border Patrol's Tucson Sector.

"We don't know if this was a matter of somebody coming up accidentally on the individuals, coming up intentionally on the individuals, or some sort of a diversion," Mr. Daniels said, adding that the increased presence of Guard and Border Patrol personnel had made it more difficult to smuggle drugs and people and "that heightened frustration may have been connected to what took place."

About a third of the 6,000 National Guard troops now deployed along the 1,951-mile U.S.-Mexico border as part of President Bush's $760 million "Operation Jump Start" are assigned to entry-identification teams. They have been deployed from California to Texas to upgrade border security and give the Border Patrol time to recruit, hire and train 6,000 new agents by the end of 2008.

Minuteman Civil Defense Corps President Chris Simcox, whose volunteers have staked out the Sasabe area for the past two years, said MCDC will increase its activity today with dozens of members expected to stand alongside Guard troops.

"I am not at all shocked by this incursion; our president and federal government have sent these lawbreakers a message of immunity if caught and a helping hand to accomplish their criminal goals," he said. "Our nation is being overrun by the influx of illegal aliens as well as drug cartels that show no signs of fear in crossing our border."

Chief Aguilar has called the troops "a vital asset in the effort to protect America from future terrorist attacks and mitigate illegal border incursions." In addition to providing border security, the troops are building roads and fences, adding cameras and sensors, conducting aerial reconnaissance, providing medical aid and communications support, and assisting at highway checkpoints.

Hockey-Coach Quota (WSJ)

The Wall Street Journal, January 6, 2007

The University of Alaska Anchorage Seawolves hockey team is on a roll, and interim coach Dave Shyiak is a top candidate for coach of the year in the Western Collegiate Hockey Association.

But the team has a big problem. Mr. Shyiak was born in Canada and is working as a so-called temporary H1-B professional worker. His visa is expiring and U.S. immigration officials fret that this foreigner may be taking a job from an American citizen. So the university must comply with rules that require it to verify that there is no American worker who is "able, willing, qualified, and available to accept the job at the prevailing wage for that occupation." The university is taking out newspaper ads for the hockey team's head-coach position and hoping no one applies.

"He's a very, very good coach," athletic director Steve Cobb tells us. "He's worked hard, paid his taxes, and done everything he's supposed to do. The system doesn't make sense." No kidding. What's next? Deporting superstars Dirk Nowitzki (Germany) and Steve Nash (Canada) from the NBA?

We have here a microcosm of the lunacy of America's immigration laws, and industries a lot more vital to America's economy than sports are harmed. Nearly one-third of science and engineering Ph.D.s working in places like Silicon Valley are the top minds from foreign nations, according to a study from the National Bureau of Economic Research. Many are also here on H1-B visas. Companies are required to spend tens of thousands of dollars in legal fees, advertising expenses and long delays to secure visas for the talented people they need. And the demand for these specialty visas is two to three times higher than the 65,000 per year allotted by Congress.

This is all supposed to protect jobs for Americans, but these immigrants are job creators. A new study from the University of California Berkeley found that in 2005 talented immigrants helped start businesses, mostly in high-tech, with sales of nearly $50 billion a year and tens of thousands of new jobs. The study concludes: "Immigrants have become a driving force in the creation of new businesses and intellectual property in the U.S."

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Scott McNealy, Chairman of Sun Microsystems, recently implored Congress to raise H1-B visa numbers, noting that two of Sun's co-founders were immigrants who have created tens of thousands of jobs. "Why would you have an arbitrary number of smart people?" he asks. A lot of hockey fans in Anchorage are asking the same question.

CONGRESS-ADMINISTRATION:

House Tightens Disclosure Rules For Pet Projects (NYT)

By David D. Kirkpatrick

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — The House voted on Friday to pull the shadowy tradition of Congressional earmarking into the daylight, requiring lawmakers to attach their names to the pet items they slip into spending or tax bills and certify that they have no financial interest in the provisions.

More than any of several ethics rules adopted by the House this week, the earmark measure could prevent the kind of corruption that led to several big scandals in recent years, including former Representative Randy Cunningham's sale of earmarks to government contractors for cash, gifts and campaign contributions.

The cost of earmarks has tripled in the last 12 years, to more than $64 billion annually. Some lawmakers treated their share of that money as personal accounts to dole out to constituents or, in many cases, campaign contributors.

In what lawmakers of both parties called a recognition of the backlash against such corruption in the November elections, the earmark rule the Democrats passed extends far beyond the proposal they introduced last spring and campaigned on in the fall. That proposal applied only to earmarks that are typically already well publicized.

It also goes further than a measure the Republicans passed just weeks before the November election. As in other efforts to change the earmarking process, the Republican leaders foundered against the opposition of the powerful Appropriations Committee, which doles out earmarks as it writes spending bills.

The vote on the new earmark measure was linked to a rule known as "pay as you go" that would prohibit the House from increasing the deficit by passing any new tax cuts or entitlement spending programs without offsetting them with spending cuts or tax increases.

Republicans denounced the "pay as you go" rule as an excuse for Democrats to increase taxes. "I call it the Flip Wilson rule," said Representative Mike Pence, Republican of Indiana, referring to the comedian whose signature line was, "The devil made me do it."

Still, the changes were approved by a vote of 280 to 152, with 48 Republicans joining all 232 Democrats.

On the subject of earmarks, Mr. Pence and several other Republicans commended the Democrats as heeding the message the voters sent at the polls. "We went through an election where voters were rightfully outraged" by the practice of earmarking, said Representative Paul D. Ryan, Republican of Wisconsin.

In a signal that they, too, had heard the message, the Republican minority incorporated the same changes into the token alternative they proposed before the Democratic majority passed the new House rules.

"I'm pleased that Democrat leaders agree with Republicans that earmark reform is a critical issue," Representative John A. Boehner of Ohio, the Republican leader, said.

Even as the Democrats were passing the strict new disclosure rules, however, at least one influential chairman suggested that he was less than fully committed to the full breadth of their application.

The rules would require lawmakers to disclose their sponsorship of not only spending earmarks but also narrowly focused tax or tariff reductions affecting fewer than 10 companies or people — something the tax-writing Ways and Means Committee had resisted just as the Appropriations Committee had for spending provisions.

After the vote on Friday on the new rule, Representative Charles B. Rangel, Democrat of New York, the new Ways and Means Committee chairman, suggested that such resistance had not disappeared.

"You have to assume that everything we have done is subject to a revisit," Mr. Rangel said. "We support the speaker and her drive to get things done within 100 hours," he said, referring to Speaker Nancy Pelosi. But, he added, "These things are not locked in cement."

Mr. Rangel and other Democrats also acknowledged that the adoption of the pay-as-you-go rules would force tough choices when it came to delivering on campaign promises like new education subsidies, some of which would fall under the rules.

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In particular, the rules will make it more difficult to repair the alternative minimum tax, which, thanks to inflation, penalizes millions of middle-class households as well as its original targets, the rich. Repairing the tax is estimated to cost as much as $1 trillion in lost revenue over 10 years.

Mr. Rangel said he was determined to find $1 trillion of tax revenue elsewhere to pay for the repair, as much as possible by eliminating outdated tax loopholes. "You have to throw it right in the middle of the tax code and say, 'We are removing this,' and then you have to find the money," he said.

In a meeting with reporters, Representative Steny H. Hoyer of Maryland, the House majority leader, promised that Democrats would cut the number of earmarks in half in the next budget, for the 2008 fiscal year. But several Democrats emphasized that the new rules would not alone reduce the amount of earmarks, but could result in more restraint.

Lawmakers already race to take credit for earmarked projects for their districts. But it has often been impossible for outsiders to learn who sponsored earmarks no one took credit for, and unclaimed earmarks were often the ones that played a role in corruption scandals. The new rules will require disclosure of all earmarks in a bill, as well as their sponsors, their purpose and their costs. The rules will also prohibit party leaders from trading earmarks for members' votes.

In contrast to the past opposition of appropriations chairmen, Representative David R. Obey, the Wisconsin Democrat who now leads the committee, was a driving force behind the earmark rule, several Democrats involved in the matter said.

Mr. Obey said Friday that over the last 12 years of Republican control the number of earmarks in the labor, health and education spending bill had risen to 3,000, from zero.

"I think that is a gross exaggeration of what our staffs have the ability to review," he said. "I don't want a single earmark in any bill that the committee staff cannot review to make certain that the reputation of this House and the reputation of the committee are protected."

In particular, Mr. Obey added the requirement for lawmakers requesting earmarks to clarify that they had no financial interest in the project, to prevent directing taxpayer money toward projects like the beautification of a relative's shopping mall.

Although previous rules already prohibited such self-dealing, "when a member has to certify publicly, it focuses the mind," said Representative Chris Van Hollen, Democrat of Maryland.

The Senate is expected to take up its own earmark rules next week. The initial proposal, based on a bill that passed the Senate last year but not the House, would apply to only a small fraction of earmarks, excluding those directed to military or other federal contracts, as well as those described in legislative reports instead of bill texts. Several lawmakers, however, have said they hope to strengthen the Senate rules, too.

Everybody Will Know If It's Pork (LAT)

By Tom Hamburger, Richard Simon, Times Staff Writers

The Los Angeles Times, January 6, 2007

The House adopts rules requiring lawmakers to disclose their earmarks.

WASHINGTON — Led by its new Democratic majority, the House imposed substantial new restrictions Friday on earmarking, a controversial practice increasingly used by legislators from both parties to slip narrowly tailored spending provisions into bills without public scrutiny.

The new rules will not end earmarks, but will force legislators to disclose their actions publicly and certify they have no financial stake in their earmarks.

The often secret nature of the process contributed to its explosive increase in recent years and led to scandals such as the one that ensnared former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe), who went to jail for accepting bribes from lobbyists seeking earmarks.

The adoption of new rules cracking down on earmarks was remarkable because leaders of both parties climbed to power by making extensive use of the practice, which provided them influence among their peers and leverage in raising funds from lobbyists.

The reform proposal, championed by House Speaker Nancy Pelosi, herself a prodigious author of earmarks, drew praise from conservative Republicans and reform advocates who said they saw the strong measure as a sign that the new Congress may be serious about curbing the excesses of recent years.

"They had the guts to do what we didn't," said Rep. Jeff Flake (R-Ariz.), a critic of taxpayer money going for such things as the National Wild Turkey Federation, cranberry-production conservation and potato research. Many of the most costly and controversial earmarks were put in bills by lawmakers at the request of defense industry lobbyists who donated to their campaigns.

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The number of earmarks exploded in the last decade from 1,439 in 1995 to 15,268 last year, according to a Senate estimate. They have been blamed for spawning a troubling culture on Capitol Hill that saw a dramatic rise in the number of lobbyists and some notorious corruption scandals.

Earmarks gained wider notoriety after the $223-million "bridge to nowhere" — connecting Ketchikan, Alaska, to an island with an airport and about 50 inhabitants — was slipped into the 2005 highway bill.

The ethics measure, which passed the House Friday on a 280-152 vote, requires that earmarks and their authors be clearly identified.

"I salute the House for attacking this problem," said Sen. Tom Coburn (R-Okla.), who has made earmark reform a hallmark of his career. Coburn said he was uncertain whether the Senate would be as rigorous in its earmark rules when it takes up the issue next week.

The Los Angeles Times reported recently that the new Senate Majority Leader, Harry Reid, earmarked funds for a bridge across the Colorado River that could affect the value of undeveloped land Reid owns in the vicinity. The Nevada Democrat has denied any wrongdoing.

The disclosure was one of many in recent months suggesting that lawmakers, including former House Speaker J. Dennis Hastert (R-Ill.), may have profited from their own earmarks. He denied any connection between his earmark for highway construction and the rise in the value of property he owned nearby.

In some other cases, the spending provisions look like rewards for campaign contributors and other supporters. Earmarks played a role in the scandal around lobbyist Jack Abramoff and Cunningham's bribery conviction. They also led to a federal inquiry involving Rep. Jerry Lewis (R-Redlands), the former chairman of the House Appropriations Committee. The congressman has denied any wrongdoing.

The greatest power to earmark lies in the hands of appropriations committee members. Reid and Pelosi are both appropriations veterans and rose in power partly because of their ability to use earmarks as carrots or sticks with junior members of Congress. In addition, it helped them and other congressional leaders lure campaign contributions, which they then distributed to colleagues.

Rep. Chris Van Hollen (D-Md.) was among those who pushed for the new rule. He said Friday that the provision requiring earmark sponsors to certify that neither they nor their spouses would benefit would "curb some of the worst abuses" and ensure that more earmarks go to "public purposes rather than special interests or anyone's personal benefit."

He and Rep. Rahm Emanuel (D-Ill.) had proposed similar legislation a few months ago but their idea was rebuffed — by Republicans and Democrats.

A spokesman for Sen. Robert C. Byrd (D-W.Va.), the chairman of the Senate Appropriations Committee who is famous for bringing projects to his home state, said the senator had no comment on the House action. But Tom Gavin said, "The image of the Congress is in the mud, and Senator Byrd wants to work to pick that image up, clean it off, and restore the integrity to the Congress."

The Senate next week will consider its own ethics measure — one that also would require earmark sponsors to be identified and could include a process to allow senators to try to strip earmarks out of bills.

Byrd and Rep. David R. Obey (D-Wis.), the House Appropriations Committee chairman, intend to ban earmarks from the unfinished 2007 spending bills.

Obey supports the new House rule and said it would "protect the integrity of the institution." But he was not happy when President Bush singled out Congress for criticism earlier this week for the proliferation of earmarks.

"If we are going to talk about earmarks, then let's talk about the guy who does the most earmarking," Obey said during Friday's debate, asserting that the president has favored Republican districts in his budget proposal.

White House Deputy Press Secretary Tony Fratto welcomed the House action but said it fell short of the president's goal of cutting in half the number and cost of earmarks. "To make them transparent is important and should have a chilling effect on new earmarks," he said, "but reducing the overall number of earmarks should be a goal as well."

All of the "no" votes were cast by Republicans, with many saying they supported earmark reform but opposed another provision of the rules requiring that any new tax cuts or spending increases be offset with tax increases or spending cuts to keep the deficit from growing. Many Republicans objected to the potential for tax increases.

Taxpayer watchdog groups praised the action. Citizens Against Government Waste called the measure a "long-overdue improvement that will shine light on the corrupting practice of earmarking."

But group president Tom Schatz cautioned: "Politicians will bend any rule or find any loophole in order to keep or conceal their pork. Taxpayers must keep the heat on Congress for these reform efforts to fully bear fruit."

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Coburn, while praising the House action, cautioned that "this is a slippery cat and we are not going to catch it on the first pass."

House Changes Rules On Pork-barrel Projects (CHIT)

By Jill Zuckman, Washington Bureau

Chicago Tribune, January 6, 2007

WASHINGTON -- Bye-bye, bridge to nowhere.

In one of its first official acts under Democratic control, the House voted 280-152 on Friday to curb the middle-of-the-night, backroom deal-making that resulted in approval of embarrassing—and sometimes illegal—pork barrel projects.

Forty-eight Republicans joined 232 Democrats to require committees to disclose all sponsors of so-called earmarks. The new rules would prohibit lawmakers from trading their votes for special spending projects tacked on to legislation, and it would require members to certify that they have no personal financial stake in their requests.

Democrats said they expect the new rules to end many of the excesses that occurred under the Republican majority. The Senate is expected to consider a similar proposal next week.

During the last session of Congress, former Rep. Randy "Duke" Cunningham (R-Calif.) wound up in prison after using earmarks to steer Pentagon contracts to a defense contractor who had bought Cunningham's home for $700,000 more than market value. Cunningham pleaded guilty to taking more than $2.5 million in bribes.

Sen. Ted Stevens (R-Alaska) and Rep. Don Young (R-Alaska) famously pushed for more than $223 million in federal funds to pay for a bridge to the isolated island of Gravina, population 50—resulting in the derisive moniker "bridge to nowhere." The proposal died after the earmark was exposed.

And Rep. Vernon Ehlers (R-Mich.) earned himself the "Flushing Our Money Down the Toilet Award" from Citizens Against Government Waste. He had set aside $1 million for the Waterfree Urinal Conservation Initiative, instructing the Navy to learn more about water-free urinals, something that could have benefited a company in Ehlers' district.

"When the Republican Congress took over in 1995, throughout the entire federal budget, [there were] 1,400 earmarks," said Rep. Rahm Emanuel (D-Ill.). "At the end of the Republican Congress, there were 13,997 earmarks."

Emanuel, chairman of the Democratic Caucus, said a lobbyist once called earmarks "an ATM for lobbyists." That, he said, would now stop.

"It's not going to be an ATM machine for the special interests anymore, because this Congress, that gavel, is going to open up the people's House, not the auction house," Emanuel said.

Republicans acknowledged Friday that the increase in embarrassing earmarks gave them a bad reputation among voters when it came to fiscal discipline. And some said the earmark abuses by Cunningham and others fed into the notion that Republicans were corrupt.

"This is one of the ways we got into a heap of trouble," said Rep. Ray LaHood (R-Ill.), who noted he was never embarrassed or ashamed of any of the special projects for his district that he attached to legislation.

To be sure, Republicans voted for a somewhat similar proposal at the end of last year in a last-ditch attempt to improve their image with voters. It didn't appear to impress them and it didn't impress such opponents of pork-barrel projects as Rep. Jeff Flake (R-Ariz.).

"Bully for the Democrats," Flake said. "They did what we didn't have the guts to do when it matters."

Flake placed some of the blame for the runaway earmarks with President Bush. The president, he said, could easily instruct federal agencies not to enforce Congress' instructions unless they are placed inside the legislative text, rather than in an accompanying report. If Congress were forced to do that, the earmarks would be exposed and the president could veto the bill.

"Some of us have been begging him to do this for years," Flake said.

Some advocates for reining in federal spending say it's nice to shine a light on some of the silliness that passes for earmarks, but the move will do little to actually save money. Earmarks make up about 1 percent to 2 percent of all federal discretionary dollars spent each year. Where the federal budget faces its biggest challenge is in the runaway growth of entitlement programs, such as Medicare and Social Security.

"The deficit hawk in me doesn't look at it and say, 'Gosh, this is going to save a lot of money,'" said Robert Bixby, executive director of the Concord Coalition, an organization that promotes fiscal responsibility.

House Majority Leader Steny Hoyer (D-Md.) said he hopes the new rules will halve the number of earmarks each year. In part, that may come from the public scrutiny implicit in attaching a name to a project.

But Bixby is skeptical that lawmakers will care.

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"That assumes that somebody can be embarrassed," he said. "You go there to go to bat for your constituents and by golly, whatever you're going to bat for is going to sound like the most important thing that ever was."

Steve Ellis, vice president of programs for Taxpayers for Common Sense, agreed, pointing out that "Don Young wasn't bashful about the bridge to nowhere."

In fact, he said, lawmakers may scale back their requests so they aren't on the order of $200 million, the expected cost of the Alaska bridge.

"There may be a whole lot of little bridges to nowhere," said Ellis, whose organization is a bipartisan watchdog group. "You can never underestimate members of Congress' ability to be shameless."

Indeed, many House members said Friday that the new rules would not stop them from helping their districts with money for a road here or a bicycle path there.

"My constituents pay a lot of tax dollars and they have got to get something back," said Rep. Dennis Kucinich (D-Ohio).

Rep. Luis Gutierrez (D-Ill.) pointed out that after 12 years of being in the minority, he's not really used to getting much in the way of federal assistance to bring back home. But he said he's so happy when he can get something, he wants everyone to know.

Recently, he said, he squeezed out $5 million for the Concordia Child Care Center, which runs child-enrichment programs in Chicago's Roscoe Village neighborhood. And Rep. Jan Schakowsky (D-Ill.) said she's thrilled when she can bring back money to pay for roads or sidewalks or local law enforcement and usually holds a press conference to announce it.

House leaders have imposed a moratorium on earmarks for all fiscal 2007 spending bills. But after that, Schakowsky said she'll be trying to get her fair share.

"I'm still going to be fighting as hard as I can for my district," she said.

House's "Pay-Go" Rule Makes AMT Relief Harder (WSJ)

By Sarah Lueck

The Wall Street Journal, January 6, 2007

WASHINGTON -- The drive in Congress to protect more middle-class Americans from the individual Alternative Minimum Tax just got a whole lot tougher.

The House Friday passed a new "pay-go" budget rule that aims to rein in the country's surging deficit by prohibiting the chamber from considering any tax-cut or entitlement legislation if the cost isn't offset by increased revenue or spending trims. For now, at least, House Democrats say they intend to abide by the rule -- even when it comes to "fixing" the AMT, a proposition that would require them to replace vast amounts of tax revenue.

The AMT was designed to prevent upper-income people from avoiding paying taxes altogether, but it wasn't indexed for inflation. Without a change to the system, that would, over time, require a growing number of middle-class families to pay higher taxes. Congress has passed temporary patches to prevent this. But without a change in law, more than 30 million taxpayers would be subject to the tax in 2010, according to the Tax Policy Center, a joint venture of the Urban Institute and the Brookings Institution.

Doing away with the AMT -- as some Democrats are proposing -- would reduce tax revenue by about $1 trillion over the next decade, an amount that would be challenging and politically painful to offset. It is possible that Congress could pass a shorter-term remedy.

In either case, coming up with offsetting revenue would be tough. Passage of the pay-go rule in the House "means it's going to be with great difficulty that we find $1 trillion," said Charles B. Rangel (D., N.Y.), chairman of the House Ways and Means Committee, who has made reducing the AMT's impact on the middle class a top priority. "It's not good for me to have pay-go, but it's good for the country."

In the Senate, too, a bipartisan push to repeal the AMT is on a collision course with a plan to strengthen pay-go requirements. On Thursday, Senate Finance Chairman Max Baucus (D., Mont.), along with the panel's ranking member, Iowa Republican Sen. Charles Grassley, proposed repealing the AMT. Mr. Baucus said he wants to do so in a "fiscally responsible way," but has not provided any specific plans. Meanwhile, a proposal by Senate Budget Chairman Kent Conrad (D., N.D.) for tightening pay-go rules would require revenue losses from repeal of the AMT to be offset. Or, if offsets weren't found, 60 senators would have to approve the AMT changes.

With the emphasis on fiscal restraint, Mr. Rangel said he is taking a broad look at possible changes to the tax code that could be used to offset the loss in revenue from any changes to the AMT. Certain tax breaks, such as deductions for mortgage interest and charitable contributions, wouldn't be touched, Mr. Rangel said. As for others, "I'm having them all added up," he said.

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Mr. Rangel acknowledged that Democrats have to tread carefully or risk political backlash. "At the end of the day, we have to have an equitable package where nobody can say Democrats raised taxes."

Republicans criticized the new House pay-go rules as too weak, in particular because they don't apply to all spending.

House Adopts Pay-as-You-Go Rules (WP)

By Lori Montgomery, Washington Post Staff Writer

The Washington Post, January 6, 2007

Changes Aim to Curb Deficit Spending, Shed Light on Earmarks

On its second day under Democratic management, the House yesterday overwhelmingly approved new rules aimed at reining in deficit spending and shedding more light on the murky world of special-interest projects known as earmarks.

Under the new provisions, the House will for the first time in years be required to pay for any proposal to cut taxes or increase spending on the most expensive federal programs by raising taxes or cutting spending elsewhere. And lawmakers will be required to disclose the sponsors of earmarks, which are attached in virtual secrecy to legislation to direct money to favored interests or home-district projects.

In recent months, with revelations that lawmakers had earmarked funds for projects with little public benefit, earmarks had became a political embarrassment and a symbol of fiscal profligacy.

The House voted 280 to 152 to approve the rules, which drew the support of 48 Republicans. Democratic leaders, in control of the House for the first time in 12 years, hailed the vote as a sign of their commitment to restore accountability to federal spending and to reduce a budget deficit and national debt that they say have been swollen by Republican tax cuts and military spending.

But even as they celebrated one of their first exercises of legislative power, key Democrats acknowledged that it will be difficult to abide by the new pay-as-you-go spending rules -- known on Capitol Hill as "pay-go" measures -- while keeping their promises to fund health-care, education and homeland-security initiatives. The rule change also jeopardizes President Bush's efforts to extend his tax cuts, most of which will expire in 2010. And it will complicate Democratic efforts to repeal the alternative minimum tax, a set of provisions in the tax code that could force millions of households to pay more this year.

"It's important that they passed a pay-go rule because they're setting a standard for themselves. This is a way of saying 'There's a new sheriff in town' and 'We're going to be fiscally responsible,' " said Robert L. Bixby, executive director of the Concord Coalition, an advocacy group dedicated to deficit reduction. "But, now, they're going to have to figure out how to live up to that standard. And that's going to be pretty tough."

Yesterday's vote completed work on a series of rule changes proposed by Democrats to regulate operations in the House during the 110th Congress. On Thursday, the House adopted stringent new controls on the lobbying of House members, banning gifts from lobbyists and severely restricting privately funded travel. Yesterday, in addition to the rules affecting spending, the House adopted "civility" measures that grant Republican lawmakers more opportunities to offer their views and to participate in legislative debate than Democrats say they received under Republican control.

But the rules on spending drew the most animated debate, as Democrats accused the president and congressional Republicans of frittering away the large budget surpluses they inherited after the 2000 elections and of running up record budget deficits. Last year, the deficit was a relatively modest $248 billion, but the national debt is approaching $9 trillion.

"The one thing we can say about George Bush and his economic policy is: 'We are forever in your debt,' " Rep. Rahm Emanuel (D-Ill.) told his colleagues on the House floor. "On day number two, Democrats have said, 'Enough is enough with running up the debt of this country. We're going to put our fiscal house in order.' "

Republicans fired back, criticizing the new spending rules as a weakened, "paper-tiger" version of an expired pay-as-you-go law, which triggered across-the-board spending cuts whenever legislation increasing the deficit was passed. House leaders have promised to pursue such legislation in the coming weeks, but they note that it could not take effect without the support of the Senate and the White House. In the meantime, House Democrats say, the more limited rule, which makes budget-busting legislation subject to a parliamentary rule of order, is the best they can do.

Budget experts note that House rules are easily waived, and some predict that Democrats will be forced to abandon the new rules, at least for certain expenditures, to meet their campaign promises. For example, House Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.) and other Democratic leaders have vowed to halt the expansion of the alternative minimum tax, which would cost about $50 billion this year alone. Repealing the tax, as Rangel and others advocate, would cost close to $1 trillion over the next decade.

Coming up with that kind of cash is possible, budget experts say, but doing so is probably going to be politically unpalatable. For example, Leonard E. Burman, co-director of the Tax Policy Center, a joint project of the Urban Institute and the

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Brookings Institution, is working on options for covering the cost of a repeal. Among them: Allowing the president's tax cuts to expire and eliminating the federal deduction for state and local income taxes.

That combination would raise more than enough money to pay for repeal, Burman said, but "for somebody like Rangel in a high-tax city and high-tax state, it's going to be hard to swallow. There's no free lunch."

Democrats are already having trouble reconciling their pledge to reduce the deficit with policy changes that they promised to pursue during the first 100 hours of the new Congress. This week, for instance, senior House Democratic aides said the promise to cut in half interest rates on student loans will have to be phased in over five years instead of being passed immediately.

So far, fiscal restraint appears to be gaining the upper hand. As he left the House chamber yesterday, Rangel said he is scouring the tax code for tax breaks that benefit special interests. If the beneficiaries "don't put their hands up, it's out," he said, suggesting that the money saved could go toward paying for the repeal of the alternative minimum tax.

"It's not good for me to have pay-go, but it's good for the country," Rangel said. "At this point, nobody . . . has convinced me that there should be exemptions from pay-go."

House OKs Budget Rule Changes (WT)

By Charles Hurt, The Washington Times

The Washington Times, January 6, 2007

House Democrats yesterday approved powerful measures to thwart new deficit spending, but Republicans warned that the new majority is paving the way to increase federal taxes.

"We simply cannot continue to run record budget deficits and debt. We must not force our children and grandchildren to pay for what we are buying," Rep. Steny H. Hoyer, Maryland Democrat, said on his first full day as majority leader. "That is not only an intellectually bankrupt policy, it is an immoral policy."

While Republicans and conservatives said they applauded Democratic efforts to balance the budget, they said the "pay-as-you-go" provisions in the package of new rules will more likely encourage a tax increase than force cuts in federal expenditures.

"It doesn't reduce current spending levels or require a reduction in current spending levels," said Rep. Mike Pence, Indiana Republican. "It is a means to justifying tax increases on working families, small businesses and family farms. In a very real sense, the American people ought to know that this proposal translates to: 'You pay as Congress goes on spending.' "

Conservatives off Capitol Hill agreed.

Tim Phillips, president of Americans for Prosperity, said the "pay-as-you-go" rules for the budget "tilt the budgetary playing field in favor of economy-killing tax hikes instead of spending restraint."

"These new rules will almost certainly lead to tax hikes, and we know that the path to prosperity is not paved with higher taxes," he said.

Those provisions, approved on a 280-154 vote, mean that any increases in federal benefit programs such as Medicare or Medicaid will have to be offset by cuts elsewhere in federal spending or be accompanied by tax increases. They also mean that it will be much harder to extend President Bush's tax cuts, most of which expire at the end of 2010.

The package of new rules also contained other reforms to limit -- or at least expose -- the ability of lawmakers to get huge federal projects for their home districts, better known as earmarks or political pork.

Under those provisions, lawmakers will be forced to publicly disclose the earmarks they request.

The earmark provisions are similar to ones Republicans approved last year. But only about a quarter of them supported yesterday's Democratic proposal because it was linked to the "pay-as-you-go" provisions.

"To their credit, Democrats have enacted stronger pork-barrel earmark reforms than their Republican colleagues were able to pass last September," said Mr. Phillips, whose group traveled the country in a bus last year highlighting outrageous federal spending. "This is a testament to the continued power of the grass-roots taxpayers, many of whom joined us on our nationwide Ending Earmarks Express bus tour last year who told their elected officials to close the earmark favor factory."

Republicans yesterday also announced their proposal to allow small-business owners to pool resources to purchase health insurance for employees.

"Republicans are committed to working with our Democrat colleagues to find innovative ways to help provide health insurance to the 46 million Americans who have no health insurance," said Minority Leader John A. Boehner, Ohio Republican. "The Small Business Health Fairness Act, a bill that I've brought to this floor several times myself ... would allow small businesses to join together and buy health insurance in larger pools, just like big companies and unions can do today."

Dreier Shifts Gears In A Hurry (LAT)

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By Noam N. Levey, Times Staff Writer

The Los Angeles Times, January 6, 2007

The Republican was a ruthless rules panel chief. Now he cries foul. Democrats are amazed.

WASHINGTON — Democrats never expected to waltz back to power this week without a few protests from the party they ousted.

But when they brought their new ethics rules up for a vote, more than a few eyebrows arched over the congressman who cried loudest about the indignities the Democrats were already inflicting on their GOP colleagues.

As much as any Republican, Rep. David Dreier had stirred the rage of Democrats while they suffered in the minority. Wielding the chairman's gavel of the House Rules Committee, the 14-term congressman from San Dimas seemed to revel in his power as legislative gatekeeper — the man who could stop any bill from getting to the floor.

But there was Dreier this week, lecturing Democrats on the virtue of openness and professing disappointment about being left out of the legislative process.

"I have whiplash," said Rep. Jim McGovern, a Massachusetts Democrat who seethed under Dreier's chairmanship for four years. "I thought it would take a couple of weeks before the hypocrisy bubbled up."

Dreier just smiled when asked about his new role as champion of inclusion. "I'm loving it," said the tall, polished ex-chairman after leaving a news conference in which he complained about the demise of legislative fair play.

"I got a call a few minutes ago from a former staffer who said, 'My gosh, I haven't seen you have so much fun in a long time.' And I said, 'You know what, I'd much prefer being the chairman and in the majority. But I do enjoy the role of being the loyal opposition too,' " Dreier said. "I love holding people accountable. They did it to us constantly, so that's what I'm doing."

The rapid transformation from punitive enforcer to principled rebel reflected the odd political theater that accompanies changes of power on Capitol Hill.

Dreier is actually reprising his role as indignant reformer. Before Republicans took over in 1995, Dreier was among a group of House Republicans who led the charge for more openness under the autocratic Democratic majority. But when Dreier assumed the helm of the Rules Committee in 1999, he became notorious for suppressing minority Democrats.

Meeting in an out-of-the-way room on the Capitol's third floor, the little-understood Rules Committee rarely generates headlines. But because the chairman controls which bills can come to the House floor for votes and whether they can be amended, it is immensely powerful.

"It is the most important tool that the majority in the House has," said UC Berkeley congressional scholar Eric Schickler.

As chairman, Dreier was unfailingly polite and quick with a smile. But he used his power mercilessly, calling the committee to order in the middle of the night, providing committee members little time to review legislation, and sending more and more bills to the floor that could not be amended.

"I could not think of those diabolical things," said Rep. Louise M. Slaughter, the New York Democrat who is taking over the committee after years as the ranking minority member. "We were simply at their mercy."

Slaughter and other Democrats repeatedly promised they would be different. "We have no intention of keeping our foot on your necks the way you did to us," Slaughter told Dreier on the House floor.

But when Democrats brought up their ethics rules without consulting Republicans and then scheduled votes without allowing amendments, Dreier had the target he needed.

"I am disappointed," he said Thursday on the floor of the House.

"I am concerned," he noted later.

"I am very, very troubled and saddened," he concluded.

Then Dreier urged his Republican colleagues to support the new ethics rules, which banned such perks as free sports tickets from lobbyists and trips on corporate jets. The rules, he said, were not unlike the proposals GOP leaders had crafted when they held the majority.

The performance drew raves from Dreier's GOP colleagues.

"He's doing a great job," said Rep. Adam H. Putnam of Florida, the No. 3 Republican in the House. "He's going out of his way to teach all members how to properly use House rules."

Rep. Alcee L. Hastings, a Florida Democrat who serves on the Rules Committee with Dreier and jousted with him on the House floor, chuckled at the former chairman's joyous embrace of his new underdog role.

"I'm enjoying the banter with him because of his disingenuousness," Hastings said after the debate. "He is the only person in this chamber who can take a position directly contradictory to the one he took a few minutes earlier with a straight face."

Democrats Rename Key House Panel (WT)

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By David R. Sands, The Washington Times

The Washington Times, January 6, 2007

Seeking a new name to go with a new attitude, congressional Democrats announced yesterday the House International Relations Committee would be reverting to its old, pre-Republican majority moniker: the "House Committee on Foreign Affairs."

"A new sheriff has come to town, taking the reins with a purpose," incoming committee Chairman Tom Lantos, California Democrat, said. "Americans have demanded change in the way our country conducts itself in the world."

The new Republican House majority in 1994, under Speaker New Gingrich, re-dubbed the panel the International Relations Committee in part to distinguish it from its counterpart in the other wing of the Capitol, the Senate Foreign Relations Committee.

Mr. Lantos noted that the House panel had been known as the Committee on Foreign Affairs almost without interruption since 1822.

By whatever name, the House and Senate foreign affairs committees have both promised aggressive early oversight of the Bush administration's diplomacy, something they say was not done under Republican control.

Mr. Lantos will chair a hearing Thursday on Iraq with Secretary of State Condoleezza Rice, a day after President Bush is slated to outline his revised strategy on the war. The committee will hold a second hearing the same day on U.S. policy toward Iran.

Mr. Lantos said the committee also planned public sessions on the North Korean nuclear standoff and the "looming potential loss of Afghanistan" to the resurgent fundamentalist Taliban movement.

New Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, also has announced plans for a string of oversight hearings on Iraq over the next month. The Senate committee will hold a closed session with intelligence officials on Iraq on Tuesday and will hear from a group of private Iraq scholars on Wednesday.

Mr. Biden has been an early and vocal critic of an increase in the number of U.S. troops in Iraq, which is expected to be a centerpiece of Mr. Bush's new strategy.

"We've tried the military surge option before and it failed," Mr. Biden said last month.

"If the president proposes escalation in Iraq, I will oppose him and so will many of my colleagues in Congress," he added.

Home Town Paves The Way For Pelosi (WP)

By Dan Morse, Washington Post Staff Writer

The Washington Post, January 6, 2007

Capping off a three-day celebration of her ascension as speaker of the U.S. House of Representatives, Nancy Pelosi returned yesterday to her home town of Baltimore, where a street was renamed for her in front of a stage of dignitaries and a bank of TV cameras.

"She comes here today to recapture her humble beginnings," the Rev. Michael Salerno, pastor of a nearby church, told a crowd gathered at a street corner outside Pelosi's childhood home in a gritty-looking collection of rowhouses in Baltimore's Little Italy neighborhood.

The setting seemed to emphasize Pelosi's working-class roots and counter the "San Francisco liberal" image that Republicans have tried to attach to her.

When Pelosi (D-Calif.) spoke to the crowd, she mentioned her Italian immigrant ancestors, who came to the United States poor, hardworking and religious. Her own upbringing, in the Baltimore rowhouse to her left, she said, was shaped by Italian American pride, devout Catholicism, deep patriotism and staunch Democratic ideals. Her father and a brother were mayors of the city.

"I wanted to come back here and say thank you to all of you," she said. "Every step that I took to the speakership began in this neighborhood."

Tommy D'Alesandro, the brother who was mayor, spoke of growing up in the house, with people coming by needing help with jobs, housing, medical care, getting someone out of jail and, he said -- drawing the biggest laugh of the day -- getting someone into jail.

There were "thousands and thousands of favors done" in the home, he said, evoking an earlier time of machine politics.

Baltimore Mayor and Gov.-elect Martin O'Malley (D) pulled the decorative cover off a street sign outside the house. The name: Via Nancy D'Alesandro Pelosi.

But on the streets of Little Italy, aside from the facades of the old rowhouses, it's not that gritty anymore. Real estate has appreciated, young professionals have moved in and renovated their houses, and there's a Whole Foods nearby. In some ways, the neighborhood has prospered just as Pelosi has.

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In 2005, she was ranked ninth among House members in net worth, which, between her and her husband, was more than $14 million, according to the Center for Responsive Politics.

That year, the average home in Little Italy sold for $361,500, a 165 percent spike over two years before, according to Live Baltimore, a group advocating that people buy in Baltimore. Live Baltimore ranked about 216 Baltimore neighborhoods on property values and found that Little Italy had experienced the third-highest increase.

What's the appeal?

"You don't think it's the architecture, do you?" asked Roberto Marsili, pointing at one of the old buildings. He has lived in his rowhouse, two doors down from where Pelosi lived, since 1939.

He said people like him are dwindling in number. He remembers Pelosi as a youngster -- well-behaved and pleasant. "A very classy girl," Marsili said.

But many of the residents moved in recently, long after Pelosi left.

What Little Italy offers is prime location -- you can walk to the Inner Harbor, office buildings, a Barnes & Noble, a wine shop selling $175 bottles of cabernet sauvignon -- and the feeling that you're not living in a condo tower.

The neighborhood is still home to people like Marsili. There are more than a dozen Italian restaurants. There's still enough of the Italian culture that newcomers, even if they're not Italian, can make it part of their own identity.

At Rocco's Capriccio, a restaurant, the owners frequently see newcomers at dinner. Some of the newcomers like to tell their visiting friends they know the owner of the place, Rocco Gargano Jr. said.

"A lot of the people who come in are caught up in living in an Italian neighborhood," Gargano said. "It's kinda like being in a movie."

"They want to be caught up in the mix," said his sister Rosa Gargano.

Rocco estimates that the neighborhood's population is 70 percent young professionals. He lives in Anne Arundel County and commutes to the family restaurant to work. At midnight, he said, he likes to walk outside and see people walking from Italian restaurant to Italian restaurant. "In a way," he said, "you kinda get caught up in it, too."

Michaelle "Mick" Stachura, who attended the event yesterday, is a newcomer to Little Italy and has embraced its remaining authenticity. She bought a rowhouse in 2002 for $135,000 and spent nearly $200,000 on renovations. She has become active in a local church and recently made cookies with older residents for an Italian street fair.

"It's just so endearing down here," she said. "It's the only place I've lived where I want to be part of the neighborhood."

Pelosi Visits Hometown On Victory Tour (AP)

By Kristen Wyatt

AP, January 5, 2007

BALTIMORE (AP) - Newly elected House Speaker Nancy Pelosi took a victory lap Friday through Baltimore, the blue-collar city where she grew up and learned politics from her father, who was mayor in the 1940s and 50s.

Pelosi, surrounded by family members, laid a bouquet of white roses beside a statue of her father, former Mayor Thomas D'Alesandro Jr., in the downtown business district.

"It is with great emotion that I come to this spot because I used to visit here every time I came to Baltimore," she said.

Pelosi then visited her childhood home in Little Italy, a tiny, close-knit community of row houses and Italian restaurants just east of the trendy Inner Harbor.

(AP) House Speaker Nancy Pelosi of Calif., joins fellow Democrats at a reception on Capitol Hill in...

Full Image"We were devoutly Catholic, deeply patriotic, extremely proud of our Italian heritage, and in our case, staunchly Democratic," Pelosi said at a ceremony to name her childhood block Via Nancy D'Alesandro Pelosi.

The Baltimore events capped off two days of victory festivities for Pelosi, who was elected the nation's first female speaker Thursday. The events also were designed to counter Republican descriptions of Pelosi as a San Francisco liberal.

Pelosi grew up the youngest of six children, and the only girl.

"We were all born and raised in politics, and we all worked the political scene," recalled Pelosi's oldest brother, Thomas D'Alesandro III, who was also mayor of Baltimore.

The family "had our doors open every day, people coming in looking for jobs, for medical assistance, for housing, to get somebody out of jail," he recalled. Pelosi "had an opportunity at an early age to be exposed to the world of politics at the precinct level, at the constituent level."

(AP) House Speaker Nancy Pelosi of Calif., center, accompanied by Rep. Jim McDermott, D-Wash., left,...

Full ImagePelosi left Little Italy after high school and never returned as a full-time resident, but neighbors here still remember the polite little girl who rode in open-top convertibles in city parades.

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Giovanna Aquia Blatterman, whose husband used to dance with Pelosi at neighborhood church dances, said residents are working to add Pelosi's name to a bocce court named for her father.

"She had a lot of time to watch and absorb, and it's paying off now," she Blatterman said..

Partying Dead Wake Up The Democrats (WP)

By J. Freedom DuLac, Washington Post Staff Writer

The Washington Post, January 6, 2007

Do Democrats have more fun? At the end of her own triumphal celebration concert Thursday night, newly sworn-in House Speaker Nancy Pelosi asked that very question.

This being a fete for the Democrats, most of the approximately 1,200 attendees at the National Building Museum fundraiser answered affirmatively. Guess they weren't dead, after all!

Just a couple of hours earlier, several surviving members of the Grateful Dead were onstage, performing some of the psychedelic jam band's best-known songs in front of a buttoned-up audience: legislators, donors, activists, advisers, "just friends" who sat lifelessly during the first of two sets. One exception was the Deadhead who finally jumped out of his gilded seat near the back of the room and did the overbite-boogie during the shuffling hit "Touch of Grey." He was met with more than a few incredulous stares. (Turns out that fun is not a partisan concept. It might, however, be a relatively foreign idea in the starchy, scripted realm of modern national politics.)

But it wouldn't take an act of Congress to get the guarded group to loosen up, just an irresistible polyrhythmic groove. When the Dead survivors and a few of their musician friends -- collectively dubbed Your House Band for the occasion -- performed the decades-old New Orleans anthem "Iko Iko," the crowd snapped to and the party finally felt like, well . . . a party. A strange-looking party, to be sure: the bearded counterculture icon and Dead co-founder Bob Weir sporting a coat and tie and looking like a classics professor, a most perplexing image.

Still, even Pelosi was able to let her hair down by standing up and dancing in place during "Iko Iko." No need to worry about any sort of YouTube embarrassment; Madam Speaker, at 66, can dance just fine. Certainly well enough that the producers' script noted that Pelosi and her husband, Paul, were to "remain on stage and perhaps dance" during a closing ensemble performance of the tune "You've Got a Friend." Which they did.

Though the $1,000-per-ticket fundraiser was billed as a concert -- Pelosipalooza if you will -- you do not necessarily attend such gatherings for their artistic merits. The 12-story atrium in which the concert was staged was an echo chamber, and the performances were largely predictable, with the musicians sticking to the hits and to the script. (You didn't really expect a free-form Dead show, did you? With epic drum solos and long stretches of improvisational guitar noodling and obscure songs they haven't performed since that show at Winterland way back when? And "spacecakes" at the dessert buffet?)

There was the elegant Tony Bennett crooning "I Left My Heart in San Francisco" in a nod to California's 8th District, which Pelosi represents. And the great singer-songwriter Carole King, sounding a little parched but peeling off three classics at a Steinway grand piano: "Sweet Seasons," "I Feel the Earth Move" and "(You Make Me Feel Like) A Natural Woman." (Even the hunky actor Richard Gere was spotted singing the latter's refrain.)

Some, but not all, of the songs packed political messages -- not least the two performed by Bruce Hornsby, a former Dead collaborator who sat in with Your House Band. "The End of the Innocence," co-authored by Hornsby and Don Henley in 1987, was a protest song about President Reagan, what with its reference to the "tired old man that we elected king" and allusions to military might and shrinking farm subsidies. And "The Way It Is," performed solo at a Steinway grand piano, addressed racial inequity.

In fact, there was much buzz about inclusion right up until the night ended at 10:30, with speakers -- and the House speaker -- talking about providing representation to the underrepresented, about diversity. And yet the stage was filled with white men, save for King, rapper Wyclef Jean and a few sidemen.

Jean was the lineup's lone nod to youth (most of the performers were nearly twice his age, if not older), and he was also its wild card, prone to onstage unpredictability. In that regard, he didn't disappoint, first demanding that the crowd sit down, post-"Iko Iko," and listen to an a cappella rap he'd written for the occasion. The verse probably marked the first time in hip-hop history that Pelosi, Barack Obama and North Korea were mentioned over the course of 16 bars. Jean also rhymed in Spanish, Japanese and French and Hebrew before performing three covers: the hymnal "Rivers of Babylon," Bob Marley's "Redemption Song" and the old soca smash "Hot Hot Hot."

Jean mentioned Pelosi's name repeatedly during the songs -- several dozen times in all -- and riffed on the price of oil before jumping offstage to dance with Pelosi during "Hot Hot Hot," their impromptu pas de deux captured by a house video

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camera and flashed onto an oversize screen behind the stage. And at least for that moment, anyway, yes, the resurgent Democrats were having more fun.

Giddy Sea Of Fresh Faces In The Capitol, United By A Serious Mission (NYT)

By Anne E. Kornblut

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — Hours after casting his first votes in Congress, Representative Zack Space still beamed with excitement on Thursday, showing off the identification card that doubles as an electronic balloting device.

"I had to ask someone how to use it," he said, proudly whisking the card out of its carrying case as he gave his family a tour of the Capitol.

Back in his office, a new receptionist apologized for hanging up on someone who called. "Sorry, second day on the job," she chirped.

Even before his arrival in Washington this week, Mr. Space, 45, typified the incoming freshman class: A Democrat from Ohio, he campaigned hard on the issue of ethics reform in a race to succeed Representative Bob Ney, who pleaded guilty in a corruption case. Despite his political inexperience — and the fact that Democratic officials considered him one of their weakest candidates — Mr. Space beat his Republican rival, in an increasingly Republican district, 62 percent to 38 percent.

Now, he is one of 66 new members of the 110th Congress, part of a historic Democratic tide that swept Republicans from power after a dozen years and left President Bush on the defensive.

Although Mr. Space at times exudes a certain good-natured goofiness — his campaign Web logo featured a starry rendering of outer space, and one of his mottos is a riff on his father's first name, Socrates ("being the son of Socrates, Zack Space knows a thing or two about ethics") — he has a mission of the utmost seriousness in Congress. On Thursday, his first day, before all his boxes were unpacked and his shared apartment furnished, Mr. Space was given a high-profile role in introducing his party's ethics reform package.

"The winds of change have brought me here," Mr. Space said in his first speech on the House floor, arguing in favor of the package. "The time to act is now. We have an extraordinary burden to prove to those who have given us this honor. We must make clear to them that we are representing their interests, not bartering legislative favors in order to gain gifts and trips."

On the other side of the Capitol dome, the incoming senators will not cast their first votes until next week (and the first one, a resolution honoring the late President Gerald R. Ford, will not exactly cause heartburn). Their transition will take longer in other ways: new senators are housed in temporary offices in the basement, while administrators try to establish which sitting senators intend to move.

That left freshman Senator Jon Tester, a Democrat who previously lived on an 1,800-acre ranch in Montana, squeezed into a small space in the bowels of the Dirksen Senate Office Building. In the office of Senator James Webb, Democrat of Virginia, the phone system was so problem-plagued that his line remained busy for hours on end.

But the wave of newcomers was most palpable in the House, where the dozens of arrivals circulated through welcome parties, herded their families on tours and waited in long lines to have their photographs taken with Representative Nancy Pelosi of California, the new House speaker. Representative Carol Shea Porter, a New Hampshire Democrat who won an upset victory, let out an audible gasp when she set foot on the House floor the first time, said her chief of staff, Harry Gural.

"Walking in was a little bit like walking into the lights of Yankee Stadium, going out onto the field as a player rather than a spectator," Mr. Gural said.

The cable network channel C-Span chronicled even the most anonymous new members, setting up a camera position in the Cannon House Office Building to lure members of the freshman class into interviews.

"So far, so good," said Representative Mazie K. Hirono, Democrat of Hawaii (and one of two new Buddhist members of the Congress), as she concluded her 15 minutes of C-Span.

Ms. Hirono had a press schedule, but little else: unable to buy office gear until she was sworn in, the newest Democrat from the farthest state was working without computers.

Unlike earlier eras, when newcomers simply showed up in Washington and had to fend for themselves, freshmen now undergo a series of orientation programs in the weeks between Election Day and the swearing-in.

"It's much different than when I came here. You were on your own," said Representative George Miller, a California Democrat now in his 17th term.

Representative Barney Frank, Democrat of Massachusetts and another House lifer, offered the freshmen some advice: Learn time management, and how to resist invitations to social events.

"The default answer when people ask you to do things should be 'no,' " Mr. Frank said.

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Then there is the issue of housing, always tricky for members of Congress who are in Washington on weekdays but at home in their districts most weekends. Mr. Space and his new roommate, Representative Michael Arcuri of New York, moved into their "small, subterranean" apartment earlier in the week, an arrangement prompted in part by Mr. Arcuri's fondness for Mr. Space's Greek cooking. By Friday, they still appeared to be getting along.

And Mr. Space, grinning as he wandered the halls, had not grown disillusioned by Washington, he said, nor strayed from his pledges.

"Not yet," he said, when asked if he had broken any campaign promises. Then he corrected himself. "I mean — no."

New Congress Brings Along Religious Firsts (WP)

By Jonathan Tilove, Religion News Service

The Washington Post, January 6, 2007

The new Congress, for the first time, includes a Muslim, two Buddhists, more Jews than Episcopalians and the highest-ranking Mormon in congressional history.

Roman Catholics remain the largest single faith group in Congress, accounting for 29 percent of all members of the House and Senate, followed by Baptists, Methodists, Presbyterians, Jews and Episcopalians.

While Catholics in Congress are almost 2-to-1 Democrats, the most lopsidedly Democratic groups are Jews and those not affiliated with a religion. Of the 43 Jewish members of Congress, there is only one Jewish Republican in the House and two in the Senate. The six religiously unaffiliated members of the House are all Democrats.

The most Republican groups are the small band of Christian Scientists in the House (all five are Republican) and members of the Church of Jesus Christ of Latter-day Saints (12 Republicans and three Democrats) -- though the top-ranking Mormon is Nevada Sen. Harry M. Reid, the new Democratic majority leader.

Baptists generally divide along partisan lines defined by race. Most black Baptists are Democrats, while most white Baptists are Republicans. Notable exceptions include House Majority Leader Steny H. Hoyer (D-Md.) and Sen. Robert C. Byrd (D-W.Va.), president pro tem in the new Senate, both white Baptists.

Because 2006 was such a good year for Democrats, they have regained their commanding advantage among Catholics, which had slipped during an era of GOP dominance. In Pennsylvania alone, five new Democrats, all Catholics, were elected to Congress in November, including Robert P. Casey Jr., who defeated Sen. Rick Santorum, a far more conservative Catholic.

In the new Congress, two-thirds of all Catholic members will be Democrats. By contrast, after big Republican gains in 1994, 44 percent of Catholic members of Congress were Republican, according to Albert Menendez, a writer and researcher who has been counting the religious affiliation of members of Congress since 1972.

"It's a thankless task, but somebody's got to do it," said Menendez, 64, who lives in North Potomac and has published his counts and analysis first with Americans United for Separation of Church and State and more recently in Voice of Reason, the newsletter of Americans for Religious Liberty. He is also the author of several books, including "Religion at the Polls" (1977), "John F. Kennedy: Catholic and Humanist" (1979) and "Evangelicals at the Ballot Box" (1996).

Menendez bases his count on how lawmakers identify themselves. When he did his first tally after the 1972 election, Congress was still much in the sway of a few mainline Christian faiths. At the time, just three mainline Protestant denominations -- Methodists, Presbyterians and Episcopalians -- accounted for 43 percent of all members of Congress, including 51 senators. Come January, those three will account for just a fifth of Congress, including 32 senators. Still, all three -- especially Episcopalians and Presbyterians -- continue to be better represented on Capitol Hill than among the general population.

Other historically important Christian denominations have suffered steep declines in Congress. Menendez said the Lyndon B. Johnson landslide of 1964 brought 14 Unitarians to Washington. In the new Congress, there are two -- Rep. Pete Stark (D-Calif.) and Sen. Kent Conrad (D-N.D.). In the late 1960s, there were 29 members of the United Church of Christ in Congress, but in the new Congress, there will be only six, including Sen. Barack Obama (D-Ill.), who joined the church as an adult. (Obama's Kenyan father was from a Muslim background and his American mother's parents were non-practicing Baptist and Methodist.)

Through it all, Lutherans have maintained. Menendez said they were underrepresented relative to their population in 1972, with 16 members of Congress, and remain underrepresented today with 17. While their total numbers have held steady, their political allegiance has flipped from 2-to-1 Republican to 2-to-1 Democrat.

Evangelical Christians -- a category that cuts across denominational lines -- are even more underrepresented, according to Furman University political scientist James L. Guth, all the more so after this year's defeat of Republican incumbents such as Reps. John N. Hostettler of Indiana and Jim Ryun of Kansas.

But perhaps the most underrepresented group in Congress is the 14 percent of all American adults who, according to the 2001 American Religious Identification Survey, conducted by scholars at the Graduate Center at the City University of New York,

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claim no religion at all. Only six members of Congress, all Democrats, identify themselves as religiously unaffiliated: Reps. John F. Tierney and John W. Olver of Massachusetts, Earl Blumenauer of Oregon, Neil Abercrombie of Hawaii, Tammy Baldwin of Wisconsin and Mark Udall of Colorado.

Jews have continued to gain representation in Congress -- 8 percent in the new Congress -- even as their share of the national population has waned (1.3 percent in 2001). But Jewish numbers in Congress also tend to fluctuate with Democratic fortunes. In a year in which Democrats did well in unexpected places, new Jewish members of Congress were elected this fall from Tennessee, Kentucky, Arizona and New Hampshire, as well as the more familiar terrain of Florida and Wisconsin.

For Buddhists and Muslims, the 110th Congress represents their first congressional representation.

The two Buddhist Democrats -- Reps. Mazie K. Hirono of Hawaii and Hank Johnson of Georgia -- both have avoided talking about their religion, saying it is a private matter.

A spokesman for Hirono, who came to Hawaii with her mother from Japan when she was 8, would only confirm that Hirono was raised in the tradition of her mother's Jodo Shu Buddhism.

A spokesman for Johnson would only confirm that he became a Buddhist about 30 years ago and is affiliated with Soka Gakkai International, an American Buddhist association.

Like Johnson, Keith Ellison of Minnesota, the first Muslim elected to Congress, is a convert and African American. Raised Catholic, he converted to Islam at 19 while attending Wayne State University .

"The election of this first Muslim is quite important symbolically," said John Green, director of the Ray C. Bliss Institute of Applied Politics at the University of Akron. "It may very well be the harbinger of greater acceptance of Muslims in the future."

Bush's Tax Legacy (WSJ)

The Wall Street Journal, January 6, 2007

In his op-ed column on these pages this week, President Bush made some news by underscoring his opposition to raising taxes. We were certainly glad to hear it, and to publish it, because by our lights the tax cuts and economic growth that has followed are his most notable domestic achievements (give or take a Supreme Court Justice).

That growth was underscored again with yesterday's buoyant jobs and income report for December. Job growth exceeding expectations at 167,000 and the jobless rate held at a very low 4.5%, despite a slowdown in manufacturing and construction. Since the Bush tax cuts on dividends and capital gains passed in mid-2003, the economy has created 7.2 million new jobs according to the survey of business establishments, and an additional 1.2 million in the more variable household survey.

As for the inevitable political complaints that these new jobs are all lousy, average hourly non-supervisory wages have now climbed 4.2% over the past 12 months, or twice the official rate of inflation. With flat or falling energy prices, and a tight labor market, real wages are also starting to show impressive gains.

Meanwhile, tax revenues continue to roll into the Treasury and state coffers. Federal receipts rose by 14.6% in fiscal 2005, another 11.8% in 2006, and kept rising by 9% in this year's first two months despite slower GDP growth. The budget deficit, in turn, has fallen by $165 billion in two years, and including state surpluses is now down to about 1% of GDP, which as an economic matter is negligible. Tax revenues as a share of the economy are also back above 18.5%, which is their modern historical norm.

This record is so impressive that liberal critics have been forced to ignore it and focus on other alleged outrages, such as "inequality," or CEO pay, or some vague prediction of future doom. And, yes, the future is unpredictable. But in the field of economics there are few more definitive tests than the results from the tax cuts of 2003. Critics predicted disaster, supporters the opposite, and the supporters can point to more than three years of prosperity as vindication -- despite $70 oil and $3 gasoline, and lately despite the worst housing slowdown in 15 years.

However, those lower tax rates are set to expire at the end of 2010, and the Democrats who now control Congress want them repealed. The "pay-as-you-go" rules that the House just passed would make their extension all but impossible. What this means is that if Congress merely fails to act, the tax cuts expire and the economy will be hit with one of the largest tax increases in history in 2010.

The dividend rate would snap back to 39.6% from 15%, the capital gains rate to 20% from 15%, and the top marginal income tax rate to 39.6% from 35%. Marginal and average tax rates for the middle class would also increase, returning to the Clinton-era levies that had driven taxes as a share of GDP to a postwar high of 20.9%.

Now in the minority on Capitol Hill, Republicans can't do much about this. But it certainly poses a dilemma for Democrats -- all the more so because they must also cope with the rising burden of the Alternative Minimum Tax. The AMT -- created by Democrats in 1969 to capture a few millionaires -- will engulf some 23 million taxpayers this year without a change in law.

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This week, the new Democratic Chairman of the Senate Finance Committee, Montana's Max Baucus, called the AMT a "monster in the tax code" and introduced a bill to repeal it. The only catch: Under Congress's wacky "static revenue" analysis of calculating the impact of tax cuts, AMT repeal would "cost" the Treasury as much as $1.2 trillion over 10 years. Maybe they can find that much in Congressman William Jefferson's freezer.

Our guess is that Democrats will try to finesse all this in the near term. With President Bush now saying he'll oppose a tax increase, they'll be wary of voting for one that would be vetoed and provide Republicans with an issue in 2008. So perhaps they'll try a one- or two-year AMT fix to get them past 2008, while waiting for their Presidential nominee to advance a more detailed tax proposal. Most likely, that would involve a pledge to keep the lower Bush rates for the "middle class," while raising rates on "the rich."

Bill Clinton played that tune all the way to the Oval Office, only to raise taxes on everybody once he got there. It'll be fascinating to see if voters give his wife, Senator Hillary Rodham Clinton, the same leave if she's the Democratic nominee. In any event, what we seem headed for is a two-year national donnybrook over taxes and income that will be decided by the voters in November 2008.

Monkey On A Tiger (NYT)

By Maureen Dowd

The New York Times, January 6, 2007

Washington

There was a touch of parody to the giddy Democrat takeover this week: Nancy Pelosi indulging her inner Haight-Ashbury and dipping the Capitol in tie-dye, sashaying around with the Grateful Dead, Wyclef Jean, Carole King, Richard Gere, feminists and a swarm of well-connected urchins.

The first act of House Democrats who promised to govern with bipartisan comity was imperiously banishing Republicans from participating in the initial round of lawmaking. Even if Republicans were brutes during their reign, Democrats should have shown more class, letting the whiny minority party offer some stupid amendments that would lose.

Perhaps the Democrats' power-shift into overdrive is a neurological disorder, or neuropolitical disorder.

If free will is an illusion — if we are, as one philosopher put it, "nothing more than sophisticated meat machines," doomed to repeat the same mistakes over and over — that would explain a lot about the latest trend in which everyone is reverting to type.

William James wrote in 1890 that the whole "sting and excitement" of life comes from "our sense that in it things are really being decided from one moment to another, and that it is not the dull rattling off of a chain that was forged innumerable ages ago."

But in Science Times this week, Dennis Overbye advised Dr. James to "get over it," observing that "a bevy of experiments in recent years suggest that the conscious mind is like a monkey riding a tiger of subconscious decisions and actions in progress, frantically making up stories about being in control."

As Mark Hallett of the National Institute of Neurological Disorders and Stroke told Mr. Overbye, "Free will does exist, but it's a perception, not a power or a driving force. ... The more you scrutinize it, the more you realize you don't have it."

That would explain why, after voters insisted that the president wrap it up in Iraq, he made a big show of pretending to listen, then decided to do a war do-over.

Is this just the baked-in stubbornness of one man, or is W.'s behavior evidence that he has no free will? Is the Decider freely choosing another huge blunder or is he taking instructions from his genetic and political coding, fearing that if he admits what a foul hash he's made of Iraq, he'll be labeled a wimp, as his dad was?

If W. is trapped on a tiger, he's not the only one.

John McCain can't get beyond seeing himself as a maverick now that he's become a nonmaverick, a right-wing Republican urging an escalation of a hopeless war, even though he's already lived through an escalation of a hopeless war.

"There are two keys to any surge in U.S. troops," Senator McCain told an appreciative audience at the American Enterprise Institute yesterday. "It must be substantial, and it must be sustained."

With the letter she and Harry Reid wrote to the president yesterday, warning him that "we are well past the point of more troops for Iraq," Speaker Pelosi tried to exert her free will to stop the Surge. But the Democrats aren't willing to take real action and cut off money for the Surge. They're predetermined to want to have it both ways: not to be blamed for the war and not to be blamed for pulling the plug on the war.

Iraq has become a snake pit of factions failing to escape fate. Shiites and Sunnis have been fighting and killing each other for about 1,400 years over who was the rightful heir to Muhammad, and yet the entire American high command was somehow taken aback that Shiites and Sunnis can't muster the free will to keep their country from disintegrating.

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Could it have been kismet that there were Shiites taunting Saddam at his hanging? Maybe it was preordained back in the days when Alexander Graham Bell invented the telephone and the British diplomat Gertrude Bell drew the boundaries of the modern Iraq that a security guy with a cellphone would capture the spectacle.

Despite all the talk back in the 2000 campaign about a robustly experienced foreign-policy dream team, it may have been destined that the Bush administration would be asleep in the run-up to the insurgency, just as it was asleep in the run-up to 9/11, to Katrina, to the occupation and to the refugee crisis in Iraq. Either all that was predetermined, or the administration was preternaturally negligent.

Arthur Schopenhauer, the German philosopher who said a man can do what he wants but cannot will what he wants, would have understood W.'s nonsensical urge to Surge.

We don't know if human beings have free will. We just know that human beings in Washington appear not to.

Can Bush's Tax Cuts Survive? (WSJ)

The Wall Street Journal, January 6, 2007

Can Congress balance the budget if it keeps the tax cuts in place? In the short term, maybe. But it won't be easy. White House forecasts show a $127 billion shortfall in 2011. Making the tax cuts permanent while balancing the budget will require sharp spending cuts, which likely will cause even many congressional Republicans to balk. President Bush's efforts to constrain spending in the past have had little effect, in part because of the costs of homeland security and the wars in Afghanistan and Iraq, and in part because of resistance from members of Congress. Now that Democrats are in control, the resistance from Congress is likely to be greater.

In the long term, the task gets even more difficult, due to Baby Boomers retiring and the resulting explosion in Social Security and Medicare costs. Social Security and Medicare trustees estimate the Social Security fund will go into deficit in 2017 and its trust fund will run out of money by 2040. Medicare ran a deficit in 2004 (but not in 2005 due to a surge in tax revenue) and estimates show its trust fund will be depleted by 2018.

Are there other tax cuts or tax increases being considered? On the tax-cut front, both parties have expressed support for permanent changes to repair the Alternative Minimum Tax. It was designed to prevent the wealthy from evading taxes but increasingly has snared upper-middle-class taxpayers because it was never indexed for inflation. The AMT is projected to bring in $1 trillion over the next decade. The passage of "pay-go" legislation by the House Friday could add an extra hurdle because it requires any new tax-cut or entitlement legislation to be offset by increased revenue or decreased spending to prevent the deficit from growing larger still.

As for tax increases, Democrats have proposed eliminating tax breaks for oil companies and more aggressive measures to crack down on tax evasion.

-- Nick Timiraos

FACTS

The War of 1812 prompted the first sales taxes on gold, silverware, jewelry and watches. Congress enacted the first income-tax law in 1862 to help fund the Civil War. It was eliminated in 1872, but a new income tax was created on the eve of World War I.

About half of newly elected Democratic members of congress support repealing tax cuts for the wealthiest tax bracket now rather than waiting for the provisions to expire.

When World War II ended, taxpayers with incomes of more than $1 million faced a top tax rate of 94% on each additional dollar earned. In most cases, taxable income for 2006 of more than $336,550 faced a top federal income-tax rate of 35%.

The national debt stands at $8.6 trillion and interest on that debt grew 23% last year, the fastest-growing part of the federal budget.

POINTS OF VIEW

"Now is not the time to raise taxes on the American people."

--President George W. Bush

"We are mortgaging [our children's] futures for a tax break that benefits those who need it least."

-- House Speaker Nancy Pelosi

A Heckuva Claim (WP)

The Washington Post, January 6, 2007

Mr. Bush is oblivious to the consequences of his tax cuts.

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PRESIDENT BUSH wrote in a Wall Street Journal op-ed Wednesday that "it is also a fact that our tax cuts have fueled robust economic growth and record revenues." The claim about fueling record revenue is flat wrong, and it is shocking that the president should persist in making such errors. After all, tax cuts are the central plank of his domestic policy. How can he fail to understand the basic facts about them?

This is not just our opinion. Harvard's N. Gregory Mankiw, an economic conservative who served as chairman of Mr. Bush's Council of Economic Advisers, has tested the hypothesis on which Mr. Bush's claim is based: He looked at the extent to which tax cuts stimulate extra growth and the extent to which that growth generates extra tax revenue that offsets the initial loss of revenue from the tax cut. Mr. Mankiw's conclusion: Even over the long term, once you've allowed all of the extra growth to feed through into extra revenue, cuts in capital taxes juice the economy enough to recoup half of the lost revenue, and cuts in income taxes deliver a boost that recoups 17 percent of the lost revenue. So a $100 billion cut in taxes on capital widens the budget deficit by $50 billion, and a $100 billion cut in income taxes widens the budget deficit by $83 billion.

If Mr. Bush does not believe Mr. Mankiw, perhaps he may believe the Congressional Budget Office. In a period when it was run by Douglas Holtz-Eakin, another economic conservative who worked in Mr. Bush's White House, the CBO estimated the extent to which a 10 percent reduction in personal taxes might pay for itself. On the most optimistic assumptions it could muster, the CBO found that tax cuts would stimulate enough economic growth to replace 22 percent of lost revenue in the first five years and 32 percent in the second five. On pessimistic assumptions, the growth effects of tax cuts did nothing to offset revenue loss.

If Mr. Bush believes neither Mr. Mankiw nor the Congressional Budget Office, he should at least respect his own Treasury. Prodded by the White House, Treasury economists have calculated how much extra growth would result from making the Bush tax cuts permanent. They have concluded that economic output would rise by about 0.5 percent in the first six years and by an additional 0.2 percent in the "long term." Since the federal government collects around 18 percent of gross domestic product in taxes, enlarging GDP by 0.7 percent would result in extra tax revenue equivalent to 0.13 percent of GDP. That would offset less than a tenth of the revenue that would be lost because of the tax cuts.

Mr. Bush's op-ed included nice statements about bipartisan cooperation. But the Democrats would be more likely to cooperate with the president if he stopped making things up.

Bill On Medicare Drug Cost Is Called Weak Medicine (LAT)

By Ricardo Alonso-Zaldivar, Times Staff Writer

The Los Angeles Times, January 6, 2007

A provision undercuts the legislation's effort to get manufacturers to offer deals, critics say.

WASHINGTON — The bill that House Democrats unveiled Friday to lower drug prices for the elderly contains a provision that could make it difficult — or maybe even impossible — to achieve its goal, some critics said.

The legislation would direct the federal government to use its huge market power to bargain for lower prices with drug manufacturers on behalf of some 23 million seniors enrolled in the Medicare prescription program.

But a provision in the bill would explicitly prohibit the government from creating a list of approved drugs, known as a formulary — thus taking away a powerful lever commonly used in such pricing negotiations. Fear of not being included on such a list of approved drugs is one of the principal reasons manufacturers agree to lower prices.

"If you don't have the power to bump a drug off the formulary, you have no negotiating clout," said Robert Laszewski, a health policy consultant to insurers and other healthcare companies. "Any good capitalist will tell you that you can't negotiate with somebody unless there is the expectation that you may not purchase their product."

Under the Medicare prescription system, benefits are provided by private insurance companies, which rely on lists of approved drugs to negotiate price cuts. Premiums that the elderly pay to the private companies are heavily subsidized by the government.

The program was designed by Republicans and passed in 2003 over bitter opposition from most Democrats, in part because it prohibited the government from negotiating price cuts. Freeing the government's hands was high on the list of actions Democrats had vowed to take when they gained control of Congress.

It's unclear how the apparent concession to industry will affect the political fortunes of the bill. It may help to blunt some arguments against it from critics who say that the government would be dictating prices and therefore reducing access to medicines. However, the concession seems unlikely to win over the drug industry.

"This is a trade-off," said a House Democratic leadership aide, who could not be identified because he is not authorized to talk to the press. "We felt we couldn't go as far as Veterans Affairs does, where they actually take drugs off the formulary."

The VA is known for driving tough deals on drug prices, but it covers many fewer medications than the typical Medicare plan.

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AARP, one of the main groups supporting the Democratic bill, acknowledged Friday that the measure would bar the use of a potent bargaining tactic. "It takes one tool away, but that's not the whole story here," said David Certner, federal affairs director for the influential seniors group.

The government could use other approaches — such as higher co-pays for drugs from companies that refuse to offer discounts — to achieve much the same effect, he said. AARP is launching an advertising campaign in support of the bill.

"Arguing that the only tool you have is to say 'We're going to drop you off the list' is not correct," added Certner.

Another bill supporter defended the concession. "If that provision wasn't in there, the drug companies would probably be going nuts," added Ron Pollack, executive director of Families USA, a liberal group that advocates for healthcare overhaul. "It makes it politically palatable without harming the intent of giving the [administration] the obligation to bargain."

The House is scheduled to vote Friday on the legislation, whose prospects are unclear. The Senate is expected to move more slowly and draft its own legislation. Sen. Max Baucus (D-Mont.), who leads the committee that would write the bill, has opposed allowing the government to negotiate drug prices.

If a bill emerges from Congress, President Bush might well veto it. Most Republicans consider government price controls anathema, and their party has also received strong support from the drug industry, which channeled most of its campaign contributions to GOP candidates in November's congressional elections.

Business groups were unimpressed with Democrats' no-formulary provision. "I'm not convinced it leads anywhere," said R. Bruce Josten, a top lobbyist for the U.S. Chamber of Commerce, which has set defeat of the bill as one of its main legislative goals.

The bill would still put the government "in a godlike position on pricing," he said.

The House bill would require the Health and Human Services Department to negotiate prices on behalf of the Medicare program, and report to Congress on its progress. Individual Medicare plans would be free to bargain for deeper discounts, and could restrict the number of drugs they offer.

Strong Medicine (WSJ)

By Philip K. Howard

The Wall Street Journal, January 6, 2007

Skyrocketing health-care costs are a looming national tragedy, but cannot be contained without restoring reliability to the justice system. America spends over $6,300 per person on health care each year, almost twice that of other Western countries; the overall expenditures on health care, $1.9 trillion, are rising annually at 8%. But the care here is on average no better than in countries that spend half as much.

There are a number of forces contributing to this higher cost -- including government mandates and lack of market discipline. One of the largest drivers of excess costs, however, is American justice -- or more accurately distrust of American justice. Fear of erratic jury decisions in medical malpractice cases has spawned a culture of fear, causing inefficiencies that infect every level of medicine.

Any sick person who gets sicker can drag a doctor through years of litigation -- an average of five years to resolve a claim. A jury can render a verdict that bears no relation to accepted medical standards or, indeed, the results of prior cases. It is not that most juries are unwise: Overall, according to a recent Harvard study, the error rate in this system is about 25%. But playing Russian roulette with one bullet in four chambers is not a source of comfort to most doctors. Meanwhile, payment to patients who deserve it may take years, with the attorney taking up to 40% of the award.

The direct costs of the malpractice system, about $28 billion a year, are only the tip of the iceberg. Defensive medicine -- the practice of ordering the procedures and tests that are not clinically indicated -- is ubiquitous, according to a recent study in Pennsylvania, practiced by over 90% of physicians. It's hard to calculate the total cost of defensive medicine, but estimates start at the tens of billions and go up from there.

Extra tests are not the worst inefficiency. Hospitals often operate like slow motion zones: No choice can occur without stacks of forms and disclosures with multiple witnesses -- all designed to "build a record" in case there's a bad outcome. End-of-life care is often as inhumane as it is costly, as nursing homes send the aged to die in intensive care units, poked with needles and strapped to machines sounding alarms instead of holding the hands of loved ones in quiet comfort.

Restoring trust in American justice can't be accomplished by tweaking this system. A functioning system of justice must aspire to deliberate choices, binding from one case to the next. Reliability is critical. Providers must know what's expected of them and must trust the system to distinguish good care from bad care. What's needed is something entirely new: specialized health-care courts.

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This country has a long history of expert courts in areas that require technical knowledge or special expertise. At the time of the Constitution there were admiralty courts; today we have bankruptcy courts, tax courts, patent courts and a wide range of specialized tribunals in areas ranging from workers compensation to vaccine liability.

A proposal for expert health courts has been developed in a joint venture of Common Good (a nonprofit organization) and the Harvard School of Public Health. It promises to restore reliability and foster confidence by incorporating the following features:

There would be no juries. Instead, specially trained administrative judges, advised by neutral experts paid for by the court -- not by lawyers for either side -- would make decisions and write opinions on standards of care.

A liberalized standard of recovery would provide compensation to injured patients based on whether the injury should have been avoidable. Someone who comes into the hospital with pneumonia and comes out with a staph infection, for example, should be able to recover without having to prove how it happened.

An individual injured by malpractice would receive 100% of his or her actual monetary losses, including future lost income -- but damages for pain and suffering would be paid according to a preset schedule depending on the injury. This is how people are compensated in other countries. And expedited procedures, including mandatory disclosure by defendants, would ensure quick resolution or disputes, avoiding the monetary and psychological costs of drawn-out proceedings.

The advantages of a specialized health court are enormous. A court that writes opinions based on accepted medical standards can provide affirmative guidelines for improving care. The incentives for defensive medicine will be sharply reduced, and a culture of trust will restore the candor needed to avoid tragic errors. Patients will receive settlements much sooner, paying only a fraction of what they now pay in legal fees. Most importantly, reliability will provide a foundation to restore order to health care, including defending reasonable choices to contain costs.

A broad coalition of safety experts, health-care providers and consumer groups such as AARP have come together to call for pilot projects of special health courts. Six major hospitals, including New York Presbyterian and Johns Hopkins, have volunteered to participate in the pilot. Several states are considering sponsoring an experiment, and a bipartisan bill to fund them, co-sponsored by Sens. Mike Enzi (R., Wyo.) and Max Baucus (D., Mt.) has been introduced.

The sticking point is the opposition of the trial lawyers, who insist that juries, and only juries, must make the final decision. But the civil jury was never supposed to decide standards of care as a matter of law; it is intended to resolve disputed facts. In any case, as noted, this country has a long history of special courts and tribunals without juries where the purpose, as here, is to improve the reliability and effectiveness of justice.

None of our aspirations for American healthcare -- better safety, affordability, even empathy -- can be realized as long as providers go through the day looking over their shoulders instead of doing what they think is right. The only way to overcome this distrust, and all its debilitating errors and waste, is to create a special health court that is trustworthy.

Mr. Howard, a lawyer and author, is chair of Common Good. More information on health courts can be found at www.cgood.org1.

Boxer To Chair Ethics In Johnson's Absence (RC)

RollCall.com, January 5, 2007

With Sen. Tim Johnson (D-S.D.) still recovering from brain surgery last month, Senate Majority Leader Harry Reid (D-Nev.) will tap Environment and Public Works Chairwoman Sen. Barbara Boxer (D-Calif.) to temporarily take the reins of the chamber's Ethics Committee, Reid said late Friday.

"Sen. Boxer will take the chair ... until [Johnson] comes back," Reid said, a move that will allow the committee to convene before Johnson returns to work. Democratic aides said Friday that Reid's decision also is being driven in part by the fact that the Senate will take up its ethics reform package next week, and while Reid and Minority Leader Mitch McConnell (R-Ky.) are the primary sponsors, the move will allow Boxer and ranking member John Cornyn (R-Texas) to help manage the debate over the next two weeks.

Under Ethics Committee rules, an even number of Republican and Democratic Members are needed to conduct business. Additionally, unlike authorizing and appropriations committees, the Ethics Committee does not allow its members to vote by proxy if they are unable to attend a vote.

Memo Says White House Visitors Can't Be Named (AP)

By Pete Yost, The Associated Press

AP, January 6, 2007

WASHINGTON - The White House and the Secret Service quietly signed an agreement last spring in the midst of the Jack Abramoff lobbying scandal declaring that records identifying visitors to the White House are not open to the public.

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The Bush administration didn't reveal the existence of the memorandum of understanding until last fall. The White House is using it to deal with a legal problem on a separate front, a ruling by a federal judge ordering the production of Secret Service logs identifying visitors to the office of Vice President Dick Cheney.

In a federal appeals court filing three weeks ago, the administration's lawyers used the memo in a legal argument aimed at overturning the judge's ruling. The Washington Post is suing for access to the Secret Service logs.

The five-page document dated May 17 declares that all entry and exit data on White House visitors belongs to the White House as presidential records rather than to the Secret Service as agency records. Therefore, the agreement states, the material is not subject to public disclosure under the Freedom of Information Act.

In the past, Secret Service logs have revealed the comings and goings of various White House visitors, including Monica Lewinsky and Clinton campaign donor Denise Rich, the wife of fugitive financier Marc Rich, who received a pardon in the closing hours of the Clinton administration.

The memo last spring was signed by the White House and Secret Service the day after a Washington-based group asked a federal judge to impose sanctions on the Secret Service in a dispute over White House visitor logs for Abramoff.

The chief counsel to another Washington-based group suing to get Secret Service logs calls the creation of the memo "a political maneuver couched as a legal one."

"It appears the White House is actually manufacturing evidence to further its own agenda," Anne Weismann, a Justice Department lawyer for 19 years and now chief counsel to Citizens for Responsibility and Ethics in Washington, said Friday.

Federal courts ultimately will decide whether records identifying White House visitors and who they are going to see are public record.

Court Was Once Cloistered; Now Its Chief Does "Nightline" (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, January 6, 2007

The "rare public address" by a member of the U.S. Supreme Court isn't so rare anymore.

Just in the past few months, Justice Ruth Bader Ginsburg has invited television interrogator Mike Wallace into her chambers for a well-mannered chat. Justice Antonin Scalia has turned up at a sold-out breakfast meeting of the Northern Virginia Technology Council and mixed it up with the American Civil Liberties Union, and he has publicly debated the Constitution with fellow justice -- but not kindred spirit -- Stephen G. Breyer. Breyer has promoted his book "Active Liberty" on "Fox News Sunday" with the other television interrogator named Wallace, Chris.

And this week, the court's longest-serving justice joined the crowd, as John Paul Stevens said in what was grandly billed as his first network television interview that he considered himself the same "moderate conservative" that President Gerald R. Ford appointed 31 years ago, even though he is now considered one of the court's reliable liberals.

"I don't really think I've changed," he told ABC's Jan Crawford Greenburg. "I think there have been a lot of changes in the court."

Stevens presumably was referring to the growing conservatism of Republican appointees to the court. But there has also been a change in the way justices, now led by Chief Justice John G. Roberts Jr., 51, see their role both in explaining what they do and in fostering a public conversation about the judiciary, according to those who most carefully monitor the court.

"Even five years ago, it would have been astonishing" to see justices interviewed on Sunday-morning news talk shows, said Thomas C. Goldstein, a Supreme Court practitioner who started the popular Scotusblog.com. "The dam has broken on the justices' desire to stay behind the red curtain."

Goldstein says the change has been building since the court's controversial 5 to 4 Bush v. Gore decision, when justices "realized they had to do a better job explaining themselves."

Others say that Roberts, now in the middle of his second term, has become a more visible symbol of the court, especially because his predecessor, William H. Rehnquist, was in poor health for his final years on the court.

"There's a new chief justice and a new court for the first time in a long time," said Orin S. Kerr, a George Washington University law professor and former Supreme Court clerk who frequently comments about the court.

Roberts is "making himself open and present in the legal world," Kerr said. "It may be that he has an effect on the other justices."

Roberts seems comfortable with reporters. In the wide-ranging "Nightline" interview with Greenburg before University of Miami students in November, he covered his childhood in Indiana and his philosophy on the court: The more narrowly tailored the decision, the better. If it can be unanimous, even better.

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He was properly self-deprecating about his selection. He told of racing to his house in Maryland from Dulles Airport because he had been told to expect a call from President Bush at a certain time. "The White House was a very efficient operation, and I'm sure if I wasn't there, they'd just go down the list and take whoever was next."

Just this term, Roberts has undertaken a series of beyond-the-Beltway speeches, in New York, Vermont, South Carolina and Florida. He has two more scheduled this month, in Chicago and Dallas.

It is difficult to prove conclusively that the justices are talking more, just as it is difficult to know how much they talked in the past. Partly out of court tradition, their offices do not routinely issue their schedules or publicize their remarks. (The last speech submitted to the court's Web site is an August address by Ginsburg in Turkey.) Justices have long given speeches to law classes and legal conferences and at overseas symposiums, sometimes noticed and sometimes not.

But those who follow the court closely say they have no doubt there has been a change.

"This court is more open and accessible in terms of interviews and public conversations than the court has ever been in its history," said University of Chicago law professor Dennis J. Hutchinson.

Hutchinson and others think the change they see is born of individuals: Justice Anthony M. Kennedy promotes citizen involvement in democracy; Scalia and Breyer are willing to debate their views of constitutional interpretation; and even the quiet Stevens has a new tendency to make news. Stevens said in December that he respected the court's decision that found flag burning to be protected free speech, even though he was on the losing side of that case more than a decade ago.

And, Hutchinson said, "Justice Roberts, in my view, is trying to put a human face on the court."

Part of the perception that justices are speaking out more can be attributed to the vitality of blogs and other publications by lawyers, professors and others that take note of almost any utterance from a justice and provide instant analysis.

Some things don't change. Justice David H. Souter limits his remarks almost exclusively to the chambers, and Justice Clarence Thomas is averse to media interviews. Scalia has always spoken frequently outside the court, but the change is that he now is open to media coverage of the events.

He and Breyer offered their competing constitutional views in the debate co-sponsored by the American Constitution Society and the Federalist Society. Breyer says that "purpose" and "consequences" must be considered; Scalia looks for the original intent of the framers. Both now are careful not to talk about current issues before the court; in 2004, Scalia recused himself from a decision on the constitutionality of the phrase "under God" in the Pledge of Allegiance, after speaking out on the case at a rally in Virginia.

Such considerations are an important part of a judge's impartiality but also underscore a justice's privilege to answer only questions that are welcome.

So Ginsburg in September was abrupt when Wallace attempted to ask her about one of the court's most enduringly controversial subjects. "Stop," she said. "We're not going to talk about abortion."

Race Discrimination Case Added To Docket (WP/AP)

Associated Press

The Washington Post, January 6, 2007

The Supreme Court yesterday added seven cases to its docket, including a discrimination case in which a Coca-Cola bottling company fired a black employee.

The lawsuit involves allegations that a supervisor of employee Stephen Peters was motivated by racial bias and influenced a human resources manager to fire the worker. Coca-Cola fired Peters for insubordination after he refused a request to work on a weekend during his scheduled days off.

A federal appeals court said that a federal judge who dismissed the case placed too much emphasis on the fact that Peters's immediate supervisor made no express recommendation to fire him.

Coca-Cola asked the Supreme Court to consider whether an employer may be held liable for intentional discrimination if the person who fired an employee harbored no discriminatory bias.

The case is BCI Coca-Cola Bottling Co. of Los Angeles v. EEOC, No. 06-341.

The court also agreed to consider the interaction of two federal laws, the Endangered Species Act and the Clean Water Act, which set out different standards for federal agencies to protect endangered species.

The case is National Association of Home Builders et al. v. Defenders of Wildlife et al., No. 06-340.

Justices To Consider School Sports Rules (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, January 6, 2007

DOJ_NMG_0113816

The high court will take up athlete recruiting, home-care worker pay and stock fraud cases.

WASHINGTON — The Supreme Court agreed Friday to referee a high school sports dispute over whether coaches have a free-speech right to recruit athletes from other schools.

Last year, a federal appeals court threw out a $3,000 fine and a two-year suspension given to a Tennessee high school football powerhouse whose coach was accused of violating the state's anti-recruiting rule, which is similar to regulations around the country.

Coach Carlton Flatt of the private Brentwood Academy had sent letters and made phone calls to a dozen eighth-grade boys inviting them to spring practice at his school near Nashville.

After the state high school athletic association handed down its punishment, the academy sued in federal court alleging a violation of the 1st Amendment.

In a long-running legal battle, a federal judge as well as the appeals court sided with Brentwood Academy and said the coach's letters and calls were protected as free speech.

The Tennessee Secondary School Athletic Assn. appealed to the Supreme Court, arguing that such a free-speech rule could wreak havoc in sports. Schools and coaches in sports leagues "agree to abide by the rules," and they cannot, for example, scream in a referee's face and then claim the protections of the 1st Amendment, the association said.

The justices met Friday for the first time since the Christmas holiday and voted to hear six new cases besides Tennessee Secondary School Athletic Assn. vs. Brentwood Academy.

In Long Island Care at Home vs. Osborne, the court will decide whether certain home-care workers are protected by the federal law that requires a minimum wage and overtime pay.

Since the 1970s, the Labor Department has said home-care workers who provide companionship services to the elderly and infirm are generally not covered by the law.

But in August, a U.S. appeals court in New York rejected that exemption for home-care employees of outside companies.

The home-care industry, which appealed, said that the decision could greatly increase the cost of care for millions of people who are old, sick or disabled.

The court also will hear a potentially important discrimination case that tests whether companies can be held liable for racial bias by a low-level supervisor.

Stephen Peters, a black employee for Coca-Cola in New Mexico, sued the company after being fired, alleging he was a victim of racial discrimination.

Last year, the U.S. appeals court in Denver cleared his suit to go to trial, though its judges agreed that the regional manager in Phoenix who ordered the firing "had no idea that Mr. Peters was black." There was, however, evidence that his actual supervisor showed a bias against blacks and treated Peters unfairly.

The court agreed to hear the case, BCI Coca-Cola Bottling Co. of Los Angeles vs. the Equal Employment Opportunity Commission, to clarify the law on handling discrimination complaints.

The justices also said they would consider making it harder to sue companies for stock fraud. Tellabs, a maker of telecommunications equipment, was sued by investors who said its executives had knowingly inflated its value.

A federal appeals court in Chicago cleared the suit to go forward, but the company appealed, arguing the plaintiffs lacked evidence that the executives knew their projections were wrong.

The case, Tellabs vs. Makor Issues & Rights, is the latest to test how much proof investors must produce before they can move forward with a stock fraud suit against a corporation.

The justices are to hear arguments in these cases in March or April and to issue rulings by late June.

Justices To Consider Impact Of Mental Illness On Death Penalty (NYT)

By Linda Greenhouse

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — The Supreme Court agreed on Friday to use the case of a schizophrenic death row inmate in Texas to set the standard for determining when a mental illness is so severe that execution would be constitutionally impermissible.

The question is not a new one for the court or for the criminal justice system, but it has come to the fore recently as a growing number of legal and mental health organizations have joined a call for a moratorium on executing those whose rational judgment has been significantly impaired, including their ability to appreciate why they have been sentenced to death.

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The American Psychiatric Association has expressed specific concern about the competency standard used by the United States Court of Appeals for the Fifth Circuit, which upheld the death sentence for the Texas inmate, Scott L. Panetti, in rejecting his petition for a writ of habeas corpus last May.

Mr. Panetti, convicted in 1992 of fatally shooting his in-laws in the presence of his estranged wife and their 3-year-old child, is a 48-year-old Navy veteran who was hospitalized 14 times for schizophrenia and other serious mental disorders in the decade before the crime. A jury nonetheless found him competent to stand trial, and the judge permitted him to represent himself.

The Supreme Court ruled in 1986 that the Eighth Amendment's prohibition on cruel and unusual punishment barred the execution of the mentally ill. But the justices who decided that case, Ford v. Wainwright, did not settle on a definition of mental illness for the purpose of determining competency for execution.

Most lower courts have adopted, as controlling, a separate opinion by Justice Lewis F. Powell Jr., who said that the "retributive goal of the criminal law" was satisfied as long as defendants were aware of "the punishment they are about to suffer" and "why they are to suffer it."

The Fifth Circuit, which supervises the courts in Texas, Louisiana and Mississippi, has boiled this down to what it calls an "awareness" test. In Mr. Panetti's case, Panetti v. Quarterman, No. 06-6407, the appeals court found the test was satisfied because Mr. Panetti indicated that he understood the state's intention to execute him for killing his wife's parents. The fact that he also held the delusional belief that his execution was part of a conspiracy by which the state was trying to prevent him from preaching the Gospel was beside the point, the appeals court said.

In Mr. Panetti's appeal to the Supreme Court, his lawyers argue that the appeals court has distorted Justice Powell's meaning by failing to take the delusions into account. "The moral force of retribution is lost if an inmate believes that his execution is being carried out through a conspiracy of demonic forces rather than as a lawful punishment for a horrific crime," their brief argues.

In a brief urging the justices to accept the appeal, the National Alliance on Mental Illness, an advocacy organization, said "this case exemplifies why mere 'awareness,' the test applied by the Fifth Circuit, is not a meaningful requirement for determining whether to execute prisoners who are severely mentally ill."

The brief said the test "makes no sense when applied to a prisoner who is plagued by delusions of grand persecution."

At his trial, Mr. Panetti was often incoherent and tried to issue subpoenas to Jesus, the pope and John F. Kennedy.

The justices' decision to hear his appeal was the latest indication of the Supreme Court's concern about the administration of capital punishment. In recent years, the court has declared unconstitutional the execution of mentally retarded defendants as well as those who committed murder before the age of 18. Some opponents of the death penalty have described mental illness as the next frontier in the debate.

Mr. Panetti's case was one of seven new appeals the court granted on a busy day as the justices returned from a four-week recess. The cases will be heard on dates yet to be determined in March and April.

Among the other new cases were appeals by the Bush administration and the National Association of Home Builders in a case that lies at the intersection between the Clean Water Act and the Endangered Species Act. The question is whether the Endangered Species Act limits the government's discretion to transfer certain authority over pollution permits from federal agencies to the individual states, as the United States Court of Appeals for the Ninth Circuit found.

The twin appeals, consolidated for a single argument, are National Association of Home Builders v. Defenders of Wildlife, No. 06-340, and United States Environmental Protection Agency v. Defenders of Wildlife, No. 05-549.

With two significant environmental cases already having been argued in the last three months, the term figures to be one of the most consequential in years for environmental law.

White House Seeks Lawyer Wise To Ways Of Congress (NYT)

By Jim Rutenberg

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — President Bush is seeking a new chief lawyer with credentials as a proven combatant as he and his staff prepare for a potential raft of investigations from Democrats in Congress who have promised to challenge the White House's conduct of policy and its assertions of executive power.

Republicans who have consulted with administration officials on personnel said the White House chief of staff, Joshua B. Bolten, was looking for a seasoned Washington hand to succeed Harriet E. Miers, the White House counsel who announced her resignation on Thursday.

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Republicans said Friday in interviews that the White House was now, in essence, seeking a politically savvy outsider with ties throughout the capital and in Congress who might be called upon to become something of a public figure in potentially high-profile fights.

"They need somebody who can sit down face-to-face with an ornery committee chairman and work out a conflict over an oversight request," said Bradford A. Berenson, a former associate counsel for Mr. Bush during his first term. "The job will require a certain minimum level of stature and a minimum level of political experience."

Several Republicans, including some former administration officials, said the new White House counsel would also need the stature to counterbalance David S. Addington, the powerful chief of staff of Vice President Dick Cheney. Mr. Addington has tended to argue against cooperating with Congressional requests for classified information, a position that may require some softening, or at least more diplomacy, in the 110th Congress.

The White House is, in some respects, seeking a figure who is the mirror opposite of Ms. Miers, who has not shown a high level of comfort being a public figure, especially since withdrawing herself from the Supreme Court nominating process in 2005 under heavy fire from liberals and conservatives.

Ms. Miers spent most of her career in Texas, and did most of her maneuvering within the White House.

Mr. Bush's choice will be in the mold of the former solicitor general, Theodore B. Olson, said Republican allies of Mr. Bush who are familiar with the administration's views. These people, speaking anonymously to preserve their access to White House officials, said they took Mr. Olson at his word that he was not interested in the position.

These Republicans said other contenders in that mold include Fred F. Fielding, the Reagan-era White House counsel who is now a corporate lawyer in Washington; Charles J. Cooper, a former Justice Department official under President Ronald Reagan, also now practicing law in Washington; Laurence H. Silberman, the retired United States Court of Appeals judge close to Mr. Cheney; and David Aufhauser, the former general counsel for the Treasury Department who is now the global general counsel for UBS, the Swiss bank. Mr. Aufhauser, who has worked with Ms. Miers, also played a crucial legal role for Mr. Bush during the recount of the presidential vote in 2000.

Another name bandied about by some Republicans, but considered a long shot because he lacks Washington legal experience, is J. Thomas Schieffer, the ambassador to Japan who is both a friend and former business partner of President Bush. Mr. Schieffer has been overseas since 2001, having been ambassador to Australia, and may be interested in a Washington job.

The people familiar with the White House thinking said Ms. Miers's departure, coming amid a number of changes in top administration jobs, had been among the most painful personally for Mr. Bush, who has grown quite close to her over more than a decade of collaboration.

Her resignation capped months of speculation about her future at the White House. Republicans close to the White House said that, in the spring, Mr. Bolten had considered replacing Ms. Miers but that Mr. Bush had made it clear he would consider no such thing. But after the Democrats' election victories in November and the promises by some to challenge Mr. Bush's claims of executive power, Mr. Bolten had new incentive to push for change in the counsel's office, several Republicans said.

Two administration officials, speaking on the condition of anonymity to discuss a delicate personnel issue, said that Ms. Miers was ready to leave all the same, and disputed suggestions that she was forced out of the post, which they said she could have kept had she wanted to.

Safe As Milk? (NYT)

The New York Times, January 6, 2007

The Food and Drug Administration's assessment that food from cloned animals is safe to eat is a victory for biotech companies and a loss for everyone else. Like many decisions on the cutting edge of agricultural technology, it was hurried along in a way that is more sensitive to political and economic pressure than to the long-term welfare of animals, humans and the world they inhabit. Asking whether cloned meat and milk are safe is not even the right question. The right question is, why clone at all?

Approving food from cloned animals will create another food-labeling nightmare and the same aggressive litigation that usually blocks any attempt to tell consumers where their food comes from.

But cloning has much worse consequences. It marks a revolutionary shift — from the relative randomness of sexual reproduction to the apparent uniformity of asexual reproduction. Because cloning creates genetically identical animals, it will shrink the gene pool on which agriculture rests, and any drastic shrinkage in genetic diversity creates enormous health risks for a species.

Cloning isn't just a matter for the F.D.A. to decide. It is up to us as a society to decide as well. We should be asking much broader questions than the F.D.A. is able to. Who will cloning benefit? What will it do to the health of the animals themselves?

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But the most important question of all may be this one: Are we willing to judge the suitability of new technologies in ways that fully address their ethical and biological complexities? Or are we doomed to give in to politics and the bottom line?

Let Them Eat Clones (LAT)

The Los Angeles Times, January 6, 2007

Even if it's creepy, cloned meat is safe and tasty, says the Food and Drug Administration.

CLONED BEEF: It's what's for dinner. Or at least it will be, if the Food and Drug Administration acts on its recommendation last week to allow meat and milk from cloned animals to be sold without special labels — a position that has food-purity activists up in arms.

Cloned meat, genetically modified crops and hormone-injected milk cows do not qualify as progress to the organic food crowd, which says such advances will cause as-yet-unimaginable health and environmental damage. It would be easier to take them seriously if scientists didn't dismiss most of their concerns out of hand, after voluminous studies showing no ill effects.

Animal cloning appears to touch a particular nerve. A recent survey by the Pew Initiative on Food and Biotechnology found that 64% of Americans are uncomfortable with animal cloning. The numbers are probably worse in much of Europe and Asia, where U.S. experiments with modified crops cause widespread dismay and often lead to bans on U.S. farm exports.

There are legitimate ethical or religious objections to human tampering with the natural reproductive process. And cloning can have ill effects on animals, causing more mutations and early deaths. But the food purists do their cause a disservice when they argue that cloned meat is somehow unsafe or unhealthy.

To begin with, the clone genie is already out of the bottle. There is a voluntary moratorium on the sale of cloned meat and dairy products, but it is widely ignored. Some of the meat currently in the freezer of your local supermarket may well be from the offspring of a cloned animal.

The second delusion is that non-cloned products now in stores are more "natural." Cloning, which involves replacing an egg's nucleus with DNA from a genetically desirable animal, is just the latest artificial reproductive technology to come down the pike. Chances are, that T-bone on your table came from a cow produced using artificial insemination, in vitro fertilization, embryo transfer or some other method that didn't involve a cow and a bull making beautiful music together.

Finally, it's delusional to think that special labels would make any difference. It's impossible to distinguish — at the molecular level or by taste — meat from a cloned animal from the meat of an animal born of two parents. So there would be no way to determine whether meatpackers were complying with the labeling law.

It isn't the FDA's job to rule on the morality of animal husbandry, nor to placate nervous trading partners overseas. Its mandate is to ensure the safety of the nation's food supply, and the verdict is in: Cloned meat is safe.

Those who aren't convinced will have other options. Just as "organic" farms and dairies across the country put special labels on their hormone-free milk or pesticide-free produce, ranches will doubtless spring up to market "non-cloned" meats. Those who want to pay more for lower-quality food will no doubt be able to do so.

OTHER NEWS:

Jobs Data Brighten Economic Picture (WSJ)

By Rafael Gerena-Morales, Greg Ip

The Wall Street Journal, January 6, 2007

Strong Payroll, Wage Gains Ease Concerns of Recession And Trim Odds of a Rate Cut

Job creation accelerated at the end of last year and wage gains hovered at their highest level in nearly six years, suggesting that the economy might be performing better than economists anticipated and dashing hopes that the Federal Reserve will cut interest rates anytime soon.

The Labor Department Friday said U.S. nonfarm payrolls expanded by a seasonally adjusted 167,000 jobs in December as strong gains in the service sector easily offset manufacturing losses and a drop in construction jobs. With employment gains for October and November revised up by a combined 29,000, the nation added a net total of 1.8 million jobs last year, compared with 1.9 million in 2005 and 2.1 million in 2004. Meanwhile, the unemployment rate last month remained unchanged at 4.5%, near a five-year low.

The strong payroll gains "were certainly a surprise," given recent forecasts for waning job growth, said Nigel Gault, an economist at consultancy Global Insight. "It clearly points to a stronger

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Moody's Investor Services Chief Economist John Lonski6 parses the December jobs data in an interview with WSJ reporter Justin Lahart.

The Labor Department report also showed that wages are rising robustly for U.S. workers: Average hourly earnings rose eight cents to $17.04 in December, up 0.5% from a month earlier and 4.2% from December 2005. Last month's annual wage increase matches November's upwardly revised performance, which both mark the biggest percentage gain since February 2001.

Some economists believe that an increasingly tight labor market means that wages will move even higher in the months ahead, a trend that could damp corporate profits.

"At this stage of the business cycle, more of the total [profit] pie is going to workers and less is going to" corporate coffers, said Jan Hatzius, an economist at Goldman Sachs Group Inc. "Stronger wage growth is likely to persist for a substantial part of 2007."

Indeed, analysts noted Friday that the economy is generating jobs at a pace that is reducing the supply of available workers. This pool includes people who are looking for jobs as well as people who aren't actively searching for work but would accept a job if one were offered. In the past year, this pool has fallen by 1.2 million people to 11.4 million workers, according to economists at Bear Stearns Cos.

Federal Reserve Bank of Chicago President Michael Moskow suggested that December's job growth was well above what the economy can sustain in the long run without straining the supply of available workers.

Slowing population growth and the retiring baby boomers' exit from the work force means normal job growth is about 100,000 a month, he told the Labor and Employment Relations Association in Chicago late Friday. He noted that monthly job growth has averaged about 160,000 in the past six months.

"By the old standard, that would be just average, but given the current trends in the labor force, we view such growth as quite solid," Mr. Moskow said.

That further diminishes the odds that the Federal Reserve will ease monetary policy in coming months, a view that spooked financial markets Friday. The Dow Jones Industrial Average declined 82.68 points to close at 12398.01, while in the bond market in late trading, prices on the benchmark 10-year Treasury note were down 7/32, or a loss of $2.188 for each $1,000 face amount. The yield rose to 4.648%.

Federal Reserve officials see the continued strength in employment as a bit puzzling given that overall economic growth appears to have decelerated. "That difference most likely reflected lags between movements in activity and employment, implying that growth in employment would probably slow over the next quarter or so," said minutes to the Fed's December policy meeting, released Wednesday. If officials still expect the labor market to weaken, they will be less concerned that low unemployment will generate inflationary pressure via higher wages.

Federal Reserve Bank of Boston President Cathy Minehan Friday said the economy will likely grow moderately this year, the unemployment rate will remain below 5%, and underlying inflation, though still a "challenge," will decline gradually.

Employment gains in December were driven by the service sector, which added 178,000 jobs last month. Although retailers shed 9,000 jobs, professional and business services, a category that includes consultants and lawyers, added 50,000 jobs; education and health care added 43,000 jobs; and leisure and hospitality added 31,000 jobs.

Meanwhile, hiring outside the service sector fell last month. Manufacturers cut 12,000 jobs, and the construction industry shed a less-than-expected 3,000 workers amid December's mild weather. Besides housing-related activity, the construction industry added jobs last month to meet demand for hotel construction and other projects.

Strong US Job Gains Dash Rate Cut Hopes (FT)

By Eoin Callan, Krishna Guha, Ed Crooks

Financial Times, January 6, 2007

US companies hired workers at a blistering pace last month, according to fresh data, which dashed hopes of early US interest rate cuts and brightened prospects that the world's biggest economy is heading for a soft landing.

The US Department of Labor said non-farm payrolls rose 167,000 in December, a figure far exceeding market expectations that prompted a sharp sell-off in the bond market. While equities fell back as the likelihood of a rate cut receded, the data sent the dollar higher, and halted an earlier slide in oil prices.

The December jobs gain was the biggest increase in 2006, defying economists' predictions that the pace of hiring would slow. Wages also picked up, with a 4.2 per cent annual increase in average hourly earnings.

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The report is a boost for the Fed in its tug-of-war with the bond market over the state of the US economy and the likely future path of interest rates. Strong job creation and healthy wage gains reinforce the Fed view that the US economy is on track for a soft landing, in spite of the drag from housing and some weakness in manufacturing.

Meanwhile, they challenge the bond market's more pessimistic assumption that gathering economic weakness will force the Fed to cut interest rates.

US bond prices fell sharply following the release of the report, with the yield on the benchmark 10-year bond up 8.4 basis points to 4.69 per cent in the first hour. Bonds later recovered slightly. Short-term interest rate futures fell, bringing the implied odds of a 25 basis point cut by the end of the first half of this year to 30 per cent, down from 50 per cent before the data.

Job creation was also stronger than previously thought in November, with an increase of 154,000, compared with earlier estimates of 132,000.

Carlos Gutierrez, commerce secretary, told the FT the strong jobs numbers "can be sustained" and said wage gains showed workers were now sharing in the benefits of growth.

The economic data helped support the price of oil after sharp falls this week. Oil prices steadied above $55 a barrel for Brent crude. The Organisation of the Petroleum Exporting Countries offered no clear signal on Friday. Abdullah bin Hamad al-Attiyah, Qatar's oil minister, was reported by Bloomberg, the news agency, as being "very concerned" about the fall in prices.

Workers, Wages Add To Growth (WP)

By Nell Henderson, Howard Schneider, Washington Post Staff Writers

The Washington Post, January 6, 2007

Momentum Carries Economy Into 2007

Employers hired new workers and boosted wages at a brisk clip last month, creating far more jobs than many economists had expected and causing unemployment to hold steady at a low 4.5 percent, the Labor Department said yesterday.

That report followed others this week showing that retailers rang up decent holiday sales last month, while factories churned out more goods and businesses spent more on offices, shopping centers and other types of commercial construction.

It's a strong series of reports given that oil prices topped $77 a barrel last year, interest rates rose and a serious housing slump fueled fears of a recession.

"There was a tremendous amount of momentum gathering at the end of the year, and it's carrying into 2007," said Richard Yamarone, director of research at Argus Research Corp.

Home builders, automakers and their suppliers cut thousands of jobs last month, reflecting downturns in their industries that slowed the economy in 2006 and are likely to restrain growth this year as well.

But by last month, the new data show, those woes had not dampened the nation's vibrant service sector, which includes education, health care, finance, travel, entertainment and other industries that together employ more than four of every five payroll workers.

Hiring in these industries more than offset layoffs elsewhere, for a strong net increase of 167,000 jobs in December and 1.8 million jobs for the year, the Labor Department said.

Employers also boosted average wages by a healthy 0.5 percent last month, to $17.04 an hour, which added up to a 4.2 percent increase over the 12 months ended in December, the biggest yearly gain since 2000.

And consumers found their wages went farther at year's end because of falling inflation, which has tumbled along with fuel prices since the summer. That helped encourage holiday spending: Sales at the major retail chains rose by a solid 3.1 percent in December from a year earlier, the International Council of Shopping Centers said this week.

"Nothing is more powerful than employment. That is the determinant of whether you spend . . . and that is fueling economic growth," Yamarone said.

With solid spending at home and a weaker dollar boosting demand from abroad, U.S. manufacturers increased their activity in December, rebounding from a decline in November, the Institute for Supply Management reported earlier in the week.

The Commerce Department also said this week that spending on nonresidential construction projects rose in both October and November, helping cushion the continued decline in spending on home building.

Yesterday's report was too much good news for Wall Street's taste. After a raft of mixed economic signals earlier this winter, investors had been betting the Federal Reserve would cut interest rates soon to fuel economic growth. But that looks increasingly unlikely, and stock and bond prices fell yesterday and investors abandoned their earlier assumptions. Analysts predicted the Federal Reserve will hold steady well into this year.

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Fed policymakers raised short-term interest rates steadily through last June in an effort to cool the economy just enough to bring down inflation without causing a recession -- a goal called a "soft landing." While price pressures moderated last year, the central bank wants them to weaken further this year.

Now, the economy appears likely to grow a moderate 2.4 percent this year, after growing faster than 3 percent in each of the last three years, according to the average forecast of the 54 top business and university economists surveyed last month for Blue Chip Economic Indicators, a monthly publication.

The Blue Chip group also predicted inflation will ebb a little this year, while unemployment creeps up to average 4.8 percent, higher than last month's rate, but still low historically. None of the experts surveyed predicted a recession.

"We are successfully in a soft landing," said Diane Swonk, chief economist at Mesirow Financial. She predicted the economy would rebound strongly enough later this year to cause the Fed to raise its benchmark rate.

The Fed, however, isn't expected to raise interest rates in the near future because it is uncertain how much further the housing market will sag.

Home sales rose in November, fostering hopes they will stabilize soon. But home construction is likely to continue declining for many months while home builders work to reduce their inventories of unsold homes, analysts said.

Housing-related industries -- including residential construction, contractors, real estate agents and brokers -- shed 19,000 jobs last year, a sharp reversal after adding 306,000 in 2005, according to the Economic Policy Institute, a research organization focused on labor issues. Analysts forecast more such losses this year.

Manufacturing employment also appears likely to continue to slide, after falling by 72,000 workers last year. Nearly nine of every 10 factory jobs lost in the second half of last year reflected cuts by employers in businesses related to housing or automaking, said David Huether, chief economist at the National Association of Manufacturers.

Construction employment fell in each of the last four months of last year, but rose by 39,000 jobs over 2006, as gains in nonresidential work more than offset cuts by home builders, the Labor data showed.

But because of the continued expansion of the nation's service industries, the nation's overall job market tightened last year, brightening employment prospects for many workers.

Unemployment averaged 4.6 percent, the lowest level in six years, down from an average of 5.1 percent in 2005.

The jobless rate among white workers rose to 4 percent in December from 3.9 percent in November. African American unemployment fell to 8.4 percent last month, the lowest level since July 2001, from 8.6 percent in November. Latino joblessness fell to 4.9 percent from 5 percent.

The average duration of unemployment shrunk last year as well, to 15.9 weeks as of December from 17.4 weeks in December 2005.

The ranks of the so-called "long-term" jobless workers declined as well, to 16 percent of all the unemployed last month, from 18.5 percent a year earlier, Labor said.

Jobs, Income Gains Bright Spots In 2006 (WT)

By Patrice Hill, The Washington Times

The Washington Times, January 6, 2007

The job market was the brightest spot in the economy at the end of last year, with wage gains hitting a six-year high of 4.2 percent and employers creating another 167,000 jobs, the Labor Department reported yesterday.

In all, 1.8 million new jobs opened up in 2006 while the healthy growth in incomes enabled consumers to overcome high gas prices and keep spending despite deep troubles in the housing market and the auto industry. The unemployment rate, at 4.5 percent in December, was at the lowest levels since 2000.

By the end of the year, robust growth in services, management and professional jobs like health care, education, engineering and telecommunications overwhelmed job losses in construction and manufacturing that resulted from the weak real estate and auto sectors. Many economists expected the opposite, thinking housing-related job losses would cascade into broader weakness in the labor market.

"It's certainly going to go a long way in calming fears that a housing slowdown was taking the economy apart," said Jim Paulsen, chief investment officer for Wells Capital Management. He expects forecasters to increase their estimates of economic growth this year as a result of the surprisingly strong job growth.

Other recent reports, including news of a weak Christmas sales season, have suggested economic growth and consumer spending are softening.

"Clearly, there is support for consumer spending" from the solid job and income gains, and that will underpin growth in the broader economy, said John Silvia, chief economist at Wachovia Securities.

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Stocks and bonds fell on yesterday's news, as it played into worries at the Federal Reserve that an increasingly tight job market, especially for skilled and educated workers, will stoke wage growth and bolster inflation. Wages constitute about two-thirds of the costs covered by consumer prices.

Fed watchers said that rather than cut interest rates this spring, as many in the markets hoped, the jobs report will prompt the central bank to keep rates elevated and maintain vigilance against inflation.

"Wage gains remain a two-edged sword," said Mr. Silvia. They are "good for personal income" and economic growth, but they underpin inflationary pressures.

"The Fed isn't going to do anything this quarter" to change its anti-inflation stance, said Jack Malvey, global fixed-income strategist at Lehman Brothers Holdings Inc. "The momentum of the U.S. economy is more vigorous than some in the market presume."

Roger M. Kubarych, economist at Unicredit Markets, said the markets need to awaken to this fact: The Fed will not consider cutting rates unless the job market starts to show weakness.

Peter Morici, business professor at the University of Maryland, said employment conditions may not be as good as they seem. The department reported that 6.8 million people remain unemployed, and participation in the labor force remains well below 2000 levels because another 1.3 million would like to work but are discouraged and have stopped looking for jobs. Many would-be workers have dropped out to seek schooling.

Also, the department's survey of households shows that more than a million people became self-employed last year, often because they could not find good payroll jobs, Mr. Morici said.

"Many people who have been displaced from positions with regular employers have sought refuge in home-based consulting and blue-collar pickup jobs," he said. "For many these days, self-employment is three parts resume posting and one part work, but it still counts as employment at the Labor Department."

Lawrence Kudlow, president of Kudlow & Co., said the growth in self-employment and one-man businesses is a hallmark of an entrepreneurial economy.

"Free-market capitalism is a wonderful thing," he said. "The economy is still in a slowdown mode, but it is still quite healthy," thanks to the steady growth in jobs and income.

Job Growth Is Strong, Surprising Economists (NYT)

By Jeremy W. Peters

The New York Times, January 6, 2007

Job growth was brisk last month as businesses added to their payrolls with surprising confidence, further evidence that the economy is not likely to slip into a recession.

This growth helped both the employed and the unemployed. The prospects for working Americans strengthened as wages for most workers climbed at a steady clip. Those looking for a job last month found a more welcoming job market, and the amount of time they spent out of work dropped considerably.

The national unemployment rate held steady at a low 4.5 percent.

Such strong numbers, reported yesterday in the government's monthly survey of households and businesses, came as a surprise to many economists, who expected the slowing economy to pressure employers to rein in hiring.

The report also came just two days after an employment survey from a private statistics firm suggested that businesses had shed 40,000 jobs last month.

"Such weakness as we have seen in the job market has been quite narrowly confined to those sectors immediately affected, like construction and manufacturing," said Nigel Gault, chief United States economist for Global Insight. "It really does help alleviate fears of a cumulative downturn spreading from housing and pulling everything down."

The report dashed cold water on those who were expecting the Federal Reserve to lower interest rates anytime soon. Investors, who have been counting on a rate cut by the central bank sometime in the first half of the year, bid stocks lower on the news and sent the bond market reeling. On Wall Street, stocks had their worst day since the end of November.

The Labor Department reported that employment outside the farming sector grew by 167,000 jobs in December, seasonally adjusted — more than enough to absorb natural growth in the work force. In another sign of just how strong the job market has been, the figures for October and November were revised to show that businesses hired more employees than the government first thought.

With the housing market in a slump, builders eliminated 3,000 jobs in December, after cutting substantially more in October and November. And economists said that had it not been for unseasonably warm weather, builders probably would have eliminated even more workers.

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Downsizing in the American auto industry helped contribute to an overall decline in manufacturing jobs last month. For the year, manufacturers shed a net 72,000 jobs.

Retailers, too, shrunk their payrolls last month, reflecting a weak holiday shopping season. Home-improvement supply stores, clothing stores and sporting goods stores led the industry in jobs cut.

But the services sector of the economy showed considerable strength. Professional and business services — companies that offer things like administrative support, computer software design and waste management — added a net 50,000 jobs last month. Health care providers added 31,000 new jobs, and so did hospitality businesses like restaurants and bars.

In all, the largest percentage of the population since September 2001 was employed in December. The employment-population ratio edged up a tenth of a percentage point, to 63.4 percent.

"You want to see folks who are sitting on the sidelines able to come in and find work," said Jared Bernstein, an economist with the Economic Policy Institute. "You've had a really important expansion in labor force, in particular by people who were waiting for jobs and wages to heat up a bit."

Not only are more Americans working, but they are being paid more for it. Average wages have been outpacing inflation by enough of a margin in recent months that workers have seen some of the biggest real gains in their paychecks this decade.

In December, that trend appeared to continue as the average hourly earning for a worker in a nonmanagerial position climbed 8 cents, to $17.04. That was a 4.2 percent gain compared with December 2005, and it matched November's rise, which was the highest in more than five years. It has not topped that rate in more than six years.

Some recent evidence had suggested that wage gains were beginning to taper off, but yesterday's Labor Department statistics showed that workers continued to enjoy the benefits of a strong labor market.

"If you want a signal of what the labor market looks like, see if employers are paying more," said Drew Mathus, an economist with Lehman Brothers.

It appears that employers are giving their workers raises because tightness in the labor market demands it. The report is not likely to put any pressure on the Federal Reserve to ease interest rates .

"The Fed has got to be pleased with these numbers," said Edward Yardeni, chief investment strategist with Oak Associates, a money management firm in Akron, Ohio. "Interest rates are where they should be."

Minutes Show Fed Focus On Jobs Data (FT)

By Krishna Guha

Financial Times, January 6, 2007

The central role that Friday's US jobs data will play in the Federal Reserve's next deliberations on interest rates is clear from the latest Fed minutes published this week.

The minutes show the Fed putting considerable weight on the continued strength of the labour market as an offset to other signs of weakness in the economy, for instance, in manufacturing output.

Policymakers noted "solid gains in employment over recent quarters stood in contrast to the softer pace of economic expansion suggested by the spending and production data".

While the bond market has focused on the weaker spending and output data, the Fed saw "mixed signals about the strength of near- term activity".

When output and jobs data diverge in this way, the standard explanation is that it is just a matter of time before the jobs market weakens, too.

The Fed acknowledged in this week's minutes that this remained the "most likely" explanation, implying that "growth in employment will probably slow over the next quarter or so".

But Fed policymakers are thinking about other possible explanations, too. Strong job creation could be a clue that the output numbers are underestimating the true level of growth in the economy and "the recent pace of activity may have been stronger than that indicated by the spending and production data". Alternatively, the combination of slow growth and robust job creation could be a signal that productivity is weaker than the Fed thought. That would not imply upward revisions to growth but it would make the Fed more reluctant to cut interest rates for a given level of growth.

The jobs market is a crucial driver of consumer spending, as well as a potential source of inflationary pressure.

As long as there is healthy growth in employment and in real wages, the Fed will feel confident that consumption will continue to grow, in spite of the disappearing wealth effect from housing.

The Fed's base-case scenario – that the economy overcomes its present weakness and returns to roughly trend growth later this year – already assumes that job growth will ease and unemployment will drift up a little.

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And with demographic trends reducing the growth in the labour force, officials see payroll growth of 100,000 to 120,000 as consistent with stable unemployment. So the 167,000 increase for December almost certainly exceeds even the Fed's own relatively bullish expectations by a wide margin.

The Fed will take into account a wide range of data on the real economy and prices before making its decisions.

But while jobs and wage growth continues at anything like the present rate, it is hard to see it thinking seriously about cutting interest rates.

Bernanke Defends Fed Banking Supervision (FT)

Financial Times, January 6, 2007

Ben Bernanke stoutly defended the Federal Reserve's role in banking supervision on Friday, pushing back against suggestions that this role should be hived off and given to a single regulator as in the UK and Japan.

The Fed chairman said there was no evidence that Fed monetary policy decisions had ever been distorted by its supervisory responsibilities, and said the knowledge it gained by acting as a supervisor was essential to its ability to deal with financial crises.

"The Fed's ability to deal with diverse and hard-to-predict threats to financial stability depends critically on the information, expertise and powers that it holds by virtue of being both a bank supervisor and a central bank," he told the annual meeting of the American Economic Association.

His robust defence of the Fed's supervisory role comes at a time of increased US interest in the UK model of financial regulation, based on a single regulator, the Financial Services Authority, which took over supervisory functions previously performed by the Bank of England.

Treasury Secretary Hank Paulson recently highlighted the problem of multiple overlapping regulators in a speech on US capital market competitiveness in which he noted "while the business of banking has converged over time, we still have four separate banking regulators."

Mr Paulson questioned whether this system was conducive to "regulatory efficiency."

Mr Bernanke on Friday admitted that the "issue of efficiency" was "less easy to dismiss" than concerns that the supervisory role would influence monetary policy.

He conceded that the US banking regulatory system is "complex and in some respects duplicative" and said he supported efforts "to make supervision more effective and less burdensome."

But he said the supervisory authority of the Fed has "significant collateral benefits" – enabling it to respond more quickly, more effectively and in a more informed way to financial crises.

The Fed chairman said the knowledge and relationships built up through supervision were crucial in helping it to deal with recent crises, including the provision of massive amounts of liquidity to the banking system after the terrorist attacks of September 11 2001.

Mr Bernanke said the supervisory role also helped the Fed tackle the failure of Drexel Burnham Lambert in 1990 and the collapse of Long Term Capital Management in 1998.

The Fed chairman also suggested that the Fed's expertise, for instance, in capital markets, allowed it to make positive contributions to overall bank supervision.

While Mr Bernanke did not refer to Basle II specifically, the Fed tended to be more sympathetic to big banks arguments that they should be allowed to put greater weight on their own risk-management systems, than some of the other US banking regulators.

Surge In Jobs Sends Markets Lower (NYT/AP)

By The Associated Press

The New York Times, January 6, 2007

Wall Street and the Treasury market ended the first week of 2007 with sharp losses yesterday after a surprising surge in new jobs and wages diminished the hopes of investors for an interest rate cut.

The markets shuddered at the Labor Department's report that employers increased their payrolls by 167,000 in December and increased the hourly wages of workers by 0.5 percent. The unemployment rate, meanwhile, held steady at 4.5 percent.

The report suggested that the economy will not be slowing as much as investors anticipated — news that should prove positive for stocks in the long term, but which raised concerns yesterday that the Federal Reserve might use it as a reason to raise interest rates.

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A rise in rates could crimp consumer spending, and further weaken the housing market by making mortgages more expensive.

At this point, though, economists see policy makers keeping rates steady.

"Until we get an uptick in the unemployment rate, in this environment the Fed will probably stay in a holding pattern," said Michael Strauss, chief economist at Commonfund, pointing to the slowing, but still expanding, economy.

"Moderate economic growth is historically good for the equity market, not a bad thing," he said.

Concerns about the jobs report added to disappointment over a warning by Motorola that it is lowering its fourth-quarter sales estimates, as well as a series of analyst downgrades of technology companies.

Motorola fell $1.61, or 7.8 percent, to $18.94 on the New York Stock Exchange.

The Dow Jones industrial average fell 82.68 points, or 0.66 percent, to 12,398.01 — the biggest one-day drop since Nov. 27. The Dow was down more than 115 points at one time yesterday.

The Standard & Poor's 500-stock index dipped 8.63 points, or 0.61 percent, to 1,409.71.

The Nasdaq composite index dropped 19.18 points, or 0.78 percent, to 2,434.25.

Yesterday's steep declines capped a week that showed the stock market's indecision over whether it wants the economy to slow or perk up.

On Wednesday, the first trading day of 2007, stocks were mixed after the Fed released minutes disclosing some expressions of concern that the weak housing sector might be a drag on the economy. Yesterday's positive jobs snapshot, however, suggesting a quickening economy, caused stocks to drop.

The clash between worries over economic cooling and inflation reflects the caution felt by investors, given the big run-up of stocks in late 2006.

"It's just a sign of volatility," said Jeff Kleintop, chief investment strategist for PNC Wealth Management. "We just went through a rally that could've been drawn with a ruler."

The Dow was down 0.52 percent on the week and year; the S.& P. is down 0.61 percent; but the Nasdaq is up 0.78 percent.

The Federal Reserve, which has kept rates stable since August after raising rates for two years, is expected to leave rates unchanged again when its rate-setting committee meets at the end of the month. Still, investors were nervous enough yesterday to sell stocks and bonds, after a months-long pattern of cashing in recent gains at the first possible sign of a rate increase.

Crude oil prices rose 72 cents, to settle at $56.31 a barrel on the New York Mercantile Exchange, but ended nearly 8 percent lower on the week on expectations of sluggish demand because of mild weather in the Northeast and Midwest.

Many technology stocks declined on a spate of analyst downgrades. Intel fell 7 cents, to $21.10; Silicon Laboratories dropped $1.98, or 5.6 percent, to $33.36; and Broadcom fell $1.07, or 3.2 percent, to $32.50.

Strong December sales figures from the nation's two biggest consumer electronics retailers, Best Buy Company and Circuit City Stores, failed to give Wall Street a big enough boost to offset the jobs report and news from Motorola.

Best Buy rose 16 cents, to $50.

Circuit City fell 71 cents, or 3.6 percent, to $19.29, on worries about competition from Best Buy.

The price of the benchmark 10-year Treasury note declined 10/32, to 9927/32.

The yield, which moves in the opposite direction from the price, rose to 4.64 percent, from 4.60 percent.

The 10-year yield had touched 4.70 percent during the day.

Treasury Prices Hit By US Labour Report (FT)

By Saskia Scholtes, Paul Davies

Financial Times, January 6, 2007

Government bond prices tumbled on Friday after a stronger-than-expected report on US labour market conditions caught traders on the back foot.

The fall in US Treasury prices initially brought yields close to where they had started the new year as investors adjusted their outlook for economic growth. The US Labor Department said the US economy created 167,000 new jobs in December and reported an upward revision to November job creation.

Economists' forecasts had been for a reading of 100,000 and many investors had been betting on an even weaker number. A report by private employment service ADP on Wednesday indicated US private sector employment had fallen in December.

The news produced a rapid sell off in US Treasuries, pushing yields around 10 basis points higher across all maturities. By late afternoon in New York, the market had recovered slightly, leaving the yield on the benchmark 10-year bond 4.8bp higher at

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4.66 per cent, after starting the week at 4.70 per cent. The two-year note yield was most sensitive, adding 6.2bp to 4.77 per cent, down from 4.81 per cent at the start of the week.

The payrolls report also prompted investors to adjust their bets in the interest-rate futures markets. Short-term interest rate futures fell, bringing the implied odds of a 25-basis-point cut by the end of the first half of this year to 30 per cent, down from 50 per cent before the data.

The US market moves spilled across the Atlantic. European government bond prices had been firmer ahead of the data, having followed the positive trend from the US for much of this week.

However, the payroll figures saw them stumble instantly and end in the red for the week once again. The two-year Schatz yield was up 2.8bp on the day and the week at 3.918 per cent, while 10-year Bund yields were 4.5bp higher on the day and 2.6bp higher on the week at 3.979 per cent.

UK gilts also suffered in spite of data from the country's leading mortgage lender showing a surprise fall in house prices in December. Two-year gilt yields hit their highest level since July 2001 after rising 3bp to 5.221 per cent, which was 5.4bp up on the week. Ten-year yields, meanwhile, were 2.9bp higher on the day and 6.6bp up on the week at 4.804 per cent.

The benchmark 10-year Japanese government bond yield was up 0.5bp at 1.720 per cent.

Dollar Jumps To 6-Week High Against Euro On Jobs Data (WSJ)

By Dan Molinski

The Wall Street Journal, January 6, 2007

The dollar rose to a six-week high against the euro Friday and recovered much of its overnight losses against the yen after a surge in U.S. jobs growth.

Late Friday afternoon, the euro stood at $1.3003, down from $1.3083 late Thursday, while the dollar was at 118.68 yen, down from 119.08 yen. The euro fell to 154.32 yen from 155.79 yen. The dollar rose to 1.2361 Swiss francs from 1.2332 Swiss francs, as the pound fell to $1.9302 from $1.9435.

"We've broken through some big levels," said John McCarthy, director of foreign exchange at ING Capital Markets. "The number came in way on the upside."

The dollar has been rallying for three days against the euro, and is up 1.5% this week, despite forecasts by most economists for it to decline in 2007.

The euro's support level at around $1.3050 that hadn't been broken since late November easily gave way during the morning rally, and the psychological $1.30 level also buckled, with the euro dipping as far as $1.2981, a low not seen since Nov. 24.

But for most of the session the euro steadied around $1.30. Against the yen, the dollar used the employment report to grab back most of its overnight losses on speculation the Bank of Japan may raise its ultra-low key interest rate when it meets Jan. 18.

After The Dow's 2006 Rise, Investors Ponder A Correction (WSJ)

By Peter A. McKay

The Wall Street Journal, January 6, 2007

Some investors are wondering if the Dow Jones Industrial Average is due for a significant short-term drop, nearly four years after the blue-chip average last suffered a 10% tumble, the traditional definition of a "correction" that helps keep a bull market from overheating.

After the Dow's 16% gain last year, some investing pros, including a few who are upbeat on stocks for the long haul, are nervous. The market's lackluster performance for the week, punctuated by the Dow's 82.68-point tumble Friday, only raised more questions for such skeptics.

The blue-chip average shed 0.7% Friday to end at 12398.01, down 0.5% in 2007's first week of trading. While such moves sometimes turned into full-blown corrections in the past, the market's pattern since its lows last summer has been to shrug off such modest weekly setbacks and continue higher, producing a relentless rally that has defied old-fashioned, what-goes-up-must-come-down market wisdom.

Jim Bianco, president of Bianco Research in Chicago, says he has struggled since late last year to explain the lack of a correction to his clients.

One possible explanation, he says, lies in the rising popularity of new investment products such as exchange-traded funds, which allow everyday investors to trade indexes or blocks of companies in one stroke.

Mr. Bianco says the trend may be cutting into the volatility of individual companies' shares, which, in turn, may be cutting into the volatility of the indexes of which the companies are components, creating a cycle that feeds on itself.

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"This is the new environment we're in," Mr. Bianco says, "It's difficult to know what to make of it."

Friday's market woes could be traced to a few specific factors, starting with a report by the Labor Department that nonfarm payrolls rose by 167,000 jobs last month, larger than the rise of 115,000 jobs analysts expected.

This sign of economic strength curbed hopes that the Federal Reserve will cut interest rates to spur growth anytime soon, a move that would lower borrowing costs throughout the economy and help stocks.

The jobs report also buoyed energy traders' confidence that U.S. fuel demand will remain high. At the New York Mercantile Exchange, Crude-oil contracts for February delivery ended a two-day plunge, rising 72 cents, or 1.3%, to $56.31 a barrel, still off 7.8% on the week.

The energy rally also weighed on stocks, as higher pump prices tend to leave consumers with less to spend with nonenergy companies. The Standard & Poor's 500-stock index on Friday fell 0.6%, or 8.63 points, to 1409.71, off 0.6% for the week. The Nasdaq Composite Index shed 0.8%, or 19.18 points, to end at 2434.25, up 0.8% on the week.

A rally in the U.S. dollar against the euro pushed gold to a fresh two-month low, since the yellow metal is traditionally viewed as an alternative to paper currency in some parts of the world. Contracts for January delivery tumbled 3%, or $19, to $604.90 a troy ounce, off 4.8% on the week on Nymex's Comex division.

George Gero, vice president with RBC Capital Markets Global Futures, says oil, gold and other sagging commodity prices could rally later this year if the Fed eventually cuts interest rates, as most of Wall Street expects. Although traders' hopes for a rate cut were dealt a blow Friday, they should eventually be rewarded, Mr. Gero says.

"The gold market has been spooked by a number of things the past week or so," Mr. Gero says. "The jobs report was just the straw that broke the camel's back."

A fresh rally in commodities, especially crude oil, would tend to hurt stocks and could feed a correction.

S&P strategist Sam Stovall, who fretted publicly late last year about the possibility of a sustained setback, says he has become less worried, although he is still forecasting a relatively modest 6.5% gain in the S&P 500 this year.

Like the Dow, the broad-based S&P hasn't had a traditional 10% correction in several years. But, Mr. Stovall says, some global indexes did suffer 10% pullbacks in 2006 on the way to gains for the full year.

"I took a second look and realized that markets are more global now, with more money flowing into U.S. shares from overseas," Mr. Stovall says. "By that standard, it made sense to look more globally for the correction as well."

In major U.S. market action:

Stocks fell.1 Total trading volume for stocks listed on the New York Stock Exchange was three billion shares, as 845 stocks advanced and 2,477 fell.

Bond prices fell.2 The 10-year note fell 7/32 point, pushing up the yield to 4.648%. The 30-year bond fell 8/32 to yield 4.743%.

The dollar was mixed.3 Against the Japanese currency, the dollar fell to 118.68 yen, compared with 119.08. The euro fell to $1.3003, compared with $1.3083.

Dow's Dogs Still Having Their Day (NYT)

By Conrad De Aenlle

The New York Times, January 6, 2007

EVERY dog has its day, but the Dogs of the Dow have had their day for seven years. During that span, the Dogs — the 10 stocks in the Dow Jones industrial average with the highest dividend yields at the end of each year — have handily outperformed the index itself and other benchmarks of blue-chip stocks.

Owning the 10 Dogs in equal dollar amounts would have produced an annualized total return, share price appreciation plus dividends, of 5.5 percent since 1999, according to Dow Jones & Company. The complete 30-stock index could manage only 3.3 percent.

The Dogs of the Dow are the sort of stocks that value investors covet. Despite the unflattering appellation, the Dogs are solid, long-established businesses that are selling at bargain prices and producing enough cash flow to have high dividend yields.

"These are companies that have been around for years," said James Huguet, president of Great Companies Funds, a Florida portfolio manager specializing in shares of large American businesses. "You're buying them at a discount, and they're paying dividends, so it takes some of the risk out."

The Dogs for 2007, in descending order of yield, are Verizon, Altria, AT&T, Pfizer, Citigroup, Merck, General Motors, Dupont, J. P. Morgan and General Electric.

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A refinement of the strategy is to buy just the five Dogs with the lowest share prices at the end of each year. Doing so would have raised the performance of a Dogs portfolio over the last seven years to an annualized return of 7.3 percent. The five lowest-priced Dogs for 2007, beginning with the cheapest, are Pfizer, G.M., AT&T, G.E. and Verizon.

Many Dow Dogs, now or in any year, have something in common besides longevity and low valuations. They are flawed in some way, which is why they are cheap in the first place.

"These are companies that are in temporary trouble," said Pat Dorsey, research director at Morningstar. "That is what the strategy is supposed to highlight. Sometimes they bounce back after a rough patch, sometimes management gains some I.Q. points, and sometimes it gets booted out." (A high yield can signal trouble because it sometimes results from a decline in the share price rather than an increase in the dividend.)

Mr. Huguet focused on the third possibility. Many of the companies that attain Dog status have been taken down the wrong path, he said. Share prices sink, forcing changes at the helm. The new broom begins sweeping around the time that the stocks would be added to a Dogs portfolio.

"A lot of the time when Dogs of the Dow that have been downtrodden suddenly come alive, it's because you have new management in there," he said. "Earnings turn around, and because the stock is depressed, it can have a huge effect on the price."

Mr. Huguet prefers to own fast growers rather than potential turnaround plays, so he is not a fan of the Dogs strategy. He does own a couple from this year's crop, though: Citigroup and J. P. Morgan.

Walter McCormick, lead manager of the Evergreen Fundamental Large Cap fund, also likes the two banks, along with the drug maker Pfizer and the food and tobacco producer Altria.

THIS year may be an especially good one for the Dogs, Mr. McCormick said. After the strong run turned in by many species of Dow stocks over the last few years, returns for the Dow industrial index may diminish, encouraging investors to put a premium on stocks with high dividend yields, he explained. "You'll want the wind at your back," he said. "If we have a year when returns are in the high single digits, you're halfway there with high-yielding stocks."

Mr. Dorsey, at Morningstar, has mixed feelings about the Dogs. He, too, likes Citigroup, J. P. Morgan and Altria, calling them "reasonably cheap." On the other hand, he considers G.M. and AT&T "ridiculously overvalued."

He is shunning Merck, which is fending off lawsuits over its painkiller Vioxx, and has had good results in court, but not where it counts, he said. "Merck has a terrible pipeline" of new drugs, he said. "That's what makes drug companies go."

All in all, Mr. Dorsey finds the 2007 Dogs to be "not a very inspiring group." Even so, he approves of the strategy because it may help to teach old investors a new trick.

"You're buying solid companies when they're down on their luck," he said. "That's better than buying whatever was hot last year, as many investors do."

Lower Oil Prices Slow In Reaching Pump (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, January 6, 2007

With cherry blossoms coming out in New York City, Merrill Lynch & Co. oil and gas analyst John Herrlin sent a note to investors yesterday saying "soon I might have to cut my lawn rather than run the snow blower."

The warm weather was bad news this week for oil and gas companies, the Organization of the Petroleum Exporting Countries and any traders who had bet on rising energy prices. But for consumers, the unseasonably warm weather may make it cheaper to fill their gas tanks -- though it hasn't yet.

Three straight months of tepid demand for heating oil, combined with a broad commodity sell-off triggered by a New Year's change in the investment mix of index funds, helped drive down crude oil prices sharply this week. Crude prices plunged almost 9 percent on Wednesday and Thursday, before stabilizing on Friday. They finished the week at $56.31 a barrel on the New York Mercantile Exchange, down 7.8 percent since the start of the year.

So far, the benefits of falling crude oil prices haven't trickled down to consumers. Drops in gasoline prices tend to lag somewhat behind declines in crude oil prices. According to AAA, the average nationwide price for unleaded regular gasoline was $2.33 a gallon yesterday, essentially unchanged from the day before and up nearly 3 cents from a month ago.

"Though gasoline prices have dropped in the last couple of days by a fraction of a cent, they are still historically high gasoline prices," said John Townsend, a spokesman for AAA. "The yearly average price for 2006 was the highest pump price paid ever in history." Regular unleaded prices in 2006 averaged $2.57 a gallon, up 31 cents from hurricane-ravaged 2005.

Townsend said that because several factors had contributed to high prices last year, it was harder for consumers to comprehend. "There were a lot of little cuts that all added up to a lot of bloodletting at the pump," he said.

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This week, however, the bloodletting was on Wall Street. The swift drop in prices fueled questions about whether a hedge fund had taken a major hit, but the funds remained mum about their positions.

"We don't know the carnage yet," said Peter Fusaro, chairman of Global Change Associates and founder of a listing of hedge funds. But Fusaro said that European investors were still adding money to hedge funds, many of them trading energy.

Many investment banks have been forecasting relatively high oil prices for 2007. Barclays Capital predicts the price of West Texas Intermediate grade crude will average $76 a barrel, Lehman Brothers says it will average $73.50 and Goldman Sachs in December trimmed its forecast to a still-pricey $72.50.

Many of these investment banks say they expect oil and gas prices to stabilize because index funds will finish rebalancing their portfolios and OPEC could trim its output further. OPEC cut production in October and in December agreed to reduce it again starting Feb. 1. Later in the year, geopolitical factors could crimp supplies, and the summer driving season will return. Motor fuel demand has shown little sign of slackening despite high prices.

Qatar's oil minister, Abdullah bin Hamad al-Attiyah, helped stop this week's slide in prices by telling Bloomberg News yesterday that OPEC was "very concerned" about the price drop. "For now there's no need before our meeting in March, but we have no objection to a meeting if prices continue to fall," he said.

Even with mild weather, oil inventories in the world's industrialized countries have been declining at a rate of about 1 million barrels a day, noted Edward Morse, chief energy economist for Lehman Brothers. Morse expects prices to level off.

"OPEC was meeting on Dec 14, and the rhetoric from OPEC was pretty bullish," said Adam Sieminski, chief energy economist of Deutsche Bank. "Then the oil traders got back to their desks on Jan. 3 and they looked out the window and people were stretching with their shirts off in front of the Nymex."

Sieminski, who expects prices to average $62 a barrel this year, said oil could drop to $50 in the near term because of the warm weather. But, he added, "with OPEC already cutting output and poised to cut more, we believe that oil prices are not likely to rest at the $50 a barrel level . . . even if prices do 'test' that level."

"This seems to be a bit of a short-term knee-jerk reaction to the weather," agreed Doug Leggate, oil analyst at Citigroup. He said that prices would head higher again as the summer driving season approaches because, he argued, the same bottlenecks involving the blending of ethanol and gasoline that helped drive up prices last year would happen again.

Even if prices stayed around this level, Leggate said, "that's not a low number."

Gauging The Demand (WP)

By Sholnn Freeman, Washington Post Staff Writer

The Washington Post, January 6, 2007

With great hoopla, automakers will unveil futuristic prototypes next week at the Detroit auto show, including advanced hybrids and a gas-electric sports car, the FT-HS, from Toyota.

The only problem is that some of the technology being touted exists only as fancy fiberglass models.

The buzz machine shifts into high gear tomorrow with carmakers competing to demonstrate their concern about high gas prices, U.S. dependence on foreign oil and global warming. But despite all the glitz, what Americans will drive in the next few years will look a lot like what they drive today. Industry analysts say automakers won't have significant numbers of alternative-energy vehicles -- hybrids, diesels and plug-ins -- for sale until well after the turn of the decade.

The hype is racing ahead of consumer appetite for alternative-fuel vehicles, industry experts say. Only a small fraction of the cars on the roads are hybrids and diesels, which get better fuel mileage than gasoline-only cars and burn cleaner than they used to. While such vehicles have distinct advantages, consumers for the most part seem unwilling to pay their higher prices. As a result, carmakers will push ahead cautiously before deciding to turn out large numbers of the vehicles.

Auto companies are hesitant about the price of new technology. In hybrids, batteries and other components add $1,500 to $3,000 to the cost of each vehicle. Current cost pressures have auto companies scrounging to save as little as half a cent on some parts.

But the manufacturers are doing everything they can to be perceived as environmentally friendly.

Automakers are "investing large sums of money attacking the problem" of heavy fuel consumption and carbon dioxide emissions, which scientists say lead to global warming, said Tom Purves, chief executive of BMW's North American operations. "As an industry, I believe we've never worked as hard on these problems."

Environmental groups contend that the companies are delivering "automotive vaporware" to deflect attention from political momentum in Washington that could force them to boost fuel efficiency. The groups say carmakers are also trying to stay out of the crosshairs of a looming federal debate on global warming. The car companies have gone to court to fight attempts by states to regulate global-warming gases and have resisted attempts by U.S. lawmakers to mandate fuel efficiency increases.

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"We would be much more impressed if GM were to say the U.S. needs to cap greenhouse gas emissions. That would be a wonderful new concept," said John M. DeCicco, senior fellow at Environmental Defense. "The country needs a climate change policy, and automakers need to step up to the plate."

Vehicles powered by fuels other than gasoline occupy a small corner of the U.S. auto market. Diesels have accounted for about 3 percent of the U.S. market over the past few years, and most are extra-large pickups used as work trucks. Diesels, which get 30 percent better fuel mileage than gasoline-powered cars, account for nearly half of the market in many European countries.

Though still small, hybrid sales are growing steadily. In 2006, automakers sold 255,000 hybrids, according to estimates by J.D. Power and Associates. This year, the figure is projected to be 350,000, in part because Toyota is increasing production of its popular Prius. Even with the growth, analysts don't expect hybrids to reach 1 million units, or 5 percent of the total market, until after 2011.

Plug-in technology is probably even further in the future because battery technology does not yet exist. Several sources in the industry said they expect Toyota to add plug-in power to the next-generation Prius, which is due later in the decade. Toyota declined to comment. Later this year, Toyota will bring out the Lexus LS 600h, a hybrid version of the luxury brand's flagship sedan.

Analysts say hybrid demand could dry up as early adopters finally get their hands on Priuses after waiting-list delays.

"Everybody who wants a hybrid is probably driving one," said Eric Fedewa, an industry analyst with CSM Worldwide. "There might not be substantial upside on the numbers unless there is legislative change or fuel prices change dramatically."

Other hybrids will go on sale this year. They include the Nissan Altima sedan and the Saturn Aura. GM will also begin selling hybrid versions of the Chevrolet Tahoe and GMC Yukon sport-utility vehicles. Dodge plans to introduce a hybrid version of its Durango SUV later in the year.

European automakers have been at the forefront of pushing acceptance of diesel technology. Despite diesels' fuel economy, the U.S. government has long considered their tailpipe emissions to be a health hazard. Manufacturers have talked up the new technology and worked with federal regulators to improve diesel fuel and engines to address air-quality concerns.

"Increasingly, people are going to become aware of the fact that there is more than one solution," said Purves, the BMW executive.

Just a few new diesels are due over the next few months, including a diesel version of the Jeep Grand Cherokee. Automakers will monitor how consumers react to them before they make plans to expand model lines or add production, said Fedewa, the CSM Worldwide analyst. "If we see that consumers buy every one that's made, then we know diesels are going to be strong sellers in North America," he said.

Other big automakers, such as Volkswagen and BMW, have pushed diesel introductions to 2008 in order to meet clean-air standards in all 50 states. BMW said it will bring a new diesel vehicle to the U.S. market in 2008, but so far the company won't identify the model.

Purves said improving fuel efficiency and reducing emissions is expensive and technologically challenging. He said any tax breaks Congress enacts should include credits for diesel-powered cars. "You shouldn't discourage diesels here," Purves said. "You shouldn't have legislation that backs one horse."

Outdated And Inefficient (WSJ)

By William H. Donaldson, Harvey L. Pitt

The Wall Street Journal, January 6, 2007

In 1934, Congress created the Securities and Exchange Commission and employed an ingenious approach -- a partnership between government and the private sector. The SEC was given pervasive authority to proscribe and pursue fraudulent, deceptive or manipulative conduct. As an extra measure of investor protection, the securities industry was charged with defining (and disciplining those who engaged in) unethical and unacceptable business practices even if those practices didn't rise to the level of illegality. Although this system worked well, eventually the evolution of markets, advance of technology, and concept of for-profit securities markets made manifest that this system was outmoded, and highlighted the critical need to restructure and revitalize our system of securities industry self-regulation.

As Theodore Roosevelt noted, people are destined to be regulated, and their choices are either to regulate themselves, or sit back and wait for the government to do it for, and to, them. We think the NASD and the New York Stock Exchange deserve strong support for their recently announced, sensible and much-needed plan to improve securities industry self-regulation. It's the first significant change in the self-regulatory regime in this country in more than 70 years. Reform is due, and the plan is timely, well thought out and comprehensive.

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Despite government's increasing role, there remains an important need for securities industry self-regulation. Given some of the lapses we've seen over the last several years, the need for high ethical standards and business practices is more important than ever. And yet, under the current, outmoded system, there are conflicting standards, inefficiencies and waste. Almost 200 firms are regulated by both organizations as well as the SEC. Under the current system, they're subject to dual -- but not always consistent -- rulebooks, examinations, investigations, sweeps and enforcement actions. Much of that burden is passed on to thousands of smaller securities firms through their clearing firms. The system is redundant and inefficient and in that context doesn't benefit either investors or the industry.

The proposed merger of the NASD and NYSE regulatory regimes put forward last month is in the best traditions of the government-private sector partnership Congress envisioned when it enacted the federal securities laws. Both of us, during our tenures at the SEC, were concerned about eliminating the overlap, duplication and excessive costs of self-regulation, while strengthening the industry's commitment to leading the way in developing best-in-class standards.

The proposal put forth by the NYSE and NASD is an important step forward in achieving these objectives. By establishing a single, independent self-regulatory organization (SRO) to oversee securities firms, the plan would eliminate complexity and confusion that doesn't increase investor protection -- and that, after all, is the ultimate goal of regulation. And the plan should reduce the cost of effective regulation across the board, helping firms of all sizes.

More than merely eliminating redundancy and attendant costs, the new SRO structure will make meaningful contributions to enhanced regulation. The significant knowledge, experience and expertise of broker dealer regulation that now resides in two separate organizations will be consolidated and housed in one. Rule writing, examination and enforcement will be enhanced, and information sharing, which is an important factor in effective regulation, will be improved.

The plan also addresses the important issue of governance. A majority of the new organization's Board of Governors will be from outside the industry, a check and balance critical to ensuring that investors' interests will be protected. At the same time, the governance structure of the new SRO also promises fair and balanced industry participation, thus assuring that the board's decisions will be informed by the views and insights of all segments of the industry. Under the plan, firms of all sizes will have the opportunity to voice their opinions and make their concerns known.

The dual regulation that exists today isn't well suited to a world in which there is keen and growing competition among strong capital market centers around the globe. The self-regulatory status quo does not work. The SEC's agenda is to ensure that self-regulation becomes even more effective and efficient, in order to enhance investor protection, while enhancing the competitiveness of our capital markets.

The NASD-NYSE plan is a good one on its own merits, and it offers the industry an important, and perhaps its only, opportunity to shape its own future. The SEC can't allow the current self-regulatory system to continue as is. With the SROs and the industry taking the lead, the need for a governmental solution is eliminated, and that's always a preferable course.

We look forward to the completion of this important initiative, and commend not only the self-regulators who have initiated it, but also the members of the industry who, we are certain, will hasten to make this proposal a reality.

Messrs. Donaldson and Pitt are former chairmen of the SEC.

Republican Sen. Sam Brownback Set To Move Forward With Presidential Run (AP)

By Liz Sidoti

AP, January 5, 2007

WASHINGTON Jan 5, 2007 (AP)— Sen. Sam Brownback, a Kansas Republican and favorite son of the religious right, will officially enter the presidential race later this month in his home state.

"He will be fully announcing on January 20 in Topeka, Kansas," Brian Hart, the senator's spokesman, said Friday. The move was expected even though Brownback set up an exploratory committee in December to gauge whether he had enough support for a full-blown campaign.

After the announcement in Kansas, Hart said Brownback will fly to Washington to participate in the anti-abortion march marking the anniversary of the Supreme Court ruling.

Brownback is a lesser-known candidate in a crowded GOP presidential field that likely will include Sen. John McCain, R-Ariz., and Rudy Giuliani, the former New York City mayor. Mitt Romney, the former Massachusetts governor, rounds out the top tier. All three are considering runs but, to various extents, also have records or positions on social or fiscal issues that don't sit well with the Republican base.

So, Brownback a Catholic revered by the GOP's conservative wing for his opposition to abortion and gay marriage sees an opening in the race for someone like him. "I am an economic, a fiscal, a social and a compassionate conservative," Brownback said last month.

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At the time, Brownback also called for a return to an American culture that promotes family values. He said the main focus of his campaign would be "to save and improve lives, rebuild families and renew the culture" in the United States that supports the institution of family.

Brownback, 50, was raised on a farm near tiny Parker, Kan. population 281 today where his parents still live.

His first foray into national politics was in 1976 while a student at Kansas State University, where he campaigned for Ronald Reagan in his unsuccessful quest to wrest the GOP nomination from Gerald Ford.

After receiving his law degree from the University of Kansas in 1982, he practiced law in Manhattan, Kan., and served as secretary of the state board of agriculture. He was named a White House fellow in 1990, and worked in the office of the U.S. trade representative.

Owens To Join Romney Presidential Team (DENP)

By Christa Marshall

Denver Post, January 6, 2007

Washington - Outgoing Colorado Governor Bill Owens has joined the senior advisory team of former Massachusetts Gov. Mitt Romney, who is gearing up for a 2008 presidential bid.

Romney, 59, has not announced his candidacy officially, but submitted paperwork this week to form a presidential advisory committee, the first step in a race for the White House. If elected, he would be the first Mormon president.

Owens, a two-term governor who worked with Romney at the National Governors Association, revealed his support for the Massachusetts Republican last night on the Hugh Hewitt Show, a conservative talk radio program.

"I think he's (Romney's) one of the brightest people I've ever seen in public office," Owens said on the show. "He's a businessman, he's a manager. He is a conservative, he wants to cut taxes."

Owens added he had doubts about the conservative credentials of other potential candidates and was impressed by Romney's organization of the 2002 Winter Olympics in Salt Lake City before becoming Massachusetts's governor the same year.

In a statement, Romney said he was pleased to have a senior advisor who was elected to the Colorado governorship with the greatest majority in the state's history.

"In his eight years as Governor of Colorado, he has shown a commitment to finding the kinds of new and innovative solutions that America needs if we are to meet a new generation of challenges," Romney said.

Owens could not be reached for comment today.

Owens joins U.S. Representative Marsha Blackburn, R- Tenn., as a senior advisor on the Romney for President Exploratory Committee, Inc.

Leaked Notes On '08 Show Giuliani Without The Spin (NYT)

By Joyce Purnick

The New York Times, January 6, 2007

The country sure has been enjoying itself reading about the Rudy Caper, feasting on the inside dish gleaned from Rudolph W. Giuliani's presidential playbook.

The purloined or lost document gives outsiders a glimpse behind the curtain, a rare look at political calculations that, if predictable in their revelations, are decidedly surprising in their candor. Irresistible. The unexpected — the macaca tidbit, it might be called today — is always irresistible in the game of control that is politics.

Consider the alternative: Mr. Giuliani's own site on the Internet JoinRudy2008.com, which went up last month when he formed his presidential exploratory committee. Anyone with a computer can access the cheerful red, white and blue site to learn how the former mayor wants the public to see him, how he would like to be portrayed in a presidential campaign.

The Rudy Giuliani portrayed on JoinRudy2008.com is a dragon slayer with a record of unmitigated success. He is a man with an open smile, replacing the fearsome City Hall scowl that he used so often to great effect.

While the site is shiny and superspun, the campaign document — whether it was stolen and leaked by a Giuliani political opponent as the former mayor contends, or provided to The Daily News by someone sympathetic to a rival, as the newspaper contends — is dark and forthright.

And so the leaked campaign notebook has created a stir, and surely not for its contents. What else should Giuliani advisers do but plan to raise a lot of money from the superrich, and worry about their man's political vulnerabilities?

The Giuliani campaign document is anti-spin. Meant for insider eyes, it concedes that Mr. Giuliani as a presidential candidate may have to contend with such trouble as questions about his former wife, Donna Hanover, and his former associate,

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the controversial Bernard B. Kerik. It cites concerns about Mr. Giuliani's relatively liberal positions on social issues — stances not likely to find favor with the Republican Party's conservative wing.

This is all surely true.

The other way to look at these matters is: Don't look at them. That is the JoinRudy2008.com Web site's way.

For instance, the Web site liberally features Judith Nathan, Mr. Giuliani's current wife, providing a polished version of her career, accompanied by two flattering photographs.

Nowhere on the site is there even a mention of Ms. Hanover, married to Mr. Giuliani for 18 years and the mother of his two children. They divorced in 2002 after Mr. Giuliani announced to a stunned press corps, without, Ms. Hanover later said, telling her first, that the couple was splitting up.

The Web site doesn't mention Mr. Giuliani's first wife either, Regina Peruggi.

It does not mention the former mayor's two children, Andrew and Caroline.

It does not mention Mr. Kerik, the disgraced former police commissioner who would have been the secretary of homeland security today if his messy past hadn't caught up with him.

It does not mention Amadou Diallo, the unarmed West African immigrant whose death in 1999 in a fusillade of 41 police bullets was one of the most wrenching episodes of the Giuliani mayoralty.

The Web site does not cite the social issues referred to in the leaked document either — his support for abortion rights, civil rights for gay people, and gun control, for instance — positions that are not popular with many conservative Republicans.

As many political analysts have frequently pointed out, his record and conduct before the Sept. 11 attack are not well known to those beyond the borders of New York City, and as a private citizen for the last five years, he has often been able to stay above the political infighting on issues like Iraq or global warming, unless he has chosen to get involved.

The Web site won't fill in the blanks, focusing as it naturally does on Mr. Giuliani's strongest and best-known accomplishments, from presiding over a significant reduction in crime to becoming "America's Mayor" after Sept. 11.

His record is portrayed only in a successful light.

Missing is any reference to the famous Giuliani combativeness, which he and many (not all) New Yorkers seemed to relish; that crime had actually begun to go down before he took office; that the city, which improved in many areas during his mayoralty, was still not a utopia after two terms of his leadership; that polls showed that many New Yorkers, including some who had voted for him, had grown weary of his pugnacious style.

Asked about the site's contents yesterday, a spokeswoman for Mr. Giuliani, Sunny Mindel, said she would not comment.

The Web sites of other prospective candidates are just as relentlessly positive because, political strategists note, they are no more than the cyberspace version of campaign brochures.

Most voters recognize the limitations of today's managed politics, those same strategists say — from the sound bite to the carefully modulated speech — and so relish the unscripted moments. Almost as much as reporters do.

Obama To Headline Big Fundraiser (WP)

By Tim Craig, Washington Post Staff Writer

The Washington Post, January 6, 2007

Money Will Help Party's Bid to Defeat GOP Legislators This Fall

RICHMOND, Jan. 5 -- U.S. Sen. Barack Obama, a possible presidential candidate next year, will be the featured guest at a major fundraiser for the Virginia Democratic Party next month, his spokesman said Friday.

The Illinois Democrat will speak to 2,000 donors and activists at the party's annual Jefferson-Jackson Day Dinner here.

The first-term senator's participation comes as he considers running for the White House, a prospect generating a lot of buzz among Virginia Democrats, and as national Democratic Party leaders recognize that Virginia has become more competitive, especially in the northern suburbs.

James Webb upset Sen. George Allen (R) in November, and Democrats have won the past two elections for governor. The $165-a-ticket dinner is designed to help the party raise money for its efforts to unseat Republican legislators this fall. The GOP controls both houses of the General Assembly.

Robert Gibbs, Obama's communications director, said the senator is eager to help Gov. Timothy M. Kaine (D) and the state party.

"Sen. Obama is an admirer of Gov. Kaine's and believes that Gov. Kaine is somebody who demonstrates that working together to get something done is not just a slogan," Gibbs said.

Because Obama could announce his plans as soon as this month, his speech at the fundraiser at the Richmond Convention Center could prompt a lot of discussion about Virginia's role in the presidential race.

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Virginia's Democratic presidential primary has been held relatively early in past elections, before any candidate had the nomination locked up.

In 2004, Sen. John F. Kerry of Massachusetts, then-Sen. John Edwards of North Carolina and retired Army Gen. Wesley K. Clark spoke at the Jefferson-Jackson Day Dinner, which was held days before the primary.

Kerry easily won the Virginia primary, and Clark and Edwards dropped out of the race shortly thereafter.

If Obama enters the 2008 race and stays in it until the primary Feb. 12, Virginia Democrats say, he will probably be a major factor in the state's nominating contest.

"Barack is an exciting, substantive, inspiring speaker and leader. He has to be at the very top of potential candidates," said Del. Brian J. Moran (D-Arlington), chairman of his party's caucus in the House.

Democratic leaders are also hopeful that the party's nominee in 2008 will break the GOP's grip on the state's 13 electoral votes. A Democratic presidential nominee hasn't won the state since 1964.

Obama has made several high-profile visits to Virginia in recent months.

Last fall, he headlined two rallies for Webb during his heated contest with Allen. Thousands of people attended the rallies in Old Town Alexandria and Richmond. When Obama finished speaking at each, the crush of admirers and autograph-seekers swarming around him was so large that his staff had trouble clearing a path for him to his car.

Obama also campaigned for Kaine during the final days of the 2005 governor's race, which helped energize black voters.

Other potential Democratic presidential candidates were also visible in the state on behalf of Webb. Kerry, Edwards and Clark made appearances, as did New York Sen. Hillary Rodham Clinton, whom many Democrats regard as the front-runner for the nomination if she enters the race.

But many Democratic organizations and candidates across the country have come to rely on Obama to draw a crowd.

Obama headlined the West Virginia Democratic Party's Jefferson-Jackson Day Dinner in September. Party leaders said Obama's presence made the dinner the most well-attended in its history, according to local media accounts.

Former Democratic Party Boss Lambasts Kerry Campaign (AP)

AP, January 5, 2007

WASHINGTON - Former Democratic Party boss and Clinton friend Terry McAuliffe is lambasting John Kerry's unsuccessful presidential campaign, calling his effort to unseat President Bush "one of the biggest acts of political malpractice in the history of American politics."

In his scrappy memoir, McAuliffe criticizes the 2004 campaign that he was responsible for defending but ultimately lost to what he describes as a more organized Republican machine. McAuliffe calls the Kerry campaign gun-shy, distracted and incompetent.

McAuliffe is close to Bill and Hillary Rodham Clinton and will support her presidential bid if the New York senator runs in 2008. McAuliffe's book, published by Thomas Dunne Books, could serve as the opening salvo against a potential Clinton rival as Kerry weighs another bid. However, McAuliffe has kind words for other possible candidates, such as Sens. Barack Obama and Chris Dodd and Iowa Gov. Tom Vilsack.

The book, "What a Party! My Life Among Democrats: Presidents, Candidates, Donors, Activists, Alligators and Other Wild Animals," goes on sale Jan. 23, but copies have already shown up in some bookstores.

McAuliffe plans a 25-city tour to promote the memoir and parties to celebrate its publication _ Feb. 8 in Washington hosted by Mrs. Clinton and Jan. 22 in New York City hosted by former President Clinton.

The book is full of revelations from McAuliffe's years among the power elite _ getting a startling leg rub from Palestinian leader Yasser Arafat at a dinner, watching movie stars Ben Affleck and Gwyneth Paltrow smooching during a showing of "Good Will Hunting" at Camp David and being chastised by former President George H.W. Bush during the 2000 election for treating his son with such "disgrace."

He had an insider's look at the Clintons' marriage during the Monica Lewinsky scandal _ going along on a chilly Clinton family vacation to Utah a month after the impeachment vote and watching Mrs. Clinton silently click through channel after channel reporting on her husband's infidelities before settling on ESPN. He wrote that the president described the period to him as "an absolute living hell."

McAuliffe served as chairman of the Democratic National Committee from 2001 to 2005, although he says Kerry's aides wanted to oust him once the Massachusetts senator secured the nomination. He said he was never invited to a single meeting at Kerry headquarters.

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Kerry spokesman David Wade said although many people wish the outcome of the 2004 election had been different, Kerry is proud of the hard work of his campaign staff and McAuliffe's efforts as party chairman. "It's time to look forward, not backwards," Wade said.

McAuliffe said Kerry's camp was so afraid of offending swing voters that it didn't defend his record or criticize Bush. He said he was muzzled by Kerry's aides from assailing Bush's military record.

He said the campaign also ordered speeches at the Democratic National Convention to be scrubbed of any mention of Bush's name or his record _ although McAuliffe privately encouraged firebrand Al Sharpton to go ahead with his attacks on the president in his crowd-pleasing speech.

"I thought the decision of the Kerry campaign to back off any real criticism of Bush was one of the biggest acts of political malpractice in the history of American politics," he said.

Meanwhile, Republicans went on a sharp tirade against Kerry at their convention. But when Bush said in an interview on the first day that he didn't think the U.S. could win the war on terror, Kerry did not respond. The Massachusetts senator was windsurfing off Nantucket, unaware of the president's comments.

McAuliffe said Kerry later told him that was one of the biggest mistakes of his campaign. "I should have gotten off the island," McAuliffe quotes Kerry as saying.

McAuliffe said he was "flabbergasted" to learn after the election that Kerry had $15 million left that he could have spent in the final push. "It was gross incompetence to hoard that money when the race was bound to be so close," McAuliffe said.

McAuliffe said Republicans told him they were shocked that Kerry just took the attacks on his military record, but also overjoyed. He said Bush called President Clinton while he was recovering from his heart attack in September 2004 and said, "The Kerry campaign is the most inept group I have ever seen in politics. Don't let them ruin your reputation."

He said Sen. John McCain, R-Ariz., asked him why Kerry wasn't fighting back more. "My guy (Bush) is no great shakes, but your guy (Kerry) looks like a wimp," McAuliffe quotes McCain as saying.

Kerry's former running mate, John Edwards, also was frustrated with the campaign, according to McAuliffe. McAuliffe said Edwards was angered that the campaign wouldn't let him go after Bush, but Kerry disputed Edwards' claim and said he was frustrated his vice presidential pick wasn't campaigning harder.

Goal Is To Look Good, Writer Of Democratic Memoir Admits (NYT)

By John M. Broder

The New York Times, January 6, 2007

WASHINGTON, Jan. 7 — Most memoirs — and virtually all memoirs by people in politics — are heavily varnished and blatantly self-serving. Say this for Terry McAuliffe, the former Democratic Party chairman and fund-raiser extraordinaire: at least he admits it right up front in his author's note.

"This is my book and I've done my best to make myself look good," he writes in his new memoir with the ungainly title, "What a Party! My Life Among Democrats: Presidents, Candidates, Donors, Activists, Alligators and Other Wild Animals" (Thomas Dunne Books).

"Even if you think I'm full of it, I bet I can still make you laugh."

There are any number of humorous anecdotes sprinkled among the chest-deep pile of dropped names in the 406-page volume, including Yasir Arafat's repeatedly rubbing Mr. McAuliffe's leg under the table at a dinner in Washington in 2000 and the South Korean secret police's warning the White House in 1998 that President Bill Clinton had spent most of the night in a hotel room in Seoul with "a good-looking younger man." That younger man was Mr. McAuliffe, who had been up late playing cards with his buddy the president.

And he shares the tale of getting up on stage half-plastered at the Foxwoods Casino in Connecticut to sing "Will You Still Love Me Tomorrow?" to nail down a $500,000 contribution from the chief of the Mashantucket Pequot Indians. There are two sections of photographs, a portable version of the Washington Power Wall, displaying the author with all manner of celebrities and potentates: Jimmy Carter, Kevin Spacey, Thomas P. O'Neill Jr., Richard A. Gephardt, Pope John Paul II, Al Gore, Chris Tucker and Cicely Tyson, Hillary Rodham Clinton, Olivia Newton-John, Edward M. Kennedy and John Kerry, Ariel Sharon, King Juan Carlos of Spain, Mikhail Baryshnikov.

And a Washington memoir would not be complete without a little old-school score settling, in this case with Mr. Kerry, who lost the 2004 presidential campaign despite what Mr. McAuliffe portrays as his own Herculean efforts.

Mr. Kerry's biggest blunder, in Mr. McAuliffe's account, was to forbid any attacks on President Bush from the lectern at the 2004 Democratic convention. Mr. McAuliffe calls that decision "one of the biggest acts of political malpractice in the history of American politics."

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He also knocks Mr. Kerry for not responding forcefully to the Swift boat group's attacks on his military record and for hoarding money at the end of his campaign, ending the contest with a surplus of $15 million that Mr. McAuliffe believes would have made the difference in Ohio, the decisive state.

David Wade, a spokesman for Mr. Kerry, said that his boss was grateful for Mr. McAuliffe's "incredible" efforts in the 2004 campaign and that he wished the outcome had been different. But, Mr. Wade added, "it's time to look forward, not backwards."

Mr. McAuliffe, reached on the golf course at the Army-Navy Club in Arlington, Va., on Friday afternoon said, "Kerry and I went through all these issues, and he agrees with me on every one."

He added, before teeing off with Mr. Clinton, "I say a lot of nice things about Kerry in the book, too."

Buckley Quits Race For State Dem Chair (NHUL)

New Hampshire Union Leader, January 6, 2007

MANCHESTER – Party vice chair Raymond Buckley, facing a criminal probe, withdrew this afternoon as a candidate to succeed Kathy Sullivan as chair of the New Hampshire Democratic State Committee.

UnionLeader.com has learned that Manchester police began an investigation of Buckley at the request of the Attorney General's office after Gov. John Lynch received a complaint linking him to pornography. Buckley tonight denied any wrongdoing.

"After much consideration and discussion with family and friends, I have decided for personal reasons that it does not make sense for me to seek the chairmanship of the N.H. Democratic State Committee at this time in my life," the veteran Manchester political activist said in an afternoon press release.

Tonight, in a statement, Buckley said, "These politically motivated allegations are completely false. I have no doubt that the allegations will be proven baseless but I am angry beyond belief that the politics of personal destruction have come to New Hampshire."

A letter letter containing allegations against Buckley was sent to Gov. John Lynch's office late last week, said spokesman Colin Manning. The letter was reviewed on Tuesday, and immediately referred to the state Attorney General's office for investigation, Manning said.

Lynch told party officials Buckley should not run for the chairmanship given the allegations, said Manning, who would not say whether Buckley was spoken to directly.

Ray Buckley (left) took the stage with Democratic National Committee Chairman Terry McAuliffe at a rally in Derry on Sept. 19, 2004. (AP)

"The governor made it clear to state party officials he did not feel Ray Buckley should run with this matter pending," Manning said.

Sullivan nevertheless defended her longtime political ally tonight. She issued a one-sentence statement saying "Raymond will be exonerated, and I believe he will be vindicated of these politically motivated charges."

In a prepared statement earlier this afternoon, Sullivan had said: "Raymond Buckley's contributions to the state and national Democratic Party and the state of New Hampshire are many, and we are so grateful for his service. I am very sorry that he has decided not to run; he would have been an excellent state party chair. A lot of the credit for our successes in 2006 has to go to my friend, Raymond Buckley."

When called at her law office and asked if law enforcement authorities have seized Buckley's or any computers at state Democratic headquarters, the outgoing party chair refused to answer. Sullivan said, "I'm going home."

Manchester Deputy Police Chief Glenn Leidemer, who heads the department's investigative division, confirmed that Buckley is the target of a criminal investigation. "Through the Attorney General's office, we received a complaint against Mr. Buckley. Our department is in the early stages of investigating the complaint. Based on this being an ongoing, active investigation, I am not going to comment on the nature of the complaint nor am I going to identify the person who brought the allegation forward," he said.

Three sources, including city GOP activist Joe Kelly Levasseur, said the letter to Lynch was sent by Manchester Rep. Steve Vaillancourt, a Republican who shared a house with Buckley several years ago.

Vallancourt refused to comment directly when asked if he sent the letter.

Buckley, 47, of Manchester, is a veteran campaign strategist. He serves as chair of the Eastern Region Caucus of the Democratic National Committee and sits on the DNC executive committee. He is a national at-large board member of the National Stonewall Democrats, an lobbying group of gay, lesbian, bisexual and transgendered party activists.

He is also the director of the state Senate Democratic Caucus political action committee, which raised nearly $1 million to help Democrats win control of the state Senate in November.

Ray Buckley was a speaker at the 2000 Democratic National Convention in Los Angeles. (AP)

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He served one term as a Manchester alderman and is a former executive director of the Democratic State Committee, a member of the Democratic National Committee's executive committee and vice president of the Association of State Democratic Chairs.

The 28-year member of the state party committee is in his fifth term as the chair of the Manchester City Democrats and served eight terms in the state House of Representatives.

Within days of Sullivan's decision not to seek a fifth term as chair, he was endorsed by Sullivan, Gov. John Lynch, Senate President Sylvia Larsen, House Speaker Terri Norelli, and the state's two newly-elected congressmen, Paul Hodes and Carol Shea-Porter.

Buckley's list of supporters also included all 14 Democratic state senators, the officers of the state Democratic Party, Democratic National Committee members Anita Freedman and Gaetan DiGangi, six former Democratic state chairs, former U.S. Sen. John Durkin, former U.S. Reps. Norman D'Amours and Dick Swett, nine Democratic county chairs and the leadership of the Young Democrats.

Buckley said this afternoon that "an outstanding public servant" would enter the race to succeed Sullivan. Former House Minority Leader Jim Craig of Manchester is that replacement candidate.

Craig issued a statement announcing that he has the backing of Lynch, Larsen and Norelli.

State Rep. Betty Hall, 85, is the only other announced candidate. The party election will take place Saturday, March 24, at the Institute of Politics at St. Anselm College in Manchester.

At Inauguration, Governor Praises The Central Path (SFC)

By Mark Martin

San Francisco Chronicle, January 6, 2007

Sacramento -- Gov. Arnold Schwarzenegger cast himself Friday as the leader of a "post-partisan" movement that would give birth to innovative ideas through collaboration, not party warfare, urging leaders in his second inaugural address to govern from a "dynamic center that is not held captive by either the left or the right or the past."

In a 15-minute speech, the Republican governor made no policy proposals and instead focused entirely on tone, rejecting the liberal versus conservative battleground in favor of the pragmatic middle.

Aides said the message, from a governor who bucked a national anti-GOP trend last fall by cruising to re-election, was aimed beyond the state toward a national audience.

"The American people are instinctively centrist," the governor insisted. "So should be our government. America's political parties should return to the center. They should return to the center where the people are."

Schwarzenegger, who broke his right leg skiing two weeks ago and hadn't been seen in public since, delivered the speech standing at a podium in the ornate Memorial Auditorium in Sacramento after walking on stage with crutches. He was sworn in by California Supreme Court Chief Justice Ronald George while standing, but he leaned on first lady Maria Shriver, who gripped his left arm as he raised his right hand and took the oath of office.

Rumors had swirled in Sacramento throughout the week about how the image-conscious governor would appear, and internal administration suggestions about using a wheelchair were dismissed as appearing too weak for a former Mr. Olympia.

Schwarzenegger gave his speech standing without crutches and without referring to his condition. Others noted it, however: Emcee and former San Francisco Mayor Willie Brown called Shriver "foxy and sexy" as he introduced her, saying he could make the remarks because Schwarzenegger couldn't chase him down.

Schwarzenegger's second and last term began more than three years after he stunned the world by quitting his movie career to run in the recall election. In November 2003, he took office as an international curiosity; on Friday, his celebrity was far less of a story. "Entertainment Tonight" did not cover this inaugural as it did the last time, and the number of credentialed media was 316, down from more than 700 before.

The speech did invoke some of the same themes as the 2003 version, however.

Then, he said the recall election demanded a change in the political climate and a new culture in Sacramento.

On Friday, the governor conceded he had stumbled on those ideals in 2005, when he called for a special election that created war between the governor and Democrats and ended in disaster for him when all of his initiatives failed. Schwarzenegger has freely admitted the special election was a mistake and did so again Friday as he called for four years of the kind of cooperation that led last year to deals with Democrats on such issues as raising the minimum wage, spending on public works projects and curbing greenhouse gas emissions.

Cooperation is what the people want, he said.

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"The people are disgusted with a mind-set that would rather get nothing done than accomplish something through compromise," he said.

Schwarzenegger argued that both liberal ideas like the New Deal and conservative ones espoused by Ronald Reagan were important to the country's history, but "it is time we combined the best of both ideologies into a new creative center." He noted that that the number of registered voters not affiliated with either party could become the majority in the next 20 years.

Schwarzenegger is hardly the first politician to call for bipartisanship.

Former Gov. Gray Davis, who was kicked out of office when Schwarzenegger won the recall, said he delivered a similar message in his 1999 inaugural.

"I said then I didn't care if the ideas came from the right or the left as long as they moved the state forward," said Davis, who attended the ceremony Friday with his wife, Sharon.

But others said Schwarzenegger's message was coming in the right place at the right time.

Assembly Speaker Fabian Núñez, D-Los Angeles, who has become perhaps the governor's strongest ally in the Legislature, said the deals struck in Sacramento in 2006 were in contrast to stalemates on major issues in Washington, D.C. Núñez noted that Congress and other states could learn from the lessons in California, saying Schwarzenegger's call for cooperation "isn't just empty words. There's a lot of accomplishment to back this up."

The speech could mark a turning point in the governor's still-nascent political career. Aides say he is planning to travel to states around the country to deliver remarks with a similar bipartisan theme in hopes of influencing national politics.

While the governor is constitutionally barred from running for president because he is foreign-born, he clearly wants to be a national figure.

But whether his message will resonate elsewhere remains to be seen, one political analyst noted.

Schwarzenegger is too unique to be a national model, said Larry Sabato, director of the University of Virginia's Center for Politics.

Sabato said Schwarzenegger has to appeal to moderates and independents to win in California. And because he can't run for president, he doesn't have to play to the partisan Republican base as he moves forward, he said.

"Schwarzenegger is the moderate for Republicans nationally," Sabato said. "The problem is that almost none of them can afford to follow because their constituency is far more conservative. ... There will be plenty of Republicans wishing they could follow Arnold's footsteps, but the reality is that we will see very few pupils following the master."

And in Sacramento, as Schwarzenegger prepares to tackle an ambitious agenda including revamping health insurance, fixing a broken-down prison system and addressing always-contentious water issues, the governor's centrist mantra is likely to be tested by the push and pull that comes with deeply divisive issues. Friday was marked by mostly friendly platitudes and gestures -- Senate President Pro Tem Don Perata, D-Oakland, held Schwarzenegger's crutches as he made remarks at a lunch with legislators after his speech -- but that could change.

And legislative Republicans, who often have had an uneasy relationship with a governor far more moderate than most of them, did not exude enthusiasm Friday. Schwarzenegger spent a few minutes in his speech promoting global warming legislation that passed last year with only one Republican vote.

"One person's success is another person's failure," said Assemblyman Rick Keene, R-Chico. "Working together across the aisle, trying to get some things done, is something we're all interested in doing. But when it comes to specific solutions to specific problems, there are going to be a diversity of problems."

Schwarzenegger was sworn in with his hand on a Bible that has been in his family since 1878. The governor missed the first part of the ceremony, which featured diverse acts ranging from a group called the Mariachi Divas to Irish dancers, before appearing on crutches. About 3,000 people attended.

The governor is set to introduce his 2007 agenda, including his budget proposal and a health care reform plan, next week.

Schwarzenegger Adopts "Centrist" Line (WT/AP)

The Washington Times, January 6, 2007

SACRAMENTO, Calif. (AP) -- Hobbling to his inauguration on crutches, Gov. Arnold Schwarzenegger promised yesterday not to be beholden to a political party in his second term and declared that "centrist does not mean weak."

Nursing a broken right leg, Mr. Schwarzenegger missed the first part of the program before coming out to deliver his speech.

Centrist "does not mean watered down or warmed over," he said. "It means well-balanced and well-grounded."

The Republican governor said his dismal year in 2005, when a clash with the state's public employees union cut his approval rating in half, had awakened him to a new way of doing business.

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"Like Paul on the road to Damascus, I had an experience that opened my eyes," he said. "And what was it that I saw? I saw that people, not just in California, but across the nation, were hungry for a new kind of politics, a politics that looks beyond the old labels, the old ways, the old arguments."

Mr. Schwarzenegger said growing numbers of independent voters are showing the way to a new era of what he called "post-partisanship." And he called for a new "creative center" in politics.

"This is a dynamic center that is not held captive by either the left or the right or the past," he said.

The state's 38th governor was sworn in by California Supreme Court Chief Justice Ronald George, using a Schwarzenegger family Bible from 1878.

To burnish his bipartisan credentials, Mr. Schwarzenegger invited the state's top Democrats, including U.S. Rep. Nancy Pelosi of San Francisco, who on Thursday became the first female speaker of the House, and U.S. Sens. Dianne Feinstein and Barbara Boxer, although none of them attended.

The master of ceremonies was another famous Democrat, former San Francisco Mayor Willie Brown, who once was speaker of the state Assembly.

The symbolism is important for Mr. Schwarzenegger, who will need the cooperation of Democrats again this year as he attempts ambitious reforms in health care and prisons. Democrats hold majorities in both houses of the California Legislature.

Glitterati, Gawkers Shrug Off Second Inauguration (LAT)

By Scott Martelle, Robert Salladay, Times Staff Writers

The Los Angeles Times, January 6, 2007

Three years ago, when the revolution was still new, thousands of people crowded the streets around the state Capitol hoping for a glimpse of Arnold Schwarzenegger and his fellow-travelers — Hollywood celebrities — as California swore in a movie action hero as its 38th governor.

On Friday, the celebrities and the crowds were notably absent, spotlighting the difference between a movie star doing the unusual — winning a gubernatorial recall election — and a now-seasoned politician signing in for four more years.

Not nearly as many people care.

"It seems so long ago," said Bonnie Rose, 58, a hospital lab technician who steered her morning walk past Sacramento Memorial Auditorium hoping for a glimpse of fame. "I think he's looked at more as a governor now" than a political curiosity, she said. "He's proved himself."

With Schwarzenegger's personal party schedule limited by a broken leg, and the drama of the recall election faded into the politically distant past, the governor's second inauguration came off Friday like a small-town parade instead of an international event.

Gone were the global media and TV tabloid shows such as "Access Hollywood." No smiling Jamie Lee Curtis or Danny DeVito, Kelsey Grammer or Dennis Miller were to be found. The only returning celebrities were Rob Lowe and Tom Arnold. "I am the lieutenant governor," Arnold joked to reporters.

But even Bob Saget, who emceed a special "green" program Thursday on the Capitol lawn, had already headed back to Los Angeles and missed the inauguration and Friday night gala.

"It seems like maybe there's a little bit less energy," said Andrew Tescher, manager of Lucca, one of the governor's favorite Sacramento lunch spots. "There seemed to be a lot more energy behind the media last time. There was more hype."

There was more of everything then. About 8,000 people were invited to Schwarzenegger's first inauguration, a big-ticket event in a city unaccustomed to glitz — or hosting international media. On Friday, not even all of the 3,000 expected guests showed up. And the list for media credentials that topped 700 three years ago barely broke 260 this time.

The program, though, was more varied and crisper, led by former Assembly Speaker, ex-San Francisco Mayor — and legendary Democrat — Willie Brown. Brown joked about helping make California "ungovernable" when he was speaker and said "incredible change" had come to California.

"Under Arnold Schwarzenegger's leadership, and with the incredible cooperation of leaders from both parties, a revolutionary thing has taken place," Brown said to applause. "Things are getting done."

Brown then mispronounced several names of dignitaries on the stage, turning the mayor of San Francisco — Brown's hometown — into "Galvin" instead of Gavin Newsom. Other dignitaries included former Govs. Gray Davis and Pete Wilson; Democratic Los Angeles Mayor Antonio Villaraigosa; and such elected statewide officials as incoming Controller John Chiang and Secretary of State Debra Bowen — both Democrats — as well as departing Republican Secretary of State Bruce McPherson, whom Bowen defeated in November.

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There were two prime Democratic absences: Phil Angelides, who is leaving his post as treasurer after getting trounced in the governor's race, and Lt. Gov. Cruz Bustamante, who lost the insurance commissioner race to Steve Poizner.

The governor's wife, as she did three years ago, played a prominent role in the ceremony. As dramatic New Age music played and images of California's natural wonders flashed on a jumbo video screen, Maria Shriver read a Hopi prayer. "Be good to one another and do not look outside yourself for the leader.... The time of the lonely wolf is over." At the 2003 inaugural, Shriver read a five-minute essay created from the works of poet Maya Angelou.

Invited guests — mostly government figures and Schwarzenegger supporters — had begun lining up outside the red-brick auditorium a few blocks from the Capitol before 10 a.m. A large television screen was set up on the lawn outside for the uninvited to watch the ceremony, but 50-degree air and a stiff, bone-chilling wind made standing still uncomfortable.

About three dozen people — nearly everyone who braved the cold — wound up getting lucky. As Brown began the program, a Schwarzenegger aide emerged with a fistful of tickets in hopes of filling unclaimed seats.

"We were just going to watch a little on the screen," said Elijah Caron as he and fellow state worker Carlos Galindo stepped up to the security table for screening. "Now we're going to see the show."

Jim Devisscher, 53, of Sacramento just missed the cut. As he was waiting for the aide to hand him a ticket, the invocation began inside and organizers barred anyone else from entering.

"This is probably a better view than our seats would have been," he said as he moved closer to the TV screen.

Schwarzenegger Opens In A Sequel (NYT)

By Jesse Mckinley

The New York Times, January 6, 2007

SACRAMENTO, Jan. 5 — Nursing a broken leg but armed with an electoral mandate, Arnold Schwarzenegger was sworn in Friday to his second term as governor of California.

The ceremony, in a nearly full arena here in the state capital, came two months after Mr. Schwarzenegger's convincing victory over his Democratic challenger, Treasurer Phil Angelides, and two weeks after a painful fall on a ski trip to Sun Valley, Idaho, which shattered his right leg.

Before Friday, Mr. Schwarzenegger had not been seen in public since the accident and his resulting surgery, though photographs had shown the still-buff, preternaturally tan governor looking surprisingly meek in a hospital bed.

So the ceremony served both as a celebration and as a kind of group get-well card, complete with the kind of bipartisan oratory that usually marks the beginning — and usually only the beginning — of any governor's term.

"There is an incredible change that has occurred here in Sacramento," said Willie L. Brown Jr., former San Francisco mayor and onetime Assembly speaker, who acted as the event's rakish master of ceremonies. "Things are getting done. Over the last year it has been dramatically demonstrated, and California is better off for that effort."

Likewise, the inauguration was a chance for Mr. Schwarzenegger to take hold of the political center, something he did effectively during the election year — the accomplishments included passage of a major bill on global warming and another raising the state's minimum wage — and in the election itself, which the governor, a Republican in a predominantly Democratic state, won by drawing large numbers of voters across party lines.

"We must think of ourselves as belonging not to just the Republican Party or the Democratic Party, but to the Party of California," he said in his inaugural speech, moments after taking the oath of office with his wife, Maria Shriver, at his side.

The bipartisanship was evident in the half-dozen prominent California Democrats on the stage at the Memorial Auditorium, a 3,800-seat arena just blocks from the Statehouse. Among them was Gray Davis, whom Mr. Schwarzenegger succeeded after a recall election in 2003.

Mr. Schwarzenegger has already begun to lay out an aggressive agenda for his second term. A major address is set for Monday in which he is expected to announce plans for a sweeping health care overhaul that may include providing medical coverage for 6.5 million uninsured Californians. His State of the State address will be on Tuesday, and the announcement of his budget on Wednesday.

Friday's speech was devoted primarily to one topic — centrism in what he called the "nation state" of California — though he struck almost presidential chords when he began his address with references to the war in Iraq, a country he described as "fertile with bloodshed and hate," and the killing in Darfur.

"Faith and hope are two qualities that are in short supply in the world right now," he said. "There are such deep divisions in our human family."

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By and large, however, the inauguration was a chance for supporters to enjoy the kind of pomp and star power that Californians have come to expect during Mr. Schwarzenegger's tenure. Jose Feliciano and Jennifer Holliday serenaded the governor at the ceremony, and a gala here Friday night featured Paul Anka and Donna Summer as headliners.

Before the swearing-in, a procession of multiethnic performers took the stage, including an Irish-style dance troupe, a mariachi band, a black gospel choir and a white youth choral group, who performed wearing flag-adorned sweaters and shirts.

Mati Waiya, a ceremonial leader of the Chumash Indian tribe, arrived at the inauguration bearing a condor and an eagle feather, which he said symbolized peace and dignity. Mr. Waiya, who also wore a bear bone through his nose, said he had worked with Mr. Schwarzenegger's transition team after the recall election and had been impressed by the governor's efforts on the environment and his willingness to differ with fellow Republicans.

"I think he's serving both sides," Mr. Waiya said, "but it's nice to see him get the Republicans a little upset."

Indeed, the two major speakers on Friday, other than the governor, were Democrats: Mr. Brown and Ms. Shriver, whose mother is Eunice Kennedy Shriver, sister of President John F. Kennedy. The elder Ms. Shriver, 85, drew a standing ovation as she took the stage.

Mr. Schwarzenegger got a few laughs during his address with his now-familiar comparison of his political career to his action-movie days. "My escapes here have been more hair-raising than anything I've ever done in the movies," he said.

But Mr. Brown got the biggest laugh, when he said Maria Shriver, a former television reporter, had "taken the role of the embedded journalist to the ultimate." Ms. Shriver seemed to enjoy the joke.

Moments later, Mr. Brown went even further, calling Ms. Shriver "foxy and sexy," something he said he would not have had the courage do if Mr. Schwarzenegger, still backstage before being introduced, had been closer at hand. Or not on crutches, for that matter.

Patching Up What's Broken? (WP)

By William Booth, Sonya Geis, Washington Post Staff Writer

The Washington Post, January 6, 2007

Gov. Arnold Schwarzenegger Limps Toward the Center

All hail the peaceful, prosperous and powerful nation-state of California in all its super-fantastic diverse glory! And just so you get the message: Out comes the multicultural Mariachi Divas, an all-female band fronted by an Irish Italian and including a Samoan and a couple of Mexican Americans, singing the Beatles' "Twist and Shout." There was a gospel choir, too, and precocious children playing harps and a National Guard marching band and the silver-maned Jose Feliciano strumming his acoustic guitar for the national anthem.

Yes! There were the most excellent of production values Friday morning at Memorial Auditorium in Sacramento, with those sweeping, aerial camera shots on the televised version, just like the Academy Awards. Because it was a show, and it was a pretty good one. It was Arnold's second inauguration -- and unlike the first one (boring), his wife, former TV news star Maria Shriver, was clearly in charge of the sequel.

The theme? Make nice.

It is apparently the dawn of "post-partisanship" in California, as Schwarzenegger renounced the "fringes of left and right" (technically, he's still a Republican) and declared the "new creative center."

Gone: references to the Terminator.

You remember the plot. After famously sweeping into office three years ago on a weird and wild wave of populist revolt, the former Mr. Universe famously veered to the right in 2005, and famously got his Austrian butt kicked by a disapproving electorate (his poll numbers sank, his initiatives tanked), and now the former global action star is back where he started, in the middle, embracing all.

To this party? Everybody was invited. The master of ceremonies was none other than the Mac Daddy of California Democrats, the former "Ayatollah of the Assembly," former mayor of San Francisco Willie Brown.

Brown introduced the former governors Pete Wilson (Republican), whom he called "my buddy for many years," and Gray Davis (Democrat), whom he described as "a former driver of mine" (warmhearted laughter ensued).

Davis, recall, was the governor recalled by voters in 2003. Now? There he was, waving to the throng, as robotic as ever and stiffly smiling, apparently just glad to be back on the rostrum.

Schwarzenegger's mother-in-law, Eunice Kennedy Shriver, was greeted with a standing O, and then Brown brought out Shriver and the four Schwarzenegger kids (one of whom has that now long boy hair). Brown said it was his honor and his joy to introduce Shriver, "who has taken the role of the embedded journalist to the ultimate level." Then Brown added, "because the governor can't catch me," that Shriver was "foxy and sexy."

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Shriver, looking chic and thin in a black coat dress, called it "an extraordinary day" and thanked so many people for coming "to celebrate one man," her husband.

Then Shriver, inspired, she said, by a recent book of essays by Alice Walker, recited a Hopi Indian prayer titled "We Are the Ones We Have Been Waiting For," and as she read, she was accompanied by projected images of the rapturous California landscape and by mystical flute music, really quite soothing, like the soundtrack at a particularly good spa.

Then the money shot. To the orchestral swell of Aaron Copland's "Fanfare for the Common Man," Schwarzenegger emerged on the stage, supported by silver-colored crutches. In a dark suit and sky blue tie, the henna-headed actor-turned-governor soaked in the applause, for it was a moment, his biographers have noted, that he dreamed of years ago.

Except, of course, the crutches. Perhaps you recall that over the holidays, while at their chalet/compound in Sun Valley, Idaho, Schwarzenegger, 59, experienced what has been described in the press as "a freak skiing accident": He broke his upper right femur when he tripped over his ski pole, which he caught under his ski, while he was standing still. Very, very painful. (Indeed, the medical reporter for the San Francisco Chronicle speculated that "it is reasonable to assume that the governor must handle the stress of a highly public inauguration and the rollout of new policy initiatives while also taking medication to manage the pain.") But seemingly clear-eyed, Schwarzenegger laid his crutches aside and, steadied by his wife, raised his right hand and took the oath of office.

Then (with crutches again) he hobbled over to the lectern as a choir sang a "hallelujah" refrain. "Wow, this feels good," he said, so maybe the Chronicle was right.

Anyway, in his 15-minute speech, Schwarzenegger said that the last three years have been "the most fulfilling of my life," and that "my escapes have been more hair-raising than anything I've done in the movies." He acknowledged the defeat of his initiatives in a 2005 special referendum: "I took the wrong approach," but "like Paul on the road to Damascus" his personal thumping inspired a vision. "We must think of ourselves as belonging not just to the Republican Party or the Democratic Party, but to the Party of California," Schwarzenegger said. "Because California is a collective ideal worth preserving."

He continued on this theme.

"Centrist does not mean weak. It does not mean watered down or warmed over," he said. "It means well balanced and well grounded. The American people are instinctively centrist -- so should be our government."

Gone: references to weak "girlie men."

Schwarzenegger said that his dream California -- peaceful, prosperous, multicultural, where the people live healthy lifestyles and have health insurance, where the children are well educated, the infrastructure sound, the economy humming along on clean, green, post-fossil-fuel technologies and the biotech industry is booming because of stem cell research -- was "a model for the world."

At the end of the swearing-in ceremony, Schwarzenegger and the audience of 3,000 were treated to singer Jennifer Holliday belting out her classic, "And I Am Telling You I'm Not Going," with its pivotal lyric, "I'm staying and . . . you're gonna love me."

O'Malley To Travel State To Thank His Supporters (WP)

By John Wagner, Washington Post Staff Writer

The Washington Post, January 6, 2007

Governor-Elect to Reprise Theme of Unity

Martin O'Malley (D) announced plans yesterday for a "One Maryland Inaugural Tour and Celebration" in the week leading up to his swearing in Jan. 17 as the state's 61st governor.

The tour, which will also feature Lt. Gov.-elect Anthony G. Brown (D), is scheduled to begin with a town hall meeting Tuesday in Montgomery County and wrap up a week later with a gathering in Annapolis of several hundred high school students, according to O'Malley's inaugural committee. Other stops are planned in Anne Arundel County, Southern Maryland and Western Maryland and on the Eastern Shore.

"They are going on the tour because they feel it's important to thank the people who supported them during the campaign, and they campaigned on the theme that we're all in this together, and we're one Maryland," said O'Malley spokesman Rick Abbruzzese. "It's the way they intend to govern."

The entertainment lineup for the inaugural gala at the Baltimore Convention Center will include 1970s R&B superstars Kool & the Gang; retro swing band Big Bad Voodoo Daddy; Irish rockers the Saw Doctors; and Latin star Eddie Palmieri Jr.

O'Malley, who until recently fronted a Celtic rock band, has been an opening act for the Saw Doctors.

Tickets for the black-tie-optional gala are $50 and can be bought online at http://www.mdinauguration.com.

O'Malley's swearing-in and inaugural parade will take place in Annapolis.

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Besides O'Malley and Brown, Tuesday's town hall meeting will include O'Malley's nominee for transportation secretary, John D. Porcari, and Montgomery County Executive Isiah Leggett (D). The meeting will start at 8 p.m. at Albert Einstein High School in Kensington.

Making No Small Plans (NYT)

The New York Times, January 6, 2007

Gov. Eliot Spitzer is fond of saying that you can't change the world by whispering. What New Yorkers saw in his first week in office was a governor in full trumpet about how to overhaul their state government. While some veterans of state politics saw Mr. Spitzer's State of the State speech on Wednesday as too ambitious, former Gov. Hugh Carey got it just right. "It's a very big agenda," he said, "but it's not too big for New York."

We are still in the promising stage, of course, and the real test will begin later this month with Mr. Spitzer's first executive budget. But he has begun by laying down a number of important, and sensible, markers. On health care, he wants insurance for all children. He hopes to find some of the money to do this by consolidating hospitals and shifting patients from nursing homes to at-home care.

On education, Mr. Spitzer says he wants to spread money out more fairly to students who most need it. Suburban lawmakers whose schools are favored by the current formula will object. But he may win them over with his plan to lower property taxes that fall heavily on middle-class suburbanites.

He made a strong pitch for economic revitalization upstate, a familiar but elusive goal of a long line of New York politicians.

Mr. Spitzer also proposed a series of reforms that are certain to rile legislators accustomed to lifetime tenure in Albany. He intends to create a nonpartisan redistricting commission and vowed to veto any future district lines that are gerrymandered to make elections uncompetitive. And he wants to "replace the weakest campaign finance laws in the nation with the strongest." That means lowering contribution limits and providing public financing so that moneyed interests can no longer buy political clout.

Also on Mr. Spitzer's ambitious to-do list, and appropriately so, are restructuring the courts and organizing the overlapping local governments across the state.

Mr. Spitzer faces two major hurdles. One is finding top-flight appointees to make these proposals a reality. One of the most important sales jobs he has now is convincing enough good people that working for government wages is worth it to help reinvent such a powerful state government. Mr. Spitzer's other challenge will be getting the Legislature to go along. Much of his speech was met with an odd silence from lawmakers. Perhaps it was the way Mr. Spitzer carved out new political territory that does not entirely cater to upstate Republicans or downstate Democrats. But it may simply be that they do not yet know what to make of all that urgency, all those promises, all that work.

Mr. Spitzer certainly acts like a man ready to go forward quickly. The goals he has set may be daunting to the old guard in Albany, but anything less from this governor would have been a grave disappointment.

"Embryo Bank" Stirs Ethics Fears (WP)

By Rob Stein, Washington Post Staff Writer

The Washington Post, January 6, 2007

Firm Lets Clients Pick Among Fertilized Eggs

A Texas company has started producing batches of ready-made embryos that single women and infertile couples can order after reviewing detailed information about the race, education, appearance, personality and other characteristics of the egg and sperm donors.

The Abraham Center of Life LLC of San Antonio, the first commercial dealer making embryos in advance for unspecified recipients, was created to help make it easier and more affordable for clients to have babies that match their preferences, according to its founder.

"We're just trying to help people have babies," said Jennalee Ryan, who arranged for an egg donor to start medical treatments to produce a second batch of embryos this week. "For me, that's what this is all about: helping make babies."

But the embryo brokerage, which calls itself "the world's first human embryo bank," raises alarm among some fertility experts and bioethicists, who say the service marks another disturbing step toward commercialization of human reproduction and "designer babies."

"We're increasingly treating children like commodities," said Mark A. Rothstein, a bioethicist at the University of Louisville in Kentucky. "It's like you're ordering a computer from Dell: You give them the specs, and they put it in the mail. I don't think we should consider mail-order computers and other products the same way we consider children."

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Prospective parents have long been able to select egg or sperm donors based on ethnicity, education and other traits. Couples can also "adopt" embryos left over at fertility clinics, or have embryos created for them if they need both eggs and sperm. But the new service marks the first time anyone has started turning out embryos as off-the-shelf products.

Before contracting for the embryos, clients can evaluate the egg and sperm donors, and can even see pictures of them as babies, children and sometimes adults. A fertility specialist will then transfer the embryos into a client's womb or into a surrogate, which Ryan can also arrange.

"We're unique," Ryan said. "We're the only one in the world doing this right now."

Some fertility doctors and ethicists are undisturbed by the Abraham Center because the service does not differ markedly from what already happens routinely at fertility clinics.

"I know some people say: 'This is shocking. Embryos made to order,' " said John A. Robertson of the University of Texas at Austin, who advises fertility specialists on ethical issues. "But if you step back a little bit, you realize that people are already choosing sperm and egg donors in separate transactions. Combining them doesn't pose any new major ethical problems."

But others condemned the process as the unsettling culmination of recent objectionable developments, including the payment of egg and sperm donors and the growing tendency to try to select traits such as sex, intelligence and appearance.

"People have long warned we were moving toward a 'Brave New World,' " said Robert P. George of Princeton University, who serves on the President's Council on Bioethics. "This is just more evidence that we haven't been able to restrain this move towards treating human life like a commodity. This buying and selling of eggs and sperm and now embryos based on IQ points and PhDs and other traits really moves us in the direction of eugenics."

"We find this very troubling," agreed Steven Ory, president of the American Society for Reproductive Medicine. "This is essentially making embryos a commodity and using technology to breed them, if you will, for certain traits."

Ryan dismissed the complaints.

"People can say, 'Oh, this is the new Hitler.' That's not the case," she said. "I don't take orders. I say 'This is what I have' and send them the background. If they don't think it's right for them, they don't have to take them."

So far the embryos Ryan has created have been from white donors, but she said that was because most of the couples that have contacted her are white. Among the more than 150 couples on her waiting list are African Americans, and she plans to try to create embryos for them, as well as possibly other races and mixes of races.

Ryan is, however, using only egg donors who are in their 20s and have at least some college education and only sperm donors who have advanced education, such as a PhD or law degree. All must undergo a standard round of health tests required for all egg and sperm donors, as well as screening to make sure they have no criminal record or family history of mental illness, Ryan said. They answer detailed questionnaires that ask about their childhood temperaments, favorite books, adult hobbies and family histories.

"If I do discriminate, it's that I only want healthy, intelligent people," Ryan said. "People will say, 'You're trying to create the perfect human race.' But we've always done gene selection just by who women choose as their husbands and men choose as their wives. This is no different."

Ryan said the main advantage is not the attributes of the donors but the cost: She charges $2,500 per embryo and estimates the total price tag should be less than $10,000 for each attempt at pregnancy, which is much less than the cost of standard adoption or in vitro fertilization.

Some experts questioned the creation of embryos for unspecified recipients when about 400,000 excess embryos are in storage at fertility clinics. But Ryan said her embryos are better because she uses young, fertile donors, whereas excess embryos frozen in storage tend to come from older women with fertility problems.

The cost, convenience, prospects of success and ability to vet the donors all are attractive to Ryan's clients -- potentially not only infertile couples and single women but also gay men and lesbian couples.

"You get to get an idea of what your baby will look like, and it just seems like it's a lot easier and more affordable," said Joan, 42, of Birmingham, Ala., who asked that her last name not be used. She contacted Ryan after she was unable to get pregnant using three egg donors and becoming disenchanted by the prolonged process of trying to adopt a child or a leftover embryo. She and her husband want a sibling for their 3-year-old son. "I am not going to give up until I have another baby. This seems very, very attractive," she said.

Some experts, however, warn that the legal status of these embryos remains unsettled.

"Having an interstate business involving human embryos seems to be a bad practice from pretty much every perspective," said Susan L. Crockin, a lawyer in Newton, Mass., who specializes in reproductive technology.

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So far, Ryan said, she has produced one batch of 22 embryos using an egg donor in her 20s from Arizona and a sperm donor from Fairfax Cryobank, a sperm bank operated by the Genetics & IVF Institute in Fairfax. He is a 6-foot-tall lawyer with blond hair and blue eyes. She is a student with brown hair and hazel eyes.

A single woman in her 40s from California and a married woman from Canada in her 30s each had two of the embryos implanted and are five months pregnant, Ryan said. In case they want more children or the pregnancies fail, the two clients split the rest of that batch and had the embryos frozen.

A Houston doctor whom Ryan planned to hire to create the second batch dropped out after learning what Ryan was doing, she said. Another doctor in New York subsequently signed on to use the same sperm donor and a blond-haired, blue-eyed egg donor from Utah who works for an airline. The egg donor started taking hormones this week to trigger ovulation.

Another single woman from California in her 40s has signed a contract for two of these embryos, with a 30-day option for more, Ryan said. Any remainders can be shipped frozen to clients on the waiting list, she said.

"When the first 'test tube' baby came out, some people said it was evil," Ryan said. "I think the same thing is happening with this. Because it's new, it's getting all this criticism."

Texas Firm First To Offer Ready-made Embryos (HC)

By Rob Stein

Houston Chronicle, January 6, 2007

A San Antonio company has started producing batches of ready-made embryos that single women and infertile couples can order after reviewing detailed information about the race, education, appearance, personality and other characteristics of the egg and sperm donors.

The Abraham Center of Life, the first commercial dealer making embryos in advance for unspecified recipients, was created to help make it easier and more affordable for clients to have babies that match their preferences, according to its founder.

"We're just trying to help people have babies," said Jennalee Ryan, who arranged for an egg donor to start medical treatments to produce a second batch of embryos this week. "For me, that's what this is all about: helping make babies."

But the embryo brokerage, which calls itself "the world's first human embryo bank," raises alarm among some fertility experts and bioethicists, who say the service marks another disturbing step toward commercialization of human reproduction and "designer babies."

"We're increasingly treating children like commodities," said Mark Rothstein, a bioethicist at the University of Louisville. "It's like you're ordering a computer from Dell: You give them the specs, and they put it in the mail. I don't think we should consider mail-order computers and other products the same way we consider children."

Off the shelfProspective parents have long been able to select egg or sperm donors based on ethnicity, education and other traits. Couples also can "adopt" embryos left over at fertility clinics, or have embryos created for them. But the new service marks the first time anyone has started turning out embryos as off-the-shelf products.

Before contracting for the embryos, clients can evaluate the egg and sperm donors and can even see pictures of them as babies, children and sometimes adults. A fertility specialist will then transfer the embryos into a client's womb or into a surrogate.

"We're the only one in the world doing this right now," Ryan said.

Some fertility doctors and ethicists are undisturbed by the Abraham Center because the service does not differ markedly from what already happens at fertility clinics.

"I know some people say: 'This is shocking. Embryos made to order,' " said John Robertson of the University of Texas at Austin, who advises fertility specialists on ethical issues. "But if you step back a little bit, you realize that people are already choosing sperm and egg donors in separate transactions. Combining them doesn't pose any new major ethical problems."

But others condemned the process as the unsettling culmination of recent objectionable developments, including the payment of egg and sperm donors and the growing tendency to try to select traits such as sex, intelligence and appearance.

"People have long warned we were moving toward a Brave New World, " said Robert George of Princeton University, who serves on the President's Council on Bioethics.

Ryan dismissed the complaints.

"People can say, 'Oh, this is the new Hitler.' That's not the case," she said. "I don't take orders. I say 'This is what I have' and send them the background. If they don't think it's right ... they don't have to take them."

No discriminationSo far, the embryos Ryan has created have been from white donors, but she said that was because most of the couples that have contacted her are white. Among the more than 150 couples on her waiting list are blacks, and she plans to try to create embryos for them, as well as possibly other races and mixes of races.

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Ryan is using only egg donors who are in their 20s and have at least some college education and only sperm donors who have advanced education, such as a Ph.D or law degrees. All must undergo a standard round of health tests, as well as screening to make sure they have no criminal record or family history of mental illness, Ryan said.

"If I do discriminate, it's that I only want healthy, intelligent people," Ryan said.

Lower cost advantageRyan said the main advantage is not the attributes of the donors but the cost: She charges $2,500 per embryo and estimates the total price tag should be less than $10,000 for each attempt at pregnancy, which is much less than standard adoption or in vitro fertilization.

The cost, convenience, prospects of success and ability to vet the donors all are attractive to Ryan's clients.

"You get to get an idea of what your baby will look like, and it just seems like it's a lot easier and more affordable," said Joan, 42, of Birmingham, Ala., who asked that her last name not be used. She contacted Ryan after she was unable to get pregnant using three egg donors and becoming disenchanted by the prolonged process of trying to adopt a child or a leftover embryo.

A Houston doctor whom Ryan planned to hire to create a second batch of embryos dropped out after learning what Ryan was doing, she said. A doctor in New York subsequently signed on.

Texas Company Sells Ready-made Embryos (DMN)

By Rob Stein

The Dallas Morning News, January 6, 2007

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But others condemned the process as the unsettling culmination of recent objectionable developments, including the payment of egg and sperm donors and the growing tendency to try to select traits such as sex, intelligence and appearance.

"This is just more evidence that we haven't been able to restrain this move toward treating human life like a commodity," said Robert P. George of Princeton University, a member of the President's Council on Bioethics. "This buying and selling of eggs and sperm and now embryos based on IQ points and Ph.Ds and other traits really moves us in the direction of eugenics."

Ms. Ryan dismissed the complaints.

"People can say, 'Oh, this is the new Hitler.' That's not the case," she said. "I don't take orders. I say 'This is what I have' and send them the background. If they don't think it's right for them, they don't have to take them."

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So far the embryos Ms. Ryan has created have been from white donors, but she said that was because most of the couples that have contacted her are white. Among the more than 150 couples on her waiting list are African-Americans, and she plans to create embryos for them, as well as in other races

Ms. Ryan is, however, using only egg donors who are in their 20s and have at least some college education and only sperm donors who have advanced education, such as a doctorate or law degree. All must undergo a standard round of health tests required for all egg and sperm donors, as well as screening to make sure they have no criminal record or family history of mental illness.

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She contacted Ms. Ryan after she was unable to get pregnant using three egg donors and becoming disenchanted by the prolonged process of trying to adopt a child.

"I am not going to give up until I have another baby," she said. "This seems very, very attractive."

Reagan Bust OK'd For Hill (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, January 6, 2007

Nearly twenty years after leaving office, Ronald Reagan is coming back to Washington. California lawmakers have voted to place a bronze bust of the former president in the Capitol Rotunda and alongside other national luminaries such as Abraham Lincoln, Sam Houston and Gen. Robert E. Lee.

The bust of Mr. Reagan, who was often referred to as "the great communicator," will replace that of Thomas Starr King, "the orator who saved the nation." King is credited with keeping California in the Union during the Civil War.

King's bust has resided in the National Statuary Hall since 1931. Lincoln once credited King with preventing California from splitting from the Union to form its own republic during the war.

Each state is allowed to have two bronze statues bearing the likeness of figures instrumental to the state's history. In 2000, Congress voted to allow state legislatures to replace their state's statues. Since then, only one state, Kansas, has chosen to do so. Kansas replaced the likeness of former Gov. George Washington Glick with one of Dwight D. Eisenhower.

"As the only governor of California to serve as president of the United States, Ronald Reagan is a clear choice for a delegate to Statuary Hall," said Grover Norquist, head of the Ronald Reagan Legacy Project, an organization that works to have landmarks named after the former president. Mr. Norquist also leads Americans for Tax Reform, a group that promotes federal candidates for office.

In addition to his reputation as a fiery orator, King's legacy includes raising millions of dollars for state sanitary commissions in New York and California, which helped to care for wounded soldiers. After his death in 1864, mountain peaks in Yosemite National Park and New Hampshire were named in his honor.

The National Statuary Hall is located next to the Capitol Rotunda and served as the original House chambers when the Capitol was first erected. After a new House chamber was built, it was decided in 1853 that the room should be used to house works of art, according to Capitol Architect spokeswoman Eva Malecki.

Ms. Malecki said busts of former presidents, including Eisenhower and Lincoln, are typically housed in the Rotunda. However, it's still unclear whether Mr. Reagan's bust will be there or along with the other statues in the Statuary Hall. "That will be up to Congress to determine," Ms. Malecki said.

Mr. Reagan's statue will accompany that of Junipero Serra, the Roman Catholic founder of nine California missions. Mr. Reagan, elected governor of California in 1967, served two terms before pursuing the Republican presidential nomination in 1976.

The resolution to replace Mr. King's bust with Mr. Reagan's was passed on Aug. 31 by the California Legislature with only one lawmaker, Sen. Debra Bowen, voting no. Mrs. Bowen is a member of the Unitarian Church, as was Mr. King.

The resolution's author, Sen. Dennis Hollingsworth, said lawmakers had plenty of time to address any concerns with the change because his resolution was first introduced in 2005. "Folks who have raised opposition have tried to make it sound like a last-minute thing," Mr. Hollingsworth said in an interview with the Associated Press. "But there were two years where the bill was able to be analyzed and scrutinized."

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The California-based Ronald Reagan Presidential Foundation will fund the project and commission a sculptor for the bust. The foundation also will pay to have the bust of King transferred to Sacramento. Mr. Hollingsworth said having the King statue in his state's Capitol will help Californians become more familiar with his legacy.

"Now fourth-graders on school field trips will have the opportunity to get to know King better."

C. William Verity Jr. Former Commerce Secretary, 89, Dies (NYT/AP)

By The Associated Press

The New York Times, January 6, 2007

COLUMBIA, S.C., Jan. 5 (AP) — C. William Verity Jr., United States secretary of commerce under President Ronald Reagan and a steel executive, died Wednesday in Beaufort, S.C. He was 89.

Mr. Verity, who suffered from asthma, died of complications of pneumonia in a Beaufort hospital, said his oldest son, John Verity.

William Verity was named commerce secretary in August 1987 after his predecessor, Malcolm Baldrige, was killed in a rodeo accident.

Mr. Verity retired as chairman of the board of the Armco Steel Company, now the AK Steel Corporation, in 1982 but remained a director for another four years. He was the grandson of George M. Verity, who founded the company.

A Navy veteran and a Yale graduate, he was born Jan. 26, 1917, in Middletown, Ohio.

His wife, Peggy, died in 1999. Survivors include a daughter, Peggy Verity Power, of Edwards, Colo.; two sons, Jonathan George and William Wymond, of Beaufort; two sisters, Betsy Verity Blakey, of Columbus, Ohio, and Jean Verity Woodhull, of Dayton, Ohio; seven grandchildren; and four great-grandchildren.

Remember Cindy Sheehan? (WSJ)

The Wall Street Journal, January 6, 2007

When Cindy Sheehan became a celebrity for her "peace" vigil outside President Bush's Texas ranch in 2005, the antiwar left hailed her as a heroine. A DailyKos.com blogger anointed her "'Mother Sheehan,' . . . the bringer of life who has been wronged by state power." A mainstream media columnist proclaimed that "the moral authority of parents who bury children killed in Iraq is absolute." Even before Mrs. Sheehan became a media darling, minority House Democrats called her as a witness at a June 2005 hearing about Britain's so-called Downing Street Memos.

Well, she's their problem now. On Wednesday members of the new House majority tried to hold a press conference to discuss their legislative priorities, but a group of hecklers, led by Mrs. Sheehan and chanting, "De-escalate, investigate, troops home now," forced Representative Rahm Emanuel to shut it down. Thursday, Representative Louise Slaughter was treated to an encore, although her press conference was merely delayed 45 minutes. "I was a little perplexed about why they were protesting us," Ms. Slaughter said.

She shouldn't be perplexed, for Mrs. Sheehan is not just the grieving mom of media lore, or even a liberal war opponent. She is an outright anti-American activist, who has called the U.S. a "morally repugnant system," said that "this country is not worth dying for," and during Hurricane Katrina demanded that the President "pull our troops out of occupied New Orleans," among many similar utterances.

Many who once lionized "Mother Sheehan" have simply gone mum. We found few comments about her latest antics on the left-wing blogs. It's heartening to realize that her erstwhile backers were motivated by partisanship, not hatred of country.

A Meeting With Gerald Ford (NYT)

By Orlando Patterson

The New York Times, January 6, 2007

In the summer of 1975, I was asked by Robert Goldman, President Ford's in-house intellectual, to participate in a discussion on ethnicity at the White House, one of a series put on for the edification of the president.

America was then going through the so-called ethnic revival. Talk about the recovery of threatened ethnic heritage was everywhere, the beginnings of what later evolved into the multicultural and identity movement. Politicians had been quick to grasp the movement's potential, and it would become a controversial issue in the subsequent presidential election.

I gathered from our conversation that the unusual nature of Ford's ascent to the presidency had prevented the normal electoral process of learning that transformed local politicians into potential statesmen, and that the discussions were a crash course substitute. The other members of the ethnicity session would be Daniel Patrick Moynihan, the future senator from New York, Nat Glazer, my colleague at Harvard, Michael Novak, a writer and public speaker who had recently emerged as the leading ideologist of the revival, and John Higham, the historian of immigration. I was flattered to be so honored, but felt it necessary to

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point out that I was then the friend of and special adviser to the second most radical leader in the hemisphere, Prime Minister Michael Manley of Jamaica, who at the time was very much on the radar screen of the C.I.A. and State Department. They already knew that, but my associations were deemed irrelevant. I was impressed.

We met one Saturday in an airy, informal part of the White House, the room flooded with the late-morning light of early fall. The president's golf game had gone on a bit longer than anticipated, and as we waited I mused to myself that we were being asked to perform the intellectual version of a medieval jousting tournament. Novak would passionately defend the ethnic revival; I was strongly against it. Higham was more of my persuasion. Moynihan and Glazer were presumably the moderates, but since their recently published text, "Beyond the Melting Pot," had rapidly become the locus classicus of the new ethnicity, it was hardly an even match.

The president's entry was refreshingly lacking in drama. There was no sudden hush, no ego filling up the room, not the slightest whiff of alpha male testosterone. He was a fine-looking man, in a Lake Wobegon sort of way. Casually dressed and relaxed in manner, he shook hands firmly, apologized for being late with a self-effacing remark about his game, then invited us to have drinks with him. He finished two martinis before lunch. Moynihan and I happily joined him, while the others discreetly held glasses filled with something else.

Accompanying the president was the soft-spoken young aide who had initiated and made this all possible. His shoulders hunched in a confiding way as he addressed us, and his thoughtful, collegial manner put us instantly at ease. This was Dick Cheney, the chief of staff, and I will never be able to reconcile the open, intellectually broad-minded person I met that day with the secretive éminence grise of today.

During the discussion's more formal phase, I told the president that I had been drawn to America by the cosmopolitanism of its mainstream, not to seek sanctuary in an atavistic cocoon. I argued that all ethnic movements are two-edged swords. Beginning benignly, and sometimes necessary to repair injured collective psyches, they often end in tragedy, especially when they turn political, as illustrated by German history.

I also argued that the ethnic revival was partly a reaction against the recent gains of black Americans. Sadly, black leaders' shift to separatism and identity politics had legitimized this reactionary backlash against them. Whatever the president's personal position, I urged him to keep the state out of it.

Throughout our discussion the president listened attentively. He occasionally asked a question — nothing profound, but enough to suggest that he was following it all quite closely. As we talked over lunch it slowly dawned on me that the president's behavior was the most inspiring display of self-assured humility I had ever witnessed. Here he sat, the most powerful man in the world, eager to learn about his own society, even from a recent immigrant.

He was a man at peace with himself. Uncomplicated but without a trace of shallowness; calm, dignified and quietly engaging, a person you would like to be your friend.

Mr. Ford Gets The Last Laugh (NYT)

By Chevy Chase

The New York Times, January 6, 2007

IN recent days, I've been bombarded by requests to comment on my relationship with President Gerald Ford. Until now, I've tried to say nothing — any remarks from me during the Ford family's private time of grief would have been inappropriate.

The requests were understandable, I guess. You see, I made a reputation for myself 30 years ago on "Saturday Night Live" in part because of a number of sketches and "Weekend Updates" that I wrote or appeared in ridiculing Mr. Ford for his apparent "stumble-bumbling" (though he was perhaps the best athlete to have been president) and making fun of his presidency.

Luckily for me, Mr. Ford had a sense of humor.

I've often thought how odd it was that we became linked together. It's not like we had a lot in common. After all, Mr. Ford had never been helped for any problems with "self-medication" in a facility that has helped so many throughout these past decades. And he had never been castigated by the press for such atrocities as "Oh! Heavenly Dog" or "Cops and Robbersons," among other slightly awful films I had made in Hollywood.

But linked together we were. And not just in the obvious ways. If it hadn't been for the courage of Mr. Ford's wife, Betty, for admitting to an alcohol problem, I would never have received the help I needed in the early 1980s at the Betty Ford clinic, located not far from the Ford residence near Palm Springs. During my short stay there, I often saw Mrs. Ford personally surveying the clinic and generously offering a helping hand to those who were lucky enough to face their problems and, with the learned help of the clinic staff, appraise their behavior and their lifestyles.

One day when my wife, Jayni, came to visit me at the clinic, the Fords invited us to lunch. As it happened, Mrs. Ford had become so beloved and respected by many for her earlier openness about breast cancer and her alcoholism that a television

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network was in preproduction on a special bio-pic about her. Mr. Ford suggested that while we ate lunch, the four of us could view the videotape of various performances by actors being considered to play the part of the president.

Seated at a small table set for four in a simple dining room also containing a somewhat complicated videotape recorder and TV set were the former commander in chief and I making friendly small talk before lunch was brought in. And on all fours, literally on their hands and knees in front of the bulky and confusing tape machine, were Mrs. Ford and Jayni trying their best to figure out the wiring of the playback machine and the way the whole system worked, so we could watch the screen tests. Noting the effort the ladies were putting into getting the VCR to work, I suggested to Mr. Ford that perhaps we might help them out.

As I began to stand up from my chair, he took gentle hold of my arm, sat me back down and said: "No, no, Chevy. Don't even think about it. I'll probably get electrocuted, and you'll be picked up and arrested for murder."

We both laughed.

I'll never forget that moment. My laughter was hearty and genuine.

Rice Calls For Denuclearization Moves From North Korea (AFP)

By David Millikin

AFP, January 6, 2007

The United States has intensified efforts to resume nuclear disarmament talks with North Korea, while confirming it was working with Japan on an emergency plan for a possible crisis in the Korean peninsula.

US Secretary of State Condoleezza Rice told a joint news conference with visiting South Korean Foreign Minister Song Min-Soon that the six-party talks could resume "fairly soon" if Pyongyang signals it is ready for constructive denuclearization steps.

A first round of talks in Beijing last month involving the six -- China, Japan, North Korea, South Korea, Russia and the United States -- ended without apparent progress.

But Rice said Friday that those five days of discussions had laid the groundwork for further negotiations.

"We did not make the progress that I think we would have liked, and we believe that the North Koreans need to come in a more constructive spirit," she said.

"But it does not mean there were not very productive discussions that took place during that round," she said.

Rice said there was "intensive discussion among the parties about a resumption of the six-party talks" and that if the North Koreans demonstrate they are "prepared to come with a constructive response," the negotiations could resume soon.

Rice declined to speculate on when the negotiations might resume, though her spokesman said the next round could take place later this month.

Song, for his part, said it was "North Korea's turn to come back to us with a positive and realistic response" to proposals made to Pyongyang during the talks December 18-22 in Beijing.

"I know of no substantive response from the North Koreans" yet, Rice added, but she said the Chinese were in discussions with the reclusive communist regime.

White House spokesman Tony Snow on Friday confirmed that Washington and Tokyo were working on an emergency plan for a possible crisis on the Korean peninsula but said it was a routine contingency effort.

"People make plans all the time," Snow said after Japanese Foreign Minister Taro Aso, in Tokyo, revealed that the aim was "to protect some 20,000 Japanese residents and tens of thousands of tourists" in South Korea.

"It is a standard part of any government's preparation to try to take a look at all alternatives, domestically and internationally, and try to prepare for them," Snow told reporters.

Aso, who did not elaborate on the various scenarios being considered, said officials needed to consider "ways to evacuate Japanese nationals using US military vessels and civilian ships."

He added that the plan would also consider how to deal with refugees from the Communist North.

Snow said the United States and Japan were hoping "for the six-party talks to resume soon."

The negotiations were suspended in late 2005 after North Korea walked out in protest at US financial sanctions imposed on a Macau bank accused of illicit dealings on behalf of Pyongyang.

Before the breakdown, North Korea signed a statement agreeing to give up its nuclear weapons program in exchange for economic aid and security guarantees from the other five states.

But it then went ahead and conducted its first nuclear test explosion in October, sparking international condemnation and UN sanctions.

Under intense pressure from its main ally, China, the North agreed to return to the talks last month.

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The resulting five-day round of negotiations in Beijing failed to make any progress, as North Korea insisted the financial sanctions be lifted as a condition for tackling the nuclear disarmament issue.

Rice played down press reports this week that North Korea was making preparations for a second nuclear test explosion as a way of pressuring its partners for concessions in the next round of talks.

"We don't see any change in the circumstances that we currently face," Rice said, adding that a new nuclear test by the North Koreans would "obviously further deepen their isolation."

Song said South Korea had no indications another test was imminent.

US officials have declined to lay out publicly their specific demands of the North Koreans, but they are believed to include reopening nuclear sites to UN inspectors and initial steps to dismantle key installations, including the nuclear testing center in the mountains north of Pyongyang.

Parallel talks on the financial sanctions issue are also due to resume later this month in New York, though no date has been set.

Rice Cautions N. Korea (AP)

By Barry Schweid

AP, January 6, 2007

Secretary of State Condoleezza Rice cautioned North Korea on Friday that a second nuclear test "no doubt would deepen its isolation."

Rice and South Korea's foreign minister, Song Min-Soon, agreed at a State Department news conference that their governments want negotiations on North Korea's nuclear program resumed.

"If North Korea is prepared to return in a more constructive spirit" the talks could be reopened fairly soon, Rice said. But she added, "We know of no substantive response from the North Koreans."

The South Korean minister said he had no indication that a fresh nuclear test by the North Koreans is imminent, following its initial blast last Oct. 9.

The talks, held last month in Beijing, would swap economic incentives and a U.S. assurance of respect for North Korea's security for cessation of the nuclear weapons program that produced a nuclear test nearly two months ago.

Nuclear Talks With N. Korea Expected To Resume (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, January 6, 2007

U.S., Allies Hope to Learn Whether Pyongyang Will Accept Suggested Steps Toward Standing Down

Six-nation talks on ending North Korea's nuclear program are likely to reconvene this month or next, when the United States and its allies hope to get a clearer sense of whether Pyongyang has any interest in giving up its weapons, U.S. and South Korean officials said yesterday.

South Korean Foreign Minister Song Min Soon, who held talks yesterday in Washington with Secretary of State Condoleezza Rice, said in an interview that North Korea did not "flatly reject" a number of ideas presented by the United States at the last round of talks, held in December, "even though it did not accept them."

Song would not detail those ideas, but U.S. and Asian diplomats have said the United States laid out steps that Pyongyang could take at the outset to demonstrate progress, including suspending operations at its Yongbyon reactor, readmitting international nuclear inspectors, reporting its nuclear facilities and closing its nuclear testing site.

The push to persuade North Korea to end its programs has been complicated by the fact that Pyongyang conducted its first nuclear test in October. Earlier this week, tens of thousands of North Koreans held a rally in the capital to defend their government's right to have nuclear weapons.

Previously, U.S. officials said they hoped to get a response to those ideas, first advanced at a bilateral meeting in November, at the December talks. But Song said it appeared the North Korean diplomats needed to take the proposals back to Pyongyang for further evaluation. "They are looking at a chance to make a deal, as usual, on their own terms," he said, adding that he did not know whether the differences could be bridged.

At a news conference with Song, Rice said, "There was some good work that was done during the round at the end of December, but really we're going to need to move well beyond that to consider this next round of talks, I think, successful."

Some U.S. officials have suggested that the main interest of the administration in continuing the talks is to convince China, North Korea's main patron, of Pyongyang's intransigence and the need to take forceful action against it.

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South Korean news agencies reported yesterday that vehicles and personnel movement had been spotted near the site of North Korea's first test, but U.S. and South Korean officials cast serious doubt on those reports.

"Seoul and Washington are having a close joint-intelligence assessment, but so far we do not have direct indication that there is an imminent test," Song said. He noted that North Korea conducted its last test underground, giving analysts very little time to detect possible preparation.

Song defended South Korean President Roh Moo Hyun for comments late last year, when he suggested that a split between the U.S. State Department and the Treasury Department had led to the rupture of the talks in 2005. Four days before an agreement was reached on principles for North Korean disarmament, Treasury accused a Macau bank of assisting in North Korean counterfeiting. North Korea used the incident to boycott the talks for 13 months and would discuss only that issue when the talks restarted in December.

"With a conspiracy view, you may say [the two departments] were playing games," Roh said. As a result, he added, the statement of principles "was buried the moment it was born."

Song said: "The point of my president's remark was not about some conspiracy but about his frustration, his frustration of nonprogress in the implementation program of the September agreement."

Policy Pat With Diplomat's Death (WT)

By Andrew Salmon, The Washington Times

The Washington Times, January 6, 2007

SEOUL -- The death of North Korea's foreign minister, Paek Nam-sun, the communist nation's top "diplomatic warrior," is unlikely to lead to any change in Pyongyang's policy toward Washington or the North's nuclear weapons programs, analysts say.

Mr. Paek's death was confirmed Thursday. No cause of death was given, but Mr. Paek, 77, was thought to be suffering from kidney disease.

Mr. Paek took on the role of foreign minister in 1998. Before that, he had come to prominence as a party cadre engaged in North-South Korean relations work with the Red Cross in the 1970s and 1980s. His last appearances on the international scene were at an Asian foreign ministers' meeting in Kuala Lumpur, Malaysia, followed by an official visit to Singapore, in July. During the visits, he was clearly ill and almost immobile.

Yesterday, Secretary of State Condoleezza Rice, meeting in Washington with her South Korean counterpart, Song Min-soon, warned that a second nuclear weapons test by Pyongyang, following up on the test conducted in October, would only "deepen North Korea's isolation" in the international community.

Miss Rice declined to discuss whether U.S. intelligence officials have picked up on recent private reports that the North could be preparing a second such test.

"I'm not going to speak about intelligence information, but we don't see any change in the circumstances that we currently face," she told reporters after talks in Washington with the Korean diplomat.

Mr. Song said there were no signs of an imminent nuclear test, which would be North Korea's second since Oct. 9.

In a society as opaque as North Korea's, it is impossible to predict a successor to Mr. Paek, but one analyst expected Mr. Paek's deputy at the foreign ministry to succeed him.

"In real political terms, Paek has been a somewhat nominal minister. His deputy, Kang Sok-ju, has been playing the key role, talking directly to Kim Jong-il," said Kim Sung-han of Seoul's Institute of Foreign Affairs and National Security. "Kang is a possible successor, and he has been the point man in North Korean policy toward the United States."

The chances of Mr. Paek's successor having any leeway in moderating the country's nuclear policy are small.

"In propaganda, the diplomatic corps is referred to as 'diplomatic warriors'; there is talk of 'attack diplomacy'; and every time they have a success on the diplomatic front, when they face down America, they consider it a 'victory,' " said Brian Myers, an authority on North Korean propaganda at Dongseo University in South Korea. "This adversarial approach to relations is not going to change. In a dictatorship, there is no room for individual ministers to make policy decisions."

State Department officials said yesterday there was a chance that six-nation talks on the North's nuclear program could resume as early as this month. A short negotiating session last month in Beijing -- following a 15-month boycott of the talks by Pyongyang -- produced no progress, but Miss Rice said there had been some "very productive discussions" in the latest negotiating session.

In talks with China, the United States, South Korea, Russia and Japan, the North in September 2005 agreed to rid the peninsula of nuclear arms in exchange for economic aid and security guarantees.

But fleshing out the accord stalled when Pyongyang angrily reacted to U.S. Treasury sanctions on a Chinese bank that handled much of the North's state accounts.

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China Advises "Serious Response" By Iran To U.N. Sanctions (WP)

By Edward Cody, Washington Post Foreign Service

The Washington Post, January 6, 2007

BEIJING, Jan. 5 -- China told Iran's top nuclear negotiator Friday that Tehran should abandon its defiance of U.N. sanctions and work for a swift return to talks to resolve the standoff over its nuclear program.

The Chinese admonition, conveyed by the official news media, came in a meeting between Ali Larijani, secretary of Iran's Supreme National Security Council, and President Hu Jintao, who urged a "serious response" to the U.N. sanctions. State Councilor Tang Jiaxuan, China's senior foreign policy troubleshooter, gave Larijani a similar message Thursday, the New China News Agency reported.

China's public advice to Iran marked another instance in which Beijing seemed to be following a course parallel to that of the United States on nuclear nonproliferation. Diplomats from the two countries have worked with increasing closeness over the past three years in Chinese-sponsored negotiations to dismantle North Korea's nuclear weapons program.

The Bush administration, in tandem with European leaders, has championed tough sanctions to force Iran to back down and reportedly is seeking new measures that would go beyond those already imposed. President Bush said Thursday that he thought it would be difficult to ensure a peaceful world if the Iranian government pushed forward with its research program and eventually equipped its military with nuclear weapons.

Although it has been reluctant to support sanctions in the past, China backed the U.N. Security Council's unanimous resolution of Dec. 23 that imposed sanctions on Iran and called for a suspension of its uranium enrichment program. But the Iranian Foreign Ministry dismissed the resolution as "illegal," President Mahmoud Ahmadinejad called it "trash paper" and the enrichment effort has continued apace.

Tang and Hu both reminded Larijani that the resolution passed unanimously, meaning China also voted for it, and said it reflected the concerns of the international community about safeguarding nonproliferation.

"China has always maintained that dialogue and negotiations are the best way to resolve the Iranian nuclear issue," Tang said, according to the news agency.

Larijani, in a news conference, said he had conveyed a letter from Ahmadinejad to Hu. He declined to specify its contents but sought to dispel the notion that Iran and China might be estranged because of China's decision to join the United States and other Security Council members in condemning Iran's nuclear research program.

"Of course, we know who is really behind these sanctions, so we are not blaming anybody for this," he said, alluding to the United States. The growing commercial ties between China and Iran will not be affected, he said, adding, "Countries that have long-term strategic relations will not change them because of tactical issues, and this was a tactical issue."

Larijani said that, in any case, Iran's government is not concerned about the new sanctions, which bar trade in nuclear- and missile-related goods. "The Americans have been carrying out this kind of policy for 27 years," he said, "and it's not had much effect."

Larijani said Iran's case is different from North Korea's because North Korea has developed a nuclear weapon, and "it is not part of our strategy to seek nuclear weapons." He said Iran wants to remain in the Nuclear Nonproliferation Treaty regime, but added, "If we are threatened, that could change."

Larijani dismissed Bush's comments as just one more in a string of U.S. criticisms. If the U.S. leader is genuinely worried about the dangers posed by nuclear weapons in the Middle East, Larijani said, "he should worry about Israel."

Report: China Prods Iran To Answer U.N. (AP)

By Audra Ang, Associated Press Writer

AP, January 6, 2007

China on Friday urged Iran to give a "serious response" to a U.N. Security Council resolution that imposed sanctions on Tehran for refusing to suspend uranium enrichment.

Iran's top nuclear envoy, however, warned that Tehran's commitment to the peaceful use of nuclear technology will change if the country is threatened.

The negotiator, Ali Larijani, was in Beijing for a two-day visit and gave Chinese President Hu Jintao a letter from Iranian President Mahmoud Ahmadinejad.

Larijani and Hu discussed the U.N. sanctions, which bar all countries from selling materials and technology to Iran that could contribute to its nuclear and missile programs. The resolution, passed last month, also froze the assets of 10 Iranian companies and 12 individuals related to those programs.

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If Iran refuses to comply with the demand to suspend uranium enrichment within 60 days, the resolution warns Tehran that the council will adopt further nonmilitary sanctions.

The sanctions reflect "the shared concerns of the international community over the Iranian nuclear issue, and we hope Iran could make a serious response to the resolution," Hu told Larijani, according to China's official Xinhua news agency.

Hu added that "China continues to believe the Iranian nuclear issue should be resolved through diplomatic negotiation."

In Tehran, Ahmadinejad said Friday that sanctions won't stop Iran from enriching uranium, state-run television reported.

"Iran will stand up to coercion. ... All Iranians stand united to defend their nuclear rights," state-run TV quoted him as saying.

"Enemies have assumed that they can prevent the progress of the Iranian nation through psychological war and issuing resolutions, but they will be defeated," Ahmadinejad was quoted as saying on state-run TV.

While the United States has led the drive to stop Iran from enriching uranium — a process that produces the material for either nuclear reactors or weapons — it compromised on the sanctions to win the support of China and Russia, both veto-wielding members of the Security Council who have strong trade ties with Tehran.

Larijani indicated that China's decision to support the resolution has not hurt ties between the two sides, calling them "long-term and long-lasting."

"Countries who have strategic long-term relationships will not change their strategic relationships because of tactical issues," he said at a news conference.

He added in reference to Washington: "We know who is really responsible, who is really behind the sanctions and nobody else can be blamed for this."

Iran has denied that it seeks to build atomic weapons, saying its nuclear program is limited to the generation of electricity, a stance Larijani reiterated.

"We oppose obtaining nuclear weapons and we will peacefully use nuclear technology under the framework of the Nonproliferation Treaty," he said.

"But," he warned, "if we are threatened, the situation may change."

In another show of defiance, Iranian Vice President Gholamreza Aghazadeh, who also heads the Atomic Energy Organization of Iran, announced that Tehran has produced and stored 250 tons of uranium hexaflouride gas, the feedstock for enrichment, state-run TV reported.

The hexaflouride gas, or UF-6, is being stored in underground tunnels at a nuclear facility in Isfahan to protect it from any possible attack.

"Today, we have produced more than 250 tons of UF-6. Should you visit Isfahan, you will see we have constructed tunnels that are almost unique in the world," state-run TV quoted Aghazadeh as saying.

The central Iranian cities of Isfahan and Natanz house the heart of the country's nuclear program. In Isfahan, a conversion facility reprocesses raw uranium, known as yellowcake, into uranium hexaflouride gas. The gas is then taken to Natanz and fed into the centrifuges for enrichment.

Iran has said it is moving toward large-scale uranium enrichment involving 3,000 centrifuges and plans to later expand this to 54,000 centrifuges. Centrifuges spin uranium gas into enriched material, which at low levels is used to produce nuclear fuel to generate electricity. But further enrichment makes it suitable for use in building nuclear weapons.

Iran has claimed to enrich small amounts of uranium at the low percentages needed for fuel-grade uranium, as opposed to weapons-grade enriched uranium, which must be enriched at levels above 90 percent. U.S. intelligence agencies have estimated that Iran might be able to develop a nuclear weapon in four to 10 years.

Aghazadeh confirmed in April 2006 that Iran has produced 110 tons of uranium hexaflouride gas. Experts say that amount would be enough to produce up to 20 nuclear bombs if Iran was to divert its civilian nuclear program into making weapons.

Associated Press Writer Ali Akbar Dareini in Tehran, Iran, contributed to this report.

American Diplomat To Visit Strife-Torn Somali Capital (NYT)

By Jeffrey Gettleman

The New York Times, January 6, 2007

KISMAYO, Somalia, Jan. 5 — The State Department's top diplomat for Africa plans to visit Mogadishu, the violence-scarred Somali capital, on Sunday, American officials said Friday. It would be the first time in more than a decade that a high-ranking United States official has set foot there.

But Al Qaeda's second-in-command, Ayman al-Zawahri, urged the world's Muslims on Friday to turn Somalia into a battlefield and use suicide attacks.

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These developments were part of Somalia's transformation after Ethiopian-led forces ousted the once powerful Islamist movement from the capital last week and helped install a potentially viable government there for the first time in over 16 years.

American officials said the schedule for the diplomat, Jendayi E. Frazer, assistant secretary of state for African affairs, was still tentative, but that she planned to be in Mogadishu for four hours to meet with officials of the transitional government and leading Somali intellectuals.

The United States has had a minimal presence in the country since its diplomats were withdrawn in the fall of 1994, nearly a year after 18 Americans were killed during an ill-fated attempt to capture a warlord in Mogadishu. In his speech on Friday, Mr. Zawahri urged Muslim fighters to wage a holy guerrilla war in Somalia. "I speak to you today as the crusader Ethiopian invasion forces violate the soil of the beloved Muslim Somalia," he said in an audio recording on a Web site that has featured Qaeda messages before. "Launch ambushes, land mines, raids and suicidal attacks until you consume them as the lions eat their prey."

It was not the first time that Muslim extremists have called for a holy war in Somalia.

Ethiopia has a long Christian history, and Somalia's Islamist leaders had been trying for months to rally outside support by portraying the Ethiopians as infidel invaders and urging Muslims worldwide to turn Somalia into the third front for jihad, after Iraq and Afghanistan.

In the end, though, Western intelligence officials said that only a few hundred foreign fighters heeded the call, and that they seemed to make little difference. The Islamist forces, made up of mostly untrained teenage troops, were routed by Ethiopian soldiers in one battle after another and lost in one week all the territory they had gained in the past six months.

Somalia's transitional government is now in loose control of most of the country and Western diplomats, including Ms. Frazer, are urging African nations to quickly put together a peacekeeping force before Somalia reverts to anarchy.

Officials from Ethiopia, one of the poorest nations in the world, have said that they do not have the resources to keep soldiers here much longer. Ethiopia has justified its intervention by saying that Somalia's Islamists were a regional menace.

Ms. Frazer met Friday with Kenyan and Somali officials in Nairobi to discuss the details of the peacekeeping force. Uganda has already volunteered troops, and Nigeria, South Africa and Tanzania have indicated they might also send forces.

Ms. Frazer was to travel to Yemen and Djibouti on Saturday to pursue the matter.

In Mogadishu, the transitional government was struggling to collect weapons. Earlier in the week, Ali Muhammad Gedi, the transitional prime minister, announced that Thursday was the deadline for all militias and gunmen to surrender their arms. Only a handful have complied and the deadline has been pushed back to Saturday.

As for the Islamists, Somali officials said Friday that the last remnants of their forces were cornered in a remote area of southern Somalia, south of Kismayo. Somali officials said they expected the conflict to end soon, though the Islamists have vowed to fight on as an underground insurgency.

Iraq-style Insurgency Urged On Somalis (FT)

By Andrew England

Financial Times, January 6, 2007

Al-Qaeda's second-in-command on Friday urged members of a Somali Islamist movement to launch an Iraq-style insurgency against Ethiopian troops to "wipe them out".

In an audiotape purportedly by Ayman al-Zawahiri described the Ethiopian soldiers as a crusader invasion force and called on the Islamists to "ambush, mine, raid and [carry out] martyrdom campaigns."

Ethiopia, an important regional US ally, has thousands of troops in Somalia backing that country's weak transitional government. Its forces launched a rapid offensive against the Islamist movement, which had controlled much of southern Somalia, forcing it to flee all its major strongholds during the last two weeks.

However, the Islamists have vowed to fight on with a guerrilla campaign, and it is unclear what state the Islamists' forces are in and whether they have been genuinely defeated. There have also been concerns that any insurgency could attract foreign militants – Somalia is a Muslim nation with one of Africa's longest coastlines, stretching from the Indian Ocean to the Gulf of Aden.

Both Addis Ababa and Washington, which gave its tacit support to Ethiopia's offensive, accuse the Islamists' leadership of including and harbouring alleged al-Qaeda members, including three men wanted in connection with the 1998 bombing of the US embassy in Nairobi and the 2002 suicide attack on a Israeli-owned hotel on the Kenyan coast.

The Islamist movement that began as an alliance of Islamic courts and was not a monolithic group has denied any links to terrorism. However, a hardline military element, known as the Shabaab, was thought to include extremists.

Somalia, which has not had a functioning government since the fall of dictator Mohamed Siad Barre in 1991, is awash with weapons and has been plagued by 15 years of lawlessness.

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On Friday, African and western officials, including Jendayi Frazer, US assistant secretary of state for Africa, met Abdullahi Yusuf, the Somali president, in Nairobi to discuss peacekeeping options and support for the transitional administration, which is deeply unpopular in many areas and has had little influence since it was formed two years ago.

Ms Frazer said Washington would provide $40m to Somalia in political, humanitarian and peacekeeping assistance, while the EU said it would help finance a force envisioned at 8,000 troops.

"If international support is to be effective, it is essential an inclusive process of political dialogue and reconciliation...be launched without delay," the diplomats said in a joint statement.

Without Ethiopian support, the transitional government would struggle to survive. But a peacekeeping force is likely to take weeks to put together. The only country that has indicated it would be willing to contribute troops is Uganda, and a mandate and logistical issues still have to be worked out.

Addis Ababa has said it plans to withdraw its forces within weeks, but there are fears that an Ethiopian pull-out could leave a vacuum and the resumption of rule by warlords and clan-based violence. But the longer they stay, the greater the chance the Ethiopians will be seen as an occupying force.

Islamist Stragglers Vow Guerrilla Tactics, Suicides (WT/AP)

By Elizabeth A. Kennedy, Associated Press

The Washington Times, January 6, 2007

MOGADISHU, Somalia — Islamist fighters hiding in Mogadishu since their movement's main force was driven from the Somali capital say they will heed al Qaeda's call for guerrilla attacks and suicide bombings against Ethiopian troops whose intervention was key to the Islamists' defeat.

"I am committed to die for the sake of my religion, and the al Qaeda deputy's speech only encourages me to go ahead with my holy war," 18-year-old Sahal Abdi told the Associated Press, referring to an audio message posted on the Internet yesterday.

Troops of Somalia's transitional government, backed by the Ethiopian military, routed the Islamic militia from much of southern Somalia, ending their six months in power. The group had brought a semblance of stability here but terrified residents with a version of Islamic rule that included public executions and floggings of criminals.

Interviews with militants who fought with the Islamic Courts Union and went underground when most of their comrades fled Mogadishu last week suggest their movement is ready for battle.

Somalia's interior minister says 3,500 fighters are hiding in and around the capital.

The AP contacted several militants by telephone after townspeople identified them as former fighters known from the months when the Islamic movement controlled Mogadishu.

None of those interviewed was a leader.

They acknowledged being fighters but refused to be photographed and, in some cases, to give their full names, fearing reprisals from government or Ethiopian troops.

They said the movement they served as foot soldiers will rise again.

"The call from the al Qaeda deputy leader is based on Islam and we are adamant in our religion," said Sheik Musa, who would not identify himself further. "There is no option but to heed his call."

Al Qaeda leader Osama bin Laden's deputy, Ayman al-Zawahri, urged the Islamic movement's fighters and other Muslims to attack the troops of Christian-dominated Ethiopia, which he called a "crusader" invasion force.

"Launch ambushes, land mines, raids and suicidal combats until you consume them as the lions and eat their prey," al-Zawahri said in the taped message that aired on a Web site frequently used by militants and carried the logo of al Qaeda's press production wing, as-Sahab.

A meeting of U.S., European Union, African and Arab diplomats ended in Kenya yesterday with a U.S. pledge to provide $40 million to Somalia in political, humanitarian and peacekeeping assistance, and a plan to ask more African nations to send troops to help stabilize the country. Uganda has pledged at least 1,000 peacekeepers.

The EU said it would also help pay for a peacekeeping force envisioned at 8,000 soldiers.

Still supported by Ethiopians, government troops prepared yesterday for a major assault on Ras Kamboni, the last stronghold of the Islamic militia. U.S. warships patrolled offshore to prevent militiamen from escaping by sea.

The U.S. 5th Fleet said vessels were being boarded to look for militants, including three al Qaeda suspects wanted for the 1998 bombings of two U.S. embassies in East Africa. The Islamists have denied U.S. accusations that the three were leaders in the Somali movement.

Quick Deployment Of Peacekeepers Urged For Somalia; Aid Pledged (WP)

DOJ_NMG_0113858

By Karen DeYoung, Washington Post Staff Writer

The Washington Post, January 6, 2007

Western and African diplomats meeting yesterday in Nairobi urged the quick deployment of an African peacekeeping force in Somalia, as the United States pledged $40 million to assist the mission and provide humanitarian aid.

In a communique peppered with references to the urgency of the situation, the Somalia Contact Group called for "immediate support for the stabilization of Somalia," noted an imperative to launch a political reconciliation process "without delay" and cited the need for "immediate concrete assistance."

"The group clearly felt it was important that there not be a security vacuum," Jendayi E. Frazer, the U.S. assistant secretary of state for African affairs, who chaired the meeting, told reporters in Nairobi.

Ethiopia has said its military force, which drove out the Islamic movement that controlled the southern part of the country and installed a weak, internationally backed transitional government, would stay only a short time.

If money were the only problem, Somalia would be on its way to stability, noted a diplomat from one of the countries involved in the group, whose membership includes the United States and several European countries as well as the European Union, Kenya and Tanzania, with participation from the United Nations and the African Union.

So far, only one African country has agreed to contribute troops to the force. Uganda has offered a 1,200-member contingent that Frazer said she hoped would be deployed by the end of January but that is only about a tenth of what is seen as necessary. The contact group communique said that Kenya's foreign minister would begin a mission to "explore additional troop contributions."

Of the $40 million pledged by the United States, $16 million is designated for peacekeeping support. The E.U. has pledged $47 million, of which $19.5 million is to go to the force.

U.S. Gen. William Ward, the deputy commander of the U.S. European Command who is traveling with Frazer, told reporters in Nairobi that there were no plans to deploy U.S. military personnel. U.S. assistance would include airlift, logistical and intelligence support.

The Europeans are similarly loath to send troops to Somalia, where a U.N. humanitarian force was withdrawn in 1995 following the deaths of numerous soldiers, including 18 Americans killed in a single battle.

Equally problematic is the reconciliation of Somali clans whose loyalty is distributed among the transitional government, a divided Islamic leadership and myriad other warlords. Western aid pledges are contingent on the warring groups -- with the exception of the Islamic leaders the United States says are harboring al-Qaeda suspects -- agreeing to a political accommodation.

If an international force were to enter the country before a political deal is made, the European diplomat said, it would be seen as supporting only one faction.

In Somalia, Confusion Remains In Command (WP)

By Stephanie McCrummen, Washington Post Foreign Service

The Washington Post, January 6, 2007

Premier Exhorts Revived, Ragtag Army

MOGADISHU, Somalia, Jan. 5 -- The revived Somali national army assembled here Friday in the sand-blown yard of the former parliament, a hollowed-out building splashed with grenade blasts and scrawled with apocalyptic graffiti.

About 1,000 men sat in the sun, soldiers who had been inactive for 15 years, old men with graying beards wearing whatever shade of camouflage they found at the market or dug out of storage. Few had boots; most wore leather loafers, sandals or thin-soled tennis shoes. They squinted at the newly ascendant prime minister, Ali Mohamed Gedi, who was swept into power last week on the strength of Ethiopian soldiers now pointing machine guns at the crowd.

"As prime minister, I say let us go back to our national interests," said Gedi, a former veterinarian. "This capital of Somalia is not for clans or tribes. It's for all Somalis. Is this clear? Will I repeat it, or have you got it?"

They all stood to sing the Somali national anthem, with many soldiers simply moving their lips, having forgotten the words. When it was over, 100 or so civilians heckled the new force -- "Traitors!" -- and Gedi zipped off in a convoy.

Even at such orchestrated events in Mogadishu, it is unclear who is in control, and the same could be said of Somalia itself.

Candidates for the title include the heavily armed Ethiopian forces stationed at strategic points around the city, without which Gedi's government would have failed to take the country from the popular Islamic Courts movement. There is Gedi himself, who leads an internationally recognized government but is perceived by many Somalis as a puppet of the Ethiopians.

The Ethiopians, in turn, are perceived as closely tied to the United States, which has expressed concern that Somalia could become a stronghold for terrorists. There is the fractious parliament, which Gedi is set to meet with in the next few days and

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whose members include warlords formerly backed by the United States, and others tied to webs of clans, sub-clans and sub-sub-clans, most with their own militias.

And somewhere in the oceanside city of sand, goats, poetry and barbed wire, an estimated 3,500 former Islamic Courts fighters who shed their uniforms are thought to be awaiting instructions to attack the Ethiopian troops. On Friday, al-Qaeda's deputy leader, Ayman al-Zawahiri, posted a message on the Internet calling on the fighters and other Muslims to attack the invading "crusader" force, Ethiopia, which has a government and army dominated by Christians and a population that is nearly half Muslim.

All week, pamphlets circulating in the city have warned residents to stay away from Ethiopian soldiers.

"This is a funny question," said Gedi, when asked who is controlling Somalia. "The transitional federal government. It's a fully inclusive and representative government. This is my commitment, this is my responsibility as a prime minister to lead the Somali people."

Gedi's government is frail, however. He has not reached out to any moderate Islamic Courts leaders, widely credited with bringing security to Mogadishu, choosing to provide amnesty instead of inclusion in the government. A process of disarming the city is going badly, and Gedi said this week that he has only half the security forces he needs. Although the United States pledged $40 million in aid Friday, the government has practically no revenue to pay soldiers and set up ministries, or to assist thousands whose farms were ruined by recent floods.

Somalia's parliament, where representation is based on clan and sub-clan, includes many of the old warlords who had organized as an "anti-terrorism coalition" funded by the U.S. government, and otherwise made money by setting up roadblocks across the country to extract bribes. They were defeated by the Islamic Courts in June and are now seeking to wield power again, with some, such as Mohamed Qanyare Afrah, growing impatient with Gedi, whom they accuse of favoring his own people.

"They don't have any real power or any real authority," Qanyare said of the government. "My people want a government of national unity, not a government of certain clans, and that is what this government looks like."

Qanyare, a charismatic man known as the founder of the anti-terrorism coalition, sat in his armed compound on a hill at the city's crumbled edge, a place that seemed more like a military position than a home. He is from a sub-clan that is a rival of Gedi's.

A fleet of trucks was parked behind a wall, and militiamen armed with AK-47 assault rifles clustered at the door. Qanyare wore a bright yellow shirt with an abstract print, his hair wild and gray, and compared the prime minister and the various clans to a man with many unequally loved wives.

"If you don't love them, they will get a divorce," said Qanyare, adding that, at the moment, he is reading a book titled "Global Intelligence."

Ordinary Somalis are not sure who is in charge: the Ethiopians, the government, the warlords or the exiled Islamic Courts leaders and their underground fighters. Asked who he thought was wielding the most power, Amir Sheihk Elmi, who is in the cellphone business, said, "Allah."

Security continues to be the main concern in Mogadishu, where many residents fear that without an effective government force, authority in the country is reverting to the old collection of warlords and freelance militiamen.

Former Islamic Courts fighters in the city are hoping to harness those fears, along with resentment toward the Ethiopian troops, to reassert control.

"We are in Mogadishu, and we will challenge anyone to get security back," said Ali, a 21-year-old former fighter who declined to be identified further.

Late Friday afternoon, Ali said he had not heard about Zawahiri's Internet message. But he said that "shebab" fighters -- the young volunteer core of the Islamic Courts militia thought to be the most serious fighters -- were in "full contact" with Islamic Courts leaders who had fled the city last week. Asked whether he had a weapon, Ali shrugged and said insouciantly: "I have an AK-47 at home."

"When I hear about disarmament, I laugh," he said. "Who is supposed to take the guns? Who will be doing this?"

Asked who was in control of Somalia, he said without hesitation, "Sheik Sharif," referring to Sharif Ahmed, a top Islamic Courts leader reportedly among those on the run along the Somali coast.

The United States and Ethiopia have accused the Islamic Courts leaders of harboring three suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania and of cooperating with al-Qaeda. Intelligence analysts disagree over the extent to which al-Qaeda has influenced leaders in the Islamic movement, if at all, and whether the three terrorism suspects were in hiding in Somalia or being sheltered.

On Friday, U.S. Navy warships patrolled off the Somali coast to prevent suspects from escaping by sea. And Ethiopian troops were preparing for a major attack on Ras Kamboni, a town near the Kenyan border that is thought to be the last stronghold of fleeing Islamic Courts fighters.

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Day After Killings, A Hamas Leader Calls For A Truce (NYT)

By Steven Erlanger

The New York Times, January 6, 2007

JERUSALEM, Jan. 5 — The Palestinian prime minister, Ismail Haniya, called Friday for an end to the internal violence in the Gaza Strip, a day after members of his own Hamas militia surrounded the house of a Fatah commander, killed him and his bodyguards and seriously wounded his wife and brother.

Before his death, the commander, Col. Muhammad Gharib, begged for help on a live telephone call to Palestinian television, saying his home near Jabaliya was being attacked by the Executive Force, a parallel security force under the command of the Hamas-run Interior Ministry, but that Fatah leaders and fighters did not respond.

"They are killers," he said of the gunmen. "They are targeting the house. Children are dying, they are bleeding. For God's sake, send an ambulance! We want an ambulance — somebody move!"

On Friday, Fatah issued a statement suggesting another round of retaliation. "All killers are legitimate targets," the statement said, adding, "What is called the Executive Force is an enemy."

The statement, confirmed by a Fatah official, Abdel-Hakim Awad, also said negotiations with Hamas on a unity government were impossible in the present atmosphere.

"There will be no dialogue in the midst of this series of killings and organized terrorism practiced by Hamas," the statement said, calling on the Palestinian Authority president, Mahmoud Abbas, to fire Interior Minister Said Siam and disband the Executive Force.

"Said Siam is responsible for the execution and the cold-blooded murder to which our martyrs in Jabaliya were subjected," the statement said.

Mr. Abbas, who met with Mr. Haniya early Friday in an attempt to restore calm, tried to disband the Executive Force when it was established, but failed. Now it has about 6,000 men, including several hundred drawn from factions usually loyal to Mr. Abbas's Fatah movement.

Hamas officials said Colonel Gharib had been responsible for the deaths of two of their fighters.

Mr. Abbas has called for early parliamentary and presidential elections, a challenge to the Hamas government, which won parliamentary elections a year ago. Hamas has said it will not allow early elections, which it says are illegal, and has moved to enforce its hold over Gaza while calling for renewed talks on a unity government that Mr. Haniya would lead.

The new tensions have set off a series of battles between Hamas and Fatah forces that show no sign of ending, despite various efforts to restore calm.

There were emotional funerals on Friday for some of the dead from the attack on Thursday on Colonel Gharib's home. Two more people who had been wounded died Friday, bringing the total to eight. As a funeral cortege passed the colonel's blackened, shrapnel-riddled house, masked men fired guns into the air and shouted for revenge.

In Palestinian violence on Thursday, more than 60 people were wounded, including 10 children, Palestinian medics said. On Wednesday, five people died from violence.

On Friday a local cleric and frequent critic of Hamas, Adel Nasar, was murdered as he left his mosque, witnesses told The Associated Press.

There was no claim of responsibility in the death of Mr. Nasar, who was not openly affiliated with any political party, though he often spoke against Hamas in his sermons. In his sermon on Friday, Mr. Nasar warned that God would punish the killers of Colonel Gharib and his bodyguards, as well as the Palestinian rulers for not putting the rule of God into effect, witnesses said.

Speaking in another mosque on Friday, Mr. Haniya called for Palestinian guns to be aimed at Israelis, not other Palestinians. "Our fight is not an internal one, it's against the occupation," he said. But it is increasingly clear that Mr. Haniya, although prime minister, does not have operational control over many of the Hamas gunmen, just as Mr. Abbas cannot control Fatah-affiliated militias.

As in Iraq, the division of power created by democratic elections, in the absence of a traditional powerful state or after the disappearance of one, has meant the continuation of party politics through armed militias affiliated with factions but not always controlled by them.

In the West Bank on Friday, Fatah supporters celebrated an anniversary by attending the weekly demonstration against Israel's separation barrier in the town of Bilin, where the barrier cuts off the village from much of its farmland.

The demonstrators are a mixture of Palestinians, Israelis and foreigners, and as usual, what was supposed to be a nonviolent protest turned into exchanges of rocks, rubber-coated bullets and tear gas with the Israeli Army and the border police.

Ten demonstrators were wounded, and two were hospitalized. Jibril Rajoub, a Fatah member and former security chief, said, "Our battle with Hamas is not a battle of assassination, kidnapping or revenge."

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"Our battle is with the occupation, not with each other," he added.

According to [a news organization], the Bush administration is asking Congress for $86 million in aid, not including weapons and ammunition, to bolster Mr. Abbas and his Presidential Guard. The aid, mostly training and supplies, according to an American document obtained by [a news organization], is intended "to dismantle the infrastructure of terrorism and establish law and order in the West Bank and Gaza." Officials said previously that they expected to ask for nearly $100 million for the effort, which has itself been widely reported.

In Israel, there were recriminations over a failed army arrest raid in the center of the West Bank city of Ramallah on Thursday, hours before Prime Minister Ehud Olmert was to meet President Hosni Mubarak of Egypt. The wanted man, though wounded, escaped, and four Palestinians were killed as Israeli forces exchanged fire with Palestinians in violent scenes that were televised live on Al Jazeera.

Mr. Olmert's aides said he had not been informed of the raid in advance and was angry about what had happened. The violence overshadowed the summit meeting, which Olmert aides said had gone well.

Benjamin Ben-Eliezer, an Israeli cabinet member and former defense minister, criticized the timing of the raid. "I don't think this operation should have been carried out on the day of a visit by the Israeli prime minister to a country in which we have a supreme strategic interest," he told Israel Radio. "Our relations with Egypt are more important to us than anything else."

Cleric Shot In Gaza After Plea For Calm (FT)

By Harvey Morris, Guy Dinmore

Financial Times, January 6, 2007

Unidentified gunmen shot dead a Muslim cleric after he delivered a sermon in the Gaza Strip on Friday calling for an end to fierce factional fighting between Hamas and Fatah, hospital officials and local residents said.

The cleric's shooting in central Gaza came hours after Ismail Haniyeh, the Palestinian Authority's Hamas prime minister, and Abu Mazen, its Fatah president, agreed to keep rival gunmen off Gaza's streets after clashes in which eight were killed.

Brushing aside Mr Haniyeh's plea for calm, Fatah issued a statement in Gaza: "Blood for blood and aggression for aggression...and all the sons of the movement should retaliate to each aggression openly."

It was their first encounter since last month's announcement by Mr Abbas that he planned to call new elections, which sparked the latest round of factional violence.

There was no statement from the president on the outcome of the meeting, but Mr Haniyeh said: "We are going to end all armed displays in the streets."

Mohammed Ghayeb, a commander of the Fatah-linked Preventive Security Force, and six of his bodyguards were killed on Thursday at the end of a day-long Hamas assault on his Gaza home. In a call to Palestine television shortly before he died, Colonel Ghayeb appealed for an ambulance to be sent to his home.

Hamas militants had held the Fatah force responsible for the killing of one of their number earlier in the day.

The factional violence is worsening just as the US is gearing up for another diplomatic effort in the region, sending Condoleezza Rice, secretary of state, to Israel and the Palestinian territories late next week. However diplomats and US officials in Washington give no sign of any significant shift away from the current strategy of supporting Mr Abbas, with money and equipment, while isolating and shunning Hamas.

The international Quartet seeking to direct the peace process with Israel – the European Union, the US, Russia and the United Nations – are to meet on the sidelines of an international conference for Lebanon in Paris on January 25.

Angela Merkel, the German chancellor, and Javier Solana, the EU foreign policy chief, were both in Washington this week to press for renewed US engagement before the US electoral calendar of the 2008 presidential race pushes foreign policy aside. But the US has rebuffed efforts by some Europeans to broaden negotiations to include Syria.

Leaders of the two Palestinian factions have reached numerous deals to calm the factional violence but few have held for more than a few days.

Relations between the rival parties deteriorated after Hamas defeated Fatah in general elections a year ago and worsened after Mr Abbas called for new elections after the breakdown of talks to form a national unity government.

The rivalry is exacerbating a de facto split between the Gaza Strip, Hamas's power base, and the West Bank, where Fatah has a stronger armed presence.

Tanzanian Woman Is Chosen For U.N.'s 2nd Highest Post (NYT)

By Julia Preston

The New York Times, January 6, 2007

DOJ_NMG_0113862

UNITED NATIONS, Jan. 5 — Secretary General Ban Ki-moon on Friday appointed Asha-Rose Mtengeti-Migiro, the foreign minister of Tanzania, to be deputy secretary general and said he intended to give her responsibility for day-to-day management of the world organization.

In choosing Ms. Migiro, 50, a professor who has served for six years in Tanzania's cabinet, Mr. Ban fulfilled a pledge to place a woman from a developing country in the second most powerful post at the United Nations. In a statement, he praised her "outstanding management skills" and said he intended to delegate to her "much of the administrative and management work of the Secretariat."

On Wednesday Mr. Ban, who took over as secretary general on Jan. 1, appointed Alicia Bárcena Ibarra, 54, a Mexican diplomat, to be the under secretary general for management, the top post focused exclusively on administration.

While some United States officials were unenthusiastic about Ms. Bárcena because of her lack of experience in financial management, they praised the choice of Ms. Migiro.

"Her experience indicates she will do a fantastic job," said Richard A. Grenell, the spokesman for the United States Mission. American officials said Secretary of State Condoleezza Rice was personally acquainted with Ms. Migiro and was pleased when she heard of the appointment on Friday.

Ms. Migiro has been Tanzania's foreign minister since January 2006, and before that she served for five years as minister for community development, gender and children. Over the past year she has played a leading role in efforts to resolve conflicts in central Africa.

As Mr. Ban started to build his team this week, African diplomats said they were pleased to hold on to one of the most influential posts after Kofi Annan, the former secretary general, who was from Ghana, stepped down.

"Women are multitasking people," said Dumisani S. Kumalo, the South African ambassador, who is a major player on behalf of developing nations. "And African women are even better. Watch out!"

African diplomats said Ms. Migiro had carried out a management overhaul in the foreign ministry, requiring new standards of efficiency.

Some United Nations officials noted that Mr. Ban's choices signaled a step back from the corporate-style management reforms that Washington has pushed since the early 1990s. Neither Ms. Migiro nor Ms. Bárcena had substantial business experience. Mr. Ban made it clear that he would focus on diplomacy and did not intend to play the chief executive role, as some Americans had hoped.

But Ms. Migiro may help Mr. Ban to win new support for reform. "The developing countries have seen the United States reforms as a way of taking control of the United Nations away from them," said Princeton N. Lyman, a senior fellow at the Council on Foreign Relations. He said Ms. Migiro might be able to propose reforms "in a way that does not seem threatening to them."

UN Chief Picks Tanzanian Deputy (BBC)

BBC.com, January 5, 2007

The new United Nations Secretary General, Ban Ki-Moon, has named a Tanzanian official, Asha-Rose Migiro, as his deputy.

The current Tanzanian foreign minister, she replaces British diplomat Mark Malloch Brown.

Before joining the government, Ms Migiro was a senior lecturer at the law faculty of Dar es Salaam University.

The appointment fulfils Mr Ban's pledge to choose a woman to fill the post of deputy secretary general.

Mr Ban described Ms Migiro as a highly respected leader who had championed the cause of developing countries over the years.

Mr Ban, 62, is the first Asian to hold the top post in 35 years.

The former South Korean foreign minister succeeded Kofi Annan, of Ghana.

Tanzanian Woman Chosen For No. 2 Post At United Nations (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, January 6, 2007

UNITED NATIONS — Secretary-General Ban Ki-moon on Friday made good on his pledge to appoint a woman from the developing world as deputy, choosing Tanzanian Foreign Minister Asha-Rose Migiro.

Ban called Migiro "a highly respected leader who has championed the cause of developing countries," and said he planned to delegate much of the U.N.'s management and administrative work to her. She will also oversee socioeconomic affairs and development issues.

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The deputy secretary-general is a relatively new U.N. post, created by Ban's predecessor, Kofi Annan, in 1998. After the Iraq oil-for-food scandal revealed systemic mismanagement in the organization in 2005, Annan tried to transform the post to help rein in the bureaucracy. Ban has pledged to streamline the U.N. staff, and Migiro will oversee the day-to-day running of the world body and the changes in management and operations that Ban says he plans.

Migiro, 50, became Tanzania's first female foreign minister in January 2006 after serving as a university lecturer and Cabinet minister in Dar es Salaam, the nation's capital.

U.N. spokeswoman Michele Montas said Migiro proved her ability to manage as the chairwoman of the Great Lakes regional conference in Central Africa in December. Montas said Ban carefully considered many candidates and emphasized that Migiro "was not named because she's an African and because she's a woman, but essentially because of her qualifications."

South African Ambassador Dumisani Kumalo, however, said that although Migiro "is very experienced in managing foreign affairs," being an African woman was her best qualification.

"Women are multi-tasking people," Kumalo said. "African women are even better. Watch out!"

African Union envoy Salim Ahmed Salim, Tanzania's former prime minister and foreign minister, said Migiro was a good choice, and not just because she was Tanzanian. "She's a very informed person, well educated, extremely articulate," he said. "She is one of those who has been an activist in the political situation in Tanzania, and an activist basically in the struggle for human rights on the continent."

Ban has spent his first week on the job filling his Cabinet, trying to balance merit, gender and geography. The permanent Security Council members have traditionally been guaranteed some of the top Cabinet posts, and so far, the custom seems to be continuing.

The new secretary-general named British diplomat John Holmes to be the new chief for humanitarian affairs and appointed Montas, an award-winning Haitian broadcast journalist, as his spokeswoman. Former Indian ambassador and undersecretary-general Vijay Nambiar is Ban's chief of staff. Mexican environmentalist Alicia Barcena Ibarra, who was Annan's chief of staff, succeeded American Christopher B. Burnham as undersecretary-general for management.

The U.S. is expected to receive a bolstered political affairs post and France to retain peacekeeping. China may run the Department of Economic and Social Affairs.

U.N. Chief To Open Financial Records (WP)

By Colum Lynch, Washington Post Staff Writer

The Washington Post, January 6, 2007

UNITED NATIONS, Jan. 5 -- U.N. Secretary General Ban Ki Moon announced Friday that he will release his personal financial records, making him the first U.N. leader to subject his financial dealings to public scrutiny.

Ban also appointed Tanzania's female foreign minister, Asha-Rose Migiro, as the United Nations' second-ranking official, fulfilling a campaign pledge to pick a woman from the Third World as his deputy.

The moves came as Ban faced a week of tough questioning from reporters over his decision to select two U.N. insiders to run his office and to oversee the institution's management. Those appointments raised questions about Ban's commitment to reinvigorate the world body's tarnished administrative culture.

The former South Korean foreign minister's action on his financial records was partly symbolic, because Ban had already been required to file disclosure statements when he served in the South Korean government. It was calculated to prod other senior U.N. officials to voluntarily make their own financial statements public.

Still, his announcement represented a break from his predecessor, Kofi Annan, who declined news media appeals to release his personal financial records and grudgingly agreed to disclose them to the newly established U.N. ethics office only during his final months in office.

Michele Montas, Ban's spokeswoman, said that Ban filed his financial statement on Tuesday with the U.N. ethics unit, where it will be examined by a U.S. auditing firm, PricewaterhouseCoopers. Other senior U.N. officials are required to file a financial disclosure statement with the ethics unit, but they are not required to make them public. "If they voluntarily want to do it, I guess they could do it. However, they are not in any way forced to do it," Montas said. "The secretary general said he wanted to give an example."

Montas said Ban has also asked the United Nations' top 60 officials to offer letters of resignation to allow him greater flexibility in selecting a new management team. She said the officials will continue their work for the organization until Ban assembles his new team.

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Ban will "delegate much of the management and administrative work" to Migiro, a former academic who served for five years as Tanzania's minister for community development, gender and children's affairs, Montas said. Migiro, who was appointed Tanzanian foreign minister in January 2006, will also oversee U.N. social, economic and development activities.

It remained unclear how vigorously Ban examined Migiro's qualifications before offering her the job. Montas said that Ban had not held a single face-to-face interview with her before she was selected. But she said that Migiro, who beat out several other candidates for the job, had impressed him when they worked together as foreign ministers. "She was not named because she's an African and because she is a woman, but essentially because of her qualifications," Montas said.

In a statement, Ban called Migiro "a highly respected leader" with "outstanding management skills" who has championed the cause of the world's poorest countries. The appointment was praised by a bloc of developing countries -- the Group of 77 -- which has been lobbying aggressively for greater representation in the U.N. leadership.

A Status Quo Secretary General (NYT)

The New York Times, January 6, 2007

The big powers in the United Nations Security Council chose Ban Ki-moon as secretary general because they wanted a low-key bureaucrat who wouldn't rock the boat. Judging by Mr. Ban's early moves, the world has gotten exactly that.

Expect no Kofi Annan-style exhortations to live up to the values of the U.N. charter. In commenting on the sordid execution of Saddam Hussein, Mr. Ban even managed to forget that the U.N. opposes the death penalty on principle. Expect no shift from patronage to selection based on merit for key staff positions. The top jobs in peacekeeping, political affairs and humanitarian relief are already being doled out to the favored candidates of London, Paris and Washington (three of Mr. Ban's backers).

And expect no serious drive for much-needed administrative reform. The top management job, previously held by a reform-minded American, has now been given to a long-serving insider, Alicia Bárcena Ibarra of Mexico.

Mr. Ban takes over at a difficult time. The secretariat's reputation for integrity has been battered by the oil-for-food scandal, and the Security Council's claim to influence has been battered by its failure to halt the genocide in Darfur or the nuclear ambitions of Iran and North Korea.

On one crucial front, though, the outlook may be brightening. Under President Bush, relations between Washington and the U.N. were driven to their lowest point ever, following the twin blows of the Iraq war and the destructive presence of the former ambassador, John Bolton. The White House reportedly plans to nominate a new ambassador, Zalmay Khalilzad, who actually believes in diplomacy.

Mr. Khalilzad is currently the ambassador in Baghdad, where he is one of the few American officials to try to reach out to Sunni Muslims and curb the divisively sectarian policies of Prime Minister Nuri Kamal al-Maliki. Unfortunately, the White House — desperate to make Mr. Maliki look like a leader — decided it did not want such an activist ambassador. We hope that choosing Mr. Khalilzad for the United Nations is at least a sign that Mr. Bush is learning the importance of diplomacy and cooperation, if not the importance of a powerful U.N. leader or a strong-minded ambassador in Baghdad.

China Moves To Tighten The Money Supply (NYT)

By David Barboza

The New York Times, January 6, 2007

SHANGHAI, Jan. 5 — China's central bank said late Friday that it had raised the reserve requirement ratio for banks, the fourth increase in six months, to further tighten the nation's money supply.

The modest move, which takes effect this month, increases the reserve ratio by half a percentage point, to 9.5 percent. Analysts said it was the government's latest warning that too much money in the financial system could ignite inflation and perhaps fuel a stock market bubble.

"This is a warning shot," said Dong Tao, the chief economist for non-Japan Asia at Credit Suisse. "If the stock market continues to go up, we might see further tightening."

Raising the amount of cash reserves that Chinese banks keep on hand with the central bank effectively restricts the amount of money that banks can lend. While not being very restrictive, the central bank aims to curb excessive lending to new factories, real estate projects and road construction.

The move also comes as China's stock market is booming after several years in the doldrums. Last year, the country's key index — the Shanghai exchange — rose 130 percent to close at 2,675, a record and the best performance of any major stock exchange in the world in 2006.

The market reached a 16-year high in December, as millions of investors who had been sitting on the sidelines in 2004 and 2005 jumped back into stocks.

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Analysts say the government is determined to keep the economy expanding but is concerned about growing so quickly that the economy might crash before 2008, when Beijing is host to the Olympic Games, viewed as the ultimate coming-out party for China.

Overinvestment in real estate and construction has been among the chief worries for the government. And for much of the last two years there have been frequent warnings and government measures to tame a wild property run.

The Central Bank said that last October, for the first time in five years, the bank savings of Chinese citizens decreased from the month before, presumably as more money went into the stock market. Credit Suisse estimated that more than $30 billion in bank deposits have flowed into mutual funds or direct plays into the stock market over the last six weeks.

Many analysts say now that the bull run will continue in 2007, prompting even more money to flow into the market. One Chinese mutual fund raised $5 billion in a single day recently before closing its doors to new investors, an astonishing achievement here, according to some economists.

Industrial and Commercial Bank of China, which was publicly listed only last October, here in Shanghai and in Hong Kong, has already gained over 70 percent. This week, prices shot up again, before falling sharply Friday.

The run-up means companies in China can once again raise money in the Chinese market rather than relying on the Hong Kong stock market. But huge risks remain in a market that many analysts have long derided as a gambling den crowded with companies with suspect accounting.

Several economists say that more increases are expected in the coming months, to tame the economy and the stock market.

Hong Liang, a Hong Kong-based economist at Goldman Sachs, said that the government had used the reserve ratio as a policy tool to help manage the economy but that it had not been very effective in cooling things down. She did not "expect it to have much impact on the real economy or the financial markets."

Large amounts of money flow into the country through foreign investments and surplus dollars from trade. China also has a high savings rate. So many people are looking to put that money to work — in real estate, the stock market and even by investing in art and antiques.

"A lot of hot money has entered the market, legally and otherwise," said Chang Chun, a professor of finance at the China Europe International Business School in Shanghai, speaking of the stock market. "In the past few years people were overpessimistic. Right now, they are overoptimistic and they're bringing a lot of money into the market."

China Currency Near Parity With Hong Kong's Dollar (NYT)

By Keith Bradsher

The New York Times, January 6, 2007

HONG KONG, Jan. 5 — For more than half a century, residents of Hong Kong have taken pride in being more prosperous than their cousins nearby in mainland China, and have enjoyed feeling like big spenders whenever they crossed the border.

Merchants across the border in Shenzhen were happy to take Hong Kong dollars, pocketing the 6 percent premium it commanded over China's currency. Mainland tourists offering Chinese currency here were charged extra or even turned away and told to come back with Hong Kong dollars.

But the yuan is poised to become more valuable than the Hong Kong dollar by the end of the month, and could pass the traditional benchmark for the Hong Kong dollar's value as early as next week. The shift has been the latest in a series of shocks for residents' confidence that they or their ancestors had made the right decision to live in Hong Kong instead of anywhere else in China.

"Nowadays, the gap between China and Hong Kong has narrowed, and some people even think the standard of living in China is higher," where prices are lower and incomes are rising quickly, recalled Chan Chi Him, the second generation of a family that has sold birds' nests as a delicacy here since the end of World War II.

"It's easier for Chinese people to make money," he said.

Average incomes per person in cities like Beijing, Shanghai or Guangzhou remain a fifth or less of incomes for people in Hong Kong. But the averages in China are dragged down by very large numbers of very poor people.

People in Hong Kong are used to comparing themselves with the educated middle class on the mainland. And they are finding that a growing class of Chinese businessmen and businesswomen have become more affluent than the average resident of Hong Kong.

Millions of middle-class Chinese flock here every year, and shopkeepers are now happy to take Chinese currency, known as the yuan or renminbi.

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At the same time, many shopkeepers across the border in China have stopped taking Hong Kong dollars or have begun asking a slightly greater number of dollars than the number of yuan on price tags would suggest.

Prices are rising here in markets for everything from luxury apartments to dried bugs, and the culprit is the same: the rising value of the Chinese yuan and the falling value of the Hong Kong dollar.

The winning bid in a land auction last month worked out to more than $7,000 a square foot once houses are built, making Hong Kong real estate some of the most valuable in the world. Developers are betting that multinationals and mainlanders alike will continue to see Hong Kong as an excellent base for doing business in China.

But Hong Kong also imports much of its food and other goods from the mainland, and the prices are climbing.

Sellers of traditional Chinese medicine are having to pay more for the herbs, insects and other wares they buy from the mainland. The price of dried cicadas, which are boiled in soup to improve eyesight, has risen close to 4 percent in the last year as the yuan has gradually strengthened, said Lee Chun Hung, the chairman of Lee Hoong Kee Ltd., a Chinese medicine wholesaler.

Prices have soared for herbs that are in demand across China, as increasingly affluent mainlanders have bid up prices to levels that many people in Hong Kong cannot afford. A rare root that is boiled in soup and eaten to strengthen the lungs now sells for $618 for a small box, four times its price two years ago.

"It's not just the rise of the renminbi," Mr. Lee said, "it's also because the standard of living is going up on the mainland."

While prices are starting to creep up here after years of deflation, rising home prices and falling unemployment have helped produce soaring confidence here in the territory's economic future, recent surveys have shown.

The yuan has been rising partly because of calls from the United States and Europe for the Chinese currency to reflect China's rising trade surplus and huge intake of foreign investment.

Chinese officials have also voiced concerns that maintaining a low value for the currency may eventually unleash inflation, although prices are barely rising now on the mainland.

China unified various exchange rates in 1994 and, after several years of gradual appreciation, fixed the exchange rate of the yuan at 8.28 to the dollar in 1998. Beijing officials maintained that level until July 2004. They then began allowing a slow appreciation, with the yuan climbing 3.4 percent last year. It was worth slightly more than 7.81 yuan to the dollar in Friday trading in Shanghai.

The Hong Kong Monetary Authority pegged the Hong Kong dollar at 7.8 to the United States dollar in September 1983, and maintained that policy with few changes until June 2005. It then moved to a narrow trading band of 7.75 to 7.85 to the dollar.

The Hong Kong dollar has been trading near the top of that band lately, which is why it is likely that it will take a couple of more weeks for the yuan to reach parity.

Ben Simpfendorfer, a currency strategist at the Royal Bank of Scotland, said that the yuan would surpass the Hong Kong dollar "definitely before the end of the month."

While some speculators have raised the idea that the Hong Kong dollar might be repegged to the yuan, the Hong Kong Monetary Authority has been opposed, and most economists say that the move would be a bad idea. The weaker Hong Kong dollar improves Hong Kong's competitiveness relative to cities on the mainland, and a peg to the yuan would be difficult to maintain.

The yuan is not an internationally traded currency and the Chinese government backs it with a fairly inflexible monetary system in which the economy is controlled less by interest rate changes than by administrative measures, like an order on Friday that banks raise their reserves at the central bank to 9.5 percent of assets, from 9 percent.

The sometimes tumultuous violent history of currency policy in Hong Kong has also discouraged officials. When the Hong Kong dollar plunged in early September 1983, partly on uncertainty over what would happen to the territory after its return to Chinese rule in 1997, gasoline prices climbed because they were set in dollars and taxi drivers responded by holding a protest that turned violent; the Hong Kong dollar has been closely managed ever since.

China Media Battle Hints At Shift On Intellectual Property (NYT)

By Howard W. French

The New York Times, January 6, 2007

SHANGHAI, Jan. 3 — One of China's largest newspapers has filed a lawsuit against one of the country's leading Internet portals claiming that it violated copyright laws, setting off a media war and highlighting the first signs of a possible shift in policies toward intellectual property rights here.

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In the suit, which was filed in October and is expected to go to court soon, the newspaper, The Beijing News, is seeking $400,000 in damages from a popular Internet site called Tom.com, alleging that it has copied and republished more than 25,000 articles and photos without authorization since 2003.

China has long had the reputation as a sort of no man's land for intellectual property rights, with companies in virtually every industry freely copying designs and other content from foreign companies and domestic rivals with little fear of punishment.

The lawsuit, however, is headed to court at a time of accelerating legal change and signs of increased efforts by law enforcement to protect copyrights and intellectual property. It is also a critical time for China's newspaper industry, which grew explosively in the last decade or so but now faces an even faster-growing rival: Internet-based news media.

Now, as in the United States and many other countries, with computer use and broadband access booming here, newspapers are losing readers to large, corporate-owned Web sites. What had set China apart from much of the rest of the world until recently was that these Web sites faced no legal obstacles in copying material from newspapers, often wholesale.

"There is a very brutal competition between newspapers — with seven or eight big ones just in Beijing — and now a big, new player, the Internet, wants to wipe them all out, to change the landscape," said Yu Guofu, a lawyer who specializes in intellectual property. "The press is leading a hard life and facing an unpleasant future, but it has decided it is better to protect its rights than just sit and wait to die."

According to one recent study, newspaper readership in China has declined sharply in the last three years, with the number of people who say they read a newspaper at least once a week falling to 22 percent last year from 26 percent in 2003.

A major presumed cause for the decline is that big Internet content providers, or portals, have become one-stop sources for all manner of information, including news, entertainment and blogs.

Until recently, the general practice for most portals was to lift news and other information directly from other sources, sometimes crediting the original source and sometimes not, but rarely paying for the information.

The Beijing News lawsuit was filed a little more than a year after a meeting of major newspaper publishers in Nanjing at which strategies were discussed to shore up the industry's base and combat the leeching of content and readers by Internet companies.

"In terms of the law, things are quite clear, that Tom's use of Beijing News's work without authorization clearly violates Beijing News's copyrights," said Yu Guoming, dean of the school of journalism at Renmin University in Beijing. "There are lots and lots of cases very similar to this one, but with this lawsuit, the traditional media is sending a very clear signal to the electronic media that their free lunch is over."

A spokesman for Tom.com, Tu Jianglu, denied any violations. "As a big company we respect copyright and property rights," he said. "I can only say that there are other facts that make this more complicated."

The Beijing News declined to comment on the lawsuit.

Until recently, China's laws have generally been anything but clear on intellectual property, and have made it difficult to win a suit over an alleged infringement. Such an environment may have served China's needs earlier in its industrial takeoff, when its industries were straining to catch up with the West.

The battle in the news media reflects part of a shift in the intellectual property landscape as China's growing place in world trade has brought strong new pressures to rein in wholesale piracy. Many of the country's largest Internet companies, for example, are listed on foreign stock exchanges, making them liable for lawsuits filed abroad.

Zhang Xin, a spokesman for Sohu.com, a leading portal, said, "We've signed agreements with over 1,000 traditional news organizations in China, which means that if we use their articles or reports, we definitely have reached prior agreement with them."

An awareness also seems to be taking hold here that Chinese companies must build strong brands of their own to succeed and that they cannot do so in an environment where copying goes unpunished.

"To enhance the country's development we are trying to encourage innovation," said Xu Chao, vice director of the National Copyright Bureau, a government agency. "We are placing more emphasis on intellectual property, and have made improvements in the law. It used to be possible for traditional media or Internet media to simply copy each other's work, but now this has been forbidden."

White Farmers Given Leases In Zimbabwe (WP)

By Craig Timberg, Washington Post Foreign Service

The Washington Post, January 6, 2007

19 Grants Signal Modification Of Divisive Land Reform Policy

DOJ_NMG_0113868

JOHANNESBURG, Jan. 5 -- Zimbabwe has granted long-term leases to 19 white farmers in a step toward allowing as many as 1,000 white-owned commercial farms to resume operating legally after years of land seizures, a top government adviser said.

The issuing of the leases is the latest indication that Zimbabwe is pulling back from the harshest elements of a seven-year-old land reform program that has devastated its once-thriving agricultural sector and helped push the annual inflation rate over 1,000 percent, the highest in the world.

The adviser, Sam Moyo of the African Institute for Agrarian Studies in Harare, the capital, said the government is not abandoning an effort that has given farms to tens of thousands of landless black peasants. But he said it is now clear that Zimbabwe has sufficient fertile land to also allocate modest plots to most of the white farmers who remain.

"There's enough land to accommodate a thousand white farmers," Moyo said from Harare. He outlined the plan in Thursday's editions of Britain's Guardian newspaper.

Many white farmers have rejected the move as a desperate bid to revive the country's economy without restoring their property rights. The new leases are for 99 years but include conditions that would allow government officials to easily revoke them, and the leases can be bought and sold only with the approval of the government.

Farmers say that few banks will lend the capital necessary to restart major commercial operations without legally recognized, transferable deeds.

"They don't seem to be serious," said Trevor Gifford, vice president of Zimbabwe's Commercial Farmers Union, speaking from the eastern border city of Mutare. "Those 99-year leases they've issued are not worth the paper they're printed on."

Gifford was once a prominent promoter of the government's on-again, off-again effort to allow some white farmers to legally return to their land. But his public optimism about the government's intentions dimmed in May after his 600-acre farm was taken over. Ten families now inhabit the farm, and commercial cultivation has halted there, he said.

"It's very obvious the government is not interested in production, or even protecting the existing businesses," Gifford said Friday.

Land has long been an emotional, politically explosive issue in Zimbabwe, a southern African country of 12.2 million people that was once the region's breadbasket, producing lucrative surpluses of corn and tobacco.

Before the land invasions began in 2000, an estimated 4,500 white families owned most of the fertile land in a country whose citizens were overwhelmingly landless blacks. The average size of commercial farms in that era, Moyo said, was nearly 5,000 acres.

President Robert Mugabe, in power since the end of white-minority rule in 1980, backed the land invasions, which were spearheaded by self-proclaimed veterans of the guerrilla movement he once led.

Land redistribution, however chaotic and violent, was popular in some areas, but many of the new owners -- including some members of Zimbabwe's business and political elite -- lacked the expertise to run large-scale farms. Agricultural output collapsed, as did a national economy long dependent on farm exports. Zimbabwe, meanwhile, became a chronic recipient of massive international food aid.

Most of the white farmers have fled -- in some cases starting new agricultural ventures in Zambia, Mozambique or Nigeria -- or left the business.

Moyo estimated that 600 white farmers continue to work in Zimbabwe, though many of them on plots one-tenth their previous size, and said that 300 or 400 former farmers would like to return to work. The Commercial Farmers Union gives similar estimates, saying that nearly 1,000 current and former white farmers have applied for long-term leases from the government.

Among the contentious issues remaining is whether white farmers must surrender the deeds to their land to qualify for new leases. Many have locked them away in safes or in bank deposit boxes in other countries, with the intention of waging legal battles to reclaim the property when Mugabe is no longer president.

Moyo said that he did not expect that white farmers would have to relinquish their deeds but that the documents have been made void by a 2005 constitutional change nationalizing all property in Zimbabwe.

Government officials have for the past year made contradictory statements about the nature and extent of their plans to issue long-term leases to white farmers.

Moyo said the debate has often been confused by semantic distinctions, with the government seeing the new leases as an extension of the land reform program rather than a reversal of policy.

"What they are against is having oversized white farms, or too many white farms," he said.

Ties To Communist Secret Police Snare Polish Bishop (NYT)

By Craig S. Smith

DOJ_NMG_0113869

The New York Times, January 6, 2007

PARIS, Jan. 5 — Warsaw's new archbishop, Stanislaw W. Wielgus, caught in Eastern Europe's widening witch hunt for former Communist secret police informers, admitted Friday that he had collaborated with the Sluzba Bezpieczenstwa, or Security Service, known as the S.B.

"Before you today, I confess to the mistake committed by me years ago, just as I have confessed to the Holy Father," Bishop Wielgus said in an open letter to Polish Catholics. "By the fact of this entanglement, I have damaged the church."

He said he compounded that damage by denying "facts of this cooperation" in recent days.

Bishop Wielgus insisted, however, that he had neither spied on anyone nor harmed anyone. He said the only thing he ever did was to inform the secret police of his agenda during foreign academic meetings and to promise not to take part in anti-Communist activities.

He said it was up to Pope Benedict XVI to decide whether he would keep his new job, which he took up Friday.

The bishop is to be officially elevated to archbishop during a ceremony on Sunday in Warsaw at St. John's Cathedral, though many voices in Poland have called for him to step down.

The Warsaw archbishopric is a particularly symbolic institution in the former Soviet bloc. The Polish church, together with the Polish-born Pope John Paul II, were crucial supporters of the pro-democracy Solidarity movement, which helped bring down the totalitarian system and end the cold war.

Confirmation that the archbishop collaborated is doubly troubling because the Polish secret police murdered a charismatic anti-Communist priest from the archdiocese, the Rev. Jerzy Popieluszko, in 1984. Warsaw's departing archbishop, Cardinal Jozef Glemp, waged a quiet battle with the Communist Party in those years.

Many historians argue that a significant segment of the clergy in Poland and other Eastern bloc countries collaborated to varying degrees with the secret services. Priests have recently been added to those segments of society under scrutiny in several countries during recent efforts to expose former Communist collaborators.

Two years ago, files surfaced showing that the Rev. Mieczyslaw Malinski, who had been close to John Paul II, worked for the S.B. in the 1980s. Several other prominent priests have since been accused of having been informers, and some have admitted that they had links to the secret police. The Polish church publicly apologized last year for priests who collaborated with the S.B., but has tried to keep their names secret.

The uproar over Bishop Wielgus's past began shortly after Pope Benedict picked him in early December to succeed Cardinal Glemp as Warsaw's archbishop. A Polish daily newspaper, Gazeta Polska, reported Dec. 20 that the bishop, 67, had spied on dissidents and fellow clerics for more than two decades, until Communism collapsed in 1989.

Both Bishop Wielgus and the Vatican sought to deflect the accusations by saying his involvement with the secret police had been nothing out of the ordinary for people traveling abroad during the Communist era. Leading representatives of the Polish clergy denounced the accusations against him.

But Poland's human rights ombudsman, Janusz Kochanowski, said Thursday that there was evidence in the secret police archives that Bishop Wielgus had knowingly cooperated with Communist authorities. Rzeczpospolita, one of Poland's most respected newspapers, published documents showing that he had met with police agents more than 50 times in one five-year period.

Even Poland's Catholic Church Historical Commission issued a statement on Friday, saying, "There are numerous, substantial documents confirming Stanislaw Wielgus's willingness for a conscious and secret cooperation with the Communist security forces."

The commission said that there was no evidence that Bishop Wielgus's actions harmed anyone, and that the documents would be sent to the Vatican for further study.

Monsignor Wielgus first admitted Friday that he had signed a cooperation statement with the secret police in 1978 under pressure by a "brutal intelligence officer" when he was seeking permission to travel to Munich. "That was my moment of weakness," he wrote.

But he accused the secret police of falsifying documents that cast him as a more eager, useful collaborator than he actually was.

"The personality ascribed to me in the intelligence service documents is so far from the truth that I would never have recognized myself," he wrote.

Those claims are not far-fetched. Almost from the moment the Iron Curtain fell, the nations of the former Communist bloc have been steeped in controversies over the files of their secret police forces. The documents are often elliptical and incomplete, and were sometimes embellished by secret police officers eager to impress their superiors, experts say.

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The documents published by Rzeczpospolita and other newspapers suggest that Bishop Wielgus was recruited by the S.B. in 1967 when he was a philosophy student at the University of Lublin in eastern Poland, more than a decade before he signed the cooperation agreement. Newspapers cited other documents in which the S.B. claimed he had given them information about activities at the university, where he later served as a professor of medieval philosophy.

The newspapers claimed that some documents referred to Bishop Wielgus by the code names Grey, Adam and Adam Wysocki. They said he received training and was rewarded for his collaboration with a grant to study in Munich.

Later Friday, Bishop Wielgus issued another statement, which was broadcast by Vatican Radio's Polish service, in which he said he had collaborated so that he could travel abroad for his academic research.

"I'm not trying to justify anything, I know that I shouldn't have had any relations with the Communist regime's secret services," he said. "At the time I thought I had to continue my important scientific research and acquire sound training for the good of the church."

The Vatican has continued to support the embattled prelate.

"The Holy See, in deciding the nomination of the new archbishop of Warsaw, took into consideration all the circumstances of his life, including those regarding his past," the Vatican said in a statement on Friday, repeating the position it has taken for the past month.

The statement said Benedict "has every confidence in Bishop Stanislaw Wielgus and in full conscience entrusted him the mission of pastor of the archdiocese of Warsaw."

Polish Archbishop Admits Signing Communist Pact (WP/AP)

By Vanessa Gera, Associated Press

The Washington Post, January 6, 2007

Cleric Allegedly Cooperated With Secret Police

WARSAW, Jan. 5 -- After calls for him to step aside, Warsaw's incoming Roman Catholic archbishop admitted Friday that he had signed an agreement to cooperate with the secret police during the Communist era and said he was leaving his fate in the hands of Pope Benedict XVI.

Archbishop Stanislaw Wielgus, whose installation ceremony is scheduled for Sunday, expressed regret for an act that he acknowledged "harmed the church." He said that despite signing the document, he "never informed on anyone and never tried to hurt anyone."

"Before you today, I confess to the mistake committed by me years ago, just as I have confessed to the Holy Father," Wielgus said in an open letter to Poland's Roman Catholic clergy and believers.

The mounting allegations against Wielgus have gripped the heavily Roman Catholic country, where the church is esteemed for its opposition to the former Communist government. People widely revere the late Polish-born Pope John Paul II, who is credited by some with hastening the fall of the Communist system.

The scandal grew after church officials said Friday that documents at a historical institute indicated Wielgus had willingly collaborated. A church commission said documents "confirm Rev. Stanislaw Wielgus's willingness for conscious and secret cooperation with the security organs of Communist Poland." The statement added, however, that there is no proof that he "inflicted any harm on anyone."

Newspapers on Friday devoted their front pages to the revelations. A government commission also concluded he had collaborated.

The allegations surfaced in the right-wing Gazeta Polska weekly, two weeks after the Vatican appointed Wielgus archbishop of Warsaw. He initially denied any collaboration.

In a statement Friday, Wielgus acknowledged that he had contact with the secret service, but he said documents indicating he collaborated were written by the secret police and reflected their account of events, not the truth.

Wielgus, who has been bishop of Plock since 1999, said he was leaving his fate in the hands of the pope: "With full humility, I declare to the Holy Father that I will submit to each of his decisions."

Wielgus is the latest in a series of church and public figures in Poland to face allegations of collaboration with the secret police before Communist rule ended in 1989.

In his statement, Wielgus acknowledged signing a declaration of cooperation in 1978 when seeking permission to travel to Munich because he was threatened by "a very brutal" secret police agent. "That was my moment of weakness," he wrote, insisting that he never cooperated with the secret police.

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He also said many statements about him in the police documents are wrong, including that he spoke Spanish or had publications abroad. "The characterization of me in the secret police material differs so much from the truth, that I would not recognize myself on their basis if it were anonymous," he said.

During a visit to Warsaw in May 2006, Benedict cautioned against passing judgment on people who lived in different times, remarks that came in the wake of similar allegations against a Polish priest.

"We must guard against the arrogant claim of setting ourselves up to judge earlier generations who lived in different times and in different circumstances," Benedict told clergy. His comments were met with applause.

Chavez Denounced For Canceling TV License (LAT)

By Chris Kraul, Times Staff Writer

The Los Angeles Times, January 6, 2007

The OAS says the president's decision to shut down Venezuela's oldest network appears to be censorship.

BOGOTA, COLOMBIA — Venezuelan President Hugo Chavez's decision not to renew the license of his nation's largest and oldest television network, a frequent critic of his policies, drew a rebuke Friday from the Organization of American States.

OAS Secretary-General Jose Miguel Insulza said in a statement that Chavez acted in an arbitrary manner in yanking the license of RCTV, which began operations in 1953 and has the largest viewership of any network in Venezuela.

"The closing of a mass communications outlet is a rare step in the history of our hemisphere and has no precedent in the recent decades of democracy," Insulza wrote, adding he hoped "this decision will be revised."

Chavez's "adoption of an administrative measure to close a news outlet gives the appearance of a form of censorship against freedom of expression and at the same time serves as a warning against other news organizations leading them to limit their actions at the risk of facing the same fate," Insulza said in the statement.

The OAS objection follows similar condemnations by news media freedom groups, including Reporters Without Borders and the Inter-American Press Assn.

Chavez announced the decision Dec. 28 at a military academy in Caracas, saying RCTV owners would have to "pack your bags, turn out the lights."

He accused the network of promoting the coup in April 2002 that briefly knocked him from power, and of committing unspecified ethical lapses. The Ministry of Communications and Information later specified that the license would not be renewed when it expired in May.

In a radio interview Thursday, Chavez, who was reelected last month in a landslide, said the decision was "irrevocable" and was made because RCTV "didn't pass the test to receive a renewal of a concession from a state that is serious, responsible, committed and respectful of the people."

RCTV General Manager Marcel Granier denied that his network had promoted the coup and merely covered it as a news event. He said in an interview that the network executives had not been presented with a formal notice or complaint that they could contest in court or at a public hearing.

"The only coup plotter is Chavez, who as everyone knows tried to overthrow the government in 1992, years before he was elected," Granier said. "We have a democratic tradition and we have been a model of that tradition.

"Not renewing our license is like President Bush one day announcing that NBC is going off the air because it was involved in a conspiracy against the United States," Granier said.

Orlando Ochoa, a risk analyst and economic consultant in Caracas, said that shutting down the nation's most popular TV network would "increase social polarization and destroy harmony at a time when Chavez has such a mandate to fight crime, inflation and eliminate corruption."

"Yes, RCTV had a critical attitude toward Chavez during the attempted coup more than four years ago, but so did all of the other big stations in Venezuela," Ochoa said. "The difference is that others have become more bland while RCTV maintains its attitude."

RCTV is a privately owned company whose largest shareholders are the Bottome and Phelps families. The network produces news and prime time programming, including 1,000 hours of telenovelas, or soap operas, each year. It owns 40 radio and television stations across Venezuela.

Granier said RCTV had "earned a place in Venezuelan society and we want to continue working as we have done." Asked whether the owners would sell if appeals failed, Granier said the market might be limited.

"Who is going to want to buy such a business in a country where there is a president in a military uniform saying which media can exist and which can't?" Granier said. "People want to invest in a country where there is rule of law."

DOJ_NMG_0113872

Menem Preaches His Free Market Gospel (FT)

By Jude Webber

Financial Times, January 6, 2007

Carlos Menem polarises Argentines like few other politicians. His economic policies during a corruption-tainted government in the 1990s are blamed by many for sowing the seeds of the calamitous debt crisis that erupted five years ago, but a quarter of voters were still prepared to have him back in the past elections – and he is betting more will give him another chance now.

The former president, now 76, is bidding for his third term in office in elections next October, preaching a return to the free-market gospel he says will restore to Argentines their lost prosperity and put an end to President Néstor Kirchner's "out-of-control populism".

"I think I have a very good chance...I wouldn't be here otherwise," he told the Financial Times from his spacious office in the Hotel Presidente, his pied-á-terre in Buenos Aires.

Mr Menem scored a slim first-round lead over Mr Kirchner in the 2003 elections but pulled out of a runoff when it became clear he was heading for a "suicidal" defeat. That will not happen this time, unless pending charges over allegedly irregular arms sales thwart his plans.

"I'm determined to run. I won't withdraw," he vowed.

Argentina has been through the mill since Mr Menem left office in 1999, but he denies his policy of shackling the peso to the dollar caused the economy to implode and describes himself as "an angel" compared with the current government. Dollar parity made Argentines wealthy and stabilised an economy ravaged by inflation of 100 per cent a month at the start of Mr Menem's term in 1989. But foreign debt ballooned and the currency peg crumbled, sparking the biggest debt default in history, deadly street riots and the spectacle of five presidents in a fortnight in 2001-02.

Of the one-to-one exchange rate, Mr Menem said: "It worked very well...it made Argentina grow and the poverty rate was below what we have now." Indeed, he would consider bringing it back: "We'd have to see what state the country is in a year from now," he said. "I don't rule it out. Everyone is demanding it."

Mr Menem pledged an immediate end to what he called Mr Kirchner's "economic terrorism". He said was causing "an explosive social situation" in which a third of the population is below the poverty line and 16 per cent indigent, despite growth expected to be nearly 9 per cent this year, for a fourth straight year.

He vowed to scrap the price controls that Mr Kirchner introduced to try to rein in inflation, now running at 10 per cent; to abolish a freeze on energy tariffs that companies blame for a failure to invest to improve infrastructure or boost dwindling oil and gas reserves; to do away with "distortive" export tariffs and taxes on bank transactions; and to rein in runaway provincial budgets.

He had no quick fix for inflation, promising only that prices would realign themselves in a market economy. Untied from price controls and encouraged by a renewed government commitment to privatisation, companies would also be able to boost salaries, Mr Menem said, reckoning on a minimum wage of about $650 (€500, £337) a month, triple the current level.

Unlike Mr Kirchner, Mr Menem offered hope to the holders of $20m in defaulted Argentine debt who are suing for full reimbursement after they turned down the government's offer of a 70 per cent write-down. "I'd try to reach a deal," he said, without giving details. "The only way of fixing this is directly between the Argentine government and the creditors...And when I say fixing it, you don't fix things with words but with cash."

Mr Menem brushes off criticism of his government's scandals, lingering corruption allegations he calls "total infamy" and recent health problems, claiming to have up to 15 per cent support already.

But after controversial former leaders in Peru and Nicaragua were voted back to power in the past year, Mr Menem says simply: "Why not me?"

Kirchner Critic Seeks Argentine Presidency (FT)

By Benedict Mander

Financial Times, January 6, 2007

Roberto Lavagna, the former economy minister who is widely credited with engineering Argentina's rapid economic recovery since its collapse in 2001, has announced that he will run for president in elections due in October.

Mr Lavagna, who was sacked from the cabinet in November 2005 because of disagreements with President Néstor Kirchner, has criticised the government's "shift to the left" in the past year. He also warned of increasing signs of authoritarianism and an economic policy that deters foreign investment.

By challenging the presidency, Mr Lavagna has ended months of speculation, although the centre-left Mr Kirchner has yet to make clear if he will seek re-election. Mr Kirchner's high approval ratings, which some pollsters put above 70 per cent, mean

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that he is widely expected to win the elections. If he does not run, it is likely that he will be replaced by his wife, Cristina Fernández, an influential senator who would also be expected to win.

It remains to be seen whether the weak and fragmented opposition will unite behind Mr Lavagna against the formidable popularity of the government. Mr Lavagna told the daily La Nación that "it would be a mistake" to have several opposition candidates.

Without a united opposition, Mr Lavagna stands little chance of winning, says Sergio Berensztein, a political analyst based in Buenos Aires.

A key ally for Mr Lavagna, who claims to represent the "progressive centre", would be the main centre-right candidate, Mauricio Macri, who owns Boca Juniors football club. They have been in talks for several months, although Mr Macri reacted coolly to Mr Lavagna's announcement on Friday.

"If Lavagna and Macri run separately that will basically assure the president a victory in the first round of voting," said Mr Berensztein. If they pooled resources they might be able to push the elections to a second round of voting, which would be held if the winner gets less than 45 per cent of the vote without a 10-point lead. "The only way the opposition has a chance is with a solid coalition."

According to a recent poll by Graciela Römer, if there were elections now Mr Kirchner would win with 55 per cent of the vote, while his wife would get 39 per cent. Against Mr Kirchner, Mr Macri would come second with 11.8 per cent, while Mr Lavagna and Elisa Carrió, a centre-left candidate, would both receive more than 5 per cent.

In The Global Energy Rush, Nuclear Gets A Resurgence (WP)

By Doug Struck, Washington Post Foreign Service

The Washington Post, January 6, 2007

Sixty miles outside Buenos Aires, construction crews soon will be swarming over a partially built concrete dome abandoned 12 years ago, resuming work on Argentina's long-delayed Atucha II nuclear power plant. They will be in the vanguard of surging interest in nuclear power worldwide.

Faced with evidence that coal- and oil-fired electric plants are overheating the planet, and alarmed by soaring demand for electricity, governments from South America to Asia are turning once again to a power source mostly shunned for two decades as too dangerous and too costly.

Globally, 29 nuclear power plants are being built. Well over 100 more have been written into the development plans of governments for the next three decades. India and China each are rushing to build dozens of reactors. The United States and the countries of Western Europe, led by new nuclear champions, are reconsidering their cooled romance with atomic power. International agencies have come on board; even the Persian Gulf oil states have announced plans for nuclear generators.

"Energy and climate changes can't remain tied to carbon or hydrocarbon," the European Union's foreign policy chief, Javier Solana, said in October. "They are polluting, and we'll have to find substitute energies, including nuclear energy." It creates heat through nuclear reactions rather than combustion, giving off no carbon dioxide, the most important of the so-called greenhouse gases that trap heat in the Earth's atmosphere.

Utilities are dusting off plans for nuclear plants even though most of the problems that shelved those projects remain. Critics say governments have forgotten the crises of Three Mile Island and Chernobyl. The costs and time to build the concrete-encased plants far exceed those of conventional plants. There still is no safe permanent storage for the used fuel that will remain radioactive for a million years. Added to these problems are the newly realistic worry of a terrorist attack on a nuclear plant.

"It can be very controversial," Mexican Congressman David Maldonado said of his country's plans to build a $4 billion nuclear plant in Veracruz. "The things that have happened in years past, going back to Chernobyl, have created a lot of fear here."

In the United States, the Bush administration has strongly pushed nuclear power and backed a 2005 energy bill offering subsidies to utilities to go ahead with projects in a shortened, streamlined regulatory process. The industry talks enthusiastically of 10 to 30 new nuclear plants being started in the next two decades.

Critics say those predictions will stall without long-term subsidies, and they scoff at the administration's explanations that nuclear plants will help battle global warming and reduce dependence on foreign oil. "The Bush administration doesn't believe climate change is a threat unless it is arguing for nuclear power," said Edwin Lyman, a senior staff scientist at the Union of Concerned Scientists in Washington.

Skeptics contend that the nuclear resurgence is still just talk. In the United States, they note, not a single reactor has been ordered. The high costs and long delays that vexed nuclear construction -- Argentina's Atucha II was 14 years in construction before it was halted -- soon will diminish the atomic ardor in other countries, they say.

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"Even with all the respective subsidies, nuclear power plants are still too expensive," Lyman said. "We need to move faster to really take a bite out of greenhouse emissions, and there aren't any scenarios in which nuclear power can do that."

At present, 442 nuclear plants are operating in more than 31 countries, according to the International Atomic Energy Agency in Vienna. The United States has the most -- 103, which provide about 19.3 percent of the country's electric power. Next is France, with 59, and Japan, with 55. Worldwide, atomic energy accounts for 16 percent of electrical production; the vast majority of electricity is generated by burning coal, oil and natural gas.

But carbon emissions from conventional plants bring "higher global temperatures, rising sea levels that would threaten to submerge coastal regions, prolonged droughts and more frequent violent storms," IAEA Director General Mohamed ElBaradei warned in Jakarta, Indonesia, in December.

The world's energy needs will rise 51 percent by 2030 because of industrialization and population growth, the International Energy Agency in Paris predicts. Add up the carbon-dioxide emissions from all the oil and coal plants that would be built to meet that need, and scientists see an environmental nightmare in the making.

Natural gas is a cleaner fuel for making electricity, but the price has soared. Hydropower from dams has largely topped out at less than 20 percent of the world's electric supply. Alternatives such as solar, thermal and wind power remain a tiny contributor in most countries and would require dramatic economic changes to become substantial sources. To many policymakers, that leaves nuclear.

In Britain, such calculations led to a striking reversal in policy. In 2003, a government white paper called nuclear power an unattractive option; in May, Prime Minister Tony Blair declared that nuclear power is "back on the agenda with a vengeance."

Blair argued that the technology is a way to ensure British energy security in an unstable world and to combat global climate change -- a top priority of his government. Twenty-three nuclear plants now provide almost 20 percent of the United Kingdom's power, and Blair has called for a new mix of non-polluting sources, including nuclear plants and renewable alternatives.

"In the future, energy security will be almost as important as defense," Blair said in October.

Similar jitters about the reliability -- and price -- of traditional fuels are adding to the rush to nuclear. Japan, as host to the 1997 Kyoto conference that mandated a global reduction in greenhouse gases, is building three and planning 10 more nuclear plants in the next decade. Its plans are spurred by Japan's wariness over neighboring China's campaign to lock up oil and gas supply contracts with foreign countries.

"The timing of Kyoto Protocol coming into effect and the timing of China endeavoring in its mission to secure natural resources in the world coincide," said Tadao Yanase, director of nuclear energy policy at Japan's Agency for Natural Resources and Energy.

China's plans call for 15 to 30 new nuclear plants by 2020 and even more conventional plants, most of them coal-fired. Its researchers are working on creating smaller, less-expensive nuclear plants. India, with 16 nuclear plants, is building seven more plants and has been promised U.S. help to triple its collection by 2020.

Some nuclear construction will merely keep the status quo. The first big wave of nuclear plants, built in the 1970s and 1980s, are near their planned obsolescence; six have been shut down. Regulators in the United States have extended licenses to 60 years, but other countries are replacing aging plants to make sure the nuclear component of their base supply does not disappear.

Proliferation of nuclear material remains a worry. And another disaster like the Soviet Union's at Chernobyl in 1986 or a near-disaster like that at Pennsylvania's Three Mile Island in 1979 would likely freeze the plans for nuclear construction.

"The industry is sticking its head in the sand," said Jim Riccio, a policy analyst at anti-nuclear Greenpeace in Washington. "They haven't gotten close to addressing safety or security."

Because nuclear fission emits no greenhouse gases, some environmental groups have grudgingly concluded that nuclear power is preferable to global warming. Others still argue that aggressive conservation and a dramatic increase in solar, wind, thermal and biofueled production can meet future electric needs.

"The voices of opposition have drastically decreased," Yanase said in his office in Tokyo. "They obviously won't say they totally support" nuclear power, "but they are giving a tacit consent."

Industry advocates say the old complaints about nuclear technology have been addressed with simpler and cheaper designs, faster regulatory review, improved security and more operating experience.

"Things have changed," said Adrian Heymer, director of new plant deployment for the Nuclear Energy Institute in Washington. The industry expects U.S. companies to apply for 11 construction permits by the end of the decade. "When you put it all together, nuclear becomes an attractive package," he said.

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Companies and countries that build nuclear plants are riding that pitch. Westinghouse Electric Co., which has made about half the world's reactors, signed a deal with China in December to help in construction of four nuclear plants there.

"There is a lot of opportunity now -- in Southeast Asia, in the Near East and Europe," Valery Arabkin, an official at Rosenergoatom, the Russian entity that competes with Westinghouse, said in an interview in Moscow. "These are good markets for Russia."

Russia is building two reactors in China, two in India and one in Iran. It just signed a $5.1 billion deal to build two reactors in Bulgaria and is sniffing out business in Finland, Indonesia and Egypt.

Russia's own nuclear industry is rebounding after years of neglect. President Vladimir Putin wants to sell the country's natural gas abroad and offset the exported energy by increasing nuclear power production, now provided by 31 reactors. That involves an ambitious program to build 42 more reactors in Russia by 2030, Sergey Kiriyenko, director of the Federal Nuclear Agency, or Rosatom, said in testimony before parliament last month.

"I don't think it can be done," said Vladimir Slivyak, co-chairman of Ecodefense, which has been urging the government to use more of the country's natural gas at home and develop wind and hydropower.

Critics say that when the emissions from uranium mining and plant construction are counted, nuclear power is not "carbon-free," as advocates assert. Such environmental concerns have put Germany on an opposite course from most European countries. Six years ago, Germany committed to shutting down all of its 17 nuclear power plants by 2021, prodded by the Greens party, then part of the government.

The most populous country in Western Europe, Germany will be hard-pressed to compensate for loss of its nuclear power while also meeting promises to reduce greenhouse gas emissions and cut back on gas and oil deliveries from its chief supplier, Russia. Some people are calling for an extension of the nuclear deadline.

But nuclear power remains unpopular among Germans, who often express strong pride over the giant windmills that are an increasingly common sight on the country's plains.

"There really is no support in Germany to rely on nuclear energy as a means to help get rid of fossil fuels," Reinhard Buetikofer, co-chairman of the Greens, said in an interview. "We would have to build another 50 to 60 nuclear power plants in Germany. This is unthinkable."

The EU's Ugly Little Challenge (LAT)

By Colum McCann

The Los Angeles Times, January 6, 2007

Adding Bulgaria and Romania may force it to confront a reflexive hatred of Gypsies.

ON NEW YEAR'S day, the European Union swelled by another 28 million people. The inclusion of Romania and Bulgaria in the European fold is cause for celebration in the streets of Bucharest and the courtyards of Sofia. For two of Europe's poorer countries, inclusion in the EU brings innumerable benefits, not the least roads, recognition, grants, travel access and a sundering of the Soviet past.

Yet for many Europeans — in Paris, in Dublin, in Brussels and perhaps even in Bucharest and Sofia — it spells the inclusion of 3 million potential problems: yet more Gypsies.

In a week that also heralds 2007 as "The European Year of Equal Opportunities for All," the word "Gypsy" still holds negative freight, even among those to whom it applies: the Roma. With ethnic and cultural roots stretching back to ancient India, the Roma are a diaspora community to rival the Irish and the Jews. Nonterritorial, they number anywhere from 12 million to 14 million worldwide, of whom roughly 10 million are found in Europe.

Yet European newspaper editors are stumped by how they should address the largest minority on the continent. Town mayors all over Eastern Europe often avoid the term altogether and talk instead of "whitening out" their inner cities.

If a society recognizes itself, and ultimately critiques itself, on how it treats its most downtrodden, then surely the acid test for the EU is its ongoing treatment of the Roma. They can be found living in the housing projects of Paris, the toxic dumps in Kosovo, the ruined outskirts of villages in eastern Slovakia, the warren of backstreets in old Polish towns and the gray flatlands of Dublin. Each place has its own — sometimes tiny — community. But when taken together, these groups form a giant cultural mosaic, one that leans overwhelmingly toward poverty.

There are, of course, Romani doctors, psychologists, poets and scholars who have called for a new era of consciousness. They point to Romani contributions to the world of arts, politics and music by figures of Gypsy descent as diverse as Pablo Picasso, Django Reinhardt, Bob Hoskins, Charlie Chaplin, flamenco legend Carmen Amaya and even President Clinton.

But the old cliches of lying, cheating, stealing and breaking curfew with violin endure.

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"The persistent, relentless portrayal of Roma as rootless, lawless, immoral, childlike thieves … will ensure that anti-Gypsy prejudice will remain firmly a part of Euro-American attitudes," says Ian Hancock, a Romani scholar at the University of Texas.

In Bratislava one afternoon — while I was researching the situation of the Roma in Slovakia — a young intellectual engaged me in a debate on civil rights in the U.S. He knew of Martin Luther King Jr., of Stokely Carmichael, even the poetry of Daniel Berrigan. He was a staunch and eloquent defender of the marginalized, but when I asked him about contemporary issues of sterilization, school discrimination and burnings of Romani houses in his own country, he said without rancor: "Of course, yes, but they're just Gypsies." Malice is sometimes another name for silence.

The young girl paddling through the polluted streambed in Kosovo isn't likely to have heard of the "Year of Equal Opportunities." The boy huffing glue in the broken elevator of the Saint-Denis project is probably not aware that the decade from 2005 to 2015 is supposed to be "The Decade of Roma Inclusion."

It is important, of course, not to turn any culture into a list of sorrows and benedictions. The Roma themselves have a deep ambivalence about their identity. Although they are as internally diverse as any other group, it's the roving gangs, the scams, the illiteracy, the violence — and the silence — that often get the headlines.

"If I were a Chechen or a Palestinian, I'd be out there throwing rocks," one activist told me in Hungary. "When you don't have a voice, you sing into the bottle."

Scholars such as Ian Hancock have called on governments, poets, journalists, activists and the general public to remember that the Roma, like African Americans, were enslaved in Central Europe only 150 years ago. The Holocaust sent Gypsy ash up the chimneys. This, and other bedrock history, is the story that must unfold into a larger understanding if, this week, the 3 million Roma from Bulgaria and Romania are not to be considered "just Gypsies."

"The struggle of man against power is the struggle of memory against forgetting," says Czech novelist Milan Kundera.

The European call for inclusion is decent and right. The politicians and bureaucrats behind the sound bites mean well. Why not be in the habit of hoping for a better world?

Yet so much about Romani history is still wrapped up in a willful forgetfulness. It is not that Europe or America doesn't care — dozens of conferences and nongovernmental agencies confront "the Roma question" in capital cities each year, and 2007 promises to be a bonus year — but the prevailing attitude still echoes the old Slovakian joke: "What is small, dark, filthy and knocking on the door?" The answer is not just the future, but the past as well.

COLUM MCCANN's new novel, "Zoli," will be published Tuesday by Random House.

With Friends Like These... (WSJ)

By Fania Oz-Salzberger

The Wall Street Journal, January 6, 2007

An Israeli gal like me cannot afford to be too picky about her friends, certainly not in Europe. Recent European polls proclaimed Israel the single most dangerous country on earth, the guiltiest monger of global conflict, and, to crown it all, the least desirable place to live. Most Israelis, busy with their thriving economy under a warm Mediterranean sun, tend to forgive such pronouncements coming from dismal Düsseldorf and snowbound Stockholm. But a new challenge has now cropped up. We seem to have gained new European friends, and not quite for the right reasons.

These new pro-Israel voices base a love of Jews upon the hatred of Muslims. Last September the European Coalition for Israel convened in Brussels, its most prominent speakers lamenting the loss of European Jewry alongside the rise of European Islam. The tone was belligerent, the linkage crude: "The enemies of Israel are also a threat to Europe," delegates were told. And also: "In only two generations, most parts of Europe will be under Islamic law." Other self-declared friends grimly speak of Londonistan and augur the coming of the European Caliphate. Such statements may reflect genuine concern, but are disconcerting when made on European soil.

Unlike the late Oriana Fallaci, whose commitment to the Jews stemmed from her heroic anti-Fascist youth, and whose harsh critique of Islam came from an enraged liberal soul, many of these new friends are Muslim-bashers first and Israel-backers second. Their blanket condemnation of Muslim communities on their continent rings eerily familiar. Their sweeping verdict against a whole civilization has that strange déjà-vu feel. And their rather sudden nostalgia for Europe's lost Jews is, I'm sorry to say, far too late and somewhat suspect. As the Mishna wisely warns, "Any love that depends upon some thing, when that thing is no more, the love is no more." You see, we have a very long experience with human relationships.

I, for one Israeli, would be grateful to my newfound buddies if their sympathy for me did not rely on the trashing of another religion. Unlike them, I'm touched by the sight of young Muslim women in European university campuses. They remind my of my own grandmother, a student in Prague who had to flee after the Nazi rise to power, and of all the other young and hopeful Jews

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whose dreams and lives were shattered by the European culture they so admired. I will therefore not solicit support based on unqualified dislike of other human groups, least of all on the continent that kicked out my grandparents.

To be sure, Israelis could use more friends in Europe: sober, reliable, critical friends. And Europeans who care to look find some of their own best ideas well-implemented in Israel, from the rule of law to the bright application of technology for human well-being. They can trace their own literary, artistic and musical traditions flourishing among the country's diverse cultural origins. Most important, they may realize that gaining Israel's ear can yield political fruit and bring Europe closer to Middle Eastern peacemaking: Ask the German government, whose sensitive involvement in the aftermath of the second Lebanon war makes good footing for future diplomacy.

Jewish people have a long memory, whereas the European Union often seems short of the asset. It may be our role to remind today's Europeans of the medieval past, the great centuries when Islam was young, tolerant to minorities and philosophically minded. There would be no Maimonides, no glorious Sephardi Jewish tradition, without the Arab world. Iran's Mahmoud Ahmadinejad may be threatening the existence of Israel today, but no Muslim power has ever dealt the Jews such calamities as brought upon them by Europe.

Israelis probably deserve a better European opinion, warranted by our history, culture, science and freedom. Not for being the targeted foes of Islam. Beware of Islamophobes bearing gifts.

Ms. Oz-Salzberger is director of the Posen Research Forum for Political Thought and senior lecturer at the Faculty of Law and School of History at the University of Haifa.

DOJ_NMG_0113878

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 6, 2007 7:45 AM EST

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TERRORISM NEWS:

Judge Grants Delay In Mental Exam For Padilla (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, January 6, 2007

MIAMI — A federal judge on Friday gave prison officials another week to complete mental examinations to determine if alleged al-Qaida operative Jose Padilla is competent to stand trial.

Bureau of Prisons officials sought an even longer delay until Jan. 30. They said in court papers that Padilla is not "compliant with psychological testing" and must be observed by staff members to complete the evaluation. The documents provided no further details.

The tests were originally supposed to be completed by Friday.

U.S. District Judge Marcia Cooke insisted that the examinations be finished before the scheduled Jan. 22 trial date so she can rule on a number of other outstanding issues, including Padilla's claim that the case should be dismissed because he was tortured during 3½ years in military custody as an "enemy combatant."

"This court cannot proceed to trial until these motions are adequately resolved," Cooke said in a two-page order Friday.

Justice Department and Pentagon officials have repeatedly denied the torture allegations.

Cooke gave prisons officials until next Friday to finish the evaluation of Padilla and until Jan. 16 to deliver a competency report to her. Two mental experts hired by defense lawyers have concluded that Padilla suffers from post-traumatic stress disorder and is unable to adequately assist his attorneys.

Padilla, a 36-year-old U.S. citizen, is charged along with two others in the U.S. with being part of a support cell that provided money, recruits and supplies to violent Islamic extremists around the world. All three have pleaded not guilty. Two others charged in the case are in custody overseas.

Padilla was arrested in 2002 at Chicago's O'Hare International Airport for what U.S. officials originally called a plot to detonate a radioactive "dirty bomb" in the United States. President Bush designated him an "enemy combatant" and he was held without criminal charge at a Navy brig in South Carolina until he was added to the Miami terror support case in late 2005.

The "dirty bomb" allegations are not mentioned in the Miami indictment.

Aside from the competency issue, the Jan. 22 trial date is in jeopardy because federal prosecutors have appealed Cooke's dismissal of a key terrorism count in the case. The 11th U.S. Circuit Court of Appeals is scheduled to hear oral arguments on that issue Wednesday in Atlanta, and Cooke has said the trial will not go forward until that question is settled.

The dismissed count carries a potential life prison sentence, while the two remaining terror support counts carry possible 15-year sentences each. Cooke ruled that the dismissed count improperly duplicated other parts of the same indictment.

HOMELAND RESPONSE:

Spy Pick: Low-key But "Rock Solid" (LAT)

By Greg Miller

The Los Angeles Times, January 6, 2007

President Bush's nominee to be the next director of national intelligence is a spy agency veteran who is a master of the intricacies of the trade, from the technology of intercepting electronic signals to the financial sleight-of-hand of hidden, or "black," budgets.

The main question surrounding J. Michael McConnell's nomination to be the next intelligence chief is whether he is forceful enough to keep an already ill-defined job from sliding into irrelevancy.

When the position of national intelligence director was created two years ago, even lawmakers who drafted legislation that created the job acknowledged that its actual authority is not clear.

A key national commission said the position had more responsibility than institutional power. And high-profile intelligence veterans, including new Defense Secretary Robert M. Gates, turned down a chance to fill the job in part because of concerns about how it was structured.

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John D. Negroponte, a longtime government official who became the first occupant of the position, spent much of his tenure trying to consolidate his control over the intelligence community, said Gregory Treverton, an analyst at Rand Corp. and former vice chairman of the National Intelligence Council, which represents all U.S. intelligence agencies.

"Negroponte had the reputation for being a savvy operator with no shortage of razor blades on his elbows," Treverton said. The fact that Negroponte is vacating the position 18 months into his tenure, Treverton said, "may be a commentary on just how hard it is."

Others in Washington were more blunt. In turning to McConnell, the White House "went from Negroponte, who was a pretty significant figure, to a less significant one," said a senior government official involved in creating the director's post.

If McConnell is not able to impose his will on the 16 intelligence agencies that fall under his responsibility, "it could be the beginning of the end of the DNI's office," the official said on condition of anonymity because he was not authorized to speak publicly.

McConnell, 63, is known for his courtly manner and soft South Carolina drawl. A retired Navy vice admiral, he is part of an influx of national security officials who first came to prominence during the administration of President George H.W. Bush.

During the 1991 Persian Gulf War, McConnell was a senior intelligence advisor to then-Defense Secretary Dick Cheney and former Chairman of the Joint Chiefs of Staff Colin L. Powell. In that position, he also established relationships with Gates and Condoleezza Rice, who then worked at the National Security Council in the White House.

McConnell later served as director of the National Security Agency, which is the nation's largest intelligence agency and is responsible for eavesdropping on electronic communications around the world.

During McConnell's tenure, from 1992 to 1996, the NSA is widely viewed as having struggled to keep up with emerging technologies, including the Internet. Even so, McConnell was seen as an effective leader who pushed to improve the agency's ability to confirm the authenticity of intercepted e-mails and other communications.

McConnell "is rock solid," Treverton said. "He knows intelligence, and he's a steady pair of hands."

After retiring, McConnell, a graduate of Furman University in South Carolina, joined the consulting firm Booz Allen Hamilton, where he has spent the last 10 years serving as an advisor to companies as well as government agencies on intelligence and technology issues.

If confirmed by the Senate, McConnell is widely expected to follow the course set by Negroponte and continue pushing for better information sharing among intelligence agencies, rather than launch a major shake-up.

McConnell is invariably described as low-key, causing some to question whether he is the right pick for a job that would seem to require an appetite and aptitude for bureaucratic infighting.

But supporters note that McConnell will not have to contend with former Defense Secretary Donald H. Rumsfeld, who opposed the creation of the position and was widely seen as pushing the military to encroach on spy agency turf. Rumsfeld stepped down as Defense secretary last month.

Because of his long-standing ties to Cheney, Gates and others, McConnell also has built-in allies.

"McConnell is very quiet," said Mark M. Lowenthal, a former senior CIA official. "But he has a lovely touch, and he's well-known to a lot of people in the community who are still in senior positions in a way that Negroponte was not."

Bush Names New Spy Chief With Iraq Speech Looming (AFP)

By Olivier Knox

AFP, January 5, 2007

US President George W. Bush named a new spy chief and filled a critical diplomatic vacancy as he put the last touches on a retooled Iraq strategy that critics charge may escalate the war.

Bush, expected to unveil his new plan as early as Wednesday, nominated director of national intelligence John Negroponte to be US Secretary of State Condoleezza Rice's deputy -- a key post vacant since July 2006.

"I have asked John Negroponte to serve in this vital position at this crucial moment," Bush said, stressing the former ambassador's responsibility to help ensure "that America speaks to the world with one voice."

And Bush announced that he had chosen vice admiral Michael McConnell, a former head of the National Security Agency, to replace Negroponte at the head of all 16 US spy agencies, officials said.

"Mike will report directly to me. And I am confident he will give me the best information and analysis that America's intelligence community can provide," the US president said.

The reshuffle -- begun when he dumped defense secretary Donald Rumsfeld after opposition Democrats captured the US Congress in November elections -- came days before Bush was to reveal his plans for the unpopular war in Iraq.

"It is vital they take up their new responsibilities promptly," Bush said in a message aimed at shaping their Senate confirmation. "I would hope that they would be confirmed as quickly as possible."

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The embattled US president, his job approval numbers in the cellar, was to unveil his new Iraq approach as early as Wednesday, after consultations with key world leaders and US lawmakers, the White House said.

The president has left untouched his other core national security aides -- Vice President Dick Cheney, Rice and national security adviser Stephen Hadley -- leaving doubts about how far-reaching his Iraq overhaul would be.

In addition to shifting Negroponte -- the first US ambassador to post-Saddam Hussein Iraq -- Bush was to nominate the current US ambassador there, Zalmay Khalilzad, to be US ambassador to the United Nations, a top aide said.

That announcement, filling another key vacancy left by controversial diplomat John Bolton's recent departure, was expected to be announced on Friday.

Replacing Khalilzad in Baghdad would be Ryan Crocker, 57, the US ambassador in Pakistan since November 2004. Crocker is one of the State Department's most experienced Middle East experts and a fluent Arabic speaker.

On the military side, Bush was to change the head of the US Central Command and the top US military commander in Iraq, both of whom have expressed skepticism about escalating the war, US media reported.

Admiral William Fallon, currently head of US forces in the Pacific, would replace retiring General John Abizaid, 55, at the Central Command, which manages the wars in Afghanistan and Iraq.

In Iraq, Lieutenant General David Petraeus would replace General George Casey as the man in charge of all US and coalition forces, according to the reports, which went unchallenged by the White House.

On Thursday, Bush did not directly address a wave of media reports that he plans to boost the US troop level in Iraq, but stressed, "One thing is for certain: I will want to make sure that the mission is clear and specific and can be accomplished."

Bush, who held a nearly two-hour videoconference with Iraqi Prime Minister Nuri al-Maliki on Thursday, said that the Iraqi leader "has the will necessary to make the tough decisions. That's one of the things I learned today."

But The Washington Post reported Friday that the US president's top aides are still deeply divided over Maliki's reliability and over whether to escalate the war by sending more US troops to Iraq.

The advisers fear Maliki's government may not provide the military support and implement the political reforms necessary for US forces to eventually withdraw, the Post reported, citing officials familiar with the debate.

Profile: Michael McConnell (BBC)

BBC.com, January 5, 2007

Michael McConnell's nomination as head of Washington's 16 spy agencies tops a long career serving the many instruments of US intelligence gathering.

President Bush is looking Mr McConnell to steer the spy agencies

He is seen as a committed, capable official - broadly respected by the spy community and well known to senior figures in the Bush administration.

Naming him as the new Director of National Intelligence, President George W Bush said he had "decades of experience, ensuring our military has the intelligence it needs to fight and win wars".

A courteous man with a soft South Carolina accent, Mr McConnell became a naval intelligence officer after serving in Vietnam.

He came to prominence during the 1991 Gulf War, delivering intelligence about Iraqi forces to the military and political leadership of the time, including Defence Secretary Dick Cheney and Gen Colin Powell.

A tribute offered to him in the US Congress in 1996 said he had been "instrumental in saving US and coalition lives and directly contributed to bringing about a quick and decisive victory" in the first Gulf conflict.

'Candour and openness'

After the war, Mr McConnell was promoted to the rank of Vice Admiral and appointed head of the National Security Agency (NSA).

He led the agency from 1992 to 1996 - an era of rapid technological advances and drastic budget cuts.

Encryption technology developed during his tenure has been used to protect sensitive US electronic communications from enemy hackers.

Mr McConnell's deputy at the NSA, William P Crowell, told the New York Times newspaper he was a "consummate professional".

Another former colleague, Ronald D Lee, told the paper he was "an exceptionally gifted leader who was completely devoted to the rule of law and the constitution".

The Congressional tribute from 1996 praises his "candour and openness" in keeping Congress informed of the NSA's work.

'Hands-on'

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Mr McConnell left the NSA to join the board of Booz Allen Hamilton, a management consulting firm, and stayed out of government for the next 10 years.

The firm has been a major recipient of intelligence outsourcing contracts offered by the Pentagon, according to federal records cited by the USA Today newspaper.

Ralph Shrader, Booz Allen Hamilton's chairman and CEO, told the paper Mr McConnell was a "hands-on" official, who can "solicit lots of opinions" and produce something that takes the needs of the entire country into consideration".

However, some officials have questioned whether his gentle touch will be suited to co-ordinating the diverse arms of US intelligence.

W Patrick Lang, a former intelligence official interviewed by the New York Times, said Mr McConnell's "competent but compliant" reputation meant he may not want to challenge his bosses on critical issues.

DHS To Boost 6 Cities' Share Of Anti-Terror Funds (WP)

By Spencer S. Hsu, Washington Post Staff Writer

The Washington Post, January 6, 2007

D.C., New York Among Those to Share $411 Million

Chastened by complaints about poor federal cooperation and by controversy over its slashing of aid to New York and Washington last year, the Department of Homeland Security will reserve about $100 million of the $747 million it will dole out to U.S. cities this year to pay for police counterterrorism operations in six metropolitan areas, officials said yesterday.

In announcing changes in style and substance to the Urban Area Security Initiative (UASI) program, Secretary Michael Chertoff cited a "secretary's prerogative to sometimes inject common sense" to grant calculations based on the risk of terrorism and a subjective rating of the effectiveness of local anti-terrorism programs. The process was ridiculed by Congress and private analysts last year for slighting the two areas struck in the 2001 terrorist attacks.

"This is going to be an amazing admission for a public official in Washington: We actually listen to people," Chertoff said, adding that DHS will collaborate more closely with applicants in the distribution of $1.7 billion in state and local grants in 2007.

For the first time, DHS designated six high-risk urban areas -- New York and northern New Jersey; the Washington region; Los Angeles-Long Beach; Chicago; the San Francisco Bay area; and Houston -- which will be allowed to spend as much as 25 percent of their grants for personnel and operations, not just for overtime during heightened national terrorism alerts. Chertoff cited the threat of "homegrown terrorism" in encouraging the funding of law-enforcement-led domestic intelligence "fusion centers."

The six will compete for $411 million, or 55 percent of the UASI funds. An additional 39 cities will compete for the remaining $336 million.

Repeating past assertions, Chertoff said the change reflects risk, not politics. The high-risk areas will receive nearly $30 million more than last year, but their percentage of the UASI budget will remain about the same.

Chertoff declined to say if specific cities would get a boost when grants are announced by summer, saying only that he is confident that New York will "do well" because it has worked closely with DHS.

Senate leaders were critical, noting that DHS will still use subjective peer grading of recipients.

"Amazingly enough, DHS insists on using the same process again," said Sen. Charles E. Schumer (D-N.Y.), the chamber's third-ranking Democrat. He added that New Yorkers "have every reason to be skeptical" of the results because the city is now joined with suburban New Jersey for grant award purposes.

Sen. Joseph I. Lieberman (I-Conn.), the chairman of the Senate Homeland Security Committee, said DHS also made "ill-advised" changes to a $509 million state grant program, down $19 million from last year, by eliminating population density as a factor and changing the minimum amount each state can receive.

"I am committed to passing a permanent funding formula so that the guidelines are not arbitrarily rewritten each year," Lieberman said.

Defending the program changes, Chertoff said DHS officials no longer engage in excessive "bean counting" -- using mathematical programs to analyze huge databases listing non-vital facilities such as apartment buildings, small-town popcorn stands and petting zoos.

Urban areas were chosen, Chertoff said, based on population size and density, economic significance, and proximity to critical infrastructure, such as borders and key military assets. They were vetted by Pentagon, Commerce Department and intelligence officials.

DHS winnowed a database of 80,000 assets into a classified list of about 2,100 targets of national or regional importance, he said, such as nuclear, chemical and energy facilities, dams and transportation systems.

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New York, New Jersey To Split Security Funds (NSDY)

By Carol Eisenberg, Newsday Washington Bureau

Newsday, January 6, 2007

WASHINGTON -- As part of a new regional approach to combatting terror, Homeland Security Secretary Michael Chertoff announced Friday that New York and northern New Jersey would be considered a single area for homeland security planning.

The homeland security chief, who came under withering criticism last year for slashing antiterror funds to New York City, denied that linking two states and 15 counties (including Nassau and Suffolk) would mean less money for New York.

"There is nothing about this to suggest New York is going to get a grant cut," he said.

"I can tell you from the first World Trade Center investigation, a lot of the planning for that bombing took place in Jersey City. So who bore the security responsibility there? Was it New York? Well, New York didn't have the ability to get into Jersey City. Was it New Jersey? Well, the attack took place in New York. ... If you look at the risk, the risk is combined."

In addition, Chertoff said the department is guaranteeing for the first time that the six highest-risk areas -- including New York-northern New Jersey -- will split 55 percent of the $747 million earmarked for the 45 highest-risk urban areas. A total of $1.7 billion will be awarded for all counterterrorism programs next year.

Specific grants won't be announced until the spring, after municipalities have submitted proposals that will once again be judged by secret peer-review panels.

Chertoff vowed that the grant process would be more user-friendly and publicly transparent. He said grants would still be channeled through each state, which will disperse them to localities, "because that's what the law requires."

But not everyone was convinced the process had been sufficiently improved.

"Based on last year's ridiculous allocations, and DHS's indication that once again it will use the peer review process, New Yorkers have every reason to be skeptical," said Sen. Charles Schumer (D-N.Y.).

"If DHS gives out money based on a combined New York and New Jersey area, it better be two full loaves, not a half for each. ... DHS simply cannot direct fewer dollars to the highest-risk area in the country."

New York City officials said they were cautiously optimistic -- in large part because of another significant change in how the program will work. For the first time, high-risk cities may use up to a quarter of their antiterror money to defray the cost of "boots on the ground" -- that is, personnel devoted exclusively to counterterror work.

Until now, the federal government has resisted the city's requests for help defraying the cost of its 1,000-strong counterterror force, insisting instead that the money go to purchase technology.

"We have been advocating for this policy change for several years," said New York City Deputy Mayor Edward Skyler. "Overall, the devil will be in the details, but we are optimistic that our concerns are being heard by Secretary Chertoff and that we will receive more funding than last year."

Rep. Peter King (R-Seaford), ranking member of the House Homeland Security Committee and a leading critic of last year's cuts, was also cautiously optimistic.

"I was assured that the New York-northern New Jersey designation certainly won't hurt New York, and the inference was it should help," he said.

King also called the department's agreement to allow cities to use federal money for dedicated counterterrorism forces "incredibly significant."

"Last year, that was the real philosophical divide," he said. "DHS was consumed by a desire for high-tech gadgetry and New York said it had as much of that as they needed. Their main need is boots on the ground. This will definitely favor communities like them."

Federal Funds May Now Pay Police Salaries In Terror Fight (NYT)

By Eric Lipton

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — New York City will be able for the first time to use federal grant dollars to pay basic salaries of police officers assigned to counterterrorism tasks, like guarding city bridges and subway tunnels, the secretary of homeland security, Michael Chertoff, said on Friday.

The rules change will apply to six metropolitan areas considered at highest risk for attack: New York, Chicago, Houston, Los Angeles, Washington and San Francisco.

These six urban areas will share $411 million in antiterrorism grants this year, while 39 other areas from Atlanta to Tucson will compete for the remaining $336 million in available grants, or 45 percent of the total, Mr. Chertoff said.

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New York City officials welcomed the rule change, for which they had lobbied over several years. Previously, while some use of grant dollars was allowed for overtime, federal officials pushed cities to use the money to buy antiterrorism equipment like gas masks or surveillance systems rather than for salaries.

In New York, nearly 1,000 officers, at a cost of about $200 million a year, are assigned to antiterrorism tasks, and city officials have argued that the federal government should foot a bigger chunk of the bill. Under the new rules, the city will be able to use up to 25 percent of its federal grant to cover these salaries.

“Our Police Department is essentially a first line of defense again terrorist attacks; that is serving the nation as well as the city,” Deputy Mayor Edward Skyler said. “These are the boots on the ground.”

But there is still a good chance that when the actual urban-area grant awards come out later this year, city officials will be disappointed.

That is because with an overall pool of just $441 million for these six urban areas, it remains unlikely that the New York City area will get anywhere close to the nearly $230 million it received two years ago — before a cut in the grant last year outraged New York City politicians.

The problem, Mr. Skyler and Senator Charles E. Schumer of New York said, is that too much of the overall $1.7 billion in antiterrorism grants — only a piece of which is set aside for cities, with much of the rest going directly to states — is still being distributed based on politically driven formulas that ensure that every state gets a cut.

Legislation that Democrats have introduced in the House would change the way these grants are awarded — to comply with a 9/11 commission recommendation that they be based on risk.

“You should make it all threat-based,” Senator Schumer said. Mr. Chertoff said that regardless of any action by Congress, he hoped to steer as much of the money as he could to those cities with the greatest needs.

Homeland Security is also trying to simplify the evaluation process, to avoid the same criticism as last year that its complicated formula — which includes considering potential targets as obscure as a popcorn factory, a flea market and a petting zoo — was irrational if not comical.

“Speaking for myself, I don’t believe that I’m infallible or that I have nothing to learn from anybody,” Mr. Chertoff said, admitting that last year’s grant process was flawed.

Area In Highest Tier Of Terror Funding (HC)

By Michael Hedges, Houston Chronicle Washington Bureau

Houston Chronicle, January 6, 2007

WASHINGTON — Houston will be eligible for a larger chunk of federal grant money for local security as one of six U.S. metropolitan areas most likely to face a terrorist attack, the Department of Homeland Security announced Friday.

Houston's energy industry and port system are considered prime potential targets for terrorists, officials said, and the area's population size as well as its location relatively close to an international border were also considered by federal officials.

It was the first time the federal government identified so-called Tier One potential terrorism targets. The other metro areas are New York, Los Angeles, Washington, Chicago and San Francisco.

The six will split $411 million in urban-area security grants in 2007, or 55 percent of the total allocated directly to all metro regions.

Department of Homeland Security chief Michael Chertoff said the economic consequences to the country of a successful strike on an area such as Houston were also weighed.

"The more sophisticated we become at weighing these variables ... the better we've become at targeting resources to address and mitigate those risks," he said.

The Houston area consists of Harris, Montgomery and Fort Bend counties.

"We've done a good job of getting the folks in D.C. to recognize there is a real threat here," said Doug Adkinson, deputy chief of staff to Harris County Judge Robert Eckels. "We've convinced them that the Ship Channel is a real target and — God forbid — a successful attack there would impact the whole country economically."

Equipment and trainingHigh on Houston's wish list for federal funding is an upgrade of the city's aging radio system for police and firefighters, which is not compatible with the high-tech system used in the rest of the region, Adkinson said.

This week, Chertoff cited the 16-year-old UHF radio system in Houston as a potential vulnerability if a terrorist attack required local agencies to coordinate their responses.

The region also is expected to seek funding for training police in counterterrorism techniques, video cameras for surveillance of potential targets, a marine fire-fighting task force for the Ship Channel, bomb disposal equipment, a building collapse response team, generators, and salaries for intelligence experts working in the city, Adkinson said.

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Tier Two targetsThree other Texas locales — Dallas/Fort Worth, San Antonio and El Paso — were among 39 urban areas designated as Tier Two targets. The areas will divide up the remaining $336 million in federal grants.

It was the first time that El Paso became eligible for anti-terrorism funding, a consequence of it being on the Mexican border, Chertoff said.

Rep. Silvestre Reyes, D-El Paso, said he had pushed for the city's inclusion since 2003.

"El Paso is a major metropolitan area along an international border with a major military presence," Reyes said. "I have long argued that it is imperative that our community be included in this grant program, and we should have received these funds years ago."

A separate grant program makes another $2.5 billion in homeland security money available to the states. Texas allocated $17 million to Houston last year.

No precise dollar figure has been set for Houston under the urban grant program.

Its funding application will be weighed against proposals from the other Tier One areas, Chertoff said.

In recent years, New York and Washington officials lobbied for a disproportionately larger share of the money, citing the 9/11 attacks as evidence that they were especially vulnerable targets. The cities ended up complaining that their funding levels were too low.

The feedback was part of the reason DHS divided metropolitan areas into two threat tiers, Chertoff said.

Democrats Backpedal On 9/11 Commission (WT)

By Brian Debose, The Washington Times

The Washington Times, January 6, 2007

House Democrats campaigned on a promise to implement the recommendations of the September 11 commission, but now say they will not enact all of them.

The recommendation to place all intelligence agencies under the Defense Department "is not on the table," said Majority Leader Steny H. Hoyer, Maryland Democrat.

Another obstacle to enacting all the commission reforms as promised is the formula by which federal anti-terrorism money is distributed across the country.

House Democrats are confident they can pass a bill in which funds would be distributed based on risk. Under that plan, the area around New York City and San Francisco would get much more funding than, for example, the area around Topeka, Kan., or Searchlight, Nev.

But such a plan almost certainly will be killed in the Democratic-controlled Senate. Lawmakers there almost always find it difficult to part with money for their police and fire departments or the Coast Guard, regardless of terrorism-risk assessments.

"I suspect the Senate will pass a different version than ours, and we will have to work it out in a conference," said Rep. Bennie Thompson, Mississippi Democrat and chairman of the Homeland Security Committee. "We should have a baseline funding of 25 percent for first responders in all 50 states and the rest should go to the areas with the greatest need and that have the most risk of a terrorist attack."

Another recommendation unlikely to be fully implemented is tasking one House committee with the responsibility of overseeing both intelligence operations and funding. However, Mr. Hoyer said, the plan to create a new subcommittee comprising members from the appropriations and intelligence committees will help.

"The 9/11 commission wanted a single authorizing body for intelligence, and I think the substance or the spirit of the recommendations will be achieved," he said.

Details are still to be finalized.

"It hasn't been worked out how the members would be chosen," said Rep. Silvestre Reyes, Texas Democrat and chairman of the intelligence panel. Whether the chairmen of the two committees or House Speaker Nancy Pelosi would pick the members has yet to be decided, he said, but there will be a new panel in some form.

"As I understand it, it's a final deal. The rest is still being determined," said Rep. Chaka Fattah, Pennsylvania Democrat and a member of the Appropriations Committee.

Some Democrats oppose the hybrid idea from the outset.

"The question is what impact will it have on the intelligence committee, and it seems it will gut the committee's authority," said one Democrat, who did not wish to be named.

Mr. Hoyer said the intelligence panel would still have oversight and responsibility to ensure that intelligence operations are "effective and accountable."

The Senate will have few problems deciding who will oversee intelligence because "only the Senate intelligence committee can authorize spending for intelligence agencies," said its chairman, Sen. John D. Rockefeller IV, West Virginia Democrat.

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"Our biggest problem is getting the spending authorization done," he said. "It's been two years since we have and we want to do the 2007 as soon as possible and then work on 2008."

The indecision in the House could become a problem for Democrats' hopes of convincing the public that they are just as capable of protecting the country from terrorist attacks as Republicans.

And Republicans are eagerly waiting to see whether Democrats will finally concede that many of the remaining September 11 commission recommendations shouldn't be enacted.

"I think what Democrats are finding in some of the 9/11 recommendations we didn't implement, looking closely at them ... these are not good ideas," said Rep. Peter Hoekstra, Michigan Republican and his party's ranking member on the intelligence panel.

He said the hybrid committee is unnecessary if both the Appropriations Committee and the intelligence panel chairmen pledge to have the same budget priorities.

"That is what I did with Representative Jerry Lewis [California Republican] when I was intelligence chair and he was appropriations chair in the last Congress, and it worked fine," Mr. Hoekstra said.

FBI Probing Death Threat To Muslim (CCT)

By Steve Lawrence

The Contra Costa Times, January 6, 2007

SACRAMENTO - The FBI said Friday it is investigating a death threat sent to the leader of a local Muslim group after U.S. Sen. Barbara Boxer rescinded a certificate her office had awarded to him.

Special Agent Karen Ernst said the bureau launched an investigation after Basim Elkarra reported receiving a threatening e-mail.

Elkarra, executive director of the Sacramento chapter of the Council on American-Islamic Relations, received a certificate of accomplishment from Boxer's office in November recognizing his "outstanding service."

Elkarra said the award reflected his group's efforts to establish good relations with Christians, Jews, minority groups and the FBI.

After the certificate was awarded, Boxer read a Web log linking her to the council and accusing it of pro-terrorist activities, including refusing to condemn Osama bin Laden by name.

Boxer asked her staff to investigate, and her office sent a letter withdrawing the certificate Dec. 21, her communications director, Natalie Ravitz, said Thursday.

Ravitz said two of the council's former members were sentenced to prison for crimes related to terrorist groups. She also said CAIR had refused to label Hamas and Hezbollah as terrorist organizations.

CAIR's national leaders denied that the group had terrorist ties or sympathies and accused Boxer of caving in to anti-Muslim extremists.

"By acting on smears, distortions and guilt by association, Senator Boxer has failed her Muslim constituents and has betrayed the progressive values of her party and state," Parvez Ahmed, CAIR's chairman, said in a statement.

Nihad Awad, CAIR's national executive director, thanked the FBI for investigating and urged Boxer to "examine the agendas of those who seek to marginalize and disenfranchise American Muslims."

Elkarra said the death threat was sent Dec. 30, the day after an article about Boxer rescinding the certificate appeared on Newsweek magazine's Web site. He said he also received another e-mail he described as hate mail when CAIR announced the award.

He said he still has the certificate but doesn't display it. He said he hopes Boxer will reconsider her decision.

"If she went to our Web site, it probably would have taken her two minutes to see all the (positive) campaigns we've launched in the past," he said, adding that his group was "willing to work with Senator Boxer and other officials who seek to build a more tolerant America."

Ravitz said Boxer asked her staff to contact the FBI and urge it to investigate the death threat.

Sen. Boxer Rescinds Award To Islamic Activist (LAT)

By Ashraf Khalil, Times Staff Writer

The Los Angeles Times, January 6, 2007

The man represents a group some contend is extremist. Supporters say right-wingers are just trying to silence American Muslims.

DOJ_NMG_0113889

Sen. Barbara Boxer has rescinded an award her office gave to a Sacramento Islamic activist after criticism that the group he represents — the Council on American-Islamic Relations — holds extremist views and has ties to international terrorist organizations.

"I'm saying the four words that every elected official hates to say: 'I made a mistake,' " the California Democrat said in a telephone interview Friday. "I hope they won't believe that I did this to hurt the Muslim community…. We just have to be more careful when we reach out."

The U.S. senator's office rescinded a "certificate of achievement" awarded in November to Basim Elkarra, head of the council's Sacramento office. The rare public reversal follows charges from right-wing activists that Boxer was courting Muslim extremists by associating with the group.

The controversy highlights the complexities facing leading American Muslim groups in their dealings with elected officials — and vice versa.

It recalls a similar dispute surrounding a decision by the Los Angeles County Human Relations Commission to give an award to Dr. Maher Hathout last fall. A senior advisor to the Muslim Public Affairs Council, Hathout also faced charges of extremism. After a bitter two-week public battle, Hathout narrowly avoided having the award rescinded. In a rare revote, only four of the commission's 14 members voted to reaffirm Hathout, with the majority either absent or abstaining.

Council on American-Islamic Relations officials say they and other Muslim organizations have been targets of an ongoing, and sometimes effective, campaign to silence and marginalize American Muslim voices.

"There is a market for Islamophobia right now," said Hussam Ayloush, head of the council's Southern California office. "It's the same group of right-wing extremists who are interconnected and feed off each other and keep recycling the same allegations."

The controversy started when Joe Kaufman, a Florida-based activist and longtime critic of the group, posted an online article attacking the award to Elkarra. Kaufman, who runs a website called CAIRwatch.com, has long contended that the council actively encourages and supports groups such as Hamas and Hezbollah — both of which are on the U.S. government's terrorism watch lists.

"We believe this organization should be shut down and that no elected leaders should have anything to do with them," Kaufman said.

One of the largest American Muslim political groups, the council has seen its profile and membership soar in the last five years. The group had only eight offices as of Sept. 11, 2001. It now has 32, along with an active lobbying arm based in Washington, D.C.

Founded in 1994, the council describes itself as the country's leading Muslim civil rights and advocacy organization. Its local chapters have tax-exempt nonprofit status, and its leaders deny any ties to Hezbollah or Hamas.

Boxer, who said she was unaware of the initial decision by her office to honor Elkarra, said independent research by her office later revealed troubling information about the organization.

"It's the volume of things, not any one thing," she said. "There's a long list."

That list includes several individual council members who have been indicted on terrorism-related charges, as well as harsh criticism of the organization by some of Boxer's congressional colleagues. In 2003, Sen. Richard J. Durbin (D-Ill.) said the council was "unusual in its extreme rhetoric and its associations with groups that are suspect."

In recent years the council has drawn a carefully calibrated line on terrorism — strongly criticizing individual attacks and suicide bombings but refusing to label Hamas or Hezbollah as terrorist organizations.

It's also quick to condemn Israeli attacks in Lebanon and the occupied territories and label them as terrorism against civilians.

That criticism of Israel, council officials say, is what's really fueling the campaign against their group. Nothing short of endorsing Israeli policy, they say, will spare them from allegations of extremism.

"The minute we criticize Israel, then we become a nonmoderate group," Ayloush said. "You become public enemy No. 1."

The group also has a complicated relationship with federal law enforcement agencies. Former FBI counterterrorism chief Steven Pomerantz once said the council's activities "effectively give aid to international terrorist groups."

But council representatives say they frequently meet with senior FBI officials, and the group has helped train FBI agents in how to interact with the American Muslim community.

Kaufman, who regularly contributes to the influential website frontpagemag.com, denies assertions that he's seeking to defame all Muslim groups. But he also said that none of the major American Muslim organizations qualify as moderates in his view. The website touts a variety of publications, such as "Big Lies: Demolishing the Myths of the Propaganda War Against Israel" and "The Truth About Muhammad, Founder of the World's Most Intolerant Religion."

DOJ_NMG_0113890

The council has responded to Boxer's snub by demanding a meeting with the senator — an option Boxer said she would welcome — and rallying supporters of various faiths. Among those supporters is Elizabeth Sholes, director of public policy for the California Council of Churches, who has worked personally with Elkarra in Sacramento.

"They've issued multiple declarations against extremism and violence both in the Middle East and in the America Muslim community," Sholes said of the Muslim council. "I have found them in every instance to be absolutely dedicated to the issues of peace and justice."

The Muslim council is also encouraging supporters to contact Boxer's offices to protest the decision. A spokeswoman for Boxer said that as of Friday afternoon, the senator's offices in Washington and California have received 19 calls on the issue — 15 of them against the decision to rescind the award.

But Ayloush acknowledged that the situation represents a setback for the group's attempts to make inroads into American government and society.

"For us, the award has little value," Ayloush said. "It's the symbolism of a progressive Democrat giving in to pressure from right-wing Islamophobes."

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Editor's E-Mail May Be Used In Suit Against The Times (NYT)

By Neil A. Lewis

The New York Times, January 6, 2007

ALEXANDRIA, Va., Jan. 5 — A lawyer for a former government scientist who is suing The New York Times for defamation over a series of columns about the deadly anthrax mailings of 2001 said Friday in court that he was prepared to introduce an internal e-mail message from a senior Times editor that raised questions about one of the columns.

The lawyer, Mark A. Grannis, said the columns written by Nicholas D. Kristof about the federal investigation of the mailings unfairly damaged the reputation of his client, Dr. Stephen A. Hatfill, a former germ warfare scientist.

Dr. Hatfill's lawyers have said the columns wrongfully suggested that he was responsible for the attacks.

Mr. Grannis told Judge Claude M. Hilton of Federal District Court here that if the trial proceeded he would introduce evidence including a May 23, 2002, message from Philip Taubman, then deputy editor of the editorial page, raising questions about a draft of a column by Mr. Kristof.

Beginning that spring, Mr. Kristof wrote a series of columns about a government scientist whom he initially referred to as Mr. Z., saying the scientist had become the overwhelming focus of the investigation. That August, Mr. Kristof wrote that Dr. Hatfill had acknowledged that he was Mr. Z. at a news conference in which he said the news media had mistreated him.

Mr. Grannis said he would introduce evidence of questions about the column posed by Mr. Taubman and others. The evidence from Mr. Taubman, the lawyer said, was a message saying the as-yet-unpublished column "pointed pretty much at the guy" and encouraging Mr. Kristof to take out some of the material that did that.

Mr. Grannis made his disclosure of the information that he has obtained in the discovery phase of the suit in a hearing on a Times motion to seek dismissal of the complaint.

The trial is scheduled to start Jan. 29. Judge Hilton did not say when he would rule.

The Times has argued that the columns were aimed at prodding the Federal Bureau of Investigation to pursue the anthrax case more vigorously and did not accuse Dr. Hatfill of being the person responsible for the mailings.

In writing about the investigation, Mr. Kristof's ire was directed against federal officials for not moving swiftly to decide whether the scientist was guilty or innocent, the paper's lawyers have said.

"His intent was to focus on the F.B.I.," a lawyer for The Times, Lee Levine, told Judge Hilton.

Mr. Levine, of Levine Sullivan Koch & Schulz, told Judge Hilton that Mr. Hatfill was a public figure, or as someone recognized in libel and defamation law as a limited-purpose public figure, because of his involvement in the public debate about preparedness for a bioterrorist attack.

Mr. Levine said Dr. Hatfill had "voluntarily thrust himself into the vortex of that controversy" through his writings and speeches, confirmed by Dr. Hatfill's complaints that he was easily identified as Mr. Z by many people in the field.

As a public figure Dr. Hatfill would have a far greater burden in his effort to win a defamation suit. To prevail, a public figure has to prove that the material was published with "actual malice," that is with the knowledge that the statements were false or with reckless disregard as to whether they were false.

Lawyers for The Times also argued that neither Mr. Taubman's message nor any other evidence put forward by Mr. Hatfill's lawyers was proof that Mr. Kristof had acted with reckless disregard for the truth, the standard that Mr. Hatfill must meet if he is found to be a public figure.

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The Times said that even if all of Mr. Hatfill's assertions were true, he would not prevail and that therefore the judge should dismiss the case before trial. The message from Mr. Taubman, now Washington bureau chief for The Times, was released Friday afternoon by the lawyers for The Times. It read: "Nick, you're still pointing pretty much at the guy. I think you need to lose the material I've marked in boldface."

Mr. Taubman had marked two paragraphs referring to a middle-age American scientist with experience in producing bioweapons. The column, which appeared May 24, included the first of those two paragraphs but dropped the second, the messages showed. Although the essence of that message was pretty much as Mr. Grannis represented it in court, two other e-mail messages he cited were more ambiguous.

He said messages from Nicholas Wade, a former science editor at the paper and then a special projects writer, and Gail Collins, the editorial page editor, were critical of a column prepared for publication in July. Those messages, as disclosed by lawyers for The Times, raised more generalized suggestions.

Mr. Grannis said Mr. Wade's message had said the column made it plausible to a reader that Mr. Kristof was pointing at Mr. Z as the culprit. But the message said it was plausible that Dr. Hatfill might have been involved in an earlier anthrax scare that was a hoax.

In her message, Ms. Collins said the column "looked fine to me" and asked how an anthrax mailing to The National Enquirer in Florida fit in.

Five people died in the attacks. Although federal authorities identified Dr. Hatfill as a "person of interest" in the case, he was not charged with any crimes. No one has been charged in the attacks.

N.Y. Times Urges Judge To Dismiss Hatfill Suit (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, January 6, 2007

The New York Times Co. yesterday urged a federal judge to throw out a defamation suit filed by a former Army scientist, saying that columnist Nicholas D. Kristof did not intend to implicate the scientist in the 2001 anthrax attacks.

In a series of columns that explored whether Steven J. Hatfill was responsible for the anthrax-spore mailings that killed five people and sickened 17, Kristof was trying "to focus attention on the FBI, to get it to jump-start the investigation . . . not to point a finger at Mr. Hatfill," said Lee Levine, a Times company lawyer.

But attorneys for Hatfill accused Kristof of deliberately ruining Hatfill's reputation and said Kristof's editor warned him that one of the columns could be read as implicating Hatfill in the attacks. The editor, Philip Taubman, said in an e-mail to Kristof that the column was "pointing pretty directly at the guy" and urged Kristof to take some passages out before publication, said the lawyer, Mark A. Grannis. Kristof declined, Grannis said.

"He was implicating Dr. Hatfill in a notorious act of terrorism," Grannis said. "To pretend otherwise is to just ignore the reality of this case."

Taubman, now the Times's Washington bureau chief, referred questions to a company official yesterday. David McCraw, assistant general counsel for the Times company, said Taubman was not Kristof's editor "for column content. Nick had sent draft columns to Phil and other colleagues seeking their opinion and advice on them." Kristof declined to comment.

U.S. District Judge Claude M. Hilton in Alexandria did not rule yesterday on the Times's request for a dismissal. Hatfill sued the Times company in 2004, contending that the paper defamed him in a series of Kristof columns that identified him as a "likely culprit." A trial is set for Jan. 29.

The legal maneuvering comes in advance of a trial that lawyers say is expected to shine new light on the government's investigation of Hatfill and possibly on the overall anthrax probe itself. No one has been charged in the investigation of anthrax-tainted letters mailed to media and government offices.

Hatfill, a former researcher at the Army's infectious disease research laboratory at Fort Detrick in Frederick, has been trying to clear his name ever since then-Attorney General John D. Ashcroft publicly called him a "person of interest" in the investigation in 2002.

In the 2002 columns, Kristof criticized the FBI, saying it had failed to aggressively pursue a scientist he first identified as "Mr. Z." He wrote that the biodefense community had called Mr. Z a "likely culprit," partly because the scientist was familiar with anthrax.

Kristof later acknowledged that Hatfill was Mr. Z. He also wrote that Hatfill deserved the "presumption of innocence."

Attorneys for the Times said yesterday that Kristof was only trying to focus attention on the failure to solve the case. "The larger issue in the columns was the nation's preparedness to handle biological attacks," Levine said.

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Hatfill's attorneys contended that Kristof had deliberately fingered their client as the anthrax killer. "Dr. Hatfill was a purely private citizen, as innocent as anyone in this courtroom and as deserving of the protection of his reputation as anyone in this country," Grannis said.

Hatfill Lawyer: Times Editor Warned Columnist On Anthrax Piece (AP)

Associated Press

AP, January 6, 2007

ALEXANDRIA, Va. -- Lawyers for a former Army scientist suing The New York Times for libel said Friday that an editor at the paper warned columnist Nicholas Kristof to remove incriminating passages from a column that raised suspicions that Steven Hatfill was involved in the 2001 anthrax attacks.

Kristof left the passages in the May 2002 column despite the warning, said lawyers for Hatfill, who claims that a series of Kristof columns that year falsely implicated him as the culprit in the anthrax mailings that left five people dead. An elderly Connecticut woman was among the victims.

The editor's warning to Kristof was voiced in an e-mail uncovered during the extensive pretrial discovery process, said Mark Grannis, one of Hatfill's lawyers. Grannis did not give specifics on the passages at issue outside court; he said some details of the case have been sealed.

The accusation came as a federal judge again heard arguments on whether to dismiss the lawsuit. The newspaper's lawyers argued that under federal libel law, Hatfill should be considered a public figure. The law makes it more difficult for public figures to prevail in libel cases.

Hatfill's lawyers dispute that their client should be classified as a public figure. But even if he were, they said, they have uncovered flaws in Kristof's reporting that are so flagrant that Hatfill would still win his case.

Grannis said that in addition to the editor's warning, several of Kristof's sources testified in pretrial depositions that they did not provide the information Kristof has said they did.

"Mr. Kristof made things up," Grannis said. "What Mr. Kristof reported was not just false, it was embarrassingly false. It was outrageously false."

Five people were killed and 17 sickened by anthrax that had been mailed to lawmakers on Capitol Hill and members of the news media in New York and Florida just weeks after the Sept. 11, 2001, terrorist attacks.

The victims include Ottilie Lundgren, 94, of Oxford, Conn., who investigators say died after opening anthrax-contaminated mail that passed through a Connecticut mail distribution center.

The case remains unsolved.

Kristof's columns initially referred to Hatfill only as "Mr. Z"; Hatfill was identified by name only after he held a news conference in August 2002 to denounce rumors that had been swirling around him.

Kristof has said his purpose in writing the columns was to prod a dawdling FBI investigation and that he said in several columns that Mr. Z enjoys a legal presumption of innocence.

Hatfill claims that Kristof's columns revealed enough details for people to figure out who he was despite withholding his name.

Times lawyer Lee Levine said Hatfill is being hypocritical when he argues that he is not a public figure. On the one hand, Hatfill contends he was so well known that people could piece together his identity from the clues in Kristof's "Mr. Z" columns. On the other hand, they argue that he was essentially an unknown when it comes to his status as a public figure under libel law.

"You can't have it both ways," Levine said.

Levine said Hatfill qualifies as a public figure because he had injected himself into the national debate about bioterrorism years before the anthrax attacks. He had occasionally been quoted as an expert in the media, and even once donned a chemical suit for a magazine photo.

U.S. District Judge Claude Hilton said he will rule on the newspaper's motion soon. The trial is scheduled to begin Jan. 29.

Hilton previously ordered Kristof to disclose his confidential FBI sources so Hatfill could pursue his claim. Kristof refused, and in response Hilton barred Kristof from relying on any information provided by those sources in his defense.

Hatfill's lawsuit was dismissed by Hilton in 2004 but reinstated by a federal appeals court. Hatfill is also suing former Attorney General John Ashcroft, the Justice Department and others in U.S. District Court in Washington claiming they violated Hatfill's civil rights.

Katrina Victims Find A Solution: Modular House (NYT)

By Leslie Eaton

The New York Times, January 6, 2007

DOJ_NMG_0113893

PASS CHRISTIAN, Miss. — Of the hundreds of houses swept away by Hurricane Katrina in this small Gulf Coast town, only a fraction have been replaced. The price of building materials has skyrocketed, and the services of even mediocre contractors can be hard to come by.

But on East North Street recently, a swarm of workmen put the final touches on Gwen and Rudy Cardreon's new home, a tan ranch house that sprang up, on 11-foot piling, in a matter of days. Constructed in three pieces in a factory hundreds of miles away, the house came equipped with carpets, curtains, even ceiling fans, but looks as if it were custom built in the Cardreons' yard.

"Isn't it gorgeous?" Mrs. Cardreon exclaimed, standing in her new kitchen as construction workers hammered on the wooden staircase outside.

Before the August 2005 hurricane, so-called modular houses like the Cardreons' were almost unknown in Mississippi, where houses tended to be the traditional "stick built" on site or mobile homes. Modulars have been popular until now mainly in Northern states with short building seasons and high labor costs.

But since the storm, modular houses, which range from simple shotgun-style cottages to fancy minimansions, are starting to appear across the Gulf Coast, as public officials and private citizens search for ways to speed the slow pace of recovery and begin experimenting with new forms of shelter.

Modular houses have a number of advantages over conventionally built houses, their advocates said. For example, once they are delivered, modular homes can sometimes be completed in days, rather than months. They are relatively easy to perch up on stilts to comply with flood zone rules. They require less local labor in a region where there is more than enough construction work to go around. Some are less expensive than conventional houses — they range from $50,000 to $500,000 — and manufacturers say some can withstand 160-mile-an-hour winds.

The number of modular houses on the Gulf Coast is still small; perhaps 400 have been installed in Mississippi in the last year, said Fred C. Hallahan, a consultant in Baltimore who tracks the modular business.

But Mr. Hallahan and other experts expect the trickle of modular housing to grow rapidly this year, and perhaps lead to even bigger changes.

"Really, if we look back 20 years from now, we could see a dramatic shift in the way houses get built," said David W. Hinson, a professor of architecture at Auburn University in Alabama.

In Mississippi, Hurricane Katrina destroyed 70,000 houses and apartments, according to state estimates; more than 30,000 families in the state still live in the small trailers supplied by the Federal Emergency Management Agency.

Though Mississippi is widely considered to be far ahead of Louisiana in terms of recovery, only 2,480 building permits had been issued by the end of November for new home construction in the hardest-hit counties along the coast, according to the governor's office.

Officials cite many reasons for the slow going, including insurance issues, wetlands regulations, permit backlogs and infrastructure problems. And, of course, money: many people are still fighting with their insurance companies, and over the summer, Mississippi's grant program to help homeowners rebuild ran into some of the same bottlenecks that still plague Louisiana's Road Home program.

But after several adjustments, the Mississippi program has distributed more than $500 million to more than 8,000 homeowners, said Donna Sanford, who supervises the program for the Mississippi Development Authority. Last month, the federal Department of Housing and Urban Development approved a second phase of the program, to help low-income applicants and those who lived in the flood zones.

With the prospect of money finally starting to flow to housing, experiments are going on across the Gulf Coast as people look for ways to build more quickly, more cheaply and with more resistance to hurricanes.

Builders are exploring houses made of steel or concrete, and are considering putting housing above stores, as they do in concentrated urban areas like New York City. Volunteer groups have been ordering house-in-a-box kits from New Hope Construction, a nonprofit supplier in Tennessee that often works closely with churches.

Lowe's, the big building supply chain, says it will be selling everything necessary to build a Katrina Cottage, designed as a low-cost, high-quality alternative to trailers.

[Directed by Congress, even FEMA has gotten into the act, awarding about $400 million on Dec. 22 to various state-sponsored pilot programs to replace its travel trailers with roomier and sturdier housing.]

But the big push seems to be modular housing, which is being used not just by private developers, but also by Habitat for Humanity and Catholic Charities in New Orleans.

"It's the only answer, it is simply the only answer in Mississippi," said Fred Carl Jr., the founder of the Viking Range Corporation, who served as the Hurricane Katrina housing coordinator for Gov. Haley Barbour.

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Mr. Carl said he was trying to lure a major modular manufacturer to the state. “We need nine or ten thousand houses a year,” he said.

There is already one home-grown modular builder in Mississippi, Safeway Homes, which Buddy Jenkins and his brother started in 2005. “We’re really a stick-built house moved in component parts,” Mr. Jenkins said of his tidy houses, which are rated to withstand high winds.

At the company’s spotless plant in Lexington, a small town north of the state capital, Jackson, Joel E. Smith walks a visitor through the 16 stations where the houses are framed and insulated by about 100 workers. The ducts and plumbing are installed, fixtures added, doors and windows placed, and each half of a house is tightly screwed and glued.

Once they are delivered, a crane will lower the halves onto a foundation, where they will be joined, and a roof, also built at the plant, will be attached. The basic house costs about $58,000, company officials said, but the final cost will depend on the land, the foundation, the developer and whether the owner has chosen any extras like arched windows.

Safeway Homes has built about 250 houses, Mr. Smith said, and could make as many as three a day. But there are hurdles. Some are regulatory; building inspectors are often unfamiliar with modular housing, and customers must buy through a developer rather than from manufacturers. And some consumers still equate modular houses with mobile homes, in part because they are sold by many of the same manufacturers. That image problem is being tackled by Victor Planetta, a developer based in Louisiana who, with his son, Victor Jr., has started putting modular houses in their Mississippi developments.

Their showplace, on the main highway into Bay St. Louis, near Pass Christian, is a bright yellow, two-story house on pillars with a fountain burbling out front and a big motorboat named Beyond Belief out back in the canal.

The house, which was trucked in several pieces from a Genesis Homes plant in Lake City, Fla., and assembled on the site, has crown moldings, granite, silk flowers and tassels; there is even an elevator. More than 1,000 people have visited the house, which will sell for about $425,000, the Planettas said.

Here in the Pass, as the devastated town is known, about three dozen simple modular houses, including Gwen and Rudy Cardreon’s, have been installed though a program called Home Again. Phil Eide, who runs the program for ECD/Hope, a community development organization, said that modular housing had been harder to deal with than he had first hoped. For example, it takes 41 steps to get a permit, he said, and some suppliers make promises they do not keep.

But the program has attracted backing from James L. Barksdale, the former Internet executive and investor who served as chairman of Mississippi’s Commission on Recovery, Rebuilding and Renewal, who just bought about 35 modular houses that Home Again will place in communities.

Mr. Barksdale said he had become frustrated with the lack of progress in returning affordable housing to the Gulf Coast.

“My goal,” he said, “is to prove to people that we can do this, and then let it become a lot bigger program.”

WAR NEWS:

Pelosi, Reid Urge Bush To Begin Iraq Pullout (WP)

By Peter Baker, Robin Wright, Washington Post Staff Writers

The Washington Post, January 6, 2007

President Considering Three "Surge" Options

House Speaker Nancy Pelosi and Senate Majority Leader Harry M. Reid declared yesterday that "it is time to bring the war to a close" and warned President Bush that sending more U.S. troops to Iraq would be unacceptable to the Democratic majorities that have just taken over Congress.

Directly challenging Bush's wartime leadership on their second day in charge on Capitol Hill, Democrats Pelosi (Calif.) and Reid (Nev.) sent Bush a letter suggesting that, instead of starting a short-term escalation, he begin a phased withdrawal of U.S. forces in the next four to six months. The mission of remaining troops, they said, should be shifted away from combat toward more training, logistics and counterterrorism.

The newly ascendant Democrats are trying to preempt the president before he announces his new strategy. As he prepares for a nationally televised address next week, officials said, Bush is considering three main options to bolster U.S. forces in Iraq: a relatively modest deployment of fewer than 4,000 additional troops, a middle-ground alternative involving about 9,000 and, the most aggressive idea, flowing 20,000 more troops into the country.

In a speech today unveiling his own revised security plan, Iraqi Prime Minister Nouri al-Maliki is expected to publicly welcome additional U.S. troops, a condition requested by the Bush administration. Maliki's cooperation is pivotal to Bush's own efforts. Bush told Maliki in a videoconference Thursday that the United States is willing to help but that Maliki has to deliver along the way, U.S. officials said.

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In preparation for the shift in strategy, Bush reshuffled his national security leadership team yesterday. He replaced the top two generals running the Iraq war, named a new Army chief of staff, moved his intelligence director over to the State Department and put a veteran officer in charge of intelligence. Officials have said he also plans to move his ambassador in Baghdad to the United Nations and replace him with a veteran diplomat.

Over the next few days before his speech, Bush is conducting intensive consultations with lawmakers, foreign allies and advisers. He met with lawmakers from both parties yesterday and plans to talk with leaders of Britain, Australia and possibly Denmark, countries that still have major military contingents in Iraq, according to U.S. officials and diplomats. The White House said he will talk with both Pelosi and Reid before announcing his new strategy.

White House press secretary Tony Snow said the sessions with lawmakers have featured "some vigorous exchanges" and have been useful. "The fact is that these meetings may not be happy-face 'Kumbaya,' but they have been very constructive in the sense that people are talking respectfully about important issues and expressing their ideas," he said. "And some of them are quite interesting. And we're taking them into account."

But some lawmakers have left the meetings unsatisfied. Sen. Ben Nelson (Neb.), a conservative Democrat needed by Bush if he hopes to have any support across the aisle, said he pressed the president yesterday to provide a clear and specific mission before ordering additional forces to Iraq. "The White House has to make the case for sending in more troops before they send the troops," he said. "We need a new direction, not just a new slogan."

Even many Republicans appear unenthusiastic about troop increases. Senate Minority Whip Trent Lott (R-Miss.) said Thursday night on MSNBC's "Hardball" that he might say no to the surge. "I want to know what it all is," Lott said of Bush's overall plan. "But here's my main point: We've got to change the status quo. At some point we've got to say to the Iraqis, 'Congratulations. Saddam is dead. We've given you an opportunity for peace and freedom. It's yours.' "

The letter by Pelosi and Reid sent a signal that the new congressional leadership intends to be aggressive in voicing opposition to Bush's handling of the war. With their new majorities, they have a bigger political megaphone and more ability to bring pressure to bear. At the same time, Pelosi and Reid have eschewed using the main legislative mechanism to change policy, namely cutting off funding for the war.

"Surging forces is a strategy that you have already tried and that has already failed," Pelosi and Reid wrote. "Like many current and former military leaders, we believe that trying again would be a serious mistake. . . . Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain."

By releasing the sternly worded letter, Democratic leaders hoped to jump ahead of Bush and set the agenda for the weekend talk shows. Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus, said the party wants to address even the terminology of the White House plan, defining it not as a "surge" but as an "escalation." "People are going to know [the president] has a very critical audience in the Democratic Congress on this proposal," he said.

The prospect of increasing troop levels has been greeted with so much hostility that some lawmakers are questioning whether Bush is serious. "A surge is not a new strategy. A surge is a new tactic that does nothing to change the underlying strategy that has so clearly failed," said Rep. Loretta Sanchez (D-Calif.), a member of the House Armed Services Committee.

"I don't know if Mr. Bush even believes in this so-called surge," scoffed Rep. Neil Abercrombie (D-Hawaii), another member of the committee. "The neocons are trying to test the new Congress to see how we respond."

While the din of opposition has risen, the administration has not made a public case for why more troops would be the answer. Even senior military officers have expressed deep skepticism in public and outright opposition in private. Aside from some neoconservative scholars, virtually the only prominent voices advocating the troop increase are Sens. John McCain (R-Ariz.) and Joseph I. Lieberman (Conn.), an independent who caucuses with the Democrats.

Bush is looking at three broad options involving one to five additional brigades, according to U.S. officials. The smallest increase would basically be limited to the brigade from the Army's 82nd Airborne Division, comprising fewer than 4,000 troops, which has already departed for Kuwait. It would eventually be deployed in Baghdad.

The second option would involve deploying another Army brigade to Baghdad and two battalions of Marines to Anbar, the volatile province that has been a battlefield for the Sunni insurgency and foreign fighters associated with al-Qaeda. The Marines could not be deployed until February, U.S. officials said. The joint Army and Marine deployment would bring the increase to between 9,000 and 10,000 troops.

The third option would supplement the first and second with additional Army brigades, bringing the total to about 20,000, largely deployed in the Iraqi capital. But U.S. officials said this would take considerable time -- possibly three or four months, with a complete deployment as late as May -- because of the difficulty of assembling additional troops through accelerating planned deployments and remobilizing reserves, U.S. officials said.

The Bush administration is also considering a troop increase that would play out in phases and in response to the performance of the Iraqi government in following through on its promises to go after illegal militias and crack down on sectarian

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violence. Maliki has in turn requested more operational control over Iraqi troops, which Washington is tentatively prepared to give him, U.S. officials said.

Bush installed new U.S. figures yesterday to manage efforts in Iraq. As expected, he replaced Army Gen. John P. Abizaid, head of U.S. Central Command overseeing Middle East operations, with Navy Adm. William J. Fallon, and replaced Gen. George W. Casey Jr., the Iraq commander, with Army Lt. Gen. David H. Petraeus, who would be given a fourth star. Bush also confirmed that John D. Negroponte, director of national intelligence, will become deputy secretary of state and be replaced by Navy Adm. John M. McConnell.

Snow said the generals are not being replaced because of their resistance to increasing troop levels, calling Casey "magnificent" and Abizaid "an extraordinary officer." Casey will become Army chief of staff, and Abizaid is retiring.

Democrats signaled that they will start closely examining administration decisions on Iraq next week. The Senate Foreign Relations Committee announced a schedule for four weeks of hearings on Iraq featuring witnesses such as Secretary of State Condoleezza Rice; members of the Iraq Study Group, which recommended a new course in Iraq; a slew of former secretaries of state and defense; current and retired generals; and Middle East scholars.

"Our purpose is not to revisit the past," said Chairman Joseph R. Biden Jr. (D-Del.), "but to help build a consensus behind a new course for America in Iraq."

Bush Facing A Deep Divide With Democrats Over Talk Of Increasing Troops In Iraq (NYT)

By David E. Sanger, Jeff Zeleny

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — The new Democratic leaders of the Senate and the House warned President Bush on Friday against sending additional troops to Iraq, setting the stage for what could become a major confrontation over a new war strategy.

Mr. Bush is expected to call for more troops in a speech as soon as Wednesday, as part of a renewed effort to secure Baghdad. But Nancy Pelosi, the new speaker of the House, and Harry Reid, the new Senate majority leader, dismissed that approach as a strategy “that has already failed.”

“Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain,” Mrs. Pelosi and Mr. Reid wrote in a letter to Mr. Bush. “We are well past the point of more troops for Iraq,” they added, urging Mr. Bush to begin a “phased redeployment,” or gradual withdrawal.

Not all Democrats agree with the position their leaders staked out in the letter on Friday, just days before Mr. Bush is expected to announce a broad strategy involving more troops, accelerated training of Iraqi forces and a large increase in economic and reconstruction aid to Iraq. But the release of the letter suggests that a major political battle may be brewing.

Mr. Bush appeared to be trying to head off any confrontation when he invited 13 Democratic and Republican senators to the White House Friday for what administration officials called a “consultation” on Iraq.

At a later meeting, Mr. Bush met with the former chairman of the Armed Services Committee, Senator John W. Warner, Republican of Virginia, who cautioned that Congress would want to take time to consider the strategy before Mr. Bush began implementing it.

“The president has had this opportunity now for some weeks, and I think Congress is entitled to an opportunity to independently look at the situation,” Mr. Warner said.

Mr. Bush has begun to put parts of his plan in place, making official on Friday some changes that will insure new faces are associated with a new approach.

He announced the nomination of Lt. Gen. David H. Petraeus as the new commander in Iraq, to succeed Gen. George W. Casey Jr., whom Mr. Bush said he intended to elevate to Army chief of staff.

Mr. Bush praised General Casey, who spent much of 2006 pressing for a gradual withdrawal of troops, as “strong and effective”; he hailed General Petraeus, who has reportedly backed an increase, as “a soldier of vision and determination.”

Mr. Bush is also remaking his diplomatic team, nominating John D. Negroponte, the director of national intelligence, to be deputy secretary of state.

Ryan C. Crocker is expected to be nominated ambassador to Iraq. His nomination would for the first time place an Arabist with experience in sectarian conflicts, mostly in Lebanon, at the head of the embassy in Baghdad.

Administration and Congressional officials said they expected the military and diplomatic nominations to receive Senate approval, though senators might use the hearings to air dissent about any troop increase and draw attention to the perceived failings of Iraq strategy.

The bigger question is whether Congress will seek to stop the troop increase. In theory, it could cut off financing, the only way it could actually interfere with the commander in chief’s plans. But Democrats have said they would not take such a step, largely out of fear of being accused of undercutting the troops.

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That leaves them with only one option: holding a series of hearings, which start next week, immediately after the president's speech, that are intended to expose the divisions within the military over the wisdom of increasing troops. Many senior officers, including General Casey, have argued that adding American troops will undercut the effort to get the Iraqi government to defend itself.

Some Republican leaders insisted that Congress should not go down that path. "I don't think that we should be dictating military strategy in Iraq from Capitol Hill," said Representative John A. Boehner of Ohio, the Republican minority leader in the House.

In addition to the 13 senators, Democrats and Republicans, invited to the White House on Friday afternoon, those attending the meeting included Vice President Dick Cheney, Secretary of State Condoleezza Rice, the Joint Chiefs chairman, Gen. Peter Pace, and Stephen J. Hadley, the national security adviser.

Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, who both are considering a presidential candidacy, arrived at the White House at nearly the same time. After the meeting, Mrs. Clinton did not issue a statement, while Mr. Obama spoke to reporters about his conversation with Mr. Bush.

"I personally indicated that an escalation of troop levels in Iraq was a mistake and that we need a political accommodation, rather than a military approach to the sectarian violence there," he said. "I think he recognizes that the status quo is unacceptable and has to change."

Senator Mary L. Landrieu, a Louisiana Democrat, said she would consider supporting an increase in troops for a short time if the president could articulate "specific opportunities for success," particularly cities that troops would be dispatched to and how long they would stay. Ms. Landrieu also said she would need to be convinced that there was a broader solution to limit American involvement in Iraq.

"The American people's patience is wearing thin with the vagueness," she said, speaking to reporters as she left the White House.

In interviews after the meeting, several senators said they could not tell whether Mr. Bush had made a decision whether to call for a troop increase. The senators described the meeting as frank but not confrontational. But even those who have supported the administration's Iraq policy said it was time for a change of course.

"I don't know that the American people will see the surge as a new direction," said Senator Ben Nelson, a Democrat from Nebraska. "The American people want to see a change in direction, not just a change in slogans."

Senator Blanche Lincoln, an Arkansas Democrat at the meeting, said an increase in troops would face considerable scrutiny in Congress from Democrats and Republicans.

"I asked the president, 'Where would that surge come from?' " Ms. Lincoln said. "He said that was a very good question."

Critics Slam Possible Iraq Troop Boost (AP)

By Jennifer Loven,

AP, January 6, 2007

Days from announcing an overhaul of Iraq strategy, President Bush on Friday encountered a wall of criticism of the U.S. troop escalation that is expected to be the centerpiece of his new war plan.

Bush also reshuffled his war commanders, installing a new team to support the policies he will announce next week. Democrats and Republicans alike took aim at the expected increase in U.S. forces.

"It has to be significant and sustained. Otherwise do not do it," said Sen. John McCain, a Republican presidential hopeful and Vietnam veteran who has been advocating a troop increase.

Those for going in the opposite direction spoke out, too.

"We are well past the point of more troops for Iraq," new House Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Harry Reid, D-Nev., wrote in a letter to Bush a day after their party took the reins on Capitol Hill. Instead, Pelosi and Reid urged Bush to begin pulling troops out in four to six months.

The criticism underscored that Bush, preparing his new policy for an increasingly unpopular and costly war, will face a Congress that is not only controlled by Democrats who could challenge him at any turn but also populated with Republicans looking toward the congressional and presidential elections of 2008.

The president spent much of the day in last-minute consultations with members of Congress from both parties, by all accounts soliciting their input while giving few hints of his own plans. But doubts about dispatching more soldiers to Iraq — which Democratic Sen. Ben Nelson called "the elephant in the room" at the White House — were expressed to the president's face and before various audiences around Washington.

Rep. Heather Wilson, R-N.M., an Air Force veteran and member of the House Intelligence Committee who had just returned from Iraq, lambasted Bush's war leadership as lacking "a clarity of mission."

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She spoke at a news conference against sending more Americans, saying the U.S. should be focused only on hunting for al-Qaida terrorists and ensuring Iraq does not become a source of regional instability.

"We're talking about goals in lofty terms that are not vital American national interests," she said.

CBS News reported that Defense Secretary Robert Gates has recommended that the president order an immediate 10,000 additional troops to Iraq with an option to double that number by spring under a plan in which five additional brigades of troops could eventually help in Baghdad and two battalions in troubled Anbar Province. Asked for comment, a senior defense official told The Associated Press that parts of the CBS report were incorrect but declined to say which parts or to comment on any recommendations Gates might have made to Bush.

Bush, meanwhile, announced more changes in his team of military and diplomatic advisers.

He said Gen. John Abizaid, the top U.S. commander overseeing the theater that includes Iraq, will be succeeded by Adm. William Fallon, now Abizaid's counterpart in the Pacific. Army Lt. Gen. David Petraeus is the president's choice to be the new chief commander in Iraq, replacing Gen. George Casey. The nominations must be approved by the Senate.

Petraeus led the 101st Airborne Division during the 2003 Iraq invasion and later headed the effort to train Iraqi security forces.

Both Abizaid and Casey already had been expected to rotate out of their jobs. Both also had publicly expressed skepticism about a troop increase, and when Bush began devising a new Iraq plan their timetable appeared to move up.

Also, Ryan Crocker, a veteran American diplomat who is now U.S. envoy to Pakistan, was expected to replace Zalmay Khalilzad as U.S. ambassador to Iraq. Bush nominated Khalilzad, a subject of criticism in Iraq as favoring his fellow Sunni Muslims, to become the U.S. ambassador to the United Nations.

In a White House that prides itself on discipline, there was much confusion about the personnel changes. There was a torrent of news leaks, unsuccessful efforts by the White House to control the flow of information and messy shifts in how the announcements would be made.

The president's talks Friday with several groups of lawmakers included moderate Democrats and loyalist Republicans but also some of the president's biggest critics, such as Democratic Sens. Hillary Rodham Clinton and Barack Obama.

"He did say he has not made up his mind yet," said Rep. Chris Carney, a freshman Democrat from Pennsylvania who is in the Navy Reserve and served as a Pentagon intelligence analyst.

Republican Sen. Norm Coleman, part of a later meeting with over a dozen senators of both parties, said the skepticism about whether a burst of troops could achieve anything was nearly universal.

"I don't think there was a sense that case had been made," said Coleman, from Minnesota.

Several senators said Bush promised an increase would be done only in concert with greater efforts by the Iraqi government, which has failed to rein in the Shiite militias and to supply the promised amount of Iraqi forces to work alongside Americans.

Nelson, who said he walked away with no doubt Bush is planning to boost troops, said the president suggested there would be "the expectation of the Iraqis carrying out their part of the deal or else." But, said the Nebraska Democrat, the president did not define the consequences.

Iraqi Prime Minister Nouri al-Maliki, set to unveil his own revamped strategy within days, is himself uneasy about more American troops, preferring that the U.S. presence be pulled back to Baghdad's outskirts.

During a nearly two-hour discussion Thursday, Bush told al-Maliki he was ready to send additional U.S. forces. But the Iraqi leader replied "he would have to talk that over with his senior military officers to see if they were needed," Sami al-Askari, an al-Maliki political adviser, told The Associated Press.

Sen. Joe Lieberman, meanwhile, agreed with McCain that a small, temporary force boost would not be enough. Neither of the senators, appearing together at the conservative American Enterprise Institute, would put a precise number on how many more troops might be necessary.

However, they said that — at minimum — it should be another three to five brigades for Baghdad, where Shiite militias are terrorizing the minority Sunni population, and one brigade for western Anbar Province, the center of the mostly Sunni anti-American insurgency. With about 3,500 troops in each brigade, that would total 14,000 to 21,000 additional troops.

A letter from 28 House Republicans urged Bush to divert some of the 21 Iraqi battalions operating in peaceful provinces to Baghdad and other dangerous areas, to spare U.S. troops.

White House press secretary Tony Snow said Bush's meetings with lawmakers were more than just window dressing.

He said, "The fact is, these meetings may not be happy-face, kumbaya, but they have been very constructive."

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Associated Press writers Deb Riechmann, Anne Flaherty, Liz Sidoti, Kimberly Hefling, Jennifer Talhelm and Frederic J. Frommer and Pauline Jelinek contributed to this report.

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Reid, Pelosi Rip Iraq Buildup (WT)

By Stephen Dinan, The Washington Times

The Washington Times, January 6, 2007

Top House and Senate Democrats yesterday said they oppose boosting the number of troops in Iraq, giving them a jump on President Bush's speech next week detailing a new war strategy and setting a roadblock in front of one of the major options he is considering.

"Surging forces is a strategy that you have already tried and that has already failed. Like many current and former military leaders, we believe that trying again would be a serious mistake," House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid wrote in a letter designed to frame the debate as Mr. Bush tries to devise what the White House calls a new way forward in Iraq.

Meanwhile, in a shake-up in advance of the speech, Mr. Bush nominated a new deputy secretary of state, director of national intelligence, commander of U.S. forces in Iraq and head of Central Command, the post that oversees the broader war on terrorism in the Middle East.

"It makes sense to go ahead and make sure that you're going to have your command team that is going to be in place as you're working on this new way forward and enacting it," White House press secretary Tony Snow said, adding that some of the outgoing military commanders' jobs would have expired in the middle of implementing the new strategy.

Mr. Snow said the president is "moving in a direction" toward a revamped strategy, but is still listening for ideas.

Now, though, he is facing a challenge from Mrs. Pelosi, California Democrat, and Mr. Reid, Nevada Democrat, at the beginning of the new Congress.

Their letter puts them out in front of Mr. Bush's speech next week, filling the vacuum created as the president works out his new strategy and earning them part of the discussion on the Sunday political talk shows.

But it also comes on the heels of criticism that Democrats are ignoring the concerns of the anti-war faction of their party, and just days after an anti-war demonstration led by activist Cindy Sheehan drowned out a Democratic press conference on Capitol Hill.

Asked about the leaders' letter, Mr. Snow said the administration shares some of the Democrats' goals, such as renewed diplomatic efforts, and chose to focus on the section where the leaders said they "want to do everything we can to help Iraq succeed in the future."

"The ultimate objective here is not to engage in sparring, but to engage in an open dialogue with people on both sides of the aisle," Mr. Snow said.

In their letter, the two leaders pointed to Gen. John Abizaid, the head of Central Command, who said in congressional testimony that bringing in more troops would run counter to trying to get the Iraqis to do more.

Gen. Abizaid lost his job in yesterday's shake-up -- his retirement was announced by the Pentagon -- though Mr. Snow said the administration still values his counsel. Adm. William J. Fallon will replace him at Central Command.

Meanwhile, Gen. George Casey will be moved from commander of U.S forces in Iraq to become Army chief of staff. He will be replaced in Iraq by Lt. Gen. David Petraeus.

The letter is just one part of the Democrats flexing their newfound muscle on foreign policy and the strategy in Iraq.

Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Foreign Relations Committee, announced a schedule of four weeks of hearings to look at U.S. strategy in Iraq, while Sen. Edward M. Kennedy, Massachusetts Democrat and chairman of the Judiciary Committee's immigration and refugees subcommittee, will hold a hearing on Iraqi refugees.

If Mr. Bush does choose to increase the number of U.S. troops in Iraq -- something Mr. Snow said had not been decided yet -- he will have the backing of two prominent senators: Sen. John McCain, Arizona Republican, and Sen. Joe Lieberman, Connecticut independent.

Speaking together at the American Enterprise Institute, the two lawmakers endorsed a strategy of increasing troops and shifting from training Iraqi security forces to protecting the Iraqi people. Mr. McCain said that the increase must be significant and sustained, and that Americans must be prepared for more casualties, but that the fight is necessary.

"There is somehow the belief, that I don't quite comprehend, that we just come home and then it's over," Mr. McCain said.

Mr. Lieberman warned that leaving Iraq at this juncture would lead to a complete collapse of the country, chaos that would spread across the region and inflame greater Islamic extremism.

Both men also endorsed the change in military leadership.

The military shake-up was coupled yesterday with Mr. Bush nominating John D. Negroponte to become the deputy secretary of state, and nominating retired Vice Adm. Mike McConnell to fill Mr. Negroponte's current slot as director of national intelligence.

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Reid And Pelosi Warn Bush Against "Surge" (RC)

By John Stanton

RollCall.com, January 5, 2007

Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) today rejected an expected Bush administration proposal to sharply increase the number of U.S. troops in Iraq and called on the administration to drop the "surge proposal."

In a letter to President Bush, Pelosi and Reid called the plan little more than a retread of the administration's previous failed attempts to quell the violence in Iraq. "Surging forces is a strategy that you have already tried and that has already failed," Pelosi and Reid wrote in the letter, adding that, "like many current and former military leaders, we believe that trying again would be a serious mistake. They, like us, believe there is no purely military solution in Iraq. There is only a political solution. Adding more combat troops will only endanger more Americans and stretch our military to the breaking point for no strategic gain. And it would undermine our efforts to get the Iraqis to take responsibility for their own future. We are well past the point of more troops for Iraq."

The sharply worded letter — the first formal communication between the two new leaders of Congress and Bush — comes as the president is preparing for a major address to the nation on the Iraq War and his plans for overhauling his administration's approach to prosecuting the conflict.

Democrats Blast Bush's Iraq "Surge" Policy (HILL)

By Elana Schor

The Hill, January 5, 2007

Democratic congressional leaders Friday issued a warning to President Bush on his publicly signaled plans to escalate the U.S. troop presence in Iraq, presaging four weeks of Senate hearings that promise to bring sharp scrutiny and criticism for the White House's war policy.

Senate Majority Leader Harry Reid (D-Nev.) and Speaker Nancy Pelosi (D-Calif.) sent a letter to Bush requesting he abandon plans for a troop "surge" in an all-out bid to stabilize Iraq, calling the strategy one "you have already tried and that has already failed." Reid and other Senate Democratic leaders reiterated their strong disapproval of the Bush gambit during an all-day retreat at the Library of Congress.

"The people of this country no longer support the war in Iraq," Reid told reporters, adding that Democrats are willing to work with the president but "we believe the tactic would be a serious mistake."

Reid had previously voiced tentative openness to the surge proposal, telling ABC News' "This Week" on Dec. 17 that he could back temporary military escalation if it were part of a strategy to withdraw from Iraq by next year. The majority leader, who supported last year's Democratic call for an immediate start to withdrawal, said he heeded the words from U.S. commanders in Iraq who also rejected the surge.

"The president said he was going to listen to his commanders," Reid said. Referring to the pending arrivals of a new chief of U.S. Central Command and a new senior commander in Iraq, Reid added: "I know he's going to shuffle some of them out, obviously because they're not telling him what he wants to hear."

The Senate Foreign Relations Committee Tuesday will begin four weeks of in-depth hearings on the war, starting with a closed briefing from intelligence officials and featuring testimony from Secretary of State Condoleezza Rice, committee Chairman Joseph Biden (D-Del.). Sen. Richard Lugar (Ind.), the panel's ranking Republican, fully endorsed the ambitious schedule, but Reid and Pelosi's letter earned criticism from one Senate GOP leader.

"In less than 24 hours after opening the new Congress, with calls of working together in the sprit of bipartisanship and putting aside divisive rhetoric, it is disappointing, and more than a touch ironic, that the Democratic leadership has decided to start criticizing this new approach even before it is announced," Sen. Jon Kyl (Ariz.), Republican conference chairman, said in a statement.

Kyl harkened back to Thursday's bipartisan Senate caucus, which emphasized bipartisanship and comity: "In the spirit of national unity, we should at least hear what the president proposes before we criticize it; and once we hear him out, work together in giving his proposals an opportunity to work."

Democrats Step Up Iraq Pressure (BBC)

BBC.com, January 5, 2007

US Democrat leaders have urged President George W Bush not to increase troop levels in Iraq, days before he is expected to announce such a move.

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The Democrats, in control of Congress for the first time in 12 years, stepped up pressure ahead of Mr Bush's new policy initiative on Iraq.

The administration has confirmed it is replacing two top US military leaders in Iraq as part of the new strategy.

Mr Bush also announced a new national intelligence director.

'Political battle'

On the first full day of Democratic control of Congress, the new leaders of both Houses called on Mr Bush not to raise troop levels in Iraq.

Correspondents say the president's policy initiative could include a deployment of 10,000 to 20,000 fresh troops in and around Baghdad to disarm militia groups there.

Nancy Pelosi and Harry Reid called for a phased withdrawal of forces

But in a letter to the president, Senate Democratic Leader, Harry Reid, and House of Representatives Speaker, Nancy Pelosi, said adding more combat troops would stretch the US military to breaking point with no strategic gain.

They instead urged a phased redeployment of US forces, starting in four to six months, with a re-emphasis on training, logistics and counter-terrorism operations in Iraq.

The BBC's Justin Webb in Washington says this is an aggressive move from the Democrats, setting the stage for a huge political battle.

Mr Bush cannot be prevented from sending more troops, our correspondent says, but he may pay a big political cost if the deployment is carried out amid fierce congressional opposition.

Top Democrats Balk At Troop Surge (BOS)

By Bryan Bender, Globe Staff

The Boston Globe, January 6, 2007

Pelosi, Reid send warning to Bush

WASHINGTON -- President Bush's anticipated decision to increase troop levels in Iraq set off a pitched battle yesterday as newly empowered Democrats warned the White House against an escalation of an unpopular war while two influential senators who want to send more forces drew hundreds of anti war protesters when they appeared at a conservative Washington think tank.

To preempt Bush's scheduled announcement of a new Iraq strategy on Wednesday, House Speaker Nancy Pelosi and Senate majority leader Harry Reid told the president that sending thousands more troops into combat is a bad idea, declaring that "no issue is more important than finding an end to the war in Iraq."

The increase, described as a "surge" of forces, "is a strategy that you have already tried and that has already failed," the Democratic leaders wrote in a letter delivered to the White House yesterday. "Like many current and former military leaders, we believe that trying again would be a serious mistake."

Several House committee chairmen agreed with the letter and vowed to fight such a decision.

Meanwhile, anti war demonstrators -- chanting and carrying "No Escalation in Iraq" placards -- stood in the rain outside the American Enterprise Institute in downtown Washington, where proponents of the surge plan convened at a forum featuring Senators John McCain of Arizona and Joseph I. Lieberman of Connecticut. McCain, a Republican, and Lieberman, an independent, agree with the idea of sending more troops to Iraq.

"Escalating the number of troops is only going to escalate the violence," said protester Tim Goodrich , co founder of Iraq Veterans Against the War, standing near the American Enterprise Institute yesterday. The liberal grass-roots organization MoveOn.org had enlisted Goodrich and others to demonstrate.

Democrats believe Bush is about to dispatch up to 40,000 more troops to the war, an attempt to stem the rising violence in Baghdad. Despite taking both houses of Congress on an antiwar platform, party leaders worry they can't do much to stop the president -- short of the politically unpalatable move of ending funding for the war.

"We don't have many options," said Representative Solomon Ortiz , a Texas Democrat set to oversee military readiness issues. "If the president decides he is not going to wait for us to have hearings and the troops are going there, we are going to be criticized by the American public if we don't support them."

"He is going to send them," Ortiz added, "and we're going to have to pay for it."

Some congressional aides raised the prospect that lawmakers could place conditions on war funding, such as refusing to pay for additional military brigades. But they doubted such measures would have any effect: As a wartime commander in chief, Bush can simply ignore them.

Skepticism of the surge plan has come from a variety of quarters, including the top military brass.

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General John Abizaid , commander of US forces in the Middle East, has testified in the Senate against more troops. The senior commander in Iraq, General George Casey, has warned that additional troops could further inflame the situation.

The Joint Chiefs of Staff have reportedly expressed reservations about the surge plan in recent meetings with the president and his national security team. Senator Richard Lugar, a Republican of Indiana and former chairman of the Senate Foreign Relations Committee, has also questioned the logic of sending more troops.

"This is a political decision, not military strategy," said Representative Neil Abercrombie , a Democrat of Hawaii who is set to chair a key House subcommittee on the military. "There is simply no reasonable expectation that an additional 15,000 to 20,000 US troops in Baghdad is going to suddenly and miraculously stop Iraqis from killing Iraqis. In fact, there is a great deal of evidence and judgment to the contrary."

Still, there is growing support for one last show of military force to clamp down on the violence in Baghdad. And McCain and Lieberman, the primary supporters of that strategy, were the key participants at the AEI forum yesterday.

The institute has released an updated blueprint for salvaging the Iraq mission, chiefly through a larger US military commitment. The escalation plan is the brainchild of American Enterprise Institute scholar Frederick W. Kagan , and retired Army General Jack Keane , a member of the Pentagon's Defense Policy Board who has recently briefed Bush on the need for additional troops.

Because AEI was the intellectual breeding ground for many of the Bush administration neoconservatives who originally championed the war, some were puzzled by AEI's continued influence on White House policy. Bush "appears to be taking advice from the very same people who advised him in 2002 and 2003," said Chris Preble , director of foreign policy studies at the libertarian Cato Institute.

Yet the AEI plan appears to be at the forefront of administration deliberations.

"Victory is still an option in Iraq," the AEI report declares. "The strategy of relying on a political process to eliminate the insurgency has failed. Rising sectarian violence threatens to break America's will to fight. This violence will destroy the Iraqi government, armed forces, and people if it is not rapidly controlled."

The report called for adding a total of seven Army brigades and Marine regiments as partners with Iraqi forces in Baghdad and "clear high-violence Sunni and mixed Sunni-Shia neighborhoods" of the city. The authors acknowledged the strategy will take "a national commitment to victory in Iraq," including longer tours for ground troops for the foreseeable future.

Achieving such a commitment, however, seemed a longshot.

"It is a profoundly bad idea on so many levels," said Ortiz. "More troops mean more targets for all sides in this expanding civil war."

Representative Marty Meehan , a Lowell Democrat and senior member of the House Armed Services, said yesterday he is drafting a resolution to express congressional disapproval of any major increase in US force levels. "The time for a surge in troops was three and a half years ago," he said. "It's too late."

In sizing up the surge debate, several observers used the Vietnam War as an analogy, noting that even though support for that war plunged after the Tet Offensive in January 1968, President Lyndon Johnson continued to send troops. They remained in Vietnam for seven more years.

"I don't know what they can do," one congressional aide said of the Democrats' prospects to influence the president's decision, noting that Johnson was known as a stubborn president. Bush "is at least as headstrong as LBJ."

Senators Back Call For More Troops In Iraq (FT)

By Edward Luce

Financial Times, January 6, 2007

John McCain, the leading Republican presidential hopeful, on Friday strongly endorsed a neo-conservative think-tank report that many see as the basis for the “new way forward in Iraq” strategy that George W. Bush will unveil next week.

Mr McCain, who shared a platform with Joe Lieberman, the independent Democratic senator and former vice-presidential candidate, said Mr Bush’s expected “surge” of US forces to Iraq should persist until the job of stabilising the security situation has been achieved.

The report, “Choosing Victory: A Plan for Success in Iraq”, was sponsored by the American Enterprise Institute and authored by Frederick Kagan. The senators on Friday strongly rejected last month’s findings of the Iraq Study Group, which eschewed the word “victory” in its report.

“The troop surge must be substantial and it must be sustained,” Mr McCain told an audience at the AEI. “It will mean extra hardships for our men and women in uniform and the violence will get worse before it gets better.”

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The two senators strongly rejected the Democratic leadership's call for a timeline for the phased withdrawal of US troops from Iraq, which they said would play into the hands of the insurgent groups and militias which would simply await the expiry of the deadline.

Nancy Pelosi, the new Democratic speaker of the House of Representatives, and Harry Reid, the Democratic Senate majority leader, on Friday issued a statement urging Mr Bush to pull back from announcing the expected "surge".

They said it would cut against the verdict of the US electorate in last November's midterm elections.

"Rather than deploy additional forces to Iraq, we believe the way forward is to begin the phased redeployment of our forces in the next four to six months," they said.

However, officials say Mr Bush will base his strategy on conviction rather than opinion polls or the views of the Democratic party.

On Friday Mr Bush appointed David Petraeus, a widely respected general, to replace George Casey in charge of US forces in Iraq.

Gen Petraeus has twice served in Iraq as head of the 101st Airborne division and is considered the person best suited to head a strategy that would focus US forces primarily on "clear, hold and build" operations aimed at winning the confidence of the Iraqi population.

The main target areas would be Baghdad, the capital, and the primarily Sunni al-Anbar province.

Troop Surge Can't Be Brief, Backers Insist (LAT)

By Peter Spiegel, Maura Reynolds, Times Staff Writers

The Los Angeles Times, January 6, 2007

Some GOP senators facing reelection want conditions on Iraq.

The leading advocates of an increase in U.S. forces in Iraq warned President Bush on Friday that any buildup lasting less than 18 months was doomed to fail, and urged the White House to avoid compromises that would scale back the plan.

The hard line taken by such backers as Sen. John McCain (R-Ariz) and retired Army Gen. Jack Keane comes as the Bush administration continues to debate the size and the scope of an expected troop increase. White House spokesman Tony Snow said Bush has "not entirely" made up his mind, even as he reorganized his top war advisors and began meeting with key members of Congress in advance of a major address next week.

Bush faces growing unease about an extended buildup among some congressional Republicans, who are concerned that it could stretch into the 2008 election season and doom their reelection chances. In the Senate, there are about five to 10 such Republicans, according to GOP aides, who are expected to push for time limits or firm conditions in return for backing the increase.

"For any kind of a surge, they would have to show that the surge itself was limited," said one senior Republican leadership aide. "It would have to be 6 months or a year, tops."

However, a strategy advocated by McCain and Keane, who has advised Bush on Iraq policy, calls for about 30,000 additional troops who would remain in Iraq from 18 months to two years. About 140,000 U.S. troops are now in Iraq. The plan has heavily influenced administration thinking and has strong advocates within the Pentagon and White House, setting up tension between those advocating a broad troop buildup and supporters of a more limited increase.

"The worst of all worlds would be a short, small surge of U.S. forces," McCain said at a forum on the final version of the plan, developed by Keane and Frederick Kagan, a military analyst at the American Enterprise Institute, a conservative Washington think tank. "This troop surge [must be] significant and sustained; otherwise, don't do it."

Advocates of the plan say a large, sustained increase is needed to hold and rebuild pacified Baghdad neighborhoods, which have seen a return of sectarian violence once overstretched U.S. troops move onto other parts of the capital. A short-term or limited troop increase would allow insurgents and sectarian death squads to wait out the U.S. offensive, advocates argue.

"The enemy always expects us to surge and leave," said Kagan, a former faculty member at the U.S. Military Academy. "If we surge for 3 or 6 months and then pull our forces back, the enemy will be right there waiting."

But a more substantial buildup appears to be running into opposition from some within the president's own party. The senior Republican leadership aide said that GOP skeptics in the Senate either oppose or have significant reservations about a troop increase.

"We have people on all sides of this. We're all over the map," the aide said, speaking on condition of anonymity while discussing internal party deliberations.

Only three of those Republican skeptics have gone public so far — Sen. Gordon Smith (R-Ore.), Sen. Norm Coleman (R-Minn.) and Sen. John Sununu (R-N.H.). All three are Republicans in states with a large Democratic electorate and are facing reelection in 2008. Some Republicans fear the buildup will be seen as an escalation of the current policy.

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"Some are calling this 'staying the course — super-sized,'" said a senior staffer for a skeptical Republican moderate.

McCain said he believed any Republican fence-sitters would rally around the president once the plan is announced, which could come as soon as Wednesday.

"Most of my Republican colleagues are waiting to hear the president," McCain said. "I think you'll see, at the end of the day, most Republicans will support the president's proposal."

The new Democratic leadership in Congress came out forcefully Friday against any increase in troops, calling on Bush in a letter to reject calls for escalation, arguing it would allow the Iraqi government to delay taking over responsibility for their own security.

The letter, signed by House Speaker Nancy Pelosi (D-San Francisco) and Senate Majority Leader Harry Reid (D-Nev.), said their views were shared by senior military leaders and warned that an increase could overstretch U.S. ground forces.

"We're willing to work with the president on a new way forward, but the surge is not the way forward," Reid said at a news conference. "The president said he was going to listen to his commanders, but if he listens to his commanders he can't do this. I know he's shuffling some of them out, I've been told it's because they're not telling them what he wants to hear."

Other leading Democrats, however, appeared to be more open to the proposal.

Sen. Carl Levin (D-Mich), chairman of the Senate Armed Services Committee and a backer of plans to gradually withdraw troops from Iraq, said he could support an increase in troops as long as the Iraqi government took concrete steps to achieve political reconciliation within the country before new forces were sent.

"That at least puts pressure on Iraqis," Levin said. "That's what I would call 'hard conditionality.'"

Bush continued his reorganization of his Iraq team ahead of next week's strategy announcement. In the latest shift, Bush named Gen. George W. Casey Jr., the U.S. ground commander in Iraq for the last two years, as the Army's new chief of staff, taking over from Gen. Peter J. Schoomaker, whose term expires in August.

The move was widely anticipated while Donald H. Rumsfeld was Defense secretary, but there had been speculation within the Pentagon that Casey would retire, given the administration's shift away from his strategy in Iraq.

Bush also confirmed reports he would replace Casey in Iraq with Army Lt. Gen. David H. Petraeus, believed to be an advocate of a more complex counterinsurgency campaign, and would nominate Navy Adm. William J. "Fox" Fallon as the new head of U.S. Central Command, the military's Middle East headquarters being vacated by retiring Army Gen. John P. Abizaid.

Bush also formally nominated retired Navy Vice Adm. J. Michael McConnell as the new director of national intelligence, replacing John D. Negroponte, who is moving to become the No. 2 official at State.

There were hints that even more moves were in the works. John Hillen, the State Department assistant secretary in charge of political and military affairs who played a key role in the agency's efforts in Iraq, has made plans to leave the department this month. His departure comes after only 15 months in the job.

Bush is also expected to name Zalmay Khalilzad, the U.S. ambassador to Iraq, to become the new envoy to the United Nations, to be replaced by Ryan Crocker, currently the U.S. envoy to Pakistan. Khalilzad will take the place of John R. Bolton, who left the job at the end of a recess appointment when it became clear he did not have Senate backing to remain in the post. As part of his ongoing consultations in advance of his announcement next week, Bush and members of his national security team met Friday with a group of 15 senators to discuss Iraq policy.

According to senators in attendance and White House officials, Bush did not disclose any details of his thinking. Congressional aides said the White House did not intend to brief their leaders on specifics of his plan until Wednesday, just hours before Bush delivers the nationwide speech, a move that has angered Reid.

Despite the lack of details, Sen. Ben Nelson (D-Neb.), one of those who attended the meeting in the Cabinet Room, said in an interview that Bush's plan appeared likely to include a substantial buildup.

"I did walk away believing that a surge of some sort will be part of any plan," Nelson said. "But I do believe ... another part would be a set of conditions for the Iraqis to go through, for Prime Minister [Nouri] Maliki to go through."

Other senators in attendance said there was widespread skepticism among both Democrats and Republicans about the troop increase. Many advocated inclusion of strict guidelines and benchmarks to prod the Iraqi government into action.

"I would say that they were all opposed to it unless he come up with some spectacular idea and a way to measure that idea," said Sen. Blanche Lincoln (D-Ark.), another participant. "They weren't unequivocally against it, but most would say ... the burden of proof was on the president."

Added Nelson: "I don't think there was anything partisan about the skepticism. But the message was, tell us more and when you tell us more we can make up our minds."

Sen. Mark Pryor (D-Ark.) told the president that "he has the burden of proof" if he wants to send more troops.

"He has to show the American people what we do next," Pryor said.

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The assertion by Snow, the presidential spokesman, that Bush has yet to make up his mind on the plan was echoed in other parts of the government, and there are indications the White House is considering options short of a full-scale, long-term buildup.

Although the most likely scenario includes an increase of 20,000 troops, another option is a gradual increase of forces, which could see a portion of new forces sent into Iraq while other brigades are kept in the U.S. or Kuwait as backup forces.

Iraqi Politicians Divided Over U.S. Envoy (WP)

By Joshua Partlow, Washington Post Foreign Service

The Washington Post, January 6, 2007

Khalilzad's Expected Departure Pleases Shiites, Worries Sunnis

BAGHDAD, Jan. 5 -- The news of the expected departure of U.S. Ambassador Zalmay Khalilzad split Iraqi politicians along sectarian lines, with members of the ruling Shiite alliance voicing eagerness for him to leave and minority Sunnis expressing concern at the loss of an ally.

Members of the U.S.-backed government in Iraq have grown increasingly frustrated with what they see as Khalilzad's efforts to reach out to Sunni groups, and many argue that the U.S. military confronts Shiite militias more aggressively than it does Sunni insurgents.

With both Iraqi and U.S. governments considering new strategies to stem the violence in Baghdad, including increasing the number of U.S. troops, the time seems right for new leadership, Iraqi politicians said Friday.

"Lately there has been a lot of criticism by the Shiites against [Khalilzad], saying he is pro-Sunni. A new face with this new strategy, possibly that would be more effective," said Mahmoud Othman, a senior Kurdish legislator who is regarded as independent.

U.S. officials have said they expect Khalilzad to be replaced by Ryan C. Crocker, the current U.S. envoy to Pakistan, who worked in Iraq earlier in his career. President Bush also picked Army Lt. Gen. David H. Petraeus, who is credited with reducing sectarian violence in the northern Iraqi city of Mosul, to replace Gen. George W. Casey Jr. as the top U.S. commander in Iraq.

Shiite officials have been critical of some U.S. military operations targeting the Mahdi Army, the vast militia led by Shiite cleric Moqtada al-Sadr. Khalilzad said in March that the militias posed the greatest threat to Iraq's stability.

In October, the Iraqi government ordered the United States to remove blockades around Sadr City, the Baghdad slum that is home to many Mahdi Army militiamen.

"Obviously, they're not great fans of Khalilzad," said an official in Prime Minister Nouri al-Maliki's government who spoke on condition of anonymity. Khalilzad's efforts have "failed in reducing the number of attacks, either on Iraqis or Americans, and at the same time it created a negative attitude toward the Americans amongst the Shia."

U.S. Embassy officials have said that they do not favor one sect over the other and that reducing the violence requires difficult compromises for all parties.

Sunni lawmakers said Khalilzad's deep knowledge of Iraq's complex political landscape and his openness to Sunni concerns will be missed. Khalilzad is a Sunni Muslim of Afghan descent.

"It is an American decision, and we respect the American decision," said Alaa Makki, a leading Sunni legislator. "But nevertheless, we want those people to be close consultants to the Iraqi field, people who have lived the problem -- they didn't read or hear about the problems."

Mithal Alousi, a secular Sunni lawmaker who considers the ambassador a friend, said Khalilzad's expected appointment as U.S. envoy to the United Nations could help attract more international support for Iraq.

The replacement of top U.S. officials would be a "very good tactical move," Alousi said. "We're talking about a new state and a new strategy, and I think it will be very useful to have a fully new team."

But in the fourth year of violence in Iraq, and with the continuing presence of U.S. troops, some Iraqi leaders express resignation about whether new U.S. leaders on the ground can make a difference.

"I think it all depends on the Iraqis, the political leaders and the religious leaders," Othman said. "I don't think outside countries could solve their problem."

"The American strategy is fixed and obvious and doesn't change by the changing of personnel or leaders," said Nassar al-Rubaie, the leader of a bloc in parliament loyal to Sadr. "While they were counting on the American forces and were not giving wide authority to the prime minister, the security situation was deteriorating, and this will keep happening even if they increase the forces to 10 times the ones that already exist."

A U.S. Embassy spokesman in Baghdad declined to comment on Khalilzad's plans.

The violence in Iraq continued on Friday. A 28-year-old Associated Press photographer, Ahmed Hadi Naji, was found shot in the head several days after he went missing in Baghdad, the news service reported.

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Also, a U.S. citizen was reported kidnapped Friday morning in northern Basra, a city in the south of Iraq. U.S. Embassy officials said they were looking into the reports.

Zalmay Khalilzad, On To A New Trouble Spot (NYT)

By Helene Cooper

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — In successive tours in Afghanistan and Iraq, Zalmay Khalilzad earned a reputation as a high-flying, independent, smooth operator — an Afghan-born problem solver who worked with two fragile countries recently invaded by the United States to try to cobble together stability.

Now, as President Bush's choice to become the next ambassador to the United Nations, Mr. Khalilzad is headed to another American trouble spot, though his record would suggest that he is less likely to ruffle bureaucratic feathers than his predecessor, John R. Bolton, who often seemed to regard the organization as a foe.

Mr. Khalilzad joined the Bush administration as a well-known, neoconservative hawk, in the style of Paul D. Wolfowitz, the former deputy defense secretary. Born in Afghanistan and educated in Beirut and the United States, Mr. Khalilzad, as a policy planner in President Reagan's State Department during the 1980s, argued that the United States should arm Afghanistan's mujahedeen.

He was America's first ambassador to Afghanistan, where he became known as the "viceroy," a term evocative of colonialism. He became known for his ability to weave through warring tribal factions and his ability to quickly get senior Afghan officials on the phone or to summon them to his office, including President Hamid Karzai.

In 2005, he was sent to Iraq, where he failed the task of bringing stability, but succeeded in helping Iraqis to agree on a Constitution. Arriving in Baghdad, he quickly recognized that his marching instructions from Washington — that Iraq's Constitution should reflect a strong central government with strong control over the country's oil resources — were not achievable. Mr. Khalilzad advised his bosses that any deal on an Iraqi Constitution would have to provide for greater regional control over the country's oil fields, a key demand of Iraq's Kurdish population.

"He was pragmatic to see that the instructions he had were not achievable, and he had enough clout in Washington to get them changed," said Peter W. Galbraith, the former United States ambassador to Croatia and the author of "The End of Iraq."

Mr. Bolton, the fiery former ambassador, could not have done that, Mr. Galbraith and other current and former diplomats said, because Mr. Bolton seemed to view the world in starker terms of black and white, and shied away from compromise, even though that approach is prized at the United Nations. The blunt-spoken Mr. Bolton's confrontational style often conflicted with the understated ways of the United Nations.

Mr. Khalilzad is no shrinking violet but he is less confrontational, people who have worked with both men at the State Department said. "I think he will be welcomed and will get a good response at the U.N., because of his experience, but also simply because he's following John Bolton, who broke a lot of crockery," said Mitchell B. Reiss, a former policy and planning director at the State Department who is now vice provost at the College of William and Mary.

Zalmay Mamozy Khalilzad, known as Zal to his colleagues and friends, was born on March 22, 1951, in Mazar-i-Sharif, Afghanistan, to an urbanized, highly educated and outward-looking Kabul family. During his high school years, Mr. Khalilzad attended the Ghazi Lycée in Kabul, a rigorous, elite school, and went out for the Afghan national basketball team.

He attended the American University of Beirut and then the University of Chicago, where he studied under Albert Wohlstetter, the innovator in strategic nuclear doctrine. Mr. Khalilzad received his Ph.D. in 1979, taught political science at Columbia University and joined the State Department in 1984. He is married to Cheryl Bernard, a political analyst with the RAND Corporation. They have two children, Alexander and Maximilian.

Mr. Khalilzad, a Sunni Muslim, is known at the State Department for his staunch — some say, swaggering — belief that he is a deal broker who can solve any problem. State Department staffers sometimes joked that Mr. Khalilzad, who has advocated talking to Iran, might one day go off script, personally meet with Iran's ruling mullahs and return to inform his bosses that he had worked everything out in American-Iranian relations.

During his time as the United States ambassador to Iraq, Mr. Khalilzad received permission from Secretary of State Condoleezza Rice to hold talks with Iran about the deteriorating security situation in Iraq. But those talks never happened, although Ms. Rice has consistently referred to "the Zal channel" as an option that the United States could use at any time if Bush officials decided they wanted to talk to Iran.

Mr. Khalilzad speaks Arabic and Persian and often fingered worry beads during long sessions with Sunni and Shiite leaders in Iraq. The fact that he is a Sunni Muslim did not always play well among Iraq's majority Shiite population, and he was sometimes viewed with suspicion and sometimes accused of favoring Sunnis.

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In recent months, he has told colleagues that he was ready to leave Iraq. He was considered for the position of Ms. Rice's deputy, the job for which John D. Negroponte has been nominated.

State Department officials said they expected Mr. Khalilzad would get along better with bureaucrats at the United Nations than did Mr. Bolton, but noted that they still expected him to carry on America's agenda for change.

Ryan Clark Crocker, A Diplomat Used To Danger (NYT)

By Scott Shane

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — When Ryan C. Crocker was trying to improve his Arabic in the late 1970s, he traveled to Jordan, made contact with a desert tribe and settled in for some hands-on training a little different from the standard State Department regimen.

"He wound up being a shepherd for a week or two, chasing down stray sheep and living with the Bedouin," said Frederic C. Hof, a retired Army officer and author on the Middle East who recalls reading Mr. Crocker's official report on the trip when they were in language training.

Mr. Crocker, President Bush's choice as the new ambassador to Iraq, has brought the same intensity to his three-decade diplomatic career, amassing a record of Middle East and South Asia experience possibly unrivaled in the United States Foreign Service.

He has served as ambassador to Lebanon, Kuwait, Syria and, since 2004, Pakistan. He reopened the American Embassy in Afghanistan after the fall of the Taliban. And he knows Iraq well; he worked there in the 1970s, led the State Department's Iraq-Kuwait task force during the Persian Gulf war in 1991 and returned to Baghdad for four months after the 2003 invasion as director of governance for the Coalition Provisional Authority.

In confronting Iraq's sectarian mayhem and the baffling mix of religious, political and tribal interests, he will be able to draw on many years of immersion in trouble spots with similar problems, including Beirut, where he survived the embassy bombing in 1983.

"He's an absolutely first-rate professional who will manage the job with skill and sensitivity," said Edward S. Walker Jr., president of the Middle East Institute and a former American ambassador to Egypt and Israel. "He has the cultural understanding that's so important to working in that region and that country."

Still, Mr. Walker said, the situation in Iraq is so intractable that it may prove impossible for any envoy to affect events decisively. "We're facing a division in Iraq that may be beyond anyone's capacity to heal," he said.

Assuming he is formally nominated and confirmed by the Senate, Mr. Crocker, 57, will succeed three men who had very different approaches to the job of top American representative in Baghdad. L. Paul Bremer III, who led the Coalition Provisional Authority, had little experience in the region and exercised control over emerging Iraqi leaders that critics found heavy-handed.

John D. Negroponte, the first ambassador to the new government, took the opposite approach, encouraging Iraqis to take on responsibility and trying to remain in the background. Zalmay M. Khalilzad, who succeeded Mr. Negroponte, has taken a far stronger hand in pressing for reconciliation between the Shiite majority and the Sunni minority.

Former colleagues say Mr. Crocker is likely to be a less public presence in the Iraqi capital than Mr. Khalilzad, though they say he will work assiduously behind the scenes for the political accommodation necessary to reverse the slide to civil war.

They describe Mr. Crocker as a tough boss who drives himself as hard as he drives his staff. An accomplished marathon runner, he runs several miles early every morning, even in such danger spots as Beirut, where he was trailed by burly security guards who sometimes had to hop on bicycles to keep up.

Robin L. Raphel, a senior diplomat who worked with Mr. Crocker in Baghdad in 2003, said he was responsible for helping to put together the Iraqi Governing Council, the provisional government that oversaw the country for a year after the fall of Saddam Hussein.

"He's a very good persuader and negotiator," Ms. Raphel said. "He has the background on a lot of the important figures in Iraq, and he's very good at sussing out who's who."

A former colleague who agreed to speak of Mr. Crocker candidly on condition of anonymity called him "incredibly hard-working, very serious, a little introverted."

"I'd say he's more respected than loved in the State Department," the colleague said, "but he certainly is respected. He's done the dirtiest, hardest assignments you can imagine."

In Pakistan, Mr. Crocker has proved to be an "old school" ambassador who has put only limited pressure on President Pervez Musharraf, the military ruler who has sometimes frustrated the Bush administration by failing to act decisively against Al Qaeda and other militant groups, said Husain Haqqani, professor of international relations at Boston University.

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"He's not somebody who will come up with a new grand strategy to change the world," said Mr. Haqqani, a former Pakistani government official. "But attempts to craft grand strategy have caused a lot of upheaval in American diplomacy."

Born June 19, 1949, in Spokane, Wash., Ryan Clark Crocker grew up in an Air Force family and attended school in Morocco, Turkey and Canada, as well as the United States. He graduated from Whitman College in Walla Walla, Wash., in 1971 and took his first Foreign Service assignment to the American Consulate in Khorramshahr, Iran, in 1972. He later worked in the embassies in Qatar, Iraq and Egypt. Because he prefers working overseas, he has rarely worked in Washington, but did hold a few posts there, including deputy assistant secretary of state for near eastern affairs.

He is married to Christine Barnes, a retired Foreign Service secretary, whom he met in Baghdad in 1979. Friends say they own property in the Willamette Valley of Oregon, where a friend said they discussed retiring before Mr. Crocker was named to his current post.

Now Mr. Crocker will face what is likely to be the most demanding assignment of his long career. "He's capable of doing the juggling act required in Iraq," Mr. Haqqani said. "Let's hope he does it well."

A New Commander, In Step With The White House On Iraq (NYT)

By Michael R. Gordon

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — The selection of Lt. Gen. David H. Petraeus to serve as the senior American commander in Iraq signals an important turn in United States strategy.

As a supporter of increased forces in Iraq, General Petraeus is expected to back a rapid five-brigade expansion, in sharp contrast to his predecessor, Gen. George W. Casey Jr., who has been openly skeptical that additional troops would help stabilize the country.

Having overseen the recent drafting of the military's counterinsurgency manual, General Petraeus is also likely to change the American military operation in Baghdad. American forces can be expected to take up positions in neighborhoods throughout the capital instead of limiting themselves to conducting patrols from large, fortified bases in and around the city.

The overarching goal of the American military operation may be altered as well. Under General Casey, the principal focus has been on transferring security responsibilities to the Iraqi security forces, so American troops could gradually withdraw. Now, the emphasis will shift to protecting the Iraqi population from sectarian strife and insurgent attacks.

Since his appointment was disclosed Thursday, General Petraeus has not spoken publicly about his plans for Iraq. But the doctrine he has advocated suggests that he will want all five of the combat brigades slated to go to Iraq as quickly as possible instead of waiting for them to be phased in.

Before the selection of General Petraeus, there was some doubt about whether the top Iraq commander would be an enthusiastic executor of the new strategy President Bush is preparing to unveil next week — one that could send 20,000 new troops to Iraq. Now, the White House will have an articulate officer to champion and shape that strategy, an important asset for an administration that has decided to buck the tide of public opinion by deepening the American military involvement in Iraq. While some Democratic lawmakers have insisted that any increase be limited to a few months, neither the While House nor General Petraeus would support such a deadline.

To many civilians, the military seems monolithic. But in fact, there has been a lively debate behind the scenes about the best way to achieve the United States' objectives in Iraq — or at least to preserve a measure of stability as sectarian passions threaten to engulf the country.

At one end of the spectrum have been General Casey, Gen. John P. Abizaid, the head of the United States Central Command, and Lt. Gen. Martin Dempsey, who is in charge of training Iraqi security forces.

They have advocated plans to hand over security responsibilities to the Iraqis while gradually reducing American forces and shrinking the number of American bases in Iraq, as conditions permit. Their argument has been that a lengthy expansion of American forces in Iraq will simply put off the day when Iraqis take more responsibility for their security.

Taking a different view, other officers have argued for sending more troops while stepping up economic efforts, the better to apply the military's new counterinsurgency doctrine. Progress in stabilizing Iraq, they argue, will come only when the Iraqi public does not feel that it needs militias or insurgent groups to ensure its security, and when it concludes that its basic economic needs are being met.

Training and advising the Iraqi forces should continue to be an important priority, these officers have argued, but the Iraqis cannot be expected to shoulder the brunt of the security effort so quickly.

General Petraeus has been squarely in this camp, as was reflected in the military's new counterinsurgency field manual.

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The United States has sought to apply the basic lessons of counterinsurgency operations in Baghdad before — most notably during Operation Together Forward II, the second phase of an effort begun over the summer to reduce violence in Baghdad.

But that effort foundered when the United States and Iraqi authorities failed to marshal sufficient forces to hold neighborhoods after they were cleared of insurgents and militias, and when the Iraqis failed to follow through with the job and reconstruction programs that were intended to win over Iraqi citizens.

By all accounts, Mr. Bush plans to announce an expanded military and economic push. But the United States will still have to contend with the political realities in Iraq, including a Shiite-dominated government that has often seemed more sectarian than inclusive, and may not prove enthusiastic about a larger and more visible role for the Americans.

At 54, General Petraeus has a long Army record and a diverse array of contacts and supporters. Having earned a Ph.D. in international relations from Princeton University's Woodrow Wilson School, he invited experts from Harvard, nongovernmental organizations and policy groups to review an early draft of the counterinsurgency manual.

During the invasion, he led the 101st Airborne Division, which sought to emphasize economic and political reconstruction efforts in northern Iraq.

When L. Paul Bremer III, the second American civilian administrator of Iraq, formally abolished the Iraqi Army without announcing a plan to pay the former soldiers, General Petraeus approached one of Mr. Bremer's aides and delivered a clear message. The decision to leave Iraqi soldiers without a livelihood was prompting angry protests and putting the lives of American soldiers at risk. Mr. Bremer later decided to pay the Iraqi troops.

In June 2004, General Petraeus was charged with training the new Iraqi Army, a position he held for more than a year. It is a mission that is critical to American efforts in Iraq but which is as yet a mixed success.

As the senior American officer in Iraq, General Petraeus will work with Lt. Gen. Raymond T. Odierno, a subordinate who has day-to-day command of the forces and who also supports a troop increase.

Instead of immediately confronting the Mahdi Army, the Shiite militia led by the cleric Moktada al-Sadr, the initial strategy is likely to be more subtle: by trying to tamp down sectarian killings, American troops — and the Iraqi forces they are partnered with — will try to reduce the population's reliance on militias for security, making it easier for the government of Prime Minister Nuri Kamal al-Maliki to take the long-promised step of limiting the role of the militias.

Whether a modicum of stability can be achieved amid the violence and sectarian agendas in Iraq is uncertain at best. But General Petraeus seems determined to give the military's new counterinsurgency plan its most ambitious field test.

Pace Future In Doubt After Shake-up (WT)

By Rowan Scarborough, The Washington Times

The Washington Times, January 6, 2007

With President Bush replacing his two top field generals for Iraq, speculation has arisen in the Pentagon about the long-term future of his principal military adviser, Marine Corps Gen. Peter Pace.

From the start, no other four-star general has had more to do with Iraq war policy than Gen. Pace, the Joint Chiefs of Staff chairman handpicked by former Defense Secretary Donald H. Rumsfeld.

Mr. Rumsfeld chose the highly decorated Marine as vice chairman in 2001. He promptly gave the disciplined Vietnam combatant a front-row seat in his Pentagon office as strategy was set for the war on terror and the 2003 invasion that toppled Iraqi leader Saddam Hussein.

Mr. Rumsfeld then elevated Gen. Pace as the first Marine to head the Joint Chiefs in September 2005. Unlike the four service chiefs who get four-year terms, the Senate confirms chairmen for two years at a time. The question some are asking inside the Pentagon this week is whether the president will nominate Gen. Pace later this year for a second term, as has been the tradition for chairman.

"Is the president going to root out all his Iraq advisers?" is the way a defense source described speculation in the Pentagon.

A White House spokesman said yesterday he does not know the president's plans regarding Gen. Pace.

The speculation comes as the Pentagon yesterday announced Defense Secretary Robert M. Gates' first major changes for the Iraq war since taking office.

Adm. William J. Fallon, the combatant commander for the Pacific region, will succeed Army Gen. John Abizaid, who is retiring, as head of U.S. Central Command. The command is the center of the war on Islamic extremists, encompassing Afghanistan, Iraq, Iran and the Horn of Africa.

Gen. Fallon's Pacific Command has principal missions of watching Stalinist North Korea and communist China.

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Navy admirals have overseen ground operations in the Pacific, but Adm. Fallon will be the first naval officer to run wars in the Persian Gulf region, which is home to a large sea component headquartered in Bahrain.

Gen. George Casey, the top commander in Iraq, will be replaced by Lt. Gen. David Petraeus, who now heads the U.S. Army Combined Arms Center. Gen. Casey will succeed Gen. Peter Schoomaker as Army chief of staff.

Gen. Petraeus led the 101st Airborne Division in the original invasion. He later took command of training an emerging Iraqi army and police force. He received high praise for making progress in the difficult job of building an Iraqi security force virtually from scratch.

Mr. Bush announced the resignation of Mr. Rumsfeld in November, saying he wanted a "fresh perspective" on an Iraq war that has seen more than 3,000 American troops killed amid extremely violent sectarian fighting.

Pentagon officials say they expect Mr. Bush to order a "surge" of 5,000 to 20,000 soldiers who would focus on quelling violence in Baghdad. There would also be a new economic package in addition to the more than $30 billion approved by Congress for reconstruction and redevelopment.

Gens. Casey and Abizaid had both been expected to leave later this year. Gen. Abizaid, an Arabic speaker seen perfectly suited for the Arab-dominated region, was in his fourth year of command, longer than the normal two-to-three-year shift for combatant commanders. Gen. Casey has been mentioned frequently as Gen. Schoomaker's successor.

White House Press Secretary Tony Snow said yesterday it made sense to change commanders now and have them in place to implement Mr. Bush's new Iraq strategy.

Images Of Hanging Make Hussein A Martyr To Many (NYT)

By Hassan M. Fattah

The New York Times, January 6, 2007

BEIRUT, Lebanon, Jan. 5 — In the week since Saddam Hussein was hanged in an execution steeped in sectarian overtones, his public image in the Arab world, formerly that of a convicted dictator, has undergone a resurgence of admiration and awe.

On the streets, in newspapers and over the Internet, Mr. Hussein has emerged as a Sunni Arab hero who stood calm and composed as his Shiite executioners tormented and abused him.

“No one will ever forget the way in which Saddam was executed,” President Hosni Mubarak of Egypt remarked in an interview with the Israeli newspaper Yediot Aharonot published Friday and distributed by the official Egyptian news agency. “They turned him into a martyr.”

In Libya, which canceled celebrations of the feast of Id al-Adha after the execution, a government statement said a statue depicting Mr. Hussein in the gallows would be erected, along with a monument to Omar al-Mukhtar, who resisted the Italian invasion of Libya and was hanged by the Italians in 1931.

In Morocco and the Palestinian territories, demonstrators held aloft photographs of Mr. Hussein and condemned the United States.

Here in Beirut, hundreds of members of the Lebanese Baath Party and Palestinian activists marched Friday in a predominantly Sunni neighborhood behind a symbolic coffin representing that of Mr. Hussein and later offered a funeral prayer. Photographs of Mr. Hussein standing up in court, against a backdrop of the Dome of the Rock shrine in Jerusalem, were pasted on city walls near Palestinian refugee camps, praising “Saddam the martyr.”

“God damn America and its spies,” a banner across one major Beirut thoroughfare read. “Our condolences to the nation for the assassination of Saddam, and victory to the Iraqi resistance.”

By standing up to the United States and its client government in Baghdad and dying with seeming dignity, Mr. Hussein appears to have been virtually cleansed of his past.

“Suddenly we forgot that he was a dictator and that he killed thousands of people,” said Roula Haddad, 33, a Lebanese Christian. “All our hatred for him suddenly turned into sympathy, sympathy with someone who was treated unjustly by an occupation force and its collaborators.”

Just a month ago Mr. Hussein was widely dismissed as a criminal who deserved the death penalty, even if his trial was seen as flawed. Much of the Middle East reacted with a collective shrug when he was found guilty of crimes against humanity in November.

But shortly after his execution last Saturday, a video emerged that showed Shiite guards taunting Mr. Hussein, who responded calmly but firmly to them. From then on, many across the region began looking at him as a martyr.

“The Arab world has been devoid of pride for a long time,” said Ahmad Mazin al-Shugairi, who hosts a television show at the Middle East Broadcasting Center that promotes a moderate version of Islam in Saudi Arabia. “The way Saddam acted in

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court and just before he was executed, with dignity and no fear, struck a chord with Arabs who are desperate for their own leaders to have pride too."

Ayman Safadi, editor in chief of the independent Jordanian daily Al Ghad, said, "The last image for many was of Saddam taken out of a hole. That has all changed now."

At the heart of the sudden reversal of opinion was the symbolism of the hasty execution, now framed as an act of sectarian vengeance shrouded in political theater and overseen by the American occupation.

In much of the predominantly Sunni Arab world, the timing of the execution in the early hours of Id al-Adha, which is among the holiest days of the Muslim year, when violence is forbidden and when even Mr. Hussein himself sometimes released prisoners, was seen as a direct insult to the Sunni world.

The contrast between the official video aired without sound on Iraqi television of Mr. Hussein being taken to the gallows and fitted with a noose around his neck and the unauthorized grainy, chaotic recording of the same scene with sound, depicting Shiite militiamen taunting Mr. Hussein with his hands tied, damning him to hell and praising the militant Shiite cleric Moktada al-Sadr, touched a sectarian nerve.

"He stood as strong as a mountain while he was being hanged," said Ahmed el-Ghamrawi, a former Egyptian ambassador to Iraq. "He died a strong president and lived as a strong president. This is the image people are left with."

Daoud Kuttab, a Palestinian media critic and director of the online radio station Ammannet.net, said: "If Saddam had media planners, he could not have planned it better than this. Nobody could ever have imagined that Saddam would have gone down with such dignity."

Writers and commentators have stopped short of eulogizing the dictator but have looked right past his bloody history as they compare Iraq's present circumstances with Iraq under Mr. Hussein.

In Jordan, long a bastion of support forMr. Hussein, many are lionizing him, decrying the timing of the execution and the taunts as part of a Sunni-Shiite conflict.

"Was it a coincidence that Israel, Iran and the United States all welcomed Saddam's execution?" wrote Hamadeh Faraneh, a columnist for the daily Al Rai. "Was it also a coincidence when Saddam said bravely in front of his tormentors, 'Long live the nation,' and that Palestine is Arab, then uttered the declaration of faith? His last words expressed his depth and what he died for."

Another Jordanian journalist, Muhammad Abu Rumman, wrote in Al Ghad on Thursday: "For the vast majority Saddam is a martyr, even if he made mistakes in his first years of rule. He cleansed himself later by confronting the Americans and by rejecting to negotiate with them."

Even the pro-Saudi news media, normally critical of Mr. Hussein, chimed in with a more sentimental tone.

In the London-based pan-Arab daily Al Hayat, Bilal Khubbaiz, commenting on Iranian and Israeli praise of the execution, wrote, "Saddam, as Iraq's ruler, was an iron curtain that prevented the Iranian influence from reaching into the Arab world," as well as "a formidable party in the Arab-Israeli conflict."

Zuhayr Qusaybati, also writing in Al Hayat, said the Iraqi prime minister, Nuri Kamal al-Maliki, "gave Saddam what he most wanted: he turned him into a martyr in the eyes of many Iraqis, who can now demand revenge."

"The height of idiocy," Mr. Qusaybati said, "is for the man who rules Baghdad under American protection not to realize the purpose of rushing the execution, and that the guillotine carries the signature of a Shiite figure as the flames of sectarian division do not spare Shiites or Sunnis in a country grieving for its butchered citizens."

In Saudi Arabia, poems eulogizing Mr. Hussein have been passed around on cellphones and in e-mail messages.

"Prepare the gun that will avenge Saddam," a poem published in a Saudi newspaper warned. "The criminal who signed the execution order without valid reason cheated us on our celebration day. How beautiful it will be when the bullet goes through the heart of him who betrayed Arabism."

Mr. Safadi, the Jordanian editor, said: "In the public's perception Saddam was terrible, but those people were worse. That final act has really jeopardized the future of Iraq immensely. And we all know this is a blow to the moderate camp in the Arab world."

Baghdad Initiative To Go Door To Door (AP)

By Steven R. Hurst And Qassim Abdul-Zahra, Associated Press Writers

AP, January 6, 2007

Iraqi forces backed by U.S. troops will begin a neighborhood-by-neighborhood assault on militants in the capital this weekend as a first step in the new White House strategy to contain Sunni insurgents and Shiite death squads, key advisers to the prime minister said Friday.

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The first details of the plan — a fresh bid to pacify the capital — emerged a day after President Bush and Prime Minister Nouri al-Maliki spoke for nearly two hours by video conference. Both leaders were expected to detail their vision of a new strategy in the coming days.

The al-Maliki aides would not address the scope of the planned assaults nor where specifically they were planned.

The Iraqis did, however, signal continuing disagreement on key issues, including al-Maliki's unease over the introduction of more U.S. troops.

Another point of contention has been the Iraqi leader's repeated refusal of U.S. demands to crush the militia of anti-American Shiite cleric Muqtada al-Sadr, one of the prime minister's most powerful backers.

Any serious drive to curb the extreme chaos and violence in the capital would put not only American forces but al-Maliki's Iraqi army in direct confrontation with al-Sadr's Mahdi Army.

The militants are gaining more and more ground as they kill Sunni residents of the city and drive others from their neighborhoods. The explosion of vengeance began after the Feb. 22 bombing by al-Qaida in Iraq militants of an important Shiite shrine, the Golden Dome mosque in Samarra north of the capital.

Sami al-Askari, an al-Maliki political adviser, told The Associated Press on Friday that al-Maliki had not acquiesced to the reported White House plan to send as many as 9,000 more U.S. troops to Baghdad alone.

"President Bush told the prime minister he was ready to send additional troops, but al-Maliki said he would have to talk that over with his senior military officers to see if they were needed," al-Askari said.

Bush reportedly wants to increase troop strength as part of his developing plan to shake-up the U.S. military effort in Iraq, now in its fourth year.

Without a substantial U.S. troop increase there were questions about the success of any new drive to curb violence.

Last summer the U.S. military and Iraqi army flooded the capital with 12,000 additional troops for the same purpose. By October, the U.S. military spokesman said the operation had not met expectations and the situation was disheartening. The last half of 2006 was one of the most violent periods in the center and west of the country since the 2003 U.S.-led invasion to topple Saddam Hussein.

In his discussions with Bush, al-Maliki continued to press for a rapid U.S. withdrawal from the capital to bases "on the outskirts of Baghdad," al-Askari said. The prime minister has claimed his forces will be ready to assume control of security for the whole country by summer. The Americans, perhaps optimistically, hope that can happen by year's end.

Al-Askari and Hassan al-Suneid, another top al-Maliki aide and lawmaker from his Dawa Party, said the fresh security push would be open-ended once initiated this weekend.

"The Iraqi Interior, Defense and National Security ministries will take part using information we have gathered from a new intelligence network," al-Suneid said. "There will be no time limit, and there will be many stages to the operation."

Al-Suneid said American forces would take part in a supporting role.

As forces apparently began to get ready, the powerful Association of Muslim Scholars voiced Sunni agitation and claimed the coming drive was really a joint operation by Interior Ministry commandos, the Iraqi army and the Mahdi Army to further cleanse mixed neighborhoods. Iraq's security forces are dominated by Shiites.

Sheik Mohammed Bashar al-Fayadh, a spokesman for the organization, claimed residents had seen 150 vehicles massing Friday in the Shula region in northwest Baghdad in advance of the assault.

"We fear a huge attack," al-Fayadh said on Al-Jazeera satellite television.

Throughout Iraq on Friday, at least 31 people died violently or were found dead, including two beheaded victims of the sectarian slaughter found floating in the Tigris river.

The body of an Associated Press employee was found shot in the back of the head Friday, six days after he was last seen by his family leaving for work. Ahmed Hadi Naji, 28, was the fourth AP staffer to die violently in the Iraq war and the second AP employee killed in less than a month. He had been a messenger and occasional cameraman for the AP for 2 1/2 years.

"All of us at AP share the pain and grief being felt by Ahmed's family and friends," said AP President and CEO Tom Curley.

The circumstances of Naji's death were unclear. Dozens of Iraqis are found slain almost every day in Baghdad, many believed to be victims of sectarian death squads.

An American contractor was abducted Friday along with his driver and translator, and the two Iraqis were later found dead near a stadium in the southern city of Basra, police said. The fate of the American was unknown.

"The two victims were the translator and a driver," said a Basra police official, who spoke on condition of anonymity because he was not authorized to release the information.

Basra's police chief, Gen. Mohammed Humadi, confirmed that a U.S. citizen had been kidnapped and said he was an American of Iraqi origin. The contractor's name and the company for which he worked were not disclosed.

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French President Jacques Chirac, meanwhile, said the U.S.-led invasion of Iraq destabilized the entire Middle East and caused terrorism to spread, adding that the problems in Iraq justified France's strong opposition to the war.

"As France foresaw and feared, the war in Iraq caused upheavals whose effects have not yet finished unraveling," Chirac said in a speech to French ambassadors.

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AP Military Writer Robert Burns in Washington and AP reporter Christine Ollivier in Paris contributed to this report.

American, 2 Iraqi Interpreters Kidnapped (LAT)

By Solomon Moore, Times Staff Writer

The Los Angeles Times, January 6, 2007

BAGHDAD — A U.S. civilian contractor and two Iraqi interpreters were kidnapped Friday near the southern city of Basra, Iraqi police officials said.

Police Col. Kareem Azaidi in Basra said witnesses saw gunmen in a civilian car, a pickup and two police vehicles cut off the captives' car and take them hostage.

U.S. Embassy spokesman Lou Fintor declined to identify the victims. "We're aware of reports that an American citizen was kidnapped," he said. "And we're looking into them."

The fate of the American contractor was unknown, but the two Iraqis were later found dead, the Associated Press reported.

The abductions came a day after a videotape emerged showing four kidnapped Americans and an Austrian.

The five men in the video said they were contractors for Crescent Security Group, a Kuwait-based firm, abducted near Basra in November. The men identified themselves as John R. Young, 44, of Kansas City, Mo.; Jon Cote of Buffalo, N.Y.; Josh Munns, 23, of Redding, Calif.; Paul Johnson Reuben of Buffalo, Minn.; and Bert Nussbaumer of Austria.

"I'm well; my friends are well. We've been treated well," Young said. Reuben said the video was recorded Dec. 22.

Meanwhile, in the first Friday prayers since Saddam Hussein was hanged, Shiite Muslim clerics called the death of the former Iraqi president — whose regime favored minority Sunnis — a "breakthrough" and condemned those who opposed the recording of the execution.

"The execution of Saddam is a turning point not only in the history of the Iraqi people but in the whole area," Shiite cleric Sadruddin Qubanchi said in the holy city of Najaf. "We foresee a new breakthrough in the region, and this explains the anger of some Arab countries…. Libya, Algeria and Yemen — all these governments are tyrannical too."

Sunni Arabs throughout the Middle East complained about the way Hussein was executed. A cellphone camera recorded supporters of radical Shiite cleric Muqtada Sadr taunting and jeering Hussein as he stood on the gallows.

Qubanchi accused the critics of hypocrisy. "When Saudi Arabia shot dead in the streets 400 Iranian Shiite pilgrims after they held a demonstration, no one protested," he said. "But today those who pretend to grieve over Saddam are really grieving only because they fear the wind of change will move people in their countries."

At Baghdad's Bratha Mosque, Sheik Jalaluddin Saghir, a Shiite cleric and parliament member, said that whatever pain Hussein experienced paled in comparison to the atrocities he committed.

"Executing Saddam on the first day of Eid made the Baathists and Sunnis angry," Saghir said, referring to the Islamic holiday of Eid al-Adha. "That is all pretense. Saddam used to execute leaders and prominent figures anytime he liked — even during Eid."

Sheik Harith Obeidi, a prominent Sunni cleric and parliament member, avoided discussing Hussein's execution and focused instead on religious matters.

Many sermons emphasized the failure of the government to provide security and services.

At least 18 bodies were discovered Friday in Baghdad, some with gunshots to the head and wounds suggesting torture.

Mortar fire killed at least 10 other Iraqis in the capital, and at least five people, including a police officer, were shot to death.

Police officials said 30 gunmen drove 18 Shiite families out of their west Baghdad homes.

Insurgents Elude Forces In Eastern Iraqi Province (LAT)

By Alexandra Zavis, Times Staff Writer

The Los Angeles Times, January 6, 2007

Villagers deny knowledge of the rebels -- except for a teen who describes their getaways.

FONTIMIYA, IRAQ — U.S. and Iraqi forces trudged through waterlogged fields, crawled down tunnels and went house to house Friday in a painstaking search for Sunni Arab insurgents, combing a remote rural region east of Baghdad that has been a training and logistics base for Al Qaeda in Iraq and other militant groups.

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But for the second day of the 1,000-troop operation, in home after home, they found only women, children and men too old to fight.

Time and again, U.S. forces in Iraq have staged major assaults on known insurgent hide-outs only to have key individuals melt away. As with other operations, the military is attempting to dislodge insurgents from their hiding places in Diyala province, then sweep them into known escape routes where they can be intercepted.

But the area's sunken irrigation canals, vast agricultural fields, seldom-traveled back roads and widely scattered hamlets have given guerrillas innumerable ways to avoid capture.

"We are hardly finding any military-aged males," U.S. Army Sgt. 1st Class Pete Johnson said as he directed a truckload of Iraqi fighters into position outside a village in an icy downpour. "They have all pushed away somewhere. Either they have run away or they are waiting for us."

If the insurgents are preparing to make a stand, Johnson said, "we can definitely take the fight to them."

"But if they disappear and hide," he said, "there is no way we can establish positive identification and get them."

U.S. field commanders have struggled to keep pace with guerrillas' movements. Officials say the rebels use spotters, infiltrators in Iraqi security forces and contacts on or near U.S. bases to stay abreast of American troop movements.

The Bush administration is considering sending more troops to Iraq, which in November numbered about 140,000, to quell sectarian fighting in places such as Diyala. Proponents of the idea say 20,000 or more additional troops would enable the military to conduct more operations and train Iraqi forces more quickly. But critics say earlier troop surges have failed to stem the fighting and led to more American casualties.

Since the battle for Fallouja in 2004, when hundreds of insurgents faced off against U.S. soldiers and Marines in close block-to-block combat, the outgunned guerrillas have rarely amassed platoon-sized attacks against the Americans. Rather, they hit and run. Snipers fire at troops from darkened rooms. Triggermen detonate bombs remotely. Rocket-propelled grenades blaze from thick palm groves.

When U.S. troops do learn of large gatherings of insurgents, they often arrive too late — weapons have been stashed and the rebels have scattered among the populace.

After the U.S. eventually withdraws, the insurgents often return.

In Al Anbar province in western Iraq, Col. Brian Beaudreault, commander of the 15th Marine Expeditionary Unit, said he was attempting to reestablish a police force in Rutbah, a town of 30,000 between Ramadi and Syria. At least three waves of recruits have come and gone in many Al Anbar towns. Iraqi soldiers brought in to provide security in the absence of police have also been plagued by battle losses and attrition.

Perhaps the most publicized failure of the "clear and hold" tactic has been Operation Together Forward in Baghdad. U.S. commanders announced the plan to clear neighborhoods of insurgents and Shiite death squads with great fanfare, but since the operation began in August, sectarian violence and U.S. casualties in the capital have steadily increased.

In Baqubah, Diyala's capital, guerrillas had virtually destroyed the police force by November. The virulence of the insurgency led Col. David W. Sutherland, the U.S. commander in charge of the province, to take stronger action against the Sunni militants.

But the region, a vast area of farmland dotted with palm groves about 40 miles northeast of Baghdad, is laced with canals and tunnels that insurgents use to evade U.S. aircraft and ground forces.

In addition to intelligence, the offensive has yielded a number of weapons stores, including mortar rounds, antitank mines and two vans rigged with rocket equipment, the military said.

About 600 U.S. and 400 Iraqi troops are participating in the operation, which has drawn in attack helicopters, tanks, fighting vehicles and Humvees.

U.S. Capt. Stephen Dobbins, who commands Bravo Troop, 5th Squadron, 73rd Cavalry, said the current sweep was using what some military officials call a "hammer and anvil" tactic, to push insurgents into waiting troop positions.

Fighter jets dropped a 500-pound bomb on six armed men as they crept through canals toward U.S. and Iraqi troops overnight, the military said. In the morning, troops found a 30-foot tunnel at the site with a store of food, blankets and religious texts. It was destroyed.

At least two suspected insurgents were killed when they were spotted digging in a road, apparently to plant a bomb. The Iraqi army said two of its soldiers were killed in a roadside bombing the previous day.

But fighting so far has been minimal compared with a November offensive in the area, when U.S. soldiers said they faced bands of highly trained and well-disciplined insurgents.

Two roadside bombs wounded two Iraqi soldiers and a U.S. soldier Friday. A disabled vehicle delayed a convoy for several hours, as did wind and rain, which further degraded Diyala's poorly maintained dirt roads and vexed air support operations.

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In each village, U.S. and Iraqi troops are moving house to house, separating out military-aged men, swiping their hands for explosives residue and questioning them about insurgent activity in the area.

In Fontimiya, one of the larger wheat-farming communities, 20 men sat cross-legged in a windblown field, eyes downcast and some shivering in the cold, as U.S. soldiers barked out questions.

But the village was otherwise deserted, many of its mud-brick homes reduced to rubble. Residents said the once mostly Shiite Muslim hamlet had been racked by sectarian violence that sent many families fleeing. Just two Shiite families remain in what has become a mostly Sunni Muslim community, they said.

Most denied any knowledge of insurgents. But a detained teenager told troops that the community included a number of fighters who fled on motorcycles through the canal network at the first sound of U.S. helicopters. The boy also said residents received regular visits from masked men on motorcycles who warned them which roads were mined.

U.S. forces said they had positioned troops to block the insurgents' escape.

"The enemy is reacting the way we expected them to, and that will ultimately lead us to triumph and prevail," squadron commander Lt. Col. Andrew Poppas told superiors in a radio call later Friday night, as a sandstorm closed in and wailing winds buffeted their vehicles.

But Poppas has said that long-term success depends on the cooperation of the mostly Shiite Iraqi forces, who until recently had refused to patrol the area, which they consider a death trap. He plans to build them a new patrol base in the area.

Now, U.S. forces say, they must hold the Iraqis back. Iraqi soldiers, used to sprinting through attacks, have expressed frustration at the deliberate approach of the Americans.

"We want to kill Wahhabis," an Iraqi soldier complained to his U.S. counterparts in a joking exchange as they sifted through piles of receipts, letters, identification cards and other documents at a suspect's residence. He referred to followers of the fundamentalist form of Sunni Islam practiced by Al Qaeda, which has spread in the region.

A U.S. soldier assured him he would get his chance.

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Times staff writers Solomon Moore in Baghdad and Molly Hennessy-Fiske in Kirkuk contributed to this report.

Death In Haditha (WP)

By Josh White, Washington Post Staff Writer

The Washington Post, January 6, 2007

U.S. Marines gunned down five unarmed Iraqis who stumbled onto the scene of a 2005 roadside bombing in Haditha, Iraq, according to eyewitness accounts that are part of a lengthy investigative report obtained by The Washington Post.

Staff Sgt. Frank D. Wuterich, the squad's leader, shot the men one by one after Marines ordered them out of a white taxi in the moments following the explosion, which killed one Marine and injured two others, witnesses told investigators. Another Marine fired rounds into their bodies as they lay on the ground.

"The taxi's five occupants exited the vehicle and according to U.S. and Iraqi witnesses, were shot by Wuterich as they stood, unarmed, next to the vehicle approximately ten feet in front of him," said a report by the Naval Criminal Investigative Service on the incident that runs thousands of pages.

One of the witnesses, Sgt. Asad Amer Mashoot, a 26-year-old Iraqi soldier who was in the Marine convoy, told investigators he watched in horror as the four students and the taxi driver fell. "They didn't even try to run away," he said. "We were afraid from Marines and we saw them behaving like crazy. They were yelling and screaming."

The shootings were the first in a series of violent reactions by Marines on the morning of Nov. 19, 2005 that left 24 civilians -- many of them women and children -- dead, in what some human rights groups and Iraqis have called a massacre by U.S. troops.

The report, which relied on hundreds of interviews with Marines, Iraqi soldiers and civilian survivors conducted months after the incident, presents a fragmented and sometimes conflicting chronicle of the violence that day. But taken together, the accounts provide evidence that as the Marines came under attack, they responded in ways that are difficult to reconcile with their rules of engagement.

Four Marines were charged with murder last month in connection with the civilian deaths in Haditha: Wuterich, who faces 13 counts of unpremeditated murder; Sgt. Sanick P. Dela Cruz; Lance Cpl. Justin L. Sharratt; and Lance Cpl. Stephen B. Tatum. Each faces the possibility of life in prison if convicted.

Through their lawyers, three have argued that they behaved appropriately while taking fire on a chaotic battlefield, and that the civilian deaths were a regrettable but unavoidable part of warfare in an especially dangerous area. Dela Cruz's attorney has declined to comment.

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The Marine Corps also has charged four officers with failing to investigate and fully report the slayings: Lt. Col. Jeffrey R. Chessani, Capt. Lucas M. McConnell, Capt. Randy W. Stone and Lt. Andrew A. Grayson.

The Marines told investigators that they believed they were authorized to fire freely inside two houses they raided in the minutes following the taxi shootings, after concluding that insurgents were firing on them. After an officer ordered them to "take" one of the homes and Wuterich commanded them to "shoot first, ask questions later," the Marines considered the houses "hostile," according to sworn statements to investigators.

Marine officials have accused the troops of failing to identify their targets before using grenades and guns to kill 14 unarmed people in the houses, including several young children in their pajamas, in a span of about 10 minutes, according to the documents.

Safah Yunis Salem, 13, who said she played dead to avoid being shot, was the only person to survive the Marine attack on the second house. Her sister Aisha, 3, was shot in the leg and died; her brother Zainab, 5, was killed by a shot to the head. She said she lost five other members of her family in the room, including her mother.

"He fired and killed everybody," Safah said. "The American fired and killed everybody."

Numerous Marine officers in the chain of command in Iraq -- including a major general -- knew about the civilian deaths almost immediately but did not launch an investigation for months, according to interview transcripts. Some lower-level officers did not believe that the Marines had done anything inappropriate, while high-ranking officers had limited information about the incident and did not inquire further.

Neal Puckett, one of Wuterich's attorneys, declined to comment on the case yesterday, saying he is "deeply disturbed that any media have access to what sounds like the entire investigation."

Wuterich told investigators in a February interview: "I want to make clear that we did not go in intentionally to spray everyone we saw. We were taking fire."

Marine Corps and NCIS officials declined to comment on details of the case because it is ongoing.A Routine Mission Turns Violent

The report provides a detailed narrative of the events leading to the violence in Haditha. The day began about 6 a.m., when Lance Cpl. Salvador A. Guzman Jr. awoke at Firm Base Sparta and members of his squad learned they would be bringing fresh Iraqi troops to a traffic checkpoint in Haditha. He bumped into Lance Cpl. Miguel "T.J." Terrazas, who joked that "we were going to get hit by an improvised explosive device one day because we travel so much," Guzman told investigators.

The Marines left the base at about 6:45 a.m. and made the personnel changes by about 7 a.m.; then they turned their four-vehicle convoy around and headed back. Sharratt, in the turret of the first Humvee, waved a white sedan over to the side of "Route Chestnut," and as it slid to the south shoulder a blast rocked the neighborhood.

Terrazas, who was driving the fourth Humvee, was killed instantly by the remotely detonated propane tank, which shredded the front of the vehicle and launched it into the middle of the road. Another Marine, severely injured, was trapped in the wreckage.

Marines who rushed to help told investigators they took enemy rifle fire from several locations on the north and south sides of the road. Navy Hospitalman Brian D. Whitt said he could see bullet impacts near his feet and noticed men with rifles disappearing from atop a house to the north. Some of the fire appeared to be coming from behind the white taxi.

The Marines concurred that they were under fire from all sides, indicating that the incident was part of a complex insurgent attack that lasted much of the day.

One Marine and two Iraqi soldiers told investigators that the men who had been in the taxi were standing in a line outside it, some with their hands in the air, when Wuterich began to fire on them.

Wuterich said the men got out of the car, and he shot them because he considered them a threat. But Dela Cruz said the men were standing in a line when they started to fall.

"As I crossed the median I saw one of the Iraqi civilians, who was standing in the center of the line, drop to the ground," Dela Cruz told investigators. "Immediately afterwards another Iraqi standing by him raised his hands to his head. I then heard other small arms fire and looked to my left and saw Sgt. Wuterich kneeling on one knee and shooting his M16 in the direction of the Iraqi civilians."

Dela Cruz told investigators that he pumped bullets into the bodies of the Iraqi men after they were on the ground and later urinated on one of them.

Minutes later, a Quick Reaction Force arrived from the Marine base, bringing Lt. William T. Kallop, the first officer on the scene. Kallop told investigators he began to receive enemy fire almost immediately. About that time, Cpl. Hector A. Salinas spotted a man firing at the squad from the corner of a house on the south side of the road.

"Salinas then stated that he could see the enemy so Kallop told them to 'take the house,' " according to an NCIS summary of an interview with Kallop. The interview provides the first evidence that an officer ordered the attack.

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Richard McNeil, a lawyer who represents Kallop, declined to comment about him or his role, but he warned that "typically in an NCIS investigation, the narratives are always slanted to the interpretation of the government."

Wuterich, Salinas, Tatum and Lance Cpl. Humberto M. Mendoza formed a team to attack the house, launching grenades first and then busting through the door.

"I told them to treat it as a hostile environment," Wuterich told investigators. "I told them to shoot first, ask questions later."

Defense attorneys have argued that the men were following their "rules of engagement" when they shot into the homes, using effective techniques in a difficult environment.

The Marine division's rules-of-engagement card in effect at the time in western Iraq instructed Marines to "ALWAYS minimize collateral damage" and said that targets must be positively identified as threats before a Marine can open fire. It also told Marines that "nothing on this card prevents you from using all force necessary to defend yourself."

After entering the first house through a kitchen, Tatum told investigators, he heard what he believed was an AK-47 rifle being "racked," or readied to fire, around a corner. He and Salinas tossed grenades into the room, according to the documents. Waleed Hasan, 37, was killed. Khamisa Ali, 66, was shot dead in the hallway before four others were killed in a bedroom by grenades and rifle fire.

Nine-year-old Eman Hamed told investigators that a grenade landed near her grandfather's bed and exploded, sending shrapnel through the room. Her mother and 4-year-old brother were killed as she huddled, injured, with another brother, Abid, 6, who survived. "All rooms," Abid told investigators. "They were shooting in all rooms."

Several Marines said they quickly cleared the home by fire, shooting through the dust, debris and darkness to eliminate what they believed was a threat.

From there, Wuterich, Mendoza and Tatum said, they moved to a second house after suspecting that insurgents might have escaped. Mendoza told investigators that the Marines approached the second house the same way they did the first, treating it as hostile, according to his sworn statement. Mendoza said he shot a man, 43-year-old Yunis Rasif, through the house's glass kitchen door.

"I fired because I had been told the house was hostile and I was following my training that all individuals in a hostile house are to be shot," Mendoza told investigators. The Marines then entered the house and tossed grenades before firing into a back bedroom, which they later found was filled with women and children.

"Knowing what I know now, I feel badly about killing Iraqi civilians who may have been innocent, but I stand fast in my decisions that day, as I reacted to the threats that I perceived at the time," Tatum said. "I did not shoot randomly with the intent to harm innocent Iraqi civilians."

Jack Zimmerman, Tatum's attorney, declined to comment yesterday but decried the publication of the documents. "The ethical rules that govern lawyers prohibit me from even discussing the matter," he said.

Mashoot, the Iraqi soldier who was with the Marines, said he thought the attack on the houses was warranted because the entire convoy was taking fire. Investigators noted that he believed the Marines "had justification" because they were "defending themselves."

Another group of Marines, including Dela Cruz, simultaneously went to the north side of the road and found a dwelling that they believed was the "trigger house" for the roadside bomb. They took several Iraqis into custody, according to the documents, but did not shoot anyone in a search of several houses. Another man was shot after Marines observed him running along a ridgeline.

A few hours later, Sharratt, Wuterich and Salinas approached a third and fourth house after noticing men they said were peering at them suspiciously.

The investigative reports show that what happened there is unclear. Iraqi witnesses said the Marines angrily separated men and women into two lines before marching the men into the fourth house and shooting them. The three Marines told investigators they were searching for the men they had seen and separated the women into a safe area before Wuterich and Sharratt entered the house.

Sharratt told investigators that he saw a man raise an AK-47 rifle as if to shoot him. Sharratt said his gun jammed, but he grabbed his 9mm handgun and shot the attacker. He told investigators he saw another man with a rifle and shot him and two others because he "felt threatened." Wuterich also shot at the men, he said.

Sharratt has been charged with unpremeditated murder in three of the slayings.

Gary Myers, a lawyer representing Sharratt, declined to comment yesterday.At First, No Inquiry

The military did not launch an inquiry of the Haditha deaths until a Time magazine reporter began to inquire about the incident two months later. Marine officers told investigators the reason was simple: Nothing in the reports they received from the field caused them to believe that a probe was warranted.

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Investigators appear to have found little evidence that Marines on the ground or at headquarters tried to conceal the day's events. But Dela Cruz told investigators that Wuterich asked him to back up claims that the men in the taxi were trying to flee before they were shot.

Puckett, Wuterich's lawyer, challenged Dela Cruz's assertion: "Staff Sergeant Wuterich adamantly denies asking anybody to lie or change their story."

The documents show that Marines in Kilo Company, 3rd Battalion, 1st Marine Regiment, reported the incident to their base as it was happening and made clear that there were a significant number of civilian casualties. Though at first the Marines classified eight of the civilians as insurgents, they quickly reported that at least 15 civilians had been killed in what they called "crossfire" with the enemy.

The events came amid heavy insurgent attacks in Haditha that day that ultimately prompted Marines to call in airstrikes on suspected insurgent homes. The hectic nature of the day caused some early reports to be confused and inaccurate, Marines told investigators.

The Kilo Company commander, McConnell, told his Marines on the day of the attacks that they had done a good job, according to an investigative summary in the NCIS report. Investigators wrote that McConnell did not want to question his Marines on a day they lost a comrade but that he informed his superiors about the civilian deaths.

"There was never a hint whatsoever that these kids did anything improper. Not one," said Kevin McDermott, a lawyer who represents McConnell.

Marine officers said Chessani, the Marines' battalion commander, informed his superior, the regimental commander, of the civilian casualties the day they occurred and was told by that officer, Col. Stephen W. Davis, that no investigation was needed.

"There was nothing out of the ordinary about any of this, including the number of civilian dead, that would have triggered anything in my mind that was out of the norm," Davis told military investigators, according to a transcript. "There is nothing about this incident that jumped out at any point to us."

Maj. Gen. Richard A. Huck, the division commander, told investigators he learned about the civilian casualties on the day they occurred and believed that they were the result of a roadside bomb and the ensuing gunbattle between Marines and insurgents. Huck visited Haditha three days later and was briefed on the incident.

"Nothing in the brief caused any concern to me," Huck told investigators. "I do not recall if the brief discussed the number of Iraqis killed that day, but I do recall the brief discussing Marines clearing houses following the IED attack."

McConnell and Chessani have been charged in the case; Huck and Davis have not. Attempts to reach Chessani or an attorney for him were not successful.

In December 2005, the Marines authorized $38,000 in condolence payments to the families of the civilians killed in the first two houses, and Chessani, in early February, explained the payments in a memo. "The enemy chose the time and place of his ambush. Without callous disregard for the lives of innocent bystanders, the enemy would not have chosen to fight from the bedrooms and living rooms of civilian-occupied houses," he wrote.

The official inquiry began two weeks later, after the Time reporter sent a list of questions about the incident to Marine officials in Iraq. In his e-mail, the reporter raised the possibility that Marines had massacred civilians and executed the men from the taxi, based in part on a videotape made by an activist a day after the incident.

Huck told investigators he dismissed the allegations, believing they were part of an insurgent campaign to smear the Marines. Other Marine officers, such as Davis, also believed that the allegations were outlandish.

But Maj. Samuel H. Carrasco, then a battalion operations officer, said he and the battalion executive officer suggested an investigation to Chessani. Carrasco told investigators that "Lt. Col. Chessani then shouted, 'My men are not murderers.' "

The first investigation, by Army Col. Gregory Watt, ordered by Lt. Gen. Peter W. Chiarelli, then the top field commander in Iraq, essentially supported the Marines' accounts of events. Watt determined that the troops had reason to be suspicious of the men in the white car and concluded that while they did not positively identify targets in the houses, it might have been "unrealistic to expect" on the battlefield that day.

He also found no indication that the Marines "intentionally targeted, engaged and killed noncombatants," but he suggested a criminal investigation nonetheless. The NCIS investigation began March 12, leading to last month's charges.

Lawmaker: U.S. Catching, Releasing Top Terror Targets (CNN)

CNN.com, January 5, 2007

WASHINGTON (CNN) -- The U.S. military already knows what half of its most-wanted terrorist targets look like because they have been apprehended and photographed in the past, a Republican congresswoman said Friday.

The United States is operating "a catch and release program for al Qaeda in Iraq," said Rep. Heather Wilson, a member of the House intelligence committee.

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In remarks at the National Press Club, the New Mexico lawmaker said a senior official told her that the U.S. military already has photographs of "fully half of the high-value al Qaeda targets in Iraq" presently being hunted.

"They're wearing orange jumpsuits in the mugshots we took of them when we captured them the first time," Wilson recalled the official telling her.

"We are operating a catch and release program for al Qaeda in Iraq. This is inexcusable and frustrating ... for the young men and women in the military who are in the fight," she added.

Wilson also joined a congressional chorus Friday calling for President Bush to reject a reported proposal to send another 20,000 to 40,000 troops to bolster the force of 140,000 already deployed in Iraq.

Top Democrats have called the idea a strategy "that has already failed," and Wilson said quelling sectarian violence in the war-ravaged nation is a task best left to the Iraqis.

"I am not a supporter of a surge to do for the Iraqis what the Iraqis will not do for themselves," Wilson said.

"I also have not seen a clarity of mission, and I think that's the greatest weakness that we have right now."

Wilson's remarks came as the U.S. military announced that Iraqi special forces caught four suspected leaders of a terrorist cell during a raid in Baghdad's Sadr City. Three other suspects were detained for questioning.

The men are suspected of being involved in the kidnapping and murder of civilians, the military said.

"They are also suspected of organizing and directing sectarian-based mortar attacks on neighborhoods surrounding Sadr City," a military statement said.

Sadr City is a stronghold of the Mehdi Army, a Shiite militia led by radical cleric Muqtada al-Sadr.Execution backlash

A day after Bush said he wished Saddam Hussein's execution had "gone in a more dignified way," violent protests erupted in India and Indian-controlled Kashmir over the Iraqi leader's hanging.

Like Bush, the protesters objected to the release of a cell phone video showing Shiite guards taunting the Sunni dictator before his death.

The protests, which have been going on for four days in India's only majority Muslim state, prompted police in Srinagar to use tear gas and batons to control the crowd. Muslim protesters pelted police and troops with heavy stones after Friday prayers.

The protesters also chanted anti-American slogans and torched effigies of Bush.

In the northern town of Agra, home to the Taj Mahal, two men were arrested for allegedly hurling stones at tourists Friday. It was at least the second such incident since Saddam's execution, police said.

U.S. tourist Karen Maini said she "was in great danger" after a man threw a brick at her car while she was stuck in traffic in Agra.

"It was so loud and noisy and scary," she said of the protest. "My driver saved my life." (Watch how the Iraqi government is reacting to footage of Hussein's execution)Other developments

· Police found 12 bodies, most showing signs of torture, strewn across Baghdad on Friday.

· The driver for Iraqi Minister of Agriculture Yaarub Nadhim al-Aboudi was shot to death Friday in the Dora district of southern Baghdad, an Interior Ministry source said. Al-Aboudi is one of al-Sadr's followers.

· Mortar rounds fell in residential areas of eastern and western Baghdad, killing four people and wounding 16. Four civilians were wounded after mortar rounds landed in the city's al-Amil neighborhood, and four people were killed and another 12 wounded when mortar rounds struck a market and apartment complex in Zafaraniya.

· Unidentified gunmen attacked police officers in western Baghdad's Adel neighborhood, killing one and wounding another.

Army Asks Dead To Sign Up For Another Hitch (AP)

AP, January 5, 2007

WASHINGTON (AP) -- The Army said Friday it would apologize to the families of about 275 officers killed or wounded in action who were mistakenly sent letters urging them to return to active duty.

The letters were sent a few days after Christmas to more than 5,100 Army officers who had recently left the service. Included were letters to about 75 officers killed in action and about 200 wounded in action.

"Army personnel officials are contacting those officers' families now to personally apologize for erroneously sending the letters," the Army said in a brief news release issued Friday night.

The Army did not say how or when the mistake was discovered. It said the database normally used for such correspondence with former officers had been "thoroughly reviewed" to remove the names of wounded or dead soldiers.

"But an earlier list was used inadvertently for the December mailings," the Army statement said, adding that the Army is apologizing to those officers and families affected and "regrets any confusion."

How Do You Repay A Hero's Sacrifice? (WSJ)

By Michael M. Phillips

The Wall Street Journal, January 6, 2007

EUREKA, Calif. -- Kelly Miller has the dream once or twice a week.

He's on patrol in Iraq, searching a white Toyota Land Cruiser. The driver lunges out and grabs Cpl. Miller's squad leader, Jason Dunham, around the neck. The Iraqi and Cpl. Dunham tumble to the ground in a ferocious hand-to-hand struggle. Cpl. Miller beats the insurgent with a police baton. Another Marine races over to help. The Iraqi drops a hand grenade.

The force of the explosion lifts Cpl. Dunham into the air, his back arching before he falls back toward the brown-dirt road.

Cpl. Miller wakes up.

Almost three years have passed since that grenade exploded for real. But the images are never far from his mind -- the insurgent, the explosion and the friend who intentionally took the brunt of a live grenade and gave his own life to save Cpl. Miller's. The adrenalin of combat, the pain of hot shrapnel, the guilt of making it home alive.

At the White House on Thursday, President Bush will present Cpl. Dunham's parents with the Medal of Honor, the nation's highest award for military valor, the first such award for a Marine since Vietnam. The ceremony will enshrine Jason Dunham for posterity as one who loved his brothers more than himself.

In the audience will sit Cpl. Miller, a 23-year-old still struggling with what it means to receive that much love.

When American forces rolled into Baghdad in April 2003, Kelly Miller was living with his parents in Eureka in their modest shingled home, within sight of the smoky columns rising from the local paper mill. His mom, Linda, was an energetic doctor's-office manager with practical short hair. His dad, Charlie, was a quiet man who delivered mail for 31 years, then retired to care for his grandchildren.

Kelly Miller, sandy-brown-haired and six-foot-one, spent his days with friends, fishing for crabs and racing his car by the beach. On weekends he managed the night crew at the local supermarket.

But the news from Iraq made him wonder about his own courage. How would he perform in combat? One morning after his shift ended, he walked into the Marine recruiter's office at the strip mall and enlisted in the infantry.

So just after noon on April 14, 2004, he found himself a grunt in the Fourth Platoon of Kilo Co., Third Battalion, Seventh Marines -- and Cpl. Dunham's point man on a patrol through a trash-strewn Iraqi neighborhood near Karabilah, on the Syrian border.

HE WAS STILL what the Marines called a boot, a private first class fresh out of boot camp. Many senior enlisted men made life miserable for the boots. But Cpl. Dunham was different. When the boots had to fill sand bags in the hot sun, Cpl. Dunham filled sand bags beside them. Cpl. Miller and other boots loved him for it.

The insurgents had already gotten the jump on the patrol that day, firing a rocket-propelled grenade at the squad's Humvees. The grenade had missed its mark, and Cpl. Dunham's men climbed out of the vehicles to hunt down the shooter.

As point man, it was Cpl. Miller's job to spot roadside bombs and ambushes before it was too late. The responsibility weighed on him as he moved carefully past stone walls and silent, half-built homes. He worried that any mistake would get his friends killed.

The patrol stopped to search a line of vehicles that seemed to be fleeing. Cpl. Miller and Cpl. Dunham approached the white Land Cruiser, where Cpl. Miller saw a rifle poking out from under the rear floor mat. He looked up just in time to see the driver attack Cpl. Dunham.

The insurgent's hand grenade sprayed Cpl. Miller and Cpl. Bill Hampton, the other Marine who rushed to Cpl. Dunham's aid, with jagged pieces of metal. Cpl. Miller heard a ringing in his head, the echoes of a burst ear drum. His face flushed hot, and his mouth tasted of blood. A red stream dripped off his left hand, and he was confused to find that he couldn't pick up his rifle. Pieces of shrapnel burned in his face and arms.

"My mom is going to be … pissed," he told another Marine as he wandered away from the scene, according to both men.

Despite the shrapnel that peppered Cpl. Hampton, he, too, was able to stagger away. But Cpl. Dunham lay still, a fragment embedded deep in his brain. He would die eight days later at a Naval hospital in Bethesda, Md., with his parents at his bedside.

Cpl. Dunham's commanders soon figured out that he had placed his helmet over the grenade to protect his friends, an act of bravery described in a front-page story in The Wall Street Journal on May 25, 2004.

The Marines sent Cpl. Miller to recuperate in Eureka, where he became withdrawn and quick to anger. He couldn't get it out of his head that, as point man, he was supposed to protect the Marines behind him. He was the first one to get to Cpl. Dunham's side, but instead of saving Jason, Jason saved him.

He had a tattoo artist ink a helmet-and-rifle memorial honoring Cpl. Dunham on his right arm with the words: Remember the Fallen 4-14-04. When he was well enough to play softball, Cpl. Miller taped his wrist to give him strength to swing the bat and wrote "Cpl. J.D. USMC" on the wrap.

"Mom, goddammit," he told Mrs. Miller after a couple of beers one night, "I should have done more to save Jason."

Mrs. Miller, now 59, became long-distance friends with Cpl. Dunham's mom, Deb, a 46-year-old with shoulder-length red hair. Mrs. Dunham taught home economics at the only school in tiny Scio, N.Y., patiently coaching students in such survival skills as child-care and bachelors' cooking. At home she baked pies, made fudge and did battle with three dogs.

When she first dated Dan Dunham, a farmhand, the locals thought them an unlikely pair. She was a self-described good girl; he took pride in being a hard-drinking bad boy who gave the local police headaches. He had already been married once and was raising two young boys, Jason and Justin, on his own on $600 a month. She fell in love as much with the boys as she did with Dan, and ever after raised them as her own. The Dunhams had two more children together. For years, Mrs. Dunham couldn't rest until she knew all four children were safe in their beds.

Mrs. Dunham wasn't surprised that Jason had given his own life for his friends; she would have been surprised if he had done anything else under the circumstances. In a letter to Cpl. Hampton's mother, Mrs. Dunham wrote: "When you next get a chance to hug your son please give him one from me. He does not need to know it is from me, but I would appreciate if you would do that for me."

Far from begrudging Cpls. Miller and Hampton their survival, Mrs. Dunham felt that their lives added meaning to her own son's death. Soon Deb Dunham and Linda Miller began referring to Cpl. Miller as "our son."

"We believe that Kelly and William are both very special," Mrs. Dunham wrote to Mrs. Miller. "I do not know what is in their futures but I (we) firmly believe that Jason did what he had to do and they have some important purpose here and he has his to do in Heaven."

But for months Cpl. Miller couldn't get himself to talk to Jason's parents. When they finally met at the Marines' desert base in Twentynine Palms, Calif., Cpl. Miller spoke with them for 15 awkward minutes, unsure whether to thank them or apologize.

AS HE REGAINED STRENGTH and sensation in his arms, Cpl. Miller returned to Twentynine Palms obsessed with trying to rejoin his old platoon mates before they shipped out for their next tour of Iraq in the second half of 2005. It troubled him that his friends had finished their full seven months in the combat zone, while he had not.

Cpl. Miller's commander allowed him to resume light duty as Kilo Co.'s clerk, but even in Iraq that would be a rear-echelon job without the camaraderie of the front lines. So several times a day Cpl. Miller pestered the captain to allow him to rejoin Fourth Platoon as a rifleman, doing five quick pull-ups outside the office for emphasis.

The captain would allow Cpl. Miller back into a rifle platoon only with permission from his surgeon, his physical therapist, the battalion medical officer and his mother. Cpl. Miller collected the letters, including one from a very reluctant Mrs. Miller.

In March 2005, the captain cleared him to rejoin Fourth Platoon, and Cpl. Miller traveled home to Eureka to break the news. Mrs. Miller was in her room, folding clothes on the bed, when he told her that he would soon return to Iraq.

"Why do you feel you need to go back?" she asked him. "You don't have to."

"I have to finish something I started the first time," Cpl. Miller told her. He left the room, returning a few minutes later. "I have to go and finish what Dunham started, and bring my guys home," he said.

SOON ENOUGH, Cpl. Miller found himself in Ramadi, the most hostile city in the Sunni Triangle, for what proved to be months of grueling cat-and-mouse games with the insurgents. The Marines of Kilo Co. hid in abandoned buildings to ambush bomb makers. They manned an isolated, bomb-gutted outpost that was a frequent target for mortar and rocket attacks. They watched as Iraqis in civilian clothes casually dropped explosives on the main road through the city.

On three occasions Cpl. Miller called home from Iraq to report that he had been hurt. Once he injured his ankle playing basketball on base. Another time he stepped into a hole while on patrol. And another, his Humvee was destroyed by a roadside bomb. Each time he called, Mrs. Miller would report back to Mrs. Dunham, and they would fret together.

After he returned from Ramadi, Cpl. Miller decided he had had enough of the Marine Corps, and on his Web page he put a clock that counted down to the end of his enlistment in June, 2007. When the clock hit zero, he hoped to join his older brother as a sheriff's deputy back home in Eureka. He liked the idea of uniformed service, but without the long overseas deployments that made it hard to raise a family as a Marine.

Over the years, Cpl. Miller grew more comfortable around the Dunhams, and made a habit of calling Mrs. Dunham on holidays, such as Christmas and Mother's Day, when he knew that Jason would have called. They'd chat about his dating life and the doings of the Dunham family. He had long talks with Jason's younger brother and sister. Mrs. Dunham noticed the brotherly, teasing tone of their conversations, as if Kelly were trying to fill the gap left by Jason. He talked to Kyle, then 15, about the pros and cons of enlisting in the Marines, reminding him that going to college first would give him more options in life. Enlisting meant a four-year contract.

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One night last summer, Mrs. Dunham hit a low spot, home alone and desperate to talk to Jason. In tears she phoned Cpl. Miller. He had friends over, but kept her talking until she was laughing again.

On his Web page, Cpl. Miller wrote, "Who I'd like to meet: The most Honorable Man I have ever had the privilege of meeting: Cpl. Jason Dunham. To have a chance to talk to him one more time would be priceless."

At the same time, Mrs. Miller felt that her son's personality had darkened. Her Kelly had been such a happy-go-lucky kid; now he seemed at ease only with other Marines or with two Eureka friends who served in the Army. His voice-mail message was a droning monotone: "You've reached Kelly. Whatever."

On his Web page, he posted a photo of himself in Ramadi, aiming a rifle at the photographer. He described his Nissan sports car and wrote: "I love to pitch it sideways or scream through a windy mountain pass."

One weekend last September, Cpl. Miller left base and drove to Eureka to see his girlfriend, Kellyn Griffin, a 21-year-old junior at Humboldt State University. On Saturday night, they went to the apartment of one of his Army buddies to play a movie-trivia game. Ms. Griffin drank rum and Cokes. Cpl. Miller drank Maker's Mark bourbon. They left just after midnight.

Cpl. Miller made it about a mile before he lost control of the Nissan and flipped it over at a "high rate of speed," according to the police report. The car took to the air, sheared off a wooden utility pole 20 feet above the street and came to a rest on the driver's side, crunched up like a paper napkin after a dinner party.

Ms. Griffin was found in a pool of blood fifty feet away from the Nissan, with a broken arm, a lacerated liver and a concussion that dulled her thinking for days.

Police found Cpl. Miller walking in circles in a nearby parking lot. When a state trooper interviewed him, the corporal volunteered that he "(messed) up and am screwed for drunk driving" and said he had to take responsibility for his mistake, according to the police report. The officer arrested him at 2 a.m. after a test that police say revealed a blood-alcohol level above the legal limit.

The crash broke Cpl. Miller's nose, a front tooth and his left shoulder blade and socket. At the hospital, Cpl. Miller was frantic for news of Ms. Griffin. Blood still covering his face, he found her hospital bed, felt his head spin and stumbled out of the room.

Cpl. Miller was released a few hours later. That night Mrs. Miller called Cpl. Dunham's mom. "Well, our boy did it," Mrs. Miller said.

A few days later, Mrs. Dunham called back and laid into Cpl. Miller. "You need to stop, Kelly," she recalls saying. "You need to learn to like yourself because Jason gave you a gift. Your mom and I can't lose anybody else."

"I know," he said. "I'm sorry."

"Whether you do something spectacular or not, you still haven't completed your purpose in this life," she continued. "Whether it's you or your child or your great-great-grandchild who does something phenomenal, you have a purpose here, and your destiny isn't done yet."

Cpl. Miller was on heavy painkillers at the time and soon forgot the details of the conversation. But later he remembered how angry Jason's mother had been, and how ashamed he had felt.

The police charged Cpl. Miller with two drunk-driving felonies that carry a maximum combined penalty of six years in prison. A felony conviction would kill any chance of joining the sheriff's department.

Shortly after doctors removed the staples closing the wound on her back, Ms. Griffin and Cpl. Miller lay in bed in his childhood room. "I feel really bad, because in essence someone gave his life for me, and then I turned around and instead of making use of it, I quite possibly put it to waste," he told her.

Near the bed was a photo of Cpl. Miller in his dress blues and Purple Heart medal, a reminder of Cpl. Dunham's sacrifice. "I have to do good by more people and live up to the potential of both of us," Cpl. Miller told her.

THE CORPORAL'S FELLOW GRUNTS have rallied to his side. When Maj. Trent Gibson, commander of Kilo Co. when Cpl. Dunham was killed, heard about the car accident, he felt he had let Cpl. Miller down. Even though the major had changed jobs in the Marine Corps, he knew that Kelly had been having nightmares about the grenade attack. He knew Kelly had been getting reckless.

He wished he had said something earlier. Now, he emailed his men:

Kilo Brothers,

For those of you who haven't heard, Cpl Miller had another near-death experience this last Sunday. He's goddamned lucky. Let's all give him a phone call...or shoot him an email...and let him know that we care about him and that he's got to keep his head on straight if he's going to make good on the gift that Cpl Dunham gave him....

Semper Kilo.

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Marines who had served under Cpl. Miller in Ramadi sent letters and emails to the judge who would hear his case. "This Marine has only to begin his life," wrote LCpl.Robert B. Bullard. "To rob him of what he has done for me, my platoon, and country would not only be morally incorrect but a criminal act against a mistake."

Mrs. Dunham wrote a lengthy letter telling the judge how Cpl. Miller had rushed to her son's side that day in Iraq. She described how he had since stepped in as a surrogate brother to her youngest children.

She also described how Kelly "has been chasing his personal demons" since Jason sacrificed himself. "I wish you would consider that Kelly is an honorable young man who volunteered to serve and protect those weaker than himself," she wrote.

On Nov. 10, at the opening of the Marine Corps museum in Quantico, Va., President Bush announced his decision to award Cpl. Dunham the Medal of Honor. Leaving the ceremony, Mrs. Dunham talked about the legacy of her son's death. "I'm worried about Kelly," she said. "It's a gift. Strings aren't attached to it. Guilt shouldn't be attached to it. They should just do the best they can with their lives."

The Dunhams have invited dozens of Kilo Co. Marines to Thursday's Medal of Honor presentation in the East Room of the White House. The award, they say, isn't just for their son; it's for all of the young men who served beside him.

Two weeks later, Cpl. Miller is due back in court . His lawyer is trying to persuade the judge and prosecutor to reduce the felony charges to misdemeanors, which would probably allow the corporal to avoid prison. If they agree, and he keeps his record clean for a few years, he could still apply to be a sheriff's deputy.

On his Web page Cpl. Miller writes: "I can't wait for the time to come for a new chapter in my life."

With Each Fallen Soldier, A Field Of Flags Grows (NYT)

By Fernanda Santos

The New York Times, January 6, 2007

MIDDLE GROVE, N.Y., Jan. 4 — The flags are cut from rolls of yellow plastic tablecloth, then woven onto thin wire rods. Each is about as long as a man's size 7 shoe, as wide as an outstretched hand.

They stand on a sloped corner field framed by a row of conifer trees in this upstate hamlet, spreading in concentric circles like ripples on still water.

From afar, the flags look like clumsily painted dots, an amateur installation of elusive meaning. A closer look yields a clue: a laminated sign with bold black numbers that match the number of flags on the field, numbers that climb almost by the day.

On Sunday, there were 3,000 yellow flags on the ground. By Thursday, five more.

"Just imagine if instead of flags, there were soldiers standing here," Caren Crootof said as she walked across the field, replacing flags torn or toppled by rain and wind.

Mrs. Crootof, 54, makes the flags, cutting the plastic with scissors at her kitchen table. She plants them most mornings before going to work as a midwife, on the one-acre plot next to the 19th-century farmhouse where she and her husband raised three children. First, she checks a Web site that provides a daily tally of the number of American soldiers killed in the war in Iraq. Then she takes to the field, updates the sign and plants the flags.

It started in July 2004, with 877 flags.

"We all grieved the losses of 9/11, we all shared the pain of those families that lost loved ones in the attacks," Mrs. Crootof said. "But here we were, losing all this potential, losing heroes who threw their bodies on grenades to save other troops, and I felt that we, as a nation, were doing so little to acknowledge them.

"I just felt compelled to do something," she added, "and this is what I could do."

The field of flags is at once poignant and terrifying, plain yet powerful for those who have taken notice in this out-of-the-way town of 2,300 in northeastern New York State. The Crootofs' field sits at the end of Middle Line Road, which slices through a landscape of rolling hills, silos and grazing cattle. It is just off Route 29, next door to Saratoga Springs.

One recent morning, a truck driver passing by flashed a thumbs-up sign to Mrs. Crootof, who stood in the field like a dark speck on a yellow-gold sea. A few minutes later, a van rolled past the field and its driver honked twice as he steered around the bend.

Just as the van disappeared, Bruce Houser pulled up in a sport utility vehicle and snapped a picture. He first spotted the flags some months ago, while traveling the road on business, but drove back this week, 30 miles from his home in Speigletown, to mark the milestone of 3,000 dead soldiers.

"These flags here, they're a stark reminder of what the war really means," Mr. Houser said.

Ankie Meuwissen, 30, who lives opposite Mrs. Crootof, said people often stopped and stared for a moment — mothers with children in tow, working men, couples young and old.

"I don't know if wonderful is the most appropriate word to describe it," Ms. Meuwissen said, "but it's nice that somebody is doing something to remind us what we're giving up in this war."

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Last Memorial Day, Mrs. Crootof's daughter, Rebecca, 25, heard taps being played as she was eating breakfast on the sun porch. She stepped outside to find a man playing the piece on a trumpet while standing atop a knoll overlooking the field.

What started as a simple exercise in remembrance has become a vast daily vigil for Mrs. Crootof, a self-professed leftist who has taken part in boisterous antiwar protests in New York City and more subdued ones among her neighbors here.

She abhors the war, but sees the flags as nothing more than a heartfelt way of honoring the troops and sharing the grief of their families.

It is a laborious, tedious task of bending, of burying the rods in the ground. Mrs. Crootof often has help — from her children, who come home during college breaks; from her aging parents, who live nearby; from friends and strangers.

Her husband, Mark, a veterinarian, and their son, Aaron, 18, mow the field in the warm months to keep the wild grass from obscuring the flags; a local 4-H club has offered to take on that task come spring. In the summer of 2005, nine girls from Girl Scout Troop 299 in Ballston Lake, about 15 miles to the south, made 100 flags to replace tattered ones.

"The thing is, we all tend to just go along with our everyday life and forget what's going on in Iraq," said Suzanne DeVito, the troop leader at the time. "But when you look at this field and when you step on it and you walk around it, the war becomes very real because you remember that it's not about bombs and tanks. It's about people like you and I."

White Small-town America Pays Highest price For Going To War (FT)

By Edward Luce

Financial Times, January 6, 2007

Every night at the end of Jim Lehrer's NewsHour on America's PBS channel, there is a roll call of American soldiers who died in Iraq that day. Apart from their tragic fates, most of the dead have something else in common: they come from places of which few people have heard.

Obscure towns such as Hollidaysburg, Pennsylvania, Wolfeboro Falls, New Hampshire and Thermopolis, Wyoming, dominate the listings rather than the big cities.

"It is like watching a different reality," says Larry Wilkerson, a former colonel who was chief of staff to Colin Powell. "Nothing could better illustrate the alienation of America's armed forces from the college-going Americans for whom the Iraq war has meant tax cuts, SUVs and nice holidays."

During the week since the 3,000th American soldier was killed in Iraq - by a roadside bomb in Baghdad - Washington's attention has turned to speculation over President George W. Bush's reported plans to order a "surge" of US troops to Iraq.

What is often missing from America's increasingly recriminatory debate on Iraq is how isolated the communities are that bear most of the human cost. The Pentagon does not disclose the socio-economic background of the 25,000 US soldiers who have been killed or wounded in Iraq. But a breakdown of their ethnicity and states of origins shows they are overwhelmingly white and from small towns in the interior states of mid-America and the south.

For example, the ratio of dead in relation to the state's share of the national population is 221 per cent for South Dakota, 178 per cent for Nebraska and 163 per cent for Louisiana.

In contrast, the District of Columbia, which is home to Washington, the US capital, has a ratio of just 52 per cent, while Connecticut is 66 per cent and New Jersey is 60 per cent.

Charles Moskos, a military sociologist at Northwestern University, says the divorce between the social origins of most US army personnel and the character of the population as a whole is greater than ever. When he attended Princeton as a student in the late 1950s, 400 out of his class of 750 had served in uniform. Last year only nine of Princeton's class of 1,100 had been in the armed services, he says.

Even during the Vietnam war, when the well-connected, such as Mr Bush and Dick Cheney, his vice-president, were able to avoid combat in spite of a national enlistment lottery or,like Bill Clinton, dodge the draft altogether, America's middle classes were better represented.

"There is a myth that Americans respect people who have served in combat," says Mr Moskos. "But if you look at the last four presidential elections, it is the draft dodger who has been elected to the White House. They might hate to admit it, but middle-class Americans identify with the draft dodger."

As the war continues, the US military is finding it ever harder to meet enlistment targets. Spending on recruitment has risen several times to more than $1bn (€769m, £518m) in the past 12 months. Standards have been lowered too. The army is now enlisting recruits aged 40, paying recruitment bonuses of up to $40,000 and has lowered the mental threshold to "category three", which, according to Mr Wilkerson, is "one level above imbecility".

Some, including Charlie Rangel, a Democratic representative from Harlem, have even argued for a reinstatement of the draft to make recruitment fairer. Others argue for much larger incentives for graduates to enlist.

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Cindy Sheehan, the celebrity anti-war activist whose son Casey was killed in Baghdad in 2004, says she is receiving a huge volume of e-mails from mothers worried their sons should not sign up. "People are joining the military for economic reasons," says Mrs Sheehan, who is from Vacaville, California. "I call it the poverty draft."

However, according to a poll by the Military Times this week, serving US soldiers are not yet fully disenchanted: 72 per cent said they would support their son or daughter if they wished to enlist.

But their opinions on Iraq offer little comfort to Mr Bush as he contemplates whether to increase the number of soldiers in harm's way.

Almost half the soldiers polled said the Iraq war bore no relation to the "war on terrorism" - a key justification for continued fighting. And only 13 per cent said the US was "very likely to succeed" in Iraq.

Chirac Says Time Proves France Was Right To Resist War (NYT)

By Elaine Sciolino

The New York Times, January 6, 2007

PARIS, Jan. 5 — In a scathing attack of the American-led war in Iraq, President Jacques Chirac said Friday that his predictions that the war would spread chaos and more terrorism had come true.

"As France had foreseen and feared, the war in Iraq has sparked upheavals that have yet to show their full effects," Mr. Chirac said in his New Year's address at Élysée Palace to the foreign diplomatic corps.

"This adventure has worsened the divisions among communities and threatened the very integrity of Iraq," he said. "It has undermined the stability of the entire region, where every country now fears for its security and its independence. It has offered terrorism a new field for expansion."

As President Bush prepares to unveil next week a new military strategy in Iraq, Mr. Chirac added that "the priority, more than ever, is to restore full sovereignty to the Iraqi people."

The single paragraph on Iraq in a speech that addressed many crises and problems around the world was one of Mr. Chirac's most pointed justifications for France's decision to oppose the invasion of Iraq in 2003.

In a sense, the attack was surprising. France's opposition to the war set off a crisis in French-American relations that has since eased, thanks to close cooperation between the United States and France to resolve the summer's Israeli-Hezbollah war and to curb Iran's nuclear program.

As the violence and chaos in Iraq steadily worsened, despite the presence of American troops, the 74-year-old French president tended to avoid reminding the United States of its failures there.

After Mr. Bush's re-election, for example, Mr. Chirac sent him a handwritten "Cher George" letter of congratulations. He also gave a speech expressing hope that 2005 would be a year of "trust" with Mr. Bush, and congratulated him again after elections took place in Iraq.

In Mr. Chirac's last speech to the foreign diplomatic corps, a year ago, he expressed hope that Iraqi elections would help unify Iraqis.

But as Mr. Chirac seems unlikely to run for a third term in presidential elections this spring, he may feel he has little to lose in being blunt in defending what some French political analysts call the high point of his foreign policy in his 12-year presidency.

In Friday's speech, Mr. Chirac also attacked "the pitfalls of unilateralism," a veiled criticism of the Bush administration for going to war in Iraq without the backing of the United Nations Security Council.

He repeated his approval of the emergence of a "multipolar world" as countries like China, India and Brazil assume "the status of global powers." The term enrages the Bush administration because it seems to envision a power that competes with American interests and influence.

CORPORATE SCANDALS:

Appeals Court Reverses Convictions Of 2 Westar Energy Executives (AP)

By The Associated Press

AP, January 6, 2007

KANSAS CITY, Mo., Jan. 4 (AP) — An appeals court on Friday overturned convictions against two former executives of Westar Energy who were accused of "looting" the Kansas utility and said the most serious charges cannot be retried.

The United States Court of Appeals for the 10th Circuit said the case against the former chief executive, David Wittig, and the former chief strategy officer, Douglas Lake, "hung by a thin legal thread," based on claims that the men tried to hide their personal use of corporate aircraft from securities officials.

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Those claims led jurors in September 2005 to convict Mr. Wittig on 39 counts of conspiracy, wire fraud, money laundering and circumventing of internal controls, and to convict Mr. Lake on 30 counts. Mr. Wittig was sentenced in April 2006 to 18 years; Mr. Lake received 15 years.

But the three-judge panel said prosecutors did not provide evidence that the two men failed to comply with federal regulations.

Without that evidence, the court said, Mr. Wittig and Mr. Lake are not guilty of wire fraud and cannot be retried on those counts. In addition, the panel threw out the money laundering counts, which were based on the wire fraud, and said those cannot be retried. The court sent back the remaining conspiracy and circumvention counts for trial.

The decision was a blow to federal prosecutors, who have now failed twice to convict the two men. Their first trial ended in a mistrial.

Ex-Merrill Lynch Analyst Sentenced In Insider Trading Scheme (AP)

By Larry Neumeister, Associated Press Writer

AP, January 6, 2007

(AP) - NEW YORK-A former analyst at Merrill Lynch & Co. Inc. who pleaded guilty to insider trading was sentenced Friday to 37 months in prison for his part in a sprawling scheme that used chatty investment bankers and leaked copies of a market-moving magazine.

Stanislav Shpigelman, 24, had admitted tipping other participants who made more than $6.7 million (â‚¬5.1 million) from October 2004 to August 2005. At the time, he worked in Merrill Lynch's mergers and acquisitions division.

In a plea deal he signed with prosecutors, Shpigelman admitted to a single count of conspiracy to commit insider trading in return for a recommendation that he serve between three and four years in prison.

His lawyer, Mary Mulligan, and family members asked U.S. District Judge Kenneth M. Karas to sentence Shpigelman to less than three years in prison.

Karas, though, called Shpigelman the "critical component" in a scheme that could make others millions of dollars, though Shpigelman conceded receiving only $10,000 (â‚¬7,643) for providing tips to several mergers and acquisitions.

The judge noted that Shpigelman sometimes sought out secret information about deals from others at his company and did so repeatedly.

"It is unfortunately a classic insider trading scheme," Karas said.

The case originated after regulators noticed unusually high trading volume before a merger announcement and discovered that a 63-year-old retired seamstress in Croatia - the aunt of one of the defendants - had made more than $2 million (â‚¬1.5 million).

Investigators soon realized they had found a beehive of inside trading activity that seemed to rely on any method its participants could dream up. At one point, they even discussed getting exotic dancers to coax stock secrets from investment bankers, the government said.

The case also resulted in the arrests of a Milwaukee forklift operator who allegedly obtained early copies of a market-moving column in BusinessWeek magazine and a New Jersey grand juror who supposedly fed the conspiracy secrets about an accounting fraud probe.

But at the heart of the scandal was David Pajcin, a former Goldman Sachs Group Inc. analyst who is cooperating with the government, prosecutors said.

Prosecutors say Pajcin and Eugene Plotkin, 26, a Harvard-trained former Goldman Sachs analyst who has pleaded not guilty to charges in the case, made more than $6.7 million (â‚¬5.1 million) through inside trades. Plotkin is awaiting trial.

Investigators said Plotkin introduced Pajcin to Shpigelman in November 2004 at a Russian day spa and sauna in Manhattan.

The forklift operator, Nickolaus Shuster, 25, has pleaded guilty to conspiracy to commit insider trading and awaits sentencing.

BANKER SLAMMED (NYPOST)

By Janet Whitman

The New York Post, January 6, 2007

January 6, 2007 -- A former junior banker at Merrill Lynch was sentenced yesterday to three years and a month behind bars for leaking secret details on pending mergers to the ringleaders of an audacious scheme that also ensnared a stripper, a retired Croatian seamstress, spies in a Business Week print shop and a New Jersey mailman.

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Stanislav Shpigelman, 24, pleaded guilty to the insider-trading charges in July, admitting that he passed on confidential information on deals, such as Reebok's acquisition by Adidas, to the scam's two masterminds, who racked up $6.4 million in ill-gotten gains by trading on the tips.

"I realize my actions are inexcusable," Shpigelman told a Manhattan courtroom yesterday, as his parents, sister, other family members and friends sat behind him. "I should have walked away from the situation, but I didn't have the strength."

The promising young investment banker, who lives with his parents in Sheepshead Bay, Brooklyn, has been working for a moving company.

His family begged the judge for leniency.

"I know my son," his mother, Jane, told U.S. District Judge Kenneth Karas. "I am afraid the stress of prison may break him."

Judge Karas said he imposed the jail term with a "heavy heart" because Shpigelman had one of the most supportive families he had ever come across.

But the judge added that the stiff sentence was necessary to send a strong signal to other young bankers on Wall Street.

Shpigelman has asked to do his time at the Otisville Federal Correctional Institution in Otisville, N.Y., or the Schuylkill Federal Correctional Institution in Minersville, Pa.

The plot's architects, former Goldman Sachs bankers Eugene Plotkin and David Pajcin, recruited Shpigelman in November 2004 at a Russian bathhouse in lower Manhattan called Spa 88.

Shpigelman, who had earlier got help from Plotkin in securing an internship at Merrill, said he felt pressured to cooperate. He netted less than $12,000 for providing inside info on six pending mergers.

Investigators were tipped off to the trading ring in late 2005, when the FBI got word of a suspicious trade ahead of news that Reebok was being acquired.

A retired underwear seamstress in Croatia bought $130,000 worth of Reebok options, a trade that turned into a $2 million profit in only two days.

The seamstress turned out to be the aunt of Pajcin, who controlled her account from New Jersey.

Investigators later learned of other plots hatched by Plotkin, 27, and Pajcin, 29, including the planting of forklift operator moles inside a BusinessWeek print shop to steal prepublication copies.

Pajcin also persuaded his friend, former New Jersey mailman Jason Smith, to divulge secret information while he served on a grand jury. Smith got a sentence of two years and nine months in prison.

Plotkin, who has pleaded not guilty, is out on bail awaiting trial. Pajcin is in a Brooklyn jail and is cooperating with investigators.

Shpigelman must report to prison on March 9.

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Jail For Merrill Analyst In Insider Trading Scam (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, January 6, 2007

The inside man in a $6.7 million Wall Street trading scam that envisioned using strippers to pry stock tips from drunken bankers was sentenced yesterday to three years and a month in prison.

"My actions were foolish and I regret considerably what I have done," Stanislav Shpigelman told Manhattan Federal Judge Kenneth Karas.

Karas called the Brooklyn-reared Merrill Lynch investment analyst a "classic overachiever," but said prison time was necessary to deter others from trying the same thing.

Shpigelman, 24, leaked details of several pending deals, including the 2005 merger of Adidas and Reebok, to accomplices who traded on the information.

Shpigelman met co-conspirator Eugene Plotkin, a Harvard grad, at a Russian day spa in the financial district where they traded stock tips between steams, prosecutors said. In November 2004, Plotkin introduced him to David Pajcin, and Shpigelman promptly filled him in on the pending merger between Procter & Gamble and Gillette, the feds said.

Shpigelman, a SUNY-Binghamton alum whose family lives in Sheepshead Bay, got just $10,000 for his role in the scheme.

The defendants hoped to employ strippers to glean stock tips from bankers over drinks, but that plan never materialized. They did, however, get advance copies of a popular Business Week stock tips column by getting an associate a job as a forklift operator at the Wisconsin plant where the magazine is printed.

Plotkin goes on trial in April. Pajcin is cooperating with the feds.

"Shpigelman did this for the oldest reason in the book," prosecutor Benjamin Lawsky said. "Greed and the desire to make bundles and bundles of money."

But Shpigelman's lawyer, Mary Mulligan, said greed was not a factor for a client who still lives with his parents in the same bedroom he had in high school.

"He sits before you a humble, repentant man," she said, noting that he now works for a moving company and does charity work.

Ex-Merrill Analyst Gets 37 Months In Insider Case (Update4) (BLOOM)

By David Glovin

Bloomberg, January 6, 2007

Jan. 5 (Bloomberg) -- Former Merrill Lynch & Co. analyst Stanislav Shpigelman was sentenced to 37 months in prison for leaking secret information on a pending deal, the first analyst jailed in the million-dollar insider-trading scheme.

Shpigelman, 24, a former analyst in Merrill's mergers-and- acquisitions division, told U.S. District Judge Kenneth Karas today he was ``sorry" for giving secret information about pending mergers to two junior employees at Goldman Sachs Group Inc., Eugene Plotkin and David Pajcin, who allegedly bought shares in companies targeted for takeover.

``I realize what I've done is inexcusable," Shpigelman said in Manhattan federal court. ``I do beg for leniency."

Today's sentencing is the second in a case that has led to criminal charges against Plotkin, Pajcin and others. Last month Jason Smith, a former mailman in New Jersey, was sentenced to 33 months in prison for leaking secret information from a grand jury he served on to Plotkin and Pajcin to use in insider trading.

Shpigelman was a ``mole inside Merrill Lynch," Assistant U.S. Attorney Benjamin Lawsky told Karas. ``On any one of these deals, a savvy trader could make millions of dollars." New York-based Merrill fired Shpigelman after the scheme came to light.

Shpigelman, who lives in Brooklyn, New York, faced from 37 to 46 months in prison under federal sentencing guidelines.

Secret Information

Prosecutors said Shpigelman leaked secret information on six pending transactions in 2004 and 2005, including Procter & Gamble Co.'s $61 billion purchase of Gillette Co. Shpigelman admitted in his guilty plea in July that he tipped the others about a single deal, Adidas-Salomon AG's $3.67 billion purchase of Reebok International.

Shpigelman was a student at the State University of New York at Binghamton when he befriended Plotkin, who helped him prepare for Wall Street job interviews, prosecutors said. Plotkin and Pajcin, a 2000 University of Notre Dame economics graduate, met at Goldman.

Shpigelman worked as a summer intern at Merrill from 2000 to 2002 before graduating with a degree in business management in 2004, the Securities and Exchange Commission said in April in a related civil suit.

Plotkin and Pajcin, who is now cooperating with prosecutors, recruited Shpigelman for the insider-trading scheme in a meeting at Club 88, a Manhattan day spa and Russian sauna, the SEC said. Prosecutors said Plotkin and others tried to recruit sources at other investment banks to leak them information.

`Bundles of Money'

Lawsky disputed Shpigelman's claim that he was ``pressured" to leak information that helped others earn at least $2.5 million in illegal profits. ``Mr. Shpigelman did this for the oldest reason in the book -- greed -- and his desire to make bundles and bundles of money," Lawsky said.

Karas called Shpigelman an ``overachiever" who became a ``critical component" in a ``classic insider-trading case." Karas said he wanted the sentence to send a stern message to Wall Street.

``This is the kind of case that comes along that people talk about," Karas said.

Defense attorney Mary Mulligan said the safe-deposit box Shpigelman opened soon after the scheme began was for his poker winnings, a claim Karas rejected.

``Greed was not his motivation," Mulligan said of Shpigelman, who now works for a moving company and must report to prison on March 9. Mulligan asked unsuccessfully that her client be allowed to serve part of his sentence at home. Shpigelman's mother and sister also requested leniency.

Business Week

Separately, Plotkin and Pajcin are accused of illegally obtaining the names of stocks mentioned in Business Week magazine before issues were mailed to subscribers.

Nickolaus Shuster, who worked at a Wisconsin printing plant, pleaded guilty in October to charges that he leaked the names of companies set to appear in the magazine. Prosecutors said Shuster stole copies for Plotkin and Pajcin. Charges were filed against another plant worker, Juan Renteria, who has pleaded not guilty.

If convicted, Plotkin may face up to 15 years in jail because he allegedly helped organize the scheme.

Merrill shares fell 9 cents to $91.95 in New York Stock Exchange composite trading at 1:44 p.m. Merrill is a passive minority investor in Bloomberg LP, the parent of Bloomberg News.

The case is U.S. v. Shpigelman, 06-CR-586, U.S. District Court, Southern District of New York (Manhattan).

A Misdated Option Aided ACS's Deason (WSJ)

By James Bandler

The Wall Street Journal, January 6, 2007

Affiliated Computer Services Inc. for the first time said its chairman, Darwin Deason, benefited from a wrongly dated stock option, adding that a portion of the 2002 award would be repriced to cut its potential value by $655,000.

But the company said the repricing is being done for tax reasons, and repeated its earlier insistence that an internal probe didn't find evidence that Mr. Deason's 2002 option grant had been improperly backdated.

The Dallas-based technology outsourcing concern forced its chief executive and top finance official to resign their posts in November, after the internal investigation uncovered rampant backdating.

In a filing late Friday, the company detailed a series of past option grants to Mr. Deason and other top officials that it is repricing to avoid having individual executives suffer tax penalties associated with mispriced option grants. Except for the 2002 grant received by Mr. Deason and several others, the company didn't say whether the particular grants being repriced were backdated, or merely carried incorrect dates because final approval hadn't yet occurred.

Fortunate Timing

In Mr. Deason's case, the fortunately timed 2002 grant came at the bottom of a steep trough, on a late July date when the stock hit a quarterly low. The company said yesterday its internal probe found "evidence, though inconclusive" that there had been an "informal" selection of that date for Mr. Deason's grant. But formal approval, it said, didn't occur until five days later, when the stock had risen 5%.

Repricing the entire grant of 600,000 shares would have wiped $1.1 million from its potential value. ACS repriced only a portion of the award to the higher exercise price, because there is no tax penalty associated with already vested options. The company has already repriced all options for individuals found to have engaged in misconduct.

The company offered no more details Friday about a 1998 grant to Mr. Deason and other executives that was dated at a yearly low.

Nearly a Month Off

The repricing of other grants to ACS top executives show that the company misdated grants by close to a month on occasion. One grant, originally dated July 11, 2000, to current CEO Lynn Blodgett among others, was priced at $16.44, just ahead of a steep run-up in the company's stock. The company said the actual price should have been $23.47, or 43% higher. The stock next reached that level on August 10, 2000.

The ACS spokesman, Michael Buckley, said the company is reimbursing Mr. Deason and other executives for any financial loss or tax penalties associated with the misdated, repriced options. He said Mr. Deason is being treated like all the other employees whose grants have been repriced.

Write to James Bandler at james.bandler@wsj.com4

Inside Jobs (WSJ)

By Lucian Bebchuk

The Wall Street Journal, January 6, 2007

Apple Computer announced a week ago the conclusions of a special board committee that examined the "improper dating" of over 6,000 option grants during 1997-2002. The committee found no basis for having less than "complete confidence in [CEO] Steve Jobs and the senior management team," placing full responsibility for past problems on the company's former CFO and general counsel. But the company's report fails to dispel concerns about Apple's governance.

In reviewing past grant awards, the report discusses separately grants awarded to directors and to Mr. Jobs, but it lumps grants to senior managers other than Jobs together with all other grants. The company is surprisingly silent on whether any of these senior managers received "improperly dated" grants.

The report indicates that Mr. Jobs "was aware or recommended the selection of some favorable grant dates," but states that "he did not receive or financially benefit from these grants." But even though Mr. Jobs did not personally benefit from these grants, it turns out that he did benefit from other improperly timed grants.

In particular, Mr. Jobs received in 2002 an award of at-the-money options to buy 7.5 million Apple shares, roughly 2% of the total shares then outstanding. The grant was backdated by two months, which significantly increased the award's value. Surprisingly, Apple did not disclose the backdating of this large CEO grant in October when it announced the committee's "key findings."

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When reporting about this grant in 2003, Apple noted that the grant comprised 32% of the total options awarded to Apple employees during 2002, and explicitly stated that the grant's exercise price was equal to the stock price on the grant date. Apple's report does not provide any insight into why the special committee found as fully acceptable the failure by Mr. Jobs and all other directors to notice the erroneous recording and reporting of this significant grant.

The special committee concluded that Mr. Jobs did not appreciate the "accounting implications" that the improper dating of grants had for Apple's financial statements. But improper dating may be viewed as wrong for reasons other than the accounting consequences. Thus, it is unfortunate that the report says little about what Mr. Jobs and others current senior managers knew and believed about the improper dating beyond noting Mr. Jobs's failure to appreciate the accounting implications.

Finally, the account suggested by Apple's report leaves readers wondering what incentive the former CFO and general counsel had to engage in improper dating. CFOs and general counsels commonly do not have primary responsibility for attracting and compensating employees. Why would these two former executives engage in massive backdating of thousands of grants without at least tacit support from other members of senior management? Why would they act to increase the compensation of a CEO who was unaware of their having done so? These mysteries add to the questions posed by the company's report.

Steve Jobs's great accomplishments have well earned him a place in the pantheon of high-tech leaders and visionaries. And Apple's senior management has undoubtedly done very well for shareholders during the past several years. All of this, however, clearly does not compel the conclusion that Apple's governance has performed adequately with respect to option grants. And the company's report falls far short of providing a basis for accepting such a conclusion.

Beyond Apple Computer, there are many other apples in the barrel of companies whose past option grant practices raise serious questions. In a recent study, "Lucky CEOs," Yaniv Grinstein, Urs Peyer and I estimate that 12% of public firms were involved in lucky grants awarded at monthly lows that cannot be explained by sheer luck. In a subsequent study, "Lucky Directors," we further show that outside directors received lucky grants not produced by sheer luck in an estimated 7% of public firms.

We also find evidence linking lucky grants with governance problems. CEO lucky grants were more common when the board lacked a majority of independent directors. In contrast to claims that gains from backdated grants served as an efficient substitute for other forms of compensation, CEOs getting lucky grants received more, not less, total reported compensation. Lucky grants to outside directors were more common in firms with entrenching arrangements that protect incumbents from removal. And outside directors' luck was correlated with CEO luck.

For corporate America to improve its governance going forward, boards should face up to -- and fully share with shareholders -- past governance problems in their companies.

Mr. Bebchuk, director of Harvard Law School's program on corporate governance, is co-author of "Pay without Performance: The Unfulfilled Promise of Executive Compensation" (Harvard University Press, 2004).

CRIMINAL LAW:

News Media Seek Audio Of Libby Trial (AP)

AP, January 5, 2007

WASHINGTON - Fifteen news organizations and five other groups are asking a federal judge to release audio recordings each day in the upcoming criminal trial of Vice President Dick Cheney's former chief of staff.

The Supreme Court releases audio recordings of arguments in major cases, and lower federal courts have "started to follow the Supreme Court's lead," lawyers for the news organizations said in filings this week in U.S. District Court.

Cheney is expected to testify for his former aide, I. Lewis "Scooter" Libby, and other witnesses will include NBC Washington bureau chief Tim Russert.

"Most of the key witnesses are public figures who regularly appear in the media," the organizations said in documents filed late Thursday with Judge Reggie Walton. "Knowledge that their testimony might be released on audiotapes will not make them feel awkward or uncomfortable, and certainly no more so than testifying in front of a courtroom filled with reporters."

The Libby trial is scheduled to begin Jan. 16. He is accused of perjury, obstruction and lying to the FBI about his conversations with journalists regarding outed CIA officer Valerie Plame.

"If there were ever a case where release of audio recordings is unlikely to have any impact on the proceedings - other than the beneficial one of more fully informing the public - it is this one," lawyers for the news organizations stated.

The organizations are ABC, The Associated Press, Bloomberg News, CNN, CBS, Dow Jones, E.W. Scripps, the Hearst Corp., the Los Angeles Times, the McClatchey Co., NBC, National Public Radio, USA Today, the Washington Post, the

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American Society of Newspaper Editors, the Newspaper Association of America, the Radio-Television News Directors Association, the Reporters Committee for Freedom of the Press and the Society of Professional Journalists.

The Villains Of Currency (WSJ)

By Joanna Slater

The Wall Street Journal, January 6, 2007

Investors' Excitement Allows Fraudsters To Get Even the Savvy

Cashing in on the volatile world of buying and selling currencies just became riskier.

Scam artists are increasingly using currency-trading schemes to ensnare even experienced investors, regulators say. The scams take many forms, soliciting individuals over the telephone or wooing them at hotel presentations.

One widespread scheme promises investors fat profits if they jump in on a time-sensitive opportunity to trade currencies. The money then disappears or gets eaten up in unprofitable trades.

Such frauds exploit a growing awareness among the investing public that the global foreign-exchange market -- worth roughly $2 trillion a day -- is an important financial arena. They also benefit from a legal loophole: Not all of the people who solicit investors to trade currencies are regulated, making them difficult to monitor.

Schemes like these are "the fraud du jour," says Michael Dunn, a commissioner at the Commodity Futures Trading Commission, the government body responsible for regulating a portion of currency trading. In recent years, foreign-exchange fraud cases have expanded to take up 28% of the body's current litigation. "This is a real problem out there," says Mr. Dunn.

Over the past five years, more than 25,000 investors have been burned by these frauds, which employ a variety of tactics to lure individuals. Some firms set up booths at investor fairs or rely on printed brochures or pitches over the telephone. Other schemes target particular ethnic groups or spread by word of mouth.

That's how Vicki Myers learned about White Pine Trust Corp., a San Diego foreign-currency fund. Before deciding whether to invest, Ms. Myers visited the company's office. The firm had trading screens, glossy brochures, and, it claimed, an outstanding track record. Impressed, Ms. Myers and her husband invested $58,000 in retirement funds and other savings.

After the fund's Web site stopped working and no one returned her calls, she drove back to the office in 2004, only to find it abandoned. The money was likely gone, she realized. The fund's founder is now in prison after pleading guilty to wire fraud.

"It made me sick," recalls the 57-year-old, who is a marketing director at a residence for the elderly. She estimates that about half of her husband's retirement savings disappeared in the fraud.

The scams tap into an increasing curiosity among individuals about the world of currencies, long the domain of banks, companies, and other institutions.

"The strength and weakness in the dollar is being talked about in the headlines on a daily basis," says Muhammad Rasoul, chief operating officer of Global Forex Trading, a registered foreign-exchange firm based in Michigan that caters to individual customers. "You're going to have people trying to take advantage of those who aren't as familiar" with currencies.

To combat such practices, Mr. Rasoul advocates closing the loopholes that allow some currency-market players to escape regulation and help unscrupulous operators to thrive.

Knowing how to identify legitimate foreign-exchange players is particularly important since the number of firms catering to individual investors has exploded in recent years. Increasing numbers of small investors are trying their hand at buying and selling actual money, thanks to electronic-trading platforms that require low minimum investments.

It's a risky proposition that features unpredictable swings in prices that can wipe out gains. The scams rarely mention such hazards. They target not only financial novices and the elderly, but also investors with an advanced grasp of how markets work.

A good example is the con that ensnared Ms. Myers, which managed to solicit more than $30 million from investors.

The fund's founder, Richard Matthews Jr., pleaded guilty to wire fraud in 2005 in federal court in San Diego, and is in prison while a receiver liquidates the ill-gotten gains from the scam, which included a 12-acre island in Belize, property in California, and a yacht.

Investors in the scheme may recover approximately 20% of their original investment, according to the receiver.

The frauds themselves differ in type and scope. A garden-variety scam might work like this: Fraudsters rent a telemarketing "boiler room" complete with phones and cubicles, and start cold-calling numbers from a list of leads available for purchase. They promise large guaranteed returns, hail their track record, and ask that a minimum investment be wired to a particular bank. If an investor bites, the calls continue, saying more money is needed to take advantage of an urgent trading opportunity.

When the investor asks for the money back, the response is that the market has shifted; then a month or two later the company closes. "The next day they're up and running under a new name," says Mr. Dunn of the CFTC. Florida is a particular hotspot for such schemes, he says.

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Another tactic is to target members of a particular community. In San Francisco, for example, a firm placed a classified ad in a local Chinese-language newspaper -- promising well-paid work with health insurance. People who responded to the ad were given a minimal amount of training in how to trade currencies. Then they were asked to invest $20,000 of their own money and to encourage friends and relatives to open accounts. Nearly all of the $1.78 million invested by at least 45 people was lost.

One fact that helps to explain the prevalence of such currency scams is that they sometimes slip through the regulatory cracks. The CFTC has the authority to crack down on fraud in futures contracts, which are agreements to buy or sell a given commodity (or in this case, a particular currency) on specific dates. Futures contracts are a basic way to speculate on currencies. In a recent foreign-exchange case, CFTC v. Zelener, in the 7th U.S. Circuit Court of Appeals in Chicago, the judges ruled that although customers were defrauded, the contracts involved weren't explicitly futures. As a result, the judges said the carefully worded contracts in the case put the wrongdoers beyond the mandate of the CFTC. "In effect, it gave a blueprint for fraudsters on how to escape our jurisdiction," says Mr. Dunn of the CFTC.

Last year, Congress examined ways to close the Zelener loophole and is expected to reconsider the issue soon.

Another issue exploited by fraudsters relates to how currency contracts get sold to the average investor. The current law provides a fair degree of latitude for companies selling over-the-counter currency futures: for example, they don't have to register with a regulatory body, as long as they're affiliated with a company that has done so. Their employees can also escape regulatory scrutiny.

The result, at times, is high-pressure sales tactics by people who were previously involved in other forms of commodity fraud, says Daniel Roth, president of the National Futures Association, a self-regulating body for the industry.

"Essentially you have a completely unregulated sales force that is in some cases preying on retail customers," says Mr. Roth. "I can't believe that's what Congress intended."

Some registered firms take steps to protect themselves. Mr. Rasoul of Global Forex Trading says his firm won't take customer referrals from unregulated agents who may be using questionable practices to bring in business. "We're not interested in dealing with people who don't have some kind of responsibility over them," he says.

Write to Joanna Slater at joanna.slater@wsj.com1 Unmasking Fraud ...

If you're considering investing in currencies, some resources to protect yourself:

· Visit the CFTC's currency fraud site: www.cftc.gov/enf/enfforex.htm2

· Contact the National Futures Association at (800) 676-4NFA and ask if a company is a member of the NFA or registered with the CFTC, and to check the disciplinary record of a particular company or salesperson. The NFA has a site to check a firm's record (www.nfa.futures.org/basicnet3).

· Check if the company has attracted the attention of other authorities, like your state's securities commissioner (www.nasaa.org4) or Attorney General's consumer protection bureau (www.naag.org5).

... And Getting Into Forex

There are several ways to invest in foreign-currency movements:

· Mutual Funds. Several "hard currency" funds invest in a variety of currencies. Foreign-bond funds also derive a portion of returns from currency movements. Morningstar's Web site is a resource to research such funds.

· Online Accounts. A large number of companies offer online trading accounts to retail investors where they can speculate directly on currency movements.

· ETFs. Certain exchange-traded funds track the performance of individual foreign currencies against the dollar. Sites such as www.etfconnect.com6 offer information.

Sources: CFTC; WSJ data

SAN FRANCISCO Challenge To Law On Officer Killings Convicted Man's Attorney Calls It Unconstitutional (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 6, 2007

(01-05) 20:57 PST -- The lawyer for the man convicted of second-degree murder for killing San Francisco police Officer Isaac Espinoza said Friday he will ask the sentencing judge to declare unconstitutional a state law requiring his 23-year-old client to spend the rest of his life in prison.

The law may violate the right to equal protection because it punishes second-degree murder of a police officer more severely than first-degree murder of someone who isn't an officer, said Martin Sabelli, attorney for defendant David Hill.

District Attorney Kamala Harris disagreed, saying it was both legal and just that "this defendant should die in prison."

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A San Francisco jury convicted Hill on Thursday of shooting Espinoza to death in April 2004. The 29-year-old officer, an eight-year police veteran, and his partner, Barry Parker, both in plainclothes, stepped out of their unmarked car on Newhall Street in the Bayview district and ordered Hill to stop because they thought he might be concealing a weapon, according to Parker's testimony.

The defense argued that Hill thought he was being threatened by rival gang members when he opened fire, killing Espinoza and wounding Parker. But jurors found that Hill had known both men were officers, though they acquitted him of premeditated first-degree murder.

Second-degree murder, a killing that is deliberate but not premeditated or planned in advance, is normally punishable by 15 years to life in prison, or 20 to life if a gun is used. But the sentence is longer if the defendant knew, or should have known, that the victim was an on-duty law enforcement officer.

Under a law that the Legislature passed in 1997, and voters reaffirmed in a 1998 ballot initiative, second-degree murder of a peace officer carries a mandatory sentence of life in prison without possibility of parole, if the killer used a gun or other dangerous weapon, or intended to kill or seriously injure the officer. If none of those circumstances is proved but the defendant knew the victim was an officer, the punishment is 25 years to life.

First-degree murder of a law enforcement officer is punishable by death or life without parole. Harris, fulfilling a campaign promise of opposition to the death penalty, said within days of Hill's arrest that she would not seek a death sentence.

Hill is scheduled to be sentenced Feb. 8 by Superior Court Judge Carol Yaggy.

Sabelli, Hill's lawyer, said he would base his constitutional challenge on the fact that the law requires a harsher sentence for second-degree murder of a police officer, life without parole, than the sentence for first-degree murder of a non-officer, 25 years to life.

"It's a more serious punishment for what appears to be a lesser crime, based on the status of the victim," Sabelli said. "There may be a constitutional issue, an equal-protection issue."

He also said there appeared to be "a tension, if not a contradiction," in the jury's findings that Hill had known the victims were police officers but had not acted with premeditation when he shot them.

But Harris said the nature of a police officer's job justifies a more severe punishment for their murder.

"It's absolutely necessary to have a law that gives more of a penalty when someone harms a person who is fulfilling a duty to keep us safe," Harris said.

E-mail Bob Egelko at begelko@sfchronicle.com.

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Documents Give New Details Of SunCruz-linked Bribe To Ex-Ohio Lawmaker (MH)

By Jay Weaver

The Miami Herald, January 6, 2007

One-time powerful lobbyist Jack Abramoff gave a $10,000 campaign bribe to an Ohio congressman for his public words of praise for Abramoff's business partner in the purchase of a South Florida fleet of gambling ships more than six years ago.

Specific details of the political bribe linked to the SunCruz Casinos sale were disclosed for the first time this week in court papers filed by Justice Department lawyers for the upcoming sentencing of convicted former Republican Congressman Bob Ney.

Ney, 52, pleaded guilty to corruption charges in October and faces sentencing in Washington on Jan. 19. He's trying to downplay the scope of the corruption conspiracy in hopes of receiving a two-year prison sentence. Prosecutors counter that he should be imprisoned for at least two years and three months.

Abramoff, who is at the center of the ongoing corruption investigation in Washington, turned himself in last November to serve about six years in prison for lying to lenders to obtain a $60 million bank loan to buy the SunCruz fleet, based in Dania Beach.

Abramoff and his SunCruz business partner, Adam Kidan of New York, who is serving the same prison sentence, used that money to buy the gambling fleet for $147 million from Fort Lauderdale tycoon Konstantinos "Gus" Boulis in fall 2000.

Boulis would be slain months later, but Abramoff and Kidan have not been implicated in any way in that case.

The SunCruz case against Abramoff and Kidan gave Justice Department officials the leverage to pressure Abramoff to turn on other colleagues, congressional aides and politicians last year.

The charges against Ney are based primarily on his behind-the-scenes work for Abramoff's Indian tribal clients in exchange for a golf trip to Scotland, campaign money and professional sports tickets. Ney also took tens of thousands of dollars in casino chips and cash from a foreign businessman seeking political favors. But the charges also include the former lawmaker's unusual tactics to help Abramoff buy the SunCruz gambling fleet.

During negotiations in the SunCruz deal, Abramoff asked his lobbying partner, Michael Scanlon, who had once worked for ex-GOP leader Tom DeLay, to do him a favor. That's when Ney entered the picture.

Scanlon contacted Ney's chief of staff, Neil Volz, to arrange to have Ney disparage Boulis and his company in the Congressional Record. Scanlon drafted a statement that Ney put into the Record in March 2000, saying: ``There are a few bad apples out there who don't play by the rules and that is just plain wrong. One such example is the case of SunCruz Casinos, based out of Florida."

The motive: "To soften the negotiating position" of Boulis and "secure a better deal" for Abramoff and his business partner Kidan, according to the court documents filed Wednesday.

Scanlon, who also pleaded guilty to corruption charges, told investigators that Abramoff and Kidan asked for another favor from Ney after the SunCruz sale that September. "Abramoff and Kidan wanted a second statement, this time praising Kidan as the new manager of the business," according to the court documents.

That October, Scanlon discussed the plan in e-mails with Abramoff -- including a payoff to the congressman.

And in a phone call with Ney and Volz, "Scanlon offered them a $10,000 contribution to the National Republican Campaign Committee in return for [Ney's] agreement to insert the second statement into the Congressional Record," the documents say.

In late October 2000, Ney inserted these remarks: ``I have come to learn that SunCruz Casinos now finds itself under new ownership and, more importantly, that its new owner has a renowned reputation for honesty and integrity."

Ney predicted that Kidan ``will easily transform SunCruz from a questionable enterprise to an upstanding establishment that the gaming community can be proud of."

On Nov. 1, 2000, Abramoff and Kidan tapped SunCruz's coffers to donate $10,000 on Ney's behalf to the GOP campaign committee.

The following year, the partners ran the business into the ground.

DOJ Pushes FBI To Broaden Data Sharing With Outside Agencies (COMPWRLD)

By Todd R. Weiss

Computerworld, January 6, 2007

It plans to use a central database to make crime info widely available

January 06, 2007 (Computerworld) -- The U.S. Department of Justice is pushing the FBI and its other operating units to speed up and expand their efforts to share a wide array of information with outside law enforcement agencies via a centralized database called OneDOJ.

In a Dec. 21 memo, Deputy Attorney General Paul J. McNulty also directed CIO Vance Hitch to work with the DOJ's component agencies to develop "an aggressive but practical plan" for increasing their information-sharing capabilities. The plans, which must be submitted to McNulty's office by Feb. 9, will include steps that can be taken within the next 180 days to enable the units to participate more fully in seven ongoing data-sharing initiatives.

In addition, McNulty assigned Hitch to a new committee that will coordinate the DOJ's information-sharing program. And he said in the memo that the coordinating committee and his staff will work with Hitch's office to develop plans for implementing the Unix-based OneDOJ technology internally in 15 high-priority metropolitan areas and other regions.

The plan to expand the use of OneDOJ by other law enforcement authorities at the federal, state and local levels has raised the hackles of some privacy and civil rights advocates, who said last week that the DOJ will need to work hard to ensure that the increased information sharing doesn't infringe on the rights of law-abiding Americans.

"The problem is the ease with which the information held by multiple agencies can be accessed in one place," said Allison Knight, staff counsel at the Electronic Privacy Information Center in Washington. Any inaccurate data stored in OneDOJ could be quickly disseminated to a large number of law enforcement officials, she said, adding that the DOJ should enable people to correct erroneous information.

Knight also said that the centralized database could become a big target of hackers and other unauthorized users. DOJ officials need to ensure that deep security and safety mechanisms are in place to prevent breaches, she said.

OneDOJ is "far more than just bringing together all the information they have," said Barry Steinhardt, director of the technology and liberty program at the American Civil Liberties Union. "Once you put all the information in one place, it enables the kind of data mining that's not possible by traditional law enforcement."

One problem, Steinhardt added, is that the DOJ, and the FBI in particular, have been "notoriously inept at managing [their] computing resources."

For example, the FBI in 2005 scrapped a three-year, $170 million effort to develop an automated case management system and now is pursuing a project called Sentinel that isn't due for completion until late 2009. And the DOJ received a "D" grade for computer security on an annual report card issued by a congressional committee last March.

Ken Wall, Crystal Russo Sentenced In Orange Beach Case (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), January 6, 2007

A real estate investor escaped a lengthy prison sentence Friday for his role in a wide-ranging corruption case in Orange Beach, while the wife of that city's former mayor avoided prison altogether.

Federal prosecutors in Mobile urged U.S. District Judge Kristi DuBose to send Ken Wall to prison for more than two years for mail and wire fraud in a case centering on Steve Russo, who had served as mayor of the resort city before resigning last year following his indictment on corruption charges.

Instead, DuBose sentenced Wall to a year and a day in prison -- less than the minimum recommended by advisory guidelines -- and fined him $250,000.

DuBose sentenced Russo's wife, Crystal Russo, to 180 days of home confinement and two years' probation for obstruction of justice. As part of a plea bargain in September, she admitted that she helped her husband try to hide money that prosecutors had targeted for forfeiture.

Assistant U.S. Attorney Steven

Butler objected to the "insufficiency" of Wall's sentence and indicated prosecutors might appeal.

"This case, like any public corruption case, strikes at the core of our democratic process -- which is the right to honest government by our elected officials," U.S. Attorney Deborah Rhodes said in a statement.

A jury in September found Wall, 55, guilty of conspiracy, two counts of mail fraud and three counts of wire fraud in connection with a real estate deal that netted Steve Russo $400,000.

The charges arose from one of a number of corrupt schemes that prosecutors contended the mayor ran to enrich himself. Russo and former City Attorney Larry Sutley, who also were convicted in September, will be sentenced next month.

DuBose earlier this week overturned Wall's conspiracy conviction, ruling that there was insufficient evidence to support it. But she let the other counts stand.

At the trial, developer Jim Brown -- who cut a deal with prosecutors for his testimony -- told jurors that he financed Russo's $1.2 million purchase of property on Gulf Bay Road along Wolf Bay in August 2005 in order to ensure support for his development projects. The mayor sold the property the same day for $1.6 million to Deck Investments -- a partnership that included Wall, who had teamed with Brown on a controversial proposal to build a $300 million condominium-hotel and retail project called The Water Club.

Brown is scheduled to be sentenced in June for conspiracy.

Testimony during the trial indicated that Wall had never disclosed to his Deck Investments partners that Russo was the owner of the property, and Brown told jurors that Wall wanted Russo to know that Wall had made the deal work.

The initial calculation of advisory sentencing guidelines by the U.S. Probation Office for Wall called for a minimum prison term of 6½ years in prison. That was based partly on the $400,000 profit Russo made on the "land flip."

But defense attorneys Bill Baxley and David McKnight argued Friday that no one lost any money. Although Russo undoubtedly profited, McKnight said, he pointed to testimony from Brown that the Gulf Bay property was worth at least $2 million. And he also noted that Deck Investments was searching for property in the area anyway.

DuBose agreed.

"There was no bribe given. There was no gratuity given," she said. "There was an obvious conflict of interest."

DuBose said the adjusted guideline range of 21 to 27 months was not appropriate and cited several factors that supported the defense request for probation, including Wall's spotless criminal record, his lack of danger to the community and the likelihood that he will not commit more crimes. But she said some prison time was necessary to reflect the seriousness of the offense.

"The public deserves complete and infallible honesty from its public officials," she said.

Given a chance to address the court, Wall continued to maintain his innocence, reasserting that he would have bought the Gulf Bay Road property "from the man on the moon" because it was in the best interest of Deck Investments.

Wall also told the judge that the criminal charges have wrecked him financially. He said he earned no regular income in 2006 and had to sell assets to pay loans that lenders called as a result of the indictment. He said his bank has given him a 90-day extension to pay the mortgage on his own home.

Turning to face 40 or so friends and relatives who packed the small courtroom, a visibly emotional Wall said, "The only joy I felt in the last 10 months is the love and support and shoulder that you folks have offered to me."

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Crystal Russo's sentencing came after a plea by her lawyer and her father for leniency. A federal grand jury indicted her in June after investigators alleged that she had opened a bank account in her maiden name at the behest of her husband, who then transferred $95,000 from his own account.

Defense attorney Gordon Armstrong asked the judge to sentence his client to straight probation, arguing that she was entitled to leniency under a federal rule available to otherwise law-abiding defendants who commit an aberrant and spontaneous crime.

Armstrong said his client, who was 19 years old and working at Russo's store when she met him, was "very young, very inexperienced and very naive."

But Butler, the prosecutor, argued that to qualify for a break under the "aberrant behavior" rule the crime must be of limited duration and not include subsequent acts. He pointed out that Russo opened the account over the phone on a Friday afternoon, went to the bank the following Monday to submit the required paperwork and then tried to take money out two days later.

DuBose agreed that restricted probation was appropriate. While on home confinement, Russo will have to wear an electronic monitoring device and pay its $3.26 daily expense. She will not be allowed to leave her home unless she gets advance permission from the U.S. Probation Office.

"Sorry would not even describe the remorse I feel ... that you even have to know who I am," she told the judge.

As she left the courthouse, Russo focused on the positive.

"I'm going home," she said.

Ex-councilman Pleads Guilty In Orange Beach Corruption Case (AP)

AP, January 6, 2007

BAY MINETTE, Ala. (AP) — Former Orange Beach City Councilman Joseph F. McCarron Jr. pleaded guilty Friday to 15 misdemeanor ethics law violations related to his votes on construction projects in the Alabama Gulf Coast resort.

McCarron has agreed to testify in the state prosecution of former Orange Beach Mayor Steve Russo and former city attorney Larry Sutley, Attorney General Troy King said in a statement announcing the guilty plea.

As part of McCarron's plea agreement, he has committed to pay fines of $2,000 for each of the 15 counts, King said. Sentencing is set for March 21.

King said McCarron admitted to five instances of "unintentional violation" of three different sections of the state ethics law, through his votes to rezone properties for his business clients, for which he later sold them insurance.

The votes were for rezoning properties including Terry Cove Marina, Phoenix on the Bay II, Turquoise Place, Turquoise Place East, and Caribe Planned Unit Development.

Unintentional violation of the ethics law is a misdemeanor.

Russo is charged in two state indictments with accepting bribes while in office in exchange for supporting construction projects.

Russo, Sutley and developer Ken Wall were convicted by a federal jury on numerous public corruption counts after a two-week trial in September. A federal judge later overturned Wall's conspiracy conviction but upheld his mail and wire fraud convictions. Developer Jim Brown pleaded guilty in June to federal charges of bribing Russo to curry favor at City Hall. Wall was charged for his role in separate schemes to enrich the mayor.

Pellicano Allowed To Defend Himself (LAT)

By John Spano, Times Staff Writer

The Los Angeles Times, January 6, 2007

The private investigator facing racketeering and wiretapping charges dismissed his attorney because the courts wouldn't pay him.

Tossing a legal hand grenade into an already-contentious case, celebrity sleuth Anthony Pellicano on Friday demanded and won the right to act as his own lawyer in his upcoming trial on wiretapping and racketeering charges.

U.S. District Judge Dale S. Fischer tried to talk Pellicano out of his plan, but he would not relent.

"I urge you to let me appoint counsel for you," Fischer implored in federal court in downtown Los Angeles.

"You're very kind, your honor, but no, thank you," Pellicano said.

The ruling added another unexpected turn to a case that has rocked Los Angeles' legal and entertainment communities. Pellicano was once one of the city's most successful private detectives and for years had worked on behalf of marquee names in Hollywood and legal circles, gathering secrets to help sway court and business affairs in his clients' favor.

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The specter of an untrained self-advocate in a complex, high-profile case raised sharp concerns among some court observers. One cited the trial of Lynette Alice "Squeaky" Fromme, who insisted on exercising her constitutional right to defend herself on charges of trying to shoot President Ford in 1975, only to turn the courtroom into a circus.

"It's a very foolish thing to do," said Peter Keane, former dean of Golden Gate University School of Law in San Francisco. "Usually you're consigning yourself to failure. It creates nightmares for judges. Judges and prosecutors hate it."

Most lawyers for Pellicano's six co-defendants declined to comment on the record. But while some saw catastrophe, others cited the defendant's stellar career as a private detective in suggesting he might be effective.

"It affects the whole case," one lawyer said. "You have to address his silly motions. If the government is taking up time answering frivolous motions, it's time they are not spending providing your discovery."

"I don't know what happens with Anthony when he gets up to do his opening statement," another lawyer said. "Does he waive his 5th Amendment privilege [against self-incrimination]? I don't know which way it cuts, in terms of benefit to the prosecution or the defense."

Pellicano, one of seven defendants in the complicated federal case, had been represented by San Francisco attorney Steven F. Gruel without charge. Pellicano wrote to Fischer that he released Gruel because he believed it was unfair for him to continue working gratis.

Pellicano has already been declared indigent and qualifies for court-paid counsel, which is normally selected from a list of qualified lawyers maintained by each federal trial court in California. Lawyers familiar with the case said Gruel is not on the list, and Fischer was reluctant to appoint him.

The judge cleared the courtroom and held a 15-minute closed-door session with Pellicano and Gruel before publicly allowing the former private detective to represent himself.

Lawyers uniformly praised Gruel as a top attorney and said his loss would be difficult. Several lawyers and observers suggested other defendants may decide to seek separate trials, adding to delays. The trial is scheduled for this summer.

Several suggested Pellicano will find it impossible to review all the evidence before trial. Massive amounts of electronic records were seized from Pellicano's computer system before his arrest. Being incarcerated, his options are limited, lawyers said.

Keane said that while Pellicano has "assured his own conviction," the effect on other defendants "could go in a number of directions."

"If Pellicano is an abrasive, arrogant, obnoxious person, it could be a godsend for the other defendants. He could deflect all the antipathy towards himself," Keane said.

Half a dozen defendants have pleaded guilty in the broad Pellicano investigation, including a Hollywood filmmaker and a former record executive, both of whom admitted lying to the FBI about hiring Pellicano to wire-tap rivals.

Gruel said he would rejoin the defense if and when Pellicano asks. In the meantime, he said his former client "could do a pretty darn good job. He knows the issues and he knows the facts better than anyone."

"After 40 years of experience, he has a practical knowledge of how the legal system works," Gruel said.

On Friday, Fischer ended the hearing by telling Pellicano, "If you change your mind, let me know."

"Yes ma'am," responded Pellicano. "I know exactly what you mean."

If convicted of all 108 counts in the federal indictment — including wire fraud, identity theft, computer theft and possession of wiretapping devices — Pellicano could get up to 625 years in prison and $26.75 million in fines.

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D.C. Police To Target Each Area's Safety Needs Individually (WP)

By Allison Klein, Washington Post Staff Writer

The Washington Post, January 6, 2007

Mayor and Chief Emphasize Community Input, Foot Patrols

D.C. Mayor Adrian M. Fenty and Acting Police Chief Cathy L. Lanier yesterday outlined a new crime-fighting strategy that calls for customized actions to address safety needs in each region of the city.

Officers in each of the city's 46 police service areas will meet with residents and elected officials in coming weeks and create initiatives that will be launched in March, Lanier said. At her urging, patrol commanders have started programs, including one that has officers adopting specific neighborhood blocks or parks where they will personally keep track of any emerging concerns.

"Our overriding goal is to reduce crime and the fear of crime in every neighborhood," said Lanier, who last week succeeded Charles H. Ramsey as chief. She has the job on an acting basis pending confirmation from the D.C. Council.

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Fenty and Lanier have emphasized increased officer visibility and foot patrols. The city plans to add 100 officers to the 3,800-member department, and Lanier has said patrols will be her priority. She envisions a force that goes beyond reacting to crimes by building and sustaining safe neighborhoods.

The new mayor and chief outlined their plans at a news conference yesterday -- the second day in a row that Fenty has promoted his early agenda. On Thursday, he proposed a dramatic restructuring of the D.C. public schools that would give him ultimate authority over the troubled system.

Fenty (D), who was sworn in Tuesday, said he moved quickly on schools and police because he believes they are twin vital components to a healthy city.

"We very much view our record of service intertwined with our ability to make our streets safer," said Fenty, who as a council member frequently criticized the police department's direction.

Fenty's approach drew praise from one of his predecessors, council member and former mayor Marion Barry (D-Ward 8). "I commend the mayor to move public safety parallel with education because there's no way you can educate young people when they don't feel safe going to school or in school," Barry said.

Lanier, a 16-year member of the department, is taking a team approach to policing. She told patrol commanders in the seven police districts to have open dialogues with their officers, who in turn are supposed to cull ideas from the community.

In the 3rd District, which encompasses neighborhoods such as Shaw, Adams Morgan, Columbia Heights and the U Street corridor, Cmdr. Larry McCoy came up with the adopt-a-block program. His district has the biggest volume of crime in the city, driven by robberies, burglaries and assaults.

With 467 officers, he does not have enough officers to assign one to each block, but he will cover the district strategically.

"The idea is that's their baby," McCoy said. "That's their place to make a difference."

In choosing to increase foot patrols, McCoy said, he and other commanders will have to strike a balance to ensure that officers are able to arrive quickly when someone calls for help. "We'll always have the capability to respond; that won't be a problem," McCoy said. "Sometimes it will be a matter of officers going back to their cars and responding."

Since the initiative was announced this week, comments have been popping up on the 3rd District e-mail group from people such as Columbia Heights resident Winnie Huston, who said that it reminds her of growing up in a small town. "It brings a small-town sensibility to the city in a way that makes a lot of sense," Huston said.

Cmdr. Robin Hoey has carved the 6th District, the northern section of the city east of the Anacostia River, into 34 small areas and will cover them with foot, bike and motor patrols. He emphasized foot beats -- "going back to the old days," he said.

His plan focuses on getting guns off the streets in his communities, which have some of the highest homicide rates in the city. And he will initiate anti-bullying programs in schools.

"We're looking at youth gun violence," Hoey said. "There are some crooks out there, but there are other kids who are arming themselves to protect themselves."

In the 1st District, which includes Capitol Hill and the RFK Stadium area, Cmdr. Diane Groomes said she is encouraging citizens to ride along with officers on patrol, and she will have every officer become involved in a community-based program, such as reading in schools, taking the elderly on errands and youth midnight basketball.

She said the benefit is twofold: It assists people, and it often helps solve cases. "You get a lot of information that way," Groomes said.

Lanier also is changing the way homicide detectives are assigned cases. Detectives, who now get cases from throughout the city, instead will be on regional teams to become more familiar with criminals, witnesses and sources in specific areas and neighborhoods.

Over the years, various chiefs have tried decentralizing the homicide unit instead of having detectives report to one command. Lanier did not go that far.

Detectives will work out of the same building and report to a centralized chain of command. But they will be assigned to one of three regional operations commands. The east command, which has the majority of the city's homicides, will have the most detectives, said C.V. Morris, head of the Violent Crimes Branch.

Council member Phil Mendelson (D-At Large), chairman of the Judiciary Committee, said the shift to regional homicide detectives is a sound decision because "a lot of homicide is territorial."

Lanier said she will reevaluate some strategies now in place, such as targeting crime hot spots, to see what's working well and what's not. Overall, she has gotten a positive response from officers.

"We're very optimistic," said Officer Kristopher Baumann, chairman of the D.C. police union, who had a strained relationship with Ramsey. "The officers on the streets know what the problems are, and they have ideas about how to solve them."

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Archdiocese Settles Sex Suits (DENP)

By Eric Gorski, Denver Post Staff Writer

Denver Post, January 6, 2007

The Roman Catholic Archdiocese of Denver has settled clergy abuse lawsuits with 15 plaintiffs for a total of $1.58 million, the law firm representing the litigants said today.

"We are pleased with the settlements," said Adam Horowitz, an attorney in the Miami law firm Herman and Mermelstein. "Any time can give a client an opportunity to resolve something at an early stage, that's a good thing for the client."

In a statement, Archbishop Charles Chaput said he was grateful to those who had worked to achieve the settlement. "I sincerely hope that each of the..individuals who participated begin to truly heal," he said.

Last year, Chaput announced the 24-county northern Colorado diocese had hired mediator Richard Dana, a former federal judge, in an effort to reach settlements with plaintiffs who had sued the archdiocese for clergy sex abuse.

The settlements announced today do not mean the clergy abuse scandal that hit the Denver archdiocese starting in 2004 is resolved, however. At least 20 lawsuits are still pending in Denver District Court.

Today Chaput appealed to those who have yet to settle, asking that they continue to work with the mediation outreach panel, and making himself available to talk with them personally. "We will continue to try to be proactive, both spiritually and otherwise, to help anyone who has ever been hurt during his or her childhood by any member of our clergy," he said.

Four of Herman's clients declined to settle. None of the clients represented by lawyer Jeffrey Anderson of St. Paul, Minn., agreed to settlements. Anderson rejected the mediation process, saying the archdiocese should open its personnel files also.

The archdiocese declined to say how much money was available through mediation except to call it a "substantial sum."

News of some settlements with Herman clients has trickled out in recent months. It was unclear whether the announcement today means Dana's work is done.

The settlements range anywhere from $30,000 to $150,000 per case, the law firm said. All settlements involving allegations of sexual abuse with minor boys exceeded $100,000, it said.

Ten of the settled suits targeted the Rev. Harold Robert White, who was defrocked in 2003. White died late last year of an apparent heart attack while vacationing in Mexico. He was 73.

Among the White accusers who settled lawsuits: his godson, Delbert Nielsen, whose agreement is for $150,000. Four other White accusers are named, and the others are John Does. One is a Jane Doe - the only female to file suit accusing White.

The Denver Post reported a single allegation against White in 2004, and many more followed. At least three times, the Denver archdiocese was told of allegations against White but allowed him to serve, moving him from parish to parish for years before taking steps to remove him, according to interviews with alleged victims, one of his former superiors and church documents obtained by The Denver Post.

Five of the settled cases involve lawsuits naming the Rev. Leonard Abercrombie, who died in 1994.

The Herman law firm blamed the lack of settlements in its remaining cases primarily on the archdiocese's refusal "to voluntarily release the contents of the offending priests' personnel files..." The archdiocese has said such files are private and confidential.

Just Days Into The Year, Killings Toll Hits 8 In New Orleans (NYT)

By Adam Nossiter

The New York Times, January 6, 2007

NEW ORLEANS, Jan. 5 — A surge in murders since the new year has residents on edge and has raised new fears that officials here remain helpless to contain a lethal combination of guns, drugs and jobless young men.

The worries are particularly acute as this city struggles to repopulate 17 months after Hurricane Katrina.

Eight people have been found dead since Jan. 1, seven of them shooting victims, with the most recent being a young woman found lying on her bed in the Uptown section Friday morning, shot in the head.

As the police were scrambling to investigate that killing and the others, mostly of young men gunned down in high-crime areas, grief-stricken neighbors gathered outside the house of Helen Hill, an independent filmmaker, and her husband, Dr. Paul Gailiunas, who were shot by an intruder early Thursday morning in the Faubourg Marigny section, the authorities said.

Ms. Hill, 36, well known in the local film community and the recipient of several awards, was killed; Dr. Gailiunas, who specialized in treating the city's poor, survived his wounds. The police found him kneeling by the front door, bleeding and holding the couple's 2-year-old son in his arms. His wife lay nearby, shot in the neck. The child was not hurt.

That crime, breaking the typical pattern of drug-related shootings, helped prompt a front-page headline in The Times-Picayune on Friday: "Killings bring the city to its bloodied knees."

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The spate of murders came after a New Year's Day statement by the city's police superintendent, Warren J. Riley, that New Orleans had been made safer because the 2006 murder total was the lowest in 30 years.

But the assertion was questionable even before these killings started. On a per-capita basis, because of the city's drastically reduced population after Hurricane Katrina, the murder rate of at least 81 per 100,000 people in 2006 easily makes New Orleans one of the most violent cities in the nation.

On Friday, flowers and scribbled remembrances fronted the modest duplex of Ms. Hill and her husband on North Rampart Street, in a picturesque neighborhood of old Creole cottages frequented by tourists and local residents escaping the crowds of the nearby French Quarter.

Both were remembered as outsiders — Dr. Gailiunas is from Canada, friends said, and his wife from South Carolina — with a fervent commitment to the city's culture and its underclass.

"You know what, it's horrifying: you kill my wife, you shoot me while I'm holding my baby," said Darlene Wright, who said Dr. Gailiunas had treated her two sons at the low-cost clinic he started on Esplanade Avenue. "He was different from the other doctors. It didn't matter what your color or culture. He cared about the people."

Friends said Dr. Gailiunas had been released from the hospital Friday afternoon and that he planned to return to Canada. The police said his wounds were not life-threatening but they could not confirm his release.

Ms. Hill, a Harvard graduate and recipient of a Rockefeller Foundation fellowship, had shown her films at numerous festivals in Canada and the United States.

"Things didn't matter to them, their whole focus was on people and partaking in the culture of what was happening in New Orleans," said Carlton Charles, Dr. Gailiunas's landlord at the Esplanade clinic.

Previously, the doctor had worked in the high-crime, impoverished Central City area.

"He wanted to reach out to the poor and the underprivileged, people he felt had a lot of needs," Dr. Henry Evans, a colleague there, said.

On Friday, David Jones, the owner of a bed-and-breakfast near the couple's home, described how, shortly before the shooting, a lanky gun-wielding intruder — possibly the same one who shot the couple — had forced his way into his establishment, but apparently fled after panicked guests called the police.

The other recent killings followed a depressingly familiar pattern. Earlier Thursday, the police found a young man with gunshot wounds lying face-down in a Central City alleyway; on Wednesday evening, they responded to a report of gunshots in the same neighborhood and found another young man dead; that afternoon, Louisiana National Guardsmen found the body of a man shot in the head in the Desire area, in the Ninth Ward; and on Wednesday morning, they found the body of a woman wrapped in a rug in the Lower Ninth Ward.

The National Guard is patrolling several sections of the city at the request of the Police Department, which is still low on manpower. Superintendent Riley, who has been out of town, and other senior police officials did not respond to requests for comment on the violence.

Compounding residents' fears here is the apparent inability of the criminal justice system to successfully prosecute the murderers. A study by the Metropolitan Crime Commission of New Orleans, a foundation, found that from October 2003 to September 2004, only 12 percent of those arrested for murder were incarcerated.

"You know, there are people in this neighborhood trying to bring it back," said Mr. Jones, the bed-and-breakfast owner. "I'm tired of this. I'm ready to torch the whole neighborhood."

A Spate Of Killings Opens New Year In New Orleans (WP/AP)

By Janet McConnaughey, Associated Press

The Washington Post, January 6, 2007

Filmmaker Among the Latest Victims

NEW ORLEANS, Dec. 5 -- A young woman shot to death in her home Friday morning became at least the seventh New Orleans homicide victim of the new year.

The victim, whose identity was not released, was said to be in her early 20s. Her house in the Uptown section of New Orleans had been ransacked; police did not know whether anything had been taken.

Five of the shootings, all unrelated, occurred within a 14-hour span Wednesday night and Thursday morning. Also, a body with signs of physical trauma was found Wednesday wrapped in a rug. That death has not been classified.

The spate of killings dashed hopes that the city's police chief was right on New Year's Day when he said he believed the violence that has plagued parts of the city for months had been brought under control.

One of Thursday's victims was independent filmmaker Helen Hill; her husband, Paul Gailiunas, a physician who treats the city's poor, was wounded.

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Police did not release the names; they were identified by weeping friends and neighbors who gathered in front of the little white house where the killing occurred. They had moved to the Faubourg Marigny neighborhood near the French Quarter about a year after Hurricane Katrina wiped out their home in the Mid-City neighborhood.

Police said both were shot at their front door about 5:30 a.m. Thursday. No other details were available. A friend said family members from Columbia, S.C., were on their way to New Orleans on Thursday after learning of the shooting.

"They were wonderful people. Two bright spots in New Orleans. They gave us hope that people could live together. And they'd do anything for anybody," said Sheri Branch, who was taking care of the couple's 2-year-old son while Gailiunas was hospitalized.

Hill made short films; her experimental animation shorts had been shown at a number of festivals in the United States and Canada.

Gailiunas, who was in stable condition Thursday, opened a clinic for poor people in the Treme neighborhood in 2004. It was flooded by Katrina a year later.

No witnesses to any of the killings have come forward, police said Thursday, appealing for help to solve the most recent cases.

Assistant Superintendent Steven Nicholas described the recent killings as brazen acts, often committed in broad daylight and, in one case, within a block of police officers.

At a news conference earlier this week, Police Superintendent Warren J. Riley said homicides in the city spiked in April, May and July but had become less frequent -- something he credited to police initiatives.

Police spokeswoman Bambi Hall said that, after 19 killings in October and another 19 in November, December's total was 15. There were 161 homicides in the city in 2006. New Orleans's murder rate was seven to 10 times the national average for cities of its size in 2005, the latest period for which complete data are available.

National Guard troops and state police were brought in to help patrol some neighborhoods after five teenagers were killed in one night in June 2006. The Guard has focused on areas most devastated by Hurricane Katrina so police could focus on higher-crime areas. Their patrols are expected to continue this year.

Nicholas said Riley and New Orleans District Attorney Eddie Jordan have spoken and are working to target violent criminals and to get them off the street. "Those partnerships are well established," he said.

CIVIL LAW:

Supreme Court To Rule On Whistle - Blowing (AP)

By The Associated Press

AP, January 6, 2007

Filed at 3:24 a.m. ET

WASHINGTON (AP) -- After 17 years, James Stone has perhaps a few more months to wait before he learns whether he will collect up to $1 million for exposing fraud by a government contractor at a now-closed nuclear weapons plant.

A court ordered Rockwell International, now part of aerospace giant Boeing Co., to pay the government nearly $4.2 million for fraud connected with environmental cleanup at the Rocky Flats plant northwest of Denver. Stone, a former employee at the facility, could be entitled to as much as one-quarter of the payment under the federal False Claims Act.

The 81-year-old retired engineer filed his whistle-blower lawsuit in 1989, the year Rocky Flats shut its operations after nearly 40 years of production. He has survived legal challenges by Rockwell to dismiss the claim or deprive him of his share. The government joined the suit as Stone's partner 10 years ago.

The Supreme Court now has the case. The ruling could affect an anticipated crush of fraud suits if the high court makes it harder for whistle-blowers to share in the proceeds.

If Rockwell wins, "it's going to be much more difficult for whistle-blowers and there are going to be fewer cases," said James Moorman, president of the Taxpayers Against Fraud Education Fund, an advocacy group.

Rockwell must pay the entire penalty no matter how the Supreme Court rules, although it would not have to pay Stone's attorney fees. The only question before the court is whether Stone will get his cut.

The company, backed by defense, energy and pharmaceutical interests, wants the justices to restrict when an individual can collect for suing on the government's behalf.

The Bush administration is on Stone's side even though the government collects more money if Rockwell wins.

"It might be natural for the court to wonder why would it be in the government's interest to advocate that a share of the money damages in this case should be given to a private party," Justice Department lawyer Malcolm Stewart told the justices

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during the oral argument in early December. "In our view, Stone is precisely the type of relator that Congress intended to encourage." A relator is an individual who sues under the False Claims Act.

The False Claims Act allows individuals, acting on the government's behalf, to file fraud suits against companies that do business with the government. If they prevail, they receive a portion of what the contractor must pay the government.

During World War II, Congress amended the Civil War-era law to make whistle-blower suits more difficult. Since Congress changed the law again in 1986, such suits have returned $11 billion to the government. Recent high-profile cases include settlements with leading pharmaceutical manufacturers.

Sen. Charles Grassley, who led the fight to reinvigorate the False Claims Act in 1986, urged the court to rule in Stone's favor.

Grassley, R-Iowa, said provisions in the law that authorize whistle-blower suits are "essential to the government today to confront fraud in government programs from reconstruction in Iraq to aid for victims of Hurricane Katrina."

The issues before the justices are:

--How much independent knowledge of wrongdoing must someone have to file a False Claims Act suit?

--Does that information have to be part of the case that eventually convinces a jury that a government contractor committed fraud?

Once alleged improprieties are disclosed publicly, often by the media, individuals face a higher hurdle in bringing fraud suits on the government's behalf. Otherwise, people could read a newspaper account or an indictment and then rush to the courthouse to file suit.

The major exception to this rule is if an individual is an original source of the information. That is what Stone claims; several courts have agreed.

Stone did not file suit until after problems at Rocky Flats became public. He did, however, approach federal investigators with information about environmental issues before news accounts were published.

At trial, the jury found Rockwell submitted false claims in 1987 and 1988 saying it was meeting goals of treating low-level radioactive wastes at the former atomic weapons plant. Rockwell laid off Stone in 1986.

Maureen Mahoney, representing the company, told the justices it is implausible for Stone to claim he had independent knowledge of any fraud. "His claim by his own admission starts in 1987, after he was gone," Mahoney said.

Yet both the trial and appeals courts, as well as the government, say Stone has shown he provided information on which the allegations of fraud were based.

A ruling by the Supreme Court is expected before July.

Rocky Flats is designated by the Environmental Protection Agency as a Superfund cleanup site. It is an Energy Department-owned cleanup and closure site.

In nearly four decades, some 70,000 plutonium triggers for nuclear bombs were made at Rocky Flats. Production was halted in 1989 because of chronic safety problems, prompting a raid by FBI agents. The Cold War ended before production could resume. In 1993, the Energy Department announced that the facility's mission was over.

State and federal regulators signed an agreement in 1996 on the cleanup, including demolition of what was termed "the most dangerous building in America" because of leaks, spills and a fire that drove radiation levels off the charts.

The case is Rockwell International v. U.S., ex rel Stone, 05-1272.

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On the Net:

Supreme Court: http://www.supremecourtus.gov

Taxpayers Against Fraud Education Fund: http://www.taf.org/

Energy Department: http://www.energy.gov/

Boeing: http://www.boeing.com/

Former Acute-care Service Settles Suit For $7.5 Million (HC)

By Armando Villafranca, Houston Chronicle

Houston Chronicle, January 6, 2007

Ex-workers and contractor alleged Medicare fraud at SCCI Corp.

A former long-term acute-care service based in Dallas has paid the federal government $7.5 million to settle allegations of fraudulent Medicare claims, the U.S. Department of Justice announced on Friday.

The settlement resolves a civil lawsuit filed in 1999 by four former employees and an independent contractor who worked for SCCI Houston, a 40-bed long-term acute-care hospital.

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SCCI Houston was part of SCCI Health Services Corp., which operated six acute-care facilities in Texas and others outside the state.

The lawsuit was filed under whistleblower provisions of the False Claims Act, which authorizes private individuals to file lawsuits on behalf of the United States.

The government filed its own complaint in March 2003.

The allegations claim that from 1996 to 1999, SCCI entered into illegal financial relationships with three physicians and paid the doctors in violation of self-referral statutes, and submitted or caused false claims to be submitted to the Medicare program.

SCCI Corp. was acquired by Triumph HealthCare in 2005. None of the whistleblowers nor any SCCI employees involved in the fraud were part of the acquisition, said Tanya Snodgrass, vice president of professional relations for Triumph HealthCare.

"We are very happy that it is officially over and we can finally move forward without this distraction," Snodgrass said.

She said Triumph worked with the Justice Department to resolve the lawsuit.

Justice Department spokesman Charles Miller said the whistleblowers, Daryl Kaczymarczyk, Patricia Rocha, Michelle Pate, Michael Brigle and Theresa Taylor, shared $1.7 million of the settlement.

Under the whistleblower provision, anyone who reports fraud can reap between 15 and 25 percent of a settlement, Miller said.

The case was handled by the Justice Department's Civil Division and the U.S. Attorney's Office for the Southern District of Texas, with the assistance of the FBI.

Judge Clears Delphi Debt Refinance Plan (AP)

By Vinnee Tong, Ap Business Writer

AP, January 6, 2007

(AP) - NEW YORK-A federal bankruptcy judge on Friday approved a plan by auto parts maker Delphi Corp. to borrow $4.5 billion to refinance debt and lower its monthly interest expenses.

Lawyers for Troy, Mich.-based Delphi said the refinancing, expected to close next week, would save the company $8 million a month.

The debt refinancing proposal was announced on Dec. 18, along with a plan by private equity investors to buy shares worth up to $3.4 billion in a reorganized Delphi.

Delphi lawyers say that the debt and share purchase plans represent "significant milestones in the debtor's reorganization and another major step forward towards emergence."

Judge Robert Drain, who approved the debt refinancing proposal on Friday, will consider the equity purchase plan next Thursday.

The company said it will also seek an extension of the deadline for filing its reorganization plan at a hearing next Friday. If approved, the company would have until July 31 to file its plan and Sept. 30 to solicit acceptances.

The current deadline to file a plan is Feb. 1 and to seek acceptances is April 2.

JP Morgan Chase Bank, which administers the company's current debtor-in-possession loan, would be joined by another lender group led by two investment banks to do the refinancing.

Lawyers said in court papers that JP Morgan Chase Bank offered the best terms and would save time for the debtor since a new lender would need to examine the borrower's books.

In the separate equity investment plan, affiliates of three private equity investors, Appaloosa Management LP, Cerberus Capital Management LP and Harbinger Capital Partners Master Fund I, as well as Merrill Lynch & Co. and UBS Securities LLC, would buy shares in a restructured Delphi at a cost of between $1.4 billion and $3.4 billion.

The equity investment plan has been approved by the company, the investors and General Motors Corp., and would give the investors a minimum of 30 percent and up to 72 percent of the restructured company. The plan depends on consensual resolution of Delphi's labor agreements by Jan. 31.

GM was Delphi's parent company until the auto parts supplier was spun off in 1999. The automaker remains Delphi's biggest customer and has had a prominent role in negotiations. Delphi and its affiliates filed for bankruptcy protection in October 2005 under financial duress from a declining American auto industry.

Several parties in the case have objected to the equity investment plan, including Highland Capital Management LP, which has submitted a rival bid to buy shares it has said is worth $4.7 billion, and the acting U.S. Trustee in the case. The company's second-largest union, the official committee of equity security holders and the official committee of unsecured creditors also object.

The union representing the largest number of Delphi employees, the United Auto Workers, has not objected.

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The investment agreement depends on Delphi and its unions reaching agreement on changes to their collective bargaining agreements. They have been the subject of out-of-court negotiations since early summer and representatives will hold a chamber's conference with the judge next Friday.

CIVIL RIGHTS:

EEOC Says Prosecutor Wrongly Fired (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), January 6, 2007

The federal government has ruled that U.S. Attorney Alice Martin wrongly fired a former assistant prosecutor in 2002.

Martin fired Assistant U.S. Attorney Deirdra Brown-Fleming on grounds that she was "not a team player." The Equal Employment Opportunity Commission found the reason was "simply unworthy of credence." Instead, the EEOC found that Brown-Fleming's firing was retaliatory.

The EEOC said it is unclear whether Martin harbored a racist or sexist attitude toward Brown-Fleming, but found that Martin's assessment of Brown-Fleming's relationship with co-workers was tainted with the racist and sexist prejudices of Brown-Fleming's co-workers.

Brown-Fleming was described as rude and condescending, documents show.

The EEOC is requiring that the Department of Justice reinstate Brown-Fleming to her former job, with full back pay and other benefits. The amount of back pay was not announced. The commission also ordered the reinstatement of Brown-Fleming's former supervisor, Victor Conrad, who took steps to correct acts of racial hostility against Brown-Fleming and filed his own discrimination claim against the agency. He also is to be reinstated with back pay.

Brown-Fleming worked in the U.S. attorney's Huntsville office from 1998 until her May 2002 firing. Martin serves as U.S. attorney for the 31 northern counties and has offices in Birmingham and Huntsville.

In a Friday statement, Martin said the decision to remove Brown-Fleming was "not grounded on impermissible considerations."

She said the Department of Justice takes allegations of discrimination very seriously.

"We firmly support equal employment opportunity and combating illegal discrimination in the federal workplace," Martin said.

Martin's statement said the department will file a request for reconsideration. She declined further comment.

Brown-Fleming said that as the first black woman to be hired in the Huntsville office, she became aware of racially hostile activities against her as early as August 1998. She shared her concerns with Conrad, who is white.

Martin became U.S. attorney for Alabama's Northern District in 2001, replacing Doug Jones, who is now in private practice.

The EEOC found that the office took immediate and appropriate corrective action to address Brown-Fleming's hostile environment after learning of her allegations.

Brown-Fleming said Thursday what happened to her was not an isolated event.

Brown-Fleming maintained during her five-year legal battle against the Justice Department that she was fired in retaliation for helping Conrad with a discrimination claim against the office.

Brown-Fleming detailed instances of where she endured racially derogatory comments by an administrative assistant and a paralegal. Brown-Fleming said the paralegal sabotaged her work.

The EEOC agreed with Brown-Fleming, who lives in Huntsville, that reinstating her as a Justice Department employee in the northern district is "tantamount to placing her into a very antagonistic work environment." If Brown-Fleming chooses not to accept the reinstatement, the Justice Department is ordered to provide her the pay she would receive if she worked there.

Brown-Fleming said Thursday she expects to go back into the practice of law full time, but declined to give specifics.

The EEOC also requires the U.S. attorney's office to provide training related to anti-retaliation, discrimination and preventing and remedying harassment to all staff in Huntsville and Birmingham.

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Alleged Jail Beating Spurs Suspensions (CHIT)

By Emma Graves Fitzsimmons, Tribune Staff Reporter

Chicago Tribune, January 6, 2007

FBI probes 6 guards in Lake County, Ind.

DOJ_NMG_0113945

Six guards at the Lake County Jail in Indiana were suspended Friday while local and federal officials investigate allegations that an inmate was beaten, officials said.

Lake County Sheriff Roy Dominguez said he believes a cover-up took place over the incident, which occurred Dec. 26. The inmate's injuries were severe enough that he was taken to a hospital and placed in intensive care, Dominguez said.

The inmate, Tommy Ford, 40, lashed out verbally and physically at guards who were escorting him to see a visitor, according to an incident report filed later that day. In their report, the guards said Ford "was taken to the ground" and restrained after he struck one officer in the forehead and spit on another.

"This went above and beyond what is required to restrain an individual," the sheriff said. "This was abuse."

The sheriff said he was angry that he did not learn of the incident until Thursday.

The FBI is conducting a civil rights investigation of the alleged beating, said FBI spokesman Drew Northern. It is being handled as a "color of law" case, which looks into abuses of authority, he said.

The sheriff did not release the names of the correctional officers, who were suspended with pay, but said many were seasoned officers trained to deal with aggressive inmates.

Dominguez would not disclose the extent of Ford's injuries. He said only that Ford was hospitalized for several days and is now in the medical unit of the jail.

Ford's lawyer, Joann Price, said his family is planning to pursue legal action. Ford had "physical marks and signs of injury on his face" when she interviewed him, Price said.

Ford was being held in the Lake County Jail while waiting to be transferred to prison. In October, he was sentenced to 50 years in prison for the murder of a 15-year-old boy.

Dominguez said his office is looking into the possibility of a cover-up because the incident report did not contain information about the alleged beating.

The sheriff's office expects the investigation to last about a week.

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6 Guards Suspended After Alleged Jail Beating (NWTIMES)

By Patrick Guinane

Northwest Times, January 6, 2007

CROWN POINT | Lake County Sheriff Roy Dominguez suspended six jail guards Friday accused of beating an inmate and sending the man to a local hospital's intensive care unit, the sheriff reported.

Tommy Ford, who is awaiting transfer to state prison to serve a 50-year sentence for murder, was hospitalized for "a few days" following the Dec. 26 incident, the sheriff said. He now is housed in the jail's medical unit.

Dominguez said he did not find out about the alleged assault until Thursday and that the investigation would explore whether officers attempted to cover up the incident.

The sheriff declined to discuss the extent of Ford's injuries, citing federal medical privacy law. Dominguez also would not name the jail officers, who were suspended with pay. He said the officers will remain suspended pending investigations by the sheriff's department and possibly the FBI.

"The allegations are very serious, and I intend to pursue them in an objective, timely and professional manner,"

Dominguez said. "The victim was assaulted and was taken to the hospital, treated and days later released."

Ford, who lists Gary addresses in court and jail records, is contemplating a civil lawsuit against the county, the sheriff's department and the individual officers, said Joann Price, an attorney with the Gary firm of Freeman-Wilson & Lewis-Shannon LLC.

"His injuries were quite severe. He still is experiencing a great deal of pain, and there is still some evidence of the extent of his injuries," Price said. "(The beating) was with implements (and) certainly with fists."

Dominguez said he requested an independent investigation Thursday and planned to meet Friday with local FBI officials. Commander Kathy Hrebenyak is leading the sheriff's department investigation, which Dominguez intends to forward to Lake County Prosecutor Bernard Carter.

Dominguez would not describe the actions the guards took against Ford, but said, "If they believe that somehow they can conduct themselves in this type of fashion and nothing's going to occur to them, they're sadly mistaken."

An incident report released by the sheriff's department shows that Ford became combative while being escorted to the visitation area of the jail at 1:40 p.m. Dec. 26. Ford called one officer a homosexual slur and -- when uncuffed for visitation -- punched another officer in the face after threatening to kill his mother, the report states.

Once back at his cell, Ford spat at one guard and tried to attack others, at which point three officers restrained him, the report states. Eleven responding officers are listed on the incident report.

Lake County Jail Guards Suspended After Beating (AP)

AP, January 6, 2007

CROWN POINT, Ind. - Lake County's sheriff on Friday asked the FBI to investigate allegations that several jail guards severely beat a convicted murderer and then tried to cover it up.

Six jailers have been suspended with pay during the investigation, said Sheriff Roy Dominguez, who did not release the names of the guards.

The beaten prisoner, Tommy Ford, 40, was hospitalized in intensive care following the Dec. 26 attack in the county jail.

Dominguez would not disclose the extent of Ford's injuries or information about the beating. He would only say Ford that was hospitalized for "several days" and was in the jail's medical unit on Friday.

Dominguez said up to six jail staffers attacked Ford after he cursed guards who were escorting him to see a visitor.

"This went above and beyond what is required to restrain an individual," the sheriff said. "This was abuse."

Ford was convicted of murder in October and sentenced to 50 years in prison. He was being held at the jail awaiting transfer to a state prison.

Dominguez said his office was looking into the possibility of a cover-up because a report on the incident did not contain information about the beating.

He said he personally requested that the FBI investigate the attack.

"They will conduct an independent investigation," he said. "I want to assure members of the public that no stone will go unturned."

Federal Lawsuit Claims Racial Discrimination In Police Department (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, January 6, 2007

Pay Practices, Hostile Work Environment Cited

Three black officers and one black civilian employee of the Falls Church Police Department have filed a federal civil rights suit against the city, claiming racial discrimination in the department's pay and promotion practices and a hostile work environment for black employees.

One officer alleged that a captain told her last year, "Do you know why the boundaries of Falls Church are 2.2 square miles? To keep the black people out." And the civilian employee, who heads the police dispatch center, said that white commanders "purposefully ignore calls from minority officers for help when on patrol" but do respond when requested by white officers.

The suit, filed Thursday in U.S. District Court in Alexandria, adds another layer to the turmoil that has roiled the department since its officers union began complaining about internal problems in 2004. The union said that officers were evaluated on how many traffic tickets they wrote and that their weapons were faulty.

Over the summer, then-Chief Robert T. Murray fired the union president, Scott Rhodes. Last month, after the city was forced to rehire Rhodes, pay him a settlement and allow him to retire with full benefits, Murray retired. The city is searching for a new chief.

Acting Chief Harry W. Reitze said he had not seen the suit and could not comment specifically. "I'm really trying to lead the department in positive directions . . . and to continue to provide the highest level of services and safety to the community," Reitze said. "I'm doing my best to make sure the department is a positive place to work."

The plaintiffs are the officers union's new president, Markus Bristol, Cpl. Frank D. Hicks, Officer Derrica N. Wilson and civilian employee Carolyn A. Pendleton. The suit states that there are no African Americans above the rank of corporal and that Wilson is the only black female officer in the department's history.

Of the 30 sworn officers in the department, five are black, the suit says.

Bristol, a 10-year member of the department, was suspended with pay for four months last year after he and Rhodes publicly pointed out that officers' guns repeatedly misfired in training and that Murray was taking no action to repair or replace them. The suit states he was reinstated without explanation.

Bristol, 38, alleges in the lawsuit that, in conversations with fellow officers, "he is constantly reminded of his superiors' sentiments toward African-Americans, such as: they are lazy, they don't like to work, and they take too much time off."

Hicks, on the force for eight years, said he went on leave for treatment of a brain tumor in 2001. He later found that while he was away, his approved 7 percent pay raise had been reduced to 5 percent by Murray, the suit alleges.

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In 2004, Hicks served as a trainer for new officers, without extra pay. But in 2005, Hicks said, white officers he had trained were sent to school for instruction on how to train and then replaced Hicks and were paid extra for the work.

Hicks also said he sometimes called for backup and other officers "wouldn't answer me."

Christopher E. Brown, the plaintiffs' attorney, noted that the black officers frequently filed internal complaints about such treatment. "The command staff would do nothing about it," Brown said. "They'd ignore it."

Wilson, 28, joined the department in 2002 and, among other duties, supervises the city's crossing guards and performs background checks on applicants, but she said the department refuses to pay her a supervisor's salary. She said that she endured racist comments such as the one about the size of Falls Church and that she now suffers from migraine headaches caused by the stressful situation.

Pendleton, 49, joined the department in 1982 and has supervised communications for 15 years. But when she was assigned to also oversee the records unit in 2004, she said she was paid less than the white man who had held the records job, despite having more education and more employees to supervise.

Teel Given Copy Of Tape (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, January 6, 2007

GULFPORT - Attorneys for Ryan Teel have received a copy of videotaped images of the Feb. 4, 2006, assault on Harrison County jail inmate Jessie Lee Williams Jr.

The tape, however, may not be enough for defense attorneys to persuade a federal review panel against seeking the death penalty when the former deputy stands trial on May 28, attorney Jim Davis said Friday.

Davis wanted prosecutors to hand over copies of witness statements, expert reports and other types of evidence so he can prepare to defend Teel in a "mini-trial" before a Justice Department panel in Washington. The government has a deadline of Feb. 16 to decide whether Teel's alleged involvement in Williams' fatal beating merits a possible death penalty.

On Friday, U.S. Chief Magistrate Judge John M. Roper ruled against Davis' request, citing a federal rule known as the Jencks Act. The rule, considered by some to be unconstitutional, restricts a defendant's access to witness statements until the witness has testified in court against him.

"They're going to eat my lunch," said Davis, referring to the review panel and federal trial attorney John Richmond. "This is going to hinder my ability to give (Teel) the best defense possible."

Roper said he does not agree with the Jencks Act, but said he will not circumvent it.

"We're in uncharted waters here," Roper said.

Federal death-penalty cases are rare in Mississippi. They're even rarer nationwide when the defendant is a former law enforcement officer.

Davis said the videotape, compiled from surveillance cameras in the jail booking room, is of poor quality. Facing the review panel without more information puts the defense at an unfair advantage, said Davis, who wants to know what government witnesses and experts are prepared to say.

"His client should know who was there," Richmond said. "His client was the officer in charge of the booking room that night."

Roper allowed one advantage: He ordered federal prosecutors to provide the defense with a list of people who appear on the videotape within a few days before the panel review.

Roper said the defense can study plea agreements to get a better idea of how to defend Teel before the review board. Roper said he also has seen the videotape.

Richmond said the government has been generous in providing more documents to the defense than it is required to provide months in advance of trial. Davis and co-counsel Keith Pisarich have also received more than 450 pages in documents, Richmond said.

Teel, who remains in custody, is accused of two counts: using excessive force in an attempt to kill Williams under color of law in deprivation of civil rights, and destruction, alteration or falsification of records in a federal investigation.

The count involving injuries resulting in death is punishable by any number of years to life in prison. It's the count the government could use to seek the death penalty.

The other count is punishable by up to 20 years in prison.

Four former corrections officers have pleaded guilty to conspiring to deprive jail inmates of their civil rights. Two of them were on duty the night Williams, 40, was beaten in the booking room. They have agreed to testify for the government.

The Jencks Act

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A federal rule named for labor organizer Clinton Jencks allows the government to withhold witness statements from a defendant until a witness has first testified on direct examination at trial.

Jencks, who led Mexican-American mineworkers in a 15-month strike for fair treatment in the 1950s, was given a five-year sentence for allegedly falsifying a non-communist document. The Supreme Court overturned the decision because the government refused to give the defense witness statements, including those of a paid informant who later recanted.

Congress later passed a rule in Jencks' name; Jencks portrayed himself in the movie "Salt of the Earth."

Gastonia Man Dies After Police Use Taser To Restrain Him (CO)

The Charlotte Observer, January 6, 2007

GASTONIA, N.C. - A 42-year-old man died early Friday after police officers used a Taser when he wouldn't cooperate during his arrest.

Calvin Thompson, of Gastonia, was found nude running on a city street, according to Gaston County Police Department. He disobeyed officers' commands and resisted arrest, police said.

Officers used a Taser to arrest Thompson, but he became unconscious when being placed in custody, police said.

Tasers are stun guns used by law enforcement officials as a non-lethal alternative to bullet-firing weapons. The U.S. Justice Department last year announced it would study a number of cases in which people died after being stunned by the weapons.

Officers said they provided Thompson with medical attention and found what appeared to be crack cocaine in his mouth. He was taken to Gaston Memorial Hospital, where he was pronounced dead.

The North Carolina Highway Patrol believes the vehicle Thompson was driving was involved in at least four separate collisions in a Gastonia subdivision before his arrest. A substance that appeared to be crack cocaine was found in the vehicle, police said.

The State Bureau of Investigation is looking into the incident and three Gastonia police officers were placed on paid administrative leave while the department conducts an internal investigation.

US Supreme Court Agrees To Hear Coca-Cola's Appeal In A Race Discrimination Case (AP)

AP, January 6, 2007

(AP) - WASHINGTON-The U.S. Supreme Court on Friday agreed to consider a discrimination case in which a Coca-Cola bottling company fired a black employee.

Coca-Cola asked the Supreme Court to hear the lawsuit, which involves allegations that a supervisor of employee Stephen Peters was motivated by racial bias and influenced a manager to fire the worker.

Such circumstances are sometimes referred to as "cat's paw" or "rubber stamp" liability. Coca-Cola fired Peters for insubordination after he refused a request to work on a weekend during his scheduled days off.

The case was one of seven appeals the court accepted Friday.

A federal appeals court reinstated a lawsuit brought on Peters' behalf by the Equal Employment Opportunity Commission. The appeals court said a federal judge placed too much emphasis on the fact that Peters' immediate supervisor made no express recommendation to fire him.

In asking the court to hear the case, the company asked the justices to consider when an employer may be held liable for intentional discrimination when the person who fired an employee harbored no discriminatory bias.

Peters worked at the Coca-Cola facility in Albuquerque, New Mexico.

Questionable Mission (WP)

The Washington Post, January 6, 2007

A Christian Embassy campaign at the Pentagon tests constitutional boundaries.

"THERE ARE over 25,000 Department of Defense leaders working in the rings and corridors of the Pentagon. Through Bible study, discipleship, prayer breakfasts, and outreach events, Christian Embassy is mustering these men and women into an intentional relationship with Jesus Christ," a narrator explains toward the start of a promotional video for Christian Embassy, an offshoot of Campus Crusade for Christ that focuses on diplomats, government leaders and military officers. As a uniformed Air Force Maj. Gen. Jack J. Catton Jr. explains, "I found a wonderful opportunity as a director on the joint staff, as I meet the people that come into my directorate, and I tell them right up front who Jack Catton is . . . and my first priority is my faith in God, then my family and then country. I share my faith because it describes who I am."

Free exercise of religion doesn't stop at the entrance to the Pentagon or other government buildings; it's a right of those who occupy the upper rungs of government service as well as those in lower ranks. But when those in senior positions are

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moved to share their religious views with colleagues and subordinates, the tension between the twin constitutional guarantees -- the mandate of free exercise of and the prohibition against government establishment of religion -- comes into play. That tension is heightened in the military, with its emphasis on rank and command. It's important that both uniformed and civilian military leaders, whatever their religious views, take care that others who don't share their beliefs don't feel coerced or excluded as a result.

The Christian Embassy video suggests that such sensitivity has not always been present. With its extensive, inside-the-Pentagon footage and interviews with senior officials and high-ranking officers in uniform, the video conveys a sense that the group's mission has been endorsed by the Pentagon; it carries no disclaimer. Robert Varney, the group's executive director, says the Pentagon chaplain's office gave permission for the filming and that it's no surprise that military officers, interviewed at work in the Pentagon, were in uniform. But following a complaint by the Military Religious Freedom Foundation, the video has been removed from Christian Embassy's Web site and the Pentagon is reviewing the matter. As it does so, it would be wise to consider not only whether the video and the Christian Embassy's other activities comply with the letter of Pentagon rules but also with the spirit of the Constitution its personnel are sworn to protect.

ANTITRUST:

Brooks Unit Sale Gets Antitrust Scrutiny (BOS)

The Boston Globe, January 6, 2007

CHELMSFORD, Mass. --Brooks Automation Inc., which supplies hardware and software to the semiconductor industry, said Friday federal antitrust regulators asked for additional information about the pending sale of its software division to chip equipment maker Applied Materials Inc.

This is the DOJ's second request for both companies.

Brooks Automation and Applied Materials both plan to respond quickly to the request from the Department of Justice's antitrust division, which extends the waiting period until 30 days after the companies have complied. Brooks said it still hopes the $125 million deal can close in the first quarter.

Brooks Automation shares fell 9 cents to close at $14.57, while Advanced Materials shares fell 13 cents to close at $18.67, both on the Nasdaq.

A Buyout Duo Reads Potential In Newspaper (WSJ)

By Gregory Zuckerman

The Wall Street Journal, January 6, 2007

Avista Likes Quality Of Star Tribune Brand; Thoughts of Rebound

Leveraged-buyout firms such as Kohlberg Kravis Roberts & Co., Texas Pacific Group and Blackstone Group have been making news for their ambitious takeover deals.

But few of the headline-grabbing buyouts have been as gutsy as the $530 million planned purchase by Avista Capital Partners of McClatchy Co.'s Star Tribune newspaper, announced in late December1.

The deal for the nation's 15th-largest newspaper by circulation comes amid a slump in the business. The Star Tribune is especially challenged. It has been the worst-performing paper in terms of revenue for McClatchy, which paid $1.2 billion for the Minneapolis paper in 1998. The Star Tribune's ad revenue dropped about 6% last year on a circulation decline of about 4%.

Despite the ugly writing on the wall for the industry, the prospective purchase is the third-largest for New York-based Avista, a previously little-known private-equity firm that still is raising its first buyout fund and whose executives have never bought any newspaper properties.

Avista mightn't be a household name, but its founders, Thompson Dean and Steven Webster, have been well known in the buyout community for more than a decade. They ran a group that generated returns of about 50% from buyout investments for Donaldson, Lufkin & Jenrette, which was acquired by Credit Suisse in 2000. The pair left Credit Suisse 18 months ago to start Avista, which they hope will manage $1.5 billion.

The 48-year-old Mr. Dean, who is the son of a career foreign-service officer, was born in Taiwan and grew up in Asia, says they already have spent $850 million to make 11 buyout purchases, focusing on energy, media and health care. Mr. Webster, 55, is an energy specialist who had founded Falcon Drilling.

So what do they see with the Star Tribune deal that others in the buyout world missed? A very cheap price -- 6.5 times the paper's cash flow -- a respected brand and an industry that may be bottoming out and poised for a rebound. Avista passed on bidding for the Philadelphia Inquirer, which Mr. Dean says doesn't have comparable cash flow as the Star Tribune.

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"We got a premium paper in a healthy market, and we paid a very attractive price," says Mr. Dean. "There is meaningful franchise value for top-20 papers. The risk is that readership continues its steady decline."

The Avista team, which left Credit Suisse when the bank became wary of competing with its clients for large buyouts, is comfortable making contrarian bets. "Newspapers are poised to stabilize their revenue base, and advertising rates are stabilizing," Mr. Dean says. "People will continue to read newspapers."

Mr. Dean wouldn't address whether Avista will slash costs or lay off employees. "Newspapers have to recognize that they are operating in a different environment, with different pressures, declining readership and advertising pressures," he says. "We have to get additional revenue growth and do things more efficiently, but that may not be about staff cuts."

While public investors penalize newspaper companies for their lack of growth, private-equity investors generally are more concerned with steady cash flows. And newspapers usually don't have steep capital expenditures that soak up cash.

So if the Star Tribune's circulation stops declining and Avista can generate some growth for the paper's Web site, the firm might avoid significant cost cutting.

"To generate an acceptable return, we only need modest growth because of [the paper's] impressive high free-cash flow," and the low purchase price that Avista paid, Mr. Dean says.

Avista hasn't said how much of its fund's own cash it will use for the purchase price and how much of it will come from debt it will pile on the paper.

Avista's executives don't have any newspaper experience, but they are used to betting on overlooked media sectors. In the early 1990s the Avista team scored by buying the Argyle television group, which turned out to be a profitable investment, at a time "people said no one will watch network TV," Mr. Dean recalls. They also scored on radio purchases.

In May of last year, while the cable-television business was in Wall Street's doghouse, Avista bought WideOpenWest, the 13th-largest cable company in the U.S., the fund's first buyout. WideOpenWest, which focuses on cities like Detroit and Chicago, was grappling with savage competition and was sold by two buyout firms with broad media experience.

But cable stocks have taken off since the Avista purchase, WideOpenWest's cash flow is up almost 70% and people in the private-equity world describe the deal as a home run, at least so far.

Although Avista hasn't made previous newspaper acquisitions, it placed Chris Harte, a former Knight Ridder executive whose family is among the owners of San Antonio-based direct-marketing firm and publisher Harte-Hanks Inc., as the chairman of Star Tribune's holding company.

"If you analyze [the performance of Avista's team over time], you see consistent, strong investments with low volatility," says Daniel Cahill, who manages U.S. private-equity investments for Scotland's Standard Life Investments, one of Avista's first investors.

But Mr. Cahill notes that "spinning off from Credit Suisse will cause some distractions" for the group, as they continue to expand.

Write to Gregory Zuckerman at gregory.zuckerman@wsj.com2

Mercy 'no' To Proposal For Joint Hospital (DMR)

By Tony Leys

Des Moines Register, January 6, 2007

Iowa's largest health insurer, Wellmark, likes the idea, but there are worries about federal antitrust regulations.

One of Des Moines' two dominant hospital companies offered Friday to work with its rival to jointly build a single suburban hospital, but the rival declined.

The offer from Iowa Health-Des Moines comes as both that company and Mercy Medical Center move forward with plans to build hospitals next door to each other in West Des Moines.

The companies explored the possibility of a jointly owned suburban facility in 2002. Hospital leaders said they dropped the idea after federal regulators told them informally that it could run afoul of antitrust laws.

Wellmark Blue Cross/Blue Shield, Iowa's largest health insurer, suggested recently that the two companies attempt again to cooperate on a suburban hospital. Iowa Health agreed to try, but Mercy said no.

Wellmark Vice President Cliff Gold said his company believes a joint venture might be acceptable to federal regulators. "We're saying it's four or five years later, and a lot has changed," he said.

Gold said the Justice Department has been friendlier to such ideas lately. He also said his company, which is the largest private payer to both hospital companies, would help the hospitals make their case.

Wellmark fears that if two similar hospitals are built side-by-side in West Des Moines, health-care costs would be needlessly inflated. A joint venture would be a more economical option, Gold said.

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Iowa Health Chief Executive Officer Eric Crowell wrote a letter to Wellmark Friday saying that his company would agree to a renewed attempt at a joint project, with several conditions.

One condition was that the process include Broadlawns Medical Center, Polk County's public hospital. Iowa Health's current plans include giving Iowa Lutheran Hospital to Broadlawns, which would demolish its current facility.

Iowa Health also said that Mercy would have to put its suburban plans on hold, and that Wellmark would pay the legal costs of the request.

When the original joint proposal was made in 2002, Mercy Chief Executive Officer David Vellinga said the idea "just makes common sense."

But in a letter to Wellmark this week, Vellinga said Mercy was not interested now.

"This approach has been tried and, as you know, has been rejected by the (Department of Justice)," the letter said. "Our attorneys have advised us not to proceed with meetings to plan such a joint venture again as that would be contrary to the direction given by DOJ and, further, that it is extremely unlikely that the DOJ would reach a different conclusion in this matter."

Both systems have talked for years about building hospitals in the western suburbs. The jockeying has intensified in recent months, as Mercy and Iowa Health proposed closing Des Moines hospitals and replacing them with new facilities in West Des Moines. Both sides contend their plans do not need permission from state regulators, though Iowa Health has offered to seek such permission if Mercy would do the same. Mercy said no to that offer.

The Iowa Health Facilities Council, which judges large medical projects, is scheduled to meet Jan. 16 to consider whether the projects must be reviewed.

ENVIRONMENT:

Feds Drop Waste-water Inquiry (HTRIB)

By Paul Quinlan

The Herald Tribune (Southwest Florida), January 6, 2007

No charges will be brought against workers involved in Venice utilities department dumping.

VENICE -- The Department of Justice will not file charges against any individuals involved in the city utilities department's 2001 waste-water dumping into Curry Creek, officials said Friday.

The announcement answers the question that lingered after the city pleaded guilty in December 2005 to a three-count felony violation of the Clean Water Act: Would those responsible for the dumping or the falsification of records during the subsequent cover-up go to jail?

Speculation centered on what court papers called the "Executive Group," a reference to the "high-level executives, managers, supervisors" who oversaw "the day-to-day operations" of the Eastside Wastewater Treatment Facility at the time of the dumping.

But the Department of Justice has closed its inquiry, leading the Environmental Protection Agency to drop its investigation.

A Department of Justice spokeswoman would not comment on why the department closed the case.

The Justice Department pulled the EPA off the case in a letter to EPA special agent Dan Green, who had handled the investigation.

"Their recommendation was not to pursue any individual defendants in this case, and the local U.S. Attorney's office went along with this," Green said.

When the city pleaded guilty in 2005, a judge imposed the minimum fine allowable, $110,000, or $5,000 for each of the 22 days that plant employees discharged waste water into the creek and sprayed it onto a field at Knights Trail.

As part of a deal with prosecutors, the city pledged its full cooperation in any further investigation of any current or past city employees.

City employees testified for months afterward.

City Manager Marty Black fumed over the Justice Department's decision to drop the inquiry Friday.

"We're very disappointed that the federal authorities have elected not to put the resources into this to finish out prosecution of the individuals who committed the crimes," said Black.

Despite the small fine that the charges carried, Black estimates the cost of the episode, including legal, consulting and engineering expenses, exceeds $2 million.

Last June, the city struck a deal with the EPA that would keep Venice off a blacklist of Clean Water Act violators.

The deal preserves the city's eligibility for federal contracts, assistance and loans for its water plant.

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According to the plea agreement, city employees knowingly dumped the treated waste water into Curry Creek and sprayed it onto the Knights Trail field even though systems designed to measure and limit the flow were not working.

City workers then submitted reports that falsified measurements of the discharge.

Members of the Executive Group later certified the accuracy of those reports.

The three utility workers who blew the whistle on the dumping later sued the city, saying they were harassed by supervisors after the incident.

The city settled, giving each $25,000 and a letter of apology.

The City Council purged the department in 2004, eliminating more than a dozen top positions and hiring a private company, Operations Management International, to run the department.

6 Ohio Cities Rush To File Suits Against Makers Of Lead Paint (NYT)

By Bob Driehaus

The New York Times, January 6, 2007

CINCINNATI, Jan. 5 — Racing against a proposed state law that would limit paint manufacturers' liability for lead poisoning in aging neighborhoods, Cincinnati has joined five other Ohio cities in filing suits that seek millions of dollars from the companies to clean up lead paint.

Ohio is the latest front in a battle that pits paint companies against cities and states struggling to overcome problems associated with lead poisoning.

The problems include learning impairment in children, high blood pressure in adults and, at high levels of exposure, seizures, comas and deaths.

Municipal and county governments in California, Mississippi, Missouri, New Jersey and Texas have also sued major manufacturers seeking what would amount to billions of dollars in damages.

Whether responsibility rests primarily with paint companies, landlords who let paint deteriorate or cities that fail to enforce housing codes remains an open question.

Rhode Island broke new ground in February by winning a jury trial that found that three paint companies had created a public nuisance and had to clean up lead-paint contamination throughout the state at an estimated cost of $1.37 billion to $3.74 billion.

The companies are seeking a new trial there and trying to fend off litigation throughout the country. They are Sherwin-Williams, based in Cleveland; NL Industries, part of Valhi of Dallas and whose predecessor National Lead made Dutch Boy paint; and Millennium Holdings of Hunt Valley, Md., a successor to a company that owned Glidden Paint, originally based in Cleveland.

"The movement is gaining steam," Jack McConnell, the lead lawyer in the Ohio lawsuits and a participant in the Rhode Island trial, said. "We've seen it both in the Rhode Island trial and in three or four appellate court decisions, all of which have ruled against the lead-paint industry."

Lawyers for paint companies say such suits unjustifiably shift responsibility from the cities that failed to enforce housing codes that would have kept lead paint from deteriorating and affecting residents.

"Did the companies know that lead was toxic?" asked Bonnie Campbell, who represents several paint manufacturers. "Sure, everybody knew that. What wasn't known was that property owners wouldn't take care of their property."

Ms. Campbell noted that most manufacturers voluntarily began removing lead from their products in 1955, when problems became apparent.

In Ohio, Gov. Bob Taft decided on Friday to allow a bill to become law without his signature that will ban future suits like those filed by the cities that are based on public nuisance grounds. Plaintiffs will instead have to rely on product liability law, which requires proof linking lead paint in a given home to a specific manufacturer. Noneconomic damages, including punitive damages, will be capped at $5,000 a consumer, instead of being unlimited.

Mr. Taft said that provision prevented him from signing the bill because the cap was too low.

Bill Would Permanently Bar Drilling In Alaskan Refuge (AP)

AP, January 5, 2007

WASHINGTON (AP) -- Opponents of oil drilling in an Alaskan wildlife refuge are going on the offense after playing defense for a quarter of a century. They want the new Democratic Congress to make an oft-challenged drilling ban permanent.

Legislation introduced in the House on Friday would make the oil-rich 1.2 million-acre coastal strip of the Arctic National Wildlife Refuge a permanently protected wilderness and end repeated efforts to open the area east of the Prudhoe oil field to energy companies.

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"The consensus is that there should not be drilling in the refuge, so the logical next step is to pass legislation which turns it into a wilderness," Rep. Edward Markey, chief sponsor of the legislation, said in an interview.

The Massachusetts Democrat has introduced similar legislation in each of the last three congressional sessions. However, the House has approved drilling in the refuge a half dozen times, only to see the effort die in the Senate were supporters couldn't muster the 60 votes to overcome a likely filibuster.

This time, with Democrats in the majority and a number of moderate Republicans on record as opposed to drilling, Markey believe he has a good chance in the House to go one step farther and declare the refuge permanently off-limits to oil development.

A co-sponsor of the bill is Rep. Jim Ramstad, a Minnesota Republican.

Cindy Shogan, executive director of the Alaska Wilderness League, also says this time is different.

"What's changed is we won't have those daily assaults" from pro-drilling forces, she said. "We are definitely on the offense."

Environmentalists said they plan to mobilize the same people that have fought drilling proposals in past years behind the Markey-Ramstad legislation.

Two years ago, when Republicans expanded their majorities in both the House and Senate, the likelihood of opening the refuge to oil development gained new momentum. It already had been a top energy priority of President Bush since 2001.

"Many people had written the obituary for the refuge," said Melinda Pierce, legislative director of the Sierra Club. But a concerted push by pro-drilling forces fell short.

Now Markey believes the momentum is going the other way.

"We now have a majority of House members that have publicly said they oppose any drilling in the refuge. In the previous Congress we were battling the Republicans in the majority who wanted to drill."

Environmentalist know that in the Senate they will need 60 votes to get the wilderness designation, with the filibuster threat coming from Republicans this time. Sen. Ted Stevens, an Alaska Republican who has battled to open the refuge to oil drilling for a quarter century, has not given up.

The coastal strip of ANWR, as the refuge is commonly referred to, is believed to contain 10.5 billion barrels of oil, approaching the size of the Prudhoe Bay field to the west. At peak production the refuge could supply 1 million barrels a day by 2025, according to the Interior Department.

On the other hand, to environmentalists and conservationists the refuge's coastal strip represents the ultimate wild place to be protected. They compare it to the Serengeti in Africa because of the wildlife that abound: polar bears, musk oxen, caribou and millions of migratory birds that fly there as part of their annual migration.

Drilling proponents argue that modern technology can limit the footprint on the coastal tundra and develop the oil without disturbing the wildlife.

Bush, who called for opening the refuge during his 2000 presidential campaign, repeatedly has said its environment can be protected alongside oil rigs. He views the refuge's oil as essential to lessening America's dependence on foreign energy sources.

Markey disagrees.

"Our addiction to oil is real [but] drilling in the refuge would amount to a declaration that we remain in denial about this addiction," he said.

"There are some places in our world that are so rare and so special, that we have a responsibility to protect them."

Drill Ban Sought For Alaskan Park (BBC)

By David Willis

BBC.com, January 6, 2007

Legislation has been tabled in the United States aimed at making a ban on oil drilling at a wildlife refuge in Alaska permanent.

Wildlife campaigners are hoping the new Democrat-led Congress will adopt such a move, which has been rejected on several occasions in the past.

The legislation would make about 500,000 hectares of land along the Alaskan coast a protected wilderness.

It is rich in wildlife but also has more than 10bn barrels of oil.

Political shift

To many environmentalists the area represents probably the ultimate wild place in need of protection.

It has been compared to the Serengeti nature reserve in Africa because of its abundance of wildlife - polar bears, oxen, caribou and millions of migratory birds.

But it is also thought the area could supply up to one million barrels of oil a day at peak production.

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US President George W Bush has said repeatedly that he believes it is possible to protect the environment while still allowing drilling to take place.

He believes the area is essential for lessening US dependence on foreign energy sources.

Outlawing drilling in the area has been tried in the past without success.

But with Democrats now in the majority in the US Congress and a number of moderate Republicans on record as supporting the move, chief sponsor of the legislation, Representative Edward Markey, believes he stands a good chance of success.

DuPont Drops Plan For Nerve Gas Wastewater (NYT)

By Richard G. Jones

The New York Times, January 6, 2007

TRENTON, Jan. 5 — Bringing an abrupt end to a three-year fight between environmentalists and federal officials, the DuPont Company announced on Friday that it would not participate in an Army plan to dispose of wastewater from neutralized VX nerve gas by dumping it into the Delaware River.

The decision was a victory for environmentalists who questioned how placing wastewater from the neutralized form of the deadly nerve agent would affect the river. Created for use by the military, VX is considered one of the world's most toxic chemicals. Exposure to its active form can kill within minutes.

The Army plan involved bringing VX wastewater from a chemical treatment center in Newport, Ind., to a DuPont plant in Deepwater, N.J.

But, citing what was expected to be a long and contentious approval process by state environmental regulators, officials at E. I. du Pont de Nemours & Company said they would not take part in the effort.

"During our three-year evaluation of the Newport proposal, it has become increasingly clear to us that the approval process will be lengthy and arduous," Nicholas C. Fanandakis, a vice president and general manager at DuPont, said in a statement. "Therefore, we believe it is in the best interests of New Jersey and DuPont not to proceed."

The decision was hailed by elected officials and environmentalists on both sides of the Delaware, including Gov. Jon S. Corzine of New Jersey, who had questioned the plan in 2004 while he was a member of the United States Senate.

"It's now official," Mr. Corzine said in a statement. "VX will never be dumped in the Delaware River or any other New Jersey waterway. This is a decisive victory for the people of New Jersey. VX nerve agent is one of the world's most deadly chemical compounds, and dumping it in a river never made any sense."

Mr. Corzine credited the state's Congressional delegation, including Representative Robert E. Andrews, with helping to bring about the company's decision.

Mr. Andrews said that he and other members of the delegation had recently commissioned a report by the federal Government Accountability Office, to be released this month, to examine the soundness of the Army's proposal.

"I believe that forthcoming report played a role in DuPont's very commendable decision," Mr. Andrews said in a telephone interview.

Mr. Fanandakis said that DuPont abandoned the project despite endorsements for it by the federal Centers for Disease Control and Prevention and the Environmental Protection Agency.

A spokesman for the Army's chemical materials agency said that it would continue to review other options for disposing of the neutralized VX gas.

Mickey Morales, an Army spokesman, said in a statement that although federal officials were disappointed, they appreciated DuPont's work "in this effort to rid our nation of the threat associated with continued storage of these obsolete chemical weapons."

DuPont and the Army had been working together for the last few years on the plan to dispose of the waste. Because DuPont had not formally agreed to take on the project, the two sides had not entered into a contract, and no money related to the disposal of the waste was lost because of DuPont's decision.

The plan under consideration would have shipped waste from the Army's Newport Chemical Depot in Indiana to the DuPont plant, near the Delaware Memorial Bridge in South Jersey.

Workers at the depot neutralize the nerve gas in a process that includes mixing it with hot water and sodium hydroxide to form a nonlethal, but still caustic, material known as hydrolysate. Some compare its potency to that of household cleaning products.

The Army plan called for DuPont to remove any remaining harmful chemicals from the hydrolysate before dumping it into the Delaware. Mr. Morales said that the Army had neutralized little more than a third of its total stockpile of 1,269 tons of VX gas, and that the depot in Indiana was equipped to handle all of the hydrolysate wastewater expected to be produced.

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Environmentalists had received assurances that the water would not be harmful to the Delaware, but continued to question the Army plan. Late last month, a coalition of environmental groups from Pennsylvania, New Jersey, Delaware and Kentucky filed suit against the Army.

On Friday, environmentalists in New Jersey and Pennsylvania welcomed the DuPont decision.

"This is a great day for the river and the people of New Jersey, Delaware and the states that the nerve agent waste would have been trucked through," said Maya van Rossum of the Delaware Riverkeeper Network, a plaintiff in the suit. "This is the right decision by DuPont."

Jeff Tittel, executive director of the New Jersey chapter of the Sierra Club, said: "They had a lot of nerve to dump on New Jersey. I'm glad they realized this was a bad idea."

Mercury "Hot Spots" Identified In U.S. And Canada (WP)

By Juliet Eilperin, Washington Post Staff Writer

The Washington Post, January 6, 2007

Two newly published scientific reports suggest that mercury contamination has created at least five "hot spots" in New England and Canada, places where the neurotoxin has accumulated in fish and wildlife to such an extent that it could harm human health and local ecosystems.

The 11 scientists, who work at institutions including Syracuse University and Vermont's Department of Environmental Conservation, analyzed how mercury has accumulated in two indicator species in the northern United States and southern Canada. In both cases, they were able to identify several regions where mercury in yellow perch and common loons was above acceptable levels.

David C. Evans, who heads a Maine-based nonprofit group called the BioDiversity Research Institute and is one of the papers' lead authors, said the study shows that some areas of the country are more susceptible to mercury pollution than others.

"You need to look at the fish and wildlife to understand what areas are problematic," Evans said. "A coal-burning plant in a wetland area would have far greater impact on human health and wildlife than a coal-burning plant in a dry, grassy area."

Taken together, the two papers, published in this month's edition of the peer-reviewed journal BioScience, represent the most comprehensive ecological analysis of mercury accumulation ever conducted in the United States. They are significant because the Environmental Protection Agency has created a system requiring electric utilities to cut their mercury emissions 70 percent by 2025 but allowing power plants to trade pollution credits in reaching that target.

Under the Clean Air Mercury Rule, power plants in some regions may emit more mercury than others, which has prompted some to question whether the new system will result in mercury hot spots across the country.

One EPA official, who spoke on the condition that he not to be identified because of agency rules, said the two papers raise questions about the system, which will begin to take effect in 2010. In the 2005 federal notice announcing the rule, the agency wrote that it would "evaluate and take appropriate action" if more information emerged about mercury hot spots.

"There's a growing body of evidence that there are places where mercury deposition is a serious problem," the official said. "This is something that needs to be looked at very carefully before putting in a cap-and-trade system."

But EPA spokeswoman Jessica Emond said the agency remains committed to the rule.

"U.S. mercury air emissions have dropped by 45 percent since 1990," Emond said. "Under the Bush administration, the U.S. is the first nation in the world to regulate mercury emissions from coal-fired power plants."

Scott Segal, a lobbyist who represents electric utilities, noted that when the nation adopted a cap-and-trade system for sulfur dioxide, the largest polluters cleaned up fastest.

"Nothing in the report establishes a basis for changing course away from trading systems for mercury control like the one found in the Clean Air Mercury Rule," Segal said. "A well-designed cap-and-trade program remains the most appropriate response to dealing with mercury emissions from power plants."

But the researchers said their findings suggest that local and regional emissions can have a serious impact on local wildlife and human health. They identified five regions as "biological mercury hot spots," including New York's Adirondack Mountains, the Merrimack River in Massachusetts and New Hampshire, Maine's Androscoggin and Kennebec rivers, and central Nova Scotia.

The Senate's Task On Warming (NYT)

The New York Times, January 6, 2007

Here are a few bulletins from planet Earth:

Dec. 12 — Exhaustive computer simulations carried out at the National Center for Atmospheric Research in Boulder, Colo., suggest that the Arctic Ocean will be mostly open water in the summer of 2040 — several decades earlier than expected.

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Scientists attribute the loss of summer ice largely to the buildup of carbon dioxide and other man-made greenhouse gases in the atmosphere.

Dec. 14 — Experts at NASA's Goddard Institute predict that 2006 will be the fifth-warmest year since modern record-keeping began, continuing a decades-long global warming trend caused, again, by the buildup of man-made carbon dioxide.

Dec. 27 — The Interior Department proposes adding polar bears to the list of threatened species because of the accelerating loss of the Arctic ice that is the bears' habitat. The department does not take a position on why the ice is melting, but studies supporting the proposed listing identify greenhouse gases as the main culprit, adding that if left unchecked these gases will create ice-free Arctic summers in three decades.

But we knew that.

One can only assume that the Senate's new Democratic leadership is paying attention. California's Barbara Boxer is the new chairwoman of the Senate Environment and Public Works Committee, replacing James Inhofe, the Oklahoma Republican who regards global warming as an elaborate hoax drummed up by environmentalists and scientists in search of money. Ms. Boxer has already scheduled hearings, and there will be no shortage of legislative remedies to consider. All share one objective, which is to attach a cost to carbon dioxide through a cap on emissions.

The underlying logic is that if people and industries are made to pay for the privilege of pumping these gases into the atmosphere, they will inevitably be driven to developer cleaner fuels, cleaner cars and cleaner factories.

This is the path most developed countries have chosen. Europe has imposed caps on industrial emissions, and European companies have begun investing in new technologies and cleaner factories in places like China, partly as a way to meet their own obligations to cut emissions and partly as a way to lead China to a greener future.

These hearings need to be conducted in a thoughtful manner. There has been enough noise, from the Inhofe right and from the doomsayers who see each hurricane as a sign the apocalypse is upon us. But it is also important that Ms. Boxer and her colleagues not lose sight of a fundamental reality: Saturating the atmosphere with greenhouse gases is loading the dice in a dangerous game.

The Navy's War On Whales (LAT)

By Jean-Michel Cousteau, Michael Jasny

The Los Angeles Times, January 6, 2007

The Navy should be required to minimize whale deaths when testing sonar equipment, which can wreak havoc on marine life.

LAST JULY, with ships off Hawaii poised to begin one of the Navy's largest training exercises, a federal judge in Los Angeles temporarily halted use of a dangerous type of military sonar — called midfrequency active sonar, or MFA sonar, used to detect submarines — that has been linked to mass strandings and deaths of whales around the world. The Navy was allowed to proceed with its exercises only when it agreed to take significant, common-sense measures to protect whales and other marine species, such as staying away from the newly designated Northwestern Hawaiian Islands Marine National Monument. This outcome showed that the Navy can, if ordered to do so, achieve its training objectives while making strides to protect the marine environment.

Yet now, in training exercises planned for California's coastal waters, the Navy is proposing to abandon its commitment to safeguard whales and their habitat from high-intensity sonar. It has submitted an application to the California Coastal Commission to conduct two years of intensive MFA sonar training off Southern California without committing to measures that effectively protect the state's rich marine life. The commission is scheduled to make a final decision next week. The proposed training would take place in some of the most diverse and biologically rich waters off the continental United States — waters that host blue whales, humpbacks, gray whales, dolphins, porpoises and other sensitive and iconic California species.

That MFA sonar can cause serious injury and death to whales is beyond reasonable scientific dispute. Sonar has been associated with mass strandings off Hawaii, Alaska, the Bahamas, the Virgin Islands, Japan and numerous other sites. In 2004, at a symposium by the International Whaling Commission, more than 100 whale biologists reported that the association between sonar and whale deaths "is very convincing and appears overwhelming." The same year, an expert panel commissioned by the Navy reached the same conclusion.

Despite the proven dangers, the Navy persists in thinking that sonar training doesn't pose a significant threat to the environment, and so objects to adequate precautions. The Navy asked the commission in effect to rubber-stamp its application without any real information about steps it will or won't take to protect marine life.

The Navy should not be permitted to conduct, and the commission must not approve, dangerous sonar training without assurances that the Navy will take meaningful steps to protect whales and other marine life.

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Such steps include avoiding key whale habitats, such as the Channel Islands National Marine Sanctuary; turning off sonar if whales get too close; limiting training in low-visibility conditions, in which whales cannot be detected; and taking other common-sense measures to minimize the risk of more whale deaths. The Coastal Commission has the power to make these demands. Indeed, in a 40-page report issued last week, the commission's staff recommended such measures.

The Coastal Commission was created 35 years ago by a vote of the people to act as the state's independent voice for the conservation and management of our greatest economic and environmental resource — our coast and coastal waters. When the Navy requests permission to train in our coastal waters, it cannot reasonably refuse to protect those waters and the marine life that thrives there. The commission must insist that it do so.

JEAN-MICHEL COUSTEAU is founder and president of Ocean Futures Society in Santa Barbara. MICHAEL JASNY is a senior policy analyst with the Natural Resources Defense Council in Los Angeles.

FBI/DEA/ATF/USMS:

New Agent Named To Lead FBI's Miss. Operations (BSH)

Biloxi Sun Herald, January 6, 2007

JACKSON, Miss. - Frederick T. Brink has been appointed the special agent in charge of the FBI in Mississippi, the federal law enforcement agency announced Friday.

FBI Director Robert S. Mueller III said Brink replaces John G. Raucci, who left Friday for a position at the agency's headquarters in Washington.

Raucci had led the FBI's Jackson division since July 18, 2005.

Brink joined the FBI in 1985. Before that he was a military instructor and a shipboard surface warfare officer with the Naval Academy, which he graduated from in 1978.

His field office assignments have been in Tampa, Honolulu and Hawaii.

Brink has also served at the FBI's Operational Technology Division, located at Quantico, Va., and overseas at the U.S Embassy in Riyadh, Saudi Arabia.

In June 2005, Brink was promoted by Mueller to special agent in charge of the FBI's Special Operations Division in New York.

He comes to Mississippi from that post.

There are nine resident offices of the FBI in Mississippi.

Brink To Become New FBI Chief In Miss. (JCL)

Jackson Clarion-Ledger, January 6, 2007

Fred Brink, a graduate of the U.S. Naval Academy and 21-year FBI veteran, today was named the new special agent in charge of the FBI's Jackson Division.

Brink is coming to Mississippi from his post as special agent in charge of the FBI's special operations division in New York.

He succeeds John G. Raucci, who will move to FBI headquarters in Washington, D.C. next week as assistant director of the agency's human resources division. There are 34,500 FBI employees and "we still turn away thousands every year,'' Raucci said.

In his first assignment in the South, Raucci said there was excellent cooperation between the FBI and state and local law enforcement agencies throughout Mississippi.

Stephen F. Gomez will serve as acting special agent in charge for a few weeks, said FBI spokesman Jason Pack. Gomez has worked in the FBI's Jackson office.

Overseeing FBI operations in Mississippi, Raucci served in the Jackson office since July 18, 2005.

Mississippi's FBI chief oversees nine offices statewide.

Former FBI Top Agent Gets Prison Sentence (ELPT)

By Louie Gilot, El Paso Times

El Paso Times, January 6, 2007

Former FBI special agent in charge Hardrick Crawford was sentenced Friday to six months in prison, making him probably the first person of his rank to do hard time.

At the sentencing hearing, U.S. District Judge Philip Martinez said that he liked Crawford, and that seeing the government man in court had been "painful."

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But Martinez opted for a sentence at the high end of the sentencing guideline. He could have decided on probation.

"This is a sad day. It's a sad day for your family. It's a sad day for me," Martinez said.

Crawford was convicted in August of making false statements regarding gifts he received in an Office of Government Ethics Public Financial Disclosure Report submitted to the FBI.

Crawford was also found guilty of concealing material facts from the FBI about his friendship with Jose Maria Guardia, a Juárez racetrack owner.

He was acquitted of three charges, including that he made false statements to investigators looking into the friendship.

Crawford will remain free on bond until 2 p.m. March 5, when

Advertisement

he is must surrender and start his prison sentence. Crawford did not want to comment after the sentencing and has not decided whether to appeal, said his lawyer, Mary Stillinger.

FBI officials said they did not recall any other special agent in charge of the FBI who was sent to prison. Retired and active FBI agents from around the country followed the sentencing outcome online. Agents even wrote some of the 70 letters submitted to Judge Martinez in Crawford's behalf.

One letter writer was former city Rep. Dusty Rhodes, who said Friday's sentence was "harsh and unnecessary."

"He's suffered enough. His career is ruined. He's broke. What else can you do to him?" Rhodes said.

Many retired law enforcement officers enjoy a second career as security consultants, a path that is now closed for Crawford, as Martinez pointed out during the hearing.

Crawford, who was the special agent in charge of the El Paso FBI office from July 2001 to November 2003, met Guardia in 2002, when Guardia was a FBI informant for a short time.

The two became as close as brothers, according to trial testimony. At one point during their friendship, Crawford vouched for Guardia's character at a news conference in Juárez after Guardia was accused of having ties to drug trafficking and money laundering.

Crawford's involvement drew the ire of Mexican officials, who saw it as meddling and triggered the U.S. investigation that led to the prosecution.

Prosecutors also accused Crawford of improperly accepting gifts from Guardia, such as a job for Crawford's wife, a membership at the Coronado Country Club and three family trips to Las Vegas.

During his trial, Crawford sought to show that he was manipulated by Guardia but that he did nothing illegal or unethical.

Friday, he addressed the court.

"I stand tall before you this morning, ... proud of my U.S. Army service, proud of my Beachwood, Ohio, (police) service and proud of my FBI service. However, I believe my love for my wife and my friendship clouded my judgment and made me vulnerable," he said.

When Martinez asked him to name something he had done wrong, Crawford said he should have "micromanaged" his wife's employment with Guardia. Crawford's wife, Linda Crawford, burst into tears during her husband's statement.

Martinez said that he had problems with some aspects of the case, including Crawford's statements that he had never heard any negative information about Guardia even though he had been briefed by some of his agents about suspicions surrounding the Mexican businessman.

Martinez also said that Crawford had been selective with information when interviewed by investigators, that he had been confusing about whether the Juárez news conference had been planned and that it wasn't clear how he supposedly repaid Guardia for the Vegas trips.

Martinez also sentenced Crawford to three years of supervised release, a $10,000 fine and 200 hours of community service.

The El Paso FBI office reacted to the sentencing of a popular boss with sadness and resignation Friday.

"We respect the federal justice system, which we in the FBI have sworn to uphold," spokeswoman Andrea Simmons said. "While we are saddened by this entire situation, we believe that justice was served."

Assistant U.S. Attorney James Blankinship said investigators did their job as if Crawford were any low-level employee, such as letter carriers or prison guards who "get in a bad situation and lie about it."

Where Crawford will serve his time had not been decided Friday. For his safety, he would not have to stay in the area where he worked, a standard rule for imprisoning former law enforcement officers.

Louie Gilot may be reached at lgilot@elpasotimes.com, 546-6131.

Former El Paso FBI Chief Sentenced To 6 Months In Prison (DMN/AP)

Associated Press

The Dallas Morning News, January 6, 2007

EL PASO – The former head of the FBI's El Paso bureau was sentenced Friday to six months in federal prison for lying to investigators about his relationship with a Mexican race track owner.

Hardrick Crawford Jr. was convicted last year of concealing information about his association with Jose Maria Guardia and of making false statements on federal financial disclosure reports about gifts he received from Guardia.

He was sentenced to six months on each count by U.S. District Judge Philip R. Martinez and will serve the terms concurrently. He also was ordered to serve three years of supervised release and fined $10,000.

Crawford, who left his job in 2003, was acquitted of three charges of lying to investigators. He faced up to five years in prison and a $250,000 fine.

Drug Agents Mishandled Seized Cash, Audit Finds (DCEX)

By Bill Myers, The Examiner

DC Examiner, January 6, 2007

WASHINGTON - Drug Enforcement Administration agents routinely disregarded agency rules on the handling of seized cash, jeopardizing hundreds of millions of dollars taken in drug raids, a Justice Department review found.

In an audit published Friday, Justice Department Inspector General Glenn A. Fine examined thousands of seizures between October 2003 and November 2005.

Fine's report states that drug agents rarely counted the cash they took, often didn't provide receipts for seized money, rarely recorded the seizures in agency ledgers and often didn't ask their colleagues to witness their counting and handling of the money.

DEA agents recorded more than 16,000 seizures for nearly $616 million in the period surveyed, the report states.

"Cash seized by the DEA is at risk because of the DEA's failure to consistently implement and document controls over the seized cash," Fine's

spokeswoman, Cynthia Schnedar, said in an e-mail to The Examiner.

The lack of internal controls over the seized cash leads to accusations of theft by the agents, the report states.

The DEA opened internal investigations of 33 agents between 2003 and 2005, Fine's report states. In 11 of those cases, the agents didn't follow agency guidelines on handling, processing or disposing of the evidence, the report states.

"DEA takes the OIG recommendations seriously and is taking prompt actions to address them," agency spokesman Steven Robertson said.

Anyone with information on the DEA or the Justice Department's Inspector General can call 202-459-4956.

bmyers@dcexaminer.com

Federal Agencies To Help Fight Violence (FLSUNSEN)

By Jerome Burdi, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 6, 2007

The upsurge in gang violence in Palm Beach County is like a nightmare from 15 years ago when drive-by shootings were commonplace, officials said.

So the county Violent Crimes Task Force has turned to the same remedy it did in the 1990s: Federal prosecution, Sheriff Ric Bradshaw said Friday.

Local law enforcement and federal agencies -- including the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Drug Enforcement Administration -- have joined forces because criminals are more likely to do time and more of it under federal guidelines, Bradshaw said.

"You always try to bring state and federal law enforcement together and use whatever advantages are available," said Dale Armstrong, ATF resident agent in charge in West Palm Beach.

Working with federal agencies is nothing new for local departments, but since the county task force was re-formed in April, its focus has been on gangs, Bradshaw said.

"We're confident we're going to make an impact," he said.

The New Year started off with bullets and blood, the same way 2006 ended.

On Christmas Eve, a simmering battle between rival gangs left one man shot to death in the Boynton Beach Mall. On New Year's Day gunmen drove down a residential street in Riviera Beach, fired at least 37 shots and killed an 8-month-old baby strapped in a car safety seat.

On Wednesday night, a deaf man was killed in a spray of bullets in Belle Glade. His back turned to the masked gunmen, Ziatavian Griffin, 22, didn't hear everyone on the busy street scatter. Investigators said he might not have been the target.

Bradshaw said that law enforcement will take a more proactive approach to identify gang members and prevent crime, that the federal system can impose stiffer jail sentences and fines and that witnesses are protected from defendants until trial. This prevents witness tampering, one of the most common tactics used by suspected gang members to derail cases against them, he said.

"These people have no regard for life," Bradshaw said.

Anonymity helps, said Riviera Beach Assistant Chief David Harris. Harris led the task force in 1991 for about nine months, making over 300 cases against suspected gang members; about 60 were drive-by shooting cases, he said. All but one shooting case ended in conviction, he said.

"The drive-bys just stopped," Harris said. "It was the federal intervention that prosecuted these guys and kept them in jail."

Once people in the community took notice that criminals were staying in jail, witnesses started coming forward, he said. Three months into the collaborative effort one woman brought him six high-powered guns, Harris said.

"`I was afraid my boyfriend was going to kill me. Now I know he's going to jail so here's the weapons,'" he recalled her saying.

Anyone with information on gang activity should call Crime Stoppers at 800-458-8477.

FBI Seeks Information On Device At Church Advocate Westside Bureau (BRADV)

Baton Rouge Advocate, January 6, 2007

The FBI is offering a reward of up to $5,000 for information leading to the arrest and indictment of those responsible for placing an explosive device at Erwinville Baptist Church.

The device was discovered outside the church at 5:19 p.m. New Year's Eve.

The West Baton Rouge Sheriff's Office was notified, and deputies called the State Police Hazardous Materials Unit.

Deputies closed off La. 413 and the State Police team detonated the device about 9 p.m.

FBI crime scene investigators went to the location Monday to collect possible evidence, West Baton Rouge Parish Sheriff Mike Cazes said.

Debris from the detonated device, described as a pipe bomb, was sent to the FBI Crime Lab at Quantico, Va.

Jim Bernazzani, special agent in charge of the FBI's New Orleans Division, asked that anyone with information about the incident call the Baton Rouge office of the FBI at (225) 291-5159.

IMMIGRATION:

Troops Flee From Border Outpost (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 6, 2007

Armed men overran a National Guard observation post along the U.S.-Mexico border in Arizona this week, forcing the soldiers to retreat and prompting an investigation by the U.S. Border Patrol that has focused on the intruders' identity.

No shots were exchanged and no one was injured in the incident, which occurred shortly after 11 p.m. on Wednesday. The National Guard troops were members of an entry-identification team, assigned to monitor major illegal-alien and drug-smuggling corridors.

After forcing the soldiers to flee, the unidentified men retreated into Mexico.

National Guard Sgt. Edward Balaban said the troops did not know how many men were involved in the attack "because obviously it took place in the dark." He said National Guard officials are investigating the incident and will determine shortly whether to change any procedures for troops at the border.

The Border Patrol probe has focused on determining who the armed men were, what they were doing and why they approached the observation post, which is located near Sasabe, Ariz., in one of this country's major alien and drug-smuggling corridors. The outpost sits on a hillside overlooking the border and is covered by a tent and camouflage netting.

Several Border Patrol agents in the area told The Washington Times yesterday the armed men might have been trying to find out what the Guard troops would do if they were confronted by drug or alien smugglers. They said the increased presence of troops and additional Border Patrol agents in recent months had frustrated many of the area's drug and alien smugglers.

"I guess they got their answer," said one veteran agent. "When in doubt, the troops will run."

Earlier this year, several Border Patrol agents said they had been assigned to guard National Guard personnel, given standing orders to be within five minutes of the troops deployed along the border. The agents, who referred to the assignment as

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"the nanny patrol," said most of the Guard troops are not allowed to carry loaded weapons, despite a significant increase in violence directed at Border Patrol agents during the past year.

Border Patrol Chief David V. Aguilar disputed the assertions, saying only that "a small percentage" of his agents were working as "force protection" for the Guard members. He said those agents also were performing their traditional border-enforcement functions.

National Guard troops taking part in Operation Jump Start are not empowered to get involved in law-enforcement duties. They cannot detain, arrest or interdict anyone or anything coming across the border -- only report them to the Border Patrol.

The Sasabe area has been the busiest in the Tucson, Ariz., Border Patrol sector for marijuana seizures. Agents have seized 124,000 pounds of the drug there since Oct. 1, said Rob Daniels, spokesman for the Border Patrol's Tucson Sector.

"We don't know if this was a matter of somebody coming up accidentally on the individuals, coming up intentionally on the individuals, or some sort of a diversion," Mr. Daniels said, adding that the increased presence of Guard and Border Patrol personnel had made it more difficult to smuggle drugs and people and "that heightened frustration may have been connected to what took place."

About a third of the 6,000 National Guard troops now deployed along the 1,951-mile U.S.-Mexico border as part of President Bush's $760 million "Operation Jump Start" are assigned to entry-identification teams. They have been deployed from California to Texas to upgrade border security and give the Border Patrol time to recruit, hire and train 6,000 new agents by the end of 2008.

Minuteman Civil Defense Corps President Chris Simcox, whose volunteers have staked out the Sasabe area for the past two years, said MCDC will increase its activity today with dozens of members expected to stand alongside Guard troops.

"I am not at all shocked by this incursion; our president and federal government have sent these lawbreakers a message of immunity if caught and a helping hand to accomplish their criminal goals," he said. "Our nation is being overrun by the influx of illegal aliens as well as drug cartels that show no signs of fear in crossing our border."

Chief Aguilar has called the troops "a vital asset in the effort to protect America from future terrorist attacks and mitigate illegal border incursions." In addition to providing border security, the troops are building roads and fences, adding cameras and sensors, conducting aerial reconnaissance, providing medical aid and communications support, and assisting at highway checkpoints.

Hockey-Coach Quota (WSJ)

The Wall Street Journal, January 6, 2007

The University of Alaska Anchorage Seawolves hockey team is on a roll, and interim coach Dave Shyiak is a top candidate for coach of the year in the Western Collegiate Hockey Association.

But the team has a big problem. Mr. Shyiak was born in Canada and is working as a so-called temporary H1-B professional worker. His visa is expiring and U.S. immigration officials fret that this foreigner may be taking a job from an American citizen. So the university must comply with rules that require it to verify that there is no American worker who is "able, willing, qualified, and available to accept the job at the prevailing wage for that occupation." The university is taking out newspaper ads for the hockey team's head-coach position and hoping no one applies.

"He's a very, very good coach," athletic director Steve Cobb tells us. "He's worked hard, paid his taxes, and done everything he's supposed to do. The system doesn't make sense." No kidding. What's next? Deporting superstars Dirk Nowitzki (Germany) and Steve Nash (Canada) from the NBA?

We have here a microcosm of the lunacy of America's immigration laws, and industries a lot more vital to America's economy than sports are harmed. Nearly one-third of science and engineering Ph.D.s working in places like Silicon Valley are the top minds from foreign nations, according to a study from the National Bureau of Economic Research. Many are also here on H1-B visas. Companies are required to spend tens of thousands of dollars in legal fees, advertising expenses and long delays to secure visas for the talented people they need. And the demand for these specialty visas is two to three times higher than the 65,000 per year allotted by Congress.

This is all supposed to protect jobs for Americans, but these immigrants are job creators. A new study from the University of California Berkeley found that in 2005 talented immigrants helped start businesses, mostly in high-tech, with sales of nearly $50 billion a year and tens of thousands of new jobs. The study concludes: "Immigrants have become a driving force in the creation of new businesses and intellectual property in the U.S."

Scott McNealy, Chairman of Sun Microsystems, recently implored Congress to raise H1-B visa numbers, noting that two of Sun's co-founders were immigrants who have created tens of thousands of jobs. "Why would you have an arbitrary number of smart people?" he asks. A lot of hockey fans in Anchorage are asking the same question.

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CONGRESS-ADMINISTRATION:

House Tightens Disclosure Rules For Pet Projects (NYT)

By David D. Kirkpatrick

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — The House voted on Friday to pull the shadowy tradition of Congressional earmarking into the daylight, requiring lawmakers to attach their names to the pet items they slip into spending or tax bills and certify that they have no financial interest in the provisions.

More than any of several ethics rules adopted by the House this week, the earmark measure could prevent the kind of corruption that led to several big scandals in recent years, including former Representative Randy Cunningham's sale of earmarks to government contractors for cash, gifts and campaign contributions.

The cost of earmarks has tripled in the last 12 years, to more than $64 billion annually. Some lawmakers treated their share of that money as personal accounts to dole out to constituents or, in many cases, campaign contributors.

In what lawmakers of both parties called a recognition of the backlash against such corruption in the November elections, the earmark rule the Democrats passed extends far beyond the proposal they introduced last spring and campaigned on in the fall. That proposal applied only to earmarks that are typically already well publicized.

It also goes further than a measure the Republicans passed just weeks before the November election. As in other efforts to change the earmarking process, the Republican leaders foundered against the opposition of the powerful Appropriations Committee, which doles out earmarks as it writes spending bills.

The vote on the new earmark measure was linked to a rule known as "pay as you go" that would prohibit the House from increasing the deficit by passing any new tax cuts or entitlement spending programs without offsetting them with spending cuts or tax increases.

Republicans denounced the "pay as you go" rule as an excuse for Democrats to increase taxes. "I call it the Flip Wilson rule," said Representative Mike Pence, Republican of Indiana, referring to the comedian whose signature line was, "The devil made me do it."

Still, the changes were approved by a vote of 280 to 152, with 48 Republicans joining all 232 Democrats.

On the subject of earmarks, Mr. Pence and several other Republicans commended the Democrats as heeding the message the voters sent at the polls. "We went through an election where voters were rightfully outraged" by the practice of earmarking, said Representative Paul D. Ryan, Republican of Wisconsin.

In a signal that they, too, had heard the message, the Republican minority incorporated the same changes into the token alternative they proposed before the Democratic majority passed the new House rules.

"I'm pleased that Democrat leaders agree with Republicans that earmark reform is a critical issue," Representative John A. Boehner of Ohio, the Republican leader, said.

Even as the Democrats were passing the strict new disclosure rules, however, at least one influential chairman suggested that he was less than fully committed to the full breadth of their application.

The rules would require lawmakers to disclose their sponsorship of not only spending earmarks but also narrowly focused tax or tariff reductions affecting fewer than 10 companies or people — something the tax-writing Ways and Means Committee had resisted just as the Appropriations Committee had for spending provisions.

After the vote on Friday on the new rule, Representative Charles B. Rangel, Democrat of New York, the new Ways and Means Committee chairman, suggested that such resistance had not disappeared.

"You have to assume that everything we have done is subject to a revisit," Mr. Rangel said. "We support the speaker and her drive to get things done within 100 hours," he said, referring to Speaker Nancy Pelosi. But, he added, "These things are not locked in cement."

Mr. Rangel and other Democrats also acknowledged that the adoption of the pay-as-you-go rules would force tough choices when it came to delivering on campaign promises like new education subsidies, some of which would fall under the rules.

In particular, the rules will make it more difficult to repair the alternative minimum tax, which, thanks to inflation, penalizes millions of middle-class households as well as its original targets, the rich. Repairing the tax is estimated to cost as much as $1 trillion in lost revenue over 10 years.

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Mr. Rangel said he was determined to find $1 trillion of tax revenue elsewhere to pay for the repair, as much as possible by eliminating outdated tax loopholes. “You have to throw it right in the middle of the tax code and say, ‘We are removing this,’ and then you have to find the money,” he said.

In a meeting with reporters, Representative Steny H. Hoyer of Maryland, the House majority leader, promised that Democrats would cut the number of earmarks in half in the next budget, for the 2008 fiscal year. But several Democrats emphasized that the new rules would not alone reduce the amount of earmarks, but could result in more restraint.

Lawmakers already race to take credit for earmarked projects for their districts. But it has often been impossible for outsiders to learn who sponsored earmarks no one took credit for, and unclaimed earmarks were often the ones that played a role in corruption scandals. The new rules will require disclosure of all earmarks in a bill, as well as their sponsors, their purpose and their costs. The rules will also prohibit party leaders from trading earmarks for members’ votes.

In contrast to the past opposition of appropriations chairmen, Representative David R. Obey, the Wisconsin Democrat who now leads the committee, was a driving force behind the earmark rule, several Democrats involved in the matter said.

Mr. Obey said Friday that over the last 12 years of Republican control the number of earmarks in the labor, health and education spending bill had risen to 3,000, from zero.

“I think that is a gross exaggeration of what our staffs have the ability to review,” he said. “I don’t want a single earmark in any bill that the committee staff cannot review to make certain that the reputation of this House and the reputation of the committee are protected.”

In particular, Mr. Obey added the requirement for lawmakers requesting earmarks to clarify that they had no financial interest in the project, to prevent directing taxpayer money toward projects like the beautification of a relative’s shopping mall.

Although previous rules already prohibited such self-dealing, “when a member has to certify publicly, it focuses the mind,” said Representative Chris Van Hollen, Democrat of Maryland.

The Senate is expected to take up its own earmark rules next week. The initial proposal, based on a bill that passed the Senate last year but not the House, would apply to only a small fraction of earmarks, excluding those directed to military or other federal contracts, as well as those described in legislative reports instead of bill texts. Several lawmakers, however, have said they hope to strengthen the Senate rules, too.

Everybody Will Know If It's Pork (LAT)

By Tom Hamburger, Richard Simon, Times Staff Writers

The Los Angeles Times, January 6, 2007

The House adopts rules requiring lawmakers to disclose their earmarks.

WASHINGTON — Led by its new Democratic majority, the House imposed substantial new restrictions Friday on earmarking, a controversial practice increasingly used by legislators from both parties to slip narrowly tailored spending provisions into bills without public scrutiny.

The new rules will not end earmarks, but will force legislators to disclose their actions publicly and certify they have no financial stake in their earmarks.

The often secret nature of the process contributed to its explosive increase in recent years and led to scandals such as the one that ensnared former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe), who went to jail for accepting bribes from lobbyists seeking earmarks.

The adoption of new rules cracking down on earmarks was remarkable because leaders of both parties climbed to power by making extensive use of the practice, which provided them influence among their peers and leverage in raising funds from lobbyists.

The reform proposal, championed by House Speaker Nancy Pelosi, herself a prodigious author of earmarks, drew praise from conservative Republicans and reform advocates who said they saw the strong measure as a sign that the new Congress may be serious about curbing the excesses of recent years.

"They had the guts to do what we didn't," said Rep. Jeff Flake (R-Ariz.), a critic of taxpayer money going for such things as the National Wild Turkey Federation, cranberry-production conservation and potato research. Many of the most costly and controversial earmarks were put in bills by lawmakers at the request of defense industry lobbyists who donated to their campaigns.

The number of earmarks exploded in the last decade from 1,439 in 1995 to 15,268 last year, according to a Senate estimate. They have been blamed for spawning a troubling culture on Capitol Hill that saw a dramatic rise in the number of lobbyists and some notorious corruption scandals.

Earmarks gained wider notoriety after the $223-million "bridge to nowhere" — connecting Ketchikan, Alaska, to an island with an airport and about 50 inhabitants — was slipped into the 2005 highway bill.

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The ethics measure, which passed the House Friday on a 280-152 vote, requires that earmarks and their authors be clearly identified.

"I salute the House for attacking this problem," said Sen. Tom Coburn (R-Okla.), who has made earmark reform a hallmark of his career. Coburn said he was uncertain whether the Senate would be as rigorous in its earmark rules when it takes up the issue next week.

The Los Angeles Times reported recently that the new Senate Majority Leader, Harry Reid, earmarked funds for a bridge across the Colorado River that could affect the value of undeveloped land Reid owns in the vicinity. The Nevada Democrat has denied any wrongdoing.

The disclosure was one of many in recent months suggesting that lawmakers, including former House Speaker J. Dennis Hastert (R-Ill.), may have profited from their own earmarks. He denied any connection between his earmark for highway construction and the rise in the value of property he owned nearby.

In some other cases, the spending provisions look like rewards for campaign contributors and other supporters. Earmarks played a role in the scandal around lobbyist Jack Abramoff and Cunningham's bribery conviction. They also led to a federal inquiry involving Rep. Jerry Lewis (R-Redlands), the former chairman of the House Appropriations Committee. The congressman has denied any wrongdoing.

The greatest power to earmark lies in the hands of appropriations committee members. Reid and Pelosi are both appropriations veterans and rose in power partly because of their ability to use earmarks as carrots or sticks with junior members of Congress. In addition, it helped them and other congressional leaders lure campaign contributions, which they then distributed to colleagues.

Rep. Chris Van Hollen (D-Md.) was among those who pushed for the new rule. He said Friday that the provision requiring earmark sponsors to certify that neither they nor their spouses would benefit would "curb some of the worst abuses" and ensure that more earmarks go to "public purposes rather than special interests or anyone's personal benefit."

He and Rep. Rahm Emanuel (D-Ill.) had proposed similar legislation a few months ago but their idea was rebuffed — by Republicans and Democrats.

A spokesman for Sen. Robert C. Byrd (D-W.Va.), the chairman of the Senate Appropriations Committee who is famous for bringing projects to his home state, said the senator had no comment on the House action. But Tom Gavin said, "The image of the Congress is in the mud, and Senator Byrd wants to work to pick that image up, clean it off, and restore the integrity to the Congress."

The Senate next week will consider its own ethics measure — one that also would require earmark sponsors to be identified and could include a process to allow senators to try to strip earmarks out of bills.

Byrd and Rep. David R. Obey (D-Wis.), the House Appropriations Committee chairman, intend to ban earmarks from the unfinished 2007 spending bills.

Obey supports the new House rule and said it would "protect the integrity of the institution." But he was not happy when President Bush singled out Congress for criticism earlier this week for the proliferation of earmarks.

"If we are going to talk about earmarks, then let's talk about the guy who does the most earmarking," Obey said during Friday's debate, asserting that the president has favored Republican districts in his budget proposal.

White House Deputy Press Secretary Tony Fratto welcomed the House action but said it fell short of the president's goal of cutting in half the number and cost of earmarks. "To make them transparent is important and should have a chilling effect on new earmarks," he said, "but reducing the overall number of earmarks should be a goal as well."

All of the "no" votes were cast by Republicans, with many saying they supported earmark reform but opposed another provision of the rules requiring that any new tax cuts or spending increases be offset with tax increases or spending cuts to keep the deficit from growing. Many Republicans objected to the potential for tax increases.

Taxpayer watchdog groups praised the action. Citizens Against Government Waste called the measure a "long-overdue improvement that will shine light on the corrupting practice of earmarking."

But group president Tom Schatz cautioned: "Politicians will bend any rule or find any loophole in order to keep or conceal their pork. Taxpayers must keep the heat on Congress for these reform efforts to fully bear fruit."

Coburn, while praising the House action, cautioned that "this is a slippery cat and we are not going to catch it on the first pass."

House Changes Rules On Pork-barrel Projects (CHIT)

By Jill Zuckman, Washington Bureau

Chicago Tribune, January 6, 2007

WASHINGTON -- Bye-bye, bridge to nowhere.

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In one of its first official acts under Democratic control, the House voted 280-152 on Friday to curb the middle-of-the-night, backroom deal-making that resulted in approval of embarrassing—and sometimes illegal—pork barrel projects.

Forty-eight Republicans joined 232 Democrats to require committees to disclose all sponsors of so-called earmarks. The new rules would prohibit lawmakers from trading their votes for special spending projects tacked on to legislation, and it would require members to certify that they have no personal financial stake in their requests.

Democrats said they expect the new rules to end many of the excesses that occurred under the Republican majority. The Senate is expected to consider a similar proposal next week.

During the last session of Congress, former Rep. Randy "Duke" Cunningham (R-Calif.) wound up in prison after using earmarks to steer Pentagon contracts to a defense contractor who had bought Cunningham's home for $700,000 more than market value. Cunningham pleaded guilty to taking more than $2.5 million in bribes.

Sen. Ted Stevens (R-Alaska) and Rep. Don Young (R-Alaska) famously pushed for more than $223 million in federal funds to pay for a bridge to the isolated island of Gravina, population 50—resulting in the derisive moniker "bridge to nowhere." The proposal died after the earmark was exposed.

And Rep. Vernon Ehlers (R-Mich.) earned himself the "Flushing Our Money Down the Toilet Award" from Citizens Against Government Waste. He had set aside $1 million for the Waterfree Urinal Conservation Initiative, instructing the Navy to learn more about water-free urinals, something that could have benefited a company in Ehlers' district.

"When the Republican Congress took over in 1995, throughout the entire federal budget, [there were] 1,400 earmarks," said Rep. Rahm Emanuel (D-Ill.). "At the end of the Republican Congress, there were 13,997 earmarks."

Emanuel, chairman of the Democratic Caucus, said a lobbyist once called earmarks "an ATM for lobbyists." That, he said, would now stop.

"It's not going to be an ATM machine for the special interests anymore, because this Congress, that gavel, is going to open up the people's House, not the auction house," Emanuel said.

Republicans acknowledged Friday that the increase in embarrassing earmarks gave them a bad reputation among voters when it came to fiscal discipline. And some said the earmark abuses by Cunningham and others fed into the notion that Republicans were corrupt.

"This is one of the ways we got into a heap of trouble," said Rep. Ray LaHood (R-Ill.), who noted he was never embarrassed or ashamed of any of the special projects for his district that he attached to legislation.

To be sure, Republicans voted for a somewhat similar proposal at the end of last year in a last-ditch attempt to improve their image with voters. It didn't appear to impress them and it didn't impress such opponents of pork-barrel projects as Rep. Jeff Flake (R-Ariz.).

"Bully for the Democrats," Flake said. "They did what we didn't have the guts to do when it matters."

Flake placed some of the blame for the runaway earmarks with President Bush. The president, he said, could easily instruct federal agencies not to enforce Congress' instructions unless they are placed inside the legislative text, rather than in an accompanying report. If Congress were forced to do that, the earmarks would be exposed and the president could veto the bill.

"Some of us have been begging him to do this for years," Flake said.

Some advocates for reining in federal spending say it's nice to shine a light on some of the silliness that passes for earmarks, but the move will do little to actually save money. Earmarks make up about 1 percent to 2 percent of all federal discretionary dollars spent each year. Where the federal budget faces its biggest challenge is in the runaway growth of entitlement programs, such as Medicare and Social Security.

"The deficit hawk in me doesn't look at it and say, 'Gosh, this is going to save a lot of money,'" said Robert Bixby, executive director of the Concord Coalition, an organization that promotes fiscal responsibility.

House Majority Leader Steny Hoyer (D-Md.) said he hopes the new rules will halve the number of earmarks each year. In part, that may come from the public scrutiny implicit in attaching a name to a project.

But Bixby is skeptical that lawmakers will care.

"That assumes that somebody can be embarrassed," he said. "You go there to go to bat for your constituents and by golly, whatever you're going to bat for is going to sound like the most important thing that ever was."

Steve Ellis, vice president of programs for Taxpayers for Common Sense, agreed, pointing out that "Don Young wasn't bashful about the bridge to nowhere."

In fact, he said, lawmakers may scale back their requests so they aren't on the order of $200 million, the expected cost of the Alaska bridge.

"There may be a whole lot of little bridges to nowhere," said Ellis, whose organization is a bipartisan watchdog group. "You can never underestimate members of Congress' ability to be shameless."

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Indeed, many House members said Friday that the new rules would not stop them from helping their districts with money for a road here or a bicycle path there.

"My constituents pay a lot of tax dollars and they have got to get something back," said Rep. Dennis Kucinich (D-Ohio).

Rep. Luis Gutierrez (D-Ill.) pointed out that after 12 years of being in the minority, he's not really used to getting much in the way of federal assistance to bring back home. But he said he's so happy when he can get something, he wants everyone to know.

Recently, he said, he squeezed out $5 million for the Concordia Child Care Center, which runs child-enrichment programs in Chicago's Roscoe Village neighborhood. And Rep. Jan Schakowsky (D-Ill.) said she's thrilled when she can bring back money to pay for roads or sidewalks or local law enforcement and usually holds a press conference to announce it.

House leaders have imposed a moratorium on earmarks for all fiscal 2007 spending bills. But after that, Schakowsky said she'll be trying to get her fair share.

"I'm still going to be fighting as hard as I can for my district," she said.

House's "Pay-Go" Rule Makes AMT Relief Harder (WSJ)

By Sarah Lueck

The Wall Street Journal, January 6, 2007

WASHINGTON -- The drive in Congress to protect more middle-class Americans from the individual Alternative Minimum Tax just got a whole lot tougher.

The House Friday passed a new "pay-go" budget rule that aims to rein in the country's surging deficit by prohibiting the chamber from considering any tax-cut or entitlement legislation if the cost isn't offset by increased revenue or spending trims. For now, at least, House Democrats say they intend to abide by the rule -- even when it comes to "fixing" the AMT, a proposition that would require them to replace vast amounts of tax revenue.

The AMT was designed to prevent upper-income people from avoiding paying taxes altogether, but it wasn't indexed for inflation. Without a change to the system, that would, over time, require a growing number of middle-class families to pay higher taxes. Congress has passed temporary patches to prevent this. But without a change in law, more than 30 million taxpayers would be subject to the tax in 2010, according to the Tax Policy Center, a joint venture of the Urban Institute and the Brookings Institution.

Doing away with the AMT -- as some Democrats are proposing -- would reduce tax revenue by about $1 trillion over the next decade, an amount that would be challenging and politically painful to offset. It is possible that Congress could pass a shorter-term remedy.

In either case, coming up with offsetting revenue would be tough. Passage of the pay-go rule in the House "means it's going to be with great difficulty that we find $1 trillion," said Charles B. Rangel (D., N.Y.), chairman of the House Ways and Means Committee, who has made reducing the AMT's impact on the middle class a top priority. "It's not good for me to have pay-go, but it's good for the country."

In the Senate, too, a bipartisan push to repeal the AMT is on a collision course with a plan to strengthen pay-go requirements. On Thursday, Senate Finance Chairman Max Baucus (D., Mont.), along with the panel's ranking member, Iowa Republican Sen. Charles Grassley, proposed repealing the AMT. Mr. Baucus said he wants to do so in a "fiscally responsible way," but has not provided any specific plans. Meanwhile, a proposal by Senate Budget Chairman Kent Conrad (D., N.D.) for tightening pay-go rules would require revenue losses from repeal of the AMT to be offset. Or, if offsets weren't found, 60 senators would have to approve the AMT changes.

With the emphasis on fiscal restraint, Mr. Rangel said he is taking a broad look at possible changes to the tax code that could be used to offset the loss in revenue from any changes to the AMT. Certain tax breaks, such as deductions for mortgage interest and charitable contributions, wouldn't be touched, Mr. Rangel said. As for others, "I'm having them all added up," he said.

Mr. Rangel acknowledged that Democrats have to tread carefully or risk political backlash. "At the end of the day, we have to have an equitable package where nobody can say Democrats raised taxes."

Republicans criticized the new House pay-go rules as too weak, in particular because they don't apply to all spending.

House Adopts Pay-as-You-Go Rules (WP)

By Lori Montgomery, Washington Post Staff Writer

The Washington Post, January 6, 2007

Changes Aim to Curb Deficit Spending, Shed Light on Earmarks

On its second day under Democratic management, the House yesterday overwhelmingly approved new rules aimed at reining in deficit spending and shedding more light on the murky world of special-interest projects known as earmarks.

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Under the new provisions, the House will for the first time in years be required to pay for any proposal to cut taxes or increase spending on the most expensive federal programs by raising taxes or cutting spending elsewhere. And lawmakers will be required to disclose the sponsors of earmarks, which are attached in virtual secrecy to legislation to direct money to favored interests or home-district projects.

In recent months, with revelations that lawmakers had earmarked funds for projects with little public benefit, earmarks had became a political embarrassment and a symbol of fiscal profligacy.

The House voted 280 to 152 to approve the rules, which drew the support of 48 Republicans. Democratic leaders, in control of the House for the first time in 12 years, hailed the vote as a sign of their commitment to restore accountability to federal spending and to reduce a budget deficit and national debt that they say have been swollen by Republican tax cuts and military spending.

But even as they celebrated one of their first exercises of legislative power, key Democrats acknowledged that it will be difficult to abide by the new pay-as-you-go spending rules -- known on Capitol Hill as "pay-go" measures -- while keeping their promises to fund health-care, education and homeland-security initiatives. The rule change also jeopardizes President Bush's efforts to extend his tax cuts, most of which will expire in 2010. And it will complicate Democratic efforts to repeal the alternative minimum tax, a set of provisions in the tax code that could force millions of households to pay more this year.

"It's important that they passed a pay-go rule because they're setting a standard for themselves. This is a way of saying 'There's a new sheriff in town' and 'We're going to be fiscally responsible,' " said Robert L. Bixby, executive director of the Concord Coalition, an advocacy group dedicated to deficit reduction. "But, now, they're going to have to figure out how to live up to that standard. And that's going to be pretty tough."

Yesterday's vote completed work on a series of rule changes proposed by Democrats to regulate operations in the House during the 110th Congress. On Thursday, the House adopted stringent new controls on the lobbying of House members, banning gifts from lobbyists and severely restricting privately funded travel. Yesterday, in addition to the rules affecting spending, the House adopted "civility" measures that grant Republican lawmakers more opportunities to offer their views and to participate in legislative debate than Democrats say they received under Republican control.

But the rules on spending drew the most animated debate, as Democrats accused the president and congressional Republicans of frittering away the large budget surpluses they inherited after the 2000 elections and of running up record budget deficits. Last year, the deficit was a relatively modest $248 billion, but the national debt is approaching $9 trillion.

"The one thing we can say about George Bush and his economic policy is: 'We are forever in your debt,' " Rep. Rahm Emanuel (D-Ill.) told his colleagues on the House floor. "On day number two, Democrats have said, 'Enough is enough with running up the debt of this country. We're going to put our fiscal house in order.' "

Republicans fired back, criticizing the new spending rules as a weakened, "paper-tiger" version of an expired pay-as-you-go law, which triggered across-the-board spending cuts whenever legislation increasing the deficit was passed. House leaders have promised to pursue such legislation in the coming weeks, but they note that it could not take effect without the support of the Senate and the White House. In the meantime, House Democrats say, the more limited rule, which makes budget-busting legislation subject to a parliamentary rule of order, is the best they can do.

Budget experts note that House rules are easily waived, and some predict that Democrats will be forced to abandon the new rules, at least for certain expenditures, to meet their campaign promises. For example, House Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.) and other Democratic leaders have vowed to halt the expansion of the alternative minimum tax, which would cost about $50 billion this year alone. Repealing the tax, as Rangel and others advocate, would cost close to $1 trillion over the next decade.

Coming up with that kind of cash is possible, budget experts say, but doing so is probably going to be politically unpalatable. For example, Leonard E. Burman, co-director of the Tax Policy Center, a joint project of the Urban Institute and the Brookings Institution, is working on options for covering the cost of a repeal. Among them: Allowing the president's tax cuts to expire and eliminating the federal deduction for state and local income taxes.

That combination would raise more than enough money to pay for repeal, Burman said, but "for somebody like Rangel in a high-tax city and high-tax state, it's going to be hard to swallow. There's no free lunch."

Democrats are already having trouble reconciling their pledge to reduce the deficit with policy changes that they promised to pursue during the first 100 hours of the new Congress. This week, for instance, senior House Democratic aides said the promise to cut in half interest rates on student loans will have to be phased in over five years instead of being passed immediately.

So far, fiscal restraint appears to be gaining the upper hand. As he left the House chamber yesterday, Rangel said he is scouring the tax code for tax breaks that benefit special interests. If the beneficiaries "don't put their hands up, it's out," he said, suggesting that the money saved could go toward paying for the repeal of the alternative minimum tax.

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"It's not good for me to have pay-go, but it's good for the country," Rangel said. "At this point, nobody . . . has convinced me that there should be exemptions from pay-go."

House OKs Budget Rule Changes (WT)

By Charles Hurt, The Washington Times

The Washington Times, January 6, 2007

House Democrats yesterday approved powerful measures to thwart new deficit spending, but Republicans warned that the new majority is paving the way to increase federal taxes.

"We simply cannot continue to run record budget deficits and debt. We must not force our children and grandchildren to pay for what we are buying," Rep. Steny H. Hoyer, Maryland Democrat, said on his first full day as majority leader. "That is not only an intellectually bankrupt policy, it is an immoral policy."

While Republicans and conservatives said they applauded Democratic efforts to balance the budget, they said the "pay-as-you-go" provisions in the package of new rules will more likely encourage a tax increase than force cuts in federal expenditures.

"It doesn't reduce current spending levels or require a reduction in current spending levels," said Rep. Mike Pence, Indiana Republican. "It is a means to justifying tax increases on working families, small businesses and family farms. In a very real sense, the American people ought to know that this proposal translates to: 'You pay as Congress goes on spending.' "

Conservatives off Capitol Hill agreed.

Tim Phillips, president of Americans for Prosperity, said the "pay-as-you-go" rules for the budget "tilt the budgetary playing field in favor of economy-killing tax hikes instead of spending restraint."

"These new rules will almost certainly lead to tax hikes, and we know that the path to prosperity is not paved with higher taxes," he said.

Those provisions, approved on a 280-154 vote, mean that any increases in federal benefit programs such as Medicare or Medicaid will have to be offset by cuts elsewhere in federal spending or be accompanied by tax increases. They also mean that it will be much harder to extend President Bush's tax cuts, most of which expire at the end of 2010.

The package of new rules also contained other reforms to limit -- or at least expose -- the ability of lawmakers to get huge federal projects for their home districts, better known as earmarks or political pork.

Under those provisions, lawmakers will be forced to publicly disclose the earmarks they request.

The earmark provisions are similar to ones Republicans approved last year. But only about a quarter of them supported yesterday's Democratic proposal because it was linked to the "pay-as-you-go" provisions.

"To their credit, Democrats have enacted stronger pork-barrel earmark reforms than their Republican colleagues were able to pass last September," said Mr. Phillips, whose group traveled the country in a bus last year highlighting outrageous federal spending. "This is a testament to the continued power of the grass-roots taxpayers, many of whom joined us on our nationwide Ending Earmarks Express bus tour last year who told their elected officials to close the earmark favor factory."

Republicans yesterday also announced their proposal to allow small-business owners to pool resources to purchase health insurance for employees.

"Republicans are committed to working with our Democrat colleagues to find innovative ways to help provide health insurance to the 46 million Americans who have no health insurance," said Minority Leader John A. Boehner, Ohio Republican. "The Small Business Health Fairness Act, a bill that I've brought to this floor several times myself ... would allow small businesses to join together and buy health insurance in larger pools, just like big companies and unions can do today."

Dreier Shifts Gears In A Hurry (LAT)

By Noam N. Levey, Times Staff Writer

The Los Angeles Times, January 6, 2007

The Republican was a ruthless rules panel chief. Now he cries foul. Democrats are amazed.

WASHINGTON — Democrats never expected to waltz back to power this week without a few protests from the party they ousted.

But when they brought their new ethics rules up for a vote, more than a few eyebrows arched over the congressman who cried loudest about the indignities the Democrats were already inflicting on their GOP colleagues.

As much as any Republican, Rep. David Dreier had stirred the rage of Democrats while they suffered in the minority. Wielding the chairman's gavel of the House Rules Committee, the 14-term congressman from San Dimas seemed to revel in his power as legislative gatekeeper — the man who could stop any bill from getting to the floor.

But there was Dreier this week, lecturing Democrats on the virtue of openness and professing disappointment about being left out of the legislative process.

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"I have whiplash," said Rep. Jim McGovern, a Massachusetts Democrat who seethed under Dreier's chairmanship for four years. "I thought it would take a couple of weeks before the hypocrisy bubbled up."

Dreier just smiled when asked about his new role as champion of inclusion. "I'm loving it," said the tall, polished ex-chairman after leaving a news conference in which he complained about the demise of legislative fair play.

"I got a call a few minutes ago from a former staffer who said, 'My gosh, I haven't seen you have so much fun in a long time.' And I said, 'You know what, I'd much prefer being the chairman and in the majority. But I do enjoy the role of being the loyal opposition too,' " Dreier said. "I love holding people accountable. They did it to us constantly, so that's what I'm doing."

The rapid transformation from punitive enforcer to principled rebel reflected the odd political theater that accompanies changes of power on Capitol Hill.

Dreier is actually reprising his role as indignant reformer. Before Republicans took over in 1995, Dreier was among a group of House Republicans who led the charge for more openness under the autocratic Democratic majority. But when Dreier assumed the helm of the Rules Committee in 1999, he became notorious for suppressing minority Democrats.

Meeting in an out-of-the-way room on the Capitol's third floor, the little-understood Rules Committee rarely generates headlines. But because the chairman controls which bills can come to the House floor for votes and whether they can be amended, it is immensely powerful.

"It is the most important tool that the majority in the House has," said UC Berkeley congressional scholar Eric Schickler.

As chairman, Dreier was unfailingly polite and quick with a smile. But he used his power mercilessly, calling the committee to order in the middle of the night, providing committee members little time to review legislation, and sending more and more bills to the floor that could not be amended.

"I could not think of those diabolical things," said Rep. Louise M. Slaughter, the New York Democrat who is taking over the committee after years as the ranking minority member. "We were simply at their mercy."

Slaughter and other Democrats repeatedly promised they would be different. "We have no intention of keeping our foot on your necks the way you did to us," Slaughter told Dreier on the House floor.

But when Democrats brought up their ethics rules without consulting Republicans and then scheduled votes without allowing amendments, Dreier had the target he needed.

"I am disappointed," he said Thursday on the floor of the House.

"I am concerned," he noted later.

"I am very, very troubled and saddened," he concluded.

Then Dreier urged his Republican colleagues to support the new ethics rules, which banned such perks as free sports tickets from lobbyists and trips on corporate jets. The rules, he said, were not unlike the proposals GOP leaders had crafted when they held the majority.

The performance drew raves from Dreier's GOP colleagues.

"He's doing a great job," said Rep. Adam H. Putnam of Florida, the No. 3 Republican in the House. "He's going out of his way to teach all members how to properly use House rules."

Rep. Alcee L. Hastings, a Florida Democrat who serves on the Rules Committee with Dreier and jousted with him on the House floor, chuckled at the former chairman's joyous embrace of his new underdog role.

"I'm enjoying the banter with him because of his disingenuousness," Hastings said after the debate. "He is the only person in this chamber who can take a position directly contradictory to the one he took a few minutes earlier with a straight face."

Democrats Rename Key House Panel (WT)

By David R. Sands, The Washington Times

The Washington Times, January 6, 2007

Seeking a new name to go with a new attitude, congressional Democrats announced yesterday the House International Relations Committee would be reverting to its old, pre-Republican majority moniker: the "House Committee on Foreign Affairs."

"A new sheriff has come to town, taking the reins with a purpose," incoming committee Chairman Tom Lantos, California Democrat, said. "Americans have demanded change in the way our country conducts itself in the world."

The new Republican House majority in 1994, under Speaker New Gingrich, re-dubbed the panel the International Relations Committee in part to distinguish it from its counterpart in the other wing of the Capitol, the Senate Foreign Relations Committee.

Mr. Lantos noted that the House panel had been known as the Committee on Foreign Affairs almost without interruption since 1822.

By whatever name, the House and Senate foreign affairs committees have both promised aggressive early oversight of the Bush administration's diplomacy, something they say was not done under Republican control.

Mr. Lantos will chair a hearing Thursday on Iraq with Secretary of State Condoleezza Rice, a day after President Bush is slated to outline his revised strategy on the war. The committee will hold a second hearing the same day on U.S. policy toward Iran.

Mr. Lantos said the committee also planned public sessions on the North Korean nuclear standoff and the "looming potential loss of Afghanistan" to the resurgent fundamentalist Taliban movement.

New Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, also has announced plans for a string of oversight hearings on Iraq over the next month. The Senate committee will hold a closed session with intelligence officials on Iraq on Tuesday and will hear from a group of private Iraq scholars on Wednesday.

Mr. Biden has been an early and vocal critic of an increase in the number of U.S. troops in Iraq, which is expected to be a centerpiece of Mr. Bush's new strategy.

"We've tried the military surge option before and it failed," Mr. Biden said last month.

"If the president proposes escalation in Iraq, I will oppose him and so will many of my colleagues in Congress," he added.

Home Town Paves The Way For Pelosi (WP)

By Dan Morse, Washington Post Staff Writer

The Washington Post, January 6, 2007

Capping off a three-day celebration of her ascension as speaker of the U.S. House of Representatives, Nancy Pelosi returned yesterday to her home town of Baltimore, where a street was renamed for her in front of a stage of dignitaries and a bank of TV cameras.

"She comes here today to recapture her humble beginnings," the Rev. Michael Salerno, pastor of a nearby church, told a crowd gathered at a street corner outside Pelosi's childhood home in a gritty-looking collection of rowhouses in Baltimore's Little Italy neighborhood.

The setting seemed to emphasize Pelosi's working-class roots and counter the "San Francisco liberal" image that Republicans have tried to attach to her.

When Pelosi (D-Calif.) spoke to the crowd, she mentioned her Italian immigrant ancestors, who came to the United States poor, hardworking and religious. Her own upbringing, in the Baltimore rowhouse to her left, she said, was shaped by Italian American pride, devout Catholicism, deep patriotism and staunch Democratic ideals. Her father and a brother were mayors of the city.

"I wanted to come back here and say thank you to all of you," she said. "Every step that I took to the speakership began in this neighborhood."

Tommy D'Alesandro, the brother who was mayor, spoke of growing up in the house, with people coming by needing help with jobs, housing, medical care, getting someone out of jail and, he said -- drawing the biggest laugh of the day -- getting someone into jail.

There were "thousands and thousands of favors done" in the home, he said, evoking an earlier time of machine politics.

Baltimore Mayor and Gov.-elect Martin O'Malley (D) pulled the decorative cover off a street sign outside the house. The name: Via Nancy D'Alesandro Pelosi.

But on the streets of Little Italy, aside from the facades of the old rowhouses, it's not that gritty anymore. Real estate has appreciated, young professionals have moved in and renovated their houses, and there's a Whole Foods nearby. In some ways, the neighborhood has prospered just as Pelosi has.

In 2005, she was ranked ninth among House members in net worth, which, between her and her husband, was more than $14 million, according to the Center for Responsive Politics.

That year, the average home in Little Italy sold for $361,500, a 165 percent spike over two years before, according to Live Baltimore, a group advocating that people buy in Baltimore. Live Baltimore ranked about 216 Baltimore neighborhoods on property values and found that Little Italy had experienced the third-highest increase.

What's the appeal?

"You don't think it's the architecture, do you?" asked Roberto Marsili, pointing at one of the old buildings. He has lived in his rowhouse, two doors down from where Pelosi lived, since 1939.

He said people like him are dwindling in number. He remembers Pelosi as a youngster -- well-behaved and pleasant. "A very classy girl," Marsili said.

But many of the residents moved in recently, long after Pelosi left.

What Little Italy offers is prime location -- you can walk to the Inner Harbor, office buildings, a Barnes & Noble, a wine shop selling $175 bottles of cabernet sauvignon -- and the feeling that you're not living in a condo tower.

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The neighborhood is still home to people like Marsili. There are more than a dozen Italian restaurants. There's still enough of the Italian culture that newcomers, even if they're not Italian, can make it part of their own identity.

At Rocco's Capriccio, a restaurant, the owners frequently see newcomers at dinner. Some of the newcomers like to tell their visiting friends they know the owner of the place, Rocco Gargano Jr. said.

"A lot of the people who come in are caught up in living in an Italian neighborhood," Gargano said. "It's kinda like being in a movie."

"They want to be caught up in the mix," said his sister Rosa Gargano.

Rocco estimates that the neighborhood's population is 70 percent young professionals. He lives in Anne Arundel County and commutes to the family restaurant to work. At midnight, he said, he likes to walk outside and see people walking from Italian restaurant to Italian restaurant. "In a way," he said, "you kinda get caught up in it, too."

Michaelle "Mick" Stachura, who attended the event yesterday, is a newcomer to Little Italy and has embraced its remaining authenticity. She bought a rowhouse in 2002 for $135,000 and spent nearly $200,000 on renovations. She has become active in a local church and recently made cookies with older residents for an Italian street fair.

"It's just so endearing down here," she said. "It's the only place I've lived where I want to be part of the neighborhood."

Pelosi Visits Hometown On Victory Tour (AP)

By Kristen Wyatt

AP, January 5, 2007

BALTIMORE (AP) - Newly elected House Speaker Nancy Pelosi took a victory lap Friday through Baltimore, the blue-collar city where she grew up and learned politics from her father, who was mayor in the 1940s and 50s.

Pelosi, surrounded by family members, laid a bouquet of white roses beside a statue of her father, former Mayor Thomas D'Alesandro Jr., in the downtown business district.

"It is with great emotion that I come to this spot because I used to visit here every time I came to Baltimore," she said.

Pelosi then visited her childhood home in Little Italy, a tiny, close-knit community of row houses and Italian restaurants just east of the trendy Inner Harbor.

(AP) House Speaker Nancy Pelosi of Calif., joins fellow Democrats at a reception on Capitol Hill in...

Full Image"We were devoutly Catholic, deeply patriotic, extremely proud of our Italian heritage, and in our case, staunchly Democratic," Pelosi said at a ceremony to name her childhood block Via Nancy D'Alesandro Pelosi.

The Baltimore events capped off two days of victory festivities for Pelosi, who was elected the nation's first female speaker Thursday. The events also were designed to counter Republican descriptions of Pelosi as a San Francisco liberal.

Pelosi grew up the youngest of six children, and the only girl.

"We were all born and raised in politics, and we all worked the political scene," recalled Pelosi's oldest brother, Thomas D'Alesandro III, who was also mayor of Baltimore.

The family "had our doors open every day, people coming in looking for jobs, for medical assistance, for housing, to get somebody out of jail," he recalled. Pelosi "had an opportunity at an early age to be exposed to the world of politics at the precinct level, at the constituent level."

(AP) House Speaker Nancy Pelosi of Calif., center, accompanied by Rep. Jim McDermott, D-Wash., left,...

Full ImagePelosi left Little Italy after high school and never returned as a full-time resident, but neighbors here still remember the polite little girl who rode in open-top convertibles in city parades.

Giovanna Aquia Blatterman, whose husband used to dance with Pelosi at neighborhood church dances, said residents are working to add Pelosi's name to a bocce court named for her father.

"She had a lot of time to watch and absorb, and it's paying off now," she Blatterman said..

Partying Dead Wake Up The Democrats (WP)

By J. Freedom DuLac, Washington Post Staff Writer

The Washington Post, January 6, 2007

Do Democrats have more fun? At the end of her own triumphal celebration concert Thursday night, newly sworn-in House Speaker Nancy Pelosi asked that very question.

This being a fete for the Democrats, most of the approximately 1,200 attendees at the National Building Museum fundraiser answered affirmatively. Guess they weren't dead, after all!

Just a couple of hours earlier, several surviving members of the Grateful Dead were onstage, performing some of the psychedelic jam band's best-known songs in front of a buttoned-up audience: legislators, donors, activists, advisers, "just friends" who sat lifelessly during the first of two sets. One exception was the Deadhead who finally jumped out of his gilded seat near the

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back of the room and did the overbite-boogie during the shuffling hit "Touch of Grey." He was met with more than a few incredulous stares. (Turns out that fun is not a partisan concept. It might, however, be a relatively foreign idea in the starchy, scripted realm of modern national politics.)

But it wouldn't take an act of Congress to get the guarded group to loosen up, just an irresistible polyrhythmic groove. When the Dead survivors and a few of their musician friends -- collectively dubbed Your House Band for the occasion -- performed the decades-old New Orleans anthem "Iko Iko," the crowd snapped to and the party finally felt like, well . . . a party. A strange-looking party, to be sure: the bearded counterculture icon and Dead co-founder Bob Weir sporting a coat and tie and looking like a classics professor, a most perplexing image.

Still, even Pelosi was able to let her hair down by standing up and dancing in place during "Iko Iko." No need to worry about any sort of YouTube embarrassment; Madam Speaker, at 66, can dance just fine. Certainly well enough that the producers' script noted that Pelosi and her husband, Paul, were to "remain on stage and perhaps dance" during a closing ensemble performance of the tune "You've Got a Friend." Which they did.

Though the $1,000-per-ticket fundraiser was billed as a concert -- Pelosipalooza if you will -- you do not necessarily attend such gatherings for their artistic merits. The 12-story atrium in which the concert was staged was an echo chamber, and the performances were largely predictable, with the musicians sticking to the hits and to the script. (You didn't really expect a free-form Dead show, did you? With epic drum solos and long stretches of improvisational guitar noodling and obscure songs they haven't performed since that show at Winterland way back when? And "spacecakes" at the dessert buffet?)

There was the elegant Tony Bennett crooning "I Left My Heart in San Francisco" in a nod to California's 8th District, which Pelosi represents. And the great singer-songwriter Carole King, sounding a little parched but peeling off three classics at a Steinway grand piano: "Sweet Seasons," "I Feel the Earth Move" and "(You Make Me Feel Like) A Natural Woman." (Even the hunky actor Richard Gere was spotted singing the latter's refrain.)

Some, but not all, of the songs packed political messages -- not least the two performed by Bruce Hornsby, a former Dead collaborator who sat in with Your House Band. "The End of the Innocence," co-authored by Hornsby and Don Henley in 1987, was a protest song about President Reagan, what with its reference to the "tired old man that we elected king" and allusions to military might and shrinking farm subsidies. And "The Way It Is," performed solo at a Steinway grand piano, addressed racial inequity.

In fact, there was much buzz about inclusion right up until the night ended at 10:30, with speakers -- and the House speaker -- talking about providing representation to the underrepresented, about diversity. And yet the stage was filled with white men, save for King, rapper Wyclef Jean and a few sidemen.

Jean was the lineup's lone nod to youth (most of the performers were nearly twice his age, if not older), and he was also its wild card, prone to onstage unpredictability. In that regard, he didn't disappoint, first demanding that the crowd sit down, post-"Iko Iko," and listen to an a cappella rap he'd written for the occasion. The verse probably marked the first time in hip-hop history that Pelosi, Barack Obama and North Korea were mentioned over the course of 16 bars. Jean also rhymed in Spanish, Japanese and French and Hebrew before performing three covers: the hymnal "Rivers of Babylon," Bob Marley's "Redemption Song" and the old soca smash "Hot Hot Hot."

Jean mentioned Pelosi's name repeatedly during the songs -- several dozen times in all -- and riffed on the price of oil before jumping offstage to dance with Pelosi during "Hot Hot Hot," their impromptu pas de deux captured by a house video camera and flashed onto an oversize screen behind the stage. And at least for that moment, anyway, yes, the resurgent Democrats were having more fun.

Giddy Sea Of Fresh Faces In The Capitol, United By A Serious Mission (NYT)

By Anne E. Kornblut

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — Hours after casting his first votes in Congress, Representative Zack Space still beamed with excitement on Thursday, showing off the identification card that doubles as an electronic balloting device.

“I had to ask someone how to use it,” he said, proudly whisking the card out of its carrying case as he gave his family a tour of the Capitol.

Back in his office, a new receptionist apologized for hanging up on someone who called. “Sorry, second day on the job,” she chirped.

Even before his arrival in Washington this week, Mr. Space, 45, typified the incoming freshman class: A Democrat from Ohio, he campaigned hard on the issue of ethics reform in a race to succeed Representative Bob Ney, who pleaded guilty in a corruption case. Despite his political inexperience — and the fact that Democratic officials considered him one of their weakest candidates — Mr. Space beat his Republican rival, in an increasingly Republican district, 62 percent to 38 percent.

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Now, he is one of 66 new members of the 110th Congress, part of a historic Democratic tide that swept Republicans from power after a dozen years and left President Bush on the defensive.

Although Mr. Space at times exudes a certain good-natured goofiness — his campaign Web logo featured a starry rendering of outer space, and one of his mottos is a riff on his father's first name, Socrates ("being the son of Socrates, Zack Space knows a thing or two about ethics") — he has a mission of the utmost seriousness in Congress. On Thursday, his first day, before all his boxes were unpacked and his shared apartment furnished, Mr. Space was given a high-profile role in introducing his party's ethics reform package.

"The winds of change have brought me here," Mr. Space said in his first speech on the House floor, arguing in favor of the package. "The time to act is now. We have an extraordinary burden to prove to those who have given us this honor. We must make clear to them that we are representing their interests, not bartering legislative favors in order to gain gifts and trips."

On the other side of the Capitol dome, the incoming senators will not cast their first votes until next week (and the first one, a resolution honoring the late President Gerald R. Ford, will not exactly cause heartburn). Their transition will take longer in other ways: new senators are housed in temporary offices in the basement, while administrators try to establish which sitting senators intend to move.

That left freshman Senator Jon Tester, a Democrat who previously lived on an 1,800-acre ranch in Montana, squeezed into a small space in the bowels of the Dirksen Senate Office Building. In the office of Senator James Webb, Democrat of Virginia, the phone system was so problem-plagued that his line remained busy for hours on end.

But the wave of newcomers was most palpable in the House, where the dozens of arrivals circulated through welcome parties, herded their families on tours and waited in long lines to have their photographs taken with Representative Nancy Pelosi of California, the new House speaker. Representative Carol Shea Porter, a New Hampshire Democrat who won an upset victory, let out an audible gasp when she set foot on the House floor the first time, said her chief of staff, Harry Gural.

"Walking in was a little bit like walking into the lights of Yankee Stadium, going out onto the field as a player rather than a spectator," Mr. Gural said.

The cable network channel C-Span chronicled even the most anonymous new members, setting up a camera position in the Cannon House Office Building to lure members of the freshman class into interviews.

"So far, so good," said Representative Mazie K. Hirono, Democrat of Hawaii (and one of two new Buddhist members of the Congress), as she concluded her 15 minutes of C-Span.

Ms. Hirono had a press schedule, but little else: unable to buy office gear until she was sworn in, the newest Democrat from the farthest state was working without computers.

Unlike earlier eras, when newcomers simply showed up in Washington and had to fend for themselves, freshmen now undergo a series of orientation programs in the weeks between Election Day and the swearing-in.

"It's much different than when I came here. You were on your own," said Representative George Miller, a California Democrat now in his 17th term.

Representative Barney Frank, Democrat of Massachusetts and another House lifer, offered the freshmen some advice: Learn time management, and how to resist invitations to social events.

"The default answer when people ask you to do things should be 'no,' " Mr. Frank said.

Then there is the issue of housing, always tricky for members of Congress who are in Washington on weekdays but at home in their districts most weekends. Mr. Space and his new roommate, Representative Michael Arcuri of New York, moved into their "small, subterranean" apartment earlier in the week, an arrangement prompted in part by Mr. Arcuri's fondness for Mr. Space's Greek cooking. By Friday, they still appeared to be getting along.

And Mr. Space, grinning as he wandered the halls, had not grown disillusioned by Washington, he said, nor strayed from his pledges.

"Not yet," he said, when asked if he had broken any campaign promises. Then he corrected himself. "I mean — no."

New Congress Brings Along Religious Firsts (WP)

By Jonathan Tilove, Religion News Service

The Washington Post, January 6, 2007

The new Congress, for the first time, includes a Muslim, two Buddhists, more Jews than Episcopalians and the highest-ranking Mormon in congressional history.

Roman Catholics remain the largest single faith group in Congress, accounting for 29 percent of all members of the House and Senate, followed by Baptists, Methodists, Presbyterians, Jews and Episcopalians.

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While Catholics in Congress are almost 2-to-1 Democrats, the most lopsidedly Democratic groups are Jews and those not affiliated with a religion. Of the 43 Jewish members of Congress, there is only one Jewish Republican in the House and two in the Senate. The six religiously unaffiliated members of the House are all Democrats.

The most Republican groups are the small band of Christian Scientists in the House (all five are Republican) and members of the Church of Jesus Christ of Latter-day Saints (12 Republicans and three Democrats) -- though the top-ranking Mormon is Nevada Sen. Harry M. Reid, the new Democratic majority leader.

Baptists generally divide along partisan lines defined by race. Most black Baptists are Democrats, while most white Baptists are Republicans. Notable exceptions include House Majority Leader Steny H. Hoyer (D-Md.) and Sen. Robert C. Byrd (D-W.Va.), president pro tem in the new Senate, both white Baptists.

Because 2006 was such a good year for Democrats, they have regained their commanding advantage among Catholics, which had slipped during an era of GOP dominance. In Pennsylvania alone, five new Democrats, all Catholics, were elected to Congress in November, including Robert P. Casey Jr., who defeated Sen. Rick Santorum, a far more conservative Catholic.

In the new Congress, two-thirds of all Catholic members will be Democrats. By contrast, after big Republican gains in 1994, 44 percent of Catholic members of Congress were Republican, according to Albert Menendez, a writer and researcher who has been counting the religious affiliation of members of Congress since 1972.

"It's a thankless task, but somebody's got to do it," said Menendez, 64, who lives in North Potomac and has published his counts and analysis first with Americans United for Separation of Church and State and more recently in Voice of Reason, the newsletter of Americans for Religious Liberty. He is also the author of several books, including "Religion at the Polls" (1977), "John F. Kennedy: Catholic and Humanist" (1979) and "Evangelicals at the Ballot Box" (1996).

Menendez bases his count on how lawmakers identify themselves. When he did his first tally after the 1972 election, Congress was still much in the sway of a few mainline Christian faiths. At the time, just three mainline Protestant denominations -- Methodists, Presbyterians and Episcopalians -- accounted for 43 percent of all members of Congress, including 51 senators. Come January, those three will account for just a fifth of Congress, including 32 senators. Still, all three -- especially Episcopalians and Presbyterians -- continue to be better represented on Capitol Hill than among the general population.

Other historically important Christian denominations have suffered steep declines in Congress. Menendez said the Lyndon B. Johnson landslide of 1964 brought 14 Unitarians to Washington. In the new Congress, there are two -- Rep. Pete Stark (D-Calif.) and Sen. Kent Conrad (D-N.D.). In the late 1960s, there were 29 members of the United Church of Christ in Congress, but in the new Congress, there will be only six, including Sen. Barack Obama (D-Ill.), who joined the church as an adult. (Obama's Kenyan father was from a Muslim background and his American mother's parents were non-practicing Baptist and Methodist.)

Through it all, Lutherans have maintained. Menendez said they were underrepresented relative to their population in 1972, with 16 members of Congress, and remain underrepresented today with 17. While their total numbers have held steady, their political allegiance has flipped from 2-to-1 Republican to 2-to-1 Democrat.

Evangelical Christians -- a category that cuts across denominational lines -- are even more underrepresented, according to Furman University political scientist James L. Guth, all the more so after this year's defeat of Republican incumbents such as Reps. John N. Hostettler of Indiana and Jim Ryun of Kansas.

But perhaps the most underrepresented group in Congress is the 14 percent of all American adults who, according to the 2001 American Religious Identification Survey, conducted by scholars at the Graduate Center at the City University of New York, claim no religion at all. Only six members of Congress, all Democrats, identify themselves as religiously unaffiliated: Reps. John F. Tierney and John W. Olver of Massachusetts, Earl Blumenauer of Oregon, Neil Abercrombie of Hawaii, Tammy Baldwin of Wisconsin and Mark Udall of Colorado.

Jews have continued to gain representation in Congress -- 8 percent in the new Congress -- even as their share of the national population has waned (1.3 percent in 2001). But Jewish numbers in Congress also tend to fluctuate with Democratic fortunes. In a year in which Democrats did well in unexpected places, new Jewish members of Congress were elected this fall from Tennessee, Kentucky, Arizona and New Hampshire, as well as the more familiar terrain of Florida and Wisconsin.

For Buddhists and Muslims, the 110th Congress represents their first congressional representation.

The two Buddhist Democrats -- Reps. Mazie K. Hirono of Hawaii and Hank Johnson of Georgia -- both have avoided talking about their religion, saying it is a private matter.

A spokesman for Hirono, who came to Hawaii with her mother from Japan when she was 8, would only confirm that Hirono was raised in the tradition of her mother's Jodo Shu Buddhism.

A spokesman for Johnson would only confirm that he became a Buddhist about 30 years ago and is affiliated with Soka Gakkai International, an American Buddhist association.

Like Johnson, Keith Ellison of Minnesota, the first Muslim elected to Congress, is a convert and African American. Raised Catholic, he converted to Islam at 19 while attending Wayne State University .

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"The election of this first Muslim is quite important symbolically," said John Green, director of the Ray C. Bliss Institute of Applied Politics at the University of Akron. "It may very well be the harbinger of greater acceptance of Muslims in the future."

Bush's Tax Legacy (WSJ)

The Wall Street Journal, January 6, 2007

In his op-ed column on these pages this week, President Bush made some news by underscoring his opposition to raising taxes. We were certainly glad to hear it, and to publish it, because by our lights the tax cuts and economic growth that has followed are his most notable domestic achievements (give or take a Supreme Court Justice).

That growth was underscored again with yesterday's buoyant jobs and income report for December. Job growth exceeding expectations at 167,000 and the jobless rate held at a very low 4.5%, despite a slowdown in manufacturing and construction. Since the Bush tax cuts on dividends and capital gains passed in mid-2003, the economy has created 7.2 million new jobs according to the survey of business establishments, and an additional 1.2 million in the more variable household survey.

As for the inevitable political complaints that these new jobs are all lousy, average hourly non-supervisory wages have now climbed 4.2% over the past 12 months, or twice the official rate of inflation. With flat or falling energy prices, and a tight labor market, real wages are also starting to show impressive gains.

Meanwhile, tax revenues continue to roll into the Treasury and state coffers. Federal receipts rose by 14.6% in fiscal 2005, another 11.8% in 2006, and kept rising by 9% in this year's first two months despite slower GDP growth. The budget deficit, in turn, has fallen by $165 billion in two years, and including state surpluses is now down to about 1% of GDP, which as an economic matter is negligible. Tax revenues as a share of the economy are also back above 18.5%, which is their modern historical norm.

This record is so impressive that liberal critics have been forced to ignore it and focus on other alleged outrages, such as "inequality," or CEO pay, or some vague prediction of future doom. And, yes, the future is unpredictable. But in the field of economics there are few more definitive tests than the results from the tax cuts of 2003. Critics predicted disaster, supporters the opposite, and the supporters can point to more than three years of prosperity as vindication -- despite $70 oil and $3 gasoline, and lately despite the worst housing slowdown in 15 years.

However, those lower tax rates are set to expire at the end of 2010, and the Democrats who now control Congress want them repealed. The "pay-as-you-go" rules that the House just passed would make their extension all but impossible. What this means is that if Congress merely fails to act, the tax cuts expire and the economy will be hit with one of the largest tax increases in history in 2010.

The dividend rate would snap back to 39.6% from 15%, the capital gains rate to 20% from 15%, and the top marginal income tax rate to 39.6% from 35%. Marginal and average tax rates for the middle class would also increase, returning to the Clinton-era levies that had driven taxes as a share of GDP to a postwar high of 20.9%.

Now in the minority on Capitol Hill, Republicans can't do much about this. But it certainly poses a dilemma for Democrats -- all the more so because they must also cope with the rising burden of the Alternative Minimum Tax. The AMT -- created by Democrats in 1969 to capture a few millionaires -- will engulf some 23 million taxpayers this year without a change in law.

This week, the new Democratic Chairman of the Senate Finance Committee, Montana's Max Baucus, called the AMT a "monster in the tax code" and introduced a bill to repeal it. The only catch: Under Congress's wacky "static revenue" analysis of calculating the impact of tax cuts, AMT repeal would "cost" the Treasury as much as $1.2 trillion over 10 years. Maybe they can find that much in Congressman William Jefferson's freezer.

Our guess is that Democrats will try to finesse all this in the near term. With President Bush now saying he'll oppose a tax increase, they'll be wary of voting for one that would be vetoed and provide Republicans with an issue in 2008. So perhaps they'll try a one- or two-year AMT fix to get them past 2008, while waiting for their Presidential nominee to advance a more detailed tax proposal. Most likely, that would involve a pledge to keep the lower Bush rates for the "middle class," while raising rates on "the rich."

Bill Clinton played that tune all the way to the Oval Office, only to raise taxes on everybody once he got there. It'll be fascinating to see if voters give his wife, Senator Hillary Rodham Clinton, the same leave if she's the Democratic nominee. In any event, what we seem headed for is a two-year national donnybrook over taxes and income that will be decided by the voters in November 2008.

Monkey On A Tiger (NYT)

By Maureen Dowd

The New York Times, January 6, 2007

Washington

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There was a touch of parody to the giddy Democrat takeover this week: Nancy Pelosi indulging her inner Haight-Ashbury and dipping the Capitol in tie-dye, sashaying around with the Grateful Dead, Wyclef Jean, Carole King, Richard Gere, feminists and a swarm of well-connected urchins.

The first act of House Democrats who promised to govern with bipartisan comity was imperiously banishing Republicans from participating in the initial round of lawmaking. Even if Republicans were brutes during their reign, Democrats should have shown more class, letting the whiny minority party offer some stupid amendments that would lose.

Perhaps the Democrats' power-shift into overdrive is a neurological disorder, or neuropolitical disorder.

If free will is an illusion — if we are, as one philosopher put it, "nothing more than sophisticated meat machines," doomed to repeat the same mistakes over and over — that would explain a lot about the latest trend in which everyone is reverting to type.

William James wrote in 1890 that the whole "sting and excitement" of life comes from "our sense that in it things are really being decided from one moment to another, and that it is not the dull rattling off of a chain that was forged innumerable ages ago."

But in Science Times this week, Dennis Overbye advised Dr. James to "get over it," observing that "a bevy of experiments in recent years suggest that the conscious mind is like a monkey riding a tiger of subconscious decisions and actions in progress, frantically making up stories about being in control."

As Mark Hallett of the National Institute of Neurological Disorders and Stroke told Mr. Overbye, "Free will does exist, but it's a perception, not a power or a driving force. ... The more you scrutinize it, the more you realize you don't have it."

That would explain why, after voters insisted that the president wrap it up in Iraq, he made a big show of pretending to listen, then decided to do a war do-over.

Is this just the baked-in stubbornness of one man, or is W.'s behavior evidence that he has no free will? Is the Decider freely choosing another huge blunder or is he taking instructions from his genetic and political coding, fearing that if he admits what a foul hash he's made of Iraq, he'll be labeled a wimp, as his dad was?

If W. is trapped on a tiger, he's not the only one.

John McCain can't get beyond seeing himself as a maverick now that he's become a nonmaverick, a right-wing Republican urging an escalation of a hopeless war, even though he's already lived through an escalation of a hopeless war.

"There are two keys to any surge in U.S. troops," Senator McCain told an appreciative audience at the American Enterprise Institute yesterday. "It must be substantial, and it must be sustained."

With the letter she and Harry Reid wrote to the president yesterday, warning him that "we are well past the point of more troops for Iraq," Speaker Pelosi tried to exert her free will to stop the Surge. But the Democrats aren't willing to take real action and cut off money for the Surge. They're predetermined to want to have it both ways: not to be blamed for the war and not to be blamed for pulling the plug on the war.

Iraq has become a snake pit of factions failing to escape fate. Shiites and Sunnis have been fighting and killing each other for about 1,400 years over who was the rightful heir to Muhammad, and yet the entire American high command was somehow taken aback that Shiites and Sunnis can't muster the free will to keep their country from disintegrating.

Could it have been kismet that there were Shiites taunting Saddam at his hanging? Maybe it was preordained back in the days when Alexander Graham Bell invented the telephone and the British diplomat Gertrude Bell drew the boundaries of the modern Iraq that a security guy with a cellphone would capture the spectacle.

Despite all the talk back in the 2000 campaign about a robustly experienced foreign-policy dream team, it may have been destined that the Bush administration would be asleep in the run-up to the insurgency, just as it was asleep in the run-up to 9/11, to Katrina, to the occupation and to the refugee crisis in Iraq. Either all that was predetermined, or the administration was preternaturally negligent.

Arthur Schopenhauer, the German philosopher who said a man can do what he wants but cannot will what he wants, would have understood W.'s nonsensical urge to Surge.

We don't know if human beings have free will. We just know that human beings in Washington appear not to.

Can Bush's Tax Cuts Survive? (WSJ)

The Wall Street Journal, January 6, 2007

Can Congress balance the budget if it keeps the tax cuts in place? In the short term, maybe. But it won't be easy. White House forecasts show a $127 billion shortfall in 2011. Making the tax cuts permanent while balancing the budget will require sharp spending cuts, which likely will cause even many congressional Republicans to balk. President Bush's efforts to constrain spending in the past have had little effect, in part because of the costs of homeland security and the wars in Afghanistan and Iraq, and in part because of resistance from members of Congress. Now that Democrats are in control, the resistance from Congress is likely to be greater.

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In the long term, the task gets even more difficult, due to Baby Boomers retiring and the resulting explosion in Social Security and Medicare costs. Social Security and Medicare trustees estimate the Social Security fund will go into deficit in 2017 and its trust fund will run out of money by 2040. Medicare ran a deficit in 2004 (but not in 2005 due to a surge in tax revenue) and estimates show its trust fund will be depleted by 2018.

Are there other tax cuts or tax increases being considered? On the tax-cut front, both parties have expressed support for permanent changes to repair the Alternative Minimum Tax. It was designed to prevent the wealthy from evading taxes but increasingly has snared upper-middle-class taxpayers because it was never indexed for inflation. The AMT is projected to bring in $1 trillion over the next decade. The passage of "pay-go" legislation by the House Friday could add an extra hurdle because it requires any new tax-cut or entitlement legislation to be offset by increased revenue or decreased spending to prevent the deficit from growing larger still.

As for tax increases, Democrats have proposed eliminating tax breaks for oil companies and more aggressive measures to crack down on tax evasion.

-- Nick Timiraos

FACTS

The War of 1812 prompted the first sales taxes on gold, silverware, jewelry and watches. Congress enacted the first income-tax law in 1862 to help fund the Civil War. It was eliminated in 1872, but a new income tax was created on the eve of World War I.

About half of newly elected Democratic members of congress support repealing tax cuts for the wealthiest tax bracket now rather than waiting for the provisions to expire.

When World War II ended, taxpayers with incomes of more than $1 million faced a top tax rate of 94% on each additional dollar earned. In most cases, taxable income for 2006 of more than $336,550 faced a top federal income-tax rate of 35%.

The national debt stands at $8.6 trillion and interest on that debt grew 23% last year, the fastest-growing part of the federal budget.

POINTS OF VIEW

"Now is not the time to raise taxes on the American people."

--President George W. Bush

"We are mortgaging [our children's] futures for a tax break that benefits those who need it least."

-- House Speaker Nancy Pelosi

A Heckuva Claim (WP)

The Washington Post, January 6, 2007

Mr. Bush is oblivious to the consequences of his tax cuts.

PRESIDENT BUSH wrote in a Wall Street Journal op-ed Wednesday that "it is also a fact that our tax cuts have fueled robust economic growth and record revenues." The claim about fueling record revenue is flat wrong, and it is shocking that the president should persist in making such errors. After all, tax cuts are the central plank of his domestic policy. How can he fail to understand the basic facts about them?

This is not just our opinion. Harvard's N. Gregory Mankiw, an economic conservative who served as chairman of Mr. Bush's Council of Economic Advisers, has tested the hypothesis on which Mr. Bush's claim is based: He looked at the extent to which tax cuts stimulate extra growth and the extent to which that growth generates extra tax revenue that offsets the initial loss of revenue from the tax cut. Mr. Mankiw's conclusion: Even over the long term, once you've allowed all of the extra growth to feed through into extra revenue, cuts in capital taxes juice the economy enough to recoup half of the lost revenue, and cuts in income taxes deliver a boost that recoups 17 percent of the lost revenue. So a $100 billion cut in taxes on capital widens the budget deficit by $50 billion, and a $100 billion cut in income taxes widens the budget deficit by $83 billion.

If Mr. Bush does not believe Mr. Mankiw, perhaps he may believe the Congressional Budget Office. In a period when it was run by Douglas Holtz-Eakin, another economic conservative who worked in Mr. Bush's White House, the CBO estimated the extent to which a 10 percent reduction in personal taxes might pay for itself. On the most optimistic assumptions it could muster, the CBO found that tax cuts would stimulate enough economic growth to replace 22 percent of lost revenue in the first five years and 32 percent in the second five. On pessimistic assumptions, the growth effects of tax cuts did nothing to offset revenue loss.

If Mr. Bush believes neither Mr. Mankiw nor the Congressional Budget Office, he should at least respect his own Treasury. Prodded by the White House, Treasury economists have calculated how much extra growth would result from making the Bush tax cuts permanent. They have concluded that economic output would rise by about 0.5 percent in the first six years and by an additional 0.2 percent in the "long term." Since the federal government collects around 18 percent of gross domestic product in

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taxes, enlarging GDP by 0.7 percent would result in extra tax revenue equivalent to 0.13 percent of GDP. That would offset less than a tenth of the revenue that would be lost because of the tax cuts.

Mr. Bush's op-ed included nice statements about bipartisan cooperation. But the Democrats would be more likely to cooperate with the president if he stopped making things up.

Bill On Medicare Drug Cost Is Called Weak Medicine (LAT)

By Ricardo Alonso-Zaldivar, Times Staff Writer

The Los Angeles Times, January 6, 2007

A provision undercuts the legislation's effort to get manufacturers to offer deals, critics say.

WASHINGTON — The bill that House Democrats unveiled Friday to lower drug prices for the elderly contains a provision that could make it difficult — or maybe even impossible — to achieve its goal, some critics said.

The legislation would direct the federal government to use its huge market power to bargain for lower prices with drug manufacturers on behalf of some 23 million seniors enrolled in the Medicare prescription program.

But a provision in the bill would explicitly prohibit the government from creating a list of approved drugs, known as a formulary — thus taking away a powerful lever commonly used in such pricing negotiations. Fear of not being included on such a list of approved drugs is one of the principal reasons manufacturers agree to lower prices.

"If you don't have the power to bump a drug off the formulary, you have no negotiating clout," said Robert Laszewski, a health policy consultant to insurers and other healthcare companies. "Any good capitalist will tell you that you can't negotiate with somebody unless there is the expectation that you may not purchase their product."

Under the Medicare prescription system, benefits are provided by private insurance companies, which rely on lists of approved drugs to negotiate price cuts. Premiums that the elderly pay to the private companies are heavily subsidized by the government.

The program was designed by Republicans and passed in 2003 over bitter opposition from most Democrats, in part because it prohibited the government from negotiating price cuts. Freeing the government's hands was high on the list of actions Democrats had vowed to take when they gained control of Congress.

It's unclear how the apparent concession to industry will affect the political fortunes of the bill. It may help to blunt some arguments against it from critics who say that the government would be dictating prices and therefore reducing access to medicines. However, the concession seems unlikely to win over the drug industry.

"This is a trade-off," said a House Democratic leadership aide, who could not be identified because he is not authorized to talk to the press. "We felt we couldn't go as far as Veterans Affairs does, where they actually take drugs off the formulary."

The VA is known for driving tough deals on drug prices, but it covers many fewer medications than the typical Medicare plan.

AARP, one of the main groups supporting the Democratic bill, acknowledged Friday that the measure would bar the use of a potent bargaining tactic. "It takes one tool away, but that's not the whole story here," said David Certner, federal affairs director for the influential seniors group.

The government could use other approaches — such as higher co-pays for drugs from companies that refuse to offer discounts — to achieve much the same effect, he said. AARP is launching an advertising campaign in support of the bill.

"Arguing that the only tool you have is to say 'We're going to drop you off the list' is not correct," added Certner.

Another bill supporter defended the concession. "If that provision wasn't in there, the drug companies would probably be going nuts," added Ron Pollack, executive director of Families USA, a liberal group that advocates for healthcare overhaul. "It makes it politically palatable without harming the intent of giving the [administration] the obligation to bargain."

The House is scheduled to vote Friday on the legislation, whose prospects are unclear. The Senate is expected to move more slowly and draft its own legislation. Sen. Max Baucus (D-Mont.), who leads the committee that would write the bill, has opposed allowing the government to negotiate drug prices.

If a bill emerges from Congress, President Bush might well veto it. Most Republicans consider government price controls anathema, and their party has also received strong support from the drug industry, which channeled most of its campaign contributions to GOP candidates in November's congressional elections.

Business groups were unimpressed with Democrats' no-formulary provision. "I'm not convinced it leads anywhere," said R. Bruce Josten, a top lobbyist for the U.S. Chamber of Commerce, which has set defeat of the bill as one of its main legislative goals.

The bill would still put the government "in a godlike position on pricing," he said.

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The House bill would require the Health and Human Services Department to negotiate prices on behalf of the Medicare program, and report to Congress on its progress. Individual Medicare plans would be free to bargain for deeper discounts, and could restrict the number of drugs they offer.

Strong Medicine (WSJ)

By Philip K. Howard

The Wall Street Journal, January 6, 2007

Skyrocketing health-care costs are a looming national tragedy, but cannot be contained without restoring reliability to the justice system. America spends over $6,300 per person on health care each year, almost twice that of other Western countries; the overall expenditures on health care, $1.9 trillion, are rising annually at 8%. But the care here is on average no better than in countries that spend half as much.

There are a number of forces contributing to this higher cost -- including government mandates and lack of market discipline. One of the largest drivers of excess costs, however, is American justice -- or more accurately distrust of American justice. Fear of erratic jury decisions in medical malpractice cases has spawned a culture of fear, causing inefficiencies that infect every level of medicine.

Any sick person who gets sicker can drag a doctor through years of litigation -- an average of five years to resolve a claim. A jury can render a verdict that bears no relation to accepted medical standards or, indeed, the results of prior cases. It is not that most juries are unwise: Overall, according to a recent Harvard study, the error rate in this system is about 25%. But playing Russian roulette with one bullet in four chambers is not a source of comfort to most doctors. Meanwhile, payment to patients who deserve it may take years, with the attorney taking up to 40% of the award.

The direct costs of the malpractice system, about $28 billion a year, are only the tip of the iceberg. Defensive medicine -- the practice of ordering the procedures and tests that are not clinically indicated -- is ubiquitous, according to a recent study in Pennsylvania, practiced by over 90% of physicians. It's hard to calculate the total cost of defensive medicine, but estimates start at the tens of billions and go up from there.

Extra tests are not the worst inefficiency. Hospitals often operate like slow motion zones: No choice can occur without stacks of forms and disclosures with multiple witnesses -- all designed to "build a record" in case there's a bad outcome. End-of-life care is often as inhumane as it is costly, as nursing homes send the aged to die in intensive care units, poked with needles and strapped to machines sounding alarms instead of holding the hands of loved ones in quiet comfort.

Restoring trust in American justice can't be accomplished by tweaking this system. A functioning system of justice must aspire to deliberate choices, binding from one case to the next. Reliability is critical. Providers must know what's expected of them and must trust the system to distinguish good care from bad care. What's needed is something entirely new: specialized health-care courts.

This country has a long history of expert courts in areas that require technical knowledge or special expertise. At the time of the Constitution there were admiralty courts; today we have bankruptcy courts, tax courts, patent courts and a wide range of specialized tribunals in areas ranging from workers compensation to vaccine liability.

A proposal for expert health courts has been developed in a joint venture of Common Good (a nonprofit organization) and the Harvard School of Public Health. It promises to restore reliability and foster confidence by incorporating the following features:

There would be no juries. Instead, specially trained administrative judges, advised by neutral experts paid for by the court -- not by lawyers for either side -- would make decisions and write opinions on standards of care.

A liberalized standard of recovery would provide compensation to injured patients based on whether the injury should have been avoidable. Someone who comes into the hospital with pneumonia and comes out with a staph infection, for example, should be able to recover without having to prove how it happened.

An individual injured by malpractice would receive 100% of his or her actual monetary losses, including future lost income -- but damages for pain and suffering would be paid according to a preset schedule depending on the injury. This is how people are compensated in other countries. And expedited procedures, including mandatory disclosure by defendants, would ensure quick resolution or disputes, avoiding the monetary and psychological costs of drawn-out proceedings.

The advantages of a specialized health court are enormous. A court that writes opinions based on accepted medical standards can provide affirmative guidelines for improving care. The incentives for defensive medicine will be sharply reduced, and a culture of trust will restore the candor needed to avoid tragic errors. Patients will receive settlements much sooner, paying only a fraction of what they now pay in legal fees. Most importantly, reliability will provide a foundation to restore order to health care, including defending reasonable choices to contain costs.

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A broad coalition of safety experts, health-care providers and consumer groups such as AARP have come together to call for pilot projects of special health courts. Six major hospitals, including New York Presbyterian and Johns Hopkins, have volunteered to participate in the pilot. Several states are considering sponsoring an experiment, and a bipartisan bill to fund them, co-sponsored by Sens. Mike Enzi (R., Wyo.) and Max Baucus (D., Mt.) has been introduced.

The sticking point is the opposition of the trial lawyers, who insist that juries, and only juries, must make the final decision. But the civil jury was never supposed to decide standards of care as a matter of law; it is intended to resolve disputed facts. In any case, as noted, this country has a long history of special courts and tribunals without juries where the purpose, as here, is to improve the reliability and effectiveness of justice.

None of our aspirations for American healthcare -- better safety, affordability, even empathy -- can be realized as long as providers go through the day looking over their shoulders instead of doing what they think is right. The only way to overcome this distrust, and all its debilitating errors and waste, is to create a special health court that is trustworthy.

Mr. Howard, a lawyer and author, is chair of Common Good. More information on health courts can be found at www.cgood.org1.

Boxer To Chair Ethics In Johnson's Absence (RC)

RollCall.com, January 5, 2007

With Sen. Tim Johnson (D-S.D.) still recovering from brain surgery last month, Senate Majority Leader Harry Reid (D-Nev.) will tap Environment and Public Works Chairwoman Sen. Barbara Boxer (D-Calif.) to temporarily take the reins of the chamber's Ethics Committee, Reid said late Friday.

"Sen. Boxer will take the chair ... until [Johnson] comes back," Reid said, a move that will allow the committee to convene before Johnson returns to work. Democratic aides said Friday that Reid's decision also is being driven in part by the fact that the Senate will take up its ethics reform package next week, and while Reid and Minority Leader Mitch McConnell (R-Ky.) are the primary sponsors, the move will allow Boxer and ranking member John Cornyn (R-Texas) to help manage the debate over the next two weeks.

Under Ethics Committee rules, an even number of Republican and Democratic Members are needed to conduct business. Additionally, unlike authorizing and appropriations committees, the Ethics Committee does not allow its members to vote by proxy if they are unable to attend a vote.

Memo Says White House Visitors Can't Be Named (AP)

By Pete Yost, The Associated Press

AP, January 6, 2007

WASHINGTON - The White House and the Secret Service quietly signed an agreement last spring in the midst of the Jack Abramoff lobbying scandal declaring that records identifying visitors to the White House are not open to the public.

The Bush administration didn't reveal the existence of the memorandum of understanding until last fall. The White House is using it to deal with a legal problem on a separate front, a ruling by a federal judge ordering the production of Secret Service logs identifying visitors to the office of Vice President Dick Cheney.

In a federal appeals court filing three weeks ago, the administration's lawyers used the memo in a legal argument aimed at overturning the judge's ruling. The Washington Post is suing for access to the Secret Service logs.

The five-page document dated May 17 declares that all entry and exit data on White House visitors belongs to the White House as presidential records rather than to the Secret Service as agency records. Therefore, the agreement states, the material is not subject to public disclosure under the Freedom of Information Act.

In the past, Secret Service logs have revealed the comings and goings of various White House visitors, including Monica Lewinsky and Clinton campaign donor Denise Rich, the wife of fugitive financier Marc Rich, who received a pardon in the closing hours of the Clinton administration.

The memo last spring was signed by the White House and Secret Service the day after a Washington-based group asked a federal judge to impose sanctions on the Secret Service in a dispute over White House visitor logs for Abramoff.

The chief counsel to another Washington-based group suing to get Secret Service logs calls the creation of the memo "a political maneuver couched as a legal one."

"It appears the White House is actually manufacturing evidence to further its own agenda," Anne Weismann, a Justice Department lawyer for 19 years and now chief counsel to Citizens for Responsibility and Ethics in Washington, said Friday.

Federal courts ultimately will decide whether records identifying White House visitors and who they are going to see are public record.

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Court Was Once Cloistered; Now Its Chief Does "Nightline" (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, January 6, 2007

The "rare public address" by a member of the U.S. Supreme Court isn't so rare anymore.

Just in the past few months, Justice Ruth Bader Ginsburg has invited television interrogator Mike Wallace into her chambers for a well-mannered chat. Justice Antonin Scalia has turned up at a sold-out breakfast meeting of the Northern Virginia Technology Council and mixed it up with the American Civil Liberties Union, and he has publicly debated the Constitution with fellow justice -- but not kindred spirit -- Stephen G. Breyer. Breyer has promoted his book "Active Liberty" on "Fox News Sunday" with the other television interrogator named Wallace, Chris.

And this week, the court's longest-serving justice joined the crowd, as John Paul Stevens said in what was grandly billed as his first network television interview that he considered himself the same "moderate conservative" that President Gerald R. Ford appointed 31 years ago, even though he is now considered one of the court's reliable liberals.

"I don't really think I've changed," he told ABC's Jan Crawford Greenburg. "I think there have been a lot of changes in the court."

Stevens presumably was referring to the growing conservatism of Republican appointees to the court. But there has also been a change in the way justices, now led by Chief Justice John G. Roberts Jr., 51, see their role both in explaining what they do and in fostering a public conversation about the judiciary, according to those who most carefully monitor the court.

"Even five years ago, it would have been astonishing" to see justices interviewed on Sunday-morning news talk shows, said Thomas C. Goldstein, a Supreme Court practitioner who started the popular Scotusblog.com. "The dam has broken on the justices' desire to stay behind the red curtain."

Goldstein says the change has been building since the court's controversial 5 to 4 Bush v. Gore decision, when justices "realized they had to do a better job explaining themselves."

Others say that Roberts, now in the middle of his second term, has become a more visible symbol of the court, especially because his predecessor, William H. Rehnquist, was in poor health for his final years on the court.

"There's a new chief justice and a new court for the first time in a long time," said Orin S. Kerr, a George Washington University law professor and former Supreme Court clerk who frequently comments about the court.

Roberts is "making himself open and present in the legal world," Kerr said. "It may be that he has an effect on the other justices."

Roberts seems comfortable with reporters. In the wide-ranging "Nightline" interview with Greenburg before University of Miami students in November, he covered his childhood in Indiana and his philosophy on the court: The more narrowly tailored the decision, the better. If it can be unanimous, even better.

He was properly self-deprecating about his selection. He told of racing to his house in Maryland from Dulles Airport because he had been told to expect a call from President Bush at a certain time. "The White House was a very efficient operation, and I'm sure if I wasn't there, they'd just go down the list and take whoever was next."

Just this term, Roberts has undertaken a series of beyond-the-Beltway speeches, in New York, Vermont, South Carolina and Florida. He has two more scheduled this month, in Chicago and Dallas.

It is difficult to prove conclusively that the justices are talking more, just as it is difficult to know how much they talked in the past. Partly out of court tradition, their offices do not routinely issue their schedules or publicize their remarks. (The last speech submitted to the court's Web site is an August address by Ginsburg in Turkey.) Justices have long given speeches to law classes and legal conferences and at overseas symposiums, sometimes noticed and sometimes not.

But those who follow the court closely say they have no doubt there has been a change.

"This court is more open and accessible in terms of interviews and public conversations than the court has ever been in its history," said University of Chicago law professor Dennis J. Hutchinson.

Hutchinson and others think the change they see is born of individuals: Justice Anthony M. Kennedy promotes citizen involvement in democracy; Scalia and Breyer are willing to debate their views of constitutional interpretation; and even the quiet Stevens has a new tendency to make news. Stevens said in December that he respected the court's decision that found flag burning to be protected free speech, even though he was on the losing side of that case more than a decade ago.

And, Hutchinson said, "Justice Roberts, in my view, is trying to put a human face on the court."

Part of the perception that justices are speaking out more can be attributed to the vitality of blogs and other publications by lawyers, professors and others that take note of almost any utterance from a justice and provide instant analysis.

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Some things don't change. Justice David H. Souter limits his remarks almost exclusively to the chambers, and Justice Clarence Thomas is averse to media interviews. Scalia has always spoken frequently outside the court, but the change is that he now is open to media coverage of the events.

He and Breyer offered their competing constitutional views in the debate co-sponsored by the American Constitution Society and the Federalist Society. Breyer says that "purpose" and "consequences" must be considered; Scalia looks for the original intent of the framers. Both now are careful not to talk about current issues before the court; in 2004, Scalia recused himself from a decision on the constitutionality of the phrase "under God" in the Pledge of Allegiance, after speaking out on the case at a rally in Virginia.

Such considerations are an important part of a judge's impartiality but also underscore a justice's privilege to answer only questions that are welcome.

So Ginsburg in September was abrupt when Wallace attempted to ask her about one of the court's most enduringly controversial subjects. "Stop," she said. "We're not going to talk about abortion."

Race Discrimination Case Added To Docket (WP/AP)

Associated Press

The Washington Post, January 6, 2007

The Supreme Court yesterday added seven cases to its docket, including a discrimination case in which a Coca-Cola bottling company fired a black employee.

The lawsuit involves allegations that a supervisor of employee Stephen Peters was motivated by racial bias and influenced a human resources manager to fire the worker. Coca-Cola fired Peters for insubordination after he refused a request to work on a weekend during his scheduled days off.

A federal appeals court said that a federal judge who dismissed the case placed too much emphasis on the fact that Peters's immediate supervisor made no express recommendation to fire him.

Coca-Cola asked the Supreme Court to consider whether an employer may be held liable for intentional discrimination if the person who fired an employee harbored no discriminatory bias.

The case is BCI Coca-Cola Bottling Co. of Los Angeles v. EEOC, No. 06-341.

The court also agreed to consider the interaction of two federal laws, the Endangered Species Act and the Clean Water Act, which set out different standards for federal agencies to protect endangered species.

The case is National Association of Home Builders et al. v. Defenders of Wildlife et al., No. 06-340.

Justices To Consider School Sports Rules (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, January 6, 2007

The high court will take up athlete recruiting, home-care worker pay and stock fraud cases.

WASHINGTON — The Supreme Court agreed Friday to referee a high school sports dispute over whether coaches have a free-speech right to recruit athletes from other schools.

Last year, a federal appeals court threw out a $3,000 fine and a two-year suspension given to a Tennessee high school football powerhouse whose coach was accused of violating the state's anti-recruiting rule, which is similar to regulations around the country.

Coach Carlton Flatt of the private Brentwood Academy had sent letters and made phone calls to a dozen eighth-grade boys inviting them to spring practice at his school near Nashville.

After the state high school athletic association handed down its punishment, the academy sued in federal court alleging a violation of the 1st Amendment.

In a long-running legal battle, a federal judge as well as the appeals court sided with Brentwood Academy and said the coach's letters and calls were protected as free speech.

The Tennessee Secondary School Athletic Assn. appealed to the Supreme Court, arguing that such a free-speech rule could wreak havoc in sports. Schools and coaches in sports leagues "agree to abide by the rules," and they cannot, for example, scream in a referee's face and then claim the protections of the 1st Amendment, the association said.

The justices met Friday for the first time since the Christmas holiday and voted to hear six new cases besides Tennessee Secondary School Athletic Assn. vs. Brentwood Academy.

In Long Island Care at Home vs. Osborne, the court will decide whether certain home-care workers are protected by the federal law that requires a minimum wage and overtime pay.

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Since the 1970s, the Labor Department has said home-care workers who provide companionship services to the elderly and infirm are generally not covered by the law.

But in August, a U.S. appeals court in New York rejected that exemption for home-care employees of outside companies.

The home-care industry, which appealed, said that the decision could greatly increase the cost of care for millions of people who are old, sick or disabled.

The court also will hear a potentially important discrimination case that tests whether companies can be held liable for racial bias by a low-level supervisor.

Stephen Peters, a black employee for Coca-Cola in New Mexico, sued the company after being fired, alleging he was a victim of racial discrimination.

Last year, the U.S. appeals court in Denver cleared his suit to go to trial, though its judges agreed that the regional manager in Phoenix who ordered the firing "had no idea that Mr. Peters was black." There was, however, evidence that his actual supervisor showed a bias against blacks and treated Peters unfairly.

The court agreed to hear the case, BCI Coca-Cola Bottling Co. of Los Angeles vs. the Equal Employment Opportunity Commission, to clarify the law on handling discrimination complaints.

The justices also said they would consider making it harder to sue companies for stock fraud. Tellabs, a maker of telecommunications equipment, was sued by investors who said its executives had knowingly inflated its value.

A federal appeals court in Chicago cleared the suit to go forward, but the company appealed, arguing the plaintiffs lacked evidence that the executives knew their projections were wrong.

The case, Tellabs vs. Makor Issues & Rights, is the latest to test how much proof investors must produce before they can move forward with a stock fraud suit against a corporation.

The justices are to hear arguments in these cases in March or April and to issue rulings by late June.

Justices To Consider Impact Of Mental Illness On Death Penalty (NYT)

By Linda Greenhouse

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — The Supreme Court agreed on Friday to use the case of a schizophrenic death row inmate in Texas to set the standard for determining when a mental illness is so severe that execution would be constitutionally impermissible.

The question is not a new one for the court or for the criminal justice system, but it has come to the fore recently as a growing number of legal and mental health organizations have joined a call for a moratorium on executing those whose rational judgment has been significantly impaired, including their ability to appreciate why they have been sentenced to death.

The American Psychiatric Association has expressed specific concern about the competency standard used by the United States Court of Appeals for the Fifth Circuit, which upheld the death sentence for the Texas inmate, Scott L. Panetti, in rejecting his petition for a writ of habeas corpus last May.

Mr. Panetti, convicted in 1992 of fatally shooting his in-laws in the presence of his estranged wife and their 3-year-old child, is a 48-year-old Navy veteran who was hospitalized 14 times for schizophrenia and other serious mental disorders in the decade before the crime. A jury nonetheless found him competent to stand trial, and the judge permitted him to represent himself.

The Supreme Court ruled in 1986 that the Eighth Amendment's prohibition on cruel and unusual punishment barred the execution of the mentally ill. But the justices who decided that case, Ford v. Wainwright, did not settle on a definition of mental illness for the purpose of determining competency for execution.

Most lower courts have adopted, as controlling, a separate opinion by Justice Lewis F. Powell Jr., who said that the "retributive goal of the criminal law" was satisfied as long as defendants were aware of "the punishment they are about to suffer" and "why they are to suffer it."

The Fifth Circuit, which supervises the courts in Texas, Louisiana and Mississippi, has boiled this down to what it calls an "awareness" test. In Mr. Panetti's case, Panetti v. Quarterman, No. 06-6407, the appeals court found the test was satisfied because Mr. Panetti indicated that he understood the state's intention to execute him for killing his wife's parents. The fact that he also held the delusional belief that his execution was part of a conspiracy by which the state was trying to prevent him from preaching the Gospel was beside the point, the appeals court said.

In Mr. Panetti's appeal to the Supreme Court, his lawyers argue that the appeals court has distorted Justice Powell's meaning by failing to take the delusions into account. "The moral force of retribution is lost if an inmate believes that his execution is being carried out through a conspiracy of demonic forces rather than as a lawful punishment for a horrific crime," their brief argues.

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In a brief urging the justices to accept the appeal, the National Alliance on Mental Illness, an advocacy organization, said "this case exemplifies why mere 'awareness,' the test applied by the Fifth Circuit, is not a meaningful requirement for determining whether to execute prisoners who are severely mentally ill."

The brief said the test "makes no sense when applied to a prisoner who is plagued by delusions of grand persecution."

At his trial, Mr. Panetti was often incoherent and tried to issue subpoenas to Jesus, the pope and John F. Kennedy.

The justices' decision to hear his appeal was the latest indication of the Supreme Court's concern about the administration of capital punishment. In recent years, the court has declared unconstitutional the execution of mentally retarded defendants as well as those who committed murder before the age of 18. Some opponents of the death penalty have described mental illness as the next frontier in the debate.

Mr. Panetti's case was one of seven new appeals the court granted on a busy day as the justices returned from a four-week recess. The cases will be heard on dates yet to be determined in March and April.

Among the other new cases were appeals by the Bush administration and the National Association of Home Builders in a case that lies at the intersection between the Clean Water Act and the Endangered Species Act. The question is whether the Endangered Species Act limits the government's discretion to transfer certain authority over pollution permits from federal agencies to the individual states, as the United States Court of Appeals for the Ninth Circuit found.

The twin appeals, consolidated for a single argument, are National Association of Home Builders v. Defenders of Wildlife, No. 06-340, and United States Environmental Protection Agency v. Defenders of Wildlife, No. 05-549.

With two significant environmental cases already having been argued in the last three months, the term figures to be one of the most consequential in years for environmental law.

White House Seeks Lawyer Wise To Ways Of Congress (NYT)

By Jim Rutenberg

The New York Times, January 6, 2007

WASHINGTON, Jan. 5 — President Bush is seeking a new chief lawyer with credentials as a proven combatant as he and his staff prepare for a potential raft of investigations from Democrats in Congress who have promised to challenge the White House's conduct of policy and its assertions of executive power.

Republicans who have consulted with administration officials on personnel said the White House chief of staff, Joshua B. Bolten, was looking for a seasoned Washington hand to succeed Harriet E. Miers, the White House counsel who announced her resignation on Thursday.

Republicans said Friday in interviews that the White House was now, in essence, seeking a politically savvy outsider with ties throughout the capital and in Congress who might be called upon to become something of a public figure in potentially high-profile fights.

"They need somebody who can sit down face-to-face with an ornery committee chairman and work out a conflict over an oversight request," said Bradford A. Berenson, a former associate counsel for Mr. Bush during his first term. "The job will require a certain minimum level of stature and a minimum level of political experience."

Several Republicans, including some former administration officials, said the new White House counsel would also need the stature to counterbalance David S. Addington, the powerful chief of staff of Vice President Dick Cheney. Mr. Addington has tended to argue against cooperating with Congressional requests for classified information, a position that may require some softening, or at least more diplomacy, in the 110th Congress.

The White House is, in some respects, seeking a figure who is the mirror opposite of Ms. Miers, who has not shown a high level of comfort being a public figure, especially since withdrawing herself from the Supreme Court nominating process in 2005 under heavy fire from liberals and conservatives.

Ms. Miers spent most of her career in Texas, and did most of her maneuvering within the White House.

Mr. Bush's choice will be in the mold of the former solicitor general, Theodore B. Olson, said Republican allies of Mr. Bush who are familiar with the administration's views. These people, speaking anonymously to preserve their access to White House officials, said they took Mr. Olson at his word that he was not interested in the position.

These Republicans said other contenders in that mold include Fred F. Fielding, the Reagan-era White House counsel who is now a corporate lawyer in Washington; Charles J. Cooper, a former Justice Department official under President Ronald Reagan, also now practicing law in Washington; Laurence H. Silberman, the retired United States Court of Appeals judge close to Mr. Cheney; and David Aufhauser, the former general counsel for the Treasury Department who is now the global general counsel for UBS, the Swiss bank. Mr. Aufhauser, who has worked with Ms. Miers, also played a crucial legal role for Mr. Bush during the recount of the presidential vote in 2000.

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Another name bandied about by some Republicans, but considered a long shot because he lacks Washington legal experience, is J. Thomas Schieffer, the ambassador to Japan who is both a friend and former business partner of President Bush. Mr. Schieffer has been overseas since 2001, having been ambassador to Australia, and may be interested in a Washington job.

The people familiar with the White House thinking said Ms. Miers's departure, coming amid a number of changes in top administration jobs, had been among the most painful personally for Mr. Bush, who has grown quite close to her over more than a decade of collaboration.

Her resignation capped months of speculation about her future at the White House. Republicans close to the White House said that, in the spring, Mr. Bolten had considered replacing Ms. Miers but that Mr. Bush had made it clear he would consider no such thing. But after the Democrats' election victories in November and the promises by some to challenge Mr. Bush's claims of executive power, Mr. Bolten had new incentive to push for change in the counsel's office, several Republicans said.

Two administration officials, speaking on the condition of anonymity to discuss a delicate personnel issue, said that Ms. Miers was ready to leave all the same, and disputed suggestions that she was forced out of the post, which they said she could have kept had she wanted to.

Safe As Milk? (NYT)

The New York Times, January 6, 2007

The Food and Drug Administration's assessment that food from cloned animals is safe to eat is a victory for biotech companies and a loss for everyone else. Like many decisions on the cutting edge of agricultural technology, it was hurried along in a way that is more sensitive to political and economic pressure than to the long-term welfare of animals, humans and the world they inhabit. Asking whether cloned meat and milk are safe is not even the right question. The right question is, why clone at all?

Approving food from cloned animals will create another food-labeling nightmare and the same aggressive litigation that usually blocks any attempt to tell consumers where their food comes from.

But cloning has much worse consequences. It marks a revolutionary shift — from the relative randomness of sexual reproduction to the apparent uniformity of asexual reproduction. Because cloning creates genetically identical animals, it will shrink the gene pool on which agriculture rests, and any drastic shrinkage in genetic diversity creates enormous health risks for a species.

Cloning isn't just a matter for the F.D.A. to decide. It is up to us as a society to decide as well. We should be asking much broader questions than the F.D.A. is able to. Who will cloning benefit? What will it do to the health of the animals themselves?

But the most important question of all may be this one: Are we willing to judge the suitability of new technologies in ways that fully address their ethical and biological complexities? Or are we doomed to give in to politics and the bottom line?

Let Them Eat Clones (LAT)

The Los Angeles Times, January 6, 2007

Even if it's creepy, cloned meat is safe and tasty, says the Food and Drug Administration.

CLONED BEEF: It's what's for dinner. Or at least it will be, if the Food and Drug Administration acts on its recommendation last week to allow meat and milk from cloned animals to be sold without special labels — a position that has food-purity activists up in arms.

Cloned meat, genetically modified crops and hormone-injected milk cows do not qualify as progress to the organic food crowd, which says such advances will cause as-yet-unimaginable health and environmental damage. It would be easier to take them seriously if scientists didn't dismiss most of their concerns out of hand, after voluminous studies showing no ill effects.

Animal cloning appears to touch a particular nerve. A recent survey by the Pew Initiative on Food and Biotechnology found that 64% of Americans are uncomfortable with animal cloning. The numbers are probably worse in much of Europe and Asia, where U.S. experiments with modified crops cause widespread dismay and often lead to bans on U.S. farm exports.

There are legitimate ethical or religious objections to human tampering with the natural reproductive process. And cloning can have ill effects on animals, causing more mutations and early deaths. But the food purists do their cause a disservice when they argue that cloned meat is somehow unsafe or unhealthy.

To begin with, the clone genie is already out of the bottle. There is a voluntary moratorium on the sale of cloned meat and dairy products, but it is widely ignored. Some of the meat currently in the freezer of your local supermarket may well be from the offspring of a cloned animal.

The second delusion is that non-cloned products now in stores are more "natural." Cloning, which involves replacing an egg's nucleus with DNA from a genetically desirable animal, is just the latest artificial reproductive technology to come down the

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pike. Chances are, that T-bone on your table came from a cow produced using artificial insemination, in vitro fertilization, embryo transfer or some other method that didn't involve a cow and a bull making beautiful music together.

Finally, it's delusional to think that special labels would make any difference. It's impossible to distinguish — at the molecular level or by taste — meat from a cloned animal from the meat of an animal born of two parents. So there would be no way to determine whether meatpackers were complying with the labeling law.

It isn't the FDA's job to rule on the morality of animal husbandry, nor to placate nervous trading partners overseas. Its mandate is to ensure the safety of the nation's food supply, and the verdict is in: Cloned meat is safe.

Those who aren't convinced will have other options. Just as "organic" farms and dairies across the country put special labels on their hormone-free milk or pesticide-free produce, ranches will doubtless spring up to market "non-cloned" meats. Those who want to pay more for lower-quality food will no doubt be able to do so.

OTHER NEWS:

Jobs Data Brighten Economic Picture (WSJ)

By Rafael Gerena-Morales, Greg Ip

The Wall Street Journal, January 6, 2007

Strong Payroll, Wage Gains Ease Concerns of Recession And Trim Odds of a Rate Cut

Job creation accelerated at the end of last year and wage gains hovered at their highest level in nearly six years, suggesting that the economy might be performing better than economists anticipated and dashing hopes that the Federal Reserve will cut interest rates anytime soon.

The Labor Department Friday said U.S. nonfarm payrolls expanded by a seasonally adjusted 167,000 jobs in December as strong gains in the service sector easily offset manufacturing losses and a drop in construction jobs. With employment gains for October and November revised up by a combined 29,000, the nation added a net total of 1.8 million jobs last year, compared with 1.9 million in 2005 and 2.1 million in 2004. Meanwhile, the unemployment rate last month remained unchanged at 4.5%, near a five-year low.

The strong payroll gains "were certainly a surprise," given recent forecasts for waning job growth, said Nigel Gault, an economist at consultancy Global Insight. "It clearly points to a stronger

Moody's Investor Services Chief Economist John Lonski6 parses the December jobs data in an interview with WSJ reporter Justin Lahart.

The Labor Department report also showed that wages are rising robustly for U.S. workers: Average hourly earnings rose eight cents to $17.04 in December, up 0.5% from a month earlier and 4.2% from December 2005. Last month's annual wage increase matches November's upwardly revised performance, which both mark the biggest percentage gain since February 2001.

Some economists believe that an increasingly tight labor market means that wages will move even higher in the months ahead, a trend that could damp corporate profits.

"At this stage of the business cycle, more of the total [profit] pie is going to workers and less is going to" corporate coffers, said Jan Hatzius, an economist at Goldman Sachs Group Inc. "Stronger wage growth is likely to persist for a substantial part of 2007."

Indeed, analysts noted Friday that the economy is generating jobs at a pace that is reducing the supply of available workers. This pool includes people who are looking for jobs as well as people who aren't actively searching for work but would accept a job if one were offered. In the past year, this pool has fallen by 1.2 million people to 11.4 million workers, according to economists at Bear Stearns Cos.

Federal Reserve Bank of Chicago President Michael Moskow suggested that December's job growth was well above what the economy can sustain in the long run without straining the supply of available workers.

Slowing population growth and the retiring baby boomers' exit from the work force means normal job growth is about 100,000 a month, he told the Labor and Employment Relations Association in Chicago late Friday. He noted that monthly job growth has averaged about 160,000 in the past six months.

"By the old standard, that would be just average, but given the current trends in the labor force, we view such growth as quite solid," Mr. Moskow said.

That further diminishes the odds that the Federal Reserve will ease monetary policy in coming months, a view that spooked financial markets Friday. The Dow Jones Industrial Average declined 82.68 points to close at 12398.01, while in the

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bond market in late trading, prices on the benchmark 10-year Treasury note were down 7/32, or a loss of $2.188 for each $1,000 face amount. The yield rose to 4.648%.

Federal Reserve officials see the continued strength in employment as a bit puzzling given that overall economic growth appears to have decelerated. "That difference most likely reflected lags between movements in activity and employment, implying that growth in employment would probably slow over the next quarter or so," said minutes to the Fed's December policy meeting, released Wednesday. If officials still expect the labor market to weaken, they will be less concerned that low unemployment will generate inflationary pressure via higher wages.

Federal Reserve Bank of Boston President Cathy Minehan Friday said the economy will likely grow moderately this year, the unemployment rate will remain below 5%, and underlying inflation, though still a "challenge," will decline gradually.

Employment gains in December were driven by the service sector, which added 178,000 jobs last month. Although retailers shed 9,000 jobs, professional and business services, a category that includes consultants and lawyers, added 50,000 jobs; education and health care added 43,000 jobs; and leisure and hospitality added 31,000 jobs.

Meanwhile, hiring outside the service sector fell last month. Manufacturers cut 12,000 jobs, and the construction industry shed a less-than-expected 3,000 workers amid December's mild weather. Besides housing-related activity, the construction industry added jobs last month to meet demand for hotel construction and other projects.

Strong US Job Gains Dash Rate Cut Hopes (FT)

By Eoin Callan, Krishna Guha, Ed Crooks

Financial Times, January 6, 2007

US companies hired workers at a blistering pace last month, according to fresh data, which dashed hopes of early US interest rate cuts and brightened prospects that the world's biggest economy is heading for a soft landing.

The US Department of Labor said non-farm payrolls rose 167,000 in December, a figure far exceeding market expectations that prompted a sharp sell-off in the bond market. While equities fell back as the likelihood of a rate cut receded, the data sent the dollar higher, and halted an earlier slide in oil prices.

The December jobs gain was the biggest increase in 2006, defying economists' predictions that the pace of hiring would slow. Wages also picked up, with a 4.2 per cent annual increase in average hourly earnings.

The report is a boost for the Fed in its tug-of-war with the bond market over the state of the US economy and the likely future path of interest rates. Strong job creation and healthy wage gains reinforce the Fed view that the US economy is on track for a soft landing, in spite of the drag from housing and some weakness in manufacturing.

Meanwhile, they challenge the bond market's more pessimistic assumption that gathering economic weakness will force the Fed to cut interest rates.

US bond prices fell sharply following the release of the report, with the yield on the benchmark 10-year bond up 8.4 basis points to 4.69 per cent in the first hour. Bonds later recovered slightly. Short-term interest rate futures fell, bringing the implied odds of a 25 basis point cut by the end of the first half of this year to 30 per cent, down from 50 per cent before the data.

Job creation was also stronger than previously thought in November, with an increase of 154,000, compared with earlier estimates of 132,000.

Carlos Gutierrez, commerce secretary, told the FT the strong jobs numbers "can be sustained" and said wage gains showed workers were now sharing in the benefits of growth.

The economic data helped support the price of oil after sharp falls this week. Oil prices steadied above $55 a barrel for Brent crude. The Organisation of the Petroleum Exporting Countries offered no clear signal on Friday. Abdullah bin Hamad al-Attiyah, Qatar's oil minister, was reported by Bloomberg, the news agency, as being "very concerned" about the fall in prices.

Workers, Wages Add To Growth (WP)

By Nell Henderson, Howard Schneider, Washington Post Staff Writers

The Washington Post, January 6, 2007

Momentum Carries Economy Into 2007

Employers hired new workers and boosted wages at a brisk clip last month, creating far more jobs than many economists had expected and causing unemployment to hold steady at a low 4.5 percent, the Labor Department said yesterday.

That report followed others this week showing that retailers rang up decent holiday sales last month, while factories churned out more goods and businesses spent more on offices, shopping centers and other types of commercial construction.

It's a strong series of reports given that oil prices topped $77 a barrel last year, interest rates rose and a serious housing slump fueled fears of a recession.

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"There was a tremendous amount of momentum gathering at the end of the year, and it's carrying into 2007," said Richard Yamarone, director of research at Argus Research Corp.

Home builders, automakers and their suppliers cut thousands of jobs last month, reflecting downturns in their industries that slowed the economy in 2006 and are likely to restrain growth this year as well.

But by last month, the new data show, those woes had not dampened the nation's vibrant service sector, which includes education, health care, finance, travel, entertainment and other industries that together employ more than four of every five payroll workers.

Hiring in these industries more than offset layoffs elsewhere, for a strong net increase of 167,000 jobs in December and 1.8 million jobs for the year, the Labor Department said.

Employers also boosted average wages by a healthy 0.5 percent last month, to $17.04 an hour, which added up to a 4.2 percent increase over the 12 months ended in December, the biggest yearly gain since 2000.

And consumers found their wages went farther at year's end because of falling inflation, which has tumbled along with fuel prices since the summer. That helped encourage holiday spending: Sales at the major retail chains rose by a solid 3.1 percent in December from a year earlier, the International Council of Shopping Centers said this week.

"Nothing is more powerful than employment. That is the determinant of whether you spend . . . and that is fueling economic growth," Yamarone said.

With solid spending at home and a weaker dollar boosting demand from abroad, U.S. manufacturers increased their activity in December, rebounding from a decline in November, the Institute for Supply Management reported earlier in the week.

The Commerce Department also said this week that spending on nonresidential construction projects rose in both October and November, helping cushion the continued decline in spending on home building.

Yesterday's report was too much good news for Wall Street's taste. After a raft of mixed economic signals earlier this winter, investors had been betting the Federal Reserve would cut interest rates soon to fuel economic growth. But that looks increasingly unlikely, and stock and bond prices fell yesterday and investors abandoned their earlier assumptions. Analysts predicted the Federal Reserve will hold steady well into this year.

Fed policymakers raised short-term interest rates steadily through last June in an effort to cool the economy just enough to bring down inflation without causing a recession -- a goal called a "soft landing." While price pressures moderated last year, the central bank wants them to weaken further this year.

Now, the economy appears likely to grow a moderate 2.4 percent this year, after growing faster than 3 percent in each of the last three years, according to the average forecast of the 54 top business and university economists surveyed last month for Blue Chip Economic Indicators, a monthly publication.

The Blue Chip group also predicted inflation will ebb a little this year, while unemployment creeps up to average 4.8 percent, higher than last month's rate, but still low historically. None of the experts surveyed predicted a recession.

"We are successfully in a soft landing," said Diane Swonk, chief economist at Mesirow Financial. She predicted the economy would rebound strongly enough later this year to cause the Fed to raise its benchmark rate.

The Fed, however, isn't expected to raise interest rates in the near future because it is uncertain how much further the housing market will sag.

Home sales rose in November, fostering hopes they will stabilize soon. But home construction is likely to continue declining for many months while home builders work to reduce their inventories of unsold homes, analysts said.

Housing-related industries -- including residential construction, contractors, real estate agents and brokers -- shed 19,000 jobs last year, a sharp reversal after adding 306,000 in 2005, according to the Economic Policy Institute, a research organization focused on labor issues. Analysts forecast more such losses this year.

Manufacturing employment also appears likely to continue to slide, after falling by 72,000 workers last year. Nearly nine of every 10 factory jobs lost in the second half of last year reflected cuts by employers in businesses related to housing or automaking, said David Huether, chief economist at the National Association of Manufacturers.

Construction employment fell in each of the last four months of last year, but rose by 39,000 jobs over 2006, as gains in nonresidential work more than offset cuts by home builders, the Labor data showed.

But because of the continued expansion of the nation's service industries, the nation's overall job market tightened last year, brightening employment prospects for many workers.

Unemployment averaged 4.6 percent, the lowest level in six years, down from an average of 5.1 percent in 2005.

The jobless rate among white workers rose to 4 percent in December from 3.9 percent in November. African American unemployment fell to 8.4 percent last month, the lowest level since July 2001, from 8.6 percent in November. Latino joblessness fell to 4.9 percent from 5 percent.

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The average duration of unemployment shrunk last year as well, to 15.9 weeks as of December from 17.4 weeks in December 2005.

The ranks of the so-called "long-term" jobless workers declined as well, to 16 percent of all the unemployed last month, from 18.5 percent a year earlier, Labor said.

Jobs, Income Gains Bright Spots In 2006 (WT)

By Patrice Hill, The Washington Times

The Washington Times, January 6, 2007

The job market was the brightest spot in the economy at the end of last year, with wage gains hitting a six-year high of 4.2 percent and employers creating another 167,000 jobs, the Labor Department reported yesterday.

In all, 1.8 million new jobs opened up in 2006 while the healthy growth in incomes enabled consumers to overcome high gas prices and keep spending despite deep troubles in the housing market and the auto industry. The unemployment rate, at 4.5 percent in December, was at the lowest levels since 2000.

By the end of the year, robust growth in services, management and professional jobs like health care, education, engineering and telecommunications overwhelmed job losses in construction and manufacturing that resulted from the weak real estate and auto sectors. Many economists expected the opposite, thinking housing-related job losses would cascade into broader weakness in the labor market.

"It's certainly going to go a long way in calming fears that a housing slowdown was taking the economy apart," said Jim Paulsen, chief investment officer for Wells Capital Management. He expects forecasters to increase their estimates of economic growth this year as a result of the surprisingly strong job growth.

Other recent reports, including news of a weak Christmas sales season, have suggested economic growth and consumer spending are softening.

"Clearly, there is support for consumer spending" from the solid job and income gains, and that will underpin growth in the broader economy, said John Silvia, chief economist at Wachovia Securities.

Stocks and bonds fell on yesterday's news, as it played into worries at the Federal Reserve that an increasingly tight job market, especially for skilled and educated workers, will stoke wage growth and bolster inflation. Wages constitute about two-thirds of the costs covered by consumer prices.

Fed watchers said that rather than cut interest rates this spring, as many in the markets hoped, the jobs report will prompt the central bank to keep rates elevated and maintain vigilance against inflation.

"Wage gains remain a two-edged sword," said Mr. Silvia. They are "good for personal income" and economic growth, but they underpin inflationary pressures.

"The Fed isn't going to do anything this quarter" to change its anti-inflation stance, said Jack Malvey, global fixed-income strategist at Lehman Brothers Holdings Inc. "The momentum of the U.S. economy is more vigorous than some in the market presume."

Roger M. Kubarych, economist at Unicredit Markets, said the markets need to awaken to this fact: The Fed will not consider cutting rates unless the job market starts to show weakness.

Peter Morici, business professor at the University of Maryland, said employment conditions may not be as good as they seem. The department reported that 6.8 million people remain unemployed, and participation in the labor force remains well below 2000 levels because another 1.3 million would like to work but are discouraged and have stopped looking for jobs. Many would-be workers have dropped out to seek schooling.

Also, the department's survey of households shows that more than a million people became self-employed last year, often because they could not find good payroll jobs, Mr. Morici said.

"Many people who have been displaced from positions with regular employers have sought refuge in home-based consulting and blue-collar pickup jobs," he said. "For many these days, self-employment is three parts resume posting and one part work, but it still counts as employment at the Labor Department."

Lawrence Kudlow, president of Kudlow & Co., said the growth in self-employment and one-man businesses is a hallmark of an entrepreneurial economy.

"Free-market capitalism is a wonderful thing," he said. "The economy is still in a slowdown mode, but it is still quite healthy," thanks to the steady growth in jobs and income.

Job Growth Is Strong, Surprising Economists (NYT)

By Jeremy W. Peters

The New York Times, January 6, 2007

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Job growth was brisk last month as businesses added to their payrolls with surprising confidence, further evidence that the economy is not likely to slip into a recession.

This growth helped both the employed and the unemployed. The prospects for working Americans strengthened as wages for most workers climbed at a steady clip. Those looking for a job last month found a more welcoming job market, and the amount of time they spent out of work dropped considerably.

The national unemployment rate held steady at a low 4.5 percent.

Such strong numbers, reported yesterday in the government's monthly survey of households and businesses, came as a surprise to many economists, who expected the slowing economy to pressure employers to rein in hiring.

The report also came just two days after an employment survey from a private statistics firm suggested that businesses had shed 40,000 jobs last month.

"Such weakness as we have seen in the job market has been quite narrowly confined to those sectors immediately affected, like construction and manufacturing," said Nigel Gault, chief United States economist for Global Insight. "It really does help alleviate fears of a cumulative downturn spreading from housing and pulling everything down."

The report dashed cold water on those who were expecting the Federal Reserve to lower interest rates anytime soon. Investors, who have been counting on a rate cut by the central bank sometime in the first half of the year, bid stocks lower on the news and sent the bond market reeling. On Wall Street, stocks had their worst day since the end of November.

The Labor Department reported that employment outside the farming sector grew by 167,000 jobs in December, seasonally adjusted — more than enough to absorb natural growth in the work force. In another sign of just how strong the job market has been, the figures for October and November were revised to show that businesses hired more employees than the government first thought.

With the housing market in a slump, builders eliminated 3,000 jobs in December, after cutting substantially more in October and November. And economists said that had it not been for unseasonably warm weather, builders probably would have eliminated even more workers.

Downsizing in the American auto industry helped contribute to an overall decline in manufacturing jobs last month. For the year, manufacturers shed a net 72,000 jobs.

Retailers, too, shrunk their payrolls last month, reflecting a weak holiday shopping season. Home-improvement supply stores, clothing stores and sporting goods stores led the industry in jobs cut.

But the services sector of the economy showed considerable strength. Professional and business services — companies that offer things like administrative support, computer software design and waste management — added a net 50,000 jobs last month. Health care providers added 31,000 new jobs, and so did hospitality businesses like restaurants and bars.

In all, the largest percentage of the population since September 2001 was employed in December. The employment-population ratio edged up a tenth of a percentage point, to 63.4 percent.

"You want to see folks who are sitting on the sidelines able to come in and find work," said Jared Bernstein, an economist with the Economic Policy Institute. "You've had a really important expansion in labor force, in particular by people who were waiting for jobs and wages to heat up a bit."

Not only are more Americans working, but they are being paid more for it. Average wages have been outpacing inflation by enough of a margin in recent months that workers have seen some of the biggest real gains in their paychecks this decade.

In December, that trend appeared to continue as the average hourly earning for a worker in a nonmanagerial position climbed 8 cents, to $17.04. That was a 4.2 percent gain compared with December 2005, and it matched November's rise, which was the highest in more than five years. It has not topped that rate in more than six years.

Some recent evidence had suggested that wage gains were beginning to taper off, but yesterday's Labor Department statistics showed that workers continued to enjoy the benefits of a strong labor market.

"If you want a signal of what the labor market looks like, see if employers are paying more," said Drew Mathus, an economist with Lehman Brothers.

It appears that employers are giving their workers raises because tightness in the labor market demands it. The report is not likely to put any pressure on the Federal Reserve to ease interest rates .

"The Fed has got to be pleased with these numbers," said Edward Yardeni, chief investment strategist with Oak Associates, a money management firm in Akron, Ohio. "Interest rates are where they should be."

Minutes Show Fed Focus On Jobs Data (FT)

By Krishna Guha

Financial Times, January 6, 2007

DOJ_NMG_0113991

The central role that Friday's US jobs data will play in the Federal Reserve's next deliberations on interest rates is clear from the latest Fed minutes published this week.

The minutes show the Fed putting considerable weight on the continued strength of the labour market as an offset to other signs of weakness in the economy, for instance, in manufacturing output.

Policymakers noted "solid gains in employment over recent quarters stood in contrast to the softer pace of economic expansion suggested by the spending and production data".

While the bond market has focused on the weaker spending and output data, the Fed saw "mixed signals about the strength of near- term activity".

When output and jobs data diverge in this way, the standard explanation is that it is just a matter of time before the jobs market weakens, too.

The Fed acknowledged in this week's minutes that this remained the "most likely" explanation, implying that "growth in employment will probably slow over the next quarter or so".

But Fed policymakers are thinking about other possible explanations, too. Strong job creation could be a clue that the output numbers are underestimating the true level of growth in the economy and "the recent pace of activity may have been stronger than that indicated by the spending and production data". Alternatively, the combination of slow growth and robust job creation could be a signal that productivity is weaker than the Fed thought. That would not imply upward revisions to growth but it would make the Fed more reluctant to cut interest rates for a given level of growth.

The jobs market is a crucial driver of consumer spending, as well as a potential source of inflationary pressure.

As long as there is healthy growth in employment and in real wages, the Fed will feel confident that consumption will continue to grow, in spite of the disappearing wealth effect from housing.

The Fed's base-case scenario – that the economy overcomes its present weakness and returns to roughly trend growth later this year – already assumes that job growth will ease and unemployment will drift up a little.

And with demographic trends reducing the growth in the labour force, officials see payroll growth of 100,000 to 120,000 as consistent with stable unemployment. So the 167,000 increase for December almost certainly exceeds even the Fed's own relatively bullish expectations by a wide margin.

The Fed will take into account a wide range of data on the real economy and prices before making its decisions.

But while jobs and wage growth continues at anything like the present rate, it is hard to see it thinking seriously about cutting interest rates.

Bernanke Defends Fed Banking Supervision (FT)

Financial Times, January 6, 2007

Ben Bernanke stoutly defended the Federal Reserve's role in banking supervision on Friday, pushing back against suggestions that this role should be hived off and given to a single regulator as in the UK and Japan.

The Fed chairman said there was no evidence that Fed monetary policy decisions had ever been distorted by its supervisory responsibilities, and said the knowledge it gained by acting as a supervisor was essential to its ability to deal with financial crises.

"The Fed's ability to deal with diverse and hard-to-predict threats to financial stability depends critically on the information, expertise and powers that it holds by virtue of being both a bank supervisor and a central bank," he told the annual meeting of the American Economic Association.

His robust defence of the Fed's supervisory role comes at a time of increased US interest in the UK model of financial regulation, based on a single regulator, the Financial Services Authority, which took over supervisory functions previously performed by the Bank of England.

Treasury Secretary Hank Paulson recently highlighted the problem of multiple overlapping regulators in a speech on US capital market competitiveness in which he noted "while the business of banking has converged over time, we still have four separate banking regulators."

Mr Paulson questioned whether this system was conducive to "regulatory efficiency."

Mr Bernanke on Friday admitted that the "issue of efficiency" was "less easy to dismiss" than concerns that the supervisory role would influence monetary policy.

He conceded that the US banking regulatory system is "complex and in some respects duplicative" and said he supported efforts "to make supervision more effective and less burdensome."

But he said the supervisory authority of the Fed has "significant collateral benefits" – enabling it to respond more quickly, more effectively and in a more informed way to financial crises.

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The Fed chairman said the knowledge and relationships built up through supervision were crucial in helping it to deal with recent crises, including the provision of massive amounts of liquidity to the banking system after the terrorist attacks of September 11 2001.

Mr Bernanke said the supervisory role also helped the Fed tackle the failure of Drexel Burnham Lambert in 1990 and the collapse of Long Term Capital Management in 1998.

The Fed chairman also suggested that the Fed's expertise, for instance, in capital markets, allowed it to make positive contributions to overall bank supervision.

While Mr Bernanke did not refer to Basle II specifically, the Fed tended to be more sympathetic to big banks arguments that they should be allowed to put greater weight on their own risk-management systems, than some of the other US banking regulators.

Surge In Jobs Sends Markets Lower (NYT/AP)

By The Associated Press

The New York Times, January 6, 2007

Wall Street and the Treasury market ended the first week of 2007 with sharp losses yesterday after a surprising surge in new jobs and wages diminished the hopes of investors for an interest rate cut.

The markets shuddered at the Labor Department's report that employers increased their payrolls by 167,000 in December and increased the hourly wages of workers by 0.5 percent. The unemployment rate, meanwhile, held steady at 4.5 percent.

The report suggested that the economy will not be slowing as much as investors anticipated — news that should prove positive for stocks in the long term, but which raised concerns yesterday that the Federal Reserve might use it as a reason to raise interest rates.

A rise in rates could crimp consumer spending, and further weaken the housing market by making mortgages more expensive.

At this point, though, economists see policy makers keeping rates steady.

"Until we get an uptick in the unemployment rate, in this environment the Fed will probably stay in a holding pattern," said Michael Strauss, chief economist at Commonfund, pointing to the slowing, but still expanding, economy.

"Moderate economic growth is historically good for the equity market, not a bad thing," he said.

Concerns about the jobs report added to disappointment over a warning by Motorola that it is lowering its fourth-quarter sales estimates, as well as a series of analyst downgrades of technology companies.

Motorola fell $1.61, or 7.8 percent, to $18.94 on the New York Stock Exchange.

The Dow Jones industrial average fell 82.68 points, or 0.66 percent, to 12,398.01 — the biggest one-day drop since Nov. 27. The Dow was down more than 115 points at one time yesterday.

The Standard & Poor's 500-stock index dipped 8.63 points, or 0.61 percent, to 1,409.71.

The Nasdaq composite index dropped 19.18 points, or 0.78 percent, to 2,434.25.

Yesterday's steep declines capped a week that showed the stock market's indecision over whether it wants the economy to slow or perk up.

On Wednesday, the first trading day of 2007, stocks were mixed after the Fed released minutes disclosing some expressions of concern that the weak housing sector might be a drag on the economy. Yesterday's positive jobs snapshot, however, suggesting a quickening economy, caused stocks to drop.

The clash between worries over economic cooling and inflation reflects the caution felt by investors, given the big run-up of stocks in late 2006.

"It's just a sign of volatility," said Jeff Kleintop, chief investment strategist for PNC Wealth Management. "We just went through a rally that could've been drawn with a ruler."

The Dow was down 0.52 percent on the week and year; the S.& P. is down 0.61 percent; but the Nasdaq is up 0.78 percent.

The Federal Reserve, which has kept rates stable since August after raising rates for two years, is expected to leave rates unchanged again when its rate-setting committee meets at the end of the month. Still, investors were nervous enough yesterday to sell stocks and bonds, after a months-long pattern of cashing in recent gains at the first possible sign of a rate increase.

Crude oil prices rose 72 cents, to settle at $56.31 a barrel on the New York Mercantile Exchange, but ended nearly 8 percent lower on the week on expectations of sluggish demand because of mild weather in the Northeast and Midwest.

Many technology stocks declined on a spate of analyst downgrades. Intel fell 7 cents, to $21.10; Silicon Laboratories dropped $1.98, or 5.6 percent, to $33.36; and Broadcom fell $1.07, or 3.2 percent, to $32.50.

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Strong December sales figures from the nation's two biggest consumer electronics retailers, Best Buy Company and Circuit City Stores, failed to give Wall Street a big enough boost to offset the jobs report and news from Motorola.

Best Buy rose 16 cents, to $50.

Circuit City fell 71 cents, or 3.6 percent, to $19.29, on worries about competition from Best Buy.

The price of the benchmark 10-year Treasury note declined 10/32, to 9927/32.

The yield, which moves in the opposite direction from the price, rose to 4.64 percent, from 4.60 percent.

The 10-year yield had touched 4.70 percent during the day.

Treasury Prices Hit By US Labour Report (FT)

By Saskia Scholtes, Paul Davies

Financial Times, January 6, 2007

Government bond prices tumbled on Friday after a stronger-than-expected report on US labour market conditions caught traders on the back foot.

The fall in US Treasury prices initially brought yields close to where they had started the new year as investors adjusted their outlook for economic growth. The US Labor Department said the US economy created 167,000 new jobs in December and reported an upward revision to November job creation.

Economists' forecasts had been for a reading of 100,000 and many investors had been betting on an even weaker number. A report by private employment service ADP on Wednesday indicated US private sector employment had fallen in December.

The news produced a rapid sell off in US Treasuries, pushing yields around 10 basis points higher across all maturities. By late afternoon in New York, the market had recovered slightly, leaving the yield on the benchmark 10-year bond 4.8bp higher at 4.66 per cent, after starting the week at 4.70 per cent. The two-year note yield was most sensitive, adding 6.2bp to 4.77 per cent, down from 4.81 per cent at the start of the week.

The payrolls report also prompted investors to adjust their bets in the interest-rate futures markets. Short-term interest rate futures fell, bringing the implied odds of a 25-basis-point cut by the end of the first half of this year to 30 per cent, down from 50 per cent before the data.

The US market moves spilled across the Atlantic. European government bond prices had been firmer ahead of the data, having followed the positive trend from the US for much of this week.

However, the payroll figures saw them stumble instantly and end in the red for the week once again. The two-year Schatz yield was up 2.8bp on the day and the week at 3.918 per cent, while 10-year Bund yields were 4.5bp higher on the day and 2.6bp higher on the week at 3.979 per cent.

UK gilts also suffered in spite of data from the country's leading mortgage lender showing a surprise fall in house prices in December. Two-year gilt yields hit their highest level since July 2001 after rising 3bp to 5.221 per cent, which was 5.4bp up on the week. Ten-year yields, meanwhile, were 2.9bp higher on the day and 6.6bp up on the week at 4.804 per cent.

The benchmark 10-year Japanese government bond yield was up 0.5bp at 1.720 per cent.

Dollar Jumps To 6-Week High Against Euro On Jobs Data (WSJ)

By Dan Molinski

The Wall Street Journal, January 6, 2007

The dollar rose to a six-week high against the euro Friday and recovered much of its overnight losses against the yen after a surge in U.S. jobs growth.

Late Friday afternoon, the euro stood at $1.3003, down from $1.3083 late Thursday, while the dollar was at 118.68 yen, down from 119.08 yen. The euro fell to 154.32 yen from 155.79 yen. The dollar rose to 1.2361 Swiss francs from 1.2332 Swiss francs, as the pound fell to $1.9302 from $1.9435.

"We've broken through some big levels," said John McCarthy, director of foreign exchange at ING Capital Markets. "The number came in way on the upside."

The dollar has been rallying for three days against the euro, and is up 1.5% this week, despite forecasts by most economists for it to decline in 2007.

The euro's support level at around $1.3050 that hadn't been broken since late November easily gave way during the morning rally, and the psychological $1.30 level also buckled, with the euro dipping as far as $1.2981, a low not seen since Nov. 24.

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But for most of the session the euro steadied around $1.30. Against the yen, the dollar used the employment report to grab back most of its overnight losses on speculation the Bank of Japan may raise its ultra-low key interest rate when it meets Jan. 18.

After The Dow's 2006 Rise, Investors Ponder A Correction (WSJ)

By Peter A. McKay

The Wall Street Journal, January 6, 2007

Some investors are wondering if the Dow Jones Industrial Average is due for a significant short-term drop, nearly four years after the blue-chip average last suffered a 10% tumble, the traditional definition of a "correction" that helps keep a bull market from overheating.

After the Dow's 16% gain last year, some investing pros, including a few who are upbeat on stocks for the long haul, are nervous. The market's lackluster performance for the week, punctuated by the Dow's 82.68-point tumble Friday, only raised more questions for such skeptics.

The blue-chip average shed 0.7% Friday to end at 12398.01, down 0.5% in 2007's first week of trading. While such moves sometimes turned into full-blown corrections in the past, the market's pattern since its lows last summer has been to shrug off such modest weekly setbacks and continue higher, producing a relentless rally that has defied old-fashioned, what-goes-up-must-come-down market wisdom.

Jim Bianco, president of Bianco Research in Chicago, says he has struggled since late last year to explain the lack of a correction to his clients.

One possible explanation, he says, lies in the rising popularity of new investment products such as exchange-traded funds, which allow everyday investors to trade indexes or blocks of companies in one stroke.

Mr. Bianco says the trend may be cutting into the volatility of individual companies' shares, which, in turn, may be cutting into the volatility of the indexes of which the companies are components, creating a cycle that feeds on itself.

"This is the new environment we're in," Mr. Bianco says, "It's difficult to know what to make of it."

Friday's market woes could be traced to a few specific factors, starting with a report by the Labor Department that nonfarm payrolls rose by 167,000 jobs last month, larger than the rise of 115,000 jobs analysts expected.

This sign of economic strength curbed hopes that the Federal Reserve will cut interest rates to spur growth anytime soon, a move that would lower borrowing costs throughout the economy and help stocks.

The jobs report also buoyed energy traders' confidence that U.S. fuel demand will remain high. At the New York Mercantile Exchange, Crude-oil contracts for February delivery ended a two-day plunge, rising 72 cents, or 1.3%, to $56.31 a barrel, still off 7.8% on the week.

The energy rally also weighed on stocks, as higher pump prices tend to leave consumers with less to spend with nonenergy companies. The Standard & Poor's 500-stock index on Friday fell 0.6%, or 8.63 points, to 1409.71, off 0.6% for the week. The Nasdaq Composite Index shed 0.8%, or 19.18 points, to end at 2434.25, up 0.8% on the week.

A rally in the U.S. dollar against the euro pushed gold to a fresh two-month low, since the yellow metal is traditionally viewed as an alternative to paper currency in some parts of the world. Contracts for January delivery tumbled 3%, or $19, to $604.90 a troy ounce, off 4.8% on the week on Nymex's Comex division.

George Gero, vice president with RBC Capital Markets Global Futures, says oil, gold and other sagging commodity prices could rally later this year if the Fed eventually cuts interest rates, as most of Wall Street expects. Although traders' hopes for a rate cut were dealt a blow Friday, they should eventually be rewarded, Mr. Gero says.

"The gold market has been spooked by a number of things the past week or so," Mr. Gero says. "The jobs report was just the straw that broke the camel's back."

A fresh rally in commodities, especially crude oil, would tend to hurt stocks and could feed a correction.

S&P strategist Sam Stovall, who fretted publicly late last year about the possibility of a sustained setback, says he has become less worried, although he is still forecasting a relatively modest 6.5% gain in the S&P 500 this year.

Like the Dow, the broad-based S&P hasn't had a traditional 10% correction in several years. But, Mr. Stovall says, some global indexes did suffer 10% pullbacks in 2006 on the way to gains for the full year.

"I took a second look and realized that markets are more global now, with more money flowing into U.S. shares from overseas," Mr. Stovall says. "By that standard, it made sense to look more globally for the correction as well."

In major U.S. market action:

Stocks fell.1 Total trading volume for stocks listed on the New York Stock Exchange was three billion shares, as 845 stocks advanced and 2,477 fell.

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Bond prices fell.2 The 10-year note fell 7/32 point, pushing up the yield to 4.648%. The 30-year bond fell 8/32 to yield 4.743%.

The dollar was mixed.3 Against the Japanese currency, the dollar fell to 118.68 yen, compared with 119.08. The euro fell to $1.3003, compared with $1.3083.

Dow's Dogs Still Having Their Day (NYT)

By Conrad De Aenlle

The New York Times, January 6, 2007

EVERY dog has its day, but the Dogs of the Dow have had their day for seven years. During that span, the Dogs — the 10 stocks in the Dow Jones industrial average with the highest dividend yields at the end of each year — have handily outperformed the index itself and other benchmarks of blue-chip stocks.

Owning the 10 Dogs in equal dollar amounts would have produced an annualized total return, share price appreciation plus dividends, of 5.5 percent since 1999, according to Dow Jones & Company. The complete 30-stock index could manage only 3.3 percent.

The Dogs of the Dow are the sort of stocks that value investors covet. Despite the unflattering appellation, the Dogs are solid, long-established businesses that are selling at bargain prices and producing enough cash flow to have high dividend yields.

"These are companies that have been around for years," said James Huguet, president of Great Companies Funds, a Florida portfolio manager specializing in shares of large American businesses. "You're buying them at a discount, and they're paying dividends, so it takes some of the risk out."

The Dogs for 2007, in descending order of yield, are Verizon, Altria, AT&T, Pfizer, Citigroup, Merck, General Motors, Dupont, J. P. Morgan and General Electric.

A refinement of the strategy is to buy just the five Dogs with the lowest share prices at the end of each year. Doing so would have raised the performance of a Dogs portfolio over the last seven years to an annualized return of 7.3 percent. The five lowest-priced Dogs for 2007, beginning with the cheapest, are Pfizer, G.M., AT&T, G.E. and Verizon.

Many Dow Dogs, now or in any year, have something in common besides longevity and low valuations. They are flawed in some way, which is why they are cheap in the first place.

"These are companies that are in temporary trouble," said Pat Dorsey, research director at Morningstar. "That is what the strategy is supposed to highlight. Sometimes they bounce back after a rough patch, sometimes management gains some I.Q. points, and sometimes it gets booted out." (A high yield can signal trouble because it sometimes results from a decline in the share price rather than an increase in the dividend.)

Mr. Huguet focused on the third possibility. Many of the companies that attain Dog status have been taken down the wrong path, he said. Share prices sink, forcing changes at the helm. The new broom begins sweeping around the time that the stocks would be added to a Dogs portfolio.

"A lot of the time when Dogs of the Dow that have been downtrodden suddenly come alive, it's because you have new management in there," he said. "Earnings turn around, and because the stock is depressed, it can have a huge effect on the price."

Mr. Huguet prefers to own fast growers rather than potential turnaround plays, so he is not a fan of the Dogs strategy. He does own a couple from this year's crop, though: Citigroup and J. P. Morgan.

Walter McCormick, lead manager of the Evergreen Fundamental Large Cap fund, also likes the two banks, along with the drug maker Pfizer and the food and tobacco producer Altria.

THIS year may be an especially good one for the Dogs, Mr. McCormick said. After the strong run turned in by many species of Dow stocks over the last few years, returns for the Dow industrial index may diminish, encouraging investors to put a premium on stocks with high dividend yields, he explained. "You'll want the wind at your back," he said. "If we have a year when returns are in the high single digits, you're halfway there with high-yielding stocks."

Mr. Dorsey, at Morningstar, has mixed feelings about the Dogs. He, too, likes Citigroup, J. P. Morgan and Altria, calling them "reasonably cheap." On the other hand, he considers G.M. and AT&T "ridiculously overvalued."

He is shunning Merck, which is fending off lawsuits over its painkiller Vioxx, and has had good results in court, but not where it counts, he said. "Merck has a terrible pipeline" of new drugs, he said. "That's what makes drug companies go."

All in all, Mr. Dorsey finds the 2007 Dogs to be "not a very inspiring group." Even so, he approves of the strategy because it may help to teach old investors a new trick.

"You're buying solid companies when they're down on their luck," he said. "That's better than buying whatever was hot last year, as many investors do."

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Lower Oil Prices Slow In Reaching Pump (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, January 6, 2007

With cherry blossoms coming out in New York City, Merrill Lynch & Co. oil and gas analyst John Herrlin sent a note to investors yesterday saying "soon I might have to cut my lawn rather than run the snow blower."

The warm weather was bad news this week for oil and gas companies, the Organization of the Petroleum Exporting Countries and any traders who had bet on rising energy prices. But for consumers, the unseasonably warm weather may make it cheaper to fill their gas tanks -- though it hasn't yet.

Three straight months of tepid demand for heating oil, combined with a broad commodity sell-off triggered by a New Year's change in the investment mix of index funds, helped drive down crude oil prices sharply this week. Crude prices plunged almost 9 percent on Wednesday and Thursday, before stabilizing on Friday. They finished the week at $56.31 a barrel on the New York Mercantile Exchange, down 7.8 percent since the start of the year.

So far, the benefits of falling crude oil prices haven't trickled down to consumers. Drops in gasoline prices tend to lag somewhat behind declines in crude oil prices. According to AAA, the average nationwide price for unleaded regular gasoline was $2.33 a gallon yesterday, essentially unchanged from the day before and up nearly 3 cents from a month ago.

"Though gasoline prices have dropped in the last couple of days by a fraction of a cent, they are still historically high gasoline prices," said John Townsend, a spokesman for AAA. "The yearly average price for 2006 was the highest pump price paid ever in history." Regular unleaded prices in 2006 averaged $2.57 a gallon, up 31 cents from hurricane-ravaged 2005.

Townsend said that because several factors had contributed to high prices last year, it was harder for consumers to comprehend. "There were a lot of little cuts that all added up to a lot of bloodletting at the pump," he said.

This week, however, the bloodletting was on Wall Street. The swift drop in prices fueled questions about whether a hedge fund had taken a major hit, but the funds remained mum about their positions.

"We don't know the carnage yet," said Peter Fusaro, chairman of Global Change Associates and founder of a listing of hedge funds. But Fusaro said that European investors were still adding money to hedge funds, many of them trading energy.

Many investment banks have been forecasting relatively high oil prices for 2007. Barclays Capital predicts the price of West Texas Intermediate grade crude will average $76 a barrel, Lehman Brothers says it will average $73.50 and Goldman Sachs in December trimmed its forecast to a still-pricey $72.50.

Many of these investment banks say they expect oil and gas prices to stabilize because index funds will finish rebalancing their portfolios and OPEC could trim its output further. OPEC cut production in October and in December agreed to reduce it again starting Feb. 1. Later in the year, geopolitical factors could crimp supplies, and the summer driving season will return. Motor fuel demand has shown little sign of slackening despite high prices.

Qatar's oil minister, Abdullah bin Hamad al-Attiyah, helped stop this week's slide in prices by telling Bloomberg News yesterday that OPEC was "very concerned" about the price drop. "For now there's no need before our meeting in March, but we have no objection to a meeting if prices continue to fall," he said.

Even with mild weather, oil inventories in the world's industrialized countries have been declining at a rate of about 1 million barrels a day, noted Edward Morse, chief energy economist for Lehman Brothers. Morse expects prices to level off.

"OPEC was meeting on Dec 14, and the rhetoric from OPEC was pretty bullish," said Adam Sieminski, chief energy economist of Deutsche Bank. "Then the oil traders got back to their desks on Jan. 3 and they looked out the window and people were stretching with their shirts off in front of the Nymex."

Sieminski, who expects prices to average $62 a barrel this year, said oil could drop to $50 in the near term because of the warm weather. But, he added, "with OPEC already cutting output and poised to cut more, we believe that oil prices are not likely to rest at the $50 a barrel level . . . even if prices do 'test' that level."

"This seems to be a bit of a short-term knee-jerk reaction to the weather," agreed Doug Leggate, oil analyst at Citigroup. He said that prices would head higher again as the summer driving season approaches because, he argued, the same bottlenecks involving the blending of ethanol and gasoline that helped drive up prices last year would happen again.

Even if prices stayed around this level, Leggate said, "that's not a low number."

Gauging The Demand (WP)

By Sholnn Freeman, Washington Post Staff Writer

The Washington Post, January 6, 2007

With great hoopla, automakers will unveil futuristic prototypes next week at the Detroit auto show, including advanced hybrids and a gas-electric sports car, the FT-HS, from Toyota.

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The only problem is that some of the technology being touted exists only as fancy fiberglass models.

The buzz machine shifts into high gear tomorrow with carmakers competing to demonstrate their concern about high gas prices, U.S. dependence on foreign oil and global warming. But despite all the glitz, what Americans will drive in the next few years will look a lot like what they drive today. Industry analysts say automakers won't have significant numbers of alternative-energy vehicles -- hybrids, diesels and plug-ins -- for sale until well after the turn of the decade.

The hype is racing ahead of consumer appetite for alternative-fuel vehicles, industry experts say. Only a small fraction of the cars on the roads are hybrids and diesels, which get better fuel mileage than gasoline-only cars and burn cleaner than they used to. While such vehicles have distinct advantages, consumers for the most part seem unwilling to pay their higher prices. As a result, carmakers will push ahead cautiously before deciding to turn out large numbers of the vehicles.

Auto companies are hesitant about the price of new technology. In hybrids, batteries and other components add $1,500 to $3,000 to the cost of each vehicle. Current cost pressures have auto companies scrounging to save as little as half a cent on some parts.

But the manufacturers are doing everything they can to be perceived as environmentally friendly.

Automakers are "investing large sums of money attacking the problem" of heavy fuel consumption and carbon dioxide emissions, which scientists say lead to global warming, said Tom Purves, chief executive of BMW's North American operations. "As an industry, I believe we've never worked as hard on these problems."

Environmental groups contend that the companies are delivering "automotive vaporware" to deflect attention from political momentum in Washington that could force them to boost fuel efficiency. The groups say carmakers are also trying to stay out of the crosshairs of a looming federal debate on global warming. The car companies have gone to court to fight attempts by states to regulate global-warming gases and have resisted attempts by U.S. lawmakers to mandate fuel efficiency increases.

"We would be much more impressed if GM were to say the U.S. needs to cap greenhouse gas emissions. That would be a wonderful new concept," said John M. DeCicco, senior fellow at Environmental Defense. "The country needs a climate change policy, and automakers need to step up to the plate."

Vehicles powered by fuels other than gasoline occupy a small corner of the U.S. auto market. Diesels have accounted for about 3 percent of the U.S. market over the past few years, and most are extra-large pickups used as work trucks. Diesels, which get 30 percent better fuel mileage than gasoline-powered cars, account for nearly half of the market in many European countries.

Though still small, hybrid sales are growing steadily. In 2006, automakers sold 255,000 hybrids, according to estimates by J.D. Power and Associates. This year, the figure is projected to be 350,000, in part because Toyota is increasing production of its popular Prius. Even with the growth, analysts don't expect hybrids to reach 1 million units, or 5 percent of the total market, until after 2011.

Plug-in technology is probably even further in the future because battery technology does not yet exist. Several sources in the industry said they expect Toyota to add plug-in power to the next-generation Prius, which is due later in the decade. Toyota declined to comment. Later this year, Toyota will bring out the Lexus LS 600h, a hybrid version of the luxury brand's flagship sedan.

Analysts say hybrid demand could dry up as early adopters finally get their hands on Priuses after waiting-list delays.

"Everybody who wants a hybrid is probably driving one," said Eric Fedewa, an industry analyst with CSM Worldwide. "There might not be substantial upside on the numbers unless there is legislative change or fuel prices change dramatically."

Other hybrids will go on sale this year. They include the Nissan Altima sedan and the Saturn Aura. GM will also begin selling hybrid versions of the Chevrolet Tahoe and GMC Yukon sport-utility vehicles. Dodge plans to introduce a hybrid version of its Durango SUV later in the year.

European automakers have been at the forefront of pushing acceptance of diesel technology. Despite diesels' fuel economy, the U.S. government has long considered their tailpipe emissions to be a health hazard. Manufacturers have talked up the new technology and worked with federal regulators to improve diesel fuel and engines to address air-quality concerns.

"Increasingly, people are going to become aware of the fact that there is more than one solution," said Purves, the BMW executive.

Just a few new diesels are due over the next few months, including a diesel version of the Jeep Grand Cherokee. Automakers will monitor how consumers react to them before they make plans to expand model lines or add production, said Fedewa, the CSM Worldwide analyst. "If we see that consumers buy every one that's made, then we know diesels are going to be strong sellers in North America," he said.

Other big automakers, such as Volkswagen and BMW, have pushed diesel introductions to 2008 in order to meet clean-air standards in all 50 states. BMW said it will bring a new diesel vehicle to the U.S. market in 2008, but so far the company won't identify the model.

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Purves said improving fuel efficiency and reducing emissions is expensive and technologically challenging. He said any tax breaks Congress enacts should include credits for diesel-powered cars. "You shouldn't discourage diesels here," Purves said. "You shouldn't have legislation that backs one horse."

Outdated And Inefficient (WSJ)

By William H. Donaldson, Harvey L. Pitt

The Wall Street Journal, January 6, 2007

In 1934, Congress created the Securities and Exchange Commission and employed an ingenious approach -- a partnership between government and the private sector. The SEC was given pervasive authority to proscribe and pursue fraudulent, deceptive or manipulative conduct. As an extra measure of investor protection, the securities industry was charged with defining (and disciplining those who engaged in) unethical and unacceptable business practices even if those practices didn't rise to the level of illegality. Although this system worked well, eventually the evolution of markets, advance of technology, and concept of for-profit securities markets made manifest that this system was outmoded, and highlighted the critical need to restructure and revitalize our system of securities industry self-regulation.

As Theodore Roosevelt noted, people are destined to be regulated, and their choices are either to regulate themselves, or sit back and wait for the government to do it for, and to, them. We think the NASD and the New York Stock Exchange deserve strong support for their recently announced, sensible and much-needed plan to improve securities industry self-regulation. It's the first significant change in the self-regulatory regime in this country in more than 70 years. Reform is due, and the plan is timely, well thought out and comprehensive.

Despite government's increasing role, there remains an important need for securities industry self-regulation. Given some of the lapses we've seen over the last several years, the need for high ethical standards and business practices is more important than ever. And yet, under the current, outmoded system, there are conflicting standards, inefficiencies and waste. Almost 200 firms are regulated by both organizations as well as the SEC. Under the current system, they're subject to dual -- but not always consistent -- rulebooks, examinations, investigations, sweeps and enforcement actions. Much of that burden is passed on to thousands of smaller securities firms through their clearing firms. The system is redundant and inefficient and in that context doesn't benefit either investors or the industry.

The proposed merger of the NASD and NYSE regulatory regimes put forward last month is in the best traditions of the government-private sector partnership Congress envisioned when it enacted the federal securities laws. Both of us, during our tenures at the SEC, were concerned about eliminating the overlap, duplication and excessive costs of self-regulation, while strengthening the industry's commitment to leading the way in developing best-in-class standards.

The proposal put forth by the NYSE and NASD is an important step forward in achieving these objectives. By establishing a single, independent self-regulatory organization (SRO) to oversee securities firms, the plan would eliminate complexity and confusion that doesn't increase investor protection -- and that, after all, is the ultimate goal of regulation. And the plan should reduce the cost of effective regulation across the board, helping firms of all sizes.

More than merely eliminating redundancy and attendant costs, the new SRO structure will make meaningful contributions to enhanced regulation. The significant knowledge, experience and expertise of broker dealer regulation that now resides in two separate organizations will be consolidated and housed in one. Rule writing, examination and enforcement will be enhanced, and information sharing, which is an important factor in effective regulation, will be improved.

The plan also addresses the important issue of governance. A majority of the new organization's Board of Governors will be from outside the industry, a check and balance critical to ensuring that investors' interests will be protected. At the same time, the governance structure of the new SRO also promises fair and balanced industry participation, thus assuring that the board's decisions will be informed by the views and insights of all segments of the industry. Under the plan, firms of all sizes will have the opportunity to voice their opinions and make their concerns known.

The dual regulation that exists today isn't well suited to a world in which there is keen and growing competition among strong capital market centers around the globe. The self-regulatory status quo does not work. The SEC's agenda is to ensure that self-regulation becomes even more effective and efficient, in order to enhance investor protection, while enhancing the competitiveness of our capital markets.

The NASD-NYSE plan is a good one on its own merits, and it offers the industry an important, and perhaps its only, opportunity to shape its own future. The SEC can't allow the current self-regulatory system to continue as is. With the SROs and the industry taking the lead, the need for a governmental solution is eliminated, and that's always a preferable course.

We look forward to the completion of this important initiative, and commend not only the self-regulators who have initiated it, but also the members of the industry who, we are certain, will hasten to make this proposal a reality.

Messrs. Donaldson and Pitt are former chairmen of the SEC.

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Republican Sen. Sam Brownback Set To Move Forward With Presidential Run (AP)

By Liz Sidoti

AP, January 5, 2007

WASHINGTON Jan 5, 2007 (AP)— Sen. Sam Brownback, a Kansas Republican and favorite son of the religious right, will officially enter the presidential race later this month in his home state.

"He will be fully announcing on January 20 in Topeka, Kansas," Brian Hart, the senator's spokesman, said Friday. The move was expected even though Brownback set up an exploratory committee in December to gauge whether he had enough support for a full-blown campaign.

After the announcement in Kansas, Hart said Brownback will fly to Washington to participate in the anti-abortion march marking the anniversary of the Supreme Court ruling.

Brownback is a lesser-known candidate in a crowded GOP presidential field that likely will include Sen. John McCain, R-Ariz., and Rudy Giuliani, the former New York City mayor. Mitt Romney, the former Massachusetts governor, rounds out the top tier. All three are considering runs but, to various extents, also have records or positions on social or fiscal issues that don't sit well with the Republican base.

So, Brownback a Catholic revered by the GOP's conservative wing for his opposition to abortion and gay marriage sees an opening in the race for someone like him. "I am an economic, a fiscal, a social and a compassionate conservative," Brownback said last month.

At the time, Brownback also called for a return to an American culture that promotes family values. He said the main focus of his campaign would be "to save and improve lives, rebuild families and renew the culture" in the United States that supports the institution of family.

Brownback, 50, was raised on a farm near tiny Parker, Kan. population 281 today where his parents still live.

His first foray into national politics was in 1976 while a student at Kansas State University, where he campaigned for Ronald Reagan in his unsuccessful quest to wrest the GOP nomination from Gerald Ford.

After receiving his law degree from the University of Kansas in 1982, he practiced law in Manhattan, Kan., and served as secretary of the state board of agriculture. He was named a White House fellow in 1990, and worked in the office of the U.S. trade representative.

Owens To Join Romney Presidential Team (DENP)

By Christa Marshall

Denver Post, January 6, 2007

Washington - Outgoing Colorado Governor Bill Owens has joined the senior advisory team of former Massachusetts Gov. Mitt Romney, who is gearing up for a 2008 presidential bid.

Romney, 59, has not announced his candidacy officially, but submitted paperwork this week to form a presidential advisory committee, the first step in a race for the White House. If elected, he would be the first Mormon president.

Owens, a two-term governor who worked with Romney at the National Governors Association, revealed his support for the Massachusetts Republican last night on the Hugh Hewitt Show, a conservative talk radio program.

"I think he's (Romney's) one of the brightest people I've ever seen in public office," Owens said on the show. "He's a businessman, he's a manager. He is a conservative, he wants to cut taxes."

Owens added he had doubts about the conservative credentials of other potential candidates and was impressed by Romney's organization of the 2002 Winter Olympics in Salt Lake City before becoming Massachusetts's governor the same year.

In a statement, Romney said he was pleased to have a senior advisor who was elected to the Colorado governorship with the greatest majority in the state's history.

"In his eight years as Governor of Colorado, he has shown a commitment to finding the kinds of new and innovative solutions that America needs if we are to meet a new generation of challenges," Romney said.

Owens could not be reached for comment today.

Owens joins U.S. Representative Marsha Blackburn, R- Tenn., as a senior advisor on the Romney for President Exploratory Committee, Inc.

Leaked Notes On '08 Show Giuliani Without The Spin (NYT)

By Joyce Purnick

The New York Times, January 6, 2007

The country sure has been enjoying itself reading about the Rudy Caper, feasting on the inside dish gleaned from Rudolph W. Giuliani's presidential playbook.

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The purloined or lost document gives outsiders a glimpse behind the curtain, a rare look at political calculations that, if predictable in their revelations, are decidedly surprising in their candor. Irresistible. The unexpected — the macaca tidbit, it might be called today — is always irresistible in the game of control that is politics.

Consider the alternative: Mr. Giuliani's own site on the Internet JoinRudy2008.com, which went up last month when he formed his presidential exploratory committee. Anyone with a computer can access the cheerful red, white and blue site to learn how the former mayor wants the public to see him, how he would like to be portrayed in a presidential campaign.

The Rudy Giuliani portrayed on JoinRudy2008.com is a dragon slayer with a record of unmitigated success. He is a man with an open smile, replacing the fearsome City Hall scowl that he used so often to great effect.

While the site is shiny and superspun, the campaign document — whether it was stolen and leaked by a Giuliani political opponent as the former mayor contends, or provided to The Daily News by someone sympathetic to a rival, as the newspaper contends — is dark and forthright.

And so the leaked campaign notebook has created a stir, and surely not for its contents. What else should Giuliani advisers do but plan to raise a lot of money from the superrich, and worry about their man's political vulnerabilities?

The Giuliani campaign document is anti-spin. Meant for insider eyes, it concedes that Mr. Giuliani as a presidential candidate may have to contend with such trouble as questions about his former wife, Donna Hanover, and his former associate, the controversial Bernard B. Kerik. It cites concerns about Mr. Giuliani's relatively liberal positions on social issues — stances not likely to find favor with the Republican Party's conservative wing.

This is all surely true.

The other way to look at these matters is: Don't look at them. That is the JoinRudy2008.com Web site's way.

For instance, the Web site liberally features Judith Nathan, Mr. Giuliani's current wife, providing a polished version of her career, accompanied by two flattering photographs.

Nowhere on the site is there even a mention of Ms. Hanover, married to Mr. Giuliani for 18 years and the mother of his two children. They divorced in 2002 after Mr. Giuliani announced to a stunned press corps, without, Ms. Hanover later said, telling her first, that the couple was splitting up.

The Web site doesn't mention Mr. Giuliani's first wife either, Regina Peruggi.

It does not mention the former mayor's two children, Andrew and Caroline.

It does not mention Mr. Kerik, the disgraced former police commissioner who would have been the secretary of homeland security today if his messy past hadn't caught up with him.

It does not mention Amadou Diallo, the unarmed West African immigrant whose death in 1999 in a fusillade of 41 police bullets was one of the most wrenching episodes of the Giuliani mayoralty.

The Web site does not cite the social issues referred to in the leaked document either — his support for abortion rights, civil rights for gay people, and gun control, for instance — positions that are not popular with many conservative Republicans.

As many political analysts have frequently pointed out, his record and conduct before the Sept. 11 attack are not well known to those beyond the borders of New York City, and as a private citizen for the last five years, he has often been able to stay above the political infighting on issues like Iraq or global warming, unless he has chosen to get involved.

The Web site won't fill in the blanks, focusing as it naturally does on Mr. Giuliani's strongest and best-known accomplishments, from presiding over a significant reduction in crime to becoming "America's Mayor" after Sept. 11.

His record is portrayed only in a successful light.

Missing is any reference to the famous Giuliani combativeness, which he and many (not all) New Yorkers seemed to relish; that crime had actually begun to go down before he took office; that the city, which improved in many areas during his mayoralty, was still not a utopia after two terms of his leadership; that polls showed that many New Yorkers, including some who had voted for him, had grown weary of his pugnacious style.

Asked about the site's contents yesterday, a spokeswoman for Mr. Giuliani, Sunny Mindel, said she would not comment.

The Web sites of other prospective candidates are just as relentlessly positive because, political strategists note, they are no more than the cyberspace version of campaign brochures.

Most voters recognize the limitations of today's managed politics, those same strategists say — from the sound bite to the carefully modulated speech — and so relish the unscripted moments. Almost as much as reporters do.

Obama To Headline Big Fundraiser (WP)

By Tim Craig, Washington Post Staff Writer

The Washington Post, January 6, 2007

Money Will Help Party's Bid to Defeat GOP Legislators This Fall

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RICHMOND, Jan. 5 -- U.S. Sen. Barack Obama, a possible presidential candidate next year, will be the featured guest at a major fundraiser for the Virginia Democratic Party next month, his spokesman said Friday.

The Illinois Democrat will speak to 2,000 donors and activists at the party's annual Jefferson-Jackson Day Dinner here.

The first-term senator's participation comes as he considers running for the White House, a prospect generating a lot of buzz among Virginia Democrats, and as national Democratic Party leaders recognize that Virginia has become more competitive, especially in the northern suburbs.

James Webb upset Sen. George Allen (R) in November, and Democrats have won the past two elections for governor. The $165-a-ticket dinner is designed to help the party raise money for its efforts to unseat Republican legislators this fall. The GOP controls both houses of the General Assembly.

Robert Gibbs, Obama's communications director, said the senator is eager to help Gov. Timothy M. Kaine (D) and the state party.

"Sen. Obama is an admirer of Gov. Kaine's and believes that Gov. Kaine is somebody who demonstrates that working together to get something done is not just a slogan," Gibbs said.

Because Obama could announce his plans as soon as this month, his speech at the fundraiser at the Richmond Convention Center could prompt a lot of discussion about Virginia's role in the presidential race.

Virginia's Democratic presidential primary has been held relatively early in past elections, before any candidate had the nomination locked up.

In 2004, Sen. John F. Kerry of Massachusetts, then-Sen. John Edwards of North Carolina and retired Army Gen. Wesley K. Clark spoke at the Jefferson-Jackson Day Dinner, which was held days before the primary.

Kerry easily won the Virginia primary, and Clark and Edwards dropped out of the race shortly thereafter.

If Obama enters the 2008 race and stays in it until the primary Feb. 12, Virginia Democrats say, he will probably be a major factor in the state's nominating contest.

"Barack is an exciting, substantive, inspiring speaker and leader. He has to be at the very top of potential candidates," said Del. Brian J. Moran (D-Arlington), chairman of his party's caucus in the House.

Democratic leaders are also hopeful that the party's nominee in 2008 will break the GOP's grip on the state's 13 electoral votes. A Democratic presidential nominee hasn't won the state since 1964.

Obama has made several high-profile visits to Virginia in recent months.

Last fall, he headlined two rallies for Webb during his heated contest with Allen. Thousands of people attended the rallies in Old Town Alexandria and Richmond. When Obama finished speaking at each, the crush of admirers and autograph-seekers swarming around him was so large that his staff had trouble clearing a path for him to his car.

Obama also campaigned for Kaine during the final days of the 2005 governor's race, which helped energize black voters.

Other potential Democratic presidential candidates were also visible in the state on behalf of Webb. Kerry, Edwards and Clark made appearances, as did New York Sen. Hillary Rodham Clinton, whom many Democrats regard as the front-runner for the nomination if she enters the race.

But many Democratic organizations and candidates across the country have come to rely on Obama to draw a crowd.

Obama headlined the West Virginia Democratic Party's Jefferson-Jackson Day Dinner in September. Party leaders said Obama's presence made the dinner the most well-attended in its history, according to local media accounts.

Former Democratic Party Boss Lambasts Kerry Campaign (AP)

AP, January 5, 2007

WASHINGTON - Former Democratic Party boss and Clinton friend Terry McAuliffe is lambasting John Kerry's unsuccessful presidential campaign, calling his effort to unseat President Bush "one of the biggest acts of political malpractice in the history of American politics."

In his scrappy memoir, McAuliffe criticizes the 2004 campaign that he was responsible for defending but ultimately lost to what he describes as a more organized Republican machine. McAuliffe calls the Kerry campaign gun-shy, distracted and incompetent.

McAuliffe is close to Bill and Hillary Rodham Clinton and will support her presidential bid if the New York senator runs in 2008. McAuliffe's book, published by Thomas Dunne Books, could serve as the opening salvo against a potential Clinton rival as Kerry weighs another bid. However, McAuliffe has kind words for other possible candidates, such as Sens. Barack Obama and Chris Dodd and Iowa Gov. Tom Vilsack.

The book, "What a Party! My Life Among Democrats: Presidents, Candidates, Donors, Activists, Alligators and Other Wild Animals," goes on sale Jan. 23, but copies have already shown up in some bookstores.

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McAuliffe plans a 25-city tour to promote the memoir and parties to celebrate its publication _ Feb. 8 in Washington hosted by Mrs. Clinton and Jan. 22 in New York City hosted by former President Clinton.

The book is full of revelations from McAuliffe's years among the power elite _ getting a startling leg rub from Palestinian leader Yasser Arafat at a dinner, watching movie stars Ben Affleck and Gwyneth Paltrow smooching during a showing of "Good Will Hunting" at Camp David and being chastised by former President George H.W. Bush during the 2000 election for treating his son with such "disgrace."

He had an insider's look at the Clintons' marriage during the Monica Lewinsky scandal _ going along on a chilly Clinton family vacation to Utah a month after the impeachment vote and watching Mrs. Clinton silently click through channel after channel reporting on her husband's infidelities before settling on ESPN. He wrote that the president described the period to him as "an absolute living hell."

McAuliffe served as chairman of the Democratic National Committee from 2001 to 2005, although he says Kerry's aides wanted to oust him once the Massachusetts senator secured the nomination. He said he was never invited to a single meeting at Kerry headquarters.

Kerry spokesman David Wade said although many people wish the outcome of the 2004 election had been different, Kerry is proud of the hard work of his campaign staff and McAuliffe's efforts as party chairman. "It's time to look forward, not backwards," Wade said.

McAuliffe said Kerry's camp was so afraid of offending swing voters that it didn't defend his record or criticize Bush. He said he was muzzled by Kerry's aides from assailing Bush's military record.

He said the campaign also ordered speeches at the Democratic National Convention to be scrubbed of any mention of Bush's name or his record _ although McAuliffe privately encouraged firebrand Al Sharpton to go ahead with his attacks on the president in his crowd-pleasing speech.

"I thought the decision of the Kerry campaign to back off any real criticism of Bush was one of the biggest acts of political malpractice in the history of American politics," he said.

Meanwhile, Republicans went on a sharp tirade against Kerry at their convention. But when Bush said in an interview on the first day that he didn't think the U.S. could win the war on terror, Kerry did not respond. The Massachusetts senator was windsurfing off Nantucket, unaware of the president's comments.

McAuliffe said Kerry later told him that was one of the biggest mistakes of his campaign. "I should have gotten off the island," McAuliffe quotes Kerry as saying.

McAuliffe said he was "flabbergasted" to learn after the election that Kerry had $15 million left that he could have spent in the final push. "It was gross incompetence to hoard that money when the race was bound to be so close," McAuliffe said.

McAuliffe said Republicans told him they were shocked that Kerry just took the attacks on his military record, but also overjoyed. He said Bush called President Clinton while he was recovering from his heart attack in September 2004 and said, "The Kerry campaign is the most inept group I have ever seen in politics. Don't let them ruin your reputation."

He said Sen. John McCain, R-Ariz., asked him why Kerry wasn't fighting back more. "My guy (Bush) is no great shakes, but your guy (Kerry) looks like a wimp," McAuliffe quotes McCain as saying.

Kerry's former running mate, John Edwards, also was frustrated with the campaign, according to McAuliffe. McAuliffe said Edwards was angered that the campaign wouldn't let him go after Bush, but Kerry disputed Edwards' claim and said he was frustrated his vice presidential pick wasn't campaigning harder.

Goal Is To Look Good, Writer Of Democratic Memoir Admits (NYT)

By John M. Broder

The New York Times, January 6, 2007

WASHINGTON, Jan. 7 — Most memoirs — and virtually all memoirs by people in politics — are heavily varnished and blatantly self-serving. Say this for Terry McAuliffe, the former Democratic Party chairman and fund-raiser extraordinaire: at least he admits it right up front in his author's note.

"This is my book and I've done my best to make myself look good," he writes in his new memoir with the ungainly title, "What a Party! My Life Among Democrats: Presidents, Candidates, Donors, Activists, Alligators and Other Wild Animals" (Thomas Dunne Books).

"Even if you think I'm full of it, I bet I can still make you laugh."

There are any number of humorous anecdotes sprinkled among the chest-deep pile of dropped names in the 406-page volume, including Yasir Arafat's repeatedly rubbing Mr. McAuliffe's leg under the table at a dinner in Washington in 2000 and the South Korean secret police's warning the White House in 1998 that President Bill Clinton had spent most of the night in a hotel

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room in Seoul with "a good-looking younger man." That younger man was Mr. McAuliffe, who had been up late playing cards with his buddy the president.

And he shares the tale of getting up on stage half-plastered at the Foxwoods Casino in Connecticut to sing "Will You Still Love Me Tomorrow?" to nail down a $500,000 contribution from the chief of the Mashantucket Pequot Indians. There are two sections of photographs, a portable version of the Washington Power Wall, displaying the author with all manner of celebrities and potentates: Jimmy Carter, Kevin Spacey, Thomas P. O'Neill Jr., Richard A. Gephardt, Pope John Paul II, Al Gore, Chris Tucker and Cicely Tyson, Hillary Rodham Clinton, Olivia Newton-John, Edward M. Kennedy and John Kerry, Ariel Sharon, King Juan Carlos of Spain, Mikhail Baryshnikov.

And a Washington memoir would not be complete without a little old-school score settling, in this case with Mr. Kerry, who lost the 2004 presidential campaign despite what Mr. McAuliffe portrays as his own Herculean efforts.

Mr. Kerry's biggest blunder, in Mr. McAuliffe's account, was to forbid any attacks on President Bush from the lectern at the 2004 Democratic convention. Mr. McAuliffe calls that decision "one of the biggest acts of political malpractice in the history of American politics."

He also knocks Mr. Kerry for not responding forcefully to the Swift boat group's attacks on his military record and for hoarding money at the end of his campaign, ending the contest with a surplus of $15 million that Mr. McAuliffe believes would have made the difference in Ohio, the decisive state.

David Wade, a spokesman for Mr. Kerry, said that his boss was grateful for Mr. McAuliffe's "incredible" efforts in the 2004 campaign and that he wished the outcome had been different. But, Mr. Wade added, "it's time to look forward, not backwards."

Mr. McAuliffe, reached on the golf course at the Army-Navy Club in Arlington, Va., on Friday afternoon said, "Kerry and I went through all these issues, and he agrees with me on every one."

He added, before teeing off with Mr. Clinton, "I say a lot of nice things about Kerry in the book, too."

Buckley Quits Race For State Dem Chair (NHUL)

New Hampshire Union Leader, January 6, 2007

MANCHESTER – Party vice chair Raymond Buckley, facing a criminal probe, withdrew this afternoon as a candidate to succeed Kathy Sullivan as chair of the New Hampshire Democratic State Committee.

UnionLeader.com has learned that Manchester police began an investigation of Buckley at the request of the Attorney General's office after Gov. John Lynch received a complaint linking him to pornography. Buckley tonight denied any wrongdoing.

"After much consideration and discussion with family and friends, I have decided for personal reasons that it does not make sense for me to seek the chairmanship of the N.H. Democratic State Committee at this time in my life," the veteran Manchester political activist said in an afternoon press release.

Tonight, in a statement, Buckley said, "These politically motivated allegations are completely false. I have no doubt that the allegations will be proven baseless but I am angry beyond belief that the politics of personal destruction have come to New Hampshire."

A letter letter containing allegations against Buckley was sent to Gov. John Lynch's office late last week, said spokesman Colin Manning. The letter was reviewed on Tuesday, and immediately referred to the state Attorney General's office for investigation, Manning said.

Lynch told party officials Buckley should not run for the chairmanship given the allegations, said Manning, who would not say whether Buckley was spoken to directly.

Ray Buckley (left) took the stage with Democratic National Committee Chairman Terry McAuliffe at a rally in Derry on Sept. 19, 2004. (AP)

"The governor made it clear to state party officials he did not feel Ray Buckley should run with this matter pending," Manning said.

Sullivan nevertheless defended her longtime political ally tonight. She issued a one-sentence statement saying "Raymond will be exonerated, and I believe he will be vindicated of these politically motivated charges."

In a prepared statement earlier this afternoon, Sullivan had said: "Raymond Buckley's contributions to the state and national Democratic Party and the state of New Hampshire are many, and we are so grateful for his service. I am very sorry that he has decided not to run; he would have been an excellent state party chair. A lot of the credit for our successes in 2006 has to go to my friend, Raymond Buckley."

When called at her law office and asked if law enforcement authorities have seized Buckley's or any computers at state Democratic headquarters, the outgoing party chair refused to answer. Sullivan said, "I'm going home."

Manchester Deputy Police Chief Glenn Leidemer, who heads the department's investigative division, confirmed that Buckley is the target of a criminal investigation. "Through the Attorney General's office, we received a complaint against Mr.

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Buckley. Our department is in the early stages of investigating the complaint. Based on this being an ongoing, active investigation, I am not going to comment on the nature of the complaint nor am I going to identify the person who brought the allegation forward," he said.

Three sources, including city GOP activist Joe Kelly Levasseur, said the letter to Lynch was sent by Manchester Rep. Steve Vaillancourt, a Republican who shared a house with Buckley several years ago.

Vallancourt refused to comment directly when asked if he sent the letter.

Buckley, 47, of Manchester, is a veteran campaign strategist. He serves as chair of the Eastern Region Caucus of the Democratic National Committee and sits on the DNC executive committee. He is a national at-large board member of the National Stonewall Democrats, an lobbying group of gay, lesbian, bisexual and transgendered party activists.

He is also the director of the state Senate Democratic Caucus political action committee, which raised nearly $1 million to help Democrats win control of the state Senate in November.

Ray Buckley was a speaker at the 2000 Democratic National Convention in Los Angeles. (AP)

He served one term as a Manchester alderman and is a former executive director of the Democratic State Committee, a member of the Democratic National Committee's executive committee and vice president of the Association of State Democratic Chairs.

The 28-year member of the state party committee is in his fifth term as the chair of the Manchester City Democrats and served eight terms in the state House of Representatives.

Within days of Sullivan's decision not to seek a fifth term as chair, he was endorsed by Sullivan, Gov. John Lynch, Senate President Sylvia Larsen, House Speaker Terri Norelli, and the state's two newly-elected congressmen, Paul Hodes and Carol Shea-Porter.

Buckley's list of supporters also included all 14 Democratic state senators, the officers of the state Democratic Party, Democratic National Committee members Anita Freedman and Gaetan DiGangi, six former Democratic state chairs, former U.S. Sen. John Durkin, former U.S. Reps. Norman D'Amours and Dick Swett, nine Democratic county chairs and the leadership of the Young Democrats.

Buckley said this afternoon that "an outstanding public servant" would enter the race to succeed Sullivan. Former House Minority Leader Jim Craig of Manchester is that replacement candidate.

Craig issued a statement announcing that he has the backing of Lynch, Larsen and Norelli.

State Rep. Betty Hall, 85, is the only other announced candidate. The party election will take place Saturday, March 24, at the Institute of Politics at St. Anselm College in Manchester.

At Inauguration, Governor Praises The Central Path (SFC)

By Mark Martin

San Francisco Chronicle, January 6, 2007

Sacramento -- Gov. Arnold Schwarzenegger cast himself Friday as the leader of a "post-partisan" movement that would give birth to innovative ideas through collaboration, not party warfare, urging leaders in his second inaugural address to govern from a "dynamic center that is not held captive by either the left or the right or the past."

In a 15-minute speech, the Republican governor made no policy proposals and instead focused entirely on tone, rejecting the liberal versus conservative battleground in favor of the pragmatic middle.

Aides said the message, from a governor who bucked a national anti-GOP trend last fall by cruising to re-election, was aimed beyond the state toward a national audience.

"The American people are instinctively centrist," the governor insisted. "So should be our government. America's political parties should return to the center. They should return to the center where the people are."

Schwarzenegger, who broke his right leg skiing two weeks ago and hadn't been seen in public since, delivered the speech standing at a podium in the ornate Memorial Auditorium in Sacramento after walking on stage with crutches. He was sworn in by California Supreme Court Chief Justice Ronald George while standing, but he leaned on first lady Maria Shriver, who gripped his left arm as he raised his right hand and took the oath of office.

Rumors had swirled in Sacramento throughout the week about how the image-conscious governor would appear, and internal administration suggestions about using a wheelchair were dismissed as appearing too weak for a former Mr. Olympia.

Schwarzenegger gave his speech standing without crutches and without referring to his condition. Others noted it, however: Emcee and former San Francisco Mayor Willie Brown called Shriver "foxy and sexy" as he introduced her, saying he could make the remarks because Schwarzenegger couldn't chase him down.

Schwarzenegger's second and last term began more than three years after he stunned the world by quitting his movie career to run in the recall election. In November 2003, he took office as an international curiosity; on Friday, his celebrity was far

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less of a story. "Entertainment Tonight" did not cover this inaugural as it did the last time, and the number of credentialed media was 316, down from more than 700 before.

The speech did invoke some of the same themes as the 2003 version, however.

Then, he said the recall election demanded a change in the political climate and a new culture in Sacramento.

On Friday, the governor conceded he had stumbled on those ideals in 2005, when he called for a special election that created war between the governor and Democrats and ended in disaster for him when all of his initiatives failed. Schwarzenegger has freely admitted the special election was a mistake and did so again Friday as he called for four years of the kind of cooperation that led last year to deals with Democrats on such issues as raising the minimum wage, spending on public works projects and curbing greenhouse gas emissions.

Cooperation is what the people want, he said.

"The people are disgusted with a mind-set that would rather get nothing done than accomplish something through compromise," he said.

Schwarzenegger argued that both liberal ideas like the New Deal and conservative ones espoused by Ronald Reagan were important to the country's history, but "it is time we combined the best of both ideologies into a new creative center." He noted that that the number of registered voters not affiliated with either party could become the majority in the next 20 years.

Schwarzenegger is hardly the first politician to call for bipartisanship.

Former Gov. Gray Davis, who was kicked out of office when Schwarzenegger won the recall, said he delivered a similar message in his 1999 inaugural.

"I said then I didn't care if the ideas came from the right or the left as long as they moved the state forward," said Davis, who attended the ceremony Friday with his wife, Sharon.

But others said Schwarzenegger's message was coming in the right place at the right time.

Assembly Speaker Fabian Núñez, D-Los Angeles, who has become perhaps the governor's strongest ally in the Legislature, said the deals struck in Sacramento in 2006 were in contrast to stalemates on major issues in Washington, D.C. Núñez noted that Congress and other states could learn from the lessons in California, saying Schwarzenegger's call for cooperation "isn't just empty words. There's a lot of accomplishment to back this up."

The speech could mark a turning point in the governor's still-nascent political career. Aides say he is planning to travel to states around the country to deliver remarks with a similar bipartisan theme in hopes of influencing national politics.

While the governor is constitutionally barred from running for president because he is foreign-born, he clearly wants to be a national figure.

But whether his message will resonate elsewhere remains to be seen, one political analyst noted.

Schwarzenegger is too unique to be a national model, said Larry Sabato, director of the University of Virginia's Center for Politics.

Sabato said Schwarzenegger has to appeal to moderates and independents to win in California. And because he can't run for president, he doesn't have to play to the partisan Republican base as he moves forward, he said.

"Schwarzenegger is the moderate for Republicans nationally," Sabato said. "The problem is that almost none of them can afford to follow because their constituency is far more conservative. ... There will be plenty of Republicans wishing they could follow Arnold's footsteps, but the reality is that we will see very few pupils following the master."

And in Sacramento, as Schwarzenegger prepares to tackle an ambitious agenda including revamping health insurance, fixing a broken-down prison system and addressing always-contentious water issues, the governor's centrist mantra is likely to be tested by the push and pull that comes with deeply divisive issues. Friday was marked by mostly friendly platitudes and gestures -- Senate President Pro Tem Don Perata, D-Oakland, held Schwarzenegger's crutches as he made remarks at a lunch with legislators after his speech -- but that could change.

And legislative Republicans, who often have had an uneasy relationship with a governor far more moderate than most of them, did not exude enthusiasm Friday. Schwarzenegger spent a few minutes in his speech promoting global warming legislation that passed last year with only one Republican vote.

"One person's success is another person's failure," said Assemblyman Rick Keene, R-Chico. "Working together across the aisle, trying to get some things done, is something we're all interested in doing. But when it comes to specific solutions to specific problems, there are going to be a diversity of problems."

Schwarzenegger was sworn in with his hand on a Bible that has been in his family since 1878. The governor missed the first part of the ceremony, which featured diverse acts ranging from a group called the Mariachi Divas to Irish dancers, before appearing on crutches. About 3,000 people attended.

The governor is set to introduce his 2007 agenda, including his budget proposal and a health care reform plan, next week.

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Schwarzenegger Adopts "Centrist" Line (WT/AP)

The Washington Times, January 6, 2007

SACRAMENTO, Calif. (AP) -- Hobbling to his inauguration on crutches, Gov. Arnold Schwarzenegger promised yesterday not to be beholden to a political party in his second term and declared that "centrist does not mean weak."

Nursing a broken right leg, Mr. Schwarzenegger missed the first part of the program before coming out to deliver his speech.

Centrist "does not mean watered down or warmed over," he said. "It means well-balanced and well-grounded."

The Republican governor said his dismal year in 2005, when a clash with the state's public employees union cut his approval rating in half, had awakened him to a new way of doing business.

"Like Paul on the road to Damascus, I had an experience that opened my eyes," he said. "And what was it that I saw? I saw that people, not just in California, but across the nation, were hungry for a new kind of politics, a politics that looks beyond the old labels, the old ways, the old arguments."

Mr. Schwarzenegger said growing numbers of independent voters are showing the way to a new era of what he called "post-partisanship." And he called for a new "creative center" in politics.

"This is a dynamic center that is not held captive by either the left or the right or the past," he said.

The state's 38th governor was sworn in by California Supreme Court Chief Justice Ronald George, using a Schwarzenegger family Bible from 1878.

To burnish his bipartisan credentials, Mr. Schwarzenegger invited the state's top Democrats, including U.S. Rep. Nancy Pelosi of San Francisco, who on Thursday became the first female speaker of the House, and U.S. Sens. Dianne Feinstein and Barbara Boxer, although none of them attended.

The master of ceremonies was another famous Democrat, former San Francisco Mayor Willie Brown, who once was speaker of the state Assembly.

The symbolism is important for Mr. Schwarzenegger, who will need the cooperation of Democrats again this year as he attempts ambitious reforms in health care and prisons. Democrats hold majorities in both houses of the California Legislature.

Glitterati, Gawkers Shrug Off Second Inauguration (LAT)

By Scott Martelle, Robert Salladay, Times Staff Writers

The Los Angeles Times, January 6, 2007

Three years ago, when the revolution was still new, thousands of people crowded the streets around the state Capitol hoping for a glimpse of Arnold Schwarzenegger and his fellow-travelers — Hollywood celebrities — as California swore in a movie action hero as its 38th governor.

On Friday, the celebrities and the crowds were notably absent, spotlighting the difference between a movie star doing the unusual — winning a gubernatorial recall election — and a now-seasoned politician signing in for four more years.

Not nearly as many people care.

"It seems so long ago," said Bonnie Rose, 58, a hospital lab technician who steered her morning walk past Sacramento Memorial Auditorium hoping for a glimpse of fame. "I think he's looked at more as a governor now" than a political curiosity, she said. "He's proved himself."

With Schwarzenegger's personal party schedule limited by a broken leg, and the drama of the recall election faded into the politically distant past, the governor's second inauguration came off Friday like a small-town parade instead of an international event.

Gone were the global media and TV tabloid shows such as "Access Hollywood." No smiling Jamie Lee Curtis or Danny DeVito, Kelsey Grammer or Dennis Miller were to be found. The only returning celebrities were Rob Lowe and Tom Arnold. "I am the lieutenant governor," Arnold joked to reporters.

But even Bob Saget, who emceed a special "green" program Thursday on the Capitol lawn, had already headed back to Los Angeles and missed the inauguration and Friday night gala.

"It seems like maybe there's a little bit less energy," said Andrew Tescher, manager of Lucca, one of the governor's favorite Sacramento lunch spots. "There seemed to be a lot more energy behind the media last time. There was more hype."

There was more of everything then. About 8,000 people were invited to Schwarzenegger's first inauguration, a big-ticket event in a city unaccustomed to glitz — or hosting international media. On Friday, not even all of the 3,000 expected guests showed up. And the list for media credentials that topped 700 three years ago barely broke 260 this time.

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The program, though, was more varied and crisper, led by former Assembly Speaker, ex-San Francisco Mayor — and legendary Democrat — Willie Brown. Brown joked about helping make California "ungovernable" when he was speaker and said "incredible change" had come to California.

"Under Arnold Schwarzenegger's leadership, and with the incredible cooperation of leaders from both parties, a revolutionary thing has taken place," Brown said to applause. "Things are getting done."

Brown then mispronounced several names of dignitaries on the stage, turning the mayor of San Francisco — Brown's hometown — into "Galvin" instead of Gavin Newsom. Other dignitaries included former Govs. Gray Davis and Pete Wilson; Democratic Los Angeles Mayor Antonio Villaraigosa; and such elected statewide officials as incoming Controller John Chiang and Secretary of State Debra Bowen — both Democrats — as well as departing Republican Secretary of State Bruce McPherson, whom Bowen defeated in November.

There were two prime Democratic absences: Phil Angelides, who is leaving his post as treasurer after getting trounced in the governor's race, and Lt. Gov. Cruz Bustamante, who lost the insurance commissioner race to Steve Poizner.

The governor's wife, as she did three years ago, played a prominent role in the ceremony. As dramatic New Age music played and images of California's natural wonders flashed on a jumbo video screen, Maria Shriver read a Hopi prayer. "Be good to one another and do not look outside yourself for the leader.... The time of the lonely wolf is over." At the 2003 inaugural, Shriver read a five-minute essay created from the works of poet Maya Angelou.

Invited guests — mostly government figures and Schwarzenegger supporters — had begun lining up outside the red-brick auditorium a few blocks from the Capitol before 10 a.m. A large television screen was set up on the lawn outside for the uninvited to watch the ceremony, but 50-degree air and a stiff, bone-chilling wind made standing still uncomfortable.

About three dozen people — nearly everyone who braved the cold — wound up getting lucky. As Brown began the program, a Schwarzenegger aide emerged with a fistful of tickets in hopes of filling unclaimed seats.

"We were just going to watch a little on the screen," said Elijah Caron as he and fellow state worker Carlos Galindo stepped up to the security table for screening. "Now we're going to see the show."

Jim Devisscher, 53, of Sacramento just missed the cut. As he was waiting for the aide to hand him a ticket, the invocation began inside and organizers barred anyone else from entering.

"This is probably a better view than our seats would have been," he said as he moved closer to the TV screen.

Schwarzenegger Opens In A Sequel (NYT)

By Jesse Mckinley

The New York Times, January 6, 2007

SACRAMENTO, Jan. 5 — Nursing a broken leg but armed with an electoral mandate, Arnold Schwarzenegger was sworn in Friday to his second term as governor of California.

The ceremony, in a nearly full arena here in the state capital, came two months after Mr. Schwarzenegger's convincing victory over his Democratic challenger, Treasurer Phil Angelides, and two weeks after a painful fall on a ski trip to Sun Valley, Idaho, which shattered his right leg.

Before Friday, Mr. Schwarzenegger had not been seen in public since the accident and his resulting surgery, though photographs had shown the still-buff, preternaturally tan governor looking surprisingly meek in a hospital bed.

So the ceremony served both as a celebration and as a kind of group get-well card, complete with the kind of bipartisan oratory that usually marks the beginning — and usually only the beginning — of any governor's term.

"There is an incredible change that has occurred here in Sacramento," said Willie L. Brown Jr., former San Francisco mayor and onetime Assembly speaker, who acted as the event's rakish master of ceremonies. "Things are getting done. Over the last year it has been dramatically demonstrated, and California is better off for that effort."

Likewise, the inauguration was a chance for Mr. Schwarzenegger to take hold of the political center, something he did effectively during the election year — the accomplishments included passage of a major bill on global warming and another raising the state's minimum wage — and in the election itself, which the governor, a Republican in a predominantly Democratic state, won by drawing large numbers of voters across party lines.

"We must think of ourselves as belonging not to just the Republican Party or the Democratic Party, but to the Party of California," he said in his inaugural speech, moments after taking the oath of office with his wife, Maria Shriver, at his side.

The bipartisanship was evident in the half-dozen prominent California Democrats on the stage at the Memorial Auditorium, a 3,800-seat arena just blocks from the Statehouse. Among them was Gray Davis, whom Mr. Schwarzenegger succeeded after a recall election in 2003.

Mr. Schwarzenegger has already begun to lay out an aggressive agenda for his second term. A major address is set for Monday in which he is expected to announce plans for a sweeping health care overhaul that may include providing medical

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coverage for 6.5 million uninsured Californians. His State of the State address will be on Tuesday, and the announcement of his budget on Wednesday.

Friday's speech was devoted primarily to one topic — centrism in what he called the "nation state" of California — though he struck almost presidential chords when he began his address with references to the war in Iraq, a country he described as "fertile with bloodshed and hate," and the killing in Darfur.

"Faith and hope are two qualities that are in short supply in the world right now," he said. "There are such deep divisions in our human family."

By and large, however, the inauguration was a chance for supporters to enjoy the kind of pomp and star power that Californians have come to expect during Mr. Schwarzenegger's tenure. Jose Feliciano and Jennifer Holliday serenaded the governor at the ceremony, and a gala here Friday night featured Paul Anka and Donna Summer as headliners.

Before the swearing-in, a procession of multiethnic performers took the stage, including an Irish-style dance troupe, a mariachi band, a black gospel choir and a white youth choral group, who performed wearing flag-adorned sweaters and shirts.

Mati Waiya, a ceremonial leader of the Chumash Indian tribe, arrived at the inauguration bearing a condor and an eagle feather, which he said symbolized peace and dignity. Mr. Waiya, who also wore a bear bone through his nose, said he had worked with Mr. Schwarzenegger's transition team after the recall election and had been impressed by the governor's efforts on the environment and his willingness to differ with fellow Republicans.

"I think he's serving both sides," Mr. Waiya said, "but it's nice to see him get the Republicans a little upset."

Indeed, the two major speakers on Friday, other than the governor, were Democrats: Mr. Brown and Ms. Shriver, whose mother is Eunice Kennedy Shriver, sister of President John F. Kennedy. The elder Ms. Shriver, 85, drew a standing ovation as she took the stage.

Mr. Schwarzenegger got a few laughs during his address with his now-familiar comparison of his political career to his action-movie days. "My escapes here have been more hair-raising than anything I've ever done in the movies," he said.

But Mr. Brown got the biggest laugh, when he said Maria Shriver, a former television reporter, had "taken the role of the embedded journalist to the ultimate." Ms. Shriver seemed to enjoy the joke.

Moments later, Mr. Brown went even further, calling Ms. Shriver "foxy and sexy," something he said he would not have had the courage do if Mr. Schwarzenegger, still backstage before being introduced, had been closer at hand. Or not on crutches, for that matter.

Patching Up What's Broken? (WP)

By William Booth, Sonya Geis, Washington Post Staff Writer

The Washington Post, January 6, 2007

Gov. Arnold Schwarzenegger Limps Toward the Center

All hail the peaceful, prosperous and powerful nation-state of California in all its super-fantastic diverse glory! And just so you get the message: Out comes the multicultural Mariachi Divas, an all-female band fronted by an Irish Italian and including a Samoan and a couple of Mexican Americans, singing the Beatles' "Twist and Shout." There was a gospel choir, too, and precocious children playing harps and a National Guard marching band and the silver-maned Jose Feliciano strumming his acoustic guitar for the national anthem.

Yes! There were the most excellent of production values Friday morning at Memorial Auditorium in Sacramento, with those sweeping, aerial camera shots on the televised version, just like the Academy Awards. Because it was a show, and it was a pretty good one. It was Arnold's second inauguration -- and unlike the first one (boring), his wife, former TV news star Maria Shriver, was clearly in charge of the sequel.

The theme? Make nice.

It is apparently the dawn of "post-partisanship" in California, as Schwarzenegger renounced the "fringes of left and right" (technically, he's still a Republican) and declared the "new creative center."

Gone: references to the Terminator.

You remember the plot. After famously sweeping into office three years ago on a weird and wild wave of populist revolt, the former Mr. Universe famously veered to the right in 2005, and famously got his Austrian butt kicked by a disapproving electorate (his poll numbers sank, his initiatives tanked), and now the former global action star is back where he started, in the middle, embracing all.

To this party? Everybody was invited. The master of ceremonies was none other than the Mac Daddy of California Democrats, the former "Ayatollah of the Assembly," former mayor of San Francisco Willie Brown.

Brown introduced the former governors Pete Wilson (Republican), whom he called "my buddy for many years," and Gray Davis (Democrat), whom he described as "a former driver of mine" (warmhearted laughter ensued).

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Davis, recall, was the governor recalled by voters in 2003. Now? There he was, waving to the throng, as robotic as ever and stiffly smiling, apparently just glad to be back on the rostrum.

Schwarzenegger's mother-in-law, Eunice Kennedy Shriver, was greeted with a standing O, and then Brown brought out Shriver and the four Schwarzenegger kids (one of whom has that now long boy hair). Brown said it was his honor and his joy to introduce Shriver, "who has taken the role of the embedded journalist to the ultimate level." Then Brown added, "because the governor can't catch me," that Shriver was "foxy and sexy."

Shriver, looking chic and thin in a black coat dress, called it "an extraordinary day" and thanked so many people for coming "to celebrate one man," her husband.

Then Shriver, inspired, she said, by a recent book of essays by Alice Walker, recited a Hopi Indian prayer titled "We Are the Ones We Have Been Waiting For," and as she read, she was accompanied by projected images of the rapturous California landscape and by mystical flute music, really quite soothing, like the soundtrack at a particularly good spa.

Then the money shot. To the orchestral swell of Aaron Copland's "Fanfare for the Common Man," Schwarzenegger emerged on the stage, supported by silver-colored crutches. In a dark suit and sky blue tie, the henna-headed actor-turned-governor soaked in the applause, for it was a moment, his biographers have noted, that he dreamed of years ago.

Except, of course, the crutches. Perhaps you recall that over the holidays, while at their chalet/compound in Sun Valley, Idaho, Schwarzenegger, 59, experienced what has been described in the press as "a freak skiing accident": He broke his upper right femur when he tripped over his ski pole, which he caught under his ski, while he was standing still. Very, very painful. (Indeed, the medical reporter for the San Francisco Chronicle speculated that "it is reasonable to assume that the governor must handle the stress of a highly public inauguration and the rollout of new policy initiatives while also taking medication to manage the pain.") But seemingly clear-eyed, Schwarzenegger laid his crutches aside and, steadied by his wife, raised his right hand and took the oath of office.

Then (with crutches again) he hobbled over to the lectern as a choir sang a "hallelujah" refrain. "Wow, this feels good," he said, so maybe the Chronicle was right.

Anyway, in his 15-minute speech, Schwarzenegger said that the last three years have been "the most fulfilling of my life," and that "my escapes have been more hair-raising than anything I've done in the movies." He acknowledged the defeat of his initiatives in a 2005 special referendum: "I took the wrong approach," but "like Paul on the road to Damascus" his personal thumping inspired a vision. "We must think of ourselves as belonging not just to the Republican Party or the Democratic Party, but to the Party of California," Schwarzenegger said. "Because California is a collective ideal worth preserving."

He continued on this theme.

"Centrist does not mean weak. It does not mean watered down or warmed over," he said. "It means well balanced and well grounded. The American people are instinctively centrist -- so should be our government."

Gone: references to weak "girlie men."

Schwarzenegger said that his dream California -- peaceful, prosperous, multicultural, where the people live healthy lifestyles and have health insurance, where the children are well educated, the infrastructure sound, the economy humming along on clean, green, post-fossil-fuel technologies and the biotech industry is booming because of stem cell research -- was "a model for the world."

At the end of the swearing-in ceremony, Schwarzenegger and the audience of 3,000 were treated to singer Jennifer Holliday belting out her classic, "And I Am Telling You I'm Not Going," with its pivotal lyric, "I'm staying and . . . you're gonna love me."

O'Malley To Travel State To Thank His Supporters (WP)

By John Wagner, Washington Post Staff Writer

The Washington Post, January 6, 2007

Governor-Elect to Reprise Theme of Unity

Martin O'Malley (D) announced plans yesterday for a "One Maryland Inaugural Tour and Celebration" in the week leading up to his swearing in Jan. 17 as the state's 61st governor.

The tour, which will also feature Lt. Gov.-elect Anthony G. Brown (D), is scheduled to begin with a town hall meeting Tuesday in Montgomery County and wrap up a week later with a gathering in Annapolis of several hundred high school students, according to O'Malley's inaugural committee. Other stops are planned in Anne Arundel County, Southern Maryland and Western Maryland and on the Eastern Shore.

"They are going on the tour because they feel it's important to thank the people who supported them during the campaign, and they campaigned on the theme that we're all in this together, and we're one Maryland," said O'Malley spokesman Rick Abbruzzese. "It's the way they intend to govern."

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The entertainment lineup for the inaugural gala at the Baltimore Convention Center will include 1970s R&B superstars Kool & the Gang; retro swing band Big Bad Voodoo Daddy; Irish rockers the Saw Doctors; and Latin star Eddie Palmieri Jr.

O'Malley, who until recently fronted a Celtic rock band, has been an opening act for the Saw Doctors.

Tickets for the black-tie-optional gala are $50 and can be bought online at http://www.mdinauguration.com.

O'Malley's swearing-in and inaugural parade will take place in Annapolis.

Besides O'Malley and Brown, Tuesday's town hall meeting will include O'Malley's nominee for transportation secretary, John D. Porcari, and Montgomery County Executive Isiah Leggett (D). The meeting will start at 8 p.m. at Albert Einstein High School in Kensington.

Making No Small Plans (NYT)

The New York Times, January 6, 2007

Gov. Eliot Spitzer is fond of saying that you can't change the world by whispering. What New Yorkers saw in his first week in office was a governor in full trumpet about how to overhaul their state government. While some veterans of state politics saw Mr. Spitzer's State of the State speech on Wednesday as too ambitious, former Gov. Hugh Carey got it just right. "It's a very big agenda," he said, "but it's not too big for New York."

We are still in the promising stage, of course, and the real test will begin later this month with Mr. Spitzer's first executive budget. But he has begun by laying down a number of important, and sensible, markers. On health care, he wants insurance for all children. He hopes to find some of the money to do this by consolidating hospitals and shifting patients from nursing homes to at-home care.

On education, Mr. Spitzer says he wants to spread money out more fairly to students who most need it. Suburban lawmakers whose schools are favored by the current formula will object. But he may win them over with his plan to lower property taxes that fall heavily on middle-class suburbanites.

He made a strong pitch for economic revitalization upstate, a familiar but elusive goal of a long line of New York politicians.

Mr. Spitzer also proposed a series of reforms that are certain to rile legislators accustomed to lifetime tenure in Albany. He intends to create a nonpartisan redistricting commission and vowed to veto any future district lines that are gerrymandered to make elections uncompetitive. And he wants to "replace the weakest campaign finance laws in the nation with the strongest." That means lowering contribution limits and providing public financing so that moneyed interests can no longer buy political clout.

Also on Mr. Spitzer's ambitious to-do list, and appropriately so, are restructuring the courts and organizing the overlapping local governments across the state.

Mr. Spitzer faces two major hurdles. One is finding top-flight appointees to make these proposals a reality. One of the most important sales jobs he has now is convincing enough good people that working for government wages is worth it to help reinvent such a powerful state government. Mr. Spitzer's other challenge will be getting the Legislature to go along. Much of his speech was met with an odd silence from lawmakers. Perhaps it was the way Mr. Spitzer carved out new political territory that does not entirely cater to upstate Republicans or downstate Democrats. But it may simply be that they do not yet know what to make of all that urgency, all those promises, all that work.

Mr. Spitzer certainly acts like a man ready to go forward quickly. The goals he has set may be daunting to the old guard in Albany, but anything less from this governor would have been a grave disappointment.

"Embryo Bank" Stirs Ethics Fears (WP)

By Rob Stein, Washington Post Staff Writer

The Washington Post, January 6, 2007

Firm Lets Clients Pick Among Fertilized Eggs

A Texas company has started producing batches of ready-made embryos that single women and infertile couples can order after reviewing detailed information about the race, education, appearance, personality and other characteristics of the egg and sperm donors.

The Abraham Center of Life LLC of San Antonio, the first commercial dealer making embryos in advance for unspecified recipients, was created to help make it easier and more affordable for clients to have babies that match their preferences, according to its founder.

"We're just trying to help people have babies," said Jennalee Ryan, who arranged for an egg donor to start medical treatments to produce a second batch of embryos this week. "For me, that's what this is all about: helping make babies."

But the embryo brokerage, which calls itself "the world's first human embryo bank," raises alarm among some fertility experts and bioethicists, who say the service marks another disturbing step toward commercialization of human reproduction and "designer babies."

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"We're increasingly treating children like commodities," said Mark A. Rothstein, a bioethicist at the University of Louisville in Kentucky. "It's like you're ordering a computer from Dell: You give them the specs, and they put it in the mail. I don't think we should consider mail-order computers and other products the same way we consider children."

Prospective parents have long been able to select egg or sperm donors based on ethnicity, education and other traits. Couples can also "adopt" embryos left over at fertility clinics, or have embryos created for them if they need both eggs and sperm. But the new service marks the first time anyone has started turning out embryos as off-the-shelf products.

Before contracting for the embryos, clients can evaluate the egg and sperm donors, and can even see pictures of them as babies, children and sometimes adults. A fertility specialist will then transfer the embryos into a client's womb or into a surrogate, which Ryan can also arrange.

"We're unique," Ryan said. "We're the only one in the world doing this right now."

Some fertility doctors and ethicists are undisturbed by the Abraham Center because the service does not differ markedly from what already happens routinely at fertility clinics.

"I know some people say: 'This is shocking. Embryos made to order,' " said John A. Robertson of the University of Texas at Austin, who advises fertility specialists on ethical issues. "But if you step back a little bit, you realize that people are already choosing sperm and egg donors in separate transactions. Combining them doesn't pose any new major ethical problems."

But others condemned the process as the unsettling culmination of recent objectionable developments, including the payment of egg and sperm donors and the growing tendency to try to select traits such as sex, intelligence and appearance.

"People have long warned we were moving toward a 'Brave New World,' " said Robert P. George of Princeton University, who serves on the President's Council on Bioethics. "This is just more evidence that we haven't been able to restrain this move towards treating human life like a commodity. This buying and selling of eggs and sperm and now embryos based on IQ points and PhDs and other traits really moves us in the direction of eugenics."

"We find this very troubling," agreed Steven Ory, president of the American Society for Reproductive Medicine. "This is essentially making embryos a commodity and using technology to breed them, if you will, for certain traits."

Ryan dismissed the complaints.

"People can say, 'Oh, this is the new Hitler.' That's not the case," she said. "I don't take orders. I say 'This is what I have' and send them the background. If they don't think it's right for them, they don't have to take them."

So far the embryos Ryan has created have been from white donors, but she said that was because most of the couples that have contacted her are white. Among the more than 150 couples on her waiting list are African Americans, and she plans to try to create embryos for them, as well as possibly other races and mixes of races.

Ryan is, however, using only egg donors who are in their 20s and have at least some college education and only sperm donors who have advanced education, such as a PhD or law degree. All must undergo a standard round of health tests required for all egg and sperm donors, as well as screening to make sure they have no criminal record or family history of mental illness, Ryan said. They answer detailed questionnaires that ask about their childhood temperaments, favorite books, adult hobbies and family histories.

"If I do discriminate, it's that I only want healthy, intelligent people," Ryan said. "People will say, 'You're trying to create the perfect human race.' But we've always done gene selection just by who women choose as their husbands and men choose as their wives. This is no different."

Ryan said the main advantage is not the attributes of the donors but the cost: She charges $2,500 per embryo and estimates the total price tag should be less than $10,000 for each attempt at pregnancy, which is much less than the cost of standard adoption or in vitro fertilization.

Some experts questioned the creation of embryos for unspecified recipients when about 400,000 excess embryos are in storage at fertility clinics. But Ryan said her embryos are better because she uses young, fertile donors, whereas excess embryos frozen in storage tend to come from older women with fertility problems.

The cost, convenience, prospects of success and ability to vet the donors all are attractive to Ryan's clients -- potentially not only infertile couples and single women but also gay men and lesbian couples.

"You get to get an idea of what your baby will look like, and it just seems like it's a lot easier and more affordable," said Joan, 42, of Birmingham, Ala., who asked that her last name not be used. She contacted Ryan after she was unable to get pregnant using three egg donors and becoming disenchanted by the prolonged process of trying to adopt a child or a leftover embryo. She and her husband want a sibling for their 3-year-old son. "I am not going to give up until I have another baby. This seems very, very attractive," she said.

Some experts, however, warn that the legal status of these embryos remains unsettled.

"Having an interstate business involving human embryos seems to be a bad practice from pretty much every perspective," said Susan L. Crockin, a lawyer in Newton, Mass., who specializes in reproductive technology.

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So far, Ryan said, she has produced one batch of 22 embryos using an egg donor in her 20s from Arizona and a sperm donor from Fairfax Cryobank, a sperm bank operated by the Genetics & IVF Institute in Fairfax. He is a 6-foot-tall lawyer with blond hair and blue eyes. She is a student with brown hair and hazel eyes.

A single woman in her 40s from California and a married woman from Canada in her 30s each had two of the embryos implanted and are five months pregnant, Ryan said. In case they want more children or the pregnancies fail, the two clients split the rest of that batch and had the embryos frozen.

A Houston doctor whom Ryan planned to hire to create the second batch dropped out after learning what Ryan was doing, she said. Another doctor in New York subsequently signed on to use the same sperm donor and a blond-haired, blue-eyed egg donor from Utah who works for an airline. The egg donor started taking hormones this week to trigger ovulation.

Another single woman from California in her 40s has signed a contract for two of these embryos, with a 30-day option for more, Ryan said. Any remainders can be shipped frozen to clients on the waiting list, she said.

"When the first 'test tube' baby came out, some people said it was evil," Ryan said. "I think the same thing is happening with this. Because it's new, it's getting all this criticism."

Texas Firm First To Offer Ready-made Embryos (HC)

By Rob Stein

Houston Chronicle, January 6, 2007

A San Antonio company has started producing batches of ready-made embryos that single women and infertile couples can order after reviewing detailed information about the race, education, appearance, personality and other characteristics of the egg and sperm donors.

The Abraham Center of Life, the first commercial dealer making embryos in advance for unspecified recipients, was created to help make it easier and more affordable for clients to have babies that match their preferences, according to its founder.

"We're just trying to help people have babies," said Jennalee Ryan, who arranged for an egg donor to start medical treatments to produce a second batch of embryos this week. "For me, that's what this is all about: helping make babies."

But the embryo brokerage, which calls itself "the world's first human embryo bank," raises alarm among some fertility experts and bioethicists, who say the service marks another disturbing step toward commercialization of human reproduction and "designer babies."

"We're increasingly treating children like commodities," said Mark Rothstein, a bioethicist at the University of Louisville. "It's like you're ordering a computer from Dell: You give them the specs, and they put it in the mail. I don't think we should consider mail-order computers and other products the same way we consider children."

Off the shelfProspective parents have long been able to select egg or sperm donors based on ethnicity, education and other traits. Couples also can "adopt" embryos left over at fertility clinics, or have embryos created for them. But the new service marks the first time anyone has started turning out embryos as off-the-shelf products.

Before contracting for the embryos, clients can evaluate the egg and sperm donors and can even see pictures of them as babies, children and sometimes adults. A fertility specialist will then transfer the embryos into a client's womb or into a surrogate.

"We're the only one in the world doing this right now," Ryan said.

Some fertility doctors and ethicists are undisturbed by the Abraham Center because the service does not differ markedly from what already happens at fertility clinics.

"I know some people say: 'This is shocking. Embryos made to order,' " said John Robertson of the University of Texas at Austin, who advises fertility specialists on ethical issues. "But if you step back a little bit, you realize that people are already choosing sperm and egg donors in separate transactions. Combining them doesn't pose any new major ethical problems."

But others condemned the process as the unsettling culmination of recent objectionable developments, including the payment of egg and sperm donors and the growing tendency to try to select traits such as sex, intelligence and appearance.

"People have long warned we were moving toward a Brave New World, " said Robert George of Princeton University, who serves on the President's Council on Bioethics.

Ryan dismissed the complaints.

"People can say, 'Oh, this is the new Hitler.' That's not the case," she said. "I don't take orders. I say 'This is what I have' and send them the background. If they don't think it's right ... they don't have to take them."

No discriminationSo far, the embryos Ryan has created have been from white donors, but she said that was because most of the couples that have contacted her are white. Among the more than 150 couples on her waiting list are blacks, and she plans to try to create embryos for them, as well as possibly other races and mixes of races.

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Ryan is using only egg donors who are in their 20s and have at least some college education and only sperm donors who have advanced education, such as a Ph.D or law degrees. All must undergo a standard round of health tests, as well as screening to make sure they have no criminal record or family history of mental illness, Ryan said.

"If I do discriminate, it's that I only want healthy, intelligent people," Ryan said.

Lower cost advantageRyan said the main advantage is not the attributes of the donors but the cost: She charges $2,500 per embryo and estimates the total price tag should be less than $10,000 for each attempt at pregnancy, which is much less than standard adoption or in vitro fertilization.

The cost, convenience, prospects of success and ability to vet the donors all are attractive to Ryan's clients.

"You get to get an idea of what your baby will look like, and it just seems like it's a lot easier and more affordable," said Joan, 42, of Birmingham, Ala., who asked that her last name not be used. She contacted Ryan after she was unable to get pregnant using three egg donors and becoming disenchanted by the prolonged process of trying to adopt a child or a leftover embryo.

A Houston doctor whom Ryan planned to hire to create a second batch of embryos dropped out after learning what Ryan was doing, she said. A doctor in New York subsequently signed on.

Texas Company Sells Ready-made Embryos (DMN)

By Rob Stein

The Dallas Morning News, January 6, 2007

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"I am not going to give up until I have another baby," she said. "This seems very, very attractive."

Reagan Bust OK'd For Hill (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, January 6, 2007

Nearly twenty years after leaving office, Ronald Reagan is coming back to Washington. California lawmakers have voted to place a bronze bust of the former president in the Capitol Rotunda and alongside other national luminaries such as Abraham Lincoln, Sam Houston and Gen. Robert E. Lee.

The bust of Mr. Reagan, who was often referred to as "the great communicator," will replace that of Thomas Starr King, "the orator who saved the nation." King is credited with keeping California in the Union during the Civil War.

King's bust has resided in the National Statuary Hall since 1931. Lincoln once credited King with preventing California from splitting from the Union to form its own republic during the war.

Each state is allowed to have two bronze statues bearing the likeness of figures instrumental to the state's history. In 2000, Congress voted to allow state legislatures to replace their state's statues. Since then, only one state, Kansas, has chosen to do so. Kansas replaced the likeness of former Gov. George Washington Glick with one of Dwight D. Eisenhower.

"As the only governor of California to serve as president of the United States, Ronald Reagan is a clear choice for a delegate to Statuary Hall," said Grover Norquist, head of the Ronald Reagan Legacy Project, an organization that works to have landmarks named after the former president. Mr. Norquist also leads Americans for Tax Reform, a group that promotes federal candidates for office.

In addition to his reputation as a fiery orator, King's legacy includes raising millions of dollars for state sanitary commissions in New York and California, which helped to care for wounded soldiers. After his death in 1864, mountain peaks in Yosemite National Park and New Hampshire were named in his honor.

The National Statuary Hall is located next to the Capitol Rotunda and served as the original House chambers when the Capitol was first erected. After a new House chamber was built, it was decided in 1853 that the room should be used to house works of art, according to Capitol Architect spokeswoman Eva Malecki.

Ms. Malecki said busts of former presidents, including Eisenhower and Lincoln, are typically housed in the Rotunda. However, it's still unclear whether Mr. Reagan's bust will be there or along with the other statues in the Statuary Hall. "That will be up to Congress to determine," Ms. Malecki said.

Mr. Reagan's statue will accompany that of Junipero Serra, the Roman Catholic founder of nine California missions. Mr. Reagan, elected governor of California in 1967, served two terms before pursuing the Republican presidential nomination in 1976.

The resolution to replace Mr. King's bust with Mr. Reagan's was passed on Aug. 31 by the California Legislature with only one lawmaker, Sen. Debra Bowen, voting no. Mrs. Bowen is a member of the Unitarian Church, as was Mr. King.

The resolution's author, Sen. Dennis Hollingsworth, said lawmakers had plenty of time to address any concerns with the change because his resolution was first introduced in 2005. "Folks who have raised opposition have tried to make it sound like a last-minute thing," Mr. Hollingsworth said in an interview with the Associated Press. "But there were two years where the bill was able to be analyzed and scrutinized."

The California-based Ronald Reagan Presidential Foundation will fund the project and commission a sculptor for the bust. The foundation also will pay to have the bust of King transferred to Sacramento. Mr. Hollingsworth said having the King statue in his state's Capitol will help Californians become more familiar with his legacy.

"Now fourth-graders on school field trips will have the opportunity to get to know King better."

C. William Verity Jr. Former Commerce Secretary, 89, Dies (NYT/AP)

By The Associated Press

The New York Times, January 6, 2007

COLUMBIA, S.C., Jan. 5 (AP) — C. William Verity Jr., United States secretary of commerce under President Ronald Reagan and a steel executive, died Wednesday in Beaufort, S.C. He was 89.

Mr. Verity, who suffered from asthma, died of complications of pneumonia in a Beaufort hospital, said his oldest son, John Verity.

William Verity was named commerce secretary in August 1987 after his predecessor, Malcolm Baldrige, was killed in a rodeo accident.

Mr. Verity retired as chairman of the board of the Armco Steel Company, now the AK Steel Corporation, in 1982 but remained a director for another four years. He was the grandson of George M. Verity, who founded the company.

A Navy veteran and a Yale graduate, he was born Jan. 26, 1917, in Middletown, Ohio.

His wife, Peggy, died in 1999. Survivors include a daughter, Peggy Verity Power, of Edwards, Colo.; two sons, Jonathan George and William Wymond, of Beaufort; two sisters, Betsy Verity Blakey, of Columbus, Ohio, and Jean Verity Woodhull, of Dayton, Ohio; seven grandchildren; and four great-grandchildren.

Remember Cindy Sheehan? (WSJ)

The Wall Street Journal, January 6, 2007

When Cindy Sheehan became a celebrity for her "peace" vigil outside President Bush's Texas ranch in 2005, the antiwar left hailed her as a heroine. A DailyKos.com blogger anointed her "'Mother Sheehan,' . . . the bringer of life who has been wronged by state power." A mainstream media columnist proclaimed that "the moral authority of parents who bury children killed in Iraq is absolute." Even before Mrs. Sheehan became a media darling, minority House Democrats called her as a witness at a June 2005 hearing about Britain's so-called Downing Street Memos.

Well, she's their problem now. On Wednesday members of the new House majority tried to hold a press conference to discuss their legislative priorities, but a group of hecklers, led by Mrs. Sheehan and chanting, "De-escalate, investigate, troops home now," forced Representative Rahm Emanuel to shut it down. Thursday, Representative Louise Slaughter was treated to an encore, although her press conference was merely delayed 45 minutes. "I was a little perplexed about why they were protesting us," Ms. Slaughter said.

She shouldn't be perplexed, for Mrs. Sheehan is not just the grieving mom of media lore, or even a liberal war opponent. She is an outright anti-American activist, who has called the U.S. a "morally repugnant system," said that "this country is not worth dying for," and during Hurricane Katrina demanded that the President "pull our troops out of occupied New Orleans," among many similar utterances.

Many who once lionized "Mother Sheehan" have simply gone mum. We found few comments about her latest antics on the left-wing blogs. It's heartening to realize that her erstwhile backers were motivated by partisanship, not hatred of country.

A Meeting With Gerald Ford (NYT)

By Orlando Patterson

The New York Times, January 6, 2007

In the summer of 1975, I was asked by Robert Goldman, President Ford's in-house intellectual, to participate in a discussion on ethnicity at the White House, one of a series put on for the edification of the president.

America was then going through the so-called ethnic revival. Talk about the recovery of threatened ethnic heritage was everywhere, the beginnings of what later evolved into the multicultural and identity movement. Politicians had been quick to grasp the movement's potential, and it would become a controversial issue in the subsequent presidential election.

I gathered from our conversation that the unusual nature of Ford's ascent to the presidency had prevented the normal electoral process of learning that transformed local politicians into potential statesmen, and that the discussions were a crash course substitute. The other members of the ethnicity session would be Daniel Patrick Moynihan, the future senator from New York, Nat Glazer, my colleague at Harvard, Michael Novak, a writer and public speaker who had recently emerged as the leading ideologist of the revival, and John Higham, the historian of immigration. I was flattered to be so honored, but felt it necessary to

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point out that I was then the friend of and special adviser to the second most radical leader in the hemisphere, Prime Minister Michael Manley of Jamaica, who at the time was very much on the radar screen of the C.I.A. and State Department. They already knew that, but my associations were deemed irrelevant. I was impressed.

We met one Saturday in an airy, informal part of the White House, the room flooded with the late-morning light of early fall. The president's golf game had gone on a bit longer than anticipated, and as we waited I mused to myself that we were being asked to perform the intellectual version of a medieval jousting tournament. Novak would passionately defend the ethnic revival; I was strongly against it. Higham was more of my persuasion. Moynihan and Glazer were presumably the moderates, but since their recently published text, "Beyond the Melting Pot," had rapidly become the locus classicus of the new ethnicity, it was hardly an even match.

The president's entry was refreshingly lacking in drama. There was no sudden hush, no ego filling up the room, not the slightest whiff of alpha male testosterone. He was a fine-looking man, in a Lake Wobegon sort of way. Casually dressed and relaxed in manner, he shook hands firmly, apologized for being late with a self-effacing remark about his game, then invited us to have drinks with him. He finished two martinis before lunch. Moynihan and I happily joined him, while the others discreetly held glasses filled with something else.

Accompanying the president was the soft-spoken young aide who had initiated and made this all possible. His shoulders hunched in a confiding way as he addressed us, and his thoughtful, collegial manner put us instantly at ease. This was Dick Cheney, the chief of staff, and I will never be able to reconcile the open, intellectually broad-minded person I met that day with the secretive éminence grise of today.

During the discussion's more formal phase, I told the president that I had been drawn to America by the cosmopolitanism of its mainstream, not to seek sanctuary in an atavistic cocoon. I argued that all ethnic movements are two-edged swords. Beginning benignly, and sometimes necessary to repair injured collective psyches, they often end in tragedy, especially when they turn political, as illustrated by German history.

I also argued that the ethnic revival was partly a reaction against the recent gains of black Americans. Sadly, black leaders' shift to separatism and identity politics had legitimized this reactionary backlash against them. Whatever the president's personal position, I urged him to keep the state out of it.

Throughout our discussion the president listened attentively. He occasionally asked a question — nothing profound, but enough to suggest that he was following it all quite closely. As we talked over lunch it slowly dawned on me that the president's behavior was the most inspiring display of self-assured humility I had ever witnessed. Here he sat, the most powerful man in the world, eager to learn about his own society, even from a recent immigrant.

He was a man at peace with himself. Uncomplicated but without a trace of shallowness; calm, dignified and quietly engaging, a person you would like to be your friend.

Mr. Ford Gets The Last Laugh (NYT)

By Chevy Chase

The New York Times, January 6, 2007

IN recent days, I've been bombarded by requests to comment on my relationship with President Gerald Ford. Until now, I've tried to say nothing — any remarks from me during the Ford family's private time of grief would have been inappropriate.

The requests were understandable, I guess. You see, I made a reputation for myself 30 years ago on "Saturday Night Live" in part because of a number of sketches and "Weekend Updates" that I wrote or appeared in ridiculing Mr. Ford for his apparent "stumble-bumbling" (though he was perhaps the best athlete to have been president) and making fun of his presidency.

Luckily for me, Mr. Ford had a sense of humor.

I've often thought how odd it was that we became linked together. It's not like we had a lot in common. After all, Mr. Ford had never been helped for any problems with "self-medication" in a facility that has helped so many throughout these past decades. And he had never been castigated by the press for such atrocities as "Oh! Heavenly Dog" or "Cops and Robbersons," among other slightly awful films I had made in Hollywood.

But linked together we were. And not just in the obvious ways. If it hadn't been for the courage of Mr. Ford's wife, Betty, for admitting to an alcohol problem, I would never have received the help I needed in the early 1980s at the Betty Ford clinic, located not far from the Ford residence near Palm Springs. During my short stay there, I often saw Mrs. Ford personally surveying the clinic and generously offering a helping hand to those who were lucky enough to face their problems and, with the learned help of the clinic staff, appraise their behavior and their lifestyles.

One day when my wife, Jayni, came to visit me at the clinic, the Fords invited us to lunch. As it happened, Mrs. Ford had become so beloved and respected by many for her earlier openness about breast cancer and her alcoholism that a television

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network was in preproduction on a special bio-pic about her. Mr. Ford suggested that while we ate lunch, the four of us could view the videotape of various performances by actors being considered to play the part of the president.

Seated at a small table set for four in a simple dining room also containing a somewhat complicated videotape recorder and TV set were the former commander in chief and I making friendly small talk before lunch was brought in. And on all fours, literally on their hands and knees in front of the bulky and confusing tape machine, were Mrs. Ford and Jayni trying their best to figure out the wiring of the playback machine and the way the whole system worked, so we could watch the screen tests. Noting the effort the ladies were putting into getting the VCR to work, I suggested to Mr. Ford that perhaps we might help them out.

As I began to stand up from my chair, he took gentle hold of my arm, sat me back down and said: “No, no, Chevy. Don’t even think about it. I’ll probably get electrocuted, and you’ll be picked up and arrested for murder.”

We both laughed.

I’ll never forget that moment. My laughter was hearty and genuine.

Rice Calls For Denuclearization Moves From North Korea (AFP)

By David Millikin

AFP, January 6, 2007

The United States has intensified efforts to resume nuclear disarmament talks with North Korea, while confirming it was working with Japan on an emergency plan for a possible crisis in the Korean peninsula.

US Secretary of State Condoleezza Rice told a joint news conference with visiting South Korean Foreign Minister Song Min-Soon that the six-party talks could resume "fairly soon" if Pyongyang signals it is ready for constructive denuclearization steps.

A first round of talks in Beijing last month involving the six -- China, Japan, North Korea, South Korea, Russia and the United States -- ended without apparent progress.

But Rice said Friday that those five days of discussions had laid the groundwork for further negotiations.

"We did not make the progress that I think we would have liked, and we believe that the North Koreans need to come in a more constructive spirit," she said.

"But it does not mean there were not very productive discussions that took place during that round," she said.

Rice said there was "intensive discussion among the parties about a resumption of the six-party talks" and that if the North Koreans demonstrate they are "prepared to come with a constructive response," the negotiations could resume soon.

Rice declined to speculate on when the negotiations might resume, though her spokesman said the next round could take place later this month.

Song, for his part, said it was "North Korea's turn to come back to us with a positive and realistic response" to proposals made to Pyongyang during the talks December 18-22 in Beijing.

"I know of no substantive response from the North Koreans" yet, Rice added, but she said the Chinese were in discussions with the reclusive communist regime.

White House spokesman Tony Snow on Friday confirmed that Washington and Tokyo were working on an emergency plan for a possible crisis on the Korean peninsula but said it was a routine contingency effort.

"People make plans all the time," Snow said after Japanese Foreign Minister Taro Aso, in Tokyo, revealed that the aim was "to protect some 20,000 Japanese residents and tens of thousands of tourists" in South Korea.

"It is a standard part of any government's preparation to try to take a look at all alternatives, domestically and internationally, and try to prepare for them," Snow told reporters.

Aso, who did not elaborate on the various scenarios being considered, said officials needed to consider "ways to evacuate Japanese nationals using US military vessels and civilian ships."

He added that the plan would also consider how to deal with refugees from the Communist North.

Snow said the United States and Japan were hoping "for the six-party talks to resume soon."

The negotiations were suspended in late 2005 after North Korea walked out in protest at US financial sanctions imposed on a Macau bank accused of illicit dealings on behalf of Pyongyang.

Before the breakdown, North Korea signed a statement agreeing to give up its nuclear weapons program in exchange for economic aid and security guarantees from the other five states.

But it then went ahead and conducted its first nuclear test explosion in October, sparking international condemnation and UN sanctions.

Under intense pressure from its main ally, China, the North agreed to return to the talks last month.

The resulting five-day round of negotiations in Beijing failed to make any progress, as North Korea insisted the financial sanctions be lifted as a condition for tackling the nuclear disarmament issue.

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Rice played down press reports this week that North Korea was making preparations for a second nuclear test explosion as a way of pressuring its partners for concessions in the next round of talks.

"We don't see any change in the circumstances that we currently face," Rice said, adding that a new nuclear test by the North Koreans would "obviously further deepen their isolation."

Song said South Korea had no indications another test was imminent.

US officials have declined to lay out publicly their specific demands of the North Koreans, but they are believed to include reopening nuclear sites to UN inspectors and initial steps to dismantle key installations, including the nuclear testing center in the mountains north of Pyongyang.

Parallel talks on the financial sanctions issue are also due to resume later this month in New York, though no date has been set.

Rice Cautions N. Korea (AP)

By Barry Schweid

AP, January 6, 2007

Secretary of State Condoleezza Rice cautioned North Korea on Friday that a second nuclear test "no doubt would deepen its isolation."

Rice and South Korea's foreign minister, Song Min-Soon, agreed at a State Department news conference that their governments want negotiations on North Korea's nuclear program resumed.

"If North Korea is prepared to return in a more constructive spirit" the talks could be reopened fairly soon, Rice said. But she added, "We know of no substantive response from the North Koreans."

The South Korean minister said he had no indication that a fresh nuclear test by the North Koreans is imminent, following its initial blast last Oct. 9.

The talks, held last month in Beijing, would swap economic incentives and a U.S. assurance of respect for North Korea's security for cessation of the nuclear weapons program that produced a nuclear test nearly two months ago.

Nuclear Talks With N. Korea Expected To Resume (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, January 6, 2007

U.S., Allies Hope to Learn Whether Pyongyang Will Accept Suggested Steps Toward Standing Down

Six-nation talks on ending North Korea's nuclear program are likely to reconvene this month or next, when the United States and its allies hope to get a clearer sense of whether Pyongyang has any interest in giving up its weapons, U.S. and South Korean officials said yesterday.

South Korean Foreign Minister Song Min Soon, who held talks yesterday in Washington with Secretary of State Condoleezza Rice, said in an interview that North Korea did not "flatly reject" a number of ideas presented by the United States at the last round of talks, held in December, "even though it did not accept them."

Song would not detail those ideas, but U.S. and Asian diplomats have said the United States laid out steps that Pyongyang could take at the outset to demonstrate progress, including suspending operations at its Yongbyon reactor, readmitting international nuclear inspectors, reporting its nuclear facilities and closing its nuclear testing site.

The push to persuade North Korea to end its programs has been complicated by the fact that Pyongyang conducted its first nuclear test in October. Earlier this week, tens of thousands of North Koreans held a rally in the capital to defend their government's right to have nuclear weapons.

Previously, U.S. officials said they hoped to get a response to those ideas, first advanced at a bilateral meeting in November, at the December talks. But Song said it appeared the North Korean diplomats needed to take the proposals back to Pyongyang for further evaluation. "They are looking at a chance to make a deal, as usual, on their own terms," he said, adding that he did not know whether the differences could be bridged.

At a news conference with Song, Rice said, "There was some good work that was done during the round at the end of December, but really we're going to need to move well beyond that to consider this next round of talks, I think, successful."

Some U.S. officials have suggested that the main interest of the administration in continuing the talks is to convince China, North Korea's main patron, of Pyongyang's intransigence and the need to take forceful action against it.

South Korean news agencies reported yesterday that vehicles and personnel movement had been spotted near the site of North Korea's first test, but U.S. and South Korean officials cast serious doubt on those reports.

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"Seoul and Washington are having a close joint-intelligence assessment, but so far we do not have direct indication that there is an imminent test," Song said. He noted that North Korea conducted its last test underground, giving analysts very little time to detect possible preparation.

Song defended South Korean President Roh Moo Hyun for comments late last year, when he suggested that a split between the U.S. State Department and the Treasury Department had led to the rupture of the talks in 2005. Four days before an agreement was reached on principles for North Korean disarmament, Treasury accused a Macau bank of assisting in North Korean counterfeiting. North Korea used the incident to boycott the talks for 13 months and would discuss only that issue when the talks restarted in December.

"With a conspiracy view, you may say [the two departments] were playing games," Roh said. As a result, he added, the statement of principles "was buried the moment it was born."

Song said: "The point of my president's remark was not about some conspiracy but about his frustration, his frustration of nonprogress in the implementation program of the September agreement."

Policy Pat With Diplomat's Death (WT)

By Andrew Salmon, The Washington Times

The Washington Times, January 6, 2007

SEOUL -- The death of North Korea's foreign minister, Paek Nam-sun, the communist nation's top "diplomatic warrior," is unlikely to lead to any change in Pyongyang's policy toward Washington or the North's nuclear weapons programs, analysts say.

Mr. Paek's death was confirmed Thursday. No cause of death was given, but Mr. Paek, 77, was thought to be suffering from kidney disease.

Mr. Paek took on the role of foreign minister in 1998. Before that, he had come to prominence as a party cadre engaged in North-South Korean relations work with the Red Cross in the 1970s and 1980s. His last appearances on the international scene were at an Asian foreign ministers' meeting in Kuala Lumpur, Malaysia, followed by an official visit to Singapore, in July. During the visits, he was clearly ill and almost immobile.

Yesterday, Secretary of State Condoleezza Rice, meeting in Washington with her South Korean counterpart, Song Min-soon, warned that a second nuclear weapons test by Pyongyang, following up on the test conducted in October, would only "deepen North Korea's isolation" in the international community.

Miss Rice declined to discuss whether U.S. intelligence officials have picked up on recent private reports that the North could be preparing a second such test.

"I'm not going to speak about intelligence information, but we don't see any change in the circumstances that we currently face," she told reporters after talks in Washington with the Korean diplomat.

Mr. Song said there were no signs of an imminent nuclear test, which would be North Korea's second since Oct. 9.

In a society as opaque as North Korea's, it is impossible to predict a successor to Mr. Paek, but one analyst expected Mr. Paek's deputy at the foreign ministry to succeed him.

"In real political terms, Paek has been a somewhat nominal minister. His deputy, Kang Sok-ju, has been playing the key role, talking directly to Kim Jong-il," said Kim Sung-han of Seoul's Institute of Foreign Affairs and National Security. "Kang is a possible successor, and he has been the point man in North Korean policy toward the United States."

The chances of Mr. Paek's successor having any leeway in moderating the country's nuclear policy are small.

"In propaganda, the diplomatic corps is referred to as 'diplomatic warriors'; there is talk of 'attack diplomacy'; and every time they have a success on the diplomatic front, when they face down America, they consider it a 'victory,' " said Brian Myers, an authority on North Korean propaganda at Dongseo University in South Korea. "This adversarial approach to relations is not going to change. In a dictatorship, there is no room for individual ministers to make policy decisions."

State Department officials said yesterday there was a chance that six-nation talks on the North's nuclear program could resume as early as this month. A short negotiating session last month in Beijing -- following a 15-month boycott of the talks by Pyongyang -- produced no progress, but Miss Rice said there had been some "very productive discussions" in the latest negotiating session.

In talks with China, the United States, South Korea, Russia and Japan, the North in September 2005 agreed to rid the peninsula of nuclear arms in exchange for economic aid and security guarantees.

But fleshing out the accord stalled when Pyongyang angrily reacted to U.S. Treasury sanctions on a Chinese bank that handled much of the North's state accounts.

China Advises "Serious Response" By Iran To U.N. Sanctions (WP)

By Edward Cody, Washington Post Foreign Service

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The Washington Post, January 6, 2007

BEIJING, Jan. 5 -- China told Iran's top nuclear negotiator Friday that Tehran should abandon its defiance of U.N. sanctions and work for a swift return to talks to resolve the standoff over its nuclear program.

The Chinese admonition, conveyed by the official news media, came in a meeting between Ali Larijani, secretary of Iran's Supreme National Security Council, and President Hu Jintao, who urged a "serious response" to the U.N. sanctions. State Councilor Tang Jiaxuan, China's senior foreign policy troubleshooter, gave Larijani a similar message Thursday, the New China News Agency reported.

China's public advice to Iran marked another instance in which Beijing seemed to be following a course parallel to that of the United States on nuclear nonproliferation. Diplomats from the two countries have worked with increasing closeness over the past three years in Chinese-sponsored negotiations to dismantle North Korea's nuclear weapons program.

The Bush administration, in tandem with European leaders, has championed tough sanctions to force Iran to back down and reportedly is seeking new measures that would go beyond those already imposed. President Bush said Thursday that he thought it would be difficult to ensure a peaceful world if the Iranian government pushed forward with its research program and eventually equipped its military with nuclear weapons.

Although it has been reluctant to support sanctions in the past, China backed the U.N. Security Council's unanimous resolution of Dec. 23 that imposed sanctions on Iran and called for a suspension of its uranium enrichment program. But the Iranian Foreign Ministry dismissed the resolution as "illegal," President Mahmoud Ahmadinejad called it "trash paper" and the enrichment effort has continued apace.

Tang and Hu both reminded Larijani that the resolution passed unanimously, meaning China also voted for it, and said it reflected the concerns of the international community about safeguarding nonproliferation.

"China has always maintained that dialogue and negotiations are the best way to resolve the Iranian nuclear issue," Tang said, according to the news agency.

Larijani, in a news conference, said he had conveyed a letter from Ahmadinejad to Hu. He declined to specify its contents but sought to dispel the notion that Iran and China might be estranged because of China's decision to join the United States and other Security Council members in condemning Iran's nuclear research program.

"Of course, we know who is really behind these sanctions, so we are not blaming anybody for this," he said, alluding to the United States. The growing commercial ties between China and Iran will not be affected, he said, adding, "Countries that have long-term strategic relations will not change them because of tactical issues, and this was a tactical issue."

Larijani said that, in any case, Iran's government is not concerned about the new sanctions, which bar trade in nuclear- and missile-related goods. "The Americans have been carrying out this kind of policy for 27 years," he said, "and it's not had much effect."

Larijani said Iran's case is different from North Korea's because North Korea has developed a nuclear weapon, and "it is not part of our strategy to seek nuclear weapons." He said Iran wants to remain in the Nuclear Nonproliferation Treaty regime, but added, "If we are threatened, that could change."

Larijani dismissed Bush's comments as just one more in a string of U.S. criticisms. If the U.S. leader is genuinely worried about the dangers posed by nuclear weapons in the Middle East, Larijani said, "he should worry about Israel."

Report: China Prods Iran To Answer U.N. (AP)

By Audra Ang, Associated Press Writer

AP, January 6, 2007

China on Friday urged Iran to give a "serious response" to a U.N. Security Council resolution that imposed sanctions on Tehran for refusing to suspend uranium enrichment.

Iran's top nuclear envoy, however, warned that Tehran's commitment to the peaceful use of nuclear technology will change if the country is threatened.

The negotiator, Ali Larijani, was in Beijing for a two-day visit and gave Chinese President Hu Jintao a letter from Iranian President Mahmoud Ahmadinejad.

Larijani and Hu discussed the U.N. sanctions, which bar all countries from selling materials and technology to Iran that could contribute to its nuclear and missile programs. The resolution, passed last month, also froze the assets of 10 Iranian companies and 12 individuals related to those programs.

If Iran refuses to comply with the demand to suspend uranium enrichment within 60 days, the resolution warns Tehran that the council will adopt further nonmilitary sanctions.

The sanctions reflect "the shared concerns of the international community over the Iranian nuclear issue, and we hope Iran could make a serious response to the resolution," Hu told Larijani, according to China's official Xinhua news agency.

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Hu added that "China continues to believe the Iranian nuclear issue should be resolved through diplomatic negotiation."

In Tehran, Ahmadinejad said Friday that sanctions won't stop Iran from enriching uranium, state-run television reported.

"Iran will stand up to coercion. ... All Iranians stand united to defend their nuclear rights," state-run TV quoted him as saying.

"Enemies have assumed that they can prevent the progress of the Iranian nation through psychological war and issuing resolutions, but they will be defeated," Ahmadinejad was quoted as saying on state-run TV.

While the United States has led the drive to stop Iran from enriching uranium — a process that produces the material for either nuclear reactors or weapons — it compromised on the sanctions to win the support of China and Russia, both veto-wielding members of the Security Council who have strong trade ties with Tehran.

Larijani indicated that China's decision to support the resolution has not hurt ties between the two sides, calling them "long-term and long-lasting."

"Countries who have strategic long-term relationships will not change their strategic relationships because of tactical issues," he said at a news conference.

He added in reference to Washington: "We know who is really responsible, who is really behind the sanctions and nobody else can be blamed for this."

Iran has denied that it seeks to build atomic weapons, saying its nuclear program is limited to the generation of electricity, a stance Larijani reiterated.

"We oppose obtaining nuclear weapons and we will peacefully use nuclear technology under the framework of the Nonproliferation Treaty," he said.

"But," he warned, "if we are threatened, the situation may change."

In another show of defiance, Iranian Vice President Gholamreza Aghazadeh, who also heads the Atomic Energy Organization of Iran, announced that Tehran has produced and stored 250 tons of uranium hexaflouride gas, the feedstock for enrichment, state-run TV reported.

The hexaflouride gas, or UF-6, is being stored in underground tunnels at a nuclear facility in Isfahan to protect it from any possible attack.

"Today, we have produced more than 250 tons of UF-6. Should you visit Isfahan, you will see we have constructed tunnels that are almost unique in the world," state-run TV quoted Aghazadeh as saying.

The central Iranian cities of Isfahan and Natanz house the heart of the country's nuclear program. In Isfahan, a conversion facility reprocesses raw uranium, known as yellowcake, into uranium hexaflouride gas. The gas is then taken to Natanz and fed into the centrifuges for enrichment.

Iran has said it is moving toward large-scale uranium enrichment involving 3,000 centrifuges and plans to later expand this to 54,000 centrifuges. Centrifuges spin uranium gas into enriched material, which at low levels is used to produce nuclear fuel to generate electricity. But further enrichment makes it suitable for use in building nuclear weapons.

Iran has claimed to enrich small amounts of uranium at the low percentages needed for fuel-grade uranium, as opposed to weapons-grade enriched uranium, which must be enriched at levels above 90 percent. U.S. intelligence agencies have estimated that Iran might be able to develop a nuclear weapon in four to 10 years.

Aghazadeh confirmed in April 2006 that Iran has produced 110 tons of uranium hexaflouride gas. Experts say that amount would be enough to produce up to 20 nuclear bombs if Iran was to divert its civilian nuclear program into making weapons.

Associated Press Writer Ali Akbar Dareini in Tehran, Iran, contributed to this report.

American Diplomat To Visit Strife-Torn Somali Capital (NYT)

By Jeffrey Gettleman

The New York Times, January 6, 2007

KISMAYO, Somalia, Jan. 5 — The State Department's top diplomat for Africa plans to visit Mogadishu, the violence-scarred Somali capital, on Sunday, American officials said Friday. It would be the first time in more than a decade that a high-ranking United States official has set foot there.

But Al Qaeda's second-in-command, Ayman al-Zawahri, urged the world's Muslims on Friday to turn Somalia into a battlefield and use suicide attacks.

These developments were part of Somalia's transformation after Ethiopian-led forces ousted the once powerful Islamist movement from the capital last week and helped install a potentially viable government there for the first time in over 16 years.

American officials said the schedule for the diplomat, Jendayi E. Frazer, assistant secretary of state for African affairs, was still tentative, but that she planned to be in Mogadishu for four hours to meet with officials of the transitional government and leading Somali intellectuals.

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The United States has had a minimal presence in the country since its diplomats were withdrawn in the fall of 1994, nearly a year after 18 Americans were killed during an ill-fated attempt to capture a warlord in Mogadishu. In his speech on Friday, Mr. Zawahri urged Muslim fighters to wage a holy guerrilla war in Somalia. "I speak to you today as the crusader Ethiopian invasion forces violate the soil of the beloved Muslim Somalia," he said in an audio recording on a Web site that has featured Qaeda messages before. "Launch ambushes, land mines, raids and suicidal attacks until you consume them as the lions eat their prey."

It was not the first time that Muslim extremists have called for a holy war in Somalia.

Ethiopia has a long Christian history, and Somalia's Islamist leaders had been trying for months to rally outside support by portraying the Ethiopians as infidel invaders and urging Muslims worldwide to turn Somalia into the third front for jihad, after Iraq and Afghanistan.

In the end, though, Western intelligence officials said that only a few hundred foreign fighters heeded the call, and that they seemed to make little difference. The Islamist forces, made up of mostly untrained teenage troops, were routed by Ethiopian soldiers in one battle after another and lost in one week all the territory they had gained in the past six months.

Somalia's transitional government is now in loose control of most of the country and Western diplomats, including Ms. Frazer, are urging African nations to quickly put together a peacekeeping force before Somalia reverts to anarchy.

Officials from Ethiopia, one of the poorest nations in the world, have said that they do not have the resources to keep soldiers here much longer. Ethiopia has justified its intervention by saying that Somalia's Islamists were a regional menace.

Ms. Frazer met Friday with Kenyan and Somali officials in Nairobi to discuss the details of the peacekeeping force. Uganda has already volunteered troops, and Nigeria, South Africa and Tanzania have indicated they might also send forces.

Ms. Frazer was to travel to Yemen and Djibouti on Saturday to pursue the matter.

In Mogadishu, the transitional government was struggling to collect weapons. Earlier in the week, Ali Muhammad Gedi, the transitional prime minister, announced that Thursday was the deadline for all militias and gunmen to surrender their arms. Only a handful have complied and the deadline has been pushed back to Saturday.

As for the Islamists, Somali officials said Friday that the last remnants of their forces were cornered in a remote area of southern Somalia, south of Kismayo. Somali officials said they expected the conflict to end soon, though the Islamists have vowed to fight on as an underground insurgency.

Iraq-style Insurgency Urged On Somalis (FT)

By Andrew England

Financial Times, January 6, 2007

Al-Qaeda's second-in-command on Friday urged members of a Somali Islamist movement to launch an Iraq-style insurgency against Ethiopian troops to "wipe them out".

In an audiotape purportedly by Ayman al-Zawahiri described the Ethiopian soldiers as a crusader invasion force and called on the Islamists to "ambush, mine, raid and [carry out] martyrdom campaigns."

Ethiopia, an important regional US ally, has thousands of troops in Somalia backing that country's weak transitional government. Its forces launched a rapid offensive against the Islamist movement, which had controlled much of southern Somalia, forcing it to flee all its major strongholds during the last two weeks.

However, the Islamists have vowed to fight on with a guerrilla campaign, and it is unclear what state the Islamists' forces are in and whether they have been genuinely defeated. There have also been concerns that any insurgency could attract foreign militants – Somalia is a Muslim nation with one of Africa's longest coastlines, stretching from the Indian Ocean to the Gulf of Aden.

Both Addis Ababa and Washington, which gave its tacit support to Ethiopia's offensive, accuse the Islamists' leadership of including and harbouring alleged al-Qaeda members, including three men wanted in connection with the 1998 bombing of the US embassy in Nairobi and the 2002 suicide attack on a Israeli-owned hotel on the Kenyan coast.

The Islamist movement that began as an alliance of Islamic courts and was not a monolithic group has denied any links to terrorism. However, a hardline military element, known as the Shabaab, was thought to include extremists.

Somalia, which has not had a functioning government since the fall of dictator Mohamed Siad Barre in 1991, is awash with weapons and has been plagued by 15 years of lawlessness.

On Friday, African and western officials, including Jendayi Frazer, US assistant secretary of state for Africa, met Abdullahi Yusuf, the Somali president, in Nairobi to discuss peacekeeping options and support for the transitional administration, which is deeply unpopular in many areas and has had little influence since it was formed two years ago.

Ms Frazer said Washington would provide $40m to Somalia in political, humanitarian and peacekeeping assistance, while the EU said it would help finance a force envisioned at 8,000 troops.

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"If international support is to be effective, it is essential an inclusive process of political dialogue and reconciliation...be launched without delay," the diplomats said in a joint statement.

Without Ethiopian support, the transitional government would struggle to survive. But a peacekeeping force is likely to take weeks to put together. The only country that has indicated it would be willing to contribute troops is Uganda, and a mandate and logistical issues still have to be worked out.

Addis Ababa has said it plans to withdraw its forces within weeks, but there are fears that an Ethiopian pull-out could leave a vacuum and the resumption of rule by warlords and clan-based violence. But the longer they stay, the greater the chance the Ethiopians will be seen as an occupying force.

Islamist Stragglers Vow Guerrilla Tactics, Suicides (WT/AP)

By Elizabeth A. Kennedy, Associated Press

The Washington Times, January 6, 2007

MOGADISHU, Somalia — Islamist fighters hiding in Mogadishu since their movement's main force was driven from the Somali capital say they will heed al Qaeda's call for guerrilla attacks and suicide bombings against Ethiopian troops whose intervention was key to the Islamists' defeat.

"I am committed to die for the sake of my religion, and the al Qaeda deputy's speech only encourages me to go ahead with my holy war," 18-year-old Sahal Abdi told the Associated Press, referring to an audio message posted on the Internet yesterday.

Troops of Somalia's transitional government, backed by the Ethiopian military, routed the Islamic militia from much of southern Somalia, ending their six months in power. The group had brought a semblance of stability here but terrified residents with a version of Islamic rule that included public executions and floggings of criminals.

Interviews with militants who fought with the Islamic Courts Union and went underground when most of their comrades fled Mogadishu last week suggest their movement is ready for battle.

Somalia's interior minister says 3,500 fighters are hiding in and around the capital.

The AP contacted several militants by telephone after townspeople identified them as former fighters known from the months when the Islamic movement controlled Mogadishu.

None of those interviewed was a leader.

They acknowledged being fighters but refused to be photographed and, in some cases, to give their full names, fearing reprisals from government or Ethiopian troops.

They said the movement they served as foot soldiers will rise again.

"The call from the al Qaeda deputy leader is based on Islam and we are adamant in our religion," said Sheik Musa, who would not identify himself further. "There is no option but to heed his call."

Al Qaeda leader Osama bin Laden's deputy, Ayman al-Zawahri, urged the Islamic movement's fighters and other Muslims to attack the troops of Christian-dominated Ethiopia, which he called a "crusader" invasion force.

"Launch ambushes, land mines, raids and suicidal combats until you consume them as the lions and eat their prey," al-Zawahri said in the taped message that aired on a Web site frequently used by militants and carried the logo of al Qaeda's press production wing, as-Sahab.

A meeting of U.S., European Union, African and Arab diplomats ended in Kenya yesterday with a U.S. pledge to provide $40 million to Somalia in political, humanitarian and peacekeeping assistance, and a plan to ask more African nations to send troops to help stabilize the country. Uganda has pledged at least 1,000 peacekeepers.

The EU said it would also help pay for a peacekeeping force envisioned at 8,000 soldiers.

Still supported by Ethiopians, government troops prepared yesterday for a major assault on Ras Kamboni, the last stronghold of the Islamic militia. U.S. warships patrolled offshore to prevent militiamen from escaping by sea.

The U.S. 5th Fleet said vessels were being boarded to look for militants, including three al Qaeda suspects wanted for the 1998 bombings of two U.S. embassies in East Africa. The Islamists have denied U.S. accusations that the three were leaders in the Somali movement.

Quick Deployment Of Peacekeepers Urged For Somalia; Aid Pledged (WP)

By Karen DeYoung, Washington Post Staff Writer

The Washington Post, January 6, 2007

Western and African diplomats meeting yesterday in Nairobi urged the quick deployment of an African peacekeeping force in Somalia, as the United States pledged $40 million to assist the mission and provide humanitarian aid.

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In a communique peppered with references to the urgency of the situation, the Somalia Contact Group called for "immediate support for the stabilization of Somalia," noted an imperative to launch a political reconciliation process "without delay" and cited the need for "immediate concrete assistance."

"The group clearly felt it was important that there not be a security vacuum," Jendayi E. Frazer, the U.S. assistant secretary of state for African affairs, who chaired the meeting, told reporters in Nairobi.

Ethiopia has said its military force, which drove out the Islamic movement that controlled the southern part of the country and installed a weak, internationally backed transitional government, would stay only a short time.

If money were the only problem, Somalia would be on its way to stability, noted a diplomat from one of the countries involved in the group, whose membership includes the United States and several European countries as well as the European Union, Kenya and Tanzania, with participation from the United Nations and the African Union.

So far, only one African country has agreed to contribute troops to the force. Uganda has offered a 1,200-member contingent that Frazer said she hoped would be deployed by the end of January but that is only about a tenth of what is seen as necessary. The contact group communique said that Kenya's foreign minister would begin a mission to "explore additional troop contributions."

Of the $40 million pledged by the United States, $16 million is designated for peacekeeping support. The E.U. has pledged $47 million, of which $19.5 million is to go to the force.

U.S. Gen. William Ward, the deputy commander of the U.S. European Command who is traveling with Frazer, told reporters in Nairobi that there were no plans to deploy U.S. military personnel. U.S. assistance would include airlift, logistical and intelligence support.

The Europeans are similarly loath to send troops to Somalia, where a U.N. humanitarian force was withdrawn in 1995 following the deaths of numerous soldiers, including 18 Americans killed in a single battle.

Equally problematic is the reconciliation of Somali clans whose loyalty is distributed among the transitional government, a divided Islamic leadership and myriad other warlords. Western aid pledges are contingent on the warring groups -- with the exception of the Islamic leaders the United States says are harboring al-Qaeda suspects -- agreeing to a political accommodation.

If an international force were to enter the country before a political deal is made, the European diplomat said, it would be seen as supporting only one faction.

In Somalia, Confusion Remains In Command (WP)

By Stephanie McCrummen, Washington Post Foreign Service

The Washington Post, January 6, 2007

Premier Exhorts Revived, Ragtag Army

MOGADISHU, Somalia, Jan. 5 -- The revived Somali national army assembled here Friday in the sand-blown yard of the former parliament, a hollowed-out building splashed with grenade blasts and scrawled with apocalyptic graffiti.

About 1,000 men sat in the sun, soldiers who had been inactive for 15 years, old men with graying beards wearing whatever shade of camouflage they found at the market or dug out of storage. Few had boots; most wore leather loafers, sandals or thin-soled tennis shoes. They squinted at the newly ascendant prime minister, Ali Mohamed Gedi, who was swept into power last week on the strength of Ethiopian soldiers now pointing machine guns at the crowd.

"As prime minister, I say let us go back to our national interests," said Gedi, a former veterinarian. "This capital of Somalia is not for clans or tribes. It's for all Somalis. Is this clear? Will I repeat it, or have you got it?"

They all stood to sing the Somali national anthem, with many soldiers simply moving their lips, having forgotten the words. When it was over, 100 or so civilians heckled the new force -- "Traitors!" -- and Gedi zipped off in a convoy.

Even at such orchestrated events in Mogadishu, it is unclear who is in control, and the same could be said of Somalia itself.

Candidates for the title include the heavily armed Ethiopian forces stationed at strategic points around the city, without which Gedi's government would have failed to take the country from the popular Islamic Courts movement. There is Gedi himself, who leads an internationally recognized government but is perceived by many Somalis as a puppet of the Ethiopians.

The Ethiopians, in turn, are perceived as closely tied to the United States, which has expressed concern that Somalia could become a stronghold for terrorists. There is the fractious parliament, which Gedi is set to meet with in the next few days and whose members include warlords formerly backed by the United States, and others tied to webs of clans, sub-clans and sub-sub-clans, most with their own militias.

And somewhere in the oceanside city of sand, goats, poetry and barbed wire, an estimated 3,500 former Islamic Courts fighters who shed their uniforms are thought to be awaiting instructions to attack the Ethiopian troops. On Friday, al-Qaeda's

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deputy leader, Ayman al-Zawahiri, posted a message on the Internet calling on the fighters and other Muslims to attack the invading "crusader" force, Ethiopia, which has a government and army dominated by Christians and a population that is nearly half Muslim.

All week, pamphlets circulating in the city have warned residents to stay away from Ethiopian soldiers.

"This is a funny question," said Gedi, when asked who is controlling Somalia. "The transitional federal government. It's a fully inclusive and representative government. This is my commitment, this is my responsibility as a prime minister to lead the Somali people."

Gedi's government is frail, however. He has not reached out to any moderate Islamic Courts leaders, widely credited with bringing security to Mogadishu, choosing to provide amnesty instead of inclusion in the government. A process of disarming the city is going badly, and Gedi said this week that he has only half the security forces he needs. Although the United States pledged $40 million in aid Friday, the government has practically no revenue to pay soldiers and set up ministries, or to assist thousands whose farms were ruined by recent floods.

Somalia's parliament, where representation is based on clan and sub-clan, includes many of the old warlords who had organized as an "anti-terrorism coalition" funded by the U.S. government, and otherwise made money by setting up roadblocks across the country to extract bribes. They were defeated by the Islamic Courts in June and are now seeking to wield power again, with some, such as Mohamed Qanyare Afrah, growing impatient with Gedi, whom they accuse of favoring his own people.

"They don't have any real power or any real authority," Qanyare said of the government. "My people want a government of national unity, not a government of certain clans, and that is what this government looks like."

Qanyare, a charismatic man known as the founder of the anti-terrorism coalition, sat in his armed compound on a hill at the city's crumbled edge, a place that seemed more like a military position than a home. He is from a sub-clan that is a rival of Gedi's.

A fleet of trucks was parked behind a wall, and militiamen armed with AK-47 assault rifles clustered at the door. Qanyare wore a bright yellow shirt with an abstract print, his hair wild and gray, and compared the prime minister and the various clans to a man with many unequally loved wives.

"If you don't love them, they will get a divorce," said Qanyare, adding that, at the moment, he is reading a book titled "Global Intelligence."

Ordinary Somalis are not sure who is in charge: the Ethiopians, the government, the warlords or the exiled Islamic Courts leaders and their underground fighters. Asked who he thought was wielding the most power, Amir Sheihk Elmi, who is in the cellphone business, said, "Allah."

Security continues to be the main concern in Mogadishu, where many residents fear that without an effective government force, authority in the country is reverting to the old collection of warlords and freelance militiamen.

Former Islamic Courts fighters in the city are hoping to harness those fears, along with resentment toward the Ethiopian troops, to reassert control.

"We are in Mogadishu, and we will challenge anyone to get security back," said Ali, a 21-year-old former fighter who declined to be identified further.

Late Friday afternoon, Ali said he had not heard about Zawahiri's Internet message. But he said that "shebab" fighters -- the young volunteer core of the Islamic Courts militia thought to be the most serious fighters -- were in "full contact" with Islamic Courts leaders who had fled the city last week. Asked whether he had a weapon, Ali shrugged and said insouciantly: "I have an AK-47 at home."

"When I hear about disarmament, I laugh," he said. "Who is supposed to take the guns? Who will be doing this?"

Asked who was in control of Somalia, he said without hesitation, "Sheik Sharif," referring to Sharif Ahmed, a top Islamic Courts leader reportedly among those on the run along the Somali coast.

The United States and Ethiopia have accused the Islamic Courts leaders of harboring three suspects in the 1998 bombings of the U.S. embassies in Kenya and Tanzania and of cooperating with al-Qaeda. Intelligence analysts disagree over the extent to which al-Qaeda has influenced leaders in the Islamic movement, if at all, and whether the three terrorism suspects were in hiding in Somalia or being sheltered.

On Friday, U.S. Navy warships patrolled off the Somali coast to prevent suspects from escaping by sea. And Ethiopian troops were preparing for a major attack on Ras Kamboni, a town near the Kenyan border that is thought to be the last stronghold of fleeing Islamic Courts fighters.

Day After Killings, A Hamas Leader Calls For A Truce (NYT)

By Steven Erlanger

The New York Times, January 6, 2007

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JERUSALEM, Jan. 5 — The Palestinian prime minister, Ismail Haniya, called Friday for an end to the internal violence in the Gaza Strip, a day after members of his own Hamas militia surrounded the house of a Fatah commander, killed him and his bodyguards and seriously wounded his wife and brother.

Before his death, the commander, Col. Muhammad Gharib, begged for help on a live telephone call to Palestinian television, saying his home near Jabaliya was being attacked by the Executive Force, a parallel security force under the command of the Hamas-run Interior Ministry, but that Fatah leaders and fighters did not respond.

"They are killers," he said of the gunmen. "They are targeting the house. Children are dying, they are bleeding. For God's sake, send an ambulance! We want an ambulance — somebody move!"

On Friday, Fatah issued a statement suggesting another round of retaliation. "All killers are legitimate targets," the statement said, adding, "What is called the Executive Force is an enemy."

The statement, confirmed by a Fatah official, Abdel-Hakim Awad, also said negotiations with Hamas on a unity government were impossible in the present atmosphere.

"There will be no dialogue in the midst of this series of killings and organized terrorism practiced by Hamas," the statement said, calling on the Palestinian Authority president, Mahmoud Abbas, to fire Interior Minister Said Siam and disband the Executive Force.

"Said Siam is responsible for the execution and the cold-blooded murder to which our martyrs in Jabaliya were subjected," the statement said.

Mr. Abbas, who met with Mr. Haniya early Friday in an attempt to restore calm, tried to disband the Executive Force when it was established, but failed. Now it has about 6,000 men, including several hundred drawn from factions usually loyal to Mr. Abbas's Fatah movement.

Hamas officials said Colonel Gharib had been responsible for the deaths of two of their fighters.

Mr. Abbas has called for early parliamentary and presidential elections, a challenge to the Hamas government, which won parliamentary elections a year ago. Hamas has said it will not allow early elections, which it says are illegal, and has moved to enforce its hold over Gaza while calling for renewed talks on a unity government that Mr. Haniya would lead.

The new tensions have set off a series of battles between Hamas and Fatah forces that show no sign of ending, despite various efforts to restore calm.

There were emotional funerals on Friday for some of the dead from the attack on Thursday on Colonel Gharib's home. Two more people who had been wounded died Friday, bringing the total to eight. As a funeral cortege passed the colonel's blackened, shrapnel-riddled house, masked men fired guns into the air and shouted for revenge.

In Palestinian violence on Thursday, more than 60 people were wounded, including 10 children, Palestinian medics said. On Wednesday, five people died from violence.

On Friday a local cleric and frequent critic of Hamas, Adel Nasar, was murdered as he left his mosque, witnesses told The Associated Press.

There was no claim of responsibility in the death of Mr. Nasar, who was not openly affiliated with any political party, though he often spoke against Hamas in his sermons. In his sermon on Friday, Mr. Nasar warned that God would punish the killers of Colonel Gharib and his bodyguards, as well as the Palestinian rulers for not putting the rule of God into effect, witnesses said.

Speaking in another mosque on Friday, Mr. Haniya called for Palestinian guns to be aimed at Israelis, not other Palestinians. "Our fight is not an internal one, it's against the occupation," he said. But it is increasingly clear that Mr. Haniya, although prime minister, does not have operational control over many of the Hamas gunmen, just as Mr. Abbas cannot control Fatah-affiliated militias.

As in Iraq, the division of power created by democratic elections, in the absence of a traditional powerful state or after the disappearance of one, has meant the continuation of party politics through armed militias affiliated with factions but not always controlled by them.

In the West Bank on Friday, Fatah supporters celebrated an anniversary by attending the weekly demonstration against Israel's separation barrier in the town of Bilin, where the barrier cuts off the village from much of its farmland.

The demonstrators are a mixture of Palestinians, Israelis and foreigners, and as usual, what was supposed to be a nonviolent protest turned into exchanges of rocks, rubber-coated bullets and tear gas with the Israeli Army and the border police.

Ten demonstrators were wounded, and two were hospitalized. Jibril Rajoub, a Fatah member and former security chief, said, "Our battle with Hamas is not a battle of assassination, kidnapping or revenge."

"Our battle is with the occupation, not with each other," he added.

According to [a news organization], the Bush administration is asking Congress for $86 million in aid, not including weapons and ammunition, to bolster Mr. Abbas and his Presidential Guard. The aid, mostly training and supplies, according to an American document obtained by [a news organization], is intended "to dismantle the infrastructure of terrorism and establish

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law and order in the West Bank and Gaza." Officials said previously that they expected to ask for nearly $100 million for the effort, which has itself been widely reported.

In Israel, there were recriminations over a failed army arrest raid in the center of the West Bank city of Ramallah on Thursday, hours before Prime Minister Ehud Olmert was to meet President Hosni Mubarak of Egypt. The wanted man, though wounded, escaped, and four Palestinians were killed as Israeli forces exchanged fire with Palestinians in violent scenes that were televised live on Al Jazeera.

Mr. Olmert's aides said he had not been informed of the raid in advance and was angry about what had happened. The violence overshadowed the summit meeting, which Olmert aides said had gone well.

Benjamin Ben-Eliezer, an Israeli cabinet member and former defense minister, criticized the timing of the raid. "I don't think this operation should have been carried out on the day of a visit by the Israeli prime minister to a country in which we have a supreme strategic interest," he told Israel Radio. "Our relations with Egypt are more important to us than anything else."

Cleric Shot In Gaza After Plea For Calm (FT)

By Harvey Morris, Guy Dinmore

Financial Times, January 6, 2007

Unidentified gunmen shot dead a Muslim cleric after he delivered a sermon in the Gaza Strip on Friday calling for an end to fierce factional fighting between Hamas and Fatah, hospital officials and local residents said.

The cleric's shooting in central Gaza came hours after Ismail Haniyeh, the Palestinian Authority's Hamas prime minister, and Abu Mazen, its Fatah president, agreed to keep rival gunmen off Gaza's streets after clashes in which eight were killed.

Brushing aside Mr Haniyeh's plea for calm, Fatah issued a statement in Gaza: "Blood for blood and aggression for aggression...and all the sons of the movement should retaliate to each aggression openly."

It was their first encounter since last month's announcement by Mr Abbas that he planned to call new elections, which sparked the latest round of factional violence.

There was no statement from the president on the outcome of the meeting, but Mr Haniyeh said: "We are going to end all armed displays in the streets."

Mohammed Ghayeb, a commander of the Fatah-linked Preventive Security Force, and six of his bodyguards were killed on Thursday at the end of a day-long Hamas assault on his Gaza home. In a call to Palestine television shortly before he died, Colonel Ghayeb appealed for an ambulance to be sent to his home.

Hamas militants had held the Fatah force responsible for the killing of one of their number earlier in the day.

The factional violence is worsening just as the US is gearing up for another diplomatic effort in the region, sending Condoleezza Rice, secretary of state, to Israel and the Palestinian territories late next week. However diplomats and US officials in Washington give no sign of any significant shift away from the current strategy of supporting Mr Abbas, with money and equipment, while isolating and shunning Hamas.

The international Quartet seeking to direct the peace process with Israel – the European Union, the US, Russia and the United Nations – are to meet on the sidelines of an international conference for Lebanon in Paris on January 25.

Angela Merkel, the German chancellor, and Javier Solana, the EU foreign policy chief, were both in Washington this week to press for renewed US engagement before the US electoral calendar of the 2008 presidential race pushes foreign policy aside. But the US has rebuffed efforts by some Europeans to broaden negotiations to include Syria.

Leaders of the two Palestinian factions have reached numerous deals to calm the factional violence but few have held for more than a few days.

Relations between the rival parties deteriorated after Hamas defeated Fatah in general elections a year ago and worsened after Mr Abbas called for new elections after the breakdown of talks to form a national unity government.

The rivalry is exacerbating a de facto split between the Gaza Strip, Hamas's power base, and the West Bank, where Fatah has a stronger armed presence.

Tanzanian Woman Is Chosen For U.N.'s 2nd Highest Post (NYT)

By Julia Preston

The New York Times, January 6, 2007

UNITED NATIONS, Jan. 5 — Secretary General Ban Ki-moon on Friday appointed Asha-Rose Mtengeti-Migiro, the foreign minister of Tanzania, to be deputy secretary general and said he intended to give her responsibility for day-to-day management of the world organization.

In choosing Ms. Migiro, 50, a professor who has served for six years in Tanzania's cabinet, Mr. Ban fulfilled a pledge to place a woman from a developing country in the second most powerful post at the United Nations. In a statement, he praised her

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"outstanding management skills" and said he intended to delegate to her "much of the administrative and management work of the Secretariat."

On Wednesday Mr. Ban, who took over as secretary general on Jan. 1, appointed Alicia Bárcena Ibarra, 54, a Mexican diplomat, to be the under secretary general for management, the top post focused exclusively on administration.

While some United States officials were unenthusiastic about Ms. Bárcena because of her lack of experience in financial management, they praised the choice of Ms. Migiro.

"Her experience indicates she will do a fantastic job," said Richard A. Grenell, the spokesman for the United States Mission. American officials said Secretary of State Condoleezza Rice was personally acquainted with Ms. Migiro and was pleased when she heard of the appointment on Friday.

Ms. Migiro has been Tanzania's foreign minister since January 2006, and before that she served for five years as minister for community development, gender and children. Over the past year she has played a leading role in efforts to resolve conflicts in central Africa.

As Mr. Ban started to build his team this week, African diplomats said they were pleased to hold on to one of the most influential posts after Kofi Annan, the former secretary general, who was from Ghana, stepped down.

"Women are multitasking people," said Dumisani S. Kumalo, the South African ambassador, who is a major player on behalf of developing nations. "And African women are even better. Watch out!"

African diplomats said Ms. Migiro had carried out a management overhaul in the foreign ministry, requiring new standards of efficiency.

Some United Nations officials noted that Mr. Ban's choices signaled a step back from the corporate-style management reforms that Washington has pushed since the early 1990s. Neither Ms. Migiro nor Ms. Bárcena had substantial business experience. Mr. Ban made it clear that he would focus on diplomacy and did not intend to play the chief executive role, as some Americans had hoped.

But Ms. Migiro may help Mr. Ban to win new support for reform. "The developing countries have seen the United States reforms as a way of taking control of the United Nations away from them," said Princeton N. Lyman, a senior fellow at the Council on Foreign Relations. He said Ms. Migiro might be able to propose reforms "in a way that does not seem threatening to them."

UN Chief Picks Tanzanian Deputy (BBC)

BBC.com, January 5, 2007

The new United Nations Secretary General, Ban Ki-Moon, has named a Tanzanian official, Asha-Rose Migiro, as his deputy.

The current Tanzanian foreign minister, she replaces British diplomat Mark Malloch Brown.

Before joining the government, Ms Migiro was a senior lecturer at the law faculty of Dar es Salaam University.

The appointment fulfils Mr Ban's pledge to choose a woman to fill the post of deputy secretary general.

Mr Ban described Ms Migiro as a highly respected leader who had championed the cause of developing countries over the years.

Mr Ban, 62, is the first Asian to hold the top post in 35 years.

The former South Korean foreign minister succeeded Kofi Annan, of Ghana.

Tanzanian Woman Chosen For No. 2 Post At United Nations (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, January 6, 2007

UNITED NATIONS — Secretary-General Ban Ki-moon on Friday made good on his pledge to appoint a woman from the developing world as deputy, choosing Tanzanian Foreign Minister Asha-Rose Migiro.

Ban called Migiro "a highly respected leader who has championed the cause of developing countries," and said he planned to delegate much of the U.N.'s management and administrative work to her. She will also oversee socioeconomic affairs and development issues.

The deputy secretary-general is a relatively new U.N. post, created by Ban's predecessor, Kofi Annan, in 1998. After the Iraq oil-for-food scandal revealed systemic mismanagement in the organization in 2005, Annan tried to transform the post to help rein in the bureaucracy. Ban has pledged to streamline the U.N. staff, and Migiro will oversee the day-to-day running of the world body and the changes in management and operations that Ban says he plans.

Migiro, 50, became Tanzania's first female foreign minister in January 2006 after serving as a university lecturer and Cabinet minister in Dar es Salaam, the nation's capital.

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U.N. spokeswoman Michele Montas said Migiro proved her ability to manage as the chairwoman of the Great Lakes regional conference in Central Africa in December. Montas said Ban carefully considered many candidates and emphasized that Migiro "was not named because she's an African and because she's a woman, but essentially because of her qualifications."

South African Ambassador Dumisani Kumalo, however, said that although Migiro "is very experienced in managing foreign affairs," being an African woman was her best qualification.

"Women are multi-tasking people," Kumalo said. "African women are even better. Watch out!"

African Union envoy Salim Ahmed Salim, Tanzania's former prime minister and foreign minister, said Migiro was a good choice, and not just because she was Tanzanian. "She's a very informed person, well educated, extremely articulate," he said. "She is one of those who has been an activist in the political situation in Tanzania, and an activist basically in the struggle for human rights on the continent."

Ban has spent his first week on the job filling his Cabinet, trying to balance merit, gender and geography. The permanent Security Council members have traditionally been guaranteed some of the top Cabinet posts, and so far, the custom seems to be continuing.

The new secretary-general named British diplomat John Holmes to be the new chief for humanitarian affairs and appointed Montas, an award-winning Haitian broadcast journalist, as his spokeswoman. Former Indian ambassador and undersecretary-general Vijay Nambiar is Ban's chief of staff. Mexican environmentalist Alicia Barcena Ibarra, who was Annan's chief of staff, succeeded American Christopher B. Burnham as undersecretary-general for management.

The U.S. is expected to receive a bolstered political affairs post and France to retain peacekeeping. China may run the Department of Economic and Social Affairs.

U.N. Chief To Open Financial Records (WP)

By Colum Lynch, Washington Post Staff Writer

The Washington Post, January 6, 2007

UNITED NATIONS, Jan. 5 -- U.N. Secretary General Ban Ki Moon announced Friday that he will release his personal financial records, making him the first U.N. leader to subject his financial dealings to public scrutiny.

Ban also appointed Tanzania's female foreign minister, Asha-Rose Migiro, as the United Nations' second-ranking official, fulfilling a campaign pledge to pick a woman from the Third World as his deputy.

The moves came as Ban faced a week of tough questioning from reporters over his decision to select two U.N. insiders to run his office and to oversee the institution's management. Those appointments raised questions about Ban's commitment to reinvigorate the world body's tarnished administrative culture.

The former South Korean foreign minister's action on his financial records was partly symbolic, because Ban had already been required to file disclosure statements when he served in the South Korean government. It was calculated to prod other senior U.N. officials to voluntarily make their own financial statements public.

Still, his announcement represented a break from his predecessor, Kofi Annan, who declined news media appeals to release his personal financial records and grudgingly agreed to disclose them to the newly established U.N. ethics office only during his final months in office.

Michele Montas, Ban's spokeswoman, said that Ban filed his financial statement on Tuesday with the U.N. ethics unit, where it will be examined by a U.S. auditing firm, PricewaterhouseCoopers. Other senior U.N. officials are required to file a financial disclosure statement with the ethics unit, but they are not required to make them public. "If they voluntarily want to do it, I guess they could do it. However, they are not in any way forced to do it," Montas said. "The secretary general said he wanted to give an example."

Montas said Ban has also asked the United Nations' top 60 officials to offer letters of resignation to allow him greater flexibility in selecting a new management team. She said the officials will continue their work for the organization until Ban assembles his new team.

Ban will "delegate much of the management and administrative work" to Migiro, a former academic who served for five years as Tanzania's minister for community development, gender and children's affairs, Montas said. Migiro, who was appointed Tanzanian foreign minister in January 2006, will also oversee U.N. social, economic and development activities.

It remained unclear how vigorously Ban examined Migiro's qualifications before offering her the job. Montas said that Ban had not held a single face-to-face interview with her before she was selected. But she said that Migiro, who beat out several other candidates for the job, had impressed him when they worked together as foreign ministers. "She was not named because she's an African and because she is a woman, but essentially because of her qualifications," Montas said.

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In a statement, Ban called Migiro "a highly respected leader" with "outstanding management skills" who has championed the cause of the world's poorest countries. The appointment was praised by a bloc of developing countries -- the Group of 77 -- which has been lobbying aggressively for greater representation in the U.N. leadership.

A Status Quo Secretary General (NYT)

The New York Times, January 6, 2007

The big powers in the United Nations Security Council chose Ban Ki-moon as secretary general because they wanted a low-key bureaucrat who wouldn't rock the boat. Judging by Mr. Ban's early moves, the world has gotten exactly that.

Expect no Kofi Annan-style exhortations to live up to the values of the U.N. charter. In commenting on the sordid execution of Saddam Hussein, Mr. Ban even managed to forget that the U.N. opposes the death penalty on principle. Expect no shift from patronage to selection based on merit for key staff positions. The top jobs in peacekeeping, political affairs and humanitarian relief are already being doled out to the favored candidates of London, Paris and Washington (three of Mr. Ban's backers).

And expect no serious drive for much-needed administrative reform. The top management job, previously held by a reform-minded American, has now been given to a long-serving insider, Alicia Bárcena Ibarra of Mexico.

Mr. Ban takes over at a difficult time. The secretariat's reputation for integrity has been battered by the oil-for-food scandal, and the Security Council's claim to influence has been battered by its failure to halt the genocide in Darfur or the nuclear ambitions of Iran and North Korea.

On one crucial front, though, the outlook may be brightening. Under President Bush, relations between Washington and the U.N. were driven to their lowest point ever, following the twin blows of the Iraq war and the destructive presence of the former ambassador, John Bolton. The White House reportedly plans to nominate a new ambassador, Zalmay Khalilzad, who actually believes in diplomacy.

Mr. Khalilzad is currently the ambassador in Baghdad, where he is one of the few American officials to try to reach out to Sunni Muslims and curb the divisively sectarian policies of Prime Minister Nuri Kamal al-Maliki. Unfortunately, the White House — desperate to make Mr. Maliki look like a leader — decided it did not want such an activist ambassador. We hope that choosing Mr. Khalilzad for the United Nations is at least a sign that Mr. Bush is learning the importance of diplomacy and cooperation, if not the importance of a powerful U.N. leader or a strong-minded ambassador in Baghdad.

China Moves To Tighten The Money Supply (NYT)

By David Barboza

The New York Times, January 6, 2007

SHANGHAI, Jan. 5 — China's central bank said late Friday that it had raised the reserve requirement ratio for banks, the fourth increase in six months, to further tighten the nation's money supply.

The modest move, which takes effect this month, increases the reserve ratio by half a percentage point, to 9.5 percent. Analysts said it was the government's latest warning that too much money in the financial system could ignite inflation and perhaps fuel a stock market bubble.

"This is a warning shot," said Dong Tao, the chief economist for non-Japan Asia at Credit Suisse. "If the stock market continues to go up, we might see further tightening."

Raising the amount of cash reserves that Chinese banks keep on hand with the central bank effectively restricts the amount of money that banks can lend. While not being very restrictive, the central bank aims to curb excessive lending to new factories, real estate projects and road construction.

The move also comes as China's stock market is booming after several years in the doldrums. Last year, the country's key index — the Shanghai exchange — rose 130 percent to close at 2,675, a record and the best performance of any major stock exchange in the world in 2006.

The market reached a 16-year high in December, as millions of investors who had been sitting on the sidelines in 2004 and 2005 jumped back into stocks.

Analysts say the government is determined to keep the economy expanding but is concerned about growing so quickly that the economy might crash before 2008, when Beijing is host to the Olympic Games, viewed as the ultimate coming-out party for China.

Overinvestment in real estate and construction has been among the chief worries for the government. And for much of the last two years there have been frequent warnings and government measures to tame a wild property run.

The Central Bank said that last October, for the first time in five years, the bank savings of Chinese citizens decreased from the month before, presumably as more money went into the stock market. Credit Suisse estimated that more than $30 billion in bank deposits have flowed into mutual funds or direct plays into the stock market over the last six weeks.

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Many analysts say now that the bull run will continue in 2007, prompting even more money to flow into the market. One Chinese mutual fund raised $5 billion in a single day recently before closing its doors to new investors, an astonishing achievement here, according to some economists.

Industrial and Commercial Bank of China, which was publicly listed only last October, here in Shanghai and in Hong Kong, has already gained over 70 percent. This week, prices shot up again, before falling sharply Friday.

The run-up means companies in China can once again raise money in the Chinese market rather than relying on the Hong Kong stock market. But huge risks remain in a market that many analysts have long derided as a gambling den crowded with companies with suspect accounting.

Several economists say that more increases are expected in the coming months, to tame the economy and the stock market.

Hong Liang, a Hong Kong-based economist at Goldman Sachs, said that the government had used the reserve ratio as a policy tool to help manage the economy but that it had not been very effective in cooling things down. She did not "expect it to have much impact on the real economy or the financial markets."

Large amounts of money flow into the country through foreign investments and surplus dollars from trade. China also has a high savings rate. So many people are looking to put that money to work — in real estate, the stock market and even by investing in art and antiques.

"A lot of hot money has entered the market, legally and otherwise," said Chang Chun, a professor of finance at the China Europe International Business School in Shanghai, speaking of the stock market. "In the past few years people were overpessimistic. Right now, they are overoptimistic and they're bringing a lot of money into the market."

China Currency Near Parity With Hong Kong's Dollar (NYT)

By Keith Bradsher

The New York Times, January 6, 2007

HONG KONG, Jan. 5 — For more than half a century, residents of Hong Kong have taken pride in being more prosperous than their cousins nearby in mainland China, and have enjoyed feeling like big spenders whenever they crossed the border.

Merchants across the border in Shenzhen were happy to take Hong Kong dollars, pocketing the 6 percent premium it commanded over China's currency. Mainland tourists offering Chinese currency here were charged extra or even turned away and told to come back with Hong Kong dollars.

But the yuan is poised to become more valuable than the Hong Kong dollar by the end of the month, and could pass the traditional benchmark for the Hong Kong dollar's value as early as next week. The shift has been the latest in a series of shocks for residents' confidence that they or their ancestors had made the right decision to live in Hong Kong instead of anywhere else in China.

"Nowadays, the gap between China and Hong Kong has narrowed, and some people even think the standard of living in China is higher," where prices are lower and incomes are rising quickly, recalled Chan Chi Him, the second generation of a family that has sold birds' nests as a delicacy here since the end of World War II.

"It's easier for Chinese people to make money," he said.

Average incomes per person in cities like Beijing, Shanghai or Guangzhou remain a fifth or less of incomes for people in Hong Kong. But the averages in China are dragged down by very large numbers of very poor people.

People in Hong Kong are used to comparing themselves with the educated middle class on the mainland. And they are finding that a growing class of Chinese businessmen and businesswomen have become more affluent than the average resident of Hong Kong.

Millions of middle-class Chinese flock here every year, and shopkeepers are now happy to take Chinese currency, known as the yuan or renminbi.

At the same time, many shopkeepers across the border in China have stopped taking Hong Kong dollars or have begun asking a slightly greater number of dollars than the number of yuan on price tags would suggest.

Prices are rising here in markets for everything from luxury apartments to dried bugs, and the culprit is the same: the rising value of the Chinese yuan and the falling value of the Hong Kong dollar.

The winning bid in a land auction last month worked out to more than $7,000 a square foot once houses are built, making Hong Kong real estate some of the most valuable in the world. Developers are betting that multinationals and mainlanders alike will continue to see Hong Kong as an excellent base for doing business in China.

But Hong Kong also imports much of its food and other goods from the mainland, and the prices are climbing.

Sellers of traditional Chinese medicine are having to pay more for the herbs, insects and other wares they buy from the mainland. The price of dried cicadas, which are boiled in soup to improve eyesight, has risen close to 4 percent in the last year

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as the yuan has gradually strengthened, said Lee Chun Hung, the chairman of Lee Hoong Kee Ltd., a Chinese medicine wholesaler.

Prices have soared for herbs that are in demand across China, as increasingly affluent mainlanders have bid up prices to levels that many people in Hong Kong cannot afford. A rare root that is boiled in soup and eaten to strengthen the lungs now sells for $618 for a small box, four times its price two years ago.

"It's not just the rise of the renminbi," Mr. Lee said, "it's also because the standard of living is going up on the mainland."

While prices are starting to creep up here after years of deflation, rising home prices and falling unemployment have helped produce soaring confidence here in the territory's economic future, recent surveys have shown.

The yuan has been rising partly because of calls from the United States and Europe for the Chinese currency to reflect China's rising trade surplus and huge intake of foreign investment.

Chinese officials have also voiced concerns that maintaining a low value for the currency may eventually unleash inflation, although prices are barely rising now on the mainland.

China unified various exchange rates in 1994 and, after several years of gradual appreciation, fixed the exchange rate of the yuan at 8.28 to the dollar in 1998. Beijing officials maintained that level until July 2004. They then began allowing a slow appreciation, with the yuan climbing 3.4 percent last year. It was worth slightly more than 7.81 yuan to the dollar in Friday trading in Shanghai.

The Hong Kong Monetary Authority pegged the Hong Kong dollar at 7.8 to the United States dollar in September 1983, and maintained that policy with few changes until June 2005. It then moved to a narrow trading band of 7.75 to 7.85 to the dollar.

The Hong Kong dollar has been trading near the top of that band lately, which is why it is likely that it will take a couple of more weeks for the yuan to reach parity.

Ben Simpfendorfer, a currency strategist at the Royal Bank of Scotland, said that the yuan would surpass the Hong Kong dollar "definitely before the end of the month."

While some speculators have raised the idea that the Hong Kong dollar might be repegged to the yuan, the Hong Kong Monetary Authority has been opposed, and most economists say that the move would be a bad idea. The weaker Hong Kong dollar improves Hong Kong's competitiveness relative to cities on the mainland, and a peg to the yuan would be difficult to maintain.

The yuan is not an internationally traded currency and the Chinese government backs it with a fairly inflexible monetary system in which the economy is controlled less by interest rate changes than by administrative measures, like an order on Friday that banks raise their reserves at the central bank to 9.5 percent of assets, from 9 percent.

The sometimes tumultuous violent history of currency policy in Hong Kong has also discouraged officials. When the Hong Kong dollar plunged in early September 1983, partly on uncertainty over what would happen to the territory after its return to Chinese rule in 1997, gasoline prices climbed because they were set in dollars and taxi drivers responded by holding a protest that turned violent; the Hong Kong dollar has been closely managed ever since.

China Media Battle Hints At Shift On Intellectual Property (NYT)

By Howard W. French

The New York Times, January 6, 2007

SHANGHAI, Jan. 3 — One of China's largest newspapers has filed a lawsuit against one of the country's leading Internet portals claiming that it violated copyright laws, setting off a media war and highlighting the first signs of a possible shift in policies toward intellectual property rights here.

In the suit, which was filed in October and is expected to go to court soon, the newspaper, The Beijing News, is seeking $400,000 in damages from a popular Internet site called Tom.com, alleging that it has copied and republished more than 25,000 articles and photos without authorization since 2003.

China has long had the reputation as a sort of no man's land for intellectual property rights, with companies in virtually every industry freely copying designs and other content from foreign companies and domestic rivals with little fear of punishment.

The lawsuit, however, is headed to court at a time of accelerating legal change and signs of increased efforts by law enforcement to protect copyrights and intellectual property. It is also a critical time for China's newspaper industry, which grew explosively in the last decade or so but now faces an even faster-growing rival: Internet-based news media.

Now, as in the United States and many other countries, with computer use and broadband access booming here, newspapers are losing readers to large, corporate-owned Web sites. What had set China apart from much of the rest of the world until recently was that these Web sites faced no legal obstacles in copying material from newspapers, often wholesale.

"There is a very brutal competition between newspapers — with seven or eight big ones just in Beijing — and now a big, new player, the Internet, wants to wipe them all out, to change the landscape," said Yu Guofu, a lawyer who specializes in

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intellectual property. “The press is leading a hard life and facing an unpleasant future, but it has decided it is better to protect its rights than just sit and wait to die.”

According to one recent study, newspaper readership in China has declined sharply in the last three years, with the number of people who say they read a newspaper at least once a week falling to 22 percent last year from 26 percent in 2003.

A major presumed cause for the decline is that big Internet content providers, or portals, have become one-stop sources for all manner of information, including news, entertainment and blogs.

Until recently, the general practice for most portals was to lift news and other information directly from other sources, sometimes crediting the original source and sometimes not, but rarely paying for the information.

The Beijing News lawsuit was filed a little more than a year after a meeting of major newspaper publishers in Nanjing at which strategies were discussed to shore up the industry’s base and combat the leeching of content and readers by Internet companies.

“In terms of the law, things are quite clear, that Tom’s use of Beijing News’s work without authorization clearly violates Beijing News’s copyrights,” said Yu Guoming, dean of the school of journalism at Renmin University in Beijing. “There are lots and lots of cases very similar to this one, but with this lawsuit, the traditional media is sending a very clear signal to the electronic media that their free lunch is over.”

A spokesman for Tom.com, Tu Jianglu, denied any violations. “As a big company we respect copyright and property rights,” he said. “I can only say that there are other facts that make this more complicated.”

The Beijing News declined to comment on the lawsuit.

Until recently, China’s laws have generally been anything but clear on intellectual property, and have made it difficult to win a suit over an alleged infringement. Such an environment may have served China’s needs earlier in its industrial takeoff, when its industries were straining to catch up with the West.

The battle in the news media reflects part of a shift in the intellectual property landscape as China’s growing place in world trade has brought strong new pressures to rein in wholesale piracy. Many of the country’s largest Internet companies, for example, are listed on foreign stock exchanges, making them liable for lawsuits filed abroad.

Zhang Xin, a spokesman for Sohu.com, a leading portal, said, “We’ve signed agreements with over 1,000 traditional news organizations in China, which means that if we use their articles or reports, we definitely have reached prior agreement with them.”

An awareness also seems to be taking hold here that Chinese companies must build strong brands of their own to succeed and that they cannot do so in an environment where copying goes unpunished.

“To enhance the country’s development we are trying to encourage innovation,” said Xu Chao, vice director of the National Copyright Bureau, a government agency. “We are placing more emphasis on intellectual property, and have made improvements in the law. It used to be possible for traditional media or Internet media to simply copy each other’s work, but now this has been forbidden.”

White Farmers Given Leases In Zimbabwe (WP)

By Craig Timberg, Washington Post Foreign Service

The Washington Post, January 6, 2007

19 Grants Signal Modification Of Divisive Land Reform Policy

JOHANNESBURG, Jan. 5 -- Zimbabwe has granted long-term leases to 19 white farmers in a step toward allowing as many as 1,000 white-owned commercial farms to resume operating legally after years of land seizures, a top government adviser said.

The issuing of the leases is the latest indication that Zimbabwe is pulling back from the harshest elements of a seven-year-old land reform program that has devastated its once-thriving agricultural sector and helped push the annual inflation rate over 1,000 percent, the highest in the world.

The adviser, Sam Moyo of the African Institute for Agrarian Studies in Harare, the capital, said the government is not abandoning an effort that has given farms to tens of thousands of landless black peasants. But he said it is now clear that Zimbabwe has sufficient fertile land to also allocate modest plots to most of the white farmers who remain.

"There's enough land to accommodate a thousand white farmers," Moyo said from Harare. He outlined the plan in Thursday's editions of Britain's Guardian newspaper.

Many white farmers have rejected the move as a desperate bid to revive the country's economy without restoring their property rights. The new leases are for 99 years but include conditions that would allow government officials to easily revoke them, and the leases can be bought and sold only with the approval of the government.

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Farmers say that few banks will lend the capital necessary to restart major commercial operations without legally recognized, transferable deeds.

"They don't seem to be serious," said Trevor Gifford, vice president of Zimbabwe's Commercial Farmers Union, speaking from the eastern border city of Mutare. "Those 99-year leases they've issued are not worth the paper they're printed on."

Gifford was once a prominent promoter of the government's on-again, off-again effort to allow some white farmers to legally return to their land. But his public optimism about the government's intentions dimmed in May after his 600-acre farm was taken over. Ten families now inhabit the farm, and commercial cultivation has halted there, he said.

"It's very obvious the government is not interested in production, or even protecting the existing businesses," Gifford said Friday.

Land has long been an emotional, politically explosive issue in Zimbabwe, a southern African country of 12.2 million people that was once the region's breadbasket, producing lucrative surpluses of corn and tobacco.

Before the land invasions began in 2000, an estimated 4,500 white families owned most of the fertile land in a country whose citizens were overwhelmingly landless blacks. The average size of commercial farms in that era, Moyo said, was nearly 5,000 acres.

President Robert Mugabe, in power since the end of white-minority rule in 1980, backed the land invasions, which were spearheaded by self-proclaimed veterans of the guerrilla movement he once led.

Land redistribution, however chaotic and violent, was popular in some areas, but many of the new owners -- including some members of Zimbabwe's business and political elite -- lacked the expertise to run large-scale farms. Agricultural output collapsed, as did a national economy long dependent on farm exports. Zimbabwe, meanwhile, became a chronic recipient of massive international food aid.

Most of the white farmers have fled -- in some cases starting new agricultural ventures in Zambia, Mozambique or Nigeria -- or left the business.

Moyo estimated that 600 white farmers continue to work in Zimbabwe, though many of them on plots one-tenth their previous size, and said that 300 or 400 former farmers would like to return to work. The Commercial Farmers Union gives similar estimates, saying that nearly 1,000 current and former white farmers have applied for long-term leases from the government.

Among the contentious issues remaining is whether white farmers must surrender the deeds to their land to qualify for new leases. Many have locked them away in safes or in bank deposit boxes in other countries, with the intention of waging legal battles to reclaim the property when Mugabe is no longer president.

Moyo said that he did not expect that white farmers would have to relinquish their deeds but that the documents have been made void by a 2005 constitutional change nationalizing all property in Zimbabwe.

Government officials have for the past year made contradictory statements about the nature and extent of their plans to issue long-term leases to white farmers.

Moyo said the debate has often been confused by semantic distinctions, with the government seeing the new leases as an extension of the land reform program rather than a reversal of policy.

"What they are against is having oversized white farms, or too many white farms," he said.

Ties To Communist Secret Police Snare Polish Bishop (NYT)

By Craig S. Smith

The New York Times, January 6, 2007

PARIS, Jan. 5 — Warsaw's new archbishop, Stanislaw W. Wielgus, caught in Eastern Europe's widening witch hunt for former Communist secret police informers, admitted Friday that he had collaborated with the Sluzba Bezpieczenstwa, or Security Service, known as the S.B.

"Before you today, I confess to the mistake committed by me years ago, just as I have confessed to the Holy Father," Bishop Wielgus said in an open letter to Polish Catholics. "By the fact of this entanglement, I have damaged the church."

He said he compounded that damage by denying "facts of this cooperation" in recent days.

Bishop Wielgus insisted, however, that he had neither spied on anyone nor harmed anyone. He said the only thing he ever did was to inform the secret police of his agenda during foreign academic meetings and to promise not to take part in anti-Communist activities.

He said it was up to Pope Benedict XVI to decide whether he would keep his new job, which he took up Friday.

The bishop is to be officially elevated to archbishop during a ceremony on Sunday in Warsaw at St. John's Cathedral, though many voices in Poland have called for him to step down.

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The Warsaw archbishopric is a particularly symbolic institution in the former Soviet bloc. The Polish church, together with the Polish-born Pope John Paul II, were crucial supporters of the pro-democracy Solidarity movement, which helped bring down the totalitarian system and end the cold war.

Confirmation that the archbishop collaborated is doubly troubling because the Polish secret police murdered a charismatic anti-Communist priest from the archdiocese, the Rev. Jerzy Popieluszko, in 1984. Warsaw's departing archbishop, Cardinal Jozef Glemp, waged a quiet battle with the Communist Party in those years.

Many historians argue that a significant segment of the clergy in Poland and other Eastern bloc countries collaborated to varying degrees with the secret services. Priests have recently been added to those segments of society under scrutiny in several countries during recent efforts to expose former Communist collaborators.

Two years ago, files surfaced showing that the Rev. Mieczyslaw Malinski, who had been close to John Paul II, worked for the S.B. in the 1980s. Several other prominent priests have since been accused of having been informers, and some have admitted that they had links to the secret police. The Polish church publicly apologized last year for priests who collaborated with the S.B., but has tried to keep their names secret.

The uproar over Bishop Wielgus's past began shortly after Pope Benedict picked him in early December to succeed Cardinal Glemp as Warsaw's archbishop. A Polish daily newspaper, Gazeta Polska, reported Dec. 20 that the bishop, 67, had spied on dissidents and fellow clerics for more than two decades, until Communism collapsed in 1989.

Both Bishop Wielgus and the Vatican sought to deflect the accusations by saying his involvement with the secret police had been nothing out of the ordinary for people traveling abroad during the Communist era. Leading representatives of the Polish clergy denounced the accusations against him.

But Poland's human rights ombudsman, Janusz Kochanowski, said Thursday that there was evidence in the secret police archives that Bishop Wielgus had knowingly cooperated with Communist authorities. Rzeczpospolita, one of Poland's most respected newspapers, published documents showing that he had met with police agents more than 50 times in one five-year period.

Even Poland's Catholic Church Historical Commission issued a statement on Friday, saying, "There are numerous, substantial documents confirming Stanislaw Wielgus's willingness for a conscious and secret cooperation with the Communist security forces."

The commission said that there was no evidence that Bishop Wielgus's actions harmed anyone, and that the documents would be sent to the Vatican for further study.

Monsignor Wielgus first admitted Friday that he had signed a cooperation statement with the secret police in 1978 under pressure by a "brutal intelligence officer" when he was seeking permission to travel to Munich. "That was my moment of weakness," he wrote.

But he accused the secret police of falsifying documents that cast him as a more eager, useful collaborator than he actually was.

"The personality ascribed to me in the intelligence service documents is so far from the truth that I would never have recognized myself," he wrote.

Those claims are not far-fetched. Almost from the moment the Iron Curtain fell, the nations of the former Communist bloc have been steeped in controversies over the files of their secret police forces. The documents are often elliptical and incomplete, and were sometimes embellished by secret police officers eager to impress their superiors, experts say.

The documents published by Rzeczpospolita and other newspapers suggest that Bishop Wielgus was recruited by the S.B. in 1967 when he was a philosophy student at the University of Lublin in eastern Poland, more than a decade before he signed the cooperation agreement. Newspapers cited other documents in which the S.B. claimed he had given them information about activities at the university, where he later served as a professor of medieval philosophy.

The newspapers claimed that some documents referred to Bishop Wielgus by the code names Grey, Adam and Adam Wysocki. They said he received training and was rewarded for his collaboration with a grant to study in Munich.

Later Friday, Bishop Wielgus issued another statement, which was broadcast by Vatican Radio's Polish service, in which he said he had collaborated so that he could travel abroad for his academic research.

"I'm not trying to justify anything, I know that I shouldn't have had any relations with the Communist regime's secret services," he said. "At the time I thought I had to continue my important scientific research and acquire sound training for the good of the church."

The Vatican has continued to support the embattled prelate.

"The Holy See, in deciding the nomination of the new archbishop of Warsaw, took into consideration all the circumstances of his life, including those regarding his past," the Vatican said in a statement on Friday, repeating the position it has taken for the past month.

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The statement said Benedict “has every confidence in Bishop Stanislaw Wielgus and in full conscience entrusted him the mission of pastor of the archdiocese of Warsaw.”

Polish Archbishop Admits Signing Communist Pact (WP/AP)

By Vanessa Gera, Associated Press

The Washington Post, January 6, 2007

Cleric Allegedly Cooperated With Secret Police

WARSAW, Jan. 5 -- After calls for him to step aside, Warsaw's incoming Roman Catholic archbishop admitted Friday that he had signed an agreement to cooperate with the secret police during the Communist era and said he was leaving his fate in the hands of Pope Benedict XVI.

Archbishop Stanislaw Wielgus, whose installation ceremony is scheduled for Sunday, expressed regret for an act that he acknowledged "harmed the church." He said that despite signing the document, he "never informed on anyone and never tried to hurt anyone."

"Before you today, I confess to the mistake committed by me years ago, just as I have confessed to the Holy Father," Wielgus said in an open letter to Poland's Roman Catholic clergy and believers.

The mounting allegations against Wielgus have gripped the heavily Roman Catholic country, where the church is esteemed for its opposition to the former Communist government. People widely revere the late Polish-born Pope John Paul II, who is credited by some with hastening the fall of the Communist system.

The scandal grew after church officials said Friday that documents at a historical institute indicated Wielgus had willingly collaborated. A church commission said documents "confirm Rev. Stanislaw Wielgus's willingness for conscious and secret cooperation with the security organs of Communist Poland." The statement added, however, that there is no proof that he "inflicted any harm on anyone."

Newspapers on Friday devoted their front pages to the revelations. A government commission also concluded he had collaborated.

The allegations surfaced in the right-wing Gazeta Polska weekly, two weeks after the Vatican appointed Wielgus archbishop of Warsaw. He initially denied any collaboration.

In a statement Friday, Wielgus acknowledged that he had contact with the secret service, but he said documents indicating he collaborated were written by the secret police and reflected their account of events, not the truth.

Wielgus, who has been bishop of Plock since 1999, said he was leaving his fate in the hands of the pope: "With full humility, I declare to the Holy Father that I will submit to each of his decisions."

Wielgus is the latest in a series of church and public figures in Poland to face allegations of collaboration with the secret police before Communist rule ended in 1989.

In his statement, Wielgus acknowledged signing a declaration of cooperation in 1978 when seeking permission to travel to Munich because he was threatened by "a very brutal" secret police agent. "That was my moment of weakness," he wrote, insisting that he never cooperated with the secret police.

He also said many statements about him in the police documents are wrong, including that he spoke Spanish or had publications abroad. "The characterization of me in the secret police material differs so much from the truth, that I would not recognize myself on their basis if it were anonymous," he said.

During a visit to Warsaw in May 2006, Benedict cautioned against passing judgment on people who lived in different times, remarks that came in the wake of similar allegations against a Polish priest.

"We must guard against the arrogant claim of setting ourselves up to judge earlier generations who lived in different times and in different circumstances," Benedict told clergy. His comments were met with applause.

Chavez Denounced For Canceling TV License (LAT)

By Chris Kraul, Times Staff Writer

The Los Angeles Times, January 6, 2007

The OAS says the president's decision to shut down Venezuela's oldest network appears to be censorship.

BOGOTA, COLOMBIA — Venezuelan President Hugo Chavez's decision not to renew the license of his nation's largest and oldest television network, a frequent critic of his policies, drew a rebuke Friday from the Organization of American States.

OAS Secretary-General Jose Miguel Insulza said in a statement that Chavez acted in an arbitrary manner in yanking the license of RCTV, which began operations in 1953 and has the largest viewership of any network in Venezuela.

"The closing of a mass communications outlet is a rare step in the history of our hemisphere and has no precedent in the recent decades of democracy," Insulza wrote, adding he hoped "this decision will be revised."

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Chavez's "adoption of an administrative measure to close a news outlet gives the appearance of a form of censorship against freedom of expression and at the same time serves as a warning against other news organizations leading them to limit their actions at the risk of facing the same fate," Insulza said in the statement.

The OAS objection follows similar condemnations by news media freedom groups, including Reporters Without Borders and the Inter-American Press Assn.

Chavez announced the decision Dec. 28 at a military academy in Caracas, saying RCTV owners would have to "pack your bags, turn out the lights."

He accused the network of promoting the coup in April 2002 that briefly knocked him from power, and of committing unspecified ethical lapses. The Ministry of Communications and Information later specified that the license would not be renewed when it expired in May.

In a radio interview Thursday, Chavez, who was reelected last month in a landslide, said the decision was "irrevocable" and was made because RCTV "didn't pass the test to receive a renewal of a concession from a state that is serious, responsible, committed and respectful of the people."

RCTV General Manager Marcel Granier denied that his network had promoted the coup and merely covered it as a news event. He said in an interview that the network executives had not been presented with a formal notice or complaint that they could contest in court or at a public hearing.

"The only coup plotter is Chavez, who as everyone knows tried to overthrow the government in 1992, years before he was elected," Granier said. "We have a democratic tradition and we have been a model of that tradition.

"Not renewing our license is like President Bush one day announcing that NBC is going off the air because it was involved in a conspiracy against the United States," Granier said.

Orlando Ochoa, a risk analyst and economic consultant in Caracas, said that shutting down the nation's most popular TV network would "increase social polarization and destroy harmony at a time when Chavez has such a mandate to fight crime, inflation and eliminate corruption."

"Yes, RCTV had a critical attitude toward Chavez during the attempted coup more than four years ago, but so did all of the other big stations in Venezuela," Ochoa said. "The difference is that others have become more bland while RCTV maintains its attitude."

RCTV is a privately owned company whose largest shareholders are the Bottome and Phelps families. The network produces news and prime time programming, including 1,000 hours of telenovelas, or soap operas, each year. It owns 40 radio and television stations across Venezuela.

Granier said RCTV had "earned a place in Venezuelan society and we want to continue working as we have done." Asked whether the owners would sell if appeals failed, Granier said the market might be limited.

"Who is going to want to buy such a business in a country where there is a president in a military uniform saying which media can exist and which can't?" Granier said. "People want to invest in a country where there is rule of law."

Menem Preaches His Free Market Gospel (FT)

By Jude Webber

Financial Times, January 6, 2007

Carlos Menem polarises Argentines like few other politicians. His economic policies during a corruption-tainted government in the 1990s are blamed by many for sowing the seeds of the calamitous debt crisis that erupted five years ago, but a quarter of voters were still prepared to have him back in the past elections – and he is betting more will give him another chance now.

The former president, now 76, is bidding for his third term in office in elections next October, preaching a return to the free-market gospel he says will restore to Argentines their lost prosperity and put an end to President Néstor Kirchner's "out-of-control populism".

"I think I have a very good chance...I wouldn't be here otherwise," he told the Financial Times from his spacious office in the Hotel Presidente, his pied-á-terre in Buenos Aires.

Mr Menem scored a slim first-round lead over Mr Kirchner in the 2003 elections but pulled out of a runoff when it became clear he was heading for a "suicidal" defeat. That will not happen this time, unless pending charges over allegedly irregular arms sales thwart his plans.

"I'm determined to run. I won't withdraw," he vowed.

Argentina has been through the mill since Mr Menem left office in 1999, but he denies his policy of shackling the peso to the dollar caused the economy to implode and describes himself as "an angel" compared with the current government. Dollar parity made Argentines wealthy and stabilised an economy ravaged by inflation of 100 per cent a month at the start of Mr

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Menem's term in 1989. But foreign debt ballooned and the currency peg crumbled, sparking the biggest debt default in history, deadly street riots and the spectacle of five presidents in a fortnight in 2001-02.

Of the one-to-one exchange rate, Mr Menem said: "It worked very well...it made Argentina grow and the poverty rate was below what we have now." Indeed, he would consider bringing it back: "We'd have to see what state the country is in a year from now," he said. "I don't rule it out. Everyone is demanding it."

Mr Menem pledged an immediate end to what he called Mr Kirchner's "economic terrorism". He said was causing "an explosive social situation" in which a third of the population is below the poverty line and 16 per cent indigent, despite growth expected to be nearly 9 per cent this year, for a fourth straight year.

He vowed to scrap the price controls that Mr Kirchner introduced to try to rein in inflation, now running at 10 per cent; to abolish a freeze on energy tariffs that companies blame for a failure to invest to improve infrastructure or boost dwindling oil and gas reserves; to do away with "distortive" export tariffs and taxes on bank transactions; and to rein in runaway provincial budgets.

He had no quick fix for inflation, promising only that prices would realign themselves in a market economy. Untied from price controls and encouraged by a renewed government commitment to privatisation, companies would also be able to boost salaries, Mr Menem said, reckoning on a minimum wage of about $650 (€500, £337) a month, triple the current level.

Unlike Mr Kirchner, Mr Menem offered hope to the holders of $20m in defaulted Argentine debt who are suing for full reimbursement after they turned down the government's offer of a 70 per cent write-down. "I'd try to reach a deal," he said, without giving details. "The only way of fixing this is directly between the Argentine government and the creditors...And when I say fixing it, you don't fix things with words but with cash."

Mr Menem brushes off criticism of his government's scandals, lingering corruption allegations he calls "total infamy" and recent health problems, claiming to have up to 15 per cent support already.

But after controversial former leaders in Peru and Nicaragua were voted back to power in the past year, Mr Menem says simply: "Why not me?"

Kirchner Critic Seeks Argentine Presidency (FT)

By Benedict Mander

Financial Times, January 6, 2007

Roberto Lavagna, the former economy minister who is widely credited with engineering Argentina's rapid economic recovery since its collapse in 2001, has announced that he will run for president in elections due in October.

Mr Lavagna, who was sacked from the cabinet in November 2005 because of disagreements with President Néstor Kirchner, has criticised the government's "shift to the left" in the past year. He also warned of increasing signs of authoritarianism and an economic policy that deters foreign investment.

By challenging the presidency, Mr Lavagna has ended months of speculation, although the centre-left Mr Kirchner has yet to make clear if he will seek re-election. Mr Kirchner's high approval ratings, which some pollsters put above 70 per cent, mean that he is widely expected to win the elections. If he does not run, it is likely that he will be replaced by his wife, Cristina Fernández, an influential senator who would also be expected to win.

It remains to be seen whether the weak and fragmented opposition will unite behind Mr Lavagna against the formidable popularity of the government. Mr Lavagna told the daily La Nación that "it would be a mistake" to have several opposition candidates.

Without a united opposition, Mr Lavagna stands little chance of winning, says Sergio Berensztein, a political analyst based in Buenos Aires.

A key ally for Mr Lavagna, who claims to represent the "progressive centre", would be the main centre-right candidate, Mauricio Macri, who owns Boca Juniors football club. They have been in talks for several months, although Mr Macri reacted coolly to Mr Lavagna's announcement on Friday.

"If Lavagna and Macri run separately that will basically assure the president a victory in the first round of voting," said Mr Berensztein. If they pooled resources they might be able to push the elections to a second round of voting, which would be held if the winner gets less than 45 per cent of the vote without a 10-point lead. "The only way the opposition has a chance is with a solid coalition."

According to a recent poll by Graciela Römer, if there were elections now Mr Kirchner would win with 55 per cent of the vote, while his wife would get 39 per cent. Against Mr Kirchner, Mr Macri would come second with 11.8 per cent, while Mr Lavagna and Elisa Carrió, a centre-left candidate, would both receive more than 5 per cent.

In The Global Energy Rush, Nuclear Gets A Resurgence (WP)

By Doug Struck, Washington Post Foreign Service

DOJ_NMG_0114039

The Washington Post, January 6, 2007

Sixty miles outside Buenos Aires, construction crews soon will be swarming over a partially built concrete dome abandoned 12 years ago, resuming work on Argentina's long-delayed Atucha II nuclear power plant. They will be in the vanguard of surging interest in nuclear power worldwide.

Faced with evidence that coal- and oil-fired electric plants are overheating the planet, and alarmed by soaring demand for electricity, governments from South America to Asia are turning once again to a power source mostly shunned for two decades as too dangerous and too costly.

Globally, 29 nuclear power plants are being built. Well over 100 more have been written into the development plans of governments for the next three decades. India and China each are rushing to build dozens of reactors. The United States and the countries of Western Europe, led by new nuclear champions, are reconsidering their cooled romance with atomic power. International agencies have come on board; even the Persian Gulf oil states have announced plans for nuclear generators.

"Energy and climate changes can't remain tied to carbon or hydrocarbon," the European Union's foreign policy chief, Javier Solana, said in October. "They are polluting, and we'll have to find substitute energies, including nuclear energy." It creates heat through nuclear reactions rather than combustion, giving off no carbon dioxide, the most important of the so-called greenhouse gases that trap heat in the Earth's atmosphere.

Utilities are dusting off plans for nuclear plants even though most of the problems that shelved those projects remain. Critics say governments have forgotten the crises of Three Mile Island and Chernobyl. The costs and time to build the concrete-encased plants far exceed those of conventional plants. There still is no safe permanent storage for the used fuel that will remain radioactive for a million years. Added to these problems are the newly realistic worry of a terrorist attack on a nuclear plant.

"It can be very controversial," Mexican Congressman David Maldonado said of his country's plans to build a $4 billion nuclear plant in Veracruz. "The things that have happened in years past, going back to Chernobyl, have created a lot of fear here."

In the United States, the Bush administration has strongly pushed nuclear power and backed a 2005 energy bill offering subsidies to utilities to go ahead with projects in a shortened, streamlined regulatory process. The industry talks enthusiastically of 10 to 30 new nuclear plants being started in the next two decades.

Critics say those predictions will stall without long-term subsidies, and they scoff at the administration's explanations that nuclear plants will help battle global warming and reduce dependence on foreign oil. "The Bush administration doesn't believe climate change is a threat unless it is arguing for nuclear power," said Edwin Lyman, a senior staff scientist at the Union of Concerned Scientists in Washington.

Skeptics contend that the nuclear resurgence is still just talk. In the United States, they note, not a single reactor has been ordered. The high costs and long delays that vexed nuclear construction -- Argentina's Atucha II was 14 years in construction before it was halted -- soon will diminish the atomic ardor in other countries, they say.

"Even with all the respective subsidies, nuclear power plants are still too expensive," Lyman said. "We need to move faster to really take a bite out of greenhouse emissions, and there aren't any scenarios in which nuclear power can do that."

At present, 442 nuclear plants are operating in more than 31 countries, according to the International Atomic Energy Agency in Vienna. The United States has the most -- 103, which provide about 19.3 percent of the country's electric power. Next is France, with 59, and Japan, with 55. Worldwide, atomic energy accounts for 16 percent of electrical production; the vast majority of electricity is generated by burning coal, oil and natural gas.

But carbon emissions from conventional plants bring "higher global temperatures, rising sea levels that would threaten to submerge coastal regions, prolonged droughts and more frequent violent storms," IAEA Director General Mohamed ElBaradei warned in Jakarta, Indonesia, in December.

The world's energy needs will rise 51 percent by 2030 because of industrialization and population growth, the International Energy Agency in Paris predicts. Add up the carbon-dioxide emissions from all the oil and coal plants that would be built to meet that need, and scientists see an environmental nightmare in the making.

Natural gas is a cleaner fuel for making electricity, but the price has soared. Hydropower from dams has largely topped out at less than 20 percent of the world's electric supply. Alternatives such as solar, thermal and wind power remain a tiny contributor in most countries and would require dramatic economic changes to become substantial sources. To many policymakers, that leaves nuclear.

In Britain, such calculations led to a striking reversal in policy. In 2003, a government white paper called nuclear power an unattractive option; in May, Prime Minister Tony Blair declared that nuclear power is "back on the agenda with a vengeance."

Blair argued that the technology is a way to ensure British energy security in an unstable world and to combat global climate change -- a top priority of his government. Twenty-three nuclear plants now provide almost 20 percent of the United

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Kingdom's power, and Blair has called for a new mix of non-polluting sources, including nuclear plants and renewable alternatives.

"In the future, energy security will be almost as important as defense," Blair said in October.

Similar jitters about the reliability -- and price -- of traditional fuels are adding to the rush to nuclear. Japan, as host to the 1997 Kyoto conference that mandated a global reduction in greenhouse gases, is building three and planning 10 more nuclear plants in the next decade. Its plans are spurred by Japan's wariness over neighboring China's campaign to lock up oil and gas supply contracts with foreign countries.

"The timing of Kyoto Protocol coming into effect and the timing of China endeavoring in its mission to secure natural resources in the world coincide," said Tadao Yanase, director of nuclear energy policy at Japan's Agency for Natural Resources and Energy.

China's plans call for 15 to 30 new nuclear plants by 2020 and even more conventional plants, most of them coal-fired. Its researchers are working on creating smaller, less-expensive nuclear plants. India, with 16 nuclear plants, is building seven more plants and has been promised U.S. help to triple its collection by 2020.

Some nuclear construction will merely keep the status quo. The first big wave of nuclear plants, built in the 1970s and 1980s, are near their planned obsolescence; six have been shut down. Regulators in the United States have extended licenses to 60 years, but other countries are replacing aging plants to make sure the nuclear component of their base supply does not disappear.

Proliferation of nuclear material remains a worry. And another disaster like the Soviet Union's at Chernobyl in 1986 or a near-disaster like that at Pennsylvania's Three Mile Island in 1979 would likely freeze the plans for nuclear construction.

"The industry is sticking its head in the sand," said Jim Riccio, a policy analyst at anti-nuclear Greenpeace in Washington. "They haven't gotten close to addressing safety or security."

Because nuclear fission emits no greenhouse gases, some environmental groups have grudgingly concluded that nuclear power is preferable to global warming. Others still argue that aggressive conservation and a dramatic increase in solar, wind, thermal and biofueled production can meet future electric needs.

"The voices of opposition have drastically decreased," Yanase said in his office in Tokyo. "They obviously won't say they totally support" nuclear power, "but they are giving a tacit consent."

Industry advocates say the old complaints about nuclear technology have been addressed with simpler and cheaper designs, faster regulatory review, improved security and more operating experience.

"Things have changed," said Adrian Heymer, director of new plant deployment for the Nuclear Energy Institute in Washington. The industry expects U.S. companies to apply for 11 construction permits by the end of the decade. "When you put it all together, nuclear becomes an attractive package," he said.

Companies and countries that build nuclear plants are riding that pitch. Westinghouse Electric Co., which has made about half the world's reactors, signed a deal with China in December to help in construction of four nuclear plants there.

"There is a lot of opportunity now -- in Southeast Asia, in the Near East and Europe," Valery Arabkin, an official at Rosenergoatom, the Russian entity that competes with Westinghouse, said in an interview in Moscow. "These are good markets for Russia."

Russia is building two reactors in China, two in India and one in Iran. It just signed a $5.1 billion deal to build two reactors in Bulgaria and is sniffing out business in Finland, Indonesia and Egypt.

Russia's own nuclear industry is rebounding after years of neglect. President Vladimir Putin wants to sell the country's natural gas abroad and offset the exported energy by increasing nuclear power production, now provided by 31 reactors. That involves an ambitious program to build 42 more reactors in Russia by 2030, Sergey Kiriyenko, director of the Federal Nuclear Agency, or Rosatom, said in testimony before parliament last month.

"I don't think it can be done," said Vladimir Slivyak, co-chairman of Ecodefense, which has been urging the government to use more of the country's natural gas at home and develop wind and hydropower.

Critics say that when the emissions from uranium mining and plant construction are counted, nuclear power is not "carbon-free," as advocates assert. Such environmental concerns have put Germany on an opposite course from most European countries. Six years ago, Germany committed to shutting down all of its 17 nuclear power plants by 2021, prodded by the Greens party, then part of the government.

The most populous country in Western Europe, Germany will be hard-pressed to compensate for loss of its nuclear power while also meeting promises to reduce greenhouse gas emissions and cut back on gas and oil deliveries from its chief supplier, Russia. Some people are calling for an extension of the nuclear deadline.

But nuclear power remains unpopular among Germans, who often express strong pride over the giant windmills that are an increasingly common sight on the country's plains.

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"There really is no support in Germany to rely on nuclear energy as a means to help get rid of fossil fuels," Reinhard Buetikofer, co-chairman of the Greens, said in an interview. "We would have to build another 50 to 60 nuclear power plants in Germany. This is unthinkable."

The EU's Ugly Little Challenge (LAT)

By Colum McCann

The Los Angeles Times, January 6, 2007

Adding Bulgaria and Romania may force it to confront a reflexive hatred of Gypsies.

ON NEW YEAR'S day, the European Union swelled by another 28 million people. The inclusion of Romania and Bulgaria in the European fold is cause for celebration in the streets of Bucharest and the courtyards of Sofia. For two of Europe's poorer countries, inclusion in the EU brings innumerable benefits, not the least roads, recognition, grants, travel access and a sundering of the Soviet past.

Yet for many Europeans — in Paris, in Dublin, in Brussels and perhaps even in Bucharest and Sofia — it spells the inclusion of 3 million potential problems: yet more Gypsies.

In a week that also heralds 2007 as "The European Year of Equal Opportunities for All," the word "Gypsy" still holds negative freight, even among those to whom it applies: the Roma. With ethnic and cultural roots stretching back to ancient India, the Roma are a diaspora community to rival the Irish and the Jews. Nonterritorial, they number anywhere from 12 million to 14 million worldwide, of whom roughly 10 million are found in Europe.

Yet European newspaper editors are stumped by how they should address the largest minority on the continent. Town mayors all over Eastern Europe often avoid the term altogether and talk instead of "whitening out" their inner cities.

If a society recognizes itself, and ultimately critiques itself, on how it treats its most downtrodden, then surely the acid test for the EU is its ongoing treatment of the Roma. They can be found living in the housing projects of Paris, the toxic dumps in Kosovo, the ruined outskirts of villages in eastern Slovakia, the warren of backstreets in old Polish towns and the gray flatlands of Dublin. Each place has its own — sometimes tiny — community. But when taken together, these groups form a giant cultural mosaic, one that leans overwhelmingly toward poverty.

There are, of course, Romani doctors, psychologists, poets and scholars who have called for a new era of consciousness. They point to Romani contributions to the world of arts, politics and music by figures of Gypsy descent as diverse as Pablo Picasso, Django Reinhardt, Bob Hoskins, Charlie Chaplin, flamenco legend Carmen Amaya and even President Clinton.

But the old cliches of lying, cheating, stealing and breaking curfew with violin endure.

"The persistent, relentless portrayal of Roma as rootless, lawless, immoral, childlike thieves … will ensure that anti-Gypsy prejudice will remain firmly a part of Euro-American attitudes," says Ian Hancock, a Romani scholar at the University of Texas.

In Bratislava one afternoon — while I was researching the situation of the Roma in Slovakia — a young intellectual engaged me in a debate on civil rights in the U.S. He knew of Martin Luther King Jr., of Stokely Carmichael, even the poetry of Daniel Berrigan. He was a staunch and eloquent defender of the marginalized, but when I asked him about contemporary issues of sterilization, school discrimination and burnings of Romani houses in his own country, he said without rancor: "Of course, yes, but they're just Gypsies." Malice is sometimes another name for silence.

The young girl paddling through the polluted streambed in Kosovo isn't likely to have heard of the "Year of Equal Opportunities." The boy huffing glue in the broken elevator of the Saint-Denis project is probably not aware that the decade from 2005 to 2015 is supposed to be "The Decade of Roma Inclusion."

It is important, of course, not to turn any culture into a list of sorrows and benedictions. The Roma themselves have a deep ambivalence about their identity. Although they are as internally diverse as any other group, it's the roving gangs, the scams, the illiteracy, the violence — and the silence — that often get the headlines.

"If I were a Chechen or a Palestinian, I'd be out there throwing rocks," one activist told me in Hungary. "When you don't have a voice, you sing into the bottle."

Scholars such as Ian Hancock have called on governments, poets, journalists, activists and the general public to remember that the Roma, like African Americans, were enslaved in Central Europe only 150 years ago. The Holocaust sent Gypsy ash up the chimneys. This, and other bedrock history, is the story that must unfold into a larger understanding if, this week, the 3 million Roma from Bulgaria and Romania are not to be considered "just Gypsies."

"The struggle of man against power is the struggle of memory against forgetting," says Czech novelist Milan Kundera.

The European call for inclusion is decent and right. The politicians and bureaucrats behind the sound bites mean well. Why not be in the habit of hoping for a better world?

Yet so much about Romani history is still wrapped up in a willful forgetfulness. It is not that Europe or America doesn't care — dozens of conferences and nongovernmental agencies confront "the Roma question" in capital cities each year, and 2007

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promises to be a bonus year — but the prevailing attitude still echoes the old Slovakian joke: "What is small, dark, filthy and knocking on the door?" The answer is not just the future, but the past as well.

COLUM MCCANN's new novel, "Zoli," will be published Tuesday by Random House.

With Friends Like These... (WSJ)

By Fania Oz-Salzberger

The Wall Street Journal, January 6, 2007

An Israeli gal like me cannot afford to be too picky about her friends, certainly not in Europe. Recent European polls proclaimed Israel the single most dangerous country on earth, the guiltiest monger of global conflict, and, to crown it all, the least desirable place to live. Most Israelis, busy with their thriving economy under a warm Mediterranean sun, tend to forgive such pronouncements coming from dismal Düsseldorf and snowbound Stockholm. But a new challenge has now cropped up. We seem to have gained new European friends, and not quite for the right reasons.

These new pro-Israel voices base a love of Jews upon the hatred of Muslims. Last September the European Coalition for Israel convened in Brussels, its most prominent speakers lamenting the loss of European Jewry alongside the rise of European Islam. The tone was belligerent, the linkage crude: "The enemies of Israel are also a threat to Europe," delegates were told. And also: "In only two generations, most parts of Europe will be under Islamic law." Other self-declared friends grimly speak of Londonistan and augur the coming of the European Caliphate. Such statements may reflect genuine concern, but are disconcerting when made on European soil.

Unlike the late Oriana Fallaci, whose commitment to the Jews stemmed from her heroic anti-Fascist youth, and whose harsh critique of Islam came from an enraged liberal soul, many of these new friends are Muslim-bashers first and Israel-backers second. Their blanket condemnation of Muslim communities on their continent rings eerily familiar. Their sweeping verdict against a whole civilization has that strange déjà-vu feel. And their rather sudden nostalgia for Europe's lost Jews is, I'm sorry to say, far too late and somewhat suspect. As the Mishna wisely warns, "Any love that depends upon some thing, when that thing is no more, the love is no more." You see, we have a very long experience with human relationships.

I, for one Israeli, would be grateful to my newfound buddies if their sympathy for me did not rely on the trashing of another religion. Unlike them, I'm touched by the sight of young Muslim women in European university campuses. They remind my of my own grandmother, a student in Prague who had to flee after the Nazi rise to power, and of all the other young and hopeful Jews whose dreams and lives were shattered by the European culture they so admired. I will therefore not solicit support based on unqualified dislike of other human groups, least of all on the continent that kicked out my grandparents.

To be sure, Israelis could use more friends in Europe: sober, reliable, critical friends. And Europeans who care to look find some of their own best ideas well-implemented in Israel, from the rule of law to the bright application of technology for human well-being. They can trace their own literary, artistic and musical traditions flourishing among the country's diverse cultural origins. Most important, they may realize that gaining Israel's ear can yield political fruit and bring Europe closer to Middle Eastern peacemaking: Ask the German government, whose sensitive involvement in the aftermath of the second Lebanon war makes good footing for future diplomacy.

Jewish people have a long memory, whereas the European Union often seems short of the asset. It may be our role to remind today's Europeans of the medieval past, the great centuries when Islam was young, tolerant to minorities and philosophically minded. There would be no Maimonides, no glorious Sephardi Jewish tradition, without the Arab world. Iran's Mahmoud Ahmadinejad may be threatening the existence of Israel today, but no Muslim power has ever dealt the Jews such calamities as brought upon them by Europe.

Israelis probably deserve a better European opinion, warranted by our history, culture, science and freedom. Not for being the targeted foes of Islam. Beware of Islamophobes bearing gifts.

Ms. Oz-Salzberger is director of the Posen Research Forum for Political Thought and senior lecturer at the Faculty of Law and School of History at the University of Haifa.

DOJ_NMG_0114043

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TERRORISM NEWS:

Padilla Wants Statements Made In Navy Brig Suppressed (AP)

By Jennifer Kay
AP, January 9, 2007

MIAMI - Attorneys for alleged al-Qaida operative Jose Padilla asked a federal judge Monday to keep statements he made during his detention in a Navy brig out of evidence in the U.S. government's terror support case against him.

Padilla has claimed he was tortured during 3 1/2 years in military custody as an "enemy combatant" - allegations the Justice Department and Pentagon officials have repeatedly denied.

The former Chicago gang member's prolonged confinement and abuse from interrogators renders any statements he made during his time in the brig involuntary, according to a motion filed in U.S. District Court.

"The action of the government agents in this case constitute police coercion and overreaching at its highest. Consequently, the government has forfeited the right to use these statements for any purpose at Mr. Padilla's trial," the motion states.

A spokeswoman for the U.S. Attorney's Office declined comment Monday. Messages left for Padilla's federal public defenders were not immediately returned.

Federal prosecutors, meanwhile, asked the court Monday to reconsider its deadline for completing mental examinations to determine if Padilla is competent to stand trial.

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U.S. District Judge Marcia Cooke last week gave prisons officials until Friday to complete the examinations, which she insisted be finished before his scheduled Jan. 22 trial date so she can rule on a number of other outstanding issues, including Padilla's claim that the case should be dismissed because he was tortured in military custody.

Two mental experts hired by the defense have concluded that Padilla suffers from post-traumatic stress disorder and is unable to adequately assist his attorneys. The competency tests were originally supposed to be completed by Jan. 5.

Bureau of Prisons officials want until Jan. 30 to finish the tests, and until Feb. 15 to submit their report. They have said in court papers that Padilla is not "compliant with psychological testing" and must be observed by staff members to complete the evaluation.

"The deadlines set by the court may negatively affect the examination process and may prejudice the government's ability to demonstrate the fallacy of Padilla's competency allegations as well as the court's ability to make adequate findings, subject to appellate review, regarding this issue," the prosecutors' motion reads.

Padilla, a 36-year-old U.S. citizen, is charged along with two others in the U.S. with being part of a support cell that provided money, recruits and supplies to violent Islamic extremists around the world. All three have pleaded not guilty. Two others charged in the case are in custody overseas.

Padilla was arrested in 2002 at Chicago's O'Hare International Airport for what U.S. officials originally called a plot to detonate a radioactive "dirty bomb" in the United States. President Bush designated him an "enemy combatant" and he was held without criminal charge at a Navy brig in South Carolina until he was added to the Miami terror support case in late 2005.

The "dirty bomb" allegations are not mentioned in the Miami indictment.

Aside from the competency issue, the Jan. 22 trial date is in jeopardy because federal prosecutors have appealed Cooke's dismissal of a key terrorism count in the case. The 11th U.S. Circuit Court of Appeals is scheduled to hear oral arguments on that issue Wednesday in Atlanta; Cooke has said the trial will not proceed until that question is settled.

The dismissed count carries a potential life prison sentence, while the two remaining terror support counts carry possible 15-year sentences each. Cooke ruled that the dismissed count improperly duplicated other parts of the same indictment.

Man Gets 30 Years In Subway Bomb Plot (NYT)

By William K. Rashbaum

The New York Times, January 9, 2007

A federal judge sentenced a 24-year-old Pakistani immigrant yesterday to 30 years in prison for plotting to bomb the Herald Square subway station in 2004, moments after the defendant apologized to the judge and prosecutors but blamed a police informer for his fate.

The immigrant, Shahawar Matin Siraj, who has been held without bail since he and another man were arrested on Aug. 27, 2004, three days before the Republican National Convention, stood with his shoulders slumped as the judge, Nina Gershon of United States District Court in Brooklyn, meted out his sentence.

Dressed in a blue short-sleeved prison smock with a white long-underwear shirt beneath it, Mr. Siraj offered a brief, disjointed apology before the judge pronounced sentence. He paused briefly to take two long sips of water when his voice began to break.

He cited statements he had made about his plan to blow up the subway and his anger at America, statements that were secretly recorded by a Police Department informer who defense lawyers argued lured him into the plot. The tapes were played at the trial.

“Your honor I want to apologize about whatever I said in the tapes — I wish I could take those words back but it already happened, I already said those things,” he said. “I’m taking responsibility for 34th Street, but I was manipulated by this person.”

But the jury in the case, which deliberated 10 hours over two days, rejected his entrapment defense. It had centered on the paid informer, who defense lawyers said had stoked Mr. Siraj’s rage with images of Muslims abused at the hands of Americans, including photographs of soldiers abusing inmates at the Abu Ghraib prison in Iraq. Mr. Siraj was convicted on May 24 on four counts of conspiracy, including the most serious, plotting to bomb a public transportation system.

DOJ_NMG_0114049

Judge Gershon, when she handed down the sentence, noted that while some of the recordings captured Mr. Siraj saying the attack should occur at the time the station was the least busy, it would nonetheless have been deadly and devastating.

"The crimes committed here were extremely serious," she said. "They had the potential, if not thwarted, to wreak havoc with the New York City transportation system, indeed, the tristate-area transportation system."

She added that such an attack would have meant enormous economic losses, disruption and loss of life.

The men never obtained explosives, there was no timetable for an attack, and the men were not linked to any known terrorist group.

Indeed, the informer, Osama Eldawoody, 50, told Mr. Siraj and the other man who was arrested, James Elshafay, that he worked for a fictitious group called the Brotherhood and said he would be able to provide the explosives for the plot. Mr. Elshafay began cooperating with prosecutors shortly after his arrest and also testified against Mr. Siraj.

Under federal sentencing guidelines, Mr. Siraj, who came to the United States from Pakistan with his parents in 1999, faced 30 years to life in prison. He had turned down a plea deal offered by prosecutors under which he would have been sentenced to 10 years in prison.

The hours of tapes played at trial revealed an angry man who raged against America, praised Osama bin Laden and predicted additional terror attacks in the United States, all while discussing his bomb plot.

Yesterday, the courtroom was crowded, largely with news reporters and law enforcement officials. Mr. Siraj's parents, appearing stunned when the sentence was dispensed, were also in the courtroom, and his uncle sat in the last row. His mother, Shahina Parveen, dressed in a patterned light blue tunic and pants, and a white head scarf, clutched a string of pale green prayer beads that she had carried during the trial.

After the proceeding, she began to cry as she sat on a bench outside the courtroom and talked to one of her son's lawyers, Khurrum B. Wahid, slipping a tissue behind her glasses. Later, she spoke briefly to reporters, maintaining her son's innocence and saying he would appeal.

"The N.Y.P.D., through a paid informant, tricked my son and got him stuck in this," Ms. Parveen said, as Mr. Wahid translated from the Urdu. "He didn't do anything. I didn't get any justice. It was not a fair sentence."

But the Police Department, which investigated the case, the first in which a terrorism inquiry by its Intelligence Division led to a prosecution in federal court, hailed the sentence, calling it "a milestone in the safeguarding of New York City."

"It says that those who conspire against New York will pay a severe price," Commissioner Raymond W. Kelly said in a statement, praising the Intelligence Division, saying it "uncovered a murderous plot in its infancy and stopped it before lives were lost."

After the sentencing, Mr. Siraj's lead lawyer, Martin J. Stolar, called the prison term "outrageous."

"The New York City Police Department was able to create a crime in order to solve it, and claim a victory in the war on terror, and that's what he was sentenced as, rather than a dimwit who was manipulated" by an informer, he said.

But the prosecutors in the case, Todd Harrison and Marshall L. Miller, argued that Mr. Siraj was in control.

"He knew exactly what was going on and was the initiator of all the steps," Mr. Harrison said. He added that Mr. Siraj had come up with the plan, conducted surveillance of the station on his own and directed how the bombers should dress, where the bomb should be placed and what their escape route should be.

Pakistani Sentenced To 30 Years For New York Subway Bomb Plot (AFP)

AFP, January 9, 2007

A Pakistani man was sentenced to 30 years in jail for his part in a plot to blow up a New York subway station just ahead of a major Republican Party congress being held nearby in 2004.

Shahawar Matin Siraj, 24, was convicted in May last year of conspiring to plant explosives at the 34th Street subway station near Madison Square Garden, ahead of the Republican National Convention there.

"Thanks to the extraordinary work of law enforcement, the defendants' plot did not advance beyond the planning stage, and the public was never at risk," prosecutor Roslynn Mauskopf said after the sentence was handed down.

"We remain steadfast in our commitment to stop would-be terrorists before they act, and will apply all available resources to secure the safety of our residents," she said.

Another man, James Elshafay, pleaded guilty in October 2004 to participating in the plot and later testified against Siraj. He has yet to be sentenced.

The federal jury in Siraj's five-week trial heard hours of secretly recorded conversations between him and an Egyptian nuclear engineer who became a paid informant for the New York City Police Department, the Justice Department said.

In the calls, Siraj declared his hatred for the United States and openly discussed his desire to place explosives on various bridges and in subway stations in New York, including his plan to bomb the 34th Street station, the department said.

Siraj and Elshafay scoped out the subway station on August 21, 2004, and later drew diagrams as part of their plot, it said. They were arrested six days later, even though they were not in possession of any explosive material.

Would-be NY Subway Bomber Gets 30 Years (BOS/AP)

By Tom Hays, Associated Press Writer

The Boston Globe, January 9, 2007

NEW YORK --A Pakistani immigrant was sentenced to 30 years in prison Monday for hatching an unsuccessful plot to blow up a busy Manhattan subway station as revenge for wartime abuses of Iraqis.

Shahawar Matin Siraj, 24, was arrested on the eve of the 2004 Republican National Convention. Though there was no proof he ever obtained explosives or was linked to any terror organizations, prosecutors said his intentions were ominous: He wanted to blow up the Herald Square subway station, a bustling transportation hub located beneath Macy's flagship department store.

Siraj showed no reaction as the sentence was read. He faces deportation when his prison term is completed.

Defense attorneys had sought to convince U.S. District Judge Nina Gershon that Siraj's sentence should not exceed 10 years, arguing in recent court filings that their client was "not a dangerous psychopath but more of a confused and misguided youngster."

Siraj claimed he was entrapped by a paid police informant who inflamed him by showing him photos of inmates being abused at Abu Ghraib prison in Iraq and then secretly recorded his escalating threats -- called "trash talk" by his lawyer -- against the United States.

"I apologize for all the stuff I said on those tapes," Siraj said before sentencing. "I'm taking responsibility for 34th Street, but I was manipulated by this person."

Prosecutors countered that Siraj deserved at least 30 years behind bars as the "driving force" behind a "workable terrorist plot."

Siraj was convicted of conspiracy last year based partly on the testimony of a police informant, Osama Eldawoody, who was recruited to monitor radical Muslims at mosques and elsewhere following the Sept. 11, 2001, terrorist attacks.

Inside an Islamic bookstore near a Brooklyn mosque, Eldawoody wore a wire and chatted up an employee who lived with his parents in Queens -- Siraj. When the topic turned to the war in Iraq, Siraj ranted about rumors among radicals that U.S. soldiers were sexually abusing Iraqi girls.

"That was enough for me," he said in one of series of secretly recorded conversations played for the jury. "I'm ready to do anything. I don't care about my life."

Eldawoody, assuming the role of a co-conspirator, assured Siraj that any plan he concocted would have the backing of a fictitious faction called The Brotherhood. Siraj considered other options to harm the U.S. economy, including destroying several New York area bridges or killing Microsoft founder Bill Gates.

Testifying in his own defense, Siraj admitted taking preliminary steps to attack the subway station, including scouting locations to place a bomb, but only at Eldawoody's prompting. He also claimed he never had a violent thought before he fell under the spell of the 50-year-old Eldawoody.

Siraj said the older man became a mentor and instructed him that there was a fatwa, or religious edict, permitting the killing of U.S. soldiers and law enforcement agents.

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Outside court Monday, Siraj's mother, Shahina Parveen, said the informant "tricked my son and got him stuck in this."

"My son is innocent," she said. "He didn't do anything."

In a statement, police Commissioner Raymond Kelly called the outcome a "milestone" in safeguarding the city. He said, "Our detectives uncovered a murderous plot in its infancy and stopped it before lives were lost."

30 Years For Bomb Plotter Is A Milestone, Kelly Says (NYS)

By Joseph Goldstein, Staff Reporter of the Sun

New York Sun, January 9, 2007

The clerk at an Islamic bookstore who plotted to put a bomb in the Herald Square subway station will spend the next 30 years in prison, a federal judge decided yesterday. Police Commissioner Kelly, whose department led the investigation that resulted in the arrest of Shahawar Matin Siraj, lauded the sentence.

"The Siraj sentence is a milestone in the safeguarding of New York City," Mr. Kelly said in a statement sent via email. "It says that those who conspire against New York will pay a severe price."

Lawyers for Siraj, 24, had asked for a sentence as short as five years. When the judge, Nina Gershon of U.S. District Court in Brooklyn, said she was instead considering imposing a sentence of between 30 years and life, Siraj jerked his head in surprise toward two of his lawyers. Later, when he was led away by deputy marshals, Siraj raised a hand in greeting to his mother and father, who stood in the back of the courtroom. Siraj offered no other reaction to the sentence.

Federal prosecutors from the U.S. attorney's office in Brooklyn had based their request for a strict sentence not only on the bomb plot for which Siraj was convicted, but also because they said they believed Siraj would resume plotting if released.

Prosecutors arrived at this assessment from a recorded statement Siraj made to a police informant that was introduced as evidence at trial, according to a letter to the court from assistant U.S. attorneys Todd Harrison and Marshall Miller.

Subway Bomb Plotter Sentenced To 30 Years (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, January 9, 2007

A Pakistani immigrant convicted of plotting to bomb the 34th Street subway station at Herald Square was sentenced to 30 years in prison yesterday by a federal judge who called the crime an "extremely serious" attempt to wreak havoc on the city's economy.

Rejecting defense arguments that Shahawar Matin Siraj, 24, was nothing more than a dupe of a police undercover operative, Brooklyn federal Judge Nina Gershon said the defendant played a central role in the bombing conspiracy.

Gershon, who presided over last year's trial of Siraj, said the evidence showed that he intended the planned bombing to lead to severe economic disruption in the city and surrounding metropolitan area, and to result in loss of life.

"The defendant's role in the bombing plot was central," said Gershon, adding that there was ample evidence that Siraj lied during a pretrial hearing and also during his trial, in an effort to deceive the jury.

Siraj was convicted in May of the bombing conspiracy and faced a possible life term. Investigators said he aimed to set off the bomb around the time of the August 2004 Republican National Convention in Manhattan.

Evidence showed that Siraj came up with ideas about setting off bombs on Staten Island and on the Verrazano-Narrows Bridge. Prosecutors introduced evidence that Siraj, who had failed to win asylum in the United States, had made statements supporting jihad and Osama bin Laden when he talked with a New York Police Department undercover detective.

In a statement, Police Commissioner Ray Kelly said detectives uncovered the plot in its infancy and moved with federal prosecutors to stop it. He praised the sentence as a "milestone in the safeguarding of New York City.

"It says those who conspire against New York will pay a severe price," he said.

But Siraj's attorney Martin Stolar blasted the sentence.

"I think it is pretty outrageous that they are sentencing him as a terrorist," Stolar said. "The NYPD created a crime to claim a victory in the war on terror."

Stolar had argued before sentencing that Siraj was of subpar intelligence and was easily manipulated by informants and the detective. He later told reporters Siraj was sentenced as a hardened terrorist "rather than a 24-year-old dimwit."

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Siraj gave a brief statement of apology to Gershon and said he wished he could take back the anti-American statements that were caught on surveillance tapes. Admitting he was part of the plot to bomb the subway station, Siraj nonetheless insisted he was manipulated by the undercover detective.

Siraj's mother gave a tearful statement outside the courtroom to reporters. Speaking through an interpreter, Shahina Pareeven said her son was innocent and was ensnared into the plot by the NYPD.

"My son is not a terrorist," Pareeven said. "He didn't do anything. I didn't get justice."

Herald Square Bomb Plotter Gets 30 Yrs. (NYDN)

By John Marzulli, Daily News Staff Writer

New York Daily News, January 9, 2007

Insisting to the end that he was unfairly duped by an NYPD informer, a Queens man was slammed with a 30-year jail sentence yesterday for plotting to bomb the Herald Square subway station.

"I told [the informer], 'I don't want to do it,'" Shahawar Matin Siraj, 24, whimpered in a last-minute plea for mercy to Brooklyn Federal Judge Nina Gershon. "I told him I wanted to ask my mother's permission."

Siraj, 24, had admitted planning to slaughter commuters and wreak havoc on the city's economy because he was angered by the U.S. government's treatment of Muslims in Iraq.

"I take responsibility for 34th St., but I was manipulated by this person," Siraj said. "I wish I could take those words back."

Despite Siraj's apology for the hatred he spewed on hours of secretly recorded tapes in which he also discussed destroying city bridges and attacking cops, Gershon said the sentence must be sufficient to punish Siraj and deter other would-be terrorists.

The Pakistani immigrant, who never obtained explosives, could have gotten life in prison.

Police Commissioner Raymond Kelly credited his revamped Intelligence Division with thwarting the scheme before anyone was hurt and hailed the verdict as a "milestone in the safeguarding of New York City."

"It says those who conspire against New York will pay a heavy price," Kelly said.

But defense lawyer Martin Stolar said Siraj was a dimwit who was manipulated by a crafty paid informer trying to impress his police handlers. Siraj was arrested just before the Republican National Convention opened in New York in 2004.

"The NYPD was able to create a crime in order to solve it and claim a victory in the war on terrorism," Stolar said.

Siraj's mother, clutching green prayer beads, wept in the courthouse hallway.

"My son is innocent. It was not a fair sentence," Shahina Parveen said.

Prosecutors: Suburban Man Bankrolled Terrorists (CHIT)

By Rudolph Bush

Chicago Tribune, January 9, 2007

Muhammad Salah distributed hundreds of thousands of dollars to militant operatives in Gaza and the West Bank while coordinating violent plots as a leading member of the Palestinian group Hamas, federal prosecutors argued Monday.

For nearly seven hours, Assistant U.S. Atty. Joseph Ferguson chronicled the case against Salah, a Bridgeview businessman accused of serving as a top Hamas commander, and Abdelhaleem Ashqar, a university professor from suburban Washington, D.C.

Ferguson's closing argument was aimed largely at undermining defense claims that Israeli authorities tortured Salah into falsely admitting he was a Hamas operative in 1993.

He reminded jurors that they had witnessed an unprecedented event, the testimony of two Israeli security agents in a U.S. courtroom.

Jurors could judge for themselves whether the interrogators, who appeared under the aliases "Nadav" and "Benny," testified truthfully that Salah was well-treated, Ferguson said.

He also pointed to evidence he said corroborated Salah's confession, including information Salah allegedly provided about the hidden burial site of a murdered Israeli soldier and a series of money transfers between him and Hamas leader Mousa Abu Marzook.

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"There's only one conclusion to draw from that," Ferguson said of information Salah provided about the dead soldier's body. "Muhammad Salah is Hamas. He is the Hamas military. He's part of the inner-sanctum of trusted individuals."

The soldier Ferguson referred to, Ilan Sa'doan, was kidnapped and murdered by Hamas in 1989. His body was buried in an undisclosed location.

Salah was arrested by Israeli authorities in Gaza in January 1993 on suspicion of transferring hundreds of thousands of dollars for the Hamas military wing.

Ferguson argued that Marzook had provided Salah with information about Sa'doan's body, which Salah tried to use as a bargaining chip with his interrogators.

"This was about control," Ferguson said.

Far from being a tortured detainee willing to tell his interrogators anything they wanted to hear, Salah was playing cat and mouse with his captors, the prosecutor said.

Israeli authorities did launch a search for Sa'doan's body in 1993 based on Salah's information, the prosecutor said.

The body was not found, however, until 1996 in a location 3 miles north of the site Salah allegedly described.

Ferguson argued Salah's information was all but "dead on" about the site.

"They were one juncture off. He got the wrong exit [off the highway]," Ferguson said.

Throughout the day, Ferguson outlined a money trail he said further corroborated Salah's guilt.

He was captured in Israel with $100,000 in cash. Bank records show Marzook had transferred him nearly $1 million, the prosecutor said.

Before he was captured, he had put some $240,000 in the hands of militant operatives, Ferguson argued.

Salah's lawyers have argued that he never provided money for violence but carried money to Gaza and the West Bank to provide charitable services to Palestinians suffering under a stifling and oppressive Israeli occupation.

Salah, an American citizen, was set up by Israeli authorities to help convince the U.S. government that Hamas was actively creating cells in this country, his lawyers have argued.

Ferguson referred regularly Monday to a series of confessions Salah gave Israeli interrogators as well as to a handwritten statement he provided to fellow prisoners he allegedly believed were fellow Hamas members.

The statement to the fellow prisoners, known as "the Birds," is perhaps the most damning piece of evidence against Salah and something his attorneys have argued was manufactured out of whole cloth by abusive interrogators and Palestinian collaborators.

Ferguson sought to show that the statement was a voluntary attempt to communicate with other Hamas members.

When an Israeli interrogator confronted Salah with it in March 1993, Salah was recorded asking his captors how they got the statement.

"That tells you he gave it to somebody he thought was Hamas," Ferguson said.

Ferguson is expected to continue his argument Tuesday morning. Salah's attorney, Michael Deutsch, is expected to respond in the afternoon.

U.S. Prosecutors Wrap Up Case Against Alleged Hamas Financiers (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, January 9, 2007

(AP) - CHICAGO-Federal prosecutors wrapped up their case against two men accused of aiding the militant Palestinian group Hamas, saying the men furnished funds and fresh recruits to spread "death, destruction, fear and terror."

Former Chicago grocer Muhammad Salah and co-defendant Abdelhaleem Ashqar were "important players" with the Hamas terrorist network, Assistant U.S. Attorney Joseph M. Ferguson told a federal court jury in closing arguments capping a three-month trial that included testimony by torture experts and Israeli agents adopting assumed identities.

"The Hamas organization engaged in a purposeful and strategic campaign to spread death, destruction, fear and terror in pursuit of its overall objective to remove the State of Israel from the map," Ferguson said.

Salah, 53, and Ashqar, 48, a former assistant professor of business at Washington's Howard University, are charged with a racketeering scheme that provided money and men to the Hamas organization in the early 1990s.

Both men deny that they are Hamas members and say that nothing they did violated the law, even though they hold strong anti-Israel views.

The first two prosecution witnesses were Israeli Shin Bet agents who interrogated Salah after his January 1993 arrested in Israel, where he served about five years in prison.

The agents testified under aliases in a courtroom cleared of spectators to protect them against possible reprisals by Hamas. Reporters were allowed to hear their testimony on closed-circuit TV in another room.

Both men denied Salah ever was tortured. Salah did not take the stand, but his attorneys say he was put in a freezing cell with no blanket, forced to wear a foul-smelling hood and otherwise mistreated for weeks.

Defense attorneys have not yet delivered their closing arguments.

Ferguson warned jurors not to allow themselves to be diverted from their main task by being caught up in the Israeli-Palestinian debate and the nuances of Mideast politics.

"People have been in conflict over that little plot of land for hundreds and thousands of years," Ferguson said. He said the issue was that the two men have violated American laws against financing murder, kidnappings and terror.

Ferguson said Mousa Abu Marzouk, the deputy head of Hamas' political bureau who is in , furnished Salah with "cold hard cash" to deliver to Hamas forces in Israel. Abu Marzouk is in exile in Syria.

Who Is The Mysterious Informant Jack Mustafa? (SOUTHNH)

By Ray Hanania

Southwest (Chicago) News-Herald, January 9, 2007

I've tried everything to reach the man they call "Jack Mustafa," aka "Jawad al-Arouri," but have failed.

Mustafa is the informant the U.S. Justice Department used to build a "terrorism" case against Mohammed Salah and co-defendant Abdelhaleem Ashqar.

Months after the Iraq invasion, U.S. Attorney John Ashcroft alleged Salah provided "material support" to terrorists.

The nation sighed. President Bush needed to point to someone having failed to capture the real terrorist, Osama Bin Laden. Salah was a far better "terrorist" than Jose Padilla, the high school dropout we're told who knew enough to build a "dirty bomb."

Salah's arrest was based on two things: He pled guilty in an Israeli court to being associated with Hamas, which the U.S. declared was a terrorist group long after Salah had left the group. If Salah was really a threat, why did the Israelis release him after only fives years in prison?

Ironically, a deal was about to be signed letting Salah off the hook when Sept. 11 happened. Our failed "war on terrorism" needed a trophy to hold high, and Salah was the best they could come up with.

The second more important evidence Ashcroft relied upon was the "testimony" of Jack Mustafa, who was paid as much as $6,000 a month.

By the time they got to trial three years later, Salah's defense attorneys asked to see all information on the mysterious Mustafa.

In response to that simple request, the Justice Department dropped their "material support" for terrorism charge.

As it turns out Mustafa probably made up all the evidence turned over to the FBI. Why not? At a reported $6,000 a month, you could probably get evidence to arrest half the customers at Wal-Mart.

That left two remaining "charges," the broader "racketeering conspiracy" charged used to nail people who don't commit crimes but are members of criminal organizations, like the Mafia. And, the last charge, "making false statements" to the government, maybe something that government might consider against Mustafa?

One must wonder why the government continues with this case.

Hamas is involved in terrorist activities in Israel. But that's not surprising since any idiot knows Palestinians and Israelis don't get along and have been warring with each other since 1948.

I know what Salah is going through.

In 1975, after I completed two years active duty in the Air Force during the Vietnam War, the FBI investigated me.

They spent thousands of dollars interviewing neighbors and "informants" like Mustafa. They produced a revealing 45-page report that began claiming I was "suspected" of terrorist involvement. The report failed to mention my father and uncle served during World War II, or that I served 10 more years in the Illinois Air National Guard, while the probe was being conducted.

They hassled so many people, I lost friends faster than disgraced Florida Congressman Mark Foley.

After all the talk, the BS and lies, two years of investigations, thousands of wasted taxpayer dollars, and 45 useless pages, the "Hanania investigation" concluded I just wanted to help my community become more involved in America.

You just hope somewhere, someone has enough common sense to stop wasting taxpayer dollars and valuable time so our country can focus on "real" terrorist threats.

Now that the case is about to go to the jury, I'm hoping Salah's judge, U.S. District Judge Amy St. Eve, might just be that kind of person.

(Ray Hanania writes about everything under the sun. You can reach him at rayhanania@aol.com.) Visit www.tvchicagoland.com to view Hanania's interviews with local Chicagoland politicians and community leaders.

Supreme Court Refuses Case Challenging Group's Designation As Terrorists (NYT)

By Linda Greenhouse

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — The Supreme Court refused on Monday to intervene in the federal prosecution of seven Iranian refugees for providing financial support to an opposition group in Iran that the State Department has designated as a terrorist organization.

The seven defendants, who are now all United States citizens, argue that they are constitutionally entitled to challenge the validity of that designation as part of their defense. The law under which they were charged, enacted in 1996, gives limited appeal rights to a group that is officially labeled a terrorist organization, but specifically precludes individual defendants, charged with supporting such an organization, from challenging the designation at their trial.

Under the statute, providing financial or other material support to a foreign terrorist organization is a crime that carries a prison sentence of up to 10 years. The seven defendants were indicted in Los Angeles in March 2001 for soliciting money for an organization usually known as the People's Mojahedin of Iran, which the State Department designated as a foreign terrorist organization in 1997.

That designation has been heatedly disputed, both in federal court and in Congress. After a ruling by the federal appeals court here in 1999 found the designation improper, the State Department reissued it and was permitted by the appeals court to make the new designation retroactive to 1997, which is when the defendants began their fund-raising activities.

A brief submitted to the Supreme Court on the defendants' behalf by a group of members of Congress described the People's Mojahedin as "a legitimate political opposition group that Americans should be able to freely and openly support."

The brief, filed on behalf of the Iran Human Rights and Democracy Caucus of the House of Representatives, described the organization as "the primary opposition group in Iran" and as "a legitimate political resistance movement that seeks a transition from the current theocratic regime to a secular democracy."

Noting that President Bush has described the current government in Iran as part of the "axis of evil," the brief said the People's Mojahedin was not the type of organization Congress had in mind when it gave the executive branch broad authority to designate foreign terrorist organizations and to bar all types of contributions to them.

The justices on Monday made no comment in turning down the case, Rahmani v. United States, No. 06-241. The prosecution has received relatively little publicity as it has made a slow way through the federal courts. But a trial, if one finally takes place, could shine a spotlight on the sweeping authority that Congress handed the secretary of state in the 1996 statute, the Antiterrorism and Effective Death Penalty Act.

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Originally, a terrorist designation was to last for two years, renewable at the discretion of the secretary of state. A 2004 law, the Intelligence Reform and Terrorism Prevention Act, gave the secretary added power by making an initial designation permanent. In another change, the USA Patriot Act increased the maximum sentence to 15 years from 10.

The defendants in the case before the court on Monday were originally successful in persuading the Federal District Court in Los Angeles to dismiss their indictment. But a three-judge panel of the United States Court of Appeals for the Ninth Circuit, after considering the case for more than two years, reinstated the indictment in October 2005.

The appeals court said that while "no doubt Congress was well aware that some might claim that 'one man's terrorist is another man's freedom fighter,' " Congress nonetheless chose to give the president and the State Department the authority to designate a group as a terrorist organization "and to keep such policymaking authority out of the hands of United States attorneys and juries."

Consequently, the court said, "it does not matter whether the designation is correct or not." The crime occurs, it explained, when someone gives support to such an organization, whether or not properly designated as a terrorist group.

An 11-judge panel of the appeals court then considered whether to rehear the case and split 6 to 5 in deciding to let the original decision stand. Judge Alex Kozinski, writing for the five dissenters, said the case "perfectly illustrates the patent unconstitutionality of the terrorist organization designation process." Judge Kozinski added that Roya Rahmani, the lead defendant, "is being prosecuted — and will surely be sent to prison for up to 10 years — for giving money to an organization that no one other than some obscure mandarin in the bowels of the State Department had determined to be a terrorist organization."

In their appeal to the Supreme Court, the defendants argued that the "sweeping implications" of the appeals court's decision would permit the government "to criminalize activities that would otherwise be First Amendment-protected" and to bar judicial review of its determination.

Urging the justices not to hear the case, the government said the issue was not one of free speech but rather of the "broad authority" that the court has long recognized for the regulation of "financial interactions between United States nationals and foreign entities."

In another case on Monday, the justices turned down an airline passenger's challenge to the airport screening policy adopted in an unpublished directive by the Transportation Security Agency.

The passenger, John Gilmore, was not permitted to board domestic flights from San Francisco and Oakland, Calif., because he refused to show identification. He argued that a secret directive actually gave passengers the choice of submitting to an intensive screening as an alternative to providing identification. The government lacked a basis for refusing to make the full policy public, he argued.

Responding to Mr. Gilmore's lawsuit, the government did not concede that it had such a policy. Nonetheless, the Ninth Circuit granted the government's request to dismiss the case, holding that whatever identification policy existed did not violate any constitutional rights, including the right to travel and the right against unreasonable search and seizure. The case was Gilmore v. Gonzales, No. 06-211.

High Court Won't Block Terror Trial (LAT)

By David G. Savage

The Los Angeles Times, January 9, 2007

WASHINGTON — The Supreme Court refused Monday to block the trial of seven Los Angeles residents charged with raising money for an Iranian opposition group that was designated a "foreign terrorist organization" by the U.S. government.

Lawyers for the seven had argued the charges were unconstitutional because they had a free-speech right to raise money for a political group. That claim was rejected by the U.S. 9th Circuit Court of Appeals, which noted the Iranian opposition group — Mujahedin Khalq, also known as the MEK — had a record of supporting assassinations and bombings.

"Sometimes money serves as a proxy for speech, and sometimes it buys goods and services that are not speech. Guns and bombs are not speech," said Judge Andrew J. Kleinfeld for the appeals court.

In their appeal, the lawyers said the accused deserved the right to challenge the group's designation as a "foreign terrorist organization" as part of their defense.

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Although the justices turned down the appeal without comment, they could take up the issue later if the seven are convicted of the charges.

"We are very disappointed the court decided not to hear this case. We believe the decision poses a threat to the civil liberties of any person who wants to contribute to a political organization in this country," said Stacey M. Leyton, a lawyer in San Francisco.

She said the law was written so broadly that organizations such as Greenpeace or the African National Congress in South Africa could be deemed foreign terrorist organizations. And once the group is on the government's list, "the individual doesn't have a right to challenge it," she said.

In the Antiterrorism Act of 1996, Congress gave the secretary of State the authority to designate foreign groups that "engage in terrorist activity" that threatens the security of Americans. Once a group makes this list, it is a crime for anyone to "knowingly" provide "material support" to it.

The MEK was founded as an Iranian Marxist group in the 1960s with a mission of overthrowing Mohammed Reza Shah Pahlavi and establishing a Marxist regime. But after the shah's fall in 1979, the new Iranian regime was dominated not by Marxists but by Muslim clerics.

Later, the MEK participated in terrorist activities that targeted Americans, the government said. In a federal court in Washington, the group also admitted it supported assassinations of Iranian officials and mortar attacks on Iranian facilities.

The group first made the list of "foreign terrorist organizations" in 1997. Over the next four years, the seven defendants were charged with soliciting contributions at Los Angeles International Airport and wiring at least several hundred thousand dollars to an MEK bank account in Turkey.

Court Turns Down Iran Opposition Group (WP/AP)

The Associated Press

The Washington Post, January 9, 2007

WASHINGTON -- Supporters of an Iranian opposition group lost a Supreme Court appeal Monday that was intended to let them challenge the United States' designation of the group as a foreign terrorist organization.

Justices declined to review the case of seven people who were indicted in 2001 on charges they raised money for the People's Mujahedeen, also known as the MEK. The State Department first said in 1997 that the group engaged in terrorist activities.

In 2002, 150 members of Congress called on the State Department to withdraw the designation.

The seven people have sought to dismiss the charges against them by demonstrating that the Iranian group has no terrorism ties. The 9th Circuit U.S. Court of Appeals said the indictment could proceed.

They were accused of soliciting money from travelers at Los Angeles International Airport. The indictment, in March 2001, followed a three-year FBI investigation.

The People's Mujahedeen participated in the 1979 ouster of the former shah of Iran, Mohammad Reza Pahlavi. But it fell out with the clerical government and launched a campaign of assassinations and bombings. For years it fought Iran's Islamic rulers from Iraq with the backing of Saddam Hussein's regime.

During the U.S.-led invasion of Iraq, the U.S. military briefly bombed MEK camps until the group capitulated and agreed to disarm.

The case is Rahmani, etal., v. U.S., 06-241.

Outgoing Detroit Chief Defends FBI (DEN)

By Paul Egan

Detroit News, January 9, 2007

Roberts supports using economic charges in terror fight

The outgoing top man at the Detroit FBI defended the agency from criticism Monday that it is purporting to fight terrorism by charging defendants with fraud and other economic crimes.

DOJ_NMG_0114058

Daniel Roberts, the special agent in charge of Detroit who is leaving to become deputy director of the FBI's criminal division in Washington, said it's important to use the charges that are most likely to get convictions when targeting suspected supporters of terrorism.

Roberts made his comments Monday as he packed up his office, preparing to start his new job next week. Roberts' successor, Andrew Arena, starts in March.

In the case of Detroit-area restaurateur Talal Chahine and others, critics have pointed out the government has alleged, but not charged, links to terrorism that are virtually impossible to defend.

"Chahine I'd love to see come back, if he had the guts to do it," Roberts said.

Chahine, the owner of the La Shish restaurant chain, is charged with tax evasion. He is a fugitive, having flown to Lebanon after his offices were searched but before he was indicted last May. The government says Chahine owes about $20 million in taxes, interest and penalties and used money skimmed from his restaurants to support Hezbollah.

Chahine has denied supporting terrorism.

Dearborn Heights lawyer Nabih Ayad said Detroit's Muslim and Arab community feels unfairly targeted. The FBI would uncover economic crimes in any ethnic community put under scrutiny, he said.

"If you're saying that you're fighting terrorism, how come we have so many individuals charged with mortgage fraud, insurance fraud, so many matters that are not terrorism related?" he said.

Roberts, 46, who headed the Detroit FBI office since July 2004, conceded that authorities in Detroit have brought few charges of supporting terrorism. But he said there have been many more terrorism-related cases.

Most involve monetary support for terrorist causes and the use of illegal means to raise that money, he said.

Roberts said he is proud to leave Detroit after a series of major events -- including the Ryder Cup, Major League Baseball's World Series and the National Football League's Super Bowl -- that went off without major incidents.

"Because of my 20 years in the FBI, I've had a chance to be assigned across the country," Roberts said. "The law enforcement community gets along better here than anywhere else I've ever worked."

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

German Court Hands Moroccan Max For 9/11 (AP)

By Simone Utler

AP, January 9, 2007

A Moroccan man convicted of aiding three of the four suicide pilots who committed the Sept. 11 attacks was sentenced Monday to the maximum of 15 years in prison for his role in the terror plot.

A German federal appeals court convicted Mounir el Motassadeq in November of knowingly helping the hijackers and sent the case to a state court in Hamburg for sentencing.

"Anyone who helped in this has earned stiff punishment," presiding Judge Carsten Beckmann said after announcing Monday's verdict. Defense lawyers said they would appeal.

Shortly before the verdict was announced, the 32-year-old defendant exchanged emotionally charged words with an American whose mother died on one of the two planes that crashed into the World Trade Center.

Dominic Puopolo Jr. fought back tears and held up pictures of his mother, Sonia Morales Puopolo, an American Airlines flight attendant, as he joined prosecutors in calling for the maximum penalty. He urged the judges to consider the "human and emotional cost" of the 2001 attacks. The American man is a co-plaintiff in the case under the German court system.

When the court granted El Motassadeq a final chance to speak, the slightly built, bearded man turned to Puopolo to say: "I understand your suffering. ... The same thing is being done to me, my kids, my parents, my family — my future is ruined."

Puopolo said he forgave el Motassadeq, and reminded him that he will one day be freed.

"You have a chance to rebuild your life and be back with your family. Others don't," Puopolo said. "Your life is not over, but my mom's is."

DOJ_NMG_0114059

The federal appeals court had ruled that the Hamburg judges wrongly acquitted el Motassadeq in 2005 of direct involvement in the attacks, even though the Hamburg court sentenced him to seven years in prison for belonging to a terrorist group.

The appeals court convicted el Motassadeq as an accessory to the murder of the 246 passengers and crew members aboard the four jetliners used in the attacks, and ordered the state court to set a new sentence.

El Motassadeq's attorneys said they intended to challenge the sentence before a federal appeals court. They have already appealed the conviction to the Federal Constitutional Court, arguing that the court failed properly to hear evidence from other terror suspects. It is unclear when that court, Germany's highest, will consider the complaint.

Defense lawyer Ladislav Anisic said they might also appeal to the European Court of Justice.

"We have a clear mandate, and that is to ensure that our client receives the acquittal," he said.

El Motassadeq was a close friend of pilots Mohamed Atta, Marwan al-Shehhi and Ziad Jarrah when they lived and studied in Hamburg. He has acknowledged training at an al-Qaida camp in Afghanistan and that he was close to the three hijackers although he insists he knew nothing of their plans.

However, the federal appeals court said evidence showed el Motassadeq knew that the men planned to hijack and crash planes. It found that his actions — for example, transferring money, and helping the hijackers keep up the appearance of being regular university students by paying tuition and rent fees — facilitated the attacks.

The federal court also said it was irrelevant to el Motassadeq's guilt whether he knew of the plot's timing, dimension or targets.

Monday's decision was the latest step in a tangled legal saga that started with el Motassadeq's arrest in November 2001 and featured two full trials.

He was convicted and sentenced to the maximum 15 years in prison in 2003, but that verdict was overturned by a federal court the following year — largely because of a lack of evidence from al-Qaida suspects in U.S. custody.

At a retrial that resulted in the 2005 conviction, the U.S. provided limited summaries from the interrogation of, among others, Ramzi Binalshibh, a suspected liaison between the Hamburg hijackers and al-Qaida.

El Motassadeq has already spent about three years in custody, time that would count against a final sentence.

Asked by reporters outside the court if he felt German laws were too lenient, Puopolo said it was "a little bit frustrating" but praised the work of the prosecutors.

"It's not going to bring my mom back, but it's a part of a process of closure. I'm glad that I came to Hamburg."

Accomplice In 9-11 Attacks Gets 15-year Sentence (MCT)

By Matthew Schofield

McClatchy Newspapers, January 9, 2007

BERLIN - The last remaining member of the Hamburg sleeper cell that planned and carried out the 9-11 terror attacks was sentenced to 15 years in prison in a German courtroom Monday.

"My future is ruined," exclaimed Mounir el Motassadeq, a 32-year-old former engineering student from Morocco, after the verdict.

El Motassadeq received the harshest penalty possible under German law for the crime - accessory to murder for the 246 people who died on the four airliners that crashed on Sept. 11, 2001.

Dominic Puopolo Jr., whose mother was on one of the planes that crashed into the World Trade Center in New York, had asked the court to "consider the human and emotional cost" for the crime and deliver a harsh sentence.

"I understand your suffering," el Motassadeq later said in court, addressing Puopolo. "The same thing is being done to me, my kids, my parents, my family. My future is ruined."

Puopolo responded: "You have a chance to rebuild your life and be back with your family. Others don't. Your life is not over, but my mom's is."

DOJ_NMG_0114060

El Motassadeq was first convicted in 2003 of being an accessory to the deaths of all the victims of the Sept. 11 attacks, and he was sentenced to 15 years in prison. But a German federal court ruled on appeal that there wasn't enough evidence to prove that el Motassadeq knew the scope of the attacks.

A sticking point throughout the trials was el Motassadeq's contention that testimony from alleged co-conspirators being held at the Guantanamo Bay prison in Cuba would vindicate him.

The Bush administration was unwilling to allow Ramzi Binalshibh, another suspected facilitator of the attacks, to testify or be deposed by German court officials. As a result, el Motassadeq was convicted for membership in a terrorist organization rather than as an accessory to murder.

Following another appeal and a decision by the German high court, German prosecutors reinstated the accessory to murder charge but narrowed the scope to include only those who died on the four jetliners.

El Motassadeq was a close friend of 9-11 hijackers Mohamed Atta, Marwan al Shehhi and Ziad Jarrah. He had signed wills, taken over power of attorney for the hijackers and wired money for logistical support, including flight training, according to German investigators.

El Motassadeq remained quiet through the five years of prosecution, until Friday, when he screamed out that he was innocent, and again on Monday, when he claimed that he was little more than a piece in a game.

"There was nothing in Hamburg," he said, spitting out his words. "You're twisting everything to fit the way you want. To you, this is nothing but a game, with winners and losers. But I'm asking you to think about what you've done to me."

Judge Carsten Beckmann, in announcing Monday's verdict, noted that, "Anyone who helped in this has deserved stiff punishment."

9/11 Associate Is Sentenced In Germany To 15 Years (NYT)

By Mark Landler

The New York Times, January 9, 2007

FRANKFURT, Jan. 8 — A German court on Monday sentenced a friend of the Sept. 11 hijackers to 15 years in prison for being an accessory in the murders of 246 people aboard the commercial planes used in the terrorist attacks.

The sentencing of the man, a Moroccan named Mounir el-Motassadeq, is a potentially decisive milestone in a complex and politically delicate case that has wended its way through the German courts for five years.

In 2005, the court, in Hamburg, found Mr. Motassadeq, 32, guilty of belonging to a terrorist organization — a lesser crime — and sentenced him to seven years in jail. But last November, an appeals court overturned that ruling, saying he had played a direct role in plotting the hijackings.

“It was a violent crime that was carried out,” the presiding judge of the Hamburg court, Carsten Beckmann, said Monday, explaining the sentence, which was the stiffest possible under the criminal guidelines.

In one way, the 15-year prison term brings the case full circle: after his first trial, in 2003, Mr. Motassadeq was found guilty of 3,066 counts of accessory to murder and sentenced to the same jail term by the Hamburg court. But that verdict was overturned on appeal and he was put on trial a second time.

Mr. Motassadeq, who came to Germany in 1993 to study engineering and fell in with a radical Islamic group in Hamburg that included two of the hijackers, Mohamed Atta and Marwan al-Shehhi, is one of only two people to be convicted in the 9/11 attacks. The other — Zacarias Moussaoui, a French citizen of Moroccan descent — is serving a life sentence in Colorado.

German prosecutors struggled to build a case against Mr. Motassadeq, in part because of what they said was a lack of cooperation from the United States in sharing evidence obtained from other terrorism suspects. On Monday, however, the court handed them a clear victory.

Mr. Motassadeq’s lawyer, Udo Jacob, said he planned to appeal, either to the European Court of Human Rights or by demanding a third trial in Hamburg based on new evidence. He has already filed an appeal with the Federal Constitutional Court, the highest German court.

“This ruling was not a surprise,” he said in an interview. “The court had no choice but to give him a tough punishment.”

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Witnesses in the courtroom said Mr. Motassadeq reacted impassively as the judge read the sentence. But earlier, when given a chance to address the court, Mr. Motassadeq turned to the son of one of the victims, Dominic J. Puopolo, and delivered an emotional statement.

"I understand your suffering," Mr. Motassadeq said, according to The Associated Press. "The same thing is being done to me, my kids, my parents, my family; my future is ruined."

Mr. Puopolo, a 40-year-old computer consultant from Miami Beach, Fla., whose mother was on one of the planes flown into the World Trade Center, replied that Mr. Motassadeq would be free one day.

"You have a chance to rebuild your life and be back with your family," said Mr. Puopolo, who represented the victims as co-plaintiffs. "Your life is not over, but my mom's is."

In a telephone interview later, Mr. Puopolo said the confrontation caught him off guard. More than that, though, he said the outburst showed Mr. Motassadeq's desperation in the waning moments of his trial. During most of his court appearances, Mr. Motassadeq, a slight man with a long beard, had projected a tranquil, even occasionally cheerful, demeanor.

"This is the end of the road for him," Mr. Puopolo said. "It's real justice for the 9/11 families, and for my family."

Mr. Motassadeq's links to the hijackers were never in dispute. He was a friend of Mr. Atta and Mr. Shehhi while they lived in Hamburg, and had wired money to Mr. Shehhi. He also admitted to attending a terrorist training camp in Afghanistan sponsored by Osama bin Laden.

But Mr. Motassadeq denied knowing about the impending attacks and said he had helped the hijackers unwittingly. In 2005, the Hamburg court accepted his contention that he played no direct role.

The appeals court, however, ruled that the evidence showed that Mr. Motassadeq was aware of the plot to hijack and crash commercial airlines, even if he did not know the targets of the attacks.

Because there was no proof that he knew about the World Trade Center and the Pentagon, he was charged in his second trial with accessory to murder in the deaths of those on the planes, rather than in the deaths of everyone killed.

Mr. Jacob says he can present new evidence from another Moroccan, Abdelghani Mzoudi, who was acquitted of complicity in the 9/11 attacks by a Hamburg court in 2004. Mr. Mzoudi, who was deported from Germany, has offered to testify on behalf of Mr. Motassadeq.

For that to happen, however, the court would have to rule that the evidence is vital enough to warrant yet another trial.

More Gitmo Detainees Join Hunger Strike (AP)

By Michael Melia

AP, January 9, 2007

The number of Guantanamo Bay detainees participating in a hunger strike has more than doubled in recent weeks to 11, including five who are being force-fed, the U.S. military said Monday.

Military officials describe the hunger strike as an attempt to build public sympathy and opposition to the detention center, which on Thursday marks its fifth anniversary of existence at the isolated U.S. military base in Cuba.

"The hunger strike technique is consistent with Al-Qaida practice and reflects detainee attempts to elicit media attention to bring international pressure on the United States to release them back to the battlefield," said Navy Cmdr. Robert Durand, a Guantanamo Bay spokesman.

A Human rights group said the strike reflects prisoners' despair.

"I don't see it as at all curious that they should be desperate enough to starve themselves," said Jumana Musa, advocacy director for Amnesty International USA.

The number of participants stood at five just one month ago, officials said. No information on who the new hunger strikers are was immediately available. The military rarely releases details on individual detainees.

The jump in the number of strikers comes as Guantanamo's critics are using its fifth anniversary to call for the prison to close.

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The U.S. government says it needs to keep men deemed "enemy combatants" under guard, but many prisoners protest they are innocent. Guantanamo Bay received its first prisoners on Jan. 11, 2002, and currently holds about 395 foreign men on suspicion of links to al-Qaida or the Taliban.

Among the hunger strikers are two prisoners who began refusing food in August 2005, near the start of a hunger strike that reached a peak participation of 131 that year, Durand said. Most detainees abandoned the protest as the military adopted more aggressive force-feeding methods, including a restraint chair.

Those on the hunger strike have not made any specific demands or requests, Durand said.

Lawyer To Face Court-Martial (NYT/AP)

By The Associated Press

The New York Times, January 9, 2007

A Navy lawyer accused of passing secret information about detainees at Guantánamo Bay, Cuba, to an unauthorized person was ordered to face a court-martial, the Navy said. The lawyer, Lt. Cmdr. Matthew M. Diaz, who was stationed at the base at Guantánamo from July 2004 to January 2005, could face more than 36 years in prison if convicted. No trial date was set. The Navy has said the recipient of the information notified the authorities; it has declined to identify that person. A complaint does not specify what type of information Commander Diaz is accused of copying and transmitting, but a Navy spokeswoman previously described it as a document containing names and other identifying information about detainees. Commander Diaz's civilian lawyer, Victor Kelley, did not return a call seeking comment.

HOMELAND RESPONSE:

House Democrats' Security Bill Draws Doubts (NYT)

By Eric Lipton

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — House Democrats intend to fulfill a campaign promise this week by passing broad new antiterrorism legislation, but some Senate Democrats and the Bush administration object to security mandates in the plan, citing concerns about their cost and practicality.

The House measure, the Sept. 11 Commission Bill, is intended to write into law recommendations by the group that investigated the 2001 terror attacks. They include initiatives intended to disrupt global black markets for nuclear weapons technology and to enhance cargo inspection.

"Today marks a giant leap forward toward a safer and more secure America," said Representative Bennie Thompson, Democrat of Mississippi, the new chairman of the House Committee on Homeland Security, as he unveiled the bill Friday.

But the proposed legislation, which could come to a vote as early as Tuesday, goes beyond what the Sept. 11 commission recommended, taking up measures previously favored by Democratic lawmakers but opposed by the Department of Homeland Security.

The bill requires that within three years, all cargo on passenger jets be inspected for explosives, as checked baggage is now. The House bill also requires that within five years all ship cargo containers headed to the United States be scanned overseas for components of a nuclear bomb.

Homeland Security Department officials say there is no proven technology for such comprehensive cargo screening, at least at a reasonable cost or without causing worldwide bottlenecks in trade. The screening for air cargo is estimated to cost $3.6 billion over the next decade, and ship inspections could cost even more. "Inspecting every container could cause ports to literally shut down," said Russ Knocke, a Homeland Security spokesman.

Many Republicans and some Senate Democratic committee chairmen said that the goal of 100 percent inspections was worthy, but that they were not convinced that mandates should be included in the bill.

"Airplane passengers must be assured that any cargo on a passenger jet will not pose a terrorist threat," said Senator Joseph I. Lieberman, independent of Connecticut, who now leads the Homeland Security and Government Affairs Committee.

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"But we must achieve these goals in an efficient manner to allow for the free flow of commerce without placing undue economic burdens on importers or bringing air traffic to a standstill."

The Sept. 11 commission said in its 2004 report that any proposed new security measures must be carefully considered, weighing the cost and benefit of any one step, like inspecting cargo, against others that could be taken, like protecting planes against shoulder-fired missiles.

The commission recommended, for example, that passenger planes be equipped with hardened, bomb-resistant containers for some cargo, instead of moving immediately to inspect every cargo shipment.

Homeland Security Department officials said they were researching ways to inspect more air and sea cargo. The agency has tests planned this year at three ports in Pakistan, Honduras and England, where all ship containers headed for the United States will be checked for radioactive substances or dense objects that might be hiding a bomb.

Until then, the department intends to follow its existing security procedures, which include mandatory inspections of the small fraction of cargo containers deemed suspicious because of the sender, the destination or the contents, among other factors.

Currently, about 30 percent of air cargo on passenger planes is inspected by dogs or screening devices, while about 5 percent of all incoming ship containers are sent through a device like an X-ray machine.

Mr. Lieberman and Senator Daniel K. Inouye, Democrat of Hawaii, the new chairman of the Senate Commerce Committee, want the security department to complete its tests on new technology before mandating inspection of all cargo.

But Mr. Thompson, the chief author of the House bill, and Senator Charles E. Schumer, Democrat of New York, said the timetables were essential to push the department to move faster.

"We need firm deadlines to end the administration's foot-dragging," Mr. Schumer said Monday.

The push for 100 percent screening of all ship cargo containers first became a top priority for Democrats last year after the Bush administration proposed allowing a Dubai company to assume management of a half-dozen United States ship terminal operations. Democrats said then that they recognized the idea was compelling not only to increase security, but also as a political pitch as they tried to buttress their credentials as a party that takes domestic security seriously.

Part of the skepticism about the mandate for 100 percent screening is that even if the equipment is installed, it is not clear it would do much to prevent an attack, some security experts said.

The radiation detection equipment now in use, for example, probably would not pick up a crucial radioactive substance for a nuclear weapon if the material was shielded. And even if all cargo containers were checked, terrorists could find other ways to smuggle weapons into the United States, including on private boats or ships that carry cars, which would not be not covered by the inspection mandates.

"Tax dollars should not be spent on what makes for the best election-year bumper sticker, but on initiatives that offer the most security for the dollar spent," said James Jay Carafano, a senior fellow at the Heritage Foundation, a conservative research group in Washington, and a critic of the 100 percent inspection requirement.

Aside from the cargo inspection mandates, other security measures proposed by Democrats have a greater chance of becoming law.

The House bill calls for changes in the way some $2 billion a year in state and local domestic security grants are distributed, so that the money is more based on risk. A separate bill has been introduced in the Senate that would provide antiterrorism grants for Amtrak, freight railroads and other transit systems, a plan that previously passed the Senate but was opposed by House Republican leaders.

Mr. Thompson said that with the Democrats now in charge the party had a chance to push forward at least some of these measures, although he said he recognized compromise might be necessary before they were signed into law.

House Bill Backs Additional Reforms From 9/11 Report (WP)

By Dan Eggen And Spencer S. Hsu

The Washington Post, January 9, 2007

DOJ_NMG_0114064

House Democrats announced legislation yesterday aimed at implementing many of the remaining reforms suggested by the Sept. 11 commission, including calls for more thorough cargo screening, better emergency communications and more money for cities at the highest risk of terrorist attack.

Democratic leaders plan to push through votes this week on a long list of Sept. 11-related changes that were rejected by the previous Republican-controlled Congress. The proposals signal an early willingness on the part of House Democrats to pressure their colleagues in the Senate, where lawmakers from both parties are cooler to some of the ideas and where no similar package of legislation has been proposed.

Democrats say that the House proposals would implement nearly all the remaining reforms recommended in 2004 by the bipartisan commission on the 2001 attacks, including ways to beef up funding and training for first responders as well as calls to rewrite many U.S. policies for controlling weapons of mass destruction and nuclear proliferation.

Former congressman Lee H. Hamilton (D-Ind.), who served as vice chairman of the panel, estimated that the previous Congress had enacted half the commission's recommendations, including creating a director to oversee the federal government's intelligence agencies. He said the "American people will be safer" if the remaining proposals become law.

"It carries out the recommendations that we have made," Hamilton said at a news conference yesterday with House Majority Leader Nancy Pelosi (Calif.) and other Democrats. "And if this bill is enacted, then almost all of the recommendations of the commission will have been put into law."

Rep. Bennie Thompson (D-Miss.), chairman of the House Homeland Security Committee, said the changes would, among other things, result in "100 percent" screening of air cargo and baggage and major ports' cargo within four years.

The legislation calls for the establishment of a presidential office to coordinate prevention of terrorism and the proliferation of weapons of mass destruction. Supporters of the measure described it as necessary to direct activities and budgets on an issue that is now spread among numerous departments and agencies. The bill also would create an outside commission to monitor government nonproliferation initiatives.

The Sept. 11 commission gave the administration a grade of D in following up on its general recommendations for preventing the development and spread of weapons of mass destruction. The Democratic legislation proposes a wide range of initiatives to expand the scope of international cooperation and sanctions for countries that do not cooperate.

Noting that the commission called for a significant expansion of resources for international broadcasting and promotion of democracy, the bill calls for a "surge capacity" of additional funding "to support United States foreign policy objectives during a crisis abroad."

Congress's ability to push for change in these areas is limited.

"When you start on the domestic side, Congress has a lot more room to act," said Andrew Grotto, a nonproliferation expert at the Center for American Progress, a liberal think tank. "On public diplomacy and the proliferation elements, Congress's role starts to shift from direct action to more oversight and to funding."

Republicans on the Homeland Security committee offered immediate criticism of the package, arguing that Democrats had not followed through on promises to enact all of the remaining commission recommendations. They complained that Democrats were limiting debate and that many Democrats previously opposed the changes that they are now advocating.

Ranking Republican Rep. Peter T. King (N.Y.), whom Thompson replaced, called it a "missed opportunity."

The Sept. 11 commission report focused heavily on reorganizing the U.S. intelligence community and congressional oversight, the global dimension of terrorism in Afghanistan, Pakistan, Saudi Arabia and elsewhere, and the threat of weapons of mass destruction. Domestic recommendations focused on border security, transportation security and protection of critical infrastructure.

The GOP-controlled Congress acted on many of those findings, including targeting terrorist travel, consolidating watch lists and securing commercial aviation. But many of the other changes stalled, such as attempts to set up a biometric border entry and exit system, establish secure ID documents for all Americans and develop plans to protect key private-sector targets.

While the House considers its legislation, the Senate's homeland security panel plans to hold a hearing today on the status of commission recommendations and expects to vote on a bill by the end of the month, said a spokeswoman for the committee's chairman, Sen. Joseph I. Lieberman (I-Conn.).

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But the Senate has opposed some of the key proposals in the House bill, such as reducing grant funds awarded to all states in favor of those most at risk, and it is unclear how much the new Democratic majority will alter that stance.

Michael O'Hanlon, a security analyst at the Brookings Institution, said House Democrats' embrace of their interpretation of the Sept. 11 commission's recommendations was designed to make a political point of swift action, not necessarily to make the best policy.

"I don't understand why we have to assume that everything that came out of the 9/11 commission is accurate and it should be axiomatic that the House should approve everything they proposed," O'Hanlon said.

Michael Greenberger, a University of Maryland law professor who heads the Center for Health and Homeland Security there, praised House Democrats for taking on the proposals but said they will have a tough time convincing many of their colleagues in the Senate.

"It's a very aggressive proposal, more aggressive than I would have thought," Greenberger said. "I wouldn't be optimistic that it will all make it through the Senate, but I'm surprised it got this far."

House Nears Passage Of Resolution To Add Intelligence Oversight Panel (WP)

By Walter Pincus

The Washington Post, January 9, 2007

The House is scheduled to pass a resolution as early as today to add a select intelligence oversight panel within the Appropriations Committee, but this change is far different from the proposal to enhance congressional oversight of intelligence proposed in 2004 by the Sept. 11 commission.

In past years, the House and Senate intelligence committees authorized intelligence spending, and the two chambers' appropriations panels approved the funding for the director of national intelligence and the 17 agencies that make up the community.

The panel on the 2001 attacks had recommended a House-Senate committee or smaller, single committees in each chamber that would both authorize and appropriate funds for the intelligence community -- thereby reducing the number of lawmakers involved but giving a sharper focus to oversight.

It also recommended that the overall intelligence budget, now an estimated $42 billion a year, be made public. The House resolution to be voted on soon does not deal with the overall budget number, whose disclosure the Bush administration opposes.

The Senate Select Committee on Intelligence, which last year approved making the overall number public, is expected to pass this week or next the still-pending fiscal 2007 Intelligence Authorization Bill, which contains the public-disclosure language.

However, neither the House nor Senate appears ready to accept the idea of merging the authorization and appropriation functions. Rep. David Obey (D-Wis.), chairman of the House Appropriations Committee, said his panel "had to fund the Army, Navy, Air Force, as well as the intelligence community, and so we didn't feel that there ought to be a single-shot appropriations operation."

The resultant "hybrid" 13-member panel, he said, would have 10 lawmakers from Appropriations and three from the Permanent Select Committee on Intelligence. In addition, it would have what Obey described as a "beefed-up staff" to replace the staff member assigned to the issue last year, as well as subpoena power to carry out its own oversight investigations.

As for funding, however, the new panel would only "make recommendations" and prepare a report for the Appropriations defense subcommittee, which would continue to prepare the classified intelligence spending bill.

Yesterday, the Republican staff of the House Homeland Security Committee criticized the idea of the new panel within the Appropriations Committee as "another layer of bureaucracy to intelligence oversight." It said the new panel would have "no real appropriations power" and could only "make recommendations to the appropriators, who can choose to completely ignore those recommendations."

Democrats Defend Intelligence Panel Plans (WT)

By Brian Debose

The Washington Times, January 9, 2007

DOJ_NMG_0114066

House Democrats yesterday deflected criticism that their plan to create a dual committee to oversee funding and oversight for intelligence agencies does not conform to the recommendations of the September 11 commission.

House Speaker Nancy Pelosi, California Democrat, said the hybrid panel is a first step toward reducing the number of committees with oversight over intelligence and homeland security.

"Reducing the number of committees ... will happen, but we have to be assured that this panel will work," Mrs. Pelosi said.

Democrats were criticized by Republicans and some members of their own party last week for veering from the recommendations of the National Commission on Terrorist Attacks Upon the United States.

"The commission recommended a merger of authorization and oversight, and we could not do that because appropriations has to allocate spending to areas of intelligence outside of the intelligence community for the Army, Navy and other armed services," said Rep. David R. Obey, Wisconsin Democrat and chairman of the Appropriations Committee.

Under the plan, intelligence agencies will report to the hybrid panel and the House Permanent Select Committee on Intelligence. The hybrid panel will have control of agency spending, and the intelligence committee will have oversight.

The hybrid panel, whose members would be appointed by Mrs. Pelosi, would have subpoena powers and be required to issue an annual report on classified and unclassified intelligence spending.

"This is so the intelligence community knows that they are not just dealing with the individual members of the panel, but the speaker of the House," Mr. Obey said.

Republican leaders said Democrats are playing politics and using smoke and mirrors.

"This is one of the most baffling, incoherent and discombobulated 'streamlining' proposals the House has ever seen, and we're not just talking about catering contracts for the Capitol cafeteria. This is our national security," said a Republican leadership aide. "Whether this was the result of ineptitude or an inability to make legislation out of a silly campaign sound bite, it's pretty frightening."

Democrats are ready to begin House debate on a bill to implement the remaining recommendations of the September 11 commission.

They hope to increase the share of homeland security grants to cities at highest risk of a terrorist attack, and to create a stand-alone grant program to provide first responders with direct communications among different agencies.

"We will have 100 percent cargo screening at airports within three years, 100 percent of in-line baggage screening for explosives in three years, and 100 percent scanning of U.S.-bound shipping containers in five years," said Rep. Bennie Thompson, Mississippi Democrat and chairman of the Homeland Security Committee.

The bill also creates a U.S. coordinator for the prevention of weapons of mass destruction proliferation and terrorism and a blue-ribbon commission to recommend further reforms strengthening efforts to eliminate nuclear black-market networks.

Security Bill Picks Up Ideas Of 9/11 Panel (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 9, 2007

WASHINGTON

In a bid to fulfill campaign promises, House Democrats are bringing to the floor - without new hearings or, perhaps, even the possibility of amendment - a sweeping bill to implement more of the 9/11 commission recommendations.

The bill includes new directives for allocating more homeland-security resources on the basis of risk and threat assessment, requiring inspection of all sea and air cargo, and adding funding for the interoperability of first responders. It also moves up reporting deadlines for the department of Homeland Security on work to improve aviation security, terrorist trafficking, port security, and a system to track foreign visitors.

"Let us be the Congress that strongly honors our responsibility to protect the American people from terrorism," said Speaker Nancy Pelosi in her acceptance speech last week. On the eve of last November's elections, then-minority leader Pelosi promised that Democrats would implement all the 9/11 commission recommendations in their first day in office.

But it leaves out key provisions of that prestigious panel that were considered and rejected in the GOP-controlled Congress:

• It does not take up panel recommendations to declassify the top line of the intelligence budget.

• It would not shift covert paramilitary operations from the Central Intelligence Agency to the Defense Department.

• It skirts the lead recommendation of the 9/11 commission for members of Congress: to dramatically reduce the number of committees that claim oversight over homeland security.

"In only their first few days in the majority, House Democratic leadership has already fallen short on the key security promise they made to the American people," chided Rep. Peter King of New York, the ranking Republican on the Committee on Homeland Security. "Republicans have already enacted an overwhelming majority of the recommendations, and the opening of the 110th Congress was a terrific opportunity to finish the job. Unfortunately, it is amounting to nothing more than a missed opportunity."

Others take a more optimistic view. "The 108th Congress passed half of the 9/11 commission reforms. The 109th Congress did nothing. The 110th Congress seeks to finish the job and pass all the remaining reforms," says Timothy Roemer, a former 9/11 commissioner.

He praised Pelosi for creating a new subcommittee in the House Appropriations panel to include representatives of both authorizing and spending committees. "We recognize that congressional oversight is one of the most difficult reforms yet and one of the most important. It's a very important step to tie intelligence oversight to the budget," he adds.

A key recommendation of the 9/11 commission was to allocate limited homeland-security resources by setting "risk-based priorities," rather than using a formula based on population or political clout. Democrats protested that rural states, such as Wyoming, were awarded bigger grants per capita than target cities like New York and Washington in fiscal year 2006.

"Hard choices must be made in allocating limited resources. The US government should identify and evaluate the transportation assets that need to be protected, set risk-based priorities for defending them, select the most practical and cost-effective ways of doing so, and then develop a plan, budget, and funding to implement the effort," said the panel, known officially as the National Commission on Terrorist Attacks Upon the United States, in its final report in 2004.

In a nod to the 9/11 commission recommendation to streamline congressional oversight, House Democrats are creating the House subcommittee that includes both appropriators and authorizers. But leaders of the Department of Homeland Security still appear before dozens of congressional panels.

"Gov. Tom Ridge [former secretary of Homeland Security] estimated that he spent at least 40 percent of his time, maybe more, testifying before Congress. The number of committees with oversight has been reduced from 80 to 55," says Al Felzenberg, former spokesman for the 9/11 commission.

"Of all our recommendations, strengthening congressional oversight may be among the most difficult and important," said the 9/11 commission in its final report. "Few things are more difficult to change in Washington than congressional committee jurisdiction and prerogatives."

Meanwhile, the Senate is also planning to take up a bill to implement the 9/11 commission's recommendations as one of its first pieces of legislation in the new Congress. This will include enhanced screening of containers and cargo in ships and planes at the point of origin, improved security at chemical and nuclear plants, and more resources for first responders.

The bill also calls for greater diplomacy and programs for "enhancing the authority of moderates and undermining violent extremists in the Middle East." And it would call for securing "loose nuclear materials" that terrorists could use to build nuclear weapons or dirty bombs.

A Bad Investment (WP)

The Washington Post, January 9, 2007

WHAT'S MORE important, Coast Guard patrols or collecting fingerprints at border crossings? Running checked bags through X-ray machines at airports or installing blast barriers at nuclear plants?

Given a limited amount of money and an endless list of programs and procedures that could make Americans safer, it's essential to buy the most homeland security possible with the cash available. And as the little list above demonstrates, that can be a tough job. That's all the more reason not to waste money on the kind of political shenanigan written into a sprawling Democratic bill -- up for a vote in the House this week -- that would require the Department of Homeland Security to ensure that every maritime cargo container bound for the United States is scanned before it departs for American shores.

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Container scanning technology is improving, but it is not able to perform useful, speedy inspections of cargo on the scale House Democrats envision. Congress has already authorized pilot programs to study the feasibility of scanning all maritime cargo. The sensible posture is to await the results of those trials before buying port scanners, training the thousands who would be needed to operate them and gumming up international trade.

The Democrats don't offer a realistic cost estimate for the mandate they will propose today. But the cost to the government and the economy is sure to be in the tens of billions and quite possibly hundreds of billions annually. The marginal benefit isn't close to being worth the price. Under recently expanded programs, all cargo coming into the country is assessed for risk and, when necessary, inspected, all without the cost of expensive scanning equipment, overseas staff and long waits at foreign ports. Perhaps that's why the Sept. 11 commission didn't recommend 100 percent cargo scanning.

The newly installed House leadership will bring the bill, which contains a range of other homeland security proposals both deserving and undeserving, directly to the floor, bypassing the Homeland Security Committee. Luckily, the Senate will give more thought to its homeland security bill and probably won't approve a 100 percent container inspection plan. House Democrats can figure those odds as well as anyone. But why not score some easy political points in your first 100 hours?

Adapt, Change Or Die (WP)

By Tim Roemer

The Washington Post, January 9, 2007

As our republic enters 2007, Washington is still primarily organized to prevail in the Cold War against the former Soviet Union. Yet today, America and the community of democracies face very different threats -- evolving terrorism, global warming and energy supply disruptions. Recognizing this, the new Democratic leadership has pledged to pass all of the remaining recommendations of the Sept. 11 commission this week, in the first "100 hours" of the 110th Congress. This is essential -- yet it is only a first step.

The Sept. 11 commission recommended 41 reforms; roughly half of those have been implemented. These reforms represent the most basic fixes to the vulnerabilities exploited by al-Qaeda more than five years ago. A terrorist attack or natural disaster could wreak as much damage and confusion today as happened on Sept. 11 or during Hurricane Katrina. Our executive and legislative branches need to finish the job.

As Congress gets to work, it must legislate first and oversee second. Communications spectrum needs to be transferred to our first responders, and interoperable, survivable networks need to be established. Fissile materials must be decommissioned, secured and inventoried around the world, accelerating the timetable of measures such as the Nunn-Lugar program. Homeland security funding must be allocated on the basis of objective criteria. Emergency response plans must be put in place by states and localities -- and they must be practiced regularly. But congressional committees preparing to use their investigative powers cannot point their fingers at other federal shortcomings without fixing their own dysfunctional oversight system.

Once Congress does its legislative work, members must turn to overseeing the executive branch. FBI reform has been far too slow. Information sharing among government agencies is still lagging. Airplane baggage and cargo, incredibly, are still largely unscreened. Passenger screening against a comprehensive terrorism watch list still eludes the Transportation Security Administration. The Privacy and Civil Liberties Oversight Board needs independent, strong powers to protect the foundations of our democracy. And our foreign policy must support effective public diplomacy, ensuring that our actions and words win the battle for hearts and minds and defeat the seductive message of Osama bin Laden.

Even the best congressional oversight cannot overcome the personnel problems plaguing the Bush administration. The resignation of John Negroponte as director of national intelligence is a reminder of how important it is to have the right people stay in the right jobs long enough to build the foundations for change. Instead, we find the Office of the Director of National Intelligence engaged in a game of musical chairs. The critical deputy position under Negroponte has been vacant since Gen. Michael Hayden's departure to the CIA last spring. Instead of the streamlined and steady agency that the Sept. 11 commission recommended, we have tumultuous turnover.

Competent, capable and stable leadership is indispensable. And passing and implementing the Sept. 11 commission reforms would provide an essential foundation for our security. But together these fundamentals are no longer sufficient; they will

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get us only to where we should have been in 2004. The threats facing America in 2007 are different from what our commission addressed when we first convened nearly four years ago.

In the near term, al-Qaeda continues to evolve and adapt. It is utilizing the Internet, motivating more suicide bombers and communicating with millions of people through its TV production unit, al-Sahab. Al-Qaeda is spreading around the globe and popping up in self-generated cells in London, Madrid and Bali. Its shadow is looming in Europe.

The bigger picture is even more unsettling. Our ground forces are tied down in the asymmetrical Iraq war, yet most federal agencies and congressional committees are structured to fight the Cold War. We are backsliding in Afghanistan as well as losing ground in the broader Middle East. Global warming is an undeniable transnational threat, trade imbalances are staggering and our energy supply is tenuous.

It will take tough, bipartisan work to compose a comprehensive strategy to address these converging threats.

That requires a positive, long-term vision founded on a sustainable global economy, an expanding community of democracies and a sharing of the global security burden. Harry Truman, with diplomat George F. Kennan's help, launched a strategy that would contain the Soviets with our military and our allies but would defeat them with our economic opportunity and freedom.

America needs to change now as much as it did after World War II, embracing government's vital role and reorganizing government to execute and oversee a new global strategy. The alternative is too dire to contemplate.

The writer, president of the Center for National Policy, was a member of the Sept. 11 commission and is a former member of the House intelligence committee from Indiana.

Court Challenge Of ID Requirement Fails (USAT)

By Joan Biskupic

USA Today, January 9, 2007

WASHINGTON — The Supreme Court on Monday rebuffed a challenge to the federal government's policy of requiring airline passengers to show identification before they board flights, spurning arguments that the well-known but unpublished policy would lead to more secret laws.

John Gilmore, a founder of Sun Microsystems and an advocate of libertarian causes, sued the government because it has long refused to disclose the text of the regulation that forces air travelers to present an ID.

The question before the justices was whether travelers have sufficient notice of the Transportation Security Administration (TSA) ID policy to satisfy constitutional due process of law, which typically requires a law to be published so people know how to comply with it.

On July 4, 2002, Gilmore tried to board two flights from California to the Washington, D.C., area without showing identification. Airline workers told him that if he would not show an ID, he would have to undergo more extensive screening. He refused.

"I believe I have a right to travel in my own country without presenting what amounts to an internal passport," Gilmore told USA TODAY in 2004. "I have a right to be anonymous."

Gilmore's lawsuit drew support at the high court from several media groups, including the Reporters Committee for Freedom of the Press, the Electronic Frontier Foundation, the American Association of Law Libraries and the Electronic Privacy Information Center.

In court briefs, the groups stressed the importance of the public knowing what the law says and the need to hold officials accountable as they impose anti-terrorism measures.

U.S. Solicitor General Paul Clement told the justices in a brief that telling passengers about the ID requirement at airports is sufficient, and he emphasized that the TSA directive is part of "sensitive security information." He said the directive is part of a broad policy aimed at preventing hijackings and other potential threats to passenger jets.

In denying Gilmore's appeal, the high court gave no explanation and had no public vote, as is its usual practice in declining to hear cases. The justices let stand a lower court's ruling that said Gilmore had enough notice of the policy because airline workers had told him about it.

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Gilmore's attorney, Thomas Goldstein, said the federal government's refusal to disclose the TSA directive has the effect of misinforming people. "Passengers are consistently advised that federal law requires them to show identification," Goldstein wrote in the appeal. "Passengers in reality can generally travel even without showing proper identification … (if) they undergo a more extensive security screening."

Package Is Second False Alarm At Port (MH)

By Luisa Yanez, Erika Beras And Evan S. Benn

The Miami Herald, January 9, 2007

A sensor detected explosives in a package of sprinkler parts being loaded onto a cruise ship getting ready to depart Monday at the Port of Miami-Dade. Police dogs and a bomb squad soon determined the metal parts were harmless, and passengers evacuated from a Royal Caribbean ship were allowed to reembark.

The day before, another scare at the port started when three Middle Eastern men aroused suspicions of security officers. Police later described the incident as a misunderstanding, and misdemeanor charges against the men were dropped Monday.

"The fact that we've had several incidents here recently is indicative of the type of screening and how serious we take security here," said James Maes, the port's assistant security director. ``Travelers can rest assured at the decisive reactions to these types of potential threats."

Screeners checking baggage and supplies going onto Royal Caribbean's Majesty of the Seas got a positive signal for military-grade C-4 explosives about 2 p.m., according to Michael Sheehan, a spokesman for the Miami-based cruise company. The suspect package was tested six times, each time resulting in a detection of explosives.

Passengers, who had already boarded the ship before its scheduled 5 p.m. departure, and several other people in a nearby port terminal were ordered to evacuate.

Police dogs were unable to detect explosives in the small pallet, which contained metal parts for the cruise ship's sprinkler system. The Miami-Dade bomb squad detonated the package about 3:30 p.m. in a secure area of the port, determining that no explosives or explosives residue were present.

"It doesn't look like there was anything particularly menacing in the package," Maes said.

The sprinkler parts had similar chemical characteristics to C-4 explosives, which may have caused them to set off the sensors, but they did not contain any actual dangerous substances, said Miami-Dade police Detective Robert Williams.

The ship's 2,340 passengers were allowed back on the ship, which departed about 6 p.m., an hour after its scheduled time. The delay would not affect the cruise's four-night itinerary around the Bahamas, Sheehan said.

On Sunday, federal, state and local agents rushed to the port after an Iraqi man tried to enter the port in an 18-wheel cargo truck without proper paperwork.

Amar al Hadad, 28, was driving the truck along with two passengers: his brother Hussain al Hadad, 24, and Hassan el Sayed, 20. The Hadad brothers are from Iraq, and Sayed is from Lebanon, police said. All are legal U.S. residents who live in Dearborn, Mich.

Police charged the men with trespassing and resisting arrest without violence, but the charges were dropped Monday, court records show.

During a standard security check, a port security officer thought Amar al Hadad told him he was alone in the truck. But when officers saw the two other men, one of whom had no identification, the three men were detained for questioning while the cargo in their truck was inspected.

The truck contained electrical wiring for cars, which were listed on the truck's cargo manifest.

"We wanted to be as prudent and deliberate as we could in conducting a thorough investigation in one of our nation's busiest ports," Williams wrote in a release.

Miami Herald staff writer Rob Barry contributed to this report.

Authorities: Miami Package Was Harmless (NSDY/AP)

By Kelli Kennedy, Associated Press Writer

Long Island Newsday, January 9, 2007

DOJ_NMG_0114071

MIAMI -- The Port of Miami was hit by its second terrorism scare in two days Monday when a package that was to be loaded onto a cruise ship tested positive for plastic explosives. Authorities later determined it was just a box of sprinkler parts.

The package was initially tested six times, and each time it came back positive for the military-grade explosive known as C4, the Coast Guard said.

The package was destroyed, and a Miami-Dade County police bomb squad determined the sprinkler parts contained a substance that "closely resembles" plastic explosives, said police spokesman Bobby Williams.

Williams said the instruments used to test the package sometimes give false positives.

"We still need to check it out," Williams said.

The package was included in provisions that were to be loaded aboard Royal Caribbean International's Majesty of the Seas. Explosives detection instruments gave the positive reading about 2 p.m., the cruise line said.

The FBI was monitoring the situation, spokeswoman Judy Orihuela said.

The developments came a day after three Middle Eastern men in a cargo truck sparked a brief terrorism scare at the port. After a bomb squad search, authorities concluded that the men were carrying automotive parts and that the scare stemmed from miscommunication. A judge dropped all charges against the three men Monday.

The Port of Miami is among the nation's busiest. More than 3.6 million cruise ship passengers traveled through it in 2005, making it the world's top terminal for cruise vacationers.

False Alarm At Miami Port -- Again (UPI)

United Press International, January 9, 2007

MIAMI, Jan. 8 (UPI) -- For the second day in a row, authorities rushed to the Port of Miami because of unfounded reports there were dangerous explosives on the premises.

Security at the port Monday discovered what was thought to be explosives amid cargo belonging to a cruise ship at the port.

A police bomb squad removed the suspicious item and destroyed it in a controlled explosion. Later authorities said the item was in fact a part of a sprinkler system and not considered dangerous, a police official told United Press International.

Monday's incident follows another false alarm at the port when a truck driver arriving at the entrance drew the suspicion of security personnel when he said he was uncertain of the contents of his truck. The driver -- reportedly of Middle Eastern descent -- and two other men were detained and questioned by authorities. FBI officials said there was no threat and the incident was the result of miscommunication.

Charges Dismissed After Port Scare (MCT)

By David Ashenfelter, Detroit Free Press

McClatchy Newspapers, January 9, 2007

A judge dismissed misdemeanor charges Monday against three Middle Eastern men from Dearborn, Mich., who were arrested during a mix-up Sunday that triggered a terrorism scare at the Port of Miami.

Authorities said they arrested the men because they were suspicious, but an Arab-American civil rights group in Dearborn called it another case of so-called driving while Arab.

"We understand that mistakes happen, but when they happen this often, it makes you wonder," Imad Hamad , regional director of the American-Arab Anti-Discrimination Committee in Dearborn said, referring to the arrests last summer of five Middle Eastern men in Marietta, Ohio, and Caro, Mich., on terrorism charges after they bought hundreds of cell phones for resale.

Terrorism charges in those cases eventually were dropped.

The men in Sunday's incident - Amar Al Hadad , 28; his brother, Hussain Al Hadad , 24; and Hassan El Sayed , 20 - were taken into custody after Amar Al Hadad allegedly told a security guard that he was alone in a cargo truck that was delivering a load of automotive parts.

The FBI said the guard directed the driver to a Miami-Dade police checkpoint to obtain the proper credentials to enter the port. When an officer at the second checkpoint asked the driver if anyone else was in the vehicle and he didn't reply, the officer climbed into the cab and found the other two men. One of the men, El Sayed, couldn't produce identification.

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Amar Al Hadad, who insisted that he never told anyone he was alone in the truck, was charged with resisting an officer without violence. His companions were charged with trespassing. The Al Hadad brothers are from Iraq. El Sayed is from Lebanon. All are permanent U.S. residents.

Miami-Dade County Court Judge Gerald Klein dismissed the charges during a short bond hearing in Miami, agreeing with a public defender that there was no evidence that they had done anything wrong. They were released a short time later.

Authorities said the arrests were warranted.

"Due to a miscommunication between the gate security personnel and the truck driver, we believe there was a discrepancy in the number of people in the vehicle," Miami-Dade police spokeswoman Nancy Goldberg said. "This, and the fact that one of the individuals did not have any form of ID, raised our level of concern."

Hamad said all of the men would continue to live under a cloud because the charges are part of their criminal records.

Despite early media reports, the Port of Miami wasn't closed Sunday and the Dearborn men didn't appear on a terrorist watch list.

The families of the men could not be reached to comment.

Dead Birds Litter Street In Austin; Tests Continue (USAT)

By William M. Welch, Usa Today

USA Today, January 9, 2007

Ten city blocks in front of the Texas Capitol in Austin were closed and the city triggered its terrorism-response plan Monday when dozens of dead birds were discovered along a main thoroughfare.

Congress Avenue was reopened before 1 p.m. after city officials and health experts concluded there was no threat to people.

Initial tests provided no explanation for the deaths of 63 birds. The birds — pigeons, sparrows and grackles — were sent to state and federal veterinary labs for tests.

Adolfo Valadez, medical director of the Austin/Travis County Health and Human Services Department, said the birds may have been deliberately poisoned. Grackles — which are large, noisy blackbirds — and pigeons are often regarded as nuisances.

"We don't have a final cause," Valadez said. "Given all the information we have … we do not feel this was any type of terrorist threat, an intentional poisoning trying to hurt humans."

Police found the dead birds about 3 a.m., city spokesman Gene Acuna said. City officials ordered Congress Avenue and adjacent streets closed well before workers began arriving at downtown offices. Workers in hazardous-materials suits tested the air for contaminants, and workers dissected one of the birds in a search for an obvious cause of death.

"Downtown Austin was shut down pretty much until noon as additional testing was done," Acuna said. "There was nothing in our air sampling that we found that posed any public threat."

Concern about a threat was heightened by the location, directly in front of the state Capitol, and the timing, a day before the Texas Legislature convenes for its 2007 session. That led officials to trigger the terrorism-response plan as a precaution, Valadez said.

"If anything, we've become much more suspicious and prepared" since 9/11 and the anthrax attacks of 2001, he said.

Dead birds were sent to the Texas A&M University veterinary school in College Station and the U.S. Department of Agriculture's National Animal Disease Center in Ames, Iowa. It could take several weeks for tests to be completed, Valadez said.

Besides poisoning, the labs are looking for signs of bacteriological or viral diseases. "These birds might have died a natural death due to infection," Valadez said.

For Airport Screeners, More Training About Muslims (CSM)

By Alexandra Marks

The Christian Science Monitor, January 9, 2007

NEW YORK

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Say you're a security screener at the airport. You notice a large group of people wearing white robes, speaking a strange language. The women have head scarves and the men long beards. They look nervous. One of them is holding a Koran. Another appears to be praying. What do you do?

According to the Transportation Security Administration (TSA), simply assume they're devout Muslims returning from the annual hajj in Mecca.

During the next few weeks, as many as 20,000 American Muslims will be returning to the United States from their pilgrimage to Saudi Arabia. The TSA has ramped up cultural-awareness training for all 43,000 of its screeners. The goal: to remind screeners what to expect from devout Muslims and how to go about screening them so it's in concert with their religious beliefs.

Arab-American and Muslim-American leaders are applauding the effort. But they say it's part of a much-needed larger cultural and political conversation about Islam and Arab culture that can help the nation as it heals from the aftereffects of 9/11.

"Their efforts are a modest but important beginning," says Jack Shaheen, professor emeritus of mass communications at Southern Illinois University. "But until such time that we react to the vilification of and discrimination against Arabs in the same way we react to the vilification of others like Jews, blacks, and Hispanics, I'm not going to go dancing in the streets."

The 9/11 attacks ushered in a new era for the nation's Arabs and Muslims. Many of the almost 7 million who have lived in the country for years, if not generations, suddenly felt suspect simply because of their religion or the way they looked. A poll conducted last year by the Council on American-Islamic Relations found that almost half of Americans have a negative view of Islam, even though 60 percent say they're not knowledgeable about it. More than 1 in 4 believes such statements as: "The Muslim religion teaches violence and hatred." Heightened sensitivities at airports

And it's at the airports, with the intense focus on security, that many American Muslims and Arab-Americans say they are more keenly aware of those misperceptions.

"After 9/11 things were bad, but they weren't as bad as they are now," says Rafat Arain, a dentist and mother of four from Brookfield, Wis.

Dr. Arain, who's lived in the US for 30 years, wears a head scarf known as the hijab. Every time she's flown in the past five years, she's been taken aside for extra screening, whether she was traveling to Europe, Pakistan, or Saudi Arabia for the hajj. She believes, in part, that's because of her head covering. Immediately after 9/11, she says, she understood the extra scrutiny: The country had been traumatized. Now, she's simply come to expect it.

A year ago, when she was at Chicago's O'Hare Airport, she realized that time for one of her five daily prayers was running out. She went to a corner and quietly began to pray. A few minutes later, she noticed a security guard standing at her side.

"He didn't say anything to me. I finished my prayer, then I said 'Hi' to him and just walked away," she says. "But I could tell the people around were scared of me, and that's not good for us or good for our children."

In its hajj training refresher, the TSA is reminding officers that devout Muslims pray five times a day, and to expect it. The TSA also maintains that it does not in any way target individuals based on their background or religious affiliation.

"Our model looks only at behavior and in a way is the antidote to racial profiling," says Christopher White, a TSA spokesman.

He also says the TSA and other law-enforcement agencies are working hard to ensure that no one's civil rights are violated, which is why officials believed the hajj merited additional training.

"We expect a large number of pilgrims, and the hajj training involves providing our security officers reminders about how to screen individuals with head coverings [and] our policies concerning the transport of holy water and other Muslim religious practices, like praying," says Mr. White.

The Council on American-Islamic Relations applauds the special attention. It says it will be checking airports around the country during the next few weeks to ensure all goes smoothly. Complaints about detentions

But at the same time, the civil rights organization says it's seen an increase in reports about perceived discrimination against Muslims, or people who look Muslim. Many of the complaints concern incidents such as individuals being routinely detained for several hours at the airport and being asked intimate questions about their beliefs - whether they pray and at which

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mosque. "These are things that really aren't the business of security personnel," says Ibrahim Hooper, spokesman for the Council on American-Islamic Relations.

Muslim-American leaders say their goal is to reach out to all Americans so they can understand Islam as a religion of peace, respect for neighbors, and devotion to God.

"We're afraid of what we don't understand, and these people look different from us. They have different sounding names," says Nawar Shora, director of diversity and law-enforcement outreach at the American Arab Anti-Discrimination Committee in Washington. "In the post-9/11 era, there's an absolute need for the average Joe and the average Jane to be able to look at their neighbor that looks like one of those brown people and know that different isn't necessarily bad."

TSA Screeners May Get Union Rights (WP)

By Stephen Barr

The Washington Post, January 9, 2007

Take it as a sign of the times.

As part of a bill to follow through on recommendations of the 9/11 commission, House Democrats have included a provision that would give union rights to about 43,000 airport screeners at the Transportation Security Administration.

The TSA has not allowed federal screeners to join unions -- like other federal employees -- since Congress created the agency in 2001 after the terrorist attacks on the World Trade Center and the Pentagon. The Bush administration's ban has drawn steady opposition from federal unions, especially the American Federation of Government Employees.

The provision in the House bill, scheduled for floor action today, is based on a measure sponsored last year by Rep. Nita M. Lowey (D-N.Y.) aimed at permitting screeners to engage in collective bargaining. The Lowey proposal drew bipartisan support but failed to move out of committee by one vote.

The decision by Rep. Bennie G. Thompson (D-Miss.), chairman of the House Homeland Security Committee, to include the union-rights provision can be taken as a signal that the new Congress will be open to the arguments of organized labor on federal personnel issues.

Thompson's provision would require the Homeland Security Department to apply the same management system to all TSA employees, including screeners. With that change, screeners would have the right to decide whether they wanted to be represented by a union and would be given job protections if they blow the whistle on waste, fraud and abuse.

The 9/11 commission did not address union rights or personnel rules but urged improvements in airport screening operations. AFGE maintains that collective bargaining rights help smooth agency operations because labor-management contracts provide a structure for addressing employee issues, including job performance.

Peter Winch, an organizer with AFGE, said the union had asked Democrats to put bargaining rights for TSA screeners "on the agenda for the first 100 hours." He continued, "It does not make sense to keep these employees from collective bargaining rights when other Department of Homeland Security employees have those rights."

The TSA has said that collective bargaining is not appropriate for airport passenger and baggage screeners because of their national security mission and because the agency requires the ability to make personnel staffing changes rapidly in response to threats. In the law creating the TSA, Congress left it to the Bush administration to determine such issues as union rights for screeners.

Asked for a comment yesterday, a spokesman for the Homeland Security Department said he could not discuss pending legislation.

AFGE has fought the TSA ban but has been rebuffed in federal courts. The union has signed up about 1,500 screeners as members and helps them deal with disciplinary actions, workers' compensation and equal employment opportunity, Winch said.

The House provision, if approved, would go to the Senate. Sen. Joseph I. Lieberman (I-Conn.), chairman of the Senate Homeland Security and Governmental Affairs Committee, will support the House provision, his spokeswoman said yesterday.

"The senator doesn't see any national security reason to single out the TSA screeners," spokeswoman Leslie Phillips said. "Other security personnel like customs agents and the Border Patrol have the right to collective bargaining, and that has not impaired their ability to protect American security."

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John Gage, AFGE president, said yesterday that "now is the time for change." The screeners, he said, "deserve equality."OPM Nominee

Howard C. Weizmann has been selected by the president to serve as the next deputy director at the Office of Personnel Management, the White House announced.

Weizmann is the president of the Private Sector Council, a part of the nonprofit Partnership for Public Service.

The council, founded in 1983 by David Packard and other executives, grew out of the Grace Commission, which was chartered by President Ronald Reagan to find ways to save taxpayer dollars and improve government efficiency.

Weizmann has worked for nearly 30 years in a variety of corporate and nonprofit positions. He is a former managing consultant for the Washington, Philadelphia and Richmond offices of Watson Wyatt Worldwide, the human resources consulting firm. His nomination requires Senate confirmation.

A Rotten Smell Raises Alarms And Questions (NYT)

By Sewell Chan

The New York Times, January 9, 2007

It was the odor associated with natural gas — the telltale, unpleasant sulfur scent that typically signals a gas leak. But this time, it was lingering in many areas of Manhattan and northeastern New Jersey, coursing through buildings and leading to fears that it could ignite or that a dangerous chemical had been deliberately released.

Schools and office buildings were evacuated. A subway station was shut, and commuter trains were rerouted. Government security officials were put on alert. Fire trucks raced through the streets, while Coast Guard vessels patrolled New York Harbor, communicating with tugboats and container ships. Twelve people with complaints of minor illnesses or injuries were taken to hospitals.

The source of the odor? As of last night, city officials still did not know. But it lingered for an hour after first being reported around 9 a.m., leaving New York with another mystery on its hands and more than a few conspiracy theories to sort through.

With anxieties about gas leaks rattling the nerves of the city, Mayor Michael R. Bloomberg held a press conference to assure residents that the city's air-quality detectors had found no cause for alarm. He hypothesized that the odor could have been caused by the release of mercaptan, a compound that smells like rotting eggs and is added to natural gas so people can detect and report leaks.

Throughout the day, possible culprits — among them a minor gas leak in Greenwich Village and natural-gas pipelines in northeastern New Jersey — were considered and ruled out.

The olfactory mystery in the New York region was matched by strange activity elsewhere. In Austin, Tex., police cordoned off 10 blocks of the downtown business district early yesterday after more than 60 birds were found dead overnight along Congress Avenue, which leads to the State Capitol. Air testing there failed to find a cause, but preliminary results determined that people were not at risk.

In New York, the piercing odor was the talk of Manhattan, and it called to mind another mystery: the maple syrup odor that people reported smelling on separate days in late 2005 and whose source has never been established. In yesterday's case, several people said they were overcome by the odor.

"I feel faint," said Ivolett Bredwood, a legal assistant who noticed the odor once she stepped off a New Jersey Transit train at Pennsylvania Station around 8:45 a.m. The smell trailed her as she walked to her office, at 99 Park Avenue, which was briefly evacuated. "It's an awful, nasty smell."

The widespread uncertainty and potential for danger led the authorities to take numerous precautions as thousands of reports of the odor flooded into 911 and utility hot lines.

The Metropolitan Transportation Authority briefly closed the subway station at 23rd Street and Avenue of the Americas, as well as a control tower at West Fourth Street. Service was temporarily halted on PATH lines terminating at 33rd Street.

The major gas utilities — Consolidated Edison in New York and Public Service Electric and Gas in New Jersey — checked their transmission lines and reported no leaks, changes in pressure or other abnormalities.

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The city's Department of Environmental Protection dispatched a mobile laboratory to the West Side with meters to test for ammonia, chloride, cyanide, methane, carbon monoxide, hydrogen sulfide and volatile organic compounds. "That's the hardest part, finding the source," said Christopher Haas, a department specialist in hazardous materials. "Air is very dynamic."

Officials were reluctant to discuss terrorism precautions in great detail, but they said that the city regularly monitors the air with machines that can detect the presence of chemical, biological or radiological substances.

At the Port Authority Bus Terminal, some alarmed passengers thought that their buses had problems. And at the Equitable Center, on Seventh Avenue between 51st and 52nd Streets, air vents were closed to keep the odor out. Two schools were evacuated. Norman Thomas High School in Midtown was emptied for about 50 minutes beginning at 9:30 a.m., while students at Public School 11 in Chelsea were taken to Public School 33 nearby.

Jeremy Fleishman, a worker at a computer repair shop in Chelsea, said it smelled as if "somebody left the Bunsen burner on" in chemistry class. By 10:30 a.m., he said, "it mostly dissipated — or maybe we just got used to it."

At 980 Avenue of the Americas, a building that was briefly evacuated, a guard, Ralph Supino of Secaucus, N.J., said he called Con Edison but reached only recorded messages. "They were overwhelmed," he said.

For some, it seemed logical that the odor was tied to some sort of terrorist plot. At 1250 Broadway, which was also briefly closed, a guard, Miguel Contreras of Irvington, N.J., said that thought raced through his mind when he noticed the smell upon arriving at the bus terminal on his way to work.

"You pray to God that everything is fine and it's just a leak somewhere," he said.

Adding to the alarm was the strength and duration of the odor, which may have been aggravated by a weather phenomenon known as a temperature inversion. Inversions, which often occur when a warm front moves over a cooler, denser air mass, cause the temperature closer to the ground to be cooler and the air higher up to be warmer — a reversal of the usual pattern. Inversions can trap pollutants and odors, preventing them from being dispersed upward.

David Wally, a meteorologist at the National Weather Service's forecast office in Upton, N.Y., said a warm front approached the city between 7 and 8 a.m., making it "very possible" that an inversion trapped the pollutants and gaseous odor closer to the ground. The inversion eroded later in the morning, he said.

The city recorded 4,500 more 911 calls than usual between 9 and 11 a.m., with most of the increase in Manhattan. The Fire Department responded to 450 calls, 41 of them for emergency medical assistance.

Dr. Kristin E. Harkin, an emergency-medicine physician at NewYork-Presbyterian Hospital/Weill Cornell Medical Center, said that strong odors can worsen the symptoms of people with chronic respiratory ailments like asthma and emphysema.

Some suspicion fell on New Jersey, given the path of the prevailing winds and the prevalence of chemical and petroleum facilities in the state. Calls about the smell were received in West New York,Weehawken and other places.

In Hoboken, the downtown police headquarters and several office buildings were briefly evacuated, according to Mayor David Roberts, who said he took an anxious call about the smell from his wife.

Jack Burns, coordinator of the Hudson County Office of Emergency Management, in Secaucus, said that officials had ruled out the possibility of a mercaptan spill there. He added, "If it's in New York and people can smell it in western Hudson County, that's a lot of it, whatever it is."

Michael Williams, an accountant in Jersey City, said he delayed taking a smoking break for more than an hour because the odor was so intense. "I didn't want to spark an explosion or anything," he said.

Public Safety And Profit: On The Same Wavelength? (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 9, 2007

Morgan O'Brien got rich the old-fashioned way, cobbling together small companies to make a big one that you've come to know as Nextel Communications.

Now O'Brien wants to get rich the Washington way -- using lobbyists. He's hired a bunch of big guns to get control of more than $5 billion worth of broadband spectrum. He wants it for a noble cause: to help first responders communicate during emergencies. But O'Brien also hopes to manage the valuable space, and that work just might make him his second fortune.

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Several lawmakers, economists and interest groups are outraged. They wonder why the government should, essentially, hand over such a prime asset. "It's a get-rich-quick scheme to the tune of billions of dollars," said Jeffrey A. Eisenach, a former policy aide at the Federal Trade Commission and the White House budget office.

O'Brien defends his idea as a prudent investment for Americans who have too often seen medical and police services fall apart when serious crises strike. "I can't imagine a better or more satisfying business," he said.

O'Brien's company, Cyren Call Communications, wants Congress to set aside 30 megahertz of radio spectrum (that's a lot) now scheduled to be auctioned off early next year. Cyren Call's consultants include Wexler & Walker Public Policy Associates, the Fritts Group (run by Eddie Fritts, the ex-president of the National Association of Broadcasters), and soon (O'Brien hopes) Tom Ridge, the former secretary of Homeland Security.

Cyren Call wants the government to place the spectrum into a trust, which would, with private funding, build a nationwide wireless network for emergency workers intended to prevent the kind of communications breakdowns that happened after Hurricane Katrina and the Sept. 11, 2001, attacks. When first responders are not using the system, commercial customers could.

By managing the venture, Cyren Call hopes to make its money. Thanks to the company's prodding, the proposal has been endorsed by the International Association of Chiefs of Police and the Association of Public-Safety Communications Officials-International, among other first-responder groups.

"It's a Robin Hood plan," Fritts said. "It takes from the rich and gives to the poor -- first responders."

But others see it as a money grab using first responders as a front, and they are fighting to stop it. "O'Brien's proposal is based on a lot of promises that we believe he can't keep," said Christopher Guttman-McCabe of CTIA-the Wireless Association. Also opposed are Rep. Fred Upton (R-Mich.), former chairman of the House's telecommunications subcommittee, and the Consumer Electronics Association.

Opponents note that public safety agencies are already guaranteed by law to receive 24 megahertz of spectrum and have not found a way to use it all. They also question O'Brien's financing and doubt that he can attract enough money to construct the system.

At first, O'Brien wanted the spectrum to be placed into trust without any fees to the U.S. Treasury. But after an outcry, he now proposes to pay $5 billion, an amount he would raise with the aid of federal loan guarantees -- a distinction without a difference to Cyren Call's many critics.

O'Brien said he chose the company's name because it is a high-tech version of "siren," which means both a mythological nymph whose beautiful songs lured ancient ships into the rocks and a loud blast that warns people to get out of the way.

So far, it has a lot of people wailing.The Majority Begins to Cash In

If you're a lobbyist, you can't even buy a burger for House Majority Leader Steny Hoyer (D-Md.) under new House rules. But on Jan. 31, you can give "Hoyer for Congress" $1,000 and join him at a reception at the Hay-Adams Hotel.

For $5,000 from your political action committee, you can get really cozy with him at a "VIP private reception" that same night.

Hoyer's event will benefit his own reelection committee. But the Democratic National Committee is looking to cash in on its members in top spots on the Hill and will be featuring some new committee chairmen at fundraisers in the coming months.

Next Wednesday it's soliciting up to $15,000 per PAC for an event at Johnny's Half Shell honoring the new chairman of the House Ways and Means Committee, Rep. Charles Rangel (D-N.Y.).

Lobbyists will donate lavishly and show up in droves, but they will also point out the hypocrisy. "I am prohibited from buying a staff member a $20 lunch, but I can pay $1,000 or more to talk with that staffer's boss at a political fundraiser," said Howard Marlowe, former president of the American League of Lobbyists. "That's not what I call reform."Stop That Spin

Democrats have promised to practice the highest ethics as they take the reins on Capitol Hill. But the House's new travel ban is "being hyped as broader than it is," said Jan W. Baran of Wiley Rein & Fielding.

For instance, lobby groups can still take lawmakers and staffers on short trips -- limited to a day and a night or, possibly, two nights. Institutions of higher education, which spend hugely on lobbying, and nonprofit foundations can provide travel without restrictions. And lawmakers can use campaign funds to visit lobbyists' meetings -- and then hold a fundraiser once they get there to offset the costs.

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"It's a partial ban," said Baran, one of Washington's top ethics experts. "But it doesn't have as many holes as the gift ban, which has 23 exceptions."Democratic Hires of the Week

The Federalist Group, to no one's surprise, was once all-GOP, but it's been on a Democratic hiring spree. Its latest addition: Moses Mercado, ex-deputy executive director of the Democratic National Committee. It also plans to change its name to something less, well, Republican-sounding.

Akin Gump Strauss Hauer & Feld last week snared a top Democratic tax lobbyist, Robert J. Leonard, formerly chief counsel of the Ways and Means Committee. Citigroup has hired two D's: Paul Thornell, who worked in the Clinton White House, and Robert D. Getzoff, formerly with Rep. Rahm Emanuel (D-Ill.). And the law firm Covington & Burling added former representative Michael Barnes (D-Md.) as a senior of counsel.

The revolving door rotated the other way, too. Daniel A. Turton, a former lobbyist for Timmons & Co., which represents corporate clients such as the American Petroleum Institute and DaimlerChrysler, is chief of staff to the House Rules Committee. Sean Kennedy, a former lobbyist for AT&T, has also returned to Congress as chief of staff to Sen. Claire McCaskill (D-Mo.).

Study: People Outside Senate Office Infected With Anthrax (USAT)

By Steve Sternberg

USA Today, January 9, 2007

A Navy-led analysis of the anthrax attack on Sen. Tom Daschle's office in October 2001 has uncovered evidence that anthrax spores released in the Hart Senate Office Building infected people outside the building.

The researchers could not pinpoint where the four exposed people worked or where they encountered the airborne spores. They apparently fought off infection without getting sick, but they turned up in a group of 20 people who were "outside the building and presumed to be unexposed," says the study in the Jan. 15 Journal of Infectious Diseases.

"We couldn't believe it," says Navy Cmdr. Daniel Freilich, one of the study's authors.

Samples from people who were exposed and from those outside the building were collected during the initial investigation, when epidemic investigators collected 6,000 swabs from noses and throats of people in and near the Hart Building and tested them for anthrax. The investigators also collected blood from people who were known to have been exposed and from people serving as controls.

The surprise finding supports previous analyses indicating that the spores were engineered to float long distances in the air. Environmental samples revealed that spores penetrated so far into the Hart Building that the structure had to be fumigated.

The study's objective was to examine how the body's defenses respond to inhaled anthrax. Researchers focused on 124 people inside and outside the Hart "exposure zone." Two subjects had been vaccinated against anthrax before the attacks. All those with known or presumed exposure were vaccinated and given antibiotics.

Researchers found for the first time that anthrax exposure activates both major arms of the immune system. It unleashes biological antibodies to the anthrax bacteria's two deadly toxins and activates killer white blood cells that wipe out infected cells.

The presence of white blood cells in samples taken from those far from the exposure zone tipped researchers off that people outside the Hart Building were infected. The finding suggests that, in future attacks, these cells may help identify infected people and map the exposure zone, Freilich says.

Stephen Morse of the Center for Public Health Preparedness at Columbia University says the paradox that those outside the Hart Building were infected by anthrax but didn't get sick suggests that if you're young and healthy, "you might be able to get a few spores, get an immune response that's protective and survive."

Morse, who wasn't involved in the study, says it "reopens a critical question: How big a dose is necessary to cause disease?"

An encouraging finding is that anthrax vaccine, designed to protect against one of two toxins that make anthrax lethal, boosts immunity to both in people who are injected after they've been exposed.

"If you give antibiotics and vaccine early on, no matter how high the exposure, it looks like people generally will do fine," Freilich says.

State Farm Is Settling Gulf Claims (NYT)

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By Joseph B. Treaster

The New York Times, January 9, 2007

State Farm, the biggest home insurer in the nation, is in the final stages of settling hundreds of lawsuits over its payments for homes wrecked by Hurricane Katrina along the Mississippi Gulf Coast, lawyers briefed on the talks said yesterday.

The settlement of 639 lawsuits for $80 million could be the first step in resolving a bitter legal battle between homeowners and their insurers that had threatened to drag on for years and has already slowed Mississippi's recovery since the storm in August 2005.

As part of the proposed deal, which other insurers are expected to adopt, State Farm has agreed to review and possibly increase payments to as many as 35,000 additional homeowners. In some cases, these homeowners received only a few thousand dollars for homes along the Mississippi coast that suffered major damage or were destroyed.

The talks do not apply to homeowners in New Orleans and the rest of Louisiana.

State Farm, under the tentative accord, would provide an average of about $125,000 to homeowners who filed lawsuits, although the payments would range from as little as about $2,000 to about $2 million.

The treatment of those cases would serve as a guide for increasing payments to any of the 35,000 homeowners who request a review of their claim, according to lawyers privy to the details.

Similar settlements with the dozen or so other insurers in Mississippi could provide hundreds of millions of dollars for recovery along the coast. It would also close a painful chapter in the public relations history of the carriers who have been portrayed by opposing lawyers as coldhearted in refusing to pay for much of Katrina's devastation.

"This is an opportunity to change public perception," said Randy Maniloff, a lawyer in Philadelphia who represents insurance companies, and who has not been involved in the talks.

The heart of the dispute in Mississippi as well as in Louisiana has been over the coverage of flood damage. Flooding was far worse in Katrina than in most previous hurricanes.

The insurers argued successfully in Mississippi that their policies did not provide coverage for any kind of flooding. But Judge L. T. Senter Jr., of Federal District Court in Gulfport, Miss., rejected the argument by insurers that if any flooding damaged a house, the insurers then had no responsibility for any other damage caused by Katrina's high winds.

More than 2,000 homeowners in Mississippi alone filed suit against their insurers. Under terms of the tentative settlement, State Farm would pay at least $50 million for claims that were previously closed, and some lawyers say the cost for State Farm could run into the hundreds of millions of dollars, depending upon how many homeowners requested their files be reopened and the extent of damage to their houses. A similar deal with other insurers could lead to an estimated 100,000 other closed claims being re-examined, lawyers briefed on the talks said.

Insurance experts said State Farm's willingness to engage in settlement talks should not be interpreted as a concession that it did anything wrong. They said a final agreement would almost certainly say, in effect, that State Farm was neither acknowledging nor denying objectionable practices. Further, they said, State Farm would not want to set precedent on future payments for flood damage from hurricanes.

"They're willing to settle," said Gary S. Thompson, a Washington lawyer who represents individual and commercial policyholders, "because they know they would have to go through a long, arduous journey examining each and every claim."

That could take years, some lawyers said. In the meantime, State Farm's reputation would be further battered and, facing any jury drawn from the ranks of Mississippi's hurricane victims, State Farm could easily "lose most of the cases," Mr. Thompson said.

Jury selection began yesterday in federal court in Gulfport for the first trial against State Farm over Katrina damage. That case, which was not part of the settlement talks, was filed by Norman and Genevieve Broussard. Only the foundation slab of their home in Biloxi remained after the hurricane. State Farm refused to pay their claim, saying all the damage was caused by floodwaters.

The insurers have already paid $5.2 billion for damage to homes throughout Mississippi for Katrina and $10.3 billion for damage in New Orleans and other parts of Louisiana.

To close the deal, State Farm wants the approval of Mississippi's attorney general, Jim Hood, and the state's insurance regulator, George Dale, lawyers close to the talks said. As a condition of the deal, these lawyers said, Mr. Hood would be required to drop a criminal investigation into State Farm's handling of claims as well as a civil lawsuit against State Farm and other insurers.

In a statement late yesterday, Mr. Hood said: "I am working day and night attempting to get our coastal residents a fair shake in the insurance litigation." He added, "It would not help our negotiations to disclose any details at this time."

Lee Harrell, a deputy to the insurance commissioner, would not comment on the talks but said that the regulators consistently monitored insurance agreements to make sure that they were fair to both policyholders and the insurers.

Phil Supple, a spokesman for State Farm, acknowledged that the insurer had been in settlement talks but he said that a final agreement had not yet been reached. "At this point," he said, "we have no settlement."

He said State Farm would absolutely like to settle the cases: "We see it in the best interest of policyholders, the Gulf Coast of Mississippi and State Farm."

Richard F. Scruggs, who has been leading a team of about a dozen lawyers against State Farm, said that talks toward a settlement began early last fall and that he hoped to see a final agreement this week. "All the details are finalized," he said.

The last element, he said, was the approval of the attorney general and the insurance commissioner. "We are awaiting," he said, "a decision from the state officials who have helped craft the settlement."

In New Orleans, These Gumshoes Can Float Your Boat (WSJ)

By Daniel Machalaba

The Wall Street Journal, January 9, 2007

NEW ORLEANS -- Scott Chappuis was relieved when he returned to his New Orleans neighborhood after Hurricane Katrina and saw that his house had survived a 17-foot-high surge of flood water.

But there was one problem. A big shrimp trawler called the Chris & Shane was marooned in the yard. More than a year later, it was still there.

Nobody showed up to claim the 63-foot boat. The U.S. Coast Guard refused to haul it away because it is responsible only for vessels in navigable waterways. A contractor who had volunteered to help quit when the Chris & Shane started leaking diesel fuel. He didn't want to incur potential environmental liability.

The mess landed on the desks of John Rogers and R. Bruce Hammatt, of the Louisiana Department of Environmental Quality. They became gumshoes of last resort for an estimated 1,000 to 2,000 commercial and recreational boats that are still strewn across parking lots, roads, marshes and other odd spots throughout southeastern Louisiana.

It takes a lot of detective work to reunite orphaned boats with their owners. Many phone lines were never restored after the hurricane. Some owners scattered by the storm haven't returned, while others either figured that their boats had sunk or had been sucked out to sea. Some just don't care because they were paid off by insurers. Katrina also left some boat owners too poor to afford removal costs that can run as high as $90,000 for large vessels that need cranes, trucks and other heavy equipment to haul them away.

The flotilla of abandoned boats is a reminder of the fitful recovery. The city's population is still less than half the prestorm level of about 437,000 in July 2005. Population has rebounded in some suburbs, but many areas remain wrecked. Whole neighborhoods that were flooded, such as the Lower Ninth Ward, are largely empty and uninhabited. Currently only 49% of the public schools have reopened and only 17% of city buses in New Orleans are running, according to Brookings Institution, which publishes monthly updates on the city's post-Katrina recovery.

One pontoon dock beached near the hurricane-ravaged city of Slidell sprouted a cypress tree, and residents had plans to trim it with Christmas lights, tinsel and ornaments. "We were going to make a real party out of it," says Danny Green, a retired state trooper. But after the Times-Picayune ran a newspaper story about it, local officials had the hulk hauled away by truck.

Ruptured fuel tanks are seeping diesel fuel and oil into the ground and marshes. Cars must maneuver around a thicket of fishing vessels encroaching on a state highway in eastern New Orleans. About six boats are piled up at one end of a bridge in

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Empire, La., near the mouth of the Mississippi. After Katrina, the Coast Guard quickly restored boat traffic up and down the river, but many marshes and bayous remain snarled with boats and debris.

Coast Guard officials removed about 800 boats that were deemed a threat to shipping. Then a joint state-federal disaster-management team asked the Louisiana Department of Environmental Quality to take over the job, which involves dealing with frazzled boat owners and residents.

Messrs. Rogers and Hammatt barely knew each other before they teamed up in May, when Mr. Hammatt started wrangling with contractors hired to remove marooned boats. An administrator and adviser at the Department of Environmental Quality, he brought intensity to their detective work. "It's Hammatt, like damn it," said Mr. Hammatt, 52 years old, to one property owner recently.

Mr. Rogers, 61, spent weeks on the case of a pontoon-style party barge bearing a registration number that didn't pop up in a computer search. The break came when he realized that a "6" in the number actually was a storm-battered "8." The owner didn't want the boat, so it was sold for $1,251 through an online auction, with the proceeds going to the Federal Emergency Management Agency, which picks up certain boat-removal costs.

Once or twice a week, the two men sign out a vehicle from the DEQ motor pool in Baton Rouge and hit the road to hunt for clues and wrestle with the paperwork and personalities that must be navigated in every boat rescue. Lyle Stockstill, who runs his family's fuel dock and the Ugly Duck bar in Empire, was cooking oxtail soup last month when Messrs. Rogers and Hammatt pulled up with a "right to entry" form that would give a contractor permission to haul away crushed boats near his three-story house.

"It's terrible," Mr. Stockstill said later. "I have my place fixed up, but I have this junkyard in front." He said his wife would sign the form, adding that he would be happy to see the boats removed.

Messrs. Rogers and Hammatt are patient with struggling boat owners who show signs of trying to take responsibility for their beached vessels. At a stop to check on a trawler called Lucky Boat, they saw wooden blocks under the boat and a cleared section of sugar-cane field. "This is excellent," Mr. Hammatt said.

They have spent the past six months working on the Chris & Shane project next to Mr. Chappuis's house. It wasn't hard to track down the shrimp boat's owner, Jules B. Kain Sr., who had tied the craft to a dock as Katrina was approaching. Mr. Kain didn't have the money to move his boat, named for the children of its original owner. He lives in a FEMA trailer because Katrina wrecked his house in the Violet community of St. Bernard Parish.

"The last two years of trawling weren't that great," says Mr. Kain, 70. "We were just surviving."

This time, the roadblock was that Mr. Chappuis, a New Orleans Fire Department captain, refused to sign a "hold harmless" agreement waiving his right to sue over any damage or injuries that might occur during the boat's removal. Mr. Rogers, who had lined up $114,000 in federal funding to pay for getting rid of the trawler, says that for months the department cajoled Mr. Chappuis to sign the document. Finally, he threatened to simply leave the Chris & Shane in Mr. Chappuis's yard forever. The homeowner relented.

Last month, giant air bags were inflated under the boat, and a tractor pushed on the stern, plunging the Chris & Shane back into the water. A work boat towed away the freed vessel to be sliced into scrap metal.

Mr. Rogers joked that Mr. Chappuis wouldn't have the "biggest lawn ornament" anymore. "Right," Mr. Chappuis replied, then walked away. He says he'll miss the boat "like a headache or a hemorrhoid."

WAR NEWS:

Bush Considers Expansion Of Up To 20,000 Troops (USAT)

By David Jackson

USA Today, January 9, 2007

WASHINGTON — President Bush will address the nation at 9 p.m. ET Wednesday about his new approach for the war in Iraq, the White House said. Bush is expected to announce an increase of up to 20,000 U.S. troops.

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White House press secretary Tony Snow said Monday that Bush "understands there is a lot of public anxiety" about the war. On the other hand, he said that Americans "don't want another Sept. 11" type of terrorist attack and that it is wiser to confront terrorists overseas in Iraq and other battlegrounds rather than in the United States.

Snow said he contacted television networks Monday morning to request air time for the president's speech, to be delivered at the White House. He said the administration welcomes a debate about Bush's new policy.

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"I think it's important to get congressional support," the spokesman said. Yet he would not say whether Bush will seek specific congressional approval for his new strategy.

"Rather than me jumping out and talking about resolutions and budget items and all that, I'm not going to do it," Snow said. "But there will be a debate about the particulars in the way forward, as there should be. We welcome it."

Bush's decisions, more than two months in the making, already are drawing criticism from new Democratic leaders in Congress who say it is time to begin ending the war, not to send in more U.S. forces.

The proposal also includes new programs for jobs, reconstruction and political assistance in Iraq, according to two administration officials who have been briefed on it.

The officials, who spoke on the condition they not be identified because the president has not made final decisions, said increases would come in phases that could add up to 20,000 troops over the next several months. It is unclear how long the additional troops would stay.

The plan includes up to $1 billion in economic assistance, such as job creation and reconstruction projects, the officials said. It also calls for political assistance, including help for human rights groups and political organizations, in an effort to promote peaceful reconciliation among warring Shiite and Sunni factions.

Previous reconstruction efforts have faced serious problems and controversies, including repeated power outages and the awarding of no-bid contracts to U.S. companies.

Elements of the plan emerged over the weekend in The Wall Street Journal and The New York Times.

The Times reported today that the new policy will set out a series of benchmarks that the Iraqi government will be expected to meet to try to ease sectarian tensions and stabilize the country politically and economically.

The newspaper, quoting unidentified senior administration officials, said these goals would include measures to bring more Sunnis into the political process, finalize a plan for distributing oil revenue and ease the government's policy toward former Baath Party members.

Iraqi Prime Minister Nouri al-Maliki has announced plans to increase the number of local forces in Baghdad.

House Speaker Nancy Pelosi, D-Calif., appearing on CBS' Face the Nation, said Sunday that Bush would have to justify any troop hike to the new Congress. "This is new for him because up until now, the Republican Congress has given him a blank check with no oversight, no standards, no conditions," she said.

On Friday, Pelosi and Senate Majority Leader Harry Reid, D-Nev., sent a letter to Bush opposing any U.S. troop increase. The letter said, "Surging forces is a strategy that you have already tried and that has already failed."

White House spokesman Alex Conant noted that Pelosi said she wants to succeed in Iraq, and "we're interested in any ideas that lead to success."

"The president looks forward to addressing the American people next week on the way forward in Iraq," Conant said.

In developing a new Iraq policy, the administration has changed the military leadership in Iraq.

Gen. David Petraeus, a supporter of U.S. force increases in Iraq, will head the multinational force there. He'll replace Gen. George Casey, who expressed skepticism over whether an increased U.S. military presence would be productive, and is being promoted to Army chief of staff.

Bush has also accepted the Pentagon's recommendation that Adm. William Fallon replace the retiring John Abizaid as head of the U.S. Central Command, which includes Iraq.

The administration is stepping up diplomatic efforts in the region. Secretary of State Condoleezza Rice will travel to the Middle East soon to discuss negotiations between the Israelis and Palestinians. Bush has been skeptical, however, about direct talks with Syria and Iran.

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Bush would have support for a troop surge from at least two prominent senators, John McCain, R-Ariz., and Joe Lieberman, I-Conn. Both said a troop increase would help quell sectarian violence.

Bush To Reveal New Iraq Strategy (WT)

By Stephen Dinan And Rowan Scarborough

The Washington Times, January 9, 2007

President Bush is hoping to reset the political debate tomorrow night and spur Congress to reconsider what can be accomplished in Iraq when he lays out his new war strategy, which is expected to include a temporary increase of 20,000 troops.

The president put the finishing touches on the new diplomatic and military teams yesterday that will put his plan into place, tapping the current ambassador to Iraq, Zalmay Khalilzad, to become ambassador to the United Nations and naming Ryan C. Crocker, the ambassador to Pakistan, to replace Mr. Khalilzad in Baghdad.

That comes two months after Mr. Bush named a new secretary of defense and just days after he nominated new military leaders to oversee the conflict.

The Pentagon has drawn up options for sending about 20,000 troops, or four brigades, whose main task would be to quell the violence in Baghdad, block by block, and not let insurgents return once they are routed.

Some of the increase would come from keeping some units in Iraq longer than planned, sending other units earlier than planned and possibly diverting troops from other regions.

The White House is also creating an economic package that will be tied to certain conditions. The figure of $5 billion has been mentioned. Congress has appropriated more than $30 billion in reconstruction and redevelopment money since the war began in 2003.

White House press secretary Tony Snow would not talk about details of the president's 9 p.m. speech but said the president knows he has a job to do persuading lawmakers and the American public to support the effort.

"It's important to rebuild the sense of political unity," he said.

Many Democrats have already lined up against the strategy, saying Mr. Bush is trying to escalate U.S. involvement rather than begin withdrawing U.S. forces, as they want. But it was not clear what options are open to them.

Sen. Barack Obama yesterday said he is "investigating" whether Congress could block funding for a troop surge "without potentially reducing the resources that are available to the troops that are" in Iraq.

"It's not clear that that can be done, that you can segment off budgets for the troops that are already there from additional troop levels," said Mr. Obama, Illinois Democrat. "It creates a difficult situation for Democrats."

House Appropriations Committee Chairman David R. Obey, Wisconsin Democrat, said it is "very complicated" to chop a troops appropriations bill into pieces, and House Speaker Nancy Pelosi, California Democrat, said withholding funds for U.S. troops is "off the table."

Mr. Snow said the White House hopes critics take time to evaluate what Mr. Bush proposes.

"I know it's tempting to think: Boy, this is going to set off big old political firestorm, and it very well may. But on the other hand, it may actually set off a period of reflection and constructive activity," Mr. Snow said.

The president does have some supporters.

Sen. Joe Lieberman yesterday renewed his calls for Congress to support sending roughly 20,000 more troops to Iraq.

"In war, there are two exit strategies. One is called victory. The other is called defeat," said Mr. Lieberman, Connecticut independent. "America has too much on the line in Iraq to accept defeat."

He and Sen. Lindsey Graham, South Carolina Republican, sent a letter to the president urging him to increase troop levels and calling redeployment and withdrawal "the option of losing."

British Prime Minister Tony Blair, Mr. Bush's strongest Iraq war ally, said he will make it clear this week that Britain will not send more troops to Iraq, London's Daily Mail reported. It said Mr. Blair will insist that the United Kingdom will stick to its own strategy of gradually handing over to the Iraqi army.

In the run-up to the speech, Mr. Bush has revamped his diplomatic and military teams.

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Last week, Mr. Bush nominated John D. Negroponte to assume the open slot as deputy secretary of state and tapped retired Navy Adm. Mike McConnell to take Mr. Negroponte's old post as director of national intelligence.

As for the military team, Mr. Bush accepted the resignation of Defense Secretary Donald H. Rumsfeld a day after the November elections, saying he wanted a "fresh perspective" on Iraq. He is also replacing Gen. John Abizaid, his top regional commander for Iraq, with his Pacific commander, Adm. William J. Fallon. In doing so, he is bypassing the man who many thought would get the job, Army Lt. Gen. Peter Chiarelli, who served last year as the tactical commander in Iraq.

The top commander in Iraq, Army Gen. George Casey, is being replaced by Lt. Gen. David Petraeus, who led the training of Iraqi forces earlier in the war. Gen. Casey will be nominated as Army chief of staff, as Gen. Peter Schoomaker retires.

White House Gears Up To Sell Plan For Troop Increase In Iraq (NYT)

By Sheryl Gay Stolberg

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — The White House is planning an aggressive effort to sell Congress and the American public on President Bush's new strategy for Iraq, beginning with a prime-time address to the nation on Wednesday night, followed Thursday by a presidential trip to Fort Benning, Ga., and appearances on Capitol Hill by the secretaries of state and defense.

With Democrats vowing to oppose any plan to send more troops to Iraq, and some Republicans openly skeptical, Mr. Bush and his aides are already in the thick of an intense sales pitch. It began on Monday, when the president had back-to-back meetings with Republican senators, urging them to hear him out before passing judgment on his plan.

The sessions stood in stark contrast to the bipartisan meetings Mr. Bush held with lawmakers on Friday. Senators attending those sessions said that Mr. Bush was careful not to reveal his thinking about whether he was committed to the plan to increase troops. By Monday, though, he made his intentions clear.

"It was clear that he has thought long and hard about this change in strategy," said Senator Lindsey Graham, Republican of South Carolina, who supports the troop increase. "He emphasized that this is not just about more troops. That's just one small component of it. It's a change in economic, military and political strategy."

White House officials were still planning details of the speech on Monday. The president's aides were contemplating having Mr. Bush deliver it from the White House Map Room, a site replete with the history and imagery of World War II — imagery that Mr. Bush has invoked as he has sought to compare the campaign against terrorism to the struggle against totalitarianism and the Nazis. But the Oval Office, a more traditional setting, was also being considered.

Mr. Bush's aides are planning a highly orchestrated introduction of the plan. Before Wednesday night's speech, which is expected to last about 25 minutes, reporters will receive briefings from senior administration officials, and leading members of Congress will be notified of the president's intentions.

On Thursday, Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates are scheduled to testify before Congress, and both are expected to make trips to the Middle East soon to drum up support from international allies.

"All the world is really watching," the White House press secretary, Tony Snow, said Monday, "and it is important to get this right."

The president himself will go on the road on Thursday, to Fort Benning, a site chosen because its soldiers are heavily involved in operations in Iraq. A senior administration official involved in shaping the strategy said the president would follow Wednesday night's speech with less formal remarks to the troops.

"He will thank them, and explain, just like he will have the night before to the American people, some of the specifics of the new way forward," the official said.

The official said the strategy also included continuing consultation with members of Congress. "It's not just one speech. This is so complicated you couldn't do it all in one speech. So there will be an ongoing and sustained effort to educate the American people."

Despite Mr. Bush's insistence that he does not govern by polls, the White House is acutely aware that the vast majority of the American public disapproves of the job Mr. Bush is doing in Iraq. But advisers to the president believe that the public is willing to give Mr. Bush another chance — especially if he puts forth a policy that is heavy on specifics.

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The president's advisers are also mindful of polls showing that while the public wants the situation to improve in Iraq, it does not necessarily favor immediate withdrawal.

"They're going to cast it as a choice between withdrawal and surge," said one Republican strategist close to the White House. "The public is not for immediate withdrawal or even a quick withdrawal, but they're not for the status quo. I think they feel as if the public is more likely to support the president's position, which is putting a stake in the ground in Iraq and saying were going to try to win."

The hope is that Mr. Bush can win over the public, and bring Congress along. But it might be a tough sell. At the White House, Mr. Bush told skeptical senators that he came away from a recent meeting in Jordan with Prime Minister Nuri Kamal al-Maliki of Iraq persuaded that Mr. Maliki was committed to moving toward national reconciliation.

At least two Republicans, Senators Gordon Smith of Oregon and Olympia Snowe of Maine, said they were not convinced.

"I expressed reservations," Ms. Snowe said. "I said, 'Why should we expect any different result than previously,' that I didn't believe the Maliki government had demonstrated the political will or capacity or resoluteness for reconciliation, that the reason Americans are not supporting the war is because they see Iraqis fighting among themselves rather than for themselves, and I didn't see the surge addressing the root causes of the violence."

Mr. Smith, who delivered a speech on the Senate floor before Christmas saying he was at the end of his rope on Iraq, said: "What this sets up is a classic war powers confrontation between the White House and the Congress. Clearly he has the powers to commit troops; the question is whether the Congress has the convictions to deny funding."

The senator said he, for one, does not have the appetite for that. "It would be a dishonorable thing," he said, "to budget away the bullets."

A Big Speech Is A First Step; Follow-up Key (USAT)

By David Jackson

USA Today, January 9, 2007

WASHINGTON — When President Bush addresses the nation Wednesday about a "new way forward" in Iraq, it will be just the first of many steps he'll take to sell his plan to Congress and the public.

Presidents have long made the most of their bully pulpit to set the tone for the nation or to deliver news, whether it was Franklin Roosevelt telling a Depression-ravaged nation in 1933 that "the only thing we have to fear is fear itself" or Lyndon Johnson shocking the country in 1968 by using a speech about Vietnam to say he would not run for re-election.

Whether a presidential speech can make a difference depends on the follow-up, analysts say.

"All he can do is start a long-term process, which is going to require performance much more than promise," says George Edwards, a political science professor at Texas A&M University.

Bush addresses the nation at 9 p.m. ET Wednesday, then goes to Fort Benning in Georgia on Thursday to discuss the war in Iraq with Army troops there. Bush has been considering many options for the Iraq war, including a temporary increase in the number of U.S. troops in Iraq.

Members of Bush's Cabinet, including Defense Secretary Robert Gates and Secretary of State Condoleezza Rice, will explain the plan to Congress during hearings that begin Thursday.

Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania and co-author of a book on presidential rhetoric, Deeds Done in Words, says it is rare for presidents to turn around public opinion with a single speech. Major addresses, however, can set the stage for public support later if policy changes are working.

"He's confronting the public perception this is a failed policy," Jamieson says.

Presidential counselor Dan Bartlett declined to discuss details of Bush's speech or the marketing plans for any policy changes. He says the address will explain a new strategy and try to convince the country that failure in Iraq would undermine national security.

"The American people need a steady diet of information and context for what's happening," he says.

Bartlett played down expectations for Bush's speech. "Facts on the ground and events determine public opinion more than anything," he says.

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Bush's speech comes nearly four years after the war in Iraq began. Since then, the public has grown more skeptical that the war can be won, according to the latest USA TODAY/Gallup Poll.

Diane Heith, an associate professor of government and politics at St. John's University in New York City, says the public could reward Bush for attempting to change course in Iraq. She notes, however, that the public has become "almost used to the negativity associated with the war. I think they're going to be pretty skeptical about a change of plans."

Bush hopes words will carry weight

President Bush has delivered several memorable speeches during his six years in office, most of them dealing with the aftermath of the 9/11 terrorist attacks. Bush has billed these addresses as critical to building support for his initiatives, but the results have been mixed.

Lawmakers Get Private Surge Pitch (LAT)

By Maura Reynolds

The Los Angeles Times, January 9, 2007

WASHINGTON — President Bush began a weeklong hard sell of his new Iraq policy Monday, meeting with groups of senators at the White House in an effort to convince them that the best way to bring U.S. troops home from Iraq is to send more, at least for a while.

Some said the president accomplished that goal; others said he did not.

"Iraq is the central front in the global war against radical Islamic terrorism. If we abandon that nation today, we risk the very same situation that gave rise to the Taliban in Afghanistan and one that created a safe harbor for terrorists like Al Qaeda to plan attacks against our people," said Sen. John Cornyn (R-Texas), a member of the Senate Armed Services Committee who attended one of the meetings.

"I'm not for the surge," said Sen. Gordon H. Smith (R-Ore.), who attended another. "Does political process beget security or does security beget political process?

"I think he understands that he's betting his presidency, his place in history, on this coming out well."

Bush did not detail the proposal he will lay out Wednesday evening, senators said. But Smith said the president appeared to be planning to send 20,000 additional troops to Iraq, primarily to stop sectarian violence and foster a better climate for political reconciliation.

"It was clear to me that a decision was made for a surge of 20,000 additional troops," said Smith, who also serves on the Armed Services Committee. "He did not affirm that that would be the number, but he said roughly … that amount. I understood it as a hypothetical."

Sen. Lindsey Graham (R-S.C.), who supports a troop increase and is also on the committee, said Bush "understands that giving the Iraqis the ability to stabilize their government … is not an unending commitment by the American people."

But Graham said Bush believed that setting a timeline would be a mistake.

"He'll be supportive of benchmarks, but not timetables," Graham said.

The outcome of November's election — in which public dismay over the war led to large Republican congressional losses — has put the administration under increasing pressure to withdraw U.S. forces from Iraq.

That pressure was heightened by the report of the Iraq Study Group, also known as the Baker-Hamilton commission, which called for troops' return to start by 2008.

Instead, military leaders and the White House have begun to argue for a troop increase, which they say will turn the tide against the insurgency.

Critics deride the "surge," as it is known in Washington, as an escalation that will lead to more American deaths.

In his meetings Monday, Bush made his case for the surge, arguing that it was more likely than previous plans to work because it was drafted by Iraqi Prime Minister Nouri Maliki and his government.

In particular, Smith said, Maliki is to pledge a specific number of Iraqi troops, reduce factionalism in his own forces and stop shielding key Shiite militia leaders.

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The troop increase "is based on the president's belief that the political processes have been overtaken by sectarian violence, and sectarian violence needs to be quelled so political processes can be restored," Smith said. "It is his faith in Prime Minister Maliki that leads him to tack into the winds of American public opinion."

Smith is one of a number of moderate Republicans who are skeptical of the president's plan. Most Democrats oppose it.

Bush is expected to meet with more members of Congress today.

"My own sense is that what is driving the president is his belief that this is winnable — that the Iraqis are now coming to the table to keep their part of the bargain and that ultimately the American people want victory and a way forward to success," Smith said.

"He hopes to lay out a path to that success [Wednesday] night that will rewin the support of the American people. There are a lot of ifs in that."

On Thursday, Bush plans to fly to Ft. Benning, Ga., the home of Army infantry, to visit with soldiers.

White House Press Secretary Tony Snow said that despite the opposition of House Speaker Nancy Pelosi (D-San Francisco) and Senate Majority Leader Harry Reid (D-Nev.) to an increase in troops, they and the president were not necessarily headed for collision.

He suggested that when the scope and details of the plan became known, some criticism might be toned down. He took issue with the idea that the speech represented Bush's last chance to win support for the war.

Bush understands, Snow said, that "there's a real sense of urgency within the United States for assurance" that the administration has a plan for Iraq that will boost American security, and that Iraqis will take "leading positions sooner rather than later."

Bush Works To Rally Support For Iraq 'Surge' (WP)

By Michael Abramowitz

The Washington Post, January 9, 2007

President Bush yesterday began promoting his plan to send more troops to Iraq, bringing more than 30 Republican senators to the White House as part of a major campaign to rally the American people behind another effort to stabilize the country.

Senators who met with Bush said the president made it clear that he is planning to add as many as 20,000 U.S. troops to help quell violence in Baghdad. They also said the president is arguing that his new plan has a better chance for success than past plans because of a greater willingness of Iraqi Prime Minister Nouri al-Maliki to commit Iraqi forces against all perpetrators of violence, including Shiite militias.

"It was clear to me that a decision has been made for a surge" of at least 20,000 additional troops, Sen. Gordon Smith (R-Ore.) said in a conference call with reporters. Smith said Bush believes "that the political processes have been overtaken by sectarian violence and that sectarian violence must be quelled so political processes can be restored."

Aides said Bush will formally unveil his new plans for Iraq in a nationally televised address from the White House tomorrow night; the speech looms as one of the most significant of his tenure. Even administration officials and friendly Republicans said the bar is much higher for Bush than with past speeches on Iraq, given the widespread disenchantment over the war and the deep skepticism, shared even by some Republicans, that more troops are part of the answer.

In the latest Washington Post-ABC News poll, six in 10 respondents said the war is not worth fighting, three-quarters disapproved of how Bush has handled the situation, and there was no consensus about how the United States should adjust its policies in Iraq. Only 17 percent called for an increase in U.S. forces, the "surge" believed to be a centerpiece of the new Bush plan.

Bush intends to present his revised strategy as being in support of Maliki's new plan for securing Baghdad, which the prime minister outlined on Saturday, senior U.S. officials said. The mission will include an understanding that joint U.S.-Iraqi forces will confront the Mahdi Army -- the biggest, best-armed militia and one that Maliki, a fellow Shiite, has been reluctant to face down -- as well as other illegal armed factions, both Shiite and Sunni.

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The United States hopes to avoid conducting large-scale operations that take it into Sadr City -- the capital's sprawling Shiite slum, with about 2 million people who overwhelmingly support Mahdi Army leader Moqtada al-Sadr. "Iraqis will take on this plan and lead it. We will be there to support them and be there to help them hold it," said a senior U.S. official briefed on the plan.

But in practice, U.S. forces have often ended up in the forefront of joint combat operations.

The president will also announce expanded U.S. teams, combining civilian and military personnel, to deploy immediately after neighborhoods have been cleared of insurgents or sectarian militias, a U.S. official said.

"It's the biggest speech of his six years," said Ken Duberstein, who was White House chief of staff under President Ronald Reagan. "If the American people tune him out, the next two years will be very rocky. He really needs to sell the American people that this is a strategy that can be accomplished."

Duberstein said Bush "needs to explain to the American people the lessons that he has learned, which will persuade them that he has gotten the message for a new approach to Iraq."

Glen Bolger, a Republican pollster, said the speech is "going to be a crucial component of how the American people re-look at the president for the last two years" of his term. The challenge facing the White House, he said, "is people have to view the speech and say, 'Oh, this is something different, and he's got a plan and it's got a shot at improving the situation. It's not just, quote, stay the course, unquote.' "

As they began previewing the speech, administration aides indicated that the president plans to address the skepticism head-on. They indicated that he will talk about the lessons the United States has learned from the past several years of failing to quell the insurgency, as well as explain why he has confidence that the Maliki government can deliver on promises that it has not met so far.

One senior White House official acknowledged it will seem "counterintuitive" to many Americans that Bush believes it is necessary to add troops in the short term to be able to withdraw them in the future. But the official -- like others, speaking on the condition of anonymity because the president has yet to formally disclose his plans -- said Bush has concluded more troops are needed to arrest the violence that he believes is impeding the Iraqi government's ability to achieve political reconciliation and economic improvements.

This official noted that the president will be proposing many more steps, including political benchmarks for the Iraqi government and an economic development program that will be heavily shaped by additional spending by Baghdad.

"An increase in troops is not a strategy in and of itself," this official said. "It is a tactic to make the new strategy successful."

Democrats continued to voice skepticism that much new and effective will come from the White House. "This is a historic speech the president is about to make. The president, faced with a choice, is choosing escalation," said Richard C. Holbrooke, a U.N. ambassador in the Clinton administration and a leading Democratic voice on foreign policy. "I don't understand what he thinks is going on in Iraq, but whatever it is, he doesn't care about politics or the Congress or his successor when it comes to Iraq. He wants to either win the war or, since that is an impossibility, pass it on to his successor."

Only Republican senators came to the White House yesterday, a sign perhaps of the president's desire to rebuild his base on the eve of a critical speech. Several seemed mixed in their comments about the president's course.

"He seemed very confident," said Sen. Thad Cochran (Miss.), the ranking Republican on the Appropriations Committee, who was in one group. "I'm convinced he's come up with a proposal that he thinks will work."

But he said he was struck by the degree of discord at his meeting. "I think I was the only senator who acted like he would be supportive," Cochran said. "I was surprised that no one said it but me."

Senate Republican leader Mitch McConnell (Ky.), who met with Bush on Friday and yesterday, said he is "convinced that this plan is substantially different than anything that has been tried in the past." He added: "I am convinced that the American people want to prevail. This gives us a chance to do that."

Sen. Pete V. Domenici (R-N.M.) said he "felt much better" about the plan after his 20-minute meeting with Bush, although he was reserving judgment until he saw the details. Domenici said the president's plan has been mischaracterized in recent weeks and is more complex than just a buildup of troops in Baghdad, adding that the Iraqis have agreed to spend at least $10 billion and will be in charge of the security plan.

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"The plan is not 20,000 soldiers -- I wouldn't even consider the plan if it was 20,000 American soldiers, because that's too small a number for a surge," he said. "The people coming out of these meetings saying it's the lead ingredient just didn't get it. There are a lot of other important elements."

Sen. Olympia J. Snowe (R-Maine) said the president was asked during her meeting what would be different about his new plan, and he replied that Maliki has had a "sea change" in attitude. But she said she came away unconvinced.

"I have deep skepticism about it -- about a surge addressing the root causes of the mistrust and hatred that sects have for each other," Snowe said. "That's what I expressed. The fact of the matter is that the American people don't support this war and the way it has evolved because they see the Iraqis fighting among themselves instead of for themselves."

Staff writers Peter Baker, Jon Cohen, Lyndsey Layton, Shailagh Murray and Robin Wright contributed to this report.

Not All Republicans Convinced Of Bush's Iraq Plan (LAT)

By Joel Havemann And Maura Reynolds

The Los Angeles Times, January 9, 2007

WASHINGTON — President Bush held a second day of meetings today with senators about his stance in Iraq, but at least one senator of his own party came away unconvinced of the wisdom of Bush's reported plan to beef up U.S. troops.

Sen. Gordon Smith (R-Ore.) said he didn't want American forces caught in the crossfire of sectarian violence that has broken out in Iraq since the United States toppled Saddam Hussein.

But Smith said he would not support a resolution to "cut off money for bullets" for the American troops ordered into combat by the commander-in-chief.

Bush had better luck today with two other senators who urged a troop build-up.

"We believe that America has too much on the line in Iraq to accept defeat," said Sen. Joe Lieberman of Connecticut, an Independent, who caucuses with the Democrats. "We also believe, based on our most recent visit there, that victory is still attainable."

"Withdrawal and redeployment is a heartbreaking signal to send to those who are fighting and dying for their freedom in Iraq," added Sen. Lindsey Graham (R-S.C.), "and it is welcomed news to the extremists who want to own that country."

Bush has scheduled a nationally televised address from the White House at 6 p.m. (PST) Wednesday to disclose his Iraq plan. He is expected to announce additional troops, although such details as the size of the reinforcements apparently remain uncertain.

Smith was one of about a dozen senators invited to the White House to talk Iraq strategy with the president. He was the only one who spoke with reporters waiting outside the White House.

At a similar session last Friday, Bush heard some hardliners, including Sen. John McCain (R-Ariz.), urge him to make sure the "surge" in American troops strength contained enough muscle to be effective.

McCain predicted that most of the Senate's 49 Republicans, who are now outnumbered by the 51 Democrats, would ultimately fall in line behind Bush.

Smith, at least for now, did not.

"We went there to knock off a dictator, a tyrant," he said. "We've done that." Now it's up to Iraq's political leaders to put together the kind of country they want.

"I think he's betting his presidency — his place in history — on how this comes out," he said.

Smith said it would take more than the additional 20,000 U.S. troops that are commonly discussed — on top of the roughly 140,000 now in Iraq — to defeat insurgents and quell sectarian violence between Sunnis and Shiites. American forces would need at least a decade to accomplish these goals, he said.

Most Say No To Iraq Buildup (USAT)

By Susan Page

USA Today, January 9, 2007

WASHINGTON — President Bush will outline his "new way forward" in Iraq on Wednesday to a nation that overwhelmingly opposes sending more U.S. troops and is increasingly skeptical that the war can be won.

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A USA TODAY/Gallup Poll taken Friday through Sunday shows a daunting sales job ahead for the White House, which is considering a plan to deploy up to 20,000 additional U.S. troops to Iraq.

POLL RESULTS: Bush approval | Feelings on Iraq

Those surveyed oppose the idea of increased troop levels by 61%-36%. Approval of the job Bush is doing in Iraq has sunk to 26%, a record low.

"He certainly has the wind in his face," says Michael Franc, a former congressional aide now at the conservative Heritage Foundation. "But that's not to say if he were to pursue a change in policy that proved to be successful, that those numbers wouldn't flip."

Views of the war will be difficult to change with rhetoric alone, says Steven Kull, director of the Program on International Policy Attitudes at the University of Maryland. And if the public expresses strong opposition to Bush's plan, he says, Congress "may feel emboldened to exert what control they have to stop or at least make it more difficult for the president to move forward."

The survey of 1,004 adults, which has a margin of error of +/—3 percentage points, shows Americans pessimistic about the war and inclined to hold Bush responsible.

Among key findings:

•Nearly half of those surveyed say the United States can't achieve its goals in Iraq regardless of how many troops it sends. One in four say U.S. goals can be achieved only with an increase in troop numbers.

•Eight in 10 say the war has gone worse than the Bush administration expected. Of those people, 53% say Bush deserves "a great deal" of blame; 41% place a great deal of blame on Iraqi political leaders.

•By 72%-25%, Americans say Bush doesn't have a clear plan for handling the situation in Iraq. Congressional Democrats fare only a little better: 66%-25%.

Even so, Democrats take control of Congress amid a wave of good feeling. By 2-to-1, Americans say they want congressional Democrats, not Bush, to have more influence over the direction of the nation.

The president's overall job approval rating is 37%, up 2 percentage points from mid-December.

White House spokesman Tony Snow parried with reporters Monday over congressional and public opposition to the idea of sending more troops.

"I think the public opinion and public support is a very important part of this, and it is not static," he said. "You know, this is going to be fairly complex, and it's going to take people a little bit of time to think through, and we will spend a lot of time talking about it because it's important to do so."

While Bush has often said his war strategy won't be based on polls, three of four Americans say the government's decisions on Iraq ought to be influenced at least a moderate amount by what the public wants.

Views on increased troop levels differ sharply by party. Even among Republicans, though, 30% oppose the idea; 67% support it. Independents are against it by nearly 2-to-1. Democrats oppose it, 85%-12%.

And there is a yawning gender gap: 69% of women oppose an increase, compared with 52% of men.

Senator: Bush Plans Iraq Troop Surge (AP)

By Jennifer Loven

AP, January 9, 2007

President Bush will call for sending more American troops to Iraq to calm two troubled areas — Baghdad, where sectarian violence flares daily, and the western Anbar Province, a base of the Sunni insurgency, a Republican senator said Monday. Another GOP lawmaker put the number of additional troops at 20,000.

Sen. Kay Bailey Hutchison of Texas, one of about 30 lawmakers who discussed Iraq with Bush at the White House on Monday, said the president offered no specifics on how many extra U.S. troops would be involved. The White House remained mum on the details of Bush's revamped strategy for the nearly four-year-old war, saying the president would announce them during a speech to the nation at 9 p.m. EST Wednesday.

"There will be surge in those two (areas), but it wasn't clear how much," Hutchison said. White House officials did not dispute her remarks.

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Sen. Gordon Smith, R-Ore., said Bush told the senators that Iraqi Prime Minister Nouri al-Maliki presented him with the plan for a U.S. troop increase several weeks ago when they met in Jordan. Bush indicated to the lawmakers he was willing to send more troops because the Iraqis pledged to meet certain criteria, which he did not outline.

"I wish I had the faith in Maliki that Bush did," Smith said of the prime minister, who has failed in the past to meet agreed-upon goals.

Smith said the president only hypothetically discussed increasing troop numbers by specific amounts, "but it was clear to me a decision has been made for 20,000 additional troops."

About 140,000 troops are in Iraq now.

Military officials have said that Bush is considering sending two to five more brigades — between about 8,000 and 20,000 troops — to fight alongside promised additions of Iraqi security forces. Some military officials familiar with the discussions say the president could initially dispatch 8,000 to 10,000 new troops to Baghdad, and possibly to Anbar Province, and leave himself the option of sending more later.

The war has claimed the lives of more than 3,000 members of the U.S. military and was a major factor in the Republican Party losing control of Congress in the November election. Senate Majority Leader Harry Reid, D-Nev., and House Speaker Nancy Pelosi, D-Calif., told the president last week that "we do not believe that adding more U.S. combat troops contributes to success."

Some leading Republicans have echoed those concerns, as have top military officials who worry that sending more troops would overly strain the armed forces without assurances of success.

A central aim of the long-awaited address is to explain why success in Iraq matters to the average person. The White House knows the public is weary of war and has seen several previous campaigns by Bush to show changes in policy and win back support.

An intense campaign for the plan's rollout will unfold the day after the speech.

Bush will hold a White House ceremony to give the Medal of Honor posthumously to Marine Cpl. Jason Dunham of Scio, N.Y., who was killed in 2004. Afterward, the president will travel to Fort Benning, Ga., to talk with soldiers. Bush plans a series of other appearances in the coming days.

Smith said the president told lawmakers that he wants to "re-win the support of the American people."

The changed political reality in Washington will deny the White House complete message control.

The day after Bush's speech, Defense Secretary Robert Gates and Secretary of State Condoleezza Rice are due on Capitol Hill for tough questioning on the president's policies at hearings convened by the newly-in-charge Democrats.

The White House, meanwhile, pushed back against the widespread criticism of a troop increase.

Presidential spokesman Tony Snow noted that some military officials have said, if done right, it could help bring the day closer when Iraq would be stable enough for the U.S. military presence to end. Snow also asserted that Bush's plan will include political, diplomatic and economic components that will answer many critics' concerns.

"I think what you have to do is to take a look at the whole package and how it fits together," Snow said. "What will happen is that, when the president's plan becomes known in detail, then people will be able to talk sensibly."

In addition to the troop increase, Bush is likely to call for the Shiite-led Iraqi government to take certain steps, such as reining in Shiite militias that have terrorized the Sunni minority, particularly in Baghdad. Bush also wants the Iraqi leadership to make the political process more attractive to Sunnis by enacting a plan to distribute oil revenues and easing the government's policies toward members of former Iraqi leader Saddam Hussein's Baath Party.

The military escalation is expected to be accompanied by short- and long-term jobs programs. Also on Bush's agenda is a renewed effort to jump-start Israeli-Palestinian peace talks.

Bush will talk in broad terms about the cost of such efforts, with more specific budget numbers to be fleshed out later, Snow said.

Since the attacks of Sept. 11, 2001, Congress has approved about $500 billion for Iraq, Afghanistan and other terrorism-fighting efforts. The White House is working on its largest-ever appeal for more war funds — a record $100 billion, at least. It will be submitted along with Bush's Feb. 5 budget.

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Many of the approaches Bush is expected to embrace are not new. A year ago, for example, he touted efforts to remake U.S. reconstruction programs to focus on smaller goals that make more of an immediate difference in everyday Iraqis' lives.

But the Bush administration hopes that by doing such things differently — alongside an Iraqi government that, while still fragile, has matured — they will meet with greater success this time.

Snow said the White House will not seek specific congressional approval for Bush's new strategy.

While Democratic leaders have indicated that they are not considering cutting off funding for troops already in Iraq, Sen. Edward M. Kennedy, D-Mass., said it is "under discussion" whether to prohibit any money from being spent on a troop buildup.

Bush's Task: Thrusting New Strategy On 'a Sovereign Nation' (NYT)

By Helene Cooper

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — It's a refrain that President Bush and his top deputies have uttered many times over:

"Iraq is a sovereign nation, and we stay because they have asked us to be there," Secretary of State Condoleezza Rice said in October.

"Iraq is a sovereign nation which is conducting its own foreign policy," President Bush said in November.

"It's a sovereign nation; it's their system, they make those decisions," Maj. Gen. William B. Caldwell IV, the American command's chief spokesman in Iraq, said last week.

Now, as President Bush prepares to unveil his new strategy for Iraq on Wednesday night, the question is this: Can American officials compel the Iraqis to follow the new American plan?

"Let me put it this way: at the end of the day, we're going to have to do some forcing," said Kenneth M. Pollack, an expert on Iraq at the Saban Center for Middle East Policy at the Brookings Institution.

"We have to make it impossible," he said, for Prime Minister Nuri Kamal al-Maliki "not to do the right thing; for him to say, 'Look, we have no choice, the Americans are forcing us.' "

But Mr. Pollack and other foreign policy experts said that may require American ultimatums that, thus far, the Bush administration has been unwilling to issue.

Taking American officials at their word, Iraq has embraced its sovereignty. Mr. Maliki exercised it in October when he contradicted American officials who said the Iraqi government had agreed to a timetable for security measures.

He exercised it again in November when he ordered United States forces to abandon checkpoints and roadblocks they had set up in Baghdad to look for a missing American soldier. He did it one more time in the last days of 2006, when he ignored American requests that Saddam Hussein's execution be delayed until legal issues were cleared up.

The tension between American will and Iraqi action — or inaction — has been growing ever since the United States transferred sovereignty back to Iraq in 2004.

That has left the United States facing a paradox. An assertive Iraqi government, responsible for security and for running the country, is needed if American troops are ever going to be able to hand over control to Iraqi soldiers and leave. But an assertive Iraqi government may not always do what it is told, which could result in an American script that the Iraqis refuse to follow.

Part of the problem is uncertainty over whether American and Iraqi leaders even have the same objectives. The Bush administration favors reconciliation, in the form of an Iraqi government representative of the country's major ethnic and religious groups: Shiites, Sunni Arabs and Kurds.

But the heavy-handed approach taken by Mr. Maliki's Shiite-dominated government toward Mr. Hussein's execution has raised questions about its commitment to reconciliation, some experts say.

Brian Katulis, director of democracy and public diplomacy with the Center for American Progress, a research and advocacy group, said he could not reconcile Mr. Maliki's approach, which caused outrage among Iraq's Sunnis, "with his stated expression in favor of national unity."

Mr. Bush's new Iraq strategy also calls on Mr. Maliki to complement h an expected American troop increase with an increase in Iraqi troops. But already, administration officials acknowledge that doubts remain about whether the promised Iraqi

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force, to be made up of Kurdish militia units from northern Iraq, will actually show up in Baghdad committed to quelling sectarian fighting.

The United States has requested more Iraqi troops in the past and then been disappointed. Last summer, American military commanders asked for six Iraqi battalions, as part of an effort aimed at quelling violence in Baghdad.

But that effort foundered when the United States and Iraqi authorities failed to marshal sufficient forces to hold neighborhoods after they were cleared of insurgents and militias.

"I do think it's a very serious problem in Iraq because so much of what we need done depends on the Iraqis," said Daniel P. Serwer, the former diplomat who served as executive director of the bipartisan Iraq Study Group.

To be sure, the United States is not without significant leverage — 140,000 American troops — to prod Mr. Maliki's and Iraqi leaders to dance to the American tune.

Zalmay Khalilzad, the outgoing American ambassador to Iraq, has often sought to warn Iraq's leaders that American support is not unlimited. But that effort has not had much resonance, Iraq experts say, in part because Mr. Bush has repeatedly assured the Iraqi leadership that the United States will not desert Iraq.

"We're totally going to have to start being a little more arbitrary," said Mr. Pollack of the Brookings Institution. "We hand them back sovereignty and now we continue to live by that charade."

He said that with the exception of the radical anti-American cleric Moktada al-Sadr, most of the Shiite militia leaders do not want to see the United States pull out of Iraq, and that the United States should try to use that sentiment as a lever to push its agenda.

Certainly, the Bush administration could have forced the issue of Mr. Hussein's execution, to delay it; he was, after all, in American custody, and it was an American unit that turned him over to Iraqi officials in the early hours of Dec. 30.

"My guess is if we really wanted to delay the execution of Saddam, we could have done it," said Mr. Serwer, who is also a vice president at the United States Institute of Peace. But, Mr. Serwer said, "you can't do that every day," or American officials would undercut their own protestations that Iraq is sovereign.

Bush Policy Means Second Tours In Iraq, Military Says (LAT)

By Julian E. Barnes

The Los Angeles Times, January 9, 2007

Washington — Top U.S. military officials, expecting President Bush to order an increase in the size of the force in Iraq, have concluded that such a buildup would require them to reverse Pentagon policy and send the Army's National Guard and reserve units on lengthy second tours in Iraq, defense officials said Monday.

Under Pentagon policy, guard and reserve units have been limited to 24 months of mobilization for the Iraq war. Under that rule, most reserve units already sent to Iraq are ineligible to return.

But the Joint Chiefs of Staff have concluded that a significant buildup would require the Pentagon to overturn the policy and send Guard and reserve units for additional year-long tours.

Such an order likely would be controversial among state governors, who share authority over the Guard, and could heighten concerns in Congress over the war and Bush's plans for a troop increase.

In addition, National Guard leaders also are skeptical of calls for additional combat tours, which they fear could hurt recruiting and retention.

"If you have to sustain a surge long term, you have to use the Guard and reserve," said a defense official, who spoke on the condition of anonymity because the president has not unveiled his strategy shift.

Bush, set to announce his new policy Wednesday, met Monday with about a dozen Republican senators to discuss the plan. After the meeting, Sen. Gordon Smith, R-Ore., said Bush appeared to be planning a surge of 20,000 troops.

Any boost in combat forces would require some increase in reserve support units, such as engineering or intelligence teams. Because of training requirements, National Guard infantry forces are unlikely to be part of the initial surge. However, they would be needed later in the year to sustain a higher level of forces.

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Defense officials say it would be difficult to build up an extra 20,000 soldiers and Marines quickly. Although there is a reserve brigade in Kuwait, building up to the full expansion might take until late March or April, an Army official said.

The increase is likely to rely heavily on speeding up the deployments of units that had been scheduled to ship to Iraq in the summer, while extending the tours of Marine Corps and Army units already in Iraq that had been due to return home in the late spring and summer.

It is unclear which National Guard units would be tapped to go, although officials said it is likely that the first Guard units sent into Iraq would be considered for the first return tours.

In early 2005, the National Guard and reserves made up nearly half the fighting force In Iraq. Today, of the 15 combat brigades in Iraq, one is from the National Guard, although there are other smaller reserve units also deployed there.

Army Chief of Staff Gen. Peter J. Schoomaker, a member of the Joint Chiefs, has complained publicly that the policy against involuntary second tours has forced the National Guard to cobble together units from dozens of states, rather than sending whole battalions or brigades that have worked and trained together.

"Current policies restrict our ability to remobilize reserve component units, and, in my view, the current policies are more restrictive than need be under the law and hamper our ability to remobilize the best-trained, best-led and best-equipped units," Schoomaker said in December.

In the internal debates over whether the military should send extra troops into Iraq, the service chiefs have been persuaded that sustaining an increase would require sending National Guard combat brigades for return tours as part of what the military is calling "assured access" to the reserves.

"If you increase (the force in Iraq), part of that requirement will require assured access to the guard," said a second Army official. "If you look at the brigades that are available you are going to have to require the assured access."

Some civilians inside the Department of Defense remain deeply skeptical of a change in policy -- in particular, David Chu, the undersecretary for personnel and readiness, a defense official said.

Chu and other officials have argued that the military should try to find other ways to fill the need for reservists -- by tapping Navy and Air Force units, for example -- rather than sending Guard and reserve units for second tours.

Pentagon officials said leaders of the National Guard remain skeptical of calling up their combat brigades for a second tour. Before a surge was considered, no National Guard brigade combat team was scheduled to deploy to Iraq until 2009, to give the force time to replace personnel and equipment.

National Guard officials have argued that their units can sustain one-year deployments every six years. But recruiting and retention could suffer if the policy is changed and Guard units are remobilized too quickly, a Pentagon official said.

"They can sustain 1 in 6. Anything other than that becomes problematic," said a Pentagon official opposed to sending the Guard as part of a surge. "If there is a real and imminent danger, the National Guard people will go. They are willing to go, but they have to believe in what they are doing."

Nearly 206,000 Army National Guard soldiers have been deployed to Iraq or Afghanistan. Under current policy, those soldiers would be sent for a second tour only if they specifically volunteered. According to the Pentagon, more than 23,500 Army Guard soldiers have been on more than one deployment.

"Depending on how they execute the formula, it could leave everyone who has deployed eligible (to return) since our deployments are typically 18 months," said a National Guard officer.

National Guard leaders, the Pentagon official said, are worried that employers would be less likely to support Guard participation by their employees if units are sent to Iraq more often.

"We have the soldier, we have the employer and we have the family," the official said. "All of these need to support the war effort and if they don't, we have problems."

Times staff writers Maura Reynolds in Washington and Rone Tempest in California contributed to this report.

Third Round In Iraq To Test US Troops (CSM)

By Patrik Jonsson

The Christian Science Monitor, January 9, 2007

DOJ_NMG_0114095

HINESVILLE, GA.

When he returned from Baghdad to Hinesville, Ga., last February, Army Pvt. Eric Mapes had an immediate goal: to get back to Iraq as fast as he could.

The lanky Chicagoan found in Iraq the ultimate adventure - part gritty war, part dusty romance of counterterrorism patrols that hunted insurgents across Baghdad. By contrast, he sees Hinesville, the military town outside the gates of Fort Stewart, as offering little but a Wal-Mart, seedy apartment buildings, and the detritus of a broken courtship.

"For a lot of these guys, they can't have steady girlfriends, they can't settle down, so there's nothing left for them in the US," says Private Mapes. "A lot of them - including me for a time - would rather be in Iraq."

As Mapes's Third Infantry Division redeploys this month - the first Army unit to pull three tours in Iraq - the war's wear on soldiers poses a challenge for the Pentagon and, in all probability, President Bush. The president's purported plan to boost US troop levels in Iraq, set to be unveiled this week, would require longer stays in Iraq and shorter rotations at home, raising concerns among experts and some Army brass that the new demands will push America's foot soldiers past the limits of physical and mental endurance.

"War is coming to be a constant. These [soldiers] are expatriates spending more time there than they are back here, and they're facing this experience without people back here really understanding very well what that means," says Tom Palaima, a classics professor at the University of Texas-Austin who specializes in the experience of war through history. In the thick of the action

The soldiers of the Third Infantry Division have continuously found the thick of the action. In the 19-day charge into Iraq, they stormed Baghdad. In the division's second tour, which lasted 14 months, it tried to keep the peace in the run-up to elections in December 2005. Now the Third is headed into the mouth of the dragon again: Anbar Province, one of the most deadly corners of Iraq for US troops.

The division's troubleshooting duties have taken their toll: more than 300 deaths, or about 10 percent of total US troop losses, since the war began in March 2003.

Of the Army's 650,000 soldiers who have been to Iraq so far, about 170,000 have served more than one tour, according to the Army. The incidence of post-battle stress goes up by over 50 percent for the second tour, Army surveys show. Moreover, battlefield dangers are ubiquitous: 76 percent of soldiers know someone who has been killed or seriously injured, and 55 percent have experienced a nearby explosion of an improvised bomb.

Outgoing Army Chief of Staff Peter Schoomaker told Congress on Dec. 15 that the existing deployment policy is untenable in the long term unless the Army can add a massive number of soldiers or get access to more reservists to relieve active-duty troops.

"These units continue to hit the mark when it comes to their effectiveness, their cohesion, the willingness of their leaders to stay the course," says retired Army Col. Andrew Bacevich, an international relations professor at Boston University and the author of "The New American Militarism."

"Yet I would take seriously the expressed concerns by [Schoomaker] that a continuation of this tempo will break the Army," adds Mr. Bacevich. "He's sending up a flare that says, 'This is serious,' and his concern is very serious." Watching for stress signs

The core of the concern is the physical and mental health of the ranks, says retired Army Col. Bob Killebrew, a military analyst. He classifies soldiers into three types - those who love war, those who don't like fighting but enjoy the rest of military experience, and those who treat it as a serious profession with a duty to both country and the Army as an institution.

It's that third group, made up mostly of noncommissioned officers (NCOs), that is the most crucial to watch, says Mr. Killebrew.

"If the sergeants start leaving, then it's like the canary in the coal mine," he says. "But the NCO ranks are holding very, very firm and getting better all the time, though they're probably overtaxed."

Pvt. Jordan Brasseur, a 19-year-old from the cold reaches of Newport, Vt., leaves Tuesday for his first trip to Iraq. In an interview before going, he said the enthusiasm of the officers in his Third Division unit has rubbed off.

"All the guys have been telling me what a great time it is," said the tank mechanic. "I feel like the training has been really excellent and that I'm ready to go."

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That bravado is evident in Hinesville. Around base, when they're not practicing on the Red Cloud Alpha tank range, soldiers drive beefy new trucks and souped-up Asian cars, many purchased using combat bonuses. Even the bumper stickers have attitude: "US 2, Iraq 0," one reads. Another one, on a truck plastered with Army slogans, reads: "2 MUCH 4 U." Spirits droop as public support sags

Yet all is not well in Hinesville, says Mapes, the private from Chicago. Behind the busy preparation, he describes a simmering despair, with morale dipping as soldiers see an ambivalent US public. There's also the old training equipment - which a soldier in the field takes as a sure sign of faltering public support. Mapes says the prevalence of billboards that warn of the dangers of drunken driving or of riding motorcycles too fast is the Army's acknowledgment that some problems exist.

A Military Times survey of soldiers, released Dec. 30, found that almost four years of war has hardly dented Army morale - but that fewer soldiers support Mr. Bush's course in Iraq and that a growing number believe the US public is no longer behind the military.

One difficulty for the Army is that some veterans appear to have trouble adjusting to public attitudes outside their base towns, say war experts. Part of that can be attributed to the challenge, described by soldiers throughout history, of describing their wartime experiences to civilians. In the field, battlefield realities quickly trump ideology - but the former are difficult for nonveterans to understand, says poet Charles Patterson, a Vietnam vet and author of "The Petrified Heart."

"You aren't fighting for any kind of ideology," says Mr. Patterson. "You're fighting solely to keep everybody alive. All this [stuff] about whether it's right or wrong [that] we're there doesn't matter at all" to the wartime soldier. A disquieting desire for war

In that way, overzealousness to return to the front can be a warning sign. It reminds Mr. Palaima, the classics professor, of an account written by Xenophon, a writer-soldier of ancient Greece, who described one comrade as looking happy "[only] when there was the prospect of fighting, basically exhibiting all the symptoms of post-traumatic stress," says Palaima.

Xenophon might also have been describing Mapes. After two combat tours, he begged the Army to return him to Iraq - an insistence his superiors found disquieting.

After counterterrorism patrols that netted him 10 medals, dozens of firefights, and at least three close calls with mortars and snipers, Mapes says he has received counseling for post-traumatic stress and has decided to leave the Army at the end of his contract. He will not be going for a third time to Iraq, and plans to return to Chicago to work for his dad.

He says he feels disillusioned with the war, betrayed by Bush and the military leadership, and resentful of the physical and emotional effect the fighting has had on him, including sleepless nights and a "jumpy" demeanor.

"I consider myself a realist, and I did learn something from the experience," Mapes says. "But I've come to realize I need a new chapter in my life."

The Bravest Front Of All (WP)

By Tamara Jones

The Washington Post, January 9, 2007

On the day that he left, the alarm clock went off just after 4, in that shadow hour between darkness and dawn. L'Angel Hardgrove slipped out of bed while her husband was showering to brew their favorite coffee, and would remember the cozy aroma of hazelnuts filling up the hotel room. She put on a pink sweater and matching eye shadow, and Mike buttoned his uniform.

They made their way across the parking lot to Shoney's, where the tables were full of men in fatigues. The Fredericksburg National Guard Armory was just down the road, and this past Sunday was the morning the 116th Brigade Special Troops Battalion was leaving. Mike was going to Iraq.

He was wide awake already, full of nervous energy. L'Angel watched Mike pick at some fruit, but she couldn't eat at all. They'd been married for 2 1/2 years, but she would say it was only now that she realized he belonged more to his country than to her.

At the armory, they sat on folding chairs in an auditorium full of families in huddled farewell. She nuzzled his shoulder and he breathed in the shampoo scent of her silky brown hair.

On the day that he left, she promised him that she wouldn't cry.

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Mike is 25, a sergeant with intense, dark eyes and a stripe of thick black hair across the top of his shaved head. In civilian life, he was training to become the manager of a GNC vitamin store, but his voice fills with a passion L'Angel can't ignore when he says he always wanted to be a soldier. His uncle was a Marine, and his grandfather was on the USS Missouri during World War II. Mike dabbled in college for a while but joined the Guard and dreamed of becoming an officer. A high school friend introduced him to L'Angel, and they were engaged when Mike got orders for Afghanistan. He deployed a month after the wedding and was gone for a year.

L'Angel is 24, working as a babysitter and tutor in their Fauquier County home and thinking she might go back to college this fall. She thought they were both looking for their way in the world, and didn't fully grasp that he had found his until he announced that he would join the Army full time after this 18-month tour. L'Angel is still surprised to find herself a military wife. They grew up in this area, and she figured they would save their money, buy a house and raise a family here.

They hoped L'Angel would get pregnant before Mike left, but it didn't work out that way. So the spare room in their Strasburg, Va., apartment won't be a nursery, after all, while Mike is away. L'Angel might put a sewing machine in there instead. A hobby like that might be good to fill the hours alone.

On the day that he left, Mike reminded L'Angel to send him SpongeBob fruit gummies. And Swedish fish, but remember, only the red ones.

The commander called the Alpha Company to formation, and Mike lined up with the other men and shouted "Sir, yes, sir!," looking straight ahead now, not at L'Angel. A soldier in the front row had tears streaming down his ruddy face.

A giant vinyl backdrop of white stars against a field of blue decorated the stage where officers and local dignitaries waited importantly to wish the soldiers Godspeed. Vending machines hummed against the wall, and a Christmas tree still twinkled beneath the basketball scoreboard.

One by one, the speakers mentioned sacrifice and courage and pride and patriotism, and no one said the word "war."

Mike has his ex-history-major's explanation for joining Operation Iraqi Freedom, and he has the one he would remember giving his 4-year-old nephew when the little boy called him as he readied for deployment.

Where you at, Uncle Mike?

I'm with the Army guys.

Why?

We have to go fight the bad guys.

Why?

So the bad guys don't come here and hurt you.

Mike and L'Angel spent these last weeks together savoring the everyday rituals, knowing this time around that it was the ordinary moments they would miss most, like tuna fish sandwiches for dinner and watching TV together on the couch.

"Give them hell, Alpha Company!" a speaker shouted, and the men whooped back while their families applauded.

"You are the face of America! God bless you, and God bless America!"

Then the commander ordered his men to move out. The chartered buses were waiting out front.

L'Angel staked out a spot on the damp grass, and a stranger handed her a small souvenir flag. Behind her, two little girls jumped up and down in their ruby-glittered "Wizard of Oz" shoes, shouting "Bye, Daddy! Bye, Daddy!" while their mother stood silently weeping. A bulldog of an old man in an American Legion uniform held a stiff salute, waiting for the last bus to pull away.

Mike lumbered up, loaded down with his duffel, rucksack, laptop and a box lunch for the ride to Fort Dix, N.J., where Alpha Company would train briefly before shipping out to Iraq.

"Are you . . . ?" L'Angel started to ask.

"I'm going to drop my stuff," Mike answered, heading for the first bus in line. "I can't hold you with all this."

He came back and opened his arms.

"All right," he said softly.

They held each other and kissed, swaying gently back and forth, a slow dance to the rumble of bus engines. He kissed her neck, her lips, the top of her head. "Do you want me to cry?" she teased. They had talked about this already. She knew it would just make it harder for him. Joking was the only way she could hold it together now. "I can cry if you want me to."

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No, no, please don't cry.

Mike's best friend came up to give L'Angel a friendly nudge to the shoulder. "Peace out," he said, heading toward the bus. "Take care of him!" she called back.

Mike hugged her hard, and she promised to give the cats a kiss from him, and he said he would call tonight after they reached the base, and the big numbers on his soldier's wristwatch read 9:18 when he turned and walked away.

He held a piece of paper to the grimy bus window.

I {heart} you.

She blew him a kiss.

She cried on the drive home.

She stopped at the grocery store and found herself reaching for a package of razors before remembering he wasn't there to need them. She spent the afternoon dusting and vacuuming, because cleaning distracts her. She made herself some chicken noodle soup, and Mike called to say good night and tell her how proud he was of her, how strong she was, on the day that he left.

Working Syria, Iran Into Talks On Iraq (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, January 9, 2007

WASHINGTON — Although President Bush has rejected proposals for direct talks with Syria and Iran over the future of Iraq, officials in his administration are working to find a way to include those countries in negotiations in a way that might be acceptable to Bush.

The president and top aides have insisted they will not talk to Iran until it suspends its nuclear program, and they have shunned Syria over its meddling in Lebanon. However, the White House has come under growing domestic and international pressure to negotiate with the two countries as it revamps its troubled strategy in Iraq.

Bush plans to address the nation within days on a new U.S. war strategy, which is expected to involve additional troops and stepped-up pressure on the government in Baghdad to devise political compromises to share power and oil revenue.

Last month, the Iraq Study Group, a U.S. commission whose report has topped best-seller lists, urged the administration to hold talks with Iran and Syria as a necessary step toward addressing the violence in Iraq and potential instability throughout the Middle East.

The White House brushed off the panel's recommendation that the diplomatic efforts begin before the end of 2006. But administration officials said a new multinational effort not yet underway could involve Iran and Syria.

One U.S. official familiar with administration talks said there was substantial support for "revitalizing" the effort to involve influential neighbors in seeking solutions on Iraq.

"This is something that Iran and Syria could be part of, if they wanted, but that would not be seen as us reaching out specifically to them," said the official, who declined to be identified because of the sensitivity of the talks.

The official said the effort might entail expanding a United Nations-led effort to help Iraq's economy "into the political realm" — allowing regional neighbors and world powers to use their influence to calm sectarian violence.

By including political issues, the new effort would be broader than either the U.N.-led effort, called the International Compact for Iraq, or a U.S.-led collaboration involving the United States, six Persian Gulf Arab states, Jordan and Egypt.

Those familiar with the White House discussions said they weren't certain whether any such diplomatic initiative would be announced as part of the shift in Iraq strategy that Bush is expected to lay out in his upcoming speech. One official speculated that any announcement would come later in the year.

It is unclear whether Bush approves of the efforts to find a way to involve Iran and Syria. He and top officials have opposed direct talks with either country, saying Iran is using its civilian nuclear program to develop atomic weapons and Syria is working to destabilize Lebanon.

But top aides have said those concerns don't exclude the possibility of group collaborations that could put U.S. officials in close contact with Syrians and Iranians on issues of mutual interest.

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Secretary of State Condoleezza Rice, for example, noted in a recent interview that U.S. officials met with representatives of Syria, Iran and more than 30 other countries last fall to discuss the International Compact for Iraq, a 3-month-old effort.

"We need an international approach to Iraq…. It's been our policy for some time," Rice said then.

Administration officials said such group talks differed from one-on-one negotiations.

"This is not at all equivalent to having direct bilateral talks," said a State Department official, who also declined to be identified. "But we have no objection to being in the same room with all of Iraq's neighbors, including Iran and Syria. We want Iraq to have good relations with all of its neighbors."

Former Secretary of State Colin L. Powell and other U.S. officials worked side by side with Iranians and Syrians in an international conference convened by the Iraqi government in November 2004 in Sharm el Sheik, Egypt. The gathering, aimed at building more international support for Iraq's U.S.-appointed government, was supported by the Bush administration.

The Iraq Study Group, headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.), said a new effort could help push Iraq toward political reconciliation.

"Iraq's leaders may not be able to come together unless they receive the necessary signals and support from abroad," the panel said in its report. "This support will not materialize of its own accord, and must be encouraged by the United States."

Syrian officials indicated a willingness to meet with U.S. counterparts after the release of the report, but Iran's government rebuffed a recent U.S. offer for a meeting involving Zalmay Khalilzad, the U.S. ambassador to Iraq.

Although the administration has rejected the Iraq Study Group's recommendation for "extensive and substantive" talks with Syria and Iran, some proponents point out that the collaboration now under consideration could lead to a quiet broadening of the conversations.

James Dobbins, a former administration envoy and advisor to the Baker-Hamilton commission, predicted the administration would take part in a new regional collaboration on Iraq involving Iran and Syria.

"That's probably how the administration will square the circle of needing to move forward without actually appearing to be inconsistent" with demands that Iran and Syria cease their objectionable conduct, he said.

But Dobbins questioned whether such meetings would be fruitful without one-on-one conversations on broader differences.

"You've had multilateral meetings before, but they haven't amounted to much," said Dobbins, director of the Rand Corp.'s International Security and Defense Policy program. "The question is whether the administration takes advantage of this to engage in the kind of bilateral exchanges that would make the gatherings productive."

Other experts doubt the administration would talk to Tehran and Damascus.

"Bush is committed to the idea that these guys just aren't going to help us," said Steven A. Cook, a Middle East analyst at the Council on Foreign Relations.

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Crafting An Iraq Plan (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, January 9, 2007

WASHINGTON -- When President Bush addresses the nation tomorrow night, the strategies he offers for Iraq will represent months of work by J.D. Crouch, an academic turned deputy national security adviser.

Mr. Crouch, who once led graduate students on hikes, now aims to chart a new path to stabilize Iraq. He will see his belief in American military power reflected in the president's expected call to send tens of thousands of additional U.S. combat personnel to Iraq. The 48-year-old volunteer sheriff has been an advocate of the so-called surge of new troops to Iraq, administration officials said. In addition to the call for new troops, aides said tomorrow Mr. Bush also will seek a U.S.-funded effort to spur job creation and economic growth in Iraq.

The president and senior officials like Defense Secretary Robert Gates and Secretary of State Condoleezza Rice are the administration's public face when it comes to foreign policy. But as in other policy arenas, the crafting of specific proposals falls

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to mid-level aides like Mr. Crouch. Although few in Washington know his name, Mr. Crouch has become one of the most influential figures in the administration when it comes to Iraq, the signature issue of Mr. Bush's presidency.

"He has what is definitely an inside job," said National Security Adviser Stephen Hadley, Mr. Crouch's boss. "But if you care about the nuts-and-bolts of policy making -- and he does -- it's an important position to hold."

Mr. Crouch, who declined to comment for this article, received a doctorate in international relations from University of Southern California.

He came to Washington to work as an officer in the U.S. Arms Control and Disarmament Agency during the Reagan administration. When George H.W. Bush became president, Mr. Crouch moved to the Pentagon, where he was deputy to Mr. Hadley, then an assistant secretary of defense. By the early 1990s, Mr. Crouch was ready for a change. When his mentor at USC, William Van Cleave, offered him a tenure-track position at Southwest Missouri State University, Mr. Crouch accepted. Mr. Crouch was asked to return to Washington after George W. Bush took office in 2001. But his nomination as Mr. Bush's assistant secretary of defense for international security policy set off fireworks on Capitol Hill, where Democrats derided Mr. Crouch as a conservative ideologue during his confirmation hearing.

The Democrats expressed alarm over an academic article he wrote in 1995 that called for dispatching more troops to South Korea, redeploying American tactical nuclear weapons to the country, and bombing North Korea if Pyongyang refused to abandon its nuclear program. Sen. Carl Levin of Michigan, the top Democrat on the Senate Armed Services Committee, described Mr. Crouch's North Korea proposals as "reckless."

Mr. Van Cleave said the portrait painted by Democrats at the hearing was unfair. "J.D. has principles about national security: He recognizes that arms-control agreements haven't always worked well, that American strength depends on our military power, and that there are times when we need to use the military," Mr. Van Cleave said. "But those aren't 'radical' positions. The only thing he's fanatical about is USC football."

Mr. Crouch was ultimately confirmed by the Senate, and served in the Pentagon for two years before Mr. Bush named him ambassador to Romania. Mr. Crouch returned to the White House in January 2005 after Mr. Hadley asked him to serve as his deputy, and has since been in the catbird seat on a range of key national security issues.

Last fall, Mr. Hadley asked Mr. Crouch to lead an internal administration review to identify weaknesses in current U.S. policy on Iraq and to propose ways to fix them.

Mr. Crouch assembled a team of 12 midlevel aides from the Pentagon, State and Treasury departments, intelligence community, and the office of Vice President Dick Cheney. Members of the panel included Meghan L. O'Sullivan, deputy national security adviser for Iraq and Afghanistan, and John Hannah, Mr. Cheney's national security adviser.

The team began a review of the situation in Iraq. Mr. Bush wanted to sit down with senior members of his national security team the Sunday after Thanksgiving to discuss what Mr. Hadley describes as "the general contours of the way forward in Iraq," so the team met daily through November.

The panel, which held face-to-face meetings and regular videoconferences with senior U.S. commanders in Baghdad, quickly came to two conclusions about Iraq: that the situation in Iraq was dire and deteriorating, and that there weren't enough U.S. military personnel in the country to stabilize the country, said participants in Mr. Crouch's review.

The panelists had a harder time reaching consensus on how to move forward in Iraq. Participants said they considered, and rejected, an array of possible policy shifts. One idea that was ultimately discarded was the "80-percent" solution, which called for the U.S. to abandon its outreach efforts to Iraqi Sunnis and instead focus on the country's Shiites and Kurds, who together comprise about 80% of the country's 26 million residents.

Mr. Hadley said the U.S. decided to instead redouble efforts to build a coalition of moderate political figures from all three sectarian groups. This idea, along with the troop surge and the new economic-growth initiative, will be among the main themes of Mr. Bush's speech to the nation this week, other administration officials said.

Widening War? If Iraq Worsens, Allies See 'Nightmare' Case (WSJ)

By Neil King Jr. And Greg Jaffe

The Wall Street Journal, January 9, 2007

DOJ_NMG_0114101

WASHINGTON -- As President Bush prepares to unveil his latest Iraq strategy, Arab allies are worried about what might happen if the plan fails: that worsening strife could engulf the entire region, sparking a wider war in the middle of the world's largest oil patch.

The potential of a much larger regional conflict that pits Sunnis against Shiites is increasingly on the minds of both Arab leaders and U.S. military planners, according to regional diplomats and U.S. officials. Some are calling such a possible outcome the "nightmare scenario." A wider conflict appears more plausible now because, even as Iraq is separating along sectarian lines, regional dynamics are shoving neighboring nations into two rival camps.

On one side is a Shiite-led arc running from Iran into central Iraq, through Syria and into Lebanon. On the other side lie American allies Saudi Arabia, Jordan and Egypt, along with Persian Gulf states such as Qatar and the United Arab Emirates. These Sunni regimes are horrified at the emerging, increasingly radicalized Shiite bloc, largely financed and inspired by Iran, Arab diplomats say.

In the middle is Iraq, which looks less and less like a buffer between these two axes of Middle East power, and more of a no-man's land that is bringing them into conflict. Arab officials fear that if the U.S. withdraws from there, or diminishes its troop numbers in ways that Iraq's own weak military can't fill, the two sides could come into direct and bloody conflict.

The U.S. is now eager to tamp down these rising jitters over a wider clash within the Arab world. Mr. Bush, in a televised speech tomorrow night, will detail plans for reconstruction aid and a temporary surge in the number of U.S. troops in Iraq. The troop boost is meant in part to calm regional fears of a U.S. pullout. Mr. Bush is expected to send Secretary of State Condoleezza Rice to the region soon to help explain his new Iraq strategy in what could be her most comprehensive trip there in more than a year.

The U.S. is also pushing a wide-ranging strategy to persuade its Sunni allies that it is serious about counteracting the rise of Iran -- in exchange for Arab help in Iraq and the Palestinian territories.

Key to the effort is the continued promise to keep U.S. forces in Iraq for as long as necessary. But the U.S. is also beefing up U.S. forces in the Persian Gulf and plans to deepen security cooperation with Gulf allies. The Pentagon has proposed sending a second carrier battle group to the Gulf region. There are also advanced plans under way to knit together the air-defense systems of the six smaller Gulf states, including Qatar, Oman and the United Arab Emirates, and to build a U.S.-administered missile-defense system. Similarly, the Air Force is laying plans to step up exercises with Arab allies in the region. One proposal calls for the U.S. to hold combined air exercises with Oman and the UAE.

Contingency Plans

Arab governments are putting in place their own contingency plans in case Iraq begins to fall apart.

The Saudis have warned the Bush administration that they are prepared to aid the Sunni militias in Iraq if the Sunni population there becomes imperiled, a Saudi diplomat said. Jordanian officials have told the Pentagon that they may move troops into Iraq's uninhabited western desert as a buffer if events there spiral out of control, according to U.S. military officials. Turkish officials, who are grappling with a separatist Kurdish movement in their country, say they would oppose the creation of an independent Kurdistan in northern Iraq. They also say they are prepared to defend Iraq's Turkmen population, who share a common ethnicity with Turkey's majority population, should it come under attack. Even Syria, which the U.S. alleges has been abetting the conflict, is expressing alarm over the potential fracturing of Iraq.

"Can you imagine the effect of Iraq breaking apart and each group looking for a regional or international power to support their territorial claims or their ethnic claims?" asks Imad Moustapha, Syria's ambassador to Washington. "The repercussions will be terrible, not just for Iraq but for all the countries."

An all-out civil war in Iraq that drags in bordering countries would send shockwaves through the global oil market, potentially pushing oil prices to more than $100 a barrel, oil analysts predict. Iraq, Kuwait, Saudi Arabia and Iran together hold about two-thirds of the world's proven oil reserves.

Two scholars, Kenneth Pollack at the Brookings Institution and Daniel Byman of the Rand Corp., have worked for months on a study that lays out possible consequences in a worst-case scenario, from skyrocketing oil prices to huge, destabilizing refugee flows. They argue that Iraq could become the world's premier sanctuary for terrorism and that strife there could spark minority uprisings in Saudi Arabia, Iran, Syria -- and even among Turkey's sizable Kurdish population.

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Iraq's neighbors fear the increasing reach of Shiite Iran, whose expansion has been held in check for centuries by the Sunnis of Iraq. Among all of Iraq's neighbors, Iran is the one country that could clearly benefit from a possible breakup of Iraq along sectarian lines. The emergence of a large, oil-rich and devoutly Shiite Arab state carved from Iraq's southern half, with a government closely tied to Iran, would radically alter the face of the Middle East and grant more leverage to Shiite leaders in Tehran.

Core Fear

Another core fear is that a sectarian bloodbath in Iraq could draw in neighboring states, which would feel pressed to defend their own interests or to protect their brethren in Iraq.

Last month's bipartisan Iraq Study Group report sketched out such a potential sequence of events, based on interviews of senior Arab diplomats by the panel's top advisers. In one of the bleakest public assessments to date of what it called the "consequences of continued decline in Iraq," the report describes a potential cauldron of ethnic cleansing in Iraq that could draw in the country's main neighbors: Turkey from the north to prevent the Iraqi Kurds from declaring independence; Iran from the west to secure the country's south and gain control over oil fields in that region.

"Ambassadors from neighboring countries told us that they fear the distinct possibility of Sunni-Shia clashes across the Islamic world," the report notes. "Such a broader sectarian conflict could open a Pandora's box of problems -- including the radicalization of populations, mass movements of populations, and regime changes -- that might take decades to play out."

Some of the study group's top advisers contend that the process of ethnic cleansing, particularly by Iraqi Shiites trying to rid cities and regions of their Sunni populations, is already under way. "We may be about one-third through the process, with little ability to do anything about it," says Wayne White, a former Middle East intelligence official at the State Department.

But critics of the panel's core recommendation -- that the U.S. begin a rapid drawdown of American combat forces in Iraq that would culminate in a full withdrawal of combat troops by early 2008 -- say such a move would leave a military vacuum in Iraq that could open the way for an upsurge in Shiite violence against the Sunnis in Iraq.

The Sunni-Shiite split goes back to the early days of Islam, when a bloody feud broke out over which of the Prophet Muhammad's descendants should lead the Muslim faithful. Sunnis now predominate throughout the Middle East, with the exception of Iran. Shiites have recently experienced a resurgence in influence in the region, not just with the rise of Iran but also with the Shiite ascendancy in Iraq and Hezbollah's success in fighting Israel in Lebanon last summer.

High-level Arab officials have been warning for months that if left unchecked, the current slide into chaos in Iraq could spark a regional sectarian clash, according to U.S. and Arab diplomats. They have begun to share their contingency plans with top U.S. officials, in part because they hope to jolt the Bush administration into taking stronger action in Iraq and to secure the continued presence of U.S. troops there.

Jordanian officials have suggested that if Iraq were to fall into a full-out civil war, Jordan would push troops to the border, and possibly across it, as far west as Rutbah about 80 miles inside Iraq, to stem an expected flow of Sunni refugees, says a U.S. military planner who recently met with leaders in the region.

"The danger is that if the Jordanians carve out a security zone or buffer zone inside Iraq, that the Syrians, Saudis and Turks will all follow," says the military planner. The Syrians could move into western Nineveh province, while the Turks could send troops to protect the Sunni Turkmen population in the north, he says.

Jordanian officials say they are driven by two main concerns. The first is that Sunnis fleeing Shiite oppression could turn Amman into the center of Sunni resistance against the Shiite-dominated government in Baghdad. Already the Jordanian capital is home to about 900,000 Iraqis, who make up as much as 15% of the population. The Jordanians worry that Iraq's Shiite militias could send small teams of militants to Amman to launch assassination campaigns or terror attacks against the Sunni insurgency.

"We have quite enough instability in Jordan as it is," says one senior Jordanian official.

Jordan's other big fear is shared by the U.S.'s other Sunni allies throughout the region -- that an Iraqi Shiite government closely allied with Iran could dominate the region. Jordan is one of the most uniformly Sunni countries in the Gulf. But when U.S. military officials visited the region recently, their Jordanian counterparts described with alarm how 200 of their Sunni citizens had converted to Shia Islam in recent months. The Jordanians said the converts were motivated by the Shiite-dominated Hezbollah's tough stand against Israel over the summer and the growing power of radical cleric Moqtada al-Sadr in Iraq.

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"It seems preposterous, but it shows how hyper-reactive they are to it," says the U.S. military planner.

Saudi Arabia, which has a Sunni-majority population but significant pockets of Shiites in many of its oil-rich provinces, has also voiced alarm over the growing popularity of both Hezbollah and the Sadr movement in its own eastern expanses. "The Shiites in those provinces love Sadr and Nasrallah," Hezbollah's leader, the U.S. military planner says. Saudi officials also fret over the prospect of a deepening civil war in Iraq.

Huge Challenge

A huge challenge for the U.S. is that many of its Sunni allies in the region already view the current situation in Iraq as a defeat for their cause and a near-complete victory for Iran. "They refer to the Shiite Islamic parties in Iraq as the Persians," the military planner says, using the historical term for Persian-speaking Iranians.

In recent weeks, some of the U.S. allies in the Gulf have quietly advocated breaking up the Iraqi government in favor of a military dictatorship, governed by a secular Shiite, a Sunni and a Kurd, according to the military planner. The military dictatorship would rule until the country could be stabilized and new elections held. Religious parties, like those that currently dominate Iraqi politics, would be banned from participating in future elections.

U.S. officials have ruled out such an option, saying that it runs contrary to their desire to bring democracy to Iraq and that it would never be accepted by Iraq's Shiites, who are already largely in control.

Some Middle East analysts dismiss the possibility of intervention in Iraq by its Sunni-led neighbors, saying these fragile regimes are interested foremost in their own survival. But U.S. officials say the paranoia surrounding Iran and the rise of Shiite influence could lead them to conclude that their survival depends on intervening on behalf of Iraq's Sunni minority. Some of the war-gaming, both within the Bush administration and among outside experts, focuses on such potential scenarios.

Under one scenario, sketched by Mr. White of the Iraq Study Group, Iraq's Shiites would launch an extensive campaign to drive the Sunnis out of large areas of central Iraq. Fearing a rout of the Sunni population, Saudi Arabia would finance a large-scale counteroffensive, funneling aid to former Iraqi military officers through Jordan, which has longstanding ties to Iraq's Sunni military class. Egypt would do its part by providing guns, munitions, artillery and vehicles.

"What people forget is that the Sunnis comprise nearly the entire top brass of the former Iraqi army and nearly all of the old Republican Guard," says Mr. White. "You give them the guns and proper equipment and they will become a formidable force against the Shiite militias."

The possibility of a full-blown civil war in Iraq dissolving into a regional conflict "is a scenario that nearly everyone was rejecting just a few months ago," he says. "Not anymore."

Past Time To Get Real On Iraq (NYT)

The New York Times, January 9, 2007

We've been down this road before. This time, it has to be different.

There have been too many times that President Bush has promised a new strategy on Iraq, only to repeat the same old set of failed approaches and unachievable objectives. Americans need to hear Mr. Bush offer something truly new — not more glossy statements about ultimate victory, condescending platitudes about what hard work war is, or aimless vows to remain "until the job is done."

If the voters sent one clear message to Mr. Bush last November, it was that it is time to start winding down America's involvement in this going-nowhere war.

What they need is for the president to acknowledge how bad things have gotten in Iraq (not just that it is not going as well as he planned) and to be honest about how limited the remaining options truly are. The country wants to know how Mr. Bush plans to end its involvement in a way that preserves as much of the nation's remaining honor and influence as possible, limits the suffering of the Iraqi people and the harm to Iraq's neighbors, and gives Iraqi leaders a chance — should they finally decide to take it — to rescue their country from an even worse disaster once the Americans are gone.

The reality that Mr. Bush needs to acknowledge when he speaks to the nation tomorrow night is that the Iraqi government of Prime Minister Nuri Kamal al-Maliki is feeding rather than restraining Iraq's brutal civil war. The Iraqi Army cannot be relied on to impose order even in Baghdad, while the Iraqi police forces — dominated by sectarian militias — are inciting the mayhem.

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Mr. Bush must acknowledge that there is no military solution for Iraq. Whatever plan he offers needs to start with a tough set of political benchmarks for national reconciliation that the Iraqi government is finally expected to meet. It needs to concentrate enough forces in Baghdad to bring some security to streets and neighborhoods, giving Iraq's leaders one last opportunity to try to bargain their way out of civil war.

His plan needs to lay out tight timetables in which the Iraqis must take major steps to solve fundamental issues, including equitably dividing their oil wealth and disarming vengeful militias. There must also be a clear and rapid timetable for achieving enough stability in Baghdad to hand back significant military responsibilities to the Iraqis.

The last time America presented Mr. Maliki with a set of political benchmarks, he bluntly rejected them. If he does that again, there is no way America can or should try to secure Iraq on its own. Mr. Bush must make clear to both Iraqis and Americans that without significant progress, American forces will not remain.

We're under no illusions. Meeting those challenges is going to be extremely tough. And Iraq's unraveling may already be too far gone.

For Mr. Bush, this means resisting any vague Nixonian formula of "peace with honor" that translates into more years of fighting on for the same ever-receding goals. Democrats in Congress should also resist euphemistic formulas like "phased redeployment," which really means trying to achieve with even fewer troops what Washington failed to achieve with current force levels.

Nor can America simply turn its back on whatever happens to Iraq after it leaves. With or without American troops, a nightmare future for Iraq is a nightmare future for the United States, too, whether it consists of an expanding civil war that turns into a regional war or millions of Iraq's people and its oil fields falling under the tightening grip of a more powerful Iran.

Mr. Bush is widely expected to announce a significant increase in American troops to deploy in Baghdad's violent neighborhoods. He needs to explain to Congress and the American people where the dangerously tapped-out military is going to find those troops. And he needs to place a strict time limit on any increase, or it will turn into a thinly disguised escalation of the American combat role.

The Washington Post reported yesterday that just under 23,000 Iraqi civilians and police officers died violently in 2006, more than 17,000 of them in the last six months. That is a damning indictment of the Maliki government, and of current American military strategy.

That is the Iraq that Americans want Mr. Bush to deal with tomorrow night.

No More Middle East Crusades (LAT)

By Dimitri K. Simes, Dimitri K. Simes Is Publisher Of The National Interest Magazine.

The Los Angeles Times, January 9, 2007

Europeans couldn't export Christianity 1,000 years ago; what makes us think we can export democracy now?

JUST 10 DAYS after Iraq's government managed to transform Saddam Hussein's execution from an act of justice into a sectarian revenge killing, the Bush administration is planning a troop "surge" to try to help a leadership that is simultaneously too brutal and too wimpy to bring stability and democracy to Iraq.

But sending more brigades to pursue the same crusade is unlikely to bring success — at least not on an American political timetable. The problem is not just the incompetent management of the war's aftermath. The problem is that the crusade to reshape the Middle East that led to the U.S. invasion of Iraq precludes anything that could be legitimately called victory.

The debacle that is Iraq reaffirms the lesson that there is no such thing as a good crusade. This was true a thousand years ago when European Christian knights tried to impose their faith and way of life on the Holy Land, pillaging the region in the process, and it is equally true today. Divine missions and sensible foreign policy just don't mix.

For President Bush and his neoconservative supporters, the invasion of Iraq was from the outset about much more than dismantling (as we now know nonexistent) weapons of mass destruction, cutting Hussein's (also nonexistent) ties to Al Qaeda and removing a murderous and unpredictable dictator from power. They also sought to depose an Iraqi regime hostile to the United States and Israel — and to demonstrate to Arabs and others in the greater Middle East who was the real master of the region.

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The dismantlement of the Iraqi army and government machinery, now conveniently blamed on L. Paul Bremer III, was a logical outcome of the crusading mind-set. Bush wanted an Iraqi government to catalyze his transformational plan for the region. That is why less radical approaches than "remaking" Iraq were contemptuously dismissed.

Instead, group-think buttressed the shaky propositions that democracy could easily take root, that a democratic Iraq could move to recognize Israel and continue to contain Iran, that a small force could get the job done. That Iraq's neighbors — which in 2003 were often and quite publicly warned that they were next in line for forcible regime change — would accept American-style stabilization of Iraq defies belief.

Yet faith is once again demanded of the American people. Just as the Crusaders a millennium ago blamed their defeats in the Middle East on a lack of faith, we are told today that it is the realists — those heretics with an insufficient faith in the ability of American values and power to rapidly transform the world — who are poised to sabotage the entire project for spreading freedom throughout the region, that the realists and their false gods of stability and national interest will seduce Americans away from their true calling of spreading liberty throughout the world, even at the barrel of a gun.

The truth is that no surge and no amount of faith can rescue this crusade from failure. The alternative is not to "cut and run" or to withdraw troops but rather to seek a difficult solution that is the only plausible one: reshape U.S. policy in the Middle East to establish a manageable political context for the war. The Iraq Study Group was right on two counts: Sending more troops to Iraq and continuing to work with the current Iraqi government is a nonstarter. And Iraq's neighbors, including Iran and Syria, need a stake in stabilizing Iraq and won't help without U.S. assurances that they will not be next in line for regime change.

A new approach to the Israeli-Palestinian dispute is also essential. The perception that the United States fully supports Israeli policies makes it more difficult for friendly neighbors of Iraq, such as Saudi Arabia and Jordan, to provide much help. And we should accept that democracy in Iraq, to say nothing about a democratic Iraq as a role model for the region, might have to wait for better times.

Under current circumstances, the emergence of a tough but relatively benign leader who could establish law and order may not be the worst outcome. Of course, it is not appropriate for the United States to select a new strongman for Iraq. But many Iraqis are now tempted to put someone in charge who could quell the chaos. Washington might do well to ponder the limits of the U.S. responsibility to defend the corrupt and inept government of Prime Minister Nouri Maliki — a government heavily infiltrated by the very militias that the troop surge is supposed to destroy.

While not as murderous as Hussein, such a leader is unlikely to look like a knight in shining armor in the Bush administration's pro-democracy crusade — but he may just allow the United States to get out of the Iraqi quagmire without losing its prestige or leaving a sanctuary for Al Qaeda.

An Escalation Of American Blood (NYT)

By Nicholas D. Kristof

The New York Times, January 9, 2007

A surge in the number of troops in Iraq might have helped in 2003 or early 2004.

But in 2007, President Bush's plan seems to represent a warmed-over variant of approaches that have already been tried and mostly failed, that are opposed by some top American military commanders and ordinary Iraqis alike, and whose most likely outcome will be many more Americans in body bags or wheelchairs.

The reality is that we've already tried surges. There was one of 20,000 troops in early 2004, a similar one in the fall of 2005, and one a bit smaller in the summer of 2006.

As recently as July, Mr. Bush cheerily described a plan "to deploy additional American troops and Iraqi security personnel in Baghdad in the coming weeks." He explained that this would "bring greater security to the Iraqi capital ... [and] root out those who instigate violence."

By October, Maj. Gen. William Caldwell, the chief U.S. military spokesman in Iraq, was acknowledging that the recent troop increases "had not met our overall expectations of sustaining a reduction in the levels of violence."

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Proponents of escalation cite the example of Tal Afar, a town in northwestern Iraq. U.S. forces there have met some genuine success since September 2005 with the "clear, build and hold" strategy that Mr. Bush apparently now favors for Baghdad.

But Tal Afar is only about one-thirtieth the size of Baghdad, and it isn't even Arab: its people are mostly members of the Turkmen minority. Trying to replicate that (limited) success in Baghdad is a fool's errand.

In Tal Afar, there was one U.S. soldier for every 40 residents. Using the same ratio in Baghdad would require 150,000 troops, sustained for more than a year. That's impossible.

Mr. Bush's surge may be just big enough to expose more troops to danger and to let the Iraqi government off the hook, without being big enough to achieve security.

Don Rumsfeld was wrong on just about everything in Iraq — except the downside of additional troops there: "More forces, U.S. and coalition forces, create the impression of an occupation," he said. Indeed, any expansion of our military presence is likely to bolster anti-American radicals, like Moktada al-Sadr.

Sure, Iraq promises to help in the crackdown. But my bet is that — once again — Iraqi leaders will make big pledges and then let us do the heavy lifting.

In any case, sending in even more young Americans won't help counterinsurgency efforts when, according to an American-sponsored poll conducted in September, 78 percent of Iraqis believe that the American troop presence is "provoking more conflict than it is preventing." That's why Iraqis overwhelmingly favor a timetable for a U.S. withdrawal, and it's one reason I do as well.

Mr. Bush is right about the risks of withdrawal: our pullout could be followed by a vast bloodbath and by a regional war in which Iran backs Iraqi Shiite militias and Saudi Arabia and Jordan back Iraqi Sunnis (with Turkey marching into Kurdistan). But all that may unfold anyway, and the prospect of withdrawal may be the best hope to galvanize Iraqi factions to take steps to avert such a catastrophe.

If Mr. Bush succeeds in escalating our military involvement, it's almost inevitable that many more Americans will be killed and injured. The focus has been on fatalities, but by some counts there have been 16 American service injuries for every death. That's partly a tribute to improvements in military medicine, for in Vietnam there were 2.6 injuries per American fatality.

All told, between 22,000 and 50,000 Americans have been injured so far in Iraq (depending on who does the counting); the higher number is one-third as many as in the entire Vietnam War. Linda Bilmes, a Harvard scholar who has written a new report on the war injuries, notes that the backlog for veterans' disability claims has risen more than fivefold since 2000, and she cites horror stories like that of a staff sergeant who suffered severe brain injuries and then had his pay stopped and utilities cut because of a bureaucratic error.

"If the new Congress really wants to support our troops," Ms. Bilmes writes, "it should start by spending a few more pennies on the ones who have already fought and come home."

That's a responsibility Mr. Bush should assume as well. And when he speaks to the nation to urge more troops in Iraq, he needs to explain why the back alleys of Baghdad are the best places to invest additional buckets of American blood.

The Least Immoral Choice (WP)

By Sally Quinn

The Washington Post, January 9, 2007

I am an Army brat. I have seen the effects of war firsthand. My father fought in World War II and in the Korean War. I lived on Army posts and saw or heard about the human devastation of war each day.

During the Korean War my father served on the front lines, leaving us behind in Tokyo. Every day I read in the newspaper Stars and Stripes about soldiers being killed. I fell ill because of the emotional stress of having him at war, and at age 10 I ended up in Tokyo General Hospital.

The hospital was filled with severely wounded soldiers who had been airlifted from Korea. It was decided that having parents visit their sick children would be too disruptive, so my mother wasn't allowed to see me for months at a time.

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Finally, after nearly nine months, I was transferred to Brooke General Hospital in San Antonio. My mother, younger brother, younger sister and I were placed on an Army hospital plane with the most seriously wounded soldiers, who were to fly back with us. There were no seats on the plane, only three rows of litters, five high, all filled with badly wounded and dying soldiers, most of them still kids themselves. I was strapped to my litter, as they were, but my mother, brother and sister were ambulatory.

The thing I remember most vividly is the soldiers screaming in pain and crying out for their mothers. My mother went up and down the aisles holding their hands, stroking their brows, giving them sips of water. My sister helped light their cigarettes. Many of them were amputees. Some had no stomachs, some had no faces.

The soldiers in the litters above and below me both died, blood dripping from their wounds. Many other soldiers died while we were in the air. We had to stop in Hawaii overnight to refuel and to leave the bodies.

I hope that when President Bush discusses sending more troops to Iraq, knowing that we will have to pull out sooner rather than later, that the conversation comes around to the human suffering. Does anyone at the table ask about the personal anguish, the long-term effects, emotional, psychological and financial, on the families of those killed, wounded or permanently disabled?

When I hear about the surge, all I can think of is those young soldiers on the plane to Texas. We have already lost more than 3,000 soldiers, and many more have been wounded and disabled.

We have three choices here. All three are immoral. We can keep the status quo and gradually pull out; we can surge; or we can pull out now. When I think about those young soldiers on that plane coming back from Japan years ago, I believe pulling out now is the least immoral choice.

The writer is a co-moderator of On Faith, an online conversation on religion athttp://newsweek.washingtonpost.com/onfaith.

Democrats Split Over Their Approach To Iraq (NYT)

By Jeff Zeleny

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — The new Democratic majority in Congress is divided over how to assert its power in opposing President Bush's plan to send more troops to Baghdad, as leaders explore ways to block financing for a military expansion without being accused of abandoning American forces already in Iraq.

While Democrats find themselves unusually united in their resistance to a troop increase, party leaders are locked in an internal debate over how far to go in objecting to the administration's Iraq strategy. The White House has invited some Democrats to meet with Mr. Bush before he gives his Iraq speech on Wednesday, even as others have scoured the history books to find cases when Congress has reined in the commander in chief.

In the most aggressive of the new tactics, Senator Edward M. Kennedy, Democrat of Massachusetts, has said he will introduce legislation on Tuesday to require the president to gain new Congressional authority before sending more troops to Iraq. The bill is the first proposal in the Senate that would prohibit paying for an increase in American troops over their level on Jan. 1.

"Is there any American in this country who thinks the United States Senate would vote to support sending American troops into a civil war in Iraq today?" Mr. Kennedy said Monday in an interview. "Is there any American that believes this? I don't think so, but that is what's happening, and we have to do everything we can to insist on accountability."

The Kennedy plan is intended to provide Democrats with a road map for how to proceed in Iraq. Mr. Kennedy, as he begins his 45th year in the Senate, recalled that Congress interceded during conflicts in Vietnam and Lebanon, and he said Democrats should not hesitate to do so in Iraq.

The new House speaker, Representative Nancy Pelosi of California, has similarly suggested that Democrats consider blocking financing for a troop increase, and the Senate majority leader, Harry Reid of Nevada, vowed Monday "to take a look at it."

But the House majority leader, Representative Steny H. Hoyer of Maryland, has not endorsed the idea. Other Democrats, either looking ahead to a possible presidential candidacy or their own re-elections, have also distanced themselves from such a proposal, fearful of being cast as opposing the troops.

"I don't think we should be pulling back any funds," said Senator Amy Klobuchar, a Minnesota Democrat who was elected in November. She said she would oppose a proposal to block money for a troop increase.

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The Democratic Party sailed to victory in midterm elections in the fall on a promise to change course in Iraq. Still, there is little consensus over how to proceed.

Some Democrats are urging an immediate withdrawal of troops and a drastic reduction in war spending. Others are calling for a gradual re-deployment of troops to move them out of Iraq. Still other Democrats are waiting for Mr. Bush to present his plan before criticizing it.

The expectations set by the elections, Democrats say, present a complicating challenge as they begin to govern.

Take, for example, Mr. Reid, who said on Dec. 17 that he would support a plan for a temporary increase in increase troops. Two weeks later, he announced his opposition, saying his change had nothing to do with other Democratic senators having spoken out against it, but rather with military officials having disagreed with a call for more troops.

Senator Russell D. Feingold, Democrat of Wisconsin, said he believed that his party lost the White House in 2004 because of Iraq. “My concern now is that too many Democrats are going to want to play it safe on this issue and not take the strong stand that American people demand,” he said Monday.

The pressure from war critics on the Democratic left has been particularly intense. “The bottom line is that they were elected on a mandate to get the nation out of the mess in Iraq,” said Eli Pariser, the executive director of MoveOn.org, a liberal political action committee.

By law, Congress can limit the nature of troop deployments, cap the size of military deployments and cut financing for existing or prospective deployments.

Since 1970, there have been dozens of occasions in which Congress has tried to step into military action, from Haiti to Bosnia to Kosovo, according to a memorandum being sent Tuesday to lawmakers by the Center for American Progress, a liberal policy group.

Representative Adam Smith of Washington, vice chairman of the moderate New Democratic Coalition, said he feared that withholding financing — even for new troops being sent to Iraq — could have a detrimental effect on all forces.

“I don’t want our troops to be caught between the president and Congress in a political fight,” said Mr. Smith, who was to receive a briefing on Tuesday at the White House. “If there are any risks that our efforts to slash the budget would place them at greater risk, that would be unacceptable to me.”

But Democrats who are trying to stop Mr. Bush’s proposed troop increase, a group led by Mr. Kennedy, say their proposal to block financing will apply only to new troops. Mr. Kennedy said he hoped that his legislation would be urgently considered by the full Senate, but acknowledged that it remained an open question whether his Democratic leaders would schedule it for a quick vote.

“The importance of this legislation is that it will apply now before we could get the escalation,” he said. “If you wait, this thing is going to be past. I’m not sure that all of our colleagues in the Senate understand that, quite frankly.”

Democrats May Deny Funds For Iraq Surge (AP)

By David Espo

AP, January 9, 2007

In a blunt challenge to President Bush, the leader of the Senate's new Democratic majority said Monday he will "look at everything" within his power to wind down the war in Iraq, short of cutting off funding for troops already deployed.

"I think we've got to tell the president what he's doing as wrong. We've got to start bringing our folks home," said Sen. Harry Reid of Nevada, in remarks that portend a struggle if, as expected, Bush announces plans later this week for an increase in troop strength of 20,000.

Another senior Democrat, Sen. Edward M. Kennedy, said one option under consideration would be for lawmakers to vote on denying the use of funds for any increase in the U.S. deployment. Officials said late Monday night that the Massachusetts Democrat was preparing legislation that would require Congress to approve the deployment of more troops, and was hoping for a roll call on the topic swiftly — before any increase is implemented.

More broadly, Reid signaled that Bush's expected call for an additional $100 billion for the war would receive close scrutiny from newly empowered Democrats.

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"We have a platform we didn't have before, Leader Pelosi and I, and we're going to ... focus attention on this war in many different ways," said Reid. Speaker Nancy Pelosi, D-Calif., suggested over the weekend using Congress' power of the purse to restrain any troop buildup.

More than 3,000 U.S. troops have lost their lives in Iraq in a war nearing the end of its fourth year, and many Democrats attribute their success in last fall's elections to public opposition to the conflict.

The election results, combined with an assessment by the bipartisan Iraq Study Group that the situation in Iraq was "grave and deteriorating," coincided with Bush's effort to begin work on a revised policy.

He is expected to make a nationwide televised address on the issue on Wednesday. Several officials have said one leading option for Bush is a so-called "surge" in troop strength, in which about 20,000 troops would be added to the force already in place, in hopes that sectarian violence can be quelled.

The debate over the war has overshadowed the early days of the new Democratic-controlled Congress and a politically potent domestic agenda that leaders had planned.

The Senate began debate Monday on legislation to toughen ethics rules and crack down on lobbyists' influence. The bill is a response to what Democrats have called a Republican "culture of corruption." In the House, Democrats have already passed some ethics changes.

On security matters, they intend to begin work Tuesday on legislation to implement nearly all of the remaining recommendations of the commission that investigated the terrorist attacks of Sept. 11, 2001. "If this bill is enacted, funded and implemented, the American people will be safer," said Lee Hamilton, who was a member of the commission.

That legislation carries no price tag, and the money to pay for the increased protections will have to be approved separately. At a news conference, Pelosi sidestepped when asked about the cost, saying that any increases in spending would be offset to make sure they did not increase the deficit.

Legislation that Sen. Joseph Biden, D-Del., proposed in the Senate last year would have implemented the 9/11 commission's recommendations at an estimated cost of $53.3 billion over five years.

Bush met with several members of Congress during the day, part of a series of meetings held in advance of announcing his new Iraq policy.

White House press secretary Tony Snow said the president "understands there is a lot of public anxiety" about the war. Yet he said that Americans "don't want another Sept. 11" type of terrorist attack and it is wiser to confront terrorists overseas in Iraq and other battlegrounds rather than in the United States.

As commander in chief, Bush has wide constitutional authority to direct the military. Congress' principal power lies in its ability to control federal funding.

Yet the Democratic takeover in Congress means that for the first time since the war began, persistent critics of the administration's policy are in control in both the House and Senate.

"We ought to insist that the Congress and the Senate take action, so that before we're going to have a surge (of troops), the members of Congress and the members of the Senate will have an opportunity to speak on this issue," said Kennedy.

He noted that Congress could prohibit the money it authorizes for Iraq from being spent on a troop buildup. "It's something that's under discussion," said the Massachusetts Democrat.

Other alternatives have emerged in recent days, although several officials said Democratic leaders had not yet settled on a course of action.

Sen. Dick Durbin of Illinois, the Senate's second-ranking Democrat, has suggested a limit on the number of troops that could be deployed to the war.

"It is time for us to announce we achieved our goals in Iraq and now the American people need to hand this responsibility over to the people of that nation in Iraq," he said.

Sen. Barack Obama, D-Ill., a potential presidential candidate, said that while he opposes any measure that would increase the risk to troops already deployed, "the central question then becomes, is there a way of conditioning appropriations so that the president is constrained and that's something that we're investigating right now."

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Other Democrats have discussed the possibility of forcing votes on nonbinding legislation calling on Bush to begin a troop withdrawal — the type of measure that served as a flashpoint in the election-year debate over the war.

In addition, Democrats intend to require senior administration officials to run a virtual gantlet of hearings at which the war policy could be explored in great detail — from the mission of the troops to alleged fraud in the use of funds to rebuild Iraq.

Officials said a few Democrats have discussed holding a fresh vote on authorizing the war, which Congress approved before Bush dispatched troops more than four years ago.

Bush's recent decision to name a new ambassador to Baghdad and shuffle the military commanders in the region will lead to Senate confirmation hearings.

Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, said another option is to limit "a particular military program or effort." He offered no elaboration.

Congress Is Loath To Pull Purse Strings (LAT)

By Noam N. Levey

The Los Angeles Times, January 9, 2007

WASHINGTON — As they prepare for weeks of oversight hearings on the war in Iraq, Democratic congressional leaders are ruling out funding cuts to force President Bush to withdraw American troops.

But such cuts would hardly be unprecedented.

Since the early 1970s, Congress has intervened in at least five foreign conflicts on three continents by dictating what U.S. forces could do or how long they stay.

In the most dramatic and politically provocative cases, including during the latter years of the Vietnam War, lawmakers used their power over the federal budget to dramatically restrict operations they opposed.

At other times, they passed laws that specified where American forces could operate in Central America in the 1980s and set a timeline for withdrawing American troops from Somalia in the 1990s.

In the late 1970s, Congress barred the CIA from participating in a civil war in Angola.

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No appetite for showdown

"This isn't a monarchy. The president doesn't have the authority to do anything he wants," said former Rep. Sam Gejdenson (D-Conn.), who worked to limit President Reagan's support for the Nicaraguan Contras two decades ago. "When Congress wants to move, it clearly has the authority to force the president to cease and desist."

Democratic leaders have shown no appetite for such a showdown.

Although House Speaker Nancy Pelosi (D-San Francisco) and Senate Majority Leader Harry Reid (D-Nev.) last week sent Bush a letter urging him to begin pulling out troops, Pelosi reiterated Monday that Democrats would not force the issue by withholding funding.

There is a long history of congressional discomfort with challenging the commander in chief over how to conduct a war.

"Congress is very sensitive of being accused of not supporting the troops," said Louis Fisher, a constitutional law specialist at the Library of Congress who has written extensively about struggles between the White House and Congress over war powers.

Even when popular opinion turned against the Vietnam War, congressional war opponents took years to muster the majorities necessary to impose restrictions on the conflict.

But after President Nixon's controversial 1970 expansion of the war into Cambodia, the tide began to turn.

That year, Sens. John Sherman Cooper (R-Ky.) and Frank Church (D-Idaho) overcame months of legislative opposition and attached an amendment to a foreign aid package that barred the use of U.S. troops in Cambodia.

The next year, Congress went further, approving a measure sponsored by Sen. Mike Mansfield (D-Mont.) that required Nixon to set a timetable for withdrawing U.S. troops from Vietnam.

Only after U.S. forces withdrew following the 1973 peace accords did Congress actually cut funding for assistance to South Vietnam. Two years later, after more congressional funding cuts, the country succumbed to a North Vietnamese invasion.

The fall of Saigon in 1975 fed accusations that Congress had undermined the U.S. war effort in Southeast Asia.

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Within a year, however, lawmakers on Capitol Hill imposed new limits on American intervention in another foreign conflict.

In 1976, Congress prohibited the CIA from conducting military operations in Angola, which was in the middle of a fierce civil war that pitted a Soviet-backed government against rebels supported by America's allies.

And less than a decade after the end of the Vietnam War, Congress faced off against the White House over another controversial foreign war, this time in Central America.

In the mid-1980s, the Reagan administration was aggressively trying to overthrow the Marxist government of Nicaragua and to prop up an American-backed government in El Salvador against communist-backed rebels.

"There was a great deal of unhappiness with the way the Reagan administration was characterizing the conflict," said Cynthia Arnson, a former congressional aide who now directs the Latin American program at the Woodrow Wilson International Center for Scholars.

Amid reports of atrocities committed by America's allies, Democrats on Capitol Hill grew increasingly wary of U.S. involvement.

Then-Rep. Edward P. Boland (D-Mass.) led a congressional effort to prohibit the use of funding from the CIA or the Defense Department in support of the Contras in Nicaragua.

Lawmakers later went further, restricting U.S. forces from operating in Nicaragua and within 20 miles of the Nicaraguan border in Honduras and Costa Rica. (At the time, U.S. troops were still advising the Contras.)

Those limits would become central to the Iran-Contra scandal in which Reagan administration officials sought to fund the Contras by using the proceeds of arms sales to Iran.

Congressional intervention in Southeast Asia and Central America proved politically controversial for Democrats.

And wariness over being accused of abandoning America's allies diminished congressional interest in limiting support for the government of El Salvador, Arnson said.

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Continuing limits

Yet even into the 1990s, lawmakers continued to place limits on American military action abroad.

In 1991, Congress authorized President George H.W. Bush to use military force only to liberate Kuwait rather than fight on into Iraq.

And after 18 American soldiers were killed in a 1993 firefight in Mogadishu, Somalia, Sen. Robert C. Byrd (D-W.Va.) led a successful effort to set a deadline for withdrawing U.S. troops from Somalia.

Today, Democrats are again challenging an administration over a war. But advocates of legislation to require the withdrawal of U.S. troops — such as Sen. Russell D. Feingold (D-Wis.) — remain a minority.

None of the new Democratic congressional committee leaders who plan hearings on Iraq over the next month have expressed interest in legislation that would place limits on U.S. forces in Iraq.

And last week, Senate Armed Services Committee Chairman Carl Levin (D-Mich.) would only say that he might reintroduce a nonbinding resolution calling on the president to set a timetable for withdrawing troops.

Dems Grapple With 'surge' (HILL)

By Jonathan E. Kaplan

The Hill, January 9, 2007

Having quickly pivoted last weekend to address the Iraq war during their 100-hour legislative blitz, House Democratic leaders are hurrying, amid the new pressures of having to govern, to craft a unified response to President Bush's plan to increase the number of U.S. troops deployed there.

Democrats appeared to have a chaotic and busy Monday as freshman lawmakers returned from a Congressional Research Service retreat in Virginia and other members remained in their districts or attended the Bowl Championship Series football game between the University of Florida and Ohio State University.

As they address the president's plan for Iraq, House Democrats will also begin the 100-hour offensive by considering reforms suggested by the commission that investigated the Sept. 11 terrorist attacks. While the commission's recommendations

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address spending priorities, port and aviation security and other security issues, Democrats have proposed creating a new intelligence oversight panel within the House Appropriations Committee.

The goal is to make oversight more focused by reducing the number of committees involved but increasing Congress's power to scrutinize intelligence spending and programs. The new panel will have more authority and more staffers to review intelligence agency budgets.

Former Rep. Tim Roemer (D-Ind.), who served on the 9/11 Commission, told reporters yesterday that the congressional moves were "bold," but he acknowledged that this is "a first step in a long path toward reform."

The panel, if created, would also enhance the power of Speaker Nancy Pelosi (D-Calif.) because she would appoint its Democratic members. During the past week, Pelosi has moved to augment her power by continuing to place term limits on chairmen and place staff in key jobs within her caucus.

Meanwhile, antiwar lawmakers revved up their opposition this week and put themselves on a collision course with Democratic leaders who oppose the hard-line tactic of changing Iraq policy by cutting off funds for operations there.

At a press conference yesterday, Pelosi reiterated that she opposes cutting off funding for military operations in Iraq. But there is a wide gulf between her liberal rank-and-file members of the caucus.

"Many of the new members know how they got here," said Rep. Dennis Kucinich (D-Ohio), who was in New York City yesterday pitching a plan to withdraw U.S. forces from Iraq. "We'll make sure [the second 100 hours] is about Iraq."

Rep. John Murtha (D-Pa.), a former Marine whose opposition to the war gave Democratic candidates political cover during the election to emphasize the issue, plans to begin hearings "shortly" in his new perch as chairman of the Defense Appropriations subcommittee, said House Appropriations Chairman David Obey (D-Wis.).

The chairwomen of the Progressive Caucus are hosting a forum this Friday with former Sen. George McGovern (D-S.D.), who has authored a book offering a plan to withdraw from Iraq. Murtha has maintained a low profile since the campaign and his unsuccessful bid to become majority leader. But in conversations on the House floor, he told Rep. Lynn Woolsey (D-Calif.) that he would attend the forum with McGovern.

Murtha is scheduled to offer the first response to McGovern, said Bill Goold, a spokesman for Woolsey.

As liberal lawmakers voiced greater opposition to escalating the war, the White House appears to be trying to ward off criticism for appearing to ignore the recommendations of the Iraq Study Group, which proposed more diplomacy, notably with Iran and Syria.

President Bush has conducted a series of bipartisan briefings with lawmakers. He is meeting today with 14 lawmakers, including Reps. Todd Tiahrt (R-Kan.) and Adam Smith (D-Wash.). Last Friday, the president met with seven Republicans and six Democrats who serve on the Armed Services Committee. These included Rep. Chet Edwards (D-Texas), who represents Bush's hometown of Crawford, and freshman Rep. Chris Carney (D-Pa.), who served in the Pentagon as a Naval intelligence officer during the Iraq war.

Some of the newly elected Democrats, who aggressively criticized Bush on the campaign trail, are taking a much more cautious approach in the wake of their victories.

"Instead of sending more American troops overseas, we should be training Iraqis to handle the jobs themselves. For every Iraqi battalion we train, we need to bring an American battalion home. This should be our focus," said Carney.

Rep. Heath Shuler (D-N.C.) said he wants to hear from military leaders in Iraq that more soldiers are necessary, said Andrew Whalen, Shuler's press secretary.

Rep. Brad Ellsworth (D-Ind.) is skeptical of an increase in troops, said Elizabeth Farrar, his spokeswoman.

Murtha Outlines Strategy To Restrict Troop Surge (WSJ)

By David Rogers

The Wall Street Journal, January 9, 2007

WASHINGTON -- With President Bush seeking more U.S. forces in Iraq, a House Democratic chairman outlined options that would restrict any troop surge if it meant depleting readiness at home or extending the tours of troops now in the war zone.

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The strategy laid out by Rep. John Murtha (D., Pa.) is the clearest statement yet on how House Democrats may respond to anticipated White House proposals to add 20,000 troops and pump new money into economic programs to help Iraqi civilians.

Mr. Bush will address the nation tomorrow on Iraq, and the Pentagon is preparing to add four brigades plus support personnel in the coming months. In the same period, Congress will be considering an emergency bill to pay for continuing overseas military operations, and the restrictions could be added prior to enactment in late March and before the White House has deployed all the added brigades overseas.

Mr. Bush is sure to claim wide discretion as commander in chief under the Constitution; most Democrats want to avoid what they see as a fruitless and politically damaging fight to deny money for the war. "We're not about to cut off funding for troops," House Armed Services Committee Chairman Ike Skelton (D., Mo.) said.

But Mr. Murtha, chairman of the House Appropriations defense subcommittee, believes the November election results show voters want Congress to be more of a check on Mr. Bush's handling of Iraq. His goal is to build bipartisan support by focusing the debate on whether increasing troop levels would be too much of a strain on the military.

"Most of the military commanders say we can't afford to send more troops," Mr. Murtha said, and he has urged the president's national-security adviser, Stephen Hadley, to expedite submission of the war-funding requests to facilitate hearings and debate.

The chairman met recently at the White House with Mr. Hadley, Vice President Cheney and the president regarding Iraq policy, but remains skeptical of the administration's approach. He is planning a set of hearings beginning this month on the state of Army and Marine Corps readiness; as chairman, he can recommend that the restrictions be part of the text of the funding bill and challenge others to take out the language.

"They will say we're micromanaging the Defense Department. Well they need to be micromanaged," he said. "What we decide is the direction of the country on this war."

Among the options is a provision that proscribes the use of new funds to extend the deployment of Army and Marine troops beyond 365 and 210 days, respectively. A second provision would bar the dispatch of more troops if a fixed percent of units left at home fall below readiness standards.

The readiness of Army units for combat is measured on a scale of one to four. Units rated at the lower ends of the spectrum -- three and four -- are missing key leaders, training or pieces of equipment that make them ineligible to deploy. The exact readiness levels of U.S. units are classified. But senior Army officials and lawmakers have acknowledged in recent weeks that almost all the big active-duty combat brigades in the U.S. currently aren't ready to deploy.

Forcing the Bush administration to maintain a certain percentage of units in the U.S. at high readiness levels could constrain the president's ability to follow through on his plan to "surge" troops into Baghdad. It could also force the administration to call some National Guard and reserve units back for a second year-long tour of duty in Iraq.

Bush To Name Khalilzad For U.N. Job (AP)

AP, January 9, 2007

President Bush will nominate Zalmay Khalilzad to be the U.S. envoy to the United Nations and veteran diplomat Ryan Crocker to replace him as ambassador to Iraq, the administration said Monday.

Both changes had been revealed in news reports last week.

"If confirmed, Ryan and Zal will have two of the hardest and most consequential jobs in the world," Secretary of State Condoleezza Rice said announcing the changes. White House spokesman Tony Snow had confirmed the plans earlier Monday.

Khalilzad, who is Afghan born, has also served as ambassador to Afghanistan. He will replace John Bolton, who could not win Senate confirmation and resigned last month as his temporary appointment as U.N. ambassador was about to expire.

Crocker, a four-time ambassador who is now U.S. envoy to Pakistan, will replace Khalilzad in Baghdad.

Bush is shuffling his teams of military and diplomatic advisers as he plans to announce a new Iraq strategy on Wednesday.

"The next two years may well be the most significant ones in this mission so far," Rice said. "New challenges on the ground call for changes to our strategy."

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"There will be new leadership in both our military and our diplomatic efforts, and the person President Bush wants to lead Embassy Baghdad is Ryan Crocker," she said.

Gen. John Abizaid, the top U.S. commander overseeing the military theater that includes Iraq, will be succeeded by Adm. William Fallon, now Abizaid's counterpart in the Pacific. Army Lt. Gen. David Petraeus is the president's choice to be the new chief commander in Iraq, replacing Gen. George Casey.

Casey in turn will replace the retiring Gen. Peter Schoomaker as Army chief of staff.

Bush has also decided to shift John Negroponte, the national intelligence director, to the State Department to become No. 2 to Rice. Replacing Negroponte will be retired Vice Adm. Mike McConnell, a veteran of more than 25 years in intelligence.

Iraq-linked Reshuffle Continues With Switch Of US Baghdad Envoy (AFP)

By David Millikin

AFP, January 9, 2007

President George W. Bush pursued a major reshuffle of his Iraq policy team by nominating the current ambassador to Baghdad as the next US envoy to the UN and replacing him with one of Washington's most experienced diplomats.

US Secretary of State Condoleezza Rice confirmed the long-expected decision to name Zalmay Khalilzad, an Afghan-born Muslim who has been the US ambassador in Iraq for 18 months, to the United Nations.

He will be replaced in Baghdad by Ryan Crocker, a fluent Arabic speaker who has already served as US ambassador to Syria, Kuwait, Lebanon and, since November 2004, Pakistan, she said.

Both appointments must be confirmed by the US Senate, though they are not expected to encounter stiff resistance from the opposition Democrats who won control of Congress in November elections.

"If confirmed, Ryan and Zal will have two of the hardest and most consequential jobs in the world," Rice said in announcing the nominations.

"But President Bush and I have the utmost confidence that they are more than equal to the challenges of their posts," she said.

The nominations followed a flurry of other changes in the upper echelons of Bush's intelligence and military teams that included replacing his top commanders for Iraq and the Middle East and shifting his top intelligence aide, John Negroponte, to the State Department to become Rice's deputy.

The reshuffled leadership will be tasked with implementing a new Iraq strategy that Bush is scheduled to unveil in a nationally televised speech Wednesday night.

The new plan is expected to include a "surge" in US troop numbers to curb sectarian and insurgent violence while shifting security responsibility to Iraqi forces to allow for an eventual drawdown of the US presence.

The choice of Khalilzad, 55, the Bush administration's highest-ranking Muslim, had been expected since former UN envoy John Bolton resigned in December after failing to gain Senate endorsement.

Rice said the past year of intensive diplomacy at the United Nations, which resulted in sanctions against North Korea and Iran over their nuclear programs as well as action to end conflicts in Lebanon and Sudan's Darfur region, had "shown very clearly how important the UN is for America".

"This work is a tall order. It demands a skilled and experienced diplomat ... and few Americans have distinguished themselves in this regard as much as Zal," she said.

While considered an effective diplomat, Khalilzad, a Sunni Muslim, struggled during his 18 months in Baghdad to gain the confidence of Iraq's now dominant Shiites and failed to bring about the national reconciliation that had been one of his primary duties as ambassador.

The appointment of such a high-profile figure to the UN was welcomed by some foreign policy experts as a sign that Bush intends to continue pursuing important diplomatic goals through the world body he once famously dismissed as a "debating society."

But some have worried the diplomat may focus too much on Iraq to the detriment of other pressing issues.

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Edward Luck, an expert on international organizations at Columbia University's School of International and Public Affairs, said Khalilzad's close ties to Bush and Vice President Dick Cheney would be a plus at the UN, as long as he was not seen as tasked "simply to push an American agenda regarding Iraq and a smoother exit strategy" for Washington from the embattled nation.

Rice hailed Crocker, 57, as a near perfect choice to replace Khalilzad in Baghdad.

"Few diplomats have the kind of experience in the broader Middle East that Ryan has amassed in his three decades of service," she said.

"He knows the language and the culture of the region, as well as the leaders and the societies that they lead."

Crocker will need all his diplomatic talents to carry out Bush's new policy in Iraq, which for him should focus on forging a political accommodation among Shiites, Sunnis and Kurds, while reviving moribund efforts to get the Iraqi economy back on its feet.

But he is no stranger to turmoil, having survived the 1983 bombing of the US embassy in Beirut as well as perilous assignments in Afghanistan and Iraq.

Bush Ready To Announce New Iraq Plans (FT)

By Guy Dinmore

Financial Times, January 9, 2007

President George W. Bush will announce his new war plans for Iraq in a prime-time address to the nation on Wednesday night that is expected to focus on a combined military-economic push for victory.

The final link in the reshuffled team to carry out the new strategy was revealed by the White House on Monday. Ryan Crocker, a veteran diplomat and Arabist, is to become the next US ambassador in Baghdad, replacing Zalmay Khalilzad who is nominated to fill the vacant post of envoy to the United Nations. Mr Crocker will oversee the largest US embassy, working with Lt Gen David Petraeus, the counter-insurgency expert named last week to take over from Gen George Casey as commander of multinational forces in Iraq.

Democrats in Congress have warned Mr Bush that he should not expect an easy ride in gaining approval for the emergency supplemental budget of at least $100bn (€77bn, £51bn) he is likely to request for Iraq next month.

Many Republicans are sceptical, too, saying this is the “last chance” for the Iraqi government led by Nouri al-Maliki, the Shia prime minister, whose botched handling of the execution of Saddam Hussein has lowered his standing even further in Washington.

But the appointments of Mr Crocker and Lt Gen Petraeus, both respected and already veterans of the Iraq war, will help the administration get through three weeks of tough committee hearings in the Democrat-controlled Congress.

Senator Barbara Boxer, a Democrat on the foreign relations committee, gave a taste of what lies in store, commenting in reference to Gen Casey’s early removal: “It looks like the president went shopping for a general who agreed with him.”

Lt Gen Petraeus, who led the drafting of the military’s new counter-insurgency manual, is said to have disagreed with the “light footprint” strategy of Gen Casey. He is expected to have an infusion of up to 20,000 more troops for a long-term attempt at “clear and hold” in Baghdad.

The neo-conservative camp that appears to have achieved success in lobbying Mr Bush to ramp up the US’s military and economic commitment wants the focus on clearing “high-violence Sunni and mixed Sunni-Shia neighbourhoods”.

Analysts say this approach, if adopted, would place Mr Crocker in a difficult position of carrying out the other expected half of the Bush plan, a broad-based push for reconciliation with the Sunni – the former ruling minority – backed by more money.

Mr Khalilzad, the departing ambassador, pursued this approach but ran into opposition from the Shia-dominated coalition. His background as a Sunni Muslim (he is Afghan by birth) also raised suspicions that some former officials say made his position untenable.

Mr Crocker is not only an experienced Arabist who served in hot-spots, including Beirut. He is one of the few remaining US diplomats with experience in Iran before relations were severed following the 1979 Islamic revolution.

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Mr Crocker, currently ambassador to Pakistan, was involved in successful talks with Iran in late 2001 after the fall of the Taliban in Afghanistan that led to the formation of the Karzai government.

His two predecessors in Baghdad – Mr Khalilzad and John Negroponte – both received the green light to make contact with their Iranian counterparts. It is not known if Mr Crocker will receive similar dispensation.

Tony Snow, White House spokesman, rejected suggestions that the new strategy represented the "last chance" for success. But he also dodged questions on whether Mr Bush would talk about achieving "victory". Pressed whether the speech would tackle the consequences of failure, Mr Snow said

Our 'Viceroy' To The U.N. (LAT)

The Los Angeles Times, January 9, 2007

An Afghan-born Sunni Muslim, Zalmay Khalilzad would be a strong symbol in representing the U.S.

ZALMAY KHALILZAD is not the kind of soft-spoken diplomat who goes over well at the United Nations. President Bush's choice for U.S. ambassador to the U.N., dubbed "the viceroy" during his stint as ambassador to Afghanistan from 2003 to 2005, is a neoconservative hawk known for his autocratic style. Yet he is also charismatic and can be charming; certainly compared to his predecessor, he's a breath of fresh air.

Former Ambassador John R. Bolton was a spectacularly poor choice for the U.N., given that he was appointed at a time when the U.S. should have been focusing on mending fences with the international community after ignoring its reservations on the invasion of Iraq. His arrogant refusal to compromise in a forum in which compromise is a necessity for progress only exacerbated American isolation. Bush's decision in 2005 to install him as a recess appointment when it became clear that he wouldn't be approved by the Senate was an unconscionable end run around constitutional checks and balances.

Khalilzad is a polished and experienced foreign service official who is quite capable of flexibility, as he proved during tough negotiations over the governance of both Afghanistan and Iraq. Insiders expect him to sail through the Senate confirmation process.

In what would be a testament to this nation's diversity, the Afghan-born Khalilzad would become the first Muslim U.S. ambassador to the United Nations. His religious and ethnic background have strong symbolic value in countering Muslim suspicions that the U.S. is engaged in a religious crusade against Islam around the world. It also makes him particularly qualified to mediate conflicts over the best approach to such hotspots as Iran and Lebanon.

Khalilzad has been an able U.S. representative in Baghdad, even if his religious affiliation has caused some Iraqis to grumble about his allegiances. A Sunni Muslim, he has been a strong advocate for increasing Sunni participation in Iraqi politics and for cracking down on Shiite death squads accused of murderous rampages against Sunnis, going so far as to say that the militias pose the greatest threat to Iraq's stability. He is right, and Bush's choice for Khalilzad's successor in Iraq — experienced diplomat Ryan C. Crocker — will no doubt continue making this case.

U.S. Strike Targets Al-Qaida In Somalia (AP)

AP, January 9, 2007

The U.S. military launched a strike against several suspected members of al-Qaida in Somalia, a government official said Monday night.

The official, who spoke on condition of anonymity because of the operation's sensitivity, said at least one AC-130 gunship was used in the attack.

CNN, NBC and CBS first reported the military action. Citing Pentagon officials, CBS said the targets included the senior al-Qaida leader in East Africa and an al-Qaida operative wanted for his involvement in the 1998 bombings of the American embassies in Kenya and Tanzania.

The same operatives are also believed responsible for a 2002 attack on Israeli tourists in Kenya and an attempt to shoot down an Israeli aircraft the same day, NBC News reported.

The 1998 bombings of the U.S. embassies in Kenya and Tanzania killed more than 250 people. The 2002 attack on an Israeli-owned hotel in Kenya killed 15.

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The White House on Monday night would not confirm the incident. Air Force Lt. Col. Todd Vician, a Defense Department spokesman, said he could neither confirm nor deny the reports of an airstrike.

There was no confirmation that the Air Force had killed either of the al-Qaida targets.

Air Force AC-130 gunships are heavily armed aircraft with elaborate sensors that can go after discreet targets — day or night. They are operated by the Special Operations Command and have been used heavily against the Taliban in Afghanistan.

U.S. Navy vessels have been deployed off the coast of Somalia to make sure al-Qaida or allied jihadists don't escape the country, the State Department said last Wednesday.

Somalia's effective central government fell in 1991, when clan-based warlords overthrew a military dictator and then turned on each other. The government was formed two years ago with the help of the United Nations, but has been weakened by internal rifts.

Soldiers loyal to Somalia's U.N.-backed government and Ethiopia's military late last month drove out a radical Islamic group that had been in control of the country for six months.

The U.S. has believed for years that a group of al-Qaida operatives has been hiding in Somalia.

U.S. Airstrike Aims At Qaeda Cell In Somalia (NYT)

By David S. Cloud

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — A United States Air Force gunship carried out a strike Sunday night against suspected operatives of Al Qaeda in southern Somalia, a senior Pentagon official said Monday night.

The attack by an AC-130 gunship, which is operated by the Special Forces Command, is believed to have produced multiple casualties, the official said. It was not known Monday night whether the casualties included members of a Qaeda cell that American officials have long suspected was hiding in Somalia.

Special Forces units operating from an American base in Djibouti are conducting a hunt for Qaeda operatives who have been forced to flee Mogadishu, the Somali capital, since Islamic militants were driven from there by an Ethiopian military offensive last month.

The American attack was first reported by CBS News.

The Special Forces attack is the first military action in Somalia that Pentagon officials have acknowledged since American troops departed the lawless country in the wake of the infamous “Black Hawk Down” episode in 1993, when 18 American soldiers were killed in street fighting in Mogadishu.

American officials have long suspected that a handful of Qaeda suspects responsible for the 1998 embassy bombings in Kenya and Tanzania have been hiding inside Somalia, a country that has not had a central government since 1991.

The search for the terrorist suspects has driven American policy toward Somalia for several years.

Earlier this year, the Central Intelligence Agency began making cash payments to a group of Somali warlords who pledged to help hunt down members of the Qaeda cell.

After Islamist militias took control of Mogadishu in the summer, officials in Washington charged that the Islamists had ties to the terror suspects, and made demands for their handover to American custody.

The Ethiopian military offensive that began last month recently drove the Islamists from the seaside Somali capital, raising hopes within Washington that the Qaeda operatives might surface as they fled the protection of the Islamists. The Islamists have retreated to areas around the southern port city of Kismayo. Ethiopian officials have said they have intelligence reports that members of the Qaeda cell were hiding near the city.

The AC-130 gunship is a heavily armed propeller plane that, because of its slow speed, operates primarily at night and can direct an immense barrage of gunfire onto a target as it circles overhead.

The attack against suspected Qaeda operatives is the sort of targeted operation that senior Bush administration officials have been pressing the Special Operation Command, based in Tampa, Fla., to undertake in recent years.

But officials have said that Special Operations forces have had difficulty carrying out targeted strikes in the past because of the difficulty establishing the whereabouts of wanted terrorists or getting forces in place when a suspected militant is located.

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The Central Intelligence Agency has killed a small number of suspected Qaeda members, using a pilotless drone armed with a missile. Among them were five people killed in Yemen in 2002.

U.S. Warplanes Fly Missions Over Somalia (AP)

By Jim Krane

AP, January 9, 2007

In a further escalation of American involvement in Somalia, the USS Dwight D. Eisenhower arrived off the war-ravaged country's coast and its aircraft have begun flying intelligence-gathering missions over Somalia, the military said Tuesday.

The U.S. Central Command reassigned the aircraft carrier to Somalia last week from its mission supporting NATO-led forces in Afghanistan, said U.S. Navy spokesman Lt. Cmdr. Charlie Brown in Bahrain, where the Navy's Fifth Fleet is based.

The announcement comes a day after at least one U.S. Special Forces AC-130 gunship carried out a strike against several suspected members of al-Qaida in Somalia. Brown said the Navy had no supporting role in the attack.

The carrier joins three other U.S. warships — two guided-missile cruisers and an amphibious landing ship — already conducting anti-terror operations off the Somali coast.

Brown said he did not know how long the Eisenhower's redeployment would last. "We'll be there as long as required," he told The Associated Press.

Soldiers loyal to Somalia's U.N.-backed government and Ethiopia's military late last month drove out a radical Islamic group that had been in control of the country for six months.

The U.S. military dispatched the Eisenhower from its battle station in the Arabian Sea to the Indian Ocean coastal waters of Somalia "due to rapidly developing events in Somalia," the Bahrain-based Fifth Fleet announced in a statement.

Brown said the guided missile cruisers USS Bunker Hill and USS Anzio and the amphibious landing ship USS Ashland were already patrolling the Somali coast in search of al-Qaida members thought to be fleeing Somalia in the wake of Ethiopia's December invasion.

Navy crews aboard the Bunker Hill, Anzio and Ashland have been boarding and searching commercial ships off the Somali coast, Brown said. No terror suspects have been found aboard any of the ships, he said.

"That's a sign that what we're doing is working," Brown said. "We're trying to deter the terrorists from using the sea. If we haven't detained anyone, that shows us that it's working."

The Eisenhower's complement of F/A-18 Hornet and Superhornet fighter-bombers, EA-6B Prowler electronic warfare aircraft and E-2C Hawkeye airborne command-and-control craft had been operating over Afghanistan, Brown said. The Eisenhower also carries H-60 helicopters.

U.S. Strike In Somalia Targets Al-Qaeda Figure (WP)

By Karen Deyoung

The Washington Post, January 9, 2007

A U.S. Air Force AC-130 gunship attacked suspected al-Qaeda members in southern Somalia on Sunday, and U.S. sources said the operation may have hit a senior terrorist figure.

The strike took place near the Kenyan border, according to a senior officer at the Pentagon. Other sources said it was launched at night from the U.S. military facility in neighboring Djibouti. It was based on joint military-CIA intelligence and on information provided by Ethiopian and Kenyan military forces operating in the border area.

It was the first acknowledged U.S. military action inside Somalia since 1994, when President Bill Clinton withdrew U.S. troops after a failed operation in Mogadishu that led to the deaths of 18 Army Rangers and Delta Force special operations soldiers.

Sources said last night that initial reports indicated the attack had been successful, although information was still scanty.

"You had some figures on the move in a relatively unpopulated part of the country," said one source confirming the attack, who, like several others, would discuss the operation only on the condition of anonymity. "It was a confluence of information and circumstances," he said. The attack was first reported by CBS News.

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One target of the strike, sources said, was Abu Talha al-Sudani, a Sudanese who is married to a Somali woman and has lived in Somalia since 1993 -- the year of the attack against U.S. troops that was chronicled in the book and movie "Black Hawk Down." In a 2001 U.S. court case against Osama bin Laden, Sudani was described by a leading witness as an explosives expert who was close to the al-Qaeda leader.

More recently, Sudani was identified by U.S. intelligence as a close associate of Gouled Hassan Dourad, head of a Mogadishu-based network that operated in support of al-Qaeda in Somalia. Dourad is one of 14 "high-value" prisoners transferred last September from CIA "black sites" to the U.S. military base at Guantanamo Bay, Cuba.

The Office of the Director of National Intelligence then disclosed that Dourad "worked for the East African al-Qaeda cell led by . . . al-Sudani" and carried out at least one mission for him, related to a plan to bomb the U.S. military base in Djibouti.

Others have identified Sudani as the financier for Fazul Abdullah Mohammed and Saleh Ali Saleh Nabhan, believed responsible for the 1998 bombing of U.S. embassies in Kenya and Tanzania. All are among the senior al-Qaeda operatives the Bush administration has charged were sheltered by Somalian Islamic fundamentalists controlling Mogadishu, the country's capital. They are believed to have fled late last month when Ethiopian troops drove the fundamentalists out of the capital and toward the Kenyan border.

The Bush administration has been leading an international diplomatic effort to stabilize Somalia, including organizing an African peacekeeping force. It has called on leaders of Somalia's new transitional government to negotiate a power-sharing arrangement with moderate members of the Islamic leadership who are not seen as terrorist facilitators and who are supported by a significant segment of Somali clans.

Neither effort has met with much success. African countries have been reluctant to offer troops and the new Somalian leaders have resisted negotiations.

Sources would not confirm that U.S. forces are operating on the ground along the border between Somalia and Kenya, although one emphasized that "we are working very, very closely" with Kenyan forces.

The aircraft carrier USS Eisenhower was deployed in the Indian Ocean to provide air cover for the operation and, if needed, to evacuate downed airmen and other casualties. It joined several Navy ships from the Fifth Fleet, based in Bahrain, that have been patrolling the area to prevent al-Qaeda members from fleeing Somalia by sea, a Navy spokesman said. Approximately 1,500 U.S. personnel, including Special Operations forces, are assigned to the Djibouti-based Combined Joint Task Force-Horn of Africa.

The AC-130 gunship is a heavily armed aircraft, with four cannons and a six-barrel Gatling gun capable of firing 1,800 rounds a minute. But its most striking weapon is a computer-operated 105mm howitzer that juts sideways from the middle of the aircraft. An offensive behemoth that is relatively defenseless against counterattack, it is flown only at night.

The Bush administration has long claimed the right to launch discrete military attacks in other countries when terrorist targets have been identified.

A strike by a U.S. Predator drone was ordered by the CIA last January in response to intelligence placing Ayman al-Zawahiri, the second-ranking al-Qaeda leader and bin Laden's chief deputy, at a compound near the Afghanistan border in Pakistan. The attack killed a reported 17 people, including six women and six children, but not Zawahiri, who apparently was not at the compound at the time.

U.S. Strike In Somalia Aims At 3 Fugitives (LAT)

By Josh Meyer

The Los Angeles Times, January 9, 2007

WASHINGTON — Under cover of the Ethiopian move into Somalia, U.S. officials launched an intensive effort to capture or kill three key suspects in the bombings of U.S. embassies in Africa more than eight years ago that killed 224 people.

A U.S. Air Force Special Operations gunship struck a location in southern Somalia where some of the suspects were believed to be hiding, a U.S. Defense Department official said Monday.

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Witnesses and Somalian government officials said there were many people killed or wounded but that they had no exact numbers. U.S. military and counter-terrorism officials said they did not know whether the strike, made within the previous 24 hours, killed any of the three fugitives.

"It's not clear what the outcome is at this point," said the counter-terrorism official, who spoke on the condition of anonymity because the operation was classified.

Abdirahman Dinari, the Somalian government spokesman, said early reports suggested that among the dead were several leaders of the fleeing Islamic Courts Union recently driven from the capital, Mogadishu, along with "one of the leaders of Al Qaeda in East Africa." He declined to identify the leader.

The strikes targeted small villages in the vicinity of the port city of Kismayo, he said.

"The explosions shook our village," said Hussein Abdi, a resident of Afmadow. He said refugees from a nearby village told him at least six were killed.

A government official in Kismayo said soldiers captured 28 suspected Islamist fighters amid the chaos.

Dinari said leaders of the transitional government requested U.S. support and were aware of the impending strike.

U.S. officials have secretly been negotiating with Somalian clans who are believed to have sheltered the three embassy bombing suspects, hoping to obtain information about their locations. It could not be determined Monday whether the airstrike was based on information provided by the clans.

A U.S. intelligence official said it was unlikely that all three fugitives were traveling together but added that U.S. military operatives had been tracking the men for some time, waiting for an opportunity to strike.

"They were on the move, it was a thinly populated area, and this is what you got," the official said, adding that the AC-130 gunship used in the attack "is not the kind of weapon you generally deploy in downtown Mogadishu."

"This thing does some violence; it would not be the most surgical event," the official said.

The gunship was based in Djibouti, just north of Somalia. The strike was first reported by CBS News and independently confirmed by The Times.

CIA, FBI and military teams have been tracking the men, particularly their alleged leader, Fazul Abdullah Mohammed, for years, but the fugitives have proved elusive.

U.S. officials and their African and European allies in the negotiations believe that one Somalian sub-clan in particular has been harboring Mohammed and his associates, whom the U.S. describes as the leaders of an East African Al Qaeda cell. Mohammed, a native of the Indian Ocean island nation of Comoros, faces terrorism charges in the United States that could bring the death penalty if he is captured and convicted.

Intelligence gathered over the last week indicates that Mohammed and aides Abu Taha al Sudani of Sudan and Saleh Ali Saleh Nabhan of Kenya recently fled their haven in Mogadishu and headed for the Kenyan border as Ethiopian troops entered the capital and routed the Islamic militias that controlled it.

U.S. officials believe that influential members of the Ayr sub-clan, which they say has sheltered the three, have been in touch with the fugitives. Clan members could provide their pursuers with detailed intelligence about where the men might go and who else within their network of extremists might be hiding them, according to several U.S. counter-terrorism and diplomatic officials familiar with the negotiations.

"We are working through the clans to get at these people," one U.S. diplomatic official said. "That's a political reality in Somalia. The clan is the biggest institution, as much as there are any institutions."

But negotiations with the militant Ayr could raise questions about whether the Bush administration is bargaining with terrorists or those harboring them. The U.S. diplomatic official denied that, saying that engaging the groups, either directly or through intermediaries, was the only realistic way of gathering useful intelligence on the men and perhaps apprehending them.

Mohammed, who has a $5-million U.S. bounty on his head, was indicted in 1998 by a federal grand jury along with Al Qaeda leader Osama bin Laden and others for his alleged role in the bombings that year of the U.S. embassies in Kenya and Tanzania.

U.S. officials also accuse the three fugitives of involvement in the 2002 bombing of a hotel in which 15 people were killed and an attempt to shoot down an Israeli airliner, both near the Kenyan port city of Mombasa.

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It remains unclear whether U.S. authorities would take any of the three men into custody if captured, because Kenya and other countries also have expressed interest in trying them.

Officials said they could not discuss the details of the talks with Somalian clans, saying they were extremely sensitive and being conducted at a particularly delicate time. The International Contact Group on Somalia, composed of the U.S. and European and African nations, has recently begun working to disarm the various Somalian factions and provide foreign aid.

Although no one is offering clan leaders amnesty for harboring suspected Al Qaeda operatives, U.S. officials said, the negotiations aim for something just short of that, such as inclusion in the political process in exchange for cooperation on the counter-terrorism front.

The Islamic Courts Union, which last year seized control of Mogadishu and other key Somalian cities, is made up of at least 15 small, clan-based "courts," some of which are moderate, others showing signs of militancy. U.S. officials believe the Ayr sub-clan plays important roles in the Islamic courts, and that at least one of its influential members has direct ties to senior Al Qaeda leaders in Afghanistan, according to U.S. intelligence officials and reports by independent terrorism analysts.

Sheik Hassan Dahir Aweys, an Ayr cleric who has been instrumental in establishing and running the Islamic Courts Union, is wanted by the U.S. government for allegedly having ties to Al Qaeda leaders, including Bin Laden.

U.S. officials say Aden Hashi Farah Ayro, a young Ayr leader in charge of one of the union's most violent militias, received military training at an Al Qaeda camp in Afghanistan before the U.S.-led military invasion of that country in late 2001.

Ayr leaders have publicly denied such allegations.

U.S. officials described the hunt for the suspected Al Qaeda operatives as confounding, as they tried to figure out who could speak for the clan, whom to trust and who could deliver intelligence on the fugitives or hand them over to authorities.

One of those intermediaries is apparently Somalian Prime Minister Ali Mohammed Gedi, who held a closed-door meeting Jan. 2 with Ayr leaders at a Mogadishu hotel and requested that they hand over their weapons and support the United Nations-backed transitional government he heads.

Jendayi E. Frazer, the U.S. assistant secretary of State in charge of African affairs, was unavailable for comment, as she was returning Monday from Nairobi, the Kenyan capital, where she had been part of the International Contact Group meeting, a spokesman said.

In congressional testimony in June, Frazer said the three suspects posed "an immediate threat to both Somali and international interests in the Horn of Africa…. We must deny them the ability to plan and operate."

She added at the time that the administration was "constantly reviewing and updating our approach to reflect the fluid dynamics inside Somalia," and that it would "continue working with Somalis, regardless of clan, religious or secular affiliation."

John Prendergast, a former Africa policy official in the National Security Council and State Department under President Clinton, said he was skeptical of the secretive talks.

Prendergast, who visits Somalia frequently as a senior advisor at the nonprofit International Crisis Group, said the clans are deeply mistrustful of the Bush administration, particularly because of clandestine efforts by the CIA to fund some warlords and undermine the authority of others.

Also, Prendergast said, though clan members may support the three fugitives, they don't control them and are extremely unlikely to engage in any betrayal of them unless other powerful Somalian clans and political leaders promise a significant prize in return.

What's more, Prendergast said, the fugitives have managed to elude capture for nearly a decade and are not likely to sit around and wait for someone to turn them in. "I'd be surprised if those guys didn't get out of the way a long time ago. They'd be stupid to have hung around this long," he said.

Interim Leader Rejects U.S. Approach In Somalia (MCT)

By Shashank Bengali

McClatchy, January 9, 2007

NAIROBI, Kenya - In a rebuff to the United States, Somalia's interim president, Abdullahi Yusuf, on Monday rejected U.S. requests to bring moderate Islamists into his weak transitional government.

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Negotiations with Islamists "will not happen," he told Al Jazeera television before flying to Mogadishu, Somalia's lawless seaside capital. "We will crack down on the terrorists in any place around the nation."

Yusuf had indicated the opposite position in meetings in the Kenyan capital over the weekend with assistant U.S. secretary of state Jendayi Frazer, U.S. officials said.

There was no immediate reaction from U.S. officials, but Yusuf's remarks underscored the difficulties that Western governments face as they try to shore up Somalia's fragile regime after Ethiopian troops ousted Somalia's popular Islamist rulers last month.

Frazer, the top U.S. diplomat for Africa, had said late Sunday in Nairobi that Yusuf's government, which was formed by an international conference in 2004 and has never controlled Mogadishu, needed to bring moderate Islamists into the regime.

"I support reaching out to the ... Islamic Courts," Frazer said. "We see a role in the future of Somalia for all who renounce violence and extremism."

The message signaled a more conciliatory U.S. stance on the Islamic Courts Movement, which had seized Mogadishu in June from U.S.-backed warlords. Initially U.S. officials based in Kenya had some contact with moderates within the movement, including Sheik Sherif Ahmed, a geography teacher who emerged as their leader.

But Ahmed soon was edged out by hard-liners, led by suspected al-Qaida operative Hassan Dahir Aweys, who laid claims to territory in neighboring countries and called for jihad against Ethiopia. Frazer made a series of statements starting in November claiming that al-Qaida terrorists had overrun the courts movement.

U.S. officials think that the militants are sheltering three terrorists who masterminded the 1998 attacks on U.S. embassies in Kenya and Tanzania. The Bush administration is widely thought to have given neighboring, Christian-led Ethiopia the green light to expel the Islamists.

The whereabouts of Sherif Ahmed, Aweys and other top Islamist leaders remained uncertain Monday as Ethiopian and Kenyan troops continued to pursue remnants of the fleeing Islamist militias in a heavily wooded area of southern Somalia, near the border with Kenya.

Analysts who had been critical of U.S. policy in Somalia said the Bush administration might be focusing on achieving political stability there after years of being preoccupied with preventing al-Qaida cells from taking root.

"If the U.S. is indeed doing more than making a few public statements in support of dialogue with moderates, then it does represent a shift in the public face of its policy," said John Prendergast, senior adviser to the International Crisis Group, a research center on global conflict.

The Islamists' ouster left a power vacuum in Mogadishu, where the transitional government has little support. The city's powerful Hawiye clan accuses Yusuf, who's of a rival clan, of being a puppet of Ethiopia.

"If southern Somalia is to stabilize, it is essential that the transitional government hold substantial power-sharing talks with the Hawiye clan elders and Islamic Courts officials," Prendergast said.

Trying to sweeten the deal, the U.S. has pledged $40 million in new aid to Somalia, including $14 million to support a proposed African peacekeeping mission. Frazer said the money wasn't conditional on the transitional government negotiating with the Islamists.

Rain Slows U.S. Offensive (LAT)

By Alexandra Zavis

The Los Angeles Times, January 9, 2007

30 Tamuz , Iraq — A five-day-old offensive into the troubled rural region east of Baghdad bogged down in the mud Monday after U.S. forces staged a bombardment of a warren of tunnels and canals where Sunni Arab insurgents were believed to be holed up.

An icy downpour turned rural dirt lanes into muck that stuck to boots and wheels like cement and stopped heavy armored American vehicles. U.S. commanders poised for what they described as a final push against al-Qaida in Iraq militants fired phosphorous shells to burn dead weeds and sent out foot patrols to search through fields and farm buildings. Despite the adverse conditions, U.S. military officials remained optimistic about their offensive in Diyala province.

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"Time is on our side," said Capt. Stephen Dobbins, a troop commander in the 5th squadron, 73rd Cavalry. "If the enemy is there in the canals they're running out of food, and we have just bombed the hell out of them."

U.S. and Iraqi forces have swept through sprawling farmland, combing isolated hamlets for fighters, weapons and intelligence. Soldiers have found numerous arms caches in the mostly Sunni 30 Tamuz village. One man led soldiers to a canal at the back of his house and pulled an AK-47 assault rifle and a magazine from the murky depths.

Most of the village's families have abandoned their homes or left only women and children behind since U.S. planes dropped leaflets last week indicating they were on their way.

U.S. soldiers had faced fierce resistance when they last pressed through the region in November, following the discovery of large weapons caches during reconnaissance flights. Highly trained fighters including organized squad-sized bands fought the Americans.

In the new offensive, about 1,000 U.S. and Iraqi government forces are on the move, backed with air support. On Sunday, the U.S. military said, 21 armed men were killed and a stash containing 1,169 Katyusha rockets, small arms and ammunition was uncovered.

Before dawn Monday, U.S. aircraft unleashed strikes in the region that continued into mid-morning, sending orange fireballs into the sky.

Throughout the day, soldiers observed small groups of men maneuvering through nearby canals. In one case, they said, it appeared that four insurgents were practicing an attack.

Insurgents have riddled the main roads leading to their hideouts with anti-tank mines, part of an elaborate defense system. After U.S. and Iraqi forces rolled through, they said individuals were seen planting mines in the road for their return.

"The IEDS are bad, the mud is worse," said Specialist Richard Cooper, still joking after spending more than an hour trying to maneuver a Humvee down a mud-slicked road.

As vehicles skidded and sank in the mud, Staff Sgt. Allen Brown, the squadron supply officer, rolled up in a Humvee to deliver diesel fuel to a mortar truck stranded in the muck. As a soldier tossed the jerry-cans to the other side of the canal, Brown popped his head out of the gun turret and yelled, "Welcome to hell."

"Any chance for some gloves?" shouted back Staff Sgt. Steve Robert Lynn, whose hands were red and raw from the cold. "I fell in the mud -- my gloves are useless now."

"Sure," Brown replied with a grin. "I got plenty back at Base Caldwell, drop by any time."

Lynn spent the better part of the day extracting his truck and a trailer full off mortar tubes and other equipment after they had slipped down an incline into a field. "It's not mud, it's slush."

A local farmer finally came to his aid, providing a tractor to haul out Lynn's trailer and a number of other vehicles.

As the temperature dropped to the low 30s and it started to rain again, soldiers kept themselves warm as best they could. A U.S. gunner wrapped himself in a plastic sheet inside his turret as a group of Iraqis huddled in the mud underneath the open-topped personnel carrier.

As darkness fell, soldiers pulled out sleeping bags and settled down in their trucks for a few hours of rest in between guard shifts.

Hussein's Voice Speaks In Court In Praise Of Atrocities (NYT)

By John F. Burns

The New York Times, January 9, 2007

BAGHDAD, Jan. 8 — The courtroom he dominated for 15 months seemed much smaller on Monday without him there to mock the judges and assert his menacing place in history.

But the thick, high-register voice of Saddam Hussein was unmistakable. In audio recordings made years ago and played 10 days after his hanging, Mr. Hussein was heard justifying the use of chemical weapons against the Iraqi Kurds in the late 1980s, predicting they would kill "thousands" and saying he alone among Iraq's leaders had the authority to order chemical attacks.

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In the history of prosecutions against some of the last century's grimmest men, there can rarely have been a moment that so starkly caught a despot's unpitying nature.

On one recording, Mr. Hussein presses the merits of chemical weapons on Izzat Ibrahim al-Douri, his vice-president, and now, the Americans believe, the fugitive leader of the Sunni insurgency that has tied down thousands of American troops. Mr. Douri, a notorious hard-liner, asks whether chemical attacks will be effective against civilian populations, and suggests that they might stir an international outcry.

"Yes, they're very effective if people don't wear masks," Mr. Hussein replies.

"You mean they will kill thousands?" Mr. Douri asks.

"Yes, they will kill thousands," Mr. Hussein says.

Before he was hanged Dec. 30 for offenses in another case, Mr. Hussein had used the so-called Anfal trial, involving the massacre of as many as 180,000 Iraqi Kurds, as a platform for arguing that the chemical weapons attacks of the kind that devastated the town of Halabja on March 16, 1988, were carried out by Iranian forces then fighting Iraq in an eight-year war.

But the recordings told another story. Court officials gave no hint as to how they obtained the recordings, which Iraqis familiar with Mr. Hussein's voice said seemed to be authentic. But they appeared to have been made during meetings of his Revolutionary Command Council and of the Baath Party High Command, two groups that acted as rubber stamps for his decisions. Mr. Hussein regularly ordered meetings to be recorded, according to Iraqis who knew the inner workings of Mr. Hussein's dictatorship.

Mr. Hussein sounds matter of fact as he describes what chemical weapons will do. "They will prevent people eating and drinking the local water, and they won't be able to sleep in their beds," he says. "They will force people to leave their homes and make them uninhabitable until they have been decontaminated."

As for the concern about international reaction, he assures Mr. Douri that only he will order the attacks. "I don't know if you know this, Comrade Izzat, but chemical weapons are not used unless I personally give the orders," he says.

When Iraq resumed the genocide trial of its former leaders on Monday, Mr. Hussein's high-backed, black vinyl seat at the front of the dock was left ominously empty. Something about the six remaining defendants, including Ali Hassan al-Majid, Mr. Hussein's cousin, who was known among Iraqis as Chemical Ali for his role in overseeing the attacks on the Kurds, suggested that they felt orphaned without the commanding presence of Mr. Hussein.

Gone were the cries of "Mr. President!" as Mr. Hussein entered the court to join them in the dock, and gone, too, was the emboldened posture they took from Mr. Hussein, with frequent challenges and insults to witnesses, prosecutors and judges. Perhaps Mr. Hussein's hanging, and the humiliating taunts he endured from witnesses and guards as he stood with the noose around his neck, had broken the last illusions among those surviving him that they could somehow evade a similar end.

When the chief judge, Muhammad Ureibi al-Khalifa, began the proceedings by abruptly cutting the microphone as Mr. Majid stood to intone a prayer in memory of Mr. Hussein, the former dictator seemed to be judicially, as well as existentially, dead. But the anticlimactic beginning swiftly gave way to the most astonishing day of testimony since Mr. Hussein and his associates went on trial. Once more, it was Mr. Hussein, this time in an involuntary orgy of self-incrimination, who dominated.

In the sequence of scratchy recordings — some with the dialogue quite clear, some barely decipherable — Mr. Hussein repeatedly showed the ready resort to brutality that seized Iraq with fear during his 24 years in power. At one point, he is heard telling a general to summarily execute field commanders who fail to adequately prepare their defenses against Kurdish guerrilla raids.

He cites as a precedent "some commanders who abandoned their positions when they found themselves in an awkward situation, who deserved to have their necks cut, and did." At another point, he tells subordinates to execute any internal security officials who fail to stop Iraqi soldiers sneaking home from the Iranian front on fake passes.

"If you arrest any of them, cut off their heads," he says. "Show no mercy. They only joined the security to avoid having to join the army and fight Iran."

One recording revealed, more clearly than anything before, Mr. Hussein's personal involvement in covering up Iraq's attempts to acquire weapons of mass destruction, the program that ultimately led to President Bush sending American troops to overthrow him. Talking to the general who led Iraq's dealings with United Nations weapons inspectors until weeks before the

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2003 invasion, he counseled caution in the figures being divulged on the extent of Iraq's raw supplies for chemical weapons, so as to disguise the use of unaccounted-for chemicals in the attacks on the Kurds.

But it was Mr. Hussein's chilling discussion of the power of chemical weapons against civilians that brought prosecutors and judges to the verge of tears, and seemed to shock the remaining defendants. One of the recordings featured an unidentified military officer telling Mr. Hussein that a plan was under development for having Soviet-built aircraft carry containers, packed with up to 50 napalm bombs each, which would be rolled out of the cargo deck and dropped on Kurdish towns.

"Yes, in areas where you have concentrated populations, that would be useful," Mr. Hussein replies.

Another recording involves a General Thabit, who was not further identified by the prosecutors, telling Mr. Hussein that his forces had used chemical weapons in the northern sector of Kurdistan, but that "our supplies of the weapons were low, and we didn't make good use of the ones we had." The general notes that Iraq's production of mustard gas and sarin, a nerve gas, was "very low," and says they should be used sparingly. "We're keeping what we have for the future," he says.

Before they recovered enough to begin pleading their innocence, Mr. Hussein's erstwhile companions in the dock buried their heads in their hands, gazed at the floor, and glanced furtively toward TV cameras transmitting live coverage of the trial. Mr. Majid shifted uneasily in his seat as one recording had him telling officials to warn Kurdish refugees that they would be attacked with chemical weapons if they attempted to return to their villages.

The prosecutor, Munkith al-Faroun, came to court as almost the only person who attended Mr. Hussein's execution on Dec. 30 to emerge with an unsullied reputation. It was he, as he and others confirmed, who attempted to halt the taunts hurled at Mr. Hussein as he stood with the noose around his neck, moments before the trapdoor opened. Over the hubbub, an illicit camera phone recording showed Mr. Faroun calling out for silence, "Please, no!" he said. "The man is about to be executed."

But back in the courtroom, Mr. Faroun became, again, the man holding Mr. Hussein to account and, in one poignant moment, counseling restraint among those who have expressed outrage over the manner of the former ruler's execution. That moment came after the court watched television images taken after the Halabja attack, which more than any other event focused world attention on the atrocities committed under Mr. Hussein.

The video showed the horrors: a father wailing in grief as he found his children lying along a street littered with bodies; dead mothers clutching gas-choked infants to their breasts in swaddling clothes; young sisters embracing each other in death; and trucks piled high with civilian bodies. "I ask the whole world to look at these images, especially those who are crying right now," Mr. Faroun said, referring to the outpouring of sympathy for Mr. Hussein.

The recordings played at Monday's trial session, seemingly eliminating any doubt about Mr. Hussein's role in the attacks on the Kurds, may go a long way to answering criticism of the government for executing him before he was judged for the worst of his crimes.

American justice department lawyers, who have done much of the behind-the-scenes work in sifting tons of documents and other evidence gathered after the invasion of 2003, had never hinted that they held the trump card, judicially and historically, that the audio recordings seem likely to be.

Saddam's Voice, Aura Still Fill Courtroom (WT/AP)

By Lauren Frayer

The Washington Times, January 9, 2007

BAGHDAD -- Saddam Hussein had been dead nine days but his voice resounded through the courtroom yesterday as he and his cousin "Chemical Ali" discussed killing thousands of Kurds in the 1980s, according to audiotapes played at their war-crimes trial.

Saddam's physical presence was gone -- his chair in the white metal pen where the defendants sit was empty -- but his aura still hung over the proceedings against his former regime members.

The trial reconvened for the first time since Dec. 21 and a little more than a week since Saddam was hanged for the killing of 148 Shi'ites after an assassination attempt in the town of Dujail in 1982.

Meanwhile, new video of Saddam's corpse shortly after the hanging was posted on the Internet. It showed a gaping wound on Saddam's neck, with his head unnaturally twisted at a 90-degree angle to his right.

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The court's first order of business yesterday was to dismiss all charges against Saddam. His co-defendants -- including his cousin Ali Hassan al-Majid, known as "Chemical Ali" -- remain in the dock on charges of killing 180,000 Kurds in the 1980s as Iraq fought a protracted war with Iran.

Prosecutor Munqith al-Faroon aired graphic video of scores of bodies in trucks and in piles on the street, overlaid with a voice purported to be that of al-Majid saying, "I will hit them with chemical weapons."

"Damn the international community if they say anything. I will strike them all with chemical weapons," the voice continued.

Another audiotape had a voice identified as Saddam's warning, "These weapons are used only at my orders." He also reassured colleagues that the weapons "kill by the thousands."

"It will force them out of their homes without water or food. It makes them evacuate their homes naked," the voice said.

In court, al-Majid described the video as painful, but said it showed the work of Iranian troops, not Iraqis. As for the audio, al-Majid did not deny the voices were his and Saddam's.

The tapes "not only condemn me, but the whole path that I was part of -- the path of Saddam Hussein," al-Majid said.

Legal analysts said they hoped Saddam's six co-defendants would be more forthcoming with the dictator no longer listening.

Also yesterday, the U.S. military announced the deaths of two more American soldiers: one from combat wounds in Salahuddin province, which includes Saddam's hometown, and another from small-arms fire north of Baghdad.

Iraqi police, meanwhile, reported the discovery of 27 tortured bodies in the capital and the deaths of 23 other persons, including nine Shi'ite workers shot in a minibus on their way to the Baghdad airport.

Meanwhile, in Geneva, the U.N. refugee agency made an emergency appeal yesterday for $60 million to help the 40,000 to 50,000 Iraqis who flee their homes every month and the 3.7 million who have been displaced.

"The current exodus is the largest long-term population movement in the Middle East since the displacement of Palestinians following the creation of Israel in 1948," said the United Nations High Commissioner for Refugees.

Court Drops Kurd Charges Against Saddam (AP)

AP, January 9, 2007

Saddam Hussein's trial for the killing of 180,000 Kurds in the 1980s resumed Monday with the late dictator's seat empty, nine days after he went to the gallows. The court's first order of business was to drop all charges against Saddam.

Six co-defendants still face charges of war crimes and crimes against humanity stemming from a military campaign code-named Operation Anfal during the 1980-88 Iraq-Iran war.

Shortly after the court reconvened Monday, a bailiff called out the names of the accused and the six men walked silently into the courtroom one after another.

Chief Judge Mohammed Oreibi al-Khalifa said the court decided to stop all legal action against the former president, since "the death of defendant Saddam was confirmed."

All seven defendants in the Anfal case, including Saddam, had pleaded innocent to charges of war crimes and crimes against humanity. Saddam and one other man also pleaded innocent to the additional charge of genocide.

Saddam was sentenced to death for the killing of 148 Shiites and hanged on Dec. 30 in a chaotic execution that has drawn global criticism for the Shiite-dominated government. An illicit video from inside the former leader's execution chamber showed him being taunted on the gallows.

British Prime Minister Tony Blair believed the manner in which Saddam was executed was "completely wrong," his office said Sunday.

"He believes that the manner of the execution was completely wrong, but that should not lead us to forget the crimes that Saddam Hussein committed, including the deaths of hundreds of thousands of Iraqis," a spokeswoman for Blair's office said on condition of anonymity in line with policy.

Human Rights Watch said Saddam's speedy execution illustrated the Iraqi government's disregard for human rights, and urged Iraqi officials to halt two upcoming hangings.

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"The tribunal repeatedly showed its disregard for the fundamental due process rights of all of the defendants," said Richard Dicker, director of Human Rights Watch's International Justice Program.

Saddam's half brother and former intelligence chief, Barzan Ibrahim, and former head of Iraq's Revolutionary Court, Awad Hamed al-Bandar, were sentenced to death after being convicted along with Saddam of involvement in the killings in the town of Dujail after a 1982 assassination attempt there against Saddam.

Their executions were postponed, however, until after the Muslim holiday of Eid al-Adha, which ended six days ago. They were expected in the coming days, though Jaafar al-Mousawi, the chief prosecutor in the separate Dujail case, said the timing would "be determined by the government."

Sami al-Askari, an adviser to Prime Minister Nouri al-Maliki, declined to give reasons for the delay and said only that "no date has been made yet" for al-Bandar and Ibrahim's hangings.

The six remaining defendants in the Anfal case _ all senior members of Saddam's ousted regime _ include his cousin Ali Hassan al-Majid, known as "Chemical Ali" for his alleged use of chemical weapons against Iraqi Kurds.

As al-Majid took his seat in court Monday, he tried to turn on his microphone to speak publicly. The judge quickly shut it off, preventing him from being heard.

The other defendants are former Defense Minister Sultan Hashim al-Tai, who was the commander of Task Force Anfal and head of the Iraqi army 1st Corps; Sabir al-Douri, Saddam's military intelligence chief; Taher Tawfiq al-Ani, former governor of Mosul and head of the Northern Affairs Committee; Hussein Rashid Mohammed, former deputy director of operations for the Iraqi Armed Forces and Farhan Mutlaq Saleh, former head of military intelligence's eastern regional office.

Legal experts said the Anfal trial would proceed more smoothly without Saddam.

"The trial will be more elastic and easy. It will clarify and expose more facts because Saddam Hussein's disappearance from dock will encourage other defendants to mention some facts that they were afraid to divulge when he was with them," said Tariq Harb, an Iraqi lawyer and legal expert.

In Monday's session, prosecutor Munqith al-Faroon presented a document allegedly signed by al-Ani, calling for the execution of 10 members of the Patriotic Union of Kurdistan, the party headed by current Iraqi President Jalal Talabani. Al-Ani later denied the handwriting was his.

"This is not my signature and I'm sure of that," he told the court.

The prosecutor also aired a video showing the aftermath of chemical weapons attacks on Kurdish areas, with dozens of dead men, women and children. Accompanying audio allegedly contained the voice of al-Majid saying "I will hit them with chemical (weapons)."

Another audiotape was played for the court, allegedly with Saddam saying, "These weapons are only used at my orders."

Violence continued Monday, with nine people killed in an ambush near Baghdad's airport. Gunmen attacked a bus full of workers en route to the airport, showering them with bullets, a hospital paramedic said on condition of anonymity because he was not authorized to talk to reporters. The victims were mainly Shiite Muslims from Baghdad's Sadr City neighborhood, the official said.

The U.S. military also reported the deaths of two American soldiers north of Baghdad a day earlier.

Six bodies were discovered in the primarily Sunni neighborhood of Dora in southern Baghdad, police said. They were a father and his three sons, and a mother and her son, who had been returning to Baghdad from relatives' funerals in Najaf, a police officer said on condition of anonymity out of security concerns.

A tribal council chief was kidnapped near Samarra, on his way home from the Muslim pilgrimage to Mecca, said Capt. Muthanna Ibrahim, director of the Salahaddin governor's office. Samarra is 60 miles north of Baghdad.

New Video Of Saddam's Corpse On Internet (AP)

By Qassim Abdul-zahra

AP, January 9, 2007

A new video of Saddam Hussein's corpse, with a gaping neck wound, was posted on the Internet early Tuesday, the second leaked release of clandestine pictures from the former leader's hanging.

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The video appeared to have been taken with a camera phone, like the graphic video of the hanging which showed guards taunting Saddam in the final moments of his life.

The footage pans up the shrouded body of the former leader from the feet. It apparently was taken shortly after Saddam was executed and placed on a gurney. He was hanged shortly before dawn on Dec. 30.

As the panning shot reaches the head region, the white shroud is pulled back and reveals Saddam's head and neck.

His head is unnaturally twisted at a 90 degree angle to his right. It shows a gaping bloody wound, circular in shape, about an inch below his jaw line on the left side of his neck. His left cheek is marked with red blotches, and there is blood on the shroud where it covered his head.

The newest video leak was likely to increase the angry reaction over the way the execution was carried out. There already has been a global outcry about the undignified manner in which the Shiite-dominated government hanged Saddam, a Sunni.

The 27-second video was posted on an Iraqi news Web site that is known to support Saddam's outlawed Baath Party.

"A new film of the late immortal martyr, President Saddam Hussein," the web site said in a headline over a link to the video.

Voices could be heard on the video. As the shroud is pulled back, one voice says, "Hurry up, hurry up. I'm going to count from one to four. One, two ... . Hurry up you're going to get us into a catastrophe."

Then another voice, apparently the man taking the pictures, says, "Just one second, just one second, Abu Ali. I'm about finished."

Then a third voice says, "Abu Ali, you take care of this."

It was the second clandestine video to have leaked, the first showing Saddam being taunted in his final moments. That clandestine video showed the former leader dropping through the gallows floor as he offered chanted prayers. It ends with his dead body swinging at the end of a rope.

The hanging video was in sharp contrast with an official video that was broadcast not long after Saddam's execution which showed him standing silently on the gallows as the noose was put around his neck. The official video was muted.

The leaked hanging video, however, was shot from the floor of the gallows chamber, looking up at Saddam. Voices could be heard taunting him with cries of "Muqtada, Muqtada, Muqtada," referring to radical anti-American cleric Muqtada al-Sadr, the leader of the Shiite Mahdi Army militia and a key support of Prime Minister Nouri al-Maliki.

The prime minister pushed for Saddam to be executed before the end of 2006 and just four days after the death sentence was upheld by the appeals court. U.S. official sought to delay the execution.

Execution Sparks Arab Support For Saddam (AP)

By Nadia Abou El-magd

AP, January 9, 2007

Another leaked video from Saddam Hussein's execution carried fresh adulation Monday of the fallen dictator, who in death has become a martyr and hero of Arab nationalism for some in the Middle East.

Saddam's stature has grown since his execution — when he answered insults and taunts with disdain — overshadowing the memories in much of the Arab world of the massacres and other atrocities committed by his regime.

The new video, showing Saddam's corpse with a gaping neck wound, was posted on the Internet early Tuesday. It was apparently shot with a camera phone minutes after he was hanged Dec. 30.

"A new film of the late immortal martyr, President Saddam Hussein," the web site said in a headline over a link to the video.

The independent Egyptian newspaper Al-Karama splashed Saddam's photo over a full page Monday, with an Iraqi flag behind him, declaring him an "Arab martyr."

"He lived as hero, died as a man," another Egyptian opposition newspaper, Al-Osboa, proclaimed in a headline, showing a photo of Saddam at the gallows.

The praise has angered the governments of Iraq and Kuwait, which Saddam's soldiers invaded in 1990. On Monday, Kuwaiti lawmakers denounced Arab countries where Saddam has been lauded as a hero and demanded the government reconsider ties and financial aid to them.

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Indignation over the execution in the Sunni Arab world has increased resentment of the United States and Iraq's Shiite-led government. It could fuel support for Iraq's Sunni insurgency and complicate U.S. efforts to enlist Arab nations in efforts to reconcile Iraq's warring Sunni and Shiite communities.

In large part, it was the unruly scene at the gallows that catapulted Saddam to hero's status. In video footage smuggled out of the execution room, Shiite executioners are heard shouting curses at Saddam — who stands erect, and smiles contemptuously. "Is this manly?" he retorts.

The latest video seems only to have aggravated the anger provoked by the earlier video.

Saddam's iconic exeuction has, it seems, come to symbolize dignified Arab resistance in the face of humiliation at the hands of a Shiite government.

Some Arabs regard that government as illegitimate because it is backed by the U.S. military and closely allied to mainly Shiite Iran.

Some media reports compared Saddam to another hero of Arab nationalism who opposed Western domination: Omar al-Mokhtar, the leader of resistance against Italy's military occupation of Libya. He was executed by hanging in 1931.

Egypt's nationalist weekly newspaper Al-Arabi published a cartoon Sunday showing an open book with pictures of Saddam and al-Mokhtar on facing pages.

The reaction was in contrast to the shock that followed Saddam's capture by U.S. troops in December 2003. At the time, Saddam was shown bearded and bedraggled in photos as he was pulled out of the hole where he was hiding by U.S. troops.

The images sparked debate across the Middle East. Many pointed out his weakness in the face of U.S. forces. Over the years that followed, Arab media dealt more frankly with the mass killings carried out by Saddam's regime.

Languishing in U.S. custody, Saddam faded into irrelevance, and coverage of his trial waned in Arab media.

But after the execution, even some Arabs critical of Saddam said he had achieved a heroic status, despite his record of crimes and atrocities.

"Five sublime minutes at the hanging rope created the myth," columnist Abdel-Halim Qandil wrote in Al-Karama. "The story of Saddam the bloody dictator was over, replaced by Saddam's image similar to Omar al-Mokhtar."

Egyptian President Hosni Mubarak, a U.S. ally, suggested the execution could worsen the situation in Iraq.

"It was disgraceful and very painful," Mubarak said in an interview with Israeli daily Yediot Ahronot. "They (the Iraqi government) have made him into a martyr, while the problems within Iraq remain."

On Saturday, Iraqi Prime Minister Nouri al-Maliki denounced other governments for criticizing the execution, accusing them of meddling in Iraqi affairs.

But the execution deepened opposition in the Arab world — where the majority of the population are Sunni Muslims — against Iraq's Shiite-led government.

Many also blamed the United States, which handed Saddam over for execution — even though U.S. officials said they tried to persuade al-Maliki to postpone the hanging and later criticized the way it was carried out.

On Friday, hundreds in the Egyptian capital demonstrated after prayers at al-Azhar Mosque, chanting against the United States and allied Arab governments, expressing support for the Iraqi insurgency.

In Jordan, columnist Ibrahim Jaber Ibrahim lashed out at the Iraqi prime minister, deriding him as "Emperor al-Maliki, standing on a precious Persian carpet" — a reference to the Iraqi Shiites' close ties Persian Iran.

Talal Salman, publisher of the Lebanese daily As-Safir, warned that the al-Maliki government's "vindictiveness, political blindness and shortsightedness ... are establishing divisions that will spare no one, whether in Iraq or in the territories around it, including all the Arabs."

Still, some voices in the Arab media insisted Saddam's crimes should not be ignored.

"One can't but be surprised at shameful Arab weeping (for Saddam) ... glorifying him and considering him a hero and martyr," wrote Palestinian writer Khaled al-Horoub in the United Arab Emirates daily Al-Itihad on Monday.

He warned that other Arab dictators will manage "to hide (their) crimes behind volatile speeches that stir up people's feelings but destroy their present and future."

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Sami Moubayed wrote in the daily Oman Times, that he "tried hard" to sympathize with Saddam while watching the execution. "But I could not find a single thing worth praising about Saddam."

"However, the fact that he was executed under the watchful eye of the United States, at a time when Iraq is occupied, makes him a national hero to the Arabs," he wrote.

Saddam's Trial Stirs Obama Ire (HILL)

By Roxana Tiron

The Hill, January 9, 2007

Potential 2008 presidential contender Sen. Barack Obama (D-Ill.) and other top Democrats sharply criticized the execution of Saddam Hussein as President Bush readied to introduce a new military and foreign policy strategy for the war-ravaged country the Iraqi dictator once controlled.

Obama, a member of the Senate Foreign Relations Committee, said Saddam was hanged before all charges against him were heard. In particular, Obama said that the court pushed aside testimonials about the mass murder of Iraqi Kurds in the late 1980s in order to rush Saddam to the gallows.

"I think that was unfortunate and did not assist in the process of bringing the country together," Obama said in a short interview last week.

However, Obama said in a statement released on the day of Saddam's hanging: "The Iraqi people have found justice in the death of a dictator who brutalized, tortured and killed thousands of innocent men, women and children." Obama also took the opportunity then to call on the Iraqi government to "work harder" to find a political solution to its burgeoning civil war.

On Monday, nine days after the former dictator's death, the Iraqi court dropped all outstanding charges against him. Six of his associates face charges of war crimes and crimes against humanity for their roles in the killing of 180,000 Iraqi Kurds during the Iraq-Iran war as part of a 1980s-era military campaign code-named Operation Anfal.

Saddam, a Sunni Muslim, was sentenced to death and hanged Dec. 30 for the killing of 148 Shiites. The trial and execution have drawn global criticism of the current Shiite-dominated government. Saddam's final moments were filmed on a cell phone, recording the sectarian jeers with which Shiite officials taunted him as he stood on the scaffold; the viral spread of the footage online has generated further outrage in the international community.

"I think that the fact that it became an Internet spectacle was very unfortunate and diminished the seriousness with which the whole process should have ended," Obama said last week.

Iraqi officials are defending the manner in which the execution was conducted, but Shiite Prime Minister Nouri al-Maliki's government is investigating the circumstances surrounding it. President Bush said the hanging could have been held in a more "dignified way" but is leaving the probe to the Iraqis.

Another potential 2008 presidential hopeful, Sen. Joseph Biden Jr. (D-Del.), called on Iraq's leader to condemn publicly the hanging.

"If I were Maliki's adviser, I'd say, 'Now is the time you have to make a dramatic move to hold accountable the Sunnis who engaged in that,'" Biden said Sunday on NBC's "Meet the Press with Tim Russert." Biden likened the fallout from Hussein's execution to that resulting from the military detainee torture scandal at Abu Ghraib prison: "It had the same […] poisonous impact."

Like Obama, Biden released a statement shortly after the execution saying it closed "one of the darkest chapters in [Iraq's] history and rid the world of a tyrant." Biden, the chairman of the foreign relations panel, is planning to hold hearings on Iraq this week.

Other top Democrats said that the execution created more problems within Iraq and in the Middle East.

"It was a disaster, it really was," said Sen. Chris Dodd (Conn.), another Democrat who may vie for a presidential nomination. "Saddam Hussein is a dreadful human being and I respect the right of the Iraqi people to bring him to justice, but the way the execution was handled created more problems," Dodd told The Hill last week.

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The chaos surrounding the hanging demonstrated a lack of organization in Iraq, according to Dodd, and before transferring custody of Saddam to the Iraqis, the United States should have better understood the mechanics of the planned execution.

"No one should shed any tears for Saddam Hussein; justice has been served," Dodd said in a statement released shortly after Hussein's sentence was carried out.

Sen. Carl Levin (D-Mich.), a leading critic of the war who has been pushing for the withdrawal of U.S. troops from Iraq, said that the execution will worsen relations between Sunnis and Shiites.

"I think it was disastrous for Iraq to have the execution carried out in that manner," said Levin, who in recent months has insisted the solution to Iraq's problems is political rather than military.

Levin also said that he hoped his colleagues in the Senate would speak out about increased sectarianism resulting from Saddam's execution.

It is unclear whether Biden or Levin, both of whom are holding hearings on Iraq this week, will raise the issue of Saddam's hanging therein.

Even now that more details of the execution have emerged, not everyone in the Senate is concerned about the circumstances surrounding it.

Sen. Saxby Chambliss (R-Ga.) said that the execution was left to the people of Iraq to "do … in a way they thought was appropriate. It is not our business to comment" on how it was carried out, Chambliss said.

Minority Whip Sen. Trent Lott (R-Miss.) said the United States should not dwell on the execution and the video, but rather concentrate on how to move forward.

Sen. Lindsey Graham (R-S.C.) said Sunday on "Meet the Press" that the way the hanging occurred was a "setback," but contended that the insult Saddam endured on the day of his death "pales in comparison to the way he treated his own people."

Other Republican senators, including John McCain (Ariz.), a top contender for the Republican 2008 presidential nomination, called the fallout from the execution "harmful."

Irrational Is As Irrational Does (WP)

By Richard Cohen

The Washington Post, January 9, 2007

George W. Bush has executed 153 people, 152 of them in Texas and one so far in Iraq. The Iraqi, of course, is Saddam Hussein, who went to his burlesque of a death with more dignity than the Iraqi government, which so hurried him to the gallows that in much of the world the hanging looked a lot like a lynching. The president, we are told, did not bother to view the spectacle on tape. Maybe he feared he would learn something.

I bring up Bush's appalling record of executions not because I have once again mounted my anti-capital-punishment hobbyhorse but because his record offers an insight into why the United States will stay in Iraq and with even more troops than before.

Let me explain. In Iowa, during the 2000 presidential campaign, Bush answered a question about why he so ardently supported capital punishment. He offered a number of reasons, but one -- deterrence -- prompted me to raise my hand and ask a follow-up: But, sir, there is absolutely no evidence that capital punishment is a deterrent. To my astonishment, Bush conceded my point: "You're right. I can't prove it. But neither can the other side prove it's not."

Ponder that answer for a while. What it means is not just that Bush embraced a famously irrational way of thinking -- the logical fallacy often called "proving a negative" -- but in this case he used it to overwhelm all evidence to the contrary. Once you know this, you can appreciate what Bush means when he calls himself The Decider. It means that evidence, arguments, proof and logic cannot be conclusive when, as is often the case, the president proceeds on what can be called a matter of faith. I am not referring here just to religion -- although surely that is paramount to Bush -- but to supremely secular matters of state: when to go to war, why go to war and when to remain at war. In Bush's mind, the bad guys will lose and the good guys will win and Iraq will become a democracy. This will happen not because Bush can prove that it will but because nobody can prove it won't.

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This is why we are in Iraq today and why we are going to stay there. All this time, it did not matter that Iraq was going to hell, or that the terrorists were never there in the first place, or that weapons of mass destruction were never present, or that Saddam Hussein had no role in the Sept. 11, 2001, terrorist attacks, or that democracy for Iraq was never really in the cards -- none of that mattered, because nobody could prove otherwise. All the things Bush believed were true because you, rational fool that you are, could not prove them false.

Up against this kind of mentality, the rational man seeks comfort in fantasy. It was our fantasy that a new Iraqi government, formulated months ago, would so turn things around that Bush would begin a phased withdrawal. It was our fantasy that the November congressional elections would make a difference -- and that Bush would be forced, when he saw the clear sentiment of the American people, to reverse himself. It was our fantasy that the report of the Iraq Study Group would compel the president to rethink everything -- so vast was the panel's expertise, so sound its reasoning and so comforting its appropriately thinning hair. In fact, so wasted was its effort. The members were the mullers. Bush was the decider.

And so those who have decided otherwise -- a couple of four-stars, maybe the chief spook and all those awfully smart people throughout government and academia -- are ignored and/or are heading out the door. Bush listened to them when he agreed with them and refused to listen when he did not. A so-called surge is a-coming, an escalation all decked out with an Orwellian-sounding name. An edifice built on a wobbly foundation -- a profound and enduring ignorance of Iraqi society -- will be patched up, but really, the whole thing is a tear-down. It will collapse no matter what we do.

The execution of Saddam Hussein was Iraq in a nutshell. Aside from the dead man at the end of the rope, nothing went the way the Americans wanted. It was sloppy, putrid with the stench of sectarian hatred and, as always, totally unnecessary. George Bush saw it differently by not, as is his custom, seeing it at all.

Iraqi American Escapee Plans Return To U.S. (WP)

By Joshua Partlow

The Washington Post, January 9, 2007

BAGHDAD, Jan. 8 -- Iraq's most publicly available fugitive held a news conference in the United Arab Emirates on Monday, announcing his plans to return to Chicago rather than the Baghdad jail he escaped from last month.

Aiham al-Sammarae, the former Iraqi electricity minister who escaped from an Iraqi-run jail inside Baghdad's fortress-like Green Zone on Dec. 17, told reporters at a Dubai hotel that he "didn't break any U.S. laws" and denied he was a fugitive from justice.

Sammarae, a dual U.S.-Iraqi citizen and engineer who lived outside Chicago for many years, was jailed last year on corruption charges and accused of misusing about $2 billion as electricity minister. He told reporters that he left Iraq because he was afraid for his life and that he would go to the United States if he was assured he would not face legal issues.

"All indications are that I can return," he said.

Radhi al-Radhi, head of Iraq's Commission on Public Integrity, an organization created by the United States that had been investigating Sammarae, said last month that he escaped with the help of private security agents who appeared to be American.

The Iraqi government insists it will attempt to bring Sammarae back to Baghdad, according to government spokesman Ali Dabbagh.

"There are many cases against him, and he should face these ones," Dabbagh said. Speaking of the U.S. government, Dabbagh said: "It is their job and their duty to ask al-Sammarae to come back in a different way if he is not coming back on his own."

U.S. Embassy spokesman Lou Fintor declined to comment about whether Sammarae would be allowed to live freely in the United States. But Fintor said that although an Iraqi court overturned his conviction, "we understand that there are additional charges against Mr. al-Sammarae."

Also on Monday, gunmen attacked a bus carrying janitors to work at the Baghdad airport. The gunmen killed four people and injured nine, said Raad Mohammed of the Interior Ministry. The passengers were believed to be Shiite Muslims and were attacked in a predominantly Sunni area near the airport. Reports of the death toll varied, with as many as 15 people said to have been killed.

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Two U.S. soldiers were killed Sunday, one by small-arms fire while on patrol in Baghdad, and another during unspecified "combat operations" in Salahuddin province north of Baghdad, the U.S. military said Monday. The soldiers' names were not released.

More than 35 other people were killed in Iraq on Monday in shootings, bombings and mortar attacks, according to Interior Ministry officials. Police also found 24 unidentified bodies at a cemetery near Haifa Street in Baghdad, where the Iraqi army clashed with insurgents last week. They had been shot in the head and exhibited signs of torture, said Brig. Salim Hassan of the Interior Ministry.

The violence in Iraq has precipitated a massive exodus of refugees, the largest displacement in the Middle East since the flight of Palestinians during the creation of Israel in 1948, according to the U.N. refugee agency. The United Nations High Commissioner for Refugees requested another $60 million to help deal with Iraq's refugee crisis. About 1.7 million Iraqis have been displaced within their country, and as many as 2 million have fled Iraq, the agency estimates.

British Troops Winning The Conflict With The Taliban, Commander Says (AFP)

AFP, January 9, 2007

British troops are inflicting heavy losses on a resurgent Taliban militia while "making great progress in winning the hearts and minds" of the people of Afghanistan, a British commander said.

Brigadier Jerry Thomas, the commander of the UK task force in Afghanistan, said the situation in the southern province of Helmand had improved "markedly" since September when a television documentary aired Monday night was filmed.

With harrowing footage showing bullets buzzing troops and the filmmaker, the documentary shown on Channel 4 television follows British and Afghan troops as they struggle to regain control of the key town of Garmsir.

The documentary also shows British troops gathering corn found in a nearby field because of supply problems.

"Since then (September), British forces have moved into new areas throughout the province, including Garmsir, and made real improvements to security," Thomas said in a statement distributed by the Ministry of Defence.

"We have inflicted heavy losses on the Taliban, denied them freedom of movement, and made great progress in winning the hearts and minds of the local people," he said in response to the documentary.

"This remains a very challenging mission, but we are winning," he said.

Thomas said that only last week Royal Marines "engaged and destroyed a Taliban training camp" in northeast Helmand, which will allow contractors to carry out repairs to a hydro-electric dam in Kajaki.

The facility will produce electricity for 1.8 million people in the south of Afghanistan "who until now have had none," he said.

"This success would not have been possible unless our forces were properly equipped and supplied," Thomas said.

"To be clear, I have not asked for additional helicopters and the supply system is working well, with no soldiers or marines running out of food," he said.

"It is the nature of the conflict that they do not take more supplies than they need to carry; but we have an extraordinary resupply system in place to ensure that they do not run out," he said.

Britain has about 5,600 troops in Afghanistan as part of the NATO-led reconstruction and security force, most of them in rugged and remote Helmand province.

Forty-four British troops have been killed in Afghanistan since US-led forces toppled the Taliban regime in 2001.

Around 120 foreign soldiers have been killed in action in the country this year, which has seen the worst Taliban-linked violence since the extremists were driven from power.

DOJ:

U.S. Attorney Christie Says He's Staying In His Job (AP)

AP, January 9, 2007

TRENTON: The U.S. attorney for New Jersey, a Republican long rumored to be a contender for U.S. Senate, said today he plans to stay in his current job into next year, effectively ruling out a 2008 campaign.

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""I have every intention of being here through the end of '07 and into early 2008," Christopher Christie told The Associated Press on Monday. ""We'll see what happens when '08 starts."

Federal laws and Justice Department regulations bar a sitting U.S. attorney from running for political office. Political observers believe most candidates for U.S. Senate from New Jersey would have to start raising money for the costly campaign by June 2007.

Christie, 44, who also is considered by some to be a possible GOP pick for governor, was tapped by President George W. Bush in 2001 to be New Jersey's top federal prosecutor though he lacked criminal court experience. During the AP interview, Christie would not discuss a possible gubernatorial bid in 2009.Over the past five years, Christie has built a reputation as a tough corruption fighter by prosecuting cases including that of former Senate President John A. Lynch, now in prison for corruption, and some in Monmouth County that resulted in the arrests of more than a dozen public officials.

Christie's comments effectively end speculation he would challenge Democratic Sen. Frank Lautenberg, who has said he will seek re-election in 2008.

Come summer, Christie will have been in his current job longer than any U.S. attorney in New Jersey in the past 50 years.

CORPORATE SCANDALS:

Ex-Aspen Technology Head Surrenders On Securities Fraud Charges (FINDLAW/AP)

AP, January 9, 2007

(AP) - NEW YORK-The former chief executive officer of software company Aspen Technology Inc. surrendered Monday to face securities fraud charges that he illegally inflated the company's software revenues as he competed to become its chief executive.

David McQuillin, 48, was accused in U.S. District Court in Manhattan of plotting to exaggerate the company's software revenues between January 2001 and September 2002.

Prosecutors alleged in court papers that McQuillin tried to inflate the revenues while he was competing against the company's other chief operating officer for the position of chief executive officer, which he received in October 2002. Aspen Technology develops and sells computer software to oil refineries and other industries.

Prosecutors said McQuillin and unidentified coconspirators manipulated Aspen's revenues by entering side agreements with a customer to control when certain revenues would be counted, by backdating software sales agreements into earlier financial quarters and by providing false information to its auditors.

McQuillin allegedly engaged in the scheme after learning at the end of December 2000 that Aspen was not going to meet the estimates of securities analysts, the government said.

In one instance, McQuillin sent a letter to an oil company saying he needed the company's support "on a matter of the most extreme urgency" prior to reporting quarterly earnings, prosecutors said.

They said he asked the oil company to let him include a software license it had conditionally signed with Aspen in its fourth quarter financial results "to meet our targets."

After Aspen signed a side letter with the oil company, McQuillin and other senior Aspen officers and employees later falsely represented to its auditor that the oil company sales agreement was not subject to side agreements, prosecutors said.

McQuillin was charged with one count of conspiracy to commit securities fraud and one count of securities fraud.

If convicted, he could face up to 25 years in prison and more than $5 million (â,¬3.8 million) in fines.

Stock Options Backdating Issue Haunts Jobs (USAT)

By Greg Farrell And Jon Swartz

USA Today, January 9, 2007

SAN FRANCISCO — When Steve Jobs steps to the podium today at the Macworld Conference here to introduce what is expected to be the newest Apple iPod, he won't be just another CEO hawking a fad product.

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Instead, Apple's iconoclastic founder will be greeted by most attendees as the visionary who changed the way the world works and the messiah who saved Apple from oblivion a decade ago. His address is considered the crowning achievement of the year for Apple and its legion of fervent customers.

Yet on the day of Jobs' triumphant moment, he finds himself on the defensive over an issue that swept through Silicon Valley and a swath of Corporate America in 2006 like a California brushfire: the backdating of stock options.

Federal prosecutors and the Securities and Exchange Commission are poring over an internal Apple investigation that examined two huge options grants to Jobs in 2000 and 2001. The 2001 grant was the most problematic. It gave Jobs options to buy 7.5 million shares at $18.30 a share instead of the $21.01 market price of Apple's shares on the date the grant was finalized two months later.

The investigation also disclosed that more than 6,400 stock option grants made on 42 dates from 1997 to 2002 were backdated to give employees a lower strike price.

Apple's report on its internal investigation said that Jobs was aware of or recommended some favorable grant dates but that he did not appreciate the accounting implications. It found no evidence of misconduct by current management, it said.

The company also said Jobs didn't benefit financially from the backdating. Indeed, the two grants to Jobs, totaling 17.5 million options, were canceled in March 2003 (when Apple's stock price was below the options' strike price) and replaced with an award of 5 million shares of restricted stock.

According to data from Thomson Financial, Jobs has never sold shares of Apple stock for profit. His one sale of stock last March — in which he returned 4.5 million shares to the company for nearly $300 million — was to satisfy tax withholding requirements.

But Lucian Bebchuk, director of Harvard Law School's program on corporate governance, says that Jobs clearly gained from the favorable backdating.

Even if one accepts Apple's explanation that Jobs didn't benefit because his options were canceled, the options' replacement with a grant of restricted stock meant they were worth something, Bebchuk says.

Apple says it is cooperating with authorities. What happens next depends on whether the SEC or the U.S. Attorney's office in San Francisco determines that laws were broken.

The backdating of options grants isn't illegal if companies and recipients make the proper SEC disclosures and follow accounting and tax rules. In Apple's case, the improper accounting forced the company to make a financial restatement of $84 million to correct misdated grants from 1997 to 2006.

Apple's board has affixed all blame for the backdating on two unnamed former executives who have left the company. Lawyers for two former executives — former general counsel Nancy Heinen, who left Apple last year, and former chief financial officer Fred Anderson, who left Apple's board last year — deny that either of them did anything wrong.

Bebchuk has trouble believing that the widespread practice of options backdating at Apple was the work of only two executives.

"They are two former executives who had positions that usually don't involve primary responsibility for attracting and compensating people. What incentive did they have to engage in improper dating without implicit support from senior members of the executive team?" Bebchuk asks.

Like most of the 200-plus companies that have admitted to engaging in some form of options backdating, Apple also has to contend with civil suits claiming that shareholders were defrauded by the practice. A lawsuit filed last month in federal court in San Jose accuses Jobs and other top Apple executives of using backdating to benefit themselves. The lawsuit also alleges there was backdating at another company Jobs ran, the animation studio Pixar now owned by Disney.

Apple's report on its investigation, contained in SEC filings on Dec. 29, left legal experts with new questions. In particular, Apple said one options grant was recorded as approved at a special board meeting on Oct. 19, 2001, but no such meeting took place.

"The statement Apple put out is a little bit pregnant with ambiguity," says John Coffee, an expert in securities law at Columbia University. "It wasn't a strong statement, in which the board investigated and determined that he had done nothing wrong. Instead, they said, 'We haven't caught him red-handed.' "

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"When Apple said Jobs was aware of the options-granting process, and recommended them, they are saying Jobs tacitly orchestrated plans to produce phony records," says Christopher Bebel, a former SEC counsel and prosecutor.

But because Jobs did not exercise his options, it will make prosecutors hesitant to pursue criminal charges. "There was a wrong committed, but he didn't line his pockets," Bebel says.

As for the board's statement that Jobs did not "appreciate the accounting implications" of backdating, longtime observers were bemused. Jobs likes to keep track of everything at his company, they say.

"The notion that he doesn't know (the full implications of Apple's accounting procedures) is ludicrous," says Alan Deutschman, author of The Second Coming of Steve Jobs. He interviewed dozens of Apple employees, analysts and industry insiders shortly after Jobs returned to the company he co-founded.

Jobs' exacting attention to detail is most apparent when demanding minuscule changes to product designs or rehearsing for hours to perfect product introductions. And it is Jobs' perfectionism that rescued Apple from almost certain doom in the late 1990s. He pruned the company's then-bloated product line and engineered the release of mega-hit products such as the iPod, say financial analysts.

"Steve is the only person who could have saved Apple and made it what it is today," says analyst Charles Wolf, who has followed Apple for more than a decade, expressing a widely held view in the financial community. "Apple is Steve."

Most financial analysts and investors so far have shrugged off the ongoing stock-option scandal. They expect little impact as long as Jobs remains untouched. "We're not concerned, given the depth of Apple's internal review," says Gene Munster of Piper Jaffray.

Reflecting that faith, investors have boosted Apple's stock to $86.18 a share, near its 10-year high.

CEO Politics (WSJ)

The Wall Street Journal, January 9, 2007

January 9, 2007; Page For an excellent example of why federal agencies so rarely admit mistakes, look no further than the recent uproar over the Securities and Exchange Commission's flip-flop on stock-option disclosure. House Financial Services Chairman Barney Frank is already planning to ride this error through the next election as part of his campaign against CEO pay.

The SEC has been under attack since it announced -- on the eve of Christmas weekend -- that it was modifying its July disclosure rule on executive compensation. The commission's new order tweaks the way stock option grants are disclosed, with the goal of making total annual compensation figures more accurate and consistent. Chairman Christopher Cox admitted that the SEC had inadvertently adopted the wrong version of one part of the rule, and was simply trying to set things right.

That mea culpa counted little with Mr. Frank, who denounced the SEC for loosening reporting requirements to provide a "Christmas Eve" gift to corporate America. He also declared that this "backtracking" by the agency meant his committee now had an obligation to dive into the "problem" of "unconstrained" executive compensation -- as if he needed an excuse.

This political opportunism is especially unfortunate because the new SEC rule is entirely in keeping with Mr. Cox's goal of bringing more "clarity and consistency" to corporate pay disclosure. Even Mr. Frank praised the SEC's decision last year to require companies to aggregate all of their top executives' compensation -- pay, bonuses, perks, options -- into one bottom-line figure. When these reports begin to become public later this year, investors will get a better look at management costs and be able to compare those numbers across companies.

Under the flawed SEC rule, companies would have had to include, in their annual total compensation reporting, any stock option grants awarded during the year. This would have been highly misleading to the extent such grants weren't yet exercisable and thus might never be "in the money." Under the new rule, companies will instead include any options that actually vest that year -- meaning options that executives can truly turn into cash or stock.

Contrary to most media descriptions, the new rule won't necessarily result in lower reported compensation numbers. Under the old rule, a big grant would only appear in the year it was awarded, then disappear in subsequent disclosures. Under the new rule, the final figure will include any and all previous option awards that vest in that year -- leading, in many cases, to more substantial bottom-line figures. Meanwhile, information about big annual option grants is still readily available to investors, albeit in a different section of the SEC compensation form.

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This change will also harmonize the new compensation disclosure forms with other corporate financial statements. Under current accounting rules, companies only expense options in their financial statements as the options become exercisable. Given that the SEC's goal with its disclosure rule was to make compensation figures more consistent and understandable for investors, it would have made little sense to set up two completely different ways of counting options.

The SEC's mistake is regrettable, but the agency might be forgiven for overlooking what was a relatively minor point in its gigantic 450-page July rule. And one reason it didn't hold a public meeting on the new amendment is that all five SEC Commissioners -- including its two Democrats -- unanimously agreed that the change was necessary.

Mr. Frank surely knows all this, but he is hunting bigger political game -- namely, running against "excessive" CEO pay and alleged "inequality" as Democrats gin up a campaign issue for 2008. The left believes its neo-populism paid off in November's election, and it wants to ratchet up the rhetoric this year in Congress.

As part of his investigation, we can only hope Mr. Frank explores the role that the last Democratic Congress played in encouraging CEO stock option grants by limiting to $1 million the amount of executive cash compensation that companies could deduct from taxes. (Bob Nardelli, Frank Raines and Hank McKinnell, among others, are grateful.) But then again, that would mean admitting that Congress made a mistake; it's so much easier to demagogue CEOs and the SEC.

CRIMINAL LAW:

House Democrats May Aid Corruption Inquiry (NYT)

By David D. Kirkpatrick

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — The new Democratic House leaders are negotiating with federal prosecutors about complying with subpoenas related to former Representative Randy Cunningham's corrupt sale of military contracts, potentially accelerating a dormant inquiry.

The subpoenas, disclosed late last month in the Congressional Record, request documents from the House Appropriations, Intelligence and Armed Services Committees and demand a response by Jan. 11.

Mr. Cunningham, a California Republican, pleaded guilty more than a year ago to steering tens of millions of dollars in federal money to military contractors in exchange for over $2.4 million in bribes, using his position on the House military spending panel to insert special provisions for contracts into military bills.

All these provisions required involvement by the panel's chairmen and staff as well as military or intelligence officials, so the investigation has the potential to ensnare others. A recent internal report by the House Intelligence Committee, for example, concluded that committee staff had supported Mr. Cunningham's requests despite many "red flags."

The subpoenas are also freighted with Constitutional issues, pitting an executive branch investigation against Congress's claims of immunity and confidentiality for its official business.

The federal prosecutors, based in San Diego, sought for months without success to reach agreement with the former House Republican leaders to obtain the documents without subpoenas. The subpoenas coincide with the takeover of the House by Democrats, who campaigned on a promise to replace corruption with honesty and openness. The Democrats also have less incentive to protect the Republican former committee chairmen and staff members.

People informed about the talks over the subpoenas say the prosecutors may extend the subpoena deadline while they try again to work out an agreement to disclose relevant documents.

"The House is actively working with the Department of Justice to resolve this issue," said Jennifer Crider, a spokeswoman for Representative Nancy Pelosi, the California Democrat sworn in last week as speaker of the House.

CIA Digs In Its Heels (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 9, 2007

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A federal criminal investigation of the Central Intelligence Agency's former third-highest official has stalled because of CIA reluctance to turn over classified documents requested by prosecutors, people close to the investigation say.

The U.S. attorney's office in San Diego has been investigating former CIA Executive Director Kyle "Dusty" Foggo to determine whether he committed illegal acts in influencing the awarding of CIA covert contracts. Mr. Foggo resigned from the CIA in May 2006, shortly after The Wall Street Journal disclosed the investigation1.

• The Issue: An investigation is delayed as federal prosecutors and the CIA wrangle over what classified data can be disclosed if former CIA executive director Kyle Foggo is indicted.

• What's Unique: Mr. Foggo was the third-ranking CIA official, with access to a huge range of secrets.

• What's at Stake: Prosecutors may have to alter or scale back charges they seek against him.

Among the contracts under investigation is one the CIA awarded to the company of a lifelong friend of Mr. Foggo's, Brent Wilkes, a California defense contractor. Last year, former Congressman Randy "Duke" Cunningham pleaded guilty to soliciting bribes from individuals including Mr. Wilkes.

The Foggo inquiry is part of a chain of pending criminal investigations sparked by the Cunningham case. Its progress is important both because of the nature of the contracts involved, and because a trial may shed light on additional contracting improprieties first hinted at in the Cunningham case.

Wrangling between prosecutors and the CIA isn't unusual in cases involving espionage or other criminal activity by agency employees, because of the risk that important secrets could be divulged in a trial.

Despite such difficulties, prosecutors have obtained espionage and other criminal convictions of some intelligence agency personnel. But no CIA official who held a position as high as Mr. Foggo's has ever been prosecuted. His case is sensitive because of Mr. Foggo's former top-level status at the agency, his knowledge of a huge range of covert activities, and the fact that the investigation involves the awarding of contracts that the CIA is reluctant to have disclosed, the people with knowledge of the inquiry said.

Mark J. MacDougall, Mr. Foggo's lawyer, declined to comment on details of the investigation, but said "Mr. Foggo has served his country with honor and has committed no crime and has violated no law in that service."

If there is an indictment in such cases, a common strategy by defense lawyers is to demand classified material they say is needed for the defense, hoping that the government will refuse and the case will be dismissed. So prosecutors try to work out ahead of time what information can be disclosed and sometimes tailor the specific charges to evidence only in declassified materials. But prosecutors also can try to get as much evidence as possible declassified in advance, in hope of persuading the accused to negotiate a guilty plea and averting a trial in which secrets might be divulged. That happened with CIA turncoat spy Aldrich Ames, now serving a life sentence after he pleaded guilty in 2004 to divulging secrets to the former Soviet Union.

Negotiations Stall Case

Officials at the U.S. attorney's office in San Diego declined to comment on the investigation, though people with knowledge of it say it still appears that the declassification conflicts with the CIA can be worked out. But slow negotiations have substantially delayed the case. Prosecutors in San Diego had expected to get a grand jury indictment of Mr. Foggo some months ago.

The CIA doesn't appear to be trying to prevent charges against Mr. Foggo, say those familiar with the investigation. Rather, it has taken the position that the Justice Department can successfully complete its investigation of him without getting access to all the classified material they requested.

CIA Spokesman Mark Mansfield said the agency wouldn't comment "other than to emphasize that the CIA has been cooperating with the Department of Justice in their investigation and continues to do so."

Jeffrey Smith, a former CIA general counsel, said the agency traditionally has been eager to help prosecutors convict agency employees who committed crimes. He noted that a federal law, the Classified Information Protection Act, was adopted specifically to make it possible to prosecute spies and intelligence agency employees while protecting vital secrets.

Former CIA Director Porter Goss in November 2004 named Mr. Foggo, then a mid-level CIA official, to take on the high-level post. Mr. Foggo's close friendship with Mr. Wilkes emerged in December 2005 as a result of the Cunningham investigation. The Journal reported last spring that Mr. Foggo attended poker games arranged by Mr. Wilkes in Washington hotel suites, and that prosecutors were investigating evidence that during some of these games Mr. Wilkes had supplied Mr. Cunningham with

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prostitutes in the suites. A CIA spokeswoman confirmed at the time that Mr. Foggo had been present in the hotel "hospitality suites," but said Mr. Foggo denied that anything improper had occurred while he was there.

Arousing Suspicion

In May, Federal Bureau of Investigation and other federal agents searched Mr. Foggo's office at CIA headquarters in Langley, Va., and his home, days after he had announced his intention to resign. While Mr. Foggo was executive director, the CIA awarded at least one contract to one of Mr. Wilkes's companies, Archer Logistics, to provide water and other supplies to CIA agents in Iraq and Afghanistan. People close to the investigation say Mr. Wilkes paid for expensive vacations for Mr. Foggo and his wife, flying them on his corporate jet to Hawaii and Scotland, among other places. He also gave gifts to Mr. Foggo. An investigation by the CIA's inspector general, the results of which haven't been disclosed, looked into the contracts and whether Mr. Foggo, as required by agency rules, had informed the agency of the free trips and gifts.

Mr. Wilkes hasn't been charged but remains under investigation by San Diego federal prosecutors. His lawyers have strongly denied that he was involved in any illegal activity.

A House intelligence committee document made public in the fall disclosed that Mr. Foggo also has been under investigation for awarding contracts to the company of another individual, subsequently identified as Richard Wenzel, president of Global Transportation Systems in Sterling, Va. The firm received "several large contracts" from the CIA, the document said. People involved in the case say these included delivering equipment and supplies abroad, making use of the company's fleet of specialized Ilyushin 76 jet cargo planes. These aircraft can use makeshift runways and unload heavy cargo without requiring ground-based equipment.

Mr. Wenzel is aiding prosecutors and isn't a target of the investigation. His lawyer, James Hamilton, said, "My client is solely a cooperating witness."

Judges Look To New Congress For Changes In Mandatory Sentencing Laws (NYT)

By Lynette Clemetson

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — Federal sentencing laws that require lengthy mandated prison terms for certain offenses are expected to come under fresh scrutiny as Democrats assume control of Congress.

Among those eagerly awaiting signs of change are federal judges, including many conservatives appointed by Republican presidents. They say the automatic sentences, determined by Congress, strip judges of individual discretion and result in ineffective, excessive penalties, often for low-level offenders.

Judges have long been critical of the automatic prison terms, referred to as mandatory minimum sentences, which were most recently enacted by Congress in 1986 in part to stem the drug trade. Now influential judges across the ideological spectrum say that the combination of Democratic leadership and growing Republican support for modest change may provide the best chance in years for a review of the system.

“With a changing of the guard, there should at least should be some discussion,” said William W. Wilkins, chief judge of the United States Court of Appeals for the Fourth Circuit, who was nominated by President Ronald Reagan.

The House Judiciary Committee, under the new leadership of Representative John Conyers Jr., Democrat of Michigan, is planning hearings on the laws, starting later this month or in early February. One of the first issues planned for review is the sentencing disparity between offenses involving powder and crack cocaine.

The possession or trafficking of crack brings much harsher penalties than those for similar amounts of the powder form of the drug. Mr. Conyers, a longtime critic of mandatory minimum sentences, favors treating both drugs equally.

The Senate Judiciary Committee has no immediate plans for hearings. But Senator Jeff Sessions, Republican of Alabama, also supports some changes in the sentencing policy for crack cocaine convictions (though more modest than Mr. Conyers and some other Democrats favor), and Judiciary Committee staff members say a serious Senate review of the issue is likely in the current Congress.

Many law enforcement officials support tough, automatic sentences and argue that weakening existing laws will cause an increase in drug trafficking and violent crime. Many judges say current laws have clogged jails and too often punish low-level

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offenders. Some judges also argue that automatic lengthy sentences give prosecutors an unfair bargaining tool that they can use to tailor charges and press defendants into plea bargains.

"These sentences can serve a purpose in certain types of cases involving certain types of offenders," said Judge Reggie B. Walton of Federal District Court in the District of Columbia, who was appointed by President Bush, "but when you apply them across the board you end up doing a disservice not just to individuals but to society at large."

Several judges say that broad inclusion in the coming Congressional hearings on sentencing would mark a notable departure from Judiciary Committee activity under the former Republican chairman, Representative F. James Sensenbrenner Jr. of Wisconsin, who many judges say maintained an antagonistic stance toward judges.

"There was no question that judges were targeted under the Sensenbrenner committee for speaking out," said Judge Nancy Gertner, a Federal District Court judge appointed by President Bill Clinton who teaches a course on sentencing policy at Yale Law School.

Judge Gertner and others point to the example of Judge James Rosenbaum, a Reagan appointee who, in 2003, faced a Congressional review of his sentencing decisions under a barrage of criticism that he and other federal judges were too lenient. Many in the judicial community argued that Judge Rosenbaum was singled out because he criticized a proposal to increase federal sentences in testimony before the House Judiciary Committee.

Most judges shy away from direct formal involvement in legislative matters. But many say private interactions with legislators that do not focus on specific cases but on policy matters of concern to the judiciary are appropriate.

Judge Wilkins, a former legislative assistant to Senator Strom Thurmond, said he believed private conversations on mandatory minimum sentences with his own congressman, Representative Bob Inglis, Republican of South Carolina, helped change the legislator's position.

Mr. Inglis, once a supporter of tough automatic sentences, said during a 1995 House vote that he would never vote for them again and has since become a Republican leader on sentencing reform.

"I was delighted that he took a principled stand, and I would like to think I was of some benefit to him in getting there," said Judge Wilkins, who served as the first chairman of the Federal Sentencing Commission, the body charged by Congress with developing sentencing guidelines and collecting and analyzing statistics.

Some judges have expressed displeasure with the system from the bench or in written opinions.

At a sentencing last January Judge Walter S. Smith Jr., of the Western District of Texas, was required to add 10 years to the already mandated 10-year sentence in a crack distribution case because a gun was found under the defendant's bed. During the sentencing, the judge stated, "This is one of those situations where I'd like to see a congressman sitting before me."

In an impassioned written opinion in 2004, Judge Paul G. Cassell of the Federal District Court in Utah, who was appointed by President Bush, called the mandatory 55-year sentence he was forced to give a low-level marijuana dealer who possessed, but did not use or brandish, a firearm "simply irrational."

In the opinion, Judge Cassell recommended a commutation of the sentence by the president, noting that the sentence, with consecutive 25-year terms for firearm possession, was longer than those required for an airport hijacker, second-degree murderer or a rapist.

The Supreme Court declined last fall to hear the case. But an amicus brief urging the court to take the case included signatures from legal figures like William Sessions, the former F.B.I. director; Janet Reno, attorney general during the Clinton administration; and Griffin Bell, attorney general under Jimmy Carter.

Many opponents of mandatory minimum sentences would like to see a full repeal of the laws. "After so many years of this, people have forgotten that we should be asking for the whole fix, not just little pieces," said Julie Stewart, president of Families Against Mandatory Minimums.

But most legal, legislative and judicial experts agree that repeal, or even broad-ranging overhaul of existing laws, is unlikely. More probable is serious review of crack cocaine sentencing laws.

Currently, possessing five grams of crack brings an automatic five-year sentence. It takes 500 grams of powder cocaine to warrant the same sentence. Similarly disparate higher amounts of the drugs results in a 10-year sentence. The 100-to-1 disparity,

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opponents of the law say, unfairly singles out poor, largely black offenders, who are more likely than whites to be convicted of dealing crack cocaine.

At a sentencing commission hearing in November, Judge Walton, associate director of the White House Office of National Drug Control Policy under the first President George Bush and a onetime supporter of tough crack cocaine sentences, said it would be “unconscionable to maintain the current sentencing structure” on crack cocaine.

Mr. Sessions is a co-sponsor of a bill that would change the ratio for the two drugs to 20 to 1, increasing the amount of crack that brings a five-year sentence to 20 grams from 5, and lowering the powder cocaine trigger from 500 grams to 400 grams.

If judges say they are hopeful for new debate on sentencing policy, they are quick to add that they are not naïve. After all, many say, even politicians who are critical of current laws fear looking soft on crime.

“Candidly, the Democrats were never particularly courageous on this issue either,” Judge Gertner said. “But at least now it seems judges may be encouraged to be a part of the discussion. And if asked to speak up, I think many will.”

Criminal Complaint: Alderman Accepted Bribe (CHIT)

By Jeff Coen And Gary Washburn, Tribune Staff Reporters

Chicago Tribune, January 9, 2007

Video: Alderman faces federal corruption charges

Chicago Ald. Arenda Troutman was charged Monday with taking bribes to grease a development in her ward in an undercover sting in which she was recorded brashly asking one informant: "What do I get out of it?"

Troutman, a minor player at City Hall despite her 16 years on the City Council, was arrested at her home early Monday by FBI agents who had to break a window to open a door. Authorities said she first spoke to agents from a third-floor window at 6:30 a.m. but had refused to come down.

The complaint alleged Troutman (20th) took $5,000 in cash and was promised $10,000 more to smooth licensing and zoning for a development at 57th and Halsted Streets, where she also had arranged to have a residence and commercial space. The development deal never existed; it was invented by the FBI as part of the sting.

After receiving the $5,000 on Nov. 29, Troutman allegedly went to work for the development immediately.

"Say no more, hand me that phone," Troutman allegedly said after the cash was in hand, placing a call to the city's zoning administrator on the developer's behalf.

The charges hark back to the days when the federal government snared one alderman after another in sting operations. Between 1972 and 1999, an average of one alderman a year was convicted of wrongdoing.

Troutman was allegedly caught on tape comparing politics with prostitution: "Most aldermen, most politicians are hos."

First Assistant U.S. Atty. Gary Shapiro described the complaint as another Chicago "civics lesson" in the history of corruption in the city.

"This time on how things get done in the 20th Ward of Chicago," Shapiro said.

"You want to build something? You want to improve your property? You need permits from the city?" Shapiro said. "You need zoning? You need the alderman's support? You want the alderman's support? You pay the alderman—you pay Arenda Troutman."

Troutman allegedly was taped by a cooperating witness who had fraudulently helped her refinance her mortgage in the past, prosecutors said. She allegedly lent money to the witness, taking it from a cash-filled box in her basement.

Witness was probe target

The witness was a target of a federal mortgage-fraud investigation until he came forward with information on his relationship with the alderman, authorities said. In addition to the cash payments and the space in the building, Troutman also demanded the contact buy $15,000 in tickets for a campaign fundraiser.

She directed her contact to have the developer simply pass on the cost of the extra bribe, authorities said.

"He know[s] 15 [expletives] ... his builder, his plumber ...," she allegedly said on the tapes.

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The federal complaint unsealed Monday outlines two bribery schemes, the one last year involving the fictitious development and the other alleged dealings that prosecutors said showed Troutman's propensity to accept bribes.

The first scheme spanned 2002 and 2003, authorities said, and involved a witness shaken down after an employee of Troutman's office noticed he was rehabbing a two-flat without permits. The witness paid $8,000 to finish the work without interference from the alderman, the complaint states, and another $12,000 for support for a zoning change.

Agents searched Troutman's home in the 6500 block of South Kimbark Avenue on Monday, along with her 20th Ward offices. Authorities said it took nearly a half hour from the time agents arrived at her home until she was taken into custody, and investigators said there was some evidence that a shredder had been used in the home.

Troutman was released on a signature bond Monday afternoon after a hearing before Magistrate Judge Michael Mason and was expected back at the Dirksen U.S. Courthouse on Friday.

Troutman had brushes with scandal before Monday's arrest. In 2004, it became public that she had an association with Donnell "Scandalous" Jehan, an alleged Black Disciples gang leader who is being sought on drug conspiracy charges. In 2005, the Chicago Sun-Times reported that members of Troutman's family ran a trucking company that won more than $1 million from the Hired Truck Program.

"I don't think the press treated me fairly with either of those things," Troutman said in an interview with the Tribune late last year. "There is a cloud over my administration, though I have done nothing wrong."

Her lawyer, Sam Adam Jr., said the bribery case was at worst an example of Troutman's trying to help someone in her ward and might constitute entrapment. He said Troutman would plead not guilty.

"I can tell you that we categorically deny every single allegation made in here," Adam said of the complaint. "This did not take place in the way, manner, shape and form that they claim."

No zoning change

Adam said there was no zoning change for the property and nothing was built there.

"Ald. Troutman never took money to do something," said Adam, who acknowledged Troutman has been aware the government has been interested in her activities for some time.

As for the FBI's having to break in to Troutman's home to arrest her, Adam said Troutman was not willfully avoiding authorities.

"The lady was asleep in her own home, with two kids," he said. "Sleeping, and, bam, her window breaks open with the FBI banging on her door."

In Springfield for the inauguration of Gov. Rod Blagojevich, Mayor Richard Daley declined to comment on the charges.

Some aldermen were supportive.

"Arenda is a sweet girl, and I am sorry to see her in any sort of difficulties," said Ald. Bernard Stone (50th). "I don't know anything about her problems, and whatever it is will work itself out." The charges against Troutman are the first criminal allegations against a council member since former Ald. Percy Giles was accused of racketeering, fraud and tax evasion in 1999 and was found guilty of the charges and sentenced to prison.

Troutman made her way to the City Council in tried and tested fashion—as a loyal member of the Regular Democratic Organization, with time on the streets as a precinct captain. .

Troutman was a member of the ward organization of the late Cecil Partee, the former Illinois Senate president, Cook County state's attorney and city treasurer, whom she considered a mentor.

Daley, a Partee ally, selected her to fill the vacant position of 20th Ward alderman in 1990. Troutman was elected by the voters of her ward the following year, re-elected in three subsequent races and is running for another term in the February election.

Degree in political science

Troutman, a divorced mother of three boys, attended Calumet High School and earned a degree in political science from Southern Illinois University. She once worked as a miner in Southern Illinois for Inland Steel and Coal.

Tribune reporters Todd Lighty, Ray Gibson and Dan Mihalopoulos contributed to this report.

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Ald. Troutman Arrested On Corruption Charges (CHIST)

By Natasha Korecki And Fran Spielman, Federal Courts Reporter

Chicago Sun-Times, January 9, 2007

Agents had to break a window to get in to Troutman's home. She wouldn't answer the door but had been seen peering through a window.

Among other acts, Troutman is accused of bribe-taking, a source with knowledge of the investigation said.

Troutman's attorney, Sam Adam Jr., said he was told his client is being accused of accepting a bribe in connection with a mall development in her ward.

"There are certainly some ugly allegations that are being spread, but we categorically deny any wrongdoing," Adam said. "She never accepted a bribe from anybody. This has to do with a mall somewhere in her ward. But I don't even think a mall went up."

Adam said he would not comment further until he sees the charges, which are expected to be unsealed this afternoon.

Troutman has been under scrutiny by law enforcement for years. Investigators are seeking her cooperation.

Searches were under way at her aldermanic office and home.

Troutman was questioned by the FBI in 2004 about her alleged love affair with fugitive Donnell "Scandalous" Jehan, a reputed street-gang leader, as part of an investigation into the Black Disciples street gang. In June, the FBI announced a $10,000 reward for information leading to Jehan's capture.

In a recent interview, Troutman said of Jehan: "There was never, ever anyone who proved there was any kind of relationship with anybody. Those were all allegations."

The Chicago Sun-Times subsequently reported that investigators wanted to know how an envelope addressed to Troutman with a return address of the Chicago Police Department ended up in the hands of the Black Disciples.

Troutman responded by holding a raucous news conference at her ward office at which she said she had met with top gang members under the impression they were legitimate businessmen and accepted their help during aldermanic elections. She would not discuss whether she had a personal relationship with Jehan.

The alderman said that two envelopes addressed to her from the police department might have ended up in Jehan's home because her office routinely recycles office materials. Asked whether Jehan had ever driven her Cadillac Escalade, Troutman said, "For years, I have let everybody drive my car."

Asked about her relationship with Jehan, Troutman responded by talking instead about her own family's struggle with drugs and say she would never associate with anyone bringing that "poison" into the community.

"There is no way I would be involved with any criminal activity. No way. I understand what dope has done to my community," she said then.

Three hours before that news conference, Troutman's brother was arrested in a drug-related sting.

Last summer, Troutman was embarassed again when the Sun-Times reported that her family had created and run Hobtat Trucking Co., which was paid more than $1.1 million by the city's Hired Truck Program. It was the first tme that an alderman's relatives had been linked to the scandal-ridden rogram.

At the time, the alderman said she never made a dime from the program and had "done nothing wrong."

Troutman was appointed by Mayor Daley in 1990, after the death of Ald. Ernest Jones (20th). The mayor stuck with her even after her opponents circulated police reports detailing her 1978 arrest for shoplifting. She admitted the crime, but the case was dropped.

Troutman is to appear before a federal magistrate judge at 2:30 this afternoon for her initial court appearance, a court clerk said.

Chicago Alderman Accused Of Taking Payoff (AP)

By Deanna Bellandi

AP, January 9, 2007

CHICAGO - FBI agents had to break a window at a city alderman's home to get inside Monday to arrest her on a federal bribery charge for allegedly accepting $5,000 to help a fictitious developer move forward on a building project, authorities said.

In return for the money and the promise of more, Alderman Arenda Troutman agreed to back the bogus developer in getting zoning changes and alley access for a proposed development in her South Side ward, according to federal authorities who unsealed a criminal complaint against Troutman on Monday after an undercover investigation.

First Assistant U.S. Attorney Gary Shapiro said the complaint offers a civics lesson on how things get done in Troutman's ward.

"You wanna build something, you wanna improve your property, you need permits from the city, you need zoning, you need the alderman's support, you want the alderman's support? You pay the alderman, you pay Arenda Troutman," Shapiro said.

For her support, Troutman also allegedly expected to receive another $10,000 cash and a $5,000 political contribution, authorities said. They said she also negotiated for both commercial and residential space at the proposed development.

Defense attorney Sam Adam Jr. said Troutman is innocent and plans to plead not guilty.

"I can tell you that we categorically deny every single allegation," Adam said after her court appearance.

Troutman's arrest comes just weeks before the Feb. 27 city election. Five opponents have filed papers to get on the ballot to challenge her. Troutman has served on the City Council since 1990, when Mayor Richard M. Daley appointed her to fill a vacancy.

Daley, who was in Springfield Monday, declined to comment on Troutman's arrest.

In court, federal Magistrate Michael T. Mason set a $10,000 unsecured bond for Troutman, releasing her on her own recognizance.

Troutman, who was rousted from her home and taken into custody about 7 a.m. Monday, wore a black track suit with a black and white checked hat pulled down over pig tails. Authorities also searched her ward office.

Troutman had opened a third-floor window when FBI agents knocked on the door of her home but closed it after the agents said they wanted to talk with her, according to Robert Grant, special agent in-charge of the FBI's Chicago office.

The agents also asked a nanny, who spoke through another window, to let them inside and made several telephone calls to the home with no response, Grant said. After 20-30 minutes, the agents broke a window to open a door and enter the house.

Troutman does not have to resign as alderman while dealing with the charges against her, but would lose her City Council seat if she is convicted.

Since 1971, 27 Chicago aldermen have faced a variety of corruption charges, said University of Illinois at Chicago political science professor Dick Simpson.

The charge against Troutman stems from a series of recorded conversations beginning in May 2006 between Troutman and an undercover informant, according to court documents. The informant is a target of a separate mortgage fraud investigation who began cooperating with authorities in April 2006, according to federal officials.

Troutman allegedly helped the bogus developer by sending a letter to the city's department of transportation supporting alley access at the proposed site and asking for permits to be issued, the court documents said.

Troutman has been the subject of public scrutiny before.

In 2004, she wouldn't say whether she had a personal relationship with an alleged high-ranking gang member as federal authorities investigated the Black Disciples. She said two envelopes addressed to her from the Chicago Police Department that the FBI found during a raid of the alleged gang member's home may have come from recycled office materials her aides use and somehow wound up elsewhere. Her attorney said then that Troutman was not a target of that investigation and was not suspected of any wrongdoing.

Troutman got more attention in 2005 when a published report said her relatives ran a trucking firm that had gotten business as part of the city's scandal-plagued program that outsourced hauling jobs to private trucking companies.

That investigation into the city's Hired Truck Program has since expanded into a broad look at City Hall hiring practices. More than 40 people have been convicted.

Bevilacqua To Wait In Jail For Court Hearing (PROJO)

By W. Zachary Malinowski, Journal Staff Writer

The Providence Journal, January 9, 2007

BOSTON — Joseph A. Bevilacqua Jr., once one of the state's more prominent criminal defense lawyers, is headed back to jail.

Bevilacqua, who had been serving the final portion of an 18-month sentence on work release, was ordered held at the Barnstable County House of Correction on Cape Cod after his arrest last week on charges that he participated in a scheme to pocket $150,000 from drug-dealer clients.

Yesterday, Bevilacqua, 57, of West Warwick, learned that he will remain locked up in the county jail through Jan. 17. The next day, he will be taken back to U.S. District Court in Boston to be arraigned on a felony count of conspiracy.

At that time, the court indicated that he would probably be released and placed on strict supervision by federal probation officials.

Bevilacqua, known for his fine-tailored suits during his days as a lawyer, shuffled yesterday into the seventh-floor courtroom of the John Joseph Moakley United States Courthouse in leg irons and handcuffs. Two federal marshals escorted him to the defense table.

Bevilacqua, who looked like he had lost weight in recent months, wore jeans and a yellow long-sleeved Ralph Lauren polo shirt. His hair was askew and it appeared that he had just awoken from a long slumber in the courthouse lockup.

Jonathan Shapiro, Bevilacqua's court-appointed lawyer, asked Judge Joyce London Alexander to let Bevilacqua serve out the final days of his sentence in work release.

"It doesn't make a lot of sense to lock him up for a week," he said.

Shapiro said that Thomas Tarro, of East Greenwich, will serve as Bevilacqua's lawyer.

In 2005, Bevilacqua was sentenced to 18 months in federal prison for leaking a confidential FBI videotape to Jim Taricani, a Rhode Island television reporter. The conviction led to Bevilacqua's disbarment from practicing law.

Assistant U.S. Attorney William D. Weinreb told the judge that it was the Bureau of Prisons — not the court — that determined Bevilacqua should return to jail. He pointed out that the federal prison system still has control over the former lawyer's freedom.

On Friday, Bevilacqua and John M. Cicilline, the brother of Providence Mayor David N. Cicilline, were charged in the same plot to manipulate the criminal-justice system through two clients who are admitted drug dealers. Cicilline, 49, of Cranston, was released on $10,000 unsecured bail.

The 21-page indictment, unsealed on the day of the arrests, alleges that the lawyers conspired with interpreters/paralegals, Juan A. Giraldo and Lisa Torres, to provide the authorities with information on other drug dealers, which would then be used to bargain for more-lenient sentences for their clients.

Giraldo, 41, who was close friends with both lawyers, is serving a federal prison sentence on drug charges in Youngstown, Ohio. No date for his appearance in federal court in Boston has been announced.

Torres, 39, appeared in court briefly yesterday and arraigned on charges of conspiracy, obstruction of justice and making false statements. She was ordered held, pending a detention hearing on Thursday.

Judge Allows 2 More Parties Into Polygamist Leader Evidence Case (SDUT/AP)

By Ken Ritter, Associated Press

The San Diego Union-Tribune, January 9, 2007

LAS VEGAS – A federal judge on Monday broadened the legal tug-of-war over cash, computers and other materials seized from a vehicle during the southern Nevada arrest of polygamist church leader Warren Jeffs.

In a quick decision, U.S. District Court Judge Robert Jones said two other parties may join the government and Jeff's lawyers in arguing the civil case – the United Effort Plan Trust, which holds $110 million in Fundamentalist Church of Jesus Christ of Latter-day Saints property, and a former Jeffs follower who won a $338,000 judgment from Jeffs after being fired from his job.

Lawyers for Jeffs did not oppose the motion.

The judge did not address questions about the materials, which have been held by the federal government since they were seized from a Cadillac Escalade during Jeffs' arrest Aug. 28 outside Las Vegas. Police reported seizing $54,000 in cash, letters and other papers, four laptop computers, 15 cell phones, and other items, including wigs. The contents of the letters and information on computers has not been made public.

"He didn't deal with the merits of the sealing or who gets access," said Jeffrey L. Shields, a Salt Lake City-based lawyer for the United Effort Plan Trust. "He just granted intervention."

Jeffs 51, the leader of the FLDS, remains in a Utah jail pending an April trial on two felony charges of rape as an accomplice stemming from allegations he arranged the 2001 marriage between a 14-year-old girl and her cousin.

Lawyers Richard Wright and Margaret Stanish, representing Jeffs, declined comment outside court.

Wright contends in court documents that the information is "sacred and confidential" because it includes matters of church doctrine and private communications between Jeffs and his followers.

Accountant Bruce Wisan, representing the trust, wants to know if Jeffs' papers and electronic records will lead to church assets that rightfully belong to the trust and should benefit all current and former church members.

A Utah judge made Wisan overseer of the trust in 2005 after finding Jeffs and other church leaders were fleecing it for personal gain. The trust is comprised of nearly all the property in Hildale, Colorado City, Ariz., and British Columbia, where church members live in assigned housing.

Lawyers for Shem Fischer, the former Jeffs follower awaiting payment after winning a court judgment last May, said the documents "may shed more information as to where (church) assets have been hidden, in what form they are held and where they are held."

In 2002, Fischer sued Jeffs, the church and a church-controlled cabinet company, for religious discrimination. Fischer said he was fired after he left the FLDS faith. He won a default judgment and now wants to collect the balance of what he is owed.

No date was immediately set for arguments about whether to release the seized evidence.

Battle Over Evidence Expands In Jeff Case (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, January 9, 2007

LAS VEGAS — The hearing lasted about as long as it takes to lose $20 at the slot machines.

Warren Jeffs But it was just enough time for a federal judge here to allow more lawyers to get involved in the fight over a trove of papers, ledgers, documents, cash and other items the FBI seized when it arrested Fundamentalist LDS Church leader Warren Jeffs.

With no one voicing any opposition, U.S. District Court Judge Robert Jones allowed lawyers for the court-appointed special fiduciary of the United Effort Plan Trust and an ex-FLDS member trying to collect on a civil judgment against Jeffs to intervene in the upcoming evidence fight.

The move allows the attorneys to try to get their hands on what the FBI found inside the red Cadillac Escalade that Jeffs was riding in when he was arrested during a traffic stop outside Las Vegas in August 2006.

"We felt like we needed to be involved," said Jeffrey L. Shields, an attorney for Bruce Wisan, the UEP's court-appointed special fiduciary. The $110 million UEP Trust, the financial arm of the FLDS Church, was taken over by a judge in Salt Lake City's 3rd District Court in 2005.

Just as the hearing ended, Jeffs' Las Vegas lawyer, Richard Wright strode in only to discover it was all over. Still, he did not object.

"One is a judgment creditor, the other an interested party," Wright told the Deseret Morning News outside of court. "It doesn't mean they acquire anything."

Shortly after Jeffs was arrested, Wright filed an emergency motion in federal court demanding the return of the evidence, claiming some of the documents constitute "sacred" and privileged communications between the FLDS leader and some of his followers.

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Lawyers pushing to see the evidence anticipate an uphill battle.

"I expect Mr. Wright is going to vigorously represent his client in a zealous manner," said William Bryson, another lawyer for the UEP fiduciary.

Among the $54,000 in cash, wigs, cell phones, computers and other evidence seized from the Escalade, FBI agents have told the Deseret Morning News they found ledgers that may detail who had been helping to keep Jeffs on the run. The FLDS leader was on the FBI's Ten Most Wanted list until his capture.

The U.S. Attorney's Office in Utah, which is handling the case, declined to comment Monday on the outcome of the hearing. An FBI agent from Salt Lake City was in the audience to keep track of the developments.

Shem Fischer, an ex-FLDS member who won a religious discrimination lawsuit against Jeffs, has been doggedly pursuing him through federal courts in several states trying to collect on a $338,000 judgment.

"There's probably data that shows where assets are. We want to be able to see that," Fischer's attorney James Stewart said outside of court.

So far, Stewart said Fischer has been able to collect approximately $132,000 — mostly from what authorities seized when they arrested Jeffs' brother Seth during a traffic stop in Pueblo, Colo., last year.

Seth Jeffs later pleaded guilty in a Denver federal court to harboring a fugitive, admitting he was a courier taking money and documents to help keep his brother on the run.

"There's some money we simply want to collect," Stewart said.

Meanwhile, the Utah Attorney General's Office wants to see what the FBI seized and is considering wading into the evidence fight.

"We are absolutely interested in taking a look at what's in the papers and the computer and whether it has any evidence of any crimes committed here in Utah," spokesman Paul Murphy said.

Utah Attorney General Mark Shurtleff has acknowledged his office is conducting an organized crime investigation into Jeffs and the FLDS Church.

Jeffs, 51, is scheduled to face trial in St. George's 5th District Court on two counts of rape as an accomplice, a first-degree felony. He is accused of forcing a 14-year-old girl into a marriage with her 19-year-old cousin. Jeffs remains in the Purgatory Jail without bail.

Those aren't the FLDS leader's only criminal problems.

Across the border in Mohave County, Ariz., Jeffs is facing numerous charges accusing him of arranging child bride marriages. Federal prosecutors in Utah and Arizona also have refused to drop a warrant against him for unlawful flight to avoid prosecution, threatening to seek grand jury indictments should he ever be granted bail.

Twins' Birth Mother Returns To U.S. To Face Kidnapping Charge (AP)

AP, January 9, 2007

OTTAWA: A woman accused of kidnapping her 17-month-old twins from their adoptive parents returned to the United States, escorted by Canadian police.

Allison Quets waived her right to an extradition hearing. Her lawyer, Jeff Schroeder, said she did so to return home more quickly to continue the custody fight for the twins, whom she says she gave up while suffering from postpartum illness.

A custody agreement allowed Quets to take the children from Denise and Kevin Needham for a brief visit just before Christmas, but authorities said she never returned the twins.

The FBI said Quets crossed the Canadian border with the twins Dec. 23. They were found on Dec. 29 in Ottawa, Ontario.

Quets was released on bail Thursday after her lawyer argued she presents a low flight risk.

Today in Americas

Bush will seek Iraq troop increase

California's governor seeks universal health care

Chávez pushes closer to socialism

DOJ_NMG_0114148

In an affadavit, FBI Agent Michael Sutton wrote Quets and the Needhams argued over money and almost derailed the adoption in the first place.

Birth Mom Heads To U.S. Leaves Cda To Face Kidnapping Charge (CP)

Canadian Press, January 9, 2007

OTTAWA — A woman accused of kidnapping her 17-month-old twins from their adoptive parents headed back to the United States on Monday, escorted by RCMP and city police officers.

Released on bail Friday, Allison Quets returned to court after spending the weekend in nearby Renfrew, Ont. with friends. The couple, with whom she had stayed before she was arrested for suspected kidnapping Dec. 29, agreed to post money and bonds for her release and to vouch for her whereabouts until her court appearance.

Quets was turned over to police early Monday after she waived her right to an extradition hearing and special protection under a law which would have precluded her from being charged with anything other than the U.S. federal charge of international parental kidnapping once she crossed the border.

Her lawyer, Jeff Schroeder, said his client did that so that she could return home more quickly to continue to fight for the custody of the twins, whom she says she gave up while still suffering the effects of post-partum illness.

"I commend her for that," said Shroeder. "She decided upon reflection it was better for her to return, better for her children and the possibility of being reunited with them.

"She has an appeal before the Florida civil courts and that's what she wants to do."

Quets was to be met at the border by a U.S. marshall and taken to a magistrate's court in Syracuse, N.Y., for her first hearing.

She was arrested in Ottawa almost two weeks ago after fleeing to Ontario with the twins. An FBI warrant had been issued after the children were not returned to their adoptive parents following a scheduled visit in Raleigh, N.C., on Christmas Eve.

Man Reportedly Accused Of Extorting Oprah Winfrey Waives Preliminary Hearing (MACT)

By Megan Reichgott

The Macon Telegraph, January 9, 2007

CHICAGO - The case against an Atlanta man reportedly accused of trying to extort $1.5 million from Oprah Winfrey is likely headed to a grand jury.

Keifer Bonvillain, 36, was scheduled to appear before a federal magistrate on Monday but waived the preliminary hearing, said Randall Samborn, spokesman for the U.S. attorney's office.

A grand jury may be asked instead to determine whether there is enough evidence to warrant a trial.

Samborn refused to confirm Winfrey was the target, and the criminal complaint only identified Bonvillain's aim as "Individual A," who was "a public figure and the owner of a Chicago-based company." The Chicago Tribune and the Chicago Sun-Times, citing unnamed sources, have reported his target was Winfrey.

There was no response to phone messages Monday seeking comment from Harpo Productions Inc., Winfrey's company.

Bonvillain's attorney, Kent Carlson, also did not return a phone call.

According to the complaint, Bonvillain met a California-based employee of the Chicago company at a party more than two years ago, then recorded conversations with the employee about the owner and her business.

In mid-October he sent the owner an e-mail, telling her an employee said awful things about her, the complaint states. A month later, Bonvillain sent a letter saying he had tapes of the conversations, an FBI agent alleges in the complaint.

Over the next few weeks, Bonvillain told the associate he wanted to publish a book based on the tapes and claimed he had received offers of $500,000 to $3 million from tabloids and book publishers, the complaint said.

The associate, who was working with the FBI, agreed to a $1.5 million price, wired Bonvillain $3,000 and arranged to meet him, the complaint said.

Bonvillain was arrested Dec. 15 in the parking lot of an Atlanta hotel and released on $20,000 bond.

Five Plead Guilty In FEMA Fraud Cases (BSH)

DOJ_NMG_0114149

By Robin Fitzgerald

Biloxi Sun Herald, January 9, 2007

GULFPORT - Five South Mississippi residents pleaded guilty today to fraud cases involving disaster-relief assistance from FEMA.

The defendants who appeared before U.S. District Judge Louis Guirola Jr. are Emily Fuqua, Duane Adams, Clarence Hall, Patty Richards and Hassie Baker. They remain free to await sentencing on April 9 at 9 a.m.

They each face a maximum penalty of five years in prison, three years of supervised release, a $250,000 fine and a mandatory $100 special assessment fee. Guirola said a lesser sentence may be considered as part of their plea agreements. They also could be ordered to pay back the money they weren't entitled to receive.

Four of them pleaded guilty to making a false claim for disaster-relief assistance following Hurricane Katrina. Fuqua pleaded guilty to making a false statement to FEMA on Adams' behalf. Fuqua and Adams both worked at FEMA's Biloxi office until they were arrested on the job in September 2006.

The Sun Herald provides details coverage of the court hearings in Tuesday's editions.

Judge Delays Dowie's Sentencing In Fraud Case (LAT)

By John Spano, Times Staff Writer

The Los Angeles Times, January 9, 2007

Judge will let the defense challenge the method of calculating the length of the PR executive's term.

A federal judge on Monday delayed sentencing for former public relations executive Douglas R. Dowie, but not before making comments favorable to both sides in the fraud case.

Dowie was convicted last fall of masterminding a long-running overbilling scheme that cost city taxpayers at least $6 million in unearned fees to public relations giant Fleishman-Hillard, whose local office he headed. Before joining the firm, Dowie was managing editor of the Daily News of Los Angeles.

"In my view, the government has more than adequately proved its case," U.S. District Judge Gary Feess said in court Monday. "I felt the jury's verdict was fully supported by the evidence. And I would have reached the same verdict."

But Feess delayed sentencing until Jan. 30 to allow full airing of a defense argument that prosecutors had miscalculated the number of months Dowie should serve in federal prison. The judge agreed that Dowie's lawyers could question an FBI agent who was responsible for the figures.

Defense lawyer Thomas E. Holliday said Dowie's maximum sentence should be 30 months in prison, while co-defendant John Stodder Jr. should face no more than 24 months — both well below the sentences sought by prosecutors. Stodder's sentencing also was delayed.

The scandal rocked Los Angeles City Hall, spurred ethics reform and helped persuade voters to elect Antonio Villaraigosa mayor. It bloodied one of the nation's top public relations firms. Two years ago, Fleishman-Hillard paid almost $6 million to the city of Los Angeles to cover the fraudulent billings. The firm was never charged with a crime, though a succession of top executives at its L.A. office including Dowie were alleged to having participated in the scheme.

Fleishman paid $1 million to defend Dowie, then dropped him. Dowie has run up $3 million in additional defense costs, largely unpaid. His lawyers tried hard to persuade Feess that his employer threw him to the wolves, thus compromising Dowie's constitutional rights.

When Holliday suggested, as he has at many earlier hearings, that others at Fleishman-Hillard should have been tried in addition to Dowie, Feess suggested the issue is interesting but legally irrelevant.

"I'd be very interested to see people above [Dowie and Stodder] in court," Feess said at one point.

john.spano@latimes.com

Towers Perrin Laptops, Client Data Stolen (WSJ)

By Theo Francis

The Wall Street Journal, January 9, 2007

DOJ_NMG_0114150

Five laptops containing data about tens of thousands of retirement-plan participants at multiple companies were reported stolen by benefits consulting giant Towers Perrin last month, the latest in a string of thefts across industries raising concerns about privacy and identity theft.

Towers Perrin reported the laptops missing on Dec. 7, and New York City police made an arrest on Dec. 28, but the computers haven't been recovered, people familiar with the matter said. A criminal complaint filed in New York suggests the laptops were stolen from a locked room in the building housing Towers Perrin's Manhattan office on Nov. 27.

In a written statement late Monday, Towers Perrin confirmed the theft of "a small number" of laptops containing "personal information" about clients' "current and, possibly, former employees."

"We deeply regret the inconvenience this may cause," the company said in its statement. "We take seriously our commitment to safeguarding our clients' confidential information and notified our affected clients as quickly as possible."

Consulting firms can have access to considerable sensitive data about benefit-plan participants, including names, addresses, Social Security numbers and retirement-account information.

One person familiar with the investigation said the theft didn't appear focused on identity theft, but rather on selling the computer hardware.

In its statement, Towers Perrin said it has "no knowledge that any of this information has been misused," but said it would offer employees of its clients credit monitoring services and advice on identity theft. The company said it was working closely with police and a private investigation firm.

Towers Perrin is among the largest U.S. benefits-consulting firms, offering administrative services for pension and 401(k) plans, executive compensation and other benefits. The company's Web site says its clients include three-quarters of the world's largest companies and most of the largest U.S. companies.

A spokeswoman for the Manhattan district attorney's office said that Dewayne Rivers, 30, a Towers Perrin employee until mid-December, was arrested Dec. 28 and arraigned the next day before being released on $10,000 bail.

High-profile laptop thefts have repeatedly raised consumer privacy and identity-theft concerns in recent months. Privacy Rights Clearinghouse, a consumer-advocacy group, counts more than 80 thefts since early 2005 in which laptops containing sensitive employee, customer, student or patient data were stolen.

Last month, Boeing Co. fired an employee whose laptop -- containing the personal information on 382,000 workers and retirees -- was stolen after the employee left it unattended. It was the third such incident at Boeing in 13 months, prompting Chairman and Chief Executive Jim McNerney to take a tougher stance on protecting sensitive employment information. In a memo to employees, Mr. McNerney said Boeing had taken steps to safeguard such data, "but the best policies, procedures, encryption software and awareness-raising in the world can't force people to use them." In addition to firing the employee, the employee's managers were reprimanded.

In May 2006, thieves took a laptop from a U.S. Department of Veterans Affairs analyst's home that contained information on 26 million people. In March 2006, a laptop containing data on 196,000 current and former Hewlett Packard Co. employees was stolen from the rental car of an employee at Fidelity Investments, which manages H-P's 401(k) and pension plans.

In many cases, thieves have appeared intent on reselling the laptops, rather than using the sensitive data on their hard drives, but privacy experts say the information could still be available to subsequent users.

Duke President Renews Call For District Attorney To Leave Case (NYT)

By Duff Wilson

The New York Times, January 9, 2007

DURHAM, N.C., Jan. 8 — The president of Duke University renewed his call on Monday for the district attorney to step aside from the sexual offense case against three former lacrosse players and give control to an independent party "who can restore confidence in the fairness of the process."

In an open letter to the Duke community as a new semester began, the president, Richard H. Brodhead, reviewed recent events in the case and sought to explain the university's responses since last March, when a stripper accused three students of raping her at a lacrosse team party.

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Mr. Brodhead said that from the early, confusing days of the case, the university had been guided by two principles: If true, the accusations were "grave and should be taken very seriously." At the same time, "our students had to be presumed innocent until proven guilty through the legal process."

Now, he wrote, in the wake of developments that have raised questions about the district attorney's handling of the case, the need for a fair legal process demands that he recuse himself.

Early on, Mr. Brodhead recalled, the district attorney, Michael B. Nifong, said publicly that he was certain a rape had taken place. But on Dec. 22, Mr. Nifong dropped the rape charges, saying the accuser was no longer sure what had penetrated her. He is proceeding with sexual offense and kidnapping charges, which carry equally stiff sentences.

Given the certainty of the prosecutor's early statements, Mr. Brodhead said then and restated in his letter on Monday, the decision to drop the rape charges called the entire case into question.

"We entrust our conflicts to the law to provide a path to a fair resolution," Mr. Brodhead wrote. "But to earn this faith from the public, those who work in the legal process must behave with elemental fairness and regard for the rights of those involved. We need and deserve for that faith to be restored."

In recent weeks, Mr. Nifong has faced rising criticism and calls to step aside. At a court hearing in mid-December, it was revealed that he withheld potentially exculpatory DNA evidence from the defendants' lawyers; he could face a charge of prosecutorial misconduct. Two weeks later, the North Carolina State Bar filed ethics charges against him, saying he had made inflammatory statements about the team and had misled the public about evidence. And soon after, the North Carolina Conference of District Attorneys suggested he recuse himself "in the interest of justice."

Mr. Nifong did not respond to requests for comment. Previously, he has said he regretted some of his public statements. Last week, after he was sworn in for a four-year term at a private ceremony, he said he intended to do the job for which he was elected.

Over the course of the case, Mr. Brodhead himself has come under criticism from supporters of the lacrosse team for what they viewed as a failure to support the players' presumption of innocence.

Mr. Brodhead canceled the lacrosse season and sought the coach's resignation on April 4. He also set up five inquiries into the university and the lacrosse team. His letter on Monday referred to the Campus Culture Initiative, charged broadly with reviewing responsibility and respect across lines of sex, race and wealth.

The accuser is a local black woman and single mother of three, while the defendants are white.

Last week, because of what Mr. Brodhead's letter called the "new circumstances" of the case, Duke invited two defendants to return to school. They said they would consider it. The third defendant had already graduated.

CIVIL LAW:

Framed Men Take Stand At Trial (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 9, 2007

Tearfully recall decades in prison

Tears rolled down Joseph Salvati's face yesterday as he took the stand in federal court, recounting the family milestones he missed as his four young children grew up without him while he spent 30 years in prison for a murder he didn't commit.

Describing a jailhouse meeting with his parents shortly after his arrest in a 1965 gangland slaying, Salvati said, "I just sat with them and cried. I said: 'Don't believe none of this. This is a nightmare. It's a lie.' "

Salvati, who was 35 years old when he went to prison in 1967, spent 29 years and five months behind bars for the murder of petty thief Edward "Teddy" Deegan in a Chelsea alley before he was freed in March 1997, after William Weld, then governor, commuted his life sentence.

Four years later, Salvati's codefendant, Peter Limone , was set free and the convictions of both men were overturned after it was revealed that long-secret FBI documents indicated they had been framed by a Mafia hitman-turned-government witness, Joseph "The Animal" Barboza .

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"I couldn't believe the FBI would do a thing like that," said Salvati, wiping his eyes with a handkerchief. "These are people you look up to. They didn't care 40 years ago, and they don't care now."

Salvati and Limone testified yesterday in a civil trial over a wrongful imprisonment suit they have filed against the government, along with the families of two other men, Henry Tameleo and Louis Greco , who died in prison before they were exonerated in Deegan's slaying. They are seeking more than $100 million in damages.

Limone, also a father of four, who served 33 years in prison, described how Greco, a highly decorated World War II veteran and boxer, confided as he grew ill, "I'm going to end up dying in these prisons for nothing."

Salvati said he didn't know Deegan and suspected Barboza framed him because he had borrowed $400 from a loan shark, then got the better of bat-wielding thugs sent by Barboza to collect the debt.

Salvati said his wife of 53 years, Marie, visited him every week in prison while raising their children alone and "never doubted me."

Salvati's son, Anthony, who was 5 when his father went to prison, sobbed as he testified yesterday about how he tried to become the man of the family and was 8 years old when he gave his older sister away at her wedding.

"I cried my eyes out," said Anthony Salvati, now 44. "At 8 years old, I was taking his place. My father wasn't there so I knew it was my job to do it."

Salvati and Limone said they were able to go home on furloughs occasionally in the 1970s and 1980s, until the Dukakis administration halted the furlough program in 1987.

Anthony Salvati said his father missed his graduation, his wedding, and the birth of his two children .

Sharon Salvati, who was 11 when her father went to prison, broke into tears on the stand yesterday as she told the government lawyers that she was being forced to relive a nightmare by going through the trial.

"It's just very unfair for my family and all the families bringing this up," Sharon Salvati testified. "You took all our lives away, all of our childhoods. You'll never replace 30 years. You can never give it back to us. And, to think that you knew."

Wrongly Convicted Men Describe Decades In Prison (AP)

AP, January 9, 2007

BOSTON - Joseph Salvati was 35, with a wife and four young children, when he was arrested in the 1965 gangland murder of Edward "Teddy" Deegan.

It would be more than 29 years, eight grandchildren and three great-grandchildren later before he left prison.

On Monday, Salvati, now 74, broke down and sobbed on the witness stand as he described his shock when he was arrested, his decades in prison and his feelings when he learned that the FBI knew he and three other men had been framed.

"I couldn't believe it - that the FBI could do a thing like this," he said. "This is people who protect you, people you look up to.

"They don't care - that's the bottom line," he said, burying his face in a handkerchief.

Salvati, Peter Limone Sr. and the families of two other men who died in prison - Henry Tameleo and Louis Greco - are suing the federal government for $100 million for false imprisonment.

The lawsuit accuses the government of malicious prosecution, intentional infliction of emotional distress, conspiracy and negligent supervision of FBI agents.

Salvati and Limone were exonerated in 2001 after a state judge found that FBI agents hid evidence from state prosecutors that could have cleared the men in order to protect an informant.

Lawyers for the men claim the FBI did not disclose that Joseph "The Animal" Barboza, a former mob hitman and FBI informant, and his cohort, Vincent "Jimmy" Flemmi were overheard on FBI wiretaps asking for permission to kill Deegan shortly before his murder.

The FBI also had internal memos that showed Barboza - who was the key witness against the four men at their trial - was framing the four men and protecting Flemmi, who was also an FBI informant at the time Deegan was killed.

Salvati was sentenced to life in prison as an accessory to murder. He was released from prison when his sentence was commuted in 1997, after serving a little more than 29 years. Limone served 33 years in prison before being freed in 2001.

DOJ_NMG_0114153

Justice Department lawyers have argued during the civil case that federal authorities had no duty to share information with state prosecutors and cannot be liable for the results of a separate state investigation.

Salvati's lawyers say FBI memos showed the FBI believed Flemmi had killed Deegan, as well as six other people, but agents continued to use him as an informant.

The memos were made public in 2001 after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi, Vincent Flemmi's brother.

CIVIL RIGHTS:

Former Terrorism Suspect Can Sue County Over Treatment In Jail, U.S. Judge Rules (FINDLAW/AP)

AP, January 9, 2007

(AP) - DETROIT-A former suspect in a federal terrorism case who says he was mistreated while in jail can sue the county, a federal judge has ruled.

Moroccan immigrant Karim Koubriti, 28, was held for three years in the Wayne County jail and claims he was strip searched, held in isolation for 23 hours a day and not allowed to exercise.

U.S. District Judge Bernard Friedman last week rejected the county's request to dismiss Koubriti's lawsuit, the Detroit Free Press reported Sunday. No trial date has been set.

"The decision means he'll get his day in court and his say at trial," said Koubriti's lawyer, Ben Gonek of Detroit. He is seeking unspecified damages.

Friedman's order dropped one count - that being served pork at the jail violated Koubriti's Muslim faith and his constitutional rights. But he upheld three other counts, including Koubriti's claim that he was "repeatedly subjected to unlawful and unnecessary strip searches designed to humiliate and degrade him because of and in retaliation for his religious beliefs."

The Wayne County Sheriff's Department had no immediate comment.

Koubriti and three other Middle Eastern immigrants had been accused of forming a terror cell in the Detroit area. In 2003, Koubriti and Abdel-Ilah Elmardoudi were convicted of conspiracy to aid terrorists and document fraud. A third man was convicted of document fraud, and the fourth was acquitted of all charges.

A federal judge later dismissed the convictions at the request of the Department of Justice, which said federal prosecutors in Detroit withheld evidence beneficial to the defendants.

Koubriti is free on bail and staying in a halfway house. The government is seeking to retry him on charges of attempting to commit insurance fraud.

Brooklyn Man, 38, Dies After Jolt From Police Taser (NYT)

By Andy Newman

The New York Times, January 9, 2007

The day after a disturbed man died after being shocked with a Taser stun gun in Queens by a police sergeant, a city police official yesterday provided a fuller account of the moments before the man apparently went into cardiac arrest.

The man, Blondel Lassegue, 38, a former schoolteacher, struggled with the police on Sunday afternoon in a kitchen of a house near Kennedy International Airport. Family members at the house said late yesterday that they would issue a statement today about the circumstances of Mr. Lassegue's death.

The Nassau County medical examiner's office, which is investigating the death, said the cause had not been determined.

The sergeant who shot Mr. Lassegue appeared to have been following departmental guidelines, said Chief Michael Collins, a New York Police Department spokesman. The Taser is widely used by police departments to subdue people, although there have been questions about its safety. Amnesty International says more than 220 people have died after being shot by Tasers.

DOJ_NMG_0114154

Mr. Lassegue, a deeply religious man who lived in Flatbush, Brooklyn, had a history of mental illness and, according to family members, had recently stopped taking his medication, Chief Collins said. Four times in recent years, the police had been summoned to incidents involving Mr. Lassegue in Brooklyn, he added.

Shirley Donis, Mr. Lassegue's sister, described him as a scholarly man who spoke seven languages, including the Creole of his native Haiti, had a master's degree in psychology, and studied theology. Two weeks ago, she said, he went to Las Vegas to be ordained a Pentecostal minister. She said he was a kind, gentle person.

"He's a giver," she said. "He doesn't go out. He's always preaching. He always says you need to go to church."

On Sunday afternoon, the police said, Mr. Lassegue visited his aunt and uncle at 240-12 141st Avenue in Rosedale, Queens, on a tidy street lined with boxy houses and miniature lawns. He began behaving erratically, refused to leave and at one point grabbed a 1-year-old child, Chief Collins said.

The aunt called other relatives at Mr. Lassegue's home in Brooklyn, who called 911, Chief Collins said.

A caravan of police cars and ambulances drove up around 5 p.m., drawing the attention of neighbors. Sandy Ronquillo crossed the street to the Lassegue house and was met by Mr. Lassegue's uncle, Clausel Lassegue, who told her his nephew was "acting crazy."

Chief Collins offered the following account of the events inside the house:

Four officers approached Mr. Lassegue in the kitchen to try to calm him down. He eventually agreed to be placed in handcuffs and taken to a hospital, but after the police had cuffed his left hand, he lashed out with his right, punching a sergeant in the face repeatedly.

The officers wrestled Mr. Lassegue down. "They have his hands behind his back," Chief Collins said. "They're sitting on his legs as he's kicking in the air."

A second sergeant warned Mr. Lassegue that he would shoot him with the Taser if he continued to resist. When he did, the sergeant fired a Taser dart, which typically delivers a shock of 50,000 volts.

The officers were able to finish handcuffing Mr. Lassegue. Paramedics had arrived, and they "declared him O.K.," Chief Collins said. The paramedics left the room.

The police officers were preparing to carry Mr. Lassegue "from the building when he becomes unresponsive," Chief Collins said. The paramedics were called back, but were unable to revive Mr. Lassegue. He was taken to Franklin Hospital Medical Center, just over the Nassau County line in Valley Stream, where he was pronounced dead at 6:39 p.m.

The sergeant who was struck and the other three officers were treated for minor injuries. The 1-year-old child was unharmed. The names of the officers and sergeants were not released by the police.

The spokeswoman for the Nassau County medical examiner's office, Diane Markunas, said that an autopsy was performed yesterday but that a finding on the cause of death awaited the results of toxicological and other tests.

The Taser gun, which fires barbs attached to fine wires and is used by more than 10,000 police departments around the world, has been the subject of conflicting studies about its safety.

Officials at Taser International, which makes it, say that it has been tested on volunteers about 200,000 times, and that tests financed by the United States Justice Department found that the Taser did not change heart rhythms or damage hearts. But a University of Wisconsin study found last year that the guns' shocks applied directly to the hearts of healthy pigs could cause them to stop beating. Chief Collins said he did not know where the Taser dart struck Mr. Lassegue.

Killing Stirs Racial Concerns In North Woods Of Wisconsin (NYT)

By Barbara Miner

The New York Times, January 9, 2007

MILWAUKEE, Jan. 8 — Law enforcement officials said Monday that a Hmong hunter found dead Saturday in northern Wisconsin had been murdered after an "accidental meeting" between the victim and another small game hunter.

The killing has reignited racial tension in Wisconsin's northern woods, where two years ago a Hmong hunter killed six white hunters and injured two others in a confrontation that included racial epithets.

Details remain sketchy about the latest killing, although there have been news reports that the two men had a confrontation.

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"While there is much I would like to tell you, there is much I cannot tell you," Sheriff James Kanikula said at a news conference Monday in Marinette, Wis., The Associated Press reported.

The finding that the death of the Hmong hunter, Cha Vang, 30, had been intentional was based on an autopsy. The case has been turned over to Wisconsin's newly elected attorney general, J. B. Van Hollen.

The other hunter, James Nichols, 28, of Peshtigo, Wis., is being detained, but has not been charged in the killing. Mr. Nichols is being held on charges of violating parole and being a felon in possession of a firearm. A convicted burglar, he has been in custody since Saturday, when he showed up at a medical center with a gunshot wound.

Many members of the Hmong community here are urging caution.

"There are a lot of rumors, and there is a lot of talking, but I don't have all the information at this point," Yia Thao, president of the United Hmong Community Center in Green Bay, said in a telephone interview. "I believe in the law, and I hope that whoever caused the crime, I hope they will be put into justice."

The body of Mr. Vang, a father of five children age 3 to 10, was found partly concealed Saturday in the Peshtigo Harbor Wildlife Area. The hunting spot is an hour's drive north of Green Bay, where Mr. Vang lived, and about 250 miles north of Chicago.

He had been hunting small game with friends on Friday, and they reported him as missing when he did not show up at day's end. A search, which included tracking dogs, took place. The authorities did not find Mr. Vang's body until after questioning Mr. Nichols.

Hunting is deeply ingrained in both the Hmong and Wisconsin northern woods cultures. Distrust among the Hmong and other residents has been high since Chai Soua Vang of St. Paul killed six hunters and wounded two others in 2004 in north-central Wisconsin. The hunters had ordered Chai Soua Vang off private land. Mr. Vang is serving a life sentence.

About 40,000 Hmong live in Wisconsin, which has the third-highest Hmong population in the United States, after California and Minnesota. Roughly 6,000 live in the Green Bay area. The Hmong, who are from the mountain regions of Laos, were granted refugee status after the end of the Vietnam War.

Cha Vang was among the final wave of Hmong refugees from Thailand and emigrated to Wisconsin two years ago. He spoke little or no English and had recently been laid off from a manufacturing job, said Mr. Thao, of the Hmong community center.

After the killings two years ago, many Hmong felt nervous about hunting. "Everybody was worried," said Zongsae Vang, a community organizer with the Hmong American Friendship Association in Milwaukee, where most of the state's Hmong population lives.

Pang Vue Vang, Cha Vang's wife, does not speak English and she and the children are having difficulty coping with all that is happening, Mr. Thao said. "I see the wife crying all day, and the little one is asking for their dad," he said.

ANTITRUST:

GE Sets Private-Equity Limits (WSJ)

By Randall Smith And Kathryn Kranhold

The Wall Street Journal, January 9, 2007

In Auction of Plastics Unit, Restrictions on Team Bids Reflect Antitrust Concerns

General Electric Co. has asked for bids on its plastics business, valued at as much as $10 billion, in an auction that appears to reflect new concerns from the Justice Department about the lack of competition among possible private-equity buyers.

GE has told a handful of private-equity firms contacted about the possible plastics-unit sale that they face restrictions on their ability to team up with other private-equity bidders, according to people familiar with the sale effort. Although the exact nature of the restrictions isn't known, one of the people said the contacted firms aren't allowed to call other buyout funds about teaming up.

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The restrictions may effectively limit the formation of so-called clubs, the teams of two or more private-equity firms that pool their resources to pursue a single acquisition deal.

A spokesman for GE, which is based in Fairfield, Conn., declined to comment.

GE has been weighing the future of its plastics business, which has been plagued by higher raw-materials costs and keen competition. The business, where former GE Chief Executive Jack Welch made an early mark as boss and which also employed current CEO Jeffrey Immelt, has an estimated value of between $8 billion and $10 billion and annual revenue of about $7 billion. In the first nine months of 2006, its revenue rose 1% to $5 billion, but operating profit fell 13% to $560 million.

Acting on GE's behalf, Wall Street investment bank Goldman Sachs Group Inc. has conveyed the bidding restrictions on the plastics unit to four private-equity firms, the people familiar with the matter said. Goldman has also contacted two potential bidders in the plastics industry, they added. Goldman declined to comment.

The "club" issue has taken on greater significance since October, when the Justice Department launched an antitrust probe of private-equity funds. The probe followed a trend in the past few years toward club bids. While the ostensible goal of forming buyout clubs has been to spread the risk of larger investments among the members of the club, some takeover professionals have voiced concern that clubs may also limit the number of competing bidders and the value of potential bids.

Amid such concerns, restrictions on clubs may become more common among companies auctioning substantial business assets. Although similar restrictions have been tried in the past, they have often been dropped as auctions proceeded and no single bidder proved willing to put up a large enough sum, takeover experts said.

In some recent cases, teams of three to five private-equity funds have been involved in major buyouts, with the value of some of these deals topping $30 billion, including debt. The value of the GE plastics unit, however, may be small enough for the restrictions to stick.

Since Mr. Immelt became CEO in 2001, he has transformed GE by selling slow-growth and underperforming businesses including reinsurance, industrial diamonds and motors. Among them are GE Insurance Solutions, which Swiss Reinsurance Co. acquired last year for $7.8 billion in cash and securities, plus assumption of $1.7 billion in debt. GE also spun off its consumer-insurance group, renamed Genworth Financial Inc.

Large Acquisitions

Mr. Immelt has also expanded GE into health-care information technology, water treatment and security technologies. His biggest acquisitions include the British biosciences and medical-diagnostic firm, Amersham PLC, for about $9 billion, and Universal's entertainment assets for about $14 billion, which formed NBC Universal.

GE last month completed the sale of its silicon-and-quartz business for $3.4 billion to Apollo Management LP, a private-equity firm. The business had annual sales of roughly $2.5 billion. Since that sale, analysts have focused on a possible sale of all or part of the plastics unit.

GE has been shifting from commodity products such as plastics used in compact discs into higher-priced specialty materials used in autos, aviation and health care. For example, GE has developed lightweight materials including resins for car roofs, fenders and steering wheels.

Last month, Mr. Immelt said GE would "evaluate" the case for keeping plastics, but that he wasn't "necessarily" committed to wait for a turnaround. He noted that there was "infinite capital" to sell underperforming businesses to private-equity firms or strategic buyers.

Using Lots of Debt

Private-equity firms buy companies or divisions of companies using lots of debt on behalf of their investors, which include pension funds, endowments and wealthy families. They are called private-equity because the acquired companies are taken private.

Although some investment banks conducting auctions have sought to stimulate competition among rival private-equity bidders, in the past few years no agreed-to private-equity deal has been topped by a higher bid from a rival buyout firm.

In one auction that included restrictions on clubs, Goldman Sachs in March 2005 told potential private-equity bidders for luxury-goods retailer Neiman Marcus Group Inc. they could contact only a single additional buyout firm about forming a bidding "team."

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The result was that two buyout firms that have both specialized in retailing deals, Texas Pacific Group and Bain Capital LLC, weren't able to join forces on a Neiman bid. The idea was to keep the two firms viewed as able to mount the strongest bids in competition against each other.

Within a month, one of the private-equity teams gained permission to bring in a third member. The winning bid of $5.1 billion from Texas Pacific and Warburg Pincus LLC topped bids from two other private-equity teams, one of which included Bain.

Flush with cash from investors seeking higher returns fueled by a rising market and amplified by debt, the buyout firms have completed ever-larger corporate takeovers. Last year, one group completed a buyout valued at $33 billion, including debt, of hospital chain HCA Inc., based in Nashville, Tenn.

The HCA board also sought to stimulate competition in the form of a rival bid by barring three initial members of the private-equity bidding group from adding additional members. However, a rival bid didn't materialize.

Faced with the antitrust probe, the buyout firms have launched a Washington lobbying effort. Last month, 11 of the largest fund groups formed the Private Equity Council, to be led by a former lobbyist for the videogame industry.

-- Henny Sender contributed to this article.

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GE Reportedly Shopping Plastics Business (AP)

AP, January 9, 2007

Report: General Electric Seeks to Sell Its $10 Billion Plastics Business

FAIRFIELD, Conn. (AP) -- General Electric Co. is seeking bids on its $10 billion plastics business, which has been hit hard by inflation in raw materials, The Wall Street Journal reported late Monday.

In seeking bids, GE has told several private-equity buyout firms contacted about the possible sale that they could be restricted in joining other private-equity bidders, the newspaper reported on its Web site, citing unidentified sources.

Gary Sheffer, a spokesman for GE, would not comment.

The possible restrictions among bidders reflect concerns by the U.S. Department of Justice about lack of competition among possible private-equity buyers, the newspaper reported.

Last October, the Justice Department began an antitrust probe of private-equity funds, looking particularly at private-equity firms that team up and prompting fears among some sellers that the number of bidders and size of the bids would be limited.

GE chief executive Jeff Immelt, in a conference call with analysts last October, called GE's plastics segment "the business we really need to remain focused on."

He said higher-than-expected commodities prices pushed down margins.

The plastics unit has current estimated revenues of $7 billion. Its value is estimated at between $8 billion and $10 billion. In the first nine months of 2006, its revenue rose 1 percent, to $5 billion, but operating profit fell 13 percent, to $560 million.

GE has been shifting from commodity products such as plastic used in compact discs into higher-priced specialty materials used in autos, aviation and health care. GE has developed lightweight materials including resins for car roofs, fenders and steering wheels.

GE Seeks $10 Billion For Plastics Unit, People Say (Update1) (BLOOM)

By Rachel Layne And Dana Cimilluca

Bloomberg, January 9, 2007

Jan. 8 (Bloomberg) -- General Electric Co., the world's second-biggest company by market value, is seeking bids for its plastics unit and may be offered as much as $10 billion, people with direct knowledge of the auction said.

The bids may come from private equity firms, said the people, who asked not to be identified because the talks are private. GE spokesman Russell Wilkerson declined to comment.

A sale would free Chief Executive Officer Jeffrey Immelt of one of the drags on GE's recent earnings. He said at a December investor meeting that the Fairfield, Connecticut-based company's plastics unit is ``in a difficult spot'' and that he's not necessarily committed to waiting for its fortunes to improve.

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``It's nice to see them get away from the low-margin businesses like this," said Mike McGarr, an analyst at Becker Capital Management in Portland, Oregon, which owns about 800,000 GE shares. ``A lot of the hard work at GE is starting to pay off a bit and we are pleased with what Immelt has done steering toward services and infrastructure."

GE has been weighing the sale after the high cost of benzene, the main oil-based material used in much of its plastic, cut earnings last year.

Immelt made almost $70 billion in acquisitions since becoming CEO in 2001 to enter faster-growing areas including healthcare, and he sold assets such as insurance that are volatile or capital intensive and hurt profit.

Shares of GE slipped 1 cent to $37.55 in New York Stock Exchange trading at 4:01 p.m. The stock has gained 5.9 percent in the past 12 months.

Early Talks

The negotiations are in the early stages, one person said. Goldman Sachs Group Inc., which has been hired to look for buyers, is restricting the ability of private equity firms to form groups in the auction, two of the people said.

Such restrictions aren't unheard of, though in this case it comes as the Justice Department investigates possible anticompetitive behavior on the part of buyout firms, which often team up to buy multibillion-dollar assets.

A sale could generate a hefty tax bill, since GE has owned the unit for a long time and likely carries it on the books at less than half its current value, one of the people said.

GE Plastics probably had an operating profit of about $738 million last year on sales of $6.7 billion, Citigroup analysts Jeffrey Sprague and P.J. Juvekar said in a Dec. 13 note. A sale may slice 3 cents to 4 cents off profit in 2007, Sprague said. He includes that possibility in his estimate of $2.22 a share.

Immelt's Efforts

Immelt last month forecast as much as 13 percent growth in earnings this year. The plastics unit is one dark spot. In the quarter ended in September, benzene prices rose 31 percent and the business posted a 23 percent drop in profit. GE had expected earnings in the unit to be little-changed.

``The chronically disappointing performance of GE Plastics increases the odds that the business gets sold," Sprague and Juvekar wrote. BASF of Germany and Midland, Michigan-based Dow Chemical Co. are the most likely buyers, they said.

Saudi Basic Industries Corp., the world's largest chemicals maker by market value, said last month it may bid for the plastics unit if it was put up for sale.

The more likely buyer could be a private-equity firm, McGarr said. GE last year sold its advanced materials unit, a maker of adhesives and sealants, to private equity firm Apollo Management LP for $3.8 billion.

Today, the company said it would buy drilling-equipment maker Vetco Gray Inc. for $1.9 billion as dwindling oil and gas reserves prompt energy companies to boost investments in opening new oil fields.

The Wall Street Journal reported the auction earlier today.

GE Imposes Private Equity Conditions On Plastics Deal (FT)

By Francesco Guerrera Andjames Politi In New York

Financial Times, January 9, 2007

General Electric has put its underperforming plastics business up for sale but has told private equity groups not to team up to bid for the unit, valued at about $10bn, for fear of antitrust objections to the deal.

The move by the US industrial conglomerate is the first sign that an ongoing investigation by the US Department of Justice into potential collusion among buy-out funds is prompting companies to revise the way they deal with private equity groups.

These groups have been able to buy ever-larger companies by joining forces in "club deals" such as the $33bn takeover of hospital operator HCA by a consortium of Bain Capital, Kohlberg Kravis Roberts and Merrill Lynch.

However, people close to the situation said that GE had demanded bids from individual buy-out funds only for its plastics unit in an apparent move to foster competition in the auction.

Jeffrey Immelt, GE's chairman and chief executive, has repeatedly told investors the company was reviewing the future of the $7bn-a-year plastics business, which has been hit by the rising costs of raw materials and natural gas.

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"Am I committed to waiting for that to right itself? Not necessarily. But I will say that the business is in a difficult spot right now and a spot that almost nobody would have forecast . . . But look, we're going to evaluate stuff like that," he told investors last month

Mr Immelt has been a supporter of the growing influence of private equity on takeover markets, arguing that it makes it easier for large diversified companies like GE to reshape their portfolio by trading assets with buy-out groups.

GE has already found private equity groups to be attractive buyers for non-core businesses it is considering selling. In September, the group agreed to sell its advanced materials business, a supplier of sealants, adhesives, and ceramics materials, to Apollo Management in a deal worth $3.8bn.

A sale of the plastics business would be an emotional affair for Mr Immelt, who cut his managerial teeth in the unit, as did his famous predecessor Jack Welch.

However, he has been under pressure to sell the underperforming parts of GE's locomotive-to-washing machines portfolioto revive the company's share price.

GE and Goldman Sachs, its adviser on the sale, declined to comment.

Waste Services Buy Of Fla. Unit Gets OK (AP)

AP, January 9, 2007

Justice Department OKs Waste Services $61M Acquisition of Allied Waste's Florida Operations

NEW YORK (AP) -- Waste Services Inc., a Canada-based solid waste management company, said Monday its previously announced acquisition of Allied Waste's South Florida operations has been cleared by the U.S. Department of Justice.

Under a deal signed in July, Waste Services agreed to pay $61 million in cash for Allied Waste's collection company, transfer station and recovery facility located in Miami-Dade County. In return, Waste Services agreed to sell its Arizona operations to Allied Waste for $53 million.

Shares of Waste Services Inc. dipped 3 cents to close at $9.90 on the Nasdaq. Shares of Allied Waste Industries Inc. rose 5 cents to $12.56 on the New York Stock Exchange.

Caremark Rejects Bid From Express Scripts (WP/AP)

The Washington Post, January 9, 2007

NASHVILLE, Jan. 8 -- Caremark Rx rejected a buyout offer by a rival pharmacy-benefits manager Monday and pledged to continue to pursue a bid from drugstore operator CVS.

Express Scripts responded by launching an effort to salvage its $26 billion stock-and-cash offer by reshaping the Caremark board of directors. The CVS deal, valued at $21 billion in stock, has passed antitrust scrutiny by the Federal Trade Commission and is expected to go to a shareholder vote and be completed by the end of March.

Express Scripts of Maryland Heights, Mo., contends that its proposal represents a 13 percent premium for shareholders over what Woonsocket, R.I.-based CVS is offering, but Caremark hasn't been swayed.

"The board has unanimously concluded that pursuing discussions with Express Scripts is not in the best financial or strategic interests of Caremark and its shareholders," Nashville-based Caremark said in a statement Monday.

Express Scripts said a few hours later that it had notified Caremark of its intentions to nominate four candidates to the Caremark board at the company's next shareholder meeting.

The only obstacle in the way of a shareholder vote on a deal between Caremark and CVS is a pending lawsuit filed in state court in Delaware, where Caremark is incorporated, by a Louisiana pension company with a block of Caremark stock. An injunction hearing is set for March 20 or earlier if a shareholder meeting to vote on the CVS deal is set, documents show.

The lawsuit seeks to block the CVS deal, claiming it is designed to benefit Caremark insiders at the expense of the shareholders. A similar lawsuit filed in federal court in Nashville was dismissed in favor of the Delaware suit.

Express Scripts Moves To Derail A Merger (NYT)

By Milt Freudenheim

The New York Times, January 9, 2007

EXPRESS SCRIPTS opened a proxy war in the pharmacy benefits industry yesterday, moving to derail the pending acquisition of its rival Caremark Rx by the drugstore chain CVS.

Express Scripts said it would nominate four directors to the 11-member board of Caremark. But Caremark said the vote would need to wait for its annual meeting, which is normally held in May but which the company said yesterday it had not yet scheduled.

The action came after the Caremark board voted unanimously on Sunday to reject a $26 billion hostile takeover offer by Express Scripts, even though the offer values Caremark at about 13 percent higher than the CVS deal. Caremark said in a statement yesterday that the Express Scripts offer, which was made on Dec. 18, would create "significant, if not insurmountable, antitrust risks."

Express Scripts yesterday dismissed the antitrust issue as "a red herring" that Caremark was wielding to distract stockholders.

Caremark is currently the second-largest player and Express Scripts is No. 3 in pharmacy benefits management — the business of acting as a middleman between drug companies and health plans that offer drug benefits to workers, retirees and Medicare enrollees. The current leader is Medco Health Solutions, but a combined Caremark-Express Scripts would be much larger.

The question of how much competition prevails in the pharmacy benefit business is likely to be at the center of the proxy war. Express Scripts asked the Federal Trade Commission last week to review its bid and analysts expect the commission to seek further information later this month.

A second request could start a lengthy process and potentially cast a pall of uncertainty over the Caremark-CVS deal, which has already received antitrust clearance from the F.T.C. Caremark has said it would ask its shareholders to approve the CVS offer at a special meeting before March 31.

Edwin M. Crawford, Caremark's chairman, said in the company statement yesterday that the "certainty" of having the antitrust clearance "and the opportunity to close our merger promptly translate in a strong financial benefit."

Since the Express Scripts bid three weeks ago, Caremark investors have indicated hopes that the CVS deal would be sweetened, one way or another, but this has not yet happened. "Some investors may be figuring that a higher bid is worth waiting for, even with the uncertainty of the antitrust issue," said Sheryl Skolnick, a health care analyst with CRT Capital in Stamford.

Shares of Caremark gained 29 cents, to $56.64 yesterday, which analysts noted, was well above the CVS cash and stock offer for Caremark, which was worth a total of $52.35 at yesterday's CVS price.

Shares of CVS rose 18 cents, to $31.35. Express Scripts dropped 8 cents, to $68.78.

In the hope of speeding the antitrust review, Express Scripts has already dispatched its lawyers to start arguing its case before the commission staff. "Most people think this will get through the F.T.C.; granted it will take some time," said Kemp Dolliver, a health care analyst with Cowen & Company.

The pharmacy benefit business is "probably less consolidated than it looked 18 months ago," Mr. Dolliver said. With the advent of Medicare Part D drug coverage last year, the largest health insurers — WellPoint, UnitedHealth Group and Aetna — have aggressively expanded their in-house pharmacy benefits units.

Employers and smaller health plans can choose from the insurers' drug management services along with those of the big pharmacy benefit managers: Medco, Caremark and Express Scripts.

Trying to reduce drug costs, the pharmacy benefit managers bargain with drug manufacturers for rebates and discounts on brand-name drugs, and they work to switch patients to lower-cost generic versions of expensive brands. With taxpayers footing much of the bill for elderly Medicare enrollees and low-income people in Medicaid programs, the benefit managers' effectiveness became an issue in some Congressional races last fall.

Express Scripts yesterday nominated to the Caremark board Stuart L. Bascomb, chief executive of Amerisight, a privately held laser eye surgery company and former Express Scripts executive; Duke K. Bristow, an economist at the University of California, Los Angeles; John J. Jones, a former executive of the Argosy Gaming Company, and Todd E. Warnock, a health care investor and former investment banker at Credit Suisse First Boston.

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In press releases yesterday, Express Scripts and Caremark each said that the merger it preferred could achieve $500 million in savings by cutting costs.

Caremark said that combining with CVS would create an integrated health care product that would include mail-order and retail drug sales and "personalized pharmaceutical and disease management services." A forced merger with Express Scripts would require debt that would diminish the financial strength of the combined company, Caremark contended.

Express Scripts stressed that Citigroup and Credit Suisse had committed to fully finance the transaction. But even if Caremark and CVS shareholders reject CVS-Caremark merger, some analysts say that investor approval of the Express Scripts offer would be far from certain.

"I would be very surprised if Express Scripts and Caremark ever get together," said Andrew L. Speller, an analyst with A.G. Edwards & Sons in St. Louis.

Express Scripts Seeks Caremark Seats After Rejection (Update16) (BLOOM)

By Lisa Rapaport

Bloomberg, January 9, 2007

Jan. 8 (Bloomberg) -- Express Scripts Inc. will nominate four directors to Caremark Rx Inc.'s board in an effort to push through the $26 billion hostile bid that was rejected by Caremark earlier in favor of a lower offer from CVS Corp.

Express Scripts is seeking the seats in light of the Caremark board's ``refusal to even discuss our superior proposal," the St. Louis-based company said in a statement today. Caremark rejected the Express Script bid by saying the deal ``would result in a highly leveraged and weakened business" and ``insurmountable antitrust risks."

Caremark, a manager of prescription benefits for employee health plans, accepted a $21 billion bid on Nov. 1 from CVS, the No. 2 U.S. drugstore chain. CVS and Express Scripts, which is about a third of Caremark's size, want Caremark to help them gain clout in negotiating discounts on medicine and to lure customers from rivals such as Wal-Mart Stores Inc. and Medco Health Solutions Inc.

``Express Scripts has opened up a whole new ballgame," said Matt Kaufler, a portfolio manager at Clover Capital Management in Rochester, New York, in a telephone interview today. ``They may need to sweeten the bid and CVS may also need to sweeten their bid."

Kaufler said Caremark doesn't have a ``poison pill," or shareholder rights provision, that would make it difficult for Express Scripts to advance a hostile takeover by purchasing large blocks of Caremark shares.

``Other than the breakup fee with CVS, buying up shares shouldn't be a problem," Kaufler said.

Board Nominations

Express Scripts said it will nominate to the Caremark Board Stuart Bascomb, chief executive officer and chairman of Amerisight Inc.; Duke Bristow, an economist who teaches corporate finance at the University of Southern California; John Jones, a director of Topps Co., and Todd E. Warnock, founding partner of RoundTable Health Care Partners.

``Since we made our offer for Caremark public, Caremark stockholders and the marketplace as a whole have demonstrated their strong support for our offer," the Express Scripts statement said. ``We clearly provide Caremark stockholders with superior value to the proposed acquisition of Caremark by CVS."

Caremark said in a Jan. 7 statement that the Express Scripts proposal ``would result in a highly leveraged and weakened business" and ``insurmountable anti-trust risks."

Financing

In a subsequent regulatory filing, Caremark said it rejected that offer because Express Scripts didn't ``disclose its financing." Caremark also said it couldn't ``envision any scenario where it would be willing to trigger the imposition of a $675 million break up fee" to CVS ``without having a competing party obligated to fund that payment."

Express Scripts said its acquisition would be partially financed through Citigroup and Credit Suisse. The company retained Skadden, Arps, Slate Meagher & Flom LLP as legal counsel.

Earlier in the day, Express Scripts said in a statement that Caremark was using ``antitrust as a red herring to distract stockholders from the real value differential at issue." Express Scripts, with a market value of $9.33 billion compared with Caremark's $24 billion, had threatened to file a proxy to take its offer directly to Caremark shareholders.

``The premium alone argues for a rejection of the current CVS bid," Matt Perry, an analyst with Wachovia Capital Markets LLC in New York, wrote in a Jan. 4 note to clients.

Shares

Caremark's shares rose 29 cents to $56.64 at 4:01 p.m. in New York Stock Exchange composite trading, while shares of Woonsocket, Rhode Island-based CVS rose 18 cents to $31.35. Shares of Express Scripts fell 8 cents to $68.78 in Nasdaq stock market composite trading.

Caremark's stock has climbed 17 percent since Nov. 1, when Woonsocket, Rhode Island-based CVS offered $48.53 a share. The shares have traded closer to Express Scripts' Dec. 18 offer of $58.50 each. CVS shares have gained 7.3 percent since the Nov. 1 bid, while the stock of Express Script have dropped 1.5 percent since its offer.

Caremark's directors met Dec. 22 to discuss Express Scripts' proposal and spoke again by teleconference Dec. 27 before voting unanimously to reject the offer on Jan. 5, Caremark said today in a regulatory filing.

``We look forward to closing our transaction during the first quarter of 2007," CVS Chief Executive Officer Tom Ryan said today in a regulatory filing. In a later filing, Ryan called the Express Scripts nomination of four directors ``nothing more than a publicity stunt."

3Q Completion

Express Scripts said today at a meeting with investors in San Francisco that it expected its takeover of Caremark to be completed by the end of the third quarter of 2007.

``Express Scripts' latest actions illustrate its desperation to disrupt our merger with CVS due to fear of competition," Caremark CEO Mac Crawford said in a statement released today on Business Wire.

Employers hire Caremark and rivals to hold costs down by seeking out drug manufacturers and pharmacies with the best prices. Health insurance plans and employers are turning to such companies to help counter rising health-care costs. Spending on prescription drugs in the U.S. increased 5.4 percent to $251.8 billion in 2005.

CVS, which has 6,200 outlets in 43 states, wants to buy Caremark to gain size and power to negotiate prices with drugmakers and prevent foot traffic lost to mail-order medicines from hurting sales of razors, sodas and makeup.

The offer from Express Scripts would reduce the number of major competitors in the drug-benefits industry to two from three, CVS Chief Executive Officer Tom Ryan said in a statement last week. CVS is the fourth-biggest U.S. pharmacy-benefit manager through its PharmaCare unit.

ENVIRONMENT/INDIAN AFFAIRS:

EU Calls For New Low-Carbon Power Era (AP)

By Aoife White, Ap Business Writer

AP, January 9, 2007

EU Calls for New Low-Carbon Power Revolution As It Seeks to Cut Oil Imports

BRUSSELS, Belgium (AP) -- The European Union will call for "a new industrial revolution" on Wednesday as it tries to rein in oil imports and slash the carbon emissions blamed for global warming.

In a draft paper seen by the Associated Press, the European Commission says the days of secure, cheap energy for Europe are over.

Surging world demand for limited stocks of oil and gas has sent prices higher. The EU executive said Europe has to look at alternatives: using more renewable energy such as wind power and biofuels.

It also suggests that current plans to cut back nuclear power -- which it calls "one of the cheapest sources of low carbon energy" -- will endanger the goal of curbing greenhouse gas emissions.

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Electricity generation will be "heavily dependent" on natural gas, it said, warning a number of countries reliant on one main supplier that they should diversify.

The EU said it is confident that relationships with oil and gas suppliers Norway, Russia and Algeria will strengthen but also that it needs to open up a range of sources, suppliers, transport routes and methods.

European concerns about the reliability of Russian supplies were underscored Monday when shipments of oil via a pipeline running through Belarus were disrupted by a trade dispute between the two former Soviet republics.

Germany and Poland said earlier Monday Russian supplies had been halted, and Russia accused Belarus of siphoning off oil destined for Europe since the weekend.

Russian state pipeline operator Transneft said Belarus, which is furious that Russia is demanding it pay new oil duties, had diverted 79,000 tons of oil so far.

In an effort to diversify supply, the EU plans to start negotiations with Turkmenistan and Uzbekistan, build on agreements with Azerbaijan and Kazakhstan and cement relations with Turkey, Egypt and other nations, including Libya "if possible," it said.

It will also explore bilateral pacts with the Gulf state of Qatar and energy exporting nations in the Caribbean and Latin America, it said.

The world also needs to make a global effort to cut energy use, it suggests, proposing an energy efficiency agreement for industrialized nations plus China, India and Brazil to be signed at the Beijing Olympics in July 2008.

Supply uncertainties mean the EU has to rely on power in its own backyard, boosting renewables and making clean coal technology a reality.

The EU executive suggests setting a new target -- no figure appears in the draft -- for renewable power by 2020, with a binding target for biofuels to replace oil in vehicles. It says that biofuels could take up 14 percent of that market by 2020.

"Major investment" in renewable energy is needed to create the economies of scale that would make it viable, it said, acknowledging that many EU nations will fail to make existing goals to draw 12 percent of all EU energy from renewables by 2010.

Vast amounts of money also need to be pumped into Europe's electricity network with some 900 billion euros ($1.17 trillion) needed just to provide more power generation alone in the next 25 years as demand grows.

The EU recognizes serious problems with the way the electricity and gas markets work, highlighting the control huge energy companies have over production and sales. These issues will be detailed in a parallel report from EU antitrust regulators on Wednesday.

It said these market problems are causing governments to cap power prices, leading to less investment in the sector that could cause future supply crunches. "This situation cannot continue," it warns, saying it believes a series of measures need to be taken to create a competitive market within three years.

Polluted Waters Stain D.C.'s Shining Vision (WP)

By David A. Fahrenthold

The Washington Post, January 9, 2007

The Anacostia River, planned as the scenic centerpiece of massive redevelopment in the District, remains heavily polluted by sewage, trash and toxic chemicals, environmentalists say -- and it might be years before the river's health catches up with its new cachet.

In the city's plans, the Anacostia will soon be surrounded by a necklace of new stadiums, office buildings, condominiums and parks. A river that has come to symbolize neglect, both of its water and of the neighborhoods near its banks, will become a new hub of urban life.

But that bright vision is hard to square with the Anacostia of the present. Its channels are choked with mud and floating debris. Its catfish have tumors on their livers and lips. And, dozens of times a year, it actually stinks, from human waste dumped out by the District's sewer system.

Now, activists wonder whether a dirty river will start to hold this development back. Or maybe, they hope, all this building will speed the Anacostia's recovery by making activists out of people who are seeing its plight for the first time.

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"You really cannot build a world-class city on a wrecked river," said Thomas Arrasmith, a leader at the Anacostia Watershed Citizens Advisory Committee. "You cannot have a world-class city with a sewer running through it."

The Anacostia winds its entire course inside the Capital Beltway, beginning near Bladensburg and emptying into the Potomac River 8.4 miles downstream at the District's Hains Point. It is often out of sight, though, even to those who live near the river. People have been kept away by the U.S. National Arboretum, the Anacostia Freeway and other barriers -- and the historical perception that the river isn't worth visiting.

"One of the sad things about the Anacostia: It's been so dirty for so long that people shunned it," said Joseph Glover, a Southeast Washington resident who helps monitor the health of an Anacostia tributary, Pope Branch.

If the plans on city drawing boards are followed, however, it will not be that way for long.

The marquee project of the new waterfront development effort is the Washington Nationals baseball stadium, whose steel skeleton is rising near the Frederick Douglass Memorial Bridge. City officials hope to surround it with a new entertainment and residential district. They also plan to remake the area just to the east, adding office buildings and a three-block Washington Canal Park.

They want to turn the area around the old D.C. General Hospital into a neighborhood, extending Capitol Hill to the riverside. On the south side, a stretch of empty land called Poplar Point could be converted into a D.C. United soccer stadium or perhaps a park surrounded by a crescent of residential buildings.

"The whole purpose here is to think of the river as a great centerpiece of the city and not a dividing line," said Uwe Brandes, a vice president of the city-chartered Anacostia Waterfront Corp.

Most of the pollution the Anacostia suffers from is not the kind for which miscreants are tracked down and fined. Instead, most of it comes from obvious sources, such as lawns, sewage plants and storm drains -- within the law, or at least not the target of stringent enforcement.

Brandes said he worried that development will slow if the river doesn't get clean.

Douglas Jemal, whose Douglas Development Corp. plans to build near the new baseball stadium, said he believed that development and new public attention would lead to a cleaner river.

"I can't imagine it's not going to get taken care of," he said.

Today, though, the Anacostia is not ready for its close-up.Maryland

Across the street from a shopping center in Prince George's County, and a few feet into some thorny woods, James Connolly stopped at a 12-foot-deep gully. Its bottom was littered with plastic bags, chunks of brick, even campaign signs from the fall election.

Connolly, executive director of the Anacostia Watershed Society, pointed out what made the gully: a storm sewer pipe. Running downhill from the shopping center, he said, the rainwater in the pipe moves fast enough to carve earth.

The water flows to the Northwest Branch, a tributary of the Anacostia, carrying dirt and trash.

Environmentalists have nicknamed this gully and others like it "The Gorges of Prince George's," although there are similar problems in Montgomery County tributaries. These deep channels are a stark example of what they call a major problem in Maryland, home to more than 80 percent of the Anacostia's roughly 176-square-mile watershed: Suburbanization has supplanted trees and paved over dirt with concrete. Rainwater is funneled swiftly downstream, carrying with it dirt, trash and chemicals.

The dirt: One survey found that sediment levels in the river needed to be reduced 77 percent to meet water-quality standards. At Bladensburg, where in Colonial times the river was deep enough for oceangoing ships, so much sediment has built up that there is often exposed mud in the middle.

The trash: An estimated 20,000 tons come downstream every year. There are coffee cups, soft drink bottles -- an astounding number of basketballs, river aficionados say -- plus tree trunks and other more dangerous debris.

The University of Maryland men's crew team, which practices on the Anacostia, had six boats damaged this season by things in the water. "After a big rain, we've had to turn around," said Chris Mattingly, the team's president. "It's just a lot of shopping carts, big stuff that gets down there after a rain."

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And the chemicals: They wash off roads and parking lots and include oil and grease and exhaust byproducts called PAHs. The high concentration of PAHs, known to cause cancer, was cited when a survey found that more than half of the river's brown bullhead catfish had tumors. It was equal to the highest tumor levels ever seen in a U.S. river.

There have been efforts to fix that problem by using filters to capture trash and using plants and artificial wetlands to absorb stormwater upstream.

But in Montgomery and Prince George's, officials say the problem is much bigger than the solution. It will be very hard to retrofit entire neighborhoods, they say, because many of the changes would have to be made on private property.The District

In the District's section of the Anacostia, the problem is not water running too fast; it's the opposite. The Anacostia in the District is beyond languid. It can take more than 30 days for water to make the trip from Bladensburg to the Potomac.

That means the river doesn't flush out pollution quickly. It remembers insults. One of the biggest came from Washington Navy Yard, where runoff from ship maintenance and munitions-building washed down hazardous metals and other chemicals.

The Navy Yard is an Environmental Protection Agency Superfund cleanup site, though some of the most toxic soil and groundwater has been removed or cleaned. One current research project has put down layers of sand and absorbent materials a foot thick on the river bottom there, hoping to bury the remaining pollutants.

Another problem is the District's sewer system, designed more than a century ago to dump out raw sewage during moderate rainstorms. It still does. At last count, the system dumped 2.14 billion gallons of mixed rainwater and waste into the Anacostia. The river's count of fecal coliform bacteria has been found to be 21 times the EPA's limit.

Being on the river when waste is flowing in is "like being in a toilet," said Connolly, the watershed society's director.

When he said it, he was steering a boat to show the location of one sewage "outfall" -- within sniffing distance of the new Nationals ballpark.

"It's going to be stinky, especially after a rain," Connolly said. "You'll stand up in the seventh-inning stretch and get a big whiff of sewage."

The D.C. Water and Sewer Authority is working to solve this problem, with a plan to dig enormous tunnels under the city where water can be stored during a rainstorm, then treated to remove the sewage.

WASA Chief of Staff Johnnie Hemphill said 30 percent of the problem had been eliminated. But fixing the bulk, he said, will probably take close to 20 years and $2 billion.The Future

The Anacostia today provides stark contrasts of beauty and ugliness, sometimes on the same day.

Gabriel Horchler, a Library of Congress employee who often commutes from Cheverly in a rowing shell, said he sees beavers and deer on the river's wooded shorelines -- but he has had people spit at him and throw rocks from the Benning Road bridge. He has seen the bald eagles that have recently come back -- and dodged car bumpers and baby carriages in the current.

"Sometimes, it's depressingly dirty and noxious," Horchler said. "And sometimes, it's very beautiful."

New parks and high-dollar developments could sharpen the contrast between what the Anacostia is and what it should be. Environmentalists hope that will translate into a greater public demand for cleanup.

Already, though, there have been battles over pollution control at the stadium. Environmentalists say they're happy that the city plans to try to corral stormwater, but they had also hoped for a green roof of plants on the stadium.

Planners say that would take away from one of the ballpark's signature features: its sweeping silvery roof canopy.

"This is a great opportunity for the river, and it still can be, hopefully," said Brian Van Wye, an activist whose title is Anacostia riverkeeper. "But the stadium has so far been fundamentally disappointing."

Thinking about the future, city officials tick off encouraging stories from other cities, where waterside development led to environmental improvements: the Chicago River, Boston Harbor.

But skeptics in Washington can also think of a counterexample, less than 40 miles north. It's got a ballpark and shops near the water -- and, still, one of the worst pollution problems in the mid-Atlantic.

"I'd take that person up to the Inner Harbor" in Baltimore, said Ed Merrifield, who serves as the riverkeeper for the Potomac. "And have them jump in the water there."

Tribe Keeps Fighting For Treaty Rights (AP)

DOJ_NMG_0114166

By Ken Ritter, Associated Press Writer

Associated Press, January 9, 2007

LAS VEGAS (AP) -- The way Allen Moss sees it, vast stretches of the West and all of their wealth belong to the Indians.

And despite being turned back in lawsuit after lawsuit for decades, the Western Shoshone leader says he won't rest until the U.S. government honors a 19th-century treaty that, according to the tribe, entitles it to reclaim ancestral lands extending from California through Nevada and Utah to Idaho.

The lands include much of the Las Vegas area. The Shoshones say they are not interested in Sin City - too many people, too many problems. But they want the rugged desert hills that have yielded tens billions of dollars worth of gold over decades.

At issue is the 1863 Treaty of Ruby Valley, which the Shoshone say gave the tribe - not the federal government - royalties and final say over water, mineral and property rights for land covering 93,750 square miles, an area roughly the size of Maine.

Moss, a representative to the eight-member tribal council in Nevada, estimates the number of Shoshone at 5,000 to 8,000 - descendants of people who lived from the Snake River Valley in Idaho to the Salt Lake Valley in Utah, across most of eastern and central Nevada, and in Death Valley and the Mojave Desert in California.

The tribe has taken its case to fence lines, courts, international tribunals and the public.

It sued to block the nation's nuclear waste from being stored in Nevada. It succeeded in postponing government plans to explode a non-nuclear bomb that would send the first mushroom cloud in decades over the desert. And it went all the way to Switzerland to ask the United Nations to intervene in the land dispute.

The tribe keeps losing on most fronts, but also keeps appealing - and some cases its members have notched a place in Western lore.

Tribal elder Carrie Dann and her sister Mary became folk heroes for defying the government in a losing, quarter-century battle to graze cattle on federal land without authorization.

The Supreme Court ruled against the tribe in another case in 1979, saying the Treaty of Ruby Valley gave the U.S. trusteeship over the tribal lands. And in September, the Court of Claims in Washington accepted the government position that the treaty was "merely one of friendship and that it conveyed no treaty rights."

Lawyer Bob Hager, who has been handling Western Shoshone cases for free since 1983, maintains the tribe is losing on technicalities. He said the tribal claim finally got traction - and attention - with the U.N. Committee for the Elimination of Racial Discrimination last year in Geneva.

The panel said the U.S. government is trampling on Shoshone rights. It cited the privatization of Shoshone ancestral lands for mining and energy developers and federal efforts to open a nuclear waste dump at Yucca Mountain, 90 miles from Las Vegas.

Cynthia Magnuson, a U.S. Justice Department spokeswoman in Washington, said the government would not comment on the dispute because the case is still in court.

The government has offered tribal members money, arguing it is unrealistic to expect the U.S. to give back lands acquired through "gradual encroachment" and now dotted with cities, crisscrossed by interstate highways and railroads, and used for mining, ranching and recreation.

A law signed by President Bush in 2004 approved the distribution to tribal members of more than $145 million, including some $26 million that a federal Indian claims commission awarded in 1979.

Some Shoshones have said they would take the cash, but others balked. Moss, who loads preprinted newspaper advertisements for a living, said the money will not be touched because to take it would be to concede the government's position.

"Our land is not for sale," he said. The money continues to collect interest.

Moss is not sure his sons, now 25 and 21, will take up the decades-long fight.

"They can't believe how long the battle has taken," said Moss, 52. "They were taught in school this is a land of laws. I sit here saying, `This is how the laws have been manipulated and twisted.'"

"The whole thing boils down to, `How many times can you break the law or twist the law in your favor?' That's what the government has done."

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FBI/DEA/ATF/USMS:

Seven Programs To Watch In 2007 (GCN)

By Wilson P. Dizard III, Jason Miller, Mary Mosquera And Patience Wait

Government Computer News, January 8, 2007

SBINet

Impact in '07: The SBINet program, an ambitious effort to gain control of the borders via improved technology, combines a high political profile with daunting technology and program risks.

SBINet's success or failure in 2007 will stand as both a defining legacy of Homeland Security Department secretary Michael Chertoff, who has given it high priority, and a watershed for DHS' shaky program management capabilities.

Previous border technology programs, such as the Border Patrol's scuttled America's Shield program, have alerted Congress and oversight agencies to the high risk of failure in the border security arena.

As a result, SBINet faces skeptical oversight from the House Homeland Security Subcommittee on Management, Integration and Oversight, DHS inspector general Richard Skinner and the Government Accountability Office.

One major criticism of SBINet is that the program management office is understaffed. In response, program manager Greg Giddens pledged during a hearing of the House subcommittee to hire more than 200 additional program management office employees by mid-2007.

But Skinner testified at the same hearing that when Giddens completes that hiring, "The emerging organizational structure [will include] 65 percent of the 252 positions as contractors," a proportion he called "excessive."

SBINet will begin 2007 by launching a Common Operating Picture project this month, completing the system design in April and deploying it immediately along parts of the southwest border.

Another 2007 priority is the $20 million Project 28, to deploy unattended ground sensors, radars, cameras and towers in the Sasabe area of the southern border's Tucson, Ariz., sector.

DHS plans to integrate sensor data via a network that will shuttle information among computers in Border Patrol trucks, partner agencies and mobile command centers.

An additional $55 million SBINet project for 2007 aims to gain control over a military weapons testing zone in the Yuma, Ariz., sector, using IT as well as improved roads and fences.

Farmington Hills Pot Bust Is Oakland's Second In Four Days (DN)

Detroit News, January 8, 2007

FARMINGTON HILLS -- For the second time in four days Oakland County police say they have stopped a major marijuana dealing operation.

Over the weekend three county residents were arrested in the seizure of 70 pounds of marijuana, valued at nearly $500,000, bound from Arizona to West Bloomfield.

Charged were: Jerry Jadan, 39, and Fred Jadan, 38, both of West Bloomfield; and Randy A. Rabban, 39, of Farmington Hills. The arrests stemmed from an investigation begun by the Wichita, Kan., office of the federal Drug Enforcement Administration (DEA), which discovered a scheme to bring the marijuana into Oakland County.

"We expect other charges and arrests, possibly in other states, to result from this," said Farmington Hills Police Chief William Dwyer, who credited the arrests and seizures to the South Oakland Narcotics Intelligence Consortium, the DEA, and the Oakland County Prosecutor's Office.

Jerry Jadan and Rabban were charged with conspiracy to deliver controlled substances, five to 45 kilograms of marijuana and delivery of 5-45 kilograms of marijuana. The charges are felonies punishable by seven years in prison and $500,000 fines. Both were arraigned and released after posting $100,000 bond each.

Fred Jadan was charged with possession of marijuana, a misdemeanor punishable by up to a year in jail and a $2,000 fine.

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Last Thursday, Richard N. Nash, 48, of Troy was charged in an alleged marijuana growing operation after members of the Oakland County Narcotics Enforcement Team raided his basement on Webb Street and found 96 plants, a sophisticated growing operation, guns, financial records and $80,000 in cash, according to police. Nash is similarly charged and held in the Oakland County Jail in lieu of $25,000 bond and a Jan. 17 preliminary examination.

Oakland County Drug Bust Nets $33,000, Marijuana (FREEP)

Detroit Free Press, January 8, 2007

Two Oakland County men face were arraigned in district court Sunday on felony drug charges after law enforcement agents raided homes in Farmington Hills and West Bloomfield, resulting in the seizure of 70 pounds of marijuana and more than $33,000 in cash.

Jerry Jadan, 39, of West Bloomfield, and Randy Rabban, 39, of Farmington Hills, were charged with conspiracy to deliver a controlled substance and manufacturing of 5 to 45 kilograms of marijuana. They were arraigned in 47th District Court in Farmington Hills and released on $100,000 bonds. Each charge is punishable by seven years in prison and fines of up to $500,000.

A third man, Fred Jadan, 38, also of West Bloomfield, was charged with possession of marijuana, a misdemeanor punishable by up to a year in jail and a $2,000 fine. He also posted bond and was released.

Farmington Hills Police Chief William Dwyer said Monday the seizure was the result of an investigation conducted by the South Oakland Narcotics Intelligence Consortium, which is made up of officers from Farmington Hills, Novi, West Bloomfield and the Oakland County Sheriff's Office.

"This is an outstanding example of cooperation across the full spectrum of law enforcement," Dwyer said Monday. SONIC officers also recovered several firearms.

"We are working with the DEA, and more arrests will be coming," Dwyer said. Police said information that lead to the arrest came from the DEA office in Wichita, Kan. "Here's a perfect example of drugs that came in out of state and were bound for communities in Oakland County," Dwyer added.

Owners Of Medical Marijuana Dispensary Arrested (KESQ)

KESQ-TV, January 8, 2007

The owners of a local medicinal marijuana dispensary are behind bars tonight after turning themselves in.

It is the latest chapter in CanaHelp's ongoing saga to stay open for business and stay legitimate.

This time, the owners of the medicinal marijuana dispensary, Stacy Hochanadel and his two partners, turned themselves in at the Indio Police Department jail.

Volunteers who continue to operate CannaHelp say the county issued an arrest warrant last week. The charges include possession and distribution of marijuana and maintaining and operating CannaHelp.

"They've not violated any laws," said one volunteer we spoke with. "They are standing up and trying to be forthcoming again, even though they're being persecuted by Riverside County Sheriff's."

Police and federal agents once raided CannaHelp on suspicion it sold marijuana for profit. And more recently, the city of Palm Desert issued an order to stop doing business.

This came after an undercover cop allegedly bought pot from the dispensary without the necessary medical credentials.

"That's a civil issue which is separate of whatever criminal investigation Riverside County Sheriff's is enacting at this time."

Still, supporters say CannaHelp's owners have done nothing wrong at least on the state level.

"I'm not sure why they're trying to take away all forms provided to qualified patients."

CannaHelp Owner And Managers Being Booked At Indio Jail (DS)

Desert Sun, January 8, 2007

The owner and two managers of the CannaHelp medical marijuana dispensary who have been charged with felonies turned themselves in this morning at the Indio Police Department Jail.

CannaHelp owner Stacy Hochanadel and managers James Campbell and John Bendar are being booked at the jail, according to jail representatives.

The three are facing three felony charges each related to marijuana possession, sales and transport, as well as "keeping a place to sell controlled substances."

Bail and court dates for the three have yet to be set.

The dispensary at 73-350 El Paseo remains open, said Ryan Michaels, a volunteer.

3 From Pot Store Facing Charges (PE)

Press-Enterprise, January 6, 2007

INDIO - The Riverside County district attorney's office has filed felony drug charges against the owner and two employees of an embattled Palm Desert medical marijuana dispensary.

Ingrid Wyatt, spokeswoman for the district attorney's office, said the case against Cannahelp shop owner Stacy Hochanadel and his employees, James Campbell and John Reynolds, could be precedent-setting because it is the first time in Riverside County that anyone associated with a storefront marijuana dispensary has been prosecuted.

Hochanadel, Campbell and Reynolds are charged with the same three felony drug counts: one of unlawful possession; one of sales, furnishing and transporting; and one of maintaining a place for the purpose of selling a controlled substance. If convicted, they face up to three years in state prison.

Wyatt said arrest warrants have been issued for all three and that Hochanadel has indicated that he plans to surrender to authorities Monday.

None of the defendants was available for comment Friday, and Hochanadel's San Diego-based attorney did not return a telephone call.

California's 10-year-old medical marijuana law allows patients with prescriptions from a doctor to grow and use marijuana, but not to sell it for profit. Federal law prohibits any cultivation, sale or use of marijuana.

"We're not targeting individuals who have a prescription and are in need of marijuana for medicinal purposes," Wyatt said. "We're targeting people who are using the guise of medicinal marijuana to actually sell marijuana. We believe there are people out there selling marijuana (illegally) for profitable purposes."

Wyatt said individuals with medical prescriptions may possess 8 ounces of dry marijuana or six mature plants or 12 small plants.

"If you have more than that, we believe it's a prosecutable case," she said.

Wyatt said authorized caregivers may dispense legally prescribed medicinal marijuana.

"It's not just anybody who can do this," she said. "You have to be a designated caregiver for the person who has the prescription. There is a process to this whole medicinal-marijuana thing."

The Palm Desert business stayed open even after the city revoked its license Dec. 18. In a letter to Cannahelp, City Attorney David Erwin said the business failed to comply with conditions of an agreement that came out of a hearing before the City Council on Feb. 23.

"Because of your failure to comply with the agreement of April 10, 2006, your license is hereby revoked and your operation must cease immediately," Erwin wrote.

City officials have said undercover authorities were able to purchase marijuana from Cannahelp without proper credentials.

Riverside County supervisors on Oct. 3 banned marijuana dispensaries in unincorporated areas and joined other counties that are challenging state medical-marijuana laws.

The board stopped short of an outright prohibition on marijuana-growing cooperatives but banned the distribution of marijuana to caregivers, qualified patients or patients with a state identification card even at marijuana-growing co-ops, which are legal under state law.

Then-District Attorney Grover Trask said he would not prosecute patients who use marijuana in accordance with state laws. His successor, Rod Pacheco, agreed that the district attorney's office has no authority to prosecute patients who are following state laws.

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Robbers Posed As DEA (AT)

Albuquerque Tribune, January 8, 2007

The two men who robbed a truck stop and exchanged gunfire with police before ultimately eluding a dragnet early Sunday may have been involved in two previous burglaries in the city, Albuquerque police say.

The common denominator in all three robberies: The suspects wore pieces of uniform identifying them as DEA agents.

Police say it's pretty clear the men are not real DEA agents. But how they got the uniforms and how they escaped from police moments after a gun battle near I-40 and and 6th Street Northeast on Sunday remains unclear.

"Given their willingness to use law enforcement clothing as a guise and the fact that they tried to kill police officers today, our interest in finding these two is as high as it can be," Albuquerque police Capt. Larry Sonntag said Sunday evening.

Sonntag said police have surveillance tape of Sunday's burglary and hope that will help in the hunt for the two men. Anyone with information is asked to call Crimestoppers at 843-STOP.

Sonntag said the surveillance tape shows two men - one wearing a black and yellow DEA jacket and one a DEA baseball cap - walking into the Love's truck stop off I-40 at 3 a.m. Sunday.

The men demanded money and also took car keys from an employee. Police arrived as the two men fled in the employee's car, and the men may have fired at police at the truck stop, Sonntag said.

Police followed the vehicle to a residential area west of 6th Street where the men opened fire on police, police fired back, and the men fled on foot.

Sonntag said a SWAT team was called in and set up a perimeter around the area. Canine units were also called in to aid in the search. Officers went door to door but found no sign of the suspects. Six hours later, the search was called off.

Sonntag said the men did not leave a vehicle at the truck stop, and the fact they apparently arrived there on foot added to the possibility that they were from, or had some connection to, the nearby neighborhood.

"But it's also possible they escaped before the perimeter was in place, and the neighborhood had nothing to do with it," he said.

The source of the DEA outfits may be less of a mystery. Sonntag said he believed a DEA agent had reported his car burglarized about a month ago.

"It's also possible to buy those type of uniforms on the Internet," he said.

Tape Shows Robbers Dressed As Feds (KRQE)

KRQE-TV, January 8, 2007

ALBUQUERQUE -- Police have their pictures, but the search for a pair of armed robbers continues.

Surveillance video recorded the of the robbery at the Loves truck stop on 6th Street NW at Interstate 40 on Sunday morning.

The suspects appeared to be dressed as Drug Enforcement Agents--one in a raid jacket, the other in a DEA cap--when they walked into the business and terrorized employees, according to Albuquerque police.

Officers said the men forced a security guard to the floor, then held another employee at gunpoint while they took money out of the register.

The men then led another employee to the parking lot and forced him to give up the keys to his car, police said.

The two suspects shot at police and are considered to be armed and dangerous.

Call Albuquerque police at 843-STOP (843-7867) if you have any information on the suspects.

Meth Smoke Taints Motels (DENP)

Denver Post, January 8, 2007

Montrose - The motel on a popular strip of Montrose inns was busy with Thanksgiving travelers when drug agents used a passkey to enter room 108.

Inside they found a woman lying on a bed. A glass pipe for smoking methamphetamine was next to her. Meth was found in her purse.

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Her boyfriend was arrested when he came back to the room where they had been living for weeks. He was found with more meth and a disassembled shotgun. The pair had allegedly sold meth to undercover agents from this base of operation in the weeks preceding the bust.

As in the majority of motel and hotel busts, a maid with a vacuum, disinfectant sprays and dust cloths cleaned the room in the normal way. And it was rented again within days.

While no official data are available, experience shows that meth dealers and users love to stay in hotels, said Tom Gorman, agent in charge of the Drug Enforcement Administration in Grand Junction.

"I can't think of an investigation we've done that doesn't connect to a hotel or motel," he said.

But motel owners and managers don't need to do anything out of the ordinary when meth is smoked in a room. They don't need to inform health authorities or have anyone evaluate the room for contamination. And they don't need to inform the next party renting the room that meth had been smoked there.

That is troublesome for researchers at National Jewish Hospital, who have found residues the day after the simulated smoking of meth in a motel room. The residue levels far exceeded safe levels set by the state for cleanups after meth labs are found.

"We know it sticks around up to 24 hours later and the levels don't go down much," said Mike VanDyke, an industrial hygienist at National Jewish. "We're guessing it is at least days, likely weeks and possibly months before it goes down."

National Jewish is waiting on federal funding to do further testing to determine that time frame and also to determine what kind of health hazard that residue might pose.

Many questions linger

Rob Derrera, an estimator with COCAT restoration contractors in Denver, said his workers have found higher levels of residue in rooms where meth has only been smoked than in rooms where it has been cooked. He said the unknown is how much smoking over what period of time it takes to push levels to the hazardous zone.

Until those answers come, the smoking of meth in hotel and motel rooms is under the radar of health regulations.

If a motel owner decides to do testing and cleanup, it could cost thousands of dollars for a single room. Tests for residues on furniture, walls, rugs and other surfaces cost upwards of $100 each. Cleanup might not be as extensive as the mandated cleanups for meth labs, but would still range from about $3,000 to $7,000 for the average 300- square-foot room, Derrera said.

He said cleanup could range from disposing of anything porous, such as carpet and drapes, and scrubbing the walls multiple times with special chemicals to entirely gutting a room - tearing out drywall and vanities and discarding all furnishings as his company sometimes has to with meth labs.

"Hotels and motels have a built-in disincentive to report. The testing and remediation is very expensive," Colorado Attorney General John Suthers said.

He said that a recently formed statewide meth task force might take up an educational effort to deal with the motel problem.

Focus still on meth labs

The danger posed by the residue left behind by meth smokers has fallen between the cracks as efforts to deal with the drug's dangers to the general public focus primarily on labs.

The noxious mix of chemicals - acetone, anhydrous ammonia, starter fluid, paint thinner and red phosphorous - that goes into making the stimulant drug creates a known health hazard. Inhalation or skin exposure to those chemicals can cause burns, breathing problems and neurological difficulties.

The airborne residue from smoked meth is not considered as dangerous because the residue does not contain all the chemicals from a "cook."

Colleen Brisnehan, an environmental protection specialist with the Colorado Department of Public Health and Environment, said the statutory definition of contamination is broad enough to include the smoking of meth even though the regulations only apply to manufacturing. She said local agencies would have authority to force a cleanup if the contamination levels were high enough - and if they were notified.

"But it would be difficult or impossible to do," she admitted, because smoking does not trigger any notification.

Derrera agreed.

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"Do I think there should be something in place to deal with this? Absolutely, positively yes," he said. "But how do you mandate it and who pays for it?"

Staff writer Nancy Lofholm can be reached at 970-256-1957 or at nlofholm@denverpost.com.

Tom Gorman, the father of DEA agent Tom Gorman and the director of the High Intensity Drug Task Force in Colorado, summed up the problem of meth in motels as "a mess."

Drug agents say lower-end motels seem to be the worst - drug dealers are also looking for bargains. But that doesn't mean only flophouses are of concern. Many midrange motels have been the sites of drug busts.

"The more expensive the motel, the better the chance that kind of activity has not occurred there," said Jack Haynes, supervisor of the Delta/Montrose Drug Task Force.

There is no easy way for the public to protect themselves. Test kits are sold online but are too complex or expensive for general use or don't give consistent results.

"From a personal level I'm very concerned," said Tim Hersee, commander of the North Metro Task Force that covers Adams and Broomfield counties.

Mike VanDyke, an industrial hygienist at National Jewish Hospital in Denver, said he is particularly concerned about children in rooms with the residue from meth smoking.

"That definitely concerns me because of their hand-to-mouth behavior," he said.

He said research shows that simple activity - including vacuuming or jumping on the bed - increases the levels of airborne meth residue.

Colorado Hotel & Lodging Association President Ilene Kamsler said her organization in the past has helped to educate hotel and motel owners about ways to avoid becoming havens for drug users and dealers but there is no such effort currently.

She said many of the association members are the higher end hotels that don't have a problem.

Federal Officials Pursuing More Gun-related Prosecutions (AP)

AP, January 9, 2007

LOUISVILLE, Ky. - Police and prosecutors are using a different strategy in western Kentucky to convict suspects of gun-related crimes.

If suspects can't be prosecuted in state court, cases are being sent to federal court, where the sentences are harsher and plea bargains are fewer, prosecutors and defense attorneys say.

That's what happened when state police found ammunition in the van of William West, a convicted felon. Since police didn't find a gun, West couldn't be charged under state law - so the case was turned over to federal prosecutors, said assistant U.S. Attorney Tom Dyke, who oversees prosecutions in Louisville.

West, 51, of Eddyville, was charged with being a felon in possession of ammunition and is serving a 15-year sentence in prison, Dyke said.

The strategy has arisen from the federal Justice Department's "Safe Neighborhoods" program, which in Kentucky is known as "Project Backfire." Gun violators are targeted in both the state and federal court systems.

Gun-related cases in U.S. District Court in western Kentucky increased from 56 in 2004 to 79 in 2005, after U.S. Attorney Dave Huber announced an effort to increase Project Backfire federal prosecutions. By late last year, there had been 66 cases.

Jefferson County's state court handled 1,162 cases in 2005 by the county attorney's office as part of Project Backfire.

Huber said the federal prosecutions are designed to help local prosecutors and law enforcement agencies. They're "only being federalized," he said, because of inadequate funding at the state level "for state prosecutors and state prisons."

"If you don't want it to be federalized, support your prosecutors and state prisons," he said, adding that only a small number of cases are elevated to federal court. "We're not a panacea. We're just trying to help where we can."

Federal public defender Scott Wendelsdorf questioned whether the federal prosecutions were worth the trouble. Wendelsdorf said that federal prosecutions should be limited to crimes "uniquely federal in nature," such as interstate trafficking in child pornography or drugs - crimes local law enforcement isn't equipped to tackle.

But gun violators are taken to federal court solely to hand out stiff punishments, Wendelsdorf said.

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"I'm not sure that's a legitimate reason, but it's legal and they do it, and God knows, it's effective," Wendelsdorf said.

IMMIGRATION:

Illegal Immigrants' Rearrest Rate High (AP)

By Lara Jakes Jordan, The Associated Press

AP, January 9, 2007

A Justice Department audit looks at how authorities who get funding are cooperating to stem "catch and release."

Washington - Illegal immigrants who were caught but released in the United States may have been rearrested as many as six times, Justice Department data released Monday indicate.

The findings by Justice Department Inspector General Glenn A. Fine are based on a sampling of 100 illegal immigrants arrested by local and state authorities in 2004, the latest complete data available. They show that 73 of the 100 immigrants were arrested, collectively, 429 times - ranging from traffic tickets to weapons and drug charges.

Fine's office said its audit could not conclude precisely how many of the 262,105 illegal immigrants charged with criminal histories that year had been rearrested. "But if this data is indicative of the full population of 262,105 criminal histories, the rate at which released criminal aliens are rearrested is extremely high," the audit noted.

The audit was required by Congress in 2005. It looked at how local and state authorities who receive Justice Department funding to help catch and detain illegal immigrants are working with the Homeland Security Department.

It also examined the arrest rates of immigrants who were released before they could be turned over to Homeland Security's bureau of Immigration and Customs Enforcement.

In all, 752 cities, counties and states participating in the program received $287 million in 2005, the audit noted. Five states - California, New York, Texas, Florida and Arizona - received the bulk of the money, pulling in more than $184 million.

Homeland Security Secretary Michael Chertoff four months ago declared an end to the "catch and release" practice that for years helped many illegal immigrants stay in the United States unhindered.

At the time, the department was holding 99 percent of non- Mexican illegal immigrants in its custody until they could be returned to their home nations. The policy generally does not apply to Mexicans, who are almost immediately returned to Mexico after being stopped by Border Patrol agents.

The audit also looked at whether local and state authorities fully cooperated with Homeland Security efforts to remove illegal immigrants, and tried to determine how many had been released because of jail space or funding shortages. In both cases, Fine's office said it was unable to draw definitive conclusions.

It also found that at least one area - San Francisco - was receiving funding even though local policy specifically limits the information it gives to Homeland Security about immigration enforcement. San Francisco, which won $1.1 million, defines itself as a "city and county of refuge" and does not allow federal agents to view immigration jail records without permission from local police.

Some Illegal Immigrants Arrested Repeatedly, Report Finds (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, January 9, 2007

WASHINGTON - Illegal immigrants are being released from prison only to be arrested on new charges despite government efforts to deport them and keep them out of the country.

The findings are part of an audit by Justice Department Inspector General Glenn Fine that suggest authorities are still struggling to deport illegal immigrants who commit crimes, even though most state and local authorities are notifying immigration authorities of the imminent release of prisoners.

Fine's office analyzed the cases of 100 immigrants who had served time in prison and found 73 of them were re-arrested for committing a crime after being released.

On average, each immigrant was re-arrested six times, ranging from traffic violations to assault.

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Fine's office couldn't determine how many illegal immigrants had been re-arrested overall because immigration authorities don't keep track. If the sample was any indication, "the rate at which released criminal aliens are re-arrested is extremely high," the report said.

Immigration and Customs Enforcement officials questioned whether the audit's small sample should reflect negatively on their agency's efforts to deport criminal immigrants. The audit did not determine whether ICE failed to deport the immigrants after being notified by prison officials.

But Heather Mac Donald, a fellow with the conservative Manhattan Institute, said ICE continues to have problems with deporting criminal immigrants because the agency doesn't always have enough detention space to hold immigrants once they're released from prisons.

"What this speaks to is the fact that we're not up to speed on immigration enforcement in general," she said.

Last year, Homeland Security's inspector general said immigration authorities expected that most of the 300,000 illegal and legal immigrants eligible to be deported would be released. Federal officials said they would need 34,000 additional beds at a cost of $1.1 billion to detain and remove all of them.

David Martin, a University of Virginia law professor and former top immigration official, said he was surprised that the re-arrest numbers in the most recent report were "so high."

U.S. immigration officials appeared to be making progress working with state and local officials who now notify them before a criminal immigrant is released, he said. That way, the immigrant is quickly deported.

Congress requested the audit because of questions about compliance with a federal program meant to reimburse cities and states for the costs of incarcerating illegal immigrants.

California, New York, Texas, and Florida receive the most funding. States and cities often are not completely reimbursed for what they spend on prisoners because the program doesn't get enough funding, the audit said.

U.S. Supreme Court Refuses To Hear Asylum Case Of Colombian Drug Informant Fearing For His Life (AP)

AP, January 9, 2007

(AP) - WASHINGTON-The Supreme Court on Monday refused to consider the case of an informant against the Cali drug cartel who says he and his family will be murdered if the U.S. government returns them to Colombia.

Immigration officials have refused to grant asylum to Diego Castillo-Arias, who came to the United States with his wife and two young sons about a decade ago after telling police in Cali about the location of cartel bank accounts and property.

The Board of Immigration Appeals says that volunteer, noncriminal informants working against the drug cartel do not constitute a "particular social group," a requirement for asylum under the Immigration and Nationality Act.

The 11th U.S. Circuit Court of Appeals deferred to the board's interpretation, saying it was doing so with "consternation" and expressing dismay that "informants who risk their lives have been ignored by our nation."

The appeals court said it regretted that Congress has not taken action on behalf of Castillo-Arias and others similarly situated.

Castillo-Arias' attorney, Michael Dean Ray of Miami, said Monday it is now up to the Department of Homeland Security to decide whether to send the family back to Colombia, adding that the department could use its discretion to defer removing them from the United States. The family is living in the state of Florida.

Hispanic Leaders Call For Reform On Immigration Within 100 Days (HILL)

By Alexander Bolton

The Hill, January 9, 2007

National Hispanic leaders are pressing House Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) to make immigration reform a top priority within the first 100 days of the new Congress, citing the large numbers of Hispanics who turned out to vote for Democrats in November.

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Several of the largest Hispanic advocacy groups in the country, the League of United Latin American Citizens, the Southwest Voter Registration Education Project and the Hispanic Federation, plan to stage a massive grassroots campaign to pressure House lawmakers to move quickly on immigration. They will team with America Votes, one of the nation's largest liberal voter-mobilization groups, to push reform.

"As you prepare to lead the 110th Congress of the United States of America, we urge you to make immigration reform one of your top priorities during the first 100 days of the new Congress," the president of LULAC, Rosa Rosales, and the president of the Hispanic Federation, Lillian Rodriguez-Lopez, wrote in a letter delivered to Pelosi and Reid over the weekend.

LULAC describes itself as the country's largest and oldest Hispanic civil rights organization. The Hispanic Federation is a coalition of about 100 local groups, most based in the New York area.

Hispanic leaders expect the Senate to take up immigration this year, and Reid has included the issue among his top 10 legislative priorities. But the House is a different story, say advocates of reform.

Pelosi and other House Democrats have said little about what legislation they will take up after completing their 100-hour agenda, a collection of relatively uncontroversial bills over which Democrats have reached consensus.

Beyond the first 100 hours it's hard to speculate" about what Democrats will focus on, Pelosi spokesman Drew Hammill said. Hammill said Pelosi has discussed immigration reform with President Bush and that both have agreed it should be a "priority."

Hammill said immigration reform proposals would undergo the regular order of the legislative process, a series of subcommittee and committee hearings and markups, which would affect the timing.

Hispanic leaders are making two clear statements: Reform should include a path to legal residency for the 12 million illegal immigrants now working in the U.S., and a guest-worker program supported by President Bush, which would require foreign workers to return home after several years, is inadequate. They also oppose the building of a fence along the Mexican border intended to stem the flow of immigration.

"Immigrants have dedicated themselves to this country through hard work and determination and America has benefited accordingly," Rosales and Rodriguez-Lopez wrote. "[T]hey deserve an orderly pathway to legalize their status in the U.S. so they can emerge from society's shadows into the light of day."

Hispanic support for Democrats shot up in November compared to 2004. Sixty-nine percent of self-identified Latino voters cast ballots for Democratic candidates, according to national exit-poll data. Only 30 percent voted for Republican candidates. Republican pollsters have said that GOP candidates must receive 40 percent of Hispanic votes to win future elections. Strategists have come to see these voters as crucial because the Hispanic population is the fastest-growing major racial demographic in the country.

But in recent months House Democrats have shied away from the issue for fear of angering conservative-leaning white voters, whom Republican strategists hoped to court in 2006 by pushing strict and punitive immigration proposals.

House Democrats did not mention immigration in "A New Direction for America," the broad agenda document they made public shortly before the election. The omission drew angry responses from congressional leaders such as Reps. Jose Serrano (D-N.Y.), a senior member of the Appropriations Committee, and Luis Gutierrez (D-Ill.), who heads the Congressional Hispanic Caucus's Immigration Task Force.

"I'm very sad and disappointed that comprehensive immigration reform is not a key and pivotal point for the Democrats," Gutierrez told The Hill in September.

Political strategists who have concentrated on Hispanic outreach say that Democrats have a golden opportunity to capitalize on the increased political attention of Hispanics because of last year's immigration debate, but that chance could soon pass.

"I think if Democrats want to take advantage of this great disenchantment of Latinos of Republicans, they're going to have to pass immigration reform this year," said Simon Rosenberg, president of the New Democrat Network, an advocacy group that spent $2 million before the election to promote Democratic candidates to Hispanics.

"When Democrats got elected in 2006, they got elected to solve immigration," he said. "I think Hispanics were about 8 percent of the national electorate and there was an enormous swing in the number of Hispanics who turned out."

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Immigration reform that creates a path to citizenship for illegal workers is seen as having strong support in the Senate. Sens. John McCain (R-Ariz.) and Edward Kennedy (D-Mass.), two of the most influential lawmakers of their respective parties, teamed up to craft a popular bill last year. Lobbyists said they expect the Senate to take up and pass reform before the House, a reversal from the usual course of most bills that first pass the lower chamber.

Rosales said in an interview that LULAC's board of directors would meet Feb. 8 and 9 to discuss the upcoming lobbying campaign.

"What we'll decide there [at the meeting] is that comprehensive immigration reform is a top priority," she said. "I can assure you that our 115,000 members will reach out to their election officials."

Rosales said her organization would team with America Votes and the Southwest Voter Registration Education Project.

Guardsmen Retreat At Border Deemed Appropriate (WT)

By Jerry Seper

The Washington Times, January 9, 2007

National Guard soldiers who abandoned an observation post on the U.S.-Mexico border after spotting armed men approaching their position acted appropriately by retreating to a safer location, the U.S. Border Patrol said yesterday.

Border Patrol spokesman Mario Martinez at the agency's D.C. headquarters said that although the National Guard troops were armed and authorized to use force in self-defense, they determined they were not in imminent danger and retreated to call for help.

"The Border Patrol responded within minutes with air and ground units, but found no one in the area," Mr. Martinez said. "In this situation, the National Guard troops did exactly what was expected of them, exactly what they should have done.

"The Guard troops are not there to engage, interdict or arrest anyone but to man observation posts," he said.

The troops were members of an entry-identification team, assigned to monitor major illegal-alien and drug-smuggling corridors.

Mr. Martinez said that no shots were exchanged and that no one was injured in the incident, which occurred Wednesday shortly after 11 p.m. near Sasabe, Ariz., about 70 miles southwest of Tucson. He said agents who responded to the site found footprints leading back to Mexico.

The armed men had come within 100 yards of the observation post.

Mr. Martinez said the Border Patrol has not identified the four or five armed men involved in the incident but said the Guard troops spotted them with their night-vision equipment and confirmed they were carrying rifles.

Several Border Patrol field agents said the armed men could have been a scouting party for drug smugglers or might have been testing the National Guard's response to a cross-border intrusion.

In that same area in July 2005, two Border Patrol agents were shot and wounded by assailants in what law-enforcement authorities called a planned ambush by drug smugglers a mile north of the U.S.-Mexico border.

More than 50 rounds were fired at the agents after they spotted suspected drug smugglers in a canyon east of Nogales, Ariz., authorities said. Although most of the smugglers fled, one man used a hand-held radio to point out the agents' location to other shooters hidden nearby, they said.

The agents, who were tracking a previous marijuana load on foot, were shot in the leg with high-powered weapons. Authorities said the gunmen withdrew from the canyon using military-style cover and concealment tactics to escape back into Mexico.

Authorities later found 500 pounds of marijuana near the site.

About 6,000 National Guard troops deployed along the 1,951-mile U.S.-Mexico border are part of President Bush's $760 million Operation Jump Start. They have been deployed from California to Texas to upgrade border security and give the Border Patrol time to recruit, hire and train 6,000 new agents by the end of 2008.

The Guard troops are not empowered to get involved in law-enforcement duties. They cannot detain, arrest or interdict anyone or anything coming across the border -- only report them to the Border Patrol.

Illegals Become Repeat Criminals (WT)

By Jerry Seper

The Washington Times, January 9, 2007

Criminal aliens set free on the streets of America -- instead of being deported after serving their time -- are being rearrested as many as six more times by U.S. authorities, according to a government audit released yesterday.

But the Justice Department's Office of Inspector General said it did not know how many of 262,105 illegals in the audit, who had been charged with a crime and then released, had been rearrested.

Inspector General Glenn A. Fine said that the volume of available files "was too great to search manually and quantify the results" and that investigators instead selected a sample of 100 illegal aliens arrested in 2004 and reviewed their criminal histories for evidence of rearrests.

Mr. Fine noted that although the limited audit did not find any instances of "outright failure" to cooperate with Homeland Security in the removal of criminal aliens from the United States, a review of the 100 criminal histories "produced results that, if indicative of the full population of criminal aliens identified, suggest that the rate at which released criminal aliens are re-arrested is extremely high."

The 91-page audit, which was requested by Congress, said the limited sampling found that of the 100 selected aliens, 73 had an average of six arrests each after being released from custody. They were arrested, collectively, 429 times on 878 charges, ranging from traffic violations and trespassing to drug crimes, burglary, robbery, assault and weapons violations.

The audit found that local jurisdictions "prioritize enforcement of state and local laws, while sometimes permitting or encouraging law-enforcement officers" to work with Immigration and Customs Enforcement (ICE).

Last year, Congress required an annual audit as part of the Justice Department's State Criminal Alien Assistance Program (SCAAP), which provides federal funding to states and localities for the costs of incarcerating criminal aliens on state or local charges. The program is administered by the Justice Department in conjunction with ICE, which is part of Homeland Security.

During fiscal 2005, Justice distributed $287.1 million in SCAAP payments to 752 state, county and local jurisdictions -- nearly 70 percent of which went to 10 jurisdictions: the states of California, New York, Texas, Florida, Arizona, Illinois and Massachusetts; New York City; and two California counties, Los Angeles and Orange.

The report also said investigators identified an official "sanctuary" policy for two jurisdictions that received at least $1 million in SCAAP funding: Oregon, which received $3.4 million, and the city and county of San Francisco, which received $1.1 million and has designated itself a "city and county of refuge."

In addition, an executive order issued in New York City limits the enforcement of immigration law by local authorities, the report said.

The audit defined "sanctuary" as a jurisdiction that may have state laws, local ordinances or departmental policies limiting the role of local authorities in the enforcement of immigration laws.

The audit also examined the level of cooperation among federal, state and local authorities, but found "conflicting views between ICE and local jurisdictions as to what actions constitute full cooperation."

"Congress did not define 'fully cooperate,' nor did our review of immigration legislation disclose any specific steps that localities are required to take to help effect the removal of criminal aliens from the United States," the audit said.

The report also found that among 164 state and local agencies surveyed:

•30 jurisdictions do not generally ask those arrested about their immigration status.

•17 said they do not inform ICE when they have someone they suspect may be an illegal alien in custody. Some agencies said they do not inform ICE about possible illegals in custody because they don't think ICE will respond.

•18 jurisdictions do not alert ICE before releasing undocumented criminal aliens.

CONGRESS-ADMINISTRATION:

Fielding Picked For White House Counsel (AP)

By Ben Feller

AP, January 9, 2007

DOJ_NMG_0114178

President Bush has chosen Fred Fielding, formerly the top lawyer in the Reagan administration, to be his White House counsel.

The announcement will be made Tuesday, according to a Bush administration official who spoke on the condition of anonymity because the appointment had not been made.

Fielding will become Bush's counsel just as newly empowered Democrats in Congress plan deeper scrutiny of the administration. From the Iraq war to environmental policy and secret surveillance, the Democrats who now control both the House and Senate are armed with subpoena power and ready to summon panels of witnesses.

Fielding, a longtime Washington lawyer, will replace Harriet Miers, Bush's failed Supreme Court nominee and longtime adviser. She submitted her resignation Thursday after six years in the White House, and it will take effect Jan. 31.

Fielding served as President Reagan's counsel from 1981 to 1986, where one of his assistants was John Roberts, now the chief justice of the Supreme Court. Under President Nixon, Fielding served as deputy White House counsel from 1972 to 1974 and associate counsel from 1970 to 1972.

More recently, he served on the bipartisan panel that investigated the Sept. 11, 2001 terrorist attacks.

Fielding is a partner at the firm of Wiley, Rein and Fielding.

He is known as an expert in business litigation and government relations law, representing corporations in high profile regulatory investigations by the Securities and Exchange Commission, the Justice Department and others.

"As soon as I heard they were looking for someone with a great investigation background, Fred Fielding was the only one I thought of," said Sheila Tate, a public relations executive who worked in the Reagan administration.

Ron Kaufman, who served in the administrations of Reagan and Bush's father, said he was not surprised that Fielding would take the job.

"Guys like him can't say no to a president," Kaufman said.

Fielding's appointment was first reported Monday by Time magazine on its Web site.

Bush Picks Reagan White House Counsel Fielding To Succeed Miers (WP)

By Peter Baker

The Washington Post, January 9, 2007

President Bush has selected Fred F. Fielding to be his White House counsel, recruiting a seasoned Washington veteran to represent the president with Democratic congressional investigators and reprise the job he held under Ronald Reagan, sources close to the process said yesterday.

The White House plans to announce the appointment today, just days after longtime Bush loyalist Harriet Miers was eased out as the president's top lawyer in preparation for the anticipated struggle with a new Democratic Congress eager to investigate the administration. A White House official confirmed the appointment but insisted on anonymity because it has not been announced.

Fielding, 67, brings the experience and political heft that White House Chief of Staff Joshua B. Bolten has been seeking to counter any aggressive moves to probe the most controversial decisions of the Bush presidency. Smooth and soft-spoken yet battle-hardened, Fielding is considered a Republican "wise man" who Bush aides believe will be able to negotiate compromise without surrendering on the most important priorities.

"It sends the perfect signal that we are serious about the president's position and the principles he has articulated but we're also going to be reasonable and work together to get some of these issues resolved," said Helgi C. Walker, a former Bush White House associate counsel who works with Fielding at his firm, Wiley Rein & Fielding. "He brings stature and gravitas, and he also brings a very healthy perspective, the ability to prioritize in crafting a settlement."

Fielding served as deputy to White House counsel John W. Dean III under President Richard M. Nixon and was the first to tell Dean about the Watergate break-in. Yet Fielding was one of the few to emerge untainted by Watergate. In fact, he was suspected, wrongly, of being "Deep Throat," the inside source who helped Washington Post reporters Bob Woodward and Carl Bernstein uncover the scandal.

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Fielding served as White House counsel for Reagan from 1981 to 1986, handling a spate of conflict-of-interest situations and telling Secretary of State Alexander M. Haig he was wrong to assert that he had command authority when the president was shot. Fielding was Bush's transition counsel after the 2000 election, vetting the backgrounds of new administration officials. And he served as a member of the commission that investigated the Sept. 11, 2001, attacks.

"Fred will be a formidable person to deal with," said Democrat Richard Ben-Veniste, a Watergate prosecutor who served with Fielding on the Sept. 11 commission. "This change reflects the understanding by the president and his advisers in the administration that they will be in for a much more robust period of congressional oversight."

Ben-Veniste said Fielding sometimes played intermediary with the White House in conflicts over the release of information to the commission. "At times, Fred was somewhat dismayed by the positions taken by White House counsel and other agencies," Ben-Veniste said. "But by the same token, he was someone with whom the White House was in frequent contact."

Rep. Henry A. Waxman (D-Calif.), the new chairman of the House Oversight and Government Reform Committee, said he does not know Fielding but understands that "he has a very distinguished record." Waxman, who plans to begin hearings on Feb. 6 into waste, fraud and abuse in Iraq contracting, said, "I hope he advises the president on ways to work with Congress."

The move to bring back a White House counsel from another era is reminiscent of President Bill Clinton's decision in the midst of the Whitewater investigation in 1994 to hire Lloyd N. Cutler as his chief lawyer, many years after Cutler served in the same position under President Jimmy Carter. Like Clinton, Bush is reaching out to a pillar of the Washington establishment in hopes of tamping down political troubles.

In Bush's case, he faces congressional demands for information on politically sensitive topics such as whether officials authorized the abuse of U.S.-held detainees, whether the administration turned a blind eye to profiteering by politically connected contractors in the Iraq war, how the White House responded to Hurricane Katrina and whether senior officials complied with the law in ordering heightened domestic surveillance. The White House counsel also monitors staff ethics issues and screens judicial nominations, including potential Supreme Court justices.

"Fred Fielding's been in the White House before and he understands how the place works, which is very important," said Leonard A. Leo, executive vice president of the Federalist Society, who informally advises the White House on legal matters. "He understands how the Hill works, which is important. And he has widespread respect from all points on the spectrum."

Bush Turns To Capital Insider (LAT)

By James Gerstenzang

The Los Angeles Times, January 9, 2007

WASHINGTON — Turning to a man described as "the truly quintessential Washington, D.C., inside lawyer," President Bush has chosen Fred F. Fielding as his White House counsel, a White House official said Monday.

Bush will be the third president whom Fielding has served in the counsel's office. As deputy counsel, he defended Richard M. Nixon during the Watergate investigation; as the chief White House attorney from 1981 to 1986, he directed Ronald Reagan's responses to smaller scandals.

The official, speaking on the condition of anonymity because the appointment had not been formally announced, said that Fielding, 67, would replace Harriet E. Miers, who submitted her resignation Thursday.

Fielding, who served on the independent commission that investigated the Sept. 11 attacks, is a partner in a Washington law firm, Wiley Rein & Fielding.

His appointment, which could be announced as early as today, is part of a White House personnel overhaul that began in April with the arrival of Joshua B. Bolten as chief of staff. In a White House in which few senior aides, and even fewer midlevel staff members, served in high-level posts in previous administrations, Fielding's arrival would represent a rare reliance on a Washington insider.

The counsel's office is likely to be particularly busy in coming months.

The new Democratic majorities in the House and the Senate have pledged to conduct vigorous oversight of administration policies and investigations of its actions — with the possibility of issuing subpoenas.

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"It's going to be a contentious time. There will be repeated demands for executive-branch witnesses to testify on Capitol Hill" and a push for internal documents, said Douglas W. Kmiec, a professor at Pepperdine University School of Law, who worked with Fielding during the Reagan administration. "Some of it is likely to be quite testy on Iraq and contracts for the rebuilding of Iraq."

Fielding will bring to the White House a resume nearly unmatched among Republicans in Washington: a history of dealing with congressional investigations and constitutional issues at the heart of the separation of powers of the executive and legislative branches, experience working with Democrats, and a reputation for delivering bad news to presidents in a straightforward manner.

"He knows how to deliver tough news. He is not cowed by the office of the presidency," said Kenneth M. Duberstein, who served as one of Reagan's chiefs of staff. "He doesn't get cotton in his mouth when he walks into the Oval Office."

As Reagan's White House counsel for five years, Fielding oversaw the administration's response to legal issues that snared then-Labor Secretary Raymond Donovan and to scandal at the Environmental Protection Agency.

He also was involved in the search that led to the nomination of Sandra Day O'Connor as the first woman on the Supreme Court. Among his young aides was John G. Roberts Jr., now chief justice of the United States.

As deputy White House counsel during Nixon's second term, he worked at first with John W. Dean III, constructing the initial responses to the Watergate investigation. For a time, he was believed to have been Deep Throat, a key source for Washington Post reporters Bob Woodward and Carl Bernstein. (That mysterious figure was identified in May 2005 as W. Mark Felt of the FBI.)

Like many of his predecessors in the Oval Office, when Bush came to Washington he placed longtime associates, with whom he was comfortable, in particularly sensitive jobs.

And when problems arose, predecessors turned to Washington veterans.

The appointment recalls President Clinton's decision in 1994, during the initial investigations of the Whitewater land deal, to name Lloyd N. Cutler as special counsel. Cutler, a Democratic insider with decades of Washington experience, had served President Carter as White House counsel almost two decades earlier.

Bush's first two White House counsels — Alberto R. Gonzales, now attorney general, and Miers — were longtime loyalists who came with the president from Texas.

By selecting Fielding, said former Solicitor General Kenneth W. Starr, "the president has gone inside — he has chosen the truly quintessential Washington, D.C., inside lawyer."

"Fred has probably unparalleled experience. He's very well known for his great wisdom, common sense and very discerning judgment," said Starr, now dean of Pepperdine's law school, who as an independent counsel conducted the investigation that led to Clinton's impeachment in 1998.

The selection of Fielding was first reported Monday on Time magazine's website.

Reagan Lawyer Ready To Return To White House (NYT)

By Jim Rutenberg

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — President Bush has chosen Fred F. Fielding as the new chief White House lawyer, adding to his team a longtime Washington legal hand and veteran of the post.

Mr. Fielding forged his skills in politically charged episodes like Watergate and the air traffic controllers' strike in 1981.

White House officials said Mr. Bush would announce as early as Tuesday that Mr. Fielding would return as White House counsel, succeeding Harriet E. Miers, who announced her resignation last week. The officials insisted on anonymity to discuss an unannounced personnel decision.

Mr. Fielding's agreement to take the job surprised some of his closest friends. The friends said last week, when his name surfaced as a contender for the position, that they would be surprised if he would give up a successful corporate practice for another stint of what promises to be heavy partisan battle at age 67.

Mr. Fielding was deputy counsel to President Richard M. Nixon under John W. Dean III and was White House counsel for the first five years of Ronald Reagan's presidency.

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Since then, he has kept a hand in politics and government, helping screen job candidates for President Bush during and after his transition, and serving on the bipartisan Sept. 11 commission.

Several friends said they believed that he had been under heavy pressure to return as White House counsel by an administration girding for a raft of investigations by the new Democratic Congress.

The news of his selection was first reported on Monday afternoon on the Time magazine Web site.

Officials said Mr. Fielding was always a leading candidate of the White House chief of staff, Joshua B. Bolten, who is said to have been seeking a possible change in the counsel's office from the moment he took over as chief of staff in April.

But several Republicans close to the White House said Mr. Bush swiftly dismissed that notion. Ms. Miers had been Mr. Bush's lawyer in Texas and followed him here. Mr. Bush nominated her to the Supreme Court in 2005, but she withdrew amid criticism of her qualifications.

Mr. Bolten pushed again for a new White House counsel after the Democrats won control of both chambers of Congress in November and he concluded that the president would need a more seasoned Washington creature in the months ahead, Republicans close to the administration said.

He found one in Mr. Fielding, known as such an expert player of the inside game of Washington politics that he had even been suspected as Deep Throat, the confidential source of information who led to the disclosures of the Watergate scandal.

Mr. Fielding was not Deep Throat, but he is likely to bring a more sophisticated sense of the interplay among Congress, the news media and the White House than Ms. Miers.

The selection of such a battle-hardened hand as Mr. Fielding for the counsel post underscores the degree to which the White House is girding for potentially intense battles with Democrats. He would help prepare for the possibility that the new Congress may use hearings and, possibly, subpoenas to challenge Mr. Bush's broad assertions of executive power.

Representative Henry A. Waxman, the California Democrat who is chairman of the House Committee on Oversight and Government Reform, sounded a somewhat combative note.

"I'm hopeful that he will understand that the best way to represent his client is to cooperate when the Congress asks for information," Mr. Waxman said in a telephone interview.

Mr. Fielding has a nuanced record on executive privilege and partisan confrontation. Associates say he is as likely to head for the negotiating table as to the wrestling mat.

Lee H. Hamilton, the Democratic vice chairman of the Sept. 11 commission, said Mr. Fielding had a major role in securing information and testimony from the White House that it was initially loathe to share.

"He understood the problems for the White House and he understood the demands of the commission," Mr. Hamilton said. "He played a key role in working it out for us in an amicable way, and it didn't come easily."

In the counsel's position, Mr. Fielding will lead a White House legal team that includes David S. Addington, the powerful chief of staff to Vice President Dick Cheney. Both officials have advocated a tough line in protecting executive power against perceived intrusions by Congress.

A Republican close to the White House said Mr. Fielding had maintained close ties to Mr. Cheney, whom he has known for decades, and had occasionally been an informal adviser to him.

J. Michael Luttig, a former federal judge who worked with Mr. Fielding in the Reagan administration and remains close to him, said:

"He has a firm, clear view of executive prerogative, but he also understands as well as anyone in Washington the constitutional need for compromise. He is not someone that takes an absolutist position and then drives the presidency and the branches together off the brink. He has judgment."

Mr. Luttig said Mr. Fielding had wrestled somewhat with the decision to become White House counsel, but ultimately, "He did this out of a sense of obligation and patriotism, and that was the sole reason."

Republicans close to the White House said Mr. Fielding had assurances of having a wide berth that he apparently received last week in a meeting with Mr. Bush.

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Kenneth M. Duberstein, a chief of staff for Mr. Reagan, said because Mr. Fielding had been an aide to two presidents he would not be cowed by the Oval Office or so charmed by the president that he would shy from giving potentially unwelcome advice.

"Fred has an independence of judgment and independence of stature," Mr. Duberstein said. "He knows how to deliver tough news."

All the same, Mr. Fielding is clearly being brought in to draw legal lines in the sand.

"He brings enormous credibility to both sides, but he's the president's counsel," said Wayne Berman, a Republican lobbyist who is friendly with Mr. Fielding and whose wife is the White House social secretary, Lea Berman. "He's not there to represent the views of the Congress."

Fielding Subpoenas (WSJ)

The Wall Street Journal, January 9, 2007

For a President said to be irrelevant, George W. Bush has certainly managed to hire a big name to be his next chief White House counsel. In recruiting Fred Fielding, Chief of Staff Josh Bolten has donned some necessary armor for the subpoena assault that is sure to come from Democrats in Congress.

Mr. Fielding replaces Harriet Miers, a Texan and personal friend of the President. Ms. Miers was an ill-fated nominee for the Supreme Court, but she served Mr. Bush well both on judicial selection and preserving Presidential powers. Both of those areas are likely to get fiercer as Democrats look to bloody the White House in the run-up to 2008.

It's hard to imagine a more experienced choice than Mr. Fielding on the subject of executive power. As deputy White House counsel from 1972 to 1974, he witnessed the modern low tide of Presidential authority as Richard Nixon was besieged by Watergate. And as Ronald Reagan's counsel from 1981 to 1986, he had to cope with a Democratic House that unleashed special prosecutors on the executive branch.

The "independent counsel" law has happily expired, but this Congress will be looking to assert itself in particular on war powers. Mr. Fielding understands the importance of fighting off such poaching -- for the sake of Mr. Bush and the Office of the Presidency. This ought to mean recommending that Mr. Bush veto any weakening of last year's law on military tribunals, as well as resisting any further delegation of executive power to the judiciary for approving warrantless wiretaps of al Qaeda.

The question of responding to the avalanche of subpoenas will be more politically delicate. Congress has every right to conduct oversight of the executive branch, and the White House will be obliged to supply numerous documents. However, the principle of executive privilege is vital to Presidential decision-making, and preserving the privacy of that deliberative process will be one of Mr. Fielding's primary tasks.

Another duty will be offering Mr. Bush advice on judicial selection. The conventional Beltway wisdom is that Senate Democrats will block all but liberal nominees to the appellate courts, and that might be right. But the judges issue proved to be a good one for Republicans in both the 2002 and 2004 campaigns, and the White House shouldn't shrink from appointing capable members of the Federalist Society simply because they might not be confirmed.

This is an issue that deserves to be framed for 2008 -- all the more so if Mr. Bush gets another Supreme Court nomination. Democrats may want to block any Bush nominee, but they won't find it politically painless to do so if the President selects nominees as capable and conservative as Chief Justice John Roberts and Justice Samuel Alito.

Amid all the Washington talk of "bipartisanship," the reality of our current political division means inevitable conflict. It's good to see Mr. Bush recruiting some experienced generals for the battles ahead.

Bush Issues Democrats Challenge On Earmarks (WT)

By Stephen Dinan

The Washington Times, January 9, 2007

Twice in the last week, President Bush has challenged Democrats to cut pork-barrel spending projects in half this year -- but the administration won't say how much earmark spending happens now, nor what the 50 percent target cut would mean.

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As Republicans adjust to being the minority party on Capitol Hill, both Mr. Bush and his fellow party members in Congress are flexing their newfound freedom to take shots from the sidelines without the responsibility of having to back it up by passing the bills or meeting the goals.

For Mr. Bush, that meant making the bold challenge Wednesday in the White House Rose Garden "to cut the number and cost of earmarks next year by at least half," but not backing it up with any specifics.

A spokesman for the Office of Management and Budget said to stay tuned for the details.

"We're looking right now at the peak levels that we've seen occur over the last three years, and what you'll see in the coming future, particularly the budget itself, is a more clear understanding of what is meant by that phrase," said Sean Kevelighan, press secretary at the OMB, which handles the White House's fiscal affairs.

But Democrats found the timing of Mr. Bush's goal to be curious.

"It is interesting that the administration stayed quiet as the number of earmarks exploded under a Republican Congress and set this target now that Democrats are in control," said House Majority Leader Steny H. Hoyer, Maryland Democrat, who also supports cutting the number of earmarks.

Meanwhile, congressional Republicans are finding freedom in being in the minority.

At their session-opening press conference, House Republican leaders were asked what alternatives they would offer to the new Democratic leadership's package of reforms.

"I think we have to see the base of what we're dealing with, what hand are we dealt," said Rep. Adam H. Putnam of Florida, chairman of the House Republican Conference.

It's a strategy that political observer Charlie Cook called the "just throw rocks" approach in last week's issue of National Journal.

Rep. David R. Obey, Wisconsin Democrat and the new chairman of the House Appropriations Committee, bristled at the president's challenge, saying Mr. Bush is just as guilty of spending money to gain politically.

"If we are going to talk about earmarks, then let's talk about the guy who does the most earmarking. That's the guy in the big white house at the other end of Pennsylvania Avenue," Mr. Obey said.

Mr. Obey said last year the president provided fire-grant money to 30,278 projects, but 62 percent of those grants were in congressional districts represented by Republicans.

"Every single one of those fire grants is the functional equivalent of an earmark," Mr. Obey said.

Both sides agree that earmarks are in the eye of the beholder, and there are a host of guesses as to how much earmarked spending there is in the budget.

Citizens Against Government Waste, which publishes the annual "Pig Book" looking at pork-barrel spending, put the figure at $29 billion in 2006; Republicans on the House Appropriations Committee said it was $17 billion; and Bloomberg News service, citing the Congressional Research Service, put the 2006 figure at $71.77 billion, covering 15,832 special projects.

Mr. Obey supports more transparency in earmarks, but cautioned against thinking it will affect the budget deficit. Cutting earmarks doesn't save any money because earmarks themselves don't increase the size of a spending bill; rather, they direct money to a specific project.

Mr. Hoyer said Mr. Bush has a chance to prove he is serious with next month's budget proposal.

"I hope that the president is truly looking to work together to reduce earmarks. An important first step would be for him to put forward an honest and credible budget."

Reid's 'earmark' Gets Veto Of Home County (HILL)

By Elana Schor

The Hill, January 9, 2007

From securing money for a modern national park visitors' center to landing an alternative-energy grant for a local school, Senate Majority Leader Harry Reid (D-Nev.) has come through over the years for rural and cash-poor White Pine County.

But a White Pine lands bill that Reid attached to the 109th Congress's final legislation lost the official endorsement of the very county it affects, leaving disappointed Nevadans in its wake.

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White Pine officials wanted funding added to the bill for a study of the Southern Nevada Water Authority's (SNWA) plan for a 285-mile pipeline snaking through their region, sending groundwater south to glittering Las Vegas. County commissioners said Reid and Sen. John Ensign (R-Nev.) told them the addition would sink the bill, but the commission was willing to take the risk.

Both senators and several local groups praise the bill for designating more than a half-million acres of newly protected wilderness. But some in White Pine and elsewhere in the West contend that the requested water study fell victim to Reid's support for a pipeline sought by Clark County, home of Las Vegas, where the majority leader's son Rory is board chairman.

"Reid's always told us in private … that we should sell some of our water," said John Chachas, a Democratic White Pine commissioner. "He says, 'You're bankrupt, sell your water, let Clark County build their $2 billion pipeline into northern Nevada and everybody will be happy.' Well, we're at opposite ends of the rainbow."

Reid laid the foundation for wilderness preservation coupled with private development in Nevada with a 1998 bill that authorized the sale of thousands of acres of public land in Clark County. The Nevada delegation ensured that proceeds from the sales would stay within the state, including 10 percent headed to the SNWA, where Rory Reid is vice chairman of the board.

White Pine also will gain access to those land-sale proceeds, one of several changes the county requested in the final version of last month's land bill, Reid spokesman Jon Summers said in an e-mail.

During a town hall in August, Summers said, "the senators emphasized that the bill was a land bill — not a water bill — and that they did not intend to give preference to either side of the water debate by putting in water provisions."

Two Southern California water provisions that were high priorities for the SNWA were included in the final version of the White Pine bill: a canal-lining project and a new reservoir, paid for by the state of Nevada, that would provide billions of gallons of water each year for Clark County.

Both Summers and White Pine's chief commissioner, Brent Eldridge, said the California projects could alleviate the immediate need for the water pipeline. Eldridge missed the board's vote to pull support from the lands bill but defended the lawmakers' refusal to add funding for the water study.

"We understand that they're Nevada's senators, not White Pine County's senators," Eldridge said, adding the county "seriously eroded our credibility with the senators" by pushing for a study that "could appear to be an affront" to the SNWA.

Reid helped pass two more Nevada land sales bills in 2002 and 2004, each combining new wilderness designations with public land sales. He took GOP heat after media reports revealed benefits in the 2004 bill for Harvey Whittemore, a friend of the senator whose planned Clark County development would tap the water pipeline.

Still, White Pine was the first county to raise questions about a congressional lands bill written to help replenish its coffers. The initial draft of the bill included almost $1 billion of water-related projects for Clark County — a red flag for some.

"I'm going to be fighting this project hard. But these political games, the fact that Reid has this power as majority leader, it bothers me quite a bit," said Gary Perea, a Democratic commissioner who voted to resist the bill without the water study.

Perea acknowledged that Whittemore and Rory Reid stand to gain from the water pipeline. But he attributed Reid's last-minute move on the White Pine bill primarily to the delegation's reliance on thirsty Las Vegas for political clout.

Reid, Ensign and Gov.-elect Jim Gibbons (R-Nev.), a former House member, all lent muscle to the White Pine bill. Reid requested its addition to the year-end tax and trade omnibus, however, according to a Congressional Record statement by former Rep. Bill Thomas (R-Calif.) and media reports.

"I just don't trust [Reid]. Not with water," said Chachas, sufficiently scarred by the water fight that last month he stepped down from the commission. "He's too close to the water authority and their efforts down there."

Summers and Ensign chief of staff John Lopez stressed that the proposed pipeline is under state jurisdiction, with its fate to be determined sometime this year in a ruling by the state engineer. Ensign believed "the inclusion of the water study would unwisely move the focus of this bill away from economic development and natural resources protection," Lopez said in an e-mail.

The SNWA focused its lobbying effort not on the White Pine issues but on the new reservoir and canal-lining projects, water authority spokesman Scott Huntley said.

"That was our interest in the bill, not any of this other matter — though we did oppose the study," Huntley said. The SNWA believes another water study, required by a settlement of federal protests to the pipeline, would address the county's concerns.

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The SNWA lobbying team includes Kai Anderson, a former Reid aide now with the Rhoads Group, and Marcus Faust, a Mormon lobbyist who has worked for the church. Huntley referred questions about Rory Reid's role in the process to Sen. Reid's office, where Summers said, "To our knowledge, Commissioner [Rory] Reid had no involvement" with SNWA's action on the bill.

Environmental groups are split on the White Pine bill. The Nevada Wilderness Project and the Eastern Nevada Landscape Coalition lent support, but the Sierra Club, Environmental Defense and the Seattle-based Western Lands Project (WLP) have expressed concern.

"With one hand, he's essentially giving them land for development, and with the other hand, he's [taking] away their water," WLP director Janine Blaeloch said of Reid.

The WLP has filed suit against Whittemore and the federal agency that manages public lands, the Bureau of Land Management (BLM), in a bid to halt progress on his development.

Then-Rep. Richard Pombo (R-Calif.), who led the House Resources Committee until losing his reelection bid, appeared blindsided by the White Pine bill's presence in last month's year-end omnibus.

Pombo said he was unaware who inserted the White Pine provisions but labeled them a "probable earmark" in a letter to then-Speaker Dennis Hastert (R-Ill.) "Their ill-advised inclusion undermines valuable natural resources, cheats taxpayers out of their investment in our public lands and benefits special interest groups on a completely unprecedented scale," Pombo wrote on Dec. 8.

"It quacks like an earmark, it walks like an earmark," said Steve Ellis, vice president of programs at Taxpayers for Common Sense. "You could say this is one last hurrah for the old way of doing things, but it certainly runs counter to what the Democrats in both chambers are trying to enact for the 110th Congress."

RaLeene Makley, who will join the county commission next year, said lingering hard feelings could lead the county to take a savvier approach with its congressmen, perhaps even hiring a lobbyist.

"I believe that White Pine was thinking something different was happening than what really was," Makley said.

House Votes To Tighten Rules On Tariff Breaks (WP)

By Joe Stephens

The Washington Post, January 9, 2007

The House voted last week to shine a spotlight into the murky world of import-tariff suspensions, a little-known form of special-interest legislation that has cost taxpayers hundreds of millions of dollars in lost revenue.

The House overwhelmingly approved a bill that, for the first time, officially equates tariff suspensions with a better-known variety of legislative pork, the congressional earmark. The new rules require public disclosure of each measure's sponsor, purpose and cost whenever lawmakers slip one into legislation.

The rules also require that congressional sponsors identify each person or corporation "reasonably anticipated to benefit" from the breaks on import taxes.

The rules direct sponsoring lawmakers to certify that they and their spouses have no financial stake in the tax breaks, and they ban the practice of trading provisions for members' votes.

In one of the first official acts of the new Democratic majority, the House approved the rule changes 280 to 152. Some analysts predicted the changes would encourage increased scrutiny of a practice that, a Washington Post study found, often benefits large foreign-based corporations.

The Senate is expected to take up similar legislation this week.

In recent months, the number of congressionally approved tariff suspensions has soared. It rose from 440 at the end of 2004 to more than 800 in the just-concluded 109th Congress, including provisions covering such products as shoes, camcorders and boiled oysters.

Lawmakers rolled 520 of the suspensions into just one must-pass bill that was approved in December, in the final hours of the last Congress.

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Such suspensions often apply to one product imported by one company, according to The Post's analysis in September. The provisions rarely, if ever, identify the company that initiated the legislation. Some provisions do not identify the product, either, referring instead to strings of numbers keyed to massive volumes of tariff tables.

Individual tariff suspensions are supposed to cost the Treasury no more than $500,000 a year in lost revenue. But in recent years the authors of a number of the provisions managed to file multiple measures aimed at a single product.

Supporters of the suspensions say they create jobs and lower consumer prices by reducing costs for U.S. manufacturers. The proponents say that proposed suspensions are reviewed by the Commerce Department, customs officials and the U.S. International Trade Commission. Congressional committees also seek industry comment on the proposed suspensions and recently began posting any objections on their Web sites. Lawmakers say they generally drop a measure if a domestic producer objects.

Rep. Sander M. Levin (D-Mich.), who is expected to chair the House Ways and Means subcommittee on trade, hailed the changes as "a useful step forward."

"The more transparency the better," Levin said. "It will be easier for people to verify the basic rules are being followed; outside groups will be able to more readily check."

Rep. Jack Kingston (R-Ga.) said the changes will help root out what he described as "old-fashioned pork."

"This should be one more lesson to my party: We were fired with cause. We got lazy, we got too cozy with K Street, and this is an example where flipping the majority cleans out the closet. I very reluctantly give kudos to the majority."

The House bill applies only to tariff suspensions that benefit 10 or fewer companies. Ryan Alexander, president of Taxpayers for Common Sense, hailed the legislation as a "good start" but said it should apply to suspensions that benefit as many as 100 companies.

"Ten doesn't really pass the smell test," Alexander said.

White House To Unveil Medicare Overhaul (FT)

By Krishna Guha In Washington

Financial Times, January 9, 2007

The White House budget to be unveiled on February 5 will include plans to expand means-testing in Medicare, the government-sponsored health insurance programme for the elderly, the Financial Times has learned.

The greater use of means-testing, which would require richer Americans to make a bigger contribution, will be accompanied by other steps to increase efficiency and bear down on Medicare costs.

The proposed Medicare changes form part of the White House plan to meet President George W. Bush's goal of eliminating the federal government deficit by 2012 while making his tax cuts permanent.

A senior administration official said the Medicare reforms set out in the budget would be "significant" though they would not add up to "unrealistic full-blown reform" of the programme.

He likened them to changes negotiated in 1997 as part of a bipartisan effort to balance the budget in five years.

The White House will also revise down its estimate of the underlying growth rate of Medicare costs, based on the lower than anticipated cost of the Medicare prescription drug benefit and new actuarial forecasts.

The administration expects that a combination of the policy reforms and slower growth in underlying costs will free up tens of billions of dollars annually by 2012 to help meet the zero deficit goal.

The official acknowledged that the administration had failed to win Congressional support for changes to Medicare in the recent past. However, he said the political context – with both parties now at least talking about balancing the budget by 2012 – has changed.

"I am not saying it is easy," he said. "But it is easier."

Stuart Butler, a policy expert at the Heritage Foundation, said "greater means-testing is the only way to contain the huge tsunami of Medicare spending that is scheduled for the next several decades."

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The White House budget will also impose tight ceilings on growth in discretionary spending on non-security related programmes. However, in an effort to show that its budget plan is politically credible, the White House will not demand a nominal freeze in spending in these areas, as it did in last year's budget.

"We will show some flexibility," the official said.

This will involve budgeting for growth in total non-defence discretionary spending, though this will almost certainly be set below the expected rate of inflation.

Some defence costs included in supplemental budgets for the Iraq war will be brought into the administration's budget. But there will be no amount set aside for unforeseen military costs in 2012 and beyond.

Bush, Lawmakers Meet On Education Bill (AP)

By Nancy Zuckerbrod

AP, January 9, 2007

President Bush pushed for renewal of the No Child Left Behind education law Monday in a meeting with congressional leaders but was noncommittal on their request for more money to help schools meet the law's requirements.

"In our discussions today, we've all agreed to work together to address some of the major concerns that some people have on this piece of legislation, without weakening the essence of the bill," Bush said following the White House meeting with Democratic and Republican lawmakers.

The law seeks to ensure all children can read and do math at grade level by 2014, which has placed many new demands on schools. They have had to step up testing, boost teacher quality and pay more attention to the achievements of minority children.

Schools that get federal aid but do not make enough progress must provide tutoring, offer public school choice to students or initiate other reforms such as overhauling their staffs.

First Lady Laura Bush, a former teacher and school librarian, and Education Secretary Margaret Spellings attended the meeting Monday, a day the Bush administration chose to mark the fifth anniversary of the law.

Rep. George Miller, D-Calif., and Sen. Edward Kennedy, D-Mass. — who chair committees overseeing education — said they urged the president to propose funding increases for the law. Bush made no commitments, according to a congressional aide who was briefed on the discussions and spoke on the condition of anonymity because the meeting was private.

Democrats, who won control of Congress in November, say the administration and Republican lawmakers have underfunded the law by about $50 billion, compared to what was originally called for. Republicans say it is common practice for legislation to be funded at less than the full level.

While partisan sniping over the law has been common in recent years, the lawmakers attending Monday's meeting struck a bipartisan note and pledged to work together to get the law renewed for five more years. The united front is part of a strategy to fend off critics who want to see the law scrapped or drastically changed.

"This issue now has its detractors and those that are opposed to it. That's true in the Democratic party and the Republican party," Kennedy said.

Spellings listed a few areas of concern that came up during Monday's meeting. They included how to test special education and limited-English speaking students, a desire to give schools credit for progress even when they fall short of annual targets and ways to get students access to high-quality free tutoring.

Spellings also indicated she was willing to consider providing financial incentives to states that want to align their standards with more rigorous ones in place elsewhere.

The administration, and Republicans generally, have consistently resisted anything that resembles national standards dictating what students across the country should know and learn.

"I think anytime there's a carrot approach, as opposed to a stick for continuing to raise the bar, I think that will be well received," Spelling said.

The No Child Left Behind law has pushed some states to weaken their standards to avoid consequences that arise when schools miss annual targets.

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Kennedy and Sen. Chris Dodd, D-Conn., have introduced legislation addressing the issue. The National Education Association, the largest teachers' union, has endorsed Dodd's bill calling for voluntary national standards.

Republicans Seek Flexible School Funds (WT)

By Amy Fagan

The Washington Times, January 9, 2007

Key Republicans yesterday said President Bush's education reform law, which is up for renewal this year, should be changed to give states more control over funding and results, arguing that the federal government remains far too involved in local classrooms.

Exactly five years after signing the No Child Left Behind Act, Mr. Bush met with a separate group of lawmakers, including Senate education panel chairman Edward M. Kennedy, to ask them to renew the law, one of Mr. Bush's signature domestic accomplishments.

But across town, Republican Sens. Jim DeMint of South Carolina and John Cornyn of Texas teamed up with the conservative Heritage Foundation to offer a proposal that would let states opt out of many of the federal education funding formulas and instead use the money to best fit their own classroom needs.

"You can't have quality development with a top-down approach," Mr. DeMint said. "It's time to change the way we're thinking about this because it's not working."

Mr. Cornyn agreed that the best option at this point is "moving decision-making power out of Washington and closer to parents and teachers."

Their idea -- which they'll fight to include in the law's renewal -- would keep high standards in place but let states choose to enter a five-year performance agreement with the federal government in exchange for less regulation and more flexibility in how they would use federal dollars and would track their progress. A similar idea was included in Mr. Bush's original NCLB proposal but was watered down by the time the bill became law, according to Heritage.

Mr. Bush and administration officials yesterday praised the bipartisan law, which requires states to test third- to eighth-graders annually and once in grades 10 to 12, with the goal of ensuring that all students can read and do math at grade level by 2014. States had to set paths to meet that goal and track the progress of their schools. Consistently failing schools must offer students public-school choice and tutoring services.

New standards were also set for teachers' ability.

"I think it's made an enormous difference," the president said, after meeting with Mr. Kennedy, House education panel chairman George Miller of California, and the panels' top Republicans, Sen. Michael B. Enzi of Wyoming and Rep. Howard P. "Buck" McKeon of California.

Mr. Bush said he was "confident" that the group can work together to address some of the major concerns about the law without weakening it.

"We have learned some things over the last five years, but we know we're on the right track," said Education Secretary Margaret Spellings, who also attended, along with first lady Laura Bush.

The four lawmakers all expressed hope that they could reauthorize the act, with some changes, and Mr. Enzi said there could be "quick progress."

Democrats said they asked Mr. Bush to increase funding for the bill, insisting that states need more help to meet requirements. Federal education funding has jumped about $7 billion in the past five years under the law, but Democrats have long complained that it's still about $40 billion short of levels set out in the original law.

"It's an issue of priority -- of budgetary priority," Mr. Kennedy said yesterday.

"It will make the reauthorization process far more difficult if it's not there," Mr. Miller said.

Helping limited-English-speaking students and ensuring that more students in failing schools access the tutoring and school-choice options are among other issues being discussed, Mrs. Spellings said.

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Conservatives likely will resist a further spike in education funding. But many conservatives on Capitol Hill are also "spooked" at the prospect of Mr. Bush cutting a deal with Democrats to expand the NCLB fully into high school, a House Republican aide said.

"If they do it the way they did the first one, then we're looking at a massive new entitlement," the aide said.

Mr. Bush included a proposal in his budget last year that expanded the annual testing to high school.

The White House praised the NCLB law yesterday, noting that all states now have accountability and testing plans in place, the number of highly qualified teachers has increased and 9-year-olds are scoring better than ever on reading and math.

Still, there has been relatively low participation in the tutoring and school-choice options offered under the law for students in consistently failing schools.

Mr. DeMint said schools are "squawking" that the law is too onerous. He said schools are focused so intently on meeting its requirements that they're not trying creative solutions for education.

"This will require results ... but it won't be so focused on process," Mr. Cornyn said of their proposal.

White House spokesman Chad Colby said the administration would wait to see details of the DeMint-Cornyn proposal.

"We're all for allowing states and districts to have flexibility as long as they adhere to the core principles of NCLB though. We can't get away from those core principles or reduce accountability in any way," he added.

Democrats Push For Changes To No Child Left Behind Law (NYT)

By Diana Jean Schemo

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — Democratic Congressional leaders on Monday called President Bush's signature education law too punitive in its sanctions on public schools and pledged to increase educational spending, signaling the stance they will take this year in negotiations over the law's renewal.

The comments came as Mr. Bush discussed renewal of the law, No Child Left Behind, at a White House meeting with legislators of both parties on the law's fifth anniversary. The measure prods schools to improve students' yearly achievement with the threat of sanctions and requires them to bring all students to grade level in reading and math by 2014.

In remarks after the meeting, Mr. Bush predicted a strong bipartisan effort to address "major concerns" about No Child Left Behind "without weakening the essence of the bill."

He added, "We showed in the past that we can work together to get positive results, and I'm confident we can do so again."

While the tenets of the law enjoy strong bipartisan support, No Child Left Behind has also become a partisan battleground, with Democrats accusing Republicans of underfinancing it by $56 billion. Groups across the political spectrum are looking for changes and refinements, including removal of sanctions and imposition of a single national standard for academic performance.

The Democrats, now in the majority, began to stake out their own positions. The Senate majority leader, Harry Reid of Nevada, who did not attend the president's meeting, said that "accountability measures have proven far too punitive, and states have been given little flexibility in implementing the law's requirements."

Senator Edward M. Kennedy of Massachusetts, who took over as chairman of the Health, Education, Labor and Pensions Committee, said after the meeting with the president, "We've learned a lot from the past five years, and we know changes are needed to help improve and strengthen the law."

His aides said Mr. Kennedy was proposing incentives for states to work together toward common academic standards that would help them and meet the demands of college, work and military service. Currently, states vary wildly in what they consider sufficient progress under the law.

Mr. Kennedy has also suggested expanding social programs for low-income children and putting outreach workers in every impoverished school, as a way of raising achievement. He is also proposing a new federal role in school construction and renovation.

Under existing rules, students have the right to transfer from subpar schools to ones with higher test scores, even if overcrowding would result. The Democratic proposal is intended to reduce crowding.

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Representative George Miller, Democrat of California, the new chairman of the House Committee on Education and Labor who also attended the White House meeting, urged the president and Education Secretary Margaret Spellings to make sharp increases in spending on the impoverished schools singled out by No Child Left Behind.

"The No Child Left Behind Act has brought important changes to our public education system, for example, by shining a spotlight on the persistent achievement gap that exists among different groups of students in our country," Mr. Miller said. "But if we are going to fulfill our original commitment to children and parents, then the law, its implementation and its funding must be improved."

Mr. Bush did not indicate whether he would seek additional financing. But Ms. Spellings indicated that the administration would be amenable to changes in a number of areas the Democrats were suggesting, including the incentives to make state standards more rigorous and uniform. She also said that areas of common concern included how to test special education students and those with limited English.

Senate Torn Over Ethics Panel Measure (AP)

By Jim Abrams

AP, January 9, 2007

Presidential candidates from both parties are urging the Senate to set up an independent office to probe ethical questions involving fellow senators. That could be a tough sell.

There is some "institutional resistance," said Sen. Barack Obama, D-Ill., a potential candidate who has long championed the notion of an independent office of public integrity that would take over some of the self-policing duties of the Senate ethics committee.

"A lot of members are concerned about the use of an independent commission as a political club to beat them over the head," Obama said at a news conference Monday as debate on ethics legislation opened.

A possible rival in 2008, Sen. John McCain, R-Ariz., is also pressing to amend the ethics bill, the first legislation Democrats are taking up in their new majority role, to include the office of public integrity.

The ethics legislation, based on a bill that stalled in the last Congress, would ban gifts and travel paid for by lobbyists, slow the movement of former senators to lobbying jobs, require lobbyists to provide more information on their activities and oblige senators to be more open about their special projects, or earmarks. The Senate is expected to spend up to two weeks on the legislation.

The House passed a rules package last week with tough bans on receiving gifts and travel from lobbyists and their employers and banning the use of corporate jets.

Obama and McCain argue that, after the lobbying and ethics scandals that contributed to the Republican defeat in the 2006 midterm elections, the Senate must create an independent office to ensure voters it is serious about enforcing its own ethics rules.

But Sen. Pat Roberts, R-Kan., a member of the six-senator ethics panel, said the nonpartisan group has done its job, and the new office would simply add another step to the ethics process. He added that the office of public integrity was "in danger of becoming a backboard for political tennis balls" with each side filing partisan charges against the other.

"Our ethics process in the Senate works very well," said Sen. Mark Pryor, D-Ark., another ethics committee member. "We have not broken down like the House has."

The House ethics committee, torn by partisan wrangling, was dormant for about 16 months until May of last year. It did carry out an extensive investigation of disgraced former Rep. Mark Foley, R-Fla., last fall.

Senate Majority Leader Harry Reid, D-Nev., in an interview with Nevada reporters Monday, said that as a former ethics committee member he believed an outside body should be considered only after extensive hearings. "I think it would be a gross error in judgment for the Senate just to leap in and do something without holding any hearings," he said.

Last year, led by ethics committee members, the Senate rejected a proposal for an office of public integrity by an 11-5 vote in the Homeland Security and Governmental Affairs Committee and then by 67-30 on the Senate floor.

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Asked how that result might change this year, Obama pointed to eight Democratic freshmen that also attended the news conference. "We've got a whole bunch of freshmen and I also think the election changed the dynamics," he said.

The independent office proposal that Obama and Sen. Russ Feingold, D-Wis., will likely offer as an amendment is identical to the idea being put forward by McCain, Sen. Joseph Lieberman, I-Conn., and Sen. Susan Collins, R-Maine, in separate ethics legislation.

It would create an independent congressional agency that would audit financial disclosure and lobbying reports and investigate alleged ethics violations. It could refer cases of possible violations to federal and state authorities. It would report to the House and Senate ethics committees, which would retain the authority to determine violations and penalties against members.

Feingold said they also would push for changes to move the Senate closer to the House, which last week effectively barred lawmakers from traveling by corporate jets. "It is one of these things that really sticks in the craw" of voters, he said. "It also has a corrupting influence."

Reid said his office was working on various measures to expand the gift and travel ban to include companies that hire lobbyists, stop lawmakers from sneaking provisions into legislation at the last minute and strengthening the definition of what constitutes an earmark.

"This is just a start," he said of the bill he and Senate Republican leader Mitch McConnell, R-Ky., introduced on the Senate floor. "We're going to improve this bill."

Senate Takes Up Ethics Bill Promoted By Democrats (WT)

By S.a. Miller

The Washington Times, January 9, 2007

The Senate yesterday began debate on the Democrats' ethics-reform package, with one of their chief spokesmen on the issue accusing lawmakers of being loath to support a ban on free private-jet flights for reasons of personal privilege.

Sen. Barack Obama of Illinois noted at a press conference held yesterday to announce the package -- which Democrats hope to pass Friday -- that such flights, usually funded by lobbyists or their corporate sponsors, let lawmakers avoid security lines.

"Why do you think there is resistance?" he said. "Well, because corporate jets are nice. They are convenient. They are waiting for you. You don't have to take your shoes off."

Mr. Obama, who has all but announced his run for president in 2008, said he voluntarily gave up flying corporate-class last year and now pays for chartered flights out of his hefty campaign account.

Critics of the proposals -- which also include prohibitions on accepting gifts, meals or junkets funded by lobbyists -- say monied special interests still could buy influence with campaign contributions. Mr. Obama promised to tackle campaign-finance reform later this year.

Democrats say the sight of senators and congressmen whizzing around in Learjets nettles a public that must endure the long lines and security checks of commercial air travel.

"When they find out that members of Congress can use a corporate jet and have that kind of convenience that the average person can't have, it is one of those things that really stick in the craw," said Sen. Russ Feingold, Wisconsin Democrat and co-sponsor of the ethics bill with Mr. Obama, adding that the free flights have a "corrupting influence."

"When a lobbyist is in that plane with you, he or she has all kinds of time to lobby you, bend your ear," Mr. Feingold said. "It is something the average citizen does not have. So to me, [a ban] is both substantive and symbolic, and it is a very important point."

The Senate ethics bill closely mirrors legislation that began to move through the House last week. Both include measures to stop earmarks, the local spending provisions widely derided as pork that lawmakers bury in complicated bills, and to break up close ties between lobbyists and members of Congress.

Voter outrage over corruption in Washington, including the scandal involving disgraced lobbyist Jack Abramoff, is widely credited as a factor in the Democrats' gains in the midterm elections. The issue became the first taken up by the new Democrat-controlled Congress.

"The American people demanded change, and the Democrats are ready to deliver," Senate Majority Leader Harry Reid said at the press conference. "In the end, the Senate will pass the most sweeping reforms since Watergate."

DOJ_NMG_0114192

Public backing for a crackdown makes supporters of the reforms confident that lawmakers will vote for the new rules, even if they have to give up flying free or at reduced rates on corporate jets.

Mr. Obama acknowledged that some lawmakers depend on private jets for legitimate congressional business. But he said they can find ways to pay for it themselves.

"In fairness, for folks who are traveling a lot or live in remote areas or have to travel to areas of the state that are difficult to get to or have irregular commercial flight schedules, there may be legitimate reasons for them to be concerned," he said. "I just pay for it out of my campaign funds."

Senate Democrats Begin Work On Ethics Law Changes (BLM)

By Jonathan D. Salant

Bloomberg, January 9, 2007

Jan. 8 (Bloomberg) -- Democrats who now control the U.S. Senate will spend the next two weeks on overhauling ethics and lobbying laws, after the House voted to amend its own rules.

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The proposed Senate measure would bar lawmakers from accepting free gifts and meals from lobbyists. Lobbyists would have to file disclosure reports online four times a year, instead of filing paper reports twice a year. Senate Majority Leader Harry Reid of Nevada said he'll support amendments to strengthen the measure, which is similar to a plan passed by the Senate last year that was criticized by advocacy groups as too weak.

``No issue facing this body is more fundamentally important," Reid said on the Senate floor today. ``When we make leaders accountable to the people, not to special interests, there's no limit to what we can accomplish."

House Democrats approved more extensive restrictions last week as their first order of business since taking power. Democrats won control of both houses in November's election for the first time in 12 years, with 42 percent of voters in a CNN exit poll saying the ethics issue was ``extremely important."

Republican Senator John Cornyn of Texas, a member of the Senate Ethics Committee, said the two parties should work together on a final measure.

``Ethics and lobbying reform are issues that deserve and demand a bipartisan solution as Congress works to strengthen the American people's faith and trust in their government," Cornyn said.

Corporate Jets

The Senate proposal is co-sponsored by Reid and Senate Minority Leader Mitch McConnell, a Republican from Kentucky. Reid said the Senate plans to spend the next two weeks debating the legislation and amendments before voting.

The House rules approved last week will ban lawmakers from flying on corporate jets and accepting gifts and meals from lobbyists. They also can't accept overnight trips from lobbyists and their organizations. Nonprofit foundations affiliated with lobbying groups can continue to pay for trips approved in advance by the House ethics committee.

The new House rules also require that the sponsors of pet spending projects, known as earmarks, be identified publicly.

The House new rules will take effect with no further action, while the proposed Senate legislation would need House approval and SEARCH

News | News Photos | Images | Web" /> President George W. Bush's signature. The House can continue to require members to follow its rules if legislation enacted by Congress is weaker.

Proposed Amendments

Democratic Senators Russell Feingold of Wisconsin and Barack Obama of Illinois are proposing amendments to the Senate legislation that would duplicate the House rules on travel, except that it would let senators fly on corporate jets as long as they pay the charter rate. Their proposal also would double to two years the waiting period before former lawmakers can become lobbyists.

Feingold and Obama would require Senate campaigns to file electronically with the SEARCH

News | News Photos | Images | Web" /> Federal Election Commission, as do House campaigns, political parties and political action committees. Until now, Senate campaigns have filed their reports on paper.

``We may finally have a bill that is an appropriate response to the clear message we got from the American people," Feingold said at a news conference with Reid, Obama and eight of the nine Democratic Senate freshmen.

The Feingold-Obama proposal also would include an independent ethics office to enforce the new law and investigate complaints.

`Outside Mechanism'

``Some sort of outside mechanism is the key," said former FEC Chairman Trevor Potter, who now heads the Washington-based Campaign Finance Institute, an advocacy group. ``What we've learned is without some outside prod, the system won't work."

Potter and others who support stronger ethics laws have said the Senate is not as motivated to act on the issue as the House. House Democrats have said they won eight Republican-held seats in November because of ethics issues, more than half of the 15 they needed to win control of the chamber.

``It's a much tougher sell on the Senate side," said Gary Kalman, a lobbyist with the Washington-based U.S. Public Interest Research Group. ``The biggest disappointment is they are starting with the bill that passed the Senate last year. It passed at a very different time, a very different understanding of where the public was on the topic of corruption."

Freshman Democrats Back Senate Ethics Bill (CQ)

By Martin Kady II

Congressional Quarterly, January 9, 2007

Freshmen in the Senate are generally supposed to be seen and not heard.

But when it comes to the ethics and lobbying bill (S 1) on the Senate floor, Senate Majority Leader Harry Reid seems willing to shine the spotlight on the new Democratic senators who gave the party its majority.

Reid stood on a dais Monday with eight of the nine new Democrats in the Senate to tout the ethics and lobbying bill meant to be a reaction to scandals of the past two years that focused popular anger against Republicans.

The news conference had a decidedly populist feel, as Sen. Bernie Sanders, an independent from Vermont who describes himself as a socialist, derided “lobbyists who represent the wealthy.” Freshman Democrat Amy Klobuchar of Minnesota, talked about how she drove to Washington in her family Saturn and brought her “Minnesota moral compass” to the Senate. And new Sen. Sherrod Brown, D-Ohio, complained that in the past, the “drug industry wrote the Medicare drug law.” Sen. Claire McCaskill, D-Mo., tried to sum up the moment: “The fact that we are here [on the stage] speaks volumes” about the importance of lobbying and ethics.

Reid said the intent of bringing the freshmen to the stage was to showcase their support for “the most sweeping reforms since Watergate.”

The Senate meanwhile formally took up the ethics and lobbying bill, and there is widespread agreement for a crackdown on lobbyist-funded travel, gifts and meals.

Sens. Barack Obama, D-Ill., and Russ Feingold, D-Wis., are leading a charge to create an independent Office of Public Integrity with the authority to investigate ethics violations. Obama and Feingold will likely team up with Sens. John McCain, R-Ariz., Joseph I. Lieberman, D-Conn., and Susan Collins, R-Maine, but they don’t necessarily have the support of the incoming freshmen Democrats.

Sen. Bob Casey, D-Pa., who beat Republican Rick Santorum on Nov. 7, said in a brief interview that he believes the Office of Public Integrity should be studied further by the Rules Committee in hearings. And freshman Sen. Jon Tester, D-Mont., who beat Republican Conrad Burns in the general election, said he thinks the Senate should police itself.

“I would rather see the enforcement done by an existing body,” Tester said. “But there needs to be teeth in enforcement.”

Without the support of these freshmen senators, the Office of Public Integrity is likely to be rejected. The idea failed on a 67-30 roll call last year, and at least 10 new senators would have to approve the idea for the amendment to have a chance.

“There is some institutional resistance,”Obama said. “But it’s very important that whatever we do, the laws will be enforced.”

Push For Lobby Database Fades (RC)

By Tory Newmyer

DOJ_NMG_0114194

Roll Call, January 9, 2007

Lobbyists bracing for tough new disclosure requirements from the Democrats' ethics reform drive can breathe a little easier.

Democratic leaders appear to be backing away from a provision included in ethics proposals last year that would require lobbyists to detail their contacts with Members of Congress.

The plan was met with stiff resistance from labor and nonprofit groups, which argue that the requirement would be onerous, impossible to apply consistently and could chill contact on politically sensitive topics.

Democrats, who last year pushed the measure as key to shedding light on lobbyists' role in the lawmaking process, are now suggesting the disclosure standard is too problematic.

"That is a provision that raised a lot of concerns with a lot of people," said Sen. Russ Feingold (D-Wis.). "We haven't gotten through all of them. We're going to take another look at it."

House Democratic aides said that while the measure still could find its way into a reform bill the chamber is expected to take up later this month, it isn't topping anybody's priority list.

The new posture, in part, reflects the challenge for Democrats seeking to make good on last year's promises, made when they were out of power and trying to rally voters with an anti-corruption message.

The then-minority party grabbed for the high ground in the debate over ethics rules by proposing bold reform measures. Now that they are in power, Democrats are trying to pursue the strongest reforms possible while ensuring the overhaul doesn't cause unintended consequences or spur a filibuster in the Senate.

As Senators take up the bill this week, public interest groups are preparing for fights over grass-roots lobbying disclosure and reimbursement rates for lawmakers taking rides on corporate jets.

The House Democrats' package last year — offered as an alternative to a Republican version derided as pitiful by outside watchdog groups — would have required lobbyists to file quarterly reports listing every lawmaker they contacted over that period. The information would be available to the public in a searchable online database.

Feingold went a step further. His proposal narrowed the definition of a contact only to "oral communications," to exclude widely circulated letters and blast faxes that would have swamped lobbyists' reports. The Senator would have required lobbyists to report not only every lawmaker and executive branch official they contacted, but also the date that contact occurred.

Feingold left the provision out of a bill he introduced Monday with Sen. Barack Obama (D-Ill.) as a high-water mark for the debate. Neither is it likely to appear in a substitute bill Senate Democratic leaders are negotiating with Republicans to strengthen the base measure, tagged S.1. "There was a recognition that too much specificity would be unhelpful and not workable," a Senate Democratic aide said of the proposal.

Ellen Miller, executive director of the Sunlight Foundation, a watchdog group that advocates for greater transparency, called the current reporting requirements "ridiculous."

"The legislation has to provide a requirement that lobbyists provide detailed reporting — what issues they are talking about and who they are meeting with," she said. "If somebody is a paid lobbyist, and their business is to contact Members of Congress and senior staff to talk about legislation, they know who they're talking to and what about."

Gary Kalman, of U.S. PIRG, pointed to the controversy surrounding Vice President Cheney's closed-door meetings in 2001 to formulate White House energy policy. "That's a prime example of how disclosure would have helped the public understand how policy is being made," he said.

But while most reform groups agree an ideal bill would include the disclosure requirement, they are training their fire elsewhere, on travel, earmark and enforcement measures.

Democracy 21, for example, left the reporting requirement off a checklist of reforms, including those addressing lobbyist disclosure, the group released last week as its agenda for the weeks ahead. "It's not among the things we're focused on," President Fred Wertheimer said.

Despite the lack of interest on Capitol Hill, the specter of the new rule has generated plenty of buzz on K Street, where lobbyists of all stripes have tried to throw cold water on the idea by arguing it would provide too much information — or not enough — to be meaningful.

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"While we haven't really spent a lot of time looking at this provision, it seems to us it would be reporting for reporting's sake," said Bill Miller, a top lobbyist for the U.S. Chamber of Commerce.

Another lobbyist, who requested anonymity, suggested a better rule would require lawmakers to disclose their fundraising pitches to lobbyists.

"For me to go talk to a Member or staff about an issue — is that corrupting? I don't think so," he said. "The corruption comes from the fundraising, and that all emanates from the Members to the lobbyists, not the other way around."

A common complaint focused on the difficulty of defining a reportable contact, since lobbyists do so much of their work in unscheduled hallway conversations, or after hours, at fundraisers and restaurants. Lobbying law expert Tom Susman said in addition to potentially spawning hundreds of thousands of new reports, the requirement could generate untold opportunities for mischief while yielding little usable information.

Senators are expected to spend the next week and a half, at least, on the ethics rewrite, taking up the bill that the chamber passed last spring and debating amendments.

Senate Majority Leader Harry Reid (D-Nev.) held a press conference Monday with Obama and Feingold — the party's point-people on the ethics rewrite — and a group of freshman Democrats to renew his commitment to strengthening that package. "We're going to improve this bill," he said. "At the end of the day, the Senate is going to pass the most substantive reforms since Watergate."

Reid, Minority Leader Mitch McConnell (R-Ky.) and a bipartisan group of other leaders on the issue are expected to offer a substitute amendment as soon as today.

Bundles Of Influence (WP)

The Washington Post, January 9, 2007

THE MOST pernicious aspect of the relationship between lawmakers and lobbyists doesn't involve skybox tickets or golf junkets. It centers on the role that lobbyists play in providing lawmakers with the campaign cash they need to survive. Lobbyists write their own checks, which must be disclosed. But lobbyists are even more valuable to politicians in their role as bundlers, tapping their clients and other networks to deliver campaign cash far in excess of what they are permitted to contribute personally. The master of the bundling game was President Bush, with his $200,000-and-up Rangers and his $100,000-and-up Pioneers.

Yet while you can be assured that lawmakers and their campaigns know who their big bundlers are, and that the bundlers keep careful track of how much they help bring in, the people aren't let in on the news. That information ought to be made public, especially regarding those who make their livings seeking to influence Congress.

A provision that would require such disclosure is part of a strong package of ethics and lobbying reforms introduced yesterday by Sens. Russell Feingold (D-Wis.) and Barack Obama (D-Ill.). It would require lobbyists to disclose not only their contributions but also the donations they collect or arrange, along with checks going to presidential libraries, inaugural committees and lawmakers' charities. No single change would add more to public understanding of how money really operates in Washington.

Unfortunately, this change is not expected to be part of the reform package to be introduced today by the new Senate leadership, though its bill promises to be a significant improvement over the measure passed by the Senate last year. But Senate Majority Leader Harry M. Reid (D-Nev.) has promised to permit an open amendment process. "I'm here to show that the Democratic caucus's commitment to giving America a government as good and honest as the people it serves really does exist," Mr. Reid said at a news conference yesterday. We look forward to the vote on the bundling amendment, with the new leader providing strong support.

Senators Vow Ethics Reform, But Will Deeds Match Words? (USAT)

USA Today, January 9, 2007

Senate Democrats held a press conference Monday to declare themselves champions of ethics reform, just days after House members of both parties actually did something about ethics reform in that chamber.

DOJ_NMG_0114196

As the ethics debate unfolds this week in the Senate, never was the old adage — watch what we do, not what we say — more apt.

The Democrats, who now lead the Senate, are talking a good game but, then again, so did Republicans last January when they ran the Senate and muffed an opportunity to clean up Capitol Hill's sleazy ways.

Last year's failed attempt — which skirted the real problems and preserved senators' favorite perks — is the starting point for this year's try. Senate reformers say they've heard the anti-corruption message from voters and will make the reform package stronger. We'll see.

Here are three ways to judge whether senators are serious about changing:

Corporate jets.

For years, lawmakers have avoided the annoyances of commercial air travel by flying on elite corporate jets at cut-rate prices. Company lobbyists, who fly along, get priceless access. Last week, the House banned this egregious practice for its members.

Senators can't bring themselves to go that far. Democratic senators Russell Feingold of Wisconsin and Barack Obama of Illinois are pushing a measure that would allow the trips but at least require members to pay the full charter rates. But, as of Monday, it wasn't part of a bipartisan bill touted by Senate Majority Leader Harry Reid, D-Nev. Reid has been a leading user of this perk, according to PoliticalMoneyLine, which compiles data on money in politics.

Earmarks. The senators' proclaimed reforms do little to rein in earmarks — the "spending with a Zip code" provisions stuck in bills to direct your tax dollars to politically favored recipients. There were almost 14,000 of them last year, according to a count by Citizens Against Government Waste.

The Senate bill requires senators who sponsor these often-secret expenditures to attach their names to them. That's hardly going to deter noted Senate pork-barrelers such as Robert Byrd, D-W.Va., and Ted Stevens, R-Alaska, who take great pride in their earmarks. A Stevens earmark was responsible for the infamous "bridge to nowhere." If senators were serious, they'd change rules that make earmarks virtually impossible to challenge and reduce.

Enforcement. Reforms will be only as good as the enforcement behind them. Neither the House nor Senate has embraced adding an independent panel to hold members to any new, stricter rules. The Senate rejected a similar idea last year. Monday, when Obama championed the independent panel, senators from both parties squealed in disapproval.

Many lawmakers much prefer the moribund ethics committees of their peers that self-police the House and Senate now. Last year, those panels sat by meekly while Congress wallowed in scandals.

After watching voters bounce ethically challenged incumbents in November and give Democrats the majority, the House made a start last week on its cleanup. And some of the Senate proposals — requiring more public disclosure, banning lobbyist-provided gifts and slowing the revolving door between Capitol Hill and lobbying firms — sound promising.

But promises can be fleeting. Just last month, House leaders promised five-day work weeks. This week, the second of the new Congress, House members took Monday off so some of them could attend the college football championship game.

How serious is Capitol Hill about reform?

Watch what they do, not what they say.

Campaign Photo Shows Bush With Abramoff (AP)

AP, January 9, 2007

A liberal watchdog group published on its Web site Monday a picture of President Bush and imprisoned lobbyist Jack Abramoff, the kind of photo the White House has refused to release.

The picture was taken at a campaign fundraiser in December 2003, according to the Citizens for Responsibility and Ethics in Washington. It was taken by a private photo contractor who posted it on a Web site, but then was removed before it made it into distribution, said Melanie Sloan, CREW's director.

A previous photo of Bush and the disgraced lobbyist surfaced last year but Abramoff was in the background, slightly blurry.

"This is the one they didn't want you to see," Sloan said.

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Kim Eisler, Washingtonian magazine writer and a friend of Abramoff's, confirmed the photo's authenticity for The Associated Press. He said he had seen the picture at Abramoff's house.

In response to the photo being posted, a Bush spokeswoman, Emily Lawrimore, said: "The White House has previously acknowledged that they've met."

Abramoff helped raise more than $100,000 for Bush's 2004 re-election campaign. He is serving nearly six years in prison for a fraudulent Florida casino deal and is cooperating with the FBI in a bribery investigation involving members of Congress and the Bush administration.

Jersey Judge Up For Circuit Court Post (NSL)

By Robert Cohen, Star-ledger Washington Bureau

Newark Star-Ledger (NJ), January 9, 2007

Hillman is expected to be Bush's nominee

WASHINGTON -- President Bush is expected to nominate Noel Hillman, a longtime prosecutor and a newly appointed federal judge in New Jersey, to an opening on the 3rd U.S. Circuit Court of Appeals.

Reliable political sources said Hillman is currently undergoing a background investigation needed before he can be formally nominated to fill the federal appeals court seat vacated a year ago by U.S. Supreme Court Justice Samuel A. Alito Jr.

"It's pretty close. It's what the White House wants to do," said one knowledgeable source who asked not to be identified.

Hillman, 50, a former assistant U.S. attorney in New Jersey and most recently the lead Justice Department prosecutor in the Jack Abramoff Capitol Hill lobbying scandal, was just confirmed in June to the U.S. District Court in New Jersey.

He had the support then of New Jersey Democratic Sens. Robert Menendez and Frank Lautenberg, and will need their backing again to win a promotion to the prestigious appeals court.

"Sen. Menendez supported Noel Hillman's confirmation to the federal bench last year, but it would be presumptuous to comment on any future nomination until the president makes the choice," said Matt Miller, a spokesman for the senator.

Alex Formuzis, a spokesman for Lautenberg, declined comment on the possible Hillman nomination.

After Hillman was nominated for the federal trial court a year ago, Lautenberg said he was "well qualified" and described him and several other judicial nominees from the state as individuals who "understand the concerns and values of ordinary New Jerseyans."

Hillman, who sits in Camden, declined to comment.

Those familiar with the selection process said the White House decided against picking someone who was clearly ideologically conservative, settling on Hillman because of his qualifications, his integrity and the political calculation that he could easily win confirmation in a Senate now controlled by the Democrats.

Lautenberg and Menendez each could use the Senate rules to block consideration of a New Jersey judicial nominee they opposed.

Hillman also had the backing of Homeland Security Secretary Michael Chertoff, his former boss at the U.S. Attorney's Office in New Jersey and a former federal appeals court judge.

Prior to going on the bench last year, Hillman was chief of the Justice Department's Office of Public Integrity in Washington.

In that role, he headed the Abramoff corruption probe and was involved in the prosecution of former Clinton administration National Security Adviser Sandy Berger, who was charged with stealing classified documents from the National Archives.

Hillman also played a role in the still-pending corruption investigation of Rep. William Jefferson (D-La.), and a number of other high-profile cases.

Before coming to the nation's capital in 2001, Hillman worked for nine years in the U.S. Attorney's Office in Newark. He served there under Chertoff and later became deputy chief of the office's criminal division.

While in New Jersey, he helped direct the campaign finance investigation involving former New Jersey Sen. Robert Torricelli (D-N.J.). That probe led to several prosecutions, including the conviction of David Chang, a wealthy New Jersey commodities broker who made illegal contributions to Torricelli.

Tenet Memoir Under Scrutiny (WT)

By Rowan Scarborough

The Washington Times, January 9, 2007

The CIA has submitted portions of a book manuscript by George J. Tenet to the White House for review amid speculation the former CIA director's memoirs will be critical of President Bush.

The book, "At the Center of the Storm," is still being analyzed by the CIA's Publications Review Board. It was during that process that portions of the manuscript were sent to the White House's National Security Council (NSC).

CIA spokesman Mark Mansfield said in response to questions from The Washington Times yesterday that the book portions were sent to the White House for "classification review purposes." He said the book was not submitted because of any negative comments about Mr. Bush, as an intelligence source told The Times. The spokesman declined to comment on the book's contents.

He said the sole criterion for review is whether a book contains classified information, which cannot be published legally by former CIA employees. In this role, the White House would have the power to delete information, or perhaps scenes, it views as classified.

The White House is getting an early peek at one of the most anticipated publishing events of the year because of the former spymaster's close involvement in virtually all of Mr. Bush's war decisions. Mr. Tenet was President Clinton's CIA director, and won reappointment from Mr. Bush.

Mr. Tenet formed a close professional relationship with Mr. Bush, including personally delivering the President's Daily Brief, a highly classified presentation on world events. He sat at the war Cabinet table as the president made decisions on invading Afghanistan and Iraq.

It was the Iraq invasion, coupled with the agency's earlier failure to stop the September 11 attacks, that earned the CIA years of criticism on Capitol Hill. The intelligence community's 2002 National Intelligence Estimate (NIE) on Iraq's weapons of mass destruction (WMD) turned out to be largely wrong. Saddam Hussein no longer possessed stockpiles of usable chemical weapons and had not restarted his nuclear weapons program, as the NIE said.

As the invasion neared, Mr. Tenet told Mr. Bush it was a "slam dunk" that Saddam still possessed WMD, as reported by author Bob Woodward.

New York publishers have enjoyed brisk sales of books that bash Mr. Bush's handling of Iraq and the broader war on terrorism.

Amazon.com has packaged "At the Center of the Storm" with books highly critical of Mr. Bush, such as "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War" by Michael Isikoff and David Corn.

Amazon.com markets books together that have similar subject matter, tone and perspective. It lists a publication date of Feb. 6, a date that cannot be met because the administration is still reviewing the book.

Mr. Mansfield said other former CIA directors have seen their books submitted to the White House to review subjects with which it is more familiar. The standard is always to check for classified information, he said.

He said Mr. Tenet, who resigned in 2004, first submitted a portion of his book in October and then more pages in November and December. He said Mr. Tenet "hasn't completely finished the book yet."

"Written submissions by former CIA employees are also referred to classification review specialists at other government agencies that may have equities with regard to classification issues," Mr. Mansfield said. "For example, that agency may be in a better position to know if a certain factor or piece of information is classified. Portions of Mr. Tenet's manuscript were referred to the classified review specialists at the NSC and that's in line with what we would do with other CIA employees."

Mr. Bush bestowed the Presidential Medal of Freedom on Mr. Tenet at a December 2004 White House ceremony. The president also honored two other key players in the Iraq war retired Gen. Tommy Franks and former Iraq administrator L. Paul Bremer. Mr. Bush hailed Mr. Tenet as "one of the first to recognize and address the threat to America from radical networks."

An Instant Raise For Federal Judges (NYT/AP)

By The Associated Press

The New York Times, January 9, 2007

DOJ_NMG_0114199

The Senate passed legislation awarding federal judges their annual cost-of-living pay raise immediately rather than keeping their pay frozen along with that of lawmakers. Members of Congress voted last month to deny themselves their annual cost-of-living raise, though only through Feb. 15; Democrats had pledged during the midterm election campaign to freeze Congress's pay until the minimum wage is raised from $5.15 per hour. That move also had the effect of freezing the pay of federal judges, who had been scheduled to receive a 1.7 percent raise on Jan. 1.

Senate Restores Pay Raise For Judges (AP)

By Andrew Taylor

AP, January 9, 2007

The Senate passed legislation awarding federal judges their annual cost-of-living pay raise immediately rather than keeping their pay frozen along with that of lawmakers.

U.S. lawmakers last month voted to deny themselves their annual cost-of-living pay raise — though only through Feb. 15 — keeping a promise made by Democrats in the campaign to freeze Congress' pay until raising the $5.15 per hour minimum wage.

That move also had the effect of freezing the pay of federal judges, slated to receive a 1.7 percent hike on Jan. 1. The Senate bill, which passed Monday by unanimous voice vote, lifts the COLA freeze for judges.

For Chief Justice John Roberts, who currently makes $212,100 per year, the bill would make up for about $400 in lost pay — the total of his scheduled raise between Jan. 1 and Feb. 15. He's slated to start receiving the rest of his approximately $3,600 pay hike on Feb. 16. The associate justices currently make $203,000 per year, while district judges make $165,200, the same amount as members of Congress.

The controversy is separate from Roberts' crusade for higher pay for federal judges, who are rapidly falling behind contemporaries such as law school deans and senior professors.

A spokeswoman for House Speaker Nancy Pelosi, D-Calif., said that chamber would act on the measure shortly.

Poll: Americans Want Democrats, Not Bush, At Helm (USAT)

By Susan Page

USA Today, January 9, 2007

WASHINGTON — Democrats have taken control of Congress this month amid a wave of good feeling from the public.

A USA TODAY/Gallup Poll taken Friday-Sunday shows that Americans by nearly 2-to-1 want congressional Democrats, not President Bush, to have more influence over the direction the nation takes during the next year.

POLL RESULTS: Opinions on new Congress

Democratic congressional leaders get their highest rating since Bush took office in 2001; 59% of those surveyed say their policies would move the country in the right direction. Republican congressional leaders get their lowest rating: 35% endorse their approach.

"Looks like a honeymoon," says Gary Jacobson, a political scientist at the University of California at San Diego. "People can project all their hopes on to this new majority … but I wouldn't expect that kind of favorable image to keep up forever."

When Republicans took over Congress in January 1995, he notes, the early glow had faded by fall, when congressional Republicans had a budget showdown with then-President Clinton.

Half or more of those polled identify four issues as "extremely important" for the White House and Congress to deal with in 2007: Iraq, terrorism, government corruption and health care.

That's a shift from recent years. At the beginning of 2005 and 2006, terrorism and Iraq essentially were tied as the issues of highest importance to the most Americans. The war in Iraq has grown in importance each year and now has clearly moved into the top spot.

The focus on problems caused by Hurricane Katrina has ebbed. Last year 35% said Katrina issues were "extremely important;" now 28% feel that way.

And concern about corruption — not even on most lists two years ago — has risen to 52%.

The telephone survey of 1,004 adults nationwide has a margin of error of +/-3 percentage points.

DOJ_NMG_0114200

At least for the moment, House Speaker Nancy Pelosi of California can bask in a 2-to-1 favorable rating: 44% say they have a favorable impression of her, 22% an unfavorable one. When the GOP took over 12 years ago, incoming speaker Newt Gingrich was considerably more controversial. His favorable rating in December 1994 was 27%, his unfavorable 35%.

Americans express confidence that Congress will raise the minimum wage and that the economy will improve this year. They're pessimistic that political stability around the world will improve or violence in Iraq ease.

And will Bush and congressional Democrats be able to work more closely together? On that, Americans are split down the middle: 50%-50%.

Donnelly, Freshman Democrats Tell Pelosi To Stick To The Center (BLOOM)

By William Roberts

Bloomberg, January 9, 2007

Jan. 9 (Bloomberg) -- Representative Joe Donnelly, a freshman Democrat from Indiana, has a blunt message for House Speaker Nancy Pelosi: Stick to a ``middle-of-the-road agenda" or their party's control of Congress may last just two years.

If Pelosi ``goes too far one way or another, we're not coming back," Donnelly says. He sees his party's victory in the November elections as less an endorsement of its agenda than a rejection of Republican rule: ``People just got real tired of this bunch, and they fired them."

Donnelly's view reflects those of many of the 30 House Democrats elected in districts previously held by Republicans. Their fragile hold on their seats means they'll be pushing their new speaker, who represents heavily Democratic San Francisco, to limit confrontations with President George W. Bush and the Republicans over taxes, the war in Iraq, stem-cell research and abortion.

``Pelosi needs to show she can govern," says James Thurber, a professor at American University in Washington who specializes on Congress and the presidency. To pass her agenda, Pelosi must build coalitions with lawmakers, ``especially those from moderate districts" such as Donnelly's, he says.

Democrats hold 233 seats in the House, while Republicans have 202. In the Senate, Democrats hold only 51 of the 100 seats -- and one Democrat, Tim Johnson of South Dakota, remains hospitalized after brain surgery.

Medicare and Minimum Wage

Donnelly, 51, says he likes most of the legislation Pelosi is trying to push through in the first 100 hours of Democratic control of the House, including an increase in the minimum wage and a plan to allow Medicare to negotiate the cost of drugs with pharmaceutical companies, both scheduled for votes this week.

It may be more difficult for him to support other parts of the party's agenda. Donnelly, a practicing Catholic, opposes abortion and is also against federal funding stem-cell research that uses human embryos, which most Democrats back.

He also may clash with the Democratic leadership over how to handle the war in Iraq. While he describes the war as a ``disaster," he says he doesn't support the fixed timetable for withdrawal proposed by Pennsylvania Democrat John Murtha that Pelosi, 66, has endorsed. Instead, like Bush, he opposes any withdrawal until Iraq is ``stabilized."

``My goal is to help the president," he said in an interview. ``I am not going to rip him to shreds. If he does a better job, then our soldiers can be more successful, Iraq can be stabilized and our troops can come home."

First Test

A first test may come this week when Bush announces a change in strategy in Iraq, which may include a plan to send more troops. Last week, Pelosi and Senate Majority Leader Harry Reid of Nevada said in a letter to Bush that they oppose a troop increase.

Donnelly, a lawyer, represents an industrial district that backed Bush in the 2000 and 2004 presidential elections. He lost his first bid for Congress in 2004; in November, he defeated his opponent, two-term incumbent Chris Chocola, with 54 percent of the vote -- an upset Donnelly says was largely due to the national wave of voter dissatisfaction with Republican mismanagement of Congress and Bush's policies.

Next year's elections may be more difficult for Donnelly and other Democrats who won in Republican-leaning districts, says Michael Genovese, chairman of the Institute for Leadership Studies at Loyola Marymount University in Los Angeles. An attractive

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Republican presidential candidate in 2008 might draw back some of the Republican voters who switched in 2006, he says: ``That's what the Democrats fear and the Republicans hope."

Preparing for 2008

Democratic leaders have already taken steps to help lawmakers from these districts prepare for 2008. Almost immediately after the Nov. 7 elections -- and before the freshmen lawmakers had even arrived in Washington -- the Democratic Congressional Campaign Committee established a re- election program for new members. The program includes coaching on fund-raising and constituent outreach, says the DCCC's chairman, Representative Chris Van Hollen of Maryland.

``We fully recognize that in districts where Republican presidential candidates have won majorities in the past, the Republicans will try to target our members," Van Hollen says.

Tom Gallagher, a senior managing director at the International Strategy & Investment Group Inc. in Washington, says 60 House Democrats represent districts carried by Bush in 2004, while only eight Republicans represent districts carried by Massachusetts Senator John Kerry, the Democratic presidential nominee.

High-Profile Committees

To increase their re-election chances, some freshmen have been given seats on high-profile committees, positions that increase a lawmaker's appeal to donors.

Donnelly, for example, will serve on the Financial Services Committee, which regulates commercial banks, insurance companies and securities and investment firms. In the 2006 election cycle, committee members received an average of about $180,000 in campaign contributions from the financial-services industry, according to the nonpartisan Center for Responsive Politics, a Washington-based group that tracks campaign giving.

Watching Pelosi take the Speaker's gavel on Thursday was a jubilant moment for Donnelly. Sitting with his fellow freshmen congressmen in the chamber, Donnelly noticed actor Richard Gere and singer Carole King sitting together in the gallery and waved to his son Joe Jr., also in the gallery, to point them out.

Donnelly cast his first vote on Jan. 4 to elect Pelosi as House speaker. He then supported rules changes to ban gifts from lobbyists and identify lawmakers who originate requests for pet spending projects, known as ``earmarks."

With the House in session only two days, Donnelly has a 100 percent record of voting with his party. Still, the lawmaker says, he is determined to try to find common ground with Republicans.

Last week, he signed up with the ``Blue Dog" Democrats, a group of 44 self-described conservative lawmakers who support balanced budgets and less business regulation and are open to accommodation with moderate Republicans.

``I want to represent Democrats and Republicans," he says. ``I am going to hit the ball down the middle."

Industry Measures Up Dems, Picks Its Battles (HILL)

By Jessica Holzer

The Hill, January 9, 2007

Major business groups have revamped their legislative wish lists, resurrecting some longstanding but moribund items and backing off of others, in the hopes of scoring some victories in a Democratic-controlled Congress.

At this time last year, boosting domestic energy supply was a top priority for both the U.S. Chamber of Commerce and the National Association of Manufacturers (NAM). Though they haven't abandoned that goal, the industry groups are now trumpeting their support for expanded research into alternative fuels and clean-energy technologies, a popular cause among Democrats.

Meanwhile, they've shifted the modernization of the transportation system, long a concern of the business community, to center stage. Last week, the Chamber announced the launch of a new initiative to promote investment in the nation's highways, rail network, ports and waterways.

It is characterizing that initiative, as well as a plan to pour money into energy infrastructure, as government-backed jobs programs in a clear effort to appeal to Democrats.

"With the right kind of rebuilding program, not just in transportation but in energy and power as well, we could employ a massive number of Americans for a long, long time," said Thomas J. Donohue, the president of the Chamber, at a press briefing on Thursday.

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A deal on immigration that includes a guest worker program and a path to citizenship for law-abiding aliens is perhaps the most feasible business goal, thanks to the informal agreement of Democrats, several labor unions and the White House on the issue.

On the defensive side, the business lobby seems intent on picking its battles, to judge by its capitulation on minimum-wage legislation, which is expected to pass the House this week.

Meanwhile, Donohue vowed to fend off any attempt by Congress to change the law to make it easier for workers to form unions. Most Democrats and some labor-friendly Republicans back the legislation, but industry groups are vowing to defeat it.

"They're going to have a major fight on their hands," Donohue said.

A week after the election, America's Health Insurance Plans (AHIP) announced a proposal to expand access to health insurance coverage to every American — an idea that is touted by most Democrats. For years, AHIP has engaged in many policy battles with Rep. Pete Stark (D-Calif.), the new Ways and Means health subcommittee chairman.

AHIP, whose PAC has significantly favored Republicans in recent elections, says it is planning to work with all members of Congress on its new proposal.

Where they are stymied in Congress, business interests are likely to turn to the executive branch to accomplish their goals. While hopes still run high among corporate lobbyists for legislation that follows on the heels of last year's bill that opened up acreage in the Gulf of Mexico for oil and gas drilling, they see the Minerals Management Service (MMS) as another route to achieve that goal.

"They could as well begin to open up other portions of the Gulf and follow up what Congress enacted last year," said Bruce Josten, the executive vice president of the Chamber, which has filed a comment to the MMS on its plans to expand oil and gas exploration on federal lands.

The Chamber already spends 60 percent of its efforts on the regulatory agencies, estimates William Kovacs, who heads up lobbying on environmental, energy and other issues at the association. "The real work is done by the regulatory agencies," he says, noting that some 192,000 regulations are overseen by the executive branch.

Several business lobbyists denied they would change tack to navigate a more hostile environment in Washington, insisting their agenda does not shift with the political winds.

"The good news for us is that we don't have to change the game plan. We don't lick our finger and stick it up in the air and see what our policy will be," said Charles Drevna, a lobbyist at the National Petrochemical & Refiners Association.

Many are pinning their hopes on the Democratic leadership working across the aisle to achieve legislative accomplishments.

"Those that govern most successfully govern from the center," said Jay Timmons, NAM's senior vice president for government relations.

"Of course, we would have the backstop of the legislative branch," he added.

Military Seeks Oil Savings (WSJ)

By Masood Farivar

The Wall Street Journal, January 9, 2007

Rising Demand, Supply Risks Spur Conservation Move

Recent energy-market disruptions have added urgency to the U.S. military's efforts to curb its use of oil and other fuels. But the effort faces considerable obstacles, including the difficulty in figuring out how much it spends on energy to begin with.

In the year ended Sept. 30, the Defense Department spent, by its estimate, $13 billion on fuel amounting to 134 million barrels of oil for the year, up from 107 million barrels of oil in 2000. The wars in Afghanistan and Iraq led to a surge in fuel use in that period, according to the Defense Energy Support Center, a government agency that buys fuel from private-sector companies and supplies it to the armed forces.

The most recent figure is more than the entire nation of Sweden consumed in 2005. (Still, it adds up to less than 2% of daily U.S. consumption.)

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As energy prices have surged and volatility has increased in important oil-producing regions, the military is redoubling efforts to rein in consumption through conservation, increased fuel-efficiency measures and greater use of alternative energy. The effort picked up in earnest following the 2005 Atlantic Ocean hurricanes, which devastated the Gulf Coast, lifted prices to records and highlighted the vulnerability of supplies.

"Katrina was a wake-up call," says Michael Aimone, assistant deputy chief of staff of the Air Force who oversees the force's energy-conservation efforts.

The Pentagon is planning to spend more than $2 billion in the next five years on energy initiatives, which could help spur development of energy sources for use in other sectors. "The contribution [the military's efforts] will make will be in leadership rather than actual conservation," said Rep. Roscoe Bartlett, a Maryland Republican, who last year formed a bipartisan panel called the Defense Energy Working Group to study the issue.

James Woolsey, a former Central Intelligence Agency director who heads the policy panel of one of two Pentagon energy task forces, said the drive to curb energy use is being fueled less by high prices than an increasing awareness about the "vulnerability and insecurity of supplies" world-wide.

The effect of the Pentagon's interest in conservation and alternative energy can be seen from military bases and hangers to the battlefields of Iraq and Afghanistan. In late July, Marine Corps Maj. Gen. Richard Zilmer, commander of U.S. forces in Iraq's insurgent al-Anbar province, asked for a shipment of mobile solar panels and wind turbines to supplement gas-guzzling generators at bases under his command.

Cutting "the military's dependence on fuel for power generation could reduce the number of road-bound convoys" and U.S. casualties resulting from insurgent attacks on U.S. supply convoys, Gen. Zilmer wrote in a memo. The Army's Rapid Equipping Force, the unit responsible for processing such requests, has contracted SkyBuilt Power of Arlington, Va., to build four hybrid power stations for delivery this spring.

So far, the impact of the military's efforts has been modest. In the past 20 years, it has cut energy use at facilities 28%. Still, oil accounts for roughly 75% of total energy use. The military's focus has been on saving power -- also a laudable goal, critics say, but not an answer to dependence on oil.

Also, it isn't clear how much energy the military consumes and how much it pays. The 134 million-barrel figure for fuel use is the government's official estimate, as is the dollar amount. Some inside and outside the military think actual consumption is higher partly because the figure doesn't include a lot of unpaid oil and oil contracted to U.S. bases.

"I've looked at all the information that is publicly available and I haven't seen any single number," said Sohbet Karbuz, a former official at the International Energy Agency, the industrialized world's energy watchdog, and an expert on military energy use. "We don't know where much of the oil comes from and how much it exactly costs. If you don't know the number how do you calculate fuel efficiency?"

According to Mr. Karbuz, the wars in Afghanistan and Iraq have increased military fuel use by as much as 56,000 barrels a day. In addition, the military's improved ability to deploy troops to battlefields comes at the cost of increased fuel use: today, more than half of the fuel consumed in combat theaters is used not by front-line soldiers but by supply convoys of the type that worried Gen. Zilmer. Mr. Karbuz estimates the military uses fuel at twice the rate it did in the first Persian Gulf War and four times the rate it did in the Second World War.

The Air Force, which accounts for 53% of military fuel use, has stepped up use of biodiesel fuel -- where vegetable oils are substituted for petroleum -- at bases in the U.S. In December it conducted a test flight of its B-52 strategic bomber using a blend of synthetic fuel and jet fuel on all eight engines and is planning further test flights this year. At a cost of $23 per gallon compared with $2 to $3 per gallon for jet fuel, however, that option isn't considered viable. The B-52 uses 48,000 gallons of fuel in a single mission.

The Air Force also has adopted measures from commercial airliners to save fuel on its three most fuel-guzzling aircraft. It better plans the amount of fuel onboard to reduce weight, gets overflight clearance from foreign governments to avoid circuitous routes, and more efficiently schedules midair refueling missions.

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Mr. Aimone of the Air Force says that the service wants to promote a "culture of conservation" and hopes to build on its success on the facilities side to improve fuel efficiency in operations. He says the Air Force's goal is to reduce fuel use by 10% over the next five years, though "it is too soon to tell" the impact of current efforts.

Other services are exploring similar long-term projects designed to reduce the military's dependence on oil. The Army is studying designs to replace the Humvee with 30% to 40% lighter, more fuel-efficient models. The Navy is studying alternate propulsion systems as well as proposals for an all-nuclear Navy.

Today, almost 9% of the electricity used by military facilities comes from renewable energy sources, and the Pentagon plans to raise that to 25% by 2025. The Air Force has installed modern lighting and replaced Second World War-era buildings with better-insulated structures. Four Air Force bases rely entirely on renewable energy for power, while several others use a combination of solar, wind and land gas production for power.

Similar efforts have been under way at other services, with the Navy installing wind turbines at several overseas bases, including four at Guantanamo Bay in 2005 to supply as much as 25% of the base's electricity needs and cut diesel use by more than 600,000 gallons a year. The Army is developing similar systems for bases in Iraq and Afghanistan.

Critics say these efforts aren't enough. The military has long taken access to fuel for granted, but in a world of dwindling and endangered supplies, "I don't think politically it is possible for the military to stay ahead of the line," said Byron King, a former Navy pilot and geologist who writes frequently on the subject.

Write to Masood Farivar at masood.farivar@dowjones.com1

White House Honors Cultural Institutions (AP)

By Natasha T. Metzler

AP, January 9, 2007

The White House honored six cultural institutions Monday for their creativity and public service in what first lady Laura Bush described as one of her favorite events.

Mrs. Bush and Anne-Imelda Radice, director of the federal Institute of Museum and Library Services, recognized innovative outreach programs at three public libraries, a museum, a zoo and an aquarium.

"At every library and museum across our country we feel at home, thanks to the librarians and the curators who are eager to serve their communities," Mrs. Bush said, later adding "your reach is so much farther than you'll ever, ever know."

Radice thanked the first lady for her commitment to libraries and museums and said her work is "more than symbolic, or merely ceremonial."

"Whether it's a train conductor hauling art masterpieces across the United States, the zookeeper introducing children to a red-foot tortoise, or that friendly librarian asking, 'may I help you?' the people behind each of today's winning institutions have made their organizations indispensable to the communities they serve," the first lady said.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 9, 2007

Ford postmark

Hats off to Rep. Mark Udall, Colorado Democrat, for beating to the punch congressmen from Michigan, Virginiaand California -- all states where Gerald R. Ford lived during his illustrious career -- by introducing legislation to name the post office in Vail after the 38th president.

"I believe this legislation is appropriate as another means of honoring the legacy of President Ford, in large part because of his special connection to Colorado and the Vail Valley," Mr. Udall says.

Mr. Ford and his family first visited Vail in 1968 to ski and celebrate Christmas. They later bought a home there, dubbed the "Western White House" after he became president.

Utmost sacrifice

We'd written recently about the confusion surrounding two congressmen now serving on Capitol Hill named "Mike Rogers." Both are Republicans to boot.

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Rep. Mike D. Rogers represents Alabama, whereas Rep. Mike Rogers hails from Michigan.

Now we learn that the latter Mr. Rogers was absent from the formal swearing-in ceremony in the House last week. What could have been more important?

"I was unavoidably detained," he later explained to the speaker, "while paying my respects to a fallen soldier from my district at his funeral in Arlington National Cemetery."

Mr. Rogers took his oath upon his return to the U.S. Capitol.

Safe 'bunt'

They own the majority in the 110th Congress, but already Democrats and their leader, House Speaker Nancy Pelosi, have gone on the defensive with an unprecedented threat to block any proposal by President Bush to send additional U.S. troops to Iraq.

Not that Republican Rep. Jack Kingston of Georgia was impressed with their agenda.

"The Democrats were getting a lot of good credit for what I would say is kind of a 'golden oldies' agenda, bringing out no original ideas: minimum wage, stem cells and student loans," he opined during recent floor debate.

"And I understand those are safe things. But it is kind of like starting out the World Series by bunting instead of trying to get on base with real serious hits. The reason why I submit that criticism is there is nothing in your agenda about immigration reform, Social Security reform, Medicare reform, the heavy-lifting ideas of entitlement."

... Quidditch, by golly

For several years, Inside the Beltway has observed the mysterious bike-riding habits of President Bush.

Members of the White House press corps, who regularly accompany the president deep into the woods of suburban Maryland or else onto the dusty terrain of his Texas ranch, seldom if ever actually see Mr. Bush atop a bicycle.

The big question is why? Could something secretive or covert be taking place that doesn't involve two wheels?

For instance, did Mr. Bush in 2004 really fall off of a bicycle and cut his chin, upper lip, nose, both knees and right hand (when his Democratic opponent, Sen. John Kerry, inquired: "Did the training wheels fall off?"), or did something more unusual cause his injuries?

Was the president actually "enjoying" a bike ride so much during a major terrorist scare in Washington that the Secret Service, or so we were told, didn't bother to tell him that his own wife, Laura, and Vice President Dick Cheney had been rushed into a secure bunker?

And how about the Sunday morning not long ago when Mr. Bush's church attire was unusually "bulky"? Immediately after the sermon, the president in the space of seconds had shed his suit of clothes and appeared in a brightly colored outfit that the White House insisted was "bike-riding gear."

'I've never seen a man who hasn't been drinking get out of a suit faster," noted Julie Mason of the Houston Chronicle.

Now, we learn of yet another bizarre twist involving a presidential biking trek this past weekend. Mr. Bush had been participating in an "extended" intelligence briefing in the Oval Office with his national security team, when suddenly a half-dozen young men and women showed up dressed in the same colorful gear worn by Mr. Bush.

The entire group, including the president, immediately climbed into several heavily protected vehicles and sped off. But wait, there's more, discovered in the official White House pool report:

"Four of them carried rakes and brooms along with their riding gear; why they had the rakes and brooms with them was unclear."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 9, 2007

Your Questions Answered About Gilbert Arenas's 25th Birthday Party

So Gilbert Arenas celebrated his 25th birthday with approximately 7,500 of his closest friends at Love nightclub. Why?

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Good question. The offbeat Wizards star has never been a big partyer. Yet in this season of his breakout success on the court, Arenas has expressed some hunger to emerge as a crossover superstar whose name extends beyond D.C. and the NBA. On his blog he describes his plan for "The Takeover": "This is the time where, you know, me as a person is gonna get bigger."

How did Gil make his entrance?

Around 12:30 a.m., he drove his Lamborghini convertible into the concert tent and right up to the stage.

Who was there?

In addition to host Diddy and performers Busta Rhymes, Lil Wayne, The Game and T.I. (who tried his hand at bartending in the VIP lounge), guests included rappers Doug E. Fresh and Fabolous (who Saturday dropped by Legal Seafoods with a bodyguard and six pals), Redskins Jason Campbell and Clinton Portis, the Eagles' Donovan McNabb, the Caps' Alexander Ovechkin, starlet Megan Good, go-go star/actor Big G, and scads of Wizards (Etan Thomas, Antawn Jamison, Jarvis Hayes and Caron Butler sporting a black beanie).

We saw the pics of the Arenas Express card in Jamie Foxx's name. Was he there?

No.

Who most rocked the house?

Experts agree that T.I. tore the place up. Though the crowd also went nuts for Lil Wayne's "The Block Is Hot."

How much did the reserved tables cost?

Most were about $4,000, though tables near T.I. fetched as much as $16K.

OMG!!! Were those painted naked ladies really naked? We're told they may have been wearing some kind of body stocking. But they sure looked naked.

How late did Gilbert stay?

Until the end, which was sometime after 4 a.m. If you didn't get much face time with the birthday boy, it's probably because he was hanging out in the fourth-floor VIP lounge.A Chance to Be in Good Standing With the Mayor

Okay, maybe new D.C. Mayor Adrian Fenty deserved a standing ovation -- but not for four hours!

Inaugural balls are notoriously bad parties, and Saturday's bash for Fenty was plagued by rookie mistakes that took the fest out of the festivities. The line snaked around the block as party guests (more than 15,000 tickets were distributed for the free celebration) spent an hour or more waiting to get through the security checkpoints. Once inside the Washington Convention Center, they discovered that all the tables and chairs had been snapped up five minutes after the party started at 7 p.m. "Black tie optional" meant that all those strappy high heels had no place to rest, leaving plenty of folks plenty sore. (And let's not even talk about the cash bar.)

"We had approximately 1,500 chairs," said Fenty spokeswoman Mafara Hobson. "The thought process behind that was more chairs would mean less room for people. The whole point is that this was an event for the whole city." The ballroom, she said, was designed with exhibits and cocktail tables to "encourage mingling."

But the largest mayoral ball in D.C. history ended up being another crowded, not-that-much-fun, over-hyped letdown. If we've told you once, we've told you a thousand times: If you insist on going to an inaugural ball, wear sneakers.

HEY, ISN'T THAT . . . ?

? Jenna and Barbara Bush on the town! After months on the road, the first daughters made a rare joint appearance in D.C. this weekend: Barbara at Smith Point Friday night with several pals from New York, and both twins at Town Hall on Saturday night with a well-heeled entourage -- crushed-velvet sport coats for the men, trendy leggings, silk dresses and platform heels for the women. Both daughters spent the Christmas holidays with the first family; alas, Barbara is headed back to New York and her job at the Cooper-Hewitt museum; Jenna is returning to her UNICEF gig in Central America.

? Michael Hayden at the International Spy Museum Saturday afternoon. The CIA director, dressed in navy corduroy pants and a light blue long-sleeved polo shirt, toured the museum with a dozen family members and friends.

? Cedric the Entertainer at the Chi Cha Lounge Friday night. The comedian and three friends arrived in a white stretch, and he turned over both his ID and hat (club policy) to the doorman who didn't recognize him. Trust us -- he's over 21!LOVE, ETC.

? Dating: Jason Campbell and Mercedes Lindsay. The Redskins quarterback and the newly crowned Miss District of Columbia USA 2007 were one of the cutest couples at the mayor's inaugural bash. That's one completed pass in the off-season.

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* * *

"Shiloh seemed so privileged from the moment she was born. I have less inclination to feel for her. . . . I have to make sure I don't ignore her needs, just because I think the others are more vulnerable."

PIN Money (WSJ)

By Robert C. Pozen

The Wall Street Journal, January 9, 2007

Democrats have consistently refused to discuss any Social Security reform requiring a carve-out account: where workers can invest a portion of the 12.4% of their payroll taxes. Recently, Treasury Secretary Hank Paulson has shown a readiness to explore bipartisan approaches to Social Security reform without any prerequisites. A bipartisan plan for reform can be built on a modified version of progressive indexing, without carve-out accounts in Social Security but with enhancements of existing retirement accounts.

Progressive indexing (PIN) preserves the current schedule of Social Security benefits for the lowest 30% of wage earners, as well as for already retired-workers and those who will retire before 2012. By contrast, PIN slows the growth of initial Social Security benefits for the top wage earners to the annual increase in consumer prices (price indexing), as opposed to the annual increase in wages (wage indexing). For all those workers in between, PIN provides for lower benefits than the current schedule, but benefits that grow faster than increases in consumer prices through a blend of price and wage indexing. In total, PIN reduces the present value of the 75-year deficit of Social Security by 70%, close to $4 trillion to approximately $1.2 trillion.

A progressive approach to Social Security is justified because federal taxes forgone from 401(k)s and IRAs exceed $50 billion per year -- which primarily benefit high and middle earners. Yet PIN should be modified to deal with four major criticisms. First, because Social Security benefits are growing faster for lower-wage workers than middle- and higher-wage workers, the benefits for all workers would become roughly the same at some date in the next century. This criticism can easily be rebutted by stopping PIN after 75 years, when there will still be substantial benefit differences between wage groups.

Second, while wages have historically grown over 1% faster per year than prices, critics have pointed out this relationship could possibly reverse at some point over the next 75 years. In this unlikely event, the initial Social Security benefits for high earners would grow faster than those of low earners under PIN as originally designed. To avoid this anomaly, initial Social Security benefits should be indexed to wage growth for all workers if, during the 30 years prior to their retirement, prices rose faster than wages.

Third, the original form of PIN did not address the complex issues involved with Social Security benefits for the disabled. Additional savings to hold harmless the disabled could be generated by combining PIN with longevity indexing after 2027. Under longevity indexing, the benefit schedule at normal retirement age (NRA) would be adjusted to keep constant (relative to the average wage level) the estimated lifetime benefits from Social Security in response to increasing life expectancy -- without changing the NRA itself. For example, if life expectancy rises to 88 from 87 between 2027 and 2039, the benefit schedule for Social Security under longevity indexing would be the same (in wage-indexed dollars) for a worker retiring at age 68 in 2039, as for someone retiring at age 67 in 2027 (with the same average career earning). This combination would generate enough savings not only to preserve current Social Security benefits for the disabled, but also to improve the benefit schedule for median wage workers under PIN -- thus, dealing with the fourth major criticism of PIN.

Since a combination of PIN and longevity indexing would not include a carve-out account, this would present a political challenge to Republicans. One response could be an expansion of other types of private accounts for retirement. Most workers earning more than $120,000 per year do not meet the eligibility requirements for the Roth Individual Retirement Account (IRA) -- which allows investment earnings from after-tax contributions to be excluded permanently from federal income taxes. If all income limits were taken off the Roth IRA, higher wage workers would be eligible for its tax advantages. This would promote retirement savings by these higher earners, whose Social Security benefits would be growing at the slowest rate under PIN.

Congress could also expand the existing savers credit for retirement plan contributions by low-income households. That nonrefundable credit is limited to joint filers with adjusted gross annual income of $50,000 or less. However, the credit is poorly designed because most families below that income level do not pay income taxes. Congress could make the credit partially

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refundable to help those low-wage workers whose Social Security benefits will grow a little slower under PIN -- between $35,000 and $50,000 in annual earnings.

Some Democrats would support the combination of PIN and longevity indexing because it substantially improves the solvency and fairness of Social Security without raising taxes. Nevertheless, other Democrats may object to this combination because it relies too heavily on benefit changes rather than revenue increases. Although President Bush has rejected any increase in the 12.4% rate for the Social Security tax, he has reserved judgment on increasing the maximum wages (not income) subject to Social Security taxes. In 2012, when most Social Security reforms start to be implemented, this maximum would be approximately $113,000 per year. For these reasons, some commentators have proposed raising the maximum wage base subject to the Social Security tax to $150,000 or $170,000 per year. However, this would be an unfair and huge tax increase for those with annual earnings in the $170,000 range. They would be subject to an additional 12.4% tax on all or almost all of the earnings; by contrast, those earning $2 million or more annually would be subject to the 12.4% tax on a tenth or less of their earnings.

A better approach would be a 2% surcharge, 1% from the employee and 1% from the employer, on all earnings above the maximum wage base (like the Medicare tax). In 2012, for example, that would mean 12.4% on the first $113,000 in earnings and 2% on all earnings above that amount. Such a 2% surcharge would close approximately 18% of the current long-term deficit of Social Security if no incremental benefits were associated with the surtax. The revenues from the surcharge could be applied to improve the benefit schedule for median-wage workers under PIN. However, a 2% surcharge on high-wage workers without any incremental benefits would violate the fundamental principle of Social Security as a social insurance program. In the long run, this could undermine political support among high earners for the program -- a major concern among Democrats. One alternative would be to provide a modest stream of benefits for every $1,000 in surcharge paid by the employee. But even a modest stream will result in a very large and unseemly annual benefit from Social Security for multimillionaires.

A better alternative would be to devote the 1% from the employer to restore the solvency of Social Security and to allow all of the 1% from the employee to be contributed to a Roth IRA (or half of the 1% over $1 million per year). This alternative would link the surcharge to additional retirement benefits and permit a further improvement in PIN's benefit schedule for median workers. It would also make the surcharge more palatable to Republicans.

In short, there are a number of workable plans to reform Social Security with enhanced retirement accounts if both political parties are willing to compromise.

Common Sense On The Census (NYT)

The New York Times, January 9, 2007

Last November, the director of the Census Bureau, C. Louis Kincannon, and the deputy director, Hermann Habermann, abruptly decided to quit, acknowledging tensions with their bosses in the Bush administration but giving no other details. Both men are statisticians who had served in their positions since 2002 and, before that, had decades of experience as civil servants.

The leadership problems — on top of severe budget cuts — threaten to throw the preparations for the 2010 census into disarray. At stake is the accuracy of the next count and, with it, the legitimacy of important decisions that are rooted in the census, including the drawing of electoral districts and the allocation of government resources.

Various steps must be taken now to ensure an accurate count, starting with an investigation by the committees that oversee the bureau — Oversight and Government Reform in the House, and Homeland Security and Governmental Affairs in the Senate — into why the men quit. This will clear up a distracting mystery and is necessary to ensure that the new directors do not confront the same obstacles.

Equally important, the appropriations committees in the House and Senate must quickly act to restore the roughly $50 million cut by the previous Congress from President Bush's 2007 budget request for the bureau. Otherwise, the agency may have to forgo using hand-held computers for the next census, relying instead on paper and pencil, which is less accurate and would probably be more expensive in the long run because of its inefficiency.

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An alternative and equally unacceptable way to cut costs would be to delay the economic census, which is currently conducted every five years and which serves as the benchmark for dozens of other government surveys, including reports on inflation, construction activity and retail sales.

Carlos Gutierrez, the secretary of commerce, should be pounding the tables in Congress to get this money; failure to do so would suggest that the administration is trying to undermine the census. For his part, Mr. Bush must swiftly nominate a new director — a nonpartisan, professional statistician with solid management experience.

Mr. Kincannon has graciously agreed to remain until his replacement is confirmed, but moving forward requires a new director. For the deputy director position, administration officials must resist any temptation to make a political appointment and should choose instead a top-notch statistician from the bureau's career ranks.

OTHER NEWS:

Health-care Spending Rose At Twice The Rate Of Inflation In '05 (USAT)

By Julie Appleby

USA Today, January 9, 2007

Spending on health care rose at twice the rate of general inflation in 2005, with consumers facing increased deductibles and co-pays finding themselves spending more of their own money, government researchers said in a report out Tuesday.

Spending went up 6.9%, with the total amount spent by individuals, insurers and the government on health care hitting almost $2 trillion, or $6,697 per person. That's the slowest rate since 1999, when spending rose 6.2%.

Hospital spending continued to be a main factor in spending growth, growing at nearly 8%, with increases in both in-hospital care and out-patient services.

A slower rate of growth in spending was attributed to a drop in spending on prescription drugs, mainly from a growing use of lower-cost generics and the safety-related withdrawal from the market of some expensive pain relievers such as Vioxx, government economists say in their annual report, published Tuesday in the journal Health Affairs.

"This might be an encouraging sign for the individuals, businesses and governments that finance health care; however, it is unclear whether this … is temporary or indicative of a long-term trend," says the report by the Centers for Medicare and Medicaid Services, Office of the Actuary.

Economist Paul Ginsburg of the Center for Studying Health System Change, who did not work on the report, says the growing economy could lead to higher spending in the coming years.

"We have a strong growth in jobs and sharp pay increases," says Ginsburg. "These are the conditions that will lead to a cyclically higher rate of spending, say in '08 or '09."

Health insurance premium rates went up by 6.6% in 2005, continuing a moderating trend seen in the past couple of years and well below the double-digit increases seen in the late 1990s and early 2000s.

Employers continued to shift some of those costs to workers by adding deductibles, co-payments or eliminating coverage for specific treatments or certain drugs.

Those moves helped push so-called out of pocket spending up, by 5.8%, an increase over the 5% reported in 2004. At the same time, increases in overall premiums outpaced that growth, the report says, meaning out of pocket costs for workers as a share of total spending fell.

The report also found:

• Spending on prescription drugs increased 5.8%, to $200.7 billion, well down from the peak increase of 18.2% noted in 1999. Reasons included slower growth in spending by state Medicaid programs, which had instituted cost-control programs, and increased use of generic drugs and the withdrawal of Vioxx and Bextra over safety concerns.

• Overall drug prices rose by 3.5%, about the same rate as in 2004, although brand-name drugs prices rose 6%.

•Hospital spending continued as the largest piece of the health spending pie, accounting for 31% of all money spent on medical care. Spending on hospital rose nearly 8%,

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Healthcare Spending Eases Off (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, January 9, 2007

WASHINGTON — Government figures released today show that Americans may be getting a respite from the torrid pace of increases in healthcare spending, but experts cautioned that it was too soon for a national sigh of relief.

The data show that in 2005, spending on healthcare grew 6.9%. That was the smallest rate of increase since 1999, and marked the third straight year in which the pace had moderated. In 2004, for example, spending grew by 7.2%. Because of the time required to collect and analyze data, the 2005 numbers are the latest to be released.

Although the rate of increase declined, healthcare spending in 2005 still grew faster than wages, inflation and the economy as a whole. And with employers continuing to shift more of the cost of job-based medical insurance to workers, the pressure on individuals and families remained high.

"It would be a disaster if people thought these [spending] numbers mean the crisis is over," said Henry Simmons, president of the National Coalition on Health Care, which advocates for covering the uninsured. "Even if costs are only going up at 6.9%, that is still two or three times the rate of growth in take-home pay. It is still unsustainable."

Said economist Joseph Minarik, "I suspect that what we're seeing is something like we observed in the early 1990s, that as costs go up some resistance is being thrown in their path. But the resistance is not a fundamental change, and the fundamentals in the system will continue to push costs higher."

Minarik is a senior vice president of the Committee for Economic Development, a group of chief executives that tries to influence public policy on major issues.

Nationwide, health spending reached nearly $2 trillion, accounting for 16% of all economic activity and averaging $6,697 for every man, woman and child, according to the figures released by the Department of Health and Human Services and published in the journal Health Affairs.

A slowdown in spending on prescription drugs was the main reason for the improvement in 2005, the government report found. Analysts credited a continuing shift to generic medications, as well as aggressive cost-control efforts by state Medicaid programs. The report did not factor in the new Medicare prescription benefit, not yet in effect in 2005.

Government experts also found another glimmer of hope in an arcane but important statistic that measures the amount of spending on the sickest people. Traditionally 5% of patients — the most frail — have accounted for more than half of all spending in any given year.

But in 2003, the share of spending on these very ill patients dipped to 49%, suggesting that doctors are reducing costly hospitalizations through better management of chronic diseases such as diabetes.

"It's nice that overall health costs have slowed down a little," said Richard Foster, Medicare's chief number cruncher. "It's nice that the economy is doing well. It's a happy occurrence. [But] it's not something we can expect to happen all the time."

The release of the numbers, an annual snapshot of the healthcare system, coincides with Gov. Arnold Schwarzenegger's call for broad healthcare reforms in California. He is the second GOP governor to engage in a major effort to cover the uninsured and rein in costs. Last year, then-Massachusetts Gov. Mitt Romney pushed a plan through in his state that requires all residents to get coverage.

Nationally, the number of uninsured stands at about 47 million, as government programs have failed to keep up with the continued erosion of employer-sponsored coverage. The share of employees covered on the job fell from 81% in 2001 to 77% in 2005.

The federal cost report also came on the heels of a study that found the United States spends far more on healthcare than some of its closest economic competitors in the global marketplace. The U.S. spent more than 2 1/2 times as much as Japan per person, and a little less than twice as much as Germany. Both those countries cover all residents. The analysis, for the Kaiser Family Foundation, used data from 2003, but experts said the pattern has not changed.

"The Europeans are worried that with their current rate of growth, they are going to be spending 12% of their gross domestic product on healthcare, but for us 12% would be a miracle," said researcher Gary Claxton, author of the Kaiser study.

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Higher healthcare costs translate into higher prices for some U.S. goods and services, making them less competitive both at home and abroad.

Health Care Spending Up 6.9 Pct. In '05 (NYT/AP)

By The Associated Press

The New York Times, January 9, 2007

WASHINGTON (AP) -- Health care spending grew in 2005 at the slowest pace in six years thanks in part to a greater reliance on generic drugs.

Health spending went up 6.9 percent in 2005, approaching $2 trillion. That represents about $1 out of every $6 spent in the U.S., compared with about $1 out of every $10 in the early 1980s.

Private and public payers for health care, such as insurers, states and the federal government, have said such a spending pattern cannot be sustained without harming the economy. Some of the tools they've put in place to slow health care spending appear to have had an impact.

The slower growth in 2005 is good news for consumers and taxpayers, but economists aren't confident that the trend will last.

Richard Foster, the chief actuary for the Centers for Medicare and Medicaid Services, said there is a growing demand for expensive lifesaving equipment and procedures.

"We don't see much that is going to change that for a long time to come," Foster said.

The data on health care spending was compiled by the Centers for Medicare and Medicaid Services. The complete study was published in the journal Health Affairs.

Officials said prescription drugs played the most important factor in slowing health-care spending in 2005. The growth in spending on medicine was lower than overall spending on health care for the first time since the early '90s.

In the past five years, insurers have sought to slow drug spending by giving customers an incentive to buy generics or low-cost brand name drugs. For example, they require customers to pay only a nominal fee for certain medicines, say $3. However, for medicines they'd rather the customer not take, they'll require the customer to pick up a much larger share of the drug's costs, say 20 percent. The use of such tiering has become standard practice by insurers.

States also took steps to rein in costs. They pooled together to negotiate lower prices for the medicine they provide the poor and elderly in Medicaid. They also encouraged the use of generics. As a result, drug spending by states went from an 11.6 percent increase in 2004 to just 2.8 percent in 2005.

The slower growth in drug spending in 2005 had nothing to do with the new Medicare benefit, which did not go into effect until 2006. However, the slower growth in drug spending should help lower the cost of the program, which was implemented using the higher projections for the coming decade.

Meanwhile, the growth in spending on hospital care was comparable in 2005 to previous years -- about 7.9 percent. The growth rate is greatly influenced by labor costs. During the past five years, the pay and benefits provided hospital workers increased 8.2 percent annually, which is about the same as the increase in overall hospital spending.

"This continued increase in labor costs was driven in part by a sustained shortage of hospital workers," said government economists who wrote about the spending patterns in a health journal article released Tuesday.

Among other health care providers, spending on nursing home care went up 6 percent. Spending on care provided at physician offices and clinics went up 7 percent.

Officials also noted that spending on health care is concentrated. About 2 percent of U.S. consumers account for about a third of expenditures.

The economists said that health-care spending often increases at a much faster rate than the overall economy during recessions and in the years immediately following. The trend in 2005 was consistent with past post-recession periods.

Growth In U.S. Health-Care Spending Slows Again (WSJ)

By Jane Zhang

Wall Street Journal, January 9, 2007

DOJ_NMG_0114212

WASHINGTON -- Growth in U.S. health-care spending slowed in 2005 for the third consecutive year, reflecting a sharp slowdown in the rise of prescription-drug spending, the federal government reported.

The study, considered the most comprehensive tally of the nation's annual health spending, found that the U.S. spent $1.988 trillion, or $6,697 per person, on health care in 2005, the latest year for which data are available. That was a rise of 6.9%, down from 7.2% in 2004 and the lowest growth rate since 1999.

It isn't clear whether the deceleration in health-care spending is temporary or part of a longer-term trend, said economist Aaron Catlin, who wrote the report with colleagues at the Centers for Medicare and Medicaid Services. The study is being published today in the journal Health Affairs.

The authors note that health-care spending will be dictated by factors such as the aging of the population, the development of new technology and utilization patterns by patients and doctors.

The rise in health-care spending was barely faster than the growth in the overall economy. As a result, health-care spending edged up to 16% of the gross domestic product from 15.9% the year before. Federal and state governments footed 40% -- or $736.3 billion -- of the bill for health services and supplies. This public-sector spending rose 7.8% in 2005, compared with growth of 7% for businesses and 6.2% for households.

"Health-care costs continued to grow faster than the underlying rate of inflation, faster than the rest of the economy and faster than the growth in average wages," said Jack Ebeler, a health-care consultant in Washington. While some critics say that government spending on Medicare and Medicaid is driving up health costs, the trend, he said, "is a health-care cost issue generally for the nation, not just a public-spending issue."

Still, the slowdown in prescription-drug spending has been notable; it increased 5.8% in 2005, down from 8.6% in 2004 and a peak of 18.2% in 1999, the report said. The drop was partly caused by a sharp deceleration in drug expenditures by Medicaid, the state-federal program for the poor. Drug spending by Medicaid rose 2.8% in 2005, compared with average annual increases of 15.4% for the program from 1994 to 2004. To restrain costs, states have worked together to get higher rebates on certain drugs and steered recipients to use those drugs. Medicaid also pushed for the use of less expensive generic drugs.

Meanwhile, the study noted, private insurers also promoted generics by setting up tiered benefit plans, which require higher co-payments for brand-name drugs. In addition, companies were slower in introducing new drugs, which tend to be more expensive. Also, the withdrawal of the big-selling painkiller Vioxx also damped spending, the report said. The study added that strong growth in mail-order drugs -- often in larger, cheaper supplies -- also helped slow increases in drug spending. Drug makers increased prices for brand-name prescription medicines an average of 6% in 2005, the authors said.

The study doesn't include data on the effect of the Medicare drug benefit, which was implemented in January 2006. Since then, Medicare -- not Medicaid -- has started paying for the drug costs of low-income enrollees who are eligible for both programs. The government will likely release new data on the issue next month. A Health Affairs study published last year predicted that the new drug benefit would produce "a dramatic shift in spending across payers" but have "little net effect on aggregate spending growth."

While the growth for prescription-drug spending slowed, spending for other sectors, such as hospital and physician and clinical services grew at rates similar to those of 2004, the authors said. Hospitals accounted for 31% of all dollars spent on health care.

Despite the slowdown in health-care spending, the study said, the percentage of personal income going for health care is rising. Out-of-pocket spending for health care grew to $249.4 billion in 2005, compared with $235.8 billion in 2004. One in five out-of-pocket dollars went to pay for prescription drugs.

Personal spending on prescription drugs also contributed to another trend: from 1996 to 2003, health-care costs became more evenly distributed throughout the population, according to a separate study published in Health Affairs. The study, by economists at the federal Agency for Healthcare Research and Quality said outlays by the top 5% of spenders dropped to 49% of all health-care spending in 2003 from 56% in 1996. Almost all the top 1% of spenders were patients who ran up big hospital bills after some type of catastrophic illness or injury. But in recent years, with more people buying prescription drugs, the health-care spending has become more evenly spread throughout the population.

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"It's becoming less concentrated so care is shifting from very catastrophic to more preventive and maintenance treatment," said the lead author, Samuel Zuvekas.

Sweeping State Health Plan Governor's Proposal: Coverage For All Californians -- Everyone To Share Cost (SFC)

By Tom Chorneau, Chronicle Sacramento Bureau

San Francisco Chronicle, January 9, 2007

(01-09) 04:00 PST Sacramento -- Gov. Arnold Schwarzenegger proposed Monday extending medical insurance to all Californians, including illegal immigrants, with a far-reaching plan that would transform the health care market by spreading the $12 billion cost of universal coverage among employers, individuals, insurers, government and health care providers.

The proposal, which the governor called a model for bringing universal coverage to the nation, would deliver both pain and reward to the many powerful interests in the health care industry, giving the plan an uncertain future before the Legislature.

But Schwarzenegger said the problem of covering the state's million uninsured must be undertaken.

"We have more than 6.5 million people without insurance, nearly one-fifth of our population -- so the rest of us pay their bills," the governor said during a news conference in Sacramento through a satellite television link from his office in Los Angeles.

Schwarzenegger said his solution is to make sure everyone in the state has health insurance.

To get there, Schwarzenegger would require all Californians to have insurance and to take more responsibility for staying healthy.

He would require employers with more than 10 workers to provide insurance or pay into a fund that would purchase policies. He would require insurance carriers to accept all applicants regardless of their health, and he would limit insurers' profits.

Schwarzenegger's plan also would redirect billions of dollars now spent subsidizing the care of the uninsured at hospitals to a pool for purchasing policies for those without insurance.

And he would impose a tax on doctors and hospitals under the theory that once all Californians have insurance, medical businesses no longer would be burdened by the cost of the uninsured, and the higher rates that providers now charge insured patients could be used to help buy more insurance.

By getting all parts of the economy and the industry sharing in the solution, Schwarzenegger said, he believes the price of care will fall, benefiting all.

"In each case where it appears to be we're taking something from someone -- if you do the math, everyone is left with a better deal here," he said.

But some skeptics pointed out that the plan's symmetry might also leave Schwarzenegger few proponents willing to fight alongside him.

"He's counting on a groundswell of public opinion," said Larry Gerston, a political scientist at San Jose State, noting a recent Field Poll that showed nearly 80 percent of California voters support expanding health care programs to cover the uninsured.

"My question is, what is the intensity of that belief?" he said. "How many people go to sleep at night thinking about this problem? I think the intensity is uneven and really only among those who are already not in the system."

Although complaints about the governor's plan were largely muted Monday, there were hints of the rhetoric that could be used in the coming political fight.

A "coverage dividend" was how Kim Belshe, the governor's Cabinet secretary for health care issues, described a 2 percent tax on doctors and a 4 percent tax on hospitals.

Dr. Anmol Singh Mahal, president of the California Medical Association, called it a tax.

"A tax on physicians is really a tax on those who are sick, because it is the sick who go see their doctors," he said.

Allan Zaremberg, president of the California Chamber of Commerce -- a group that is already on record opposing a mandate on employers to provide insurance -- said he is worried that business profits will not keep pace with health care costs.

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Labor unions and consumer groups are opposed to Schwarzenegger's mandate on individuals to have insurance because there is nothing in the plan to make sure policies will be affordable.

Hospitals are concerned about losing subsidies for uncompensated care in a time when so many already are losing money.

"Part of the problem is that health care is one of the few places in our society where we haven't made the commitment to include everybody," said Anthony Wright, director of Health Access, a Sacramento consumer group.

"We don't have a fire system where the fire trucks don't go to certain houses on the block," said Wright. "We have a public education system where we say we're going to include all children. Yet the United States has never made the commitment to include everybody in health care, which creates further disfunction."

Assembly Speaker Fabian Núñez, D-Los Angeles, said one certainty is that whatever changes are made to the state's health care system, not everyone will be completely happy with the results.

"But I think the key here is to really do what's most effective," he said. "Do what is going to have the most positive impact on a progressive health care system for California and not do what is politically convenient because it's helpful to this or that group. As long as we do that, I think we'll end up in the right place."

Senate President Pro Tem Don Perata, D-Oakland, went even further, saying there is something in Schwarzenegger's plan "for everyone to hate." Perata said that is usually an indicator of being on the right track.

The governor's plan also contemplates extending coverage to undocumented immigrants -- something that has been criticized by Republican lawmakers whom Schwarzenegger might need to support any spending legislation.

"There is no debate about whether to provide medical care for people who are in California illegally," Schwarzenegger said. "I know this is controversial, but federal law requires us to treat anyone who shows up at an emergency room in need of care."

In addition to getting employers to provide private insurance, the governor also would expand the existing Medi-Cal and Healthy Families programs. The state will subsidize the estimated 1.2 million low-income people who do not currently qualify for coverage under Medi-Cal.

The governor's plan would also provide insurance for all children whose families earn less than $60,000 per year, regardless of their residency status.

Like other parties affected by Schwarzenegger's proposal, hospitals complimented the governor for his proposal but insisted it contain enough money for their emergency rooms.

"Even when coverage is broadly expanded, the reality is that many individuals will inevitably fall through the cracks," said Duane Dauner, California Hospital Association president. "The health care safety net must be funded in such a manner that persons served by safety-net hospitals continue to have access to the care they need."

Among the harsher critics of the governor's plan was the California Nurses Association, a political enemy of Schwarzenegger since he relaxed higher nurse-to-patient staffing requirements in hospitals, something the nurses had sought for more than decade.

"Little more than a fresh coat of paint on a collapsing house" and a "huge gift to the insurance industry" was the description of the plan by Deborah Burger, the president of the nurses association. "There are no limits on skyrocketing health premiums, no requirements on what will be included in the required plans."

Small businesses are especially wary of the mandates on employers.

"I don't see anything about the cost containment," said Jot Condie, president of the California Restaurant Association, which helped defeat a ballot measure to require that employers provide insurance to their employees. "Our position is, fix the system first, then maybe you don't have to require employers to contribute 4 percent of payroll."

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Schwarzenegger Proposes Universal Health Coverage (WP)

By Sonya Geis And Christopher Lee

The Washington Post, January 9, 2007

DOJ_NMG_0114215

LOS ANGELES, Jan. 8 -- Gov. Arnold Schwarzenegger (R) on Monday proposed a system of universal health insurance for Californians that would make the nation's most populous state the third to guarantee medical coverage for all its residents.

"Prices for health care and insurance are rising twice as fast as inflation, twice as fast as wages. That is a terrible drain on everyone, and it is a drain on our economy," Schwarzenegger said. "My solution is that everyone in California must have insurance. If you can't afford it, the state will help you buy it, but you must be insured."

Much of the opposition to Schwarzenegger's program, which requires legislative approval, is expected to come from his fellow Republicans, who object that the plan will be costly for small businesses. But the governor said California cannot afford not to do it. Nearly one in five California residents does not have health insurance -- a total of 6.5 million people, many of whom seek expensive care in emergency rooms.

Nationwide, the ranks of the uninsured are growing. Census figures show that a record 46.6 million Americans, including 8.3 million children, had no health insurance in 2005, up from 45.3 million in 2004. Among those who did have coverage, fewer were receiving it through their jobs as employers scaled back their health plans.

Analysts say the California proposal is illustrative of the resurgence of interest among politicians at all levels in expanding health coverage to the uninsured and that it provides fresh evidence that, with Congress stalled on enacting comprehensive health-care reform, the states are beginning to take matters into their own hands.

In the past year, Massachusetts and Vermont have passed laws requiring all their residents to obtain health insurance, with help from the state if necessary. Other states considering expanding coverage to reduce the number of uninsured include Washington, Montana, Rhode Island, Wisconsin and Illinois.

"Health care for the uninsured is back on the agenda," said Diane Rowland, executive vice president of the Kaiser Family Foundation, a nonprofit, nonpartisan organization that researches health-care issues. "The governors are trying to lead the way, but it's also going to take national action to try to address this problem."

Schwarzenegger's plan would require everyone living in California -- even illegal immigrants -- to have health insurance, at an estimated cost of $12 billion. Individuals who refuse to carry insurance could face reductions in their state income tax refunds or the garnishment of their wages. All businesses with 10 or more employees would have to offer coverage or pay a fee of 4 percent of their payroll into a fund to help the uninsured buy health insurance.

Schwarzenegger also recommended expanding the state's existing program for children's health insurance to families that earn less than three times the poverty level, or about $60,000 for a family of four.

The governor also wants to force insurers to offer coverage to people with existing medical conditions. Currently many insurers will not cover older people, those with major illnesses or even people with relatively minor complaints such as asthma or varicose veins.

Schwarzenegger also would require insurance providers to use 85 percent of their premium proceeds on patient care.

The state would increase reimbursements to doctors and hospitals by a total of $4 billion. Money for the program would come from new taxes on doctors (2 percent of their revenue) and hospitals (4 percent), federal funds, and county funds that now pay for emergency care for the uninsured.

In addition to objections from small business, Schwarzenegger is sure to face opposition to taxes on doctors and hospitals, additional regulation of insurance providers and the extension of coverage to illegal immigrants.

"Imposing a new jobs tax on employers of any size and expanding costly government mandates is the wrong approach, one which will devastate our economy," the Assembly's Republican leader, Mike Villines, said in a statement Monday.

But Schwarzenegger said that while the plan will cost money, it will pump funds back into the health system because of the expanded coverage. "Everyone ends up with a better deal," he said.

Calif. Gov Calls For Universal Coverage (AP)

By Laura Kurtzman

AP, January 9, 2007

Gov. Arnold Schwarzenegger on Monday proposed to extend health coverage to nearly all of California's 6.5 million uninsured people, promising to spread the cost among businesses, individuals, hospitals, doctors, insurers and government.

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The plan contains elements that are likely to provoke opposition from a wide range of powerful interests, including doctors, hospitals and insurers, as well as employers and unions. But it also contains incentives for each of them.

All children, regardless of their immigration status, would be covered through an expansion of the state and federal Healthy Families program.

"I don't think it is a question or a debate if they ought to be covered. ... The federal courts have made that decision — that no one can be turned away," Schwarzenegger said. "The question really isn't to treat them or not to treat them. The question really is how can you treat them in the most cost-effective way."

Under Schwarzenegger's plan, all Californians would be required to have insurance, although the poorest would be subsidized. Businesses with 10 or more employees would have to offer insurance to their workers or pay 4 percent of their payroll into a state fund. Smaller businesses would be exempt.

Also, insurers would no longer be allowed to deny coverage to people because of their medical problems.

Business groups and Republican legislators are likely to object to the extra costs imposed on businesses.

The state would subsidize the estimated 1.2 million poor people who do not currently qualify for state health coverage. They would be able to buy insurance through a state-run pool and would have to make a small contribution toward their premiums.

Schwarzenegger is betting that his plan will save $10 billion a year by cutting health care costs. He says the savings would offset the new fees he is asking doctors and hospitals to pay — 4 percent of revenue for hospitals and 2 percent for doctors.

The state also would increase what it pays doctors and hospitals through Medi-Cal, the state insurance plan for the poor.

The governor was supposed to give his address in person to a panel of health care officials. Instead, he spoke via video link since he is still recuperating from broken leg suffered in a skiing accident.

Gov. Seeks Sweeping Health System Reforms (LAT)

By Jordan Rau

The Los Angeles Times, January 9, 2007

SACRAMENTO — Gov. Arnold Schwarzenegger today proposed upending just about every portion of the healthcare industry in one of the country's most elaborate efforts at holding down medical costs and expanding insurance to those who don't have it.

Schwarzenegger's plan, which he publicly unveiled at noon, would require employers with 10 workers or more to buy insurance for their workers or pay a fee of 4% of their payroll into a program to help provide coverage for the uninsured.

Schwarzenegger would tax doctors 2% of their gross revenue and place a 4% tax on hospitals. He campaigned for reelection on an anti-tax platform, but his administration argues that so many more people would have insurance that medical providers would make more money.

The governor also wants to ban insurers from refusing to offer coverage to some individuals because of their prior medical conditions. Insurers would also have to spend at least 85% of their premium revenues on patient care, a move that would limit the amount companies spend on administrative costs and profits.

In an effort to cover all Californian children, including ones in the state illegally, Schwarzenegger's plan would expand the state's Healthy Families program, providing insurance to children whose parents make less than three times the poverty level. That works out to about $60,000 for a family of four.

And Schwarzenegger said his plan would require every Californian to have health insurance.

"If you can't afford it, the state will help you buy it," he said, "but you must be insured."

Schwarzenegger called the delivery and payment of healthcare in California "disastrous," noting that nearly 1 in 5 residents is uninsured.

"The problem with that is, of course, that the rest of the people who have insurance pay for them," said the governor. "Those that are fortunate enough to have coverage — we are paying a hidden tax."

Schwarzenegger spoke by satellite from Los Angeles. Doctors treating his broken leg have ordered him not to fly more than once a week. The governor will fly to Sacramento on Tuesday to deliver his annual State of the State address.

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All of these ideas are sure to engender opposition from the healthcare industry and their allies in the Legislature, which must approve any plan before it becomes law.

Anticipating a hostile reaction to his plan from many quarters, Schwarzenegger said that although it appears that some people lose and others win under this proposal, in fact the whole system would benefit.

"Everyone has been left here with a better deal," he said.

But Republican lawmakers and business groups have long argued against additional requirements on employers.

Two hours before Schwarzenegger unveiled his plan, Assembly Republican Leader Mike Villines (R-Clovis) joined with a trio of small business owners in a Thai restaurant a few blocks from the Capitol to announce that his caucus will resist any plan that places a mandate on employers. He called such mandates a "job tax," and stood at a podium alongside a large poster with those words circled and crossed through in red.

"If we put any form of mandate on a business, we are seeing a jobs tax," he said. "This isn't a philosophical discussion. This is a jobs discussion. This is the difference between employees having a job and a jobs tax that says no to that."

The governor's plan matches some elements of proposals put forth last month by the Legislature's top two Democrats. All plans build on an existing system, in which 71% of California employers offer workers health insurance.

All plans also include a "pay or play" element by which employers who don't offer health benefits must pay a fee to a state agency that would then negotiate with private insurers for worker coverage.

Last month, Senate President Pro Tem Don Perata (D-Oakland) proposed taxing workers and employers to cover an estimated 4.2 million of 6 million uninsured Californians, with a requirement that all employers — even those with a single employee — offer health insurance or pay the state a percentage of payroll. Perata would also require workers to prove when they pay taxes that they have health insurance.

The plan of Assembly Speaker Fabian Nunez (D-Los Angeles) would not force workers to show they have health insurance. He would exempt businesses with less than two workers, those with a payroll less than $100,000 and firms less than three years old.

This afternoon, Nunez called Schwarzenegger's plan "pretty much in sync with the proposal I laid out in December." He also called it "a good start."

Schwarzenegger agrees with Assembly Democrats, Nunez said, on many areas, including giving all California children health insurance, requiring insurers to accept all people regardless of their health status and requiring employers to either offer health benefits or help pay the cost of extending it to their workers.

"When it's all said and done, employers in California will pay a portion of their payroll deductions toward the cost of insuring their employees," said Nunez. "That will happen."

The speaker said the governor's plan could pass the Legislature on a simple-majority vote, which would not require any Republican support.

Republican lawmakers, who are a minority in the Assembly and Senate, have a seat at the table, Nunez said. But they are out of touch with mainstream Californians, he said, when they insist that children in the country illegally get no state-assisted health insurance. And they are wrong, Nunez said, in characterizing the governor's plan as a new tax.

"I don't think . . . that the governor and the Democratic Legislature ought to roll over or steamroll the Republicans in this process," said Nunez. "But I think we need to have an honest discussion about what's a real mandate and what's not a real mandate.

"The mandate is a hidden tax of $1,200 that each of us has to pay because there are employers out there who would rather increase that rate of profit and put it in their pocket than to pay a portion of the healthcare costs of their employees," Nunez said. "That's a tax."

Schwarzenegger Proposes Health Plan (USAT)

By Julie Appleby

USA Today, January 9, 2007

DOJ_NMG_0114218

Gov. Arnold Schwarzenegger outlined a plan Monday to provide health insurance to all Californians by requiring health insurers to offer coverage and individuals to carry it — with the state's doctors, hospitals, insurers, taxpayers and employers all helping pay for it.

His proposal is significant not only for its scope, but also because what happens in the nation's most-populous state often has ripple effects across the country. California, for example, helped lead the way on automobile-smog controls and smoking bans in public places.

"We want to make health care more affordable and accessible and equitable for everyone," said Schwarzenegger.

If his plan wins approval — and heated debate is expected — California would be the second state to require health insurance. Massachusetts lawmakers approved a plan last year.

SMALL BUSINESS BLOG: Do you support Schwarzenegger's health plan? Take this quick quiz — and see how other readers responded, too

"This is bigger than Massachusetts," said Jay Gellert, CEO of insurer Health Net. Gellert was among a panel representing business, labor, consumers, doctors and counties who were asked for their opinions on the proposal at a press conference.

They generally praised the governor for raising the issue, while questioning some of the details. Anthony Wright from consumer group Health Access said he feared the plan doesn't have a cap on how much consumers would have to pay for insurance, while the California Medical Association said doctors will not like a proposed revenue tax. Safeway CEO Steve Burd said a proposed 4% payroll tax for businesses that don't offer insurance may not be high enough.

While the plan aims to reduce the state's 6.5 million uninsured — currently about 20% of the non-elderly population — the governor also emphasized its benefits to the insured.

The insured could see premium discounts for living healthy lifestyles, the governor said. Further savings may come if everyone is insured, because premiums are now estimated to include 10% to 17% in "hidden taxes" — money used to pay medical providers to make up for the uninsured and low payments for those on state programs.

Under the proposal:

• Individuals would have to buy insurance, with government subsidies for people earning up to 250% of the federal poverty level, about $24,500 for an individual and $50,000 for a family of four.

• State programs for children would expand to include families earning up to 300% of poverty, about $60,000 for a family of four.

• Employers with 10 or more workers would have to offer coverage or pay a tax equal to 4% of payroll. Under 10 are exempt.

• Insurers could not turn away prospective policyholders because they've got health problems.

• Insurers and hospitals would have to devote 85% of revenue to direct patient care.

• Hospitals would pay a 4% tax on revenue and doctors a 2% tax to help provide coverage subsidies.

• The state would boost by $4 billion the amount it pays to medical providers through the Medicaid program.

Schwarzenegger Embarks On Fight For Health Plan (WSJ)

By Jim Carlton

The Wall Street Journal, January 9, 2007

California Gov. Arnold Schwarzenegger proposed a sweeping plan to mandate universal health care in the nation's most-populous state, putting forth measures that would require employers to pay into the health-care system as well as tax hospitals and doctors to help offset medical coverage's spiraling costs.

The move makes Mr. Schwarzenegger, a Republican, the latest governor to try to tackle a problem -- covering the uninsured -- that the federal government has been unable to solve. Massachusetts Gov. Mitt Romney, who is seen as a Republican contender for the presidency, struck a bipartisan deal with his state's legislature last year mandating universal health care in the Bay State. Mandates for some employers to pay more of their share if they don't already have been passed in Vermont and Maryland, as well as New York City and San Francisco. Maryland's law was thrown out by a federal judge last year after a legal challenge.

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California, with 36 million residents, could influence other states to follow suit. But Mr. Schwarzenegger also faces potentially one of the fiercest battles of his political career, because his plan calls for some level of sacrifice from many of the parties affected.

The governor anticipated criticism in his remarks yesterday to a Sacramento gathering of his staff and business executives, saying the long-term rewards of having lower medical costs would make the pain worthwhile. "It appears we are taking something away from everyone here," Mr. Schwarzenegger said by video link as he recuperated from a broken leg injury he suffered while skiing over the holiday break in Sun Valley, Idaho. "But when you look at the math, they actually benefit. Everyone is left with a better deal, even though everyone has to chip in."

The governor said his plan to charge a "dividend" of 2% on doctors' revenue and 4% on hospitals' would be more than offset by what his office estimates would be $10 billion to $15 billion in new money coming into the medical system from so many people being insured, as well as a proposed increase in the state's Medi-Cal plan.

California now has about 6.5 million people who are uninsured or underinsured, a higher level than any other state. According to the Census Bureau, 15.9% of Americans lacked health insurance in 2005; in California, it was 19.4%.

The Schwarzenegger plan drew some skepticism. "There may be some unintended consequences," said Joel Fox, president of the Small Business Action Committee in Sacramento, in a panel discussion organized by the governor's administration after the speech. "For example, will some businesses opt out of covering employees and go into the pool [of state-insured workers], thus overwhelming the pool? Will some companies cherry-pick their employees so that they hire those more easily covered, instead of guys like me that are older?"

Allan Zaremberg, president of the California Chamber of Commerce, questioned whether the plan would really make health care more affordable for those who already are insured. Mr. Zaremberg said the taxes on doctor and hospital revenues could be passed onto consumers and the companies that already provide insurance in higher premiums.

Others praised the plan. Officials of Blue Cross of California called it "bold and visionary," singling out the provision to provide medical coverage to all uninsured children in the state, even those of illegal immigrants. "Taking each part separately, there's something for everyone to hate, but taken as a whole, there's a lot to like," said Bruce Bodaken, chairman, president and Chief Executive of Blue Cross of California.

Some other business leaders, including the chief executive of California-based grocery titan Safeway Inc., are also backing the plan. One reason: They already pay to fund medical plans for their employees, and resent the competitors who don't. On balance, the governor likely will have a tougher time persuading members of his own party to back the measure than the Democratic lawmakers who control the California Legislature. Indeed, Mr. Schwarzenegger's plan isn't hugely different from versions recently proffered by state Senate President Don Perata and Assembly Speaker Fabian Nunez. Mr. Nuñez said in an interview that he just had a few issues with the governor's plan -- most important, that it would shift money from one program for the poor into this health-care program. "On its face, this is a good start," Mr. Nuñez said.

California's Governor Seeks Universal Care (NYT)

By Jennifer Steinhauer

The New York Times, January 9, 2007

LOS ANGELES, Jan. 8 — Gov. Arnold Schwarzenegger on Monday proposed extending health care coverage to all of California's 36 million residents as part of a sweeping package of changes to the state's huge, troubled health care system.

A total of 6.5 million people, one-fifth of the state's population, do not have health insurance, far more than in any other state. At least one million of the uninsured are illegal immigrants, state officials say.

Under Mr. Schwarzenegger's plan, which requires the approval of the Legislature, California would become the fourth and by far the largest state to attempt near universal health coverage for its citizens. The other three states are Maine, Massachusetts and Vermont.

The governor outlined his proposal to an audience of health care experts and reporters via satellite from Los Angeles. He made it clear that a variety of mechanisms would be used to provide all Californians with insurance and that the responsibility of providing it would fall on the government, employers, health care providers and the uninsured themselves.

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The plan, which Mr. Schwarzenegger estimated would cost $12 billion, calls for many employers that do not offer health insurance to contribute to a fund that would help pay for coverage of the working uninsured. It would also require doctors to pay 2 percent and hospitals 4 percent of their revenues to help cover higher reimbursements for those who treat patients enrolled in Medi-Cal, the state's Medicaid program.

"Everyone in California must have health insurance," Mr. Schwarzenegger said.

As he made his proposal, the federal government announced that health care spending in 2005 showed the slowest growth in six years. [Page A13.]

Mr. Schwarzenegger's plan includes elements that quickly provoked opposition from many powerful interests, including doctors and the governor's Republican colleagues in the Legislature.

But the speaker of the State Assembly, Fabian Núñez, a Democrat, said in a statement, "I'm glad the governor is on board with coverage for all kids."

Over the last two years, state legislatures have grown increasingly concerned with how to provide health insurance to citizens as the number of employers offering coverage has fallen and the number of workers entering fields where health insurance is not an option has grown.

Because of its great size, California is likely to set the stage for a national conversation about health care this year.

"This is a very significant proposal," said Karen Davis, president of the Commonwealth Fund, a nonprofit foundation. "It is not just children he is talking about. It is really dealing with the whole problem of the uninsured, with concrete positions to raise revenues to pay for that coverage, and the philosophy of shared responsibility. I think this shows health care is going to be a major issue in the 2008 presidential election."

In many ways, Mr. Schwarzenegger's proposal mirrors the plan in Massachusetts, the most comprehensive of its sort, which is projected to cover about 515,000 of the state's 550,000 uninsured. The law enacted there transformed a $1 billion pool that had long paid for health care for uninsured patients into a mechanism to help subsidize insurance for those who could not afford it.

In many states, spending on Medicaid, the federal government's health program for the poor, has surpassed that for education in recent years. In New York, Gov. Eliot Spitzer has vowed to insure all the state's children and enroll all eligible adults in Medicaid. And New Jersey is among a handful of states considering some form of universal coverage.

Under Mr. Schwarzenegger's proposal, Medi-Cal would be extended to adults who earn as much as 100 percent above the federal poverty line and to children, regardless of their immigration status, living in homes where the family income is as much as 300 percent above that line, about $60,000 a year for a family of four. Medi-Cal is currently limited to adults with children, and children with documented residency are covered if their family's income is up to 250 percent above of the poverty line.

Adult illegal immigrants would continue to be barred from Medicaid benefits but would still be entitled to health services from their counties and the state's hospital system.

Employers would have new responsibilities as well. Businesses with 10 or more workers that choose not to offer coverage would be required to pay 4 percent of their total Social Security wages to a state fund that would be created to subsidize the purchase of coverage by the working uninsured. The cost of such coverage would be measured on a sliding scale depending on what an employee earned, and employees would be able to pay for it using pretax dollars.

This component seems intended to give employers an incentive to offer health insurance, and to level the playing field between employers that do not offer insurance — and are therefore essentially paying lower wages — and those that do.

"If you look at where the uninsured lie," said Laura Tobler, a health policy analyst for the National Conference of State Legislatures, "most of them are working, and most work for small businesses."

On the provider side, the governor's plan contains privileges and responsibilities. Doctors and hospitals, which have long complained about Medi-Cal's low reimbursement rates, would benefit from a $4 billion increase in annual reimbursement. But the state would tax doctors 2 percent of their total revenues, and hospitals 4 percent, to help pay for the greater reimbursement.

The proposal would prohibit insurance companies from denying coverage to people because of their age or health status. They would also be required to put 85 percent of their profits directly into health care services.

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Aides to the governor said financing for the program would come from roughly $5 billion in federal money the state believes it will be owed through restructuring of its health care programs, and through a redirection of state money that now goes toward what is basically charity care, among other measures.

The chief executive of Blue Shield of California, Bruce G. Bodaken, described what might happen once the Legislature began to debate the governor's proposal.

"Taking each part separately, there's something for everyone to hate," Mr. Bodaken said. "But taken as a whole, there's a lot to like."

The governor's plan signals a growing trend among state legislatures. "What we are seeing this year," said Enrique Martinez-Vidal, acting director of the State Coverage Initiatives, a program that assists states looking to expand health care programs, "is that instead of just trying to take on reform in an incremental way, there are some states trying to do this in a comprehensive way, by trying to get buy-ins from all the different players."

But it is likely to set Mr. Schwarzenegger, a Republican, on a collision course with many state lawmakers from his party, who are the minority in the Legislature.

"Some of the areas he put out there we are probably not going to support," said State Senator Dick Ackerman, the minority leader. Among his concerns, Mr. Ackerman said, were the coverage of illegal immigrants, which he said his members would not support, and a tax on doctors or providers.

"We don't think taxing folks is something that is popular in California," he said in a telephone interview from Sacramento. "But this isn't going to be an up-or-down vote on one bill. It will be a debate. And we welcome it."

Gov. Offers Bold Prescription (LAT)

By Jordan Rau

The Los Angeles Times, January 9, 2007

SACRAMENTO — Calling for massive changes throughout a healthcare system he called "broken," Gov. Arnold Schwarzenegger on Monday proposed a $12-billion plan that would require all Californians to obtain medical insurance while helping the poorest to afford it.

The plan, which both critics and supporters called the most audacious in the country, would dramatically reshuffle the financial underpinnings of an already fragile industry. The governor said his plan would control spiraling health costs while ensuring coverage for the quarter of a million children and 5.6 million adults who lack insurance.

"Everyone in California must have health insurance," Schwarzenegger said via teleconference from Los Angeles, where he is recuperating from a broken leg. "If you can't afford it, the state will help you buy it, but you must be insured."

Only Massachusetts has required all residents to carry insurance, but California's larger population of uninsured and poor makes Schwarzenegger's goals much more challenging. To pay for the plan, Schwarzenegger proposed placing new fees and obligations on doctors, hospitals, employers and insurers — all powerful lobbies in Sacramento.

Schwarzenegger was widely praised for tackling such a huge issue so comprehensively. But many leading consumer advocates, academics and business leaders said they feared that the governor's proposal was inadequately financed and would shift more responsibility for healthcare to families while unintentionally encouraging businesses to drop or downgrade the coverage they now offer.

Employers with 10 or more workers would have to offer plans that cost them at least 4% of their payroll. Those who refuse would be required to pay an equivalent amount into the state's insurance fund for people with no other option. That mandate, while greeted skeptically by businesses, was criticized as too lax by advocates who said that a majority of companies that now provide insurance already contribute much more money.

"It's the equivalent of setting the minimum wage at $3 an hour," said Anthony Wright, executive director of Health Access California, a consumer advocacy group.

Those earning more than 2 1/2 times the federal poverty level — a total of $41,500 a year for a family of three — would not receive a subsidy but would still have to buy insurance if their employer did not offer it. The cheapest plan would require families to pay $2,000 a year in premiums, and as much as $10,000 in out-of-pocket medical costs.

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"By setting this as a minimum, the tendency will be to undermine and reduce the current level offered by some employers, who will use this to justify reducing their benefits much more," said E. Richard Brown, director of the UCLA Center for Health Policy Research, who nonetheless called the proposal "very impressive" in its reach.

Steven A. Burd, chairman of the Safeway grocery chain, who was invited by the administration to comment on the proposal, also lauded the effort but said it did not ask enough of employers. Their required contribution, he said, "is frankly too low and should be higher."

The plan was welcomed by the Democrats who control the Legislature, which must approve any proposal. Assembly Speaker Fabian Nuñez (D-Los Angeles) called it "good work" and "a good start."

But he said that he could not agree to requiring everyone, whether working or not, to obtain health insurance "until and unless we solve the problem of the costs of the premiums."

Schwarzenegger's fellow Republicans showed little enthusiasm for the plan, saying that the governor's strategy of funding it through mandated employer contributions and assessing a portion of earnings of doctors, hospitals and health plans violated the anti-tax cornerstone of his reelection campaign.

*

Republican opposition

"If we put any form of mandate on a business, we are seeing a jobs tax," said Assembly Republican leader Michael Villines of Clovis, echoing the argument that Schwarzenegger himself made in 2004 when he successfully campaigned against Proposition 72. That Democratic plan would have required employers to provide health insurance or pay into a state fund.

The administration insisted that its plan did not include taxes, instead labeling the levies "coverage dividends." The debate is more than semantic: A measure with taxes needs two-thirds support in the Legislature, giving the GOP veto power. Otherwise, it needs only a simple majority that could be obtained solely with Democratic votes.

Another part of the plan provoking Republican resistance would provide healthcare for impoverished children who are in the United States illegally. Senate Republican leader Dick Ackerman of Irvine called such a provision a "nonstarter."

The governor said emergency rooms are required by federal law to treat anyone who shows up, regardless of status. "So the decision for my team was, do we treat them in emergency rooms at the highest cost available or do we do it right and do it efficiently?" he said.

The plan, which has been anticipated for weeks as the governor's biggest initiative of the year, gave virtual coronaries to leaders of California's hospitals, doctors' groups and insurers — the most politically influential players in a $169-billion industry that spends $22 million annually on lobbying in Sacramento.

The guiding philosophy of Schwarzenegger's plan was that fixing California's healthcare system was a responsibility to be shared, and the complex plan gave each sector some benefits that are offset by new burdens.

He proposed a $4-billion annual increase in Medi-Cal reimbursements, which are among the lowest in the nation. That would help hospitals and doctors who treat many poor people, and encourage more providers to participate in the program.

But doctors also would have to pay 2% of their gross earnings back to the state to help expand coverage. The physicians' lobby said many doctors would simply pass that cost on to patients and insurers through higher bills.

If all Californians were indeed covered under his plan, hospitals would be able to bill insurance for the costs of the uninsured they must absorb now. But hospitals also would have to pay 4% of their earnings back to the state, and would lose $2 billion they now get from the government for uncompensated care.

"I did get a little bit of pain in the side when I heard that part," said Jim Lott, executive director of the Hospital Assn. of Southern California.

And hospitals may still have to deal with uninsured patients. The homeless, unemployed and illegal immigrants might not obtain insurance even if fully subsidized, and the administration plans to enforce the mandate through the state's income tax boards.

Insurers would receive a huge business boon, since the mandate for coverage would provide them with a captive audience, but without having their rates regulated as those of auto and home insurers are. The governor would require insurers

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to offer coverage to all people regardless of their health, and would limit to 15% the amount of premiums insurers could spend on administration and keep as profits.

Much of Schwarzenegger's plan was designed to allow the state to qualify for $5.5 billion in additional federal money. But many questioned whether, even with that boost, the contributions from employers would be enough to allow workers to buy anything more than bare-bones catastrophic coverage.

Premiums rising

Healthcare premiums have been rising at the rate of 8.2% annually, nearly twice the rate of wage growth. Yet employers would pay only 4% of their payroll amounts, something that disturbs both labor and business leaders.

"How will the inevitable shortfall in funding be addressed?" asked Allan Zaremburg, president of the California Chamber of Commerce. "Will the tax have to be doubled in 10 years?"

The proposal was devised by a team of policy experts who were hired last year specifically for that task. They spent months interviewing representatives of all segments of the healthcare industry across the nation. But the final decisions were delayed until Sunday night because of Schwarzenegger's injury, which occurred in a skiing accident Dec. 23.

All of the plan's details can be altered and its questions can be resolved in negotiations with lawmakers, and Schwarzenegger said he looked forward to forging a bipartisan agreement as he had last year with a massive public works building project.

But because so many parts of Schwarzenegger's plan hinge on one another, deleting the areas of greatest disagreement could unravel the entire plan.

"Health insurance reform is as delicate as an egg," said Jamie Court, president of the Foundation of Taxpayer and Consumer Rights, a Santa-Monica based watchdog group. "One little crack and the egg is lost."

Among other provisions, the governor's proposed health overhaul would:

• Require every Californian to have health insurance.

• Require employers with 10 or more workers to offer health benefits or pay 4% of the payroll to a coverage program.

• Extend government insurance for poor children to more families.

• Ban insurers from denying coverage because of medical conditions, occupation or age.

Source: Governor's office

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Breaking down costs

U.S. healthcare spending reached almost $2 trillion in 2005, an average of $6,697 per person--and far more than any other industrialized country's spending. Where the money comes from, and what it goes toward:

Where it comes from*

Private insurance: 35%

Medicare: 17%

Medicaid: 16%

Other public programs: 13%

Private out-of-pocket: 13%

Other private programs: 17%

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Where it goes

Hospital: 30%

Doctors/Clinical: 21%

Prescription drugs: 10%

Administrative costs: 7%

Nursing homes: 6%

Other spending** : 25%

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*Medicaid includes State Children's Health Insurance Program; other public programs include worker's comp and military healthcare; other private programs include charity.

**Includes dental care, home health, over-the-counter medicines, research and more.

Note: Totals may not add to 100% because of rounding.

A Flawed Cure (LAT)

The Los Angeles Times, January 9, 2007

THE DEVIL, AS THEY SAY, is in the details, and that cliche was repeatedly thrown back and forth across Sacramento on Monday as lawmakers, business groups, doctors and consumer advocates studied Gov. Arnold Schwarzenegger's sweeping proposal to change the way healthcare is bought and sold in California.

But it may be a little early for this cliche. Schwarzenegger's plan is ambitious in scope and laudable in its goals, especially in its coverage for all children, including children of illegal immigrants. But the plan has a substantial chunk of devil before you even reach the details.

The problem is this: It makes no sense to legally and permanently make Californians' access to healthcare dependent on their employers. Companies hire workers and pay them for their time, talent, muscle and brains. Employers must meet certain standards to do business in the state — complying with workplace safety laws, paying the minimum wage, providing workers' compensation insurance, etc. But they should not become the primary mechanism for the state to deliver vital services to citizens.

This is more true here than elsewhere because so many Californians who need insurance have only marginal or temporary relationships with employers. Companies, meanwhile, face plenty of challenges just staying in business and keeping up with the dynamics of the modern marketplace without being saddled with a new health insurance tax.

And make no mistake, it is a tax. Employers currently have the option of offering health insurance to entice workers, but they are not required to do so. Under Schwarzenegger's proposal, every business with 10 or more employees that does not offer workers health insurance would have to pay 4% of its payroll into a state fund. And like most employer taxes, workers ultimately will pay it — in the form of lower wages or lost jobs.

The governor is loath to call it a tax because, like everyone else in Sacramento, he does not want to be seen as the kind of politician who proposes tax increases. He rode into office in part on his promise to slash the vehicle license fee, or car tax, and he did. He devoted much of his first term and reelection campaign to protecting California's tax-cutting heritage. But fancy wordplay doesn't change the fact.

The plan requires money — about $12 billion — and although some of it would come from the federal government, some from counties and presumably some from cuts in other state programs, some must come from new revenue.

Schwarzenegger has promised a new era for California, and his determination to fix the state's broken healthcare system is a welcome sign of his commitment. He should also make candor a part of the agenda. An employer tax should be out of the equation. So who should be taxed instead? Shouldn't we all? And how would it be imposed? All these questions are likely to get a full hearing in Sacramento in the next few months.

The governor certainly knows that the final version of the plan will deviate from the proposal he unveiled Monday. As for how much devil will be left in the details, only time, and plenty of intense horse trading, will tell.

Life At America's Bottom Wage (CSM)

By Mark Trumbull

The Christian Science Monitor, January 9, 2007

MUSKOGEE, OKLA.

It's the kind of December evening when the Hosier family might want to stay home.

At work all day, John Hosier has been resting on the living-room couch. Tina, his wife, has had her hands full taking care of their two young children. Yet, here they are, rolling 18-month-old Rose in a stroller with 5-year-old Donald tagging along, on a half-mile walk to the Salvation Army Church in Muskogee, Okla.

It's not just a place of worship and fellowship. The Salvation Army's affiliated store offers discounted goods and employs Mr. Hosier full time. The $6-an-hour job is the family's sole paycheck, which amounts to barely $200 a week. Even with government

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aid, such as food stamps, the family is on poverty's doorstep. "If it wasn't for the Salvation Army, I don't know where I'd be," Hosier says.

Wednesday, Congress formally begins considering helping families like the Hosiers by raising the nation's minimum wage to $7.25 an hour, up from the $5.15 rate that has held steady since 1997.

By one estimate, the expected hike would directly affect the paychecks of 6.6 million low-wage workers like John Hosier. Another 8 million workers have wages that, while a bit too high to be forced upward by the law, stand to gain from an upward ripple effect when the wage floor is adjusted.

A glimpse into the lives of people who live at bottom-rung pay rates illustrates why, to supporters of the change, the minimum wage is long overdue for a raise. But it also reveals that such a boost isn't a one-step solution for the challenges that face America's poorest workers.

In fact, many families are poor today even though they earn far above $7.25 an hour.

"Until you're making $10 or $12 an hour, if you're [a single-income household] with dependents, you're going to have a really tough time making ends meet without public assistance," says David Blatt, a poverty expert at the Community Action Project of Tulsa County, about 40 miles from Muskogee in the state's northeastern section. Oklahoma family's needs: $33,000

Oklahoma doesn't have high living costs, compared with some other states. But to cover the basic needs of a family of four here typically requires an income of more than $33,000, according to an online budget calculator created by the liberal Economic Policy Institute in Washington.

At $5.15 an hour, it would take three full-time jobs for a family to earn that much.

Many minimum-wage workers, it's true, don't have children. Often they are young people on their first job.

But the Hosier family is not unusual. Of the workers who stand to reap higher pay if Congress raises the wage floor, the vast majority are adults, most work full-time, and about 1 in 4 have dependent children, according to the Economic Policy Institute.

Moreover, they are often the sole breadwinner in the household. Of families with children, nearly half of those who would be affected by a minimum-wage hike get all their earned income from one low-wage worker.

The issue is important politically. Democrats, now in control of Congress, have made raising the minimum wage a top priority in their 100-hour legislative push for change. It would also have its most significant economic effect - positive and negative - in the South and Great Plains where states generally haven't set their own higher minimum wage.

Few states will see a greater impact than Oklahoma. As of last year, the Sooner State led the nation in the share of hourly workers (4 percent) who earn no more than $5.15 per hour.

That means many families such as the Hosiers will see a boost in pay if the law changes. But it means that negative ripple effects will also be magnified, as businesses confront a big jump in labor costs. Many employers will have to raise prices, and some are likely to hire fewer people as a result.

In the end, the law may exert only a modest influence on the arc of Oklahoma's economy, experts say. (The income gains and job setbacks would be greater if the hike, say, doubled the wage instead of boosting it by the proposed 40 percent.)

Yet the proposed raise would have a big effect on the households that would be directly affected.

The legislation calls for the wage floor to rise in three steps, reaching $7.25 after two years.

A pay jump from $6 to $7.25 an hour would put 21 percent more money in each paycheck for Hosier. "That would help a lot," he says. A 'soldier' in Salvation Army

A sturdy, soft-spoken man born in Arkansas, Hosier has spent about 15 years in this unassuming city of 39,000. He's worked as a mechanic on lawnmowers and other small motors. And for six years, he's been a "soldier" - a worker - at the Salvation Army. He rides a big truck, loading and unloading furniture, toys, boxes of clothing, and other items that county residents donate for sale in the store.

It's work that he believes in, but he also works there because the people - including the manager known as "Major" - believe in him.

"It's the people in Salvation Army who help you out," John says.

And he has needed help. His life story, as he recounts it, includes physical abuse from his father as a boy, various forms of drug abuse ("I did it all") and a prison term. And he struggles now with illiteracy.

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As he sought a new life, he credits God and Tina with helping him forward. The church here has also been a haven of support.

The gathering on this night is not for formal worship but for a mix of activities. Mrs. Hosier settles in for some games of Bingo. As John heads to a vending machine and treats the family to drinks, a friend hands Tina a little gift. It's a typical-looking mug, but it makes her smile when it turns out to be a music box, too.

Meanwhile, Donald has joined some older children throwing a football in the parking lot. Other youngsters are dressed as angels, rehearsing a play to be performed on Sunday.

The Salvation Army is the core of this family's world. They don't have a car, but live within walking distance of both the church and the store where John works.

The store is a source not only of a paycheck, but also of used goods available at deep discounts.

The family also gets substantial government aid, for everything from clothing to food and healthcare. But paying their bills is a stretch, the Hosiers say.

Rent is $400 a month for their modest, yellow-sided home. They've lived there just a few months, so they're still figuring out how much to budget for utilities. And medical costs add up each month.

Donald takes medicines to cope with hyperactivity, and Hosier lists a range of ailments of his own, from asthma to an ulcer.

The state's Medicaid program covers many of these health costs, but the medications all require small monthly copayments that add up, John says.

"It's hard on a small income," he says. "You've got to get out and hustle and bustle to make a living."

When they need to go on an errand, the Hosiers rely on a Volunteers of America van, or ride with friends and relatives. Life without a car

Mrs. Hosier says they'd like to get a car of their own, but that remains a far-off goal.

Their discretionary spending, for now, is on smaller items: some music CDs and for Donald on his birthday a toy truck and Spiderman underwear.

They like life in this quiet city that has long been a gateway for east-west and north-south commerce. Riverboats, railroads, and semitrailer trucks have successively rolled through this town. The historic brick downtown has given way to Wal-Mart on the edge of town as the new trading post for commerce.

The city was also the end point of the Trail of Tears, by which the Cherokee and Creek nations were forcibly resettled in the 1830s and '40s. In 1969, country legend Merle Haggard immortalized it a different way when he sang "I'm proud to be an Okie from Muskogee."

Oklahoma, like the rest of the states, got its first taste of a federally mandated minimum wage in 1938, during Franklin Roosevelt's New Deal. It was 25 cents at the time - worth about $3.57 in today's dollars - and was adjusted upward, at infrequent intervals, in an effort to keep pace with rising costs of living.

The current level of $5.15 was reached in 1997, and Congress has never waited so long to raise it.

As a result, the purchasing power of a minimum-wage paycheck is now at its lowest point in half a century. Also earning the minimum: teenagers

The people who earn minimum, or close to it, are as different as John Hosier and Megan Sistanich.

She also lives in Muskogee but is still in high school. She's earning $5.15 an hour at a downtown cafe called Breadworks. She aims to go to a nearby college and become a pharmacist, which almost certainly would mean much better pay in a few years.

Serving behind the counter here, taking orders for sandwiches and baked goods, is her first job. She's using the money for a cellphone and a coming band trip to Texas.

Drawing on government data on the American workforce, labor economists highlight several patterns in the low-wage workforce:

• Most workers don't work the minimum wage for very long. Of workers who are 10 years into their careers, only about 13 percent have spent half or more of their career earning within $1.50 of the minimum wage, according to a 2001 study.

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• Minimum-wage workers are concentrated in low-skill service-sector occupations, including food service, retail, and motel housekeeping. Among Labor Department occupations, "leisure/ hospitality" leads the pack with 14.3 percent of workers earning $5.15 or less per hour. (Workers in some occupations such as food service can earn less than $5.15 if they earn enough tips to equal the minimum.) By contrast, just 0.4 percent of manufacturing workers earn minimum wage.

• Of the 6.6 million workers who would be directly affected by the proposed minimum-wage hike to $7.25 an hour, 61 percent are female, 29 percent are age 16 to 19, 21 percent are Hispanic, 16 percent are black, and 9 percent are single parents, according to the Economic Policy Institute.

Those numbers are all higher than the share of those groups in the total workforce. By contrast, 16 percent of those affected will be married parents - many fewer than the 29 percent of all workers who are in that group.

• Many low-wage workers also face a high level of job insecurity. People with low skills are more likely to be unemployed, according to government data. And many low-wage workers have only part-time jobs. Of those directly affected by the proposed wage hike, 21 percent work fewer than 20 hours per week, whereas just 5 percent of the overall workforce is in that category. In addition to low skills, barriers to employment can include substance abuse or mental illness and other disabilities. Low wages only a part of the problem

"There are two problems the poor have. One is low wages.... The other is not enough work hours, consistently, over time," says Timothy Bartik, an economist at the Upjohn Institute for Employment Research in Kalamazoo, Mich.

Here in Oklahoma, Hosier is grateful for full-time work. He figures that, for now, none of the other jobs available to him would be better paying.

And he likes working for an organization that's in the business of helping others, just as he has been helped by those around him.

"If I had a dollar in my pocket and someone asked me for 50 cents, I would give them that dollar," he adds. "The would make me feel good."

Fed's No. 2 Chills Hopes For A Rate Cut (WSJ)

By Greg Ip

The Wall Street Journal, January 9, 2007

Despite a recent decline in the nation's underlying inflation, it is "too early to relax our concerns" about price pressures, a top Federal Reserve official said, suggesting interest-rate cuts aren't yet on the table.

Fed Vice Chairman Donald Kohn also warned that long-term interest rates could jump if the Fed fails to cut short-term rates as much as the market expects or if there were a reversal in other factors holding down long-term rates.

A recent drop in core inflation, which excludes food and energy is "encouragingly consistent" with the Fed's forecast for a gradual decline in inflation, Mr. Kohn said in a speech to the Atlanta Rotary Club yesterday.

But he cautioned against "extrapolating trends from a couple of months of data," and said some of the recent slowdown in inflation may reflect "one-time influences," in particular the indirect effects of the big drop in energy costs. Moreover, companies may be holding the line on prices to keep inventories from rising, and "that restraint on pricing will dissipate" once inventories are in line with sales.

The remarks by Mr. Kohn, the Fed's most influential policy maker after Chairman Ben Bernanke, suggest little has changed in the central bank's outlook since it last met in December. At that meeting, it kept its short-term interest-rate target at 5.25%, said its principal concern remained inflation, and its main choice in coming months would be whether to raise rates or leave them unchanged.

Since that meeting, manufacturing activity and business investment have softened and inflation was reported to be low for the second month in a row. That has left investors wondering whether the Fed, at its next meeting Jan. 30-31, will release a "neutral" policy statement -- one that implies a rate increase is as likely as a rate cut. The Fed isn't expected to change rates at the meeting.

Mr. Kohn didn't address the prospect for any change in the Fed's stance. Still, his remarks suggest he continues to see higher inflation as a greater risk to the economy than weaker growth. The softening in manufacturing and capital spending "is not

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the leading edge of general economic weakness, but instead an adjustment to a sustained pace of expansion that, necessarily, is less rapid than that from mid-2003 to mid-2006," he said.

He did, however, strike a note of caution on the housing market. "Tentative signs have begun to emerge that the housing market may be stabilizing," he said, and "housing starts may be not very far from their trough." But he added: "The risks around this outlook still are largely to the downside."

Housing prices are still high relative to their fundamental determinants, such as interest rates and residential rents, he said. The uncertainty is magnified by the fact housing isn't weakening for the usual reason: high interest rates. Rather, he said, the sector is weakening because sales and construction had risen so much, and it wasn't clear why.

Mr. Kohn also noted that long-term rates are "relatively low," which is supporting housing. He said long-term rates could rise if short-term rates "fail to follow the downward path currently built into market expectations," or if "term premiums" rise. The term premium is the additional interest rate a lender charges for a long-term loan, compared with a short-term one, that can't be explained by expectations of Fed policy.

Fed officials believe a lower term premium, while difficult to measure, is the main reason long-term rates are so low -- perhaps because of the market's increased faith in low, stable inflation. That is why they don't think the "inverted yield curve" -- or long-term rates that are lower than short-term ones -- foreshadows recession, as it has in the past. Indeed, low term premiums are one reason the Fed has decided not to lower short-term rates.

But because the reasons for the low term premium are unclear, there remains the chance of a sharp reversal. That could weaken the U.S. economy and encourage the Fed to lower short-term rates.

Meanwhile, a report released by the Fed yesterday showed that U.S. consumer credit grew more strongly than expected in November, as shoppers put their credit cards to heavy use.

Consumer credit, which excludes mortgage debt, rose at a seasonally adjusted annual rate of about $12.4 billion, or 6.2%, in November to $2.390 trillion. Analysts had predicted a $3 billion increase. Revolving credit, which mainly reflects credit-card financing, jumped 11.9% in November to $872.6 billion. Nonrevolving credit, mostly auto loans, rose 3% to $1.517 trillion.

Drop In Oil Price And Some More Mergers Lift Shares (NYT/AP)

By The Associated Press

The New York Times, January 9, 2007

Wall Street overcame early losses to close higher yesterday as a drop in oil prices and a fresh round of acquisition activity helped raise investors' confidence in the economy.

Gap, the clothing retailer, surged on a report that it was considering strategic alternatives for its business, which could include a sale. Some $6 billion worth of deals were announced, indicating that activity in mergers and acquisitions was off to a strong start in 2007 after reaching record levels last year.

Low energy prices also helped stocks reverse course from their earlier losses. Oil prices continued last week's decline, as a mild winter in the Eastern United States eased pressure on heating oil supplies. A barrel of light crude fell 22 cents, to $56.09, on the New York Mercantile Exchange.

Investors turned their attention toward fourth-quarter earnings reports, which start today when Alcoa posts results. Several profit warnings from companies including the airline company UAL, the electronics maker Molex and the telecommunications firm Tellabs prevented indexes from gaining broader momentum.

The Dow Jones industrial average rose 25.48, or 0.21 percent, to 12,423.49. The Standard & Poor's 500-stock index was up 3.13, or 0.22 percent, at 1,412.84, and the Nasdaq composite index added 3.95, or 0.16 percent, to 2,438.20.

Gap rose $1.37, or 7.3 percent, to $20.26, after CNBC reported the retailer had hired Goldman Sachs to plot its future.

General Electric agreed to acquire Vetco Gray, a supplier of equipment for oil and gas fields, for about $1.9 billion. Shares of G.E. fell 1 cent, to $37.55, in regular trading, but rose 5 cents after the close.

The pharmacy benefit manager Caremark Rx rose 29 cents, to $56.64. Late Sunday, it rejected a $26 billion bid from a rival, Express Scripts, preferring a $22.2 billion offer from the drugstore chain CVS. Express Scripts was off 8 cents at $68.78, while CVS rose 18 cents, to $31.35.

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A profit warning from Molex sent shares down $1.52, or 4.9 percent, to $29.28. Tellabs, which makes telecommunications equipment, reduced its fourth-quarter guidance and its shares fell 47 cents, or 4.4 percent, to $10.25.

UAL, the parent of United Airlines, picked up 25 cents, to $46.80, despite saying it expected to post a loss during the fourth quarter because of December snowstorms in the Midwest. After trading hours, UAL dropped 9 cents, to $46.71.

Shares of St. Jude Medical, a maker of implantable defibrillators, climbed $1.95, or 5.57 percent, to close at $36.95 after it announced that fourth-quarter sales would come in at the upper end of its forecast. Analysts said St. Jude's announcement suggested that the market for the devices could be coming back.

St. Jude and two rivals, Boston Scientific and Medtronic, have struggled with falling sales since 2005 because of highly publicized safety problems. Medtronic's chief executive, Art Collins, said yesterday that his company planned to expand its presence in the implantable defibrillators market. Its shares rose 34 cents, to $53.70. Boston Scientific reported a 13 percent gain in defibrillator sales in the fourth quarter compared with the previous period. Its shares rose 71 cents, to $17.81.

Wal-Mart Stores dipped 39 cents, to $47, after it was downgraded by Goldman Sachs.

Bond prices were flat, and the yield on the 10-year Treasury note remained at 4.65 percent.

Following are the results of yesterday's auctions for three- and six-month Treasury bills:

Dow Industrials Gain 25.48 While Oil's Early Rally Fades (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 9, 2007

The stock market tiptoed higher, helped by a drop in oil prices, a speech by a central banker and upbeat comments from analysts on International Business Machines.

The Dow Jones Industrial Average inched up 25.48 points, or 0.21%, to 12423.49, off 0.3% on the year. Among the blue-chip indicator's components, the biggest gainer was IBM, which rose 1.5% after UBS analysts upgraded the technology bellwether to a buy rating from neutral.

The broader Standard & Poor's 500-stock index gained 0.22%, or 3.13 points, to 1412.84, off 0.4% on the year.

The Nasdaq Composite Index inched up 3.95 points, or 0.16%, to 2438.20, up 0.9% on the year. The tech-stock-led indicator's gains have been a rare bright spot for investors in this year's early going, which has otherwise been lackluster.

"I think we're seeing a little bit of payback for an extremely strong fourth quarter," said Philip Schlakman, a managing director at J.P. Morgan Private Bank, referring to modest early-2007 losses in the S&P and Dow, which enjoyed a run of record closes late last year.

An early rally in crude oil yesterday spooked stock investors, as crude contracts for February delivery jumped $1.41 to their intraday high on supply concerns and forecasts for colder weather in the Northeast.

As the session wore on, however, the gains evaporated, reflecting the strong bearish sentiment that has gripped the energy markets since last week.

February crude-oil contracts finished down 22 cents, or 0.39%, at $56.09 a barrel, down 8.1% after just four trading sessions this year on the New York Mercantile Exchange.

Stock investors generally like to see energy prices fall because lower fuel prices leave more money in consumers' pocketbooks, which helps the profits of most companies.

Investors also received good news yesterday on interest rates, another key area of concern. In a speech to the Atlanta Rotary Club, Federal Reserve Vice Chairman Donald Kohn said that inflation appears to be easing in the economy -- a signal to some investors that the way may be clear for the central bank to begin cutting its key interest-rate target soon.

Looking ahead, aluminum giant Alcoa, a Dow component, is due to announce its earnings after today's market close, kicking off the fourth-quarter corporate-earnings season.

Outside the U.S., stocks eased in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, declined 0.04%, or 0.09 point, to 239.53.

In major U.S. market action:

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Stocks rose.1 Total trading volume for stocks listed on the New York Stock Exchange was 2.75 billion shares, as 1,952 stocks advanced and 1,349 fell.

Bond prices fell.2 The 10-year note fell 3/32 point, or 93.75 cents for each $1,000 invested, pushing the yield up to 4.658%.

The dollar was mixed.3 Against the Japanese currency, the dollar rose to 118.75 yen, compared with 118.68. The euro rose to $1.3022, compared with $1.3003.

Reapportionment: Good News For GOP? (RC)

By Louis Jacobson

Roll Call, January 9, 2007

When Election Data Services late last month released projections of which states are poised to gain and lose Congressional seats based on the 2010 Census, Republicans cheered.

The numbers showed that GOP-leaning states in the Sun Belt continue to outpace the more Democratic Northeast and Midwest in population growth. But projecting whether the Republicans truly will gain ground after the post-2010 reapportionment requires a more micro-level look at the states in question.

According to the EDS, the states that are set to gain at least one seat after 2010 — if current demographic trends hold — are Arizona, Florida, Georgia, Nevada, Texas and Utah. Each voted for President Bush in 2000 and 2004, and the GOP controls both the Legislature and the governorship in Florida, Georgia, Texas and Utah. The GOP also controls one chamber plus the governorship in Nevada.

Here is a rundown of what may be in store in the states that could gain seats after 2010:

Arizona. On Nov. 7, the Arizona delegation shifted from 6-2 Republican to a 4-4 tie. Both new Democratic House Members — Reps. Gabrielle Giffords and Harry Mitchell — likely will get serious GOP challenges in 2008, and given the state's historical red tinge, Republicans will look to gain ground if new seats materialize after 2010. The problem for the GOP is that an independent redistricting commission, not the Republican-controlled Legislature, is charged with drawing the lines.

Currently, Republican and independent registration levels are healthy, said one GOP lobbyist in the state. But the growth of the Hispanic population — and the evolution of Latinos' political leanings — remains a wild card.

Florida. There's little question that the Florida GOP has worked hard to maximize Republican seats. But some demographic realities may make it harder for Republicans to do so in the future.

There are at least three factors that could play a role, said University of South Florida political scientist Susan MacManus. One is the growing number of independents, who account for almost one in four voters and whose voting patterns fluctuate tremendously, she said. Another factor — which already emerged in the 2006 midterms, she said — is population shifts from expensive areas of the state to more affordable jurisdictions.

And the third issue will have to do with how Florida Hispanics divide their vote. "Generational cracks are evident in the once solidly Republican Cuban population, and the non-Cuban population now outnumbers the state's Cuban electorate," MacManus said.

Georgia. While few states have been moving as steadily in the Republicans' direction, partisanship may be less of a consideration during the next round of redistricting.

After an aggressive pro-Democratic map was enacted after the 2000 Census and a more pro-Republican map enacted by a newly installed GOP Legislature prior to the 2004 elections, Gov. Sonny Perdue (R) convened a task force to study how redistricting should be done in the future. Late last year the panel recommended the formation of an independent commission that would present maps to the Legislature for an up-or-down vote. It remains to be seen whether this idea will be enacted.

No matter what happens, Democratic Reps. John Barrow and Jim Marshall, who won very narrow victories in 2006, remain vulnerable for the foreseeable future.

Nevada. If the Legislature remains under divided control, as it currently is, the consensus is that Nevada probably will end up with its current allotment of one safe GOP seat, one safe Democratic seat, one competitive seat that Rep. Jon Porter (R) consistently has held, plus one newly created seat that will be competitive between the parties.

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Even beyond the question of who controls the Legislature after 2010, it will be difficult for the GOP to craft a new safe GOP seat "because rock-ribbed GOP voters mostly live in rural Nevada," said Las Vegas-based political columnist Jon Ralston. "That's not growing and is now only 15 percent of the vote."

Given that reality, carving out another safe GOP seat would require not just creative line-drawing but also a dilution of the GOP strength in either the Porter seat or the district held by freshman Rep. Dean Heller (R). While the latter district is fairly solid for the GOP, it was competitive when it came open in 2006.

"The question really will come down to whether the state Legislature has the courage to make two districts out of rural Nevada, meaning that both would have some of Clark County, too," said one Republican in the state, referring to the heavily urbanized county that includes Las Vegas. "The debate will have more to do with whether rural Nevada will be better represented with a single Member or by having two Members looking out for its interests — but also for Las Vegas."

Texas. The re-redistricting pushed by then-Majority Leader Tom DeLay (R) prior to the 2004 elections may have made the Lone Star State Congressional delegation more reflective of Texas' GOP leanings, but it also may have maxed out potential GOP gains.

While Republicans may be able to flip a seat in 2008 by ousting DeLay's Democratic successor, Rep. Nick Lampson, the longer-term demographic trends point in the Democrats' direction. They are "little Anglo growth, pretty good increases in the black and Asian populations, and explosive Hispanic growth," said University of Houston political scientist Richard Murray.

Even if the Texas GOP operates with total control of the redistricting process, as is the case now, Hispanic-dominated areas in the Dallas-Fort Worth and Houston areas could benefit.

"A very big variable, of course, is who controls the presidency, and with it the Voting Rights Division of the Department of Justice," Murray said. "A Democratic DOJ would put great pressure on the Texas Legislature to recognize the additional 3 million Hispanics the census will count — they will go from 6.6 [million] to 9.5 million, Anglos from 10.5 [million] to 11.1 million — with additional urban-based seats."

In a special runoff last month, Republican Rep. Henry Bonilla lost his House seat to now-Rep. Ciro Rodriguez (D) following a Supreme Court ruling that required redrawing of districts to conform with the Voting Rights Act.

Utah. Unlike the other states on this list, Utah already has drawn a map with an additional district, as a preparatory step for proposed legislation that would add one Utah Congressional seat in tandem with one for the District of Columbia. The plan did not win passage in the 109th Congress, but it is given decent odds in the 110th.

The map approved by the Legislature appears to strengthen Democratic Rep. Jim Matheson, a frequent GOP target, by taking away most of the rural portions of his 2nd district. (Earlier proposals to try to create four winnable districts for the GOP fell by the wayside after pressure from GOP Gov. Jon Huntsman Jr., among others.)

"It's nearly certain that a new fourth seat will be safe Republican," said Utah-based GOP consultant LaVarr Webb. "If Democratic Rep. Jim Matheson is given a district that leans Democratic, then mathematically, the three remaining districts will be Republican. It would be possible to create four Republican-leaning districts, but since Matheson has shown he can win among Republicans, the prevailing sentiment in the Legislature seems to be to concentrate the strong Democratic areas — mostly around Salt Lake City and Park City — in his district, which leaves three strong Republican districts."

In the meantime, Iowa, Louisiana, Massachusetts, Missouri, New York, Ohio and Pennsylvania risk losing seats after the next Census, according to the EDS. The potential partisan consequences in these states remain a bit muddy, but Democrats will have to worry about potentially losing seats in hurricane-ravaged Louisiana as well as in Massachusetts, where a one-seat reduction almost certainly would result in a Democratic setback since the state delegation is now entirely Democratic.

On the other hand, if the Democrats can keep their winning streak going in New York, they may be able to erase the decades-old GOP hold on the state Senate. With unified Democratic control, they likely would be able to squeeze out a GOP Congressional seat.

Setting aside the Congressional consequences of population growth and reapportionment, Republicans can feel safe look forward to one new favorable development after 2010. Gaining a seat each in Georgia, Texas and Utah essentially would give the Republicans three more assured electoral votes for president. Arizona, Florida and Nevada would offer electoral votes that are more competitive, even though these states lean Republican at the presidential level.

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In Fla., GOP Hopes For Two Pick-ups Where It Just Suffered Two Losses (HILL)

By Sam Youngman

The Hill, January 9, 2007

Sid Dinerstein, chairman of the Republican Party of Palm Beach County, left for a Caribbean cruise Monday following a midterm election season that saw Republican losses in both of the area's congressional districts, one amid a national scandal.

"That's why we're going on the cruise," Dinerstein said. "We've had a hell of a year."

With Rep. Clay Shaw Jr. and state Sen. Joe Negron, who ran a late race for disgraced Rep. Mark Foley's seat, defeated, Dinerstein said he immediately turned his attention to reclaiming the seats in 2008.

Those districts, now represented by Democratic Reps. Ron Klein and Tim Mahoney, have already begun to draw serious interest from local Republicans looking at 2008.

Both races were close last year, with Klein defeating Shaw 51 percent to 47 percent, and Negron, despite having to run on the ballot as Mark Foley, narrowly losing with 48 percent to Mahoney's 50 percent.

In Mahoney's 16th district, Dinerstein said Negron is considering another run, and state Rep. Gayle Harrell, who stepped aside for Negron after Foley resigned with little time on the clock, said she is eyeing the seat as well.

"I am certainly looking at that possibility," Harrell said. "I'm looking at the whole situation, whether it's a primary or certainly the general."

For his part, Mahoney said he will fight hard for reelection. His early positioning and leadership on ethics reform — a fitting topic given the Foley scandal — could serve as a cornerstone issue for his reelection campaign, Mahoney said.

"My concern is much greater than the page scandal," Mahoney said, pointing to a comment piece he wrote about the need for congressional ethics reform months before the Foley scandal broke.

"The things I'm doing today are things I promised to voters more than 15 months ago, and that's only in the first two days," Mahoney said. "I think we're off to a very, very good start here."

As for Klein's seat, Dinerstein confirmed that Shaw would not try to retake the seat he held for 26 years, citing health issues and a desire to spend more time with his family. Dinerstein did say he has spoken with four potential candidates who "claim to be seriously interested."

Though he wouldn't disclose the names of those who might run, Dinerstein said he would meet with the four when he returned from his cruise and try to cut that number to two viable candidates.

Klein said he has already spoken with the new Democratic Congressional Campaign Committee chairman, Rep. Chris Van Hollen (Md.), about the need to start raising money and the importance of opening constituent offices quickly.

"We're hitting the ground running," Klein said. "I don't think anyone is taking it for granted. I'm certainly not."

Klein and Mahoney are two of five freshmen appointed to the House Financial Services Committee, seats that allow them to focus time and energy on the issue of rising homeowner insurance costs. In the hurricane-prone area of South Florida, such representation is crucial, Klein said.

As for the anger aimed at Republican incumbents, especially in these two Florida districts, Dinerstein said in many ways it was deserved.

"The voters down here were angry at us Republicans before the Foley thing," he said, adding that the party had virtually conceded their strongest issues of fiscal responsibility and ethics.

"All of the sudden, Republicans in Washington have found fiscal religion," he said.

Those issues aside, Dinerstein said the tsunami that was the Foley scandal remained in the district long after the national attention had moved to former Speaker of the House Dennis Hastert (R-Ill.). That said, Dinerstein believes that much of the local fury directed at the party has subsided, and that now is the time for the GOP to get back to its core issues of fiscal responsibility, ethics and strong foreign policy.

And while attempting to retake the two Florida seats they lost in 2006, Dinerstein said Palm Beach County Republicans' first priority is to deliver the notorious electoral area to a Republican presidential candidate in 2008.

The early polling leader and former New York City Mayor Rudy Giuliani is Dinerstein's odds-on favorite to do well in South Florida.

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"The people that I bump into love Rudy Giuliani," he said. "He's king down here."

Giuliani, who stumped in the area twice for Shaw in 2006 and twice for President Bush in 2004, "owns South Florida on our side of the aisle and gets huge crossovers" from Democrats and independents for his desire to cut taxes and for "standing up to bad guys."

Dinerstein said some Republicans' concerns about Giuliani's social leanings are similar to those he saw with new Gov. Charlie Crist (R), which, in the end, fell by the wayside to a pragmatic GOP looking to retain the governor's mansion.

And while South Florida may be Giuliani territory, Dinerstein said he has heard that much of the rest of the state is excited about former Massachusetts Gov. Mitt Romney, whom the chairman is trying to lure to South Florida early this year for either a rally or a small meeting with area donors.

But Dinerstein said that like Giuliani, Romney's social leanings are of concern to many Republicans.

"Here's a guy who in the past minute and a half has gone from being a social centrist … to Jerry Falwell," Dinerstein said, adding that such perceived repositioning caused significant damage to Crist's primary challenger, Tom Gallagher.

Dinerstein said plans for an October 2007 straw poll — one way to determine the early leader for the state's crucial votes — are again in the works.

New Districts Cause Headaches For Ga. Reps. (RC)

By Elizabeth Brotherton

Roll Call, January 9, 2007

Aside from redoing the stationery, changing those office signs and reaching out to new constituents, there is one very important thing the four Georgia Representatives who switched district numbers for the 110th Congress have to deal with: misdirected e-mail.

In 2005 the Georgia Legislature decided to redo the state's Congressional districts. By the time the process was completed, four Members saw their district numbers flip — Republican Rep. Lynn Westmoreland exchanged the 8th district for Rep. Jim Marshall's (D) 3rd, while Rep. Nathan Deal (R), the former 10th district Representative, began to serve residents of Georgia's 9th, switching numbers with Rep. Charlie Norwood (R).

Mix those changes with new district lines, and it's a recipe for confusion.

"Our people are having to figure out who their Member is, for one thing," said Brian Robinson, Westmoreland's press secretary. "And we're having to reprogram the computer system to let it know who our constituents are."

The e-mail confusion mainly comes into play when constituents type their ZIP code into the "Write Your Representative" feature on the House Web site. While the computer can find the district, it is not aware of the number change.

"A lot of our mail is getting e-mailed to Jim Marshall's office, and a lot of Marshall's constituent e-mail is being sent to us," Robinson said. "We're having to work that out with the computer people."

And don't forget that the Georgia Members still have to deal with the other logistics that came with a new Congress in which leaders are promising to work five days a week.

"It is kind of challenging," said Doug Moore, communications director for Marshall. "We spent two terms being the 3rd district. Now they switch us to the 8th, so we have to get all-new everything. New letterhead, new business cards for everybody, even down to changing the voice mail that everybody has."

On the e-mail front, both Moore and Robinson said information technology staffers are working to correct the problem as quickly as possible, although overcoming the glitches isn't an easy task.

"I do feel for them, because it does seem like a gratuitous job," Moore said.

And until that work is done, the two offices plan to work together to deliver constituent e-mail, despite their party differences.

"Their hands are tied, too, because we have their constituent mail," Robinson joked. "We both have hostages to negotiate over."

While Marshall and Westmoreland are forced to exchange constituent e-mails, things are going a bit smoother for Deal and Norwood — but there's still work to be done.

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Chris Riley, Deal's chief of staff, said the most difficult part of the transition came during the elections, because while Deal represented the 10th district, he was running for the 9th.

After Deal was re-elected in November, IT staffers were able to do much of the groundwork for the transition, Riley said.

"We haven't had that many hiccups," he added. "We may have a few, but those haven't been brought to my attention yet. ... That's not to say you can't go to our Web page and find a problem."

(In fact, as of Monday night, Deal's Web site still him listed at the 10th district Representative.)

For veteran Norwood staffers, the change to representing the 10th district might be a bit of a headache but isn't unheard of. Norwood has gone through three district-number changes and four redistricting efforts since becoming a Congressman in 1995.

When Norwood first entered Congress, he actually represented Georgia's 10th district, which is geographically different from the 10th district of today.

"At this time, Charlie's represented probably a third of Georgia," said John Stone, Norwood's communications director.

With that experience, staffers knew ahead of time they would need to make the transition a priority. Last year, Norwood's office reached out to constituents through e-mails and news releases, letting those Georgians in counties affected by redistricting know whom their new Representative would be.

Marshall did the same thing, Moore said, paying particular attention to counties the Congressman wouldn't be representing once 2007 arrived.

"We have a lot of territory and counties we lost, so they still call us," Moore said. "A lot of time, they have a relationship with us."

After the 109th Congress adjourned, technology staffers began to go through Norwood's Web site, page by page, to make sure everything that needed to be changed to the 10th district was fixed, Stone said.

"We have to get everything changed over. We're doing it first on the Web, then stationery," Stone said. "There's still some cleanup work."

Of course, the district number confusion isn't just limited to office logistics. Many publications — including Roll Call — mixed up the district numbers in various election results articles and features, Robinson said.

"Every single major media outlet did that," Moore added. "I had to call and correct them repeatedly."

For his part, Riley predicted Morrison and Westmoreland would have their constituent e-mail reaching them soon.

"Mr. Westmoreland has the smartest IT guy on the Hill," Riley said. "So if Brian Tyson can't figure it out, it's hopeless for the rest of us."

Sununu Has Big Target On His Back (RC)

By Nicole Duran

Roll Call, January 9, 2007

New Hampshire was good to Democrats last year, handing them both House seats in the midterm elections. Now the resurgent party thinks a Senate seat can be wrested from GOP control as well.

Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) recently called first-term Sen. John Sununu (N.H.) one of the three most vulnerable Republican Senators up for re-election in 2008. His claim echoes what Granite State Democrats believe.

"I think Sununu will have problems in 2008 that go beyond [President] George Bush and goes to John Sununu, his voting record, and who he is," said Kathy Sullivan, chairwoman of the state Democratic Party.

On election night, when New Hampshire voters tossed out Republican Reps. Charles Bass and Jeb Bradley, Democratic activists immediately turned their attention to Sununu, saying "he's next," Sullivan related.

At least one potential Democratic challenger, Portsmouth Mayor Steve Marchand, is seriously readying for a bid.

Marchand, who turns 33 on Wednesday, said he's looking at the feasibility of a Senate run and determining if he can raise the considerable amount of money it will take to unseat Sununu.

"I have people in position to work on a campaign," he said. "I am interviewing folks and will continue to so that if and when we decide to do it, we're in a position to begin with a running start."

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Marchand, who was first elected mayor of the 23,000-population seacoast town in 2005, said he will decide sometime in February.

Having worked on his own campaign and those of others, Marchand said he has "a good appreciation" for how challenging a Senate campaign will be. He has reached out to national and state Democrats and is looking at the financial picture.

While he has not spoken to Schumer yet, Marchand said doing so is a "high priority."

Other potential candidates include state Sen. David Gottesman (D) and Gary Hirshberg, president of Stonyfield Farm, the Londonderry, N.H.-based yogurt company.

Former Gov. Jeanne Shaheen (D), who narrowly lost to Sununu in 2002, has been touted as another top potential contender. But while she and her husband, David, remain active in Granite State politics, the former governor is the president of the Institute of Politics at the John F. Kennedy School of Government at Harvard University and is not likely to try again, knowledgeable Democrats privately concede.

"Jeanne is really enjoying her work with students and faculty at the Institute of Politics, and has no other plans at this time," said Esten Perez, communications director for the institute.

Hirshberg, who did not return calls for this story, is a regular contributor to Democratic candidates and parties.

During the 2004 and 2006 cycles, he and his wife, Meg, gave $36,450 to candidates and parties, including $10,000 to the Democratic National Committee.

Gottesman just said: "At this time, I can only say that I have not ruled out any options that I have for elected office, but am focused on my job as a New Hampshire state Senator."

Democrats have just taken control of the New Hampshire Legislature for the first time in decades.

"After what happened in 2006, I don't think we'll have trouble finding someone to run," Sullivan said.

Sununu, who had more than $560,000 in his campaign account as of Sept. 30, did not address Democrats' enthusiasm about unseating him, nor was he ready to discuss the upcoming campaign in detail. Sununu spent $3.5 million on his first Senate race, and Shaheen spent $5.8 million that year.

Year-end campaign finance reports are not due until Jan. 31.

"As they have always been, our campaign in 2008 will be an aggressive town to town, person to person effort — strong on grassroots organization and focused on the issues that matter most to New Hampshire citizens," Sununu said in a statement.

Officials for the New Hampshire Republican Party declined to comment, as did the National Republican Senatorial Committee.

Meanwhile, Marchand already seems to have his sound bites and campaign themes ready.

He describes himself as fiscally conservative, moderate on social issues and progressive on environmental issues — a mix he says meshes very well with New Hampshire voters, who tend to be more libertarian than conservative or liberal.

"Sen. Sununu in general has become more conservative on many key issues over time, while New Hampshire continues to moderate in a lot of important ways," Marchand said.

As for his relative youth, Marchand, who previously worked for The Concord Coalition and the AARP, said he has enough experience to make up for it.

"I'll be 34 in 2008 and I'll have been a mayor," Marchand said. "That should trump being the son of a former governor."

Sununu's father, John Sununu, was a Republican governor of New Hampshire and chief of staff to former President George H.W. Bush.

"Sununu first ran for federal office in 1996 when he was 32 and never held elected office," Marchand pointed out.

At 42, Sununu currently is the youngest member of the Senate.

Sullivan said she thinks the 2006 elections may have represented a "fundamental change" in New Hampshire voting patterns.

Even so, New Hampshire soon will be caught up in the whirlwind of the presidential primary, which could take focus off the Senate race.

Sullivan said she does not think that will happen.

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"We were able to unseat a first-term governor in 2004 during a very hotly contested presidential contest," she said.

Marchand said he thinks the presidential focus actually may bring more attention to the Senate race.

"I'd argue it's a unique opportunity to gain exposure," he said. "This is going to be a closely contested Senate for the foreseeable future and every seat is going to matter."

Party leaders, and presidential hopefuls, understand that and will not let the Senate race fall by the wayside, he said.

"I've had conversations with many [presidential hopefuls] personally, and certainly their staffs, and they understand how critical the race is," Marchand said. "The New Hampshire [presidential] primary can never be a hindrance."

Johnson's Re-election Plans On Hold (RC)

By David M. Drucker, Roll Call Staff

Roll Call, January 9, 2007

Sen. Tim Johnson (D-S.D.), experiencing a slow but encouraging recovery from a Dec. 13 collapse, has put his re-election plans on hold, plunging a key Senate battleground into uncertainty.

A spokeswoman said Monday that the Senator's health will dictate whether a 2008 bid, which had been on track until illness struck, can eventually resume.

Johnson had long ago started raising money, and he was beginning to assemble a campaign staff and mull over when to announce his bid for a third term when he was hospitalized for a brain hemorrhage. Those re-election plans are now in limbo as his health and ability to wage what could be a very demanding Senate race are assessed.

"Things are on hold to prioritize the most important thing, and that's got to be his health," Johnson spokeswoman Julianne Fisher said. "It's just a matter of how long the recovery process is going to be. We're still in a holding [pattern] on that one."

Johnson, who turned 60 two weeks ago, had nearly $651,000 in cash on hand as of Sept. 30.

Despite Johnson's good standing at home and the fact that he held off now-Sen. John Thune (R) in a tough re-election bid back in 2002, the Democrat likely faced a battle in 2008 because of his state's strong Republican tilt and the fact that GOP candidates often have an advantage in South Dakota when they run in presidential cycles.

Thune, after losing to Johnson by 524 votes in the off year of 2002, beat then-Senate Minority Leader Tom Daschle (D) by 2 points in 2004 while President Bush was defeating Sen. John Kerry (D-Mass.) by 22 points.

Johnson's ability to run a race that could be every bit as rigorous as his 2002 victory, when he and Thune spent a combined $12.1 million in a campaign for 334,438 total votes, could be determined not just by his overall health — which doctors say is improving — but by how long his recovery takes.

Patrick Davis, a Denver-based Republican consultant and native South Dakotan who served as political director of the National Republican Senatorial Committee in 2004, speculated that Johnson would ultimately choose not to run for re-election. He said the rigors required to wage a successful South Dakota Senate race — particularly in a presidential cycle — would be significant considering his current health problems.

"I don't think Tim runs again," Davis said.

The latest battery of tests conducted on Johnson last week indicated no traces of the condition that caused his illness. The Senator was diagnosed with a congenital blood vessel disorder known as arteriovenous malformation after being admitted to the hospital in December.

Johnson's aides said this week that Johnson was still breathing with the aide of a tube, though to a lesser extent than in recent weeks, as he is now able to breathe on his own most of the time.

For fear of appearing impolitic and insensitive, both Democrats and Republicans have been reluctant to comment on how Johnson affects South Dakota's status as a target on the 2008 Senate map, let alone the political plans of prospective candidates.

But it's clear that should Johnson choose not to run for re-election, a race that was sure to be hotly contested could get even hotter.

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Rep. Stephanie Herseth, currently seen as the candidate Democrats are most likely to turn to should Johnson retire, has declined to go anywhere near the issue. Her spokesman would say only that Herseth looks forward to Johnson making a full recovery.

"It's too soon for any kind of speculation like that," Herseth spokesman Russ Levsen said, when asked if his boss would consider running for Senate if Johnson doesn't.

Steve Hildebrand, a Democratic consultant based in South Dakota and former Daschle adviser, argued that it's far too soon to discuss what happens if Johnson retires. He said Johnson's approval ratings were solid prior to his illness and that it wasn't necessarily a given that he was going to face a tough challenge from a formidable Republican.

The state has rallied around the Senator since his collapse, with churchgoers praying for his return to good health every Sunday, Hildebrand said.

With approval ratings that Hildebrand said are higher than Thune's and above what Daschle's were in 2004, Hildebrand believes only popular Gov. Mike Rounds (R) could pose a serious challenge to the Democratic incumbent. But Hildebrand described Rounds as risk-averse — a sentiment echoed by Davis — and therefore doesn't expect him to run.

"Any of us who firmly believe Tim will make a full recovery are not considering any 'what-if' scenarios," Hildebrand said. "All of us have hope and faith that Tim will be back in full health and running for re-election."

Republicans have five candidates who are considered by GOP sources to be serious contenders regardless of what Johnson does, beginning with Rounds.

Davis predicted Rounds would run only if Johnson retires. Davis said Rounds would be all but unbeatable if the seat opens up — including against Herseth, who he speculated would not run against the governor, as the 36-year-old Congresswoman's House seat appears to be hers for as long as she wants it.

Absent a Rounds candidacy, which would clear the GOP primary field, Republicans could be in trouble, Davis said. He believes South Dakotans as a whole are more likely to support a "middle-of-the-road" GOP candidate in 2008 than one positioned on the far right of the party, but he said such a candidate is exactly what the GOP will probably nominate if the governor doesn't run.

"I do think [Rounds] runs if it's an open seat. But I don't think he runs against Johnson — healthy or not," Davis said. "Johnson is a street fighter; he's a great, great politician."

Rounds, who was working Monday on his State of the State address, declined through a spokeswoman to comment on whether he is considering a run for Senate in 2008.

In addition to Rounds, the potential Republican field includes former Lt. Gov. Steve Kirby, who probably could afford to self-finance a Senate race if he chose to; current Lt. Gov. Dennis Daugaard; state Sen. Dave Knudson; and Public Utilities Commission Chairman Dusty Johnson.

Romney Makes It Official And Asks For '08 Cash In A Big Way (NYT)

By Adam Nagourney

The New York Times, January 9, 2007

BOSTON, Jan. 8 — Presidential campaign fund-raising operations are usually run well out of public sight, reflecting their status as essential, if slightly unseemly, requirements for running for the White House.

That is what made what happened here early Monday morning striking. Over 400 people, including corporate executives, governors, wealthy Republican donors and party operatives, gathered around telephones and computer screens stretched out over a huge convention center room for a day of public fund-raising on behalf of Mitt Romney, the former Massachusetts governor who created a presidential exploratory committee last week. Television camera crews and reporters circled the room as Mr. Romney's aides provided a running tally of how much had been raised.

For Mr. Romney, this high-tech fund-raiser, with new fund-raising software rolled out to mark the occasion, amounted to a public declaration for the White House, as he marched out with his family for his first major event since leaving the Statehouse.

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And as Mr. Romney announced at day's end that he had drawn a $6.5 million one-day haul in cash and commitments, it was also a striking example of just how important fund-raising has become as a test for presidential viability, this year more than most, with the race dominated by high-profile candidates, most of whom are unlikely to participate in the public financing system.

"This has never been done before," Mr. Romney said, standing in the middle of an elaborate set, a wireless microphone planted on his body. "This is the most advanced technology ever employed as a fund-raising effort."

Politically, the display of fund-raising and organizational prowess was intended to put Mr. Romney back on the map after a tough month in which his conservative credentials have come under attack because of questions about his evolving positions on abortion and gay rights. If the immediate audience for this fund-raising event were his own supporters and the press, it was aimed just as much at other prospective Republican candidates. Those include Senator John McCain of Arizona and Rudolph W. Giuliani, the former New York mayor, but also some lesser-known candidates on the right, like Senator Sam Brownback of Kansas and Mike Huckabee, the former governor of Arizona, who have been emboldened at the sight of Mr. Romney struggling.

"It's going to send a strong message to McCain as well as to Giuliani, but also to all those other guys who might be thinking of getting in," said Thomas R. Tellefsen, who was recruited from the upper ranks of President Bush's fund-raisers to spend a day sitting in front of a computer screen.

Spencer Zwick, a longtime Romney associate who is now his national finance director, said: "We do know in political fund-raising, money talks, but early money screams. That's what we're trying to do."

No expense was spared for "The National Call Day" in the gleaming new Boston Convention and Exhibition Center. Callers were delivered boxed lunches at their seats. Huge video screens displayed a biographical film of Mr. Romney, who dutifully emphasized his opposition to abortion rights and same-sex marriage. The software, based on programs used by telemarketing sales forces, was designed exclusively for Mr. Romney and called ComMITT.

"People are waiting to see Ed McMahon flash up the latest number on the tote board," said Tom Rath, a veteran New Hampshire Republican leader who is a senior adviser to Mr. Romney.

The Romney campaign, indulging in a rather old trick from the political book, started off the day with a low-ball prediction that they would gather $1 million in pledges and commitments. With a group this large, and this well connected, a take like that would have been disappointing, so the final result gave Mr. Romney a chance to come out and announce he was "blown away" by the outcome.

Mr. Romney's supporters came armed with lists of friends and, in the case of politicians, their own contributors. A lot of internal planning had gone into the day, so the recipients of calls asking for donations of $2,100, the legal limit, were not surprised. And Mr. Romney was certainly not taking any chances. When it came time for him to make a fund-raising call, piped over the loudspeaker and in front of a crush of cameras, he chose to call his older sister, Lynn Keenan, at her home outside Detroit.

Still the image of, say, the governor of Missouri, Matt Blunt, sitting at one table, and the head of a major corporation dialing for dollars was certainly unusual.

"I've never done anything like this before," said Meg Whitman, the chief executive of eBay, in a break from her callers. "I start out by saying: 'You won't believe where I am! I'm at the Boston Convention Center with four or five hundred other people dialing for contributions for Mitt Romney.' "

The figure put out by Mr. Romney includes pledges as well as checks, Mr. Romney's aides said they were confident that most of that money would also come in. It also was the result of going after what Mr. Tellefsen called "low-hanging fruit."

Mr. Romney laughed when asked if he thought the campaign would be able to keep up this pace, though he characterized it as an affirmation of the potential appeal of a candidate who remains relatively little-known outside Republican circles.

"I don't think $6.5 million a day is likely to be sustained," he said, adding, "This is not a big flash and disappearance."

Mr. Romney's advisers have said they would like to raise around $100 million before the primaries. With the presidential primary contests coming fast and early next year, there is a premium on candidates' raising money as quickly as possible so they can leave the telephones and be free to do public events in early primary states.

Romney, High-profile Friends Call For Election Cash (WT)

DOJ_NMG_0114239

By Stephen Dinan

The Washington Times, January 9, 2007

BOSTON -- Mitt Romney figured he needed something to wow the politicos for the first event of his young presidential campaign, so he put together yesterday's first-ever telemarketing fundraiser featuring governors and high-powered CEOs gathered together to dial for dollars -- more than $6.5 million raised in one day.

"I'm overwhelmed by the support, I'm heartened by the friendships and I'm optimistic about the future," Mr. Romney, a Republican, said as he announced the total to reporters yesterday evening, adding that it was a major statement about the ability to compete for "a guy who is not terribly well-known -- me."

It was an impressive entry for the former governor of Massachusetts into the so-called "invisible primary," the period before the actual 2008 primaries and caucuses, when candidates flaunt their fundraising prowess, show off their organizational skills and even try a few gimmicks to prove they can compete and to scare other potential candidates from entering the field.

"I think it's going to be a very strong message today to everybody -- I think it's going to be a strong message to [Sen. John] McCain as well as to [former New York Mayor Rudolph W.] Giuliani, and I think it's going to be a strong message to those that are considering or haven't really yet laid the groundwork," said Thomas Tellefsen, one of the co-chairmen of Mr. Romney's national finance team, naming the top Republican candidates in current primary polling.

Mr. Romney ended his term as governor of Massachusetts last week, the day after he announced formation of a committee to explore a run for president. An announcement on an official presidential committee is expected some time this winter.

In addition to yesterday's event to prove his fundraising credentials, Mr. Romney has also used this first official week to try to quell concerns among social conservatives about past remarks.

"Now, I wasn't always a Ronald Reagan conservative. Neither was Ronald Reagan, by the way. And perhaps some in this room have had the opportunity to listen, learn and benefit from life's experience -- and to grow in wisdom, as I have," he told a gathering of conservatives and major Republican donors in Sea Island, Ga.

"My life experience convinced me that Ronald Reagan was right. I'm a conservative that gets the job done. And you don't just have to take my word for it, you can just look at my record," he said.

While that weekend appearance was about honing a message, yesterday's event was all about proving fundraising and organizational skills.

The campaign rented out the grand ballroom at the Boston Convention and Exhibition Center and had nearly 400 stations set up with telephones and laptops computers for the high-powered callers to take credit-card information down on the spot.

After a legal briefing by the campaign's lawyer, an introductory inspirational video about Mr. Romney and some opening remarks from the candidate and his wife, the calls began. The callers -- among them Meg Whitman, the president and CEO of EBay, and Missouri Gov. Matt Blunt, a Republican -- called their own lists of friends and colleagues to ask them to contribute. The campaign said the volunteers made about 15,000 outbound calls.

"In political fundraising, money talks, but early money screams," said Spencer Zwick, the campaign's finance director.

Mr. Tellefsen, who was one of the elite fundraisers for President Bush in 2004, attended Harvard Business School with both Mr. Bush and Mr. Romney and said Mr. Romney "was much smarter than both of us."

"The president and governor and I were all in the business school, but he also was in the law school and he graduated in the top part of his class in both of those things," Mr. Tellefsen said.

Romney Kicks Off Fundraising Campaign (AP)

By Glen Johnson

AP, January 9, 2007

White House hopeful Mitt Romney and 400 of his backers raised more than $6.5 million on Monday in a glitzy fundraising blitz that will force all Republican rivals to take notice.

"They've come together and blown us away today, and humbled us at the same time," said the former Massachusetts governor as he clutched the hand of his wife, Ann.

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The figure dwarfed the $2 million that Sen. John McCain, R-Ariz., raised and the $1 million collected by former New York Mayor Rudy Giuliani. Like Romney, the two have created committees exploring bids for the GOP's presidential nomination.

While Romney said he was not trying to send a message to anyone but his supporters, one of his national fundraising co-chairman disagreed.

"I think it's going to be a very strong message today — to everybody," said Tom Tellefsen, a classmate of Romney's at Harvard Business School and a top fundraiser for President Bush. "I think it's going to be a strong message to McCain as well as Giuliani, and I think it's going to be a strong message to those that are considering or haven't really yet laid the groundwork that maybe they should have."

The event at the Boston Convention & Exhibition Center featured a four-screen projection TV system hung from the center of a ceiling, displaying pictures that included Romney in the Oval Office and at the presidential lectern.

Besides the "National Call Day" event, Romney also sought over the weekend to shore up his support among evangelicals who have been dismayed to learn that he ran as a moderate for the U.S. Senate in 1994, as well as for Massachusetts governor in 2002.

He now is staunchly opposed to gay marriage, and says he supports a state-by-state approach to abortion rights.

"Now, I wasn't always a Ronald Reagan conservative. Neither was Ronald Reagan, by the way. And perhaps some in this room have had the opportunity to listen, learn, and benefit from life's experience — and to grow in wisdom, as I have," Romney said at a conservative gathering in Sea Island, Ga.

"My life experience convinced me that Ronald Reagan was right. I'm a conservative that gets the job done. And you don't just have to take my word for it, you can just look at my record," he added.

While Romney's presidential committee is still labeled "exploratory," he and his staff have made it clear they are in the race to win.

In e-mails sent last week, two of Romney's sons estimated he would need to raise $100 million to be among the "serious contenders" for the nomination. The stated goal on Monday was $1 million.

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NEW YORK (AP) — Civil rights activist Al Sharpton said Monday he is seriously considering a run for president.

"I don't hear any reason not to," Sharpton, 52, said in an interview during an urban affairs conference sponsored by another civil rights leader, the Rev. Jesse Jackson.

"If we're talking about the urban agenda, can you tell me anybody else in the field who's representing that right now?" Sharpton asked. "We clearly have a reason to run, and whether we do it or not we'll see over the next couple of months."

Sharpton mounted a long-shot bid for the White House in 2004, in which his wit and fiery denunciation of President Bush often enlivened Democratic primary debates. He dropped out of the race after losing several state primaries and endorsed the eventual nominee, Massachusetts Sen. John Kerry.

Despite widespread interest in the likely candidacy of another influential black Democrat, Illinois Sen. Barack Obama, Sharpton said he's heard little substantive discussion of issues that might influence his decision about running.

"Right now we're hearing a lot of media razzle dazzle," Sharpton said. "I'm not hearing a lot of meat, or a lot of content. I think when the meat hits the fire, we'll find out if it's just fat or if there's some real meat there."

Sharpton said the candidate who impressed him most so far was former North Carolina Sen. John Edwards, who has made poverty the central issue of his campaign. Sharpton ran for the Senate from New York in 1988, 1992 and 1994, and ran for New York City mayor in 1997.

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ORANGEBURG, S.C. (AP) — Democrats will hold the first debate of the 2008 campaign on April 26, 2007 in South Carolina.

The hour and a half debate will be held at South Carolina State University, a historically black college, and will be televised by MSNBC, state party officials said Monday.

South Carolina was selected as an early voting state in a move intended to add racial and geographic diversity to the early voting.

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The university has a storied history in the civil rights movement. On Feb. 8, 1968, three people were killed and 27 injured after the South Carolina Highway Patrol fired on protesters demonstrating against segregation, an event known as the Orangeburg Massacre.

South Carolina's GOP plans its first debate May 15 at the University of South Carolina's Koger Center in Columbia.

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Associated Press Writers Beth Fouhy in New York and Jim Davenport in South Carolina contributed to this report.

Romney Raises $6.5 Million In One-Day Blitz (WP)

By Chris Cillizza

The Washington Post, January 9, 2007

Former Massachusetts governor Mitt Romney raised $6.5 million for his presidential exploratory committee yesterday, sending a powerful message to his potential opponents about the seriousness of his bid for the Republican nomination.

Romney gathered about 400 of his largest financial backers for an all-day call-a-thon at the Boston convention center. The group included politicians such as Missouri Gov. Matt Blunt, former Massachusetts governor William F. Weld and former lieutenant governor Kerry Healey, as well as deep-pocketed fundraisers such as Utah billionaire Jon Huntsman Sr., eBay chief executive Meg Whitman and Tennessee moneyman Ted Welch.

The politicos and fundraisers hit up friends and colleagues, and many of them wrote their own checks to contribute to the day's total. Less than four hours into the effort, Romney had surpassed his goal of raising $1 million; 90 minutes later, he announced that more than $2.5 million had been collected and urged callers to "keep on dialing for dollars." The day's total included actual contributions and what a Romney spokesman called "signed pledges."

Romney has said he hopes to raise $100 million in 2007 to support his presidential aspirations. An internal campaign document for former New York mayor Rudolph W. Giuliani, which a rival campaign leaked to the media last week, set the same goal. By comparison, then-Texas Gov. George W. Bush collected $69 million in 1999 for his campaign.

That gap speaks to the increasingly high fundraising bar that a candidate must clear to be taken seriously in the 2008 sweepstakes. With such high-powered fundraisers as Sen. Hillary Rodham Clinton (D-N.Y.) and Sen. John McCain (R-Ariz.) likely to run, Federal Election Commission Chairman Michael Toner estimated recently that the 2008 race could cost as much as $1 billion.

Alex Vogel, a Republican lobbyist not affiliated with any of the potential candidates, described Romney's one-day haul as an attempt at "shock and awe," adding that the former governor is seeking to quickly dispose of questions about whether he can raise the money to be competitive with McCain and Giuliani in the primaries.

In some ways, Romney's dynamic day of cash collection is not terribly surprising because of the variety of connections he has built. He has ties to the business world, having been a top executive at the Boston-based consulting firm Bain & Co. After four years as governor and two years as chairman of the Republican Governors Association, Romney boasts deep roots in the GOP giving community. And his stewardship of the Winter Olympics in Salt Lake City in 2002 gave him access to a group of nonpolitical donors.

While the Romney campaign touted its huge one-day total, the planning for the event had been going on for some time.

Participants gathered for dinner Sunday night and after breakfast yesterday before they began their calls. Each person was supplied a laptop computer and given access to new sales-based software, known as ComMitt, developed for Romney's presidential exploratory committee.

"In a presidential campaign, it's one thing to talk about your organizational strength but it's another to showcase it," said Romney spokesman Kevin Madden.

Mitt Rakes In Dough, Proves His Political Viability (SLT)

By Thomas Burr

Salt Lake Tribune, January 9, 2007

DOJ_NMG_0114242

BOSTON - Sending a clear signal he wants to be in the top tier of presidential candidates, and using showmanship skills honed in heading the 2002 Salt Lake Winter Olympics, Republican Mitt Romney amassed more than $7 million Monday in political pledges.

In a room flanked by flags from all 50 states, Mitt and Ann Romney brought the crowd to its feet and then, on their first day of fundraising, pulled in almost as much as then-Texas Gov. George W. Bush did during the first three weeks of his presidential campaign exploration in 1999.

Romney was out to show that he can raise money like a frontrunner, and he did. But the former Massachusetts governor also wanted to show he has support from across

Former Massachusetts Gov., Mitt Romney, R-Mass. (Josh Reynolds/The Associated Press) the nation and is organized to mount a convincing campaign should he choose to run for the White House.

"I'm overwhelmed by the support," Romney, a 59-year-old venture capitalist-turned-politician told reporters. "I'm heartened by the friendships and I'm optimistic about the future."

Romney's camp initially told reporters they hoped to collect $1 million at the event, a figure they reached by 11 a.m. MST.

Craig Holman is the campaign finance lobbyist for the government watchdog group Public Citizen and a critic of the bundling model pioneered by Bush and, it appears, perfected by Romney. Holman called Romney's one-day collection "tremendous" and "disheartening," noting

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it does not bode well for the future of public financing.

Still, Holman had to admire Romney's achievement.

"That puts him overnight on the steps of credible candidates," Holman said. "If he can raise that kind of money in one day, he's in the game."

That was the goal.

Some 400 Romney supporters - from the chief executive of eBay to Missouri Gov. Matt Blunt to enthusiastic bloggers - called friends and associates begging for donations in what Romney's staffers said was a novel approach in politics. The money raised was in donations by check or credit card or a signed pledge.

Supporters huddled around 40 horseshoe-shaped tables with IBM laptops and black phones at the Boston Convention Center dialing people from their Roladexes. A four-sided JumboTron carried images of Romney as he glad-handed the room and joined in to make the pitch on calls.

"Money talks but early money screams," Romney's national finance director, Spencer Zwick, said.

If Romney fully commits to the race, he needs momentum as he faces better-known opponents for the GOP nomination, mainly Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani. Political observers predict potential 2008 candidates need to raise $25 million to $30 million in the first three months, and up to $100 million this year alone.

It's unclear whether Romney's committee can sustain that kind of pace. Rich Hanley, director of graduate programs in the school of communication at Quinnipiac University, likened Monday's yield to that of a movie on opening weekend. "But it's ultimately not the opening weekend that matters. It's what happens after that."

Romney countered that he doesn't plan on making Monday's effort the standard, but that, "The opening box office is kind of important for a movie and the opening box office for a campaign is kind of important as well."

Earlier that morning, Romney emerged to the Goo Goo Dolls' "Give a Little Bit," and rallied his troops to call everyone they knew to help boost his vision for a "new American dream."

Some 15 Utahns, including Lt. Gov. Gary Herbert, entrepreneur James Sorenson Jr. and the state's lobbyist, Bill Simmons, were among the callers, and many of the supporters had worked with Romney during the Olympics. Richard and Linda Eyre, who write inspirational books, were there, as were executives from Utah companies Xango and Nuskin.

"It's not a hard sale in Utah because people know Mitt Romney," Herbert said during a break from his calls to friends back home. But his boss, Utah Gov. Jon Huntsman Jr., is supporting McCain.

Monday's dialing-for-dollars campaign wasn't just a Boston event.

Supporters around the country spent the day phoning potential donors from their homes and offices, Romney's longtime friend and Utah developer Kem Gardner said between fundraising calls. Gardner, who stayed in Salt Lake City to close a business deal, knows of at least 50 people in Utah who were working the phones. By 1:30 p.m., Gardner had raised $52,000, he said.

"It's coming in great from all over the country," Gardner said.

And that's key.

Romney, a member of The Church of Jesus Christ of Latter-day Saints, must prove his support base extends beyond Utah and the Mormon community. Polls indicate he needs to raise his profile.

In a Jan. 1-3 CBS nationwide survey of 1,000 adults, 85 percent of respondents were either undecided or didn't know enough about Romney to even have an opinion. Of those who did have an opinion, twice as many respondents viewed him unfavorably (10 percent) as favorably (5 percent).

Romney's first call Monday, placed on speakerphone for everyone to hear, met with success. He phoned his older sister, Lynn Romney Keenan, in Bloomfield Hills, Mich., and could hardly get a word in as Keenan praised her brother for his success.

"This is an exciting day, isn't it?" she asked.

Romney didn't even finish his request for $2,100, the federal limit, before Keenan interrupted: "Of course."

Romney has a history of creative fundraising. To plug holes in the 2002 Olympics budget, he assembled a team of 20 "Utah ambassadors" to hit up philanthropists for donations.

He also came up with the controversial idea to sell prime Olympic tickets and hotel rooms for several times their face value, in one case through an online auction in which the first set of 20 tickets sold for nine times their original price.

After the telethon, just about everyone there planned to meet at a hotel to watch the Florida Gators, coached by former University of Utah football coach Urban Meyer, face off against Ohio State for the BCS national championship.

Romney Event Nets More Than $6.5m (BOS)

By Scott Helman

The Boston Globe, January 9, 2007

Former governor Mitt Romney put on an unusual public fund-raising display for his presidential campaign yesterday, raising more than $6.5 million in an effort observers say was designed to intimidate rivals looking to challenge him for the conservative vote.

But one of those likely opponents, Senator Sam Brownback of Kansas, chose to highlight Romney's past moderate positions on abortion rights and gay rights, announcing that seven conservative Massachusetts activists will back him over Romney.

Romney's highly choreographed event, held at the Boston Convention & Exhibition Center, drew 400 of his biggest supporters, who spent all day soliciting money from friends and contacts around the country.

"They blew me away with their success," Romney told reporters at an evening news conference. "And we will be able to continue to build slowly but surely a highly successful financial effort and campaign. This is not, if you will, a big flash and disappearance."

Tom Tellefsen, a private investor from California and one of Romney's national finance cochairmen, said the daylong blitz would "send a very strong message" to others in the race, both to top-tier rivals such as Senator John McCain of Arizona and former New York City mayor Rudy Giuliani, and to "those that are considering or haven't really yet laid the groundwork that maybe they should have."

But if that was the message, the Brownback campaign didn't get it. Spokesman Rob Wasinger said in an e-mail that Brownback's conservative record was "an asset that money just cannot buy" and released a list of activists who he said "are tired of all the compromise and double-speak and are eager to support a true conservative."

The list included Dwight Duncan of Cambridge, a professor at Southern New England School of Law; Anne Fox of Needham, a past chairwoman of Massachusetts Citizens for Life; and R.T. Neary of Medfield, a past president of Massachusetts Citizens for Life.

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Neary explained his decision yesterday by saying that Brownback, who is expected to formally announce his candidacy Jan. 20 in Topeka, has "established credentials" on life issues. "Our governor, Mitt Romney, is a latecomer, if he is even a prolifer," Neary said.

In 1994 and 2002, Romney expressed support for abortion rights, but says he has since shifted to a "firmly prolife" position. The resurfacing of his remarks has stirred political trouble for Romney in recent weeks.

James Gilmore, a former Virginia governor and former chairman of the Republican National Committee, said at a GOP event last week that he intends to run as the race's true conservative, according to the Hotline, the political newsletter; Gilmore is expected to file papers today setting up a presidential exploratory committee. Governor Mike Huckabee of Arkansas is also eyeing a run as a conservative for the 2008 nomination.

But while Brownback, Gilmore, and Huckabee may challenge Romney for the conservative vote, none has built nearly the base of donors and activists in key primary states that Romney has. Observers say that if Romney can continue doing what he did yesterday, tapping into that infrastructure to raise millions of dollars, he could position himself as the one viable presidential candidate most palatable to conservative voters.

"That could be one of Romney's real advantages over the other candidates who are trying to market themselves to social conservatives," said Dante Scala, a political science professor at Saint Anselm College in Goffstown, N.H.

James A. Thurber, director of the Center for Congressional and Presidential Studies at American University, said, "That's why he's doing this and getting out front and trying to marginalize some of those second-tier candidates."

Romney denied yesterday that he was trying to signal anything to his opponents.

"No message to rivals today," Romney said. "This is a message to Ann and me, to our family, and to our friends that what we stand for and what we're going to fight for has been heard, that our friends are behind us, that they're supporting us in remarkable ways. And that gives us the energy and the enthusiasm and the motivation to go forward with our message."

Romney's campaign said before yesterday's event that it hoped to raise $1 million, but it's clear it expected more. His supporters commanded a 38,000-square-foot room on the third floor of the convention center, which was filled with tables with phones and laptops.

At the lead table was William F. Weld, former Massachusetts governor, who alternated between making phone calls and checking his BlackBerry, and Kerry Healey, former lieutenant governor, and her husband, Sean. "We're going to do our best to make sure that Mitt has the best send-off possible," Kerry Healey said yesterday morning.

After entering the hall to the Supertramp anthem "Give a Little Bit" (as covered by the Goo Goo Dolls), Romney spoke about why he was running and proceeded to a phone to make his first fund-raising call to his oldest sister, Lynn, who lives outside Detroit.

"How are you?" Romney asked her.

"Good, how are you, Mitt?" she said. "This is an exciting day, isn't it?" She pledged $2,100, the maximum allowable contribution.

Romney's army of volunteers used an Internet-based database built by his campaign that it's calling ComMitt, which allows fund-raisers to log donations and access information about Romney's positions on various issues. The idea, according to Romney finance director Spencer Zwick, was for his supporters to use their own contacts -- Christmas card lists, for example -- and not to be handed a list of names to cold-call.

"While you see every one person here at the phone, what's behind them . . . [are] legions of other people and other supporters that they've worked with," said Romney campaign spokesman Kevin Madden.

One of Romney's top advisers, Tom Rath, an influential Republican National Committee member from New Hampshire, told reporters yesterday that any serious presidential candidate must raise $60 million to $75 million this year.

Much of that has to be done in the next six to eight months, he said, before candidates are too busy doing events in primary states to headline many fund-raisers. "Early money is really the mother's milk to these things," Rath said.

Four of Romney's sons were also on hand for the fund-raising kickoff, including his oldest, Tagg, 36.

"I don't know that you can ever be totally prepared because you can't really know what's going to happen," he said. "But everyone understands that there will be personal sacrifices, that you give certain things up. And that's what's required right now."

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Decisions On The Horizon (NYT)

By Jeff Zeleny And Patrick Healy

The New York Times, January 9, 2007

Don't look for presidential announcements from Senators Barack Obama and Hillary Rodham Clinton anytime soon, but stay tuned.

At least that is the word from their associates. Mr. Obama, Democrat of Illinois, is not likely to say whether he intends to seek the party's presidential nomination until after President Bush's State of the Union address on Jan. 23. As he walked out of the Capitol on a recent afternoon, Mr. Obama only smiled when asked about his timing. Then, he rushed to change the subject.

Initially, Mr. Obama said he intended to announce his decision after returning from a holiday vacation in Hawaii, where he was visiting his grandmother and other relatives. Now, several people close to the senator say, he needs a little more time to make up his mind.

Still, Mr. Obama has been busy telephoning crucial Democrats in Iowa, New Hampshire and other states. There is, of course, only one reason for him to be making such inquiries.

Last week on Capitol Hill, Mr. Obama bumped into Ethel Kennedy, who has been a big admirer. When asked about him, she said, "He can't run soon enough."

Mrs. Clinton, meanwhile, plans to announce her decision in the next several weeks, her advisers say. According to several Democrats who have spoken to her, as well as advisers, Mrs. Clinton has given every indication that she is running, short of saying so, and no signals that she is not.

She is making phone calls to Democratic officials, labor leaders and supporters in early nominating states. And she continues to talk to possible consultants and donors, yet she has not made any travel plans to kick off a campaign.

Obama's Folly Of Youth Shouldn't Hinder Rise (USAT)

By Dewayne Wickham

USA Today, January 9, 2007

I knew it would come to this.

The widespread adulation that Barack Obama received with the release last year of his second book, The Audacity of Hope, pushed the junior U.S. senator from Illinois to begin making soundings about a run for the presidency in 2008.

And the initial response was downright giddy.

During visits to Iowa and New Hampshire — early testing grounds for presidential hopefuls — women swooned over Obama, and men rushed to be photographed with the man NBC News' Meredith Vieira called a political "rock star." Seasoned journalists gushingly spoke of Obama as a new force in U.S. politics who has chased everyone except New York Sen. Hillary Clinton from the field of viable contenders for the Democratic Party's 2008 presidential nomination.

But Obama's meteoric rise felt the pull of a political black hole last week when The Washington Post reported that in an earlier book, he had admitted to using illegal drugs while in high school and college.

"Junkie. Pothead. That's where I'd been headed: the final, fatal role of the young would-be black man. Except the highs hadn't been about that, me trying to prove what a down brother I was. … I got high for just the opposite effect, something that could push questions of who I was out of my mind, something that could flatten out the landscape of my heart, blur the edges of my memory," Obama wrote about the reasons for his youthful experimentation with marijuana and cocaine.

Far from being a prelude to his flirtation with presidential politics, this admission came before Obama entered political life. It was a catharsis — the kind of revelation about a troubled time that can produce emotional freedom and moral rejuvenation.

But in the world of politics, such honesty often runs afoul of the holier-than-thou crowd. I suspect, it's why Bill Clinton, when confronted on the issue, admitted having smoked marijuana but tried to mitigate this offense by saying he never inhaled. And I think it explains why George W. Bush deflected questions about his suspected drug use by quipping: "When I was young and irresponsible, I was young and irresponsible."

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Like many other young people of his generation, Obama experimented with illegal drugs. That's nothing to be proud of — and what he wrote in his first book, Dreams from My Father, doesn't come across that way. But it is a window into the thinking of a young man who, like his country, struggles with the issue of race and identity.

"Everybody was welcome into the club of disaffection," Obama wrote of that period in his life. "And if the high didn't solve whatever it was that was getting you down, it could at least help you laugh at the world's ongoing folly and see through all the hypocrisy and bullshit and cheap moralism."

Fortunately for Obama, he escaped that reckless period with no apparent, lasting damage. And fortunately for the rest of us, many Americans are willing to excuse such bad behavior by public officials when it happened in the distant past — and the person in question has moved on to a better life.

I don't know if Obama is of presidential timber. I don't know if he possesses the deep intellect, courage and character that this nation so badly needs in its chief executive. I don't know if he is as studious as he is bright; or if he is as feeling as he is outspoken about the problems of this nation's old and poor.

But what I do know is this: Given the candor and honesty with which he revealed his youthful drug use, and the fact that he did so long before mounting the national political stage, Barack Obama deserves to be judged on his public service, not some old demons.

He deserves to be given a chance to show us the kind of man he has become — and the kind of president he could be.

Roberta Wohlstetter, Codebreaker (WSJ)

The Wall Street Journal, January 9, 2007

When Roberta Wohlstetter set out, in the early 1960s, to explain why the U.S. had been surprised by the Japanese attack on Pearl Harbor, she confronted a puzzle that to some seemed like a conspiracy.

Unlike classic military surprises, the U.S. had received ample intelligence that the Japanese were prepared to attack the Hawaiian base. That nothing was done to remove American ships to safety was proof, for Clare Booth Luce among others, that Franklin Roosevelt had "lied us into war because he didn't have the courage to lead us into it." But Wohlstetter, who died Saturday at age 94, knew better, and she spelled it all out in "Pearl Harbor: Warning and Decision," perhaps the most important book ever written on military intelligence.

Yes, the U.S. had intelligence that Pearl Harbor was a potential Japanese target. But other intelligence suggested Siberia could be a target, or the Panama Canal, or the Philippines. Previous indications of an impending attack had served, like so many false alarms, to lower America's guard. And American planners had trouble believing the Japanese would launch a war against the United States that they couldn't possibly hope to win.

From this, Wohlstetter drew the essential conclusion that the U.S. failed to anticipate the attack on Pearl Harbor because, amid mountains of incomplete and often conflicting data -- what she called "noise" -- intelligence analysts couldn't distinguish the information that really mattered. This tended to lead, as the future Nobelist Thomas Schelling wrote in his preface to Wohlstetter's book, to "a routine obsession with a few dangers that may be familiar rather than likely."

The lessons are timeless, and foretold the findings of the 9/11 Commission. Contrary to the views of many so-called realists, nations do not always act from rational calculations of their self-interests: They can be reckless gamblers, something that should give pause to those who see nothing to worry about in the prospect of an Iranian nuclear weapon. And contrary to the instincts of many CIA "professionals," the best intelligence analysis requires judgment and imagination, not simply the widest possible data set.

Wohlstetter was also remarkable not simply as a woman working in what was then a "man's field," but also as the wife and intellectual partner of the late Albert Wohlstetter, the legendary nuclear-strategy theorist. Both Albert and Roberta were great friends of this page, as well as great patriots.

Europe, US Squeeze Iran On Nuclear Plans (FT)

By Daniel DombeyAnd Gareth Smyth

Financial Times, January 9, 2007

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Western Europe and the US are seeking to ratchet up pressure on Iran over its controversial nuclear programme in the wake of a United Nations Security Council resolution last month that declared almost all of Tehran's nuclear activities illegal.

Some European Union diplomats have indicated a growing readiness to impose additional bilateral sanctions on Iran above and beyond those mandated by the UN – a course of action long championed by the US.

One source of such measures is an "à la carte" list of possible EU sanctions on Iran drawn up by Javier Solana, EU foreign policy chief, almost a year ago. This includes a possible crackdown on export credits for companies doing business with Iran and the declaration of a formal arms embargo on Iran.

At the same time, the new UN regime – which took months to negotiate in New York – appears to have surprised parts of Iran's leadership, with differences emerging on how best to respond. After a period in which Iran saw its regional influence increase at relatively little cost, Tehran now faces greater isolation.

"We know that they won't meet their obligations to the UN during the 60-day deadline set by the resolution," said an EU envoy, referring to the resolution backed by the Security Council on December 23. "After that, a big issue is going to be what the EU and others can do beyond what the UN called for."

Many of the specific steps called for by the UN resolution are focused on preventing Tehran from acquiring "dual-use" goods that could be used in its nuclear and missile programmes. The resolution does not impose broad-based economic sanctions, but prohibits UN member states from financing Iran's nuclear activities.

However, it goes much further than the UN's earlier actions in outlawing a wide range of Iran's nuclear activities, including research and development and a heavy water reactor for which Tehran had requested UN funding only a few months earlier. The previous resolution – which carried a deadline of August 31 last year – had merely demanded that Iran suspend uranium enrichment, a process that can generate both nuclear fuel and weapons grade material.

A regime insider told the FT last week there was no chance Iran would accept the resolution within the 60-day deadline, and would go ahead with plans to extend the number of centrifuges – devices for enriching uranium – in the research plant at Natanz.

But pragmatists in Tehran have become bolder in pronouncements, because of their concern at the scope of the UN resolution and because of the reverse suffered by President Mahmoud Ahmadi-Nejad in elections last month. The mood has shifted but not yet policy," the insider said. "There may well be changes in the leadership's approach, but not immediately."

In December, Kazem Vaziri-Hamaneh, oil minister, admitted Tehran was having trouble financing oil projects in a rare acknowledgment of the economic cost of its nuclear dispute.

However, Germany, which currently holds the EU presidency, has reservations about further sanctions. "Responsible policy would be to look at how to bring this back to a political process rather than studying what else you can do in the way of sanctions," said a European diplomat.

Iran's Fars news agency on Monday ran a long interview with Hossein Mousavian, a former nuclear negotiator close to former president Akbar Hashemi Rafsanjani, in which he described the UN Security Council as the "highest international legislative authority" and criticised the government of Mr Ahmadi-Nejad for attacking the council's resolution as "illegal".

But on Monday, Ayatollah Ali Khamenei, Iran's supreme leader, reiterated that nuclear energy was "a source of pride for the Iranian nation and Islamic world" and that Iran would not give up its "right".

Iranian Leader Vows To Resist U.N. Sanctions (NYT)

By Nazila Fathi

The New York Times, January 9, 2007

TEHRAN, Jan. 8 — Iran's supreme religious leader, Ayatollah Ali Khamenei, said Monday that Iran would not back down from developing its nuclear program, despite sanctions imposed by the United Nations Security Council last month.

Ayatollah Khamenei, 67, has the final word on state matters, including nuclear policies.

He was making his first public appearance since rumors spread on several Web sites on Thursday that he had died.

"The Iranian people will definitely not give up their right and the authorities have no right to give up this great achievement," Ayatollah Khamenei said, addressing a crowd in Qum, 82 miles south of Tehran.

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The Security Council passed a resolution on Dec. 23 with sanctions intended to curb Iran's uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European nations contend is for the purpose of creating nuclear weapons. The measure bars the trade of goods or technology related to Iran's nuclear program. Enriched uranium can be used for making nuclear fuel but also for making nuclear weapons.

The resolution also gave Iran a two-month deadline to halt the program or face tougher sanctions.

President Mahmoud Ahmadinejad has also brushed off the resolution and vowed that Iran will not suspend the nuclear program.

In his remarks, Ayatollah Khamenei also warned neighboring Arab countries not to join an alliance with the United States and Britain against Iran.

"The nuclear program is a native achievement and is a source of pride for Iran and the Islamic world," Ayatollah Khamenei said.

"If some Arab and Islamic governments think that by joining an alliance with Britain and the United States and imposing sanctions on Iran they can earn the satisfaction of the Zionist regime, they should know that they are making a political blunder," he said.

Israeli Defense Minister Proposes New Peace Plan (AFP)

AFP, January 9, 2007

Israeli Defense Minister Amir Peretz has proposed a fresh plan for peace in the Middle East that includes talks on the future borders of a Palestinian state within six months, army radio said.

"We need a new roadmap which will combine the Saudi initiative with the larger principles of the (current) roadmap," Peretz was quoted as telling a meeting of Labour MPs on Monday.

Peretz's three-stage plan calls for the creation of a new economic and security policy vis-a-vis the Palestinians, negotiations on a future Palestinian state to begin within six months and negotiations on the details of a final accord to take place over 18 months.

The long-stalled "roadmap" to peace agreed by the Middle East quartet of the United States, European Union, Russia and the United Nations also calls for a three-stage solution.

The Saudi initiative, which stipulated a normalization of ties after Israel vacates its post-1967 conquests, was endorsed by the Arab League at its 2002 summit in Beirut but was rejected by Israel.

Israeli Foreign Minister Tzipi Livni last month announced she was spearheading a new peace initiative that "offers a complete solution to the problem of the Palestinian people and the Palestinian refugees," though she offered few details.

Fatah Frees Kidnapped Hamas Official (AP)

By Ali Daraghmeh

AP, January 9, 2007

Fatah gunmen on Monday released a top Hamas official after holding him hostage for two days and displaying him in an al-Qaida like video, but factional tensions remained high as pro-Fatah militants torched stores owned by Hamas sympathizers.

The firebombings marked the first time that militants have targeted civilians in the West Bank, widening the political violence in the Palestinian areas.

Until this week, most of the violence centered on the Gaza Strip, where more than 30 people have been killed in clashes between forces loyal to the rival groups. Now Fatah militants in the West Bank have begun retaliating for Hamas attacks in Gaza.

At a news conference in Gaza after sundown Monday, Hamas official Fawzi Barhoum said Fatah was trying to violently oust the Hamas-led Palestinian government. "We will not allow those seeking a coup to drag our people into the flames of a civil war, and will never let them drag our people into a family war," Barhoum said.

Another Hamas official, Ismail Radwan, called on Palestinians to use their weapons against Israel, not each other.

On Monday evening, former Finance Minister Salam Fayyad, a political independent who served in the Fatah-led Cabinet, said gunmen fired on his office earlier in the day. Police investigating the shooting said one of Fayyad's bodyguards accidentally discharged his weapon.

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The kidnapping of Mahdi al-Hanbali, a top Hamas official in the West Bank's commercial center of Nablus, was the strongest sign yet that fighting could soon reach the West Bank.

Al-Hanbali, unshaven and his shoes covered in mud, was hoisted on the shoulders of his supporters inside the city council after his release. He said he was not hurt in captivity, but he appeared nervous during a news conference, twitching his lips and fidgeting.

"They treated me well. They didn't ask me for anything special," he told reporters. He thanked Palestinian President Mahmoud Abbas, of Fatah, and other officials for working for his release.

His captors released a video on Sunday showing him surrounded by masked gunmen. In the video, resembling tactics used by Iraqi insurgents, the captors threatened widespread attacks against Hamas targets.

Fatah militants, in return, threatened more attacks against Hamas.

"Any attack on a Fatah member or a Fatah institution will have a response in the West Bank, and a violent one too," Nasr al-Kharaz, a Fatah militant, told the Associated Press. Hamas' stronghold is in Gaza, while Fatah is stronger in the West Bank.

Fatah and Hamas have been in a vicious power struggle since the Islamic group defeated Fatah in parliamentary elections last year. Hamas controls the legislature and most government functions, while Fatah holds the powerful presidency.

Abbas, a moderate, favors peace talks with Israel, while Hamas rejects the Jewish state's right to exist, despite an international boycott against its government. Abbas has urged Hamas to join Fatah in a more moderate unity government, but months of negotiations collapsed in late November, sparking the latest round of factional violence.

In the West Bank town of Ramallah on Monday, Fatah militants set fire to six stores belonging to Hamas supporters, security officials said. A large clothing store and a money changing shop were destroyed, the officials said.

In the town of el-Bireh, outside Ramallah, militants fired shots at the house of the Hamas-allied mayor, the officials said, speaking on condition of anonymity because they were not authorized to speak to the media. No one was hurt.

Don't Play With Maps (NYT)

By Dennis Ross

The New York Times, January 9, 2007

Washington

I BECAME embroiled in a controversy with former President Jimmy Carter over the use of two maps in his recent book, “Palestine Peace Not Apartheid.” While some criticized what appeared to be the misappropriation of maps I had commissioned for my book, “The Missing Peace,” my concern was always different.

I was concerned less with where the maps had originally come from — Mr. Carter has said that he used an atlas that was published after my book appeared — and more with how they were labeled. To my mind, Mr. Carter’s presentation badly misrepresents the Middle East proposals advanced by President Bill Clinton in 2000, and in so doing undermines, in a small but important way, efforts to bring peace to the region.

In his book, Mr. Carter juxtaposes two maps labeled the “Palestinian Interpretation of Clinton’s Proposal 2000” and “Israeli Interpretation of Clinton’s Proposal 2000.”

The problem is that the “Palestinian interpretation” is actually taken from an Israeli map presented during the Camp David summit meeting in July 2000, while the “Israeli interpretation” is an approximation of what President Clinton subsequently proposed in December of that year. Without knowing this, the reader is left to conclude that the Clinton proposals must have been so ambiguous and unfair that Yasir Arafat, the Palestinian leader, was justified in rejecting them. But that is simply untrue.

In actuality, President Clinton offered two different proposals at two different times. In July, he offered a partial proposal on territory and control of Jerusalem. Five months later, at the request of Ehud Barak, the Israeli prime minister, and Mr. Arafat, Mr. Clinton presented a comprehensive proposal on borders, Jerusalem, Palestinian refugees and security. The December proposals became known as the Clinton ideas or parameters.

Put simply, the Clinton parameters would have produced an independent Palestinian state with 100 percent of Gaza, roughly 97 percent of the West Bank and an elevated train or highway to connect them. Jerusalem’s status would have been guided by the principle that what is currently Jewish will be Israeli and what is currently Arab will be Palestinian, meaning that

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Jewish Jerusalem — East and West — would be united, while Arab East Jerusalem would become the capital of the Palestinian state.

The Palestinian state would have been "nonmilitarized," with internal security forces but no army and an international military presence led by the United States to prevent terrorist infiltration and smuggling. Palestinian refugees would have had the right of return to their state, but not to Israel, and a fund of $30 billion would have been created to compensate those refugees who chose not to exercise their right of return to the Palestinian state.

When I decided to write the story of what had happened in the negotiations, I commissioned maps to illustrate what the proposals would have meant for a prospective Palestinian state. If the Clinton proposals in December 2000 had been Israeli or Palestinian ideas and I was interpreting them, others could certainly question my interpretation. But they were American ideas, created at the request of the Palestinians and the Israelis, and I was the principal author of them. I know what they were and so do the parties.

It is certainly legitimate to debate whether President Clinton's proposal could have settled the conflict. It is not legitimate, however, to rewrite history and misrepresent what the Clinton ideas were.

Indeed, since the talks fell apart, there has emerged a mythology that seeks to defend Mr. Arafat's rejection of the Clinton ideas by suggesting they weren't real or they were too vague or that Palestinians would have received far less than what had been advertised. Mr. Arafat himself tried to defend his rejection of the Clinton proposals by later saying he was not offered even 90 percent of the West Bank or any of East Jerusalem. But that was myth, not reality.

Why is it important to set the record straight? Nothing has done more to perpetuate the conflict between Arabs and Israelis than the mythologies on each side. The mythologies about who is responsible for the conflict (and about its core issues) have taken on a life of their own. They shape perception. They allow each side to blame the other while avoiding the need to face up to its own mistakes. So long as myths are perpetuated, no one will have to face reality.

And yet peace can never be built on these myths. Instead it can come only once the two sides accept and adjust to reality. Perpetuating a myth about what was offered to justify the Arafat rejection serves neither Palestinian interests nor the cause of peace.

I would go a step further. If, as I believe, the Clinton ideas embody the basic trade-offs that will be required in any peace deal, it is essential to understand them for what they were and not to misrepresent them. This is especially true now that the Bush administration, for the first time, seems to be contemplating a serious effort to deal with the core issues of the conflict.

Of course, one might ask if trying to address the core issues is appropriate at a moment when Palestinians are locked in an internal stalemate and the Israeli public lacks confidence in its government. Can politically weak leaders make compromises on the issues that go to the heart of the conflict? Can the Palestinian president, Mahmoud Abbas, compromise on the right of return and tell his public that refugees will not go back to Israel? Can Israel's prime minister, Ehud Olmert, tell his public that demography and practicality mean that the Arab neighborhoods of East Jerusalem will have Palestinian and not Israeli sovereignty?

The basic trade-offs require meeting Israeli needs on security and refugees on the one hand and Palestinian needs on territory and a capital in Arab East Jerusalem on the other. But producing such trade-offs won't simply come from calling for them. Instead, an environment must be created in which each side believes the other can act on peace and is willing to condition its public for the difficult compromises that will be necessary.

So long as mythologies can't be cast aside, and so long as the trade-offs on the core issues can't be embraced by Israelis or Palestinians, peace will remain forever on the horizon. If history tells us anything, it is that for peace-making to work, it must proceed on the basis of fact, not fiction.

Condi Gets Israel's R-E-S-P-E-C-T (WSJ)

By Bret Stephens

The Wall Street Journal, January 9, 2007

Last Friday, a senior delegation of U.S. defense officials was briefed in Jerusalem by members of the Knesset's Foreign Affairs and Defense Committee on Israel's threat perceptions in the wake of last summer's failed war with Hezbollah. The Israelis

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warned that the Syrian army is at its highest state of readiness since 1982, when the two sides clashed over Lebanon. They also warned that Egypt is actively funneling arms to Hamas in Gaza. The claim astonished the Americans. Why, they asked, had they never been told of it through formal Israeli channels?

Ties between Israel and the U.S. are famously friendly, and as in many friendships the demands of comity often get in the way of those of frankness -- as in Israel's official reluctance to expose its peace with Egypt as a sham. That's a lesson Secretary of State Condoleezza Rice might keep in mind as she plans her forthcoming Mideast tour, beginning later this week in Jerusalem and Ramallah and moving on to Amman, Cairo, Riyadh and Kuwait, and perhaps Beirut or Baghdad.

The trip is yet another effort to rally Sunni Arabs on behalf of the government of Iraq, first of all by showing the U.S. intends to make a major push toward an Israeli-Palestinian peace agreement. Perhaps that will impress the secretary's Arab hosts. But it doesn't impress the Israelis, who unofficially bill Ms. Rice's visit as tihzuk, or "maintenance," an attitude nicely captured by a popular Israeli comedy skit in which an actress playing Ms. Rice belts out Aretha Franklin's "Respect" while a stand-in for Israeli Foreign Minister Tzipi Livni sings back-up vocals.

Respect of the "Yes, Minister" kind is what Ms. Rice can mainly expect on her visit to Jerusalem. Sure, optical diplomacy -- the diplomacy of being seen to try -- has its political uses, especially when it comes to papering over differences or waiting on events.

But circumstances always impose limits on what diplomacy can achieve, and in the case of the Israeli-Palestinian peace process the limits are sharp. In Palestinian President Mahmoud Abbas, Ms. Rice confronts a leader who, as the Israeli political analyst Anshel Pfeffer puts it, has "all the practical authority of the Chicago chief of police circa 1925." Never mind the internecine killing sprees, now approaching outright civil war, between Hamas and Mr. Abbas's ostensible partisans in Fatah. The real problem is that Mr. Abbas no longer controls Fatah, where effective authority has devolved to local chieftains and power-brokers like the suave Gaza security chief Mohammed Dahlan.

On the Israeli side, the government of Prime Minister Ehud Olmert is probably the weakest in the country's history. In a recent poll, Israelis disapproved of Mr. Olmert's job performance by a three-to-one margin; 60% doubt his personal integrity because of questions surrounding a shady real-estate deal. The rest of his government is also marinating in scandal; it does not have the political capital to spare on bold diplomatic moves.

The larger problem for Israel is strategic. Until Ariel Sharon suffered a stroke a year ago last week, and for a few months thereafter, Israelis were broadly prepared to make significant unilateral withdrawals from the West Bank, not because they thought the Palestinians were prepared to make peace but because they believed that Israel was more secure putting its enemies on the opposite side of its borders.

But Israel's manifest vulnerability last summer in the face of Hezbollah's rocket attacks -- coupled with its failure to defeat the threat -- raises reasonable questions about that assumption. If Israel faces a missile threat along its border with Gaza as well as one on its border with Lebanon, should it then allow a third front to be created along its much longer border with the West Bank? Nor were Israeli insecurities assuaged when Egyptian President Hosni Mubarak declared, after last Thursday's summit meeting with Mr. Olmert, that he would do nothing to stop money transfers to Hamas coming through the Sinai, and that he might well consider building a nuclear arsenal of his own if Israel and Iran were to be seen getting into an arms race.

The upshot is that even if America's predicaments in Iraq really could be eased by the appearance of progress on the Israeli-Palestinian front, such progress is exceedingly unlikely to happen. Yes, the administration can try to bolster Mr. Abbas by supplying funds through which he can extend his patronage, and perhaps enhance his authority and prestige, at the expense of Hamas. But tens of millions of dollars have already gone down that hole without plugging the drain. As for Israel, the U.S. might help Mr. Olmert by demanding of Mr. Mubarak that he cut off the flow of funds to Hamas and take more aggressive steps to prevent the flow of arms. Frankly, the best the U.S. can hope for is the collapse of Mr. Olmert's crippled and feckless government, something that may take another year.

In the meantime, Ms. Rice surely has better things to do than to chase after this fool's gold of international diplomacy. Contrary to the views of much of her bureaucracy, the U.S. cannot, as former National Security Adviser Brent Scowcroft advised in a recent op-ed, merely butt Israeli and Arab heads together and arrive, through an act of American leadership, at a negotiated compromise that has already eluded American diplomats going back to the Eisenhower administration.

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When Ms. Rice arrives in Jerusalem, she will no doubt mouth the pieties that have now defined American policy in the Middle East for a generation -- an Israeli and a Palestinian state living side by side in peace and security -- along with some of the Bush administration's coinage: democracy, respect for human rights, an absolute cessation to terrorism. These are the right pieties, and the Israelis will surely mouth them as well.

But perhaps her case, and Israel's, would be better served by a bit of mutual frankness. As with the Palestinians, Israel's problems today are largely of its own making, and no amount of U.S. diplomacy is going to save the respective sides from themselves. On the other hand, nothing Israel can give by way of concessions to the Palestinians is going to make much of a difference in terms of America's credibility in Baghdad, Beirut, Cairo, Kabul or anywhere else on the proverbial Arab street. Maybe once that is mutually understood, r-e-s-p-e-c-t will actually spell respect for Ms. Rice.

A Green Line In The Sand (NYT)

By David Newman

The New York Times, January 9, 2007

Beersheba, Israel

NEARLY 40 years after it was removed from official maps, atlases and school books, the Green Line has made a significant comeback. Israel's education minister, Yuli Tamir, has ordered the Green Line border, which separates Israel from the West Bank, to be reintroduced in all texts and maps used in the Israeli school system. From now on, Israeli children will know exactly where the Green Line is and what it signifies — a political border that, at some point, will almost certainly become the line separating neighboring Israeli and Palestinian sovereign territories.

It was shortly after the Six-Day War of 1967 that the Green Line was removed from atlases produced by the Israeli government. The border, hastily drawn at the Rhodes armistice talks after Israel's war of Independence in 1948, had always been regarded as nothing more than an artificial line of separation eventually to be reworked. For most Israeli leaders in 1967, the occupation of the West Bank was a sign that the future territorial order would be vastly different from the one they had lived with for the previous 19 years.

According to Abba Eban — Israeli ambassador to the United States and the United Nations in the 1950s and foreign minister at the time of the Six-Day War — his attempts to negotiate with the Arab states to transform the border into a permanent recognized international boundary had been rejected in the early 1950s by Prime Minister David Ben-Gurion, who had argued that the more elastic and less permanent the boundary, the easier it would be to change in the future — as indeed seemed to be the case in the aftermath of the 1967 war.

The Green Line's removal from maps was meant to signify that it existed no longer, but in reality it never disappeared. It remained the administrative boundary separating Israel from the occupied territories, with one law for the Jewish and Arab citizens of Israel, and quite another one for the stateless Palestinian residents of the West Bank. Even Israeli settlers who moved to the occupied territories and continued to enjoy Israeli citizenship were ultimately subject to the military authorities — just to show the world that Israel had not formally annexed these territories or, as the Israeli government preferred to put it, had extended civilian law to these areas over which they did not enjoy sovereign rights.

But in the past decade, for most Israelis, the Green Line has once again become the line separating the relatively safe roads of Israel from the danger of the West Bank. Few Israelis, other than the settlers, venture beyond it, even when doing so would make their route shorter. It is along the Green Line that the unilateral West Bank separation barrier has been constructed in large sections.

Where the barrier has deviated from the Green Line, in practice annexing some parts of the West Bank to Israel, the International Court of Justice has ruled it illegal. Many Palestinians are caught in a state of territorial limbo: they live east of the Green Line inside the West Bank, but west of the separation barrier, in effect spatial hostages to this exercise in redrawing the border.

At last year's Herzliya Conference, an annual gathering arranged by the Interdisciplinary Center in Herzliya and attended by the prime minister and leading political figures, a group of Israeli geographers, planners and cartographers proposed that the Green Line serve as the foundation for any future territorial agreement, based on the principles of the road map and a two-state

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solution to this never-ending conflict. They identified certain areas along the line where, given the variations that have occurred during almost 40 years of occupation, territorial exchanges could be made between the two sides — as opposed to returning to a line that even 60 years ago was not ideal and that today is out of touch with the region's demographic realities.

The international legal status of the Green Line is not clear. On the one hand, it is no more than an armistice line — it is not a recognized boundary, unlike the borders separating Israel from both Egypt and Jordan, which were drawn up and ratified as part of peace agreements. Yet the Oslo accords make mention of the West Bank as constituting the future Palestinian state. This region has a clearly defined boundary — the Green Line — and many international jurists argue that this is sufficient to recognize it as the formal line of political separation. The jurists' time in court is yet to come, but the groundwork has already been prepared by international boundary experts on both sides.

If some Israelis were unclear about the long-term significance of the Green Line, the education minister's decision to return the border to the geography and history textbooks will have left no one in doubt.

There may never be peace in this troubled region. But if there is to be a return to the negotiation table, the issue of boundary demarcation will be of paramount importance in determining the territorial configuration of the respective sovereignty to be practiced by each of the two states. On the ground, there are many reasons for drawing a completely new line, but it will always be easier for the politicians to return to what was once — however briefly — there. The Green Line is the default boundary, and it has finally been recognized anew by the Israeli government.

Bush: Important To Complete Doha Talks (AP)

By Foster Klug

AP, January 9, 2007

President Bush and European Commission President Jose Manuel Barroso agreed Monday that the United States and Europe must resolve deep differences over farm subsidies that are stalling global free trade talks.

"We both recognize that the best way to help impoverished nations is to complete this Doha Round," Bush said, referring to the world trade talks, "and to encourage the spread of wealth and opportunity through open and reasonable and fair trade." Bush spoke after he and Barroso met at the White House.

Barroso said the two leaders instructed their negotiators "to come up with a solution as soon as possible."

"There is now the defining moment. We are really at defining moment," he said. "It will be a very important signal for the world community if we show that it is possible to have a global approach to trade and development."

The two talked in the Oval Office for nearly an hour, and then continued meeting over lunch.

The World Trade Organization talks collapsed in July, in a disagreement over how much the European Union, the United States and other wealthy countries should reduce the farm subsidies and tariffs that poorer nations in Africa, Asia and Latin America say prevent them from selling their agricultural goods abroad.

Before leaving for Washington, Barroso said "the U.S. holds the key to making a deal possible in 2007."

The United States was criticized for refusing to cut the government handouts it pays American farmers. But Washington partly blamed the standstill on the European Union for refusing to make deeper cuts in tariffs on agricultural imports.

Supporters of a trade deal are eager to find a resolution to the impasse. The Democrat-controlled Congress will consider this year whether to extend Bush's authority to negotiate trade deals that can be submitted to Congress for simple yes-or-no votes without amendments.

The loss of the that "fast-track" authority, set to expire in July, would make it much harder for any treaty to gain congressional approval, without which any global trade deal would be meaningless.

Barroso also met with House Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Harry Reid, D-Nev.

Barroso, who had been expected to push Bush to sign on to international efforts to combat global warming, issued a gentle nudge in public.

"When you think about climate change, it's not just about the environment. Of course, the environment is crucially important, but it is also about global security. It's also about economic development and sustainability," Barroso said. "And so we

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are hoping to deepen our dialogue on climate change, on technologies, on curbing emissions, on progress in terms of energy efficiency, energy security."

Bush did not mention global warming specifically, but nodded while Barroso spoke.

The president spoke only about "the importance of energy independence and at the same time being wise stewards of the environment. " As he usually does, he said new technologies are the key to making that happen.

The two also talked about the Israeli-Palestinian dispute, Iran, Syria and Iraq.

Bush and Barroso planned to spend some of the lunch discussing the situation in Sudan's wartorn Darfur region.

"It is outrageous that people are being treated the way they are," Bush said.

Added Barroso, who said he visited Darfur recently: "We cannot accept that tragedy going on without a firm, united response of the international community."

Bush, Barroso Discuss Trade, Darfur (AFP)

AFP, January 9, 2007

European Commission President Jose Manuel Barroso said he and President George W. Bush agreed stalled Doha trade talks had hit a "moment of truth" and urged action to end the Darfur "tragedy." Bush welcomed Barroso to the White House for talks which also ranged through climate change, a controversial US visa waiver program, European Union enlargement and the crisis in Iraq.

The US president said he and Barroso had discussed efforts to revive the so-called Doha Round of World Trade Organization talks, now hung up by a dispute over agricultural subsidies.

"We talked about the importance for Europe and the United States to resolve any differences we have when it comes to the Doha round for trade, so that we can promote international trade," said the US president.

"We believe we can achieve more if we look at it in a comprehensive manner," Barroso said during a joint public appearance in the Oval Office.

"We are really at defining moment, and we had a very good exchange, and we gave instructions to all negotiators to come with a solution as soon as possible," said Barroso.

Later, at a press conference, Barroso told reporters the Doha round talks had reached a critical point for the world's largest economic partners, which trade more than one billion dollars a day in goods.

"President Bush and I agreed that we now face a moment of truth if we want to make progress on the Doha trade negotiations," Barroso said, as EU Trade Commissioner Peter Mandelson met US Trade Representative Susan Schwab.

"We risk losing all the substantial economic benefits that are on the table, it is too important to fail, we cannot fail."

Mandelson told Monday's edition of London's Times newspaper that the trade talks were on a "knife edge" and would only succeed with Bush's support.

The two leaders said they had discussed the situation in the Darfur region in Sudan, where fighting has claimed at least 200,000 lives and displaced 2.5 million people, according to the United Nations, though some sources say the toll is much higher.

"I've been in Darfur recently. I can tell you that it's really a tragedy, what's going on, and we cannot accept that tragedy going on without the united response of the international community," said Barroso.

"I know that Jose is as committed as I am to helping solve what I've called a genocide. It is outrageous that people are being treated the way they are, and I'm confident Europe and the United States can work with other friends and allies around the world to help solve that difficult problem," said Bush.

The two leaders also said they had discussed the Israel-Palestinian situation, Iran, Iraq, Syria and efforts to combat climate change.

And Barroso also bemoaned the situation where US citizens can travel to all EU countries without a visa, while the citizens of 10 EU states cannot benefit from the US visa waiver program.

Some Progress In Global Trade Effort (NYT)

By Steven R. Weisman

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The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — Trade envoys from the United States and Europe said on Monday that they had made progress in resolving differences to break an impasse on global trade negotiations, but they declined to say specifically where the differences had narrowed.

"We are clearly making progress," the United States trade representative, Susan C. Schwab, said after a day of talks with Peter Mandelson, the European Union's commissioner for trade. "Perhaps there's some showing of momentum here."

Mr. Mandelson, who has tangled sometimes bitterly with Ms. Schwab in the last year, said he had come to Washington "looking for new impetus, and I believe we've found it."

He said his new confidence was inspired not only by his talks with President Bush but also by those with the House speaker, Nancy Pelosi, and the new Senate majority leader, Harry Reid. The Democratic leaders and many members of Congress were recently elected on promises to be more skeptical of trade deals.

The comments of Ms. Schwab and Mr. Mandelson came after a session between Mr. Bush and José Manuel Barroso, president of the European Commission. Both pledged in general terms to try again to complete a world trade accord in coming weeks.

Mr. Barroso, speaking at the White House, said he and the president had instructed trade envoys "to come up with a solution" on issues that have divided the United States and Europe for years. The principal issue has been over lowering barriers to trade of agriculture products.

"There is now the defining moment," Mr. Barroso said. "Of course, it is important to engage also others, because this is a real global agreement that we are trying to build."

Mr. Bush said that both the United States and Europe recognized "that the best way to help impoverished nations" would be to complete the current round of talks, known as the Doha round, after the city in Qatar where the talks started.

The trade talks were suspended last summer by the director general of the World Trade Organization, Pascal Lamy, when it became apparent that Europe and the United States could not reach agreement on lowering tariffs and subsidies on farm goods.

The final offer of the United States then was to limit farm subsidies to $22.5 billion a year, less than half what the United States is entitled to impose under current agreements. But because the actual amount of subsidies for 2005 was $19.7 billion, Europeans claimed that the United States was trying to increase subsidies, not lower them.

The Bush administration has called on Europe to lower its tariffs on farm products by more than 50 percent of their current level. A coalition of rich and poor nations has called on Europe to lower tariffs by 36 percent.

Mr. Lamy has said that a final trade agreement can occur only if the United States and Europe increase what they are willing to do, and decrease what they are demanding from the other side. But on both sides, farmers make up powerful political blocs, even though they account for less than 5 percent of the population and of the economy.

By itself, a European and American agreement on farm subsidies would not produce a breakthrough. A global deal on trade would require participation by India and some other poor countries that are resisting demands that they lower their barriers on farm goods and on manufactured goods and services.

With millions of its citizens depending on subsistence farming, India is resisting lower tariffs for farm goods. Kamal Nath, the top Indian trade envoy, has said that the Doha trade talks should recognize the plight of poor farmers and not ask them to sacrifice in order to get rich countries to open their markets.

Negotiators are operating under a timetable that top officials say may be impossible to meet. Bush's legislative authority to negotiate a trade deal, and to get an up-or-down vote on it, expires June 30. Many experts say it will be impossible to meet that deadline for wrapping up a trade deal.

Mr. Lamy has said that if the broad outlines of a trade accord can be negotiated by March, then he hopes the Bush administration may ask Congress to extend Mr. Bush's trade negotiating authority by another six months so that the deal can be completed.

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But Democrats and Republicans in Congress said they doubted that Congress would be willing to extend trade negotiating authority past June 30. More likely, they say, Congress will let the deadline slip and allow a new Congress and president in 2009 to negotiate over trade authority.

European officials say that Europe has signaled a willingness to lower tariffs on specific products that the United States hopes to export, particularly poultry, beef and pork.

But Europe has other sorts of trade barriers that American farmers and ranchers say are blocking exports to Europe, like rules barring certain kinds of cleaning processes for chicken used by American producers. Also barred are the levels of hormone for beef used by Americans.

It was not clear whether any of these barriers were on the table in the talks this week.

Canada Seeks Talks Over Subsidies

OTTAWA, Jan. 8 — Canada has asked the World Trade Organization to start talks between it and the United States about American farm subsidies in general and its support of corn growers in particular.

"Canada is concerned that these U.S. subsidies continue to cause economic harm to our corn farmers," the Canadian agriculture minister, Chuck Strahl, said in a statement.

"That's why we took the action we did, in order to provide the best possible support for our producers by pushing for a level playing field so that they can compete." Jennifer Chiu, a spokeswoman for David Emerson, the international trade minister, said that Canada did not have specific demands at this point. The Canadian government, however, noted in its statement that if the United States does not reduce its farm subsidies, Canada will ask the W.T.O. to begin a formal dispute settlement hearing on the issue.

U.S. Sub And Japanese Vessel Collide (NYT)

By Thom Shanker

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — An American nuclear-powered attack submarine has collided with a Japanese commercial vessel in the Arabian Sea. Initial reports from the area said there were no injuries and only slight damage, a Pentagon spokesman said Monday night.

The collision, south of the Strait of Hormuz, was first reported by the Kyodo news agency in Japan, which said the Foreign Ministry in Tokyo had been officially notified of the accident by American officials.

A Pentagon spokesman identified the submarine as the U.S.S. Newport News. The Japanese vessel was thought to be a tanker. American military officials in Washington were seeking a fuller accounting.

The U.S.S. Newport News is a nuclear-powered, fast-attack submarine in the Los Angeles class of vessels, and was commissioned in 1989, according to Pentagon records.

The Japanese oil company Showa Shell Sekiyu K. K. said the ship involved is the tanker Mogamigawa, operated by Kawasaki Kisen Kaisha Ltd., The Associated Press reported, citing a report from the Kyodo news agency. It was traveling from the Persian Gulf to Singapore and was carrying a crew of eight Japanese and 16 Filipinos.

In February 2001, a United States Navy submarine rammed into a Japanese fishing vessel in waters off Hawaii, killing nine people. The American captain's delay in apologizing for the crash set off protests by the victims' families.

Chavez To Nationalize 'Strategic' Sectors (WT/AP)

By Ian James, Associated Press

The Washington Times, January 9, 2007

CARACAS, Venezuela -- President Hugo Chavez announced plans yesterday to nationalize Venezuela's electrical and telecommunications companies, pledging to create a socialist state in a bold move with echoes of Fidel Castro's Cuban revolution.

"We're moving toward a socialist republic of Venezuela, and that requires a deep reform of our national constitution," Mr. Chavez said in a televised address after swearing in his new Cabinet. "We are in an existential moment of Venezuelan life. We're heading toward socialism, and nothing and no one can prevent it."

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Mr. Chavez, who will be sworn in tomorrow to a third term that runs through 2013, also said he wanted a constitutional amendment to eliminate the autonomy of the Central Bank and would soon ask the National Assembly, solidly controlled by his allies, to give him greater powers to legislate by presidential decree.

The nationalization appeared likely to affect Electricidad de Caracas, owned by Arlington-based AES Corp., and C.A. Nacional Telefonos de Venezuela, known as CANTV, the country's largest publicly traded company.

"All of that which was privatized, let it be nationalized," Mr. Chavez said, referring to "all of those sectors in an area so important and strategic for all of us as is electricity."

"The nation should recover its ownership of strategic sectors," he said.

Before Mr. Chavez was re-elected by a wide margin last month, he promised to take a more radical turn toward socialism.

Mr. Chavez said lucrative oil projects in the Orinoco River basin involving foreign oil companies should be under national ownership. He didn't spell out whether that meant a complete nationalization, but said any vestiges of private control over the energy sector should be undone.

"I'm referring to how international companies have control and power over all those processes of improving the heavy crudes of the Orinoco belt -- no -- that should become the property of the nation," Mr. Chavez said.

In the oil sector, it didn't appear Mr. Chavez was ruling out all private investment. Since last year, his government has sought to form state-controlled "mixed companies" with British Petroleum PLC, Exxon Mobil Corp., Chevron Corp., ConocoPhillips Co., Total SA and Statoil ASA to upgrade heavy crude in the Orinoco. Such joint ventures already have been formed in other parts of the country.

Mr. Chavez threatened in August to nationalize CANTV, a Caracas-based former state firm that was privatized in 1991, unless it adjusted its pension payments to current minimum-wage levels, which have been repeatedly increased by his government.

After Mr. Chavez's announcement yesterday, American Depositary Receipts (ADRs) of CANTV immediately plunged 14.2 percent on the New York Stock Exchange to $16.84 before the exchange halted trading. An NYSE spokesman said it was not known when trading might resume for CANTV, the only Venezuelan company listed on the Big Board.

Investors with sizable holdings in CANTV's ADRs include some well-known names on Wall Street, such as Deutsche Bank Securities Inc., UBS Securities LLC and Morgan Stanley & Co. But the biggest shareholder, according to Thomson Financial, appears to be Brandes Investment Partners LP, an investment advisory company in California. Also holding a noteworthy stake is Julius Baer Investment Management LLC, a Swiss investment manager.

Mr. Chavez's nationalization announcement came in his first speech of the year, a fiery address in which he used a vulgar word roughly meaning "idiot" to refer to Organization of American States Secretary-General Jose Miguel Insulza.

Mr. Chavez lashed out at Mr. Insulza for questioning his government's decision not to renew the license of an opposition-aligned TV station.

"Dr. Insulza is quite an idiot, a true idiot," Mr. Chavez said. "The insipid Dr. Insulza should resign from the Secretariat of the Organization of American States for daring to play that role."

Cuba nationalized major industries shortly after Mr. Castro came to power in 1959, and Bolivia's Evo Morales moved to nationalize key sectors after taking office last year. The two countries are Mr. Chavez's closest allies in Latin America, where many leftists have come to power in recent years.

Tomorrow, hours after Mr. Chavez is sworn in for another term, former revolutionary Daniel Ortega returns to the presidency in Nicaragua.

In Managua, Venezuelan Ambassador Miguel Gomez indicated yesterday that the two countries planned to work closely together, and said Nicaragua could become Venezuela's top aid recipient -- getting even more help than Cuba and Bolivia, which benefit heavily from Venezuela's petro-diplomacy.

The United States remains the top buyer of Venezuelan oil, which provides Mr. Chavez billions of dollars for social programs aimed at helping the poor in countries around the region.

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Mr. Gomez said Mr. Chavez and Mr. Ortega planned to sign an agreement on Thursday providing Nicaragua with resources -- he described them as loans -- for infrastructure, health, education, agricultural development and the construction of 200,000 houses, as well as energy and debt forgiveness.

Chávez To Nationalise Telecoms, Power (FT)

By Andy Webb-Vidal

Financial Times, January 9, 2007

Hugo Chávez, Venezuela's left-wing president, Monday night fulfilled his radical pledges with sweeping nationalisation plans for the country's main telecommunications company and the biggest private power group.

He also said existing "strategic association" projects that process heavy crude oil in the Orinoco belt – which account for about a quarter of output from the world's fifth-biggest oil exporter – should become state property.

Mr Chavez, who has been in power for eight years, has often clashed with domestic business interests but now appears to be significantly raising the political stakes by targeting big international companies.

The surprise announcement, only hours before Mr Chávez was due to be sworn in for his third term as president on Wednesday, sent shock waves through Venezuela's business community and foreign investors.

The news provoked selling of Venezuela's debt, with the benchmark 2027 Global bond fell in price and its yield rose 10 basis points above Treasuries in JPMorgan's emerging markets bond index late on Monday.

The moves, if carried out, would most immediately affect Compañía Anónima Teléfonos de Venezuela and its principal shareholder, a wholly owned subsidiary of US-based Verizon Communications, although this stake has already been earmarked for a possible sale. Spain's Telefónica holds a 6.9 per cent stake.

Trading in Cantv's American depositary receipts in New York was halted after the stock dropped by 14 per cent.

"All of those sectors that are in an area as important and strategic for all of us, such as electricity, should be nationalised," Mr Chávez said in a televised speech made shortly after he swore in his new cabinet.

"The nation needs to recover its property of strategic sectors," he added. "Nacional Teléfonos de Venezuela – nationalise it."

Mr Chávez also said he wanted a constitutional amendment to eliminate the autonomy of the central bank. "We're moving toward a socialist republic of Venezuela, and that requires a deep reform of our national constitution," Mr Chávez said.

It was not clear on Monday night whether the government would offer compensation for the expropriation of the assets or stakes in Cantv or Electricidad de Caracas which are held by foreign investors.

Cantv said Monday night that it had received no official communication from the government regarding its nationalisation announcement.

EdC, the power group that supplies energy to the capital, Caracas, has always been a privately held company, although a majority stake in the utility was bought by Arlington, Virginia-based AES for $1.6bn in 2000, following a hostile takeover.

The magnitude of the impact on oil companies such as ChevronTexaco, Total and Statoil, which have invested some $17bn in the Orinoco over the past decade, was not immediately clear, as the government has already embarked on negotiations to secure a majority stake in the projects.

"If there was any doubt about Chávez's economic orientation, he's made it very clear on the eve of his inauguration, and it's that the state must assume full and direct control of key sectors of the economy," said Orlando Ochoa, an independent financial consultant based in Caracas.

Venezuelan debt in JPMorgan's emerging markets bond index was around seven basis points wider on Monday night, while credit insurance on Venezuela's risk of a default widened to 149 from 139 basis points in the credit derivatives market.

Tighter government control over Cantv is also likely to have repercussions for Venezuela's hitherto tolerated black market in foreign exchange, which uses Cantv ADRs as a mechanism to allow investors to buy dollars.

In Caracas, the dollar was on Monday night quoted at 3,600 Bolívars, brokers said, up about 10 per cent from the close of last week, and leaving it at a premium of 67 per cent over the official exchange rate of 2,150 Bolívars to the dollar.

Venezuela's Chavez: Nationalize Electricity, Phones (USAT)

By David J. Lynch, Usa Today

USA Today, January 9, 2007

Venezuelan President Hugo Chavez said Monday he would nationalize the country's electricity industry and its largest telecommunications provider, which could have an impact on major U.S. investors in his oil-rich country.

In a televised address, Chavez, who will be sworn in Wednesday to a second six-year term, also said he would ask the legislature, controlled by his allies, to let him rewrite Venezuela's economy through presidential decree.

"All of that which was privatized, let it be nationalized," Chavez said. "The nation should recover its ownership of strategic sectors."

In the crosshairs: Electricidad de Caracas, owned by Arlington, Va.-based AES, and C.A. Nacional Telefonos de Venezuela (CANTV) the country's largest publicly traded company. AES and Verizon Communications, which owns 28.5% of CANTV, declined comment.

CANTV's American depositary receipts plunged 14.2% on the New York Stock Exchange to $16.84 before trading was halted. An NYSE spokesman said it was unknown when trading might resume for CANTV, the only Venezuelan company listed on the Big Board.

In his speech, Chavez also alluded to potential changes in the oil-producing nation's relationship with foreign oil companies, such as ExxonMobil and ChevronTexaco, which are involved in Venezuela's Orinoco River basin. "I'm referring to how international companies have control and power over all those processes of improving the heavy crudes of the Orinoco belt — no — that should become the property of the nation," he said.

Despite the president's often-fierce rhetoric, foreign companies have thrived amid Venezuela's oil-fueled boom. From carmaker Audi to the producer of Heinz ketchup and the major oil companies, all have enjoyed fat profits.

U.S.-based analysts cautioned that Chavez often makes sweeping public statements that are followed with more limited action. "The foreign investors that are there are doing very well. … The country is flush with oil money," says Christopher Sabatini, senior policy director of the Council of the Americas.

Chavez critics, however, warned that he is intent on recreating Cuban-style socialism. "Chavez idolizes Fidel," says Antonio Szabo, a former Venezuelan oil official. "Before all is said and done, he is going to nationalize everything."

Chávez Moves To Nationalize Two Industries (NYT)

By Simon Romero

New York Times, January 9, 2007

CARACAS, Venezuela, Jan. 8 — President Hugo Chávez signaled a vigorous new effort to assert greater control over Venezuela's economy on Monday by announcing plans to nationalize companies in the telecommunications and electricity industries.

Mr. Chávez, who will be sworn in Wednesday to another six-year term, announced his plans at the swearing-in of his new cabinet to a cheering crowd of supporters, sending a chilling message to foreign investors.

American corporations, including Verizon Communications, have large stakes in Venezuela's largest telecommunications company, CANTV, and its biggest publicly traded electricity company, Electricidad de Caracas.

"Let it be nationalized," Mr. Chávez said of CANTV. "All that was privatized, let it be nationalized."

Financial markets appeared to be caught off-guard by Mr. Chávez's announcement, as speculators reacted with a sell-off of assets that would be affected by the decision. Shares in CANTV plunged 14 percent in New York trading. Venezuela's currency, the bolívar, fell as much as 20 percent in black market trading here on Monday, traders said.

The announcement was the latest in a series of bold steps Mr. Chávez has taken since his re-election in December to consolidate his power and move Venezuela toward what he calls a socialist revolution. Mr. Chávez said he would also seek a "revolutionary enabling law" from Congress that would allow him to approve bills by decree, as well as a measure stripping the central bank of its autonomy.

"While this is a break with the past, it is consistent with Chávez's drive to concentrate ever greater power in his hands and the hands of his government," said Robert Bottome, editor and publisher of Veneconomía, a business newsletter.

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Last month, Mr. Chávez announced plans to meld the broad coalition of parties that support him into a single socialist party, raising concerns that he was following in the footsteps of Fidel Castro.

On Monday, in addition to the telecommunications and electricity nationalizations, Mr. Chávez also appeared to signal that he wanted control over four multibillion-dollar oil projects in the Orinoco River basin, which he said should become "state property."

It was not clear what Mr. Chávez meant, however, since Venezuela's government already has stakes in those ventures together with some of the world's largest private oil companies, including Exxon Mobil, Chevron, BP and ConocoPhillips.

Venezuela, which has the largest conventional oil reserves outside the Middle East, has already increased its control over numerous oil production ventures in the past year. The largest consumer of Venezuelan oil, of course, remains the United States, despite efforts by Mr. Chávez to export larger quantities of oil to China and other Asian markets.

Details were vague as to how any of the nationalization plans would play out. For instance, Mr. Chávez omitted from his remarks whether Venezuela would compensate foreign investors for their holdings or expropriate them outright. He has already clashed with investors over small-scale takeovers of farms and even a tomato-processing plant owned by H. J. Heinz, but his government has negotiated settlements with owners in those cases.

The nationalizations would, at least for Venezuela, reverse a trend that got under way in Latin America in the 1990s, when governments throughout the region sold many of their assets, particularly state telephone companies, to private investors. Those deals, together with the auction of licenses to provide wireless phone services, led to a sharp increase in the usage of such services among poorer Venezuelans.

They would also be a significant shift of Mr. Chávez's economic policies since he became president in 1999. Though Mr. Chávez steadily adopted more strident rhetoric, he let most of Venezuela's private companies operate unfettered as long they did not actively engage in politics.

But with his re-election in December, Mr. Chávez seems determined to use the momentum — and margin — of his victory to solidify his power and deepen his socialist policies in ways that are increasingly unnerving his opponents.

Supporters of Mr. Chávez already control every institution in the federal government, including Congress and the Supreme Court, so it was unclear what hindrances Mr. Chávez was attempting to overcome by seeking expanded powers.

Mr. Chávez is also going forward with a plan to effectively take RCTV, a television station that persistently criticizes his government, off the air in May by not renewing its broadcast license. The move has drawn fierce criticism both here and abroad, with critics claiming it will restrict freedom of expression.

On Monday, Mr. Chávez described one of the most prominent critics of the decision, José Miguel Insulza, the general secretary of the Organization of American States, in a vulgar term that loosely translates as "idiot." Mr. Chávez also called on Mr. Insulza to resign.

Flush with more than $50 billion in revenue from oil exports, Mr. Chávez is also retooling Venezuela's economy to focus on what his economic theorists describe as "endogenous development" that prioritizes the domestic production of agricultural goods and industrial products from worker-owned cooperatives.

Venezuela has undergone a nationalization push before, when the populist government of Carlos Andrés Pérez took control of companies in various sectors, including the oil industry, in the 1970s. The economy, however, suffered from poor growth and inefficient services after oil prices crashed in the 1980s, leading subsequent administrations to privatize state companies and open the oil industry to foreign investment.

American companies reacted cautiously to Mr. Chávez's comments on Monday. "Verizon has of course been carefully monitoring the news reports on President Chávez's comments today," said Eric Rabe, a spokesman for Verizon, which has had a large stake in CANTV since the early 1990s. "We are not aware of the details of the government's plan and therefore cannot comment at this time."

While Mr. Chávez referred specifically to the telephone company CANTV, his nationalization plans for the electricity sector remained unclear. The AES Corporation of Arlington, Va., controls Electricidad de Caracas, but did not acquire the company through a privatization auction. Robin Pence, a spokeswoman for AES, declined to comment.

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CMS Energy of Jackson, Mich., controls an electricity utility that provides power to Margarita Island that it bought from the Venezuelan government in the 1990s. Jeffrey Holyfield, a spokesman for CMS, said the company had a “good relationship” with Mr. Chávez’s government but was awaiting more details about its plan before it could comment.

Chavez Sets Plans For Nationalization (WP)

By Juan Forero

Washington Post, January 9, 2007

BOGOTA, Colombia, Jan. 8 -- Venezuelan President Hugo Chavez on Monday announced plans to nationalize the country's electrical and telecommunications companies, take control of the once-independent Central Bank and seek special constitutional powers permitting him to pass economic laws by decree.

"We're heading toward socialism, and nothing and no one can prevent it," Chavez, who won a third term in a landslide election in December, said in a speech in Caracas, the Venezuelan capital.

The announcements were made as the president swore in a 27-member cabinet that includes ministers who analysts say will likely be more closely allied with the president's far-reaching goals.

Those appointments, combined with the new economic measures, are sure to escalate tension with the Bush administration, which regards the Venezuelan leader as a threat to democratic institutions. Chavez's administration, in turn, has accused the United States of meddling in its affairs.

"The people of the world, little by little, are increasingly expressing that idea: no more imperialism," Jorge Rodr?guez, the new vice president and a former electoral board official, said at the ceremony Monday. "We are obligated and committed because the people have given us a clear message once and again, and that message is, we must rise up to construct a socialist country and move the Bolivarian revolution forward."

In the ceremony, marked with revolutionary fervor at the Teresa Carre?o theater, the government also announced two new ministries, for telecommunications and indigenous peoples. Since Ch?vez's presidency began in 1999, the number of ministries has risen from 13 and the number of public sector workers has doubled to nearly 2 million.

Political analysts said they were not surprised by the measures and the tone of Chavez's speech, because he had previously pledged to take what he describes as his "revolution" into overdrive.

Last week, Chavez decided to not renew the broadcast license of RCTV, a Caracas television station long critical of his administration. That move prompted swift condemnation from press freedom groups.

"In effect, we're living a process of radicalization," said Luis Vicente Le?n, who directs the Datanalisis polling firm. "He had announced that there would be a new stage in the production of the revolution, and here it is."

In his bid to accelerate economic reforms, Chavez said he would seek to have the National Assembly give him special powers that would permit him to approve economic laws by decree. The plan would have little or no opposition in the 167-member body, which has not had an opposition politician in its ranks since the president's foes boycotted elections in 2005.

"I move forward with my request for a revolutionary enabling law," he said. "We already have the document prepared. We are making the final revisions, and we solicit special powers."

The president also spoke about the need for Venezuela's most important oil fields, those in the Orinoco belt in the northeast, to be brought under state control. The projects in that region, which the government says contains more oil than any other patch in the world, were developed in the late 1990s by foreign multinational firms such as Exxon Mobil, BP, Chevron and Total of France.

The government has already increased taxes and royalties, but the companies continue to mine and refine. Chavez provided little detail about his plans in his speech, but he railed against the privatizations that preceded his administration -- including those in the country's huge oil sector, which exports most of its crude to the United States.

If Chavez moves forward with nationalization -- which could mean anything from outright expropriation to higher taxes or more state intervention -- it would likely affect CANTV, the dominant provider of fixed-line telephone service in Venezuela and the country's largest publicly traded company, as well as the utility Electricidad de Caracas.

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Arlington, Va.-based AES Corp. has an 86 percent equity in Electricidad de Caracas, the largest private utility in Venezuela. The Venezuela operation -- five power plants serving more than 1 million customers -- is a major investment for AES. In 2005, the firm had revenue of $613 million from its Venezuela business. In filings with the Securities and Exchange Commission, it listed the value of its plants and equipment in Venezuela at $1.85 billion.

Chavez also said Monday that the government would soon exert more control over the Central Bank, one of the few Venezuelan institutions that has shown itself to be independent of the Chavez administration. Two of the seven directors of the bank's board, including Domingo Maza Zavala, who often criticized government economic policy, are on their way out.

"The Central Bank must not be autonomous," Chavez said. "That is a neoliberal idea."

Last week, the government replaced one of Chavez's most loyal aides, Jos? Vicente Rangel, the vice president. In an ambitious cabinet shake-up, Chavez also replaced the heads of such key ministries as interior, justice, finance and education. He appointed his brother, Adan, to run education.

"He's gotten rid of a couple of people who have their own separate identity, particularly Rangel, who has contacts in Venezuelan society and internationally," said Mark L. Schneider, a senior vice president of the International Crisis Group in Washington, a policy group that regularly compiles reports on Venezuela's political situation. "Rangel is not a yes man, I suspect, and my guess is that he may not be in tune with the way Chavez likes to run things."

Chávez Moves New Socialism To Faster Track (WSJ)

By David Luhnow And José De Córdoba And Raúl Gallegos

The Wall Street Journal, January 9, 2007

Venezuelan President Hugo Chávez took a big step toward what he calls "21st-century socialism" by vowing to nationalize the country's biggest telecommunications and electricity companies, both controlled by U.S. firms. He also said he would throw out the country's commercial code and strip the central bank of all remaining traces of its autonomy.

The moves by Mr. Chávez, a populist who won a landslide re-election last month, are the latest in a flurry of actions to tighten his grip on power and use his country's oil riches to create a model of development different from the market-oriented economics that have dominated Latin America and much of the developing world for the past two decades.

Some Venezuelans fear that Mr. Chávez, a close ally and disciple of Cuba's ailing dictator, Fidel Castro, is reshaping Venezuela along Cuban lines, with the state controlling economic and political power. The Venezuelan leader has denied the comparison in the past, but critics said his latest moves belie the denial.

"Let's call a spade a spade. This is communism," said Eric Ekvall, a political analyst in Caracas. "He's clearly saying the state should own the means of production."

Mr. Chávez, whom the ailing Cuban leader sees as the successor to his revolutionary mantle in Latin America, used a speech yesterday to his new cabinet members to flaunt his ties to Mr. Castro. He ended his speech using the Cuban's signature sign-off: "Fatherland or death, we will triumph!" Mr. Chávez's longtime ally, former Vice President José Vicente Rangel, chimed in at the ceremony with another signature Castro phrase: "Always towards victory, Comandante!"

Years after the collapse of Soviet communism and the embrace of free-markets by countries around the world, Mr. Chávez is taking this Andean nation of 26 million in the other direction, greatly expanding the role of government in the economy. In the past few years, he has claimed a greater share of the country's giant oil industry for the state. But he has stopped shy of going directly after other major private industry, until now.

Although he revealed no details, Mr. Chávez said he would nationalize the country's largest publicly traded private company, Compania Nacional de Teléfonos de Venezuela, known as CANTV. The company, privatized in 1991, is controlled by the U.S. telecom giant Verizon Communications Inc. He also vowed to nationalize Electricidad de Caracas, controlled by Arlington, Va.-based AES Corp.

The choice of two U.S.-controlled companies will surely not be missed elsewhere in Latin America, where Mr. Chávez has struggled to convince nations to follow his lead and not Washington's.

Since Mr. Chávez took office in 1999, he has engaged in vigorous verbal combat with Bush administration officials, going as far as to compare Mr. Bush to the devil in an appearance last year at the United Nations. But despite all the rhetorical

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flourishes, the two countries are bound at the hip. Venezuela remains the U.S.'s fourth largest oil supplier and the U.S. is by far Venezuela's most important trading partner. Neither seems ready to cut that economic tie.

Washington has tried of late to avoid being drawn into the fray. Yesterday, there was no official reaction by U.S. government officials to Mr. Chávez's announcement.

Mr. Chávez offered no details of how the nationalization would proceed or whether shareholders in the private companies would receive market value for their stakes. As one of the world's top 10 oil-producing nations and founding member of the Organization of Petroleum Exporting Countries, Venezuela is flush with cash from high oil prices and could easily pay compensation.

In a statement, Verizon said it wasn't aware of the details of the government's plan and couldn't issue a comment. It had agreed to a 60-day extension -- through Feb. 28 -- of its agreement to sell its 28.5% stake in CANTV to Mexico's America Móvil, the mobile-phone company controlled by billionaire Carlos Slim, for $676.6 million. On the New York Stock Exchange, CANTV shares fell 14% to $16.84 before trading was halted shortly after 3 p.m. Eastern time.

People familiar with the matter said Verizon had known since August that Mr. Chávez was considering nationalizing the company. They said the company was hopeful it might still reach an agreement with the fiery leader allowing the sale to proceed. A spokesman for Mr. Slim had no comment.

AES spokesman Robin Pence said the company had no comment.

Mr. Chávez also is consolidating power in the political arena. Soon after the recent election, he unveiled plans to join his coalition of some 20 center and leftist parties into a single party controlled by him called the United Venezuelan Socialist Party -- a move some analysts say leads the country down the road to a single-party state. Yesterday, he said he would ask Congress for special powers to pass bills by decree.

In recent years, Mr. Chávez has rewritten the constitution and stacked the Supreme Court with loyalists. Venezuela's Congress, entirely made up of supporters to Mr. Chávez after the opposition didn't field candidates, plans to amend the constitution again to allow him indefinite re-election.

In addition, Mr. Chávez is going after one of the few institutions he doesn't control -- the media. He recently said he would yank the broadcast license of one of the country's oldest TV broadcasters and most outspoken critics of his policies, RCTV. Yesterday, Mr. Chávez repeatedly called the secretary-general of the Organization of American States, José Miguel Insulza, an "idiot" for condemning the Venezuelan's decision not to renew the channel's license.

Since the price of oil began to rise a few years ago, many countries from Russia to Nigeria have reclaimed a bigger share of their energy industries to cash in. But Venezuela appears to be going further. Daniel Yergin, chairman of Cambridge Energy Research Associates, a U.S. oil-industry consulting firm, says Mr. Chávez's move represents "a return to another era: the 1970s," when it was commonplace for developing nations to own utilities and energy companies and manage them inefficiently.

Venezuelans had mixed reactions to the news. Nieves de Marquez, 53 years old, a hotel receptionist, applauded Mr. Chávez's move. "I've always criticized CANTV's high pricing. They also fired a lot of people when they privatized the company and some never got their severance." But others remembered the days when the government managed the phone company. Phone lines were hard to come by, and service was lousy -- it sometimes took less time to drive across town to talk to an acquaintance than to get a dial tone.

Analysts worry that Mr. Chávez isn't finished and will use his latest inauguration tomorrow to announce new measures, including increasing the government's role over private education. Last week, he tapped his brother Adán, the former Venezuelan envoy to Havana, as education minister. In Caracas, José Barcia, an economist for Metroeconomica consulting firm, said he expects Mr. Chávez to make moves against other industries as well as private property such as commercial farms.

Mr. Chávez's antimarket politics have spawned some imitators, whom he has supported rhetorically and often with loans and subsidies. In Ecuador, newly elected President Rafael Correa also wants a new constitution and a big hike in the government's take from Ecuador's oil industry.

In Nicaragua, where former Sandinista leader and Chávez ally Daniel Ortega is slated to assume the presidency this week, Venezuela's ambassador said Mr. Chávez planned to announce a big aid agreement on Thursday which could eventually make the impoverished central American country the most important recipient of Venezuelan aid, outstripping Bolivia and Cuba.

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But Venezuela's oil riches may make it a special case when it comes to buying out big companies. In Bolivia, President Evo Morales began to nationalize the country's natural-gas industry, but he has struggled to carry out his plan because his impoverished country lacks money and expertise. Meanwhile, more moderate leftist politicians such as Brazil's Luiz Inácio Lula da Silva and Chile's Michelle Bachelet have ignored Mr. Chávez' attempt to turn back the clock on the free market.

During his speech, Mr. Chávez also suggested he would further expand the state's role in the oil industry, taking a harder line with major oil firms that operate in the country's Orinoco region, where companies upgrade tarlike oil deposits into lighter grades of crude. Those include BP PLC, Exxon Mobil Corp., Chevron Corp., ConocoPhillips, and Total SA and Statoil ASA.

Until now Venezuelan oil officials have said that companies operating in the Orinoco region would have to give the state at least a 51% stake in upstream oil operations, but would allow its foreign partners to maintain control of multibillion-dollar upgraders that convert the tar oil. Yesterday, Mr. Chávez said the upgrading side of the business must also pass on to the state.

"International companies have the control and domination of the process of upgrading heavy crudes from the Orinoco. That should become property of the Venezuelan state," he said.

But so far, Mr. Chávez's power grabs have weakened the Venezuelan oil industry, once the pride of this nation. He ended a tradition of allowing state-run oil company Petróleos de Venezuela SA to run itself like a professional company rather than a source of government patronage and sinecures. Mr. Chávez has used the firm to fund numerous social programs that have left the company short on investment. As a result, oil output has fallen sharply, leaving the country vulnerable to a downturn in prices.

Mr. Chávez's free spending may ultimately undermine his expansion plans. Some analysts say that if the price of oil drops well below $50 a barrel, Venezuela could have a harder time paying its domestic and international commitments. Already, the country's policies last year generated 17% inflation.

Venezuela's move is unlikely to rattle investors in other developing countries, say market watchers. "Luckily Chávez is one of a kind," says Don Hanna, head of emerging-market economic analysis at Citigroup in New York. Mr. Hanna says he doesn't think Venezuela's nationalization moves have any ramifications for the larger markets in the region such as Brazil and Mexico.

Fund managers say that there could be some impact on countries viewed as aligned with Mr. Chávez's economic philosophy, such as Bolivia and, to a lesser degree, Ecuador. Venezuela's nationalizations could push businesspeople or multinationals to reconsider their investments in those countries, says Carlos Asilis, a portfolio manager at Vega Plus Capital Partners in Miami.

Bolivia Leader Lets Venezuela Send Soldiers, Angering Foes (NYT)

By Simon Romero

The New York Times, January 9, 2007

CARACAS, Venezuela, Jan. 8 — Political opponents of President Evo Morales of Bolivia have in recent days stepped up criticism of the country's strengthening military relationship with Venezuela after Bolivian officials acknowledged that more than two dozen uniformed members of the Venezuelan military had recently entered the country without congressional approval.

Jorge Quiroga, a former president of Bolivia and a prominent critic of Mr. Morales's alliance with President Hugo Chávez of Venezuela, accused Mr. Morales in a statement on Saturday of "trampling national sovereignty."

Legislators from Santa Cruz, a redoubt of anti-Morales sentiment in eastern Bolivia, previously criticized the unannounced arrival of about 30 Venezuelan military officials at Trompillo Airport there on Dec. 28.

President Morales has been facing increasing tension in eastern provinces seeking greater political autonomy from his administration. Part of the dispute stems from the Bolivian Congress's approval of a wide-reaching military cooperation pact with Venezuela, in a legislative session in November that opponents say was marred by irregularities.

Mr. Morales has also begun an ambitious land reform program that could encourage tens of thousands of highland peasants to move to the east, unsettling regional leaders there who view the project as a threat to their interests.

Venezuela's defense minister, Gen. Raúl Isaías Baduel, rushed to defend the deployment to Bolivia. The presence of Venezuelan soldiers in Bolivia does not violate Bolivian sovereignty, he said in comments issued Friday night through Venezuela's official news agency.

"This could be qualified as humanitarian aid, with what we know of Bolivia's economic limitations," General Baduel said.

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Venezuelan officials, including the country's ambassador in Bolivia, have been on the defensive in recent weeks as critics of Mr. Morales have raised fears over growing Venezuelan military involvement in Bolivia. The Bolivian defense minister, Walker San Miguel, said last week that the Venezuelans were there to assist in the piloting and maintenance of two Super Puma helicopters that Venezuela had put at Mr. Morales's disposal for travel within Bolivia.

Venezuela is also helping the Bolivian Army to build border posts and improve its military presence in the eastern lowlands, efforts that Mr. Morales's opponents say have more to do with intimidating his critics than protecting Bolivia's frontier from Brazil or Paraguay.

As United States influence in Bolivia has waned, Venezuela has stepped in to provide as much as $50 million in loans for military spending since Mr. Morales assumed the presidency a year ago.

In addition, Venezuela has counseled Mr. Morales on his economic policies and formed ventures with Bolivia's national energy company as he took greater control over the energy industry last year from multinational companies. As Venezuela raises its profile in Bolivia, Mr. Morales has emerged as Mr. Chávez's closest ally in South America. Resistance to the alliance has been vocal in Bolivia and here in Caracas.

Still, Mr. Morales seems to have cannily asserted his influence over a wary officer corps as he presses forward with efforts to promote more indigenous soldiers into the upper ranks of the armed forces, where a light-skinned, Europeanized elite remains dominant.

One of Mr. Morales's first moves as president was a purge of senior generals and other officials from the army after a scandal in which they were accused of allowing military technicians from the United States to dismantle more than two dozen antiquated Chinese-made shoulder-fired missiles, considered Bolivia's sole antiaircraft defense.

Some of the deposed officials have been explicitly critical of Mr. Morales's ties to Mr. Chávez and to Cuba's government. Gen. Marcelo Antezana, who was fired by Mr. Morales as army commander, said in September that there was discontent in the armed forces over what was viewed as subjugation to "Caribbean mulattoes" of a "Cuba-Venezuela axis."

An outcry followed published remarks by Julio Montes, Venezuela's ambassador in La Paz, who said last month that Venezuela would consider military intervention on Mr. Morales's behalf in case of a crisis. Mr. Montes later amended his comments, saying he was referring to assistance in general and not the deployment of troops.

Bush Discusses Cooperation With Nicaragua's Ortega (AFP)

AFP, January 9, 2007

US President George W. Bush told Nicaraguan president elect and former US foe Daniel Ortega that he hoped to work together on a range of issues, the White House said.

Bush telephoned Ortega, who assumes office this week, "to congratulate him and the Nicaraguan people on their commitment to democracy," said national security spokesman Gordon Johndroe.

"The president expressed his strong commitment to the well-being of the Nicaraguan people and our continued interest in a relationship with Nicaragua, noting such ongoing areas of cooperation" as trade and reform-driven economic development, he said.

"The president also noted that reconciliation, unity, democracy, and job creation -- the agenda outlined in Daniel Ortega's election platform -- are areas for possible cooperation," said Johndroe.

Ortega, 61, on Wednesday is to be sworn in to a five-year term as Nicaragua's president.

Bush also spoke with outgoing Nicaraguan President "Enrique Bolanos to thank him for his service to his country, commitment to democracy, and friendship with the United States," said Johndroe.

Ortega was the Marxist leader of the leftist Sandinista National Liberation Front that ousted US-backed dictator Anastasio Somoza in 1979. The Soviet-backed Sandinista government seized private assets, distributed land to poor farmers and battled US-financed Contra rebels throughout the 1980s.

Ortega was voted out of power in 1990, at the end of a bloody civil war against the Contras, and lost two subsequent presidential elections, before prevailing in his third earlier this month to succeed Bolanos on January 10.

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During his campaign against US-backed conservative rival Eduardo Montealegre, Ortega toned down his revolutionary rhetoric. But Washington, and particularly its ambassador in Managua, urged Nicaraguans to defeat him.

The White House also announceed that US Secretary of Health and Human Services Michael Leavitt would lead the US delegation to Ortega's inauguration.

The goup will also include the head of the US Millenium Challenge Corporation that rewards free-market and democratic reforms with aid, and the assistant US secretary of state for the Western Hemisphere, and the US ambassador to Nicaragua.

Russia Shuts Oil Pipeline To Europe (FT)

By Arkady Ostrovsky, George Parker, Bertrand Benoit, Jan Cienski And Roman Olearchyk

Financial Times, January 9, 2007

Russia yesterday halted its oil exports to Europe passing through Belarus as it accused its neighbour of siphoning oil from the Druzhba transit pipeline, threatening further disruptions to European supplies.

Transneft, Russia's oil pipeline monopoly, said it was forced to stop pumping oil through the pipeline, which carries about 30 per cent of its exports to Europe, claiming that Belarus was effectively stealing it.

Senior Russian officials said Minsk's actions "smelled of a trade war".

The shutdown is the latest interruption of Russian energy supplies to Europe and could further dent Russia's reputation as a reliable supplier of energy after last year's gas supply stand-off between Russia and Ukraine.

Moscow's action spurred a $1 rise in the price of crude oil on US markets in early trade yesterday, though West Texas Intermediate gave up its gains and traded 23 cents lower at $56.08 in midday New York trade.

Poland, which with Germany is one of the main recipients of the Russian crude passing via Belarus, reported that oil shipments had stopped overnight and admitted it was "completely dependent" on Russia to meet its oil needs. Germany demanded an "immediate and full re-opening" of the pipeline.

The European Union also called for an "urgent and detailed" explanation for the interrupted supply.

However, Andrei Sharonov, Russia's deputy minister for Trade and Economic Development, told the Financial Times that Belarus had been siphoning off oil since January 6, and that Russia had no choice but to act. "This is a force majeure situation," he said.

The dispute is the most serious blow to Russia's relationship with Belarus. The two countries are supposed to be moving towards an economic and political union but a series of trade disputes - which could still develop into a trade war - have jeopardised the plans.

On January 1, Russia ended a cosy arrangement whereby Belarus processed cheap Russian oil and sold it to Europe at a profit. The erstwhile allies then slapped tit-for-tat duties on each others' crude and petroleum products, which both refused to pay.

On January 6 Belarus informed Russia that it had started taking oil from the pipeline as a payment in kind. Russia yesterday responded by halting transits of oil through Belarus.

A Belarus delegation was last night heading for Moscow to resolve the situation.

But Belarus President Alexander Lukashenko, last year branded "the last dictator in Europe" by the US, had previously sworn not to give in to Moscow's demands and to charge Russia in full for all services Belarus provided to Russia.

The suspension also comes as a further shock to the EU, which has calculated it will depend on Russia for 70 per cent of its energy by 2030, and will tomorrow unveila new energy strategy.

Andris Piebalgs, energy commissioner, asked for an "urgent" explanation from Moscow and Minsk over the cut, which hit central Europe. Mr Piebalgs convened a meeting of EU energy officials this week with a view to possibly invoking "solidarity" measures, in which the bloc might in the longer term share its strategic oil reserves with countries affected by shortages.

But his spokesman said there was "no reason for alarm now", pointing out that Poland and Germany had strategic reserves.

Michael Glos, the German economics minister, said Germany, which currently chairs the EU, "will do all in its power to ensure that this bottleneck does not affect European companies and consumers. I am urging the Russian and Belarusan governments to honour their supply and transit commitments."

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Russia is Germany's biggest oil supplier, providing 34.3 per cent of its crude imports of an estimated 109m tons last year. A fifth of German oil imports transit through the Druzhba pipeline.

Berlin said it was not considering tapping the strategic oil reserves, which cover 90 days of consumption. Two refineries in eastern Germany - PCK in Schwedt, operated by a consortium, and Total's Raffinerie Mitteldeutschland in Leuna - rely on oil from the Druzhba pipeline.

Polish authorities stressed that the country was not in danger because of the suspension. Poland's two leading oil companies, PKN Orlen and Grupa Lotos, have access to 80 days of reserves held by the government. Orlen said it also had its own crude reserves.

"Both refineries are preparing for emergency supplies of crude by sea, through the oil terminal in Gdansk," said Piotr Naimski, the deputy minister of the economy.

Poland imports about 96 per cent of its oil from Russia. "We are completely dependent on these imports," said Mr Naimski.

Russian Oil Cutoff Rouses Europe's Doubt (WSJ)

By Guy Chazan And Gregory L. White And Marc Champion

Wall Street Journal, January 9, 2007

The sudden suspension of Russian oil exports through Belarus amid a dispute over fuel subsidies will exacerbate Europe's concerns about its dependence on its huge eastern neighbor for energy supplies.

Russian officials yesterday said Moscow had shut off crude exports through Belarus in retaliation for what Russian officials said was illegal siphoning by Belarus of oil from the main pipeline that carries Russian crude to Europe. The move led to a halt in deliveries to Germany and Poland, which depend on the pipeline for the bulk of their oil supplies, and sharply reduced flows to Hungary, Slovakia and Czech Republic. 1

European officials said they have adequate stocks to survive any disruption, and the response in oil markets was modest. But Moscow's sudden cutoff of a vital energy conduit to the Continent widened questions about Russia's reliability as an energy supplier, a year after a dispute over the price of natural gas with neighboring Ukraine briefly reduced vital Russian gas shipments to Europe.

"This shows us once again that arguments among various countries of the former Soviet Union, between suppliers and transit countries, mean that from our perspective, these deliveries are unreliable," Poland's deputy economy minister, Piotr Naimsky, told Poland's TVN24 television.

"It really shakes confidence in oil and gas supply," said a person in the German administration. "It's very unfortunate." Russia is the world's largest exporter of natural gas and its No. 2 oil exporter, after Saudi Arabia.

'Detailed Explanation' Demanded

European Union energy chief Andris Piebalgs demanded an "urgent and detailed explanation" from Minsk and Moscow. Though he said the cutoff poses "no immediate risk to the supply of oil to the European Union," Mr. Piebalgs said he might convene the EU's Oil Supply Group later this week to decide if countries should draw on their strategic stocks.

The conflict comes at a moment when energy security is back at the top of the EU's agenda. On Wednesday, the European Commission, the EU's executive arm, will publish proposals for the bloc's first energy strategy, to be discussed at a summit of EU leaders.

The affected pipeline -- named Druzhba, or friendship, when it was built in the 1960s to carry Soviet crude to clients in Eastern Europe -- carries about half of Russia's oil exports to Europe, roughly 1.5 million barrels a day, or 12.5% of European crude consumption.

'Broadens the Question'

"It's really surprising that the situation has escalated as far as it has," said Jeffrey Woodruff, an analyst at Fitch Ratings in London. "It broadens the whole question of European energy security from being just focused on gas to including oil and gas."

A Belarussian delegation left Minsk last evening for Moscow to begin talks on the dispute, which comes little more than a week after the two countries narrowly avoided a cutoff of Russian natural-gas shipments in a New Year's Eve price dispute.

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The conflict comes amid growing tensions between the two erstwhile allies and shows the depth of Russian disenchantment with Belarussian President Alexander Lukashenko, whom the U.S. calls Europe's last dictator.

Russia and Belarus have for years been in talks to unify, a project that Russian President Vladimir Putin hoped would crown his presidency. But Moscow has watched in frustration as Mr. Lukashenko, apparently fearing a loss of power, has cooled on the idea.

"Lukashenko has shown that his interests don't coincide with ours," said Mikhail Margelov, chairman of the International Affairs Committee in Russia's Senate.

Seeking to raise the pressure on Mr. Lukashenko, OAO Gazprom, Russia's state-controlled gas company, demanded a doubling of the discounted rate Belarus pays for Russian gas. Moscow also said it would end duty-free crude sales to Belarus, eliminating what Russian officials said amounted to a $3.5 billion annual subsidy to Minsk.

Belarus responded last week by imposing a new transit fee on Russian crude shipments across its territory, a levy Moscow denounced as illegal.

Over the weekend, Belarus began taking oil from the Russian export line as payment, Russian officials said. In retaliation, Moscow cut off shipments, Andrei Sharonov, deputy economics minister, told Russian television.

Working on Other Routes

The Russian state pipeline monopoly OAO Transneft said it is working to increase exports to Europe by other routes. "I'm sure this won't affect our reputation as a reliable energy supplier," Transneft Vice President Sergei Grigoriev said.

Officials in Germany and Poland said that their countries have significant reserves of crude and face no immediate threat of fuel shortages.

Poland has more than 70 days of oil reserves and Germany about 130 days, according to EU officials. Polish refiner PKN Orlen SA said it is working at full capacity and could easily switch to seaborne supplies via an oil terminal at the Baltic Sea port of Gdansk.

The roots of the current crisis lie in Russia's drive to slash energy subsidies to its neighbors and have them pay what it says are market rates for its oil and gas. There are signs that drive is backfiring economically for Russia, though.

Azerbaijan yesterday said it will stop exporting crude through Russian pipelines in order to keep more of the fuel at home, where it is needed to run power plants that had depended on Russian gas imports until Moscow's latest price increase made those too expensive, Interfax reported.

Belarus And Russia Spar Over Crude Oil Cutoff (NYT)

By Steven Lee Myers

New York Times, January 9, 2007

MOSCOW, Jan. 8 — Supplies of Russian crude oil headed to European markets came to a halt overnight, officials said Monday, in the latest manifestation of rapidly deteriorating relations between Russia and Belarus.

The head of Russia's oil pipeline monopoly accused Belarus of illegally siphoning oil beginning Saturday in an escalating dispute over duties and transit fees. Belarus's foreign ministry acknowledged the halt but denied responsibility, suggesting that the Russians had instead caused the stoppage at their common border.

Regardless of the cause, the disruption along the Druzhba, or Friendship, pipeline affected supplies of crude oil headed to Poland, Germany and Ukraine. In the short term, at least, the halt should have a minimal effect, because refineries in those countries maintain reserves. In the longer term as well, the disruption is not as threatening as a shut-off of natural gas, because alternative sources of oil are more readily available.

Still, a prolonged disruption could be worrisome. Oil prices rose on the news, and the dispute rekindled concerns in Europe about the reliability of energy supplies from Russia.

"This shows us once again that arguments among various countries of the former Soviet Union, between suppliers and transit countries, mean that these deliveries are unreliable from our perspective," Poland's deputy economics minister, Piotr Naimski, said in televised remarks, according to The Associated Press.

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The shutdown of Druzhba, one of the highest-capacity pipelines in the world, took place a week after Russia and Belarus negotiated a last-minute agreement that sharply raised the price Belarus would have to pay for natural gas. The deal came after brinkmanship by each side that raised the specter of disruptions of natural gas deliveries across Europe, like one that followed a dispute between Ukraine and Russia in 2006.

Belarus, led by an autocratic president, Aleksandr G. Lukashenko, has reacted furiously to the terms of that deal and to Russia's tactics in the talks that led to it. Last week, Belarus called Russia's conduct shameless.

Russia has responded by saying that it is simply raising the costs of oil and gas to market prices. Belarus and other former republics of the Soviet Union have long bought oil and gas at a discount, compared with European customers.

"Belarus has cast prudence to the wind," Andrei V. Sharonov, a deputy economic development minister, said in remarks on the Moscow radio station Ekho Moskvy, referring to what he, too, called the illegal siphoning of oil. "This looks like a trade war."

He later said that Russia would suspend all oil shipments through Belarus, blaming it for the initial disruptions. His remarks suggested that the disruption could last indefinitely.

For the last decade, Russia and Belarus, two countries bound by history and deep ethnic, cultural and social ties, have moved haltingly toward the creation of a union, with a common currency and even, ultimately, the creation of a single unified state, as negotiated in a 1996 treaty between Mr. Lukashenko and President Boris N. Yeltsin.

The union has never come to fruition under President Vladimir V. Putin. In the past month, the two countries have seemed instead to be negotiating the terms of their divorce, which, like many, is becoming nasty.

Beginning New Year's Day, Russia began charging Belarus $100 per thousand cubic meters of natural gas, compared with the $46 it charged last year. The price is to increase steadily to the level charged in Europe — now $265 on average — by 2011.

As those negotiations dragged on bitterly, Russia also imposed a separate duty of $180 a ton on oil it sold to Belarus, which has been sold at steeply subsidized prices. Mr. Lukashenko's government responded to the oil duty last week by announcing a $45 a metric ton fee on shipping oil across Belarus on its way to other parts of Europe.

These are the fees are at the heart of the dispute that has shut down the pipeline.

Mr. Sharonov, in his radio interview, said Mr. Lukashenko's government had begun seizing the oil as payment for the transit fee.

The head of Russia's pipeline monopoly, Semyon M. Vainshtok, said in a statement that Belarus had siphoned 79,900 metric tons of oil since Saturday "without warning anyone."

He said, "Transit is a sacred cow," and vowed to use other means of transport to supply customers in Europe.

On Sunday, prosecutors in Belarus filed suit against Mr. Vainshtok, accusing him of having violated customs duties by not paying the new transit fee. A hearing scheduled for Monday, however, was canceled.

In Belarus, there were conflicting reports about what had unfolded. While the foreign ministry denied responsibility, an official from the Druzhba pipeline told Russian news agencies that operations had been halted on orders from Belneftekhim, the Belarus pipeline monopoly. Neither the ministry nor the companies would elaborate.

Belarus has used its cheap supplies of oil and gas to shore up a Soviet-style economy and earn hard currency, in the case of oil, by exporting refined products at world prices. For Mr. Lukashenko's government, the changing economics could weaken his iron control on the country of 10 million.

"The Belarussian people may not realize the extent to which they have been propped up by Russian energy, the extent to which the Belarussian miracle that Lukashenko talks about was built on legs of clay," said Rory MacFarquhar, an economist with Goldman Sachs in Moscow.

The impact in Belarus, where the news media is tightly controlled by the state, remains uncertain.

Pavel Daneyko, the director of the Institute for Privatization and Management, a business consultancy in Minsk, the capital of Belarus, said Mr. Lukashenko's government faced two difficult options: a liberalization of the country's economy or a populist propaganda war against Russia.

"If there is a clear war with Russia," he said by telephone, "then the society may be able to weather the situation."

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Belarus Cuts Off Russian Oil To Europe (CSM)

By Fred Weir

Christian Science Monitor, January 9, 2007

Germany, Poland, and Lithuania are hit by latest energy dispute between Russia and its neighbors.

MOSCOW

For the second time in just over a year, a political squabble between Russia and one of its ex-Soviet neighbors has cut off energy supplies to Europe, triggering anxieties about Moscow's reliability as an economic partner.

On Monday, Russia accused Belarus of shutting down the northern leg of the 2,500-mile-long Druzhba pipeline, which carries up to 2 million barrels of Siberian crude daily to European customers, causing shortages in Poland, Germany, and Lithuania.

The disruption is reminiscent of last year's shutdown of Russian gas supplies to Ukraine, which caused similar energy jitters in Europe. Though Poland and Germany have ample reserves on hand to ride out any temporary squeeze, the dispute underscores increasing concerns about Europe's dependency on Russian energy.

German Chancellor Angela Merkel, whose country assumed the EU and G-8 presidencies on Jan. 1, worried in a weekend TV interview about Moscow's tendency to change prices - and rules - for EU countries that depend on Russia for about a third of their energy supplies.

"Russia was a dependable delivery partner in the past," said Mrs. Merkel, who has made energy security a key priority of Germany's G-8 presidency. "But we are wrestling with Russia right now about strengthening [its energy commitments]. We also need to know that we have reliable prices and reliable cooperation with Russia." Tit-for-tat energy dispute

The most recent energy scare, which comes amid a deepening rift between the Kremlin and Belarussian leader Alexander Lukashenko over long-stalled plans to reunify the two former Soviet nations, is the latest in a chain of tit-for-tat measures. On Dec. 31, Belarus reluctantly agreed to a doubling in price of Russian gas, to $100 per thousand cubic meters - still well below global market levels of around $250. Belarus also agreed to sell 50 percent of its pipeline network, Beltransgaz, to Russia's gas monopoly Gazprom.

But last week Belarus retaliated by imposing a special $45 transit duty on each metric ton of Russian crude pumped through the Druzhba pipeline, a move Russia has called "illegal." By Monday, Polish officials said no oil was flowing through the line, which carries about a fifth of all Russian crude exports to Europe. Russia accused Belarus of "siphoning the oil off" to meet its own energy needs.

Monday Germany shut down two refineries, in Leuna and Schwedt, though both it and Poland have enough reserves on hand to last at least two months.

"[Europe] is not at any kind of chokepoint, the market can cover a great deal of this if needed," says Ambassador William Ramsay, deputy executive director of the International Energy Agency in Paris. "[there are] a lot of other options to procure energy and gas, by ship and pipeline." Stalled plans for a 'neo-Soviet' union

Belarus, a heavily industrialized Slavic nation of 10 million, has been Russia's closest ally in the post-Soviet region since Mr. Lukashenko came to power a dozen years ago. Lukashenko and former Russian President Boris Yeltsin drew up a grand plan to join their countries in a neo-Soviet union, but Vladimir Putin has been less enthusiastic. Still, Moscow has repaid Lukashenko's geopolitical loyalty with subsidies estimated at as much as $8 billion annually, in the form of cheap gas, duty-free oil, and favored access to Russian markets for Belarussian industrial goods.

But Lukashenko has been a growing embarrassment to Moscow. Human rights groups accuse him of rigging elections, closing down independent media, and imprisoning dissidents. Experts say Lukashenko has employed Russian subsidies to create a neo-communist welfare state, which tamps down popular discontent but has also become an obstacle to the economic expansion for Russia's industrial conglomerates.

"Russia has been subsidizing Belarus because we thought there was going to be a full alliance between our countries," says Sergei Markov, a Kremlin-connected analyst. "But Lukashenko has been blocking [Russia's goals] and, if that's the way it's going to be, then he should have to pay full market prices for energy." Regime change in Belarus?

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Some Russian experts suggest Mr. Putin may be angling for regime change in Minsk, the Belarussian capital, or at least sweeping revisions in the relationship. "Russia doesn't see any returns on its investments in Belarus," says Gennady Chuffrin, deputy director of the Institute for World Economy and International Relations. "The Kremlin believes it has a strong hand to play and that Lukashenko, a political outcast, has little chance of holding out for long against Russian pressure."

Ariel Cohen, senior research fellow at the Heritage Foundation in Washington, says Russia's and Belarus's behavior is "an example of how high oil prices embolden people to take destabilizing steps. It's what I call the oil chutzpah factor," he says, citing Iran, Venezuela, the Middle East oil embargo of the 1970s, and now Russia.

However, it would be wrong to simply view Russian energy policy as "imperial posturing," counters Rainer Lindner, a Russian expert at Stiftung Wissenschaft und Politik, a foreign affairs think tank in Berlin. "By ditching privileged oil and gas deals with its neighbors and increasing prices, Russia complies with demands of the World Trade Organization [WTO]. The WTO doesn't accept privileged prices of the type that existed between Russia and its neighbors so far."

To safeguard its own energy security, the EU should offer to mediate between Russia and its neighbors, says Dr. Lindner. Germany in particular "has good relations with Russia and should bring these to bear in the interest of the EU's energy security."

But the EU would require Belarus to make reforms, he adds. "The EU doesn't readily accept a regime like Belarus at the negotiating table without conditions. "The message is simple: 'If you want us to moderate, you have to meet certain political standards.' This could effect a kind of regime change there."

Moscow Stops Oil Exports To Belarus (WT)

By Michael Mainville

The Washington Times, January 9, 2007

MOSCOW -- Russia yesterday halted oil exports to Belarus amid a bitter trade dispute between Moscow and Minsk, cutting off supplies to several European countries and highlighting concerns over Russia's reliability as an energy supplier.

Accusing Belarus of stealing oil headed for Europe, Russia suspended exports via the Druzhba ("Friendship") pipeline, halting supplies to several countries, including Germany and Poland.

Authorities in Belarus said oil was taken as a form of transit payment imposed on Jan. 1 that Moscow has refused to pay.

The halt in oil exports comes a year after Russia cut off supplies of natural gas to Ukraine because of a price dispute, disrupting supplies to parts of Europe during a chilly January 2006.

The oil cutoff is unlikely to cause a repeat of last year's panic over gas supplies because European refineries typically carry several months of inventory.

Nevertheless, yesterday's cutoff renewed concerns over Russia's willingness to use its vast oil and gas exports as a political weapon.

It marked a major escalation of a crisis in relations between Russia and Belarus, a country long considered one of Moscow's closest allies.

"Belarus has cast caution to the wind by starting to take oil because Russia is not paying a duty it illegally imposed. This looks like a trade war," Andrei Sharonov, Russia's deputy economic development minister, told Ekho Moskvy radio.

He warned Russia was ready to take economic steps against its neighbor: "One must not forget that Russia is the biggest market and No. 1 economic partner for Belarus. Therefore, we have the possibilities to apply measures to Belarus."

Russian pipeline monopoly, Transneft, said in a statement yesterday that it had been forced to act after Belarus "began tapping oil destined only for customers in Western Europe from the Druzhba pipeline unilaterally, without any warning."

The company said Belarus had siphoned off 79,000 metric tons of oil since Saturday.

Belarus insisted it was not to blame for the crisis and was acting legitimately.

"The Belarusian side is not at fault for the drop in pressure at the entrance of the Druzhba oil pipeline," Foreign Ministry spokesman Andrei Popov said. "Belarus was forced to take measures to avoid economic damage and a shortage of vital fuel and energy resources."

A Belarusian delegation headed to Moscow last night for urgent talks.

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German Economy Minister Michael Glos said reserves would guarantee oil supplies even in the event of lengthy disruptions.

But he also said the incident demonstrated that "one-sided dependencies must not be allowed to develop."

Europe is heavily dependent on energy supplies from Russia, the world's second-largest oil exporter after Saudi Arabia.

The 2,500-mile-long Druzhba pipeline, built in the 1960s to tie then-communist Eastern Europe to Soviet energy supplies, carries 18 million metric tons of oil to Poland each year and 22 million metric tons to Germany, or one-fifth of its oil imports.

The pipeline has a southern branch that supplies oil to Ukraine, Hungary, Slovakia and the Czech Republic.

The dispute began when Russia this year imposed new export duties on oil sold to Belarus, where the economy is heavily dependent on refining Russian crude.

Belarus retaliated by imposing a $45-per-ton transit fee on Russian oil headed for Europe that Moscow has refused to pay.

The oil row follows a dispute over the more than doubling of Russian natural-gas prices for Belarus. The gas dispute was resolved on New Year's Eve, only hours before Russia was set to cut off supplies to the country of 10 million.

The energy disputes are severely straining ties between the two traditional allies, who in the past have discussed forming a political union.

Belarusian President Alexander Lukashenko -- branded Europe's last dictator by the United States -- has been showing signs of increasing independence from Moscow since his re-election last year.

Moscow insists it is seeking market prices for energy supplies and that its neighbors no longer deserve Soviet-era subsidies.

But critics accuse the Kremlin of using its vast energy reserves as a political tool to restore its international influence.

Oil Line To Europe Is Cut Off (LAT)

By David Holley

The Los Angeles Times, January 9, 2007

MOSCOW — A dispute between longtime allies Russia and Belarus over oil taxes escalated Monday, leading to a cutoff in the flow of crude oil through a pipeline serving European customers.

Officials in Minsk, the Belarusian capital, issued conflicting statements as to whether Belarus had intentionally cut off the flow of oil through the Druzhba (Friendship) pipeline, which crosses Belarus to link Russia and the European Union. Later in the day, Russia said it had stopped supplying oil to the pipeline, blaming Belarus for the move.

"I would like to stress that Belarus was the first to suspend the transit of Russian oil intended for third countries via its territory," Andrei Sharonov, Russia's deputy trade and economic development minister, said in an interview with Vesti-24 television. "Russia moved to suspend supplies to Belarus in response."

The incident reignited a debate about the reliability of Russia as an energy supplier. The European Union relies on Russia for about 40% of its natural gas imports and about 30% of its oil imports. Russia is the world's largest exporter of natural gas and the second-largest oil exporter, after Saudi Arabia.

News of Monday's pipeline shutdown initially drove oil futures higher in New York and London as traders worried about energy shortages. But the rally couldn't be sustained on the New York Mercantile Exchange because warm weather in the U.S. has put a damper on demand for petroleum products, and crude for February delivery closed Monday at $56.09 a barrel, off 22 cents. In London, the European benchmark Brent crude fell 4 cents to $55.60 a barrel.

"We have much more of a cushion in crude and gasoline supplies than we had last year after the hurricanes in the Gulf [of Mexico]. That cushion is offering a little bit of a buffer to these stories," said Phil Flynn, vice president and senior market analyst for Alaron Trading Corp. in Chicago.

The oil dispute was triggered by Russia's new customs duty of $180 per metric ton on oil exports to Belarus. The tax took effect Jan. 1. Belarus retaliated by imposing a charge of $45 per ton for oil shipped through the pipeline to the European Union, which Minsk initially called a customs duty but now describes as a transit fee.

The oil dispute erupted immediately after Moscow and Minsk worked out a last-minute New Year's Eve deal ending an argument over natural gas prices. Belarus yielded to a Russian demand to pay in the new year slightly more than double the 2006

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price. Belarusian officials had expressed unhappiness with that deal, which averted the threat of a midwinter disruption of gas supplies to European customers.

Despite the significant price hike, Belarus still receives Russian natural gas for less than half the amount charged to other European Union customers.

The natural gas standoff in late December resembled a pricing dispute a year earlier between Russia and Ukraine. In that case, failure to reach a contract by Jan. 1, 2006, led to a brief disruption of gas supplies to European Union countries

Officials in European capitals expressed concern Monday about the oil cutoff but said there was no immediate risk to sufficient energy supplies in the European Union. The pipeline delivers 20% of Germany's yearly oil supply, but Berlin was not panicked: The winter has been mild, and officials said the country had 130 days' worth of reserves.

"I view the closure of the important Druzhba pipeline with concern," German Economics Minister Michael Glos said. "I expect the deliveries through the pipeline to resume completely as soon as possible."

Crude oil shipped through the pipeline is refined into products such as gasoline and heating fuel. The current Russia-Belarus spat over oil has resulted in European politicians calling for less reliance on Russian oil and gas.

Guido Westerwelle, chairman of Germany's Free Democrats, said Monday that the new dispute demonstrated a need for his nation "to get more independent from foreign energy supplies."

"It would be much more sensible if we would have a mix of energy resources," Westerwelle said. "This is not only an ecological or economic question. It is also an issue of foreign relations, which would make us more independent and less subject to blackmail."

Belarus and Russia accuse each other of violating bilateral economic agreements on duty-free trade by instituting the new charges on oil. Semyon Vainshtok, head of the state-owned Russian oil pipeline monopoly Transneft, accused Belarus of siphoning off oil illegally.

Belarusian President Alexander G. Lukashenko has been widely criticized in the West as "Europe's last dictator," and he has been heavily dependent on economic and political support from Moscow.

Until Russia imposed the new customs duty on oil, Belarus was able to import Russian oil at domestic Russian prices, refine it into petroleum products at Soviet-era factories and export the goods at a high profit. That provided an important subsidy to Belarus' state-controlled economy, helping Lukashenko to keep his grip on power. The cutoff of the Russian subsidy could have political as well as economic effects in Belarus.

Although Moscow has at times shown frustration with Lukashenko's heavy-handed rule and preservation of a largely Soviet-style economy, Russia and Belarus have maintained close ties and discussed uniting into a single state. If such an agreement were reached, that would be a small step toward restoring a semblance of the Soviet Union, which collapsed in 1991.

The bitterness evident in the gas and oil disputes appears to be rapidly undercutting any prospects for unity talks, which had never appeared very likely to most observers.

The oil spat threatens more-tense relations. As one example, a Belarusian customs spokesman told Russian news agency Interfax on Monday that Belarus would require Russian citizens entering the country by car to obtain temporary entry permits for their vehicles.

At a government meeting in Minsk on Wednesday, Lukashenko accused Russia of "extremely unfriendly steps" in the natural gas pricing dispute and indicated that he was prepared to take wide-ranging risks in his relationship with Moscow to fight for better economic terms.

Lukashenko instructed officials "to send proposals to Russia in the first quarter of the year concerning payments for everything they are receiving here free now — starting from military facilities."

Russian Defense Minister Sergei B. Ivanov said Saturday that he believed Belarusian authorities would not allow economic disputes to affect military ties, Interfax reported. The two countries have prepared an agreement on unifying their air defense systems, he said, expressing hope that it would be signed soon.

A Belarusian delegation left Monday evening for Moscow for oil talks expected to begin today.

Russia Halts Oil Flow To Belarus In Dispute (WP)

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By Peter Finn

Washington Post, January 9, 2007

MOSCOW, Jan. 8 -- Russia on Monday shut off crude oil supplies that flow by pipeline across Belarus to Germany, Poland and other parts of Eastern Europe, charging that Belarus was illegally siphoning off oil meant for the other countries.

The dispute between two erstwhile allies will have little immediate effect because the end-customer countries have strategic reserves for at least two months. But it is rekindling discussion in Europe about the reliability of Russia as a supplier of energy.

"This shows us once again that arguments among various countries of the former Soviet Union, between suppliers and transit countries, mean that these deliveries are unreliable from our perspective," Poland's deputy economy minister, Piotr Naimski, said in a television interview. Poland has long been suspicious of Russia's dominance of energy supplies on the Continent.

Belarus, led by authoritarian President Alexander Lukashenko, has poor relations with the United States and Western Europe. It is unlikely to garner the kind of international sympathy that Ukraine, for example, enjoyed when Russia cut off its natural gas in a pricing dispute last January.

The convulsions over Russia's pricing of energy supplies to its neighbors also extend to Azerbaijan, which announced Monday that it had halted the export of oil to Russia. Officials in the Caspian Sea nation said they planned to divert the oil to power stations in their country to replace Russian natural gas.

Russia doubled the price of natural gas for Azerbaijan on Jan. 1, but the country refused to accept the rate of $230 per 1,309 cubic yards, the price that Western European countries pay.

The disputes with Belarus and Azerbaijan, following Russian confrontations with Ukraine and Georgia, are likely to give new urgency to efforts in parts of Europe to diversify the supply chain and reduce dependence on Russia, one of the Continent's most important suppliers. In 2004, it provided about 27 percent of the oil consumed in the European Union, according to the bloc.

For years, Russia and Belarus have been bound together by Moscow's provision of cheap energy in return for political loyalty. But the Kremlin appears to have tired of subsidizing Lukashenko, whose government could face an economic crisis brought on by higher energy costs.

The two countries have flirted with the idea of forming a political union, but Russia is interested in absorbing Belarus as a province, while Lukashenko has insisted on a union of equal states, an idea the Kremlin finds ludicrous. The idea appears finished, at least under the current leadership of both countries, according to Irina Kobrinskaya, an analyst at the Institute of World Economy and International Relations in Moscow. "The union state is a myth," she said in an interview.

The European Union's energy commissioner, Andris Piebalgs, said he wanted an "urgent and detailed explanation" from both Belarus and Russia as to why the pipeline carrying Russian crude was closed. European officials said Germany has enough oil in reserve to last 130 days, and Poland has enough for 70 days.

Each year, approximately 100 million tons of Russian oil crosses Belarusan territory in pipelines. Russian officials said they were examining ways of rerouting oil. The pipeline network crossing Belarus also supplies the Czech Republic, Hungary, Lithuania and Slovakia.

Belarus's command economy has been heavily dependent on subsidized natural gas and crude oil from Russia, which is now insisting that the government in Minsk pay more.

On New Year's Eve, Belarus reluctantly agreed to a doubling of natural gas prices and a gradual shift to market prices by 2011. The deal also provided for the Russian state-controlled energy giant Gazprom to acquire a 50 percent stake in the gas pipeline system owned by Belarus.

But the two countries continued to spar over cheap crude oil. Belarus has earned billions of dollars from processing cheap Russian oil and then exporting it to Western Europe. Last month, Russia imposed an export duty of $180 per ton of oil sold to Belarus, a severe blow to the country's reprocessing industry and government revenue. Belarus responded by imposing an import duty of $45 per ton of Russian oil that crossed its territory.

Russia accused Belarus of siphoning off 79,000 tons of crude oil since Saturday and threatened retaliation.

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"This looks like a trade war," Andrei Sharonov, Russia's deputy economic development and trade minister, said on Echo Moskvy radio. "One should not forget that Russia is the biggest market and number one economic partner for Belarus. Therefore we have the possibility to apply measures to Belarus and get the duty canceled."

A Belarusan delegation flew to Moscow Monday evening for emergency talks.

Moscow-Minsk Dispute Leaves Europe In A Quandary (FT)

By Arkady Ostrovsky And Quentin Peel

Financial Times, January 9, 2007

Russia has very few friends among the former Soviet republics. Its spat with Belarus suggests it is fast losing one of the last.

In spite of the mercurial moods of Alexander Lukashenko, Belarus's authoritarian ruler, the country has long been one of Russia's closest allies, enjoying its generous subsidies in the form of cheap oil and gas. In reality, the Kremlin has been getting increasingly irritated with the antics of the man it has kept in power.

Kremlin officials seem to have decided that the dubious political benefits of supporting Mr Lukashenko are now outweighed by his failure to show respect for the Russian president. In a Russian election year, they seem determined to inflict a serious blow to his prestige and demonstrate their own strength.

For the European Union, the confrontation between the two erstwhile allies presents a dilemma: the EU members have no love for Mr Lukashenko and have long sought to persuade Moscow to cut off his sub-sidies. But equally, they do not want to encourage the Kremlin to use its energy supplies for political purposes, and nor do they want the pipelines to dry up.

On paper, Moscow and Minsk were supposed to be working towards a political and economic union, including a single currency. In practice, the idea has lost its appeal to Mr Lukashenko, ever since he realised that the merger was more likely to be a takeover and his own role in the new union would be reduced to that of local governor.

Observers in Moscow say there is no love lost between Vladimir Putin, Russia's president, and Mr Lukashenko. But they also say that while Mr Putin loathes his Belarusan counterpart, he is even less well-disposed to the idea of Belarus being swept by a pro-western uprising. Hence the Russian support for Mr Lukashenko's re-election last year.

But despite his material backing, Mr Putin has seen little in return from his Belrusan colleague, and his patience appears finally to have snapped.

Belarus used to receive Russian crude oil duty free and resold it in the form of refined products at a hefty profit. It was supposed to hand on 85 per cent of the profit to Moscow but had long stopped doing so. Moreover, according to Andrei Sharonov, Russia's deputy minister for economic development, Mr Lukashenko imposed arbitrary taxes on Russian oil companies and made them sell oil to Belarusan intermediaries.

On January 1, Russia introduced a standard $180 export duty on its crude oil, depriving Mr Lukashenko of an annual profit of nearly $2bn. But the Belarusan leader responded by slapping a duty of $45 per tonne on Russian oil transiting through Belarus.

"If those in Russia, choking on this influx of petrodollars and other sources of hard currency, are still willing to make a scapegoat of Belarus . . . then let's ask the Russian Federation – so huge and so rich – to pay us in full for our services," Mr Lukashenko said.

Moscow says the unilateral imposition of an export duty on oil transit breaks every international norm and refuses to pay. But Mr Lukashenko decided to play a hard-ball game and on Saturday started to take Russian oil from the pipeline as "a payment in kind".

Whatever the cause, this latest interruption of Russian energy supplies to Europe in just over a year is likely to dent further its reputation as a reliable supplier. But Belarus has more to lose. Some 50 per cent of all Belarus exports go to Russia and a full trade war would be disastrous for the Belarusan economy and its political regime. Mr Lukashenko has no support in Europe or in the US. Russia is his only lifeline.

For the EU, the dispute opens the awful prospect of having to choose between an authoritarian but relatively independent Belarus, or an unpredictable change of regime with Moscow calling the shots.

Russian Extortion, Continued (WP)

The Washington Post, January 9, 2007

DOJ_NMG_0114276

Now an oil pipeline through Belarus runs dry. Will its customers in Western Europe finally be stirred?

RUSSIA'S CONTINUING attempt to squeeze neighboring Belarus yesterday led to the shutdown of a pipeline carrying oil to Europe -- another stark reminder of how the Kremlin's aggressive use of energy as a political tool threatens Western democracies as well as its neighbors. Just days after forcing Belarus to accept a huge increase in the price of natural gas, the government of Vladimir Putin stopped oil deliveries in an attempt to impose a large new duty that would eliminate a longstanding and lucrative subsidy. Because the pipeline carrying oil to Minsk also serves the rest of Europe, Poland, Germany and other European Union countries also did not receive Russian oil deliveries. Those countries have reserves to fill the gap for the near future. But once again the message should be clear: Countries that depend on Russia for energy can be subject to capricious and politically motivated demands -- and interruptions of supplies if those demands are not met.

Belarus has been a faithful ally of Russia; its autocratic president, Alexander Lukashenko, has made himself a pariah in the West by stealing elections, imprisoning and murdering opposition leaders, and supplying weapons to rogue states. But Mr. Lukashenko has irritated Mr. Putin by failing to follow through on an agreement to merge his country with Russia. Now he is getting his punishment: an abrupt withdrawal of energy subsidies that in recent years have propped up his state-dominated economy. The Belarusan president consequently must choose between giving Mr. Putin what he wants or trying to make Belarus a genuinely independent country. Since the latter would require groundbreaking political and economic liberalization, the Kremlin's risk may not be great. Belarus has already agreed to hand control of its gas pipeline to Russia, a concession Mr. Lukashenko had long resisted.

Other Russian neighbors are fighting back against its energy imperialism. Azerbaijan last week stopped buying Russian gas rather than agree to a huge price increase; it then reduced the amount of oil it pumps through a Russian-controlled pipeline. Azerbaijan offended Mr. Putin by agreeing to supply its own gas from a field soon to come online to neighboring Georgia, whose democratic and pro-Western government is Moscow's first target. Both Caucasian countries have the prospect of ending reliance on Russian supplies in the near future; in that respect, they are considerably better off than the European Union, which gets a quarter of its gas from Russia.

Western governments are watching Mr. Putin's hardball tactics with concern; yesterday they called for an immediate resumption of supplies through the Belarusan pipeline. They do not, however, have a policy for countering the Russian threat. Even the members of the European Union cannot agree among themselves on whether to appease Russia -- by offering new long-term contracts and capital for investment in oil and gas projects -- or push back, which they could do by insisting that Mr. Putin sign an international "energy charter" that would curtail his monopolistic practices. The attack on Belarus ought to rule out the appeasement option.

The Face Of El Salvador's Charm Offensive (WP)

By N.c. Aizenman

The Washington Post, January 9, 2007

Like much of Washington's diplomatic corps, El Salvador's consul general, Ana Margarita Chavez, spends her days conferring with U.S. officials and her nights cruising to parties in a black sport-utility vehicle with diplomatic plates.

That is where the similarity ends.

While her counterparts from other nations stick to such traditional consular services as renewing passports and helping their countrymen sort out immigration problems, Chavez, a petite 49-year-old with long black curls and a bubbly laugh, is more like a social worker on steroids.

During weekly appearances on the area's main Spanish radio shows, Chavez regularly gives out her cellphone number so that immigrants in need of help can reach her directly.

The phone's constant trill is a testament to how many listeners take her up on the offer. During one recent week, Chavez dropped by the Silver Spring home of a Salvadoran construction worker injured in a car accident last year to check on his progress; lined up a job for an out-of-work landscaper in Woodbridge and then personally drove him to the interview; and convinced a young father fighting a bitter custody battle with his estranged wife that their daughter is better off staying with her grandparents in El Salvador.

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As for her evening social schedule, Chavez usually skips high-powered bashes in Washington's downtown restaurants or Embassy Row manses in favor of pupusa and wine mixers hosted in suburban churches and community centers by immigrant Salvadoran nurses, restaurant owners and construction contractors seeking to raise money for the impoverished villages they left behind.

Her approach dovetails with a wider charm offensive recently launched by Salvadoran President Elias Antonio Saca, of the pro-business ARENA party, to cement his support among Salvadoran expatriates.

The stakes are high. The Salvadoran government estimates that more than a fourth of the country's citizens live in the United States. The expatriates have been lobbying hard for the right to vote from abroad, and it is generally considered a matter of just a few years before they will get it. Even now, they are believed to exercise enormous sway over voters back home thanks to the estimated $3 billion they send their relatives annually.

During the presidential election in 2004, Saca and his opponent campaigned personally in the Washington area. And shortly after taking office, Saca expanded the foreign ministry to include a vice ministry exclusively dedicated to overseas Salvadorans.

The 16 consulates in the United States are the vice ministry's principal vehicle of operations. The Washington area is among its most important targets. The U.S. Census estimates there are 130,000 foreign-born Salvadorans in the Washington region. The embassy estimates the size of the local Salvadoran community -- including those born here of Salvadoran parents -- at half a million.

At first glance, Chavez might not seem the most obvious choice to win them over. The daughter of a former chief supreme court justice, she hails from the upper crust of a society still highly stratified between rich and poor 14 years after peace accords ended its bloody civil war. Originally an architect, Chavez said that friends in El Salvador's military encouraged her to pursue national security studies and later a career as head of El Salvador's anti-drug commission before she was tapped for the consul general position.

Although she still encounters cynics, Chavez's effervescent, informal style has clearly captivated many local Salvadorans, who quickly fall into addressing her with the familiar "t?" rather than the formal "usted" in Spanish. A year and a half into the job, Chavez has emerged as one of the most recognizable figures within the Salvadoran community -- even as she remains almost completely unknown outside of it.

"Previous consuls have tried to get close to our community, of course. But no one has shown her enthusiasm," said Luis Felipe Romero, president of Salvadorans Associated of Maryland, as he watched Chavez lead a conga line around the dance floor at the charity's annual fundraising party in Northwest Washington on a recent evening. "She comes to every event. She is always insisting that we call her Ana Margarita, not Se?ora Consul. She really identifies with the working-class Salvadoran overseas."

Much of Chavez's work is conducted without fanfare -- including her periodic visits to Roger Menendez, the construction worker recovering from his car accident in Silver Spring.

"Hello, Roger! How's my sweetheart?" Chavez cooed as she stepped into his darkened bedroom on a recent evening.

Menendez, 28, who lay on a hospital bed and had a feeding tube protruding from his stomach, could only manage a loud, "Mmmmmm."

Chavez, a divorced mother of three grown children, beamed. "You should have seen him when he came out of the coma a couple months ago," she said. "He could only move his eyes. . . . This is great progress."

Chavez maintains that such extracurricular activities are a natural outgrowth of her job as consul.

"You're supposed to be your people's representative over here. So that means you're going to be called on to be everything from mayor, to priest, to psychologist," she said.

During a recent interview in her office in an ultra-modern, government complex in San Salvador, Margarita Escobar, head of the vice ministry for overseas Salvadorans, confirmed that strategy and ticked off an array of other outreach initiatives she and her staff have undertaken so far -- including inviting several hundred expatriate Salvadorans to a forum with Saca late last year, developing pension and health insurance plans for Salvadorans who want to retire in El Salvador and opening a satellite consulate in Woodbridge so that area Salvadoran immigrants don't have to travel as far or wait as long for services.

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The unifying theme, Escobar said, is that, "we're trying to make our Salvadorans overseas understand that this government truly cares about them."

Whether the expatriates are receptive to the message is another story.

At the Salvadorans Associated of Maryland fundraiser, Hugo Carballo, a union organizer who has lived in Fairfax for nearly 20 years, said he appreciated Chavez's presence at the event, as well as her help coordinating local immigrant relief efforts after Hurricane Stan launched mudslides across El Salvador and other Central American nations in 2005.

"But what I really want from this government is for them to give us the right to vote, and it just seems like there's no political will to make it happen quickly," he said. "God knows we Salvadorans in the United States do so much for our country. They need to take us into account, to recognize our contribution -- maybe even give us our own representative in the National Assembly."

Emily Castro, a special education teacher living in Northern Virginia, was even more indignant.

"As a representative of the Salvadoran government, she should be ashamed to be here," Castro muttered, glancing over at Chavez after Romero made a presentation highlighting the desperate poverty of the Salvadoran children for whom the association buys school supplies and bemoaning the fact that the association could not help more of them.

"The government should be solving these problems, not asking this community that is working so hard over here and that has so little of our own to take care of it," she said.

About an hour later, Castro confronted Chavez directly -- telling her that three Salvadoran girls at her school were pregnant and asking bluntly, "What the hell do you guys ever do for us?"

Chavez's smile wavered slightly. But she quickly regained her composure and began peppering Castro with questions about the case and assuring her that the consulate would be eager to form a partnership to combat teen pregnancy.

"She doesn't believe me now. But she'll see when I call her next week to follow up," Chavez whispered to a colleague as Castro strode off. "I bet you I win her over."

South Africans See Hope Of Unity In A Prospect For Presidency (WP)

By Craig Timberg

The Washington Post, January 9, 2007

JOHANNESBURG, Jan. 8 -- The purported presidential ambitions of a gregarious multimillionaire have sent South Africa into a frenzy of political speculation this week, while offering a glimpse into the normally secretive struggle over picking the nation's next leader.

Several top African National Congress leaders approached Tokyo Sexwale, a seasoned politician and businessman, about running for the party presidency, the Sunday Times newspaper reported under the banner headline "Tokyo guns for presidency." The job, to be filled at a national convention in December, is widely regarded as the steppingstone to becoming elected president of the nation in 2009.

Sexwale -- whose knack for publicity was honed during a stint playing the Donald Trump role in South Africa's version of "The Apprentice" -- dismissed the report as "spurious" in a statement issued Monday afternoon. "They are kite-flying, nothing more than a red herring, and we treat them with disdain," he said.

The denial by Sexwale, 53, was widely disregarded by South Africans familiar with the ways of the ANC; leaders running for party office traditionally pretend that they would be just as happy being, say, municipal dogcatcher as president. In the past year a succession of leading contenders for the party presidency have reacted similarly -- in public at least -- to news reports that they coveted the top job.

The Sexwale news dominated newspaper headlines and radio call-in shows on Monday both because of the specificity of the Sunday Times report, which laid out several apparently strategic maneuvers by Sexwale in anticipation of a run, and because he is widely seen as a conciliatory figure in a deeply divided party.

"He's seen as somebody who is above the fray," said political analyst Xolela Mangcu, speaking from the judicial capital of Bloemfontein, where he was traveling. "The whole bloodletting that's been happening to the ANC has to stop. . . . This country can't move forward with a divided ruling party."

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The ANC, whose massive advantage in voter support allows it to dominate South African politics at every level, fractured in June 2005 when President Thabo Mbeki fired his deputy and heir apparent, Jacob Zuma, over allegations of corruption.

Supporters of Zuma, a populist with close ties to South Africa's Communist Party and labor movement, reacted with fury, at one point burning a flag bearing the image of Mbeki. Zuma's political comeback gained momentum after a pair of legal judgments in 2006 cleared him of rape charges and dismissed corruption charges. And though his legal troubles may not be over, Zuma is seen both as the leader of the ANC's left wing and of the nation's large population of ethnic Zulus. Analysts say he remains a contender for the presidency.

Mbeki, meanwhile, has seen his influence ebb during a bruising succession struggle carried out almost entirely behind closed doors. His second five-year term as national president is due to end in 2009, and though he is constitutionally barred from running for the office again, Mbeki has not ruled out seeking the party presidency in December. He has not publicly backed a candidate for either job, though he has said he believes that South Africa's next president should be a woman.

"The ANC knows it needs a compromise candidate because the party is split down the middle," said Rhoda Kadalie, a political columnist based in Cape Town.

Sexwale's politics are difficult to label, despite his stint in the 1990s as premier of South Africa's bustling Gauteng province, which includes Johannesburg, Soweto and Pretoria. A student leader in the 1960s, he later joined the ANC's armed wing in exile in Swaziland and did military training in the Soviet Union. He was a close friend of Communist Party leader Chris Hani, who was assassinated in 1993.

He reportedly remains close to former president Nelson Mandela, with whom he spent years while behind bars at the notorious Robben Island prison during the apartheid era.

He left politics in 1998 for what became a lucrative career in the private sector, founding Mvelaphanda Holdings, a huge mining and energy company, and establishing himself as one of the most visible members of the nation's growing group of elite black businessmen who found riches after the ANC came to power.

Sexwale's history of strained relations with Mbeki was long rumored to be one of the reasons he left politics. In 2001, he was accused of being part of a plot to overthrow Mbeki, but he and the others accused were exonerated.

The Sunday Times reported that Sexwale recently invited Mbeki's wife to join in some business deals.

Analysts also note that Sexwale's wife is white, a fact that some believe could, if he were president, diminish the polarized nature of racial discussion in South Africa.

"Somebody like Tokyo could take us out of that and put us on a new path," Mangcu said.

Another popular businessman often mentioned as a candidate for president is former ANC activist Cyril Ramaphosa, though he too has denied seeking the job. The list of possible candidates also includes party Secretary General Kgalema Motlanthe, Deputy President Phumzile Mlambo-Ncguka, Foreign Minister Nkosazana Dlamini-Zuma, Finance Minister Trevor Manuel and Defense Minister Mosiuoa Lekota.

U.S. To Drop Charges In '99 Uganda Killings (WT)

By Jim McElhatton

The Washington Times, January 9, 2007

Federal prosecutors in the District yesterday sought to drop felony murder charges against three Rwanda citizens who faced possible death sentences in connection with the 1999 kidnapping and killing of two American tourists in Uganda.

The move comes five months after U.S. District Judge Ellen Huvelle suppressed confessions by defendants Francois Karake, Leonidas Bimenyimana and Gregoire Nyaminani, who were reputed members of the Liberation Army of Rwanda.

The government's case relied heavily on the defendants' confessions, but Judge Huvelle barred prosecutors from using the statements. The judge ruled the confessions were inadmissible because evidence showed the defendants were tortured while imprisoned by Rwandan authorities.

"The United States is unable to proceed to trial at this time...," assistant U.S. attorneys Jonathan M. Malis and Jeffrey Beatrice stated in a court memo filed yesterday.

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U.S. officials charged the men more than three years ago in the bludgeoning deaths of U.S. citizens Robert Haubner and his wife, Susan Miller, of Portland, Ore.

The couple, on a safari vacation, was killed with six other tourists from New Zealand and Britain after men armed with automatic weapons, axes and machetes raided their tourist camp in a national park in Uganda on March 1, 1999.

In court documents, prosecutors called the killings "brutal murders" intended to send a message to the United States against supporting the Rwandan government.

Prosecutors said the men charged were among a band of about 100 that invaded the Bwindi Impenetrable Forest National Park, a remote rain forest in the southwestern region of Uganda known for the presence of rare mountain gorillas. The group attacked the park's guards and sentries, killing four, including one guard who was burned alive to discourage resistance.

The attackers rounded up more than 20 tourists from the campground and separated 17 who spoke English. The captives were marched by force into the forest toward the border of the Democratic Republic of Congo. Two other Americans were among those captured and later released. Three women, including Mrs. Miller, were raped before being killed.

Despite the prosecutors' setback, they said other evidence might lead to a new trial.

"While the United States is unable to proceed to trial at this time, it may be able to do so in the future based on evidence apart from the defendants' confessions," they said.

A hearing date hasn't been set on the government's motion. If granted, it's expected the defendants will be released from the D.C. Jail. They also could be deported.

"Once the court official dismisses the indictment... the defendants will be handled as would any other person or persons who do not have legal immigration status to remain in the U.S.," said Channing Phillips, a spokesman for the U.S. Attorney's Office.

However, returning the defendants to Rwanda raises other legal questions, said David I. Bruck, a lawyer and death penalty authority at Washington and Lee University.

"If the problem with the case is that they were tortured by the people who gave them to us, how do we send them back?" he asked. "What do we do with them next?"

Mr. Bruck said the case was "extremely unusual" from the start because the federal government was prosecuting murders that occurred in another country.

"It eventually became quite obvious that when you import a defendant from another jurisdiction, you import with them all of the human rights violations and chaos from the country where they were found."

In announcing the arrests in 2003, then-Assistant U.S. Attorney General Michael Chertoff, who is now secretary of the federal Department of Homeland Security, said the indictment should "serve as a warning."

"Those who commit acts of terror against Americans will be hunted, captured and brought to justice," he said.

The move to dismiss the charges in the Ugandan killings marks the second recent setback for federal prosecutors in the District in a capital punishment case.

D.C. law bars the death penalty, but capital punishment can be sought in federal cases.

In October, U.S. District Judge Richard W. Roberts said prosecutors could not seek the death penalty against reputed leaders of the so-called Congress Park Crew street gang, citing a missed filing deadline.

Meanwhile, jury selection is beginning this week in another capital murder case in federal court in the District. The defendant, Larry Gooch, is charged with killing five persons in his role as enforcer for the M Street Crew, a PCP ring that operated in Northeast.

The Troubles Of Sista P. (NYT)

By Orlando Patterson

The New York Times, January 9, 2007

Kingston, Jamaica

DOJ_NMG_0114281

Thirty-two years ago, a young working-class woman, Portia Simpson, exploded onto the Jamaican political scene with an unexpected electoral victory in the slums of southwestern Kingston, the heart of opposition party turf, dominated by armed political gangs.

Soon after, I accompanied her on a tour of the area in the hope of laying plans for an urban upgrading project. As we approached Rema, a notorious opposition holdout, five gunshots pierced the heat. Dashing for cover, I looked back to see Simpson being reluctantly pulled away by two of her aides. Left to herself, she would have carried on, so deep was her hunger to help the people from whom she had just risen. I thought then that this woman would go far.

She did. Last February, Portia Simpson-Miller stunned the political establishment by outmaneuvering the heir apparent, Peter Phillips, in the struggle to succeed Prime Minister P. J. Patterson, who retired in midterm, and in March she took office as Jamaica's first female leader. There was national jubilation, especially among women, who wept at the sight of "Momma," "Auntie Portia" or "Sista P.," as they lovingly call her.

Even skeptics felt that it was hard to do worse than what the men had achieved for the mass of Jamaicans in abysmal poverty, after four decades of modernization that had benefited only the middle and upper classes. Simpson's approval ratings soared, and for a heady few weeks the claims of her supporters that the healing hand of a woman was what the country needed seemed borne out. And an almost tactile sense of unity and good will soothed the anxieties of daily life in this overheated polity.

The honeymoon was brief. Hardly two months into her leadership, opposition forces and the media unleashed a barrage of criticisms against her, the gist being that she was hopelessly unqualified for the job. Her modest education, undistinguished performance in Parliament, Creole speech, populism and refusal to face the press have been grist for the media and opposition mill. What turned a tidal wave of criticism into a tsunami, however, was the revelation that a Dutch commodities firm, Trafigura Beheer BV, which does business with the government, had misrepresented a campaign donation of $470,000 that it made to her party. In fact, Jamaica has no campaign finance laws to break, and there is a long tradition of businesses donating to political parties. The government, however, handled the revelation ineptly before returning the money, providing endless fodder for the media.

On Sunday, I had a candid two-hour conversation with Sista P. at her official residence. She is as defiant as ever. At 61, she appears in her early 40s, her youthfulness emphasized by deep bangs hanging over dark, sparkling eyes. She noted that in 2006 the economy grew at one of its fastest rates in years, 2.4 percent, inflation was low, 5.3 percent, and that major crime fell by 20 percent. So why the criticisms?

"Because I'm a woman in a field dominated by men, and because of my background," she insisted. Why has she been avoiding the press? "I've been beaten, banged and bashed by the media," she said. "They are trying to kill my charisma" because "every time they see me they are looking at the majority of Jamaicans who are poor and they can only think, 'How dare this uppity woman.' " She added later, "As leader, I have the right to refuse to speak to those who misrepresent what I say."

She dismissed the Trafigura affair as a media exaggeration, the only impropriety coming from the company, which, to circumvent Dutch laws, misrepresented the donation. She is confident of winning the coming elections, although her approval rating in polls is down to 30 percent.

Mistakes have been made, and Sista P. has to change her attitude toward the press, but I share her belief that Jamaica's patriarchalism and class biases are stacked against her. So, too, is the British parliamentary system that operates here, which requires of leaders a demanding mix of political, debating and executive skills.

Sista P. embraced me and kissed me on the cheek as we parted, and I wished her luck in the coming elections, required by October. She is going to need it.

DOJ_NMG_0114282

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 9, 2007 7:45 AM EST

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DOJ_NMG_0114285

TERRORISM NEWS:

Padilla Wants Statements Made In Navy Brig Suppressed (AP)

By Jennifer Kay

AP, January 9, 2007

MIAMI - Attorneys for alleged al-Qaida operative Jose Padilla asked a federal judge Monday to keep statements he made during his detention in a Navy brig out of evidence in the U.S. government's terror support case against him.

Padilla has claimed he was tortured during 3 1/2 years in military custody as an "enemy combatant" - allegations the Justice Department and Pentagon officials have repeatedly denied.

The former Chicago gang member's prolonged confinement and abuse from interrogators renders any statements he made during his time in the brig involuntary, according to a motion filed in U.S. District Court.

"The action of the government agents in this case constitute police coercion and overreaching at its highest. Consequently, the government has forfeited the right to use these statements for any purpose at Mr. Padilla's trial," the motion states.

A spokeswoman for the U.S. Attorney's Office declined comment Monday. Messages left for Padilla's federal public defenders were not immediately returned.

Federal prosecutors, meanwhile, asked the court Monday to reconsider its deadline for completing mental examinations to determine if Padilla is competent to stand trial.

U.S. District Judge Marcia Cooke last week gave prisons officials until Friday to complete the examinations, which she insisted be finished before his scheduled Jan. 22 trial date so she can rule on a number of other outstanding issues, including Padilla's claim that the case should be dismissed because he was tortured in military custody.

Two mental experts hired by the defense have concluded that Padilla suffers from post-traumatic stress disorder and is unable to adequately assist his attorneys. The competency tests were originally supposed to be completed by Jan. 5.

Bureau of Prisons officials want until Jan. 30 to finish the tests, and until Feb. 15 to submit their report. They have said in court papers that Padilla is not "compliant with psychological testing" and must be observed by staff members to complete the evaluation.

"The deadlines set by the court may negatively affect the examination process and may prejudice the government's ability to demonstrate the fallacy of Padilla's competency allegations as well as the court's ability to make adequate findings, subject to appellate review, regarding this issue," the prosecutors' motion reads.

Padilla, a 36-year-old U.S. citizen, is charged along with two others in the U.S. with being part of a support cell that provided money, recruits and supplies to violent Islamic extremists around the world. All three have pleaded not guilty. Two others charged in the case are in custody overseas.

Padilla was arrested in 2002 at Chicago's O'Hare International Airport for what U.S. officials originally called a plot to detonate a radioactive "dirty bomb" in the United States. President Bush designated him an "enemy combatant" and he was held without criminal charge at a Navy brig in South Carolina until he was added to the Miami terror support case in late 2005.

The "dirty bomb" allegations are not mentioned in the Miami indictment.

Aside from the competency issue, the Jan. 22 trial date is in jeopardy because federal prosecutors have appealed Cooke's dismissal of a key terrorism count in the case. The 11th U.S. Circuit Court of Appeals is scheduled to hear oral arguments on that issue Wednesday in Atlanta; Cooke has said the trial will not proceed until that question is settled.

The dismissed count carries a potential life prison sentence, while the two remaining terror support counts carry possible 15-year sentences each. Cooke ruled that the dismissed count improperly duplicated other parts of the same indictment.

Man Gets 30 Years In Subway Bomb Plot (NYT)

By William K. Rashbaum

The New York Times, January 9, 2007

A federal judge sentenced a 24-year-old Pakistani immigrant yesterday to 30 years in prison for plotting to bomb the Herald Square subway station in 2004, moments after the defendant apologized to the judge and prosecutors but blamed a police informer for his fate.

The immigrant, Shahawar Matin Siraj, who has been held without bail since he and another man were arrested on Aug. 27, 2004, three days before the Republican National Convention, stood with his shoulders slumped as the judge, Nina Gershon of United States District Court in Brooklyn, meted out his sentence.

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Dressed in a blue short-sleeved prison smock with a white long-underwear shirt beneath it, Mr. Siraj offered a brief, disjointed apology before the judge pronounced sentence. He paused briefly to take two long sips of water when his voice began to break.

He cited statements he had made about his plan to blow up the subway and his anger at America, statements that were secretly recorded by a Police Department informer who defense lawyers argued lured him into the plot. The tapes were played at the trial.

"Your honor I want to apologize about whatever I said in the tapes — I wish I could take those words back but it already happened, I already said those things," he said. "I'm taking responsibility for 34th Street, but I was manipulated by this person."

But the jury in the case, which deliberated 10 hours over two days, rejected his entrapment defense. It had centered on the paid informer, who defense lawyers said had stoked Mr. Siraj's rage with images of Muslims abused at the hands of Americans, including photographs of soldiers abusing inmates at the Abu Ghraib prison in Iraq. Mr. Siraj was convicted on May 24 on four counts of conspiracy, including the most serious, plotting to bomb a public transportation system.

Judge Gershon, when she handed down the sentence, noted that while some of the recordings captured Mr. Siraj saying the attack should occur at the time the station was the least busy, it would nonetheless have been deadly and devastating.

"The crimes committed here were extremely serious," she said. "They had the potential, if not thwarted, to wreak havoc with the New York City transportation system, indeed, the tristate-area transportation system."

She added that such an attack would have meant enormous economic losses, disruption and loss of life.

The men never obtained explosives, there was no timetable for an attack, and the men were not linked to any known terrorist group.

Indeed, the informer, Osama Eldawoody, 50, told Mr. Siraj and the other man who was arrested, James Elshafay, that he worked for a fictitious group called the Brotherhood and said he would be able to provide the explosives for the plot. Mr. Elshafay began cooperating with prosecutors shortly after his arrest and also testified against Mr. Siraj.

Under federal sentencing guidelines, Mr. Siraj, who came to the United States from Pakistan with his parents in 1999, faced 30 years to life in prison. He had turned down a plea deal offered by prosecutors under which he would have been sentenced to 10 years in prison.

The hours of tapes played at trial revealed an angry man who raged against America, praised Osama bin Laden and predicted additional terror attacks in the United States, all while discussing his bomb plot.

Yesterday, the courtroom was crowded, largely with news reporters and law enforcement officials. Mr. Siraj's parents, appearing stunned when the sentence was dispensed, were also in the courtroom, and his uncle sat in the last row. His mother, Shahina Parveen, dressed in a patterned light blue tunic and pants, and a white head scarf, clutched a string of pale green prayer beads that she had carried during the trial.

After the proceeding, she began to cry as she sat on a bench outside the courtroom and talked to one of her son's lawyers, Khurrum B. Wahid, slipping a tissue behind her glasses. Later, she spoke briefly to reporters, maintaining her son's innocence and saying he would appeal.

"The N.Y.P.D., through a paid informant, tricked my son and got him stuck in this," Ms. Parveen said, as Mr. Wahid translated from the Urdu. "He didn't do anything. I didn't get any justice. It was not a fair sentence."

But the Police Department, which investigated the case, the first in which a terrorism inquiry by its Intelligence Division led to a prosecution in federal court, hailed the sentence, calling it "a milestone in the safeguarding of New York City."

"It says that those who conspire against New York will pay a severe price," Commissioner Raymond W. Kelly said in a statement, praising the Intelligence Division, saying it "uncovered a murderous plot in its infancy and stopped it before lives were lost."

After the sentencing, Mr. Siraj's lead lawyer, Martin J. Stolar, called the prison term "outrageous."

"The New York City Police Department was able to create a crime in order to solve it, and claim a victory in the war on terror, and that's what he was sentenced as, rather than a dimwit who was manipulated" by an informer, he said.

But the prosecutors in the case, Todd Harrison and Marshall L. Miller, argued that Mr. Siraj was in control.

"He knew exactly what was going on and was the initiator of all the steps," Mr. Harrison said. He added that Mr. Siraj had come up with the plan, conducted surveillance of the station on his own and directed how the bombers should dress, where the bomb should be placed and what their escape route should be.

Pakistani Sentenced To 30 Years For New York Subway Bomb Plot (AFP)

AFP, January 9, 2007

A Pakistani man was sentenced to 30 years in jail for his part in a plot to blow up a New York subway station just ahead of a major Republican Party congress being held nearby in 2004.

DOJ_NMG_0114287

Shahawar Matin Siraj, 24, was convicted in May last year of conspiring to plant explosives at the 34th Street subway station near Madison Square Garden, ahead of the Republican National Convention there.

"Thanks to the extraordinary work of law enforcement, the defendants' plot did not advance beyond the planning stage, and the public was never at risk," prosecutor Roslynn Mauskopf said after the sentence was handed down.

"We remain steadfast in our commitment to stop would-be terrorists before they act, and will apply all available resources to secure the safety of our residents," she said.

Another man, James Elshafay, pleaded guilty in October 2004 to participating in the plot and later testified against Siraj. He has yet to be sentenced.

The federal jury in Siraj's five-week trial heard hours of secretly recorded conversations between him and an Egyptian nuclear engineer who became a paid informant for the New York City Police Department, the Justice Department said.

In the calls, Siraj declared his hatred for the United States and openly discussed his desire to place explosives on various bridges and in subway stations in New York, including his plan to bomb the 34th Street station, the department said.

Siraj and Elshafay scoped out the subway station on August 21, 2004, and later drew diagrams as part of their plot, it said. They were arrested six days later, even though they were not in possession of any explosive material.

Would-be NY Subway Bomber Gets 30 Years (BOS/AP)

By Tom Hays, Associated Press Writer

The Boston Globe, January 9, 2007

NEW YORK --A Pakistani immigrant was sentenced to 30 years in prison Monday for hatching an unsuccessful plot to blow up a busy Manhattan subway station as revenge for wartime abuses of Iraqis.

Shahawar Matin Siraj, 24, was arrested on the eve of the 2004 Republican National Convention. Though there was no proof he ever obtained explosives or was linked to any terror organizations, prosecutors said his intentions were ominous: He wanted to blow up the Herald Square subway station, a bustling transportation hub located beneath Macy's flagship department store.

Siraj showed no reaction as the sentence was read. He faces deportation when his prison term is completed.

Defense attorneys had sought to convince U.S. District Judge Nina Gershon that Siraj's sentence should not exceed 10 years, arguing in recent court filings that their client was "not a dangerous psychopath but more of a confused and misguided youngster."

Siraj claimed he was entrapped by a paid police informant who inflamed him by showing him photos of inmates being abused at Abu Ghraib prison in Iraq and then secretly recorded his escalating threats -- called "trash talk" by his lawyer -- against the United States.

"I apologize for all the stuff I said on those tapes," Siraj said before sentencing. "I'm taking responsibility for 34th Street, but I was manipulated by this person."

Prosecutors countered that Siraj deserved at least 30 years behind bars as the "driving force" behind a "workable terrorist plot."

Siraj was convicted of conspiracy last year based partly on the testimony of a police informant, Osama Eldawoody, who was recruited to monitor radical Muslims at mosques and elsewhere following the Sept. 11, 2001, terrorist attacks.

Inside an Islamic bookstore near a Brooklyn mosque, Eldawoody wore a wire and chatted up an employee who lived with his parents in Queens -- Siraj. When the topic turned to the war in Iraq, Siraj ranted about rumors among radicals that U.S. soldiers were sexually abusing Iraqi girls.

"That was enough for me," he said in one of series of secretly recorded conversations played for the jury. "I'm ready to do anything. I don't care about my life."

Eldawoody, assuming the role of a co-conspirator, assured Siraj that any plan he concocted would have the backing of a fictitious faction called The Brotherhood. Siraj considered other options to harm the U.S. economy, including destroying several New York area bridges or killing Microsoft founder Bill Gates.

Testifying in his own defense, Siraj admitted taking preliminary steps to attack the subway station, including scouting locations to place a bomb, but only at Eldawoody's prompting. He also claimed he never had a violent thought before he fell under the spell of the 50-year-old Eldawoody.

Siraj said the older man became a mentor and instructed him that there was a fatwa, or religious edict, permitting the killing of U.S. soldiers and law enforcement agents.

Outside court Monday, Siraj's mother, Shahina Parveen, said the informant "tricked my son and got him stuck in this."

"My son is innocent," she said. "He didn't do anything."

DOJ_NMG_0114288

In a statement, police Commissioner Raymond Kelly called the outcome a "milestone" in safeguarding the city. He said, "Our detectives uncovered a murderous plot in its infancy and stopped it before lives were lost."

30 Years For Bomb Plotter Is A Milestone, Kelly Says (NYS)

By Joseph Goldstein, Staff Reporter of the Sun

New York Sun, January 9, 2007

The clerk at an Islamic bookstore who plotted to put a bomb in the Herald Square subway station will spend the next 30 years in prison, a federal judge decided yesterday. Police Commissioner Kelly, whose department led the investigation that resulted in the arrest of Shahawar Matin Siraj, lauded the sentence.

"The Siraj sentence is a milestone in the safeguarding of New York City," Mr. Kelly said in a statement sent via email. "It says that those who conspire against New York will pay a severe price."

Lawyers for Siraj, 24, had asked for a sentence as short as five years. When the judge, Nina Gershon of U.S. District Court in Brooklyn, said she was instead considering imposing a sentence of between 30 years and life, Siraj jerked his head in surprise toward two of his lawyers. Later, when he was led away by deputy marshals, Siraj raised a hand in greeting to his mother and father, who stood in the back of the courtroom. Siraj offered no other reaction to the sentence.

Federal prosecutors from the U.S. attorney's office in Brooklyn had based their request for a strict sentence not only on the bomb plot for which Siraj was convicted, but also because they said they believed Siraj would resume plotting if released.

Prosecutors arrived at this assessment from a recorded statement Siraj made to a police informant that was introduced as evidence at trial, according to a letter to the court from assistant U.S. attorneys Todd Harrison and Marshall Miller.

Subway Bomb Plotter Sentenced To 30 Years (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, January 9, 2007

A Pakistani immigrant convicted of plotting to bomb the 34th Street subway station at Herald Square was sentenced to 30 years in prison yesterday by a federal judge who called the crime an "extremely serious" attempt to wreak havoc on the city's economy.

Rejecting defense arguments that Shahawar Matin Siraj, 24, was nothing more than a dupe of a police undercover operative, Brooklyn federal Judge Nina Gershon said the defendant played a central role in the bombing conspiracy.

Gershon, who presided over last year's trial of Siraj, said the evidence showed that he intended the planned bombing to lead to severe economic disruption in the city and surrounding metropolitan area, and to result in loss of life.

"The defendant's role in the bombing plot was central," said Gershon, adding that there was ample evidence that Siraj lied during a pretrial hearing and also during his trial, in an effort to deceive the jury.

Siraj was convicted in May of the bombing conspiracy and faced a possible life term. Investigators said he aimed to set off the bomb around the time of the August 2004 Republican National Convention in Manhattan.

Evidence showed that Siraj came up with ideas about setting off bombs on Staten Island and on the Verrazano-Narrows Bridge. Prosecutors introduced evidence that Siraj, who had failed to win asylum in the United States, had made statements supporting jihad and Osama bin Laden when he talked with a New York Police Department undercover detective.

In a statement, Police Commissioner Ray Kelly said detectives uncovered the plot in its infancy and moved with federal prosecutors to stop it. He praised the sentence as a "milestone in the safeguarding of New York City.

"It says those who conspire against New York will pay a severe price," he said.

But Siraj's attorney Martin Stolar blasted the sentence.

"I think it is pretty outrageous that they are sentencing him as a terrorist," Stolar said. "The NYPD created a crime to claim a victory in the war on terror."

Stolar had argued before sentencing that Siraj was of subpar intelligence and was easily manipulated by informants and the detective. He later told reporters Siraj was sentenced as a hardened terrorist "rather than a 24-year-old dimwit."

Siraj gave a brief statement of apology to Gershon and said he wished he could take back the anti-American statements that were caught on surveillance tapes. Admitting he was part of the plot to bomb the subway station, Siraj nonetheless insisted he was manipulated by the undercover detective.

Siraj's mother gave a tearful statement outside the courtroom to reporters. Speaking through an interpreter, Shahina Pareeven said her son was innocent and was ensnared into the plot by the NYPD.

"My son is not a terrorist," Pareeven said. "He didn't do anything. I didn't get justice."

Herald Square Bomb Plotter Gets 30 Yrs. (NYDN)

DOJ_NMG_0114289

By John Marzulli, Daily News Staff Writer

New York Daily News, January 9, 2007

Insisting to the end that he was unfairly duped by an NYPD informer, a Queens man was slammed with a 30-year jail sentence yesterday for plotting to bomb the Herald Square subway station.

"I told [the informer], 'I don't want to do it,'" Shahawar Matin Siraj, 24, whimpered in a last-minute plea for mercy to Brooklyn Federal Judge Nina Gershon. "I told him I wanted to ask my mother's permission."

Siraj, 24, had admitted planning to slaughter commuters and wreak havoc on the city's economy because he was angered by the U.S. government's treatment of Muslims in Iraq.

"I take responsibility for 34th St., but I was manipulated by this person," Siraj said. "I wish I could take those words back."

Despite Siraj's apology for the hatred he spewed on hours of secretly recorded tapes in which he also discussed destroying city bridges and attacking cops, Gershon said the sentence must be sufficient to punish Siraj and deter other would-be terrorists.

The Pakistani immigrant, who never obtained explosives, could have gotten life in prison.

Police Commissioner Raymond Kelly credited his revamped Intelligence Division with thwarting the scheme before anyone was hurt and hailed the verdict as a "milestone in the safeguarding of New York City."

"It says those who conspire against New York will pay a heavy price," Kelly said.

But defense lawyer Martin Stolar said Siraj was a dimwit who was manipulated by a crafty paid informer trying to impress his police handlers. Siraj was arrested just before the Republican National Convention opened in New York in 2004.

"The NYPD was able to create a crime in order to solve it and claim a victory in the war on terrorism," Stolar said.

Siraj's mother, clutching green prayer beads, wept in the courthouse hallway.

"My son is innocent. It was not a fair sentence," Shahina Parveen said.

Prosecutors: Suburban Man Bankrolled Terrorists (CHIT)

By Rudolph Bush

Chicago Tribune, January 9, 2007

Muhammad Salah distributed hundreds of thousands of dollars to militant operatives in Gaza and the West Bank while coordinating violent plots as a leading member of the Palestinian group Hamas, federal prosecutors argued Monday.

For nearly seven hours, Assistant U.S. Atty. Joseph Ferguson chronicled the case against Salah, a Bridgeview businessman accused of serving as a top Hamas commander, and Abdelhaleem Ashqar, a university professor from suburban Washington, D.C.

Ferguson's closing argument was aimed largely at undermining defense claims that Israeli authorities tortured Salah into falsely admitting he was a Hamas operative in 1993.

He reminded jurors that they had witnessed an unprecedented event, the testimony of two Israeli security agents in a U.S. courtroom.

Jurors could judge for themselves whether the interrogators, who appeared under the aliases "Nadav" and "Benny," testified truthfully that Salah was well-treated, Ferguson said.

He also pointed to evidence he said corroborated Salah's confession, including information Salah allegedly provided about the hidden burial site of a murdered Israeli soldier and a series of money transfers between him and Hamas leader Mousa Abu Marzook.

"There's only one conclusion to draw from that," Ferguson said of information Salah provided about the dead soldier's body. "Muhammad Salah is Hamas. He is the Hamas military. He's part of the inner-sanctum of trusted individuals."

The soldier Ferguson referred to, Ilan Sa'doan, was kidnapped and murdered by Hamas in 1989. His body was buried in an undisclosed location.

Salah was arrested by Israeli authorities in Gaza in January 1993 on suspicion of transferring hundreds of thousands of dollars for the Hamas military wing.

Ferguson argued that Marzook had provided Salah with information about Sa'doan's body, which Salah tried to use as a bargaining chip with his interrogators.

"This was about control," Ferguson said.

Far from being a tortured detainee willing to tell his interrogators anything they wanted to hear, Salah was playing cat and mouse with his captors, the prosecutor said.

Israeli authorities did launch a search for Sa'doan's body in 1993 based on Salah's information, the prosecutor said.

The body was not found, however, until 1996 in a location 3 miles north of the site Salah allegedly described.

Ferguson argued Salah's information was all but "dead on" about the site.

"They were one juncture off. He got the wrong exit [off the highway]," Ferguson said.

Throughout the day, Ferguson outlined a money trail he said further corroborated Salah's guilt.

He was captured in Israel with $100,000 in cash. Bank records show Marzook had transferred him nearly $1 million, the prosecutor said.

Before he was captured, he had put some $240,000 in the hands of militant operatives, Ferguson argued.

Salah's lawyers have argued that he never provided money for violence but carried money to Gaza and the West Bank to provide charitable services to Palestinians suffering under a stifling and oppressive Israeli occupation.

Salah, an American citizen, was set up by Israeli authorities to help convince the U.S. government that Hamas was actively creating cells in this country, his lawyers have argued.

Ferguson referred regularly Monday to a series of confessions Salah gave Israeli interrogators as well as to a handwritten statement he provided to fellow prisoners he allegedly believed were fellow Hamas members.

The statement to the fellow prisoners, known as "the Birds," is perhaps the most damning piece of evidence against Salah and something his attorneys have argued was manufactured out of whole cloth by abusive interrogators and Palestinian collaborators.

Ferguson sought to show that the statement was a voluntary attempt to communicate with other Hamas members.

When an Israeli interrogator confronted Salah with it in March 1993, Salah was recorded asking his captors how they got the statement.

"That tells you he gave it to somebody he thought was Hamas," Ferguson said.

Ferguson is expected to continue his argument Tuesday morning. Salah's attorney, Michael Deutsch, is expected to respond in the afternoon.

U.S. Prosecutors Wrap Up Case Against Alleged Hamas Financiers (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, January 9, 2007

(AP) - CHICAGO-Federal prosecutors wrapped up their case against two men accused of aiding the militant Palestinian group Hamas, saying the men furnished funds and fresh recruits to spread "death, destruction, fear and terror."

Former Chicago grocer Muhammad Salah and co-defendant Abdelhaleem Ashqar were "important players" with the Hamas terrorist network, Assistant U.S. Attorney Joseph M. Ferguson told a federal court jury in closing arguments capping a three-month trial that included testimony by torture experts and Israeli agents adopting assumed identities.

"The Hamas organization engaged in a purposeful and strategic campaign to spread death, destruction, fear and terror in pursuit of its overall objective to remove the State of Israel from the map," Ferguson said.

Salah, 53, and Ashqar, 48, a former assistant professor of business at Washington's Howard University, are charged with a racketeering scheme that provided money and men to the Hamas organization in the early 1990s.

Both men deny that they are Hamas members and say that nothing they did violated the law, even though they hold strong anti-Israel views.

The first two prosecution witnesses were Israeli Shin Bet agents who interrogated Salah after his January 1993 arrested in Israel, where he served about five years in prison.

The agents testified under aliases in a courtroom cleared of spectators to protect them against possible reprisals by Hamas. Reporters were allowed to hear their testimony on closed-circuit TV in another room.

Both men denied Salah ever was tortured. Salah did not take the stand, but his attorneys say he was put in a freezing cell with no blanket, forced to wear a foul-smelling hood and otherwise mistreated for weeks.

Defense attorneys have not yet delivered their closing arguments.

Ferguson warned jurors not to allow themselves to be diverted from their main task by being caught up in the Israeli-Palestinian debate and the nuances of Mideast politics.

"People have been in conflict over that little plot of land for hundreds and thousands of years," Ferguson said. He said the issue was that the two men have violated American laws against financing murder, kidnappings and terror.

Ferguson said Mousa Abu Marzouk, the deputy head of Hamas' political bureau who is in , furnished Salah with "cold hard cash" to deliver to Hamas forces in Israel. Abu Marzouk is in exile in Syria.

Who Is The Mysterious Informant Jack Mustafa? (SOUTHNH)

By Ray Hanania

Southwest (Chicago) News-Herald, January 9, 2007

I've tried everything to reach the man they call "Jack Mustafa," aka "Jawad al-Arouri," but have failed.

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Mustafa is the informant the U.S. Justice Department used to build a "terrorism" case against Mohammed Salah and co-defendant Abdelhaleem Ashqar.

Months after the Iraq invasion, U.S. Attorney John Ashcroft alleged Salah provided "material support" to terrorists.

The nation sighed. President Bush needed to point to someone having failed to capture the real terrorist, Osama Bin Laden. Salah was a far better "terrorist" than Jose Padilla, the high school dropout we're told who knew enough to build a "dirty bomb."

Salah's arrest was based on two things: He pled guilty in an Israeli court to being associated with Hamas, which the U.S. declared was a terrorist group long after Salah had left the group. If Salah was really a threat, why did the Israelis release him after only fives years in prison?

Ironically, a deal was about to be signed letting Salah off the hook when Sept. 11 happened. Our failed "war on terrorism" needed a trophy to hold high, and Salah was the best they could come up with.

The second more important evidence Ashcroft relied upon was the "testimony" of Jack Mustafa, who was paid as much as $6,000 a month.

By the time they got to trial three years later, Salah's defense attorneys asked to see all information on the mysterious Mustafa.

In response to that simple request, the Justice Department dropped their "material support" for terrorism charge.

As it turns out Mustafa probably made up all the evidence turned over to the FBI. Why not? At a reported $6,000 a month, you could probably get evidence to arrest half the customers at Wal-Mart.

That left two remaining "charges," the broader "racketeering conspiracy" charged used to nail people who don't commit crimes but are members of criminal organizations, like the Mafia. And, the last charge, "making false statements" to the government, maybe something that government might consider against Mustafa?

One must wonder why the government continues with this case.

Hamas is involved in terrorist activities in Israel. But that's not surprising since any idiot knows Palestinians and Israelis don't get along and have been warring with each other since 1948.

I know what Salah is going through.

In 1975, after I completed two years active duty in the Air Force during the Vietnam War, the FBI investigated me.

They spent thousands of dollars interviewing neighbors and "informants" like Mustafa. They produced a revealing 45-page report that began claiming I was "suspected" of terrorist involvement. The report failed to mention my father and uncle served during World War II, or that I served 10 more years in the Illinois Air National Guard, while the probe was being conducted.

They hassled so many people, I lost friends faster than disgraced Florida Congressman Mark Foley.

After all the talk, the BS and lies, two years of investigations, thousands of wasted taxpayer dollars, and 45 useless pages, the "Hanania investigation" concluded I just wanted to help my community become more involved in America.

You just hope somewhere, someone has enough common sense to stop wasting taxpayer dollars and valuable time so our country can focus on "real" terrorist threats.

Now that the case is about to go to the jury, I'm hoping Salah's judge, U.S. District Judge Amy St. Eve, might just be that kind of person.

(Ray Hanania writes about everything under the sun. You can reach him at rayhanania@aol.com.) Visit www.tvchicagoland.com to view Hanania's interviews with local Chicagoland politicians and community leaders.

Supreme Court Refuses Case Challenging Group's Designation As Terrorists (NYT)

By Linda Greenhouse

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — The Supreme Court refused on Monday to intervene in the federal prosecution of seven Iranian refugees for providing financial support to an opposition group in Iran that the State Department has designated as a terrorist organization.

The seven defendants, who are now all United States citizens, argue that they are constitutionally entitled to challenge the validity of that designation as part of their defense. The law under which they were charged, enacted in 1996, gives limited appeal rights to a group that is officially labeled a terrorist organization, but specifically precludes individual defendants, charged with supporting such an organization, from challenging the designation at their trial.

Under the statute, providing financial or other material support to a foreign terrorist organization is a crime that carries a prison sentence of up to 10 years. The seven defendants were indicted in Los Angeles in March 2001 for soliciting money for an organization usually known as the People's Mojahedin of Iran, which the State Department designated as a foreign terrorist organization in 1997.

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That designation has been heatedly disputed, both in federal court and in Congress. After a ruling by the federal appeals court here in 1999 found the designation improper, the State Department reissued it and was permitted by the appeals court to make the new designation retroactive to 1997, which is when the defendants began their fund-raising activities.

A brief submitted to the Supreme Court on the defendants' behalf by a group of members of Congress described the People's Mojahedin as "a legitimate political opposition group that Americans should be able to freely and openly support."

The brief, filed on behalf of the Iran Human Rights and Democracy Caucus of the House of Representatives, described the organization as "the primary opposition group in Iran" and as "a legitimate political resistance movement that seeks a transition from the current theocratic regime to a secular democracy."

Noting that President Bush has described the current government in Iran as part of the "axis of evil," the brief said the People's Mojahedin was not the type of organization Congress had in mind when it gave the executive branch broad authority to designate foreign terrorist organizations and to bar all types of contributions to them.

The justices on Monday made no comment in turning down the case, Rahmani v. United States, No. 06-241. The prosecution has received relatively little publicity as it has made a slow way through the federal courts. But a trial, if one finally takes place, could shine a spotlight on the sweeping authority that Congress handed the secretary of state in the 1996 statute, the Antiterrorism and Effective Death Penalty Act.

Originally, a terrorist designation was to last for two years, renewable at the discretion of the secretary of state. A 2004 law, the Intelligence Reform and Terrorism Prevention Act, gave the secretary added power by making an initial designation permanent. In another change, the USA Patriot Act increased the maximum sentence to 15 years from 10.

The defendants in the case before the court on Monday were originally successful in persuading the Federal District Court in Los Angeles to dismiss their indictment. But a three-judge panel of the United States Court of Appeals for the Ninth Circuit, after considering the case for more than two years, reinstated the indictment in October 2005.

The appeals court said that while "no doubt Congress was well aware that some might claim that 'one man's terrorist is another man's freedom fighter,' " Congress nonetheless chose to give the president and the State Department the authority to designate a group as a terrorist organization "and to keep such policymaking authority out of the hands of United States attorneys and juries."

Consequently, the court said, "it does not matter whether the designation is correct or not." The crime occurs, it explained, when someone gives support to such an organization, whether or not properly designated as a terrorist group.

An 11-judge panel of the appeals court then considered whether to rehear the case and split 6 to 5 in deciding to let the original decision stand. Judge Alex Kozinski, writing for the five dissenters, said the case "perfectly illustrates the patent unconstitutionality of the terrorist organization designation process." Judge Kozinski added that Roya Rahmani, the lead defendant, "is being prosecuted — and will surely be sent to prison for up to 10 years — for giving money to an organization that no one other than some obscure mandarin in the bowels of the State Department had determined to be a terrorist organization."

In their appeal to the Supreme Court, the defendants argued that the "sweeping implications" of the appeals court's decision would permit the government "to criminalize activities that would otherwise be First Amendment-protected" and to bar judicial review of its determination.

Urging the justices not to hear the case, the government said the issue was not one of free speech but rather of the "broad authority" that the court has long recognized for the regulation of "financial interactions between United States nationals and foreign entities."

In another case on Monday, the justices turned down an airline passenger's challenge to the airport screening policy adopted in an unpublished directive by the Transportation Security Agency.

The passenger, John Gilmore, was not permitted to board domestic flights from San Francisco and Oakland, Calif., because he refused to show identification. He argued that a secret directive actually gave passengers the choice of submitting to an intensive screening as an alternative to providing identification. The government lacked a basis for refusing to make the full policy public, he argued.

Responding to Mr. Gilmore's lawsuit, the government did not concede that it had such a policy. Nonetheless, the Ninth Circuit granted the government's request to dismiss the case, holding that whatever identification policy existed did not violate any constitutional rights, including the right to travel and the right against unreasonable search and seizure. The case was Gilmore v. Gonzales, No. 06-211.

High Court Won't Block Terror Trial (LAT)

By David G. Savage

The Los Angeles Times, January 9, 2007

DOJ_NMG_0114293

WASHINGTON — The Supreme Court refused Monday to block the trial of seven Los Angeles residents charged with raising money for an Iranian opposition group that was designated a "foreign terrorist organization" by the U.S. government.

Lawyers for the seven had argued the charges were unconstitutional because they had a free-speech right to raise money for a political group. That claim was rejected by the U.S. 9th Circuit Court of Appeals, which noted the Iranian opposition group — Mujahedin Khalq, also known as the MEK — had a record of supporting assassinations and bombings.

"Sometimes money serves as a proxy for speech, and sometimes it buys goods and services that are not speech. Guns and bombs are not speech," said Judge Andrew J. Kleinfeld for the appeals court.

In their appeal, the lawyers said the accused deserved the right to challenge the group's designation as a "foreign terrorist organization" as part of their defense.

Although the justices turned down the appeal without comment, they could take up the issue later if the seven are convicted of the charges.

"We are very disappointed the court decided not to hear this case. We believe the decision poses a threat to the civil liberties of any person who wants to contribute to a political organization in this country," said Stacey M. Leyton, a lawyer in San Francisco.

She said the law was written so broadly that organizations such as Greenpeace or the African National Congress in South Africa could be deemed foreign terrorist organizations. And once the group is on the government's list, "the individual doesn't have a right to challenge it," she said.

In the Antiterrorism Act of 1996, Congress gave the secretary of State the authority to designate foreign groups that "engage in terrorist activity" that threatens the security of Americans. Once a group makes this list, it is a crime for anyone to "knowingly" provide "material support" to it.

The MEK was founded as an Iranian Marxist group in the 1960s with a mission of overthrowing Mohammed Reza Shah Pahlavi and establishing a Marxist regime. But after the shah's fall in 1979, the new Iranian regime was dominated not by Marxists but by Muslim clerics.

Later, the MEK participated in terrorist activities that targeted Americans, the government said. In a federal court in Washington, the group also admitted it supported assassinations of Iranian officials and mortar attacks on Iranian facilities.

The group first made the list of "foreign terrorist organizations" in 1997. Over the next four years, the seven defendants were charged with soliciting contributions at Los Angeles International Airport and wiring at least several hundred thousand dollars to an MEK bank account in Turkey.

Court Turns Down Iran Opposition Group (WP/AP)

The Associated Press

The Washington Post, January 9, 2007

WASHINGTON -- Supporters of an Iranian opposition group lost a Supreme Court appeal Monday that was intended to let them challenge the United States' designation of the group as a foreign terrorist organization.

Justices declined to review the case of seven people who were indicted in 2001 on charges they raised money for the People's Mujahedeen, also known as the MEK. The State Department first said in 1997 that the group engaged in terrorist activities.

In 2002, 150 members of Congress called on the State Department to withdraw the designation.

The seven people have sought to dismiss the charges against them by demonstrating that the Iranian group has no terrorism ties. The 9th Circuit U.S. Court of Appeals said the indictment could proceed.

They were accused of soliciting money from travelers at Los Angeles International Airport. The indictment, in March 2001, followed a three-year FBI investigation.

The People's Mujahedeen participated in the 1979 ouster of the former shah of Iran, Mohammad Reza Pahlavi. But it fell out with the clerical government and launched a campaign of assassinations and bombings. For years it fought Iran's Islamic rulers from Iraq with the backing of Saddam Hussein's regime.

During the U.S.-led invasion of Iraq, the U.S. military briefly bombed MEK camps until the group capitulated and agreed to disarm.

The case is Rahmani, etal., v. U.S., 06-241.

Outgoing Detroit Chief Defends FBI (DEN)

By Paul Egan

Detroit News, January 9, 2007

Roberts supports using economic charges in terror fight

The outgoing top man at the Detroit FBI defended the agency from criticism Monday that it is purporting to fight terrorism by charging defendants with fraud and other economic crimes.

Daniel Roberts, the special agent in charge of Detroit who is leaving to become deputy director of the FBI's criminal division in Washington, said it's important to use the charges that are most likely to get convictions when targeting suspected supporters of terrorism.

Roberts made his comments Monday as he packed up his office, preparing to start his new job next week. Roberts' successor, Andrew Arena, starts in March.

In the case of Detroit-area restaurateur Talal Chahine and others, critics have pointed out the government has alleged, but not charged, links to terrorism that are virtually impossible to defend.

"Chahine I'd love to see come back, if he had the guts to do it," Roberts said.

Chahine, the owner of the La Shish restaurant chain, is charged with tax evasion. He is a fugitive, having flown to Lebanon after his offices were searched but before he was indicted last May. The government says Chahine owes about $20 million in taxes, interest and penalties and used money skimmed from his restaurants to support Hezbollah.

Chahine has denied supporting terrorism.

Dearborn Heights lawyer Nabih Ayad said Detroit's Muslim and Arab community feels unfairly targeted. The FBI would uncover economic crimes in any ethnic community put under scrutiny, he said.

"If you're saying that you're fighting terrorism, how come we have so many individuals charged with mortgage fraud, insurance fraud, so many matters that are not terrorism related?" he said.

Roberts, 46, who headed the Detroit FBI office since July 2004, conceded that authorities in Detroit have brought few charges of supporting terrorism. But he said there have been many more terrorism-related cases.

Most involve monetary support for terrorist causes and the use of illegal means to raise that money, he said.

Roberts said he is proud to leave Detroit after a series of major events -- including the Ryder Cup, Major League Baseball's World Series and the National Football League's Super Bowl -- that went off without major incidents.

"Because of my 20 years in the FBI, I've had a chance to be assigned across the country," Roberts said. "The law enforcement community gets along better here than anywhere else I've ever worked."

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

German Court Hands Moroccan Max For 9/11 (AP)

By Simone Utler

AP, January 9, 2007

A Moroccan man convicted of aiding three of the four suicide pilots who committed the Sept. 11 attacks was sentenced Monday to the maximum of 15 years in prison for his role in the terror plot.

A German federal appeals court convicted Mounir el Motassadeq in November of knowingly helping the hijackers and sent the case to a state court in Hamburg for sentencing.

"Anyone who helped in this has earned stiff punishment," presiding Judge Carsten Beckmann said after announcing Monday's verdict. Defense lawyers said they would appeal.

Shortly before the verdict was announced, the 32-year-old defendant exchanged emotionally charged words with an American whose mother died on one of the two planes that crashed into the World Trade Center.

Dominic Puopolo Jr. fought back tears and held up pictures of his mother, Sonia Morales Puopolo, an American Airlines flight attendant, as he joined prosecutors in calling for the maximum penalty. He urged the judges to consider the "human and emotional cost" of the 2001 attacks. The American man is a co-plaintiff in the case under the German court system.

When the court granted El Motassadeq a final chance to speak, the slightly built, bearded man turned to Puopolo to say: "I understand your suffering. ... The same thing is being done to me, my kids, my parents, my family — my future is ruined."

Puopolo said he forgave el Motassadeq, and reminded him that he will one day be freed.

"You have a chance to rebuild your life and be back with your family. Others don't," Puopolo said. "Your life is not over, but my mom's is."

The federal appeals court had ruled that the Hamburg judges wrongly acquitted el Motassadeq in 2005 of direct involvement in the attacks, even though the Hamburg court sentenced him to seven years in prison for belonging to a terrorist group.

The appeals court convicted el Motassadeq as an accessory to the murder of the 246 passengers and crew members aboard the four jetliners used in the attacks, and ordered the state court to set a new sentence.

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El Motassadeq's attorneys said they intended to challenge the sentence before a federal appeals court. They have already appealed the conviction to the Federal Constitutional Court, arguing that the court failed properly to hear evidence from other terror suspects. It is unclear when that court, Germany's highest, will consider the complaint.

Defense lawyer Ladislav Anisic said they might also appeal to the European Court of Justice.

"We have a clear mandate, and that is to ensure that our client receives the acquittal," he said.

El Motassadeq was a close friend of pilots Mohamed Atta, Marwan al-Shehhi and Ziad Jarrah when they lived and studied in Hamburg. He has acknowledged training at an al-Qaida camp in Afghanistan and that he was close to the three hijackers although he insists he knew nothing of their plans.

However, the federal appeals court said evidence showed el Motassadeq knew that the men planned to hijack and crash planes. It found that his actions — for example, transferring money, and helping the hijackers keep up the appearance of being regular university students by paying tuition and rent fees — facilitated the attacks.

The federal court also said it was irrelevant to el Motassadeq's guilt whether he knew of the plot's timing, dimension or targets.

Monday's decision was the latest step in a tangled legal saga that started with el Motassadeq's arrest in November 2001 and featured two full trials.

He was convicted and sentenced to the maximum 15 years in prison in 2003, but that verdict was overturned by a federal court the following year — largely because of a lack of evidence from al-Qaida suspects in U.S. custody.

At a retrial that resulted in the 2005 conviction, the U.S. provided limited summaries from the interrogation of, among others, Ramzi Binalshibh, a suspected liaison between the Hamburg hijackers and al-Qaida.

El Motassadeq has already spent about three years in custody, time that would count against a final sentence.

Asked by reporters outside the court if he felt German laws were too lenient, Puopolo said it was "a little bit frustrating" but praised the work of the prosecutors.

"It's not going to bring my mom back, but it's a part of a process of closure. I'm glad that I came to Hamburg."

Accomplice In 9-11 Attacks Gets 15-year Sentence (MCT)

By Matthew Schofield

McClatchy Newspapers, January 9, 2007

BERLIN - The last remaining member of the Hamburg sleeper cell that planned and carried out the 9-11 terror attacks was sentenced to 15 years in prison in a German courtroom Monday.

"My future is ruined," exclaimed Mounir el Motassadeq, a 32-year-old former engineering student from Morocco, after the verdict.

El Motassadeq received the harshest penalty possible under German law for the crime - accessory to murder for the 246 people who died on the four airliners that crashed on Sept. 11, 2001.

Dominic Puopolo Jr., whose mother was on one of the planes that crashed into the World Trade Center in New York, had asked the court to "consider the human and emotional cost" for the crime and deliver a harsh sentence.

"I understand your suffering," el Motassadeq later said in court, addressing Puopolo. "The same thing is being done to me, my kids, my parents, my family. My future is ruined."

Puopolo responded: "You have a chance to rebuild your life and be back with your family. Others don't. Your life is not over, but my mom's is."

El Motassadeq was first convicted in 2003 of being an accessory to the deaths of all the victims of the Sept. 11 attacks, and he was sentenced to 15 years in prison. But a German federal court ruled on appeal that there wasn't enough evidence to prove that el Motassadeq knew the scope of the attacks.

A sticking point throughout the trials was el Motassadeq's contention that testimony from alleged co-conspirators being held at the Guantanamo Bay prison in Cuba would vindicate him.

The Bush administration was unwilling to allow Ramzi Binalshibh, another suspected facilitator of the attacks, to testify or be deposed by German court officials. As a result, el Motassadeq was convicted for membership in a terrorist organization rather than as an accessory to murder.

Following another appeal and a decision by the German high court, German prosecutors reinstated the accessory to murder charge but narrowed the scope to include only those who died on the four jetliners.

El Motassadeq was a close friend of 9-11 hijackers Mohamed Atta, Marwan al Shehhi and Ziad Jarrah. He had signed wills, taken over power of attorney for the hijackers and wired money for logistical support, including flight training, according to German investigators.

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El Motassadeq remained quiet through the five years of prosecution, until Friday, when he screamed out that he was innocent, and again on Monday, when he claimed that he was little more than a piece in a game.

"There was nothing in Hamburg," he said, spitting out his words. "You're twisting everything to fit the way you want. To you, this is nothing but a game, with winners and losers. But I'm asking you to think about what you've done to me."

Judge Carsten Beckmann, in announcing Monday's verdict, noted that, "Anyone who helped in this has deserved stiff punishment."

9/11 Associate Is Sentenced In Germany To 15 Years (NYT)

By Mark Landler

The New York Times, January 9, 2007

FRANKFURT, Jan. 8 — A German court on Monday sentenced a friend of the Sept. 11 hijackers to 15 years in prison for being an accessory in the murders of 246 people aboard the commercial planes used in the terrorist attacks.

The sentencing of the man, a Moroccan named Mounir el-Motassadeq, is a potentially decisive milestone in a complex and politically delicate case that has wended its way through the German courts for five years.

In 2005, the court, in Hamburg, found Mr. Motassadeq, 32, guilty of belonging to a terrorist organization — a lesser crime — and sentenced him to seven years in jail. But last November, an appeals court overturned that ruling, saying he had played a direct role in plotting the hijackings.

“It was a violent crime that was carried out,” the presiding judge of the Hamburg court, Carsten Beckmann, said Monday, explaining the sentence, which was the stiffest possible under the criminal guidelines.

In one way, the 15-year prison term brings the case full circle: after his first trial, in 2003, Mr. Motassadeq was found guilty of 3,066 counts of accessory to murder and sentenced to the same jail term by the Hamburg court. But that verdict was overturned on appeal and he was put on trial a second time.

Mr. Motassadeq, who came to Germany in 1993 to study engineering and fell in with a radical Islamic group in Hamburg that included two of the hijackers, Mohamed Atta and Marwan al-Shehhi, is one of only two people to be convicted in the 9/11 attacks. The other — Zacarias Moussaoui, a French citizen of Moroccan descent — is serving a life sentence in Colorado.

German prosecutors struggled to build a case against Mr. Motassadeq, in part because of what they said was a lack of cooperation from the United States in sharing evidence obtained from other terrorism suspects. On Monday, however, the court handed them a clear victory.

Mr. Motassadeq’s lawyer, Udo Jacob, said he planned to appeal, either to the European Court of Human Rights or by demanding a third trial in Hamburg based on new evidence. He has already filed an appeal with the Federal Constitutional Court, the highest German court.

“This ruling was not a surprise,” he said in an interview. “The court had no choice but to give him a tough punishment.”

Witnesses in the courtroom said Mr. Motassadeq reacted impassively as the judge read the sentence. But earlier, when given a chance to address the court, Mr. Motassadeq turned to the son of one of the victims, Dominic J. Puopolo, and delivered an emotional statement.

“I understand your suffering,” Mr. Motassadeq said, according to The Associated Press. “The same thing is being done to me, my kids, my parents, my family; my future is ruined.”

Mr. Puopolo, a 40-year-old computer consultant from Miami Beach, Fla., whose mother was on one of the planes flown into the World Trade Center, replied that Mr. Motassadeq would be free one day.

“You have a chance to rebuild your life and be back with your family,” said Mr. Puopolo, who represented the victims as co-plaintiffs. “Your life is not over, but my mom’s is.”

In a telephone interview later, Mr. Puopolo said the confrontation caught him off guard. More than that, though, he said the outburst showed Mr. Motassadeq’s desperation in the waning moments of his trial. During most of his court appearances, Mr. Motassadeq, a slight man with a long beard, had projected a tranquil, even occasionally cheerful, demeanor.

“This is the end of the road for him,” Mr. Puopolo said. “It’s real justice for the 9/11 families, and for my family.”

Mr. Motassadeq’s links to the hijackers were never in dispute. He was a friend of Mr. Atta and Mr. Shehhi while they lived in Hamburg, and had wired money to Mr. Shehhi. He also admitted to attending a terrorist training camp in Afghanistan sponsored by Osama bin Laden.

But Mr. Motassadeq denied knowing about the impending attacks and said he had helped the hijackers unwittingly. In 2005, the Hamburg court accepted his contention that he played no direct role.

The appeals court, however, ruled that the evidence showed that Mr. Motassadeq was aware of the plot to hijack and crash commercial airlines, even if he did not know the targets of the attacks.

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Because there was no proof that he knew about the World Trade Center and the Pentagon, he was charged in his second trial with accessory to murder in the deaths of those on the planes, rather than in the deaths of everyone killed.

Mr. Jacob says he can present new evidence from another Moroccan, Abdelghani Mzoudi, who was acquitted of complicity in the 9/11 attacks by a Hamburg court in 2004. Mr. Mzoudi, who was deported from Germany, has offered to testify on behalf of Mr. Motassadeq.

For that to happen, however, the court would have to rule that the evidence is vital enough to warrant yet another trial.

More Gitmo Detainees Join Hunger Strike (AP)

By Michael Melia

AP, January 9, 2007

The number of Guantanamo Bay detainees participating in a hunger strike has more than doubled in recent weeks to 11, including five who are being force-fed, the U.S. military said Monday.

Military officials describe the hunger strike as an attempt to build public sympathy and opposition to the detention center, which on Thursday marks its fifth anniversary of existence at the isolated U.S. military base in Cuba.

"The hunger strike technique is consistent with Al-Qaida practice and reflects detainee attempts to elicit media attention to bring international pressure on the United States to release them back to the battlefield," said Navy Cmdr. Robert Durand, a Guantanamo Bay spokesman.

A Human rights group said the strike reflects prisoners' despair.

"I don't see it as at all curious that they should be desperate enough to starve themselves," said Jumana Musa, advocacy director for Amnesty International USA.

The number of participants stood at five just one month ago, officials said. No information on who the new hunger strikers are was immediately available. The military rarely releases details on individual detainees.

The jump in the number of strikers comes as Guantanamo's critics are using its fifth anniversary to call for the prison to close.

The U.S. government says it needs to keep men deemed "enemy combatants" under guard, but many prisoners protest they are innocent. Guantanamo Bay received its first prisoners on Jan. 11, 2002, and currently holds about 395 foreign men on suspicion of links to al-Qaida or the Taliban.

Among the hunger strikers are two prisoners who began refusing food in August 2005, near the start of a hunger strike that reached a peak participation of 131 that year, Durand said. Most detainees abandoned the protest as the military adopted more aggressive force-feeding methods, including a restraint chair.

Those on the hunger strike have not made any specific demands or requests, Durand said.

Lawyer To Face Court-Martial (NYT/AP)

By The Associated Press

The New York Times, January 9, 2007

A Navy lawyer accused of passing secret information about detainees at Guantánamo Bay, Cuba, to an unauthorized person was ordered to face a court-martial, the Navy said. The lawyer, Lt. Cmdr. Matthew M. Diaz, who was stationed at the base at Guantánamo from July 2004 to January 2005, could face more than 36 years in prison if convicted. No trial date was set. The Navy has said the recipient of the information notified the authorities; it has declined to identify that person. A complaint does not specify what type of information Commander Diaz is accused of copying and transmitting, but a Navy spokeswoman previously described it as a document containing names and other identifying information about detainees. Commander Diaz's civilian lawyer, Victor Kelley, did not return a call seeking comment.

HOMELAND RESPONSE:

House Democrats' Security Bill Draws Doubts (NYT)

By Eric Lipton

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — House Democrats intend to fulfill a campaign promise this week by passing broad new antiterrorism legislation, but some Senate Democrats and the Bush administration object to security mandates in the plan, citing concerns about their cost and practicality.

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The House measure, the Sept. 11 Commission Bill, is intended to write into law recommendations by the group that investigated the 2001 terror attacks. They include initiatives intended to disrupt global black markets for nuclear weapons technology and to enhance cargo inspection.

"Today marks a giant leap forward toward a safer and more secure America," said Representative Bennie Thompson, Democrat of Mississippi, the new chairman of the House Committee on Homeland Security, as he unveiled the bill Friday.

But the proposed legislation, which could come to a vote as early as Tuesday, goes beyond what the Sept. 11 commission recommended, taking up measures previously favored by Democratic lawmakers but opposed by the Department of Homeland Security.

The bill requires that within three years, all cargo on passenger jets be inspected for explosives, as checked baggage is now. The House bill also requires that within five years all ship cargo containers headed to the United States be scanned overseas for components of a nuclear bomb.

Homeland Security Department officials say there is no proven technology for such comprehensive cargo screening, at least at a reasonable cost or without causing worldwide bottlenecks in trade. The screening for air cargo is estimated to cost $3.6 billion over the next decade, and ship inspections could cost even more. "Inspecting every container could cause ports to literally shut down," said Russ Knocke, a Homeland Security spokesman.

Many Republicans and some Senate Democratic committee chairmen said that the goal of 100 percent inspections was worthy, but that they were not convinced that mandates should be included in the bill.

"Airplane passengers must be assured that any cargo on a passenger jet will not pose a terrorist threat," said Senator Joseph I. Lieberman, independent of Connecticut, who now leads the Homeland Security and Government Affairs Committee. "But we must achieve these goals in an efficient manner to allow for the free flow of commerce without placing undue economic burdens on importers or bringing air traffic to a standstill."

The Sept. 11 commission said in its 2004 report that any proposed new security measures must be carefully considered, weighing the cost and benefit of any one step, like inspecting cargo, against others that could be taken, like protecting planes against shoulder-fired missiles.

The commission recommended, for example, that passenger planes be equipped with hardened, bomb-resistant containers for some cargo, instead of moving immediately to inspect every cargo shipment.

Homeland Security Department officials said they were researching ways to inspect more air and sea cargo. The agency has tests planned this year at three ports in Pakistan, Honduras and England, where all ship containers headed for the United States will be checked for radioactive substances or dense objects that might be hiding a bomb.

Until then, the department intends to follow its existing security procedures, which include mandatory inspections of the small fraction of cargo containers deemed suspicious because of the sender, the destination or the contents, among other factors.

Currently, about 30 percent of air cargo on passenger planes is inspected by dogs or screening devices, while about 5 percent of all incoming ship containers are sent through a device like an X-ray machine.

Mr. Lieberman and Senator Daniel K. Inouye, Democrat of Hawaii, the new chairman of the Senate Commerce Committee, want the security department to complete its tests on new technology before mandating inspection of all cargo.

But Mr. Thompson, the chief author of the House bill, and Senator Charles E. Schumer, Democrat of New York, said the timetables were essential to push the department to move faster.

"We need firm deadlines to end the administration's foot-dragging," Mr. Schumer said Monday.

The push for 100 percent screening of all ship cargo containers first became a top priority for Democrats last year after the Bush administration proposed allowing a Dubai company to assume management of a half-dozen United States ship terminal operations. Democrats said then that they recognized the idea was compelling not only to increase security, but also as a political pitch as they tried to buttress their credentials as a party that takes domestic security seriously.

Part of the skepticism about the mandate for 100 percent screening is that even if the equipment is installed, it is not clear it would do much to prevent an attack, some security experts said.

The radiation detection equipment now in use, for example, probably would not pick up a crucial radioactive substance for a nuclear weapon if the material was shielded. And even if all cargo containers were checked, terrorists could find other ways to smuggle weapons into the United States, including on private boats or ships that carry cars, which would not be not covered by the inspection mandates.

"Tax dollars should not be spent on what makes for the best election-year bumper sticker, but on initiatives that offer the most security for the dollar spent," said James Jay Carafano, a senior fellow at the Heritage Foundation, a conservative research group in Washington, and a critic of the 100 percent inspection requirement.

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Aside from the cargo inspection mandates, other security measures proposed by Democrats have a greater chance of becoming law.

The House bill calls for changes in the way some $2 billion a year in state and local domestic security grants are distributed, so that the money is more based on risk. A separate bill has been introduced in the Senate that would provide antiterrorism grants for Amtrak, freight railroads and other transit systems, a plan that previously passed the Senate but was opposed by House Republican leaders.

Mr. Thompson said that with the Democrats now in charge the party had a chance to push forward at least some of these measures, although he said he recognized compromise might be necessary before they were signed into law.

House Bill Backs Additional Reforms From 9/11 Report (WP)

By Dan Eggen And Spencer S. Hsu

The Washington Post, January 9, 2007

House Democrats announced legislation yesterday aimed at implementing many of the remaining reforms suggested by the Sept. 11 commission, including calls for more thorough cargo screening, better emergency communications and more money for cities at the highest risk of terrorist attack.

Democratic leaders plan to push through votes this week on a long list of Sept. 11-related changes that were rejected by the previous Republican-controlled Congress. The proposals signal an early willingness on the part of House Democrats to pressure their colleagues in the Senate, where lawmakers from both parties are cooler to some of the ideas and where no similar package of legislation has been proposed.

Democrats say that the House proposals would implement nearly all the remaining reforms recommended in 2004 by the bipartisan commission on the 2001 attacks, including ways to beef up funding and training for first responders as well as calls to rewrite many U.S. policies for controlling weapons of mass destruction and nuclear proliferation.

Former congressman Lee H. Hamilton (D-Ind.), who served as vice chairman of the panel, estimated that the previous Congress had enacted half the commission's recommendations, including creating a director to oversee the federal government's intelligence agencies. He said the "American people will be safer" if the remaining proposals become law.

"It carries out the recommendations that we have made," Hamilton said at a news conference yesterday with House Majority Leader Nancy Pelosi (Calif.) and other Democrats. "And if this bill is enacted, then almost all of the recommendations of the commission will have been put into law."

Rep. Bennie Thompson (D-Miss.), chairman of the House Homeland Security Committee, said the changes would, among other things, result in "100 percent" screening of air cargo and baggage and major ports' cargo within four years.

The legislation calls for the establishment of a presidential office to coordinate prevention of terrorism and the proliferation of weapons of mass destruction. Supporters of the measure described it as necessary to direct activities and budgets on an issue that is now spread among numerous departments and agencies. The bill also would create an outside commission to monitor government nonproliferation initiatives.

The Sept. 11 commission gave the administration a grade of D in following up on its general recommendations for preventing the development and spread of weapons of mass destruction. The Democratic legislation proposes a wide range of initiatives to expand the scope of international cooperation and sanctions for countries that do not cooperate.

Noting that the commission called for a significant expansion of resources for international broadcasting and promotion of democracy, the bill calls for a "surge capacity" of additional funding "to support United States foreign policy objectives during a crisis abroad."

Congress's ability to push for change in these areas is limited.

"When you start on the domestic side, Congress has a lot more room to act," said Andrew Grotto, a nonproliferation expert at the Center for American Progress, a liberal think tank. "On public diplomacy and the proliferation elements, Congress's role starts to shift from direct action to more oversight and to funding."

Republicans on the Homeland Security committee offered immediate criticism of the package, arguing that Democrats had not followed through on promises to enact all of the remaining commission recommendations. They complained that Democrats were limiting debate and that many Democrats previously opposed the changes that they are now advocating.

Ranking Republican Rep. Peter T. King (N.Y.), whom Thompson replaced, called it a "missed opportunity."

The Sept. 11 commission report focused heavily on reorganizing the U.S. intelligence community and congressional oversight, the global dimension of terrorism in Afghanistan, Pakistan, Saudi Arabia and elsewhere, and the threat of weapons of mass destruction. Domestic recommendations focused on border security, transportation security and protection of critical infrastructure.

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The GOP-controlled Congress acted on many of those findings, including targeting terrorist travel, consolidating watch lists and securing commercial aviation. But many of the other changes stalled, such as attempts to set up a biometric border entry and exit system, establish secure ID documents for all Americans and develop plans to protect key private-sector targets.

While the House considers its legislation, the Senate's homeland security panel plans to hold a hearing today on the status of commission recommendations and expects to vote on a bill by the end of the month, said a spokeswoman for the committee's chairman, Sen. Joseph I. Lieberman (I-Conn.).

But the Senate has opposed some of the key proposals in the House bill, such as reducing grant funds awarded to all states in favor of those most at risk, and it is unclear how much the new Democratic majority will alter that stance.

Michael O'Hanlon, a security analyst at the Brookings Institution, said House Democrats' embrace of their interpretation of the Sept. 11 commission's recommendations was designed to make a political point of swift action, not necessarily to make the best policy.

"I don't understand why we have to assume that everything that came out of the 9/11 commission is accurate and it should be axiomatic that the House should approve everything they proposed," O'Hanlon said.

Michael Greenberger, a University of Maryland law professor who heads the Center for Health and Homeland Security there, praised House Democrats for taking on the proposals but said they will have a tough time convincing many of their colleagues in the Senate.

"It's a very aggressive proposal, more aggressive than I would have thought," Greenberger said. "I wouldn't be optimistic that it will all make it through the Senate, but I'm surprised it got this far."

House Nears Passage Of Resolution To Add Intelligence Oversight Panel (WP)

By Walter Pincus

The Washington Post, January 9, 2007

The House is scheduled to pass a resolution as early as today to add a select intelligence oversight panel within the Appropriations Committee, but this change is far different from the proposal to enhance congressional oversight of intelligence proposed in 2004 by the Sept. 11 commission.

In past years, the House and Senate intelligence committees authorized intelligence spending, and the two chambers' appropriations panels approved the funding for the director of national intelligence and the 17 agencies that make up the community.

The panel on the 2001 attacks had recommended a House-Senate committee or smaller, single committees in each chamber that would both authorize and appropriate funds for the intelligence community -- thereby reducing the number of lawmakers involved but giving a sharper focus to oversight.

It also recommended that the overall intelligence budget, now an estimated $42 billion a year, be made public. The House resolution to be voted on soon does not deal with the overall budget number, whose disclosure the Bush administration opposes.

The Senate Select Committee on Intelligence, which last year approved making the overall number public, is expected to pass this week or next the still-pending fiscal 2007 Intelligence Authorization Bill, which contains the public-disclosure language.

However, neither the House nor Senate appears ready to accept the idea of merging the authorization and appropriation functions. Rep. David Obey (D-Wis.), chairman of the House Appropriations Committee, said his panel "had to fund the Army, Navy, Air Force, as well as the intelligence community, and so we didn't feel that there ought to be a single-shot appropriations operation."

The resultant "hybrid" 13-member panel, he said, would have 10 lawmakers from Appropriations and three from the Permanent Select Committee on Intelligence. In addition, it would have what Obey described as a "beefed-up staff" to replace the staff member assigned to the issue last year, as well as subpoena power to carry out its own oversight investigations.

As for funding, however, the new panel would only "make recommendations" and prepare a report for the Appropriations defense subcommittee, which would continue to prepare the classified intelligence spending bill.

Yesterday, the Republican staff of the House Homeland Security Committee criticized the idea of the new panel within the Appropriations Committee as "another layer of bureaucracy to intelligence oversight." It said the new panel would have "no real appropriations power" and could only "make recommendations to the appropriators, who can choose to completely ignore those recommendations."

Democrats Defend Intelligence Panel Plans (WT)

By Brian Debose

The Washington Times, January 9, 2007

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House Democrats yesterday deflected criticism that their plan to create a dual committee to oversee funding and oversight for intelligence agencies does not conform to the recommendations of the September 11 commission.

House Speaker Nancy Pelosi, California Democrat, said the hybrid panel is a first step toward reducing the number of committees with oversight over intelligence and homeland security.

"Reducing the number of committees ... will happen, but we have to be assured that this panel will work," Mrs. Pelosi said.

Democrats were criticized by Republicans and some members of their own party last week for veering from the recommendations of the National Commission on Terrorist Attacks Upon the United States.

"The commission recommended a merger of authorization and oversight, and we could not do that because appropriations has to allocate spending to areas of intelligence outside of the intelligence community for the Army, Navy and other armed services," said Rep. David R. Obey, Wisconsin Democrat and chairman of the Appropriations Committee.

Under the plan, intelligence agencies will report to the hybrid panel and the House Permanent Select Committee on Intelligence. The hybrid panel will have control of agency spending, and the intelligence committee will have oversight.

The hybrid panel, whose members would be appointed by Mrs. Pelosi, would have subpoena powers and be required to issue an annual report on classified and unclassified intelligence spending.

"This is so the intelligence community knows that they are not just dealing with the individual members of the panel, but the speaker of the House," Mr. Obey said.

Republican leaders said Democrats are playing politics and using smoke and mirrors.

"This is one of the most baffling, incoherent and discombobulated 'streamlining' proposals the House has ever seen, and we're not just talking about catering contracts for the Capitol cafeteria. This is our national security," said a Republican leadership aide. "Whether this was the result of ineptitude or an inability to make legislation out of a silly campaign sound bite, it's pretty frightening."

Democrats are ready to begin House debate on a bill to implement the remaining recommendations of the September 11 commission.

They hope to increase the share of homeland security grants to cities at highest risk of a terrorist attack, and to create a stand-alone grant program to provide first responders with direct communications among different agencies.

"We will have 100 percent cargo screening at airports within three years, 100 percent of in-line baggage screening for explosives in three years, and 100 percent scanning of U.S.-bound shipping containers in five years," said Rep. Bennie Thompson, Mississippi Democrat and chairman of the Homeland Security Committee.

The bill also creates a U.S. coordinator for the prevention of weapons of mass destruction proliferation and terrorism and a blue-ribbon commission to recommend further reforms strengthening efforts to eliminate nuclear black-market networks.

Security Bill Picks Up Ideas Of 9/11 Panel (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 9, 2007

WASHINGTON

In a bid to fulfill campaign promises, House Democrats are bringing to the floor - without new hearings or, perhaps, even the possibility of amendment - a sweeping bill to implement more of the 9/11 commission recommendations.

The bill includes new directives for allocating more homeland-security resources on the basis of risk and threat assessment, requiring inspection of all sea and air cargo, and adding funding for the interoperability of first responders. It also moves up reporting deadlines for the department of Homeland Security on work to improve aviation security, terrorist trafficking, port security, and a system to track foreign visitors.

"Let us be the Congress that strongly honors our responsibility to protect the American people from terrorism," said Speaker Nancy Pelosi in her acceptance speech last week. On the eve of last November's elections, then-minority leader Pelosi promised that Democrats would implement all the 9/11 commission recommendations in their first day in office.

But it leaves out key provisions of that prestigious panel that were considered and rejected in the GOP-controlled Congress:

· It does not take up panel recommendations to declassify the top line of the intelligence budget.

· It would not shift covert paramilitary operations from the Central Intelligence Agency to the Defense Department.

· It skirts the lead recommendation of the 9/11 commission for members of Congress: to dramatically reduce the number of committees that claim oversight over homeland security.

"In only their first few days in the majority, House Democratic leadership has already fallen short on the key security promise they made to the American people," chided Rep. Peter King of New York, the ranking Republican on the Committee on Homeland Security. "Republicans have already enacted an overwhelming majority of the recommendations, and the opening of

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the 110th Congress was a terrific opportunity to finish the job. Unfortunately, it is amounting to nothing more than a missed opportunity."

Others take a more optimistic view. "The 108th Congress passed half of the 9/11 commission reforms. The 109th Congress did nothing. The 110th Congress seeks to finish the job and pass all the remaining reforms," says Timothy Roemer, a former 9/11 commissioner.

He praised Pelosi for creating a new subcommittee in the House Appropriations panel to include representatives of both authorizing and spending committees. "We recognize that congressional oversight is one of the most difficult reforms yet and one of the most important. It's a very important step to tie intelligence oversight to the budget," he adds.

A key recommendation of the 9/11 commission was to allocate limited homeland-security resources by setting "risk-based priorities," rather than using a formula based on population or political clout. Democrats protested that rural states, such as Wyoming, were awarded bigger grants per capita than target cities like New York and Washington in fiscal year 2006.

"Hard choices must be made in allocating limited resources. The US government should identify and evaluate the transportation assets that need to be protected, set risk-based priorities for defending them, select the most practical and cost-effective ways of doing so, and then develop a plan, budget, and funding to implement the effort," said the panel, known officially as the National Commission on Terrorist Attacks Upon the United States, in its final report in 2004.

In a nod to the 9/11 commission recommendation to streamline congressional oversight, House Democrats are creating the House subcommittee that includes both appropriators and authorizers. But leaders of the Department of Homeland Security still appear before dozens of congressional panels.

"Gov. Tom Ridge [former secretary of Homeland Security] estimated that he spent at least 40 percent of his time, maybe more, testifying before Congress. The number of committees with oversight has been reduced from 80 to 55," says Al Felzenberg, former spokesman for the 9/11 commission.

"Of all our recommendations, strengthening congressional oversight may be among the most difficult and important," said the 9/11 commission in its final report. "Few things are more difficult to change in Washington than congressional committee jurisdiction and prerogatives."

Meanwhile, the Senate is also planning to take up a bill to implement the 9/11 commission's recommendations as one of its first pieces of legislation in the new Congress. This will include enhanced screening of containers and cargo in ships and planes at the point of origin, improved security at chemical and nuclear plants, and more resources for first responders.

The bill also calls for greater diplomacy and programs for "enhancing the authority of moderates and undermining violent extremists in the Middle East." And it would call for securing "loose nuclear materials" that terrorists could use to build nuclear weapons or dirty bombs.

A Bad Investment (WP)

The Washington Post, January 9, 2007

WHAT'S MORE important, Coast Guard patrols or collecting fingerprints at border crossings? Running checked bags through X-ray machines at airports or installing blast barriers at nuclear plants?

Given a limited amount of money and an endless list of programs and procedures that could make Americans safer, it's essential to buy the most homeland security possible with the cash available. And as the little list above demonstrates, that can be a tough job. That's all the more reason not to waste money on the kind of political shenanigan written into a sprawling Democratic bill -- up for a vote in the House this week -- that would require the Department of Homeland Security to ensure that every maritime cargo container bound for the United States is scanned before it departs for American shores.

Container scanning technology is improving, but it is not able to perform useful, speedy inspections of cargo on the scale House Democrats envision. Congress has already authorized pilot programs to study the feasibility of scanning all maritime cargo. The sensible posture is to await the results of those trials before buying port scanners, training the thousands who would be needed to operate them and gumming up international trade.

The Democrats don't offer a realistic cost estimate for the mandate they will propose today. But the cost to the government and the economy is sure to be in the tens of billions and quite possibly hundreds of billions annually. The marginal benefit isn't close to being worth the price. Under recently expanded programs, all cargo coming into the country is assessed for risk and, when necessary, inspected, all without the cost of expensive scanning equipment, overseas staff and long waits at foreign ports. Perhaps that's why the Sept. 11 commission didn't recommend 100 percent cargo scanning.

The newly installed House leadership will bring the bill, which contains a range of other homeland security proposals both deserving and undeserving, directly to the floor, bypassing the Homeland Security Committee. Luckily, the Senate will give more thought to its homeland security bill and probably won't approve a 100 percent container inspection plan. House Democrats can figure those odds as well as anyone. But why not score some easy political points in your first 100 hours?

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Adapt, Change Or Die (WP)

By Tim Roemer

The Washington Post, January 9, 2007

As our republic enters 2007, Washington is still primarily organized to prevail in the Cold War against the former Soviet Union. Yet today, America and the community of democracies face very different threats -- evolving terrorism, global warming and energy supply disruptions. Recognizing this, the new Democratic leadership has pledged to pass all of the remaining recommendations of the Sept. 11 commission this week, in the first "100 hours" of the 110th Congress. This is essential -- yet it is only a first step.

The Sept. 11 commission recommended 41 reforms; roughly half of those have been implemented. These reforms represent the most basic fixes to the vulnerabilities exploited by al-Qaeda more than five years ago. A terrorist attack or natural disaster could wreak as much damage and confusion today as happened on Sept. 11 or during Hurricane Katrina. Our executive and legislative branches need to finish the job.

As Congress gets to work, it must legislate first and oversee second. Communications spectrum needs to be transferred to our first responders, and interoperable, survivable networks need to be established. Fissile materials must be decommissioned, secured and inventoried around the world, accelerating the timetable of measures such as the Nunn-Lugar program. Homeland security funding must be allocated on the basis of objective criteria. Emergency response plans must be put in place by states and localities -- and they must be practiced regularly. But congressional committees preparing to use their investigative powers cannot point their fingers at other federal shortcomings without fixing their own dysfunctional oversight system.

Once Congress does its legislative work, members must turn to overseeing the executive branch. FBI reform has been far too slow. Information sharing among government agencies is still lagging. Airplane baggage and cargo, incredibly, are still largely unscreened. Passenger screening against a comprehensive terrorism watch list still eludes the Transportation Security Administration. The Privacy and Civil Liberties Oversight Board needs independent, strong powers to protect the foundations of our democracy. And our foreign policy must support effective public diplomacy, ensuring that our actions and words win the battle for hearts and minds and defeat the seductive message of Osama bin Laden.

Even the best congressional oversight cannot overcome the personnel problems plaguing the Bush administration. The resignation of John Negroponte as director of national intelligence is a reminder of how important it is to have the right people stay in the right jobs long enough to build the foundations for change. Instead, we find the Office of the Director of National Intelligence engaged in a game of musical chairs. The critical deputy position under Negroponte has been vacant since Gen. Michael Hayden's departure to the CIA last spring. Instead of the streamlined and steady agency that the Sept. 11 commission recommended, we have tumultuous turnover.

Competent, capable and stable leadership is indispensable. And passing and implementing the Sept. 11 commission reforms would provide an essential foundation for our security. But together these fundamentals are no longer sufficient; they will get us only to where we should have been in 2004. The threats facing America in 2007 are different from what our commission addressed when we first convened nearly four years ago.

In the near term, al-Qaeda continues to evolve and adapt. It is utilizing the Internet, motivating more suicide bombers and communicating with millions of people through its TV production unit, al-Sahab. Al-Qaeda is spreading around the globe and popping up in self-generated cells in London, Madrid and Bali. Its shadow is looming in Europe.

The bigger picture is even more unsettling. Our ground forces are tied down in the asymmetrical Iraq war, yet most federal agencies and congressional committees are structured to fight the Cold War. We are backsliding in Afghanistan as well as losing ground in the broader Middle East. Global warming is an undeniable transnational threat, trade imbalances are staggering and our energy supply is tenuous.

It will take tough, bipartisan work to compose a comprehensive strategy to address these converging threats.

That requires a positive, long-term vision founded on a sustainable global economy, an expanding community of democracies and a sharing of the global security burden. Harry Truman, with diplomat George F. Kennan's help, launched a strategy that would contain the Soviets with our military and our allies but would defeat them with our economic opportunity and freedom.

America needs to change now as much as it did after World War II, embracing government's vital role and reorganizing government to execute and oversee a new global strategy. The alternative is too dire to contemplate.

The writer, president of the Center for National Policy, was a member of the Sept. 11 commission and is a former member of the House intelligence committee from Indiana.

Court Challenge Of ID Requirement Fails (USAT)

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By Joan Biskupic
USA Today, January 9, 2007

WASHINGTON — The Supreme Court on Monday rebuffed a challenge to the federal government's policy of requiring airline passengers to show identification before they board flights, spurning arguments that the well-known but unpublished policy would lead to more secret laws.

John Gilmore, a founder of Sun Microsystems and an advocate of libertarian causes, sued the government because it has long refused to disclose the text of the regulation that forces air travelers to present an ID.

The question before the justices was whether travelers have sufficient notice of the Transportation Security Administration (TSA) ID policy to satisfy constitutional due process of law, which typically requires a law to be published so people know how to comply with it.

On July 4, 2002, Gilmore tried to board two flights from California to the Washington, D.C., area without showing identification. Airline workers told him that if he would not show an ID, he would have to undergo more extensive screening. He refused.

"I believe I have a right to travel in my own country without presenting what amounts to an internal passport," Gilmore told USA TODAY in 2004. "I have a right to be anonymous."

Gilmore's lawsuit drew support at the high court from several media groups, including the Reporters Committee for Freedom of the Press, the Electronic Frontier Foundation, the American Association of Law Libraries and the Electronic Privacy Information Center.

In court briefs, the groups stressed the importance of the public knowing what the law says and the need to hold officials accountable as they impose anti-terrorism measures.

U.S. Solicitor General Paul Clement told the justices in a brief that telling passengers about the ID requirement at airports is sufficient, and he emphasized that the TSA directive is part of "sensitive security information." He said the directive is part of a broad policy aimed at preventing hijackings and other potential threats to passenger jets.

In denying Gilmore's appeal, the high court gave no explanation and had no public vote, as is its usual practice in declining to hear cases. The justices let stand a lower court's ruling that said Gilmore had enough notice of the policy because airline workers had told him about it.

Gilmore's attorney, Thomas Goldstein, said the federal government's refusal to disclose the TSA directive has the effect of misinforming people. "Passengers are consistently advised that federal law requires them to show identification," Goldstein wrote in the appeal. "Passengers in reality can generally travel even without showing proper identification … (if) they undergo a more extensive security screening."

Package Is Second False Alarm At Port (MH)

By Luisa Yanez, Erika Beras And Evan S. Benn
The Miami Herald, January 9, 2007

A sensor detected explosives in a package of sprinkler parts being loaded onto a cruise ship getting ready to depart Monday at the Port of Miami-Dade. Police dogs and a bomb squad soon determined the metal parts were harmless, and passengers evacuated from a Royal Caribbean ship were allowed to reembark.

The day before, another scare at the port started when three Middle Eastern men aroused suspicions of security officers. Police later described the incident as a misunderstanding, and misdemeanor charges against the men were dropped Monday.

"The fact that we've had several incidents here recently is indicative of the type of screening and how serious we take security here," said James Maes, the port's assistant security director. ``Travelers can rest assured at the decisive reactions to these types of potential threats."

Screeners checking baggage and supplies going onto Royal Caribbean's Majesty of the Seas got a positive signal for military-grade C-4 explosives about 2 p.m., according to Michael Sheehan, a spokesman for the Miami-based cruise company. The suspect package was tested six times, each time resulting in a detection of explosives.

Passengers, who had already boarded the ship before its scheduled 5 p.m. departure, and several other people in a nearby port terminal were ordered to evacuate.

Police dogs were unable to detect explosives in the small pallet, which contained metal parts for the cruise ship's sprinkler system. The Miami-Dade bomb squad detonated the package about 3:30 p.m. in a secure area of the port, determining that no explosives or explosives residue were present.

"It doesn't look like there was anything particularly menacing in the package," Maes said.

The sprinkler parts had similar chemical characteristics to C-4 explosives, which may have caused them to set off the sensors, but they did not contain any actual dangerous substances, said Miami-Dade police Detective Robert Williams.

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The ship's 2,340 passengers were allowed back on the ship, which departed about 6 p.m., an hour after its scheduled time. The delay would not affect the cruise's four-night itinerary around the Bahamas, Sheehan said.

On Sunday, federal, state and local agents rushed to the port after an Iraqi man tried to enter the port in an 18-wheel cargo truck without proper paperwork.

Amar al Hadad, 28, was driving the truck along with two passengers: his brother Hussain al Hadad, 24, and Hassan el Sayed, 20. The Hadad brothers are from Iraq, and Sayed is from Lebanon, police said. All are legal U.S. residents who live in Dearborn, Mich.

Police charged the men with trespassing and resisting arrest without violence, but the charges were dropped Monday, court records show.

During a standard security check, a port security officer thought Amar al Hadad told him he was alone in the truck. But when officers saw the two other men, one of whom had no identification, the three men were detained for questioning while the cargo in their truck was inspected.

The truck contained electrical wiring for cars, which were listed on the truck's cargo manifest.

"We wanted to be as prudent and deliberate as we could in conducting a thorough investigation in one of our nation's busiest ports," Williams wrote in a release.

Miami Herald staff writer Rob Barry contributed to this report.

Authorities: Miami Package Was Harmless (NSDY/AP)

By Kelli Kennedy, Associated Press Writer

Long Island Newsday, January 9, 2007

MIAMI -- The Port of Miami was hit by its second terrorism scare in two days Monday when a package that was to be loaded onto a cruise ship tested positive for plastic explosives. Authorities later determined it was just a box of sprinkler parts.

The package was initially tested six times, and each time it came back positive for the military-grade explosive known as C4, the Coast Guard said.

The package was destroyed, and a Miami-Dade County police bomb squad determined the sprinkler parts contained a substance that "closely resembles" plastic explosives, said police spokesman Bobby Williams.

Williams said the instruments used to test the package sometimes give false positives.

"We still need to check it out," Williams said.

The package was included in provisions that were to be loaded aboard Royal Caribbean International's Majesty of the Seas. Explosives detection instruments gave the positive reading about 2 p.m., the cruise line said.

The FBI was monitoring the situation, spokeswoman Judy Orihuela said.

The developments came a day after three Middle Eastern men in a cargo truck sparked a brief terrorism scare at the port. After a bomb squad search, authorities concluded that the men were carrying automotive parts and that the scare stemmed from miscommunication. A judge dropped all charges against the three men Monday.

The Port of Miami is among the nation's busiest. More than 3.6 million cruise ship passengers traveled through it in 2005, making it the world's top terminal for cruise vacationers.

False Alarm At Miami Port -- Again (UPI)

United Press International, January 9, 2007

MIAMI, Jan. 8 (UPI) -- For the second day in a row, authorities rushed to the Port of Miami because of unfounded reports there were dangerous explosives on the premises.

Security at the port Monday discovered what was thought to be explosives amid cargo belonging to a cruise ship at the port.

A police bomb squad removed the suspicious item and destroyed it in a controlled explosion. Later authorities said the item was in fact a part of a sprinkler system and not considered dangerous, a police official told United Press International.

Monday's incident follows another false alarm at the port when a truck driver arriving at the entrance drew the suspicion of security personnel when he said he was uncertain of the contents of his truck. The driver -- reportedly of Middle Eastern descent -- and two other men were detained and questioned by authorities. FBI officials said there was no threat and the incident was the result of miscommunication.

Charges Dismissed After Port Scare (MCT)

By David Ashenfelter, Detroit Free Press

McClatchy Newspapers, January 9, 2007

DOJ_NMG_0114306

A judge dismissed misdemeanor charges Monday against three Middle Eastern men from Dearborn, Mich., who were arrested during a mix-up Sunday that triggered a terrorism scare at the Port of Miami.

Authorities said they arrested the men because they were suspicious, but an Arab-American civil rights group in Dearborn called it another case of so-called driving while Arab.

"We understand that mistakes happen, but when they happen this often, it makes you wonder," Imad Hamad , regional director of the American-Arab Anti-Discrimination Committee in Dearborn said, referring to the arrests last summer of five Middle Eastern men in Marietta, Ohio, and Caro, Mich., on terrorism charges after they bought hundreds of cell phones for resale.

Terrorism charges in those cases eventually were dropped.

The men in Sunday's incident - Amar Al Hadad , 28; his brother, Hussain Al Hadad , 24; and Hassan El Sayed , 20 - were taken into custody after Amar Al Hadad allegedly told a security guard that he was alone in a cargo truck that was delivering a load of automotive parts.

The FBI said the guard directed the driver to a Miami-Dade police checkpoint to obtain the proper credentials to enter the port. When an officer at the second checkpoint asked the driver if anyone else was in the vehicle and he didn't reply, the officer climbed into the cab and found the other two men. One of the men, El Sayed, couldn't produce identification.

Amar Al Hadad, who insisted that he never told anyone he was alone in the truck, was charged with resisting an officer without violence. His companions were charged with trespassing. The Al Hadad brothers are from Iraq. El Sayed is from Lebanon. All are permanent U.S. residents.

Miami-Dade County Court Judge Gerald Klein dismissed the charges during a short bond hearing in Miami, agreeing with a public defender that there was no evidence that they had done anything wrong. They were released a short time later.

Authorities said the arrests were warranted.

"Due to a miscommunication between the gate security personnel and the truck driver, we believe there was a discrepancy in the number of people in the vehicle," Miami-Dade police spokeswoman Nancy Goldberg said. "This, and the fact that one of the individuals did not have any form of ID, raised our level of concern."

Hamad said all of the men would continue to live under a cloud because the charges are part of their criminal records.

Despite early media reports, the Port of Miami wasn't closed Sunday and the Dearborn men didn't appear on a terrorist watch list.

The families of the men could not be reached to comment.

Dead Birds Litter Street In Austin; Tests Continue (USAT)

By William M. Welch, Usa Today

USA Today, January 9, 2007

Ten city blocks in front of the Texas Capitol in Austin were closed and the city triggered its terrorism-response plan Monday when dozens of dead birds were discovered along a main thoroughfare.

Congress Avenue was reopened before 1 p.m. after city officials and health experts concluded there was no threat to people.

Initial tests provided no explanation for the deaths of 63 birds. The birds — pigeons, sparrows and grackles — were sent to state and federal veterinary labs for tests.

Adolfo Valadez, medical director of the Austin/Travis County Health and Human Services Department, said the birds may have been deliberately poisoned. Grackles — which are large, noisy blackbirds — and pigeons are often regarded as nuisances.

"We don't have a final cause," Valadez said. "Given all the information we have … we do not feel this was any type of terrorist threat, an intentional poisoning trying to hurt humans."

Police found the dead birds about 3 a.m., city spokesman Gene Acuna said. City officials ordered Congress Avenue and adjacent streets closed well before workers began arriving at downtown offices. Workers in hazardous-materials suits tested the air for contaminants, and workers dissected one of the birds in a search for an obvious cause of death.

"Downtown Austin was shut down pretty much until noon as additional testing was done," Acuna said. "There was nothing in our air sampling that we found that posed any public threat."

Concern about a threat was heightened by the location, directly in front of the state Capitol, and the timing, a day before the Texas Legislature convenes for its 2007 session. That led officials to trigger the terrorism-response plan as a precaution, Valadez said.

"If anything, we've become much more suspicious and prepared" since 9/11 and the anthrax attacks of 2001, he said.

Dead birds were sent to the Texas A&M University veterinary school in College Station and the U.S. Department of Agriculture's National Animal Disease Center in Ames, Iowa. It could take several weeks for tests to be completed, Valadez said.

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Besides poisoning, the labs are looking for signs of bacteriological or viral diseases. "These birds might have died a natural death due to infection," Valadez said.

For Airport Screeners, More Training About Muslims (CSM)

By Alexandra Marks

The Christian Science Monitor, January 9, 2007

NEW YORK

Say you're a security screener at the airport. You notice a large group of people wearing white robes, speaking a strange language. The women have head scarves and the men long beards. They look nervous. One of them is holding a Koran. Another appears to be praying. What do you do?

According to the Transportation Security Administration (TSA), simply assume they're devout Muslims returning from the annual hajj in Mecca.

During the next few weeks, as many as 20,000 American Muslims will be returning to the United States from their pilgrimage to Saudi Arabia. The TSA has ramped up cultural-awareness training for all 43,000 of its screeners. The goal: to remind screeners what to expect from devout Muslims and how to go about screening them so it's in concert with their religious beliefs.

Arab-American and Muslim-American leaders are applauding the effort. But they say it's part of a much-needed larger cultural and political conversation about Islam and Arab culture that can help the nation as it heals from the aftereffects of 9/11.

"Their efforts are a modest but important beginning," says Jack Shaheen, professor emeritus of mass communications at Southern Illinois University. "But until such time that we react to the vilification of and discrimination against Arabs in the same way we react to the vilification of others like Jews, blacks, and Hispanics, I'm not going to go dancing in the streets."

The 9/11 attacks ushered in a new era for the nation's Arabs and Muslims. Many of the almost 7 million who have lived in the country for years, if not generations, suddenly felt suspect simply because of their religion or the way they looked. A poll conducted last year by the Council on American-Islamic Relations found that almost half of Americans have a negative view of Islam, even though 60 percent say they're not knowledgeable about it. More than 1 in 4 believes such statements as: "The Muslim religion teaches violence and hatred." Heightened sensitivities at airports

And it's at the airports, with the intense focus on security, that many American Muslims and Arab-Americans say they are more keenly aware of those misperceptions.

"After 9/11 things were bad, but they weren't as bad as they are now," says Rafat Arain, a dentist and mother of four from Brookfield, Wis.

Dr. Arain, who's lived in the US for 30 years, wears a head scarf known as the hijab. Every time she's flown in the past five years, she's been taken aside for extra screening, whether she was traveling to Europe, Pakistan, or Saudi Arabia for the hajj. She believes, in part, that's because of her head covering. Immediately after 9/11, she says, she understood the extra scrutiny: The country had been traumatized. Now, she's simply come to expect it.

A year ago, when she was at Chicago's O'Hare Airport, she realized that time for one of her five daily prayers was running out. She went to a corner and quietly began to pray. A few minutes later, she noticed a security guard standing at her side.

"He didn't say anything to me. I finished my prayer, then I said 'Hi' to him and just walked away," she says. "But I could tell the people around were scared of me, and that's not good for us or good for our children."

In its hajj training refresher, the TSA is reminding officers that devout Muslims pray five times a day, and to expect it. The TSA also maintains that it does not in any way target individuals based on their background or religious affiliation.

"Our model looks only at behavior and in a way is the antidote to racial profiling," says Christopher White, a TSA spokesman.

He also says the TSA and other law-enforcement agencies are working hard to ensure that no one's civil rights are violated, which is why officials believed the hajj merited additional training.

"We expect a large number of pilgrims, and the hajj training involves providing our security officers reminders about how to screen individuals with head coverings [and] our policies concerning the transport of holy water and other Muslim religious practices, like praying," says Mr. White.

The Council on American-Islamic Relations applauds the special attention. It says it will be checking airports around the country during the next few weeks to ensure all goes smoothly. Complaints about detentions

But at the same time, the civil rights organization says it's seen an increase in reports about perceived discrimination against Muslims, or people who look Muslim. Many of the complaints concern incidents such as individuals being routinely detained for several hours at the airport and being asked intimate questions about their beliefs - whether they pray and at which

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mosque. "These are things that really aren't the business of security personnel," says Ibrahim Hooper, spokesman for the Council on American-Islamic Relations.

Muslim-American leaders say their goal is to reach out to all Americans so they can understand Islam as a religion of peace, respect for neighbors, and devotion to God.

"We're afraid of what we don't understand, and these people look different from us. They have different sounding names," says Nawar Shora, director of diversity and law-enforcement outreach at the American Arab Anti-Discrimination Committee in Washington. "In the post-9/11 era, there's an absolute need for the average Joe and the average Jane to be able to look at their neighbor that looks like one of those brown people and know that different isn't necessarily bad."

TSA Screeners May Get Union Rights (WP)

By Stephen Barr

The Washington Post, January 9, 2007

Take it as a sign of the times.

As part of a bill to follow through on recommendations of the 9/11 commission, House Democrats have included a provision that would give union rights to about 43,000 airport screeners at the Transportation Security Administration.

The TSA has not allowed federal screeners to join unions -- like other federal employees -- since Congress created the agency in 2001 after the terrorist attacks on the World Trade Center and the Pentagon. The Bush administration's ban has drawn steady opposition from federal unions, especially the American Federation of Government Employees.

The provision in the House bill, scheduled for floor action today, is based on a measure sponsored last year by Rep. Nita M. Lowey (D-N.Y.) aimed at permitting screeners to engage in collective bargaining. The Lowey proposal drew bipartisan support but failed to move out of committee by one vote.

The decision by Rep. Bennie G. Thompson (D-Miss.), chairman of the House Homeland Security Committee, to include the union-rights provision can be taken as a signal that the new Congress will be open to the arguments of organized labor on federal personnel issues.

Thompson's provision would require the Homeland Security Department to apply the same management system to all TSA employees, including screeners. With that change, screeners would have the right to decide whether they wanted to be represented by a union and would be given job protections if they blow the whistle on waste, fraud and abuse.

The 9/11 commission did not address union rights or personnel rules but urged improvements in airport screening operations. AFGE maintains that collective bargaining rights help smooth agency operations because labor-management contracts provide a structure for addressing employee issues, including job performance.

Peter Winch, an organizer with AFGE, said the union had asked Democrats to put bargaining rights for TSA screeners "on the agenda for the first 100 hours." He continued, "It does not make sense to keep these employees from collective bargaining rights when other Department of Homeland Security employees have those rights."

The TSA has said that collective bargaining is not appropriate for airport passenger and baggage screeners because of their national security mission and because the agency requires the ability to make personnel staffing changes rapidly in response to threats. In the law creating the TSA, Congress left it to the Bush administration to determine such issues as union rights for screeners.

Asked for a comment yesterday, a spokesman for the Homeland Security Department said he could not discuss pending legislation.

AFGE has fought the TSA ban but has been rebuffed in federal courts. The union has signed up about 1,500 screeners as members and helps them deal with disciplinary actions, workers' compensation and equal employment opportunity, Winch said.

The House provision, if approved, would go to the Senate. Sen. Joseph I. Lieberman (I-Conn.), chairman of the Senate Homeland Security and Governmental Affairs Committee, will support the House provision, his spokeswoman said yesterday.

"The senator doesn't see any national security reason to single out the TSA screeners," spokeswoman Leslie Phillips said. "Other security personnel like customs agents and the Border Patrol have the right to collective bargaining, and that has not impaired their ability to protect American security."

John Gage, AFGE president, said yesterday that "now is the time for change." The screeners, he said, "deserve equality."OPM Nominee

Howard C. Weizmann has been selected by the president to serve as the next deputy director at the Office of Personnel Management, the White House announced.

Weizmann is the president of the Private Sector Council, a part of the nonprofit Partnership for Public Service.

The council, founded in 1983 by David Packard and other executives, grew out of the Grace Commission, which was chartered by President Ronald Reagan to find ways to save taxpayer dollars and improve government efficiency.

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Weizmann has worked for nearly 30 years in a variety of corporate and nonprofit positions. He is a former managing consultant for the Washington, Philadelphia and Richmond offices of Watson Wyatt Worldwide, the human resources consulting firm. His nomination requires Senate confirmation.

A Rotten Smell Raises Alarms And Questions (NYT)

By Sewell Chan

The New York Times, January 9, 2007

It was the odor associated with natural gas — the telltale, unpleasant sulfur scent that typically signals a gas leak. But this time, it was lingering in many areas of Manhattan and northeastern New Jersey, coursing through buildings and leading to fears that it could ignite or that a dangerous chemical had been deliberately released.

Schools and office buildings were evacuated. A subway station was shut, and commuter trains were rerouted. Government security officials were put on alert. Fire trucks raced through the streets, while Coast Guard vessels patrolled New York Harbor, communicating with tugboats and container ships. Twelve people with complaints of minor illnesses or injuries were taken to hospitals.

The source of the odor? As of last night, city officials still did not know. But it lingered for an hour after first being reported around 9 a.m., leaving New York with another mystery on its hands and more than a few conspiracy theories to sort through.

With anxieties about gas leaks rattling the nerves of the city, Mayor Michael R. Bloomberg held a press conference to assure residents that the city's air-quality detectors had found no cause for alarm. He hypothesized that the odor could have been caused by the release of mercaptan, a compound that smells like rotting eggs and is added to natural gas so people can detect and report leaks.

Throughout the day, possible culprits — among them a minor gas leak in Greenwich Village and natural-gas pipelines in northeastern New Jersey — were considered and ruled out.

The olfactory mystery in the New York region was matched by strange activity elsewhere. In Austin, Tex., police cordoned off 10 blocks of the downtown business district early yesterday after more than 60 birds were found dead overnight along Congress Avenue, which leads to the State Capitol. Air testing there failed to find a cause, but preliminary results determined that people were not at risk.

In New York, the piercing odor was the talk of Manhattan, and it called to mind another mystery: the maple syrup odor that people reported smelling on separate days in late 2005 and whose source has never been established. In yesterday's case, several people said they were overcome by the odor.

"I feel faint," said Ivolett Bredwood, a legal assistant who noticed the odor once she stepped off a New Jersey Transit train at Pennsylvania Station around 8:45 a.m. The smell trailed her as she walked to her office, at 99 Park Avenue, which was briefly evacuated. "It's an awful, nasty smell."

The widespread uncertainty and potential for danger led the authorities to take numerous precautions as thousands of reports of the odor flooded into 911 and utility hot lines.

The Metropolitan Transportation Authority briefly closed the subway station at 23rd Street and Avenue of the Americas, as well as a control tower at West Fourth Street. Service was temporarily halted on PATH lines terminating at 33rd Street.

The major gas utilities — Consolidated Edison in New York and Public Service Electric and Gas in New Jersey — checked their transmission lines and reported no leaks, changes in pressure or other abnormalities.

The city's Department of Environmental Protection dispatched a mobile laboratory to the West Side with meters to test for ammonia, chloride, cyanide, methane, carbon monoxide, hydrogen sulfide and volatile organic compounds. "That's the hardest part, finding the source," said Christopher Haas, a department specialist in hazardous materials. "Air is very dynamic."

Officials were reluctant to discuss terrorism precautions in great detail, but they said that the city regularly monitors the air with machines that can detect the presence of chemical, biological or radiological substances.

At the Port Authority Bus Terminal, some alarmed passengers thought that their buses had problems. And at the Equitable Center, on Seventh Avenue between 51st and 52nd Streets, air vents were closed to keep the odor out. Two schools were evacuated. Norman Thomas High School in Midtown was emptied for about 50 minutes beginning at 9:30 a.m., while students at Public School 11 in Chelsea were taken to Public School 33 nearby.

Jeremy Fleishman, a worker at a computer repair shop in Chelsea, said it smelled as if "somebody left the Bunsen burner on" in chemistry class. By 10:30 a.m., he said, "it mostly dissipated — or maybe we just got used to it."

At 980 Avenue of the Americas, a building that was briefly evacuated, a guard, Ralph Supino of Secaucus, N.J., said he called Con Edison but reached only recorded messages. "They were overwhelmed," he said.

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For some, it seemed logical that the odor was tied to some sort of terrorist plot. At 1250 Broadway, which was also briefly closed, a guard, Miguel Contreras of Irvington, N.J., said that thought raced through his mind when he noticed the smell upon arriving at the bus terminal on his way to work.

"You pray to God that everything is fine and it's just a leak somewhere," he said.

Adding to the alarm was the strength and duration of the odor, which may have been aggravated by a weather phenomenon known as a temperature inversion. Inversions, which often occur when a warm front moves over a cooler, denser air mass, cause the temperature closer to the ground to be cooler and the air higher up to be warmer — a reversal of the usual pattern. Inversions can trap pollutants and odors, preventing them from being dispersed upward.

David Wally, a meteorologist at the National Weather Service's forecast office in Upton, N.Y., said a warm front approached the city between 7 and 8 a.m., making it "very possible" that an inversion trapped the pollutants and gaseous odor closer to the ground. The inversion eroded later in the morning, he said.

The city recorded 4,500 more 911 calls than usual between 9 and 11 a.m., with most of the increase in Manhattan. The Fire Department responded to 450 calls, 41 of them for emergency medical assistance.

Dr. Kristin E. Harkin, an emergency-medicine physician at NewYork-Presbyterian Hospital/Weill Cornell Medical Center, said that strong odors can worsen the symptoms of people with chronic respiratory ailments like asthma and emphysema.

Some suspicion fell on New Jersey, given the path of the prevailing winds and the prevalence of chemical and petroleum facilities in the state. Calls about the smell were received in West New York,Weehawken and other places.

In Hoboken, the downtown police headquarters and several office buildings were briefly evacuated, according to Mayor David Roberts, who said he took an anxious call about the smell from his wife.

Jack Burns, coordinator of the Hudson County Office of Emergency Management, in Secaucus, said that officials had ruled out the possibility of a mercaptan spill there. He added, "If it's in New York and people can smell it in western Hudson County, that's a lot of it, whatever it is."

Michael Williams, an accountant in Jersey City, said he delayed taking a smoking break for more than an hour because the odor was so intense. "I didn't want to spark an explosion or anything," he said.

Public Safety And Profit: On The Same Wavelength? (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 9, 2007

Morgan O'Brien got rich the old-fashioned way, cobbling together small companies to make a big one that you've come to know as Nextel Communications.

Now O'Brien wants to get rich the Washington way -- using lobbyists. He's hired a bunch of big guns to get control of more than $5 billion worth of broadband spectrum. He wants it for a noble cause: to help first responders communicate during emergencies. But O'Brien also hopes to manage the valuable space, and that work just might make him his second fortune.

Several lawmakers, economists and interest groups are outraged. They wonder why the government should, essentially, hand over such a prime asset. "It's a get-rich-quick scheme to the tune of billions of dollars," said Jeffrey A. Eisenach, a former policy aide at the Federal Trade Commission and the White House budget office.

O'Brien defends his idea as a prudent investment for Americans who have too often seen medical and police services fall apart when serious crises strike. "I can't imagine a better or more satisfying business," he said.

O'Brien's company, Cyren Call Communications, wants Congress to set aside 30 megahertz of radio spectrum (that's a lot) now scheduled to be auctioned off early next year. Cyren Call's consultants include Wexler & Walker Public Policy Associates, the Fritts Group (run by Eddie Fritts, the ex-president of the National Association of Broadcasters), and soon (O'Brien hopes) Tom Ridge, the former secretary of Homeland Security.

Cyren Call wants the government to place the spectrum into a trust, which would, with private funding, build a nationwide wireless network for emergency workers intended to prevent the kind of communications breakdowns that happened after Hurricane Katrina and the Sept. 11, 2001, attacks. When first responders are not using the system, commercial customers could.

By managing the venture, Cyren Call hopes to make its money. Thanks to the company's prodding, the proposal has been endorsed by the International Association of Chiefs of Police and the Association of Public-Safety Communications Officials-International, among other first-responder groups.

"It's a Robin Hood plan," Fritts said. "It takes from the rich and gives to the poor -- first responders."

But others see it as a money grab using first responders as a front, and they are fighting to stop it. "O'Brien's proposal is based on a lot of promises that we believe he can't keep," said Christopher Guttman-McCabe of CTIA-the Wireless Association. Also opposed are Rep. Fred Upton (R-Mich.), former chairman of the House's telecommunications subcommittee, and the Consumer Electronics Association.

Opponents note that public safety agencies are already guaranteed by law to receive 24 megahertz of spectrum and have not found a way to use it all. They also question O'Brien's financing and doubt that he can attract enough money to construct the system.

At first, O'Brien wanted the spectrum to be placed into trust without any fees to the U.S. Treasury. But after an outcry, he now proposes to pay $5 billion, an amount he would raise with the aid of federal loan guarantees -- a distinction without a difference to Cyren Call's many critics.

O'Brien said he chose the company's name because it is a high-tech version of "siren," which means both a mythological nymph whose beautiful songs lured ancient ships into the rocks and a loud blast that warns people to get out of the way.

So far, it has a lot of people wailing.The Majority Begins to Cash In

If you're a lobbyist, you can't even buy a burger for House Majority Leader Steny Hoyer (D-Md.) under new House rules. But on Jan. 31, you can give "Hoyer for Congress" $1,000 and join him at a reception at the Hay-Adams Hotel.

For $5,000 from your political action committee, you can get really cozy with him at a "VIP private reception" that same night.

Hoyer's event will benefit his own reelection committee. But the Democratic National Committee is looking to cash in on its members in top spots on the Hill and will be featuring some new committee chairmen at fundraisers in the coming months.

Next Wednesday it's soliciting up to $15,000 per PAC for an event at Johnny's Half Shell honoring the new chairman of the House Ways and Means Committee, Rep. Charles Rangel (D-N.Y.).

Lobbyists will donate lavishly and show up in droves, but they will also point out the hypocrisy. "I am prohibited from buying a staff member a $20 lunch, but I can pay $1,000 or more to talk with that staffer's boss at a political fundraiser," said Howard Marlowe, former president of the American League of Lobbyists. "That's not what I call reform."Stop That Spin

Democrats have promised to practice the highest ethics as they take the reins on Capitol Hill. But the House's new travel ban is "being hyped as broader than it is," said Jan W. Baran of Wiley Rein & Fielding.

For instance, lobby groups can still take lawmakers and staffers on short trips -- limited to a day and a night or, possibly, two nights. Institutions of higher education, which spend hugely on lobbying, and nonprofit foundations can provide travel without restrictions. And lawmakers can use campaign funds to visit lobbyists' meetings -- and then hold a fundraiser once they get there to offset the costs.

"It's a partial ban," said Baran, one of Washington's top ethics experts. "But it doesn't have as many holes as the gift ban, which has 23 exceptions."Democratic Hires of the Week

The Federalist Group, to no one's surprise, was once all-GOP, but it's been on a Democratic hiring spree. Its latest addition: Moses Mercado, ex-deputy executive director of the Democratic National Committee. It also plans to change its name to something less, well, Republican-sounding.

Akin Gump Strauss Hauer & Feld last week snared a top Democratic tax lobbyist, Robert J. Leonard, formerly chief counsel of the Ways and Means Committee. Citigroup has hired two D's: Paul Thornell, who worked in the Clinton White House, and Robert D. Getzoff, formerly with Rep. Rahm Emanuel (D-Ill.). And the law firm Covington & Burling added former representative Michael Barnes (D-Md.) as a senior of counsel.

The revolving door rotated the other way, too. Daniel A. Turton, a former lobbyist for Timmons & Co., which represents corporate clients such as the American Petroleum Institute and DaimlerChrysler, is chief of staff to the House Rules Committee. Sean Kennedy, a former lobbyist for AT&T, has also returned to Congress as chief of staff to Sen. Claire McCaskill (D-Mo.).

Study: People Outside Senate Office Infected With Anthrax (USAT)

By Steve Sternberg

USA Today, January 9, 2007

A Navy-led analysis of the anthrax attack on Sen. Tom Daschle's office in October 2001 has uncovered evidence that anthrax spores released in the Hart Senate Office Building infected people outside the building.

The researchers could not pinpoint where the four exposed people worked or where they encountered the airborne spores. They apparently fought off infection without getting sick, but they turned up in a group of 20 people who were "outside the building and presumed to be unexposed," says the study in the Jan. 15 Journal of Infectious Diseases.

"We couldn't believe it," says Navy Cmdr. Daniel Freilich, one of the study's authors.

Samples from people who were exposed and from those outside the building were collected during the initial investigation, when epidemic investigators collected 6,000 swabs from noses and throats of people in and near the Hart Building and tested them for anthrax. The investigators also collected blood from people who were known to have been exposed and from people serving as controls.

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The surprise finding supports previous analyses indicating that the spores were engineered to float long distances in the air. Environmental samples revealed that spores penetrated so far into the Hart Building that the structure had to be fumigated.

The study's objective was to examine how the body's defenses respond to inhaled anthrax. Researchers focused on 124 people inside and outside the Hart "exposure zone." Two subjects had been vaccinated against anthrax before the attacks. All those with known or presumed exposure were vaccinated and given antibiotics.

Researchers found for the first time that anthrax exposure activates both major arms of the immune system. It unleashes biological antibodies to the anthrax bacteria's two deadly toxins and activates killer white blood cells that wipe out infected cells.

The presence of white blood cells in samples taken from those far from the exposure zone tipped researchers off that people outside the Hart Building were infected. The finding suggests that, in future attacks, these cells may help identify infected people and map the exposure zone, Freilich says.

Stephen Morse of the Center for Public Health Preparedness at Columbia University says the paradox that those outside the Hart Building were infected by anthrax but didn't get sick suggests that if you're young and healthy, "you might be able to get a few spores, get an immune response that's protective and survive."

Morse, who wasn't involved in the study, says it "reopens a critical question: How big a dose is necessary to cause disease?"

An encouraging finding is that anthrax vaccine, designed to protect against one of two toxins that make anthrax lethal, boosts immunity to both in people who are injected after they've been exposed.

"If you give antibiotics and vaccine early on, no matter how high the exposure, it looks like people generally will do fine," Freilich says.

State Farm Is Settling Gulf Claims (NYT)

By Joseph B. Treaster

The New York Times, January 9, 2007

State Farm, the biggest home insurer in the nation, is in the final stages of settling hundreds of lawsuits over its payments for homes wrecked by Hurricane Katrina along the Mississippi Gulf Coast, lawyers briefed on the talks said yesterday.

The settlement of 639 lawsuits for $80 million could be the first step in resolving a bitter legal battle between homeowners and their insurers that had threatened to drag on for years and has already slowed Mississippi's recovery since the storm in August 2005.

As part of the proposed deal, which other insurers are expected to adopt, State Farm has agreed to review and possibly increase payments to as many as 35,000 additional homeowners. In some cases, these homeowners received only a few thousand dollars for homes along the Mississippi coast that suffered major damage or were destroyed.

The talks do not apply to homeowners in New Orleans and the rest of Louisiana.

State Farm, under the tentative accord, would provide an average of about $125,000 to homeowners who filed lawsuits, although the payments would range from as little as about $2,000 to about $2 million.

The treatment of those cases would serve as a guide for increasing payments to any of the 35,000 homeowners who request a review of their claim, according to lawyers privy to the details.

Similar settlements with the dozen or so other insurers in Mississippi could provide hundreds of millions of dollars for recovery along the coast. It would also close a painful chapter in the public relations history of the carriers who have been portrayed by opposing lawyers as coldhearted in refusing to pay for much of Katrina's devastation.

"This is an opportunity to change public perception," said Randy Maniloff, a lawyer in Philadelphia who represents insurance companies, and who has not been involved in the talks.

The heart of the dispute in Mississippi as well as in Louisiana has been over the coverage of flood damage. Flooding was far worse in Katrina than in most previous hurricanes.

The insurers argued successfully in Mississippi that their policies did not provide coverage for any kind of flooding. But Judge L. T. Senter Jr., of Federal District Court in Gulfport, Miss., rejected the argument by insurers that if any flooding damaged a house, the insurers then had no responsibility for any other damage caused by Katrina's high winds.

More than 2,000 homeowners in Mississippi alone filed suit against their insurers. Under terms of the tentative settlement, State Farm would pay at least $50 million for claims that were previously closed, and some lawyers say the cost for State Farm could run into the hundreds of millions of dollars, depending upon how many homeowners requested their files be reopened and the extent of damage to their houses. A similar deal with other insurers could lead to an estimated 100,000 other closed claims being re-examined, lawyers briefed on the talks said.

Insurance experts said State Farm's willingness to engage in settlement talks should not be interpreted as a concession that it did anything wrong. They said a final agreement would almost certainly say, in effect, that State Farm was neither

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acknowledging nor denying objectionable practices. Further, they said, State Farm would not want to set precedent on future payments for flood damage from hurricanes.

"They're willing to settle," said Gary S. Thompson, a Washington lawyer who represents individual and commercial policyholders, "because they know they would have to go through a long, arduous journey examining each and every claim."

That could take years, some lawyers said. In the meantime, State Farm's reputation would be further battered and, facing any jury drawn from the ranks of Mississippi's hurricane victims, State Farm could easily "lose most of the cases," Mr. Thompson said.

Jury selection began yesterday in federal court in Gulfport for the first trial against State Farm over Katrina damage. That case, which was not part of the settlement talks, was filed by Norman and Genevieve Broussard. Only the foundation slab of their home in Biloxi remained after the hurricane. State Farm refused to pay their claim, saying all the damage was caused by floodwaters.

The insurers have already paid $5.2 billion for damage to homes throughout Mississippi for Katrina and $10.3 billion for damage in New Orleans and other parts of Louisiana.

To close the deal, State Farm wants the approval of Mississippi's attorney general, Jim Hood, and the state's insurance regulator, George Dale, lawyers close to the talks said. As a condition of the deal, these lawyers said, Mr. Hood would be required to drop a criminal investigation into State Farm's handling of claims as well as a civil lawsuit against State Farm and other insurers.

In a statement late yesterday, Mr. Hood said: "I am working day and night attempting to get our coastal residents a fair shake in the insurance litigation." He added, "It would not help our negotiations to disclose any details at this time."

Lee Harrell, a deputy to the insurance commissioner, would not comment on the talks but said that the regulators consistently monitored insurance agreements to make sure that they were fair to both policyholders and the insurers.

Phil Supple, a spokesman for State Farm, acknowledged that the insurer had been in settlement talks but he said that a final agreement had not yet been reached. "At this point," he said, "we have no settlement."

He said State Farm would absolutely like to settle the cases: "We see it in the best interest of policyholders, the Gulf Coast of Mississippi and State Farm."

Richard F. Scruggs, who has been leading a team of about a dozen lawyers against State Farm, said that talks toward a settlement began early last fall and that he hoped to see a final agreement this week. "All the details are finalized," he said.

The last element, he said, was the approval of the attorney general and the insurance commissioner. "We are awaiting," he said, "a decision from the state officials who have helped craft the settlement."

In New Orleans, These Gumshoes Can Float Your Boat (WSJ)

By Daniel Machalaba

The Wall Street Journal, January 9, 2007

NEW ORLEANS -- Scott Chappuis was relieved when he returned to his New Orleans neighborhood after Hurricane Katrina and saw that his house had survived a 17-foot-high surge of flood water.

But there was one problem. A big shrimp trawler called the Chris & Shane was marooned in the yard. More than a year later, it was still there.

Nobody showed up to claim the 63-foot boat. The U.S. Coast Guard refused to haul it away because it is responsible only for vessels in navigable waterways. A contractor who had volunteered to help quit when the Chris & Shane started leaking diesel fuel. He didn't want to incur potential environmental liability.

The mess landed on the desks of John Rogers and R. Bruce Hammatt, of the Louisiana Department of Environmental Quality. They became gumshoes of last resort for an estimated 1,000 to 2,000 commercial and recreational boats that are still strewn across parking lots, roads, marshes and other odd spots throughout southeastern Louisiana.

It takes a lot of detective work to reunite orphaned boats with their owners. Many phone lines were never restored after the hurricane. Some owners scattered by the storm haven't returned, while others either figured that their boats had sunk or had been sucked out to sea. Some just don't care because they were paid off by insurers. Katrina also left some boat owners too poor to afford removal costs that can run as high as $90,000 for large vessels that need cranes, trucks and other heavy equipment to haul them away.

The flotilla of abandoned boats is a reminder of the fitful recovery. The city's population is still less than half the prestorm level of about 437,000 in July 2005. Population has rebounded in some suburbs, but many areas remain wrecked. Whole neighborhoods that were flooded, such as the Lower Ninth Ward, are largely empty and uninhabited. Currently only 49% of the public schools have reopened and only 17% of city buses in New Orleans are running, according to Brookings Institution, which publishes monthly updates on the city's post-Katrina recovery.

One pontoon dock beached near the hurricane-ravaged city of Slidell sprouted a cypress tree, and residents had plans to trim it with Christmas lights, tinsel and ornaments. "We were going to make a real party out of it," says Danny Green, a retired state trooper. But after the Times-Picayune ran a newspaper story about it, local officials had the hulk hauled away by truck.

Ruptured fuel tanks are seeping diesel fuel and oil into the ground and marshes. Cars must maneuver around a thicket of fishing vessels encroaching on a state highway in eastern New Orleans. About six boats are piled up at one end of a bridge in Empire, La., near the mouth of the Mississippi. After Katrina, the Coast Guard quickly restored boat traffic up and down the river, but many marshes and bayous remain snarled with boats and debris.

Coast Guard officials removed about 800 boats that were deemed a threat to shipping. Then a joint state-federal disaster-management team asked the Louisiana Department of Environmental Quality to take over the job, which involves dealing with frazzled boat owners and residents.

Messrs. Rogers and Hammatt barely knew each other before they teamed up in May, when Mr. Hammatt started wrangling with contractors hired to remove marooned boats. An administrator and adviser at the Department of Environmental Quality, he brought intensity to their detective work. "It's Hammatt, like damn it," said Mr. Hammatt, 52 years old, to one property owner recently.

Mr. Rogers, 61, spent weeks on the case of a pontoon-style party barge bearing a registration number that didn't pop up in a computer search. The break came when he realized that a "6" in the number actually was a storm-battered "8." The owner didn't want the boat, so it was sold for $1,251 through an online auction, with the proceeds going to the Federal Emergency Management Agency, which picks up certain boat-removal costs.

Once or twice a week, the two men sign out a vehicle from the DEQ motor pool in Baton Rouge and hit the road to hunt for clues and wrestle with the paperwork and personalities that must be navigated in every boat rescue. Lyle Stockstill, who runs his family's fuel dock and the Ugly Duck bar in Empire, was cooking oxtail soup last month when Messrs. Rogers and Hammatt pulled up with a "right to entry" form that would give a contractor permission to haul away crushed boats near his three-story house.

"It's terrible," Mr. Stockstill said later. "I have my place fixed up, but I have this junkyard in front." He said his wife would sign the form, adding that he would be happy to see the boats removed.

Messrs. Rogers and Hammatt are patient with struggling boat owners who show signs of trying to take responsibility for their beached vessels. At a stop to check on a trawler called Lucky Boat, they saw wooden blocks under the boat and a cleared section of sugar-cane field. "This is excellent," Mr. Hammatt said.

They have spent the past six months working on the Chris & Shane project next to Mr. Chappuis's house. It wasn't hard to track down the shrimp boat's owner, Jules B. Kain Sr., who had tied the craft to a dock as Katrina was approaching. Mr. Kain didn't have the money to move his boat, named for the children of its original owner. He lives in a FEMA trailer because Katrina wrecked his house in the Violet community of St. Bernard Parish.

"The last two years of trawling weren't that great," says Mr. Kain, 70. "We were just surviving."

This time, the roadblock was that Mr. Chappuis, a New Orleans Fire Department captain, refused to sign a "hold harmless" agreement waiving his right to sue over any damage or injuries that might occur during the boat's removal. Mr. Rogers, who had lined up $114,000 in federal funding to pay for getting rid of the trawler, says that for months the department cajoled Mr. Chappuis to sign the document. Finally, he threatened to simply leave the Chris & Shane in Mr. Chappuis's yard forever. The homeowner relented.

Last month, giant air bags were inflated under the boat, and a tractor pushed on the stern, plunging the Chris & Shane back into the water. A work boat towed away the freed vessel to be sliced into scrap metal.

Mr. Rogers joked that Mr. Chappuis wouldn't have the "biggest lawn ornament" anymore. "Right," Mr. Chappuis replied, then walked away. He says he'll miss the boat "like a headache or a hemorrhoid."

WAR NEWS:

Bush Considers Expansion Of Up To 20,000 Troops (USAT)

By David Jackson

USA Today, January 9, 2007

WASHINGTON — President Bush will address the nation at 9 p.m. ET Wednesday about his new approach for the war in Iraq, the White House said. Bush is expected to announce an increase of up to 20,000 U.S. troops.

DOJ_NMG_0114315

White House press secretary Tony Snow said Monday that Bush "understands there is a lot of public anxiety" about the war. On the other hand, he said that Americans "don't want another Sept. 11" type of terrorist attack and that it is wiser to confront terrorists overseas in Iraq and other battlegrounds rather than in the United States.

Snow said he contacted television networks Monday morning to request air time for the president's speech, to be delivered at the White House. He said the administration welcomes a debate about Bush's new policy.

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"I think it's important to get congressional support," the spokesman said. Yet he would not say whether Bush will seek specific congressional approval for his new strategy.

"Rather than me jumping out and talking about resolutions and budget items and all that, I'm not going to do it," Snow said. "But there will be a debate about the particulars in the way forward, as there should be. We welcome it."

Bush's decisions, more than two months in the making, already are drawing criticism from new Democratic leaders in Congress who say it is time to begin ending the war, not to send in more U.S. forces.

The proposal also includes new programs for jobs, reconstruction and political assistance in Iraq, according to two administration officials who have been briefed on it.

The officials, who spoke on the condition they not be identified because the president has not made final decisions, said increases would come in phases that could add up to 20,000 troops over the next several months. It is unclear how long the additional troops would stay.

The plan includes up to $1 billion in economic assistance, such as job creation and reconstruction projects, the officials said. It also calls for political assistance, including help for human rights groups and political organizations, in an effort to promote peaceful reconciliation among warring Shiite and Sunni factions.

Previous reconstruction efforts have faced serious problems and controversies, including repeated power outages and the awarding of no-bid contracts to U.S. companies.

Elements of the plan emerged over the weekend in The Wall Street Journal and The New York Times.

The Times reported today that the new policy will set out a series of benchmarks that the Iraqi government will be expected to meet to try to ease sectarian tensions and stabilize the country politically and economically.

The newspaper, quoting unidentified senior administration officials, said these goals would include measures to bring more Sunnis into the political process, finalize a plan for distributing oil revenue and ease the government's policy toward former Baath Party members.

Iraqi Prime Minister Nouri al-Maliki has announced plans to increase the number of local forces in Baghdad.

House Speaker Nancy Pelosi, D-Calif., appearing on CBS' Face the Nation, said Sunday that Bush would have to justify any troop hike to the new Congress. "This is new for him because up until now, the Republican Congress has given him a blank check with no oversight, no standards, no conditions," she said.

On Friday, Pelosi and Senate Majority Leader Harry Reid, D-Nev., sent a letter to Bush opposing any U.S. troop increase. The letter said, "Surging forces is a strategy that you have already tried and that has already failed."

White House spokesman Alex Conant noted that Pelosi said she wants to succeed in Iraq, and "we're interested in any ideas that lead to success."

"The president looks forward to addressing the American people next week on the way forward in Iraq," Conant said.

In developing a new Iraq policy, the administration has changed the military leadership in Iraq.

Gen. David Petraeus, a supporter of U.S. force increases in Iraq, will head the multinational force there. He'll replace Gen. George Casey, who expressed skepticism over whether an increased U.S. military presence would be productive, and is being promoted to Army chief of staff.

Bush has also accepted the Pentagon's recommendation that Adm. William Fallon replace the retiring John Abizaid as head of the U.S. Central Command, which includes Iraq.

The administration is stepping up diplomatic efforts in the region. Secretary of State Condoleezza Rice will travel to the Middle East soon to discuss negotiations between the Israelis and Palestinians. Bush has been skeptical, however, about direct talks with Syria and Iran.

Bush would have support for a troop surge from at least two prominent senators, John McCain, R-Ariz., and Joe Lieberman, I-Conn. Both said a troop increase would help quell sectarian violence.

Bush To Reveal New Iraq Strategy (WT)

By Stephen Dinan And Rowan Scarborough

The Washington Times, January 9, 2007

DOJ_NMG_0114316

President Bush is hoping to reset the political debate tomorrow night and spur Congress to reconsider what can be accomplished in Iraq when he lays out his new war strategy, which is expected to include a temporary increase of 20,000 troops.

The president put the finishing touches on the new diplomatic and military teams yesterday that will put his plan into place, tapping the current ambassador to Iraq, Zalmay Khalilzad, to become ambassador to the United Nations and naming Ryan C. Crocker, the ambassador to Pakistan, to replace Mr. Khalilzad in Baghdad.

That comes two months after Mr. Bush named a new secretary of defense and just days after he nominated new military leaders to oversee the conflict.

The Pentagon has drawn up options for sending about 20,000 troops, or four brigades, whose main task would be to quell the violence in Baghdad, block by block, and not let insurgents return once they are routed.

Some of the increase would come from keeping some units in Iraq longer than planned, sending other units earlier than planned and possibly diverting troops from other regions.

The White House is also creating an economic package that will be tied to certain conditions. The figure of $5 billion has been mentioned. Congress has appropriated more than $30 billion in reconstruction and redevelopment money since the war began in 2003.

White House press secretary Tony Snow would not talk about details of the president's 9 p.m. speech but said the president knows he has a job to do persuading lawmakers and the American public to support the effort.

"It's important to rebuild the sense of political unity," he said.

Many Democrats have already lined up against the strategy, saying Mr. Bush is trying to escalate U.S. involvement rather than begin withdrawing U.S. forces, as they want. But it was not clear what options are open to them.

Sen. Barack Obama yesterday said he is "investigating" whether Congress could block funding for a troop surge "without potentially reducing the resources that are available to the troops that are" in Iraq.

"It's not clear that that can be done, that you can segment off budgets for the troops that are already there from additional troop levels," said Mr. Obama, Illinois Democrat. "It creates a difficult situation for Democrats."

House Appropriations Committee Chairman David R. Obey, Wisconsin Democrat, said it is "very complicated" to chop a troops appropriations bill into pieces, and House Speaker Nancy Pelosi, California Democrat, said withholding funds for U.S. troops is "off the table."

Mr. Snow said the White House hopes critics take time to evaluate what Mr. Bush proposes.

"I know it's tempting to think: Boy, this is going to set off big old political firestorm, and it very well may. But on the other hand, it may actually set off a period of reflection and constructive activity," Mr. Snow said.

The president does have some supporters.

Sen. Joe Lieberman yesterday renewed his calls for Congress to support sending roughly 20,000 more troops to Iraq.

"In war, there are two exit strategies. One is called victory. The other is called defeat," said Mr. Lieberman, Connecticut independent. "America has too much on the line in Iraq to accept defeat."

He and Sen. Lindsey Graham, South Carolina Republican, sent a letter to the president urging him to increase troop levels and calling redeployment and withdrawal "the option of losing."

British Prime Minister Tony Blair, Mr. Bush's strongest Iraq war ally, said he will make it clear this week that Britain will not send more troops to Iraq, London's Daily Mail reported. It said Mr. Blair will insist that the United Kingdom will stick to its own strategy of gradually handing over to the Iraqi army.

In the run-up to the speech, Mr. Bush has revamped his diplomatic and military teams.

Last week, Mr. Bush nominated John D. Negroponte to assume the open slot as deputy secretary of state and tapped retired Navy Adm. Mike McConnell to take Mr. Negroponte's old post as director of national intelligence.

As for the military team, Mr. Bush accepted the resignation of Defense Secretary Donald H. Rumsfeld a day after the November elections, saying he wanted a "fresh perspective" on Iraq. He is also replacing Gen. John Abizaid, his top regional commander for Iraq, with his Pacific commander, Adm. William J. Fallon. In doing so, he is bypassing the man who many thought would get the job, Army Lt. Gen. Peter Chiarelli, who served last year as the tactical commander in Iraq.

The top commander in Iraq, Army Gen. George Casey, is being replaced by Lt. Gen. David Petraeus, who led the training of Iraqi forces earlier in the war. Gen. Casey will be nominated as Army chief of staff, as Gen. Peter Schoomaker retires.

White House Gears Up To Sell Plan For Troop Increase In Iraq (NYT)

By Sheryl Gay Stolberg

The New York Times, January 9, 2007

DOJ_NMG_0114317

WASHINGTON, Jan. 8 — The White House is planning an aggressive effort to sell Congress and the American public on President Bush's new strategy for Iraq, beginning with a prime-time address to the nation on Wednesday night, followed Thursday by a presidential trip to Fort Benning, Ga., and appearances on Capitol Hill by the secretaries of state and defense.

With Democrats vowing to oppose any plan to send more troops to Iraq, and some Republicans openly skeptical, Mr. Bush and his aides are already in the thick of an intense sales pitch. It began on Monday, when the president had back-to-back meetings with Republican senators, urging them to hear him out before passing judgment on his plan.

The sessions stood in stark contrast to the bipartisan meetings Mr. Bush held with lawmakers on Friday. Senators attending those sessions said that Mr. Bush was careful not to reveal his thinking about whether he was committed to the plan to increase troops. By Monday, though, he made his intentions clear.

"It was clear that he has thought long and hard about this change in strategy," said Senator Lindsey Graham, Republican of South Carolina, who supports the troop increase. "He emphasized that this is not just about more troops. That's just one small component of it. It's a change in economic, military and political strategy."

White House officials were still planning details of the speech on Monday. The president's aides were contemplating having Mr. Bush deliver it from the White House Map Room, a site replete with the history and imagery of World War II — imagery that Mr. Bush has invoked as he has sought to compare the campaign against terrorism to the struggle against totalitarianism and the Nazis. But the Oval Office, a more traditional setting, was also being considered.

Mr. Bush's aides are planning a highly orchestrated introduction of the plan. Before Wednesday night's speech, which is expected to last about 25 minutes, reporters will receive briefings from senior administration officials, and leading members of Congress will be notified of the president's intentions.

On Thursday, Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates are scheduled to testify before Congress, and both are expected to make trips to the Middle East soon to drum up support from international allies.

"All the world is really watching," the White House press secretary, Tony Snow, said Monday, "and it is important to get this right."

The president himself will go on the road on Thursday, to Fort Benning, a site chosen because its soldiers are heavily involved in operations in Iraq. A senior administration official involved in shaping the strategy said the president would follow Wednesday night's speech with less formal remarks to the troops.

"He will thank them, and explain, just like he will have the night before to the American people, some of the specifics of the new way forward," the official said.

The official said the strategy also included continuing consultation with members of Congress. "It's not just one speech. This is so complicated you couldn't do it all in one speech. So there will be an ongoing and sustained effort to educate the American people."

Despite Mr. Bush's insistence that he does not govern by polls, the White House is acutely aware that the vast majority of the American public disapproves of the job Mr. Bush is doing in Iraq. But advisers to the president believe that the public is willing to give Mr. Bush another chance — especially if he puts forth a policy that is heavy on specifics.

The president's advisers are also mindful of polls showing that while the public wants the situation to improve in Iraq, it does not necessarily favor immediate withdrawal.

"They're going to cast it as a choice between withdrawal and surge," said one Republican strategist close to the White House. "The public is not for immediate withdrawal or even a quick withdrawal, but they're not for the status quo. I think they feel as if the public is more likely to support the president's position, which is putting a stake in the ground in Iraq and saying were going to try to win."

The hope is that Mr. Bush can win over the public, and bring Congress along. But it might be a tough sell. At the White House, Mr. Bush told skeptical senators that he came away from a recent meeting in Jordan with Prime Minister Nuri Kamal al-Maliki of Iraq persuaded that Mr. Maliki was committed to moving toward national reconciliation.

At least two Republicans, Senators Gordon Smith of Oregon and Olympia Snowe of Maine, said they were not convinced.

"I expressed reservations," Ms. Snowe said. "I said, 'Why should we expect any different result than previously,' that I didn't believe the Maliki government had demonstrated the political will or capacity or resoluteness for reconciliation, that the reason Americans are not supporting the war is because they see Iraqis fighting among themselves rather than for themselves, and I didn't see the surge addressing the root causes of the violence."

Mr. Smith, who delivered a speech on the Senate floor before Christmas saying he was at the end of his rope on Iraq, said: "What this sets up is a classic war powers confrontation between the White House and the Congress. Clearly he has the powers to commit troops; the question is whether the Congress has the convictions to deny funding."

The senator said he, for one, does not have the appetite for that. "It would be a dishonorable thing," he said, "to budget away the bullets."

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A Big Speech Is A First Step; Follow-up Key (USAT)

By David Jackson

USA Today, January 9, 2007

WASHINGTON — When President Bush addresses the nation Wednesday about a "new way forward" in Iraq, it will be just the first of many steps he'll take to sell his plan to Congress and the public.

Presidents have long made the most of their bully pulpit to set the tone for the nation or to deliver news, whether it was Franklin Roosevelt telling a Depression-ravaged nation in 1933 that "the only thing we have to fear is fear itself" or Lyndon Johnson shocking the country in 1968 by using a speech about Vietnam to say he would not run for re-election.

Whether a presidential speech can make a difference depends on the follow-up, analysts say.

"All he can do is start a long-term process, which is going to require performance much more than promise," says George Edwards, a political science professor at Texas A&M University.

Bush addresses the nation at 9 p.m. ET Wednesday, then goes to Fort Benning in Georgia on Thursday to discuss the war in Iraq with Army troops there. Bush has been considering many options for the Iraq war, including a temporary increase in the number of U.S. troops in Iraq.

Members of Bush's Cabinet, including Defense Secretary Robert Gates and Secretary of State Condoleezza Rice, will explain the plan to Congress during hearings that begin Thursday.

Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania and co-author of a book on presidential rhetoric, Deeds Done in Words, says it is rare for presidents to turn around public opinion with a single speech. Major addresses, however, can set the stage for public support later if policy changes are working.

"He's confronting the public perception this is a failed policy," Jamieson says.

Presidential counselor Dan Bartlett declined to discuss details of Bush's speech or the marketing plans for any policy changes. He says the address will explain a new strategy and try to convince the country that failure in Iraq would undermine national security.

"The American people need a steady diet of information and context for what's happening," he says.

Bartlett played down expectations for Bush's speech. "Facts on the ground and events determine public opinion more than anything," he says.

Bush's speech comes nearly four years after the war in Iraq began. Since then, the public has grown more skeptical that the war can be won, according to the latest USA TODAY/Gallup Poll.

Diane Heith, an associate professor of government and politics at St. John's University in New York City, says the public could reward Bush for attempting to change course in Iraq. She notes, however, that the public has become "almost used to the negativity associated with the war. I think they're going to be pretty skeptical about a change of plans."

Bush hopes words will carry weight

President Bush has delivered several memorable speeches during his six years in office, most of them dealing with the aftermath of the 9/11 terrorist attacks. Bush has billed these addresses as critical to building support for his initiatives, but the results have been mixed.

Lawmakers Get Private Surge Pitch (LAT)

By Maura Reynolds

The Los Angeles Times, January 9, 2007

WASHINGTON — President Bush began a weeklong hard sell of his new Iraq policy Monday, meeting with groups of senators at the White House in an effort to convince them that the best way to bring U.S. troops home from Iraq is to send more, at least for a while.

Some said the president accomplished that goal; others said he did not.

"Iraq is the central front in the global war against radical Islamic terrorism. If we abandon that nation today, we risk the very same situation that gave rise to the Taliban in Afghanistan and one that created a safe harbor for terrorists like Al Qaeda to plan attacks against our people," said Sen. John Cornyn (R-Texas), a member of the Senate Armed Services Committee who attended one of the meetings.

"I'm not for the surge," said Sen. Gordon H. Smith (R-Ore.), who attended another. "Does political process beget security or does security beget political process?

"I think he understands that he's betting his presidency, his place in history, on this coming out well."

DOJ_NMG_0114319

Bush did not detail the proposal he will lay out Wednesday evening, senators said. But Smith said the president appeared to be planning to send 20,000 additional troops to Iraq, primarily to stop sectarian violence and foster a better climate for political reconciliation.

"It was clear to me that a decision was made for a surge of 20,000 additional troops," said Smith, who also serves on the Armed Services Committee. "He did not affirm that that would be the number, but he said roughly … that amount. I understood it as a hypothetical."

Sen. Lindsey Graham (R-S.C.), who supports a troop increase and is also on the committee, said Bush "understands that giving the Iraqis the ability to stabilize their government … is not an unending commitment by the American people."

But Graham said Bush believed that setting a timeline would be a mistake.

"He'll be supportive of benchmarks, but not timetables," Graham said.

The outcome of November's election — in which public dismay over the war led to large Republican congressional losses — has put the administration under increasing pressure to withdraw U.S. forces from Iraq.

That pressure was heightened by the report of the Iraq Study Group, also known as the Baker-Hamilton commission, which called for troops' return to start by 2008.

Instead, military leaders and the White House have begun to argue for a troop increase, which they say will turn the tide against the insurgency.

Critics deride the "surge," as it is known in Washington, as an escalation that will lead to more American deaths.

In his meetings Monday, Bush made his case for the surge, arguing that it was more likely than previous plans to work because it was drafted by Iraqi Prime Minister Nouri Maliki and his government.

In particular, Smith said, Maliki is to pledge a specific number of Iraqi troops, reduce factionalism in his own forces and stop shielding key Shiite militia leaders.

The troop increase "is based on the president's belief that the political processes have been overtaken by sectarian violence, and sectarian violence needs to be quelled so political processes can be restored," Smith said. "It is his faith in Prime Minister Maliki that leads him to tack into the winds of American public opinion."

Smith is one of a number of moderate Republicans who are skeptical of the president's plan. Most Democrats oppose it.

Bush is expected to meet with more members of Congress today.

"My own sense is that what is driving the president is his belief that this is winnable — that the Iraqis are now coming to the table to keep their part of the bargain and that ultimately the American people want victory and a way forward to success," Smith said.

"He hopes to lay out a path to that success [Wednesday] night that will rewin the support of the American people. There are a lot of ifs in that."

On Thursday, Bush plans to fly to Ft. Benning, Ga., the home of Army infantry, to visit with soldiers.

White House Press Secretary Tony Snow said that despite the opposition of House Speaker Nancy Pelosi (D-San Francisco) and Senate Majority Leader Harry Reid (D-Nev.) to an increase in troops, they and the president were not necessarily headed for collision.

He suggested that when the scope and details of the plan became known, some criticism might be toned down. He took issue with the idea that the speech represented Bush's last chance to win support for the war.

Bush understands, Snow said, that "there's a real sense of urgency within the United States for assurance" that the administration has a plan for Iraq that will boost American security, and that Iraqis will take "leading positions sooner rather than later."

Bush Works To Rally Support For Iraq 'Surge' (WP)

By Michael Abramowitz

The Washington Post, January 9, 2007

President Bush yesterday began promoting his plan to send more troops to Iraq, bringing more than 30 Republican senators to the White House as part of a major campaign to rally the American people behind another effort to stabilize the country.

Senators who met with Bush said the president made it clear that he is planning to add as many as 20,000 U.S. troops to help quell violence in Baghdad. They also said the president is arguing that his new plan has a better chance for success than past plans because of a greater willingness of Iraqi Prime Minister Nouri al-Maliki to commit Iraqi forces against all perpetrators of violence, including Shiite militias.

DOJ_NMG_0114320

"It was clear to me that a decision has been made for a surge" of at least 20,000 additional troops, Sen. Gordon Smith (R-Ore.) said in a conference call with reporters. Smith said Bush believes "that the political processes have been overtaken by sectarian violence and that sectarian violence must be quelled so political processes can be restored."

Aides said Bush will formally unveil his new plans for Iraq in a nationally televised address from the White House tomorrow night; the speech looms as one of the most significant of his tenure. Even administration officials and friendly Republicans said the bar is much higher for Bush than with past speeches on Iraq, given the widespread disenchantment over the war and the deep skepticism, shared even by some Republicans, that more troops are part of the answer.

In the latest Washington Post-ABC News poll, six in 10 respondents said the war is not worth fighting, three-quarters disapproved of how Bush has handled the situation, and there was no consensus about how the United States should adjust its policies in Iraq. Only 17 percent called for an increase in U.S. forces, the "surge" believed to be a centerpiece of the new Bush plan.

Bush intends to present his revised strategy as being in support of Maliki's new plan for securing Baghdad, which the prime minister outlined on Saturday, senior U.S. officials said. The mission will include an understanding that joint U.S.-Iraqi forces will confront the Mahdi Army -- the biggest, best-armed militia and one that Maliki, a fellow Shiite, has been reluctant to face down -- as well as other illegal armed factions, both Shiite and Sunni.

The United States hopes to avoid conducting large-scale operations that take it into Sadr City -- the capital's sprawling Shiite slum, with about 2 million people who overwhelmingly support Mahdi Army leader Moqtada al-Sadr. "Iraqis will take on this plan and lead it. We will be there to support them and be there to help them hold it," said a senior U.S. official briefed on the plan.

But in practice, U.S. forces have often ended up in the forefront of joint combat operations.

The president will also announce expanded U.S. teams, combining civilian and military personnel, to deploy immediately after neighborhoods have been cleared of insurgents or sectarian militias, a U.S. official said.

"It's the biggest speech of his six years," said Ken Duberstein, who was White House chief of staff under President Ronald Reagan. "If the American people tune him out, the next two years will be very rocky. He really needs to sell the American people that this is a strategy that can be accomplished."

Duberstein said Bush "needs to explain to the American people the lessons that he has learned, which will persuade them that he has gotten the message for a new approach to Iraq."

Glen Bolger, a Republican pollster, said the speech is "going to be a crucial component of how the American people re-look at the president for the last two years" of his term. The challenge facing the White House, he said, "is people have to view the speech and say, 'Oh, this is something different, and he's got a plan and it's got a shot at improving the situation. It's not just, quote, stay the course, unquote.' "

As they began previewing the speech, administration aides indicated that the president plans to address the skepticism head-on. They indicated that he will talk about the lessons the United States has learned from the past several years of failing to quell the insurgency, as well as explain why he has confidence that the Maliki government can deliver on promises that it has not met so far.

One senior White House official acknowledged it will seem "counterintuitive" to many Americans that Bush believes it is necessary to add troops in the short term to be able to withdraw them in the future. But the official -- like others, speaking on the condition of anonymity because the president has yet to formally disclose his plans -- said Bush has concluded more troops are needed to arrest the violence that he believes is impeding the Iraqi government's ability to achieve political reconciliation and economic improvements.

This official noted that the president will be proposing many more steps, including political benchmarks for the Iraqi government and an economic development program that will be heavily shaped by additional spending by Baghdad.

"An increase in troops is not a strategy in and of itself," this official said. "It is a tactic to make the new strategy successful."

Democrats continued to voice skepticism that much new and effective will come from the White House. "This is a historic speech the president is about to make. The president, faced with a choice, is choosing escalation," said Richard C. Holbrooke, a U.N. ambassador in the Clinton administration and a leading Democratic voice on foreign policy. "I don't understand what he thinks is going on in Iraq, but whatever it is, he doesn't care about politics or the Congress or his successor when it comes to Iraq. He wants to either win the war or, since that is an impossibility, pass it on to his successor."

Only Republican senators came to the White House yesterday, a sign perhaps of the president's desire to rebuild his base on the eve of a critical speech. Several seemed mixed in their comments about the president's course.

"He seemed very confident," said Sen. Thad Cochran (Miss.), the ranking Republican on the Appropriations Committee, who was in one group. "I'm convinced he's come up with a proposal that he thinks will work."

But he said he was struck by the degree of discord at his meeting. "I think I was the only senator who acted like he would be supportive," Cochran said. "I was surprised that no one said it but me."

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Senate Republican leader Mitch McConnell (Ky.), who met with Bush on Friday and yesterday, said he is "convinced that this plan is substantially different than anything that has been tried in the past." He added: "I am convinced that the American people want to prevail. This gives us a chance to do that."

Sen. Pete V. Domenici (R-N.M.) said he "felt much better" about the plan after his 20-minute meeting with Bush, although he was reserving judgment until he saw the details. Domenici said the president's plan has been mischaracterized in recent weeks and is more complex than just a buildup of troops in Baghdad, adding that the Iraqis have agreed to spend at least $10 billion and will be in charge of the security plan.

"The plan is not 20,000 soldiers -- I wouldn't even consider the plan if it was 20,000 American soldiers, because that's too small a number for a surge," he said. "The people coming out of these meetings saying it's the lead ingredient just didn't get it. There are a lot of other important elements."

Sen. Olympia J. Snowe (R-Maine) said the president was asked during her meeting what would be different about his new plan, and he replied that Maliki has had a "sea change" in attitude. But she said she came away unconvinced.

"I have deep skepticism about it -- about a surge addressing the root causes of the mistrust and hatred that sects have for each other," Snowe said. "That's what I expressed. The fact of the matter is that the American people don't support this war and the way it has evolved because they see the Iraqis fighting among themselves instead of for themselves."

Staff writers Peter Baker, Jon Cohen, Lyndsey Layton, Shailagh Murray and Robin Wright contributed to this report.

Not All Republicans Convinced Of Bush's Iraq Plan (LAT)

By Joel Havemann And Maura Reynolds

The Los Angeles Times, January 9, 2007

WASHINGTON — President Bush held a second day of meetings today with senators about his stance in Iraq, but at least one senator of his own party came away unconvinced of the wisdom of Bush's reported plan to beef up U.S. troops.

Sen. Gordon Smith (R-Ore.) said he didn't want American forces caught in the crossfire of sectarian violence that has broken out in Iraq since the United States toppled Saddam Hussein.

But Smith said he would not support a resolution to "cut off money for bullets" for the American troops ordered into combat by the commander-in-chief.

Bush had better luck today with two other senators who urged a troop build-up.

"We believe that America has too much on the line in Iraq to accept defeat," said Sen. Joe Lieberman of Connecticut, an Independent, who caucuses with the Democrats. "We also believe, based on our most recent visit there, that victory is still attainable."

"Withdrawal and redeployment is a heartbreaking signal to send to those who are fighting and dying for their freedom in Iraq," added Sen. Lindsey Graham (R-S.C.), "and it is welcomed news to the extremists who want to own that country."

Bush has scheduled a nationally televised address from the White House at 6 p.m. (PST) Wednesday to disclose his Iraq plan. He is expected to announce additional troops, although such details as the size of the reinforcements apparently remain uncertain.

Smith was one of about a dozen senators invited to the White House to talk Iraq strategy with the president. He was the only one who spoke with reporters waiting outside the White House.

At a similar session last Friday, Bush heard some hardliners, including Sen. John McCain (R-Ariz.), urge him to make sure the "surge" in American troops strength contained enough muscle to be effective.

McCain predicted that most of the Senate's 49 Republicans, who are now outnumbered by the 51 Democrats, would ultimately fall in line behind Bush.

Smith, at least for now, did not.

"We went there to knock off a dictator, a tyrant," he said. "We've done that." Now it's up to Iraq's political leaders to put together the kind of country they want.

"I think he's betting his presidency — his place in history — on how this comes out," he said.

Smith said it would take more than the additional 20,000 U.S. troops that are commonly discussed — on top of the roughly 140,000 now in Iraq — to defeat insurgents and quell sectarian violence between Sunnis and Shiites. American forces would need at least a decade to accomplish these goals, he said.

Most Say No To Iraq Buildup (USAT)

By Susan Page

USA Today, January 9, 2007

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WASHINGTON — President Bush will outline his "new way forward" in Iraq on Wednesday to a nation that overwhelmingly opposes sending more U.S. troops and is increasingly skeptical that the war can be won.

A USA TODAY/Gallup Poll taken Friday through Sunday shows a daunting sales job ahead for the White House, which is considering a plan to deploy up to 20,000 additional U.S. troops to Iraq.

POLL RESULTS: Bush approval | Feelings on Iraq

Those surveyed oppose the idea of increased troop levels by 61%-36%. Approval of the job Bush is doing in Iraq has sunk to 26%, a record low.

"He certainly has the wind in his face," says Michael Franc, a former congressional aide now at the conservative Heritage Foundation. "But that's not to say if he were to pursue a change in policy that proved to be successful, that those numbers wouldn't flip."

Views of the war will be difficult to change with rhetoric alone, says Steven Kull, director of the Program on International Policy Attitudes at the University of Maryland. And if the public expresses strong opposition to Bush's plan, he says, Congress "may feel emboldened to exert what control they have to stop or at least make it more difficult for the president to move forward."

The survey of 1,004 adults, which has a margin of error of +/—3 percentage points, shows Americans pessimistic about the war and inclined to hold Bush responsible.

Among key findings:

·Nearly half of those surveyed say the United States can't achieve its goals in Iraq regardless of how many troops it sends. One in four say U.S. goals can be achieved only with an increase in troop numbers.

·Eight in 10 say the war has gone worse than the Bush administration expected. Of those people, 53% say Bush deserves "a great deal" of blame; 41% place a great deal of blame on Iraqi political leaders.

·By 72%-25%, Americans say Bush doesn't have a clear plan for handling the situation in Iraq. Congressional Democrats fare only a little better: 66%-25%.

Even so, Democrats take control of Congress amid a wave of good feeling. By 2-to-1, Americans say they want congressional Democrats, not Bush, to have more influence over the direction of the nation.

The president's overall job approval rating is 37%, up 2 percentage points from mid-December.

White House spokesman Tony Snow parried with reporters Monday over congressional and public opposition to the idea of sending more troops.

"I think the public opinion and public support is a very important part of this, and it is not static," he said. "You know, this is going to be fairly complex, and it's going to take people a little bit of time to think through, and we will spend a lot of time talking about it because it's important to do so."

While Bush has often said his war strategy won't be based on polls, three of four Americans say the government's decisions on Iraq ought to be influenced at least a moderate amount by what the public wants.

Views on increased troop levels differ sharply by party. Even among Republicans, though, 30% oppose the idea; 67% support it. Independents are against it by nearly 2-to-1. Democrats oppose it, 85%-12%.

And there is a yawning gender gap: 69% of women oppose an increase, compared with 52% of men.

Senator: Bush Plans Iraq Troop Surge (AP)

By Jennifer Loven

AP, January 9, 2007

President Bush will call for sending more American troops to Iraq to calm two troubled areas — Baghdad, where sectarian violence flares daily, and the western Anbar Province, a base of the Sunni insurgency, a Republican senator said Monday. Another GOP lawmaker put the number of additional troops at 20,000.

Sen. Kay Bailey Hutchison of Texas, one of about 30 lawmakers who discussed Iraq with Bush at the White House on Monday, said the president offered no specifics on how many extra U.S. troops would be involved. The White House remained mum on the details of Bush's revamped strategy for the nearly four-year-old war, saying the president would announce them during a speech to the nation at 9 p.m. EST Wednesday.

"There will be surge in those two (areas), but it wasn't clear how much," Hutchison said. White House officials did not dispute her remarks.

Sen. Gordon Smith, R-Ore., said Bush told the senators that Iraqi Prime Minister Nouri al-Maliki presented him with the plan for a U.S. troop increase several weeks ago when they met in Jordan. Bush indicated to the lawmakers he was willing to send more troops because the Iraqis pledged to meet certain criteria, which he did not outline.

"I wish I had the faith in Maliki that Bush did," Smith said of the prime minister, who has failed in the past to meet agreed-upon goals.

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Smith said the president only hypothetically discussed increasing troop numbers by specific amounts, "but it was clear to me a decision has been made for 20,000 additional troops."

About 140,000 troops are in Iraq now.

Military officials have said that Bush is considering sending two to five more brigades — between about 8,000 and 20,000 troops — to fight alongside promised additions of Iraqi security forces. Some military officials familiar with the discussions say the president could initially dispatch 8,000 to 10,000 new troops to Baghdad, and possibly to Anbar Province, and leave himself the option of sending more later.

The war has claimed the lives of more than 3,000 members of the U.S. military and was a major factor in the Republican Party losing control of Congress in the November election. Senate Majority Leader Harry Reid, D-Nev., and House Speaker Nancy Pelosi, D-Calif., told the president last week that "we do not believe that adding more U.S. combat troops contributes to success."

Some leading Republicans have echoed those concerns, as have top military officials who worry that sending more troops would overly strain the armed forces without assurances of success.

A central aim of the long-awaited address is to explain why success in Iraq matters to the average person. The White House knows the public is weary of war and has seen several previous campaigns by Bush to show changes in policy and win back support.

An intense campaign for the plan's rollout will unfold the day after the speech.

Bush will hold a White House ceremony to give the Medal of Honor posthumously to Marine Cpl. Jason Dunham of Scio, N.Y., who was killed in 2004. Afterward, the president will travel to Fort Benning, Ga., to talk with soldiers. Bush plans a series of other appearances in the coming days.

Smith said the president told lawmakers that he wants to "re-win the support of the American people."

The changed political reality in Washington will deny the White House complete message control.

The day after Bush's speech, Defense Secretary Robert Gates and Secretary of State Condoleezza Rice are due on Capitol Hill for tough questioning on the president's policies at hearings convened by the newly-in-charge Democrats.

The White House, meanwhile, pushed back against the widespread criticism of a troop increase.

Presidential spokesman Tony Snow noted that some military officials have said, if done right, it could help bring the day closer when Iraq would be stable enough for the U.S. military presence to end. Snow also asserted that Bush's plan will include political, diplomatic and economic components that will answer many critics' concerns.

"I think what you have to do is to take a look at the whole package and how it fits together," Snow said. "What will happen is that, when the president's plan becomes known in detail, then people will be able to talk sensibly."

In addition to the troop increase, Bush is likely to call for the Shiite-led Iraqi government to take certain steps, such as reining in Shiite militias that have terrorized the Sunni minority, particularly in Baghdad. Bush also wants the Iraqi leadership to make the political process more attractive to Sunnis by enacting a plan to distribute oil revenues and easing the government's policies toward members of former Iraqi leader Saddam Hussein's Baath Party.

The military escalation is expected to be accompanied by short- and long-term jobs programs. Also on Bush's agenda is a renewed effort to jump-start Israeli-Palestinian peace talks.

Bush will talk in broad terms about the cost of such efforts, with more specific budget numbers to be fleshed out later, Snow said.

Since the attacks of Sept. 11, 2001, Congress has approved about $500 billion for Iraq, Afghanistan and other terrorism-fighting efforts. The White House is working on its largest-ever appeal for more war funds — a record $100 billion, at least. It will be submitted along with Bush's Feb. 5 budget.

Many of the approaches Bush is expected to embrace are not new. A year ago, for example, he touted efforts to remake U.S. reconstruction programs to focus on smaller goals that make more of an immediate difference in everyday Iraqis' lives.

But the Bush administration hopes that by doing such things differently — alongside an Iraqi government that, while still fragile, has matured — they will meet with greater success this time.

Snow said the White House will not seek specific congressional approval for Bush's new strategy.

While Democratic leaders have indicated that they are not considering cutting off funding for troops already in Iraq, Sen. Edward M. Kennedy, D-Mass., said it is "under discussion" whether to prohibit any money from being spent on a troop buildup.

Bush's Task: Thrusting New Strategy On 'a Sovereign Nation' (NYT)

By Helene Cooper

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — It's a refrain that President Bush and his top deputies have uttered many times over:

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"Iraq is a sovereign nation, and we stay because they have asked us to be there," Secretary of State Condoleezza Rice said in October.

"Iraq is a sovereign nation which is conducting its own foreign policy," President Bush said in November.

"It's a sovereign nation; it's their system, they make those decisions," Maj. Gen. William B. Caldwell IV, the American command's chief spokesman in Iraq, said last week.

Now, as President Bush prepares to unveil his new strategy for Iraq on Wednesday night, the question is this: Can American officials compel the Iraqis to follow the new American plan?

"Let me put it this way: at the end of the day, we're going to have to do some forcing," said Kenneth M. Pollack, an expert on Iraq at the Saban Center for Middle East Policy at the Brookings Institution.

"We have to make it impossible," he said, for Prime Minister Nuri Kamal al-Maliki "not to do the right thing; for him to say, 'Look, we have no choice, the Americans are forcing us.' "

But Mr. Pollack and other foreign policy experts said that may require American ultimatums that, thus far, the Bush administration has been unwilling to issue.

Taking American officials at their word, Iraq has embraced its sovereignty. Mr. Maliki exercised it in October when he contradicted American officials who said the Iraqi government had agreed to a timetable for security measures.

He exercised it again in November when he ordered United States forces to abandon checkpoints and roadblocks they had set up in Baghdad to look for a missing American soldier. He did it one more time in the last days of 2006, when he ignored American requests that Saddam Hussein's execution be delayed until legal issues were cleared up.

The tension between American will and Iraqi action — or inaction — has been growing ever since the United States transferred sovereignty back to Iraq in 2004.

That has left the United States facing a paradox. An assertive Iraqi government, responsible for security and for running the country, is needed if American troops are ever going to be able to hand over control to Iraqi soldiers and leave. But an assertive Iraqi government may not always do what it is told, which could result in an American script that the Iraqis refuse to follow.

Part of the problem is uncertainty over whether American and Iraqi leaders even have the same objectives. The Bush administration favors reconciliation, in the form of an Iraqi government representative of the country's major ethnic and religious groups: Shiites, Sunni Arabs and Kurds.

But the heavy-handed approach taken by Mr. Maliki's Shiite-dominated government toward Mr. Hussein's execution has raised questions about its commitment to reconciliation, some experts say.

Brian Katulis, director of democracy and public diplomacy with the Center for American Progress, a research and advocacy group, said he could not reconcile Mr. Maliki's approach, which caused outrage among Iraq's Sunnis, "with his stated expression in favor of national unity."

Mr. Bush's new Iraq strategy also calls on Mr. Maliki to complement h an expected American troop increase with an increase in Iraqi troops. But already, administration officials acknowledge that doubts remain about whether the promised Iraqi force, to be made up of Kurdish militia units from northern Iraq, will actually show up in Baghdad committed to quelling sectarian fighting.

The United States has requested more Iraqi troops in the past and then been disappointed. Last summer, American military commanders asked for six Iraqi battalions, as part of an effort aimed at quelling violence in Baghdad.

But that effort foundered when the United States and Iraqi authorities failed to marshal sufficient forces to hold neighborhoods after they were cleared of insurgents and militias.

"I do think it's a very serious problem in Iraq because so much of what we need done depends on the Iraqis," said Daniel P. Serwer, the former diplomat who served as executive director of the bipartisan Iraq Study Group.

To be sure, the United States is not without significant leverage — 140,000 American troops — to prod Mr. Maliki's and Iraqi leaders to dance to the American tune.

Zalmay Khalilzad, the outgoing American ambassador to Iraq, has often sought to warn Iraq's leaders that American support is not unlimited. But that effort has not had much resonance, Iraq experts say, in part because Mr. Bush has repeatedly assured the Iraqi leadership that the United States will not desert Iraq.

"We're totally going to have to start being a little more arbitrary," said Mr. Pollack of the Brookings Institution. "We hand them back sovereignty and now we continue to live by that charade."

He said that with the exception of the radical anti-American cleric Moktada al-Sadr, most of the Shiite militia leaders do not want to see the United States pull out of Iraq, and that the United States should try to use that sentiment as a lever to push its agenda.

Certainly, the Bush administration could have forced the issue of Mr. Hussein's execution, to delay it; he was, after all, in American custody, and it was an American unit that turned him over to Iraqi officials in the early hours of Dec. 30.

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"My guess is if we really wanted to delay the execution of Saddam, we could have done it," said Mr. Serwer, who is also a vice president at the United States Institute of Peace. But, Mr. Serwer said, "you can't do that every day," or American officials would undercut their own protestations that Iraq is sovereign.

Bush Policy Means Second Tours In Iraq, Military Says (LAT)

By Julian E. Barnes

The Los Angeles Times, January 9, 2007

Washington — Top U.S. military officials, expecting President Bush to order an increase in the size of the force in Iraq, have concluded that such a buildup would require them to reverse Pentagon policy and send the Army's National Guard and reserve units on lengthy second tours in Iraq, defense officials said Monday.

Under Pentagon policy, guard and reserve units have been limited to 24 months of mobilization for the Iraq war. Under that rule, most reserve units already sent to Iraq are ineligible to return.

But the Joint Chiefs of Staff have concluded that a significant buildup would require the Pentagon to overturn the policy and send Guard and reserve units for additional year-long tours.

Such an order likely would be controversial among state governors, who share authority over the Guard, and could heighten concerns in Congress over the war and Bush's plans for a troop increase.

In addition, National Guard leaders also are skeptical of calls for additional combat tours, which they fear could hurt recruiting and retention.

"If you have to sustain a surge long term, you have to use the Guard and reserve," said a defense official, who spoke on the condition of anonymity because the president has not unveiled his strategy shift.

Bush, set to announce his new policy Wednesday, met Monday with about a dozen Republican senators to discuss the plan. After the meeting, Sen. Gordon Smith, R-Ore., said Bush appeared to be planning a surge of 20,000 troops.

Any boost in combat forces would require some increase in reserve support units, such as engineering or intelligence teams. Because of training requirements, National Guard infantry forces are unlikely to be part of the initial surge. However, they would be needed later in the year to sustain a higher level of forces.

Defense officials say it would be difficult to build up an extra 20,000 soldiers and Marines quickly. Although there is a reserve brigade in Kuwait, building up to the full expansion might take until late March or April, an Army official said.

The increase is likely to rely heavily on speeding up the deployments of units that had been scheduled to ship to Iraq in the summer, while extending the tours of Marine Corps and Army units already in Iraq that had been due to return home in the late spring and summer.

It is unclear which National Guard units would be tapped to go, although officials said it is likely that the first Guard units sent into Iraq would be considered for the first return tours.

In early 2005, the National Guard and reserves made up nearly half the fighting force In Iraq. Today, of the 15 combat brigades in Iraq, one is from the National Guard, although there are other smaller reserve units also deployed there.

Army Chief of Staff Gen. Peter J. Schoomaker, a member of the Joint Chiefs, has complained publicly that the policy against involuntary second tours has forced the National Guard to cobble together units from dozens of states, rather than sending whole battalions or brigades that have worked and trained together.

"Current policies restrict our ability to remobilize reserve component units, and, in my view, the current policies are more restrictive than need be under the law and hamper our ability to remobilize the best-trained, best-led and best-equipped units," Schoomaker said in December.

In the internal debates over whether the military should send extra troops into Iraq, the service chiefs have been persuaded that sustaining an increase would require sending National Guard combat brigades for return tours as part of what the military is calling "assured access" to the reserves.

"If you increase (the force in Iraq), part of that requirement will require assured access to the guard," said a second Army official. "If you look at the brigades that are available you are going to have to require the assured access."

Some civilians inside the Department of Defense remain deeply skeptical of a change in policy -- in particular, David Chu, the undersecretary for personnel and readiness, a defense official said.

Chu and other officials have argued that the military should try to find other ways to fill the need for reservists -- by tapping Navy and Air Force units, for example -- rather than sending Guard and reserve units for second tours.

Pentagon officials said leaders of the National Guard remain skeptical of calling up their combat brigades for a second tour. Before a surge was considered, no National Guard brigade combat team was scheduled to deploy to Iraq until 2009, to give the force time to replace personnel and equipment.

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National Guard officials have argued that their units can sustain one-year deployments every six years. But recruiting and retention could suffer if the policy is changed and Guard units are remobilized too quickly, a Pentagon official said.

"They can sustain 1 in 6. Anything other than that becomes problematic," said a Pentagon official opposed to sending the Guard as part of a surge. "If there is a real and imminent danger, the National Guard people will go. They are willing to go, but they have to believe in what they are doing."

Nearly 206,000 Army National Guard soldiers have been deployed to Iraq or Afghanistan. Under current policy, those soldiers would be sent for a second tour only if they specifically volunteered. According to the Pentagon, more than 23,500 Army Guard soldiers have been on more than one deployment.

"Depending on how they execute the formula, it could leave everyone who has deployed eligible (to return) since our deployments are typically 18 months," said a National Guard officer.

National Guard leaders, the Pentagon official said, are worried that employers would be less likely to support Guard participation by their employees if units are sent to Iraq more often.

"We have the soldier, we have the employer and we have the family," the official said. "All of these need to support the war effort and if they don't, we have problems."

Times staff writers Maura Reynolds in Washington and Rone Tempest in California contributed to this report.

Third Round In Iraq To Test US Troops (CSM)

By Patrik Jonsson

The Christian Science Monitor, January 9, 2007

HINESVILLE, GA.

When he returned from Baghdad to Hinesville, Ga., last February, Army Pvt. Eric Mapes had an immediate goal: to get back to Iraq as fast as he could.

The lanky Chicagoan found in Iraq the ultimate adventure - part gritty war, part dusty romance of counterterrorism patrols that hunted insurgents across Baghdad. By contrast, he sees Hinesville, the military town outside the gates of Fort Stewart, as offering little but a Wal-Mart, seedy apartment buildings, and the detritus of a broken courtship.

"For a lot of these guys, they can't have steady girlfriends, they can't settle down, so there's nothing left for them in the US," says Private Mapes. "A lot of them - including me for a time - would rather be in Iraq."

As Mapes's Third Infantry Division redeploys this month - the first Army unit to pull three tours in Iraq - the war's wear on soldiers poses a challenge for the Pentagon and, in all probability, President Bush. The president's purported plan to boost US troop levels in Iraq, set to be unveiled this week, would require longer stays in Iraq and shorter rotations at home, raising concerns among experts and some Army brass that the new demands will push America's foot soldiers past the limits of physical and mental endurance.

"War is coming to be a constant. These [soldiers] are expatriates spending more time there than they are back here, and they're facing this experience without people back here really understanding very well what that means," says Tom Palaima, a classics professor at the University of Texas-Austin who specializes in the experience of war through history. In the thick of the action

The soldiers of the Third Infantry Division have continuously found the thick of the action. In the 19-day charge into Iraq, they stormed Baghdad. In the division's second tour, which lasted 14 months, it tried to keep the peace in the run-up to elections in December 2005. Now the Third is headed into the mouth of the dragon again: Anbar Province, one of the most deadly corners of Iraq for US troops.

The division's troubleshooting duties have taken their toll: more than 300 deaths, or about 10 percent of total US troop losses, since the war began in March 2003.

Of the Army's 650,000 soldiers who have been to Iraq so far, about 170,000 have served more than one tour, according to the Army. The incidence of post-battle stress goes up by over 50 percent for the second tour, Army surveys show. Moreover, battlefield dangers are ubiquitous: 76 percent of soldiers know someone who has been killed or seriously injured, and 55 percent have experienced a nearby explosion of an improvised bomb.

Outgoing Army Chief of Staff Peter Schoomaker told Congress on Dec. 15 that the existing deployment policy is untenable in the long term unless the Army can add a massive number of soldiers or get access to more reservists to relieve active-duty troops.

"These units continue to hit the mark when it comes to their effectiveness, their cohesion, the willingness of their leaders to stay the course," says retired Army Col. Andrew Bacevich, an international relations professor at Boston University and the author of "The New American Militarism."

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"Yet I would take seriously the expressed concerns by [Schoomaker] that a continuation of this tempo will break the Army," adds Mr. Bacevich. "He's sending up a flare that says, 'This is serious,' and his concern is very serious." Watching for stress signs

The core of the concern is the physical and mental health of the ranks, says retired Army Col. Bob Killebrew, a military analyst. He classifies soldiers into three types - those who love war, those who don't like fighting but enjoy the rest of military experience, and those who treat it as a serious profession with a duty to both country and the Army as an institution.

It's that third group, made up mostly of noncommissioned officers (NCOs), that is the most crucial to watch, says Mr. Killebrew.

"If the sergeants start leaving, then it's like the canary in the coal mine," he says. "But the NCO ranks are holding very, very firm and getting better all the time, though they're probably overtaxed."

Pvt. Jordan Brasseur, a 19-year-old from the cold reaches of Newport, Vt., leaves Tuesday for his first trip to Iraq. In an interview before going, he said the enthusiasm of the officers in his Third Division unit has rubbed off.

"All the guys have been telling me what a great time it is," said the tank mechanic. "I feel like the training has been really excellent and that I'm ready to go."

That bravado is evident in Hinesville. Around base, when they're not practicing on the Red Cloud Alpha tank range, soldiers drive beefy new trucks and souped-up Asian cars, many purchased using combat bonuses. Even the bumper stickers have attitude: "US 2, Iraq 0," one reads. Another one, on a truck plastered with Army slogans, reads: "2 MUCH 4 U." Spirits droop as public support sags

Yet all is not well in Hinesville, says Mapes, the private from Chicago. Behind the busy preparation, he describes a simmering despair, with morale dipping as soldiers see an ambivalent US public. There's also the old training equipment - which a soldier in the field takes as a sure sign of faltering public support. Mapes says the prevalence of billboards that warn of the dangers of drunken driving or of riding motorcycles too fast is the Army's acknowledgment that some problems exist.

A Military Times survey of soldiers, released Dec. 30, found that almost four years of war has hardly dented Army morale - but that fewer soldiers support Mr. Bush's course in Iraq and that a growing number believe the US public is no longer behind the military.

One difficulty for the Army is that some veterans appear to have trouble adjusting to public attitudes outside their base towns, say war experts. Part of that can be attributed to the challenge, described by soldiers throughout history, of describing their wartime experiences to civilians. In the field, battlefield realities quickly trump ideology - but the former are difficult for nonveterans to understand, says poet Charles Patterson, a Vietnam vet and author of "The Petrified Heart."

"You aren't fighting for any kind of ideology," says Mr. Patterson. "You're fighting solely to keep everybody alive. All this [stuff] about whether it's right or wrong [that] we're there doesn't matter at all" to the wartime soldier. A disquieting desire for war

In that way, overzealousness to return to the front can be a warning sign. It reminds Mr. Palaima, the classics professor, of an account written by Xenophon, a writer-soldier of ancient Greece, who described one comrade as looking happy "[only] when there was the prospect of fighting, basically exhibiting all the symptoms of post-traumatic stress," says Palaima.

Xenophon might also have been describing Mapes. After two combat tours, he begged the Army to return him to Iraq - an insistence his superiors found disquieting.

After counterterrorism patrols that netted him 10 medals, dozens of firefights, and at least three close calls with mortars and snipers, Mapes says he has received counseling for post-traumatic stress and has decided to leave the Army at the end of his contract. He will not be going for a third time to Iraq, and plans to return to Chicago to work for his dad.

He says he feels disillusioned with the war, betrayed by Bush and the military leadership, and resentful of the physical and emotional effect the fighting has had on him, including sleepless nights and a "jumpy" demeanor.

"I consider myself a realist, and I did learn something from the experience," Mapes says. "But I've come to realize I need a new chapter in my life."

The Bravest Front Of All (WP)

By Tamara Jones

The Washington Post, January 9, 2007

On the day that he left, the alarm clock went off just after 4, in that shadow hour between darkness and dawn. L'Angel Hardgrove slipped out of bed while her husband was showering to brew their favorite coffee, and would remember the cozy aroma of hazelnuts filling up the hotel room. She put on a pink sweater and matching eye shadow, and Mike buttoned his uniform.

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They made their way across the parking lot to Shoney's, where the tables were full of men in fatigues. The Fredericksburg National Guard Armory was just down the road, and this past Sunday was the morning the 116th Brigade Special Troops Battalion was leaving. Mike was going to Iraq.

He was wide awake already, full of nervous energy. L'Angel watched Mike pick at some fruit, but she couldn't eat at all. They'd been married for 2 1/2 years, but she would say it was only now that she realized he belonged more to his country than to her.

At the armory, they sat on folding chairs in an auditorium full of families in huddled farewell. She nuzzled his shoulder and he breathed in the shampoo scent of her silky brown hair.

On the day that he left, she promised him that she wouldn't cry.

Mike is 25, a sergeant with intense, dark eyes and a stripe of thick black hair across the top of his shaved head. In civilian life, he was training to become the manager of a GNC vitamin store, but his voice fills with a passion L'Angel can't ignore when he says he always wanted to be a soldier. His uncle was a Marine, and his grandfather was on the USS Missouri during World War II. Mike dabbled in college for a while but joined the Guard and dreamed of becoming an officer. A high school friend introduced him to L'Angel, and they were engaged when Mike got orders for Afghanistan. He deployed a month after the wedding and was gone for a year.

L'Angel is 24, working as a babysitter and tutor in their Fauquier County home and thinking she might go back to college this fall. She thought they were both looking for their way in the world, and didn't fully grasp that he had found his until he announced that he would join the Army full time after this 18-month tour. L'Angel is still surprised to find herself a military wife. They grew up in this area, and she figured they would save their money, buy a house and raise a family here.

They hoped L'Angel would get pregnant before Mike left, but it didn't work out that way. So the spare room in their Strasburg, Va., apartment won't be a nursery, after all, while Mike is away. L'Angel might put a sewing machine in there instead. A hobby like that might be good to fill the hours alone.

On the day that he left, Mike reminded L'Angel to send him SpongeBob fruit gummies. And Swedish fish, but remember, only the red ones.

The commander called the Alpha Company to formation, and Mike lined up with the other men and shouted "Sir, yes, sir!," looking straight ahead now, not at L'Angel. A soldier in the front row had tears streaming down his ruddy face.

A giant vinyl backdrop of white stars against a field of blue decorated the stage where officers and local dignitaries waited importantly to wish the soldiers Godspeed. Vending machines hummed against the wall, and a Christmas tree still twinkled beneath the basketball scoreboard.

One by one, the speakers mentioned sacrifice and courage and pride and patriotism, and no one said the word "war."

Mike has his ex-history-major's explanation for joining Operation Iraqi Freedom, and he has the one he would remember giving his 4-year-old nephew when the little boy called him as he readied for deployment.

Where you at, Uncle Mike?

I'm with the Army guys.

Why?

We have to go fight the bad guys.

Why?

So the bad guys don't come here and hurt you.

Mike and L'Angel spent these last weeks together savoring the everyday rituals, knowing this time around that it was the ordinary moments they would miss most, like tuna fish sandwiches for dinner and watching TV together on the couch.

"Give them hell, Alpha Company!" a speaker shouted, and the men whooped back while their families applauded.

"You are the face of America! God bless you, and God bless America!"

Then the commander ordered his men to move out. The chartered buses were waiting out front.

L'Angel staked out a spot on the damp grass, and a stranger handed her a small souvenir flag. Behind her, two little girls jumped up and down in their ruby-glittered "Wizard of Oz" shoes, shouting "Bye, Daddy! Bye, Daddy!" while their mother stood silently weeping. A bulldog of an old man in an American Legion uniform held a stiff salute, waiting for the last bus to pull away.

Mike lumbered up, loaded down with his duffel, rucksack, laptop and a box lunch for the ride to Fort Dix, N.J., where Alpha Company would train briefly before shipping out to Iraq.

"Are you . . . ?" L'Angel started to ask.

"I'm going to drop my stuff," Mike answered, heading for the first bus in line. "I can't hold you with all this."

He came back and opened his arms.

"All right," he said softly.

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They held each other and kissed, swaying gently back and forth, a slow dance to the rumble of bus engines. He kissed her neck, her lips, the top of her head. "Do you want me to cry?" she teased. They had talked about this already. She knew it would just make it harder for him. Joking was the only way she could hold it together now. "I can cry if you want me to."

No, no, please don't cry.

Mike's best friend came up to give L'Angel a friendly nudge to the shoulder. "Peace out," he said, heading toward the bus. "Take care of him!" she called back.

Mike hugged her hard, and she promised to give the cats a kiss from him, and he said he would call tonight after they reached the base, and the big numbers on his soldier's wristwatch read 9:18 when he turned and walked away.

He held a piece of paper to the grimy bus window.

I {heart} you.

She blew him a kiss.

She cried on the drive home.

She stopped at the grocery store and found herself reaching for a package of razors before remembering he wasn't there to need them. She spent the afternoon dusting and vacuuming, because cleaning distracts her. She made herself some chicken noodle soup, and Mike called to say good night and tell her how proud he was of her, how strong she was, on the day that he left.

Working Syria, Iran Into Talks On Iraq (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, January 9, 2007

WASHINGTON — Although President Bush has rejected proposals for direct talks with Syria and Iran over the future of Iraq, officials in his administration are working to find a way to include those countries in negotiations in a way that might be acceptable to Bush.

The president and top aides have insisted they will not talk to Iran until it suspends its nuclear program, and they have shunned Syria over its meddling in Lebanon. However, the White House has come under growing domestic and international pressure to negotiate with the two countries as it revamps its troubled strategy in Iraq.

Bush plans to address the nation within days on a new U.S. war strategy, which is expected to involve additional troops and stepped-up pressure on the government in Baghdad to devise political compromises to share power and oil revenue.

Last month, the Iraq Study Group, a U.S. commission whose report has topped best-seller lists, urged the administration to hold talks with Iran and Syria as a necessary step toward addressing the violence in Iraq and potential instability throughout the Middle East.

The White House brushed off the panel's recommendation that the diplomatic efforts begin before the end of 2006. But administration officials said a new multinational effort not yet underway could involve Iran and Syria.

One U.S. official familiar with administration talks said there was substantial support for "revitalizing" the effort to involve influential neighbors in seeking solutions on Iraq.

"This is something that Iran and Syria could be part of, if they wanted, but that would not be seen as us reaching out specifically to them," said the official, who declined to be identified because of the sensitivity of the talks.

The official said the effort might entail expanding a United Nations-led effort to help Iraq's economy "into the political realm" — allowing regional neighbors and world powers to use their influence to calm sectarian violence.

By including political issues, the new effort would be broader than either the U.N.-led effort, called the International Compact for Iraq, or a U.S.-led collaboration involving the United States, six Persian Gulf Arab states, Jordan and Egypt.

Those familiar with the White House discussions said they weren't certain whether any such diplomatic initiative would be announced as part of the shift in Iraq strategy that Bush is expected to lay out in his upcoming speech. One official speculated that any announcement would come later in the year.

It is unclear whether Bush approves of the efforts to find a way to involve Iran and Syria. He and top officials have opposed direct talks with either country, saying Iran is using its civilian nuclear program to develop atomic weapons and Syria is working to destabilize Lebanon.

But top aides have said those concerns don't exclude the possibility of group collaborations that could put U.S. officials in close contact with Syrians and Iranians on issues of mutual interest.

Secretary of State Condoleezza Rice, for example, noted in a recent interview that U.S. officials met with representatives of Syria, Iran and more than 30 other countries last fall to discuss the International Compact for Iraq, a 3-month-old effort.

"We need an international approach to Iraq…. It's been our policy for some time," Rice said then.

Administration officials said such group talks differed from one-on-one negotiations.

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"This is not at all equivalent to having direct bilateral talks," said a State Department official, who also declined to be identified. "But we have no objection to being in the same room with all of Iraq's neighbors, including Iran and Syria. We want Iraq to have good relations with all of its neighbors."

Former Secretary of State Colin L. Powell and other U.S. officials worked side by side with Iranians and Syrians in an international conference convened by the Iraqi government in November 2004 in Sharm el Sheik, Egypt. The gathering, aimed at building more international support for Iraq's U.S.-appointed government, was supported by the Bush administration.

The Iraq Study Group, headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.), said a new effort could help push Iraq toward political reconciliation.

"Iraq's leaders may not be able to come together unless they receive the necessary signals and support from abroad," the panel said in its report. "This support will not materialize of its own accord, and must be encouraged by the United States."

Syrian officials indicated a willingness to meet with U.S. counterparts after the release of the report, but Iran's government rebuffed a recent U.S. offer for a meeting involving Zalmay Khalilzad, the U.S. ambassador to Iraq.

Although the administration has rejected the Iraq Study Group's recommendation for "extensive and substantive" talks with Syria and Iran, some proponents point out that the collaboration now under consideration could lead to a quiet broadening of the conversations.

James Dobbins, a former administration envoy and advisor to the Baker-Hamilton commission, predicted the administration would take part in a new regional collaboration on Iraq involving Iran and Syria.

"That's probably how the administration will square the circle of needing to move forward without actually appearing to be inconsistent" with demands that Iran and Syria cease their objectionable conduct, he said.

But Dobbins questioned whether such meetings would be fruitful without one-on-one conversations on broader differences.

"You've had multilateral meetings before, but they haven't amounted to much," said Dobbins, director of the Rand Corp.'s International Security and Defense Policy program. "The question is whether the administration takes advantage of this to engage in the kind of bilateral exchanges that would make the gatherings productive."

Other experts doubt the administration would talk to Tehran and Damascus.

"Bush is committed to the idea that these guys just aren't going to help us," said Steven A. Cook, a Middle East analyst at the Council on Foreign Relations.

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Crafting An Iraq Plan (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, January 9, 2007

WASHINGTON -- When President Bush addresses the nation tomorrow night, the strategies he offers for Iraq will represent months of work by J.D. Crouch, an academic turned deputy national security adviser.

Mr. Crouch, who once led graduate students on hikes, now aims to chart a new path to stabilize Iraq. He will see his belief in American military power reflected in the president's expected call to send tens of thousands of additional U.S. combat personnel to Iraq. The 48-year-old volunteer sheriff has been an advocate of the so-called surge of new troops to Iraq, administration officials said. In addition to the call for new troops, aides said tomorrow Mr. Bush also will seek a U.S.-funded effort to spur job creation and economic growth in Iraq.

The president and senior officials like Defense Secretary Robert Gates and Secretary of State Condoleezza Rice are the administration's public face when it comes to foreign policy. But as in other policy arenas, the crafting of specific proposals falls to mid-level aides like Mr. Crouch. Although few in Washington know his name, Mr. Crouch has become one of the most influential figures in the administration when it comes to Iraq, the signature issue of Mr. Bush's presidency.

"He has what is definitely an inside job," said National Security Adviser Stephen Hadley, Mr. Crouch's boss. "But if you care about the nuts-and-bolts of policy making -- and he does -- it's an important position to hold."

Mr. Crouch, who declined to comment for this article, received a doctorate in international relations from University of Southern California.

He came to Washington to work as an officer in the U.S. Arms Control and Disarmament Agency during the Reagan administration. When George H.W. Bush became president, Mr. Crouch moved to the Pentagon, where he was deputy to Mr. Hadley, then an assistant secretary of defense. By the early 1990s, Mr. Crouch was ready for a change. When his mentor at USC, William Van Cleave, offered him a tenure-track position at Southwest Missouri State University, Mr. Crouch accepted. Mr. Crouch was asked to return to Washington after George W. Bush took office in 2001. But his nomination as Mr. Bush's assistant

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secretary of defense for international security policy set off fireworks on Capitol Hill, where Democrats derided Mr. Crouch as a conservative ideologue during his confirmation hearing.

The Democrats expressed alarm over an academic article he wrote in 1995 that called for dispatching more troops to South Korea, redeploying American tactical nuclear weapons to the country, and bombing North Korea if Pyongyang refused to abandon its nuclear program. Sen. Carl Levin of Michigan, the top Democrat on the Senate Armed Services Committee, described Mr. Crouch's North Korea proposals as "reckless."

Mr. Van Cleave said the portrait painted by Democrats at the hearing was unfair. "J.D. has principles about national security: He recognizes that arms-control agreements haven't always worked well, that American strength depends on our military power, and that there are times when we need to use the military," Mr. Van Cleave said. "But those aren't 'radical' positions. The only thing he's fanatical about is USC football."

Mr. Crouch was ultimately confirmed by the Senate, and served in the Pentagon for two years before Mr. Bush named him ambassador to Romania. Mr. Crouch returned to the White House in January 2005 after Mr. Hadley asked him to serve as his deputy, and has since been in the catbird seat on a range of key national security issues.

Last fall, Mr. Hadley asked Mr. Crouch to lead an internal administration review to identify weaknesses in current U.S. policy on Iraq and to propose ways to fix them.

Mr. Crouch assembled a team of 12 midlevel aides from the Pentagon, State and Treasury departments, intelligence community, and the office of Vice President Dick Cheney. Members of the panel included Meghan L. O'Sullivan, deputy national security adviser for Iraq and Afghanistan, and John Hannah, Mr. Cheney's national security adviser.

The team began a review of the situation in Iraq. Mr. Bush wanted to sit down with senior members of his national security team the Sunday after Thanksgiving to discuss what Mr. Hadley describes as "the general contours of the way forward in Iraq," so the team met daily through November.

The panel, which held face-to-face meetings and regular videoconferences with senior U.S. commanders in Baghdad, quickly came to two conclusions about Iraq: that the situation in Iraq was dire and deteriorating, and that there weren't enough U.S. military personnel in the country to stabilize the country, said participants in Mr. Crouch's review.

The panelists had a harder time reaching consensus on how to move forward in Iraq. Participants said they considered, and rejected, an array of possible policy shifts. One idea that was ultimately discarded was the "80-percent" solution, which called for the U.S. to abandon its outreach efforts to Iraqi Sunnis and instead focus on the country's Shiites and Kurds, who together comprise about 80% of the country's 26 million residents.

Mr. Hadley said the U.S. decided to instead redouble efforts to build a coalition of moderate political figures from all three sectarian groups. This idea, along with the troop surge and the new economic-growth initiative, will be among the main themes of Mr. Bush's speech to the nation this week, other administration officials said.

Widening War? If Iraq Worsens, Allies See 'Nightmare' Case (WSJ)

By Neil King Jr. And Greg Jaffe

The Wall Street Journal, January 9, 2007

WASHINGTON -- As President Bush prepares to unveil his latest Iraq strategy, Arab allies are worried about what might happen if the plan fails: that worsening strife could engulf the entire region, sparking a wider war in the middle of the world's largest oil patch.

The potential of a much larger regional conflict that pits Sunnis against Shiites is increasingly on the minds of both Arab leaders and U.S. military planners, according to regional diplomats and U.S. officials. Some are calling such a possible outcome the "nightmare scenario." A wider conflict appears more plausible now because, even as Iraq is separating along sectarian lines, regional dynamics are shoving neighboring nations into two rival camps.

On one side is a Shiite-led arc running from Iran into central Iraq, through Syria and into Lebanon. On the other side lie American allies Saudi Arabia, Jordan and Egypt, along with Persian Gulf states such as Qatar and the United Arab Emirates. These Sunni regimes are horrified at the emerging, increasingly radicalized Shiite bloc, largely financed and inspired by Iran, Arab diplomats say.

In the middle is Iraq, which looks less and less like a buffer between these two axes of Middle East power, and more of a no-man's land that is bringing them into conflict. Arab officials fear that if the U.S. withdraws from there, or diminishes its troop numbers in ways that Iraq's own weak military can't fill, the two sides could come into direct and bloody conflict.

The U.S. is now eager to tamp down these rising jitters over a wider clash within the Arab world. Mr. Bush, in a televised speech tomorrow night, will detail plans for reconstruction aid and a temporary surge in the number of U.S. troops in Iraq. The troop boost is meant in part to calm regional fears of a U.S. pullout. Mr. Bush is expected to send Secretary of State

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Condoleezza Rice to the region soon to help explain his new Iraq strategy in what could be her most comprehensive trip there in more than a year.

The U.S. is also pushing a wide-ranging strategy to persuade its Sunni allies that it is serious about counteracting the rise of Iran -- in exchange for Arab help in Iraq and the Palestinian territories.

Key to the effort is the continued promise to keep U.S. forces in Iraq for as long as necessary. But the U.S. is also beefing up U.S. forces in the Persian Gulf and plans to deepen security cooperation with Gulf allies. The Pentagon has proposed sending a second carrier battle group to the Gulf region. There are also advanced plans under way to knit together the air-defense systems of the six smaller Gulf states, including Qatar, Oman and the United Arab Emirates, and to build a U.S.-administered missile-defense system. Similarly, the Air Force is laying plans to step up exercises with Arab allies in the region. One proposal calls for the U.S. to hold combined air exercises with Oman and the UAE.

Contingency Plans

Arab governments are putting in place their own contingency plans in case Iraq begins to fall apart.

The Saudis have warned the Bush administration that they are prepared to aid the Sunni militias in Iraq if the Sunni population there becomes imperiled, a Saudi diplomat said. Jordanian officials have told the Pentagon that they may move troops into Iraq's uninhabited western desert as a buffer if events there spiral out of control, according to U.S. military officials. Turkish officials, who are grappling with a separatist Kurdish movement in their country, say they would oppose the creation of an independent Kurdistan in northern Iraq. They also say they are prepared to defend Iraq's Turkmen population, who share a common ethnicity with Turkey's majority population, should it come under attack. Even Syria, which the U.S. alleges has been abetting the conflict, is expressing alarm over the potential fracturing of Iraq.

"Can you imagine the effect of Iraq breaking apart and each group looking for a regional or international power to support their territorial claims or their ethnic claims?" asks Imad Moustapha, Syria's ambassador to Washington. "The repercussions will be terrible, not just for Iraq but for all the countries."

An all-out civil war in Iraq that drags in bordering countries would send shockwaves through the global oil market, potentially pushing oil prices to more than $100 a barrel, oil analysts predict. Iraq, Kuwait, Saudi Arabia and Iran together hold about two-thirds of the world's proven oil reserves.

Two scholars, Kenneth Pollack at the Brookings Institution and Daniel Byman of the Rand Corp., have worked for months on a study that lays out possible consequences in a worst-case scenario, from skyrocketing oil prices to huge, destabilizing refugee flows. They argue that Iraq could become the world's premier sanctuary for terrorism and that strife there could spark minority uprisings in Saudi Arabia, Iran, Syria -- and even among Turkey's sizable Kurdish population.

Iraq's neighbors fear the increasing reach of Shiite Iran, whose expansion has been held in check for centuries by the Sunnis of Iraq. Among all of Iraq's neighbors, Iran is the one country that could clearly benefit from a possible breakup of Iraq along sectarian lines. The emergence of a large, oil-rich and devoutly Shiite Arab state carved from Iraq's southern half, with a government closely tied to Iran, would radically alter the face of the Middle East and grant more leverage to Shiite leaders in Tehran.

Core Fear

Another core fear is that a sectarian bloodbath in Iraq could draw in neighboring states, which would feel pressed to defend their own interests or to protect their brethren in Iraq.

Last month's bipartisan Iraq Study Group report sketched out such a potential sequence of events, based on interviews of senior Arab diplomats by the panel's top advisers. In one of the bleakest public assessments to date of what it called the "consequences of continued decline in Iraq," the report describes a potential cauldron of ethnic cleansing in Iraq that could draw in the country's main neighbors: Turkey from the north to prevent the Iraqi Kurds from declaring independence; Iran from the west to secure the country's south and gain control over oil fields in that region.

"Ambassadors from neighboring countries told us that they fear the distinct possibility of Sunni-Shia clashes across the Islamic world," the report notes. "Such a broader sectarian conflict could open a Pandora's box of problems -- including the radicalization of populations, mass movements of populations, and regime changes -- that might take decades to play out."

Some of the study group's top advisers contend that the process of ethnic cleansing, particularly by Iraqi Shiites trying to rid cities and regions of their Sunni populations, is already under way. "We may be about one-third through the process, with little ability to do anything about it," says Wayne White, a former Middle East intelligence official at the State Department.

But critics of the panel's core recommendation -- that the U.S. begin a rapid drawdown of American combat forces in Iraq that would culminate in a full withdrawal of combat troops by early 2008 -- say such a move would leave a military vacuum in Iraq that could open the way for an upsurge in Shiite violence against the Sunnis in Iraq.

The Sunni-Shiite split goes back to the early days of Islam, when a bloody feud broke out over which of the Prophet Muhammad's descendants should lead the Muslim faithful. Sunnis now predominate throughout the Middle East, with the

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exception of Iran. Shiites have recently experienced a resurgence in influence in the region, not just with the rise of Iran but also with the Shiite ascendancy in Iraq and Hezbollah's success in fighting Israel in Lebanon last summer.

High-level Arab officials have been warning for months that if left unchecked, the current slide into chaos in Iraq could spark a regional sectarian clash, according to U.S. and Arab diplomats. They have begun to share their contingency plans with top U.S. officials, in part because they hope to jolt the Bush administration into taking stronger action in Iraq and to secure the continued presence of U.S. troops there.

Jordanian officials have suggested that if Iraq were to fall into a full-out civil war, Jordan would push troops to the border, and possibly across it, as far west as Rutbah about 80 miles inside Iraq, to stem an expected flow of Sunni refugees, says a U.S. military planner who recently met with leaders in the region.

"The danger is that if the Jordanians carve out a security zone or buffer zone inside Iraq, that the Syrians, Saudis and Turks will all follow," says the military planner. The Syrians could move into western Nineveh province, while the Turks could send troops to protect the Sunni Turkmen population in the north, he says.

Jordanian officials say they are driven by two main concerns. The first is that Sunnis fleeing Shiite oppression could turn Amman into the center of Sunni resistance against the Shiite-dominated government in Baghdad. Already the Jordanian capital is home to about 900,000 Iraqis, who make up as much as 15% of the population. The Jordanians worry that Iraq's Shiite militias could send small teams of militants to Amman to launch assassination campaigns or terror attacks against the Sunni insurgency.

"We have quite enough instability in Jordan as it is," says one senior Jordanian official.

Jordan's other big fear is shared by the U.S.'s other Sunni allies throughout the region -- that an Iraqi Shiite government closely allied with Iran could dominate the region. Jordan is one of the most uniformly Sunni countries in the Gulf. But when U.S. military officials visited the region recently, their Jordanian counterparts described with alarm how 200 of their Sunni citizens had converted to Shia Islam in recent months. The Jordanians said the converts were motivated by the Shiite-dominated Hezbollah's tough stand against Israel over the summer and the growing power of radical cleric Moqtada al-Sadr in Iraq.

"It seems preposterous, but it shows how hyper-reactive they are to it," says the U.S. military planner.

Saudi Arabia, which has a Sunni-majority population but significant pockets of Shiites in many of its oil-rich provinces, has also voiced alarm over the growing popularity of both Hezbollah and the Sadr movement in its own eastern expanses. "The Shiites in those provinces love Sadr and Nasrallah," Hezbollah's leader, the U.S. military planner says. Saudi officials also fret over the prospect of a deepening civil war in Iraq.

Huge Challenge

A huge challenge for the U.S. is that many of its Sunni allies in the region already view the current situation in Iraq as a defeat for their cause and a near-complete victory for Iran. "They refer to the Shiite Islamic parties in Iraq as the Persians," the military planner says, using the historical term for Persian-speaking Iranians.

In recent weeks, some of the U.S. allies in the Gulf have quietly advocated breaking up the Iraqi government in favor of a military dictatorship, governed by a secular Shiite, a Sunni and a Kurd, according to the military planner. The military dictatorship would rule until the country could be stabilized and new elections held. Religious parties, like those that currently dominate Iraqi politics, would be banned from participating in future elections.

U.S. officials have ruled out such an option, saying that it runs contrary to their desire to bring democracy to Iraq and that it would never be accepted by Iraq's Shiites, who are already largely in control.

Some Middle East analysts dismiss the possibility of intervention in Iraq by its Sunni-led neighbors, saying these fragile regimes are interested foremost in their own survival. But U.S. officials say the paranoia surrounding Iran and the rise of Shiite influence could lead them to conclude that their survival depends on intervening on behalf of Iraq's Sunni minority. Some of the war-gaming, both within the Bush administration and among outside experts, focuses on such potential scenarios.

Under one scenario, sketched by Mr. White of the Iraq Study Group, Iraq's Shiites would launch an extensive campaign to drive the Sunnis out of large areas of central Iraq. Fearing a rout of the Sunni population, Saudi Arabia would finance a large-scale counteroffensive, funneling aid to former Iraqi military officers through Jordan, which has longstanding ties to Iraq's Sunni military class. Egypt would do its part by providing guns, munitions, artillery and vehicles.

"What people forget is that the Sunnis comprise nearly the entire top brass of the former Iraqi army and nearly all of the old Republican Guard," says Mr. White. "You give them the guns and proper equipment and they will become a formidable force against the Shiite militias."

The possibility of a full-blown civil war in Iraq dissolving into a regional conflict "is a scenario that nearly everyone was rejecting just a few months ago," he says. "Not anymore."

Past Time To Get Real On Iraq (NYT)

The New York Times, January 9, 2007

DOJ_NMG_0114334

We've been down this road before. This time, it has to be different.

There have been too many times that President Bush has promised a new strategy on Iraq, only to repeat the same old set of failed approaches and unachievable objectives. Americans need to hear Mr. Bush offer something truly new — not more glossy statements about ultimate victory, condescending platitudes about what hard work war is, or aimless vows to remain "until the job is done."

If the voters sent one clear message to Mr. Bush last November, it was that it is time to start winding down America's involvement in this going-nowhere war.

What they need is for the president to acknowledge how bad things have gotten in Iraq (not just that it is not going as well as he planned) and to be honest about how limited the remaining options truly are. The country wants to know how Mr. Bush plans to end its involvement in a way that preserves as much of the nation's remaining honor and influence as possible, limits the suffering of the Iraqi people and the harm to Iraq's neighbors, and gives Iraqi leaders a chance — should they finally decide to take it — to rescue their country from an even worse disaster once the Americans are gone.

The reality that Mr. Bush needs to acknowledge when he speaks to the nation tomorrow night is that the Iraqi government of Prime Minister Nuri Kamal al-Maliki is feeding rather than restraining Iraq's brutal civil war. The Iraqi Army cannot be relied on to impose order even in Baghdad, while the Iraqi police forces — dominated by sectarian militias — are inciting the mayhem.

Mr. Bush must acknowledge that there is no military solution for Iraq. Whatever plan he offers needs to start with a tough set of political benchmarks for national reconciliation that the Iraqi government is finally expected to meet. It needs to concentrate enough forces in Baghdad to bring some security to streets and neighborhoods, giving Iraq's leaders one last opportunity to try to bargain their way out of civil war.

His plan needs to lay out tight timetables in which the Iraqis must take major steps to solve fundamental issues, including equitably dividing their oil wealth and disarming vengeful militias. There must also be a clear and rapid timetable for achieving enough stability in Baghdad to hand back significant military responsibilities to the Iraqis.

The last time America presented Mr. Maliki with a set of political benchmarks, he bluntly rejected them. If he does that again, there is no way America can or should try to secure Iraq on its own. Mr. Bush must make clear to both Iraqis and Americans that without significant progress, American forces will not remain.

We're under no illusions. Meeting those challenges is going to be extremely tough. And Iraq's unraveling may already be too far gone.

For Mr. Bush, this means resisting any vague Nixonian formula of "peace with honor" that translates into more years of fighting on for the same ever-receding goals. Democrats in Congress should also resist euphemistic formulas like "phased redeployment," which really means trying to achieve with even fewer troops what Washington failed to achieve with current force levels.

Nor can America simply turn its back on whatever happens to Iraq after it leaves. With or without American troops, a nightmare future for Iraq is a nightmare future for the United States, too, whether it consists of an expanding civil war that turns into a regional war or millions of Iraq's people and its oil fields falling under the tightening grip of a more powerful Iran.

Mr. Bush is widely expected to announce a significant increase in American troops to deploy in Baghdad's violent neighborhoods. He needs to explain to Congress and the American people where the dangerously tapped-out military is going to find those troops. And he needs to place a strict time limit on any increase, or it will turn into a thinly disguised escalation of the American combat role.

The Washington Post reported yesterday that just under 23,000 Iraqi civilians and police officers died violently in 2006, more than 17,000 of them in the last six months. That is a damning indictment of the Maliki government, and of current American military strategy.

That is the Iraq that Americans want Mr. Bush to deal with tomorrow night.

No More Middle East Crusades (LAT)

By Dimitri K. Simes, Dimitri K. Simes Is Publisher Of The National Interest Magazine.

The Los Angeles Times, January 9, 2007

Europeans couldn't export Christianity 1,000 years ago; what makes us think we can export democracy now?

JUST 10 DAYS after Iraq's government managed to transform Saddam Hussein's execution from an act of justice into a sectarian revenge killing, the Bush administration is planning a troop "surge" to try to help a leadership that is simultaneously too brutal and too wimpy to bring stability and democracy to Iraq.

But sending more brigades to pursue the same crusade is unlikely to bring success — at least not on an American political timetable. The problem is not just the incompetent management of the war's aftermath. The problem is that the crusade to reshape the Middle East that led to the U.S. invasion of Iraq precludes anything that could be legitimately called victory.

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The debacle that is Iraq reaffirms the lesson that there is no such thing as a good crusade. This was true a thousand years ago when European Christian knights tried to impose their faith and way of life on the Holy Land, pillaging the region in the process, and it is equally true today. Divine missions and sensible foreign policy just don't mix.

For President Bush and his neoconservative supporters, the invasion of Iraq was from the outset about much more than dismantling (as we now know nonexistent) weapons of mass destruction, cutting Hussein's (also nonexistent) ties to Al Qaeda and removing a murderous and unpredictable dictator from power. They also sought to depose an Iraqi regime hostile to the United States and Israel — and to demonstrate to Arabs and others in the greater Middle East who was the real master of the region.

The dismantlement of the Iraqi army and government machinery, now conveniently blamed on L. Paul Bremer III, was a logical outcome of the crusading mind-set. Bush wanted an Iraqi government to catalyze his transformational plan for the region. That is why less radical approaches than "remaking" Iraq were contemptuously dismissed.

Instead, group-think buttressed the shaky propositions that democracy could easily take root, that a democratic Iraq could move to recognize Israel and continue to contain Iran, that a small force could get the job done. That Iraq's neighbors — which in 2003 were often and quite publicly warned that they were next in line for forcible regime change — would accept American-style stabilization of Iraq defies belief.

Yet faith is once again demanded of the American people. Just as the Crusaders a millennium ago blamed their defeats in the Middle East on a lack of faith, we are told today that it is the realists — those heretics with an insufficient faith in the ability of American values and power to rapidly transform the world — who are poised to sabotage the entire project for spreading freedom throughout the region, that the realists and their false gods of stability and national interest will seduce Americans away from their true calling of spreading liberty throughout the world, even at the barrel of a gun.

The truth is that no surge and no amount of faith can rescue this crusade from failure. The alternative is not to "cut and run" or to withdraw troops but rather to seek a difficult solution that is the only plausible one: reshape U.S. policy in the Middle East to establish a manageable political context for the war. The Iraq Study Group was right on two counts: Sending more troops to Iraq and continuing to work with the current Iraqi government is a nonstarter. And Iraq's neighbors, including Iran and Syria, need a stake in stabilizing Iraq and won't help without U.S. assurances that they will not be next in line for regime change.

A new approach to the Israeli-Palestinian dispute is also essential. The perception that the United States fully supports Israeli policies makes it more difficult for friendly neighbors of Iraq, such as Saudi Arabia and Jordan, to provide much help. And we should accept that democracy in Iraq, to say nothing about a democratic Iraq as a role model for the region, might have to wait for better times.

Under current circumstances, the emergence of a tough but relatively benign leader who could establish law and order may not be the worst outcome. Of course, it is not appropriate for the United States to select a new strongman for Iraq. But many Iraqis are now tempted to put someone in charge who could quell the chaos. Washington might do well to ponder the limits of the U.S. responsibility to defend the corrupt and inept government of Prime Minister Nouri Maliki — a government heavily infiltrated by the very militias that the troop surge is supposed to destroy.

While not as murderous as Hussein, such a leader is unlikely to look like a knight in shining armor in the Bush administration's pro-democracy crusade — but he may just allow the United States to get out of the Iraqi quagmire without losing its prestige or leaving a sanctuary for Al Qaeda.

An Escalation Of American Blood (NYT)

By Nicholas D. Kristof

The New York Times, January 9, 2007

A surge in the number of troops in Iraq might have helped in 2003 or early 2004.

But in 2007, President Bush's plan seems to represent a warmed-over variant of approaches that have already been tried and mostly failed, that are opposed by some top American military commanders and ordinary Iraqis alike, and whose most likely outcome will be many more Americans in body bags or wheelchairs.

The reality is that we've already tried surges. There was one of 20,000 troops in early 2004, a similar one in the fall of 2005, and one a bit smaller in the summer of 2006.

As recently as July, Mr. Bush cheerily described a plan "to deploy additional American troops and Iraqi security personnel in Baghdad in the coming weeks." He explained that this would "bring greater security to the Iraqi capital ... [and] root out those who instigate violence."

By October, Maj. Gen. William Caldwell, the chief U.S. military spokesman in Iraq, was acknowledging that the recent troop increases "had not met our overall expectations of sustaining a reduction in the levels of violence."

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Proponents of escalation cite the example of Tal Afar, a town in northwestern Iraq. U.S. forces there have met some genuine success since September 2005 with the "clear, build and hold" strategy that Mr. Bush apparently now favors for Baghdad.

But Tal Afar is only about one-thirtieth the size of Baghdad, and it isn't even Arab: its people are mostly members of the Turkmen minority. Trying to replicate that (limited) success in Baghdad is a fool's errand.

In Tal Afar, there was one U.S. soldier for every 40 residents. Using the same ratio in Baghdad would require 150,000 troops, sustained for more than a year. That's impossible.

Mr. Bush's surge may be just big enough to expose more troops to danger and to let the Iraqi government off the hook, without being big enough to achieve security.

Don Rumsfeld was wrong on just about everything in Iraq — except the downside of additional troops there: "More forces, U.S. and coalition forces, create the impression of an occupation," he said. Indeed, any expansion of our military presence is likely to bolster anti-American radicals, like Moktada al-Sadr.

Sure, Iraq promises to help in the crackdown. But my bet is that — once again — Iraqi leaders will make big pledges and then let us do the heavy lifting.

In any case, sending in even more young Americans won't help counterinsurgency efforts when, according to an American-sponsored poll conducted in September, 78 percent of Iraqis believe that the American troop presence is "provoking more conflict than it is preventing." That's why Iraqis overwhelmingly favor a timetable for a U.S. withdrawal, and it's one reason I do as well.

Mr. Bush is right about the risks of withdrawal: our pullout could be followed by a vast bloodbath and by a regional war in which Iran backs Iraqi Shiite militias and Saudi Arabia and Jordan back Iraqi Sunnis (with Turkey marching into Kurdistan). But all that may unfold anyway, and the prospect of withdrawal may be the best hope to galvanize Iraqi factions to take steps to avert such a catastrophe.

If Mr. Bush succeeds in escalating our military involvement, it's almost inevitable that many more Americans will be killed and injured. The focus has been on fatalities, but by some counts there have been 16 American service injuries for every death. That's partly a tribute to improvements in military medicine, for in Vietnam there were 2.6 injuries per American fatality.

All told, between 22,000 and 50,000 Americans have been injured so far in Iraq (depending on who does the counting); the higher number is one-third as many as in the entire Vietnam War. Linda Bilmes, a Harvard scholar who has written a new report on the war injuries, notes that the backlog for veterans' disability claims has risen more than fivefold since 2000, and she cites horror stories like that of a staff sergeant who suffered severe brain injuries and then had his pay stopped and utilities cut because of a bureaucratic error.

"If the new Congress really wants to support our troops," Ms. Bilmes writes, "it should start by spending a few more pennies on the ones who have already fought and come home."

That's a responsibility Mr. Bush should assume as well. And when he speaks to the nation to urge more troops in Iraq, he needs to explain why the back alleys of Baghdad are the best places to invest additional buckets of American blood.

The Least Immoral Choice (WP)

By Sally Quinn

The Washington Post, January 9, 2007

I am an Army brat. I have seen the effects of war firsthand. My father fought in World War II and in the Korean War. I lived on Army posts and saw or heard about the human devastation of war each day.

During the Korean War my father served on the front lines, leaving us behind in Tokyo. Every day I read in the newspaper Stars and Stripes about soldiers being killed. I fell ill because of the emotional stress of having him at war, and at age 10 I ended up in Tokyo General Hospital.

The hospital was filled with severely wounded soldiers who had been airlifted from Korea. It was decided that having parents visit their sick children would be too disruptive, so my mother wasn't allowed to see me for months at a time.

Finally, after nearly nine months, I was transferred to Brooke General Hospital in San Antonio. My mother, younger brother, younger sister and I were placed on an Army hospital plane with the most seriously wounded soldiers, who were to fly back with us. There were no seats on the plane, only three rows of litters, five high, all filled with badly wounded and dying soldiers, most of them still kids themselves. I was strapped to my litter, as they were, but my mother, brother and sister were ambulatory.

The thing I remember most vividly is the soldiers screaming in pain and crying out for their mothers. My mother went up and down the aisles holding their hands, stroking their brows, giving them sips of water. My sister helped light their cigarettes. Many of them were amputees. Some had no stomachs, some had no faces.

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The soldiers in the litters above and below me both died, blood dripping from their wounds. Many other soldiers died while we were in the air. We had to stop in Hawaii overnight to refuel and to leave the bodies.

I hope that when President Bush discusses sending more troops to Iraq, knowing that we will have to pull out sooner rather than later, that the conversation comes around to the human suffering. Does anyone at the table ask about the personal anguish, the long-term effects, emotional, psychological and financial, on the families of those killed, wounded or permanently disabled?

When I hear about the surge, all I can think of is those young soldiers on the plane to Texas. We have already lost more than 3,000 soldiers, and many more have been wounded and disabled.

We have three choices here. All three are immoral. We can keep the status quo and gradually pull out; we can surge; or we can pull out now. When I think about those young soldiers on that plane coming back from Japan years ago, I believe pulling out now is the least immoral choice.

The writer is a co-moderator of On Faith, an online conversation on religion athttp://newsweek.washingtonpost.com/onfaith.

Democrats Split Over Their Approach To Iraq (NYT)

By Jeff Zeleny

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — The new Democratic majority in Congress is divided over how to assert its power in opposing President Bush's plan to send more troops to Baghdad, as leaders explore ways to block financing for a military expansion without being accused of abandoning American forces already in Iraq.

While Democrats find themselves unusually united in their resistance to a troop increase, party leaders are locked in an internal debate over how far to go in objecting to the administration's Iraq strategy. The White House has invited some Democrats to meet with Mr. Bush before he gives his Iraq speech on Wednesday, even as others have scoured the history books to find cases when Congress has reined in the commander in chief.

In the most aggressive of the new tactics, Senator Edward M. Kennedy, Democrat of Massachusetts, has said he will introduce legislation on Tuesday to require the president to gain new Congressional authority before sending more troops to Iraq. The bill is the first proposal in the Senate that would prohibit paying for an increase in American troops over their level on Jan. 1.

"Is there any American in this country who thinks the United States Senate would vote to support sending American troops into a civil war in Iraq today?" Mr. Kennedy said Monday in an interview. "Is there any American that believes this? I don't think so, but that is what's happening, and we have to do everything we can to insist on accountability."

The Kennedy plan is intended to provide Democrats with a road map for how to proceed in Iraq. Mr. Kennedy, as he begins his 45th year in the Senate, recalled that Congress interceded during conflicts in Vietnam and Lebanon, and he said Democrats should not hesitate to do so in Iraq.

The new House speaker, Representative Nancy Pelosi of California, has similarly suggested that Democrats consider blocking financing for a troop increase, and the Senate majority leader, Harry Reid of Nevada, vowed Monday "to take a look at it."

But the House majority leader, Representative Steny H. Hoyer of Maryland, has not endorsed the idea. Other Democrats, either looking ahead to a possible presidential candidacy or their own re-elections, have also distanced themselves from such a proposal, fearful of being cast as opposing the troops.

"I don't think we should be pulling back any funds," said Senator Amy Klobuchar, a Minnesota Democrat who was elected in November. She said she would oppose a proposal to block money for a troop increase.

The Democratic Party sailed to victory in midterm elections in the fall on a promise to change course in Iraq. Still, there is little consensus over how to proceed.

Some Democrats are urging an immediate withdrawal of troops and a drastic reduction in war spending. Others are calling for a gradual re-deployment of troops to move them out of Iraq. Still other Democrats are waiting for Mr. Bush to present his plan before criticizing it.

The expectations set by the elections, Democrats say, present a complicating challenge as they begin to govern.

Take, for example, Mr. Reid, who said on Dec. 17 that he would support a plan for a temporary increase in increase troops. Two weeks later, he announced his opposition, saying his change had nothing to do with other Democratic senators having spoken out against it, but rather with military officials having disagreed with a call for more troops.

Senator Russell D. Feingold, Democrat of Wisconsin, said he believed that his party lost the White House in 2004 because of Iraq. "My concern now is that too many Democrats are going to want to play it safe on this issue and not take the strong stand that American people demand," he said Monday.

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The pressure from war critics on the Democratic left has been particularly intense. “The bottom line is that they were elected on a mandate to get the nation out of the mess in Iraq,” said Eli Pariser, the executive director of MoveOn.org, a liberal political action committee.

By law, Congress can limit the nature of troop deployments, cap the size of military deployments and cut financing for existing or prospective deployments.

Since 1970, there have been dozens of occasions in which Congress has tried to step into military action, from Haiti to Bosnia to Kosovo, according to a memorandum being sent Tuesday to lawmakers by the Center for American Progress, a liberal policy group.

Representative Adam Smith of Washington, vice chairman of the moderate New Democratic Coalition, said he feared that withholding financing — even for new troops being sent to Iraq — could have a detrimental effect on all forces.

“I don’t want our troops to be caught between the president and Congress in a political fight,” said Mr. Smith, who was to receive a briefing on Tuesday at the White House. “If there are any risks that our efforts to slash the budget would place them at greater risk, that would be unacceptable to me.”

But Democrats who are trying to stop Mr. Bush’s proposed troop increase, a group led by Mr. Kennedy, say their proposal to block financing will apply only to new troops. Mr. Kennedy said he hoped that his legislation would be urgently considered by the full Senate, but acknowledged that it remained an open question whether his Democratic leaders would schedule it for a quick vote.

“The importance of this legislation is that it will apply now before we could get the escalation,” he said. “If you wait, this thing is going to be past. I’m not sure that all of our colleagues in the Senate understand that, quite frankly.”

Democrats May Deny Funds For Iraq Surge (AP)

By David Espo

AP, January 9, 2007

In a blunt challenge to President Bush, the leader of the Senate's new Democratic majority said Monday he will "look at everything" within his power to wind down the war in Iraq, short of cutting off funding for troops already deployed.

"I think we've got to tell the president what he's doing as wrong. We've got to start bringing our folks home," said Sen. Harry Reid of Nevada, in remarks that portend a struggle if, as expected, Bush announces plans later this week for an increase in troop strength of 20,000.

Another senior Democrat, Sen. Edward M. Kennedy, said one option under consideration would be for lawmakers to vote on denying the use of funds for any increase in the U.S. deployment. Officials said late Monday night that the Massachusetts Democrat was preparing legislation that would require Congress to approve the deployment of more troops, and was hoping for a roll call on the topic swiftly — before any increase is implemented.

More broadly, Reid signaled that Bush's expected call for an additional $100 billion for the war would receive close scrutiny from newly empowered Democrats.

"We have a platform we didn't have before, Leader Pelosi and I, and we're going to ... focus attention on this war in many different ways," said Reid. Speaker Nancy Pelosi, D-Calif., suggested over the weekend using Congress' power of the purse to restrain any troop buildup.

More than 3,000 U.S. troops have lost their lives in Iraq in a war nearing the end of its fourth year, and many Democrats attribute their success in last fall's elections to public opposition to the conflict.

The election results, combined with an assessment by the bipartisan Iraq Study Group that the situation in Iraq was "grave and deteriorating," coincided with Bush's effort to begin work on a revised policy.

He is expected to make a nationwide televised address on the issue on Wednesday. Several officials have said one leading option for Bush is a so-called "surge" in troop strength, in which about 20,000 troops would be added to the force already in place, in hopes that sectarian violence can be quelled.

The debate over the war has overshadowed the early days of the new Democratic-controlled Congress and a politically potent domestic agenda that leaders had planned.

The Senate began debate Monday on legislation to toughen ethics rules and crack down on lobbyists' influence. The bill is a response to what Democrats have called a Republican "culture of corruption." In the House, Democrats have already passed some ethics changes.

On security matters, they intend to begin work Tuesday on legislation to implement nearly all of the remaining recommendations of the commission that investigated the terrorist attacks of Sept. 11, 2001. "If this bill is enacted, funded and implemented, the American people will be safer," said Lee Hamilton, who was a member of the commission.

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That legislation carries no price tag, and the money to pay for the increased protections will have to be approved separately. At a news conference, Pelosi sidestepped when asked about the cost, saying that any increases in spending would be offset to make sure they did not increase the deficit.

Legislation that Sen. Joseph Biden, D-Del., proposed in the Senate last year would have implemented the 9/11 commission's recommendations at an estimated cost of $53.3 billion over five years.

Bush met with several members of Congress during the day, part of a series of meetings held in advance of announcing his new Iraq policy.

White House press secretary Tony Snow said the president "understands there is a lot of public anxiety" about the war. Yet he said that Americans "don't want another Sept. 11" type of terrorist attack and it is wiser to confront terrorists overseas in Iraq and other battlegrounds rather than in the United States.

As commander in chief, Bush has wide constitutional authority to direct the military. Congress' principal power lies in its ability to control federal funding.

Yet the Democratic takeover in Congress means that for the first time since the war began, persistent critics of the administration's policy are in control in both the House and Senate.

"We ought to insist that the Congress and the Senate take action, so that before we're going to have a surge (of troops), the members of Congress and the members of the Senate will have an opportunity to speak on this issue," said Kennedy.

He noted that Congress could prohibit the money it authorizes for Iraq from being spent on a troop buildup. "It's something that's under discussion," said the Massachusetts Democrat.

Other alternatives have emerged in recent days, although several officials said Democratic leaders had not yet settled on a course of action.

Sen. Dick Durbin of Illinois, the Senate's second-ranking Democrat, has suggested a limit on the number of troops that could be deployed to the war.

"It is time for us to announce we achieved our goals in Iraq and now the American people need to hand this responsibility over to the people of that nation in Iraq," he said.

Sen. Barack Obama, D-Ill., a potential presidential candidate, said that while he opposes any measure that would increase the risk to troops already deployed, "the central question then becomes, is there a way of conditioning appropriations so that the president is constrained and that's something that we're investigating right now."

Other Democrats have discussed the possibility of forcing votes on nonbinding legislation calling on Bush to begin a troop withdrawal — the type of measure that served as a flashpoint in the election-year debate over the war.

In addition, Democrats intend to require senior administration officials to run a virtual gantlet of hearings at which the war policy could be explored in great detail — from the mission of the troops to alleged fraud in the use of funds to rebuild Iraq.

Officials said a few Democrats have discussed holding a fresh vote on authorizing the war, which Congress approved before Bush dispatched troops more than four years ago.

Bush's recent decision to name a new ambassador to Baghdad and shuffle the military commanders in the region will lead to Senate confirmation hearings.

Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, said another option is to limit "a particular military program or effort." He offered no elaboration.

Congress Is Loath To Pull Purse Strings (LAT)

By Noam N. Levey

The Los Angeles Times, January 9, 2007

WASHINGTON — As they prepare for weeks of oversight hearings on the war in Iraq, Democratic congressional leaders are ruling out funding cuts to force President Bush to withdraw American troops.

But such cuts would hardly be unprecedented.

Since the early 1970s, Congress has intervened in at least five foreign conflicts on three continents by dictating what U.S. forces could do or how long they stay.

In the most dramatic and politically provocative cases, including during the latter years of the Vietnam War, lawmakers used their power over the federal budget to dramatically restrict operations they opposed.

At other times, they passed laws that specified where American forces could operate in Central America in the 1980s and set a timeline for withdrawing American troops from Somalia in the 1990s.

In the late 1970s, Congress barred the CIA from participating in a civil war in Angola.

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No appetite for showdown

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"This isn't a monarchy. The president doesn't have the authority to do anything he wants," said former Rep. Sam Gejdenson (D-Conn.), who worked to limit President Reagan's support for the Nicaraguan Contras two decades ago. "When Congress wants to move, it clearly has the authority to force the president to cease and desist."

Democratic leaders have shown no appetite for such a showdown.

Although House Speaker Nancy Pelosi (D-San Francisco) and Senate Majority Leader Harry Reid (D-Nev.) last week sent Bush a letter urging him to begin pulling out troops, Pelosi reiterated Monday that Democrats would not force the issue by withholding funding.

There is a long history of congressional discomfort with challenging the commander in chief over how to conduct a war.

"Congress is very sensitive of being accused of not supporting the troops," said Louis Fisher, a constitutional law specialist at the Library of Congress who has written extensively about struggles between the White House and Congress over war powers.

Even when popular opinion turned against the Vietnam War, congressional war opponents took years to muster the majorities necessary to impose restrictions on the conflict.

But after President Nixon's controversial 1970 expansion of the war into Cambodia, the tide began to turn.

That year, Sens. John Sherman Cooper (R-Ky.) and Frank Church (D-Idaho) overcame months of legislative opposition and attached an amendment to a foreign aid package that barred the use of U.S. troops in Cambodia.

The next year, Congress went further, approving a measure sponsored by Sen. Mike Mansfield (D-Mont.) that required Nixon to set a timetable for withdrawing U.S. troops from Vietnam.

Only after U.S. forces withdrew following the 1973 peace accords did Congress actually cut funding for assistance to South Vietnam. Two years later, after more congressional funding cuts, the country succumbed to a North Vietnamese invasion.

The fall of Saigon in 1975 fed accusations that Congress had undermined the U.S. war effort in Southeast Asia.

Within a year, however, lawmakers on Capitol Hill imposed new limits on American intervention in another foreign conflict.

In 1976, Congress prohibited the CIA from conducting military operations in Angola, which was in the middle of a fierce civil war that pitted a Soviet-backed government against rebels supported by America's allies.

And less than a decade after the end of the Vietnam War, Congress faced off against the White House over another controversial foreign war, this time in Central America.

In the mid-1980s, the Reagan administration was aggressively trying to overthrow the Marxist government of Nicaragua and to prop up an American-backed government in El Salvador against communist-backed rebels.

"There was a great deal of unhappiness with the way the Reagan administration was characterizing the conflict," said Cynthia Arnson, a former congressional aide who now directs the Latin American program at the Woodrow Wilson International Center for Scholars.

Amid reports of atrocities committed by America's allies, Democrats on Capitol Hill grew increasingly wary of U.S. involvement.

Then-Rep. Edward P. Boland (D-Mass.) led a congressional effort to prohibit the use of funding from the CIA or the Defense Department in support of the Contras in Nicaragua.

Lawmakers later went further, restricting U.S. forces from operating in Nicaragua and within 20 miles of the Nicaraguan border in Honduras and Costa Rica. (At the time, U.S. troops were still advising the Contras.)

Those limits would become central to the Iran-Contra scandal in which Reagan administration officials sought to fund the Contras by using the proceeds of arms sales to Iran.

Congressional intervention in Southeast Asia and Central America proved politically controversial for Democrats.

And wariness over being accused of abandoning America's allies diminished congressional interest in limiting support for the government of El Salvador, Arnson said.

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Continuing limits

Yet even into the 1990s, lawmakers continued to place limits on American military action abroad.

In 1991, Congress authorized President George H.W. Bush to use military force only to liberate Kuwait rather than fight on into Iraq.

And after 18 American soldiers were killed in a 1993 firefight in Mogadishu, Somalia, Sen. Robert C. Byrd (D-W.Va.) led a successful effort to set a deadline for withdrawing U.S. troops from Somalia.

Today, Democrats are again challenging an administration over a war. But advocates of legislation to require the withdrawal of U.S. troops — such as Sen. Russell D. Feingold (D-Wis.) — remain a minority.

None of the new Democratic congressional committee leaders who plan hearings on Iraq over the next month have expressed interest in legislation that would place limits on U.S. forces in Iraq.

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And last week, Senate Armed Services Committee Chairman Carl Levin (D-Mich.) would only say that he might reintroduce a nonbinding resolution calling on the president to set a timetable for withdrawing troops.

Dems Grapple With 'surge' (HILL)

By Jonathan E. Kaplan

The Hill, January 9, 2007

Having quickly pivoted last weekend to address the Iraq war during their 100-hour legislative blitz, House Democratic leaders are hurrying, amid the new pressures of having to govern, to craft a unified response to President Bush's plan to increase the number of U.S. troops deployed there.

Democrats appeared to have a chaotic and busy Monday as freshman lawmakers returned from a Congressional Research Service retreat in Virginia and other members remained in their districts or attended the Bowl Championship Series football game between the University of Florida and Ohio State University.

As they address the president's plan for Iraq, House Democrats will also begin the 100-hour offensive by considering reforms suggested by the commission that investigated the Sept. 11 terrorist attacks. While the commission's recommendations address spending priorities, port and aviation security and other security issues, Democrats have proposed creating a new intelligence oversight panel within the House Appropriations Committee.

The goal is to make oversight more focused by reducing the number of committees involved but increasing Congress's power to scrutinize intelligence spending and programs. The new panel will have more authority and more staffers to review intelligence agency budgets.

Former Rep. Tim Roemer (D-Ind.), who served on the 9/11 Commission, told reporters yesterday that the congressional moves were "bold," but he acknowledged that this is "a first step in a long path toward reform."

The panel, if created, would also enhance the power of Speaker Nancy Pelosi (D-Calif.) because she would appoint its Democratic members. During the past week, Pelosi has moved to augment her power by continuing to place term limits on chairmen and place staff in key jobs within her caucus.

Meanwhile, antiwar lawmakers revved up their opposition this week and put themselves on a collision course with Democratic leaders who oppose the hard-line tactic of changing Iraq policy by cutting off funds for operations there.

At a press conference yesterday, Pelosi reiterated that she opposes cutting off funding for military operations in Iraq. But there is a wide gulf between her liberal rank-and-file members of the caucus.

"Many of the new members know how they got here," said Rep. Dennis Kucinich (D-Ohio), who was in New York City yesterday pitching a plan to withdraw U.S. forces from Iraq. "We'll make sure [the second 100 hours] is about Iraq."

Rep. John Murtha (D-Pa.), a former Marine whose opposition to the war gave Democratic candidates political cover during the election to emphasize the issue, plans to begin hearings "shortly" in his new perch as chairman of the Defense Appropriations subcommittee, said House Appropriations Chairman David Obey (D-Wis.).

The chairwomen of the Progressive Caucus are hosting a forum this Friday with former Sen. George McGovern (D-S.D.), who has authored a book offering a plan to withdraw from Iraq. Murtha has maintained a low profile since the campaign and his unsuccessful bid to become majority leader. But in conversations on the House floor, he told Rep. Lynn Woolsey (D-Calif.) that he would attend the forum with McGovern.

Murtha is scheduled to offer the first response to McGovern, said Bill Goold, a spokesman for Woolsey.

As liberal lawmakers voiced greater opposition to escalating the war, the White House appears to be trying to ward off criticism for appearing to ignore the recommendations of the Iraq Study Group, which proposed more diplomacy, notably with Iran and Syria.

President Bush has conducted a series of bipartisan briefings with lawmakers. He is meeting today with 14 lawmakers, including Reps. Todd Tiahrt (R-Kan.) and Adam Smith (D-Wash.). Last Friday, the president met with seven Republicans and six Democrats who serve on the Armed Services Committee. These included Rep. Chet Edwards (D-Texas), who represents Bush's hometown of Crawford, and freshman Rep. Chris Carney (D-Pa.), who served in the Pentagon as a Naval intelligence officer during the Iraq war.

Some of the newly elected Democrats, who aggressively criticized Bush on the campaign trail, are taking a much more cautious approach in the wake of their victories.

"Instead of sending more American troops overseas, we should be training Iraqis to handle the jobs themselves. For every Iraqi battalion we train, we need to bring an American battalion home. This should be our focus," said Carney.

Rep. Heath Shuler (D-N.C.) said he wants to hear from military leaders in Iraq that more soldiers are necessary, said Andrew Whalen, Shuler's press secretary.

Rep. Brad Ellsworth (D-Ind.) is skeptical of an increase in troops, said Elizabeth Farrar, his spokeswoman.

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Murtha Outlines Strategy To Restrict Troop Surge (WSJ)

By David Rogers

The Wall Street Journal, January 9, 2007

WASHINGTON -- With President Bush seeking more U.S. forces in Iraq, a House Democratic chairman outlined options that would restrict any troop surge if it meant depleting readiness at home or extending the tours of troops now in the war zone.

The strategy laid out by Rep. John Murtha (D., Pa.) is the clearest statement yet on how House Democrats may respond to anticipated White House proposals to add 20,000 troops and pump new money into economic programs to help Iraqi civilians.

Mr. Bush will address the nation tomorrow on Iraq, and the Pentagon is preparing to add four brigades plus support personnel in the coming months. In the same period, Congress will be considering an emergency bill to pay for continuing overseas military operations, and the restrictions could be added prior to enactment in late March and before the White House has deployed all the added brigades overseas.

Mr. Bush is sure to claim wide discretion as commander in chief under the Constitution; most Democrats want to avoid what they see as a fruitless and politically damaging fight to deny money for the war. "We're not about to cut off funding for troops," House Armed Services Committee Chairman Ike Skelton (D., Mo.) said.

But Mr. Murtha, chairman of the House Appropriations defense subcommittee, believes the November election results show voters want Congress to be more of a check on Mr. Bush's handling of Iraq. His goal is to build bipartisan support by focusing the debate on whether increasing troop levels would be too much of a strain on the military.

"Most of the military commanders say we can't afford to send more troops," Mr. Murtha said, and he has urged the president's national-security adviser, Stephen Hadley, to expedite submission of the war-funding requests to facilitate hearings and debate.

The chairman met recently at the White House with Mr. Hadley, Vice President Cheney and the president regarding Iraq policy, but remains skeptical of the administration's approach. He is planning a set of hearings beginning this month on the state of Army and Marine Corps readiness; as chairman, he can recommend that the restrictions be part of the text of the funding bill and challenge others to take out the language.

"They will say we're micromanaging the Defense Department. Well they need to be micromanaged," he said. "What we decide is the direction of the country on this war."

Among the options is a provision that proscribes the use of new funds to extend the deployment of Army and Marine troops beyond 365 and 210 days, respectively. A second provision would bar the dispatch of more troops if a fixed percent of units left at home fall below readiness standards.

The readiness of Army units for combat is measured on a scale of one to four. Units rated at the lower ends of the spectrum -- three and four -- are missing key leaders, training or pieces of equipment that make them ineligible to deploy. The exact readiness levels of U.S. units are classified. But senior Army officials and lawmakers have acknowledged in recent weeks that almost all the big active-duty combat brigades in the U.S. currently aren't ready to deploy.

Forcing the Bush administration to maintain a certain percentage of units in the U.S. at high readiness levels could constrain the president's ability to follow through on his plan to "surge" troops into Baghdad. It could also force the administration to call some National Guard and reserve units back for a second year-long tour of duty in Iraq.

Bush To Name Khalilzad For U.N. Job (AP)

AP, January 9, 2007

President Bush will nominate Zalmay Khalilzad to be the U.S. envoy to the United Nations and veteran diplomat Ryan Crocker to replace him as ambassador to Iraq, the administration said Monday.

Both changes had been revealed in news reports last week.

"If confirmed, Ryan and Zal will have two of the hardest and most consequential jobs in the world," Secretary of State Condoleezza Rice said announcing the changes. White House spokesman Tony Snow had confirmed the plans earlier Monday.

Khalilzad, who is Afghan born, has also served as ambassador to Afghanistan. He will replace John Bolton, who could not win Senate confirmation and resigned last month as his temporary appointment as U.N. ambassador was about to expire.

Crocker, a four-time ambassador who is now U.S. envoy to Pakistan, will replace Khalilzad in Baghdad.

Bush is shuffling his teams of military and diplomatic advisers as he plans to announce a new Iraq strategy on Wednesday.

"The next two years may well be the most significant ones in this mission so far," Rice said. "New challenges on the ground call for changes to our strategy."

"There will be new leadership in both our military and our diplomatic efforts, and the person President Bush wants to lead Embassy Baghdad is Ryan Crocker," she said.

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Gen. John Abizaid, the top U.S. commander overseeing the military theater that includes Iraq, will be succeeded by Adm. William Fallon, now Abizaid's counterpart in the Pacific. Army Lt. Gen. David Petraeus is the president's choice to be the new chief commander in Iraq, replacing Gen. George Casey.

Casey in turn will replace the retiring Gen. Peter Schoomaker as Army chief of staff.

Bush has also decided to shift John Negroponte, the national intelligence director, to the State Department to become No. 2 to Rice. Replacing Negroponte will be retired Vice Adm. Mike McConnell, a veteran of more than 25 years in intelligence.

Iraq-linked Reshuffle Continues With Switch Of US Baghdad Envoy (AFP)

By David Millikin

AFP, January 9, 2007

President George W. Bush pursued a major reshuffle of his Iraq policy team by nominating the current ambassador to Baghdad as the next US envoy to the UN and replacing him with one of Washington's most experienced diplomats.

US Secretary of State Condoleezza Rice confirmed the long-expected decision to name Zalmay Khalilzad, an Afghan-born Muslim who has been the US ambassador in Iraq for 18 months, to the United Nations.

He will be replaced in Baghdad by Ryan Crocker, a fluent Arabic speaker who has already served as US ambassador to Syria, Kuwait, Lebanon and, since November 2004, Pakistan, she said.

Both appointments must be confirmed by the US Senate, though they are not expected to encounter stiff resistance from the opposition Democrats who won control of Congress in November elections.

"If confirmed, Ryan and Zal will have two of the hardest and most consequential jobs in the world," Rice said in announcing the nominations.

"But President Bush and I have the utmost confidence that they are more than equal to the challenges of their posts," she said.

The nominations followed a flurry of other changes in the upper echelons of Bush's intelligence and military teams that included replacing his top commanders for Iraq and the Middle East and shifting his top intelligence aide, John Negroponte, to the State Department to become Rice's deputy.

The reshuffled leadership will be tasked with implementing a new Iraq strategy that Bush is scheduled to unveil in a nationally televised speech Wednesday night.

The new plan is expected to include a "surge" in US troop numbers to curb sectarian and insurgent violence while shifting security responsibility to Iraqi forces to allow for an eventual drawdown of the US presence.

The choice of Khalilzad, 55, the Bush administration's highest-ranking Muslim, had been expected since former UN envoy John Bolton resigned in December after failing to gain Senate endorsement.

Rice said the past year of intensive diplomacy at the United Nations, which resulted in sanctions against North Korea and Iran over their nuclear programs as well as action to end conflicts in Lebanon and Sudan's Darfur region, had "shown very clearly how important the UN is for America".

"This work is a tall order. It demands a skilled and experienced diplomat ... and few Americans have distinguished themselves in this regard as much as Zal," she said.

While considered an effective diplomat, Khalilzad, a Sunni Muslim, struggled during his 18 months in Baghdad to gain the confidence of Iraq's now dominant Shiites and failed to bring about the national reconciliation that had been one of his primary duties as ambassador.

The appointment of such a high-profile figure to the UN was welcomed by some foreign policy experts as a sign that Bush intends to continue pursuing important diplomatic goals through the world body he once famously dismissed as a "debating society."

But some have worried the diplomat may focus too much on Iraq to the detriment of other pressing issues.

Edward Luck, an expert on international organizations at Columbia University's School of International and Public Affairs, said Khalilzad's close ties to Bush and Vice President Dick Cheney would be a plus at the UN, as long as he was not seen as tasked "simply to push an American agenda regarding Iraq and a smoother exit strategy" for Washington from the embattled nation.

Rice hailed Crocker, 57, as a near perfect choice to replace Khalilzad in Baghdad.

"Few diplomats have the kind of experience in the broader Middle East that Ryan has amassed in his three decades of service," she said.

"He knows the language and the culture of the region, as well as the leaders and the societies that they lead."

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Crocker will need all his diplomatic talents to carry out Bush's new policy in Iraq, which for him should focus on forging a political accommodation among Shiites, Sunnis and Kurds, while reviving moribund efforts to get the Iraqi economy back on its feet.

But he is no stranger to turmoil, having survived the 1983 bombing of the US embassy in Beirut as well as perilous assignments in Afghanistan and Iraq.

Bush Ready To Announce New Iraq Plans (FT)

By Guy Dinmore

Financial Times, January 9, 2007

President George W. Bush will announce his new war plans for Iraq in a prime-time address to the nation on Wednesday night that is expected to focus on a combined military-economic push for victory.

The final link in the reshuffled team to carry out the new strategy was revealed by the White House on Monday. Ryan Crocker, a veteran diplomat and Arabist, is to become the next US ambassador in Baghdad, replacing Zalmay Khalilzad who is nominated to fill the vacant post of envoy to the United Nations. Mr Crocker will oversee the largest US embassy, working with Lt Gen David Petraeus, the counter-insurgency expert named last week to take over from Gen George Casey as commander of multinational forces in Iraq.

Democrats in Congress have warned Mr Bush that he should not expect an easy ride in gaining approval for the emergency supplemental budget of at least $100bn (€77bn, £51bn) he is likely to request for Iraq next month.

Many Republicans are sceptical, too, saying this is the "last chance" for the Iraqi government led by Nouri al-Maliki, the Shia prime minister, whose botched handling of the execution of Saddam Hussein has lowered his standing even further in Washington.

But the appointments of Mr Crocker and Lt Gen Petraeus, both respected and already veterans of the Iraq war, will help the administration get through three weeks of tough committee hearings in the Democrat-controlled Congress.

Senator Barbara Boxer, a Democrat on the foreign relations committee, gave a taste of what lies in store, commenting in reference to Gen Casey's early removal: "It looks like the president went shopping for a general who agreed with him."

Lt Gen Petraeus, who led the drafting of the military's new counter-insurgency manual, is said to have disagreed with the "light footprint" strategy of Gen Casey. He is expected to have an infusion of up to 20,000 more troops for a long-term attempt at "clear and hold" in Baghdad.

The neo-conservative camp that appears to have achieved success in lobbying Mr Bush to ramp up the US's military and economic commitment wants the focus on clearing "high-violence Sunni and mixed Sunni-Shia neighbourhoods".

Analysts say this approach, if adopted, would place Mr Crocker in a difficult position of carrying out the other expected half of the Bush plan, a broad-based push for reconciliation with the Sunni – the former ruling minority – backed by more money.

Mr Khalilzad, the departing ambassador, pursued this approach but ran into opposition from the Shia-dominated coalition. His background as a Sunni Muslim (he is Afghan by birth) also raised suspicions that some former officials say made his position untenable.

Mr Crocker is not only an experienced Arabist who served in hot-spots, including Beirut. He is one of the few remaining US diplomats with experience in Iran before relations were severed following the 1979 Islamic revolution.

Mr Crocker, currently ambassador to Pakistan, was involved in successful talks with Iran in late 2001 after the fall of the Taliban in Afghanistan that led to the formation of the Karzai government.

His two predecessors in Baghdad – Mr Khalilzad and John Negroponte – both received the green light to make contact with their Iranian counterparts. It is not known if Mr Crocker will receive similar dispensation.

Tony Snow, White House spokesman, rejected suggestions that the new strategy represented the "last chance" for success. But he also dodged questions on whether Mr Bush would talk about achieving "victory". Pressed whether the speech would tackle the consequences of failure, Mr Snow said

Our 'Viceroy' To The U.N. (LAT)

The Los Angeles Times, January 9, 2007

An Afghan-born Sunni Muslim, Zalmay Khalilzad would be a strong symbol in representing the U.S.

ZALMAY KHALILZAD is not the kind of soft-spoken diplomat who goes over well at the United Nations. President Bush's choice for U.S. ambassador to the U.N., dubbed "the viceroy" during his stint as ambassador to Afghanistan from 2003 to 2005, is a neoconservative hawk known for his autocratic style. Yet he is also charismatic and can be charming; certainly compared to his predecessor, he's a breath of fresh air.

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Former Ambassador John R. Bolton was a spectacularly poor choice for the U.N., given that he was appointed at a time when the U.S. should have been focusing on mending fences with the international community after ignoring its reservations on the invasion of Iraq. His arrogant refusal to compromise in a forum in which compromise is a necessity for progress only exacerbated American isolation. Bush's decision in 2005 to install him as a recess appointment when it became clear that he wouldn't be approved by the Senate was an unconscionable end run around constitutional checks and balances.

Khalilzad is a polished and experienced foreign service official who is quite capable of flexibility, as he proved during tough negotiations over the governance of both Afghanistan and Iraq. Insiders expect him to sail through the Senate confirmation process.

In what would be a testament to this nation's diversity, the Afghan-born Khalilzad would become the first Muslim U.S. ambassador to the United Nations. His religious and ethnic background have strong symbolic value in countering Muslim suspicions that the U.S. is engaged in a religious crusade against Islam around the world. It also makes him particularly qualified to mediate conflicts over the best approach to such hotspots as Iran and Lebanon.

Khalilzad has been an able U.S. representative in Baghdad, even if his religious affiliation has caused some Iraqis to grumble about his allegiances. A Sunni Muslim, he has been a strong advocate for increasing Sunni participation in Iraqi politics and for cracking down on Shiite death squads accused of murderous rampages against Sunnis, going so far as to say that the militias pose the greatest threat to Iraq's stability. He is right, and Bush's choice for Khalilzad's successor in Iraq — experienced diplomat Ryan C. Crocker — will no doubt continue making this case.

U.S. Strike Targets Al-Qaida In Somalia (AP)

AP, January 9, 2007

The U.S. military launched a strike against several suspected members of al-Qaida in Somalia, a government official said Monday night.

The official, who spoke on condition of anonymity because of the operation's sensitivity, said at least one AC-130 gunship was used in the attack.

CNN, NBC and CBS first reported the military action. Citing Pentagon officials, CBS said the targets included the senior al-Qaida leader in East Africa and an al-Qaida operative wanted for his involvement in the 1998 bombings of the American embassies in Kenya and Tanzania.

The same operatives are also believed responsible for a 2002 attack on Israeli tourists in Kenya and an attempt to shoot down an Israeli aircraft the same day, NBC News reported.

The 1998 bombings of the U.S. embassies in Kenya and Tanzania killed more than 250 people. The 2002 attack on an Israeli-owned hotel in Kenya killed 15.

The White House on Monday night would not confirm the incident. Air Force Lt. Col. Todd Vician, a Defense Department spokesman, said he could neither confirm nor deny the reports of an airstrike.

There was no confirmation that the Air Force had killed either of the al-Qaida targets.

Air Force AC-130 gunships are heavily armed aircraft with elaborate sensors that can go after discreet targets — day or night. They are operated by the Special Operations Command and have been used heavily against the Taliban in Afghanistan.

U.S. Navy vessels have been deployed off the coast of Somalia to make sure al-Qaida or allied jihadists don't escape the country, the State Department said last Wednesday.

Somalia's effective central government fell in 1991, when clan-based warlords overthrew a military dictator and then turned on each other. The government was formed two years ago with the help of the United Nations, but has been weakened by internal rifts.

Soldiers loyal to Somalia's U.N.-backed government and Ethiopia's military late last month drove out a radical Islamic group that had been in control of the country for six months.

The U.S. has believed for years that a group of al-Qaida operatives has been hiding in Somalia.

U.S. Airstrike Aims At Qaeda Cell In Somalia (NYT)

By David S. Cloud

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — A United States Air Force gunship carried out a strike Sunday night against suspected operatives of Al Qaeda in southern Somalia, a senior Pentagon official said Monday night.

The attack by an AC-130 gunship, which is operated by the Special Forces Command, is believed to have produced multiple casualties, the official said. It was not known Monday night whether the casualties included members of a Qaeda cell that American officials have long suspected was hiding in Somalia.

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Special Forces units operating from an American base in Djibouti are conducting a hunt for Qaeda operatives who have been forced to flee Mogadishu, the Somali capital, since Islamic militants were driven from there by an Ethiopian military offensive last month.

The American attack was first reported by CBS News.

The Special Forces attack is the first military action in Somalia that Pentagon officials have acknowledged since American troops departed the lawless country in the wake of the infamous "Black Hawk Down" episode in 1993, when 18 American soldiers were killed in street fighting in Mogadishu.

American officials have long suspected that a handful of Qaeda suspects responsible for the 1998 embassy bombings in Kenya and Tanzania have been hiding inside Somalia, a country that has not had a central government since 1991.

The search for the terrorist suspects has driven American policy toward Somalia for several years.

Earlier this year, the Central Intelligence Agency began making cash payments to a group of Somali warlords who pledged to help hunt down members of the Qaeda cell.

After Islamist militias took control of Mogadishu in the summer, officials in Washington charged that the Islamists had ties to the terror suspects, and made demands for their handover to American custody.

The Ethiopian military offensive that began last month recently drove the Islamists from the seaside Somali capital, raising hopes within Washington that the Qaeda operatives might surface as they fled the protection of the Islamists. The Islamists have retreated to areas around the southern port city of Kismayo. Ethiopian officials have said they have intelligence reports that members of the Qaeda cell were hiding near the city.

The AC-130 gunship is a heavily armed propeller plane that, because of its slow speed, operates primarily at night and can direct an immense barrage of gunfire onto a target as it circles overhead.

The attack against suspected Qaeda operatives is the sort of targeted operation that senior Bush administration officials have been pressing the Special Operation Command, based in Tampa, Fla., to undertake in recent years.

But officials have said that Special Operations forces have had difficulty carrying out targeted strikes in the past because of the difficulty establishing the whereabouts of wanted terrorists or getting forces in place when a suspected militant is located.

The Central Intelligence Agency has killed a small number of suspected Qaeda members, using a pilotless drone armed with a missile. Among them were five people killed in Yemen in 2002.

U.S. Warplanes Fly Missions Over Somalia (AP)

By Jim Krane

AP, January 9, 2007

In a further escalation of American involvement in Somalia, the USS Dwight D. Eisenhower arrived off the war-ravaged country's coast and its aircraft have begun flying intelligence-gathering missions over Somalia, the military said Tuesday.

The U.S. Central Command reassigned the aircraft carrier to Somalia last week from its mission supporting NATO-led forces in Afghanistan, said U.S. Navy spokesman Lt. Cmdr. Charlie Brown in Bahrain, where the Navy's Fifth Fleet is based.

The announcement comes a day after at least one U.S. Special Forces AC-130 gunship carried out a strike against several suspected members of al-Qaida in Somalia. Brown said the Navy had no supporting role in the attack.

The carrier joins three other U.S. warships — two guided-missile cruisers and an amphibious landing ship — already conducting anti-terror operations off the Somali coast.

Brown said he did not know how long the Eisenhower's redeployment would last. "We'll be there as long as required," he told The Associated Press.

Soldiers loyal to Somalia's U.N.-backed government and Ethiopia's military late last month drove out a radical Islamic group that had been in control of the country for six months.

The U.S. military dispatched the Eisenhower from its battle station in the Arabian Sea to the Indian Ocean coastal waters of Somalia "due to rapidly developing events in Somalia," the Bahrain-based Fifth Fleet announced in a statement.

Brown said the guided missile cruisers USS Bunker Hill and USS Anzio and the amphibious landing ship USS Ashland were already patrolling the Somali coast in search of al-Qaida members thought to be fleeing Somalia in the wake of Ethiopia's December invasion.

Navy crews aboard the Bunker Hill, Anzio and Ashland have been boarding and searching commercial ships off the Somali coast, Brown said. No terror suspects have been found aboard any of the ships, he said.

"That's a sign that what we're doing is working," Brown said. "We're trying to deter the terrorists from using the sea. If we haven't detained anyone, that shows us that it's working."

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The Eisenhower's complement of F/A-18 Hornet and Superhornet fighter-bombers, EA-6B Prowler electronic warfare aircraft and E-2C Hawkeye airborne command-and-control craft had been operating over Afghanistan, Brown said. The Eisenhower also carries H-60 helicopters.

U.S. Strike In Somalia Targets Al-Qaeda Figure (WP)

By Karen Deyoung

The Washington Post, January 9, 2007

A U.S. Air Force AC-130 gunship attacked suspected al-Qaeda members in southern Somalia on Sunday, and U.S. sources said the operation may have hit a senior terrorist figure.

The strike took place near the Kenyan border, according to a senior officer at the Pentagon. Other sources said it was launched at night from the U.S. military facility in neighboring Djibouti. It was based on joint military-CIA intelligence and on information provided by Ethiopian and Kenyan military forces operating in the border area.

It was the first acknowledged U.S. military action inside Somalia since 1994, when President Bill Clinton withdrew U.S. troops after a failed operation in Mogadishu that led to the deaths of 18 Army Rangers and Delta Force special operations soldiers.

Sources said last night that initial reports indicated the attack had been successful, although information was still scanty.

"You had some figures on the move in a relatively unpopulated part of the country," said one source confirming the attack, who, like several others, would discuss the operation only on the condition of anonymity. "It was a confluence of information and circumstances," he said. The attack was first reported by CBS News.

One target of the strike, sources said, was Abu Talha al-Sudani, a Sudanese who is married to a Somali woman and has lived in Somalia since 1993 -- the year of the attack against U.S. troops that was chronicled in the book and movie "Black Hawk Down." In a 2001 U.S. court case against Osama bin Laden, Sudani was described by a leading witness as an explosives expert who was close to the al-Qaeda leader.

More recently, Sudani was identified by U.S. intelligence as a close associate of Gouled Hassan Dourad, head of a Mogadishu-based network that operated in support of al-Qaeda in Somalia. Dourad is one of 14 "high-value" prisoners transferred last September from CIA "black sites" to the U.S. military base at Guantanamo Bay, Cuba.

The Office of the Director of National Intelligence then disclosed that Dourad "worked for the East African al-Qaeda cell led by . . . al-Sudani" and carried out at least one mission for him, related to a plan to bomb the U.S. military base in Djibouti.

Others have identified Sudani as the financier for Fazul Abdullah Mohammed and Saleh Ali Saleh Nabhan, believed responsible for the 1998 bombing of U.S. embassies in Kenya and Tanzania. All are among the senior al-Qaeda operatives the Bush administration has charged were sheltered by Somalian Islamic fundamentalists controlling Mogadishu, the country's capital. They are believed to have fled late last month when Ethiopian troops drove the fundamentalists out of the capital and toward the Kenyan border.

The Bush administration has been leading an international diplomatic effort to stabilize Somalia, including organizing an African peacekeeping force. It has called on leaders of Somalia's new transitional government to negotiate a power-sharing arrangement with moderate members of the Islamic leadership who are not seen as terrorist facilitators and who are supported by a significant segment of Somali clans.

Neither effort has met with much success. African countries have been reluctant to offer troops and the new Somalian leaders have resisted negotiations.

Sources would not confirm that U.S. forces are operating on the ground along the border between Somalia and Kenya, although one emphasized that "we are working very, very closely" with Kenyan forces.

The aircraft carrier USS Eisenhower was deployed in the Indian Ocean to provide air cover for the operation and, if needed, to evacuate downed airmen and other casualties. It joined several Navy ships from the Fifth Fleet, based in Bahrain, that have been patrolling the area to prevent al-Qaeda members from fleeing Somalia by sea, a Navy spokesman said. Approximately 1,500 U.S. personnel, including Special Operations forces, are assigned to the Djibouti-based Combined Joint Task Force-Horn of Africa.

The AC-130 gunship is a heavily armed aircraft, with four cannons and a six-barrel Gatling gun capable of firing 1,800 rounds a minute. But its most striking weapon is a computer-operated 105mm howitzer that juts sideways from the middle of the aircraft. An offensive behemoth that is relatively defenseless against counterattack, it is flown only at night.

The Bush administration has long claimed the right to launch discrete military attacks in other countries when terrorist targets have been identified.

A strike by a U.S. Predator drone was ordered by the CIA last January in response to intelligence placing Ayman al-Zawahiri, the second-ranking al-Qaeda leader and bin Laden's chief deputy, at a compound near the Afghanistan border in

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Pakistan. The attack killed a reported 17 people, including six women and six children, but not Zawahiri, who apparently was not at the compound at the time.

U.S. Strike In Somalia Aims At 3 Fugitives (LAT)

By Josh Meyer

The Los Angeles Times, January 9, 2007

WASHINGTON — Under cover of the Ethiopian move into Somalia, U.S. officials launched an intensive effort to capture or kill three key suspects in the bombings of U.S. embassies in Africa more than eight years ago that killed 224 people.

A U.S. Air Force Special Operations gunship struck a location in southern Somalia where some of the suspects were believed to be hiding, a U.S. Defense Department official said Monday.

Witnesses and Somalian government officials said there were many people killed or wounded but that they had no exact numbers. U.S. military and counter-terrorism officials said they did not know whether the strike, made within the previous 24 hours, killed any of the three fugitives.

"It's not clear what the outcome is at this point," said the counter-terrorism official, who spoke on the condition of anonymity because the operation was classified.

Abdirahman Dinari, the Somalian government spokesman, said early reports suggested that among the dead were several leaders of the fleeing Islamic Courts Union recently driven from the capital, Mogadishu, along with "one of the leaders of Al Qaeda in East Africa." He declined to identify the leader.

The strikes targeted small villages in the vicinity of the port city of Kismayo, he said.

"The explosions shook our village," said Hussein Abdi, a resident of Afmadow. He said refugees from a nearby village told him at least six were killed.

A government official in Kismayo said soldiers captured 28 suspected Islamist fighters amid the chaos.

Dinari said leaders of the transitional government requested U.S. support and were aware of the impending strike.

U.S. officials have secretly been negotiating with Somalian clans who are believed to have sheltered the three embassy bombing suspects, hoping to obtain information about their locations. It could not be determined Monday whether the airstrike was based on information provided by the clans.

A U.S. intelligence official said it was unlikely that all three fugitives were traveling together but added that U.S. military operatives had been tracking the men for some time, waiting for an opportunity to strike.

"They were on the move, it was a thinly populated area, and this is what you got," the official said, adding that the AC-130 gunship used in the attack "is not the kind of weapon you generally deploy in downtown Mogadishu."

"This thing does some violence; it would not be the most surgical event," the official said.

The gunship was based in Djibouti, just north of Somalia. The strike was first reported by CBS News and independently confirmed by The Times.

CIA, FBI and military teams have been tracking the men, particularly their alleged leader, Fazul Abdullah Mohammed, for years, but the fugitives have proved elusive.

U.S. officials and their African and European allies in the negotiations believe that one Somalian sub-clan in particular has been harboring Mohammed and his associates, whom the U.S. describes as the leaders of an East African Al Qaeda cell. Mohammed, a native of the Indian Ocean island nation of Comoros, faces terrorism charges in the United States that could bring the death penalty if he is captured and convicted.

Intelligence gathered over the last week indicates that Mohammed and aides Abu Taha al Sudani of Sudan and Saleh Ali Saleh Nabhan of Kenya recently fled their haven in Mogadishu and headed for the Kenyan border as Ethiopian troops entered the capital and routed the Islamic militias that controlled it.

U.S. officials believe that influential members of the Ayr sub-clan, which they say has sheltered the three, have been in touch with the fugitives. Clan members could provide their pursuers with detailed intelligence about where the men might go and who else within their network of extremists might be hiding them, according to several U.S. counter-terrorism and diplomatic officials familiar with the negotiations.

"We are working through the clans to get at these people," one U.S. diplomatic official said. "That's a political reality in Somalia. The clan is the biggest institution, as much as there are any institutions."

But negotiations with the militant Ayr could raise questions about whether the Bush administration is bargaining with terrorists or those harboring them. The U.S. diplomatic official denied that, saying that engaging the groups, either directly or through intermediaries, was the only realistic way of gathering useful intelligence on the men and perhaps apprehending them.

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Mohammed, who has a $5-million U.S. bounty on his head, was indicted in 1998 by a federal grand jury along with Al Qaeda leader Osama bin Laden and others for his alleged role in the bombings that year of the U.S. embassies in Kenya and Tanzania.

U.S. officials also accuse the three fugitives of involvement in the 2002 bombing of a hotel in which 15 people were killed and an attempt to shoot down an Israeli airliner, both near the Kenyan port city of Mombasa.

It remains unclear whether U.S. authorities would take any of the three men into custody if captured, because Kenya and other countries also have expressed interest in trying them.

Officials said they could not discuss the details of the talks with Somalian clans, saying they were extremely sensitive and being conducted at a particularly delicate time. The International Contact Group on Somalia, composed of the U.S. and European and African nations, has recently begun working to disarm the various Somalian factions and provide foreign aid.

Although no one is offering clan leaders amnesty for harboring suspected Al Qaeda operatives, U.S. officials said, the negotiations aim for something just short of that, such as inclusion in the political process in exchange for cooperation on the counter-terrorism front.

The Islamic Courts Union, which last year seized control of Mogadishu and other key Somalian cities, is made up of at least 15 small, clan-based "courts," some of which are moderate, others showing signs of militancy. U.S. officials believe the Ayr sub-clan plays important roles in the Islamic courts, and that at least one of its influential members has direct ties to senior Al Qaeda leaders in Afghanistan, according to U.S. intelligence officials and reports by independent terrorism analysts.

Sheik Hassan Dahir Aweys, an Ayr cleric who has been instrumental in establishing and running the Islamic Courts Union, is wanted by the U.S. government for allegedly having ties to Al Qaeda leaders, including Bin Laden.

U.S. officials say Aden Hashi Farah Ayro, a young Ayr leader in charge of one of the union's most violent militias, received military training at an Al Qaeda camp in Afghanistan before the U.S.-led military invasion of that country in late 2001.

Ayr leaders have publicly denied such allegations.

U.S. officials described the hunt for the suspected Al Qaeda operatives as confounding, as they tried to figure out who could speak for the clan, whom to trust and who could deliver intelligence on the fugitives or hand them over to authorities.

One of those intermediaries is apparently Somalian Prime Minister Ali Mohammed Gedi, who held a closed-door meeting Jan. 2 with Ayr leaders at a Mogadishu hotel and requested that they hand over their weapons and support the United Nations-backed transitional government he heads.

Jendayi E. Frazer, the U.S. assistant secretary of State in charge of African affairs, was unavailable for comment, as she was returning Monday from Nairobi, the Kenyan capital, where she had been part of the International Contact Group meeting, a spokesman said.

In congressional testimony in June, Frazer said the three suspects posed "an immediate threat to both Somali and international interests in the Horn of Africa…. We must deny them the ability to plan and operate."

She added at the time that the administration was "constantly reviewing and updating our approach to reflect the fluid dynamics inside Somalia," and that it would "continue working with Somalis, regardless of clan, religious or secular affiliation."

John Prendergast, a former Africa policy official in the National Security Council and State Department under President Clinton, said he was skeptical of the secretive talks.

Prendergast, who visits Somalia frequently as a senior advisor at the nonprofit International Crisis Group, said the clans are deeply mistrustful of the Bush administration, particularly because of clandestine efforts by the CIA to fund some warlords and undermine the authority of others.

Also, Prendergast said, though clan members may support the three fugitives, they don't control them and are extremely unlikely to engage in any betrayal of them unless other powerful Somalian clans and political leaders promise a significant prize in return.

What's more, Prendergast said, the fugitives have managed to elude capture for nearly a decade and are not likely to sit around and wait for someone to turn them in. "I'd be surprised if those guys didn't get out of the way a long time ago. They'd be stupid to have hung around this long," he said.

Interim Leader Rejects U.S. Approach In Somalia (MCT)

By Shashank Bengali

McClatchy, January 9, 2007

NAIROBI, Kenya - In a rebuff to the United States, Somalia's interim president, Abdullahi Yusuf, on Monday rejected U.S. requests to bring moderate Islamists into his weak transitional government.

Negotiations with Islamists "will not happen," he told Al Jazeera television before flying to Mogadishu, Somalia's lawless seaside capital. "We will crack down on the terrorists in any place around the nation."

Yusuf had indicated the opposite position in meetings in the Kenyan capital over the weekend with assistant U.S. secretary of state Jendayi Frazer, U.S. officials said.

There was no immediate reaction from U.S. officials, but Yusuf's remarks underscored the difficulties that Western governments face as they try to shore up Somalia's fragile regime after Ethiopian troops ousted Somalia's popular Islamist rulers last month.

Frazer, the top U.S. diplomat for Africa, had said late Sunday in Nairobi that Yusuf's government, which was formed by an international conference in 2004 and has never controlled Mogadishu, needed to bring moderate Islamists into the regime.

"I support reaching out to the ... Islamic Courts," Frazer said. "We see a role in the future of Somalia for all who renounce violence and extremism."

The message signaled a more conciliatory U.S. stance on the Islamic Courts Movement, which had seized Mogadishu in June from U.S.-backed warlords. Initially U.S. officials based in Kenya had some contact with moderates within the movement, including Sheik Sherif Ahmed, a geography teacher who emerged as their leader.

But Ahmed soon was edged out by hard-liners, led by suspected al-Qaida operative Hassan Dahir Aweys, who laid claims to territory in neighboring countries and called for jihad against Ethiopia. Frazer made a series of statements starting in November claiming that al-Qaida terrorists had overrun the courts movement.

U.S. officials think that the militants are sheltering three terrorists who masterminded the 1998 attacks on U.S. embassies in Kenya and Tanzania. The Bush administration is widely thought to have given neighboring, Christian-led Ethiopia the green light to expel the Islamists.

The whereabouts of Sherif Ahmed, Aweys and other top Islamist leaders remained uncertain Monday as Ethiopian and Kenyan troops continued to pursue remnants of the fleeing Islamist militias in a heavily wooded area of southern Somalia, near the border with Kenya.

Analysts who had been critical of U.S. policy in Somalia said the Bush administration might be focusing on achieving political stability there after years of being preoccupied with preventing al-Qaida cells from taking root.

"If the U.S. is indeed doing more than making a few public statements in support of dialogue with moderates, then it does represent a shift in the public face of its policy," said John Prendergast, senior adviser to the International Crisis Group, a research center on global conflict.

The Islamists' ouster left a power vacuum in Mogadishu, where the transitional government has little support. The city's powerful Hawiye clan accuses Yusuf, who's of a rival clan, of being a puppet of Ethiopia.

"If southern Somalia is to stabilize, it is essential that the transitional government hold substantial power-sharing talks with the Hawiye clan elders and Islamic Courts officials," Prendergast said.

Trying to sweeten the deal, the U.S. has pledged $40 million in new aid to Somalia, including $14 million to support a proposed African peacekeeping mission. Frazer said the money wasn't conditional on the transitional government negotiating with the Islamists.

Rain Slows U.S. Offensive (LAT)

By Alexandra Zavis

The Los Angeles Times, January 9, 2007

30 Tamuz , Iraq — A five-day-old offensive into the troubled rural region east of Baghdad bogged down in the mud Monday after U.S. forces staged a bombardment of a warren of tunnels and canals where Sunni Arab insurgents were believed to be holed up.

An icy downpour turned rural dirt lanes into muck that stuck to boots and wheels like cement and stopped heavy armored American vehicles. U.S. commanders poised for what they described as a final push against al-Qaida in Iraq militants fired phosphorous shells to burn dead weeds and sent out foot patrols to search through fields and farm buildings. Despite the adverse conditions, U.S. military officials remained optimistic about their offensive in Diyala province.

"Time is on our side," said Capt. Stephen Dobbins, a troop commander in the 5th squadron, 73rd Cavalry. "If the enemy is there in the canals they're running out of food, and we have just bombed the hell out of them."

U.S. and Iraqi forces have swept through sprawling farmland, combing isolated hamlets for fighters, weapons and intelligence. Soldiers have found numerous arms caches in the mostly Sunni 30 Tamuz village. One man led soldiers to a canal at the back of his house and pulled an AK-47 assault rifle and a magazine from the murky depths.

Most of the village's families have abandoned their homes or left only women and children behind since U.S. planes dropped leaflets last week indicating they were on their way.

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U.S. soldiers had faced fierce resistance when they last pressed through the region in November, following the discovery of large weapons caches during reconnaissance flights. Highly trained fighters including organized squad-sized bands fought the Americans.

In the new offensive, about 1,000 U.S. and Iraqi government forces are on the move, backed with air support. On Sunday, the U.S. military said, 21 armed men were killed and a stash containing 1,169 Katyusha rockets, small arms and ammunition was uncovered.

Before dawn Monday, U.S. aircraft unleashed strikes in the region that continued into mid-morning, sending orange fireballs into the sky.

Throughout the day, soldiers observed small groups of men maneuvering through nearby canals. In one case, they said, it appeared that four insurgents were practicing an attack.

Insurgents have riddled the main roads leading to their hideouts with anti-tank mines, part of an elaborate defense system. After U.S. and Iraqi forces rolled through, they said individuals were seen planting mines in the road for their return.

"The IEDS are bad, the mud is worse," said Specialist Richard Cooper, still joking after spending more than an hour trying to maneuver a Humvee down a mud-slicked road.

As vehicles skidded and sank in the mud, Staff Sgt. Allen Brown, the squadron supply officer, rolled up in a Humvee to deliver diesel fuel to a mortar truck stranded in the muck. As a soldier tossed the jerry-cans to the other side of the canal, Brown popped his head out of the gun turret and yelled, "Welcome to hell."

"Any chance for some gloves?" shouted back Staff Sgt. Steve Robert Lynn, whose hands were red and raw from the cold. "I fell in the mud -- my gloves are useless now."

"Sure," Brown replied with a grin. "I got plenty back at Base Caldwell, drop by any time."

Lynn spent the better part of the day extracting his truck and a trailer full off mortar tubes and other equipment after they had slipped down an incline into a field. "It's not mud, it's slush."

A local farmer finally came to his aid, providing a tractor to haul out Lynn's trailer and a number of other vehicles.

As the temperature dropped to the low 30s and it started to rain again, soldiers kept themselves warm as best they could. A U.S. gunner wrapped himself in a plastic sheet inside his turret as a group of Iraqis huddled in the mud underneath the open-topped personnel carrier.

As darkness fell, soldiers pulled out sleeping bags and settled down in their trucks for a few hours of rest in between guard shifts.

Hussein's Voice Speaks In Court In Praise Of Atrocities (NYT)

By John F. Burns

The New York Times, January 9, 2007

BAGHDAD, Jan. 8 — The courtroom he dominated for 15 months seemed much smaller on Monday without him there to mock the judges and assert his menacing place in history.

But the thick, high-register voice of Saddam Hussein was unmistakable. In audio recordings made years ago and played 10 days after his hanging, Mr. Hussein was heard justifying the use of chemical weapons against the Iraqi Kurds in the late 1980s, predicting they would kill "thousands" and saying he alone among Iraq's leaders had the authority to order chemical attacks.

In the history of prosecutions against some of the last century's grimmest men, there can rarely have been a moment that so starkly caught a despot's unpitying nature.

On one recording, Mr. Hussein presses the merits of chemical weapons on Izzat Ibrahim al-Douri, his vice-president, and now, the Americans believe, the fugitive leader of the Sunni insurgency that has tied down thousands of American troops. Mr. Douri, a notorious hard-liner, asks whether chemical attacks will be effective against civilian populations, and suggests that they might stir an international outcry.

"Yes, they're very effective if people don't wear masks," Mr. Hussein replies.

"You mean they will kill thousands?" Mr. Douri asks.

"Yes, they will kill thousands," Mr. Hussein says.

Before he was hanged Dec. 30 for offenses in another case, Mr. Hussein had used the so-called Anfal trial, involving the massacre of as many as 180,000 Iraqi Kurds, as a platform for arguing that the chemical weapons attacks of the kind that devastated the town of Halabja on March 16, 1988, were carried out by Iranian forces then fighting Iraq in an eight-year war.

But the recordings told another story. Court officials gave no hint as to how they obtained the recordings, which Iraqis familiar with Mr. Hussein's voice said seemed to be authentic. But they appeared to have been made during meetings of his Revolutionary Command Council and of the Baath Party High Command, two groups that acted as rubber stamps for his

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decisions. Mr. Hussein regularly ordered meetings to be recorded, according to Iraqis who knew the inner workings of Mr. Hussein's dictatorship.

Mr. Hussein sounds matter of fact as he describes what chemical weapons will do. "They will prevent people eating and drinking the local water, and they won't be able to sleep in their beds," he says. "They will force people to leave their homes and make them uninhabitable until they have been decontaminated."

As for the concern about international reaction, he assures Mr. Douri that only he will order the attacks. "I don't know if you know this, Comrade Izzat, but chemical weapons are not used unless I personally give the orders," he says.

When Iraq resumed the genocide trial of its former leaders on Monday, Mr. Hussein's high-backed, black vinyl seat at the front of the dock was left ominously empty. Something about the six remaining defendants, including Ali Hassan al-Majid, Mr. Hussein's cousin, who was known among Iraqis as Chemical Ali for his role in overseeing the attacks on the Kurds, suggested that they felt orphaned without the commanding presence of Mr. Hussein.

Gone were the cries of "Mr. President!" as Mr. Hussein entered the court to join them in the dock, and gone, too, was the emboldened posture they took from Mr. Hussein, with frequent challenges and insults to witnesses, prosecutors and judges. Perhaps Mr. Hussein's hanging, and the humiliating taunts he endured from witnesses and guards as he stood with the noose around his neck, had broken the last illusions among those surviving him that they could somehow evade a similar end.

When the chief judge, Muhammad Ureibi al-Khalifa, began the proceedings by abruptly cutting the microphone as Mr. Majid stood to intone a prayer in memory of Mr. Hussein, the former dictator seemed to be judicially, as well as existentially, dead. But the anticlimactic beginning swiftly gave way to the most astonishing day of testimony since Mr. Hussein and his associates went on trial. Once more, it was Mr. Hussein, this time in an involuntary orgy of self-incrimination, who dominated.

In the sequence of scratchy recordings — some with the dialogue quite clear, some barely decipherable — Mr. Hussein repeatedly showed the ready resort to brutality that seized Iraq with fear during his 24 years in power. At one point, he is heard telling a general to summarily execute field commanders who fail to adequately prepare their defenses against Kurdish guerrilla raids.

He cites as a precedent "some commanders who abandoned their positions when they found themselves in an awkward situation, who deserved to have their necks cut, and did." At another point, he tells subordinates to execute any internal security officials who fail to stop Iraqi soldiers sneaking home from the Iranian front on fake passes.

"If you arrest any of them, cut off their heads," he says. "Show no mercy. They only joined the security to avoid having to join the army and fight Iran."

One recording revealed, more clearly than anything before, Mr. Hussein's personal involvement in covering up Iraq's attempts to acquire weapons of mass destruction, the program that ultimately led to President Bush sending American troops to overthrow him. Talking to the general who led Iraq's dealings with United Nations weapons inspectors until weeks before the 2003 invasion, he counseled caution in the figures being divulged on the extent of Iraq's raw supplies for chemical weapons, so as to disguise the use of unaccounted-for chemicals in the attacks on the Kurds.

But it was Mr. Hussein's chilling discussion of the power of chemical weapons against civilians that brought prosecutors and judges to the verge of tears, and seemed to shock the remaining defendants. One of the recordings featured an unidentified military officer telling Mr. Hussein that a plan was under development for having Soviet-built aircraft carry containers, packed with up to 50 napalm bombs each, which would be rolled out of the cargo deck and dropped on Kurdish towns.

"Yes, in areas where you have concentrated populations, that would be useful," Mr. Hussein replies.

Another recording involves a General Thabit, who was not further identified by the prosecutors, telling Mr. Hussein that his forces had used chemical weapons in the northern sector of Kurdistan, but that "our supplies of the weapons were low, and we didn't make good use of the ones we had." The general notes that Iraq's production of mustard gas and sarin, a nerve gas, was "very low," and says they should be used sparingly. "We're keeping what we have for the future," he says.

Before they recovered enough to begin pleading their innocence, Mr. Hussein's erstwhile companions in the dock buried their heads in their hands, gazed at the floor, and glanced furtively toward TV cameras transmitting live coverage of the trial. Mr. Majid shifted uneasily in his seat as one recording had him telling officials to warn Kurdish refugees that they would be attacked with chemical weapons if they attempted to return to their villages.

The prosecutor, Munkith al-Faroun, came to court as almost the only person who attended Mr. Hussein's execution on Dec. 30 to emerge with an unsullied reputation. It was he, as he and others confirmed, who attempted to halt the taunts hurled at Mr. Hussein as he stood with the noose around his neck, moments before the trapdoor opened. Over the hubbub, an illicit camera phone recording showed Mr. Faroun calling out for silence, "Please, no!" he said. "The man is about to be executed."

But back in the courtroom, Mr. Faroun became, again, the man holding Mr. Hussein to account and, in one poignant moment, counseling restraint among those who have expressed outrage over the manner of the former ruler's execution. That

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moment came after the court watched television images taken after the Halabja attack, which more than any other event focused world attention on the atrocities committed under Mr. Hussein.

The video showed the horrors: a father wailing in grief as he found his children lying along a street littered with bodies; dead mothers clutching gas-choked infants to their breasts in swaddling clothes; young sisters embracing each other in death; and trucks piled high with civilian bodies. “I ask the whole world to look at these images, especially those who are crying right now,” Mr. Faroun said, referring to the outpouring of sympathy for Mr. Hussein.

The recordings played at Monday’s trial session, seemingly eliminating any doubt about Mr. Hussein’s role in the attacks on the Kurds, may go a long way to answering criticism of the government for executing him before he was judged for the worst of his crimes.

American justice department lawyers, who have done much of the behind-the-scenes work in sifting tons of documents and other evidence gathered after the invasion of 2003, had never hinted that they held the trump card, judicially and historically, that the audio recordings seem likely to be.

Saddam's Voice, Aura Still Fill Courtroom (WT/AP)

By Lauren Frayer

The Washington Times, January 9, 2007

BAGHDAD -- Saddam Hussein had been dead nine days but his voice resounded through the courtroom yesterday as he and his cousin "Chemical Ali" discussed killing thousands of Kurds in the 1980s, according to audiotapes played at their war-crimes trial.

Saddam's physical presence was gone -- his chair in the white metal pen where the defendants sit was empty -- but his aura still hung over the proceedings against his former regime members.

The trial reconvened for the first time since Dec. 21 and a little more than a week since Saddam was hanged for the killing of 148 Shi'ites after an assassination attempt in the town of Dujail in 1982.

Meanwhile, new video of Saddam's corpse shortly after the hanging was posted on the Internet. It showed a gaping wound on Saddam's neck, with his head unnaturally twisted at a 90-degree angle to his right.

The court's first order of business yesterday was to dismiss all charges against Saddam. His co-defendants -- including his cousin Ali Hassan al-Majid, known as "Chemical Ali" -- remain in the dock on charges of killing 180,000 Kurds in the 1980s as Iraq fought a protracted war with Iran.

Prosecutor Munqith al-Faroon aired graphic video of scores of bodies in trucks and in piles on the street, overlaid with a voice purported to be that of al-Majid saying, "I will hit them with chemical weapons."

"Damn the international community if they say anything. I will strike them all with chemical weapons," the voice continued.

Another audiotape had a voice identified as Saddam's warning, "These weapons are used only at my orders." He also reassured colleagues that the weapons "kill by the thousands."

"It will force them out of their homes without water or food. It makes them evacuate their homes naked," the voice said.

In court, al-Majid described the video as painful, but said it showed the work of Iranian troops, not Iraqis. As for the audio, al-Majid did not deny the voices were his and Saddam's.

The tapes "not only condemn me, but the whole path that I was part of -- the path of Saddam Hussein," al-Majid said.

Legal analysts said they hoped Saddam's six co-defendants would be more forthcoming with the dictator no longer listening.

Also yesterday, the U.S. military announced the deaths of two more American soldiers: one from combat wounds in Salahuddin province, which includes Saddam's hometown, and another from small-arms fire north of Baghdad.

Iraqi police, meanwhile, reported the discovery of 27 tortured bodies in the capital and the deaths of 23 other persons, including nine Shi'ite workers shot in a minibus on their way to the Baghdad airport.

Meanwhile, in Geneva, the U.N. refugee agency made an emergency appeal yesterday for $60 million to help the 40,000 to 50,000 Iraqis who flee their homes every month and the 3.7 million who have been displaced.

"The current exodus is the largest long-term population movement in the Middle East since the displacement of Palestinians following the creation of Israel in 1948," said the United Nations High Commissioner for Refugees.

Court Drops Kurd Charges Against Saddam (AP)

AP, January 9, 2007

Saddam Hussein's trial for the killing of 180,000 Kurds in the 1980s resumed Monday with the late dictator's seat empty, nine days after he went to the gallows. The court's first order of business was to drop all charges against Saddam.

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Six co-defendants still face charges of war crimes and crimes against humanity stemming from a military campaign code-named Operation Anfal during the 1980-88 Iraq-Iran war.

Shortly after the court reconvened Monday, a bailiff called out the names of the accused and the six men walked silently into the courtroom one after another.

Chief Judge Mohammed Oreibi al-Khalifa said the court decided to stop all legal action against the former president, since "the death of defendant Saddam was confirmed."

All seven defendants in the Anfal case, including Saddam, had pleaded innocent to charges of war crimes and crimes against humanity. Saddam and one other man also pleaded innocent to the additional charge of genocide.

Saddam was sentenced to death for the killing of 148 Shiites and hanged on Dec. 30 in a chaotic execution that has drawn global criticism for the Shiite-dominated government. An illicit video from inside the former leader's execution chamber showed him being taunted on the gallows.

British Prime Minister Tony Blair believed the manner in which Saddam was executed was "completely wrong," his office said Sunday.

"He believes that the manner of the execution was completely wrong, but that should not lead us to forget the crimes that Saddam Hussein committed, including the deaths of hundreds of thousands of Iraqis," a spokeswoman for Blair's office said on condition of anonymity in line with policy.

Human Rights Watch said Saddam's speedy execution illustrated the Iraqi government's disregard for human rights, and urged Iraqi officials to halt two upcoming hangings.

"The tribunal repeatedly showed its disregard for the fundamental due process rights of all of the defendants," said Richard Dicker, director of Human Rights Watch's International Justice Program.

Saddam's half brother and former intelligence chief, Barzan Ibrahim, and former head of Iraq's Revolutionary Court, Awad Hamed al-Bandar, were sentenced to death after being convicted along with Saddam of involvement in the killings in the town of Dujail after a 1982 assassination attempt there against Saddam.

Their executions were postponed, however, until after the Muslim holiday of Eid al-Adha, which ended six days ago. They were expected in the coming days, though Jaafar al-Mousawi, the chief prosecutor in the separate Dujail case, said the timing would "be determined by the government."

Sami al-Askari, an adviser to Prime Minister Nouri al-Maliki, declined to give reasons for the delay and said only that "no date has been made yet" for al-Bandar and Ibrahim's hangings.

The six remaining defendants in the Anfal case _ all senior members of Saddam's ousted regime _ include his cousin Ali Hassan al-Majid, known as "Chemical Ali" for his alleged use of chemical weapons against Iraqi Kurds.

As al-Majid took his seat in court Monday, he tried to turn on his microphone to speak publicly. The judge quickly shut it off, preventing him from being heard.

The other defendants are former Defense Minister Sultan Hashim al-Tai, who was the commander of Task Force Anfal and head of the Iraqi army 1st Corps; Sabir al-Douri, Saddam's military intelligence chief; Taher Tawfiq al-Ani, former governor of Mosul and head of the Northern Affairs Committee; Hussein Rashid Mohammed, former deputy director of operations for the Iraqi Armed Forces and Farhan Mutlaq Saleh, former head of military intelligence's eastern regional office.

Legal experts said the Anfal trial would proceed more smoothly without Saddam.

"The trial will be more elastic and easy. It will clarify and expose more facts because Saddam Hussein's disappearance from dock will encourage other defendants to mention some facts that they were afraid to divulge when he was with them," said Tariq Harb, an Iraqi lawyer and legal expert.

In Monday's session, prosecutor Munqith al-Faroon presented a document allegedly signed by al-Ani, calling for the execution of 10 members of the Patriotic Union of Kurdistan, the party headed by current Iraqi President Jalal Talabani. Al-Ani later denied the handwriting was his.

"This is not my signature and I'm sure of that," he told the court.

The prosecutor also aired a video showing the aftermath of chemical weapons attacks on Kurdish areas, with dozens of dead men, women and children. Accompanying audio allegedly contained the voice of al-Majid saying "I will hit them with chemical (weapons)."

Another audiotape was played for the court, allegedly with Saddam saying, "These weapons are only used at my orders."

Violence continued Monday, with nine people killed in an ambush near Baghdad's airport. Gunmen attacked a bus full of workers en route to the airport, showering them with bullets, a hospital paramedic said on condition of anonymity because he was not authorized to talk to reporters. The victims were mainly Shiite Muslims from Baghdad's Sadr City neighborhood, the official said.

The U.S. military also reported the deaths of two American soldiers north of Baghdad a day earlier.

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Six bodies were discovered in the primarily Sunni neighborhood of Dora in southern Baghdad, police said. They were a father and his three sons, and a mother and her son, who had been returning to Baghdad from relatives' funerals in Najaf, a police officer said on condition of anonymity out of security concerns.

A tribal council chief was kidnapped near Samarra, on his way home from the Muslim pilgrimage to Mecca, said Capt. Muthanna Ibrahim, director of the Salahaddin governor's office. Samarra is 60 miles north of Baghdad.

New Video Of Saddam's Corpse On Internet (AP)

By Qassim Abdul-zahra

AP, January 9, 2007

A new video of Saddam Hussein's corpse, with a gaping neck wound, was posted on the Internet early Tuesday, the second leaked release of clandestine pictures from the former leader's hanging.

The video appeared to have been taken with a camera phone, like the graphic video of the hanging which showed guards taunting Saddam in the final moments of his life.

The footage pans up the shrouded body of the former leader from the feet. It apparently was taken shortly after Saddam was executed and placed on a gurney. He was hanged shortly before dawn on Dec. 30.

As the panning shot reaches the head region, the white shroud is pulled back and reveals Saddam's head and neck.

His head is unnaturally twisted at a 90 degree angle to his right. It shows a gaping bloody wound, circular in shape, about an inch below his jaw line on the left side of his neck. His left cheek is marked with red blotches, and there is blood on the shroud where it covered his head.

The newest video leak was likely to increase the angry reaction over the way the execution was carried out. There already has been a global outcry about the undignified manner in which the Shiite-dominated government hanged Saddam, a Sunni.

The 27-second video was posted on an Iraqi news Web site that is known to support Saddam's outlawed Baath Party.

"A new film of the late immortal martyr, President Saddam Hussein," the web site said in a headline over a link to the video.

Voices could be heard on the video. As the shroud is pulled back, one voice says, "Hurry up, hurry up. I'm going to count from one to four. One, two ... . Hurry up you're going to get us into a catastrophe."

Then another voice, apparently the man taking the pictures, says, "Just one second, just one second, Abu Ali. I'm about finished."

Then a third voice says, "Abu Ali, you take care of this."

It was the second clandestine video to have leaked, the first showing Saddam being taunted in his final moments. That clandestine video showed the former leader dropping through the gallows floor as he offered chanted prayers. It ends with his dead body swinging at the end of a rope.

The hanging video was in sharp contrast with an official video that was broadcast not long after Saddam's execution which showed him standing silently on the gallows as the noose was put around his neck. The official video was muted.

The leaked hanging video, however, was shot from the floor of the gallows chamber, looking up at Saddam. Voices could be heard taunting him with cries of "Muqtada, Muqtada, Muqtada," referring to radical anti-American cleric Muqtada al-Sadr, the leader of the Shiite Mahdi Army militia and a key support of Prime Minister Nouri al-Maliki.

The prime minister pushed for Saddam to be executed before the end of 2006 and just four days after the death sentence was upheld by the appeals court. U.S. official sought to delay the execution.

Execution Sparks Arab Support For Saddam (AP)

By Nadia Abou El-magd

AP, January 9, 2007

Another leaked video from Saddam Hussein's execution carried fresh adulation Monday of the fallen dictator, who in death has become a martyr and hero of Arab nationalism for some in the Middle East.

Saddam's stature has grown since his execution — when he answered insults and taunts with disdain — overshadowing the memories in much of the Arab world of the massacres and other atrocities committed by his regime.

The new video, showing Saddam's corpse with a gaping neck wound, was posted on the Internet early Tuesday. It was apparently shot with a camera phone minutes after he was hanged Dec. 30.

"A new film of the late immortal martyr, President Saddam Hussein," the web site said in a headline over a link to the video.

The independent Egyptian newspaper Al-Karama splashed Saddam's photo over a full page Monday, with an Iraqi flag behind him, declaring him an "Arab martyr."

"He lived as hero, died as a man," another Egyptian opposition newspaper, Al-Osboa, proclaimed in a headline, showing a photo of Saddam at the gallows.

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The praise has angered the governments of Iraq and Kuwait, which Saddam's soldiers invaded in 1990. On Monday, Kuwaiti lawmakers denounced Arab countries where Saddam has been lauded as a hero and demanded the government reconsider ties and financial aid to them.

Indignation over the execution in the Sunni Arab world has increased resentment of the United States and Iraq's Shiite-led government. It could fuel support for Iraq's Sunni insurgency and complicate U.S. efforts to enlist Arab nations in efforts to reconcile Iraq's warring Sunni and Shiite communities.

In large part, it was the unruly scene at the gallows that catapulted Saddam to hero's status. In video footage smuggled out of the execution room, Shiite executioners are heard shouting curses at Saddam — who stands erect, and smiles contemptuously. "Is this manly?" he retorts.

The latest video seems only to have aggravated the anger provoked by the earlier video.

Saddam's iconic exeuction has, it seems, come to symbolize dignified Arab resistance in the face of humiliation at the hands of a Shiite government.

Some Arabs regard that government as illegitimate because it is backed by the U.S. military and closely allied to mainly Shiite Iran.

Some media reports compared Saddam to another hero of Arab nationalism who opposed Western domination: Omar al-Mokhtar, the leader of resistance against Italy's military occupation of Libya. He was executed by hanging in 1931.

Egypt's nationalist weekly newspaper Al-Arabi published a cartoon Sunday showing an open book with pictures of Saddam and al-Mokhtar on facing pages.

The reaction was in contrast to the shock that followed Saddam's capture by U.S. troops in December 2003. At the time, Saddam was shown bearded and bedraggled in photos as he was pulled out of the hole where he was hiding by U.S. troops.

The images sparked debate across the Middle East. Many pointed out his weakness in the face of U.S. forces. Over the years that followed, Arab media dealt more frankly with the mass killings carried out by Saddam's regime.

Languishing in U.S. custody, Saddam faded into irrelevance, and coverage of his trial waned in Arab media.

But after the execution, even some Arabs critical of Saddam said he had achieved a heroic status, despite his record of crimes and atrocities.

"Five sublime minutes at the hanging rope created the myth," columnist Abdel-Halim Qandil wrote in Al-Karama. "The story of Saddam the bloody dictator was over, replaced by Saddam's image similar to Omar al-Mokhtar."

Egyptian President Hosni Mubarak, a U.S. ally, suggested the execution could worsen the situation in Iraq.

"It was disgraceful and very painful," Mubarak said in an interview with Israeli daily Yediot Ahronot. "They (the Iraqi government) have made him into a martyr, while the problems within Iraq remain."

On Saturday, Iraqi Prime Minister Nouri al-Maliki denounced other governments for criticizing the execution, accusing them of meddling in Iraqi affairs.

But the execution deepened opposition in the Arab world — where the majority of the population are Sunni Muslims — against Iraq's Shiite-led government.

Many also blamed the United States, which handed Saddam over for execution — even though U.S. officials said they tried to persuade al-Maliki to postpone the hanging and later criticized the way it was carried out.

On Friday, hundreds in the Egyptian capital demonstrated after prayers at al-Azhar Mosque, chanting against the United States and allied Arab governments, expressing support for the Iraqi insurgency.

In Jordan, columnist Ibrahim Jaber Ibrahim lashed out at the Iraqi prime minister, deriding him as "Emperor al-Maliki, standing on a precious Persian carpet" — a reference to the Iraqi Shiites' close ties Persian Iran.

Talal Salman, publisher of the Lebanese daily As-Safir, warned that the al-Maliki government's "vindictiveness, political blindness and shortsightedness ... are establishing divisions that will spare no one, whether in Iraq or in the territories around it, including all the Arabs."

Still, some voices in the Arab media insisted Saddam's crimes should not be ignored.

"One can't but be surprised at shameful Arab weeping (for Saddam) ... glorifying him and considering him a hero and martyr," wrote Palestinian writer Khaled al-Horoub in the United Arab Emirates daily Al-Itihad on Monday.

He warned that other Arab dictators will manage "to hide (their) crimes behind volatile speeches that stir up people's feelings but destroy their present and future."

Sami Moubayed wrote in the daily Oman Times, that he "tried hard" to sympathize with Saddam while watching the execution. "But I could not find a single thing worth praising about Saddam."

"However, the fact that he was executed under the watchful eye of the United States, at a time when Iraq is occupied, makes him a national hero to the Arabs," he wrote.

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Saddam's Trial Stirs Obama Ire (HILL)

By Roxana Tiron

The Hill, January 9, 2007

Potential 2008 presidential contender Sen. Barack Obama (D-Ill.) and other top Democrats sharply criticized the execution of Saddam Hussein as President Bush readied to introduce a new military and foreign policy strategy for the war-ravaged country the Iraqi dictator once controlled.

Obama, a member of the Senate Foreign Relations Committee, said Saddam was hanged before all charges against him were heard. In particular, Obama said that the court pushed aside testimonials about the mass murder of Iraqi Kurds in the late 1980s in order to rush Saddam to the gallows.

"I think that was unfortunate and did not assist in the process of bringing the country together," Obama said in a short interview last week.

However, Obama said in a statement released on the day of Saddam's hanging: "The Iraqi people have found justice in the death of a dictator who brutalized, tortured and killed thousands of innocent men, women and children." Obama also took the opportunity then to call on the Iraqi government to "work harder" to find a political solution to its burgeoning civil war.

On Monday, nine days after the former dictator's death, the Iraqi court dropped all outstanding charges against him. Six of his associates face charges of war crimes and crimes against humanity for their roles in the killing of 180,000 Iraqi Kurds during the Iraq-Iran war as part of a 1980s-era military campaign code-named Operation Anfal.

Saddam, a Sunni Muslim, was sentenced to death and hanged Dec. 30 for the killing of 148 Shiites. The trial and execution have drawn global criticism of the current Shiite-dominated government. Saddam's final moments were filmed on a cell phone, recording the sectarian jeers with which Shiite officials taunted him as he stood on the scaffold; the viral spread of the footage online has generated further outrage in the international community.

"I think that the fact that it became an Internet spectacle was very unfortunate and diminished the seriousness with which the whole process should have ended," Obama said last week.

Iraqi officials are defending the manner in which the execution was conducted, but Shiite Prime Minister Nouri al-Maliki's government is investigating the circumstances surrounding it. President Bush said the hanging could have been held in a more "dignified way" but is leaving the probe to the Iraqis.

Another potential 2008 presidential hopeful, Sen. Joseph Biden Jr. (D-Del.), called on Iraq's leader to condemn publicly the hanging.

"If I were Maliki's adviser, I'd say, 'Now is the time you have to make a dramatic move to hold accountable the Sunnis who engaged in that,'" Biden said Sunday on NBC's "Meet the Press with Tim Russert." Biden likened the fallout from Hussein's execution to that resulting from the military detainee torture scandal at Abu Ghraib prison: "It had the same […] poisonous impact."

Like Obama, Biden released a statement shortly after the execution saying it closed "one of the darkest chapters in [Iraq's] history and rid the world of a tyrant." Biden, the chairman of the foreign relations panel, is planning to hold hearings on Iraq this week.

Other top Democrats said that the execution created more problems within Iraq and in the Middle East.

"It was a disaster, it really was," said Sen. Chris Dodd (Conn.), another Democrat who may vie for a presidential nomination. "Saddam Hussein is a dreadful human being and I respect the right of the Iraqi people to bring him to justice, but the way the execution was handled created more problems," Dodd told The Hill last week.

The chaos surrounding the hanging demonstrated a lack of organization in Iraq, according to Dodd, and before transferring custody of Saddam to the Iraqis, the United States should have better understood the mechanics of the planned execution.

"No one should shed any tears for Saddam Hussein; justice has been served," Dodd said in a statement released shortly after Hussein's sentence was carried out.

Sen. Carl Levin (D-Mich.), a leading critic of the war who has been pushing for the withdrawal of U.S. troops from Iraq, said that the execution will worsen relations between Sunnis and Shiites.

"I think it was disastrous for Iraq to have the execution carried out in that manner," said Levin, who in recent months has insisted the solution to Iraq's problems is political rather than military.

Levin also said that he hoped his colleagues in the Senate would speak out about increased sectarianism resulting from Saddam's execution.

It is unclear whether Biden or Levin, both of whom are holding hearings on Iraq this week, will raise the issue of Saddam's hanging therein.

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Even now that more details of the execution have emerged, not everyone in the Senate is concerned about the circumstances surrounding it.

Sen. Saxby Chambliss (R-Ga.) said that the execution was left to the people of Iraq to "do … in a way they thought was appropriate. It is not our business to comment" on how it was carried out, Chambliss said.

Minority Whip Sen. Trent Lott (R-Miss.) said the United States should not dwell on the execution and the video, but rather concentrate on how to move forward.

Sen. Lindsey Graham (R-S.C.) said Sunday on "Meet the Press" that the way the hanging occurred was a "setback," but contended that the insult Saddam endured on the day of his death "pales in comparison to the way he treated his own people."

Other Republican senators, including John McCain (Ariz.), a top contender for the Republican 2008 presidential nomination, called the fallout from the execution "harmful."

Irrational Is As Irrational Does (WP)

By Richard Cohen

The Washington Post, January 9, 2007

George W. Bush has executed 153 people, 152 of them in Texas and one so far in Iraq. The Iraqi, of course, is Saddam Hussein, who went to his burlesque of a death with more dignity than the Iraqi government, which so hurried him to the gallows that in much of the world the hanging looked a lot like a lynching. The president, we are told, did not bother to view the spectacle on tape. Maybe he feared he would learn something.

I bring up Bush's appalling record of executions not because I have once again mounted my anti-capital-punishment hobbyhorse but because his record offers an insight into why the United States will stay in Iraq and with even more troops than before.

Let me explain. In Iowa, during the 2000 presidential campaign, Bush answered a question about why he so ardently supported capital punishment. He offered a number of reasons, but one -- deterrence -- prompted me to raise my hand and ask a follow-up: But, sir, there is absolutely no evidence that capital punishment is a deterrent. To my astonishment, Bush conceded my point: "You're right. I can't prove it. But neither can the other side prove it's not."

Ponder that answer for a while. What it means is not just that Bush embraced a famously irrational way of thinking -- the logical fallacy often called "proving a negative" -- but in this case he used it to overwhelm all evidence to the contrary. Once you know this, you can appreciate what Bush means when he calls himself The Decider. It means that evidence, arguments, proof and logic cannot be conclusive when, as is often the case, the president proceeds on what can be called a matter of faith. I am not referring here just to religion -- although surely that is paramount to Bush -- but to supremely secular matters of state: when to go to war, why go to war and when to remain at war. In Bush's mind, the bad guys will lose and the good guys will win and Iraq will become a democracy. This will happen not because Bush can prove that it will but because nobody can prove it won't.

This is why we are in Iraq today and why we are going to stay there. All this time, it did not matter that Iraq was going to hell, or that the terrorists were never there in the first place, or that weapons of mass destruction were never present, or that Saddam Hussein had no role in the Sept. 11, 2001, terrorist attacks, or that democracy for Iraq was never really in the cards -- none of that mattered, because nobody could prove otherwise. All the things Bush believed were true because you, rational fool that you are, could not prove them false.

Up against this kind of mentality, the rational man seeks comfort in fantasy. It was our fantasy that a new Iraqi government, formulated months ago, would so turn things around that Bush would begin a phased withdrawal. It was our fantasy that the November congressional elections would make a difference -- and that Bush would be forced, when he saw the clear sentiment of the American people, to reverse himself. It was our fantasy that the report of the Iraq Study Group would compel the president to rethink everything -- so vast was the panel's expertise, so sound its reasoning and so comforting its appropriately thinning hair. In fact, so wasted was its effort. The members were the mullers. Bush was the decider.

And so those who have decided otherwise -- a couple of four-stars, maybe the chief spook and all those awfully smart people throughout government and academia -- are ignored and/or are heading out the door. Bush listened to them when he agreed with them and refused to listen when he did not. A so-called surge is a-coming, an escalation all decked out with an Orwellian-sounding name. An edifice built on a wobbly foundation -- a profound and enduring ignorance of Iraqi society -- will be patched up, but really, the whole thing is a tear-down. It will collapse no matter what we do.

The execution of Saddam Hussein was Iraq in a nutshell. Aside from the dead man at the end of the rope, nothing went the way the Americans wanted. It was sloppy, putrid with the stench of sectarian hatred and, as always, totally unnecessary. George Bush saw it differently by not, as is his custom, seeing it at all.

Iraqi American Escapee Plans Return To U.S. (WP)

DOJ_NMG_0114359

By Joshua Partlow

The Washington Post, January 9, 2007

BAGHDAD, Jan. 8 -- Iraq's most publicly available fugitive held a news conference in the United Arab Emirates on Monday, announcing his plans to return to Chicago rather than the Baghdad jail he escaped from last month.

Aiham al-Sammarae, the former Iraqi electricity minister who escaped from an Iraqi-run jail inside Baghdad's fortress-like Green Zone on Dec. 17, told reporters at a Dubai hotel that he "didn't break any U.S. laws" and denied he was a fugitive from justice.

Sammarae, a dual U.S.-Iraqi citizen and engineer who lived outside Chicago for many years, was jailed last year on corruption charges and accused of misusing about $2 billion as electricity minister. He told reporters that he left Iraq because he was afraid for his life and that he would go to the United States if he was assured he would not face legal issues.

"All indications are that I can return," he said.

Radhi al-Radhi, head of Iraq's Commission on Public Integrity, an organization created by the United States that had been investigating Sammarae, said last month that he escaped with the help of private security agents who appeared to be American.

The Iraqi government insists it will attempt to bring Sammarae back to Baghdad, according to government spokesman Ali Dabbagh.

"There are many cases against him, and he should face these ones," Dabbagh said. Speaking of the U.S. government, Dabbagh said: "It is their job and their duty to ask al-Sammarae to come back in a different way if he is not coming back on his own."

U.S. Embassy spokesman Lou Fintor declined to comment about whether Sammarae would be allowed to live freely in the United States. But Fintor said that although an Iraqi court overturned his conviction, "we understand that there are additional charges against Mr. al-Sammarae."

Also on Monday, gunmen attacked a bus carrying janitors to work at the Baghdad airport. The gunmen killed four people and injured nine, said Raad Mohammed of the Interior Ministry. The passengers were believed to be Shiite Muslims and were attacked in a predominantly Sunni area near the airport. Reports of the death toll varied, with as many as 15 people said to have been killed.

Two U.S. soldiers were killed Sunday, one by small-arms fire while on patrol in Baghdad, and another during unspecified "combat operations" in Salahuddin province north of Baghdad, the U.S. military said Monday. The soldiers' names were not released.

More than 35 other people were killed in Iraq on Monday in shootings, bombings and mortar attacks, according to Interior Ministry officials. Police also found 24 unidentified bodies at a cemetery near Haifa Street in Baghdad, where the Iraqi army clashed with insurgents last week. They had been shot in the head and exhibited signs of torture, said Brig. Salim Hassan of the Interior Ministry.

The violence in Iraq has precipitated a massive exodus of refugees, the largest displacement in the Middle East since the flight of Palestinians during the creation of Israel in 1948, according to the U.N. refugee agency. The United Nations High Commissioner for Refugees requested another $60 million to help deal with Iraq's refugee crisis. About 1.7 million Iraqis have been displaced within their country, and as many as 2 million have fled Iraq, the agency estimates.

British Troops Winning The Conflict With The Taliban, Commander Says (AFP)

AFP, January 9, 2007

British troops are inflicting heavy losses on a resurgent Taliban militia while "making great progress in winning the hearts and minds" of the people of Afghanistan, a British commander said.

Brigadier Jerry Thomas, the commander of the UK task force in Afghanistan, said the situation in the southern province of Helmand had improved "markedly" since September when a television documentary aired Monday night was filmed.

With harrowing footage showing bullets buzzing troops and the filmmaker, the documentary shown on Channel 4 television follows British and Afghan troops as they struggle to regain control of the key town of Garmsir.

The documentary also shows British troops gathering corn found in a nearby field because of supply problems.

"Since then (September), British forces have moved into new areas throughout the province, including Garmsir, and made real improvements to security," Thomas said in a statement distributed by the Ministry of Defence.

"We have inflicted heavy losses on the Taliban, denied them freedom of movement, and made great progress in winning the hearts and minds of the local people," he said in response to the documentary.

"This remains a very challenging mission, but we are winning," he said.

Thomas said that only last week Royal Marines "engaged and destroyed a Taliban training camp" in northeast Helmand, which will allow contractors to carry out repairs to a hydro-electric dam in Kajaki.

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The facility will produce electricity for 1.8 million people in the south of Afghanistan "who until now have had none," he said.

"This success would not have been possible unless our forces were properly equipped and supplied," Thomas said.

"To be clear, I have not asked for additional helicopters and the supply system is working well, with no soldiers or marines running out of food," he said.

"It is the nature of the conflict that they do not take more supplies than they need to carry; but we have an extraordinary resupply system in place to ensure that they do not run out," he said.

Britain has about 5,600 troops in Afghanistan as part of the NATO-led reconstruction and security force, most of them in rugged and remote Helmand province.

Forty-four British troops have been killed in Afghanistan since US-led forces toppled the Taliban regime in 2001.

Around 120 foreign soldiers have been killed in action in the country this year, which has seen the worst Taliban-linked violence since the extremists were driven from power.

DOJ:

U.S. Attorney Christie Says He's Staying In His Job (AP)

AP, January 9, 2007

TRENTON: The U.S. attorney for New Jersey, a Republican long rumored to be a contender for U.S. Senate, said today he plans to stay in his current job into next year, effectively ruling out a 2008 campaign.

""I have every intention of being here through the end of '07 and into early 2008," Christopher Christie told The Associated Press on Monday. ""We'll see what happens when '08 starts."

Federal laws and Justice Department regulations bar a sitting U.S. attorney from running for political office. Political observers believe most candidates for U.S. Senate from New Jersey would have to start raising money for the costly campaign by June 2007.

Christie, 44, who also is considered by some to be a possible GOP pick for governor, was tapped by President George W. Bush in 2001 to be New Jersey's top federal prosecutor though he lacked criminal court experience. During the AP interview, Christie would not discuss a possible gubernatorial bid in 2009.Over the past five years, Christie has built a reputation as a tough corruption fighter by prosecuting cases including that of former Senate President John A. Lynch, now in prison for corruption, and some in Monmouth County that resulted in the arrests of more than a dozen public officials.

Christie's comments effectively end speculation he would challenge Democratic Sen. Frank Lautenberg, who has said he will seek re-election in 2008.

Come summer, Christie will have been in his current job longer than any U.S. attorney in New Jersey in the past 50 years.

CORPORATE SCANDALS:

Ex-Aspen Technology Head Surrenders On Securities Fraud Charges (FINDLAW/AP)

AP, January 9, 2007

(AP) - NEW YORK-The former chief executive officer of software company Aspen Technology Inc. surrendered Monday to face securities fraud charges that he illegally inflated the company's software revenues as he competed to become its chief executive.

David McQuillin, 48, was accused in U.S. District Court in Manhattan of plotting to exaggerate the company's software revenues between January 2001 and September 2002.

Prosecutors alleged in court papers that McQuillin tried to inflate the revenues while he was competing against the company's other chief operating officer for the position of chief executive officer, which he received in October 2002. Aspen Technology develops and sells computer software to oil refineries and other industries.

Prosecutors said McQuillin and unidentified coconspirators manipulated Aspen's revenues by entering side agreements with a customer to control when certain revenues would be counted, by backdating software sales agreements into earlier financial quarters and by providing false information to its auditors.

McQuillin allegedly engaged in the scheme after learning at the end of December 2000 that Aspen was not going to meet the estimates of securities analysts, the government said.

In one instance, McQuillin sent a letter to an oil company saying he needed the company's support "on a matter of the most extreme urgency" prior to reporting quarterly earnings, prosecutors said.

They said he asked the oil company to let him include a software license it had conditionally signed with Aspen in its fourth quarter financial results "to meet our targets."

After Aspen signed a side letter with the oil company, McQuillin and other senior Aspen officers and employees later falsely represented to its auditor that the oil company sales agreement was not subject to side agreements, prosecutors said.

McQuillin was charged with one count of conspiracy to commit securities fraud and one count of securities fraud.

If convicted, he could face up to 25 years in prison and more than $5 million (â,¬3.8 million) in fines.

Stock Options Backdating Issue Haunts Jobs (USAT)

By Greg Farrell And Jon Swartz

USA Today, January 9, 2007

SAN FRANCISCO — When Steve Jobs steps to the podium today at the Macworld Conference here to introduce what is expected to be the newest Apple iPod, he won't be just another CEO hawking a fad product.

Instead, Apple's iconoclastic founder will be greeted by most attendees as the visionary who changed the way the world works and the messiah who saved Apple from oblivion a decade ago. His address is considered the crowning achievement of the year for Apple and its legion of fervent customers.

Yet on the day of Jobs' triumphant moment, he finds himself on the defensive over an issue that swept through Silicon Valley and a swath of Corporate America in 2006 like a California brushfire: the backdating of stock options.

Federal prosecutors and the Securities and Exchange Commission are poring over an internal Apple investigation that examined two huge options grants to Jobs in 2000 and 2001. The 2001 grant was the most problematic. It gave Jobs options to buy 7.5 million shares at $18.30 a share instead of the $21.01 market price of Apple's shares on the date the grant was finalized two months later.

The investigation also disclosed that more than 6,400 stock option grants made on 42 dates from 1997 to 2002 were backdated to give employees a lower strike price.

Apple's report on its internal investigation said that Jobs was aware of or recommended some favorable grant dates but that he did not appreciate the accounting implications. It found no evidence of misconduct by current management, it said.

The company also said Jobs didn't benefit financially from the backdating. Indeed, the two grants to Jobs, totaling 17.5 million options, were canceled in March 2003 (when Apple's stock price was below the options' strike price) and replaced with an award of 5 million shares of restricted stock.

According to data from Thomson Financial, Jobs has never sold shares of Apple stock for profit. His one sale of stock last March — in which he returned 4.5 million shares to the company for nearly $300 million — was to satisfy tax withholding requirements.

But Lucian Bebchuk, director of Harvard Law School's program on corporate governance, says that Jobs clearly gained from the favorable backdating.

Even if one accepts Apple's explanation that Jobs didn't benefit because his options were canceled, the options' replacement with a grant of restricted stock meant they were worth something, Bebchuk says.

Apple says it is cooperating with authorities. What happens next depends on whether the SEC or the U.S. Attorney's office in San Francisco determines that laws were broken.

The backdating of options grants isn't illegal if companies and recipients make the proper SEC disclosures and follow accounting and tax rules. In Apple's case, the improper accounting forced the company to make a financial restatement of $84 million to correct misdated grants from 1997 to 2006.

Apple's board has affixed all blame for the backdating on two unnamed former executives who have left the company. Lawyers for two former executives — former general counsel Nancy Heinen, who left Apple last year, and former chief financial officer Fred Anderson, who left Apple's board last year — deny that either of them did anything wrong.

Bebchuk has trouble believing that the widespread practice of options backdating at Apple was the work of only two executives.

"They are two former executives who had positions that usually don't involve primary responsibility for attracting and compensating people. What incentive did they have to engage in improper dating without implicit support from senior members of the executive team?" Bebchuk asks.

Like most of the 200-plus companies that have admitted to engaging in some form of options backdating, Apple also has to contend with civil suits claiming that shareholders were defrauded by the practice. A lawsuit filed last month in federal court in San Jose accuses Jobs and other top Apple executives of using backdating to benefit themselves. The lawsuit also alleges there was backdating at another company Jobs ran, the animation studio Pixar now owned by Disney.

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Apple's report on its investigation, contained in SEC filings on Dec. 29, left legal experts with new questions. In particular, Apple said one options grant was recorded as approved at a special board meeting on Oct. 19, 2001, but no such meeting took place.

"The statement Apple put out is a little bit pregnant with ambiguity," says John Coffee, an expert in securities law at Columbia University. "It wasn't a strong statement, in which the board investigated and determined that he had done nothing wrong. Instead, they said, 'We haven't caught him red-handed.' "

"When Apple said Jobs was aware of the options-granting process, and recommended them, they are saying Jobs tacitly orchestrated plans to produce phony records," says Christopher Bebel, a former SEC counsel and prosecutor.

But because Jobs did not exercise his options, it will make prosecutors hesitant to pursue criminal charges. "There was a wrong committed, but he didn't line his pockets," Bebel says.

As for the board's statement that Jobs did not "appreciate the accounting implications" of backdating, longtime observers were bemused. Jobs likes to keep track of everything at his company, they say.

"The notion that he doesn't know (the full implications of Apple's accounting procedures) is ludicrous," says Alan Deutschman, author of The Second Coming of Steve Jobs. He interviewed dozens of Apple employees, analysts and industry insiders shortly after Jobs returned to the company he co-founded.

Jobs' exacting attention to detail is most apparent when demanding minuscule changes to product designs or rehearsing for hours to perfect product introductions. And it is Jobs' perfectionism that rescued Apple from almost certain doom in the late 1990s. He pruned the company's then-bloated product line and engineered the release of mega-hit products such as the iPod, say financial analysts.

"Steve is the only person who could have saved Apple and made it what it is today," says analyst Charles Wolf, who has followed Apple for more than a decade, expressing a widely held view in the financial community. "Apple is Steve."

Most financial analysts and investors so far have shrugged off the ongoing stock-option scandal. They expect little impact as long as Jobs remains untouched. "We're not concerned, given the depth of Apple's internal review," says Gene Munster of Piper Jaffray.

Reflecting that faith, investors have boosted Apple's stock to $86.18 a share, near its 10-year high.

CEO Politics (WSJ)

The Wall Street Journal, January 9, 2007

January 9, 2007; Page For an excellent example of why federal agencies so rarely admit mistakes, look no further than the recent uproar over the Securities and Exchange Commission's flip-flop on stock-option disclosure. House Financial Services Chairman Barney Frank is already planning to ride this error through the next election as part of his campaign against CEO pay.

The SEC has been under attack since it announced -- on the eve of Christmas weekend -- that it was modifying its July disclosure rule on executive compensation. The commission's new order tweaks the way stock option grants are disclosed, with the goal of making total annual compensation figures more accurate and consistent. Chairman Christopher Cox admitted that the SEC had inadvertently adopted the wrong version of one part of the rule, and was simply trying to set things right.

That mea culpa counted little with Mr. Frank, who denounced the SEC for loosening reporting requirements to provide a "Christmas Eve" gift to corporate America. He also declared that this "backtracking" by the agency meant his committee now had an obligation to dive into the "problem" of "unconstrained" executive compensation -- as if he needed an excuse.

This political opportunism is especially unfortunate because the new SEC rule is entirely in keeping with Mr. Cox's goal of bringing more "clarity and consistency" to corporate pay disclosure. Even Mr. Frank praised the SEC's decision last year to require companies to aggregate all of their top executives' compensation -- pay, bonuses, perks, options -- into one bottom-line figure. When these reports begin to become public later this year, investors will get a better look at management costs and be able to compare those numbers across companies.

Under the flawed SEC rule, companies would have had to include, in their annual total compensation reporting, any stock option grants awarded during the year. This would have been highly misleading to the extent such grants weren't yet exercisable and thus might never be "in the money." Under the new rule, companies will instead include any options that actually vest that year -- meaning options that executives can truly turn into cash or stock.

Contrary to most media descriptions, the new rule won't necessarily result in lower reported compensation numbers. Under the old rule, a big grant would only appear in the year it was awarded, then disappear in subsequent disclosures. Under the new rule, the final figure will include any and all previous option awards that vest in that year -- leading, in many cases, to more substantial bottom-line figures. Meanwhile, information about big annual option grants is still readily available to investors, albeit in a different section of the SEC compensation form.

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This change will also harmonize the new compensation disclosure forms with other corporate financial statements. Under current accounting rules, companies only expense options in their financial statements as the options become exercisable. Given that the SEC's goal with its disclosure rule was to make compensation figures more consistent and understandable for investors, it would have made little sense to set up two completely different ways of counting options.

The SEC's mistake is regrettable, but the agency might be forgiven for overlooking what was a relatively minor point in its gigantic 450-page July rule. And one reason it didn't hold a public meeting on the new amendment is that all five SEC Commissioners -- including its two Democrats -- unanimously agreed that the change was necessary.

Mr. Frank surely knows all this, but he is hunting bigger political game -- namely, running against "excessive" CEO pay and alleged "inequality" as Democrats gin up a campaign issue for 2008. The left believes its neo-populism paid off in November's election, and it wants to ratchet up the rhetoric this year in Congress.

As part of his investigation, we can only hope Mr. Frank explores the role that the last Democratic Congress played in encouraging CEO stock option grants by limiting to $1 million the amount of executive cash compensation that companies could deduct from taxes. (Bob Nardelli, Frank Raines and Hank McKinnell, among others, are grateful.) But then again, that would mean admitting that Congress made a mistake; it's so much easier to demagogue CEOs and the SEC.

CRIMINAL LAW:

House Democrats May Aid Corruption Inquiry (NYT)

By David D. Kirkpatrick

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — The new Democratic House leaders are negotiating with federal prosecutors about complying with subpoenas related to former Representative Randy Cunningham's corrupt sale of military contracts, potentially accelerating a dormant inquiry.

The subpoenas, disclosed late last month in the Congressional Record, request documents from the House Appropriations, Intelligence and Armed Services Committees and demand a response by Jan. 11.

Mr. Cunningham, a California Republican, pleaded guilty more than a year ago to steering tens of millions of dollars in federal money to military contractors in exchange for over $2.4 million in bribes, using his position on the House military spending panel to insert special provisions for contracts into military bills.

All these provisions required involvement by the panel's chairmen and staff as well as military or intelligence officials, so the investigation has the potential to ensnare others. A recent internal report by the House Intelligence Committee, for example, concluded that committee staff had supported Mr. Cunningham's requests despite many "red flags."

The subpoenas are also freighted with Constitutional issues, pitting an executive branch investigation against Congress's claims of immunity and confidentiality for its official business.

The federal prosecutors, based in San Diego, sought for months without success to reach agreement with the former House Republican leaders to obtain the documents without subpoenas. The subpoenas coincide with the takeover of the House by Democrats, who campaigned on a promise to replace corruption with honesty and openness. The Democrats also have less incentive to protect the Republican former committee chairmen and staff members.

People informed about the talks over the subpoenas say the prosecutors may extend the subpoena deadline while they try again to work out an agreement to disclose relevant documents.

"The House is actively working with the Department of Justice to resolve this issue," said Jennifer Crider, a spokeswoman for Representative Nancy Pelosi, the California Democrat sworn in last week as speaker of the House.

CIA Digs In Its Heels (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 9, 2007

A federal criminal investigation of the Central Intelligence Agency's former third-highest official has stalled because of CIA reluctance to turn over classified documents requested by prosecutors, people close to the investigation say.

The U.S. attorney's office in San Diego has been investigating former CIA Executive Director Kyle "Dusty" Foggo to determine whether he committed illegal acts in influencing the awarding of CIA covert contracts. Mr. Foggo resigned from the CIA in May 2006, shortly after The Wall Street Journal disclosed the investigation1.

· The Issue: An investigation is delayed as federal prosecutors and the CIA wrangle over what classified data can be disclosed if former CIA executive director Kyle Foggo is indicted.

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· What's Unique: Mr. Foggo was the third-ranking CIA official, with access to a huge range of secrets.

· What's at Stake: Prosecutors may have to alter or scale back charges they seek against him.

Among the contracts under investigation is one the CIA awarded to the company of a lifelong friend of Mr. Foggo's, Brent Wilkes, a California defense contractor. Last year, former Congressman Randy "Duke" Cunningham pleaded guilty to soliciting bribes from individuals including Mr. Wilkes.

The Foggo inquiry is part of a chain of pending criminal investigations sparked by the Cunningham case. Its progress is important both because of the nature of the contracts involved, and because a trial may shed light on additional contracting improprieties first hinted at in the Cunningham case.

Wrangling between prosecutors and the CIA isn't unusual in cases involving espionage or other criminal activity by agency employees, because of the risk that important secrets could be divulged in a trial.

Despite such difficulties, prosecutors have obtained espionage and other criminal convictions of some intelligence agency personnel. But no CIA official who held a position as high as Mr. Foggo's has ever been prosecuted. His case is sensitive because of Mr. Foggo's former top-level status at the agency, his knowledge of a huge range of covert activities, and the fact that the investigation involves the awarding of contracts that the CIA is reluctant to have disclosed, the people with knowledge of the inquiry said.

Mark J. MacDougall, Mr. Foggo's lawyer, declined to comment on details of the investigation, but said "Mr. Foggo has served his country with honor and has committed no crime and has violated no law in that service."

If there is an indictment in such cases, a common strategy by defense lawyers is to demand classified material they say is needed for the defense, hoping that the government will refuse and the case will be dismissed. So prosecutors try to work out ahead of time what information can be disclosed and sometimes tailor the specific charges to evidence only in declassified materials. But prosecutors also can try to get as much evidence as possible declassified in advance, in hope of persuading the accused to negotiate a guilty plea and averting a trial in which secrets might be divulged. That happened with CIA turncoat spy Aldrich Ames, now serving a life sentence after he pleaded guilty in 2004 to divulging secrets to the former Soviet Union.

Negotiations Stall Case

Officials at the U.S. attorney's office in San Diego declined to comment on the investigation, though people with knowledge of it say it still appears that the declassification conflicts with the CIA can be worked out. But slow negotiations have substantially delayed the case. Prosecutors in San Diego had expected to get a grand jury indictment of Mr. Foggo some months ago.

The CIA doesn't appear to be trying to prevent charges against Mr. Foggo, say those familiar with the investigation. Rather, it has taken the position that the Justice Department can successfully complete its investigation of him without getting access to all the classified material they requested.

CIA Spokesman Mark Mansfield said the agency wouldn't comment "other than to emphasize that the CIA has been cooperating with the Department of Justice in their investigation and continues to do so."

Jeffrey Smith, a former CIA general counsel, said the agency traditionally has been eager to help prosecutors convict agency employees who committed crimes. He noted that a federal law, the Classified Information Protection Act, was adopted specifically to make it possible to prosecute spies and intelligence agency employees while protecting vital secrets.

Former CIA Director Porter Goss in November 2004 named Mr. Foggo, then a mid-level CIA official, to take on the high-level post. Mr. Foggo's close friendship with Mr. Wilkes emerged in December 2005 as a result of the Cunningham investigation. The Journal reported last spring that Mr. Foggo attended poker games arranged by Mr. Wilkes in Washington hotel suites, and that prosecutors were investigating evidence that during some of these games Mr. Wilkes had supplied Mr. Cunningham with prostitutes in the suites. A CIA spokeswoman confirmed at the time that Mr. Foggo had been present in the hotel "hospitality suites," but said Mr. Foggo denied that anything improper had occurred while he was there.

Arousing Suspicion

In May, Federal Bureau of Investigation and other federal agents searched Mr. Foggo's office at CIA headquarters in Langley, Va., and his home, days after he had announced his intention to resign. While Mr. Foggo was executive director, the CIA awarded at least one contract to one of Mr. Wilkes's companies, Archer Logistics, to provide water and other supplies to CIA agents in Iraq and Afghanistan. People close to the investigation say Mr. Wilkes paid for expensive vacations for Mr. Foggo and his wife, flying them on his corporate jet to Hawaii and Scotland, among other places. He also gave gifts to Mr. Foggo. An investigation by the CIA's inspector general, the results of which haven't been disclosed, looked into the contracts and whether Mr. Foggo, as required by agency rules, had informed the agency of the free trips and gifts.

Mr. Wilkes hasn't been charged but remains under investigation by San Diego federal prosecutors. His lawyers have strongly denied that he was involved in any illegal activity.

A House intelligence committee document made public in the fall disclosed that Mr. Foggo also has been under investigation for awarding contracts to the company of another individual, subsequently identified as Richard Wenzel, president

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of Global Transportation Systems in Sterling, Va. The firm received "several large contracts" from the CIA, the document said. People involved in the case say these included delivering equipment and supplies abroad, making use of the company's fleet of specialized Ilyushin 76 jet cargo planes. These aircraft can use makeshift runways and unload heavy cargo without requiring ground-based equipment.

Mr. Wenzel is aiding prosecutors and isn't a target of the investigation. His lawyer, James Hamilton, said, "My client is solely a cooperating witness."

Judges Look To New Congress For Changes In Mandatory Sentencing Laws (NYT)

By Lynette Clemetson

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — Federal sentencing laws that require lengthy mandated prison terms for certain offenses are expected to come under fresh scrutiny as Democrats assume control of Congress.

Among those eagerly awaiting signs of change are federal judges, including many conservatives appointed by Republican presidents. They say the automatic sentences, determined by Congress, strip judges of individual discretion and result in ineffective, excessive penalties, often for low-level offenders.

Judges have long been critical of the automatic prison terms, referred to as mandatory minimum sentences, which were most recently enacted by Congress in 1986 in part to stem the drug trade. Now influential judges across the ideological spectrum say that the combination of Democratic leadership and growing Republican support for modest change may provide the best chance in years for a review of the system.

“With a changing of the guard, there should at least should be some discussion,” said William W. Wilkins, chief judge of the United States Court of Appeals for the Fourth Circuit, who was nominated by President Ronald Reagan.

The House Judiciary Committee, under the new leadership of Representative John Conyers Jr., Democrat of Michigan, is planning hearings on the laws, starting later this month or in early February. One of the first issues planned for review is the sentencing disparity between offenses involving powder and crack cocaine.

The possession or trafficking of crack brings much harsher penalties than those for similar amounts of the powder form of the drug. Mr. Conyers, a longtime critic of mandatory minimum sentences, favors treating both drugs equally.

The Senate Judiciary Committee has no immediate plans for hearings. But Senator Jeff Sessions, Republican of Alabama, also supports some changes in the sentencing policy for crack cocaine convictions (though more modest than Mr. Conyers and some other Democrats favor), and Judiciary Committee staff members say a serious Senate review of the issue is likely in the current Congress.

Many law enforcement officials support tough, automatic sentences and argue that weakening existing laws will cause an increase in drug trafficking and violent crime. Many judges say current laws have clogged jails and too often punish low-level offenders. Some judges also argue that automatic lengthy sentences give prosecutors an unfair bargaining tool that they can use to tailor charges and press defendants into plea bargains.

“These sentences can serve a purpose in certain types of cases involving certain types of offenders,” said Judge Reggie B. Walton of Federal District Court in the District of Columbia, who was appointed by President Bush, “but when you apply them across the board you end up doing a disservice not just to individuals but to society at large.”

Several judges say that broad inclusion in the coming Congressional hearings on sentencing would mark a notable departure from Judiciary Committee activity under the former Republican chairman, Representative F. James Sensenbrenner Jr. of Wisconsin, who many judges say maintained an antagonistic stance toward judges.

“There was no question that judges were targeted under the Sensenbrenner committee for speaking out,” said Judge Nancy Gertner, a Federal District Court judge appointed by President Bill Clinton who teaches a course on sentencing policy at Yale Law School.

Judge Gertner and others point to the example of Judge James Rosenbaum, a Reagan appointee who, in 2003, faced a Congressional review of his sentencing decisions under a barrage of criticism that he and other federal judges were too lenient. Many in the judicial community argued that Judge Rosenbaum was singled out because he criticized a proposal to increase federal sentences in testimony before the House Judiciary Committee.

Most judges shy away from direct formal involvement in legislative matters. But many say private interactions with legislators that do not focus on specific cases but on policy matters of concern to the judiciary are appropriate.

Judge Wilkins, a former legislative assistant to Senator Strom Thurmond, said he believed private conversations on mandatory minimum sentences with his own congressman, Representative Bob Inglis, Republican of South Carolina, helped change the legislator’s position.

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Mr. Inglis, once a supporter of tough automatic sentences, said during a 1995 House vote that he would never vote for them again and has since become a Republican leader on sentencing reform.

"I was delighted that he took a principled stand, and I would like to think I was of some benefit to him in getting there," said Judge Wilkins, who served as the first chairman of the Federal Sentencing Commission, the body charged by Congress with developing sentencing guidelines and collecting and analyzing statistics.

Some judges have expressed displeasure with the system from the bench or in written opinions.

At a sentencing last January Judge Walter S. Smith Jr., of the Western District of Texas, was required to add 10 years to the already mandated 10-year sentence in a crack distribution case because a gun was found under the defendant's bed. During the sentencing, the judge stated, "This is one of those situations where I'd like to see a congressman sitting before me."

In an impassioned written opinion in 2004, Judge Paul G. Cassell of the Federal District Court in Utah, who was appointed by President Bush, called the mandatory 55-year sentence he was forced to give a low-level marijuana dealer who possessed, but did not use or brandish, a firearm "simply irrational."

In the opinion, Judge Cassell recommended a commutation of the sentence by the president, noting that the sentence, with consecutive 25-year terms for firearm possession, was longer than those required for an airport hijacker, second-degree murderer or a rapist.

The Supreme Court declined last fall to hear the case. But an amicus brief urging the court to take the case included signatures from legal figures like William Sessions, the former F.B.I. director; Janet Reno, attorney general during the Clinton administration; and Griffin Bell, attorney general under Jimmy Carter.

Many opponents of mandatory minimum sentences would like to see a full repeal of the laws. "After so many years of this, people have forgotten that we should be asking for the whole fix, not just little pieces," said Julie Stewart, president of Families Against Mandatory Minimums.

But most legal, legislative and judicial experts agree that repeal, or even broad-ranging overhaul of existing laws, is unlikely. More probable is serious review of crack cocaine sentencing laws.

Currently, possessing five grams of crack brings an automatic five-year sentence. It takes 500 grams of powder cocaine to warrant the same sentence. Similarly disparate higher amounts of the drugs results in a 10-year sentence. The 100-to-1 disparity, opponents of the law say, unfairly singles out poor, largely black offenders, who are more likely than whites to be convicted of dealing crack cocaine.

At a sentencing commission hearing in November, Judge Walton, associate director of the White House Office of National Drug Control Policy under the first President George Bush and a onetime supporter of tough crack cocaine sentences, said it would be "unconscionable to maintain the current sentencing structure" on crack cocaine.

Mr. Sessions is a co-sponsor of a bill that would change the ratio for the two drugs to 20 to 1, increasing the amount of crack that brings a five-year sentence to 20 grams from 5, and lowering the powder cocaine trigger from 500 grams to 400 grams.

If judges say they are hopeful for new debate on sentencing policy, they are quick to add that they are not naïve. After all, many say, even politicians who are critical of current laws fear looking soft on crime.

"Candidly, the Democrats were never particularly courageous on this issue either," Judge Gertner said. "But at least now it seems judges may be encouraged to be a part of the discussion. And if asked to speak up, I think many will."

Criminal Complaint: Alderman Accepted Bribe (CHIT)

By Jeff Coen And Gary Washburn, Tribune Staff Reporters

Chicago Tribune, January 9, 2007

Video: Alderman faces federal corruption charges

Chicago Ald. Arenda Troutman was charged Monday with taking bribes to grease a development in her ward in an undercover sting in which she was recorded brashly asking one informant: "What do I get out of it?"

Troutman, a minor player at City Hall despite her 16 years on the City Council, was arrested at her home early Monday by FBI agents who had to break a window to open a door. Authorities said she first spoke to agents from a third-floor window at 6:30 a.m. but had refused to come down.

The complaint alleged Troutman (20th) took $5,000 in cash and was promised $10,000 more to smooth licensing and zoning for a development at 57th and Halsted Streets, where she also had arranged to have a residence and commercial space. The development deal never existed; it was invented by the FBI as part of the sting.

After receiving the $5,000 on Nov. 29, Troutman allegedly went to work for the development immediately.

"Say no more, hand me that phone," Troutman allegedly said after the cash was in hand, placing a call to the city's zoning administrator on the developer's behalf.

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The charges hark back to the days when the federal government snared one alderman after another in sting operations. Between 1972 and 1999, an average of one alderman a year was convicted of wrongdoing.

Troutman was allegedly caught on tape comparing politics with prostitution: "Most aldermen, most politicians are hos."

First Assistant U.S. Atty. Gary Shapiro described the complaint as another Chicago "civics lesson" in the history of corruption in the city.

"This time on how things get done in the 20th Ward of Chicago," Shapiro said.

"You want to build something? You want to improve your property? You need permits from the city?" Shapiro said. "You need zoning? You need the alderman's support? You want the alderman's support? You pay the alderman—you pay Arenda Troutman."

Troutman allegedly was taped by a cooperating witness who had fraudulently helped her refinance her mortgage in the past, prosecutors said. She allegedly lent money to the witness, taking it from a cash-filled box in her basement.

Witness was probe target

The witness was a target of a federal mortgage-fraud investigation until he came forward with information on his relationship with the alderman, authorities said. In addition to the cash payments and the space in the building, Troutman also demanded the contact buy $15,000 in tickets for a campaign fundraiser.

She directed her contact to have the developer simply pass on the cost of the extra bribe, authorities said.

"He know[s] 15 [expletives] ... his builder, his plumber ...," she allegedly said on the tapes.

The federal complaint unsealed Monday outlines two bribery schemes, the one last year involving the fictitious development and the other alleged dealings that prosecutors said showed Troutman's propensity to accept bribes.

The first scheme spanned 2002 and 2003, authorities said, and involved a witness shaken down after an employee of Troutman's office noticed he was rehabbing a two-flat without permits. The witness paid $8,000 to finish the work without interference from the alderman, the complaint states, and another $12,000 for support for a zoning change.

Agents searched Troutman's home in the 6500 block of South Kimbark Avenue on Monday, along with her 20th Ward offices. Authorities said it took nearly a half hour from the time agents arrived at her home until she was taken into custody, and investigators said there was some evidence that a shredder had been used in the home.

Troutman was released on a signature bond Monday afternoon after a hearing before Magistrate Judge Michael Mason and was expected back at the Dirksen U.S. Courthouse on Friday.

Troutman had brushes with scandal before Monday's arrest. In 2004, it became public that she had an association with Donnell "Scandalous" Jehan, an alleged Black Disciples gang leader who is being sought on drug conspiracy charges. In 2005, the Chicago Sun-Times reported that members of Troutman's family ran a trucking company that won more than $1 million from the Hired Truck Program.

"I don't think the press treated me fairly with either of those things," Troutman said in an interview with the Tribune late last year. "There is a cloud over my administration, though I have done nothing wrong."

Her lawyer, Sam Adam Jr., said the bribery case was at worst an example of Troutman's trying to help someone in her ward and might constitute entrapment. He said Troutman would plead not guilty.

"I can tell you that we categorically deny every single allegation made in here," Adam said of the complaint. "This did not take place in the way, manner, shape and form that they claim."

No zoning change

Adam said there was no zoning change for the property and nothing was built there.

"Ald. Troutman never took money to do something," said Adam, who acknowledged Troutman has been aware the government has been interested in her activities for some time.

As for the FBI's having to break in to Troutman's home to arrest her, Adam said Troutman was not willfully avoiding authorities.

"The lady was asleep in her own home, with two kids," he said. "Sleeping, and, bam, her window breaks open with the FBI banging on her door."

In Springfield for the inauguration of Gov. Rod Blagojevich, Mayor Richard Daley declined to comment on the charges.

Some aldermen were supportive.

"Arenda is a sweet girl, and I am sorry to see her in any sort of difficulties," said Ald. Bernard Stone (50th). "I don't know anything about her problems, and whatever it is will work itself out." The charges against Troutman are the first criminal allegations against a council member since former Ald. Percy Giles was accused of racketeering, fraud and tax evasion in 1999 and was found guilty of the charges and sentenced to prison.

Troutman made her way to the City Council in tried and tested fashion—as a loyal member of the Regular Democratic Organization, with time on the streets as a precinct captain. .

Troutman was a member of the ward organization of the late Cecil Partee, the former Illinois Senate president, Cook County state's attorney and city treasurer, whom she considered a mentor.

Daley, a Partee ally, selected her to fill the vacant position of 20th Ward alderman in 1990. Troutman was elected by the voters of her ward the following year, re-elected in three subsequent races and is running for another term in the February election.

Degree in political science

Troutman, a divorced mother of three boys, attended Calumet High School and earned a degree in political science from Southern Illinois University. She once worked as a miner in Southern Illinois for Inland Steel and Coal.

Tribune reporters Todd Lighty, Ray Gibson and Dan Mihalopoulos contributed to this report.

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Ald. Troutman Arrested On Corruption Charges (CHIST)

By Natasha Korecki And Fran Spielman, Federal Courts Reporter

Chicago Sun-Times, January 9, 2007

Agents had to break a window to get in to Troutman's home. She wouldn't answer the door but had been seen peering through a window.

Among other acts, Troutman is accused of bribe-taking, a source with knowledge of the investigation said.

Troutman's attorney, Sam Adam Jr., said he was told his client is being accused of accepting a bribe in connection with a mall development in her ward.

"There are certainly some ugly allegations that are being spread, but we categorically deny any wrongdoing," Adam said. "She never accepted a bribe from anybody. This has to do with a mall somewhere in her ward. But I don't even think a mall went up."

Adam said he would not comment further until he sees the charges, which are expected to be unsealed this afternoon.

Troutman has been under scrutiny by law enforcement for years. Investigators are seeking her cooperation.

Searches were under way at her aldermanic office and home.

Troutman was questioned by the FBI in 2004 about her alleged love affair with fugitive Donnell "Scandalous" Jehan, a reputed street-gang leader, as part of an investigation into the Black Disciples street gang. In June, the FBI announced a $10,000 reward for information leading to Jehan's capture.

In a recent interview, Troutman said of Jehan: "There was never, ever anyone who proved there was any kind of relationship with anybody. Those were all allegations."

The Chicago Sun-Times subsequently reported that investigators wanted to know how an envelope addressed to Troutman with a return address of the Chicago Police Department ended up in the hands of the Black Disciples.

Troutman responded by holding a raucous news conference at her ward office at which she said she had met with top gang members under the impression they were legitimate businessmen and accepted their help during aldermanic elections. She would not discuss whether she had a personal relationship with Jehan.

The alderman said that two envelopes addressed to her from the police department might have ended up in Jehan's home because her office routinely recycles office materials. Asked whether Jehan had ever driven her Cadillac Escalade, Troutman said, "For years, I have let everybody drive my car."

Asked about her relationship with Jehan, Troutman responded by talking instead about her own family's struggle with drugs and say she would never associate with anyone bringing that "poison" into the community.

"There is no way I would be involved with any criminal activity. No way. I understand what dope has done to my community," she said then.

Three hours before that news conference, Troutman's brother was arrested in a drug-related sting.

Last summer, Troutman was embarassed again when the Sun-Times reported that her family had created and run Hobtat Trucking Co., which was paid more than $1.1 million by the city's Hired Truck Program. It was the first tme that an alderman's relatives had been linked to the scandal-ridden rogram.

At the time, the alderman said she never made a dime from the program and had "done nothing wrong."

Troutman was appointed by Mayor Daley in 1990, after the death of Ald. Ernest Jones (20th). The mayor stuck with her even after her opponents circulated police reports detailing her 1978 arrest for shoplifting. She admitted the crime, but the case was dropped.

Troutman is to appear before a federal magistrate judge at 2:30 this afternoon for her initial court appearance, a court clerk said.

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Chicago Alderman Accused Of Taking Payoff (AP)

By Deanna Bellandi

AP, January 9, 2007

CHICAGO - FBI agents had to break a window at a city alderman's home to get inside Monday to arrest her on a federal bribery charge for allegedly accepting $5,000 to help a fictitious developer move forward on a building project, authorities said.

In return for the money and the promise of more, Alderman Arenda Troutman agreed to back the bogus developer in getting zoning changes and alley access for a proposed development in her South Side ward, according to federal authorities who unsealed a criminal complaint against Troutman on Monday after an undercover investigation.

First Assistant U.S. Attorney Gary Shapiro said the complaint offers a civics lesson on how things get done in Troutman's ward.

"You wanna build something, you wanna improve your property, you need permits from the city, you need zoning, you need the alderman's support, you want the alderman's support? You pay the alderman, you pay Arenda Troutman," Shapiro said.

For her support, Troutman also allegedly expected to receive another $10,000 cash and a $5,000 political contribution, authorities said. They said she also negotiated for both commercial and residential space at the proposed development.

Defense attorney Sam Adam Jr. said Troutman is innocent and plans to plead not guilty.

"I can tell you that we categorically deny every single allegation," Adam said after her court appearance.

Troutman's arrest comes just weeks before the Feb. 27 city election. Five opponents have filed papers to get on the ballot to challenge her. Troutman has served on the City Council since 1990, when Mayor Richard M. Daley appointed her to fill a vacancy.

Daley, who was in Springfield Monday, declined to comment on Troutman's arrest.

In court, federal Magistrate Michael T. Mason set a $10,000 unsecured bond for Troutman, releasing her on her own recognizance.

Troutman, who was rousted from her home and taken into custody about 7 a.m. Monday, wore a black track suit with a black and white checked hat pulled down over pig tails. Authorities also searched her ward office.

Troutman had opened a third-floor window when FBI agents knocked on the door of her home but closed it after the agents said they wanted to talk with her, according to Robert Grant, special agent in-charge of the FBI's Chicago office.

The agents also asked a nanny, who spoke through another window, to let them inside and made several telephone calls to the home with no response, Grant said. After 20-30 minutes, the agents broke a window to open a door and enter the house.

Troutman does not have to resign as alderman while dealing with the charges against her, but would lose her City Council seat if she is convicted.

Since 1971, 27 Chicago aldermen have faced a variety of corruption charges, said University of Illinois at Chicago political science professor Dick Simpson.

The charge against Troutman stems from a series of recorded conversations beginning in May 2006 between Troutman and an undercover informant, according to court documents. The informant is a target of a separate mortgage fraud investigation who began cooperating with authorities in April 2006, according to federal officials.

Troutman allegedly helped the bogus developer by sending a letter to the city's department of transportation supporting alley access at the proposed site and asking for permits to be issued, the court documents said.

Troutman has been the subject of public scrutiny before.

In 2004, she wouldn't say whether she had a personal relationship with an alleged high-ranking gang member as federal authorities investigated the Black Disciples. She said two envelopes addressed to her from the Chicago Police Department that the FBI found during a raid of the alleged gang member's home may have come from recycled office materials her aides use and somehow wound up elsewhere. Her attorney said then that Troutman was not a target of that investigation and was not suspected of any wrongdoing.

Troutman got more attention in 2005 when a published report said her relatives ran a trucking firm that had gotten business as part of the city's scandal-plagued program that outsourced hauling jobs to private trucking companies.

That investigation into the city's Hired Truck Program has since expanded into a broad look at City Hall hiring practices. More than 40 people have been convicted.

Bevilacqua To Wait In Jail For Court Hearing (PROJO)

By W. Zachary Malinowski, Journal Staff Writer

The Providence Journal, January 9, 2007

DOJ_NMG_0114370

BOSTON — Joseph A. Bevilacqua Jr., once one of the state's more prominent criminal defense lawyers, is headed back to jail.

Bevilacqua, who had been serving the final portion of an 18-month sentence on work release, was ordered held at the Barnstable County House of Correction on Cape Cod after his arrest last week on charges that he participated in a scheme to pocket $150,000 from drug-dealer clients.

Yesterday, Bevilacqua, 57, of West Warwick, learned that he will remain locked up in the county jail through Jan. 17. The next day, he will be taken back to U.S. District Court in Boston to be arraigned on a felony count of conspiracy.

At that time, the court indicated that he would probably be released and placed on strict supervision by federal probation officials.

Bevilacqua, known for his fine-tailored suits during his days as a lawyer, shuffled yesterday into the seventh-floor courtroom of the John Joseph Moakley United States Courthouse in leg irons and handcuffs. Two federal marshals escorted him to the defense table.

Bevilacqua, who looked like he had lost weight in recent months, wore jeans and a yellow long-sleeved Ralph Lauren polo shirt. His hair was askew and it appeared that he had just awoken from a long slumber in the courthouse lockup.

Jonathan Shapiro, Bevilacqua's court-appointed lawyer, asked Judge Joyce London Alexander to let Bevilacqua serve out the final days of his sentence in work release.

"It doesn't make a lot of sense to lock him up for a week," he said.

Shapiro said that Thomas Tarro, of East Greenwich, will serve as Bevilacqua's lawyer.

In 2005, Bevilacqua was sentenced to 18 months in federal prison for leaking a confidential FBI videotape to Jim Taricani, a Rhode Island television reporter. The conviction led to Bevilacqua's disbarment from practicing law.

Assistant U.S. Attorney William D. Weinreb told the judge that it was the Bureau of Prisons — not the court — that determined Bevilacqua should return to jail. He pointed out that the federal prison system still has control over the former lawyer's freedom.

On Friday, Bevilacqua and John M. Cicilline, the brother of Providence Mayor David N. Cicilline, were charged in the same plot to manipulate the criminal-justice system through two clients who are admitted drug dealers. Cicilline, 49, of Cranston, was released on $10,000 unsecured bail.

The 21-page indictment, unsealed on the day of the arrests, alleges that the lawyers conspired with interpreters/paralegals, Juan A. Giraldo and Lisa Torres, to provide the authorities with information on other drug dealers, which would then be used to bargain for more-lenient sentences for their clients.

Giraldo, 41, who was close friends with both lawyers, is serving a federal prison sentence on drug charges in Youngstown, Ohio. No date for his appearance in federal court in Boston has been announced.

Torres, 39, appeared in court briefly yesterday and arraigned on charges of conspiracy, obstruction of justice and making false statements. She was ordered held, pending a detention hearing on Thursday.

Judge Allows 2 More Parties Into Polygamist Leader Evidence Case (SDUT/AP)

By Ken Ritter, Associated Press

The San Diego Union-Tribune, January 9, 2007

LAS VEGAS – A federal judge on Monday broadened the legal tug-of-war over cash, computers and other materials seized from a vehicle during the southern Nevada arrest of polygamist church leader Warren Jeffs.

In a quick decision, U.S. District Court Judge Robert Jones said two other parties may join the government and Jeff's lawyers in arguing the civil case – the United Effort Plan Trust, which holds $110 million in Fundamentalist Church of Jesus Christ of Latter-day Saints property, and a former Jeffs follower who won a $338,000 judgment from Jeffs after being fired from his job.

Lawyers for Jeffs did not oppose the motion.

The judge did not address questions about the materials, which have been held by the federal government since they were seized from a Cadillac Escalade during Jeffs' arrest Aug. 28 outside Las Vegas. Police reported seizing $54,000 in cash, letters and other papers, four laptop computers, 15 cell phones, and other items, including wigs. The contents of the letters and information on computers has not been made public.

"He didn't deal with the merits of the sealing or who gets access," said Jeffrey L. Shields, a Salt Lake City-based lawyer for the United Effort Plan Trust. "He just granted intervention."

Jeffs 51, the leader of the FLDS, remains in a Utah jail pending an April trial on two felony charges of rape as an accomplice stemming from allegations he arranged the 2001 marriage between a 14-year-old girl and her cousin.

Lawyers Richard Wright and Margaret Stanish, representing Jeffs, declined comment outside court.

Wright contends in court documents that the information is “sacred and confidential” because it includes matters of church doctrine and private communications between Jeffs and his followers.

Accountant Bruce Wisan, representing the trust, wants to know if Jeffs' papers and electronic records will lead to church assets that rightfully belong to the trust and should benefit all current and former church members.

A Utah judge made Wisan overseer of the trust in 2005 after finding Jeffs and other church leaders were fleecing it for personal gain. The trust is comprised of nearly all the property in Hildale, Colorado City, Ariz., and British Columbia, where church members live in assigned housing.

Lawyers for Shem Fischer, the former Jeffs follower awaiting payment after winning a court judgment last May, said the documents “may shed more information as to where (church) assets have been hidden, in what form they are held and where they are held.”

In 2002, Fischer sued Jeffs, the church and a church-controlled cabinet company, for religious discrimination. Fischer said he was fired after he left the FLDS faith. He won a default judgment and now wants to collect the balance of what he is owed.

No date was immediately set for arguments about whether to release the seized evidence.

Battle Over Evidence Expands In Jeff Case (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, January 9, 2007

LAS VEGAS — The hearing lasted about as long as it takes to lose $20 at the slot machines.

Warren Jeffs But it was just enough time for a federal judge here to allow more lawyers to get involved in the fight over a trove of papers, ledgers, documents, cash and other items the FBI seized when it arrested Fundamentalist LDS Church leader Warren Jeffs.

With no one voicing any opposition, U.S. District Court Judge Robert Jones allowed lawyers for the court-appointed special fiduciary of the United Effort Plan Trust and an ex-FLDS member trying to collect on a civil judgment against Jeffs to intervene in the upcoming evidence fight.

The move allows the attorneys to try to get their hands on what the FBI found inside the red Cadillac Escalade that Jeffs was riding in when he was arrested during a traffic stop outside Las Vegas in August 2006.

"We felt like we needed to be involved," said Jeffrey L. Shields, an attorney for Bruce Wisan, the UEP's court-appointed special fiduciary. The $110 million UEP Trust, the financial arm of the FLDS Church, was taken over by a judge in Salt Lake City's 3rd District Court in 2005.

Just as the hearing ended, Jeffs' Las Vegas lawyer, Richard Wright strode in only to discover it was all over. Still, he did not object.

"One is a judgment creditor, the other an interested party," Wright told the Deseret Morning News outside of court. "It doesn't mean they acquire anything."

Shortly after Jeffs was arrested, Wright filed an emergency motion in federal court demanding the return of the evidence, claiming some of the documents constitute "sacred" and privileged communications between the FLDS leader and some of his followers.

Lawyers pushing to see the evidence anticipate an uphill battle.

"I expect Mr. Wright is going to vigorously represent his client in a zealous manner," said William Bryson, another lawyer for the UEP fiduciary.

Among the $54,000 in cash, wigs, cell phones, computers and other evidence seized from the Escalade, FBI agents have told the Deseret Morning News they found ledgers that may detail who had been helping to keep Jeffs on the run. The FLDS leader was on the FBI's Ten Most Wanted list until his capture.

The U.S. Attorney's Office in Utah, which is handling the case, declined to comment Monday on the outcome of the hearing. An FBI agent from Salt Lake City was in the audience to keep track of the developments.

Shem Fischer, an ex-FLDS member who won a religious discrimination lawsuit against Jeffs, has been doggedly pursuing him through federal courts in several states trying to collect on a $338,000 judgment.

"There's probably data that shows where assets are. We want to be able to see that," Fischer's attorney James Stewart said outside of court.

So far, Stewart said Fischer has been able to collect approximately $132,000 — mostly from what authorities seized when they arrested Jeffs' brother Seth during a traffic stop in Pueblo, Colo., last year.

Seth Jeffs later pleaded guilty in a Denver federal court to harboring a fugitive, admitting he was a courier taking money and documents to help keep his brother on the run.

"There's some money we simply want to collect," Stewart said.

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Meanwhile, the Utah Attorney General's Office wants to see what the FBI seized and is considering wading into the evidence fight.

"We are absolutely interested in taking a look at what's in the papers and the computer and whether it has any evidence of any crimes committed here in Utah," spokesman Paul Murphy said.

Utah Attorney General Mark Shurtleff has acknowledged his office is conducting an organized crime investigation into Jeffs and the FLDS Church.

Jeffs, 51, is scheduled to face trial in St. George's 5th District Court on two counts of rape as an accomplice, a first-degree felony. He is accused of forcing a 14-year-old girl into a marriage with her 19-year-old cousin. Jeffs remains in the Purgatory Jail without bail.

Those aren't the FLDS leader's only criminal problems.

Across the border in Mohave County, Ariz., Jeffs is facing numerous charges accusing him of arranging child bride marriages. Federal prosecutors in Utah and Arizona also have refused to drop a warrant against him for unlawful flight to avoid prosecution, threatening to seek grand jury indictments should he ever be granted bail.

Twins' Birth Mother Returns To U.S. To Face Kidnapping Charge (AP)

AP, January 9, 2007

OTTAWA: A woman accused of kidnapping her 17-month-old twins from their adoptive parents returned to the United States, escorted by Canadian police.

Allison Quets waived her right to an extradition hearing. Her lawyer, Jeff Schroeder, said she did so to return home more quickly to continue the custody fight for the twins, whom she says she gave up while suffering from postpartum illness.

A custody agreement allowed Quets to take the children from Denise and Kevin Needham for a brief visit just before Christmas, but authorities said she never returned the twins.

The FBI said Quets crossed the Canadian border with the twins Dec. 23. They were found on Dec. 29 in Ottawa, Ontario.

Quets was released on bail Thursday after her lawyer argued she presents a low flight risk.

Today in Americas

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Chávez pushes closer to socialism

In an affadavit, FBI Agent Michael Sutton wrote Quets and the Needhams argued over money and almost derailed the adoption in the first place.

Birth Mom Heads To U.S. Leaves Cda To Face Kidnapping Charge (CP)

Canadian Press, January 9, 2007

OTTAWA — A woman accused of kidnapping her 17-month-old twins from their adoptive parents headed back to the United States on Monday, escorted by RCMP and city police officers.

Released on bail Friday, Allison Quets returned to court after spending the weekend in nearby Renfrew, Ont. with friends. The couple, with whom she had stayed before she was arrested for suspected kidnapping Dec. 29, agreed to post money and bonds for her release and to vouch for her whereabouts until her court appearance.

Quets was turned over to police early Monday after she waived her right to an extradition hearing and special protection under a law which would have precluded her from being charged with anything other than the U.S. federal charge of international parental kidnapping once she crossed the border.

Her lawyer, Jeff Schroeder, said his client did that so that she could return home more quickly to continue to fight for the custody of the twins, whom she says she gave up while still suffering the effects of post-partum illness.

“I commend her for that,” said Shroeder. “She decided upon reflection it was better for her to return, better for her children and the possibility of being reunited with them.

“She has an appeal before the Florida civil courts and that’s what she wants to do.”

Quets was to be met at the border by a U.S. marshall and taken to a magistrate’s court in Syracuse, N.Y., for her first hearing.

She was arrested in Ottawa almost two weeks ago after fleeing to Ontario with the twins. An FBI warrant had been issued after the children were not returned to their adoptive parents following a scheduled visit in Raleigh, N.C., on Christmas Eve.

Man Reportedly Accused Of Extorting Oprah Winfrey Waives Preliminary Hearing (MACT)

By Megan Reichgott

DOJ_NMG_0114373

The Macon Telegraph, January 9, 2007

CHICAGO - The case against an Atlanta man reportedly accused of trying to extort $1.5 million from Oprah Winfrey is likely headed to a grand jury.

Keifer Bonvillain, 36, was scheduled to appear before a federal magistrate on Monday but waived the preliminary hearing, said Randall Samborn, spokesman for the U.S. attorney's office.

A grand jury may be asked instead to determine whether there is enough evidence to warrant a trial.

Samborn refused to confirm Winfrey was the target, and the criminal complaint only identified Bonvillain's aim as "Individual A," who was "a public figure and the owner of a Chicago-based company." The Chicago Tribune and the Chicago Sun-Times, citing unnamed sources, have reported his target was Winfrey.

There was no response to phone messages Monday seeking comment from Harpo Productions Inc., Winfrey's company.

Bonvillain's attorney, Kent Carlson, also did not return a phone call.

According to the complaint, Bonvillain met a California-based employee of the Chicago company at a party more than two years ago, then recorded conversations with the employee about the owner and her business.

In mid-October he sent the owner an e-mail, telling her an employee said awful things about her, the complaint states. A month later, Bonvillain sent a letter saying he had tapes of the conversations, an FBI agent alleges in the complaint.

Over the next few weeks, Bonvillain told the associate he wanted to publish a book based on the tapes and claimed he had received offers of $500,000 to $3 million from tabloids and book publishers, the complaint said.

The associate, who was working with the FBI, agreed to a $1.5 million price, wired Bonvillain $3,000 and arranged to meet him, the complaint said.

Bonvillain was arrested Dec. 15 in the parking lot of an Atlanta hotel and released on $20,000 bond.

Five Plead Guilty In FEMA Fraud Cases (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, January 9, 2007

GULFPORT - Five South Mississippi residents pleaded guilty today to fraud cases involving disaster-relief assistance from FEMA.

The defendants who appeared before U.S. District Judge Louis Guirola Jr. are Emily Fuqua, Duane Adams, Clarence Hall, Patty Richards and Hassie Baker. They remain free to await sentencing on April 9 at 9 a.m.

They each face a maximum penalty of five years in prison, three years of supervised release, a $250,000 fine and a mandatory $100 special assessment fee. Guirola said a lesser sentence may be considered as part of their plea agreements. They also could be ordered to pay back the money they weren't entitled to receive.

Four of them pleaded guilty to making a false claim for disaster-relief assistance following Hurricane Katrina. Fuqua pleaded guilty to making a false statement to FEMA on Adams' behalf. Fuqua and Adams both worked at FEMA's Biloxi office until they were arrested on the job in September 2006.

The Sun Herald provides details coverage of the court hearings in Tuesday's editions.

Judge Delays Dowie's Sentencing In Fraud Case (LAT)

By John Spano, Times Staff Writer

The Los Angeles Times, January 9, 2007

Judge will let the defense challenge the method of calculating the length of the PR executive's term.

A federal judge on Monday delayed sentencing for former public relations executive Douglas R. Dowie, but not before making comments favorable to both sides in the fraud case.

Dowie was convicted last fall of masterminding a long-running overbilling scheme that cost city taxpayers at least $6 million in unearned fees to public relations giant Fleishman-Hillard, whose local office he headed. Before joining the firm, Dowie was managing editor of the Daily News of Los Angeles.

"In my view, the government has more than adequately proved its case," U.S. District Judge Gary Feess said in court Monday. "I felt the jury's verdict was fully supported by the evidence. And I would have reached the same verdict."

But Feess delayed sentencing until Jan. 30 to allow full airing of a defense argument that prosecutors had miscalculated the number of months Dowie should serve in federal prison. The judge agreed that Dowie's lawyers could question an FBI agent who was responsible for the figures.

Defense lawyer Thomas E. Holliday said Dowie's maximum sentence should be 30 months in prison, while co-defendant John Stodder Jr. should face no more than 24 months — both well below the sentences sought by prosecutors. Stodder's sentencing also was delayed.

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The scandal rocked Los Angeles City Hall, spurred ethics reform and helped persuade voters to elect Antonio Villaraigosa mayor. It bloodied one of the nation's top public relations firms. Two years ago, Fleishman-Hillard paid almost $6 million to the city of Los Angeles to cover the fraudulent billings. The firm was never charged with a crime, though a succession of top executives at its L.A. office including Dowie were alleged to having participated in the scheme.

Fleishman paid $1 million to defend Dowie, then dropped him. Dowie has run up $3 million in additional defense costs, largely unpaid. His lawyers tried hard to persuade Feess that his employer threw him to the wolves, thus compromising Dowie's constitutional rights.

When Holliday suggested, as he has at many earlier hearings, that others at Fleishman-Hillard should have been tried in addition to Dowie, Feess suggested the issue is interesting but legally irrelevant.

"I'd be very interested to see people above [Dowie and Stodder] in court," Feess said at one point.

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Towers Perrin Laptops, Client Data Stolen (WSJ)

By Theo Francis

The Wall Street Journal, January 9, 2007

Five laptops containing data about tens of thousands of retirement-plan participants at multiple companies were reported stolen by benefits consulting giant Towers Perrin last month, the latest in a string of thefts across industries raising concerns about privacy and identity theft.

Towers Perrin reported the laptops missing on Dec. 7, and New York City police made an arrest on Dec. 28, but the computers haven't been recovered, people familiar with the matter said. A criminal complaint filed in New York suggests the laptops were stolen from a locked room in the building housing Towers Perrin's Manhattan office on Nov. 27.

In a written statement late Monday, Towers Perrin confirmed the theft of "a small number" of laptops containing "personal information" about clients' "current and, possibly, former employees."

"We deeply regret the inconvenience this may cause," the company said in its statement. "We take seriously our commitment to safeguarding our clients' confidential information and notified our affected clients as quickly as possible."

Consulting firms can have access to considerable sensitive data about benefit-plan participants, including names, addresses, Social Security numbers and retirement-account information.

One person familiar with the investigation said the theft didn't appear focused on identity theft, but rather on selling the computer hardware.

In its statement, Towers Perrin said it has "no knowledge that any of this information has been misused," but said it would offer employees of its clients credit monitoring services and advice on identity theft. The company said it was working closely with police and a private investigation firm.

Towers Perrin is among the largest U.S. benefits-consulting firms, offering administrative services for pension and 401(k) plans, executive compensation and other benefits. The company's Web site says its clients include three-quarters of the world's largest companies and most of the largest U.S. companies.

A spokeswoman for the Manhattan district attorney's office said that Dewayne Rivers, 30, a Towers Perrin employee until mid-December, was arrested Dec. 28 and arraigned the next day before being released on $10,000 bail.

High-profile laptop thefts have repeatedly raised consumer privacy and identity-theft concerns in recent months. Privacy Rights Clearinghouse, a consumer-advocacy group, counts more than 80 thefts since early 2005 in which laptops containing sensitive employee, customer, student or patient data were stolen.

Last month, Boeing Co. fired an employee whose laptop -- containing the personal information on 382,000 workers and retirees -- was stolen after the employee left it unattended. It was the third such incident at Boeing in 13 months, prompting Chairman and Chief Executive Jim McNerney to take a tougher stance on protecting sensitive employment information. In a memo to employees, Mr. McNerney said Boeing had taken steps to safeguard such data, "but the best policies, procedures, encryption software and awareness-raising in the world can't force people to use them." In addition to firing the employee, the employee's managers were reprimanded.

In May 2006, thieves took a laptop from a U.S. Department of Veterans Affairs analyst's home that contained information on 26 million people. In March 2006, a laptop containing data on 196,000 current and former Hewlett Packard Co. employees was stolen from the rental car of an employee at Fidelity Investments, which manages H-P's 401(k) and pension plans.

In many cases, thieves have appeared intent on reselling the laptops, rather than using the sensitive data on their hard drives, but privacy experts say the information could still be available to subsequent users.

Duke President Renews Call For District Attorney To Leave Case (NYT)

By Duff Wilson

The New York Times, January 9, 2007

DURHAM, N.C., Jan. 8 — The president of Duke University renewed his call on Monday for the district attorney to step aside from the sexual offense case against three former lacrosse players and give control to an independent party "who can restore confidence in the fairness of the process."

In an open letter to the Duke community as a new semester began, the president, Richard H. Brodhead, reviewed recent events in the case and sought to explain the university's responses since last March, when a stripper accused three students of raping her at a lacrosse team party.

Mr. Brodhead said that from the early, confusing days of the case, the university had been guided by two principles: If true, the accusations were "grave and should be taken very seriously." At the same time, "our students had to be presumed innocent until proven guilty through the legal process."

Now, he wrote, in the wake of developments that have raised questions about the district attorney's handling of the case, the need for a fair legal process demands that he recuse himself.

Early on, Mr. Brodhead recalled, the district attorney, Michael B. Nifong, said publicly that he was certain a rape had taken place. But on Dec. 22, Mr. Nifong dropped the rape charges, saying the accuser was no longer sure what had penetrated her. He is proceeding with sexual offense and kidnapping charges, which carry equally stiff sentences.

Given the certainty of the prosecutor's early statements, Mr. Brodhead said then and restated in his letter on Monday, the decision to drop the rape charges called the entire case into question.

"We entrust our conflicts to the law to provide a path to a fair resolution," Mr. Brodhead wrote. "But to earn this faith from the public, those who work in the legal process must behave with elemental fairness and regard for the rights of those involved. We need and deserve for that faith to be restored."

In recent weeks, Mr. Nifong has faced rising criticism and calls to step aside. At a court hearing in mid-December, it was revealed that he withheld potentially exculpatory DNA evidence from the defendants' lawyers; he could face a charge of prosecutorial misconduct. Two weeks later, the North Carolina State Bar filed ethics charges against him, saying he had made inflammatory statements about the team and had misled the public about evidence. And soon after, the North Carolina Conference of District Attorneys suggested he recuse himself "in the interest of justice."

Mr. Nifong did not respond to requests for comment. Previously, he has said he regretted some of his public statements. Last week, after he was sworn in for a four-year term at a private ceremony, he said he intended to do the job for which he was elected.

Over the course of the case, Mr. Brodhead himself has come under criticism from supporters of the lacrosse team for what they viewed as a failure to support the players' presumption of innocence.

Mr. Brodhead canceled the lacrosse season and sought the coach's resignation on April 4. He also set up five inquiries into the university and the lacrosse team. His letter on Monday referred to the Campus Culture Initiative, charged broadly with reviewing responsibility and respect across lines of sex, race and wealth.

The accuser is a local black woman and single mother of three, while the defendants are white.

Last week, because of what Mr. Brodhead's letter called the "new circumstances" of the case, Duke invited two defendants to return to school. They said they would consider it. The third defendant had already graduated.

CIVIL LAW:

Framed Men Take Stand At Trial (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 9, 2007

Tearfully recall decades in prison

Tears rolled down Joseph Salvati's face yesterday as he took the stand in federal court, recounting the family milestones he missed as his four young children grew up without him while he spent 30 years in prison for a murder he didn't commit.

Describing a jailhouse meeting with his parents shortly after his arrest in a 1965 gangland slaying, Salvati said, "I just sat with them and cried. I said: 'Don't believe none of this. This is a nightmare. It's a lie.' "

Salvati, who was 35 years old when he went to prison in 1967, spent 29 years and five months behind bars for the murder of petty thief Edward "Teddy" Deegan in a Chelsea alley before he was freed in March 1997, after William Weld, then governor, commuted his life sentence.

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Four years later, Salvati's codefendant, Peter Limone , was set free and the convictions of both men were overturned after it was revealed that long-secret FBI documents indicated they had been framed by a Mafia hitman-turned-government witness, Joseph "The Animal" Barboza .

"I couldn't believe the FBI would do a thing like that," said Salvati, wiping his eyes with a handkerchief. "These are people you look up to. They didn't care 40 years ago, and they don't care now."

Salvati and Limone testified yesterday in a civil trial over a wrongful imprisonment suit they have filed against the government, along with the families of two other men, Henry Tameleo and Louis Greco , who died in prison before they were exonerated in Deegan's slaying. They are seeking more than $100 million in damages.

Limone, also a father of four, who served 33 years in prison, described how Greco, a highly decorated World War II veteran and boxer, confided as he grew ill, "I'm going to end up dying in these prisons for nothing."

Salvati said he didn't know Deegan and suspected Barboza framed him because he had borrowed $400 from a loan shark, then got the better of bat-wielding thugs sent by Barboza to collect the debt.

Salvati said his wife of 53 years, Marie, visited him every week in prison while raising their children alone and "never doubted me."

Salvati's son, Anthony, who was 5 when his father went to prison, sobbed as he testified yesterday about how he tried to become the man of the family and was 8 years old when he gave his older sister away at her wedding.

"I cried my eyes out," said Anthony Salvati, now 44. "At 8 years old, I was taking his place. My father wasn't there so I knew it was my job to do it."

Salvati and Limone said they were able to go home on furloughs occasionally in the 1970s and 1980s, until the Dukakis administration halted the furlough program in 1987.

Anthony Salvati said his father missed his graduation, his wedding, and the birth of his two children .

Sharon Salvati, who was 11 when her father went to prison, broke into tears on the stand yesterday as she told the government lawyers that she was being forced to relive a nightmare by going through the trial.

"It's just very unfair for my family and all the families bringing this up," Sharon Salvati testified. "You took all our lives away, all of our childhoods. You'll never replace 30 years. You can never give it back to us. And, to think that you knew."

Wrongly Convicted Men Describe Decades In Prison (AP)

AP, January 9, 2007

BOSTON - Joseph Salvati was 35, with a wife and four young children, when he was arrested in the 1965 gangland murder of Edward "Teddy" Deegan.

It would be more than 29 years, eight grandchildren and three great-grandchildren later before he left prison.

On Monday, Salvati, now 74, broke down and sobbed on the witness stand as he described his shock when he was arrested, his decades in prison and his feelings when he learned that the FBI knew he and three other men had been framed.

"I couldn't believe it - that the FBI could do a thing like this," he said. "This is people who protect you, people you look up to.

"They don't care - that's the bottom line," he said, burying his face in a handkerchief.

Salvati, Peter Limone Sr. and the families of two other men who died in prison - Henry Tameleo and Louis Greco - are suing the federal government for $100 million for false imprisonment.

The lawsuit accuses the government of malicious prosecution, intentional infliction of emotional distress, conspiracy and negligent supervision of FBI agents.

Salvati and Limone were exonerated in 2001 after a state judge found that FBI agents hid evidence from state prosecutors that could have cleared the men in order to protect an informant.

Lawyers for the men claim the FBI did not disclose that Joseph "The Animal" Barboza, a former mob hitman and FBI informant, and his cohort, Vincent "Jimmy" Flemmi were overheard on FBI wiretaps asking for permission to kill Deegan shortly before his murder.

The FBI also had internal memos that showed Barboza - who was the key witness against the four men at their trial - was framing the four men and protecting Flemmi, who was also an FBI informant at the time Deegan was killed.

Salvati was sentenced to life in prison as an accessory to murder. He was released from prison when his sentence was commuted in 1997, after serving a little more than 29 years. Limone served 33 years in prison before being freed in 2001.

Justice Department lawyers have argued during the civil case that federal authorities had no duty to share information with state prosecutors and cannot be liable for the results of a separate state investigation.

Salvati's lawyers say FBI memos showed the FBI believed Flemmi had killed Deegan, as well as six other people, but agents continued to use him as an informant.

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The memos were made public in 2001 after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi, Vincent Flemmi's brother.

CIVIL RIGHTS:

Former Terrorism Suspect Can Sue County Over Treatment In Jail, U.S. Judge Rules (FINDLAW/AP)

AP, January 9, 2007

(AP) - DETROIT-A former suspect in a federal terrorism case who says he was mistreated while in jail can sue the county, a federal judge has ruled.

Moroccan immigrant Karim Koubriti, 28, was held for three years in the Wayne County jail and claims he was strip searched, held in isolation for 23 hours a day and not allowed to exercise.

U.S. District Judge Bernard Friedman last week rejected the county's request to dismiss Koubriti's lawsuit, the Detroit Free Press reported Sunday. No trial date has been set.

"The decision means he'll get his day in court and his say at trial," said Koubriti's lawyer, Ben Gonek of Detroit. He is seeking unspecified damages.

Friedman's order dropped one count - that being served pork at the jail violated Koubriti's Muslim faith and his constitutional rights. But he upheld three other counts, including Koubriti's claim that he was "repeatedly subjected to unlawful and unnecessary strip searches designed to humiliate and degrade him because of and in retaliation for his religious beliefs."

The Wayne County Sheriff's Department had no immediate comment.

Koubriti and three other Middle Eastern immigrants had been accused of forming a terror cell in the Detroit area. In 2003, Koubriti and Abdel-Ilah Elmardoudi were convicted of conspiracy to aid terrorists and document fraud. A third man was convicted of document fraud, and the fourth was acquitted of all charges.

A federal judge later dismissed the convictions at the request of the Department of Justice, which said federal prosecutors in Detroit withheld evidence beneficial to the defendants.

Koubriti is free on bail and staying in a halfway house. The government is seeking to retry him on charges of attempting to commit insurance fraud.

Brooklyn Man, 38, Dies After Jolt From Police Taser (NYT)

By Andy Newman

The New York Times, January 9, 2007

The day after a disturbed man died after being shocked with a Taser stun gun in Queens by a police sergeant, a city police official yesterday provided a fuller account of the moments before the man apparently went into cardiac arrest.

The man, Blondel Lassegue, 38, a former schoolteacher, struggled with the police on Sunday afternoon in a kitchen of a house near Kennedy International Airport. Family members at the house said late yesterday that they would issue a statement today about the circumstances of Mr. Lassegue's death.

The Nassau County medical examiner's office, which is investigating the death, said the cause had not been determined.

The sergeant who shot Mr. Lassegue appeared to have been following departmental guidelines, said Chief Michael Collins, a New York Police Department spokesman. The Taser is widely used by police departments to subdue people, although there have been questions about its safety. Amnesty International says more than 220 people have died after being shot by Tasers.

Mr. Lassegue, a deeply religious man who lived in Flatbush, Brooklyn, had a history of mental illness and, according to family members, had recently stopped taking his medication, Chief Collins said. Four times in recent years, the police had been summoned to incidents involving Mr. Lassegue in Brooklyn, he added.

Shirley Donis, Mr. Lassegue's sister, described him as a scholarly man who spoke seven languages, including the Creole of his native Haiti, had a master's degree in psychology, and studied theology. Two weeks ago, she said, he went to Las Vegas to be ordained a Pentecostal minister. She said he was a kind, gentle person.

"He's a giver," she said. "He doesn't go out. He's always preaching. He always says you need to go to church."

On Sunday afternoon, the police said, Mr. Lassegue visited his aunt and uncle at 240-12 141st Avenue in Rosedale, Queens, on a tidy street lined with boxy houses and miniature lawns. He began behaving erratically, refused to leave and at one point grabbed a 1-year-old child, Chief Collins said.

The aunt called other relatives at Mr. Lassegue's home in Brooklyn, who called 911, Chief Collins said.

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A caravan of police cars and ambulances drove up around 5 p.m., drawing the attention of neighbors. Sandy Ronquillo crossed the street to the Lassegue house and was met by Mr. Lassegue's uncle, Clausel Lassegue, who told her his nephew was "acting crazy."

Chief Collins offered the following account of the events inside the house:

Four officers approached Mr. Lassegue in the kitchen to try to calm him down. He eventually agreed to be placed in handcuffs and taken to a hospital, but after the police had cuffed his left hand, he lashed out with his right, punching a sergeant in the face repeatedly.

The officers wrestled Mr. Lassegue down. "They have his hands behind his back," Chief Collins said. "They're sitting on his legs as he's kicking in the air."

A second sergeant warned Mr. Lassegue that he would shoot him with the Taser if he continued to resist. When he did, the sergeant fired a Taser dart, which typically delivers a shock of 50,000 volts.

The officers were able to finish handcuffing Mr. Lassegue. Paramedics had arrived, and they "declared him O.K.," Chief Collins said. The paramedics left the room.

The police officers were preparing to carry Mr. Lassegue "from the building when he becomes unresponsive," Chief Collins said. The paramedics were called back, but were unable to revive Mr. Lassegue. He was taken to Franklin Hospital Medical Center, just over the Nassau County line in Valley Stream, where he was pronounced dead at 6:39 p.m.

The sergeant who was struck and the other three officers were treated for minor injuries. The 1-year-old child was unharmed. The names of the officers and sergeants were not released by the police.

The spokeswoman for the Nassau County medical examiner's office, Diane Markunas, said that an autopsy was performed yesterday but that a finding on the cause of death awaited the results of toxicological and other tests.

The Taser gun, which fires barbs attached to fine wires and is used by more than 10,000 police departments around the world, has been the subject of conflicting studies about its safety.

Officials at Taser International, which makes it, say that it has been tested on volunteers about 200,000 times, and that tests financed by the United States Justice Department found that the Taser did not change heart rhythms or damage hearts. But a University of Wisconsin study found last year that the guns' shocks applied directly to the hearts of healthy pigs could cause them to stop beating. Chief Collins said he did not know where the Taser dart struck Mr. Lassegue.

Killing Stirs Racial Concerns In North Woods Of Wisconsin (NYT)

By Barbara Miner

The New York Times, January 9, 2007

MILWAUKEE, Jan. 8 — Law enforcement officials said Monday that a Hmong hunter found dead Saturday in northern Wisconsin had been murdered after an "accidental meeting" between the victim and another small game hunter.

The killing has reignited racial tension in Wisconsin's northern woods, where two years ago a Hmong hunter killed six white hunters and injured two others in a confrontation that included racial epithets.

Details remain sketchy about the latest killing, although there have been news reports that the two men had a confrontation.

"While there is much I would like to tell you, there is much I cannot tell you," Sheriff James Kanikula said at a news conference Monday in Marinette, Wis., The Associated Press reported.

The finding that the death of the Hmong hunter, Cha Vang, 30, had been intentional was based on an autopsy. The case has been turned over to Wisconsin's newly elected attorney general, J. B. Van Hollen.

The other hunter, James Nichols, 28, of Peshtigo, Wis., is being detained, but has not been charged in the killing. Mr. Nichols is being held on charges of violating parole and being a felon in possession of a firearm. A convicted burglar, he has been in custody since Saturday, when he showed up at a medical center with a gunshot wound.

Many members of the Hmong community here are urging caution.

"There are a lot of rumors, and there is a lot of talking, but I don't have all the information at this point," Yia Thao, president of the United Hmong Community Center in Green Bay, said in a telephone interview. "I believe in the law, and I hope that whoever caused the crime, I hope they will be put into justice."

The body of Mr. Vang, a father of five children age 3 to 10, was found partly concealed Saturday in the Peshtigo Harbor Wildlife Area. The hunting spot is an hour's drive north of Green Bay, where Mr. Vang lived, and about 250 miles north of Chicago.

He had been hunting small game with friends on Friday, and they reported him as missing when he did not show up at day's end. A search, which included tracking dogs, took place. The authorities did not find Mr. Vang's body until after questioning Mr. Nichols.

Hunting is deeply ingrained in both the Hmong and Wisconsin northern woods cultures. Distrust among the Hmong and other residents has been high since Chai Soua Vang of St. Paul killed six hunters and wounded two others in 2004 in north-central Wisconsin. The hunters had ordered Chai Soua Vang off private land. Mr. Vang is serving a life sentence.

About 40,000 Hmong live in Wisconsin, which has the third-highest Hmong population in the United States, after California and Minnesota. Roughly 6,000 live in the Green Bay area. The Hmong, who are from the mountain regions of Laos, were granted refugee status after the end of the Vietnam War.

Cha Vang was among the final wave of Hmong refugees from Thailand and emigrated to Wisconsin two years ago. He spoke little or no English and had recently been laid off from a manufacturing job, said Mr. Thao, of the Hmong community center.

After the killings two years ago, many Hmong felt nervous about hunting. "Everybody was worried," said Zongsae Vang, a community organizer with the Hmong American Friendship Association in Milwaukee, where most of the state's Hmong population lives.

Pang Vue Vang, Cha Vang's wife, does not speak English and she and the children are having difficulty coping with all that is happening, Mr. Thao said. "I see the wife crying all day, and the little one is asking for their dad," he said.

ANTITRUST:

GE Sets Private-Equity Limits (WSJ)

By Randall Smith And Kathryn Kranhold

The Wall Street Journal, January 9, 2007

In Auction of Plastics Unit, Restrictions on Team Bids Reflect Antitrust Concerns

General Electric Co. has asked for bids on its plastics business, valued at as much as $10 billion, in an auction that appears to reflect new concerns from the Justice Department about the lack of competition among possible private-equity buyers.

GE has told a handful of private-equity firms contacted about the possible plastics-unit sale that they face restrictions on their ability to team up with other private-equity bidders, according to people familiar with the sale effort. Although the exact nature of the restrictions isn't known, one of the people said the contacted firms aren't allowed to call other buyout funds about teaming up.

The restrictions may effectively limit the formation of so-called clubs, the teams of two or more private-equity firms that pool their resources to pursue a single acquisition deal.

A spokesman for GE, which is based in Fairfield, Conn., declined to comment.

GE has been weighing the future of its plastics business, which has been plagued by higher raw-materials costs and keen competition. The business, where former GE Chief Executive Jack Welch made an early mark as boss and which also employed current CEO Jeffrey Immelt, has an estimated value of between $8 billion and $10 billion and annual revenue of about $7 billion. In the first nine months of 2006, its revenue rose 1% to $5 billion, but operating profit fell 13% to $560 million.

Acting on GE's behalf, Wall Street investment bank Goldman Sachs Group Inc. has conveyed the bidding restrictions on the plastics unit to four private-equity firms, the people familiar with the matter said. Goldman has also contacted two potential bidders in the plastics industry, they added. Goldman declined to comment.

The "club" issue has taken on greater significance since October, when the Justice Department launched an antitrust probe of private-equity funds. The probe followed a trend in the past few years toward club bids. While the ostensible goal of forming buyout clubs has been to spread the risk of larger investments among the members of the club, some takeover professionals have voiced concern that clubs may also limit the number of competing bidders and the value of potential bids.

Amid such concerns, restrictions on clubs may become more common among companies auctioning substantial business assets. Although similar restrictions have been tried in the past, they have often been dropped as auctions proceeded and no single bidder proved willing to put up a large enough sum, takeover experts said.

In some recent cases, teams of three to five private-equity funds have been involved in major buyouts, with the value of some of these deals topping $30 billion, including debt. The value of the GE plastics unit, however, may be small enough for the restrictions to stick.

Since Mr. Immelt became CEO in 2001, he has transformed GE by selling slow-growth and underperforming businesses including reinsurance, industrial diamonds and motors. Among them are GE Insurance Solutions, which Swiss Reinsurance Co. acquired last year for $7.8 billion in cash and securities, plus assumption of $1.7 billion in debt. GE also spun off its consumer-insurance group, renamed Genworth Financial Inc.

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Large Acquisitions

Mr. Immelt has also expanded GE into health-care information technology, water treatment and security technologies. His biggest acquisitions include the British biosciences and medical-diagnostic firm, Amersham PLC, for about $9 billion, and Universal's entertainment assets for about $14 billion, which formed NBC Universal.

GE last month completed the sale of its silicon-and-quartz business for $3.4 billion to Apollo Management LP, a private-equity firm. The business had annual sales of roughly $2.5 billion. Since that sale, analysts have focused on a possible sale of all or part of the plastics unit.

GE has been shifting from commodity products such as plastics used in compact discs into higher-priced specialty materials used in autos, aviation and health care. For example, GE has developed lightweight materials including resins for car roofs, fenders and steering wheels.

Last month, Mr. Immelt said GE would "evaluate" the case for keeping plastics, but that he wasn't "necessarily" committed to wait for a turnaround. He noted that there was "infinite capital" to sell underperforming businesses to private-equity firms or strategic buyers.

Using Lots of Debt

Private-equity firms buy companies or divisions of companies using lots of debt on behalf of their investors, which include pension funds, endowments and wealthy families. They are called private-equity because the acquired companies are taken private.

Although some investment banks conducting auctions have sought to stimulate competition among rival private-equity bidders, in the past few years no agreed-to private-equity deal has been topped by a higher bid from a rival buyout firm.

In one auction that included restrictions on clubs, Goldman Sachs in March 2005 told potential private-equity bidders for luxury-goods retailer Neiman Marcus Group Inc. they could contact only a single additional buyout firm about forming a bidding "team."

The result was that two buyout firms that have both specialized in retailing deals, Texas Pacific Group and Bain Capital LLC, weren't able to join forces on a Neiman bid. The idea was to keep the two firms viewed as able to mount the strongest bids in competition against each other.

Within a month, one of the private-equity teams gained permission to bring in a third member. The winning bid of $5.1 billion from Texas Pacific and Warburg Pincus LLC topped bids from two other private-equity teams, one of which included Bain.

Flush with cash from investors seeking higher returns fueled by a rising market and amplified by debt, the buyout firms have completed ever-larger corporate takeovers. Last year, one group completed a buyout valued at $33 billion, including debt, of hospital chain HCA Inc., based in Nashville, Tenn.

The HCA board also sought to stimulate competition in the form of a rival bid by barring three initial members of the private-equity bidding group from adding additional members. However, a rival bid didn't materialize.

Faced with the antitrust probe, the buyout firms have launched a Washington lobbying effort. Last month, 11 of the largest fund groups formed the Private Equity Council, to be led by a former lobbyist for the videogame industry.

-- Henny Sender contributed to this article.

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GE Reportedly Shopping Plastics Business (AP)

AP, January 9, 2007

Report: General Electric Seeks to Sell Its $10 Billion Plastics Business

FAIRFIELD, Conn. (AP) -- General Electric Co. is seeking bids on its $10 billion plastics business, which has been hit hard by inflation in raw materials, The Wall Street Journal reported late Monday.

In seeking bids, GE has told several private-equity buyout firms contacted about the possible sale that they could be restricted in joining other private-equity bidders, the newspaper reported on its Web site, citing unidentified sources.

Gary Sheffer, a spokesman for GE, would not comment.

The possible restrictions among bidders reflect concerns by the U.S. Department of Justice about lack of competition among possible private-equity buyers, the newspaper reported.

Last October, the Justice Department began an antitrust probe of private-equity funds, looking particularly at private-equity firms that team up and prompting fears among some sellers that the number of bidders and size of the bids would be limited.

GE chief executive Jeff Immelt, in a conference call with analysts last October, called GE's plastics segment "the business we really need to remain focused on."

He said higher-than-expected commodities prices pushed down margins.

The plastics unit has current estimated revenues of $7 billion. Its value is estimated at between $8 billion and $10 billion. In the first nine months of 2006, its revenue rose 1 percent, to $5 billion, but operating profit fell 13 percent, to $560 million.

GE has been shifting from commodity products such as plastic used in compact discs into higher-priced specialty materials used in autos, aviation and health care. GE has developed lightweight materials including resins for car roofs, fenders and steering wheels.

GE Seeks $10 Billion For Plastics Unit, People Say (Update1) (BLOOM)

By Rachel Layne And Dana Cimilluca

Bloomberg, January 9, 2007

Jan. 8 (Bloomberg) -- General Electric Co., the world's second-biggest company by market value, is seeking bids for its plastics unit and may be offered as much as $10 billion, people with direct knowledge of the auction said.

The bids may come from private equity firms, said the people, who asked not to be identified because the talks are private. GE spokesman Russell Wilkerson declined to comment.

A sale would free Chief Executive Officer Jeffrey Immelt of one of the drags on GE's recent earnings. He said at a December investor meeting that the Fairfield, Connecticut-based company's plastics unit is ``in a difficult spot'' and that he's not necessarily committed to waiting for its fortunes to improve.

``It's nice to see them get away from the low-margin businesses like this,'' said Mike McGarr, an analyst at Becker Capital Management in Portland, Oregon, which owns about 800,000 GE shares. ``A lot of the hard work at GE is starting to pay off a bit and we are pleased with what Immelt has done steering toward services and infrastructure.''

GE has been weighing the sale after the high cost of benzene, the main oil-based material used in much of its plastic, cut earnings last year.

Immelt made almost $70 billion in acquisitions since becoming CEO in 2001 to enter faster-growing areas including healthcare, and he sold assets such as insurance that are volatile or capital intensive and hurt profit.

Shares of GE slipped 1 cent to $37.55 in New York Stock Exchange trading at 4:01 p.m. The stock has gained 5.9 percent in the past 12 months.

Early Talks

The negotiations are in the early stages, one person said. Goldman Sachs Group Inc., which has been hired to look for buyers, is restricting the ability of private equity firms to form groups in the auction, two of the people said.

Such restrictions aren't unheard of, though in this case it comes as the Justice Department investigates possible anticompetitive behavior on the part of buyout firms, which often team up to buy multibillion-dollar assets.

A sale could generate a hefty tax bill, since GE has owned the unit for a long time and likely carries it on the books at less than half its current value, one of the people said.

GE Plastics probably had an operating profit of about $738 million last year on sales of $6.7 billion, Citigroup analysts Jeffrey Sprague and P.J. Juvekar said in a Dec. 13 note. A sale may slice 3 cents to 4 cents off profit in 2007, Sprague said. He includes that possibility in his estimate of $2.22 a share.

Immelt's Efforts

Immelt last month forecast as much as 13 percent growth in earnings this year. The plastics unit is one dark spot. In the quarter ended in September, benzene prices rose 31 percent and the business posted a 23 percent drop in profit. GE had expected earnings in the unit to be little-changed.

``The chronically disappointing performance of GE Plastics increases the odds that the business gets sold,'' Sprague and Juvekar wrote. BASF of Germany and Midland, Michigan-based Dow Chemical Co. are the most likely buyers, they said.

Saudi Basic Industries Corp., the world's largest chemicals maker by market value, said last month it may bid for the plastics unit if it was put up for sale.

The more likely buyer could be a private-equity firm, McGarr said. GE last year sold its advanced materials unit, a maker of adhesives and sealants, to private equity firm Apollo Management LP for $3.8 billion.

Today, the company said it would buy drilling-equipment maker Vetco Gray Inc. for $1.9 billion as dwindling oil and gas reserves prompt energy companies to boost investments in opening new oil fields.

The Wall Street Journal reported the auction earlier today.

GE Imposes Private Equity Conditions On Plastics Deal (FT)

By Francesco Guerrera Andjames Politi In New York

Financial Times, January 9, 2007

DOJ_NMG_0114382

General Electric has put its underperforming plastics business up for sale but has told private equity groups not to team up to bid for the unit, valued at about $10bn, for fear of antitrust objections to the deal.

The move by the US industrial conglomerate is the first sign that an ongoing investigation by the US Department of Justice into potential collusion among buy-out funds is prompting companies to revise the way they deal with private equity groups.

These groups have been able to buy ever-larger companies by joining forces in "club deals" such as the $33bn takeover of hospital operator HCA by a consortium of Bain Capital, Kohlberg Kravis Roberts and Merrill Lynch.

However, people close to the situation said that GE had demanded bids from individual buy-out funds only for its plastics unit in an apparent move to foster competition in the auction.

Jeffrey Immelt, GE's chairman and chief executive, has repeatedly told investors the company was reviewing the future of the $7bn-a-year plastics business, which has been hit by the rising costs of raw materials and natural gas.

"Am I committed to waiting for that to right itself? Not necessarily. But I will say that the business is in a difficult spot right now and a spot that almost nobody would have forecast . . . But look, we're going to evaluate stuff like that," he told investors last month

Mr Immelt has been a supporter of the growing influence of private equity on takeover markets, arguing that it makes it easier for large diversified companies like GE to reshape their portfolio by trading assets with buy-out groups.

GE has already found private equity groups to be attractive buyers for non-core businesses it is considering selling. In September, the group agreed to sell its advanced materials business, a supplier of sealants, adhesives, and ceramics materials, to Apollo Management in a deal worth $3.8bn.

A sale of the plastics business would be an emotional affair for Mr Immelt, who cut his managerial teeth in the unit, as did his famous predecessor Jack Welch.

However, he has been under pressure to sell the underperforming parts of GE's locomotive-to-washing machines portfolioto revive the company's share price.

GE and Goldman Sachs, its adviser on the sale, declined to comment.

Waste Services Buy Of Fla. Unit Gets OK (AP)

AP, January 9, 2007

Justice Department OKs Waste Services $61M Acquisition of Allied Waste's Florida Operations

NEW YORK (AP) -- Waste Services Inc., a Canada-based solid waste management company, said Monday its previously announced acquisition of Allied Waste's South Florida operations has been cleared by the U.S. Department of Justice.

Under a deal signed in July, Waste Services agreed to pay $61 million in cash for Allied Waste's collection company, transfer station and recovery facility located in Miami-Dade County. In return, Waste Services agreed to sell its Arizona operations to Allied Waste for $53 million.

Shares of Waste Services Inc. dipped 3 cents to close at $9.90 on the Nasdaq. Shares of Allied Waste Industries Inc. rose 5 cents to $12.56 on the New York Stock Exchange.

Caremark Rejects Bid From Express Scripts (WP/AP)

The Washington Post, January 9, 2007

NASHVILLE, Jan. 8 -- Caremark Rx rejected a buyout offer by a rival pharmacy-benefits manager Monday and pledged to continue to pursue a bid from drugstore operator CVS.

Express Scripts responded by launching an effort to salvage its $26 billion stock-and-cash offer by reshaping the Caremark board of directors. The CVS deal, valued at $21 billion in stock, has passed antitrust scrutiny by the Federal Trade Commission and is expected to go to a shareholder vote and be completed by the end of March.

Express Scripts of Maryland Heights, Mo., contends that its proposal represents a 13 percent premium for shareholders over what Woonsocket, R.I.-based CVS is offering, but Caremark hasn't been swayed.

"The board has unanimously concluded that pursuing discussions with Express Scripts is not in the best financial or strategic interests of Caremark and its shareholders," Nashville-based Caremark said in a statement Monday.

Express Scripts said a few hours later that it had notified Caremark of its intentions to nominate four candidates to the Caremark board at the company's next shareholder meeting.

The only obstacle in the way of a shareholder vote on a deal between Caremark and CVS is a pending lawsuit filed in state court in Delaware, where Caremark is incorporated, by a Louisiana pension company with a block of Caremark stock. An injunction hearing is set for March 20 or earlier if a shareholder meeting to vote on the CVS deal is set, documents show.

The lawsuit seeks to block the CVS deal, claiming it is designed to benefit Caremark insiders at the expense of the shareholders. A similar lawsuit filed in federal court in Nashville was dismissed in favor of the Delaware suit.

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Express Scripts Moves To Derail A Merger (NYT)

By Milt Freudenheim

The New York Times, January 9, 2007

EXPRESS SCRIPTS opened a proxy war in the pharmacy benefits industry yesterday, moving to derail the pending acquisition of its rival Caremark Rx by the drugstore chain CVS.

Express Scripts said it would nominate four directors to the 11-member board of Caremark. But Caremark said the vote would need to wait for its annual meeting, which is normally held in May but which the company said yesterday it had not yet scheduled.

The action came after the Caremark board voted unanimously on Sunday to reject a $26 billion hostile takeover offer by Express Scripts, even though the offer values Caremark at about 13 percent higher than the CVS deal. Caremark said in a statement yesterday that the Express Scripts offer, which was made on Dec. 18, would create "significant, if not insurmountable, antitrust risks."

Express Scripts yesterday dismissed the antitrust issue as "a red herring" that Caremark was wielding to distract stockholders.

Caremark is currently the second-largest player and Express Scripts is No. 3 in pharmacy benefits management — the business of acting as a middleman between drug companies and health plans that offer drug benefits to workers, retirees and Medicare enrollees. The current leader is Medco Health Solutions, but a combined Caremark-Express Scripts would be much larger.

The question of how much competition prevails in the pharmacy benefit business is likely to be at the center of the proxy war. Express Scripts asked the Federal Trade Commission last week to review its bid and analysts expect the commission to seek further information later this month.

A second request could start a lengthy process and potentially cast a pall of uncertainty over the Caremark-CVS deal, which has already received antitrust clearance from the F.T.C. Caremark has said it would ask its shareholders to approve the CVS offer at a special meeting before March 31.

Edwin M. Crawford, Caremark's chairman, said in the company statement yesterday that the "certainty" of having the antitrust clearance "and the opportunity to close our merger promptly translate in a strong financial benefit."

Since the Express Scripts bid three weeks ago, Caremark investors have indicated hopes that the CVS deal would be sweetened, one way or another, but this has not yet happened. "Some investors may be figuring that a higher bid is worth waiting for, even with the uncertainty of the antitrust issue," said Sheryl Skolnick, a health care analyst with CRT Capital in Stamford.

Shares of Caremark gained 29 cents, to $56.64 yesterday, which analysts noted, was well above the CVS cash and stock offer for Caremark, which was worth a total of $52.35 at yesterday's CVS price.

Shares of CVS rose 18 cents, to $31.35. Express Scripts dropped 8 cents, to $68.78.

In the hope of speeding the antitrust review, Express Scripts has already dispatched its lawyers to start arguing its case before the commission staff. "Most people think this will get through the F.T.C.; granted it will take some time," said Kemp Dolliver, a health care analyst with Cowen & Company.

The pharmacy benefit business is "probably less consolidated than it looked 18 months ago," Mr. Dolliver said. With the advent of Medicare Part D drug coverage last year, the largest health insurers — WellPoint, UnitedHealth Group and Aetna — have aggressively expanded their in-house pharmacy benefits units.

Employers and smaller health plans can choose from the insurers' drug management services along with those of the big pharmacy benefit managers: Medco, Caremark and Express Scripts.

Trying to reduce drug costs, the pharmacy benefit managers bargain with drug manufacturers for rebates and discounts on brand-name drugs, and they work to switch patients to lower-cost generic versions of expensive brands. With taxpayers footing much of the bill for elderly Medicare enrollees and low-income people in Medicaid programs, the benefit managers' effectiveness became an issue in some Congressional races last fall.

Express Scripts yesterday nominated to the Caremark board Stuart L. Bascomb, chief executive of Amerisight, a privately held laser eye surgery company and former Express Scripts executive; Duke K. Bristow, an economist at the University of California, Los Angeles; John J. Jones, a former executive of the Argosy Gaming Company, and Todd E. Warnock, a health care investor and former investment banker at Credit Suisse First Boston.

In press releases yesterday, Express Scripts and Caremark each said that the merger it preferred could achieve $500 million in savings by cutting costs.

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Caremark said that combining with CVS would create an integrated health care product that would include mail-order and retail drug sales and "personalized pharmaceutical and disease management services." A forced merger with Express Scripts would require debt that would diminish the financial strength of the combined company, Caremark contended.

Express Scripts stressed that Citigroup and Credit Suisse had committed to fully finance the transaction. But even if Caremark and CVS shareholders reject CVS-Caremark merger, some analysts say that investor approval of the Express Scripts offer would be far from certain.

"I would be very surprised if Express Scripts and Caremark ever get together," said Andrew L. Speller, an analyst with A.G. Edwards & Sons in St. Louis.

Express Scripts Seeks Caremark Seats After Rejection (Update16) (BLOOM)

By Lisa Rapaport

Bloomberg, January 9, 2007

Jan. 8 (Bloomberg) -- Express Scripts Inc. will nominate four directors to Caremark Rx Inc.'s board in an effort to push through the $26 billion hostile bid that was rejected by Caremark earlier in favor of a lower offer from CVS Corp.

Express Scripts is seeking the seats in light of the Caremark board's ``refusal to even discuss our superior proposal," the St. Louis-based company said in a statement today. Caremark rejected the Express Script bid by saying the deal ``would result in a highly leveraged and weakened business" and ``insurmountable antitrust risks."

Caremark, a manager of prescription benefits for employee health plans, accepted a $21 billion bid on Nov. 1 from CVS, the No. 2 U.S. drugstore chain. CVS and Express Scripts, which is about a third of Caremark's size, want Caremark to help them gain clout in negotiating discounts on medicine and to lure customers from rivals such as Wal-Mart Stores Inc. and Medco Health Solutions Inc.

``Express Scripts has opened up a whole new ballgame," said Matt Kaufler, a portfolio manager at Clover Capital Management in Rochester, New York, in a telephone interview today. ``They may need to sweeten the bid and CVS may also need to sweeten their bid."

Kaufler said Caremark doesn't have a ``poison pill," or shareholder rights provision, that would make it difficult for Express Scripts to advance a hostile takeover by purchasing large blocks of Caremark shares.

``Other than the breakup fee with CVS, buying up shares shouldn't be a problem," Kaufler said.

Board Nominations

Express Scripts said it will nominate to the Caremark Board Stuart Bascomb, chief executive officer and chairman of Amerisight Inc.; Duke Bristow, an economist who teaches corporate finance at the University of Southern California; John Jones, a director of Topps Co., and Todd E. Warnock, founding partner of RoundTable Health Care Partners.

``Since we made our offer for Caremark public, Caremark stockholders and the marketplace as a whole have demonstrated their strong support for our offer," the Express Scripts statement said. ``We clearly provide Caremark stockholders with superior value to the proposed acquisition of Caremark by CVS."

Caremark said in a Jan. 7 statement that the Express Scripts proposal ``would result in a highly leveraged and weakened business" and ``insurmountable anti-trust risks."

Financing

In a subsequent regulatory filing, Caremark said it rejected that offer because Express Scripts didn't ``disclose its financing." Caremark also said it couldn't ``envision any scenario where it would be willing to trigger the imposition of a $675 million break up fee" to CVS ``without having a competing party obligated to fund that payment."

Express Scripts said its acquisition would be partially financed through Citigroup and Credit Suisse. The company retained Skadden, Arps, Slate Meagher & Flom LLP as legal counsel.

Earlier in the day, Express Scripts said in a statement that Caremark was using ``antitrust as a red herring to distract stockholders from the real value differential at issue." Express Scripts, with a market value of $9.33 billion compared with Caremark's $24 billion, had threatened to file a proxy to take its offer directly to Caremark shareholders.

``The premium alone argues for a rejection of the current CVS bid," Matt Perry, an analyst with Wachovia Capital Markets LLC in New York, wrote in a Jan. 4 note to clients.

Shares

Caremark's shares rose 29 cents to $56.64 at 4:01 p.m. in New York Stock Exchange composite trading, while shares of Woonsocket, Rhode Island-based CVS rose 18 cents to $31.35. Shares of Express Scripts fell 8 cents to $68.78 in Nasdaq stock market composite trading.

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Caremark's stock has climbed 17 percent since Nov. 1, when Woonsocket, Rhode Island-based CVS offered $48.53 a share. The shares have traded closer to Express Scripts' Dec. 18 offer of $58.50 each. CVS shares have gained 7.3 percent since the Nov. 1 bid, while the stock of Express Script have dropped 1.5 percent since its offer.

Caremark's directors met Dec. 22 to discuss Express Scripts' proposal and spoke again by teleconference Dec. 27 before voting unanimously to reject the offer on Jan. 5, Caremark said today in a regulatory filing.

``We look forward to closing our transaction during the first quarter of 2007," CVS Chief Executive Officer Tom Ryan said today in a regulatory filing. In a later filing, Ryan called the Express Scripts nomination of four directors ``nothing more than a publicity stunt."

3Q Completion

Express Scripts said today at a meeting with investors in San Francisco that it expected its takeover of Caremark to be completed by the end of the third quarter of 2007.

``Express Scripts' latest actions illustrate its desperation to disrupt our merger with CVS due to fear of competition," Caremark CEO Mac Crawford said in a statement released today on Business Wire.

Employers hire Caremark and rivals to hold costs down by seeking out drug manufacturers and pharmacies with the best prices. Health insurance plans and employers are turning to such companies to help counter rising health-care costs. Spending on prescription drugs in the U.S. increased 5.4 percent to $251.8 billion in 2005.

CVS, which has 6,200 outlets in 43 states, wants to buy Caremark to gain size and power to negotiate prices with drugmakers and prevent foot traffic lost to mail-order medicines from hurting sales of razors, sodas and makeup.

The offer from Express Scripts would reduce the number of major competitors in the drug-benefits industry to two from three, CVS Chief Executive Officer Tom Ryan said in a statement last week. CVS is the fourth-biggest U.S. pharmacy-benefit manager through its PharmaCare unit.

ENVIRONMENT/INDIAN AFFAIRS:

EU Calls For New Low-Carbon Power Era (AP)

By Aoife White, Ap Business Writer

AP, January 9, 2007

EU Calls for New Low-Carbon Power Revolution As It Seeks to Cut Oil Imports

BRUSSELS, Belgium (AP) -- The European Union will call for "a new industrial revolution" on Wednesday as it tries to rein in oil imports and slash the carbon emissions blamed for global warming.

In a draft paper seen by the Associated Press, the European Commission says the days of secure, cheap energy for Europe are over.

Surging world demand for limited stocks of oil and gas has sent prices higher. The EU executive said Europe has to look at alternatives: using more renewable energy such as wind power and biofuels.

It also suggests that current plans to cut back nuclear power -- which it calls "one of the cheapest sources of low carbon energy" -- will endanger the goal of curbing greenhouse gas emissions.

Electricity generation will be "heavily dependent" on natural gas, it said, warning a number of countries reliant on one main supplier that they should diversify.

The EU said it is confident that relationships with oil and gas suppliers Norway, Russia and Algeria will strengthen but also that it needs to open up a range of sources, suppliers, transport routes and methods.

European concerns about the reliability of Russian supplies were underscored Monday when shipments of oil via a pipeline running through Belarus were disrupted by a trade dispute between the two former Soviet republics.

Germany and Poland said earlier Monday Russian supplies had been halted, and Russia accused Belarus of siphoning off oil destined for Europe since the weekend.

Russian state pipeline operator Transneft said Belarus, which is furious that Russia is demanding it pay new oil duties, had diverted 79,000 tons of oil so far.

In an effort to diversify supply, the EU plans to start negotiations with Turkmenistan and Uzbekistan, build on agreements with Azerbaijan and Kazakhstan and cement relations with Turkey, Egypt and other nations, including Libya "if possible," it said.

It will also explore bilateral pacts with the Gulf state of Qatar and energy exporting nations in the Caribbean and Latin America, it said.

The world also needs to make a global effort to cut energy use, it suggests, proposing an energy efficiency agreement for industrialized nations plus China, India and Brazil to be signed at the Beijing Olympics in July 2008.

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Supply uncertainties mean the EU has to rely on power in its own backyard, boosting renewables and making clean coal technology a reality.

The EU executive suggests setting a new target -- no figure appears in the draft -- for renewable power by 2020, with a binding target for biofuels to replace oil in vehicles. It says that biofuels could take up 14 percent of that market by 2020.

"Major investment" in renewable energy is needed to create the economies of scale that would make it viable, it said, acknowledging that many EU nations will fail to make existing goals to draw 12 percent of all EU energy from renewables by 2010.

Vast amounts of money also need to be pumped into Europe's electricity network with some 900 billion euros ($1.17 trillion) needed just to provide more power generation alone in the next 25 years as demand grows.

The EU recognizes serious problems with the way the electricity and gas markets work, highlighting the control huge energy companies have over production and sales. These issues will be detailed in a parallel report from EU antitrust regulators on Wednesday.

It said these market problems are causing governments to cap power prices, leading to less investment in the sector that could cause future supply crunches. "This situation cannot continue," it warns, saying it believes a series of measures need to be taken to create a competitive market within three years.

Polluted Waters Stain D.C.'s Shining Vision (WP)

By David A. Fahrenthold

The Washington Post, January 9, 2007

The Anacostia River, planned as the scenic centerpiece of massive redevelopment in the District, remains heavily polluted by sewage, trash and toxic chemicals, environmentalists say -- and it might be years before the river's health catches up with its new cachet.

In the city's plans, the Anacostia will soon be surrounded by a necklace of new stadiums, office buildings, condominiums and parks. A river that has come to symbolize neglect, both of its water and of the neighborhoods near its banks, will become a new hub of urban life.

But that bright vision is hard to square with the Anacostia of the present. Its channels are choked with mud and floating debris. Its catfish have tumors on their livers and lips. And, dozens of times a year, it actually stinks, from human waste dumped out by the District's sewer system.

Now, activists wonder whether a dirty river will start to hold this development back. Or maybe, they hope, all this building will speed the Anacostia's recovery by making activists out of people who are seeing its plight for the first time.

"You really cannot build a world-class city on a wrecked river," said Thomas Arrasmith, a leader at the Anacostia Watershed Citizens Advisory Committee. "You cannot have a world-class city with a sewer running through it."

The Anacostia winds its entire course inside the Capital Beltway, beginning near Bladensburg and emptying into the Potomac River 8.4 miles downstream at the District's Hains Point. It is often out of sight, though, even to those who live near the river. People have been kept away by the U.S. National Arboretum, the Anacostia Freeway and other barriers -- and the historical perception that the river isn't worth visiting.

"One of the sad things about the Anacostia: It's been so dirty for so long that people shunned it," said Joseph Glover, a Southeast Washington resident who helps monitor the health of an Anacostia tributary, Pope Branch.

If the plans on city drawing boards are followed, however, it will not be that way for long.

The marquee project of the new waterfront development effort is the Washington Nationals baseball stadium, whose steel skeleton is rising near the Frederick Douglass Memorial Bridge. City officials hope to surround it with a new entertainment and residential district. They also plan to remake the area just to the east, adding office buildings and a three-block Washington Canal Park.

They want to turn the area around the old D.C. General Hospital into a neighborhood, extending Capitol Hill to the riverside. On the south side, a stretch of empty land called Poplar Point could be converted into a D.C. United soccer stadium or perhaps a park surrounded by a crescent of residential buildings.

"The whole purpose here is to think of the river as a great centerpiece of the city and not a dividing line," said Uwe Brandes, a vice president of the city-chartered Anacostia Waterfront Corp.

Most of the pollution the Anacostia suffers from is not the kind for which miscreants are tracked down and fined. Instead, most of it comes from obvious sources, such as lawns, sewage plants and storm drains -- within the law, or at least not the target of stringent enforcement.

Brandes said he worried that development will slow if the river doesn't get clean.

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Douglas Jemal, whose Douglas Development Corp. plans to build near the new baseball stadium, said he believed that development and new public attention would lead to a cleaner river.

"I can't imagine it's not going to get taken care of," he said.

Today, though, the Anacostia is not ready for its close-up.Maryland

Across the street from a shopping center in Prince George's County, and a few feet into some thorny woods, James Connolly stopped at a 12-foot-deep gully. Its bottom was littered with plastic bags, chunks of brick, even campaign signs from the fall election.

Connolly, executive director of the Anacostia Watershed Society, pointed out what made the gully: a storm sewer pipe. Running downhill from the shopping center, he said, the rainwater in the pipe moves fast enough to carve earth.

The water flows to the Northwest Branch, a tributary of the Anacostia, carrying dirt and trash.

Environmentalists have nicknamed this gully and others like it "The Gorges of Prince George's," although there are similar problems in Montgomery County tributaries. These deep channels are a stark example of what they call a major problem in Maryland, home to more than 80 percent of the Anacostia's roughly 176-square-mile watershed: Suburbanization has supplanted trees and paved over dirt with concrete. Rainwater is funneled swiftly downstream, carrying with it dirt, trash and chemicals.

The dirt: One survey found that sediment levels in the river needed to be reduced 77 percent to meet water-quality standards. At Bladensburg, where in Colonial times the river was deep enough for oceangoing ships, so much sediment has built up that there is often exposed mud in the middle.

The trash: An estimated 20,000 tons come downstream every year. There are coffee cups, soft drink bottles -- an astounding number of basketballs, river aficionados say -- plus tree trunks and other more dangerous debris.

The University of Maryland men's crew team, which practices on the Anacostia, had six boats damaged this season by things in the water. "After a big rain, we've had to turn around," said Chris Mattingly, the team's president. "It's just a lot of shopping carts, big stuff that gets down there after a rain."

And the chemicals: They wash off roads and parking lots and include oil and grease and exhaust byproducts called PAHs. The high concentration of PAHs, known to cause cancer, was cited when a survey found that more than half of the river's brown bullhead catfish had tumors. It was equal to the highest tumor levels ever seen in a U.S. river.

There have been efforts to fix that problem by using filters to capture trash and using plants and artificial wetlands to absorb stormwater upstream.

But in Montgomery and Prince George's, officials say the problem is much bigger than the solution. It will be very hard to retrofit entire neighborhoods, they say, because many of the changes would have to be made on private property.The District

In the District's section of the Anacostia, the problem is not water running too fast; it's the opposite. The Anacostia in the District is beyond languid. It can take more than 30 days for water to make the trip from Bladensburg to the Potomac.

That means the river doesn't flush out pollution quickly. It remembers insults. One of the biggest came from Washington Navy Yard, where runoff from ship maintenance and munitions-building washed down hazardous metals and other chemicals.

The Navy Yard is an Environmental Protection Agency Superfund cleanup site, though some of the most toxic soil and groundwater has been removed or cleaned. One current research project has put down layers of sand and absorbent materials a foot thick on the river bottom there, hoping to bury the remaining pollutants.

Another problem is the District's sewer system, designed more than a century ago to dump out raw sewage during moderate rainstorms. It still does. At last count, the system dumped 2.14 billion gallons of mixed rainwater and waste into the Anacostia. The river's count of fecal coliform bacteria has been found to be 21 times the EPA's limit.

Being on the river when waste is flowing in is "like being in a toilet," said Connolly, the watershed society's director.

When he said it, he was steering a boat to show the location of one sewage "outfall" -- within sniffing distance of the new Nationals ballpark.

"It's going to be stinky, especially after a rain," Connolly said. "You'll stand up in the seventh-inning stretch and get a big whiff of sewage."

The D.C. Water and Sewer Authority is working to solve this problem, with a plan to dig enormous tunnels under the city where water can be stored during a rainstorm, then treated to remove the sewage.

WASA Chief of Staff Johnnie Hemphill said 30 percent of the problem had been eliminated. But fixing the bulk, he said, will probably take close to 20 years and $2 billion.The Future

The Anacostia today provides stark contrasts of beauty and ugliness, sometimes on the same day.

Gabriel Horchler, a Library of Congress employee who often commutes from Cheverly in a rowing shell, said he sees beavers and deer on the river's wooded shorelines -- but he has had people spit at him and throw rocks from the Benning Road bridge. He has seen the bald eagles that have recently come back -- and dodged car bumpers and baby carriages in the current.

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"Sometimes, it's depressingly dirty and noxious," Horchler said. "And sometimes, it's very beautiful."

New parks and high-dollar developments could sharpen the contrast between what the Anacostia is and what it should be. Environmentalists hope that will translate into a greater public demand for cleanup.

Already, though, there have been battles over pollution control at the stadium. Environmentalists say they're happy that the city plans to try to corral stormwater, but they had also hoped for a green roof of plants on the stadium.

Planners say that would take away from one of the ballpark's signature features: its sweeping silvery roof canopy.

"This is a great opportunity for the river, and it still can be, hopefully," said Brian Van Wye, an activist whose title is Anacostia riverkeeper. "But the stadium has so far been fundamentally disappointing."

Thinking about the future, city officials tick off encouraging stories from other cities, where waterside development led to environmental improvements: the Chicago River, Boston Harbor.

But skeptics in Washington can also think of a counterexample, less than 40 miles north. It's got a ballpark and shops near the water -- and, still, one of the worst pollution problems in the mid-Atlantic.

"I'd take that person up to the Inner Harbor" in Baltimore, said Ed Merrifield, who serves as the riverkeeper for the Potomac. "And have them jump in the water there."

Tribe Keeps Fighting For Treaty Rights (AP)

By Ken Ritter, Associated Press Writer

Associated Press, January 9, 2007

LAS VEGAS (AP) -- The way Allen Moss sees it, vast stretches of the West and all of their wealth belong to the Indians.

And despite being turned back in lawsuit after lawsuit for decades, the Western Shoshone leader says he won't rest until the U.S. government honors a 19th-century treaty that, according to the tribe, entitles it to reclaim ancestral lands extending from California through Nevada and Utah to Idaho.

The lands include much of the Las Vegas area. The Shoshones say they are not interested in Sin City - too many people, too many problems. But they want the rugged desert hills that have yielded tens billions of dollars worth of gold over decades.

At issue is the 1863 Treaty of Ruby Valley, which the Shoshone say gave the tribe - not the federal government - royalties and final say over water, mineral and property rights for land covering 93,750 square miles, an area roughly the size of Maine.

Moss, a representative to the eight-member tribal council in Nevada, estimates the number of Shoshone at 5,000 to 8,000 - descendants of people who lived from the Snake River Valley in Idaho to the Salt Lake Valley in Utah, across most of eastern and central Nevada, and in Death Valley and the Mojave Desert in California.

The tribe has taken its case to fence lines, courts, international tribunals and the public.

It sued to block the nation's nuclear waste from being stored in Nevada. It succeeded in postponing government plans to explode a non-nuclear bomb that would send the first mushroom cloud in decades over the desert. And it went all the way to Switzerland to ask the United Nations to intervene in the land dispute.

The tribe keeps losing on most fronts, but also keeps appealing - and some cases its members have notched a place in Western lore.

Tribal elder Carrie Dann and her sister Mary became folk heroes for defying the government in a losing, quarter-century battle to graze cattle on federal land without authorization.

The Supreme Court ruled against the tribe in another case in 1979, saying the Treaty of Ruby Valley gave the U.S. trusteeship over the tribal lands. And in September, the Court of Claims in Washington accepted the government position that the treaty was "merely one of friendship and that it conveyed no treaty rights."

Lawyer Bob Hager, who has been handling Western Shoshone cases for free since 1983, maintains the tribe is losing on technicalities. He said the tribal claim finally got traction - and attention - with the U.N. Committee for the Elimination of Racial Discrimination last year in Geneva.

The panel said the U.S. government is trampling on Shoshone rights. It cited the privatization of Shoshone ancestral lands for mining and energy developers and federal efforts to open a nuclear waste dump at Yucca Mountain, 90 miles from Las Vegas.

Cynthia Magnuson, a U.S. Justice Department spokeswoman in Washington, said the government would not comment on the dispute because the case is still in court.

The government has offered tribal members money, arguing it is unrealistic to expect the U.S. to give back lands acquired through "gradual encroachment" and now dotted with cities, crisscrossed by interstate highways and railroads, and used for mining, ranching and recreation.

A law signed by President Bush in 2004 approved the distribution to tribal members of more than $145 million, including some $26 million that a federal Indian claims commission awarded in 1979.

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Some Shoshones have said they would take the cash, but others balked. Moss, who loads preprinted newspaper advertisements for a living, said the money will not be touched because to take it would be to concede the government's position.

"Our land is not for sale," he said. The money continues to collect interest.

Moss is not sure his sons, now 25 and 21, will take up the decades-long fight.

"They can't believe how long the battle has taken," said Moss, 52. "They were taught in school this is a land of laws. I sit here saying, `This is how the laws have been manipulated and twisted.'"

"The whole thing boils down to, `How many times can you break the law or twist the law in your favor?' That's what the government has done."

FBI/DEA/ATF/USMS:

Seven Programs To Watch In 2007 (GCN)

By Wilson P. Dizard III, Jason Miller, Mary Mosquera And Patience Wait

Government Computer News, January 8, 2007

SBINet

Impact in '07: The SBINet program, an ambitious effort to gain control of the borders via improved technology, combines a high political profile with daunting technology and program risks.

SBINet's success or failure in 2007 will stand as both a defining legacy of Homeland Security Department secretary Michael Chertoff, who has given it high priority, and a watershed for DHS' shaky program management capabilities.

Previous border technology programs, such as the Border Patrol's scuttled America's Shield program, have alerted Congress and oversight agencies to the high risk of failure in the border security arena.

As a result, SBINet faces skeptical oversight from the House Homeland Security Subcommittee on Management, Integration and Oversight, DHS inspector general Richard Skinner and the Government Accountability Office.

One major criticism of SBINet is that the program management office is understaffed. In response, program manager Greg Giddens pledged during a hearing of the House subcommittee to hire more than 200 additional program management office employees by mid-2007.

But Skinner testified at the same hearing that when Giddens completes that hiring, "The emerging organizational structure [will include] 65 percent of the 252 positions as contractors," a proportion he called "excessive."

SBINet will begin 2007 by launching a Common Operating Picture project this month, completing the system design in April and deploying it immediately along parts of the southwest border.

Another 2007 priority is the $20 million Project 28, to deploy unattended ground sensors, radars, cameras and towers in the Sasabe area of the southern border's Tucson, Ariz., sector.

DHS plans to integrate sensor data via a network that will shuttle information among computers in Border Patrol trucks, partner agencies and mobile command centers.

An additional $55 million SBINet project for 2007 aims to gain control over a military weapons testing zone in the Yuma, Ariz., sector, using IT as well as improved roads and fences.

Farmington Hills Pot Bust Is Oakland's Second In Four Days (DN)

Detroit News, January 8, 2007

FARMINGTON HILLS -- For the second time in four days Oakland County police say they have stopped a major marijuana dealing operation.

Over the weekend three county residents were arrested in the seizure of 70 pounds of marijuana, valued at nearly $500,000, bound from Arizona to West Bloomfield.

Charged were: Jerry Jadan, 39, and Fred Jadan, 38, both of West Bloomfield; and Randy A. Rabban, 39, of Farmington Hills. The arrests stemmed from an investigation begun by the Wichita, Kan., office of the federal Drug Enforcement Administration (DEA), which discovered a scheme to bring the marijuana into Oakland County.

"We expect other charges and arrests, possibly in other states, to result from this," said Farmington Hills Police Chief William Dwyer, who credited the arrests and seizures to the South Oakland Narcotics Intelligence Consortium, the DEA, and the Oakland County Prosecutor's Office.

Jerry Jadan and Rabban were charged with conspiracy to deliver controlled substances, five to 45 kilograms of marijuana and delivery of 5-45 kilograms of marijuana. The charges are felonies punishable by seven years in prison and $500,000 fines. Both were arraigned and released after posting $100,000 bond each.

Fred Jadan was charged with possession of marijuana, a misdemeanor punishable by up to a year in jail and a $2,000 fine.

Last Thursday, Richard N. Nash, 48, of Troy was charged in an alleged marijuana growing operation after members of the Oakland County Narcotics Enforcement Team raided his basement on Webb Street and found 96 plants, a sophisticated growing operation, guns, financial records and $80,000 in cash, according to police. Nash is similarly charged and held in the Oakland County Jail in lieu of $25,000 bond and a Jan. 17 preliminary examination.

Oakland County Drug Bust Nets $33,000, Marijuana (FREEP)

Detroit Free Press, January 8, 2007

Two Oakland County men face were arraigned in district court Sunday on felony drug charges after law enforcement agents raided homes in Farmington Hills and West Bloomfield, resulting in the seizure of 70 pounds of marijuana and more than $33,000 in cash.

Jerry Jadan, 39, of West Bloomfield, and Randy Rabban, 39, of Farmington Hills, were charged with conspiracy to deliver a controlled substance and manufacturing of 5 to 45 kilograms of marijuana. They were arraigned in 47th District Court in Farmington Hills and released on $100,000 bonds. Each charge is punishable by seven years in prison and fines of up to $500,000.

A third man, Fred Jadan, 38, also of West Bloomfield, was charged with possession of marijuana, a misdemeanor punishable by up to a year in jail and a $2,000 fine. He also posted bond and was released.

Farmington Hills Police Chief William Dwyer said Monday the seizure was the result of an investigation conducted by the South Oakland Narcotics Intelligence Consortium, which is made up of officers from Farmington Hills, Novi, West Bloomfield and the Oakland County Sheriff's Office.

"This is an outstanding example of cooperation across the full spectrum of law enforcement," Dwyer said Monday. SONIC officers also recovered several firearms.

"We are working with the DEA, and more arrests will be coming," Dwyer said. Police said information that lead to the arrest came from the DEA office in Wichita, Kan. "Here's a perfect example of drugs that came in out of state and were bound for communities in Oakland County," Dwyer added.

Owners Of Medical Marijuana Dispensary Arrested (KESQ)

KESQ-TV, January 8, 2007

The owners of a local medicinal marijuana dispensary are behind bars tonight after turning themselves in.

It is the latest chapter in CanaHelp's ongoing saga to stay open for business and stay legitimate.

This time, the owners of the medicinal marijuana dispensary, Stacy Hochanadel and his two partners, turned themselves in at the Indio Police Department jail.

Volunteers who continue to operate CannaHelp say the county issued an arrest warrant last week. The charges include possession and distribution of marijuana and maintaining and operating CannaHelp.

"They've not violated any laws," said one volunteer we spoke with. "They are standing up and trying to be forthcoming again, even though they're being persecuted by Riverside County Sheriff's."

Police and federal agents once raided CannaHelp on suspicion it sold marijuana for profit. And more recently, the city of Palm Desert issued an order to stop doing business.

This came after an undercover cop allegedly bought pot from the dispensary without the necessary medical credentials.

"That's a civil issue which is separate of whatever criminal investigation Riverside County Sheriff's is enacting at this time."

Still, supporters say CannaHelp's owners have done nothing wrong at least on the state level.

"I'm not sure why they're trying to take away all forms provided to qualified patients."

CannaHelp Owner And Managers Being Booked At Indio Jail (DS)

Desert Sun, January 8, 2007

The owner and two managers of the CannaHelp medical marijuana dispensary who have been charged with felonies turned themselves in this morning at the Indio Police Department Jail.

CannaHelp owner Stacy Hochanadel and managers James Campbell and John Bendar are being booked at the jail, according to jail representatives.

The three are facing three felony charges each related to marijuana possession, sales and transport, as well as "keeping a place to sell controlled substances."

Bail and court dates for the three have yet to be set.

The dispensary at 73-350 El Paseo remains open, said Ryan Michaels, a volunteer.

3 From Pot Store Facing Charges (PE)

Press-Enterprise, January 6, 2007

INDIO - The Riverside County district attorney's office has filed felony drug charges against the owner and two employees of an embattled Palm Desert medical marijuana dispensary.

Ingrid Wyatt, spokeswoman for the district attorney's office, said the case against Cannahelp shop owner Stacy Hochanadel and his employees, James Campbell and John Reynolds, could be precedent-setting because it is the first time in Riverside County that anyone associated with a storefront marijuana dispensary has been prosecuted.

Hochanadel, Campbell and Reynolds are charged with the same three felony drug counts: one of unlawful possession; one of sales, furnishing and transporting; and one of maintaining a place for the purpose of selling a controlled substance. If convicted, they face up to three years in state prison.

Wyatt said arrest warrants have been issued for all three and that Hochanadel has indicated that he plans to surrender to authorities Monday.

None of the defendants was available for comment Friday, and Hochanadel's San Diego-based attorney did not return a telephone call.

California's 10-year-old medical marijuana law allows patients with prescriptions from a doctor to grow and use marijuana, but not to sell it for profit. Federal law prohibits any cultivation, sale or use of marijuana.

"We're not targeting individuals who have a prescription and are in need of marijuana for medicinal purposes," Wyatt said. "We're targeting people who are using the guise of medicinal marijuana to actually sell marijuana. We believe there are people out there selling marijuana (illegally) for profitable purposes."

Wyatt said individuals with medical prescriptions may possess 8 ounces of dry marijuana or six mature plants or 12 small plants.

"If you have more than that, we believe it's a prosecutable case," she said.

Wyatt said authorized caregivers may dispense legally prescribed medicinal marijuana.

"It's not just anybody who can do this," she said. "You have to be a designated caregiver for the person who has the prescription. There is a process to this whole medicinal-marijuana thing."

The Palm Desert business stayed open even after the city revoked its license Dec. 18. In a letter to Cannahelp, City Attorney David Erwin said the business failed to comply with conditions of an agreement that came out of a hearing before the City Council on Feb. 23.

"Because of your failure to comply with the agreement of April 10, 2006, your license is hereby revoked and your operation must cease immediately," Erwin wrote.

City officials have said undercover authorities were able to purchase marijuana from Cannahelp without proper credentials.

Riverside County supervisors on Oct. 3 banned marijuana dispensaries in unincorporated areas and joined other counties that are challenging state medical-marijuana laws.

The board stopped short of an outright prohibition on marijuana-growing cooperatives but banned the distribution of marijuana to caregivers, qualified patients or patients with a state identification card even at marijuana-growing co-ops, which are legal under state law.

Then-District Attorney Grover Trask said he would not prosecute patients who use marijuana in accordance with state laws. His successor, Rod Pacheco, agreed that the district attorney's office has no authority to prosecute patients who are following state laws.

Robbers Posed As DEA (AT)

Albuquerque Tribune, January 8, 2007

The two men who robbed a truck stop and exchanged gunfire with police before ultimately eluding a dragnet early Sunday may have been involved in two previous burglaries in the city, Albuquerque police say.

The common denominator in all three robberies: The suspects wore pieces of uniform identifying them as DEA agents.

Police say it's pretty clear the men are not real DEA agents. But how they got the uniforms and how they escaped from police moments after a gun battle near I-40 and and 6th Street Northeast on Sunday remains unclear.

"Given their willingness to use law enforcement clothing as a guise and the fact that they tried to kill police officers today, our interest in finding these two is as high as it can be," Albuquerque police Capt. Larry Sonntag said Sunday evening.

Sonntag said police have surveillance tape of Sunday's burglary and hope that will help in the hunt for the two men. Anyone with information is asked to call Crimestoppers at 843-STOP.

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Sonntag said the surveillance tape shows two men - one wearing a black and yellow DEA jacket and one a DEA baseball cap - walking into the Love's truck stop off I-40 at 3 a.m. Sunday.

The men demanded money and also took car keys from an employee. Police arrived as the two men fled in the employee's car, and the men may have fired at police at the truck stop, Sonntag said.

Police followed the vehicle to a residential area west of 6th Street where the men opened fire on police, police fired back, and the men fled on foot.

Sonntag said a SWAT team was called in and set up a perimeter around the area. Canine units were also called in to aid in the search. Officers went door to door but found no sign of the suspects. Six hours later, the search was called off.

Sonntag said the men did not leave a vehicle at the truck stop, and the fact they apparently arrived there on foot added to the possibility that they were from, or had some connection to, the nearby neighborhood.

"But it's also possible they escaped before the perimeter was in place, and the neighborhood had nothing to do with it," he said.

The source of the DEA outfits may be less of a mystery. Sonntag said he believed a DEA agent had reported his car burglarized about a month ago.

"It's also possible to buy those type of uniforms on the Internet," he said.

Tape Shows Robbers Dressed As Feds (KRQE)

KRQE-TV, January 8, 2007

ALBUQUERQUE -- Police have their pictures, but the search for a pair of armed robbers continues.

Surveillance video recorded the of the robbery at the Loves truck stop on 6th Street NW at Interstate 40 on Sunday morning.

The suspects appeared to be dressed as Drug Enforcement Agents--one in a raid jacket, the other in a DEA cap--when they walked into the business and terrorized employees, according to Albuquerque police.

Officers said the men forced a security guard to the floor, then held another employee at gunpoint while they took money out of the register.

The men then led another employee to the parking lot and forced him to give up the keys to his car, police said.

The two suspects shot at police and are considered to be armed and dangerous.

Call Albuquerque police at 843-STOP (843-7867) if you have any information on the suspects.

Meth Smoke Taints Motels (DENP)

Denver Post, January 8, 2007

Montrose - The motel on a popular strip of Montrose inns was busy with Thanksgiving travelers when drug agents used a passkey to enter room 108.

Inside they found a woman lying on a bed. A glass pipe for smoking methamphetamine was next to her. Meth was found in her purse.

Her boyfriend was arrested when he came back to the room where they had been living for weeks. He was found with more meth and a disassembled shotgun. The pair had allegedly sold meth to undercover agents from this base of operation in the weeks preceding the bust.

As in the majority of motel and hotel busts, a maid with a vacuum, disinfectant sprays and dust cloths cleaned the room in the normal way. And it was rented again within days.

While no official data are available, experience shows that meth dealers and users love to stay in hotels, said Tom Gorman, agent in charge of the Drug Enforcement Administration in Grand Junction.

"I can't think of an investigation we've done that doesn't connect to a hotel or motel," he said.

But motel owners and managers don't need to do anything out of the ordinary when meth is smoked in a room. They don't need to inform health authorities or have anyone evaluate the room for contamination. And they don't need to inform the next party renting the room that meth had been smoked there.

That is troublesome for researchers at National Jewish Hospital, who have found residues the day after the simulated smoking of meth in a motel room. The residue levels far exceeded safe levels set by the state for cleanups after meth labs are found.

"We know it sticks around up to 24 hours later and the levels don't go down much," said Mike VanDyke, an industrial hygienist at National Jewish. "We're guessing it is at least days, likely weeks and possibly months before it goes down."

National Jewish is waiting on federal funding to do further testing to determine that time frame and also to determine what kind of health hazard that residue might pose.

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Many questions linger

Rob Derrera, an estimator with COCAT restoration contractors in Denver, said his workers have found higher levels of residue in rooms where meth has only been smoked than in rooms where it has been cooked. He said the unknown is how much smoking over what period of time it takes to push levels to the hazardous zone.

Until those answers come, the smoking of meth in hotel and motel rooms is under the radar of health regulations.

If a motel owner decides to do testing and cleanup, it could cost thousands of dollars for a single room. Tests for residues on furniture, walls, rugs and other surfaces cost upwards of $100 each. Cleanup might not be as extensive as the mandated cleanups for meth labs, but would still range from about $3,000 to $7,000 for the average 300- square-foot room, Derrera said.

He said cleanup could range from disposing of anything porous, such as carpet and drapes, and scrubbing the walls multiple times with special chemicals to entirely gutting a room - tearing out drywall and vanities and discarding all furnishings as his company sometimes has to with meth labs.

"Hotels and motels have a built-in disincentive to report. The testing and remediation is very expensive," Colorado Attorney General John Suthers said.

He said that a recently formed statewide meth task force might take up an educational effort to deal with the motel problem.

Focus still on meth labs

The danger posed by the residue left behind by meth smokers has fallen between the cracks as efforts to deal with the drug's dangers to the general public focus primarily on labs.

The noxious mix of chemicals - acetone, anhydrous ammonia, starter fluid, paint thinner and red phosphorous - that goes into making the stimulant drug creates a known health hazard. Inhalation or skin exposure to those chemicals can cause burns, breathing problems and neurological difficulties.

The airborne residue from smoked meth is not considered as dangerous because the residue does not contain all the chemicals from a "cook."

Colleen Brisnehan, an environmental protection specialist with the Colorado Department of Public Health and Environment, said the statutory definition of contamination is broad enough to include the smoking of meth even though the regulations only apply to manufacturing. She said local agencies would have authority to force a cleanup if the contamination levels were high enough - and if they were notified.

"But it would be difficult or impossible to do," she admitted, because smoking does not trigger any notification.

Derrera agreed.

"Do I think there should be something in place to deal with this? Absolutely, positively yes," he said. "But how do you mandate it and who pays for it?"

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Tom Gorman, the father of DEA agent Tom Gorman and the director of the High Intensity Drug Task Force in Colorado, summed up the problem of meth in motels as "a mess."

Drug agents say lower-end motels seem to be the worst - drug dealers are also looking for bargains. But that doesn't mean only flophouses are of concern. Many midrange motels have been the sites of drug busts.

"The more expensive the motel, the better the chance that kind of activity has not occurred there," said Jack Haynes, supervisor of the Delta/Montrose Drug Task Force.

There is no easy way for the public to protect themselves. Test kits are sold online but are too complex or expensive for general use or don't give consistent results.

"From a personal level I'm very concerned," said Tim Hersee, commander of the North Metro Task Force that covers Adams and Broomfield counties.

Mike VanDyke, an industrial hygienist at National Jewish Hospital in Denver, said he is particularly concerned about children in rooms with the residue from meth smoking.

"That definitely concerns me because of their hand-to-mouth behavior," he said.

He said research shows that simple activity - including vacuuming or jumping on the bed - increases the levels of airborne meth residue.

Colorado Hotel & Lodging Association President Ilene Kamsler said her organization in the past has helped to educate hotel and motel owners about ways to avoid becoming havens for drug users and dealers but there is no such effort currently.

She said many of the association members are the higher end hotels that don't have a problem.

Federal Officials Pursuing More Gun-related Prosecutions (AP)

AP, January 9, 2007

LOUISVILLE, Ky. - Police and prosecutors are using a different strategy in western Kentucky to convict suspects of gun-related crimes.

If suspects can't be prosecuted in state court, cases are being sent to federal court, where the sentences are harsher and plea bargains are fewer, prosecutors and defense attorneys say.

That's what happened when state police found ammunition in the van of William West, a convicted felon. Since police didn't find a gun, West couldn't be charged under state law - so the case was turned over to federal prosecutors, said assistant U.S. Attorney Tom Dyke, who oversees prosecutions in Louisville.

West, 51, of Eddyville, was charged with being a felon in possession of ammunition and is serving a 15-year sentence in prison, Dyke said.

The strategy has arisen from the federal Justice Department's "Safe Neighborhoods" program, which in Kentucky is known as "Project Backfire." Gun violators are targeted in both the state and federal court systems.

Gun-related cases in U.S. District Court in western Kentucky increased from 56 in 2004 to 79 in 2005, after U.S. Attorney Dave Huber announced an effort to increase Project Backfire federal prosecutions. By late last year, there had been 66 cases.

Jefferson County's state court handled 1,162 cases in 2005 by the county attorney's office as part of Project Backfire.

Huber said the federal prosecutions are designed to help local prosecutors and law enforcement agencies. They're "only being federalized," he said, because of inadequate funding at the state level "for state prosecutors and state prisons."

"If you don't want it to be federalized, support your prosecutors and state prisons," he said, adding that only a small number of cases are elevated to federal court. "We're not a panacea. We're just trying to help where we can."

Federal public defender Scott Wendelsdorf questioned whether the federal prosecutions were worth the trouble. Wendelsdorf said that federal prosecutions should be limited to crimes "uniquely federal in nature," such as interstate trafficking in child pornography or drugs - crimes local law enforcement isn't equipped to tackle.

But gun violators are taken to federal court solely to hand out stiff punishments, Wendelsdorf said.

"I'm not sure that's a legitimate reason, but it's legal and they do it, and God knows, it's effective," Wendelsdorf said.

IMMIGRATION:

Illegal Immigrants' Rearrest Rate High (AP)

By Lara Jakes Jordan, The Associated Press

AP, January 9, 2007

A Justice Department audit looks at how authorities who get funding are cooperating to stem "catch and release."

Washington - Illegal immigrants who were caught but released in the United States may have been rearrested as many as six times, Justice Department data released Monday indicate.

The findings by Justice Department Inspector General Glenn A. Fine are based on a sampling of 100 illegal immigrants arrested by local and state authorities in 2004, the latest complete data available. They show that 73 of the 100 immigrants were arrested, collectively, 429 times - ranging from traffic tickets to weapons and drug charges.

Fine's office said its audit could not conclude precisely how many of the 262,105 illegal immigrants charged with criminal histories that year had been rearrested. "But if this data is indicative of the full population of 262,105 criminal histories, the rate at which released criminal aliens are rearrested is extremely high," the audit noted.

The audit was required by Congress in 2005. It looked at how local and state authorities who receive Justice Department funding to help catch and detain illegal immigrants are working with the Homeland Security Department.

It also examined the arrest rates of immigrants who were released before they could be turned over to Homeland Security's bureau of Immigration and Customs Enforcement.

In all, 752 cities, counties and states participating in the program received $287 million in 2005, the audit noted. Five states - California, New York, Texas, Florida and Arizona - received the bulk of the money, pulling in more than $184 million.

Homeland Security Secretary Michael Chertoff four months ago declared an end to the "catch and release" practice that for years helped many illegal immigrants stay in the United States unhindered.

At the time, the department was holding 99 percent of non- Mexican illegal immigrants in its custody until they could be returned to their home nations. The policy generally does not apply to Mexicans, who are almost immediately returned to Mexico after being stopped by Border Patrol agents.

The audit also looked at whether local and state authorities fully cooperated with Homeland Security efforts to remove illegal immigrants, and tried to determine how many had been released because of jail space or funding shortages. In both cases, Fine's office said it was unable to draw definitive conclusions.

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It also found that at least one area - San Francisco - was receiving funding even though local policy specifically limits the information it gives to Homeland Security about immigration enforcement. San Francisco, which won $1.1 million, defines itself as a "city and county of refuge" and does not allow federal agents to view immigration jail records without permission from local police.

Some Illegal Immigrants Arrested Repeatedly, Report Finds (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, January 9, 2007

WASHINGTON - Illegal immigrants are being released from prison only to be arrested on new charges despite government efforts to deport them and keep them out of the country.

The findings are part of an audit by Justice Department Inspector General Glenn Fine that suggest authorities are still struggling to deport illegal immigrants who commit crimes, even though most state and local authorities are notifying immigration authorities of the imminent release of prisoners.

Fine's office analyzed the cases of 100 immigrants who had served time in prison and found 73 of them were re-arrested for committing a crime after being released.

On average, each immigrant was re-arrested six times, ranging from traffic violations to assault.

Fine's office couldn't determine how many illegal immigrants had been re-arrested overall because immigration authorities don't keep track. If the sample was any indication, "the rate at which released criminal aliens are re-arrested is extremely high," the report said.

Immigration and Customs Enforcement officials questioned whether the audit's small sample should reflect negatively on their agency's efforts to deport criminal immigrants. The audit did not determine whether ICE failed to deport the immigrants after being notified by prison officials.

But Heather Mac Donald, a fellow with the conservative Manhattan Institute, said ICE continues to have problems with deporting criminal immigrants because the agency doesn't always have enough detention space to hold immigrants once they're released from prisons.

"What this speaks to is the fact that we're not up to speed on immigration enforcement in general," she said.

Last year, Homeland Security's inspector general said immigration authorities expected that most of the 300,000 illegal and legal immigrants eligible to be deported would be released. Federal officials said they would need 34,000 additional beds at a cost of $1.1 billion to detain and remove all of them.

David Martin, a University of Virginia law professor and former top immigration official, said he was surprised that the re-arrest numbers in the most recent report were "so high."

U.S. immigration officials appeared to be making progress working with state and local officials who now notify them before a criminal immigrant is released, he said. That way, the immigrant is quickly deported.

Congress requested the audit because of questions about compliance with a federal program meant to reimburse cities and states for the costs of incarcerating illegal immigrants.

California, New York, Texas, and Florida receive the most funding. States and cities often are not completely reimbursed for what they spend on prisoners because the program doesn't get enough funding, the audit said.

U.S. Supreme Court Refuses To Hear Asylum Case Of Colombian Drug Informant Fearing For His Life (AP)

AP, January 9, 2007

(AP) - WASHINGTON-The Supreme Court on Monday refused to consider the case of an informant against the Cali drug cartel who says he and his family will be murdered if the U.S. government returns them to Colombia.

Immigration officials have refused to grant asylum to Diego Castillo-Arias, who came to the United States with his wife and two young sons about a decade ago after telling police in Cali about the location of cartel bank accounts and property.

The Board of Immigration Appeals says that volunteer, noncriminal informants working against the drug cartel do not constitute a "particular social group," a requirement for asylum under the Immigration and Nationality Act.

The 11th U.S. Circuit Court of Appeals deferred to the board's interpretation, saying it was doing so with "consternation" and expressing dismay that "informants who risk their lives have been ignored by our nation."

The appeals court said it regretted that Congress has not taken action on behalf of Castillo-Arias and others similarly situated.

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Castillo-Arias' attorney, Michael Dean Ray of Miami, said Monday it is now up to the Department of Homeland Security to decide whether to send the family back to Colombia, adding that the department could use its discretion to defer removing them from the United States. The family is living in the state of Florida.

Hispanic Leaders Call For Reform On Immigration Within 100 Days (HILL)

By Alexander Bolton

The Hill, January 9, 2007

National Hispanic leaders are pressing House Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) to make immigration reform a top priority within the first 100 days of the new Congress, citing the large numbers of Hispanics who turned out to vote for Democrats in November.

Several of the largest Hispanic advocacy groups in the country, the League of United Latin American Citizens, the Southwest Voter Registration Education Project and the Hispanic Federation, plan to stage a massive grassroots campaign to pressure House lawmakers to move quickly on immigration. They will team with America Votes, one of the nation's largest liberal voter-mobilization groups, to push reform.

"As you prepare to lead the 110th Congress of the United States of America, we urge you to make immigration reform one of your top priorities during the first 100 days of the new Congress," the president of LULAC, Rosa Rosales, and the president of the Hispanic Federation, Lillian Rodriguez-Lopez, wrote in a letter delivered to Pelosi and Reid over the weekend.

LULAC describes itself as the country's largest and oldest Hispanic civil rights organization. The Hispanic Federation is a coalition of about 100 local groups, most based in the New York area.

Hispanic leaders expect the Senate to take up immigration this year, and Reid has included the issue among his top 10 legislative priorities. But the House is a different story, say advocates of reform.

Pelosi and other House Democrats have said little about what legislation they will take up after completing their 100-hour agenda, a collection of relatively uncontroversial bills over which Democrats have reached consensus.

Beyond the first 100 hours it's hard to speculate" about what Democrats will focus on, Pelosi spokesman Drew Hammill said. Hammill said Pelosi has discussed immigration reform with President Bush and that both have agreed it should be a "priority."

Hammill said immigration reform proposals would undergo the regular order of the legislative process, a series of subcommittee and committee hearings and markups, which would affect the timing.

Hispanic leaders are making two clear statements: Reform should include a path to legal residency for the 12 million illegal immigrants now working in the U.S., and a guest-worker program supported by President Bush, which would require foreign workers to return home after several years, is inadequate. They also oppose the building of a fence along the Mexican border intended to stem the flow of immigration.

"Immigrants have dedicated themselves to this country through hard work and determination and America has benefited accordingly," Rosales and Rodriguez-Lopez wrote. "[T]hey deserve an orderly pathway to legalize their status in the U.S. so they can emerge from society's shadows into the light of day."

Hispanic support for Democrats shot up in November compared to 2004. Sixty-nine percent of self-identified Latino voters cast ballots for Democratic candidates, according to national exit-poll data. Only 30 percent voted for Republican candidates. Republican pollsters have said that GOP candidates must receive 40 percent of Hispanic votes to win future elections. Strategists have come to see these voters as crucial because the Hispanic population is the fastest-growing major racial demographic in the country.

But in recent months House Democrats have shied away from the issue for fear of angering conservative-leaning white voters, whom Republican strategists hoped to court in 2006 by pushing strict and punitive immigration proposals.

House Democrats did not mention immigration in "A New Direction for America," the broad agenda document they made public shortly before the election. The omission drew angry responses from congressional leaders such as Reps. Jose Serrano (D-N.Y.), a senior member of the Appropriations Committee, and Luis Gutierrez (D-Ill.), who heads the Congressional Hispanic Caucus's Immigration Task Force.

"I'm very sad and disappointed that comprehensive immigration reform is not a key and pivotal point for the Democrats," Gutierrez told The Hill in September.

Political strategists who have concentrated on Hispanic outreach say that Democrats have a golden opportunity to capitalize on the increased political attention of Hispanics because of last year's immigration debate, but that chance could soon pass.

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"I think if Democrats want to take advantage of this great disenchantment of Latinos of Republicans, they're going to have to pass immigration reform this year," said Simon Rosenberg, president of the New Democrat Network, an advocacy group that spent $2 million before the election to promote Democratic candidates to Hispanics.

"When Democrats got elected in 2006, they got elected to solve immigration," he said. "I think Hispanics were about 8 percent of the national electorate and there was an enormous swing in the number of Hispanics who turned out."

Immigration reform that creates a path to citizenship for illegal workers is seen as having strong support in the Senate. Sens. John McCain (R-Ariz.) and Edward Kennedy (D-Mass.), two of the most influential lawmakers of their respective parties, teamed up to craft a popular bill last year. Lobbyists said they expect the Senate to take up and pass reform before the House, a reversal from the usual course of most bills that first pass the lower chamber.

Rosales said in an interview that LULAC's board of directors would meet Feb. 8 and 9 to discuss the upcoming lobbying campaign.

"What we'll decide there [at the meeting] is that comprehensive immigration reform is a top priority," she said. "I can assure you that our 115,000 members will reach out to their election officials."

Rosales said her organization would team with America Votes and the Southwest Voter Registration Education Project.

Guardsmen Retreat At Border Deemed Appropriate (WT)

By Jerry Seper

The Washington Times, January 9, 2007

National Guard soldiers who abandoned an observation post on the U.S.-Mexico border after spotting armed men approaching their position acted appropriately by retreating to a safer location, the U.S. Border Patrol said yesterday.

Border Patrol spokesman Mario Martinez at the agency's D.C. headquarters said that although the National Guard troops were armed and authorized to use force in self-defense, they determined they were not in imminent danger and retreated to call for help.

"The Border Patrol responded within minutes with air and ground units, but found no one in the area," Mr. Martinez said. "In this situation, the National Guard troops did exactly what was expected of them, exactly what they should have done.

"The Guard troops are not there to engage, interdict or arrest anyone but to man observation posts," he said.

The troops were members of an entry-identification team, assigned to monitor major illegal-alien and drug-smuggling corridors.

Mr. Martinez said that no shots were exchanged and that no one was injured in the incident, which occurred Wednesday shortly after 11 p.m. near Sasabe, Ariz., about 70 miles southwest of Tucson. He said agents who responded to the site found footprints leading back to Mexico.

The armed men had come within 100 yards of the observation post.

Mr. Martinez said the Border Patrol has not identified the four or five armed men involved in the incident but said the Guard troops spotted them with their night-vision equipment and confirmed they were carrying rifles.

Several Border Patrol field agents said the armed men could have been a scouting party for drug smugglers or might have been testing the National Guard's response to a cross-border intrusion.

In that same area in July 2005, two Border Patrol agents were shot and wounded by assailants in what law-enforcement authorities called a planned ambush by drug smugglers a mile north of the U.S.-Mexico border.

More than 50 rounds were fired at the agents after they spotted suspected drug smugglers in a canyon east of Nogales, Ariz., authorities said. Although most of the smugglers fled, one man used a hand-held radio to point out the agents' location to other shooters hidden nearby, they said.

The agents, who were tracking a previous marijuana load on foot, were shot in the leg with high-powered weapons. Authorities said the gunmen withdrew from the canyon using military-style cover and concealment tactics to escape back into Mexico.

Authorities later found 500 pounds of marijuana near the site.

About 6,000 National Guard troops deployed along the 1,951-mile U.S.-Mexico border are part of President Bush's $760 million Operation Jump Start. They have been deployed from California to Texas to upgrade border security and give the Border Patrol time to recruit, hire and train 6,000 new agents by the end of 2008.

The Guard troops are not empowered to get involved in law-enforcement duties. They cannot detain, arrest or interdict anyone or anything coming across the border -- only report them to the Border Patrol.

Illegals Become Repeat Criminals (WT)

By Jerry Seper

DOJ_NMG_0114398

The Washington Times, January 9, 2007

Criminal aliens set free on the streets of America -- instead of being deported after serving their time -- are being rearrested as many as six more times by U.S. authorities, according to a government audit released yesterday.

But the Justice Department's Office of Inspector General said it did not know how many of 262,105 illegals in the audit, who had been charged with a crime and then released, had been rearrested.

Inspector General Glenn A. Fine said that the volume of available files "was too great to search manually and quantify the results" and that investigators instead selected a sample of 100 illegal aliens arrested in 2004 and reviewed their criminal histories for evidence of rearrests.

Mr. Fine noted that although the limited audit did not find any instances of "outright failure" to cooperate with Homeland Security in the removal of criminal aliens from the United States, a review of the 100 criminal histories "produced results that, if indicative of the full population of criminal aliens identified, suggest that the rate at which released criminal aliens are re-arrested is extremely high."

The 91-page audit, which was requested by Congress, said the limited sampling found that of the 100 selected aliens, 73 had an average of six arrests each after being released from custody. They were arrested, collectively, 429 times on 878 charges, ranging from traffic violations and trespassing to drug crimes, burglary, robbery, assault and weapons violations.

The audit found that local jurisdictions "prioritize enforcement of state and local laws, while sometimes permitting or encouraging law-enforcement officers" to work with Immigration and Customs Enforcement (ICE).

Last year, Congress required an annual audit as part of the Justice Department's State Criminal Alien Assistance Program (SCAAP), which provides federal funding to states and localities for the costs of incarcerating criminal aliens on state or local charges. The program is administered by the Justice Department in conjunction with ICE, which is part of Homeland Security.

During fiscal 2005, Justice distributed $287.1 million in SCAAP payments to 752 state, county and local jurisdictions -- nearly 70 percent of which went to 10 jurisdictions: the states of California, New York, Texas, Florida, Arizona, Illinois and Massachusetts; New York City; and two California counties, Los Angeles and Orange.

The report also said investigators identified an official "sanctuary" policy for two jurisdictions that received at least $1 million in SCAAP funding: Oregon, which received $3.4 million, and the city and county of San Francisco, which received $1.1 million and has designated itself a "city and county of refuge."

In addition, an executive order issued in New York City limits the enforcement of immigration law by local authorities, the report said.

The audit defined "sanctuary" as a jurisdiction that may have state laws, local ordinances or departmental policies limiting the role of local authorities in the enforcement of immigration laws.

The audit also examined the level of cooperation among federal, state and local authorities, but found "conflicting views between ICE and local jurisdictions as to what actions constitute full cooperation."

"Congress did not define 'fully cooperate,' nor did our review of immigration legislation disclose any specific steps that localities are required to take to help effect the removal of criminal aliens from the United States," the audit said.

The report also found that among 164 state and local agencies surveyed:

·30 jurisdictions do not generally ask those arrested about their immigration status.

·17 said they do not inform ICE when they have someone they suspect may be an illegal alien in custody. Some agencies said they do not inform ICE about possible illegals in custody because they don't think ICE will respond.

·18 jurisdictions do not alert ICE before releasing undocumented criminal aliens.

CONGRESS-ADMINISTRATION:

Fielding Picked For White House Counsel (AP)

By Ben Feller

AP, January 9, 2007

President Bush has chosen Fred Fielding, formerly the top lawyer in the Reagan administration, to be his White House counsel.

The announcement will be made Tuesday, according to a Bush administration official who spoke on the condition of anonymity because the appointment had not been made.

Fielding will become Bush's counsel just as newly empowered Democrats in Congress plan deeper scrutiny of the administration. From the Iraq war to environmental policy and secret surveillance, the Democrats who now control both the House and Senate are armed with subpoena power and ready to summon panels of witnesses.

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Fielding, a longtime Washington lawyer, will replace Harriet Miers, Bush's failed Supreme Court nominee and longtime adviser. She submitted her resignation Thursday after six years in the White House, and it will take effect Jan. 31.

Fielding served as President Reagan's counsel from 1981 to 1986, where one of his assistants was John Roberts, now the chief justice of the Supreme Court. Under President Nixon, Fielding served as deputy White House counsel from 1972 to 1974 and associate counsel from 1970 to 1972.

More recently, he served on the bipartisan panel that investigated the Sept. 11, 2001 terrorist attacks.

Fielding is a partner at the firm of Wiley, Rein and Fielding.

He is known as an expert in business litigation and government relations law, representing corporations in high profile regulatory investigations by the Securities and Exchange Commission, the Justice Department and others.

"As soon as I heard they were looking for someone with a great investigation background, Fred Fielding was the only one I thought of," said Sheila Tate, a public relations executive who worked in the Reagan administration.

Ron Kaufman, who served in the administrations of Reagan and Bush's father, said he was not surprised that Fielding would take the job.

"Guys like him can't say no to a president," Kaufman said.

Fielding's appointment was first reported Monday by Time magazine on its Web site.

Bush Picks Reagan White House Counsel Fielding To Succeed Miers (WP)

By Peter Baker

The Washington Post, January 9, 2007

President Bush has selected Fred F. Fielding to be his White House counsel, recruiting a seasoned Washington veteran to represent the president with Democratic congressional investigators and reprise the job he held under Ronald Reagan, sources close to the process said yesterday.

The White House plans to announce the appointment today, just days after longtime Bush loyalist Harriet Miers was eased out as the president's top lawyer in preparation for the anticipated struggle with a new Democratic Congress eager to investigate the administration. A White House official confirmed the appointment but insisted on anonymity because it has not been announced.

Fielding, 67, brings the experience and political heft that White House Chief of Staff Joshua B. Bolten has been seeking to counter any aggressive moves to probe the most controversial decisions of the Bush presidency. Smooth and soft-spoken yet battle-hardened, Fielding is considered a Republican "wise man" who Bush aides believe will be able to negotiate compromise without surrendering on the most important priorities.

"It sends the perfect signal that we are serious about the president's position and the principles he has articulated but we're also going to be reasonable and work together to get some of these issues resolved," said Helgi C. Walker, a former Bush White House associate counsel who works with Fielding at his firm, Wiley Rein & Fielding. "He brings stature and gravitas, and he also brings a very healthy perspective, the ability to prioritize in crafting a settlement."

Fielding served as deputy to White House counsel John W. Dean III under President Richard M. Nixon and was the first to tell Dean about the Watergate break-in. Yet Fielding was one of the few to emerge untainted by Watergate. In fact, he was suspected, wrongly, of being "Deep Throat," the inside source who helped Washington Post reporters Bob Woodward and Carl Bernstein uncover the scandal.

Fielding served as White House counsel for Reagan from 1981 to 1986, handling a spate of conflict-of-interest situations and telling Secretary of State Alexander M. Haig he was wrong to assert that he had command authority when the president was shot. Fielding was Bush's transition counsel after the 2000 election, vetting the backgrounds of new administration officials. And he served as a member of the commission that investigated the Sept. 11, 2001, attacks.

"Fred will be a formidable person to deal with," said Democrat Richard Ben-Veniste, a Watergate prosecutor who served with Fielding on the Sept. 11 commission. "This change reflects the understanding by the president and his advisers in the administration that they will be in for a much more robust period of congressional oversight."

Ben-Veniste said Fielding sometimes played intermediary with the White House in conflicts over the release of information to the commission. "At times, Fred was somewhat dismayed by the positions taken by White House counsel and other agencies," Ben-Veniste said. "But by the same token, he was someone with whom the White House was in frequent contact."

Rep. Henry A. Waxman (D-Calif.), the new chairman of the House Oversight and Government Reform Committee, said he does not know Fielding but understands that "he has a very distinguished record." Waxman, who plans to begin hearings on Feb. 6 into waste, fraud and abuse in Iraq contracting, said, "I hope he advises the president on ways to work with Congress."

The move to bring back a White House counsel from another era is reminiscent of President Bill Clinton's decision in the midst of the Whitewater investigation in 1994 to hire Lloyd N. Cutler as his chief lawyer, many years after Cutler served in the

same position under President Jimmy Carter. Like Clinton, Bush is reaching out to a pillar of the Washington establishment in hopes of tamping down political troubles.

In Bush's case, he faces congressional demands for information on politically sensitive topics such as whether officials authorized the abuse of U.S.-held detainees, whether the administration turned a blind eye to profiteering by politically connected contractors in the Iraq war, how the White House responded to Hurricane Katrina and whether senior officials complied with the law in ordering heightened domestic surveillance. The White House counsel also monitors staff ethics issues and screens judicial nominations, including potential Supreme Court justices.

"Fred Fielding's been in the White House before and he understands how the place works, which is very important," said Leonard A. Leo, executive vice president of the Federalist Society, who informally advises the White House on legal matters. "He understands how the Hill works, which is important. And he has widespread respect from all points on the spectrum."

Bush Turns To Capital Insider (LAT)

By James Gerstenzang

The Los Angeles Times, January 9, 2007

WASHINGTON — Turning to a man described as "the truly quintessential Washington, D.C., inside lawyer," President Bush has chosen Fred F. Fielding as his White House counsel, a White House official said Monday.

Bush will be the third president whom Fielding has served in the counsel's office. As deputy counsel, he defended Richard M. Nixon during the Watergate investigation; as the chief White House attorney from 1981 to 1986, he directed Ronald Reagan's responses to smaller scandals.

The official, speaking on the condition of anonymity because the appointment had not been formally announced, said that Fielding, 67, would replace Harriet E. Miers, who submitted her resignation Thursday.

Fielding, who served on the independent commission that investigated the Sept. 11 attacks, is a partner in a Washington law firm, Wiley Rein & Fielding.

His appointment, which could be announced as early as today, is part of a White House personnel overhaul that began in April with the arrival of Joshua B. Bolten as chief of staff. In a White House in which few senior aides, and even fewer midlevel staff members, served in high-level posts in previous administrations, Fielding's arrival would represent a rare reliance on a Washington insider.

The counsel's office is likely to be particularly busy in coming months.

The new Democratic majorities in the House and the Senate have pledged to conduct vigorous oversight of administration policies and investigations of its actions — with the possibility of issuing subpoenas.

"It's going to be a contentious time. There will be repeated demands for executive-branch witnesses to testify on Capitol Hill" and a push for internal documents, said Douglas W. Kmiec, a professor at Pepperdine University School of Law, who worked with Fielding during the Reagan administration. "Some of it is likely to be quite testy on Iraq and contracts for the rebuilding of Iraq."

Fielding will bring to the White House a resume nearly unmatched among Republicans in Washington: a history of dealing with congressional investigations and constitutional issues at the heart of the separation of powers of the executive and legislative branches, experience working with Democrats, and a reputation for delivering bad news to presidents in a straightforward manner.

"He knows how to deliver tough news. He is not cowed by the office of the presidency," said Kenneth M. Duberstein, who served as one of Reagan's chiefs of staff. "He doesn't get cotton in his mouth when he walks into the Oval Office."

As Reagan's White House counsel for five years, Fielding oversaw the administration's response to legal issues that snared then-Labor Secretary Raymond Donovan and to scandal at the Environmental Protection Agency.

He also was involved in the search that led to the nomination of Sandra Day O'Connor as the first woman on the Supreme Court. Among his young aides was John G. Roberts Jr., now chief justice of the United States.

As deputy White House counsel during Nixon's second term, he worked at first with John W. Dean III, constructing the initial responses to the Watergate investigation. For a time, he was believed to have been Deep Throat, a key source for Washington Post reporters Bob Woodward and Carl Bernstein. (That mysterious figure was identified in May 2005 as W. Mark Felt of the FBI.)

Like many of his predecessors in the Oval Office, when Bush came to Washington he placed longtime associates, with whom he was comfortable, in particularly sensitive jobs.

And when problems arose, predecessors turned to Washington veterans.

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The appointment recalls President Clinton's decision in 1994, during the initial investigations of the Whitewater land deal, to name Lloyd N. Cutler as special counsel. Cutler, a Democratic insider with decades of Washington experience, had served President Carter as White House counsel almost two decades earlier.

Bush's first two White House counsels — Alberto R. Gonzales, now attorney general, and Miers — were longtime loyalists who came with the president from Texas.

By selecting Fielding, said former Solicitor General Kenneth W. Starr, "the president has gone inside — he has chosen the truly quintessential Washington, D.C., inside lawyer."

"Fred has probably unparalleled experience. He's very well known for his great wisdom, common sense and very discerning judgment," said Starr, now dean of Pepperdine's law school, who as an independent counsel conducted the investigation that led to Clinton's impeachment in 1998.

The selection of Fielding was first reported Monday on Time magazine's website.

Reagan Lawyer Ready To Return To White House (NYT)

By Jim Rutenberg

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — President Bush has chosen Fred F. Fielding as the new chief White House lawyer, adding to his team a longtime Washington legal hand and veteran of the post.

Mr. Fielding forged his skills in politically charged episodes like Watergate and the air traffic controllers' strike in 1981.

White House officials said Mr. Bush would announce as early as Tuesday that Mr. Fielding would return as White House counsel, succeeding Harriet E. Miers, who announced her resignation last week. The officials insisted on anonymity to discuss an unannounced personnel decision.

Mr. Fielding's agreement to take the job surprised some of his closest friends. The friends said last week, when his name surfaced as a contender for the position, that they would be surprised if he would give up a successful corporate practice for another stint of what promises to be heavy partisan battle at age 67.

Mr. Fielding was deputy counsel to President Richard M. Nixon under John W. Dean III and was White House counsel for the first five years of Ronald Reagan's presidency.

Since then, he has kept a hand in politics and government, helping screen job candidates for President Bush during and after his transition, and serving on the bipartisan Sept. 11 commission.

Several friends said they believed that he had been under heavy pressure to return as White House counsel by an administration girding for a raft of investigations by the new Democratic Congress.

The news of his selection was first reported on Monday afternoon on the Time magazine Web site.

Officials said Mr. Fielding was always a leading candidate of the White House chief of staff, Joshua B. Bolten, who is said to have been seeking a possible change in the counsel's office from the moment he took over as chief of staff in April.

But several Republicans close to the White House said Mr. Bush swiftly dismissed that notion. Ms. Miers had been Mr. Bush's lawyer in Texas and followed him here. Mr. Bush nominated her to the Supreme Court in 2005, but she withdrew amid criticism of her qualifications.

Mr. Bolten pushed again for a new White House counsel after the Democrats won control of both chambers of Congress in November and he concluded that the president would need a more seasoned Washington creature in the months ahead, Republicans close to the administration said.

He found one in Mr. Fielding, known as such an expert player of the inside game of Washington politics that he had even been suspected as Deep Throat, the confidential source of information who led to the disclosures of the Watergate scandal.

Mr. Fielding was not Deep Throat, but he is likely to bring a more sophisticated sense of the interplay among Congress, the news media and the White House than Ms. Miers.

The selection of such a battle-hardened hand as Mr. Fielding for the counsel post underscores the degree to which the White House is girding for potentially intense battles with Democrats. He would help prepare for the possibility that the new Congress may use hearings and, possibly, subpoenas to challenge Mr. Bush's broad assertions of executive power.

Representative Henry A. Waxman, the California Democrat who is chairman of the House Committee on Oversight and Government Reform, sounded a somewhat combative note.

"I'm hopeful that he will understand that the best way to represent his client is to cooperate when the Congress asks for information," Mr. Waxman said in a telephone interview.

Mr. Fielding has a nuanced record on executive privilege and partisan confrontation. Associates say he is as likely to head for the negotiating table as to the wrestling mat.

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Lee H. Hamilton, the Democratic vice chairman of the Sept. 11 commission, said Mr. Fielding had a major role in securing information and testimony from the White House that it was initially loathe to share.

"He understood the problems for the White House and he understood the demands of the commission," Mr. Hamilton said. "He played a key role in working it out for us in an amicable way, and it didn't come easily."

In the counsel's position, Mr. Fielding will lead a White House legal team that includes David S. Addington, the powerful chief of staff to Vice President Dick Cheney. Both officials have advocated a tough line in protecting executive power against perceived intrusions by Congress.

A Republican close to the White House said Mr. Fielding had maintained close ties to Mr. Cheney, whom he has known for decades, and had occasionally been an informal adviser to him.

J. Michael Luttig, a former federal judge who worked with Mr. Fielding in the Reagan administration and remains close to him, said:

"He has a firm, clear view of executive prerogative, but he also understands as well as anyone in Washington the constitutional need for compromise. He is not someone that takes an absolutist position and then drives the presidency and the branches together off the brink. He has judgment."

Mr. Luttig said Mr. Fielding had wrestled somewhat with the decision to become White House counsel, but ultimately, "He did this out of a sense of obligation and patriotism, and that was the sole reason."

Republicans close to the White House said Mr. Fielding had assurances of having a wide berth that he apparently received last week in a meeting with Mr. Bush.

Kenneth M. Duberstein, a chief of staff for Mr. Reagan, said because Mr. Fielding had been an aide to two presidents he would not be cowed by the Oval Office or so charmed by the president that he would shy from giving potentially unwelcome advice.

"Fred has an independence of judgment and independence of stature," Mr. Duberstein said. "He knows how to deliver tough news."

All the same, Mr. Fielding is clearly being brought in to draw legal lines in the sand.

"He brings enormous credibility to both sides, but he's the president's counsel," said Wayne Berman, a Republican lobbyist who is friendly with Mr. Fielding and whose wife is the White House social secretary, Lea Berman. "He's not there to represent the views of the Congress."

Fielding Subpoenas (WSJ)

The Wall Street Journal, January 9, 2007

For a President said to be irrelevant, George W. Bush has certainly managed to hire a big name to be his next chief White House counsel. In recruiting Fred Fielding, Chief of Staff Josh Bolten has donned some necessary armor for the subpoena assault that is sure to come from Democrats in Congress.

Mr. Fielding replaces Harriet Miers, a Texan and personal friend of the President. Ms. Miers was an ill-fated nominee for the Supreme Court, but she served Mr. Bush well both on judicial selection and preserving Presidential powers. Both of those areas are likely to get fiercer as Democrats look to bloody the White House in the run-up to 2008.

It's hard to imagine a more experienced choice than Mr. Fielding on the subject of executive power. As deputy White House counsel from 1972 to 1974, he witnessed the modern low tide of Presidential authority as Richard Nixon was besieged by Watergate. And as Ronald Reagan's counsel from 1981 to 1986, he had to cope with a Democratic House that unleashed special prosecutors on the executive branch.

The "independent counsel" law has happily expired, but this Congress will be looking to assert itself in particular on war powers. Mr. Fielding understands the importance of fighting off such poaching -- for the sake of Mr. Bush and the Office of the Presidency. This ought to mean recommending that Mr. Bush veto any weakening of last year's law on military tribunals, as well as resisting any further delegation of executive power to the judiciary for approving warrantless wiretaps of al Qaeda.

The question of responding to the avalanche of subpoenas will be more politically delicate. Congress has every right to conduct oversight of the executive branch, and the White House will be obliged to supply numerous documents. However, the principle of executive privilege is vital to Presidential decision-making, and preserving the privacy of that deliberative process will be one of Mr. Fielding's primary tasks.

Another duty will be offering Mr. Bush advice on judicial selection. The conventional Beltway wisdom is that Senate Democrats will block all but liberal nominees to the appellate courts, and that might be right. But the judges issue proved to be a good one for Republicans in both the 2002 and 2004 campaigns, and the White House shouldn't shrink from appointing capable members of the Federalist Society simply because they might not be confirmed.

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This is an issue that deserves to be framed for 2008 -- all the more so if Mr. Bush gets another Supreme Court nomination. Democrats may want to block any Bush nominee, but they won't find it politically painless to do so if the President selects nominees as capable and conservative as Chief Justice John Roberts and Justice Samuel Alito.

Amid all the Washington talk of "bipartisanship," the reality of our current political division means inevitable conflict. It's good to see Mr. Bush recruiting some experienced generals for the battles ahead.

Bush Issues Democrats Challenge On Earmarks (WT)

By Stephen Dinan

The Washington Times, January 9, 2007

Twice in the last week, President Bush has challenged Democrats to cut pork-barrel spending projects in half this year -- but the administration won't say how much earmark spending happens now, nor what the 50 percent target cut would mean.

As Republicans adjust to being the minority party on Capitol Hill, both Mr. Bush and his fellow party members in Congress are flexing their newfound freedom to take shots from the sidelines without the responsibility of having to back it up by passing the bills or meeting the goals.

For Mr. Bush, that meant making the bold challenge Wednesday in the White House Rose Garden "to cut the number and cost of earmarks next year by at least half," but not backing it up with any specifics.

A spokesman for the Office of Management and Budget said to stay tuned for the details.

"We're looking right now at the peak levels that we've seen occur over the last three years, and what you'll see in the coming future, particularly the budget itself, is a more clear understanding of what is meant by that phrase," said Sean Kevelighan, press secretary at the OMB, which handles the White House's fiscal affairs.

But Democrats found the timing of Mr. Bush's goal to be curious.

"It is interesting that the administration stayed quiet as the number of earmarks exploded under a Republican Congress and set this target now that Democrats are in control," said House Majority Leader Steny H. Hoyer, Maryland Democrat, who also supports cutting the number of earmarks.

Meanwhile, congressional Republicans are finding freedom in being in the minority.

At their session-opening press conference, House Republican leaders were asked what alternatives they would offer to the new Democratic leadership's package of reforms.

"I think we have to see the base of what we're dealing with, what hand are we dealt," said Rep. Adam H. Putnam of Florida, chairman of the House Republican Conference.

It's a strategy that political observer Charlie Cook called the "just throw rocks" approach in last week's issue of National Journal.

Rep. David R. Obey, Wisconsin Democrat and the new chairman of the House Appropriations Committee, bristled at the president's challenge, saying Mr. Bush is just as guilty of spending money to gain politically.

"If we are going to talk about earmarks, then let's talk about the guy who does the most earmarking. That's the guy in the big white house at the other end of Pennsylvania Avenue," Mr. Obey said.

Mr. Obey said last year the president provided fire-grant money to 30,278 projects, but 62 percent of those grants were in congressional districts represented by Republicans.

"Every single one of those fire grants is the functional equivalent of an earmark," Mr. Obey said.

Both sides agree that earmarks are in the eye of the beholder, and there are a host of guesses as to how much earmarked spending there is in the budget.

Citizens Against Government Waste, which publishes the annual "Pig Book" looking at pork-barrel spending, put the figure at $29 billion in 2006; Republicans on the House Appropriations Committee said it was $17 billion; and Bloomberg News service, citing the Congressional Research Service, put the 2006 figure at $71.77 billion, covering 15,832 special projects.

Mr. Obey supports more transparency in earmarks, but cautioned against thinking it will affect the budget deficit. Cutting earmarks doesn't save any money because earmarks themselves don't increase the size of a spending bill; rather, they direct money to a specific project.

Mr. Hoyer said Mr. Bush has a chance to prove he is serious with next month's budget proposal.

"I hope that the president is truly looking to work together to reduce earmarks. An important first step would be for him to put forward an honest and credible budget."

Reid's 'earmark' Gets Veto Of Home County (HILL)

By Elana Schor

The Hill, January 9, 2007

DOJ_NMG_0114404

From securing money for a modern national park visitors' center to landing an alternative-energy grant for a local school, Senate Majority Leader Harry Reid (D-Nev.) has come through over the years for rural and cash-poor White Pine County.

But a White Pine lands bill that Reid attached to the 109th Congress's final legislation lost the official endorsement of the very county it affects, leaving disappointed Nevadans in its wake.

White Pine officials wanted funding added to the bill for a study of the Southern Nevada Water Authority's (SNWA) plan for a 285-mile pipeline snaking through their region, sending groundwater south to glittering Las Vegas. County commissioners said Reid and Sen. John Ensign (R-Nev.) told them the addition would sink the bill, but the commission was willing to take the risk.

Both senators and several local groups praise the bill for designating more than a half-million acres of newly protected wilderness. But some in White Pine and elsewhere in the West contend that the requested water study fell victim to Reid's support for a pipeline sought by Clark County, home of Las Vegas, where the majority leader's son Rory is board chairman.

"Reid's always told us in private … that we should sell some of our water," said John Chachas, a Democratic White Pine commissioner. "He says, 'You're bankrupt, sell your water, let Clark County build their $2 billion pipeline into northern Nevada and everybody will be happy.' Well, we're at opposite ends of the rainbow."

Reid laid the foundation for wilderness preservation coupled with private development in Nevada with a 1998 bill that authorized the sale of thousands of acres of public land in Clark County. The Nevada delegation ensured that proceeds from the sales would stay within the state, including 10 percent headed to the SNWA, where Rory Reid is vice chairman of the board.

White Pine also will gain access to those land-sale proceeds, one of several changes the county requested in the final version of last month's land bill, Reid spokesman Jon Summers said in an e-mail.

During a town hall in August, Summers said, "the senators emphasized that the bill was a land bill — not a water bill — and that they did not intend to give preference to either side of the water debate by putting in water provisions."

Two Southern California water provisions that were high priorities for the SNWA were included in the final version of the White Pine bill: a canal-lining project and a new reservoir, paid for by the state of Nevada, that would provide billions of gallons of water each year for Clark County.

Both Summers and White Pine's chief commissioner, Brent Eldridge, said the California projects could alleviate the immediate need for the water pipeline. Eldridge missed the board's vote to pull support from the lands bill but defended the lawmakers' refusal to add funding for the water study.

"We understand that they're Nevada's senators, not White Pine County's senators," Eldridge said, adding the county "seriously eroded our credibility with the senators" by pushing for a study that "could appear to be an affront" to the SNWA.

Reid helped pass two more Nevada land sales bills in 2002 and 2004, each combining new wilderness designations with public land sales. He took GOP heat after media reports revealed benefits in the 2004 bill for Harvey Whittemore, a friend of the senator whose planned Clark County development would tap the water pipeline.

Still, White Pine was the first county to raise questions about a congressional lands bill written to help replenish its coffers. The initial draft of the bill included almost $1 billion of water-related projects for Clark County — a red flag for some.

"I'm going to be fighting this project hard. But these political games, the fact that Reid has this power as majority leader, it bothers me quite a bit," said Gary Perea, a Democratic commissioner who voted to resist the bill without the water study.

Perea acknowledged that Whittemore and Rory Reid stand to gain from the water pipeline. But he attributed Reid's last-minute move on the White Pine bill primarily to the delegation's reliance on thirsty Las Vegas for political clout.

Reid, Ensign and Gov.-elect Jim Gibbons (R-Nev.), a former House member, all lent muscle to the White Pine bill. Reid requested its addition to the year-end tax and trade omnibus, however, according to a Congressional Record statement by former Rep. Bill Thomas (R-Calif.) and media reports.

"I just don't trust [Reid]. Not with water," said Chachas, sufficiently scarred by the water fight that last month he stepped down from the commission. "He's too close to the water authority and their efforts down there."

Summers and Ensign chief of staff John Lopez stressed that the proposed pipeline is under state jurisdiction, with its fate to be determined sometime this year in a ruling by the state engineer. Ensign believed "the inclusion of the water study would unwisely move the focus of this bill away from economic development and natural resources protection," Lopez said in an e-mail.

The SNWA focused its lobbying effort not on the White Pine issues but on the new reservoir and canal-lining projects, water authority spokesman Scott Huntley said.

"That was our interest in the bill, not any of this other matter — though we did oppose the study," Huntley said. The SNWA believes another water study, required by a settlement of federal protests to the pipeline, would address the county's concerns.

The SNWA lobbying team includes Kai Anderson, a former Reid aide now with the Rhoads Group, and Marcus Faust, a Mormon lobbyist who has worked for the church. Huntley referred questions about Rory Reid's role in the process to Sen. Reid's office, where Summers said, "To our knowledge, Commissioner [Rory] Reid had no involvement" with SNWA's action on the bill.

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Environmental groups are split on the White Pine bill. The Nevada Wilderness Project and the Eastern Nevada Landscape Coalition lent support, but the Sierra Club, Environmental Defense and the Seattle-based Western Lands Project (WLP) have expressed concern.

"With one hand, he's essentially giving them land for development, and with the other hand, he's [taking] away their water," WLP director Janine Blaeloch said of Reid.

The WLP has filed suit against Whittemore and the federal agency that manages public lands, the Bureau of Land Management (BLM), in a bid to halt progress on his development.

Then-Rep. Richard Pombo (R-Calif.), who led the House Resources Committee until losing his reelection bid, appeared blindsided by the White Pine bill's presence in last month's year-end omnibus.

Pombo said he was unaware who inserted the White Pine provisions but labeled them a "probable earmark" in a letter to then-Speaker Dennis Hastert (R-Ill.) "Their ill-advised inclusion undermines valuable natural resources, cheats taxpayers out of their investment in our public lands and benefits special interest groups on a completely unprecedented scale," Pombo wrote on Dec. 8.

"It quacks like an earmark, it walks like an earmark," said Steve Ellis, vice president of programs at Taxpayers for Common Sense. "You could say this is one last hurrah for the old way of doing things, but it certainly runs counter to what the Democrats in both chambers are trying to enact for the 110th Congress."

RaLeene Makley, who will join the county commission next year, said lingering hard feelings could lead the county to take a savvier approach with its congressmen, perhaps even hiring a lobbyist.

"I believe that White Pine was thinking something different was happening than what really was," Makley said.

House Votes To Tighten Rules On Tariff Breaks (WP)

By Joe Stephens

The Washington Post, January 9, 2007

The House voted last week to shine a spotlight into the murky world of import-tariff suspensions, a little-known form of special-interest legislation that has cost taxpayers hundreds of millions of dollars in lost revenue.

The House overwhelmingly approved a bill that, for the first time, officially equates tariff suspensions with a better-known variety of legislative pork, the congressional earmark. The new rules require public disclosure of each measure's sponsor, purpose and cost whenever lawmakers slip one into legislation.

The rules also require that congressional sponsors identify each person or corporation "reasonably anticipated to benefit" from the breaks on import taxes.

The rules direct sponsoring lawmakers to certify that they and their spouses have no financial stake in the tax breaks, and they ban the practice of trading provisions for members' votes.

In one of the first official acts of the new Democratic majority, the House approved the rule changes 280 to 152. Some analysts predicted the changes would encourage increased scrutiny of a practice that, a Washington Post study found, often benefits large foreign-based corporations.

The Senate is expected to take up similar legislation this week.

In recent months, the number of congressionally approved tariff suspensions has soared. It rose from 440 at the end of 2004 to more than 800 in the just-concluded 109th Congress, including provisions covering such products as shoes, camcorders and boiled oysters.

Lawmakers rolled 520 of the suspensions into just one must-pass bill that was approved in December, in the final hours of the last Congress.

Such suspensions often apply to one product imported by one company, according to The Post's analysis in September. The provisions rarely, if ever, identify the company that initiated the legislation. Some provisions do not identify the product, either, referring instead to strings of numbers keyed to massive volumes of tariff tables.

Individual tariff suspensions are supposed to cost the Treasury no more than $500,000 a year in lost revenue. But in recent years the authors of a number of the provisions managed to file multiple measures aimed at a single product.

Supporters of the suspensions say they create jobs and lower consumer prices by reducing costs for U.S. manufacturers. The proponents say that proposed suspensions are reviewed by the Commerce Department, customs officials and the U.S. International Trade Commission. Congressional committees also seek industry comment on the proposed suspensions and recently began posting any objections on their Web sites. Lawmakers say they generally drop a measure if a domestic producer objects.

Rep. Sander M. Levin (D-Mich.), who is expected to chair the House Ways and Means subcommittee on trade, hailed the changes as "a useful step forward."

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"The more transparency the better," Levin said. "It will be easier for people to verify the basic rules are being followed; outside groups will be able to more readily check."

Rep. Jack Kingston (R-Ga.) said the changes will help root out what he described as "old-fashioned pork."

"This should be one more lesson to my party: We were fired with cause. We got lazy, we got too cozy with K Street, and this is an example where flipping the majority cleans out the closet. I very reluctantly give kudos to the majority."

The House bill applies only to tariff suspensions that benefit 10 or fewer companies. Ryan Alexander, president of Taxpayers for Common Sense, hailed the legislation as a "good start" but said it should apply to suspensions that benefit as many as 100 companies.

"Ten doesn't really pass the smell test," Alexander said.

White House To Unveil Medicare Overhaul (FT)

By Krishna Guha In Washington

Financial Times, January 9, 2007

The White House budget to be unveiled on February 5 will include plans to expand means-testing in Medicare, the government-sponsored health insurance programme for the elderly, the Financial Times has learned.

The greater use of means-testing, which would require richer Americans to make a bigger contribution, will be accompanied by other steps to increase efficiency and bear down on Medicare costs.

The proposed Medicare changes form part of the White House plan to meet President George W. Bush's goal of eliminating the federal government deficit by 2012 while making his tax cuts permanent.

A senior administration official said the Medicare reforms set out in the budget would be "significant" though they would not add up to "unrealistic full-blown reform" of the programme.

He likened them to changes negotiated in 1997 as part of a bipartisan effort to balance the budget in five years.

The White House will also revise down its estimate of the underlying growth rate of Medicare costs, based on the lower than anticipated cost of the Medicare prescription drug benefit and new actuarial forecasts.

The administration expects that a combination of the policy reforms and slower growth in underlying costs will free up tens of billions of dollars annually by 2012 to help meet the zero deficit goal.

The official acknowledged that the administration had failed to win Congressional support for changes to Medicare in the recent past. However, he said the political context – with both parties now at least talking about balancing the budget by 2012 – has changed.

"I am not saying it is easy," he said. "But it is easier."

Stuart Butler, a policy expert at the Heritage Foundation, said "greater means-testing is the only way to contain the huge tsunami of Medicare spending that is scheduled for the next several decades."

The White House budget will also impose tight ceilings on growth in discretionary spending on non-security related programmes. However, in an effort to show that its budget plan is politically credible, the White House will not demand a nominal freeze in spending in these areas, as it did in last year's budget.

"We will show some flexibility," the official said.

This will involve budgeting for growth in total non-defence discretionary spending, though this will almost certainly be set below the expected rate of inflation.

Some defence costs included in supplemental budgets for the Iraq war will be brought into the administration's budget. But there will be no amount set aside for unforeseen military costs in 2012 and beyond.

Bush, Lawmakers Meet On Education Bill (AP)

By Nancy Zuckerbrod

AP, January 9, 2007

President Bush pushed for renewal of the No Child Left Behind education law Monday in a meeting with congressional leaders but was noncommittal on their request for more money to help schools meet the law's requirements.

"In our discussions today, we've all agreed to work together to address some of the major concerns that some people have on this piece of legislation, without weakening the essence of the bill," Bush said following the White House meeting with Democratic and Republican lawmakers.

The law seeks to ensure all children can read and do math at grade level by 2014, which has placed many new demands on schools. They have had to step up testing, boost teacher quality and pay more attention to the achievements of minority children.

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Schools that get federal aid but do not make enough progress must provide tutoring, offer public school choice to students or initiate other reforms such as overhauling their staffs.

First Lady Laura Bush, a former teacher and school librarian, and Education Secretary Margaret Spellings attended the meeting Monday, a day the Bush administration chose to mark the fifth anniversary of the law.

Rep. George Miller, D-Calif., and Sen. Edward Kennedy, D-Mass. — who chair committees overseeing education — said they urged the president to propose funding increases for the law. Bush made no commitments, according to a congressional aide who was briefed on the discussions and spoke on the condition of anonymity because the meeting was private.

Democrats, who won control of Congress in November, say the administration and Republican lawmakers have underfunded the law by about $50 billion, compared to what was originally called for. Republicans say it is common practice for legislation to be funded at less than the full level.

While partisan sniping over the law has been common in recent years, the lawmakers attending Monday's meeting struck a bipartisan note and pledged to work together to get the law renewed for five more years. The united front is part of a strategy to fend off critics who want to see the law scrapped or drastically changed.

"This issue now has its detractors and those that are opposed to it. That's true in the Democratic party and the Republican party," Kennedy said.

Spellings listed a few areas of concern that came up during Monday's meeting. They included how to test special education and limited-English speaking students, a desire to give schools credit for progress even when they fall short of annual targets and ways to get students access to high-quality free tutoring.

Spellings also indicated she was willing to consider providing financial incentives to states that want to align their standards with more rigorous ones in place elsewhere.

The administration, and Republicans generally, have consistently resisted anything that resembles national standards dictating what students across the country should know and learn.

"I think anytime there's a carrot approach, as opposed to a stick for continuing to raise the bar, I think that will be well received," Spelling said.

The No Child Left Behind law has pushed some states to weaken their standards to avoid consequences that arise when schools miss annual targets.

Kennedy and Sen. Chris Dodd, D-Conn., have introduced legislation addressing the issue. The National Education Association, the largest teachers' union, has endorsed Dodd's bill calling for voluntary national standards.

Republicans Seek Flexible School Funds (WT)

By Amy Fagan

The Washington Times, January 9, 2007

Key Republicans yesterday said President Bush's education reform law, which is up for renewal this year, should be changed to give states more control over funding and results, arguing that the federal government remains far too involved in local classrooms.

Exactly five years after signing the No Child Left Behind Act, Mr. Bush met with a separate group of lawmakers, including Senate education panel chairman Edward M. Kennedy, to ask them to renew the law, one of Mr. Bush's signature domestic accomplishments.

But across town, Republican Sens. Jim DeMint of South Carolina and John Cornyn of Texas teamed up with the conservative Heritage Foundation to offer a proposal that would let states opt out of many of the federal education funding formulas and instead use the money to best fit their own classroom needs.

"You can't have quality development with a top-down approach," Mr. DeMint said. "It's time to change the way we're thinking about this because it's not working."

Mr. Cornyn agreed that the best option at this point is "moving decision-making power out of Washington and closer to parents and teachers."

Their idea -- which they'll fight to include in the law's renewal -- would keep high standards in place but let states choose to enter a five-year performance agreement with the federal government in exchange for less regulation and more flexibility in how they would use federal dollars and would track their progress. A similar idea was included in Mr. Bush's original NCLB proposal but was watered down by the time the bill became law, according to Heritage.

Mr. Bush and administration officials yesterday praised the bipartisan law, which requires states to test third- to eighth-graders annually and once in grades 10 to 12, with the goal of ensuring that all students can read and do math at grade level by 2014. States had to set paths to meet that goal and track the progress of their schools. Consistently failing schools must offer students public-school choice and tutoring services.

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New standards were also set for teachers' ability.

"I think it's made an enormous difference," the president said, after meeting with Mr. Kennedy, House education panel chairman George Miller of California, and the panels' top Republicans, Sen. Michael B. Enzi of Wyoming and Rep. Howard P. "Buck" McKeon of California.

Mr. Bush said he was "confident" that the group can work together to address some of the major concerns about the law without weakening it.

"We have learned some things over the last five years, but we know we're on the right track," said Education Secretary Margaret Spellings, who also attended, along with first lady Laura Bush.

The four lawmakers all expressed hope that they could reauthorize the act, with some changes, and Mr. Enzi said there could be "quick progress."

Democrats said they asked Mr. Bush to increase funding for the bill, insisting that states need more help to meet requirements. Federal education funding has jumped about $7 billion in the past five years under the law, but Democrats have long complained that it's still about $40 billion short of levels set out in the original law.

"It's an issue of priority -- of budgetary priority," Mr. Kennedy said yesterday.

"It will make the reauthorization process far more difficult if it's not there," Mr. Miller said.

Helping limited-English-speaking students and ensuring that more students in failing schools access the tutoring and school-choice options are among other issues being discussed, Mrs. Spellings said.

Conservatives likely will resist a further spike in education funding. But many conservatives on Capitol Hill are also "spooked" at the prospect of Mr. Bush cutting a deal with Democrats to expand the NCLB fully into high school, a House Republican aide said.

"If they do it the way they did the first one, then we're looking at a massive new entitlement," the aide said.

Mr. Bush included a proposal in his budget last year that expanded the annual testing to high school.

The White House praised the NCLB law yesterday, noting that all states now have accountability and testing plans in place, the number of highly qualified teachers has increased and 9-year-olds are scoring better than ever on reading and math.

Still, there has been relatively low participation in the tutoring and school-choice options offered under the law for students in consistently failing schools.

Mr. DeMint said schools are "squawking" that the law is too onerous. He said schools are focused so intently on meeting its requirements that they're not trying creative solutions for education.

"This will require results ... but it won't be so focused on process," Mr. Cornyn said of their proposal.

White House spokesman Chad Colby said the administration would wait to see details of the DeMint-Cornyn proposal.

"We're all for allowing states and districts to have flexibility as long as they adhere to the core principles of NCLB though. We can't get away from those core principles or reduce accountability in any way," he added.

Democrats Push For Changes To No Child Left Behind Law (NYT)

By Diana Jean Schemo

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — Democratic Congressional leaders on Monday called President Bush's signature education law too punitive in its sanctions on public schools and pledged to increase educational spending, signaling the stance they will take this year in negotiations over the law's renewal.

The comments came as Mr. Bush discussed renewal of the law, No Child Left Behind, at a White House meeting with legislators of both parties on the law's fifth anniversary. The measure prods schools to improve students' yearly achievement with the threat of sanctions and requires them to bring all students to grade level in reading and math by 2014.

In remarks after the meeting, Mr. Bush predicted a strong bipartisan effort to address "major concerns" about No Child Left Behind "without weakening the essence of the bill."

He added, "We showed in the past that we can work together to get positive results, and I'm confident we can do so again."

While the tenets of the law enjoy strong bipartisan support, No Child Left Behind has also become a partisan battleground, with Democrats accusing Republicans of underfinancing it by $56 billion. Groups across the political spectrum are looking for changes and refinements, including removal of sanctions and imposition of a single national standard for academic performance.

The Democrats, now in the majority, began to stake out their own positions. The Senate majority leader, Harry Reid of Nevada, who did not attend the president's meeting, said that "accountability measures have proven far too punitive, and states have been given little flexibility in implementing the law's requirements."

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Senator Edward M. Kennedy of Massachusetts, who took over as chairman of the Health, Education, Labor and Pensions Committee, said after the meeting with the president, “We’ve learned a lot from the past five years, and we know changes are needed to help improve and strengthen the law.”

His aides said Mr. Kennedy was proposing incentives for states to work together toward common academic standards that would help them and meet the demands of college, work and military service. Currently, states vary wildly in what they consider sufficient progress under the law.

Mr. Kennedy has also suggested expanding social programs for low-income children and putting outreach workers in every impoverished school, as a way of raising achievement. He is also proposing a new federal role in school construction and renovation.

Under existing rules, students have the right to transfer from subpar schools to ones with higher test scores, even if overcrowding would result. The Democratic proposal is intended to reduce crowding.

Representative George Miller, Democrat of California, the new chairman of the House Committee on Education and Labor who also attended the White House meeting, urged the president and Education Secretary Margaret Spellings to make sharp increases in spending on the impoverished schools singled out by No Child Left Behind.

“The No Child Left Behind Act has brought important changes to our public education system, for example, by shining a spotlight on the persistent achievement gap that exists among different groups of students in our country,” Mr. Miller said. “But if we are going to fulfill our original commitment to children and parents, then the law, its implementation and its funding must be improved.”

Mr. Bush did not indicate whether he would seek additional financing. But Ms. Spellings indicated that the administration would be amenable to changes in a number of areas the Democrats were suggesting, including the incentives to make state standards more rigorous and uniform. She also said that areas of common concern included how to test special education students and those with limited English.

Senate Torn Over Ethics Panel Measure (AP)

By Jim Abrams

AP, January 9, 2007

Presidential candidates from both parties are urging the Senate to set up an independent office to probe ethical questions involving fellow senators. That could be a tough sell.

There is some "institutional resistance," said Sen. Barack Obama, D-Ill., a potential candidate who has long championed the notion of an independent office of public integrity that would take over some of the self-policing duties of the Senate ethics committee.

"A lot of members are concerned about the use of an independent commission as a political club to beat them over the head," Obama said at a news conference Monday as debate on ethics legislation opened.

A possible rival in 2008, Sen. John McCain, R-Ariz., is also pressing to amend the ethics bill, the first legislation Democrats are taking up in their new majority role, to include the office of public integrity.

The ethics legislation, based on a bill that stalled in the last Congress, would ban gifts and travel paid for by lobbyists, slow the movement of former senators to lobbying jobs, require lobbyists to provide more information on their activities and oblige senators to be more open about their special projects, or earmarks. The Senate is expected to spend up to two weeks on the legislation.

The House passed a rules package last week with tough bans on receiving gifts and travel from lobbyists and their employers and banning the use of corporate jets.

Obama and McCain argue that, after the lobbying and ethics scandals that contributed to the Republican defeat in the 2006 midterm elections, the Senate must create an independent office to ensure voters it is serious about enforcing its own ethics rules.

But Sen. Pat Roberts, R-Kan., a member of the six-senator ethics panel, said the nonpartisan group has done its job, and the new office would simply add another step to the ethics process. He added that the office of public integrity was "in danger of becoming a backboard for political tennis balls" with each side filing partisan charges against the other.

"Our ethics process in the Senate works very well," said Sen. Mark Pryor, D-Ark., another ethics committee member. "We have not broken down like the House has."

The House ethics committee, torn by partisan wrangling, was dormant for about 16 months until May of last year. It did carry out an extensive investigation of disgraced former Rep. Mark Foley, R-Fla., last fall.

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Senate Majority Leader Harry Reid, D-Nev., in an interview with Nevada reporters Monday, said that as a former ethics committee member he believed an outside body should be considered only after extensive hearings. "I think it would be a gross error in judgment for the Senate just to leap in and do something without holding any hearings," he said.

Last year, led by ethics committee members, the Senate rejected a proposal for an office of public integrity by an 11-5 vote in the Homeland Security and Governmental Affairs Committee and then by 67-30 on the Senate floor.

Asked how that result might change this year, Obama pointed to eight Democratic freshmen that also attended the news conference. "We've got a whole bunch of freshmen and I also think the election changed the dynamics," he said.

The independent office proposal that Obama and Sen. Russ Feingold, D-Wis., will likely offer as an amendment is identical to the idea being put forward by McCain, Sen. Joseph Lieberman, I-Conn., and Sen. Susan Collins, R-Maine, in separate ethics legislation.

It would create an independent congressional agency that would audit financial disclosure and lobbying reports and investigate alleged ethics violations. It could refer cases of possible violations to federal and state authorities. It would report to the House and Senate ethics committees, which would retain the authority to determine violations and penalties against members.

Feingold said they also would push for changes to move the Senate closer to the House, which last week effectively barred lawmakers from traveling by corporate jets. "It is one of these things that really sticks in the craw" of voters, he said. "It also has a corrupting influence."

Reid said his office was working on various measures to expand the gift and travel ban to include companies that hire lobbyists, stop lawmakers from sneaking provisions into legislation at the last minute and strengthening the definition of what constitutes an earmark.

"This is just a start," he said of the bill he and Senate Republican leader Mitch McConnell, R-Ky., introduced on the Senate floor. "We're going to improve this bill."

Senate Takes Up Ethics Bill Promoted By Democrats (WT)

By S.a. Miller

The Washington Times, January 9, 2007

The Senate yesterday began debate on the Democrats' ethics-reform package, with one of their chief spokesmen on the issue accusing lawmakers of being loath to support a ban on free private-jet flights for reasons of personal privilege.

Sen. Barack Obama of Illinois noted at a press conference held yesterday to announce the package -- which Democrats hope to pass Friday -- that such flights, usually funded by lobbyists or their corporate sponsors, let lawmakers avoid security lines.

"Why do you think there is resistance?" he said. "Well, because corporate jets are nice. They are convenient. They are waiting for you. You don't have to take your shoes off."

Mr. Obama, who has all but announced his run for president in 2008, said he voluntarily gave up flying corporate-class last year and now pays for chartered flights out of his hefty campaign account.

Critics of the proposals -- which also include prohibitions on accepting gifts, meals or junkets funded by lobbyists -- say monied special interests still could buy influence with campaign contributions. Mr. Obama promised to tackle campaign-finance reform later this year.

Democrats say the sight of senators and congressmen whizzing around in Learjets nettles a public that must endure the long lines and security checks of commercial air travel.

"When they find out that members of Congress can use a corporate jet and have that kind of convenience that the average person can't have, it is one of those things that really stick in the craw," said Sen. Russ Feingold, Wisconsin Democrat and co-sponsor of the ethics bill with Mr. Obama, adding that the free flights have a "corrupting influence."

"When a lobbyist is in that plane with you, he or she has all kinds of time to lobby you, bend your ear," Mr. Feingold said. "It is something the average citizen does not have. So to me, [a ban] is both substantive and symbolic, and it is a very important point."

The Senate ethics bill closely mirrors legislation that began to move through the House last week. Both include measures to stop earmarks, the local spending provisions widely derided as pork that lawmakers bury in complicated bills, and to break up close ties between lobbyists and members of Congress.

Voter outrage over corruption in Washington, including the scandal involving disgraced lobbyist Jack Abramoff, is widely credited as a factor in the Democrats' gains in the midterm elections. The issue became the first taken up by the new Democrat-controlled Congress.

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"The American people demanded change, and the Democrats are ready to deliver," Senate Majority Leader Harry Reid said at the press conference. "In the end, the Senate will pass the most sweeping reforms since Watergate."

Public backing for a crackdown makes supporters of the reforms confident that lawmakers will vote for the new rules, even if they have to give up flying free or at reduced rates on corporate jets.

Mr. Obama acknowledged that some lawmakers depend on private jets for legitimate congressional business. But he said they can find ways to pay for it themselves.

"In fairness, for folks who are traveling a lot or live in remote areas or have to travel to areas of the state that are difficult to get to or have irregular commercial flight schedules, there may be legitimate reasons for them to be concerned," he said. "I just pay for it out of my campaign funds."

Senate Democrats Begin Work On Ethics Law Changes (BLM)

By Jonathan D. Salant

Bloomberg, January 9, 2007

Jan. 8 (Bloomberg) -- Democrats who now control the U.S. Senate will spend the next two weeks on overhauling ethics and lobbying laws, after the House voted to amend its own rules.

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The proposed Senate measure would bar lawmakers from accepting free gifts and meals from lobbyists. Lobbyists would have to file disclosure reports online four times a year, instead of filing paper reports twice a year. Senate Majority Leader Harry Reid of Nevada said he'll support amendments to strengthen the measure, which is similar to a plan passed by the Senate last year that was criticized by advocacy groups as too weak.

``No issue facing this body is more fundamentally important," Reid said on the Senate floor today. ``When we make leaders accountable to the people, not to special interests, there's no limit to what we can accomplish."

House Democrats approved more extensive restrictions last week as their first order of business since taking power. Democrats won control of both houses in November's election for the first time in 12 years, with 42 percent of voters in a CNN exit poll saying the ethics issue was ``extremely important."

Republican Senator John Cornyn of Texas, a member of the Senate Ethics Committee, said the two parties should work together on a final measure.

``Ethics and lobbying reform are issues that deserve and demand a bipartisan solution as Congress works to strengthen the American people's faith and trust in their government," Cornyn said.

Corporate Jets

The Senate proposal is co-sponsored by Reid and Senate Minority Leader Mitch McConnell, a Republican from Kentucky. Reid said the Senate plans to spend the next two weeks debating the legislation and amendments before voting.

The House rules approved last week will ban lawmakers from flying on corporate jets and accepting gifts and meals from lobbyists. They also can't accept overnight trips from lobbyists and their organizations. Nonprofit foundations affiliated with lobbying groups can continue to pay for trips approved in advance by the House ethics committee.

The new House rules also require that the sponsors of pet spending projects, known as earmarks, be identified publicly.

The House new rules will take effect with no further action, while the proposed Senate legislation would need House approval and SEARCH

News | News Photos | Images | Web" /> President George W. Bush's signature. The House can continue to require members to follow its rules if legislation enacted by Congress is weaker.

Proposed Amendments

Democratic Senators Russell Feingold of Wisconsin and Barack Obama of Illinois are proposing amendments to the Senate legislation that would duplicate the House rules on travel, except that it would let senators fly on corporate jets as long as they pay the charter rate. Their proposal also would double to two years the waiting period before former lawmakers can become lobbyists.

Feingold and Obama would require Senate campaigns to file electronically with the SEARCH

News | News Photos | Images | Web" /> Federal Election Commission, as do House campaigns, political parties and political action committees. Until now, Senate campaigns have filed their reports on paper.

``We may finally have a bill that is an appropriate response to the clear message we got from the American people," Feingold said at a news conference with Reid, Obama and eight of the nine Democratic Senate freshmen.

The Feingold-Obama proposal also would include an independent ethics office to enforce the new law and investigate complaints.

`Outside Mechanism'

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``Some sort of outside mechanism is the key," said former FEC Chairman Trevor Potter, who now heads the Washington-based Campaign Finance Institute, an advocacy group. ``What we've learned is without some outside prod, the system won't work."

Potter and others who support stronger ethics laws have said the Senate is not as motivated to act on the issue as the House. House Democrats have said they won eight Republican-held seats in November because of ethics issues, more than half of the 15 they needed to win control of the chamber.

``It's a much tougher sell on the Senate side," said Gary Kalman, a lobbyist with the Washington-based U.S. Public Interest Research Group. ``The biggest disappointment is they are starting with the bill that passed the Senate last year. It passed at a very different time, a very different understanding of where the public was on the topic of corruption."

Freshman Democrats Back Senate Ethics Bill (CQ)

By Martin Kady II

Congressional Quarterly, January 9, 2007

Freshmen in the Senate are generally supposed to be seen and not heard.

But when it comes to the ethics and lobbying bill (S 1) on the Senate floor, Senate Majority Leader Harry Reid seems willing to shine the spotlight on the new Democratic senators who gave the party its majority.

Reid stood on a dais Monday with eight of the nine new Democrats in the Senate to tout the ethics and lobbying bill meant to be a reaction to scandals of the past two years that focused popular anger against Republicans.

The news conference had a decidedly populist feel, as Sen. Bernie Sanders, an independent from Vermont who describes himself as a socialist, derided “lobbyists who represent the wealthy.” Freshman Democrat Amy Klobuchar of Minnesota, talked about how she drove to Washington in her family Saturn and brought her “Minnesota moral compass” to the Senate. And new Sen. Sherrod Brown, D-Ohio, complained that in the past, the “drug industry wrote the Medicare drug law.” Sen. Claire McCaskill, D-Mo., tried to sum up the moment: “The fact that we are here [on the stage] speaks volumes” about the importance of lobbying and ethics.

Reid said the intent of bringing the freshmen to the stage was to showcase their support for “the most sweeping reforms since Watergate.”

The Senate meanwhile formally took up the ethics and lobbying bill, and there is widespread agreement for a crackdown on lobbyist-funded travel, gifts and meals.

Sens. Barack Obama, D-Ill., and Russ Feingold, D-Wis., are leading a charge to create an independent Office of Public Integrity with the authority to investigate ethics violations. Obama and Feingold will likely team up with Sens. John McCain, R-Ariz., Joseph I. Lieberman, D-Conn., and Susan Collins, R-Maine, but they don’t necessarily have the support of the incoming freshmen Democrats.

Sen. Bob Casey, D-Pa., who beat Republican Rick Santorum on Nov. 7, said in a brief interview that he believes the Office of Public Integrity should be studied further by the Rules Committee in hearings. And freshman Sen. Jon Tester, D-Mont., who beat Republican Conrad Burns in the general election, said he thinks the Senate should police itself.

“I would rather see the enforcement done by an existing body,” Tester said. “But there needs to be teeth in enforcement.”

Without the support of these freshmen senators, the Office of Public Integrity is likely to be rejected. The idea failed on a 67-30 roll call last year, and at least 10 new senators would have to approve the idea for the amendment to have a chance.

“There is some institutional resistance,”Obama said. “But it’s very important that whatever we do, the laws will be enforced.”

Push For Lobby Database Fades (RC)

By Tory Newmyer

Roll Call, January 9, 2007

Lobbyists bracing for tough new disclosure requirements from the Democrats’ ethics reform drive can breathe a little easier.

Democratic leaders appear to be backing away from a provision included in ethics proposals last year that would require lobbyists to detail their contacts with Members of Congress.

The plan was met with stiff resistance from labor and nonprofit groups, which argue that the requirement would be onerous, impossible to apply consistently and could chill contact on politically sensitive topics.

Democrats, who last year pushed the measure as key to shedding light on lobbyists’ role in the lawmaking process, are now suggesting the disclosure standard is too problematic.

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"That is a provision that raised a lot of concerns with a lot of people," said Sen. Russ Feingold (D-Wis.). "We haven't gotten through all of them. We're going to take another look at it."

House Democratic aides said that while the measure still could find its way into a reform bill the chamber is expected to take up later this month, it isn't topping anybody's priority list.

The new posture, in part, reflects the challenge for Democrats seeking to make good on last year's promises, made when they were out of power and trying to rally voters with an anti-corruption message.

The then-minority party grabbed for the high ground in the debate over ethics rules by proposing bold reform measures. Now that they are in power, Democrats are trying to pursue the strongest reforms possible while ensuring the overhaul doesn't cause unintended consequences or spur a filibuster in the Senate.

As Senators take up the bill this week, public interest groups are preparing for fights over grass-roots lobbying disclosure and reimbursement rates for lawmakers taking rides on corporate jets.

The House Democrats' package last year — offered as an alternative to a Republican version derided as pitiful by outside watchdog groups — would have required lobbyists to file quarterly reports listing every lawmaker they contacted over that period. The information would be available to the public in a searchable online database.

Feingold went a step further. His proposal narrowed the definition of a contact only to "oral communications," to exclude widely circulated letters and blast faxes that would have swamped lobbyists' reports. The Senator would have required lobbyists to report not only every lawmaker and executive branch official they contacted, but also the date that contact occurred.

Feingold left the provision out of a bill he introduced Monday with Sen. Barack Obama (D-Ill.) as a high-water mark for the debate. Neither is it likely to appear in a substitute bill Senate Democratic leaders are negotiating with Republicans to strengthen the base measure, tagged S.1. "There was a recognition that too much specificity would be unhelpful and not workable," a Senate Democratic aide said of the proposal.

Ellen Miller, executive director of the Sunlight Foundation, a watchdog group that advocates for greater transparency, called the current reporting requirements "ridiculous."

"The legislation has to provide a requirement that lobbyists provide detailed reporting — what issues they are talking about and who they are meeting with," she said. "If somebody is a paid lobbyist, and their business is to contact Members of Congress and senior staff to talk about legislation, they know who they're talking to and what about."

Gary Kalman, of U.S. PIRG, pointed to the controversy surrounding Vice President Cheney's closed-door meetings in 2001 to formulate White House energy policy. "That's a prime example of how disclosure would have helped the public understand how policy is being made," he said.

But while most reform groups agree an ideal bill would include the disclosure requirement, they are training their fire elsewhere, on travel, earmark and enforcement measures.

Democracy 21, for example, left the reporting requirement off a checklist of reforms, including those addressing lobbyist disclosure, the group released last week as its agenda for the weeks ahead. "It's not among the things we're focused on," President Fred Wertheimer said.

Despite the lack of interest on Capitol Hill, the specter of the new rule has generated plenty of buzz on K Street, where lobbyists of all stripes have tried to throw cold water on the idea by arguing it would provide too much information — or not enough — to be meaningful.

"While we haven't really spent a lot of time looking at this provision, it seems to us it would be reporting for reporting's sake," said Bill Miller, a top lobbyist for the U.S. Chamber of Commerce.

Another lobbyist, who requested anonymity, suggested a better rule would require lawmakers to disclose their fundraising pitches to lobbyists.

"For me to go talk to a Member or staff about an issue — is that corrupting? I don't think so," he said. "The corruption comes from the fundraising, and that all emanates from the Members to the lobbyists, not the other way around."

A common complaint focused on the difficulty of defining a reportable contact, since lobbyists do so much of their work in unscheduled hallway conversations, or after hours, at fundraisers and restaurants. Lobbying law expert Tom Susman said in addition to potentially spawning hundreds of thousands of new reports, the requirement could generate untold opportunities for mischief while yielding little usable information.

Senators are expected to spend the next week and a half, at least, on the ethics rewrite, taking up the bill that the chamber passed last spring and debating amendments.

Senate Majority Leader Harry Reid (D-Nev.) held a press conference Monday with Obama and Feingold — the party's point-people on the ethics rewrite — and a group of freshman Democrats to renew his commitment to strengthening that package. "We're going to improve this bill," he said. "At the end of the day, the Senate is going to pass the most substantive reforms since Watergate."

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Reid, Minority Leader Mitch McConnell (R-Ky.) and a bipartisan group of other leaders on the issue are expected to offer a substitute amendment as soon as today.

Bundles Of Influence (WP)

The Washington Post, January 9, 2007

THE MOST pernicious aspect of the relationship between lawmakers and lobbyists doesn't involve skybox tickets or golf junkets. It centers on the role that lobbyists play in providing lawmakers with the campaign cash they need to survive. Lobbyists write their own checks, which must be disclosed. But lobbyists are even more valuable to politicians in their role as bundlers, tapping their clients and other networks to deliver campaign cash far in excess of what they are permitted to contribute personally. The master of the bundling game was President Bush, with his $200,000-and-up Rangers and his $100,000-and-up Pioneers.

Yet while you can be assured that lawmakers and their campaigns know who their big bundlers are, and that the bundlers keep careful track of how much they help bring in, the people aren't let in on the news. That information ought to be made public, especially regarding those who make their livings seeking to influence Congress.

A provision that would require such disclosure is part of a strong package of ethics and lobbying reforms introduced yesterday by Sens. Russell Feingold (D-Wis.) and Barack Obama (D-Ill.). It would require lobbyists to disclose not only their contributions but also the donations they collect or arrange, along with checks going to presidential libraries, inaugural committees and lawmakers' charities. No single change would add more to public understanding of how money really operates in Washington.

Unfortunately, this change is not expected to be part of the reform package to be introduced today by the new Senate leadership, though its bill promises to be a significant improvement over the measure passed by the Senate last year. But Senate Majority Leader Harry M. Reid (D-Nev.) has promised to permit an open amendment process. "I'm here to show that the Democratic caucus's commitment to giving America a government as good and honest as the people it serves really does exist," Mr. Reid said at a news conference yesterday. We look forward to the vote on the bundling amendment, with the new leader providing strong support.

Senators Vow Ethics Reform, But Will Deeds Match Words? (USAT)

USA Today, January 9, 2007

Senate Democrats held a press conference Monday to declare themselves champions of ethics reform, just days after House members of both parties actually did something about ethics reform in that chamber.

As the ethics debate unfolds this week in the Senate, never was the old adage — watch what we do, not what we say — more apt.

The Democrats, who now lead the Senate, are talking a good game but, then again, so did Republicans last January when they ran the Senate and muffed an opportunity to clean up Capitol Hill's sleazy ways.

Last year's failed attempt — which skirted the real problems and preserved senators' favorite perks — is the starting point for this year's try. Senate reformers say they've heard the anti-corruption message from voters and will make the reform package stronger. We'll see.

Here are three ways to judge whether senators are serious about changing:

Corporate jets.

For years, lawmakers have avoided the annoyances of commercial air travel by flying on elite corporate jets at cut-rate prices. Company lobbyists, who fly along, get priceless access. Last week, the House banned this egregious practice for its members.

Senators can't bring themselves to go that far. Democratic senators Russell Feingold of Wisconsin and Barack Obama of Illinois are pushing a measure that would allow the trips but at least require members to pay the full charter rates. But, as of Monday, it wasn't part of a bipartisan bill touted by Senate Majority Leader Harry Reid, D-Nev. Reid has been a leading user of this perk, according to PoliticalMoneyLine, which compiles data on money in politics.

Earmarks. The senators' proclaimed reforms do little to rein in earmarks — the "spending with a Zip code" provisions stuck in bills to direct your tax dollars to politically favored recipients. There were almost 14,000 of them last year, according to a count by Citizens Against Government Waste.

The Senate bill requires senators who sponsor these often-secret expenditures to attach their names to them. That's hardly going to deter noted Senate pork-barrelers such as Robert Byrd, D-W.Va., and Ted Stevens, R-Alaska, who take great pride in their earmarks. A Stevens earmark was responsible for the infamous "bridge to nowhere." If senators were serious, they'd change rules that make earmarks virtually impossible to challenge and reduce.

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Enforcement. Reforms will be only as good as the enforcement behind them. Neither the House nor Senate has embraced adding an independent panel to hold members to any new, stricter rules. The Senate rejected a similar idea last year. Monday, when Obama championed the independent panel, senators from both parties squealed in disapproval.

Many lawmakers much prefer the moribund ethics committees of their peers that self-police the House and Senate now. Last year, those panels sat by meekly while Congress wallowed in scandals.

After watching voters bounce ethically challenged incumbents in November and give Democrats the majority, the House made a start last week on its cleanup. And some of the Senate proposals — requiring more public disclosure, banning lobbyist-provided gifts and slowing the revolving door between Capitol Hill and lobbying firms — sound promising.

But promises can be fleeting. Just last month, House leaders promised five-day work weeks. This week, the second of the new Congress, House members took Monday off so some of them could attend the college football championship game.

How serious is Capitol Hill about reform?

Watch what they do, not what they say.

Campaign Photo Shows Bush With Abramoff (AP)

AP, January 9, 2007

A liberal watchdog group published on its Web site Monday a picture of President Bush and imprisoned lobbyist Jack Abramoff, the kind of photo the White House has refused to release.

The picture was taken at a campaign fundraiser in December 2003, according to the Citizens for Responsibility and Ethics in Washington. It was taken by a private photo contractor who posted it on a Web site, but then was removed before it made it into distribution, said Melanie Sloan, CREW's director.

A previous photo of Bush and the disgraced lobbyist surfaced last year but Abramoff was in the background, slightly blurry.

"This is the one they didn't want you to see," Sloan said.

Kim Eisler, Washingtonian magazine writer and a friend of Abramoff's, confirmed the photo's authenticity for The Associated Press. He said he had seen the picture at Abramoff's house.

In response to the photo being posted, a Bush spokeswoman, Emily Lawrimore, said: "The White House has previously acknowledged that they've met."

Abramoff helped raise more than $100,000 for Bush's 2004 re-election campaign. He is serving nearly six years in prison for a fraudulent Florida casino deal and is cooperating with the FBI in a bribery investigation involving members of Congress and the Bush administration.

Jersey Judge Up For Circuit Court Post (NSL)

By Robert Cohen, Star-ledger Washington Bureau

Newark Star-Ledger (NJ), January 9, 2007

Hillman is expected to be Bush's nominee

WASHINGTON -- President Bush is expected to nominate Noel Hillman, a longtime prosecutor and a newly appointed federal judge in New Jersey, to an opening on the 3rd U.S. Circuit Court of Appeals.

Reliable political sources said Hillman is currently undergoing a background investigation needed before he can be formally nominated to fill the federal appeals court seat vacated a year ago by U.S. Supreme Court Justice Samuel A. Alito Jr.

"It's pretty close. It's what the White House wants to do," said one knowledgeable source who asked not to be identified.

Hillman, 50, a former assistant U.S. attorney in New Jersey and most recently the lead Justice Department prosecutor in the Jack Abramoff Capitol Hill lobbying scandal, was just confirmed in June to the U.S. District Court in New Jersey.

He had the support then of New Jersey Democratic Sens. Robert Menendez and Frank Lautenberg, and will need their backing again to win a promotion to the prestigious appeals court.

"Sen. Menendez supported Noel Hillman's confirmation to the federal bench last year, but it would be presumptuous to comment on any future nomination until the president makes the choice," said Matt Miller, a spokesman for the senator.

Alex Formuzis, a spokesman for Lautenberg, declined comment on the possible Hillman nomination.

After Hillman was nominated for the federal trial court a year ago, Lautenberg said he was "well qualified" and described him and several other judicial nominees from the state as individuals who "understand the concerns and values of ordinary New Jerseyans."

Hillman, who sits in Camden, declined to comment.

Those familiar with the selection process said the White House decided against picking someone who was clearly ideologically conservative, settling on Hillman because of his qualifications, his integrity and the political calculation that he could easily win confirmation in a Senate now controlled by the Democrats.

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Lautenberg and Menendez each could use the Senate rules to block consideration of a New Jersey judicial nominee they opposed.

Hillman also had the backing of Homeland Security Secretary Michael Chertoff, his former boss at the U.S. Attorney's Office in New Jersey and a former federal appeals court judge.

Prior to going on the bench last year, Hillman was chief of the Justice Department's Office of Public Integrity in Washington.

In that role, he headed the Abramoff corruption probe and was involved in the prosecution of former Clinton administration National Security Adviser Sandy Berger, who was charged with stealing classified documents from the National Archives.

Hillman also played a role in the still-pending corruption investigation of Rep. William Jefferson (D-La.), and a number of other high-profile cases.

Before coming to the nation's capital in 2001, Hillman worked for nine years in the U.S. Attorney's Office in Newark. He served there under Chertoff and later became deputy chief of the office's criminal division.

While in New Jersey, he helped direct the campaign finance investigation involving former New Jersey Sen. Robert Torricelli (D-N.J.). That probe led to several prosecutions, including the conviction of David Chang, a wealthy New Jersey commodities broker who made illegal contributions to Torricelli.

Tenet Memoir Under Scrutiny (WT)

By Rowan Scarborough

The Washington Times, January 9, 2007

The CIA has submitted portions of a book manuscript by George J. Tenet to the White House for review amid speculation the former CIA director's memoirs will be critical of President Bush.

The book, "At the Center of the Storm," is still being analyzed by the CIA's Publications Review Board. It was during that process that portions of the manuscript were sent to the White House's National Security Council (NSC).

CIA spokesman Mark Mansfield said in response to questions from The Washington Times yesterday that the book portions were sent to the White House for "classification review purposes." He said the book was not submitted because of any negative comments about Mr. Bush, as an intelligence source told The Times. The spokesman declined to comment on the book's contents.

He said the sole criterion for review is whether a book contains classified information, which cannot be published legally by former CIA employees. In this role, the White House would have the power to delete information, or perhaps scenes, it views as classified.

The White House is getting an early peek at one of the most anticipated publishing events of the year because of the former spymaster's close involvement in virtually all of Mr. Bush's war decisions. Mr. Tenet was President Clinton's CIA director, and won reappointment from Mr. Bush.

Mr. Tenet formed a close professional relationship with Mr. Bush, including personally delivering the President's Daily Brief, a highly classified presentation on world events. He sat at the war Cabinet table as the president made decisions on invading Afghanistan and Iraq.

It was the Iraq invasion, coupled with the agency's earlier failure to stop the September 11 attacks, that earned the CIA years of criticism on Capitol Hill. The intelligence community's 2002 National Intelligence Estimate (NIE) on Iraq's weapons of mass destruction (WMD) turned out to be largely wrong. Saddam Hussein no longer possessed stockpiles of usable chemical weapons and had not restarted his nuclear weapons program, as the NIE said.

As the invasion neared, Mr. Tenet told Mr. Bush it was a "slam dunk" that Saddam still possessed WMD, as reported by author Bob Woodward.

New York publishers have enjoyed brisk sales of books that bash Mr. Bush's handling of Iraq and the broader war on terrorism.

Amazon.com has packaged "At the Center of the Storm" with books highly critical of Mr. Bush, such as "Hubris: The Inside Story of Spin, Scandal, and the Selling of the Iraq War" by Michael Isikoff and David Corn.

Amazon.com markets books together that have similar subject matter, tone and perspective. It lists a publication date of Feb. 6, a date that cannot be met because the administration is still reviewing the book.

Mr. Mansfield said other former CIA directors have seen their books submitted to the White House to review subjects with which it is more familiar. The standard is always to check for classified information, he said.

He said Mr. Tenet, who resigned in 2004, first submitted a portion of his book in October and then more pages in November and December. He said Mr. Tenet "hasn't completely finished the book yet."

"Written submissions by former CIA employees are also referred to classification review specialists at other government agencies that may have equities with regard to classification issues," Mr. Mansfield said. "For example, that agency may be in a

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better position to know if a certain factor or piece of information is classified. Portions of Mr. Tenet's manuscript were referred to the classified review specialists at the NSC and that's in line with what we would do with other CIA employees."

Mr. Bush bestowed the Presidential Medal of Freedom on Mr. Tenet at a December 2004 White House ceremony. The president also honored two other key players in the Iraq war retired Gen. Tommy Franks and former Iraq administrator L. Paul Bremer. Mr. Bush hailed Mr. Tenet as "one of the first to recognize and address the threat to America from radical networks."

An Instant Raise For Federal Judges (NYT/AP)

By The Associated Press

The New York Times, January 9, 2007

The Senate passed legislation awarding federal judges their annual cost-of-living pay raise immediately rather than keeping their pay frozen along with that of lawmakers. Members of Congress voted last month to deny themselves their annual cost-of-living raise, though only through Feb. 15; Democrats had pledged during the midterm election campaign to freeze Congress's pay until the minimum wage is raised from $5.15 per hour. That move also had the effect of freezing the pay of federal judges, who had been scheduled to receive a 1.7 percent raise on Jan. 1.

Senate Restores Pay Raise For Judges (AP)

By Andrew Taylor

AP, January 9, 2007

The Senate passed legislation awarding federal judges their annual cost-of-living pay raise immediately rather than keeping their pay frozen along with that of lawmakers.

U.S. lawmakers last month voted to deny themselves their annual cost-of-living pay raise — though only through Feb. 15 — keeping a promise made by Democrats in the campaign to freeze Congress' pay until raising the $5.15 per hour minimum wage.

That move also had the effect of freezing the pay of federal judges, slated to receive a 1.7 percent hike on Jan. 1. The Senate bill, which passed Monday by unanimous voice vote, lifts the COLA freeze for judges.

For Chief Justice John Roberts, who currently makes $212,100 per year, the bill would make up for about $400 in lost pay — the total of his scheduled raise between Jan. 1 and Feb. 15. He's slated to start receiving the rest of his approximately $3,600 pay hike on Feb. 16. The associate justices currently make $203,000 per year, while district judges make $165,200, the same amount as members of Congress.

The controversy is separate from Roberts' crusade for higher pay for federal judges, who are rapidly falling behind contemporaries such as law school deans and senior professors.

A spokeswoman for House Speaker Nancy Pelosi, D-Calif., said that chamber would act on the measure shortly.

Poll: Americans Want Democrats, Not Bush, At Helm (USAT)

By Susan Page

USA Today, January 9, 2007

WASHINGTON — Democrats have taken control of Congress this month amid a wave of good feeling from the public.

A USA TODAY/Gallup Poll taken Friday-Sunday shows that Americans by nearly 2-to-1 want congressional Democrats, not President Bush, to have more influence over the direction the nation takes during the next year.

POLL RESULTS: Opinions on new Congress

Democratic congressional leaders get their highest rating since Bush took office in 2001; 59% of those surveyed say their policies would move the country in the right direction. Republican congressional leaders get their lowest rating: 35% endorse their approach.

"Looks like a honeymoon," says Gary Jacobson, a political scientist at the University of California at San Diego. "People can project all their hopes on to this new majority … but I wouldn't expect that kind of favorable image to keep up forever."

When Republicans took over Congress in January 1995, he notes, the early glow had faded by fall, when congressional Republicans had a budget showdown with then-President Clinton.

Half or more of those polled identify four issues as "extremely important" for the White House and Congress to deal with in 2007: Iraq, terrorism, government corruption and health care.

That's a shift from recent years. At the beginning of 2005 and 2006, terrorism and Iraq essentially were tied as the issues of highest importance to the most Americans. The war in Iraq has grown in importance each year and now has clearly moved into the top spot.

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The focus on problems caused by Hurricane Katrina has ebbed. Last year 35% said Katrina issues were "extremely important;" now 28% feel that way.

And concern about corruption — not even on most lists two years ago — has risen to 52%.

The telephone survey of 1,004 adults nationwide has a margin of error of +/-3 percentage points.

At least for the moment, House Speaker Nancy Pelosi of California can bask in a 2-to-1 favorable rating: 44% say they have a favorable impression of her, 22% an unfavorable one. When the GOP took over 12 years ago, incoming speaker Newt Gingrich was considerably more controversial. His favorable rating in December 1994 was 27%, his unfavorable 35%.

Americans express confidence that Congress will raise the minimum wage and that the economy will improve this year. They're pessimistic that political stability around the world will improve or violence in Iraq ease.

And will Bush and congressional Democrats be able to work more closely together? On that, Americans are split down the middle: 50%-50%.

Donnelly, Freshman Democrats Tell Pelosi To Stick To The Center (BLOOM)

By William Roberts

Bloomberg, January 9, 2007

Jan. 9 (Bloomberg) -- Representative Joe Donnelly, a freshman Democrat from Indiana, has a blunt message for House Speaker Nancy Pelosi: Stick to a ``middle-of-the-road agenda'' or their party's control of Congress may last just two years.

If Pelosi ``goes too far one way or another, we're not coming back,'' Donnelly says. He sees his party's victory in the November elections as less an endorsement of its agenda than a rejection of Republican rule: ``People just got real tired of this bunch, and they fired them.''

Donnelly's view reflects those of many of the 30 House Democrats elected in districts previously held by Republicans. Their fragile hold on their seats means they'll be pushing their new speaker, who represents heavily Democratic San Francisco, to limit confrontations with President George W. Bush and the Republicans over taxes, the war in Iraq, stem-cell research and abortion.

``Pelosi needs to show she can govern,'' says James Thurber, a professor at American University in Washington who specializes on Congress and the presidency. To pass her agenda, Pelosi must build coalitions with lawmakers, ``especially those from moderate districts'' such as Donnelly's, he says.

Democrats hold 233 seats in the House, while Republicans have 202. In the Senate, Democrats hold only 51 of the 100 seats -- and one Democrat, Tim Johnson of South Dakota, remains hospitalized after brain surgery.

Medicare and Minimum Wage

Donnelly, 51, says he likes most of the legislation Pelosi is trying to push through in the first 100 hours of Democratic control of the House, including an increase in the minimum wage and a plan to allow Medicare to negotiate the cost of drugs with pharmaceutical companies, both scheduled for votes this week.

It may be more difficult for him to support other parts of the party's agenda. Donnelly, a practicing Catholic, opposes abortion and is also against federal funding stem-cell research that uses human embryos, which most Democrats back.

He also may clash with the Democratic leadership over how to handle the war in Iraq. While he describes the war as a ``disaster,'' he says he doesn't support the fixed timetable for withdrawal proposed by Pennsylvania Democrat John Murtha that Pelosi, 66, has endorsed. Instead, like Bush, he opposes any withdrawal until Iraq is ``stabilized.''

``My goal is to help the president,'' he said in an interview. ``I am not going to rip him to shreds. If he does a better job, then our soldiers can be more successful, Iraq can be stabilized and our troops can come home.''

First Test

A first test may come this week when Bush announces a change in strategy in Iraq, which may include a plan to send more troops. Last week, Pelosi and Senate Majority Leader Harry Reid of Nevada said in a letter to Bush that they oppose a troop increase.

Donnelly, a lawyer, represents an industrial district that backed Bush in the 2000 and 2004 presidential elections. He lost his first bid for Congress in 2004; in November, he defeated his opponent, two-term incumbent Chris Chocola, with 54 percent of the vote -- an upset Donnelly says was largely due to the national wave of voter dissatisfaction with Republican mismanagement of Congress and Bush's policies.

Next year's elections may be more difficult for Donnelly and other Democrats who won in Republican-leaning districts, says Michael Genovese, chairman of the Institute for Leadership Studies at Loyola Marymount University in Los Angeles. An attractive Republican presidential candidate in 2008 might draw back some of the Republican voters who switched in 2006, he says: ``That's what the Democrats fear and the Republicans hope.''

Preparing for 2008

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Democratic leaders have already taken steps to help lawmakers from these districts prepare for 2008. Almost immediately after the Nov. 7 elections -- and before the freshmen lawmakers had even arrived in Washington -- the Democratic Congressional Campaign Committee established a re- election program for new members. The program includes coaching on fund-raising and constituent outreach, says the DCCC's chairman, Representative Chris Van Hollen of Maryland.

``We fully recognize that in districts where Republican presidential candidates have won majorities in the past, the Republicans will try to target our members," Van Hollen says.

Tom Gallagher, a senior managing director at the International Strategy & Investment Group Inc. in Washington, says 60 House Democrats represent districts carried by Bush in 2004, while only eight Republicans represent districts carried by Massachusetts Senator John Kerry, the Democratic presidential nominee.

High-Profile Committees

To increase their re-election chances, some freshmen have been given seats on high-profile committees, positions that increase a lawmaker's appeal to donors.

Donnelly, for example, will serve on the Financial Services Committee, which regulates commercial banks, insurance companies and securities and investment firms. In the 2006 election cycle, committee members received an average of about $180,000 in campaign contributions from the financial-services industry, according to the nonpartisan Center for Responsive Politics, a Washington-based group that tracks campaign giving.

Watching Pelosi take the Speaker's gavel on Thursday was a jubilant moment for Donnelly. Sitting with his fellow freshmen congressmen in the chamber, Donnelly noticed actor Richard Gere and singer Carole King sitting together in the gallery and waved to his son Joe Jr., also in the gallery, to point them out.

Donnelly cast his first vote on Jan. 4 to elect Pelosi as House speaker. He then supported rules changes to ban gifts from lobbyists and identify lawmakers who originate requests for pet spending projects, known as ``earmarks."

With the House in session only two days, Donnelly has a 100 percent record of voting with his party. Still, the lawmaker says, he is determined to try to find common ground with Republicans.

Last week, he signed up with the ``Blue Dog" Democrats, a group of 44 self-described conservative lawmakers who support balanced budgets and less business regulation and are open to accommodation with moderate Republicans.

``I want to represent Democrats and Republicans," he says. ``I am going to hit the ball down the middle."

Industry Measures Up Dems, Picks Its Battles (HILL)

By Jessica Holzer

The Hill, January 9, 2007

Major business groups have revamped their legislative wish lists, resurrecting some longstanding but moribund items and backing off of others, in the hopes of scoring some victories in a Democratic-controlled Congress.

At this time last year, boosting domestic energy supply was a top priority for both the U.S. Chamber of Commerce and the National Association of Manufacturers (NAM). Though they haven't abandoned that goal, the industry groups are now trumpeting their support for expanded research into alternative fuels and clean-energy technologies, a popular cause among Democrats.

Meanwhile, they've shifted the modernization of the transportation system, long a concern of the business community, to center stage. Last week, the Chamber announced the launch of a new initiative to promote investment in the nation's highways, rail network, ports and waterways.

It is characterizing that initiative, as well as a plan to pour money into energy infrastructure, as government-backed jobs programs in a clear effort to appeal to Democrats.

"With the right kind of rebuilding program, not just in transportation but in energy and power as well, we could employ a massive number of Americans for a long, long time," said Thomas J. Donohue, the president of the Chamber, at a press briefing on Thursday.

A deal on immigration that includes a guest worker program and a path to citizenship for law-abiding aliens is perhaps the most feasible business goal, thanks to the informal agreement of Democrats, several labor unions and the White House on the issue.

On the defensive side, the business lobby seems intent on picking its battles, to judge by its capitulation on minimum-wage legislation, which is expected to pass the House this week.

Meanwhile, Donohue vowed to fend off any attempt by Congress to change the law to make it easier for workers to form unions. Most Democrats and some labor-friendly Republicans back the legislation, but industry groups are vowing to defeat it.

"They're going to have a major fight on their hands," Donohue said.

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A week after the election, America's Health Insurance Plans (AHIP) announced a proposal to expand access to health insurance coverage to every American — an idea that is touted by most Democrats. For years, AHIP has engaged in many policy battles with Rep. Pete Stark (D-Calif.), the new Ways and Means health subcommittee chairman.

AHIP, whose PAC has significantly favored Republicans in recent elections, says it is planning to work with all members of Congress on its new proposal.

Where they are stymied in Congress, business interests are likely to turn to the executive branch to accomplish their goals. While hopes still run high among corporate lobbyists for legislation that follows on the heels of last year's bill that opened up acreage in the Gulf of Mexico for oil and gas drilling, they see the Minerals Management Service (MMS) as another route to achieve that goal.

"They could as well begin to open up other portions of the Gulf and follow up what Congress enacted last year," said Bruce Josten, the executive vice president of the Chamber, which has filed a comment to the MMS on its plans to expand oil and gas exploration on federal lands.

The Chamber already spends 60 percent of its efforts on the regulatory agencies, estimates William Kovacs, who heads up lobbying on environmental, energy and other issues at the association. "The real work is done by the regulatory agencies," he says, noting that some 192,000 regulations are overseen by the executive branch.

Several business lobbyists denied they would change tack to navigate a more hostile environment in Washington, insisting their agenda does not shift with the political winds.

"The good news for us is that we don't have to change the game plan. We don't lick our finger and stick it up in the air and see what our policy will be," said Charles Drevna, a lobbyist at the National Petrochemical & Refiners Association.

Many are pinning their hopes on the Democratic leadership working across the aisle to achieve legislative accomplishments.

"Those that govern most successfully govern from the center," said Jay Timmons, NAM's senior vice president for government relations.

"Of course, we would have the backstop of the legislative branch," he added.

Military Seeks Oil Savings (WSJ)

By Masood Farivar

The Wall Street Journal, January 9, 2007

Rising Demand, Supply Risks Spur Conservation Move

Recent energy-market disruptions have added urgency to the U.S. military's efforts to curb its use of oil and other fuels. But the effort faces considerable obstacles, including the difficulty in figuring out how much it spends on energy to begin with.

In the year ended Sept. 30, the Defense Department spent, by its estimate, $13 billion on fuel amounting to 134 million barrels of oil for the year, up from 107 million barrels of oil in 2000. The wars in Afghanistan and Iraq led to a surge in fuel use in that period, according to the Defense Energy Support Center, a government agency that buys fuel from private-sector companies and supplies it to the armed forces.

The most recent figure is more than the entire nation of Sweden consumed in 2005. (Still, it adds up to less than 2% of daily U.S. consumption.)

As energy prices have surged and volatility has increased in important oil-producing regions, the military is redoubling efforts to rein in consumption through conservation, increased fuel-efficiency measures and greater use of alternative energy. The effort picked up in earnest following the 2005 Atlantic Ocean hurricanes, which devastated the Gulf Coast, lifted prices to records and highlighted the vulnerability of supplies.

"Katrina was a wake-up call," says Michael Aimone, assistant deputy chief of staff of the Air Force who oversees the force's energy-conservation efforts.

The Pentagon is planning to spend more than $2 billion in the next five years on energy initiatives, which could help spur development of energy sources for use in other sectors. "The contribution [the military's efforts] will make will be in leadership rather than actual conservation," said Rep. Roscoe Bartlett, a Maryland Republican, who last year formed a bipartisan panel called the Defense Energy Working Group to study the issue.

James Woolsey, a former Central Intelligence Agency director who heads the policy panel of one of two Pentagon energy task forces, said the drive to curb energy use is being fueled less by high prices than an increasing awareness about the "vulnerability and insecurity of supplies" world-wide.

The effect of the Pentagon's interest in conservation and alternative energy can be seen from military bases and hangers to the battlefields of Iraq and Afghanistan. In late July, Marine Corps Maj. Gen. Richard Zilmer, commander of U.S. forces in

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Iraq's insurgent al-Anbar province, asked for a shipment of mobile solar panels and wind turbines to supplement gas-guzzling generators at bases under his command.

Cutting "the military's dependence on fuel for power generation could reduce the number of road-bound convoys" and U.S. casualties resulting from insurgent attacks on U.S. supply convoys, Gen. Zilmer wrote in a memo. The Army's Rapid Equipping Force, the unit responsible for processing such requests, has contracted SkyBuilt Power of Arlington, Va., to build four hybrid power stations for delivery this spring.

So far, the impact of the military's efforts has been modest. In the past 20 years, it has cut energy use at facilities 28%. Still, oil accounts for roughly 75% of total energy use. The military's focus has been on saving power -- also a laudable goal, critics say, but not an answer to dependence on oil.

Also, it isn't clear how much energy the military consumes and how much it pays. The 134 million-barrel figure for fuel use is the government's official estimate, as is the dollar amount. Some inside and outside the military think actual consumption is higher partly because the figure doesn't include a lot of unpaid oil and oil contracted to U.S. bases.

"I've looked at all the information that is publicly available and I haven't seen any single number," said Sohbet Karbuz, a former official at the International Energy Agency, the industrialized world's energy watchdog, and an expert on military energy use. "We don't know where much of the oil comes from and how much it exactly costs. If you don't know the number how do you calculate fuel efficiency?"

According to Mr. Karbuz, the wars in Afghanistan and Iraq have increased military fuel use by as much as 56,000 barrels a day. In addition, the military's improved ability to deploy troops to battlefields comes at the cost of increased fuel use: today, more than half of the fuel consumed in combat theaters is used not by front-line soldiers but by supply convoys of the type that worried Gen. Zilmer. Mr. Karbuz estimates the military uses fuel at twice the rate it did in the first Persian Gulf War and four times the rate it did in the Second World War.

The Air Force, which accounts for 53% of military fuel use, has stepped up use of biodiesel fuel -- where vegetable oils are substituted for petroleum -- at bases in the U.S. In December it conducted a test flight of its B-52 strategic bomber using a blend of synthetic fuel and jet fuel on all eight engines and is planning further test flights this year. At a cost of $23 per gallon compared with $2 to $3 per gallon for jet fuel, however, that option isn't considered viable. The B-52 uses 48,000 gallons of fuel in a single mission.

The Air Force also has adopted measures from commercial airliners to save fuel on its three most fuel-guzzling aircraft. It better plans the amount of fuel onboard to reduce weight, gets overflight clearance from foreign governments to avoid circuitous routes, and more efficiently schedules midair refueling missions.

Mr. Aimone of the Air Force says that the service wants to promote a "culture of conservation" and hopes to build on its success on the facilities side to improve fuel efficiency in operations. He says the Air Force's goal is to reduce fuel use by 10% over the next five years, though "it is too soon to tell" the impact of current efforts.

Other services are exploring similar long-term projects designed to reduce the military's dependence on oil. The Army is studying designs to replace the Humvee with 30% to 40% lighter, more fuel-efficient models. The Navy is studying alternate propulsion systems as well as proposals for an all-nuclear Navy.

Today, almost 9% of the electricity used by military facilities comes from renewable energy sources, and the Pentagon plans to raise that to 25% by 2025. The Air Force has installed modern lighting and replaced Second World War-era buildings with better-insulated structures. Four Air Force bases rely entirely on renewable energy for power, while several others use a combination of solar, wind and land gas production for power.

Similar efforts have been under way at other services, with the Navy installing wind turbines at several overseas bases, including four at Guantanamo Bay in 2005 to supply as much as 25% of the base's electricity needs and cut diesel use by more than 600,000 gallons a year. The Army is developing similar systems for bases in Iraq and Afghanistan.

Critics say these efforts aren't enough. The military has long taken access to fuel for granted, but in a world of dwindling and endangered supplies, "I don't think politically it is possible for the military to stay ahead of the line," said Byron King, a former Navy pilot and geologist who writes frequently on the subject.

Write to Masood Farivar at masood.farivar@dowjones.com1

White House Honors Cultural Institutions (AP)

By Natasha T. Metzler

AP, January 9, 2007

The White House honored six cultural institutions Monday for their creativity and public service in what first lady Laura Bush described as one of her favorite events.

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Mrs. Bush and Anne-Imelda Radice, director of the federal Institute of Museum and Library Services, recognized innovative outreach programs at three public libraries, a museum, a zoo and an aquarium.

"At every library and museum across our country we feel at home, thanks to the librarians and the curators who are eager to serve their communities," Mrs. Bush said, later adding "your reach is so much farther than you'll ever, ever know."

Radice thanked the first lady for her commitment to libraries and museums and said her work is "more than symbolic, or merely ceremonial."

"Whether it's a train conductor hauling art masterpieces across the United States, the zookeeper introducing children to a red-foot tortoise, or that friendly librarian asking, 'may I help you?' the people behind each of today's winning institutions have made their organizations indispensable to the communities they serve," the first lady said.

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 9, 2007

Ford postmark

Hats off to Rep. Mark Udall, Colorado Democrat, for beating to the punch congressmen from Michigan, Virginiaand California -- all states where Gerald R. Ford lived during his illustrious career -- by introducing legislation to name the post office in Vail after the 38th president.

"I believe this legislation is appropriate as another means of honoring the legacy of President Ford, in large part because of his special connection to Colorado and the Vail Valley," Mr. Udall says.

Mr. Ford and his family first visited Vail in 1968 to ski and celebrate Christmas. They later bought a home there, dubbed the "Western White House" after he became president.

Utmost sacrifice

We'd written recently about the confusion surrounding two congressmen now serving on Capitol Hill named "Mike Rogers." Both are Republicans to boot.

Rep. Mike D. Rogers represents Alabama, whereas Rep. Mike Rogers hails from Michigan.

Now we learn that the latter Mr. Rogers was absent from the formal swearing-in ceremony in the House last week. What could have been more important?

"I was unavoidably detained," he later explained to the speaker, "while paying my respects to a fallen soldier from my district at his funeral in Arlington National Cemetery."

Mr. Rogers took his oath upon his return to the U.S. Capitol.

Safe 'bunt'

They own the majority in the 110th Congress, but already Democrats and their leader, House Speaker Nancy Pelosi, have gone on the defensive with an unprecedented threat to block any proposal by President Bush to send additional U.S. troops to Iraq.

Not that Republican Rep. Jack Kingston of Georgia was impressed with their agenda.

"The Democrats were getting a lot of good credit for what I would say is kind of a 'golden oldies' agenda, bringing out no original ideas: minimum wage, stem cells and student loans," he opined during recent floor debate.

"And I understand those are safe things. But it is kind of like starting out the World Series by bunting instead of trying to get on base with real serious hits. The reason why I submit that criticism is there is nothing in your agenda about immigration reform, Social Security reform, Medicare reform, the heavy-lifting ideas of entitlement."

... Quidditch, by golly

For several years, Inside the Beltway has observed the mysterious bike-riding habits of President Bush.

Members of the White House press corps, who regularly accompany the president deep into the woods of suburban Maryland or else onto the dusty terrain of his Texas ranch, seldom if ever actually see Mr. Bush atop a bicycle.

The big question is why? Could something secretive or covert be taking place that doesn't involve two wheels?

For instance, did Mr. Bush in 2004 really fall off of a bicycle and cut his chin, upper lip, nose, both knees and right hand (when his Democratic opponent, Sen. John Kerry, inquired: "Did the training wheels fall off?"), or did something more unusual cause his injuries?

Was the president actually "enjoying" a bike ride so much during a major terrorist scare in Washington that the Secret Service, or so we were told, didn't bother to tell him that his own wife, Laura, and Vice President Dick Cheney had been rushed into a secure bunker?

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And how about the Sunday morning not long ago when Mr. Bush's church attire was unusually "bulky"? Immediately after the sermon, the president in the space of seconds had shed his suit of clothes and appeared in a brightly colored outfit that the White House insisted was "bike-riding gear."

'I've never seen a man who hasn't been drinking get out of a suit faster," noted Julie Mason of the Houston Chronicle.

Now, we learn of yet another bizarre twist involving a presidential biking trek this past weekend. Mr. Bush had been participating in an "extended" intelligence briefing in the Oval Office with his national security team, when suddenly a half-dozen young men and women showed up dressed in the same colorful gear worn by Mr. Bush.

The entire group, including the president, immediately climbed into several heavily protected vehicles and sped off. But wait, there's more, discovered in the official White House pool report:

"Four of them carried rakes and brooms along with their riding gear; why they had the rakes and brooms with them was unclear."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 9, 2007

Your Questions Answered About Gilbert Arenas's 25th Birthday Party

So Gilbert Arenas celebrated his 25th birthday with approximately 7,500 of his closest friends at Love nightclub. Why?

Good question. The offbeat Wizards star has never been a big partyer. Yet in this season of his breakout success on the court, Arenas has expressed some hunger to emerge as a crossover superstar whose name extends beyond D.C. and the NBA. On his blog he describes his plan for "The Takeover": "This is the time where, you know, me as a person is gonna get bigger."

How did Gil make his entrance?

Around 12:30 a.m., he drove his Lamborghini convertible into the concert tent and right up to the stage.

Who was there?

In addition to host Diddy and performers Busta Rhymes, Lil Wayne, The Game and T.I. (who tried his hand at bartending in the VIP lounge), guests included rappers Doug E. Fresh and Fabolous (who Saturday dropped by Legal Seafoods with a bodyguard and six pals), Redskins Jason Campbell and Clinton Portis, the Eagles' Donovan McNabb, the Caps' Alexander Ovechkin, starlet Megan Good, go-go star/actor Big G, and scads of Wizards (Etan Thomas, Antawn Jamison, Jarvis Hayes and Caron Butler sporting a black beanie).

We saw the pics of the Arenas Express card in Jamie Foxx's name. Was he there?

No.

Who most rocked the house?

Experts agree that T.I. tore the place up. Though the crowd also went nuts for Lil Wayne's "The Block Is Hot."

How much did the reserved tables cost?

Most were about $4,000, though tables near T.I. fetched as much as $16K.

OMG!!! Were those painted naked ladies really naked? We're told they may have been wearing some kind of body stocking. But they sure looked naked.

How late did Gilbert stay?

Until the end, which was sometime after 4 a.m. If you didn't get much face time with the birthday boy, it's probably because he was hanging out in the fourth-floor VIP lounge.A Chance to Be in Good Standing With the Mayor

Okay, maybe new D.C. Mayor Adrian Fenty deserved a standing ovation -- but not for four hours!

Inaugural balls are notoriously bad parties, and Saturday's bash for Fenty was plagued by rookie mistakes that took the fest out of the festivities. The line snaked around the block as party guests (more than 15,000 tickets were distributed for the free celebration) spent an hour or more waiting to get through the security checkpoints. Once inside the Washington Convention Center, they discovered that all the tables and chairs had been snapped up five minutes after the party started at 7 p.m. "Black tie optional" meant that all those strappy high heels had no place to rest, leaving plenty of folks plenty sore. (And let's not even talk about the cash bar.)

"We had approximately 1,500 chairs," said Fenty spokeswoman Mafara Hobson. "The thought process behind that was more chairs would mean less room for people. The whole point is that this was an event for the whole city." The ballroom, she said, was designed with exhibits and cocktail tables to "encourage mingling."

But the largest mayoral ball in D.C. history ended up being another crowded, not-that-much-fun, over-hyped letdown. If we've told you once, we've told you a thousand times: If you insist on going to an inaugural ball, wear sneakers.

HEY, ISN'T THAT . . . ?

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? Jenna and Barbara Bush on the town! After months on the road, the first daughters made a rare joint appearance in D.C. this weekend: Barbara at Smith Point Friday night with several pals from New York, and both twins at Town Hall on Saturday night with a well-heeled entourage -- crushed-velvet sport coats for the men, trendy leggings, silk dresses and platform heels for the women. Both daughters spent the Christmas holidays with the first family; alas, Barbara is headed back to New York and her job at the Cooper-Hewitt museum; Jenna is returning to her UNICEF gig in Central America.

? Michael Hayden at the International Spy Museum Saturday afternoon. The CIA director, dressed in navy corduroy pants and a light blue long-sleeved polo shirt, toured the museum with a dozen family members and friends.

? Cedric the Entertainer at the Chi Cha Lounge Friday night. The comedian and three friends arrived in a white stretch, and he turned over both his ID and hat (club policy) to the doorman who didn't recognize him. Trust us -- he's over 21!LOVE, ETC.

? Dating: Jason Campbell and Mercedes Lindsay. The Redskins quarterback and the newly crowned Miss District of Columbia USA 2007 were one of the cutest couples at the mayor's inaugural bash. That's one completed pass in the off-season.

* * *

"Shiloh seemed so privileged from the moment she was born. I have less inclination to feel for her. . . . I have to make sure I don't ignore her needs, just because I think the others are more vulnerable."

PIN Money (WSJ)

By Robert C. Pozen

The Wall Street Journal, January 9, 2007

Democrats have consistently refused to discuss any Social Security reform requiring a carve-out account: where workers can invest a portion of the 12.4% of their payroll taxes. Recently, Treasury Secretary Hank Paulson has shown a readiness to explore bipartisan approaches to Social Security reform without any prerequisites. A bipartisan plan for reform can be built on a modified version of progressive indexing, without carve-out accounts in Social Security but with enhancements of existing retirement accounts.

Progressive indexing (PIN) preserves the current schedule of Social Security benefits for the lowest 30% of wage earners, as well as for already retired-workers and those who will retire before 2012. By contrast, PIN slows the growth of initial Social Security benefits for the top wage earners to the annual increase in consumer prices (price indexing), as opposed to the annual increase in wages (wage indexing). For all those workers in between, PIN provides for lower benefits than the current schedule, but benefits that grow faster than increases in consumer prices through a blend of price and wage indexing. In total, PIN reduces the present value of the 75-year deficit of Social Security by 70%, close to $4 trillion to approximately $1.2 trillion.

A progressive approach to Social Security is justified because federal taxes forgone from 401(k)s and IRAs exceed $50 billion per year -- which primarily benefit high and middle earners. Yet PIN should be modified to deal with four major criticisms. First, because Social Security benefits are growing faster for lower-wage workers than middle- and higher-wage workers, the benefits for all workers would become roughly the same at some date in the next century. This criticism can easily be rebutted by stopping PIN after 75 years, when there will still be substantial benefit differences between wage groups.

Second, while wages have historically grown over 1% faster per year than prices, critics have pointed out this relationship could possibly reverse at some point over the next 75 years. In this unlikely event, the initial Social Security benefits for high earners would grow faster than those of low earners under PIN as originally designed. To avoid this anomaly, initial Social Security benefits should be indexed to wage growth for all workers if, during the 30 years prior to their retirement, prices rose faster than wages.

Third, the original form of PIN did not address the complex issues involved with Social Security benefits for the disabled. Additional savings to hold harmless the disabled could be generated by combining PIN with longevity indexing after 2027. Under longevity indexing, the benefit schedule at normal retirement age (NRA) would be adjusted to keep constant (relative to the average wage level) the estimated lifetime benefits from Social Security in response to increasing life expectancy -- without changing the NRA itself. For example, if life expectancy rises to 88 from 87 between 2027 and 2039, the benefit schedule for Social Security under longevity indexing would be the same (in wage-indexed dollars) for a worker retiring at age 68 in 2039, as for someone retiring at age 67 in 2027 (with the same average career earning). This combination would generate enough savings not only to preserve current Social Security benefits for the disabled, but also to improve the benefit schedule for median wage workers under PIN -- thus, dealing with the fourth major criticism of PIN.

Since a combination of PIN and longevity indexing would not include a carve-out account, this would present a political challenge to Republicans. One response could be an expansion of other types of private accounts for retirement. Most workers earning more than $120,000 per year do not meet the eligibility requirements for the Roth Individual Retirement Account (IRA) -- which allows investment earnings from after-tax contributions to be excluded permanently from federal income taxes. If all

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income limits were taken off the Roth IRA, higher wage workers would be eligible for its tax advantages. This would promote retirement savings by these higher earners, whose Social Security benefits would be growing at the slowest rate under PIN.

Congress could also expand the existing savers credit for retirement plan contributions by low-income households. That nonrefundable credit is limited to joint filers with adjusted gross annual income of $50,000 or less. However, the credit is poorly designed because most families below that income level do not pay income taxes. Congress could make the credit partially refundable to help those low-wage workers whose Social Security benefits will grow a little slower under PIN -- between $35,000 and $50,000 in annual earnings.

Some Democrats would support the combination of PIN and longevity indexing because it substantially improves the solvency and fairness of Social Security without raising taxes. Nevertheless, other Democrats may object to this combination because it relies too heavily on benefit changes rather than revenue increases. Although President Bush has rejected any increase in the 12.4% rate for the Social Security tax, he has reserved judgment on increasing the maximum wages (not income) subject to Social Security taxes. In 2012, when most Social Security reforms start to be implemented, this maximum would be approximately $113,000 per year. For these reasons, some commentators have proposed raising the maximum wage base subject to the Social Security tax to $150,000 or $170,000 per year. However, this would be an unfair and huge tax increase for those with annual earnings in the $170,000 range. They would be subject to an additional 12.4% tax on all or almost all of the earnings; by contrast, those earning $2 million or more annually would be subject to the 12.4% tax on a tenth or less of their earnings.

A better approach would be a 2% surcharge, 1% from the employee and 1% from the employer, on all earnings above the maximum wage base (like the Medicare tax). In 2012, for example, that would mean 12.4% on the first $113,000 in earnings and 2% on all earnings above that amount. Such a 2% surcharge would close approximately 18% of the current long-term deficit of Social Security if no incremental benefits were associated with the surtax. The revenues from the surcharge could be applied to improve the benefit schedule for median-wage workers under PIN. However, a 2% surcharge on high-wage workers without any incremental benefits would violate the fundamental principle of Social Security as a social insurance program. In the long run, this could undermine political support among high earners for the program -- a major concern among Democrats. One alternative would be to provide a modest stream of benefits for every $1,000 in surcharge paid by the employee. But even a modest stream will result in a very large and unseemly annual benefit from Social Security for multimillionaires.

A better alternative would be to devote the 1% from the employer to restore the solvency of Social Security and to allow all of the 1% from the employee to be contributed to a Roth IRA (or half of the 1% over $1 million per year). This alternative would link the surcharge to additional retirement benefits and permit a further improvement in PIN's benefit schedule for median workers. It would also make the surcharge more palatable to Republicans.

In short, there are a number of workable plans to reform Social Security with enhanced retirement accounts if both political parties are willing to compromise.

Common Sense On The Census (NYT)

The New York Times, January 9, 2007

Last November, the director of the Census Bureau, C. Louis Kincannon, and the deputy director, Hermann Habermann, abruptly decided to quit, acknowledging tensions with their bosses in the Bush administration but giving no other details. Both men are statisticians who had served in their positions since 2002 and, before that, had decades of experience as civil servants.

The leadership problems — on top of severe budget cuts — threaten to throw the preparations for the 2010 census into disarray. At stake is the accuracy of the next count and, with it, the legitimacy of important decisions that are rooted in the census, including the drawing of electoral districts and the allocation of government resources.

Various steps must be taken now to ensure an accurate count, starting with an investigation by the committees that oversee the bureau — Oversight and Government Reform in the House, and Homeland Security and Governmental Affairs in the Senate — into why the men quit. This will clear up a distracting mystery and is necessary to ensure that the new directors do not confront the same obstacles.

Equally important, the appropriations committees in the House and Senate must quickly act to restore the roughly $50 million cut by the previous Congress from President Bush's 2007 budget request for the bureau. Otherwise, the agency may have to forgo using hand-held computers for the next census, relying instead on paper and pencil, which is less accurate and would probably be more expensive in the long run because of its inefficiency.

An alternative and equally unacceptable way to cut costs would be to delay the economic census, which is currently conducted every five years and which serves as the benchmark for dozens of other government surveys, including reports on inflation, construction activity and retail sales.

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Carlos Gutierrez, the secretary of commerce, should be pounding the tables in Congress to get this money; failure to do so would suggest that the administration is trying to undermine the census. For his part, Mr. Bush must swiftly nominate a new director — a nonpartisan, professional statistician with solid management experience.

Mr. Kincannon has graciously agreed to remain until his replacement is confirmed, but moving forward requires a new director. For the deputy director position, administration officials must resist any temptation to make a political appointment and should choose instead a top-notch statistician from the bureau's career ranks.

OTHER NEWS:

Health-care Spending Rose At Twice The Rate Of Inflation In '05 (USAT)

By Julie Appleby

USA Today, January 9, 2007

Spending on health care rose at twice the rate of general inflation in 2005, with consumers facing increased deductibles and co-pays finding themselves spending more of their own money, government researchers said in a report out Tuesday.

Spending went up 6.9%, with the total amount spent by individuals, insurers and the government on health care hitting almost $2 trillion, or $6,697 per person. That's the slowest rate since 1999, when spending rose 6.2%.

Hospital spending continued to be a main factor in spending growth, growing at nearly 8%, with increases in both in-hospital care and out-patient services.

A slower rate of growth in spending was attributed to a drop in spending on prescription drugs, mainly from a growing use of lower-cost generics and the safety-related withdrawal from the market of some expensive pain relievers such as Vioxx, government economists say in their annual report, published Tuesday in the journal Health Affairs.

"This might be an encouraging sign for the individuals, businesses and governments that finance health care; however, it is unclear whether this … is temporary or indicative of a long-term trend," says the report by the Centers for Medicare and Medicaid Services, Office of the Actuary.

Economist Paul Ginsburg of the Center for Studying Health System Change, who did not work on the report, says the growing economy could lead to higher spending in the coming years.

"We have a strong growth in jobs and sharp pay increases," says Ginsburg. "These are the conditions that will lead to a cyclically higher rate of spending, say in '08 or '09."

Health insurance premium rates went up by 6.6% in 2005, continuing a moderating trend seen in the past couple of years and well below the double-digit increases seen in the late 1990s and early 2000s.

Employers continued to shift some of those costs to workers by adding deductibles, co-payments or eliminating coverage for specific treatments or certain drugs.

Those moves helped push so-called out of pocket spending up, by 5.8%, an increase over the 5% reported in 2004. At the same time, increases in overall premiums outpaced that growth, the report says, meaning out of pocket costs for workers as a share of total spending fell.

The report also found:

· Spending on prescription drugs increased 5.8%, to $200.7 billion, well down from the peak increase of 18.2% noted in 1999. Reasons included slower growth in spending by state Medicaid programs, which had instituted cost-control programs, and increased use of generic drugs and the withdrawal of Vioxx and Bextra over safety concerns.

· Overall drug prices rose by 3.5%, about the same rate as in 2004, although brand-name drugs prices rose 6%.

·Hospital spending continued as the largest piece of the health spending pie, accounting for 31% of all money spent on medical care. Spending on hospital rose nearly 8%,

Healthcare Spending Eases Off (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, January 9, 2007

WASHINGTON — Government figures released today show that Americans may be getting a respite from the torrid pace of increases in healthcare spending, but experts cautioned that it was too soon for a national sigh of relief.

The data show that in 2005, spending on healthcare grew 6.9%. That was the smallest rate of increase since 1999, and marked the third straight year in which the pace had moderated. In 2004, for example, spending grew by 7.2%. Because of the time required to collect and analyze data, the 2005 numbers are the latest to be released.

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Although the rate of increase declined, healthcare spending in 2005 still grew faster than wages, inflation and the economy as a whole. And with employers continuing to shift more of the cost of job-based medical insurance to workers, the pressure on individuals and families remained high.

"It would be a disaster if people thought these [spending] numbers mean the crisis is over," said Henry Simmons, president of the National Coalition on Health Care, which advocates for covering the uninsured. "Even if costs are only going up at 6.9%, that is still two or three times the rate of growth in take-home pay. It is still unsustainable."

Said economist Joseph Minarik, "I suspect that what we're seeing is something like we observed in the early 1990s, that as costs go up some resistance is being thrown in their path. But the resistance is not a fundamental change, and the fundamentals in the system will continue to push costs higher."

Minarik is a senior vice president of the Committee for Economic Development, a group of chief executives that tries to influence public policy on major issues.

Nationwide, health spending reached nearly $2 trillion, accounting for 16% of all economic activity and averaging $6,697 for every man, woman and child, according to the figures released by the Department of Health and Human Services and published in the journal Health Affairs.

A slowdown in spending on prescription drugs was the main reason for the improvement in 2005, the government report found. Analysts credited a continuing shift to generic medications, as well as aggressive cost-control efforts by state Medicaid programs. The report did not factor in the new Medicare prescription benefit, not yet in effect in 2005.

Government experts also found another glimmer of hope in an arcane but important statistic that measures the amount of spending on the sickest people. Traditionally 5% of patients — the most frail — have accounted for more than half of all spending in any given year.

But in 2003, the share of spending on these very ill patients dipped to 49%, suggesting that doctors are reducing costly hospitalizations through better management of chronic diseases such as diabetes.

"It's nice that overall health costs have slowed down a little," said Richard Foster, Medicare's chief number cruncher. "It's nice that the economy is doing well. It's a happy occurrence. [But] it's not something we can expect to happen all the time."

The release of the numbers, an annual snapshot of the healthcare system, coincides with Gov. Arnold Schwarzenegger's call for broad healthcare reforms in California. He is the second GOP governor to engage in a major effort to cover the uninsured and rein in costs. Last year, then-Massachusetts Gov. Mitt Romney pushed a plan through in his state that requires all residents to get coverage.

Nationally, the number of uninsured stands at about 47 million, as government programs have failed to keep up with the continued erosion of employer-sponsored coverage. The share of employees covered on the job fell from 81% in 2001 to 77% in 2005.

The federal cost report also came on the heels of a study that found the United States spends far more on healthcare than some of its closest economic competitors in the global marketplace. The U.S. spent more than 2 1/2 times as much as Japan per person, and a little less than twice as much as Germany. Both those countries cover all residents. The analysis, for the Kaiser Family Foundation, used data from 2003, but experts said the pattern has not changed.

"The Europeans are worried that with their current rate of growth, they are going to be spending 12% of their gross domestic product on healthcare, but for us 12% would be a miracle," said researcher Gary Claxton, author of the Kaiser study. Higher healthcare costs translate into higher prices for some U.S. goods and services, making them less competitive both at home and abroad.

Health Care Spending Up 6.9 Pct. In '05 (NYT/AP)

By The Associated Press

The New York Times, January 9, 2007

WASHINGTON (AP) -- Health care spending grew in 2005 at the slowest pace in six years thanks in part to a greater reliance on generic drugs.

Health spending went up 6.9 percent in 2005, approaching $2 trillion. That represents about $1 out of every $6 spent in the U.S., compared with about $1 out of every $10 in the early 1980s.

Private and public payers for health care, such as insurers, states and the federal government, have said such a spending pattern cannot be sustained without harming the economy. Some of the tools they've put in place to slow health care spending appear to have had an impact.

The slower growth in 2005 is good news for consumers and taxpayers, but economists aren't confident that the trend will last.

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Richard Foster, the chief actuary for the Centers for Medicare and Medicaid Services, said there is a growing demand for expensive lifesaving equipment and procedures.

"We don't see much that is going to change that for a long time to come," Foster said.

The data on health care spending was compiled by the Centers for Medicare and Medicaid Services. The complete study was published in the journal Health Affairs.

Officials said prescription drugs played the most important factor in slowing health-care spending in 2005. The growth in spending on medicine was lower than overall spending on health care for the first time since the early '90s.

In the past five years, insurers have sought to slow drug spending by giving customers an incentive to buy generics or low-cost brand name drugs. For example, they require customers to pay only a nominal fee for certain medicines, say $3. However, for medicines they'd rather the customer not take, they'll require the customer to pick up a much larger share of the drug's costs, say 20 percent. The use of such tiering has become standard practice by insurers.

States also took steps to rein in costs. They pooled together to negotiate lower prices for the medicine they provide the poor and elderly in Medicaid. They also encouraged the use of generics. As a result, drug spending by states went from an 11.6 percent increase in 2004 to just 2.8 percent in 2005.

The slower growth in drug spending in 2005 had nothing to do with the new Medicare benefit, which did not go into effect until 2006. However, the slower growth in drug spending should help lower the cost of the program, which was implemented using the higher projections for the coming decade.

Meanwhile, the growth in spending on hospital care was comparable in 2005 to previous years -- about 7.9 percent. The growth rate is greatly influenced by labor costs. During the past five years, the pay and benefits provided hospital workers increased 8.2 percent annually, which is about the same as the increase in overall hospital spending.

"This continued increase in labor costs was driven in part by a sustained shortage of hospital workers," said government economists who wrote about the spending patterns in a health journal article released Tuesday.

Among other health care providers, spending on nursing home care went up 6 percent. Spending on care provided at physician offices and clinics went up 7 percent.

Officials also noted that spending on health care is concentrated. About 2 percent of U.S. consumers account for about a third of expenditures.

The economists said that health-care spending often increases at a much faster rate than the overall economy during recessions and in the years immediately following. The trend in 2005 was consistent with past post-recession periods.

Growth In U.S. Health-Care Spending Slows Again (WSJ)

By Jane Zhang

Wall Street Journal, January 9, 2007

WASHINGTON -- Growth in U.S. health-care spending slowed in 2005 for the third consecutive year, reflecting a sharp slowdown in the rise of prescription-drug spending, the federal government reported.

The study, considered the most comprehensive tally of the nation's annual health spending, found that the U.S. spent $1.988 trillion, or $6,697 per person, on health care in 2005, the latest year for which data are available. That was a rise of 6.9%, down from 7.2% in 2004 and the lowest growth rate since 1999.

It isn't clear whether the deceleration in health-care spending is temporary or part of a longer-term trend, said economist Aaron Catlin, who wrote the report with colleagues at the Centers for Medicare and Medicaid Services. The study is being published today in the journal Health Affairs.

The authors note that health-care spending will be dictated by factors such as the aging of the population, the development of new technology and utilization patterns by patients and doctors.

The rise in health-care spending was barely faster than the growth in the overall economy. As a result, health-care spending edged up to 16% of the gross domestic product from 15.9% the year before. Federal and state governments footed 40% -- or $736.3 billion -- of the bill for health services and supplies. This public-sector spending rose 7.8% in 2005, compared with growth of 7% for businesses and 6.2% for households.

"Health-care costs continued to grow faster than the underlying rate of inflation, faster than the rest of the economy and faster than the growth in average wages," said Jack Ebeler, a health-care consultant in Washington. While some critics say that government spending on Medicare and Medicaid is driving up health costs, the trend, he said, "is a health-care cost issue generally for the nation, not just a public-spending issue."

Still, the slowdown in prescription-drug spending has been notable; it increased 5.8% in 2005, down from 8.6% in 2004 and a peak of 18.2% in 1999, the report said. The drop was partly caused by a sharp deceleration in drug expenditures by Medicaid, the state-federal program for the poor. Drug spending by Medicaid rose 2.8% in 2005, compared with average annual increases

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of 15.4% for the program from 1994 to 2004. To restrain costs, states have worked together to get higher rebates on certain drugs and steered recipients to use those drugs. Medicaid also pushed for the use of less expensive generic drugs.

Meanwhile, the study noted, private insurers also promoted generics by setting up tiered benefit plans, which require higher co-payments for brand-name drugs. In addition, companies were slower in introducing new drugs, which tend to be more expensive. Also, the withdrawal of the big-selling painkiller Vioxx also damped spending, the report said. The study added that strong growth in mail-order drugs -- often in larger, cheaper supplies -- also helped slow increases in drug spending. Drug makers increased prices for brand-name prescription medicines an average of 6% in 2005, the authors said.

The study doesn't include data on the effect of the Medicare drug benefit, which was implemented in January 2006. Since then, Medicare -- not Medicaid -- has started paying for the drug costs of low-income enrollees who are eligible for both programs. The government will likely release new data on the issue next month. A Health Affairs study published last year predicted that the new drug benefit would produce "a dramatic shift in spending across payers" but have "little net effect on aggregate spending growth."

While the growth for prescription-drug spending slowed, spending for other sectors, such as hospital and physician and clinical services grew at rates similar to those of 2004, the authors said. Hospitals accounted for 31% of all dollars spent on health care.

Despite the slowdown in health-care spending, the study said, the percentage of personal income going for health care is rising. Out-of-pocket spending for health care grew to $249.4 billion in 2005, compared with $235.8 billion in 2004. One in five out-of-pocket dollars went to pay for prescription drugs.

Personal spending on prescription drugs also contributed to another trend: from 1996 to 2003, health-care costs became more evenly distributed throughout the population, according to a separate study published in Health Affairs. The study, by economists at the federal Agency for Healthcare Research and Quality said outlays by the top 5% of spenders dropped to 49% of all health-care spending in 2003 from 56% in 1996. Almost all the top 1% of spenders were patients who ran up big hospital bills after some type of catastrophic illness or injury. But in recent years, with more people buying prescription drugs, the health-care spending has become more evenly spread throughout the population.

"It's becoming less concentrated so care is shifting from very catastrophic to more preventive and maintenance treatment," said the lead author, Samuel Zuvekas.

Sweeping State Health Plan Governor's Proposal: Coverage For All Californians -- Everyone To Share Cost (SFC)

By Tom Chorneau, Chronicle Sacramento Bureau

San Francisco Chronicle, January 9, 2007

(01-09) 04:00 PST Sacramento -- Gov. Arnold Schwarzenegger proposed Monday extending medical insurance to all Californians, including illegal immigrants, with a far-reaching plan that would transform the health care market by spreading the $12 billion cost of universal coverage among employers, individuals, insurers, government and health care providers.

The proposal, which the governor called a model for bringing universal coverage to the nation, would deliver both pain and reward to the many powerful interests in the health care industry, giving the plan an uncertain future before the Legislature.

But Schwarzenegger said the problem of covering the state's million uninsured must be undertaken.

"We have more than 6.5 million people without insurance, nearly one-fifth of our population -- so the rest of us pay their bills," the governor said during a news conference in Sacramento through a satellite television link from his office in Los Angeles.

Schwarzenegger said his solution is to make sure everyone in the state has health insurance.

To get there, Schwarzenegger would require all Californians to have insurance and to take more responsibility for staying healthy.

He would require employers with more than 10 workers to provide insurance or pay into a fund that would purchase policies. He would require insurance carriers to accept all applicants regardless of their health, and he would limit insurers' profits.

Schwarzenegger's plan also would redirect billions of dollars now spent subsidizing the care of the uninsured at hospitals to a pool for purchasing policies for those without insurance.

And he would impose a tax on doctors and hospitals under the theory that once all Californians have insurance, medical businesses no longer would be burdened by the cost of the uninsured, and the higher rates that providers now charge insured patients could be used to help buy more insurance.

By getting all parts of the economy and the industry sharing in the solution, Schwarzenegger said, he believes the price of care will fall, benefiting all.

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"In each case where it appears to be we're taking something from someone -- if you do the math, everyone is left with a better deal here," he said.

But some skeptics pointed out that the plan's symmetry might also leave Schwarzenegger few proponents willing to fight alongside him.

"He's counting on a groundswell of public opinion," said Larry Gerston, a political scientist at San Jose State, noting a recent Field Poll that showed nearly 80 percent of California voters support expanding health care programs to cover the uninsured.

"My question is, what is the intensity of that belief?" he said. "How many people go to sleep at night thinking about this problem? I think the intensity is uneven and really only among those who are already not in the system."

Although complaints about the governor's plan were largely muted Monday, there were hints of the rhetoric that could be used in the coming political fight.

A "coverage dividend" was how Kim Belshe, the governor's Cabinet secretary for health care issues, described a 2 percent tax on doctors and a 4 percent tax on hospitals.

Dr. Anmol Singh Mahal, president of the California Medical Association, called it a tax.

"A tax on physicians is really a tax on those who are sick, because it is the sick who go see their doctors," he said.

Allan Zaremberg, president of the California Chamber of Commerce -- a group that is already on record opposing a mandate on employers to provide insurance -- said he is worried that business profits will not keep pace with health care costs.

Labor unions and consumer groups are opposed to Schwarzenegger's mandate on individuals to have insurance because there is nothing in the plan to make sure policies will be affordable.

Hospitals are concerned about losing subsidies for uncompensated care in a time when so many already are losing money.

"Part of the problem is that health care is one of the few places in our society where we haven't made the commitment to include everybody," said Anthony Wright, director of Health Access, a Sacramento consumer group.

"We don't have a fire system where the fire trucks don't go to certain houses on the block," said Wright. "We have a public education system where we say we're going to include all children. Yet the United States has never made the commitment to include everybody in health care, which creates further disfunction."

Assembly Speaker Fabian Núñez, D-Los Angeles, said one certainty is that whatever changes are made to the state's health care system, not everyone will be completely happy with the results.

"But I think the key here is to really do what's most effective," he said. "Do what is going to have the most positive impact on a progressive health care system for California and not do what is politically convenient because it's helpful to this or that group. As long as we do that, I think we'll end up in the right place."

Senate President Pro Tem Don Perata, D-Oakland, went even further, saying there is something in Schwarzenegger's plan "for everyone to hate." Perata said that is usually an indicator of being on the right track.

The governor's plan also contemplates extending coverage to undocumented immigrants -- something that has been criticized by Republican lawmakers whom Schwarzenegger might need to support any spending legislation.

"There is no debate about whether to provide medical care for people who are in California illegally," Schwarzenegger said. "I know this is controversial, but federal law requires us to treat anyone who shows up at an emergency room in need of care."

In addition to getting employers to provide private insurance, the governor also would expand the existing Medi-Cal and Healthy Families programs. The state will subsidize the estimated 1.2 million low-income people who do not currently qualify for coverage under Medi-Cal.

The governor's plan would also provide insurance for all children whose families earn less than $60,000 per year, regardless of their residency status.

Like other parties affected by Schwarzenegger's proposal, hospitals complimented the governor for his proposal but insisted it contain enough money for their emergency rooms.

"Even when coverage is broadly expanded, the reality is that many individuals will inevitably fall through the cracks," said Duane Dauner, California Hospital Association president. "The health care safety net must be funded in such a manner that persons served by safety-net hospitals continue to have access to the care they need."

Among the harsher critics of the governor's plan was the California Nurses Association, a political enemy of Schwarzenegger since he relaxed higher nurse-to-patient staffing requirements in hospitals, something the nurses had sought for more than decade.

"Little more than a fresh coat of paint on a collapsing house" and a "huge gift to the insurance industry" was the description of the plan by Deborah Burger, the president of the nurses association. "There are no limits on skyrocketing health premiums, no requirements on what will be included in the required plans."

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Small businesses are especially wary of the mandates on employers.

"I don't see anything about the cost containment," said Jot Condie, president of the California Restaurant Association, which helped defeat a ballot measure to require that employers provide insurance to their employees. "Our position is, fix the system first, then maybe you don't have to require employers to contribute 4 percent of payroll."

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Schwarzenegger Proposes Universal Health Coverage (WP)

By Sonya Geis And Christopher Lee

The Washington Post, January 9, 2007

LOS ANGELES, Jan. 8 -- Gov. Arnold Schwarzenegger (R) on Monday proposed a system of universal health insurance for Californians that would make the nation's most populous state the third to guarantee medical coverage for all its residents.

"Prices for health care and insurance are rising twice as fast as inflation, twice as fast as wages. That is a terrible drain on everyone, and it is a drain on our economy," Schwarzenegger said. "My solution is that everyone in California must have insurance. If you can't afford it, the state will help you buy it, but you must be insured."

Much of the opposition to Schwarzenegger's program, which requires legislative approval, is expected to come from his fellow Republicans, who object that the plan will be costly for small businesses. But the governor said California cannot afford not to do it. Nearly one in five California residents does not have health insurance -- a total of 6.5 million people, many of whom seek expensive care in emergency rooms.

Nationwide, the ranks of the uninsured are growing. Census figures show that a record 46.6 million Americans, including 8.3 million children, had no health insurance in 2005, up from 45.3 million in 2004. Among those who did have coverage, fewer were receiving it through their jobs as employers scaled back their health plans.

Analysts say the California proposal is illustrative of the resurgence of interest among politicians at all levels in expanding health coverage to the uninsured and that it provides fresh evidence that, with Congress stalled on enacting comprehensive health-care reform, the states are beginning to take matters into their own hands.

In the past year, Massachusetts and Vermont have passed laws requiring all their residents to obtain health insurance, with help from the state if necessary. Other states considering expanding coverage to reduce the number of uninsured include Washington, Montana, Rhode Island, Wisconsin and Illinois.

"Health care for the uninsured is back on the agenda," said Diane Rowland, executive vice president of the Kaiser Family Foundation, a nonprofit, nonpartisan organization that researches health-care issues. "The governors are trying to lead the way, but it's also going to take national action to try to address this problem."

Schwarzenegger's plan would require everyone living in California -- even illegal immigrants -- to have health insurance, at an estimated cost of $12 billion. Individuals who refuse to carry insurance could face reductions in their state income tax refunds or the garnishment of their wages. All businesses with 10 or more employees would have to offer coverage or pay a fee of 4 percent of their payroll into a fund to help the uninsured buy health insurance.

Schwarzenegger also recommended expanding the state's existing program for children's health insurance to families that earn less than three times the poverty level, or about $60,000 for a family of four.

The governor also wants to force insurers to offer coverage to people with existing medical conditions. Currently many insurers will not cover older people, those with major illnesses or even people with relatively minor complaints such as asthma or varicose veins.

Schwarzenegger also would require insurance providers to use 85 percent of their premium proceeds on patient care.

The state would increase reimbursements to doctors and hospitals by a total of $4 billion. Money for the program would come from new taxes on doctors (2 percent of their revenue) and hospitals (4 percent), federal funds, and county funds that now pay for emergency care for the uninsured.

In addition to objections from small business, Schwarzenegger is sure to face opposition to taxes on doctors and hospitals, additional regulation of insurance providers and the extension of coverage to illegal immigrants.

"Imposing a new jobs tax on employers of any size and expanding costly government mandates is the wrong approach, one which will devastate our economy," the Assembly's Republican leader, Mike Villines, said in a statement Monday.

But Schwarzenegger said that while the plan will cost money, it will pump funds back into the health system because of the expanded coverage. "Everyone ends up with a better deal," he said.

Calif. Gov Calls For Universal Coverage (AP)

By Laura Kurtzman

AP, January 9, 2007

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Gov. Arnold Schwarzenegger on Monday proposed to extend health coverage to nearly all of California's 6.5 million uninsured people, promising to spread the cost among businesses, individuals, hospitals, doctors, insurers and government.

The plan contains elements that are likely to provoke opposition from a wide range of powerful interests, including doctors, hospitals and insurers, as well as employers and unions. But it also contains incentives for each of them.

All children, regardless of their immigration status, would be covered through an expansion of the state and federal Healthy Families program.

"I don't think it is a question or a debate if they ought to be covered. ... The federal courts have made that decision — that no one can be turned away," Schwarzenegger said. "The question really isn't to treat them or not to treat them. The question really is how can you treat them in the most cost-effective way."

Under Schwarzenegger's plan, all Californians would be required to have insurance, although the poorest would be subsidized. Businesses with 10 or more employees would have to offer insurance to their workers or pay 4 percent of their payroll into a state fund. Smaller businesses would be exempt.

Also, insurers would no longer be allowed to deny coverage to people because of their medical problems.

Business groups and Republican legislators are likely to object to the extra costs imposed on businesses.

The state would subsidize the estimated 1.2 million poor people who do not currently qualify for state health coverage. They would be able to buy insurance through a state-run pool and would have to make a small contribution toward their premiums.

Schwarzenegger is betting that his plan will save $10 billion a year by cutting health care costs. He says the savings would offset the new fees he is asking doctors and hospitals to pay — 4 percent of revenue for hospitals and 2 percent for doctors.

The state also would increase what it pays doctors and hospitals through Medi-Cal, the state insurance plan for the poor.

The governor was supposed to give his address in person to a panel of health care officials. Instead, he spoke via video link since he is still recuperating from broken leg suffered in a skiing accident.

Gov. Seeks Sweeping Health System Reforms (LAT)

By Jordan Rau

The Los Angeles Times, January 9, 2007

SACRAMENTO — Gov. Arnold Schwarzenegger today proposed upending just about every portion of the healthcare industry in one of the country's most elaborate efforts at holding down medical costs and expanding insurance to those who don't have it.

Schwarzenegger's plan, which he publicly unveiled at noon, would require employers with 10 workers or more to buy insurance for their workers or pay a fee of 4% of their payroll into a program to help provide coverage for the uninsured.

Schwarzenegger would tax doctors 2% of their gross revenue and place a 4% tax on hospitals. He campaigned for reelection on an anti-tax platform, but his administration argues that so many more people would have insurance that medical providers would make more money.

The governor also wants to ban insurers from refusing to offer coverage to some individuals because of their prior medical conditions. Insurers would also have to spend at least 85% of their premium revenues on patient care, a move that would limit the amount companies spend on administrative costs and profits.

In an effort to cover all Californian children, including ones in the state illegally, Schwarzenegger's plan would expand the state's Healthy Families program, providing insurance to children whose parents make less than three times the poverty level. That works out to about $60,000 for a family of four.

And Schwarzenegger said his plan would require every Californian to have health insurance.

"If you can't afford it, the state will help you buy it," he said, "but you must be insured."

Schwarzenegger called the delivery and payment of healthcare in California "disastrous," noting that nearly 1 in 5 residents is uninsured.

"The problem with that is, of course, that the rest of the people who have insurance pay for them," said the governor. "Those that are fortunate enough to have coverage — we are paying a hidden tax."

Schwarzenegger spoke by satellite from Los Angeles. Doctors treating his broken leg have ordered him not to fly more than once a week. The governor will fly to Sacramento on Tuesday to deliver his annual State of the State address.

All of these ideas are sure to engender opposition from the healthcare industry and their allies in the Legislature, which must approve any plan before it becomes law.

Anticipating a hostile reaction to his plan from many quarters, Schwarzenegger said that although it appears that some people lose and others win under this proposal, in fact the whole system would benefit.

"Everyone has been left here with a better deal," he said.

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But Republican lawmakers and business groups have long argued against additional requirements on employers.

Two hours before Schwarzenegger unveiled his plan, Assembly Republican Leader Mike Villines (R-Clovis) joined with a trio of small business owners in a Thai restaurant a few blocks from the Capitol to announce that his caucus will resist any plan that places a mandate on employers. He called such mandates a "job tax," and stood at a podium alongside a large poster with those words circled and crossed through in red.

"If we put any form of mandate on a business, we are seeing a jobs tax," he said. "This isn't a philosophical discussion. This is a jobs discussion. This is the difference between employees having a job and a jobs tax that says no to that."

The governor's plan matches some elements of proposals put forth last month by the Legislature's top two Democrats. All plans build on an existing system, in which 71% of California employers offer workers health insurance.

All plans also include a "pay or play" element by which employers who don't offer health benefits must pay a fee to a state agency that would then negotiate with private insurers for worker coverage.

Last month, Senate President Pro Tem Don Perata (D-Oakland) proposed taxing workers and employers to cover an estimated 4.2 million of 6 million uninsured Californians, with a requirement that all employers — even those with a single employee — offer health insurance or pay the state a percentage of payroll. Perata would also require workers to prove when they pay taxes that they have health insurance.

The plan of Assembly Speaker Fabian Nunez (D-Los Angeles) would not force workers to show they have health insurance. He would exempt businesses with less than two workers, those with a payroll less than $100,000 and firms less than three years old.

This afternoon, Nunez called Schwarzenegger's plan "pretty much in sync with the proposal I laid out in December." He also called it "a good start."

Schwarzenegger agrees with Assembly Democrats, Nunez said, on many areas, including giving all California children health insurance, requiring insurers to accept all people regardless of their health status and requiring employers to either offer health benefits or help pay the cost of extending it to their workers.

"When it's all said and done, employers in California will pay a portion of their payroll deductions toward the cost of insuring their employees," said Nunez. "That will happen."

The speaker said the governor's plan could pass the Legislature on a simple-majority vote, which would not require any Republican support.

Republican lawmakers, who are a minority in the Assembly and Senate, have a seat at the table, Nunez said. But they are out of touch with mainstream Californians, he said, when they insist that children in the country illegally get no state-assisted health insurance. And they are wrong, Nunez said, in characterizing the governor's plan as a new tax.

"I don't think . . . that the governor and the Democratic Legislature ought to roll over or steamroll the Republicans in this process," said Nunez. "But I think we need to have an honest discussion about what's a real mandate and what's not a real mandate.

"The mandate is a hidden tax of $1,200 that each of us has to pay because there are employers out there who would rather increase that rate of profit and put it in their pocket than to pay a portion of the healthcare costs of their employees," Nunez said. "That's a tax."

Schwarzenegger Proposes Health Plan (USAT)

By Julie Appleby

USA Today, January 9, 2007

Gov. Arnold Schwarzenegger outlined a plan Monday to provide health insurance to all Californians by requiring health insurers to offer coverage and individuals to carry it — with the state's doctors, hospitals, insurers, taxpayers and employers all helping pay for it.

His proposal is significant not only for its scope, but also because what happens in the nation's most-populous state often has ripple effects across the country. California, for example, helped lead the way on automobile-smog controls and smoking bans in public places.

"We want to make health care more affordable and accessible and equitable for everyone," said Schwarzenegger.

If his plan wins approval — and heated debate is expected — California would be the second state to require health insurance. Massachusetts lawmakers approved a plan last year.

SMALL BUSINESS BLOG: Do you support Schwarzenegger's health plan? Take this quick quiz — and see how other readers responded, too

"This is bigger than Massachusetts," said Jay Gellert, CEO of insurer Health Net. Gellert was among a panel representing business, labor, consumers, doctors and counties who were asked for their opinions on the proposal at a press conference.

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They generally praised the governor for raising the issue, while questioning some of the details. Anthony Wright from consumer group Health Access said he feared the plan doesn't have a cap on how much consumers would have to pay for insurance, while the California Medical Association said doctors will not like a proposed revenue tax. Safeway CEO Steve Burd said a proposed 4% payroll tax for businesses that don't offer insurance may not be high enough.

While the plan aims to reduce the state's 6.5 million uninsured — currently about 20% of the non-elderly population — the governor also emphasized its benefits to the insured.

The insured could see premium discounts for living healthy lifestyles, the governor said. Further savings may come if everyone is insured, because premiums are now estimated to include 10% to 17% in "hidden taxes" — money used to pay medical providers to make up for the uninsured and low payments for those on state programs.

Under the proposal:

· Individuals would have to buy insurance, with government subsidies for people earning up to 250% of the federal poverty level, about $24,500 for an individual and $50,000 for a family of four.

· State programs for children would expand to include families earning up to 300% of poverty, about $60,000 for a family of four.

· Employers with 10 or more workers would have to offer coverage or pay a tax equal to 4% of payroll. Under 10 are exempt.

· Insurers could not turn away prospective policyholders because they've got health problems.

· Insurers and hospitals would have to devote 85% of revenue to direct patient care.

· Hospitals would pay a 4% tax on revenue and doctors a 2% tax to help provide coverage subsidies.

· The state would boost by $4 billion the amount it pays to medical providers through the Medicaid program.

Schwarzenegger Embarks On Fight For Health Plan (WSJ)

By Jim Carlton

The Wall Street Journal, January 9, 2007

California Gov. Arnold Schwarzenegger proposed a sweeping plan to mandate universal health care in the nation's most-populous state, putting forth measures that would require employers to pay into the health-care system as well as tax hospitals and doctors to help offset medical coverage's spiraling costs.

The move makes Mr. Schwarzenegger, a Republican, the latest governor to try to tackle a problem -- covering the uninsured -- that the federal government has been unable to solve. Massachusetts Gov. Mitt Romney, who is seen as a Republican contender for the presidency, struck a bipartisan deal with his state's legislature last year mandating universal health care in the Bay State. Mandates for some employers to pay more of their share if they don't already have been passed in Vermont and Maryland, as well as New York City and San Francisco. Maryland's law was thrown out by a federal judge last year after a legal challenge.

California, with 36 million residents, could influence other states to follow suit. But Mr. Schwarzenegger also faces potentially one of the fiercest battles of his political career, because his plan calls for some level of sacrifice from many of the parties affected.

The governor anticipated criticism in his remarks yesterday to a Sacramento gathering of his staff and business executives, saying the long-term rewards of having lower medical costs would make the pain worthwhile. "It appears we are taking something away from everyone here," Mr. Schwarzenegger said by video link as he recuperated from a broken leg injury he suffered while skiing over the holiday break in Sun Valley, Idaho. "But when you look at the math, they actually benefit. Everyone is left with a better deal, even though everyone has to chip in."

The governor said his plan to charge a "dividend" of 2% on doctors' revenue and 4% on hospitals' would be more than offset by what his office estimates would be $10 billion to $15 billion in new money coming into the medical system from so many people being insured, as well as a proposed increase in the state's Medi-Cal plan.

California now has about 6.5 million people who are uninsured or underinsured, a higher level than any other state. According to the Census Bureau, 15.9% of Americans lacked health insurance in 2005; in California, it was 19.4%.

The Schwarzenegger plan drew some skepticism. "There may be some unintended consequences," said Joel Fox, president of the Small Business Action Committee in Sacramento, in a panel discussion organized by the governor's administration after the speech. "For example, will some businesses opt out of covering employees and go into the pool [of state-insured workers], thus overwhelming the pool? Will some companies cherry-pick their employees so that they hire those more easily covered, instead of guys like me that are older?"

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Allan Zaremberg, president of the California Chamber of Commerce, questioned whether the plan would really make health care more affordable for those who already are insured. Mr. Zaremberg said the taxes on doctor and hospital revenues could be passed onto consumers and the companies that already provide insurance in higher premiums.

Others praised the plan. Officials of Blue Cross of California called it "bold and visionary," singling out the provision to provide medical coverage to all uninsured children in the state, even those of illegal immigrants. "Taking each part separately, there's something for everyone to hate, but taken as a whole, there's a lot to like," said Bruce Bodaken, chairman, president and Chief Executive of Blue Cross of California.

Some other business leaders, including the chief executive of California-based grocery titan Safeway Inc., are also backing the plan. One reason: They already pay to fund medical plans for their employees, and resent the competitors who don't. On balance, the governor likely will have a tougher time persuading members of his own party to back the measure than the Democratic lawmakers who control the California Legislature. Indeed, Mr. Schwarzenegger's plan isn't hugely different from versions recently proffered by state Senate President Don Perata and Assembly Speaker Fabian Nunez. Mr. Nuñez said in an interview that he just had a few issues with the governor's plan -- most important, that it would shift money from one program for the poor into this health-care program. "On its face, this is a good start," Mr. Nuñez said.

California's Governor Seeks Universal Care (NYT)

By Jennifer Steinhauer

The New York Times, January 9, 2007

LOS ANGELES, Jan. 8 — Gov. Arnold Schwarzenegger on Monday proposed extending health care coverage to all of California's 36 million residents as part of a sweeping package of changes to the state's huge, troubled health care system.

A total of 6.5 million people, one-fifth of the state's population, do not have health insurance, far more than in any other state. At least one million of the uninsured are illegal immigrants, state officials say.

Under Mr. Schwarzenegger's plan, which requires the approval of the Legislature, California would become the fourth and by far the largest state to attempt near universal health coverage for its citizens. The other three states are Maine, Massachusetts and Vermont.

The governor outlined his proposal to an audience of health care experts and reporters via satellite from Los Angeles. He made it clear that a variety of mechanisms would be used to provide all Californians with insurance and that the responsibility of providing it would fall on the government, employers, health care providers and the uninsured themselves.

The plan, which Mr. Schwarzenegger estimated would cost $12 billion, calls for many employers that do not offer health insurance to contribute to a fund that would help pay for coverage of the working uninsured. It would also require doctors to pay 2 percent and hospitals 4 percent of their revenues to help cover higher reimbursements for those who treat patients enrolled in Medi-Cal, the state's Medicaid program.

"Everyone in California must have health insurance," Mr. Schwarzenegger said.

As he made his proposal, the federal government announced that health care spending in 2005 showed the slowest growth in six years. [Page A13.]

Mr. Schwarzenegger's plan includes elements that quickly provoked opposition from many powerful interests, including doctors and the governor's Republican colleagues in the Legislature.

But the speaker of the State Assembly, Fabian Núñez, a Democrat, said in a statement, "I'm glad the governor is on board with coverage for all kids."

Over the last two years, state legislatures have grown increasingly concerned with how to provide health insurance to citizens as the number of employers offering coverage has fallen and the number of workers entering fields where health insurance is not an option has grown.

Because of its great size, California is likely to set the stage for a national conversation about health care this year.

"This is a very significant proposal," said Karen Davis, president of the Commonwealth Fund, a nonprofit foundation. "It is not just children he is talking about. It is really dealing with the whole problem of the uninsured, with concrete positions to raise revenues to pay for that coverage, and the philosophy of shared responsibility. I think this shows health care is going to be a major issue in the 2008 presidential election."

In many ways, Mr. Schwarzenegger's proposal mirrors the plan in Massachusetts, the most comprehensive of its sort, which is projected to cover about 515,000 of the state's 550,000 uninsured. The law enacted there transformed a $1 billion pool that had long paid for health care for uninsured patients into a mechanism to help subsidize insurance for those who could not afford it.

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In many states, spending on Medicaid, the federal government's health program for the poor, has surpassed that for education in recent years. In New York, Gov. Eliot Spitzer has vowed to insure all the state's children and enroll all eligible adults in Medicaid. And New Jersey is among a handful of states considering some form of universal coverage.

Under Mr. Schwarzenegger's proposal, Medi-Cal would be extended to adults who earn as much as 100 percent above the federal poverty line and to children, regardless of their immigration status, living in homes where the family income is as much as 300 percent above that line, about $60,000 a year for a family of four. Medi-Cal is currently limited to adults with children, and children with documented residency are covered if their family's income is up to 250 percent above of the poverty line.

Adult illegal immigrants would continue to be barred from Medicaid benefits but would still be entitled to health services from their counties and the state's hospital system.

Employers would have new responsibilities as well. Businesses with 10 or more workers that choose not to offer coverage would be required to pay 4 percent of their total Social Security wages to a state fund that would be created to subsidize the purchase of coverage by the working uninsured. The cost of such coverage would be measured on a sliding scale depending on what an employee earned, and employees would be able to pay for it using pretax dollars.

This component seems intended to give employers an incentive to offer health insurance, and to level the playing field between employers that do not offer insurance — and are therefore essentially paying lower wages — and those that do.

"If you look at where the uninsured lie," said Laura Tobler, a health policy analyst for the National Conference of State Legislatures, "most of them are working, and most work for small businesses."

On the provider side, the governor's plan contains privileges and responsibilities. Doctors and hospitals, which have long complained about Medi-Cal's low reimbursement rates, would benefit from a $4 billion increase in annual reimbursement. But the state would tax doctors 2 percent of their total revenues, and hospitals 4 percent, to help pay for the greater reimbursement.

The proposal would prohibit insurance companies from denying coverage to people because of their age or health status. They would also be required to put 85 percent of their profits directly into health care services.

Aides to the governor said financing for the program would come from roughly $5 billion in federal money the state believes it will be owed through restructuring of its health care programs, and through a redirection of state money that now goes toward what is basically charity care, among other measures.

The chief executive of Blue Shield of California, Bruce G. Bodaken, described what might happen once the Legislature began to debate the governor's proposal.

"Taking each part separately, there's something for everyone to hate," Mr. Bodaken said. "But taken as a whole, there's a lot to like."

The governor's plan signals a growing trend among state legislatures. "What we are seeing this year," said Enrique Martinez-Vidal, acting director of the State Coverage Initiatives, a program that assists states looking to expand health care programs, "is that instead of just trying to take on reform in an incremental way, there are some states trying to do this in a comprehensive way, by trying to get buy-ins from all the different players."

But it is likely to set Mr. Schwarzenegger, a Republican, on a collision course with many state lawmakers from his party, who are the minority in the Legislature.

"Some of the areas he put out there we are probably not going to support," said State Senator Dick Ackerman, the minority leader. Among his concerns, Mr. Ackerman said, were the coverage of illegal immigrants, which he said his members would not support, and a tax on doctors or providers.

"We don't think taxing folks is something that is popular in California," he said in a telephone interview from Sacramento. "But this isn't going to be an up-or-down vote on one bill. It will be a debate. And we welcome it."

Gov. Offers Bold Prescription (LAT)

By Jordan Rau

The Los Angeles Times, January 9, 2007

SACRAMENTO — Calling for massive changes throughout a healthcare system he called "broken," Gov. Arnold Schwarzenegger on Monday proposed a $12-billion plan that would require all Californians to obtain medical insurance while helping the poorest to afford it.

The plan, which both critics and supporters called the most audacious in the country, would dramatically reshuffle the financial underpinnings of an already fragile industry. The governor said his plan would control spiraling health costs while ensuring coverage for the quarter of a million children and 5.6 million adults who lack insurance.

"Everyone in California must have health insurance," Schwarzenegger said via teleconference from Los Angeles, where he is recuperating from a broken leg. "If you can't afford it, the state will help you buy it, but you must be insured."

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Only Massachusetts has required all residents to carry insurance, but California's larger population of uninsured and poor makes Schwarzenegger's goals much more challenging. To pay for the plan, Schwarzenegger proposed placing new fees and obligations on doctors, hospitals, employers and insurers — all powerful lobbies in Sacramento.

Schwarzenegger was widely praised for tackling such a huge issue so comprehensively. But many leading consumer advocates, academics and business leaders said they feared that the governor's proposal was inadequately financed and would shift more responsibility for healthcare to families while unintentionally encouraging businesses to drop or downgrade the coverage they now offer.

Employers with 10 or more workers would have to offer plans that cost them at least 4% of their payroll. Those who refuse would be required to pay an equivalent amount into the state's insurance fund for people with no other option. That mandate, while greeted skeptically by businesses, was criticized as too lax by advocates who said that a majority of companies that now provide insurance already contribute much more money.

"It's the equivalent of setting the minimum wage at $3 an hour," said Anthony Wright, executive director of Health Access California, a consumer advocacy group.

Those earning more than 2 1/2 times the federal poverty level — a total of $41,500 a year for a family of three — would not receive a subsidy but would still have to buy insurance if their employer did not offer it. The cheapest plan would require families to pay $2,000 a year in premiums, and as much as $10,000 in out-of-pocket medical costs.

"By setting this as a minimum, the tendency will be to undermine and reduce the current level offered by some employers, who will use this to justify reducing their benefits much more," said E. Richard Brown, director of the UCLA Center for Health Policy Research, who nonetheless called the proposal "very impressive" in its reach.

Steven A. Burd, chairman of the Safeway grocery chain, who was invited by the administration to comment on the proposal, also lauded the effort but said it did not ask enough of employers. Their required contribution, he said, "is frankly too low and should be higher."

The plan was welcomed by the Democrats who control the Legislature, which must approve any proposal. Assembly Speaker Fabian Nuñez (D-Los Angeles) called it "good work" and "a good start."

But he said that he could not agree to requiring everyone, whether working or not, to obtain health insurance "until and unless we solve the problem of the costs of the premiums."

Schwarzenegger's fellow Republicans showed little enthusiasm for the plan, saying that the governor's strategy of funding it through mandated employer contributions and assessing a portion of earnings of doctors, hospitals and health plans violated the anti-tax cornerstone of his reelection campaign.

*

Republican opposition

"If we put any form of mandate on a business, we are seeing a jobs tax," said Assembly Republican leader Michael Villines of Clovis, echoing the argument that Schwarzenegger himself made in 2004 when he successfully campaigned against Proposition 72. That Democratic plan would have required employers to provide health insurance or pay into a state fund.

The administration insisted that its plan did not include taxes, instead labeling the levies "coverage dividends." The debate is more than semantic: A measure with taxes needs two-thirds support in the Legislature, giving the GOP veto power. Otherwise, it needs only a simple majority that could be obtained solely with Democratic votes.

Another part of the plan provoking Republican resistance would provide healthcare for impoverished children who are in the United States illegally. Senate Republican leader Dick Ackerman of Irvine called such a provision a "nonstarter."

The governor said emergency rooms are required by federal law to treat anyone who shows up, regardless of status. "So the decision for my team was, do we treat them in emergency rooms at the highest cost available or do we do it right and do it efficiently?" he said.

The plan, which has been anticipated for weeks as the governor's biggest initiative of the year, gave virtual coronaries to leaders of California's hospitals, doctors' groups and insurers — the most politically influential players in a $169-billion industry that spends $22 million annually on lobbying in Sacramento.

The guiding philosophy of Schwarzenegger's plan was that fixing California's healthcare system was a responsibility to be shared, and the complex plan gave each sector some benefits that are offset by new burdens.

He proposed a $4-billion annual increase in Medi-Cal reimbursements, which are among the lowest in the nation. That would help hospitals and doctors who treat many poor people, and encourage more providers to participate in the program.

But doctors also would have to pay 2% of their gross earnings back to the state to help expand coverage. The physicians' lobby said many doctors would simply pass that cost on to patients and insurers through higher bills.

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If all Californians were indeed covered under his plan, hospitals would be able to bill insurance for the costs of the uninsured they must absorb now. But hospitals also would have to pay 4% of their earnings back to the state, and would lose $2 billion they now get from the government for uncompensated care.

"I did get a little bit of pain in the side when I heard that part," said Jim Lott, executive director of the Hospital Assn. of Southern California.

And hospitals may still have to deal with uninsured patients. The homeless, unemployed and illegal immigrants might not obtain insurance even if fully subsidized, and the administration plans to enforce the mandate through the state's income tax boards.

Insurers would receive a huge business boon, since the mandate for coverage would provide them with a captive audience, but without having their rates regulated as those of auto and home insurers are. The governor would require insurers to offer coverage to all people regardless of their health, and would limit to 15% the amount of premiums insurers could spend on administration and keep as profits.

Much of Schwarzenegger's plan was designed to allow the state to qualify for $5.5 billion in additional federal money. But many questioned whether, even with that boost, the contributions from employers would be enough to allow workers to buy anything more than bare-bones catastrophic coverage.

Premiums rising

Healthcare premiums have been rising at the rate of 8.2% annually, nearly twice the rate of wage growth. Yet employers would pay only 4% of their payroll amounts, something that disturbs both labor and business leaders.

"How will the inevitable shortfall in funding be addressed?" asked Allan Zaremburg, president of the California Chamber of Commerce. "Will the tax have to be doubled in 10 years?"

The proposal was devised by a team of policy experts who were hired last year specifically for that task. They spent months interviewing representatives of all segments of the healthcare industry across the nation. But the final decisions were delayed until Sunday night because of Schwarzenegger's injury, which occurred in a skiing accident Dec. 23.

All of the plan's details can be altered and its questions can be resolved in negotiations with lawmakers, and Schwarzenegger said he looked forward to forging a bipartisan agreement as he had last year with a massive public works building project.

But because so many parts of Schwarzenegger's plan hinge on one another, deleting the areas of greatest disagreement could unravel the entire plan.

"Health insurance reform is as delicate as an egg," said Jamie Court, president of the Foundation of Taxpayer and Consumer Rights, a Santa-Monica based watchdog group. "One little crack and the egg is lost."

Among other provisions, the governor's proposed health overhaul would:

· Require every Californian to have health insurance.

· Require employers with 10 or more workers to offer health benefits or pay 4% of the payroll to a coverage program.

· Extend government insurance for poor children to more families.

· Ban insurers from denying coverage because of medical conditions, occupation or age.

Source: Governor's office

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Breaking down costs

U.S. healthcare spending reached almost $2 trillion in 2005, an average of $6,697 per person--and far more than any other industrialized country's spending. Where the money comes from, and what it goes toward:

Where it comes from*

Private insurance: 35%

Medicare: 17%

Medicaid: 16%

Other public programs: 13%

Private out-of-pocket: 13%

Other private programs: 17%

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Where it goes

Hospital: 30%

Doctors/Clinical: 21%

Prescription drugs: 10%

Administrative costs: 7%

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Nursing homes: 6%

Other spending** : 25%

*Medicaid includes State Children's Health Insurance Program; other public programs include worker's comp and military healthcare; other private programs include charity.

**Includes dental care, home health, over-the-counter medicines, research and more.

Note: Totals may not add to 100% because of rounding.

A Flawed Cure (LAT)

The Los Angeles Times, January 9, 2007

THE DEVIL, AS THEY SAY, is in the details, and that cliche was repeatedly thrown back and forth across Sacramento on Monday as lawmakers, business groups, doctors and consumer advocates studied Gov. Arnold Schwarzenegger's sweeping proposal to change the way healthcare is bought and sold in California.

But it may be a little early for this cliche. Schwarzenegger's plan is ambitious in scope and laudable in its goals, especially in its coverage for all children, including children of illegal immigrants. But the plan has a substantial chunk of devil before you even reach the details.

The problem is this: It makes no sense to legally and permanently make Californians' access to healthcare dependent on their employers. Companies hire workers and pay them for their time, talent, muscle and brains. Employers must meet certain standards to do business in the state — complying with workplace safety laws, paying the minimum wage, providing workers' compensation insurance, etc. But they should not become the primary mechanism for the state to deliver vital services to citizens.

This is more true here than elsewhere because so many Californians who need insurance have only marginal or temporary relationships with employers. Companies, meanwhile, face plenty of challenges just staying in business and keeping up with the dynamics of the modern marketplace without being saddled with a new health insurance tax.

And make no mistake, it is a tax. Employers currently have the option of offering health insurance to entice workers, but they are not required to do so. Under Schwarzenegger's proposal, every business with 10 or more employees that does not offer workers health insurance would have to pay 4% of its payroll into a state fund. And like most employer taxes, workers ultimately will pay it — in the form of lower wages or lost jobs.

The governor is loath to call it a tax because, like everyone else in Sacramento, he does not want to be seen as the kind of politician who proposes tax increases. He rode into office in part on his promise to slash the vehicle license fee, or car tax, and he did. He devoted much of his first term and reelection campaign to protecting California's tax-cutting heritage. But fancy wordplay doesn't change the fact.

The plan requires money — about $12 billion — and although some of it would come from the federal government, some from counties and presumably some from cuts in other state programs, some must come from new revenue.

Schwarzenegger has promised a new era for California, and his determination to fix the state's broken healthcare system is a welcome sign of his commitment. He should also make candor a part of the agenda. An employer tax should be out of the equation. So who should be taxed instead? Shouldn't we all? And how would it be imposed? All these questions are likely to get a full hearing in Sacramento in the next few months.

The governor certainly knows that the final version of the plan will deviate from the proposal he unveiled Monday. As for how much devil will be left in the details, only time, and plenty of intense horse trading, will tell.

Life At America's Bottom Wage (CSM)

By Mark Trumbull

The Christian Science Monitor, January 9, 2007

MUSKOGEE, OKLA.

It's the kind of December evening when the Hosier family might want to stay home.

At work all day, John Hosier has been resting on the living-room couch. Tina, his wife, has had her hands full taking care of their two young children. Yet, here they are, rolling 18-month-old Rose in a stroller with 5-year-old Donald tagging along, on a half-mile walk to the Salvation Army Church in Muskogee, Okla.

It's not just a place of worship and fellowship. The Salvation Army's affiliated store offers discounted goods and employs Mr. Hosier full time. The $6-an-hour job is the family's sole paycheck, which amounts to barely $200 a week. Even with government aid, such as food stamps, the family is on poverty's doorstep. "If it wasn't for the Salvation Army, I don't know where I'd be," Hosier says.

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Wednesday, Congress formally begins considering helping families like the Hosiers by raising the nation's minimum wage to $7.25 an hour, up from the $5.15 rate that has held steady since 1997.

By one estimate, the expected hike would directly affect the paychecks of 6.6 million low-wage workers like John Hosier. Another 8 million workers have wages that, while a bit too high to be forced upward by the law, stand to gain from an upward ripple effect when the wage floor is adjusted.

A glimpse into the lives of people who live at bottom-rung pay rates illustrates why, to supporters of the change, the minimum wage is long overdue for a raise. But it also reveals that such a boost isn't a one-step solution for the challenges that face America's poorest workers.

In fact, many families are poor today even though they earn far above $7.25 an hour.

"Until you're making $10 or $12 an hour, if you're [a single-income household] with dependents, you're going to have a really tough time making ends meet without public assistance," says David Blatt, a poverty expert at the Community Action Project of Tulsa County, about 40 miles from Muskogee in the state's northeastern section. Oklahoma family's needs: $33,000

Oklahoma doesn't have high living costs, compared with some other states. But to cover the basic needs of a family of four here typically requires an income of more than $33,000, according to an online budget calculator created by the liberal Economic Policy Institute in Washington.

At $5.15 an hour, it would take three full-time jobs for a family to earn that much.

Many minimum-wage workers, it's true, don't have children. Often they are young people on their first job.

But the Hosier family is not unusual. Of the workers who stand to reap higher pay if Congress raises the wage floor, the vast majority are adults, most work full-time, and about 1 in 4 have dependent children, according to the Economic Policy Institute.

Moreover, they are often the sole breadwinner in the household. Of families with children, nearly half of those who would be affected by a minimum-wage hike get all their earned income from one low-wage worker.

The issue is important politically. Democrats, now in control of Congress, have made raising the minimum wage a top priority in their 100-hour legislative push for change. It would also have its most significant economic effect - positive and negative - in the South and Great Plains where states generally haven't set their own higher minimum wage.

Few states will see a greater impact than Oklahoma. As of last year, the Sooner State led the nation in the share of hourly workers (4 percent) who earn no more than $5.15 per hour.

That means many families such as the Hosiers will see a boost in pay if the law changes. But it means that negative ripple effects will also be magnified, as businesses confront a big jump in labor costs. Many employers will have to raise prices, and some are likely to hire fewer people as a result.

In the end, the law may exert only a modest influence on the arc of Oklahoma's economy, experts say. (The income gains and job setbacks would be greater if the hike, say, doubled the wage instead of boosting it by the proposed 40 percent.)

Yet the proposed raise would have a big effect on the households that would be directly affected.

The legislation calls for the wage floor to rise in three steps, reaching $7.25 after two years.

A pay jump from $6 to $7.25 an hour would put 21 percent more money in each paycheck for Hosier. "That would help a lot," he says. A 'soldier' in Salvation Army

A sturdy, soft-spoken man born in Arkansas, Hosier has spent about 15 years in this unassuming city of 39,000. He's worked as a mechanic on lawnmowers and other small motors. And for six years, he's been a "soldier" - a worker - at the Salvation Army. He rides a big truck, loading and unloading furniture, toys, boxes of clothing, and other items that county residents donate for sale in the store.

It's work that he believes in, but he also works there because the people - including the manager known as "Major" - believe in him.

"It's the people in Salvation Army who help you out," John says.

And he has needed help. His life story, as he recounts it, includes physical abuse from his father as a boy, various forms of drug abuse ("I did it all") and a prison term. And he struggles now with illiteracy.

As he sought a new life, he credits God and Tina with helping him forward. The church here has also been a haven of support.

The gathering on this night is not for formal worship but for a mix of activities. Mrs. Hosier settles in for some games of Bingo. As John heads to a vending machine and treats the family to drinks, a friend hands Tina a little gift. It's a typical-looking mug, but it makes her smile when it turns out to be a music box, too.

Meanwhile, Donald has joined some older children throwing a football in the parking lot. Other youngsters are dressed as angels, rehearsing a play to be performed on Sunday.

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The Salvation Army is the core of this family's world. They don't have a car, but live within walking distance of both the church and the store where John works.

The store is a source not only of a paycheck, but also of used goods available at deep discounts.

The family also gets substantial government aid, for everything from clothing to food and healthcare. But paying their bills is a stretch, the Hosiers say.

Rent is $400 a month for their modest, yellow-sided home. They've lived there just a few months, so they're still figuring out how much to budget for utilities. And medical costs add up each month.

Donald takes medicines to cope with hyperactivity, and Hosier lists a range of ailments of his own, from asthma to an ulcer.

The state's Medicaid program covers many of these health costs, but the medications all require small monthly copayments that add up, John says.

"It's hard on a small income," he says. "You've got to get out and hustle and bustle to make a living."

When they need to go on an errand, the Hosiers rely on a Volunteers of America van, or ride with friends and relatives. Life without a car

Mrs. Hosier says they'd like to get a car of their own, but that remains a far-off goal.

Their discretionary spending, for now, is on smaller items: some music CDs and for Donald on his birthday a toy truck and Spiderman underwear.

They like life in this quiet city that has long been a gateway for east-west and north-south commerce. Riverboats, railroads, and semitrailer trucks have successively rolled through this town. The historic brick downtown has given way to Wal-Mart on the edge of town as the new trading post for commerce.

The city was also the end point of the Trail of Tears, by which the Cherokee and Creek nations were forcibly resettled in the 1830s and '40s. In 1969, country legend Merle Haggard immortalized it a different way when he sang "I'm proud to be an Okie from Muskogee."

Oklahoma, like the rest of the states, got its first taste of a federally mandated minimum wage in 1938, during Franklin Roosevelt's New Deal. It was 25 cents at the time - worth about $3.57 in today's dollars - and was adjusted upward, at infrequent intervals, in an effort to keep pace with rising costs of living.

The current level of $5.15 was reached in 1997, and Congress has never waited so long to raise it.

As a result, the purchasing power of a minimum-wage paycheck is now at its lowest point in half a century. Also earning the minimum: teenagers

The people who earn minimum, or close to it, are as different as John Hosier and Megan Sistanich.

She also lives in Muskogee but is still in high school. She's earning $5.15 an hour at a downtown cafe called Breadworks. She aims to go to a nearby college and become a pharmacist, which almost certainly would mean much better pay in a few years.

Serving behind the counter here, taking orders for sandwiches and baked goods, is her first job. She's using the money for a cellphone and a coming band trip to Texas.

Drawing on government data on the American workforce, labor economists highlight several patterns in the low-wage workforce:

· Most workers don't work the minimum wage for very long. Of workers who are 10 years into their careers, only about 13 percent have spent half or more of their career earning within $1.50 of the minimum wage, according to a 2001 study.

· Minimum-wage workers are concentrated in low-skill service-sector occupations, including food service, retail, and motel housekeeping. Among Labor Department occupations, "leisure/ hospitality" leads the pack with 14.3 percent of workers earning $5.15 or less per hour. (Workers in some occupations such as food service can earn less than $5.15 if they earn enough tips to equal the minimum.) By contrast, just 0.4 percent of manufacturing workers earn minimum wage.

· Of the 6.6 million workers who would be directly affected by the proposed minimum-wage hike to $7.25 an hour, 61 percent are female, 29 percent are age 16 to 19, 21 percent are Hispanic, 16 percent are black, and 9 percent are single parents, according to the Economic Policy Institute.

Those numbers are all higher than the share of those groups in the total workforce. By contrast, 16 percent of those affected will be married parents - many fewer than the 29 percent of all workers who are in that group.

· Many low-wage workers also face a high level of job insecurity. People with low skills are more likely to be unemployed, according to government data. And many low-wage workers have only part-time jobs. Of those directly affected by the proposed wage hike, 21 percent work fewer than 20 hours per week, whereas just 5 percent of the overall workforce is in that category. In addition to low skills, barriers to employment can include substance abuse or mental illness and other disabilities. Low wages only a part of the problem

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"There are two problems the poor have. One is low wages.... The other is not enough work hours, consistently, over time," says Timothy Bartik, an economist at the Upjohn Institute for Employment Research in Kalamazoo, Mich.

Here in Oklahoma, Hosier is grateful for full-time work. He figures that, for now, none of the other jobs available to him would be better paying.

And he likes working for an organization that's in the business of helping others, just as he has been helped by those around him.

"If I had a dollar in my pocket and someone asked me for 50 cents, I would give them that dollar," he adds. "The would make me feel good."

Fed's No. 2 Chills Hopes For A Rate Cut (WSJ)

By Greg Ip

The Wall Street Journal, January 9, 2007

Despite a recent decline in the nation's underlying inflation, it is "too early to relax our concerns" about price pressures, a top Federal Reserve official said, suggesting interest-rate cuts aren't yet on the table.

Fed Vice Chairman Donald Kohn also warned that long-term interest rates could jump if the Fed fails to cut short-term rates as much as the market expects or if there were a reversal in other factors holding down long-term rates.

A recent drop in core inflation, which excludes food and energy is "encouragingly consistent" with the Fed's forecast for a gradual decline in inflation, Mr. Kohn said in a speech to the Atlanta Rotary Club yesterday.

But he cautioned against "extrapolating trends from a couple of months of data," and said some of the recent slowdown in inflation may reflect "one-time influences," in particular the indirect effects of the big drop in energy costs. Moreover, companies may be holding the line on prices to keep inventories from rising, and "that restraint on pricing will dissipate" once inventories are in line with sales.

The remarks by Mr. Kohn, the Fed's most influential policy maker after Chairman Ben Bernanke, suggest little has changed in the central bank's outlook since it last met in December. At that meeting, it kept its short-term interest-rate target at 5.25%, said its principal concern remained inflation, and its main choice in coming months would be whether to raise rates or leave them unchanged.

Since that meeting, manufacturing activity and business investment have softened and inflation was reported to be low for the second month in a row. That has left investors wondering whether the Fed, at its next meeting Jan. 30-31, will release a "neutral" policy statement -- one that implies a rate increase is as likely as a rate cut. The Fed isn't expected to change rates at the meeting.

Mr. Kohn didn't address the prospect for any change in the Fed's stance. Still, his remarks suggest he continues to see higher inflation as a greater risk to the economy than weaker growth. The softening in manufacturing and capital spending "is not the leading edge of general economic weakness, but instead an adjustment to a sustained pace of expansion that, necessarily, is less rapid than that from mid-2003 to mid-2006," he said.

He did, however, strike a note of caution on the housing market. "Tentative signs have begun to emerge that the housing market may be stabilizing," he said, and "housing starts may be not very far from their trough." But he added: "The risks around this outlook still are largely to the downside."

Housing prices are still high relative to their fundamental determinants, such as interest rates and residential rents, he said. The uncertainty is magnified by the fact housing isn't weakening for the usual reason: high interest rates. Rather, he said, the sector is weakening because sales and construction had risen so much, and it wasn't clear why.

Mr. Kohn also noted that long-term rates are "relatively low," which is supporting housing. He said long-term rates could rise if short-term rates "fail to follow the downward path currently built into market expectations," or if "term premiums" rise. The term premium is the additional interest rate a lender charges for a long-term loan, compared with a short-term one, that can't be explained by expectations of Fed policy.

Fed officials believe a lower term premium, while difficult to measure, is the main reason long-term rates are so low -- perhaps because of the market's increased faith in low, stable inflation. That is why they don't think the "inverted yield curve" -- or long-term rates that are lower than short-term ones -- foreshadows recession, as it has in the past. Indeed, low term premiums are one reason the Fed has decided not to lower short-term rates.

But because the reasons for the low term premium are unclear, there remains the chance of a sharp reversal. That could weaken the U.S. economy and encourage the Fed to lower short-term rates.

Meanwhile, a report released by the Fed yesterday showed that U.S. consumer credit grew more strongly than expected in November, as shoppers put their credit cards to heavy use.

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Consumer credit, which excludes mortgage debt, rose at a seasonally adjusted annual rate of about $12.4 billion, or 6.2%, in November to $2.390 trillion. Analysts had predicted a $3 billion increase. Revolving credit, which mainly reflects credit-card financing, jumped 11.9% in November to $872.6 billion. Nonrevolving credit, mostly auto loans, rose 3% to $1.517 trillion.

Drop In Oil Price And Some More Mergers Lift Shares (NYT/AP)

By The Associated Press

The New York Times, January 9, 2007

Wall Street overcame early losses to close higher yesterday as a drop in oil prices and a fresh round of acquisition activity helped raise investors' confidence in the economy.

Gap, the clothing retailer, surged on a report that it was considering strategic alternatives for its business, which could include a sale. Some $6 billion worth of deals were announced, indicating that activity in mergers and acquisitions was off to a strong start in 2007 after reaching record levels last year.

Low energy prices also helped stocks reverse course from their earlier losses. Oil prices continued last week's decline, as a mild winter in the Eastern United States eased pressure on heating oil supplies. A barrel of light crude fell 22 cents, to $56.09, on the New York Mercantile Exchange.

Investors turned their attention toward fourth-quarter earnings reports, which start today when Alcoa posts results. Several profit warnings from companies including the airline company UAL, the electronics maker Molex and the telecommunications firm Tellabs prevented indexes from gaining broader momentum.

The Dow Jones industrial average rose 25.48, or 0.21 percent, to 12,423.49. The Standard & Poor's 500-stock index was up 3.13, or 0.22 percent, at 1,412.84, and the Nasdaq composite index added 3.95, or 0.16 percent, to 2,438.20.

Gap rose $1.37, or 7.3 percent, to $20.26, after CNBC reported the retailer had hired Goldman Sachs to plot its future.

General Electric agreed to acquire Vetco Gray, a supplier of equipment for oil and gas fields, for about $1.9 billion. Shares of G.E. fell 1 cent, to $37.55, in regular trading, but rose 5 cents after the close.

The pharmacy benefit manager Caremark Rx rose 29 cents, to $56.64. Late Sunday, it rejected a $26 billion bid from a rival, Express Scripts, preferring a $22.2 billion offer from the drugstore chain CVS. Express Scripts was off 8 cents at $68.78, while CVS rose 18 cents, to $31.35.

A profit warning from Molex sent shares down $1.52, or 4.9 percent, to $29.28. Tellabs, which makes telecommunications equipment, reduced its fourth-quarter guidance and its shares fell 47 cents, or 4.4 percent, to $10.25.

UAL, the parent of United Airlines, picked up 25 cents, to $46.80, despite saying it expected to post a loss during the fourth quarter because of December snowstorms in the Midwest. After trading hours, UAL dropped 9 cents, to $46.71.

Shares of St. Jude Medical, a maker of implantable defibrillators, climbed $1.95, or 5.57 percent, to close at $36.95 after it announced that fourth-quarter sales would come in at the upper end of its forecast. Analysts said St. Jude's announcement suggested that the market for the devices could be coming back.

St. Jude and two rivals, Boston Scientific and Medtronic, have struggled with falling sales since 2005 because of highly publicized safety problems. Medtronic's chief executive, Art Collins, said yesterday that his company planned to expand its presence in the implantable defibrillators market. Its shares rose 34 cents, to $53.70. Boston Scientific reported a 13 percent gain in defibrillator sales in the fourth quarter compared with the previous period. Its shares rose 71 cents, to $17.81.

Wal-Mart Stores dipped 39 cents, to $47, after it was downgraded by Goldman Sachs.

Bond prices were flat, and the yield on the 10-year Treasury note remained at 4.65 percent.

Following are the results of yesterday's auctions for three- and six-month Treasury bills:

Dow Industrials Gain 25.48 While Oil's Early Rally Fades (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 9, 2007

The stock market tiptoed higher, helped by a drop in oil prices, a speech by a central banker and upbeat comments from analysts on International Business Machines.

The Dow Jones Industrial Average inched up 25.48 points, or 0.21%, to 12423.49, off 0.3% on the year. Among the blue-chip indicator's components, the biggest gainer was IBM, which rose 1.5% after UBS analysts upgraded the technology bellwether to a buy rating from neutral.

The broader Standard & Poor's 500-stock index gained 0.22%, or 3.13 points, to 1412.84, off 0.4% on the year.

The Nasdaq Composite Index inched up 3.95 points, or 0.16%, to 2438.20, up 0.9% on the year. The tech-stock-led indicator's gains have been a rare bright spot for investors in this year's early going, which has otherwise been lackluster.

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"I think we're seeing a little bit of payback for an extremely strong fourth quarter," said Philip Schlakman, a managing director at J.P. Morgan Private Bank, referring to modest early-2007 losses in the S&P and Dow, which enjoyed a run of record closes late last year.

An early rally in crude oil yesterday spooked stock investors, as crude contracts for February delivery jumped $1.41 to their intraday high on supply concerns and forecasts for colder weather in the Northeast.

As the session wore on, however, the gains evaporated, reflecting the strong bearish sentiment that has gripped the energy markets since last week.

February crude-oil contracts finished down 22 cents, or 0.39%, at $56.09 a barrel, down 8.1% after just four trading sessions this year on the New York Mercantile Exchange.

Stock investors generally like to see energy prices fall because lower fuel prices leave more money in consumers' pocketbooks, which helps the profits of most companies.

Investors also received good news yesterday on interest rates, another key area of concern. In a speech to the Atlanta Rotary Club, Federal Reserve Vice Chairman Donald Kohn said that inflation appears to be easing in the economy -- a signal to some investors that the way may be clear for the central bank to begin cutting its key interest-rate target soon.

Looking ahead, aluminum giant Alcoa, a Dow component, is due to announce its earnings after today's market close, kicking off the fourth-quarter corporate-earnings season.

Outside the U.S., stocks eased in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, declined 0.04%, or 0.09 point, to 239.53.

In major U.S. market action:

Stocks rose.1 Total trading volume for stocks listed on the New York Stock Exchange was 2.75 billion shares, as 1,952 stocks advanced and 1,349 fell.

Bond prices fell.2 The 10-year note fell 3/32 point, or 93.75 cents for each $1,000 invested, pushing the yield up to 4.658%.

The dollar was mixed.3 Against the Japanese currency, the dollar rose to 118.75 yen, compared with 118.68. The euro rose to $1.3022, compared with $1.3003.

Reapportionment: Good News For GOP? (RC)

By Louis Jacobson

Roll Call, January 9, 2007

When Election Data Services late last month released projections of which states are poised to gain and lose Congressional seats based on the 2010 Census, Republicans cheered.

The numbers showed that GOP-leaning states in the Sun Belt continue to outpace the more Democratic Northeast and Midwest in population growth. But projecting whether the Republicans truly will gain ground after the post-2010 reapportionment requires a more micro-level look at the states in question.

According to the EDS, the states that are set to gain at least one seat after 2010 — if current demographic trends hold — are Arizona, Florida, Georgia, Nevada, Texas and Utah. Each voted for President Bush in 2000 and 2004, and the GOP controls both the Legislature and the governorship in Florida, Georgia, Texas and Utah. The GOP also controls one chamber plus the governorship in Nevada.

Here is a rundown of what may be in store in the states that could gain seats after 2010:

Arizona. On Nov. 7, the Arizona delegation shifted from 6-2 Republican to a 4-4 tie. Both new Democratic House Members — Reps. Gabrielle Giffords and Harry Mitchell — likely will get serious GOP challenges in 2008, and given the state's historical red tinge, Republicans will look to gain ground if new seats materialize after 2010. The problem for the GOP is that an independent redistricting commission, not the Republican-controlled Legislature, is charged with drawing the lines.

Currently, Republican and independent registration levels are healthy, said one GOP lobbyist in the state. But the growth of the Hispanic population — and the evolution of Latinos' political leanings — remains a wild card.

Florida. There's little question that the Florida GOP has worked hard to maximize Republican seats. But some demographic realities may make it harder for Republicans to do so in the future.

There are at least three factors that could play a role, said University of South Florida political scientist Susan MacManus. One is the growing number of independents, who account for almost one in four voters and whose voting patterns fluctuate tremendously, she said. Another factor — which already emerged in the 2006 midterms, she said — is population shifts from expensive areas of the state to more affordable jurisdictions.

And the third issue will have to do with how Florida Hispanics divide their vote. "Generational cracks are evident in the once solidly Republican Cuban population, and the non-Cuban population now outnumbers the state's Cuban electorate," MacManus said.

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Georgia. While few states have been moving as steadily in the Republicans' direction, partisanship may be less of a consideration during the next round of redistricting.

After an aggressive pro-Democratic map was enacted after the 2000 Census and a more pro-Republican map enacted by a newly installed GOP Legislature prior to the 2004 elections, Gov. Sonny Perdue (R) convened a task force to study how redistricting should be done in the future. Late last year the panel recommended the formation of an independent commission that would present maps to the Legislature for an up-or-down vote. It remains to be seen whether this idea will be enacted.

No matter what happens, Democratic Reps. John Barrow and Jim Marshall, who won very narrow victories in 2006, remain vulnerable for the foreseeable future.

Nevada. If the Legislature remains under divided control, as it currently is, the consensus is that Nevada probably will end up with its current allotment of one safe GOP seat, one safe Democratic seat, one competitive seat that Rep. Jon Porter (R) consistently has held, plus one newly created seat that will be competitive between the parties.

Even beyond the question of who controls the Legislature after 2010, it will be difficult for the GOP to craft a new safe GOP seat "because rock-ribbed GOP voters mostly live in rural Nevada," said Las Vegas-based political columnist Jon Ralston. "That's not growing and is now only 15 percent of the vote."

Given that reality, carving out another safe GOP seat would require not just creative line-drawing but also a dilution of the GOP strength in either the Porter seat or the district held by freshman Rep. Dean Heller (R). While the latter district is fairly solid for the GOP, it was competitive when it came open in 2006.

"The question really will come down to whether the state Legislature has the courage to make two districts out of rural Nevada, meaning that both would have some of Clark County, too," said one Republican in the state, referring to the heavily urbanized county that includes Las Vegas. "The debate will have more to do with whether rural Nevada will be better represented with a single Member or by having two Members looking out for its interests — but also for Las Vegas."

Texas. The re-redistricting pushed by then-Majority Leader Tom DeLay (R) prior to the 2004 elections may have made the Lone Star State Congressional delegation more reflective of Texas' GOP leanings, but it also may have maxed out potential GOP gains.

While Republicans may be able to flip a seat in 2008 by ousting DeLay's Democratic successor, Rep. Nick Lampson, the longer-term demographic trends point in the Democrats' direction. They are "little Anglo growth, pretty good increases in the black and Asian populations, and explosive Hispanic growth," said University of Houston political scientist Richard Murray.

Even if the Texas GOP operates with total control of the redistricting process, as is the case now, Hispanic-dominated areas in the Dallas-Fort Worth and Houston areas could benefit.

"A very big variable, of course, is who controls the presidency, and with it the Voting Rights Division of the Department of Justice," Murray said. "A Democratic DOJ would put great pressure on the Texas Legislature to recognize the additional 3 million Hispanics the census will count — they will go from 6.6 [million] to 9.5 million, Anglos from 10.5 [million] to 11.1 million — with additional urban-based seats."

In a special runoff last month, Republican Rep. Henry Bonilla lost his House seat to now-Rep. Ciro Rodriguez (D) following a Supreme Court ruling that required redrawing of districts to conform with the Voting Rights Act.

Utah. Unlike the other states on this list, Utah already has drawn a map with an additional district, as a preparatory step for proposed legislation that would add one Utah Congressional seat in tandem with one for the District of Columbia. The plan did not win passage in the 109th Congress, but it is given decent odds in the 110th.

The map approved by the Legislature appears to strengthen Democratic Rep. Jim Matheson, a frequent GOP target, by taking away most of the rural portions of his 2nd district. (Earlier proposals to try to create four winnable districts for the GOP fell by the wayside after pressure from GOP Gov. Jon Huntsman Jr., among others.)

"It's nearly certain that a new fourth seat will be safe Republican," said Utah-based GOP consultant LaVarr Webb. "If Democratic Rep. Jim Matheson is given a district that leans Democratic, then mathematically, the three remaining districts will be Republican. It would be possible to create four Republican-leaning districts, but since Matheson has shown he can win among Republicans, the prevailing sentiment in the Legislature seems to be to concentrate the strong Democratic areas — mostly around Salt Lake City and Park City — in his district, which leaves three strong Republican districts."

In the meantime, Iowa, Louisiana, Massachusetts, Missouri, New York, Ohio and Pennsylvania risk losing seats after the next Census, according to the EDS. The potential partisan consequences in these states remain a bit muddy, but Democrats will have to worry about potentially losing seats in hurricane-ravaged Louisiana as well as in Massachusetts, where a one-seat reduction almost certainly would result in a Democratic setback since the state delegation is now entirely Democratic.

On the other hand, if the Democrats can keep their winning streak going in New York, they may be able to erase the decades-old GOP hold on the state Senate. With unified Democratic control, they likely would be able to squeeze out a GOP Congressional seat.

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Setting aside the Congressional consequences of population growth and reapportionment, Republicans can feel safe look forward to one new favorable development after 2010. Gaining a seat each in Georgia, Texas and Utah essentially would give the Republicans three more assured electoral votes for president. Arizona, Florida and Nevada would offer electoral votes that are more competitive, even though these states lean Republican at the presidential level.

In Fla., GOP Hopes For Two Pick-ups Where It Just Suffered Two Losses (HILL)

By Sam Youngman

The Hill, January 9, 2007

Sid Dinerstein, chairman of the Republican Party of Palm Beach County, left for a Caribbean cruise Monday following a midterm election season that saw Republican losses in both of the area's congressional districts, one amid a national scandal.

"That's why we're going on the cruise," Dinerstein said. "We've had a hell of a year."

With Rep. Clay Shaw Jr. and state Sen. Joe Negron, who ran a late race for disgraced Rep. Mark Foley's seat, defeated, Dinerstein said he immediately turned his attention to reclaiming the seats in 2008.

Those districts, now represented by Democratic Reps. Ron Klein and Tim Mahoney, have already begun to draw serious interest from local Republicans looking at 2008.

Both races were close last year, with Klein defeating Shaw 51 percent to 47 percent, and Negron, despite having to run on the ballot as Mark Foley, narrowly losing with 48 percent to Mahoney's 50 percent.

In Mahoney's 16th district, Dinerstein said Negron is considering another run, and state Rep. Gayle Harrell, who stepped aside for Negron after Foley resigned with little time on the clock, said she is eyeing the seat as well.

"I am certainly looking at that possibility," Harrell said. "I'm looking at the whole situation, whether it's a primary or certainly the general."

For his part, Mahoney said he will fight hard for reelection. His early positioning and leadership on ethics reform — a fitting topic given the Foley scandal — could serve as a cornerstone issue for his reelection campaign, Mahoney said.

"My concern is much greater than the page scandal," Mahoney said, pointing to a comment piece he wrote about the need for congressional ethics reform months before the Foley scandal broke.

"The things I'm doing today are things I promised to voters more than 15 months ago, and that's only in the first two days," Mahoney said. "I think we're off to a very, very good start here."

As for Klein's seat, Dinerstein confirmed that Shaw would not try to retake the seat he held for 26 years, citing health issues and a desire to spend more time with his family. Dinerstein did say he has spoken with four potential candidates who "claim to be seriously interested."

Though he wouldn't disclose the names of those who might run, Dinerstein said he would meet with the four when he returned from his cruise and try to cut that number to two viable candidates.

Klein said he has already spoken with the new Democratic Congressional Campaign Committee chairman, Rep. Chris Van Hollen (Md.), about the need to start raising money and the importance of opening constituent offices quickly.

"We're hitting the ground running," Klein said. "I don't think anyone is taking it for granted. I'm certainly not."

Klein and Mahoney are two of five freshmen appointed to the House Financial Services Committee, seats that allow them to focus time and energy on the issue of rising homeowner insurance costs. In the hurricane-prone area of South Florida, such representation is crucial, Klein said.

As for the anger aimed at Republican incumbents, especially in these two Florida districts, Dinerstein said in many ways it was deserved.

"The voters down here were angry at us Republicans before the Foley thing," he said, adding that the party had virtually conceded their strongest issues of fiscal responsibility and ethics.

"All of the sudden, Republicans in Washington have found fiscal religion," he said.

Those issues aside, Dinerstein said the tsunami that was the Foley scandal remained in the district long after the national attention had moved to former Speaker of the House Dennis Hastert (R-Ill.). That said, Dinerstein believes that much of the local fury directed at the party has subsided, and that now is the time for the GOP to get back to its core issues of fiscal responsibility, ethics and strong foreign policy.

And while attempting to retake the two Florida seats they lost in 2006, Dinerstein said Palm Beach County Republicans' first priority is to deliver the notorious electoral area to a Republican presidential candidate in 2008.

The early polling leader and former New York City Mayor Rudy Giuliani is Dinerstein's odds-on favorite to do well in South Florida.

"The people that I bump into love Rudy Giuliani," he said. "He's king down here."

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Giuliani, who stumped in the area twice for Shaw in 2006 and twice for President Bush in 2004, "owns South Florida on our side of the aisle and gets huge crossovers" from Democrats and independents for his desire to cut taxes and for "standing up to bad guys."

Dinerstein said some Republicans' concerns about Giuliani's social leanings are similar to those he saw with new Gov. Charlie Crist (R), which, in the end, fell by the wayside to a pragmatic GOP looking to retain the governor's mansion.

And while South Florida may be Giuliani territory, Dinerstein said he has heard that much of the rest of the state is excited about former Massachusetts Gov. Mitt Romney, whom the chairman is trying to lure to South Florida early this year for either a rally or a small meeting with area donors.

But Dinerstein said that like Giuliani, Romney's social leanings are of concern to many Republicans.

"Here's a guy who in the past minute and a half has gone from being a social centrist … to Jerry Falwell," Dinerstein said, adding that such perceived repositioning caused significant damage to Crist's primary challenger, Tom Gallagher.

Dinerstein said plans for an October 2007 straw poll — one way to determine the early leader for the state's crucial votes — are again in the works.

New Districts Cause Headaches For Ga. Reps. (RC)

By Elizabeth Brotherton

Roll Call, January 9, 2007

Aside from redoing the stationery, changing those office signs and reaching out to new constituents, there is one very important thing the four Georgia Representatives who switched district numbers for the 110th Congress have to deal with: misdirected e-mail.

In 2005 the Georgia Legislature decided to redo the state's Congressional districts. By the time the process was completed, four Members saw their district numbers flip — Republican Rep. Lynn Westmoreland exchanged the 8th district for Rep. Jim Marshall's (D) 3rd, while Rep. Nathan Deal (R), the former 10th district Representative, began to serve residents of Georgia's 9th, switching numbers with Rep. Charlie Norwood (R).

Mix those changes with new district lines, and it's a recipe for confusion.

"Our people are having to figure out who their Member is, for one thing," said Brian Robinson, Westmoreland's press secretary. "And we're having to reprogram the computer system to let it know who our constituents are."

The e-mail confusion mainly comes into play when constituents type their ZIP code into the "Write Your Representative" feature on the House Web site. While the computer can find the district, it is not aware of the number change.

"A lot of our mail is getting e-mailed to Jim Marshall's office, and a lot of Marshall's constituent e-mail is being sent to us," Robinson said. "We're having to work that out with the computer people."

And don't forget that the Georgia Members still have to deal with the other logistics that came with a new Congress in which leaders are promising to work five days a week.

"It is kind of challenging," said Doug Moore, communications director for Marshall. "We spent two terms being the 3rd district. Now they switch us to the 8th, so we have to get all-new everything. New letterhead, new business cards for everybody, even down to changing the voice mail that everybody has."

On the e-mail front, both Moore and Robinson said information technology staffers are working to correct the problem as quickly as possible, although overcoming the glitches isn't an easy task.

"I do feel for them, because it does seem like a gratuitous job," Moore said.

And until that work is done, the two offices plan to work together to deliver constituent e-mail, despite their party differences.

"Their hands are tied, too, because we have their constituent mail," Robinson joked. "We both have hostages to negotiate over."

While Marshall and Westmoreland are forced to exchange constituent e-mails, things are going a bit smoother for Deal and Norwood — but there's still work to be done.

Chris Riley, Deal's chief of staff, said the most difficult part of the transition came during the elections, because while Deal represented the 10th district, he was running for the 9th.

After Deal was re-elected in November, IT staffers were able to do much of the groundwork for the transition, Riley said.

"We haven't had that many hiccups," he added. "We may have a few, but those haven't been brought to my attention yet. ... That's not to say you can't go to our Web page and find a problem."

(In fact, as of Monday night, Deal's Web site still him listed at the 10th district Representative.)

For veteran Norwood staffers, the change to representing the 10th district might be a bit of a headache but isn't unheard of. Norwood has gone through three district-number changes and four redistricting efforts since becoming a Congressman in 1995.

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When Norwood first entered Congress, he actually represented Georgia's 10th district, which is geographically different from the 10th district of today.

"At this time, Charlie's represented probably a third of Georgia," said John Stone, Norwood's communications director.

With that experience, staffers knew ahead of time they would need to make the transition a priority. Last year, Norwood's office reached out to constituents through e-mails and news releases, letting those Georgians in counties affected by redistricting know whom their new Representative would be.

Marshall did the same thing, Moore said, paying particular attention to counties the Congressman wouldn't be representing once 2007 arrived.

"We have a lot of territory and counties we lost, so they still call us," Moore said. "A lot of time, they have a relationship with us."

After the 109th Congress adjourned, technology staffers began to go through Norwood's Web site, page by page, to make sure everything that needed to be changed to the 10th district was fixed, Stone said.

"We have to get everything changed over. We're doing it first on the Web, then stationery," Stone said. "There's still some cleanup work."

Of course, the district number confusion isn't just limited to office logistics. Many publications — including Roll Call — mixed up the district numbers in various election results articles and features, Robinson said.

"Every single major media outlet did that," Moore added. "I had to call and correct them repeatedly."

For his part, Riley predicted Morrison and Westmoreland would have their constituent e-mail reaching them soon.

"Mr. Westmoreland has the smartest IT guy on the Hill," Riley said. "So if Brian Tyson can't figure it out, it's hopeless for the rest of us."

Sununu Has Big Target On His Back (RC)

By Nicole Duran

Roll Call, January 9, 2007

New Hampshire was good to Democrats last year, handing them both House seats in the midterm elections. Now the resurgent party thinks a Senate seat can be wrested from GOP control as well.

Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) recently called first-term Sen. John Sununu (N.H.) one of the three most vulnerable Republican Senators up for re-election in 2008. His claim echoes what Granite State Democrats believe.

"I think Sununu will have problems in 2008 that go beyond [President] George Bush and goes to John Sununu, his voting record, and who he is," said Kathy Sullivan, chairwoman of the state Democratic Party.

On election night, when New Hampshire voters tossed out Republican Reps. Charles Bass and Jeb Bradley, Democratic activists immediately turned their attention to Sununu, saying "he's next," Sullivan related.

At least one potential Democratic challenger, Portsmouth Mayor Steve Marchand, is seriously readying for a bid.

Marchand, who turns 33 on Wednesday, said he's looking at the feasibility of a Senate run and determining if he can raise the considerable amount of money it will take to unseat Sununu.

"I have people in position to work on a campaign," he said. "I am interviewing folks and will continue to so that if and when we decide to do it, we're in a position to begin with a running start."

Marchand, who was first elected mayor of the 23,000-population seacoast town in 2005, said he will decide sometime in February.

Having worked on his own campaign and those of others, Marchand said he has "a good appreciation" for how challenging a Senate campaign will be. He has reached out to national and state Democrats and is looking at the financial picture.

While he has not spoken to Schumer yet, Marchand said doing so is a "high priority."

Other potential candidates include state Sen. David Gottesman (D) and Gary Hirshberg, president of Stonyfield Farm, the Londonderry, N.H.-based yogurt company.

Former Gov. Jeanne Shaheen (D), who narrowly lost to Sununu in 2002, has been touted as another top potential contender. But while she and her husband, David, remain active in Granite State politics, the former governor is the president of the Institute of Politics at the John F. Kennedy School of Government at Harvard University and is not likely to try again, knowledgeable Democrats privately concede.

"Jeanne is really enjoying her work with students and faculty at the Institute of Politics, and has no other plans at this time," said Esten Perez, communications director for the institute.

Hirshberg, who did not return calls for this story, is a regular contributor to Democratic candidates and parties.

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During the 2004 and 2006 cycles, he and his wife, Meg, gave $36,450 to candidates and parties, including $10,000 to the Democratic National Committee.

Gottesman just said: "At this time, I can only say that I have not ruled out any options that I have for elected office, but am focused on my job as a New Hampshire state Senator."

Democrats have just taken control of the New Hampshire Legislature for the first time in decades.

"After what happened in 2006, I don't think we'll have trouble finding someone to run," Sullivan said.

Sununu, who had more than $560,000 in his campaign account as of Sept. 30, did not address Democrats' enthusiasm about unseating him, nor was he ready to discuss the upcoming campaign in detail. Sununu spent $3.5 million on his first Senate race, and Shaheen spent $5.8 million that year.

Year-end campaign finance reports are not due until Jan. 31.

"As they have always been, our campaign in 2008 will be an aggressive town to town, person to person effort — strong on grassroots organization and focused on the issues that matter most to New Hampshire citizens," Sununu said in a statement.

Officials for the New Hampshire Republican Party declined to comment, as did the National Republican Senatorial Committee.

Meanwhile, Marchand already seems to have his sound bites and campaign themes ready.

He describes himself as fiscally conservative, moderate on social issues and progressive on environmental issues — a mix he says meshes very well with New Hampshire voters, who tend to be more libertarian than conservative or liberal.

"Sen. Sununu in general has become more conservative on many key issues over time, while New Hampshire continues to moderate in a lot of important ways," Marchand said.

As for his relative youth, Marchand, who previously worked for The Concord Coalition and the AARP, said he has enough experience to make up for it.

"I'll be 34 in 2008 and I'll have been a mayor," Marchand said. "That should trump being the son of a former governor."

Sununu's father, John Sununu, was a Republican governor of New Hampshire and chief of staff to former President George H.W. Bush.

"Sununu first ran for federal office in 1996 when he was 32 and never held elected office," Marchand pointed out.

At 42, Sununu currently is the youngest member of the Senate.

Sullivan said she thinks the 2006 elections may have represented a "fundamental change" in New Hampshire voting patterns.

Even so, New Hampshire soon will be caught up in the whirlwind of the presidential primary, which could take focus off the Senate race.

Sullivan said she does not think that will happen.

"We were able to unseat a first-term governor in 2004 during a very hotly contested presidential contest," she said.

Marchand said he thinks the presidential focus actually may bring more attention to the Senate race.

"I'd argue it's a unique opportunity to gain exposure," he said. "This is going to be a closely contested Senate for the foreseeable future and every seat is going to matter."

Party leaders, and presidential hopefuls, understand that and will not let the Senate race fall by the wayside, he said.

"I've had conversations with many [presidential hopefuls] personally, and certainly their staffs, and they understand how critical the race is," Marchand said. "The New Hampshire [presidential] primary can never be a hindrance."

Johnson's Re-election Plans On Hold (RC)

By David M. Drucker, Roll Call Staff

Roll Call, January 9, 2007

Sen. Tim Johnson (D-S.D.), experiencing a slow but encouraging recovery from a Dec. 13 collapse, has put his re-election plans on hold, plunging a key Senate battleground into uncertainty.

A spokeswoman said Monday that the Senator's health will dictate whether a 2008 bid, which had been on track until illness struck, can eventually resume.

Johnson had long ago started raising money, and he was beginning to assemble a campaign staff and mull over when to announce his bid for a third term when he was hospitalized for a brain hemorrhage. Those re-election plans are now in limbo as his health and ability to wage what could be a very demanding Senate race are assessed.

"Things are on hold to prioritize the most important thing, and that's got to be his health," Johnson spokeswoman Julianne Fisher said. "It's just a matter of how long the recovery process is going to be. We're still in a holding [pattern] on that one."

Johnson, who turned 60 two weeks ago, had nearly $651,000 in cash on hand as of Sept. 30.

Despite Johnson's good standing at home and the fact that he held off now-Sen. John Thune (R) in a tough re-election bid back in 2002, the Democrat likely faced a battle in 2008 because of his state's strong Republican tilt and the fact that GOP candidates often have an advantage in South Dakota when they run in presidential cycles.

Thune, after losing to Johnson by 524 votes in the off year of 2002, beat then-Senate Minority Leader Tom Daschle (D) by 2 points in 2004 while President Bush was defeating Sen. John Kerry (D-Mass.) by 22 points.

Johnson's ability to run a race that could be every bit as rigorous as his 2002 victory, when he and Thune spent a combined $12.1 million in a campaign for 334,438 total votes, could be determined not just by his overall health — which doctors say is improving — but by how long his recovery takes.

Patrick Davis, a Denver-based Republican consultant and native South Dakotan who served as political director of the National Republican Senatorial Committee in 2004, speculated that Johnson would ultimately choose not to run for re-election. He said the rigors required to wage a successful South Dakota Senate race — particularly in a presidential cycle — would be significant considering his current health problems.

"I don't think Tim runs again," Davis said.

The latest battery of tests conducted on Johnson last week indicated no traces of the condition that caused his illness. The Senator was diagnosed with a congenital blood vessel disorder known as arteriovenous malformation after being admitted to the hospital in December.

Johnson's aides said this week that Johnson was still breathing with the aide of a tube, though to a lesser extent than in recent weeks, as he is now able to breathe on his own most of the time.

For fear of appearing impolitic and insensitive, both Democrats and Republicans have been reluctant to comment on how Johnson affects South Dakota's status as a target on the 2008 Senate map, let alone the political plans of prospective candidates.

But it's clear that should Johnson choose not to run for re-election, a race that was sure to be hotly contested could get even hotter.

Rep. Stephanie Herseth, currently seen as the candidate Democrats are most likely to turn to should Johnson retire, has declined to go anywhere near the issue. Her spokesman would say only that Herseth looks forward to Johnson making a full recovery.

"It's too soon for any kind of speculation like that," Herseth spokesman Russ Levsen said, when asked if his boss would consider running for Senate if Johnson doesn't.

Steve Hildebrand, a Democratic consultant based in South Dakota and former Daschle adviser, argued that it's far too soon to discuss what happens if Johnson retires. He said Johnson's approval ratings were solid prior to his illness and that it wasn't necessarily a given that he was going to face a tough challenge from a formidable Republican.

The state has rallied around the Senator since his collapse, with churchgoers praying for his return to good health every Sunday, Hildebrand said.

With approval ratings that Hildebrand said are higher than Thune's and above what Daschle's were in 2004, Hildebrand believes only popular Gov. Mike Rounds (R) could pose a serious challenge to the Democratic incumbent. But Hildebrand described Rounds as risk-averse — a sentiment echoed by Davis — and therefore doesn't expect him to run.

"Any of us who firmly believe Tim will make a full recovery are not considering any 'what-if' scenarios," Hildebrand said. "All of us have hope and faith that Tim will be back in full health and running for re-election."

Republicans have five candidates who are considered by GOP sources to be serious contenders regardless of what Johnson does, beginning with Rounds.

Davis predicted Rounds would run only if Johnson retires. Davis said Rounds would be all but unbeatable if the seat opens up — including against Herseth, who he speculated would not run against the governor, as the 36-year-old Congresswoman's House seat appears to be hers for as long as she wants it.

Absent a Rounds candidacy, which would clear the GOP primary field, Republicans could be in trouble, Davis said. He believes South Dakotans as a whole are more likely to support a "middle-of-the-road" GOP candidate in 2008 than one positioned on the far right of the party, but he said such a candidate is exactly what the GOP will probably nominate if the governor doesn't run.

"I do think [Rounds] runs if it's an open seat. But I don't think he runs against Johnson — healthy or not," Davis said. "Johnson is a street fighter; he's a great, great politician."

Rounds, who was working Monday on his State of the State address, declined through a spokeswoman to comment on whether he is considering a run for Senate in 2008.

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In addition to Rounds, the potential Republican field includes former Lt. Gov. Steve Kirby, who probably could afford to self-finance a Senate race if he chose to; current Lt. Gov. Dennis Daugaard; state Sen. Dave Knudson; and Public Utilities Commission Chairman Dusty Johnson.

Romney Makes It Official And Asks For '08 Cash In A Big Way (NYT)

By Adam Nagourney

The New York Times, January 9, 2007

BOSTON, Jan. 8 — Presidential campaign fund-raising operations are usually run well out of public sight, reflecting their status as essential, if slightly unseemly, requirements for running for the White House.

That is what made what happened here early Monday morning striking. Over 400 people, including corporate executives, governors, wealthy Republican donors and party operatives, gathered around telephones and computer screens stretched out over a huge convention center room for a day of public fund-raising on behalf of Mitt Romney, the former Massachusetts governor who created a presidential exploratory committee last week. Television camera crews and reporters circled the room as Mr. Romney's aides provided a running tally of how much had been raised.

For Mr. Romney, this high-tech fund-raiser, with new fund-raising software rolled out to mark the occasion, amounted to a public declaration for the White House, as he marched out with his family for his first major event since leaving the Statehouse.

And as Mr. Romney announced at day's end that he had drawn a $6.5 million one-day haul in cash and commitments, it was also a striking example of just how important fund-raising has become as a test for presidential viability, this year more than most, with the race dominated by high-profile candidates, most of whom are unlikely to participate in the public financing system.

"This has never been done before," Mr. Romney said, standing in the middle of an elaborate set, a wireless microphone planted on his body. "This is the most advanced technology ever employed as a fund-raising effort."

Politically, the display of fund-raising and organizational prowess was intended to put Mr. Romney back on the map after a tough month in which his conservative credentials have come under attack because of questions about his evolving positions on abortion and gay rights. If the immediate audience for this fund-raising event were his own supporters and the press, it was aimed just as much at other prospective Republican candidates. Those include Senator John McCain of Arizona and Rudolph W. Giuliani, the former New York mayor, but also some lesser-known candidates on the right, like Senator Sam Brownback of Kansas and Mike Huckabee, the former governor of Arizona, who have been emboldened at the sight of Mr. Romney struggling.

"It's going to send a strong message to McCain as well as to Giuliani, but also to all those other guys who might be thinking of getting in," said Thomas R. Tellefsen, who was recruited from the upper ranks of President Bush's fund-raisers to spend a day sitting in front of a computer screen.

Spencer Zwick, a longtime Romney associate who is now his national finance director, said: "We do know in political fund-raising, money talks, but early money screams. That's what we're trying to do."

No expense was spared for "The National Call Day" in the gleaming new Boston Convention and Exhibition Center. Callers were delivered boxed lunches at their seats. Huge video screens displayed a biographical film of Mr. Romney, who dutifully emphasized his opposition to abortion rights and same-sex marriage. The software, based on programs used by telemarketing sales forces, was designed exclusively for Mr. Romney and called ComMITT.

"People are waiting to see Ed McMahon flash up the latest number on the tote board," said Tom Rath, a veteran New Hampshire Republican leader who is a senior adviser to Mr. Romney.

The Romney campaign, indulging in a rather old trick from the political book, started off the day with a low-ball prediction that they would gather $1 million in pledges and commitments. With a group this large, and this well connected, a take like that would have been disappointing, so the final result gave Mr. Romney a chance to come out and announce he was "blown away" by the outcome.

Mr. Romney's supporters came armed with lists of friends and, in the case of politicians, their own contributors. A lot of internal planning had gone into the day, so the recipients of calls asking for donations of $2,100, the legal limit, were not surprised. And Mr. Romney was certainly not taking any chances. When it came time for him to make a fund-raising call, piped over the loudspeaker and in front of a crush of cameras, he chose to call his older sister, Lynn Keenan, at her home outside Detroit.

Still the image of, say, the governor of Missouri, Matt Blunt, sitting at one table, and the head of a major corporation dialing for dollars was certainly unusual.

"I've never done anything like this before," said Meg Whitman, the chief executive of eBay, in a break from her callers. "I start out by saying: 'You won't believe where I am! I'm at the Boston Convention Center with four or five hundred other people dialing for contributions for Mitt Romney.' "

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The figure put out by Mr. Romney includes pledges as well as checks, Mr. Romney's aides said they were confident that most of that money would also come in. It also was the result of going after what Mr. Tellefsen called "low-hanging fruit."

Mr. Romney laughed when asked if he thought the campaign would be able to keep up this pace, though he characterized it as an affirmation of the potential appeal of a candidate who remains relatively little-known outside Republican circles.

"I don't think $6.5 million a day is likely to be sustained," he said, adding, "This is not a big flash and disappearance."

Mr. Romney's advisers have said they would like to raise around $100 million before the primaries. With the presidential primary contests coming fast and early next year, there is a premium on candidates' raising money as quickly as possible so they can leave the telephones and be free to do public events in early primary states.

Romney, High-profile Friends Call For Election Cash (WT)

By Stephen Dinan

The Washington Times, January 9, 2007

BOSTON -- Mitt Romney figured he needed something to wow the politicos for the first event of his young presidential campaign, so he put together yesterday's first-ever telemarketing fundraiser featuring governors and high-powered CEOs gathered together to dial for dollars -- more than $6.5 million raised in one day.

"I'm overwhelmed by the support, I'm heartened by the friendships and I'm optimistic about the future," Mr. Romney, a Republican, said as he announced the total to reporters yesterday evening, adding that it was a major statement about the ability to compete for "a guy who is not terribly well-known -- me."

It was an impressive entry for the former governor of Massachusetts into the so-called "invisible primary," the period before the actual 2008 primaries and caucuses, when candidates flaunt their fundraising prowess, show off their organizational skills and even try a few gimmicks to prove they can compete and to scare other potential candidates from entering the field.

"I think it's going to be a very strong message today to everybody -- I think it's going to be a strong message to [Sen. John] McCain as well as to [former New York Mayor Rudolph W.] Giuliani, and I think it's going to be a strong message to those that are considering or haven't really yet laid the groundwork," said Thomas Tellefsen, one of the co-chairmen of Mr. Romney's national finance team, naming the top Republican candidates in current primary polling.

Mr. Romney ended his term as governor of Massachusetts last week, the day after he announced formation of a committee to explore a run for president. An announcement on an official presidential committee is expected some time this winter.

In addition to yesterday's event to prove his fundraising credentials, Mr. Romney has also used this first official week to try to quell concerns among social conservatives about past remarks.

"Now, I wasn't always a Ronald Reagan conservative. Neither was Ronald Reagan, by the way. And perhaps some in this room have had the opportunity to listen, learn and benefit from life's experience -- and to grow in wisdom, as I have," he told a gathering of conservatives and major Republican donors in Sea Island, Ga.

"My life experience convinced me that Ronald Reagan was right. I'm a conservative that gets the job done. And you don't just have to take my word for it, you can just look at my record," he said.

While that weekend appearance was about honing a message, yesterday's event was all about proving fundraising and organizational skills.

The campaign rented out the grand ballroom at the Boston Convention and Exhibition Center and had nearly 400 stations set up with telephones and laptops computers for the high-powered callers to take credit-card information down on the spot.

After a legal briefing by the campaign's lawyer, an introductory inspirational video about Mr. Romney and some opening remarks from the candidate and his wife, the calls began. The callers -- among them Meg Whitman, the president and CEO of EBay, and Missouri Gov. Matt Blunt, a Republican -- called their own lists of friends and colleagues to ask them to contribute. The campaign said the volunteers made about 15,000 outbound calls.

"In political fundraising, money talks, but early money screams," said Spencer Zwick, the campaign's finance director.

Mr. Tellefsen, who was one of the elite fundraisers for President Bush in 2004, attended Harvard Business School with both Mr. Bush and Mr. Romney and said Mr. Romney "was much smarter than both of us."

"The president and governor and I were all in the business school, but he also was in the law school and he graduated in the top part of his class in both of those things," Mr. Tellefsen said.

Romney Kicks Off Fundraising Campaign (AP)

By Glen Johnson

AP, January 9, 2007

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White House hopeful Mitt Romney and 400 of his backers raised more than $6.5 million on Monday in a glitzy fundraising blitz that will force all Republican rivals to take notice.

"They've come together and blown us away today, and humbled us at the same time," said the former Massachusetts governor as he clutched the hand of his wife, Ann.

The figure dwarfed the $2 million that Sen. John McCain, R-Ariz., raised and the $1 million collected by former New York Mayor Rudy Giuliani. Like Romney, the two have created committees exploring bids for the GOP's presidential nomination.

While Romney said he was not trying to send a message to anyone but his supporters, one of his national fundraising co-chairman disagreed.

"I think it's going to be a very strong message today — to everybody," said Tom Tellefsen, a classmate of Romney's at Harvard Business School and a top fundraiser for President Bush. "I think it's going to be a strong message to McCain as well as Giuliani, and I think it's going to be a strong message to those that are considering or haven't really yet laid the groundwork that maybe they should have."

The event at the Boston Convention & Exhibition Center featured a four-screen projection TV system hung from the center of a ceiling, displaying pictures that included Romney in the Oval Office and at the presidential lectern.

Besides the "National Call Day" event, Romney also sought over the weekend to shore up his support among evangelicals who have been dismayed to learn that he ran as a moderate for the U.S. Senate in 1994, as well as for Massachusetts governor in 2002.

He now is staunchly opposed to gay marriage, and says he supports a state-by-state approach to abortion rights.

"Now, I wasn't always a Ronald Reagan conservative. Neither was Ronald Reagan, by the way. And perhaps some in this room have had the opportunity to listen, learn, and benefit from life's experience — and to grow in wisdom, as I have," Romney said at a conservative gathering in Sea Island, Ga.

"My life experience convinced me that Ronald Reagan was right. I'm a conservative that gets the job done. And you don't just have to take my word for it, you can just look at my record," he added.

While Romney's presidential committee is still labeled "exploratory," he and his staff have made it clear they are in the race to win.

In e-mails sent last week, two of Romney's sons estimated he would need to raise $100 million to be among the "serious contenders" for the nomination. The stated goal on Monday was $1 million.

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NEW YORK (AP) — Civil rights activist Al Sharpton said Monday he is seriously considering a run for president.

"I don't hear any reason not to," Sharpton, 52, said in an interview during an urban affairs conference sponsored by another civil rights leader, the Rev. Jesse Jackson.

"If we're talking about the urban agenda, can you tell me anybody else in the field who's representing that right now?" Sharpton asked. "We clearly have a reason to run, and whether we do it or not we'll see over the next couple of months."

Sharpton mounted a long-shot bid for the White House in 2004, in which his wit and fiery denunciation of President Bush often enlivened Democratic primary debates. He dropped out of the race after losing several state primaries and endorsed the eventual nominee, Massachusetts Sen. John Kerry.

Despite widespread interest in the likely candidacy of another influential black Democrat, Illinois Sen. Barack Obama, Sharpton said he's heard little substantive discussion of issues that might influence his decision about running.

"Right now we're hearing a lot of media razzle dazzle," Sharpton said. "I'm not hearing a lot of meat, or a lot of content. I think when the meat hits the fire, we'll find out if it's just fat or if there's some real meat there."

Sharpton said the candidate who impressed him most so far was former North Carolina Sen. John Edwards, who has made poverty the central issue of his campaign. Sharpton ran for the Senate from New York in 1988, 1992 and 1994, and ran for New York City mayor in 1997.

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ORANGEBURG, S.C. (AP) — Democrats will hold the first debate of the 2008 campaign on April 26, 2007 in South Carolina.

The hour and a half debate will be held at South Carolina State University, a historically black college, and will be televised by MSNBC, state party officials said Monday.

South Carolina was selected as an early voting state in a move intended to add racial and geographic diversity to the early voting.

The university has a storied history in the civil rights movement. On Feb. 8, 1968, three people were killed and 27 injured after the South Carolina Highway Patrol fired on protesters demonstrating against segregation, an event known as the Orangeburg Massacre.

South Carolina's GOP plans its first debate May 15 at the University of South Carolina's Koger Center in Columbia.

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Associated Press Writers Beth Fouhy in New York and Jim Davenport in South Carolina contributed to this report.

Romney Raises $6.5 Million In One-Day Blitz (WP)

By Chris Cillizza

The Washington Post, January 9, 2007

Former Massachusetts governor Mitt Romney raised $6.5 million for his presidential exploratory committee yesterday, sending a powerful message to his potential opponents about the seriousness of his bid for the Republican nomination.

Romney gathered about 400 of his largest financial backers for an all-day call-a-thon at the Boston convention center. The group included politicians such as Missouri Gov. Matt Blunt, former Massachusetts governor William F. Weld and former lieutenant governor Kerry Healey, as well as deep-pocketed fundraisers such as Utah billionaire Jon Huntsman Sr., eBay chief executive Meg Whitman and Tennessee money man Ted Welch.

The politicos and fundraisers hit up friends and colleagues, and many of them wrote their own checks to contribute to the day's total. Less than four hours into the effort, Romney had surpassed his goal of raising $1 million; 90 minutes later, he announced that more than $2.5 million had been collected and urged callers to "keep on dialing for dollars." The day's total included actual contributions and what a Romney spokesman called "signed pledges."

Romney has said he hopes to raise $100 million in 2007 to support his presidential aspirations. An internal campaign document for former New York mayor Rudolph W. Giuliani, which a rival campaign leaked to the media last week, set the same goal. By comparison, then-Texas Gov. George W. Bush collected $69 million in 1999 for his campaign.

That gap speaks to the increasingly high fundraising bar that a candidate must clear to be taken seriously in the 2008 sweepstakes. With such high-powered fundraisers as Sen. Hillary Rodham Clinton (D-N.Y.) and Sen. John McCain (R-Ariz.) likely to run, Federal Election Commission Chairman Michael Toner estimated recently that the 2008 race could cost as much as $1 billion.

Alex Vogel, a Republican lobbyist not affiliated with any of the potential candidates, described Romney's one-day haul as an attempt at "shock and awe," adding that the former governor is seeking to quickly dispose of questions about whether he can raise the money to be competitive with McCain and Giuliani in the primaries.

In some ways, Romney's dynamic day of cash collection is not terribly surprising because of the variety of connections he has built. He has ties to the business world, having been a top executive at the Boston-based consulting firm Bain & Co. After four years as governor and two years as chairman of the Republican Governors Association, Romney boasts deep roots in the GOP giving community. And his stewardship of the Winter Olympics in Salt Lake City in 2002 gave him access to a group of nonpolitical donors.

While the Romney campaign touted its huge one-day total, the planning for the event had been going on for some time.

Participants gathered for dinner Sunday night and after breakfast yesterday before they began their calls. Each person was supplied a laptop computer and given access to new sales-based software, known as ComMitt, developed for Romney's presidential exploratory committee.

"In a presidential campaign, it's one thing to talk about your organizational strength but it's another to showcase it," said Romney spokesman Kevin Madden.

Mitt Rakes In Dough, Proves His Political Viability (SLT)

By Thomas Burr

Salt Lake Tribune, January 9, 2007

BOSTON - Sending a clear signal he wants to be in the top tier of presidential candidates, and using showmanship skills honed in heading the 2002 Salt Lake Winter Olympics, Republican Mitt Romney amassed more than $7 million Monday in political pledges.

In a room flanked by flags from all 50 states, Mitt and Ann Romney brought the crowd to its feet and then, on their first day of fundraising, pulled in almost as much as then-Texas Gov. George W. Bush did during the first three weeks of his presidential campaign exploration in 1999.

Romney was out to show that he can raise money like a frontrunner, and he did. But the former Massachusetts governor also wanted to show he has support from across

Former Massachusetts Gov., Mitt Romney, R-Mass. (Josh Reynolds/The Associated Press) the nation and is organized to mount a convincing campaign should he choose to run for the White House.

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"I'm overwhelmed by the support," Romney, a 59-year-old venture capitalist-turned-politician told reporters. "I'm heartened by the friendships and I'm optimistic about the future."

Romney's camp initially told reporters they hoped to collect $1 million at the event, a figure they reached by 11 a.m. MST.

Craig Holman is the campaign finance lobbyist for the government watchdog group Public Citizen and a critic of the bundling model pioneered by Bush and, it appears, perfected by Romney. Holman called Romney's one-day collection "tremendous" and "disheartening," noting

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it does not bode well for the future of public financing.

Still, Holman had to admire Romney's achievement.

"That puts him overnight on the steps of credible candidates," Holman said. "If he can raise that kind of money in one day, he's in the game."

That was the goal.

Some 400 Romney supporters - from the chief executive of eBay to Missouri Gov. Matt Blunt to enthusiastic bloggers - called friends and associates begging for donations in what Romney's staffers said was a novel approach in politics. The money raised was in donations by check or credit card or a signed pledge.

Supporters huddled around 40 horseshoe-shaped tables with IBM laptops and black phones at the Boston Convention Center dialing people from their Roladexes. A four-sided JumboTron carried images of Romney as he glad-handed the room and joined in to make the pitch on calls.

"Money talks but early money screams," Romney's national finance director, Spencer Zwick, said.

If Romney fully commits to the race, he needs momentum as he faces better-known opponents for the GOP nomination, mainly Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani. Political observers predict potential 2008 candidates need to raise $25 million to $30 million in the first three months, and up to $100 million this year alone.

It's unclear whether Romney's committee can sustain that kind of pace. Rich Hanley, director of graduate programs in the school of communication at Quinnipiac University, likened Monday's yield to that of a movie on opening weekend. "But it's ultimately not the opening weekend that matters. It's what happens after that."

Romney countered that he doesn't plan on making Monday's effort the standard, but that, "The opening box office is kind of important for a movie and the opening box office for a campaign is kind of important as well."

Earlier that morning, Romney emerged to the Goo Goo Dolls' "Give a Little Bit," and rallied his troops to call everyone they knew to help boost his vision for a "new American dream."

Some 15 Utahns, including Lt. Gov. Gary Herbert, entrepreneur James Sorenson Jr. and the state's lobbyist, Bill Simmons, were among the callers, and many of the supporters had worked with Romney during the Olympics. Richard and Linda Eyre, who write inspirational books, were there, as were executives from Utah companies Xango and Nuskin.

"It's not a hard sale in Utah because people know Mitt Romney," Herbert said during a break from his calls to friends back home. But his boss, Utah Gov. Jon Huntsman Jr., is supporting McCain.

Monday's dialing-for-dollars campaign wasn't just a Boston event.

Supporters around the country spent the day phoning potential donors from their homes and offices, Romney's longtime friend and Utah developer Kem Gardner said between fundraising calls. Gardner, who stayed in Salt Lake City to close a business deal, knows of at least 50 people in Utah who were working the phones. By 1:30 p.m., Gardner had raised $52,000, he said.

"It's coming in great from all over the country," Gardner said.

And that's key.

Romney, a member of The Church of Jesus Christ of Latter-day Saints, must prove his support base extends beyond Utah and the Mormon community. Polls indicate he needs to raise his profile.

In a Jan. 1-3 CBS nationwide survey of 1,000 adults, 85 percent of respondents were either undecided or didn't know enough about Romney to even have an opinion. Of those who did have an opinion, twice as many respondents viewed him unfavorably (10 percent) as favorably (5 percent).

Romney's first call Monday, placed on speakerphone for everyone to hear, met with success. He phoned his older sister, Lynn Romney Keenan, in Bloomfield Hills, Mich., and could hardly get a word in as Keenan praised her brother for his success.

"This is an exciting day, isn't it?" she asked.

Romney didn't even finish his request for $2,100, the federal limit, before Keenan interrupted: "Of course."

Romney has a history of creative fundraising. To plug holes in the 2002 Olympics budget, he assembled a team of 20 "Utah ambassadors" to hit up philanthropists for donations.

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He also came up with the controversial idea to sell prime Olympic tickets and hotel rooms for several times their face value, in one case through an online auction in which the first set of 20 tickets sold for nine times their original price.

After the telethon, just about everyone there planned to meet at a hotel to watch the Florida Gators, coached by former University of Utah football coach Urban Meyer, face off against Ohio State for the BCS national championship.

Romney Event Nets More Than $6.5m (BOS)

By Scott Helman

The Boston Globe, January 9, 2007

Former governor Mitt Romney put on an unusual public fund-raising display for his presidential campaign yesterday, raising more than $6.5 million in an effort observers say was designed to intimidate rivals looking to challenge him for the conservative vote.

But one of those likely opponents, Senator Sam Brownback of Kansas, chose to highlight Romney's past moderate positions on abortion rights and gay rights, announcing that seven conservative Massachusetts activists will back him over Romney.

Romney's highly choreographed event, held at the Boston Convention & Exhibition Center, drew 400 of his biggest supporters, who spent all day soliciting money from friends and contacts around the country.

"They blew me away with their success," Romney told reporters at an evening news conference. "And we will be able to continue to build slowly but surely a highly successful financial effort and campaign. This is not, if you will, a big flash and disappearance."

Tom Tellefsen, a private investor from California and one of Romney's national finance cochairmen, said the daylong blitz would "send a very strong message" to others in the race, both to top-tier rivals such as Senator John McCain of Arizona and former New York City mayor Rudy Giuliani, and to "those that are considering or haven't really yet laid the groundwork that maybe they should have."

But if that was the message, the Brownback campaign didn't get it. Spokesman Rob Wasinger said in an e-mail that Brownback's conservative record was "an asset that money just cannot buy" and released a list of activists who he said "are tired of all the compromise and double-speak and are eager to support a true conservative."

The list included Dwight Duncan of Cambridge, a professor at Southern New England School of Law; Anne Fox of Needham, a past chairwoman of Massachusetts Citizens for Life; and R.T. Neary of Medfield, a past president of Massachusetts Citizens for Life.

Neary explained his decision yesterday by saying that Brownback, who is expected to formally announce his candidacy Jan. 20 in Topeka, has "established credentials" on life issues. "Our governor, Mitt Romney, is a latecomer, if he is even a prolifer," Neary said.

In 1994 and 2002, Romney expressed support for abortion rights, but says he has since shifted to a "firmly prolife" position. The resurfacing of his remarks has stirred political trouble for Romney in recent weeks.

James Gilmore, a former Virginia governor and former chairman of the Republican National Committee, said at a GOP event last week that he intends to run as the race's true conservative, according to the Hotline, the political newsletter; Gilmore is expected to file papers today setting up a presidential exploratory committee. Governor Mike Huckabee of Arkansas is also eyeing a run as a conservative for the 2008 nomination.

But while Brownback, Gilmore, and Huckabee may challenge Romney for the conservative vote, none has built nearly the base of donors and activists in key primary states that Romney has. Observers say that if Romney can continue doing what he did yesterday, tapping into that infrastructure to raise millions of dollars, he could position himself as the one viable presidential candidate most palatable to conservative voters.

"That could be one of Romney's real advantages over the other candidates who are trying to market themselves to social conservatives," said Dante Scala, a political science professor at Saint Anselm College in Goffstown, N.H.

James A. Thurber, director of the Center for Congressional and Presidential Studies at American University, said, "That's why he's doing this and getting out front and trying to marginalize some of those second-tier candidates."

Romney denied yesterday that he was trying to signal anything to his opponents.

"No message to rivals today," Romney said. "This is a message to Ann and me, to our family, and to our friends that what we stand for and what we're going to fight for has been heard, that our friends are behind us, that they're supporting us in remarkable ways. And that gives us the energy and the enthusiasm and the motivation to go forward with our message."

Romney's campaign said before yesterday's event that it hoped to raise $1 million, but it's clear it expected more. His supporters commanded a 38,000-square-foot room on the third floor of the convention center, which was filled with tables with phones and laptops.

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At the lead table was William F. Weld, former Massachusetts governor, who alternated between making phone calls and checking his BlackBerry, and Kerry Healey, former lieutenant governor, and her husband, Sean. "We're going to do our best to make sure that Mitt has the best send-off possible," Kerry Healey said yesterday morning.

After entering the hall to the Supertramp anthem "Give a Little Bit" (as covered by the Goo Goo Dolls), Romney spoke about why he was running and proceeded to a phone to make his first fund-raising call to his oldest sister, Lynn, who lives outside Detroit.

"How are you?" Romney asked her.

"Good, how are you, Mitt?" she said. "This is an exciting day, isn't it?" She pledged $2,100, the maximum allowable contribution.

Romney's army of volunteers used an Internet-based database built by his campaign that it's calling ComMitt, which allows fund-raisers to log donations and access information about Romney's positions on various issues. The idea, according to Romney finance director Spencer Zwick, was for his supporters to use their own contacts -- Christmas card lists, for example -- and not to be handed a list of names to cold-call.

"While you see every one person here at the phone, what's behind them . . . [are] legions of other people and other supporters that they've worked with," said Romney campaign spokesman Kevin Madden.

One of Romney's top advisers, Tom Rath, an influential Republican National Committee member from New Hampshire, told reporters yesterday that any serious presidential candidate must raise $60 million to $75 million this year.

Much of that has to be done in the next six to eight months, he said, before candidates are too busy doing events in primary states to headline many fund-raisers. "Early money is really the mother's milk to these things," Rath said.

Four of Romney's sons were also on hand for the fund-raising kickoff, including his oldest, Tagg, 36.

"I don't know that you can ever be totally prepared because you can't really know what's going to happen," he said. "But everyone understands that there will be personal sacrifices, that you give certain things up. And that's what's required right now."

Decisions On The Horizon (NYT)

By Jeff Zeleny And Patrick Healy

The New York Times, January 9, 2007

Don't look for presidential announcements from Senators Barack Obama and Hillary Rodham Clinton anytime soon, but stay tuned.

At least that is the word from their associates. Mr. Obama, Democrat of Illinois, is not likely to say whether he intends to seek the party's presidential nomination until after President Bush's State of the Union address on Jan. 23. As he walked out of the Capitol on a recent afternoon, Mr. Obama only smiled when asked about his timing. Then, he rushed to change the subject.

Initially, Mr. Obama said he intended to announce his decision after returning from a holiday vacation in Hawaii, where he was visiting his grandmother and other relatives. Now, several people close to the senator say, he needs a little more time to make up his mind.

Still, Mr. Obama has been busy telephoning crucial Democrats in Iowa, New Hampshire and other states. There is, of course, only one reason for him to be making such inquiries.

Last week on Capitol Hill, Mr. Obama bumped into Ethel Kennedy, who has been a big admirer. When asked about him, she said, "He can't run soon enough."

Mrs. Clinton, meanwhile, plans to announce her decision in the next several weeks, her advisers say. According to several Democrats who have spoken to her, as well as advisers, Mrs. Clinton has given every indication that she is running, short of saying so, and no signals that she is not.

She is making phone calls to Democratic officials, labor leaders and supporters in early nominating states. And she continues to talk to possible consultants and donors, yet she has not made any travel plans to kick off a campaign.

Obama's Folly Of Youth Shouldn't Hinder Rise (USAT)

By Dewayne Wickham

USA Today, January 9, 2007

I knew it would come to this.

The widespread adulation that Barack Obama received with the release last year of his second book, The Audacity of Hope, pushed the junior U.S. senator from Illinois to begin making soundings about a run for the presidency in 2008.

And the initial response was downright giddy.

During visits to Iowa and New Hampshire — early testing grounds for presidential hopefuls — women swooned over Obama, and men rushed to be photographed with the man NBC News' Meredith Vieira called a political "rock star." Seasoned

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journalists gushingly spoke of Obama as a new force in U.S. politics who has chased everyone except New York Sen. Hillary Clinton from the field of viable contenders for the Democratic Party's 2008 presidential nomination.

But Obama's meteoric rise felt the pull of a political black hole last week when The Washington Post reported that in an earlier book, he had admitted to using illegal drugs while in high school and college.

"Junkie. Pothead. That's where I'd been headed: the final, fatal role of the young would-be black man. Except the highs hadn't been about that, me trying to prove what a down brother I was. … I got high for just the opposite effect, something that could push questions of who I was out of my mind, something that could flatten out the landscape of my heart, blur the edges of my memory," Obama wrote about the reasons for his youthful experimentation with marijuana and cocaine.

Far from being a prelude to his flirtation with presidential politics, this admission came before Obama entered political life. It was a catharsis — the kind of revelation about a troubled time that can produce emotional freedom and moral rejuvenation.

But in the world of politics, such honesty often runs afoul of the holier-than-thou crowd. I suspect, it's why Bill Clinton, when confronted on the issue, admitted having smoked marijuana but tried to mitigate this offense by saying he never inhaled. And I think it explains why George W. Bush deflected questions about his suspected drug use by quipping: "When I was young and irresponsible, I was young and irresponsible."

Like many other young people of his generation, Obama experimented with illegal drugs. That's nothing to be proud of — and what he wrote in his first book, Dreams from My Father, doesn't come across that way. But it is a window into the thinking of a young man who, like his country, struggles with the issue of race and identity.

"Everybody was welcome into the club of disaffection," Obama wrote of that period in his life. "And if the high didn't solve whatever it was that was getting you down, it could at least help you laugh at the world's ongoing folly and see through all the hypocrisy and bullshit and cheap moralism."

Fortunately for Obama, he escaped that reckless period with no apparent, lasting damage. And fortunately for the rest of us, many Americans are willing to excuse such bad behavior by public officials when it happened in the distant past — and the person in question has moved on to a better life.

I don't know if Obama is of presidential timber. I don't know if he possesses the deep intellect, courage and character that this nation so badly needs in its chief executive. I don't know if he is as studious as he is bright; or if he is as feeling as he is outspoken about the problems of this nation's old and poor.

But what I do know is this: Given the candor and honesty with which he revealed his youthful drug use, and the fact that he did so long before mounting the national political stage, Barack Obama deserves to be judged on his public service, not some old demons.

He deserves to be given a chance to show us the kind of man he has become — and the kind of president he could be.

Roberta Wohlstetter, Codebreaker (WSJ)

The Wall Street Journal, January 9, 2007

When Roberta Wohlstetter set out, in the early 1960s, to explain why the U.S. had been surprised by the Japanese attack on Pearl Harbor, she confronted a puzzle that to some seemed like a conspiracy.

Unlike classic military surprises, the U.S. had received ample intelligence that the Japanese were prepared to attack the Hawaiian base. That nothing was done to remove American ships to safety was proof, for Clare Booth Luce among others, that Franklin Roosevelt had "lied us into war because he didn't have the courage to lead us into it." But Wohlstetter, who died Saturday at age 94, knew better, and she spelled it all out in "Pearl Harbor: Warning and Decision," perhaps the most important book ever written on military intelligence.

Yes, the U.S. had intelligence that Pearl Harbor was a potential Japanese target. But other intelligence suggested Siberia could be a target, or the Panama Canal, or the Philippines. Previous indications of an impending attack had served, like so many false alarms, to lower America's guard. And American planners had trouble believing the Japanese would launch a war against the United States that they couldn't possibly hope to win.

From this, Wohlstetter drew the essential conclusion that the U.S. failed to anticipate the attack on Pearl Harbor because, amid mountains of incomplete and often conflicting data -- what she called "noise" -- intelligence analysts couldn't distinguish the information that really mattered. This tended to lead, as the future Nobelist Thomas Schelling wrote in his preface to Wohlstetter's book, to "a routine obsession with a few dangers that may be familiar rather than likely."

The lessons are timeless, and foretold the findings of the 9/11 Commission. Contrary to the views of many so-called realists, nations do not always act from rational calculations of their self-interests: They can be reckless gamblers, something that should give pause to those who see nothing to worry about in the prospect of an Iranian nuclear weapon. And contrary to the instincts of many CIA "professionals," the best intelligence analysis requires judgment and imagination, not simply the widest possible data set.

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Wohlstetter was also remarkable not simply as a woman working in what was then a "man's field," but also as the wife and intellectual partner of the late Albert Wohlstetter, the legendary nuclear-strategy theorist. Both Albert and Roberta were great friends of this page, as well as great patriots.

Europe, US Squeeze Iran On Nuclear Plans (FT)

By Daniel DombeyAnd Gareth Smyth

Financial Times, January 9, 2007

Western Europe and the US are seeking to ratchet up pressure on Iran over its controversial nuclear programme in the wake of a United Nations Security Council resolution last month that declared almost all of Tehran's nuclear activities illegal.

Some European Union diplomats have indicated a growing readiness to impose additional bilateral sanctions on Iran above and beyond those mandated by the UN – a course of action long championed by the US.

One source of such measures is an "à la carte" list of possible EU sanctions on Iran drawn up by Javier Solana, EU foreign policy chief, almost a year ago. This includes a possible crackdown on export credits for companies doing business with Iran and the declaration of a formal arms embargo on Iran.

At the same time, the new UN regime – which took months to negotiate in New York – appears to have surprised parts of Iran's leadership, with differences emerging on how best to respond. After a period in which Iran saw its regional influence increase at relatively little cost, Tehran now faces greater isolation.

"We know that they won't meet their obligations to the UN during the 60-day deadline set by the resolution," said an EU envoy, referring to the resolution backed by the Security Council on December 23. "After that, a big issue is going to be what the EU and others can do beyond what the UN called for."

Many of the specific steps called for by the UN resolution are focused on preventing Tehran from acquiring "dual-use" goods that could be used in its nuclear and missile programmes. The resolution does not impose broad-based economic sanctions, but prohibits UN member states from financing Iran's nuclear activities.

However, it goes much further than the UN's earlier actions in outlawing a wide range of Iran's nuclear activities, including research and development and a heavy water reactor for which Tehran had requested UN funding only a few months earlier. The previous resolution – which carried a deadline of August 31 last year – had merely demanded that Iran suspend uranium enrichment, a process that can generate both nuclear fuel and weapons grade material.

A regime insider told the FT last week there was no chance Iran would accept the resolution within the 60-day deadline, and would go ahead with plans to extend the number of centrifuges – devices for enriching uranium – in the research plant at Natanz.

But pragmatists in Tehran have become bolder in pronouncements, because of their concern at the scope of the UN resolution and because of the reverse suffered by President Mahmoud Ahmadi-Nejad in elections last month. The mood has shifted but not yet policy," the insider said. "There may well be changes in the leadership's approach, but not immediately."

In December, Kazem Vaziri-Hamaneh, oil minister, admitted Tehran was having trouble financing oil projects in a rare acknowledgment of the economic cost of its nuclear dispute.

However, Germany, which currently holds the EU presidency, has reservations about further sanctions. "Responsible policy would be to look at how to bring this back to a political process rather than studying what else you can do in the way of sanctions," said a European diplomat.

Iran's Fars news agency on Monday ran a long interview with Hossein Mousavian, a former nuclear negotiator close to former president Akbar Hashemi Rafsanjani, in which he described the UN Security Council as the "highest international legislative authority" and criticised the government of Mr Ahmadi-Nejad for attacking the council's resolution as "illegal".

But on Monday, Ayatollah Ali Khamenei, Iran's supreme leader, reiterated that nuclear energy was "a source of pride for the Iranian nation and Islamic world" and that Iran would not give up its "right".

Iranian Leader Vows To Resist U.N. Sanctions (NYT)

By Nazila Fathi

The New York Times, January 9, 2007

TEHRAN, Jan. 8 — Iran's supreme religious leader, Ayatollah Ali Khamenei, said Monday that Iran would not back down from developing its nuclear program, despite sanctions imposed by the United Nations Security Council last month.

Ayatollah Khamenei, 67, has the final word on state matters, including nuclear policies.

He was making his first public appearance since rumors spread on several Web sites on Thursday that he had died.

"The Iranian people will definitely not give up their right and the authorities have no right to give up this great achievement," Ayatollah Khamenei said, addressing a crowd in Qum, 82 miles south of Tehran.

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The Security Council passed a resolution on Dec. 23 with sanctions intended to curb Iran's uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European nations contend is for the purpose of creating nuclear weapons. The measure bars the trade of goods or technology related to Iran's nuclear program. Enriched uranium can be used for making nuclear fuel but also for making nuclear weapons.

The resolution also gave Iran a two-month deadline to halt the program or face tougher sanctions.

President Mahmoud Ahmadinejad has also brushed off the resolution and vowed that Iran will not suspend the nuclear program.

In his remarks, Ayatollah Khamenei also warned neighboring Arab countries not to join an alliance with the United States and Britain against Iran.

"The nuclear program is a native achievement and is a source of pride for Iran and the Islamic world," Ayatollah Khamenei said.

"If some Arab and Islamic governments think that by joining an alliance with Britain and the United States and imposing sanctions on Iran they can earn the satisfaction of the Zionist regime, they should know that they are making a political blunder," he said.

Israeli Defense Minister Proposes New Peace Plan (AFP)

AFP, January 9, 2007

Israeli Defense Minister Amir Peretz has proposed a fresh plan for peace in the Middle East that includes talks on the future borders of a Palestinian state within six months, army radio said.

"We need a new roadmap which will combine the Saudi initiative with the larger principles of the (current) roadmap," Peretz was quoted as telling a meeting of Labour MPs on Monday.

Peretz's three-stage plan calls for the creation of a new economic and security policy vis-a-vis the Palestinians, negotiations on a future Palestinian state to begin within six months and negotiations on the details of a final accord to take place over 18 months.

The long-stalled "roadmap" to peace agreed by the Middle East quartet of the United States, European Union, Russia and the United Nations also calls for a three-stage solution.

The Saudi initiative, which stipulated a normalization of ties after Israel vacates its post-1967 conquests, was endorsed by the Arab League at its 2002 summit in Beirut but was rejected by Israel.

Israeli Foreign Minister Tzipi Livni last month announced she was spearheading a new peace initiative that "offers a complete solution to the problem of the Palestinian people and the Palestinian refugees," though she offered few details.

Fatah Frees Kidnapped Hamas Official (AP)

By Ali Daraghmeh

AP, January 9, 2007

Fatah gunmen on Monday released a top Hamas official after holding him hostage for two days and displaying him in an al-Qaida like video, but factional tensions remained high as pro-Fatah militants torched stores owned by Hamas sympathizers.

The firebombings marked the first time that militants have targeted civilians in the West Bank, widening the political violence in the Palestinian areas.

Until this week, most of the violence centered on the Gaza Strip, where more than 30 people have been killed in clashes between forces loyal to the rival groups. Now Fatah militants in the West Bank have begun retaliating for Hamas attacks in Gaza.

At a news conference in Gaza after sundown Monday, Hamas official Fawzi Barhoum said Fatah was trying to violently oust the Hamas-led Palestinian government. "We will not allow those seeking a coup to drag our people into the flames of a civil war, and will never let them drag our people into a family war," Barhoum said.

Another Hamas official, Ismail Radwan, called on Palestinians to use their weapons against Israel, not each other.

On Monday evening, former Finance Minister Salam Fayyad, a political independent who served in the Fatah-led Cabinet, said gunmen fired on his office earlier in the day. Police investigating the shooting said one of Fayyad's bodyguards accidentally discharged his weapon.

The kidnapping of Mahdi al-Hanbali, a top Hamas official in the West Bank's commercial center of Nablus, was the strongest sign yet that fighting could soon reach the West Bank.

Al-Hanbali, unshaven and his shoes covered in mud, was hoisted on the shoulders of his supporters inside the city council after his release. He said he was not hurt in captivity, but he appeared nervous during a news conference, twitching his lips and fidgeting.

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"They treated me well. They didn't ask me for anything special," he told reporters. He thanked Palestinian President Mahmoud Abbas, of Fatah, and other officials for working for his release.

His captors released a video on Sunday showing him surrounded by masked gunmen. In the video, resembling tactics used by Iraqi insurgents, the captors threatened widespread attacks against Hamas targets.

Fatah militants, in return, threatened more attacks against Hamas.

"Any attack on a Fatah member or a Fatah institution will have a response in the West Bank, and a violent one too," Nasr al-Kharaz, a Fatah militant, told the Associated Press. Hamas' stronghold is in Gaza, while Fatah is stronger in the West Bank.

Fatah and Hamas have been in a vicious power struggle since the Islamic group defeated Fatah in parliamentary elections last year. Hamas controls the legislature and most government functions, while Fatah holds the powerful presidency.

Abbas, a moderate, favors peace talks with Israel, while Hamas rejects the Jewish state's right to exist, despite an international boycott against its government. Abbas has urged Hamas to join Fatah in a more moderate unity government, but months of negotiations collapsed in late November, sparking the latest round of factional violence.

In the West Bank town of Ramallah on Monday, Fatah militants set fire to six stores belonging to Hamas supporters, security officials said. A large clothing store and a money changing shop were destroyed, the officials said.

In the town of el-Bireh, outside Ramallah, militants fired shots at the house of the Hamas-allied mayor, the officials said, speaking on condition of anonymity because they were not authorized to speak to the media. No one was hurt.

Don't Play With Maps (NYT)

By Dennis Ross

The New York Times, January 9, 2007

Washington

I BECAME embroiled in a controversy with former President Jimmy Carter over the use of two maps in his recent book, “Palestine Peace Not Apartheid.” While some criticized what appeared to be the misappropriation of maps I had commissioned for my book, “The Missing Peace,” my concern was always different.

I was concerned less with where the maps had originally come from — Mr. Carter has said that he used an atlas that was published after my book appeared — and more with how they were labeled. To my mind, Mr. Carter’s presentation badly misrepresents the Middle East proposals advanced by President Bill Clinton in 2000, and in so doing undermines, in a small but important way, efforts to bring peace to the region.

In his book, Mr. Carter juxtaposes two maps labeled the “Palestinian Interpretation of Clinton’s Proposal 2000” and “Israeli Interpretation of Clinton’s Proposal 2000.”

The problem is that the “Palestinian interpretation” is actually taken from an Israeli map presented during the Camp David summit meeting in July 2000, while the “Israeli interpretation” is an approximation of what President Clinton subsequently proposed in December of that year. Without knowing this, the reader is left to conclude that the Clinton proposals must have been so ambiguous and unfair that Yasir Arafat, the Palestinian leader, was justified in rejecting them. But that is simply untrue.

In actuality, President Clinton offered two different proposals at two different times. In July, he offered a partial proposal on territory and control of Jerusalem. Five months later, at the request of Ehud Barak, the Israeli prime minister, and Mr. Arafat, Mr. Clinton presented a comprehensive proposal on borders, Jerusalem, Palestinian refugees and security. The December proposals became known as the Clinton ideas or parameters.

Put simply, the Clinton parameters would have produced an independent Palestinian state with 100 percent of Gaza, roughly 97 percent of the West Bank and an elevated train or highway to connect them. Jerusalem’s status would have been guided by the principle that what is currently Jewish will be Israeli and what is currently Arab will be Palestinian, meaning that Jewish Jerusalem — East and West — would be united, while Arab East Jerusalem would become the capital of the Palestinian state.

The Palestinian state would have been “nonmilitarized,” with internal security forces but no army and an international military presence led by the United States to prevent terrorist infiltration and smuggling. Palestinian refugees would have had the right of return to their state, but not to Israel, and a fund of $30 billion would have been created to compensate those refugees who chose not to exercise their right of return to the Palestinian state.

When I decided to write the story of what had happened in the negotiations, I commissioned maps to illustrate what the proposals would have meant for a prospective Palestinian state. If the Clinton proposals in December 2000 had been Israeli or Palestinian ideas and I was interpreting them, others could certainly question my interpretation. But they were American ideas, created at the request of the Palestinians and the Israelis, and I was the principal author of them. I know what they were and so do the parties.

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It is certainly legitimate to debate whether President Clinton's proposal could have settled the conflict. It is not legitimate, however, to rewrite history and misrepresent what the Clinton ideas were.

Indeed, since the talks fell apart, there has emerged a mythology that seeks to defend Mr. Arafat's rejection of the Clinton ideas by suggesting they weren't real or they were too vague or that Palestinians would have received far less than what had been advertised. Mr. Arafat himself tried to defend his rejection of the Clinton proposals by later saying he was not offered even 90 percent of the West Bank or any of East Jerusalem. But that was myth, not reality.

Why is it important to set the record straight? Nothing has done more to perpetuate the conflict between Arabs and Israelis than the mythologies on each side. The mythologies about who is responsible for the conflict (and about its core issues) have taken on a life of their own. They shape perception. They allow each side to blame the other while avoiding the need to face up to its own mistakes. So long as myths are perpetuated, no one will have to face reality.

And yet peace can never be built on these myths. Instead it can come only once the two sides accept and adjust to reality. Perpetuating a myth about what was offered to justify the Arafat rejection serves neither Palestinian interests nor the cause of peace.

I would go a step further. If, as I believe, the Clinton ideas embody the basic trade-offs that will be required in any peace deal, it is essential to understand them for what they were and not to misrepresent them. This is especially true now that the Bush administration, for the first time, seems to be contemplating a serious effort to deal with the core issues of the conflict.

Of course, one might ask if trying to address the core issues is appropriate at a moment when Palestinians are locked in an internal stalemate and the Israeli public lacks confidence in its government. Can politically weak leaders make compromises on the issues that go to the heart of the conflict? Can the Palestinian president, Mahmoud Abbas, compromise on the right of return and tell his public that refugees will not go back to Israel? Can Israel's prime minister, Ehud Olmert, tell his public that demography and practicality mean that the Arab neighborhoods of East Jerusalem will have Palestinian and not Israeli sovereignty?

The basic trade-offs require meeting Israeli needs on security and refugees on the one hand and Palestinian needs on territory and a capital in Arab East Jerusalem on the other. But producing such trade-offs won't simply come from calling for them. Instead, an environment must be created in which each side believes the other can act on peace and is willing to condition its public for the difficult compromises that will be necessary.

So long as mythologies can't be cast aside, and so long as the trade-offs on the core issues can't be embraced by Israelis or Palestinians, peace will remain forever on the horizon. If history tells us anything, it is that for peace-making to work, it must proceed on the basis of fact, not fiction.

Condi Gets Israel's R-E-S-P-E-C-T (WSJ)

By Bret Stephens

The Wall Street Journal, January 9, 2007

Last Friday, a senior delegation of U.S. defense officials was briefed in Jerusalem by members of the Knesset's Foreign Affairs and Defense Committee on Israel's threat perceptions in the wake of last summer's failed war with Hezbollah. The Israelis warned that the Syrian army is at its highest state of readiness since 1982, when the two sides clashed over Lebanon. They also warned that Egypt is actively funneling arms to Hamas in Gaza. The claim astonished the Americans. Why, they asked, had they never been told of it through formal Israeli channels?

Ties between Israel and the U.S. are famously friendly, and as in many friendships the demands of comity often get in the way of those of frankness -- as in Israel's official reluctance to expose its peace with Egypt as a sham. That's a lesson Secretary of State Condoleezza Rice might keep in mind as she plans her forthcoming Mideast tour, beginning later this week in Jerusalem and Ramallah and moving on to Amman, Cairo, Riyadh and Kuwait, and perhaps Beirut or Baghdad.

The trip is yet another effort to rally Sunni Arabs on behalf of the government of Iraq, first of all by showing the U.S. intends to make a major push toward an Israeli-Palestinian peace agreement. Perhaps that will impress the secretary's Arab hosts. But it doesn't impress the Israelis, who unofficially bill Ms. Rice's visit as tihzuk, or "maintenance," an attitude nicely captured by a popular Israeli comedy skit in which an actress playing Ms. Rice belts out Aretha Franklin's "Respect" while a stand-in for Israeli Foreign Minister Tzipi Livni sings back-up vocals.

Respect of the "Yes, Minister" kind is what Ms. Rice can mainly expect on her visit to Jerusalem. Sure, optical diplomacy -- the diplomacy of being seen to try -- has its political uses, especially when it comes to papering over differences or waiting on events.

But circumstances always impose limits on what diplomacy can achieve, and in the case of the Israeli-Palestinian peace process the limits are sharp. In Palestinian President Mahmoud Abbas, Ms. Rice confronts a leader who, as the Israeli political analyst Anshel Pfeffer puts it, has "all the practical authority of the Chicago chief of police circa 1925." Never mind the internecine

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killing sprees, now approaching outright civil war, between Hamas and Mr. Abbas's ostensible partisans in Fatah. The real problem is that Mr. Abbas no longer controls Fatah, where effective authority has devolved to local chieftains and power-brokers like the suave Gaza security chief Mohammed Dahlan.

On the Israeli side, the government of Prime Minister Ehud Olmert is probably the weakest in the country's history. In a recent poll, Israelis disapproved of Mr. Olmert's job performance by a three-to-one margin; 60% doubt his personal integrity because of questions surrounding a shady real-estate deal. The rest of his government is also marinating in scandal; it does not have the political capital to spare on bold diplomatic moves.

The larger problem for Israel is strategic. Until Ariel Sharon suffered a stroke a year ago last week, and for a few months thereafter, Israelis were broadly prepared to make significant unilateral withdrawals from the West Bank, not because they thought the Palestinians were prepared to make peace but because they believed that Israel was more secure putting its enemies on the opposite side of its borders.

But Israel's manifest vulnerability last summer in the face of Hezbollah's rocket attacks -- coupled with its failure to defeat the threat -- raises reasonable questions about that assumption. If Israel faces a missile threat along its border with Gaza as well as one on its border with Lebanon, should it then allow a third front to be created along its much longer border with the West Bank? Nor were Israeli insecurities assuaged when Egyptian President Hosni Mubarak declared, after last Thursday's summit meeting with Mr. Olmert, that he would do nothing to stop money transfers to Hamas coming through the Sinai, and that he might well consider building a nuclear arsenal of his own if Israel and Iran were to be seen getting into an arms race.

The upshot is that even if America's predicaments in Iraq really could be eased by the appearance of progress on the Israeli-Palestinian front, such progress is exceedingly unlikely to happen. Yes, the administration can try to bolster Mr. Abbas by supplying funds through which he can extend his patronage, and perhaps enhance his authority and prestige, at the expense of Hamas. But tens of millions of dollars have already gone down that hole without plugging the drain. As for Israel, the U.S. might help Mr. Olmert by demanding of Mr. Mubarak that he cut off the flow of funds to Hamas and take more aggressive steps to prevent the flow of arms. Frankly, the best the U.S. can hope for is the collapse of Mr. Olmert's crippled and feckless government, something that may take another year.

In the meantime, Ms. Rice surely has better things to do than to chase after this fool's gold of international diplomacy. Contrary to the views of much of her bureaucracy, the U.S. cannot, as former National Security Adviser Brent Scowcroft advised in a recent op-ed, merely butt Israeli and Arab heads together and arrive, through an act of American leadership, at a negotiated compromise that has already eluded American diplomats going back to the Eisenhower administration.

When Ms. Rice arrives in Jerusalem, she will no doubt mouth the pieties that have now defined American policy in the Middle East for a generation -- an Israeli and a Palestinian state living side by side in peace and security -- along with some of the Bush administration's coinage: democracy, respect for human rights, an absolute cessation to terrorism. These are the right pieties, and the Israelis will surely mouth them as well.

But perhaps her case, and Israel's, would be better served by a bit of mutual frankness. As with the Palestinians, Israel's problems today are largely of its own making, and no amount of U.S. diplomacy is going to save the respective sides from themselves. On the other hand, nothing Israel can give by way of concessions to the Palestinians is going to make much of a difference in terms of America's credibility in Baghdad, Beirut, Cairo, Kabul or anywhere else on the proverbial Arab street. Maybe once that is mutually understood, r-e-s-p-e-c-t will actually spell respect for Ms. Rice.

A Green Line In The Sand (NYT)

By David Newman

The New York Times, January 9, 2007

Beersheba, Israel

NEARLY 40 years after it was removed from official maps, atlases and school books, the Green Line has made a significant comeback. Israel's education minister, Yuli Tamir, has ordered the Green Line border, which separates Israel from the West Bank, to be reintroduced in all texts and maps used in the Israeli school system. From now on, Israeli children will know exactly where the Green Line is and what it signifies — a political border that, at some point, will almost certainly become the line separating neighboring Israeli and Palestinian sovereign territories.

It was shortly after the Six-Day War of 1967 that the Green Line was removed from atlases produced by the Israeli government. The border, hastily drawn at the Rhodes armistice talks after Israel's war of Independence in 1948, had always been regarded as nothing more than an artificial line of separation eventually to be reworked. For most Israeli leaders in 1967, the occupation of the West Bank was a sign that the future territorial order would be vastly different from the one they had lived with for the previous 19 years.

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According to Abba Eban — Israeli ambassador to the United States and the United Nations in the 1950s and foreign minister at the time of the Six-Day War — his attempts to negotiate with the Arab states to transform the border into a permanent recognized international boundary had been rejected in the early 1950s by Prime Minister David Ben-Gurion, who had argued that the more elastic and less permanent the boundary, the easier it would be to change in the future — as indeed seemed to be the case in the aftermath of the 1967 war.

The Green Line's removal from maps was meant to signify that it existed no longer, but in reality it never disappeared. It remained the administrative boundary separating Israel from the occupied territories, with one law for the Jewish and Arab citizens of Israel, and quite another one for the stateless Palestinian residents of the West Bank. Even Israeli settlers who moved to the occupied territories and continued to enjoy Israeli citizenship were ultimately subject to the military authorities — just to show the world that Israel had not formally annexed these territories or, as the Israeli government preferred to put it, had extended civilian law to these areas over which they did not enjoy sovereign rights.

But in the past decade, for most Israelis, the Green Line has once again become the line separating the relatively safe roads of Israel from the danger of the West Bank. Few Israelis, other than the settlers, venture beyond it, even when doing so would make their route shorter. It is along the Green Line that the unilateral West Bank separation barrier has been constructed in large sections.

Where the barrier has deviated from the Green Line, in practice annexing some parts of the West Bank to Israel, the International Court of Justice has ruled it illegal. Many Palestinians are caught in a state of territorial limbo: they live east of the Green Line inside the West Bank, but west of the separation barrier, in effect spatial hostages to this exercise in redrawing the border.

At last year's Herzliya Conference, an annual gathering arranged by the Interdisciplinary Center in Herzliya and attended by the prime minister and leading political figures, a group of Israeli geographers, planners and cartographers proposed that the Green Line serve as the foundation for any future territorial agreement, based on the principles of the road map and a two-state solution to this never-ending conflict. They identified certain areas along the line where, given the variations that have occurred during almost 40 years of occupation, territorial exchanges could be made between the two sides — as opposed to returning to a line that even 60 years ago was not ideal and that today is out of touch with the region's demographic realities.

The international legal status of the Green Line is not clear. On the one hand, it is no more than an armistice line — it is not a recognized boundary, unlike the borders separating Israel from both Egypt and Jordan, which were drawn up and ratified as part of peace agreements. Yet the Oslo accords make mention of the West Bank as constituting the future Palestinian state. This region has a clearly defined boundary — the Green Line — and many international jurists argue that this is sufficient to recognize it as the formal line of political separation. The jurists' time in court is yet to come, but the groundwork has already been prepared by international boundary experts on both sides.

If some Israelis were unclear about the long-term significance of the Green Line, the education minister's decision to return the border to the geography and history textbooks will have left no one in doubt.

There may never be peace in this troubled region. But if there is to be a return to the negotiation table, the issue of boundary demarcation will be of paramount importance in determining the territorial configuration of the respective sovereignty to be practiced by each of the two states. On the ground, there are many reasons for drawing a completely new line, but it will always be easier for the politicians to return to what was once — however briefly — there. The Green Line is the default boundary, and it has finally been recognized anew by the Israeli government.

Bush: Important To Complete Doha Talks (AP)

By Foster Klug

AP, January 9, 2007

President Bush and European Commission President Jose Manuel Barroso agreed Monday that the United States and Europe must resolve deep differences over farm subsidies that are stalling global free trade talks.

"We both recognize that the best way to help impoverished nations is to complete this Doha Round," Bush said, referring to the world trade talks, "and to encourage the spread of wealth and opportunity through open and reasonable and fair trade." Bush spoke after he and Barroso met at the White House.

Barroso said the two leaders instructed their negotiators "to come up with a solution as soon as possible."

"There is now the defining moment. We are really at defining moment," he said. "It will be a very important signal for the world community if we show that it is possible to have a global approach to trade and development."

The two talked in the Oval Office for nearly an hour, and then continued meeting over lunch.

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The World Trade Organization talks collapsed in July, in a disagreement over how much the European Union, the United States and other wealthy countries should reduce the farm subsidies and tariffs that poorer nations in Africa, Asia and Latin America say prevent them from selling their agricultural goods abroad.

Before leaving for Washington, Barroso said "the U.S. holds the key to making a deal possible in 2007."

The United States was criticized for refusing to cut the government handouts it pays American farmers. But Washington partly blamed the standstill on the European Union for refusing to make deeper cuts in tariffs on agricultural imports.

Supporters of a trade deal are eager to find a resolution to the impasse. The Democrat-controlled Congress will consider this year whether to extend Bush's authority to negotiate trade deals that can be submitted to Congress for simple yes-or-no votes without amendments.

The loss of the that "fast-track" authority, set to expire in July, would make it much harder for any treaty to gain congressional approval, without which any global trade deal would be meaningless.

Barroso also met with House Speaker Nancy Pelosi, D-Calif., and Senate Majority Leader Harry Reid, D-Nev.

Barroso, who had been expected to push Bush to sign on to international efforts to combat global warming, issued a gentle nudge in public.

"When you think about climate change, it's not just about the environment. Of course, the environment is crucially important, but it is also about global security. It's also about economic development and sustainability," Barroso said. "And so we are hoping to deepen our dialogue on climate change, on technologies, on curbing emissions, on progress in terms of energy efficiency, energy security."

Bush did not mention global warming specifically, but nodded while Barroso spoke.

The president spoke only about "the importance of energy independence and at the same time being wise stewards of the environment. " As he usually does, he said new technologies are the key to making that happen.

The two also talked about the Israeli-Palestinian dispute, Iran, Syria and Iraq.

Bush and Barroso planned to spend some of the lunch discussing the situation in Sudan's wartorn Darfur region.

"It is outrageous that people are being treated the way they are," Bush said.

Added Barroso, who said he visited Darfur recently: "We cannot accept that tragedy going on without a firm, united response of the international community."

Bush, Barroso Discuss Trade, Darfur (AFP)

AFP, January 9, 2007

European Commission President Jose Manuel Barroso said he and President George W. Bush agreed stalled Doha trade talks had hit a "moment of truth" and urged action to end the Darfur "tragedy." Bush welcomed Barroso to the White House for talks which also ranged through climate change, a controversial US visa waiver program, European Union enlargement and the crisis in Iraq.

The US president said he and Barroso had discussed efforts to revive the so-called Doha Round of World Trade Organization talks, now hung up by a dispute over agricultural subsidies.

"We talked about the importance for Europe and the United States to resolve any differences we have when it comes to the Doha round for trade, so that we can promote international trade," said the US president.

"We believe we can achieve more if we look at it in a comprehensive manner," Barroso said during a joint public appearance in the Oval Office.

"We are really at defining moment, and we had a very good exchange, and we gave instructions to all negotiators to come with a solution as soon as possible," said Barroso.

Later, at a press conference, Barroso told reporters the Doha round talks had reached a critical point for the world's largest economic partners, which trade more than one billion dollars a day in goods.

"President Bush and I agreed that we now face a moment of truth if we want to make progress on the Doha trade negotiations," Barroso said, as EU Trade Commissioner Peter Mandelson met US Trade Representative Susan Schwab.

"We risk losing all the substantial economic benefits that are on the table, it is too important to fail, we cannot fail."

Mandelson told Monday's edition of London's Times newspaper that the trade talks were on a "knife edge" and would only succeed with Bush's support.

The two leaders said they had discussed the situation in the Darfur region in Sudan, where fighting has claimed at least 200,000 lives and displaced 2.5 million people, according to the United Nations, though some sources say the toll is much higher.

"I've been in Darfur recently. I can tell you that it's really a tragedy, what's going on, and we cannot accept that tragedy going on without the united response of the international community," said Barroso.

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"I know that Jose is as committed as I am to helping solve what I've called a genocide. It is outrageous that people are being treated the way they are, and I'm confident Europe and the United States can work with other friends and allies around the world to help solve that difficult problem," said Bush.

The two leaders also said they had discussed the Israel-Palestinian situation, Iran, Iraq, Syria and efforts to combat climate change.

And Barroso also bemoaned the situation where US citizens can travel to all EU countries without a visa, while the citizens of 10 EU states cannot benefit from the US visa waiver program.

Some Progress In Global Trade Effort (NYT)

By Steven R. Weisman

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — Trade envoys from the United States and Europe said on Monday that they had made progress in resolving differences to break an impasse on global trade negotiations, but they declined to say specifically where the differences had narrowed.

"We are clearly making progress," the United States trade representative, Susan C. Schwab, said after a day of talks with Peter Mandelson, the European Union's commissioner for trade. "Perhaps there's some showing of momentum here."

Mr. Mandelson, who has tangled sometimes bitterly with Ms. Schwab in the last year, said he had come to Washington "looking for new impetus, and I believe we've found it."

He said his new confidence was inspired not only by his talks with President Bush but also by those with the House speaker, Nancy Pelosi, and the new Senate majority leader, Harry Reid. The Democratic leaders and many members of Congress were recently elected on promises to be more skeptical of trade deals.

The comments of Ms. Schwab and Mr. Mandelson came after a session between Mr. Bush and José Manuel Barroso, president of the European Commission. Both pledged in general terms to try again to complete a world trade accord in coming weeks.

Mr. Barroso, speaking at the White House, said he and the president had instructed trade envoys "to come up with a solution" on issues that have divided the United States and Europe for years. The principal issue has been over lowering barriers to trade of agriculture products.

"There is now the defining moment," Mr. Barroso said. "Of course, it is important to engage also others, because this is a real global agreement that we are trying to build."

Mr. Bush said that both the United States and Europe recognized "that the best way to help impoverished nations" would be to complete the current round of talks, known as the Doha round, after the city in Qatar where the talks started.

The trade talks were suspended last summer by the director general of the World Trade Organization, Pascal Lamy, when it became apparent that Europe and the United States could not reach agreement on lowering tariffs and subsidies on farm goods.

The final offer of the United States then was to limit farm subsidies to $22.5 billion a year, less than half what the United States is entitled to impose under current agreements. But because the actual amount of subsidies for 2005 was $19.7 billion, Europeans claimed that the United States was trying to increase subsidies, not lower them.

The Bush administration has called on Europe to lower its tariffs on farm products by more than 50 percent of their current level. A coalition of rich and poor nations has called on Europe to lower tariffs by 36 percent.

Mr. Lamy has said that a final trade agreement can occur only if the United States and Europe increase what they are willing to do, and decrease what they are demanding from the other side. But on both sides, farmers make up powerful political blocs, even though they account for less than 5 percent of the population and of the economy.

By itself, a European and American agreement on farm subsidies would not produce a breakthrough. A global deal on trade would require participation by India and some other poor countries that are resisting demands that they lower their barriers on farm goods and on manufactured goods and services.

With millions of its citizens depending on subsistence farming, India is resisting lower tariffs for farm goods. Kamal Nath, the top Indian trade envoy, has said that the Doha trade talks should recognize the plight of poor farmers and not ask them to sacrifice in order to get rich countries to open their markets.

Negotiators are operating under a timetable that top officials say may be impossible to meet. Bush's legislative authority to negotiate a trade deal, and to get an up-or-down vote on it, expires June 30. Many experts say it will be impossible to meet that deadline for wrapping up a trade deal.

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Mr. Lamy has said that if the broad outlines of a trade accord can be negotiated by March, then he hopes the Bush administration may ask Congress to extend Mr. Bush's trade negotiating authority by another six months so that the deal can be completed.

But Democrats and Republicans in Congress said they doubted that Congress would be willing to extend trade negotiating authority past June 30. More likely, they say, Congress will let the deadline slip and allow a new Congress and president in 2009 to negotiate over trade authority.

European officials say that Europe has signaled a willingness to lower tariffs on specific products that the United States hopes to export, particularly poultry, beef and pork.

But Europe has other sorts of trade barriers that American farmers and ranchers say are blocking exports to Europe, like rules barring certain kinds of cleaning processes for chicken used by American producers. Also barred are the levels of hormone for beef used by Americans.

It was not clear whether any of these barriers were on the table in the talks this week.

Canada Seeks Talks Over Subsidies

OTTAWA, Jan. 8 — Canada has asked the World Trade Organization to start talks between it and the United States about American farm subsidies in general and its support of corn growers in particular.

"Canada is concerned that these U.S. subsidies continue to cause economic harm to our corn farmers," the Canadian agriculture minister, Chuck Strahl, said in a statement.

"That's why we took the action we did, in order to provide the best possible support for our producers by pushing for a level playing field so that they can compete." Jennifer Chiu, a spokeswoman for David Emerson, the international trade minister, said that Canada did not have specific demands at this point. The Canadian government, however, noted in its statement that if the United States does not reduce its farm subsidies, Canada will ask the W.T.O. to begin a formal dispute settlement hearing on the issue.

U.S. Sub And Japanese Vessel Collide (NYT)

By Thom Shanker

The New York Times, January 9, 2007

WASHINGTON, Jan. 8 — An American nuclear-powered attack submarine has collided with a Japanese commercial vessel in the Arabian Sea. Initial reports from the area said there were no injuries and only slight damage, a Pentagon spokesman said Monday night.

The collision, south of the Strait of Hormuz, was first reported by the Kyodo news agency in Japan, which said the Foreign Ministry in Tokyo had been officially notified of the accident by American officials.

A Pentagon spokesman identified the submarine as the U.S.S. Newport News. The Japanese vessel was thought to be a tanker. American military officials in Washington were seeking a fuller accounting.

The U.S.S. Newport News is a nuclear-powered, fast-attack submarine in the Los Angeles class of vessels, and was commissioned in 1989, according to Pentagon records.

The Japanese oil company Showa Shell Sekiyu K. K. said the ship involved is the tanker Mogamigawa, operated by Kawasaki Kisen Kaisha Ltd., The Associated Press reported, citing a report from the Kyodo news agency. It was traveling from the Persian Gulf to Singapore and was carrying a crew of eight Japanese and 16 Filipinos.

In February 2001, a United States Navy submarine rammed into a Japanese fishing vessel in waters off Hawaii, killing nine people. The American captain's delay in apologizing for the crash set off protests by the victims' families.

Chavez To Nationalize 'Strategic' Sectors (WT/AP)

By Ian James, Associated Press

The Washington Times, January 9, 2007

CARACAS, Venezuela -- President Hugo Chavez announced plans yesterday to nationalize Venezuela's electrical and telecommunications companies, pledging to create a socialist state in a bold move with echoes of Fidel Castro's Cuban revolution.

"We're moving toward a socialist republic of Venezuela, and that requires a deep reform of our national constitution," Mr. Chavez said in a televised address after swearing in his new Cabinet. "We are in an existential moment of Venezuelan life. We're heading toward socialism, and nothing and no one can prevent it."

Mr. Chavez, who will be sworn in tomorrow to a third term that runs through 2013, also said he wanted a constitutional amendment to eliminate the autonomy of the Central Bank and would soon ask the National Assembly, solidly controlled by his allies, to give him greater powers to legislate by presidential decree.

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The nationalization appeared likely to affect Electricidad de Caracas, owned by Arlington-based AES Corp., and C.A. Nacional Telefonos de Venezuela, known as CANTV, the country's largest publicly traded company.

"All of that which was privatized, let it be nationalized," Mr. Chavez said, referring to "all of those sectors in an area so important and strategic for all of us as is electricity."

"The nation should recover its ownership of strategic sectors," he said.

Before Mr. Chavez was re-elected by a wide margin last month, he promised to take a more radical turn toward socialism.

Mr. Chavez said lucrative oil projects in the Orinoco River basin involving foreign oil companies should be under national ownership. He didn't spell out whether that meant a complete nationalization, but said any vestiges of private control over the energy sector should be undone.

"I'm referring to how international companies have control and power over all those processes of improving the heavy crudes of the Orinoco belt -- no -- that should become the property of the nation," Mr. Chavez said.

In the oil sector, it didn't appear Mr. Chavez was ruling out all private investment. Since last year, his government has sought to form state-controlled "mixed companies" with British Petroleum PLC, Exxon Mobil Corp., Chevron Corp., ConocoPhillips Co., Total SA and Statoil ASA to upgrade heavy crude in the Orinoco. Such joint ventures already have been formed in other parts of the country.

Mr. Chavez threatened in August to nationalize CANTV, a Caracas-based former state firm that was privatized in 1991, unless it adjusted its pension payments to current minimum-wage levels, which have been repeatedly increased by his government.

After Mr. Chavez's announcement yesterday, American Depositary Receipts (ADRs) of CANTV immediately plunged 14.2 percent on the New York Stock Exchange to $16.84 before the exchange halted trading. An NYSE spokesman said it was not known when trading might resume for CANTV, the only Venezuelan company listed on the Big Board.

Investors with sizable holdings in CANTV's ADRs include some well-known names on Wall Street, such as Deutsche Bank Securities Inc., UBS Securities LLC and Morgan Stanley & Co. But the biggest shareholder, according to Thomson Financial, appears to be Brandes Investment Partners LP, an investment advisory company in California. Also holding a noteworthy stake is Julius Baer Investment Management LLC, a Swiss investment manager.

Mr. Chavez's nationalization announcement came in his first speech of the year, a fiery address in which he used a vulgar word roughly meaning "idiot" to refer to Organization of American States Secretary-General Jose Miguel Insulza.

Mr. Chavez lashed out at Mr. Insulza for questioning his government's decision not to renew the license of an opposition-aligned TV station.

"Dr. Insulza is quite an idiot, a true idiot," Mr. Chavez said. "The insipid Dr. Insulza should resign from the Secretariat of the Organization of American States for daring to play that role."

Cuba nationalized major industries shortly after Mr. Castro came to power in 1959, and Bolivia's Evo Morales moved to nationalize key sectors after taking office last year. The two countries are Mr. Chavez's closest allies in Latin America, where many leftists have come to power in recent years.

Tomorrow, hours after Mr. Chavez is sworn in for another term, former revolutionary Daniel Ortega returns to the presidency in Nicaragua.

In Managua, Venezuelan Ambassador Miguel Gomez indicated yesterday that the two countries planned to work closely together, and said Nicaragua could become Venezuela's top aid recipient -- getting even more help than Cuba and Bolivia, which benefit heavily from Venezuela's petro-diplomacy.

The United States remains the top buyer of Venezuelan oil, which provides Mr. Chavez billions of dollars for social programs aimed at helping the poor in countries around the region.

Mr. Gomez said Mr. Chavez and Mr. Ortega planned to sign an agreement on Thursday providing Nicaragua with resources -- he described them as loans -- for infrastructure, health, education, agricultural development and the construction of 200,000 houses, as well as energy and debt forgiveness.

Chávez To Nationalise Telecoms, Power (FT)

By Andy Webb-Vidal

Financial Times, January 9, 2007

Hugo Chávez, Venezuela's left-wing president, Monday night fulfilled his radical pledges with sweeping nationalisation plans for the country's main telecommunications company and the biggest private power group.

He also said existing "strategic association" projects that process heavy crude oil in the Orinoco belt – which account for about a quarter of output from the world's fifth-biggest oil exporter – should become state property.

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Mr Chavez, who has been in power for eight years, has often clashed with domestic business interests but now appears to be significantly raising the political stakes by targeting big international companies.

The surprise announcement, only hours before Mr Chávez was due to be sworn in for his third term as president on Wednesday, sent shock waves through Venezuela's business community and foreign investors.

The news provoked selling of Venezuela's debt, with the benchmark 2027 Global bond fell in price and its yield rose 10 basis points above Treasuries in JPMorgan's emerging markets bond index late on Monday.

The moves, if carried out, would most immediately affect Compañía Anónima Teléfonos de Venezuela and its principal shareholder, a wholly owned subsidiary of US-based Verizon Communications, although this stake has already been earmarked for a possible sale. Spain's Telefónica holds a 6.9 per cent stake.

Trading in Cantv's American depositary receipts in New York was halted after the stock dropped by 14 per cent.

"All of those sectors that are in an area as important and strategic for all of us, such as electricity, should be nationalised," Mr Chávez said in a televised speech made shortly after he swore in his new cabinet.

"The nation needs to recover its property of strategic sectors," he added. "Nacional Teléfonos de Venezuela – nationalise it."

Mr Chávez also said he wanted a constitutional amendment to eliminate the autonomy of the central bank. "We're moving toward a socialist republic of Venezuela, and that requires a deep reform of our national constitution," Mr Chávez said.

It was not clear on Monday night whether the government would offer compensation for the expropriation of the assets or stakes in Cantv or Electricidad de Caracas which are held by foreign investors.

Cantv said Monday night that it had received no official communication from the government regarding its nationalisation announcement.

EdC, the power group that supplies energy to the capital, Caracas, has always been a privately held company, although a majority stake in the utility was bought by Arlington, Virginia-based AES for $1.6bn in 2000, following a hostile takeover.

The magnitude of the impact on oil companies such as ChevronTexaco, Total and Statoil, which have invested some $17bn in the Orinoco over the past decade, was not immediately clear, as the government has already embarked on negotiations to secure a majority stake in the projects.

"If there was any doubt about Chávez's economic orientation, he's made it very clear on the eve of his inauguration, and it's that the state must assume full and direct control of key sectors of the economy," said Orlando Ochoa, an independent financial consultant based in Caracas.

Venezuelan debt in JPMorgan's emerging markets bond index was around seven basis points wider on Monday night, while credit insurance on Venezuela's risk of a default widened to 149 from 139 basis points in the credit derivatives market.

Tighter government control over Cantv is also likely to have repercussions for Venezuela's hitherto tolerated black market in foreign exchange, which uses Cantv ADRs as a mechanism to allow investors to buy dollars.

In Caracas, the dollar was on Monday night quoted at 3,600 Bolívars, brokers said, up about 10 per cent from the close of last week, and leaving it at a premium of 67 per cent over the official exchange rate of 2,150 Bolívars to the dollar.

Venezuela's Chavez: Nationalize Electricity, Phones (USAT)

By David J. Lynch, Usa Today

USA Today, January 9, 2007

Venezuelan President Hugo Chavez said Monday he would nationalize the country's electricity industry and its largest telecommunications provider, which could have an impact on major U.S. investors in his oil-rich country.

In a televised address, Chavez, who will be sworn in Wednesday to a second six-year term, also said he would ask the legislature, controlled by his allies, to let him rewrite Venezuela's economy through presidential decree.

"All of that which was privatized, let it be nationalized," Chavez said. "The nation should recover its ownership of strategic sectors."

In the crosshairs: Electricidad de Caracas, owned by Arlington, Va.-based AES, and C.A. Nacional Telefonos de Venezuela (CANTV) the country's largest publicly traded company. AES and Verizon Communications, which owns 28.5% of CANTV, declined comment.

CANTV's American depositary receipts plunged 14.2% on the New York Stock Exchange to $16.84 before trading was halted. An NYSE spokesman said it was unknown when trading might resume for CANTV, the only Venezuelan company listed on the Big Board.

In his speech, Chavez also alluded to potential changes in the oil-producing nation's relationship with foreign oil companies, such as ExxonMobil and ChevronTexaco, which are involved in Venezuela's Orinoco River basin. "I'm referring to

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how international companies have control and power over all those processes of improving the heavy crudes of the Orinoco belt — no — that should become the property of the nation," he said.

Despite the president's often-fierce rhetoric, foreign companies have thrived amid Venezuela's oil-fueled boom. From carmaker Audi to the producer of Heinz ketchup and the major oil companies, all have enjoyed fat profits.

U.S.-based analysts cautioned that Chavez often makes sweeping public statements that are followed with more limited action. "The foreign investors that are there are doing very well. … The country is flush with oil money," says Christopher Sabatini, senior policy director of the Council of the Americas.

Chavez critics, however, warned that he is intent on recreating Cuban-style socialism. "Chavez idolizes Fidel," says Antonio Szabo, a former Venezuelan oil official. "Before all is said and done, he is going to nationalize everything."

Chávez Moves To Nationalize Two Industries (NYT)

By Simon Romero

New York Times, January 9, 2007

CARACAS, Venezuela, Jan. 8 — President Hugo Chávez signaled a vigorous new effort to assert greater control over Venezuela's economy on Monday by announcing plans to nationalize companies in the telecommunications and electricity industries.

Mr. Chávez, who will be sworn in Wednesday to another six-year term, announced his plans at the swearing-in of his new cabinet to a cheering crowd of supporters, sending a chilling message to foreign investors.

American corporations, including Verizon Communications, have large stakes in Venezuela's largest telecommunications company, CANTV, and its biggest publicly traded electricity company, Electricidad de Caracas.

"Let it be nationalized," Mr. Chávez said of CANTV. "All that was privatized, let it be nationalized."

Financial markets appeared to be caught off-guard by Mr. Chávez's announcement, as speculators reacted with a sell-off of assets that would be affected by the decision. Shares in CANTV plunged 14 percent in New York trading. Venezuela's currency, the bolívar, fell as much as 20 percent in black market trading here on Monday, traders said.

The announcement was the latest in a series of bold steps Mr. Chávez has taken since his re-election in December to consolidate his power and move Venezuela toward what he calls a socialist revolution. Mr. Chávez said he would also seek a "revolutionary enabling law" from Congress that would allow him to approve bills by decree, as well as a measure stripping the central bank of its autonomy.

"While this is a break with the past, it is consistent with Chávez's drive to concentrate ever greater power in his hands and the hands of his government," said Robert Bottome, editor and publisher of Veneconomía, a business newsletter.

Last month, Mr. Chávez announced plans to meld the broad coalition of parties that support him into a single socialist party, raising concerns that he was following in the footsteps of Fidel Castro.

On Monday, in addition to the telecommunications and electricity nationalizations, Mr. Chávez also appeared to signal that he wanted control over four multibillion-dollar oil projects in the Orinoco River basin, which he said should become "state property."

It was not clear what Mr. Chávez meant, however, since Venezuela's government already has stakes in those ventures together with some of the world's largest private oil companies, including Exxon Mobil, Chevron, BP and ConocoPhillips.

Venezuela, which has the largest conventional oil reserves outside the Middle East, has already increased its control over numerous oil production ventures in the past year. The largest consumer of Venezuelan oil, of course, remains the United States, despite efforts by Mr. Chávez to export larger quantities of oil to China and other Asian markets.

Details were vague as to how any of the nationalization plans would play out. For instance, Mr. Chávez omitted from his remarks whether Venezuela would compensate foreign investors for their holdings or expropriate them outright. He has already clashed with investors over small-scale takeovers of farms and even a tomato-processing plant owned by H. J. Heinz, but his government has negotiated settlements with owners in those cases.

The nationalizations would, at least for Venezuela, reverse a trend that got under way in Latin America in the 1990s, when governments throughout the region sold many of their assets, particularly state telephone companies, to private investors. Those deals, together with the auction of licenses to provide wireless phone services, led to a sharp increase in the usage of such services among poorer Venezuelans.

They would also be a significant shift of Mr. Chávez's economic policies since he became president in 1999. Though Mr. Chávez steadily adopted more strident rhetoric, he let most of Venezuela's private companies operate unfettered as long they did not actively engage in politics.

But with his re-election in December, Mr. Chávez seems determined to use the momentum — and margin — of his victory to solidify his power and deepen his socialist policies in ways that are increasingly unnerving his opponents.

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Supporters of Mr. Chávez already control every institution in the federal government, including Congress and the Supreme Court, so it was unclear what hindrances Mr. Chávez was attempting to overcome by seeking expanded powers.

Mr. Chávez is also going forward with a plan to effectively take RCTV, a television station that persistently criticizes his government, off the air in May by not renewing its broadcast license. The move has drawn fierce criticism both here and abroad, with critics claiming it will restrict freedom of expression.

On Monday, Mr. Chávez described one of the most prominent critics of the decision, José Miguel Insulza, the general secretary of the Organization of American States, in a vulgar term that loosely translates as "idiot." Mr. Chávez also called on Mr. Insulza to resign.

Flush with more than $50 billion in revenue from oil exports, Mr. Chávez is also retooling Venezuela's economy to focus on what his economic theorists describe as "endogenous development" that prioritizes the domestic production of agricultural goods and industrial products from worker-owned cooperatives.

Venezuela has undergone a nationalization push before, when the populist government of Carlos Andrés Pérez took control of companies in various sectors, including the oil industry, in the 1970s. The economy, however, suffered from poor growth and inefficient services after oil prices crashed in the 1980s, leading subsequent administrations to privatize state companies and open the oil industry to foreign investment.

American companies reacted cautiously to Mr. Chávez's comments on Monday. "Verizon has of course been carefully monitoring the news reports on President Chávez's comments today," said Eric Rabe, a spokesman for Verizon, which has had a large stake in CANTV since the early 1990s. "We are not aware of the details of the government's plan and therefore cannot comment at this time."

While Mr. Chávez referred specifically to the telephone company CANTV, his nationalization plans for the electricity sector remained unclear. The AES Corporation of Arlington, Va., controls Electricidad de Caracas, but did not acquire the company through a privatization auction. Robin Pence, a spokeswoman for AES, declined to comment.

CMS Energy of Jackson, Mich., controls an electricity utility that provides power to Margarita Island that it bought from the Venezuelan government in the 1990s. Jeffrey Holyfield, a spokesman for CMS, said the company had a "good relationship" with Mr. Chávez's government but was awaiting more details about its plan before it could comment.

Chavez Sets Plans For Nationalization (WP)

By Juan Forero

Washington Post, January 9, 2007

BOGOTA, Colombia, Jan. 8 -- Venezuelan President Hugo Chavez on Monday announced plans to nationalize the country's electrical and telecommunications companies, take control of the once-independent Central Bank and seek special constitutional powers permitting him to pass economic laws by decree.

"We're heading toward socialism, and nothing and no one can prevent it," Chavez, who won a third term in a landslide election in December, said in a speech in Caracas, the Venezuelan capital.

The announcements were made as the president swore in a 27-member cabinet that includes ministers who analysts say will likely be more closely allied with the president's far-reaching goals.

Those appointments, combined with the new economic measures, are sure to escalate tension with the Bush administration, which regards the Venezuelan leader as a threat to democratic institutions. Chavez's administration, in turn, has accused the United States of meddling in its affairs.

"The people of the world, little by little, are increasingly expressing that idea: no more imperialism," Jorge Rodr?guez, the new vice president and a former electoral board official, said at the ceremony Monday. "We are obligated and committed because the people have given us a clear message once and again, and that message is, we must rise up to construct a socialist country and move the Bolivarian revolution forward."

In the ceremony, marked with revolutionary fervor at the Teresa Carre?o theater, the government also announced two new ministries, for telecommunications and indigenous peoples. Since Ch?vez's presidency began in 1999, the number of ministries has risen from 13 and the number of public sector workers has doubled to nearly 2 million.

Political analysts said they were not surprised by the measures and the tone of Chavez's speech, because he had previously pledged to take what he describes as his "revolution" into overdrive.

Last week, Chavez decided to not renew the broadcast license of RCTV, a Caracas television station long critical of his administration. That move prompted swift condemnation from press freedom groups.

"In effect, we're living a process of radicalization," said Luis Vicente Le?n, who directs the Datanalisis polling firm. "He had announced that there would be a new stage in the production of the revolution, and here it is."

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In his bid to accelerate economic reforms, Chavez said he would seek to have the National Assembly give him special powers that would permit him to approve economic laws by decree. The plan would have little or no opposition in the 167-member body, which has not had an opposition politician in its ranks since the president's foes boycotted elections in 2005.

"I move forward with my request for a revolutionary enabling law," he said. "We already have the document prepared. We are making the final revisions, and we solicit special powers."

The president also spoke about the need for Venezuela's most important oil fields, those in the Orinoco belt in the northeast, to be brought under state control. The projects in that region, which the government says contains more oil than any other patch in the world, were developed in the late 1990s by foreign multinational firms such as Exxon Mobil, BP, Chevron and Total of France.

The government has already increased taxes and royalties, but the companies continue to mine and refine. Chavez provided little detail about his plans in his speech, but he railed against the privatizations that preceded his administration -- including those in the country's huge oil sector, which exports most of its crude to the United States.

If Chavez moves forward with nationalization -- which could mean anything from outright expropriation to higher taxes or more state intervention -- it would likely affect CANTV, the dominant provider of fixed-line telephone service in Venezuela and the country's largest publicly traded company, as well as the utility Electricidad de Caracas.

Arlington, Va.-based AES Corp. has an 86 percent equity in Electricidad de Caracas, the largest private utility in Venezuela. The Venezuela operation -- five power plants serving more than 1 million customers -- is a major investment for AES. In 2005, the firm had revenue of $613 million from its Venezuela business. In filings with the Securities and Exchange Commission, it listed the value of its plants and equipment in Venezuela at $1.85 billion.

Chavez also said Monday that the government would soon exert more control over the Central Bank, one of the few Venezuelan institutions that has shown itself to be independent of the Chavez administration. Two of the seven directors of the bank's board, including Domingo Maza Zavala, who often criticized government economic policy, are on their way out.

"The Central Bank must not be autonomous," Chavez said. "That is a neoliberal idea."

Last week, the government replaced one of Chavez's most loyal aides, Jos? Vicente Rangel, the vice president. In an ambitious cabinet shake-up, Chavez also replaced the heads of such key ministries as interior, justice, finance and education. He appointed his brother, Adan, to run education.

"He's gotten rid of a couple of people who have their own separate identity, particularly Rangel, who has contacts in Venezuelan society and internationally," said Mark L. Schneider, a senior vice president of the International Crisis Group in Washington, a policy group that regularly compiles reports on Venezuela's political situation. "Rangel is not a yes man, I suspect, and my guess is that he may not be in tune with the way Chavez likes to run things."

Chávez Moves New Socialism To Faster Track (WSJ)

By David Luhnow And José De Córdoba And Raúl Gallegos

The Wall Street Journal, January 9, 2007

Venezuelan President Hugo Chávez took a big step toward what he calls "21st-century socialism" by vowing to nationalize the country's biggest telecommunications and electricity companies, both controlled by U.S. firms. He also said he would throw out the country's commercial code and strip the central bank of all remaining traces of its autonomy.

The moves by Mr. Chávez, a populist who won a landslide re-election last month, are the latest in a flurry of actions to tighten his grip on power and use his country's oil riches to create a model of development different from the market-oriented economics that have dominated Latin America and much of the developing world for the past two decades.

Some Venezuelans fear that Mr. Chávez, a close ally and disciple of Cuba's ailing dictator, Fidel Castro, is reshaping Venezuela along Cuban lines, with the state controlling economic and political power. The Venezuelan leader has denied the comparison in the past, but critics said his latest moves belie the denial.

"Let's call a spade a spade. This is communism," said Eric Ekvall, a political analyst in Caracas. "He's clearly saying the state should own the means of production."

Mr. Chávez, whom the ailing Cuban leader sees as the successor to his revolutionary mantle in Latin America, used a speech yesterday to his new cabinet members to flaunt his ties to Mr. Castro. He ended his speech using the Cuban's signature sign-off: "Fatherland or death, we will triumph!" Mr. Chávez's longtime ally, former Vice President José Vicente Rangel, chimed in at the ceremony with another signature Castro phrase: "Always towards victory, Comandante!"

Years after the collapse of Soviet communism and the embrace of free-markets by countries around the world, Mr. Chávez is taking this Andean nation of 26 million in the other direction, greatly expanding the role of government in the economy. In the past few years, he has claimed a greater share of the country's giant oil industry for the state. But he has stopped shy of going directly after other major private industry, until now.

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Although he revealed no details, Mr. Chávez said he would nationalize the country's largest publicly traded private company, Compania Nacional de Teléfonos de Venezuela, known as CANTV. The company, privatized in 1991, is controlled by the U.S. telecom giant Verizon Communications Inc. He also vowed to nationalize Electricidad de Caracas, controlled by Arlington, Va.-based AES Corp.

The choice of two U.S.-controlled companies will surely not be missed elsewhere in Latin America, where Mr. Chávez has struggled to convince nations to follow his lead and not Washington's.

Since Mr. Chávez took office in 1999, he has engaged in vigorous verbal combat with Bush administration officials, going as far as to compare Mr. Bush to the devil in an appearance last year at the United Nations. But despite all the rhetorical flourishes, the two countries are bound at the hip. Venezuela remains the U.S.'s fourth largest oil supplier and the U.S. is by far Venezuela's most important trading partner. Neither seems ready to cut that economic tie.

Washington has tried of late to avoid being drawn into the fray. Yesterday, there was no official reaction by U.S. government officials to Mr. Chávez's announcement.

Mr. Chávez offered no details of how the nationalization would proceed or whether shareholders in the private companies would receive market value for their stakes. As one of the world's top 10 oil-producing nations and founding member of the Organization of Petroleum Exporting Countries, Venezuela is flush with cash from high oil prices and could easily pay compensation.

In a statement, Verizon said it wasn't aware of the details of the government's plan and couldn't issue a comment. It had agreed to a 60-day extension -- through Feb. 28 -- of its agreement to sell its 28.5% stake in CANTV to Mexico's America Móvil, the mobile-phone company controlled by billionaire Carlos Slim, for $676.6 million. On the New York Stock Exchange, CANTV shares fell 14% to $16.84 before trading was halted shortly after 3 p.m. Eastern time.

People familiar with the matter said Verizon had known since August that Mr. Chávez was considering nationalizing the company. They said the company was hopeful it might still reach an agreement with the fiery leader allowing the sale to proceed. A spokesman for Mr. Slim had no comment.

AES spokesman Robin Pence said the company had no comment.

Mr. Chávez also is consolidating power in the political arena. Soon after the recent election, he unveiled plans to join his coalition of some 20 center and leftist parties into a single party controlled by him called the United Venezuelan Socialist Party -- a move some analysts say leads the country down the road to a single-party state. Yesterday, he said he would ask Congress for special powers to pass bills by decree.

In recent years, Mr. Chávez has rewritten the constitution and stacked the Supreme Court with loyalists. Venezuela's Congress, entirely made up of supporters to Mr. Chávez after the opposition didn't field candidates, plans to amend the constitution again to allow him indefinite re-election.

In addition, Mr. Chávez is going after one of the few institutions he doesn't control -- the media. He recently said he would yank the broadcast license of one of the country's oldest TV broadcasters and most outspoken critics of his policies, RCTV. Yesterday, Mr. Chávez repeatedly called the secretary-general of the Organization of American States, José Miguel Insulza, an "idiot" for condemning the Venezuelan's decision not to renew the channel's license.

Since the price of oil began to rise a few years ago, many countries from Russia to Nigeria have reclaimed a bigger share of their energy industries to cash in. But Venezuela appears to be going further. Daniel Yergin, chairman of Cambridge Energy Research Associates, a U.S. oil-industry consulting firm, says Mr. Chávez's move represents "a return to another era: the 1970s," when it was commonplace for developing nations to own utilities and energy companies and manage them inefficiently.

Venezuelans had mixed reactions to the news. Nieves de Marquez, 53 years old, a hotel receptionist, applauded Mr. Chávez's move. "I've always criticized CANTV's high pricing. They also fired a lot of people when they privatized the company and some never got their severance." But others remembered the days when the government managed the phone company. Phone lines were hard to come by, and service was lousy -- it sometimes took less time to drive across town to talk to an acquaintance than to get a dial tone.

Analysts worry that Mr. Chávez isn't finished and will use his latest inauguration tomorrow to announce new measures, including increasing the government's role over private education. Last week, he tapped his brother Adán, the former Venezuelan envoy to Havana, as education minister. In Caracas, José Barcia, an economist for Metroeconomica consulting firm, said he expects Mr. Chávez to make moves against other industries as well as private property such as commercial farms.

Mr. Chávez's antimarket politics have spawned some imitators, whom he has supported rhetorically and often with loans and subsidies. In Ecuador, newly elected President Rafael Correa also wants a new constitution and a big hike in the government's take from Ecuador's oil industry.

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In Nicaragua, where former Sandinista leader and Chávez ally Daniel Ortega is slated to assume the presidency this week, Venezuela's ambassador said Mr. Chávez planned to announce a big aid agreement on Thursday which could eventually make the impoverished central American country the most important recipient of Venezuelan aid, outstripping Bolivia and Cuba.

But Venezuela's oil riches may make it a special case when it comes to buying out big companies. In Bolivia, President Evo Morales began to nationalize the country's natural-gas industry, but he has struggled to carry out his plan because his impoverished country lacks money and expertise. Meanwhile, more moderate leftist politicians such as Brazil's Luiz Inácio Lula da Silva and Chile's Michelle Bachelet have ignored Mr. Chávez' attempt to turn back the clock on the free market.

During his speech, Mr. Chávez also suggested he would further expand the state's role in the oil industry, taking a harder line with major oil firms that operate in the country's Orinoco region, where companies upgrade tarlike oil deposits into lighter grades of crude. Those include BP PLC, Exxon Mobil Corp., Chevron Corp., ConocoPhillips, and Total SA and Statoil ASA.

Until now Venezuelan oil officials have said that companies operating in the Orinoco region would have to give the state at least a 51% stake in upstream oil operations, but would allow its foreign partners to maintain control of multibillion-dollar upgraders that convert the tar oil. Yesterday, Mr. Chávez said the upgrading side of the business must also pass on to the state.

"International companies have the control and domination of the process of upgrading heavy crudes from the Orinoco. That should become property of the Venezuelan state," he said.

But so far, Mr. Chávez's power grabs have weakened the Venezuelan oil industry, once the pride of this nation. He ended a tradition of allowing state-run oil company Petróleos de Venezuela SA to run itself like a professional company rather than a source of government patronage and sinecures. Mr. Chávez has used the firm to fund numerous social programs that have left the company short on investment. As a result, oil output has fallen sharply, leaving the country vulnerable to a downturn in prices.

Mr. Chávez's free spending may ultimately undermine his expansion plans. Some analysts say that if the price of oil drops well below $50 a barrel, Venezuela could have a harder time paying its domestic and international commitments. Already, the country's policies last year generated 17% inflation.

Venezuela's move is unlikely to rattle investors in other developing countries, say market watchers. "Luckily Chávez is one of a kind," says Don Hanna, head of emerging-market economic analysis at Citigroup in New York. Mr. Hanna says he doesn't think Venezuela's nationalization moves have any ramifications for the larger markets in the region such as Brazil and Mexico.

Fund managers say that there could be some impact on countries viewed as aligned with Mr. Chávez's economic philosophy, such as Bolivia and, to a lesser degree, Ecuador. Venezuela's nationalizations could push businesspeople or multinationals to reconsider their investments in those countries, says Carlos Asilis, a portfolio manager at Vega Plus Capital Partners in Miami.

Bolivia Leader Lets Venezuela Send Soldiers, Angering Foes (NYT)

By Simon Romero

The New York Times, January 9, 2007

CARACAS, Venezuela, Jan. 8 — Political opponents of President Evo Morales of Bolivia have in recent days stepped up criticism of the country's strengthening military relationship with Venezuela after Bolivian officials acknowledged that more than two dozen uniformed members of the Venezuelan military had recently entered the country without congressional approval.

Jorge Quiroga, a former president of Bolivia and a prominent critic of Mr. Morales's alliance with President Hugo Chávez of Venezuela, accused Mr. Morales in a statement on Saturday of "trampling national sovereignty."

Legislators from Santa Cruz, a redoubt of anti-Morales sentiment in eastern Bolivia, previously criticized the unannounced arrival of about 30 Venezuelan military officials at Trompillo Airport there on Dec. 28.

President Morales has been facing increasing tension in eastern provinces seeking greater political autonomy from his administration. Part of the dispute stems from the Bolivian Congress's approval of a wide-reaching military cooperation pact with Venezuela, in a legislative session in November that opponents say was marred by irregularities.

Mr. Morales has also begun an ambitious land reform program that could encourage tens of thousands of highland peasants to move to the east, unsettling regional leaders there who view the project as a threat to their interests.

Venezuela's defense minister, Gen. Raúl Isaías Baduel, rushed to defend the deployment to Bolivia. The presence of Venezuelan soldiers in Bolivia does not violate Bolivian sovereignty, he said in comments issued Friday night through Venezuela's official news agency.

"This could be qualified as humanitarian aid, with what we know of Bolivia's economic limitations," General Baduel said.

Venezuelan officials, including the country's ambassador in Bolivia, have been on the defensive in recent weeks as critics of Mr. Morales have raised fears over growing Venezuelan military involvement in Bolivia. The Bolivian defense minister, Walker

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San Miguel, said last week that the Venezuelans were there to assist in the piloting and maintenance of two Super Puma helicopters that Venezuela had put at Mr. Morales's disposal for travel within Bolivia.

Venezuela is also helping the Bolivian Army to build border posts and improve its military presence in the eastern lowlands, efforts that Mr. Morales's opponents say have more to do with intimidating his critics than protecting Bolivia's frontier from Brazil or Paraguay.

As United States influence in Bolivia has waned, Venezuela has stepped in to provide as much as $50 million in loans for military spending since Mr. Morales assumed the presidency a year ago.

In addition, Venezuela has counseled Mr. Morales on his economic policies and formed ventures with Bolivia's national energy company as he took greater control over the energy industry last year from multinational companies. As Venezuela raises its profile in Bolivia, Mr. Morales has emerged as Mr. Chávez's closest ally in South America. Resistance to the alliance has been vocal in Bolivia and here in Caracas.

Still, Mr. Morales seems to have cannily asserted his influence over a wary officer corps as he presses forward with efforts to promote more indigenous soldiers into the upper ranks of the armed forces, where a light-skinned, Europeanized elite remains dominant.

One of Mr. Morales's first moves as president was a purge of senior generals and other officials from the army after a scandal in which they were accused of allowing military technicians from the United States to dismantle more than two dozen antiquated Chinese-made shoulder-fired missiles, considered Bolivia's sole antiaircraft defense.

Some of the deposed officials have been explicitly critical of Mr. Morales's ties to Mr. Chávez and to Cuba's government. Gen. Marcelo Antezana, who was fired by Mr. Morales as army commander, said in September that there was discontent in the armed forces over what was viewed as subjugation to "Caribbean mulattoes" of a "Cuba-Venezuela axis."

An outcry followed published remarks by Julio Montes, Venezuela's ambassador in La Paz, who said last month that Venezuela would consider military intervention on Mr. Morales's behalf in case of a crisis. Mr. Montes later amended his comments, saying he was referring to assistance in general and not the deployment of troops.

Bush Discusses Cooperation With Nicaragua's Ortega (AFP)

AFP, January 9, 2007

US President George W. Bush told Nicaraguan president elect and former US foe Daniel Ortega that he hoped to work together on a range of issues, the White House said.

Bush telephoned Ortega, who assumes office this week, "to congratulate him and the Nicaraguan people on their commitment to democracy," said national security spokesman Gordon Johndroe.

"The president expressed his strong commitment to the well-being of the Nicaraguan people and our continued interest in a relationship with Nicaragua, noting such ongoing areas of cooperation" as trade and reform-driven economic development, he said.

"The president also noted that reconciliation, unity, democracy, and job creation -- the agenda outlined in Daniel Ortega's election platform -- are areas for possible cooperation," said Johndroe.

Ortega, 61, on Wednesday is to be sworn in to a five-year term as Nicaragua's president.

Bush also spoke with outgoing Nicaraguan President "Enrique Bolanos to thank him for his service to his country, commitment to democracy, and friendship with the United States," said Johndroe.

Ortega was the Marxist leader of the leftist Sandinista National Liberation Front that ousted US-backed dictator Anastasio Somoza in 1979. The Soviet-backed Sandinista government seized private assets, distributed land to poor farmers and battled US-financed Contra rebels throughout the 1980s.

Ortega was voted out of power in 1990, at the end of a bloody civil war against the Contras, and lost two subsequent presidential elections, before prevailing in his third earlier this month to succeed Bolanos on January 10.

During his campaign against US-backed conservative rival Eduardo Montealegre, Ortega toned down his revolutionary rhetoric. But Washington, and particularly its ambassador in Managua, urged Nicaraguans to defeat him.

The White House also announceed that US Secretary of Health and Human Services Michael Leavitt would lead the US delegation to Ortega's inauguration.

The goup will also include the head of the US Millenium Challenge Corporation that rewards free-market and democratic reforms with aid, and the assistant US secretary of state for the Western Hemisphere, and the US ambassador to Nicaragua.

Russia Shuts Oil Pipeline To Europe (FT)

By Arkady Ostrovsky, George Parker, Bertrand Benoit, Jan Cienski And Roman Olearchyk

Financial Times, January 9, 2007

DOJ_NMG_0114476

Russia yesterday halted its oil exports to Europe passing through Belarus as it accused its neighbour of siphoning oil from the Druzhba transit pipeline, threatening further disruptions to European supplies.

Transneft, Russia's oil pipeline monopoly, said it was forced to stop pumping oil through the pipeline, which carries about 30 per cent of its exports to Europe, claiming that Belarus was effectively stealing it.

Senior Russian officials said Minsk's actions "smelled of a trade war".

The shutdown is the latest interruption of Russian energy supplies to Europe and could further dent Russia's reputation as a reliable supplier of energy after last year's gas supply stand-off between Russia and Ukraine.

Moscow's action spurred a $1 rise in the price of crude oil on US markets in early trade yesterday, though West Texas Intermediate gave up its gains and traded 23 cents lower at $56.08 in midday New York trade.

Poland, which with Germany is one of the main recipients of the Russian crude passing via Belarus, reported that oil shipments had stopped overnight and admitted it was "completely dependent" on Russia to meet its oil needs. Germany demanded an "immediate and full re-opening" of the pipeline.

The European Union also called for an "urgent and detailed" explanation for the interrupted supply.

However, Andrei Sharonov, Russia's deputy minister for Trade and Economic Development, told the Financial Times that Belarus had been siphoning off oil since January 6, and that Russia had no choice but to act. "This is a force majeure situation," he said.

The dispute is the most serious blow to Russia's relationship with Belarus. The two countries are supposed to be moving towards an economic and political union but a series of trade disputes - which could still develop into a trade war - have jeopardised the plans.

On January 1, Russia ended a cosy arrangement whereby Belarus processed cheap Russian oil and sold it to Europe at a profit. The erstwhile allies then slapped tit-for-tat duties on each others' crude and petroleum products, which both refused to pay.

On January 6 Belarus informed Russia that it had started taking oil from the pipeline as a payment in kind. Russia yesterday responded by halting transits of oil through Belarus.

A Belarus delegation was last night heading for Moscow to resolve the situation.

But Belarus President Alexander Lukashenko, last year branded "the last dictator in Europe" by the US, had previously sworn not to give in to Moscow's demands and to charge Russia in full for all services Belarus provided to Russia.

The suspension also comes as a further shock to the EU, which has calculated it will depend on Russia for 70 per cent of its energy by 2030, and will tomorrow unveila new energy strategy.

Andris Piebalgs, energy commissioner, asked for an "urgent" explanation from Moscow and Minsk over the cut, which hit central Europe. Mr Piebalgs convened a meeting of EU energy officials this week with a view to possibly invoking "solidarity" measures, in which the bloc might in the longer term share its strategic oil reserves with countries affected by shortages.

But his spokesman said there was "no reason for alarm now", pointing out that Poland and Germany had strategic reserves.

Michael Glos, the German economics minister, said Germany, which currently chairs the EU, "will do all in its power to ensure that this bottleneck does not affect European companies and consumers. I am urging the Russian and Belarusan governments to honour their supply and transit commitments."

Russia is Germany's biggest oil supplier, providing 34.3 per cent of its crude imports of an estimated 109m tons last year. A fifth of German oil imports transit through the Druzhba pipeline.

Berlin said it was not considering tapping the strategic oil reserves, which cover 90 days of consumption. Two refineries in eastern Germany - PCK in Schwedt, operated by a consortium, and Total's Raffinerie Mitteldeutschland in Leuna - rely on oil from the Druzhba pipeline.

Polish authorities stressed that the country was not in danger because of the suspension. Poland's two leading oil companies, PKN Orlen and Grupa Lotos, have access to 80 days of reserves held by the government. Orlen said it also had its own crude reserves.

"Both refineries are preparing for emergency supplies of crude by sea, through the oil terminal in Gdansk," said Piotr Naimski, the deputy minister of the economy.

Poland imports about 96 per cent of its oil from Russia. "We are completely dependent on these imports," said Mr Naimski.

Russian Oil Cutoff Rouses Europe's Doubt (WSJ)

By Guy Chazan And Gregory L. White And Marc Champion

Wall Street Journal, January 9, 2007

The sudden suspension of Russian oil exports through Belarus amid a dispute over fuel subsidies will exacerbate Europe's concerns about its dependence on its huge eastern neighbor for energy supplies.

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Russian officials yesterday said Moscow had shut off crude exports through Belarus in retaliation for what Russian officials said was illegal siphoning by Belarus of oil from the main pipeline that carries Russian crude to Europe. The move led to a halt in deliveries to Germany and Poland, which depend on the pipeline for the bulk of their oil supplies, and sharply reduced flows to Hungary, Slovakia and Czech Republic. 1

European officials said they have adequate stocks to survive any disruption, and the response in oil markets was modest. But Moscow's sudden cutoff of a vital energy conduit to the Continent widened questions about Russia's reliability as an energy supplier, a year after a dispute over the price of natural gas with neighboring Ukraine briefly reduced vital Russian gas shipments to Europe.

"This shows us once again that arguments among various countries of the former Soviet Union, between suppliers and transit countries, mean that from our perspective, these deliveries are unreliable," Poland's deputy economy minister, Piotr Naimsky, told Poland's TVN24 television.

"It really shakes confidence in oil and gas supply," said a person in the German administration. "It's very unfortunate." Russia is the world's largest exporter of natural gas and its No. 2 oil exporter, after Saudi Arabia.

'Detailed Explanation' Demanded

European Union energy chief Andris Piebalgs demanded an "urgent and detailed explanation" from Minsk and Moscow. Though he said the cutoff poses "no immediate risk to the supply of oil to the European Union," Mr. Piebalgs said he might convene the EU's Oil Supply Group later this week to decide if countries should draw on their strategic stocks.

The conflict comes at a moment when energy security is back at the top of the EU's agenda. On Wednesday, the European Commission, the EU's executive arm, will publish proposals for the bloc's first energy strategy, to be discussed at a summit of EU leaders.

The affected pipeline -- named Druzhba, or friendship, when it was built in the 1960s to carry Soviet crude to clients in Eastern Europe -- carries about half of Russia's oil exports to Europe, roughly 1.5 million barrels a day, or 12.5% of European crude consumption.

'Broadens the Question'

"It's really surprising that the situation has escalated as far as it has," said Jeffrey Woodruff, an analyst at Fitch Ratings in London. "It broadens the whole question of European energy security from being just focused on gas to including oil and gas."

A Belarussian delegation left Minsk last evening for Moscow to begin talks on the dispute, which comes little more than a week after the two countries narrowly avoided a cutoff of Russian natural-gas shipments in a New Year's Eve price dispute.

The conflict comes amid growing tensions between the two erstwhile allies and shows the depth of Russian disenchantment with Belarussian President Alexander Lukashenko, whom the U.S. calls Europe's last dictator.

Russia and Belarus have for years been in talks to unify, a project that Russian President Vladimir Putin hoped would crown his presidency. But Moscow has watched in frustration as Mr. Lukashenko, apparently fearing a loss of power, has cooled on the idea.

"Lukashenko has shown that his interests don't coincide with ours," said Mikhail Margelov, chairman of the International Affairs Committee in Russia's Senate.

Seeking to raise the pressure on Mr. Lukashenko, OAO Gazprom, Russia's state-controlled gas company, demanded a doubling of the discounted rate Belarus pays for Russian gas. Moscow also said it would end duty-free crude sales to Belarus, eliminating what Russian officials said amounted to a $3.5 billion annual subsidy to Minsk.

Belarus responded last week by imposing a new transit fee on Russian crude shipments across its territory, a levy Moscow denounced as illegal.

Over the weekend, Belarus began taking oil from the Russian export line as payment, Russian officials said. In retaliation, Moscow cut off shipments, Andrei Sharonov, deputy economics minister, told Russian television.

Working on Other Routes

The Russian state pipeline monopoly OAO Transneft said it is working to increase exports to Europe by other routes. "I'm sure this won't affect our reputation as a reliable energy supplier," Transneft Vice President Sergei Grigoriev said.

Officials in Germany and Poland said that their countries have significant reserves of crude and face no immediate threat of fuel shortages.

Poland has more than 70 days of oil reserves and Germany about 130 days, according to EU officials. Polish refiner PKN Orlen SA said it is working at full capacity and could easily switch to seaborne supplies via an oil terminal at the Baltic Sea port of Gdansk.

The roots of the current crisis lie in Russia's drive to slash energy subsidies to its neighbors and have them pay what it says are market rates for its oil and gas. There are signs that drive is backfiring economically for Russia, though.

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Azerbaijan yesterday said it will stop exporting crude through Russian pipelines in order to keep more of the fuel at home, where it is needed to run power plants that had depended on Russian gas imports until Moscow's latest price increase made those too expensive, Interfax reported.

Belarus And Russia Spar Over Crude Oil Cutoff (NYT)

By Steven Lee Myers

New York Times, January 9, 2007

MOSCOW, Jan. 8 — Supplies of Russian crude oil headed to European markets came to a halt overnight, officials said Monday, in the latest manifestation of rapidly deteriorating relations between Russia and Belarus.

The head of Russia's oil pipeline monopoly accused Belarus of illegally siphoning oil beginning Saturday in an escalating dispute over duties and transit fees. Belarus's foreign ministry acknowledged the halt but denied responsibility, suggesting that the Russians had instead caused the stoppage at their common border.

Regardless of the cause, the disruption along the Druzhba, or Friendship, pipeline affected supplies of crude oil headed to Poland, Germany and Ukraine. In the short term, at least, the halt should have a minimal effect, because refineries in those countries maintain reserves. In the longer term as well, the disruption is not as threatening as a shut-off of natural gas, because alternative sources of oil are more readily available.

Still, a prolonged disruption could be worrisome. Oil prices rose on the news, and the dispute rekindled concerns in Europe about the reliability of energy supplies from Russia.

"This shows us once again that arguments among various countries of the former Soviet Union, between suppliers and transit countries, mean that these deliveries are unreliable from our perspective," Poland's deputy economics minister, Piotr Naimski, said in televised remarks, according to The Associated Press.

The shutdown of Druzhba, one of the highest-capacity pipelines in the world, took place a week after Russia and Belarus negotiated a last-minute agreement that sharply raised the price Belarus would have to pay for natural gas. The deal came after brinkmanship by each side that raised the specter of disruptions of natural gas deliveries across Europe, like one that followed a dispute between Ukraine and Russia in 2006.

Belarus, led by an autocratic president, Aleksandr G. Lukashenko, has reacted furiously to the terms of that deal and to Russia's tactics in the talks that led to it. Last week, Belarus called Russia's conduct shameless.

Russia has responded by saying that it is simply raising the costs of oil and gas to market prices. Belarus and other former republics of the Soviet Union have long bought oil and gas at a discount, compared with European customers.

"Belarus has cast prudence to the wind," Andrei V. Sharonov, a deputy economic development minister, said in remarks on the Moscow radio station Ekho Moskvy, referring to what he, too, called the illegal siphoning of oil. "This looks like a trade war."

He later said that Russia would suspend all oil shipments through Belarus, blaming it for the initial disruptions. His remarks suggested that the disruption could last indefinitely.

For the last decade, Russia and Belarus, two countries bound by history and deep ethnic, cultural and social ties, have moved haltingly toward the creation of a union, with a common currency and even, ultimately, the creation of a single unified state, as negotiated in a 1996 treaty between Mr. Lukashenko and President Boris N. Yeltsin.

The union has never come to fruition under President Vladimir V. Putin. In the past month, the two countries have seemed instead to be negotiating the terms of their divorce, which, like many, is becoming nasty.

Beginning New Year's Day, Russia began charging Belarus $100 per thousand cubic meters of natural gas, compared with the $46 it charged last year. The price is to increase steadily to the level charged in Europe — now $265 on average — by 2011.

As those negotiations dragged on bitterly, Russia also imposed a separate duty of $180 a ton on oil it sold to Belarus, which has been sold at steeply subsidized prices. Mr. Lukashenko's government responded to the oil duty last week by announcing a $45 a metric ton fee on shipping oil across Belarus on its way to other parts of Europe.

These are the fees are at the heart of the dispute that has shut down the pipeline.

Mr. Sharonov, in his radio interview, said Mr. Lukashenko's government had begun seizing the oil as payment for the transit fee.

The head of Russia's pipeline monopoly, Semyon M. Vainshtok, said in a statement that Belarus had siphoned 79,900 metric tons of oil since Saturday "without warning anyone."

He said, "Transit is a sacred cow," and vowed to use other means of transport to supply customers in Europe.

On Sunday, prosecutors in Belarus filed suit against Mr. Vainshtok, accusing him of having violated customs duties by not paying the new transit fee. A hearing scheduled for Monday, however, was canceled.

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In Belarus, there were conflicting reports about what had unfolded. While the foreign ministry denied responsibility, an official from the Druzhba pipeline told Russian news agencies that operations had been halted on orders from Belneftekhim, the Belarus pipeline monopoly. Neither the ministry nor the companies would elaborate.

Belarus has used its cheap supplies of oil and gas to shore up a Soviet-style economy and earn hard currency, in the case of oil, by exporting refined products at world prices. For Mr. Lukashenko's government, the changing economics could weaken his iron control on the country of 10 million.

"The Belarussian people may not realize the extent to which they have been propped up by Russian energy, the extent to which the Belarussian miracle that Lukashenko talks about was built on legs of clay," said Rory MacFarquhar, an economist with Goldman Sachs in Moscow.

The impact in Belarus, where the news media is tightly controlled by the state, remains uncertain.

Pavel Daneyko, the director of the Institute for Privatization and Management, a business consultancy in Minsk, the capital of Belarus, said Mr. Lukashenko's government faced two difficult options: a liberalization of the country's economy or a populist propaganda war against Russia.

"If there is a clear war with Russia," he said by telephone, "then the society may be able to weather the situation."

Belarus Cuts Off Russian Oil To Europe (CSM)

By Fred Weir

Christian Science Monitor, January 9, 2007

Germany, Poland, and Lithuania are hit by latest energy dispute between Russia and its neighbors.

MOSCOW

For the second time in just over a year, a political squabble between Russia and one of its ex-Soviet neighbors has cut off energy supplies to Europe, triggering anxieties about Moscow's reliability as an economic partner.

On Monday, Russia accused Belarus of shutting down the northern leg of the 2,500-mile-long Druzhba pipeline, which carries up to 2 million barrels of Siberian crude daily to European customers, causing shortages in Poland, Germany, and Lithuania.

The disruption is reminiscent of last year's shutdown of Russian gas supplies to Ukraine, which caused similar energy jitters in Europe. Though Poland and Germany have ample reserves on hand to ride out any temporary squeeze, the dispute underscores increasing concerns about Europe's dependency on Russian energy.

German Chancellor Angela Merkel, whose country assumed the EU and G-8 presidencies on Jan. 1, worried in a weekend TV interview about Moscow's tendency to change prices - and rules - for EU countries that depend on Russia for about a third of their energy supplies.

"Russia was a dependable delivery partner in the past," said Mrs. Merkel, who has made energy security a key priority of Germany's G-8 presidency. "But we are wrestling with Russia right now about strengthening [its energy commitments]. We also need to know that we have reliable prices and reliable cooperation with Russia." Tit-for-tat energy dispute

The most recent energy scare, which comes amid a deepening rift between the Kremlin and Belarussian leader Alexander Lukashenko over long-stalled plans to reunify the two former Soviet nations, is the latest in a chain of tit-for-tat measures. On Dec. 31, Belarus reluctantly agreed to a doubling in price of Russian gas, to $100 per thousand cubic meters - still well below global market levels of around $250. Belarus also agreed to sell 50 percent of its pipeline network, Beltransgaz, to Russia's gas monopoly Gazprom.

But last week Belarus retaliated by imposing a special $45 transit duty on each metric ton of Russian crude pumped through the Druzhba pipeline, a move Russia has called "illegal." By Monday, Polish officials said no oil was flowing through the line, which carries about a fifth of all Russian crude exports to Europe. Russia accused Belarus of "siphoning the oil off" to meet its own energy needs.

Monday Germany shut down two refineries, in Leuna and Schwedt, though both it and Poland have enough reserves on hand to last at least two months.

"[Europe] is not at any kind of chokepoint, the market can cover a great deal of this if needed," says Ambassador William Ramsay, deputy executive director of the International Energy Agency in Paris. "[there are] a lot of other options to procure energy and gas, by ship and pipeline." Stalled plans for a 'neo-Soviet' union

Belarus, a heavily industrialized Slavic nation of 10 million, has been Russia's closest ally in the post-Soviet region since Mr. Lukashenko came to power a dozen years ago. Lukashenko and former Russian President Boris Yeltsin drew up a grand plan to join their countries in a neo-Soviet union, but Vladimir Putin has been less enthusiastic. Still, Moscow has repaid Lukashenko's geopolitical loyalty with subsidies estimated at as much as $8 billion annually, in the form of cheap gas, duty-free oil, and favored access to Russian markets for Belarussian industrial goods.

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But Lukashenko has been a growing embarrassment to Moscow. Human rights groups accuse him of rigging elections, closing down independent media, and imprisoning dissidents. Experts say Lukashenko has employed Russian subsidies to create a neo-communist welfare state, which tamps down popular discontent but has also become an obstacle to the economic expansion for Russia's industrial conglomerates.

"Russia has been subsidizing Belarus because we thought there was going to be a full alliance between our countries," says Sergei Markov, a Kremlin-connected analyst. "But Lukashenko has been blocking [Russia's goals] and, if that's the way it's going to be, then he should have to pay full market prices for energy." Regime change in Belarus?

Some Russian experts suggest Mr. Putin may be angling for regime change in Minsk, the Belarussian capital, or at least sweeping revisions in the relationship. "Russia doesn't see any returns on its investments in Belarus," says Gennady Chuffrin, deputy director of the Institute for World Economy and International Relations. "The Kremlin believes it has a strong hand to play and that Lukashenko, a political outcast, has little chance of holding out for long against Russian pressure."

Ariel Cohen, senior research fellow at the Heritage Foundation in Washington, says Russia's and Belarus's behavior is "an example of how high oil prices embolden people to take destabilizing steps. It's what I call the oil chutzpah factor," he says, citing Iran, Venezuela, the Middle East oil embargo of the 1970s, and now Russia.

However, it would be wrong to simply view Russian energy policy as "imperial posturing," counters Rainer Lindner, a Russian expert at Stiftung Wissenschaft und Politik, a foreign affairs think tank in Berlin. "By ditching privileged oil and gas deals with its neighbors and increasing prices, Russia complies with demands of the World Trade Organization [WTO]. The WTO doesn't accept privileged prices of the type that existed between Russia and its neighbors so far."

To safeguard its own energy security, the EU should offer to mediate between Russia and its neighbors, says Dr. Lindner. Germany in particular "has good relations with Russia and should bring these to bear in the interest of the EU's energy security."

But the EU would require Belarus to make reforms, he adds. "The EU doesn't readily accept a regime like Belarus at the negotiating table without conditions. "The message is simple: 'If you want us to moderate, you have to meet certain political standards.' This could effect a kind of regime change there."

Moscow Stops Oil Exports To Belarus (WT)

By Michael Mainville

The Washington Times, January 9, 2007

MOSCOW -- Russia yesterday halted oil exports to Belarus amid a bitter trade dispute between Moscow and Minsk, cutting off supplies to several European countries and highlighting concerns over Russia's reliability as an energy supplier.

Accusing Belarus of stealing oil headed for Europe, Russia suspended exports via the Druzhba ("Friendship") pipeline, halting supplies to several countries, including Germany and Poland.

Authorities in Belarus said oil was taken as a form of transit payment imposed on Jan. 1 that Moscow has refused to pay.

The halt in oil exports comes a year after Russia cut off supplies of natural gas to Ukraine because of a price dispute, disrupting supplies to parts of Europe during a chilly January 2006.

The oil cutoff is unlikely to cause a repeat of last year's panic over gas supplies because European refineries typically carry several months of inventory.

Nevertheless, yesterday's cutoff renewed concerns over Russia's willingness to use its vast oil and gas exports as a political weapon.

It marked a major escalation of a crisis in relations between Russia and Belarus, a country long considered one of Moscow's closest allies.

"Belarus has cast caution to the wind by starting to take oil because Russia is not paying a duty it illegally imposed. This looks like a trade war," Andrei Sharonov, Russia's deputy economic development minister, told Ekho Moskvy radio.

He warned Russia was ready to take economic steps against its neighbor: "One must not forget that Russia is the biggest market and No. 1 economic partner for Belarus. Therefore, we have the possibilities to apply measures to Belarus."

Russian pipeline monopoly, Transneft, said in a statement yesterday that it had been forced to act after Belarus "began tapping oil destined only for customers in Western Europe from the Druzhba pipeline unilaterally, without any warning."

The company said Belarus had siphoned off 79,000 metric tons of oil since Saturday.

Belarus insisted it was not to blame for the crisis and was acting legitimately.

"The Belarusian side is not at fault for the drop in pressure at the entrance of the Druzhba oil pipeline," Foreign Ministry spokesman Andrei Popov said. "Belarus was forced to take measures to avoid economic damage and a shortage of vital fuel and energy resources."

A Belarusian delegation headed to Moscow last night for urgent talks.

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German Economy Minister Michael Glos said reserves would guarantee oil supplies even in the event of lengthy disruptions.

But he also said the incident demonstrated that "one-sided dependencies must not be allowed to develop."

Europe is heavily dependent on energy supplies from Russia, the world's second-largest oil exporter after Saudi Arabia.

The 2,500-mile-long Druzhba pipeline, built in the 1960s to tie then-communist Eastern Europe to Soviet energy supplies, carries 18 million metric tons of oil to Poland each year and 22 million metric tons to Germany, or one-fifth of its oil imports.

The pipeline has a southern branch that supplies oil to Ukraine, Hungary, Slovakia and the Czech Republic.

The dispute began when Russia this year imposed new export duties on oil sold to Belarus, where the economy is heavily dependent on refining Russian crude.

Belarus retaliated by imposing a $45-per-ton transit fee on Russian oil headed for Europe that Moscow has refused to pay.

The oil row follows a dispute over the more than doubling of Russian natural-gas prices for Belarus. The gas dispute was resolved on New Year's Eve, only hours before Russia was set to cut off supplies to the country of 10 million.

The energy disputes are severely straining ties between the two traditional allies, who in the past have discussed forming a political union.

Belarusian President Alexander Lukashenko -- branded Europe's last dictator by the United States -- has been showing signs of increasing independence from Moscow since his re-election last year.

Moscow insists it is seeking market prices for energy supplies and that its neighbors no longer deserve Soviet-era subsidies.

But critics accuse the Kremlin of using its vast energy reserves as a political tool to restore its international influence.

Oil Line To Europe Is Cut Off (LAT)

By David Holley

The Los Angeles Times, January 9, 2007

MOSCOW — A dispute between longtime allies Russia and Belarus over oil taxes escalated Monday, leading to a cutoff in the flow of crude oil through a pipeline serving European customers.

Officials in Minsk, the Belarusian capital, issued conflicting statements as to whether Belarus had intentionally cut off the flow of oil through the Druzhba (Friendship) pipeline, which crosses Belarus to link Russia and the European Union. Later in the day, Russia said it had stopped supplying oil to the pipeline, blaming Belarus for the move.

"I would like to stress that Belarus was the first to suspend the transit of Russian oil intended for third countries via its territory," Andrei Sharonov, Russia's deputy trade and economic development minister, said in an interview with Vesti-24 television. "Russia moved to suspend supplies to Belarus in response."

The incident reignited a debate about the reliability of Russia as an energy supplier. The European Union relies on Russia for about 40% of its natural gas imports and about 30% of its oil imports. Russia is the world's largest exporter of natural gas and the second-largest oil exporter, after Saudi Arabia.

News of Monday's pipeline shutdown initially drove oil futures higher in New York and London as traders worried about energy shortages. But the rally couldn't be sustained on the New York Mercantile Exchange because warm weather in the U.S. has put a damper on demand for petroleum products, and crude for February delivery closed Monday at $56.09 a barrel, off 22 cents. In London, the European benchmark Brent crude fell 4 cents to $55.60 a barrel.

"We have much more of a cushion in crude and gasoline supplies than we had last year after the hurricanes in the Gulf [of Mexico]. That cushion is offering a little bit of a buffer to these stories," said Phil Flynn, vice president and senior market analyst for Alaron Trading Corp. in Chicago.

The oil dispute was triggered by Russia's new customs duty of $180 per metric ton on oil exports to Belarus. The tax took effect Jan. 1. Belarus retaliated by imposing a charge of $45 per ton for oil shipped through the pipeline to the European Union, which Minsk initially called a customs duty but now describes as a transit fee.

The oil dispute erupted immediately after Moscow and Minsk worked out a last-minute New Year's Eve deal ending an argument over natural gas prices. Belarus yielded to a Russian demand to pay in the new year slightly more than double the 2006 price. Belarusian officials had expressed unhappiness with that deal, which averted the threat of a midwinter disruption of gas supplies to European customers.

Despite the significant price hike, Belarus still receives Russian natural gas for less than half the amount charged to other European Union customers.

The natural gas standoff in late December resembled a pricing dispute a year earlier between Russia and Ukraine. In that case, failure to reach a contract by Jan. 1, 2006, led to a brief disruption of gas supplies to European Union countries

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Officials in European capitals expressed concern Monday about the oil cutoff but said there was no immediate risk to sufficient energy supplies in the European Union. The pipeline delivers 20% of Germany's yearly oil supply, but Berlin was not panicked: The winter has been mild, and officials said the country had 130 days' worth of reserves.

"I view the closure of the important Druzhba pipeline with concern," German Economics Minister Michael Glos said. "I expect the deliveries through the pipeline to resume completely as soon as possible."

Crude oil shipped through the pipeline is refined into products such as gasoline and heating fuel. The current Russia-Belarus spat over oil has resulted in European politicians calling for less reliance on Russian oil and gas.

Guido Westerwelle, chairman of Germany's Free Democrats, said Monday that the new dispute demonstrated a need for his nation "to get more independent from foreign energy supplies."

"It would be much more sensible if we would have a mix of energy resources," Westerwelle said. "This is not only an ecological or economic question. It is also an issue of foreign relations, which would make us more independent and less subject to blackmail."

Belarus and Russia accuse each other of violating bilateral economic agreements on duty-free trade by instituting the new charges on oil. Semyon Vainshtok, head of the state-owned Russian oil pipeline monopoly Transneft, accused Belarus of siphoning off oil illegally.

Belarusian President Alexander G. Lukashenko has been widely criticized in the West as "Europe's last dictator," and he has been heavily dependent on economic and political support from Moscow.

Until Russia imposed the new customs duty on oil, Belarus was able to import Russian oil at domestic Russian prices, refine it into petroleum products at Soviet-era factories and export the goods at a high profit. That provided an important subsidy to Belarus' state-controlled economy, helping Lukashenko to keep his grip on power. The cutoff of the Russian subsidy could have political as well as economic effects in Belarus.

Although Moscow has at times shown frustration with Lukashenko's heavy-handed rule and preservation of a largely Soviet-style economy, Russia and Belarus have maintained close ties and discussed uniting into a single state. If such an agreement were reached, that would be a small step toward restoring a semblance of the Soviet Union, which collapsed in 1991.

The bitterness evident in the gas and oil disputes appears to be rapidly undercutting any prospects for unity talks, which had never appeared very likely to most observers.

The oil spat threatens more-tense relations. As one example, a Belarusian customs spokesman told Russian news agency Interfax on Monday that Belarus would require Russian citizens entering the country by car to obtain temporary entry permits for their vehicles.

At a government meeting in Minsk on Wednesday, Lukashenko accused Russia of "extremely unfriendly steps" in the natural gas pricing dispute and indicated that he was prepared to take wide-ranging risks in his relationship with Moscow to fight for better economic terms.

Lukashenko instructed officials "to send proposals to Russia in the first quarter of the year concerning payments for everything they are receiving here free now — starting from military facilities."

Russian Defense Minister Sergei B. Ivanov said Saturday that he believed Belarusian authorities would not allow economic disputes to affect military ties, Interfax reported. The two countries have prepared an agreement on unifying their air defense systems, he said, expressing hope that it would be signed soon.

A Belarusian delegation left Monday evening for Moscow for oil talks expected to begin today.

Russia Halts Oil Flow To Belarus In Dispute (WP)

By Peter Finn

Washington Post, January 9, 2007

MOSCOW, Jan. 8 -- Russia on Monday shut off crude oil supplies that flow by pipeline across Belarus to Germany, Poland and other parts of Eastern Europe, charging that Belarus was illegally siphoning off oil meant for the other countries.

The dispute between two erstwhile allies will have little immediate effect because the end-customer countries have strategic reserves for at least two months. But it is rekindling discussion in Europe about the reliability of Russia as a supplier of energy.

"This shows us once again that arguments among various countries of the former Soviet Union, between suppliers and transit countries, mean that these deliveries are unreliable from our perspective," Poland's deputy economy minister, Piotr Naimski, said in a television interview. Poland has long been suspicious of Russia's dominance of energy supplies on the Continent.

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Belarus, led by authoritarian President Alexander Lukashenko, has poor relations with the United States and Western Europe. It is unlikely to garner the kind of international sympathy that Ukraine, for example, enjoyed when Russia cut off its natural gas in a pricing dispute last January.

The convulsions over Russia's pricing of energy supplies to its neighbors also extend to Azerbaijan, which announced Monday that it had halted the export of oil to Russia. Officials in the Caspian Sea nation said they planned to divert the oil to power stations in their country to replace Russian natural gas.

Russia doubled the price of natural gas for Azerbaijan on Jan. 1, but the country refused to accept the rate of $230 per 1,309 cubic yards, the price that Western European countries pay.

The disputes with Belarus and Azerbaijan, following Russian confrontations with Ukraine and Georgia, are likely to give new urgency to efforts in parts of Europe to diversify the supply chain and reduce dependence on Russia, one of the Continent's most important suppliers. In 2004, it provided about 27 percent of the oil consumed in the European Union, according to the bloc.

For years, Russia and Belarus have been bound together by Moscow's provision of cheap energy in return for political loyalty. But the Kremlin appears to have tired of subsidizing Lukashenko, whose government could face an economic crisis brought on by higher energy costs.

The two countries have flirted with the idea of forming a political union, but Russia is interested in absorbing Belarus as a province, while Lukashenko has insisted on a union of equal states, an idea the Kremlin finds ludicrous. The idea appears finished, at least under the current leadership of both countries, according to Irina Kobrinskaya, an analyst at the Institute of World Economy and International Relations in Moscow. "The union state is a myth," she said in an interview.

The European Union's energy commissioner, Andris Piebalgs, said he wanted an "urgent and detailed explanation" from both Belarus and Russia as to why the pipeline carrying Russian crude was closed. European officials said Germany has enough oil in reserve to last 130 days, and Poland has enough for 70 days.

Each year, approximately 100 million tons of Russian oil crosses Belarusan territory in pipelines. Russian officials said they were examining ways of rerouting oil. The pipeline network crossing Belarus also supplies the Czech Republic, Hungary, Lithuania and Slovakia.

Belarus's command economy has been heavily dependent on subsidized natural gas and crude oil from Russia, which is now insisting that the government in Minsk pay more.

On New Year's Eve, Belarus reluctantly agreed to a doubling of natural gas prices and a gradual shift to market prices by 2011. The deal also provided for the Russian state-controlled energy giant Gazprom to acquire a 50 percent stake in the gas pipeline system owned by Belarus.

But the two countries continued to spar over cheap crude oil. Belarus has earned billions of dollars from processing cheap Russian oil and then exporting it to Western Europe. Last month, Russia imposed an export duty of $180 per ton of oil sold to Belarus, a severe blow to the country's reprocessing industry and government revenue. Belarus responded by imposing an import duty of $45 per ton of Russian oil that crossed its territory.

Russia accused Belarus of siphoning off 79,000 tons of crude oil since Saturday and threatened retaliation.

"This looks like a trade war," Andrei Sharonov, Russia's deputy economic development and trade minister, said on Echo Moskvy radio. "One should not forget that Russia is the biggest market and number one economic partner for Belarus. Therefore we have the possibility to apply measures to Belarus and get the duty canceled."

A Belarusan delegation flew to Moscow Monday evening for emergency talks.

Moscow-Minsk Dispute Leaves Europe In A Quandary (FT)

By Arkady Ostrovsky And Quentin Peel

Financial Times, January 9, 2007

Russia has very few friends among the former Soviet republics. Its spat with Belarus suggests it is fast losing one of the last.

In spite of the mercurial moods of Alexander Lukashenko, Belarus's authoritarian ruler, the country has long been one of Russia's closest allies, enjoying its generous subsidies in the form of cheap oil and gas. In reality, the Kremlin has been getting increasingly irritated with the antics of the man it has kept in power.

Kremlin officials seem to have decided that the dubious political benefits of supporting Mr Lukashenko are now outweighed by his failure to show respect for the Russian president. In a Russian election year, they seem determined to inflict a serious blow to his prestige and demonstrate their own strength.

For the European Union, the confrontation between the two erstwhile allies presents a dilemma: the EU members have no love for Mr Lukashenko and have long sought to persuade Moscow to cut off his sub-sidies. But equally, they do not want to encourage the Kremlin to use its energy supplies for political purposes, and nor do they want the pipelines to dry up.

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On paper, Moscow and Minsk were supposed to be working towards a political and economic union, including a single currency. In practice, the idea has lost its appeal to Mr Lukashenko, ever since he realised that the merger was more likely to be a takeover and his own role in the new union would be reduced to that of local governor.

Observers in Moscow say there is no love lost between Vladimir Putin, Russia's president, and Mr Lukashenko. But they also say that while Mr Putin loathes his Belarusan counterpart, he is even less well-disposed to the idea of Belarus being swept by a pro-western uprising. Hence the Russian support for Mr Lukashenko's re-election last year.

But despite his material backing, Mr Putin has seen little in return from his Belrusan colleague, and his patience appears finally to have snapped.

Belarus used to receive Russian crude oil duty free and resold it in the form of refined products at a hefty profit. It was supposed to hand on 85 per cent of the profit to Moscow but had long stopped doing so. Moreover, according to Andrei Sharonov, Russia's deputy minister for economic development, Mr Lukashenko imposed arbitrary taxes on Russian oil companies and made them sell oil to Belarusan intermediaries.

On January 1, Russia introduced a standard $180 export duty on its crude oil, depriving Mr Lukashenko of an annual profit of nearly $2bn. But the Belarusan leader responded by slapping a duty of $45 per tonne on Russian oil transiting through Belarus.

"If those in Russia, choking on this influx of petrodollars and other sources of hard currency, are still willing to make a scapegoat of Belarus . . . then let's ask the Russian Federation – so huge and so rich – to pay us in full for our services," Mr Lukashenko said.

Moscow says the unilateral imposition of an export duty on oil transit breaks every international norm and refuses to pay. But Mr Lukashenko decided to play a hard-ball game and on Saturday started to take Russian oil from the pipeline as "a payment in kind".

Whatever the cause, this latest interruption of Russian energy supplies to Europe in just over a year is likely to dent further its reputation as a reliable supplier. But Belarus has more to lose. Some 50 per cent of all Belarus exports go to Russia and a full trade war would be disastrous for the Belarusan economy and its political regime. Mr Lukashenko has no support in Europe or in the US. Russia is his only lifeline.

For the EU, the dispute opens the awful prospect of having to choose between an authoritarian but relatively independent Belarus, or an unpredictable change of regime with Moscow calling the shots.

Russian Extortion, Continued (WP)

The Washington Post, January 9, 2007

Now an oil pipeline through Belarus runs dry. Will its customers in Western Europe finally be stirred?

RUSSIA'S CONTINUING attempt to squeeze neighboring Belarus yesterday led to the shutdown of a pipeline carrying oil to Europe -- another stark reminder of how the Kremlin's aggressive use of energy as a political tool threatens Western democracies as well as its neighbors. Just days after forcing Belarus to accept a huge increase in the price of natural gas, the government of Vladimir Putin stopped oil deliveries in an attempt to impose a large new duty that would eliminate a longstanding and lucrative subsidy. Because the pipeline carrying oil to Minsk also serves the rest of Europe, Poland, Germany and other European Union countries also did not receive Russian oil deliveries. Those countries have reserves to fill the gap for the near future. But once again the message should be clear: Countries that depend on Russia for energy can be subject to capricious and politically motivated demands -- and interruptions of supplies if those demands are not met.

Belarus has been a faithful ally of Russia; its autocratic president, Alexander Lukashenko, has made himself a pariah in the West by stealing elections, imprisoning and murdering opposition leaders, and supplying weapons to rogue states. But Mr. Lukashenko has irritated Mr. Putin by failing to follow through on an agreement to merge his country with Russia. Now he is getting his punishment: an abrupt withdrawal of energy subsidies that in recent years have propped up his state-dominated economy. The Belarusan president consequently must choose between giving Mr. Putin what he wants or trying to make Belarus a genuinely independent country. Since the latter would require groundbreaking political and economic liberalization, the Kremlin's risk may not be great. Belarus has already agreed to hand control of its gas pipeline to Russia, a concession Mr. Lukashenko had long resisted.

Other Russian neighbors are fighting back against its energy imperialism. Azerbaijan last week stopped buying Russian gas rather than agree to a huge price increase; it then reduced the amount of oil it pumps through a Russian-controlled pipeline. Azerbaijan offended Mr. Putin by agreeing to supply its own gas from a field soon to come online to neighboring Georgia, whose democratic and pro-Western government is Moscow's first target. Both Caucasian countries have the prospect of ending reliance on Russian supplies in the near future; in that respect, they are considerably better off than the European Union, which gets a quarter of its gas from Russia.

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Western governments are watching Mr. Putin's hardball tactics with concern; yesterday they called for an immediate resumption of supplies through the Belarusan pipeline. They do not, however, have a policy for countering the Russian threat. Even the members of the European Union cannot agree among themselves on whether to appease Russia -- by offering new long-term contracts and capital for investment in oil and gas projects -- or push back, which they could do by insisting that Mr. Putin sign an international "energy charter" that would curtail his monopolistic practices. The attack on Belarus ought to rule out the appeasement option.

The Face Of El Salvador's Charm Offensive (WP)

By N.c. Aizenman

The Washington Post, January 9, 2007

Like much of Washington's diplomatic corps, El Salvador's consul general, Ana Margarita Chavez, spends her days conferring with U.S. officials and her nights cruising to parties in a black sport-utility vehicle with diplomatic plates.

That is where the similarity ends.

While her counterparts from other nations stick to such traditional consular services as renewing passports and helping their countrymen sort out immigration problems, Chavez, a petite 49-year-old with long black curls and a bubbly laugh, is more like a social worker on steroids.

During weekly appearances on the area's main Spanish radio shows, Chavez regularly gives out her cellphone number so that immigrants in need of help can reach her directly.

The phone's constant trill is a testament to how many listeners take her up on the offer. During one recent week, Chavez dropped by the Silver Spring home of a Salvadoran construction worker injured in a car accident last year to check on his progress; lined up a job for an out-of-work landscaper in Woodbridge and then personally drove him to the interview; and convinced a young father fighting a bitter custody battle with his estranged wife that their daughter is better off staying with her grandparents in El Salvador.

As for her evening social schedule, Chavez usually skips high-powered bashes in Washington's downtown restaurants or Embassy Row manses in favor of pupusa and wine mixers hosted in suburban churches and community centers by immigrant Salvadoran nurses, restaurant owners and construction contractors seeking to raise money for the impoverished villages they left behind.

Her approach dovetails with a wider charm offensive recently launched by Salvadoran President Elias Antonio Saca, of the pro-business ARENA party, to cement his support among Salvadoran expatriates.

The stakes are high. The Salvadoran government estimates that more than a fourth of the country's citizens live in the United States. The expatriates have been lobbying hard for the right to vote from abroad, and it is generally considered a matter of just a few years before they will get it. Even now, they are believed to exercise enormous sway over voters back home thanks to the estimated $3 billion they send their relatives annually.

During the presidential election in 2004, Saca and his opponent campaigned personally in the Washington area. And shortly after taking office, Saca expanded the foreign ministry to include a vice ministry exclusively dedicated to overseas Salvadorans.

The 16 consulates in the United States are the vice ministry's principal vehicle of operations. The Washington area is among its most important targets. The U.S. Census estimates there are 130,000 foreign-born Salvadorans in the Washington region. The embassy estimates the size of the local Salvadoran community -- including those born here of Salvadoran parents -- at half a million.

At first glance, Chavez might not seem the most obvious choice to win them over. The daughter of a former chief supreme court justice, she hails from the upper crust of a society still highly stratified between rich and poor 14 years after peace accords ended its bloody civil war. Originally an architect, Chavez said that friends in El Salvador's military encouraged her to pursue national security studies and later a career as head of El Salvador's anti-drug commission before she was tapped for the consul general position.

Although she still encounters cynics, Chavez's effervescent, informal style has clearly captivated many local Salvadorans, who quickly fall into addressing her with the familiar "t?" rather than the formal "usted" in Spanish. A year and a half into the job, Chavez has emerged as one of the most recognizable figures within the Salvadoran community -- even as she remains almost completely unknown outside of it.

"Previous consuls have tried to get close to our community, of course. But no one has shown her enthusiasm," said Luis Felipe Romero, president of Salvadorans Associated of Maryland, as he watched Chavez lead a conga line around the dance floor at the charity's annual fundraising party in Northwest Washington on a recent evening. "She comes to every event. She is

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always insisting that we call her Ana Margarita, not Se?ora Consul. She really identifies with the working-class Salvadoran overseas."

Much of Chavez's work is conducted without fanfare -- including her periodic visits to Roger Menendez, the construction worker recovering from his car accident in Silver Spring.

"Hello, Roger! How's my sweetheart?" Chavez cooed as she stepped into his darkened bedroom on a recent evening.

Menendez, 28, who lay on a hospital bed and had a feeding tube protruding from his stomach, could only manage a loud, "Mmmmmm."

Chavez, a divorced mother of three grown children, beamed. "You should have seen him when he came out of the coma a couple months ago," she said. "He could only move his eyes. . . . This is great progress."

Chavez maintains that such extracurricular activities are a natural outgrowth of her job as consul.

"You're supposed to be your people's representative over here. So that means you're going to be called on to be everything from mayor, to priest, to psychologist," she said.

During a recent interview in her office in an ultra-modern, government complex in San Salvador, Margarita Escobar, head of the vice ministry for overseas Salvadorans, confirmed that strategy and ticked off an array of other outreach initiatives she and her staff have undertaken so far -- including inviting several hundred expatriate Salvadorans to a forum with Saca late last year, developing pension and health insurance plans for Salvadorans who want to retire in El Salvador and opening a satellite consulate in Woodbridge so that area Salvadoran immigrants don't have to travel as far or wait as long for services.

The unifying theme, Escobar said, is that, "we're trying to make our Salvadorans overseas understand that this government truly cares about them."

Whether the expatriates are receptive to the message is another story.

At the Salvadorans Associated of Maryland fundraiser, Hugo Carballo, a union organizer who has lived in Fairfax for nearly 20 years, said he appreciated Chavez's presence at the event, as well as her help coordinating local immigrant relief efforts after Hurricane Stan launched mudslides across El Salvador and other Central American nations in 2005.

"But what I really want from this government is for them to give us the right to vote, and it just seems like there's no political will to make it happen quickly," he said. "God knows we Salvadorans in the United States do so much for our country. They need to take us into account, to recognize our contribution -- maybe even give us our own representative in the National Assembly."

Emily Castro, a special education teacher living in Northern Virginia, was even more indignant.

"As a representative of the Salvadoran government, she should be ashamed to be here," Castro muttered, glancing over at Chavez after Romero made a presentation highlighting the desperate poverty of the Salvadoran children for whom the association buys school supplies and bemoaning the fact that the association could not help more of them.

"The government should be solving these problems, not asking this community that is working so hard over here and that has so little of our own to take care of it," she said.

About an hour later, Castro confronted Chavez directly -- telling her that three Salvadoran girls at her school were pregnant and asking bluntly, "What the hell do you guys ever do for us?"

Chavez's smile wavered slightly. But she quickly regained her composure and began peppering Castro with questions about the case and assuring her that the consulate would be eager to form a partnership to combat teen pregnancy.

"She doesn't believe me now. But she'll see when I call her next week to follow up," Chavez whispered to a colleague as Castro strode off. "I bet you I win her over."

South Africans See Hope Of Unity In A Prospect For Presidency (WP)

By Craig Timberg

The Washington Post, January 9, 2007

JOHANNESBURG, Jan. 8 -- The purported presidential ambitions of a gregarious multimillionaire have sent South Africa into a frenzy of political speculation this week, while offering a glimpse into the normally secretive struggle over picking the nation's next leader.

Several top African National Congress leaders approached Tokyo Sexwale, a seasoned politician and businessman, about running for the party presidency, the Sunday Times newspaper reported under the banner headline "Tokyo guns for presidency." The job, to be filled at a national convention in December, is widely regarded as the steppingstone to becoming elected president of the nation in 2009.

Sexwale -- whose knack for publicity was honed during a stint playing the Donald Trump role in South Africa's version of "The Apprentice" -- dismissed the report as "spurious" in a statement issued Monday afternoon. "They are kite-flying, nothing more than a red herring, and we treat them with disdain," he said.

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The denial by Sexwale, 53, was widely disregarded by South Africans familiar with the ways of the ANC; leaders running for party office traditionally pretend that they would be just as happy being, say, municipal dogcatcher as president. In the past year a succession of leading contenders for the party presidency have reacted similarly -- in public at least -- to news reports that they coveted the top job.

The Sexwale news dominated newspaper headlines and radio call-in shows on Monday both because of the specificity of the Sunday Times report, which laid out several apparently strategic maneuvers by Sexwale in anticipation of a run, and because he is widely seen as a conciliatory figure in a deeply divided party.

"He's seen as somebody who is above the fray," said political analyst Xolela Mangcu, speaking from the judicial capital of Bloemfontein, where he was traveling. "The whole bloodletting that's been happening to the ANC has to stop. . . . This country can't move forward with a divided ruling party."

The ANC, whose massive advantage in voter support allows it to dominate South African politics at every level, fractured in June 2005 when President Thabo Mbeki fired his deputy and heir apparent, Jacob Zuma, over allegations of corruption.

Supporters of Zuma, a populist with close ties to South Africa's Communist Party and labor movement, reacted with fury, at one point burning a flag bearing the image of Mbeki. Zuma's political comeback gained momentum after a pair of legal judgments in 2006 cleared him of rape charges and dismissed corruption charges. And though his legal troubles may not be over, Zuma is seen both as the leader of the ANC's left wing and of the nation's large population of ethnic Zulus. Analysts say he remains a contender for the presidency.

Mbeki, meanwhile, has seen his influence ebb during a bruising succession struggle carried out almost entirely behind closed doors. His second five-year term as national president is due to end in 2009, and though he is constitutionally barred from running for the office again, Mbeki has not ruled out seeking the party presidency in December. He has not publicly backed a candidate for either job, though he has said he believes that South Africa's next president should be a woman.

"The ANC knows it needs a compromise candidate because the party is split down the middle," said Rhoda Kadalie, a political columnist based in Cape Town.

Sexwale's politics are difficult to label, despite his stint in the 1990s as premier of South Africa's bustling Gauteng province, which includes Johannesburg, Soweto and Pretoria. A student leader in the 1960s, he later joined the ANC's armed wing in exile in Swaziland and did military training in the Soviet Union. He was a close friend of Communist Party leader Chris Hani, who was assassinated in 1993.

He reportedly remains close to former president Nelson Mandela, with whom he spent years while behind bars at the notorious Robben Island prison during the apartheid era.

He left politics in 1998 for what became a lucrative career in the private sector, founding Mvelaphanda Holdings, a huge mining and energy company, and establishing himself as one of the most visible members of the nation's growing group of elite black businessmen who found riches after the ANC came to power.

Sexwale's history of strained relations with Mbeki was long rumored to be one of the reasons he left politics. In 2001, he was accused of being part of a plot to overthrow Mbeki, but he and the others accused were exonerated.

The Sunday Times reported that Sexwale recently invited Mbeki's wife to join in some business deals.

Analysts also note that Sexwale's wife is white, a fact that some believe could, if he were president, diminish the polarized nature of racial discussion in South Africa.

"Somebody like Tokyo could take us out of that and put us on a new path," Mangcu said.

Another popular businessman often mentioned as a candidate for president is former ANC activist Cyril Ramaphosa, though he too has denied seeking the job. The list of possible candidates also includes party Secretary General Kgalema Motlanthe, Deputy President Phumzile Mlambo-Ncguka, Foreign Minister Nkosazana Dlamini-Zuma, Finance Minister Trevor Manuel and Defense Minister Mosiuoa Lekota.

U.S. To Drop Charges In '99 Uganda Killings (WT)

By Jim McElhatton

The Washington Times, January 9, 2007

Federal prosecutors in the District yesterday sought to drop felony murder charges against three Rwanda citizens who faced possible death sentences in connection with the 1999 kidnapping and killing of two American tourists in Uganda.

The move comes five months after U.S. District Judge Ellen Huvelle suppressed confessions by defendants Francois Karake, Leonidas Bimenyimana and Gregoire Nyaminani, who were reputed members of the Liberation Army of Rwanda.

The government's case relied heavily on the defendants' confessions, but Judge Huvelle barred prosecutors from using the statements. The judge ruled the confessions were inadmissible because evidence showed the defendants were tortured while imprisoned by Rwandan authorities.

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"The United States is unable to proceed to trial at this time...," assistant U.S. attorneys Jonathan M. Malis and Jeffrey Beatrice stated in a court memo filed yesterday.

U.S. officials charged the men more than three years ago in the bludgeoning deaths of U.S. citizens Robert Haubner and his wife, Susan Miller, of Portland, Ore.

The couple, on a safari vacation, was killed with six other tourists from New Zealand and Britain after men armed with automatic weapons, axes and machetes raided their tourist camp in a national park in Uganda on March 1, 1999.

In court documents, prosecutors called the killings "brutal murders" intended to send a message to the United States against supporting the Rwandan government.

Prosecutors said the men charged were among a band of about 100 that invaded the Bwindi Impenetrable Forest National Park, a remote rain forest in the southwestern region of Uganda known for the presence of rare mountain gorillas. The group attacked the park's guards and sentries, killing four, including one guard who was burned alive to discourage resistance.

The attackers rounded up more than 20 tourists from the campground and separated 17 who spoke English. The captives were marched by force into the forest toward the border of the Democratic Republic of Congo. Two other Americans were among those captured and later released. Three women, including Mrs. Miller, were raped before being killed.

Despite the prosecutors' setback, they said other evidence might lead to a new trial.

"While the United States is unable to proceed to trial at this time, it may be able to do so in the future based on evidence apart from the defendants' confessions," they said.

A hearing date hasn't been set on the government's motion. If granted, it's expected the defendants will be released from the D.C. Jail. They also could be deported.

"Once the court official dismisses the indictment... the defendants will be handled as would any other person or persons who do not have legal immigration status to remain in the U.S.," said Channing Phillips, a spokesman for the U.S. Attorney's Office.

However, returning the defendants to Rwanda raises other legal questions, said David I. Bruck, a lawyer and death penalty authority at Washington and Lee University.

"If the problem with the case is that they were tortured by the people who gave them to us, how do we send them back?" he asked. "What do we do with them next?"

Mr. Bruck said the case was "extremely unusual" from the start because the federal government was prosecuting murders that occurred in another country.

"It eventually became quite obvious that when you import a defendant from another jurisdiction, you import with them all of the human rights violations and chaos from the country where they were found."

In announcing the arrests in 2003, then-Assistant U.S. Attorney General Michael Chertoff, who is now secretary of the federal Department of Homeland Security, said the indictment should "serve as a warning."

"Those who commit acts of terror against Americans will be hunted, captured and brought to justice," he said.

The move to dismiss the charges in the Ugandan killings marks the second recent setback for federal prosecutors in the District in a capital punishment case.

D.C. law bars the death penalty, but capital punishment can be sought in federal cases.

In October, U.S. District Judge Richard W. Roberts said prosecutors could not seek the death penalty against reputed leaders of the so-called Congress Park Crew street gang, citing a missed filing deadline.

Meanwhile, jury selection is beginning this week in another capital murder case in federal court in the District. The defendant, Larry Gooch, is charged with killing five persons in his role as enforcer for the M Street Crew, a PCP ring that operated in Northeast.

The Troubles Of Sista P. (NYT)

By Orlando Patterson

The New York Times, January 9, 2007

Kingston, Jamaica

Thirty-two years ago, a young working-class woman, Portia Simpson, exploded onto the Jamaican political scene with an unexpected electoral victory in the slums of southwestern Kingston, the heart of opposition party turf, dominated by armed political gangs.

Soon after, I accompanied her on a tour of the area in the hope of laying plans for an urban upgrading project. As we approached Rema, a notorious opposition holdout, five gunshots pierced the heat. Dashing for cover, I looked back to see Simpson being reluctantly pulled away by two of her aides. Left to herself, she would have carried on, so deep was her hunger to help the people from whom she had just risen. I thought then that this woman would go far.

She did. Last February, Portia Simpson-Miller stunned the political establishment by outmaneuvering the heir apparent, Peter Phillips, in the struggle to succeed Prime Minister P. J. Patterson, who retired in midterm, and in March she took office as Jamaica's first female leader. There was national jubilation, especially among women, who wept at the sight of "Momma," "Auntie Portia" or "Sista P.," as they lovingly call her.

Even skeptics felt that it was hard to do worse than what the men had achieved for the mass of Jamaicans in abysmal poverty, after four decades of modernization that had benefited only the middle and upper classes. Simpson's approval ratings soared, and for a heady few weeks the claims of her supporters that the healing hand of a woman was what the country needed seemed borne out. And an almost tactile sense of unity and good will soothed the anxieties of daily life in this overheated polity.

The honeymoon was brief. Hardly two months into her leadership, opposition forces and the media unleashed a barrage of criticisms against her, the gist being that she was hopelessly unqualified for the job. Her modest education, undistinguished performance in Parliament, Creole speech, populism and refusal to face the press have been grist for the media and opposition mill. What turned a tidal wave of criticism into a tsunami, however, was the revelation that a Dutch commodities firm, Trafigura Beheer BV, which does business with the government, had misrepresented a campaign donation of $470,000 that it made to her party. In fact, Jamaica has no campaign finance laws to break, and there is a long tradition of businesses donating to political parties. The government, however, handled the revelation ineptly before returning the money, providing endless fodder for the media.

On Sunday, I had a candid two-hour conversation with Sista P. at her official residence. She is as defiant as ever. At 61, she appears in her early 40s, her youthfulness emphasized by deep bangs hanging over dark, sparkling eyes. She noted that in 2006 the economy grew at one of its fastest rates in years, 2.4 percent, inflation was low, 5.3 percent, and that major crime fell by 20 percent. So why the criticisms?

"Because I'm a woman in a field dominated by men, and because of my background," she insisted. Why has she been avoiding the press? "I've been beaten, banged and bashed by the media," she said. "They are trying to kill my charisma" because "every time they see me they are looking at the majority of Jamaicans who are poor and they can only think, 'How dare this uppity woman.' " She added later, "As leader, I have the right to refuse to speak to those who misrepresent what I say."

She dismissed the Trafigura affair as a media exaggeration, the only impropriety coming from the company, which, to circumvent Dutch laws, misrepresented the donation. She is confident of winning the coming elections, although her approval rating in polls is down to 30 percent.

Mistakes have been made, and Sista P. has to change her attitude toward the press, but I share her belief that Jamaica's patriarchalism and class biases are stacked against her. So, too, is the British parliamentary system that operates here, which requires of leaders a demanding mix of political, debating and executive skills.

Sista P. embraced me and kissed me on the cheek as we parted, and I wished her luck in the coming elections, required by October. She is going to need it.

DOJ_NMG_0114490

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 10, 2007 8:10 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, January 10, 2007
Attachments:	agnb070110.pdf; agnb070110.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 10, 2007 7:45 AM EST

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TERRORISM NEWS:

House Passes Anti-Terror Bill. The House passed a package of anti-terror measures yesterday. Fox News' Special Report (1/9, Hume) reported, "The bill sets a three-year deadline to inspect all air cargo for explosives. The bill affects only the 6 billion lbs. of cargo loaded each year on passenger jets. … Republicans complain that the technology does not exist to inspect passenger jet cargo in a timely fashion."

USA Today (1/10, Hall, 2.27M) notes Rep. Jerry Lewis, former chairman of the House Appropriations Committee, "chided Democrats for passing a bill 'without any indication as to where the money might be coming from.'" He "said 'tens of billions of dollars' would be needed, meaning the bill amounted to 'a statement of policy that is little more than a press release.'"

But the New York Times (1/10, Lipton, 1.16M) says that "after failing to delay action on the bill, many Republicans felt they had no choice but to vote in favor of it -- and 68 did." The AP (1/10, Espo) reports, "The vote was a bipartisan 299-128, and Speaker Nancy Pelosi took the rostrum to announce the passage of the first legislation to clear under the new Democratic majority." Democrats "said the bill's passage was a top priority." The AP adds "several Republicans criticized the legislation as little more than political posturing in the early hours of a new Democratic-controlled Congress. … In a written statement, the Bush administration listed several objections and said it could not support the measure as drafted, but stopped short of a veto threat."

The Washington Times (1/10, DeBose, 88K) notes that in "a statement of administration policy, which usually consists of a dry list of approvals and disapprovals, the White House took a shot at the Democrats. 'The Administration is disappointed that, in a nearly 300-page piece of legislation entitled "Implementing the 9/11 Commission Recommendations Act of 2007," Congress does not address the two outstanding recommendations that apply to the Legislative Branch, which the 9/11 Commission states may be among the most important of all,' the White House said yesterday." The bill "neither reduces the number of congressional committees with oversight and spending authorization over homeland security matters nor does it do the same for intelligence matters, both steps the September 11 commission has suggested."

The Washington Post (1/10, A3, Hsu, 690K) reports, "The bill's biggest detractor, or patron, could be Sen. Joseph I. Lieberman (I-Conn.), who chairs the Senate's Homeland Security panel and who held his own hearing yesterday. He stopped short of promising -- as House leaders had -- to implement all remaining recommendations of the commission that investigated the 2001 terrorist attacks." Lieberman "said that he hopes by month's end, as requested by Senate Majority Leader Harry M. Reid (D-Nev.), to draft and pass a Senate bill 'that will take steps forward to adopt some of the unadopted, unimplemented or inadequately implemented parts' of proposals recommended in 2004 by the bipartisan commission." The Los Angeles Times (1/10, Galouette, 850K) also reports the story.

Democrats Leave Congressional Reform Out Of Security Legislation. CNN's Anderson Cooper 360 (1/9, 10:09 pm, Johns) broadcasted that though the House passed "virtually all of the 9/11 commission's reforms" Tuesday, it "did not look at the reform about fixing its own role in homeland security. Ever since its creation, and especially after Hurricane Katrina, the Homeland Security Department has earned the reputation of the government gang that couldn't shoot straight. That mess comes in large part because, according to the 9/11 commission report, dozens of committees and even more subcommittees in congress control a piece of homeland security. … Congress did not do anything about really reducing the committee bureaucracy because that would be stripping new Democratic committee chairmen of all that power. Democratic leaders point out Republicans didn't do it either when they had a chance, because it would have been a complete mess, a jurisdictional food fight."

Prosecutor Finishes Closing Argument At Hamas-Funding Trial. In a widely-distributed story, the AP (1/10, Robinson) reports Muhammad Salah co-defendant Abdelhaleem Ashqar "was an important Hamas terrorist leader directing thousands of dollars to families of members who were jailed or killed, a prosecutor said Tuesday. 'He's Hamas and he's assisting the murderous terrorist activities of Hamas,' Assistant U.S. Attorney Joseph M. Ferguson told jurors." The AP adds, "Ferguson pointed to

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testimony that Ashqar directed money to families of Hamas 'martyrs' killed in terrorist operations and those captured and jailed by Israeli authorities." Ashqar was a University of Mississippi graduate student at the time. He "had a telephone in a bogus name and a fax in a different alias, Ferguson said. … Federal agents found that Ashqar spoke on his telephone 568 times in several years with Mousa Abu Marzook, an alleged top Hamas leader who also is charged in the case and is a fugitive believed living in Damascus, Syria."

Siraj Family Arrested On Immigration Charges. The New York Times (1/10, Rashbaum) reports, "The parents and sister of a man convicted of conspiring to bomb the Herald Square subway station were detained yesterday by federal immigration authorities, who have been seeking to deport them to Pakistan." Shahawar Matin Siraj's "family, who came to the United States in 1999, had been seeking asylum since 2003, citing religious persecution in their home country." ICE spokesman Mark Thorn "could not explain why the action was taken yesterday, other than to say that the detention was part of an administrative process and that criminal cases take priority over administrative ones. It was unclear why the criminal case against Mr. Siraj would have delayed the detentions."

Lawyer For CIA Agent Quits Italy Case. The Washington Times/AP (1/10, Barry) reports a lawyer for a CIA agent "accused in the 2003 kidnapping of an Egyptian cleric in Milan withdrew from the case shortly after a court opened hearings yesterday on whether to indict him and 25 other Americans." Shortly after the proceedings began, the attorney for Robert Seldon Lady withdrew from the case, "saying the former CIA station chief did not want to cooperate." The CIA has refused to comment on the case, the AP notes.

British To Email Terror Alerts. The Washington Post (1/10, A9, Sullivan, 690K) reports, "The British government is offering an e-mail bulletin service to notify people of changes to the nation's terror threat level, a development that illustrates increasing fears of extremist attacks in Britain and the rising power of digital communications. The domestic security agency, MI5, announced the new service Tuesday and said it will also provide e-mail bulletins on 'major developments in national security affairs.'" It "plans to add a service providing the same information in text messages to cellphones, officials said. People would have to register on the MI5 Web site to receive the alerts."

HOMELAND RESPONSE:

Man Pleads Not Guilty To Chicago Mall Attack Plot. The AP (1/10, Reichgott) reports from Chicago, "A 22-year-old Muslim convert accused by U.S. authorities of being willing to commit acts of 'violent jihad' pleaded not guilty Tuesday to charges that he planned an attack at a shopping mall. … 'I feel well,' Derrick Shareef said at his arraignment. He told U.S. District Judge David Coar he had never been hospitalized for psychiatric treatment." The AP continues, "Shareef was arrested Dec. 6 after allegedly meeting an undercover agent to trade stereo speakers for a pistol and four grenades. … He planned to 'commit acts of violent jihad' by blowing up garbage cans at the mall during the Christmas shopping rush, according to a federal complaint. The complaint also said Shareef considered attacking city halls and courthouses. … 'Any place that's crowded, like a mall is good, anything, any government facility is good,' he allegedly told a secret FBI informant when they talked about possible attack targets. The informant secretly tape-recorded his plans. 'I swear by Allah man, I'm down for it too, I'm down for the cause, I'm down to live for the cause and die for the cause, man.' … Prosecutors have said they were convinced Shareef operated alone and there had been no imminent danger to the public."

The Rockford (IL) Register Star (1/10, Wiser) reports, "Coar asked Shareef standard questions about his education and physical and mental health at the outset of what turned out to be a very brief hearing. … Shareef answered clearly and politely, ending most of his replies with the word 'sir'. He told the judge that he did not graduate high school but obtained his general equivalency diploma, or GED, and had "some college" under his belt. … He said he was not being treated for any physical or mental ailments." The Star adds, "The Justice Department says Shareef, who identified himself as Derrick Omar Shareef in court, had plotted to attack the patrons of CherryVale Mall by placing hand grenades in garbage cans in order to wage jihad. … Authorities said Shareef revealed his plans to an informant who was working with the Federal Bureau of Investigation's Joint-Terrorism Task Force. The informant arrested the 22-year-old former Genoa resident after he exchanged stereo speakers for four non-functioning grenades and a pistol. … Tuesday in court

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was the first time Shareef was actually able to read the charges against him, Mann said, adding his client doesn't have access to court files where he is being housed and that he himself had only just received a copy of the formal indictment, which was handed down last week."

Leahy To Hold Hearing On Data Mining Programs. McClatchy Newspapers (1/10, Gordon) reports, "In his first hearing Wednesday as the chairman of the Senate Judiciary Committee, Democratic Sen. Patrick Leahy of Vermont plans to examine federal 'data-mining' programs, the computerized hunt for terrorists that can implicate innocent people." McClatchy cites the case of American Airlines pilot Kieran O'Dwyer, who "said Tuesday that US Customs agents detained him for 90 minutes in 2003 when he got off an international flight in New York, telling him his name matched one on a government terrorist watch list." TSA spokeswoman Amy Kudwa said "an average of 1,500 airline travelers applied each week for redress on the grounds that they'd been mistakenly included on terrorist watch lists." Leahy's chief spokesman, David Carle, said Wednesday's "inquiry had gained import because of powerful new technologies, the outsourcing of data mining to private firms and 'the Bush administration's lack of cooperation' with Congress' attempts to police these surveillance programs."

Chertoff Announces Infrastructure Grants Targeting High-Risk Cities. The Washington Times (1/10, Hudson, 88K) reports DHS Secretary Michael Chertoff yesterday "announced $450 million in security funding for ports, transit systems, and chemical and nuclear plants," targeting "cities most at risk of terrorist attacks, including Washington and New York." Chertoff said last year's grants, which were distributed with "very little guidance," were followed by "a rash of stories ... about communities that spent money on leather jackets or gym equipment or things of that sort." Chertoff said DHS has altered that "willy-nilly approach," replacing it with "a risk-driven allocation of eligibility." USA Today (1/10, Hall, 2.27M) adds that Chertoff said DHS is "investing resources where risk is greatest and where the funds will have the most significant impact." USA notes, "Port security programs will get the largest share of the money: $210 million. Transit security will receive $172 million." Although "New York City and its surrounding communities will come out on top when the money goes out," some lawmakers "still complained that the area wasn't getting enough money."

Testimony Begins In Katrina Insurance Suit. The AP (1/10, Kunzelman) reports from Gulfport, MS, "State Farm Fire & Casualty Co. used a new 'protocol' after Hurricane Katrina to deny claims to many policyholders, a lawyer for a homeowner suing the company said Tuesday in the trial for one of hundreds of pending insurance lawsuits spawned by the massive storm." The AP continues, "William Walker, attorney for State Farm policyholders Norman and Genevieve Broussard of Biloxi, told an eight-member jury in his opening statement that the company refused to pay for any damage to any home that Katrina reduced to a slab in August 2005, including the Broussards'." The AP adds, "State Farm and other companies say their homeowner policies cover damage from wind but not from water - and exclude damage that could have been caused by a combination of both, even if hurricane-force winds preceded a storm's rising water. … 'They denied (the couple's claim) based on this wind/water protocol, this thing that's not in the policy,' Walker told jurors. 'This is a case in which State Farm promised to do something. This is a case in which State Farm decided not to follow those promises.' … The Broussards claim a tornado destroyed their home before any flooding, but State Farm concluded that all the damage was caused by Katrina's storm surge and isn't covered by their policy."

WAR NEWS:

Bush To Announce Troop Boost, Timetable For Iraqis To Take Over. ABC World News (1/9, story 2, 1:30, Raddatz, 8.78M) reported that in his nationally-televised speech tonight, President Bush "will announce…an increase of troops…of more than 20,000 troops. We all along thought it would be around 20,000. They say it will be more than 20,000. Two brigades will be in Iraq within 30 days or, perhaps, a bit longer. … And also, the President will announce he hopes the Iraqis can take over of all of the provinces in Iraq, at least take the lead in battle, by the end of the year." The CBS Evening News (1/9, story 2, 1:05, Axelrod, 7.66M) noted "a member of Congress who met with the President this afternoon says Mr. Bush settled on a surge of 22,000 troops -- 11,000 to be deployed almost immediately over the next couple of weeks, a second wave of 11,000 to be phased in over March, April, May." But "the second wave is somewhat conditional, a carrot, if you will. In other words, Mr. Bush essentially says to the Iraqis you become more effective

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partners in making Baghdad and Iraq safer or there is no second wave."

The Wall Street Journal (1/10, A4, Jaffe, Dreazen, 2.04M) reports the new Iraq strategy also "calls for modest, relatively inexpensive efforts to spur job creation and economic growth, a marked shift from the large-scale reconstruction projects and free-market dogmatism of earlier White House efforts." But "with the appetite for new spending for Iraq low across Washington, the downsized ambitions are being matched by similarly reduced amounts of money, prompting some senior military commanders to express skepticism the plan will improve conditions in Iraq." Bush "will propose a micro-finance effort to aid Iraqi entrepreneurs and a sizable expansion of a program giving military commanders money for small-scale reconstruction and job-creation projects, according to administration and Pentagon officials. Mr. Bush described both initiatives in closed-door meetings with senators this week, according to several participants." Meanwhile, "senior Pentagon officials have been touting a push to get 193 Iraqi factories that have shuttered since the 2003 invasion up and running in the next three years. The officials say the reopened plants can provide jobs to tens of thousands of Iraqis who might otherwise join a militia or insurgent groups."

But the New York Times (1/10, Glanz, 1.16M) says that "even before the measures are announced, Iraqi political and business leaders have been expressing skepticism that any effort to transform a system of state-owned enterprises that has fallen so far into dysfunction could become an engine for job creation in Iraq." The Times adds, "Among the economic measures under consideration is new support for a program that allows local American military commanders to finance small reconstruction projects." However, "recent statements by administration officials suggest that the plan is also likely to include an effort to revive parts of what was a vast Iraqi military and industrial base before it was destroyed by war, sanctions and looting."

The Los Angeles Times (1/10, Richter, Hennessy-Fiske, 850K) reports, "Bush is expected to announce plans to double the number of provincial reconstruction teams and call for big new jobs and loans programs and a renewed reconstruction effort. Administration officials consider the economic and political aspects of Bush's plan more important than the expected troop increase." The Times adds "officials say their plan has two stages. Once troops have pacified key areas of Baghdad and Anbar province, officials will offer economic and political benefits, including jobs that they hope will win the loyalty of young men who are now fighting with the militias."

The AP (1/10, Baldor) reports Bush is also "expected to urge friendly Mideast countries to increase their aid to Iraq but will ignore the recommendation of the bipartisan Iraq Study Group that he include Syria and Iran in an effort to stanch Iraqi bloodshed nearly four years after the US invasion, said the official, who spoke on condition of anonymity because the plan has not yet been announced."

NBC Nightly News (1/9, lead story, 3:10, Gregory, 9.87M) reported that "even White House allies say the President must educate the American people about the problems in Iraq and his own plan to fix them instead of offering broad assurances." David Frum, former Bush speechwriter: "Instead, what he has to do is offer a highly detailed explanation of why this time the strategy and tactics on offer can work."

The Los Angeles Times (1/10, Reynolds, Levey, 850K) says "Bush spent hours Tuesday practicing in front of cameras, preparing to make his case," and "members of Congress who met with Bush said he appeared to understand that, after years of upbeat rhetoric and positive assessments that belied a lack of progress inside the country, his credibility was on the line." Sen. Trent Lott "said both Republicans and Democrats would be listening for a note of contrition in the president's voice. 'As important as what he says is how he says it,' Lott told reporters."

McClatchy (1/10, Hutcheson, Talev) says Bush "is about to take a gamble that could make or break his presidency and his place in history." The "nationally televised speech, and the reaction to it, will determine the next step in Iraq, test his relations with the new Democratic-led Congress and set the tone for his final two years in office. Some analysts say it could increase pressure for withdrawal if the solutions Bush offers don't bring quick results."

In an article titled "Bush Must Sell Public, Congress" the Atlanta Journal Constitution (1/10, Herman) quotes longtime Bush media advisor Mark McKinnon saying, "This may be the last, best chance to shape policy and opinion on the issue that will define his presidency." He "is among those, including Bush aides in the White House, who believe that nothing the president says tonight is likely to move numbers in his direction. It's the results that will matter." McKinnon adds, "The plan for more troops has to be clear and provide metrics for success in order to win support."

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The Washington Times (1/10, Dinan, 88K) reports, "The White House yesterday said Mr. Bush has lost the country's support. 'It's important to bring the public back to this war and restore public confidence and support for the mission,' spokesman Tony Snow said." Jeffrey D. McCausland, a defense specialist and former National Security Council staffer, "said Mr. Bush will be addressing three audiences: Congress, which controls the funding; the American public, whose patience is slipping; and Iraq, which will have to exhibit a more solid commitment."

The AP (1/10, Raum) reports, "Bush's new plan for Iraq sounds a lot like his old one. Send in more troops, set goals for the Iraqi government and assure Americans it's better to wage war there than here. … Bush's challenge in Iraq: show what's different now. The plan the president will outline to the nation Wednesday night is the latest repackaging of a program that's been wrapped and rewrapped many times."

Bush Won't Refer To A "Surge" Tonight. ABC World News (1/9, story 2, 1:30, Raddatz, 8.78M) reported Bush will announce an increase of troops, but "he will not call it a surge." Meanwhile, the war over semantics ("surge" versus "escalation") rages on. The Los Angeles Times (1/10, Neuman, 850K) asks, "Is it harmless semantics? Is it disingenuous spin? One thing is clear: Using the word 'surge' to describe President Bush's forthcoming plan for reshaping US efforts in Iraq has ignited a fiery political brouhaha. … What infuriates critics of the war, including many liberal Democrats, is that they see 'surge' as a manipulative and deceptive word. It implies a relatively short-term increase in the US military commitment, they say, when the White House intends to keep the additional troops in Iraq much longer, perhaps for several years. Even worse, critics say, the news media have uncritically accepted the word and thus contributed to deceiving the public."

The New York Times (1/10, Rutenberg, 1.16M) reports, "'Cut and run' versus 'stay the course' is so 2006. This week has ushered in a new political battle over the language of the war: 'Surge,' meet 'escalation.'" The Times also notes Tony Snow "last night said that the president would not be using the word 'surge' in his speech, adding that it implied what he called a 'rush hour' approach to a serious policy."

The Washington Post (1/10, C1, Farhi, 690K) reports, "It's one of those words -- like 'chad' or 'blog' or 'waterboarding' -- that's suddenly become the go-to phrase to describe a contemporary phenomenon." Surge is "the country's latest catchword." Its "very vagueness…might make it the politically perfect word for what is likely to be a controversial policy." Rep. Nancy Pelosi "framed her apparent opposition to sending more troops to Iraq by using a more freighted substitute: 'escalation.' In that context, surge is a euphemism for a euphemism. 'Escalation' was variously ascribed to both President Lyndon Johnson's policy of increased military aid to Vietnam, and the US 'incursion' -- yet more euphemisms! -- into Laos and Cambodia in 1970 under President Richard Nixon. Perhaps to avoid echoes of that war, 'surge' is the Pentagon and White House's preferred coinage."

While most media outlets are sidestepping the debate by referring to an troop "increase," others are choosing sides: The Washington Post (1/10, A1, Abramowitz, Wright, Ricks, 690K), in a story about Pentagon commanders and their reaction to Bush's proposals, calls Bush's plan a "military escalation." The Christian Science Monitor (1/10, Feldmann, 59K) also refers to Bush's proposed "escalation of the US troop presence in Iraq."

Military Commanders Said To Oppose Troop Boost. The Washington Post (1/10, A1, Abramowitz, Wright, Ricks, 690K) reports, "When…Bush goes before the American people tonight to outline his new strategy for Iraq, he will be doing something he has avoided since the invasion of Iraq in March 2003: ordering his top military brass to take action they initially resisted and advised against." The Post adds, "Pentagon insiders say members of the Joint Chiefs of Staff have long opposed the increase in troops and are only grudgingly going along with the plan because they have been promised that the military escalation will be matched by renewed political and economic efforts in Iraq. Gen. John P. Abizaid, the outgoing head of Central Command, said less than two months ago that adding US troops was not the answer for Iraq." Bush's decision "appears to mark the first major disagreement between the White House and key elements of the Pentagon over the Iraq war since Gen. Eric K. Shinseki, then the Army chief of staff, split with the administration in the spring of 2003 over the planned size of the occupation force, which he regarded as too small." It "may also be a sign of increasing assertiveness from a commander in chief described by former aides as relatively passive about questioning the advice of his military advisers."

Fox News' Special Report (1/9, Hume) reported Democrats "charge that General George Casey and John Abizaid, who are leaving their Iraq posts, flatly oppose any surge and the President simply ignored them."

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Commanders, added Fox, "have been skeptical of the surge without a specific purpose, but they said recently it depends on what the surge is for."

The New York Times (1/10, Cloud, Shanker, 1.16M) says "Bush's plan to increase troop levels in Iraq is expected to require the Army eventually to send as many as six National Guard combat brigades to Iraq, beginning in 2008. The increased demand on the National Guard in coming years is a likely byproduct of Mr. Bush's decision, expected to be announced in a speech Wednesday night, to send five active-duty combat brigades, or about 20,000 troops, to Iraq, starting at the end of this month, according to current and former officials."

Survey Finds Troops Disapprove Of Bush's War Policies 42% To 35%. The Dallas Morning News (1/9, McLemore, 500K) reported "more active-duty troops now disapprove of the president's war policies than support them, according to a year-end survey by Military Times newspapers. Experts say the results, drawn from some of the more conservative career-track military, reflect a growing weariness and frustration over lack of progress in Iraq and Afghanistan." The survey, "mailed to 6,000 active-duty subscribers to Military Times' four newspapers aimed at the military services, showed that 42 percent of those surveyed disapprove of Mr. Bush's handling of the war, compared with 35 percent who support it." It "marks the first time that the president's Iraq war policies failed to gain majority support since the Military Times began its annual survey four years ago."

GAO Issues Highly Critical Report On Iraq. AFP (1/9) reports, "US government auditors released a grim report card of the American record in violence-wracked Iraq, on the eve of President George W. Bush's televised rollout of a new strategy." The GAO study "ran a critical rule over a previous failed US plan for victory, the malfunctioning Iraqi government and security forces and fearsome insurgent and sectarian violence. It said the Pentagon had failed to allow proper congressional oversight of Iraqi armed forces, and warned of an increasing strain on US forces pressed into repeated tours of duty and shortages of military supplies."

More Commentary. The Los Angeles Times (1/10, 850K) editorializes, "The notion that the 'surge' in US troops under discussion -- about 20,000 combat troops on top of the 132,000 already in Iraq -- amounts to a new policy is laughable." A troop increase is acceptable "only as part of a comprehensive -- and comprehensible -- plan to secure and democratize Iraq. ... It's been leaked that Bush also will advocate a new, $1-billion jobs program for Iraqis," but "What is this additional $1 billion going to accomplish that the $30 billion already spent on that nation's reconstruction failed to do? ... The president needs to articulate the conditions under which the US will pull out altogether, in the near future. As painful as that would be, it sure beats becoming embroiled in someone else's civil war."

Bill O'Reilly, in the opening segment of Fox News' The O'Reilly Factor (1/9) contended that President Bush "has little credibility left in the country," and "at this stage" he "should try to secure Baghdad one last time without sniping from Ted Kennedy or anybody else. … The President should understand the window is closing. But at this point for the sake of those who have been killed and wounded, let's give it one more shot."

Conservative radio host Laura Ingraham, appearing on Fox News' The O'Reilly Factor (1/9), said, "I don't think Americans at this point frankly care much about what's good for the Iraqi people. Americans want to know that whatever we're doing in Iraq or in Somalia or around the world, is making America safer. And if the debate is about that, then I think…Bush has a chance, perhaps, might be a small chance, of turning things around."

Maureen Dowd, in the New York Times (1/10, 1.16M), "With the Surge, as with the invasion of Iraq, W. is like the presumptuous date 'who reserves a hotel room and then asks you to the prom,' as my friend Dana Calvo put it. … In other words, the president will ask us to the prom once he reserves the hotel room."

In the Washington Post (1/10, A13, 690K), Harold Meyerson writes, "If any Americans could truly understand Iraqi Prime Minister Nouri al-Maliki, George Bush and Karl Rove should. All three firmly believe that the successful politician must above all cultivate his base -- not that any of them can point to recent successes. … Yet tonight, President Bush will announce that Maliki has changed. He will also announce that he is sending additional US forces to Iraq, but he's done that before, in almost comparable numbers, to no good effect. What's different this time, we are to believe, is that the Iraqis will join us in trying to suppress the sectarian violence."

Los Angeles Times (1/10, 850K) columnist Max Boot writes pessimistically, "If we wind up losing the war in Iraq, as now appears likely (though not inevitable), many conservatives know who to blame: the press, or, in blogger-

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speak, the MSM (mainstream news media). Just as it did during the Vietnam War, a myth is likely to develop in which America's valiant fighting men and women were stabbed in the back by unpatriotic, even treasonous, reporters. ... That isn't to deny that there has been some biased, slipshod news coverage. ... But by now the dismal conditions on the ground have caught up with, if not surpassed, the media's bleak outlook." To blame the press "deflects blame from those who deserve it, in the upper echelons of the administration and the armed forces." Boot adds that former Secretary Rumsfeld is "likely to go down in history as Robert McNamara redux."

Los Angeles Times (1/10, 850K) contributor and law professor Bruce Ackerman suggests that Congress "set a price tag on the long-run cost of the war -- say $500 billion -- and tell the president that he won't be getting a penny more." Only a ceiling "will force the president to recognize that the American people are no longer willing to give him a blank check for an endless series of mistakes."

In USA Today (1/10, 2.27M), Emory University lecturer Don Campbell writes that "contrary to Bush's claim of a year ago, no one seems to have learned anything in Iraq that might inform national security policy and military strategy in the future. Wisdom gained from hindsight becomes foresight and is better than no wisdom at all."

Washington Post (1/10, 690K) columnist David Ignatius writes that lessons can be found in the counterinsurgency manual authored by Lt. Gen. David Petraeus: "Two themes stood out for me as I read the document. The first is that success in counterinsurgency requires a political strategy as much as a military one. The second is that broad political support back home -- which buys time on the battlefield -- is the crucial strategic asset in fighting such wars." Ignatius adds, "The abiding lesson of this manual ... ought to be engraved as the cornerstone of U.S. policy going forward, regardless of whether there is a troop surge: 'The Host Nation Doing Something Tolerably Is Normally Better than Us Doing It Well.'"

Democrats To Hold Votes On "Surge," With 10 GOP Senators "Likely" To Oppose Bush.

The New York Times (1/10, Zeleny, Hulse, 1.16M) reports, "Democratic leaders said Tuesday that they intended to hold symbolic votes in the House and Senate on President Bush's plan to send more troops to Baghdad, forcing Republicans to take a stand on the proposal and seeking to isolate the president politically over his handling of the war." The Senate vote "is expected as early as next week." Meanwhile, "the office of Nancy Pelosi, speaker of the House, followed with an announcement that the House would also take up a resolution in opposition to a troop increase." Democrats "did not rule out eventually considering more muscular responses, like seeking to cap the number of troops being deployed to Iraq or limiting financing for the war -- steps that could provoke a Constitutional and political showdown over the president's power to wage war." The Times adds "Republican officials conceded that at least 10 of their own senators were likely to oppose the plan to increase troops levels in Iraq. And Democrats were proposing their resolution with that in mind, hoping to send a forceful message that as many as 60 senators believed strengthening American forces in Baghdad was the wrong approach. … In an interview on Tuesday, Senator John W. Warner, Republican of Virginia, said he was becoming increasingly skeptical that a troop increase was in the best interest of the United States."

Dana Milbank, in his "Washington Sketch" column in the Washington Post (1/10, A2, 690K), said Republicans "emerged from their weekly party luncheon yesterday displaying more dance steps than the Joffrey Ballet. 'We should listen to what the president has to say,' proposed Sen. John Warner (R-Va). 'I want to hear the president's plan,' Sen. Susan Collins (Maine) concurred. 'I want to see what he's proposing before I make dramatic statements,' an unusually skittish Trent Lott (Miss.), the No. 2 Republican, told a thick knot of reporters." Milbank adds, "And you didn't want to get too close to Sen. George Voinovich (Ohio). 'We need more information, okay?' he insisted." But "the Republicans' principal dancer yesterday was Sen. John Sununu (N.H.), perhaps the most endangered of all GOP senators in 2008. 'We haven't discussed "the plan,"' he maintained. 'That would suggest that we were told exactly what is going to be announced tomorrow, and that is certainly not the case. … I don't really know what they're thinking about proposing, so given that, it wouldn't be wise for me to suggest that I do or don't know whether their conditions are appropriate."

Roll Call (1/10, Stanton) reports, "A White House aide said Reid's nonbinding resolution likely would serve to put lawmakers on record as a way to gauge support for future efforts to block the plan." The Administration's "GOP allies in the Senate quickly lined up behind the president Tuesday, setting the stage for an intense floor clash next week. Following a meeting at the White House, Senate GOP leaders announced their support for the plan. Minority Leader

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Mitch McConnell (R-Ky.) said, 'I know enough about it to know that I will support it,' adding that members of Republican leadership have met with Bush on a number of occasions to discuss the plan." Roll Call adds, "A veteran Democratic aide said that while the vote on the resolution will be the first test of Reid's abilities, there likely will be much more significant challenges later this year -- particularly if the Senate moves to either cut off funding or restrict Bush's ability to prosecute the war." Reid "told reporters he believes he can count on the support of at least nine Republicans in his effort to corral the 60 votes needed to end a potential filibuster by backers of Bush's plan."

Democrats are acting under strong pressure from members of their base. The Los Angeles Times (1/10, Hook, 850K) reports, "It did not take long for Rep. Nancy Boyda, a freshman Democrat from Kansas, to learn the price of defying her party's liberal base. After she said she would support President Bush if he proposed an increase in US troop levels in Iraq, antiwar bloggers fumed and MoveOn.org, the liberal advocacy group, considered running a television ad attacking her. … That kind of political pressure is already being applied, not just to junior lawmakers, but also to Democratic leaders." It "prodded them into making Iraq more central to their first 100 hours in control of Capitol Hill than they had planned. And it is creating tension between many Democrats and the liberal activists who will be increasingly important as the 2008 presidential campaign gets into gear."

Kennedy Announces Resolution Blocking Additional Troops. The Democratic move comes on the same day Sen. Ted Kennedy announced his own strategy against the Iraq troop increase. ABC World News (1/9, story 3, 2:00, Tapper, 8.78M) reported, "Today, the liberal lion of the US Senate roared." Kennedy was shown saying, "Iraq is George Bush's Vietnam." Kennedy "introduced legislation that would block President Bush from sending to Iraq one more soldier or spending one more dollar as part of a surge in troops, without first getting clear Congressional approval, an up or down vote." Kennedy's position "puts him at odds with some of his fellow Democrats, including Foreign Relations Committee Chairman Joe Biden, who says the Constitution does not give Congress the power to stop the Commander in Chief from waging this war however he wants."

Sen. Edward Kennedy, on MSNBC's Hardball (1/9) said voters "want their members of Congress to do more than just make speeches. They want action. And this gives an opportunity for action. We have done it in the past. We did if in times of Lebanon, in limiting the increased number of US troops in Lebanon. We have done it in Vietnam. We should do it now in Iraq." Asked how he plans to get a vote on his resolution, Kennedy said he would probably "take this up as an amendment to appropriations." USA Today (1/10, Kiely, 2.27M) reports Kennedy "said Rep. Edward Markey, D-Mass., will introduce similar legislation in the House."

The Washington Times (1/10, Ward, 88K) titles its report "Kennedy Proposal Uncovers Party Rift," noting comments from Senate Democratic Whip Richard J. Durbin and House Majority Leader Steny H. Hoyer .

Republican strategist Karen Hanretty, on Fox News' Hannity and Colmes (1/9), said, "I think it's actually very interesting what Ted Kennedy is doing. … At least is he putting his money where his mouth is. And I would be very curious to see where other members of the Senate. … Let's see, we have Hillary Clinton running for president. Barack Obama, Joe Biden, where do they stand on this bill? Do they want to put up a vote on this bill? Because it seems like Democrats are very reluctant to come out and say 'we don't support the war. We think it's immoral. And, yet, we are going to continue to fund it.'" Hanretty added that "it looks like Ted Kennedy is the only liberal in America right now who is standing up for the far left."

Bush Briefs Democratic Lawmakers. The Washington Post (1/10, A10, Kessler, Weisman, 690K) reports Bush "gravely warned House Democrats yesterday that America's credibility would be shattered if the United States pulled its troops from Iraq, forcing close ally Saudi Arabia to look elsewhere for protection and potentially destabilizing Egypt, the region's most populous country, according to participants in the meeting." Bush "did not say during the half-hour meeting with Democrats where else he thought Saudi Arabia would seek 'protection,' but he made it clear that he was simply informing Democrats of his decisions on Iraq, not consulting with them. He said that he understands the challenges and thinks his plan has the best chance of success." The House Democrats "included Armed Services Committee Chairman Ike Skelton (Mo.), intelligence committee Chairman Sylvestre Reyes (Tex.), Foreign Affairs Committee Chairman Tom Lantos (Calif.), Energy and Commerce Committee Chairman John D. Dingell (Mich.), Rep. Norm Dicks (Wash.), Rep. Jane Harman (Calif.) and Rep. Robert E. Andrews (N.J.). Vice President Cheney, Secretary of State Condoleezza Rice, Defense Secretary

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Robert M. Gates and White House Chief of Staff Joshua B. Bolten attended the meeting."

Additional US Troops Already In Place To Carry Out Bush's New Strategy. Fox News' Special Report (1/9, Hume) reported, "Even if Democrats disapprove of the troop surge in Iraq, they will not able to keep at least part of it from taking place right away. Additional American forces are already in the region, locked and loaded." Fox went on to report, "Senior military officials tell Fox that the Second Brigade of the Army's Eighty Second Airborne division that just arrived in Kuwait from Fort Bragg, N.C., will move into Baghdad soon after the President's speech Wednesday night. Sources say that the paratroopers will be the first wave of the President's troop surge, the overall increase, sources tell us, will be gradual. Republican lawmakers who have been briefed on the plan called it a 'three-front surge' -- military, diplomatic, and economic – with a series of benchmarks for the Iraqis to meet and a clear indication the US effort is not open-ended."

Pelosi, Reid Block Effort To Air Democratic Rebuttal To Bush's Speech. On MSNBC's Hardball (1/9, Matthews) correspondent David Shuster reported that "some Democratic lawmakers believe a Democrat should give a televised response similar to what happens following the State of the Union address to take advantage of the attention and focus by the broadcast and cable networks. But Democratic leaders have not requested air time to make a formal response. Nancy Pelosi and Senator Harry Reid say it's the President alone who must articulate and implement a policy for Iraq."

Major Action Against Insurgents Underway In Baghdad. The Los Angeles Times (1/10, Roug, 850K) reports, "In fierce, day-long fighting, 1,000 American and Iraqi troops assisted by U.S. attack helicopters and warplanes battled gunmen in a Sunni Arab downtown neighborhood Tuesday, killing at least 51 militants, according to Iraqi officials." The offensive, "the heaviest fighting in the capital in months, came in response to a buildup of insurgents in the Haifa Street neighborhood adjacent to the highly fortified Green Zone government complex."

ABC World News (1/9, lead story, 2:35, McCarthy, 8.78M) reported, "The most dangerous address in Baghdad, Haifa Street. Locals call it Sniper Street. Today, the US military arrived in force, determined to wipe out a concentration of Sunni insurgents and fighters who long make this street their killing zone. Apache attack helicopters and F-15 fighters zeroed in on this near-deserted neighborhood, as 1,000 US and Iraqi troops, move from building-to-building. As this CNN video shows, looking for an enemy who's looking for them. These helicopters have been circling over the Haifa Street district for the past several hours. We've seen them fire rockets into targets. And there's been a lot of gunfire. The fighting started over the weekend, when Iraqi police who were trying to pick up bodies on the street, came under fire. They called in the Iraqi army. And this morning, the Americans got involved."

The CBS Evening News (1/9, lead story, 2:35, Logan, 7.66M) reported, "The battle on Haifa Street continued into the night, spreading fear amongst the minority Sunni population here, many of whom believe the Shiite led Iraqi government is using this crackdown as a cover to drive the Sunnis from the capital with the help of US forces."

The New York Times (1/10, Santora, 1.16M) reports, "An American military officer familiar with the operation said that it was part of an effort to stabilize Baghdad, but was not directly linked to the president's new security plan." However, "the location of the fight has particular significance. Nearly two years ago, after much bloodshed and toil, the American military wrested control of the area from insurgents." NBC Nightly News (1/9, story 2, 2:00, Colt, 9.87M) also recounts that "two years ago the insurgents were targeted in a high profile assault dubbed 'Operation Lightning.' But as so often happens here, when the soldiers left, the militants returned. That has long been the problem here. Clean up one area, move on, then the insurgents return."

The Financial Times (1/10, Negus) says "US and Iraqi forces moved in against insurgents, in an area once viewed as a showcase for the ability to control Baghdad neighbourhoods, by 'saturating' them with military forces."

The Washington Times/AP (1/10, Hurst, Abdul-Zahra) reports Iraqi Prime Minister Al-Maliki "appeared to have ordered the stepped-up fight with Sunni Arab fighters to put an Iraqi face on the latest bid to tame the capital. Several al-Maliki aides and confidants have told The Associated Press that the prime minister plans to focus his troops, with American backing, on Sunni insurgents in western Baghdad at the outset of the drive. They spoke on condition of anonymity because the details of the plan had not been disclosed." Al-Maliki, the associates said, "then plans to challenge al-Sadr to disarm and disband his militia because

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there would no longer be a reason for them to roam the streets with Sunni Arab insurgent forces crippled."

The Washington Post (1/10, A1, Raghavan, Partlow, 690K) reports, "Sunni legislator Khalaf al-Alayan, in an interview on al-Jazeera television, described the fighting on Haifa Street as a way to 'clean Baghdad of the remaining Sunni elements.'" Alayan "said he had contacted organizations such as the Arab League and the United Nations in hopes of stopping 'these massacres that the Sunnis are subjected to.'" In a statement, "the Sunni Iraqi Islamic Party described the 50 killed as 'innocent citizens.' It asserted that Sunnis on Haifa Street were 'under siege' by Shiite militias backed by the Iraqi army."

Iraqi Vice President Ask US Not To "Give Up On Iraq." In the Washington Post (1/10, A13, 690K), Iraqi Vice President Tariq Al-Hashimi writes, "Both of our nations have invested too much to walk away now. If this battle is lost, the entire region could be destabilized. Second, despite the chaos in my country, not all bridges of patriotism have been burned." Hashimi points to evidence "from the most unlikely of venues," the unity behind the Iraqi soccer team at the Asian Games. He continues, "If those soccer players taught us anything, it is that a proper strategy for eliminating sectarianism and fostering nationalism is key. Reconstituting the Iraqi Armed Services and then reforming, retraining and properly arming them must be a central component of this strategy. Another should be revising Iraq's constitution to give our central government effective powers but prevent any sort of dictatorship by the prime minister." Hashimi also suggests "gainful employment" for Iraqi youths, "a coordinated effort to secure Baghdad," and "a greater focus on the militias."

Expert Says Iraq War Has Shifted Alliances In Middle East. Edward N. Luttwak, a senior adviser at the Center for Strategic and International Studies, writes in the Wall Street Journal (1/10, 2.04M) reports, "It was the hugely ambitious project of the Bush administration to transform the entire Middle East by remaking Iraq into an irresistible model of prosperous democracy. Having failed in that worthy purpose, another, more prosaic result has inadvertently been achieved: divide and rule, the classic formula for imperial power on the cheap." For example, Luttwak says the "Sunni-US alignment in Lebanon, which interestingly coexists with the US-Shiite alliance in Iraq, may yet achieve results of strategic importance if Syria is successfully detached from its alliance with Iran." He goes on to note that "when the Bush administration came into office, only Egypt and Jordan were functioning allies of the US." However, the Iraq war, he concludes, "has indeed brought into existence a New Middle East, in which Arab Sunnis can no longer gleefully disregard American interests because they need help against the looming threat of Shiite supremacy, while in Iraq at the core of the Arab world, the Shia are allied with the US."

Blair Criticizes Manner Of Saddam Execution. The AP (1/10, Stringer) reports, "British Prime Minister Tony Blair said Tuesday that the manner of Saddam Hussein's execution was completely wrong and unacceptable -- his first public comments about the Dec. 30 hanging." However, "Blair told a London news conference he hoped disputes over the taunting of the former Iraqi dictator and the release of illicit video footage of the execution would not lead people to forget the gravity of Saddam's crimes."

Lawyer Remembers Combat In Iraq. The Washington Post (1/10, C1, Carlson, 690K) reports on Washington attorney Adam Tiffen, who practices "at the law firm of Porter Wright Morris & Arthur, a few blocks from the White House, looking at pictures from his year in Iraq. His law degree hangs on the wall near his Bronze Star." Tiffen "joined Army ROTC in 2000, while he was studying at George Washington University Law School. He graduated in 2003 and was commissioned as a lieutenant in the Maryland National Guard. He was working on an insider-trading case at Porter Wright when the unit he'd trained with was called up for duty in Iraq." During his service "he wrote a blog .... Armchair General, a military history Web site, printed part of his blog (http://thereplacements.blogspot.com). So did the liberal journal Mother Jones. Last October, several of his stories were posted on The Sandbox, a military blog founded by 'Doonesbury' cartoonist Garry Trudeau." Tiffen was "stunned" to read after returning to the US that the town his unit had protected "went to [excrement] when they pulled U.S. troops out."

US Strikes Al Qaeda In Somalia. NBC Nightly News (1/9, lead story, 3:10, Williams, 9.87M) reported, "The US has opened a new front in the war on terrorism. This time in Africa, where American Special Forces are hitting targets in Somalia."

The AP (1/10, Duhul) reports, "Attack helicopters strafed suspected al-Qaida fighters in southern Somalia on Tuesday,

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witnesses said, following two days of airstrikes by US forces -- the first U.S. offensives in the African country since 18 American soldiers were killed here in 1993. In Washington, a US intelligence official said American forces killed five to 10 people in an attack on one target in southern Somalia believed to be associated with al-Qaida. The official, who spoke on condition of anonymity because of the operation's sensitivity, said a small number of others present, perhaps four or five, were wounded." But "a Somali lawmaker said 31 civilians, including a newlywed couple, died in Tuesday's assault by two helicopters near Afmadow, a town in a forested area close to the Kenyan border. The report could not be independently verified." Pentagon spokesman Bryan Whitman "spoke of one strike in southern Somalia, but would not confirm any of the details or say whether any al-Qaeda militants were killed."

Similarly, the New York Times (1/10, A8, Gettleman, Mazzetti, 1.16M) reports Somali officials said "dozens of people were killed" in the airstrike and "news of the attack immediately set off new waves of anti-American anger in Mogadishu." Meanwhile, American military and intelligence officials "expressed confidence that at least one senior Qaeda leader in Somalia," Abu Taha al-Sudani, "had been killed in the American attack or subsequent strikes by Ethiopian troops." Pentagon and intelligence officials also said the Ethiopian offensive "had unearthed fresh intelligence about the location of Qaeda operatives whose trail had long gone cold."

The Los Angeles Times (1/10, Sanders, Albadri, 850K) says "State Department spokesman Sean McCormack declined to comment on details about the strikes, but defended the U.S. interest for intervening in Somalia's conflict. 'Very clearly, the US government has had a concern that there are terrorists and Al Qaeda-affiliated terrorists that were in Somalia,' he said. 'We have a great interest in seeing that those individuals not be able to flee to other locations.'"

The Washington Times (1/10, Scarborough, 88K) reports the US targets "were thought to be al Qaeda operatives who carried out the 1998 bombings of two U.S. embassies in East Africa. The trio and Islamist allies have been working to make the ungoverned Somalia a terrorist safe haven."

The Christian Science Monitor (1/10, Baldauf, Pflanz, 59K) says "a key question is whether the US, in its first overt military operation in Somalia since the infamous 'BlackHawk Down' intervention in 1992 and '93, has managed to hit the prime targets -- Fazul Abdullah Mohammed, Saleh Ali Saleh Nabhan, or Abu Taha al-Sudani." Sudani "is listed on Washington terror watch lists as Al Qaeda's point man in East Africa. Mr. Mohammed, from the Comoros archipelago in the Indian Ocean, is suspected of orchestrating a 2002 suicide attack on an Israeli-owned Kenyan hotel."

Fox News' Special Report (1/9, Hume) reported, "It appears tonight that a US airstrike in Somalia has achieved some of its intended results. Early intelligence showed that between 5-10 people believed to be associated with al-Qaeda have been killed. … A US official also told us that the leader of al-Qaeda in east Africa may also be among the dead."

The Washington Post (1/10, A7, DeYoung, McCrummen, 690K) reports "US officials declined yesterday to provide details of who, or what, was hit." In Mogadishu, reports "circulated that as many as 50 people, many of them civilians, were killed in the attack," but US officials "said they are fairly certain that at least one targeted individual was hit; they said they had no information about civilian deaths." The US confirmed that a "principal target" of the airstrike was Abu Talha al-Sudani, but officials "cautioned against reports that Fazul Abdullah Mohammed and Saleh Ali Saleh Nabhan…may have been killed in the attack." US officials "said that no further information would be released until US personnel could assess directly the results of the strike and identify any dead."

The Wall Street Journal (1/10, A8, Solomon, 2.04M) reports, "Administration officials described military actions in Somalia as part of an intensifying campaign to root out al Qaeda leaders allegedly operating in the country. But Pentagon involvement risks stoking greater instability in a region already racked by strife, analysts said." Some critics of the US action said there is "scant evidence" that Somalia's Islamic militants are "linked to al Qaeda."

The CBS Evening News (1/9, story 3, 2:05, Martin, 7.66M) reported, "One intelligence report says the strike killed eight and wounded three, but there is still no confirmation that any of the Al Qaeda operatives they were after are among the dead. With an aircraft carrier keeping watch offshore, a US Air Force gunship blasted away at the suspected hideout of the three most notorious Al Qaeda terrorists in Africa." Former Assistant Secretary Susan Rice told CBS, "The role that Ethiopia played which was critical, was to help flush the hardcore Islamist elements out of the capital and push them south." CBS said the US military "is ready to carry out more

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strikes, but that depends on getting good intelligence on the whereabouts of any al Qaeda operatives still alive."

ABC World News (1/9, story 4, 2:05, Kerley, 8.78M) said it "has learned FBI agents were sent to northern Kenya to capture any suspects fleeing over the border." Meanwhile, "American intelligence officials are hearing reports of less than 20 dead and wounded in the US attack. One source says they will not identify who they killed or how many, until Americans see the bodies," which "could be difficult."

Europeans, UN Express Concerns About US Strike. The Financial Times (1/10, England) says the European Commission Tuesday "criticized the US strike, saying it could set back efforts to reach a deal between Somalia's provisional government and moderate Islamists." A spokesman for Louis Michel, EU development Commissioner, said, "We need a political process which is inclusive in order to bring about stability. Any incident of this kind is not helpful in the long term."

Meanwhile at the United Nations, the AP (1/10, Lederer) reports Secretary-General Ban Ki-moon is "concerned" that the attack "could escalate hostilities and harm civilians," spokeswoman Michele Montas said Tuesday. "Notwithstanding the motives for this reported military action, the Secretary-General is concerned about the new dimension this kind of action could introduce to the conflict and the possible escalation of hostilities that may result."

WSJournal Welcomes Somalia Strikes. In an editorial, the Wall Street Journal (1/10, 2.04M) says "the attacks -- along with the deployment of a carrier battle group off the African coast -- are welcome evidence that the US has learned the lessons of May 19, 1996. That's the date Osama bin Laden and his associates left Sudan for Afghanistan on a chartered plane. The Clinton Administration was aware that Sudan intended to expel bin Laden, and the US might have easily tracked and destroyed the flight en route. The consequences of its failure to do so is only too well known, and the Bush Administration is right to be determined not to let terrorists get away again, whether by land, air or sea." The strikes in Somalia are "also a reminder that in the war on terror there is no 'exit strategy' short of victory." In the 1990s, "America's sheepish withdrawal from the country had consequences. Bin Laden viewed it as yet another sign that America can't take casualties and will retreat when hit hard."

Government Changes Recruiting Practices. The New York Times (1/10, Liptak, 1.16M) reports, "The Defense Department yesterday announced changes in how it will treat information in an enormous military recruiting database. The changes are part of the settlement of a lawsuit brought by the New York Civil Liberties Union on behalf of six New York City high school students that challenged the legality of the way information in the database was collected and used." The "Joint Advertising, Market Research and Studies Program, is, according to court papers, probably the largest repository of information concerning 16-to-25-year-olds. ... The Defense Department agreed to use the database only for recruiting, giving up the possibility of sharing it with law enforcement and intelligence agencies. It agreed to destroy information on individuals after three years rather than five years or longer. The department also agreed to collect Social Security numbers only from the Selective Service System. Perhaps most significantly, it established a way for people to opt out of the database." The NYCLU "said it was frustrated that the department refused to stop collecting information about students' race and ethnicity."

The AP (1/9, Neumeister) reports, "Last year's lawsuit claimed the department was flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private." About 50 sites carried this story. The Washington Post/AP (1/10, A3) includes an abbreviated version of the AP story.

CORPORATE SCANDALS:

US Alleges Conrad Black Committed Insider Trading. The AP (1/10, Heher) reports, "Less than two months before the start of a fraud and racketeering trial, federal prosecutors leveled new allegations against former newspaper tycoon Conrad Black, saying he engaged in insider trading and illegally posted information about his former company on a financial message board." The AP continues, "A lengthy filing this week in U.S. District Court in Chicago spells out a dozen alleged misdeeds by the former Hollinger International Inc. chairman and CEO, who's accused of plundering millions of dollars from the company's coffers. … Black was forced from the helm of the company and is scheduled to go to trial March 1." The AP adds, "The newspaper empire, which once included The Daily Telegraph of London, The Jerusalem Post and a major Canadian newspaper group, since has been largely

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dismantled. The Chicago Sun-Times is the last remaining major property of the company, now called the Sun-Times Media Group Inc. … Prosecutors on Monday asked U.S. District Judge Amy St. Eve to include the newest allegations as evidence in the ongoing case against Black. … 'Black did not make a distinction between his money and that belonging to a public company,' prosecutors wrote. 'It is this mind-set that contributed to his fleecing of International.' … Black is charged with misusing company money to bankroll his lavish lifestyle and cheating on his taxes. He has pleaded not guilty."

DOJ Wants More Time To Consider Rehearing In Westar Conviction Reversal. The Topeka (KS) Capital-Journal (1/10, Boczkiewicz) reports from Denver, "Federal prosecutors aren't tipping their hand, but Tuesday they said they may ask an appeals court to reconsider its decision that overturned all convictions of David Wittig and Douglas Lake in the Westar Energy looting case." The Capital-Journal continues, "Prosecutor Richard Hathaway told the 10th U.S. Circuit Court of Appeals in a new filing that more time is needed to decide whether to ask the court's full contingent of judges to rehear the case that was decided Friday by a three-judge panel. … Hathaway, of Topeka, asked the Denver-based court to give prosecutors until Feb. 19 to decide whether to ask for a rehearing. Without an extension, the deadline for prosecutors to decide is Jan. 19." The Capital-Journal adds, "Wittig, Westar's former chairman, president and chief executive officer, and Lake, Westar's former executive vice president, were convicted in 2005 of wire fraud, money laundering, circumvention of internal controls and conspiracy. … The panel ruled there was insufficient evidence to convict Wittig and Lake of wire fraud. Because of that, and because the alleged crimes were so intertwined, their convictions for money laundering also were overturned. … The panel overturned the convictions for circumvention of internal controls, ruling that the trial judge, Julie Robinson, of the U.S. District Court in Topeka, seriously erred by failing to properly instruct jurors on what evidence was needed to convict on those charges."

Home Depot Board May Feel Effects Of Nardelli Ouster. The New York Times (1/10, Creswell) reports, "Now that the board has ousted Home Depot's chairman and chief executive, Robert L. Nardelli, shareholders are expecting big changes at the home improvement retailing giant. … But the biggest hammer could fall on the board itself, warn some corporate governance advocates." The Times continues, "When Home Depot announced the departure of Mr. Nardelli last week, it also said that three directors — including one who has been on the board for nearly three decades — would remain on the board even though they were due to retire this spring after having reached the mandatory retirement age of 72. … Corporate governance watchdogs say the move illustrates that Home Depot's board, whose members have been criticized for their close ties to one another and to Mr. Nardelli's former employer, General Electric, is doing a poor job of succession planning for itself. … Furthermore, these critics argue that the three directors, Milledge A. Hart III, John L. Clendenin, and Claudio X. Gonzalez, played crucial roles in approving Mr. Nardelli's excessive pay package that ultimately led to his ouster." The Times adds, "The outcry over Mr. Nardelli's compensation, including his $210 million exit package, could result in another aggressive campaign to withhold votes from Home Depot's directors at the company's annual shareholder meeting this spring. … Or, if a competing slate of directors is put up against the incumbents, as one shareholder activist, Ralph V. Whitworth, has threatened to do, shareholders could throw their support to them if they believe they are qualified for the job, said Mr. Ferlauto."

Mills May Seek Bankruptcy Filing After Accounting Probe. The Washington Post (1/10, D1, Hedgpeth, Hilzenrath) reports, "Mills Corp., the struggling shopping mall developer, said yesterday that possible misconduct by management contributed to widespread accounting errors, and the company warned that it may be forced to seek bankruptcy protection if it cannot reach agreement with its lenders." The Post continues, "Mills, of Chevy Chase, said in a filing with the Securities and Exchange Commission that the errors total $347 million to $352 million. The document said it remains unknown what effect the accounting corrections would have on the company's financial statements for 2005 and earlier. A company spokesman declined to elaborate yesterday." The Post adds, "Mills has not released an earnings report since the third quarter of 2005, and last year, its chief executive Laurence C. Siegel retired. It plans to restate its financial results from 2001 to 2004 and for the first three quarters of 2005. The company is under investigation by the SEC, which declined to comment on the case. … Mills issued a statement late yesterday, saying it has 'taken several

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important remedial steps' in the past year that include 'a near-complete change of executive management personnel.'" The Post notes, "Mills's 'overall culture and "tone at the top" were heavily focused on meeting external and internal financial expectations,' Mills said in a report summarizing the results of a long-running investigation by the audit committee of its board of directors. The report found that 'possible misconduct' played a role in its accounting troubles, including at least one instance in which management overrode a decision by the company's accounting department."

Writers Decry Options Backdating Prosecutions. In an op-ed for the Wall Street Journal (1/10, A17), Richard Marmaro, a former federal prosecutor, and Ryan Weinstein, both attorneys at Skadden, Arps, Slate, Meagher & Flom who are currently representing the former CEO and chairman of Brocade Communications in connection with stock option issues, write, "Steve Jobs recently became the latest chief executive thrown into the options-timing imbroglio. … Rather than fret, investors actually bid up Apple's stock by more than $5 per share. … Given the stock bump, the board's exoneration and Mr. Jobs's lack of accounting experience, could this possibly be a case of criminal securities fraud? Believe it or not, in the minds of some prosecutors applying a far-reaching and unproven theory of fraud, it is. Just last summer, the government indicted Gregory Reyes, the former CEO of Brocade Communications, despite the fact that Mr. Reyes, like Mr. Jobs, was a non-accountant who didn't personally benefit one cent from the option grants at issue." Marmaro and Weinstein continue, "The problem with the government's theory is that it conflates books-and-records violations with criminal securities fraud. In the process, the government untethers securities fraud from the legal elements that help safeguard executives from conviction for inadvertent accounting violations resulting in little or no harm to companies or to investors. … Fundamental to American law is the notion that a defendant cannot be punished absent intent to commit a crime. Yet prosecutors are alleging that non-accountants violated an accounting rule -- known as APB 25 -- so opaque even auditors didn't understand it. Many in Silicon Valley are still scratching their heads: How can someone intentionally violate a rule that they and most others don't even comprehend? … Prosecutors and regulators have alleged just that. Not surprisingly, the first and only federal court confronting the issue so far found that APB 25 was so obscure that its violation could not demonstrate evidence of fraudulent intent as a matter of law." Marmaro and Weinstein conclude, "It is understandable, in an era when public concern is growing over rising executive compensation, that attention should be turned to stock options. Individual companies may want to reconsider how and at what volume they grant options. Yet a thoughtful look at the elements of securities fraud may help observers distinguish between accounting issues and criminal acts."

In his "Business World" column for the Wall Street Journal (1/10), Holman W. Jenkins, Jr., writes, "We can only wonder what Al Gore is making of his experience as the No. 1 defender of today's No. 1 backdating miscreant. … Mr. Gore, an Apple director, was a member of the special two-man committee that investigated and exonerated Steve Jobs in the backdating matter. By now, we presume he is well-versed in what backdating is and isn't. But how easily Mr. Gore -- the scourge of Big Pharma, etc. -- could have been the one braying about greed, CEO theft, the defrauding of shareholders." Jenkins continues, "Mr. Jobs's famed marketing magic was on display yesterday at the Macworld Expo in San Francisco. In another way, his case has performed a magical feat in prompting a few more voices to question whether backdating is really the crime of the century, or merely a business curiosity blown way out of proportion by poorly reasoned coverage. … Here and there, in the New Yorker, at the Fortune magazine Web site, in the bloggings of law Prof. Larry Ribstein and journalist John Carney, the intellectual fallacies that have permeated the coverage are gradually poked away. … No such understanding was emoted for Brocade's Greg Reyes or Comverse's Kobi Alexander, CEOs indicted in backdating scandals much like Apple's. But this is still progress." Jenkins adds, "Much reporting has made it sound like backdating was the equivalent of executives taking erasers and white-out to their paychecks to add a couple of zeroes -- and public understanding still suffers from this bum steer. But all that backdating comes down to is a nonmaterial accounting irregularity (yes, readers, accounting rules should be obeyed!) involving a defective judgment about whether "in the money" options needed to undergo expensing. … We're still at the beginning of the so-called scandal, and many executives will likely end up paying a price for this poor decision. But in no way does it implicate theft of shareholder money or even substantive accounting fraud. Here, we propose to violate a

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cardinal newspaper ordinance that logic should never be discussed in a newspaper. The beginning of all error was the media's unwarranted assumption, to put a fine point on it, that backdating was somebody's way of paying an employee more than, um, er, that same somebody intended (er, sputter, gurgle)."

CRIMINAL LAW:

House Report Contradicts DOJ On Archives Document Theft. The Washington Post (1/10, A4, Smith) reports, "The Justice Department and the National Archives improperly assured the Sept. 11 commission that its members had access to all relevant materials about the Clinton administration's terrorism policies, without knowing if original, uncopied documents had been removed from the archives by former national security adviser Samuel R. 'Sandy' Berger, a Republican congressional report said yesterday." The Post continues, "The report, issued by Rep. Thomas M. Davis III (R-Va.), accused both agencies of inadequately investigating the theft Berger admitted had occurred on two occasions in 2003. It quoted two Archives officials as saying that they had no way of knowing whether Berger took other documents from the files during two earlier visits." The Post adds, "Davis is the former chairman of the House Committee on Oversight and Government Reform. He issued the report after Republican staff members conducted interviews with Archives and Justice Department officials and gained access to unredacted material from a probe by the National Archives inspector general. … His report includes new details of what Berger did, and how the Archives staff, the Justice Department and the FBI reacted to the discovery of missing documents. It depicts Berger as aggressively insisting during his visits to the Archives that he be left alone with the documents, giving him what he later admitted was a calculated opportunity to hide the papers in his clothing." The Post notes, "The report also depicts Berger as lying to Archives staff about thefts that an unnamed senior Archives official said had made her and her staff feel 'almost physically ill.' It said Berger knowingly made false statements to the media after word of the FBI probe surfaced and improperly allowed a spokesman, Joe Lockhart, to depict him as a victim in the affair. … The Justice Department said yesterday that it had no evidence Berger's actions had deprived the commission of any documents."

The AP (1/10, Margasak) reports, "Davis' report quoted Noel Hillman, then-chief of the department's Public Integrity Section, as stating at the time of the 2005 plea that Berger did not have an intent to hide any of the documents or conceal facts from the commission." The AP adds, "Matt Bennett, a spokesman for Berger attorney Lanny Breuer, said, 'I can state unequivocally that no documents were withheld, and that all documents that Mr. Berger took were disclosed to the Justice Department and the inspector general of the archives.'"

The Washington Times (1/10, Seper) reports, "Mr. Davis described the Justice Department's assertion that Mr. Berger's statements were credible after being caught as 'misplaced.' He said, 'One wouldn't rely on the fox to be truthful after being nabbed in the henhouse. But the Justice Department apparently did.' … Justice Department spokesman Bryan Sierra said the department 'has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter.'"

House Committees Delay Response To Cunningham Subpoenas. The AP (1/10, Werner) reports, "Three House committees are delaying responding to grand jury subpoenas issued in connection with the bribery case against jailed former Rep. Randy 'Duke' Cunningham." The AP continues, "The subpoenas were issued to the Appropriations, Armed Services and Intelligence committees by the federal grand jury in San Diego that has been considering evidence in a defense contracting investigation stemming from the Cunningham case." The AP adds, "The subpoenas set a Jan. 11 deadline for compliance but prosecutors and House lawyers have agreed to extend that until Jan. 31, congressional staffers said Tuesday. … 'The initial deadline was 'obviously impossible to meet,' said Appropriations Committee Chairman David Obey, D-Wis. 'I just got the job.' … 'We essentially have to dig into Republican files. We have no idea what's in there,' Obey said." The AP notes, "The subpoenas for documents were disclosed in the Dec. 27 edition of the Congressional Record by the committee chairmen, as required by House rules. Those Republican chairmen have since handed over power to Democrats who now control the House. … Rep. Peter Hoekstra of Michigan, top Republican on the House Intelligence Committee, wouldn't say what the subpoenas ask for, but said he was concerned the scope was overly broad."

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New Orleans Attempts To Curb Crime Wave.

The AP (1/10) reports from New Orleans, "Mayor Ray Nagin, his hurricane-stricken city under siege by a crime wave that has claimed nine lives since the start of 2007, stopped short of imposing a curfew but said police will set up checkpoints in early-morning hours when about one-third of the city's violent crime occurs." The AP continues, "The checkpoints, scheduled to start Wednesday, would operate between 2 a.m. and 6 a.m. and target drug and alcohol violations as well as motorist insurance. The first one was to be held in a crime-ridden area of the city. … Increased foot patrols, using 20-25 sheriff's deputies to supplement police, increasing the number of surveillance cameras in high-crime areas and speeding homicide cases through the court system were other elements of Nagin's plan to attack crime." The AP adds, "A curfew had been opposed by the city's tourism leaders, who said businesses struggling since Hurricane Katrina could be further hurt. While Nagin did not declare a curfew, he said the message to citizens was to stay off the streets in high-crime areas and in early morning hours. … Nagin, acknowledging the criminal justice breakdown extended beyond the police force, said a corps of volunteers will be recruited to monitor homicide cases moving through the courts." The AP notes, "Gov. Kathleen Blanco said today that her office has been talking with New Orleans police for almost two months about a plan to curb the violence and made a formal request for one a couple of weeks ago as a prelude to additional state funding."

Landrieu Seeks Federal Help With Rising New Orleans Violent Crime. The Washington Times (1/10, Pierce) reports in its "Inside Politics" column, Sen. Mary Landrieu "said yesterday that Congress can -- and should -- do more to help stop the recent wave of violent crime plaguing New Orleans. Landrieu urged adoption of her 10-point plan, which grants federal funds and beefs up drug and violence task forces disrupted by Hurricane Katrina in 2005. She sent a letter to President Bush asking that his budget include funds to double the size of a Drug Enforcement Administration task force and an FBI gang task force."

The Baton Rouge Advocate (1/10) writes, "In both her letter to the president and in her crime-fighting plan, Landrieu asked that more FBI and Drug Enforcement Administration agents be sent to New Orleans. She called for doubling the size of the DEA's High Intensity Drug Trafficking Area Task Force Group and the FBI's Violent Gang Safe Streets Task Force."

WGNO-TV, ABC 26, New Orleans (1/10, Murphy) reports, "The murder rate in the Big Easy is now four and a half times the national average. .. 'There is no doubt that this crime wave is putting a damper on our aggressive efforts to rebuild and re-image the city and to encourage not only residents to return, but tourists to continue to come,' said Senator Mary Landrieu/D-Louisiana." WGNO-TV adds, "Senator Landrieu announced a 10-point plan to fight crime in the New Orleans region. … She is asking for additional federal dollars to help rebuild criminal justice facilities like NOPD headquarters and the local police academy. … The senator is also requesting 60-million dollars to help rebuild the police department. … 'I urge the President and the Department of Justice to make an emergency grant to the city under the emergency cops program,' said Landrieu." WGNO-TV notes, "LSenator Landrieu is also asking the Justice Department to send additional drug enforcement and FBI agents to New Orleans. … FBI Special Agent in Charge Jim Bernazzani says those plans are already in the works. … 'Washington has committed to do a national canvass relative to agents who have homicide investigative experience,' said Bernazzani. 'To come to New Orleans on temporary status for about 90 to 120 days to work as a stop gap measure until we get another squad down here.' … The United States Attorney in New Orleans Jim Letten says the city must also address issues outside of law enforcement. … 'Fixing our school system and building the best system possible and rebuilding this economy,' said Letten. 'We have to create education and opportunities for our youth if we're going to get a handle on this thing for the mid and long term.'"

KTBC-TV, Austin, TX (1/9, 5:00 p.m.) broadcasted that Louisiana Sen. Mary Landrieu is "asking the Feds for help." She says "she has written to President Bush and will personally call Attorney General Alberto Gonzales." She continued, "Louisiana has not just been sitting around in New Orleans doing nothing but again we're in a very tough and unprecedented situation and not only need to step up and do our part but ask the Federal agencies to do more if they can and I think they can New Orleans officials are worried crime will deter tourists from Mardi Gras, which is just over a month away." WSJV-TV, South Bend, Elkhart, IN (1/9, 5:00 p.m.) broadcasted, "New Orleans leaders are worried the crime wave will keep tourists away from the city with Mardi Gras coming up next month."

First Lady Addresses Murder Wave During New Orleans Visit. The New Orleans Times-Picayune (1/10,

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Williams) reports First Lady Laura Bush "entered the brightly lighted theater of the Louisiana Children's Museum in the Warehouse District on Tuesday afternoon and without hesitation picked up a drumstick and a Senegalese songba drum, joining dozens of New Orleans-area elementary school students in a rousing performance of a funga, an African welcome song." Bush "smiled broadly as she pounded the drum and studied the faces of the children, who were among the many she met on a three-stop tour, her 11th post-Katrina visit to the city. … Her tour also included a lunch of catfish and greens and conversation at Cafe Reconcile, a job-training restaurant in the heart of Central City." The NOTP notes Bush's visit "was not without reference to the city's recent crime wave. She mentioned an antiviolence program used in Chicago that is based on the notion that violence is taught. 'If you grow up in a neighborhood where violence is common, you think it's normal,' Bush said. 'Because violence is taught, it can be unlearned. 'But I think people in the community really need to speak out and do whatever they can to get the message across that it's not acceptable,' she said."

Judge Jails New Orleans Public Defender For Contempt. The New York Times (1/10, Drew) reports from New Orleans, "The chief judge in the city's juvenile courts had a top public defender arrested Tuesday in a bizarre escalation of a fight over changes in the city's troubled program for representing indigent defendants." The Times continues, "The judge, David Bell, was upset that no public defender was in his courtroom when he was ready to start this morning, and he drove to the defender's office and waited outside for Stephen Singer, the chief of trials, to arrive. … The judge took Mr. Singer to his courtroom, where he found him in contempt for not being prepared to provide representation and ordered him jailed for 36 days, three days for each of the 12 items on Tuesday's docket. Mr. Singer then spent about five hours in jail before a state appeals court stayed the order." The Times adds, "The events were the latest in a series of confrontations between judges and the public defender's office, which has long been overwhelmed and went broke after Hurricane Katrina. … A new board has shifted how the office uses its 30 lawyers to try to provide more thorough representation on the most serious cases. But the changes have made the day-to-day coverage more spotty, and the criminal court judges also have threatened to hold the office in contempt over the problems."

Former Interior Deputy Is Target In Abramoff Probe. The Washington Post (1/10, A3, Schmidt) reports, "Federal prosecutors have notified a former deputy secretary of the interior, J. Steven Griles, that he is a target in the public corruption investigation of Jack Abramoff's lobbying activities, sources knowledgeable about the probe said." The Post continues, "The sources, who spoke on the condition of anonymity, said that among the possible criminal charges being investigated is whether Griles made false statements to the Senate Indian Affairs Committee in 2005 about job discussions Abramoff initiated while Griles was deputy secretary. … Justice Department prosecutors met with Griles on Friday to outline possible charges. The investigation has examined donations made by Abramoff's Indian tribal clients to an environmental advocacy group run by Italia Federici, who was involved with Griles socially, the sources said. Also under scrutiny are donations made to Federici's group by energy and mining companies, the sources said." The Post adds, "E-mails released last year by the Senate Indian Affairs Committee showed that Griles had more than half a dozen contacts with Abramoff or with Federici, head of the Council of Republicans for Environmental Advocacy, who was working as the lobbyist's go-between to Griles. Griles has said that he never tried to intercede on behalf of Abramoff's clients. … The Indian Affairs Committee, in a report issued after a series of investigative hearings, said that further inquiry 'appears warranted' into the 'veracity' of Federici's public testimony. Federici's testimony before the committee included discussions of her relationship with Abramoff, his tribal clients and Griles."

Abramoff's Interior Connection Sentenced To Two Years Probation. NBC News (1/10, Seidman) reports, "A former Interior Department official linked to disgraced lobbyist Jack Abramoff was sentenced Tuesday in federal court to two years probation and a fine of $1000. The official, Roger Stillwell, pleaded guilty to a single misdemeanor count of filing a false financial statement with the department." NBC continues, "Magistrate Judge Alan Kay disregarded a recommendation by both the Department of Justice and Stillwell's attorney for a lesser sentence of six months probation. … Judge Kay said that Stillwell's actions amounted to a 'serious violation considering his position' and his years of government service. Kay admonished Stillwell saying there is 'no such thing as a free lunch, particularly as provided by lobbyists.'" NBC adds, "The charges against Stillwell are the

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first connected to the Abramoff scandal to touch the Interior Department. The charges also mark an expansion of the government's investigation into the influence peddling scandal involving the convicted lobbyist. Prosecutors acknowledged in court that there is still an ongoing investigation involving Abramoff and his contacts with the Department of Interior. … Stillwell, a former desk officer for the Commonwealth of the Northern Marianas - a lucrative Abramoff client - acknowledged receiving four tickets to a Redskins football game and two tickets to a Simon and Garfunkle concert in Washington - all paid for by Abramoff - which Stillwell did not report."

Judge Rejects Media Request For Libby Trial Audio Recordings. In a widely-distributed story, the AP (1/10) reports US District Judge Reggie Walton "said Tuesday he would not make available daily audio recordings of the upcoming trial of Vice President Dick Cheney's former chief of staff," Lewis "Scooter" Libby. "News organizations had asked that recordings of testimony and arguments be released for broadcast," but Walton said in his ruling that "the only recording of court proceedings is done by the court stenographer to help ensure an accurate transcript. … Broadcasting court proceedings -- along with commentary and analysis -- could prejudice jurors and lead to an unfair trial, Walton said."

Lack Of Cooperation From Agencies Prompted FBI To Quit Leak Probes. Under the headline "Leak Probes Stymied, FBI Memos Show," the New York Sun (1/10, Gerstein) reports, "A lack of cooperation from one or more intelligence agencies led the FBI to abandon several recent criminal investigations into leaks of classified information to the press, records obtained by The New York Sun indicate." The Sun adds, "In an exchange of e-mails in September 2005, FBI agents handling a leak investigation codenamed 'May Apple,' complained about difficulties in getting basic information about who saw classified documents key to the case. … A few weeks later, the head of the FBI's leak-sleuthing section, Michael Donner, wrote to the Justice Department's counterespionage chief, John Dion, asking to close the probe. The FBI's Washington field office 'concluded that the investigation had languished due to repeated requests for information…that have not been fulfilled in a timely manner,' Mr. Donner wrote." In an interview yesterday with the Sun, Donner, now retired, "acknowledged some instances where agencies were not enthusiastic about helping the FBI." He "said the current drive to share intelligence information made his job even harder." The Sun notes, "The friction apparent in the records…calls into question assurances by senior government officials that law enforcement and the intelligence community are working hand-in-glove to ferret out leaks." On its Web site, the Sun also provides a link to copies of the documents.

Judge Appoints Federal Prosecutor To Help Israeli Criminal Probe. The Mobile (AL) Register (1/10, Kirby) reports, "A federal judge in Mobile last week appointed Assistant U.S. Attorney George May to assist the Israeli government with a criminal investigation that touches southern Alabama." The Register continues, "As a commissioner of the court, May will gather information under a treaty between the United States and Israel that commits law enforcement officials to helping their counterparts when investigations cross international borders. … Chief U.S. District Judge Ginny Granade's order empowers May to collect documents and subpoena witnesses. He will certify and submit the evidence he gathers to the U.S. Department of Justice's Office of International Affairs." The Register adds, "The judge's order states only that it was prompted by a request by Israel. May, the anti-terrorism coordinator at the U.S. attorney's office in Mobile, said the probe relates to allegations involving bogus diplomas. … He said the Alabama connection is a small piece of a much larger investigation that also involves other parts of the country. Citing the beginning stages of the investigation, he declined to discuss the case in detail. He said the Israeli government has sought help from federal prosecutors in other districts. … May said he does not believe the targets of the probe live in Alabama." The Register notes, "The United States has signed 57 mutual legal assistance treaties, although not all have been ratified by the Senate, according to the Justice Department. … Bryan Sierra, a spokesman for the department, said most of the pacts are bilateral agreements with other countries, but others involve international organizations. For instance, the United States has a treaty with the Organization of American States, a collection of 35 countries in the Western Hemisphere, he said. … Sierra said the Justice Department does not keep statistics on the number of requests made by foreign governments, and he added that he could not even estimate how frequently a treaty is invoked."

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Former New Jersey Mayor Pleads Guilty To Taking Bribes. The Newark Star-Ledger (1/9, Sterling, Spoto) reported that on Monday, "A mayor who presided over a period of substantial growth in Brick Township…admitted taking more than $5,000 in bribes in exchange for helping a developer gain approval for a number of unspecified projects." Joseph C. Scarpelli "told a federal judge he accepted the bribes over five years." The Star-Ledger noted, "Court papers provided few de tails about the bribes, and law enforcement agents were equally quiet after court." FBI Newark SAC Leslie G. Wiser Jr. "showed up for the plea but also offered little information. When asked if the bureau considered Scarpelli a 'big fish' in its continuing probe of official corruption in New Jersey, Wiser said: 'Every public official is important to us, as is maintaining the integrity of the system.' He did note the FBI and U.S. Attorney's Office have had particular success making cases against public officials in Monmouth and Ocean counties of late, though he said there also are corruption cases in the pipeline from other counties."

Former Committeeman Loses Appeal Of Bribery Conviction. In a front-page story, the Holmdel (NJ) Independent (1/10, Bowes) reports, "Former Middletown Committeeman Raymond O'Grady lost his appeal on Friday and is now scheduled to begin his 43-month jail sentence Jan. 22. O'Grady was convicted in June on five corruption-related charges as part of the FBI's Operation Bid Rig investigation. The one-time director of the Monmouth County Central Motor Pool was found guilty of accepting at least $8,000 in cash bribes in exchange for official favors through his position in county government." The Independent notes defense lawyer Kevin Roe "argued that O'Grady's trial was unfair because of the suicide attempt of the FBI's star witness after only one day on the stand."

Tennessee Waltz Trial Jurors See FBI Video Of Alleged Bribe. The Memphis Commercial Appeal (1/10, Buser, 163K) reports, "A federal court jury Tuesday watched a secretly recorded videotape showing a former Shelby County official accepting $1,500 in cash from an informant that authorities say was a bribe. The money -- 15 $100 bills -- was supplied by the FBI, as was the tiny camera hidden in a briefcase." Calvin Williams "says he believed the payment was a legitimate business dividend due him from his associate, Tim Willis." The Commercial Appeal notes, "Williams is accused of using -- or claiming to use -- his influence with the County Commission to secure a $100,000 county grant for the Glenview Neighborhood Development Partners Inc. to provide low-interest loans for home improvements." Federal public defender Doris Randle-Holt "said Willis was a partner with Williams in several businesses and that the $1,500 represented Williams' 30 percent share of a $5,000 media services contract Willis had with Glenview to help win the grant. Willis testified, however, that they shared office space…but that their business enterprises were completely separate. Randle-Holt noted that Willis was paid $6,000 a month by the FBI for more than two years for his cooperation and that he had never been charged for admittedly submitting false invoices in 2001 when he had a consulting contact at Juvenile Court."

Judge Rejects Dixon's Bid For Release From Prison Pending Appeal. WMC-TV Memphis (1/9) reported on its Web site, "A handwritten plea from Roscoe Dixon, sent in December from his cell at the Oakdale Correctional Center in Louisiana, proved fruitless. Federal Magistrate Jon McCalla denied Dixon's request to be released pending his appeal of his federal bribery trial. In his letter, Dixon -- who was sentenced to five years behind bars -- describes overcrowding conditions which have, according to his letter, left him in solitary confinement until space becomes available. He has 'to eat the same food as those who are in "the hole,"' he wrote."

FBI Arrests California College Official On Bribery Charges. The Los Angeles Times (1/10, Lin, 850K) reports, "Federal agents arrested a UC Riverside administrator Tuesday on suspicion of bribing a general contractor in charge of building the school's new psychology building, authorities said." UCR Office of Design and Construction Associate Director Theodore Chiu "is accused of soliciting a $50,000 bribe from Irvine contractor FTR International Inc. last Halloween. Chiu allegedly asked for the payment when the company's president, Nizar Katbi, raised concerns about the $35-million project, including Chiu's choice of a subcontractor, according to an FBI affidavit filed in federal court. In exchange for the alleged bribe, Chiu agreed to sign a change order that would modify the university's original agreement with the company, the affidavit said." The Times notes, "Katbi cooperated with investigators by recording his meetings and conversations with Chiu, said Thom Mrozek, a spokesman for the U.S. attorney's office in Los Angeles."

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Judge Rejects Devecchio Bid For Federal Trial. The AP (1/10) reports, "A former FBI agent accused of helping a ruthless mobster plot gangland slayings in Brooklyn more than a decade ago won't go to trial in federal court, a judge ruled Tuesday. Attorneys for R. Lindley DeVecchio had argued his case belonged in federal court because there -- unlike in state court -- they would be allowed to argue that he was immune from criminal charges arising from his duties as a federal agent." The AP notes, "The Brooklyn district attorney's office had fought to keep the case in state court after charging DeVecchio last year with four counts of murder in what it billed as one of the worst law enforcement corruption cases in U.S. history." The New York Times (1/10, Brick) also reports the ruling in "Metro Briefing."

9th Circuit Panel Rules Gang Attorneys Cannot Have Access To Witness Identities. The San Francisco Chronicle (1/10, B - 2, Egelko) reports, "Federal prosecutors in the death penalty trial of alleged members of a violent San Francisco gang don't have to give defense lawyers police reports that identify witnesses before the trial, a federal appeals court ruled Monday." The Chronicle continues, "The 2-1 decision by the Ninth U.S. Circuit Court of Appeals in San Francisco overturned a ruling last year by the trial judge, who ordered prosecutors to release police reports on the witnesses, including their identities. U.S. District Judge William Alsup had also said prosecutors would be prohibited from calling witnesses whose names they refused to provide to the defense." The Chronicle adds, "Prosecutors say they fear for the witnesses' safety if they are identified, citing the killing in May of a witness who had testified in another San Francisco murder case. Defense lawyers and Alsup said prospective witnesses would be protected by orders prohibiting the defense from revealing the information to outsiders. … A federal grand jury issued racketeering indictments in October 2005 against 12 alleged members of the Down Below Gang, which authorities say has terrorized the Sunnydale public housing complex in Visitacion Valley since the late 1990s. Prosecutors say the defendants dealt drugs, toted guns and murdered seven people, including a 7-week-old baby." The Chronicle notes, "Eight defendants pleaded guilty last month to racketeering and conspiracy charges that carry prison sentences of up to 23 years. Of the remaining defendants, one is a fugitive and has not been publicly identified. The others are Emile Fort and Edgar Diaz, who could both be sentenced to death if convicted, and Terrell Jackson, whose case is still being evaluated by the U.S. Justice Department for possible death penalty charges. Their trial is scheduled to start in September."

Grand Jury Mulls Idaho Kidnapping, Murder Charges. The AP (1/10, Dininny) reports from Boise, ID, "A decision on whether to indict convicted murderer Joseph Duncan III on federal charges for kidnapping two north Idaho children and slaying one of them could come in the next few weeks, the U.S. attorney's office said Tuesday. … In the meantime, the federal agency that secures prisoners said it would recommend that the trial be held in Boise, rather than Coeur d'Alene, if a grand jury indicts Duncan." The AP continues, "Duncan, 43, drew national attention in 2005 with the kidnapping of then 8-year-old Shasta Groene and her 9-year-old brother, Dylan. … A Tacoma, Wash., native, Duncan had been living in Fargo, N.D., and was on the run from a child molestation charge in Minnesota when he drove past the Groene home on Interstate 90 east of Coeur d'Alene and spotted the children playing outside. Duncan stalked the family for several days and, on May 16, entered the home, bludgeoning the children's mother, Brenda Groene; her fiance, Mark McKenzie and Groene's 13-year-old son, Slade." The AP adds, "According to court documents, Duncan kidnapped Shasta and Dylan, traveling into the mountains near St. Regis, Mont., where he sexually abused them for seven weeks before killing Dylan. … Shasta was rescued when she and Duncan walked into a restaurant in Coeur d'Alene early on the morning of July 2, 2005. … Duncan pleaded guilty in state court last year to three counts of first-degree murder and three counts of first-degree kidnapping for the murders at the Groene home. A judge sentenced him to life in prison without parole on the kidnapping charges. … However, the sentence on the murder counts will be deferred while the federal government pursues its case against Duncan for the kidnappings and murder across state lines."

Los Angeles To Shift Anti-Gang Tactics. The Los Angeles Times (1/10, Mcgreevy, Winton) reports, "Los Angeles' top law enforcement officials have agreed on a new attack on gang violence, one that focuses more enforcement on smaller neighborhood gangs and uses a new legal tool tried last year on skid row." The Times continues, "The effort comes as L.A. officials are trying to quell a 14% increase in gang-related crime during the last year, marked by several

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high-profile incidents of race-motivated violence. … LAPD Chief William J. Bratton met this week with Dist. Atty. Steve Cooley and representatives of City Atty. Rocky Delgadillo to begin formulating the plan." The Times adds, "Bratton announced Tuesday that his department is developing a 'Top 10' list of gangs to target based on a complex formula — and then the three agencies will devote additional officers and attorneys specifically to those gangs. … The campaign will include targeting the leaders and headquarters of the worst gangs. … Police have identified 720 street gangs in Los Angeles, with 39,315 members. But officials said a small number of them are causing a disproportionate amount of crime in the hardest-hit neighborhoods. … The new strategy is something of a shift for law enforcement officials, who have until now focused much attention on larger gangs that run drug rings and other criminal enterprises."

CIVIL LAW:

Judge Dismisses Challenge To VA's Use Of Religion In Veteran's Treatment. The AP (1/9, Foley) reports from Madison, WI, "The Department of Veterans Affairs' increasing use of religion in treating ailing veterans does not violate the separation of church and state, a federal judge has ruled." The AP continues, "U.S. District Judge John Shabaz dismissed a lawsuit by the Madison-based Freedom From Religion Foundation and defended the agency's practices in his decision Monday, saying religion can help patients heal and is legal when done on a voluntary basis. … The foundation, a group of atheists and agnostics which has challenged the Bush administration's mix of government and religion, said it was the first time a judge upheld the constitutionality of the VA's use of religion in treating millions of veterans. The ruling averts a trial that was scheduled to begin later this month. … The group's president, Annie Laurie Gaylor, said Tuesday it would appeal the ruling." The AP adds, "The lawsuit challenged the agency's practice of giving most patients spiritual assessments that ask questions about faith, such as how often they attend church and how important religion is in their lives. Agency officials say the assessments help them determine patients' needs. … The suit also targeted VA drug and alcohol treatment programs that incorporate religion, the integration of its chaplain program into patient care and the expansion of chaplain services for outpatient veterans instead of just those at VA hospitals." The AP notes, "The veterans' agency, which treated 5.3 million people at its facilities in 2005, acknowledged it believes spirituality should be integrated into care but said it allows patients to decide whether that involves religion. … Jean Lin, a U.S. Department of Justice lawyer who represented the veterans' officials, declined comment. DOJ spokesman Charles Miller said the opinion speaks for itself."

CIVIL RIGHTS:

Jury Continues Deliberations In Texas Smuggling Death Trial. The AP (1/10, Lozano) reports from Houston, "Jurors deliberated today without deciding whether to impose a death sentence for the truck driver in the nation's deadliest human smuggling attempt, in which 19 illegal immigrants who were locked in a sweltering trailer for hours eventually died from dehydration, overheating and suffocation. … The six men and six women on the jury deliberated for about six hours today. They were to resume Wednesday." The AP continues, "Jurors must decide whether to sentence Tyrone Williams to death or life in prison without parole, or to let the judge issue a sentence ranging from no incarceration time to life in prison without parole. … Williams was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants, including 20 counts that were death-penalty eligible." The AP adds, "During the 2003 smuggling attempt, more than 70 immigrants were packed inside Williams' trailer, with no air conditioning. … They were heading from South Texas to Houston when the heat became unbearable and the immigrants began to panic, tearing holes in the trailer doors with their hands in order to breathe. Williams eventually opened the trailer doors and abandoned the container near Victoria, about 100 miles southwest of Houston. … Defense attorney Craig Washington told jurors Williams never intended for the immigrants to die. Washington said it was unfair that Williams was the only defendant in the case who is facing the death penalty when others were equally responsible. … But Assistant U.S. Attorney Daniel Rodriguez told jurors Williams had no compassion and he deserves to die because he alone could have freed them but chose not to open the trailer's doors."

DOJ Rules Against Appointment Of Alabama County Commissioner. The Mobile Press-Register (AL) (1/9, Murtaugh) reports, "The U.S. Department of Justice on Monday objected to Gov. Bob Riley's appointment of Juan

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Chastang to the Mobile County Commission, saying it 'appears to diminish the opportunity of minority voters to elect a representative of their choice.'" The Press-Register continues, "The decision is the latest step in a long legal battle designed to oust Chastang, a black Republican, from representing District 1, a majority-black district that has historically elected Democrats. … Riley appointed Chastang to replace Sam Jones on the commission after Jones was elected mayor of Mobile in October 2005." The Press-Register adds, "Cecil Gardner, the attorney who filed the lawsuit against Chastang's appointment, said he will file a motion today asking that a panel of federal judges in Montgomery declare Chastang's seat vacant and order a special election to fill it. … The state can still appeal the Justice Department decision to the U.S. District Court for the District of Columbia or ask the U.S. attorney general to reconsider the objection, according to the ruling."

WPMI-TV, NBC 15, Mobile, AL (1/10) reports, "According to the Justice Department, that appointment may have violated the federal Voting Rights Act. .. 'We predicted quite accurately that the governor would appoint a Republican. That commission district has never voted Republican in the entire history of the county commission,' says Cecil Gardner who initially brought the lawsuit over Chastang's appointment a year and a half ago. Tuesday, he filed a motion asking a federal court to order the seat vacated and that a special election be conducted 'Representatives of the people ought to be elected by the people and not chosen by executive fiat,' Gardner maintains. … But Chastang says the legal fight to get him out of office isn't' about the people. 'Partisan politics is what this whole thing is all about right now.'"

Michigan Islamic Group Urges FBI Probe Of Shiite Mosque Vandalism. The AP (1/10, Karoub) reports, "An Islamic coalition representing southeast Michigan Sunni groups and centers said Tuesday that the vandalism of Shiite mosques and businesses over the weekend could be hate crimes and called on the federal government to investigate. Late Saturday night or early Sunday, vandals broke windows of two mosques and five businesses…owned by Iraqi Shiites." Detroit Police Sgt. Eren Stephens Bell "said the department is investigating the vandalism and could not confirm if the incidents were hate crimes. … The FBI said in a statement Tuesday that it has talked to the Council on American-Islamic Relations and leaders of other community groups. If the Detroit police find information that links the vandalism to federal civil-rights violations, the FBI would 'pursue it accordingly.'"

DOJ Asked To Help Fight Anti-Arab Bigotry. UPI (1/10) reports that Arab American leaders have urged U.S. Attorney General Alberto Gonzales "to fight anti-Arab bigotry. … 'In response to concerns about the increasing level of negativity openly directed towards Arab and Muslim Americans, leaders from the Arab American Institute and other key Arab American and Muslim American organizations met with Attorney General Alberto Gonzales to request that the federal government help quell the recent tide of bigotry,' the Washington-based AAI said in a statement Monday. … 'AAI and leaders from the American-Arab Anti-Discrimination Committee, Muslim Public Affairs Council, Islamic Society of North America and Muslim advocates also sought clarification and action on policies concerning racial profiling, suspension of habeas corpus, oversight of watch lists, and donations to charities in the Middle East,' the statement said." UPI adds, "AAI said the delegation 'also urged the attorney general to support the termination of the National Security Entry-Exit Registration System or 'special registration,' a program that began as an initiative of the Justice Department.' … AAI Chairman George Salem and AAI President James Zogby also requested (the department) to 'provide leadership for the country in helping to reverse this disturbing and increasingly accepted trend of anti-Arab and Muslim bias,' the statement said."

LAPD Board Will Not Punish Officer In Fatal Shooting Of Teen. The Los Angeles Times (1/10, Lait, Glover) reports, "A Los Angeles Police Department disciplinary board has secretly decided not to punish the officer who fatally shot 13-year-old Devin Brown two years ago, rejecting an earlier ruling by the civilian Police Commission that the act violated department policy, sources confirmed Tuesday." The Times continues, "Members of an LAPD Board of Rights, meeting behind closed doors on Monday, determined that Officer Steven Garcia was justified in shooting Brown as the youth allegedly tried to back a stolen car into the officer following a brief pursuit." The Times adds, "The shooting sparked outrage in the surrounding South Los Angeles community, with citizens and activists alleging that Garcia overreacted and used excessive force. Last year the city paid $1.5 million to settle a wrongful death lawsuit filed by Brown's family. .. .Monday's decision, reached by two high-

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ranking LAPD officials and a civilian representative, effectively negates the earlier finding by the Police Commission that the shooting was 'out of policy' and that Garcia should be punished. … It also reflects a dramatic change in the way the LAPD metes out discipline. For decades, the LAPD has heard evidence publicly when serious misconduct is alleged. Last summer, however, the California Supreme Court ruled that police officer personnel documents were not public records. Responding to that ruling — and over the objections of news organizations and civil libertarians — the LAPD moved to close its disciplinary hearings."

NYTimes Applauds Spitzer's Move On Inmates' Calls. The New York Times (1/10, 1.16M) editorializes that Gov. Eliot Spitzer "set an important national example this week when he announced that the state corrections department would back away from a longstanding policy of charging prison inmates and their families more than six times the going rate for collect calls made from prison."

ANTITRUST:

Newspapers Plan Joint Sales Of Web Site Advertisements. The Wall Street Journal (1/10, A1, Angwin) reports, "The nation's three largest newspaper publishers are gearing up to sell advertising jointly on their newspapers' Web sites, believing their survival depends on seizing new online revenue." The Journal continues, "Gannett Co., McClatchy Co. and Tribune Co. are planning to offer advertisers one-stop shopping for display ads on Internet sites. The goal is to attract big advertisers such as car makers and phone companies that want to reach a nationwide online audience but don't want the hassle of negotiating ad deals with each company or newspaper." The Journal adds, "The joint effort, code-named 'Open Network,' marks a big new bid to win back advertisers that are defecting in droves to the Web. Currently, national advertisers buy the bulk of their online display ads -- banners and boxes -- from big portals such as Yahoo Inc., Time Warner Inc.'s AOL or Microsoft Corp.'s MSN. Yahoo has announced plans to work with seven other newspaper publishers to build a similar one-stop-shopping spot for advertisers. Google Inc. has also reaped a bonanza with advertising links that appear next to search results. … The three newspaper companies, known in the industry as GMT, are likely to each contribute 10% of their online-advertising space to the network, according to people familiar with the situation. They hope to announce something early this year, although the deal isn't finalized and could still fall apart." The Journal notes, "The venture is designed to help the chains tackle a vexing problem: They have long had trouble attracting national advertisers. In their print editions, this is largely because of price. Newspapers can jack up ad prices for local retailers that have few other ways to reach a hometown audience. But national advertisers often find it cheaper to buy a TV spot or magazine ad than to buy space in dozens of newspapers. National advertisers also account for about 75% of advertising on the Internet, according to PricewaterhouseCoopers. … Efforts by the chains to coordinate their print-advertising sales have shown little success, partly because individual papers weren't enthusiastic about standardizing ad sizes or giving up control of their relationships with advertisers. But with the industry under severe stress, that reluctance to band together may change."

Senate Plans Hearing On Impact Of Airline Merger. The Atlanta Journal-Constitution (1/10, Grantham) reports, "Prompted by US Airways' bid to acquire Delta Air Lines and merger talk at other carriers, the U.S. Senate Commerce Committee has scheduled a hearing later this month on the likely effects of a potential wave of airline mergers." The AJC continues, "The Jan. 24 hearing will be on the state of the airline industry and the "potential impact of airline mergers and industry consolidation," the committee said Tuesday in a press release. … Then-Delta Chief Executive Leo Mullin testified to the same committee in hearings shortly after the 9/11 terrorist attacks. Congress later approved a multibillion-dollar aid bill after airlines were temporarily grounded in response to the 2001 attack." The AJC adds, "Congress had been expected to weigh in on the airline merger issue, although the U.S. Justice Department would have to independently review any combinations. After US Airways' hostile $8 billion-plus bid for Delta in November, local and national politicians from Atlanta and communities that would be affected expressed concern about the deal. … Delta management opposes the proposal but its bankruptcy court creditors will have the final say."

Micron Settles Chip Antitrust Suit. Bloomberg (1/10, Gullo) reports, "Micron Technology Inc., the biggest U.S. memory chip maker, said it cut previously reported first-

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quarter earnings by as much as $80 million to reflect a settlement resolving claims it conspired to fix chip prices." Bloomberg continues, "The accord resolves private antitrust lawsuits filed over U.S. sales of dynamic random access memory, or DRAM, from 1999 to 2002. The claims were brought by manufacturers and individuals alleging that a price-fixing conspiracy drove up costs for the chips, a memory component used in personal computers, laptops and video game consoles. … 'It is expected that the settlement will result' in a reduction 'in an amount not to exceed $80 million,' Micron said today in a statement." Bloomberg adds, "Micron has been in settlement talks to end similar claims by state attorneys general who sued the company and other DRAM makers in July, said company spokesman Dan Francisco. The private antitrust suits against chip makers stemmed from a 2002 Justice Department probe of the DRAM market. Micron cooperated with U.S. officials in exchange for not being charged with a crime. … The settlement dismisses Micron from the class action, or group lawsuit, originally filed in San Francisco federal court. The accord is subject to court approval."

Congress To Take Up Net Neutrality Bills. The New York Times (1/10, Labaton, 1.16M) reports, "Senior lawmakers, emboldened by the recent restrictions on AT&T and the change in control of Congress, have begun drafting legislation that would prevent high-speed Internet companies from charging content providers for priority access." The "first significant so-called net neutrality legislation of the new Congressional session was introduced Tuesday by Senator Byron L. Dorgan, Democrat of South Dakota, and Senator Olympia J. Snowe of Maine, one of the few Republicans in Congress to support such a measure." Rep. Ed Markey, Chairman of the House Energy and Commerce Subcommittee on Telecommunications and the Internet, "said recently that he would introduce legislation soon and planned to hold hearings." But the "proposals face significant political impediments and no one expects that they will be adopted quickly," and the debate "promises to be a bonanza for lobbyists and a fund-raising tool for lawmakers. It pits Internet giants like Google, Yahoo, eBay and Amazon, which support the legislation, against telecommunication titans like Verizon, AT&T and large cable companies like Comcast."

Aloha Airlines Takes Mesa To Court. The AP (1/10) reports, "Aloha Airlines announced that it will pursue further legal action against Mesa Air Group Inc. in federal court." The AP continues, "Aloha sued Mesa in state court in October, alleging the Phoenix-based company improperly used data it obtained as a potential investor to try to drive Aloha out of business. … 'Upon further legal review of the federal antitrust laws, and given findings of federal Bankruptcy Judge Robert Faris in the Hawaiian Airlines matter, we believe our claims would be best pursued in the federal court system,' David A. Banmiller, Aloha's president and chief executive, said Monday. 'Aloha will continue to proceed vigorously against Mesa to stop the illegal and improper conduct.'" The AP adds, "Mesa, which had been considering investing in Aloha when the island carrier was undergoing bankruptcy reorganization, launched go! airlines in June as a competing carrier in Hawaii, entering the market dominated for decades by Hawaiian and Aloha airlines. … Hawaiian, now a unit of Hawaiian Holdings Inc., sued Mesa in February for the alleged illegal use of confidential information and trade secrets obtained during Hawaiian's Chapter 11 bankruptcy proceedings,"

FTC Gives Antitrust Nod To Hain-Avalon Deal. The AP (1/10) reports, "Hain Celestial Group Inc., an organic food company, received antitrust approval for its planned $120 million acquisition of Avalon Natural Products Inc." The AP continues, "The Federal Trade Commission approved early termination of a waiting period required under antitrust law on Friday." The AP adds, "Melville, N.Y.-based Hain, whose brands include Garden of Eatin', Earth's Best and Celestial Seasonings, is buying Avalon from private equity firm North Castle Partners LLC. … Avalon, located in Petaluma, Calif., sells personal care products under the Avalon Organics, Alba Botanica and Unpetroleum brands."

Supreme Court Lowers Threshold For Patent Lawsuits. The New York Times (1/10, Greenhouse, 1.16M) reports the Supreme Court "opened the door Tuesday to a category of patent lawsuits that a lower court had barred, issuing a decision that will probably shift power in the courtroom from bigger patent-owning companies to smaller start-up companies that rely on obtaining licenses for patented technology." The court's "8-to-1 decision held that the holder of a patent license can sue to challenge the patent's validity without first refusing to pay royalties and putting itself in breach of the license agreement." This "seemingly technical question, in a dispute by two biotechnology companies, MedImmune and

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Genentech, has considerable practical importance. A license holder is much less likely to sue if it must first stop paying royalties and thereby risk becoming the target of a patent infringement suit, with the potential for triple damages and the loss of the right to continue selling its product."

The Wall Street Journal (1/10, Bravin, Chase, 2.04M) reports the decision "weakens intellectual-property protections by making it easier for legal challenges to patents. The 8-1 decision put the justices on the side of those who have complained that existing rules stifle innovation, and it is their latest rebuke to the specialized panel that hears patent appeals, the U.S. Court of Appeals for the Federal Circuit, for rulings skewing property rights in favor of patent holders. The high court this term has also heard a separate case appealing obstacles imposed by the Federal Circuit against challenges to a patent on grounds that the invention is 'obvious.' A decision on that is pending." The "implications could be greatest for the biotechnology industry, where huge profits can turn on a relatively small number of patents, according to Pamela Samuelson, co-director of the Center for Law and Technology at the University of California, Berkeley."

SCOTUS Patent Ruling Could Spark Surge In Challenges. The AP (1/10, Elias) reports, "Biotechnology analysts and lawyers said a key U.S. Supreme Court ruling Tuesday could help companies who license patents get out of bad deals easier." The AP continues, "The Supreme Court ruled that Gaithersburg, Md.-based MedImmune Inc. could sue Genentech Inc. for patent infringement even though MedImmune continues to pay fees to Genentech to use the disputed technology to develop the drug Synagis that treats childhood respiratory problems. The high court didn't rule on the merits of MedImmune's claims Tuesday, the outcome of which analysts said is more important to the patent landscape of the biotechnology industry." The AP adds, "Licensing the rights to use another company's patent technology is the lifeblood of the biotechnology industry. Many smaller companies have long complained that larger companies with extensive patent portfolios often hold monopolistic grips on certain manufacturing processes. For instance, several biotechnology companies pay Genentech royalties to access the technology at the heart of the MedImmune dispute. … 'This is definitely a major ongoing controversy,' said Jason Kantor, an analyst with RBC Market Capitals. 'The decision today does not have far-reaching implications.'"

The Legal Times (1/10, Mauro) reports, "Patent litigation could explode in the wake of the Supreme Court's ruling Tuesday in a closely watched dispute over patent validity between two biotechnology firms." The Times continues, "The Court, by an 8-1 vote, reinstated a lawsuit by MedImmune challenging a Genentech patent related to Synagis, a popular drug for treatment of respiratory disease in children. The opinion in MedImmune v. Genentech, written by Justice Antonin Scalia, says patent licensees no longer have to breach the license in order to have standing to challenge the patent that they dispute. Patent lawyers say the ruling could lead to a flurry of challenges to existing patents. … 'It's a rare patent where you can't find something to challenge. There will be an explosion in litigation by these licensees,' says Jim Badke, a partner at Ropes & Gray. 'Companies can have their cake and eat it too.'" The Times adds, "The Jan. 9 ruling overturns a decision by the U.S. Court of Appeals for the Federal Circuit, which since 2004 had held that a breach -- such as ceasing royalty payments -- was necessary in order to establish the "case or controversy" required to challenge the patent. Critics of the Federal Circuit's doctrine said it discouraged challenges against invalid patents, because breaking a license agreement can be risky. Such a breach can prompt the patent holder to retaliate by suing for infringement and seeking an injunction against further sales of the product, along with treble damages. .. Now a licensee can challenge a patent while still honoring it and paying royalties -- as MedImmune did in the case before the Supreme Court -- and patent challenges will be safer and easier to file without fear of retaliation."

ENVIRONMENT:

DOJ Probing Possible Ethical Violations At Mineral Agency. The Denver Post (1/10, Raabe) reports, "The U.S. Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service over possible ethics violations." The Post continues, "One of the investigations focuses on individuals at the agency's office in the Denver Federal Center, officials said." The Post adds, "The investigations mark the first time that federal officials are targeting possible criminal activity at the Minerals Management Service. .. The agency already has been the subject of noncriminal federal inquiries and audits alleging problems in its mission to collect royalty payments on oil and gas production from federal

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property." The Post notes, "Allegations of criminal ethics violations are unrelated to the previous inquiries and audits, the agency said in a statement. … 'The Minerals Management Service requested an investigation by the Inspector General into two possible ethics violations. These cases have been referred to the Justice Department,' the statement said. … 'Both cases involve individual personnel, and therefore cannot be discussed outside the investigation itself.' … Earlier this month, a report from the Interior Department's inspector general concluded that the Minerals Management Service may be allowing royalty underpayments because of weaknesses and inconsistencies in the agency's audits of energy-company payments."

Florida City To Target Ex-Utility Heads After DOJ Drops Probe. The Sarasota (FL) Herald Tribune (1/10, Quinlan) reports from Venice, FL, "The city will consider filing lawsuits or taking other legal action against the former utility department employees believed to be responsible for the illegal dumping to which the city pleaded guilty in federal court in 2005." The Tribune continues, "The City Council's decision Tuesday to weigh legal options comes days after city leaders learned that federal prosecutors have given up trying to bring criminal charges against any former utility department employees." The Tribune adds, "The Justice Department's decision to drop the case has angered council members, who say that the actions of a few former employees ultimately cost taxpayers more than $2 million in fines and engineering and legal fees. … 'The city felt that it had no choice but to enter into a guilty plea based on the evidence,' said council member John Moore, a former judge. 'I felt that they should have been prosecuted.'" The Tribune notes, "The Department of Justice would not comment on why it closed the case. The City Council instructed the city attorney Tuesday to seek an explanation. .. The investigation began after several former utility department employees accused colleagues of illegally dumping excess treated waste water into Curry Creek and spraying it onto a field at Knights Trail in 2001, even though the systems designed to measure and limit flow were not working. … In 2004, the city purged the department, hiring a private firm, Operations Management International, to run the city waste-water operations. … The city pleaded guilty to three felony violations of the Clean Water Act, receiving the minimum fine allowable, $110,000. As part of the plea deal, city officials agreed to cooperate in any further investigation of the supervisors or managers responsible, whom court papers refer to only as the 'Executive Group.' … But some former employees who claim to be members of the 'Executive Group' say that federal prosecutors' decision to walk away from the case proves their innocence. They say current city administrators capitulated to federal prosecutors and used the case and allegations to stage a coup."

NOAA Affirms Human Role In Climate Change. The New York Times (1/10, Revkin, 1.16M) reports, "President Bush has said it. A lot of government scientists have said it. But until yesterday, it appeared that no news release on annual climate trends out of the National Oceanic and Atmospheric Administration under the Bush White House had said unequivocally that a buildup of greenhouse gases was helping warm the climate." The Times adds, "The statement came in a release that said 2006 was the warmest year for the 48 contiguous states since regular temperature records began in 1895. ... 'A contributing factor to the unusually warm temperatures throughout 2006 also is the long-term warming trend, which has been linked to increases in greenhouse gases,' the release said, emphasizing that the relative contributions of El Niño and the human influence were not known."

The CBS Evening News (1/9, story 8, 2:10, Couric, 7.66M) reported, "Scientists confirmed today that 2006 was the warmest year on record in America, more than two degrees warmer than the 20th century average." CBS (Alfonsi) added, "Scientists blame El Niño , the weather phenomenon that warms the waters in the Pacific, shifting the location and intensity of the jet streams, making our weather just weird."

The Washington Post (1/10, A1, Kaufman, 690K) says 2006 capped "a nine-year warming streak 'unprecedented in the historical record' that was driven in part by the burning of fossil fuels, the government reported yesterday." The Post adds, "According to the government's National Climatic Data Center, the record-breaking warmth...was the result of both unusual regional weather patterns and the long-term effects of the buildup of carbon dioxide in the atmosphere. 'People should be concerned about what we are doing to the climate,' said Jay Lawrimore, chief of the climate monitoring branch of [NOAA]. 'Burning of fossil fuels is causing an increase in greenhouse gases, and there's a broad scientific consensus that is producing climate change.'"

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USA Today (1/10, O'Driscoll, 2.27M) reports, "The climate center says the current El Niño, the periodic warming of Pacific waters, is the biggest factor for 2006, and global warming is 'a contributing factor.' This is believed to be the first time the annual temperature report mentions climate change as a cause."

The Los Angeles Times (1/10, Hotz, 850K) reports, "Based on an analysis of readings from 1,200 weather stations around the country, the average annual temperature in the Lower 48 states last year was 2.2 degrees higher than the mean temperature for the 20th century and fractionally warmer than in 1998, which previously held the temperature record, the researchers reported."

US To Raise Royalty Rates For Gulf Oil And Gas Drilling. The New York Times (1/10, Andrews, 1.16M) reports, "The Bush administration, accused of failing to collect billions of dollars from companies that drill for oil and gas in federal waters, announced on Tuesday that it would demand higher royalties on all new deepwater leases in the Gulf of Mexico. The Interior Department said it would raise the royalty rate to 16.7 percent from 12.5 percent of oil and gas sales, a change that it estimated would increase government revenue by $4.5 billion over 20 years." The "change will not alter any of the thousands of existing offshore leases, nor will it affect a mistake in hundreds of leases that could allow companies to escape as much as $10 billion in royalties over the next five years. The Interior Department has been trying to renegotiate those leases for the last six months, but has managed to reach voluntary agreements with only 5 of the 56 companies that hold them." The Times adds, "Next week, House Democrats hope to pass legislation that would punish companies that refuse to renegotiate, either by imposing a stiff new tax on their production or by prohibiting them from acquiring new leases."

The Wall Street Journal (1/10, A2, Fialka, Gold, 2.04M) says the royalty increase is "apparently to appease critics in Congress who say the government has failed to collect all of the royalty payments owed it from past Gulf production."

Democrats Face Hurdles As They Target Oil Industry Tax Incentives. The Chicago Tribune (1/10, Neikirk, 617K) reports, "Democrats are pushing a cleaner, greener energy policy that they will try to drive through the House later this month. But its ultimate outlook is uncertain—and so is its impact." House Democrats "want to do away with billions of dollars in oil industry tax incentives and force oil companies to pay higher royalties on Gulf of Mexico leases. The extra money would be used to give a dramatic boost to renewable energy sources." The Tribune adds, "Although President Bush increasingly has talked about development of such energy sources, funding has been spotty." The "new legislation faces two big hurdles—a Senate where Democrats have a razor-thin margin and a White House that backed the tax breaks in the first place." And "some energy analysts said they doubt that the bill would contribute greatly to easing the nation's energy problem any time soon, even if the House bill should become law."

Bush Administration Lifts Moratorium On Drilling In Alaska's Bristol Bay. The Washington Post (1/10, D1, Mufson, Eilperin, 690K) reports, "The Bush administration yesterday moved to boost U.S. oil and gas supplies by lifting a long-standing moratorium on drilling in Alaska's Bristol Bay, as OPEC accelerated plans to reduce supplies in order to prop up sagging crude prices." Congress "first barred drilling in Bristol Bay in 1989 after the huge Exxon Valdez oil tanker spill damaged Alaska's coast. Congress lifted the ban in 2003," but "a moratorium President Bill Clinton declared on drilling in the area in 1998 remained in effect, so it took Bush's action yesterday to open it to development. Bush also lifted a presidential moratorium on part of the Gulf of Mexico that Congress opened for drilling in December." Interior Secretary Dirk Kempthorne "said the offshore drilling in both areas and the increase in royalty fees would 'enhance America's energy security by improving opportunities for domestic energy production, and will also increase the revenues that the federal government collects from oil and gas companies on behalf of American taxpayers.'"

FBI/DEA/ATF/USMS:

SF Chronicle Argues DOJ Undercut Its Case In BALCO Probe. The San Francisco Chronicle (1/10, Page B - 5, Egelko) reports, "The Chronicle told a federal appeals court Monday that a secret government filing in support of fines against the newspaper and prison sentences for two of its reporters actually undermines prosecutors' case against the journalists for refusing to disclose the sources of grand jury leaks about athletes and steroids." The Chronicle continues, "Federal prosecutors submitted the documents under seal last month to the Ninth U.S. Circuit Court of Appeals in San Francisco, saying they contained new information about their efforts to identify the sources of the

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information supplied to the reporters, Mark Fainaru-Wada and Lance Williams. The court has scheduled a hearing Feb. 12 on a judge's contempt-of-court orders against the reporters and The Chronicle. .. Their sealed filing came a day after reports by the Associated Press and Yahoo.com that the FBI was investigating a former defense lawyer in the steroid case as a possible source of the leak." The Chronicle adds, "In Monday's filing, lawyers for the reporters and the newspaper argued that prosecutors were effectively conceding they had failed to pursue alternative sources of information about the leaks before going after the reporters. … The Justice Department says it issues subpoenas to journalists only as a last resort. The Chronicle contends the same standard is part of the constitutional guarantee of freedom of the press and was not met in this case."

Four Get Prison Sentences In Virginia Cocaine Conspiracy Case. The Martinsville (VA) Bulletin (1/9) reported four men "have been sentenced by a federal judge in a cocaine distribution conspiracy case." Those sentences range from four to ten years in prison. The federal indictment "included charges of conspiracy to distribute 5,000 grams or more of cocaine powder [and] possession with intent to distribute cocaine." The DEA and the Virginia State Police "investigation into the alleged drug ring began in February when a man was arrested in the Eastern District of Virginia while allegedly in possession of more than 50 grams of cocaine. … On Nov. 2, former Henry County sheriff H. Frank Cassell, along with 12 former members of his department and seven residents, were charged in a…48-count federal indictment which includes allegations of racketeering conspiracy, obstruction of justice, misprision, money laundering, firearms offenses, drug charges, perjury and other charges."

Arizona Man Sentenced For 2005 Shootout With US Marshals. The Arizona Republic (1/10, Arnold) reports, "A 25-year-old man has been sentenced to 40 years in prison in connection with a 2005 gunbattle in Gilbert (AZ)." The Republic continues, "Joshua Wayne Trotter was sentenced Monday afternoon after he pleaded guilty in September to seven counts of assaulting a federal officer, unlawful possession of a firearm and use of a firearm during and in retaliation to a crime of violence. … Trotter was accused of shooting at U.S. Marshals, injuring one, June 3, 2005, as they attempted to arrest him on a probation violation federal warrant, according to the U.S. Attorney for Arizona." The Republic adds, "Trotter has five previous felony convictions, including assaulting police officers, and a case pending in Coconino County Court on a charge of assault on a family member, the U.S. Attorney's Office said. .. The Marshals tracked Trotter, a suspected methamphetamine user, to Gilbert after he is believed to have terrorized his family three weeks earlier near the Grand Canyon, a U.S. Marshals Service representative told The Arizona Republic in 2005. … According to the U.S. Attorney's Office, marshals attempted to block Trotter's path with their vehicles as he drove away from a house east of Lindsay and Pecos roads."

The AP (1/10) reports, "A Marshal opened fire as Trotter pushed the other Marshal's car backwards, and Trotter returned fire with a pistol, striking one deputy in the hand. Trotter eventually was shot twice and surrendered. He had five previous felony convictions and has an assault case pending in Coconino County Court. … (US District Judge Paul K.) Rosenblatt described Trotter as a 'poster-boy for the effects of methamphetamine,' at the sentencing, the U.S. Attorney's office said."

Mexico Extradites Man To Face Charges In California Deputy's Slaying. The AP (1/10) reports, "A Mexican man was extradited to the United States on Tuesday in connection with the slaying of a deputy sheriff in California." The AP continues, "Jorge Arroyo Garcia, alias Jorge Rubo or Armando Garcia, was flown to the northern city of Tijuana, across the border from San Diego, California, and formally handed over to agents from the United States Marshals Service, the Mexican Attorney General's Office said in a news release. … According to U.S. authorities, Arroyo is believed to have shot Los Angeles County Deputy Sheriff David March during a traffic stop in April 2002. In addition to murder, Arroyo is accused of illegal weapons possession." The AP adds, "Arroyo was first captured by Mexican authorities in 2004 and he has been held in a Mexican prison since. He filed various appeals fighting his extradition that eventually were dismissed. … The Attorney General's Office described Arroyo as one of the United States Marshal Service's most-wanted fugitives."

The Los Angeles Times (1/10, Enriquez, Blankstein) reports, "The extradition marks a victory for L.A. prosecutors and local police, who have been trying for several years to get Garcia to stand trial. Detectives allege that after shooting March during a traffic stop in Irwindale, Garcia fled to Jalisco,

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Mexico. He was arrested last year." The Times adds, "Mexican police were said to be helping in the search, but at that time the extradition of fugitives to the U.S. from Mexico was in dispute. Mexican judges balked at allowing Mexican nationals to be returned to a country where they could face the death penalty or life in prison. … In 2004, Mexico's Supreme Court ended a four-year argument with the U.S. over extradition by ruling that thousands of slaying suspects could be returned."

IMMIGRATION:

Demjanjuk To Appeal Deportation Again. The AP (1/10) reports, "A retired Ohio auto worker ordered deported over accusations that he was a Nazi death camp guard during World War II has started another appeal in a federal court, his lawyer said Tuesday." The AP continues, "John Demjanjuk, 86, of suburban Cleveland, on Dec. 21 lost his previous attempt to avoid deportation when the Board of Immigration Appeals in Falls Church, Va., rejected his appeal of an immigration judge's 2005 deportation order. … But Demjanjuk still has the right to appeal that ruling in federal courts, so the filing of a petition for review in the 6th Circuit in Cincinnati was expected. The filing Monday starts the next appeal process, defense lawyer John Broadley said. … The immigration appeals board said Demjanjuk's Nazi guard past is conclusively established." The AP adds, "Demjanjuk's case dates back nearly 30 years. He was cleared in 1993 in Israel of being the notorious 'Ivan the Terrible,' a sadistic guard at the Treblinka concentration camp in Poland. But the Justice Department said World War II documents prove he was a Nazi guard at various death or forced labor camps."

GOP Lawmakers Ask DOJ To Help Convicted Border Agents Remain Free. The El Paso Times (1/10, Gilot) reports, "Five congressmen said they will have a news conference today in Washington, D.C., to support the efforts of two former El Paso Border Patrol agents to remain free on bond while they appeal their convictions in the case of a drug smuggler who was shot in the buttocks in 2005 near Fabens." The Times continues, "The elected officials said they wrote to Attorney General Alberto Gonzales requesting the Justice Department to direct federal prosecutors to not oppose a motion for bond continuance by Ignacio Ramos and Jose Alonso Compean. If a federal judge denies the motion, Ramos and Compean have to surrender on Jan. 17 to start their prison sentences. … The lawmakers are U.S. Reps. Dana Rohrabacher, R-Calif., Ted Poe, R-Texas, Walter Jones, R-N.C., Tom Tancredo, R-Colo., and Duncan Hunter, R-Calif."

Border Region Officials Appeal To Congress To Stop Construction Of Wall. McClatchy (1/10, Montgomery) reports, "With Democrats now in charge on Capitol Hill, a 700-mile fence that swept through the previous Republican-controlled Congress is apt to come under a scathing re-evaluation amid reports of skyrocketing costs and widening opposition along the U.S.-Mexican border. Mayors from Texas border cities will meet with Homeland Security Secretary Michael Chertoff next week with what they say is a unified message: Don't build the fence. The meeting is scheduled for Jan. 17 in the office of Texas Republican Sen. Kay Bailey Hutchison." According to McClatchy, "The growing outcry from local officials parallels renewed concerns over costs following a report that the price tag for building and maintaining the fencing could reach nearly $50 billion over a 25-year period. The cost projections were prepared by the nonpartisan Congressional Research Service."

TAX:

IRS Urged To Drop Private Debt Collection Program. The New York Times (1/10, Browning) reports, "The national taxpayer advocate called on Congress yesterday to repeal the authority of the Internal Revenue Service to use private debt collectors." The Times continues, "In her annual report, the taxpayer advocate, Nina E. Olson, said the private debt collection program was economically inefficient and prone to abuse. In particular, she faulted the I.R.S. for not disclosing certain 'psychological techniques' used by the private contractors to try to collect unpaid taxes." The Times adds, "The office of the taxpayer advocate was created by Congress to identify problems within the I.R.S. that affect taxpayers and to promote their interests before the agency and Congress, which writes the tax code. … Ms. Olson's office provided its most extensive review yet of the private debt-collection program, which it has been monitoring for two years since plans for it were announced. The program, which formally started in September, is meant to farm out easily collectible tax bills, typically owed by low-income taxpayers, to private collection agencies. When the

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I.R.S. announced the program, it said that the private entities would abide by the same publicly disclosed rules as I.R.S. employees." The Times notes, "Private debt collection has drawn criticism that it is not cost-efficient and that some of the private firms hired by the I.R.S. have questionable business practices. One firm hired by the agency was the law firm of Linebarger Goggan Blair & Sampson of Austin, Tex., whose former partner, Juan Peña, pleaded guilty to federal bribery charges for his role in winning a collection contract from the city of San Antonio."

The Washington Post (1/10, D3, Day) reports, "Olson's recommendations were greeted warmly by the Democrats who will chair the two congressional committees that oversee the IRS, Max Baucus of Montana of the Senate Finance Committee and Charles B. Rangel of New York of the House Ways and Means Committee. Baucus and Rangel have strongly criticized the use of private debt collectors and have said the job should stay within the government, a position both reiterated yesterday. … Both also repeated their vow to tackle the alternative minimum tax, or AMT, and the tax gap -- the $290 billion to $350 billion in uncollected taxes -- in legislation this year."

Repeal Of Phaseouts Urged. In his "Tax Report" column for the Wall Street Journal (1/10, D1), Tom Herman writes, "Millions of people are paying taxes at higher rates than they probably realize because of tricky provisions that can reduce -- or even eliminate -- major tax breaks based on their income. … These so-called phaseouts (because some benefits begin to phase out when your income exceeds certain levels) and similar provisions should be repealed, or at least simplified, said Nina Olson, the Internal Revenue Service's National Taxpayer Advocate, in a report to Congress released yesterday. Ms. Olson, who isn't a political appointee, heads an IRS unit designed to help taxpayers cut through red tape and deal with problems that typically couldn't be resolved through normal channels." Herman continues, "The report says more than 60 million individual income-tax returns, about 44% of the total filed last year, are affected each year by one or more of these provisions, which can drive up a taxpayer's marginal tax rate well above his or her official tax rate. … It's doubtful that Congress will eliminate phaseouts. Repealing them would cost the U.S. Treasury Department billions of dollars each year at a time when lawmakers are focusing more on cutting budget deficits than on simplifying the nation's notoriously complex tax system. Yet the report throws a new spotlight on a dimly lit corner of the tax world that many taxpayers need to understand more thoroughly in order to make intelligent tax and investment-planning decisions."

Taxpayer Advocate Cites AMT, Income Underreporting As Top Two IRS Problems.

The AP (1/10, Abrams) reports, "A tax law meant to crack down on wealthy tax dodgers has instead become the most serious problem facing millions of other taxpayers. For the government, the biggest problem is billions of dollars in unpaid taxes, National Taxpayer Advocate Nina E. Olson said Tuesday in a report to Congress on the hurdles Americans face in meeting their tax obligations. Olson, who works independently within the Internal Revenue Service, also urged Congress to repeal IRS authority to contract out to private collection agencies, saying the IRS is better trained and more efficient in collecting delinquent taxes." The advocate "is required to submit an annual report to Congress listing at least 20 of the most serious problems encountered by taxpayers. This year the list was topped by the alternative minimum tax. … The second most serious problem was the gap between what taxpayers should be paying and what the IRS is collecting, estimated at $290 billion a year. The advocate said that noncompliance by some taxpayers requires good-faith taxpayers to pay an additional $2,200 a year."

Congressional Budget Rules Seen As Stifling IRS Debt-Collection Effort. Under the headline, "Tax Collection Debate Is A Product Of Budget Battles," the Washington Post's (1/10, D4, Barr) "Federal Diary" column reports, "The idea of using private-sector debt collection companies to get small-time tax delinquents to pay up has been controversial since Congress gave the green light to the program in 2004. Some members of Congress have questioned whether the program will prove effective, and the National Treasury Employees Union, which represents IRS workers, is lobbying on Capitol Hill to ban such outsourcing. Under the program, the debt-collection companies get a commission of up to 25 cents for every dollar they collect. The IRS has estimated that the outsourcing program will bring in about $1.4 billion, less costs, over 10 years and should free up revenue agents to focus on more complex cases and big-time tax cheats." The Post adds that the outsourcing program, "grew out of the pull-and-push over annual IRS budgets. The congressional appropriations process each year has kept the agency from getting a little extra money that could bring in a lot more tax

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revenue," according to Nina E. Olson, taxpayer advocate, who the Post adds, "thinks the risks are too great." Olson "recommended that Congress consider revising its budget rules" and "increase IRS personnel funding by 2 to 3 percent each year to allow the agency to increase staffing."

CONGRESS-ADMINISTRATION:

Bush Withdraws Four Judicial Nominations.

Fox News' Special Report (1/9, Hume) reported, "In light of the new Democratic majority in Congress four of President Bush's federal appeals court appointees have asked that their nominations be withdrawn. … Confirmation of all four had been blocked previously in the Senate judiciary committee." The AP (1/10, Espo) reports that in "a concession" to Senate Democrats, President Bush "won't rename four controversial federal appeals court nominees whose confirmations were blocked last year." William Haynes, William G. Myers III and Michael Wallace all "asked to have their appointments withdrawn," while Judge Terrence Boyle "was informed of the White House's decision, according to an ally." Deputy White House spokeswoman Dana Perino "said the president was disappointed about the withdrawals. … 'Unfortunately, a few selected senators prevented these nominees from receiving fair consideration. The president is disappointed in this inaction, and hopes that the days of judicial obstructionism are beyond us.'" McClatchy (1/10, Barrett, Rosen) reports Boyle "refused" to withdraw his nomination, "saying in an interview Tuesday that it wasn't his place. 'I didn't quit,' said Boyle, whose case may be the longest nomination-in-waiting in U.S. history. He was first nominated for the 4th Circuit Court of Appeals in 1991 by President George H.W. Bush and was nominated six more times by the current President Bush."

The New York Times (1/10, Lewis, 1.16M) reports the announcement of the nominees' withdrawal "was widely taken to mean that the president had decided that renominating them would be a needlessly provocative act, one that would anger Democrats without sufficient political payoff from conservatives for sticking by the nominees. … After Tuesday's announcement, some Democrats expressed appreciation for the decision." Sen. Patrick Leahy, chairman of the Judiciary Committee, "praised Mr. Bush for not resubmitting the three nominees. 'This new Congress presents an opportunity for a fresh start on judicial nominations, one that emphasizes qualifications and bipartisan consensus over game-playing." Sen. Charles Schumer said, "It's the first whiff of conciliation we've had on the issue of judges." According to the Times, "At least one nominee had told friends he was interested in withdrawing long ago but agreed to keep his name in to satisfy the White House if the president wanted to continue pressing the nominations."

Bloomberg (1/10, Rowley) reports, "Senator Charles E. Schumer, a New York Democrat, welcomed the administration's retreat as a sign Bush 'is heeding the message from the November election.' He said Democrats would work with the administration 'to confirm judges who are not extremists, either left or right.'"

Bush Renominates Thirty-Two Other Judiciary Candidates. The Washington Post (1/10, A3, Smith, 690K) reports, "Signaling at the same time that President Bush is committed to placing more conservatives on the bench, the White House renominated 32 other federal judicial candidates that the previous Senate did not confirm. Bush also nominated a previous candidate for a federal district court to fill one of the four appellate positions."

WSJournal Blames Graham For Haynes' Withdrawal. The Wall Street Journal (1/10, 2.04M), in an editorial, writes Haynes "is a victim of…Lindsey Graham's desire for the media spotlight. … Graham joined Democrats in blocking him to settle a political score." Haynes "is general counsel of the Pentagon, where his transgression in the days following the 9/11 attacks was to do his job with too much determination to protect the country. That meant offering legal analysis to Secretary Donald Rumsfeld on the treatment of detainees -- advice that critics later distorted as condoning 'torture.'" The Journal Claims Graham "basked in media attention for opposing President Bush on detainees" and "for reasons of ego or retribution or something, he has also insisted on embarrassing the White House by blocking Mr. Haynes's nomination." The Journal concludes: "Graham's treatment of a favorite son is a disgraceful episode, and one that South Carolina Republicans will want to consider if the Senator faces a primary challenge in 2008."

WPost Welcomes Bush's Move. The Washington Post (1/10, A12, 690K), in an editorial, writes that Bush's decision "is a welcome sign from an administration that, in the realm of judicial selection, has too often chosen confrontation over compromise. … Bush deserves credit for putting some action behind his rhetoric of bipartisanship." The Post adds, "Now the onus is not only on the president to

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avoid more thumb-in-their-eye nominees, but also on Democrats…to make good on their end of the bargain: to give the president's nominees the timely and reasonable consideration that nominees have not always received in the past."

Bush Renominates Recess Appointments Myers And Sauerbrey. The Washington Times (1/10, 88K) reports President Bush "renominated Julie L. Myers to head U.S. Immigration and Customs Enforcement a year after he was forced to make her a recess appointment during questions about her qualifications for the job. … Myers' recess appointment expired at the end of the last Congress. During her year in office, ICE expanded enforcement, but many members of Congress said they wanted to see still more operations. Her nomination will give both Democrats and Republicans in Congress a platform to criticize the president's immigration policy. She was one of several recess appointees Mr. Bush renominated yesterday. Another was Ellen R. Sauerbrey, the former Republican candidate for Maryland governor, who Mr. Bush has tapped to be assistant secretary of state for population, refugees and migration. Her nomination proved to be contentious because of her pro-life views."

Petraeus, Fallon Expected To Be Confirmed Quickly. The Hill (1/10, Tiron) reports, "Despite stepping up opposition to President Bush's yet-to-be-announced troop-surge plan, the Democratic-led Senate is likely to swiftly confirm military officers selected by the administration to carry out its new plan for Iraq. … Lt. Gen. David Petraeus "has been chosen to replace Gen. George Casey as the top commander in Iraq with a promotion to four-star general, while Casey will be nominated to become the new Army chief of staff. Meanwhile, Adm. William Fallon will take over U.S. Central Command from Gen. John Abizaid, who is retiring. All three nominations require Senate confirmation." According to the Hill, "Democrats and some Republicans who have been more cautious about supporting the White House's troop-surge denied they would use the nomination process to force the president's hand." Casey "may face tough questions" from Sen. John McCain and Sen. Lindsey Graham "both of whom have been pushing for more troops in Iraq."

Top State Department Arms Control Official Resigning. Al Kamen, in his Washington Post "In the Loop" column (1/10, A11) writes, "State Department. Buzz is Robert Joseph, undersecretary for arms control and international security, is going to be moving on, possibly at the end of this month. The date is uncertain, we're told, because it has changed a few times. Apparently Secretary Condoleezza Rice wanted Joseph, who we're told has been frozen out of some important issues, to stay on for a bit given all the openings."

Tomlinson Withdraws His Nomination For Broadcasting Board Post. Fox News' Special Report (1/9, Hume) reported that Kenneth Tomlinson, Chairman of the Broadcasting Board of Governors "which manages the government's international broadcasting offices, has told the president that he would rather write a book about his experiences than undergo another confirmation process. Tomlinson was formerly chairman of the Corporation for Public Broadcasting where he was criticized by congressional Democrats and liberal public broadcasters for his efforts to add a conservative viewpoint to programming. … An internal investigator found he violated the board's code of ethics." The Washington Times (1/10, Pfeiffer, 88K) reports Tomlinson said, "I think it's a good story that will help the public understand how Washington operates. There's been a criminalization of political differences." The Times adds that during Tomlinson's tenure at the Broadcasting Board of Governors, it "worked to open news operations in parts of the world where authoritarian regimes blocked access to information. As a result of these initiatives, an Arabic language satellite TV network now broadcasts in Iraq and other Muslim nations, Persian language satellite news is fed daily into Iran, and radio and television broadcast signals are sent into Afghanistan and Cuba."

SMU Faculty Questions Bush Library Plans. The New York Times (1/10, Blumenthal, 1.16M) reports, "Intimates of President Bush have singled out Southern Methodist University as the likely site of his presidential library, but faculty members, complaining of being bypassed, are raising sharp questions about the school's identification with his presidency. In a meeting Tuesday, faculty members complained of a lack of consultation over the emerging agreement and all but demanded answers from the university's president, R. Gerald Turner, on the relationship that would develop between the university and the library. … The session grew out of the uproar after an op-ed article in

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the student newspaper, The Daily Campus, by two professors at the university's Perkins School of Theology complaining about the library selection process.

GOP Senators Reportedly Considering Filibuster Of Minimum Wage Hike. The New York Times (1/10, Greenhouse, 1.16M) reports, "As part of their 100-hour legislative blitz, House Democrats are expected to vote today to increase the minimum wage for the first time in a decade, to $7.25 an hour, in a move that economists say will raise pay for 13 million workers. The bill's chances are less certain in the Senate, largely because of friction over a Republican push to include tax breaks for small business in the bill. Senate Republicans have hinted that, without such tax cuts, they will filibuster the measure, a move that the bill's supporters would need 60 votes to overcome." The Times adds, "After opposing a minimum-wage increase for years, many Republicans now say they favor one, but only if it is coupled with a tax cut for restaurants and other small businesses -- the groups they say would be hurt most by the wage increase. … President Bush has said he might accept a higher minimum wage, but only if it is tied to tax cuts to soften the blow for business."

The Washington Post (1/10, A1, Finkel, 690K), in a front-page story titled, "Life At $7.25 An Hour," reports, "Today in Washington, the House is scheduled to vote on whether to increase the federal minimum wage. … Passage is expected, with Senate approval soon to follow, and if President Bush signs the resulting bill into law, as he indicated he would, the U.S. minimum wage would rise for the first time since 1997, ending a debate about whether such a raise would be good or bad for the economy."

Kennedy Opposes Baucus Tax Cut Proposal. The Hill (1/10, Schor, Young) reports, "The Senate Finance Committee today will examine options for tax breaks that the Health, Education, Labor and Pensions (HELP) Committee can successfully pair with the wage hike. But HELP Chairman Edward Kennedy and ranking Republican Mike Enzi (Wyo.) are already dissenting from party leaders' positions on the minimum wage. Kennedy will push for a Senate wage hike without business tax breaks at an event today with House Majority Whip Steny Hoyer, House Education and Labor Committee Chairman George Miller, AFL-CIO President John Sweeney, and freshman Reps. Betty Sutton and Carol Shea-Porter. At least two members of Kennedy's panel, freshman Sens. Sherrod Brown and Bernie Sanders backed his approach."

Northern Mariana Islands Provision Added To Minimum Wage Bill. The Hill (1/10, Crabtree) reports, "House Democrats plan to bring the Northern Mariana Islands in line with U.S. minimum wage laws under legislation that comes to the floor today, thus ending a decade of policy favoring island businesses secured by lobbyist Jack Abramoff and former Rep. Tom DeLay. … The bill would increase the islands' minimum wage to $7.25 over the next four years, compared to the two years and two months it gives other U.S. employers to phase in the increase." The article goes on to describe, in great detail, how the territory's relationship with congress has fared since DeLay's resignation and the Democrats'' midterm victories.

Baucus Criticized Over Planned Tax Cut Hearings. The Washington Post's Steven Pearlstein (1/10, D1) writes, "you'd think raising the minimum wage for the first time in a decade would be a political and economic no-brainer for the new Democratic Congress. But you'd be forgetting about Max Baucus. Baucus is a Democratic senator from the Republican-leaning state of Montana, which means he is on the political equivalent of the endangered-species list. So you can understand Baucus's need to vote with his constituents on things like sugar subsidies and gun control and grazing fees on public lands. But while Baucus is surely entitled to his opinions, and entitled to do what is necessary to assure his own political survival, he is not entitled to be chairman of the Senate Finance Committee, which handles such key Democratic issues as health care, trade and tax policy. That position ought to be reserved for a statesman with enough political confidence and backbone that he isn't constantly sacrificing the interests of his party and his country to the narrow interests of his subsidy-addicted constituents."

House GOP Backs Small Business Health Insurance Amendment. The Wall Street Journal (1/10, A6, Rogers, 2.04M) reports, "Playing against type in the new Congress, Republicans are talking up health care while Democrats talk up tax breaks for small business. Democrats are embracing billions of dollars in tax breaks to ease the effect on small employers. But as Republican governors in California and Massachusetts bring forward state plans to help uninsured families, Republicans in Congress recognize the health-care issue's populist appeal and propose to help small employers deal with covering their workers. The result is a three-issue Washington triangle that could have

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unintended consequences. Paying for small-business tax breaks, for example, may mean tightening tax shelters for the wealthy and big corporations." Senate Finance Committee Chairman Max Baucus "will hold a hearing today to weigh tax breaks to help small employers, especially the restaurant industry, which wants a substantial acceleration in depreciation for new construction. … Hoping to trump the Democrats, House Republicans are pushing legislation to let employers with fewer than 100 workers seek coverage through trade-association health plans that could operate on a national scale exempt from state regulation."

House Drug Benefit Bill Spurs Resurgence Of Healthcare Debate. USA Today (1/10, Wolf, 2.27M) reports that on Friday House Democrats "plan to pass legislation requiring the government to negotiate for lower Medicare prescription-drug prices. They see it as one way to reduce the impact of the program's coverage gap, which forces seniors and disabled Americans with high drug costs to pay their full cost for a period of months. … Debate over this issue could signify a series of political conflicts over health care policy reminiscent of the Clinton administration's first two years." USA Today notes the debate "comes as the Medicare prescription-drug program is rebounding from a troubled start last January, when millions of low-income beneficiaries were mistakenly dropped or overcharged. More than 90% of seniors have some type of drug coverage. Individual premiums and overall taxpayer costs have come in substantially lower than projected. And for the first time in Kaiser's surveys, a majority of seniors approve of the program." Health and Human Services Secretary Michael Leavitt "has called the House bill a 'surrogate for government-run health care.' He met Tuesday with House Republicans to drive home the administration's opposition to the House bill."

Senators Predict Five-Day Work Weeks Won't Last. Roll Call (1/10, Billings) reports, "Senators are adjusting their travel plans to comply with the newly implemented five-day work schedule, but few believe Majority Leader Harry Reid will actually keep the chamber operating at that clip for long. Opinions vary over how long Reid will insist on the Monday-through-Friday calendar, but Senators and aides on both sides of the aisle have little faith it will last beyond August and the unofficial start of the 2008 election season. About a third of the Senate is up for re-election in two years, and the contest for the White House — likely featuring several sitting Senators — already is in play."

Hoyer Aide Monitors "Hundred Hours Clock." The New York Times (1/10, Leibovich, 1.16M) reports Rob Cogorno's title is floor director for House majority leader Steny Hoyer "but for all practical purposes, he is the Keeper of The Clock. That is the digital timepiece on Mr. Hoyer's Web site marking the passage of legislative time as House Democrats push their 'Hundred Hours for a New Direction' agenda through Congress."

Morris Claims House Democrats Hurt Themselves By Taking Day Off For Football. In his column for The Hill (1/10) Dick Morris writes, "House Democrats lost considerable credibility yesterday when their opening session was cancelled so that members could attend the Ohio State-Florida State football game. This is not a joke. It is, however, a blunt metaphor for how genuinely out of touch the members of Congress really are. How many other Americans do you suppose were given the same perk? A day off because of an evening football game? And how many school kids would like to have time off to watch their own favorite teams? What kind of message is the House leadership sending?"

Pelosi's Swearing-In Stagecraft Praised. The Washington Post's Ruth Marcus (1/10, A13) writes, "when the newly minted speaker of the House invited her own grandchildren and the other children in the chamber to join her on the podium and touch the speaker's gavel, my first thought was: This is so choreographed. My second thought was: Awwwww. … This plays to Pelosi's advantages, humanizes her image as shrill San Francisco Democrat. As a woman and a mother, especially as a mother of daughters, I was quietly thrilled. About the marble ceiling cracking, yes, but also about the way Pelosi cracked it -- reveling in, not minimizing, her mother- and grandmother-hood."

Senate Ethics Reforms Include Gift Ban, Waiting Period. The AP (1/10, Abrams) reports, "Picking up on the anti-corruption theme that helped bring them to power, Democrats in both the House and Senate have started off with legislation to ban gifts and meals from lobbyists, limit privately paid travel and shine more light on the special projects, or earmarks, that have proliferated in legislation." Senate Majority Leader Harry Reid and minority leader Mitch McConnell "offered several alternatives aimed at strengthening the Senate bill, which has been criticized as

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being inadequate in several key areas. Among the proposals were to require lawmakers to pay the full price of tickets to sporting and entertainment events and to expand the definition of earmarks to include targeted tax and tariff benefits and projects routed through a federal agency that benefit only one nonfederal entity." The AP notes the Senate bill, "in addition to requiring a two-year waiting period before former members can lobby Congress, would bar lawmakers from negotiating for jobs with lobbying firms while still in office. 'We should not tolerate a committee chairman shepherding the Medicare prescription drug bill through Congress at the same time that he is negotiating a job with the pharmaceutical industry to become their top lobbyist,' said Sen. Barack Obama. The AP notes Obama was referring to former Rep. Billy Tauzin "who left Congress in 2005 to head the trade group representing pharmaceutical companies."

Corporate Jet Provision Faces Bipartisan Opposition. Roll Call (1/10, Newmyer) reports Reid's plan "most controversially, would force Senators to pay charter rates for rides they catch on corporate jets. The corporate jet proposal already has met with opposition from Senators who will play a key role in the reform debate. Both Rules and Administration Chairwoman Dianne Feinstein and ranking member Bob Bennett who are helping manage debate on the bill — spoke out against the change, arguing it would make it impossible for Members representing large, rural states to travel and reach constituents."

The New York Times (1/10, 1.16M), in an editorial, writes that Reid, "like most of his colleagues on both sides of the aisle, is an admitted frequent flier on posh lobbyist-provided corporate jets. So we were very pleased yesterday when he proposed legislation that would require senators to pay the full charter-flight fare if they wanted to ride in the style of a C.E.O. Speaker Nancy Pelosi took the issue further with a full House ban on private jet perks, enacted through a rules change, not legislation. But Senator Reid's initiative could be just as effective, provided no loopholes creep in as the Senate takes up wide-ranging proposals for ethics reform."

The Los Angeles Times (1/10, 850K) editorializes, "The Senate prides itself on being different than…the more plebian and poll-driven House of Representatives. But do members of the World's Greatest Deliberative Body really want to define themselves by their greater willingness to hop aboard a corporate jet? You might think so, judging from the rumblings from senators unhappy about the pressure to follow the ethically energized House in banning travel by members on corporate planes."

Johnson's Condition Upgraded To Fair. The AP (1/10, Jalonick) reports Democratic Sen. Tim Johnson's "condition has been upgraded from critical to fair, four weeks after he was hospitalized for a brain hemorrhage, and he no longer needs a ventilator to help him breathe." Doctor Vivek Deshmukh said Johnson is "breathing independently after using a ventilator for several weeks, most recently only at night." Johnson spokeswoman Julianne Fisher said the Senator "remains in intensive care at George Washington University Hospital." The Senator is "expected to leave intensive care but remain in the hospital when he begins the rehabilitation process. His office has said that his recovery is expected to take several months." The Washington Post (1/10, A11, 690K) runs an abbreviated version of the AP story.

NYTimes Says Congress Should Support Embryonic Stem Cell Research. The New York Times (1/10, 1.16M) says in an editorial, "House Democrats are poised to push through a bill this week that would loosen President Bush's restrictions on federal support of embryonic stem cell research. The bill will be opposed by legislators beholden to religious conservatives. Many are likely to cite a new study suggesting that broadly useful stem cells can be derived from amniotic fluid without destroying embryos to get them." But the "new study, while certainly intriguing, in no way lessens the need to widen the array of embryonic stem cells available for research and ultimately therapy. The Democrats' proposal is extremely modest — about the least that could be done to accelerate progress in this promising field. It deserves support from veto-proof majorities in both houses."

WSJournal Urges Supreme Court To Back "Paycheck Protection." The Wall Street Journal (1/10, A16, 2.04M) says in an editorial, "Compulsory dues are the financial foundation of Big Labor's political power. So you can bet union officials will be paying special attention today as the Supreme Court hears oral arguments in a case that could affect how that money may be spent." The appeal "consolidates two cases from Washington state, where even nonmembers of unions can be forced to pay collective-bargaining dues as a condition of employment." In 1992, Washington "voters rebelled against that obligation; they overwhelmingly approved a paycheck protection law that

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requires unions to get 'affirmative authorization' from workers who don't belong to the union before spending their dues money on politics." The state teachers union, "the Washington Education Association, challenged the voter-passed law, and a state Supreme Court ruling last year struck it down on the grounds that it violated the First Amendment free-speech rights of union officials. It's a novel rationale, to say the least." Washington is "one of a half-dozen states to pass a paycheck protection law. And if the lower court ruling is upheld on the principle that unions have a constitutional right to extract money for political activities from even nonmembers, these laws could be jeopardized everywhere."

OTHER NEWS:

Stocks Finish Mixed. NBC Nightly News (1/9, story 8, :10, Williams, 9.87M) reported, "Here in New York on Wall Street the Dow off almost 7 points [to close at 12,416.60]. NASDAQ was up nearly six points [to close at 2,443.83] at the end of today's trading."

Kentucky GOP Eager To Challenge Yarmuth. The Hill (1/10, Youngman) reports that although Kentucky Republicans "will focus 2007 on maintaining the governor's mansion, those in the 3rd congressional district already are gunning to retake a congressional seat lost in last year's Democratic wave." Democratic Rep. John Yarmuth, "who narrowly defeated five-term congresswoman Anne Northup with 51 percent of the vote, is facing a local and state GOP bitter over Northup's defeat." Northup reportedly will "throw her hat in the primary ring against embattled Republican Gov. Ernie Fletcher," but "a number of Louisville Republicans are chomping at the bit to win back the congressional seat that is comprised almost wholly of Louisville, the commonwealth's largest metropolitan area." Potential challengers "to Yarmuth include Erwin Roberts, a former Fletcher administration official and member of the University of Kentucky Board of Trustees, and Chris Thieneman, a builder and contractor popular in the growing southern area of the district, according to a source familiar with Louisville Republican politics."

DeMint Endorses Romney. The AP (1/10, Davenport) reports Sen. Jim DeMint of South Carolina "has endorsed former Massachusetts Gov. Mitt Romney in the 2008 presidential race, according to a letter the South Carolina senator is sending to state Republicans." Sen. John McCain of Arizona "is favored by Sen. Lindsey Graham, South Carolina's senior senator."

Fox News' Special Report (1/9, Hume) reported, "One day after the former Massachusetts Gov. Mitt Romney raised $6.5 million for his campaign, he picked up support from Republican Sen. Jim Demint of the South Carolina, another key early primary state. Romney is already well organized in New Hampshire, not so Rudy Giuliani. He has done little work in New Hampshire and Republicans here and across the country continue to question whether or not he will enter the race."

Romney, McCain Compete For House GOP Support. The Hill (1/10, Crabtree) reports GOP House members have "been enjoying the attention of two powerful politicians," Romney and McCain, who are both "racing to recast their reputations as moderates." They "recognize that by courting House Republicans, they can silence critics early and tap into a large swath of grassroots support that will be key in determining the outcome of the GOP primary contest early next year." GOP Conference Chairman Adam Putnam said, "A lot of people wonder how a conservative got elected governor in Massachusetts. I'm still learning about Romney and his policies." The Hill adds while Romney and McCain's efforts in South Carolina "have been making headlines recently, the two also are keeping a close watch on conservative support in the House. Romney was the first to reach out to House Republicans last year, taking advantage of some conservatives' 'anybody but McCain' mentality and disdain for the Arizona lawmaker's campaign-finance reform and immigration agendas. Romney has to contend with his own record on gay marriage and opposition to the Contract with America." Nearly "all of the dozen GOP members interviewed for this article had been contacted by one of the two candidates — many of them during the first week of 2007."

Iowa GOP Leaders Cool To McCain. Roll Call (1/10, Drucker) reports that despite his "status as the national frontrunner for the Republican presidential nomination, Sen. John McCain (Ariz.) appears to have an uphill climb in the make-or-break caucus state of Iowa, where a majority of county Republican chairmen say he is far from the first choice of likely caucus voters." The "prevailing sentiment in recent interviews with 63 of Iowa's 99 GOP county chairmen was one of respect for McCain as a war hero and public servant but disdain for his politics — particularly his handling

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of President Bush's judicial nominees and his association with the issue of campaign finance reform. Disenchantment with his candidacy reaches all corners of the state, including the pivotal Republican stronghold of northwest Iowa and vote-rich counties such as Polk, Linn and Scott." Most, "even those who complimented the campaign organization the Arizona Senator and 2000 presidential candidate is assembling, said he is not conservative enough — he is too much of a 'maverick,' several county chairman said — to win."

New Hampshire Voting Trends Said To Disadvantage McCain. Fox News' Special Report (1/9, Hume) reported that in New Hampshire, independents have "outnumbered both Democrats and Republicans" at the polls, "but they have tended to vote GOP. Last year, Democrats won huge electoral gains and that has dramatically changed the presidential campaign trail of 2008. That may be bad news" for McCain, "who won the New Hampshire primary in 2000 because of independent votes. Longtime GOP powerbroker Ed DuPont backed to McCain in 2000, but suggests that in the wake of the Democratic wins in New Hampshire, independents now lean left. … Polls suggest independents are turned off by McCain's support for sending more US troops to Iraq."

Vilsack Says Congress Should Block Funds For Additional Iraq Troops. The AP (1/10, Davenport) reports Democrat Tom Vilsack "called on Congress to block funds for additional troops in Iraq but expressed misgivings about using the power of the purse to reduce U.S. forces." Vilsack said, "I think it's one way of absolutely putting that on the table. Mr. President, you don't have a blank check. Congress basically made a mistake by giving him a blank check at the beginning of this process. Now they are basically saying you don't get a second blank check." The AP adds that in "one of his last acts as Iowa governor, Vilsack asked state lawmakers to take a stand against the war in Iraq."

Gilmore Forms Exploratory Committee. The AP (1/10, Lewis) reports Jim Gilmore, "Virginia's former tax-slashing Republican governor, on Tuesday took the first step in a long-shot bid for the presidency." Aide Matt Williams said Gilmore "filed papers with the Federal Election Commission in Washington to form the Jim Gilmore for President Exploratory Committee." He is "the sixth Republican to form an exploratory committee — a year before the first primary votes are cast." Like "several other Republican hopefuls, Gilmore said he entered the race because the GOP field lacks a true conservative and argues his candidacy will resonate with conservatives disillusioned with the party."

The Washington Times (1/10, Pfeiffer, 88K) reports Gilmore "became the latest Republican to form an exploratory committee in advance of a potential 2008 White House campaign." Virginia GOP Chairman Ed Gillespie said, "Jim Gilmore is a former governor of a very important state with a strong conservative record." But Gillespie "said he is neutral on the field of Republican presidential primary candidates." The Times adds Gilmore "last year traveled to key primary states such as Iowa, New Hampshire and South Carolina. In August, a group of supporters started a Web site to encourage the former governor to run for the White House."

Clinton Campaign Likely To Be Headquartered In DC Area. The New York Times (1/10, Healy, 1.16M) reports that "among the signs that the Clinton presidential kabuki is ending -- that Senator Hillary Rodham Clinton will, in fact, announce her campaign for the White House soon -- is a decision, Democrats close to her say, that she plans to base her campaign headquarters in or around Washington instead of in White Plains or New York, which had been under consideration." Clinton aides say that "running from a base in Washington would make the most practical and financial sense," and "they note that she would have satellite offices in New York and elsewhere. Still, a few advisers and supporters are concerned about the decision, saying it could reinforce her image as a Washington insider (if it is possible for that to be any more of an issue) and increase the possibility of leaks to the press corps (as if, ditto)."

Greens Question Obama's Support For Coal. The Washington Post (1/10, A11, Williamson, 690K) reports that while Democratic Sen. Barak Obama "gets stellar marks from greens," environmentalists wonder why Obama is "backing a law supporting the expanded use of coal, whose emissions are cooking the globe? It seems the answer is twofold: his interest in energy independence -- and his interest in downstate Illinois, where the senator's green tinge makes the coal industry queasy." The coal industry "praises Obama's reintroduction, with Sen. Jim Bunning (R-Ky.), of the Coal-to-Liquid Fuel Promotion Act of 2007 last week, which would provide incentives for research and plant construction.

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The industry says the technology, which converts coal into diesel engine fuel, would reduce America's dependence on foreign oil through a new, home-mined fuel that burns as cleanly as gasoline." But environmentalists "say focusing on coal does nothing to arrest climate change. Instead, they say, lawmakers should back cleaner alternative fuels and stricter automobile and industrial emissions standards."

Bayh Donor Base A Sought After Commodity. The Hill (1/10, Bolton) reports, "Democratic White House hopefuls such as Sens. Barack Obama (Ill.), Hillary Rodham Clinton (N.Y.) and former Sen. John Edwards (N.C.) are rushing to capitalize on an impressive national fundraising network Sen. Evan Bayh (D-Ind.) built in the mold of President Bush's pioneers program. The strength of Bayh's connections could boost his profile when the Democratic nominee selects a running mate next year." Just prior to Bayh's decision against an '08 run in December, "about 160 of his biggest donors were scheduled to fly to Washington to craft a fundraising campaign. Several of Bayh's advisers said that 'well over' 150 donors in his network had pledged to raise $150,000 each for the campaign, and a smaller group of fundraisers had promised to raise $500,000 apiece." Bayh advisers say a "unique quality of the network" is that "it includes many donors — a group cultivated by the lawmaker, who has strong ties to the business community and espouses centrist policies — that are not in other national candidates' databases. Combined, the donors helped stockpile more than $10 million in cash on hand to Bayh's reelection fund, which can be transferred immediately to a presidential campaign and would enhance the senator's viability as a vice presidential nominee." Bayh's chief fundraising aide, Nancy Jacobson, who helped to build the network, already has signed on to Clinton's presidential campaign. But Edwards and Obama are also trying to snag a piece of Bayh's pie."

Schwarzenegger Proposes Universal Healthcare Coverage. ABC World News (1/9, story 6, 2:40, Gibson, 8.78M) reported on Gov. Arnold Schwarzenegger's proposal to "insure all Californians, even undocumented immigrants. The cost? $12 billion. He says he has a way to pay for it." ABC (Rooney) added, "The most ambitious feature in Schwarzenegger's plan is requiring health insurance for all 6.5 million Californians that don't have it now." The details include "universal coverage regardless of age or existing health condition, expand coverage for poorer children, regardless of immigration status, require companies with ten or more employees to provide or subsidize health insurance." How would "he pay for it? In part, the 2% gross tax on doctors. 4% from the hospitals. And getting $5.5 billion more in Federal aid."

The CBS Evening News (1/9, story 4, 2:25, Hughes, 7.66M) reported, "The plan also calls for doctors and hospitals to pay into a state insurance pool. Insurance companies will be forced to cut administrative costs." Jamie Court, Foundation for Taxpayer & Consumer Hights: "The problem I have is he's also forcing every individual in the state to buy health insurance without telling insurers what they have to charge for it." Hughes: "Love it or hate it, California's health care plan is a maverick and once again, the state leads where the Federal Government fears to tread."

NBC Nightly News (1/9, story 5, 2:10, Williams, 9.87M) reported Schwarzenegger's plan "is ambitious and will require a lot of different interests to get along and corporate for it to work." NBC (Lewis) added, "The plan would require companies with 10 or more employees to offer health insurance or contribute to a state insurance fund. The business lobby opposes that idea." Allan Zaremberg, California Chamber of Commerce: "It's important to have access to healthcare, but we can't lose jobs over it." Lewis: "In spite of the critics, California is joining a national trend. Spurred by the increasing number of Americans without health insurance and by the lack of action in Washington, state legislatures are making healthcare reform a top priority. California would join three other states that are implementing universal healthcare plans."

The New York Times (1/10, McKinley, 1.16M) reports, "Democrats and Mr. Schwarzenegger's fellow Republicans are already in agreement: his first big idea of his second term — a sweeping plan unveiled Monday to assure health care to all Californians — is promising and ambitious, but faces a long, hard fight before enactment. Chief among the challenges, politicians and policy analysts said Tuesday, is the enormous number of political players — from big labor and big insurance to small-county government — that would be affected by any universal health care bill." Schwarzenegger's plan "would provide care to the 6.5 million Californians who currently have no insurance, including an estimated one million illegal immigrants. That is just one of the elements to which Republicans are objecting." The California Medical Association, "which represents more than

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34,000 doctors in the state, gave the proposed overhaul mixed reviews. Though the association praised the idea of universal coverage, the fee on doctors could be a deal breaker."

The Christian Science Monitor (1/10, Wood, 59K) reports Schwarzenegger's "sweeping plan" to "guarantee health insurance for all Californians - including children of illegal immigrants - is being characterized both as a bold model for improving healthcare access and as a costly government intrusion that will hurt the state's economy." The "sheer numbers involved in Governor Schwarzenegger's proposal - a $12 billion price tag and coverage for 6.5 million people who currently don't have health insurance - are guaranteed to raise the stakes as the California legislature considers whether to approve it."

Massachusetts Faces Challenge In Enrolling Working Poor. The New York Times (1/10, Belluck, 1.16M) reports that in its "drive to provide health insurance to nearly all its residents, Massachusetts has already signed up more than half of the poorest people who are eligible." But "experts and politicians agree that the bigger challenge will be the next 150,000 people: the working poor who will get a state-subsidized rate but will still have to pay for insurance, typically $18 to $170 a month depending on their income." Paul Ginsburg, an economist who leads the Center for Studying Health System Change, said, "This group is going to be much more challenging. They're dealing with people who don't even think about having health insurance."

Schwarzenegger Plan Criticized For Reliance On Regulation. In a Wall Street Journal op-ed (1/10), David Henderson, a research fellow at Stanford's Hoover Institution, says Schwarzenegger's "proposal is almost indistinguishable -- except in details -- from that of the Democrats who dominate the California Assembly and Senate." The Democrats "tend to favor solutions involving regulations, government spending and taxes, and Senate President Pro Tem Don Perata's proposal -- the main contending Democrat plan -- hits the trifecta." Schwarzenegger's "solution hits the trifecta also. He would require employers with 10 or more workers to provide health insurance or pay a 4% tax on all wages covered by Social Security: Look for employers with 10 to 12 employees to get creative about outsourcing. And look as well, as Harvard economist Jonathan Gruber has documented, for wages to fall in firms that offer health insurance because of the mandate." California "should not, contra Gov. Schwarzenegger, do new regulatory harm; rather it should repeal existing regulations that cause harm -- so as to make health insurance even more affordable."

Schwarzenegger Backs Infrastructure, Renewable Fuels. The Los Angeles Times (1/10, Warren, 850K) reports, "Urging lawmakers to think big and act boldly, Gov. Arnold Schwarzenegger today outlined a sweeping 2007 agenda that proposes borrowing more than $43 billion to improve California's roads, prisons, schools and water supply." In his fourth State of the State speech, Schwarzenegger "also vowed to make California a leader in the fight against global warming, pledged to provide health insurance for those who lack it and restated his desire to re-map legislative districts to increase political competition." Schwarzenegger "acknowledged during his speech to the Legislature that his goals at the dawn of his final term were ambitious. But he said leaders 'must be ambitious to get California to the future,'' and he urged lawmakers to set aside their partisan predilections and find solutions that best serve the state." The Times adds, "Although Schwarzenegger has made a handful of recent appearances by satellite, tonight's address marks only his second in-the-flesh event since he fractured the femur in his right leg while skiing in Sun Valley just before Christmas."

The Washington Post (1/10, A3, Geis, 690K) reports Schwarzenegger has "unleashed a torrent of proposals to shake up everything in his state from health care to road-building to politics itself, all in an effort to reshape his party and set a national agenda." The ""most recent offering, in Schwarzenegger's State of the State address Tuesday, is a plan to cut vehicle emissions of greenhouse gases by 10 percent. He will require petroleum refineries to reduce the carbon content of their fuel over the next 13 years -- a signal to any doubters that his recent aggressive positioning as an environmentalist is not mere political theater." The "action-hero governor hopes to flex the state's muscles in the national arena starting next year. Schwarzenegger told Newsweek this week that he wants to move California's primary elections to February, giving the state more clout in presidential elections."

The New York Times (1/10, Steinhauer, Barringer, 1.16M) reports Schwarzenegger's order to reduce greenhouse gases, "which the governor wants completed by 2020, follows California's trademark pattern of hitching its environmental aspirations to its market muscle. It also represents one of the first examples of a state or a national

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government regulating the fuel in its passenger vehicles as part of a strategy to reduce both emissions that contribute to climate change and dependence on foreign oil." It is the "first example of the practical impact of a deal made last summer between the Legislature and the governor to reduce carbon dioxide emissions by about 25 percent by 2020."

LATimes Praises Schwarzenegger's Big Ambitions. The Los Angeles Times (1/10, 850K) says in an editorial, "It's one thing for the governor to be ambitious. Arnold Schwarzenegger came from Hollywood, where success is impossible without ambition. It's quite another thing for the Legislature, which has historically rewarded timidity and resistance, to match his audacity. Yet that's exactly what will have to happen for California to reach the heights Schwarzenegger set for it in his State of the State speech Tuesday."

Political Initiatives Could Increase Demand For Ethanol. The Wall Street Journal (1/10, Fialka, 2.04M) reports that in addition to Schwarzenegger's mandate to cut carbon emissions, "governors of 37 states" are "prepared to push for a new federal rule to require greater use of ethanol fuel." Both efforts are "designed to reduce global warming and the U.S.'s reliance on imported oil, but they also could raise consumer prices for food and fuel. The initiatives also signal the increasing urgency of climate change as an issue both in state capitals and in Washington." President Bush is "expected to express more support for domestically produced ethanol when he gives his State of the Union address later this month. Meanwhile, Democratic leaders in Congress are talking up the need for alternative fuels and national emissions controls." While the "details of the proposal have yet to be worked out, California officials explained that the program would leave it up to oil suppliers in the state to figure out how to reduce carbon content, but that using more ethanol, which contains less carbon, would be the most likely way. The move, they estimated, would triple the size of the state's market for ethanol and other renewable fuels."

Texas State House Reelects Craddick As Speaker. The Dallas Morning News (1/10, Brooks, 500K) reports Texas state House Speaker Tom Craddick (R) "was overwhelmingly re-elected to his leadership post Tuesday night after Rep. Jim Pitts of Waxahachie withdrew from the race." Craddick "was re-elected 121-27, the first major piece of business that lawmakers conducted at the start of their 140-day regular session." Craddick, R-Midland, "faced a stiff challenge from members angry over his management style, saying that he often forced them to vote against the wishes of their constituents. But other members stood with Mr. Craddick, saying he had been a strong leader that had accomplished much as the first Republican to lead the House in modern times."

The New York Times (1/10, Evans, 1.16M) reports Craddick, "an ally of the former United States House majority leader, Tom DeLay, survived a strong challenge on Tuesday from a fellow Republican to win his third term in the leadership position on the first day of the 80th session of the Legislature." After "more than five hours of haggling about procedures, Representative Jim Pitts withdrew." Pitts, "of Waxahachie, whom Mr. Craddick appointed chairman of the Appropriations Committee, has been in the House since 1992. He has at times disagreed with Mr. Craddick's leadership, which is often compared to Mr. DeLay's."

Santorum Takes Post At DC Think Tank. The Washington Times' "Inside Politics" column (1/10, Pierce) reports former Sen. Rick Santorum "yesterday became a senior fellow at the Ethics and Public Policy Center. … He hopes to remain in the public spotlight as director of the EPPC's brand-new America's Enemies program, Mr. Miller writes. 'It's a stark name,' Mr. Santorum said. 'But we wanted to be candid about the fact that America really does have enemies and to point out that the nature of these enemies is much more complex than what people realize. It's not just Islamic fascism, but also Venezuela, North Korea, and, increasingly in my opinion, Russia.'" The Washington Post "In the Loop" column also notes Santorum's move.

Treasury Department Imposes Sanctions On Iranian Bank. The New York Times (1/10, A3, Weisman, 1.16M) reports the US Treasury Department, "moving to raise pressure on Iran," Tuesday barred American financial institutions from doing business with "a major Iranian bank after concluding that it had been involved in illicit weapons programs." The move against Bank Sepah "also affected North Korea, which American officials said had used the bank to facilitate payments to a North Korean group that exports missile technologies." Stuart Levey, the Treasury under secretary for terrorism and financial intelligence, said, "Bank Sepah is the financial linchpin of Iran's missile procurement network, and has actively assisted Iran's pursuit of missiles capable of carrying weapons of mass destruction," said Mr.

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Levey said Bank Sepah had been involved in transactions for Iran's Aerospace Industries Organization and two Iranian missile companies. These three entities were mentioned in the Security Council resolution approved in late December calling on all countries to avoid doing business with various groups in Iran." Levey also said the United States had "been in touch with authorities in Britain, France, Italy and Germany to discuss the need to persuade local financial institutions to stop doing business with Bank Sepah."

The Financial Times (1/10, Dinmore) says the move "will have limited impact as US trade with Iran is severely limited by sanctions imposed in the 1990s." The Washington Post (1/10, A8, Linzer, 690K) notes that the action is "part of a larger White House plan, put in place last year, to cut off Iran's access to US and European currencies." Though US officials say the effort is aimed at Tehran, "it is also likely to affect millions of Iranian citizens who conduct personal business in US dollars and who travel overseas."

The Wall Street Journal (1/10, A3, Simpson, Crawford, 2.04M) reports the Administration's "attempt to isolate Iran's economy will get a significant boost this month when the last European bank known to be clearing large volumes of that country's dollar transactions in the US halts the practice." Commerzbank AG, Germany's second-largest bank, said it will stop handling dollar transactions for Iran at its New York branch by Jan. 31. Meanwhile, US analysts "say there is evidence that Iranian firms are feeling the pinch of the US-led drive. Iranian banks and companies, for instance, are now having to put up large deposits -- as high as 100% -- in foreign banks to get them to issue letters of credit for foreign transactions, they claim."

Iran Arrests Spy For Selling Nuclear Secrets To Opposition Group. The AP (1/10) reports Iran said Tuesday it has arrested a man "on suspicion of selling nuclear secrets to an exiled Iranian opposition group," state radio reported. The report did not identify the suspected spy, "but said he had been working at the Iranian Parliament's Research Center, an organization that advises lawmakers on foreign and strategic issues." The report said the individual "transferred classified information, including a bulletin on nuclear activities, to the hypocrites," referring to the People's Mujahedeen of Iran.

Israel Arrests Muslim Cleric Deported From US. The AP (1/10, Friedman) reports Israel "arrested the former imam of Ohio's largest mosque after he was deported from the United States last week, the Shin Bet internal security service confirmed Tuesday." Fawaz Damra was arrested "because of his ties to Islamic Jihad," Shin Bet told the AP, but "gave no other details." Damra was deported by American authorities last week "because he concealed his ties to Islamic Jihad when he applied for American citizenship in 1994."

Hezbollah Continues Lebanon Protests Despite Smaller Turnout. The Washington Post (1/10, A7, Shadid, 690K) reports Hezbollah "and its allies widened their campaign Tuesday to force the Lebanese government's resignation, backing what they vowed would be a series of daily protests scattered across the capital." However, Tuesday's gathering was seen as "a sedate affair compared with the convergence of hundreds of thousands twice last month in Beirut's downtown." The demonstration was "more symbolic than dramatic," and the "relatively small size of the protest gave rise to speculation" about "divisions between Hezbollah and its partners, particularly Michel Aoun, a populist Christian politician who has forcefully called for an escalation in the protests."

Rice To Leave Friday For Mideast. AFP (1/10, Millikin) reports Secretary of State Condoleezza Rice Friday will travel to the Middle East "in a bid to sell a new US strategy for Iraq to wary allies and to take another shot at reviving Israeli-Palestinian peace efforts." State Department spokesman Sean McCormack said Rice would visit Israel, the Palestinian territories, Jordan, Egypt, Saudi Arabia and Kuwait "before stop-offs in Germany and Britain during the January 12-19 trip." While in Kuwait, Rice will meet with her counterparts from the six Gulf monarchies plus Egypt and Jordan where "a major part" of Rice's discussions will focus on "the perception of a common threat posed by Iran and other forces of extremism and violence in the region," McCormack said. Rice will also seek regional support for Lebanese Prime Minister Fuad Siniora, McCormack said. In the Palestinian territories, the Secretary will "pursue a months-long effort to bolster Abbas in a power struggle between" his Fatah party and Hamas.

The Washington Times (1/10, Kralev, 88K) notes that Rice will "return to Europe on Jan. 24 for an international donors conference in Paris to raise funds for Lebanon." Meanwhile, US officials and diplomats from some of the countries she will visit "said that, despite the low expectations, it is important for the secretary to return to the Middle East,

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given the dire situation in Iraq, the tensions between the Palestinian Fatah faction and Hamas, and the new domestic political realities in the United States." The Times also notes that the Bush administration "has been under pressure from its European allies to become more active in working toward a resolution of the Israeli-Palestinian conflict."

Expert Says Iraq War Has Shifted Alliances In Middle East. Edward N. Luttwak, a senior adviser at the Center for Strategic and International Studies, writes in the Wall Street Journal (1/10, 2.04M) reports, "It was the hugely ambitious project of the Bush administration to transform the entire Middle East by remaking Iraq into an irresistible model of prosperous democracy. Having failed in that worthy purpose, another, more prosaic result has inadvertently been achieved: divide and rule, the classic formula for imperial power on the cheap." For example, Luttwak says the "Sunni-US alignment in Lebanon, which interestingly coexists with the US-Shiite alliance in Iraq, may yet achieve results of strategic importance if Syria is successfully detached from its alliance with Iran." He goes on to note that "when the Bush administration came into office, only Egypt and Jordan were functioning allies of the US." However, the Iraq war, he concludes, "has indeed brought into existence a New Middle East, in which Arab Sunnis can no longer gleefully disregard American interests because they need help against the looming threat of Shiite supremacy, while in Iraq at the core of the Arab world, the Shia are allied with the US."

US General Says Pyongyang May Conduct Nuclear Test. The AP (1/10, Kim) reports the top US general on the Korean Peninsula, Army Gen. B.B. Bell, "said Tuesday he believes North Korea might conduct another nuclear test." At a news conference in Seoul, Gen. Bell said, "There is no reason to believe that at some time in the future, when it serves their purposes, that they won't test another one. So I suspect someday they will." The AP notes that concerns about North Korea "heightened abruptly last week in Asia after ABC News reported Pyongyang might be preparing for another test." On its front page, the Washington Times (1/10, A1, Salmon, 88K) says Bell "also vented his frustration at a range of issues bedeviling Washington's military alliance with Seoul," expressing "concerns about the relocation of the headquarters of the US forces in South Korea, the transfer of wartime command of South Korean forces to South Korean leadership, and budgetary shortfalls."

Stealth Fighters To Be Deployed To South Korea. AFP (1/10) reports, "The United States is sending between 15 and 24 radar-evading Stealth fighters to South Korea this month, the US military has said, amid increasing speculation over a second North Korean nuclear test." US Forces Korea spokesman Kim Yong-Kyu called the decision "a routine deployment."

Seoul Urges Pyongyang To Accept US Proposal On Nuclear Program. The AP (1/10, Kim) reports South Korea Wednesday "renewed a call for North Korea to seriously consider US proposals" before returning to six-party talks on its nuclear weapons program. The US "has offered security guarantees, a peace treaty and normalization of relations as well as removal of North Korea from Washington's list of states sponsoring terrorism" if it dismantles its atomic weapons program, according to South Korean officials. The next round of talks is tentatively set to begin on January 22.

US Human Rights Envoy Urges Says Foreign Salaries Help North Korea's Nuclear Program. Jay Lefkowitz, President Bush's special envoy for human rights in North Korea, writes in the Wall Street Journal (1/10, A16, 2.04M) that "there is a growing consensus in the international community that North Korea's conduct is unacceptable. Nevertheless, several countries engage in practices that funnel cash to the regime in a manner that violates the spirit of a recent United Nations resolution and raises serious human rights concerns." These countries, including Russia and the Czech Republic, "contract" North Korean labor. However, Lefkowitz warns that "because the North Korean government takes a major portion of workers' salaries, these arrangements provide material support for a rogue government, its nuclear ambitions, and its human-rights atrocities." While "some argue that labor arrangements like those in Russia and Kaesong are positive developments," Lefkowitz says "it is more likely that the hard currency these countries are sending to North Korea will end up funding the regime's nuclear aspirations instead of improving living conditions for the people of North Korea."

Rice To Announce Creation Of New Public Diplomacy Award. The Washington Post (1/10, A4, Kessler, 690K) reports Secretary of State Condoleezza Rice will announce today the creation of "a new annual award to honor a company, academic institution or other nongovernmental entity that does the most to promote the US

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image abroad through intercultural understanding," State Department officials said. The Benjamin Franklin Award for Public Diplomacy is "designed to prod corporations and other nongovernmental groups to play a bigger role in public diplomacy at a time when the image of the US government has been battered by a backlash, especially in the Arab world, from the invasion of Iraq." Rice will highlight the award during a speech at a conference of public relations organizations at the State Department.

New Congress Likely To Take Harder Stance On Russia. The Financial Times (1/10, Kirchgaessner, Dinmore) reports the Bush administration's relationship with the Kremlin "has chilled considerably since the moment in 2001 when the US president famously looked into the soul of his Russian counterpart and declared that Vladimir Putin was 'very straightforward and trustworthy.' And Washington's stance towards Moscow could become even more frosty in coming months, potentially colliding with expected attempts by Russia to use its new found oil and natural gas wealth to step up its investment in the US." While the Republican-controlled Congress took "the White House's lead in their stance toward Russia," the Times says "experts predict that mounting concerns on Capitol Hill, on issues ranging from Mr. Putin's commitment to democracy to questions about the security of western investments in the Russian energy sector, could see lawmakers taking a more robust, sceptical approach." The Democratically-controlled Congress is "also likely to renew the focus on allegations of human rights abuses in Russia."

Merkel Blasts Russia Over Suspension Of Oil Exports Through Belarus. The Financial Times (1/10, Parker, Ostrovsky, Crooks, Flood) reports, "Vladimir Putin on Tuesday faced an angry European backlash about his decision to halt oil supplies through the pipelines crossing Belarus. As the Russian president made clear his determination not to back down in his dispute with Belarus, Angela Merkel, the German chancellor, denounced his actions as 'not acceptable,' noting that even during the height of the cold war, Russia had been a reliable energy supplier to Europe." Putin "stressed he wanted to do all he could to ensure that oil supplies to western Europe were not affected. But he escalated the dispute by telling his government to tell Russian companies to cut output because of the transit dispute."

The Washington Post (1/10, A9, Finn, 690K) says Merkel "forcefully condemned Russia...for failing to consult the European Union before it cut off part of its oil exports to Europe ... . 'Even during the Cold War, Russia was a stable energy supplier,' said Merkel, whose country holds the rotating presidency of the European Union." The Post adds, "Russian officials say they feel deeply aggrieved by the tactics of Belarus, which they accuse of stealing crude oil destined for Western Europe, but the Kremlin is nonetheless getting another black eye over its reliability as an energy supplier."

The New York Times (1/10, Schwirtz, 1.16M) reports, "An unyielding President Vladimir V. Putin on Tuesday raised the possibility of diverting oil transit routes away from Belarus, a day after Moscow cut off pipeline deliveries of crude oil headed to customers in Eastern and Central Europe through the country. Such a change, which would be years in the making, would cut Belarus out of any role in the transshipment of oil to Europe without offering the customers any immediate assurance that their supplies were reliable." The Times adds, "Officials from Belarus flew to Moscow to negotiate, and one delegation submitted a draft agreement to the Russian Trade Ministry, the Russian news agency Interfax reported."

The Los Angeles Times (1/10, Holley, 850K) says the dispute "may drag on long enough to force Moscow to cut production, Russian President Vladimir V. Putin said Tuesday."

Moscow's Moves Fuel Fears Over European Oil Supplies. The Wall Street Journal (1/10, White, Chazan, 2.04M) reports, "Russia's threat to reduce oil production in a worsening trade war with neighboring Belarus is fueling fears of a drawn-out conflict that could slice Europe's main supply of crude." European "officials warned that the European Union might have to take the costly step of releasing oil from its strategic reserve if the cutoff is prolonged." The EC "said it would convene a special meeting tomorrow to discuss how to make up for the lost Russian supplies."

US Criticizes Chavez Plan As Investors Pull Back. McClatchy (1/10, Bachelet) reports the Bush administration Tuesday "slammed Venezuelan President Hugo Chavez's plans to nationalize his country's power and telecommunications companies and demanded that US firms be properly compensated." White House spokesman Tony Snow noted that nationalization "has a long and inglorious history of failure around the world," calling this

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week's move "an unhappy day" for the people of Venezuela. Separately, NSC spokesman Gordon Johndroe said the US expects that American companies affected by Chavez's moves will be "promptly and fairly compensated." The Washington Post (1/10, A7, Forero, 690K) reports the US Energy Department "also expressed concern" that Chavez would "increase state control over four major oil projects in which American and other foreign companies have invested $17 billion."

The AP (1/10, Pearson) reports investors "spooked" by the plans "rushed to sell off Venezuelan stocks Tuesday." The New York Times (1/10, Romero, Krauss, 1.16M) reports investors "reacted with alarm" in markets in the United States and throughout Latin America. The Times notes Verizon "could possibly lose up to several hundred million dollars" due to the nationalization.

The Christian Science Monitor (1/10, Catan, 59K) says Chávez has "laid the groundwork for a sharp leftward shift and launched a clampdown on dissent, in what analysts see as a broad-based effort to strengthen his grip on power."

More Commentary. In an editorial, the New York Times (1/10, 1.16M) says "while the Bush administration needs to condemn any seizure of American assets, it should choose its words carefully so as not to play into Mr. Chávez's Yanqui-baiting game. The administration can best advance American interests, and those of the people of Latin America, through more active engagement of the region's many democracies. It also needs to press ahead with trade agreements and other forms of economic assistance and cooperation. That is the smartest way to counter Mr. Chávez's demagoguery."

In an editorial, the Washington Post (1/10, A12, 690K) writes, "Some will see in Mr. Chavez's actions a threat to US interests. Certainly, those who caution that it is unwise to count on Venezuela to continue supplying up to 15 percent of US oil imports have a point. If assets of US companies are seized without fair compensation, Venezuela should be subject to penalties. But the main threat posed by Mr. Chavez is to Venezuela's 26 million people. If he follows through on his threats, they can look forward to steadily diminishing freedom and -- if the history of socialism is any guide -- national impoverishment."

Cuban Economists Prepare Plans For Post-Castro Market. In a front page article, the Wall Street Journal (1/10, A1, Davis, 2.04M) reports, "With Fidel Castro ailing and absent from the public stage, some influential Cuban intellectuals are laying plans for a more market-oriented approach to fortify the island's ailing communist economy." The Journal says such "debate over economic experimentation…offers a glimpse of what a post-Castro Cuba could look like." Among the steps under discussion are "decentralizing control, expanding the power of managers at privately owned agricultural cooperatives, extending private ownership to other sectors, boosting investment in infrastructure and increasing incentives to workers." However, none of the plans would "shuck communism for capitalism or open the island further to foreign investment," but "the fact that the government is permitting -- and perhaps even encouraging -- the debate suggests regime officials might find these kinds of changes acceptable, though it may take Mr. Castro's death to put them into action."

Ortega To Be Sworn In Wednesday. The AP (1/10, Carl) reports Daniel Ortega will be sworn in Wednesday as the next president of Nicaragua while "promising to respect free trade and private business and maintain relations with Washington." However, he will be sworn in as president in a ceremony "attended by some of the United States' biggest enemies, including Venezuela's Hugo Chavez and a representative of Iran." The AP calls the ceremony a "reflection of Ortega's delicate balancing act." Health and Human Services Secretary Michael Leavitt, who is heading the US delegation at Wednesday's inauguration, met privately with Ortega Tuesday where he told Ortega he wanted to "make clear that our desire is to work with you."

WTO Welcomes Push To Restart Doha Talks. The Financial Times (1/10, Beattie) reports the "trans-Atlantic push to conclude the troubled Doha round of global trade talks got a wary welcome from the head and some members of the World Trade Organization on Tuesday." Although details "of any deal to reconcile the US and European Union positions remain elusive," WTO director-general Pascal Lamy "said the determination expressed this week by US president George W. Bush and José Manuel Barroso, president of the European Commission, was a marked advance." In an interview with the Times, Lamy said, "The signs we are seeing now are qualitatively different from what we heard last year."

Schwab To Meet With Lamy Later This Week. The Wall Street Journal (1/10, A4, Hitt, 2.04M) reports "in a fresh

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sign of the intensifying efforts to revive moribund global trade talks," US Trade Representative Susan Schwab will travel to Geneva late this week for consultations with Lamy. In the last two weeks, Schwab has "conferred directly with top trade officials from Brazil, Europe and Japan, and has reached out by telephone to India's lead negotiator." A senior US trade official said the meeting with Lamy will "help lay the groundwork for additional discussions to be held later this month at an international conference in Davos, Switzerland." However, the official cautioned that there have been no breakthroughs.

ETA Claims Responsibility For Airport Bomb. The New York Times (1/10, Sciolino, 1.16M) reports Basque separatist organization ETA "said Tuesday that the 'permanent cease-fire' it announced last March was still in effect, even as it formally claimed responsibility for the deadly bomb attack on Madrid's main airport terminal" last week. In a statement sent to Gara, the pro-independence Basque-language newspaper, ETA said it "affirms that the permanent cease-fire started on March 24, 2006, still stands."

Violence Erupts In Bangladeshi Capitol Ahead Of Election. The Christian Science Monitor (1/10, Haider, 59K) reports democracy in Bangladesh "has struggled to preserve for two decades appears to be facing one of its most severe tests this week." The streets of the capital, Dhaka, "resemble a war zone, with police and protesters exchanging volleys of tear-gas shells and Molotov cocktails." The street clashes are the result of "a struggle for power between the country's two major political parties, the Awami League and the Bangladesh National Party (BNP), over the upcoming elections," but "attempts to reconcile the two groups have so far failed, leading analysts to suggest that the violent political crisis may deepen in coming months."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Fido's Little Helper."
"U.S. Teams Try To Rebuild A War-Torn Nation."
"Gov. Calls On State To Borrow And Build More."
"Officer Who Killed Boy, 13, Is Cleared."
"1,000 Troops Strike Heart Of Baghdad."
"Record Warmth (Again) In 2006."
"Apple Seeks To Redefine Phone."

USA Today:
"Poll: Low Support For Iraq Buildup."
"Obesity Of China's Children 'Shocking'."
"Jockey's Bid For A Second Chance Is Ride Of His Life."

New York Times:
"U.S. And Iraqis Hit Insurgents In All-Day Fight."
"Democrats Plan Symbolic Votes Against Bush's Iraq Troop Plan."
"Steroid Cloud Stops McGwire From Entering Hall."
"Venezuelan Plan Shakes Investors."
"Apple Introduces Innovative Cellphone."
"New York Tries To Think Outside The Sandbox."

Washington Post:
"U.S. Airstrikes Back Troops In Baghdad Clash."
"D.C. Bill Would Mandate Vaccine."
"With Iraq Speech, Bush To Pull Away From His Generals."
"United Airlines Wins Right To Fly To China From Dulles."
"Overhaul Sought Of Pr. George's High Schools."
"Climate Experts Worry as 2006 Is Hottest Year On Record In U.S.."
"Va. Roads Deal Near, Say GOP Leaders."
"Life at $7.25 an Hour

Washington Times:
"House OKs Reforms Urged By 9/11 Panel."
"Kennedy Proposal Uncovers Party Rift."
"Ripken Streaks Into Hall Of Fame."
"US Targets Al Qaeda In Somalia Air Strike."
"Still Smoking In The District."
"General Sees Another N. Korea Nuclear Test."

Detroit Free Press:
"Ford's Millions For Michigan."
"Medicare Drug Cost No Bargain For Many."
"Detroiter Is Charged In Boy's Death."

Atlanta Journal-Constitution:
"Governor Turns His Radar On Speeders."
"New Strategy."
"Carter, Clinton, Woo Baptist To New Convention."
"Milk Exhibit Could Be Last Of Its Magnitude."

Houston Chronicle:
"Craddick re-Elected Speaker In landslide."
"Vaccine Proposal Likely To Stir Debate."
"'Like Watching Grass Grow'."

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"'Homicidal' Soldier Was Returned To Duty."
"How About This Apple?

Story Lineup From Last Night's Network News:

ABC: Securing Haifa Street-Iraq; New Iraq Strategy; New Iraq Strategy-Democratic Position; US Air Strike-Somalia; The I Phone; State Affordable Healthcare; Baseball Hall Of Fame; Auto Show; A Soldiers Story.

CBS: Securing Haifa Street-Iraq; New Iraq Strategy; US Air Strike-Somalia; California Healthcare Plan; The I Phone; A Soldiers Story; Oil Prices; Warm Winter Weather; Auto Show.

NBC: New Iraq Strategy; Securing Haifa Street-Iraq; US Air Strike Somalia; Countering RPGs; State Health Insurance-California; California Wildfires; The I Phone; Stock Market; The Princes Girlfriend.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Bush's Iraq Strategy; Somalia-U.S. Military Strikes; Apple's I Phone; Bangor, ME-Smoking Banned In Cars With Children; Blackwell's List Of Worst Dressed Celebrities; Tokyo Stock Exchange.

CBS: Bush's Iraq Strategy; Somalia-U.S. Military Strikes; Congress-Anti-Terror Bill; Congress-Minimum Wage; White House-Judicial Nominees; Wall Street; New Orleans-Crime Cameras; Los Angeles-Increased Adoption Fees For Rodents.

NPR: Congress-Anti-Terror Bill; Bush's Iraq Strategy; Democrats-Additional Troops In Iraq; Farmers Branch, TX-Illegal Immigrant Ordinance; Tokyo Stock Exchange; US Ambassador To Mexico Praises Extradition Of Murder Suspect To US; Cuba-Protests On 5th Anniversary Of Guantanamo Bay Opening; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — 9 p.m. Addresses the nation on Iraq.

VICE PRESIDENT CHENEY — Speaks to a Joint Session of the Virginia General Assembly, Jamestown Memorial Church, Jamestown, Va.

US Senate: 9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on agriculture and the role of rural America regarding energy security. Philip Sharp, Resources for the Future;USDA Chief Economist Keith Collins; J. Read Smith, 25x'25 Steering Committee; Michael Pacheco, National Renewable Energy Laboratory, Golden, Colo.; Ron Miller, Aventine Renewable Energy Holdings, Pekin, Ill.; Roger Webb, Georgia Institute of Technology; Gene Gourley, Iowa Pork Producers Association; Loni Kemp, The Minnesota Project, Canton, Minn.; John Sellers, Iowa State Soil Conservation Committee. Location: Room 328A, Russell.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the current situation in Iraq. Phebe Marr, U.S. Institute of Peace; Michael O'Hanlon, Brookings Institution; Yahia Said, Centre for the study of Global Governance at the London School of Economics; Paul Pillar, former National Intelligence Officer for the Near East and Asia. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the privacy implications of government data mining programs. Former Rep. Bob Barr; James Carafano, Heritage Foundation; Jim Harper, Cato Institute; Leslie Harris, Center for Democracy and Technology; Kim Taipale, Center for Advanced Studies in Science and Technology Policy. Location: Room 226, Dirksen.

9:45 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on global oil supplies and the impact on the U.S. economy and national security. Faith Birol, International Energy Agency; Robert Harmats, Goldman Sachs; retired Gen. Charles Wald, former Deputy Commandere, U.S. European Command; Flynt Leverett, New America Foundation. Location: Room G-50, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on tax incentives for business in response to a minimum wage increase. Jared Bernstein, Economic Policy Institute; Joseph Sabia, University of Georgia; Matthew Kadish, Small Business Counsel of America; Dave Ratner, Daves Soda & Pet City, Agawam, Mass.; Bruce Obenour, Akwen, LTD, Dublin, Ohio. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Organizational meeting, followed by a hearing on chlalenges and opportunities relating to health care. Location: Room 430, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Discussion of pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 2 - Minimum Wage Increase Without Assistance for Small Business.

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11 a.m. ENERGY AND COMMERCE _ Full Committee. Organizational meeting. Location: Room 2123, Rayburn.

2 p.m. ARMED SERVICES _ Full Committee. Organizational meeting. Location: Room 2118, Rayburn.

2 p.m. WAYS AND MEANS _ Full Committee. Organizational meeting. Location: Room 1100, Longworth.

Other: DEFENSE PERSONNEL _ The Department of Defense holds its 2007 Worldwide Personnel Recovery Conference and Exhibition. Highlights: 8:10 a.m. Army Maj. Gen. Gene Higgins. 8:50 a.m. Air Force Lt. Gen. Carroll H. Chandler. 10 a.m. Michael Mason, FBI. 10:40 a.m. Kevin C. Whaley, DEA. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AGRICULTURE WORKERS _ 9 a.m. Senator Dianne Feinstein, Larry Craig, Edward Kennedy, and Barbara Boxer;and Representatives Howard Berman and Chris Cannon hold a news conference to announce the reintroduction of legislation to address the agriculture worker shortage. They will be more than two dozen representatives from national and regional agriculture organizations. Location: Room 301, Russell Senate Office Building.

COUNTERFEITING _ 9:30 a.m. The US Chamber of Commerce hosts the launch of an industry organization to promote the use of authentication technology to combat counterfeiting. Location: 1615 H St. NW.

BRAIN DRAIN _ 10 a.m. The Partnership for Public Service will hold a news conference to propose a plan for retiring workers to consider the Federal Government for an ``encore" career to ease the Federal `` brain drain." Location: National Press Club.

DEMOCRATS _ 10 a.m. House Democratic leaders hold a press availability following the Democratic Caucus meeting. Location: House Radio/TV Gallery.

LEARNING-GLOBAL ECONOMY _ 10 a.m. The Association of American Colleges and Universities holds a news conference to release two polls on how well schools are preparing students for today's global challenges. Location: Room 205 Old North, Georgetown University.

REPUBLICANS _ 10 a.m. Stakeout for the media availability with House Republican Conference Chairman Adam Putnam following closed meeting. Location: Location: Stakeout at Room 345, Cannon House Office Building.

UNION-TSA _ 10 a.m. Reps. Bennie Thompson and Nita Lowey, AFGE President John Gage, others, hold a news conference to discuss the union's work representing Transportation Security Administration workers. Location: AFGE, 11th floor, 80 F St. NW.

DRUG IMPORTATION _ 11 a.m. Senate and House members introduce drug importation legislation that will reduce the cost of prescription drugs. Participants include Sens. Byron Dorgan, Olympia Snowe, Chuck Grassley, Debbie Stabenow and Reps. JoAnn Emerson, Rahm Emanuel, and Rosa DeLauro. Location: Senate Radio-TV Gallery.

HISPANICS-MINIMUM WAGE _ 11:15 a.m. Representatives Baca, Grijalva, Linda Sanchez, mebers of the Hispanic Caucus, hold a press briefing on the minimum wage. Location: House Studio.

INCOME INEQUALITY _ 12 p.m. The Cato Institute hosts a policy forum, ``Has U.S. Income Inequality Increased?," with Alan Reynolds, Cato Institute; and Diana Furchtgott-Roth, Hudson Institute; and Gary Burtless, Brookings Institution. Location: Cato Institute, 1000 Massachusetts Ave. NW.

TEACHER CASE-SUPREME COURT _ 12 p.m. News conference with employee rights advocates providing legal aid to teachers in the tow Washington state teacher union cases being heard today in the Supreme Court. Participants include Mark Mix of the National Right to Work Legal Defense Foundation, lead petitioner Gary Davenport, others. Location: Steps of the Supreme Court.

AMERICAN HEART ASSOCIATION _ 12 p.m. - 1 p.m. American Heart Association President Raymond Gibbons, M.D., professor of medicine at Mayo Clinic College of Medicine in Rochester, Minnesota, will discuss the Associations 2007 health policy agenda and the potential impact of low-level funding on heart and stroke research at a media roundtable. Location: American Heart Association, Suite 300, 1150 Connecticut Ave. NW.

DEMOCRATS-IRAQ _ 12:15 p.m. Democratic Conference Vice Chairman Charles Schumer, Conference Secretary Patty Murray, and Senator Jack Reed joins former NATO Supreme Allied Commander General Wesley Clark and John Soltz, a veteran of the war in Iraq, for a press conference to call on President Bush to offer a new plan that will change course in Iraq and bring that war to a close. Location: Room S-211, U.S. Capitol.

STEM CELL LEGISLATION _ 12:15 p.m. Representatives Pence and Pitts, others, hold a news briefing on stem cell legislation. Location: House Studio.

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TEACHER UNION CASE _ 12:15 p.m. The Evergreen Freedom Foundation, others, hold a news conference immediately following oral arguments before the Supreme Court in the Washington state teacher union dues cases. Participants include Washington state Attorney General Rob McKenna, foundation President Bob Williams, others. Location: Steps of the Supreme Court.

UNION DUES _ 1:30 p.m. The Federalist Society holds a panel discussion the limits on the use of union dues, with Washington state Attorney General Rob McKenna, Milton Chappell of the National Right to Work Legal Defense Foundation, others. Location: National Press Club.

ALLEN _ 1:45 p.m. Coast Guard Commandant Adm. Thad Allen gives keynote remarks on joint service operations and strategic alignment at the 19th annual Surface Navy Association symposium. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va.

MEDICARE DRUG PRICES _ 3:30 p.m. Sen. Chuck Grassley, R-Iowa, and Dr. Mark McClellan, former Administrator of the Centers for Medicare and Medicaid Services, hold a news briefing to discuss the implications of government negotiation of Medicare Part D drug prices. Location: Senate Daily Press Gallery, Room S-316, Capitol.

MINIMUM WAGE _ 3:45 p.m. Congressional, labor and business leaders hold a news conference following House passage of the bill raising the minimum wage. Participants include House Majority Leader Steny Hoyer, Sen. Edward Kennedy, AFL-CIO President John Sweeney, others. Location: Room 2175, Rayburn.

USTR-JAPAN _ 5:30 p.m. USTR Susan Schwab meets with Japanese Agriculture, Forestry and Fisheries Minister Matsuoka. Location: Winder Building.

ALLEN _ 7 p.m. Coast Guard Commandant Adm. Thad Allen gives keynote remarks on the Coast Guard's Strategic direction for the Military Strategy Forum of the Center for Strategic and International Studies. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

House Passes Anti-Terror Bill. The House passed a package of anti-terror measures yesterday. Fox News' Special Report (1/9, Hume) reported, "The bill sets a three-year deadline to inspect all air cargo for explosives. The bill affects only the 6 billion lbs. of cargo loaded each year on passenger jets. … Republicans complain that the technology does not exist to inspect passenger jet cargo in a timely fashion."

USA Today (1/10, Hall, 2.27M) notes Rep. Jerry Lewis, former chairman of the House Appropriations Committee, "chided Democrats for passing a bill 'without any indication as to where the money might be coming from.'" He "said 'tens of billions of dollars' would be needed, meaning the bill amounted to 'a statement of policy that is little more than a press release.'"

But the New York Times (1/10, Lipton, 1.16M) says that "after failing to delay action on the bill, many Republicans felt they had no choice but to vote in favor of it -- and 68 did." The AP (1/10, Espo) reports, "The vote was a bipartisan 299-128, and Speaker Nancy Pelosi took the rostrum to announce the passage of the first legislation to clear under the new Democratic majority." Democrats "said the bill's passage was a top priority." The AP adds "several Republicans criticized the legislation as little more than political posturing in the early hours of a new Democratic-controlled Congress. … In a written statement, the Bush administration listed several objections and said it could not support the measure as drafted, but stopped short of a veto threat."

The Washington Times (1/10, DeBose, 88K) notes that in "a statement of administration policy, which usually consists of a dry list of approvals and disapprovals, the White House took a shot at the Democrats. 'The Administration is disappointed that, in a nearly 300-page piece of legislation entitled "Implementing the 9/11 Commission Recommendations Act of 2007," Congress does not address the two outstanding recommendations that apply to the Legislative Branch, which the 9/11 Commission states may be among the most important of all,' the White House said yesterday." The bill "neither reduces the number of congressional committees with oversight and spending authorization over homeland security matters nor does it do the same for intelligence matters, both steps the September 11 commission has suggested."

The Washington Post (1/10, A3, Hsu, 690K) reports, "The bill's biggest detractor, or patron, could be Sen. Joseph I. Lieberman (I-Conn.), who chairs the Senate's Homeland Security panel and who held his own hearing yesterday. He stopped short of promising -- as House leaders had -- to implement all remaining recommendations of the commission that investigated the 2001 terrorist attacks." Lieberman "said that he hopes by month's end, as requested by Senate Majority Leader Harry M. Reid (D-Nev.), to draft and pass a Senate bill 'that will take steps forward to adopt some of the unadopted, unimplemented or inadequately implemented parts' of proposals recommended in 2004 by the bipartisan commission." The Los Angeles Times (1/10, Galouette, 850K) also reports the story.

Democrats Leave Congressional Reform Out Of Security Legislation. CNN's Anderson Cooper 360 (1/9, 10:09 pm, Johns) broadcasted that though the House passed "virtually all of the 9/11 commission's reforms" Tuesday, it "did not look at the reform about fixing its own role in homeland security. Ever since its creation, and especially after Hurricane Katrina, the Homeland Security Department has earned the reputation of the government gang that couldn't shoot straight. That mess comes in large part because, according to the 9/11 commission report, dozens of committees and even more subcommittees in congress control a piece of homeland security. … Congress did not do anything about really reducing the committee bureaucracy because that would be stripping new Democratic committee chairmen of all that power. Democratic leaders point out Republicans didn't do it either when they had a chance, because it would have been a complete mess, a jurisdictional food fight."

Prosecutor Finishes Closing Argument At Hamas-Funding Trial. In a widely-distributed story, the AP (1/10, Robinson) reports Muhammad Salah co-defendant Abdelhaleem Ashqar "was an important Hamas terrorist leader directing thousands of dollars to families of members who were jailed or killed, a prosecutor said Tuesday. 'He's Hamas and he's assisting the murderous terrorist activities of Hamas,' Assistant U.S. Attorney Joseph M. Ferguson told jurors." The AP adds, "Ferguson pointed to testimony that Ashqar directed money to families of Hamas 'martyrs' killed in terrorist operations and those captured and jailed by Israeli authorities." Ashqar was a University of Mississippi graduate student at the time. He "had a telephone in a bogus name and a fax in a different alias, Ferguson said. … Federal agents found that Ashqar spoke on his telephone 568 times in several years with Mousa Abu Marzook, an alleged top Hamas leader who also is charged in the case and is a fugitive believed living in Damascus, Syria."

Siraj Family Arrested On Immigration Charges. The New York Times (1/10, Rashbaum) reports, "The parents and sister of a man convicted of conspiring to bomb the

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Herald Square subway station were detained yesterday by federal immigration authorities, who have been seeking to deport them to Pakistan." Shahawar Matin Siraj's "family, who came to the United States in 1999, had been seeking asylum since 2003, citing religious persecution in their home country." ICE spokesman Mark Thorn "could not explain why the action was taken yesterday, other than to say that the detention was part of an administrative process and that criminal cases take priority over administrative ones. It was unclear why the criminal case against Mr. Siraj would have delayed the detentions."

Lawyer For CIA Agent Quits Italy Case. The Washington Times/AP (1/10, Barry) reports a lawyer for a CIA agent "accused in the 2003 kidnapping of an Egyptian cleric in Milan withdrew from the case shortly after a court opened hearings yesterday on whether to indict him and 25 other Americans." Shortly after the proceedings began, the attorney for Robert Seldon Lady withdrew from the case, "saying the former CIA station chief did not want to cooperate." The CIA has refused to comment on the case, the AP notes.

British To Email Terror Alerts. The Washington Post (1/10, A9, Sullivan, 690K) reports, "The British government is offering an e-mail bulletin service to notify people of changes to the nation's terror threat level, a development that illustrates increasing fears of extremist attacks in Britain and the rising power of digital communications. The domestic security agency, MI5, announced the new service Tuesday and said it will also provide e-mail bulletins on 'major developments in national security affairs.'" It "plans to add a service providing the same information in text messages to cellphones, officials said. People would have to register on the MI5 Web site to receive the alerts."

HOMELAND RESPONSE:

Man Pleads Not Guilty To Chicago Mall Attack Plot. The AP (1/10, Reichgott) reports from Chicago, "A 22-year-old Muslim convert accused by U.S. authorities of being willing to commit acts of 'violent jihad' pleaded not guilty Tuesday to charges that he planned an attack at a shopping mall. … 'I feel well,' Derrick Shareef said at his arraignment. He told U.S. District Judge David Coar he had never been hospitalized for psychiatric treatment." The AP continues, "Shareef was arrested Dec. 6 after allegedly meeting an undercover agent to trade stereo speakers for a pistol and four grenades. … He planned to 'commit acts of violent jihad' by blowing up garbage cans at the mall during the Christmas shopping rush, according to a federal complaint. The complaint also said Shareef considered attacking city halls and courthouses. … 'Any place that's crowded, like a mall is good, anything, any government facility is good,' he allegedly told a secret FBI informant when they talked about possible attack targets. The informant secretly tape-recorded his plans. 'I swear by Allah man, I'm down for it too, I'm down for the cause, I'm down to live for the cause and die for the cause, man.' … Prosecutors have said they were convinced Shareef operated alone and there had been no imminent danger to the public."

The Rockford (IL) Register Star (1/10, Wiser) reports, "Coar asked Shareef standard questions about his education and physical and mental health at the outset of what turned out to be a very brief hearing. … Shareef answered clearly and politely, ending most of his replies with the word 'sir'. He told the judge that he did not graduate high school but obtained his general equivalency diploma, or GED, and had "some college" under his belt. … He said he was not being treated for any physical or mental ailments." The Star adds, "The Justice Department says Shareef, who identified himself as Derrick Omar Shareef in court, had plotted to attack the patrons of CherryVale Mall by placing hand grenades in garbage cans in order to wage jihad. … Authorities said Shareef revealed his plans to an informant who was working with the Federal Bureau of Investigation's Joint-Terrorism Task Force. The informant arrested the 22-year-old former Genoa resident after he exchanged stereo speakers for four non-functioning grenades and a pistol. … Tuesday in court was the first time Shareef was actually able to read the charges against him, Mann said, adding his client doesn't have access to court files where he is being housed and that he himself had only just received a copy of the formal indictment, which was handed down last week."

Leahy To Hold Hearing On Data Mining Programs. McClatchy Newspapers (1/10, Gordon) reports, "In his first hearing Wednesday as the chairman of the Senate Judiciary Committee, Democratic Sen. Patrick Leahy of Vermont plans to examine federal 'data-mining' programs, the computerized hunt for terrorists that can implicate innocent people." McClatchy cites the case of American Airlines pilot Kieran O'Dwyer, who "said Tuesday that US Customs agents detained him for 90 minutes in 2003 when he got off an international flight in New York, telling him his name matched one on a government terrorist watch list." TSA spokeswoman Amy Kudwa said "an average of 1,500 airline travelers applied each week for redress on the grounds that they'd been mistakenly included on terrorist watch lists." Leahy's chief spokesman, David Carle, said Wednesday's "inquiry had gained import because of powerful new technologies, the outsourcing of data mining to private firms and 'the Bush administration's lack of cooperation' with Congress' attempts to police these surveillance programs."

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Chertoff Announces Infrastructure Grants Targeting High-Risk Cities. The Washington Times (1/10, Hudson, 88K) reports DHS Secretary Michael Chertoff yesterday "announced $450 million in security funding for ports, transit systems, and chemical and nuclear plants," targeting "cities most at risk of terrorist attacks, including Washington and New York." Chertoff said last year's grants, which were distributed with "very little guidance," were followed by "a rash of stories ... about communities that spent money on leather jackets or gym equipment or things of that sort." Chertoff said DHS has altered that "willy-nilly approach," replacing it with "a risk-driven allocation of eligibility." USA Today (1/10, Hall, 2.27M) adds that Chertoff said DHS is "investing resources where risk is greatest and where the funds will have the most significant impact." USA notes, "Port security programs will get the largest share of the money: $210 million. Transit security will receive $172 million." Although "New York City and its surrounding communities will come out on top when the money goes out," some lawmakers "still complained that the area wasn't getting enough money."

Testimony Begins In Katrina Insurance Suit. The AP (1/10, Kunzelman) reports from Gulfport, MS, "State Farm Fire & Casualty Co. used a new 'protocol' after Hurricane Katrina to deny claims to many policyholders, a lawyer for a homeowner suing the company said Tuesday in the trial for one of hundreds of pending insurance lawsuits spawned by the massive storm." The AP continues, "William Walker, attorney for State Farm policyholders Norman and Genevieve Broussard of Biloxi, told an eight-member jury in his opening statement that the company refused to pay for any damage to any home that Katrina reduced to a slab in August 2005, including the Broussards'." The AP adds, "State Farm and other companies say their homeowner policies cover damage from wind but not from water - and exclude damage that could have been caused by a combination of both, even if hurricane-force winds preceded a storm's rising water. … 'They denied (the couple's claim) based on this wind/water protocol, this thing that's not in the policy,' Walker told jurors. 'This is a case in which State Farm promised to do something. This is a case in which State Farm decided not to follow those promises.' … The Broussards claim a tornado destroyed their home before any flooding, but State Farm concluded that all the damage was caused by Katrina's storm surge and isn't covered by their policy."

WAR NEWS:

Bush To Announce Troop Boost, Timetable For Iraqis To Take Over. ABC World News (1/9, story 2, 1:30, Raddatz, 8.78M) reported that in his nationally-televised speech tonight, President Bush "will announce…an increase of troops…of more than 20,000 troops. We all along thought it would be around 20,000. They say it will be more than 20,000. Two brigades will be in Iraq within 30 days or, perhaps, a bit longer. … And also, the President will announce he hopes the Iraqis can take over of all of the provinces in Iraq, at least take the lead in battle, by the end of the year." The CBS Evening News (1/9, story 2, 1:05, Axelrod, 7.66M) noted "a member of Congress who met with the President this afternoon says Mr. Bush settled on a surge of 22,000 troops -- 11,000 to be deployed almost immediately over the next couple of weeks, a second wave of 11,000 to be phased in over March, April, May." But "the second wave is somewhat conditional, a carrot, if you will. In other words, Mr. Bush essentially says to the Iraqis you become more effective partners in making Baghdad and Iraq safer or there is no second wave."

The Wall Street Journal (1/10, A4, Jaffe, Dreazen, 2.04M) reports the new Iraq strategy also "calls for modest, relatively inexpensive efforts to spur job creation and economic growth, a marked shift from the large-scale reconstruction projects and free-market dogmatism of earlier White House efforts." But "with the appetite for new spending for Iraq low across Washington, the downsized ambitions are being matched by similarly reduced amounts of money, prompting some senior military commanders to express skepticism the plan will improve conditions in Iraq." Bush "will propose a micro-finance effort to aid Iraqi entrepreneurs and a sizable expansion of a program giving military commanders money for small-scale reconstruction and job-creation projects, according to administration and Pentagon officials. Mr. Bush described both initiatives in closed-door meetings with senators this week, according to several participants." Meanwhile, "senior Pentagon officials have been touting a push to get 193 Iraqi factories that have shuttered since the 2003 invasion up and running in the next three years. The officials say the reopened plants can provide jobs to tens of thousands of Iraqis who might otherwise join a militia or insurgent groups."

But the New York Times (1/10, Glanz, 1.16M) says that "even before the measures are announced, Iraqi political and business leaders have been expressing skepticism that any effort to transform a system of state-owned enterprises that has fallen so far into dysfunction could become an engine for job creation in Iraq." The Times adds, "Among the economic measures under consideration is new support for a program that allows local American military commanders to finance small reconstruction projects." However, "recent statements by administration officials suggest that the plan is also likely to include an effort to revive parts of what was a vast Iraqi military and industrial base before it was destroyed by war, sanctions and looting."

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The Los Angeles Times (1/10, Richter, Hennessy-Fiske, 850K) reports, "Bush is expected to announce plans to double the number of provincial reconstruction teams and call for big new jobs and loans programs and a renewed reconstruction effort. Administration officials consider the economic and political aspects of Bush's plan more important than the expected troop increase." The Times adds "officials say their plan has two stages. Once troops have pacified key areas of Baghdad and Anbar province, officials will offer economic and political benefits, including jobs that they hope will win the loyalty of young men who are now fighting with the militias."

The AP (1/10, Baldor) reports Bush is also "expected to urge friendly Mideast countries to increase their aid to Iraq but will ignore the recommendation of the bipartisan Iraq Study Group that he include Syria and Iran in an effort to stanch Iraqi bloodshed nearly four years after the US invasion, said the official, who spoke on condition of anonymity because the plan has not yet been announced."

NBC Nightly News (1/9, lead story, 3:10, Gregory, 9.87M) reported that "even White House allies say the President must educate the American people about the problems in Iraq and his own plan to fix them instead of offering broad assurances." David Frum, former Bush speechwriter: "Instead, what he has to do is offer a highly detailed explanation of why this time the strategy and tactics on offer can work."

The Los Angeles Times (1/10, Reynolds, Levey, 850K) says "Bush spent hours Tuesday practicing in front of cameras, preparing to make his case," and "members of Congress who met with Bush said he appeared to understand that, after years of upbeat rhetoric and positive assessments that belied a lack of progress inside the country, his credibility was on the line." Sen. Trent Lott "said both Republicans and Democrats would be listening for a note of contrition in the president's voice. 'As important as what he says is how he says it,' Lott told reporters."

McClatchy (1/10, Hutcheson, Talev) says Bush "is about to take a gamble that could make or break his presidency and his place in history." The "nationally televised speech, and the reaction to it, will determine the next step in Iraq, test his relations with the new Democratic-led Congress and set the tone for his final two years in office. Some analysts say it could increase pressure for withdrawal if the solutions Bush offers don't bring quick results."

In an article titled "Bush Must Sell Public, Congress" the Atlanta Journal Constitution (1/10, Herman) quotes longtime Bush media advisor Mark McKinnon saying, "This may be the last, best chance to shape policy and opinion on the issue that will define his presidency." He "is among those, including Bush aides in the White House, who believe that nothing the president says tonight is likely to move numbers in his direction. It's the results that will matter." McKinnon adds, "The plan for more troops has to be clear and provide metrics for success in order to win support."

The Washington Times (1/10, Dinan, 88K) reports, "The White House yesterday said Mr. Bush has lost the country's support. 'It's important to bring the public back to this war and restore public confidence and support for the mission,' spokesman Tony Snow said." Jeffrey D. McCausland, a defense specialist and former National Security Council staffer, "said Mr. Bush will be addressing three audiences: Congress, which controls the funding; the American public, whose patience is slipping; and Iraq, which will have to exhibit a more solid commitment."

The AP (1/10, Raum) reports, "Bush's new plan for Iraq sounds a lot like his old one. Send in more troops, set goals for the Iraqi government and assure Americans it's better to wage war there than here. … Bush's challenge in Iraq: show what's different now. The plan the president will outline to the nation Wednesday night is the latest repackaging of a program that's been wrapped and rewrapped many times."

Bush Won't Refer To A "Surge" Tonight. ABC World News (1/9, story 2, 1:30, Raddatz, 8.78M) reported Bush will announce an increase of troops, but "he will not call it a surge." Meanwhile, the war over semantics ("surge" versus "escalation") rages on. The Los Angeles Times (1/10, Neuman, 850K) asks, "Is it harmless semantics? Is it disingenuous spin? One thing is clear: Using the word 'surge' to describe President Bush's forthcoming plan for reshaping US efforts in Iraq has ignited a fiery political brouhaha. … What infuriates critics of the war, including many liberal Democrats, is that they see 'surge' as a manipulative and deceptive word. It implies a relatively short-term increase in the US military commitment, they say, when the White House intends to keep the additional troops in Iraq much longer, perhaps for several years. Even worse, critics say, the news media have uncritically accepted the word and thus contributed to deceiving the public."

The New York Times (1/10, Rutenberg, 1.16M) reports, "'Cut and run' versus 'stay the course' is so 2006. This week has ushered in a new political battle over the language of the war: 'Surge,' meet 'escalation.'" The Times also notes Tony Snow "last night said that the president would not be using the word 'surge' in his speech, adding that it implied what he called a 'rush hour' approach to a serious policy."

The Washington Post (1/10, C1, Farhi, 690K) reports, "It's one of those words -- like 'chad' or 'blog' or 'waterboarding' -- that's suddenly become the go-to phrase to describe a contemporary phenomenon." Surge is "the country's latest catchword." Its "very vagueness…might make it the politically perfect word for what is likely to be a controversial policy." Rep. Nancy Pelosi "framed her apparent opposition to sending more troops to Iraq by using a more freighted substitute: 'escalation.' In that context, surge is a euphemism for a euphemism. 'Escalation' was variously

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ascribed to both President Lyndon Johnson's policy of increased military aid to Vietnam, and the US 'incursion' -- yet more euphemisms! -- into Laos and Cambodia in 1970 under President Richard Nixon. Perhaps to avoid echoes of that war, 'surge' is the Pentagon and White House's preferred coinage."

While most media outlets are sidestepping the debate by referring to an troop "increase," others are choosing sides: The Washington Post (1/10, A1, Abramowitz, Wright, Ricks, 690K), in a story about Pentagon commanders and their reaction to Bush's proposals, calls Bush's plan a "military escalation." The Christian Science Monitor (1/10, Feldmann, 59K) also refers to Bush's proposed "escalation of the US troop presence in Iraq."

Military Commanders Said To Oppose Troop Boost. The Washington Post (1/10, A1, Abramowitz, Wright, Ricks, 690K) reports, "When…Bush goes before the American people tonight to outline his new strategy for Iraq, he will be doing something he has avoided since the invasion of Iraq in March 2003: ordering his top military brass to take action they initially resisted and advised against." The Post adds, "Pentagon insiders say members of the Joint Chiefs of Staff have long opposed the increase in troops and are only grudgingly going along with the plan because they have been promised that the military escalation will be matched by renewed political and economic efforts in Iraq. Gen. John P. Abizaid, the outgoing head of Central Command, said less than two months ago that adding US troops was not the answer for Iraq." Bush's decision "appears to mark the first major disagreement between the White House and key elements of the Pentagon over the Iraq war since Gen. Eric K. Shinseki, then the Army chief of staff, split with the administration in the spring of 2003 over the planned size of the occupation force, which he regarded as too small." It "may also be a sign of increasing assertiveness from a commander in chief described by former aides as relatively passive about questioning the advice of his military advisers."

Fox News' Special Report (1/9, Hume) reported Democrats "charge that General George Casey and John Abizaid, who are leaving their Iraq posts, flatly oppose any surge and the President simply ignored them." Commanders, added Fox, "have been skeptical of the surge without a specific purpose, but they said recently it depends on what the surge is for."

The New York Times (1/10, Cloud, Shanker, 1.16M) says "Bush's plan to increase troop levels in Iraq is expected to require the Army eventually to send as many as six National Guard combat brigades to Iraq, beginning in 2008. The increased demand on the National Guard in coming years is a likely byproduct of Mr. Bush's decision, expected to be announced in a speech Wednesday night, to send five active-duty combat brigades, or about 20,000 troops, to Iraq, starting at the end of this month, according to current and former officials."

Survey Finds Troops Disapprove Of Bush's War Policies 42% To 35%. The Dallas Morning News (1/9, McLemore, 500K) reported "more active-duty troops now disapprove of the president's war policies than support them, according to a year-end survey by Military Times newspapers. Experts say the results, drawn from some of the more conservative career-track military, reflect a growing weariness and frustration over lack of progress in Iraq and Afghanistan." The survey, "mailed to 6,000 active-duty subscribers to Military Times' four newspapers aimed at the military services, showed that 42 percent of those surveyed disapprove of Mr. Bush's handling of the war, compared with 35 percent who support it." It "marks the first time that the president's Iraq war policies failed to gain majority support since the Military Times began its annual survey four years ago."

GAO Issues Highly Critical Report On Iraq. AFP (1/9) reports, "US government auditors released a grim report card of the American record in violence-wracked Iraq, on the eve of President George W. Bush's televised rollout of a new strategy." The GAO study "ran a critical rule over a previous failed US plan for victory, the malfunctioning Iraqi government and security forces and fearsome insurgent and sectarian violence. It said the Pentagon had failed to allow proper congressional oversight of Iraqi armed forces, and warned of an increasing strain on US forces pressed into repeated tours of duty and shortages of military supplies."

More Commentary. The Los Angeles Times (1/10, 850K) editorializes, "The notion that the 'surge' in US troops under discussion -- about 20,000 combat troops on top of the 132,000 already in Iraq -- amounts to a new policy is laughable." A troop increase is acceptable "only as part of a comprehensive -- and comprehensible -- plan to secure and democratize Iraq. ... It's been leaked that Bush also will advocate a new, $1-billion jobs program for Iraqis," but "What is this additional $1 billion going to accomplish that the $30 billion already spent on that nation's reconstruction failed to do? ... The president needs to articulate the conditions under which the US will pull out altogether, in the near future. As painful as that would be, it sure beats becoming embroiled in someone else's civil war."

Bill O'Reilly, in the opening segment of Fox News' The O'Reilly Factor (1/9) contended that President Bush "has little credibility left in the country," and "at this stage" he "should try to secure Baghdad one last time without sniping from Ted Kennedy or anybody else. … The President should understand the window is closing. But at this point for the sake of those who have been killed and wounded, let's give it one more shot."

Conservative radio host Laura Ingraham, appearing on Fox News' The O'Reilly Factor (1/9), said, "I don't think

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Americans at this point frankly care much about what's good for the Iraqi people. Americans want to know that whatever we're doing in Iraq or in Somalia or around the world, is making America safer. And if the debate is about that, then I think…Bush has a chance, perhaps, might be a small chance, of turning things around."

Maureen Dowd, in the New York Times (1/10, 1.16M), "With the Surge, as with the invasion of Iraq, W. is like the presumptuous date 'who reserves a hotel room and then asks you to the prom,' as my friend Dana Calvo put it. … In other words, the president will ask us to the prom once he reserves the hotel room."

In the Washington Post (1/10, A13, 690K), Harold Meyerson writes, "If any Americans could truly understand Iraqi Prime Minister Nouri al-Maliki, George Bush and Karl Rove should. All three firmly believe that the successful politician must above all cultivate his base -- not that any of them can point to recent successes. … Yet tonight, President Bush will announce that Maliki has changed. He will also announce that he is sending additional US forces to Iraq, but he's done that before, in almost comparable numbers, to no good effect. What's different this time, we are to believe, is that the Iraqis will join us in trying to suppress the sectarian violence."

Los Angeles Times (1/10, 850K) columnist Max Boot writes pessimistically, "If we wind up losing the war in Iraq, as now appears likely (though not inevitable), many conservatives know who to blame: the press, or, in blogger-speak, the MSM (mainstream news media). Just as it did during the Vietnam War, a myth is likely to develop in which America's valiant fighting men and women were stabbed in the back by unpatriotic, even treasonous, reporters. ... That isn't to deny that there has been some biased, slipshod news coverage. ... But by now the dismal conditions on the ground have caught up with, if not surpassed, the media's bleak outlook." To blame the press "deflects blame from those who deserve it, in the upper echelons of the administration and the armed forces." Boot adds that former Secretary Rumsfeld is "likely to go down in history as Robert McNamara redux."

Los Angeles Times (1/10, 850K) contributor and law professor Bruce Ackerman suggests that Congress "set a price tag on the long-run cost of the war -- say $500 billion -- and tell the president that he won't be getting a penny more." Only a ceiling "will force the president to recognize that the American people are no longer willing to give him a blank check for an endless series of mistakes."

In USA Today (1/10, 2.27M), Emory University lecturer Don Campbell writes that "contrary to Bush's claim of a year ago, no one seems to have learned anything in Iraq that might inform national security policy and military strategy in the future. Wisdom gained from hindsight becomes foresight and is better than no wisdom at all."

Washington Post (1/10, 690K) columnist David Ignatius writes that lessons can be found in the counterinsurgency manual authored by Lt. Gen. David Petraeus: "Two themes stood out for me as I read the document. The first is that success in counterinsurgency requires a political strategy as much as a military one. The second is that broad political support back home -- which buys time on the battlefield -- is the crucial strategic asset in fighting such wars." Ignatius adds, "The abiding lesson of this manual ... ought to be engraved as the cornerstone of U.S. policy going forward, regardless of whether there is a troop surge: 'The Host Nation Doing Something Tolerably Is Normally Better than Us Doing It Well.'"

Democrats To Hold Votes On "Surge," With 10 GOP Senators "Likely" To Oppose Bush. The New York Times (1/10, Zeleny, Hulse, 1.16M) reports, "Democratic leaders said Tuesday that they intended to hold symbolic votes in the House and Senate on President Bush's plan to send more troops to Baghdad, forcing Republicans to take a stand on the proposal and seeking to isolate the president politically over his handling of the war." The Senate vote "is expected as early as next week." Meanwhile, "the office of Nancy Pelosi, speaker of the House, followed with an announcement that the House would also take up a resolution in opposition to a troop increase." Democrats "did not rule out eventually considering more muscular responses, like seeking to cap the number of troops being deployed to Iraq or limiting financing for the war -- steps that could provoke a Constitutional and political showdown over the president's power to wage war." The Times adds "Republican officials conceded that at least 10 of their own senators were likely to oppose the plan to increase troops levels in Iraq. And Democrats were proposing their resolution with that in mind, hoping to send a forceful message that as many as 60 senators believed strengthening American forces in Baghdad was the wrong approach. … In an interview on Tuesday, Senator John W. Warner, Republican of Virginia, said he was becoming increasingly skeptical that a troop increase was in the best interest of the United States."

Dana Milbank, in his "Washington Sketch" column in the Washington Post (1/10, A2, 690K), said Republicans "emerged from their weekly party luncheon yesterday displaying more dance steps than the Joffrey Ballet. 'We should listen to what the president has to say,' proposed Sen. John Warner (R-Va). 'I want to hear the president's plan,' Sen. Susan Collins (Maine) concurred. 'I want to see what he's proposing before I make dramatic statements,' an unusually skittish Trent Lott (Miss.), the No. 2 Republican, told a thick knot of reporters." Milbank adds, "And you didn't want to get too close to Sen. George Voinovich (Ohio). 'We need more information, okay?' he insisted." But "the

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Republicans' principal dancer yesterday was Sen. John Sununu (N.H.), perhaps the most endangered of all GOP senators in 2008. 'We haven't discussed "the plan,'" he maintained. 'That would suggest that we were told exactly what is going to be announced tomorrow, and that is certainly not the case. … I don't really know what they're thinking about proposing, so given that, it wouldn't be wise for me to suggest that I do or don't know whether their conditions are appropriate."

Roll Call (1/10, Stanton) reports, "A White House aide said Reid's nonbinding resolution likely would serve to put lawmakers on record as a way to gauge support for future efforts to block the plan." The Administration's "GOP allies in the Senate quickly lined up behind the president Tuesday, setting the stage for an intense floor clash next week. Following a meeting at the White House, Senate GOP leaders announced their support for the plan. Minority Leader Mitch McConnell (R-Ky.) said, 'I know enough about it to know that I will support it,' adding that members of Republican leadership have met with Bush on a number of occasions to discuss the plan." Roll Call adds, "A veteran Democratic aide said that while the vote on the resolution will be the first test of Reid's abilities, there likely will be much more significant challenges later this year -- particularly if the Senate moves to either cut off funding or restrict Bush's ability to prosecute the war." Reid "told reporters he believes he can count on the support of at least nine Republicans in his effort to corral the 60 votes needed to end a potential filibuster by backers of Bush's plan."

Democrats are acting under strong pressure from members of their base. The Los Angeles Times (1/10, Hook, 850K) reports, "It did not take long for Rep. Nancy Boyda, a freshman Democrat from Kansas, to learn the price of defying her party's liberal base. After she said she would support President Bush if he proposed an increase in US troop levels in Iraq, antiwar bloggers fumed and MoveOn.org, the liberal advocacy group, considered running a television ad attacking her. … That kind of political pressure is already being applied, not just to junior lawmakers, but also to Democratic leaders." It "prodded them into making Iraq more central to their first 100 hours in control of Capitol Hill than they had planned. And it is creating tension between many Democrats and the liberal activists who will be increasingly important as the 2008 presidential campaign gets into gear."

Kennedy Announces Resolution Blocking Additional Troops. The Democratic move comes on the same day Sen. Ted Kennedy announced his own strategy against the Iraq troop increase. ABC World News (1/9, story 3, 2:00, Tapper, 8.78M) reported, "Today, the liberal lion of the US Senate roared." Kennedy was shown saying, "Iraq is George Bush's Vietnam." Kennedy "introduced legislation that would block President Bush from sending to Iraq one more soldier or spending one more dollar as part of a surge in troops, without first getting clear Congressional approval, an up or down vote." Kennedy's position "puts him at odds with some of his fellow Democrats, including Foreign Relations Committee Chairman Joe Biden, who says the Constitution does not give Congress the power to stop the Commander in Chief from waging this war however he wants."

Sen. Edward Kennedy, on MSNBC's Hardball (1/9) said voters "want their members of Congress to do more than just make speeches. They want action. And this gives an opportunity for action. We have done it in the past. We did if in times of Lebanon, in limiting the increased number of US troops in Lebanon. We have done it in Vietnam. We should do it now in Iraq." Asked how he plans to get a vote on his resolution, Kennedy said he would probably "take this up as an amendment to appropriations." USA Today (1/10, Kiely, 2.27M) reports Kennedy "said Rep. Edward Markey, D-Mass., will introduce similar legislation in the House."

The Washington Times (1/10, Ward, 88K) titles its report "Kennedy Proposal Uncovers Party Rift," noting comments from Senate Democratic Whip Richard J. Durbin and House Majority Leader Steny H. Hoyer .

Republican strategist Karen Hanretty, on Fox News' Hannity and Colmes (1/9), said, "I think it's actually very interesting what Ted Kennedy is doing. … At least is he putting his money where his mouth is. And I would be very curious to see where other members of the Senate. … Let's see, we have Hillary Clinton running for president. Barack Obama, Joe Biden, where do they stand on this bill? Do they want to put up a vote on this bill? Because it seems like Democrats are very reluctant to come out and say 'we don't support the war. We think it's immoral. And, yet, we are going to continue to fund it.'" Hanretty added that "it looks like Ted Kennedy is the only liberal in America right now who is standing up for the far left."

Bush Briefs Democratic Lawmakers. The Washington Post (1/10, A10, Kessler, Weisman, 690K) reports Bush "gravely warned House Democrats yesterday that America's credibility would be shattered if the United States pulled its troops from Iraq, forcing close ally Saudi Arabia to look elsewhere for protection and potentially destabilizing Egypt, the region's most populous country, according to participants in the meeting." Bush "did not say during the half-hour meeting with Democrats where else he thought Saudi Arabia would seek 'protection,' but he made it clear that he was simply informing Democrats of his decisions on Iraq, not consulting with them. He said that he understands the challenges and thinks his plan has the best chance of success." The House Democrats "included Armed Services Committee Chairman Ike Skelton (Mo.), intelligence committee Chairman Sylvestre Reyes (Tex.), Foreign Affairs Committee Chairman Tom Lantos (Calif.), Energy and Commerce Committee Chairman John D. Dingell (Mich.), Rep. Norm Dicks (Wash.), Rep. Jane Harman (Calif.) and

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Rep. Robert E. Andrews (N.J.). Vice President Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and White House Chief of Staff Joshua B. Bolten attended the meeting."

Additional US Troops Already In Place To Carry Out Bush's New Strategy. Fox News' Special Report (1/9, Hume) reported, "Even if Democrats disapprove of the troop surge in Iraq, they will not able to keep at least part of it from taking place right away. Additional American forces are already in the region, locked and loaded." Fox went on to report, "Senior military officials tell Fox that the Second Brigade of the Army's Eighty Second Airborne division that just arrived in Kuwait from Fort Bragg, N.C., will move into Baghdad soon after the President's speech Wednesday night. Sources say that the paratroopers will be the first wave of the President's troop surge, the overall increase, sources tell us, will be gradual. Republican lawmakers who have been briefed on the plan called it a 'three-front surge' -- military, diplomatic, and economic – with a series of benchmarks for the Iraqis to meet and a clear indication the US effort is not open-ended."

Pelosi, Reid Block Effort To Air Democratic Rebuttal To Bush's Speech. On MSNBC's Hardball (1/9, Matthews) correspondent David Shuster reported that "some Democratic lawmakers believe a Democrat should give a televised response similar to what happens following the State of the Union address to take advantage of the attention and focus by the broadcast and cable networks. But Democratic leaders have not requested air time to make a formal response. Nancy Pelosi and Senator Harry Reid say it's the President alone who must articulate and implement a policy for Iraq."

Major Action Against Insurgents Underway In Baghdad. The Los Angeles Times (1/10, Roug, 850K) reports, "In fierce, day-long fighting, 1,000 American and Iraqi troops assisted by U.S. attack helicopters and warplanes battled gunmen in a Sunni Arab downtown neighborhood Tuesday, killing at least 51 militants, according to Iraqi officials." The offensive, "the heaviest fighting in the capital in months, came in response to a buildup of insurgents in the Haifa Street neighborhood adjacent to the highly fortified Green Zone government complex."

ABC World News (1/9, lead story, 2:35, McCarthy, 8.78M) reported, "The most dangerous address in Baghdad, Haifa Street. Locals call it Sniper Street. Today, the US military arrived in force, determined to wipe out a concentration of Sunni insurgents and fighters who long make this street their killing zone. Apache attack helicopters and F-15 fighters zeroed in on this near-deserted neighborhood, as 1,000 US and Iraqi troops, move from building-to-building. As this CNN video shows, looking for an enemy who's looking for them. These helicopters have been circling over the Haifa Street district for the past several hours. We've seen them fire rockets into targets. And there's been a lot of gunfire. The fighting started over the weekend, when Iraqi police who were trying to pick up bodies on the street, came under fire. They called in the Iraqi army. And this morning, the Americans got involved."

The CBS Evening News (1/9, lead story, 2:35, Logan, 7.66M) reported, "The battle on Haifa Street continued into the night, spreading fear amongst the minority Sunni population here, many of whom believe the Shiite led Iraqi government is using this crackdown as a cover to drive the Sunnis from the capital with the help of US forces."

The New York Times (1/10, Santora, 1.16M) reports, "An American military officer familiar with the operation said that it was part of an effort to stabilize Baghdad, but was not directly linked to the president's new security plan." However, "the location of the fight has particular significance. Nearly two years ago, after much bloodshed and toil, the American military wrested control of the area from insurgents." NBC Nightly News (1/9, story 2, 2:00, Colt, 9.87M) also recounts that "two years ago the insurgents were targeted in a high profile assault dubbed 'Operation Lightning.' But as so often happens here, when the soldiers left, the militants returned. That has long been the problem here. Clean up one area, move on, then the insurgents return."

The Financial Times (1/10, Negus) says "US and Iraqi forces moved in against insurgents, in an area once viewed as a showcase for the ability to control Baghdad neighbourhoods, by 'saturating' them with military forces."

The Washington Times/AP (1/10, Hurst, Abdul-Zahra) reports Iraqi Prime Minister Al-Maliki "appeared to have ordered the stepped-up fight with Sunni Arab fighters to put an Iraqi face on the latest bid to tame the capital. Several al-Maliki aides and confidants have told The Associated Press that the prime minister plans to focus his troops, with American backing, on Sunni insurgents in western Baghdad at the outset of the drive. They spoke on condition of anonymity because the details of the plan had not been disclosed." Al-Maliki, the associates said, "then plans to challenge al-Sadr to disarm and disband his militia because there would no longer be a reason for them to roam the streets with Sunni Arab insurgent forces crippled."

The Washington Post (1/10, A1, Raghavan, Partlow, 690K) reports, "Sunni legislator Khalaf al-Alayan, in an interview on al-Jazeera television, described the fighting on Haifa Street as a way to 'clean Baghdad of the remaining Sunni elements.'" Alayan "said he had contacted organizations such as the Arab League and the United Nations in hopes of stopping 'these massacres that the Sunnis are subjected to.'" In a statement, "the Sunni Iraqi Islamic Party described the 50 killed as 'innocent citizens.' It asserted that Sunnis on Haifa Street were 'under siege' by Shiite militias backed by the Iraqi army."

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Iraqi Vice President Ask US Not To "Give Up On Iraq." In the Washington Post (1/10, A13, 690K), Iraqi Vice President Tariq Al-Hashimi writes, "Both of our nations have invested too much to walk away now. If this battle is lost, the entire region could be destabilized. Second, despite the chaos in my country, not all bridges of patriotism have been burned." Hashimi points to evidence "from the most unlikely of venues," the unity behind the Iraqi soccer team at the Asian Games. He continues, "If those soccer players taught us anything, it is that a proper strategy for eliminating sectarianism and fostering nationalism is key. Reconstituting the Iraqi Armed Services and then reforming, retraining and properly arming them must be a central component of this strategy. Another should be revising Iraq's constitution to give our central government effective powers but prevent any sort of dictatorship by the prime minister." Hashimi also suggests "gainful employment" for Iraqi youths, "a coordinated effort to secure Baghdad," and "a greater focus on the militias."

Expert Says Iraq War Has Shifted Alliances In Middle East. Edward N. Luttwak, a senior adviser at the Center for Strategic and International Studies, writes in the Wall Street Journal (1/10, 2.04M) reports, "It was the hugely ambitious project of the Bush administration to transform the entire Middle East by remaking Iraq into an irresistible model of prosperous democracy. Having failed in that worthy purpose, another, more prosaic result has inadvertently been achieved: divide and rule, the classic formula for imperial power on the cheap." For example, Luttwak says the "Sunni-US alignment in Lebanon, which interestingly coexists with the US-Shiite alliance in Iraq, may yet achieve results of strategic importance if Syria is successfully detached from its alliance with Iran." He goes on to note that "when the Bush administration came into office, only Egypt and Jordan were functioning allies of the US." However, the Iraq war, he concludes, "has indeed brought into existence a New Middle East, in which Arab Sunnis can no longer gleefully disregard American interests because they need help against the looming threat of Shiite supremacy, while in Iraq at the core of the Arab world, the Shia are allied with the US."

Blair Criticizes Manner Of Saddam Execution. The AP (1/10, Stringer) reports, "British Prime Minister Tony Blair said Tuesday that the manner of Saddam Hussein's execution was completely wrong and unacceptable -- his first public comments about the Dec. 30 hanging." However, "Blair told a London news conference he hoped disputes over the taunting of the former Iraqi dictator and the release of illicit video footage of the execution would not lead people to forget the gravity of Saddam's crimes."

Lawyer Remembers Combat In Iraq. The Washington Post (1/10, C1, Carlson, 690K) reports on Washington attorney Adam Tiffen, who practices "at the law firm of Porter Wright Morris & Arthur, a few blocks from the White House, looking at pictures from his year in Iraq. His law degree hangs on the wall near his Bronze Star." Tiffen "joined Army ROTC in 2000, while he was studying at George Washington University Law School. He graduated in 2003 and was commissioned as a lieutenant in the Maryland National Guard. He was working on an insider-trading case at Porter Wright when the unit he'd trained with was called up for duty in Iraq." During his service "he wrote a blog .... Armchair General, a military history Web site, printed part of his blog (http://thereplacements.blogspot.com). So did the liberal journal Mother Jones. Last October, several of his stories were posted on The Sandbox, a military blog founded by 'Doonesbury' cartoonist Garry Trudeau." Tiffen was "stunned" to read after returning to the US that the town his unit had protected "went to [excrement] when they pulled U.S. troops out."

US Strikes Al Qaeda In Somalia. NBC Nightly News (1/9, lead story, 3:10, Williams, 9.87M) reported, "The US has opened a new front in the war on terrorism. This time in Africa, where American Special Forces are hitting targets in Somalia."

The AP (1/10, Duhul) reports, "Attack helicopters strafed suspected al-Qaida fighters in southern Somalia on Tuesday, witnesses said, following two days of airstrikes by US forces -- the first U.S. offensives in the African country since 18 American soldiers were killed here in 1993. In Washington, a US intelligence official said American forces killed five to 10 people in an attack on one target in southern Somalia believed to be associated with al-Qaida. The official, who spoke on condition of anonymity because of the operation's sensitivity, said a small number of others present, perhaps four or five, were wounded." But "a Somali lawmaker said 31 civilians, including a newlywed couple, died in Tuesday's assault by two helicopters near Afmadow, a town in a forested area close to the Kenyan border. The report could not be independently verified." Pentagon spokesman Bryan Whitman "spoke of one strike in southern Somalia, but would not confirm any of the details or say whether any al-Qaeda militants were killed."

Similarly, the New York Times (1/10, A8, Gettleman, Mazzetti, 1.16M) reports Somali officials said "dozens of people were killed" in the airstrike and "news of the attack immediately set off new waves of anti-American anger in Mogadishu." Meanwhile, American military and intelligence officials "expressed confidence that at least one senior Qaeda leader in Somalia," Abu Taha al-Sudani, "had been killed in the American attack or subsequent strikes by

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Ethiopian troops." Pentagon and intelligence officials also said the Ethiopian offensive "had unearthed fresh intelligence about the location of Qaeda operatives whose trail had long gone cold."

The Los Angeles Times (1/10, Sanders, Albadri, 850K) says "State Department spokesman Sean McCormack declined to comment on details about the strikes, but defended the U.S. interest for intervening in Somalia's conflict. 'Very clearly, the US government has had a concern that there are terrorists and Al Qaeda-affiliated terrorists that were in Somalia,' he said. 'We have a great interest in seeing that those individuals not be able to flee to other locations.'"

The Washington Times (1/10, Scarborough, 88K) reports the US targets "were thought to be al Qaeda operatives who carried out the 1998 bombings of two U.S. embassies in East Africa. The trio and Islamist allies have been working to make the ungoverned Somalia a terrorist safe haven."

The Christian Science Monitor (1/10, Baldauf, Pflanz, 59K) says "a key question is whether the US, in its first overt military operation in Somalia since the infamous 'BlackHawk Down' intervention in 1992 and '93, has managed to hit the prime targets -- Fazul Abdullah Mohammed, Saleh Ali Saleh Nabhan, or Abu Taha al-Sudani." Sudani "is listed on Washington terror watch lists as Al Qaeda's point man in East Africa. Mr. Mohammed, from the Comoros archipelago in the Indian Ocean, is suspected of orchestrating a 2002 suicide attack on an Israeli-owned Kenyan hotel."

Fox News' Special Report (1/9, Hume) reported, "It appears tonight that a US airstrike in Somalia has achieved some of its intended results. Early intelligence showed that between 5-10 people believed to be associated with al-Qaeda have been killed. … A US official also told us that the leader of al-Qaeda in east Africa may also be among the dead."

The Washington Post (1/10, A7, DeYoung, McCrummen, 690K) reports "US officials declined yesterday to provide details of who, or what, was hit." In Mogadishu, reports "circulated that as many as 50 people, many of them civilians, were killed in the attack," but US officials "said they are fairly certain that at least one targeted individual was hit; they said they had no information about civilian deaths." The US confirmed that a "principal target" of the airstrike was Abu Talha al-Sudani, but officials "cautioned against reports that Fazul Abdullah Mohammed and Saleh Ali Saleh Nabhan…may have been killed in the attack." US officials "said that no further information would be released until US personnel could assess directly the results of the strike and identify any dead."

The Wall Street Journal (1/10, A8, Solomon, 2.04M) reports, "Administration officials described military actions in Somalia as part of an intensifying campaign to root out al Qaeda leaders allegedly operating in the country. But Pentagon involvement risks stoking greater instability in a region already racked by strife, analysts said." Some critics of the US action said there is "scant evidence" that Somalia's Islamic militants are "linked to al Qaeda."

The CBS Evening News (1/9, story 3, 2:05, Martin, 7.66M) reported, "One intelligence report says the strike killed eight and wounded three, but there is still no confirmation that any of the Al Qaeda operatives they were after are among the dead. With an aircraft carrier keeping watch offshore, a US Air Force gunship blasted away at the suspected hideout of the three most notorious Al Qaeda terrorists in Africa." Former Assistant Secretary Susan Rice told CBS, "The role that Ethiopia played which was critical, was to help flush the hardcore Islamist elements out of the capital and push them south." CBS said the US military "is ready to carry out more strikes, but that depends on getting good intelligence on the whereabouts of any al Qaeda operatives still alive."

ABC World News (1/9, story 4, 2:05, Kerley, 8.78M) said it "has learned FBI agents were sent to northern Kenya to capture any suspects fleeing over the border." Meanwhile, "American intelligence officials are hearing reports of less than 20 dead and wounded in the US attack. One source says they will not identify who they killed or how many, until Americans see the bodies," which "could be difficult."

Europeans, UN Express Concerns About US Strike. The Financial Times (1/10, England) says the European Commission Tuesday "criticized the US strike, saying it could set back efforts to reach a deal between Somalia's provisional government and moderate Islamists." A spokesman for Louis Michel, EU development Commissioner, said, "We need a political process which is inclusive in order to bring about stability. Any incident of this kind is not helpful in the long term."

Meanwhile at the United Nations, the AP (1/10, Lederer) reports Secretary-General Ban Ki-moon is "concerned" that the attack "could escalate hostilities and harm civilians," spokeswoman Michele Montas said Tuesday. "Notwithstanding the motives for this reported military action, the Secretary-General is concerned about the new dimension this kind of action could introduce to the conflict and the possible escalation of hostilities that may result."

WSJournal Welcomes Somalia Strikes. In an editorial, the Wall Street Journal (1/10, 2.04M) says "the attacks -- along with the deployment of a carrier battle group off the African coast -- are welcome evidence that the US has learned the lessons of May 19, 1996. That's the date Osama bin Laden and his associates left Sudan for Afghanistan on a chartered plane. The Clinton Administration was aware that Sudan intended to expel bin Laden, and the US might have easily tracked and destroyed the flight en route. The consequences of its failure to do so is only too well known, and the Bush Administration is right to be determined not to let terrorists get away again, whether by land, air or sea."

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The strikes in Somalia are "also a reminder that in the war on terror there is no 'exit strategy' short of victory." In the 1990s, "America's sheepish withdrawal from the country had consequences. Bin Laden viewed it as yet another sign that America can't take casualties and will retreat when hit hard."

Government Changes Recruiting Practices. The New York Times (1/10, Liptak, 1.16M) reports, "The Defense Department yesterday announced changes in how it will treat information in an enormous military recruiting database. The changes are part of the settlement of a lawsuit brought by the New York Civil Liberties Union on behalf of six New York City high school students that challenged the legality of the way information in the database was collected and used." The "Joint Advertising, Market Research and Studies Program, is, according to court papers, probably the largest repository of information concerning 16-to-25-year-olds. ... The Defense Department agreed to use the database only for recruiting, giving up the possibility of sharing it with law enforcement and intelligence agencies. It agreed to destroy information on individuals after three years rather than five years or longer. The department also agreed to collect Social Security numbers only from the Selective Service System. Perhaps most significantly, it established a way for people to opt out of the database." The NYCLU "said it was frustrated that the department refused to stop collecting information about students' race and ethnicity."

The AP (1/9, Neumeister) reports, "Last year's lawsuit claimed the department was flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private." About 50 sites carried this story. The Washington Post/AP (1/10, A3) includes an abbreviated version of the AP story.

CORPORATE SCANDALS:

US Alleges Conrad Black Committed Insider Trading. The AP (1/10, Heher) reports, "Less than two months before the start of a fraud and racketeering trial, federal prosecutors leveled new allegations against former newspaper tycoon Conrad Black, saying he engaged in insider trading and illegally posted information about his former company on a financial message board." The AP continues, "A lengthy filing this week in U.S. District Court in Chicago spells out a dozen alleged misdeeds by the former Hollinger International Inc. chairman and CEO, who's accused of plundering millions of dollars from the company's coffers. … Black was forced from the helm of the company and is scheduled to go to trial March 1." The AP adds, "The newspaper empire, which once included The Daily Telegraph of London, The Jerusalem Post and a major Canadian newspaper group, since has been largely dismantled. The Chicago Sun-Times is the last remaining major property of the company, now called the Sun-Times Media Group Inc. … Prosecutors on Monday asked U.S. District Judge Amy St. Eve to include the newest allegations as evidence in the ongoing case against Black. … 'Black did not make a distinction between his money and that belonging to a public company,' prosecutors wrote. 'It is this mind-set that contributed to his fleecing of International.' … Black is charged with misusing company money to bankroll his lavish lifestyle and cheating on his taxes. He has pleaded not guilty."

DOJ Wants More Time To Consider Rehearing In Westar Conviction Reversal. The Topeka (KS) Capital-Journal (1/10, Boczkiewicz) reports from Denver, "Federal prosecutors aren't tipping their hand, but Tuesday they said they may ask an appeals court to reconsider its decision that overturned all convictions of David Wittig and Douglas Lake in the Westar Energy looting case." The Capital-Journal continues, "Prosecutor Richard Hathaway told the 10th U.S. Circuit Court of Appeals in a new filing that more time is needed to decide whether to ask the court's full contingent of judges to rehear the case that was decided Friday by a three-judge panel. … Hathaway, of Topeka, asked the Denver-based court to give prosecutors until Feb. 19 to decide whether to ask for a rehearing. Without an extension, the deadline for prosecutors to decide is Jan. 19." The Capital-Journal adds, "Wittig, Westar's former chairman, president and chief executive officer, and Lake, Westar's former executive vice president, were convicted in 2005 of wire fraud, money laundering, circumvention of internal controls and conspiracy. … The panel ruled there was insufficient evidence to convict Wittig and Lake of wire fraud. Because of that, and because the alleged crimes were so intertwined, their convictions for money laundering also were overturned. … The panel overturned the convictions for circumvention of internal controls, ruling that the trial judge, Julie Robinson, of the U.S. District Court in Topeka, seriously erred by failing to properly instruct jurors on what evidence was needed to convict on those charges."

Home Depot Board May Feel Effects Of Nardelli Ouster. The New York Times (1/10, Creswell) reports, "Now that the board has ousted Home Depot's chairman and chief executive, Robert L. Nardelli, shareholders are expecting big changes at the home improvement retailing giant. … But the biggest hammer could fall on the board itself, warn some corporate governance advocates." The Times continues, "When Home Depot announced the departure of Mr. Nardelli last week, it also said that three directors —

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including one who has been on the board for nearly three decades — would remain on the board even though they were due to retire this spring after having reached the mandatory retirement age of 72. … Corporate governance watchdogs say the move illustrates that Home Depot's board, whose members have been criticized for their close ties to one another and to Mr. Nardelli's former employer, General Electric, is doing a poor job of succession planning for itself. … Furthermore, these critics argue that the three directors, Milledge A. Hart III, John L. Clendenin, and Claudio X. Gonzalez, played crucial roles in approving Mr. Nardelli's excessive pay package that ultimately led to his ouster." The Times adds, "The outcry over Mr. Nardelli's compensation, including his $210 million exit package, could result in another aggressive campaign to withhold votes from Home Depot's directors at the company's annual shareholder meeting this spring. … Or, if a competing slate of directors is put up against the incumbents, as one shareholder activist, Ralph V. Whitworth, has threatened to do, shareholders could throw their support to them if they believe they are qualified for the job, said Mr. Ferlauto."

Mills May Seek Bankruptcy Filing After Accounting Probe. The Washington Post (1/10, D1, Hedgpeth, Hilzenrath) reports, "Mills Corp., the struggling shopping mall developer, said yesterday that possible misconduct by management contributed to widespread accounting errors, and the company warned that it may be forced to seek bankruptcy protection if it cannot reach agreement with its lenders." The Post continues, "Mills, of Chevy Chase, said in a filing with the Securities and Exchange Commission that the errors total $347 million to $352 million. The document said it remains unknown what effect the accounting corrections would have on the company's financial statements for 2005 and earlier. A company spokesman declined to elaborate yesterday." The Post adds, "Mills has not released an earnings report since the third quarter of 2005, and last year, its chief executive Laurence C. Siegel retired. It plans to restate its financial results from 2001 to 2004 and for the first three quarters of 2005. The company is under investigation by the SEC, which declined to comment on the case. … Mills issued a statement late yesterday, saying it has 'taken several important remedial steps' in the past year that include 'a near-complete change of executive management personnel.'" The Post notes, "Mills's 'overall culture and "tone at the top" were heavily focused on meeting external and internal financial expectations,' Mills said in a report summarizing the results of a long-running investigation by the audit committee of its board of directors. The report found that 'possible misconduct' played a role in its accounting troubles, including at least one instance in which management overrode a decision by the company's accounting department."

Writers Decry Options Backdating Prosecutions. In an op-ed for the Wall Street Journal (1/10, A17), Richard Marmaro, a former federal prosecutor, and Ryan Weinstein, both attorneys at Skadden, Arps, Slate, Meagher & Flom who are currently representing the former CEO and chairman of Brocade Communications in connection with stock option issues, write, "Steve Jobs recently became the latest chief executive thrown into the options-timing imbroglio. … Rather than fret, investors actually bid up Apple's stock by more than $5 per share. … Given the stock bump, the board's exoneration and Mr. Jobs's lack of accounting experience, could this possibly be a case of criminal securities fraud? Believe it or not, in the minds of some prosecutors applying a far-reaching and unproven theory of fraud, it is. Just last summer, the government indicted Gregory Reyes, the former CEO of Brocade Communications, despite the fact that Mr. Reyes, like Mr. Jobs, was a non-accountant who didn't personally benefit one cent from the option grants at issue." Marmaro and Weinstein continue, "The problem with the government's theory is that it conflates books-and-records violations with criminal securities fraud. In the process, the government untethers securities fraud from the legal elements that help safeguard executives from conviction for inadvertent accounting violations resulting in little or no harm to companies or to investors. … Fundamental to American law is the notion that a defendant cannot be punished absent intent to commit a crime. Yet prosecutors are alleging that non-accountants violated an accounting rule -- known as APB 25 -- so opaque even auditors didn't understand it. Many in Silicon Valley are still scratching their heads: How can someone intentionally violate a rule that they and most others don't even comprehend? … Prosecutors and regulators have alleged just that. Not surprisingly, the first and only federal court confronting the issue so far found that APB 25 was so obscure that its violation could not demonstrate evidence of fraudulent intent as a matter of law." Marmaro and Weinstein conclude, "It is understandable, in an era when public concern is growing over rising executive compensation, that attention should be turned to stock options. Individual companies may want to reconsider how and at what volume they grant options. Yet a thoughtful look at the elements of securities fraud may help observers distinguish between accounting issues and criminal acts."

In his "Business World" column for the Wall Street Journal (1/10), Holman W. Jenkins, Jr., writes, "We can only wonder what Al Gore is making of his experience as the No. 1 defender of today's No. 1 backdating miscreant. … Mr. Gore, an Apple director, was a member of the special two-

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man committee that investigated and exonerated Steve Jobs in the backdating matter. By now, we presume he is well-versed in what backdating is and isn't. But how easily Mr. Gore -- the scourge of Big Pharma, etc. -- could have been the one braying about greed, CEO theft, the defrauding of shareholders." Jenkins continues, "Mr. Jobs's famed marketing magic was on display yesterday at the Macworld Expo in San Francisco. In another way, his case has performed a magical feat in prompting a few more voices to question whether backdating is really the crime of the century, or merely a business curiosity blown way out of proportion by poorly reasoned coverage. … Here and there, in the New Yorker, at the Fortune magazine Web site, in the bloggings of law Prof. Larry Ribstein and journalist John Carney, the intellectual fallacies that have permeated the coverage are gradually poked away. … No such understanding was emoted for Brocade's Greg Reyes or Comverse's Kobi Alexander, CEOs indicted in backdating scandals much like Apple's. But this is still progress." Jenkins adds, "Much reporting has made it sound like backdating was the equivalent of executives taking erasers and white-out to their paychecks to add a couple of zeroes -- and public understanding still suffers from this bum steer. But all that backdating comes down to is a nonmaterial accounting irregularity (yes, readers, accounting rules should be obeyed!) involving a defective judgment about whether "in the money" options needed to undergo expensing. … We're still at the beginning of the so-called scandal, and many executives will likely end up paying a price for this poor decision. But in no way does it implicate theft of shareholder money or even substantive accounting fraud. Here, we propose to violate a cardinal newspaper ordinance that logic should never be discussed in a newspaper. The beginning of all error was the media's unwarranted assumption, to put a fine point on it, that backdating was somebody's way of paying an employee more than, um, er, that same somebody intended (er, sputter, gurgle)."

CRIMINAL LAW:

House Report Contradicts DOJ On Archives Document Theft. The Washington Post (1/10, A4, Smith) reports, "The Justice Department and the National Archives improperly assured the Sept. 11 commission that its members had access to all relevant materials about the Clinton administration's terrorism policies, without knowing if original, uncopied documents had been removed from the archives by former national security adviser Samuel R. 'Sandy' Berger, a Republican congressional report said yesterday." The Post continues, "The report, issued by Rep. Thomas M. Davis III (R-Va.), accused both agencies of inadequately investigating the theft Berger admitted had occurred on two occasions in 2003. It quoted two Archives officials as saying that they had no way of knowing whether Berger took other documents from the files during two earlier visits." The Post adds, "Davis is the former chairman of the House Committee on Oversight and Government Reform. He issued the report after Republican staff members conducted interviews with Archives and Justice Department officials and gained access to unredacted material from a probe by the National Archives inspector general. … His report includes new details of what Berger did, and how the Archives staff, the Justice Department and the FBI reacted to the discovery of missing documents. It depicts Berger as aggressively insisting during his visits to the Archives that he be left alone with the documents, giving him what he later admitted was a calculated opportunity to hide the papers in his clothing." The Post notes, "The report also depicts Berger as lying to Archives staff about thefts that an unnamed senior Archives official said had made her and her staff feel 'almost physically ill.' It said Berger knowingly made false statements to the media after word of the FBI probe surfaced and improperly allowed a spokesman, Joe Lockhart, to depict him as a victim in the affair. … The Justice Department said yesterday that it had no evidence Berger's actions had deprived the commission of any documents."

The AP (1/10, Margasak) reports, "Davis' report quoted Noel Hillman, then-chief of the department's Public Integrity Section, as stating at the time of the 2005 plea that Berger did not have an intent to hide any of the documents or conceal facts from the commission." The AP adds, "Matt Bennett, a spokesman for Berger attorney Lanny Breuer, said, 'I can state unequivocally that no documents were withheld, and that all documents that Mr. Berger took were disclosed to the Justice Department and the inspector general of the archives.'"

The Washington Times (1/10, Seper) reports, "Mr. Davis described the Justice Department's assertion that Mr. Berger's statements were credible after being caught as 'misplaced.' He said, 'One wouldn't rely on the fox to be truthful after being nabbed in the henhouse. But the Justice Department apparently did.' … Justice Department spokesman Bryan Sierra said the department 'has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter.'"

House Committees Delay Response To Cunningham Subpoenas. The AP (1/10, Werner) reports, "Three House committees are delaying responding to grand jury subpoenas issued in connection with the bribery case against jailed former Rep. Randy 'Duke' Cunningham." The AP continues, "The subpoenas were issued to the Appropriations, Armed Services and Intelligence committees

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by the federal grand jury in San Diego that has been considering evidence in a defense contracting investigation stemming from the Cunningham case." The AP adds, "The subpoenas set a Jan. 11 deadline for compliance but prosecutors and House lawyers have agreed to extend that until Jan. 31, congressional staffers said Tuesday. … 'The initial deadline was 'obviously impossible to meet,' said Appropriations Committee Chairman David Obey, D-Wis. 'I just got the job.' … 'We essentially have to dig into Republican files. We have no idea what's in there,' Obey said." The AP notes, "The subpoenas for documents were disclosed in the Dec. 27 edition of the Congressional Record by the committee chairmen, as required by House rules. Those Republican chairmen have since handed over power to Democrats who now control the House. … Rep. Peter Hoekstra of Michigan, top Republican on the House Intelligence Committee, wouldn't say what the subpoenas ask for, but said he was concerned the scope was overly broad."

New Orleans Attempts To Curb Crime Wave. The AP (1/10) reports from New Orleans, "Mayor Ray Nagin, his hurricane-stricken city under siege by a crime wave that has claimed nine lives since the start of 2007, stopped short of imposing a curfew but said police will set up checkpoints in early-morning hours when about one-third of the city's violent crime occurs." The AP continues, "The checkpoints, scheduled to start Wednesday, would operate between 2 a.m. and 6 a.m. and target drug and alcohol violations as well as motorist insurance. The first one was to be held in a crime-ridden area of the city. … Increased foot patrols, using 20-25 sheriff's deputies to supplement police, increasing the number of surveillance cameras in high-crime areas and speeding homicide cases through the court system were other elements of Nagin's plan to attack crime." The AP adds, "A curfew had been opposed by the city's tourism leaders, who said businesses struggling since Hurricane Katrina could be further hurt. While Nagin did not declare a curfew, he said the message to citizens was to stay off the streets in high-crime areas and in early morning hours. … Nagin, acknowledging the criminal justice breakdown extended beyond the police force, said a corps of volunteers will be recruited to monitor homicide cases moving through the courts." The AP notes, "Gov. Kathleen Blanco said today that her office has been talking with New Orleans police for almost two months about a plan to curb the violence and made a formal request for one a couple of weeks ago as a prelude to additional state funding."

Landrieu Seeks Federal Help With Rising New Orleans Violent Crime. The Washington Times (1/10, Pierce) reports in its "Inside Politics" column, Sen. Mary Landrieu "said yesterday that Congress can -- and should -- do more to help stop the recent wave of violent crime plaguing New Orleans. Landrieu urged adoption of her 10-point plan, which grants federal funds and beefs up drug and violence task forces disrupted by Hurricane Katrina in 2005. She sent a letter to President Bush asking that his budget include funds to double the size of a Drug Enforcement Administration task force and an FBI gang task force."

The Baton Rouge Advocate (1/10) writes, "In both her letter to the president and in her crime-fighting plan, Landrieu asked that more FBI and Drug Enforcement Administration agents be sent to New Orleans. She called for doubling the size of the DEA's High Intensity Drug Trafficking Area Task Force Group and the FBI's Violent Gang Safe Streets Task Force."

WGNO-TV, ABC 26, New Orleans (1/10, Murphy) reports, "The murder rate in the Big Easy is now four and a half times the national average. .. 'There is no doubt that this crime wave is putting a damper on our aggressive efforts to rebuild and re-image the city and to encourage not only residents to return, but tourists to continue to come,' said Senator Mary Landrieu/D-Louisiana." WGNO-TV adds, "Senator Landrieu announced a 10-point plan to fight crime in the New Orleans region. … She is asking for additional federal dollars to help rebuild criminal justice facilities like NOPD headquarters and the local police academy. … The senator is also requesting 60-million dollars to help rebuild the police department. … 'I urge the President and the Department of Justice to make an emergency grant to the city under the emergency cops program,' said Landrieu." WGNO-TV notes, "LSenator Landrieu is also asking the Justice Department to send additional drug enforcement and FBI agents to New Orleans. … FBI Special Agent in Charge Jim Bernazzani says those plans are already in the works. … 'Washington has committed to do a national canvass relative to agents who have homicide investigative experience,' said Bernazzani. 'To come to New Orleans on temporary status for about 90 to 120 days to work as a stop gap measure until we get another squad down here.' … The United States Attorney in New Orleans Jim Letten says the city must also address issues outside of law enforcement. … 'Fixing our school system and building the best system possible and rebuilding this economy,' said Letten. 'We have to create education and opportunities for our youth if we're going to get a handle on this thing for the mid and long term.'"

KTBC-TV, Austin, TX (1/9, 5:00 p.m.) broadcasted that Louisiana Sen. Mary Landrieu is "asking the Feds for help." She says "she has written to President Bush and will personally call Attorney General Alberto Gonzales." She continued, "Louisiana has not just been sitting around in New Orleans doing nothing but again we're in a very tough and unprecedented situation and not only need to step up and do our part but ask the Federal agencies to do more if they can and I think they can New Orleans officials are worried crime will deter tourists from Mardi Gras, which is just over a month away." WSJV-TV, South Bend, Elkhart, IN (1/9, 5:00 p.m.)

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broadcasted, "New Orleans leaders are worried the crime wave will keep tourists away from the city with Mardi Gras coming up next month."

First Lady Addresses Murder Wave During New Orleans Visit. The New Orleans Times-Picayune (1/10, Williams) reports First Lady Laura Bush "entered the brightly lighted theater of the Louisiana Children's Museum in the Warehouse District on Tuesday afternoon and without hesitation picked up a drumstick and a Senegalese songba drum, joining dozens of New Orleans-area elementary school students in a rousing performance of a funga, an African welcome song." Bush "smiled broadly as she pounded the drum and studied the faces of the children, who were among the many she met on a three-stop tour, her 11th post-Katrina visit to the city. … Her tour also included a lunch of catfish and greens and conversation at Cafe Reconcile, a job-training restaurant in the heart of Central City." The NOTP notes Bush's visit "was not without reference to the city's recent crime wave. She mentioned an antiviolence program used in Chicago that is based on the notion that violence is taught. 'If you grow up in a neighborhood where violence is common, you think it's normal,' Bush said. 'Because violence is taught, it can be unlearned. 'But I think people in the community really need to speak out and do whatever they can to get the message across that it's not acceptable,' she said."

Judge Jails New Orleans Public Defender For Contempt. The New York Times (1/10, Drew) reports from New Orleans, "The chief judge in the city's juvenile courts had a top public defender arrested Tuesday in a bizarre escalation of a fight over changes in the city's troubled program for representing indigent defendants." The Times continues, "The judge, David Bell, was upset that no public defender was in his courtroom when he was ready to start this morning, and he drove to the defender's office and waited outside for Stephen Singer, the chief of trials, to arrive. … The judge took Mr. Singer to his courtroom, where he found him in contempt for not being prepared to provide representation and ordered him jailed for 36 days, three days for each of the 12 items on Tuesday's docket. Mr. Singer then spent about five hours in jail before a state appeals court stayed the order." The Times adds, "The events were the latest in a series of confrontations between judges and the public defender's office, which has long been overwhelmed and went broke after Hurricane Katrina. … A new board has shifted how the office uses its 30 lawyers to try to provide more thorough representation on the most serious cases. But the changes have made the day-to-day coverage more spotty, and the criminal court judges also have threatened to hold the office in contempt over the problems."

Former Interior Deputy Is Target In Abramoff Probe. The Washington Post (1/10, A3, Schmidt) reports, "Federal prosecutors have notified a former deputy secretary of the interior, J. Steven Griles, that he is a target in the public corruption investigation of Jack Abramoff's lobbying activities, sources knowledgeable about the probe said." The Post continues, "The sources, who spoke on the condition of anonymity, said that among the possible criminal charges being investigated is whether Griles made false statements to the Senate Indian Affairs Committee in 2005 about job discussions Abramoff initiated while Griles was deputy secretary. … Justice Department prosecutors met with Griles on Friday to outline possible charges. The investigation has examined donations made by Abramoff's Indian tribal clients to an environmental advocacy group run by Italia Federici, who was involved with Griles socially, the sources said. Also under scrutiny are donations made to Federici's group by energy and mining companies, the sources said." The Post adds, "E-mails released last year by the Senate Indian Affairs Committee showed that Griles had more than half a dozen contacts with Abramoff or with Federici, head of the Council of Republicans for Environmental Advocacy, who was working as the lobbyist's go-between to Griles. Griles has said that he never tried to intercede on behalf of Abramoff's clients. … The Indian Affairs Committee, in a report issued after a series of investigative hearings, said that further inquiry 'appears warranted' into the 'veracity' of Federici's public testimony. Federici's testimony before the committee included discussions of her relationship with Abramoff, his tribal clients and Griles."

Abramoff's Interior Connection Sentenced To Two Years Probation. NBC News (1/10, Seidman) reports, "A former Interior Department official linked to disgraced lobbyist Jack Abramoff was sentenced Tuesday in federal court to two years probation and a fine of $1000. The official, Roger Stillwell, pleaded guilty to a single misdemeanor count of filing a false financial statement with the department." NBC continues, "Magistrate Judge Alan Kay disregarded a recommendation by both the Department of Justice and Stillwell's attorney for a lesser sentence of six months probation. … Judge Kay said that Stillwell's actions amounted to a 'serious violation considering his position' and his years of government service. Kay admonished Stillwell saying there is 'no such thing as a free lunch, particularly as provided by lobbyists.'" NBC adds, "The charges against Stillwell are the first connected to the Abramoff scandal to touch the Interior Department. The charges also mark an expansion of the government's investigation into the influence peddling scandal involving the convicted lobbyist. Prosecutors acknowledged in court that there is still an ongoing investigation involving Abramoff and his contacts with the Department of Interior. … Stillwell, a former desk officer for the Commonwealth of the Northern Marianas - a lucrative Abramoff client - acknowledged receiving four tickets to a Redskins football game and two tickets to a Simon and

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Garfunkle concert in Washington - all paid for by Abramoff - which Stillwell did not report."

Judge Rejects Media Request For Libby Trial Audio Recordings. In a widely-distributed story, the AP (1/10) reports US District Judge Reggie Walton "said Tuesday he would not make available daily audio recordings of the upcoming trial of Vice President Dick Cheney's former chief of staff," Lewis "Scooter" Libby. "News organizations had asked that recordings of testimony and arguments be released for broadcast," but Walton said in his ruling that "the only recording of court proceedings is done by the court stenographer to help ensure an accurate transcript. … Broadcasting court proceedings -- along with commentary and analysis -- could prejudice jurors and lead to an unfair trial, Walton said."

Lack Of Cooperation From Agencies Prompted FBI To Quit Leak Probes. Under the headline "Leak Probes Stymied, FBI Memos Show," the New York Sun (1/10, Gerstein) reports, "A lack of cooperation from one or more intelligence agencies led the FBI to abandon several recent criminal investigations into leaks of classified information to the press, records obtained by The New York Sun indicate." The Sun adds, "In an exchange of e-mails in September 2005, FBI agents handling a leak investigation codenamed 'May Apple,' complained about difficulties in getting basic information about who saw classified documents key to the case. … A few weeks later, the head of the FBI's leak-sleuthing section, Michael Donner, wrote to the Justice Department's counterespionage chief, John Dion, asking to close the probe. The FBI's Washington field office 'concluded that the investigation had languished due to repeated requests for information…that have not been fulfilled in a timely manner,' Mr. Donner wrote." In an interview yesterday with the Sun, Donner, now retired, "acknowledged some instances where agencies were not enthusiastic about helping the FBI." He "said the current drive to share intelligence information made his job even harder." The Sun notes, "The friction apparent in the records…calls into question assurances by senior government officials that law enforcement and the intelligence community are working hand-in-glove to ferret out leaks." On its Web site, the Sun also provides a link to copies of the documents.

Judge Appoints Federal Prosecutor To Help Israeli Criminal Probe. The Mobile (AL) Register (1/10, Kirby) reports, "A federal judge in Mobile last week appointed Assistant U.S. Attorney George May to assist the Israeli government with a criminal investigation that touches southern Alabama." The Register continues, "As a commissioner of the court, May will gather information under a treaty between the United States and Israel that commits law enforcement officials to helping their counterparts when investigations cross international borders. … Chief U.S. District Judge Ginny Granade's order empowers May to collect documents and subpoena witnesses. He will certify and submit the evidence he gathers to the U.S. Department of Justice's Office of International Affairs." The Register adds, "The judge's order states only that it was prompted by a request by Israel. May, the anti-terrorism coordinator at the U.S. attorney's office in Mobile, said the probe relates to allegations involving bogus diplomas. … He said the Alabama connection is a small piece of a much larger investigation that also involves other parts of the country. Citing the beginning stages of the investigation, he declined to discuss the case in detail. He said the Israeli government has sought help from federal prosecutors in other districts. … May said he does not believe the targets of the probe live in Alabama." The Register notes, "The United States has signed 57 mutual legal assistance treaties, although not all have been ratified by the Senate, according to the Justice Department. … Bryan Sierra, a spokesman for the department, said most of the pacts are bilateral agreements with other countries, but others involve international organizations. For instance, the United States has a treaty with the Organization of American States, a collection of 35 countries in the Western Hemisphere, he said. … Sierra said the Justice Department does not keep statistics on the number of requests made by foreign governments, and he added that he could not even estimate how frequently a treaty is invoked."

Former New Jersey Mayor Pleads Guilty To Taking Bribes. The Newark Star-Ledger (1/9, Sterling, Spoto) reported that on Monday, "A mayor who presided over a period of substantial growth in Brick Township…admitted taking more than $5,000 in bribes in exchange for helping a developer gain approval for a number of unspecified projects." Joseph C. Scarpelli "told a federal judge he accepted the bribes over five years." The Star-Ledger noted, "Court papers provided few de tails about the bribes, and law enforcement agents were equally quiet after court." FBI Newark SAC Leslie G. Wiser Jr. "showed up for the plea but also offered little information. When asked if the bureau considered Scarpelli a 'big fish' in its continuing probe of official corruption in New Jersey, Wiser said: 'Every public official is important to us, as is maintaining the integrity of the system.' He did note the FBI and U.S. Attorney's Office have had particular success making cases against public officials in Monmouth and Ocean counties of late, though he said there also are corruption cases in the pipeline from other counties."

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Former Committeeman Loses Appeal Of Bribery Conviction. In a front-page story, the Holmdel (NJ) Independent (1/10, Bowes) reports, "Former Middletown Committeeman Raymond O'Grady lost his appeal on Friday and is now scheduled to begin his 43-month jail sentence Jan. 22. O'Grady was convicted in June on five corruption-related charges as part of the FBI's Operation Bid Rig investigation. The one-time director of the Monmouth County Central Motor Pool was found guilty of accepting at least $8,000 in cash bribes in exchange for official favors through his position in county government." The Independent notes defense lawyer Kevin Roe "argued that O'Grady's trial was unfair because of the suicide attempt of the FBI's star witness after only one day on the stand."

Tennessee Waltz Trial Jurors See FBI Video Of Alleged Bribe. The Memphis Commercial Appeal (1/10, Buser, 163K) reports, "A federal court jury Tuesday watched a secretly recorded videotape showing a former Shelby County official accepting $1,500 in cash from an informant that authorities say was a bribe. The money -- 15 $100 bills -- was supplied by the FBI, as was the tiny camera hidden in a briefcase." Calvin Williams "says he believed the payment was a legitimate business dividend due him from his associate, Tim Willis." The Commercial Appeal notes, "Williams is accused of using -- or claiming to use -- his influence with the County Commission to secure a $100,000 county grant for the Glenview Neighborhood Development Partners Inc. to provide low-interest loans for home improvements." Federal public defender Doris Randle-Holt "said Willis was a partner with Williams in several businesses and that the $1,500 represented Williams' 30 percent share of a $5,000 media services contract Willis had with Glenview to help win the grant. Willis testified, however, that they shared office space…but that their business enterprises were completely separate. Randle-Holt noted that Willis was paid $6,000 a month by the FBI for more than two years for his cooperation and that he had never been charged for admittedly submitting false invoices in 2001 when he had a consulting contact at Juvenile Court."

Judge Rejects Dixon's Bid For Release From Prison Pending Appeal. WMC-TV Memphis (1/9) reported on its Web site, "A handwritten plea from Roscoe Dixon, sent in December from his cell at the Oakdale Correctional Center in Louisiana, proved fruitless. Federal Magistrate Jon McCalla denied Dixon's request to be released pending his appeal of his federal bribery trial. In his letter, Dixon -- who was sentenced to five years behind bars -- describes overcrowding conditions which have, according to his letter, left him in solitary confinement until space becomes available. He has 'to eat the same food as those who are in "the hole,"' he wrote."

FBI Arrests California College Official On Bribery Charges. The Los Angeles Times (1/10, Lin, 850K) reports, "Federal agents arrested a UC Riverside administrator Tuesday on suspicion of bribing a general contractor in charge of building the school's new psychology building, authorities said." UCR Office of Design and Construction Associate Director Theodore Chiu "is accused of soliciting a $50,000 bribe from Irvine contractor FTR International Inc. last Halloween. Chiu allegedly asked for the payment when the company's president, Nizar Katbi, raised concerns about the $35-million project, including Chiu's choice of a subcontractor, according to an FBI affidavit filed in federal court. In exchange for the alleged bribe, Chiu agreed to sign a change order that would modify the university's original agreement with the company, the affidavit said." The Times notes, "Katbi cooperated with investigators by recording his meetings and conversations with Chiu, said Thom Mrozek, a spokesman for the U.S. attorney's office in Los Angeles."

Judge Rejects Devecchio Bid For Federal Trial. The AP (1/10) reports, "A former FBI agent accused of helping a ruthless mobster plot gangland slayings in Brooklyn more than a decade ago won't go to trial in federal court, a judge ruled Tuesday. Attorneys for R. Lindley DeVecchio had argued his case belonged in federal court because there -- unlike in state court -- they would be allowed to argue that he was immune from criminal charges arising from his duties as a federal agent." The AP notes, "The Brooklyn district attorney's office had fought to keep the case in state court after charging DeVecchio last year with four counts of murder in what it billed as one of the worst law enforcement corruption cases in U.S. history." The New York Times (1/10, Brick) also reports the ruling in "Metro Briefing."

9th Circuit Panel Rules Gang Attorneys Cannot Have Access To Witness Identities. The San Francisco Chronicle (1/10, B - 2, Egelko) reports, "Federal prosecutors in the death penalty trial of alleged members of a violent San Francisco gang don't have to give defense lawyers police reports that identify witnesses before the trial, a federal appeals court ruled Monday." The Chronicle continues, "The 2-1 decision by the Ninth U.S. Circuit Court of Appeals in San Francisco overturned a ruling last year by the trial judge, who ordered prosecutors to release police reports on the witnesses, including their identities. U.S. District Judge William Alsup had also said prosecutors would be prohibited from calling witnesses whose names they refused to provide to the defense." The Chronicle adds, "Prosecutors say they fear for the witnesses' safety if they are identified, citing the killing in May of a witness who had testified in another San Francisco murder case. Defense lawyers and Alsup said

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prospective witnesses would be protected by orders prohibiting the defense from revealing the information to outsiders. … A federal grand jury issued racketeering indictments in October 2005 against 12 alleged members of the Down Below Gang, which authorities say has terrorized the Sunnydale public housing complex in Visitacion Valley since the late 1990s. Prosecutors say the defendants dealt drugs, toted guns and murdered seven people, including a 7-week-old baby." The Chronicle notes, "Eight defendants pleaded guilty last month to racketeering and conspiracy charges that carry prison sentences of up to 23 years. Of the remaining defendants, one is a fugitive and has not been publicly identified. The others are Emile Fort and Edgar Diaz, who could both be sentenced to death if convicted, and Terrell Jackson, whose case is still being evaluated by the U.S. Justice Department for possible death penalty charges. Their trial is scheduled to start in September."

Grand Jury Mulls Idaho Kidnapping, Murder Charges. The AP (1/10, Dininny) reports from Boise, ID, "A decision on whether to indict convicted murderer Joseph Duncan III on federal charges for kidnapping two north Idaho children and slaying one of them could come in the next few weeks, the U.S. attorney's office said Tuesday. … In the meantime, the federal agency that secures prisoners said it would recommend that the trial be held in Boise, rather than Coeur d'Alene, if a grand jury indicts Duncan." The AP continues, "Duncan, 43, drew national attention in 2005 with the kidnapping of then 8-year-old Shasta Groene and her 9-year-old brother, Dylan. … A Tacoma, Wash., native, Duncan had been living in Fargo, N.D., and was on the run from a child molestation charge in Minnesota when he drove past the Groene home on Interstate 90 east of Coeur d'Alene and spotted the children playing outside. Duncan stalked the family for several days and, on May 16, entered the home, bludgeoning the children's mother, Brenda Groene; her fiance, Mark McKenzie and Groene's 13-year-old son, Slade." The AP adds, "According to court documents, Duncan kidnapped Shasta and Dylan, traveling into the mountains near St. Regis, Mont., where he sexually abused them for seven weeks before killing Dylan. … Shasta was rescued when she and Duncan walked into a restaurant in Coeur d'Alene early on the morning of July 2, 2005. … Duncan pleaded guilty in state court last year to three counts of first-degree murder and three counts of first-degree kidnapping for the murders at the Groene home. A judge sentenced him to life in prison without parole on the kidnapping charges. … However, the sentence on the murder counts will be deferred while the federal government pursues its case against Duncan for the kidnappings and murder across state lines."

Los Angeles To Shift Anti-Gang Tactics. The Los Angeles Times (1/10, Mcgreevy, Winton) reports, "Los Angeles' top law enforcement officials have agreed on a new attack on gang violence, one that focuses more enforcement on smaller neighborhood gangs and uses a new legal tool tried last year on skid row." The Times continues, "The effort comes as L.A. officials are trying to quell a 14% increase in gang-related crime during the last year, marked by several high-profile incidents of race-motivated violence. … LAPD Chief William J. Bratton met this week with Dist. Atty. Steve Cooley and representatives of City Atty. Rocky Delgadillo to begin formulating the plan." The Times adds, "Bratton announced Tuesday that his department is developing a 'Top 10' list of gangs to target based on a complex formula — and then the three agencies will devote additional officers and attorneys specifically to those gangs. … The campaign will include targeting the leaders and headquarters of the worst gangs. … Police have identified 720 street gangs in Los Angeles, with 39,315 members. But officials said a small number of them are causing a disproportionate amount of crime in the hardest-hit neighborhoods. … The new strategy is something of a shift for law enforcement officials, who have until now focused much attention on larger gangs that run drug rings and other criminal enterprises."

CIVIL LAW:

Judge Dismisses Challenge To VA's Use Of Religion In Veteran's Treatment. The AP (1/9, Foley) reports from Madison, WI, "The Department of Veterans Affairs' increasing use of religion in treating ailing veterans does not violate the separation of church and state, a federal judge has ruled." The AP continues, "U.S. District Judge John Shabaz dismissed a lawsuit by the Madison-based Freedom From Religion Foundation and defended the agency's practices in his decision Monday, saying religion can help patients heal and is legal when done on a voluntary basis. … The foundation, a group of atheists and agnostics which has challenged the Bush administration's mix of government and religion, said it was the first time a judge upheld the constitutionality of the VA's use of religion in treating millions of veterans. The ruling averts a trial that was scheduled to begin later this month. … The group's president, Annie Laurie Gaylor, said Tuesday it would appeal the ruling." The AP adds, "The lawsuit challenged the agency's practice of giving most patients spiritual assessments that ask questions about faith, such as how often they attend church and how important religion is in their lives. Agency officials say the assessments help them determine patients' needs. … The suit also targeted VA drug and alcohol treatment programs that incorporate religion, the integration of its chaplain program into patient care and the expansion of chaplain services for outpatient veterans instead of just those at VA hospitals." The AP notes, "The veterans'

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agency, which treated 5.3 million people at its facilities in 2005, acknowledged it believes spirituality should be integrated into care but said it allows patients to decide whether that involves religion. … Jean Lin, a U.S. Department of Justice lawyer who represented the veterans' officials, declined comment. DOJ spokesman Charles Miller said the opinion speaks for itself."

CIVIL RIGHTS:

Jury Continues Deliberations In Texas Smuggling Death Trial. The AP (1/10, Lozano) reports from Houston, "Jurors deliberated today without deciding whether to impose a death sentence for the truck driver in the nation's deadliest human smuggling attempt, in which 19 illegal immigrants who were locked in a sweltering trailer for hours eventually died from dehydration, overheating and suffocation. … The six men and six women on the jury deliberated for about six hours today. They were to resume Wednesday." The AP continues, "Jurors must decide whether to sentence Tyrone Williams to death or life in prison without parole, or to let the judge issue a sentence ranging from no incarceration time to life in prison without parole. … Williams was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants, including 20 counts that were death-penalty eligible." The AP adds, "During the 2003 smuggling attempt, more than 70 immigrants were packed inside Williams' trailer, with no air conditioning. … They were heading from South Texas to Houston when the heat became unbearable and the immigrants began to panic, tearing holes in the trailer doors with their hands in order to breathe. Williams eventually opened the trailer doors and abandoned the container near Victoria, about 100 miles southwest of Houston. … Defense attorney Craig Washington told jurors Williams never intended for the immigrants to die. Washington said it was unfair that Williams was the only defendant in the case who is facing the death penalty when others were equally responsible. … But Assistant U.S. Attorney Daniel Rodriguez told jurors Williams had no compassion and he deserves to die because he alone could have freed them but chose not to open the trailer's doors."

DOJ Rules Against Appointment Of Alabama County Commissioner. The Mobile Press-Register (AL) (1/9, Murtaugh) reports, "The U.S. Department of Justice on Monday objected to Gov. Bob Riley's appointment of Juan Chastang to the Mobile County Commission, saying it 'appears to diminish the opportunity of minority voters to elect a representative of their choice.'" The Press-Register continues, "The decision is the latest step in a long legal battle designed to oust Chastang, a black Republican, from representing District 1, a majority-black district that has historically elected Democrats. … Riley appointed Chastang to replace Sam Jones on the commission after Jones was elected mayor of Mobile in October 2005." The Press-Register adds, "Cecil Gardner, the attorney who filed the lawsuit against Chastang's appointment, said he will file a motion today asking that a panel of federal judges in Montgomery declare Chastang's seat vacant and order a special election to fill it. … The state can still appeal the Justice Department decision to the U.S. District Court for the District of Columbia or ask the U.S. attorney general to reconsider the objection, according to the ruling."

WPMI-TV, NBC 15, Mobile, AL (1/10) reports, "According to the Justice Department, that appointment may have violated the federal Voting Rights Act. .. 'We predicted quite accurately that the governor would appoint a Republican. That commission district has never voted Republican in the entire history of the county commission,' says Cecil Gardner who initially brought the lawsuit over Chastang's appointment a year and a half ago. Tuesday, he filed a motion asking a federal court to order the seat vacated and that a special election be conducted 'Representatives of the people ought to be elected by the people and not chosen by executive fiat,' Gardner maintains. … But Chastang says the legal fight to get him out of office isn't' about the people. 'Partisan politics is what this whole thing is all about right now.'"

Michigan Islamic Group Urges FBI Probe Of Shiite Mosque Vandalism. The AP (1/10, Karoub) reports, "An Islamic coalition representing southeast Michigan Sunni groups and centers said Tuesday that the vandalism of Shiite mosques and businesses over the weekend could be hate crimes and called on the federal government to investigate. Late Saturday night or early Sunday, vandals broke windows of two mosques and five businesses…owned by Iraqi Shiites." Detroit Police Sgt. Eren Stephens Bell "said the department is investigating the vandalism and could not confirm if the incidents were hate crimes. … The FBI said in a statement Tuesday that it has talked to the Council on American-Islamic Relations and leaders of other community groups. If the Detroit police find information that links the vandalism to federal civil-rights violations, the FBI would 'pursue it accordingly.'"

DOJ Asked To Help Fight Anti-Arab Bigotry. UPI (1/10) reports that Arab American leaders have urged U.S. Attorney General Alberto Gonzales "to fight anti-Arab bigotry. … 'In response to concerns about the increasing level of negativity openly directed towards Arab and Muslim Americans, leaders from the Arab American Institute and other key Arab American and Muslim American organizations met with Attorney General Alberto Gonzales to request that the federal government help quell the recent tide of bigotry,'

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the Washington-based AAI said in a statement Monday. … 'AAI and leaders from the American-Arab Anti-Discrimination Committee, Muslim Public Affairs Council, Islamic Society of North America and Muslim advocates also sought clarification and action on policies concerning racial profiling, suspension of habeas corpus, oversight of watch lists, and donations to charities in the Middle East,' the statement said." UPI adds, "AAI said the delegation 'also urged the attorney general to support the termination of the National Security Entry-Exit Registration System or 'special registration,' a program that began as an initiative of the Justice Department.' … AAI Chairman George Salem and AAI President James Zogby also requested (the department) to 'provide leadership for the country in helping to reverse this disturbing and increasingly accepted trend of anti-Arab and Muslim bias,' the statement said."

LAPD Board Will Not Punish Officer In Fatal Shooting Of Teen. The Los Angeles Times (1/10, Lait, Glover) reports, "A Los Angeles Police Department disciplinary board has secretly decided not to punish the officer who fatally shot 13-year-old Devin Brown two years ago, rejecting an earlier ruling by the civilian Police Commission that the act violated department policy, sources confirmed Tuesday." The Times continues, "Members of an LAPD Board of Rights, meeting behind closed doors on Monday, determined that Officer Steven Garcia was justified in shooting Brown as the youth allegedly tried to back a stolen car into the officer following a brief pursuit." The Times adds, "The shooting sparked outrage in the surrounding South Los Angeles community, with citizens and activists alleging that Garcia overreacted and used excessive force. Last year the city paid $1.5 million to settle a wrongful death lawsuit filed by Brown's family. .. .Monday's decision, reached by two high-ranking LAPD officials and a civilian representative, effectively negates the earlier finding by the Police Commission that the shooting was 'out of policy' and that Garcia should be punished. … It also reflects a dramatic change in the way the LAPD metes out discipline. For decades, the LAPD has heard evidence publicly when serious misconduct is alleged. Last summer, however, the California Supreme Court ruled that police officer personnel documents were not public records. Responding to that ruling — and over the objections of news organizations and civil libertarians — the LAPD moved to close its disciplinary hearings."

NYTimes Applauds Spitzer's Move On Inmates' Calls. The New York Times (1/10, 1.16M) editorializes that Gov. Eliot Spitzer "set an important national example this week when he announced that the state corrections department would back away from a longstanding policy of charging prison inmates and their families more than six times the going rate for collect calls made from prison."

ANTITRUST:

Newspapers Plan Joint Sales Of Web Site Advertisements. The Wall Street Journal (1/10, A1, Angwin) reports, "The nation's three largest newspaper publishers are gearing up to sell advertising jointly on their newspapers' Web sites, believing their survival depends on seizing new online revenue." The Journal continues, "Gannett Co., McClatchy Co. and Tribune Co. are planning to offer advertisers one-stop shopping for display ads on Internet sites. The goal is to attract big advertisers such as car makers and phone companies that want to reach a nationwide online audience but don't want the hassle of negotiating ad deals with each company or newspaper." The Journal adds, "The joint effort, code-named 'Open Network,' marks a big new bid to win back advertisers that are defecting in droves to the Web. Currently, national advertisers buy the bulk of their online display ads -- banners and boxes -- from big portals such as Yahoo Inc., Time Warner Inc.'s AOL or Microsoft Corp.'s MSN. Yahoo has announced plans to work with seven other newspaper publishers to build a similar one-stop-shopping spot for advertisers. Google Inc. has also reaped a bonanza with advertising links that appear next to search results. … The three newspaper companies, known in the industry as GMT, are likely to each contribute 10% of their online-advertising space to the network, according to people familiar with the situation. They hope to announce something early this year, although the deal isn't finalized and could still fall apart." The Journal notes, "The venture is designed to help the chains tackle a vexing problem: They have long had trouble attracting national advertisers. In their print editions, this is largely because of price. Newspapers can jack up ad prices for local retailers that have few other ways to reach a hometown audience. But national advertisers often find it cheaper to buy a TV spot or magazine ad than to buy space in dozens of newspapers. National advertisers also account for about 75% of advertising on the Internet, according to PricewaterhouseCoopers. … Efforts by the chains to coordinate their print-advertising sales have shown little success, partly because individual papers weren't enthusiastic about standardizing ad sizes or giving up control of their relationships with advertisers. But with the industry under severe stress, that reluctance to band together may change."

Senate Plans Hearing On Impact Of Airline Merger. The Atlanta Journal-Constitution (1/10, Grantham) reports, "Prompted by US Airways' bid to acquire Delta Air Lines and merger talk at other carriers, the U.S. Senate

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Commerce Committee has scheduled a hearing later this month on the likely effects of a potential wave of airline mergers." The AJC continues, "The Jan. 24 hearing will be on the state of the airline industry and the "potential impact of airline mergers and industry consolidation," the committee said Tuesday in a press release. … Then-Delta Chief Executive Leo Mullin testified to the same committee in hearings shortly after the 9/11 terrorist attacks. Congress later approved a multibillion-dollar aid bill after airlines were temporarily grounded in response to the 2001 attack." The AJC adds, "Congress had been expected to weigh in on the airline merger issue, although the U.S. Justice Department would have to independently review any combinations. After US Airways' hostile $8 billion-plus bid for Delta in November, local and national politicians from Atlanta and communities that would be affected expressed concern about the deal. … Delta management opposes the proposal but its bankruptcy court creditors will have the final say."

Micron Settles Chip Antitrust Suit. Bloomberg (1/10, Gullo) reports, "Micron Technology Inc., the biggest U.S. memory chip maker, said it cut previously reported first-quarter earnings by as much as $80 million to reflect a settlement resolving claims it conspired to fix chip prices." Bloomberg continues, "The accord resolves private antitrust lawsuits filed over U.S. sales of dynamic random access memory, or DRAM, from 1999 to 2002. The claims were brought by manufacturers and individuals alleging that a price-fixing conspiracy drove up costs for the chips, a memory component used in personal computers, laptops and video game consoles. … 'It is expected that the settlement will result' in a reduction 'in an amount not to exceed $80 million,' Micron said today in a statement." Bloomberg adds, "Micron has been in settlement talks to end similar claims by state attorneys general who sued the company and other DRAM makers in July, said company spokesman Dan Francisco. The private antitrust suits against chip makers stemmed from a 2002 Justice Department probe of the DRAM market. Micron cooperated with U.S. officials in exchange for not being charged with a crime. … The settlement dismisses Micron from the class action, or group lawsuit, originally filed in San Francisco federal court. The accord is subject to court approval."

Congress To Take Up Net Neutrality Bills. The New York Times (1/10, Labaton, 1.16M) reports, "Senior lawmakers, emboldened by the recent restrictions on AT&T and the change in control of Congress, have begun drafting legislation that would prevent high-speed Internet companies from charging content providers for priority access." The "first significant so-called net neutrality legislation of the new Congressional session was introduced Tuesday by Senator Byron L. Dorgan, Democrat of South Dakota, and Senator Olympia J. Snowe of Maine, one of the few Republicans in Congress to support such a measure." Rep. Ed Markey, Chairman of the House Energy and Commerce Subcommittee on Telecommunications and the Internet, "said recently that he would introduce legislation soon and planned to hold hearings." But the "proposals face significant political impediments and no one expects that they will be adopted quickly," and the debate "promises to be a bonanza for lobbyists and a fund-raising tool for lawmakers. It pits Internet giants like Google, Yahoo, eBay and Amazon, which support the legislation, against telecommunication titans like Verizon, AT&T and large cable companies like Comcast."

Aloha Airlines Takes Mesa To Court. The AP (1/10) reports, "Aloha Airlines announced that it will pursue further legal action against Mesa Air Group Inc. in federal court." The AP continues, "Aloha sued Mesa in state court in October, alleging the Phoenix-based company improperly used data it obtained as a potential investor to try to drive Aloha out of business. … 'Upon further legal review of the federal antitrust laws, and given findings of federal Bankruptcy Judge Robert Faris in the Hawaiian Airlines matter, we believe our claims would be best pursued in the federal court system,' David A. Banmiller, Aloha's president and chief executive, said Monday. 'Aloha will continue to proceed vigorously against Mesa to stop the illegal and improper conduct.'" The AP adds, "Mesa, which had been considering investing in Aloha when the island carrier was undergoing bankruptcy reorganization, launched go! airlines in June as a competing carrier in Hawaii, entering the market dominated for decades by Hawaiian and Aloha airlines. … Hawaiian, now a unit of Hawaiian Holdings Inc., sued Mesa in February for the alleged illegal use of confidential information and trade secrets obtained during Hawaiian's Chapter 11 bankruptcy proceedings,"

FTC Gives Antitrust Nod To Hain-Avalon Deal. The AP (1/10) reports, "Hain Celestial Group Inc., an organic food company, received antitrust approval for its planned $120 million acquisition of Avalon Natural Products Inc." The AP continues, "The Federal Trade Commission approved early termination of a waiting period required under antitrust law on Friday." The AP adds, "Melville, N.Y.-based Hain, whose brands include Garden of Eatin', Earth's Best and Celestial Seasonings, is buying Avalon from private equity firm North Castle Partners LLC. … Avalon, located in Petaluma, Calif., sells personal care products under the Avalon Organics, Alba Botanica and Unpetroleum brands."

Supreme Court Lowers Threshold For Patent Lawsuits. The New York Times (1/10, Greenhouse, 1.16M) reports the Supreme Court "opened the door Tuesday to a category of patent lawsuits that a lower court had barred,

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issuing a decision that will probably shift power in the courtroom from bigger patent-owning companies to smaller start-up companies that rely on obtaining licenses for patented technology." The court's "8-to-1 decision held that the holder of a patent license can sue to challenge the patent's validity without first refusing to pay royalties and putting itself in breach of the license agreement." This "seemingly technical question, in a dispute by two biotechnology companies, MedImmune and Genentech, has considerable practical importance. A license holder is much less likely to sue if it must first stop paying royalties and thereby risk becoming the target of a patent infringement suit, with the potential for triple damages and the loss of the right to continue selling its product."

The Wall Street Journal (1/10, Bravin, Chase, 2.04M) reports the decision "weakens intellectual-property protections by making it easier for legal challenges to patents. The 8-1 decision put the justices on the side of those who have complained that existing rules stifle innovation, and it is their latest rebuke to the specialized panel that hears patent appeals, the U.S. Court of Appeals for the Federal Circuit, for rulings skewing property rights in favor of patent holders. The high court this term has also heard a separate case appealing obstacles imposed by the Federal Circuit against challenges to a patent on grounds that the invention is 'obvious.' A decision on that is pending." The "implications could be greatest for the biotechnology industry, where huge profits can turn on a relatively small number of patents, according to Pamela Samuelson, co-director of the Center for Law and Technology at the University of California, Berkeley."

SCOTUS Patent Ruling Could Spark Surge In Challenges. The AP (1/10, Elias) reports, "Biotechnology analysts and lawyers said a key U.S. Supreme Court ruling Tuesday could help companies who license patents get out of bad deals easier." The AP continues, "The Supreme Court ruled that Gaithersburg, Md.-based MedImmune Inc. could sue Genentech Inc. for patent infringement even though MedImmune continues to pay fees to Genentech to use the disputed technology to develop the drug Synagis that treats childhood respiratory problems. The high court didn't rule on the merits of MedImmune's claims Tuesday, the outcome of which analysts said is more important to the patent landscape of the biotechnology industry." The AP adds, "Licensing the rights to use another company's patent technology is the lifeblood of the biotechnology industry. Many smaller companies have long complained that larger companies with extensive patent portfolios often hold monopolistic grips on certain manufacturing processes. For instance, several biotechnology companies pay Genentech royalties to access the technology at the heart of the MedImmune dispute. … 'This is definitely a major ongoing controversy,' said Jason Kantor, an analyst with RBC Market Capitals. 'The decision today does not have far-reaching implications.'"

The Legal Times (1/10, Mauro) reports, "Patent litigation could explode in the wake of the Supreme Court's ruling Tuesday in a closely watched dispute over patent validity between two biotechnology firms." The Times continues, "The Court, by an 8-1 vote, reinstated a lawsuit by MedImmune challenging a Genentech patent related to Synagis, a popular drug for treatment of respiratory disease in children. The opinion in MedImmune v. Genentech, written by Justice Antonin Scalia, says patent licensees no longer have to breach the license in order to have standing to challenge the patent that they dispute. Patent lawyers say the ruling could lead to a flurry of challenges to existing patents. … 'It's a rare patent where you can't find something to challenge. There will be an explosion in litigation by these licensees,' says Jim Badke, a partner at Ropes & Gray. 'Companies can have their cake and eat it too.'" The Times adds, "The Jan. 9 ruling overturns a decision by the U.S. Court of Appeals for the Federal Circuit, which since 2004 had held that a breach -- such as ceasing royalty payments -- was necessary in order to establish the "case or controversy" required to challenge the patent. Critics of the Federal Circuit's doctrine said it discouraged challenges against invalid patents, because breaking a license agreement can be risky. Such a breach can prompt the patent holder to retaliate by suing for infringement and seeking an injunction against further sales of the product, along with treble damages. .. Now a licensee can challenge a patent while still honoring it and paying royalties -- as MedImmune did in the case before the Supreme Court -- and patent challenges will be safer and easier to file without fear of retaliation."

ENVIRONMENT:

DOJ Probing Possible Ethical Violations At Mineral Agency. The Denver Post (1/10, Raabe) reports, "The U.S. Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service over possible ethics violations." The Post continues, "One of the investigations focuses on individuals at the agency's office in the Denver Federal Center, officials said." The Post adds, "The investigations mark the first time that federal officials are targeting possible criminal activity at the Minerals Management Service. .. The agency already has been the subject of noncriminal federal inquiries and audits alleging problems in its mission to collect royalty payments on oil and gas production from federal property." The Post notes, "Allegations of criminal ethics violations are unrelated to the previous inquiries and audits, the agency said in a statement. … 'The Minerals Management Service requested an investigation by the Inspector General into two possible ethics violations. These cases have been referred to the Justice Department,' the

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statement said. … 'Both cases involve individual personnel, and therefore cannot be discussed outside the investigation itself.' … Earlier this month, a report from the Interior Department's inspector general concluded that the Minerals Management Service may be allowing royalty underpayments because of weaknesses and inconsistencies in the agency's audits of energy-company payments."

Florida City To Target Ex-Utility Heads After DOJ Drops Probe. The Sarasota (FL) Herald Tribune (1/10, Quinlan) reports from Venice, FL, "The city will consider filing lawsuits or taking other legal action against the former utility department employees believed to be responsible for the illegal dumping to which the city pleaded guilty in federal court in 2005." The Tribune continues, "The City Council's decision Tuesday to weigh legal options comes days after city leaders learned that federal prosecutors have given up trying to bring criminal charges against any former utility department employees." The Tribune adds, "The Justice Department's decision to drop the case has angered council members, who say that the actions of a few former employees ultimately cost taxpayers more than $2 million in fines and engineering and legal fees. … 'The city felt that it had no choice but to enter into a guilty plea based on the evidence,' said council member John Moore, a former judge. 'I felt that they should have been prosecuted.'" The Tribune notes, "The Department of Justice would not comment on why it closed the case. The City Council instructed the city attorney Tuesday to seek an explanation. .. The investigation began after several former utility department employees accused colleagues of illegally dumping excess treated waste water into Curry Creek and spraying it onto a field at Knights Trail in 2001, even though the systems designed to measure and limit flow were not working. … In 2004, the city purged the department, hiring a private firm, Operations Management International, to run the city waste-water operations. … The city pleaded guilty to three felony violations of the Clean Water Act, receiving the minimum fine allowable, $110,000. As part of the plea deal, city officials agreed to cooperate in any further investigation of the supervisors or managers responsible, whom court papers refer to only as the 'Executive Group.' … But some former employees who claim to be members of the 'Executive Group' say that federal prosecutors' decision to walk away from the case proves their innocence. They say current city administrators capitulated to federal prosecutors and used the case and allegations to stage a coup."

NOAA Affirms Human Role In Climate Change. The New York Times (1/10, Revkin, 1.16M) reports, "President Bush has said it. A lot of government scientists have said it. But until yesterday, it appeared that no news release on annual climate trends out of the National Oceanic and Atmospheric Administration under the Bush White House had said unequivocally that a buildup of greenhouse gases was helping warm the climate." The Times adds, "The statement came in a release that said 2006 was the warmest year for the 48 contiguous states since regular temperature records began in 1895. ... 'A contributing factor to the unusually warm temperatures throughout 2006 also is the long-term warming trend, which has been linked to increases in greenhouse gases,' the release said, emphasizing that the relative contributions of El Niño and the human influence were not known."

The CBS Evening News (1/9, story 8, 2:10, Couric, 7.66M) reported, "Scientists confirmed today that 2006 was the warmest year on record in America, more than two degrees warmer than the 20th century average." CBS (Alfonsi) added, "Scientists blame El Niño , the weather phenomenon that warms the waters in the Pacific, shifting the location and intensity of the jet streams, making our weather just weird."

The Washington Post (1/10, A1, Kaufman, 690K) says 2006 capped "a nine-year warming streak 'unprecedented in the historical record' that was driven in part by the burning of fossil fuels, the government reported yesterday." The Post adds, "According to the government's National Climatic Data Center, the record-breaking warmth...was the result of both unusual regional weather patterns and the long-term effects of the buildup of carbon dioxide in the atmosphere. 'People should be concerned about what we are doing to the climate,' said Jay Lawrimore, chief of the climate monitoring branch of [NOAA]. 'Burning of fossil fuels is causing an increase in greenhouse gases, and there's a broad scientific consensus that is producing climate change.'"

USA Today (1/10, O'Driscoll, 2.27M) reports, "The climate center says the current El Niño, the periodic warming of Pacific waters, is the biggest factor for 2006, and global warming is 'a contributing factor.' This is believed to be the first time the annual temperature report mentions climate change as a cause."

The Los Angeles Times (1/10, Hotz, 850K) reports, "Based on an analysis of readings from 1,200 weather stations around the country, the average annual temperature in the Lower 48 states last year was 2.2 degrees higher than the mean temperature for the 20th century and fractionally warmer than in 1998, which previously held the temperature record, the researchers reported."

US To Raise Royalty Rates For Gulf Oil And Gas Drilling. The New York Times (1/10, Andrews, 1.16M) reports, "The Bush administration, accused of failing to collect billions of dollars from companies that drill for oil and gas in federal waters, announced on Tuesday that it would demand higher royalties on all new deepwater leases

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in the Gulf of Mexico. The Interior Department said it would raise the royalty rate to 16.7 percent from 12.5 percent of oil and gas sales, a change that it estimated would increase government revenue by $4.5 billion over 20 years." The "change will not alter any of the thousands of existing offshore leases, nor will it affect a mistake in hundreds of leases that could allow companies to escape as much as $10 billion in royalties over the next five years. The Interior Department has been trying to renegotiate those leases for the last six months, but has managed to reach voluntary agreements with only 5 of the 56 companies that hold them." The Times adds, "Next week, House Democrats hope to pass legislation that would punish companies that refuse to renegotiate, either by imposing a stiff new tax on their production or by prohibiting them from acquiring new leases."

The Wall Street Journal (1/10, A2, Fialka, Gold, 2.04M) says the royalty increase is "apparently to appease critics in Congress who say the government has failed to collect all of the royalty payments owed it from past Gulf production."

Democrats Face Hurdles As They Target Oil Industry Tax Incentives. The Chicago Tribune (1/10, Neikirk, 617K) reports, "Democrats are pushing a cleaner, greener energy policy that they will try to drive through the House later this month. But its ultimate outlook is uncertain—and so is its impact." House Democrats "want to do away with billions of dollars in oil industry tax incentives and force oil companies to pay higher royalties on Gulf of Mexico leases. The extra money would be used to give a dramatic boost to renewable energy sources." The Tribune adds, "Although President Bush increasingly has talked about development of such energy sources, funding has been spotty." The "new legislation faces two big hurdles—a Senate where Democrats have a razor-thin margin and a White House that backed the tax breaks in the first place." And "some energy analysts said they doubt that the bill would contribute greatly to easing the nation's energy problem any time soon, even if the House bill should become law."

Bush Administration Lifts Moratorium On Drilling In Alaska's Bristol Bay. The Washington Post (1/10, D1, Mufson, Eilperin, 690K) reports, "The Bush administration yesterday moved to boost U.S. oil and gas supplies by lifting a long-standing moratorium on drilling in Alaska's Bristol Bay, as OPEC accelerated plans to reduce supplies in order to prop up sagging crude prices." Congress "first barred drilling in Bristol Bay in 1989 after the huge Exxon Valdez oil tanker spill damaged Alaska's coast. Congress lifted the ban in 2003," but "a moratorium President Bill Clinton declared on drilling in the area in 1998 remained in effect, so it took Bush's action yesterday to open it to development. Bush also lifted a presidential moratorium on part of the Gulf of Mexico that Congress opened for drilling in December." Interior Secretary Dirk Kempthorne "said the offshore drilling in both areas and the increase in royalty fees would 'enhance America's energy security by improving opportunities for domestic energy production, and will also increase the revenues that the federal government collects from oil and gas companies on behalf of American taxpayers.'"

FBI/DEA/ATF/USMS:

SF Chronicle Argues DOJ Undercut Its Case In BALCO Probe. The San Francisco Chronicle (1/10, Page B - 5, Egelko) reports, "The Chronicle told a federal appeals court Monday that a secret government filing in support of fines against the newspaper and prison sentences for two of its reporters actually undermines prosecutors' case against the journalists for refusing to disclose the sources of grand jury leaks about athletes and steroids." The Chronicle continues, "Federal prosecutors submitted the documents under seal last month to the Ninth U.S. Circuit Court of Appeals in San Francisco, saying they contained new information about their efforts to identify the sources of the information supplied to the reporters, Mark Fainaru-Wada and Lance Williams. The court has scheduled a hearing Feb. 12 on a judge's contempt-of-court orders against the reporters and The Chronicle. .. Their sealed filing came a day after reports by the Associated Press and Yahoo.com that the FBI was investigating a former defense lawyer in the steroid case as a possible source of the leak." The Chronicle adds, "In Monday's filing, lawyers for the reporters and the newspaper argued that prosecutors were effectively conceding they had failed to pursue alternative sources of information about the leaks before going after the reporters. … The Justice Department says it issues subpoenas to journalists only as a last resort. The Chronicle contends the same standard is part of the constitutional guarantee of freedom of the press and was not met in this case."

Four Get Prison Sentences In Virginia Cocaine Conspiracy Case. The Martinsville (VA) Bulletin (1/9) reported four men "have been sentenced by a federal judge in a cocaine distribution conspiracy case." Those sentences range from four to ten years in prison. The federal indictment "included charges of conspiracy to distribute 5,000 grams or more of cocaine powder [and] possession with intent to distribute cocaine." The DEA and the Virginia State Police "investigation into the alleged drug ring began in February when a man was arrested in the Eastern District of Virginia while allegedly in possession of more than 50 grams of cocaine. … On Nov. 2, former Henry County sheriff H. Frank Cassell, along with 12 former members of his department and seven residents, were charged in a…48-count federal indictment which includes allegations of racketeering conspiracy, obstruction of justice, misprision, money

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laundering, firearms offenses, drug charges, perjury and other charges."

Arizona Man Sentenced For 2005 Shootout With US Marshals. The Arizona Republic (1/10, Arnold) reports, "A 25-year-old man has been sentenced to 40 years in prison in connection with a 2005 gunbattle in Gilbert (AZ)." The Republic continues, "Joshua Wayne Trotter was sentenced Monday afternoon after he pleaded guilty in September to seven counts of assaulting a federal officer, unlawful possession of a firearm and use of a firearm during and in retaliation to a crime of violence. … Trotter was accused of shooting at U.S. Marshals, injuring one, June 3, 2005, as they attempted to arrest him on a probation violation federal warrant, according to the U.S. Attorney for Arizona." The Republic adds, "Trotter has five previous felony convictions, including assaulting police officers, and a case pending in Coconino County Court on a charge of assault on a family member, the U.S. Attorney's Office said. .. The Marshals tracked Trotter, a suspected methamphetamine user, to Gilbert after he is believed to have terrorized his family three weeks earlier near the Grand Canyon, a U.S. Marshals Service representative told The Arizona Republic in 2005. … According to the U.S. Attorney's Office, marshals attempted to block Trotter's path with their vehicles as he drove away from a house east of Lindsay and Pecos roads."

The AP (1/10) reports, "A Marshal opened fire as Trotter pushed the other Marshal's car backwards, and Trotter returned fire with a pistol, striking one deputy in the hand. Trotter eventually was shot twice and surrendered. He had five previous felony convictions and has an assault case pending in Coconino County Court. … (US District Judge Paul K.) Rosenblatt described Trotter as a 'poster-boy for the effects of methamphetamine,' at the sentencing, the U.S. Attorney's office said."

Mexico Extradites Man To Face Charges In California Deputy's Slaying. The AP (1/10) reports, "A Mexican man was extradited to the United States on Tuesday in connection with the slaying of a deputy sheriff in California." The AP continues, "Jorge Arroyo Garcia, alias Jorge Rubo or Armando Garcia, was flown to the northern city of Tijuana, across the border from San Diego, California, and formally handed over to agents from the United States Marshals Service, the Mexican Attorney General's Office said in a news release. … According to U.S. authorities, Arroyo is believed to have shot Los Angeles County Deputy Sheriff David March during a traffic stop in April 2002. In addition to murder, Arroyo is accused of illegal weapons possession." The AP adds, "Arroyo was first captured by Mexican authorities in 2004 and he has been held in a Mexican prison since. He filed various appeals fighting his extradition that eventually were dismissed. … The Attorney General's Office described Arroyo as one of the United States Marshal Service's most-wanted fugitives."

The Los Angeles Times (1/10, Enriquez, Blankstein) reports, "The extradition marks a victory for L.A. prosecutors and local police, who have been trying for several years to get Garcia to stand trial. Detectives allege that after shooting March during a traffic stop in Irwindale, Garcia fled to Jalisco, Mexico. He was arrested last year." The Times adds, "Mexican police were said to be helping in the search, but at that time the extradition of fugitives to the U.S. from Mexico was in dispute. Mexican judges balked at allowing Mexican nationals to be returned to a country where they could face the death penalty or life in prison. … In 2004, Mexico's Supreme Court ended a four-year argument with the U.S. over extradition by ruling that thousands of slaying suspects could be returned."

IMMIGRATION:

Demjanjuk To Appeal Deportation Again. The AP (1/10) reports, "A retired Ohio auto worker ordered deported over accusations that he was a Nazi death camp guard during World War II has started another appeal in a federal court, his lawyer said Tuesday." The AP continues, "John Demjanjuk, 86, of suburban Cleveland, on Dec. 21 lost his previous attempt to avoid deportation when the Board of Immigration Appeals in Falls Church, Va., rejected his appeal of an immigration judge's 2005 deportation order. … But Demjanjuk still has the right to appeal that ruling in federal courts, so the filing of a petition for review in the 6th Circuit in Cincinnati was expected. The filing Monday starts the next appeal process, defense lawyer John Broadley said. … The immigration appeals board said Demjanjuk's Nazi guard past is conclusively established." The AP adds, "Demjanjuk's case dates back nearly 30 years. He was cleared in 1993 in Israel of being the notorious 'Ivan the Terrible,' a sadistic guard at the Treblinka concentration camp in Poland. But the Justice Department said World War II documents prove he was a Nazi guard at various death or forced labor camps."

GOP Lawmakers Ask DOJ To Help Convicted Border Agents Remain Free. The El Paso Times (1/10, Gilot) reports, "Five congressmen said they will have a news conference today in Washington, D.C., to support the efforts of two former El Paso Border Patrol agents to remain free on bond while they appeal their convictions in the case of a drug smuggler who was shot in the buttocks in 2005 near Fabens." The Times continues, "The elected officials said they wrote to Attorney General Alberto Gonzales requesting the Justice Department to direct federal prosecutors to not oppose a motion for bond continuance by Ignacio Ramos and

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Jose Alonso Compean. If a federal judge denies the motion, Ramos and Compean have to surrender on Jan. 17 to start their prison sentences. … The lawmakers are U.S. Reps. Dana Rohrabacher, R-Calif., Ted Poe, R-Texas, Walter Jones, R-N.C., Tom Tancredo, R-Colo., and Duncan Hunter, R-Calif."

Border Region Officials Appeal To Congress To Stop Construction Of Wall. McClatchy (1/10, Montgomery) reports, "With Democrats now in charge on Capitol Hill, a 700-mile fence that swept through the previous Republican-controlled Congress is apt to come under a scathing re-evaluation amid reports of skyrocketing costs and widening opposition along the U.S.-Mexican border. Mayors from Texas border cities will meet with Homeland Security Secretary Michael Chertoff next week with what they say is a unified message: Don't build the fence. The meeting is scheduled for Jan. 17 in the office of Texas Republican Sen. Kay Bailey Hutchison." According to McClatchy, "The growing outcry from local officials parallels renewed concerns over costs following a report that the price tag for building and maintaining the fencing could reach nearly $50 billion over a 25-year period. The cost projections were prepared by the nonpartisan Congressional Research Service."

TAX:

IRS Urged To Drop Private Debt Collection Program. The New York Times (1/10, Browning) reports, "The national taxpayer advocate called on Congress yesterday to repeal the authority of the Internal Revenue Service to use private debt collectors." The Times continues, "In her annual report, the taxpayer advocate, Nina E. Olson, said the private debt collection program was economically inefficient and prone to abuse. In particular, she faulted the I.R.S. for not disclosing certain 'psychological techniques' used by the private contractors to try to collect unpaid taxes." The Times adds, "The office of the taxpayer advocate was created by Congress to identify problems within the I.R.S. that affect taxpayers and to promote their interests before the agency and Congress, which writes the tax code. … Ms. Olson's office provided its most extensive review yet of the private debt-collection program, which it has been monitoring for two years since plans for it were announced. The program, which formally started in September, is meant to farm out easily collectible tax bills, typically owed by low-income taxpayers, to private collection agencies. When the I.R.S. announced the program, it said that the private entities would abide by the same publicly disclosed rules as I.R.S. employees." The Times notes, "Private debt collection has drawn criticism that it is not cost-efficient and that some of the private firms hired by the I.R.S. have questionable business practices. One firm hired by the agency was the law firm of Linebarger Goggan Blair & Sampson of Austin, Tex., whose former partner, Juan Peña, pleaded guilty to federal bribery charges for his role in winning a collection contract from the city of San Antonio."

The Washington Post (1/10, D3, Day) reports, "Olson's recommendations were greeted warmly by the Democrats who will chair the two congressional committees that oversee the IRS, Max Baucus of Montana of the Senate Finance Committee and Charles B. Rangel of New York of the House Ways and Means Committee. Baucus and Rangel have strongly criticized the use of private debt collectors and have said the job should stay within the government, a position both reiterated yesterday. … Both also repeated their vow to tackle the alternative minimum tax, or AMT, and the tax gap -- the $290 billion to $350 billion in uncollected taxes -- in legislation this year."

Repeal Of Phaseouts Urged. In his "Tax Report" column for the Wall Street Journal (1/10, D1), Tom Herman writes, "Millions of people are paying taxes at higher rates than they probably realize because of tricky provisions that can reduce -- or even eliminate -- major tax breaks based on their income. … These so-called phaseouts (because some benefits begin to phase out when your income exceeds certain levels) and similar provisions should be repealed, or at least simplified, said Nina Olson, the Internal Revenue Service's National Taxpayer Advocate, in a report to Congress released yesterday. Ms. Olson, who isn't a political appointee, heads an IRS unit designed to help taxpayers cut through red tape and deal with problems that typically couldn't be resolved through normal channels." Herman continues, "The report says more than 60 million individual income-tax returns, about 44% of the total filed last year, are affected each year by one or more of these provisions, which can drive up a taxpayer's marginal tax rate well above his or her official tax rate. … It's doubtful that Congress will eliminate phaseouts. Repealing them would cost the U.S. Treasury Department billions of dollars each year at a time when lawmakers are focusing more on cutting budget deficits than on simplifying the nation's notoriously complex tax system. Yet the report throws a new spotlight on a dimly lit corner of the tax world that many taxpayers need to understand more thoroughly in order to make intelligent tax and investment-planning decisions."

Taxpayer Advocate Cites AMT, Income Underreporting As Top Two IRS Problems. The AP (1/10, Abrams) reports, "A tax law meant to crack down on wealthy tax dodgers has instead become the most serious problem facing millions of other taxpayers. For the government, the biggest problem is billions of dollars in unpaid taxes, National Taxpayer Advocate Nina E. Olson

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said Tuesday in a report to Congress on the hurdles Americans face in meeting their tax obligations. Olson, who works independently within the Internal Revenue Service, also urged Congress to repeal IRS authority to contract out to private collection agencies, saying the IRS is better trained and more efficient in collecting delinquent taxes." The advocate "is required to submit an annual report to Congress listing at least 20 of the most serious problems encountered by taxpayers. This year the list was topped by the alternative minimum tax. … The second most serious problem was the gap between what taxpayers should be paying and what the IRS is collecting, estimated at $290 billion a year. The advocate said that noncompliance by some taxpayers requires good-faith taxpayers to pay an additional $2,200 a year."

Congressional Budget Rules Seen As Stifling IRS Debt-Collection Effort. Under the headline, "Tax Collection Debate Is A Product Of Budget Battles," the Washington Post's (1/10, D4, Barr) "Federal Diary" column reports, "The idea of using private-sector debt collection companies to get small-time tax delinquents to pay up has been controversial since Congress gave the green light to the program in 2004. Some members of Congress have questioned whether the program will prove effective, and the National Treasury Employees Union, which represents IRS workers, is lobbying on Capitol Hill to ban such outsourcing. Under the program, the debt-collection companies get a commission of up to 25 cents for every dollar they collect. The IRS has estimated that the outsourcing program will bring in about $1.4 billion, less costs, over 10 years and should free up revenue agents to focus on more complex cases and big-time tax cheats." The Post adds that the outsourcing program, "grew out of the pull-and-push over annual IRS budgets. The congressional appropriations process each year has kept the agency from getting a little extra money that could bring in a lot more tax revenue," according to Nina E. Olson, taxpayer advocate, who the Post adds, "thinks the risks are too great." Olson "recommended that Congress consider revising its budget rules" and "increase IRS personnel funding by 2 to 3 percent each year to allow the agency to increase staffing."

CONGRESS-ADMINISTRATION:

Bush Withdraws Four Judicial Nominations. Fox News' Special Report (1/9, Hume) reported, "In light of the new Democratic majority in Congress four of President Bush's federal appeals court appointees have asked that their nominations be withdrawn. … Confirmation of all four had been blocked previously in the Senate judiciary committee." The AP (1/10, Espo) reports that in "a concession" to Senate Democrats, President Bush "won't rename four controversial federal appeals court nominees whose confirmations were blocked last year." William Haynes, William G. Myers III and Michael Wallace all "asked to have their appointments withdrawn," while Judge Terrence Boyle "was informed of the White House's decision, according to an ally." Deputy White House spokeswoman Dana Perino "said the president was disappointed about the withdrawals. … 'Unfortunately, a few selected senators prevented these nominees from receiving fair consideration. The president is disappointed in this inaction, and hopes that the days of judicial obstructionism are beyond us.'" McClatchy (1/10, Barrett, Rosen) reports Boyle "refused" to withdraw his nomination, "saying in an interview Tuesday that it wasn't his place. 'I didn't quit,' said Boyle, whose case may be the longest nomination-in-waiting in U.S. history. He was first nominated for the 4th Circuit Court of Appeals in 1991 by President George H.W. Bush and was nominated six more times by the current President Bush."

The New York Times (1/10, Lewis, 1.16M) reports the announcement of the nominees' withdrawal "was widely taken to mean that the president had decided that renominating them would be a needlessly provocative act, one that would anger Democrats without sufficient political payoff from conservatives for sticking by the nominees. … After Tuesday's announcement, some Democrats expressed appreciation for the decision." Sen. Patrick Leahy, chairman of the Judiciary Committee, "praised Mr. Bush for not resubmitting the three nominees. 'This new Congress presents an opportunity for a fresh start on judicial nominations, one that emphasizes qualifications and bipartisan consensus over game-playing." Sen. Charles Schumer said, "It's the first whiff of conciliation we've had on the issue of judges." According to the Times, "At least one nominee had told friends he was interested in withdrawing long ago but agreed to keep his name in to satisfy the White House if the president wanted to continue pressing the nominations."

Bloomberg (1/10, Rowley) reports, "Senator Charles E. Schumer, a New York Democrat, welcomed the administration's retreat as a sign Bush 'is heeding the message from the November election.' He said Democrats would work with the administration 'to confirm judges who are not extremists, either left or right.'"

Bush Renominates Thirty-Two Other Judiciary Candidates. The Washington Post (1/10, A3, Smith, 690K) reports, "Signaling at the same time that President Bush is committed to placing more conservatives on the bench, the White House renominated 32 other federal judicial candidates that the previous Senate did not confirm. Bush also nominated a previous candidate for a federal district court to fill one of the four appellate positions."

WSJournal Blames Graham For Haynes' Withdrawal. The Wall Street Journal (1/10, 2.04M), in an editorial, writes Haynes "is a victim of…Lindsey Graham's

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desire for the media spotlight. … Graham joined Democrats in blocking him to settle a political score." Haynes "is general counsel of the Pentagon, where his transgression in the days following the 9/11 attacks was to do his job with too much determination to protect the country. That meant offering legal analysis to Secretary Donald Rumsfeld on the treatment of detainees -- advice that critics later distorted as condoning 'torture.'" The Journal Claims Graham "basked in media attention for opposing President Bush on detainees" and "for reasons of ego or retribution or something, he has also insisted on embarrassing the White House by blocking Mr. Haynes's nomination." The Journal concludes: "Graham's treatment of a favorite son is a disgraceful episode, and one that South Carolina Republicans will want to consider if the Senator faces a primary challenge in 2008."

WPost Welcomes Bush's Move. The Washington Post (1/10, A12, 690K), in an editorial, writes that Bush's decision "is a welcome sign from an administration that, in the realm of judicial selection, has too often chosen confrontation over compromise. … Bush deserves credit for putting some action behind his rhetoric of bipartisanship." The Post adds, "Now the onus is not only on the president to avoid more thumb-in-their-eye nominees, but also on Democrats…to make good on their end of the bargain: to give the president's nominees the timely and reasonable consideration that nominees have not always received in the past."

Bush Renominates Recess Appointments Myers And Sauerbrey. The Washington Times (1/10, 88K) reports President Bush "renominated Julie L. Myers to head U.S. Immigration and Customs Enforcement a year after he was forced to make her a recess appointment during questions about her qualifications for the job. … Myers' recess appointment expired at the end of the last Congress. During her year in office, ICE expanded enforcement, but many members of Congress said they wanted to see still more operations. Her nomination will give both Democrats and Republicans in Congress a platform to criticize the president's immigration policy. She was one of several recess appointees Mr. Bush renominated yesterday. Another was Ellen R. Sauerbrey, the former Republican candidate for Maryland governor, who Mr. Bush has tapped to be assistant secretary of state for population, refugees and migration. Her nomination proved to be contentious because of her pro-life views."

Petraeus, Fallon Expected To Be Confirmed Quickly. The Hill (1/10, Tiron) reports, "Despite stepping up opposition to President Bush's yet-to-be-announced troop-surge plan, the Democratic-led Senate is likely to swiftly confirm military officers selected by the administration to carry out its new plan for Iraq. … Lt. Gen. David Petraeus "has been chosen to replace Gen. George Casey as the top commander in Iraq with a promotion to four-star general, while Casey will be nominated to become the new Army chief of staff. Meanwhile, Adm. William Fallon will take over U.S. Central Command from Gen. John Abizaid, who is retiring. All three nominations require Senate confirmation." According to the Hill, "Democrats and some Republicans who have been more cautious about supporting the White House's troop-surge denied they would use the nomination process to force the president's hand." Casey "may face tough questions" from Sen. John McCain and Sen. Lindsey Graham "both of whom have been pushing for more troops in Iraq."

Top State Department Arms Control Official Resigning. Al Kamen, in his Washington Post "In the Loop" column (1/10, A11) writes, "State Department. Buzz is Robert Joseph, undersecretary for arms control and international security, is going to be moving on, possibly at the end of this month. The date is uncertain, we're told, because it has changed a few times. Apparently Secretary Condoleezza Rice wanted Joseph, who we're told has been frozen out of some important issues, to stay on for a bit given all the openings."

Tomlinson Withdraws His Nomination For Broadcasting Board Post. Fox News' Special Report (1/9, Hume) reported that Kenneth Tomlinson, Chairman of the Broadcasting Board of Governors "which manages the government's international broadcasting offices, has told the president that he would rather write a book about his experiences than undergo another confirmation process. Tomlinson was formerly chairman of the Corporation for Public Broadcasting where he was criticized by congressional Democrats and liberal public broadcasters for his efforts to add a conservative viewpoint to programming. … An internal investigator found he violated the board's code of ethics." The Washington Times (1/10, Pfeiffer, 88K) reports Tomlinson said, "I think it's a good story that will help the public understand how Washington operates. There's been a criminalization of political differences." The Times adds that during Tomlinson's tenure at the Broadcasting Board of Governors, it "worked to open news operations in parts of the world where authoritarian regimes blocked access to information. As a result of these initiatives, an Arabic language satellite TV network now broadcasts in Iraq and other Muslim nations, Persian language satellite news is fed daily into Iran, and radio and television broadcast signals are sent into Afghanistan and Cuba."

SMU Faculty Questions Bush Library Plans. The New York Times (1/10, Blumenthal, 1.16M) reports, "Intimates of President Bush have singled out Southern Methodist University as the likely site of his presidential

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library, but faculty members, complaining of being bypassed, are raising sharp questions about the school's identification with his presidency. In a meeting Tuesday, faculty members complained of a lack of consultation over the emerging agreement and all but demanded answers from the university's president, R. Gerald Turner, on the relationship that would develop between the university and the library. … The session grew out of the uproar after an op-ed article in the student newspaper, The Daily Campus, by two professors at the university's Perkins School of Theology complaining about the library selection process.

GOP Senators Reportedly Considering Filibuster Of Minimum Wage Hike. The New York Times (1/10, Greenhouse, 1.16M) reports, "As part of their 100-hour legislative blitz, House Democrats are expected to vote today to increase the minimum wage for the first time in a decade, to $7.25 an hour, in a move that economists say will raise pay for 13 million workers. The bill's chances are less certain in the Senate, largely because of friction over a Republican push to include tax breaks for small business in the bill. Senate Republicans have hinted that, without such tax cuts, they will filibuster the measure, a move that the bill's supporters would need 60 votes to overcome." The Times adds, "After opposing a minimum-wage increase for years, many Republicans now say they favor one, but only if it is coupled with a tax cut for restaurants and other small businesses -- the groups they say would be hurt most by the wage increase. … President Bush has said he might accept a higher minimum wage, but only if it is tied to tax cuts to soften the blow for business."

The Washington Post (1/10, A1, Finkel, 690K), in a front-page story titled, "Life At $7.25 An Hour," reports, "Today in Washington, the House is scheduled to vote on whether to increase the federal minimum wage. … Passage is expected, with Senate approval soon to follow, and if President Bush signs the resulting bill into law, as he indicated he would, the U.S. minimum wage would rise for the first time since 1997, ending a debate about whether such a raise would be good or bad for the economy."

Kennedy Opposes Baucus Tax Cut Proposal. The Hill (1/10, Schor, Young) reports, "The Senate Finance Committee today will examine options for tax breaks that the Health, Education, Labor and Pensions (HELP) Committee can successfully pair with the wage hike. But HELP Chairman Edward Kennedy and ranking Republican Mike Enzi (Wyo.) are already dissenting from party leaders' positions on the minimum wage. Kennedy will push for a Senate wage hike without business tax breaks at an event today with House Majority Whip Steny Hoyer, House Education and Labor Committee Chairman George Miller, AFL-CIO President John Sweeney, and freshman Reps. Betty Sutton and Carol Shea-Porter. At least two members of Kennedy's panel, freshman Sens. Sherrod Brown and Bernie Sanders backed his approach."

Northern Mariana Islands Provision Added To Minimum Wage Bill. The Hill (1/10, Crabtree) reports, "House Democrats plan to bring the Northern Mariana Islands in line with U.S. minimum wage laws under legislation that comes to the floor today, thus ending a decade of policy favoring island businesses secured by lobbyist Jack Abramoff and former Rep. Tom DeLay. … The bill would increase the islands' minimum wage to $7.25 over the next four years, compared to the two years and two months it gives other U.S. employers to phase in the increase." The article goes on to describe, in great detail, how the territory's relationship with congress has fared since DeLay's resignation and the Democrats'' midterm victories.

Baucus Criticized Over Planned Tax Cut Hearings. The Washington Post's Steven Pearlstein (1/10, D1) writes, "you'd think raising the minimum wage for the first time in a decade would be a political and economic no-brainer for the new Democratic Congress. But you'd be forgetting about Max Baucus. Baucus is a Democratic senator from the Republican-leaning state of Montana, which means he is on the political equivalent of the endangered-species list. So you can understand Baucus's need to vote with his constituents on things like sugar subsidies and gun control and grazing fees on public lands. But while Baucus is surely entitled to his opinions, and entitled to do what is necessary to assure his own political survival, he is not entitled to be chairman of the Senate Finance Committee, which handles such key Democratic issues as health care, trade and tax policy. That position ought to be reserved for a statesman with enough political confidence and backbone that he isn't constantly sacrificing the interests of his party and his country to the narrow interests of his subsidy-addicted constituents."

House GOP Backs Small Business Health Insurance Amendment. The Wall Street Journal (1/10, A6, Rogers, 2.04M) reports, "Playing against type in the new Congress, Republicans are talking up health care while Democrats talk up tax breaks for small business. Democrats are embracing billions of dollars in tax breaks to ease the effect on small employers. But as Republican governors in California and Massachusetts bring forward state plans to help uninsured families, Republicans in Congress recognize the health-care issue's populist appeal and propose to help small employers deal with covering their workers. The result is a three-issue Washington triangle that could have unintended consequences. Paying for small-business tax breaks, for example, may mean tightening tax shelters for the wealthy and big corporations." Senate Finance Committee Chairman Max Baucus "will hold a hearing today to weigh tax breaks to help small employers, especially the restaurant industry, which wants a substantial acceleration in

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depreciation for new construction. … Hoping to trump the Democrats, House Republicans are pushing legislation to let employers with fewer than 100 workers seek coverage through trade-association health plans that could operate on a national scale exempt from state regulation."

House Drug Benefit Bill Spurs Resurgence Of Healthcare Debate. USA Today (1/10, Wolf, 2.27M) reports that on Friday House Democrats "plan to pass legislation requiring the government to negotiate for lower Medicare prescription-drug prices. They see it as one way to reduce the impact of the program's coverage gap, which forces seniors and disabled Americans with high drug costs to pay their full cost for a period of months. … Debate over this issue could signify a series of political conflicts over health care policy reminiscent of the Clinton administration's first two years." USA Today notes the debate "comes as the Medicare prescription-drug program is rebounding from a troubled start last January, when millions of low-income beneficiaries were mistakenly dropped or overcharged. More than 90% of seniors have some type of drug coverage. Individual premiums and overall taxpayer costs have come in substantially lower than projected. And for the first time in Kaiser's surveys, a majority of seniors approve of the program." Health and Human Services Secretary Michael Leavitt "has called the House bill a 'surrogate for government-run health care.' He met Tuesday with House Republicans to drive home the administration's opposition to the House bill."

Senators Predict Five-Day Work Weeks Won't Last. Roll Call (1/10, Billings) reports, "Senators are adjusting their travel plans to comply with the newly implemented five-day work schedule, but few believe Majority Leader Harry Reid will actually keep the chamber operating at that clip for long. Opinions vary over how long Reid will insist on the Monday-through-Friday calendar, but Senators and aides on both sides of the aisle have little faith it will last beyond August and the unofficial start of the 2008 election season. About a third of the Senate is up for re-election in two years, and the contest for the White House — likely featuring several sitting Senators — already is in play."

Hoyer Aide Monitors "Hundred Hours Clock." The New York Times (1/10, Leibovich, 1.16M) reports Rob Cogorno's title is floor director for House majority leader Steny Hoyer "but for all practical purposes, he is the Keeper of The Clock. That is the digital timepiece on Mr. Hoyer's Web site marking the passage of legislative time as House Democrats push their 'Hundred Hours for a New Direction' agenda through Congress."

Morris Claims House Democrats Hurt Themselves By Taking Day Off For Football. In his column for The Hill (1/10) Dick Morris writes, "House Democrats lost considerable credibility yesterday when their opening session was cancelled so that members could attend the Ohio State-Florida State football game. This is not a joke. It is, however, a blunt metaphor for how genuinely out of touch the members of Congress really are. How many other Americans do you suppose were given the same perk? A day off because of an evening football game? And how many school kids would like to have time off to watch their own favorite teams? What kind of message is the House leadership sending?"

Pelosi's Swearing-In Stagecraft Praised. The Washington Post's Ruth Marcus (1/10, A13) writes, "when the newly minted speaker of the House invited her own grandchildren and the other children in the chamber to join her on the podium and touch the speaker's gavel, my first thought was: This is so choreographed. My second thought was: Awwwww. … This plays to Pelosi's advantages, humanizes her image as shrill San Francisco Democrat. As a woman and a mother, especially as a mother of daughters, I was quietly thrilled. About the marble ceiling cracking, yes, but also about the way Pelosi cracked it -- reveling in, not minimizing, her mother- and grandmother-hood."

Senate Ethics Reforms Include Gift Ban, Waiting Period. The AP (1/10, Abrams) reports, "Picking up on the anti-corruption theme that helped bring them to power, Democrats in both the House and Senate have started off with legislation to ban gifts and meals from lobbyists, limit privately paid travel and shine more light on the special projects, or earmarks, that have proliferated in legislation." Senate Majority Leader Harry Reid and minority leader Mitch McConnell "offered several alternatives aimed at strengthening the Senate bill, which has been criticized as being inadequate in several key areas. Among the proposals were to require lawmakers to pay the full price of tickets to sporting and entertainment events and to expand the definition of earmarks to include targeted tax and tariff benefits and projects routed through a federal agency that benefit only one nonfederal entity." The AP notes the Senate bill, "in addition to requiring a two-year waiting period before former members can lobby Congress, would bar lawmakers from negotiating for jobs with lobbying firms while still in office. 'We should not tolerate a committee chairman shepherding the Medicare prescription drug bill through Congress at the same time that he is negotiating a job with the pharmaceutical industry to become their top lobbyist,' said Sen. Barack Obama. The AP notes Obama was referring to former Rep. Billy Tauzin "who left Congress in 2005 to head the trade group representing pharmaceutical companies."

Corporate Jet Provision Faces Bipartisan Opposition. Roll Call (1/10, Newmyer) reports Reid's plan "most controversially, would force Senators to pay charter rates for rides they catch on corporate jets. The corporate jet

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proposal already has met with opposition from Senators who will play a key role in the reform debate. Both Rules and Administration Chairwoman Dianne Feinstein and ranking member Bob Bennett who are helping manage debate on the bill — spoke out against the change, arguing it would make it impossible for Members representing large, rural states to travel and reach constituents."

The New York Times (1/10, 1.16M), in an editorial, writes that Reid, "like most of his colleagues on both sides of the aisle, is an admitted frequent flier on posh lobbyist-provided corporate jets. So we were very pleased yesterday when he proposed legislation that would require senators to pay the full charter-flight fare if they wanted to ride in the style of a C.E.O. Speaker Nancy Pelosi took the issue further with a full House ban on private jet perks, enacted through a rules change, not legislation. But Senator Reid's initiative could be just as effective, provided no loopholes creep in as the Senate takes up wide-ranging proposals for ethics reform."

The Los Angeles Times (1/10, 850K) editorializes, "The Senate prides itself on being different than…the more plebian and poll-driven House of Representatives. But do members of the World's Greatest Deliberative Body really want to define themselves by their greater willingness to hop aboard a corporate jet? You might think so, judging from the rumblings from senators unhappy about the pressure to follow the ethically energized House in banning travel by members on corporate planes."

Johnson's Condition Upgraded To Fair. The AP (1/10, Jalonick) reports Democratic Sen. Tim Johnson's "condition has been upgraded from critical to fair, four weeks after he was hospitalized for a brain hemorrhage, and he no longer needs a ventilator to help him breathe." Doctor Vivek Deshmukh said Johnson is "breathing independently after using a ventilator for several weeks, most recently only at night." Johnson spokeswoman Julianne Fisher said the Senator "remains in intensive care at George Washington University Hospital." The Senator is "expected to leave intensive care but remain in the hospital when he begins the rehabilitation process. His office has said that his recovery is expected to take several months." The Washington Post (1/10, A11, 690K) runs an abbreviated version of the AP story.

NYTimes Says Congress Should Support Embryonic Stem Cell Research. The New York Times (1/10, 1.16M) says in an editorial, "House Democrats are poised to push through a bill this week that would loosen President Bush's restrictions on federal support of embryonic stem cell research. The bill will be opposed by legislators beholden to religious conservatives. Many are likely to cite a new study suggesting that broadly useful stem cells can be derived from amniotic fluid without destroying embryos to get them." But the "new study, while certainly intriguing, in no way lessens the need to widen the array of embryonic stem cells available for research and ultimately therapy. The Democrats' proposal is extremely modest — about the least that could be done to accelerate progress in this promising field. It deserves support from veto-proof majorities in both houses."

WSJournal Urges Supreme Court To Back "Paycheck Protection." The Wall Street Journal (1/10, A16, 2.04M) says in an editorial, "Compulsory dues are the financial foundation of Big Labor's political power. So you can bet union officials will be paying special attention today as the Supreme Court hears oral arguments in a case that could affect how that money may be spent." The appeal "consolidates two cases from Washington state, where even nonmembers of unions can be forced to pay collective-bargaining dues as a condition of employment." In 1992, Washington "voters rebelled against that obligation; they overwhelmingly approved a paycheck protection law that requires unions to get 'affirmative authorization' from workers who don't belong to the union before spending their dues money on politics." The state teachers union, "the Washington Education Association, challenged the voter-passed law, and a state Supreme Court ruling last year struck it down on the grounds that it violated the First Amendment free-speech rights of union officials. It's a novel rationale, to say the least." Washington is "one of a half-dozen states to pass a paycheck protection law. And if the lower court ruling is upheld on the principle that unions have a constitutional right to extract money for political activities from even nonmembers, these laws could be jeopardized everywhere."

OTHER NEWS:

Stocks Finish Mixed. NBC Nightly News (1/9, story 8, :10, Williams, 9.87M) reported, "Here in New York on Wall Street the Dow off almost 7 points [to close at 12,416.60]. NASDAQ was up nearly six points [to close at 2,443.83] at the end of today's trading."

Kentucky GOP Eager To Challenge Yarmuth. The Hill (1/10, Youngman) reports that although Kentucky Republicans "will focus 2007 on maintaining the governor's mansion, those in the 3rd congressional district already are gunning to retake a congressional seat lost in last year's Democratic wave." Democratic Rep. John Yarmuth, "who narrowly defeated five-term congresswoman Anne Northup with 51 percent of the vote, is facing a local and state GOP bitter over Northup's defeat." Northup reportedly will "throw her hat in the primary ring against embattled Republican Gov. Ernie Fletcher," but "a number of Louisville Republicans are

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chomping at the bit to win back the congressional seat that is comprised almost wholly of Louisville, the commonwealth's largest metropolitan area." Potential challengers "to Yarmuth include Erwin Roberts, a former Fletcher administration official and member of the University of Kentucky Board of Trustees, and Chris Thieneman, a builder and contractor popular in the growing southern area of the district, according to a source familiar with Louisville Republican politics."

DeMint Endorses Romney. The AP (1/10, Davenport) reports Sen. Jim DeMint of South Carolina "has endorsed former Massachusetts Gov. Mitt Romney in the 2008 presidential race, according to a letter the South Carolina senator is sending to state Republicans." Sen. John McCain of Arizona "is favored by Sen. Lindsey Graham, South Carolina's senior senator."

Fox News' Special Report (1/9, Hume) reported, "One day after the former Massachusetts Gov. Mitt Romney raised $6.5 million for his campaign, he picked up support from Republican Sen. Jim Demint of the South Carolina, another key early primary state. Romney is already well organized in New Hampshire, not so Rudy Giuliani. He has done little work in New Hampshire and Republicans here and across the country continue to question whether or not he will enter the race."

Romney, McCain Compete For House GOP Support. The Hill (1/10, Crabtree) reports GOP House members have "been enjoying the attention of two powerful politicians," Romney and McCain, who are both "racing to recast their reputations as moderates." They "recognize that by courting House Republicans, they can silence critics early and tap into a large swath of grassroots support that will be key in determining the outcome of the GOP primary contest early next year." GOP Conference Chairman Adam Putnam said, "A lot of people wonder how a conservative got elected governor in Massachusetts. I'm still learning about Romney and his policies." The Hill adds while Romney and McCain's efforts in South Carolina "have been making headlines recently, the two also are keeping a close watch on conservative support in the House. Romney was the first to reach out to House Republicans last year, taking advantage of some conservatives' 'anybody but McCain' mentality and disdain for the Arizona lawmaker's campaign-finance reform and immigration agendas. Romney has to contend with his own record on gay marriage and opposition to the Contract with America." Nearly "all of the dozen GOP members interviewed for this article had been contacted by one of the two candidates — many of them during the first week of 2007."

Iowa GOP Leaders Cool To McCain. Roll Call (1/10, Drucker) reports that despite his "status as the national frontrunner for the Republican presidential nomination, Sen. John McCain (Ariz.) appears to have an uphill climb in the make-or-break caucus state of Iowa, where a majority of county Republican chairmen say he is far from the first choice of likely caucus voters." The "prevailing sentiment in recent interviews with 63 of Iowa's 99 GOP county chairmen was one of respect for McCain as a war hero and public servant but disdain for his politics — particularly his handling of President Bush's judicial nominees and his association with the issue of campaign finance reform. Disenchantment with his candidacy reaches all corners of the state, including the pivotal Republican stronghold of northwest Iowa and vote-rich counties such as Polk, Linn and Scott." Most, "even those who complimented the campaign organization the Arizona Senator and 2000 presidential candidate is assembling, said he is not conservative enough — he is too much of a 'maverick,' several county chairman said — to win."

New Hampshire Voting Trends Said To Disadvantage McCain. Fox News' Special Report (1/9, Hume) reported that in New Hampshire, independents have "outnumbered both Democrats and Republicans" at the polls, "but they have tended to vote GOP. Last year, Democrats won huge electoral gains and that has dramatically changed the presidential campaign trail of 2008. That may be bad news" for McCain, "who won the New Hampshire primary in 2000 because of independent votes. Longtime GOP powerbroker Ed DuPont backed to McCain in 2000, but suggests that in the wake of the Democratic wins in New Hampshire, independents now lean left. … Polls suggest independents are turned off by McCain's support for sending more US troops to Iraq."

Vilsack Says Congress Should Block Funds For Additional Iraq Troops. The AP (1/10, Davenport) reports Democrat Tom Vilsack "called on Congress to block funds for additional troops in Iraq but expressed misgivings about using the power of the purse to reduce U.S. forces." Vilsack said, "I think it's one way of absolutely putting that on the table. Mr. President, you don't have a blank check. Congress basically made a mistake by giving him a blank check at the beginning of this process. Now they are basically saying you don't get a second blank check." The AP adds that in "one of his last acts as Iowa governor, Vilsack asked state lawmakers to take a stand against the war in Iraq."

Gilmore Forms Exploratory Committee. The AP (1/10, Lewis) reports Jim Gilmore, "Virginia's former tax-slashing Republican governor, on Tuesday took the first step in a long-shot bid for the presidency." Aide Matt Williams said Gilmore "filed papers with the Federal Election Commission in Washington to form the Jim Gilmore for President Exploratory Committee." He is "the sixth Republican to form an exploratory committee — a year before the first primary votes

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are cast." Like "several other Republican hopefuls, Gilmore said he entered the race because the GOP field lacks a true conservative and argues his candidacy will resonate with conservatives disillusioned with the party."

The Washington Times (1/10, Pfeiffer, 88K) reports Gilmore "became the latest Republican to form an exploratory committee in advance of a potential 2008 White House campaign." Virginia GOP Chairman Ed Gillespie said, "Jim Gilmore is a former governor of a very important state with a strong conservative record." But Gillespie "said he is neutral on the field of Republican presidential primary candidates." The Times adds Gilmore "last year traveled to key primary states such as Iowa, New Hampshire and South Carolina. In August, a group of supporters started a Web site to encourage the former governor to run for the White House."

Clinton Campaign Likely To Be Headquartered In DC Area. The New York Times (1/10, Healy, 1.16M) reports that "among the signs that the Clinton presidential kabuki is ending -- that Senator Hillary Rodham Clinton will, in fact, announce her campaign for the White House soon -- is a decision, Democrats close to her say, that she plans to base her campaign headquarters in or around Washington instead of in White Plains or New York, which had been under consideration." Clinton aides say that "running from a base in Washington would make the most practical and financial sense," and "they note that she would have satellite offices in New York and elsewhere. Still, a few advisers and supporters are concerned about the decision, saying it could reinforce her image as a Washington insider (if it is possible for that to be any more of an issue) and increase the possibility of leaks to the press corps (as if, ditto)."

Greens Question Obama's Support For Coal. The Washington Post (1/10, A11, Williamson, 690K) reports that while Democratic Sen. Barak Obama "gets stellar marks from greens," environmentalists wonder why Obama is "backing a law supporting the expanded use of coal, whose emissions are cooking the globe? It seems the answer is twofold: his interest in energy independence -- and his interest in downstate Illinois, where the senator's green tinge makes the coal industry queasy." The coal industry "praises Obama's reintroduction, with Sen. Jim Bunning (R-Ky.), of the Coal-to-Liquid Fuel Promotion Act of 2007 last week, which would provide incentives for research and plant construction. The industry says the technology, which converts coal into diesel engine fuel, would reduce America's dependence on foreign oil through a new, home-mined fuel that burns as cleanly as gasoline." But environmentalists "say focusing on coal does nothing to arrest climate change. Instead, they say, lawmakers should back cleaner alternative fuels and stricter automobile and industrial emissions standards."

Bayh Donor Base A Sought After Commodity. The Hill (1/10, Bolton) reports, "Democratic White House hopefuls such as Sens. Barack Obama (Ill.), Hillary Rodham Clinton (N.Y.) and former Sen. John Edwards (N.C.) are rushing to capitalize on an impressive national fundraising network Sen. Evan Bayh (D-Ind.) built in the mold of President Bush's pioneers program. The strength of Bayh's connections could boost his profile when the Democratic nominee selects a running mate next year." Just prior to Bayh's decision against an '08 run in December, "about 160 of his biggest donors were scheduled to fly to Washington to craft a fundraising campaign. Several of Bayh's advisers said that 'well over' 150 donors in his network had pledged to raise $150,000 each for the campaign, and a smaller group of fundraisers had promised to raise $500,000 apiece." Bayh advisers say a "unique quality of the network" is that "it includes many donors — a group cultivated by the lawmaker, who has strong ties to the business community and espouses centrist policies — that are not in other national candidates' databases. Combined, the donors helped stockpile more than $10 million in cash on hand to Bayh's reelection fund, which can be transferred immediately to a presidential campaign and would enhance the senator's viability as a vice presidential nominee." Bayh's chief fundraising aide, Nancy Jacobson, who helped to build the network, already has signed on to Clinton's presidential campaign. But Edwards and Obama are also trying to snag a piece of Bayh's pie."

Schwarzenegger Proposes Universal Healthcare Coverage. ABC World News (1/9, story 6, 2:40, Gibson, 8.78M) reported on Gov. Arnold Schwarzenegger's proposal to "insure all Californians, even undocumented immigrants. The cost? $12 billion. He says he has a way to pay for it." ABC (Rooney) added, "The most ambitious feature in Schwarzenegger's plan is requiring health insurance for all 6.5 million Californians that don't have it now." The details include "universal coverage regardless of age or existing health condition, expand coverage for poorer children, regardless of immigration status, require companies with ten or more employees to provide or subsidize health insurance." How would "he pay for it? In part, the 2% gross tax on doctors. 4% from the hospitals. And getting $5.5 billion more in Federal aid."

The CBS Evening News (1/9, story 4, 2:25, Hughes, 7.66M) reported, "The plan also calls for doctors and hospitals to pay into a state insurance pool. Insurance companies will be forced to cut administrative costs." Jamie Court, Foundation for Taxpayer & Consumer Hights: "The problem I have is he's also forcing every individual in the state to buy health insurance without telling insurers what they have to charge for it." Hughes: "Love it or hate it, California's health care plan is a maverick and once again,

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the state leads where the Federal Government fears to tread."

NBC Nightly News (1/9, story 5, 2:10, Williams, 9.87M) reported Schwarzenegger's plan "is ambitious and will require a lot of different interests to get along and corporate for it to work." NBC (Lewis) added, "The plan would require companies with 10 or more employees to offer health insurance or contribute to a state insurance fund. The business lobby opposes that idea." Allan Zaremberg, California Chamber of Commerce: "It's important to have access to healthcare, but we can't lose jobs over it." Lewis: "In spite of the critics, California is joining a national trend. Spurred by the increasing number of Americans without health insurance and by the lack of action in Washington, state legislatures are making healthcare reform a top priority. California would join three other states that are implementing universal healthcare plans."

The New York Times (1/10, McKinley, 1.16M) reports, "Democrats and Mr. Schwarzenegger's fellow Republicans are already in agreement: his first big idea of his second term — a sweeping plan unveiled Monday to assure health care to all Californians — is promising and ambitious, but faces a long, hard fight before enactment. Chief among the challenges, politicians and policy analysts said Tuesday, is the enormous number of political players — from big labor and big insurance to small-county government — that would be affected by any universal health care bill." Schwarzenegger's plan "would provide care to the 6.5 million Californians who currently have no insurance, including an estimated one million illegal immigrants. That is just one of the elements to which Republicans are objecting." The California Medical Association, "which represents more than 34,000 doctors in the state, gave the proposed overhaul mixed reviews. Though the association praised the idea of universal coverage, the fee on doctors could be a deal breaker."

The Christian Science Monitor (1/10, Wood, 59K) reports Schwarzenegger's "sweeping plan" to "guarantee health insurance for all Californians - including children of illegal immigrants - is being characterized both as a bold model for improving healthcare access and as a costly government intrusion that will hurt the state's economy." The "sheer numbers involved in Governor Schwarzenegger's proposal - a $12 billion price tag and coverage for 6.5 million people who currently don't have health insurance - are guaranteed to raise the stakes as the California legislature considers whether to approve it."

Massachusetts Faces Challenge In Enrolling Working Poor. The New York Times (1/10, Belluck, 1.16M) reports that in its "drive to provide health insurance to nearly all its residents, Massachusetts has already signed up more than half of the poorest people who are eligible." But "experts and politicians agree that the bigger challenge will be the next 150,000 people: the working poor who will get a state-subsidized rate but will still have to pay for insurance, typically $18 to $170 a month depending on their income." Paul Ginsburg, an economist who leads the Center for Studying Health System Change, said, "This group is going to be much more challenging. They're dealing with people who don't even think about having health insurance."

Schwarzenegger Plan Criticized For Reliance On Regulation. In a Wall Street Journal op-ed (1/10), David Henderson, a research fellow at Stanford's Hoover Institution, says Schwarzenegger's "proposal is almost indistinguishable -- except in details -- from that of the Democrats who dominate the California Assembly and Senate." The Democrats "tend to favor solutions involving regulations, government spending and taxes, and Senate President Pro Tem Don Perata's proposal -- the main contending Democrat plan -- hits the trifecta." Schwarzenegger's "solution hits the trifecta also. He would require employers with 10 or more workers to provide health insurance or pay a 4% tax on all wages covered by Social Security: Look for employers with 10 to 12 employees to get creative about outsourcing. And look as well, as Harvard economist Jonathan Gruber has documented, for wages to fall in firms that offer health insurance because of the mandate." California "should not, contra Gov. Schwarzenegger, do new regulatory harm; rather it should repeal existing regulations that cause harm -- so as to make health insurance even more affordable."

Schwarzenegger Backs Infrastructure, Renewable Fuels. The Los Angeles Times (1/10, Warren, 850K) reports, "Urging lawmakers to think big and act boldly, Gov. Arnold Schwarzenegger today outlined a sweeping 2007 agenda that proposes borrowing more than $43 billion to improve California's roads, prisons, schools and water supply." In his fourth State of the State speech, Schwarzenegger "also vowed to make California a leader in the fight against global warming, pledged to provide health insurance for those who lack it and restated his desire to re-map legislative districts to increase political competition." Schwarzenegger "acknowledged during his speech to the Legislature that his goals at the dawn of his final term were ambitious. But he said leaders 'must be ambitious to get California to the future,'' and he urged lawmakers to set aside their partisan predilections and find solutions that best serve the state." The Times adds, "Although Schwarzenegger has made a handful of recent appearances by satellite, tonight's address marks only his second in-the-flesh event since he fractured the femur in his right leg while skiing in Sun Valley just before Christmas."

The Washington Post (1/10, A3, Geis, 690K) reports Schwarzenegger has "unleashed a torrent of proposals to shake up everything in his state from health care to road-

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building to politics itself, all in an effort to reshape his party and set a national agenda." The ""most recent offering, in Schwarzenegger's State of the State address Tuesday, is a plan to cut vehicle emissions of greenhouse gases by 10 percent. He will require petroleum refineries to reduce the carbon content of their fuel over the next 13 years -- a signal to any doubters that his recent aggressive positioning as an environmentalist is not mere political theater." The "action-hero governor hopes to flex the state's muscles in the national arena starting next year. Schwarzenegger told Newsweek this week that he wants to move California's primary elections to February, giving the state more clout in presidential elections."

The New York Times (1/10, Steinhauer, Barringer, 1.16M) reports Schwarzenegger's order to reduce greenhouse gases, "which the governor wants completed by 2020, follows California's trademark pattern of hitching its environmental aspirations to its market muscle. It also represents one of the first examples of a state or a national government regulating the fuel in its passenger vehicles as part of a strategy to reduce both emissions that contribute to climate change and dependence on foreign oil." It is the "first example of the practical impact of a deal made last summer between the Legislature and the governor to reduce carbon dioxide emissions by about 25 percent by 2020."

LATimes Praises Schwarzenegger's Big Ambitions. The Los Angeles Times (1/10, 850K) says in an editorial, "It's one thing for the governor to be ambitious. Arnold Schwarzenegger came from Hollywood, where success is impossible without ambition. It's quite another thing for the Legislature, which has historically rewarded timidity and resistance, to match his audacity. Yet that's exactly what will have to happen for California to reach the heights Schwarzenegger set for it in his State of the State speech Tuesday."

Political Initiatives Could Increase Demand For Ethanol. The Wall Street Journal (1/10, Fialka, 2.04M) reports that in addition to Schwarzenegger's mandate to cut carbon emissions, "governors of 37 states" are "prepared to push for a new federal rule to require greater use of ethanol fuel." Both efforts are "designed to reduce global warming and the U.S.'s reliance on imported oil, but they also could raise consumer prices for food and fuel. The initiatives also signal the increasing urgency of climate change as an issue both in state capitals and in Washington." President Bush is "expected to express more support for domestically produced ethanol when he gives his State of the Union address later this month. Meanwhile, Democratic leaders in Congress are talking up the need for alternative fuels and national emissions controls." While the "details of the proposal have yet to be worked out, California officials explained that the program would leave it up to oil suppliers in the state to figure out how to reduce carbon content, but that using more ethanol, which contains less carbon, would be the most likely way. The move, they estimated, would triple the size of the state's market for ethanol and other renewable fuels."

Texas State House Reelects Craddick As Speaker. The Dallas Morning News (1/10, Brooks, 500K) reports Texas state House Speaker Tom Craddick (R) "was overwhelmingly re-elected to his leadership post Tuesday night after Rep. Jim Pitts of Waxahachie withdrew from the race." Craddick "was re-elected 121-27, the first major piece of business that lawmakers conducted at the start of their 140-day regular session." Craddick, R-Midland, "faced a stiff challenge from members angry over his management style, saying that he often forced them to vote against the wishes of their constituents. But other members stood with Mr. Craddick, saying he had been a strong leader that had accomplished much as the first Republican to lead the House in modern times."

The New York Times (1/10, Evans, 1.16M) reports Craddick, "an ally of the former United States House majority leader, Tom DeLay, survived a strong challenge on Tuesday from a fellow Republican to win his third term in the leadership position on the first day of the 80th session of the Legislature." After "more than five hours of haggling about procedures, Representative Jim Pitts withdrew." Pitts, "of Waxahachie, whom Mr. Craddick appointed chairman of the Appropriations Committee, has been in the House since 1992. He has at times disagreed with Mr. Craddick's leadership, which is often compared to Mr. DeLay's."

Santorum Takes Post At DC Think Tank. The Washington Times' "Inside Politics" column (1/10, Pierce) reports former Sen. Rick Santorum "yesterday became a senior fellow at the Ethics and Public Policy Center. … He hopes to remain in the public spotlight as director of the EPPC's brand-new America's Enemies program, Mr. Miller writes. 'It's a stark name,' Mr. Santorum said. 'But we wanted to be candid about the fact that America really does have enemies and to point out that the nature of these enemies is much more complex than what people realize. It's not just Islamic fascism, but also Venezuela, North Korea, and, increasingly in my opinion, Russia.'" The Washington Post "In the Loop" column also notes Santorum's move.

Treasury Department Imposes Sanctions On Iranian Bank. The New York Times (1/10, A3, Weisman, 1.16M) reports the US Treasury Department, "moving to raise pressure on Iran," Tuesday barred American financial institutions from doing business with "a major Iranian bank after concluding that it had been involved in illicit weapons programs." The move against Bank Sepah "also affected North Korea, which American officials said had used the bank to facilitate payments to a North Korean group that exports

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missile technologies." Stuart Levey, the Treasury under secretary for terrorism and financial intelligence, said, "Bank Sepah is the financial linchpin of Iran's missile procurement network, and has actively assisted Iran's pursuit of missiles capable of carrying weapons of mass destruction," said Mr. Levey said Bank Sepah had been involved in transactions for Iran's Aerospace Industries Organization and two Iranian missile companies. These three entities were mentioned in the Security Council resolution approved in late December calling on all countries to avoid doing business with various groups in Iran." Levey also said the United States had "been in touch with authorities in Britain, France, Italy and Germany to discuss the need to persuade local financial institutions to stop doing business with Bank Sepah."

The Financial Times (1/10, Dinmore) says the move "will have limited impact as US trade with Iran is severely limited by sanctions imposed in the 1990s." The Washington Post (1/10, A8, Linzer, 690K) notes that the action is "part of a larger White House plan, put in place last year, to cut off Iran's access to US and European currencies." Though US officials say the effort is aimed at Tehran, "it is also likely to affect millions of Iranian citizens who conduct personal business in US dollars and who travel overseas."

The Wall Street Journal (1/10, A3, Simpson, Crawford, 2.04M) reports the Administration's "attempt to isolate Iran's economy will get a significant boost this month when the last European bank known to be clearing large volumes of that country's dollar transactions in the US halts the practice." Commerzbank AG, Germany's second-largest bank, said it will stop handling dollar transactions for Iran at its New York branch by Jan. 31. Meanwhile, US analysts "say there is evidence that Iranian firms are feeling the pinch of the US-led drive. Iranian banks and companies, for instance, are now having to put up large deposits -- as high as 100% -- in foreign banks to get them to issue letters of credit for foreign transactions, they claim."

Iran Arrests Spy For Selling Nuclear Secrets To Opposition Group. The AP (1/10) reports Iran said Tuesday it has arrested a man "on suspicion of selling nuclear secrets to an exiled Iranian opposition group," state radio reported. The report did not identify the suspected spy, "but said he had been working at the Iranian Parliament's Research Center, an organization that advises lawmakers on foreign and strategic issues." The report said the individual "transferred classified information, including a bulletin on nuclear activities, to the hypocrites," referring to the People's Mujahedeen of Iran.

Israel Arrests Muslim Cleric Deported From US. The AP (1/10, Friedman) reports Israel "arrested the former imam of Ohio's largest mosque after he was deported from the United States last week, the Shin Bet internal security service confirmed Tuesday." Fawaz Damra was arrested "because of his ties to Islamic Jihad," Shin Bet told the AP, but "gave no other details." Damra was deported by American authorities last week "because he concealed his ties to Islamic Jihad when he applied for American citizenship in 1994."

Hezbollah Continues Lebanon Protests Despite Smaller Turnout. The Washington Post (1/10, A7, Shadid, 690K) reports Hezbollah "and its allies widened their campaign Tuesday to force the Lebanese government's resignation, backing what they vowed would be a series of daily protests scattered across the capital." However, Tuesday's gathering was seen as "a sedate affair compared with the convergence of hundreds of thousands twice last month in Beirut's downtown." The demonstration was "more symbolic than dramatic," and the "relatively small size of the protest gave rise to speculation" about "divisions between Hezbollah and its partners, particularly Michel Aoun, a populist Christian politician who has forcefully called for an escalation in the protests."

Rice To Leave Friday For Mideast. AFP (1/10, Millikin) reports Secretary of State Condoleezza Rice Friday will travel to the Middle East "in a bid to sell a new US strategy for Iraq to wary allies and to take another shot at reviving Israeli-Palestinian peace efforts." State Department spokesman Sean McCormack said Rice would visit Israel, the Palestinian territories, Jordan, Egypt, Saudi Arabia and Kuwait "before stop-offs in Germany and Britain during the January 12-19 trip." While in Kuwait, Rice will meet with her counterparts from the six Gulf monarchies plus Egypt and Jordan where "a major part" of Rice's discussions will focus on "the perception of a common threat posed by Iran and other forces of extremism and violence in the region," McCormack said. Rice will also seek regional support for Lebanese Prime Minister Fuad Siniora, McCormack said. In the Palestinian territories, the Secretary will "pursue a months-long effort to bolster Abbas in a power struggle between" his Fatah party and Hamas.

The Washington Times (1/10, Kralev, 88K) notes that Rice will "return to Europe on Jan. 24 for an international donors conference in Paris to raise funds for Lebanon." Meanwhile, US officials and diplomats from some of the countries she will visit "said that, despite the low expectations, it is important for the secretary to return to the Middle East, given the dire situation in Iraq, the tensions between the Palestinian Fatah faction and Hamas, and the new domestic political realities in the United States." The Times also notes that the Bush administration "has been under pressure from its European allies to become more active in working toward a resolution of the Israeli-Palestinian conflict."

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Expert Says Iraq War Has Shifted Alliances In Middle East. Edward N. Luttwak, a senior adviser at the Center for Strategic and International Studies, writes in the Wall Street Journal (1/10, 2.04M) reports, "It was the hugely ambitious project of the Bush administration to transform the entire Middle East by remaking Iraq into an irresistible model of prosperous democracy. Having failed in that worthy purpose, another, more prosaic result has inadvertently been achieved: divide and rule, the classic formula for imperial power on the cheap." For example, Luttwak says the "Sunni-US alignment in Lebanon, which interestingly coexists with the US-Shiite alliance in Iraq, may yet achieve results of strategic importance if Syria is successfully detached from its alliance with Iran." He goes on to note that "when the Bush administration came into office, only Egypt and Jordan were functioning allies of the US." However, the Iraq war, he concludes, "has indeed brought into existence a New Middle East, in which Arab Sunnis can no longer gleefully disregard American interests because they need help against the looming threat of Shiite supremacy, while in Iraq at the core of the Arab world, the Shia are allied with the US."

US General Says Pyongyang May Conduct Nuclear Test. The AP (1/10, Kim) reports the top US general on the Korean Peninsula, Army Gen. B.B. Bell, "said Tuesday he believes North Korea might conduct another nuclear test." At a news conference in Seoul, Gen. Bell said, "There is no reason to believe that at some time in the future, when it serves their purposes, that they won't test another one. So I suspect someday they will." The AP notes that concerns about North Korea "heightened abruptly last week in Asia after ABC News reported Pyongyang might be preparing for another test." On its front page, the Washington Times (1/10, A1, Salmon, 88K) says Bell "also vented his frustration at a range of issues bedeviling Washington's military alliance with Seoul," expressing "concerns about the relocation of the headquarters of the US forces in South Korea, the transfer of wartime command of South Korean forces to South Korean leadership, and budgetary shortfalls."

Stealth Fighters To Be Deployed To South Korea. AFP (1/10) reports, "The United States is sending between 15 and 24 radar-evading Stealth fighters to South Korea this month, the US military has said, amid increasing speculation over a second North Korean nuclear test." US Forces Korea spokesman Kim Yong-Kyu called the decision "a routine deployment."

Seoul Urges Pyongyang To Accept US Proposal On Nuclear Program. The AP (1/10, Kim) reports South Korea Wednesday "renewed a call for North Korea to seriously consider US proposals" before returning to six-party talks on its nuclear weapons program. The US "has offered security guarantees, a peace treaty and normalization of relations as well as removal of North Korea from Washington's list of states sponsoring terrorism" if it dismantles its atomic weapons program, according to South Korean officials. The next round of talks is tentatively set to begin on January 22.

US Human Rights Envoy Urges Says Foreign Salaries Help North Korea's Nuclear Program. Jay Lefkowitz, President Bush's special envoy for human rights in North Korea, writes in the Wall Street Journal (1/10, A16, 2.04M) that "there is a growing consensus in the international community that North Korea's conduct is unacceptable. Nevertheless, several countries engage in practices that funnel cash to the regime in a manner that violates the spirit of a recent United Nations resolution and raises serious human rights concerns." These countries, including Russia and the Czech Republic, "contract" North Korean labor. However, Lefkowitz warns that "because the North Korean government takes a major portion of workers' salaries, these arrangements provide material support for a rogue government, its nuclear ambitions, and its human-rights atrocities." While "some argue that labor arrangements like those in Russia and Kaesong are positive developments," Lefkowitz says "it is more likely that the hard currency these countries are sending to North Korea will end up funding the regime's nuclear aspirations instead of improving living conditions for the people of North Korea."

Rice To Announce Creation Of New Public Diplomacy Award. The Washington Post (1/10, A4, Kessler, 690K) reports Secretary of State Condoleezza Rice will announce today the creation of "a new annual award to honor a company, academic institution or other nongovernmental entity that does the most to promote the US image abroad through intercultural understanding," State Department officials said. The Benjamin Franklin Award for Public Diplomacy is "designed to prod corporations and other nongovernmental groups to play a bigger role in public diplomacy at a time when the image of the US government has been battered by a backlash, especially in the Arab world, from the invasion of Iraq." Rice will highlight the award during a speech at a conference of public relations organizations at the State Department.

New Congress Likely To Take Harder Stance On Russia. The Financial Times (1/10, Kirchgaessner, Dinmore) reports the Bush administration's relationship with the Kremlin "has chilled considerably since the moment in 2001 when the US president famously looked into the soul of his Russian counterpart and declared that Vladimir Putin was 'very straightforward and trustworthy.' And Washington's stance towards Moscow could become even more frosty in coming months, potentially colliding with expected attempts by Russia to use its new found oil and natural gas wealth to step up its investment in the US." While the Republican-

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controlled Congress took "the White House's lead in their stance toward Russia," the Times says "experts predict that mounting concerns on Capitol Hill, on issues ranging from Mr. Putin's commitment to democracy to questions about the security of western investments in the Russian energy sector, could see lawmakers taking a more robust, sceptical approach." The Democratically-controlled Congress is "also likely to renew the focus on allegations of human rights abuses in Russia."

Merkel Blasts Russia Over Suspension Of Oil Exports Through Belarus. The Financial Times (1/10, Parker, Ostrovsky, Crooks, Flood) reports, "Vladimir Putin on Tuesday faced an angry European backlash about his decision to halt oil supplies through the pipelines crossing Belarus. As the Russian president made clear his determination not to back down in his dispute with Belarus, Angela Merkel, the German chancellor, denounced his actions as 'not acceptable,' noting that even during the height of the cold war, Russia had been a reliable energy supplier to Europe." Putin "stressed he wanted to do all he could to ensure that oil supplies to western Europe were not affected. But he escalated the dispute by telling his government to tell Russian companies to cut output because of the transit dispute."

The Washington Post (1/10, A9, Finn, 690K) says Merkel "forcefully condemned Russia...for failing to consult the European Union before it cut off part of its oil exports to Europe ... . 'Even during the Cold War, Russia was a stable energy supplier,' said Merkel, whose country holds the rotating presidency of the European Union." The Post adds, "Russian officials say they feel deeply aggrieved by the tactics of Belarus, which they accuse of stealing crude oil destined for Western Europe, but the Kremlin is nonetheless getting another black eye over its reliability as an energy supplier."

The New York Times (1/10, Schwirtz, 1.16M) reports, "An unyielding President Vladimir V. Putin on Tuesday raised the possibility of diverting oil transit routes away from Belarus, a day after Moscow cut off pipeline deliveries of crude oil headed to customers in Eastern and Central Europe through the country. Such a change, which would be years in the making, would cut Belarus out of any role in the transshipment of oil to Europe without offering the customers any immediate assurance that their supplies were reliable." The Times adds, "Officials from Belarus flew to Moscow to negotiate, and one delegation submitted a draft agreement to the Russian Trade Ministry, the Russian news agency Interfax reported."

The Los Angeles Times (1/10, Holley, 850K) says the dispute "may drag on long enough to force Moscow to cut production, Russian President Vladimir V. Putin said Tuesday."

Moscow's Moves Fuel Fears Over European Oil Supplies. The Wall Street Journal (1/10, White, Chazan, 2.04M) reports, "Russia's threat to reduce oil production in a worsening trade war with neighboring Belarus is fueling fears of a drawn-out conflict that could slice Europe's main supply of crude." European "officials warned that the European Union might have to take the costly step of releasing oil from its strategic reserve if the cutoff is prolonged." The EC "said it would convene a special meeting tomorrow to discuss how to make up for the lost Russian supplies."

US Criticizes Chavez Plan As Investors Pull Back. McClatchy (1/10, Bachelet) reports the Bush administration Tuesday "slammed Venezuelan President Hugo Chavez's plans to nationalize his country's power and telecommunications companies and demanded that US firms be properly compensated." White House spokesman Tony Snow noted that nationalization "has a long and inglorious history of failure around the world," calling this week's move "an unhappy day" for the people of Venezuela. Separately, NSC spokesman Gordon Johndroe said the US expects that American companies affected by Chavez's moves will be "promptly and fairly compensated." The Washington Post (1/10, A7, Forero, 690K) reports the US Energy Department "also expressed concern" that Chavez would "increase state control over four major oil projects in which American and other foreign companies have invested $17 billion."

The AP (1/10, Pearson) reports investors "spooked" by the plans "rushed to sell off Venezuelan stocks Tuesday." The New York Times (1/10, Romero, Krauss, 1.16M) reports investors "reacted with alarm" in markets in the United States and throughout Latin America. The Times notes Verizon "could possibly lose up to several hundred million dollars" due to the nationalization.

The Christian Science Monitor (1/10, Catan, 59K) says Chávez has "laid the groundwork for a sharp leftward shift and launched a clampdown on dissent, in what analysts see as a broad-based effort to strengthen his grip on power."

More Commentary. In an editorial, the New York Times (1/10, 1.16M) says "while the Bush administration needs to condemn any seizure of American assets, it should choose its words carefully so as not to play into Mr. Chávez's Yanqui-baiting game. The administration can best advance American interests, and those of the people of Latin America, through more active engagement of the region's many democracies. It also needs to press ahead with trade agreements and other forms of economic assistance and cooperation. That is the smartest way to counter Mr. Chávez's demagoguery."

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In an editorial, the Washington Post (1/10, A12, 690K) writes, "Some will see in Mr. Chavez's actions a threat to US interests. Certainly, those who caution that it is unwise to count on Venezuela to continue supplying up to 15 percent of US oil imports have a point. If assets of US companies are seized without fair compensation, Venezuela should be subject to penalties. But the main threat posed by Mr. Chavez is to Venezuela's 26 million people. If he follows through on his threats, they can look forward to steadily diminishing freedom and -- if the history of socialism is any guide -- national impoverishment."

Cuban Economists Prepare Plans For Post-Castro Market. In a front page article, the Wall Street Journal (1/10, A1, Davis, 2.04M) reports, "With Fidel Castro ailing and absent from the public stage, some influential Cuban intellectuals are laying plans for a more market-oriented approach to fortify the island's ailing communist economy." The Journal says such "debate over economic experimentation…offers a glimpse of what a post-Castro Cuba could look like." Among the steps under discussion are "decentralizing control, expanding the power of managers at privately owned agricultural cooperatives, extending private ownership to other sectors, boosting investment in infrastructure and increasing incentives to workers." However, none of the plans would "shuck communism for capitalism or open the island further to foreign investment," but "the fact that the government is permitting -- and perhaps even encouraging -- the debate suggests regime officials might find these kinds of changes acceptable, though it may take Mr. Castro's death to put them into action."

Ortega To Be Sworn In Wednesday. The AP (1/10, Carl) reports Daniel Ortega will be sworn in Wednesday as the next president of Nicaragua while "promising to respect free trade and private business and maintain relations with Washington." However, he will be sworn in as president in a ceremony "attended by some of the United States' biggest enemies, including Venezuela's Hugo Chavez and a representative of Iran." The AP calls the ceremony a "reflection of Ortega's delicate balancing act." Health and Human Services Secretary Michael Leavitt, who is heading the US delegation at Wednesday's inauguration, met privately with Ortega Tuesday where he told Ortega he wanted to "make clear that our desire is to work with you."

WTO Welcomes Push To Restart Doha Talks. The Financial Times (1/10, Beattie) reports the "trans-Atlantic push to conclude the troubled Doha round of global trade talks got a wary welcome from the head and some members of the World Trade Organization on Tuesday." Although details "of any deal to reconcile the US and European Union positions remain elusive," WTO director-general Pascal Lamy "said the determination expressed this week by US president George W. Bush and José Manuel Barroso, president of the European Commission, was a marked advance." In an interview with the Times, Lamy said, "The signs we are seeing now are qualitatively different from what we heard last year."

Schwab To Meet With Lamy Later This Week. The Wall Street Journal (1/10, A4, Hitt, 2.04M) reports "in a fresh sign of the intensifying efforts to revive moribund global trade talks," US Trade Representative Susan Schwab will travel to Geneva late this week for consultations with Lamy. In the last two weeks, Schwab has "conferred directly with top trade officials from Brazil, Europe and Japan, and has reached out by telephone to India's lead negotiator." A senior US trade official said the meeting with Lamy will "help lay the groundwork for additional discussions to be held later this month at an international conference in Davos, Switzerland." However, the official cautioned that there have been no breakthroughs.

ETA Claims Responsibility For Airport Bomb. The New York Times (1/10, Sciolino, 1.16M) reports Basque separatist organization ETA "said Tuesday that the 'permanent cease-fire' it announced last March was still in effect, even as it formally claimed responsibility for the deadly bomb attack on Madrid's main airport terminal" last week. In a statement sent to Gara, the pro-independence Basque-language newspaper, ETA said it "affirms that the permanent cease-fire started on March 24, 2006, still stands."

Violence Erupts In Bangladeshi Capitol Ahead Of Election. The Christian Science Monitor (1/10, Haider, 59K) reports democracy in Bangladesh "has struggled to preserve for two decades appears to be facing one of its most severe tests this week." The streets of the capital, Dhaka, "resemble a war zone, with police and protesters exchanging volleys of tear-gas shells and Molotov cocktails." The street clashes are the result of "a struggle for power between the country's two major political parties, the Awami League and the Bangladesh National Party (BNP), over the upcoming elections," but "attempts to reconcile the two groups have so far failed, leading analysts to suggest that the violent political crisis may deepen in coming months."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Fido's Little Helper."
"U.S. Teams Try To Rebuild A War-Torn Nation."
"Gov. Calls On State To Borrow And Build More."

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"Officer Who Killed Boy, 13, Is Cleared."
"1,000 Troops Strike Heart Of Baghdad."
"Record Warmth (Again) In 2006."
"Apple Seeks To Redefine Phone."

USA Today:
"Poll: Low Support For Iraq Buildup."
"Obesity Of China's Children 'Shocking'."
"Jockey's Bid For A Second Chance Is Ride Of His Life."

New York Times:
"U.S. And Iraqis Hit Insurgents In All-Day Fight."
"Democrats Plan Symbolic Votes Against Bush's Iraq Troop Plan."
"Steroid Cloud Stops McGwire From Entering Hall."
"Venezuelan Plan Shakes Investors."
"Apple Introduces Innovative Cellphone."
"New York Tries To Think Outside The Sandbox."

Washington Post:
"U.S. Airstrikes Back Troops In Baghdad Clash."
"D.C. Bill Would Mandate Vaccine."
"With Iraq Speech, Bush To Pull Away From His Generals."
"United Airlines Wins Right To Fly To China From Dulles."
"Overhaul Sought Of Pr. George's High Schools."
"Climate Experts Worry as 2006 Is Hottest Year On Record In U.S.."
"Va. Roads Deal Near, Say GOP Leaders."
"Life at $7.25 an Hour

Washington Times:
"House OKs Reforms Urged By 9/11 Panel."
"Kennedy Proposal Uncovers Party Rift."
"Ripken Streaks Into Hall Of Fame."
"US Targets Al Qaeda In Somalia Air Strike."
"Still Smoking In The District."
"General Sees Another N. Korea Nuclear Test."

Detroit Free Press:
"Ford's Millions For Michigan."
"Medicare Drug Cost No Bargain For Many."
"Detroiter Is Charged In Boy's Death."

Atlanta Journal-Constitution:
"Governor Turns His Radar On Speeders."
"New Strategy."
"Carter, Clinton, Woo Baptist To New Convention."
"Milk Exhibit Could Be Last Of Its Magnitude."

Houston Chronicle:
"Craddick re-Elected Speaker In landslide."
"Vaccine Proposal Likely To Stir Debate."
"'Like Watching Grass Grow'."
"'Homicidal' Soldier Was Returned To Duty."
"How About This Apple?

Story Lineup From Last Night's Network News:
ABC: Securing Haifa Street-Iraq; New Iraq Strategy; New Iraq Strategy-Democratic Position; US Air Strike-Somalia; The I Phone; State Affordable Healthcare; Baseball Hall Of Fame; Auto Show; A Soldiers Story.
CBS: Securing Haifa Street-Iraq; New Iraq Strategy; US Air Strike-Somalia; California Healthcare Plan; The I Phone; A Soldiers Story; Oil Prices; Warm Winter Weather; Auto Show.
NBC: New Iraq Strategy; Securing Haifa Street-Iraq; US Air Strike Somalia; Countering RPGs; State Health Insurance-California; California Wildfires; The I Phone; Stock Market; The Princes Girlfriend.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush's Iraq Strategy; Somalia-U.S. Military Strikes; Apple's I Phone; Bangor, ME-Smoking Banned In Cars With Children; Blackwell's List Of Worst Dressed Celebrities; Tokyo Stock Exchange.
CBS: Bush's Iraq Strategy; Somalia-U.S. Military Strikes; Congress-Anti-Terror Bill; Congress-Minimum Wage; White House-Judicial Nominees; Wall Street; New Orleans-Crime Cameras; Los Angeles-Increased Adoption Fees For Rodents.
NPR: Congress-Anti-Terror Bill; Bush's Iraq Strategy; Democrats-Additional Troops In Iraq; Farmers Branch, TX-Illegal Immigrant Ordinance; Tokyo Stock Exchange; US Ambassador To Mexico Praises Extradition Of Murder Suspect To US; Cuba-Protests On 5th Anniversary Of Guantanamo Bay Opening; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — 9 p.m. Addresses the nation on Iraq.

VICE PRESIDENT CHENEY — Speaks to a Joint Session of the Virginia General Assembly, Jamestown Memorial Church, Jamestown, Va.

US Senate: 9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on agriculture and the role of rural America regarding energy security. Philip Sharp, Resources for the Future;USDA Chief Economist Keith Collins; J. Read Smith, 25x'25 Steering Committee; Michael Pacheco, National Renewable Energy Laboratory, Golden, Colo.; Ron Miller, Aventine Renewable Energy Holdings, Pekin, Ill.; Roger Webb, Georgia Institute of Technology; Gene Gourley, Iowa Pork Producers Association; Loni Kemp, The Minnesota Project, Canton, Minn.; John Sellers, Iowa State Soil Conservation Committee. Location: Room 328A, Russell.

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9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the current situation in Iraq. Phebe Marr, U.S. Institute of Peace; Michael O'Hanlon, Brookings Institution; Yahia Said, Centre for the study of Global Governance at the London School of Economics; Paul Pillar, former National Intelligence Officer for the Near East and Asia. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the privacy implications of government data mining programs. Former Rep. Bob Barr; James Carafano, Heritage Foundation; Jim Harper, Cato Institute; Leslie Harris, Center for Democracy and Technology; Kim Taipale, Center for Advanced Studies in Science and Technology Policy. Location: Room 226, Dirksen.

9:45 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on global oil supplies and the impact on the U.S. economy and national security. Faith Birol, International Energy Agency; Robert Harmats, Goldman Sachs; retired Gen. Charles Wald, former Deputy Commandere, U.S. European Command; Flynt Leverett, New America Foundation. Location: Room G-50, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on tax incentives for business in response to a minimum wage increase. Jared Bernstein, Economic Policy Institute; Joseph Sabia, University of Georgia; Matthew Kadish, Small Business Counsel of America; Dave Ratner, Daves Soda & Pet City, Agawam, Mass.; Bruce Obenour, Akwen, LTD, Dublin, Ohio. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Organizational meeting, followed by a hearing on chlalenges and opportunities relating to health care. Location: Room 430, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Discussion of pending matters. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 2 - Minimum Wage Increase Without Assistance for Small Business.

11 a.m. ENERGY AND COMMERCE _ Full Committee. Organizational meeting. Location: Room 2123, Rayburn.

2 p.m. ARMED SERVICES _ Full Committee. Organizational meeting. Location: Room 2118, Rayburn.

2 p.m. WAYS AND MEANS _ Full Committee. Organizational meeting. Location: Room 1100, Longworth.

Other: DEFENSE PERSONNEL _ The Department of Defense holds its 2007 Worldwide Personnel Recovery Conference and Exhibition. Highlights: 8:10 a.m. Army Maj. Gen. Gene Higgins. 8:50 a.m. Air Force Lt. Gen. Carroll H. Chandler. 10 a.m. Michael Mason, FBI. 10:40 a.m. Kevin C. Whaley, DEA. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AGRICULTURE WORKERS _ 9 a.m. Senator Dianne Feinstein, Larry Craig, Edward Kennedy, and Barbara Boxer;and Representatives Howard Berman and Chris Cannon hold a news conference to announce the reintroduction of legislation to address the agriculture worker shortage. They will be more than two dozen representatives from national and regional agriculture organizations. Location: Room 301, Russell Senate Office Building.

COUNTERFEITING _ 9:30 a.m. The US Chamber of Commerce hosts the launch of an industry organization to promote the use of authentication technology to combat counterfeiting. Location: 1615 H St. NW.

BRAIN DRAIN _ 10 a.m. The Partnership for Public Service will hold a news conference to propose a plan for retiring workers to consider the Federal Government for an ``encore" career to ease the Federal `` brain drain." Location: National Press Club.

DEMOCRATS _ 10 a.m. House Democratic leaders hold a press availability following the Democratic Caucus meeting. Location: House Radio/TV Gallery.

LEARNING-GLOBAL ECONOMY _ 10 a.m. The Association of American Colleges and Universities holds a news conference to release two polls on how well schools are preparing students for today's global challenges. Location: Room 205 Old North, Georgetown University.

REPUBLICANS _ 10 a.m. Stakeout for the media availability with House Republican Conference Chairman Adam Putnam following closed meeting. Location: Location: Stakeout at Room 345, Cannon House Office Building.

UNION-TSA _ 10 a.m. Reps. Bennie Thompson and Nita Lowey, AFGE President John Gage, others, hold a news conference to discuss the union's work representing Transportation Security Administration workers. Location: AFGE, 11th floor, 80 F St. NW.

DRUG IMPORTATION _ 11 a.m. Senate and House members introduce drug importation legislation that will reduce the cost of prescription drugs. Participants include Sens. Byron Dorgan, Olympia Snowe, Chuck Grassley, Debbie Stabenow and Reps. JoAnn Emerson, Rahm Emanuel, and Rosa DeLauro. Location: Senate Radio-TV Gallery.

HISPANICS-MINIMUM WAGE _ 11:15 a.m. Representatives Baca, Grijalva, Linda Sanchez, mebers of the Hispanic Caucus, hold a press briefing on the minimum wage. Location: House Studio.

INCOME INEQUALITY _ 12 p.m. The Cato Institute hosts a policy forum, ``Has U.S. Income Inequality Increased?," with Alan Reynolds, Cato Institute; and Diana Furchtgott-Roth, Hudson Institute; and Gary Burtless, Brookings Institution. Location: Cato Institute, 1000 Massachusetts Ave. NW.

TEACHER CASE-SUPREME COURT _ 12 p.m. News conference with employee rights advocates providing legal

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aid to teachers in the tow Washington state teacher union cases being heard today in the Supreme Court. Participants include Mark Mix of the National Right to Work Legal Defense Foundation, lead petitioner Gary Davenport, others. Location: Steps of the Supreme Court.

AMERICAN HEART ASSOCIATION _ 12 p.m. - 1 p.m. American Heart Association President Raymond Gibbons, M.D., professor of medicine at Mayo Clinic College of Medicine in Rochester, Minnesota, will discuss the Associations 2007 health policy agenda and the potential impact of low-level funding on heart and stroke research at a media roundtable. Location: American Heart Association, Suite 300, 1150 Connecticut Ave. NW.

DEMOCRATS-IRAQ _ 12:15 p.m. Democratic Conference Vice Chairman Charles Schumer, Conference Secretary Patty Murray, and Senator Jack Reed joins former NATO Supreme Allied Commander General Wesley Clark and John Soltz, a veteran of the war in Iraq, for a press conference to call on President Bush to offer a new plan that will change course in Iraq and bring that war to a close. Location: Room S-211, U.S. Capitol.

STEM CELL LEGISLATION _ 12:15 p.m. Representatives Pence and Pitts, others, hold a news briefing on stem cell legislation. Location: House Studio.

TEACHER UNION CASE _ 12:15 p.m. The Evergreen Freedom Foundation, others, hold a news conference immediately following oral arguments before the Supreme Court in the Washington state teacher union dues cases. Participants include Washington state Attorney General Rob McKenna, foundation President Bob Williams, others. Location: Steps of the Supreme Court.

UNION DUES _ 1:30 p.m. The Federalist Society holds a panel discussion the limits on the use of union dues, with Washington state Attorney General Rob McKenna, Milton Chappell of the National Right to Work Legal Defense Foundation, others. Location: National Press Club.

ALLEN _ 1:45 p.m. Coast Guard Commandant Adm. Thad Allen gives keynote remarks on joint service operations and strategic alignment at the 19th annual Surface Navy Association symposium. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va.

MEDICARE DRUG PRICES _ 3:30 p.m. Sen. Chuck Grassley, R-Iowa, and Dr. Mark McClellan, former Administrator of the Centers for Medicare and Medicaid Services, hold a news briefing to discuss the implications of government negotiation of Medicare Part D drug prices. Location: Senate Daily Press Gallery, Room S-316, Capitol.

MINIMUM WAGE _ 3:45 p.m. Congressional, labor and business leaders hold a news conference following House passage of the bill raising the minimum wage. Participants include House Majority Leader Steny Hoyer, Sen. Edward Kennedy, AFL-CIO President John Sweeney, others. Location: Room 2175, Rayburn.

USTR-JAPAN _ 5:30 p.m. USTR Susan Schwab meets with Japanese Agriculture, Forestry and Fisheries Minister Matsuoka. Location: Winder Building.

ALLEN _ 7 p.m. Coast Guard Commandant Adm. Thad Allen gives keynote remarks on the Coast Guard's Strategic direction for the Military Strategy Forum of the Center for Strategic and International Studies. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 10, 2007 8:11 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Wednesday, January 10, 2007
Attachments:	dojclips070110.pdf; dojclips070110.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 10, 2007 7:45 AM EST

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TERRORISM NEWS:

Democrats In House Push Through Anti-terror Package (USAT)

By Mimi Hall

USA Today, January 10, 2007

In their first piece of legislation since assuming control of the House of Representatives for the first time in 12 years, Democrats on Tuesday pushed through sweeping homeland security requirements.

Their bill aims to tighten security at ports and on airplanes, improve emergency planning and prevent future terrorism. It passed 299-128.

"The terrorist threat has not diminished five years after 9/11," said Carie Lemack, a security activist whose mother died in the 2001 terrorist attacks.

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The House vote fulfilled a campaign promise by Democrats to enact recommendations made three years ago by the commission that investigated 9/11. "The 9/11 Commission gave us a blueprint for better security, which was not meant to sit on a shelf and collect dust," Rep. Carolyn Maloney, D-N.Y., said.

Some Republicans complained that the bill, which is expected to be considered in the Senate in the next month, was rammed through the House with little debate and no input from them. Others said it would be impossible to implement.

Rep. Jerry Lewis, R-Calif., former chairman of the House Appropriations Committee, chided Democrats for passing a bill "without any indication as to where the money might be coming from." He said "tens of billions of dollars" would be needed, meaning the bill amounted to "a statement of policy that is little more than a press release."

Here are six provisions and their potential impact:

House Passes Security Bill; Senate Stance Is Uncertain (NYT)

By Eric Lipton

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Delivering on a major campaign promise, House Democrats used their new majority Tuesday to push through a bill that would write into law several remaining recommendations of the Sept. 11 commission.

The measure includes more than a dozen initiatives like tightening cargo security and distributing antiterrorism grants based more on risk rather than on a political formula.

The vote put Republicans in a difficult spot. They opposed major elements of the bill, saying they went beyond panel recommendations and would be prohibitively expensive without significantly aiding security.

But after failing to delay action on the bill, many Republicans felt they had no choice but to vote in favor of it — and 68 did. The measure passed 299 to 128.

House Democrats said the rapid vote reflected their commitment to eliminating important vulnerabilities that remain in the nation's antiterrorism programs.

"Our first and highest responsibility as members of this Congress is to protect the American people, defend our homeland and strengthen national security," said Representative Steny H. Hoyer, Democrat of Maryland and the House majority leader.

The effort faces an uncertain future in the Senate, as some Democrats have expressed concerns that the bill's mandate on inspecting ship containers may be unreasonable. The bill says that before any United States-bound ship container leaves an overseas port, it must be checked for radioactive material that could be used to build weapons.

The Bush administration also opposes major parts of the bill.

The legislation includes no formal estimate of its cost, but it clearly would be in the billions of dollars.

One of its most far-reaching provisions would require that all air cargo on passenger jets be inspected for explosives; now only high-risk shipments are inspected.

The bill also calls for the United States to develop, with other nations, an agreement on how to handle detainees of the Iraq war or counterterrorism efforts, and for creation of a new federal coordinator of efforts to prevent the spread of unconventional weapons.

And it would require that Transportation Security Administration workers be subject to the same labor rules as other federal workers, perhaps allowing them to unionize.

Republicans said that 39 of the commission's 41 recommendations had already been adopted — a claim Democrats do not accept. They also said that many of the bill's provisions did not reflect changes explicitly called for by the panel.

"I hope the 9/11 families do not give you a pass on this," said Representative Phil Gingrey, Republican of Georgia, who called the bill an overtly political measure.

But the Democrats called each section essential. "Hurricanes Katrina and Rita reminded us all again how unprepared we all are to deal with catastrophe whether caused by nature or terrorist attack," said Representative Bill Pascrell Jr., Democrat of New Jersey.

Senator Joseph I. Lieberman, independent of Connecticut, who held a hearing Tuesday as the Senate prepared for its version of this bill, noted that one major recommendation — not in the House measure — was strengthening Congressional

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oversight of intelligence and counterterrorism efforts. “We found it a lot easier to reform the rest of the government than we did to reform ourselves post-9/11,” Mr. Lieberman said. “That’s unfinished work.”

House Passes Anti-terror Legislation (AP)

By David Espo

AP, January 10, 2007

Anti-terror legislation sailed through the House on Tuesday, the first in a string of measures designed to fulfill campaign promises made by Democrats last fall.

Patterned on recommendations of the commission that investigated the Sept. 11 attacks, the far-reaching measure includes commitments for inspection of all cargo carried aboard passenger aircraft and on ships bound for the United States.

The vote was a bipartisan 299-128, and Speaker Nancy Pelosi took the rostrum to announce the passage of the first legislation to clear under the new Democratic majority.

Democrats said the bill's passage was a top priority.

"Our first and highest duty as members of this Congress is to protect the American people, to defend our homeland and to strengthen our national security," said Majority Leader Steny Hoyer, D-Md.

Several Republicans criticized the legislation as little more than political posturing in the early hours of a new Democratic-controlled Congress. Democrats want to "look aggressive on homeland security. This bill will waste billions of dollars, and possibly harm homeland security by gumming up progress already under way," said Rep. Hal Rogers, R-Ky.

In a written statement, the Bush administration listed several objections and said it could not support the measure as drafted, but stopped short of a veto threat.

Democrats have pledged to make fiscal responsibility a priority in the new Congress, but they advanced the bill — their first of the year — without even a bare-bones accounting of the estimated cost. The funding will require follow-up legislation.

Legislation introduced in the Senate a year ago to implement the recommendations of the 9/11 commission had a price tag of more than $53 billion over five years.

The terrorism legislation is the first of six measures the House is expected to pass in its first 100 hours in session under Democratic control.

Next up is an increase in the minimum wage — set for passage on Wednesday — followed by relaxation of the limits on stem cell research conducted with federal funds and a measure directing the administration to negotiate with drug companies for lower prices for Medicare recipients.

Next week, the Democrats intend to clear legislation to cut the interest rate on student loans and to curtail tax breaks for the energy industry.

Each of the six bills would go to the Senate, and it could be months — if then — before they reach the White House.

Already, President Bush has signaled he would veto the stem cell bill, which is opposed by abortion foes. House supporters of the measure conceded at a news conference during the day that they do not have the two-thirds support needed to override a veto.

Depending on the outcome of that struggle, said Sen. Arlen Specter, R-Pa., "400,000 embryos will either be wasted or utilized to cure a disease."

The House labored over the terrorism bill as the Senate began work on legislation enacting stricter ethics rules — and Democrats continued to gain from last fall's elections.

Officials said that four of Bush's controversial appeals court appointees, their chances for confirmation doomed in the Democratic-controlled Senate, would not be renominated.

The four are William Haynes, William Myers, Terrence Boyle and Michael Wallace, all of whom were prevented from coming to votes last year when the Senate was under Republican control.

"The president is disappointed in this inaction and hopes that the days of judicial obstructionism are beyond us," said Dana Perino, deputy White House spokeswoman.

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Sen. Charles Schumer, D-N.Y., saw it differently. "Democrats stand ready to work with the administration to confirm judges who are not extremists, either left or right," he said.

In the House, passage of the anti-terror bill coincided with an email from the Democratic campaign committee touting the party's agenda for its first 100 hours in power, and asking for a contribution for the 2008 elections.

Democrats said the bill would enact virtually all of the unfulfilled recommendations of the 9/11 commission, and several members of the rank and file remarked that Republicans had failed to do so in five years since planes slammed into the World Trade Center and the Pentagon and scarred the Pennsylvanian countryside.

"Don't be fooled by those who say that this bill is moving too quickly," said Rep. Bennie Thompson, D-Miss. "It has been five years since 9/11. It has been three years since the 9/11 commission issued its report."

"The fact is that the bipartisan 9/11 commission gave the last Congress F's and D's in implementing its recommendations," said Rep. Jim Moran, D-Va. "This Congress is determined to earn its A's in implementing its recommendations."

Rep. John Mica, R-Fla., noted disapprovingly that screeners at the Transportation Security Agency would receive collective bargaining rights under the bill.

And Rep. Peter King, R-N.Y., said the measure "gives false hope to the American people" because technology for scanning all cargo containers is not yet available.

The legislation directs the Homeland Security Department to establish a system for inspecting all cargo carried on passenger aircraft over the next three years. It also requires scanning of all containers bound for the U.S., using the best available technology. Large ports would be given three years to comply, smaller ports five years.

While much of the debate revolved around the provisions dealing with cargo, the bill also requires the government to take the risk of terror attacks into greater account when distributing homeland security grants to the 50 states.

The measure also would centralize the government's efforts at preventing nuclear weapons from falling into the hands of terrorists and would take steps to disrupt the black market for nuclear material.

"We will not be safe here as long as the worst weapons can fall into the worst hands," said Rep. Rick Larsen, D-Wash.

The measure also establishes a new program of grants to make sure local governments can communicate effectively in the event of a crisis.

One of the tragedies of 9/11 was the deaths of New York firefighters who were trapped inside the World Trade Center and could not hear urgent warnings to evacuate that were broadcast on police radios.

A companion measure, to establish a new House subcommittee with jurisdiction over intelligence matters, cleared on a vote of 239-188.

House OKs Reforms Urged By 9/11 Panel (WT)

By Brian Debose

The Washington Times, January 10, 2007

House Democrats yesterday passed a bill that strengthens the homeland security reforms recommended by the September 11 commission, but Republicans said the legislation could undermine a program designed to slow the proliferation of technology used to make weapons of mass destruction.

The bill, which passed by a vote of 299-128, would increase the role of the United Nations in the Proliferation Security Initiative by asking the world body to force countries to agree to searches and seizures of ships and aircraft for the technology.

Republicans called the proposal, which would let the United Nations define what is permitted under the initiative, "unrealistic and dangerous."

"It will result in the imposition of unpredictable limitations, conditions and interpretations, and result in a regulatory straightjacket overseen by an international bureaucracy," said Rep. Ileana Ros-Lehtinen, Florida Republican and ranking member on the House International Relations Committee.

The proliferation initiative announced by President Bush in 2003 is a voluntary working group of more than 70 countries investigating and stopping the trade and acquisition of nuclear, chemical and biological weapons technology by terrorists and rogue states. The member countries also interdict ships and aircraft that carry such materials.

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Democrats dismissed the Republicans' assertions, saying the bill strengthens the initiative because international law does not allow seizures and impoundments in international waters, or in the territorial waters or airspace of nonmember countries.

"This bill has nothing to do with the United Nations. It simply says that you have to screen ships abroad before they leave port for nuclear and biological weapons materials and seal them abroad before they can leave," said Rep. Jerrold Nadler, New York Democrat.

Republicans said they expect the provision to be stricken when the Senate begins to consider the bill later this year.

Passage of the legislation posed Democrats' first test of the president to see how far they can go on homeland security matters, about which he largely had a free hand under the Republican-led Congress.

In a statement of administration policy, which usually consists of a dry list of approvals and disapprovals, the White House took a shot at the Democrats.

"The Administration is disappointed that, in a nearly 300-page piece of legislation entitled 'Implementing the 9/11 Commission Recommendations Act of 2007,' Congress does not address the two outstanding recommendations that apply to the Legislative Branch, which the 9/11 Commission states may be among the most important of all," the White House said yesterday.

The bill neither reduces the number of congressional committees with oversight and spending authorization over homeland security matters nor does it do the same for intelligence matters, both steps the September 11 commission has suggested.

However, the White House did not say whether it would veto the bill, and the statement supported those parts that increase the percentage of homeland security grant funding allocated on the basis of risk.

But the administration opposes portions of the bill that call for 100 percent screening of plane cargo within four years and ship cargo within five years, because the necessary technology does not exist. It also said the costs would be exorbitant, adding billions of dollars to the federal budget each year.

Democrats say their bill addresses the September 11 panel's concern about congressional duplication by creating a hybrid subcommittee of members of the appropriations and intelligence panels to oversee intelligence spending. The House Permanent Select Committee on Intelligence will continue to oversee intelligence operations, possibly with the hybrid subcommittee.

But Republicans scoffed at the plan and any notion that it reduces the bureaucracy that led to poor oversight of the various homeland security and intelligence agencies.

"We enacted 39 of the 41 recommendations the commission sent to us, so that means the other two were not good ideas," said House Minority Whip Roy Blunt, Missouri Republican. "Democrats are not doing it because they don't think it is a good idea. They just don't want to admit it."

Family members of victims of the September 11 attacks said they were disappointed that those recommendations would not be enacted but supported the legislation as a continuing effort to protect Americans from terrorism.

"We do think that Congress has to reform itself in the intelligence and homeland security oversight; the process has to be streamlined, but we will continue the fight," said Carie Lemack, president of Families of September 11 Inc.

House Passes Bill To Implement More Of 9/11 Panel's Suggestions (WP)

By Spencer S. Hsu

The Washington Post, January 10, 2007

In a lopsided vote that masked underlying divisions, House Democrats approved legislation yesterday to implement many of the remaining recommendations of the Sept. 11 commission even as portions of the sprawling package faced immediate problems in the Senate.

Voting 299 to 128, congressional Democrats, backed by scores of Republicans, delivered on a key part of their "100 hours" agenda. The nearly 300-page anti-terrorism measure sets new mandates to scrutinize air- and ship-borne cargo, send more federal aid to areas at the greatest risk of terrorism, improve emergency communications, fight nuclear proliferation overseas, and strengthen a civil liberties watchdog board.

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But critics questioned the cost and feasibility of new cargo requirements -- raising issues that helped stall action by the previous, Republican-controlled Congress -- and industry and the Department of Homeland Security added their opposition. The greatest skepticism focused on requirements in the House bill that airlines be able to physically inspect 100 percent of cargo put aboard passenger planes within three years and that shippers scan 100 percent of U.S.-bound cargo for radiation at overseas ports within five years.

The bill's biggest detractor, or patron, could be Sen. Joseph I. Lieberman (I-Conn.), who chairs the Senate's Homeland Security panel and who held his own hearing yesterday. He stopped short of promising -- as House leaders had -- to implement all remaining recommendations of the commission that investigated the 2001 terrorist attacks.

Lieberman said that he hopes by month's end, as requested by Senate Majority Leader Harry M. Reid (D-Nev.), to draft and pass a Senate bill "that will take steps forward to adopt some of the unadopted, unimplemented or inadequately implemented parts" of proposals recommended in 2004 by the bipartisan commission.

Just four months ago the Senate rejected mandatory scanning overseas for nuclear and shielding material of 11 million shipping containers sent to U.S. ports every year.

Fifty-six of the chamber's members, including seven Democrats, voted to kill a requirement to scan all such containers by 2010 as part of broader port-security legislation, concluding that existing technology could not do the job without crippling the flow of commerce.

That claim was repeated this week by major industry lobbies, including the U.S. Chamber of Commerce and the Retail Industry Leaders Association, which warned that unilateral action by the administration could lead to retaliation by trading partners and disruption, with little added security.

Instead, the Homeland Security and Energy departments last month announced a congressionally required pilot program to spend $60 million to scan 7 percent of U.S.-bound cargo originating from six ports by year's end. The program would start with ports in Pakistan, South Korea and Britain, with a goal of eventually expanding to 30 percent of U.S.-bound cargo. Scanning 100 percent of cargo would involve about 700 ports worldwide.

Other provisions of the House bill also carry a big price tag, which House Speaker Nancy Pelosi (D-Calif.) has said she expects airlines and shippers to help fund. For example, inspecting all cargo placed aboard passenger aircraft by 2009 could cost $3.6 billion to $6 billion for equipment, installation and screening personnel, the Congressional Research Service and the Transportation Security Administration estimate, House Republican officials said.

The Bush administration also formally opposed several elements of the House bill, saying in a statement that it could not support the measure as drafted, but stopping short of a veto threat.

David Schanzer, who was Democratic staff director and chief counsel of the House Homeland Security Committee from 2003 to 2005, criticized major portions of the House bill as "aspirational" rather than substantive. He warned that the new Democratic majority will find it difficult to find billions for promised tax changes, homeland security measures and the ongoing war in Iraq.

"Democrats have put a lot of spending priorities on the table," Schanzer said. "Where this is going to fit in them will tell a lot.

Seth M.M. Stodder, former director of policy and planning for U.S. Customs and Border Protection, said the Senate will be a key battleground between the administration and more aggressive House Democrats. Stodder said he thinks Lieberman, Commerce Committee Chairman Daniel K. Inouye (D-Alaska) and ranking Republicans will play decisive roles.

Separately yesterday, Homeland Security Secretary Michael Chertoff announced $445 million in new grants to secure ports, transit systems, vital facilities such as chemical and power plants, and bus and trucking lines. The total is $46 million more than last year. The Washington-Baltimore area will receive $18.3 million in transit aid.

Also yesterday, the House voted 239 to 188 to create an Appropriations subcommittee to increase oversight of intelligence spending.

House Votes To Enact More 9/11 Panel Points (LAT)

By Nicole Gaouette

The Los Angeles Times, January 10, 2007

DOJ_NMG_0114596

WASHINGTON — The House passed a broad domestic security bill Tuesday that requires all cargo on U.S.-bound ships and passenger planes to be scanned for explosives, expands programs to track weapons of mass destruction and bolsters intelligence gathering along the border.

The bill, which implements many of the recommendations of the Sept. 11 commission, is the first in the 100-hour legislative drive spearheaded by Democratic Speaker Nancy Pelosi of San Francisco.

It passed 299-128, with 68 Republicans joining Democrats.

While it could bolster the Democratic Party's national security credentials, it could also fall short of its aims. Democrats did not designate funding for most of the costly initiatives, and critics also charge that some of them are impractical.

Industry groups and the Bush administration objected to the requirement that within three years all shipping cargo arriving in the U.S. from major overseas ports be scanned. Republicans complained about the lack of hearings on the 279-page bill, and Democratic allies in the Senate questioned whether it is too ambitious.

House Democrats defended the legislation, which is based on and sometimes exceeds suggestions by the bipartisan panel that examined the response to the terrorist attacks of Sept. 11. That report was issued in July 2004.

"Don't be fooled by those who say this bill moves too quickly," said Rep. Bennie Thompson (D-Miss.), the chairman of the House Homeland Security Committee. Criticizing Republican inaction on some of the Sept. 11 commission recommendations, Thompson cited an Irish proverb.

"You have never plowed a field, if you've only turned it over in your mind," he said. "It's been five years since 9/11, three years since the 9/11 recommendations. Now it's time to plow the field."

About half of the recommendations were enacted under the Republican-controlled Congress, but the commission has given Congress and the administration a slew of failing grades for its performance on implementing its reforms.

The House also passed a resolution to create a panel to monitor intelligence spending, which Republicans criticized as adding unnecessary bureaucracy without improving oversight.

"While the 9/11 commission recommended one committee, we will have three committees. As far as I can tell, their only job will be to write a report and give it to themselves," said Rep. David Dreier (R-San Dimas), who led the Republican side of the debate with several feisty denunciations of the Democrats' decision not to hold hearings.

The intelligence panel resolution, which passed 239 to 188, with the support of just eight Republicans, does not follow the Sept. 11 commission's recommendation to combine the committee that authorizes intelligence spending with the one that appropriates the funds. But Pelosi said the creation of the new panel was a step in that direction.

"We have to show that this panel that we're putting together can do the job," Pelosi said. "To the extent that we can reduce the number of auspices under which the intelligence community has to come to Congress, we have to move in that direction."

Pelosi glossed over the issue of funding the programs authorized in the domestic security bill when she discussed it. The bill contains only one authorization — for an airport checkpoint screening fund that will get $250 million in 2008.

"I would have probably wanted to put some money there," Thompson said, "but in the spirit of let's get it done, we'll work it out." The bill, H.R. 1, is the first in a series that Democrats plan to pass in their 100-hour agenda before the president's State of the Union speech later this month. Today, they will take up a bill to increase the minimum wage from $5.15 to $7.25 an hour.

As lawmakers debated the domestic security measure, the administration issued a statement declaring it "cannot support … the bill in its current form."

While the White House lauded a proposal to make risk a greater part of the criteria for allocating about $2 billion for state and local domestic security grants, it objected to the creation of a new grant program for local law enforcement to participate in border-state centers that would concentrate federal, state and local intelligence gathering.

The administration opposed a measure that would greatly empower a civil liberties oversight board that has been criticized as ineffectual. The panel was established two years ago under White House control as a check on executive power in the war on terrorism. The legislation would create a new independent agency with the power to subpoena testimony and documents.

And the administration argued against a section recommending that the U.S. develop with allies a common approach toward detainees and suspected terrorists, dismissing it as unnecessary and unconstitutional.

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One controversial measure would require screening all shipping containers coming from foreign ports within five years, with larger ports obliged to meet that deadline in three years. American inspectors would scan and seal every container loaded onto U.S.-bound ships, then provide the Department of Homeland Security with copies of the scans.

Republicans debated instituting overseas scanning of all cargo under the 2006 SAFE Port Act but decided to conduct pilot projects first, an approach that industry groups support.

At the Port of Long Beach, which receives 3 million to 4 million foreign containers annually, spokesman Art Wong questioned the practicality of the proposal.

"People in Washington need some perspective on how big this would be," Wong said. "Each person scanning — how long would it take? Who would pay for the equipment to do this, and how many people would it take to get done? Would overseas ports even allow us to have Americans doing inspections? Would it be disruptive to trade?"

Administration officials also questioned the potential cost. "Risk management does not mean risk elimination, which would cost billions upon billions of dollars to implement, disrupt the flow of commerce and quite possibly shut down our ports," said Russ Knocke, a Homeland Security spokesman.

He said that all elevated-risk cargo has been screened since October.

Sen. Joe Lieberman (D-Conn.), chairman of the Senate Homeland Security Committee, indicated that he was cool to the idea of screening all shipping containers. "We're going to look at it," he said. "But it's not practical to impose it immediately."

The bill contains a similar proposal to screen all cargo placed on passenger planes within three years — at an estimated cost of $3.6 billion for the next decade.

"There needs to be a hearing to make sure they don't unnecessarily place a burden on the airline industry that would accomplish the objectives of security but wouldn't allow the airlines to survive," said Asa Hutchison, a former Homeland Security undersecretary.

Despite the criticism, 9/11 commission co-chairman Lee H. Hamilton, a former Democratic congressman from Indiana, spoke in firm support of the bill. "The bottom line is … that if this bill, H.R. 1, is enacted, funded and implemented, then the American people will be safer."

Miss. Grad Student Headed Terrorist Group, Prosecutor Says (AP)

By Mike Robinson

AP, January 10, 2007

CHICAGO - A graduate student living in Mississippi was an important Hamas terrorist leader directing thousands of dollars to families of members who were jailed or killed, a prosecutor said Tuesday.

"He's Hamas and he's assisting the murderous terrorist activities of Hamas," Assistant U.S. Attorney Joseph M. Ferguson told jurors in his closing argument, pointing at defendant Abdelhaleem Ashqar, who was a graduate student at the University of Mississippi in the early 1990s.

Ashqar, 48, later an assistant professor of business at Washington's Howard University, is accused along with former Chicago grocer Muhammad Salah, 53, of being high-ranking members of the Hamas terrorist network.

The two men are charged in a racketeering indictment with funneling thousands of dollars and fresh recruits to the anti-Israeli organization.

In the second day of his closing argument, Ferguson was warned as he headed toward the 10-hour mark that he would have to wrap it up by the end of the day.

"I will," Ferguson said. "I don't want to do this tomorrow."

"You won't be allowed to," St. Eve, a former colleague of Ferguson's in the U.S. attorney's office in Chicago, said with a smile.

Ashqar, of Springfield, Va., does not support terrorism and has done nothing illegal, according to his defense attorney, William Moffitt. Moffitt says Ashqar merely was trying to get charitable contributions to poverty-plagued Palestinians on the West Bank under Israeli army occupation.

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Moffitt is likely to get his chance Wednesday to address jurors, who have listened during a three-month trial to witnesses that have included an expert on torture and Israeli agents who testified under aliases.

Salah was arrested in January 1993 while in Israel and served almost five years in prison. Police confiscated $97,400 they say was meant to bankroll Hamas terrorism and he says was for charity.

Ashqar, then a graduate student in business at the University of Mississippi, was briefed on statements Salah made to Israel's Shin Bet security service. The briefing came from a Salah traveling companion who also was arrested and released after six months.

Ashqar summarized in writing what he learned from the Salah companion. Ferguson pointed to testimony that the written material, found among documents in Ashqar's home, was signed with an alias.

"There is only one reason for Ashqar signing that report with an alias - Ashqar is Hamas," Ferguson told the jury.

When asked by a federal grand jury in Chicago if he was Hamas, Ashqar refused to answer.

Ferguson pointed to testimony that Ashqar directed money to families of Hamas "martyrs" killed in terrorist operations and those captured and jailed by Israeli authorities.

"We're talking about someone who is a graduate student at the University of Mississippi, Oxford, Miss., and you see hundreds of thousands of dollars coursing through his accounts," Ferguson said.

While living in Oxford, Ashqar had a telephone in a bogus name and a fax in a different alias, Ferguson said. "He was concealing his name because he was aiding Hamas," the prosecutor said.

Federal agents found that Ashqar spoke on his telephone 568 times in several years with Mousa Abu Marzook, an alleged top Hamas leader who also is charged in the case and is a fugitive believed living in Damascus, Syria.

Ferguson also pointed to testimony that Ashqar served as an archivist, keeping extensive file of Hamas-related documents involving matters ranging from electronic jamming equipment to terrorist operations to so-called dead drops used by spies to pass documents without getting caught.

Ferguson traced a series of steps through which money to bankroll Hamas terrorists allegedly was collected by Marzook in Europe and the Mideast, funneled through accounts controlled by Marzook and associates and then sent to Salah and Ashqar in the United States.

From here it allegedly was transferred to the Mideast and turned into cash allegedly distributed to Hamas operatives.

"Abdelhaleem Ashqar is a conduit himself and directed others to steer money to the military operations of Hamas in Israel," Ferguson said.

3 Relatives Of Plotter Are Held By Officials (NYT)

By William K. Rashbaum

The New York Times, January 10, 2007

The parents and sister of a man convicted of conspiring to bomb the Herald Square subway station were detained yesterday by federal immigration authorities, who have been seeking to deport them to Pakistan.

The arrests came a day after the convicted man, Shahawar Matin Siraj, 24, was sentenced in United States District Court in Brooklyn to 30 years in prison.

The family, who came to the United States in 1999, had been seeking asylum since 2003, citing religious persecution in their home country.

A spokesman for Immigration and Customs Enforcement said that Mr. Siraj's father, Siraj Abdul Rehman, 54, was arrested because a final deportation order had been filed against him. But a lawyer for the family said his case was still under appeal.

The agency spokesman, Mark Thorn, said that the man's mother, Shahina Parveen, 50, and his sister, Sanya Siraj, 19, were arrested and detained on immigration violations.

Mr. Thorn said that the mother and daughter would be given due process and that their cases would be heard by an immigration judge. He said he could provide no more information, because it was the agency's policy not to discuss case details. Mr. Thorn could not explain why the action was taken yesterday, other than to say that the detention was part of an administrative

process and that criminal cases take priority over administrative ones. It was unclear why the criminal case against Mr. Siraj would have delayed the detentions.

The lawyer for the family, Mona Shah, disputed that a final order of removal had been entered against Mr. Rehman. She said he still has an appeal pending before the United States Court of Appeals for the Second Circuit.

"It's absolutely disgusting that they've picked him up under the guise of a deportation order," Ms. Shah said yesterday. "Fine, punish the son. But why punish them like this?"

She could not offer an explanation for the timing of the move, but suggested that it might stem from pressure on the authorities because the family's immigration status was cited in news reports about Mr. Siraj's case.

The immigration status of Mr. Rehman's wife and daughter hinge on his asylum case, Ms. Shah said. All three were picked up at their home in Jackson Heights, Queens, early yesterday morning. Mr. Thorn said they will be held at an Immigration and Customs Enforcement facility in Elizabeth, N.J.

Mr. Siraj, who was convicted on May 24 of conspiring to place an explosive device in the Herald Square subway station in 2004, had also filed for asylum on the same grounds as his father, religious persecution.

Ms. Shah said that all members of the family are Ismaili Muslims, a sect that she said has been mistreated in Pakistan. She said family members had been robbed and attacked several times. "They would be subject to torture and harassment if they returned," she said.

But prosecutors during Mr. Siraj's trial in the bomb plot suggested that he had lied to immigration authorities in his asylum request. They cited his own testimony in an earlier hearing, when he had first told immigration authorities that he did not fear harm if he returned to his native Pakistan. But later, in Mr. Siraj's asylum application, prosecutors pointed out that he said he was afraid.

Also, on tapes secretly recorded by a police informer and played at his trial, he said he had no fear of returning to Pakistan and spoke about influential family members who served as judges and magistrates. He also said he had rich and influential friends and friends on the police force.

He was recorded telling the informer that he planned to conduct surveillance of the subway station tied to his bomb plot immediately after attending an immigration hearing in Lower Manhattan. Testimony also showed that he had discussed entering into a marriage only to get citizenship.

Ms. Shah acknowledged that immigration authorities have some discretion about how to proceed and whether to detain people whose cases are pending, but she was bothered by yesterday's arrests.

"They're not supposed to detain halfway through a case," she said, calling the action "an absolute uneven use" of the discretion.

"You do not give someone the freedom of being not detained and then suddenly pick them up," she said.

Lawyer Quits In Italy CIA Case (WT/AP)

By Colleen Barry

The Washington Times, January 10, 2007

MILAN, Italy -- A lawyer for a CIA agent accused in the 2003 kidnapping of an Egyptian cleric in Milan withdrew from the case shortly after a court opened hearings yesterday on whether to indict him and 25 other Americans.

Five Italian secret service officials also are facing indictment in the case that highlights the CIA's purported extraordinary rendition program, in which terrorism suspects are transferred to third countries where critics say they may face torture.

Shortly after the proceedings began, the attorney for Robert Seldon Lady withdrew from the case, saying the former CIA station chief did not want to cooperate.

"Robert Seldon Lady says that this case should have had a political solution and not a judicial solution," attorney Daria Pesce said. "The Italian government could have decided it was a state secret -- remember, this was a terror suspect. It would have been possible if the Italian government had had the courage to reach an agreement with the U.S. government."

Prosecutors say the operation was a breach of Italian sovereignty that compromised their own anti-terrorism efforts.

None of the defendants attended the closed session, which lasted about three hours and ended without a decision. The next hearing was scheduled for Jan. 29.

Mr. Lady was the only American who had hired a lawyer rather than have a court-appointed one. He was still in Italy when the case broke, and owns a home in Italy that was searched by police.

Miss Pesce, who met with Mr. Lady four or five times in the United States, mostly recently in September, said the court had already appointed a new lawyer for him.

All but one of the Americans have been identified by the prosecution as CIA agents, including former station chiefs in Rome and Milan, and the 26th as a U.S. Air Force officer stationed at the time at Aviano Air Base near Venice. The Italians include the former head of Italian military intelligence, Nicolo Pollari.

In Italy, defendants are not required to attend preliminary hearings, or even trials. Prosecutor Armando Spataro has asked Romano Prodi's center-left government to seek the extradition of the American suspects, but there has been no response. The previous prime minister, conservative Silvio Berlusconi, who was a close ally of President Bush, refused.

Mr. Pollari's defense lawyers said yesterday they intend in the next session to try to add both Mr. Prodi and Mr. Berlusconi to the witness stand, as well as their respective defense ministers.

Even if the request were made -- a move bound to irritate U.S.-Italian relations -- it was unlikely that the CIA agents would be turned over for trial abroad.

The CIA has refused to comment on the case.

Mr. Spataro has entered into evidence a handwritten letter by Osama Moustafa Hassan Nasr, describing his abduction from a Milan street on Feb. 17, 2003, and his journey, blindfolded and bound, to Egypt, where he said he had been left in an underground cell, repeatedly tortured and threatened with rape.

Britain To E-Mail Terror Threat Alerts (WP)

By Kevin Sullivan

The Washington Post, January 10, 2007

LONDON, Jan. 9 -- The British government is offering an e-mail bulletin service to notify people of changes to the nation's terror threat level, a development that illustrates increasing fears of extremist attacks in Britain and the rising power of digital communications.

The domestic security agency, MI5, announced the new service Tuesday and said it will also provide e-mail bulletins on "major developments in national security affairs." It plans to add a service providing the same information in text messages to cellphones, officials said. People would have to register on the MI5 Web site to receive the alerts.

"It is important that we are as open as possible with the general public about security matters," said Phyllis Starkey, a member of Parliament from Prime Minister Tony Blair's Labor Party.

Britain began disclosing the terror threat level to the public only last August, following government inquiries into the official handling of the July 2005 attacks on London's public transit system. After those attacks, in which 52 passengers and four bombers were killed and about 700 people injured, investigators concluded that the government did a poor job of communicating with the public about potential security threats.

In August, the government began posting the threat level on the MI5 Web site and a new government Web site (http://www.intelligence.gov.uk) set up to disseminate information about security matters. The new system was used that month for the first time when officials uncovered an alleged plot to blow up jetliners flying from Britain to the United States. The threat level was increased from severe, which means an attack is highly likely, to critical, which means an attack is expected imminently.

Although the threat has since been reduced again to severe, British officials continue to warn that religious extremists are aggressively plotting new attacks in Britain. In November, the head of MI5, Eliza Manningham-Buller, said in an unusual public speech that the agency was monitoring 30 potential terrorist plots involving more than 200 radical groups and 1,600 suspects who were "actively engaged in plotting or facilitating terrorist acts."

Last month, Home Secretary John Reid warned that a terrorist attack in Britain was "highly likely" during the Christmas holidays. None occurred.

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Starkey said the widespread use of computers and cellphones allows the government to communicate information about potential threats far faster now. She recalled the days when the government placed posters in public places asking people to be vigilant for activity by the Irish Republican Army.

"This is a rather more effective technology," she said. "And if individuals are aware of an imminent threat, they are more likely to notice odd behavior. They are added eyes and ears for the security services."

But Starkey acknowledged that the government was also battling a "significant level of cynicism" among the public and that many people believe the government could manipulate the terror threat level for political purposes. Many Britons believe the U.S. government has used threat alerts to scare the public for political gain, she said.

"That's only added to the problem here," she said, "because it makes people in this country think our government is going down the same route."

Patrick Mercer, a Conservative member of Parliament who specializes in security issues, said the new system was "sensible" but needed improvements.

"The problem is that the only sort of people who are going to get this are big security corporations and security wonks like me," he said. "Mr. and Mrs. John Doe are not going to go on the MI5 Web site and register for this."

For a terror alert system to work efficiently, he suggested, "we've got to learn from the American model." In addition to e-mail alerts, he said, the threat level should be indicated on highway signs and broadcast on television and radio, and government Web sites and publications should also offer more specific warnings about key bridges, tunnels and other potential targets during extremely high alerts.

"All this says," he said of MI5's new system, "is: 'Terrorism is dangerous. Be afraid. Be very afraid.' "

HOMELAND RESPONSE:

Man Accused Of Plotting Illinois Mall Attack Pleads Not Guilty (FINDLAW/AP)

By Megan Reichgott, Associated Press Writer

AP, January 10, 2007

(AP) - CHICAGO-A 22-year-old Muslim convert accused by U.S. authorities of being willing to commit acts of "violent jihad" pleaded not guilty Tuesday to charges that he planned an attack at a shopping mall.

"I feel well," Derrick Shareef said at his arraignment. He told U.S. District Judge David Coar he had never been hospitalized for psychiatric treatment.

Shareef was arrested Dec. 6 after allegedly meeting an undercover agent to trade stereo speakers for a pistol and four grenades.

He planned to "commit acts of violent jihad" by blowing up garbage cans at the mall during the Christmas shopping rush, according to a federal complaint. The complaint also said Shareef considered attacking city halls and courthouses.

"Any place that's crowded, like a mall is good, anything, any government facility is good," he allegedly told a secret FBI informant when they talked about possible attack targets. The informant secretly tape-recorded his plans. "I swear by Allah man, I'm down for it too, I'm down for the cause, I'm down to live for the cause and die for the cause, man."

Prosecutors have said they were convinced Shareef operated alone and there had been no imminent danger to the public.

Shareef was charged with one count of attempting to damage or destroy a building by fire or explosion and one count of attempting to use a weapon of mass destruction.

The arson and explosives count carries a possible sentence of five to 20 years in prison. The weapons of mass destruction charge carries a possible sentence of life in prison.

Defense attorney Michael B. Mann declined to comment on specifics of the case, telling reporters he did not want to try the case in the media.

Not Guilty Plea Entered In Mall Plot Case (RRSTAR)

By Mike Wiser, ROCKFORD REGISTER STAR

DOJ_NMG_0114602

Rockford (IL) Register Star, January 10, 2007

CHICAGO — A 22-year-old accused of being jihadist told a federal judge "I feel well" moments before his lawyer entered a plea of not guilty on his behalf.

Derrick Shareef has been in federal custody in Chicago since his Dec. 6 arrest for allegedly plotting to injure and kill holiday shoppers at CherryVale Mall.

Wearing an orange jumpsuit and with a shaven head and unruly beard, Shareef appeared Tuesday in front of Judge David H. Coar.

Coar asked Shareef standard questions about his education and physical and mental health at the outset of what turned out to be a very brief hearing.

Shareef answered clearly and politely, ending most of his replies with the word "sir." He told the judge that he did not graduate high school but obtained his general equivalency diploma, or GED, and had "some college" under his belt.

He said he was not being treated for any physical or mental ailments.

Coar also asked Shareef if he needed the government's charges against him read aloud, an option Shareef's attorney, Michael Mann of Maywood, waived.

Shareef faces up to life in prison on charges of attempting to use a weapon of mass destruction and attempting to use explosives to injure people or property.

The Justice Department says Shareef, who identified himself as Derrick Omar Shareef in court, had plotted to attack the patrons of CherryVale Mall by placing hand grenades in garbage cans in order to wage jihad.

Authorities said Shareef revealed his plans to an informant who was working with the Federal Bureau of Investigation's Joint-Terrorism Task Force. The informant arrested the 22-year-old former Genoa resident after he exchanged stereo speakers for four non-functioning grenades and a pistol.

Tuesday in court was the first time Shareef was actually able to read the charges against him, Mann said, adding his client doesn't have access to court files where he is being housed and that he himself had only just received a copy of the formal indictment, which was handed down last week.

Staff writer Mike Wiser can be reached at 815-987-1377 or mwiser@rrstar.com.

`Data Mining' May Implicate Innocent People In Search For Terrorists (MCT)

By Greg Gordon

McClatchy Newspapers, January 10, 2007

WASHINGTON - In his first hearing Wednesday as the chairman of the Senate Judiciary Committee, Democratic Sen. Patrick Leahy of Vermont plans to examine federal "data-mining" programs, the computerized hunt for terrorists that can implicate innocent people.

Consider the case of American Airlines pilot Kieran O'Dwyer of Pittsboro, N.C.

O'Dwyer said Tuesday that U.S. Customs agents detained him for 90 minutes in 2003 when he got off an international flight in New York, telling him his name matched one on a government terrorist watch list.

Over the next 22 months or so, O'Dwyer said, he was temporarily detained 70 to 80 times by authorities who apparently were worried that he was a fugitive member of the Irish Republican Army.

It's not clear how O'Dwyer came under suspicion or how his name wound up on a terrorist watch list, but critics charge that such miscues can occur during the data-mining process, in which computers analyze multiple databases in search of suspicious patterns.

Amy Kudwa, a TSA spokeswoman, said she couldn't comment on O'Dwyer's circumstance, but that an average of 1,500 airline travelers applied each week for redress on the grounds that they'd been mistakenly included on terrorist watch lists. She said 33,000 had applied as of last April.

In a speech last month, Homeland Security Secretary Michael Chertoff said his agency was working to put a system of "one-stop redress" in place in 2007.

Leahy, a longtime congressional champion on privacy issues, plans to make "a signature issue" of protecting civil rights in the face of a "proliferation of government databanks and data mining" in the war on terrorism, said his chief spokesman, David Carle.

"He believes Congress is way overdue in taking stock of the surge in data mining by the government," Carle said.

Carle said the inquiry had gained import because of powerful new technologies, the outsourcing of data mining to private firms and "the Bush administration's lack of cooperation" with Congress' attempts to police these surveillance programs.

For years now, the Bush administration has invested heavily in data mining, viewing it as a valuable intelligence tool that can alert U.S. authorities to terrorist plots in their early stages. The government is reported to have spent tens of millions on such surveillance systems.

Among witnesses summoned to Wednesday's hearing is Jim Harper of the Cato Institute, a libertarian research center. Harper co-authored a paper last year that concluded data mining is a poor use of tax dollars, won't identify terrorists and will lead to "false positives" implicating innocent people.

In the paper, Harper and IBM engineer Jeff Jonas charge that "the one thing predictable about predictive data mining for terrorism is that it would be consistently wrong."

In testimony prepared for delivery Wednesday, Harper says data mining uses "massive amounts of data about Americans' lifestyles, purchases, communications, travels and many other facets of their lives. . . . This raises a variety of privacy concerns."

Coinciding with the hearing, Democratic Sen. Russ Feingold of Wisconsin plans to reintroduce a bill, co-sponsored by Leahy, that would require federal agencies to disclose all data-mining activities to Congress and the public.

In a 2004 report, the General Accountability Office identified at least 10 data-mining programs being used in the hunt for terrorists, and several others have emerged publicly since then.

Senate Democrats also are expected to closely question John Michael McConnell, President Bush's nominee to serve as the new intelligence czar, about 13 Pentagon data-mining contracts that his consulting firm has obtained since 1997.

Recently, the Transportation Security Administration revealed that it has conducted a program known as the Automated Targeting System, which assigns a risk assessment to every international air traveler, for four years.

O'Dwyer, the pilot, said he tried multiple ways to end his detentions but that customs agents dismissed a TSA letter clearing him, saying "it could be a forgery."

Not even persistent calls to the TSA and FBI from aides to Rep. Bob Etheridge, D-N.C., and Sen. Richard Burr, R-N.C., could solve the problem.

O'Dwyer said customs agents came to greet him by his first name, and one joked that "this was profiling against the Irish."

After missing numerous connecting flights home and having to pay to stay in New York hotels, O'Dwyer gave up flying internationally last May, forgoing about $10,000 in annual bonus pay.

Security Grants Tightly Targeted (WT)

By Audrey Hudson

The Washington Times, January 10, 2007

Homeland Security officials yesterday announced $450 million in security funding for ports, transit systems, and chemical and nuclear plants and said they avoided a "willy-nilly approach" in earmarking the funds to ensure money won't be wasted.

The funding is an increase of $46 million over last year's amount and targets cities most at risk of terrorist attacks, including Washington and New York.

Previous grants were distributed with "very little guidance," Homeland Security Secretary Michael Chertoff said during the announcement.

"Predictably, we had a rash of stories ... about communities that spent money on leather jackets or gym equipment or things of that sort," Mr. Chertoff said.

"And so, to move away from that kind of willy-nilly approach, we have put in place a risk-driven allocation of eligibility," he said. "We're investing resources where risk is greatest and where the funds will have the most significant impact."

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The grant process also was widely criticized in June after funding was slashed 40 percent for Washington and New York and increased for lower-risk Midwestern cities.

The bulk of the funding, more than $200 million, will go toward port security, and more than $171 million will be spent on transit systems. Bus security funding topped nearly $12 million, as did trucking security, and $48 million has been earmarked for buffer-zone protection.

Cities and states must submit detailed plans on how the money will be spent before receiving the funding.

The National Capital Region will receive up to $18 million for transit security, the second largest grant awarded. The New York and New Jersey region received the largest grant: $61 million.

More than $8 million has been incorporated this year for Amtrak security enhancements.

The Norfolk area was included in a second tier of nearly 30 cities that will compete for $14 million in grants for transit security.

Port security grants went to the New York area ($27 million), New Orleans ($17 million), Houston ($16 million), Los Angeles ($15 million), Puget Sound, Wash., ($12 million), San Francisco Bay area ($11 million), Delaware Bay ($11 million), and Port-Arthur/Beaumont, Texas ($11 million).

Baltimore and Hampton Roads, Va., will compete with 15 cities in a second tier of funding, amounting to $40 million.

Washington will receive up to $1.5 million for buffer-zone protection, and Maryland and Virginia will pick up $770,000 each. That grant covers protection for financial institutions, chemical facilities, nuclear and electrical power plants, dams and stadiums.

States that received buffer-zone grants in previous years but were dropped this year include Alaska, Colorado, New Mexico, North Dakota, South Dakota, Vermont and the Virgin Islands.

Overall, the Homeland Security Department will award $1.7 billion in grants for counterterrorism efforts this year.

Mr. Chertoff said that previous questionable spending was not fraud, but that grant requirements "were defined so broadly and so generally that anything that could be tied to homeland security, in theory, was eligible."

Homeland Chief: Risk Determines Who Gets 2007 Anti-terror Grants (USAT)

By Mimi Hall

USA Today, January 10, 2007

WASHINGTON — Seaports, rail and bus systems, trucking companies and other private industries at risk of terrorist attack will divvy up nearly a half-billion dollars in anti-terrorism grants this year, Homeland Security Secretary Michael Chertoff announced Tuesday.

"We're investing resources where risk is greatest and where the funds will have the most significant impact," said Chertoff, responding to critics who complained that the highest-risk cities didn't get a big enough share of federal homeland security money last year.

Chertoff said the process of deciding which cities would get the grant money this year was driven by threat-based intelligence information and "common sense."

Chertoff said $445 million will be distributed this spring through five grant programs aimed at helping cities shore up security at vulnerable sites. Port security programs will get the largest share of the money: $210 million. Transit security will receive $172 million.

Within those categories, New York City and its surrounding communities will come out on top when the money goes out.

Members of Congress who had accused the Homeland Security Department of giving New York short shrift last year said there was some improvement — but still complained that the area wasn't getting enough money.

"We're glad this is a modest increase in funding for New York City, but we're still not close to our fair share or what we need," Sen. Charles Schumer, D-N.Y., said.

Highest danger, biggest allotments

These port areas were deemed to be at "highest risk status" and eligible for the most grant money:

•New York-New Jersey, $27.1 million

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•New Orleans, $17.3 million
•Houston-Galveston, $15.7 million
•Los Angeles-Long Beach, $14.7 million
•Puget Sound, Wash., $12.2 million
•Delaware Bay, $11.3 million
•San Francisco Bay, $11.2 million
•Sabine-Neches River, Texas, $10.9 million.

Transit systems in eight major urban areas were found to be at highest risk of attack and eligible for the biggest grants. They are:

•New York-Connecticut-New Jersey, $61 million
•Washington, D.C., and its Maryland and Virginia suburbs, $18.2 million
•Boston, $15.3 million
•San Francisco Bay Area, $13.8 million
•Chicago, $12.8 million
•Philadelphia, $9.7 million
•Greater Los Angeles, $7 million
•Atlanta, $3.4 million.

Testimony Begins In Hurricane Katrina Insurance Lawsuit (FINDLAW/AP)

By Michael Kunzelman, Associated Press Writer

AP, January 10, 2007

(AP) - GULFPORT, Mississippi-State Farm Fire & Casualty Co. used a new "protocol" after Hurricane Katrina to deny claims to many policyholders, a lawyer for a homeowner suing the company said Tuesday in the trial for one of hundreds of pending insurance lawsuits spawned by the massive storm.

William Walker, attorney for State Farm policyholders Norman and Genevieve Broussard of Biloxi, told an eight-member jury in his opening statement that the company refused to pay for any damage to any home that Katrina reduced to a slab in August 2005, including the Broussards'.

State Farm and other companies say their homeowner policies cover damage from wind but not from water - and exclude damage that could have been caused by a combination of both, even if hurricane-force winds preceded a storm's rising water.

"They denied (the couple's claim) based on this wind/water protocol, this thing that's not in the policy," Walker told jurors. "This is a case in which State Farm promised to do something. This is a case in which State Farm decided not to follow those promises."

The Broussards claim a tornado destroyed their home before any flooding, but State Farm concluded that all the damage was caused by Katrina's storm surge and isn't covered by their policy.

In his opening statement, State Farm attorney Scott Corlew told jurors: "We think after you've reviewed all the evidence that you will agree with us that water was the destructive mechanism at the Broussard home."

The first day of testimony in the federal trial came as Mississippi's attorney general negotiates a separate potential settlement with State Farm that could impact hundreds of other policyholders with Katrina damage.

People with direct knowledge of the settlement talks told The Associated Press on Monday that State Farm, Mississippi's largest home insurer, is considering paying hundreds of millions of dollars (euros) to settle more than 600 lawsuits and resolve hundreds of other disputed claims.

A mass settlement would be the first of its kind to follow the wave of litigation spawned by Katrina.

State Farm, Hood and plaintiffs' lawyers are nearing an agreement that calls for the insurer to pay at least $50 million(euro38 million)- but possibly hundreds of millions more - to roughly 35,000 policyholders who have not sued the company for denying their claim, people with knowledge of the talks said.

A Mississippi settlement would not involve any claims filed by State Farm policyholders in other states.

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Hundreds of Mississippi homeowners have sued their insurance companies for refusing to cover billions of dollars (euros) in damage from Katrina's storm surge. The Broussards' case is only the second to be tried since the storm destroyed or severely damaged tens of thousands of homes.

WAR NEWS:

U.S. Pares Reconstruction Effort In Iraq (WSJ)

By Greg Jaffe And Yochi J. Dreazen

The Wall Street Journal, January 10, 2007

WASHINGTON -- The Bush administration's new Iraq strategy calls for modest, relatively inexpensive efforts to spur job creation and economic growth, a marked shift from the large-scale reconstruction projects and free-market dogmatism of earlier White House efforts.

But with the appetite for new spending for Iraq low across Washington, the downsized ambitions are being matched by similarly reduced amounts of money, prompting some senior military commanders to express skepticism the plan will improve conditions in Iraq.

When he addresses the nation tonight, President Bush will propose a micro-finance effort to aid Iraqi entrepreneurs and a sizable expansion of a program giving military commanders money for small-scale reconstruction and job-creation projects, according to administration and Pentagon officials. Mr. Bush described both initiatives in closed-door meetings with senators this week, according to several participants.

Meanwhile, senior Pentagon officials have been touting a push to get 193 Iraqi factories that have shuttered since the 2003 invasion up and running in the next three years. The officials say the reopened plants can provide jobs to tens of thousands of Iraqis who might otherwise join a militia or insurgent groups.

Just after the invasion, U.S. officials focused on big, U.S.-run infrastructure projects, such as rebuilding hospitals, water-treatment plants and electrical power plants. The administration eventually devoted $20.9 billion to the effort, much of which was consumed by security costs or lost to mismanagement. Officials also talked ambitiously about jettisoning Iraq's centralized economic system -- in which hundreds of thousands of Iraqis worked for state-owned firms -- and privatizing its state-run oil industry. Officials didn't spend money to reopen shuttered Iraqi factories because they believed such a move would prevent more-efficient, privately owned businesses from taking root.

Now, U.S. officials are working with Iraqi officials to reopen Iraqi factories as a means of creating tens of thousands of Iraqi jobs, said Paul Brinkley, the deputy undersecretary of defense tapped to lead the effort.

Military officials say the focus on getting Iraqis back to work represents a much-needed change. But some say the improved approach could be hampered by a lack of resources. Army Col. Bill Hix, who served 13 months as a senior strategist in Iraq and now works in the Pentagon, recently wrote an article proposing the U.S. set aside another $20 billion for reconstruction in Iraq. The Iraq Study Group called for the U.S. to provide $5 billion a year in economic assistance.

The Bush administration plans to spend just a few billion dollars on Iraq reconstruction in 2007. It plans to ask Congress for $1.46 billion in aid to the Iraqi government as part of Mr. Bush's new push to stabilize the country, though it will seek additional money for Iraqi security forces.

No U.S. money is being set aside to reopen state-owned Iraqi factories, which employed about 12% of the Iraqi population in 2003. Instead, U.S. officials say they will push Iraqi Prime Minister Nouri al-Maliki to find the millions of dollars needed to open as many as 30 factories this year. Mr. Brinkley said the military would help the Iraqi enterprises by contracting with them for essentials like cement and water.

The job-creation and military-reconstruction efforts will also be given only comparatively modest funding. Administration officials say the amount of money devoted to the micro-finance program will most likely be in the tens of millions of dollars. The Commander's Emergency Response Program, which gives military officers money they can use on small-scale reconstruction and jobs programs, is likely to double in size, but the total cost of the program will be close to only $1 billion.

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The administration's retrenchment of its ambitions for Iraq began last year, when the White House's fiscal 2007 budget included no new "Iraq Relief and Reconstruction" money, the name of the initial, $20.9 billion effort. The White House wouldn't comment on any aspect of its latest effort.

Bush To Propose Restoring Iraqi Factories To Create Jobs (NYT)

By James Glanz

The New York Times, January 10, 2007

BAGHDAD, Jan. 9 — A new effort to revitalize some of the world's most outdated and decrepit factories for making vegetable oil, fertilizer, road signs and sulfuric acid is expected to be at the center of the plan for Iraq that President Bush will present Wednesday.

But even before the measures are announced, Iraqi political and business leaders have been expressing skepticism that any effort to transform a system of state-owned enterprises that has fallen so far into dysfunction could become an engine for job creation in Iraq.

The administration describes the steps as a way to employ more Iraqis and to keep them away from more destructive pursuits such as joining the insurgency or fighting in a militia.

Among the economic measures under consideration is new support for a program that allows local American military commanders to finance small reconstruction projects.

But recent statements by administration officials suggest that the plan is also likely to include an effort to revive parts of what was a vast Iraqi military and industrial base before it was destroyed by war, sanctions and looting.

That plan would involve pumping expertise and money for reconstruction into enterprises still owned by the Iraqi government, or privatizing some or all of the companies to force them to become more competitive.

Either way, Iraqi political and business leaders were dubious about the prospects for success. "I doubt it very much in view of the current challenges and dangers facing the country," said Mehdi Hafedh, a member of Parliament a former planning minister.

The state-owned enterprises are already a huge drain on Iraq's budget, Mr. Hafedh said, and most of them produce little or nothing. Many are filled with no-show jobs.

"The Americans should have made some consultations because this is ridiculous, frankly," Mr. Hafedh said. "What Iraq needs to do is reduce the number of employees in the state sector."

The focus on jobs and reconstruction is in many ways a return to the earliest days of the occupation, when the top American administrator here, L. Paul Bremer III, pressed the idea that economic initiatives were as important as military action in stabilizing the country and convincing ordinary Iraqis that the invasion would have tangible benefits for them.

That philosophy led to a reconstruction program financed by $30 billion in American taxpayer money that had a marginal impact on the quality of life here, attracted ceaseless attacks on rebuilding projects and produced little but derision among Iraqis.

In addition, American officials, who declined to comment before the president's speech, have never produced evidence that those enormous expenditures have lessened the attractions of the insurgency.

Nor have those officials solved what appears to be a logical flaw in the plan: how does the United States get credit for reconstruction projects when it must keep its participation secret to prevent attacks on those projects?

The employment picture in Iraq is without doubt grim, said Batea al-Kubaisi, a government economics expert. Depending on how it is measured on the chaotic streets of Iraq, the unemployment rate ranges from 30 percent to 60 percent, Mr. Kubaisi said.

Given those numbers, making use of the state-owned companies has distinct attractions. Overall, the 192 companies employ more than 500,000 Iraqis, which amounts to roughly half of all Iraqi government employees, Mr. Hafedh said.

But while the companies may appear alluring in reducing unemployment and sparking the economy, businessmen here said they are far from a solution.

Many of those employees actually do nothing but collect monthly paychecks and go home, says Mahmoud Othman, an Iraqi businessman who favors increasing support for the companies and privatizing some.

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"They are still on the payroll of the government although they have nothing to do," Mr. Othman, who is not to be confused with the Iraqi politician of the same name. "They were not dismissed for social reasons."

The very names of the companies have the musty air of government institutions in a closed nation: the General Company for Vegetable Oils, the State Company for Battery Manufacturing, al-Mishraq Sulfur Industry Company.

And any remaining illusions about the status of those companies would be shattered by evaluations by Mr. Bremer's administration here when privatization was in the air in 2003.

A company that produced metal castings, traffic signs and military medals was so damaged in the invasion, one evaluation said, that the "sign factory is only one that doesn't need to be completely rebuilt from the ground up."

The sulfur company had "heavy damage to offices, plant and equipment," the evaluation said. "Entire facility is almost completely destroyed."

Other companies, like a heavy engineering business called Nasco, have been damaged less severely but have different problems: Nasco is in Doura, now one of the deadliest districts in Baghdad.

The Pentagon official at the center of the program to revitalize the state-owned enterprises is Paul A. Brinkley, the deputy undersecretary for business transformation, who has surveyed some of the companies in Iraq.

"What we are doing is assessing these factories," Mr. Brinkley told American Forces Press Service last week. "We are bringing in expertise. We are bringing international industry to bear to create demand for these factories."

Mr. Brinkley told the service he hoped that within a year, around a quarter of the $4 billion that the United States spends to support its troops in Iraq — food, fuel and outfitting of bases that is mostly bought outside the country — could be spent instead on the Iraqi companies. Some Iraqi officials, including Layla Kadhum, the minister of labor and social affairs, appeared to support the initiative.

"If these ideas are applied, they will have a great role in diminishing the violence that the country is witnessing, because a great part of the violence is caused by the unemployment," Ms. Kadhum said.

Others sounded notes of alarm, particularly if Mr. Bush planned the sort of privatization that was tried and abandoned as unworkable early in Mr. Bremer's tenure.

"I hope the president doesn't make that the linchpin of his short-term strategy," said Basil Rahim, an Iraqi financial expert, "because that's just going to backfire on him."

U.S. Teams Try To Rebuild A War-torn Nation (LAT)

By Paul Richter And Molly Hennessy-fiske

The Los Angeles Times, January 10, 2007

KIRKUK, IRAQ — For nearly a year, a team of U.S. civilian and military officials has worked from small, sparsely furnished offices here trying to help Iraqi officials with their most urgent needs: building a local government and providing basic public services.

"Provincial reconstruction teams" like this one are expected to be central to the economic component of the new Iraq policy that President Bush plans to unveil today. But in emphasizing such steps, Bush and his aides are courting widespread skepticism. Many U.S. officials and outside Iraq experts view the economic and political portion of Bush's package, like his expected proposal to increase the number of U.S. troops in the country, to be a big gamble with a limited chance of success.

"There's reason to try all of these ideas, and that's why we have tried them before," said one U.S. official, who spoke on condition of anonymity because Bush had not yet detailed his new strategy. "We're reliving all of the issues that have been discussed since 2003. It's like 'Groundhog Day.' "

The 35-member team in this northern Iraqi city has funneled money to aid and reconstruction projects, helped set up temporary job and job-training programs, and assisted local officials with budgets and other issues. Yet it has been hampered by shortages of skilled staff and money and a lack of security, problems that have undermined previous multibillion-dollar U.S. reconstruction efforts across the country since the American-led invasion of Iraq in March 2003.

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The current Kirkuk effort is being conducted by an eclectic group, including a former member of the British Parliament, a high school chemistry teacher, a commercial pilot, a marketing manager, a retired state trooper and a career diplomat. One member, a lawyer who helps set up local courts, refers to the group as "the Peace Corps with guns."

Some team members caution that the tough problems they face can't be solved through a quick infusion of money or personnel.

"There's no cheap surge," said Kirkuk team leader Jim Bigus, a career diplomat who came to Iraq from Afghanistan, where he was deputy director of the U.S. Bureau for International Narcotics Law Enforcement Affairs. "You've got to get more attractive salaries to people here, and you've got to get more security, and more locations. And that's hard to do quickly."

Bush is expected to announce plans to double the number of provincial reconstruction teams and call for big new job and loan programs and a renewed reconstruction effort. Administration officials consider the economic and political aspects of Bush's plan more important than the expected troop increase.

The plan has two stages, officials say. Once troops have pacified key areas of Baghdad and Al Anbar province, officials will offer economic and political benefits, including jobs that they hope will win the loyalty of young men who are now fighting U.S. and Iraqi government security forces.

Shortage of civilian help

U.S. military officials have long complained about the shortage of civilian American officials available to work with local governments. Senior U.S. officials are calling for an increase in civilian workers to accompany the expected addition of up to 20,000 troops.

The provincial reconstruction teams at work in Iraq were modeled on organizations used in Vietnam and Afghanistan and are expected to be a principal channel for new aid.

Members of the Kirkuk team say senior U.S. officials have hinted at the possibility of added resources and have urged State Department officials on the team not to close a regional embassy office that might be needed in the future.

"We've been asked a lot in the last month how many more people we could use, or money," said team leader Bigus.

The team's routine, four days a week, is to strap on armor and helmets and pile into a convoy of armored Humvees for trips into the field to confer with Iraqi officials and others. None of its members, however, speaks Arabic or Kurdish, though there are five interpreters on staff.

The usual destination is the faded gray and yellow Kirkuk Government Building, which is safe enough to allow them to shed their weapons and armored vests while they sip tea with officials.

Since arriving last spring, the Kirkuk team has helped arrange $744 million in spending from Iraqi, Pentagon and USAID sources for 599 development projects. U.S. officials view the Kirkuk team as a showcase.

Yet it has faced major obstacles. It has not been able to recruit all the civilian specialists it would like, and has had to turn to military personnel to pick up the slack. Only about one-third of its members are civilians. The original plan called for a 50-50 split.

Still, the work is considered vital. Bigus said that better public services could turn Iraqis away from the insurgency, but worried that more troops could lead to more casualties, hurting the team effort.

"Dead officers don't do reports, and the more deaths we have, the more problems we have recruiting," he said.

Similar teams in other parts of Iraq face more severe problems. Teams in the more dangerous Al Anbar and Basra provinces are so understaffed and hamstrung by security concerns that the U.S. Special Inspector General for Iraq Reconstruction urged in an October audit that they be closed. Of the 13 main and satellite offices studied, only four were "generally able" to carry out their missions, the audit said.

One U.S. official said plans for an increase in civilians were causing anxiety in the State Department, which, like other civilian agencies, has struggled to find enough people willing to accept the dangerous assignments. Senior U.S. officials have considered involuntary assignments, but have so far rejected that step.

Other components of the economic effort also have raised questions, including proposals for new job programs, which one official said would cost up to $1 billion.

A calming effect

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U.S. military commanders are enthusiastic backers of temporary job programs, citing their effect in calming cities such as Tall Afar after bitter fighting. Commanders contend that many young Iraqis would rather take such jobs than work for the insurgency.

"The vast majority of the terrorists we fight are not ideologically bound. They're doing this mostly for economics," said Army Col. Patrick Stackpole, commander of the 3rd Brigade Combat Team of the 25th Infantry Division in Kirkuk, which works with the provincial reconstruction team.

To help provide jobs, the administration's plan calls for a sharp expansion of the Commander's Emergency Response Program, which gives field commanders cash that they can use at their discretion to put civilians to work.

However, many civilian officials and former government administrators believe the economic benefits of the job programs have proved fleeting. In the currently volatile atmosphere, job offers are unlikely to lure away men who are deeply committed to the fight, they say.

Frederick D. Barton, a former U.S. Agency for International Development official and specialist on postwar reconstruction, said temporary job programs employed about 50,000 Iraqis at their peak more than two years ago, but would be less attractive now.

"Cleaning up garbage and digging ditches for a few bucks a day for six weeks doesn't give you much of a time horizon and might put your life at risk," said Barton, now with the Center for Strategic and International Studies in Washington.

Maj. Chris Mitchiner, an intelligence officer with the 3rd Brigade, 25th Infantry Division, in Kirkuk, said most Sunni insurgents "can't see past tomorrow" and are unlikely to be swayed by job programs.

James Dobbins, a former senior U.S. diplomat and advisor to the Iraq Study Group, said the job programs had not had lasting economic effects.

Factories reopen

Pentagon officials have begun reopening some of the 200 state-owned factories that were closed after the U.S. invasion. Military leaders hope that the factories can produce basic goods to be sold to the U.S. military and to commercial customers. Pentagon officials said they had opened one such factory, and hoped to open nine more by the end of the month, eventually providing 11,000 permanent jobs.

But critics said that it would be difficult to make the rundown factories function profitably and argued that many of the former employees would be unwilling or unavailable to go back to work.

"Most of them were unprofitable and for the most part irredeemable four years ago, and they're mostly in worse shape today," said Dobbins, who now directs Rand Corp.'s International Security and Defense Policy program.

The administration could face resistance from the Democratic-controlled Congress in funding the effort. Democrats, unhappy with the $20 billion already spent on reconstruction, have signaled that they may pare back new requests.

New Wave Of Troops Set For Iraq (AP)

By Lolita C. Baldor

AP, January 10, 2007

The first of up to 20,000 additional U.S. troops will move into Iraq by month's end under President Bush's new war plan, a senior defense official said Tuesday. House Speaker Nancy Pelosi pledged to hold a vote on the increase, which many Democrats oppose.

Details of a gradual military buildup emerged a day before Bush's planned speech to the nation, in which he also will propose a bit over $1 billion to shore up the country's battered economy and create jobs, said a second U.S. official.

Bush is expected to urge friendly Mideast countries to increase their aid to Iraq but will ignore the recommendation of the bipartisan Iraq Study Group that he include Syria and Iran in an effort to stanch Iraqi bloodshed nearly four years after the U.S. invasion, said the official, who spoke on condition of anonymity because the plan has not yet been announced.

Bush is expected to link the troop increase to promised steps by the Iraqi government to build up its own military, ease the country's murderous sectarian tensions, increase reconstruction and enact a plan to distribute oil revenues among the country's religious sects.

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Even before he delivers his speech, Bush's plan has drawn sharp criticism from the leaders of the new, Democratic-controlled Congress. Senate Majority Leader Harry Reid said he hoped for a bipartisan measure that would declare, "We don't support this escalation of the war." If it passes, "the president's going to have to take note of that. I think that's the beginning of the end, as far as I'm concerned," he said.

Jennifer Crider, a spokeswoman for Pelosi, said Tuesday night, "The House will vote on the president's proposal." She said she had no details.

The president met during the day with lawmakers, practiced his speech and briefed key foreign allies, including calls to the leaders of Britain, Australia and Denmark. Bush was expected to practice his speech a couple of more times before addressing the nation at 9 p.m. EST Wednesday from the White House Library.

Under Bush's plan, thousands of troops will be alerted that they may be needed in Iraq — including units already there whose service would be extended, or others that could be sent earlier than initially scheduled, said one official.

Moving first into Iraq would be the 2nd Brigade, 82nd Airborne Division, which is now in Kuwait and poised to head quickly into the country, the defense official said. The brigade, numbering about 3,500 troops, is based at Fort Bragg, N.C.

Other units, including Marine brigades in western Iraq, could be asked to extend their deployment. And the military buildup is also likely to include moving the aircraft carrier USS John C. Stennis into the Persian Gulf region, as a show of force and a warning to Iran and Syria.

There are already about 132,000 U.S. troops in Iraq.

According to the defense official, Bush also will discuss the need to address how often the Pentagon can tap the National Guard and Reserves, although he may provide few details. And Bush will again endorse the need to increase the size of the Army and Marine Corps.

The speech looms as a key one for Bush, who is beginning the final two years of his presidency waging a war that has scant public support and whose own popularity has plummeted as well.

The public has heard several previous campaigns by Bush to defend his Iraq policies and show that he is changing with changing circumstances. Since the war's start in March 2003, there have been at least seven public relations offensives by Bush on the war, with some of these speech series timed to milestone events and others to dips in polls.

In Iraq Tuesday, U.S. jets screamed low over the capital and helicopter gunships swooped in to pound a central Baghdad battleground as Iraqi and American troops waged a daylong fight that officials said killed 50 insurgents in a militant Sunni Arab stronghold.

Iraqi police, meanwhile, reported finding 52 bodies dumped in three cities, 41 of them in Baghdad, all apparent victims of sectarian reprisal killings.

Bush has met with more than 110 lawmakers in recent days to discuss his plan, and some offered details Tuesday.

"The president believes that the Iraqi forces aided by American forces will be able to clean out Baghdad and stabilize Baghdad and leave as he put it 'space' for a political reconciliation process to unify the country and stabilize Iraq," said Rep. Robert Andrews, D-N.J., one of 12 Democratic lawmakers who met with Bush Tuesday.

Andrews said the meeting was "dominated by our skepticism of whether the Iraqi forces are willing to fight for their own government."

Sen. Carl Levin, a Michigan Democrat who chairs the Senate Armed Services Committee, said he expected Bush to announce that up to 20,000 additional troops will be sent to Iraq but not to say how long the extra forces will be there. He said he believed Bush will signal that the overall U.S. commitment in Iraq is not open-ended.

A key element of the plan will be the increased responsibilities taken on by the Iraqis. Bush is expected to link the troop increase to efforts by the Iraqi government to curb Shiite militias that have terrorized the Sunni minority, as well as moves to ease government restrictions on members of the late Iraqi leader Saddam Hussein's Baath Party.

Sen. John Cornyn, R-Texas, said Tuesday that he believes the Baghdad government suggested some of the conditions, such as their ongoing efforts to get more Iraqi forces trained and equipped for battle and committing more money for reconstruction.

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Leading the opposition, Sen. Edward Kennedy, a longtime critic, introduced legislation that would deny the president the billions needed to send more troops unless Congress agreed first. It was unclear whether the bill would ever reach the full Senate, but it could serve as a rallying point for critics.

White House press secretary Tony Snow conceded that Bush has a challenge in convincing a war-weary public.

"The president will not shape policy according to public opinion, but he does understand that it's important to bring the public back to this war and restore public confidence and support for the mission," Snow said.

Bush To Request More Troops (LAT)

By Maura Reynolds And Noam N. Levey

The Los Angeles Times, January 10, 2007

WASHINGTON — President Bush spent hours Tuesday practicing in front of cameras, preparing to make his case for increasing the U.S. military commitment in Iraq in a prime-time address to the nation tonight, even as congressional Democrats readied legislation to block any increase in the number of troops.

Members of Congress who met with Bush said he appeared to understand that, after years of upbeat rhetoric and positive assessments that belied a lack of progress inside the country, his credibility was on the line.

"He told us what he planned to say tomorrow," said Rep. Jane Harman (D-Venice), one of about a dozen House members who met with the president and his top advisors for more than an hour Tuesday afternoon. "In terms of tough moments in his presidency, this is it."

Sen. Trent Lott of Mississippi, the Senate's second-ranking Republican, said both Republicans and Democrats would be listening for a note of contrition in the president's voice.

"As important as what he says is how he says it," Lott told reporters.

Lawmakers who have met with Bush this week say he intends to ask for about 20,000 additional troops to shift the strategy in Iraq toward ending sectarian violence and increasing security on the ground for Iraqi civilians in restive areas. According to the lawmakers, the troubled Iraqi government has agreed to meet benchmarks of political progress as a condition of the troop increase.

Supporters of the strategy say a decrease in violence will foster political reconciliation between Iraqi factions. Detractors say a "surge" in troops is just another term for "escalation."

"His speech is going to clearly show that he is calling for an escalation in Iraq," Senate Majority Leader Harry Reid (D-Nev.) told reporters.

In the White House meeting, Bush gave a rundown of the speech to House Democrats, who gave him a tepid response. Rep. Adam Smith (D-Wash.) said no lawmaker in his meeting supported the new policy.

"We were more in a question-and-answer mode, but a fair amount of skepticism was voiced," Smith said.

"It was not a confrontational meeting," said Rep. Ellen O. Tauscher (D-Alamo), who said she emphasized the importance of the Iraqi government making political progress. "I think he understands that, at some level, this is the last best chance."

"I said a surge in troops was a good idea three years ago — but not now," Harman said. "Other strategies — political and diplomatic — right now are more critical."

Rep. C.W. "Bill" Young of Florida, who joined other senior House Republicans at the White House on Tuesday, said he wanted to hear more from Bush.

"I'm anxious to hear the speech," he said, "because I think there's going to be a lot more in the speech than he told us today."

Reid said he intended to bring at least a nonbinding resolution to the Senate floor next week to permit Democrats and Republicans to vote against a troop increase. A similar measure is planned in the House.

In addition, Sen. Edward M. Kennedy (D-Mass.) introduced legislation Tuesday to cut off funding for any troops above the current level of 132,000. It would also require the president to seek congressional approval before sending additional military forces to Iraq.

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Kennedy said his legislation, which is being sponsored in the House by Rep. Edward J. Markey (D-Mass.), would "reclaim the rightful role of Congress and the people's right to have a full voice in the president's plan to send more troops to Iraq."

Kennedy was careful Tuesday to insist that he and other Democrats did not plan to cut off funding for troops now in Iraq.

Reid did not commit to bringing Kennedy's proposal to a Senate vote. "His is an idea," Reid said, "and certainly we'll look at it in an intelligent way. We'll look at it giving everyone every right they have to be part of a solution to this problem."

Kennedy detailed his proposal at the National Press Club in a speech rich with allusions to Vietnam.

"Echoes of that disaster are all around us today. Iraq is George Bush's Vietnam," said Kennedy, who joined the Senate in 1962, three years before the major escalation of American military involvement in Southeast Asia. "As with Vietnam, the only rational solution to the crisis is political, not military."

Kennedy helped lead the efforts to limit military aid to South Vietnam after U.S. forces withdrew following the 1973 peace accords. Since then, Congress has acted several times to put legislative limits on military operations.

Sen. Lindsey Graham (R-S.C.), who has been a leading champion of sending more troops, said congressional limitations for Iraq would be a "devastating precedent."

"I can't think of a stronger signal to send to the extremists in the world, not just Iraq — 'Hang in there, you're winning' — other than the United States Congress calling this war over," he said.

P. Edward Haley, a political scientist at Claremont McKenna College and a former congressional staffer, said "the founders knew what they were doing when they gave the legislature the power of the purse."

"The abuse of the power to make war was one of the worst forms of monarchical misrule, and the quickest road to tyranny, and the founders were determined to prevent both in the new constitution," Haley said.

"Of course, having the power is one thing; finding the votes to exercise it is another," Haley added. "It will be very difficult for the Democrats to refuse funding without falling into a political trap the administration has set in order to blame them for failure in Iraq."

Bush's Speech May Be The Most Important Of His Presidency (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, January 10, 2007

WASHINGTON - President Bush is about to take a gamble that could make or break his presidency and his place in history.

In a speech scheduled for Wednesday night, he'll try to convince a war-weary nation to commit more troops and money to a struggle in Iraq that's already cost more than 3,000 American lives and at least $300 billion.

His nationally televised speech, and the reaction to it, will determine the next step in Iraq, test his relations with the new Democratic-led Congress and set the tone for his final two years in office. Some analysts say it could increase pressure for withdrawal if the solutions Bush offers don't bring quick results.

White House aides acknowledge that the president faces a skeptical audience when he goes before television cameras at 9 p.m..

Nearly four years after Bush led the nation to war, most Americans think he made a big mistake. A Gallup poll conducted last weekend for USA Today and CNN found that only 1 in 4 Americans approve of his handling of Iraq. Only about a third said they'd support his expected call for as many as 20,000 more troops.

Even Bush's allies concede that he may not get another chance to revise a war plan that's failed to meet shifting challenges from Iraqi insurgents, Islamic terrorists and bloody sectarian violence.

"This may not be our last chance, but it's as close to our last chance as anything I can think of," Sen. John McCain, R-Ariz., said.

Bush's toughest challenge may be trying to convince Americans that the war is worth the mounting cost, in both lives and money. In addition to a troop increase, his plan is expected to include an ambitious new jobs program for Iraqis that could cost as much as $1 billion.

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As Bush put the final touches on his plan, congressional Democrats looked for ways to block any troop surge. Calling Iraq "George Bush's Vietnam," Sen. Edward Kennedy, D-Mass., said he would introduce legislation that would require congressional approval for any troop increase.

"We cannot simply speak out against an escalation of troops in Iraq; we must act to prevent it," he said in a speech at the National Press Club. "As with Vietnam, the only rational solution to the crisis is political, not military. Injecting more troops into a civil war is not the answer."

White House spokesman Tony Snow said Bush would try to shore up support for the war by raising hopes for victory and spelling out the consequences of defeat. The White House has sought to frame the Iraq debate as a choice between Bush's plan and abject failure.

"The president will not shape policy according to public opinion, but he does understand that that it's important to bring the public back to this war and restore public confidence," Snow said. "I think what the American people will ask themselves is, do we want to win this war?"

But some who share Bush's view of the dire consequences of failure worry that by raising expectations for progress, Bush runs the risk of a backlash if his new approach fails to get positive results soon.

"After a couple of months, people will say, `Well, look, the situation hasn't changed. That demonstrates it's hopeless,'" former national security Brent Scowcroft said on ABC last weekend. "The pressure to get out will increase."

Bush stayed out of public view Tuesday as he promoted his plan in private talks with members of Congress and foreign leaders. Meeting participants said Bush stressed his goal of turning security responsibility over to Iraqis. He also told visitors that the plan would include new efforts by Iraqi leaders to disarm sectarian militias and restore order in Baghdad.

Rep. Norm Dicks, D-Wash., said administration officials indicated that the Iraqi commitment for Baghdad would include about 10,000 more Iraqi troops and as many as 18,000 additional police. He said the officials suggested they'd know by February whether the plan would be a success.

"This is being presented as an Iraqi plan," Rep. Adam Smith, D-Wash., said after meeting with Bush and other top administration officials. "They will be taking the lead in Baghdad. They want to show that the Iraqi government can actually function."

Smith said he remained "very skeptical" that the plan would succeed.

Bush also sketched out his ideas in phone calls to British Prime Minister Tony Blair, Australian Prime Minister John Howard and Danish Prime Minister Anders Fogh Rasmussen.

Senate Democratic leaders said they would introduce a non-binding resolution that would test Senate support for Bush's plan. Senate Majority Leader Harry Reid said a vote against the plan, even if only symbolic, could force the president to change course.

Some Republicans said they were prepared to back Bush, but suggested that their enthusiasm would depend on the details of the plan and his speech. "As important as what he says is how he says it," said Sen. Trent Lott, the Senate's No. 2 Republican.

Some Iraqi officials were also skeptical about Bush's plans.

Baha Araji, a member of the parliamentary bloc loyal to Shiite cleric Muqtada al-Sadr, said he believes neither the Iraqi nor American military can stop Iraq's eroding security. He called for a political solution. But when asked how to achieve that goal, he shrugged his shoulders.

Nancy A. Youssef in Baghdad and Kevin Diaz, Les Blumenthal, Dave Montgomery and Renee Schoof in Washington contributed to this report.

Bush Must Sell Public, Congress Iraq Speech May Define President's Legacy (AJC)

By Ken Herman

The Atlanta Journal-Constitution, January 10, 2007

Washington — President Bush's legacy will be on the line when he goes on national television tonight seeking public support for his new strategy in Iraq.

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"This may be the last, best chance to shape policy and opinion on the issue that will define his presidency," said Mark McKinnon, a longtime communications adviser to Bush.

His plan to send more troops to Iraq will be a tough sell. A Gallup/USA Today poll released Tuesday showed that 61 percent oppose the idea, and 47 percent said they do not think the United States can attain its goals in Iraq no matter how many troops are sent.

McKinnon is among those, including Bush aides in the White House, who believe that nothing the president says tonight is likely to move numbers in his direction. It's the results that will matter.

"The plan for more troops has to be clear and provide metrics for success in order to win support," McKinnon said.

The troop increase is expected to be tied to Iraqi government commitments to crack down on Shiite militias' attacks on the Sunni minority. Also included will be economic incentives to bolster the Iraqi economy with rebuilding projects.

White House spokesman Tony Snow has talked about the speech as a beginning of a process.

"The president will not shape a policy according to public opinion," Snow said. "But he does understand that it's important to bring the public back to this war and restore public confidence in support for the mission."

Democrats, now running Congress, already have challenged the wisdom of sending more troops.

"The American people sent a clear message in November that we must change course in Iraq and begin to withdraw our troops, not escalate their presence," said Sen. Edward Kennedy (D-Mass.), who has proposed legislation that would require congressional approval for any escalation.

White House aides acknowledge the opposition and the battle to come.

"This is a very complex subject to take people through in what is a fairly brief set of remarks," a Bush aide said of tonight's 25-minute speech. The aide talked of "other opportunities," including a Thursday appearance at Georgia's Fort Benning, for Bush "to talk to the American people about it."

But it is not just the public that needs to be convinced.

"This one is a particularly tough task because he has two broad sets of audience that have doubts," said presidential historian John Geer of Vanderbilt University. "The first is the American public that is concerned about Iraq and continuing to stay there and have more troops there. The second, of course, is a Congress that is no longer Republican." Convincing either audience would be a tall order, Geer said, but "two makes it even a taller order."

Still, he may have little to lose.

"His popularity is pretty low now," said Geer. "It's not likely to go a lot lower."

Political scientist George Edwards of Texas A&M's Bush School of Government and Public Service agreed.

"In some ways it does make sense to take a risk," he said, noting that without the support of public and the Congress, the president's major remaining power is the veto.

"It is an inherently negative power and not one that requires a lot of political capital," he said.

Bush Faces Tough Sell On Iraq (WT)

By Stephen Dinan

The Washington Times, January 10, 2007

President Bush faces a difficult task tonight when he lays out his new strategy for Iraq in a prime-time address, with the White House acknowledging that he needs to recapture public support for a war effort that has stumbled in the past year.

Mr. Bush is expected to announce an increase of up to 20,000 troops to help secure Baghdad, with the first wave to be shipped out this month and the rest prepared to deploy more gradually. He also is expected to lay out obligations for Iraq, in effect tying a deeper commitment of government leaders to an escalation of U.S. forces.

Public opinion polls show the president will have a tough sell.

A Gallup-USA Today poll taken over the weekend showed that 61 percent of Americans oppose a troop increase and 36 percent support it, and that Mr. Bush's job approval for Iraq has dropped to 26 percent.

The White House yesterday said Mr. Bush has lost the country's support.

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"It's important to bring the public back to this war and restore public confidence and support for the mission," spokesman Tony Snow said.

Jeffrey D. McCausland, a defense specialist and former National Security Council staffer, said Mr. Bush will be addressing three audiences: Congress, which controls the funding; the American public, whose patience is slipping; and Iraq, which will have to exhibit a more solid commitment.

Mr. McCausland said he expects Mr. Bush to explain that Iraqis have to show they have earned a new wave of U.S. forces.

He said Mr. Bush must establish a measurement of progress in order to win public support.

The last time the U.S. announced a troop increase, Iraqis were to match it with six battalions but sent only two, he said.

"The real question is, the president's in the middle of a moral dilemma. He has to threaten to do the one thing he's said he's ultimately unwilling to do, and that's walk away from this," Mr. McCausland said.

Democrats said Mr. Bush must prove that his policy is taking a new direction.

"Nearly three years after launching a war that has taken more than 3,000 American lives, cost more than $300 billion and left tens of thousands of Americans wounded, President Bush has an obligation to tell the American people how his new 'strategy' will diverge from his policies of the last three years," said Rep. Rahm Emanuel, Illinois Democrat and chairman of the House Democratic Caucus.

Mr. Snow noted that George Washington, Abraham Lincoln and Winston Churchill sustained setbacks in war.

"Was Winston Churchill responsible for the Blitz? What Winston Churchill did was talk about the conditions for victory," Mr. Snow said, adding that Mr. Bush is "adjusting and talking about conditions for victory."

Analysis: Bush's New Plan Not All New (AP)

By Tom Raum

AP, January 10, 2007

President Bush's new plan for Iraq sounds a lot like his old one. Send in more troops, set goals for the Iraqi government and assure Americans it's better to wage war there than here.

And now the U.S. military is back in Somalia, too, once again attacking suspected terrorist targets.

Bush's challenge in Iraq: show what's different now.

The plan the president will outline to the nation Wednesday night is the latest repackaging of a program that's been wrapped and rewrapped many times.

The White House recognizes that a majority of Americans disapprove of Bush's handling of Iraq and that Democrats are eager to assert their new leadership on Capitol Hill by challenging his proposal to send in more troops.

But Bush advisers also believe that Americans do not necessarily support an immediate withdrawal and might be willing to give the president the benefit of the doubt if he presents a feasible, detailed plan that points the way to an eventual U.S. drawdown.

It's different this time, Bush supporters say of his new strategy — always words to beware.

For one thing, administration officials contend that the Iraqi government, while still fragile, has matured and will do much more of its part this time.

They note that Bush has reshuffled his military and diplomatic team in Iraq and has a new defense secretary, Robert Gates, to carry out the revised plan.

Bush has told lawmakers he plans to send about 20,000 more troops to Iraq. There are roughly 132,00 there now. The White House also is working on its largest-ever appeal for more war funds — a record $100 billion, at least — to be submitted along with Bush's Feb. 5 budget.

"He does understand that it's important to bring the public back to this war and restore public confidence in support for the mission," spokesman Tony Snow said Tuesday.

Still, there's clearly a been-there, done-that feel to Bush's new plan.

It's an old story: The U.S. before has temporarily raised troop levels, taken steps to encourage democracy, spent money on education and public works and set benchmarks for the Iraqi government.

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In the fall of 2005, the president gave a series of speeches around the country on the way forward in Iraq. To mark the campaign, the White House issued a glossy 35-page document titled "Our National Strategy for Victory in Iraq," spelling out a series of military, political and economic initiatives.

"This last summer there was a troop increase that really did no good in my opinion whatsoever," says Rep. Ike Skelton, D-Mo., the new chairman of the House Armed Services Committee.

That was after Bush went to Baghdad and announced a joint effort with Prime Minister Nouri al-Maliki to beef up security in Baghdad — and after an earlier joint effort failed to stem the tide of sectarian violence. The newer one failed too.

Skelton suggests too much attention is being paid to the latest plan's rollout.

"Whatever the president does, it is still up to the Iraqis to make or break it themselves. So let's not put any more spotlight on this decision any more than those in the past, which sadly have not been good ones," he says.

As Bush outlines his new Iraq strategy, he may well mention the new U.S. airstrikes in Somalia that targeted Islamic extremists.

He can cite the war on terrorism's multiple fronts. It fits in with his fight-them-abroad-not-at-home thesis. Administration allies suggest the U.S. withdrawal from Somalia in 1993 helped strengthen the al-Qaida terror network.

"Just as the Soviet defeat in Afghanistan emboldened and enlarged al-Qaida, just as our withdrawal from Somalia encouraged them to go find more targets, our defeat in Iraq would expand the numbers of terrorists and embolden them to seek new strategic targets," said Rep. Mac Thornberry of Texas, a Republican member of the House Armed Services Committee.

Analysts and lawmakers have mixed views on whether Bush can do anything to turn the tide in Iraq. Some say it's possible, but that the odds are low after nearly four years of war.

"Anything that would work now would have worked even better two years ago," said Michael O'Hanlon, a foreign policy analyst at Brookings Institution who served as an adviser to the Iraq Study Group. "Increasing troops has always been an option. But this is probably the least promising time to try it of the past almost four years."

The bipartisan Iraq Study Group, led by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton, called for beginning to withdraw combat troops — a central recommendation Bush apparently has chosen to ignore.

Many Democrats and some Republicans await Bush's speech with skepticism.

"There is the troubling issue of the capacity of the struggling government in Iraq, consumed as it is by fractional fighting, to establish any kind of sustained governing coalition," said Ray DuBois, a Pentagon official until last March who is now with the Center for Strategic and International Studies.

Rep. David Obey, D-Wis., chairman of the House Appropriations Committee, complained that Bush initially promised that Americans would stand down as Iraqis stood up. "Now it sounds like we're being told that Americans will stand up as the Iraqis are standing up. That's a confusing difference to me."

Storm Rises Over 'Surge' (LAT)

By Johanna Neuman

The Los Angeles Times, January 10, 2007

WASHINGTON — Is it a "surge?" Is it an "escalation?" Is it harmless semantics? Is it disingenuous spin?

One thing is clear: Using the word "surge" to describe President Bush's forthcoming plan for reshaping U.S. efforts in Iraq has ignited a fiery political brouhaha.

The plan, which Bush is scheduled to unveil today, is widely expected to include a proposal for increasing the number of American troops in Iraq. And the increase has been widely referred to by Pentagon officials and others as a "surge."

That's how the furor began, raging over the Internet, in complaints to reporters and in the blogosphere. News organizations across the country have been drawn into the fray, including NPR, CBS News, the Los Angeles Times and the Wall Street Journal.

What infuriates critics of the war, including many liberal Democrats, is that they see "surge" as a manipulative and deceptive word. It implies a relatively short-term increase in the U.S. military commitment, they say, when the White House intends to keep the additional troops in Iraq much longer, perhaps for several years.

Even worse, critics say, the news media have uncritically accepted the word and thus contributed to deceiving the public.

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"I've noticed a complete acceptance on the part of most of the MSM [mainstream media] (and Congress) to accept the White House nomenclature," blogger Nicole Belle wrote in a complaint posted on crooksandliars.com.

"After six years of this, I think we all know that he who frames the debate and chooses the vocabulary wins from the beginning. Let's be sure to not accept the White House framing, no matter how wimped out the MSM is."

Some profess to see Machiavellian intrigue by White House political guru Karl Rove.

"It seems like it comes from Karl Rove … renaming things, reframing, making it sound acceptable," James A. Thurber, director of the Center for Congressional and Presidential Studies at American University, said Tuesday on NPR's "Diane Rehm Show" when a listener called in to complain about the word.

"Please stop buying into the misleading nomenclature calling it a surge," the caller, identified as Mike from Monkton, Md., said. "Misleading the public by misnaming things might be acceptable in politics, though I find it treasonous, but it's time for the Fourth Estate to do its job."

Choosing words to one's advantage is hardly new. Advertising copy writers do it all the time. So do political advocates, as in the struggle over the "estate tax" versus the "death tax."

"These are theological disputes," said S. Robert Lichter, director of the Center for Media and Public Affairs at George Mason University. The dust-up over the word "surge" seemed to some a metaphor for the passions unleashed by the war itself. Lichter compared the debate to the struggle "for every inch, like Stalingrad."

The controversy has not been diminished by the fact that Bush and senior White House officials have steered clear of "surge" themselves.

The Wall Street Journal, on its website, declared as early as Dec. 25 that there was a "new war of words brewing over the Iraq War."

Although critics blame pro-war spinmeisters, some military officials say "surge" has long been used in the armed forces to indicate a quick, not necessarily short-term, increase.

Army Chief of Staff Peter J. Schoomaker, for example, used the term in testimony before the House Armed Services Committee in 2003, saying, "Now there is no question that there's parts of Iraq that we need to surge troops into."

In 2004, Gen. John P. Abizaid was quoted by Army Times as saying to a group of senior U.S. commanders, "So you have this notion of using surge forces to deal with specific military problems…. The combination of base forces plus surge forces … is pretty important."

None of that has mollified critics. Complaining about the use of the word in The Times on Sunday, an e-mailer identified as Carlileb said, "What's with the uncritical use of the euphemism 'surge?' … You know, this kind of thing makes the LAT look like a propaganda flack for the Bush administration, even if that wasn't the intent."

And some bloggers claimed a measure of success with their attacks. Initially, some Democratic members of Congress had suggested they might support Bush on a "surge," but by the end of last week, Senate Majority Leader Harry Reid of Nevada and House Speaker Nancy Pelosi of San Francisco described the plan as an escalation, as did Democrats making appearances on the Sunday talk shows.

Ironically, Frederick Kagan of conservative think tank the American Enterprise Institute, who is widely credited with helping sell the increase proposal to the White House, was quoted on the blog Media Nation as complaining that reporters were misrepresenting his ideas when they used the word "surge" to imply a short-term commitment.

"The media has been using the term 'surge' very loosely," Kagan was quoted as saying. "And I think that's actually a bit of a problem, because there have been various ideas floated for very short-term troop surges of relatively small numbers of troops. And I think that that would be a big mistake, and it's not what we're calling for."

What Kagan wants is at least 25,000 additional troops, and not for a short time.

If all that seemed a bit confusing, White House Press Secretary Tony Snow had a solution Tuesday. Braced on "surge" versus "escalation," Snow said it was up to the reporters:

"You guys do words for a living," he said. "Rather than trying to ask Democratic or even Republican lawmakers what the proper descriptive term is, you figure it out."

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Democrats Rush To Frame Political Debate Over Troops (NYT)

By Jim Rutenberg

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — "Cut and run" versus "stay the course" is so 2006.

This week has ushered in a new political battle over the language of the war: "Surge," meet "escalation."

The Democrats introduced the latter word to portray President Bush's expected proposal for a troop increase in Iraq in a negative light.

"An escalation, whether it is called a surge or any other name, is still an escalation, and I believe it will be an immense new mistake," Senator Edward M. Kennedy, Democrat of Massachusetts, said Tuesday in a speech critiquing Mr. Bush's as-yet-unannounced Iraq plan.

Should the significance of the word be lost on those too young to remember its loaded usage during the Vietnam War, Senator Kennedy added: "The Department of Defense kept assuring us that each new escalation in Vietnam would be the last. Instead, each one led only to the next."

On Sunday, the new House speaker, Representative Nancy Pelosi of California, used "escalate" or "escalation" six times during an interview on the CBS News program "Face the Nation."

Asked at his regular briefing on Tuesday about the Democrats' use of the "E" word, Tony Snow, the White House spokesman, initially said, "I think a lot of times people are going to try to find a one-word characterization that allows them to make a political point without perhaps diving into the details."

But, pressed further by a reporter to address the new "Democratic Party language," Mr. Snow said, "Well, ask the guys who do their focus groups."

Finally, he said, given that President Bush would not announce his new plan until his speech on Wednesday night, "It seems a little silly for me to start quibbling about adjectives without discussing what they purportedly describe, don't you think?"

Mr. Snow last night said that the president would not be using the word "surge" in his speech, adding that it implied what he called a "rush hour" approach to a serious policy.

Surge (surj) N. 1. A Sudden Increase . . . In Political Parlance (WP)

By Paul Farhi

The Washington Post, January 10, 2007

It's one of those words -- like "chad" or "blog" or "waterboarding" -- that's suddenly become the go-to phrase to describe a contemporary phenomenon.

"Surge," the country's latest catchword, is what President Bush intends to propose tonight in a prime-time speech -- a "surge" of troops, perhaps 20,000, to bolster the American military presence in Iraq.

A surge. It conjures: the rush of the ocean tides. Or what a young person feels upon the first blush of love. Or what a sports team does late in the game. Among its definitions, "any sudden, strong increase, as of energy, enthusiasm, etc.," according to Webster's New World College Dictionary.

What we have here is shorthand for a very long debate.

The very vagueness of "surge" might make it the politically perfect word for what is likely to be a controversial policy. Rep. Nancy Pelosi, the new House speaker, framed her apparent opposition to sending more troops to Iraq by using a more freighted substitute: "escalation."

In that context, surge is a euphemism for a euphemism. "Escalation" was variously ascribed to both President Lyndon Johnson's policy of increased military aid to Vietnam, and the U.S. "incursion" -- yet more euphemisms! -- into Laos and Cambodia in 1970 under President Richard Nixon. Perhaps to avoid echoes of that war, "surge" is the Pentagon and White House's preferred coinage.

"Surge," though, has no real history or meaning as a military construct -- unlike, say, "tank" or "M-16." It doesn't appear in reference books such as the Oxford Companion to Military History, the Encyclopedia of the Vietnam War or the Encyclopedia of the U.S. Military. Nor does it show up in the Department of Defense's official Dictionary of Military and Associated Terms.

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"It just seems to be a term that cropped up that seemed useful," says Lewis Sorley, a retired Army officer and prominent military historian.

Sorley notes that the word is politically savvy because "surge" seems to suggest a sharp but passing event. "If you're trying to engender support from those who have doubts about the war, it's a useful word," he says. "Because if this is a temporary event, it might be more palatable."

It's not clear who coined the word "surge" to describe troop increases. But it gained quick currency -- that is, it surged -- in November. Its first apparent journalistic use in reference to Iraq was in the New York Times on Nov. 21. A day after The Washington Post reported that the Pentagon was considering whether to deploy more troops, the Times said unnamed Pentagon officials had dubbed this "the surge option."

Thereafter, variations of the phrase "surge option" appeared in newspaper stories and TV reports, then was quickly shorthanded to "surge." (The brevity of the word even might account for its popularity in headlines -- taking up far less space than more neutral phrases, such as "troop increase.")

And that raises a question: Should the news media adopt the terminology favored by policymakers when those words can be construed as politically loaded? That question has haunted journalists for decades, stretching back to debates over abortion ("pro-choice" or "pro-life"), the Mideast ("terrorists" or "militants") and, of course, Iraq itself ("sectarian conflict" or "civil war").

"Surge" falls into "the Orwellian zone between language and politics," says Tom Rosenstiel, director of the Project for Excellence in Journalism, which studies and evaluates the media. "The president and his advisers would be remiss if they didn't come up with a term suited to their new policy. But journalists would be equally remiss if they just thoughtlessly repeated the term without pondering the policy and its implications."

The word has achieved so much currency that it was in the running to be the year's most notable, as chosen by the American Dialect Society, a 117-year-old organization of linguists, lexicographers and other "word people," at its annual meeting last week.

Wayne Glowka, an English professor at Georgia College and State University who chairs the society's new-words committee, says the group considered the word as a euphemism. That's nothing new for words with military origins, he notes. The military has long been a prime source of such words: "collateral damage" to describe civilian war deaths; "daisy cutter," for a bomb with a huge blast area; "friendly fire," for shooting at those on the same side.

"Surge" failed to win the group's word-of-the-year competition (that honor went to "Plutoed" -- to demote or devalue something, as happened to the planet last year). "The argument was that 'surge' really didn't emerge until late in the year, so it couldn't be the word for all of 2006," Glowka says. But he thinks that seems destined to change:

"I'd say it's likely to be a very important word for 2007."

With Iraq Speech, Bush To Pull Away From His Generals (WP)

By Michael Abramowitz, Robin Wright And Thomas E. Ricks

The Washington Post, January 10, 2007

When President Bush goes before the American people tonight to outline his new strategy for Iraq, he will be doing something he has avoided since the invasion of Iraq in March 2003: ordering his top military brass to take action they initially resisted and advised against.

Bush talks frequently of his disdain for micromanaging the war effort and for second-guessing his commanders. "It's important to trust the judgment of the military when they're making military plans," he told The Washington Post in an interview last month. "I'm a strict adherer to the command structure."

But over the past two months, as the security situation in Iraq has deteriorated and U.S. public support for the war has dropped, Bush has pushed back against his top military advisers and the commanders in Iraq: He has fashioned a plan to add up to 20,000 troops to the 132,000 U.S. service members already on the ground. As Bush plans it, the military will soon be "surging" in Iraq two months after an election that many Democrats interpreted as a mandate to begin withdrawing troops.

Pentagon insiders say members of the Joint Chiefs of Staff have long opposed the increase in troops and are only grudgingly going along with the plan because they have been promised that the military escalation will be matched by renewed

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political and economic efforts in Iraq. Gen. John P. Abizaid, the outgoing head of Central Command, said less than two months ago that adding U.S. troops was not the answer for Iraq.

Bush's decision appears to mark the first major disagreement between the White House and key elements of the Pentagon over the Iraq war since Gen. Eric K. Shinseki, then the Army chief of staff, split with the administration in the spring of 2003 over the planned size of the occupation force, which he regarded as too small.

It may also be a sign of increasing assertiveness from a commander in chief described by former aides as relatively passive about questioning the advice of his military advisers. In going for more troops, Bush is picking an option that seems to have little favor beyond the White House and a handful of hawks on Capitol Hill and in think tanks who have been promoting the idea almost since the time of the invasion.

"It seems clear to me that the president has taken more positive control of this strategy," said Sen. Lindsey O. Graham (R-S.C.), one of those pushing for more troops. "He understands that the safety of the nation and his legacy is all on the line here."

Others familiar with Bush's thinking said he had not been happy with the military's advice. "The president wasn't satisfied with the recommendations he was getting, and he thought we need a strategy that was more purposeful and likely to succeed if the Iraqis could make that possible," said Philip D. Zelikow, who recently stepped down as State Department counselor after being involved with Iraqi policy the past two years.

This impulse may well expose Bush to more criticism from Democrats on Capitol Hill, who have sharply condemned him for not listening to Shinseki's counsel in the beginning. "That lesson was pretty dramatic," Carl M. Levin (D-Mich.), the new chairman of the Senate Armed Services Committee, said yesterday. "I think a number of our military leaders have pulled their punches, and will continue to pull their punches publicly."

There is little question that more troops for Iraq seemed far from the conventional wisdom in Washington after the beating Bush and the Republican Party took in the midterm elections Nov. 7. Indeed, when Bush met with Iraqi Prime Minister Nouri al-Maliki in Amman, Jordan, on Nov. 30, Maliki did not ask for more American troops as part of a new Baghdad security plan he presented to Bush, U.S. officials said.

Maliki's idea was to lower the U.S. profile, not raise it. "The message in Amman was that he wanted to take the lead and put an Iraqi face on it. He wanted to control his own forces," said a U.S. official familiar with the visit.

Another problem for the administration was the Iraq Study Group, the prestigious bipartisan panel headed by former secretary of state James A. Baker III, a Republican, and former congressman Lee H. Hamilton (D-Ind.). Soon after Bush returned from Jordan, the group delivered its recommendations, including proposing a high-level dialogue with Iran and Syria to help stabilize Iraq and setting a goal of early 2008 for the removal of almost all U.S. combat troops.

Although the president was publicly polite, few of the key Baker-Hamilton recommendations appealed to the administration, which intensified its own deliberations over a new "way forward" in Iraq. How to look distinctive from the study group became a recurring theme.

As described by participants in the administration review, some staff members on the National Security Council became enamored of the idea of sending more troops to Iraq in part because it was not a key feature of Baker-Hamilton. One senior administration official disputed that, arguing that staff members were attracted to the "surge" option to address long-standing concern that earlier efforts failed because of insufficient security forces.

A troop increase also dovetailed with ideas being championed by Sen. John McCain (R-Ariz.).

From only a few months after the start of the war in 2003, McCain has argued that the U.S. troop presence in Iraq is too light, and he and a handful of allies sought to use the post-election policy review to press their case. For three years, their entreaties had been blocked by then-Defense Secretary Donald H. Rumsfeld, but after Rumsfeld was ousted by Bush the day after the election, they found their message had a more receptive audience at the White House. "There has always been within the armed forces a group of people that believes we never had the right strategy in Iraq, and they have been suppressed," Graham said.

Frederick W. Kagan of the American Enterprise Institute drafted a plan with retired Army Gen. Jack Keane for sending seven more Army brigades and Marine regiments to Iraq to provide greater security. Keane and several other experts met with Bush on Dec. 11.

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But from the beginning, the Joint Chiefs resisted. They had doubts that Maliki would really confront the militias controlled by fellow Shiites, notably Moqtada al-Sadr's Mahdi Army. Sadr held 30 seats in Maliki's parliamentary bloc and five ministries in his cabinet.

The Joint Chiefs were also worried that sending more troops would set up the U.S. military for an even bigger failure -- with no backup options. They were concerned that the Iraqis would not deliver the troops to handle their own security efforts, as had happened in the past. They were particularly alarmed about the prospect of U.S. troops fighting in a political vacuum if the administration did not complement the military plan with political and economic changes, according to people familiar with their views.

Pentagon officials cautioned that a modest troop increase could lead to more attacks by al-Qaeda, provide more targets for Sunni insurgents and fuel the jihadist appeal for more foreign fighters to flock to Iraq to attack U.S. troops.

Even the announcement of a time frame and mission -- such as for six to eight months to secure volatile Baghdad -- would play to armed factions by allowing them to game out the new U.S. strategy, the chiefs warned the White House.

Then there was the thorny problem of finding enough troops to deploy. Those who favored a "surge," such as Kagan and McCain, were looking for a sizable force that would turn the tide in Baghdad. But the Joint Chiefs made clear they could muster 20,000 at best -- not for long, and not all at once.

The Joint Chiefs came to accept Bush's wishes, especially after new Defense Secretary Robert M. Gates traveled to Iraq last month with the Joint Chiefs chairman, Gen. Peter Pace, said a U.S. official familiar with the trip. Gates met with Maliki, who laid out more details about the Iraqi plan for Baghdad.

"That gave them enough to define a mission and its objectives," the official said. "They came back satisfied."

In the end, the White House favored the idea of more troops as one visible and dramatic step the administration could take. One senior White House official said this week the president concluded that more troops are not the only ingredient of a successful plan -- but they are a precondition to providing the security the Iraqi government needs for political reconciliation and other reforms.

Tonight, this source said, the president will explain "that we have to go up before we go down."

Staff researcher Julie Tate contributed to this report.

How Will Bush Sell His New Iraq Plan To The Public? (CSM)

By Linda Feldmann

The Christian Science Monitor, January 10, 2007

WASHINGTON

George W. Bush has always said he wanted to be president so he could undertake bold initiatives, not just hold the title. Now, as he enters the final quarter of his presidency, he stands on the verge of his boldest move since the start of the Iraq war: an escalation of the US troop presence in Iraq, as part of a new strategy for the war.

Convincing the American people and Congress that his plan is worth supporting may be nearly as challenging as achieving some sort of victory in the war itself. But President Bush and his team have taken the plunge, launching a highly orchestrated effort to explain the plan to the public, the press, and a Congress that is talking tougher to the executive branch now that the Democrats control the majority. Bush will address the nation Wednesday at 9 p.m. EST.

With a majority of the public unhappy with the war and support for Bush's handling of Iraq hovering below 30 percent, generating much public enthusiasm for expanded US operations will be tough. Bush's new strategy could also embolden the antiwar movement. But in changing course, he is at least demonstrating to Americans that he too sees the need for change, while holding out hope that the US can achieve something positive in a situation many Americans find hopeless.

Still, in taking this move toward troop increases - combined with more money for reconstruction and required political benchmarks by the Iraqi government - he risks losing the support of people who have stuck with him on Iraq. And so, analysts say, the packaging and presentation do matter.

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"Ten percent of Democrats support the president on the war, and 21 percent of independents," says independent pollster John Zogby, citing his own latest numbers. "So it's got to be a good sale, and it's not going to be enough for him to pick up some Republicans that he's lost."

The Bush administration has been building up to a change in Iraq strategy for weeks, but officials say the firm shape of the plan only emerged recently, after extensive conversations with experts and the release of the bipartisan Iraq Study Group report last month. The hard sell began in earnest on Monday, when Bush held meetings with more than 30 Republican senators at the White House. After his 25-minute speech on Wednesday night, Bush will travel to Fort Benning, Ga., on Thursday to visit with troops and make a statement to the press.

Also on Thursday, Secretary of State Condoleezza Rice and Defense Secretary Robert Gates are expected to testify on Capitol Hill and later travel to the Middle East to meet with allies on the new US strategy.

White House officials argue that the vast majority of Americans do not want an immediate withdrawal from Iraq, as the polls show, and that therefore there is some openness to a new approach to the war.

"There may be something to that, but it's temporary," says John Mueller, an expert on public opinion and war at Ohio State University. "They tried that at the end of 2005, with all those speeches about victory, but nothing happened."

Now, with the expected plan to send up to 20,000 additional troops to Iraq to quell the violence and allow political and economic reform to take hold, the stakes are higher. And what Bush needs to do, says Mr. Mueller, is demonstrate how sending more troops can break the insurgency and alleviate communal warfare.

The latest wrinkle is the growing split among Democrats over how to approach Bush's plan. Some Democratic leaders are considering ways to block funding for additional troops, a potentially risky move that could open Democrats to charges that they are undermining American men and women in harm's way. Some Democrats have argued that, as commander in chief, Bush has the ultimate power to conduct war, while others, such as Sen. Edward Kennedy of Massachusetts, was expected to introduce legislation Tuesday that would require approval by Congress for the cost of any troop levels above where the figure stood on Jan. 1.

On Sunday, the new Democratic House speaker, Nancy Pelosi, said on CBS's "Face the Nation" that the White House would no longer have a "blank check" for conducting the Iraq war, though she stressed that Congress was not about to cut funding.

Other Democrats, such as Sen. Joseph Biden of Delaware, chairman of the Senate Foreign Relations Committee and a candidate in the 2008 presidential race, have stated that there is no constitutional way for Congress to authorize war but then cut back on funding.

Divisions among Republicans over the war are also becoming increasingly apparent. While some members, such as Sens. John McCain of Arizona and Lindsey Graham of South Carolina, strongly support boosting troop levels, others remain skeptical. But others, such as Sens. Gordon Smith of Oregon and Olympia Snowe of Maine, continue to express reservations.

Bush's Troop-Increase Plan Is Expected To Draw Six Guard Brigades To Iraq (NYT)

By David S. Cloud And Thom Shanker

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — President Bush's plan to increase troop levels in Iraq is expected to require the Army eventually to send as many as six National Guard combat brigades to Iraq, beginning in 2008.

The increased demand on the National Guard in coming years is a likely byproduct of Mr. Bush's decision, expected to be announced in a speech Wednesday night, to send five active-duty combat brigades, or about 20,000 troops, to Iraq, starting at the end of this month, according to current and former officials.

Two of those brigades are likely to be in place in Iraq by mid-February, with the rest flowing in one a month until May, according to a military official with access to a recent version of the plan. The Bush blueprint also envisions sending two additional Marine battalions to Anbar Province, as well as delaying the departure of 2,200 additional Marines now in the province.

In a governmentwide effort to expand the American commitment to Iraq, a program to operate Provincial Reconstruction Teams in Iraq will be doubled and renamed as Provincial Support Teams, a senior administration official said Tuesday.

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Currently, the United States operates seven of these teams and allies operate three; the Bush plan will call for adding nine more. They will be staffed by personnel from across the government — the Departments of State, Defense, Agriculture and Justice — to help neighborhoods manage economic and political development, the official said.

It remains unclear whether Mr. Bush will discuss the heightened future demand on the National Guard during his much-anticipated address but identifying the additional units for possible deployment is likely to begin in the days and weeks after he delivers the speech. That process would raise the political stakes for Mr. Bush, since it would highlight the increased contribution his plan would require from reserve units.

The full extent of the National Guard role in future years will also depend on whether conditions in Iraq improve enough to permit significant overall troop reductions. Of the 15 combat brigades now in Iraq, only one is from the Guard. Depending on how it is organized, an Army brigade typically has between 3,500 and 5,000 troops, and a battalion about 1,200.

National Guard combat units that have already gone to Iraq and returned may have to be sent back for second tours in order to relieve some of the stress on the active duty Army, Pentagon officials said Tuesday. Such a move would most likely require revising a Pentagon policy that has limited mobilization of Guard units to 24 months every five years, officials said.

National Guard officials said Tuesday that they had not been notified that Mr. Bush would require a greater combat role for the Guard beginning next year. Guard officials have spent the last several months fighting attempts by some Army officials to have the 24-month deployment limit loosened.

But several Guard officials said Tuesday they would not be surprised to see Mr. Bush make changes in mobilization time limits so that Guard units would be eligible for duty in Iraq sooner.

Maj. Gen. Roger Lemke, the head of Nebraska National Guard and of the association that represents state Guard officials, said in an interview that many guard units were short of equipment and would need to be re-equipped to be useful in Iraq. He also said the Guard would like to shorten the predeployment training in the United States, and do more of it in the units' home states to lessen the burden on their soldiers, who must leave civilian jobs to serve.

The first active-duty unit that are likely to move to Baghdad would be a brigade of the 82nd Airborne Division now in Kuwait, Pentagon officials said Tuesday. The elite light infantry of the brigade is especially useful in urban operations.

Should Mr. Bush want other brigades to accelerate their arrival in Iraq, he then would look to a brigade of the Third Infantry Division, from Fort Stewart, Ga., that is already set to head for Iraq later this month but whose departure could be pushed up. The next brigade in line for Iraq is one from the First Infantry Division at Fort Hood, Tex., military officials said.

Pentagon and military officials said Tuesday that large and continued deployments in Iraq would put particular strain on those performing certain military tasks in the National Guard and Reserve, in particular military police, engineers, civil affairs, and transportation and trucking units. But efforts are under way to fill the need through volunteers from within the Guard and Reserve before resorting to forced remobilizations.

A range of senior Army officials have said since the autumn that the Iraq mission could not be sustained without fuller access to the reserves.

The question of how best to manage them presents the Bush administration with a political conundrum: how to balance the pressing need for troops in the field against promises to limit overseas deployments for the Guard.

While the National Guard's goal is to guarantee five years at home between foreign deployments, it has been sending units every three to four years, according to Guard officials. The Guard and Reserve were used most extensively in Iraq and Afghanistan in 2004, and have regularly supplied brigades throughout the fighting.

Also presenting a problem is that many Guard members have been deployed to Iraq or Afghanistan as individuals, and not with their full units, and in that process have come close to fulfilling their 24 months under the president's current mobilization order.

In what officers call "Swiss cheese units," some military units have been hollowed out by members who could be off-limits for overseas duty, restricting the ability to send the entire team, unless the restrictions are reinterpreted or erased so that these individual members, who have already deployed, could be sent overseas again with their entire units.

Military Backing Of Bush War Policies Takes A Hit (DMN)

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By David McIemore

The Dallas Morning News, January 10, 2007

As President Bush prepares to announce his plans to add troops in Iraq, more active-duty troops now disapprove of the president's war policies than support them, according to a year-end survey by Military Times newspapers.

Experts say the results, drawn from some of the more conservative career-track military, reflect a growing weariness and frustration over lack of progress in Iraq and Afghanistan.

And, according to Paul Rieckhoff, founder and executive director of Iraq and Afghanistan Veterans of America, the result could be increased problems with retention and recruitment.

"What's not reflected in the poll is the sense of exhaustion and stress placed on the troops and their families," Mr. Rieckhoff said. "We've seen tremendous sacrifices by soldiers and their families with two or more deployments, a lot of dead and wounded, and for what?"

Also Online

Graphic: Falling support (.pdf)

Graphic: Military survey (.pdf)

On Wednesday, Mr. Bush is expected to announce his plan for Iraq and call for a surge in troops of at least 20,000. Democrats and Republicans alike have assailed the surge as too little, too late.

The survey, mailed to 6,000 active-duty subscribers to Military Times' four newspapers aimed at the military services, showed that 42 percent of those surveyed disapprove of Mr. Bush's handling of the war, compared with 35 percent who support it.

It marks the first time that the president's Iraq war policies failed to gain majority support since the Military Times began its annual survey four years ago.

A spokesman for the Defense Department declined to comment, noting that the survey was not a representative sampling of the entire military.

Michele Flournoy, senior adviser for international security at the Center for Strategic and International Studies, said the results are significant in that they demonstrate the growing divide between the military and the Bush administration.

"The military is a consistently conservative swath of the population that is now showing significant decline in support of the war," she said. "However, I don't see it influencing the administration's views on the conduct of the war. The White House is aware there is significant debate nationally that reflects a deep divide over Iraq, but they've just named new commanders who will salute smartly and go forward."

This year's survey also showed a 15 percentage point decline in those who believe the U.S. should have gone to war in Iraq – to 41 percent from 56 percent reported last year.

The "findings are consistent with what we hear from our membership – and it results from a growing sense of frustration over the lack of progress in Iraq," said Mr. Rieckhoff.

Not surprised

John Pike, executive director of the defense startegy think tank Globalsecurity.org, does not find the results so surprising.

"I'd be more concerned if the results didn't reflect a similarity with the general public," Mr. Pike said. "It's not good news for President Bush, though I don't see this as a problem for continuing his Iraq policy. It doesn't reflect anything like the disaffection in the ranks we saw in Vietnam, when some units declined combat towards the end of the war."

Phillip Carter, whose military analysis blog Intel Dump is popular with veterans and armchair generals alike, said the military's disillusionment stems, in part, from weariness from three years of repeated and lengthy deployments and an uncertain war plan. The president's proposal to "surge" an additional 20,000 to 30,000 troops into Iraq to better secure violence-racked Baghdad for a beleaguered Iraqi government hasn't made things better, he said.

"The military establishment is skeptical of the president's plan to surge more troops," said Mr. Carter, an attorney and Army Reserve captain who served in Iraq in 2004. "They may be more quick to ascribe political motives to a plan they are skeptical will actually work.

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"What I don't see is a liberalizing of the military," he said. "The real gap is between the expectations of 2002 and the realities of 2007. ... The military has worked its butt off in Iraq and Afghanistan, and they will accept the sacrifice of being in harm's way if it's going to work. If it's not going to work, they're going to ask if it's worth it."

It's not just the junior and midlevel officers and enlisted ranks that find little to like about the surge.

Gen. John Abizaid, soon to be replaced as commander of the Central Command, told Congress recently that bringing additional U.S. troops would not add to the ability to achieve success.

And syndicated columnist Oliver North, one of the president's staunchest allies on Iraq, wrote in a Jan. 5 column, "A 'surge' or 'targeted increase in U.S. troop strength' or whatever the politicians want to call dispatching more combat troops to Iraq isn't the answer. Adding more trainers and helping the Iraqis to help themselves, is. Sending more U.S. combat troops is simply sending more targets."

Morale implications

Mr. Pike of GlobalSecurity.org does not see a decline in military morale in the survey's findings.

"It's simply that this was not a well-planned nor well-executed war," he said. "There is a failure on the part of leadership to communicate to the military and to the nation why we're fighting in Iraq.

"Historians will find that war policy is not this administration's strong point. But the reasons to be in Iraq will withstand scrutiny," Mr. Pike said. "The policies in Iraq can be salvaged and must be salvaged. The alternative of just simply pulling out and leaving is hard to think about."

According to Robert Hodierne, senior managing editor at Army Times Publishing Co., the mail survey was conducted Nov. 13 through Dec. 22 of 6,000 subscribers to Army Times, Navy Times, Air Force Times and Marine Times. The margin of error is plus or minus 3 percentage points.

The Military Times publications are independent of the military and its annual survey should not be read as representative of the military as a whole, he said. Nor should the survey be considered anti-Bush, since his overall performance as president surveyed at 52 percent, still significantly higher than the mid-30s polled among the general population.

"Our subscribers are older, averaging about 36, and are largely the more career-oriented senior enlisted and field-grade officers or above," Mr. Hodierne said. "This is the professional core of the military, and I hope that the Bush administration is paying attention to what the troops say.

"These are not some liberal, cut-and-run types. These are the people who stand and give the orders that put other lives at risk, and they're saying they don't have confidence in how the war is being conducted."

Disconnect shown

The findings also show a disconnect between the military and their civilian leadership.

Some 32 percent agreed that the civilian leadership has the military's best interest at heart, while 59 percent disagreed. And 72 percent believe the military is stretched too thin because of the war to be effective.

That tracks closely with sentiments expressed throughout the ranks of Iraq and Afghanistan war veterans, Mr. Rieckhoff said.

"The management of the war has been consistently problematic, and a lot of troops see the surge as just another [half-baked] policy to wage war on the cheap," Mr. Rieckhoff said. "There's a lot of concern that we just continue to sacrifice while everyone else goes shopping."

"What we're hearing military folks say is that the GOP got us in the mess and the Democrats don't have a plan to get us out," Mr. Rieckhoff said. "We're a people without a party."

Nor should anyone fear the military will slack off on its combat responsibilities, Mr. Rieckhoff said.

Over time, the military's disaffection with Bush administration war policies may translate into recruitment and retention problems, he said.

"We're working under an operational tempo that is grinding our people down," Mr. Rieckhoff said. "The military is stretched thin, equipment is worn out and needs replacing and a lot of people who truly love the military are opting out for civilian jobs. And we're losing a lot of excellent people we really can't afford to lose."

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Grim Picture Of Iraq From US Government Watchdog (AFP)

AFP, January 10, 2007

US government auditors released a grim report card of the American record in violence-wracked Iraq, on the eve of President George W. Bush's televised rollout of a new strategy.

The report by the Government Accountability Office (GAO) ran a critical rule over a previous failed US plan for victory, the malfunctioning Iraqi government government and security forces and fearsome insurgent and sectarian violence.

It said the Pentagon had failed to allow proper congressional oversight of Iraqi armed forces, and warned of an increasing strain on US forces pressed into repeated tours of duty and shortages of military supplies.

Though admitting that Iraq experienced three successful elections, adopted a constitution and installed its first elected government since the 2003 US invasion, the report underlined systemic problems in the US record in the country.

"Increasing Iraqi security forces and transferring security responsibilities to them have not resulted in reduced violence," David Walker, US Comptroller General wrote in an accompanying letter to Congress.

"Rather, attacks increased throughout 2006. Although more Iraqi troops have been trained and equipped, high absenteeism and divided loyalties have limited their overall effectiveness."

As Bush prepared to lay out his new strategy on Iraq in a prime time televised address on Wednesday, the GAO audit said his previous plan for victory in Iraq contained serious flaws.

Though the "National Strategy for Victory in Iraq" unveiled in November 2005 was an improvement over previous plans, it failed to identify key government agencies supposed to carry the strategy out, the report said.

It also did not address how the US will integrate its goals with those of Iraqis and foreign nations, and only partially identified current and future costs of US involvement in Iraq, the report said.

The survey, intended to prepare lawmakers to mount effective congressional oversight of Bush's new strategy for Iraq, also warned that oil and electricity production in Iraq were falling well short of US goals.

As Democrats who won control of Congress in November warn that Bush will have no "blank check" to continue operations in Iraq, the GAO said the United States is likely to incur costs in the foreseeable future "in the hundreds of billions of dollars."

The report also raised new questions as to the combat readiness of US-trained Iraqi troops and security forces, crucial to the prospect of the US forces returning home.

As of December 2006, around 323,000 members of the Iraqi security forces had been trained and equipped, and 128 army units had specific security responsibilities, the report said.

But the GAO raised questions about the quality of the units. It said the Pentagon had repeatedly refused access to Transition Readiness Assessments (TRA) prepared by coalition advisors embedded with the units.

"This serves to limit congressional oversight over the progress achieved towards a critical US objective," the report said.

Iraq Policy Surgery (LAT)

The Los Angeles Times, January 10, 2007

Bush needs to present a realistic plan tonight that includes conditions for bringing the troops home.

TWO COMPETING realities are vying for center stage as President Bush prepares to address the American people tonight on his "new way forward" in Iraq.

In the tidy Washington narrative, the future of American involvement in Mesopotamia has been reduced to a simplistic "to surge or not to surge" question. Once again, a complicated, life-and-death geopolitical matter is reduced to a scoreboard friendly, blue team vs. red team framework.

The notion that the "surge" in U.S. troops under discussion — about 20,000 combat troops on top of the 132,000 already in Iraq — amounts to a new policy is laughable. Adding troops is a tactic, a means toward an end, not a serious strategy — except maybe in the Washington reality in which politicians on both sides of the debate benefit from pretending that a short-term number is a question for the ages.

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It allows Bush to pretend he is taking bold action to alter the course of a deteriorating war. And it allows Democrats to oppose something concrete and possibly to atone for their original support for the war without having to risk their political fortunes by calling for a complete withdrawal.

The commander in chief needs to set aside his wearisome spin, transcend the phony Washington reality and confront squarely the all-too-real tragedy unfolding in Iraq, a nation whose civil war is intensifying on our watch.

As we have argued before, a temporary increase in troops may be necessary, especially to pacify Baghdad. But only as part of a comprehensive — and comprehensible — plan to secure and democratize Iraq. The president needs to explain tonight exactly what he will do with the U.S. military force should the government of Prime Minister Nouri Maliki fail to carry out a minimum of stability enhancing measures.

Washington must issue an ultimatum to Baghdad to disrupt Shiite militias linked to the government and to forge an equitable distribution of political power and national riches across sectarian divides. The question for Bush tonight isn't so much whether to send in 20,000 additional troops, it's whether the reinforcements will have a goal worth fighting for and a plan with a chance of success.

It's been leaked that Bush also will advocate a new, $1-billion jobs program for Iraqis. That sounds like a significant enhancement to the military escalation, but Americans are no doubt weary of the administration's repeated claims that victory is right around the corner. What is this additional $1 billion going to accomplish that the $30 billion already spent on that nation's reconstruction failed to do?

Bush needs to spell out a realistic plan for ameliorating the ongoing disaster in Iraq. But if he wants to reassure Americans and give warning to Shiite leaders in Baghdad, he must do something more. The president needs to articulate the conditions under which the U.S. will pull out altogether, in the near future. As painful as that would be, it sure beats becoming embroiled in someone else's civil war.

Love Among The Ruins (NYT)

By Maureen Dowd

The New York Times, January 10, 2007

WASHINGTON

It isn't really a romance turned sour, because it was never sweet.

The American military's cocky heroes were supposed to sweep in and carry off a poor, grateful Iraq to security and bliss, like Richard Gere did Debra Winger in the finale of "An Officer and a Gentleman." The strategy was: Love lift us up where we belong/Where the eagles cry/On a mountain high.

Didn't happen. Yet the search goes on, in this country obsessed with hookups and breakups, for the right relationship metaphor to describe our deadly embrace of Iraq.

My colleague Tom Friedman wrote last week: "Whenever I hear this surge idea, I think of a couple who recently got married but the marriage was never very solid. Then one day they say to each other, 'Hey, let's have a baby, that will bring us together.' It never works. If the underlying union is not there, adding a baby won't help."

Juan Williams repeated Tom's metaphor on Fox News, agreeing that "a bad relationship" cannot afford the "pressure" of a newborn.

One reporter who writes about the war told me he thinks of the American entrenchment in Iraq more like a marriage that's run out of gas, but you decide to stay together because of the kids.

Bill Maher used a bawdier metaphor of a man who promises his date a glorious romp, doesn't deliver, and then just refuses to admit it and get out.

Some women say that the Surge will not work because it's like starting over with an old boyfriend: you think you've learned the pitfalls and can resume with more success — you can set benchmarks! — but instead you're swiftly ensnared by the same old failures. And the most maddening romances, of course, are those in which you think you have the power, you should have the power, but somehow in the end, you don't have the power.

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Many Bush officials and lawmakers now talk about the Iraqis with impatience, as though they are deadbeat relatives who have got to stop putting the pinch on us for a billion a week and try harder, in the immortal words of Rummy, "to pull up their socks."

They may still speak diplomatically, but in body language, Condoleezza Rice and her chosen new deputy, John Negroponte, radiate irritation with the Iraqis, as though they are the most irksome of cousins or in-laws who have long overstayed their welcome, or children who not only don't thank you for presents but also leave the playroom a mess.

The favorite analogy of Rummy and others who pushed the war was parent-child. "If you never take the training wheels off a kid's bicycle," Paul Wolfowitz would say, "he'll never learn to ride without them."

But that is too Norman Rockwell for a scene straight out of Hieronymus Bosch.

At times, the American-Iraqi relationship seems so cursed that the most apt metaphor would be a fairy tale like "The Golden Goose" of the Brothers Grimm, in which a girl sees a bling bird that belongs to a despised boy and tries to pluck a feather for herself, but instead her hand gets stuck fast to the goose. Her sister comes along, thinking she can snatch a feather, but she gets stuck as soon as she touches the first girl. Then there's a Surge, when the third sister rushes to help but ends up stuck in a daisy chain of disaster.

With the Surge, as with the invasion of Iraq, W. is like the presumptuous date "who reserves a hotel room and then asks you to the prom," as my friend Dana Calvo put it.

Teddy Kennedy gave a speech at the National Press Club yesterday about his new legislation that would require Congressional approval before troop levels can be increased. Afterward, he was asked if he would try to block the escalation with an amendment to an upcoming Iraq spending request.

"The horse will be out of the barn by the time we get there," Senator Kennedy replied. "The president makes his speech now. We're going to get the appropriation request probably the end of January, early February." He said it could take eight more weeks for Congress to act. "By that time, the troops will already be there," he said. "And then we'll be asked, are we going to deny the body armor to the young men and women over there?"

In other words, the president will ask us to the prom once he reserves the hotel room.

A Couple Of Polarizers (WP)

By Harold Meyerson

The Washington Post, January 10, 2007

If any Americans could truly understand Iraqi Prime Minister Nouri al-Maliki, George Bush and Karl Rove should. All three firmly believe that the successful politician must above all cultivate his base -- not that any of them can point to recent successes.

In refusing to do anything to curtail the anti-Sunni pogroms of Moqtada al-Sadr's legions, Maliki, after all, is just dancin' with the ones that brung him. He owes his office to Sadr. More broadly, he is the governmental leader of the Shiites at the very moment they and the Sunnis have embarked on a ghastly civil war. He is nominally also Iraq's prime minister, but if there was even a scintilla of doubt about the true object of his loyalties, it was dispelled by his execution of Saddam Hussein. Maliki is the prime minister of Shiite rage, a position that offers a good deal more security than that of dispassionate prime minister of a nation at war with itself.

Yet tonight, President Bush will announce that Maliki has changed. He will also announce that he is sending additional U.S. forces to Iraq, but he's done that before, in almost comparable numbers, to no good effect. What's different this time, we are to believe, is that the Iraqis will join us in trying to suppress the sectarian violence.

Maliki will order his forces to swarm Sadr City. He'll deploy Kurdish battalions throughout Baghdad, since Sunnis and Shiites aren't suited for the task (assuming, however improbably, that the Kurds want to hurl themselves into the middle of the Sunni-Shiite war).

Why Bush believes the Iraqi prime minister will actually do this is anybody's guess. For Maliki to cordon off Sadr City is a little like Bush blockading Southern Baptist churches, or surrounding the headquarters of the National Rifle Association and telling everyone to come out with hands up. Bush expects Maliki to turn against his own -- a gambit nowhere to be found in Bush and Rove's own political playbook.

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America's most polarizing president is telling Iraq's polarizing prime minister to stop polarizing. It's possible, I suppose, Bush told Maliki that the lesson of our November election is that polarizing doesn't always work to your advantage, but the fact that Bush has only stepped up his commitment to his ruinous policy in Iraq, against overwhelming bipartisan advice to the contrary, suggests that that idea hasn't even crossed his mind.

Bush, we're told, is now interested chiefly in the verdict of history, hoping that historians hence will view him as another Harry Truman, who fought for American values and interests even after the electorate had turned against him. But neither the presidents nor their wars are analogous. As was not the case in the war between the Koreas, neither side in Iraq's civil strife is aligned with our values or interests. Unlike Bush, Truman sought and obtained U.N. support for our efforts.

But suppose Maliki is interested in the verdict of history, too. Suppose he wants his lifelong commitment to the Shiite cause to be crowned by his transformation of majority-Shiite Iraq into a fundamentally (though not necessarily fundamentalist) Shiite republic. Why, again, does Bush expect Maliki to change his spots when Bush hasn't changed his?

Indeed, one of Bush's defining characteristics is his unyielding adherence to the same policies even as the justifications for those policies shift or negate themselves. He first sought his tax cuts because our peacetime budget surplus was too large, then because we were at war and consumers needed to spend as though we weren't, then because our deficit could best be closed by the rich retaining more money to invest (albeit in China). He sought the war in Iraq to rid the world of Saddam Hussein and his weapons of mass destruction and to stop Hussein from sheltering al-Qaeda. As Ted Kennedy reminded us yesterday, the weapons didn't exist, Hussein is gone and Bush's war has only brought al-Qaeda more recruits. But our presence in Iraq continues unabated and, if Bush gets his way, will be escalated.

Bush's speech tonight will contain some alterations of policy, of course. Way too late, he's calling for a Marshall Plan for Iraq, with New Dealish public employment projects supplanting the flat-tax policies he had hoped to bring to the Middle East. But our basic policy remains basically the same, the expressed desire of the American electorate to reverse course notwithstanding. Unless and until Congress stops him, Bush will keep on doing what he's doing, and the hard-core conservatives will stick with him. The mystery is why he believes Maliki, and the hard-core Shiites, will behave any differently.

The Media Aren't The Enemy In Iraq (LAT)

Max Boot

The Los Angeles Times, January 10, 2007

Blaming the press for the problems in Iraq deflects the blame from where it belongs.

IF WE WIND UP losing the war in Iraq, as now appears likely (though not inevitable), many conservatives know who to blame: the press, or, in blogger-speak, the MSM (mainstream news media). Just as it did during the Vietnam War, a myth is likely to develop in which America's valiant fighting men and women were stabbed in the back by unpatriotic, even treasonous, reporters.

Administration spokesmen and many soldiers have been saying for years that things aren't so bad in Iraq. "If you just watched what's happening every time there's a bomb going off in Baghdad, you'd think the whole country's aflame," Donald Rumsfeld declared for the umpteenth time just before leaving office. "But you fly over it, and that's just simply not the case."

Such protestations are natural from someone who's likely to go down in history as Robert McNamara redux. But this refrain has been taken up by even the most sophisticated and disinterested observers on the right. James Q. Wilson, a longtime professor at Harvard, UCLA and Pepperdine, published a scathing essay in the autumn issue of the Manhattan Institute's City Journal in which he complained that "positive stories about progress in Iraq were just a small fraction of all the broadcasts." He went on to draw an analogy with the Tet offensive in 1968, which the press widely reported as an American failure even though it was a military defeat for North Vietnam.

"We won the Second World War in Europe and Japan," he concluded, "but we lost in Vietnam and are in danger of losing in Iraq and Lebanon in the newspapers, magazines and television programs we enjoy."

Actually, it's not at all clear that the Vietnam War was lost in the media. Reporters were initially gung-ho about the war; they went into opposition only after it became clear that the military and the Johnson administration had no plan for victory.

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In any case, the Tet analogy is dubious, because it is hard to find any signs of U.S. progress in the Iraq conflict comparable to the devastation the Viet Cong suffered in 1968.

Even if you go by the Bush administration's own assessment, conditions today are bleak. In November, the Defense Department issued a congressionally mandated report that found that violence was "escalating" to "the highest [levels] on record." Meanwhile, the report found, attempts at national reconciliation have "shown little progress." In short, the apocalyptic condition of Iraq (at least of the non-Kurdish regions) is not an invention of the news media. It's reality.

THAT ISN'T TO deny that there has been some biased, slipshod news coverage. To my mind, there has been too much emphasis on American casualties and American abuses, both of which are low by historical standards. There has been too much Baghdad-centric reporting, which slights differing conditions in outlying regions. And, of course, in Iraq, as elsewhere, media coverage inevitably focuses on daily disasters at the expense of long-term trends.

Initially, I thought that this institutional bias toward sensationalism distorted public understanding of the war. But by now the dismal conditions on the ground have caught up with, if not surpassed, the media's bleak outlook.

Whatever the shortcomings of some reporting, there has been a lot of first-rate coverage by a heroic corps of correspondents that has persevered in the face of terrible danger. (At least 109 journalists have been killed and many others wounded or kidnapped, making this the deadliest conflict on record for the Fourth Estate.) I am thinking of reporters such as John Burns, Dexter Filkins and Michael Gordon of the New York Times; Greg Jaffe and Michael Philips of the Wall Street Journal; Tom Ricks of the Washington Post; Tony Perry of the Los Angeles Times and former Times reporter John Daniszewski; Sean Naylor of Army Times; Bing West and Robert Kaplan of the Atlantic Monthly; and George Packer of the New Yorker. They've risked their necks to get the truth — and not, as Rumsfeld suggested, by flying over Iraq.

If you wanted to figure out what was happening over the last four years, you would have been infinitely better off paying attention to their writing than to what the president or his top generals were saying. If we fail to achieve our goals in Iraq — which the administration defines as a "unified, stable, democratic and secure nation" — it won't be the fault of the ink-stained wretches or even their blow-dried TV counterparts. To argue otherwise deflects blame from those who deserve it, in the upper echelons of the administration and the armed forces. Perhaps that's the point.

Set A Spending Limit On Iraq (LAT)

By Bruce Ackerman, Bruce Ackerman Is A Professor Of Law And Political Science At Yale And The Author Of "Before The Nex

The Los Angeles Times, January 10, 2007

Congress should creatively use its power of the purse to keep Iraq from becoming an indefinite quagmire.

THERE ARE LOTS of bad ways for Congress to respond to President Bush's escalation in Iraq. But there is one good way: Set a price tag on the long-run cost of the war — say $500 billion — and tell the president that he won't be getting a penny more.

Without counting the cost of the much-anticipated "surge," we will have spent about $350 billion on the war by spring. Setting a long-term ceiling is the only step that will force the president to recognize that the American people are no longer willing to give him a blank check for an endless series of mistakes.

We have been suffering under a false dichotomy: Either Congress immediately cuts off funds, or the president can do what he wants. But there is a third way: Congress sets the ultimate financial constraint, leaving it to the president and his generals to figure out the most sensible way to spend their limited resources. The president is given a significant time horizon to plan and execute. But he can't run a war without money and must either succeed or prepare a serious exit strategy as the ceiling is reached.

Congress should engage in vigorous oversight in the meantime, but it should resist the temptations of micromanagement. As long as the president stays within the half-trillion-dollar limit, Congress should grant requests for funds without pretending that it can condition particular appropriations on the Iraqis meeting benchmarks. That is a pointless shell game. The president would predictably say that the Iraqis are making substantial progress, and when the money runs out, he would confront Congress with another demand: Give me another $75 billion or you will be undercutting the troops.

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We have already learned this lesson. The war has never been funded in a straightforward fashion. The administration has refused to present Congress with clear-cut requests as part of the standard appropriations process. Claiming uncertainty, the White House has muddled its way forward with a series of ad hoc demands for emergency appropriations, which are now adding up to the hundreds of billions.

The Democrats, to their credit, have already made it plain that this muddle must come to an end. The new Congress will insist that the Defense Department treat its war expenditures as part of its regular budgetary request for fiscal 2008. Now all that is needed is a resolution denying the administration a blank check into the indefinite future.

During its first 100 hours, the House has reintroduced budget-balancing rules for the civilian side of the budget. It should act to restore a similar sense of fiscal reality on the military side. Congress should add a rider to the next Iraq appropriations bill that imposes a sensible ceiling on the entire operation. The president won't have any choice but to sign the bill if he wants the money.

Under plausible budget scenarios, Congress will reach another decision point some time in 2008, when the cumulative military appropriations begin to move toward the half-trillion-dollar mark. The president can try to persuade Congress to repeal this limit and argue for more money. But we will then be in the middle of an election campaign, and few politicians will be brave enough to buck the tide of public opinion. Unless voters experience a remarkable conversion on Iraq, Republicans will be joining Democrats in insisting that the remaining money should be spent on a realistic exit strategy.

This moment is comparable to 1968, when Americans voted against President Johnson's escalation of the Vietnam War. Despite this clear message, it took seven more years before President Ford presided over the painful defeat. We may find ourselves in the same quagmire unless Congress proves more creative than its predecessors in exercising the powers of the purse.

A Time For Candor (USAT)

By Don Campbell

USA Today, January 10, 2007

The nation will again hear President Bush's recalibration of the strategy to 'win' the war in Iraq. For any student of history, or simply any American who lived through the Vietnam War, the echoes are unmistakable.

As President Bush prepares tonight to share his latest strategy for Iraq in a nationally televised speech to the American people, it's appropriate to recall some things he had to say on this subject in his State of the Union address almost a year ago.

Bush talked about how "our coalition" had learned from our experience in Iraq and how we were winning. He held out the prospect for troop reductions, but said, "those decisions will be made by our military commanders, not by politicians in Washington."

He promised to reach out to Congress and seek "your good advice" in the coming year. And then, in an obvious attempt to inoculate himself against criticism, he drew repeated applause with these memorable words: "Yet there is a difference between responsible criticism that aims for success and defeatism that refuses to acknowledge anything but failure. Hindsight alone is not wisdom, and second-guessing is not a strategy. With so much in the balance, those of us in public office have a duty to speak with candor."

Amen to that last line.

But candor is the one thing that has been missing since before the invasion of Iraq even began. Under the category "responsible criticism," I'd submit that Bush's record in this area has gone from bad to worse. He has a chance this week, and again in his sixth State of the Union address later this month, to change that.

Where things went wrong

I don't know how much "good advice" he got from Congress on increasing troop levels in Iraq, but he's the commander in chief; if he thinks we need 20,000 more troops in Iraq, he'll have my support. Frankly, I wish he'd sent 10 times that many additional troops to Iraq back in 2003 instead of strutting around the deck of that aircraft carrier in the Pacific under the banner that declared "Mission Accomplished."

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The problem with the debate over Iraq is that we spend too much time arguing about how we got into this predicament— the war is really about oil or about a Bush family grudge against Saddam Hussein or about a seductively simple geopolitical theory, which holds that if you sprinkle the seeds of democracy in a barren desert, they will sprout and bloom like Texas bluebonnets. Or it's about whether we invaded that country under false pretenses.

Meanwhile, contrary to Bush's claim of a year ago, no one seems to have learned anything in Iraq that might inform national security policy and military strategy in the future. Wisdom gained from hindsight becomes foresight and is better than no wisdom at all. In ignoring that, Bush has squandered the goodwill and credibility he earned by his admirable performance in the first days after 9/11.

He has refused to ask the American people to share in the sacrifice that the war on terror and our commitments in Afghanistan and Iraq have placed disproportionately on the volunteers in the armed forces. But it's either everybody's war or nobody's war. At a minimum, he should have proposed a broad-based special tax to refurbish the military and create a global network of anti-terrorist operatives.

He misjudged what it would take to stabilize Iraq once Saddam was ousted, because of a misplaced optimism about the appeal of freedom and democracy in a sectarian culture in which too many people would rather kill each other than co-exist. At a minimum, he should have sealed the borders, flooded the country with half a million troops, bribed Saddam's army officers and cut through the bureaucratic red tape that impeded re-construction.

Bush was unprepared for the transition from fighting a conventional war with forces trained to kill people and break things to waging a counterinsurgency where troops become the Peace Corps in cammies trying to win the hearts and minds of the people.

Despite his overtures to Congress in that speech a year ago, he has refused, whether out of hubris or because of a blind spot, to listen to those wary of administration war tactics and strategies. If he had, he'd have heard predictions that Iraq was a quagmire waiting to happen.

And he has not convinced enough Americans that fighting terrorism is the greatest challenge of the 21st century and will remain so, regardless of the outcome in Iraq — and maybe even more so because of the outcome in Iraq.

Optimism and Vietnam

It's not too late for President Bush to acknowledge reality, and perhaps improve his legacy before media pundits and historians carve it in stone. Some of us are old enough to remember the last two White House years of another president from Texas, Lyndon Johnson, and that he left office dispirited and reviled because of the war in Vietnam.

In his penultimate State of the Union speech, in 1968, LBJ was still talking optimistically about the elections that had been held in South Vietnam, how America would persevere and how "aggression will never prevail." In his last State of the Union address, just days before he left office in 1969, he talked of how the prospects for peace in Vietnam were better than at any time since North Vietnam invaded the South, and how the North Vietnamese knew they could not win.

After that speech, and before we abandoned Saigon six years later, another 21,000 Americans died in Vietnam.

Vietnam and Iraq have few similarities, but on two counts they are identical twins. In both wars, the commander in chief underestimated the enemy. And in both wars, the commander in chief failed to "speak with candor."

Don Campbell, a lecturer in journalism at Emory University in Atlanta, is a member of USA TODAY's board of contributors.

Lessons For One Last Try (WP)

By David Ignatius

The Washington Post, January 10, 2007

What makes sense in Iraq? The political debate is becoming sharply polarized again, as President Bush campaigns for a new "surge" strategy. But some useful military guideposts can be found in a new field manual of counterinsurgency warfare prepared by the general who is about to take command of U.S. forces in Baghdad.

Lt. Gen. David Petraeus supervised the development of the manual when he ran the Army's training center at Fort Leavenworth, before he had any idea he would be heading back to Baghdad as the top commander. In that sense, the document reflects a senior officer's best judgment about what will work and what won't -- independent of the details of the current "to surge

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or not to surge" debate. The manual was published by the Army last month and can be downloaded at http://www.leavenworth.army.mil.

Two themes stood out for me as I read the document. The first is that success in counterinsurgency requires a political strategy as much as a military one. The second is that broad political support back home -- which buys time on the battlefield -- is the crucial strategic asset in fighting such wars.

The manual doesn't offer any specific advice for the current debate. But its precepts do raise some basic questions for Bush as he frames his new strategy: Will the new approach build bipartisan support for Iraq policy? And will it open a path toward an Iraqi political solution, as opposed to an American military effort to impose order?

"Counterinsurgency is not just thinking man's warfare -- it is the graduate level of war," reads a quotation from a Special Forces officer in Iraq that opens the first chapter. And this theme runs throughout the manual: Many of the prescriptions that apply to normal wars don't apply to counterinsurgencies. Indeed, if they are used, they will backfire. In a summary of "unsuccessful practices," here's the No. 1 mistake: "Overemphasize killing and capturing the enemy rather than securing and engaging the populace."

The field manual summarizes some of the lessons that commanders have learned in Iraq: Long-term success "depends on the people taking charge of their own affairs and consenting to the government's rule." Killing insurgents "by itself cannot defeat an insurgency." Local commanders "have the best grasp of their situations" and should have the freedom to adapt and react to local conditions. As many officers ruefully admit, the Army is learning these lessons three years late -- but perhaps that's still in time to make a difference.

My favorite part of the manual, which I suspect Petraeus had a big hand in drafting, is a section titled "Paradoxes of Counterinsurgency Operations." The headings give the flavor of these unconventional ideas: "Sometimes, the More You Protect Your Force, the Less Secure You May Be." (Green Zone residents, please note: "If military forces remain in their compounds, they lose touch with the people, appear to be running scared, and cede the initiative to the insurgents.") "Sometimes Doing Nothing Is the Best Reaction." "Some of the Best Weapons for Counterinsurgents Do Not Shoot." And this military version of the Zen riddle: "The More Successful the Counterinsurgency Is, the Less Force Can Be Used and the More Risk Must Be Accepted." (As the host nation takes control, "Soldiers and Marines may also have to accept more risk to maintain involvement with the people.")

The abiding lesson of this manual comes in one of Petraeus's paradoxes, and it ought to be engraved as the cornerstone of U.S. policy going forward, regardless of whether there is a troop surge: "The Host Nation Doing Something Tolerably Is Normally Better than Us Doing It Well." In making this point, Petraeus cites the godfather of counterinsurgency warriors, Gen. Creighton Abrams, who said when he was U.S. commander in Vietnam in 1971: " We can't run this thing. . . . They've got to run it."

It's Petraeus's luck, good or bad, that he has a chance to see whether these precepts of counterinsurgency warfare can still work in Iraq, despite all the mistakes made over the past three years. His chances will be slim if President Bush and the Democratic Congress can't agree on a bipartisan plan for Iraq. Newt Gingrich, the Republican former House speaker, put it succinctly on "Meet the Press" last month: "This can't be Bush's war" -- it has to be the country's. That's the real danger of a troop surge: It sets up a showdown between the president and his critics that could shred the chances for a stable, sustainable policy that might embody some of the military lessons we have finally learned.

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Democrats Plan Symbolic Votes Against Bush's Iraq Troop Plan (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Democratic leaders said Tuesday that they intended to hold symbolic votes in the House and Senate on President Bush's plan to send more troops to Baghdad, forcing Republicans to take a stand on the proposal and seeking to isolate the president politically over his handling of the war.

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Senate Democrats decided to schedule a vote on the resolution after a closed-door meeting on a day when Senator Edward M. Kennedy of Massachusetts introduced legislation to require Mr. Bush to gain Congressional approval before sending more troops to Iraq.

The Senate vote is expected as early as next week, after an initial round of committee hearings on the plan Mr. Bush will lay out for the nation Wednesday night in a televised address delivered from the White House library, a setting chosen because it will provide a fresh backdrop for a presidential message.

The office of Nancy Pelosi, speaker of the House, followed with an announcement that the House would also take up a resolution in opposition to a troop increase. House Democrats were scheduled to meet Wednesday morning to consider whether to interrupt their carefully choreographed 100-hour, two-week-long rollout of their domestic agenda this month to address the Iraq war.

In both chambers, Democrats made clear that the resolutions — which would do nothing in practical terms to block Mr. Bush's intention to increase the United States military presence in Iraq — would be the minimum steps they would pursue. They did not rule out eventually considering more muscular responses, like seeking to cap the number of troops being deployed to Iraq or limiting financing for the war — steps that could provoke a Constitutional and political showdown over the president's power to wage war.

The resolutions would represent the most significant reconsideration of Congressional support for the war since it began, and mark the first big clash between the White House and Congress since the November election, which put the Senate and House under the control of the Democrats. The decision to pursue a confrontation with the White House was a turning point for Democrats, who have struggled with how to take on Mr. Bush's war policy without being perceived as undermining the military or risking criticism as defeatists.

"If you really want to change the situation on the ground, demonstrate to the president he's on his own," said Senator Joseph R. Biden Jr., chairman of the Foreign Relations Committee. "That will spark real change."

The administration continued Tuesday to press its case with members of Congress from both parties. By the time Mr. Bush delivers his speech, 148 lawmakers will have come to the White House in the past week to discuss the war, White House aides said Tuesday night, adding that most met with the president himself.

While Mr. Kennedy and a relatively small number of other Democrats were pushing for immediate, concrete steps to challenge Mr. Bush through legislation, Democratic leaders said that for now they favored the less-divisive approach of simply asking senators to cast a vote on a nonbinding resolution for or against the plan.

They also sought to frame the clash with the White House on their terms, using language reminiscent of the Vietnam War era to suggest that increasing the United States military presence in Iraq would be a mistake.

"We believe that there is a number of Republicans who will join with us to say no to escalation," said the Senate mority leader, Harry Reid of Nevada. "I really believe that if we can come up with a bipartisan approach to this escalation, we will do more to change the direction of that war in Iraq than any other thing that we can do."

On the eve of the president's Iraq speech, the White House sent Frederick W. Kagan, a military analyst who helped develop the troop increase plan, to meet with the Senate Republican Policy Committee.

But Republican officials conceded that at least 10 of their own senators were likely to oppose the plan to increase troops levels in Iraq. And Democrats were proposing their resolution with that in mind, hoping to send a forceful message that as many as 60 senators believed strengthening American forces in Baghdad was the wrong approach. Democratic leaders said they expect all but a few of their senators to back the resolution.

In an interview on Tuesday, Senator John W. Warner, Republican of Virginia, said he was becoming increasingly skeptical that a troop increase was in the best interest of the United States. "I'm particularly concerned about the greater injection of our troops into the middle of sectarian violence. Whom do you shoot at, the Sunni or the Shia?" Mr. Warner said. "Our American G.I.'s should not be subjected to that type of risk."

But the Senate minority leader, Mitch McConnell, Republican of Kentucky, said Congress could not supplant the authority of the president. "You can't run a war by a committee of 435 in the House and 100 in the Senate," he said.

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The White House press secretary, Tony Snow, criticized the Democrats' plans. "We understand that the resolution is purely symbolic, but the war — and the necessity of succeeding in Iraq — are very real," he said Tuesday night.

On Thursday, Democrats in the House and Senate will open a series of hearings on the Iraq war. Defense Secretary Robert M. Gates and Secretary of State Condoleezza Rice are among those who have agreed to testify.

Senator Carl Levin, the Michigan Democrat who is the new chairman of the Armed Services Committee, said that if he was not satisfied that Mr. Bush's plan has sufficient incentives and penalties for the Iraqis, he might support a resolution or amendment to cap the number of American troops in Iraq.

"We have got to force the Iraqis to take charge of their own country," Mr. Levin said at a breakfast meeting with reporters. "We can't save them from themselves. It is a political solution. It is no longer a military solution."

Lawmakers said Senate Democrats appeared broadly united in opposition to Mr. Bush's approach during their private luncheon on Tuesday. While there were a few senators who favored cutting off money for any troop increase, a handful of others expressed uncertainty about challenging the president on a potential war-powers issue.

"We have to be very careful about blocking funding for any troops because we don't want to leave our troops short-changed," said Senator Mary L. Landrieu, Democrat of Louisiana.

Yet a large share of the House Democratic caucus supports a stronger stance against the plan. It remained unclear whether a resolution would satisfy constituents.

"Twice in the past 12 months the president has increased troop levels in a last-ditch effort to control the rapidly deteriorating security situation in Iraq," said Representative Martin T. Meehan, Democrat of Massachusetts, who proposed a resolution opposing a troop increase. "Rather than cooling tensions in Baghdad, the situation has descended further into chaos."

For GOP Senators, Bush's Next Step In Iraq Means A Delicate Dance (WP)

By Dana Milbank

The Washington Post, January 10, 2007

Senate Republicans, dreading President Bush's prime-time address tonight calling for more U.S. troops in Iraq, emerged from their weekly party luncheon yesterday displaying more dance steps than the Joffrey Ballet.

"We should listen to what the president has to say," proposed Sen. John Warner (R-Va).

"I want to hear the president's plan," Sen. Susan Collins (Maine) concurred.

"I want to see what he's proposing before I make dramatic statements," an unusually skittish Trent Lott (Miss.), the No. 2 Republican, told a thick knot of reporters.

And you didn't want to get too close to Sen. George Voinovich (Ohio). "We need more information, okay?" he insisted.

But the Republicans' principal dancer yesterday was Sen. John Sununu (N.H.), perhaps the most endangered of all GOP senators in 2008. "We haven't discussed 'the plan,' " he maintained. "That would suggest that we were told exactly what is going to be announced tomorrow, and that is certainly not the case."

Reporters had barely digested that one when Sununu offered a second disavowal: "I don't really know what they're thinking about proposing, so given that, it wouldn't be wise for me to suggest that I do or don't know whether their conditions are appropriate."

Is the escalating White House headed for a conflict with the antiwar Congress? "I don't know. I don't know," Sununu repeated. "Because we don't know what the president has proposed."

Sununu kept punting, for a painful 15 minutes before reporters released him. "There's clearly no one else in the hall to talk to," he quipped.

The Democrats, by contrast, were happy to talk. Though utterly divided on a solution for Iraq, pretty much every Democrat lined up in opposition to Bush's plan to "surge" thousands more troops into Iraq. And they were itching for a chance to put Republicans on the spot with a symbolic but toothless vote opposing the surge.

"We've all made our speeches, we've said what we want to say, and pretty soon it'll be time for votes," Sen. Ron Wyden (D-Ore.) challenged.

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Even some Republicans, though professing no knowledge of the Bush plan, were lining up against its reported contents. "I don't believe an expansion of 20,000 troops in Iraq will solve the problems," said Sen. Norm Coleman (Minn.). Sen. Olympia Snowe (Maine) also had "concerns."

Those Republicans defending the White House labored to play down the troop increase. Suggested Sen. Pete Domenici (N.M.): "We should throw 'surge' out the window."

None, however, seemed quite so tortured about the issue as Sununu, whose state suffered a Democratic landslide in the November elections. Torn between loyalty to Bush and fear of the electorate, he treated reporters to a mix of sarcasm and pedantry that brought to mind the poem Calvin Trillin wrote about the senator's father, the first President Bush's chief of staff:

If you knew what Sununu
Knows about quantum physics and Greek
And oil explorations
and most favored nations
And the secret handshake of Deke,
Maybe you too, like Sununu,
Would adopt as your principal rule
That you are the brightest, you're lit the lightest,
And everyone else is a fool

The younger Sununu made the mistake of being the first senator out of the GOP lunch, causing reporters to surge forward with surge questions. The senator cautioned that "I don't know what the administration might propose" but suggested that "there are other aspects of this" than force escalation.

How worried was he about a split between Congress and the White House?

"Are my choices there 'high,' 'medium' or 'low'?" Sununu inquired.

Another reporter asked Sununu how many times he had consulted with the White House on the Iraq plan. The senator pretended to count in his head and then answered, "Once."

Sununu fled that group of questioners, only to fall prey to a second mob, this one encircling him with more queries about the "surge" and how long it would last.

"Well," Sununu said, "I don't think you were really quite listening to my answer, because the precise number of troops, or a date months in the future is far less important to our success than how the troops are going to be used."

Pressed again for a time frame, he retorted: "I think that is as clear an answer as anyone here can give you without making things up."

Will Congress cut off funding for a troop surge? "I think you ought to ask people on the Appropriations Committee," he said, "preferably after the president actually makes a proposal."

A reporter observed that Sununu was laying out a fairly fuzzy position. "No, it's not," he replied. "I think it's very clear. There's got to be a very strong set of proposals to deal with those things that are necessary for long-term success: reconciliation, revenue distribution and provincial elections."

Left unanswered, quite deliberately, was where Sununu stood on Bush's surge.

"Senator," a reporter asked, "do you like what you've heard from the White House?"

"I think that's it, thanks," Sununu answered. He turned and walked away.

Reid Takes On Iraq Surge Plan (RC)

By John Stanton

Roll Call, January 10, 2007

Sen. Harry Reid's (D-Nev.) plan to bring a nonbinding, bipartisan resolution to the floor next week condemning President Bush's "surge" strategy in Iraq likely will be a major test of the new Majority Leader's ability to face down the White House and muster bipartisan coalitions on controversial issues.

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With Bush expected to lay out his surge plan to boost troop levels in Iraq in an address to the nation tonight, Democratic Senators and outside interest groups already have begun to put pressure on Reid to block the increase. Sen. Edward Kennedy (D-Mass.) on Tuesday denounced the surge proposal, predicting that it would lead to significant U.S. troop casualties and announced that he would look to force the White House to seek Congressional approval for any escalation of the Iraq War.

A White House aide said Reid's nonbinding resolution likely would serve to put lawmakers on record as a way to gauge support for future efforts to block the plan.

The Bush administration's GOP allies in the Senate quickly lined up behind the president Tuesday, setting the stage for an intense floor clash next week.

Following a meeting at the White House, Senate GOP leaders announced their support for the plan. Minority Leader Mitch McConnell (R-Ky.) said, "I know enough about it to know that I will support it," adding that members of Republican leadership have met with Bush on a number of occasions to discuss the plan.

A veteran Democratic aide said that while the vote on the resolution will be the first test of Reid's abilities, there likely will be much more significant challenges later this year — particularly if the Senate moves to either cut off funding or restrict Bush's ability to prosecute the war.

"It's one thing to say 'We don't like how this is going,' [and] stomp your foot ... but it's another to cut off funding," the aide said.

Reid told reporters he believes he can count on the support of at least nine Republicans in his effort to corral the 60 votes needed to end a potential filibuster by backers of Bush's plan.

Independent-Democrat Sen. Joe Lieberman (Conn.) will vote with the president on the issue, while Sen. Tim Johnson (D-S.D.) is sidelined for an unspecified time frame as he recovers from illness. Johnson has been upgraded from critical to fair condition and doctors at George Washington University Hospital have removed his ventilator, his office announced Tuesday.

Reid also will have to contend with the fact that Sen. John McCain (R-Ariz.) backs an increase in troops. McCain, a 2008 presidential hopeful, is popular among the small group of moderate GOP lawmakers Reid is targeting and could make it difficult to pry their votes away from the administration.

Although the specific language of the resolution has yet to be written, Reid said Democrats are "going to work towards ... a bipartisan statement on the president's escalation."

Republicans on Tuesday attacked Kennedy's proposal as irresponsible, chiding the veteran lawmaker for vowing to block Bush's plans for the Iraq War before they are announced formally.

"It's a sad commentary on politics in Washington, D.C., today when the Democrats seek to cut off funding for our troops before even hearing what our commander in chief has to say regarding a new way forward in Iraq," said Sen. John Cornyn (R-Texas).

Echoing White House and GOP leadership charges that blocking funding for the surge would undermine the military, Cornyn argued, "Our obligation as legislators is to assist the commander in chief and our troops as they confront our nation's enemies. This proposal does nothing to assist them. In fact, it is designed to undercut the president before he's even presented his plan, and to reduce the ability of our military men and women to get the job done."

In the House, Majority Leader Steny Hoyer (D-Md.) said that while he believes Bush must have the cooperation of Congress to increase troop levels significantly, the House does not yet have plans to take up a similar resolution.

"I don't have plans" to bring up a resolution, Hoyer said Tuesday, explaining that such a move is unlikely before the House holds oversight hearings.

But Rep. Ed Markey (D-Mass.) was expected to introduce a House version of Kennedy's legislation late Tuesday. Markey's office could not be reached for comment.

Rep. Raúl Grijalva (D-Ariz.) confirmed Tuesday that he will co-sponsor the bill.

It was not immediately clear whether or when Democratic leaders would put the legislation on the House calendar.

Meanwhile, as early as the end of this week, the Senate could adopt its organizing resolution. Because some committees still have not ratified their new membership and leadership structures, and final details of the 51-49 funding percentage split on

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committees still is being worked out, committees continue to be under the control of Republicans. But a Republican aide familiar with the issue said a final deal should be reached soon.

Reid and McConnell are likely to stay the bipartisan course on domestic issues for the next several weeks, with the two lawmakers closing in on a deal to jointly sponsor minimum wage legislation, Democratic and Republican aides said Tuesday.

With the Finance Committee today taking up a package of small-business tax cuts that could be included in a compromise bill, a GOP leadership aide said it was all but certain the two leaders would end up co-sponsoring the bill, which will come to the floor following completion of the ethics reform package.

Following the minimum wage debate, which Democrats hope will take less time than the ethics bill, Reid is expected to move to prescription drug legislation, followed by a new stem-cell research bill.

Democratic Leaders Face Pressure Over Iraq War (LAT)

By Janet Hook

The Los Angeles Times, January 10, 2007

WASHINGTON — It did not take long for Rep. Nancy Boyda, a freshman Democrat from Kansas, to learn the price of defying her party's liberal base. After she said she would support President Bush if he proposed an increase in U.S. troop levels in Iraq, antiwar bloggers fumed and MoveOn.org, the liberal advocacy group, considered running a television ad attacking her.

"If a member of Congress is wrong on Iraq, that is not what we voted for," said Tom Matzzie, MoveOn's Washington director. "There will be people watching to make sure they do the right thing."

That kind of political pressure is already being applied, not just to junior lawmakers, but also to Democratic leaders. It prodded them into making Iraq more central to their first 100 hours in control of Capitol Hill than they had planned. And it is creating tension between many Democrats and the liberal activists who will be increasingly important as the 2008 presidential campaign gets into gear.

Antiwar protester Cindy Sheehan, demanding a troop withdrawal, disrupted House Democratic leaders at their first-day news conference on ethics. Senate Democratic leader Harry Reid of Nevada was deluged with complaints when he appeared to be open to a troop increase and posted a notice on a liberal blog to explain that he was misunderstood. Dozens of demonstrators rallied outside a Washington think tank when Sen. Joe Lieberman (D-Conn.) spoke in support of a troop escalation.

Antiwar activists, who believe that Democrats owe their 2006 election victories to voter discontent with the Iraq war, are thrilled that most congressional Democrats oppose Bush's proposed troop increase. But lawmakers are divided over how far to go in fighting the plan, and activists worry that the party will not have the political stamina to block the escalation and, beyond that, force a withdrawal of all troops.

"We have to look closely, not at what they say, but how they vote," said John Isaacs, president of Council for a Livable World, an arms control advocacy group.

Some moderate Democrats worry that the pressure being applied by the antiwar left is misguided, arguing that voters want a change of course in Iraq but not a rapid withdrawal.

"Conventional wisdom says that presidential candidates who want to be responsible on this are going to hurt themselves with the angry, impassioned activist left," said Will Marshall, president of the Progressive Policy Institute, a centrist Democratic think tank. "But the activist left is out of sync with the American public. Americans don't want to concede this is a total debacle."

For now, Democratic leaders are navigating the political crosscurrents by loudly criticizing Bush's troop buildup plan while sidestepping questions about the alternatives. They are also treading carefully around the question of whether Congress would try to block or restrict funding because many Democrats worry that will be seen as undercutting troops already in Iraq. "We understand the concerns [of antiwar activists] and we'll agree with them to the extent possible," said Jim Manley, Reid's spokesman. "But Democrats feel we need to do everything we can to give the troops what they need."

Democratic leaders had planned to emphasize domestic policy issues, not Iraq, in the opening weeks of their reign on Capitol Hill. The agenda for the first 100 hours in the House included quick action on a minimum-wage increase, lower drug prices for Medicare participants and other domestic issues; Iraq was to be relegated to a strung-out series of oversight hearings.

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That is, in part, why Sheehan led a small group of protesters to interrupt a news conference on new ethics rules by Rep. Rahm Emanuel (D-Ill.) and other House leaders on the first day of the new Congress.

"De-escalate, investigate, troops home now!" they shouted.

Pressure on Democrats to take a more aggressive stand increased as word spread that Bush would propose a troop increase. When Reid was asked about it in a television interview in mid-December and indicated he might be willing to consider an increase, he came under withering fire from liberal activists. Two days later, he backed away from his support in a statement filed with the Huffington Post, a liberal blog.

Last week, Reid and House Speaker Nancy Pelosi (D-San Francisco) sent a letter to Bush opposing the troop increase and calling instead for a phased withdrawal. But they did not say what, if anything, Congress would do to force his hand.

Liberal activists have looked to other Democrats to be less cautious. Sen. Edward M. Kennedy (D-Mass.) introduced a bill Tuesday that would prohibit paying for an increase in U.S. troops unless Congress voted to approve it. Rep. Dennis Kucinich (D-Ohio), a Democratic presidential candidate, Monday outlined his "comprehensive exit plan" and criticized party leaders.

"Democratic leaders well understand we regained control of the Congress because of the situation in Iraq," Kucinich said. "However, two months later, the Congress is still searching for a plan."

Liberal activists are plotting ways to keep up the pressure. Win Without War, a coalition of antiwar groups, is urging people to go to a website, www.americasaysno.org, to locate demonstrations to be held 24 hours after Bush's speech. Website visitors can download protest signs saying: "NO!"

The group also is urging war critics to confront members of Congress in their home districts when they return in February for the first recess.

Tom Andrews, a former Democratic congressman from Maine who heads the coalition, said that how the Democratic presidential contenders respond will be key to how liberals assess the field.

"We want true leaders to take the president on head on," said Andrews. "How political figures respond to this challenge is going to be a key barometer."

MoveOn.org, meanwhile, is planning a series of radio and television ads attacking lawmakers who support the Iraq war and its expansion.

Matzzie said the first ads will target Sen. John McCain (R-Ariz.) — the GOP presidential front-runner in many polls who has long called for a troop increase — and will air in states that hold early presidential primaries and caucuses. Later ads also will criticize Democrats, such as Boyda, who stray from antiwar orthodoxy.

Just hours before she was sworn in, Boyda said on ABC that she would support funding for a troop increase because Bush, not Congress, had the authority to make the decision. "I think we're going to vote to support what the commander-in-chief and head of the military asks," said Boyda, who won an upset victory over a Republican incumbent in a conservative-leaning district.

Her staff did not respond to a request for comment.

Her statement on television was met with angry responses on the website of the Lawrence Journal-World.

"As a constituent who gave money to and campaigned for Nancy Boyda, my disappointment is deep and real," said one correspondent. "Boyda will be a one-termer if she does not get this one right."

Kennedy Opposes Money For Troop Boost (USAT)

By Kathy Kiely

USA Today, January 10, 2007

WASHINGTON — On the eve of President Bush's announcement of a new Iraq policy, Sen. Edward Kennedy put Congress on a collision course with the White House by proposing legislation that would deny Bush money for sending more troops to the war unless the president gets "clear and specific new authorization" from Congress.

Bush will address the nation Wednesday night to present a new war strategy that is expected to include sending 20,000 additional troops to the war-torn country.

As a senior member of the Senate Armed Services Committee, Kennedy has been a leading voice of opposition against the war in Iraq and has called for a political solution to the conflict.

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"The American people sent a clear message in November that we must change course in Iraq and begin to withdraw our troops, not escalate their presence," the Massachusetts Democrat said in remarks at the National Press Club. "The way to start is by acting on the President's new plan."

He called any escalation of troops "an immense new mistake."

But Kennedy said it was not enough to "simply speak out" against an increase in troops "we must act to prevent it."

The wording of Kennedy's bill is blunt: "President George W. Bush should not be permitted to increase the number of United States troops in harm's way in the civil war in Iraq without a new authorization from Congress that reflects the reality on the ground in Iraq."

Kennedy said Rep. Edward Markey, D-Mass., will introduce similar legislation in the House.

Kennedy said his bill would not affect soldiers already in the field, but is aimed at any increase in troops.

"The best immediate way to support our troops is by refusing to inject more and more of them into the cauldron of a civil war that can be resolved only by the people and government of Iraq," he said.

White House press secretary Tony Snow, without specifically addressing Kennedy's charges, said today the president "understands there is a lot of public anxiety" about the war. Yet he said that Americans "don't want another Sept. 11" type of terrorist attack and it is wiser to confront terrorists overseas in Iraq and other battlegrounds rather than in the United States.

Democrats, while generally opposing Bush's Iraq policy, are divided over how to use the budget process to pressure Bush over Iraq. Under the Constitution, the president has broad war-making powers, while Congress controls spending.

Senate Majority Leader Harry Reid, D-Nev., says Democrats will "look at everything" in their power to curb the war short of cutting money for troops already in the field.

Sen. Joe Biden, D-Del., said Sunday on NBC's Meet the Press that attempts by Congress to "micromanage" the president's role as commander-in-chief might be unconstitutional.

Sen. Carl Levin, D-Mich., the new chairman of the Armed Services Committee, said he would only consider an increase in U.S. forces in Iraq if Bush agreed to start withdrawing troops within six months.

"We've got to focus the attention of the Iraqis on their responsibility for their own country," Levin told the Detroit Free Press. "The only way to tell them is that we're going to redeploy our forces in 4 to 6 months."

After meeting with the president on Monday, several senators, including Sen. Kay Bailey Hutchison, R-Texas, said the plan calls for sending 20,000 extra troops to Baghdad and the western Anbar province, a base of the mostly Sunni insurgency and foreign al-Qaeda fighters.

Senators who attended the White House briefing indicated that the increase in troops would be to "benchmarks" that the Iraqi government must meet. These include sending more Iraqi troops to Baghdad and reaching a political settlement that will including sharing the nation's oil resources, particularly with the minority Sunnis.

The senators said the president expressed confidence that the Iraqi government could meet the benchmarks, but several of the senators remained skeptical.

"We've had these benchmarks before and to no avail," Sen. Olympia Snowe, R-Maine, said after the meeting. "Why should we increase our exposure to risk?"

But whether Snowe and other GOP skeptics of Bush's plan, including Gordon Smith of Oregon and Sen. Susan Collins of Maine, will agree to Kennedy's plan is doubtful.

"It would be a dishonorable thing for the Congress to budget away the bullets at a time when their commander in chief had ordered them to hold their place in the battlefront," said Smith.

Kennedy Proposal Uncovers Party Rift (WT)

By Jon Ward

The Washington Times, January 10, 2007

Sen. Edward M. Kennedy's proposal yesterday to require congressional approval for a troop surge was generally dismissed by fellow Democrats, revealing the deep divisions within the party over how to handle the war in Iraq.

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"I'm not going to rule it out, but we are trying to work out a resolution that would be broader and attract bipartisan support," said Senate Democratic Whip Richard J. Durbin of Illinois.

House Majority Leader Steny H. Hoyer of Maryland also cast doubt on the proposal. The Constitution's Article II, he said, "probably does" give the president authority to prosecute a war.

President Bush will address the nation at 9 p.m. today with a speech that is expected to propose an increase this year of about 20,000 troops in Iraq -- at an estimated cost of $5 billion. U.S. officials said the president will also propose another $1 billion in economic aid to Iraq and lean on friendly Arab regimes to increase their assistance to Baghdad.

Many top Democrats credit their opposition to the war in Iraq for their huge victories in November. But their party is divided between those who want to retreat as soon as possible by cutting off funding and those who want to nudge the Bush administration toward a gradual withdrawal.

Mr. Kennedy, Massachusetts Democrat, sought some middle ground that would at least hamper Mr. Bush's ability to increase the number of troops in Iraq by requiring that he first seek approval from Congress.

"There can be no doubt that the Constitution gives Congress the authority to decide whether to fund military action," Mr. Kennedy said during a speech at the National Press Club. "President Bush should not be permitted to escalate the war further and send an even larger number of troops into harm's way, without a clear and specific new authorization from Congress."

Jennifer Crider, a spokeswoman for House Speaker Nancy Pelosi, told reporters last night that "the House will vote on the president's proposal" for a troop surge, although she provided no details.

Although Democrats on Capitol Hill have roundly criticized Mr. Bush's proposal even before it has been made, they are unlikely to go along with Mr. Kennedy's plan.

Senate Majority Leader Harry Reid said yesterday that he hopes to round up nine Republicans who might sign their names to a bipartisan resolution that would express disapproval of a troop surge but would have no concrete effect on policy.

"If there is a bipartisan resolution ... the president is going to have to take note of that," said Mr. Reid, Nevada Democrat. "That's the beginning of the end as far as I'm concerned."

Mr. Kennedy's proposal, Mr. Reid said, "is an idea, and we'll certainly look at it in an intelligent way."

Democratic Sens. Joseph R. Biden Jr. of Delaware, Carl Levin of Michigan and Jack Reed of Rhode Island were crafting the resolution yesterday afternoon, Mr. Reid said, adding that he hopes to bring the resolution to the floor next week.

Sen. Charles E. Schumer, New York Democrat, and Mr. Reed will hold a press conference today with retired Gen. Wesley Clark, to call on the president "to end our open-ended commitment in Iraq."

But not even Mr. Kennedy's proposal, however, goes far enough to please hard-line war opponents.

Rep. Dennis J. Kucinich of Ohio on Monday called for Mr. Bush to withdraw all troops from Iraq and close all military bases there.

"A U.S. declaration of an intention to withdraw troops and close bases will help dampen the insurgency which has been inspired to resist colonization and fight invaders," he said in his announcement.

In addition, peace activist Cindy Sheehan and a group of protesters last week drove Rep. Rahm Emanuel, Illinois Democrat, from his own press conference and then demanded that Mrs. Pelosi block funding for the war.

"We are the ones that put them in power, and they are not including the peace movement. ... It needs to be at least included in the discussion," Mrs. Sheehan said.

But Mr. Kennedy said that trying to use the appropriations process against any troop surge is a losing strategy.

"The horse will be out of the barn by the time we get there," Mr. Kennedy said.

He said that by the time an appropriations request is submitted later this month or in early February and by the time Congress responds six weeks later, "the troops will already be there."

"And then we'll be asked: 'Are we going to deny the body armor to the young men and women that are over there?' ... We have to take the action now ... or it's going to be a lot of meaningless statements and comments," Mr. Kennedy said.

Mr. Kennedy's proposal states that the 2002 vote to authorize force in Iraq no longer applies to the current conflict and is therefore no longer binding.

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White House spokesman Tony Snow said at a midday briefing that he had not seen Mr. Kennedy's proposal, but said that "the debates continue to be conducted in a vacuum, [in] anticipation that the president's going to say something."

"It makes more sense to wait until the president lays out not only military but also diplomatic, economic and other actions that he intends to take," Mr. Snow said.

Bush Warns Democrats About Effects Of Troop Pullout From Iraq (WP)

By Glenn Kessler And Jonathan Weisman

The Washington Post, January 10, 2007

President Bush gravely warned House Democrats yesterday that America's credibility would be shattered if the United States pulled its troops from Iraq, forcing close ally Saudi Arabia to look elsewhere for protection and potentially destabilizing Egypt, the region's most populous country, according to participants in the meeting.

But Democrats in both the House and the Senate signaled that they will actively oppose his plan to send several additional U.S. combat brigades to Iraq, the first of which -- made up of about 3,500 troops from the 82nd Airborne Division -- could move relatively quickly into position from its current assignment in Kuwait. Bush's decision, which he will announce in a speech tonight, is rapidly becoming the first test of wills between the Republican president and the new Democratic-controlled Congress.

Senate Majority Leader Harry M. Reid (D-Nev.) said the Senate will debate and vote next week on a resolution opposing any increase in U.S. troop strength in Iraq. He predicted that the resolution will pass with overwhelming support from Democrats and Republicans alike.

"If there is a bipartisan resolution saying, 'We don't support the escalation of the war,' the president's going to have to take note of that," Reid said. "I think that's the beginning of the end, as far as I'm concerned."

Bush did not say during the half-hour meeting with Democrats where else he thought Saudi Arabia would seek "protection," but he made it clear that he was simply informing Democrats of his decisions on Iraq, not consulting with them. He said that he understands the challenges and thinks his plan has the best chance of success.

"He's made his decision," said Rep. Ellen O. Tauscher (D-Calif.). "He's going to put in more troops."

The House Democrats included Armed Services Committee Chairman Ike Skelton (Mo.), intelligence committee Chairman Sylvestre Reyes (Tex.), Foreign Affairs Committee Chairman Tom Lantos (Calif.), Energy and Commerce Committee Chairman John D. Dingell (Mich.), Rep. Norm Dicks (Wash.), Rep. Jane Harman (Calif.) and Rep. Robert E. Andrews (N.J.).

Vice President Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and White House Chief of Staff Joshua B. Bolten attended the meeting. Tauscher said that Cheney emphasized his concerns about Saudi Arabia.

The White House said that Bush also briefed the leaders of Australia, Britain and Denmark -- all of which have combat units in Iraq -- on his plans.

The State Department announced yesterday that Rice will leave for the Middle East and Europe on Friday in another U.S. effort to revive Israeli-Palestinian peace efforts and to seek Arab help to stabilize Iraq. The Saudis have pressed for greater U.S. involvement in restarting the moribund peace process. Rice will visit Israel, the Palestinian territories, Jordan, Egypt, Saudi Arabia, Kuwait, Germany and Britain.

Sen. Edward M. Kennedy (D-Mass.) and Rep. Edward J. Markey (D-Mass.) will introduce legislation that goes significantly further than Reid's plan. Under Kennedy's and Markey's bill, Congress would have to approve any additional troop deployments and any additional funding for the president's plan.

"Congress must have a genuine debate over the wisdom of the president's plan," Kennedy said in a speech to the National Press Club. "Let us hear the arguments for it and against it. Then let us vote on it in the light of day."

A top Senate Democrat said that he does not expect any attempt to stop the flow of funds for the Iraq war. "We're not going to cut off funding to the troops," said Sen. Carl M. Levin (Mich.), the new chairman of the Senate Armed Services Committee. "No one wants to do that."

But, he said at a breakfast with a group of defense reporters, other steps might be taken. For example, he said it is possible that Congress might impose a cap on the number of U.S. troops in Iraq, or pass a resolution requiring the president to seek congressional approval for troop increases, or require that any increase be linked to a long-term plan for troop reductions.

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Levin expressed concern that the president might have the rhetoric of change in his speech without actually taking the steps necessary to force change. "What are the consequences if they don't meet the milestones?" he asked, referring to the Iraqi government.

Meanwhile, a senior official said the administration is struggling to keep a supplemental budget request for Iraq and Afghanistan under $100 billion, as promised. Defense budget analysts outside the administration say a 20,000-troop increase for Iraq could add $6 billion to $10 billion to the 2008 budget, depending on the form it takes.

Staff writers Thomas E. Ricks and Lori Montgomery contributed to this report.

Baghdad Sees Heaviest Fighting In Months (LAT)

By Louise Roug

The Los Angeles Times, January 10, 2007

BAGHDAD — In fierce, day-long fighting, 1,000 American and Iraqi troops assisted by U.S. attack helicopters and warplanes battled gunmen in a Sunni Arab downtown neighborhood Tuesday, killing at least 51 militants, according to Iraqi officials.

The offensive, the heaviest fighting in the capital in months, came in response to a buildup of insurgents in the Haifa Street neighborhood adjacent to the highly fortified Green Zone government complex. Sunni gunmen had erected fake checkpoints in recent days, residents said, and in one case, pulled out passengers from a minibus, killing them and stringing their bodies from electricity poles.

American airstrikes continued through the day and plumes of smoke rose over the neighborhood while explosions and shooting echoed through the streets. Snipers fought back from high-rise apartment buildings, supporting fellow insurgents armed with machine guns, rocket-propelled grenades and mortars.

Troops went door-to-door, searching for militants. No U.S. or Iraqi troops were killed, nor were any civililans, Iraqi officials said.

The bloody fighting broke out a day before President Bush was expected to announce the deployment of at least 20,000 more U.S. troops to Iraq, and underscored some of the possible challenges of an escalation of American troops in Baghdad. Some military commanders believe violence could actually increase with more American troops in the capital. Army Gen. John P. Abizaid, who is retiring soon as the top American commander in the Mideast, has opposed troop increases in the past in part because he has argued that they offer more targets for insurgents. Rather than increasing the feeling of security, additional troops can add to the feeling of chaos, in Abizaid's view, if insurgents set off bombs every time an American convoy moves through.

Advocates of a troop increase maintain that a larger U.S. force, especially in urban areas like Baghdad, could deter insurgents and armed Shiite militias through the visible presence of heavily armed Americans who could also respond quickly to hostile action.

Just last week, Iraqi Prime Minister Nouri Maliki and a top U.S. military commander on the ground announced a new plan to secure the capital. But past plans, including the most recent dubbed "Together Forward" have failed -- in part because rebels tend to regroup elsewhere and return once the troops have left, making the American military's efforts akin to a game of "whack-a-mole," critics say.

The Haifa Street neighborhood, where Saddam Hussein had once given away free real estate to army officers and party officials, emerged after the U.S.-led 2003 invasion as a place of visible and widespread resistance. For a while, locals openly flew black flags, declaring holy war against the Americans. Then known as "Purple Heart Boulevard" because of a high number of U.S. casualties, Haifa Street was declared a success story by President Bush in late 2005 after elite Iraqi security forces brought down the number of attacks. At the time, American and Iraqi troops established a presence on the streets, prompting a clean-up of the area. Potholes from bombs and mortars were filled and violence ebbed.

Iraqi government forces were left responsible for maintaining order in the neighborhood but could not effectively do so on their own.

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In the course of the last year, rebels regrouped in and around this three-mile stretch of road cutting through central Baghdad. Last week, police recovered 27 bodies dumped near a cemetery as militants flooded the neighborhood from other parts of the city.

Then, on Sunday, a security guard said a sniper holed up at a local mosque killed two of the guard's colleagues. The following day, gunmen roamed the streets, distributing leaflets threatening to kill anyone who might enter the area, according to another witness.

When Iraqi security forces tried to clear out the neighborhood, the rebels fought off the troops, according to Iraqi officials and locals.

Shortly before dawn on Tuesday, American and Iraqi troops swarmed the neighborhood, closing it off. Soon, streets were deserted as militants took up their positions and anxious residents stayed at home.

American aircrafts then targeted gunmen in the streets and snipers on the roofs, witnesses said.

"I saw with my own eyes a vehicle filled with gunmen carrying different weapons and rocket launchers," said Abdullah Jassim, one of the few Shiites in the area. "A few moments later, the car was torn to pieces by an air strike, setting the vehicle ablaze and killing all those who were inside."

Jassim, a 37-year-old shop owner who decided to leave the neighborhood as the fighting intensified Tuesday , said Americans bombed at least one well-known hideout used by insurgent snipers.

On Tuesday, Lt. Col. Scott Bleichwehl,) a U.S. military spokesman, said the joint campaign along Haifa Street will "continue until this area is secured."

Iraqi government spokesman Ali Dabbagh, meanwhile, expressed support for more American troops in Iraq.

"The goal is to protect Baghdad and other areas," he told reporters. "If this is going to be achieved by an increase in friendly coalition forces, we have no objection."

The bitter civil war between Sunnis and Shiites combined with a stubborn insurgency directed at the Americans, has made the streets of the capital increasingly lawless, costing tens of thousands civilian lives.

A 43-year-old Sunni woman who asked to be identified as Um Wissam said she feared the gunmen and had stopped sending her children to school. Still, the raid Tuesday made her feel even less safe.

"We don't know if we will survive this," she said. "When this operation is finished, I will leave Haifa Street for good. We can't live here anymore."

Throughout the morning Tuesday, residents could hear the thunderous explosions of the aerial assault.

"I said to myself --'we are going to die,'" shop owner Jassim said. "Our houses are kind of old and they can be destroyed easily."

He also feared the militants might kill him and his family and so he decided to leave.

"We couldn't leave at the morning because the clashes were very intense," he said. Eventually, however, he and his family made it to a relative's house in another part of town.

"We're really afraid," said Raad Radhi, a 50-year-old Sunni merchant. "All the windows in our buildings and the neighboring ones were completely smashed because of the bombings."

In one apartment, Radhi said, troops harassed an elderly Syrian teacher living with his son, a college student.

Maj. Gen. Ibrahim Shaker, a spokesman from the Ministry of Defense, said 51 suspected insurgents were killed and 21 others -- including three Syrians and a Sudanese -- were captured.

Violence also continued unabated elsewhere in Iraq. At least 40 bodies were found in various parts of Baghdad. North of the capital in the troubled Diyala Province, U.S. forces pounded palm groves and canals with artillery and gunfire as a joint offensive with Iraqi forces entered its sixth day.

Another 1,000 U.S. and Iraqi forces have swept through over 200 square kilometers of rich farmland and isolated hamlets, zeroing in on a vast network of tunnels, spider holes and canals they say has become a safe haven and training ground for Sunni Arab rebels.

At least 74 suspected insurgents have been killed since that offensive began, according to the U.S. military. Troops have also found at least 14 weapons caches, commanders said.

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"We could stay here for eternity," said Lt. Col. Andrew Poppas, commander of the 5th Squadron, 73rd Cavalry, as he toured the battlefield, smoking cigars. "We've got the capability to wait out anybody."

The U.S. military on Tuesday announced that an American soldier assigned to 3rd Brigade Combat Team, 1st Cavalry Division, died Tuesday from gunshot injuries sustained during the fighting in Diyala.

Near the city of Kut, a shepherd was killed when he stepped on a land mine close to the Iranian border. Another man was found slain, handcuffed and blindfolded, in the river near that city.

Because of the bloodshed, Iraqis are fleeing their homes in record numbers. As many as one in eight Iraqis have been displaced, making it the biggest refugee problem in the region for almost 60 years, according to the United Nations.

U.S. And Iraqis Hit Insurgents In All-Day Fight (NYT)

By Marc Santora

The New York Times, January 10, 2007

BAGHDAD, Jan. 9 — More than 1,000 American and Iraqi troops, backed by Apache attack helicopters and fighter jets, battled insurgents all day Tuesday and late into the night in downtown Baghdad, in one of the most dramatic operations in the capital since the invasion nearly four years ago.

The fighting raged less than 1,000 yards from the heavily fortified Green Zone, which houses both the American command and the Iraqi government. It was the latest episode for the troubled neighborhood around Haifa Street, where major campaigns have repeatedly been initiated to rid the area of insurgents, only to have them re-infiltrate.

Iraqi officials said that at least 50 militants were killed Tuesday, but the Americans said they could not provide a count.

Problems in other contested areas across Baghdad came to a crisis point in the fall, causing American commanders to abandon a major push to regain control of the city, and setting off a policy review that led to the changes President Bush will announce in a speech to the nation on Wednesday night.

The president is widely expected to call for 20,000 to 30,000 more soldiers in Iraq, with many coming to Baghdad to help quell the sectarian fighting.

American commanders have said the strategy will emphasize an evenhanded approach in Sunni and Shiite neighborhoods, something that they acknowledge has evaded them as they have worked with Iraq's Shiite-led government in recent months.

The fighting on Haifa Street, a broad two-mile boulevard that cuts through the heart of the capital, began nearly a week ago as an attempt to secure the safety of citizens caught in the middle of the fighting and ended with pitched battles in the street. It is a reminder of how difficult the Baghdad mission will be.

The American crackdown on Tuesday came on the fourth day of intense fighting in the neighborhood of tightly packed, high-rise apartment buildings that was the home of many top-ranking government officials and Baath Party loyalists while Saddam Hussein was in power. American soldiers continued to patrol the area through the night, and an American military spokesman said they would stay there until the situation was firmly under control. Gunfire and explosions could be heard in the neighborhood well after sunset.

An American military officer familiar with the operation said that it was part of an effort to stabilize Baghdad, but was not directly linked to the president's new security plan.

However, the location of the fight has particular significance.

Nearly two years ago, after much bloodshed and toil, the American military wrested control of the area from insurgents.

Haifa Street, the neighborhood's main thoroughfare, used to be called Purple Heart Boulevard by American soldiers. More than 160 soldiers from the First Battalion of the Ninth Cavalry were wounded trying to secure the area. By the spring of 2005, they had largely done so, and it was trumpeted as a signal success.

Tuesday's operation, directed by elements of the Stryker Brigade of the First Cavalry Division and Iraqi Sixth Army Division, occurred after a series of events that, taken together, demonstrated the complexity of the fight for American forces and the maze of competing interests they are trying to navigate.

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It also suggests that even if the Americans try to deal evenhandedly with Shiite militias and Sunni insurgents, which is expected to be a central theme of President Bush's plan, their efforts could end up inadvertently benefiting one party or the other.

Shiites are clearly ascendant throughout Baghdad, systematically taking over Sunni neighborhoods, often using the intimidation of death squads to achieve their goals. But the area around Haifa Street has remained a Sunni bastion.

For the past two years, it has been relatively quiet, but in recent months, as the sectarian fighting has intensified, Iraqi and American military officials suspected it was being used as a base of operations for insurgents concentrating on the Shiite civilian population and American forces.

The violence in the area started to increase markedly after the recent arrest of a senior member of the leading Shiite militia group, the Mahdi Army, who had been operating near the area, according to an American military official.

The arrest, the official said, created an opening for Sunni insurgents, and they began aggressively singling out Shiites who had relocated south from the neighborhood of Kadhimiya, the official said.

On Saturday, 27 bodies were dumped in the Sheik Marouf neighborhood on Haifa Street. They were Shiites, four with their throats slit and the rest shot in the head, according to an Iraqi government official.

When the Iraqi police went to investigate and collect the bodies, they were attacked, according to witnesses and government officials. The Iraqi Army was called in and was also attacked, so finally the Americans were called in.

For residents, the situation was already bleak and getting worse, with no electricity for days and armed men taking control of lawless streets.

But the Sunnis in the area were still hostile to the Iraqi security forces, largely viewed as agents of the Shiite-led government.

"People were disgusted and were enraged by the activity of the security forces," one resident said.

Late Saturday night, Iraqi government officials and witnesses said that Sunni insurgents had set up a fake checkpoint and were pulling Shiites from their cars and executing them, even, some claimed, stringing three bodies from lampposts.

"Some of my friends told me they saw some of the bodies hanging from lampposts," said Jabbar Obeid, 39, who lives in the area.

American officials said Tuesday that while many people were being executed in the area, they found no evidence of people being hanged on lampposts. Many Sunni residents said the claims were nonsense, and had been aimed at inciting more sectarian violence.

On Sunday, Sunni organizations and politicians began condemning the government's security clampdown.

"Day after day, the sectarian crimes against the Sunnis in their neighborhoods in Baghdad are continuing," said Adnan Dulaimi, a member of the largest Sunni bloc in Parliament. The government's actions over the weekend were a "barbarian attack" aimed at clearing the neighborhood of Sunnis, he said in a statement.

In fighting in the neighborhood on Sunday, eleven Iraqi Army soldiers were killed when they ran out of ammunition, Iraqi officials said.

American military officials said that by then they already had solid evidence to suggest that Sunni insurgent leaders were using the neighborhood as a base of operations. They said that the fighters were organized and sophisticated, and included trained snipers and insurgents from foreign countries.

One Sunni resident, who spoke on the condition of anonymity for fear of reprisals, confirmed as much, saying that insurgents had taken over to such a degree that a top-ranking official of Al Qaeda had even seized control of the Rafadin bank, set up an Islamic court and began handing out death sentences.

The American and Iraqi forces completed their assault plans at 4 a.m. Tuesday, and before dawn began approaching Haifa Street from different locations around the city, swiftly closing in on Talaa Square in the center of the neighborhood.

About 6:30 a.m. they had reached the square and began arresting suspects. In all, American and Iraqi officials said, they would take some 15 people into custody, including 7 Syrians. Nearly as soon as they began making arrests, they came under heavy bombardment from small-arms fire, rocket-propelled grenades and indirect fire, probably mortars, according to an American military official. As the fighting intensified, insurgents began moving to the rooftops in order to shoot at the armored American attack vehicles on the roads below.

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To deal with the gunmen on the rooftops, rather than fighting for control of entire buildings, the Americans called in Apache helicopters and fighter jets, the official said.

The neighborhood is densely packed, making it difficult to strike targets from the air, and the fighter jets were used to "make a show of force," according to the military official, in an attempt to frighten the gunmen from the rooftops.

For more than an hour on Tuesday morning, the fighter jets could be seen sharply dropping below the cloud cover, swooping low over the neighborhood's roofline, engines roaring, and then pulling up steeply and zooming out of sight, high into the sky.

Meanwhile, the Apaches attacked the insurgents' positions, unleashing a barrage of fire that rocked the neighborhood for hours.

Ali Housin, 56, a resident, said he saw the helicopters direct fire at a cemetery where insurgents were hiding, the resulting explosions blowing out the windows of his home.

Shortly after noon, the aerial assault had largely ended, but scattered clashes continued and could be heard late into the night. Residents reported American armored vehicles patrolling the streets after dark and Iraqi Army soldiers moving to secure control of the rooftops.

The Americans reported no casualties, and early reports indicated that two soldiers in the Iraqi Army had been wounded.

American officials insisted that the information they had on the insurgents in the area was very detailed, and that they had been careful to try to ensure that they were not being used as pawns by the Shiite-dominated government, emphasizing that in recent days they had conducted similarly aggressive raids in Shiite neighborhoods.

'Saturation' Attack On Iraq Insurgents (FT)

By Steve Negus

Financial Times, January 10, 2007

Fierce fighting broke out in the central Baghdad district of Haifa Street on Tuesday as US and Iraqi forces moved in against insurgents, in an area once viewed as a showcase for the ability to control Baghdad neighbourhoods, by "saturating" them with military forces.

The battles, in which US and Iraqi ground forces were supported by helicopters and fighter jets, reportedly left at least 50 insurgents dead, and came hours before George W. Bush, US president, was set to announce a plan for Iraq that is expected to feature a "surge" of as many as 20,000 new US troops.

The district, a primarily Sunni Arab area that is virtually adjacent to the heavily fortified Green Zone, was a base for insurgents until a series of operations in early 2005, after which US troops withdrew and Iraqis took the lead in patrolling it.

The scale of Tuesday's fighting suggests that Sunni militants were able to move into the district again in force.

It typifies the shifting nature of the insurgent presence in Sunni communities, in which guerrillas are driven out as US force levels go up and return as force levels fall, and leaves open the question of what a short-term increase in the number of US troops in Iraq can accomplish.

Increased troop concentrations mean more patrols to disrupt insurgent activity, more observation points to monitor areas where guerrillas might gather, more checkpoints at which fugitives might be caught, and other benefits.

The Iraqi government has reacted cautiously to the possibility of a "surge" in US troops, emphasising that they want more control over Iraqi forces, most of which answer to a US or British chain of command.

"We are looking [out] for the Iraqi interest. If it comes from an increase in troops, whether Iraqi or multinational forces, we welcome that. But there should be more control, more [authority] for Iraqis on the security issue . . . That is what we agreed with the Americans," said Ali al-Dabbagh, government spokesman .

But the reaction of ordinary Iraqis to increased US forces appears to be largely determined by where they live, and to which sect they belong. Sunni civilians regularly say that they want US troops to protect them against Shia militias, while Sunni politicians say they oppose US withdrawal for fear they will be left at the mercy of a largely Shia military.

Citizens of mixed areas may also welcome an increased US troop presence to deter the rival armed groups that turn their streets into battlefields.

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On the other hand, any deployment into predominantly Shia areas such as Sadr City, where the US military treads lightly and many inhabitants believe militias such as the Mahdi Army to do a better job protecting them than the authorities, would probably spark a backlash.

The surge that Mr Bush is expected to propose – reportedly increasing the 132,000-strong contingent in Iraq by as much as 20,000 – is unlikely to be on a scale that would allow more long-term "saturation" of dangerous areas.

Still, the short-term suppression of sectarian violence might allow Iraqis and Americans to pursue other goals aimed at undercutting the insurgency: building up state institutions such as the army and police, reaching a political deal between Sunni and Shia communities, and reducing unemployment.

Iraq's army, although hamstrung by administrative problems and poor morale, does appear to be slowly becoming more capable. US officers say that they will hand over full control over Iraqi units and provincial security to Iraqi officials by the end of this year.

However, the army is less suited to gathering intelligence key to counterinsurgency than the police, who are corrupt, politicised, and ineffective even in parts of the country such as the southern city of Basra.

50 Insurgents Slain In Baghdad Raids (WT/AP)

By Steven R. Hurst

The Washington Times, January 10, 2007

BAGHDAD -- U.S. jets screamed low over the capital and helicopter gunships swooped in to pound a central Baghdad battleground yesterday, supporting Iraqi and American troops in a daylong fight that officials said killed 50 insurgents in a militant Sunni Arab stronghold.

The battle raged on Haifa Street about 1½ miles north of the heavily fortified Green Zone -- home to the U.S. Embassy and other facilities. It was the second major confrontation on Haifa Street in the four days since Iraqi Prime Minister Nouri al-Maliki announced a new drive to rid Baghdad of sectarian fighters.

The U.S. military said about 1,000 Iraqi and U.S. soldiers carried out "targeted raids to capture multiple targets, disrupt insurgent activity and restore Iraqi Security Forces control of North Haifa Street."

"This area has been subject to insurgent activity, which has repeatedly disrupted Iraqi Security Force operations in central Baghdad," said a statement quoting Lt. Col. Scott Bleichwehl, a spokesman for Multi-National Division Baghdad.

He said the U.S. jets did not conduct any air strikes, but "attack helicopters were used to engage targets in support of the ground forces."

Col. Bleichwehl said no American or Iraqi soldiers were killed. He did not address the number of militants killed, while the Iraqi Defense Ministry reported 50 deaths among insurgents.

Elsewhere yesterday, Iraqi police reported finding 52 bodies dumped in three cities, 41 of them in Baghdad, all apparent victims of sectarian reprisal killings.

North of Baghdad, a cargo plane carrying mostly Turkish workers crashed as it apparently tried to land at a U.S. air base in bad weather, killing 34 persons, Iraqi and Turkish officials said. The Turkish Embassy said one Turk survived, but was severely injured.

An Iraqi security official at Baghdad's airport said an Antonov cargo plane crashed near Balad, 50 miles north of the capital. The official said it was not clear whether the aircraft had mechanical problems or was shot down.

A Turkish Foreign Ministry official said initial reports indicated that the plane went down because of bad weather and heavy fog.

At a Saturday ceremony marking the 85th anniversary of the founding of the Iraqi army, Mr. al-Maliki vowed to strike at the Shi'ite and Sunni extremists responsible for the sectarian warfare that has bloodied the country in the past year.

Within hours of the speech, the Iraqi military said 30 militancy suspects were killed in the Haifa Street area after police discovered 27 bodies dumped there, most of them with gunshot wounds in the head and signs of torture. U.S. forces joined the battle after the Iraqi army called for backup.

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Yesterday, Mr. al-Maliki confirmed in a television interview that he had rejected a request from U.S. Ambassador Zalmay Khalilzad for a delay of up to two weeks in ousted dictator Saddam Hussein's execution because "we did not want to keep a door open for trouble."

"We did not want the families of the victims to go out and demonstrate," he said.

The hanging led to a global outcry after a video appeared on the Internet showing Saddam being taunted in his final moments.

U.S. Airstrikes Back Troops In Baghdad Clash (WP)

By Sudarsan Raghavan And Joshua Partlow

The Washington Post, January 10, 2007

BAGHDAD, Jan. 9 -- With F-15 fighter jets and Apache helicopter gunships providing cover, U.S. and Iraqi troops on Tuesday battled hundreds of Sunni Arab insurgents firing from apartment buildings and houses in downtown Baghdad in one of the fiercest clashes in the capital in recent memory.

"It was the most intense combat I have ever seen," said Maj. Jesse Pearson, operations officer for the 1st Battalion, 23rd Infantry Regiment, Stryker Brigade, on his third tour in Iraq. "We were in a fight for 11 straight hours."

Along Haifa Street, a desolate, mostly Sunni Arab enclave of residential buildings and shops, more than 1,000 U.S. and Iraqi troops descended early Tuesday to retake the insurgent stronghold. The larger goal was to reassert the authority of the U.S.-backed Iraqi government, weakened by sectarian and political divides and a failure to stem Iraq's violent slide.

Instead, the troops encountered strong resistance as the well-organized insurgents appeared determined to protect their turf or fight their way out, surprising U.S. soldiers who fought in the battle. By evening, as many as 50 insurgents had been killed, Iraqi officials said, while 21 others, including several foreign fighters, were captured, but only after the use of massive U.S. firepower and technology. No American or Iraqi troops were killed, although some suffered light injuries, U.S. military officials said.

With President Bush scheduled to unveil his new strategy for Iraq on Wednesday, the battle on Haifa Street points to the nature of the conflict U.S. forces could face in the weeks and months ahead. U.S. generals and the government of Iraqi Prime Minister Nouri al-Maliki view the taming of Baghdad as vital to the stability of Iraq. But the capital has become polarized more than ever along sectarian lines, with entire neighborhoods in the grip of either Sunni insurgents or Shiite militias.

"All sides are getting more desperate to enforce their will and increasingly they are capable of doing that," said Sgt. Israel Schaeffer, who is on his second tour in Iraq. "It's a pivotal point in the conflict."

"This is obviously their home turf," Pearson said. "They didn't like the idea of government forces entering their territory."

On Saturday, Maliki announced a new Baghdad security plan in which Iraqi forces, with U.S. assistance, will lead the effort to expel militant fighters from neighborhoods. Maliki and other Shiite leaders view Sunni insurgents as the root of the violence infecting Iraq. But Sunni politicians have accused the Shiite-led government of bolstering the power of Shiites at the expense of Sunnis.

Sunni legislator Khalaf al-Alayan, in an interview on al-Jazeera television, described the fighting on Haifa Street as a way to "clean Baghdad of the remaining Sunni elements." Alayan said he had contacted organizations such as the Arab League and the United Nations in hopes of stopping "these massacres that the Sunnis are subjected to."

In a statement, the Sunni Iraqi Islamic Party described the 50 killed as "innocent citizens." It asserted that Sunnis on Haifa Street were "under siege" by Shiite militias backed by the Iraqi army.

The fighting in the area began four days ago, when Iraqi soldiers killed 30 insurgents after uncovering what was described as an unauthorized checkpoint, according to a Defense Ministry spokesman. Pearson said Iraqi army commanders asked for U.S. assistance after insurgents killed several Iraqi soldiers two days ago.

"What you're seeing is a continuing effort to bring down the levels of sectarian violence," said Lt. Col. Scott Bleichwehl. "It's an ongoing effort to go after militias that have the intent to subvert the Iraqi government."

At 3:30 a.m. Tuesday, about 400 U.S. troops from the Stryker Brigade rolled toward Haifa Street, meeting up with Iraqi army units along the way.

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They arrived about 5:30 a.m. In the pre-dawn darkness, the joint forces took control of the buildings surrounding Tallil Square, a key target of the operation.

"We showed up in their living room for breakfast," Pearson said. About 7 a.m., the trouble began. "As soon as the sun came up, the insurgents began shooting," he said.

"We started taking it from all sides," Schaeffer recalled.

From rooftops and doorways, the gunmen fired AK-47 assault rifles and machine guns. Snipers also were targeting the U.S. and Iraqi soldiers. U.S. soldiers started firing back with 50-caliber machine guns mounted on their Stryker armored vehicles. They used TOW missiles and Mark-19 grenade launchers. The F-15 fighter jets strafed rooftops with cannons, while the Apaches fired Hellfire missiles. But the insurgents kept fighting.

"They were able to coordinate mortars at us. They were able to execute well-aimed shots from the cover of buildings," said Capt. Robert Callaghan, who was coordinating air support for the operation. "There were mortar rounds that went off close to our vehicle. It was difficult to concentrate on my job."

Schaeffer was surprised. He was accustomed to the hit-and-run tactics that the insurgents typically have used over the past few months.

"We fired a TOW missile into a building," he said. "A few minutes later we started taking fire again from the building. Normally, that would have pretty much ended the whole engagement. They were fighting pretty persistently."

"The terrain was in their favor," he added. "It is about as defensible a terrain as you can get."

Still, Schaeffer said, the Iraqi forces appeared to be holding their own -- much better, he said, than in previous operations.

"It never felt like complete chaos," he said.

Building by building, U.S. and Iraqi forces moved a mile or so down Haifa Street, which weaves along the Tigris River. On every block, insurgents attacked them.

"They probably thought we had the whole area surrounded," said Schaeffer. "Which we didn't."

The soldiers said U.S. and Iraqi troops captured several insurgents in possession of gear belonging to the Iraqi soldiers killed two days ago. For the Iraqi troops, it was a special form of retribution.

"It was a big moral victory, and huge for their morale," Pearson said. "This is a statement that the Iraqi army is not going to back down."

"It was a day to remember," Callaghan said.

Also Tuesday, at least 31 people were killed when a cargo plane carrying Turkish citizens crashed while trying to land in thick fog at an airport in Balad, about 50 miles north of Baghdad, Turkish officials told news services.

On Monday, 10 days after Saddam Hussein's hanging, his trial on charges of ordering the killing of as many as 180,000 Iraqi Kurds continued without him. Prosecutors played audiotapes of Hussein's voice justifying the use of chemical weapons that would kill "thousands," the Associated Press reported.

"Kurdish people have been waiting for this moment," said Saad Barazanchi, a Kurdish legislator. "This is evidence that Saddam ordered chemical weapons to be used against the Kurds."

Special correspondents Saad al-Izzi and Waleed Saffar in Baghdad and Muhanned Saif Aldin in Tikrit contributed to this report.

Don't Give Up On Iraq Yet (WP)

By Tariq Al-Hashimi

The Washington Post, January 10, 2007

During my recent visit to Washington I found a nation fatigued by news of a faraway battle that seemed to creep closer with each fallen soldier. I found an administration wearied by infighting among an Iraqi government that seems incapable of reaching simple agreements. The chaos and sectarian destruction plaguing my people are slowly becoming just statistics in passing headlines, as we become a nation whose people spend more time each day preparing for death than for life.

Many Americans unfortunately believe that Iraq can no longer be salvaged. Even some in the Bush administration see a civil war as inevitable.

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First, both of our nations have invested too much to walk away now. If this battle is lost, the entire region could be destabilized.

Second, despite the chaos in my country, not all bridges of patriotism have been burned. Iraqis have ties to their beloved country, not only to their sects and ethnicities. Proof of this nationalism recently came from the most unlikely of venues.

During the Asian Games in Qatar last month, Iraq became quiet, if only for a few hours. Citizens united as brothers behind the national soccer team, which against all odds fought its way to the finals. The team didn't battle for a militia or a sect but for an idea -- the nation of Iraq. The players didn't win the medal but gained something far greater: They won us hope. From children on the streets to politicians to parents, we were all one, and we were all Iraqi. This tells me that all is not lost, that a deep-rooted sense of nationalism still lies within all Iraqis, and that it can and must be rekindled.

It is true that terrorism of an unparalleled nature rages in Iraq and that Iraqis are the ones killing each other on the basis of sectarian and ethnic identities. It is also true that reconstruction and economic development have ground to a halt because of the violence. And Iraqis are divided on such fundamental issues as reconciliation and how to bring about security.

Despite all the hardships, however, we Iraqis were able to raise the rudimentary pillars of our nascent democracy by writing a constitution, electing a parliament based on that constitution and granting a vote of confidence to a government through that elected parliament. It is not fair to look at Iraq as a collection of failures without identifying its successes. The birth of a new nation is not easy, but just as your nation has become a beacon for democracy, we hope that Iraq will one day do the same.

All is not lost! Eliminating regional influence is the only way to bring Iraqis back to their senses. Americans understandably find it difficult to support any strategy that prolongs the presence of your troops in Iraq. We do not want to stand in the way of your forces going home. But that decision should not be made under the pressure of car bombs and kidnappings. A precipitous withdrawal of forces would create a security vacuum in Iraq that our forces cannot yet handle -- and would therefore be filled by extremists. This does not serve the interests of Iraq or the United States.

If those soccer players taught us anything, it is that a proper strategy for eliminating sectarianism and fostering nationalism is key. Reconstituting the Iraqi Armed Services and then reforming, retraining and properly arming them must be a central component of this strategy. Another should be revising Iraq's constitution to give our central government effective powers but prevent any sort of dictatorship by the prime minister. The powers that the prime minister holds now must be revised to guarantee that all stakeholders can share in governing. Adherence to the rule of law is also central.

True reconciliation in line with what happened in South Africa and Ireland is needed for resolution of the conflict in Iraq, but that reconciliation must be free from regional stipulations. Economics is also key, as gainful employment keeps Iraqi youths away from the insurgents. All of this must be preceded by a coordinated effort to secure Baghdad, which has become a haven for militia and terrorist activity.

We need a greater focus on the militias, which kill innocent civilians and defy the government with impunity. The Pentagon recently told Congress that the militias pose more of a danger to the security and stability of Iraq than do the terrorist groups operating there. Militias do not differ from other terrorist groups; therefore, the Iraqi government and the United States must classify militias as such and must treat and fight them in the same manner as other terrorists.

A comprehensive plan is needed to save Iraq from disaster. I hope that the administration has considered these critical issues and that the new strategy effectively addresses them.

The writer is vice president of the Republic of Iraq.

Two Alliances (WSJ)

By Edward N. Luttwak

The Wall Street Journal, January 10, 2007

It was the hugely ambitious project of the Bush administration to transform the entire Middle East by remaking Iraq into an irresistible model of prosperous democracy. Having failed in that worthy purpose, another, more prosaic result has inadvertently been achieved: divide and rule, the classic formula for imperial power on the cheap. The ancient antipathy between Sunni and Shiite has become a dynamic conflict, not just within Iraq but across the Middle East, and key protagonists on each side seek the support of American power. Once the Bush administration realizes what it has wrought, it will cease to scramble for more troops

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that can be sent to Iraq, because it has become pointless to patrol and outpost a civil war, while a mere quarter or less of the troops already there are quite enough to control the outcome. And that is just the start of what can now be achieved across the region with very little force, and some competent diplomacy.

On Dec. 4, 2006, Abdul Aziz al-Hakim, head of Iraq's largest political party, went to the White House to plead his case with President Bush. The son of an ayatollah, and himself a lifelong militant cleric, Mr. Hakim is hardly a natural partner for the U.S. -- while living in Iran for 23 years he must have declaimed "death to America" on many an occasion. But as the chief leader of Iraq's Arab Shiite population, he has no choice. Each day brings deadly Sunni attacks, and just as the Sunnis are strengthened by volunteers and money from outside Iraq, the Shiites, too, need all the help they can get, especially American military training for the Shiite-dominated army and police. For President Bush, the visiting Mr. Hakim brought welcome promises of cooperation against his aggressive Shiite rival Moqtada al-Sadr as well as the Sunni insurgents. It no longer even seems strange that the best ally of the U.S. in Iraq is Mr. Hakim's party, the Sciri: the Supreme Council for the Islamic Revolution in Iraq, whose very title evokes the Iranian model of radically anti-Western theocracy.

Just as the Sunni threat to majority rule in Iraq is forcing Sciri to cooperate with the U.S., the prospect of a Shiite-dominated Iraq is forcing Sunni Arab states, especially Saudi Arabia, the Emirates and Jordan, to seek American help against the rising power of the Shiites. Some Sunnis viewed Iran with suspicion even when it was still under the conservative rule of the shah, in part because its very existence as the only Shiite state could inspire unrest among the oppressed Shiite populations of Arabia. More recently, the nearby Sunni Arab states have been increasingly worried by the military alliance between Iran, Syria and the Hezbollah of Lebanon. But now that a Shiite-ruled Iraq could add territorial contiguity to the alliance, forming a "Shiite crescent" extending all the way from Pakistan to the Mediterranean, it is not only the Sunnis of nearby Arabia that feel very seriously threatened. The entire order of Muslim orthodoxy is challenged by the expansion of heterodox Shiite rule.

Although it was the U.S. that was responsible for ending Sunni supremacy in Iraq along with Saddam Hussein's dictatorship, it remains the only possible patron for the Sunni Arab states resisting the Shiite alliance. Americans have no interest in the secular-sectarian quarrel, but there is a very real convergence of interests with the Sunni Arab states because Iran is the main enemy for both.

At this moment, it is in Lebanon that the new Sunni-U.S. alliance has become active. With continuing mass demonstrations and threatening speeches, the Hezbollah leader Hassan Nasrallah is trying to force the government of Prime Minister Fuad Siniora to give way to a new coalition which he can dominate. Syria and Iran are supporting Mr. Nasrallah, while the U.S. is backing Mr. Siniora. He has the support of the Druze and of most Christians as well, but it is also very much as a Sunni leader that Mr. Siniora is firmly resisting so far. That has gained him the financial backing of Saudi Arabia, which is funding Sunni counterdemonstrations and has even tried to co-opt Hezbollah, among other things. It was in their Arab identity that Hezbollah claimed heroic status because they were not routed by the Israelis in the recent fighting, but evidently many Sunni Arabs in and out of Lebanon view them instead as Shiite sectarians, far too obedient to non-Arab Iran. That suits the U.S., for Iran and Hezbollah are its enemies, too.

The Sunni-U.S. alignment in Lebanon, which interestingly coexists with the U.S.-Shiite alliance in Iraq, may yet achieve results of strategic importance if Syria is successfully detached from its alliance with Iran. Originally it was a necessary alliance for both countries because Saddam's Iraq was waging war on Iran, and periodically tried to overthrow the Assad regime of Syria. Now that Iraq is no longer a threat to either country, Iran still needs Syria as a bridge to Hezbollah, but for Syria the alliance is strategically obsolete, as well as inconsistent with the country's Arab identity. True, Syria is ruled primarily by members of the Alawite sect that is usually classified as a Shiite offshoot. But that extremely heterodox faith (it has Christmas and the transmigration of souls) is far different from the Shiism of Iraq, Lebanon or Iran -- where it would be persecuted; and besides, at least 70% of Syrians are Sunnis. That may explain why the Syrian regime has not used its full influence to overthrow Mr. Siniora: His stand against the Shiite Hezbollah resonates with his fellow Sunnis of Syria. But another reason may be the promise of substantial aid and investment from Saudi Arabia and the Emirates for Syria's needy economy, if the regime diminishes its alliance with Iran and Hezbollah, or better, ends it altogether. The U.S., for its part, is no longer actively driving Syria into the arms of the Iranians by threatening a march on Damascus, while even the unofficial suggestions of negotiations by the Iraq Study Group made an impression, judging by some conciliatory Syrian statements.

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The U.S.-Sunni alliance, which is a plain fact in Lebanon, is still only tentative over Syria; but it would be greatly energized if Iran were successfully deprived of its only Arab ally. At the same time, the U.S.-Shiite alliance in Iraq has been strengthened in the wake of Mr. Hakim's visit. The Sunni insurgency is undiminished, but at least other Shiite groups are jointly weakening the only actively anti-American Shiite faction headed by Mr. Sadr.

When the Bush administration came into office, only Egypt and Jordan were functioning allies of the U.S. Iran and Iraq were already declared enemies, Syria was hostile, and even its supposed friends in the Arabian peninsula were so disinclined to help that none did anything to oppose al Qaeda. Some actively helped it, while others knowingly allowed private funds to reach the terrorists whose declared aim was to kill Americans.

The Iraq war has indeed brought into existence a New Middle East, in which Arab Sunnis can no longer gleefully disregard American interests because they need help against the looming threat of Shiite supremacy, while in Iraq at the core of the Arab world, the Shia are allied with the U.S. What past imperial statesmen strove to achieve with much cunning and cynicism, the Bush administration has brought about accidentally. But the result is exactly the same.

Mr. Luttwak, a senior adviser at the Center for Strategic and International Studies, is the author of "Strategy: The Logic of War and Peace" (Belknap, 2002).

Blair: Manner Of Saddam Execution Wrong (AP)

By David Stringer

AP, January 10, 2007

British Prime Minister Tony Blair said Tuesday that the manner of Saddam Hussein's execution was completely wrong and unacceptable — his first public comments about the Dec. 30 hanging.

However, Blair told a London news conference he hoped disputes over the taunting of the former Iraqi dictator and the release of illicit video footage of the execution would not lead people to forget the gravity of Saddam's crimes.

"The crimes that Saddam committed does not excuse the manner of his execution, but the manner of his execution does not excuse the crimes," Blair said, during a joint news conference with visiting Japanese Prime Minister Shinzo Abe.

Saddam was executed for crimes against humanity for the killing of 148 Shiites in the town of Dujail after an assassination attempt against him there in 1982.

A cellphone video of the execution leaked out shortly after the former dictator was hanged. It showed some of those present in the execution chamber taunting Saddam in the final moments of his life as he stood on the gallows with a noose around his neck. It also showed the moment of his death — a scene that was left out of the official version of the execution broadcast on Iraqi television.

Blair, President Bush's chief ally in the war in Iraq, said he hoped the issues surrounding Saddam's execution would not "blind us to the crimes he committed against his own people." Saddam was responsible for the "death of hundreds of thousands of innocent Iraqis, 1 million causalities in the Iran-Iraq war and the use of chemical weapons against his own people, wiping out entire villages," he said.

The British premier had faced public criticism after choosing not to immediately comment on the execution.

Both Blair's deputy John Prescott and expected successor Treasury chief Gordon Brown had publicly criticized the hanging, but Blair declined to answer questions on the matter after returning from a holiday in Florida last week.

Fighting Words (WP)

By Peter Carlson

The Washington Post, January 10, 2007

"The man was standing 100 meters from the explosion and he said there was no explosion," Adam Tiffen says.

He's looking at his computer screen, where a photo shows him in his Army uniform, questioning a kneeling Iraqi who was captured after a roadside bomb exploded near Humvees carrying Tiffen and other soldiers from the Maryland National Guard.

"If he wasn't the triggerman, he was the spotter for the triggerman," Tiffen says. "But I had to let him go. I had nothing on him. What can you do? Iraqis have rights, too."

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Tiffen, 31, is sitting in his office at the law firm of Porter Wright Morris & Arthur, a few blocks from the White House, looking at pictures from his year in Iraq. His law degree hangs on the wall near his Bronze Star. On his desk sit a couple of souvenirs of Iraq -- a .50-caliber machine gun bullet and a hunk of shrapnel from a roadside bomb. His black crew cut matches his black suit.

"Look at me, I'm in my lawyer uniform," he says. "I'm Mr. Attorney on Pennsylvania Avenue with my degrees on the wall. And seven months ago, I was in Iraq wearing body armor and I hadn't slept in three days and I was running around the desert."

While he was in Iraq, leading a 40-man rifle platoon, he wrote a blog about his experiences. He called it "The Replacements" because, he says, "we replaced guys and then other people replaced us -- we were just in a chain, a cycle." His blog contained no editorial comments, no political messages. He just told stories about what he saw every day:

The first round explodes with a shattering crack, and I can hear shouting coming from outside the sandbagged room.

"Incoming! Incoming! Incoming!"

I leap to my feet and quickly settle my advanced combat uniform helmet onto my head. Despite the explosions and yelling coming from outside, somehow my mind registers the inconsequential thought that the helmet pads lining the inside of the helmet feel tacky from days of sweat and grime and will need to be washed.

At first the blog was just for his family and friends but soon word got out and his stories were e-mailed around and he started getting feedback from strangers: "Thank you so much for allowing us to see the human side of the war."

Armchair General, a military history Web site, printed part of his blog (http://thereplacements.blogspot.com). So did the liberal journal Mother Jones. Last October, several of his stories were posted on The Sandbox, a military blog founded by "Doonesbury" cartoonist Garry Trudeau. Last Sunday, two tiny snippets from Tiffen's stories were quoted in the "Doonesbury" comic strip.

The first read: Behind her, I can see that her daughter had tears in her eyes. I turn away from their stricken faces.

The second said: Out in the dark, a blue van stops for a second, its driver confused. The soldier raises his rifle.An Unexpected Call

"People asked me, what are you doing?" Tiffen says, laughing. "You're a nice Jewish boy. You're a lawyer, Why are you in the Army? Why are you in the infantry? Why are you in Iraq?"

When he was a kid, growing up on Long Island, his parents took him to Gettysburg and that sparked an interest in military history. "My heroes were not basketball players, they were soldiers," he says. "I thought, I want that experience. I think I wanted to test myself against those soldiers, to see how I stacked up."

He joined Army ROTC in 2000, while he was studying at George Washington University Law School. He graduated in 2003 and was commissioned as a lieutenant in the Maryland National Guard. He was working on an insider-trading case at Porter Wright when the unit he'd trained with was called up for duty in Iraq. By then, Tiffen was in another unit but he got a call from his old platoon sergeant, Thomas Thompson.

"He's the lieutenant I wanted to go to war with," Thompson says. "I called him on the phone and said, 'I need a platoon leader. Have you thought of coming back?' "

Tiffen volunteered to go. "When soldiers you respect ask you to go with them, I couldn't say no," he explains. "I couldn't stay home and wave goodbye to these guys."

They arrived in Iraq in May of 2005, assigned to an area outside Baghdad, near a town called Saba al-Bor. For a few days, the guys they were replacing showed them around.

"We would drive past Saba al-Bor and they would say, 'Don't go in this town, nobody's been in there for six months, you don't want to go there,' " Tiffen recalls. "So it built up in my mind that it was a town occupied by the boogeyman. And then my company commander came up to me and said, 'Take your platoon and go into Saba al-Bor and occupy the building next to the police station.' "

"Insurgents were using the town as a staging point for moving weapons into Baghdad," says Capt. Brian Borakove, Tiffen's company commander. "That's why it was very important for us to take it under our control."

So Tiffen took his 40-man platoon into Saba al-Bor and occupied the municipal building next to the police station.

"We put .50-caliber machine guns on the roof and parked the Humvee in front of the gate and started sandbagging windows," Tiffen says.

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They called it the Alamo and chalked the name on the roof. In his blog, Tiffen described the place:

Inside the building, soldiers sleep on dirty concrete floors, often using their hard body armor as a pillow. They sleep where they have collapsed, exhausted from a long day and night of continuous dismounted patrols and sandbag details . . . I walk to the north wall of the roof . . . No man's land stretches before me in the darkness, a half kilometer of broken ground, trash, feral dogs, and half-grown, stunted weeds . . . I can't help but reflect that if Hell had a Central Park, it would be a lot like this.

From their base at the Alamo, Tiffen and his platoon patrolled Saba al-Bor and the nearby farmland, setting up roadblocks, searching houses, trying to catch insurgents. Every day or two, whenever he got the chance, Tiffen would take out his laptop, write about what he'd seen and upload it to his blog.

He wrote about the heat: By 12:00 it was 120 degrees. Imagine putting your face into a lit oven, turning a powerful hairdryer on your face and throwing sand in your eyes."

He wrote about searching a house and arresting a suspected insurgent while his wife pled for mercy: Trembling, she turns to me and starts asking questions in Arabic. "What has he done? Where are you taking him?" . . . The pain in her voice is obvious. She is terrified for her family and for her husband. The soldiers have come to take him away, and for all she knows, she may never see him again. My heart is in my mouth.

He wrote about getting hit by shrapnel from a roadside bomb: I feel a sharp blow to my abdomen below my body armor, just as my mind registers the blast. The blow doubles me over, and knocks me back on my feet. I don't want to look. Gingerly reaching down, I feel for wetness, for the sign that I am cut and bleeding. I close my eyes and check for pain. Nothing. Breathing a sigh of relief, I open my eyes.

He was fine, not hurt at all, but the story scared his sister, Margo, who fired back an e-mail saying: "Sheesh, boy! You're giving us heart attacks over here."

His parents checked the blog every day. "It was a lifeline," says his mother, Michelle Goldsmith.

Bill McGrath, his boss at Porter Wright, was reading it, too, and sending back news of the insider-trading case Tiffen had been working on back in Washington. (Their client was convicted on 19 out of 27 charges.)

Tiffen loved getting e-mail from friends and family, of course, but he was really floored by the ones he received from strangers. "If I didn't post something for a few days," he says, "I would get dozens of panicked e-mails from people I'd never met, saying 'Are you okay?' "

Meanwhile, Tiffen was fighting a war, trying to keep his soldiers alive and learning to deal with Iraqis.

"I watched him question prisoners and he was very good," Thompson recalls. "He treated the Iraqis with respect until they gave him reason to do otherwise. But he was no pushover."

The view from the Alamo was confusing. In Saba al-Bor, it was tough to tell what side people were on. Many of the locals supported the Americans and several became informants, providing information on the insurgents. But Tiffen suspected that one of his Iraqi translators was secretly working for the other side. And his men arrested several of the local cops for aiding the insurgents.

"One of them tried to kill one of our informants," Tiffen says. "They were taking him out to execute him and he managed to open the trunk he was in and crawl out of the moving vehicle and he ran to the Alamo and told us about it."

In Saba al-Bor, a death squad was at work. Tiffen wrote about it in his blog: Across from the mosque, in a small woodworking shop, a man has just been murdered. An hour ago, three insurgents entered his shop and shot him in the head. The weapon was held so close to his head that the muzzle blast burned and blackened his ear. Only 300 meters from the Alamo, he was left to die, four AK-47 shell casings lying next to his body.

Still, Tiffen thought he was making progress in Saba al-Bor. "We rolled up some of the insurgent operations there," he says. "We secured the town and we brought in some of the local sheiks and we built a town council to address their problems."

After about six months, Tiffen's soldiers handed Saba al-Bor over to a new group of American replacements, then spent a few months escorting military convoys across the desert near the Syrian border.

Last May, Tiffen and the rest of his 128-man Maryland National Guard company came home -- all of them. Fourteen men were wounded -- two of them seriously injured by a car bomb -- but nobody had been killed in Iraq.

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"I hadn't set foot in this country in a year and the first American I saw when I got off the plane was this old man wearing a World War II veterans cap," Tiffen says. "He must have been in his 80s and he was standing there shaking the hand of every soldier who came off the plane. It was 6:30 in the morning and this old man must have gotten out of bed before dawn to come to the airport to shake the hand of every soldier coming back."Back Home

"When I first got back, it was very uncomfortable," Tiffen says. He's sitting in an Arlington restaurant, ignoring his cheeseburger and fries.

"It bothered me that people weren't talking about Iraq," he says. "People go through life like nothing is happening when so many Americans are in harm's way. We just hit the 3,000 casualty mark and nobody batted an eye. I mean, Britney Spears is more important."

When he returned, he spent about 10 days seeing his family and friends and his girlfriend, then he flew to Israel.

"I studied religion in a school there for a couple weeks," he says. "They say there are no atheists in the foxholes and after spending a year in Iraq, you sort of come back a little more religious than when you left."

He studied the Torah and lived in the Old City of Jerusalem, near the Wailing Wall, and watched the Israeli soldiers patrolling. "I felt more comfortable there, surrounded by soldiers and checkpoints, than I was here," he says. "I was used to it."

Last August he returned to work at Porter Wright, doing litigation and international trade work. McGrath, his boss, says Tiffen is doing a great job. But Tiffen says the transition is tough.

"It's hard to go back and sit at a desk when you think about all the stuff that's going on and you remember what you've been through," he says. "You come back and you say to yourself: Should I be different? What did it all mean? I don't think anybody comes back the same."

He thought about the war every day. He toyed with the idea of turning his blog into a book. He made a video of the footage he shot in Iraq, set to Loreena McKennit's mournful song "Dante's Prayer," and posted it on YouTube.

Then one day in November, sitting in his office at work, he got an e-mail from one of his soldiers with a link to an article from USA Today. The dateline was Saba al-Bor. The headline read: "Hard-won turf easily lost in transfer to Iraqis."

Saba al-Bor was so peaceful last summer, the article said, that the American troops left, handing the Alamo over to Iraqi police in a ceremony on Sept. 20. "Fifteen days later, on Oct. 5, U.S. troops had to return to Saba al-Bor to restore order," the story continued. "Most of the town's police had fled, Sunni and Shiite residents were at war with each other, and sectarian death squads roamed the town. The progress built over months had evaporated."

Tiffen read on. Sunnis had hit the Shiite section of town with 44 mortar shells. Shiite militants responded by killing Sunnis. American troops found 44 bodies dumped around the city, some of them decapitated.

Tiffen was stunned. He left his office, took a walk. "I needed to get some air," he says. "I walked past the White House. I don't know why. My feet just carried me there. My reaction surprised me. I didn't realize how much I'd invested in that town."

Nearly two months later, the story still bothers him. "It's astonishing," he says. "The whole place went to [excrement] when they pulled U.S. troops out. And yet it was considered a success story -- that's why they turned it over to the Iraqis. All our efforts over all that time -- I don't want to say it was for nothing. All I want to say is that it hit me really hard because we invested so much time and energy in the people that lived there. I felt like I was part of the town. And a year later, to read that because the U.S. troops left, people are being executed, that hurt. That really hit home."

He eats his cheeseburger, sips his Coke, talks about other things for a while. But then he returns to the story of Saba al-Bor.

"What does that say?" he asks, not expecting an answer. "Something has to change. I really don't know what it is. Maybe putting 30,000 more troops in will help. I don't know. I don't think anybody knows."

Helicopters Strafe Al-Qaida In Somalia (AP)

By Salad Duhul

AP, January 10, 2007

Attack helicopters strafed suspected al-Qaida fighters in southern Somalia on Tuesday, witnesses said, following two days of airstrikes by U.S. forces — the first U.S. offensives in the African country since 18 American soldiers were killed here in 1993.

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In Washington, a U.S. intelligence official said American forces killed five to 10 people in an attack on one target in southern Somalia believed to be associated with al-Qaida. The official, who spoke on condition of anonymity because of the operation's sensitivity, said a small number of others present, perhaps four or five, were wounded.

A Somali lawmaker said 31 civilians, including a newlywed couple, died in Tuesday's assault by two helicopters near Afmadow, a town in a forested area close to the Kenyan border. The report could not be independently verified.

A Somali Defense Ministry official described the helicopters as American, but witnesses told The Associated Press they could not make out identification markings on the craft. Washington officials had no comment on the helicopter strike.

The U.S. is hunting down Islamic extremists, said the Somali defense official, who spoke on condition of anonymity because he was not authorized to talk to reporters.

Earlier, Somalia's president said that the U.S. was pursuing suspects in the 1998 bombings of two U.S. embassies in East Africa, and that the effort has his support.

Somali troops and their Ethiopian allies were attacked in the capital late Tuesday by gunmen riding in two pickup trucks who fired two rocket propelled grenades, witnesses said.

The rocket attack was followed by several minutes of rifle fire. One Somali soldier was killed and two other soldiers and a bystander were wounded, said minibus driver Harun Ahmed, who took the injured to a hospital.

Col. Shino Moalin Nur, a Somali military commander, told the AP by telephone late Tuesday that at least one U.S. AC-130 gunship attacked a suspected al-Qaida training camp Sunday on a remote island at the southern tip of Somalia next to Kenya.

Somali officials said they had reports of many deaths.

On Monday, witnesses and Nur said, more U.S. airstrikes were launched against Islamic extremists in Hayi, 30 miles from Afmadow. Nur said attacks continued Tuesday.

"Nobody can exactly explain what is going on inside these forested areas," the Somali commander said. "However, we are receiving reports that most of the Islamist fighters have died and the rest would be captured soon."

In Washington on Tuesday, Defense Department spokesman Bryan Whitman spoke of one strike in southern Somalia, but would not confirm any of the details or say whether any al-Qaida militants were killed.

The assault was based on intelligence "that led us to believe we had principal al-Qaida leaders in an area where we could identify them and take action against them," Whitman said.

Somali Islamic extremists are accused of sheltering suspects in the 1998 embassy bombings. American officials also want to ensure the militants no longer pose a threat to Somalia's U.N.-backed transitional government.

The aircraft carrier USS Dwight D. Eisenhower has arrived off Somalia's coast and launched intelligence-gathering missions over Somalia, the U.S. military said. Three other U.S. warships were conducting anti-terror operations.

U.S. warships have been seeking to capture al-Qaida members thought to be fleeing Somalia by sea after Ethiopia's military invaded Dec. 24 in support of the interim Somali government. The offensive drove the Islamic militia out of much of southern Somalia, including the capital Mogadishu, and toward the Kenyan border.

President Abdullahi Yusuf, head of the U.N.-backed transitional government, told journalists in Mogadishu that the U.S. "has a right to bombard terrorist suspects who attacked its embassies in Kenya and Tanzania."

Other Somalis in the capital said the attacks would increase anti-American sentiment in their largely Muslim country. Many Somalis are already upset by the presence of troops from neighboring Ethiopia, which has a large Christian population.

The U.S. Embassy in Nairobi, Kenya, on Tuesday reissued a terror warning to Americans living in or visiting the Horn of Africa.

It was the first overt military action by the U.S. in Somalia since it led a U.N. force that intervened in the 1990s in an effort to fight famine. The mission led to clashes between U.N. forces and Somali warlords, including the battle, chronicled in the book and movie "Black Hawk Down," that killed 18 U.S. soldiers.

Mohamed Mahmud Burale told the AP by telephone that at least four civilians were killed Monday evening in Hayi, including his young son. His report could not be independently verified.

Government spokesman Abdirahman Dinari said it was not known how many people were killed, "but we understand there were a lot of casualties. Most were Islamic fighters."

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Another attack by an AC-130 gunship reportedly occurred Monday afternoon on Badmadow island, in a group of six rocky islands known as Ras Kamboni — a suspected terrorist training base.

Thickets provide dense cover and the only road to the area is virtually impassable, locals said.

The U.S. military's main target on the island was thought to be Fazul Abdullah Mohammed, who allegedly planned the 1998 attacks on the U.S. embassies in Kenya and Tanzania that killed 225 people.

Leaders of Somalia's Islamic movement have vowed from their hideouts to launch an Iraq-style guerrilla war, and al-Qaida chief Osama bin Laden's deputy has called on militants to carry out suicide attacks on Ethiopian troops.

In an interview published Tuesday in the French newspaper Le Monde, Ethiopian Prime Minister Meles Zenawi said that suspected terrorists from Canada, Britain, Pakistan and elsewhere were among those captured or killed during recent military operations.

Somalia has not had an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991. The warlords turned on each other, creating chaos in the nation of 7 million people.

European Union foreign policy chief Javier Solana said he told U.N. Secretary-General Ban Ki-moon that a U.N. peacekeeping force may be needed to guarantee security and stability in Somalia.

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Associated Press writers Lolita C. Baldor in Washington; Mohamed Olad Hassan and Mohamed Sheik Nor in Mogadishu and Chris Tomlinson in Nairobi, Kenya, contributed to this report.

Airstrike Rekindles Somalis' Anger At The U.S. (NYT)

By Jeffrey Gettleman And Mark Mazzetti

The New York Times, January 10, 2007

MOGADISHU, Somalia, Jan. 9 — Somali officials said Tuesday that dozens of people were killed in an American airstrike on Sunday, most of them Islamist fighters fleeing in armed pickup trucks across a remote, muddy stretch of the KenyaSomalia border.

American officials said terrorists from Al Qaeda had been the target of the strike, which they said had killed about a dozen people. But the officials acknowledged that the identities of the victims were still unknown.

Several residents of the area, in the southern part of the country, said dozens of civilians had been killed, and news of the attack immediately set off new waves of anti-American anger in Mogadishu, Somalia's battle-scarred capital, where the United States has a complicated legacy.

"They're just trying to get revenge for what we did to them in 1993," said Deeq Salad Mursel, a taxi driver, referring to the infamous "Black Hawk Down" episode in which Somali gunmen killed 18 American soldiers and brought down two American helicopters during an intense battle in Mogadishu.

The country's Islamist movement swiftly seized much of Somalia last year and ruled with mixed success, bringing a much desired semblance of peace but also a harsh brand of Islam.

Two weeks ago, that all changed after Ethiopian-led troops routed the Islamist forces and helped bring the Western-backed transitional government to Mogadishu. Ethiopian officials said the Islamists were a growing regional threat.

The last remnants of the Islamist forces fled to Ras Kamboni, an isolated fishing village on the Kenyan border that residents said had been used as a terrorist sanctuary before. Starting in the mid-1990s, they said, the Islamists built trenches, hospitals and special terrorist classrooms in the village and taxed local fisherman to pay the costs.

On Sunday, an American AC-130 gunship pounded the area around Ras Kamboni, and also a location father north where American officials said three ringleaders of the bombings in 1998 of the United States embassies in Kenya and Tanzania were hiding. Somali officials said those bombings had been planned in Ras Kamboni after a local Somali terrorist outfit invited Al Qaeda to use the village as a base.

According to Abdul Rashid Hidig, a member of Somalia's transitional parliament who represents the border area, the American airstrike on Sunday wiped out a long convoy of Islamist leaders trying to flee deeper into the bush, though he said he did not know if the specific suspects singled out by the United States had been with them.

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"Their trucks got stuck in the mud and they were easy targets," he said.

Mr. Hidig toured the area with military officials on Tuesday and said he had met several captured foreign fighters who had come from Europe and the Middle East. "I saw two white guys and asked, Where are you from?" Mr. Hidig said. "One said Jordan, the other Sweden. Yeah, it was weird."

Mr. Hidig said two civilians had been killed by the airstrike, but representatives of the Islamist forces said it had killed many more.

The Islamists' health director said dozens of nomadic herdsmen and their families were grazing their animals in the same wet valley that the Islamists were trying to drive across. "Their donkeys, their camels, their cows — they've all been destroyed," he said. "And many children were killed."

He spoke by telephone from an undisclosed location; his account could not be independently verified.

Mustef Yunis Culusow, a former Islamist leader who abandoned the movement days ago, said the once-powerful Islamist movement's top leaders were now trapped in a small village with Ethiopian soldiers in front of them, the Indian Ocean behind them and now American gunships circling above them.

"The leaders know they're finished," Mr. Culusow said in a telephone interview from Kismayo, a large town north of Ras Kamboni. "They've basically told the young fighters they can go, it's over, and that anyone who stays behind should be resigned to die."

For several days, Ethiopian fighter jets and helicopter gunships have been laying down a blanket of fire over the area, and attacks continued on Tuesday.

American military and intelligence officials expressed confidence that at least one senior Qaeda leader in Somalia had been killed in the American attack or subsequent strikes by Ethiopian troops. One official said Abu Taha al-Sudani — a Sudanese aide to Fazul Abdullah Mohammed, who is thought to be the ringleader of Al Qaeda's East African cell — might have been killed.

American military and intelligence officials said that they expected further military strikes but that the terrorism suspects were probably traveling separately and trying to blend into the civilian population.

Pentagon and intelligence officials said the Ethiopian offensive had unearthed fresh intelligence about the location of Qaeda operatives whose trail had long gone cold.

"When you disrupt things and people move around, they become easier to target," said one American counterterrorism official, speaking on condition of anonymity. "They have to make arrangements on the fly, and they become easier to find."

American and Ethiopian forces are sharing intelligence to pinpoint the whereabouts of the terrorism suspects and their entourages. The Pentagon announced that the aircraft carrier Dwight D. Eisenhower had been dispatched to the region to tighten a naval blockade off the Somali coast.

Washington's decision to wade back into Somalia was, in a way, a culmination of America's seesaw policy toward the country in the last five years.

With the wars in Iraq and Afghanistan consuming the attention of national security planners in Washington, the Bush administration's interest in Somalia was driven primarily by fact that a handful of Qaeda operatives responsible for attacks in the Horn of Africa were thought to be hiding there.

America's recent forays into Somalia have tended to backfire. President Clinton abruptly curtailed a large American-led aid mission in the 1990s after the 18 soldiers were killed, leaving the country in a swirl of chaos and bloodshed, where much of it remains.

Then, last summer, American efforts to finance a band of Mogadishu warlords as a bulwark against the growing Islamist movement stumbled when many Somalis learned of the hidden American hand and threw their support behind the Islamists.

With the Pentagon still snakebitten by its experience in Somalia — rendering a ground offensive in the lawless country unpalatable — there was little the thousands of American soldiers and marines stationed in neighboring Djibouti could do to track down the Qaeda suspects.

Until this week, Washington was content to remain behind the scenes and use the Ethiopian invasion as the public face of the effort against the Islamists and their allies.

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Now the Islamists have lost their grip on the country, and Somalia could be close to a turning point. For the first time since 1991, when the military dictator Mohammed Siad Barre fled, plunging the country into anarchy, there is a potentially viable government in the capital. But its survival depends on the thousands of Ethiopian troops still here, and increasingly, it seems, many Somalis do not like them. For their part, the Ethiopians have vowed not to stay much longer.

Some call the Ethiopians infidel invaders because Ethiopia is a country with a long Christian identity, though it is in fact half Muslim. Others do not like them because Ethiopia is a close ally of the United States, which is why American airstrikes could make things difficult for the Ethiopians and transitional government officials.

Some Islamists have vowed to carry on as an Iraq-style insurgency, and on Tuesday night two truckloads of gunmen attacked Ethiopian troops based at a government building, the former Ministry of Skins and Hides, in downtown Mogadishu.

The booms of rocket-propelled grenades echoed across town and set off a two-minute gunfight. As shoppers in a nearby market ducked for cover, spent shells clinked on the pavement. Afterward, residents reported seeing two bodies on the street.

U.S. Aircraft Launch 2nd Wave Of Somalia Attacks (LAT)

By Edmund Sanders And Abukar Albadri

The Los Angeles Times, January 10, 2007

MOGADISHU, Somalia — Helicopter gunships resumed attacks today against suspected terrorist holdouts in southern Somalia following U.S. airstrikes in the area Monday, Somali officials said.

The attacks against suspected Al Qaeda members believed to be hiding in Somalia marked the first overt American military intervention in the Horn of Africa nation since the U.S. withdrew its troops from a peacekeeping operation in 1994 after the deaths of 18 American servicemen.

A Pentagon spokesman would only confirm today that U.S. forces were involved in an attack Monday after receiving "credible intelligence." State Department spokesman Sean McCormack declined to comment on details about the strikes, but defended the U.S. interest for intervening in Somalia's conflict.

"Very clearly, the U.S. government has had a concern that there are terrorists and Al Qaeda-affiliated terrorists that were in Somalia," he said. "We have a great interest in seeing that those individuals not be able to flee to other locations."

Somali officials said the U.S. helicopters struck again today in the village of Afmadow, but U.S. officials would not comment on whether their operations were continuing. Some witness accounts suggested that the most recent strikes might have involved Ethiopia. Earlier reports had said the gunships were U.S.

The U.S. military has been patrolling Somalia's Indian Ocean coastline since late last month, when Ethiopian-led troops helped Somalia's transitional government seize control of the capital, Mogadishu, from an alliance of religious leaders known as the Islamic Courts Union.

U.S. and Ethiopian officials accused the Islamic movement's leaders of having links to terrorism. After abandoning Mogadishu, hundreds of Islamic fighters fled south toward the Kenyan border, where they have been cornered in recent days by troops from Somalia and Ethiopia and blocked from crossing into Kenya by that nation's soldiers.

Acting on information that suspects from the 1998 bombings of U.S. embassies in Kenya and Tanzania might be among the Islamic fighters, a U.S. Air Force Special Operations gunship struck at least one target early this week.

Somali officials and witnesses said at least five villages in southern Somalia have been targeted in strikes spanning the past three days. One village, Afmadow, was reportedly struck a second time today.

Details about damage and casualties remained unclear, due in large part to the lack of communications in the remote region near the Kenyan border, where cell phone service is not available.

According to estimates by local officials and witness accounts aired over radio stations, the death toll ranged from 15 to more than 50. There were several reports of civilians being killed or injured, including six members of one family and guests at a wedding ceremony.

"We ask the U.S. to stop the bombing of innocent people," one elderly clan leader told BBC Somalia radio service this afternoon. "The terrorists have all gone."

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According to one Somali government official, among the dead was the Islamic courts former chief of security of Mogadishu, Sheik Abduallahi Moalim Ali. The report could not be confirmed.

On the streets of Mogadishu, the U.S. strikes divided already tense residents. Many already believe the U.S. secretly backed Ethiopia and the transitional government in the battle against the Islamic courts. The airstrikes stirred anti-Western fervor among some Somalis.

Hassan Huddurow Ali, a resident in Mogadishu, condemned the U.S. attack and vowed revenge. "We will retaliate one day, even if it means suicide," he said.

However, shopkeeper Moalim Salad Nur blamed Islamist court leaders for instigating the war. "I urge the Islamist courts to surrender so they won't cause more problems for the people," he said.

The U.S. Embassy in Nairobi today issued a new security warning to Americans living in the region, warning that Somalia's conflict could make them targets of terrorist strikes.

Somali President Abdullahi Yusuf today endorsed the U.S. action.

"They have a right to do so," Yusuf said, speaking at his first news conference in the capital since he was named to head the transitional government in 2004.

Until he arrived Monday, Yusuf, a former military leader who served as president of the Puntland region in northern Somalia, had not stepped foot in Mogadishu for more than 10 years, due to the city's insecurity.

Somali military officials said today they received advance warning about the U.S. airstrikes and were standing by to capture fleeing suspects. Officials said they have apprehended 28 people, who were being held for questioning.

Though the government has offered amnesty to Islamic fighters who lay down their weapons, Yusuf said the government would prosecute the movement's former leaders.

"They committed many crimes," he said. "We will not offer amnesty for criminals."

Relief workers predicted that the strikes would send a flood of new Somali refugees toward the Kenyan border. "Any fighting just increases the fear of the people," said one U.N. worker who did not want to be identified.

But those fleeing the violence may not find refuge. Since Jan. 3, the Kenya government has closed its border with Somalia, citing a security risk from retreating Islamist fighters. An estimated 4,700 refugees remain trapped in the town of Dhobley, near the border, without access to food, medicine and shelter, according to a report issued today the U.N. Office for the Coordination of Humanitarian Affairs.

U.N. groups are working with the Kenyan government to allow refugees to enter Kenya safely or to deliver assistance to them across the border in Somalia.

U.S. Targets Al Qaeda In Somalia Air Strike (WT)

By Rowan Scarborough

The Washington Times, January 10, 2007

The U.S. has taken its covert war in East Africa public with an air strike this week on suspected al Qaeda leaders in Somalia.

The Pentagon confirmed yesterday that an AC-130 gunship attacked terror suspects in southern Somalia on Monday. The targets were thought to be al Qaeda operatives who carried out the 1998 bombings of two U.S. embassies in East Africa. The trio and Islamist allies have been working to make the ungoverned Somalia a terrorist safe haven.

The strike came amid a mass exodus from Mogadishu, the capital, of Islamist militants who had been routed by a combined force of the Ethiopian and Somali governments.

In a sign that more strikes could come from the U.S. or Ethiopian allies, the Navy has positioned the carrier USS Dwight D. Eisenhower off the coast and begun flying reconnaissance missions over Somalia.

It was the first overt U.S. military strike in Somalia since 1994, shortly after Army Rangers and Delta Force commandos battled Islamist militants and clans in a 1993 street battle immortalized in the book and movie "Black Hawk Down." The battle cost 18 American lives and prompted President Clinton to withdraw all U.S. forces.

DOJ_NMG_0114663

Senior defense sources say the AC-130 was not the first action in and around Somalia since the September 11, 2001, attacks and the subsequent placement of a U.S. military task force in Djibouti a few miles from the Somalia border. The sourc es said the task force has periodically launched special operations missions against militants, but they declined to give specifics of where and when.

In addition, the U.S. has sent a specialized military intelligence unit into Somalia from time to time to try to locate and identify al Qaeda operatives.

The Washington Times learned of one mission in which the unit located an al Qaeda cell in Somalia and passed the information on to Jordanian officials. "They took it from there," one defense source said. Jordanian King Abdullah II is one of America's strongest Arab allies in the war on terror.

The U.S. has been hunting three key al Qaeda leaders on the Horn of Africa who carried out the 1998 bombing of two U.S. embassies. They are Abu Talha al-Sudani, Fazul Abdullah Mohammed and Saleh Ali Saleh Nabhan.

In testimony last summer, Jendayi E. Frazer, the State Department's assistant secretary for African affairs, told Congress the three suspects "pose an immediate threat to both Somalia and international interests in the Horn of Africa."

She said U.S. counterterrorism planning was "directly related to the presence of these foreign terrorists and individuals willing to offer them safe haven within Somalia." She promised "strong measures to deny terrorists safe haven in Somalia. We must deny them the ability to plan and operate."

The U.S. task force in Djibouti was one of the first overseas deployments in the war ordered by former Defense Secretary Donald H. Rumsfeld. One of its key tasks is to train the military of friendly governments, such as Ethiopia, in counterterror ism. Ethiopia, like other East African nations, maintains liaison officers at U.S. Central Command in Tampa, Fla.

"We have close ties to the Ethiopians," said a former Central Command officer.

A Pentagon spokesman confirmed Monday's attack, saying it was based on intelligence on the ground. But the source had no confirmation of who was killed. An intelligence official said the AC-130 volleys killed five to 10 persons.

At the White House, spokesman Tony Snow declined to discuss the specific strike, but reiterated America's right to go after al Qaeda globally.

"It is pretty clear that this administration continues to go after al Qaeda," he said. "We are interested in going after those who have perpetrated acts of violence against Americans, including bombings of embassies in Kenya and Tanzania, and we will continue to conduct whatever operations we can to go after that."

"We've made it clear that this is a global war on terror, and this is a reiteration of the fact that people who think that they're going to try to establish safe haven for al Qaeda anyplace need to realize that we're going to find them."

The Associated Press quoted Abdullahi Yusuf, head of Somalia's U.N.-supported Transitional Federal Government, as saying, the U.S. "has a right to bombard terrorist suspects who attacked its embassies in Kenya and Tanzania."

Former military officials said the two main operational al Qaeda figures who are regarded as key threats are Fazul Mohammed and a fourth operative, Aden Hashi Ayro.

"Ayro is fast outpacing Fazul as the major threat," said a former military official close to the region.

One of the former officials said the U.S. raid was a setback for covert regional efforts to broker a deal among moderate Somali Muslims and the U.N.-backed government.

"The action that took place as of late is none too subtle and counterproductive," the former official said. Initial indications are that "minor players were hit and none of the big fish were fried."

The administration has been low-key in discussing developments in Somalia, as the al Qaeda-linked Islamic Courts Union outfought government forces and captured the capital last year. But privately, it considers last month's rout of Islamists from Mogadishu as a victory in the war on terror.

c Bill Gertz contributed to this report.

US Takes Hunt For Al Qaeda To Somalia (CSM)

By Scott Baldauf And Mike Pflanz

The Christian Science Monitor, January 10, 2007

DOJ_NMG_0114664

JOHANNESBURG, SOUTH AFRICA; AND NAIROBI, KENYA

On the heels of US air strikes Monday, US helicopter gunships strafed villages in Somalia Tuesday in an ongoing hunt for Al Qaeda operatives in the Horn of Africa.

US military officials say that Somalia's lawless state had become a safe haven for Al Qaeda activists, including possibly those responsible for the embassy bomb attacks in Nairobi and Dar-es-Salaam in 1998.

This week's attacks illustrate how much US military policy has changed since Sept. 11, 2001. As the US closes or downsizes massive cold war-era bases in Germany and South Korea, its presence is expanding in Uganda, Djibouti, Senegal, and São Tomé and Príncipe, African nations once seen as far beyond American interests. Today, African bases serve both as "jumping off" points for the war in Iraq and also as bulwarks against new threats in volatile regions of Africa.

At press time, the US military had not released the numbers nor the names of those killed in the attacks.

The sites attacked, close to the border with Kenya, were considered the last strongholds of Somalia's Union of Islamic Courts (UIC), which held sway over the country for the past six months until it was driven from power two weeks ago by an alliance between Somalia's transitional government and Ethiopia.

US helicopter gunships Tuesday carried out mopping-up operations, according to Somali officials, who added that "many" people had died in the attacks. Abdirahman Dinari, spokesman for Somalia's interim government said: "Most of them were Islamists." Unconfirmed reports from Somalia say civilians were among those killed, including a 4-year-old boy.

At press time, a key question is whether the US, in its first overt military operation in Somalia since the infamous "BlackHawk Down" intervention in 1992 and '93, has managed to hit the prime targets - Fazul Abdullah Mohammed, Saleh Ali Saleh Nabhan, or Abu Taha al-Sudani.

The three men are believed to be behind the 1998 bombings of the US embassies in Kenya and Tanzania, when more than 250 people were killed by two coordinated truck blasts.

Mr. Sudani is listed on Washington terror watch lists as Al Qaeda's point man in East Africa. Mr. Mohammed, from the Comoros archipelago in the Indian Ocean, is suspected of orchestrating a 2002 suicide attack on an Israeli-owned Kenyan hotel.

The failed attempt to shoot down a tourist airliner as it took off from Mombasa airport on Kenya's coast in 2002, heading for Tel Aviv, also bears Mohammed's signature, intelligence sources have said.

"If the attacks have managed to kill or capture some of the top East Africa people in Al Qaeda then it vindicates the actions of the US and Ethiopia, and it shows the ICU has been deceiving everyone," says Matt Bryden, senior analyst with the International Crisis Group in Nairobi.

"But if they haven't, then it compounds what has in the past been a strategy of errors, and makes the US look like it's been sold a lemon by [Somalia's] transitional federal government."

The European Union issued a statement criticizing the attack. Ethiopia, which has begun unprecedented military coordination with US troops in recent months, has issued no statement about the US air attacks, but Ethiopian officials say that the US and Ethiopia have completely different agendas in Somalia.

"The Ethiopian mission was not to fight terrorism or Al Qaeda per se, it was to defend the territory of Ethiopia from the penetration of groups based in Somalia," says Mohammad Dirir, minister for tourism in the Ethiopian government. "We targeted the Islamic Courts, and the Americans have their agenda, the war on terrorism."

"In Somalia, because of the failed state, it became a safe haven for all sorts of terrorist groups, including Al Qaeda," says Mr. Dirir. "The lieutenant of Osama bin Laden, Mr. Ayman Zawahiri, made statements calling on Muslims to come fight in Somalia. There are some Arab countries who are not allowing terror activities on their own territory, but don't mind if it is exported to the Horn of Africa."

A European diplomat based in Nairobi, and who watches Somalia closely, says that "there is no doubt that people linked to Al Qaeda - not the high command - but sympathizers, were in Somalia, running training camps, recruiting fighters, arming those fighters."

Some of those fighters were recent arrivals from the wide Somali diaspora, it appears.

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Ethiopian Prime Minister Meles Zenawi said in an interview with the French daily Le Monde published Monday that "Many international terrorists are dead in Somalia." He said passports from different countries have been collected. "The Kenyans are holding Eritrean and Canadian passport holders. We have injured people coming from Yemen, Pakistan, Sudan, the United Kingdom."

There was no immediate verification of Mr. Meles's claims, but if they are true, he and Washington have the vindication they need to justify their attacks inside Somalia, the European diplomat says.

"That was the crux of it all, that Somalia under the [Union of Islamic] Courts would bring in bad guys from all over the world and train them up into a mercenary force fighting for Islam," he says.

The US airstrikes were likely launched from the former French base, Camp Lemonier, in Djibouti. Starting with about 1,800 troops in 2002, Djibouti has become the main regional base of the US military's counterterrorism task force. It also serves as a major desert warfare training center, an intelligence gathering center, and logistics base for US military forces. Its position right next to Somalia puts American forces within easy striking distance at short notice.

In recent months, the US military has conducted joint exercises with Kenya, the African country that has borne the brunt of terrorist attacks, since the 1998 embassy bombings. US forces have also reportedly been involved in training Ethiopian forces in counterterrorism techniques, ahead of their recent operations against the Islamic Courts Union in Somalia.

The Pentagon is expected to announce soon the formation of a new Africa Command to focus on the troubled continent. Currently, responsibility for Africa is divided among three of the Pentagon's five regional "unified commands," each headed by a four-star general or admiral who reports to the president.

Observers in Africa say the United States' single-minded focus on terrorism in Africa could backfire.

"The potential for transnational terror-related activity emerging from Somalia underscores both the international risk posed by state collapse and the international community's failed and inconsistent response to that collapse," says Kurt Shillinger, a terrorism expert at the South African Institute for International Affairs in Johannesburg. "Establishing an African Command will only be effective if the primary policy thrust is support for internally driven governance-building processes."

Some observers are concerned that Islamic militants will melt away now, but will eventually form an insurgency as they have in Afghanistan and Iraq. The target will be not only Somalia, but Ethiopia.

"Ethiopia is central to the ideology of the Islamists," says Medhane Tadesse, an Ethiopian historian in Addis Ababa and expert on the Islamist movement Al Ittihad.

"One of the issues that divide moderate Muslims from extremists is the position they take on whether Ethiopia should be Islamicized. The prophet Muhammad exempted Ethiopia from jihad, and now the extremists say that Muhammad was wrong.

"By making Ethiopia the enemy, they know they will attract Islamic NGOs (non-governmental organizations) from Saudi Arabia and Iran," Mr. Tadesse says.

U.S. Is Not Saying Who, Or What, Was Hit In Somalia Raid (WP)

By Karen Deyoung And Stephanie Mccrummen

The Washington Post, January 10, 2007

Two days after the United States launched an airstrike against alleged al-Qaeda terrorists in southern Somalia, U.S. officials declined yesterday to provide details of who, or what, was hit.

In Mogadishu, the Somali capital, reports circulated that as many as 50 people, many of them civilians, were killed in the attack by a U.S. Air Force AC-130 gunship. U.S. officials said they are fairly certain that at least one targeted individual was hit; they said they had no information about civilian deaths in the strike the Kenyan border.

Several officials suggested that stories reaching Mogadishu of many deaths and continuing U.S. attacks had confused the airstrike with ongoing operations in the area by Ethiopia's military, including helicopters and fixed-wing aircraft. But it was impossible to confirm independently any of the widely differing accounts in Mogadishu or in Washington. The officials agreed to discuss the attack only on the condition of anonymity because of the issue's sensitivity.

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Pentagon spokesman Bryan Whitman confirmed yesterday that a single airstrike occurred on Sunday, targeting "what we believe to be principal al-Qaeda leadership." Officials said that no further information would be released until U.S. personnel could assess directly the results of the strike and identify any dead.

"Let me draw a parallel with a domestic crime scene," one official said. "Imagine that complicated by 100, and that gives you an idea of what we're having to deal with."

Direct U.S. access to the area, where fleeing Islamic fundamentalist forces are being pursued on the ground and from the air by the Ethiopians, is viewed as problematic but necessary.

A principal target of the airstrike was Abu Talha al-Sudani, a Sudanese who U.S. officials have said is a longtime associate of Osama bin Laden and a key figure in an East African al-Qaeda cell based in Somalia.

Officials cautioned against reports that Fazul Abdullah Mohammed and Saleh Ali Saleh Nabhan, two other al-Qaeda operatives said to be responsible for the 1998 U.S. Embassy bombings in Kenya and Tanzania, may have been killed in the attack.

Also on the U.S. and Ethiopian target list, officials said, are Somali fundamentalist leader Sheikh Hassan Dahir Aweys, the former head of a militant group accused of links to al-Qaeda in the 1990s, and several other Somali Islamic leaders described as terrorists.

"I don't think anybody has packed up and gone home," another official said of U.S. operations in the area.

The aircraft carrier USS Dwight D. Eisenhower was moved into the Indian Ocean near the Somali coast to provide assistance, if needed, to the AC-130 on Sunday, and to use its aircraft to pinpoint the location of targets on land or sea. Four other U.S. naval vessels from the Bahrain-based Fifth Fleet are in the area.

In the chaos of Mogadishu, where invading Ethiopian troops routed the Islamic fundamentalists last month and installed an internationally backed transitional government, word of the U.S. attack provoked rage and anti-Americanism.

"I am angry," biology teacher Ahmed Weli Mohamed, 37, said in a telephone interview. "I am very, very angry. Even if there are terrorists, there are maybe two or three people, but hundreds are killed. . . . Americans don't respect us as human."

The news made shop owner and retired Somali soldier Hussein Farah Guley, 56, recall the early 1990s, when U.S. troops were part of a U.N. force that monitored a cease-fire in the country. Among the many foreigners killed by warring Somali clans during that period were 18 U.S. Army Rangers and Delta Force soldiers, who were attacked in Mogadishu after a Black Hawk helicopter was shot down in 1993.

"The Somalis, they will get angry," Guley said, "and if they see anyone from the outside, they will kill them."

Prime Minister Ali Mohamed Gedi's transitional government, which U.S. officials said gave permission for the airstrike, is perceived by many Somalis as having interrupted a months-long period of unusual calm. The government is also seen as being too closely aligned with its leadership's clan and with outsiders, particularly Ethiopia and the United States. Although many rejected the stern religious laws imposed by the Islamic fundamentalists, who came to power last summer after driving out U.S.-funded warlords, they appreciated a new semblance of order.

Somalis have already begun to express anger toward Ethiopian troops. Last night, a former police building in the capital, now occupied by the Ethiopians, was hit by a rocket-propelled grenade fired from a speeding car. One Ethiopian and one Somali soldier were killed, and three civilians were injured.

The United States is leading an effort to deploy an African peacekeeping force to replace the Ethiopians, and it is pressing Gedi's government to open talks with Islamic leaders who are seen as moderates. No progress was reported on either front yesterday. State Department spokesman Sean McCormack said that a possible U.N. force is also being "actively discussed."

Staff researcher Julie Tate in Washington and special correspondent Mohamed Ibrahim in Mogadishu contributed to this report. McCrummen reported from Nairobi.

U.S. Push In Somalia Targets Al Qaeda (WSJ)

By Jay Solomon

The Wall Street Journal, January 10, 2007

DOJ_NMG_0114667

WASHINGTON -- Administration officials described military actions in Somalia as part of an intensifying campaign to root out al Qaeda leaders allegedly operating in the country. But Pentagon involvement risks stoking greater instability in a region already racked by strife, analysts said.

American defense officials yesterday said Sunday's air strike by a U.S. AC-130 gunship was driven by "credible intelligence" that al Qaeda leaders were using Somalia's lawless south as a base to plan regional attacks. The U.S. has also positioned naval ships, including the U.S.S. Dwight D. Eisenhower, off Somalia's coast, in an effort to block any Islamist militants trying to flee the country.

These deployments mark the U.S. military's first action in Somalia in more than a decade and come ahead of a speech by President Bush detailing his latest plans for Iraq, where U.S. involvement has fueled sectarian strife and is charged with boosting al Qaeda's ranks.

In 1993, clan-based militias in Somalia killed 18 U.S. soldiers working on a peacekeeping mission in the capital Mogadishu. The American deaths prompted the Clinton administration to withdraw its troops. State Department spokesman Sean McCormack said the weekend attack was coordinated with West African leaders who don't "want to see any al Qaeda or terrorist operatives be able to escape Somalia and try to set up camp either in their country or a neighboring country."

Somalia has been without a functioning central government since the early 1990s. The Central Intelligence Agency has long believed that al Qaeda operatives, including those behind the 1998 bombings of the U.S. embassies in Kenya and Ethiopia, are hiding there. Other al Qaeda leaders thought to be sheltering in Somalia include a Sudanese munitions expert. U.S. officials also worry that the country, with its porous borders, could serve as a regional base for Islamic militants.

The international community has been seeking to prevent more civil strife from engulfing Somalia, a majority Muslim nation of just over eight million people. Last month, Ethiopian troops invaded Somalia and drove from Mogadishu the Somali Islamic Courts Council, an Islamist political movement.

Many regional analysts warn that U.S. military actions could further stoke strife in Somalia. The SICC troops which fled Mogadishu are largely massing in Somalia's South and are expected to launch a guerrilla war against the interim Somali government and its foreign backers.

The Associated Press, citing Somali officials and village chiefs, said dozens of civilians were killed in Sunday's U.S. military strike.

An interim authority led by tribal chiefs is running the country, but few Africa experts believe it has much authority outside Mogadishu. U.S. military actions could impede efforts to establish a longstanding transitional government, as many moderate Somali leaders would be reluctant to cooperate with a new government viewed as too closely aligned to the White House, the experts said.

Some critics of the U.S. action said there is scant evidence that the SICC is linked to al Qaeda. "The administration has failed to make a public case on how al Qaeda is present and influencing" the SICC, said David Smock, an analyst at the U.S. Institute of Peace, a Washington-based think tank. He said three al Qaeda leaders might be based in Somalia, but there's "no compelling evidence that there are more."

US Confirms Air Strikes In Somalia Conflict (FT)

By Andrew England

Financial Times, January 10, 2007

US officials on Tuesday confirmed it launched weekend air strikes against alleged al-Qaeda leaders in Somalia, marking Washington's first direct engagement in the Horn of Africa conflict.

Pentagon spokesman Bryan Whitman said the target of a strike by an AC130 aircraft was "the principal al-Qaeda leadership in the region". The attacks occurred in the country's south, where Ethiopian and Somali government troops are battling retreating Islamist militants.

The attack marked the first overt US military intervention in Somalia since a disastrous peacekeeping mission that ended in 1994. Mr Whitman said the strikes were based on "credible intelligence" but would not comment on their success.

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Somali officials said Monday's raids took place around an area known as Ras Kamboni and targeted "fundamentalists" but there were local reports that civilians as well as Islamic fighters were killed.

There were also reports from within Somalia that US helicopters launched fresh attacks on Tuesday, but Abdirahman Dinari, a Somali government spokesman, said these could not be confirmed. Fighting was continuing in the remote area between an estimated 600 Islamists and Ethiopian and Somali government forces, he told the Financial Times.

US officials believe high-level al-Qaeda operatives have fled the capital Mogadishu since Ethiopia poured thousands of troops into its neighbour in a bid to crush Islamist forces and install a United Nations-backed transitional government.

The European Commission on Tuesday criticised the US strike, saying it could set back efforts to reach a deal between Somalia's provisional government and moderate Islamists.

"We need a political process which is inclusive in order to bring about stability," said a spokesman for Louis Michel, EU development Commissioner. "Any incident of this kind is not helpful in the long term."

Both Addis Ababa and Washington accuse the Islamic Courts Union, which last year took over a large swathe of southern Somalia.

Washington has also given tacit support to the invasion by Ethiopia, a regional US ally. The Islamists have repeatedly denied links to al-Qaeda.

Washington alleges that three suspects believed to be involved in the 1998 US embassy bombings in Nairobi and Dar es Salaam, as well as a 2002 attack on a hotel in Kenya, were hiding in Somalia. They include Fazul Abdullah Mohammed, a Comorian who is on the FBI's most wanted terrorist list. The other two are a Kenyan and a Sudanese national.

Earlier this year, Washington backed a coalition of warlords in Mogadishu in its bid to capture the suspects and is alleged to have paid tens of thousands of dollars to the faction leaders later driven out by the Islamists.

The US Central Command said on Tuesday it had deployed an aircraft carrier off the Somali coast. Other US ships have been patrolling Somalia's coastline, Africa's longest, to prevent Islamists fleeing by sea.

Asked if the US had informed the Somali government about the air assault, Mr Dinari said: "We have good communications and we are collaborating with each other."

Additional reporting by Demetri Sevastopulo in Washington and Daniel Dombey in London

U.S. Raid In Somalia Concerns U.N. Chief (AP)

By Edith M. Lederer

AP, January 10, 2007

U.N. Secretary-General Ban Ki-moon is concerned that U.S. bombing in southern Somalia could escalate hostilities and harm civilians who are reported to have been killed in the airstrikes, a spokeswoman said Tuesday.

"Notwithstanding the motives for this reported military action, the secretary-general is concerned about the new dimension this kind of action could introduce to the conflict and the possible escalation of hostilities that may result," spokeswoman Michele Montas said.

"He is also concerned about the impact this would have on the civilian population in southern Somalia and regrets the reported loss of civilian lives," she said.

Ban said last week the rout of the Islamic movement by Ethiopian troops and Somali forces supporting the country's U.N.-backed transitional government offered "a new opportunity" for the government to establish full authority throughout the country.

He urged the government to seek political reconciliation, called for the speedy deployment of African peacekeepers, and welcomed Ethiopia's statement it intends to withdraw its forces "expeditiously."

Javier Solana, the European Union's foreign policy chief, said he told Ban on Monday that a U.N. peacekeeping force may be needed to guarantee security and stability in Somalia, which has not had a functioning government for 15 years.

Solana said Ugandan forces may be the first deployed to replace Ethiopian troops, but he said the African Union is already carrying a "very heavy" peacekeeping burden in Sudan, and the U.N. may have to step in and take over the next phase.

The EU foreign policy chief said he "put that on the table" when he met Ban on Monday and did not expect an answer because the idea would have to be analyzed by U.N. peacekeeping officials.

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Somalia has not had an effective central government since clan-based warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, sinking the Horn of Africa nation of 7 million people into chaos. The current government was established in 2004.

On Dec. 6, the U.N. Security Council authorized an African force to protect the transitional government against the Union of Islamic Courts, which had taken control of the capital and most of southern Somalia. The council also authorized the force to train Somali government troops, and lifted a U.N. arms embargo for the African troops.

Asked whether the U.S. bombing violated the arms embargo, Montas said the council would be discussing Somalia on Wednesday.

The U.N. is trying to gather more information about the situation, she said.

Montas said U.N. humanitarian operations in the area where the bombs were being dropped were suspended and international staff were evacuated before Christmas when the recent fighting started.

No Exit In Somalia (WSJ)

The Wall Street Journal, January 10, 2007

It may be some time before we learn whether Sunday's air strikes by an AC-130 gunship in southern Somalia succeeded in killing the terrorists who were the intended targets -- particularly Abu Taha al-Sudani, reportedly an al Qaeda explosives expert, and Fazul Abdullah Mohammed, mastermind of the 1998 East Africa embassy bombings. But the attacks -- along with the deployment of a carrier battle group off the African coast -- are welcome evidence that the U.S. has learned the lessons of May 19, 1996.

That's the date Osama bin Laden and his associates left Sudan for Afghanistan on a chartered plane. The Clinton Administration was aware that Sudan intended to expel bin Laden, and the U.S. might have easily tracked and destroyed the flight en route. The consequences of its failure to do so is only too well known, and the Bush Administration is right to be determined not to let terrorists get away again, whether by land, air or sea.

The strikes in Somalia are also a reminder that in the war on terror there is no "exit strategy" short of victory. The last U.S. military venture in Somalia is broadly remembered as a military and political fiasco, particularly after the notorious "Black Hawk Down" battle in which 18 U.S. servicemen were killed, in part for want of adequate armor.

Yet America's sheepish withdrawal from the country had consequences. Bin Laden viewed it as yet another sign that America can't take casualties and will retreat when hit hard. Somalia descended into anarchy and became a haven for al Qaeda operatives and affiliated terrorist groups. Last June, the capital of Mogadishu fell into their grip, and the rest of the country surely would have fallen as well had it not been for the timely military intervention of neighboring Ethiopia.

That intervention has been criticized by some for running the risk of fueling regional conflict rather than checking it. Thus a British newspaper report from December frets that Ethiopia's invasion offers "Islamic jihadists the chance to establish a new front in Africa after Iraq and Afghanistan, and to wage another proxy war between East and West." Maybe.

Then again, a Taliban-style regime on the horn of Africa, capable of harboring, training, financing and equipping terrorists was an intolerable threat to global security. By contrast, the main risk now is that some Islamists will escape to fight another day, an excellent reason for the U.S. to take action when they are dispersed and on the run. Our forces were able to hit the terrorists this week because Ethiopia's offensive had pushed them out of their safe houses and into the open. It is a useful reminder to other terrorists that the U.S. can hit them anywhere in the world.

None of this requires the U.S. to deploy militarily to Somalia. Our security interests in the region are already well-served by our military deployment in neighboring Djibouti, from where we can monitor the region and, when necessary, rapidly deploy force.

What the U.S. can do for Somalia is offer meaningful logistical, military and humanitarian assistance to the Transitional Federal Government, which the CIA previously eschewed in favor of financing local warlords. TFG President Abdullahi Yusuf may not be a model democrat, but he showed his stripes well enough when he said of Sunday's air strikes that the U.S. "has a right to bombard terrorist suspects who attacked its embassies in Kenya and Tanzania." If only we received the same level of candid cooperation from Pakistani President Pervez Musharraf.

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The story of Somalia is far from over, and America's involvement in the area will not soon end. But U.S. interests are well-served by putting terrorists on the run, wherever they may be. We will be better served still if we take the lesson that the only exit for us in the war against terrorists -- whether in Somalia, Afghanistan and especially Iraq -- is to make sure there is no exit for them.

Defense Dept. Settles Suit On Database For Recruiting (NYT)

By Adam Liptak

The New York Times, January 10, 2007

The Defense Department yesterday announced changes in how it will treat information in an enormous military recruiting database.

The changes are part of the settlement of a lawsuit brought by the New York Civil Liberties Union on behalf of six New York City high school students that challenged the legality of the way information in the database was collected and used.

The database, the Joint Advertising, Market Research and Studies Program, is, according to court papers, probably the largest repository of information concerning 16-to-25-year-olds. It includes names, ages, sex, races, addresses, phone and Social Security numbers, e-mail addresses, schools attended, fields of study and grades. The information is collected or bought from high schools, motor vehicle departments and commercial vendors, and is used to identify and contact military recruiting prospects.

The Defense Department agreed to use the database only for recruiting, giving up the possibility of sharing it with law enforcement and intelligence agencies. It agreed to destroy information on individuals after three years rather than five years or longer.

The department also agreed to collect Social Security numbers only from the Selective Service System.

Perhaps most significantly, it established a way for people to opt out of the database. The civil liberties group has posted a form letter on its Web site to that end, along with form letters meant to be sent to newspapers applauding the settlement and chastising the Defense Department.

Donna Lieberman, the executive director of the civil liberties group, said that the settlement was a positive step, but that more remained to be done.

"Is it going to stop overaggressive recruiting?" Ms. Lieberman asked. "Of course not. Is it going to stop recruiting that specifically targets people of color? No."

In a statement, the group said it was frustrated that the department refused to stop collecting information about students' race and ethnicity. It said the military was engaged in efforts "to target racial and ethnic minorities, especially from African-American and Latino communities, for aggressive recruitment campaigns."

Maj. Stewart Upton, a Defense Department spokesman, defended the recruiting efforts. "In continuing to ensure that the military is representative of the American populace," Major Upton said, "we must communicate with all audiences to ensure that they are aware of the opportunity to serve in today's military."

Eleni Angelos Healey, a senior at Trinity School in Manhattan and one of the plaintiffs in the suit, said she had been harassed by letters and e-mail from military recruiters. Her repeated efforts to stop them had failed, she said.

"I'm really glad," Ms. Healey said, "that there's going to be a much easier way for kids to get their names off these lists as soon as possible."

Gov't Changes Student-recruit Practices (AP)

By Larry Neumeister,

AP, January 10, 2007

The Department of Defense has agreed to change the database it uses for military recruitment efforts to better protect the privacy of millions of high school students nationwide, a civil liberties group announced Tuesday.

In settling a lawsuit brought last year by the New York Civil Liberties Union on behalf of six high schoolers, the government agreed it will no longer disseminate student information to law enforcement, intelligence and other agencies and will stop collecting student Social Security numbers, the group said in a statement.

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It said it will also limit to three years the time it retains student information and will clarify procedures by which students can block the military from entering information about them in its database.

Last year's lawsuit claimed the department was flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private, the lawsuit said.

The current database includes information on 16-year-olds, is storing the information for five years and is being shared with law enforcement and other agencies, the lawsuit said.

Military officials have said they have about 30 million names in the database. The Pentagon said in 2005 the list includes high school students ages 16-18 and college students, and includes such information as the students' Social Security numbers, gender and race.

The government published the changes in the Federal Register on Tuesday before they were announced by the NYCLU.

Yusill Scribner, a spokeswoman for government lawyers who worked on the case, said the government had no comment.

Pentagon Agrees To Protect Privacy In Database Of Potential Recruits (WP/AP)

The Washington Post, January 10, 2007

NEW YORK, Jan. 9 -- The Defense Department has agreed to change a military-recruitment database to better protect the privacy of millions of high school students nationwide, a civil liberties group announced Tuesday.

To settle a lawsuit brought last year by the New York Civil Liberties Union, the government agreed to no longer disseminate student information to law enforcement, intelligence and other agencies and to stop collecting student Social Security numbers.

The Pentagon also agreed to limit to three years the time it retains student information and to clarify procedures by which students can block the military from entering information about them in its database.

Last year's lawsuit claimed the department was flouting a 1982 military-recruitment law. Military officials have said they have about 30 million names in the database. The Pentagon said in 2005 that the list includes high school students 16 to 18 years old as well as college students and includes such information as the students' Social Security numbers, sex and race.

CORPORATE SCANDALS:

Prosecutors Claim Conrad Black Committed Insider Trading (FINDLAW/AP)

By Ashley M. Heher, Ap Business Writer

AP, January 10, 2007

(AP) - CHICAGO-Less than two months before the start of a fraud and racketeering trial, federal prosecutors leveled new allegations against former newspaper tycoon Conrad Black, saying he engaged in insider trading and illegally posted information about his former company on a financial message board.

A lengthy filing this week in U.S. District Court in Chicago spells out a dozen alleged misdeeds by the former Hollinger International Inc. chairman and CEO, who's accused of plundering millions of dollars from the company's coffers.

Black was forced from the helm of the company and is scheduled to go to trial March 1.

The newspaper empire, which once included The Daily Telegraph of London, The Jerusalem Post and a major Canadian newspaper group, since has been largely dismantled. The Chicago Sun-Times is the last remaining major property of the company, now called the Sun-Times Media Group Inc.

Prosecutors on Monday asked U.S. District Judge Amy St. Eve to include the newest allegations as evidence in the ongoing case against Black.

"Black did not make a distinction between his money and that belonging to a public company," prosecutors wrote. "It is this mind-set that contributed to his fleecing of International."

Black is charged with misusing company money to bankroll his lavish lifestyle and cheating on his taxes. He has pleaded not guilty.

Edward Greenspan, Black's attorney, said the federal allegations include "misstatements."

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"We're preparing our response now and we will file and we will object to what the prosecutor has put forward," he said. "There are misstatements in the material they have filed."

Federal authorities say Black in 1998 urged a company vice president to respond to a post on a Yahoo message board about Hollinger's seemingly static stock price.

When the executive, Paul Healy, explained responding would violate federal guidelines from the Securities and Exchange Commission, Black posted a response anonymously, prosecutors said in the filing Monday.

But not before chastising Healy for his hesitation.

"Don't be so strait-laced," Black wrote to Healy. "... Get our story out."

Authorities said Black, along with other officials, used insider trading to boost Hollinger stock in 1998, arranging for the Canadian company Brascan to buy Hollinger shares at the same time short-sellers were unloading their stock. At the time, Black was a director at Brascan, now called Brookfield Asset Management.

"While Brascan used its own funds to purchase the shares, Black guaranteed their downside and interest rate, and also guaranteed their profit," prosecutors wrote, saying Black and other executives received cash from the deal.

Katherine Vyse, a spokeswoman for Toronto-based Brookfield, said the company was reviewing the matter and could not comment.

Among the other allegations, prosecutors say Black:

- deliberately withheld documents from prosecutors.

- spent nearly $9 million (â‚¬6.9 million) of Hollinger's money to purchase memorabilia from Franklin Delano Roosevelt, without seeking prior approval from the company's board. The memorabilia, which Black used to pen a 2003 biography of the former president, was stored and displayed at Black's home.

- abused Hollinger's charitable donations, attributing the company's donations to him and his family.

- used company money to pay for handbags, jogging attire, opera tickets and other personal items for himself and his wife.

Meanwhile, Ravelston Corp. Ltd., the Canadian company Black used to control Hollinger International, said it intends to cooperate with U.S. officials and wants to agree to a $7 million (â‚¬5.4 million) fine as part of a deal with prosecutors in Chicago.

The deal still must be approved by a judge in Ontario. Greenspan said Tuesday he plans to object to the guilty agreement.

Feds Request More Time (TOPCJ)

By Robert Boczkiewicz, The Capital-Journal

Topeka (KS) Capital-Journal, January 10, 2007

Wittig, Lake prosecutors want extra month to decide if they'll ask judges for rehearing

DENVER — Federal prosecutors aren't tipping their hand, but Tuesday they said they may ask an appeals court to reconsider its decision that overturned all convictions of David Wittig and Douglas Lake in the Westar Energy looting case.

Prosecutor Richard Hathaway told the 10th U.S. Circuit Court of Appeals in a new filing that more time is needed to decide whether to ask the court's full contingent of judges to rehear the case that was decided Friday by a three-judge panel.

Hathaway, of Topeka, asked the Denver-based court to give prosecutors until Feb. 19 to decide whether to ask for a rehearing. Without an extension, the deadline for prosecutors to decide is Jan. 19.

Wittig, Westar's former chairman, president and chief executive officer, and Lake, Westar's former executive vice president, were convicted in 2005 of wire fraud, money laundering, circumvention of internal controls and conspiracy.

The panel ruled there was insufficient evidence to convict Wittig and Lake of wire fraud. Because of that, and because the alleged crimes were so intertwined, their convictions for money laundering also were overturned.

The panel overturned the convictions for circumvention of internal controls, ruling that the trial judge, Julie Robinson, of the U.S. District Court in Topeka, seriously erred by failing to properly instruct jurors on what evidence was needed to convict on those charges.

The convictions for the fourth and final crime of which Lake and Wittig were charged, conspiracy, was overturned because the appellate judges concluded the conspiracy convictions were dependent on the evidence and the judge's instructions to jurors regarding the other crimes.

The court's full contingent of judges is about a dozen. The court normally operates in three-judge panels to issue its decisions.

The judges rarely grant rehearings, especially when decisions of a panel were unanimous, as they were Friday.

Washburn University law professor Michael Kaye, who has tracked the case since it started, said Friday it isn't likely that prosecutors will appeal Friday's decision to the U.S. Supreme Court because the ruling about evidence being insufficient was so "straightforward."

Typically, cases can't be appealed from a federal circuit court of appeals to the Supreme Court until an appeals court denies a request for rehearing.

Hathaway, in Tuesday's filing, wrote that attorneys at Justice Department headquarters in Washington, D.C., advised on Saturday "that additional time is required for the Office of Solicitor General to evaluate the case for a possible petition" for rehearing by the court's full contingent of judges. The solicitor general plays a key role in deciding whether prosecutors will appeal cases.

An attorney for Wittig, Gregory Coleman in Austin, Texas, said he doesn't oppose the court giving prosecutors more time to make up its mind. An attorney for Lake, Seth Waxman, in New York City, also said he doesn't oppose the request. It is common for prosecutors to make a request for more time.

Coleman said if they decide to ask for a rehearing, the judges could deny the request outright. But if the judges want to reflect on the request, they could ask attorneys for Wittig and Lake what their position is before deciding whether to rehear the case.

Robert Boczkiewicz can be reached at REB1den@aol.com.

Home Depot Board Faces New Outcry (NYT)

By Julie Creswell

The New York Times, January 10, 2007

Now that the board has ousted Home Depot's chairman and chief executive, Robert L. Nardelli, shareholders are expecting big changes at the home improvement retailing giant.

But the biggest hammer could fall on the board itself, warn some corporate governance advocates.

When Home Depot announced the departure of Mr. Nardelli last week, it also said that three directors — including one who has been on the board for nearly three decades — would remain on the board even though they were due to retire this spring after having reached the mandatory retirement age of 72.

Corporate governance watchdogs say the move illustrates that Home Depot's board, whose members have been criticized for their close ties to one another and to Mr. Nardelli's former employer, General Electric, is doing a poor job of succession planning for itself.

Furthermore, these critics argue that the three directors, Milledge A. Hart III, John L. Clendenin, and Claudio X. Gonzalez, played crucial roles in approving Mr. Nardelli's excessive pay package that ultimately led to his ouster.

"We were told the G.E. crony group that brought in Nardelli and paid him highly were going to start to move off of the board as they hit retirement age," said Richard Ferlauto, director of pension and benefit policy at the American Federation of State, County and Municipal Employees. "All last fall we were told that this board was going to evolve significantly because of the mandatory retirements. Now that's not happening."

The outcry over Mr. Nardelli's compensation, including his $210 million exit package, could result in another aggressive campaign to withhold votes from Home Depot's directors at the company's annual shareholder meeting this spring.

Or, if a competing slate of directors is put up against the incumbents, as one shareholder activist, Ralph V. Whitworth, has threatened to do, shareholders could throw their support to them if they believe they are qualified for the job, said Mr. Ferlauto.

The threat of a proxy fight could cause Home Depot's board to cut a deal with Mr. Whitworth, and that could result in the company shedding its construction supply business, which shareholders have been unhappy with, or adding Mr. Whitworth's nominees to the board.

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Brad Shaw, a spokesman for Home Depot, played down the prospects of a proxy battle, saying, "Home Depot's board has acted in the best interests of shareholders and is confident shareholders recognize this."

In a statement, Home Depot's board said it was necessary for the three directors to remain on the board for one more year in order to provide Mr. Nardelli's successor, Frank Blake, with their expertise and deep knowledge of the company. It added that Kenneth G. Langone, Home Depot's co-founder and the lead director, still intends to retire from the board as scheduled in May 2008, when he will be 72.

The company also said it hired an executive search firm last year to help identify candidates to replace the retiring board members. Home Depot did name one new director to its board in mid-November, Helen Johnson-Leipold, the chairwoman and chief executive of sports products company Johnson Outdoors.

Yet, the board should have already named several other replacements for its retiring directors by now, say some critics, who contend that the directors are still firmly on the hot seat as proxy season approaches.

The person driving the changes could be Mr. Whitworth, who runs Relational Investors, a fund that owns about $1 billion worth of Home Depot stock. In December Mr. Whitworth announced plans to form a shareholders' committee to examine the company's strategy and to nominate two individuals, including himself, to the board.

Last week, despite Mr. Nardelli's departure, Mr. Whitworth signaled that his stance and intentions had not changed. He declined yesterday to comment for this article.

If Relational decides to put up a slate of competing directors, Home Depot shareholders might be willing to support those candidates because of Mr. Nardelli's $210 million payout package, much of which was put in place by the board in his original 2000 employment contract, as well as the waiver of the mandatory retirement age for the three directors.

"Relational could take a stance that Home Depot is, in fact, entrenching the status quo by not replacing these directors, and that gives them another opportunity to generate press over the subject and to try to manage an upcoming proxy vote," said Andrew D. Shiftan, a managing director at investment bank Morgan Joseph & Company.

Mr. Shiftan noted that in the 10 or so campaigns that Relational has waged against companies since 1997, it has often agreed to concessions with the company in exchange for board seats and other changes.

A spokesman for Home Depot declined to comment on Relational, pointing to a statement made by the company late last year that said it planned to arrange a meeting with Relational shortly after the first of the year to discuss its concerns.

Shareholders have long been frustrated with Home Depot's stock price, which slumped under Mr. Nardelli. Last Wednesday, the stock surged on news of his resignation, but has since fallen 4 percent.

Last year, shareholders aimed a clear sign of their frustration at Home Depot's board. Of the shareholders who voted, 30 percent or more withheld their votes for 10 of the 11 directors, including Mr. Hart, Mr. Clendenin and Mr. Gonzalez.

"People who withheld votes from the directors last year remember who was there when the compensation contract was approved," said James P. Melican, chairman of Proxy Governance, a firm that advises large shareholders on corporate governance issues.

For instance, one of the directors whose retirement was waived was Mr. Clendenin, the retired president and chief executive of BellSouth. Mr. Clendenin joined Home Depot's board in 1996 and had a close relationship with a co-founder, Bernard Marcus, and their paths often crossed at social and business functions in Atlanta, according to a person close to the board.

Mr. Clendenin was chairman of the compensation committee that signed Mr. Nardelli's employment contract in December 2000. One of the lawyers sitting on the other side of the table helping Mr. Nardelli negotiate the contract was Frank L. Fernandez. Mr. Fernandez was later named Home Depot's general counsel. Mr. Fernandez declined to comment for this article.

It was at Electronic Data Systems, where Mr. Hart was president, that he and Mr. Langone became familiar with one another. As an investment banker, Mr. Langone helped take the company public in 1968 and was a large E.D.S. shareholder for years.

When Mr. Langone was approaching individuals to provide seed money for Home Depot in its early days, Mr. Hart became an early investor in the company and got a board seat. (Another former E.D.S. executive, Richard H. Brown, later became a Home Depot director as well. Mr. Brown left the board before last year's annual meeting.)

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Under stock exchange guidelines, Mr. Hart is not considered an independent director as Home Depot conducts business with an insulation company owned by Mr. Hart.

The third director who was set to retire this spring was Mr. Gonzalez, the longtime chairman and chief executive of Kimberly-Clark de México, a unit of Kimberly-Clark. Mr. Gonzalez joined Home Depot's board in 2001 and, as a director on G.E.'s board, he was very familiar with both Mr. Nardelli and Mr. Langone, who was also a G.E. director.

Mr. Gonzalez, who received the highest number of withheld votes last year at 36 percent of those cast, was a member of the compensation committee last year when it changed its long-term incentive plan for executives to include the effects of share buybacks when measuring earnings per share for compensation package. As Home Depot has been buying back its shares in recent years, such a change would have the effect of boosting the chief's pay.

Moves like that have some shareholder activists declaring that the departure of Mr. Nardelli simply is not enough to right all that is wrong with Home Depot.

"Home Depot's nomination committee and compensation committee needs to be reformed," said Mr. Ferlauto. "The next task is to rebuild the board in a way that creates trust with shareholders and much greater transparency to the decision-making process of the board."

In Cash Crunch, Mills May Seek Bankruptcy Filing (WP)

By Dana Hedgpeth And David S. Hilzenrath

The Washington Post, January 10, 2007

Mills Corp., the struggling shopping mall developer, said yesterday that possible misconduct by management contributed to widespread accounting errors, and the company warned that it may be forced to seek bankruptcy protection if it cannot reach agreement with its lenders.

Mills, of Chevy Chase, said in a filing with the Securities and Exchange Commission that the errors total $347 million to $352 million. The document said it remains unknown what effect the accounting corrections would have on the company's financial statements for 2005 and earlier. A company spokesman declined to elaborate yesterday.

Mills has not released an earnings report since the third quarter of 2005, and last year, its chief executive Laurence C. Siegel retired. It plans to restate its financial results from 2001 to 2004 and for the first three quarters of 2005. The company is under investigation by the SEC, which declined to comment on the case.

Mills issued a statement late yesterday, saying it has "taken several important remedial steps" in the past year that include "a near-complete change of executive management personnel."

Mills stock closed yesterday at $14.82 per share, down $4.12, or 21.8 percent.

Mills owns about 40 large-scale shopping malls, including the discount retail complexes of Potomac Mills in Virginia and Arundel Mills in Maryland. Siegel was credited with pushing the concept of regional mega-malls in the 1990s as places that would be shopping destinations. He eventually embarked on what was to be Mills' most ambitious undertaking, a giant shopping project called Xanadu in northern New Jersey, which was to have an indoor ski slope and a Ferris wheel.

The company, however, has since given up its lead role in the Xanadu project and in its filing yesterday said the company's rapid growth contributed to its accounting errors.

Mills's "overall culture and 'tone at the top' were heavily focused on meeting external and internal financial expectations," Mills said in a report summarizing the results of a long-running investigation by the audit committee of its board of directors. The report found that "possible misconduct" played a role in its accounting troubles, including at least one instance in which management overrode a decision by the company's accounting department.

The report did not name the people involved in the suspected misconduct. The company said, however, that the audit committee found no reason to question the integrity and conduct of current executives.

Some of the larger accounting mistakes appear to have been unintentional, resulting from incompetence or poor internal controls, the report said. But the evidence showed that a "relatively small" number of errors were not reached "in good faith," the report said.

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In one episode, Mills booked a sale as having occurred in April 2002, though the terms of the sale were not negotiated until late 2002 and the deal was not completed until the spring of 2003, the report said. Correcting that problem would add $10.8 million of expenses for 2002.

In another episode, early in 2004, management overrode a decision by the corporate accounting department to put more than $500,000 in reserve. Putting money in reserve can decrease profit.

The report said Mills treated termination payments for two former employees as consulting fees, even though the employees did not perform any consulting services for Mills and were not expected to do so. The payments were improperly capitalized on the financial statements, the report said.

With regard to those problems, the company's audit committee "concluded that the weight of the evidence was contrary to the witnesses' assertions that the accounting judgments at issue were reasonable and reached in good faith," the report said.

Among the items Mills appears to have misstated unintentionally was the compensation of its former chief executive, the report said. The company understated Siegel's long-term incentive pay expense by $1.5 million in 2004 and overstated it by $1.9 million in the first three quarters of 2005. The company underreported other aspects of Siegel's compensation by $132,228 in 2002 and by $28,031 in 2004, the report said.

When Siegel retired as chief executive in October, the company reported that he was being called on to repay "any non-business related perquisites" he may have received, including $362,156 for "personal use of the Company-chartered aircraft and personal flights erroneously paid by the Company."

The audit committee hired the law firm of Gibson, Dunn & Crutcher to assist with the investigation, and the law firm enlisted forensic accountants. The investigation involved a review of more than 4 million pages of documents and 240 interviews with 100 people.

In its SEC filing, Mills said it had adequate cash to operate through March 31 but then must reach a new agreement with its lenders. If those talks fail, Mills "could be forced to seek protection" under the U.S. bankruptcy code, and security holders could "lose their entire investment," the filing said.

The company has spent the past few months selling overseas operations and taking other steps to reduce its debt. At its annual meeting in December, Mills' new chief executive, Mark S. Ordan, assured shareholders that no unexpected "financial disasters" were afoot, telling them "you should not read any of my remarks to say that there is some smoking gun out there that we are hiding."

Should Steve Jobs Go To Jail? (WSJ)

By RICHARD MARMARO And RYAN WEINSTEIN

The Wall Street Journal, January 10, 2007

Steve Jobs recently became the latest chief executive thrown into the options-timing imbroglio. Apple disclosed that its CEO was "aware or recommended" favorable grant dates on option grants to employees, but that he did not "receive or benefit" from any of the grants or "appreciate the accounting implications." Apple's board concluded that Mr. Jobs had done nothing wrong, and emphasized its "complete confidence" in its CEO. The markets followed suit. Rather than fret, investors actually bid up Apple's stock by more than $5 per share.

Given the stock bump, the board's exoneration and Mr. Jobs's lack of accounting experience, could this possibly be a case of criminal securities fraud? Believe it or not, in the minds of some prosecutors applying a far-reaching and unproven theory of fraud, it is. Just last summer, the government indicted Gregory Reyes, the former CEO of Brocade Communications, despite the fact that Mr. Reyes, like Mr. Jobs, was a non-accountant who didn't personally benefit one cent from the option grants at issue.

The problem with the government's theory is that it conflates books-and-records violations with criminal securities fraud. In the process, the government untethers securities fraud from the legal elements that help safeguard executives from conviction for inadvertent accounting violations resulting in little or no harm to companies or to investors.

Fundamental to American law is the notion that a defendant cannot be punished absent intent to commit a crime. Yet prosecutors are alleging that non-accountants violated an accounting rule -- known as APB 25 -- so opaque even auditors didn't

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understand it. Many in Silicon Valley are still scratching their heads: How can someone intentionally violate a rule that they and most others don't even comprehend?

Prosecutors and regulators have alleged just that. Not surprisingly, the first and only federal court confronting the issue so far found that APB 25 was so obscure that its violation could not demonstrate evidence of fraudulent intent as a matter of law.

Indeed, much of what is pejoratively called "backdating" was actually undertaken in good faith. In many instances during the Internet boom, Silicon Valley high-tech companies were hiring so many new employees and awarding so many options grants that paperwork errors led to changed grant dates. Yet these occasions have been lumped into the so-called "backdating" pool, and portrayed as a harbinger of the next Enron.

Unlike in the typical securities fraud cases -- where revenues are overstated or cash expenses hidden, and when discovered, the company's stock craters -- prosecutors of backdating cases face an enormous challenge in proving that stock-based compensation expense actually cost investors anything. Stock-based compensation is a non-cash expenditure, meaning the expense does not reflect cash flowing into or out of the company's treasury. This fact is often overlooked by those who assume that backdated option grants are the same as cash hand-outs.

In the current regulatory environment, these economic realities too often get lost when addressing past errors in options accounting. Accurate financial reporting is critical to a company's health. But at some point the quest to restate an ideal financial statement risks exalting form over substance, with the company's true financial health becoming virtually irrelevant while an approved income statement is made paramount.

The most basic element of fraud is deception or deceit, and a typical example is when a company misstates revenues or cash expenses. Yet there is no proof of deceit or concealment in alleged backdating cases. In fact, it is remarkable how much companies have disclosed about their option grants. Company 10-Ks, Form 4s, proxy statement and other filings were replete with information about options. Indeed, despite media accounts that suggest that executives were secretly lining their pockets, the economic value of options granted, whether to executives or to the rank-and-file, was no secret at all.

If the alleged backdating did not involve self-dealing or kickbacks, and options expenses were immaterial to investors, how were investors harmed? If the harm was only "mak[ing] a hash of the financial statements," as SEC Chairman Christopher Cox has suggested, shouldn't backdating cases be charged as books-and-records violations rather than securities fraud? Despite the media clamor and various colorful analogies to lightning, lotteries and pick-pocketing, most options backdating cases are not fraud, but books-and-records errors.

It is understandable, in an era when public concern is growing over rising executive compensation, that attention should be turned to stock options. Individual companies may want to reconsider how and at what volume they grant options. Yet a thoughtful look at the elements of securities fraud may help observers distinguish between accounting issues and criminal acts.

Mr. Marmaro, a former federal prosecutor, and Mr. Weinstein are attorneys at Skadden, Arps, Slate, Meagher & Flom. They are currently representing the former CEO and chairman of Brocade Communications in connection with stock option issues.

Apple's Gore (WSJ)

By HOLMAN W. JENKINS, JR.

The Wall Street Journal, January 10, 2007

We can only wonder what Al Gore is making of his experience as the No. 1 defender of today's No. 1 backdating miscreant.

Mr. Gore, an Apple director, was a member of the special two-man committee that investigated and exonerated Steve Jobs in the backdating matter. By now, we presume he is well-versed in what backdating is and isn't. But how easily Mr. Gore -- the scourge of Big Pharma, etc. -- could have been the one braying about greed, CEO theft, the defrauding of shareholders.

Mr. Jobs's famed marketing magic was on display yesterday at the Macworld Expo in San Francisco. In another way, his case has performed a magical feat in prompting a few more voices to question whether backdating is really the crime of the century, or merely a business curiosity blown way out of proportion by poorly reasoned coverage.

Here and there, in the New Yorker, at the Fortune magazine Web site, in the bloggings of law Prof. Larry Ribstein and journalist John Carney, the intellectual fallacies that have permeated the coverage are gradually poked away. Asks Business

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Week: "Is the world ready to see one of its greatest innovators sacrificed at the altar of the good-governance gods -- especially when it's not clear how [Mr. Jobs] was enriched or his shareholders damaged?"

No such understanding was emoted for Brocade's Greg Reyes or Comverse's Kobi Alexander, CEOs indicted in backdating scandals much like Apple's. But this is still progress.

Much reporting has made it sound like backdating was the equivalent of executives taking erasers and white-out to their paychecks to add a couple of zeroes -- and public understanding still suffers from this bum steer. But all that backdating comes down to is a nonmaterial accounting irregularity (yes, readers, accounting rules should be obeyed!) involving a defective judgment about whether "in the money" options needed to undergo expensing.

We're still at the beginning of the so-called scandal, and many executives will likely end up paying a price for this poor decision. But in no way does it implicate theft of shareholder money or even substantive accounting fraud. Here, we propose to violate a cardinal newspaper ordinance that logic should never be discussed in a newspaper. The beginning of all error was the media's unwarranted assumption, to put a fine point on it, that backdating was somebody's way of paying an employee more than, um, er, that same somebody intended (er, sputter, gurgle).

You see the problem: Whether options are backdated or not, they must reflect the intentions of whoever designed them. If I'm designing the package, how can I intentionally design it to pay more than I intend?

So the claim that backdating was used to "inflate" pay (compared to what?) can only be nonsense. In any case, if companies wanted to increase executive wages, backdating was a needlessly baroque way of doing it. They could just have handed out more options. Backdating's appeal had to lie elsewhere. The likeliest (even self-evident) explanation is that managements discovered that employees' eyes light up when "in the money" options are put before them. Indeed, if employees are as prone to fallacious thinking as the media in valuing options packages, their delight in "in the money" options allowed them to be taken to the cleaners compared to what they would have received in "at the money" options.

But, you ask, wasn't the purpose to conceal from shareholders how much employees were being paid? Your error is forgivable if you've been getting your information from the press: The entire substance of backdating was to allow the details of these "in the money" options to be accurately reported, albeit without taking an accounting charge for them (remember, companies at the time could pay an employee the GNP of France in "at the money" options without taking a charge).

Blessed is the editor who can say to a writer, "Make sense of Subject X for me," and hope to receive back something more than a distillation of tropes already in the media. Most editors are not so blessed, a factor just now reaching critical mass. On Sunday, a lagging commentator in the New York Times likened backdating to "getting to pick lottery numbers after the winning numbers are drawn." A confused Washington Post editorial called on Mr. Jobs to reimburse Apple for the compensation he stole.

Against this (who would have thunk it) stands Mr. Gore, yelling stop to the lynch mob. In Apple's own backyard, the San Jose Mercury News delivered a critic's delectable complaint that the Gore investigation had "tried to preserve the company's No. 1 asset" in Mr. Jobs. Isn't that exactly what a shareholder wants from the Apple board right now? The Apple case is a marvelous example of why corporate governance reformers do shareholders no favor even as they expand their own bailiwicks by making governance reform a never-ending end in itself. Indeed, Mr. Gore deserves credit for putting himself in the line of fire at all. And worse is surely coming: Mr. Jobs is starting to face insinuations of insider trading for stock sales after the first backdating cases broke but before Apple was implicated.

Mr. Gore might have waved off the special committee assignment and sought to cover his own hindquarters from the lawsuits and criticism aimed at Apple. That's been the tendency of directors since Sarbanes-Oxley enacted greater individual liability for accounting scandals: head for the high grass and hire a lawyer to point fingers at somebody else.

It's no accident that in the last 25 years, the value of America's corporations rose 12-fold, and the corporate reform industry grew right in step to tell us how badly and corruptly our companies are governed. The more successful the stock market is at cultivating strong businesses, the more we're told the whole system is rotten, in need of reform.

We just wonder what Mr. Gore thinks about all this now.

Mr. Jenkins edits "Political Diary," the editorial page's daily e-mail newsletter with commentary analysis and gossip on Washington, D.C. and state politics. With John Fund. Subscribe at www.politicaldiary.com.

DOJ_NMG_0114679

CRIMINAL LAW:

Document-Theft Probe Is Criticized (WP)

By R. Jeffrey Smith

The Washington Post, January 10, 2007

The Justice Department and the National Archives improperly assured the Sept. 11 commission that its members had access to all relevant materials about the Clinton administration's terrorism policies, without knowing if original, uncopied documents had been removed from the archives by former national security adviser Samuel R. "Sandy" Berger, a Republican congressional report said yesterday.

The report, issued by Rep. Thomas M. Davis III (R-Va.), accused both agencies of inadequately investigating the theft Berger admitted had occurred on two occasions in 2003. It quoted two Archives officials as saying that they had no way of knowing whether Berger took other documents from the files during two earlier visits.

Davis is the former chairman of the House Committee on Oversight and Government Reform. He issued the report after Republican staff members conducted interviews with Archives and Justice Department officials and gained access to unredacted material from a probe by the National Archives inspector general.

His report includes new details of what Berger did, and how the Archives staff, the Justice Department and the FBI reacted to the discovery of missing documents. It depicts Berger as aggressively insisting during his visits to the Archives that he be left alone with the documents, giving him what he later admitted was a calculated opportunity to hide the papers in his clothing.

The report also depicts Berger as lying to Archives staff about thefts that an unnamed senior Archives official said had made her and her staff feel "almost physically ill." It said Berger knowingly made false statements to the media after word of the FBI probe surfaced and improperly allowed a spokesman, Joe Lockhart, to depict him as a victim in the affair.

Berger's attorney, Lanny Breuer, responded yesterday with a statement that Republicans had politicized and distorted "a matter that has been thoroughly investigated by the Justice Department for more than two years and effectively closed for more than a year. It is particularly troubling that they have chosen to attack not only Mr. Berger but also the dedicated professionals at the Department of Justice who handled this case."

Breuer added: "The principal allegations in this report are based on pure conjecture; not a single fact is offered to support them." He said Berger had cooperated with the Justice Department and had moved on.

The Justice Department said yesterday that it had no evidence Berger's actions had deprived the commission of any documents.

The report called the FBI and Justice Department's lack of interest in Berger's first two visits to the Archives, in May and June 2003, "disturbing" and "inexplicable," particularly in light of his eventual admission to having improperly removed classified notes he took during one of those visits. It said Berger was never given a polygraph test despite having agreed to it as part of his plea bargain with the Justice Department in 2005.

The report also provided a more vivid account of what an unnamed Archives staff member described as Berger's apparent attempt to take some material out in his pants, an allegation Berger has repeatedly denied. The staff member, one of only four Archives employees cleared to see all the documents that Berger came to review, wrote that "there was clearly something there more than his pants and socks."

The report said Berger took a special interest during his early visits in files from the office of former White House counterterrorism official Richard A. Clarke, which included uninventoried draft documents, memos, e-mail messages and handwritten notes. "Had Berger removed papers . . . it would be almost impossible for Archives staff to know," the report stated.

The report quoted a lawyer at the Archives, Jason R. Baron, as acknowledging that as a result "it is conceivable that the 9/11 commission may not have received" all the requested documents.

A spokeswoman for the Archives, Susan Cooper, said "at the time, the National Archives was confident that the 9/11 commission received all the materials. . . . You can't ever guarantee anything."

GOP Contradicts Justice Department (WP/AP)

DOJ_NMG_0114680

By Larry Margasak, The Associated Press

The Washington Post, January 10, 2007

WASHINGTON -- Some classified documents that were unlawfully removed from the National Archives three years ago may never have reached their intended destination _ the Sept. 11 commission, a House Republican report concluded Tuesday.

The report contradicted Justice Department conclusions that the commission received all the necessary documents. The records were reviewed at the archives by the Clinton administration's national security adviser, Sandy Berger, who pleaded guilty in April 2005 to unlawfully removing several documents.

Released by Rep. Tom Davis, R-Va., the report said Berger could have taken White House staff working papers that never were inventoried by the archives. In that case, nobody would know they were gone, the report said.

The Justice Department on Tuesday repeated its original position that no documents were withheld. Spokesman Bryan Sierra said the department "has no evidence that Sandy Berger's actions deprived the 9/11 Commission of documents, and we stand by our investigation of this matter."

Berger pleaded guilty to removing documents on two occasions in 2003. A report by the archives inspector general last month said that Berger acknowledged hiding some of them at a construction site near the archives building in Washington.

The report said, however, that the plea did not account for two earlier visits during which Berger reviewed documents. He conducted the review to prepare himself and other Clinton aides for testimony before the commission investigating the Sept. 11, 2001, attacks.

"The 9/11 Commission relied on incomplete and misleading information" when it was told it had all the records, said Davis. The ranking Republican on the House Government Reform Committee, Davis started working on the report when he was chairman prior to the Democratic takeover of Congress.

Davis' report quoted Noel Hillman, then-chief of the department's Public Integrity Section, as stating at the time of the 2005 plea that Berger did not have an intent to hide any of the documents or conceal facts from the commission.

Matt Bennett, a spokesman for Berger attorney Lanny Breuer, said, "I can state unequivocally that no documents were withheld, and that all documents that Mr. Berger took were disclosed to the Justice Department and the inspector general of the archives."

The report said that since working papers reviewed by Berger were not inventoried, "the Department of Justice could not assure the 9/11 Commission that it received all responsive documents to which Berger had access. Additionally, the 9/11 Commission was not informed that Berger had access to original documents that he could have removed without anyone's knowledge," the report said.

In September 2005, Berger was sentenced to two years of probation, 100 hours of community service, pay a $50,000 fine and to lose his security clearance for three years.

The report said the Justice Department "was unacceptably incurious" about two of Berger's four visits to the National Archives _ one in May 2002 and the other in July 2003.

The department "never notified the 9/11 Commission that Berger viewed a large number of original documents on these first two visits," the report said.

Damage From Berger's Theft Understated, Davis Says (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 10, 2007

Samuel R. Berger's theft of documents from the National Archives compromised national security "much more than originally disclosed" and resulted in "incomplete and misleading" information being given to the September 11 commission, says the former chairman of the House Government Reform Committee.

"It is now also clear that Mr. Berger was willing to go to extraordinary lengths to compromise national security, apparently for his own convenience," Rep. Thomas M. Davis III, Virginia Republican, said yesterday.

"No one ever told the commission Mr. Berger had access to original documents he could have taken without detection."

In October, Mr. Davis led an effort by House Republicans to investigate and hold hearings on which documents might have been "destroyed, removed or were missing" after visits to the National Archives by Mr. Berger, President Clinton's national security adviser from 1997 to 2001.

Mr. Davis said the investigation found that the full extent of Mr. Berger's document removal can never be known and, consequently, the Justice Department could not assure the September 11 commission -- which was investigating intelligence and security failures -- it received all the documents to which Mr. Berger had access.

"We now know Mr. Berger left stolen highly classified documents at a construction site to avoid detection," he said. "We know Mr. Berger insisted on privacy at times to allow him to conceal documents that he stole."

Mr. Davis noted that during three visits to the Archives, Mr. Berger was given access to working papers of National Security Council staff members, including Mr. Berger, and their content was not inventoried by the Archives at the document level. He said Mr. Berger focused solely on original documents during his first two visits and there was "no way to determine" whether he "swiped any of these original documents."

The National Archives Office of Inspector General reported last month that Mr. Berger hid documents under a construction trailer where they could be retrieved later.

Lanny Breuer, Mr. Berger's attorney, said the matter was thoroughly investigated by the Justice Department for more than two years and effectively closed for more than a year. He said the report's conclusions were based on "pure conjecture."

"Not a single fact is offered to support them," Mr. Breuer said.

"Sandy Berger made a mistake. But he has admitted that mistake, fully cooperated with the government's investigation, paid his debt to society, and moved on. It's time for the new congressional minority to do the same."

Mr. Davis described the Justice Department's assertion that Mr. Berger's statements were credible after being caught as "misplaced." He said, "One wouldn't rely on the fox to be truthful after being nabbed in the henhouse. But the Justice Department apparently did."

Justice Department spokesman Bryan Sierra said the department "has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter."

Mr. Berger pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the government's knowledge of terrorist threats to the United States.

He was fined $50,000 and barred from access to classified material for three years. He had faced a year in prison and a $100,000 fine, but a plea agreement with the Justice Department reduced the fine and kept him out of prison.

House Panels Delay Response To Subpoenas (AP)

By Erica Werner, Associated Press Writer

AP, January 10, 2007

Three House committees are delaying responding to grand jury subpoenas issued in connection with the bribery case against jailed former Rep. Randy "Duke" Cunningham.

The subpoenas were issued to the Appropriations, Armed Services and Intelligence committees by the federal grand jury in San Diego that has been considering evidence in a defense contracting investigation stemming from the Cunningham case.

The subpoenas set a Jan. 11 deadline for compliance but prosecutors and House lawyers have agreed to extend that until Jan. 31, congressional staffers said Tuesday.

The initial deadline was "obviously impossible to meet," said Appropriations Committee Chairman David Obey, D-Wis. "I just got the job."

"We essentially have to dig into Republican files. We have no idea what's in there," Obey said.

The subpoenas for documents were disclosed in the Dec. 27 edition of the Congressional Record by the committee chairmen, as required by House rules. Those Republican chairmen have since handed over power to Democrats who now control the House.

Prosecutors in San Diego declined to comment.

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Rep. Peter Hoekstra of Michigan, top Republican on the House Intelligence Committee, wouldn't say what the subpoenas ask for, but said he was concerned the scope was overly broad.

"It's pretty extensive ... I've got some concerns," Hoekstra said. He said House attorneys would negotiate their response with federal prosecutors.

The Justice Department has clashed with Congress in the past over the scope of its investigations of lawmakers.

The San Diego grand jury has been considering evidence against Brent Wilkes, a defense contractor identified as one of Cunningham's coconspirators.

Cunningham, a San Diego-area Republican, was sentenced in March to more than eight years in prison for accepting $2.4 million in bribes in exchange for steering government business to Wilkes and others.

Investigators are also investigating Wilkes' childhood friend Kyle "Dusty" Foggo, a former high-ranking CIA official, for his role in the awarding of a government contract that went to Wilkes.

Also Tuesday, longtime Appropriations staffer Betsy Phillips confirmed she is cooperating with a grand jury subpoena for testimony in the case, but refused further comment.

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Associated Press Writer Allison Hoffman in San Diego contributed to this report.

Nagin Stops Short Of Curfew But Plans Checkpoints On N.O. Streets (AP)

AP, January 9, 2007

NEW ORLEANS — Mayor Ray Nagin, his hurricane-stricken city under siege by a crime wave that has claimed nine lives since the start of 2007, stopped short of imposing a curfew but said police will set up checkpoints in early-morning hours when about one-third of the city's violent crime occurs.

The checkpoints, scheduled to start Wednesday, would operate between 2 a.m. and 6 a.m. and target drug and alcohol violations as well as motorist insurance. The first one was to be held in a crime-ridden area of the city.

Increased foot patrols, using 20-25 sheriff's deputies to supplement police, increasing the number of surveillance cameras in high-crime areas and speeding homicide cases through the court system were other elements of Nagin's plan to attack crime.

"This city will focus on murders," Nagin said, flanked by Police Superintendent Warren Riley, District Attorney Eddie Jordan and others during a news conference held Tuesday afternoon at the site of the city's first murder of 2007. "We're drawing a line in the sand, and we're saying, 'We've had it.'"

A curfew had been opposed by the city's tourism leaders, who said businesses struggling since Hurricane Katrina could be further hurt. While Nagin did not declare a curfew, he said the message to citizens was to stay off the streets in high-crime areas and in early morning hours.

Riley, whose department has struggled since the hurricane to maintain community confidence, also said officers on desk and training duties will be reassigned to on-foot community policing.

Nagin, acknowledging the criminal justice breakdown extended beyond the police force, said a corps of volunteers will be recruited to monitor homicide cases moving through the courts. "We're sending a signal that the system that used to allow you to commit a murder and there were no consequences is over. It has been easier to commit a murder than another crime in New Orleans," Nagin said.

Police officers have been critical of the district attorney's office and judges, who they say have turned loose too many criminals or given light sentences. But Riley said his department will work with the district attorney to ensure that all information needed to prosecute a murder case will be turned over within 28 days.

The news conference took place in a neighborhood of houses with peeling paint, across from a large FEMA trailer park and an abandoned public housing development.

At a mom-and-pop grocery on the corner, children oblivious to the weight of the events around them bought candy and chatted happily.

Beside the podium set up for the news conference, blood spots from the Jan. 1 killing of 28-year-old Corey Hayes were in plain view on the street.

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Absent from today's news conference were state officials.

Gov. Kathleen Blanco said today that her office has been talking with New Orleans police for almost two months about a plan to curb the violence and made a formal request for one a couple of weeks ago as a prelude to additional state funding.

The state budget for the next fiscal year, which begins July 1, is being formulated now and an action plan on crime is needed to secure state funding, Blanco said.

"We obviously can't abandon the city," Blanco said.

Since June 2006, Blanco said the state has spent about $15 million to keep 300 National Guard troops and 60 state police in New Orleans, and another $15 million housing Orleans Parish prisoners in state facilities.

There is funding to keep the guard and state police in town until June 30, she said.

"We know it's going to cost us more next year if they stay," she said. "For one thing, the hotels that were providing free rooms are withdrawing that, so we'll have to pay for them."

New Orleans neighborhoods have become "a haven for criminal activity" and the state needs federal help to stop the recent crime wave there, Sen. Mary Landrieu, D-La., said today.

Landrieu presented 10 ways the federal government could help relieve the wave of homicides.

"These proposals will not end crime in New Orleans, but they are specific, they are doable," Landrieu said in a Capitol Hill news conference.

She asked for more agents from the FBI and the Drug Enforcement and Administration, an emergency grant from the Justice Department similar to the one awarded to New York City in the wake of the Sept. 11 attacks, and money to build a new police academy and put a camera surveillance system in police patrol cars and around the city.

Guns are on the streets of New Orleans in record numbers since Hurricane Katrina, said senior special agent Austin Banks of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

"Since Katrina, we have traced every firearm recovered by the New Orleans Police Department," Banks said. "And our investigation shows we are tracing just as many post-Katrina as pre-Katrina even though we have a much smaller population."

New Orleans population is down from its pre-Katrina total of 455,000 to about 200,000 according to the U.S. Census Bureau.

The ATF has found the length of time it takes a legally purchased gun to become involved in a crime is five years nationally, Banks said.

"In New Orleans it's only six months," he said. "That tells me that people here are buying guns for the bad guys."

Inside Politics (WT)

By Greg Pierce

The Washington Times, January 10, 2007

Santorum's landing

Former Sen. Rick Santorum, Pennsylvania Republican, yesterday became a senior fellow at the Ethics and Public Policy Center, a Washington-based think tank, John J. Miller reports at National Review Online (www.nationalreview.com).

"I want to contribute to the world of ideas," Mr. Santorum said.

After 16 years in Congress -- four in the House, 12 in the Senate -- Mr. Santorum lost his bid for re-election in November. However, he hopes to remain in the public spotlight as director of the EPPC's brand-new America's Enemies program, Mr. Miller writes.

"It's a stark name," Mr. Santorum said. "But we wanted to be candid about the fact that America really does have enemies and to point out that the nature of these enemies is much more complex than what people realize. It's not just Islamic fascism, but also Venezuela, North Korea, and, increasingly in my opinion, Russia."

Landrieu's plan

Sen. Mary L. Landrieu, Louisiana Democrat, said yesterday that Congress can -- and should -- do more to help stop the recent wave of violent crime plaguing New Orleans.

The Democrat urged adoption of her 10-point plan, which grants federal funds and beefs up drug and violence task forces disrupted by Hurricane Katrina in 2005. She sent a letter to President Bush asking that his budget include funds to double the size of a Drug Enforcement Administration task force and an FBI gang task force.

"Regrettably, these abandoned neighborhoods are a perfect breeding ground for crime and drug traffickers that can take advantage of the total absence of witnesses to undertake their operations unobserved," she said.

Mrs. Landrieu said "action must be taken," especially in light of the 12 killings in recent weeks, nine of them since Jan. 1.

Among her proposals was a plan to put up surveillance cameras to monitor crime and for potentially abusive police. She also wants to increase funding to build a new police academy to replace what was damaged during the hurricane.

The city must give a perception of safety in the weeks before next month's Mardi Gras celebration, a major economic boost, she said.

Sharpton again

Black activist the Rev. Al Sharpton said Monday he is seriously considering a run for president.

"I don't hear any reason not to," Mr. Sharpton, 52, said in an interview during an urban-affairs conference in New York sponsored by the Rev. Jesse Jackson.

"If we're talking about the urban agenda, can you tell me anybody else in the field who's representing that right now?" Mr. Sharpton asked. "We clearly have a reason to run, and whether we do it or not we'll see over the next couple of months."

Mr. Sharpton mounted a long-shot bid for the White House in 2004, in which his wit and fiery denunciation of President Bush often enlivened Democratic primary debates. He dropped out of the race after losing several state primaries and endorsed the eventual nominee, Massachusetts Sen. John Kerry.

Despite widespread interest in the likely candidacy of another influential black Democrat, Illinois Sen. Barack Obama, Mr. Sharpton said he's heard little substantive discussion of issues that might influence his decision about running, the Associated Press reports.

"Right now, we're hearing a lot of media razzle-dazzle," Mr. Sharpton said. "I'm not hearing a lot of meat, or a lot of content. I think when the meat hits the fire, we'll find out if it's just fat, or if there's some real meat there."

Mr. Sharpton said the candidate who impressed him most so far was former Sen. John Edwards, North Carolina Democrat, who has made poverty the central issue of his campaign.

Johnson's recovery

Sen. Tim Johnson's condition has been upgraded from critical to fair, four weeks after he was hospitalized for a brain hemorrhage, his office said yesterday.

The South Dakota Democrat, who was rushed to the hospital on Dec. 13 and underwent emergency surgery, remains in intensive care, said his spokeswoman, Julianne Fisher.

"The senator continues to make progress," she said. "The next step would be rehabilitation, and we hope that would happen within the week."

Mr. Johnson's office has said that his recovery is expected to take several months. He underwent surgery to correct a condition called arteriovenous malformation, involving tangled arteries in his brain.

The senator's doctors said last week that Mr. Johnson was improving, but still needed a ventilator at night to help him breathe. The ventilator has required a tube to be placed down Mr. Johnson's throat, making it impossible for him to talk.

Court ruling

The Supreme Court yesterday upheld the conviction of a man caught trying to enter the country illegally in a case that initially was seen as a test of whether a flawed indictment could violate a defendant's rights.

But in an 8-1 opinion, the court said that the indictment of Juan Resendiz-Ponce itself was sound. The indictment "did not deprive him of any significant protection that the constitutional guarantee of a grand jury was intended to confer," Justice John Paul Stevens said.

Resendiz-Ponce, a Mexican national, sought to persuade the justices that there was a problem so serious in his indictment that it warranted reversing his conviction, the Associated Press reports. Justice Antonin Scalia, the lone dissenter, agreed.

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Resendiz-Ponce was charged with attempting to enter the country illegally after he was arrested at the border crossing at San Luis, Ariz., on June 1, 2003. He presented his cousin's green card and driver's license to U.S. authorities.

But the grand jury indictment that followed fail to set out any specific acts showing how he tried to enter the United States. The 9th U.S. Circuit Court of Appeals said the omission was so serious that it violated Resendiz-Ponce's constitutional rights and required automatic reversal of the conviction.

Deputy Solicitor General Michael Dreeben, however, told justices at oral argument that this error was harmless because Resendiz-Ponce received a fair trial at which a jury determined that the government proved beyond a reasonable doubt that he had displayed two false pieces of identification in an effort to enter the country.

Familiar name

Vince Morris, a former political reporter for The Washington Times, has signed on as communications director for the Senate office of John Kerry, Massachusetts Democrat.

The hiring of Mr. Morris comes as Mr. Kerry gears up for another run for the presidency, according to washingtonpost.com.

Mr. Morris, who also covered politics for the New York Post, more recently served as communications director for former D.C. Mayor Anthony A. Williams, who left office last week after two terms.

N.O. Unveils Plan To Fight Violence (BRADV)

By Joe Gyan

Baton Rouge Advocate, January 10, 2007

In an unprecedented show of force and unity, the mayor, police chief and district attorney joined other city, business and community leaders Tuesday at the site of the city's first homicide of 2007 to unveil a crime-fighting package that they hope will make a recent spike in violent crime the last.

In response to nine killings so far this year and four in the final three days of 2006, Mayor Ray Nagin and Police Superintendent Warren Riley stopped short of ordering a mandatory curfew but said drug and alcohol checkpoints between the hours of 2 a.m. and 6 a.m. will be stepped up — or tripled.

Other measures outlined by Nagin, Riley and District Attorney Eddie Jordan include expediting the prosecution of murder cases; having deputies from the Orleans Parish Criminal Sheriff's Office assume some routine New Orleans Police Department duties to free up officers to patrol neighborhoods; putting more crime cameras in "hot spots'' around the city and in patrol cars; and implementing a "Court Watchers'' program to offer community support to victims and witnesses in the courtroom and to hold the criminal justice system accountable with respect to violent crime cases.

"We're here to say collectively that one murder is way too many,'' said Nagin, who was flanked by Riley, Jordan, six of seven City Council members, and a host of other community, religious and business leaders, on a Central City street corner where the first of the city's nine homicides this year occurred.

On the federal front, U.S. Sen. Mary Landrieu, D-La., fired off a letter to President Bush on Tuesday and unveiled her own 10-point anti-crime plan in Washington, saying it is time to "send the message that we will not surrender to lawlessness.''

Nagin, who applauded Landrieu's actions, said the city is aiming an intense, "laser-beam'' focus on the murder issue in the city. Jordan pledged that his office will "aggressively'' and "vigorously'' prosecute murder cases, and Riley said his department will get evidence to Jordan's office in an expedited fashion.

"Enough is enough, but we've said that before. (Now) we're drawing a line in the sand and saying, 'We've had it,'" the mayor said.

City Council president Oliver Thomas was even more direct and passionate.

"Let me say to the thugs out there: This is not your city. And because it's our city, you can't stay here,'' he said. "Check your thug card at the parish line, because we don't want you.''

In both her letter to the president and in her crime-fighting plan, Landrieu asked that more FBI and Drug Enforcement Administration agents be sent to New Orleans. She called for doubling the size of the DEA's High Intensity Drug Trafficking Area Task Force Group and the FBI's Violent Gang Safe Streets Task Force.

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"I believe that it is vital that New Orleans receive additional federal law enforcement personnel to combat the international narcotics cartels establishing roots in the City,'' Landrieu wrote to the president. "As you are aware, we lost over 200,000 homes during the storm. But unlike the circumstance in Mississippi, these homes were not physically obliterated. Rather, they rotted from the inside, but remain standing. There are vast swaths of the City that remain essentially ghost towns of structures that need to be gutted and restored.

"Regrettably, these abandoned neighborhoods are a perfect breeding ground for crime and drug traffickers that can take advantage of the total absence of witnesses to undertake their operations unobserved,'' she added. "Furthermore, crime and gang turf wars have led to shocking incidences of violent crime. Tragically, this spiraling violence has taken 12 lives in less than two weeks.''

Landrieu's 10-point plan also calls for speeding up remaining reconstruction projects for the police department and other criminal justice facilities in the area; reactivating a drug trafficking intelligence-sharing program between the Department of Defense, the Louisiana National Guard and Louisiana State Police; building a state-of-the-art crime surveillance system in the city, including cameras in patrol cars; and requiring FEMA to "fully cooperate with investigative inquiries from the NOPD and regional law enforcement agencies.''

The latter item would make the Federal Emergency Management Agency turn over records of residents of its trailers and trailer parks to New Orleans police and other agencies investigating crime in the area, a Landrieu spokesman said.

"It's time to get tough on crime. Not get tough with words, but get tough with action,'' Landrieu said. "We need to work together at all levels of government to send the message that we will not surrender to lawlessness.

"In the wake of hurricanes Katrina and Rita and the catastrophic collapse of the federal levee system, our law enforcement community has had to contend with crime with one hand tied behind its back. This situation cannot continue, and I will do everything in my power to halt the unimaginable crime in New Orleans.''

The latest violent crime spike has come despite the presence of about 300 National Guard troops and 60 state troopers who were brought in last June to help patrol the streets because of a surge in killings.

The city had a 60-year low 161 murders last year, but the population was less than half of its pre-Katrina level of about 460,000. The police force also is down from its pre-storm total of 1,700 officers to about 1,400 — but that number includes about 100 officers on leave for injuries or illness.

Riley said more officers on administrative duty will be brought from behind their desks and put on the streets to help officers already on the streets. The chief also said he wants to beef up neighborhood watch groups, which stood at 300 before Katrina but now come in at 100.

Landrieu Wants Federal Crime Fighting Help (WGNO)

By Paul Murphy, ABC26 News

WGNO-TV, ABC 26, New Orleans, January 10, 2007

Feds Say Crime Wave Requires More Than Law Enforcement

NEW ORLEANS, LA — Nine murders in the first eight days of 2007 are keeping law enforcers busy in New Orleans.

The killings come on the heels of four murders in the last three days of 2006.

The murder rate in the Big Easy is now four and a half times the national average.

"There is no doubt that this crime wave is putting a damper on our aggressive efforts to rebuild and re-image the city and to encourage not only residents to return, but tourists to continue to come," said Senator Mary Landrieu/D-Louisiana.

Senator Landrieu announced a 10-point plan to fight crime in the New Orleans region.

She is asking for additional federal dollars to help rebuild criminal justice facilities like NOPD headquarters and the local police academy.

The senator is also requesting 60-million dollars to help rebuild the police department.

"I urge the President and the Department of Justice to make an emergency grant to the city under the emergency cops program," said Landrieu.

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Senator Landrieu is also asking the Justice Department to send additional drug enforcement and FBI agents to New Orleans.

FBI Special Agent in Charge Jim Bernazzani says those plans are already in the works.

"Washington has committed to do a national canvass relative to agents who have homicide investigative experience," said Bernazzani. "To come to New Orleans on temporary status for about 90 to 120 days to work as a stop gap measure until we get another squad down here."

The United States Attorney in New Orleans Jim Letten says the city must also address issues outside of law enforcement.

"Fixing our school system and building the best system possible and rebuilding this economy," said Letten. "We have to create education and opportunities for our youth if we're going to get a handle on this thing for the mid and long term."

"These individuals are a product of institutional dysfunction, and educational system that didn't educate, aspects of a state judicial system that failed to meet out consequences for criminal activity, levels of corruption that drove legitimate business out of the city, thus denying these people their jobs and opportunity," said Bernazzani. "When you add crack cocaine and the AK-47 you have New Orleans today."

Senator Landrieu also wants the government to force FEMA to turn over records of people in it's trailers and trailer parks.

She claims investigators need that information to help hunt down criminals and potential witnesses.

The ACLU strongly objects.

"They shouldn't have to give up their privacy rights to receive a benefit from the government," said ACLU state director Joe Cook. "It's subject to abuse as we have seen."

Here is a complete list of the Landrieu plan:

1. Expedite remaining reconstruction projects for the NOPD and other regional criminal justice facilities.
2. Increase the number of DEA and FBI agents in New Orleans.
3. Reactivate the Gulf State Initiative, a drug trafficking intelligence-sharing program between the Dept. of Defense, and the Louisiana National Guard and State Police.
4. Build a state-of-the-art crime surveillance system for the City of New Orleans, including cameras in patrol cars.
5. Issue an emergency COPS grant to parishes affected by hurricanes Katrina and Rita.
6. Release $13 million in Social Services Block Grant funds to provide drug rehabilitation services in New Orleans.
7. Build a state-of-the-art police academy.
8. Provide an additional $25 million to the Gulf Coast Regional Community Policing Institute for NOPD and regional police training and professional development.
9. Request a comprehensive study of the post-hurricane criminal justice system in Louisiana.
10. Require FEMA to fully cooperate with investigative inquires from the NOPD and regional law enforcement agencies.

RECOVERY TOUR Laura Bush Visits School, Cafe, Museum (NOTP)

By Leslie Williams

New Orleans Times-Picayune, January 10, 2007

Laura Bush entered the brightly lighted theater of the Louisiana Children's Museum in the Warehouse District on Tuesday afternoon and without hesitation picked up a drumstick and a Senegalese songba drum, joining dozens of New Orleans-area elementary school students in a rousing performance of a funga, an African welcome song.

The president's wife smiled broadly as she pounded the drum and studied the faces of the children, who were among the many she met on a three-stop tour, her 11th post-Katrina visit to the city.

The visit to the museum, intended to highlight its Play Helps program, was the last of the stopovers that began in the morning with a pep talk to more than 200 students assembled in the cafeteria at St. Rosalie Elementary School in Harvey.

Her tour also included a lunch of catfish and greens and conversation at Cafe Reconcile, a job-training restaurant in the heart of Central City.

Job program lauded

Bush's visit was not without reference to the city's recent crime wave.

She mentioned an antiviolence program used in Chicago that is based on the notion that violence is taught.

"If you grow up in a neighborhood where violence is common, you think it's normal," Bush said. "Because violence is taught, it can be unlearned.

"But I think people in the community really need to speak out and do whatever they can to get the message across that it's not acceptable," she said.

Bush said the three stops during her tour of the New Orleans area "really had to do with what we can do to help young people . . . what we can do to help rebuild the community."

Judge Sends Public Defender To Jail (NYT)

By Christopher Drew

The New York Times, January 10, 2007

NEW ORLEANS, Jan. 9 — The chief judge in the city's juvenile courts had a top public defender arrested Tuesday in a bizarre escalation of a fight over changes in the city's troubled program for representing indigent defendants.

The judge, David Bell, was upset that no public defender was in his courtroom when he was ready to start this morning, and he drove to the defender's office and waited outside for Stephen Singer, the chief of trials, to arrive.

The judge took Mr. Singer to his courtroom, where he found him in contempt for not being prepared to provide representation and ordered him jailed for 36 days, three days for each of the 12 items on Tuesday's docket. Mr. Singer then spent about five hours in jail before a state appeals court stayed the order.

The events were the latest in a series of confrontations between judges and the public defender's office, which has long been overwhelmed and went broke after Hurricane Katrina.

A new board has shifted how the office uses its 30 lawyers to try to provide more thorough representation on the most serious cases. But the changes have made the day-to-day coverage more spotty, and the criminal court judges also have threatened to hold the office in contempt over the problems.

After his release, Mr. Singer said the dispute with Judge Bell arose because the defender assigned to his court was on her honeymoon, and her replacement was trying to handle four courtrooms at once.

Judge Bell did not respond to a request for comment. But Mr. Singer said he and the judge had a more congenial meeting about the problems late in the day.

Ex-Interior Deputy A Target In Abramoff Probe (WP)

By Susan Schmidt

The Washington Post, January 10, 2007

Federal prosecutors have notified a former deputy secretary of the interior, J. Steven Griles, that he is a target in the public corruption investigation of Jack Abramoff's lobbying activities, sources knowledgeable about the probe said.

The sources, who spoke on the condition of anonymity, said that among the possible criminal charges being investigated is whether Griles made false statements to the Senate Indian Affairs Committee in 2005 about job discussions Abramoff initiated while Griles was deputy secretary. Griles's attorneys did not return calls seeking comment yesterday.

Justice Department prosecutors met with Griles on Friday to outline possible charges. The investigation has examined donations made by Abramoff's Indian tribal clients to an environmental advocacy group run by Italia Federici, who was involved with Griles socially, the sources said. Also under scrutiny are donations made to Federici's group by energy and mining companies, the sources said.

E-mails released last year by the Senate Indian Affairs Committee showed that Griles had more than half a dozen contacts with Abramoff or with Federici, head of the Council of Republicans for Environmental Advocacy, who was working as the lobbyist's go-between to Griles. Griles has said that he never tried to intercede on behalf of Abramoff's clients.

The Indian Affairs Committee, in a report issued after a series of investigative hearings, said that further inquiry "appears warranted" into the "veracity" of Federici's public testimony. Federici's testimony before the committee included discussions of her relationship with Abramoff, his tribal clients and Griles.

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Federici declined to comment for this article yesterday. Current and former Interior Department officials have appeared in recent weeks at the federal courthouse in Washington where a federal grand jury has been investigating Abramoff's dealings.

With the prospect of Griles's indictment, a senior Justice Department official -- who Interior employees said has been dating Griles -- tendered her resignation this week.

Sue Ellen Wooldridge, assistant attorney general for environment and natural resources for the past year, submitted a letter of resignation Monday saying that she intends to return to the private sector, a Justice Department official said yesterday.

Wooldridge served as Interior Department solicitor and as deputy chief of staff to then-Interior Secretary Gale A. Norton before moving to Justice in November 2005. Cynthia Magnuson, a spokeswoman for the Justice Department, said that Wooldridge would not be available for comment about her departure. "Sue Ellen sent the resignation letter in of her own volition. This is a decision that she made," Magnuson said.

Griles was a controversial figure at Interior, strongly criticized by the department's inspector general for maintaining ties to energy and mining companies that were once his lobbying clients.

Yesterday, another former Interior Department employee was sentenced to two years' probation and fined $1,000 for failing to report gifts that he received from Abramoff. Roger G. Stillwell accepted hundreds of dollars worth of football and concert tickets from Abramoff, who at the time was lobbying for the Commonwealth of the Northern Mariana Islands. Stillwell worked in the Interior Department's Insular Affairs Office, which handles issues involving the island government.

Abramoff's Interior Link Gets 2 Years Probation (MSNBC)

By Joel Seidman, Producer, NBC News

NBC News, January 10, 2007

Prosecutors say lobbyist-government investigation is still ongoing

WASHINGTON - A former Interior Department official linked to disgraced lobbyist Jack Abramoff was sentenced Tuesday in federal court to two years probation and a fine of $1000. The official, Roger Stillwell, pleaded guilty to a single misdemeanor count of filing a false financial statement with the department.

Magistrate Judge Alan Kay disregarded a recommendation by both the Department of Justice and Stillwell's attorney for a lesser sentence of six months probation.

Judge Kay said that Stillwell's actions amounted to a "serious violation considering his position" and his years of government service. Kay admonished Stillwell saying there is "no such thing as a free lunch, particularly as provided by lobbyists."

The charges against Stillwell are the first connected to the Abramoff scandal to touch the Interior Department. The charges also mark an expansion of the government's investigation into the influence peddling scandal involving the convicted lobbyist. Prosecutors acknowledged in court that there is still an ongoing investigation involving Abramoff and his contacts with the Department of Interior.

Stillwell, a former desk officer for the Commonwealth of the Northern Marianas - a lucrative Abramoff client - acknowledged receiving four tickets to a Redskins football game and two tickets to a Simon and Garfunkle concert in Washington - all paid for by Abramoff - which Stillwell did not report.

He addressed the court saying that he took full responsibility for his failure to report the gifts Abramoff provided. Stillwell said that it was "never my intention to violate the law." And, he said the, "consequences of my actions have devastated my professional career."

Court papers indicate, "Stillwell well knew, the document falsely certified that he did not receive reportable gifts from a prohibited source."

Stillwell is 67 years old and is now a retired Interior Department employee.

Northern Marianas connection

Abramoff's team allegedly cultivated Stillwell at the Interior Department. Prosecutors said Stillwell provided Abramoff with some non-public information but the materials were "not classified" and the documents were not a quid pro quo for the gifts Abramoff provided.

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But, in a report released in July, the Department of Justice's Inspector General Glenn Fine referred one matter to the FBI and his counterpart at the Interior Department for further investigation: the possibility that an Interior Department official leaked to Abramoff a post-9/11 security review of the Northern Marianas that recommended extending federal immigration laws to the islands. There is no indication in the DOJ report that Stillwell is connected to the continuing investigation at the Department of Interior.

The Interior Department's Inspector General also announced last year that it was investigating any contacts Abramoff may have had with officials there, but has yet to issue a report on its probe.

Abramoff made extensive efforts to build relationships with Interior officials, particularly J. Stephen Griles, former deputy secretary at the department. Griles denied any wrongdoing in his dealings with Abramoff during an appearance before the Senate Indian Affairs Committee last year. Griles is now a partner in the lobbying firm Lundquist, Nethercutt & Griles.

Abramoff also tried to place his allies in key positions at Interior, according to e-mails released by the Indian Affairs Committee, focusing on the Bureau of Insular Affairs.

'In awe' of Abramoff

The Commonwealth of the Northern Mariana Islands was important to Abramoff who was hired to lobby Congress to keep open an important trade exemption. That exemption allowed garment makers there to put "Made in the U.S.A." labels in their clothing. Human rights groups argue this has fostered an exploitive working environment in the commonwealth's booming garment industry.

A former aide to Tom DeLay pleaded guilty to conspiracy and corruption charges involving the Marianas. While working in the Delay's leadership office, Tony Rudy helped Abramoff with one of his Marianas clients. According to an internal audit by Commonwealth authorities, the Marianas paid Abramoff more than $7 million in lobbying fees from 1996 to 2001. Rudy's plea agreement did not implicate DeLay in any illegal activities. Rudy has yet to be sentenced.

Stillwell told Mother Jones magazine last year that he was "in awe" of Abramoff's ability to kill a House bill back in 2000 that would have imposed federal immigration policy on the CNMI, one of his most lucrative of his lobbying clients. Abramoff "stopped it dead," said Stillwell. "It could not have been an easy job."

Investigation continues

To date, the investigation has yielded guilty pleas from six defendants, including Abramoff and public officials such as former congressman Bob Ney, and his former chief of staff Neil Volz, former DeLay aide Tony Rudy, and Stillwell.

The investigation has also resulted in the conviction by jury trial of the former chief of staff for the General Services Administration David Safavian who is awaiting sentencing pending appeal of his conviction.

In November, Abramoff began serving a 70-month prison sentence for pleaded guilty to defrauding banks of $23 million in his purchase of the SunCruz casino cruise line six years ago in Florida. Abramoff pleaded guilty in Washington to fraud, tax evasion and conspiracy to bribe public officials. He is awaiting sentencing in the influence peddling case and is continuing his cooperation with government investigators.

Just before his surrender to a federal prison in Cumberland, MD in November, Abramoff sent friends an e-mail calling the political scandal, "this nightmare," and predicting things were about to get worse.

"This nightmare has gone on for almost three years so far and I expect we are not even half way through," Abramoff wrote.

Former congressman Bob Ney is scheduled to be sentenced later this month. The Justice Department has recommended 27 months of imprisonment.

Joel Seidman is an NBC producer, based in Washington, DC.

The Associated Press contributed to this story.

Judge Rejects Media Request (NSDY/AP)

By Associated Press, January 9, 2007, 4:28 Pm Est

Long Island Newsday, January 10, 2007

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News organizations had asked that recordings of testimony and arguments be released for broadcast. U.S. District Judge Reggie Walton denied the request, saying the only recording of court proceedings is done by the court stenographer to help ensure an accurate transcript.

"This recording, however, is produced by the court reporter's personal equipment and is not the official record of the proceedings," Walton said. "It is therefore not available to the public."

The Supreme Court releases audio recordings of arguments in major cases, and lower federal courts have started to follow the Supreme Court's lead, lawyers for the news organizations said in court documents.

Broadcasting court proceedings -- along with commentary and analysis -- could prejudice jurors and lead to an unfair trial, Walton said.

The trial of I. Lewis "Scooter" Libby is to begin Jan. 16. He is accused of perjury, obstruction and lying to the FBI about his conversations with journalists regarding CIA officer Valerie Plame.

Cheney is expected to testify for his former aide, and other witnesses are expected to include NBC Washington bureau chief Tim Russert.

The organizations that filed the request are ABC, The Associated Press, Bloomberg News, CNN, CBS, Dow Jones, E.W. Scripps, the Hearst Corp., the Los Angeles Times, the McClatchey Co., NBC, National Public Radio, USA Today, The Washington Post, the American Society of Newspaper Editors, the Newspaper Association of America, the Radio-Television News Directors Association, the Reporters Committee for Freedom of the Press and the Society of Professional Journalists.

Leak Probes Stymied, FBI Memos Show (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, January 10, 2007

A lack of cooperation from one or more intelligence agencies led the FBI to abandon several recent criminal investigations into leaks of classified information to the press, records obtained by The New York Sun indicate.

In January 2005, a top FBI official asked the Justice Department to close three pending leak inquiries because the "victim agency" repeatedly refused to assist the probes. The FBI's contact at the agency "has been uncooperative with the investigating field office and on numerous occasions failed to return phone calls or provide the case agent with requested documents pertinent to the investigation," the memo said, adding that the agency "cancelled personnel interviews, security briefings and meetings at the last minute and failed to reschedule for another time."

"None of the cases can proceed without the cooperation of the substantive unit at the victim agency, therefore the FBI considers all logical leads covered," the FBI official wrote. Within days or weeks, the cases were closed.

The memo, which was among more than 300 pages of leak investigation files released to the Sun this week under the Freedom of Information Act, was heavily redacted by the FBI, which removed the name of the writer, the identity of the intelligence agency involved, and nearly all details about the alleged leaks.

The documents provide a rare window into the Bush administration's effort to combat leaks of classified information that the administration has said are damaging national security in wartime. "At some point in time, it would be helpful if we can find somebody inside our government who is leaking materials, clearly against the law, that they be held to account," the president said at a press conference last month. "Perhaps the best way to make sure people don't leak classified documents is that there be a consequence for doing so."

However the records suggest that reticence on the part of intelligence agencies sometimes contributes to the futility of leak probes, and that, at least when it comes to leak investigations, the much-vaunted full cooperation between the FBI and other intelligence agencies after September 11 has yet to come to fruition. "It turns out you never can find the leaker," Mr. Bush lamented.

In an exchange of e-mails in September 2005, FBI agents handling a leak investigation codenamed "May Apple," complained about difficulties in getting basic information about who saw classified documents key to the case. A meeting was planned with agency lawyers to discuss requests that were pending for a year. "So close it if they stonewall him tomorrow and/or

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we learn the distribution list is too great, right? I bet the latter will at least point us to closing even if they are totally cooperative," one agent wrote.

A few weeks later, the head of the FBI's leak-sleuthing section, Michael Donner, wrote to the Justice Department's counterespionage chief, John Dion, asking to close the probe. The FBI's Washington field office "concluded that the investigation had languished due to repeated requests for information…that have not been fulfilled in a timely manner," Mr. Donner wrote. "Due to noncompliance from the victim agency and wide dissemination of the classified information, the FBI was unable to determine the source of the leak." In all of the released records, the FBI deleted the name of the agency or agencies about which the investigators complained. However, a former Justice Department official said the vast majority of leak probes originate at the CIA. In the "May Apple" case, references in the files to top-secret cables and to an Office of General Counsel also point to Langley, as the government's other main user of cables, the State Department, does not have a general counsel's post.

A CIA spokeswoman, Michele Neff, flatly denied that her agency has resisted the FBI's efforts to hunt down leakers. "That's simply not the case," she said yesterday. "Why would we not want to get to the bottom of the leaks? The Office of General Counsel works closely with the Department of Justice on investigations regarding unauthorized disclosures."

Ms. Neff pointed to a November interview in which the current CIA director, General Michael Hayden, said recent leaking has caused serious harm to his agency's effectiveness and to individuals. "When that takes place our ability to protect both the security and the freedom of the nation is reduced," General Hayden told WTOP radio. "I can say as a matter of first principle that the unauthorized disclosure of classified information has actually led to the deaths of individuals."

A Justice Department spokesman, Dean Boyd, said it is uncommon for leak investigators to encounter resistance from their counterparts in the intelligence community. "Generally, we feel we receive excellent cooperation from the intelligence agencies and other victimized agencies in leak investigations," he said.

Ms. Neff and Mr. Boyd said they could not comment on specific cases, such as the ones where the agents reported a lack of cooperation. Mr. Dion, the Justice Department official who received the memos detailing the difficulties, and the current head of the CIA's Office of General Counsel, John Rizzo, declined requests to be interviewed for this article.

Mr. Donner, the FBI official who oversaw some of the probes described in the memos, retired last year. In an interview yesterday, he also declined to discuss specific cases, but acknowledged some instances where agencies were not enthusiastic about helping the FBI. "They know if they do not give us more information or refuse to, the case will not push forward. They'd rather have it go away or have it dropped," the former agent said. Many of the leak cases are initiated by the CIA, which sends the Justice Department a standard, 11-item questionnaire. Asked why an agency would refer a leak for investigation and then decline to provide necessary information, Mr. Donner said, "They have a disclosure potentially of a violation of federal law. They're obliged to provide it or refer it to the FBI." He said resistance may sometimes be because of legitimate concerns about further dissemination of sensitive data.

According to the records, the main reason for dropping leak investigations is that the classified information in question was so widely distributed that it is difficult to focus in on suspects. Mr. Donner said the current drive to share intelligence information made his job even harder. "I'm an old-school guy. A lot of people don't 'need-to-know,'" he said.

Mr. Donner, who helped crack some high-profile spy cases, such as that of Aldrich Ames, said the leak chasing was frustrating. "I wish we had better success in this area," he said. "This stuff is a wilderness of mirrors."

The friction apparent in the records obtained by the Sun calls into question assurances by senior government officials that law enforcement and the intelligence community are working hand-inglove to ferret out leaks. In an unusual op-ed piece published in the New York Times in February 2006, the-then director of the CIA, Porter Goss, decried illegal leaks and promised that close coordination to eradicate them was underway. The Justice Department "is committed to working with us to investigate these cases aggressively," Mr. Goss wrote. "In addition, I have instituted measures within the agency to further safeguard the integrity of classified data."

Mr. Goss took over in September 2004, months before the FBI's moves to abandon the probes. However, it is unclear how much control he was able to establish over the agency. The former congressman and his staff clashed repeatedly with veteran CIA officials, some of whom quit. A top aide to Mr. Goss, Patrick Murray, who once oversaw an anti-leak task force for the Justice Department, reportedly crusaded against leaks at Langley. In May 2006, Mr. Goss abruptly resigned, offering no public reason for

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his departure. A former prosecutor who has accused career CIA officials of waging a leak campaign to undermine President Bush, Joseph diGenova, said yesterday that he suspected the resistance to the investigations was part of that effort. He also questioned why the leak cases were dropped.

"Stopping a leak investigation, assuming it's a serious leak, just because the victim agency won't cooperate is the most absurd thing I've ever heard in my life," Mr. diGenova said. "A grand jury subpoena should issue….It seems to me there should be some sort of Congressional investigation of those instances."

The disclosed records also suggest that many investigations into leaks of top-secret data are abandoned without pursuing some obvious, if intrusive, investigative techniques, such as seeking testimony or phone records from members of the press. Other components of the Justice Department have recently used those tactics in less sensitive cases, such as leaks about planned federal raids of Islamic charities and about a grand jury investigating steroid use in baseball.

"There is a stunning lack of balance in the way all these cases are approached," Mr. diGenova said. The FBI files were released in response to a Freedom of Information Act lawsuit brought in July by this reporter. In November, a federal judge in San Francisco, citing the intense public interest in leak investigations, ordered the government to answer the requests within 30 days. The judge, Maxine Chesney, recently extended the deadline to April for some of the agencies involved.

Last month, the FBI told Judge Chesney that 22 of 94 files believed to relate to recent press leaks were missing with no indication of who had removed them.

Federal Prosecutor To Help Israeli Investigation (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), January 10, 2007

A federal judge in Mobile last week appointed Assistant U.S. Attorney George May to assist the Israeli government with a criminal investigation that touches southern Alabama.

As a commissioner of the court, May will gather information under a treaty between the United States and Israel that commits law enforcement officials to helping their counterparts when investigations cross international borders.

Chief U.S. District Judge Ginny Granade's order empowers May to collect documents and subpoena witnesses. He will certify and submit the evidence he gathers to the U.S. Department of Justice's Office of International Affairs.

The judge's order states only that it was prompted by a request by Israel. May, the anti-terrorism coordinator at the U.S. attorney's office in Mobile, said the probe relates to allegations involving bogus diplomas.

He said the Alabama connection is a small piece of a much larger investigation that also involves other parts of the country. Citing the beginning stages of the investigation, he declined to discuss the case in detail. He said the Israeli government has sought help from federal prosecutors in other districts.

May said he does not believe the targets of the probe live in Alabama.

The United States has signed 57 mutual legal assistance treaties, although not all have been ratified by the Senate, according to a the Justice Department.

Bryan Sierra, a spokesman for the department, said most of the pacts are bilateral agreements with other countries, but others involve international organizations. For instance, the United States has a treaty with the Organization of American States, a collection of 35 countries in the Western Hemisphere, he said.

Sierra said the Justice Department does not keep statistics on the number of requests made by foreign governments, and he added that he could not even estimate how frequently a treaty is invoked.

May said it is quite unusual for smaller districts, such as southern Alabama, to be involved. He said in larger districts with a more cosmopolitan flavor, such as New York, it's probably far more common.

May said the mechanics of the investigation -- at least his part of it -- will work much like an attorney taking depositions in a civil case. He will have the power to subpoena witnesses, and a court reporter will be present during questioning to make transcripts.

May said he does not expect his duties to take long -- a couple of months at most. He said he is unsure exactly what rules apply if witnesses refuse to cooperate. He said he imagines they could be held in contempt of court.

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Of course, if a witness were to invoke his rights on the Fifth Amendment to remain silent, he presumably would enjoy the same rights as any other witness in a U.S. court proceeding.

"That could be a mixed issue," he said.

May said this is the first time he has been asked to assist a foreign government but added that he is looking forward to the challenge.

"It'll be interesting. It will be something a little bit different," he said. "We have a treaty with Israel, and I'm glad to help out. And I'm sure they'd do the same for us."

Former Brick Twp. Mayor Admits Taking Bribes (NSL)

By Guy Sterling And Maryann Spoto, Star-Ledger Staff

Newark Star-Ledger, January 10, 2007

Faces prison, fine for accepting cash from developer in exchange for project approval

A mayor who presided over a period of substantial growth in Brick Township yesterday admitted taking more than $5,000 in bribes in exchange for helping a developer gain approval for a number of unspecified projects.

Joseph C. Scarpelli, 67, told a federal judge he accepted the bribes over five years, ending in late 2003, and that one was $500 in cash slipped to him in Ocean County in April of that year. The developer was not named, and no other details were supplied.

"Did you accept these cash payments from the developer knowing that you were not due the money in your capacity as mayor?" U.S. District Judge Susan Wigenton asked Scarpelli.

"Yes," he replied without elaboration at the hearing in Newark.

Scarpelli also acknowledged that, as mayor, he interacted with other local officials, including members of the township council, planning board and board of adjustment, and enjoyed authority over budget appropriations and contract awards.

His plea to a single count of "extortion under the color of official right" came a month after he left his mayor's post in the Ocean County township after 12 years, and amid rumors he'd been caught up in a lengthy federal investigation of public officials at the Shore.

Scarpelli faces a maximum sentence of 20 years in prison, but Marc Larkins, the assistant U.S. attorney assigned to the case, said the actual term will fall somewhere between 24 and 30 months under federal sentencing guidelines.

The Brick resident also could be fined $250,000 at his scheduled sentencing May 29. Until then, he will remain free on a $50,000 unsecured appearance bond. The count against Scarpelli was contained in a pre-indictment accusation known as an information.

Court papers provided few details about the bribes, and law enforcement agents were equally quiet after court yesterday.

PROBE CONTINUES In addition to declining to say anything about the developer, projects or approvals involved in the corruption scheme, they also would not say how much Scarpelli had received in total or how many illegal payments there had been.

Judge Orders O'Grady To Begin Sentence Jan. 22 (HOLMIND)

Holmdel (NJ) Independent, January 10, 2007

NEWARK - Former Middletown Committeeman Raymond O'Grady lost his appeal on Friday and is now scheduled to begin his 43-month jail sentence Jan. 22.

O'Grady was convicted in June on five corruption-related charges as part of the FBI's Operation Bid Rig investigation. The one-time director of the Monmouth County Central Motor Pool was found guilty of accepting at least $8,000 in cash bribes in exchange for official favors through his position in county government.

"The judge set a surrender date because of the Third Circuit Court decision," said Michael Drewniak, spokesman for the U.S. Attorney's Office in Newark.

O'Grady's attorney, Kevin Roe, promised an appeal after his client's October conviction. Roe argued that O'Grady's trial was unfair because of the suicide attempt of the FBI's star witness after only one day on the stand. Anthony Palughi, a former friend of O'Grady's, wore a wire for the FBI in order to try to avoid jail time of his own, Palughi said during the trial.

"Without much being heard, a single judge granted it," Drewniak said on Monday, noting appeals are often heard in this way. "Now the Third Circuit Court has denied his motion pending his appeal."

Tape Shows Williams Taking Cash (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 10, 2007

Was $1,500 payment a bribe or only a business dividend?

A federal court jury Tuesday watched a secretly recorded videotape showing a former Shelby County official accepting $1,500 in cash from an informant that authorities say was a bribe.

The money -- 15 $100 bills -- was supplied by the FBI, as was the tiny camera hidden in a briefcase.

Defendant Calvin Williams, the county commission's former top aide, says he believed the payment was a legitimate business dividend due him from his associate, Tim Willis.

The tape was made on April 24, 2003, at the Mud Island residence of the FBI informant, Willis, who was helping authorities document an alleged payoff he said Williams wanted for helping obtain a county grant for a community development project.

Throughout that tape and two others made that month, Williams repeatedly tells Willis in expletive-filled conversations that half of the money will be given to then-County Commissioner Dr. Cleo Kirk, who was head of the commission's budget commission.

"I'm going to go ahead and drop his cheese off," said Williams, who discourages Willis from accompanying him. "You'll spook him (Kirk) quick."

On another recorded conversation, Williams tells Willis: "You know what I'm going to do with that $1,500? I'm going to take everybody out for drinks."

Kirk, who has been subpoenaed as a witness by both the prosecution and the defense, was seated outside the courtroom throughout most of the day. He declined to talk to reporters.

Williams is accused of using -- or claiming to use -- his influence with the County Commission to secure a $100,000 county grant for the Glenview Neighborhood Development Partners Inc. to provide low-interest loans for home improvements.

Federal prosecutor Tim DiScenza told jurors it is irrelevant whether Kirk knew about or accepted a bribe.

"Calvin Williams saw (the Glenview grant request) as an opportunity to get some money for himself because of his official position," DiScenza said in his opening statement. "This trial will be about his demand and his attempt to utilize that position to gain some money for himself."

His attorney, federal public defender Doris Randle-Holt, said Willis was a partner with Williams in several businesses and that the $1,500 represented Williams' 30 percent share of a $5,000 media services contract Willis had with Glenview to help win the grant.

Willis testified, however, that they shared office space in the 100 North Main Building, but that their business enterprises were completely separate.

Randle-Holt noted that Willis was paid $6,000 a month by the FBI for more than two years for his cooperation and that he had never been charged for admittedly submitting false invoices in 2001 when he had a consulting contact at Juvenile Court.

"You will come in here and say anything today to stay out of jail, won't you?" said Randle-Holt.

"No," replied Willis, who was less animated and chipper than he was on the stand in last summer's bribery trial of former state senator Roscoe Dixon.

The case, which is part of the FBI's broader Tennessee Waltz undercover public corruption investigation, is being tried before U.S. Dist. Court Judge Samuel H. Mays Jr. Testimony resumes this morning.

Roscoe Dixon's Handwritten Plea For Release Denied (WMC)

WMC-TV, January 10, 2007

A handwritten plea from Roscoe Dixon, sent in December from his cell at the Oakdale Correctional Center in Louisiana, proved fruitless. Federal Magistrate Jon McCalla denied Dixon's request to be released pending his appeal of his federal bribery trial.

DOJ_NMG_0114696

In his letter, Dixon - who was sentenced to five years behind bars - describes overcrowding conditions which have, according to his letter, left him in solitary confinement until space becomes available. He has "to eat the same food as those who are in 'the hole,'" he wrote.

UC Riverside Official Is Accused Of Bribery (LAT)

By Sara Lin, Times Staff Writer

The Los Angeles Times, January 10, 2007

FBI says Theodore Chiu solicited payments from an Irvine contractor constructing a building on campus.

Federal agents arrested a UC Riverside administrator Tuesday on suspicion of bribing a general contractor in charge of building the school's new psychology building, authorities said.

Theodore Chiu, 53, of Riverside is accused of soliciting a $50,000 bribe from Irvine contractor FTR International Inc. last Halloween.

Chiu allegedly asked for the payment when the company's president, Nizar Katbi, raised concerns about the $35-million project, including Chiu's choice of a subcontractor, according to an FBI affidavit filed in federal court.

In exchange for the alleged bribe, Chiu agreed to sign a change order that would modify the university's original agreement with the company, the affidavit said.

As an associate director in UC Riverside's Office of Design and Construction, Chiu managed several construction projects.

Katbi agreed to the proposal but told federal agents before giving Chiu his first payment. Katbi cooperated with investigators by recording his meetings and conversations with Chiu, said Thom Mrozek, a spokesman for the U.S. attorney's office in Los Angeles.

During a series of meetings, Chiu allegedly received $18,000 in bribes from Katbi, the affidavit said.

University officials said they weren't aware of the investigation until Chiu's arrest Tuesday morning.

Kris Lovekin, the university's director of media relations, said she didn't know of any problems university officials had with Chiu during his 19 years in the school's design office. His salary is $108,000 a year.

Construction of the school's psychology building began in April and is scheduled for completion in June 2008.

At a November meeting between Katbi and Chiu, which federal investigators recorded, the contractor offered to write Chiu a check. But Chiu demanded cash because a check would be traceable. If Katbi didn't pay, Chiu said, he would make life difficult for the contractor and his company, according to the affidavit.

Chiu also told Katbi that he didn't like to handle more than one deal at a time, which Katbi took to mean Chiu might be soliciting bribes from other general contractors on UC Riverside projects, documents show.

Chiu initially demanded the bribe in two installments — $20,000 before Thanksgiving and $30,000 before Christmas. But when Katbi said he was having trouble getting the money, Chiu agreed to accept smaller increments of $7,000. When Katbi was slow paying in December, Chiu withheld his authorization of funds that Katbi needed to pay subcontractors. After Katbi delivered a bribe, the funds were released, the affidavit said.

Chiu is expected to appear at 11 a.m. today for a bail hearing in U.S. District Court in Santa Ana. If convicted, Chiu faces a possible sentence of 10 years in federal prison.

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Bklyn Judge Nixes Fed Trial Bid By FBI Agent Accused Of Mob Ties (NSDY/AP)

Long Island Newsday, January 10, 2007

NEW YORK (AP) _ A former FBI agent accused of helping a ruthless mobster plot gangland slayings in Brooklyn more than a decade ago won't go to trial in federal court, a judge ruled Tuesday.

Attorneys for R. Lindley DeVecchio had argued his case belonged in federal court because there _ unlike in state court _ they would be allowed to argue that he was immune from criminal charges arising from his duties as a federal agent.

The court "concludes that removal is not warranted because it lacks subject-matter jurisdiction," U.S. District Judge Frederic Block wrote in a decision issued in federal court in Brooklyn.

DOJ_NMG_0114697

The Brooklyn district attorney's office had fought to keep the case in state court after charging DeVecchio last year with four counts of murder in what it billed as one of the worst law enforcement corruption cases in U.S. history.

DeVecchio, 65, pleaded not guilty to charges he collected weekly bribes in exchange for feeding classified information to an informant _ Colombo crime family captain Gregory Scarpa Sr. _ during a bloody civil war within the family during the 1980s and '90s. Prosecutors say the tips helped Scarpa knock off rivals and suspected cooperators, including a girlfriend of the Colombo consigliere.

DeVecchio remains free on $1 million bond. If convicted, he could face up to 25 years to life in prison.

Scarpa was convicted of murder and racketeering and died in prison.

Brooklyn: Case Against Ex-F.B.I. Agent Can Proceed (NYT)

By Michael Brick

The New York Times, January 10, 2007

A retired F.B.I. supervisor accused of aiding in Mafia murders is not immune from prosecution in state court, a Federal District Court judge ruled yesterday. The retired agent, R. Lindley DeVecchio, 66, was charged with four counts of murder last March in State Supreme Court. Prosecutors say Mr. DeVecchio, who was responsible for managing confidential informants, played a role in four killings between 1984 and 1992 by giving information to the Colombo crime family. In April, Mr. DeVecchio's lawyers sought to remove the case to federal court, arguing that the evidence was subject to federal grants of immunity and that his defense was based on federal law. But Judge Frederic Block ruled that Mr. DeVecchio had not presented a valid argument.

SAN FRANCISCO Gang Case Defense Can't Get Witness List (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 10, 2007

Federal prosecutors in the death penalty trial of alleged members of a violent San Francisco gang don't have to give defense lawyers police reports that identify witnesses before the trial, a federal appeals court ruled Monday.

The 2-1 decision by the Ninth U.S. Circuit Court of Appeals in San Francisco overturned a ruling last year by the trial judge, who ordered prosecutors to release police reports on the witnesses, including their identities. U.S. District Judge William Alsup had also said prosecutors would be prohibited from calling witnesses whose names they refused to provide to the defense.

Prosecutors say they fear for the witnesses' safety if they are identified, citing the killing in May of a witness who had testified in another San Francisco murder case. Defense lawyers and Alsup said prospective witnesses would be protected by orders prohibiting the defense from revealing the information to outsiders.

A federal grand jury issued racketeering indictments in October 2005 against 12 alleged members of the Down Below Gang, which authorities say has terrorized the Sunnydale public housing complex in Visitacion Valley since the late 1990s. Prosecutors say the defendants dealt drugs, toted guns and murdered seven people, including a 7-week-old baby.

Eight defendants pleaded guilty last month to racketeering and conspiracy charges that carry prison sentences of up to 23 years. Of the remaining defendants, one is a fugitive and has not been publicly identified. The others are Emile Fort and Edgar Diaz, who could both be sentenced to death if convicted, and Terrell Jackson, whose case is still being evaluated by the U.S. Justice Department for possible death penalty charges. Their trial is scheduled to start in September.

Prosecutors have deleted witnesses' names from San Francisco police reports supplied to the defense, and said they would not identify any witnesses until the Friday before they testified. Alsup had ruled that prosecutors were seeking an unfair advantage.

But the appeals court majority, led by Judge Susan Graber, said the police reports were exempt from disclosure under a federal rule that allows prosecutors to withhold evidence gathered by government agents.

Defense lawyer Michael Satris said the ruling "leaves us severely hampered in our ability to prepare for the case."

E-mail Bob Egelko at begelko@sfchronicle.com.

Prosecutors Expect Grand Jury To Reach Duncan Decision Soon (AP)

By Shannon Dininny, Associated Press Writer

DOJ_NMG_0114698

AP, January 10, 2007

BOISE, Idaho -- A decision on whether to indict convicted murderer Joseph Duncan III on federal charges for kidnapping two north Idaho children and slaying one of them could come in the next few weeks, the U.S. attorney's office said Tuesday.

In the meantime, the federal agency that secures prisoners said it would recommend that the trial be held in Boise, rather than Coeur d'Alene, if a grand jury indicts Duncan.

Duncan, 43, drew national attention in 2005 with the kidnapping of then 8-year-old Shasta Groene and her 9-year-old brother, Dylan.

A Tacoma, Wash., native, Duncan had been living in Fargo, N.D., and was on the run from a child molestation charge in Minnesota when he drove past the Groene home on Interstate 90 east of Coeur d'Alene and spotted the children playing outside. Duncan stalked the family for several days and, on May 16, entered the home, bludgeoning the children's mother, Brenda Groene; her fiance, Mark McKenzie and Groene's 13-year-old son, Slade.

According to court documents, Duncan kidnapped Shasta and Dylan, traveling into the mountains near St. Regis, Mont., where he sexually abused them for seven weeks before killing Dylan.

Shasta was rescued when she and Duncan walked into a restaurant in Coeur d'Alene early on the morning of July 2, 2005.

Duncan pleaded guilty in state court last year to three counts of first-degree murder and three counts of first-degree kidnapping for the murders at the Groene home. A judge sentenced him to life in prison without parole on the kidnapping charges.

However, the sentence on the murder counts will be deferred while the federal government pursues its case against Duncan for the kidnappings and murder across state lines.

Charges have not been filed in that case yet. Federal prosecutors expect a grand jury to hear the case in the next few weeks, said Jean McNeil, spokeswoman for the U.S. attorney's office in Boise.

Duncan is being housed at the Idaho Maximum Security Institution south of Boise.

Kevin Platts, chief deputy for the U.S. Marshals Service, said his agency would recommend that a trial be held in Boise if the grand jury indicts Duncan.

A number of issues play a role in that decision: Coeur d'Alene lacks a federal judge, and the courthouse in northern Idaho is more than 80 years old and lacks space and security needed for such a case, Platts said.

In addition, the costs to fly Duncan between the prison near Boise to Coeur d'Alene could reach $30,000 per day during a trial there, since he and his guards would have to return to the maximum security prison each night.

"We don't want to do that. We're all taxpayers," Platts said from his office in Boise. "The state has Duncan here. Duncan belongs to them, and we don't like taking them too far from the state."

The federal government has said it intends to seek the death penalty.

Duncan is also considered the prime suspect in the slayings of two children near Seattle and one in Southern California in the 1990s.

L.A. Shifts Tactics Against Gangs (LAT)

By Patrick Mcgreevy And Richard Winton

The Los Angeles Times, January 10, 2007

Los Angeles' top law enforcement officials have agreed on a new attack on gang violence, one that focuses more enforcement on smaller neighborhood gangs and uses a new legal tool tried last year on skid row.

The effort comes as L.A. officials are trying to quell a 14% increase in gang-related crime during the last year, marked by several high-profile incidents of race-motivated violence.

LAPD Chief William J. Bratton met this week with Dist. Atty. Steve Cooley and representatives of City Atty. Rocky Delgadillo to begin formulating the plan.

Bratton announced Tuesday that his department is developing a "Top 10" list of gangs to target based on a complex formula — and then the three agencies will devote additional officers and attorneys specifically to those gangs.

The campaign will include targeting the leaders and headquarters of the worst gangs.

DOJ_NMG_0114699

Police have identified 720 street gangs in Los Angeles, with 39,315 members. But officials said a small number of them are causing a disproportionate amount of crime in the hardest-hit neighborhoods.

The new strategy is something of a shift for law enforcement officials, who have until now focused much attention on larger gangs that run drug rings and other criminal enterprises.

Bratton told the Police Commission that his office will identify "the most prolific gangs in the city, the top 10, if you will.

"We will be using a matrix that encompasses violent crime committed by the gangs, interracial crime, assaults on police officers," Bratton said. "That's how we will winnow the hundreds of gangs in the city down to those that we will focus most of our attention on."

Deputy Police Chief Charlie Beck, the commanding officer of the South Bureau, said the matrix will give extra weight to certain kinds of activity, such as race-based attacks.

As a result, the 204th Street gang in the Harbor Gateway will probably make the top 10 list even though it has committed fewer crimes than much larger gangs, Beck said.

Police have accused members of that Latino gang of the racially motivated killing of a 14-year-old African American girl.

The LAPD has already deployed an extra 18 officers to the neighborhood, and Beck said the number could double once 204th Street is included in the top 10 list.

Another gang likely to be considered for the list is Canoga Park Alabama, a relatively small gang that police say is responsible for a disproportionate amount of violence in the Valley, where gang crime was up nearly 40%.

Jeff Isaacs, chief of criminal prosecutions for the city attorney's office, agreed that the new strategies on gangs are going to particularly target areas that haven't been traditional gang strongholds: Harbor Gateway and parts of the San Fernando Valley where gang crime climbed at a higher rate than in the more infamous gang territories.

"The San Fernando Valley has seen a real spike in gang crime," Cooley said.

Prosecutors also plan to use "stay-away orders" against gang leaders. Such orders are included in the terms of a suspect's probation and forbid them from being in a certain neighborhood. Officials hope these orders will be more effective than traditional gang injunctions, which prohibit gang members from congregating.

The stay-away orders can be easier to enforce, because they are a condition of probation and a violation can immediately put the offender back in jail. And, under a new early-release policy set to be implemented soon, the Los Angeles County sheriff will no longer hold inmates sentenced to County Jail under gang injunctions for their entire sentences.

In addition to prosecutors targeting leaders of the selected gangs with court orders, Delgadillo said his office plans to file nuisance abatement lawsuits to target gang headquarters.

"We are going to go after the top 10 hangouts in the city of Los Angeles," he said. "Gangs — like other enterprises — need a place to plan."

He said his office successfully used this tactic on an apartment complex at 69th and Main streets, which he said was a home to the East Coast Crips gang.

The situation in Harbor Gateway may end up being a model for the new effort.

Bratton said he has put Beck in charge of a working group to address the problems in the Harbor Gateway area, where some African American residents said Latino gangs do not allow them onto certain streets.

He said the new strategy will include the use of gang injunctions ordering gang members not to loiter or congregate in the area, as well as stay-away orders aimed at gang leaders who have been convicted of crimes.

"There are no injunctions in that area," Beck said.

Cooley said he's ready to seek the stay-away orders.

African American community activist Morris Griffin attended the Police Commission meeting Tuesday to call for action to stop the racial violence, including the installation of surveillance cameras on street corners where crime is occurring.

"I'm a strong advocate for cameras on the streets, to take back our streets, because of this terrorist act with people chasing our people out of the neighborhood, when you talk about the black and the brown," Griffin told the panel.

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CIVIL LAW:

Judge Upholds Religion In Veterans' Care (LAT/AP)

By Ryan J. Foley, Associated Press Writer

The Los Angeles Times, January 9, 2007

The Department of Veterans Affairs' increasing use of religion in treating ailing veterans does not violate the separation of church and state, a federal judge has ruled.

U.S. District Judge John Shabaz dismissed a lawsuit by the Madison-based Freedom From Religion Foundation and defended the agency's practices in his decision Monday, saying religion can help patients heal and is legal when done on a voluntary basis.

The foundation, a group of atheists and agnostics which has challenged the Bush administration's mix of government and religion, said it was the first time a judge upheld the constitutionality of the VA's use of religion in treating millions of veterans. The ruling averts a trial that was scheduled to begin later this month.

The group's president, Annie Laurie Gaylor, said Tuesday it would appeal the ruling.

"I think the public will be startled to learn that if you're a VA patient and you want a referral to the eye doctor, you have to have a spiritual assessment in order to do that," Gaylor said.

The lawsuit challenged the agency's practice of giving most patients spiritual assessments that ask questions about faith, such as how often they attend church and how important religion is in their lives. Agency officials say the assessments help them determine patients' needs.

The suit also targeted VA drug and alcohol treatment programs that incorporate religion, the integration of its chaplain program into patient care and the expansion of chaplain services for outpatient veterans instead of just those at VA hospitals.

The veterans' agency, which treated 5.3 million people at its facilities in 2005, acknowledged it believes spirituality should be integrated into care but said it allows patients to decide whether that involves religion.

Shabaz said the VA's programs do integrate religion and spirituality but they are legal because they are voluntary and serve valid secular purposes such as giving patients spirituality services.

"The choice to receive spiritual or pastoral care, the choice to complete a spiritual assessment, and the choice to participate in a religious or spiritually based treatment program always remain the private choice of the veteran," he wrote. "Accordingly, there is no evidence of governmental indoctrination of religion."

Jean Lin, a U.S. Department of Justice lawyer who represented the veterans' officials, declined comment. DOJ spokesman Charles Miller said the opinion speaks for itself.

CIVIL RIGHTS:

Jury Reaches No Decision In Truck-deaths Trial (AP)

By Juan A. Lozano, Associated Press

AP, January 10, 2007

Jurors deliberated today without deciding whether to impose a death sentence for the truck driver in the nation's deadliest human smuggling attempt, in which 19 illegal immigrants who were locked in a sweltering trailer for hours eventually died from dehydration, overheating and suffocation.

The six men and six women on the jury deliberated for about six hours today. They were to resume Wednesday.

Jurors must decide whether to sentence Tyrone Williams to death or life in prison without parole, or to let the judge issue a sentence ranging from no incarceration time to life in prison without parole.

Williams was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants, including 20 counts that were death-penalty eligible.

During the 2003 smuggling attempt, more than 70 immigrants were packed inside Williams' trailer, with no air conditioning.

DOJ_NMG_0114701

They were heading from South Texas to Houston when the heat became unbearable and the immigrants began to panic, tearing holes in the trailer doors with their hands in order to breathe. Williams eventually opened the trailer doors and abandoned the container near Victoria, about 100 miles southwest of Houston.

Defense attorney Craig Washington told jurors Williams never intended for the immigrants to die. Washington said it was unfair that Williams was the only defendant in the case who is facing the death penalty when others were equally responsible.

Other major defendants have been sentenced to terms ranging from more than 12 years to more than 23 years in prison. The alleged leader of the smuggling ring was sentenced to more than 17 years.

"The punishment should fit the crime the person committed," Washington said.

Williams' sister, Coretta Williams, told reporters today after jurors finished deliberating for the day that her brother is being made the scapegoat for the immigrants' deaths.

"He's really the person who is taking the fall for everything," she said.

But Assistant U.S. Attorney Daniel Rodriguez told jurors Williams had no compassion and he deserves to die because he alone could have freed them but chose not to open the trailer's doors.

"Every minute he kept those doors closed knowing those people wanted out was an act of violence against those people," he said.

During the retrial's punishment phase, Williams' relatives testified, telling jurors he was a kind person and asking them to spare his life. Relatives of the 19 victims also testified, asking for justice but not specifying whether that meant a death sentence.

Williams, 35, a Jamaican citizen who lived in Schenectady, N.Y., is the only one of 14 people charged facing the death penalty. In 2005, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury couldn't agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

The 5th U.S. Circuit Court of Appeals rejected the verdict, saying the jury failed to specify his role in the crime.

Ruling Goes Against Chastang (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), January 9, 2007

Justice Department says Riley appointment 'appears to diminish' minority voters' choice

The U.S. Department of Justice on Monday objected to Gov. Bob Riley's appointment of Juan Chastang to the Mobile County Commission, saying it "appears to diminish the opportunity of minority voters to elect a representative of their choice."

The decision is the latest step in a long legal battle designed to oust Chastang, a black Republican, from representing District 1, a majority-black district that has historically elected Democrats.

Riley appointed Chastang to replace Sam Jones on the commission after Jones was elected mayor of Mobile in October 2005.

Cecil Gardner, the attorney who filed the lawsuit against Chastang's appointment, said he will file a motion today asking that a panel of federal judges in Montgomery declare Chastang's seat vacant and order a special election to fill it.

The state can still appeal the Justice Department decision to the U.S. District Court for the District of Columbia or ask the U.S. attorney general to reconsider the objection, according to the ruling.

Alabama Attorney General Troy King, whose office has represented the state in the suit, said late Monday that he could not comment because he had not received the Justice Department's letter.

Gardner said that appealing such a ruling would be a fruitless endeavor. "Almost all appeals are rejected," he said. "I do not think this will be delayed much longer."

But Chastang said the ruling is not the end of the line for him. "There's nothing in there that says I have to vacate this seat," he said. "If the other side seeks further opinions on this matter, then we'll act appropriately at that time."

Chastang also criticized the Justice Department's decision.

"The ruling is unfair," he said. "It doesn't take into account that my racial makeup is the same as the racial makeup in the district."

DOJ_NMG_0114702

Shortly after Chastang's appointment, three Mobile County Democrats -- Reps. Yvonne Kennedy, James Buskey and Bill Clark -- filed a federal lawsuit claiming that Riley failed to follow a provision of the Voting Rights Act that requires the Justice Department to review in advance any changes to Alabama election practices.

In 1985, the Alabama Legislature passed a law requiring a special election to fill any Mobile County Commission vacancy with more than a year remaining in the term. The Justice Department approved that change to Alabama's electoral process.

The Alabama Supreme Court ruled the 1985 law unconstitutional in 1988 because it conflicted with a state law that gave the governor the power to make such appointments.

But the state never received Justice Department approval to go back to gubernatorial appointments, and therefore the appointment violated the Voting Rights Act, a panel of three federal judges ruled in August. The judges forced the state to ask for clearance from the Justice Department.

The Justice Department's objection , written by Assistant U.S. Attorney General Wan J. Kim, states that District 1, which includes downtown Mobile, Prichard and north Mobile County, is 63 percent black.

Riley was elected by a statewide constituency whose racial makeup differs from District 1. Therefore Riley's appointment diminishes minority voting rights, according to the ruling.

"The method of selection for vacancies on the Mobile County Commission by gubernatorial appointment will continue to be legally unenforceable as a matter of federal law," the ruling states.

Chastang said that if his seat is vacated, he will run in the special election to regain it.

County Commissioner Finds Self Embroiled In Controversy (WPMI)

WPMI-TV, NBC 15, Mobile, AL, January 10, 2007

January 9 -- Juan Chastang is currently a Mobile County Commissioner, however, he soon could be unemployed. "We're gonna fight this thing to the end," Chastang tells NBC 15's Leeah Brennan.

The fight Chastang is speaking about is over a decision handed down Monday by the US Department of Justice. When Sam Jones became mayor of Mobile, that left his county commission seat open. Instead of a special election being heldto fill the seat, Governor Bob Riley appointed Chastang.

According to the Justice Department, that appointment may have violated the federal Voting Rights Act.

"We predicted quite accurately that the governor would appoint a Republican. That commission district has never voted Republican in the entire history of the county commission," says Cecil Gardner who initially brought the lawsuit over Chastang's appointment a year and a half ago. Tuesday, he filed a motion asking a federal court to order the seat vacated and that a special election be conducted "Representatives of the people ought to be elected by the people and not chosen by executive fiat," Gardner maintains.

But Chastang says the legal fight to get him out of office isn't' about the people. "Partisan politics is what this whole thing is all about right now."

As of right now, all parties in the upcoming legal battle are moving forward. For someone, this fight will have a bitter end.

NBC 15 News attempted to contact Governor Bob Riley's office for his reaction to the decision, however, we have not yet heard from him. It's possible the governor could appeal the Justice Department's ruling.

Meanwhile, Juan Chastang is one of 3 county commissioners in Mobile County. He tells NBC 15 News if a special election is required, he will run for election to the position he currently holds.

Islamic Group Calls For Federal Probe Into Vandalism Of Buildings (AP)

By Jeff Karoub, The Associated Press

AP, January 10, 2007

DETROIT (AP) — An Islamic coalition representing southeast Michigan Sunni groups and centers said Tuesday that the vandalism of Shiite mosques and businesses over the weekend could be hate crimes and called on the federal government to investigate.

Late Saturday night or early Sunday, vandals broke windows of two mosques and five businesses along Warren Avenue owned by Iraqi Shiites, the second largest Islamic sect after the Sunnis.

The owner of a restaurant whose windows were broken said he had received threatening phone calls before the vandalism that referred to his Shiite creed, according to the Islamic Shura Council of Michigan, based in the Detroit suburb of Bloomfield Hills.

Detroit Police Sgt. Eren Stephens Bell said the department is investigating the vandalism and could not confirm if the incidents were hate crimes. She said police will review security tapes to try to identify the vandals.

The FBI said in a statement Tuesday that it has talked to the Council on American-Islamic Relations and leaders of other community groups. If the Detroit police find information that links the vandalism to federal civil-rights violations, the FBI would "pursue it accordingly."

Mouhib Ayas, president of the Islamic Shura Council, said the incidents appear to be a reaction to events in the Middle East, particularly in Iraq and the execution of Saddam Hussein. Iraq's Shiite-controlled government ordered Saddam hanged before sunrise on Eid al-Hadha, or the Islamic Feast of the Sacrifice.

Ayas said a lot of people felt provoked by the timing of the execution late last month and viewed it more an act of revenge than carrying out justice, but he condemned the vandalism as an unfortunate act of a few individuals.

"They definitely do not reflect the feeling, position of the majority of Sunnis in Michigan," he said.

Ayas said he and others plan a meeting this week between area Sunni and Shiite leaders to ease tensions.

Osama Siblani, a spokesman for the Arab American and Chaldean Council of Metropolitan Detroit and publisher of the Arab American News in the neighboring suburb of Dearborn, said he does not know the motivation for the vandalism. But he said it could be a reaction to celebrations on Dearborn's streets Dec. 29 by Iraqi Shiites following Saddam's execution. The celebrations were close to the buildings that were vandalized.

"If it was in one store, I would have assumed it was a personal feud. But because it happened to multiple stores and Iraqi centers, it leads me to probably conclude that it's a dispute between those who believed (the celebration) was not the right thing."

The schism between Sunni and Shiite stems from early days of Islam and arguments over the Prophet Muhammad's successors as caliph, the spiritual and temporal leader of Muslims. The Shiites wanted the caliphate to descend through Ali, Muhammad's son-in-law. The Sunnis no longer have a caliph.

Fight Anti-Arab Bigotry, Gonzalez Told (UPI)

United Press International, January 10, 2007

WASHINGTON, Jan. 9 (UPI) -- Arab American leaders have urged U.S. Attorney General Alberto Gonzalez to fight anti-Arab bigotry.

"In response to concerns about the increasing level of negativity openly directed towards Arab and Muslim Americans, leaders from the Arab American Institute and other key Arab American and Muslim American organizations met with Attorney General Alberto Gonzales to request that the federal government help quell the recent tide of bigotry," the Washington-based AAI said in a statement Monday.

"AAI and leaders from the American-Arab Anti-Discrimination Committee, Muslim Public Affairs Council, Islamic Society of North America and Muslim advocates also sought clarification and action on policies concerning racial profiling, suspension of habeas corpus, oversight of watch lists, and donations to charities in the Middle East," the statement said.

AAI said the delegation "also urged the attorney general to support the termination of the National Security Entry-Exit Registration System or 'special registration,' a program that began as an initiative of the Justice Department."

AAI Chairman George Salem and AAI President James Zogby also requested Gonzalez's office to "provide leadership for the country in helping to reverse this disturbing and increasingly accepted trend of anti-Arab and Muslim bias," the statement said.

"Sadly, the past year has demonstrated how tolerant our national discourse has become of bigotry toward Arab and Muslim Americans," Zogby said. "We call upon the attorney general and the Department of Justice to provide the leadership and unity--building they did in the days following the Sept. 11 attacks on a more consistent basis."

LAPD Board Decides Not To Punish Devin Brown (LAT)

By Matt Lait And Scott Glover

DOJ_NMG_0114704

The Los Angeles Times, January 10, 2007

A Los Angeles Police Department disciplinary board has secretly decided not to punish the officer who fatally shot 13-year-old Devin Brown two years ago, rejecting an earlier ruling by the civilian Police Commission that the act violated department policy, sources confirmed Tuesday.

Members of an LAPD Board of Rights, meeting behind closed doors on Monday, determined that Officer Steven Garcia was justified in shooting Brown as the youth allegedly tried to back a stolen car into the officer following a brief pursuit.

The shooting sparked outrage in the surrounding South Los Angeles community, with citizens and activists alleging that Garcia overreacted and used excessive force. Last year the city paid $1.5 million to settle a wrongful death lawsuit filed by Brown's family.

Monday's decision, reached by two high-ranking LAPD officials and a civilian representative, effectively negates the earlier finding by the Police Commission that the shooting was "out of policy" and that Garcia should be punished.

It also reflects a dramatic change in the way the LAPD metes out discipline. For decades, the LAPD has heard evidence publicly when serious misconduct is alleged. Last summer, however, the California Supreme Court ruled that police officer personnel documents were not public records. Responding to that ruling — and over the objections of news organizations and civil libertarians — the LAPD moved to close its disciplinary hearings.

As a result, the charges against Garcia were heard in secret, and the rationale for the board's decision is similarly being withheld.

The Police Commission acts as the civilian oversight body for the LAPD and has the authority to shape policy, but it cannot discipline officers. Its finding in the Brown case — which ran contrary to the recommendation of Police Chief William J. Bratton — was initially hailed by both African American leaders and Mayor Antonio Villaraigosa as a sign that the LAPD, with its long history of officer misconduct cases, now had firm civilian oversight.

John Mack, president of the Police Commission, said Tuesday that he felt as if he and his colleagues on the commission had been undermined.

"I'm very, very disappointed in that finding," said Mack, who was unaware of the ruling before being informed by a reporter. "Our commission felt the facts were clear. It was my expectation that the Board of Rights would see the facts as we saw them and take disciplinary action."

Bratton said he supported the disciplinary panel's conclusion.

"I think that's an appropriate finding," he said. "I'm very comfortable with that."

Asked if the decision undermined his civilian bosses, Bratton replied: "Not at all."

Members of the internal LAPD panel would not explain their rationale for finding in Garcia's favor, citing the Supreme Court ruling that city lawyers have interpreted as giving broad privacy rights to officers involved in disciplinary proceedings.

"I can tell you the board's decision was unanimous and the evidence and testimony to support our finding was compelling," said Capt. Nancy Lauer, a member of the panel. "That is all I feel is prudent to share based on the legal constraints in which we find ourselves."

Capt. Bruce Crosley, who retired from the department in July, but continued to serve as chairman of the disciplinary board, also declined to discuss the case. Ann Reiss Lane, a former police commissioner who served as the civilian member of the LAPD panel, could not be reached for comment.

Bob Baker, president of the Los Angeles Police Protective League, said he had expected Garcia to be exonerated.

"We agree with the Board, who relied on law enforcement expertise and the applicable department standards in deciding that Officer Garcia's actions were in policy on that tragic night," Baker said.

For years, LAPD disciplinary hearings had been open to the public. But late last year, the department changed policy, and prohibited anyone not involved in the case from attending. The department also stopped releasing information about officer discipline that historically had been public.

In November, LAPD officials barred two Times reporters from attending Garcia's disciplinary hearing because of the Supreme Court ruling, which restricted access to law enforcement discipline records in a San Diego case. However, that ruling — in Copley Press Inc. vs. Superior Court of San Diego — did not address whether hearings should be closed.

The Police Commission has also moved to deny public access to police records. Last year, the panel voted to withhold the names of officers involved in shootings and other uses of force, such as baton-strikes, kicks, punches and the use of stun guns. The first case in which the Commission invoked that policy related to Garcia's shooting.

Even though Garcia's case has been cloaked in secrecy, both Bratton and Mack said they wished they could be more open with the public about police conduct and discipline. Both said they feel bound by legal advise given by City Atty. Rocky Delgadillo.

"I like transparency," Bratton said. "In my previous department [in New York City] all reprimands were written and published throughout the department. I'm not in favor of all the limitations that we operate under here, but it is what it is."

The events leading to the shooting of Devin Brown began about 4 a.m. on Feb. 6, 2005. According to police, Garcia and his partner were on patrol when they noticed a red Toyota Camry being driven erratically. When the driver of the Toyota ran a red light and entered the Harbor Freeway, the officers followed.

Suspecting the driver was under the influence of drugs or alcohol, the officers turned on their emergency lights and siren and attempted to pull the car over. But the driver, later identified as Brown, did not stop.

Brown turned off the freeway and led police on 7-minute chase through city streets. He lost control of the car at 83rd Street and Western Avenue, where the vehicle jumped a curb and slammed into a wrought iron fence.

Garcia and his partner pulled up, drew their weapons and took cover behind their open patrol car doors. As they did this, Brown's 14-year-old passenger fled.

Brown, meanwhile, put the car in reverse and began backing up toward police. The Toyota struck the right front fender of the patrol car and continued backing alongside in the direction of Garcia.

The officer fired 10 shots into the Camry. Seven struck Brown, who died at the scene. Officers later learned that the Camry had been reported stolen.

During the department's internal investigation, a re-enactment suggested that Garcia was not in the path of the vehicle when he opened fire. Shooting investigators speculated that he was in the car's path when he drew his weapon, but had stepped to the side before he began pulling the trigger.

After reviewing that investigation, the Los Angeles County District Attorney declined to file charges against Garcia, citing insufficient evidence.

Bratton, finding that Garcia was legitimately in fear for his life, recommended that his actions be deemed appropriate under the circumstances.

The Police Commission, in a 4-1 vote, disagreed. The majority found evidence that the Camry was moving no faster than 2 miles per hour when the shooting occurred and that Garcia was not in the path of the vehicle.

The officer's belief that his life was in danger "was not objectively reasonable," the board concluded.

A Good Call In New York (NYT)

The New York Times, January 10, 2007

Gov. Eliot Spitzer of New York set an important national example this week when he announced that the state corrections department would back away from a longstanding policy of charging prison inmates and their families more than six times the going rate for collect calls made from prison.

Prisons all over the country began gouging inmates and their families when telephone companies started paying legalized kickbacks — called “commissions” — to the state prison systems in return for a monopoly on the service. These schemes place a huge financial burden on inmate families, who tend to be among the poorest in the nation, and who must often choose between paying phone bills and putting food on the table.

The Spitzer administration, which plans to waive its commission and renegotiate the current contract with its prison telephone carrier, estimates that the cost of a collect call from prison will drop by about half once the program goes into effect. That’s good as far as it goes. But the better solution would be to introduce a cheaper, debit calling system like the one used in federal prisons, where inmates use computer-controlled accounts to pay for calls.

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The governor's announcement didn't come out of nowhere. Arguments against New York's collect-call-only system were heard yesterday in the state's highest court. At the same time, laws that would make the system fairer for inmates and their families are pending in the State Legislature.

Whatever the source, fair pricing for prison telephone service is important. In addition to unburdening poor families, it would encourage sustained contact between inmates and their relations. And that would make it more likely that the inmates would forge crime-free lives once they got out.

ANTITRUST:

Newspapers Set To Jointly Sell Ads On Web Sites (WSJ)

By Julia Angwin

The Wall Street Journal, January 10, 2007

Gannett, McClatchy And Tribune to Form Nationwide Network Yahoo's Competing Effort

The nation's three largest newspaper publishers are gearing up to sell advertising jointly on their newspapers' Web sites, believing their survival depends on seizing new online revenue.

Gannett Co., McClatchy Co. and Tribune Co. are planning to offer advertisers one-stop shopping for display ads on Internet sites. The goal is to attract big advertisers such as car makers and phone companies that want to reach a nationwide online audience but don't want the hassle of negotiating ad deals with each company or newspaper.

The joint effort, code-named "Open Network," marks a big new bid to win back advertisers that are defecting in droves to the Web. Currently, national advertisers buy the bulk of their online display ads -- banners and boxes -- from big portals such as Yahoo Inc., Time Warner Inc.'s AOL or Microsoft Corp.'s MSN. Yahoo has announced plans to work with seven other newspaper publishers to build a similar one-stop-shopping spot for advertisers. Google Inc. has also reaped a bonanza with advertising links that appear next to search results.

The three newspaper companies, known in the industry as GMT, are likely to each contribute 10% of their online-advertising space to the network, according to people familiar with the situation. They hope to announce something early this year, although the deal isn't finalized and could still fall apart.

The venture is designed to help the chains tackle a vexing problem: They have long had trouble attracting national advertisers. In their print editions, this is largely because of price. Newspapers can jack up ad prices for local retailers that have few other ways to reach a hometown audience. But national advertisers often find it cheaper to buy a TV spot or magazine ad than to buy space in dozens of newspapers. National advertisers also account for about 75% of advertising on the Internet, according to PricewaterhouseCoopers.

Efforts by the chains to coordinate their print-advertising sales have shown little success, partly because individual papers weren't enthusiastic about standardizing ad sizes or giving up control of their relationships with advertisers. But with the industry under severe stress, that reluctance to band together may change.

"Traditionally print newspaper companies have not worked well together to sell national ads in print," says Jack Williams, president of Gannett Digital. "We intend to sell Internet advertising differently." Tribune and McClatchy declined to comment.

The nascent effort faces a challenge from a rival group of newspapers led by Hearst Corp. and MediaNews Group Inc. that own more than 100 newspapers. Known in the industry as the "Seven Amigos," this group has teamed up with Yahoo to sell online recruiting classifieds, and is finalizing a deal to develop its own national ad-sales network. Both sides concede that it would be better for the newspaper industry to have a single effort, but they have competing efforts in online classified ads, making cooperation in display advertising difficult.

Circulation is declining at major papers across the country as readers increasingly find news online and elsewhere. While newspapers are selling more online ads, the growth isn't fast enough to make up for setbacks in print. During the first nine months of 2006, Internet ad revenues including search ads rose 35% to $12.1 billion, according to PricewaterhouseCoopers data compiled for the Interactive Advertising Bureau. During that same period, the local newspaper industry's ad revenues slipped 4% to $17.5 billion, according to TNS Media Intelligence.

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Last year, investors frustrated with the poor performance of newspaper stocks forced Knight Ridder Inc. to sell itself to McClatchy. This year, Tribune is expected to sell off portions of its business to satisfy restless shareholders.

Newspaper chains such as Gannett built themselves in the 1970s through 1990s, often buying family-owned papers and investing in labor-saving technologies that boosted profits. As two-paper cities disappeared, many of the chain papers gained an effective monopoly as the only vehicle for reaching big and affluent local audiences. That served them well with local advertisers such as retailers and car dealerships, and allowed them to support the costs of journalists and printing plants.

The newspaper industry has tried to sell national ads before. In 1994, the industry set up a national sales arm, the Newspaper National Network, to sell ads in certain categories that newspapers weren't successfully selling. Most chains also attempt to sell national ads across their properties. Gannett has a team in Chicago that helps big advertisers buy in multiple Gannett papers. However, even with the national newspaper USA Today in its portfolio, national advertising represented only about 16% of Gannett's newspaper advertising revenues during the first 11 months of 2006.

Late last year, more than 50 newspapers began testing a program allowing advertisers to buy print ads automatically through Google's Web site. That effort is targeted at small advertisers that wouldn't be likely to get attention from a newspaper salesperson.

Now, as circulation declines and readers move to the Internet, the chains realize they need to do more.

An early Internet joint venture was CareerBuilder.com, a Web site for classified jobs advertising. Tribune and Knight Ridder bought CareerBuilder in 2000, when it was an also-ran behind Monster.com and Yahoo HotJobs. Gannett joined the venture two years later and the trio built CareerBuilder into the No. 1 online recruiting Web site, with 16.7 million unique visitors in November, according to comScore Media Metrix.

CareerBuilder's success has also driven a wedge in the newspaper industry. CareerBuilder has raised the cut of revenue it takes when its newspaper partners deliver ads to the site or when it delivers an ad to a newspaper, according to people familiar with the arrangements. In the past year, several newspapers defected from CareerBuilder to Monster.com, including the Philadelphia Inquirer, St. Petersburg (Fla.) Times and Akron (Ohio) Beacon Journal.

In a September meeting, MediaNews Chief Executive Dean Singleton complained about CareerBuilder's renegotiated terms and reluctance to take on big new equity partners to Gannett Chief Executive Craig Dubow, according to a person close to the situation. Mr. Dubow refused to loosen the terms, this person says.

So Mr. Singleton threw his weight behind negotiations with Yahoo HotJobs, a competitor to CareerBuilder. In November, Mr. Singleton announced a deal with Yahoo HotJobs, along with Belo Corp., Cox Newspapers Inc., Hearst Newspapers, Journal Register Co., Lee Enterprises Inc., and E.W. Scripps Co.

The "Seven Amigos" also signed a letter of intent to expand the relationship with Yahoo to include a national ad-sales network similar to the one being formed by Gannett, McClatchy and Tribune. Since then, two other newspaper groups have joined the Yahoo consortium: Media General Inc. and Morris Communications Co.

The expanded Yahoo deal is likely to require the newspapers in the consortium to use Yahoo search on their newspaper Web sites, according to people close to the discussions. In addition, Yahoo and the newspapers could sell ads on each others' sites, with revenue being shared among the partners. The deal is being finalized, these people say.

Lincoln Millstein, senior vice president at Hearst Newspapers, said he hopes Gannett, McClatchy and Tribune will join the Yahoo consortium instead of striking out on their own. "We're all struggling to get our fair share of national advertising revenues, and this partnership with Yahoo would go a long way toward achieving that goal," he said.

So far, Gannett has signaled its intent to go a separate route. In a December presentation to investors, Mr. Dubow, the Gannett CEO, first mentioned the troika's efforts to build "the largest network of newspaper-developed local sites for any advertiser to reach local consumers." He said that "unlike past efforts in the industry," the group will "focus on customer needs."

In an interview, Gannett's Mr. Williams confirmed the project is in the works. He said the group would welcome other members so long as they agree to conditions about ad pricing and placement. "If other people are interested in participating, they can join, but only if they are willing to live with the rules," he said. The project would rely in part on McClatchy's existing national online sales network, called Real Cities.

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GMT is leery of the Seven Amigos' agreement to use Yahoo's technology to deliver advertising on the newspapers' Web sites, according to a person close to the situation. Yahoo will then gain sensitive information such as which newspaper si tes are doing well and which pages are most popular.

By contrast, the GMT group is considering other technology options that wouldn't involve handing control to a potential competitor. It has held discussions with Centro LLC, a Chicago-based company that places ads on newspaper sites across the country, according to a person close to the situation.

Shawn Riegsecker, the president of Centro, says the two camps need to get together to compete with big portals. "If you break this industry apart, you completely devalue the value proposition to the spot advertiser in the national market," Mr. Riegsecker says.

--Sarah Ellison contributed to this article.

Write to Julia Angwin at julia.angwin@wsj.com1

U.S. Senate Plans Hearing On Airline Merger Impact (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 10, 2007

Prompted by US Airways' bid to acquire Delta Air Lines and merger talk at other carriers, the U.S. Senate Commerce Committee has scheduled a hearing later this month on the likely effects of a potential wave of airline mergers.

The Jan. 24 hearing will be on the state of the airline industry and the "potential impact of airline mergers and industry consolidation," the committee said Tuesday in a press release.

Then-Delta Chief Executive Leo Mullin testified to the same committee in hearings shortly after the 9/11 terrorist attacks. Congress later approved a multibillion-dollar aid bill after airlines were temporarily grounded in response to the 2001 attack.

Congress had been expected to weigh in on the airline merger issue, although the U.S. Justice Department would have to independently review any combinations. After US Airways' hostile $8 billion-plus bid for Delta in November, local and national politicians from Atlanta and communities that would be affected expressed concern about the deal.

Delta management opposes the proposal but its bankruptcy court creditors will have the final say.

With the change in control in Congress, the Senate committee is now headed by Daniel Inouye (D-Hawaii).

Micron Settles Chip Suit, Predicts $80 Million Cost (Update3) (BLOOM)

By Karen Gullo

Bloomberg, January 10, 2007

Jan. 9 (Bloomberg) -- Micron Technology Inc., the biggest U.S. memory chip maker, said it cut previously reported first-quarter earnings by as much as $80 million to reflect a settlement resolving claims it conspired to fix chip prices.

The accord resolves private antitrust lawsuits filed over U.S. sales of dynamic random access memory, or DRAM, from 1999 to 2002. The claims were brought by manufacturers and individuals alleging that a price-fixing conspiracy drove up costs for the chips, a memory component used in personal computers, laptops and video game consoles.

``It is expected that the settlement will result'' in a reduction ``in an amount not to exceed $80 million,'' Micron said today in a statement.

Micron has been in settlement talks to end similar claims by state attorneys general who sued the company and other DRAM makers in July, said company spokesman Dan Francisco. The private antitrust suits against chip makers stemmed from a 2002 Justice Department probe of the DRAM market. Micron cooperated with U.S. officials in exchange for not being charged with a crime.

The settlement dismisses Micron from the class action, or group lawsuit, originally filed in San Francisco federal court. The accord is subject to court approval.

Micron's Francisco declined to comment on the terms of the settlement. Boise, Idaho-based Micron said it plans to file its quarterly report for the period ended Dec. 21 on Jan. 16.

Other Accords

NEC Electronics America Inc. agreed to pay $36 million and Elpida Memory Inc. agreed to pay $14.7 million in December to resolve claims in the suits. Samsung Electronics Co., Hynix Semiconductor and Infineon Technologies AG agreed to pay $160 million in May.

New York, California and 33 other states sued seven memory- chip makers in July, saying a price-fixing conspiracy added $1 billion to chip costs while driving up retail prices for personal computers and other electronics.

Guido Saveri, an attorney for DRAM purchasers, confirmed the accord while declining further comment on its terms.

Micron shares fell 7 cents to $13.67 in New York Stock Exchange composite trading.

The case is In Re Dynamic Random Access Memory (DRAM) Antitrust Litigation, 02-1486, U.S. District Court, San Francisco.

Congress To Take Up Net's Future (NYT)

By Stephen Labaton

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Senior lawmakers, emboldened by the recent restrictions on AT&T and the change in control of Congress, have begun drafting legislation that would prevent high-speed Internet companies from charging content providers for priority access.

The first significant so-called net neutrality legislation of the new Congressional session was introduced Tuesday by Senator Byron L. Dorgan, Democrat of South Dakota, and Senator Olympia J. Snowe of Maine, one of the few Republicans in Congress to support such a measure.

"The success of the Internet has been its openness and the ability of anyone anywhere in this country to go on the Internet and reach the world," Mr. Dorgan said. "If the big interests who control the pipes become gatekeepers who erect tolls, it will have a significant impact on the Internet as we know it."

In the House, Representative Edward J. Markey, the Massachusetts Democrat who heads the Energy and Commerce Subcommittee on Telecommunications and the Internet, said recently that he would introduce legislation soon and planned to hold hearings.

Despite the flurry of activity, the proposals face significant political impediments and no one expects that they will be adopted quickly. But the fight promises to be a bonanza for lobbyists and a fund-raising tool for lawmakers. It pits Internet giants like Google, Yahoo, eBay and Amazon, which support the legislation, against telecommunication titans like Verizon, AT&T and large cable companies like Comcast.

The debate may also affect the plans of the companies to develop new services and to consider certain mergers or acquisitions.

Consumer groups have allied themselves with content providers. The groups maintain that without the legislation, some content providers would be discouraged from offering services while others would impose costs on providers that would either discourage them from offering new services or pass them on to consumers. They also feel that small companies would be unable to compete.

But the telephone and cable companies say that efforts to limit their ability to charge for faster service would discourage the pipeline companies from making billions of dollars in investments to upgrade their networks, and would, as a practical matter, be even more harmful to consumers.

Beyond the debate, the fight over net neutrality is, like most regulatory political battles, a fight over money and competing business models. Companies like Google, Yahoo and many content providers do not want to pay for the kinds of faster Internet service that will enable consumers to more quickly download videos and play games.

In their thirst to continue to grow rapidly, content providers are looking to expand, but they consider any attempt by the telephone and cable companies to charge them for priority services as restricting their ability to move into new areas.

On the other hand, the telephone and cable companies — the so-called Internet pipes — want to be able to charge for access, particularly as they begin competing with content providers by offering their video services and programming.

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The phone companies have also been studying a business model not unlike that of the cable TV industry: charging premiums to certain content providers for greater access to their pipes.

They say that existing rules, as well as sound business judgment, would preclude them from trying to degrade or slow their broadband service and that what they oppose is regulation that would prevent them from charging for offering a faster service. They also point out that many content providers are already charging customers for priority services, so that what they are proposing is not unduly restrictive.

While the debate has broken largely along partisan lines — with Democrats among the staunchest supporters and Republicans the biggest foes — there remains considerable Democratic opposition. Last June, a vote on an amendment by Mr. Markey similar to what he plans to introduce failed by 269 to 152, with 58 Democrats voting against the measure.

Many of those Democrats have been allied with unions, which have sided with the phone companies because they believe that the lack of restrictions will encourage the companies to invest and expand their networks.

In the Senate, where the party in the minority has considerably more power than in the House, the measure suffers from similar political problems. Last year the Republicans blocked the measure from reaching the Senate floor.

But several developments have given some momentum to the supporters of the measures. The House is now under the control of the Democrats, and the new speaker, Nancy Pelosi of California, has been a vigorous supporter of the legislation. Ms. Pelosi's district in San Francisco is near Silicon Valley, the home of many companies that have sought the legislation.

Moreover, the conditions that the Federal Communications Commission imposed on AT&T as a condition of its acquisition of SBC Communications represented an important political victory for proponents of the legislation. After one of the five members of the commission removed himself from the proceeding, the commission's two Democrats forced the companies to agree to a two-year moratorium on offering any service that "privileges, degrades or prioritizes any packet" transmitted over its broadband service.

The conditions imposed no significant immediate costs on AT&T. The company does not yet have the equipment in place on its network to offer a priority service on a large scale. But the conditions imposed by the F.C.C. showed that, contrary to assertions of the phone companies, it was possible to draft language that would preclude the companies from discriminating against providers.

The conditions also set a political benchmark of sorts, and gave the supporters of the legislation two years to try to gain more momentum just as all of the companies are trying to figure out their next major sources of revenue.

Aloha Taking Mesa To Federal Court (AP)

AP, January 10, 2007

Aloha Airlines Moving Dispute With Mesa Air to Federal Court

HONOLULU (AP) -- Aloha Airlines announced that it will pursue further legal action against Mesa Air Group Inc. in federal court.

Aloha sued Mesa in state court in October, alleging the Phoenix-based company improperly used data it obtained as a potential investor to try to drive Aloha out of business.

"Upon further legal review of the federal antitrust laws, and given findings of federal Bankruptcy Judge Robert Faris in the Hawaiian Airlines matter, we believe our claims would be best pursued in the federal court system," David A. Banmiller, Aloha's president and chief executive, said Monday. "Aloha will continue to proceed vigorously against Mesa to stop the illegal and improper conduct."

Mesa, which had been considering investing in Aloha when the island carrier was undergoing bankruptcy reorganization, launched go! airlines in June as a competing carrier in Hawaii, entering the market dominated for decades by Hawaiian and Aloha airlines.

Hawaiian, now a unit of Hawaiian Holdings Inc., sued Mesa in February for the alleged illegal use of confidential information and trade secrets obtained during Hawaiian's Chapter 11 bankruptcy proceedings,

Speaking in connection with the Hawaiian case, Faris said in October that there was evidence that "raises real doubts about the propriety of Mesa's conduct."

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Mesa has denied Hawaiian's allegations.

A Mesa spokesman said Aloha's lawsuit was a "desperate act by a desperate carrier."

Aloha said it is seeking damages and injunctive relief to stop Mesa from competing unfairly and from threatening the jobs of 3,500 Aloha employees in Hawaii.

Hain Gets Antitrust OK For Avalon (AP)

AP, January 10, 2007

NEW YORK --Hain Celestial Group Inc., an organic food company, received antitrust approval for its planned $120 million acquisition of Avalon Natural Products Inc.

The Federal Trade Commission approved early termination of a waiting period required under antitrust law on Friday.

Melville, N.Y.-based Hain, whose brands include Garden of Eatin', Earth's Best and Celestial Seasonings, is buying Avalon from private equity firm North Castle Partners LLC.

Avalon, located in Petaluma, Calif., sells personal care products under the Avalon Organics, Alba Botanica and Unpetroleum brands.

Hain said in December it expects the deal to close in early 2007.

Shares of Hain fell 21 cents to close at $29.58 on the Nasdaq.

Ruling Seen As Giving An Edge To Challengers Of Patents (NYT)

By Linda Greenhouse

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — The Supreme Court opened the door Tuesday to a category of patent lawsuits that a lower court had barred, issuing a decision that will probably shift power in the courtroom from bigger patent-owning companies to smaller start-up companies that rely on obtaining licenses for patented technology.

The court's 8-to-1 decision held that the holder of a patent license can sue to challenge the patent's validity without first refusing to pay royalties and putting itself in breach of the license agreement.

This seemingly technical question, in a dispute by two biotechnology companies, MedImmune and Genentech, has considerable practical importance. A license holder is much less likely to sue if it must first stop paying royalties and thereby risk becoming the target of a patent infringement suit, with the potential for triple damages and the loss of the right to continue selling its product.

In making its decision, the Supreme Court overturned a ruling by the specialized appeals court that hears all patent appeals. That court, the United States Court of Appeals for the Federal Circuit, had adopted a rule in a previous case that required a party to breach its license agreement before suing to declare a patent invalid.

As long as royalties were being paid, the Federal Circuit had reasoned, there was no actual controversy between the parties and such a lawsuit would therefore not meet the requirement of Article III of the Constitution, which limits the jurisdiction of the federal courts to resolving actual "cases" or "controversies."

The Declaratory Judgment Act, the federal law that MedImmune invoked when it went to the federal District Court in Los Angeles for a determination of the validity of Genentech's patent, likewise requires the existence of an "actual controversy" before a court can act.

But the dispute between MedImmune and Genentech was indeed a controversy that met the jurisdictional requirements of the statute and the Constitution, Justice Antonin Scalia wrote for the majority in overturning the Federal Circuit's dismissal of the case, MedImmune Inc. v. Genentech Inc., No. 05-608.

Justice Scalia said the rule that a plaintiff must "bet the farm, or (as here) risk treble damages and the loss of 80 percent of its business before seeking a declaration of its actively contested legal rights finds no support in Article III."

The decision did not resolve the underlying dispute, instead reinstating MedImmune's lawsuit and sending the case back to the lower courts.

The case grew out of a license agreement the two companies reached in 1997 as MedImmune, then a new company, was working on a genetically engineered drug, Synagis, used to prevent a respiratory disease in infants. While MedImmune later

came to public attention as the maker of the FluMist influenza vaccine, Synagis has been the company's main product, accounting for 80 percent of its sales since 1999.

The license authorized MedImmune to use the technology developed by Genentech and its research partner, the City of Hope National Medical Center in Duarte, Calif. City of Hope is also a party in the case.

The agreement obliged MedImmune to pay royalties for the use of patents "which have neither expired nor been held invalid."

The specific patent at issue in the case was not granted to Genentech until 2001, at which point Genentech wrote to MedImmune demanding royalties. MedImmune paid under protest, while filing its lawsuit to have the patent declared invalid.

Justice Clarence Thomas was the lone dissenter from the ruling. He said there was "no Article III jurisdiction over MedImmune's claim," which he called "hypothetical or conjectural."

High Court Eases Way For Patent Challenges (WSJ)

By Jess Bravin And Marilyn Chase

The Wall Street Journal, January 10, 2007

WASHINGTON -- The Supreme Court continued to reassert its oversight of patent law yesterday with a ruling that weakens intellectual-property protections by making it easier for legal challenges to patents.

The 8-1 decision put the justices on the side of those who have complained that existing rules stifle innovation, and it is their latest rebuke to the specialized panel that hears patent appeals, the U.S. Court of Appeals for the Federal Circuit, for rulings skewing property rights in favor of patent holders. The high court this term has also heard a separate case appealing obstacles imposed by the Federal Circuit against challenges to a patent on grounds that the invention is "obvious." A decision on that is pending.

REINVENTION

• The News: The Supreme Court ruled that companies can challenge patents even if they are paying royalties to license them.

• The Background: A lower court had forced challengers to infringe and risk damages if they failed.

• What It Means: It'll be easier to weed out bad patents, but may be harder to enforce valid ones.

Yesterday's opinion, by Justice Antonin Scalia, reversed the Federal Circuit's rule that if a company pays royalties for a patent, it forfeits the right to challenge the patent's validity. That has deterred companies from filing challenges because they would be at risk for treble damages for infringement if the patent were found to be valid.

The decision is a victory for MedImmune Inc., a Gaithersburg, Md., pharmaceuticals company that derives about 80% of its revenue from the respiratory-tract drug at issue, Synagis. Under protest, MedImmune paid a royalty to Genentech Inc., of South San Francisco, Calif., to avoid a patent-infringement suit over a component antibody.

Under a 2004 Federal Circuit ruling, the act of paying a royalty precluded challenging the patent's validity. The Federal Circuit reasoned that since the license payment obviated an infringement suit, there was no controversy between the companies. In general, federal courts may only decide cases and controversies, not rule on theoretical disputes or issue advisory opinions.

Justice Scalia wrote that a party shouldn't have to "bet the farm" to challenge a patent. He cited several prior cases where the court allowed parties to challenge laws as unconstitutional without breaking them -- and thus exposing themselves to criminal punishment. Moreover, he wrote, the Supreme Court in 1943 had decided a similar patent case by ruling that "the fact that royalties were being paid did not" make the dispute "hypothetical or abstract."

The Bush administration supported MedImmune, contending that allowing challenges would help weed out invalid patents that stifle innovation. "Public policy strongly favors ridding the economy of invalid patents, which impede efficient licensing, hinder competition, and undermine incentives for innovation," the government said in a friend-of-the-court brief.

The implications could be greatest for the biotechnology industry, where huge profits can turn on a relatively small number of patents, according to Pamela Samuelson, co-director of the Center for Law and Technology at the University of California, Berkeley. Prof. Samuelson said the Supreme Court is telling the Federal Circuit to be "more balanced and less patent-owner friendly."

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"Everybody knows there are a lot of weak patents out there," she said. "A lot of inventors take very substantial risks going out into a field of technology, and sometimes they get their foot blown off when some patent is out there like a land mine."

However, some predicted a chilling effect. "This decision allows companies that have taken out licenses to challenge the validity of a patent while also enjoying the benefits of that very same patent," said Charles Barquist, a patent litigator in Morrison & Foerster LLP's Los Angeles office. "MedImmune turns all fundamental assumptions about the stability and finality of a patent license completely on their head," he added in a statement late yesterday. "The Court has upset the risk/benefit calculation that underlies virtually every patent license."

Genentech issued as statement downplaying the significance of the ruling, saying the Supreme Court "only addressed the threshold jurisdictional issue of whether there need to be further proceedings to finally decide this case. It does not express an opinion concerning the merits of MedImmune's claims against Genentech..."

Indeed, MedImmune General Counsel William Bertrand said the victory won't have an immediate impact on his company's bottom line, as it has been paying royalties all along and the ruling doesn't nullify the patent at issue, but it does enable resumption of the challenge.

Eric Schmidt, a biotech analyst at Cowen and Co., sees modest potential impact on Genentech's future earnings from the decision. An adverse decision, should MedImmune prevail at trial, could have an impact of four cents a share on earnings, he said. (See related article on page A12.) Genentech receives royalties from licensees as well as paying some royalties to the City of Hope Hospital, in Duarte, Calif., under the patent, Mr. Schmidt said. The company's annual income from all royalties is approaching $1 billion a year.

MedImmune's Synagis, which racked up $1.24 billion in 2005 sales, is an injectable product containing protective antibodies that help guard infants and young children against respiratory syncytial virus, or RSV, a common childhood infection responsible for about 125,000 hospitalizations a year in the U.S. alone, a spokeswoman said.

U.S. Supreme Court Ruling May Alter Biotech Patent Deals (AP)

By Paul Elias, Associated Press

AP, January 10, 2007

SAN FRANCISCO – Biotechnology analysts and lawyers said a key U.S. Supreme Court ruling Tuesday could help companies who license patents get out of bad deals easier.

The Supreme Court ruled that Gaithersburg, Md.-based MedImmune Inc. could sue Genentech Inc. for patent infringement even though MedImmune continues to pay fees to Genentech to use the disputed technology to develop the drug Synagis that treats childhood respiratory problems. The high court didn't rule on the merits of MedImmune's claims Tuesday, the outcome of which analysts said is more important to the patent landscape of the biotechnology industry.

Licensing the rights to use another company's patent technology is the lifeblood of the biotechnology industry. Many smaller companies have long complained that larger companies with extensive patent portfolios often hold monopolistic grips on certain manufacturing processes. For instance, several biotechnology companies pay Genentech royalties to access the technology at the heart of the MedImmune dispute.

“This is definitely a major ongoing controversy,” said Jason Kantor, an analyst with RBC Market Capitals. “The decision today does not have far-reaching implications.”

The ruling did little to the sector's stock prices and both companies involved in the litigation experienced small rises in their share prices.

South San Francisco-based Genentech's stock rose 89 cents a share to $84.69 at the close of trading on the New York Stock Exchange. MedImmune's share price rose 58 cents to $34.83 at the close of trading on the Nasdaq Stock Market.

Still, lawyers said the ruling will give biotechnology companies locked in bad licensing deals with larger partners an attractive option to change the terms of the agreement without terminating the agreement.

“If their patent challenge fails, that's a big business risk ,” said Bart Showalter, head of intellectual property at the Baker Botts law firm in Dallas. “This is a big win for licensees, who can have their cake and eat it too.”

Showalter predicted the ruling will alter how future contracts are hammered out.

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MedImmune Inc. sued Genentech in 2003, claiming a deal between Genentech and British biotechnology company Celltech R&D Ltd. violated antitrust laws. But it was thrown out by the federal courts, which ruled MedImmune didn't have the right to sue because it continued to pay royalties on the patent even as it claimed in court the patent was unfair.

The Supreme Court said MedImmune's "pay and sue" strategy doesn't preclude it from suing. MedImmune said it continued to pay Genentech royalties because if it lost its case, it would be liable for triple damages and unable to use the technology needed to manufacturer Synagis, which accounted for than $1 billion in sales last year.

MedImmune said it would vigorously pursue its case in the lower court. Genentech said it remains confident in the validity of the patent.

High Court Ruling Could Spark Surge In Patent Challenges (LAW)

By Tony Mauro, Legal Times

Legal Times, January 10, 2007

Patent litigation could explode in the wake of the Supreme Court's ruling Tuesday in a closely watched dispute over patent validity between two biotechnology firms.

The Court, by an 8-1 vote, reinstated a lawsuit by MedImmune challenging a Genentech patent related to Synagis, a popular drug for treatment of respiratory disease in children. The opinion in MedImmune v. Genentech, written by Justice Antonin Scalia, says patent licensees no longer have to breach the license in order to have standing to challenge the patent that they dispute. Patent lawyers say the ruling could lead to a flurry of challenges to existing patents.

"It's a rare patent where you can't find something to challenge. There will be an explosion in litigation by these licensees," says Jim Badke, a partner at Ropes & Gray. "Companies can have their cake and eat it too."

The Jan. 9 ruling overturns a decision by the U.S. Court of Appeals for the Federal Circuit, which since 2004 had held that a breach -- such as ceasing royalty payments -- was necessary in order to establish the "case or controversy" required to challenge the patent. Critics of the Federal Circuit's doctrine said it discouraged challenges against invalid patents, because breaking a license agreement can be risky. Such a breach can prompt the patent holder to retaliate by suing for infringement and seeking an injunction against further sales of the product, along with treble damages.

Now a licensee can challenge a patent while still honoring it and paying royalties -- as MedImmune did in the case before the Supreme Court -- and patent challenges will be safer and easier to file without fear of retaliation.

In overturning the Federal Circuit's ruling, Scalia wrote that the dispute leading up to the patent challenge was a real and "lively" controversy that was sufficient to trigger a challenge to the patent's validity, even if the royalties were still being paid.

Badke, who worked on the case for MedImmune at an earlier stage, says that in the long run, the ruling will help clear out invalid patents that impede innovations in areas like biotech and software.

But the decision also introduces more uncertainty into the status of patents, says George Best, senior counsel at Foley & Lardner. Under the old rules, a licensing agreement amounted to an insurance policy against litigation over patent validity or infringement. But now, he says, "unhappy licensees" can challenge patents that both parties previously thought were settled and protected by the license agreement.

"By allowing licensees that are taking full advantage of the benefits of the license, including immunity from a patent infringement lawsuit, to challenge the patents in the agreement, patentees lose the quid pro quo in the arrangement," says Raymond Van Dyke of Nixon Peabody. "Countless licensed patents are now potentially open to a new attack from even good licensees. To the IP community, this is yet another curtailment of the strength of patent rights."

The decision also represents another bad day for the Federal Circuit, which handles patent appeals and is on a long-term losing streak at the Supreme Court. Several analysts on Tuesday said the ruling does not bode well for KSR International v. Teleflex, the other Federal Circuit patent ruling that is under challenge before the Court this term, involving the test for determining whether an innovation is so obvious that it does not deserve patent protection.

ENVIRONMENT:

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Minerals Agency Targeted In Probe (DENP)

By Steve Raabe, Denver Post Staff Writer

Denver Post, January 10, 2007

The Justice Department is conducting criminal inquiries into allegations of ethics violations by individual personnel.

The U.S. Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service over possible ethics violations.

One of the investigations focuses on individuals at the agency's office in the Denver Federal Center, officials said.

The investigations mark the first time that federal officials are targeting possible criminal activity at the Minerals Management Service.

The agency already has been the subject of noncriminal federal inquiries and audits alleging problems in its mission to collect royalty payments on oil and gas production from federal property.

Allegations of criminal ethics violations are unrelated to the previous inquiries and audits, the agency said in a statement.

"The Minerals Management Service requested an investigation by the Inspector General into two possible ethics violations. These cases have been referred to the Justice Department," the statement said.

"Both cases involve individual personnel, and therefore cannot be discussed outside the investigation itself."

Earlier this month, a report from the Interior Department's inspector general concluded that the Minerals Management Service may be allowing royalty underpayments because of weaknesses and inconsistencies in the agency's audits of energy-company payments.

"Our national budget is stretched to the breaking point. And yet the administration seems to be passing on billions in revenue," said U.S. Sen. Ken Salazar, D-Colo., in a statement. "We allow oil and gas companies onto our federal lands with the understanding that the American people will gain not only energy resources, but revenues. We cannot allow a few individuals to bilk the American people out of revenues they rightly deserve."

In a separate federal inquiry, the Minerals Management Service is under investigation for issuing drilling leases in 1998 and 1999 that failed to require royalty payments, a mistake that could cost the government as much as $10 billion unless the leases are fixed.

The agency announced last week that Royal Dutch Shell, BP, ConocoPhillips and Marathon Oil have agreed to pay royalties under the botched leases. Dozens of other oil and gas producers have not reached similar agreements with the government.

Congress earlier this month narrowly defeated a measure that would have forced the companies to renegotiate the contracts.

Staff writer Steve Raabe can be reached at 303-954-1948 or sraabe@denverpost.com.

Venice May Target Ex-utility Heads (HTRIB)

By Paul Quinlan

The Herald Tribune (Southwest Florida), January 10, 2007

City weighs legal options against bosses involved in 2005 illegal dumping.

VENICE -- The city will consider filing lawsuits or taking other legal action against the former utility department employees believed to be responsible for the illegal dumping to which the city pleaded guilty in federal court in 2005.

The City Council's decision Tuesday to weigh legal options comes days after city leaders learned that federal prosecutors have given up trying to bring criminal charges against any former utility department employees.

The Justice Department's decision to drop the case has angered council members, who say that the actions of a few former employees ultimately cost taxpayers more than $2 million in fines and engineering and legal fees.

"The city felt that it had no choice but to enter into a guilty plea based on the evidence," said council member John Moore, a former judge. "I felt that they should have been prosecuted."

The Department of Justice would not comment on why it closed the case. The City Council instructed the city attorney Tuesday to seek an explanation.

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The investigation began after several former utility department employees accused colleagues of illegally dumping excess treated waste water into Curry Creek and spraying it onto a field at Knights Trail in 2001, even though the systems designed to measure and limit flow were not working.

In 2004, the city purged the department, hiring a private firm, Operations Management International, to run the city waste-water operations.

The city pleaded guilty to three felony violations of the Clean Water Act, receiving the minimum fine allowable, $110,000. As part of the plea deal, city officials agreed to cooperate in any further investigation of the supervisors or managers responsible, whom court papers refer to only as the "Executive Group."

But some former employees who claim to be members of the "Executive Group" say that federal prosecutors' decision to walk away from the case proves their innocence. They say current city administrators capitulated to federal prosecutors and used the case and allegations to stage a coup.

"It was politically motivated," said former utility department director John Lane. "I had almost 25 years of an unblemished record with the city. I don't appreciate what they have done to me."

Shane Saputo, the pollution control supervisor at the time, said that the city's decision to enter a plea deal with federal prosecutors represented a betrayal and a waste of money.

"They didn't need to accept it, nor should they have accepted it," Saputo said. "Why did it come to this? Why was there so much money spent on this case?"

Agency Affirms Human Influence On Climate (NYT)

By Andrew C. Revkin

New York Times, January 10, 2007

President Bush has said it.

A lot of government scientists have said it.

But until yesterday, it appeared that no news release on annual climate trends out of the National Oceanic and Atmospheric Administration under the Bush White House had said unequivocally that a buildup of greenhouse gases was helping warm the climate.

The statement came in a release that said 2006 was the warmest year for the 48 contiguous states since regular temperature records began in 1895. It surpassed the previous champion, 1998, a year heated up by a powerful episode of the periodic warming of the tropical Pacific Ocean by El Niño. Last year, another El Niño developed, but this time a long-term warming trend from human activities was said to be involved as well.

“A contributing factor to the unusually warm temperatures throughout 2006 also is the long-term warming trend, which has been linked to increases in greenhouse gases,” the release said, emphasizing that the relative contributions of El Niño and the human influence were not known.

A link between greenhouse gases and climate change was also made in a December news conference by Dirk Kempthorne, the secretary of the interior, as that agency proposed listing polar bears as threatened under the Endangered Species Act.

Still, the climate agency’s shift in language came as a surprise to several public affairs officials there. They said they had become accustomed in recent years to having any mention of a link between climate trends and human activities played down or trimmed when drafts of documents went to the Commerce Department and the White House for approval.

James L. Connaughton, chairman of the White House Council on Environmental Quality, said the release reflected longstanding views within the administration.

“It’s helpful for them to describe what is a question in many people’s minds — what is the human factor, what is the El Niño factor,” Mr. Connaughton said of the NOAA release. “From our perspective, what was in the press release was a direct reflection of what the president and folks in his administration have been saying for some time.”

Mr. Bush has made two speeches on climate. He first expressly accepted that humans were contributing to global warming in a news conference in Denmark in July 2005 on the way to an economic summit in Scotland, saying, “Listen, I

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recognize that the surface of the Earth is warmer and that an increase in greenhouse gases caused by humans is contributing to the problem."

But the government's scientific bureaucracy, where public affairs officials and scientists as recently as last year complained that findings pointing to climate dangers were being suppressed, has taken time to catch up.

"There's been some sensitivity to the fact that some people have complained that NOAA and other parts of the government haven't been as open as they would like them to have been on this," said Jay Lawrimore, a climatologist at the National Climatic Data Center in Asheville, N.C., where the temperature trends are compiled. "Now NOAA is making an effort to be clearer on some of the influences."

Mr. Lawrimore said there was no way to account for the trends, be they the melting of Arctic sea ice or the warming of winters, without including an influence from heat-trapping gases.

"Year after year as we continue to see warmer temperatures," he said, "there are more and more converts convinced that it's not just natural variability and not just something that's going to return back to temperatures we saw 40 or 50 years ago — that in fact we are doing something to the climate."

Climate Experts Worry As 2006 Is Hottest Year On Record In U.S. (WP)

By Marc Kaufman

Washington Post, January 10, 2007

Last year was the warmest in the continental United States in the past 112 years -- capping a nine-year warming streak "unprecedented in the historical record" that was driven in part by the burning of fossil fuels, the government reported yesterday.

According to the government's National Climatic Data Center, the record-breaking warmth -- which caused daffodils and cherry trees to bloom throughout the East on New Year's Day -- was the result of both unusual regional weather patterns and the long-term effects of the buildup of carbon dioxide in the atmosphere.

"People should be concerned about what we are doing to the climate," said Jay Lawrimore, chief of the climate monitoring branch of the National Oceanic and Atmospheric Administration. "Burning of fossil fuels is causing an increase in greenhouse gases, and there's a broad scientific consensus that is producing climate change."

The center said there are indications that the rate at which global temperatures are rising is speeding up.

Average temperatures nationwide in 2006 were 2.2 degrees Fahrenheit higher than the mean temperatures nationwide for the 20th century, the agency said. It reported that seven months in 2006 were much warmer than average, and that last month was the fourth-warmest December on record. Average temperatures for all 48 contiguous states were above or well above average, and New Jersey logged its hottest temperatures ever.

Many researchers are concerned that rising temperatures could lead to widespread melting of the polar ice caps, resulting in higher sea levels and more extreme droughts and storms. But NOAA also pointed to one silver lining: The unusually warm temperatures from October to December helped keep residential energy use for heating 13.5 percent below the average for that period.

NOAA said an El NiÃ±o weather pattern in the equatorial Pacific also contributed to the warm temperatures by blocking cold Arctic air from moving south and east across the nation.

Climate experts generally do not make much of temperature fluctuations over one or two years, but Lawrimore said the record 2006 temperatures were part of a long and worrisome trend. For instance, NOAA said, the past nine years have all been among the 25 warmest years on record for the continental United States.

Advocates for more action to control carbon dioxide emissions also voiced concern.

"No one should be surprised that 2006 is the hottest year on record for the U.S.," said Brenda Ekwurzel, a climate scientist with the Union of Concerned Scientists, a public interest group. "When you look at temperatures across the globe, every single year since 1993 has been in the top 20 warmest years on record."

"Realistically, we have to start fighting global warming in the next 10 years if we want to secure a safe environment for our children and grandchildren," she said.

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Lawrimore said other NOAA research has found that the rate of temperature increase has been significantly greater in the past 30 years than at any time since the government started collecting national temperature data in 1895. Globally, 2005 was the hottest year on record, Lawrimore said, and 2006 was slightly cooler.

He said that although there is a scientific consensus that carbon dioxide from cars, power plants and factories is leading to global warming, there is no consensus yet on whether the warming will increase more quickly or more slowly in the future. Some researcher have predicted that temperatures worldwide will increase by a catastrophic 7 to 8 degrees on average by the end of the century, while others project an increase of a more modest 2 degrees by century's end.

The burning of oil and other fossil fuels releases carbon dioxide, which rises, blankets the Earth and traps heat. Climate scientists report that there has not been this much carbon dioxide in the atmosphere in the past 650,000 years.

The Bush administration has rejected proposals to cap carbon dioxide emissions or impose carbon taxes as a way to limit global warming. Lawrimore said he believes the problem could and should be addressed by developing new technologies for powering vehicles and industry.

Late December's springlike temperatures in the eastern two-thirds of the country made it the fourth-warmest December on record in the United States and contributed greatly to the record high for the year. Several Northern cities were unusually warm -- with Boston 8 degrees above average and Minneapolis-St. Paul 17 degrees above average for the last three weeks of the month.

El Niño Gives USA Its Hottest Year In '06 (USAT)

By Patrick O'Driscoll

USA Today, January 10, 2007

DENVER — Last summer's deadly heat wave and a balmy December helped make 2006 the warmest year ever recorded in the USA, federal climate officials announced Tuesday.

The National Climatic Data Center says factors include the El Niño climate pattern and "the long-term warming trend" of climate change, due in part to greenhouse gases. The center says drought in the Plains and parts of the West also played a role. Wildfire agencies say warmth helped make it the worst wildfire season ever, with 9.8 million acres burned.

"There's no denying that climate change is occurring, and warmer winters and warmer years are more common for that reason," says Jay Lawrimore, monitoring chief for the center, which keeps the nation's weather records. "What we're seeing (in 2006) is just becoming so much more common."

New York City, still without snow this winter, last week broke a 129-year record for latest date for the first snowfall. In the Northeast, ski resorts report little snow and temperatures too warm to make artificial snow.

Temperatures were above normal even in Colorado, where major snowstorms before Christmas and New Year's paralyzed Denver and socked the Great Plains. The city's average reading for December was still 1.4 degrees warmer than usual.

A side benefit: Residential energy demand for heating was 13.5% lower than normal for October through December, the center said.

An average national temperature of 55.01 degrees pushed 2006 past 1998 as the warmest on record. Fifteen of the years since 1981 rank among the 25 warmest since national record-keeping began in 1895.

The climate center says the current El Niño, the periodic warming of Pacific waters, is the biggest factor for 2006, and global warming is "a contributing factor." This is believed to be the first time the annual temperature report mentions climate change as a cause.

It was the warmest year ever in New Jersey, and five states had their warmest December — Connecticut, Minnesota, New Hampshire, New York and Vermont.

During last summer's heat wave, record highs from South Dakota across the Plains taxed water supplies for crops and livestock. Heat was blamed for at least 140 deaths in California.

The year's warmth wasn't just about extreme highs. Lawrimore says more than 40% of the USA had higher-than-average overnight lows last summer, compared with 10% in a typical year. Daily records for the highest overnight low were tied or broken more than 3,000 times last summer in hundreds of cities and towns, especially in the West. About 100 locations recorded their all-time highest lows for any date, from 88 in Cedar Butte, S.D., to 102 in Death Valley, Calif.

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The Heat Just Keeps On Coming In The U.S. (LAT)

By Robert Lee Hotz

Los Angeles Times, January 10, 2007

On the fever chart of rising temperatures, 2006 was the warmest year on record for the 48 contiguous states, pairing a lethal summer heat wave with a winter so mild that in some places daffodils bloomed out of season and bears forgot to hibernate, government climate experts reported Tuesday.

Based on an analysis of readings from 1,200 weather stations around the country, the average annual temperature in the Lower 48 states last year was 2.2 degrees higher than the mean temperature for the 20th century and fractionally warmer than in 1998, which previously held the temperature record, the researchers reported.

Seven months last year were much warmer than average, concluded the scientists at the National Climatic Data Center in Asheville, N.C., a branch of the National Oceanic and Atmospheric Administration.

Indeed, January 2006 was the warmest on record in the U.S. and December was the fourth warmest since record-keeping began in 1895. In five states, December temperatures set record highs: Minnesota, New York, Connecticut, Vermont and New Hampshire.

"We are breaking warm records all over the place," said climate scientist Gavin Schmidt at NASA's Goddard Institute for Space Studies in New York, who was not involved in the NOAA analysis.

Even cities now in winter's stranglehold were relatively balmy. Denver, paralyzed by blizzards during its third snowiest December on record, still basked in a monthly temperature 1.7 degrees higher than the average from 1971 to 2000, the researchers said. In Minneapolis-St. Paul, the temperature was 17 degrees above normal for the last three weeks of December.

Temperatures in California, which experienced a searing heat wave in the summer, ran above normal for the year, but not as high as most of the country.

Each of the last nine years all has been among the 25 warmest years on record in the U.S. — an unprecedented hot streak historically, the scientists said.

Overall, annual temperatures in the U.S. and around the world are one degree higher than a century ago and the rate of warming has accelerated threefold in recent decades. Eight of the last 10 years are the warmest on record worldwide. Climate experts at the British Meteorological Office last week predicted that this year could easily become the warmest year globally on record.

If global temperatures continue to rise as projected, melting icecaps could raise sea level worldwide by up to 3 feet by 2100, swamping coastal communities that are home to millions of people, according to estimates from the United Nations. At the same time, rising temperatures could fuel more powerful storms, while disrupting subtle seasonal patterns of plant growth and animal habitats around the world.

"Global warming is pushing these temperatures ever upward," said meteorologist Michael Mann, director of the Earth System Science Center at Penn State University. "We are loading the dice."

The rising temperature trends of recent years appear to closely track the general predictions of computerized climate models analyzing the effects of greenhouse gases on global climate patterns, several scientists said.

"It looks pretty much like what the climate models of global warming expected," said Penn State University climate analyst Richard Alley, who was not part of the research effort. "We have turned up Earth's thermostat."

Rising levels of carbon dioxide and other greenhouse gases, which can trap heat in the atmosphere, were a key factor in the warming trend, the climate center researchers said. The rate at which carbon dioxide is being released into the atmosphere has doubled since than 1990s, Australian researchers recently reported, with 7.85 billion tons of CO2 released into the atmosphere in 2005 alone.

But other influences, such as a mild El Niño current stirring in the Pacific Ocean, also played a role in blocking Arctic air that might normally chill the country, they said.

In 1998, record high temperatures were driven by an unusually powerful El Niño current that disrupted weather patterns worldwide. The current El Niño, a periodic warming current that took shape last summer, is far weaker and has had only a moderate effective on global climate, several experts said.

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"What we are seeing is much more than El Niño," said climate analyst Kevin Trenberth at the National Center for Atmospheric Research in Boulder, Colo. "The overall pattern is consistent with our concepts of global warming."

To those who analyzed last year's temperature records, the effort to attribute the higher temperatures to relatively transitory minor perturbations in the planet's weather systems missed a more crucial trend.

"The important thing is that, in the long term, warmer temperatures are becoming the norm," said Jay Lawrimore, chief of the climate monitoring branch at the National Climatic Data Center, the federal center that prepared the study. "The expectation is that temperatures will continue to warm in the U.S. and globally."

As a consequence, Lawrimore said, "we expect droughts to become more severe and more widespread; we expect heavier precipitation events to be come frequent; heat waves will become more frequent; storm surges will be higher. Being able to adapt to changing climate will become an important part of daily life."

In last year's temperature extremes, the country got a preview of the future of climate change, several experts said.

Last summer, at least half of the country was parched by prolonged drought as the lack of rain helped fuel a record wildfire season in which 9.8 million acres burned in more than 96,000 wildfires. At the same time, a severe heat wave in some areas, as high as 117 degrees, killed at least 225 people nationwide.

Now in the cold season, farmers in the Northeast are worried that temperatures are too high for fruit trees to winter properly, and wineries complain they can't prepare ice wine because their grapes won't freeze on the vine.

Nationwide, the demand for winter heating oil and other home energy needs is as much as 13.5% lower than the demand expected during average climate conditions, the NOAA scientists calculated.

"People say these things must be due to natural variability in the weather, but any reasonable person who looks at the data can see that we are changing the planet," said climate expert Tim Barnett at the Scripps Institution of Oceanography in La Jolla.

"When you look at global warming patterns," Barnett said, "there is a great big coherent pattern of temperature change."

U.S. To Raise Royalty Rates For Oil And Gas Leases In The Gulf (NYT)

By Edmund L. Andrews

New York Times, January 10, 2007

WASHINGTON, Jan. 9 — The Bush administration, accused of failing to collect billions of dollars from companies that drill for oil and gas in federal waters, announced on Tuesday that it would demand higher royalties on all new deepwater leases in the Gulf of Mexico.

The Interior Department said it would raise the royalty rate to 16.7 percent from 12.5 percent of oil and gas sales, a change that it estimated would increase government revenue by $4.5 billion over 20 years.

“Increased royalty rates will ensure that during this time of high energy prices the American public receives its fair share of the value of oil and gas,” said Gary Strasburg, a spokesman for the department.

But the change will not alter any of the thousands of existing offshore leases, nor will it affect a mistake in hundreds of leases that could allow companies to escape as much as $10 billion in royalties over the next five years.

The Interior Department has been trying to renegotiate those leases for the last six months, but has managed to reach voluntary agreements with only 5 of the 56 companies that hold them. Two of the biggest players in the Gulf of Mexico, Chevron and Exxon Mobil, have refused to sign new deals.

Next week, House Democrats hope to pass legislation that would punish companies that refuse to renegotiate, either by imposing a stiff new tax on their production or by prohibiting them from acquiring new leases.

“Raising the royalty rates will do nothing to help the situation unless this administration expresses a true commitment to actually collecting these payments,” said Representative Nick J. Rahall II, Democrat of West Virginia and chairman of the House Committee on Natural Resources. “The oil and gas royalties system is broken and needs to be fixed.”

In a separate decision, the Bush administration announced that it might lift a longstanding prohibition on drilling in Bristol Bay, an area off the coast of Alaska that is part of the North Aleutian Basin. The area has been closed to oil and gas leasing since 1990, partly in response to the enormous tanker spill in 1989 by the Exxon Valdez.

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The Interior Department also announced plans to open a big new area in the central part of the Gulf of Mexico, a move that Congress authorized in December.

U.S. Is Raising Gulf Royalties For Oil And Gas (WSJ)

By John J. Fialka And Russell Gold

Wall Street Journal, January 10, 2007

WASHINGTON -- The Bush administration said it is raising royalty payments it charges producers of oil and natural gas in the deeper waters of the Gulf of Mexico, apparently to appease critics in Congress who say the government has failed to collect all of the royalty payments owed it from past Gulf production.

The increase, announced by Interior Secretary Dirk Kempthorne, would raise the required federal payment on new leases from the current equivalent of one barrel out of every eight produced to one barrel out of six. The higher rate will boost federal royalty revenues by $4.5 billion over 20 years, according to the Interior Department. About 25% of U.S. oil production comes from the Gulf.

Mr. Kempthorne also said President Bush is removing federal drilling bans from two five-million-acre tracts, one in the Gulf of Mexico and another in Bristol Bay, in the North Aleutian Basin of Alaska.

Both moves, he said, are designed to increase opportunities for domestic energy production and to increase federal revenues.

The increase in Gulf royalties comes as oil-rich nations around the globe are responding to soaring oil-company profit by raising royalties and taxes on oil production.

A spokesman for BP PLC, one of the largest producers in the Gulf, Neal Chapman, said, "It's another cost increase and costs are increasing across the board. Any additional burden in the cost equation makes an area less attractive because we look at investment decisions globally."

"At a time we are talking about securing domestic energy, this seems to fly in the face of that," said Erik Milito, a spokesman for the American Petroleum Institute, an industry trade group based in Washington. "It is hard to make an argument that raising the cost to industry is good for consumers." Mr. Milito acknowledged, however, that companies might simply offer lower upfront bids for the right to explore offshore blocks because they know they will have to pay higher royalties. This could end up balancing and not increasing the cost of looking for oil in the Gulf.

Kjersti H. Torgersen, a spokesman for Norway's Statoil ASA, warned that drillers may respond to the higher royalty rate by lowering their bids in future lease sales, which could reduce the federal government's estimated take from the royalty increase. In two lease sales in 2006, the Interior Department received winning bids valued at $912 million.

Democrats Push Green Energy Plans (CHIT)

By William Neikirk

Chicago Tribune, January 10, 2007

WASHINGTON -- Democrats are pushing a cleaner, greener energy policy that they will try to drive through the House later this month. But its ultimate outlook is uncertain—and so is its impact.

As part of their 100-hour strategy to pass high-profile legislation, House Democratic leaders want to do away with billions of dollars in oil industry tax incentives and force oil companies to pay higher royalties on Gulf of Mexico leases. The extra money would be used to give a dramatic boost to renewable energy sources.

This shift in energy policy has been widely hailed by organizations that stress renewable and alternative sources of energy such as bio-fuels, solar and wind power. Energy efficiency and conservation groups also hope for more money. Although President Bush increasingly has talked about development of such energy sources, funding has been spotty.

"This was never particularly important to Tom DeLay [the former House Republican majority leader]," said Randall Swisher, executive director of the American Wind Energy Association.

He said he is hopeful Congress will use the extra money partly to extend production tax credits for wind energy for at least five years rather than at the current rate of one to two years at a time, a move that would dramatically increase the size of the industry.

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But the new legislation faces two big hurdles—a Senate where Democrats have a razor-thin margin and a White House that backed the tax breaks in the first place.

In addition, some energy analysts said they doubt that the bill would contribute greatly to easing the nation's energy problem any time soon, even if the House bill should become law. For now, emphasizing green power at the expense of other steps may be inadequate to the task, they say.

Philip Verleger, an Aspen, Colo. economist who specializes in the energy industry, said the nation needs a more comprehensive energy policy. He would advocate forcing more conservation by raising energy taxes sharply and imposing tougher mileage standards on vehicles. He also favors a minimum price for oil to keep the price from fluctuating so wildly, and encourage more production.

If the Democratic bill passes, he said, "I don't think much would happen" in terms of its broader impact on energy supply. "The real issues are whether it is going to get signed into law, and how they are going to get it through the Senate. I think the likelihood is that we are going to see a stalemate on energy legislation for the next two years."

Andrew Weissman, an energy consultant in Washington, said he also feels the Democratic approach is inadequate to address the longer-range energy problem that he foresees. "When I look at the situation developing beyond the next three or four years, we are facing massive supply deficits," he said. "I don't see Democrats or Republicans addressing them."

Ironically, oil and natural gas prices have declined markedly since last year, and warmer weather in some parts of the country has continued a downward price push.

But looking beyond the immediate period, the energy-supply situation is less certain. Prices have been extremely volatile in the past few years, and that pattern could continueAnother major energy bill is co-sponsored by Sen. Barack Obama (D-Ill.). It would require a dramatic expansion in the ethanol and biodiesel fuel supply. Now, ethanol comprises about 5 billion gallons of U.S. supply per year. The bill would raise that to 30 billion gallons by 2020 and 60 billion gallons by 2030. It would also require major oil companies to ensure that within 10 years, half of their gasoline stations would be able to pump gasoline containing 85 percent ethanol. Its chances are uncertain.

Sen. Jeff Bingaman (D-N.M.), chairman of the Senate Energy Committee, said in an interview, "I think there is great sentiment in this Congress to move ahead with locking in provisions that will get us to a green energy future. A lot of people campaigned on that last fall, and I think the public is interested" in that energy-policy focus.

At the moment, the oil and gas industry is gearing up to fight the House measure by questioning whether Democrats are removing important incentives for production that could wind up discouraging domestic drilling for extra supply. But some Democrats believe the president might sign the bill.

"It sends the wrong signal to investors," said Charles Drevna, executive vice president of the National Petrochemical and Refiners Association. "It says you are not for increasing energy supply. You are not for increasing domestic resources. What you are for is some punitive measure because the oil and gas and refining industries enjoyed some increased profits. It's Alice-in-Wonderland energy policy."

Mark Kibbe, senior tax policy analyst for the American Petroleum Institute, said the Democrats are focusing on a 2004 job-creation bill providing tax deductions for companies, including oil and gas firms and refineries.

Kibbe said much of the new production occurs in the deep waters of the gulf, where drilling is expensive. "What you do at some point is you make U.S. projects non-economic" against foreign producers, he said.

Details of the legislation are still skimpy, but House leaders said it would call for repeal of about $5 billion in 2004 tax cuts for the oil and gas industry. In addition, it would seek to force oil companies to pay higher royalties on oil drilled in the Gulf of Mexico. House Majority Leader Steny Hoyer (D-Md.) said last week that extra royalty income could total $9 billion to $11 billion.

Precisely how the money would be used to subsidize renewable fuels is also a question mark, and that decision could come after the House passes the revenue-raising legislation. It is also possible that Democrats would seek to reduce some oil and gas incentives in a 2005 energy bill to raise more money.

"We're going to make sure that we're not subsidizing oil companies, but that we're investing in renewable energy sources and alternative energy sources so that in the long term we will be energy independent," Hoyer said.

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Scott Skald, president of the Stella Group LTD., a firm that specializes in renewable energy, said it's crucial that any new money not sit idly in a fund but is used for projects and tax credits. In the past, "green" industries have complained that promised funds either have not materialized or have been trimmed.

Kara Saul Rinadli, senior director of policy for the Alliance to Save Energy, said that after Bush signed a bill calling for a sharp increase in funding for energy efficiency measures, his budget last year sharply cut back on these programs. "It is important that Congress go back and take a look at these programs," she said.

Bush Lifts Oil-Drill Ban In Alaska's Bristol Bay (WP)

By Steven Mufson And Juliet Eilperin

Washington Post, January 10, 2007

Royalties to Rise for Some Offshore Wells in Advance of Democrats' Plans to Roll Back Tax Breaks

The Bush administration yesterday moved to boost U.S. oil and gas supplies by lifting a long-standing moratorium on drilling in Alaska's Bristol Bay, as OPEC accelerated plans to reduce supplies in order to prop up sagging crude prices.

Days before the House is expected to roll back oil industry tax breaks, the Bush administration also decided to boost royalty rates by a third for ultra-deep-water oil and gas drilling. The action eliminates extra incentives that had been given to offset some of the high costs of operating in those offshore areas. The Interior Department said the change would generate an additional $4.5 billion over 20 years.

Meanwhile, as the line between environmental and energy policy continue to blur, California Gov. Arnold Schwarzenegger (R) announced a plan yesterday that would boost alternative fuels by requiring a 10 percent cut in the carbon content of vehicle emissions by 2020. He said it would be good for the nation's energy security while slowing climate change.

In Washington, Interior Secretary Dirk Kempthorne announced that the administration would open 5.6 million acres in Alaska's North Aleutian Basin for oil and gas development.

Congress first barred drilling in Bristol Bay in 1989 after the huge Exxon Valdez oil tanker spill damaged Alaska's coast. Congress lifted the ban in 2003 at the urging of Sen. Ted Stevens (R-Alaska). But a moratorium President Bill Clinton declared on drilling in the area in 1998 remained in effect, so it took Bush's action yesterday to open it to development. Bush also lifted a presidential moratorium on part of the Gulf of Mexico that Congress opened for drilling in December.

Kempthorne said the offshore drilling in both areas and the increase in royalty fees would "enhance America's energy security by improving opportunities for domestic energy production, and will also increase the revenues that the federal government collects from oil and gas companies on behalf of American taxpayers."

Bob Greco, group director of upstream and industry operations at the American Petroleum Institute, said that "increasing access to those resources is an important step toward meeting our growing energy demand." But he said that goal would be offset in part by the increase in royalty payments, which he said would undercut industry's enthusiasm for drilling in deep waters off U.S. coasts, where a single well can cost $100 million. Higher royalties could also result in lower bids for leases in deep water, Greco said.

"President Bush's decision to lift this moratorium is welcome news for people who live and work in the Bristol Bay region," Stevens said in a written statement. "Imported farmed salmon, high energy costs, and the area's remoteness have limited economic development and contributed to high poverty in the region."

Other Alaskans decried the decision, saying development would bring in less than $8 billion once all the energy was tapped while undermining a fishing industry that brings in $2 billion a year.

"This decision borders on irresponsible, from our perspective," said Eric J. Siy, executive director of the Alaska Marine Conservation Council. The bay has the world's biggest wild sockeye salmon run as well as abundant red king crab, Pacific halibut and Bering Sea pollock and cod fisheries, he said. "The wise thing to do is to invest in the health of that sustainable economy."

Kempthorne said that any proposed project in Bristol Bay or the Gulf of Mexico "would receive thorough environmental reviews."

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But Siy noted that a 1985 federal environmental impact statement suggested that the region posed a danger of a major oil spill. "This is a place with hurricane-force winds, with floating sea ice," he said. An oil spill could be "a nightmare" in an area home to 1 million migrating waterfowl and such marine mammals as endangered right whales, he added.

Meanwhile, the Organization of the Petroleum Exporting Countries was trying to control the winds that have been buffeting oil prices over the past week. Prices on the New York Mercantile Exchange for February delivery slipped to $53.88 a barrel yesterday, below a threshold that many technical analysts said supported high prices. Prices rebounded after reports that OPEC would trim half a million barrels a day from its output immediately instead of waiting until Feb. 1 as planned. The price still closed down 45 cents at $55.64 a barrel, the lowest close since June 15, 2005.

The decline in the value of the dollar has prodded OPEC to try to boost crude oil prices. OPEC oil exports are priced in dollars, but its consumer and industrial imports are largely priced in euros.

In California, Schwarzenegger's administration said that the state would require oil companies to reduce the carbon emitted by their fuels by 10 percent by 2020. Linda S. Adams, secretary of the California Environmental Protection Agency, said that transportation fuels accounted for more than 40 percent of greenhouse gases emitted in the state.

Companies that do not meet that standard could buy credits from other companies that had exceeded the state's goals. This system would resemble what are known as cap-and-trade systems in place for sulfur dioxide emissions in the United States and for greenhouse gases in Europe.

State officials said at a briefing that they hoped that the new regulations would spur development of ethanol, biomass, electric vehicles and hydrogen technology. Schwarzenegger said in a written statement that those alternatives reduce a "petroleum dependency" that "contributes to climate change and leaves workers, businesses and consumers vulnerable to price shocks from an unstable global energy market."

But Charles T. Drevna, executive vice president of the National Petrochemical and Refiners Association, said that "even with global climate change, the energy world is going to revolve around the hydrocarbon molecule for a long time." He said he opposed California's plan. "Last time I checked," he said, "the term was global climate change, not Lower 48 climate change."

FBI/DEA/ATF/USMS:

SAN FRANCISCO Justice Dept. Undercut Its Own Case, Chronicle Argues (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 10, 2007

The Chronicle told a federal appeals court Monday that a secret government filing in support of fines against the newspaper and prison sentences for two of its reporters actually undermines prosecutors' case against the journalists for refusing to disclose the sources of grand jury leaks about athletes and steroids.

Federal prosecutors submitted the documents under seal last month to the Ninth U.S. Circuit Court of Appeals in San Francisco, saying they contained new information about their efforts to identify the sources of the information supplied to the reporters, Mark Fainaru-Wada and Lance Williams. The court has scheduled a hearing Feb. 12 on a judge's contempt-of-court orders against the reporters and The Chronicle.

Their sealed filing came a day after reports by the Associated Press and Yahoo.com that the FBI was investigating a former defense lawyer in the steroid case as a possible source of the leak.

In Monday's filing, lawyers for the reporters and the newspaper argued that prosecutors were effectively conceding they had failed to pursue alternative sources of information about the leaks before going after the reporters.

The Justice Department says it issues subpoenas to journalists only as a last resort. The Chronicle contends the same standard is part of the constitutional guarantee of freedom of the press and was not met in this case.

Lawyers for the Hearst Corp., which owns The Chronicle, said Monday the government has now admitted that it was still looking into alternative sources long after a grand jury issued the subpoenas last May, and after the judge found the reporters and the newspaper in contempt last September.

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"The information reflected in the ex parte (sealed) filing reveals that the government is not capable of sustaining its burden of demonstrating that it properly exhausted alternative sources before taking the investigative shortcut of subpoenaing the press," Hearst lawyers said.

They asked the appeals court to dismiss the contempt orders, or at least to allow them to see the sealed government filing and answer it before next month's hearing.

Prosecutors have asked the court to uphold the contempt orders and penalties, saying the Supreme Court has made it clear since 1972 that journalists have no special privilege to withhold evidence from a grand jury.

Fainaru-Wada and Williams wrote articles in 2004 quoting closed-door grand jury testimony by Barry Bonds of the Giants, Jason Giambi of the New York Yankees, sprinter Tim Montgomery and other athletes about performance-enhancing drugs supplied by the Bay Area Laboratory Co-Operative, or BALCO.

The athletes were testifying in an investigation that resulted in guilty pleas by the lab's founder, Victor Conte, and four other men to drug-distribution charges. A separate grand jury is looking into whether Bonds committed perjury by denying that he ever knowingly used steroids.

After another grand jury was convened to investigate the leak, U.S. District Judge Jeffrey White upheld the subpoenas to Fainaru-Wada and Williams and ordered them imprisoned for up to 18 months unless they revealed their sources for the grand jury transcripts. White also said he would fine The Chronicle $1,000 a day until it turned over documents sought by prosecutors. The imprisonment and fines have been delayed until the appeals court reviews White's decision.

E-mail Bob Egelko at begelko@sfchronicle.com.

In Cocaine Case: Four Men Get Terms In Prison (MARTBULL)

By Debbie Hall, Bulletin Staff Writer

Martinsville (VA) Bulletin, January 10, 2007

Four men have been sentenced by a federal judge in a cocaine distribution conspiracy case.

Heidi Coy, public affairs specialist for the U.S. Attorney's Office in Roanoke, said those sentenced Friday were:

• Felipe Nolasco Alvarez, who received a 10-year prison term for his role in bringing drugs into Henry County;

• Rigoberto Avila-Oropeza, who was sentenced to seven years, three months in prison;

• Noel Rios-Munoz, who received a four-year and nine-month sentence;

• and Antonio Degrado-Vasquez, who was sentenced and will serve four years and three months.

All were sentenced by U.S. District Court Judge Jackson Kiser of Martinsville and were among seven people initially indicted in the case last year in a five-count indictment.

All four had pleaded guilty to one count each of conspiracy to distribute more than 5,000 grams of cocaine, Coy said.

A fifth defendant, Tomas Damian Garcia, was scheduled to appear for his Sept. 26 change of plea hearing but he remains at large.

Another defendant, Calvin Rayfield Moore, also pleaded guilty to count one of the indictment, but died in November in a car crash in Franklin County. As a result, federal officials dismissed charges against him in December, Coy said.

A final defendant, Alvin Donnell Hunt, also pleaded guilty to one count of conspiracy to distribute more than 5,000 grams of cocaine. His sentencing is slated for April, Coy said.

The federal indictment included charges of conspiracy to distribute 5,000 grams or more of cocaine powder (count 1), possession with intent to distribute cocaine (count 2), possession with intent to distribute cocaine powder (count 3), possession with intent to distribute cocaine powder (count 4) and forfeiture (count 5).

Hunt was charged with counts 1 and 5; Moore was charged with counts 1, 2 and 5; Garcia was charged with counts 1 and 5; Avila-Oropeza on counts 1, 2 and 5; Alvarez on counts 1, 3 and 5; Rios-Munoz on counts 1, 4 and 5 and Antonio Delgado-Vasquez on counts 1 and 5, according to Coy.

The drug distribution ring allegedly was responsible for bringing in more than 3.3 kilograms of cocaine worth nearly $3.3 million into Henry County, U.S. Attorney John Brownlee said when the indictments were issued in April.

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The Drug Enforcement Administration and the Virginia State Police investigation into the alleged drug ring began in February when a man was arrested in the Eastern District of Virginia while allegedly in possession of more than 50 grams of cocaine, according to a release from Brownlee's office.

The man told investigators that a Henry County man was his source for the drugs, the release stated. Under the supervision of law enforcement, the man allegedly arranged to meet two men in Henry County to buy cocaine, the release added.

On March 14, the release stated that agents executed a search warrant at Moore's Bassett home. They seized 25 kilograms of cocaine, the release stated.

Before his death, Moore also was cooperating with authorities investigating corruption in the Henry County Sheriff's Office, according to Moore's attorney.

On Nov. 2, former Henry County sheriff H. Frank Cassell, along with 12 former members of his department and seven residents, were charged in a 50-page, 48-count federal indictment which includes allegations of racketeering conspiracy, obstruction of justice, misprision, money laundering, firearms offenses, drug charges, perjury and other charges.

Man Sentenced In '05 Gunbattle (AZREP)

By Elias C. Arnold, The Arizona Republic

Arizona Republic, January 10, 2007

A 25-year-old man has been sentenced to 40 years in prison in connection with a 2005 gunbattle in Gilbert.

Joshua Wayne Trotter was sentenced Monday afternoon after he pleaded guilty in September to seven counts of assaulting a federal officer, unlawful possession of a firearm and use of a firearm during and in retaliation to a crime of violence.

Trotter was accused of shooting at U.S. Marshals, injuring one, June 3, 2005, as they attempted to arrest him on a probation violation federal warrant, according to the U.S. Attorney for Arizona.

advertisement

Trotter has five previous felony convictions, including assaulting police officers, and a case pending in Coconino County Court on a charge of assault on a family member, the U.S. Attorney's Office said.

The Marshals tracked Trotter, a suspected methamphetamine user, to Gilbert after he is believed to have terrorized his family three weeks earlier near the Grand Canyon, a U.S. Marshals Service representative told The Arizona Republic in 2005.

According to the U.S. Attorney's Office, marshals attempted to block Trotter's path with their vehicles as he drove away from a house east of Lindsay and Pecos roads.

Trotter backed the vehicle into one of the cars, pushing it, and marshals fired at the vehicle before it broke loose and backed into a light pole, the office said. He then fired back at the officers, striking Deputy Dennis Harkins in the hand. Marshals returned fire and struck Trotter in the hand and head.

Gilbert Man Sentenced To 40 Years For Shootout With U.S. Marshals (AP)

AP, January 10, 2007

PHOENIX - A Gilbert man has been sentenced to 40 years in a federal prison for crimes connected to a shootout with deputy U.S. Marshals who were trying to arrest him in 2005, the U.S. Attorney's Office announced Tuesday.

Joshua Wayne Trotter, 25, pleaded guilty in September to seven counts of assaulting a federal officer and two weapons charges. He was sentenced Monday by U.S. District Judge Paul K. Rosenblatt.

Trotter was leaving his Gilbert home on June 3, 2005 when federal agents in two vehicles blocked his car and turned on their emergency lights, according to the U.S. Attorney. Trotter backed up and slammed into a third Marshals' vehicle.

A Marshal opened fire as Trotter pushed the other Marshal's car backwards, and Trotter returned fire with a pistol, striking one deputy in the hand. Trotter eventually was shot twice and surrendered. He had five previous felony convictions and has an assault case pending in Coconino County Court.

Rosenblatt described Trotter as a "poster-boy for the effects of methamphetamine," at the sentencing, the U.S. Attorney's office said.

Mexican Man Extradited To U.S. To Face Charges In Slaying Of California Deputy Sheriff (AP)

Associated Press

AP, January 10, 2007

MEXICO CITY – A Mexican man was extradited to the United States on Tuesday in connection with the slaying of a deputy sheriff in California.

Jorge Arroyo Garcia, alias Jorge Rubo or Armando Garcia, was flown to the northern city of Tijuana, across the border from San Diego, California, and formally handed over to agents from the United States Marshals Service, the Mexican Attorney General's Office said in a news release.

According to U.S. authorities, Arroyo is believed to have shot Los Angeles County Deputy Sheriff David March during a traffic stop in April 2002. In addition to murder, Arroyo is accused of illegal weapons possession.

Arroyo was first captured by Mexican authorities in 2004 and he has been held in a Mexican prison since. He filed various appeals fighting his extradition that eventually were dismissed.

The Attorney General's Office described Arroyo as one of the United States Marshal Service's most-wanted fugitives.

Arroyo's name did not appear Tuesday on the 15 Most Wanted Fugitives list or the Captured 15 Most Wanted list that appear on the service's Web site.

U.S. Ambassador to Mexico Tony Garza lauded the Mexican government's action, saying, "With this very important extradition, it is clear that under the (President Felipe) Calderon administration, the governments of Mexico and the U.S. will continue our unprecedented law enforcement cooperation and that we will bring to justice anyone who does harm to the law enforcement officials who protect our way of life."

Garza noted that last year alone, the administration of then-President Vicente Fox extradited 63 alleged criminals from Mexico to the United States.

Man Charged In L.A. Deputy's Killing Extradited (LAT)

By Sam Enriquez And Andrew Blankstein

The Los Angeles Times, January 10, 2007

MEXICO CITY — The Mexican government today turned over to U.S. authorities a man charged with the 2002 killing of Los Angeles County Sheriff's Deputy David March.

Jorge Armando Arroyo Garcia was taken by airplane from Mexico City, where he was in jail, to Tijuana. A SWAT unit from the Mexican federal police escorted him.

A convoy of local and federal authorities then took him into U.S. custody at 5 a.m.

"I felt it would be a day of celebration, instead it's a day of extreme sorrow," Teri March, the deputy's widow, said at an afternoon news conference.

Also attending were L.A. County Sheriff Lee Baca, L.A. County Dist. Atty. Steve Cooley and Mexican officials.

The extradition marks a victory for L.A. prosecutors and local police, who have been trying for several years to get Garcia to stand trial. Detectives allege that after shooting March during a traffic stop in Irwindale, Garcia fled to Jalisco, Mexico. He was arrested last year.

March, 33, was a seven-year veteran who stopped a black Nissan, allegedly driven by Garcia, during a routine morning patrol on April 29, 2002. March, who lived with his wife and stepdaughter in Santa Clarita, was shot several times and later died at a hospital.

Garcia, said to be an illegal immigrant and drug dealer, was identified as a suspect by investigators, but had fled to Mexico.

Mexican police were said to be helping in the search, but at that time the extradition of fugitives to the U.S. from Mexico was in dispute. Mexican judges balked at allowing Mexican nationals to be returned to a country where they could face the death penalty or life in prison.

In 2004, Mexico's Supreme Court ended a four-year argument with the U.S. over extradition by ruling that thousands of slaying suspects could be returned.

Opinion in Mexico on the issue had changed, as Mexican states began imposing harsher penalties on criminals in an effort to curb violent crime.

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IMMIGRATION:

86-year-old Man With Reputed Nazi Past Again Appeals Deportation (AP)

AP, January 10, 2007

CINCINNATI (AP) — A retired Ohio auto worker ordered deported over accusations that he was a Nazi death camp guard during World War II has started another appeal in a federal court, his lawyer said Tuesday.

John Demjanjuk, 86, of suburban Cleveland, on Dec. 21 lost his previous attempt to avoid deportation when the Board of Immigration Appeals in Falls Church, Va., rejected his appeal of an immigration judge's 2005 deportation order.

But Demjanjuk still has the right to appeal that ruling in federal courts, so the filing of a petition for review in the 6th Circuit in Cincinnati was expected. The filing Monday starts the next appeal process, defense lawyer John Broadley said.

The immigration appeals board said Demjanjuk's Nazi guard past is conclusively established.

Demjanjuk's case dates back nearly 30 years. He was cleared in 1993 in Israel of being the notorious "Ivan the Terrible," a sadistic guard at the Treblinka concentration camp in Poland. But the Justice Department said World War II documents prove he was a Nazi guard at various death or forced labor camps.

Demjanjuk, a native Ukrainian, has denied he aided the Nazis and came to the United States after the war as a displaced person.

Lawmakers Support 2 Convicted Agents (ELPT)

By Louie Gilot

El Paso Times, January 10, 2007

Five congressmen said they will have a news conference today in Washington, D.C., to support the efforts of two former El Paso Border Patrol agents to remain free on bond while they appeal their convictions in the case of a drug smuggler who was shot in the buttocks in 2005 near Fabens.

The elected officials said they wrote to Attorney General Alberto Gonzales requesting the Justice Department to direct federal prosecutors to not oppose a motion for bond continuance by Ignacio Ramos and Jose Alonso Compean. If a federal judge denies the motion, Ramos and Compean have to surrender on Jan. 17 to start their prison sentences.

The lawmakers are U.S. Reps. Dana Rohrabacher, R-Calif., Ted Poe, R-Texas, Walter Jones, R-N.C., Tom Tancredo, R-Colo., and Duncan Hunter, R-Calif.

Plans For Border Fence Draw Renewed Scrutiny (MCT)

By Dave Montgomery

McClatchy Newspapers, January 10, 2007

WASHINGTON - With Democrats now in charge on Capitol Hill, a 700-mile fence that swept through the previous Republican-controlled Congress is apt to come under a scathing re-evaluation amid reports of skyrocketing costs and widening opposition along the U.S.-Mexican border.

Mayors from Texas border cities will meet with Homeland Security Secretary Michael Chertoff next week with what they say is a unified message: Don't build the fence. The meeting is scheduled for Jan. 17 in the office of Texas Republican Sen. Kay Bailey Hutchison.

"We all oppose the fence," said Efrain Valdez, mayor of Del Rio, Texas.

The growing outcry from local officials parallels renewed concerns over costs following a report that the price tag for building and maintaining the fencing could reach nearly $50 billion over a 25-year period. The cost projections were prepared by the nonpartisan Congressional Research Service and reported this week by the San Francisco Chronicle.

The doubled-layered fence, which will be built in at least five sections in all four states that border Mexico, was passed overwhelmingly by the Republican-led 109th Congress and signed into law by President Bush. It was the only major immigration and border security initiative to emerge from the last session of Congress and was denounced by Democrats as a blatant political maneuver to court conservative voters.

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But with Democrats leading both the House of Representatives and the Senate, many experts in the immigration debate now wonder if the fence will ever be built. For one thing, Congress only partially funded the project, and members of the Democratic leadership may be stingy when it comes to financing an undertaking they opposed in the first place.

House Speaker Nancy Pelosi, D-Calif., and two key House members who'll oversee the debate on immigration this year - Judiciary Committee Chairman John Conyers, D-Mich., and Rep. Zoe Lofgren, D-Calif., who'll chair the House immigration subcommittee - all voted against the fence when it passed the House 283-138 on Sept. 14.

They were among 132 Democrats who opposed the Secure Fence Act. Only six Republicans voted against it.

In a pre-emptive effort to move the project forward, Rep. Duncan Hunter, R-Calif., a leading sponsor of the act, and 37 fellow GOP House members wrote Bush last week, urging the president to continue funding for the fence when he unveils his federal spending priorities next month for fiscal 2008.

"Americans overwhelmingly support the construction of targeted fencing along our southern border," the lawmakers wrote. "The fact remains that fences act as a deterrent and keep people from risking their lives to cross the border."

Other signers of the letter included Reps. Joe Barton, R-Texas; John Doolittle, R-Calif.; and four Republicans from North Carolina - Sue Myrick, Walter Jones, Robin Hayes and Howard Coble. Rep. Tom Tancredo, R-Colo., a leader of anti-immigration forces in the House, also signed the letter.

The Congressional Research Service, which briefs lawmakers on issues, said the 2006 legislation could mandate up to 850 miles of fencing. In sharp contrast with initial projections of $2.2 billion for 700 miles of fencing, the researchers said that the cost of building and maintaining a fence over a 25-year lifecycle could range from $16.4 million to $70 million per mile.

The report didn't calculate a total, but, under the highest projections, the cost would be $49 billion for a 700-mile fence.

"At issue for Congress is how best to allocate scarce border resources while safeguarding homeland security," the report stated. "Does border fencing represent the best investment of border security funding, and what is the appropriate mix of border security resources?"

The Department of Homeland Security is charged with overseeing fence construction and has commissioned the Boeing Co. to construct a high-tech border security shield, including cameras and radar, that will be coupled with traditional fencing.

TAX:

I.R.S. Use Of Private Debt Collectors Is Criticized (NYT)

By Lynnley Browning

The New York Times, January 10, 2007

The national taxpayer advocate called on Congress yesterday to repeal the authority of the Internal Revenue Service to use private debt collectors.

In her annual report, the taxpayer advocate, Nina E. Olson, said the private debt collection program was economically inefficient and prone to abuse. In particular, she faulted the I.R.S. for not disclosing certain “psychological techniques” used by the private contractors to try to collect unpaid taxes.

The office of the taxpayer advocate was created by Congress to identify problems within the I.R.S. that affect taxpayers and to promote their interests before the agency and Congress, which writes the tax code.

Ms. Olson’s office provided its most extensive review yet of the private debt-collection program, which it has been monitoring for two years since plans for it were announced. The program, which formally started in September, is meant to farm out easily collectible tax bills, typically owed by low-income taxpayers, to private collection agencies. When the I.R.S. announced the program, it said that the private entities would abide by the same publicly disclosed rules as I.R.S. employees.

Private debt collection has drawn criticism that it is not cost-efficient and that some of the private firms hired by the I.R.S. have questionable business practices. One firm hired by the agency was the law firm of Linebarger Goggan Blair & Sampson of Austin, Tex., whose former partner, Juan Peña, pleaded guilty to federal bribery charges for his role in winning a collection contract from the city of San Antonio.

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The taxpayer advocate also criticized some of the techniques used by private collectors. "In an initial draft of this report, we cited sections of a collection script used by one of the contractors which used psychological tricks during the conversation to get the taxpayers to commit to a payment, which is then followed by a belated Fair Debt Collection Practices Act warning at the end of the conversation," the report says.

"The I.R.S. informed us that private collection agencies had designated the 'collection scripts' and operational plans as proprietary and that we could not cite specific portions of the scripts."

She then wrote that the I.R.S. had later asked the three private debt collection firms to release information on their practices. One firm complied, Ms. Olson wrote, the second released partial information, and the third refused to release any information.

In a brief telephone interview yesterday, Ms. Olson said, "Taxes are the lifeblood of government; to have private agents collecting them changes the relationship between the taxpayer and government."

In its written response to Ms. Olson's criticism of the private debt-collection program, the I.R.S. said that it "strives to make certain that P.C.A. employees adhere to the same guidelines and restrictions as I.R.S. employees." P.C.A. refers to private debt collectors.

The I.R.S. also said that it had taken steps to have all three private debt collection firms approve the release of the documents sought by Ms. Olson, and that it was releasing "other appropriate information."

The I.R.S. began using three private debt collectors last September for 12,500 cases considered easy to collect, and expects to process 446,000 cases over two and a half years, Ms. Olson wrote. The collectors keep 25 cents of every dollar they collect. So far they have collected just 8 percent of the dollars assigned to them, she wrote — less than certain I.R.S. units with more difficult collection cases.

"Our conclusion is that this initiative is fatally flawed, risking much for a small return on investment," she wrote.

The commissioner of internal revenue, Mark W. Everson, has said that if the I.R.S. had more money it would not have to outsource tax collection to private firms.

Ms. Olson also noted a 36 percent rise last year in demands, called notices of levy, that the I.R.S. sends to delinquent taxpayers asking them to settle their bills with the agency. A significant portion of such demands were served on elderly or disabled taxpayers, she wrote.

In her report, Ms. Olson also recommended that Congress improve funding for the I.R.S., which received $10.6 billion to collect $2.2 trillion, or 98 percent of all federal revenue. She also recommended, for a second consecutive year, that Congress protect not-guilty spouses from the burdens of tax crimes, by repealing joint and several liability rules. She also called upon Congress to create a federal oversight agency to supervise quasigovernment retirement plans, "to ensure that they are carrying out their fiduciary duties."

Ms. Olson also said that the I.R.S. failed to turn over documents concerning its internal deliberations on tax matters. This was the first time that the I.R.S. failed to turn over documents requested by the office of the taxpayer advocate, she said.

"The effect of this refusal is to thwart Congressional intent in seeking a taxpayer perspective on potential problems within the I.R.S.," Ms. Olson wrote. "As a consequence, Congress is being left in the dark, and taxpayers are being harmed." Ms. Olson did not specify in her report what types of documents she was looking for or what issues they addressed.

In its response, the I.R.S. said that it was "committed to improving the way it manages instructions to staff."

IRS Urged To Abandon Private Debt Collection (WP)

By Kathleen Day

The Washington Post, January 10, 2007

The Internal Revenue Service should abandon its four-month-old program of sending unpaid, uncomplicated tax debts of $25,000 or less to private bill collectors, national taxpayer advocate Nina E. Olson told Congress yesterday.

Olson, the federal official appointed by the Treasury secretary to champion taxpayer rights, said the plan already has proved unfair to consumers because private debt collectors will not make public the policies and procedures they use to extract repayments, as government tax collectors are required to do.

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Olson, who heads the Taxpayer Advocate Service, an independent organization within the IRS, a unit of the Treasury Department, said she thinks the IRS could do a better job and for less money. She included the recommendation in a report to Congress that the national taxpayer advocate is required to make each year about issues the officeholder considers the gravest facing the IRS.

In addition to advocating that lawmakers revoke the IRS's authority to use private collection agencies, the report says the alternative minimum tax and the multibillion-dollar tax gap are both fundamentally unfair and are among the top issues facing the nation's tax collector.

Olson's recommendations were greeted warmly by the Democrats who will chair the two congressional committees that oversee the IRS, Max Baucus of Montana of the Senate Finance Committee and Charles B. Rangel of New York of the House Ways and Means Committee. Baucus and Rangel have strongly criticized the use of private debt collectors and have said the job should stay within the government, a position both reiterated yesterday.

Both also repeated their vow to tackle the alternative minimum tax, or AMT, and the tax gap -- the $290 billion to $350 billion in uncollected taxes -- in legislation this year.

The AMT is a parallel tax system Congress created in 1969 to ensure that even the richest people pay some federal tax. But because it hasn't been adjusted for inflation, and the regular tax system has, more and more people could find themselves having to pay higher taxes under the AMT.

The Tax Policy Center, a nonprofit joint research project of the Brookings Institution and the Urban Institute, estimates that if Congress had not frozen the AMT in 2005 at a level where it now affects nearly 4 million filers, it would have applied to more than 12.7 million out of more than 130 million individual tax filings, up from 1 million in 1999. By 2010, if Congress doesn't abolish it or freeze it at current levels, about 30 million taxpayers will be subject to the AMT, or about 92 percent of households with incomes between $100,000 and $500,000.

Financial planners say the tax cuts President Bush has touted pushed more Americans than ever into the AMT. Rangel said jettisoning the AMT will require "a look at the whole tax code" to make it fairer -- and to make up what the AMT brings in each year, estimated to be $70 billion for 2007.

The IRS has said the use of private debt collectors is necessary unless Congress provides the agency with more resources, and Charles E. Grassley (R-Iowa), outgoing chairman of the Senate Finance Committee, said it's too soon to judge the program.

Olson said the IRS is doing a better job of telling taxpayers when the they're suspected of filing bogus requests for refunds. Last year, Olson criticized the IRS's criminal investigation arm for stalling thousands of refunds, sometimes for months and even years, without telling the taxpayers why or allowing them to respond.

The Tax Hit You May Not See Phaseouts, Which Limit Tax Breaks Based On Income, Come Under Renewed Fire; What To Watch Out For (WSJ)

By Tom Herman

The Wall Street Journal, January 10, 2007

Millions of people are paying taxes at higher rates than they probably realize because of tricky provisions that can reduce -- or even eliminate -- major tax breaks based on their income.

These so-called phaseouts (because some benefits begin to phase out when your income exceeds certain levels) and similar provisions should be repealed, or at least simplified, said Nina Olson, the Internal Revenue Service's National Taxpayer Advocate, in a report to Congress released yesterday. Ms. Olson, who isn't a political appointee, heads an IRS unit designed to help taxpayers cut through red tape and deal with problems that typically couldn't be resolved through normal channels.

STEALTH TAXES

• Many people stand to lose part or all of key tax benefits because their income is too high.

• Numerous tax benefits include income-based "phaseout" provisions.

• Among the breaks affected: the phaseout of personal exemptions and limits on many itemized deductions.

• A new report by IRS National Taxpayer Advocate Nina Olson urges Congress to repeal, or at least simplify, phaseouts.

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Source: IRS National Taxpayer Report

The report says more than 60 million individual income-tax returns, about 44% of the total filed last year, are affected each year by one or more of these provisions, which can drive up a taxpayer's marginal tax rate well above his or her official tax rate.

It's doubtful that Congress will eliminate phaseouts. Repealing them would cost the U.S. Treasury Department billions of dollars each year at a time when lawmakers are focusing more on cutting budget deficits than on simplifying the nation's notoriously complex tax system. Yet the report throws a new spotlight on a dimly lit corner of the tax world that many taxpayers need to understand more thoroughly in order to make intelligent tax and investment-planning decisions.

Phaseouts are also referred to as "stealth" taxes because they're difficult for the average taxpayer to detect. Among the most significant: limits on personal exemption amounts and on many itemized deductions, such as charitable contributions and state and local taxes, for taxpayers whose income exceeds certain levels. (More than 5.7 million individual returns for 2004 were hit by the income limit on itemized deductions. As a result, taxpayers were unable to deduct a total of more than $36.7 billion of itemized deductions for that year.)

DISAPPEARING TAX BENEFIT

See a sampling of major tax benefits.

Other benefits that may be affected include a credit for adopting a child, the child tax credit and education-related incentives. A new deduction for mortgage insurance also has phaseout provisions.

Even sophisticated taxpayers may be unaware of this issue since growing numbers of Americans are paying someone else to do their taxes for them. Last year, more than 60% of all taxpayers used paid preparers, up from 40% in the mid-1980s. And growing numbers of people rely on tax-preparation software to do the number-crunching for them.

"Most of my clients are unaware" of the phaseouts, says Stephen W. DeFilippis, owner of West Suburban Income Tax Service in Wheaton, Ill., and an enrolled agent, which means he is licensed to represent taxpayers before the IRS. He says clients often are amazed their tax bill was significantly higher than expected.

Phaseouts need to be repealed, said Ms. Olson, because they inject "needless complexity" into the tax laws, reduce the effectiveness of tax incentives, and make it tougher for many taxpayers to estimate their tax bills and pay the right amount of withholding or estimated taxes. Also, she argued, they probably reduce overall tax compliance.

"They add quite a bit of complexity to the tax code," agrees Lindy Paull of PricewaterhouseCoopers in Washington. Ms. Paull is a former chief of staff of Congress's Joint Committee on Taxation, which issued a lengthy report in 2001 urging Congress repeal numerous phaseout provisions.

Many phaseouts and other similar provisions affect only upper-income taxpayers, such as the one that applies to personal exemptions. For this year, each personal exemption is a maximum of $3,400, up $100 from 2006. But if your income exceeds a certain level, the most you can claim on your return for 2007 will be $1,133, the IRS says. For a married couple filing jointly, the personal exemption begins to phase out when their income exceeds $234,600 for 2007 and reaches the maximum phaseout amount after $357,100. For most singles, the range is $156,400 to $278,900.

Congress voted to ease this provision starting in 2006, and repeal it entirely in 2010. But nobody knows whether that will happen now that the Democrats have recaptured control of both houses of Congress. Some Democrats say they want to roll back President Bush's tax breaks for higher-income taxpayers.

Other provisions affect people with much less income. For example, there are complex rules for how much of your Social Security benefits may be subject to tax.

Suppose your income -- which, for this purpose, includes such items as tax-exempt interest income and half of your Social Security benefits -- exceeds $32,000 but not more than $44,000. In that case, a maximum of half your Social Security benefits would be reported as part of your adjusted gross income. If your income exceeds $44,000, up to 85% of your Social Security benefits would be included as income and taxed accordingly.

As a result, some lower-income Americans may be paying significantly higher tax rates than they think.

Phaseouts are popular among lawmakers as a revenue-raising device since raising tax rates typically creates much bigger headlines -- and more of a political firestorm -- than tweaking complex phaseouts and other provisions. Thus, it would appear that many stealth taxes are here to stay. * * *

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The IRS sets Feb. 3 as the starting date to process returns claiming tax benefits enacted last month.

Congress waited until last month to extend the life of several tax breaks that had expired at the end of 2005. Among the now-resurrected provisions, known as "extenders," is the option for taxpayers who itemize to deduct state and local sales taxes instead of state and local income taxes. Other revived provisions include special deductions for higher-education tuition and fees and for educator expenses.

Any other returns for individuals not claiming the extender provisions can be filed as normal this month, the IRS said. * * *

BRIEFS: The most serious problem confronting taxpayers is the alternative minimum tax, says the IRS's Ms. Olson....The Senate Finance Committee plans a hearing today on "tax incentives for businesses in response to a minimum-wage increase."

AMT, Tax Gap Called Gravest Tax Problems (AP)

By Jim Abrams

AP, January 10, 2007

A tax law meant to crack down on wealthy tax dodgers has instead become the most serious problem facing millions of other taxpayers.

For the government, the biggest problem is billions of dollars in unpaid taxes, National Taxpayer Advocate Nina E. Olson said Tuesday in a report to Congress on the hurdles Americans face in meeting their tax obligations.

Olson, who works independently within the Internal Revenue Service, also urged Congress to repeal IRS authority to contract out to private collection agencies, saying the IRS is better trained and more efficient in collecting delinquent taxes.

The advocate is required to submit an annual report to Congress listing at least 20 of the most serious problems encountered by taxpayers.

This year the list was topped by the alternative minimum tax, which was enacted in 1969 to close loopholes that enable the wealthy to avoid paying taxes. But because the law was not indexed for inflation, a provision that originally affected about 20,000 taxpayers now hits tens of millions.

"Today the AMT is left to punish taxpayers for engaging in such 'classic tax-avoidance behavior' as having children or living in a high-tax state," the report said in its summary.

Rep. Charles Rangel, D-N.Y., the incoming chairman of the House Ways and Means Committee, and Senate Finance Committee leaders Max Baucus, D-Mont., and Charles Grassley, R-Iowa, have promised to address the AMT issue this year. But repealing the law, under which taxpayers reaching a certain income level lose dependent or state and local tax exemptions, could cost up to $1 trillion over the next decade. There's no consensus on how to make up for the lost revenues.

The second most serious problem was the gap between what taxpayers should be paying and what the IRS is collecting, estimated at $290 billion a year. The advocate said that noncompliance by some taxpayers requires good-faith taxpayers to pay an additional $2,200 a year.

It said the gap could be narrowed by tax simplification, tax withholding on non-wage income in certain situations and improved IRS compliance initiatives.

The report said the government loses billions of dollars because it does not intervene at an early stage on delinquent tax accounts, and does not fully utilize collection payment alternatives such as installment agreements.

It said the IRS also fails to provide the meaningful services that low income taxpayers need to meet their obligations regarding delinquencies, doesn't do enough to help small businesses with professional advice, and lacks adequate oversight over unenrolled return preparers.

"Simplifying the tax code, particularly by repealing the AMT and reducing the inequities caused by the tax gap, will go a long way to helping America's taxpayers," said Olson.

The IRS, in its comments on the report, said it often allows taxpayers in arrears to pay over time, noting there were 2.77 million installment agreements in fiscal 2006, up 5 percent over the previous year.

It also defended the private collection program that was inaugurated last September, saying the program strives to make certain that private collection employees adhere to the same guidelines and restrictions as IRS employees. It said that in fiscal

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2007 it expects gross revenues from the program to range from $33.8 million to $62.3 million, with costs between $23 million and $29.3 million.

National Treasury Employees Union President Colleen M. Kelley welcomed the recommendation to end the private collection program, saying paying debt collectors "a bounty of up to 25 percent of the money they collect is a waste of taxpayers' dollars and exposes taxpayers to the risk of identity theft and overly aggressive collection tactics."

The advocate recommended that Congress change its budget-writing procedures under which the IRS must compete with other agencies for federal dollars. "The IRS' lack of resources is a significant impediment to its ability to close the tax gap and thereby to reduce the federal budget deficit," the report said.

It also recommended elimination or simplification of phase-outs, under which various tax benefits are reduced as a taxpayer's income rises. It said such complexity is burdensome to taxpayers and may contribute to increased noncompliance.

The advocate did praise the IRS for making improvements in the Questionable Refund Program, which topped the list in 2005 as the most serious problem. The program came under fire for freezing the refunds of tens of thousands of taxpayers the IRS deemed questionable without telling people they were suspected of fraud. It noted that under new procedures all taxpayers receive notice of an IRS inquiry into a refund.

FEDERAL DIARY: Tax Collection Debate Is A Product Of Budget Battles (WP)

By Stephen Barr

Washington Post, January 10, 2007

There always seems to be a disagreement over the numbers in government reports these days. Take the latest dispute over how many Internal Revenue Service employees it takes to monitor private tax collection efforts:

According to the national taxpayer advocate's annual report sent to Congress yesterday, the IRS has 65 employees overseeing 75 contract workers hired to collect unpaid tax bills.

Not exactly, the IRS said in comments elsewhere in the report. There are 65 IRS employees who work "as needed," but the time they are putting in is only equivalent to 31 full-time workers, the IRS said.

That jousting is a small part of a big debate over whether tax collection can be outsourced efficiently and in a way that protects the confidentiality of taxpayer records.

Nina E. Olson, the taxpayer advocate, clearly thinks the risks are too great. "It is difficult to fathom how 75 employees can achieve what the IRS cannot with its thousands of collection employees," she wrote.

She warned against "the hidden costs of using private collectors, notably potential erosion of customer service, lack of transparency of private collection operations, potential failure to provide consistent treatment for all taxpayers, and potential erosion of tax compliance."

Olson runs an independent office inside the IRS that hears from taxpayers who think they have been treated unfairly or who think the tax system is broken. The advocate's office sends Congress a report each year listing the most serious problems confronting taxpayers. [See story, Page D3.]

The idea of using private-sector debt collection companies to get small-time tax delinquents to pay up has been controversial since Congress gave the green light to the program in 2004. Some members of Congress have questioned whether the program will prove effective, and the National Treasury Employees Union, which represents IRS workers, is lobbying on Capitol Hill to ban such outsourcing.

Under the program, the debt-collection companies get a commission of up to 25 cents for every dollar they collect. The IRS has estimated that the outsourcing program will bring in about $1.4 billion, less costs, over 10 years and should free up revenue agents to focus on more complex cases and big-time tax cheats.

The outsourcing program, to a large degree, grew out of the pull-and-push over annual IRS budgets. The congressional appropriations process each year has kept the agency from getting a little extra money that could bring in a lot more tax revenue, Olson contended in her report.

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If the government were a business, the IRS could be considered the "accounts receivable department" that generates revenue, Olson said. But Congress treats the IRS budget the way it treats other agency budgets, and that means the IRS in recent years has been pitted against housing, transportation and other programs for money and resources.

The budget process "makes little sense," Olson said, because the IRS has said that its employees collect unpaid taxes more cheaply than contractors do. She noted that an IRS study in 2002 calculated the agency received enough money to work only 40 percent of its overdue tax accounts.

In her report, Olson recommended that Congress consider revising its budget rules in a way that lets the IRS receive funding aimed at maximizing tax compliance each year. Olson also recommended that Congress increase IRS personnel funding by 2 to 3 percent each year to allow the agency to increase staffing.

Colleen M. Kelley, president of the Treasury union, recently called for IRS staffing to be restored to 1998 levels to improve tax collection. Since 1998, she said, the number of revenue officers, who collect delinquent taxes, has declined by about 40 percent while the ranks of revenue agents, who audit tax returns, have dropped by about 30 percent.

"If the administration is serious about closing the tax gap," Kelley said, "it needs to ask Congress for more people."

CONGRESS-ADMINISTRATION:

Bush Judicial Nominees Ask To Withdraw (AP)

By David Espo

AP, January 10, 2007

In a concession to the Senate's new Democratic majority, President Bush won't rename four controversial federal appeals court nominees whose confirmations were blocked last year, Republican officials said Tuesday.

William Haynes, William G. Myers III and Michael Wallace all asked to have their appointments withdrawn, these officials said. Judge Terrence Boyle was informed of the White House's decision, according to an ally.

Haynes is the Pentagon's top lawyer, and was an architect of the Bush's now-abandoned policy toward treatment of detainees in the war on terror. He had been tapped for the 4th U.S. Circuit Court of Appeals.

Boyle is a federal judge in North Carolina, and his appointment to the 4th Circuit provoked opposition from Democrats who cited his rulings in civil rights and disability cases, as well as his higher-than-average reversal rate by higher courts.

Myers, nominated to the 9th U.S. Circuit Court of Appeals, sparked opposition from environmentalist organizations and their allies among Senate Democrats.

Wallace's appointment to the 5th U.S. Circuit Court of Appeals drew opposition from Democrats, civil rights groups and the American Bar Association.

Sen. Patrick Leahy, D-Vt., the chairman of the Judiciary Committee, has said only "consensus nominees" are likely to win confirmation under the new Democratic majority — a declaration that effectively doomed the chances for the four men whose appointments were left in limbo when the Senate adjourned last year for the elections.

Deputy White House spokeswoman Dana Perino said the president was disappointed about the withdrawals.

"Each of these nominees was well-qualified to serve as judges and would have been confirmed if they had been given a fair, up-or-down vote in the Senate," Perino said. "Unfortunately, a few selected senators prevented these nominees from receiving fair consideration. The president is disappointed in this inaction, and hopes that the days of judicial obstructionism are beyond us."

One Senate Democrat, Sen. Charles Schumer, issued a statement saying, "This reversal is one of the first tangible signs that the president heard and is heeding the message from Novembers election."

But Ed Whelan, president of the Ethics and Public Policy Center and a former clerk for Justice Antonin Scalia, countered for conservatives. "In support of their own agenda of liberal judicial activism, Senate Democrats have engaged in unprecedented measures of obstruction against the president's highly qualified nominees," he said.

Lars H. Liebeler, a Washington lawyer, said in a telephone interview that Boyle, unlike Wallace, Haynes and Myers, did not submitted a letter asking to be withdrawn but was told of the president's intentions.

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Several Republican officials said the White House was likely to make the announcement later in the day.

They said Bush also intends to appoint 33 other judicial nominees, including three whose appointments were not acted on by the Senate in 2006.

The officials who described the developments did so on condition of anonymity, saying they did not want to pre-empt a formal announcement.

Bush Drops 4 Embattled Judicial Nominees (MCT)

By Barbara Barrett And James Rosen

McClatchy Newspapers, January 10, 2007

WASHINGTON - After years of struggling to push controversial judicial nominees through a Republican-controlled Senate, President Bush acknowledged Tuesday that if he can't get his nominees through his own party, he has no chance among the Democrats.

Bush declined Tuesday to rename four controversial nominees to serve on the U.S. Court of Appeals. Three nominees withdrew, but U.S. District Judge Terrence Boyle of North Carolina refused, saying in an interview Tuesday that it wasn't his place.

"I didn't quit," said Boyle, whose case may be the longest nomination-in-waiting in U.S. history. He was first nominated for the 4th Circuit Court of Appeals in 1991 by President George H.W. Bush and was nominated six more times by the current President Bush.

"In terms of me throwing in the towel or quitting, that's not what I'm going to do," Boyle said. "I'm not going to let them beat me down."

Bush received withdrawal letters from William Haynes, the Pentagon's top legal counsel, and William G. Myers III, of Boise, Idaho. Another nominee, Michael Wallace of Jackson, Miss., announced his withdrawal last month.

Bush's decision shocked neither the nominees nor observers.

"Of course not," Boyle said. "I watched the election returns. How could you not be confirmed with a 10-vote majority and expect to be confirmed when you're in the minority?"

Still, Bush renominated the men in mid-November, just after Democrats narrowly won control of the U.S. Senate in midterm elections. The renominations came after months of threats from Democrats to filibuster Boyle and Haynes if then-Senate Majority Leader Bill Frist brought their names to the floor for a vote.

"If you can't confirm nominees when you have a 55-45 majority, it's unlikely you'll confirm them when the other party's in the majority," said Carl Tobias, a University of Richmond law professor.

Sen. Patrick Leahy, D-Vt., the new chairman of the Senate Judiciary Committee, said Tuesday that Bush made "the right decision."

The controversies took up valuable time last year, Leahy said, and impeded progress on other judicial nominees.

Now, Leahy said in a statement, Congress can start over and move beyond "political game-playing."

"The White House saw the writing on the wall," said Leslie Proll, director of the Washington office for the NAACP's Legal Defense and Education Fund, which fought the nominations. "With the Democrats in charge, the chances were not good."

Bush's decision also was a victory for Republican South Carolina Sen. Lindsey Graham, a military lawyer. Graham opposed Haynes' appointment because of Haynes' role in formulating tough interrogation techniques for accused terrorist detainees as Defense Department general counsel.

"I appreciate Mr. Haynes' service to our country and know this is a difficult decision," Graham said. "Now is the time for us to push ahead and fill vacancies on the 4th Circuit Court of Appeals ... with solid conservative and confirmable nominees."

In a Dec. 19 letter to Bush, obtained Tuesday by McClatchy Newspapers, Haynes asked the president to withdraw his name from consideration.

"It is not at all clear that any vote would be forthcoming in the 110th Congress and, absent such a vote, you would lose the opportunity to fill the judicial vacancy for which you nominated me," Haynes wrote.

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Myers' nomination had received a tepid endorsement from the American Bar Association's review panel and was opposed by environmental groups. Myers, a former Interior Department lawyer and a lobbyist for cattle and mining interests, had compared federal public lands policy to King George III's reign over colonial America.

Wallace, a native of Biloxi, Miss., was found unanimously by the American Bar Association review board to be "not qualified." The ABA committee praised Wallace's intellect and integrity but failed him on "judicial temperament." The ABA, which routinely grades judicial nominees, hadn't unanimously found an appeals court nominee unqualified in 24 years.

Wallace's Senate Judiciary Committee confirmation hearing in September was dominated by the ABA rating, with Republicans questioning the bar association's motives and Democrats questioning Wallace's suitability for a lifetime appointment.

McClatchy Newspapers correspondent Maria Recio contributed to this report.

Bush Drops Plans To Renominate 3 Judges (NYT)

By Neil A. Lewis

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — In an apparent effort to lower the temperature in the fierce battle over federal judges — and in a concession to political reality — President Bush said Tuesday that he was dropping plans to nominate three of his choices for the federal appeals courts who have been vigorously opposed by Senate Democrats.

The White House announced that the three candidates, all conservatives, had themselves asked for their names to be withdrawn. But the announcement was widely taken to mean that the president had decided that renominating them would be a needlessly provocative act, one that would anger Democrats without sufficient political payoff from conservatives for sticking by the nominees.

Days after the November election that gave the Democrats control of Congress, Mr. Bush pledged to renominate the three. His words prompted denunciations from Democrats that he had not taken any lessons from the election and that he was not, as he had claimed, prepared to engage them in a bipartisan way.

Democrats were able to block the confirmations of the three — William J. Haynes II, William Myers III and Terrence Boyle — in the last Congress. With the Democrats now in control of the Senate, the three's chances to be confirmed were reduced further.

After Tuesday's announcement, some Democrats expressed appreciation for the decision.

"It's the first whiff of conciliation we've had on the issue of judges," said Senator Charles E. Schumer, Democrat of New York and a Judiciary Committee member who has been vocal in his complaints that Mr. Bush has sought confrontation on the issue of judges.

"The election demanded much more bipartisanship than they've been giving," Mr. Schumer said. "But this might be the beginning of a path we can walk down together."

Senator Patrick J. Leahy of Vermont, the Democrat who formally assumes the chairmanship of the Judiciary Committee this week, praised Mr. Bush for not resubmitting the three nominees. "This new Congress presents an opportunity for a fresh start on judicial nominations, one that emphasizes qualifications and bipartisan consensus over game-playing," Mr. Leahy said.

In addition to the three, a fourth federal appeals court nominee who had been opposed by the Democrats, Michael J. Wallace of Mississippi, withdrew last month.

Democrats had vowed to block the confirmations of all four.

Mr. Haynes, who was nominated to the United States Court of Appeals for the Fourth Circuit, in Richmond, has been the Pentagon's general counsel and was deeply involved in setting the administration's interrogation and detention policies. Mr. Haynes wrote or supervised memorandums that secretly authorized harsh treatment for detainees at Guantánamo Bay, Cuba, and Iraq.

Mr. Myers had been nominated for a seat on the United States Court of Appeals for the Ninth Circuit. The circuit, based in San Francisco, covers nine states and is frequently at the center of disputes over environmental laws and regulations. He was

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strongly opposed by many environmental groups for his history as a lobbyist for mining and ranching interests and speeches criticizing restrictions on those groups.

Judge Boyle, a district court judge in North Carolina, drew opposition to his nomination to the Fourth Circuit from Democrats and liberal groups for his rulings in civil rights cases. Mr. Wallace, nominated to the United States Court of Appeals for the Fifth Circuit, in New Orleans, was rated unqualified for the court by the American Bar Association.

At least one nominee had told friends he was interested in withdrawing long ago but agreed to keep his name in to satisfy the White House if the president wanted to continue pressing the nominations. When Mr. Bush announced his intention in November to renominate the four, political supporters said it was to keep in place the groundwork for an argument that the Democrats were obstructionist over judges.

Mr. Bush's decision will probably disappoint conservatives who were eager to continue that argument, but on Tuesday, some said they understood the political realities.

Kenneth Y. Tomlinson, the chairman of the agency that supervises most government broadcasts abroad, also asked the White House to withdraw his nomination for another term as chairman of the Broadcasting Board of Governors.

Mr. Tomlinson had also headed the Corporation for Public Broadcasting, but was forced to step down from that organization after an inspector general's report in 2005 found evidence that he had violated rules meant to insulate public television and radio from political influence.

Four Appeals Court Choices Dropped From Consideration (Update2) (BLOOM)

By James Rowley

Bloomberg, January 10, 2007

Jan. 9 (Bloomberg) -- President George W. Bush, bowing to the Senate's new Democratic majority, dropped efforts to win confirmation of four appeals court nominees who generated partisan opposition.

Bush won't resubmit the nominations of Terrence W. Boyle, Defense Department counsel William J. Haynes II and William G. Myers III to seats on federal appeals courts, said White House spokeswoman Emily Lawrimore. A fourth nominee who also sparked controversy, Michael Wallace, withdrew last month from consideration for a seat on the New Orleans-based 5th U.S. Circuit Court of Appeals.

``We are obviously disappointed that these nominees did not receive the fair consideration that they deserve,'' Lawrimore said. ``We hope the days of judicial obstruction are behind us."

Senator Charles E. Schumer, a New York Democrat, welcomed the administration's retreat as a sign Bush ``is heeding the message from the November election." He said Democrats would work with the administration ``to confirm judges who are not extremists, either left or right."

Wallace, 55, a Jackson, Mississippi, lawyer, received an ``unqualified" rating by the American Bar Association's judicial screening panel following his nomination last February. In Senate testimony, the panel cited statements from lawyers that Wallace lacked judicial temperament.

Boyle, a 61-year-old federal trial judge in North Carolina who was first nominated in 2001 to the 4th U.S. Circuit Court of Appeals based in Richmond, Virginia, was accused by Democrats of showing hostility to employment discrimination lawsuits.

Ranching Lobbyist

Myers, 51, a mining and ranching lobbyist nominated in 2003 to the San Francisco-based 9th Circuit, was accused by environmentalists of promoting corporate interests over enforcement of federal conservation laws when he was the Interior Department's solicitor.

Haynes, 48, nominated in 2003 to the 4th Circuit, was opposed by Republicans and Democrats for helping develop the military's interrogation policies for suspected terrorists. Critics said the policy led to abuse of suspected terrorists in military prisons in Iraq, Afghanistan and at the U.S. Navy base at Guantanamo Bay, Cuba.

Boyle declined an invitation last month by Attorney General Alberto Gonzales to withdraw his nomination, said Lars H. Liebeler, a Washington lawyer and former Boyle law clerk who spoke on behalf of the judge.

`Not Going to Quit'

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``The attorney general called Judge Boyle and told him that Haynes, Myers and Wallace had submitted letters saying their nominations should be withdrawn and asked Judge Boyle what he wanted to do," said Liebeler, who has been championing Boyle's nomination. ``Judge Boyle said, if the president didn't want to renominate him, he would understand that decision but he was not going to quit."

On Jan. 5, Gonzales telephoned Boyle to say that Bush's advisers had concluded that the judge couldn't win Senate confirmation and recommended Bush not resubmit his name to the Senate, Liebeler said. He said Boyle told Gonzales that he understood the political reality. ``It was a cordial conversation," Liebeler said.

Justice Department spokesman Brian Roehrkasse declined to comment about whether Gonzales solicited the withdrawal letters.

Wallace said in a telephone interview that his withdrawal was ``100 percent my own decision" and wasn't solicited by the Bush administration.

He understood from statements by the new Democratic Judiciary Committee chairman, Vermont Senator Patrick Leahy, that ``he had no intention of permitting me to be confirmed," Wallace said.

`Fresh Start'

Leahy said in a statement that the new Congress offers Bush a ``fresh start" on judicial selections, and he called the administration's retreat on the four nominations ``a welcome beginning."

Still, Bush ignored Leahy's recommendation that he resolve a dispute with California Senator Dianne Feinstein over his nomination of Norman Randy Smith, an Idaho lawyer, to a 9th Circuit seat that Feinstein contends should be filled by a Californian.

The vacancy was created by the retirement of Circuit Judge Stephen Trott, who moved to Idaho from California following his confirmation.

Smith appeared on a list of judicial nominations Bush submitted to the Senate today. Last year, Feinstein blocked Smith's confirmation on the basis he should be nominated for a different seat on the 9th Circuit.

Advocacy Groups

Bush could have ended the dispute by asking the Senate to confirm Smith for the seat that Myers had been nominated to fill. There was no immediate comment from the White House about Smith's nomination.

In a statement, Feinstein said Bush ``missed an opportunity to resolve an outstanding nominations issue."

Two advocacy groups opposing the nominations issued statements hailing the withdrawals.

The decision ``underscores the reality that the Senate will no longer rubber stamp far-right judges to lifetime appointments," Nan Aron, president of Alliance For Justice, a Washington-based advocacy group, said in a statement.

The environmental group Earthjustice said Myers was the first judicial nominee opposed primarily because of his record on the environment.

4 Nominees To Appeals Courts Are Dropped (WP)

By R. Jeffrey Smith

The Washington Post, January 10, 2007

The Bush administration officially withdrew four of its most controversial nominations to the federal appellate bench yesterday, bowing to the political reality of a Senate Judiciary Committee under the control of Democrats who show no inclination to confirm them.

Signaling at the same time that President Bush is committed to placing more conservatives on the bench, the White House renominated 32 other federal judicial candidates that the previous Senate did not confirm. Bush also nominated a previous candidate for a federal district court to fill one of the four appellate positions.

Those withdrawn yesterday included Defense Department general counsel William J. Haynes II, nominated for the U.S. Court of Appeals for the 4th Circuit, which covers Maryland, Virginia, West Virginia and the Carolinas; U.S. District Judge Terrence W. Boyle, also nominated for the 4th Circuit; and former Interior Department solicitor William G. Myers III, nominated for the 9th Circuit, which covers seven Western states, plus Alaska and Hawaii.

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The fourth nominee withdrawn, Mississippi lawyer Michael B. Wallace, had announced in December that he was no longer seeking to become a 5th Circuit appellate judge, with jurisdiction over Mississippi, Louisiana and Texas. White House officials said Leslie H. Southwick, a former Mississippi state appeals judge and chairman of the state's Bush-Quayle steering committee in 1988, will be nominated to fill the slot Wallace had sought.

The withdrawals provoked rare praise from liberal groups People for the American Way and Alliance for Justice, which had lobbied against many of the administration's judicial nominees. They said that they hope the moves herald a shift in Bush's approach to such appointments.

Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.), likewise, praised Bush for making "the right decision in not resubmitting these controversial and problematic nominees who failed to win confirmation from a Republican-controlled Senate." He said the withdrawals are "a welcome beginning" in emphasizing "qualifications and bipartisan consensus."

White House spokeswoman Emily Lawrimore said in a statement that "the President remains focused on appointing highly qualified nominees who clearly understand that the role of a judge is to interpret the law, not to legislate from the bench. All of today's nominees are highly accomplished . . . and the President is encouraging the Senate to provide them with fair consideration as soon as possible."

The decision was, nonetheless, an abrupt reversal for the White House, which last tried to gain Senate confirmation for the four on Nov. 16, nine days after the election of a Democratic majority with a one-member margin.

Opposition to Haynes had centered on his role in supporting the aggressive interrogations of U.S. military detainees after the Sept. 11, 2001, terrorist attacks.

Myers, a former mining and grazing industry official nominated to a court with jurisdiction over half of the nation's public lands, had aroused the opposition of environmentalists by denouncing many laws as "regulatory excesses" and demanding industry access to more protected land.

Civil rights groups had accused Boyle, a protege of former senator Jesse Helms (R-N.C.), and Wallace, a former counsel to Sen. Trent Lott (R-Miss.), of hostility to minority rights. The 4th Circuit's jurisdiction has the nation's highest percentage of black citizens. Political disputes over its appellate membership have kept a vacancy there open for 12 years.

The Haynes Disgrace (WSJ)

The Wall Street Journal, January 10, 2007

Republican officials said yesterday that four controversial appeals-court nominees have asked the White House to withdraw their names from Senate consideration. Among them is William "Jim" Haynes II, whom President Bush first nominated to the Fourth Circuit Court of Appeals in Richmond, Virginia, on September 29, 2003. Call him the latest casualty in the war on terror.

Mr. Haynes is a victim of elite Washington's fickle support for anti-terror measures and South Carolina Republican Lindsey Graham's desire for the media spotlight. Arlen Specter, the former chairman of the Judiciary Committee, was prepared to move Mr. Haynes's nomination to the floor in the last Congress, but Mr. Graham joined Democrats in blocking him to settle a political score. Mr. Haynes obviously has no chance in the new, Democrat-controlled Senate; why stick around for more abuse?

Mr. Haynes is general counsel of the Pentagon, where his transgression in the days following the 9/11 attacks was to do his job with too much determination to protect the country. That meant offering legal analysis to Secretary Donald Rumsfeld on the treatment of detainees -- advice that critics later distorted as condoning "torture."

Mr. Haynes sometimes disagreed with career military lawyers, but there is no evidence he behaved other than honorably. As memories of 9/11 have faded along with the one-time calls for bold executive action, he nonetheless became one of the fall guys for the Administration's policy choices on Guantanamo and military tribunals.

Mr. Graham has basked in media attention for opposing President Bush on detainees, and he has every right to disagree on policy. But for reasons of ego or retribution or something, he has also insisted on embarrassing the White House by blocking Mr. Haynes's nomination. The lesson that other political appointees will learn is that the better part of career ambition is to play it safe and never buck the professional bureaucracy.

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Mr. Haynes has many supporters in the Palmetto State, where he has ancestral ties that go back before the Revolution. Mr. Graham's treatment of a favorite son is a disgraceful episode, and one that South Carolina Republicans will want to consider if the Senator faces a primary challenge in 2008.

Benched Nominees (WP)

The Washington Post, January 10, 2007

PRESIDENT BUSH'S decision not to resubmit the nominations of four of his most controversial judicial picks is a welcome sign from an administration that, in the realm of judicial selection, has too often chosen confrontation over compromise. When the president, during the post-election lame-duck session, chose to renominate these appeals court nominees with no prospect they would be confirmed, the move struck us as gratuitously partisan. Now Mr. Bush deserves credit for putting some action behind his rhetoric of bipartisanship. Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) correctly called the move "a welcome beginning" and "an opportunity for a fresh start on judicial nominations." As Sen. Charles E. Schumer (D-N.Y.) put it, "This reversal is one of the first tangible signs that the president heard and is heeding the message from November's election."

Mr. Bush's move was a wise acknowledgment of political reality, but it was also right on the merits. Democrats had valid objections to the nominations of William J. Haynes II, William G. Myers III, Terrence W. Boyle Jr. and Michael B. Wallace. Mr. Haynes, the Pentagon's general counsel, has been a key player in the military's policies on detentions and interrogations in the war on terrorism. Mr. Myers has a dreadful record of anti-environmental activism. Judge Boyle, who serves on the U.S. District Court in North Carolina, has a troubling history in civil rights cases. And the American Bar Association unanimously rated Mr. Wallace "unqualified" for service on the bench.

Now the onus is not only on the president to avoid more thumb-in-their-eye nominees, but also on Democrats, newly in control of the Senate, to make good on their end of the bargain: to give the president's nominees the timely and reasonable consideration that nominees have not always received in the past.

Myers Among 100 Bush Nominations (WT)

The Washington Times, January 10, 2007

From combined dispatches

President Bush yesterday renominated Julie L. Myers to head U.S. Immigration and Customs Enforcement a year after he was forced to make her a recess appointment during questions about her qualifications for the job.

She was among the more than 100 executive branch and judicial nominations the president sent to the Senate yesterday, even as Republican officials said four high-profile judicial nominees who had been blocked during Republican control of Congress asked that their names be withdrawn.

The officials said that William Haynes, William G. Myers III and Judge Terrence Boyle had all decided to abandon their quest for confirmation. Another nominee, Michael Wallace, let it be known last month that he too had asked Mr. Bush to withdraw his nomination.

Mrs. Myers' recess appointment expired at the end of the last Congress. During her year in office, ICE expanded enforcement, but many members of Congress said they wanted to see still more operations. Her nomination will give both Democrats and Republicans in Congress a platform to criticize the president's immigration policy.

She was one of several recess appointees Mr. Bush renominated yesterday. Another was Ellen R. Sauerbrey, the former Republican candidate for Maryland governor, who Mr. Bush has tapped to be assistant secretary of state for population, refugees and migration. Her nomination proved to be contentious because of her pro-life views.

Among the four judicial nominees to withdraw, Mr. Haynes is the Pentagon's top lawyer, and was an architect of Mr. Bush's now-abandoned policy toward treatment of detainees in the war on terrorism. He had been tapped for the 4th U.S. Circuit Court of Appeals.

Judge Boyle is a federal judge in North Carolina, and his appointment to the 4th Circuit provoked opposition from Democrats who cited his rulings in civil rights and disability cases, as well as his higher-than-average reversal rate by higher courts.

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Mr. Myers, nominated to the 9th U.S. Circuit Court of Appeals, sparked opposition from environmentalist organizations and their allies among Senate Democrats.

Mr. Wallace's appointment to the 5th U.S. Circuit Court of Appeals drew opposition from Democrats, civil rights groups and the American Bar Association.

Bush's Military Nominations Likely To Get Dems' OK Despite Iraq Concerns (HILL)

By Roxana Tiron

The Hill, January 10, 2007

Despite stepping up opposition to President Bush's yet-to-be-announced troop-surge plan, the Democratic-led Senate is likely to swiftly confirm military officers selected by the administration to carry out its new plan for Iraq.

But several congressional leaders, both Democrat and Republican, are indicating that nominees will face tough questions on strategy and policy.

Secretary of Defense Robert Gates last week made his officer recommendations to the president, who still has to send the nominations to the Senate. Bush likely will make an announcement on them today.

Lt. Gen. David Petraeus has been chosen to replace Gen. George Casey as the top commander in Iraq with a promotion to four-star general, while Casey will be nominated to become the new Army chief of staff. Meanwhile, Adm. William Fallon will take over U.S. Central Command from Gen. John Abizaid, who is retiring. All three nominations require Senate confirmation.

Because of the nominees' high profile, the Senate Armed Services Committee likely will hold confirmation hearings, according to several Senate aides.

But Democrats and some Republicans who have been more cautious about supporting the White House's troop-surge denied they would use the nomination process to force the president's hand.

"We will ask the [nominees'] position" on the troop surge, Senate Armed Services Committee Chairman Carl Levin (D-Mich.) said. "We will set swift hearings. I do not know what the hearings will produce, but it is not our intent to hold up votes in any way."

Levin is among the strongest proponents of troop withdrawal from Iraq.

As a supporter of increased forces in Iraq, Petraeus is expected to back a rapid troop expansion, in contrast to Casey, who has been skeptical that additional troops would help stabilize the country.

Casey may face tough questions from Sen. John McCain (R-Ariz.), ranking member of the Armed Services panel, and Sen. Lindsey Graham (R-S.C.), both of whom have been pushing for more troops in Iraq.

The three Pentagon nominees will undergo rigorous hearings, "perhaps even more so because of the enormity of the responsibilities that they seem to be … taking on," said Sen. John Warner (R-Va.), former chairman of the Armed Services Committee and one of the first top Republicans to speak out about the situation in Iraq before the November elections.

"We can have an intense, thorough confirmation and do it in a short period of time," he added.

Meanwhile, Sen. John Thune (R-S.D.), a member of the Armed Services panel, said members would grill the nominees.

"There are going to be all these guys who are moving into these positions and they are going to get a lot of scrutiny and a lot of hard questions about what they are recommending," he said.

Sen. Dianne Feinstein (D-Calif.), who is not a member of the Armed Services Committee, said that holds are always a possibility, but that she is currently not planning to place any.

As the president prepares to announce his strategy for Iraq tonight, Sen. Edward Kennedy (D-Mass.) has introduced a resolution prohibiting any federal funds to be expended for troops in Iraq above the current number without congressional authorization.

Sen. Dick Durbin (Ill.), the Democratic whip, said that a resolution capping the number of troops and another requiring the president to get congressional approval for troop strength above a certain level could be possible add-ons to the incoming supplemental request.

Senate Majority Leader Harry Reid (D-Nev.) said he wants to see a bipartisan resolution in response to the White House's announcement introduced next week.

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Avoiding Sun-Kissed Tuscany, And Other Tips For The Prudent Junketer (WP)

By Al Kamen

The Washington Post, January 10, 2007

It has come to our attention that certain politicians who recently traveled overseas on the taxpayers' dime were unhappy with press coverage of their journey.

This is hardly the first time government officials and staff members have been upset about criticism of their global travels. And, in truth, the line between junket -- a vacation with spouses to exotic places on a military jet -- and actual work-related travel can be hazy.

So for all travelers on congressional delegations (codels) who want to avoid snarky press coverage, we offer the 2007 In the Loop Guide to Codels.

Rule No. 1: Try to travel to places that have a direct relationship to important foreign policy issues. In addition to such places as China and Russia, this would be Darfur anytime, Gaza in August, Chechnya in February, Waziristan, a week in Anbar province.

Exception: Scores of lawmakers have wandered to Iraq in the past four years, many of them multiple times. All had campaign pictures taken with troops from their districts -- rounded up specially for the occasion -- and were given tours of the Green Zone and Camp Victory. Many came back thumping their chests, saying, "I've been to Iraq." They then touted great progress toward "victory" and blasted the media for willfully ignoring all the good news in Fallujah.

Maybe lawmakers could at least follow the example of Rep. Jim Marshall (D-Ga.), a much-decorated Vietnam vet who strapped on body armor and went on patrol two years ago with the 82nd Airborne in Ramadi.

Rule No. 2: Ditch the spouse. Spouses raise red flags for reporters. Reporters are no longer buying the dodge about spouses traveling "at no extra cost." Understaffed embassy personnel have to schedule separate events, provide vans, maybe security, guides and so forth for day trips, sightseeing and shopping. Given the recent cutbacks at U.S. embassies, this is hardly what those folks need to be doing.

Corollary: On a generic "meetings with foreign leaders" trip, avoid lingering. Spouses tend to lengthen trips, with evenings devoted to receptions and dinners -- as opposed to meeting with dissidents in hiding, with human rights advocates, with harassed religious leaders, with refugees or even just traveling to the next stop.

Rule No. 3: Avoid going north in the summer, south in the winter. Never go anywhere in Italy, at any time, on the taxpayers' dime. Be very careful about the Paris Air Show. European travel in general, especially in the early fall or in the spring, will raise eyebrows. Winter trips to the Caribbean are inherently suspect.

Rule No. 4: Do not go to various wonders of the world -- Petra, the Pyramids, Machu Picchu, the Galapagos, Iguazu Falls, the Great Wall, the Taj Mahal, Angkor Wat or African game parks. Ditto handicraft fairs.

Exception: There will be times when obligatory travel to bad places, or to funerals and inaugurations and such, will bring you near a primo tourist destination. The rule of reason governs. An "unavoidable" stop at St. Peter's Square on Easter Sunday, for example, doesn't pass any laugh test.

Rule No. 5: Do not blow off intelligence briefings at the embassies. You are there, after all, to gather facts. Embassy folks may, or may not, have some.

Rule No. 6: Do not overload your military aircraft with the bargain booty -- rugs, golf clubs, artifacts and such -- you hope to sneak in without regular customs inspection.Once Our Enemy, Now Your Excellency

Speaking of travel, here are some words you never thought you'd see coming out of the White House: " President Bush today announced the designation of a Presidential Delegation to attend the inauguration of His Excellency Jos? Daniel Ortega Saavedra, President of the Republic of Nicaragua on January 10, 2007."

"His Excellency"? Wasn't this guy some random commie thug, pal of Fidel Castro, just a few years back? The late Jeane Kirkpatrick must be spinning. And who drew the short straw to lead this august delegation? That would be Michael Leavitt, secretary of health and human services.

Unclear how they traveled to the ceremony. Maybe they flew to Harlingen, Tex., and then drove? As they used to say in the '80s, Managua's communists were only a two-day drive from there.Changing Times

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Good jobs opening up at the State Department. Buzz is Robert Joseph, undersecretary for arms control and international security, is going to be moving on, possibly at the end of this month.

The date is uncertain, we're told, because it has changed a few times. Apparently Secretary Condoleezza Rice wanted Joseph, who we're told has been frozen out of some important issues, to stay on for a bit given all the openings.

There have been a lot of them. Rice finally tapped national intelligence chief John Negroponte for the long-vacant deputy secretaryship and announced Iraq ambassador Zalmay Khalilzad for the U.N. posting. There are still excellent openings for an undersecretary for economic, business and agricultural affairs; for counselor; for coordinator for counterterrorism; and, with last week's departure of John Hillen, for assistant secretary for political-military affairs.Looking Out for the Bad Guys

Former senator Rick Santorum (R-Pa.) is now a senior fellow at the Ethics and Public Policy Center, where he established and directs a program called "America's Enemies," which the center says will "focus on identifying, studying, and heightening awareness of the threats posed to America and the West."

No, the program doesn't appear to focus exclusively on Pennsylvania's Democrats. Seems to be looking more to "a growing array of anti-Western forces" overseas.

Chief Quits Broadcasting Board, Plans Book (WT)

By Eric Pfeiffer

The Washington Times, January 10, 2007

Broadcasting Board of Governors Chairman Kenneth Y. Tomlinson announced that he is stepping down after four years on the job, citing plans to write a book about his experiences in the public broadcasting sector, which many see as skewed by a liberal bias.

"I think it's a good story that will help the public understand how Washington operates," Mr. Tomlinson said yesterday. "There's been a criminalization of political differences."

President Bush nominated Mr. Tomlinson to serve another term on the board, but the Senate Foreign Relations Committee failed to act on the nomination.

A State Department inspector general investigation ordered by Democratic lawmakers accused Mr. Tomlinson of running a "horse-racing operation" from his government office and said he "improperly put a friend on the payroll." Mr. Tomlinson runs a stable of Thoroughbred racehorses on his private farm in Virginia.

The results of the investigation were turned over to the Justice Department, which has not brought charges against Mr. Tomlinson. The inspector general reported that Mr. Tomlinson spent fewer than three minutes and sent one e-mail per day on his horse-racing ventures.

Mr. Tomlinson described the accusations as "patently untrue."

"My critics will say this is an indicator that Ken Tomlinson is quitting public life," he said. "But I'm just beginning to fight. This book will be a much more effective way to bring to light the injustices done to me."

During Mr. Tomlinson's tenure, the Broadcasting Board of Governors worked to open news operations in parts of the world where authoritarian regimes blocked access to information. As a result of these initiatives, an Arabic language satellite TV network now broadcasts in Iraq and other Muslim nations, Persian language satellite news is fed daily into Iran, and radio and television broadcast signals are sent into Afghanistan and Cuba.

The transmissions into Cuba are jammed by what analysts think is a high-cost effort of Fidel Castro's communist government.

"If what we were doing wasn't important, Castro would not be spending the money to block the signal," Mr. Tomlinson said.

Larry Hart, spokesman for the Broadcasting Board of Governors, said Mr. Bush will select a replacement for Mr. Tomlinson and any other board members whose terms have expired. Board members may serve until the Senate confirms their replacements.

"There may be a number of nominations going forward," Mr. Hart said.

The board includes four Democrats and four Republicans. The secretary of state serves as the ninth member, giving a one-seat edge to whichever party controls the White House.

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"I am proud of my record of service during these troubled times," Mr. Tomlinson wrote to Mr. Bush yesterday, "and I have appreciated deeply your repeatedly submitting my name to the Senate Foreign Relations Committee for reconfirmation to this position. Those who oppose my nomination cite charges against me that simply do not stand up to scrutiny."

Before joining the board, Mr. Tomlinson served as editor in chief of Reader's Digest and was director of Voice of America.

S.M.U. Faculty Complains About Bush Library Plan (NYT)

By Ralph Blumenthal

The New York Times, January 10, 2007

DALLAS, Jan. 9 — Intimates of President Bush have singled out Southern Methodist University as the likely site of his presidential library, but faculty members, complaining of being bypassed, are raising sharp questions about the school's identification with his presidency.

In a meeting Tuesday, faculty members complained of a lack of consultation over the emerging agreement and all but demanded answers from the university's president, R. Gerald Turner, on the relationship that would develop between the university and the library.

"There's been a lack of transparency from the beginning," said Tony Pederson of the journalism faculty, urging the university's administration "to be more forthcoming with detailed information."

Cal Jillson, a political science professor, called for "more rounded information" because, he said, "this train is leaving." He said there could be a final decision on the library before the end of the month.

Rhonda Blair, the president of the faculty senate who convened the meeting even though many professors were still away on winter break, said she would pass on the questions to Dr. Turner on Wednesday.

The session grew out of the uproar after an op-ed article in the student newspaper, The Daily Campus, by two professors at the university's Perkins School of Theology complaining about the library selection process.

The president and Laura Bush created the George W. Bush Presidential Library Site Selection Committee, which is headed by former Commerce Secretary Donald P. Evans and also includes Marvin Bush, the president's brother; Andrew H. Card, the former White House chief of staff; and Craig R. Stapleton, the United States ambassador to France.

Mr. Evans revealed on Dec. 21 that the panel was setting aside two other contenders, Baylor University in Waco and the University of Dallas in Irving, to pursue exclusive discussions with Southern Methodist, the alma mater of Mrs. Bush and an institution long close to the Bushes. Mr. Bush graduated from Yale and Harvard.

Taylor Griffin, a spokesman for Mr. Evans, said Tuesday that he was not granting interviews at this stage of the selection process.

"The selection committee is now focusing their discussions on S.M.U.; however, no final decision has been made," Mr. Griffin said. He said the final decision was expected to be reached within "a few months," although others have estimated the process could be completed within weeks.

Mr. Griffin said he could not discuss the criteria for the selection process, and he said issues concerning financing of the library and control of content, including interaction between the policy institute and the library, had not been decided.

"The committee has been focused on the selection of the site rather than fund-raising decisions," Mr. Griffin said. "It could vary depending on what the site would be. We are in an early phase in the process, and those decisions about how much money will need to be raised will come later."

The complex under discussion would include a public policy institute independent of the university and answerable to a Bush foundation, while the library and a museum would be under the auspices of the National Archives and Records Administration. But control of presidential documents remains a subject of dispute.

About 150 of the university's 600 faculty members attended the meeting, voicing a range of concerns, particularly on whether the school's academic freedom and political independence might appear compromised by an association with not only the Bush library but also a museum that would accompany it.

Thomas J. Knock, a professor of history, said the public might have trouble differentiating between the library, museum and the university.

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James K. Hopkins, chairman of the history department who was co-chairman of the meeting with Ms. Blair, a professor of theater, said he had asked Dr. Turner under what circumstances the university would "walk away" from a deal with the library.

"There was this very indirect response to that," Dr. Hopkins said.

Ms. Blair said that it was not clear how much negotiating S.M.U. could do with the presidential library committee but that she would bring it up with Dr. Turner, who she said would soon meet with the faculty himself.

But Rita Kirk, chairwoman of the department of communications and public affairs, said the "wall" that would exist between Southern Methodist and the Bush library would allow for "robust debate" academically and afford scholars important access to papers of Colin L. Powell and Condoleezza Rice, among other administration figures.

Some of the faculty questions dealt with the cost of the library — published accounts have it as high as $500 million — including how much the school would be responsible for and whether raising the money might hurt the school's own financial campaigns.

"We view the discussions that are taking place on campus as a very positive part of the process and one we're very accustomed to here at S.M.U.," said Brad Cheves, the university's vice president for development and external affairs, shortly after leaving the faculty meeting.

"We glad that our colleagues feel comfortable to share their views with each other and with all of us," Dr. Cheves said. But he said that S.M.U. had not detected widespread opposition among the faculty or others about the Bush library.

"At this point we have nothing that indicates that the support is anything but strong," he said. "The feedback we're getting clearly represents the diversity of thought that you would expect in a constituency as large as S.M.U.'s."

Tax Cut Measure Could Be A Stumbling Block For Increase In Minimum Wage (NYT)

By Steven Greenhouse

The New York Times, January 10, 2007

As part of their 100-hour legislative blitz, House Democrats are expected to vote today to increase the minimum wage for the first time in a decade, to $7.25 an hour, in a move that economists say will raise pay for 13 million workers.

The bill's chances are less certain in the Senate, largely because of friction over a Republican push to include tax breaks for small business in the bill. Senate Republicans have hinted that, without such tax cuts, they will filibuster the measure, a move that the bill's supporters would need 60 votes to overcome.

The legislation would lift the federal wage floor, currently $5.15 an hour, to $7.25 in three steps between now and 2009.

"Minimum-wage workers desperately need a raise," said Representative George Miller, Democrat of California and chairman of the House Education and Labor Committee. "It is a moral outrage that millions of Americans who work full time still live in poverty."

After opposing a minimum-wage increase for years, many Republicans now say they favor one, but only if it is coupled with a tax cut for restaurants and other small businesses — the groups they say would be hurt most by the wage increase.

"The Democrat leadership's unbalanced proposal may increase the minimum wage, but it leaves small businesses and their workers to fend for themselves," said Representative Howard P. McKeon of California, the ranking Republican on the Education and Labor Committee.

On Tuesday, Mr. McKeon and Jim McCrery of Louisiana, the senior Republican on the House Ways and Means Committee, introduced a competing minimum-wage bill that includes billions of dollars in tax breaks. One such break would allow faster depreciation for newly built restaurants, allowing them to record the building cost on financial statements over 15 years instead of the current rule of 39 years, and thus lower taxes.

President Bush has said he might accept a higher minimum wage, but only if it is tied to tax cuts to soften the blow for business.

Some Democrats and many of their liberal and labor allies assert that the minimum wage should not be used as an excuse to give more tax breaks to business.

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"For the past 10 years, Republican leaders have held the minimum wage hostage," said the A.F.L.-C.I.O.'s president, John J. Sweeney. "Corporations and wealthy Americans have gotten their rewards. Now it's time to do the right thing for low-wage workers, with no payoffs to business."

Frustrated by Congress's inaction, 28 states have adopted minimum wages above the federal floor, affecting 70 percent of the work force.

In an unusual move for a minimum-wage bill — typically it is handled by the House and Senate labor committees — the Senate Finance Committee is scheduled to hold a hearing today on the bill.

"To call a minimum-wage increase 'overdue' is the understatement of the year," said Senator Max Baucus, Democrat of Montana and the committee's chairman. "This Congress promised to raise the minimum wage, and we will. We also need to pass meaningful small-business incentives along with a wage increase. We can do both, and we will."

Many economists, especially conservative ones, insist that raising the minimum wage would not reduce poverty, saying it would ultimately reduce the number of jobs for low-skilled workers. But other economists, especially liberal ones, say a higher minimum would have virtually no effect on job levels while it lifted the pay for millions of low-wage workers.

"The increase will make a big difference for someone who makes the minimum wage — you're talking about thousands of dollars a year in extra earnings," said Jared Bernstein of the Economic Policy Institute, a liberal research group, and one of the economists scheduled to testify before the Finance Committee. "It's important to remember that if you don't have a binding wage floor, a lot of workers are going to end up disconnected from the improving economy and that's exactly what's happened."

Mr. Bernstein's institute estimates that six million workers earn less than $7.25 an hour, but workers earning a dollar or two more than that can also expect to see their wages increase if a new minimum is enacted.

Joseph Sabia, a professor of consumer economics at the University of Georgia, said an increase would do little to lift workers out of poverty.

"Most people who earn the minimum wage are not poor or near poor," Professor Sabia said. "If the goal is to help the working poor, it would be better to raise the earned-income tax credit," which refunds cash to poor workers.

The traditional economists' view has been that a higher minimum wage would mean some job losses for low-wage workers. But a landmark 1994 study by David Card and Alan Krueger upset the common wisdom by finding that there were no overall job losses when New Jersey raised its minimum wage.

David Neumark, a longtime critic of that study and an economics professor at the University of California, Irvine, said most credible studies had concluded that an increase in the minimum wage did hurt employment for unskilled workers, although most studies did not find major job reductions. He said an increase to $7.25 might reduce job levels for the least skilled workers by 4 percent.

"The most affected workers are the ones you'd most like to help," Professor Neumark said. "If the workers who get raises are middle-class teenagers and the ones who lose jobs are unskilled workers in poor jobs, you can increase poverty."

Harry Holzer, a professor of public policy at Georgetown University, acknowledged that there might be some job losses, but he said that they would be minor and would be far outweighed by the wage gains.

"Minimum-wage earners are concentrated in the bottom half of families by income," Professor Holzer said. "They might not be in the bottom 10 percent, but they might be in the bottom 10 to 40 percentile. Will a minimum-wage increase dramatically reduce poverty? Probably not. But it will redistribute income toward the bottom half of American workers."

Life At $7.25 An Hour (WP)

By David Finkel

The Washington Post, January 10, 2007

ATCHISON, Kan. -- It was payday. Money, at last. Twenty-two-year-old Robert Iles wanted to celebrate. "Tonight, chimichangas!" he announced.

He was on his way out of the store where his full-time job pays him $7.25 an hour -- the rate that is likely to become the nation's new minimum wage. Life at $7.25: This is the life of Robert Iles, and with $70 in a wallet that had been empty that morning, he headed to a grocery store where for $4.98 he bought not only 10 chimichangas but two burritos as well.

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From there he stopped at a convenience store, where for $16.70 he filled the gas tank of the car he purchased when he got his raise to $7.25; then he went to another grocery store, where he got a $21.78 money order to pay down some bills, including $8,000 in medical bills from the day he accidentally sliced open several fingers with a knife while trying to cut a tomato; and then he headed toward the family trailer 19 miles away, where his parents were waiting for dinner.

Today in Washington, the House is scheduled to vote on whether to increase the federal minimum wage from $5.15 to $7.25. Passage is expected, with Senate approval soon to follow, and if President Bush signs the resulting bill into law, as he indicated he would, the U.S. minimum wage would rise for the first time since 1997, ending a debate about whether such a raise would be good or bad for the economy.

But even if the matter is settled in Congress, it isn't settled at all in Atchison, and Robert Iles's drive home is proof. Every stop he made on his ride home revealed a different facet of how complicated the minimum wage can be in the parts of America where, instead of a debatable issue, it is a way of life.

At the store where Iles works, for instance, the owner thinks the minimum wage should be increased as a moral issue but worries about which employees' hours he will have to cut to compensate.

At the store where he bought the chimichangas, the cashier who makes $6.25 worries that a raise will force her out of her subsidized apartment and onto the street.

At the convenience store where he bought gas, the owner worries that he will have to either raise prices, angering his customers, or make less money, "and why would I want to make less money?"

At the store where he got the money order, the worries are about Wal-Mart, which not only supports an increase but also built a Supercenter on the edge of town that has been sucking up customers since it opened three years ago.

As for Iles -- who keeps $70 out of every paycheck to cover two weeks' worth of food and gas and in a matter of minutes was already down to $26.54 -- his worry was as basic as how fast to drive home.

Drive too fast and he'd be wasting gas. But his family was waiting. And his chimichangas, best cooked frozen, were starting to thaw.The Meaning of a Dollar

The debate about the minimum wage usually comes down to jobs. If Congress approves the increase, it will result in raises for an estimated 13 million Americans, or about 9 percent of the total workforce. That's a percentage that most economists agree would cause a modest increase in national unemployment. In Kansas, however, "it would have a fairly significant impact," said Beth Martino, a spokeswoman for the state Department of Labor. According to one independent analysis, 16 percent of the workforce, or 237,000 workers, would be affected -- and that doesn't include the 20,000 whose wages aren't governed by the federal Fair Labor Standards Act and earn the state minimum wage of $2.65. That rate, the lowest in the nation and unchanged since 1988, hints at the prevailing wisdom in Kansas about the minimum wage, which is that the only way low-wage earners will make more is through congressional action.

This holds true from Topeka, where the powerful Kansas Chamber of Commerce has long opposed any raise, to rural Mulvane, home of Republican state legislator Ted Powers, who says his futile effort three years ago to raise the state minimum wage resulted in his being branded a "dirty dog," to Atchison, a working-class city of 11,000 where the stores that depend on low-wage workers include one called "Wow Only $1.00!" This is the store where Robert Iles has worked for five years.

"Robert, would you help me a second?" Jack Bower, the owner, called to Iles soon after opening, as the line at the cash register grew. A onetime Wal-Mart vice president, Bower moved back to Atchison several years ago to teach and ended up buying the old J.C. Penney store, and now runs a business where the meaning of a dollar is displayed on shelf after shelf. The jar of Peter Piper's Hot Dog Relish? That's what a dollar is worth. The Wolfgang Puck Odor Eliminator that a customer was looking at as she said to a friend, "I just don't know how I'm ever going to make it. My ex-husband's not paying his child support"? That's a dollar, too, as is the home pregnancy test, the most shoplifted item in the store.

"This is not a wealthy community," Bower explained. "The thing is, a lot of people depend on this store."

Robert Iles has his own version of a dollar's meaning, learned last February when Bower took him aside and said he would be getting a pay raise to $7.25. "Okay," Iles remembers replying, wanting to seem businesslike. "But inside I was doing the cha-cha-cha," he said. "It was like going from lower class to lower middle class."

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Soon after, he bought his car, a used 2005 Dodge Neon, and just about every workday since then he has spent his lunch break in the driver's seat, eating a bologna sandwich with the engine off to save gas, even in winter. An hour later, he was back behind the cash register, telling customers "Thank you and have a nice day" again and again.

And meanwhile, Jack Bower wondered whose hours he will cut if he has to give his employees a raise.

It's not that he's against raising the minimum wage -- "I don't think $5.15 is adequate," he said, adding that $7.25 seems fair -- but his profit margin is thin, and wages are his biggest controllable expense. So if wages go up, he said, hours will have to come down, and the question will become: Whose?

Will it be Neil Simpson, 66, who works six hours a day as a stockman, and then five more hours somewhere else cleaning floors, and takes care of a wife who is blind and arthritic?

Will it be Susan Irons, 57, who was infected with hepatitis C from a blood transfusion, is on a waiting list for a liver transplant and needs more hours rather than fewer?

Will it be Christina Lux, who is 22 years old and 13 weeks pregnant?

Will it be Iles?

"Attention, all shoppers," he said into the microphone. "We will be closing in 10 minutes. Please begin making your final selections." Ten minutes later, he was clocked out and back in his Neon. "My brand-new car," he called it proudly, and he explained how he was able to afford it on $7.25 an hour: a no-money-down loan for which he will pay $313.13 a month until 2012.Small Business 'at Bottom'

Seven dollars and twenty-five cents an hour equals $15,080 per year, and out of that comes $313 for the car loan and $100 for car insurance, Iles said, going over his monthly bills. An additional $90 for the 1995 car with 135,000 miles on it that he is buying from a friend for his mother, $150 for the family phone bills, $35 on his credit card, $100 for gas, $100 toward the mortgage on the trailer. "That's about it. Oh yeah, $20 in doctors' bills," he said, and totaled it up on fingers scarred by surgical stitches. Nine hundred and eight dollars. "I bring home 900 a month," he said. "So I very rarely have any money for myself."

He parked in front of a store called Always Low Prices, which has the cheapest chimichangas in town.

Once it was a full-service grocery store with 28 employees. Then came word that Wal-Mart was looking for land for a Supercenter, and now it has become a bare-bones operation where the starting pay for its few employees is $5.50, and the manager wonders how the store will survive if wages increase.

"We're at the bottom. If the minimum wage went up, I don't know how we would make the cuts to cover it," Michelle Henry said. The lone salaried employee, she works 80 hours a week to make up for the lack of workers. "I have mixed feelings," she continued. "I know that people can't afford to live on $5.15 an hour. But on the business side, small businesses can't afford to pay it."

At the register, meanwhile, Shannon Wilk, 33, who makes $6.25 an hour, said that of course she would like to earn more money. It would help her. It would help her 18-month-old daughter. "It would be good," she said, "but also, for me, I live in income-based housing, and if I get a raise, my rent would go up, and I would lose my assistance." Even the tiniest raise would affect her, she said, and with nowhere to go, the last thing she can afford is a raise to $7.25.

In such an equation, the fact that she was working in Kansas was to her benefit. Atchison sits on the Kansas-Missouri border, and if Wilk worked a few hundred yards to the east, she would already be in jeopardy: In November, Missouri voters supported a ballot initiative increasing the state's minimum wage to $6.50, with an annual adjustment for inflation. Five other states had similar votes, with similar results, bringing to 29 the number that now require an hourly wage above the federal minimum. In the District the minimum is $7, in Maryland it's $6.15, and in Virginia it's $5.15.

Such is the arbitrariness of state-by-state minimum wage laws that Wilk feels lucky to be in Kansas making $6.25 an hour while inside at the first grocery store across the Missouri state line, the cashier was ecstatic that she was in a place where her pay was going from $6.20 to $6.50, explaining, "That's 30 cents more I ain't got."

Iles handed over a $10 bill for his 10 chimichangas and two burritos. He stuffed the change deep in his pocket, and headed next to a convenience store owned by a man named Bill Murphy, who said that if he had the chance to talk to new House Speaker Nancy Pelosi, he would ask one question. "Where does she think the money will come from? And that is the question," he said. "My wages are going to go up 10 percent."

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Unlike Jack Bower, who would compensate by cutting hours, Murphy said that in his two convenience stores there are no hours to cut. "I'm going to have to raise my prices," he said -- not only because his workers who make less than the new minimum wage would get raises but also because those who earn more would insist on raises as well. Employees at $7.25 will want $8.25. Those at $8.25 will want $9.25.

Economists classify such workers as the ones who would be indirectly affected by a minimum-wage increase. Of the estimated 13 million workers expected to get raises, 7.4 million are in that category. "You've created this entitlement," Murphy said he would tell Pelosi.

And yet he will pay it, he said, and compensate with price increases, which he worries will be inflationary, even though most economists say that won't happen. He will raise prices, he continued, because the only other option would be to earn less money, which he doesn't want to do because he owes $1.5 million on his businesses and wouldn't want to default.

"Now that might be a stretch in some people's minds, from giving a guy a raise to not being able to pay the bank, but that's the path I'm talking about," he said. Against such a dire backdrop, Iles put $17 worth of gas in his car.

"That'll be $16.70," the clerk said to him, and instead of correcting this, Iles gladly took the change.

Thirty cents, suddenly got.The Wal-Mart Factor

Iles drove past the Atchison Inn, where starting pay is $5.15, past Movie Gallery, where it's also $5.15, and stopped in front of Country Mart, the fanciest grocery store in town, where high school students start at $5.15 and, according to owner Dennis Garrett, "some of them aren't worth that."

A few days earlier, Garrett had gotten a letter from a lobbying consortium called the Coalition for Job Opportunities, urging him to write Congress to protest the minimum-wage increase. It came in the form of a letter already written, to which he merely had to add his congressman's name and send it off to Washington. "We are very concerned," the letter began, and it was signed by 25 organizations.

The most conspicuous signature, though, was the one that wasn't there, that of Wal-Mart, the nation's largest private employer, with 1.3 million workers. Wal-Mart won't say how many of those workers earn less than what the new minimum wage would be, but if the Atchison store is an example, starting pay is $6 an hour.

Nonetheless, in October 2005, Wal-Mart chief executive H. Lee Scott Jr. said in a speech that the "U.S. minimum wage of $5.15 an hour has not been raised in nearly a decade, and we believe it is out of date with the times." He went on to say, "Our customers simply don't have the money to buy basic necessities between paychecks."

When it comes to Wal-Mart, however, just about any announcement that affects public policy is greeted with suspicion, and that has been the case with the minimum wage. Some have said that Wal-Mart, in need of good publicity, is supporting an increase for public relations reasons; others have declared it an attempt to drive small, independently owned stores out of business.

These suspicions exist in Atchison as well. As in many small communities, Wal-Mart defines local retail, and just as Always Low Prices had to retool itself, Country Mart was significantly affected by Wal-Mart's new food-stocked Supercenter several miles away.

What is Wal-Mart up to? What are its true motives? Like many others, Dennis Garrett wonders. He imagines public relations is part of it, but he didn't want to speculate on whether this was an attempt to put him out of business, except to say that raising some wages wouldn't do that. He'd reduce some hours, he said. He'd manage.

Yes, Atchison businesses would be hurt initially, but in the long run, if unemployment increases, those hurt the most would be the very ones Wal-Mart insists would be helped -- the customers, especially the younger ones, "the people who don't advance their education and need a job between the ages of 16 and 21, 22, 23."

In other words, many of the workers in Atchison, one of whom was now at Garrett's service counter buying a money order so he could pay bills. Even though Iles has a checking account, this is the method he prefers because if he were to pay by check, and the check were to bounce because of insufficient funds, the penalty would be devastating. A $25 fee would require more than three hours of work.

And where would those hours come from?'It's Tough for Me'

So go the calculations of a $7.25 worker, now headed home.

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"It's an old trailer," he explained earlier in the day.

The heat doesn't work, he said, and the water heater works sporadically.

One of the bedroom ceilings is caving in. He sleeps in the other bedroom, and his parents sleep in the living room because his father, who has diabetes and had to have several inches of one of his feet amputated, can't really get around.

Also, his father has leukemia. And is legally blind. And his mother, who once made $6.50 an hour as an aide at a nursing home, quit to take care of her husband.

"We're pretty much living off my money," Iles said, and in he went to cook them dinner, bring payday to an end and, the next morning, start the cycle again.

Life at $7.25. Should that be the minimum wage?

"Yes," Iles said.

Even if it hurts job opportunities for people like him, as Dennis Garrett had suggested?

"Yes."

Or causes price increases, as Bill Murphy had suggested?

"Yes."

Or damages businesses such as Always Low Prices?

"I mean, it's tough for me, and I'm already making $7.25 an hour."

Or causes Jack Bower to reduce hours for one of his employees? Perhaps for Iles himself?

"It's just so hard for people. I mean, it's hard," Iles said, and then he went to work.

"I think it'll be bad today," one of the workers suggested as the line at the Wow Only $1.00! cash register began to form.

"Well, it depends on your perspective," Iles said.

Success Of 100 Hours Hinges On Few Uncertain Senate Votes (HILL)

By Elana Schor And Jeffrey Young

The Hill, January 10, 2007

Two planks of the House Democrats' "100 Hours" agenda are headed for swift passage this week but risk delay in the Senate, where Republicans and Democrats must navigate intra-party disputes over how to raise the minimum wage and amend the Medicare drug benefit.

Unlike their party colleagues in the House, Senate Democratic leaders are sending high-priority bills through regular order, a move that underscores their promise of bipartisanship. But this could deny them the political benefit of demonstrable progress when there are fractious conference negotiations with the House over different approaches to the minimum wage and Medicare.

"I'm becoming aware of the difficulties of the U.S. Senate in trying to pass a bill dealing with one issue," freshman Sen. Ben Cardin (D-Md.) said yesterday, urging the Senate to follow the lead of his former House colleagues and approve a clean minimum wage increase.

Republicans, however, are seeking tax and regulatory sweeteners for businesses to ease the impact of a phased wage hike to $7.25 per hour. Senate Majority Leader Harry Reid (D-Nev.) has indicated that he will back the business breaks, remarking last week that a filibuster-proof margin for a stand-alone minimum wage increase may be achievable, but, "I'm not sure I want to do that."

The Senate Finance Committee today will examine options for tax breaks that the Health, Education, Labor and Pensions (HELP) Committee can successfully pair with the wage hike. But HELP Chairman Edward Kennedy (D-Mass.) and ranking Republican Mike Enzi (Wyo.) are already dissenting from party leaders' positions on the minimum wage.

Kennedy will push for a Senate wage hike without business tax breaks at an event today with House Majority Whip Steny Hoyer (D-Md.), House Education and Labor Committee Chairman George Miller (D-Calif.), AFL-CIO President John Sweeney, and freshman Reps. Betty Sutton (D-Ohio) and Carol Shea-Porter (D-N.H.).

At least two members of Kennedy's panel, freshman Sens. Sherrod Brown (D-Ohio) and Bernie Sanders (I-Vt.), backed his approach.

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"We need to do serious business tax breaks … [but] don't link them to the minimum wage," Brown said. Sanders also called for a clean bill, saying via e-mail: "After 10 years of inexcusable inaction, I believe that the time is long overdue for Congress to pass a clean minimum wage bill."

Enzi, meanwhile, spent yesterday's GOP policy lunch tamping down enthusiasm among Republicans for adding small-business health plan provisions to the minimum-wage hike. Enzi's small-business health plan bill fell short on the floor last year, and he continues to work carefully on a compromise with Democrats that he hopes to pursue as a stand-alone issue, spokesman Craig Orfield said.

Senate Republicans also endorse other business benefits as add-ons to the wage bill, but support for including small-business health plans is being stoked in the House. There, senior Republicans gathered yesterday to tout Reid's support for a business-friendly wage bill and promote their alternative – which includes small-business health plans.

"Small business health plans would be my choice," Sen. Kay Bailey Hutchison (R-Texas) said in an interview late last week, adding that a wage increase coupled with health insurance incentives would ensure businesses are "able to give their employees a better life."

The Medicare prescription drug bill slated for House approval on Friday, which would require the Bush administration to negotiate with drug companies on behalf of Medicare beneficiaries, poses considerable challenges of its own for Senate Democrats.

Finance Committee Chairman Max Baucus (D-Mont.) has been granted first dibs on drafting a bill to fulfill the Democratic campaign promise for federal negotiation of Medicare drug prices. He will hold a hearing on the issue one day before the House considers its Medicare bill, strongly opposed by the White House.

But Sen. Ron Wyden (D-Ore.), a Finance Committee member, got 54 votes last year for a bill he and Sen. Olympia Snowe (R-Maine) authored that would allow federal negotiation of Medicare drug prices. Wyden and Snowe will release an updated version of their measure today, mandating negotiation in the case of single-source drugs, drugs created with substantial taxpayer funding, or in cases where private insurers request help.

Wyden said yesterday that he and Snowe count 58 votes in the new Congress for their plan, if freshman Democrats were added and Sen. Tim Johnson (D-S.D.), who is ailing, subtracted. Still, even if the pair can reach the crucial 60-vote threshold, Baucus could credibly claim to provide the Democratic leadership with a bigger margin, starting with his own vote.

"I'm going to work very closely with chairman Baucus," Wyden said when asked whether he would consider using his head count for leverage in discussions with Baucus, who voted against two Medicare negotiation bills last year. "I'm pleased with the discussions we've had."

Baucus is under pressure from Democratic leaders, who have vowed to approve negotiation by spring, to get a bill through the Finance Committee. Though Baucus has criticized the Bush administration's handling of the drug benefit, he was one of only two Democrats who participated in the drafting of the law creating the program.

"I suspect there [are] going to be serious questions about it in the Senate," Republican Whip Trent Lott (Miss.) said yesterday of the Medicare negotiation concept. "I'm not sure how or when Reid plans to call it up. I think Democrats have serious questions about it too."

Complicating matters for Baucus is that a majority of his committee voted for the Wyden-Snowe amendment on the floor. Baucus was the only Democrat on the panel who voted against it, while Snowe captured the support of fellow Finance member Gordon Smith (R-Ore.).

Snowe said yesterday that she and Wyden would discuss their new bill at tomorrow's Finance hearing and she hoped "some of the changes will broaden the support [for negotiation]."

Sen. Norm Coleman (R-Minn.) was one of two members missing the vote on Wyden-Snowe. Despite Democrats' emphasis on negotiation during their electoral triumph last year, Coleman said yesterday he would continue to oppose government involvement in Medicare drug prices.

"We've got a system now that's working," Coleman said, acknowledging that he would risk political attacks during his reelection run in 2008 but charging that negotiation would "add another layer of bureaucracy."

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The pressure coming from outside interest groups is considerable. Two of Washington's biggest powerhouses, the Pharmaceutical Research and Manufacturers of America, and the AARP, are facing off and are ready to bring the full weight of their influence to bear.

Island Rights And Wage Bill Intertwined (HILL)

By Susan Crabtree

The Hill, January 10, 2007

House Democrats plan to bring the Northern Mariana Islands in line with U.S. minimum wage laws under legislation that comes to the floor today, thus ending a decade of policy favoring island businesses secured by lobbyist Jack Abramoff and former Rep. Tom DeLay (R-Texas).

Democrats, however, are finding it difficult to clean up the mess Abramoff and Co. left behind, especially when dealing with the only U.S. territory that lacks a delegate in Washington. The Commonwealth of the Northern Mariana Islands' (CNMI) government has a resident representative in Washington, a position that carries no congressional office or powers, even the right to make statements on the House floor.

For years, DeLay and Abramoff worked to block a delegate bill from coming to the floor. Legislation giving the islands a delegate has passed the House Resources Committee several times in the last few years, but former Speaker Dennis Hastert (R-Ill.) never placed the bill on the legislative calendar. The presence of a Mariana delegate in Congress would diminish significantly the islands' need for a lobbyist to speak for them in Washington.

Incoming Democratic leadership said it has other reasons for opposing a CNMI delegate. House Speaker Nancy Pelosi (D-Calif.) was asked in December whether she planned to move the bill with majorities in both houses. She didn't answer directly, and later, staffers amended the press conference transcript to indicate Pelosi's opposition to the creation of a delegate.

"NOTE: Pelosi does not support a new delegate for the Mariana Islands until there are significant human rights and labor reforms there," the released transcript reads.

Education and Labor Chairman George Miller (D-Calif.) also opposes the establishment of a congressional delegate. Following a trip to the islands in the late 1990s, Miller has been a champion for reforms there, arguing that forced abortions and prostitution, as well as other human rights abuses, are rampant in Mariana sweatshops. Garment factories, many of which employ immigrant laborers from China and the Philippines, have been a pillar of the local economy. In recent years, however, international labor laws have eliminated tariffs on Chinese textiles, so Chinese companies no longer have incentive to operate factories in the Marianas.

Miller's support for a delegate has waxed and waned over the years. In 2005, he said he changed his mind on the delegate issue after the islands' governor at the time worked to improve labor conditions.

That year, Miller assailed Abramoff and DeLay during a House Resources committee markup of the bill for continuing to block it from coming to the floor.

"As a result of recent revelations in the press, we now understand far better why those bipartisan reforms and — even this legislation to create a voting delegate — have been obstructed," Miller said.

An aide for Miller says his boss no longer supports the delegate because Ben Fitial, a former garment industry executive who Abramoff and DeLay helped get elected Speaker of the CNMI House, is now governor and has vocally advocated against bringing the islands under U.S. labor and immigration standards.

A spokeswoman for CNMI Resident Representative Pete Tenorio argues that the government has spent millions of dollars to eliminate human rights abuses and ensure that labor standards and laws are enforced.

"This doesn't seem right or very democratic to have the authority and the willingness to make widespread changes to a place and not even have its concerns listened to," said CNMI spokeswoman Melinda Matson.

The islands' failing economy also is creating headaches for Democrats intent on updating labor and immigration laws there. In the late 1990s, when DeLay and Abramoff first worked to block a minimum-wage increase, the islands' garment factory industry was riding high. Now the increase would come as the region struggles to cope with a rapid decline in the industry as the

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result of international trade rules, and a decrease in tourism. As the garment business has suffered — 12 factories were shuttered in the last few years — the CNMI government has taken in fewer tax dollars and laid off thousands of workers.

The bill would increase the islands' minimum wage to $7.25 over the next four years, compared to the two years and two months it gives other U.S. employers to phase in the increase. Matson said Tenorio is not opposed to an increase in the minimum wage, but objects to the amount.

"What business could handle the doubling of their minimum wage in just a few years' time?" she asked.

Tenorio would like to modify that language to allow for just two 55-cent increases in the next year and a half. The CNMI government also wants to add a wage-review committee similar to the one that exists in American Samoa. The local government of that U.S. territory is concerned about the impact implementing the full minimum wage would have on its tuna-canning industry. Samoa's wage-review committee consults with the U.S. Department of Interior on proposed wage increases' impact, and has managed to keep minimum wages dollars below federal levels.

"We're really concerned that we're going to have businesses fail and the only safety net that we have is food stamps," Matson said.

In terms of the House bill, however, the CNMI government's pleas have fallen on deaf ears. Matson said staffers for Miller told her that modifications came too late and they plan to go forward with the straight minimum-wage increase. On the Senate side, however, informal talks are taking place at the staff level to evaluate whether any modifications could be made that would mitigate the hike's impact on the islands' already weak economy. Senators plan to attach the CNMI minimum wage hike to the broader Senate wage bill scheduled for floor action next week.

Miller did not respond to specific questions about the minimum wage bill's impact on the island.

"Workers in the Northern Marianas have suffered for years without decent workplace standards, and that is finally about to change," Miller spokesman Tom Kiley said in a written statement.

Minimum Wage, Maximum Myth (WP)

By Steven Pearlstein

The Washington Post, January 10, 2007

With Wall Street hot shots and corporate chiefs raking in obscene amounts of money, and with pay in the bottom half of the workforce barely keeping up with inflation, you'd think raising the minimum wage for the first time in a decade would be a political and economic no-brainer for the new Democratic Congress.

But you'd be forgetting about Max Baucus.

Baucus is a Democratic senator from the Republican-leaning state of Montana, which means he is on the political equivalent of the endangered-species list. So you can understand Baucus's need to vote with his constituents on things like sugar subsidies and gun control and grazing fees on public lands.

But while Baucus is surely entitled to his opinions, and entitled to do what is necessary to assure his own political survival, he is not entitled to be chairman of the Senate Finance Committee, which handles such key Democratic issues as health care, trade and tax policy. That position ought to be reserved for a statesman with enough political confidence and backbone that he isn't constantly sacrificing the interests of his party and his country to the narrow interests of his subsidy-addicted constituents.

You'd think Baucus would have learned his lesson in 2001, when he won the enmity of Democrats everywhere by striking the deal that led to passage of the Bush tax cuts, including the phase-out of the estate tax. Apparently not. For on the very day the new Democratic House is set to push through a long-overdue minimum-wage increase, over in the Senate, Baucus has called a hearing on how to offset the "economic hardship" caused by the higher minimum wage with yet another round of business tax breaks.

Consider, for a moment, the economic logic that lies behind Baucus's hearing this morning, when senators will hear from a panel of witnesses that includes Dave Ratner, owner of Dave's Soda & Pet City in Agawam, Mass.

No doubt Ratner and the others will point out that workers making at or near the federal minimum wage are nearly all employed by small businesses. We will hear all the sob stories about how struggling small businesses with thin margins will be forced to cut back on hiring, pull back on expansion plans and, in some instances, close their doors. Moreover, this won't be a

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tragedy just for small-business owners and employees but for the economy as a whole, since everybody knows that small business creates virtually all new jobs. Only another round of tax breaks can keep the great American jobs machine humming.

And here's the thing: Most of it is nonsense.

To begin, both economic theory and history suggest that small business will, in time, pass on its increased costs to its consumers. Small businesses that pay low wages tend to compete with other small businesses that pay low wages, so they will all face the same cost pressures and respond in similar fashion. The worst that can be said is that a higher minimum wage will add, very modestly, to overall inflation.

There is also general agreement among economists that a higher minimum wage, at the levels we are talking about, will have a minimal impact on adult employment. Slightly higher prices might reduce, slightly, the demand for Wendy's hamburgers, cheap hotel rooms and dog-walking services. But largely offsetting those effects will be the increased demand for goods and services by tens of millions of Americans who will finally be getting a raise. A higher minimum wage doesn't lower economic activity so much as rearrange it slightly.

The biggest lie of all is that small businesses have created most of the new jobs in America. This canard, perpetrated by the small-business lobby and embraced by politicians of both parties, has been used for decades to justify all manner of special subsidies for small business. But as economist Veronique de Rugy of the American Enterprise Institute reported in a paper last year, new jobs have been created by both large and small businesses in roughly the same proportion.

In truth, the bulk of new jobs have always been created by a relatively small number of new firms that grow fast and get quite big -- think of companies like Southwest Airlines, Google, CarMax. Most have little in common with the small-business lobby in Washington or fast-food restaurant chains or the members of the Kiwanis Club in Helena, Mont. As a rule, companies like these couldn't care less about the minimum wage or special tax breaks to offset it.

Linking the minimum wage to small-business tax breaks is specious for other reasons, as well.

During the last decade, when inflation-adjusted pay of minimum-wage workers was declining, tax rates for small businesses were also declining, thanks largely to the Bush cuts. If it is now imperative to reduce business taxes when the pay of minimum-wage workers is rising, you have to wonder if there will ever be a time when the small-business lobby thinks it doesn't deserve a tax cut.

It's also worth noting that, according to the Internal Revenue Service, small-business owners, sole proprietors and the self-employed are, as a group, the biggest tax cheats in America, responsible for $153 billion of the estimated $345 billion tax gap in 2001. What these folks deserve are more frequent visits from IRS auditors, not more tax breaks.

Real Democrats know that raising the minimum wage is the right thing to do -- economically, politically, morally. The question is why they have chosen a Senate Finance chairman who can't articulate that position without equivocation or apology even before the first vote is cast.

Steven Pearlstein will host an online discussion at 11 a.m. today at washingtonpost.com. He can be reached atpearlsteins@washpost.com.

Minimum-Wage Wrangling Has Parties Switching Roles (WSJ)

By David Rogers

The Wall Street Journal, January 10, 2007

Playing against type in the new Congress, Republicans are talking up health care while Democrats talk up tax breaks for small business.

The juxtaposition is striking as the two parties haggle over what it will take to raise the federal minimum wage, a Democratic priority now seen as inevitable after the midterm elections.

Democrats are embracing billions of dollars in tax breaks to ease the effect on small employers. But as Republican governors in California and Massachusetts bring forward state plans to help uninsured families, Republicans in Congress recognize the health-care issue's populist appeal and propose to help small employers deal with covering their workers.

The result is a three-issue Washington triangle that could have unintended consequences. Paying for small-business tax breaks, for example, may mean tightening tax shelters for the wealthy and big corporations.

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The action begins today, when the House is poised to adopt its minimum-wage bill raising the hourly rate to $7.25 from $5.15; the change would be phased in over two years, with three 70-cent increments. In the Senate, Finance Committee, Chairman Max Baucus (D., Mont.) will hold a hearing today to weigh tax breaks to help small employers, especially the restaurant industry, which wants a substantial acceleration in depreciation for new construction.

"We're a small-business country, and my state is a small-business state," Mr. Baucus said. He expects to add $8 billion to $10 billion in tax breaks to the Senate wage bill next week.

Hoping to trump the Democrats, House Republicans are pushing legislation to let employers with fewer than 100 workers seek coverage through trade-association health plans that could operate on a national scale exempt from state regulation.

"I think that this leadership has decided to go with health care because that is the most personal decision that families make each and every day, and it affects so many people," said Rep. Eric Cantor (R., Va.), the deputy whip.

"In the last 10 years, it does seem to me that the Republicans have gotten smarter in not opposing everything," said Robert Berenson, a senior fellow at the Urban Institute and a former Clinton-administration Medicare official. "Regarding the uninsured, they have wised up and are pursuing their own solutions."

Powerful Realtor and small-business lobbies have a stake, both for their members and as potential health-plan sponsors. Chief among these is the National Federation of Independent Business, a longtime Republican ally and an opponent of the Clinton administration's 1994 health overhaul plan.

Patient groups argue that the promised cost savings from AHPs will come at the expense of weakening protections for the sickest. State regulators oppose the intrusion on their jurisdiction. And bigger insurers whose small-business health plans are regulated by the states are worried that nonregulated AHPs will have a competitive advantage.

Senate Republicans made some progress toward a compromise last summer but fell short of the 60 votes needed to forestall an election-year filibuster by opponents. The question now is whether movement on the minimum wage can trigger a willingness to take a fresh look at AHP legislation and make the changes needed to reach agreement.

Facing re-election in 2008, Mr. Baucus is hopeful. "Let's see if we can reach an agreement," he said, proposing to move the minimum-wage bill first and then come back to talks on the small-business health plans. Senate Majority Whip Richard Durbin (D., Ill.), also facing the voters in two years, has an interest as well.

"We're definitely optimistic," an NFIB spokesman said later.

So far, the tax side of the political equation has been overshadowed by the health-care skirmishing. But Mr. Baucus is working with his ranking Republican, Iowa Sen. Charles Grassley, and also wants to come up with tax offsets to minimize the impact on the deficit.

The tax breaks under consideration include leasehold and expensing provisions for small employers, work opportunity tax credits as well as a plan to reduce the depreciation period for new restaurant construction from 39 years to 15 years. The 10-year cost of the package is expected to run in the range of $8 billion to $10 billion -- about half of what Congress did in 1996.

House Dems Ready To Push Medicare Negotiations (USAT)

By Richard Wolf

USA Today, January 10, 2007

WASHINGTON — Twelve years after Congress rejected President Clinton's effort to redesign the nation's health care system, the debate about the government's role in the marketplace is being joined again this week.

House Democrats on Friday plan to pass legislation requiring the government to negotiate for lower Medicare prescription-drug prices. They see it as one way to reduce the impact of the program's coverage gap, which forces seniors and disabled Americans with high drug costs to pay their full cost for a period of months.

The Medicare prescription-drug law signed by President Bush in 2003 prohibited the government from interfering in negotiations over drug prices. Those negotiations are handled by scores of private insurance plans in each state.

An advertising and lobbying blitz by consumers, insurers and drug manufacturers isn't as extensive as it was in the early 1990s — at least not yet. But the debate over this issue could signify a series of political conflicts over health care policy reminiscent of the Clinton administration's first two years.

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"This is about both money and politics," says Tricia Neuman, director of the Medicare Policy Project at the Kaiser Family Foundation, a health care research group. "This is an issue that both seniors and the public feel fairly strongly about."

The debate comes as the Medicare prescription-drug program is rebounding from a troubled start last January, when millions of low-income beneficiaries were mistakenly dropped or overcharged. More than 90% of seniors have some type of drug coverage. Individual premiums and overall taxpayer costs have come in substantially lower than projected. And for the first time in Kaiser's surveys, a majority of seniors approve of the program.

The biggest objection is the coverage gap encountered by seniors whose total drug costs exceed $2,400. Until they have paid $3,850 on their own, they receive no coverage. Proponents of price negotiations by Medicare say that would help narrow the gap.

House Democrats, who have made government price negotiations part of their first "100 hours" agenda, have public anger over drug prices on their side. A Kaiser survey shows that four in five seniors want the government to negotiate for lower prices.

"I think this is one of the reasons the Democrats took the House and the Senate," says Rep. John Dingell, D-Mich., who chairs the Energy and Commerce Committee and is sponsoring the bill. If Bush vetoes it or the administration refuses to negotiate over prices, he says, "then we'll see what the political consequences of it are."

Rep. Henry Waxman, D-Calif., has estimated it could save between $61 billion and $96 billion over 10 years. That's disputed by the Congressional Budget Office, which projects no savings, largely because the government would not be able to restrict which drugs are covered.

Private insurers and the Department of Veterans Affairs drive prices down by negotiating with drugmakers over which medicines will be offered to beneficiaries. Companies that don't cut prices risk having their drugs excluded.

A report released Tuesday by the consumer group Families USA says Medicare's prices for seniors' most frequently used drugs are about 58% higher than those provided by the Department of Veterans Affairs. Under the House bill, Medicare could not decide which drugs insurance plans cover.

"Prescription-drug plans were both envisioned and have turned out to have sufficient incentives, market share and tools to negotiate effectively," says Douglas Holtz-Eakin, former CBO director. "It doesn't look like the (government) would bring much more to the table."

AARP, the nation's largest seniors organization, backed the 2003 law but is running ads that blast Medicare for having 43 million beneficiaries "and zero bargaining power" over drug prices.

On the other side are the White House, Senate Republicans, health insurers and drug manufacturers. Health and Human Services Secretary Michael Leavitt has called the House bill a "surrogate for government-run health care." He met Tuesday with House Republicans to drive home the administration's opposition to the House bill.

Insurers are touting the current program's success in saving seniors an average of $1,200 on their drug bills while preserving their choices in drugs and pharmacies. "We've exceeded expectations," says Karen Ignagni, president of America's Health Insurance Plans.

And drugmakers are running ads against the House bill. "We're trying to remind people that it took nearly 40 years" to get a Medicare prescription-drug benefit, says Ken Johnson of the Pharmaceutical Research and Manufacturers of America. "Do we want to risk blowing it up in 100 hours?" The bill, he says, "could ultimately lead to price controls and restrictions on new medicines."

While Democrats have the votes to pass the bill in the House, it faces a closer battle in the Senate. The Senate Finance Committee opens hearings on the issue Thursday. A weaker version that allowed but did not mandate government negotiations got 54 votes in the Senate last year, six short of the 60 required to overcome Republicans' objections. Sens. Olympia Snowe, R-Maine, and Ron Wyden, D-Ore., its sponsors, count 58 or 59 votes this year — still short of what's needed.

White House spokesman Tony Fratto said Tuesday that Bush's advisers would recommend he veto the House bill. "The so-called reform sounds nice on a bumper sticker, but it's a solution in search of a problem," he said. "It would limit drug choices for seniors and impede competition."

Skeptical Senate Eyes 5-Day Week (RC)

DOJ_NMG_0114758

By Erin P. Billings

Roll Call, January 10, 2007

Senators are adjusting their travel plans to comply with the newly implemented five-day work schedule, but few believe Majority Leader Harry Reid (D-Nev.) will actually keep the chamber operating at that clip for long.

Opinions vary over how long Reid will insist on the Monday-through-Friday calendar, but Senators and aides on both sides of the aisle have little faith it will last beyond August and the unofficial start of the 2008 election season. About a third of the Senate is up for re-election in two years, and the contest for the White House — likely featuring several sitting Senators — already is in play.

"Five-day workweeks will likely last until roughly the Presidents Day recess," offered one Senate Democratic aide.

Reid is vowing to run a tight ship and has promised that the Democratic majority will not repeat the three-days-of-voting weeks that often marked the years of Republican rule. Don't expect a change in course anytime soon, Reid's office says.

"From here on out, to the extent possible, Members and staff should be prepared to have votes on most Mondays and Fridays," said spokesman Jim Manley.

Manley said Senators simply will have to "juggle" their schedules to make it work, and if some are expecting Reid to pare back the workweek, "they are going to end up being surprised."

At least in the first official week of the 110th Congress, Democrats were basking in their new majority status and were publicly unfazed by the Senate clock. Senators said after practically 12 years in the minority, they have to make up for lost time to get things done.

Sen. Kent Conrad (D-N.D.), chairman of the Budget Committee, said he "absolutely" will have to cut back his trips home but called it "very important" to cover the "backlog of work" around here. "It's absolutely essential," he said. "We've got to clear the work from last year. We've got to clear the decks."

Freshman Democratic Sen. Jon Tester (Mont.), whose commute home is lengthier than most, said the Senate schedule will "impede my ability to get home, but we've got a lot of work to do." Tester guessed that if successful in working through some its business, the Senate ultimately could "back off" of the five-day directive.

But, Tester added, "I will tell you that the three-day workweeks are over."

Public posture aside, a different tone may soon take hold among Senators. In the House, some Members already have balked at the calendar, and in fact, Democrats' pledge to hold a five-day workweek fell to four days in this, the first week of business.

"Eventually, Senators are going to say, 'I gotta go, I can't shift my whole schedule by a day to vote on a Sense of the Senate resolution,'" said a senior GOP Senate aide. "It will become a de facto three-day workweek."

One Democratic Senate staffer agreed, noting that Senators already are grumbling over a schedule that prevents them from performing constituent work and fundraising.

"While it makes for a great sound bite, the reality is that a five-day workweek is doing more harm than good," the aide said. "I would not be surprised to see things slowly revert to the old schedule."

As part of that, Senators and aides alike predicted that the Democratic leadership would soon schedule votes late on Mondays and early on Fridays. That would allow Senators to use the beginning and end of the week as travel days, they said.

Sen. John Thune (R-S.D.), who got up at 3:30 a.m. Monday to catch his flight, said while he's more than happy to make concessions to do his work in the Senate, he expects Reid may get some blow-back on the new calendar from within his own ranks. He added that if Senators are required to give up important constituent time to return to Washington, D.C., a day early, they will expect to be voting on legislation of consequence.

"We'll wait to see how long this lasts," Thune said.

Sen. John Ensign (Nev.), who is charged with electing Republicans to the chamber in 2008 as chairman of the National Republican Senatorial Committee, said regardless of how many days are on the schedule, it will do little to speed up legislative business. It's less about time spent under the Dome and more about the urgency with which Senators work, he said.

"You aren't going to get any more done" by being in D.C. five days a week, Ensign said. "You can work eight days a week, but unless people decide to get things done it doesn't matter."

DOJ_NMG_0114759

Among His Official Duties, Keeping On Top Of The 100-Hour Clock (NYT)

By Mark Leibovich

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Rob Cogorno is busy watching the clock. And not just any clock.

It is The Clock, at least as far as Capitol Hill is concerned this week — and early next week, and maybe into late next week, depending on how long House Democrats decide it will run.

Mr. Cogorno's formal title is floor director for Representative Steny H. Hoyer of Maryland, the House majority leader, but for all practical purposes, he is the Keeper of The Clock. That is the digital timepiece on Mr. Hoyer's Web site marking the passage of legislative time as House Democrats push their "Hundred Hours for a New Direction" agenda through Congress.

Mr. Cogorno, 50, is a neatly dressed, precise and exacting man whose shiny desktop in the majority leader's office holds a neat stack of newspapers and a canister of Purell hand sanitizer. He wakes promptly at 6:20 a.m. (by digital clock radio set to NPR) and has prided himself on being punctual since his parents gave him a Mickey Mouse watch when he was 6.

Mr. Cogorno tells time by his BlackBerry, but charts the official passage of "legislative time" by the stately face clock that looms above the House floor.

"We're only counting legislative hours," Mr. Cogorno says in response to the question he has volleyed repeatedly this week. "Legislative time" he explains, occurs when the House is in session and toiling at some official function — debating, voting or doing anything related to making laws. It does not count designated periods in which members can bloviate on all manner of things (say, the plumage of a state bird or the efforts of a national championship football team).

In the event of a dispute? "We decide what constitutes the 100 hours," said Stacey Bernards, a Hoyer spokeswoman. Chiefly, Mr. Cogorno decides. It is a monumental charge.

The Clock, which is also on Speaker Nancy Pelosi's Web site, was set to start running at noon. (You could imagine parents waking their newborns to catch the epic moment on C-Span.) Alas, noon arrived with a failure to launch or tick. Mr. Hoyer's office issued a news release at 12:02 p.m. titled "Update on House Democrats' 100 Hours Clock." The Clock, it said, "will begin ticking" at approximately 1:30 p.m.

At 1 p.m. many members were contemplating lunch and wondering whether The Clock had started.

"I think it has, yes," said Representative Ellen O. Tauscher, Democrat of California.

"Jeez, I don't know," said Representative Don Young, Republican of Alaska. "I don't have one of those hourglasses."

Mr. Young said he expected that Republicans would be given stopwatches "with those little Mickey Mouse thingies on them" to keep track. Either way, he says, he doesn't give a squeak.

"Hmm, let's find out," said Representative Dennis J. Kucinich, Democrat of Ohio, when asked at 2:20 p.m. if the 100 hours had started. He picked up a phone at a security station, called the Democratic cloakroom and asked for someone named Bob.

Yes, Mr. Kucinich reported, the heady hours commenced at exactly 12:57 p.m. when the House began debate on carrying out the recommendations of the Sept. 11 commission.

Or did they?

"The Clock started at 1 p.m.," Mr. Cogorno corrected, with the certitude of someone who has the final say.

Like many other Congressional staff members, Mr. Cogorno, who joined Mr. Hoyer's office in 2003 after working for Richard A. Gephardt, the former Democratic House leader, finds that these are busy hours. Clockwatching duties fell to him as a top aide to Mr. Hoyer, who is in charge of scheduling bills.

For a keepsake, Mr. Cogorno said he would make a printout of the official clock on Mr. Hoyer's Web site when it hit its 100th hour, which might not occur until the end of next week because of gratuitous speeches (the kinds that do not count as legislative time), motions or scheduling obstacles.

He also said he intended to make a printout of The Clock at 1 p.m., when the 100 hours began — except 1 p.m. had already come and gone almost two hours before this interview took place. So the souvenir would require him to turn back The Clock, which Democrats say they are loath to do these days.

Taking Day Off For Football Costs Dems Credibility (HILL)

DOJ_NMG_0114760

The Hill, January 10, 2007

House Democrats lost considerable credibility yesterday when their opening session was cancelled so that members could attend the Ohio State-Florida State football game.

This is not a joke.

It is, however, a blunt metaphor for how genuinely out of touch the members of Congress really are. How many other Americans do you suppose were given the same perk? A day off because of an evening football game? And how many school kids would like to have time off to watch their own favorite teams? What kind of message is the House leadership sending?

Is it that they don't get how bad it looks, or that they don't care?

Their record has been dismal. Last year, the House and Senate worked an average of about two days a week for their salary of $162,500. Nice work if you can find it. Responding to well-deserved criticisms, the new House majority leader, Steny Hoyer (D-Md.), with great fanfare, promised a five-day work week. But that was just talk. When it was the Republicans who were scheduling the eight-day month, Hoyer was outraged. But now that the Democrats control the calendar, he considers a football game to be a legitimate excuse for a vacation day. As he said in reference to the new House minority leader, John Boehner (R-Ohio), "There is a very important event happening Monday night, particularly for those who live in Ohio and Florida. In the spirit of comity, and I know if Maryland were playing, I would want to be accommodated, and I want to accommodate my friend, Mr. Boehner."

Apparently Mr. Hoyer is not familiar with the disdain that American voters feel for members of Congress. A mid-December Gallup poll showed that 74 percent of Americans disapproved of the job that Congress was doing. Hoyer is certainly doing his best to keep those negative poll numbers.

And there won't be a five-day work week at all in January. The Martin Luther King holiday falls next week and the Democrats and Republicans are holding respective retreats during the following two weeks. The Democrats are planning a day of speeches in two weeks, including one by Bill Clinton. Hey folks, ever think about doing this on a weekend?

So the promised "five-day" work week starts on Tuesday at 6:30 and ends at about 2 on Friday — more like a two-and-a-half-day work week.

And that might not even happen if there's another important football game.

Meanwhile in the Senate, while Sens. Barack Obama (D-Ill.), Russ Feingold (D-Wis.), Joe Lieberman (I-Conn.), Susan Collins (R-Maine) and John McCain (R-Ariz.) fight for an independent watchdog to enforce lobbying laws, Majority Leader Harry Reid (D-Nev.) insists that hearings must first be held on the issue. This is hardly a new idea. It's been proposed for years and makes sense. We've seen how little policing of lobbyists has been done — witness Jack Abramoff and his cohorts. Requiring hearings is just another stalling tactic. And, in any event, Reid is the last person who should be in charge of designing the self-policing of lobbyists. For years, his three sons and son-in-law made millions by lobbying for Nevada interests — often working out of his Senate office. Only when the press called attention to the practice did Reid bar the boys. Talk about the goats guarding the garbage! Sen. Obama spoke of "institutional resistance" to the watchdog provisions. That institutional resistance has led to serious lobbying transgressions that must be stopped.

If the Democrats want to stay in power, and if Congress wants to win the support and trust of the American people, they'd better start thinking about how their actions resonate with the average voter. Looks like it's already time for new Speaker Nancy Pelosi (D-Calif.) to use her "mother-of-five voice" and turn things around in the House. As for the Senate, let's hope the new members speak out and force real and necessary reforms. This time the country is watching.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To sign up to get all of Dick Morris's and Eileen McGann's columns for free by e-mail, go to www.dickmorris.com.

Grandma With A Gavel (WP)

By Ruth Marcus

The Washington Post, January 10, 2007

DOJ_NMG_0114761

I have to admit: The grandkids got to me. I'm sentimental by temperament, cynical by training and experience, and the longer I work in Washington, the more the latter trait prevails.

So when the newly minted speaker of the House invited her own grandchildren and the other children in the chamber to join her on the podium and touch the speaker's gavel, my first thought was: This is so choreographed. My second thought was: Awwwww.

The images as California Democrat Nancy Pelosi took office last week were striking -- and stirring -- in their unfamiliarity. Pelosi, holding her infant grandson swaddled in a white receiving blanket, as she sat in the well of the House, awaiting her election. Pelosi, with the assurance of a mother experienced at dispensing cookies to impatient toddlers, giving each child his -- and her -- turn with the gavel. Pelosi raising her hand to take the oath as her grandson, at her side, fiddled with grandma's papers.

As a journalist, I understand the calculations at work here: This plays to Pelosi's advantages, humanizes her image as shrill San Francisco Democrat. As a woman and a mother, especially as a mother of daughters, I was quietly thrilled. About the marble ceiling cracking, yes, but also about the way Pelosi cracked it -- reveling in, not minimizing, her mother- and grandmother-hood.

"Powerful" and "mommy" are not concepts we're used to holding simultaneously. We've become accustomed to women who appear comfortable wielding influence without denying their femininity; think Condoleezza Rice in those high-heeled boots or posing for Vogue in a strapless black gown.

But powerful women who also happen to be mommies have tended to play down the mommy thing, almost as if they think it would diminish their ability to be taken seriously. In a world where women are suspected of failing to comprehend throw-weights, having a baby on board isn't a traditional road map for success.

Pelosi is playing it differently: motherhood as preparation for public office. "Having five children in six years is the best training in the world for speaker of the House," she told the AARP Bulletin. "It made me the ultimate multitasker and the master of focus, routine and scheduling."

Asked about national security during the campaign, she would preemptively bring up her mother-of-five-ness: "Think lioness when you think of women in politics. You threaten our cubs, you're dead." As the election drew close, Pelosi made clear that she'd skip town -- even on election night -- if her daughter went into labor with her sixth grandchild.

How different is this? Imagine Margaret Thatcher threatening to deploy her "mother-of-five voice." When her first grandchild was born in 1989, the prime minister declared with regal glee, "We have become a grandmother," and that was it for the cuddliness.

Pelosi's mommy shtick can get a little clunky (the lioness bit never worked for me) and a little treacly ("Let's hear it for the children, we're here for the children.") But it serves as an important confirmation of women's increasing comfort with their dual roles, and the need for society and the workplace to adjust accordingly.

I started my career in the "dress for success" era, in which women were solemnly instructed to dress as much as possible like male wannabes, in somber suits complete with floppy faux-ties. (Compare Pelosi's swearing-in outfit: scoop-necked aubergine suit and pearls-on-steroids.) Even more important than looking like men was acting like them -- to suppress any suggestion that motherhood might compete with career. If you had to cut out of the office for the third-grade play, better to plead an emergency root canal than look like a mom. That is changing -- now men, even men in politics, wave around their family obligations as badges of decency.

But the Pelosi paradigm could use an update: Pelosi 2.0. The new speaker did stay home and bake cookies; she wasn't elected to Congress until she was 47 and her kids were grown. For better or worse, and with or without a wealthy husband, this isn't especially feasible for most women now. For one thing, we tend to have children later; for another, employers aren't eager to hire women with stale degrees and atrophied skills. The key to ensuring future Pelosis is a workplace that accommodates women -- and men -- looking for ways to shuttle in and out of work or to craft flexible schedules that let them be good employees and good parents.

Who better to help accomplish this than a female speaker? As 8-year-old Madeleine said of her grandmother at the women's tea honoring Pelosi last week, "Because my Mimi got this job I think more women will get jobs like hers."

When Madeleine finished, Pelosi gave her a hug, and then, like grandmothers everywhere, brushed the child's hair out of her eyes.

DOJ_NMG_0114762

Senate Moving On Ethics Bill (AP)

By Jim Abrams

AP, January 10, 2007

Senators moved Tuesday to put more muscle into legislation to sanitize their tarnished image with proposals requiring lawmakers to pay charter rates for corporate jet rides and shell out the full cost for Skybox tickets to sporting events.

Members of Congress need to "demonstrate once and for all that we care more about representing the American people than the perks of power," Sen. Dianne Feinstein, D-Calif., said.

Picking up on the anti-corruption theme that helped bring them to power, Democrats in both the House and Senate have started off with legislation to ban gifts and meals from lobbyists, limit privately paid travel and shine more light on the special projects, or earmarks, that have proliferated in legislation.

Senate Majority Leader Harry Reid, D-Nev., and Republican leader Mitch McConnell, R-Ky., on Tuesday offered several alternatives aimed at strengthening the Senate bill, which has been criticized as being inadequate in several key areas.

Among the proposals were to require lawmakers to pay the full price of tickets to sporting and entertainment events and to expand the definition of earmarks to include targeted tax and tariff benefits and projects routed through a federal agency that benefit only one nonfederal entity.

Feinstein, the incoming Rules Committee chairman, said this would help stop the kind of backroom deals that sent former Rep. Randy "Duke" Cunningham, R-Calif., to jail last year for taking bribes from defense for his aid in steering Pentagon spending.

Reid separately offered an amendment to require lawmakers, already barred under the bill from participating in trips involving lobbyists, to pay full charter rates when they catch rides on corporate jets. New House rules adopted last week effectively banned all travel on corporate planes.

Currently lawmakers usually pay the equivalent of a first-class ticket, much less expensive than a charter rate, when they travel by private jet. Members from larger states such as Alaska or Texas argue that they would be unable to visit remote areas of their states without using non-commercial jets.

The amended bill, in addition to requiring a two-year waiting period before former members can lobby Congress, would bar lawmakers from negotiating for jobs with lobbying firms while still in office.

"We should not tolerate a committee chairman shepherding the Medicare prescription drug bill through Congress at the same time that he is negotiating a job with the pharmaceutical industry to become their top lobbyist," said Sen. Barack Obama, D-Ill.

He was referring to former Rep. Billy Tauzin, R-La., who left Congress in 2005 to head the trade group representing pharmaceutical companies. Tauzin had chaired the committee that regulated drug makers and was a key player in passing the prescription drug bill that critics said was favorable to the pharmaceutical industry.

The Senate is expected to be on the ethics bill through next week, and it is unclear when they will vote on the proposed amendments.

The legislation, in the wake of the scandals involving former lobbyist Jack Abramoff and Cunningham last year, has strong support, but Sen. Trent Lott, R-Miss., warned his colleagues to be careful of overreacting and "feckless positioning to make it look good." He said he was "offended that somebody says that for the price of a meal I can be had by a lobbyist or anyone else."

Lott also urged caution in considering another idea that is certain to come up during the debate, the creation of an independent office of public integrity to investigate ethics charges against lawmakers.

But Democratic Whip Sen. Richard Durbin, D-Ill., said the lobbying bill falls short of addressing the bigger question of the financing of political campaigns. The bill would ban a lobbyist from buying him lunch, he said, but "tomorrow that same lobbyist can have me over for lunch at his lobbying firm to provide campaign funds for my reelection campaign and its perfectly legal."

Ethics Debate Begins (RC)

By Tory Newmyer

Roll Call, January 10, 2007

DOJ_NMG_0114763

Senate leaders from both parties on Tuesday pushed into a likely two-week lobbying and ethics reform debate by unveiling a package of changes meant to beef up the overhaul bill the chamber passed handily last spring.

But the drive to strengthen ethics rules is off to a slow start in the Senate, where leaders had hoped to pick up momentum from House approval last week of sweeping rules changes. Senators have yet to vote on any amendments, and aside from two proposals offered by Senate leaders, only Sen. David Vitter (R-La.) had offered an amendment by Tuesday evening.

A substitute measure offered Tuesday by Senate Majority Leader Harry Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) broadens the definition of earmarks covered by new disclosure requirements, mandates tickets to sports and entertainment events be priced at market value, strengthens criminal penalties for lobbyist scofflaws, and imposes a number of changes meant to make Senate procedures more open and fair.

But it left out several reforms — touted as critical by public-interest groups — addressing gifts and travel. Reid picked up those proposals and offered them himself in a separate amendment. His plan tightens bans on gifts and privately funded travel and, most controversially, would force Senators to pay charter rates for rides they catch on corporate jets.

The corporate jet proposal already has met with opposition from Senators who will play a key role in the reform debate. Both Rules and Administration Chairwoman Dianne Feinstein (D-Calif.) and ranking member Bob Bennett (R-Utah) — who are helping manage debate on the bill — spoke out against the change, arguing it would make it impossible for Members representing large, rural states to travel and reach constituents.

"An absolute firm ban on any kind of flight unless you're paying hourly commercial rates is saying to the Senator from Alaska, 'You cannot travel around your state,'" said Bennett, referring to Sen. Ted Stevens (R-Alaska), another foe of the jet proposal.

Reid is one of the Senate's most frequent users of corporate jets, taking six trips alone through November of last year, according to PoliticalMoneyLine.com. The Majority Leader acknowledged Tuesday that he hasn't been a stranger to corporate planes, saying, "I've been on private airplanes a lot over the years." Still, he said it was important for Senators to start paying charter rates for the flights "to remove even the appearance of impropriety from this body."

Congressional watchdogs said taken together, Reid's proposals marked an encouraging start to the reform process.

"It's a very important beginning in that the fight for three key ethics reform issues are being led on the floor by Senate Majority Leader Reid," said Democracy 21 President Fred Wertheimer. But, he added, "we have votes and fights ahead."

Reform advocates said in addition to the corporate jet provision, they are preparing for struggles over two other priorities: an independent Office of Public Integrity to investigate ethics complaints that Senate reformers are expected to try to add to the bill, and new disclosure requirements for grass-roots lobbying efforts already in the base text.

The grass-roots lobbying measure is being opposed by an array of conservative groups that argue the requirement would pointlessly force small organizations with modest budgets to file disclosure reports. "We just feel it's a gross abuse of our Constitutional rights," said Dick Dingman, senior counsel for the Free Speech Coalition Inc., which represents more than 50 groups opposing the plan.

Bennett last spring tried to strike the grass-roots language from the bill while it was still in committee, but his effort fell short and he did not try again on the floor. A spokeswoman for the Senator said he has no plans to offer any specific amendments to the bill this year.

Vitter proposed banning lawmakers' family members from serving on the payroll of their campaign committees or leadership political action committees. He also offered a campaign finance reform measure aimed at Indian tribes and a plan to impose criminal penalties on lawmakers and executive branch officials who knowingly file inaccurate financial disclosure reports.

Reid said he would keep the chamber in session past noon next Friday if it takes that long to wrap up work on the bill. House Democrats, meanwhile, are waiting to see what the Senate produces before finalizing work on their own reform legislation, aides said.

Well-Grounded Ethics Reform (NYT)

The New York Times, January 10, 2007

DOJ_NMG_0114764

The Senate's new majority leader, Harry Reid, like most of his colleagues on both sides of the aisle, is an admitted frequent flier on posh lobbyist-provided corporate jets. So we were very pleased yesterday when he proposed legislation that would require senators to pay the full charter-flight fare if they wanted to ride in the style of a C.E.O.

Speaker Nancy Pelosi took the issue further with a full House ban on private jet perks, enacted through a rules change, not legislation. But Senator Reid's initiative could be just as effective, provided no loopholes creep in as the Senate takes up wide-ranging proposals for ethics reform.

No less vital to the new Democratic majority's corruption-fighter claims is the need to create a public integrity office of nonpartisan professionals to help Congress police its own misbehavior. The Republican-controlled Senate rejected the idea last year, but voters soon put a new hand on the gavel. Senator Reid and Ms. Pelosi should both move quickly to create such an office.

Senator Reid also wants his chamber to repair its flimsy regulations by banning gifts, travel and entertainment boons — not just from lobbyists, but from their corporate employers. This should be enacted with bipartisan support, along with more measures to strike at the heart of the corruption issue: the mutual back-scratching of lobbyists and lawmakers who routinely barter lucrative campaign donations for lucrative legislative favors.

Strong proposals are to be debated in coming days, including legislation that would require lobbyists and lawmakers to provide fuller public disclosures of who raises how much for whom. Another proposal would shine a bright light on "earmark" trafficking — the process by which lawmakers slip last-minute, debate-free and unsigned amendments into bills on behalf of favored pleaders. A third proposal would curb so-called "Astroturfing," requiring the disclosure of the finances of lobbyists' phony grass-roots pressure groups.

It is far past time for Congress to end all these practices. And far past time for Congress to clean up the lobbying industry and itself.

Down-to-earth Ethics (LAT)

The Los Angeles Times, January 10, 2007

THE SENATE prides itself on being different than the "other body" — the more plebian and poll-driven House of Representatives. But do members of the World's Greatest Deliberative Body really want to define themselves by their greater willingness to hop aboard a corporate jet?

You might think so, judging from the rumblings from senators unhappy about the pressure to follow the ethically energized House in banning travel by members on corporate planes

Sen. Dianne Feinstein (D-Calif.), who chairs the Rules Committee, worried in an interview with The Times that prohibiting such hitchhiking, or making it too costly — such as requiring senators to pay a charter rate — "would make it very difficult for many members to get to, and around, their states on a timely basis."

Feinstein does support publicizing senators' trips on corporate jets. But in this case, disclosure isn't an adequate remedy for the reality and the appearance of cuddling up to special interests. And although Feinstein's objections may be rooted in a concern about responsiveness to constituents, that's not the only reason senators like to fly corporate.

"Why do you think there's resistance?" Sen. Barack Obama (D-Ill.) asked, and then provided the answer: "Because corporate jets are nice…. They're convenient. They're waiting for you. You don't have to take your shoes off."

We don't know whether he took his shoes off, but according to a watchdog group, Senate Minority Whip Trent Lott (R-Miss.) was a frequent flier on corporate jets from 2001 to 2005, spending $165,724 to "reimburse" the planes' owners at the commercial rate. Under a proposal backed by Obama and Sen. John McCain (R-Ariz.), senators flying on corporate planes would have to pay the much steeper charter rate — a requirement that reformers think would discourage the practice.

The charter option, which we have endorsed in the past, would be a major improvement. Even better would be an outright ban on senators accepting lifts on corporate planes.

The Senate apparently isn't afraid of being accused of "me-tooism" when it comes to matching the House on other ethics reforms, such as refusing to accept gifts from lobbyists. It should be equally open to emulating the "other body" on this issue. Straighten up and fly right, senators.

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Sen. Johnson Upgraded To Fair Condition (AP)

By Mary Clare Jalonick

AP, January 10, 2007

Sen. Tim Johnson's condition has been upgraded from critical to fair, four weeks after he was hospitalized for a brain hemorrhage, and he no longer needs a ventilator to help him breathe.

Johnson is breathing independently after using a ventilator for several weeks, most recently only at night, his doctor, Vivek Deshmukh, said Tuesday.

The South Dakota Democrat, who underwent emergency surgery on Dec. 13, remains in intensive care at George Washington University Hospital, said his spokeswoman, Julianne Fisher.

"The senator continues to make progress," Fisher said. "The next step would be rehabilitation, and we hope that would happen within the week."

A tracheotomy tube remains in his neck to guard his airway, and the senator still has not spoken, Fisher said.

The senator is expected to leave intensive care but remain in the hospital when he begins the rehabilitation process. His office has said that his recovery is expected to take several months.

Johnson was diagnosed with the arteriovenous malformation, a condition, often present from birth, that causes arteries and veins to grow abnormally large, become tangled and sometimes burst. He was rushed to the hospital after becoming disoriented on a phone call with reporters, and he underwent surgery hours later.

His long-term prognosis is unclear. Doctors have said he is steadily improving and has been responsive to his family and physicians, following commands, squeezing his wife's hand and understanding speech. He needed the ventilator to assist with his breathing after fluid developed in his lungs as a consequence of his initial hemorrhage, his doctors said.

In cases like Johnson's, doctors often depend on the patient's ability to answer questions to assess any cognitive damage caused by the hemorrhage.

The senator's sudden illness raised questions about the Democrats' one-vote majority in the upcoming Senate session. South Dakota's Republican governor, Mike Rounds, would appoint a replacement if Johnson's seat were vacated by his death or resignation.

A Republican appointee would create a 50-50 tie and could effectively allow the GOP to retain Senate control because of Vice President Dick Cheney's tie-breaking vote.

Johnson's wife, Barbara, called his change in condition "wonderful news."

"Tim has come a long way and we have a long way yet to go, but we celebrate each victory," Barbara Johnson said. "For me, it is like watching a miracle unfold each day."

S.D. Sen. Johnson's Condition Improves (WP)

The Washington Post, January 10, 2007

Sen. Tim Johnson's condition has been upgraded from critical to fair, four weeks after he was hospitalized for a brain hemorrhage, his office said yesterday.

The South Dakota Democrat, who was taken to the hospital Dec. 13 and underwent emergency surgery, remains in intensive care.

"The senator continues to make progress," spokeswoman Julianne Fisher said. "The next step would be rehabilitation, and we hope that would happen within the week."

Johnson's office has said that his recovery is expected to take several months. The surgery was done to correct a condition called arteriovenous malformation, which involves tangled arteries.

His long-term prognosis is unclear. He has responded to his family and physicians, following commands, squeezing his wife's hand and understanding speech.

The senator's illness raised questions about the Democrats' one-vote majority in the Senate. South Dakota's Republican governor, Mike Rounds, would appoint a replacement if Johnson resigned or died.

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A Republican appointee would create a 50-50 split and could allow the GOP to retain Senate control because of Vice President Cheney's tiebreaking vote.

Moving Ahead On Stem Cells (NYT)

The New York Times, January 10, 2007

House Democrats are poised to push through a bill this week that would loosen President Bush's restrictions on federal support of embryonic stem cell research. The bill will be opposed by legislators beholden to religious conservatives. Many are likely to cite a new study suggesting that broadly useful stem cells can be derived from amniotic fluid without destroying embryos to get them.

The new study, while certainly intriguing, in no way lessens the need to widen the array of embryonic stem cells available for research and ultimately therapy. The Democrats' proposal is extremely modest — about the least that could be done to accelerate progress in this promising field. It deserves support from veto-proof majorities in both houses.

Under the policy enunciated by Mr. Bush in 2001, federal money can be used to support research on only 20 or so stem cell lines that existed before the policy was set. Many of these cell lines are deteriorating or contaminated. And their number is far too small to allow the full range of research needed to explore the value of stem cells for treating Parkinson's, diabetes, spinal cord injuries and other serious ailments.

The Democrats' bill would expand the number of lines by directing the secretary of health and human services to finance research using human embryonic stem cells regardless of when they were derived. The source of these cells would remain highly restricted. No embryonic stem cells could be tailor-made to study specific diseases or therapies. The stem cells would have to be derived only from surplus embryos that were originally created for fertility treatments and would otherwise be discarded.

An alternative approach that attracted wide attention this week was described by scientists at the Wake Forest University School of Medicine. They extracted stem cells from the amniotic fluid of pregnant women and used them to create muscle, bone, fat, blood vessel, nerve and liver cells. These stem cells, spun off by the developing fetus, seem to have some — though quite probably not all — of the versatility that allows embryonic stem cells to grow into a wide range of body tissues. The fetal cells are easily obtainable from the amniotic fluid during amniocentesis, a diagnostic procedure often performed in the second trimester of a pregnancy.

Even so, it would be a mistake to use this promising research, which has yet to be replicated or fully accepted by other scientists, as another excuse for hobbling embryonic stem cell research. The days-old embryonic cells are likely more versatile than fetal cells extracted months later from amniotic fluid, and they allow a range of research on the very earliest stages of human development.

Stem cell research holds enormous promise, though top researchers say it could take a decade or more to develop useful therapies from it. At this point, it is important to explore all approaches: using "adult" stem cells, which can grow into a very limited range of body tissues; the cells found in amniotic fluid, which may yield a broader range of tissues; and the most versatile cells of all, those derived from early human embryos.

Labor's Money Grab (WSJ)

The Wall Street Journal, January 10, 2007

Compulsory dues are the financial foundation of Big Labor's political power. So you can bet union officials will be paying special attention today as the Supreme Court hears oral arguments in a case that could affect how that money may be spent.

The appeal consolidates two cases from Washington state, where even nonmembers of unions can be forced to pay collective-bargaining dues as a condition of employment. In 1992, Washington voters rebelled against that obligation; they overwhelmingly approved a paycheck protection law that requires unions to get "affirmative authorization" from workers who don't belong to the union before spending their dues money on politics.

The state teachers union, the Washington Education Association, challenged the voter-passed law, and a state Supreme Court ruling last year struck it down on the grounds that it violated the First Amendment free-speech rights of union officials. It's a novel rationale, to say the least.

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After all, every other special interest group trying to raise money for a political cause has to contact people and persuade them to contribute. That includes the National Rifle Association, Emily's List, the trial lawyers and Chamber of Commerce. But the Washington Supreme Court held that such opt-in provisions were "too heavy an administrative burden" for unions and thus unconstitutional. The state appealed the ruling, and the U.S. Supreme Court now has a chance to decide in Washington v. Washington Education Association and Davenport v. WEA.

Washington is one of a half-dozen states to pass a paycheck protection law. And if the lower court ruling is upheld on the principle that unions have a constitutional right to extract money for political activities from even nonmembers, these laws could be jeopardized everywhere. Such a ruling could also undermine so-called "right to work" laws in 22 states, where workers currently can decide for themselves whether to join or support the union. If the High Court says unions have a First Amendment right to spend nonmember dues on politics, a right-to-work law that prohibits collecting dues from nonmembers becomes problematic.

The good news is that the U.S. Supreme Court has plenty of case law to work with. In its Beck and Abood rulings, the court said workers couldn't be compelled to support a union's political expenditures. And its Hudson decision spelled out procedures for how the competing interests of the union and nonmember workers could be balanced. Namely, the court said workers must be given an opportunity to opt out of political spending and receive a refund for dues money that isn't used for collective-bargaining purposes.

Washington state's law takes this a step further, requiring workers to actually opt into political activities, not merely opt out of them. And that's the way it should be if workers' rights are to be protected. Why should unions be able to take money from someone who objects, put it to use for lobbying and organizing, and then refund it after the fact?

The High Court has an opportunity to clarify these matters -- and in the process stop Big Labor from continuing to trample the rights of employees averse to funding a union's political agenda.

OTHER NEWS:

Some Kentucky Voters May Have 'buyer's Remorse' Over Yarmuth (HILL)

By Sam Youngman

The Hill, January 10, 2007

Though Kentucky Republicans will focus 2007 on maintaining the governor's mansion, those in the 3rd congressional district already are gunning to retake a congressional seat lost in last year's Democratic wave.

Freshman Rep. John Yarmuth (D-Ky.), who narrowly defeated five-term congresswoman Anne Northup with 51 percent of the vote, is facing a local and state GOP bitter over Northup's defeat.

While reports are circulating that Northup, a hero to state Republicans, will throw her hat in the primary ring against embattled Republican Gov. Ernie Fletcher, a number of Louisville Republicans are chomping at the bit to win back the congressional seat that is comprised almost wholly of Louisville, the commonwealth's largest metropolitan area.

In a state that has been trending red since voting for President Bill Clinton twice in the 1990s, Louisville has proven to an exception, culminating most recently with Yarmuth's election.

The chairman of the Jefferson County GOP, Jack Richardson IV, said Louisville continues to be a conservative city, and that Yarmuth's election was less about the two candidates than a poisoned national environment.

Richardson said voters in the district are reeling from "a case of buyer's remorse" despite the brevity of Yarmuth's six-day-old tenure.

"Voters wanted to throw a tantrum to send a message," Richardson said. "[But] it's kind of like when you sober up the next day and you get a hangover and you say, 'What in the world did I do?'"

Richardson said Yarmuth, a wealthy alternative-newspaper publisher, will be "just another rich kid on the block" in Washington who will come to find the congressional workload interferes with his golf game.

"Jack Richardson has about as much credibility as President Bush," Yarmuth said. "I'll have at least a year and a half to demonstrate my commitment to the job and the district and the country, and I have no doubt that I'll do that."

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The Republican strategy against Yarmuth from the outset of the midterm race was to mine his hundreds of columns from his alternative newspaper in an effort to paint him as too liberal for the district.

"Louisville is not an overly conservative district, particularly when you're talking about economic issues," Yarmuth said.

State GOP Chairman Darrell Brock admits Louisville is "different than the rest of the state." Kentucky has been a solid red state in both of President Bush's campaigns, but Louisville voted for both former Vice President Al Gore and Sen. John Kerry (D-Mass.), though by slim margins.

A longtime political reporter for The (Louisville) Courier-Journal, Al Cross, said the 3rd District is trending Democratic, with a large number of "traditional blue-collar, grey-collar heritage Democrats," who want to vote the party line if presented with a viable option.

"It's not a friendly district, if you will," Brock said. "[But] at the end of the day, the state is trending Republican."

That said, both Brock and Richardson acknowledged that Fletcher's rocky tenure, compounded by at least one primary challenger thus far, creates potentially dangerous ground for the party. Fletcher was the first Republican elected governor in the state in 32 years, but his administration has been haunted by a series of high-profile indictments and subsequent pardons.

Fletcher's approval ratings hovered around, and even below, 30 percent most of last year after he pardoned a number of indicted and unindicted administration officials following an aggressive grand jury investigation into the governor's hiring practices. State Republicans acknowledge that there is some concern that there could be an Ohio-effect, where a troubled state official causes headaches for the entire party.

Richardson pointed to the example of former Ohio Gov. Bob Taft's tainted administration that created an environment in which Democrats were able to make significant gains on every level. Richardson said Taft "practically destroyed the Republican Party there."

The 2007 governor's race will be the first test of party strength in Kentucky, setting the stage for the congressional campaign, Brock said.

"Frankly, if we win the governor's office, it makes it easier to retake the congressional seat," Brock said. "I think the trend is still clearly there. I won't say [the Northup loss and Fletcher troubles] stopped it, but it clearly slowed the momentum."

Possible challengers to Yarmuth include Erwin Roberts, a former Fletcher administration official and member of the University of Kentucky Board of Trustees, and Chris Thieneman, a builder and contractor popular in the growing southern area of the district, according to a source familiar with Louisville Republican politics.

Roberts, who is black and described as "conservative, well-spoken and better looking than Barack Obama," was named one of the unindicted co-conspirators in the hiring scandal, according to reports.

Cross cautioned that Roberts's baggage from his time with the governor could prove to be a substantial liability.

Though Richardson wouldn't comment on the names of potential candidates, he did say he thought a front-runner would emerge quickly despite the attention being paid to what is sure to be a hotly contested governor's race. He added that he thinks it is "a foregone conclusion" that Northup will enter the governor's race, giving her more than a 50 percent chance to win.

The filing deadline for the governor's race is Jan. 30, after which, Richardson said, potential House candidates will begin to come forward, making their intentions known and beginning the process of raising money.

Yarmuth said he expects the fundraising process to run more smoothly this time around, as many of the district's Democratic donors had long thought the seat to be out of reach.

The congressman was not thought to be a favorite of former Democratic Congressional Campaign Committee Chairman Rep. Rahm Emanuel (D-Ill.). Newsweek's Howard Fineman described Yarmuth as "Emanuel's fourth choice."

Yarmuth conceded the notoriously abrasive Emanuel "was skeptical of my chances," but he insists that no bad blood remains and Emanuel has been helpful in securing committee assignments.

As for Roberts, Thieneman or any other Louisville Republican looking to 2008, Yarmuth says he will be ready.

"I'm not taking anything for granted, but I'm not afraid of any candidate," he said.

DeMint Endorses Romney For President (AP)

By Jim Davenport, Associated Press Writer

DOJ_NMG_0114769

AP, January 10, 2007

Sen. Jim DeMint has endorsed former Massachusetts Gov. Mitt Romney in the 2008 presidential race, according to a letter the South Carolina senator is sending to state Republicans.

The endorsement letter, obtained by The Associated Press on Tuesday, marks a split between the two Republican senators representing South Carolina, which holds the first southern presidential primary.

Sen. John McCain of Arizona is favored by Sen. Lindsey Graham, South Carolina's senior senator.

DeMint's split is seen by some as a move to find a conservative alternative to McCain, but it's not that much of a surprise.

DeMint was elected in 2004.

McCain and Romney have both set up exploratory committees and started raising money for presidential bids but haven't formally declared they're running.

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DES MOINES, Iowa (AP) — Democratic presidential hopeful Tom Vilsack on Tuesday called on Congress to block funds for additional troops in Iraq but expressed misgivings about using the power of the purse to reduce U.S. forces.

"I think it's one way of absolutely putting that on the table," Vilsack told The Associated Press. "Mr. President, you don't have a blank check. Congress basically made a mistake by giving him a blank check at the beginning of this process. Now they are basically saying you don't get a second blank check."

Vilsack's comments came as President Bush was expected to announce on Wednesday his decision to send 20,000 more troops to Iraq.

"I'm not willing to suggest we have a cutting off of funds that would really put people in greater danger than they are today," Vilsack said.

In one of his last acts as Iowa governor, Vilsack asked state lawmakers to take a stand against the war in Iraq.

"This war has cost us a lot," Vilsack told a joint session of the Iowa Legislature as he gave his eighth and final Condition of the State address. "It has hollowed out our military, it has in my view weakened our National Guard and put our nation at risk."

"Now the president and the Congress are poised to make a big mistake even bigger by escalating America's involvement by adding more troops and investing more resources," said Vilsack, who announced his candidacy last November.

Romney, McCain Vie For House Supporters (HILL)

By Susan Crabtree

The Hill, January 10, 2007

Some House conservatives are struggling to become acclimated to their marginalized role as minority members, but in recent days at least, they've been enjoying the attention of two powerful politicians: Mitt Romney and Sen. John McCain (R-Ariz.).

Both potential presidential candidates are racing to recast their reputations as moderates. The senator and the former Massachusetts governor recognize that by courting House Republicans, they can silence critics early and tap into a large swath of grassroots support that will be key in determining the outcome of the GOP primary contest early next year.

"A lot of people wonder how a conservative got elected governor in Massachusetts," remarked GOP Conference Chairman Adam Putnam (R-Fla.), who noted that Romney called to congratulate him the day he was elected conference chairman in November. "I'm still learning about Romney and his policies."

Yesterday Sen. Jim DeMint (R-S.C.) formally endorsed Romney, splitting the key primary state's senators between the two GOP presidential frontrunners. Sen. Lindsey Graham (R-S.C.) is a good friend of McCain's and for months has been making calls on his behalf to help him round up South Carolina GOP supporters. But the endorsement came as no surprise to those watching the race closely; DeMint had held a fundraiser for Romney last year.

While Romney and McCain's efforts in South Carolina have been making headlines recently, the two also are keeping a close watch on conservative support in the House. Romney was the first to reach out to House Republicans last year, taking advantage of some conservatives' "anybody but McCain" mentality and disdain for the Arizona lawmaker's campaign-finance reform and immigration agendas. Romney has to contend with his own record on gay marriage and opposition to the Contract

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with America. In recent months, he also has made a concerted effort to reach out to Southern religious leaders to mollify any concerns they may have regarding his Mormon faith.

After hearing about Romney's early efforts, McCain began working on cementing the support of a network of House members who backed him in 2000.

Nearly all of the dozen GOP members interviewed for this article had been contacted by one of the two candidates — many of them during the first week of 2007. Although he traveled around the country for numerous GOP candidates during the campaign, former New York mayor Rudy Giuliani appears less focused on developing a dialogue with House conservatives than Romney or McCain.

Romney's decision Friday to tap Rep. Marsha Blackburn (R-Tenn.) as a senior adviser, the first House member to take on such a formal role in a campaign, has fueled speculation about Romney's and McCain's efforts to coax conservatives to join their respective camps. Romney also plans to visit House GOP members on the Hill at the end of this week, according to one knowledgeable GOP aide.

"It's no secret that a governor from Massachusetts needs to reach out to conservatives, especially in the South, if he's going to have any chance of getting the nomination," Blackburn spokesman Matt Lambert said. "He's doing that and making a very big push, especially in Tennessee."

Romney spokesman Kevin Madden said Reps. John Campbell (R-Calif.), Buck McKeon (R-Calif.) and Joe Knollenberg (R-Mich.) have come out in support of the former Massachusetts governor.

"We've reached out to a broad spectrum of the House Republican conference," Madden said. "We expect a number of people to come on board publicly soon — both in the field and the fundraising side of things."

Since Romney is currently out of office, he can spend more time on outreach than McCain, who has spent the last few months at the forefront of national security issues, such as the military commissions bill last fall and the debate over whether to back a surge of U.S. troops in Iraq.

"Certainly, [Romney] has reached out more aggressively than others," Rep. Mike Pence (R-Ind.), who chaired the Republican Study Committee (RSC) last cycle, said. But Pence said he would not discount McCain's efforts, which "unquestionably" resulted in a boost among conservative House Republicans when he endorsed Rep. John Shadegg's (R-Ariz.) campaign for minority whip (even though Shadegg lost that race to Rep. Roy Blunt (R-Mo.).)

Shadegg doesn't have a formal role in the McCain campaign yet, but he has been buttonholing fellow House Republicans on the Arizona senator's behalf, an effort he has stepped up in recent days. McCain, he said, was not 100 percent certain he would run for president until he discussed the possibility in detail over the holidays with his wife, Cindy, and family at their Sedona retreat. Shadegg, a former chairman of the RSC, said last week McCain called to give him the go-ahead to be more aggressive in his recruiting efforts in the House.

"The race is on among House conservatives," Shadegg said, underscoring House Republicans' respect for McCain on national security issues. Shadegg said so far those supporting McCain publicly include Arizona Republican Reps. Rick Renzi and Jeff Flake and that several lawmakers from various areas across the country privately support McCain. Rep. Ray LaHood (R-Ill.) has been an outspoken booster, and Rep. Christopher Shays (R-Conn.) is expected to support the fellow champion of campaign-finance reform.

"We have commitments [from House Republicans] but we haven't released them yet," a spokesman for McCain's exploratory committee, Craig Goldman, said. "The big problem right now is that we're still in the exploratory campaign."

Both candidates have been invited to speak at an upcoming Heritage Foundation retreat Feb. 1 and 2 that many conservative House members are scheduled to attend. Romney plans to discuss his efforts as governor of Massachusetts to implement a universal healthcare plan. McCain has been asked to address national defense issues. Goldman did not know whether McCain had accepted the invitation, and a call to McCain's Senate office was not returned

Perhaps the best way for the candidates to demonstrate their concern for House Republicans would be by helping to retire the National Republican Congressional Committee's debt, which escalated to more than $15 million last year. House Republicans, nervous about their own reelection prospects in 2008 and deeply concerned about the debt, may not want to hear about another politician's ambitions right now, but providing some fundraising help could change that dynamic.

House Republicans plan to tap the entire Republican Party leadership structure, including prospective presidential candidates, to help them solicit funds for the debt-retirement effort, one GOP aide said. McCain, Romney and Giuliani already earned plenty of credit for fundraising during the past election cycle. In the final months of the campaign, McCain, as well as Giuliani, crisscrossed the country to appear with candidates at fundraisers and public events.

"As far as trying to help keep the majority, no one worked harder than John McCain in 2006," said Goldman.

McCain's Straight Talk America PAC doled out roughly $280,000 to 75 candidates, $30,000 to the National Republican Senatorial Committee and $15,000 to the NRCC during the 2006 cycle. Romney, for his part, gave $171,000 to 64 candidates, $26,000 to the NRSC and $2,000 to the House Conservatives Fund, the RSC's PAC. Not to be outdone, Giuliani contributed an impressive $366,000 to 71 candidates.

Romney began his conservative outreach early. His $2,000 donation to the RSC's PAC came in September 2005 and he attended a fundraiser for the PAC months before, in June.

"I've spent some time with Gov. Romney and I like what I have seen," said Rep. Tom Feeney (R-Fla.), a prominent RSC member who heads up the PAC. "He seems to be a Ronald Reagan, supply-side Republican."

Feeney's positive reaction is proof that Romney's talks are producing results. Madden said most of the discussions with House Republicans revolve around Romney's commitment to fiscal discipline. Shadegg, meanwhile, said McCain and House conservatives have had their differences in the past, but they largely agree on national security issues.

However, the current Iraq "surge" strategy already is dividing conservative House members. Rep. Pete Hoekstra, the ranking member on the Intelligence Committee and a Republican from Michigan, a key primary win for McCain in 2000, last week said he opposes a dramatic increase in troops, arguing that the Iraqi military is on the verge of being ready to take over.

Hoekstra has not committed to either possible contender and said he remains open to both of their arguments. McCain called him last week and Romney had visited his district a month ago. Meanwhile, Rep. Jack Kingston (R-Ga.) said Romney had planned to visit his district "to meet with some Bush-Cheney" folks last weekend.

Rep. Jeb Hensarling (R-Texas), who chairs the RSC, said he has known McCain personally for a number of years but didn't know Romney until he spoke at the fundraiser for the RSC's PAC. He too has not committed to either candidate.

"House Republicans will certainly be a part of any presidential strategy, and my guess is we'll end up having a pretty healthy dialogue about who to support," he said. "House conservatives will be looking for the candidate that most closely resembles conservative values to take up our banner into November and capture the hearts and minds of the American public. That's what we're going to be looking for."

Iowa GOP Chairs Cool To McCain (RC)

By David M. Drucker

Roll Call, January 10, 2007

Despite his status as the national frontrunner for the Republican presidential nomination, Sen. John McCain (Ariz.) appears to have an uphill climb in the make-or-break caucus state of Iowa, where a majority of county Republican chairmen say he is far from the first choice of likely caucus voters.

The prevailing sentiment in recent interviews with 63 of Iowa's 99 GOP county chairmen was one of respect for McCain as a war hero and public servant but disdain for his politics — particularly his handling of President Bush's judicial nominees and his association with the issue of campaign finance reform. Disenchantment with his candidacy reaches all corners of the state, including the pivotal Republican stronghold of northwest Iowa and vote-rich counties such as Polk, Linn and Scott.

There were some county chairmen who either voiced or predicted strong support for McCain in the January 2008 caucus, with a few more saying it is too early to anoint a frontrunner or rule anyone out. But most, even those who complimented the campaign organization the Arizona Senator and 2000 presidential candidate is assembling, said he is not conservative enough — he is too much of a "maverick," several county chairman said — to win.

"Personally, I have no use for him," said Andrea Roys, chairwoman of the Fayette County GOP in northeastern Iowa. "He tries to appeal to the media and make himself liked — and is a RINO Republican as far as I am concerned."

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David Roederer, McCain's Iowa chairman, said he takes the opinions of state GOP leaders seriously, but he expressed confidence that McCain will do well in the caucus. Public and private polls have showed McCain running first or second in Iowa, he said, arguing that the Senator has by far the best experience of any Republican running for president, particularly on the key issue of national security that generally finds him in agreement with grass-roots Republicans.

But many Iowa Republicans remain skeptical.

Romney Turning Heads

Of Iowa's 99 county GOP chairmen, 63 responded to interview requests, with 42 of those saying likely caucus-goers in their area are not inclined to support McCain. Fifteen chairmen said opinions on the Senator are mixed, with about half of them suggesting the Arizonan has significant hurdles to clear. A few of those who said their counties remain open to McCain stressed that it simply was too early to accurately gauge the feelings of likely caucus voters.

Only six county chairmen said enthusiasm for the Vietnam War veteran and four-term Senator was high.

When asked blindly which Republican presidential candidate is exciting the base, a majority of those who responded to that question with a name cited former Massachusetts Gov. Mitt Romney.

Because Iowa's first-in-the-nation caucus is so important in the presidential nominating process, McCain's showing in the Hawkeye State could prove crucial to his 2008 chances. In 2000, the Senator skipped Iowa and proceeded to lose the nomination to then-Texas Gov. George W. Bush.

Several county GOP chairmen said they had either met Romney personally, that their county party had received a donation from his political action committee, or both. Kevin Madden, spokesman for the Massachusetts Republican's presidential exploratory committee, said winning Iowa is a key part of Romney's strategy to win the GOP nomination.

"Iowa is important, and I think that is demonstrated by our efforts there," Madden said.

Despite the overwhelming disaffection for McCain among grass-roots activists in Iowa, such feelings are not unanimous.

Even some McCain detractors highly skeptical of his ability to win the caucus say views on him could change, adding that they will support him in the general election if he secures the Republican nomination.

Dickinson County GOP Chairman Bill Sackett said McCain is "fairly well thought of" in his northwestern portion of the state. Sackett referred to the Arizona Senator as the man to beat in Dickinson County, even though it is a staunchly conservative area.

"I'd say that McCain probably stands the best chance and has not antagonized either one extreme or the other of our Republican voters," Sackett said. "If I were to choose who could win our county right now, I would say McCain."

Support for Bush May Be Crucial

The county chairmen who said McCain is in good shape often cited his strong support for Bush on the Iraq War and the war on terrorism, his foreign policy views generally, and the fact that he is seen as electable nationally. A few others also referred to McCain's efforts to court the Republican base beginning in 2004 as a plus.

And even among Republican county chairmen who were critical of McCain and doubtful of his prospects, there were some who were complimentary of his Iowa staff and the campaign he has waged there so far.

Roederer, the state campaign chairman, had the same role for Bush in 2004. He rounds out an all-star Hawkeye State staff for McCain that includes Marlys Popma, a former executive director of the state GOP and anti-abortion-rights activist who is tight with social conservatives; former state Senator and state GOP Chairman Chuck Larson, considered a very talented Iowa campaign operative; and retired Army officer Evan Hultman, who is chairing McCain's Veterans Advisory Committee.

Additionally, Iowa native Terry Nelson is working for McCain as a senior adviser. Nelson worked as a Republican staffer in the Iowa Senate in 1997 and served as former Rep. Jim Nussle's (R-Iowa) campaign manager from 1992 to 1995. Nelson has been a respected fixture on the Washington, D.C., political scene since the late 1990s.

"In all honesty, the infrastructure of the campaign is just being put together," Roederer said. "Most people will take a little while to assess all candidates. We have been extremely pleased with the response from people we've contacted and visited."

Roederer argued that McCain's positions on foreign policy and national security — issues on which the Senator and grass-roots Republicans tend to agree — will carry far more weight with likely caucus-goers than will the various domestic matters that have found the two at odds.

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"What we're finding is that the overwhelming issue is national security," he said. "And by all accounts nobody comes close to Sen. McCain's experience or credentials on international issues."

Over the years, Iowa's presidential caucus has born witness to unlikely victories and shocking defeats, so McCain may yet change minds among the Republican base in the Hawkeye State. But for now, he has barriers to overcome.

A majority of GOP county chairmen were both highly critical of McCain's politics and considerably skeptical of his chances of winning the caucus.

The two issues that rankle activists the most are the Senator's cooperation on campaign finance reform with Sen. Russ Feingold (D-Wis.) and his participation in the "Gang of 14," a bipartisan group of Senators in the 109th Congress that worked together to diffuse the partisan divide over Bush's judicial nominees.

A number of county chairmen said the legislation known as McCain-Feingold has made it more costly for their county parties to advertise in local media.

Other points of contention raised by the chairmen include McCain's position on illegal immigration. He is for a guest-worker program and against building a fence along the Mexican border. Republicans disagree with him on this and specifically mentioned their displeasure over his teaming with Sen. Edward Kennedy (D-Mass.) to propose legislation.

His past positions opposing farm subsidies and government tax breaks for ethanol production also were raised. McCain has softened his stance on the issue, but distrust remains. McCain campaign spokesman Danny Diaz said the Senator remains opposed to subsidies but now favors boosting ethanol production.

"Unlike 2000, ethanol is now a competitive fuel for consumers suffering from huge increases in the price of oil," Diaz said. "Alternative forms of energy like ethanol are obviously better for the environment and have reduced our dependence on foreign sources of energy, which is critical to our national security."

Elephants' Memory

The Senator's decision to skip the Iowa caucus in 2000 and focus on the New Hampshire primary also remains as a blot on his Hawkeye State résumé, with many county chairmen saying GOP activists haven't quite forgiven McCain for bypassing them six years ago.

"I never cared for John McCain and I don't trust him," said Bonnie Hall, chairwoman of the Boone County GOP just northwest of Des Moines. "I think he's perceived as being too middle of the road — too moderate — and you never know where he's going to come down. He's very unpredictable."

Dan Schnur, a top adviser to McCain in his 2000 presidential bid, said the Senator's status as the GOP frontrunner means he could distance himself from the pack with a strong showing in Iowa.

Schnur counseled McCain to skip Iowa in 2000 and believes in hindsight that that was the correct decision, as it allowed McCain to concentrate on New Hampshire. McCain upset Bush in the New Hampshire primary, and in doing so burst onto the national scene and became a candidate to be reckoned with.

But in 2000, McCain was the upstart candidate and Bush was the favorite. As the frontrunner in the 2008 race, McCain does not have the luxury of skipping the Iowa caucus — although he doesn't necessarily have to win it to secure the GOP nod overall, Schnur said.

"A frontrunner can cement his status in Iowa, but it's very rare that a loss there deals a death blow to a frontrunner campaign," Schnur said.

For any Republican running in the 2008 presidential caucus, the contest kicks off in earnest on Aug. 11, when up to 50,000 activists will converge on the campus of Iowa State University in Ames, Iowa, for the Iowa Republican straw poll.

The event is similar to a county fair and does more than simply assess the mindset of likely caucus-goers. Those candidates who finish strong in the voting are considered well-positioned for the January caucus, and those who do not sometimes drop out of the race altogether.

Most Iowa GOP county chairmen believe it will be a tall order for McCain to change minds in their state. Unlike most of the Republicans running, McCain is extremely well-known and opinions on him are strong.

"As we say around here, he has a tough row to hoe," said Benton County GOP co-Chairman Loras Schulte.

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Ex-Gov. Gilmore Eyes GOP White House Bid (AP)

By Bob Lewis

AP, January 10, 2007

Jim Gilmore, Virginia's former tax-slashing Republican governor, on Tuesday took the first step in a long-shot bid for the presidency.

Gilmore filed papers with the Federal Election Commission in Washington to form the Jim Gilmore for President Exploratory Committee, said his aide, Matt Williams. He is the sixth Republican to form an exploratory committee — a year before the first primary votes are cast.

Like several other Republican hopefuls, Gilmore said he entered the race because the GOP field lacks a true conservative and argues his candidacy will resonate with conservatives disillusioned with the party.

"I'm here to offer the right program for the people of the United States. I'm the type of mainstream Reagan conservative that has always kept his promises," Gilmore said in a telephone interview.

The one-term governor, little known outside his state, faces an increasingly crowded field. Former Massachusetts Gov. Mitt Romney, Arizona Sen. John McCain, former New York Mayor Rudy Giuliani, former Wisconsin Gov. Tommy Thompson and Sen. Sam Brownback of Kansas also have taken the initial steps in a White House run.

Gilmore, 57, was elected governor in 1997 promising to cut the property tax that local governments in Virginia levy on personal cars and pickup trucks.

Within weeks after he was sworn in, he pushed his popular car tax cut through a legislature then controlled by Democrats. The incremental phaseout obligated Virginia to reimburse city and county treasuries dollar-for-dollar for car tax revenues they lost.

Critics warned that the reimbursements created an enormous state spending program that would eventually wreck the state's finances.

In 2001, after a recession cut deeply into Virginia tax collections and with reimbursements to localities around $700 million annually and soaring, Gilmore rebuffed efforts by fellow Republicans in the state Senate to stop the car tax phaseout.

The resulting legislative stalemate and GOP infighting left Virginia unable to reconcile its budget for the first time ever, and helped Democrat Mark R. Warner upset Republican Mark L. Earley, whom Gilmore had supported.

Warner also blamed Gilmore and the car tax for budget deficits that topped $6 billion in subsequent years.

Gilmore was among the earliest supporters of Texas Gov. George W. Bush's 2000 presidential quest, and Bush rewarded Gilmore by appointing him chairman of the Republican National Committee. Within a year, however, Gilmore left the job after disagreements with senior White House staff.

Gilmore also headed a commission Congress appointed in 1999 to investigate the threat terrorism posed to the nation.

In its report, finished one week before the attacks of Sept. 11, 2001, the commission recommended creating a Cabinet-level office to battle terrorism at home, better intelligence sharing among federal agencies, better federal cooperation with local and state authorities and increased border security.

Gilmore Moves On White House Bid (WT)

By Eric Pfeiffer

The Washington Times, January 10, 2007

Former Virginia Governor James S. Gilmore III yesterday became the latest Republican to form an exploratory committee in advance of a potential 2008 White House campaign.

"Today, I filed the papers necessary to explore a candidacy for president because I believe that this nation needs conservative leadership," Mr. Gilmore said. "Alone among those considering a candidacy for the Republican nomination, I have a record of real leadership as a tax cutter and job creator, as a leader on national security issues and as a national leader in our party."

Mr. Gilmore served as head of the Republican National Committee and Republican Governors Association.

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Sens. John McCain of Arizona and Sam Brownback of Kansas; former New York City Mayor Rudolph W. Giuliani; and former Govs. Mitt Romney of Massachusetts and Tommy G. Thompson of Wisconsin are other Republicans who have formed exploratory committees.

"Jim Gilmore is a former governor of a very important state with a strong conservative record," said Ed Gillespie, chairman of the Republican Party of Virginia. Mr. Gillespie said he is neutral on the field of Republican presidential primary candidates.

Mr. Gilmore last year traveled to key primary states such as Iowa, New Hampshire and South Carolina. In August, a group of supporters started a Web site to encourage the former governor to run for the White House.

A former Army counterintelligence agent, Mr. Gilmore served as governor from 1998 to 2002. From 1999 through 2003, he chaired the Gilmore Commission, which Congress created to assess the nation's ability to respond to a terrorist attack.

The commission released a report one week before the September 11 attacks recommending a Cabinet-level office in the White House to combat domestic terrorism and improve cooperation between federal agencies and local law-enforcement authorities.

Mr. Gilmore is serving as chairman of the National Council on Readiness and Preparedness, a nonprofit organization working to strengthen homeland security efforts.

Skeptics of Mr. Gilmore's presidential move say he is only increasing his profile in advance of a 2008 Senate campaign or a second run at Virginia's governorship.

Mr. Gilmore was elected governor of Virginia in 1997 after promising to reduce state property taxes and taxes on motor vehicles. However, a 2001 recession led to a confrontation between Mr. Gilmore and Republicans in the state legislature who wanted to reverse his car-tax cuts.

That showdown helped the campaign of Mark Warner, a Democrat who went on to defeat Mr. Gilmore's would-be successor Mark L. Earley.

A Hopeful Ponders Where To Plant Her Flag (NYT)

By Patrick Healy

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Choices, choices. The Four Seasons in Georgetown or the Four Seasons in Midtown? A town full of political leaks or a town full of mysterious odors? Easy access to hundreds of gabby Democratic strategists or easy access to the one gabby Democrat who matters most (one's husband, perhaps)?

Among the signs that the Clinton presidential kabuki is ending — that Senator Hillary Rodham Clinton will, in fact, announce her campaign for the White House soon — is a decision, Democrats close to her say, that she plans to base her campaign headquarters in or around Washington instead of in White Plains or New York, which had been under consideration.

Running from a base in Washington would make the most practical and financial sense, Clinton advisers say, and they note that she would have satellite offices in New York and elsewhere. Still, a few advisers and supporters are concerned about the decision, saying it could reinforce her image as a Washington insider (if it is possible for that to be any more of an issue) and increase the possibility of leaks to the press corps (as if, ditto).

"One group thinks headquarters should be wherever is easiest for her, and another group is worried about public perception, since Washington is an unpopular place," said an adviser who has been involved in the discussions and who insisted on anonymity. "The thing is voters in the end won't really care where she runs from."

The concerns among the pro-New York crowd are twofold. First, the Democrats' success on Nov. 7 was seen, in part, as a repudiation of insider politics. Even more, Mrs. Clinton's likely main rivals for the nomination at this point, Senator Barack Obama of Illinois and former Senator John Edwards of North Carolina, plan to run their campaigns from their home states and portray themselves as Americans who understand the hardships of average citizens.

"Washington is the center of government, but it is a very insular, myopic place," said David Axelrod, a senior adviser to Mr. Obama. "It's hard to see America clearly from Washington, D.C., and that's the danger in rooting a national campaign there."

Logistically, Washington makes sense. Mrs. Clinton, as a member of the razor-thin Democratic majority, will be needed here to cast Senate votes. Most of her advisers live and have families here, including her campaign manger, Patti Solis Doyle,

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and her pollster, Mark Penn. And unlike Chez Clinton in Chappaqua, N.Y., her spacious home here is convenient for meetings and fund-raisers, situated a few miles from the Capitol and the airport.

Her chief adviser based in New York, Howard Wolfson, is selling his apartment on Central Park West and plans to move here soon. Mr. Wolfson had been planning to do so, Clinton advisers said, because his wife, Terri, is a top aide to Speaker Nancy Pelosi, and they have a young child.

The site of Mrs. Clinton's headquarters is less of a concern in a general election, Democrats say. A top Republican rival, Senator John McCain of Arizona, is expected to base his campaign across the Potomac in Crystal City, Va., for the same logistical reasons as Mrs. Clinton's.

The last winning presidential candidate who ran from Washington and who was not an incumbent or vice president was Ronald Reagan in 1980. His operation was based at home in California until he won the nomination. Ed Rollins, the Republican strategist who was an aide in the 1980 campaign and managed the 1984 re-election effort, said news media leaks could be tougher to manage in Washington, as well as the flow of politicians who want to offer their two cents (welcome or not).

Former Vice President Walter Mondale ran from Washington in 1984, Gov. Michael S. Dukakis from Boston in 1988, Bill Clinton from Little Rock, Ark, in 1992, and Bob Dole from Washington in 1996. Senator John Kerry considered running from Boston in 2004. There were tensions between his Boston advisers and his Washington advisers, and Washington won out.

People involved in those campaigns said logistics were always the concern.

"I won the '88 nomination on long weekends," Mr. Dukakis said, "because Monday through Thursday I wanted to be in the statehouse."

In 2000, Vice President Al Gore started running from Washington and then decamped to his home state, Tennessee, in part to try to shed his insideritis. He went on to lose Tennessee, anyway.

Mr. Edwards ran for the nomination in 2004 from Raleigh, N.C. As Mr. Kerry's running mate that year, he did not carry his home state, either.

At times, Mrs. Clinton has considered home to be in Illinois, Arkansas, Washington and New York, and, advisers say, she thinks she can win all four states next year.

George W. Bush ran from Austin in 2000, when he was governor of Texas. Ken Mehlman, the chairman of the Republican National Committee who worked on Mr. Bush's campaign that year and managed it in 2004, said he viewed the headquarters location as a business decision. Austin was easier and more comfortable for the team in 2000, and an office complex in Virginia helped focus the campaign in 2004.

"I wanted a place with a lot of open spaces and few offices, where it could be collegial and not hierarchical, and a place with a restaurant, parking spaces and a gym," Mr. Mehlman said, "so people would never want to leave."

The Green Gripe With Obama: Liquefied Coal Is Still . . . Coal. (WP)

By Elizabeth Williamson

Washington Post, January 10, 2007

Who, but who, would soil the environmental reputation of Barack Obama?

The Democratic senator from Illinois gets stellar marks from greens. Just a few months ago he was calling global warming "real," saying: "It is here. . . . We couldn't just keep burning fossil fuels and contribute to the changing atmosphere without consequence."

So why then, environmentalists ask, is Obama backing a law supporting the expanded use of coal, whose emissions are cooking the globe? It seems the answer is twofold: his interest in energy independence -- and his interest in downstate Illinois, where the senator's green tinge makes the coal industry queasy.

The coal industry praises Obama's reintroduction, with Sen. Jim Bunning (R-Ky.), of the Coal-to-Liquid Fuel Promotion Act of 2007 last week, which would provide incentives for research and plant construction. The industry says the technology, which converts coal into diesel engine fuel, would reduce America's dependence on foreign oil through a new, home-mined fuel that burns as cleanly as gasoline.

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Environmentalists say focusing on coal does nothing to arrest climate change. Instead, they say, lawmakers should back cleaner alternative fuels and stricter automobile and industrial emissions standards.

"The rationale is, 'We have a lot of coal in the ground, let's put it to some use,' " said Frank O'Donnell, president of the D.C.-based nonprofit group Clean Air Watch. "It's not the best use of the coal and it's one that's almost certain to exacerbate the global warming problem." Obama's advocacy of coal liquefaction, he said, might have to do with his getting "hammered" by Illinois coal interests.

National Mining Association spokesman Luke Popovich counters that "our friends in the green community . . . don't want us to use our most abundant fuel," and adds: "They're sort of indifferent to the trend line toward greater importation of transportation fuels."

Coal liquefaction, Popovich said, is "used quite extensively in countries like South Africa."

David G. Hawkins, of the Natural Resources Defense Council, said in Senate testimony in April that "while it appears that technologies exist to achieve high levels of control for all or most of these pollutants, the operating experience of coal-to-liquids plants in South Africa demonstrates that coal-to-liquids plants are not inherently 'clean.' "

Popovich concedes the point: "Liquefied coal produces a diesel fuel cleaner than other diesel fuels, not necessarily cleaner than conventional gas," he said.

What about Obama? "Senator Obama has introduced legislation to drastically increase the production of biofuels like ethanol, and has authored legislation to increase fuel economy standards that would eventually save us 4.3 million barrels of oil a day and would reduce global warming," Obama spokesman Tommy Vietor said in a statement.

And, oh, yes: "Illinois basin coal has more untapped energy potential than the oil reserves of Saudi Arabia and Kuwait combined. Senator Obama believes it is crucial that we invest in technologies to use these resources to reduce our dependence on foreign oil."

Poaching Red State Donors (HILL)

By Alexander Bolton

The Hill, January 10, 2007

Democratic White House hopefuls such as Sens. Barack Obama (Ill.), Hillary Rodham Clinton (N.Y.) and former Sen. John Edwards (N.C.) are rushing to capitalize on an impressive national fundraising network Sen. Evan Bayh (D-Ind.) built in the mold of President Bush's pioneers program. The strength of Bayh's connections could boost his profile when the Democratic nominee selects a running mate next year.

In December, a few days after Bayh announced his decision not to run for president in 2008, about 160 of his biggest donors were scheduled to fly to Washington to craft a fundraising campaign. Several of Bayh's advisers said that "well over" 150 donors in his network had pledged to raise $150,000 each for the campaign, and a smaller group of fundraisers had promised to raise $500,000 apiece.

A unique quality of the network, say the advisers, is that it includes many donors — a group cultivated by the lawmaker, who has strong ties to the business community and espouses centrist policies — that are not in other national candidates' databases. Combined, the donors helped stockpile more than $10 million in cash on hand to Bayh's reelection fund, which can be transferred immediately to a presidential campaign and would enhance the senator's viability as a vice presidential nominee.

"He was always a top-tier candidate and he should be for reasons of message and his moderate stance, but in addition to that he not only will have in excess of $11 million or $12 million on hand, he has a tremendous network of people willing to raise millions of dollars for him," said Joe Andrew, a former chairman of the Democratic National Committee (DNC) and member of Bayh's network who himself pledged to raise half a million dollars for the senator.

Bayh's chief fundraising aide, Nancy Jacobson, who helped to build the network, already has signed on to Clinton's presidential campaign. But Edwards and Obama are also trying to snag a piece of Bayh's pie.

"I have a feeling she will guard our list pretty strong, but I heard that Sen. Edwards has made inroads with some of our people," said Richard Gordon, a member of Bayh's kitchen cabinet who first met Bayh during his father's presidential campaign.

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Bayh's network is especially valuable because many of its members are not "regular David donors," in the words of one Democrat.

Outside observers agree with Bayh's advisers that his fundraising prowess would be valuable next year after a candidate wins the Democratic nomination. That is because the nominee is widely expected to forego public financing for the primary and general elections, which would free him or her from spending limits that have constrained candidates in past years.

"Bayh could be exactly the kind of vice presidential candidate who could be most valuable in 2008 because of his established fundraising abilities," said Michael Toner, who served as Federal Election Commission (FEC) chairman last year. "In the past, the candidates at the top of the ticket didn't look to vice-presidential candidates to be major fundraising magnets.

"That's mainly because past presidential candidates have taken public money for the general election," he added. "If we're headed in 2008 to candidates turning down money for the general election, the ability of a vice-presidential candidate to be instrumental on the fundraising side has never been more important."

In total, Bayh's fundraising network consists of about 500 major donors, ranging from supporters who promised to raise $25,000 to those who pledged to collect $500,000.

One of the factors that hastened Bayh's decision to drop out of the race is that he had scheduled donors from around the country to fly into Washington to convene in the ballroom of the Mandarin Oriental hotel on Dec. 18 and 19 to assemble a fundraising roadmap.

But Bayh was facing dispiriting poll numbers in Iowa, a state where he had to do well to have a chance in the Democratic primary. If Bayh, a Midwestern politician from a farming state, could not post impressive numbers in Iowa, then his chances would have been bleak in New Hampshire.

A public poll of likely Democratic caucus voters conducted by Harstad Strategic Research in October showed that Bayh failed to draw even 1 percent of their support. A poll commissioned at the end of May by the Des Moines Register showed 2 percent of likely Democratic voters in Iowa favoring Bayh. Support for Bayh failed to materialize in Iowa even though he spent more time stumping there than any of his rivals, his advisers said.

The Register's chief political writer, David Yepsen, said Bayh made about a dozen recent visits to Iowa, and that only Edwards appeared as often in the state.

Yepsen said Obama, Bayh, and Edwards attracted the allegiances of many Iowa Democrats, and that Gov. Tom Vilsack, who is also running for president, directly competed with Bayh for centrist voters.

Gordon, Bayh's longtime friend, said that with Clinton, Obama, Edwards and Vilsack virtually guaranteed to win over a portion of the Democratic electorate, there was only a limited share of the vote Bayh could hope to pick up next January.

"If you add up all those segments, the pie shrinks dramatically," he said.

Gordon said that "a couple" of the presidential hopefuls have contacted him about joining their camps, but he told them that he would wait a few weeks before making a decision.

Bill Moreau, who served as Bayh's chief of staff during the lawmaker's first term as Indiana governor, said that though the numbers did not look promising last month, his aspirations for higher office are not finished.

"I think ultimately he came to the conclusion very rationally that this was an exercise in futility," said Moreau of the decision to drop out. "It wasn't shaping up to be something within the realm of the possible — this time around."

Schwarzenegger's Health Care Plan Draws A Large Dose Of Skepticism (NYT)

By Jesse Mckinley

The New York Times, January 10, 2007

SAN FRANCISCO, Jan. 9 — When Gov. Arnold Schwarzenegger took the oath of office last Friday, he called on legislators in Sacramento to set aside party loyalty in favor of "the Party of California."

And sure enough, just 96 hours later, Democrats and Mr. Schwarzenegger's fellow Republicans are already in agreement: his first big idea of his second term — a sweeping plan unveiled Monday to assure health care to all Californians — is promising and ambitious, but faces a long, hard fight before enactment.

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Chief among the challenges, politicians and policy analysts said Tuesday, is the enormous number of political players — from big labor and big insurance to small-county government — that would be affected by any universal health care bill.

"I cannot think of another topic that requires so many people to be heard to build consensus," said Don Perata, president pro tem of the State Senate. "You'd have to rent out Madison Square Garden to get them all in there."

Mr. Perata, a Democrat from Oakland, should know, because he wrote his own health care proposal last month, one of a series of efforts that have been undertaken in recent years to fix the state's troubled health system.

Mr. Schwarzenegger's plan would provide care to the 6.5 million Californians who currently have no insurance, including an estimated one million illegal immigrants. That is just one of the elements to which Republicans are objecting.

"Health coverage for illegal aliens is a nonstarter for us," said Robert Huff, chairman of the Assembly's Republican caucus. "It creates a magnet for them coming here rather than staying there."

Like some Democrats, Mr. Huff was also skeptical about the plan's estimated cost, which the governor's office put at $12 billion a year. "I think it's just throwing a dart at the wall," he said. "It's anybody's guess what it would cost."

Then there is the financing, which would require doctors and hospitals to pay 2 percent and 4 percent of their revenue, respectively, into a fund to cover the poor and uninsured. Mr. Schwarzenegger calls those payments a "fee," but other Republicans said that was just another word for "tax."

The California Medical Association, which represents more than 34,000 doctors in the state, gave the proposed overhaul mixed reviews. Though the association praised the idea of universal coverage, the fee on doctors could be a deal breaker.

"We feel it's a regressive tax," said Dr. Anmol Singh Mahal, the group's president.

The distinction between fee and tax is more than semantic: under California law, fees can be adopted by a simple majority vote of each house of the Legislature, while new taxes require a two-thirds majority. Democrats control both houses but do not have enough votes to muster two-thirds without Republican help.

Kim Belshé, the state's health and human services secretary, said the governor had expected people to disagree with elements of his plan.

"Health care reform is hard," Ms. Belshé said. "If these were issues that were easy to address and solve, they would have been addressed and resolved long ago."

Building consensus will be especially important for Mr. Schwarzenegger because of the referendum-addicted nature of California, where laws passed by the Legislature are sometimes overturned by ballot initiatives. In 2004 voters voided one ambitious health care law, the Health Insurance Act, which would have required medium- and large-size employers to offer care to their workers or pay a fee to the state.

Mr. Schwarzenegger's plan would employ similar "play or pay" mechanisms: employers with more than 10 workers would have to offer insurance or pay 4 percent of wages that are subject to Social Security tax into a fund subsidizing the purchase of health care for the uninsured.

Ms. Belshé said the state also expected to pay for the program in part through billions of federal dollars that California would get by increasing its Medi-Cal reimbursements to doctors and hospitals. The increase would automatically bring federal matching funds.

Such increased payments would be critical to health care providers, said Duane Dauner, the president of the California Hospital Association, because it would offset the new "fees" — or are they taxes? — the governor has proposed for doctors and hospitals.

Mr. Dauner said he thought the plan was "very innovative" but stood little chance of passing as is.

"I don't care what the plan is or who introduces it, whether it be the governor of California or the president of the United States," he said. "It goes through a process."

In California, Big Plans To Expand Health Coverage (CSM)

By Daniel B. Wood

The Christian Science Monitor, January 10, 2007

LOS ANGELES

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A sweeping plan by Gov. Arnold Schwarzenegger (R) to guarantee health insurance for all Californians - including children of illegal immigrants - is being characterized both as a bold model for improving healthcare access and as a costly government intrusion that will hurt the state's economy.

Arguments for and against near-universal healthcare have already been fought out in the few other states that have moved ahead with health-insurance reforms, namely Massachusetts and Vermont. But the sheer numbers involved in Governor Schwarzenegger's proposal - a $12 billion price tag and coverage for 6.5 million people who currently don't have health insurance - are guaranteed to raise the stakes as the California legislature considers whether to approve it.

Among the ranks of the uninsured are about 763,000 children. Of the plan's overall cost, about $400 million would be spent on those minors, no matter what their immigration status is. That aspect, in particular, is winning kudos from family groups nationally, even as it raises the ire of immigration-control advocates who worry the healthcare provision will make California that much more of a magnet for illegal immigration.

The governor, who unveiled the overhaul plan Monday, said he wanted to provide "accessible, efficient, and affordable healthcare to every Californian."

The proposal "will not only be enormously helpful for California children but will also play a very significant role at the national level," says Ron Pollack, executive director of Families USA, a nonpartisan organization that urges affordable healthcare for all Americans. "This will no doubt lend enormous support for the federal government's providing states with significant funding to expand coverage to uninsured children" through the State Children's Health Insurance Program, says Mr. Pollack, noting that the joint federal-state program is up for reauthorization.

Of all the parts of Schwarzenegger's plan, health insurance for all children may prove to be among the least controversial, say those who back the idea. In a poll released Nov. 30 by The United Ways of California (an advocate of universal child health insurance), 81 percent of likely voters in California said they support ensuring that all children have health insurance.

"Elected officials are catching up to where voters are. They know children are the most vulnerable in the population and the least expensive to cover but [that coverage will] buy a lifetime of benefit," says Wendy Lazarus of the Children's Partnership, a nonpartisan child-advocacy group based in Santa Monica, Calif., and Washington. "Governor Schwarzenegger and his advisers are saying, 'We understand.' "

Several states have been floating ideas to expand access to health coverage generally, or for children specifically. Besides Massachusetts and Vermont, New Jersey, Connecticut, Maryland, New Hampshire, Florida, Illinois, Maine, and New York are looking at health-insurance reforms. So far, the California proposal is more comprehensive for children than most - guaranteeing medical coverage for children of families earning up to 300 percent of the poverty level, or $60,000 a year.

To pay for children's coverage, Schwarzenegger calls for expanding the state's Healthy Families program, possibly by using as much as $500 million saved annually by ending state welfare payments to poor families after five years.

"I see discussion over this payment issue as something that will immediately get the backs up of Democrats, [who will be] saying, 'Hey, you can't take it from those who needs it the most,' " says Larry Gerston, a political scientist at San Jose State University.

More broadly, the call to ensure that 6.5 million Californians - 1 in 5 - get health coverage is raising cost concerns among lawmakers in Schwarzenegger's own party, among other players.

Under his plan, employers who do not provide health insurance to workers would be required to pay into a fund that would be used to help cover the working uninsured. Doctors and hospitals in the state would also be tapped - 2 percent of revenues for doctors, 4 percent for hospitals - so that those who treat low-income Medi-Cal patients could be reimbursed for their care at a more generous rate than is now the case. State Republican leaders have already complained that these elements could devastate the state economy.

"Imposing a new jobs tax on employers of any size, and expanding costly government mandates, is the wrong approach," says Assembly Republican leader Michael Villines. "It is vital that lawmakers fully consider the impact our actions will have on jobs, the economy, hard-working families, and the state budget."

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Some observers say the plan may falter as legislators try to iron out its details. "I worry that this plan is so comprehensive that it will fall apart," says Arnold Torres of the California Hispanic Health Care Association. "I don't think anyone has yet provided the kind of presentation to explain how all of this is going to come together."

Massachusetts Could Serve As A Guide In California's Health Insurance Bid (NYT)

By Pam Belluck

The New York Times, January 10, 2007

BOSTON, Jan. 9 — In its drive to provide health insurance to nearly all its residents, Massachusetts has already signed up more than half of the poorest people who are eligible.

But experts and politicians agree that the bigger challenge will be the next 150,000 people: the working poor who will get a state-subsidized rate but will still have to pay for insurance, typically $18 to $170 a month depending on their income.

"This group is going to be much more challenging," said Paul Ginsburg, an economist who leads the Center for Studying Health System Change. "They're dealing with people who don't even think about having health insurance."

As California maps out its path to near-universal health insurance, Massachusetts could offer some guideposts.

"We're really changing the culture of providing heath care," said Michael J. Widmer, president of the Massachusetts Taxpayers Foundation, a nonpartisan group that studies state spending. "For some people, it's changing the mind-set from one of showing up at the emergency room or at the local health center with a problem to understanding that they can be insured. Nobody's expecting that would happen overnight."

Devising a plan that all of the state's political stakeholders could accept took hard work and time. It dates back to at least 2004, when Gov. Mitt Romney, a Republican and former venture capitalist, proposed requiring an "individual mandate" that everyone get insurance, a feature of the plan now being proposed in California. The president of the State Senate, Robert E. Travaglini, a Democrat, also called for expanded coverage, presenting a more incremental plan than Mr. Romney's.

Then the speaker of the House, Salvatore F. DiMasi, a more liberal Democrat, demanded an expansion of Medicaid and a payroll tax for employers who did not provide insurance. Those provisions were opposed to different degrees by Mr. Romney and Mr. Travaglini, and the legislation almost fell apart.

But several factors helped propel the parties to an agreement: a federal threat to cut $385 million in financing if the number of uninsured was not reduced and the support of Senator Edward M. Kennedy, a Democrat and rival of Mr. Romney.

The plan requires about 515,000 people, most of the state's uninsured, to get health insurance by July 1 or face penalties that could include the loss of a personal income tax deduction. Medicaid was expanded somewhat to pay for those below the poverty line. The state's $1 billion pool to pay for free care was reconfigured to be used for subsidized premiums for people earning up to three times the federal poverty limit.

The state will set rules to help insurance companies create health plans intended to be affordable enough for people with lower-middle incomes.

So far, about 29,000 people at or below the poverty line have enrolled, or slightly more than half of those eligible for this type of enrollment.

The second phase, focusing on the working poor, began this month and is considered much more difficult.

The insurers selling the subsidized health plans have been trying to get the word out.

Christina Severin, executive director of Network Health, the insurer with most of the lowest-priced plans, said her company was advertising in several languages and enlisting hospitals, clinics and churches to recruit the uninsured.

The other major challenge will involve people not eligible for subsidized plans. First, the agency set up to put the law into effect, Commonwealth Connector, will have to set standards for affordable health care plans, deciding, for example, whether to require plans to include prescription coverage.

"On the one hand, there's pressure not to set the bar too low so it's not some sort of inadequate plan," Mr. Widmer said. "On the other hand, you need to have options because you're trying to draw in a lot of different groups.

Massachusetts is clearly breaking new ground, going further than other states.

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Vermont's program, passed last May, will require private insurance companies to offer coverage for the uninsured starting in October 2007. To pay for the program, employers who do not offer health insurance will pay $365 per employee, and taxes on cigarettes will increase. Unlike Massachusetts, Vermont will not make participation mandatory.

Maine's program, Dirigo, which started two years ago, has run into several obstacles. Fewer than 20,000 people have been enrolled in the program; the goal was to cover all 130,000 of Maine's uninsured by 2009.

Business and insurance groups have sued over a provision that requires private insurers to pay. And a study group recently recommended considering individual mandates, requiring employers to provide coverage and imposing new taxes.

"Maine has had a fair amount of problems because it was based on a very questionable idea," Stuart H. Altman, a professor of health economics at Brandeis University, said, adding, "It's not going well."

Terminatorcare (WSJ)

By David R. Henderson

The Wall Street Journal, January 10, 2007

MONTEREY, Calif. -- On Monday, Arnold Schwarzenegger presented his proposal for reducing the number of Californians who lack health insurance. His proposal is almost indistinguishable -- except in details -- from that of the Democrats who dominate the California Assembly and Senate.

The Democrats tend to favor solutions involving regulations, government spending and taxes, and Senate President Pro Tem Don Perata's proposal -- the main contending Democrat plan -- hits the trifecta. It would require employers to provide health insurance; give them the option of paying a tax instead of providing health insurance; and increase spending by expanding both the Medi-Cal and Healthy Families programs, which provide care to low-income children -- including children of illegal immigrants and the disabled.

Mr. Schwarzenegger's solution hits the trifecta also. He would require employers with 10 or more workers to provide health insurance or pay a 4% tax on all wages covered by Social Security: Look for employers with 10 to 12 employees to get creative about outsourcing. And look as well, as Harvard economist Jonathan Gruber has documented, for wages to fall in firms that offer health insurance because of the mandate. Gov. Schwarzenegger would throw in a 2% tax on doctors and a 4% tax on hospitals to help fund Medi-Cal, California's name for Medicaid. And he would expand Medi-Cal to adults earning as much as 100% above the poverty line and to children, even those here illegally, in poor and middle-income families. He hopes, by doing this, to shift $5 billion of Medi-Cal's annual cost to the federal government.

There are two problems with such solutions. First, they infringe on economic freedom, preventing, in Robert Nozick's phrase, "capitalist acts between consenting adults." Second, government solutions rarely work.

Why doesn't increased government power tend to solve the problem of the uninsured? There are two main reasons. First, when government provides health insurance, many people who take advantage of it drop their own privately provided health insurance. In a 1996 article in the Quarterly Journal of Economics, Harvard economists David M. Cutler and Jonathan Gruber found a 50% "crowding-out effect." As the federal Medicaid program expanded, for every two people who gained insurance through Medicaid, one dropped private health insurance. Although this is a net addition of one, the costs to taxpayers are much higher than expected because now half of the newly covered, instead of paying their own way as they previously did, become wards of the state.

Second, of the 46 million or so people without health insurance at any given time, about 45% will have health insurance within four months. This is one of the main findings of a 2003 study by the Congressional Budget Office, "How Many People Lack Health Insurance and for How Long?" That shouldn't be surprising in a country where most private health insurance is employer-provided and most unemployment spells last 11 weeks or less. Solutions that involve government mandates on employers or employees will, therefore, miss connecting with about half of the people who are uninsured at a given point in time.

But what if the governor could solve some of the problem by making health insurance cheaper? He can -- not by regulating more, but by deregulating.

Let me explain. In the last few decades, state governments, the main regulators of health insurance in the individual and small-group markets, have mandated coverages for many kinds of health care. According to the Council for Affordable Health

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Insurance (CAHI), a pro-market association of insurance carriers, there were 1,843 state mandates in 2006. Among the most common, and most expensive, mandates are chiropractic care, treatment for alcoholism and drug abuse, and mental health benefits. California's government mandates coverage for all of the above, as well as for many other benefits, including, for example, infertility treatment -- a very expensive benefit.

Abolishing these mandates would allow people who don't want to be covered for these things to buy cheaper insurance, while still allowing those who want them to buy and pay for them. Would such an approach work? That's like asking whether, if the government currently required new cars to have CD players, eliminating that requirement would lower the price of a car. Of course it would work.

It is important, though, not to overstate its benefits. The gain to Californians from abolishing these mandates would not be huge. CAHI compiled data from America's Health Insurance plan and eHealthInsurance for the individual market and from the federal government for the small-group market and found that in 2003, although California had more mandated coverages than all but six other states, it had among the lowest insurance rates for individual health insurance policies ($1,885 versus a top rate of $6,048 for New Jersey.)

The reason, explains CAHI, is that in other ways California is much less regulatory than many other states. It does not, for example, require guaranteed issue on individual policies -- which drives up premiums by forcing insurance companies to supply policies to all comers, regardless of health status. Yet the governor's proposal would reverse this somewhat and prevent insurance companies from saying no because of age and health.

California should not, contra Gov. Schwarzenegger, do new regulatory harm; rather it should repeal existing regulations that cause harm -- so as to make health insurance even more affordable.

There is one other way to deregulate: The California government could allow any Californian to buy health insurance from any willing insurer in any state and be subject to the regulations of that state. That way, people could shop for the degree of paternalism they want. If they want insurance from a state that requires many coverages, they could do so and pay the high premiums that result. If they want bare-bones coverage, they could do so also. The result would surely be that some of the current uninsured would buy insurance. Were I in the market for individual insurance and given the choice, I would not bother paying for coverage for alcohol or drug abuse.

If a version of Gov. Schwarzenegger's plan passes, the only thing certain is that there will be more regulation, more government spending and more taxes. A better path would be to deregulate, and thus achieve some increase in the number of insured -- without new spending or taxes or regulation.

Mr. Henderson, a research fellow at Stanford's Hoover Institution, was the senior economist for health policy with President Reagan's Council of Economics Advisers (1982-84). He is co-author of "Making Great Decisions in Business and Life" (Chicago Park Press, 2006).

Gov. Urges Cooperation And An Improved Infrastructure (LAT)

By Jenifer Warren

The Los Angeles Times, January 10, 2007

Sacramento — Urging lawmakers to think big and act boldly, Gov. Arnold Schwarzenegger today outlined a sweeping 2007 agenda that proposes borrowing more than $43 billion to improve California's roads, prisons, schools and water supply.

Delivering his fourth State of the State speech, Schwarzenegger also vowed to make California a leader in the fight against global warming, pledged to provide health insurance for those who lack it and restated his desire to re-map legislative districts to increase political competition.

Schwarzenegger, still on the mend from surgery to repair his broken leg, acknowledged during his speech to the Legislature that his goals at the dawn of his final term were ambitious. But he said leaders "must be ambitious to get California to the future," and he urged lawmakers to set aside their partisan predilections and find solutions that best serve the state.

"Rebuilding California is not a burden," Schwarzenegger said. "It is not a chore. It is a privilege. It is a privilege to be able to help this state reach its full potential."

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Although Schwarzenegger has made a handful of recent appearances by satellite, tonight's address marks only his second in-the-flesh event since he fractured the femur in his right leg while skiing in Sun Valley just before Christmas. His wife, Maria Shriver, appeared anxious at times as she watched her husband from the Assembly chamber's balcony.

On Friday, the Republican governor delivered an inaugural speech to about 3,000 invited guests. Aside from that, the media and the public have seen him mostly in photos -- sometimes in his hospital bed -- and via satellite feed.

Analysts commended his use of technology to convey the image of a governor whose injury had not slowed his step. But they said tonight's live appearance was critical for the 59-year-old Schwarzenegger as he paints a pathway through his next gubernatorial years.

"This is a very important speech, a chance for him to stake out his priorities in four or five areas," said Barbara O'Connor, director of Sacramento State University's Institute for the Study of Politics and Media.

Unlike the inaugural address, which was heavy on vision, the State of the State is the "nuts and bolts speech," O'Connor said, "where the rubber hits the road." Like the inaugural speech, tonight's emphasized cooperation across party lines as the key to successful policymaking - what the governor dubbed a "post-partisan" approach.

He opened by thanking lawmakers, whom he once derided as "girlie men," for "putting the people above politics last year - an election year." While the federal government was "paralyzed by gridlock and games," Schwarzenegger said, California's political leaders took action and raised the minimum wage, tackled prescription drug costs and committed to reducing greenhouse gases in the atmosphere.

He also noted that his speech was not about his vision, but about "our vision, because I think we all want the same thing for California."

They in turn, treated the governor with warm collegiality -- applauding loudly as he walked, steadily but deliberately on his crutches, in a blue suit, blinding white shirt and green tie, down the Assembly's center aisle. Greeting him with a handshake, Democrat Assembly Speaker Fabian Nunez of Los Angeles jokingly told the governor to "break a leg." Lt. Gov. John Garamendi, another Democrat, called him "honorable and courageous."

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After that chummy beginning, Schwarzenegger was off and running, speaking for about 25 minutes -- short by historical standards -- and interrupted 21 times by applause.

The centerpiece was a "strategic growth plan" aimed at shoring up the state's infrastructure, including schools, water storage, prisons and roads. Today's proposals build upon $37.3 billion in bond spending authorized in November by voters, as well as a separate $5.4 billion ballot measure for water protection and parks.

Noting that California's population is expected to increase by as much as 30% over the next two decades, Schwarzenegger said, "We still have more roads to build, more schools to construct, more universities to equip to keep up with the future … the job is not finished."

To complete it, he wants to borrow $43.3 billion in bond money over three years. Of that, $29.4 billion in bonds would be put before voters in the 2008 and 2010 elections. The remaining $13.9 billion would be lease-revenue bonds that do not require voter approval.

Schwarzenegger's finance director, Mike Genest, said the state can afford the new borrowing. But some economists called it shortsighted, predicting it would add to the financial burden faced by future generations.

The scale of the borrowing worried even some Democrats. Sen. Mike Machado (D-Linden) said he is concerned about California's bond capacity.

"I applaud the grand vision, but I am very much concerned that the state is giving away its future by bonding us forever," Machado said. "We're out there spending a lot of money and it's almost like what a lot of people do after Christmas time -- they look at their credit cards and they start looking for a new credit card to finance the old."

One of the largest chunks of money would go to the state's distressed prisons, which are floundering due to overcrowding and a medical care system deemed so bad that it was turned over to a federal receiver last year.

This year, the prison population is expected to pass 175,000, nearly twice the number the system was designed to house. More than 16,000 inmates are in triple-decker bunks and areas not designed as sleeping quarters, such as TV lounges and hallways.

"Our prison system is a powder keg," the governor said. "It poses a danger to prisoners, a danger to officers and a danger to the well-being of the public if -- as the federal courts have threatened -- we are forced to release prisoners because of overcrowding."

The governor wants to add 78,000 jail and prison beds, built at a cost of $10.9 billion, while forming a commission to examine sentencing reform. Among other things, the governor proposed:

.Building new dams to increase the state's water supply, at a cost of $4.5 billion. Part of a wide-ranging, $6-billion flood control and water policy package, the dams are portrayed by the administration as vital in a state facing continual population increases and a future water supply threatened by global warming.

While favored by Republicans and farmers, new dams have a long list of foes, including the Legislature's two Democratic leaders, Assembly Speaker Fabian Nunez of Los Angeles and Senate President Pro Tem Don Perata of Oakland.

.A $12-billion healthcare reform package, outlined in detail a day earlier, that would require all Californians to obtain medical insurance while helping the poorest residents to afford it.

.Obtaining bond financing to build 15,000 new classrooms and renovate another 40,000.

.Adding to California's landmark global warming law by ordering oil refiners and gasoline sellers to reduce the amount of carbon dioxide and other greenhouse gases emitted when cars burn fuel. The order, which should be in effect in 18 months, could lead to a 10% reduction in greenhouse gas pollution from motor vehicles by 2020.

"Our cars have been running on dirty fuel for too long," Schwarzenegger said. "Our country has been dependent on foreign oil for too long."

Creating an independent commission to redraw legislative district boundaries. Describing the state's political system as one "petrified by self-interest," Schwarzenegger noted that no state legislature has put redistricting reform on the ballot.

"California can be the leader," he told the joint session of lawmakers gathered in the Capitol's Assembly chambers. "You will not benefit politically from this. I will not benefit politically from this. But the people will benefit from this."

As he begins his final term, analysts say Schwarzenegger is no doubt thinking hard about legacy, the lasting achievements by which he will be measured over time.

In recent weeks, aides say, he has been reading speeches from the 1960s by former Gov. Pat Brown, who launched an unprecedented burst of freeway building, college expansion and water supply improvements and is remembered as a can-do politician Schwarzenegger admires.

The State of the State speech represents the governor's last open-mike moment before the nitty gritty work of carrying out his agenda begins, analysts say.

Tonight, he had the floor. Tomorrow, he must begin to woo wary lawmakers - especially those in his own party - to make his ambitious proposals a reality.

Times staff writers Nancy Vogel and Marc Lifsher contributed to this report.

Schwarzenegger Agenda Could Flex California's Muscle (WP)

By Sonya Geis

The Washington Post, January 10, 2007

LOS ANGELES, Jan. 9 -- A lesson from California: Never underestimate the ambition of a former Mr. Universe. Over the past week, Gov. Arnold Schwarzenegger (R) has unleashed a torrent of proposals to shake up everything in his state from health care to road-building to politics itself, all in an effort to reshape his party and set a national agenda.

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The most recent offering, in Schwarzenegger's State of the State address Tuesday, is a plan to cut vehicle emissions of greenhouse gases by 10 percent. He will require petroleum refineries to reduce the carbon content of their fuel over the next 13 years -- a signal to any doubters that his recent aggressive positioning as an environmentalist is not mere political theater.

"Let us blaze the way, for the U.S. and for China and for the rest of the world. Our cars have been running on dirty fuel for too long," Schwarzenegger said. "California has the muscle to bring about such change. I say use it."

The proposal requires the California Air Resources Board to set new standards for oil refineries that sell fuel in the state. They can meet those standards by combining gasoline production with that of alternative fuels, such as ethanol, compressed natural gas or hydrogen. Or they could purchase pollution credits from clean-fuel producers.

With Schwarzenegger's plans for big spending, support for issues such as raising the minimum wage and embryonic stem cell research, plus a recent wave of inclusive rhetoric, the governor has styled himself as a newer, bluer Republican, or "post-partisan," as he likes to say. He unabashedly declares that the national GOP ought to take notice.

"Not only can we lead California into the future, we can show the nation and the world how to get there," Schwarzenegger said in his address. "We can do this because we have the economic strength, we have the population and the technological force of a nation-state. We are the modern equivalent of the ancient city-states of Athens and Sparta."

The action-hero governor hopes to flex the state's muscles in the national arena starting next year. Schwarzenegger told Newsweek this week that he wants to move California's primary elections to February, giving the state more clout in presidential elections.

On Monday, he unveiled a proposal to provide health insurance for all California residents, including illegal immigrants. Last year, he used his political strength to push through $42.7 billion in bonds for roads, levees and schools. In the budget proposal he will unveil Wednesday, the governor will ask for $43.3 billion in infrastructure bonds for water supply, disaster preparedness, public safety and education.

The governor has also signaled his willingness to spend money on reforming the state's collapsing prison system -- he is under a federal mandate to reduce overcrowding -- as well as environmental research, career technical-education programs and stem cell research.

Outside California -- a state where 43 percent of registered voters are Democrats, 34 percent are Republican and 19 percent are independent -- Schwarzenegger's example may carry little weight, some observers said.

"We don't know where the Republican Party is going and if Arnold's message is going to be widely received by red-state Republicans," said Bruce Cain, director of the Institute of Governmental Studies at the University of California at Berkeley. "It works for blue-state Republicans, but does it work for red-state Republicans?"

Schwarzenegger could also face opposition from state Democrats, who are already upset by a plan to cut welfare benefits to families whose parents have not moved into the workforce fast enough. The governor would also deny a scheduled 4 percent raise in welfare payments. The plan could save hundreds of millions of dollars in Schwarzenegger's budget proposal, but Democrats in the legislature called it a "non-starter."

Schwarzenegger's ability to refashion the Republican Party is hampered by the fact that, as a naturalized citizen, he cannot lead it as a presidential candidate. In addition, he is not dealing with what many political observers say is the signature issue of the day.

"The problem is, Arnold's message is largely about domestic issues, and the national agenda right now for the foreseeable future is going to be dominated by Iraq," Cain said.

Even within California, Schwarzenegger will no doubt face opposition from his own party. The legislature is controlled by Democrats, but appropriations require a two-thirds majority to pass.

On his health-care plan, Schwarzenegger tried to sidestep Republican orthodoxy against higher taxes by calling for an increase in "fees" to pay for expanded state coverage.

"Whether or not a fee is a tax, whatever you call it, in his proposal we would not support it," said state Senate Republican leader Dick Ackerman. "There's some areas in here which we support and some areas we don't support. He's proposing covering illegal immigrants, and that we do not support."

Schwarzenegger just has to try, though, said Sherry Bebitch Jeffe, a political analyst at the University of Southern California.

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"He's Arnold. I mean, really, that's part of the equation," Jeffe said. "He wants to leave something behind. He took a chance, he ran for governor, he won, he won reelection and he's a competitor. He wanted to be Mr. Universe. He wants to be remembered as a serious, effective, successful governor."

Schwarzenegger Orders Cuts In Emissions (NYT)

By Jennifer Steinhauer And Felicity Barringer

New York Times, January 10, 2007

SACRAMENTO, Jan. 9 — Gov. Arnold Schwarzenegger said Tuesday that he would ask regulators to require the state's petroleum refiners and gasoline sellers to cut by 10 percent the emissions of heat-trapping gases associated with the production and use of their products.

The order for cuts, which the governor wants completed by 2020, follows California's trademark pattern of hitching its environmental aspirations to its market muscle. It also represents one of the first examples of a state or a national government regulating the fuel in its passenger vehicles as part of a strategy to reduce both emissions that contribute to climate change and dependence on foreign oil.

The plan, which Mr. Schwarzenegger delivered to legislators Tuesday night in his State of the State address, was the second part of a one-two policy punch the governor announced this week. On Monday, he proposed providing health care to all the state's residents, which unlike the emissions plan is subject to approval by the Legislature.

"Our country has been dependent on foreign oil for too long," Mr. Schwarzenegger said in his address. "I ask you to set to motion the means to free ourselves from oil and from OPEC. I ask you to encourage the free market to overthrow the old order. California has the muscle to bring about such change. I say use it."

The executive order asks state air regulators to take up the governor's challenge. The California Air Resources Board will be responsible for drawing the blueprints to carry out the order, with the help of advisers from the University of California, Berkeley.

It is the first example of the practical impact of a deal made last summer between the Legislature and the governor to reduce carbon dioxide emissions by about 25 percent by 2020. The transportation sector is responsible for about 40 percent of the state's carbon dioxide emissions, state officials said, and cars make up about half that amount.

The 10 percent cut in emissions would be accomplished, experts said, largely through the use of alternative fuels, like ethanol and other gasoline blends, which would be provided by the refineries and other producers.

Hal Harvey, the environmental program director for the William and Flora Hewlett Foundation, called Mr. Schwarzenegger's plan "a really big deal."

"In my opinion there are no successful rules anywhere in the world, except Brazil, to get carbon out of fuels," Mr. Harvey said. "It is the big, hairy unmentioned problem with cleaning up carbon." The European Union, he added, is considering a similar rule.

Environmentalists expected the order to turbocharge the market demand for corn-based ethanol and biodiesel fuels, and for natural gas, and to jump-start the introduction of experimental fuels like cellulosic ethanol, which is made from plant waste or nonfood crops like switch grass or wood chips.

The contemporary environmental movement links clear air goals to potential profits, and Mr. Schwarzenegger's order, with input and support from lobbyists from Environmental Defense, the Natural Resources Defense Council and the Hewlett Foundation, mirrors that approach. The companies or industries that stand to benefit financially from his plan include producers of corn-based ethanol, biodiesel and other, more experimental forms of renewable fuels.

Mr. Harvey and Fred Krupp, the president of Environmental Defense, said they hoped that the California approach would be a template for other governments, whether in state capitals, in Washington or abroad.

The plan, Mr. Harvey said, is unusual in its focus on the so-called cradle-to-grave emissions associated with each fuel. In the case of ethanol, this can mean carbon emissions generated in the production of fertilizer, in the planting and harvesting of corn, in distilling the fuel and, finally, in transporting it to the distributor and burning it in a car.

Thus, two otherwise identical gallons of ethanol could have different greenhouse-gas ratings, if one were refined using carbon-intensive coal-fired electricity, while the other was refined using relatively carbon-light electricity from natural gas.

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At a technical briefing on Tuesday, Bill Jones, the chairman of the board of Pacific Ethanol, a fuel producer, and the former Republican leader of the California Assembly, praised the effort as "the most comprehensive, well-thought-out plan I have ever seen."

The governor's staff said his mandate had the support of the oil industry. But that support was clearly not unanimous. Jay McKeeman, a spokesman for the California Independent Oil Marketers Association, which represents about 85 percent of the state's fuel distributors, said the order required too much of his industry and not enough of the automakers.

"This initiative seems to focus strictly on fuels," Mr. McKeeman said. "And of course a whole part of this equation has to be the technology that uses the fuels. That is at least as important as the carbon content of the fuel."

The auto industry, in turn, believes California has asked plenty, and has sued the state over environmental rules. Charles Territo, a spokesman for the Alliance of Automobile Manufacturers, said the trade group had not taken a position on the proposal, but added: "Currently there are more than nine million alternative fuel automobiles on the road. In 2007, manufacturers are offering 60 different models for consumers to purchase."

"Manufacturers," Mr. Territo said, "must recognize that we need to reduce our reliance on foreign sources of oil."

Mr. Schwarzenegger, who is recovering from a broken leg and appeared somewhat in pain on Tuesday, used his address to hit on other policy goals for the year, including changes to the state's health care system, the creation of thousands of new classrooms and continued investment in infrastructure.

Calling California's severely overcrowded prison system a "powder keg," he said he wanted the state to consider prison construction and hinted at the establishment of a sentencing commission to address the problems that have led to overcrowding.

He also suggested that the Legislature consider an overhaul of the state's redistricting system, which heavily favors incumbents.

"You will not benefit politically from this," Mr. Schwarzenegger said. "I will not benefit politically from this. But the people will benefit from this."

The State Of Ambition (LAT)

The Los Angeles Times, January 10, 2007

IT'S ONE THING for the governor to be ambitious. Arnold Schwarzenegger came from Hollywood, where success is impossible without ambition. It's quite another thing for the Legislature, which has historically rewarded timidity and resistance, to match his audacity. Yet that's exactly what will have to happen for California to reach the heights Schwarzenegger set for it in his State of the State speech Tuesday.

It is certainly audacious, for instance, for a governor to claim that his state can show the United States, China and the rest of the world how to free themselves from dependence on OPEC and fossil fuels. But Schwarzenegger called for nothing less. He proposed new standards that require lower carbon emissions and encourage alternative fuels while letting the market allow producers to make their own decisions about how to comply. If successful, the state would see a 10% reduction in greenhouse gases from motor vehicles by 2020. It's a bold and creative move.

So, too, is his proposal to remake the state's healthcare system to assure that the cost of caring for those who do not have insurance does not continue to fall squarely on those who do have it. His proposal has problems, but he deserves credit for putting the issue on the agenda and remaining flexible on details and open to discussion.

Schwarzenegger also has vowed to fix problems with the state's prisons. To his credit, he has acknowledged that simply building more cells will not, by itself, solve the problem. But cells are needed, and the governor proposes to spend more than $10 billion to build them.

Global warming is expected to greatly reduce the state's snowpack, which means less water in the future for a growing population. Schwarzenegger proposes $6 billion to store and manage water, including new dams and Delta improvements. The governor also proposes more funding for education and transportation. He insists that California look squarely at its booming population, a changing climate and an increasingly competitive world economy — and that it then face reality and plan accordingly.

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Unfortunately, in all the planning the governor's team seems to have overlooked the effect on the state's debt. Voters last year approved nearly $43 billion in bonds, a record, to begin rebuilding the state for the future. Now the governor is seeking an even larger amount. Schwarzenegger's vision fits the state perfectly when the economy is booming. But the economy doesn't always boom.

The governor's greatest strength is his infectious, can-do attitude. Many Democrats, almost giddy over the governor's plans, appear ready to spend. His fellow Republicans are more skeptical. The governor's task will be to convince members of both parties of the worth of his ambitions — and California's.

Ethanol Bandwagon Picks Up Speed (WSJ)

By John J. Fialka

The Wall Street Journal, January 10, 2007

In separate actions aimed at reducing "greenhouse gases," California Gov. Arnold Schwarzenegger ordered a cut of "at least 10%" in the carbon content of motor-vehicle fuels used in his state by 2020, while governors of 37 states prepared to push for a new federal rule to require greater use of ethanol fuel.

Both efforts are designed to reduce global warming and the U.S.'s reliance on imported oil, but they also could raise consumer prices for food and fuel. The initiatives also signal the increasing urgency of climate change as an issue both in state capitals and in Washington.

President Bush is expected to express more support for domestically produced ethanol when he gives his State of the Union address later this month. Meanwhile, Democratic leaders in Congress are talking up the need for alternative fuels and national emissions controls.

Announcing his carbon-reduction order in remarks prepared for delivery in his State of the State address last night, Gov. Schwarzenegger said, "California has the muscle to bring about such change."

While the details of the proposal have yet to be worked out, California officials explained that the program would leave it up to oil suppliers in the state to figure out how to reduce carbon content, but that using more ethanol, which contains less carbon, would be the most likely way. The move, they estimated, would triple the size of the state's market for ethanol and other renewable fuels.

Gov. Schwarzenegger said his order would be the first standard in the world that would diminish the use of fossil fuels, which come from deposits that have been buried in the ground for millions of years, and which release carbon into the air when burned. The regulation, which the governor ordered completed by 2008, would also include incentives for more electric and hydrogen-powered vehicles. The governor acted under his state's recently passed law to regulate carbon-dioxide emissions.

Meanwhile, the 37 governors today will propose a new federal standard that would mandate substantially higher use of ethanol fuel and offer new tax incentives for the production of cellulosic ethanol, which can be made from farm wastes and wood chips, and doesn't rely on corn, the feedstock typically used by current ethanol producers.

The proposal would require fuel sellers to increase the use of ethanol to 12 billion gallons a year by 2010, eclipsing an earlier federal mandate, contained in the 2005 Energy Policy Act, of 7.5 billion gallons by 2012. The new standard calls for the use of 15 billion gallons by 2015 and around 37 billion gallons by 2025, which means ethanol could displace about 25% of the nation's expected gasoline use.

A January 2005 proposal by the governors' coalition to mandate greater use of ethanol as fuel was quickly endorsed by President Bush and became the centerpiece of the energy bill passed by Congress.

The governors unveiled their new proposal to the president in a letter, saying, "Oil is the unquestionable epicenter of national-security crises that distort the foreign policies of many nations and that suggest potential scenarios for economic disaster."

While the new moves enjoy considerable political support and the endorsement of environmental groups, experts who watch the nation's food consumption worry that more ethanol use will drive up food prices. Michael Swanson, an economist with Wells Fargo & Co., said the demand for corn has already raised corn prices. Meanwhile, producers are already lowering the

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number of young chicks they raise and are fattening cattle less because of soaring corn costs, trends that Mr. Swanson predicted will soon raise retail meat prices.

"We're looking at corn futures trading in the range of $4 a bushel. That's as high a price as we've seen in this decade," Mr. Swanson said. Earlier spikes in the price of corn were caused by small crops, but this year's crop "was one of the largest we've ever had," he added.

Currently, ethanol is turned into motor fuel by mixing it with gasoline in blends of 10% or less ethanol. Both the pending California rule and the governors' proposal would require major owners of gas stations to provide pumps that distribute 85% blends of ethanol and give auto makers incentives to make more "flexible fuel" vehicles that can use this blend.

Craddick Retains Speaker's Post (DMN)

By Karen Brooks

The Dallas Morning News, January 10, 2007

AUSTIN – House Speaker Tom Craddick was overwhelmingly re-elected to his leadership post Tuesday night after Rep. Jim Pitts of Waxahachie withdrew from the race.

Mr. Craddick, R-Midland, was re-elected 121-27, the first major piece of business that lawmakers conducted at the start of their 140-day regular session.

ERICH SCHLEGEL / DMN Rep. Jim Pitts, R-Waxahachie, greeted Nadine Craddick, wife of House speaker Tom Craddick, Tuesday morning.

Mr. Craddick acknowledged the other candidates for speaker and praised them for encouraging debate by running. And he said he had heard from many House members about their concerns.

"I can assure you, I listened carefully," he said.

His swift victory followed a long, at times heated debate in the House over whether members should be able to cast their ballots in secret. When members decided to vote publicly, Mr. Craddick's win was clear.

Mr. Pitts, announcing his withdrawal after a week of asserting he had the support to unseat Mr. Craddick, said he wanted to end the divisive contest.

"I do not want the members who are for me to have to put in a public record how they voted," said Mr. Pitts, R-Waxahachie. He added: "It's time to heal. It's time to go on with Texas' business. That's what Texans expected."

Also Online

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More Texas Legislature

Mr. Craddick, R-Midland, faced a stiff challenge from members angry over his management style, saying that he often forced them to vote against the wishes of their constituents. But other members stood with Mr. Craddick, saying he had been a strong leader that had accomplished much as the first Republican to lead the House in modern times.

Mr. Pitts, upon withdrawing, warned that change was necessary for the House to heal. "Members, we cannot continue what we have had," he said.

The House speaker wields extraordinary power, both over individual lawmakers and statewide. He decides which committees lawmakers sit on, and he can boost or sabotage legislation that they offer. Plus, he sets the tone for legislation in the House and, with the governor and lieutenant governor, helps make major decisions on the state budget and other policies.

Mr. Pitts and Mr. Craddick had both lobbied members intensely in recent days, hoping to gain the powerful post. Mr. Pitts' candidacy benefited from the support of many Democrats, who felt particularly marginalized under Mr. Craddick.

Mr. Pitts became the lone challenger to Mr. Craddick last week, when Plano Rep. Brian McCall, the initial lawmaker to take on the incumbent, dropped out of the race and threw his support to Mr. Pitts. But it wasn't enough.

ERICH SCHLEGEL / DMN Mr. Craddick, R-Midland (center), faced a stiff challenge from members angry over his management style.

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For Mr. Pitts, the defeat is a potentially crippling blow to his career. He has been chairman of the powerful, budget-writing House Appropriations Committee, but he has said he thinks Mr. Craddick will boot him from that post – even before he decided to take the speaker on.

House members said that the anger vented during the campaign showed that Mr. Craddick's method of running the House needs to change.

"I hope that people don't think this means that bullies win every time," said Rep. Garnet Coleman, D-Houston. "They don't."

Mr. Craddick seemed to address the criticism at the end, but made no apologies. Indeed, he ticked off a list of accomplishments on issues from lawsuit limits to school finance.

"I assure each and every one of you today that I believe my primary responsibility as speaker is to fulfill your elected purpose – your elected purpose, not mine," he said. "If in some way I fall short of your expectations or needs, please tell me, not just think about it, and I will do my best to correct those shortcomings."

Texas Speaker Wins Challenge And Keeps Post (NYT)

By Thayer Evans

The New York Times, January 10, 2007

AUSTIN, Tex., Jan. 9 — Speaker Tom Craddick of the Texas House, an ally of the former United States House majority leader, Tom DeLay, survived a strong challenge on Tuesday from a fellow Republican to win his third term in the leadership position on the first day of the 80th session of the Legislature.

After more than five hours of haggling about procedures, Representative Jim Pitts withdrew.

Slightly more than 30 minutes later, Mr. Craddick was elected, 121 to 27, to close the first floor effort to defeat an incumbent speaker since 1959.

Mr. Pitts, of Waxahachie, whom Mr. Craddick appointed chairman of the Appropriations Committee, has been in the House since 1992. He has at times disagreed with Mr. Craddick's leadership, which is often compared to Mr. DeLay's.

"It's time to heal," Mr. Pitts said in a speech before the House after his withdrawal and before he voted for Mr. Craddick. "It's time to go on with Texas's business."

The victory of Mr. Craddick, of Midland, who has been in the statehouse since 1968, ended a fight that has dominated the political landscape here for three weeks. The House elects a speaker on the first day of each regular session every two years.

The speaker's duties include overseeing floor debates, appointing members to standing committees and referring measures to committees.

Bills on immigration and campaign finance overhaul have been filed for the session, which lasts until May 28.

Mr. Craddick, who has been House speaker since January 2003, when he became the first Republican to hold the post in 130 years, was investigated along with Mr. DeLay over fund-raising in the 2002 legislative races but was not indicted by a grand jury in Travis County.

Mr. DeLay was indicted in September 2005 on charges of violating the campaign finance law. He worked closely with Mr. Craddick in redrawing district maps in 2004 that benefited Republicans.

In his acceptance speech, Mr. Craddick promised to work with Republicans and Democrats.

"I want to assure each and every one of you today," Mr. Craddick said, "that I believe my primary responsibility as your elected speaker is to fulfill your elected purpose, not mine."

Gov. Rick Perry, also a Republican, expressed optimism for the session, mentioning a desire to improve health care, education and border security.

"The success of this session will not be judged by what has happened over the last few hours," Mr. Perry said, "but by what we do in the end."

U.S. Prohibits All Transactions With A Major Iranian Bank (NYT)

By Steven R. Weisman

The New York Times, January 10, 2007

DOJ_NMG_0114792

WASHINGTON, Jan. 9 — The United States, moving to raise pressure on Iran, on Tuesday barred American financial institutions from doing business with a major Iranian bank after concluding that it had been involved in illicit weapons programs.

The move against Bank Sepah, announced by the Treasury Department, also affected North Korea, which American officials said had used the bank to facilitate payments to a North Korean group that exports missile technologies.

The announcement applies to domestic and foreign branches of American banks, as well as to American citizens working at overseas banks that deal with Bank Sepah anywhere in the world. The department also said that no American bank can transfer dollars to Bank Sepah or its branches and subsidiaries in Rome, London, Frankfurt and Paris.

The Treasury announcement was the second time in the last year that a major Iranian bank had been barred from any dealings with the American financial system. It is the first specific move against an Iranian bank since the imposition of sanctions on Iran by the United Nations Security Council on Dec. 23.

Last year, the United States took similar action against Bank Saderat, another of Iran's major institutions, citing what it said was the bank's involvement in financing terrorism. Both Bank Saderat and Bank Sepah, cited for financial transactions linked to weapons proliferation, are state owned or controlled.

Though the two banks have virtually no direct links to American banks, the designation means that no American bank can help facilitate — by transferring dollars, for example — any transaction between a European bank and Bank Sepah. Thus if an Italian or German bank wanted to supply dollars for a transaction involving Bank Sepah, it would be unable to do so because American banks would be barred from transferring them.

American experts say these steps effectively extend the reach of American law to other countries, though to only a limited degree.

"By taking this action, the United States is putting immense pressure on our allies and trading partners to treat Bank Sepah the same way we do," said Judith Lee, a partner at Gibson, Dunn & Crutcher specializing in sanctions law. "It is an effort to make U.S. actions against Iran extraterritorial."

European countries have opposed moves by the United States to apply the principle of extraterritoriality, a term referring to cases when American law can affect dealings entirely within another country. But the Bush administration recently has stepped up its use of various laws and directives to press forward with the concept.

For example, since oil is traded in dollars, the reach of American directives could be significant, many banking experts say. In theory, Tuesday's action would prevent Bank Sepah from facilitating an oil sale in which dollars are used. Iran has already announced that, because of American directives, it has begun selling oil for euros rather than dollars.

"Bank Sepah is the financial linchpin of Iran's missile procurement network, and has actively assisted Iran's pursuit of missiles capable of carrying weapons of mass destruction," said Stuart Levey, the Treasury under secretary for terrorism and financial intelligence.

Mr. Levey said Bank Sepah had been involved in transactions for Iran's Aerospace Industries Organization and two Iranian missile companies. These three entities were mentioned in the Security Council resolution approved in late December calling on all countries to avoid doing business with various groups in Iran.

Mr. Levey also said the United States had been in touch with authorities in Britain, France, Italy and Germany to discuss the need to persuade local financial institutions to stop doing business with Bank Sepah.

Unlike the United States, Mr. Levey said that European countries, which have not enacted laws like those passed here, "don't have specific authority to act as the United States does" against European banks or businesses engaging in transactions with other banks and businesses linked to terrorism or weapons programs.

Nevertheless, Treasury officials say Treasury Secretary Henry M. Paulson Jr. and Mr. Levey have pressed European authorities and banks to try to isolate both Bank Sepah and Bank Saderat.

Mr. Levey said that the branch of Bank Sepah in Rome had had significant involvement in financial transactions related to Iran's missile program, and that Italian authorities had been alerted to the problem.

There was no immediate comment from the press office of the Italian Embassy in Washington on whether Italy was taking any separate actions in consonance with the United States actions.

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When the United States moved against Bank Saderat last year, many banking experts predicted that it was only a matter of time before Washington took action against other financial institutions in Iran.

American officials say already intensive diplomacy has been stepped up after the Security Council resolution adopted in late December as part of a campaign to get Iran to stop enriching uranium in what the West has charged is a clandestine nuclear weapons program.

That resolution ended up being weakened at the request of Russia and China, and some American officials say they need to shift tactics and use other means to exert financial pressure on Iran.

US Imposes Sanctions On Iran Bank (FT)

By Guy Dinmore

Financial Times, January 10, 2007

The US Treasury on Tuesday imposed sanctions against Iran's commercial Bank Sepah, accusing it of assisting Tehran's missile programme and having links with an alleged North Korean missile exporter.

Bank Sepah International, a wholly owned subsidiary in the UK, and Ahmad Derakhshandeh, the parent bank's chairman and director, were also targeted by a notice barring any US citizen from dealing with them and freezing any assets they have under US jurisdiction.

The unilateral moves were the first taken by the US since the United Nations Security Council imposed missile and nuclear-related sanctions on Iran in re-sponse to its refusal to suspend its nuclear fuel development programme.

The US last September banned dollar transactions with Bank Saderat, Iran's largest commercial bank, accusing it of facilitating the transfer of $1m (€770,000) to Lebanon's Hizbollah and other "terrorist organisations".

Stuart Levey, the Treasury under-secretary for terrorism and financial intelligence, said: "Bank Sepah is the financial linchpin of Iran's missile procurement network and has actively assisted Iran's pursuit of missiles capable of carrying weapons of mass destruction. Our action today gives effect to the United Nations' call on all nations to deny financial assistance to Iran's nuclear and missile programmes, and we urge other countries likewise to fulfil this serious obligation."

The action will have limited impact as US trade with Iran is severely limited by sanctions imposed in the 1990s. However, the US is putting pressure on its allies to isolate Iran from the international financial system, using the cover of last month's UN resolution.

Iran is open about its indigenous development of missiles as allowed under international law but denies it has a covert nuclear weapons programme.

[A news agency] cited Ali Larijani, Iran's chief nuclear negotiator, as telling a domestic news agency that US "harassment" of Iran's banking system "are not issues that can affect Iran's will".

U.S. Bars Iranian Bank To Curb Access To Dollars (WP)

By Dafna Linzer

The Washington Post, January 10, 2007

The Bush administration yesterday barred Iran's oldest bank from doing any future business in the United States, accusing the financial institution of transferring Iranian missile payments to North Korea.

The move will prevent Bank Sepah, Iran's fifth-largest bank, from conducting business in U.S. dollars and is part of a larger White House plan, put in place last year, to cut off Iran's access to U.S. and European currencies. Though U.S. officials say the effort is aimed at the Tehran government, it is also likely to affect millions of Iranian citizens who conduct personal business in U.S. dollars and who travel overseas.

Bank Sepah has nearly 300 branches in Tehran plus offices in Paris, Frankfurt and Rome as well as a British subsidiary, Bank Sepah International. U.S. law has long prohibited Iranian government institutions from doing business in the United States, but yesterday's move now bars Sepah from converting international transactions into dollars by routing them through New York banks.

"The only business Sepah could do before today in the United States was U-turn transactions," said Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence. "They would send it from a European office

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through a New York bank and then back to Iran. That's the way they would dollarize transactions, but they won't be able to do that anymore," Levey said in an interview.

Yesterday's move, however, will not affect the bank's huge interests in Europe. The Bush administration had tried for months to persuade European allies to take similar, unilateral steps against Iranian government institutions and had hoped that a recent United Nations resolution would encourage France, Britain and other countries to join in the effort. But no European nation has done so, nor has Japan or any Persian Gulf ally.

Last month, the U.N. Security Council ordered all countries to stop supplying Iran with materials and technology that could contribute to its nuclear and missile programs. It also froze the assets of 10 Iranian companies and 12 individuals related to those programs. Among those on the list is the head of Iran's Aerospace Industries Organization, which oversees the country's vast missile program.

The council warned that if Iran refuses to comply, it will adopt further nonmilitary sanctions, but the resolution emphasized the importance of diplomacy in seeking guarantees "that Iran's nuclear program is exclusively for peaceful purposes." The Bush administration is broadly interpreting the resolution to deter as many financial sectors as possible from doing business with Iran. So far, the Europeans seem to be taking a more narrow view of the resolution.

Levey said yesterday that Bank Sepah, mostly through its offices in Rome, has handled millions of dollars of transactions for Aerospace Industries, passing money from Tehran to North Korea, from which Iran buys missile components.

"Sepah provides direct and extensive financial services to Iranian entities responsible for developing missiles capable of carrying weapons of mass destruction," Levey said.

The Bush administration has never offered proof of an Iranian nuclear weapons program, and Iran maintains that its program is for the production of nuclear energy, not bombs.

But since 2004, U.S. intelligence has been in possession of thousands of Iranian drawings that analysts believe detail efforts by Iran's military to reconfigure existing missiles to one day carry nuclear warheads.

In an interview with reporters last month, Secretary of State Condoleezza Rice acknowledged that financial sanctions against Iran "will have consequences" for the Iranian people by negatively affecting their economy. "This isn't going to be surgical and you can't perfectly target in that way. But I think we've tried to be sensitive to not doing things that would have an ill effect on the Iranian people, per se," she said.

U.S. Effort To Isolate Iran Gains Ground As European Bank Restrictions Take Hold (WSJ)

By Glenn R. Simpson In Brussels And David Crawford In Berlin

The Wall Street Journal, January 10, 2007

The U.S. government's attempt to isolate Iran's economy will get a significant boost this month when the last European bank known to be clearing large volumes of that country's dollar transactions in the U.S. halts the practice.

Commerzbank AG, Germany's second-largest bank, said it will stop handling dollar transactions for Iran at its New York branch by Jan. 31.

CRACKING DOWN

• The Issue: As the U.S. aims to isolate Iran, Commerzbank will join other European banks in halting its dollar transactions.

• What's at Stake: The U.S. says banks provide unwitting support for Iran's efforts to back terrorism and build nuclear weapons.

• The Bottom Line: Few big banks continue cooperating with Iran, forcing it to do business in euros, not dollars, and increasing the cost of international transactions.

Over the past year, most European banks with longstanding relationships with Iran have bowed to U.S. pressure and sharply curtailed transactions with Iran's state-controlled banks, which the U.S. says support terrorism. The U.S. also is seeking to financially quarantine Iran because of Tehran's vows to press ahead with its nuclear program in defiance of international will.

In a related move, the Treasury Department yesterday named Iran's fifth-largest state-owned bank, Bank Sepah, and its subsidiaries as weapons proliferators and barred banks operating in the U.S. from handling any transactions on their behalf. Last year, Commerzbank became Bank Sepah's principal clearer of dollar transactions in the U.S. Stuart Levey, Treasury's

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undersecretary for terrorism and financial intelligence, said Bank Sepah served as the key financial conduit for Iran's main missile firms, which were singled out in a United Nations sanctions resolution against Iran's nuclear program last month.

U.S. analysts say there is evidence that Iranian firms are feeling the pinch of the U.S.-led drive. Iranian banks and companies, for instance, are now having to put up large deposits -- as high as 100% -- in foreign banks to get them to issue letters of credit for foreign transactions, they claim.

Iranian officials deny the nation's banks handle money for terrorist organizations or purposes. Mohammad Jafar Mojarrad, vice governor of the country's central bank, said that while the U.S. has "put a lot of pressure on Iran" and some foreign banks have scaled back dealings with the country, operations of the country's banks haven't been affected.

Choking off Iran's financial ties to Europe is key to Washington's effort to isolate the country. The European Union is Iran's largest trading partner by far. Trade between the two topped $25 billion last year, but trade growth is stagnating, largely because of U.S. pressure.

Because many big European banks have stopped dealing with Tehran in recent months, the fundamentalist Islamic regime of President Mahmoud Ahmadinejad has relied on Commerzbank and a handful of smaller banks to handle its dollar-based transactions.

The result: Iran's beleaguered economy is having a harder time moving hard currency around the globe in an easy and cost-effective way. That implies a higher cost of doing business for Iranian companies and the government, which are being forced into more expensive, alternative financial markets.

U.S. pressure isn't likely to bring Iran's economy to its knees, but it could cause serious pain. Iran receives tens of billions of dollars annually in oil revenue. But it spends much of those funds to import refined fuels and other goods. As Iran's access to hard currency becomes more restricted and costly, the country could see a reduction in its ability to pay for heavy machinery and other items essential to keeping its oil industry and other key parts of its economy going.

In response to U.S. pressure on European and other bankers who serve Iranian firms, Iran has said it wants to switch most of its business to euros, the currency of the EU. But oil is Iran's biggest export, and many of the country's trade partners in the Middle East will do business only in dollars -- the currency of the international petroleum industry.

At present, Commerzbank handles both dollar and euro transactions for Iran's state-owned banks. Like several other European banks, it will cease handling only dollar transactions. That is likely to limit the economic damage to Iran, enabling the country's banks to continue paying suppliers who will accept euros or other currencies.

But it is likely to subject Commerzbank and its peers to further U.S. pressure. "The risks of doing business with Iran are the same in all currencies," said Mr. Levey. Intelligence officials say Bank Saderat, a large, state-controlled Iranian bank placed on a U.S. Treasury blacklist in October for allegedly funding terrorism, has been able to process dollar transactions through Commerzbank's New York branch in recent months by using the accounts of two other Iranian banks.

Commerzbank says it ceased dealing with Saderat after it was put on the U.S. blacklist and has no knowledge of any subsequent transactions. "Commerzbank has no knowledge of Bank Saderat directly or indirectly using the accounts of other Iranian banks to process dollar transactions," the bank said in a statement. Commerzbank, in a response to an inquiry from The Wall Street Journal about its dealings with Iran, also said "all such [dollar clearing] transactions are currently being phased out" as of Jan. 31. It added that "any clearing conducted by our U.S. operations is in strict compliance" with U.S. government regulations.

The efforts to isolate Iran also appear to be yielding results in Italy, one of Tehran's largest trading partners. In 2005, trade between the two countries topped $6 billion. In a sign of how some European banks are rethinking their dealings with Iran, Italy's largest bank, Intesa Sanpaolo SpA, says its trade-finance business with the country has dropped significantly in recent months.

U.S. efforts to stop European banks from dealing with Iran are controversial. European banks view the campaign as an attempt to extend the reach of U.S. sanctions on Iran without the backing of the United Nations or the EU.

Indeed, there is no general international ban on providing financial and trade services to Iranian banks. But banks that assist Iran's banks are increasingly exposed to U.S. regulatory scrutiny and political pressure from the U.S. Treasury Department. The U.S., a key market for most international banks, has long unilaterally imposed strict limits on what business banks and companies with operations in the U.S. can conduct with Iran.

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In response to U.S. pressure, ABN Amro Holding NV, Credit Suisse Group and UBS AG of Switzerland, Credit Lyonnais and Société Générale SA of France, and Barclays PLC and HSBC Holdings PLC of the United Kingdom all limited or ended their dealings with Iranian banks over the past year.

Iran Says It Has Arrested A Nuclear Spy (AP)

AP, January 10, 2007

Iran said Tuesday it has arrested a man on suspicion of selling nuclear secrets to an exiled Iranian opposition group, state radio reported.

The report didn't identify the suspected spy, but said he had been working at the Iranian Parliament's Research Center, an organization that advises lawmakers on foreign and strategic issues.

"The man transferred classified information, including a bulletin on nuclear activities, to the hypocrites," state radio said, referring to the People's Mujahedeen of Iran.

The Paris-based group, regarded as a terrorist organization by the United States, has frequently made accusations about Iran's nuclear activities, reporting on what it says is secret information received from insiders in Iran.

In 2002, the group disclosed the existence of two previously secret nuclear facilities, a pilot uranium enrichment plant at Natanz and a research reactor being built in the city of Arak, which turned out to house Iran's uranium enrichment program and a hard-water reactor project. Other claims by the group have not been substantiated.

Iran said in 2004 that it had arrested 10 military officers, nuclear workers and others on charges of revealing its nuclear secrets to Israeli and U.S. intelligence agencies.

But the government said the information passed to the United States and Israel was "without value."

Ahmed Tavakoli, a leading lawmaker, confirmed state radio's report of the arrest of the alleged spy.

"This person has been working in Parliament's Research Center since 2001," Tavakoli told the semiofficial Fars news agency Tuesday. "He was arrested by the Intelligence Ministry."

Tavakoli told Fars that the arrested man will stand trial but gave no date.

The People's Mujahedeen participated in the 1979 ouster of the former shah of Iran, Mohammed Reza Pahlavi. But it fell out with the clerical government and launched a campaign of assassinations and bombings.

For years it fought Iran's Islamic rulers from Iraq with the backing of Saddam Hussein's regime.

During the U.S.-led invasion of Iraq, the U.S. military briefly bombed People's Mujahedeen camps until the group capitulated and agreed to disarm.

Israel Says It's Arrested Muslim Cleric (AP)

By Matti Friedman

AP, January 10, 2007

Israel arrested the former imam of Ohio's largest mosque after he was deported from the United States last week, the Shin Bet internal security service confirmed Tuesday.

Fawaz Damra, 46, was arrested because of his ties to Islamic Jihad, a militant Palestinian group classified by Israel and the U.S. as a terrorist organization, Shin Bet told The Associated Press. It gave no other details.

Smadar Ben-Natan, an Israeli lawyer retained by Damra's family to represent him, said he was being held at the Kishon prison and she planned to meet with her client Wednesday.

Damra, imam at the Islamic Center of Cleveland, was deported by American authorities last week because he concealed his ties to Islamic Jihad when he applied for American citizenship in 1994.

Relatives expecting him to enter the West Bank on Friday reported he never showed up and said they had been told by the Red Cross he was detained, but there wasn't any official Israeli confirmation until Tuesday.

"We waited for him all day and he didn't come," said Nabil Damra, the imam's brother. "He is not an extremist and we don't understand why he was arrested."

"My mother is crying. Our house is sad. My father, who is 83, is waiting for his son. We pray that my brother will come home and see his father before he dies," the brother added.

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A spokesman for U.S. Immigration and Customs Enforcement, Greg Palmore, said U.S. agents accompanied Damra to the Allenby Bridge, an Israel-controlled crossing into the West Bank. "Mr. Damra was presented to Israeli immigration officials for admission to the West Bank," Palmore said.

During Damra's trial, jurors were shown evidence that he raised money for Islamic Jihad, a small group with links to Iran and Syria that has carried out dozens of suicide bombings and rockets attacks against Israel.

The jury also saw footage of a 1991 speech in which Damra called Jews "the sons of monkeys and pigs." Damra, whose wife and three daughters remain in the United States, later apologized for making anti-Semitic statements.

Damra's brother, a U.N. worker in the West Bank, said the imam's work in the U.S. revolved around marrying and divorcing Muslims and lecturing to prisoners.

"He always got along with all people. He is a moderate. If he upheld extremist views, people wouldn't have loved him. He wouldn't be helping everyone," Nabil Damra said.

Hezbollah Widens Anti-Government Campaign (WP)

By Anthony Shadid

The Washington Post, January 10, 2007

BEIRUT, Jan. 9 -- Hezbollah and its allies widened their campaign Tuesday to force the Lebanese government's resignation, backing what they vowed would be a series of daily protests scattered across the capital.

Tuesday's gathering of hundreds of flag-waving protesters outside a Finance Ministry office was a sedate affair compared with the convergence of hundreds of thousands twice last month in Beirut's downtown, where demonstrators continue a round-the-clock vigil in hundreds of tents near the barricaded government headquarters.

The demonstration was more symbolic than dramatic, marking the beginning of what officials of the Shiite Muslim group and its leftist and Christian allies have long warned is a second stage of their efforts to form a new government and convene early parliamentary elections.

"The message is sent, and this is what matters to us," said Amin Sherri, a Hezbollah lawmaker.

The struggle between Hezbollah and its allies and the government of Prime Minister Fouad Siniora has plunged Lebanon into one of its worst political crises since the end of the 15-year civil war in 1990. It may determine which group is ascendant in Lebanese politics: the alliance around Hezbollah, supported by Iran and Syria, or a government coalition, supported by the United States.

Beyond Lebanon, the crisis intersects with tension across the region, as the United States and Iran vie for influence and concerns grow over a Shiite-Sunni conflict becoming ever more pronounced in Iraq.

But unlike in December, when the crisis often had an hour-to-hour urgency, the confrontation has assumed a veneer of normalcy in its second month. Each side has escalated -- Hezbollah with its support for Tuesday's protest led by Lebanese unions, the government by pressing ahead with policy changes over the opposition's objections -- but both appear prepared for a long wait. For their part, Hezbollah officials have stressed that any escalation will remain nonviolent and not break any laws.

So far, both sides can claim victories. The government has refused to resign. But by paralyzing the government, Hezbollah has stanched what it saw as growing U.S. influence here and delayed the convening of an international court to try suspects in the 2005 slaying of former prime minister Rafiq al-Hariri, an assassination that government supporters blame on Syria.

"It is a mixed bag," said Paul Salem, director of the Carnegie Middle East Center in Beirut. "But what's interesting is that it's a mixed bag that might have reached an unexpected status quo."

"My suspicion or sense is that we're in kind of a holding pattern," he added.

The protest convened along a usually busy intersection, drawing almost as many police officers and soldiers as demonstrators. Organized by the General Labor Confederation, a coalition of unions, the protesters railed against tax increases, privatization and other policies the government has announced ahead of a conference in Paris this month to solicit international aid for Lebanon. "No to the imposition of new taxes and fees," one placard read. "Siniora is responsible for impoverishing Lebanon," another said.

"We're here because there's no work, there are no jobs in the country," said Ali Tfaili, a 29-year-old protester.

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He carried a Lebanese flag and a sign that read: "Real reform." He promised to keep taking part in the protests, including another scheduled for Wednesday, but reflecting the mood there, he suggested nothing dramatic was ahead.

"Anything more than this, and it would be a civil war," he said. "We don't want that."

The relatively small size of the protest gave rise to speculation among foes and supporters of Hezbollah over its intentions. Some government allies said the numbers revealed divisions between Hezbollah and its partners, particularly Michel Aoun, a populist Christian politician who has forcefully called for an escalation in the protests. Others said it suggested the opposition's campaign was flagging after two mass demonstrations and the vigil that has lasted more than five weeks.

"This is a sign that if they -- the opposition and especially Hezbollah -- don't bring people from their houses, no one will come," said Youth and Sports Minister Ahmed Fatfat, who is loyal to the government coalition. "It is also a sign that people are losing patience and that they are starting to question what's the worth of all this."

Officials of Hezbollah, perhaps the most effective group in the Middle East in mobilizing its constituency, were dismissive of suggestions that the numbers Tuesday revealed weakness. They have said the next stage will play out gradually, with protests smaller but more numerous than the more dramatic shows of force in downtown Beirut.

"Why would we bring a million people to participate in a demonstration like that?" said Sherri, the Hezbollah lawmaker. "Numbers are not important. We've proved we have the numbers, and now a few thousand people will be just as efficient in sending the message."

Rice To Visit Mideast For Talks On Iraq, Israeli-Palestinian Ties (AFP)

By David Millikin

AFP, January 10, 2007

Secretary of State Condoleezza Rice heads back to the Middle East in a bid to sell a new US strategy for Iraq to wary allies and to take another shot at reviving Israeli-Palestinian peace efforts.

State Department spokesman Sean McCormack said Rice would visit Israel, the Palestinian territories, Jordan, Egypt, Saudi Arabia and Kuwait before stop-offs in Germany and Britain during the January 12-19 trip.

While in Kuwait, Rice will meet with her counterparts from the six Gulf monarchies plus Egypt and Jordan -- a grouping of moderate Arab allies Washington sees as key to countering the influence of Iran, Syria and the radical Shiite groups they support in the region.

A major part of Rice's discussions will focus on "the perception of a common threat posed by Iran and other forces of extremism and violence in the region" McCormack said.

The tour will come just two days after President George W. Bush unveils his long-awaited new plan for resolving the violent crisis in Iraq.

The strategy is expected to involve the deployment of some 20,000 additional US soldiers in a temporary "surge" to quell rampant insurgent and sectarian violence, mainly in Baghdad, along with steps to boost Iraqi security forces, foster political reconciliation and revive the economy.

Rice will defend the plan in testimony Thursday to both chambers of Congress, controlled since November elections by the opposition Democrats who have voiced strong skepticism Bush's new approach can end the spiralling violence in Iraq so that the 130,000 US troops now there can come home.

In the Middle East, she will urge Arab allies worried about Iran's rising influence to back the plan by helping the government of Iraqi Prime Minister Nuri al-Maliki with diplomatic support and debt relief, McCormack said.

"It's no secret that we have encouraged states in the region, whether it's Egypt or Saudi Arabia or the other Gulf states, to offer their support to the government of Iraq," he said.

Rice will also seek regional support for Lebanese Prime Minister Fuad Siniora, who is battling a campaign to oust his government by the Syrian-backed Shiite movement Hezbollah, McCormack said.

Rice begins her latest Middle East mission with her eighth trip in two years to Israel and the Palestinian territories aimed at unblocking negotiations to create an independent Palestinian state.

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Rice most recently met in late November with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas, but achieved no breakthrough.

Abbas and Olmert also held a rare direct meeting on December 23 at which the Israelis promised to release some withheld funds to the Palestinians and ease travel restrictions in the West Bank -- steps McCormack said had created an "opening" for progress.

But other key steps, including a long-awaited prisoner swap involving hundreds of Palestinians for an Israeli soldier kidnapped by radicals near Gaza in June, have not materialized.

McCormack said Rice would pursue a months-long effort to bolster Abbas in a power struggle between his secular Fatah party and the Islamist movement Hamas, which controls the Palestinian government after winning elections a year ago.

The Hamas victory prompted a crippling political and financial boycott of the Palestinians by the West and Israel.

Negotiations to create a power-sharing government involving Fatah and Hamas collapsed late last year, leading Abbas to call for early elections -- a move that sparked violent clashes between the rivals and raised the specter of a Palestinian civil war.

Israel recently allowed Egypt to provide weapons to Abbas loyalists and the Bush administration is seeking Congressional approval for up to 90 million dollars in "non-lethal" military aid to his security forces, US officials said this week.

McCormack held out little hope that Rice's latest peacemaking venture would produce a breakthrough.

"I would expect that this is a trip that is more about laying the foundations for potential future actions than actually coming to closure on any particular agreements," he said.

Rice To Visit Middle East (WT)

By Nicholas Kralev

The Washington Times, January 10, 2007

Secretary of State Condoleezza Rice will begin a weeklong trip to the Middle East and Europe on Friday to seek support for President Bush's new Iraq strategy and to push for a new Israeli-Palestinian peace effort, the State Department said yesterday.

Miss Rice will visit Israel, the Palestinian territories, Jordan, Egypt, Saudi Arabia, Kuwait, Germany and Britain. She will return to Europe on Jan. 24 for an international donors conference in Paris to raise funds for Lebanon, whose economy is still recovering from the war with Israel in the summer.

"I would expect that this is a trip that is more about laying the foundations for potential future actions than actually coming to closure on any particular agreements," State Department spokesman Sean McCormack told reporters.

U.S. officials and diplomats from some of the countries Miss Rice will visit said that, despite the low expectations, it is important for the secretary to return to the Middle East, given the dire situation in Iraq, the tensions between the Palestinian Fatah faction and Hamas, and the new domestic political realities in the United States, where Democrats just took control of Congress.

In addition, the Bush administration has been under pressure from its European allies to become more active in working toward a resolution of the Israeli-Palestinian conflict, which many in the region consider to be the most divisive issue with the West.

That pressure increased when Germany stated its intention to highlight the matter in its agenda as president of both the European Union and the Group of Eight organization of leading industrialized countries. Even though German Chancellor Angela Merkel met with Mr. Bush in Washington last week, Miss Rice plans to stop in Berlin on her way back from the Middle East and brief Mrs. Merkel on her meetings.

The secretary's trip, beginning two days after Mr. Bush's address to the nation tonight to announce his new Iraq strategy, also will aim to ensure that other states in the region support the new course and the government of Prime Minister Nouri al-Maliki, Mr. McCormack said.

"It's no secret that we have encouraged states in the region, whether it's Egypt or Saudi Arabia or the other Gulf states, to offer their support to the government of Iraq," he said.

The president is expected to send more troops to Iraq and to propose benchmarks for the withdrawal of U.S. forces.

General: N.Korea May Conduct Nuclear Test (AP)

By Kwang-tae Kim

DOJ_NMG_0114800

AP, January 10, 2007

The top U.S. general on the Korean Peninsula said Tuesday he believes North Korea might conduct another nuclear test.

U.S. Army Gen. B.B. Bell, commander of U.S. Forces Korea, said the communist regime — which conducted its first nuclear test on Oct. 9 — is capable of testing another such device, but he didn't elaborate on recent media reports that the North was preparing to do so.

"There is no reason to believe that at some time in the future, when it serves their purposes, that they won't test another one. So I suspect someday they will," Bell said at a news conference in Seoul.

Concerns about North Korea heightened abruptly last week in Asia after ABC News reported Pyongyang might be preparing for another test. Citing unnamed U.S. defense officials, the network said the moves were similar to steps taken before the October blast.

Top U.S. and South Korean officials dismissed the speculation, saying there was no indication such a development was imminent.

During talks on its nuclear program in 2005, North Korea agreed to dismantle its nuclear program in exchange for security guarantees and aid, but no progress has since been made in implementing the accord.

The U.S. — along with China, Japan, South Korea and Russia — held talks with North Korea in December to try to work out initial steps toward implementation of the breakthrough deal but they failed to produce any progress.

The talks — which also involve South Korea, China, Russia and Japan — ended in a deadlock over the U.S. financial restrictions imposed on the North over its alleged counterfeiting of $100 bills and money laundering.

The U.S. and the North have provisionally agreed to hold the next talks on the financial dispute in the week starting Jan. 22, according to South Korea's foreign minister, Song Min-soon. The previous talks — held on the sidelines of the main nuclear talks in Beijing — ended without any breakthrough.

North Korea says the sanctions are evidence of Washington's "hostile policy" and indicate its intention to overthrow the regime, and the North therefore needs nuclear weapons for protection.

About 29,500 U.S. troops are stationed in South Korea as a deterrent against a North Korean invasion, a legacy of the Korean War. That conflict ended in a cease-fire, not a peace treaty, leaving the two Koreas technically still at war.

General Sees Another N. Korea Nuclear Test (WT)

By Andrew Salmon

The Washington Times, January 10, 2007

SEOUL -- The senior U.S. commander in South Korea said yesterday that North Korea will likely conduct another nuclear test, and he also vented his frustration at a range of issues bedeviling Washington's military alliance with Seoul.

"They have self-proclaimed their possession of nuclear weapons, and there is no reason to believe that at some time in the future, when it serves their purposes, that they won't test another one," Gen. Burwell B. Bell said of North Korea, which detonated a nuclear device on Oct 9. "So I suspect some day they will."

The general, speaking to reporters, declined to discuss whether a test was imminent, citing confidentiality of intelligence.

ABC News last week reported Pyongyang might be preparing for another test. Citing unnamed U.S. defense officials, the network said the moves were similar to steps taken before the October blast.

Top U.S. and South Korean officials have dismissed the speculation, saying there is no indication such a development was imminent.

Gen. Bell also expressed concerns about the relocation of the headquarters of the U.S. forces in South Korea, the transfer of wartime command of South Korean forces to South Korean leadership, and budgetary shortfalls.

"I must admit that I was surprised when I read local press reports that [a South Korean] government official stated the relocation of U.S. forces would not occur until after 2013," he said. "This was news to me, and not at all reflective of the agreement we have with [South Korea] to achieve the move by 2008."

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Yongsan garrison, home to 6,500 troops and 8,000 civilians -- family members and defense contractors -- has been a bone of contention in the alliance for years. Talks to relocate the central Seoul base have been ongoing since 1990, but only in 2004 did the two countries sign an agreement to relocate it to the city of Pyeongtaek, 55 miles south of the capital, by 2008.

Construction of the new base is under way, but last month, local press reports, quoting an unnamed South Korean government official, stated the move would be delayed until 2013. Seoul officials have not refuted the reports.

Noting that many U.S. personnel and their families were living in dilapidated facilities at Yongsan, Gen. Bell said that with the move planned, he could not construct new facilities on the current base.

The proposal to transfer wartime command of South Korean forces is caught in a similar timeline dispute. U.S. military officials say the transfer of command can be achieved by 2009, but the South Korean side wants to delay it until 2012.

Gen. Bell said future U.S. force commanders would play a "supporting role" to South Korean commanders, and hinted that the transfer of wartime control of troops needs more serious attention than it has so far received.

"The worst things we can do, within minutes, is to transfer command back and forth," he said. "That would be unacceptable."

Gen. Bell also addressed shortfalls in South Korean financial support to fund the ongoing consolidation of U.S. troops across the Korean Peninsula. The U.S. force in Korea has been shrinking -- from 37,500 troops in 2003, to 29,500 today, and there will be 25,000 in 2008. Most of the troops are moving to new, less intrusive base areas.

In negotiations, Seoul had agreed to pay 44 percent of U.S. troops' consolidation costs -- $886 million. However, what Seoul finally offered was $772 million, leaving a shortfall of more than $100 million.

"I'm being put into a bad position, from a policy perspective, of not having the money to do what our two governments told me to do," the general said, adding that he would need to make "significant" cuts in U.S. forces' programs.

Gen. Bell's outspoken tone surprised some analysts.

"Clearly, Washington is expecting Koreans to take greater responsibility for their defense, and behave honorably in the negotiation process as that happens," said Michael Breen, a Seoul-based author of several books about the peninsula and a longtime Korea watcher.

Meanwhile, the overall deterioration in the alliance dismays local conservatives.

"The sharp rise in anti-Americanism here has partly been instigated by North Korean propaganda, but the behavior of our government in the recent two to three years has been rather out of the ordinary in its ability to be diplomatic," said Lee In-ho, a professor at Myongji University.

"Conservatives are concerned here: Even if we are critical of some policy lines pursued by the Bush administration, we do not want to jettison the alliance completely," he said.

US Stealth Fighters To Be Deployed In South Korea (AFP)

AFP, January 10, 2007

The United States is sending between 15 and 24 radar-evading Stealth fighters to South Korea this month, the US military has said, amid increasing speculation over a second North Korean nuclear test.

"One squadron of F-117 Nighthawk Stealth fighters will be deployed this month," said Kim Yong-Kyu, a spokesman for US Forces Korea. One squadron of fighters has between 15 and 24 aircraft.

"This is a routine deployment," he said, adding that the move had nothing to do with any particular threat. He declined to give further details, including where and for how long the fighters will be deployed.

Holloman Air Force Base in New Mexico, where the fighters are based, said in a Web posting that the fighters left earlier this week for South Korea.

General B.B. Bell, the commander of US forces in South Korea, said Tuesday he believes North Korea will test a second nuclear bomb at some time in the future, following its first test on October 9.

"Should North Korea attack the South in any way, the combined forces command will respond and we will win quickly and we will win decisively," he said.

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Bell heads 29,000 US troops in the peninsula, supporting South Korea's 680,000-strong armed forces against any attack from the North's 1.1 million military.

A South Korean foreign ministry official said last week that activity had been detected at Punggye in northeast North Korea, near the site of the first test, but there was no sign of preparations for a second detonation.

The latest round of six-nation talks on the North's nuclear programme ended in Beijing in December without a breakthrough. The US State Department has said the talks could resume as early as this month.

Analysts say North Korea could set off a second nuclear device to strengthen its hand in the prolonged stand-off.

SKorea Urges North To Mull U.S. Proposal (AP)

By Kwang-tae Kim

AP, January 10, 2007

South Korea on Wednesday renewed a call for North Korea to seriously consider U.S. proposals before the communist nation returns to international talks on its nuclear weapons program.

The United States has offered security guarantees, a peace treaty and normalization of relations as well as removal of North Korea from Washington's list of states sponsoring terrorism if it dismantles its atomic weapons program, according to South Korean officials.

"I expect North Korea to come to the talks with realistic and positive proposals after seriously reviewing" the U.S. offers, Foreign Minister Song Min-soon said at a regular press conference following meetings last week with Secretary of State Condoleezza Rice.

South Korea and the U.S. will consider taking active and positive steps if the North shows a positive attitude, Song said.

The North has yet to make any response to the U.S. proposals.

Song said it was difficult to predict when the next nuclear talks will occur, but said all the parties shared the need to hold meetings soon.

The nuclear issue will also be on the agenda for summit talks between South Korean President Roh Moo-hyun and his Chinese and Japanese counterparts on Sunday on the sidelines of a regional Asian meeting in the Philippines, said Song.

North Korea returned to international talks on its nuclear arms program in Beijing last month — the first since its Oct. 9 nuclear test — but no progress was made on disarmament because of a dispute over U.S. financial restrictions imposed on the North over its alleged counterfeiting of $100 bills and money laundering.

The North has repeatedly urged the U.S. to lift the financial restrictions and unfreeze its assets worth some $24 million deposited at a Macau bank blacklisted by Washington.

The U.S. held separate financial talks on the sidelines of the nuclear talks but also made no progress. The two sides have provisionally agreed to hold the next financial talks the week of Jan. 22, according to Song.

For A Few Dollars More (WSJ)

By Jay P. Lefkowitz

The Wall Street Journal, January 10, 2007

There is a growing consensus in the international community that North Korea's conduct is unacceptable. Nevertheless, several countries engage in practices that funnel cash to the regime in a manner that violates the spirit of a recent United Nations resolution and raises serious human rights concerns. These countries contract labor through historical -- and even new -- agreements with the regime of Kim Jong Il. Because the North Korean government takes a major portion of workers' salaries, these arrangements provide material support for a rogue government, its nuclear ambitions, and its human-rights atrocities.

Three times last year, the U.N. condemned North Korea's dangerous and abusive conduct. In November, the General Assembly's human-rights committee voted 91-21 to express serious concern about the regime's atrocities against its own population. The Security Council also voted unanimously to condemn North Korea's ballistic missile program in July and its nuclear weapons testing in October. The October resolution calls on member states to freeze the financial assets of those aiding North Korea's nuclear weapons program.

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Surely such U.N. proclamations should make anyone think twice about engaging in activities that could aid Pyongyang. Yet several countries utilize trafficked North Korean labor in a manner that provides significant resources for the regime. There are approximately 10,000 to 15,000 North Koreans working abroad for their government. Labor arrangements reportedly exist between North Korea and entities in Russia, Czech Republic, Mongolia, Poland, Saudi Arabia, Libya and Angola. It is unclear how much hard currency is generated for Pyongyang by these arrangements, but it can be presumed significant, given the number of workers involved.

Even though Russia voted for both Security Council resolutions, it provides the largest market for North Korean labor. In camps near Khabarovsk in Siberia, North Korean labor gangs harvest Russian timber. This work force used to be populated by North Korean prisoners and others viewed by the North Korean government as disloyal. It filled a labor gap in Siberia that coincided with the decline of the gulag. Today, conditions are so harsh in North Korea that workers actually volunteer for such labor assignments. However, because these workers are not paid directly, much of the capital generated ends up in the coffers of Mr. Kim's regime. Despite promises of cash, some workers reportedly are paid in coupons that turn out to be of little value. This activity runs afoul of a U.N. protocol on trafficking in persons, to which Russia is a party.

The fact that North Koreans eagerly volunteer for these jobs is a testament to how bad things are in Kim Jong Il's socialist paradise. Although it is hard to gain access to these labor facilities, several recent reports reveal that workers in these camps are treated like prisoners and are provided with food and shelter that are barely adequate. Days off are rare -- cumulatively less than a week per year -- and the workers cannot leave the work areas or interact with locals. They are under the control of North Korean security officials and have no recourse to local authorities. There are some accounts of torture and executions. The work day can reach 17 hours, even in temperatures plunging to 40 degrees below zero. Accidents are common, and the workers are prohibited from using healthcare outside the camp. They work under portraits of the "Dear Leader," Kim Jong Il, and are subject to political indoctrination meetings twice a week.

The Czech Republic also hosts several hundred North Korean workers, although it stopped issuing new work visas six months ago. The North Korean government skims their paychecks and funnels the revenue to Pyongyang. Workers' monthly salaries are deposited directly in an account controlled by the North Korean government. After numerous deductions for items including propaganda films, the workers are left with only about 20% of their wages, from which they still must purchase their own food.

Pyongyang's take varies by location, but we know of no instance where North Korean laborers like these receive their wages directly. This is one of the concerns we have with the Kaesong Industrial Complex in North Korea, where workers are supposed to earn a minimum of $57 per month. While there are some welcome indications that South Korea may be reassessing its commitment to this project, several South Korean companies have spent hundreds of millions of dollars to set up shop in Kaesong to use inexpensive local labor. Even advocates of the endeavor, who believe Kaesong will open and liberalize the North, concede that authorities take a portion of the wages paid by the South Korean companies. Indeed, a recent report indicates this take is 45% of a worker's salary. Verified details are elusive, and neither the North or South Korean governments, nor any company, has been able to state definitively how much of his or her wage a Kaesong worker is allowed to keep.

Some argue that labor arrangements like those in Russia and Kaesong are positive developments. They see these activities as a way to open North Korean eyes to the outside world. To date, however, those benefits seem more theoretical than real. Rather, it is more likely that the hard currency these countries are sending to North Korea will end up funding the regime's nuclear aspirations instead of improving living conditions for the people of North Korea.

Mr. Lefkowitz is President Bush's special envoy for human rights in North Korea.

U.S. Overseas Image Gets New Focus (WP)

By Glenn Kessler

The Washington Post, January 10, 2007

Secretary of State Condoleezza Rice will announce today the creation of a new annual award to honor a company, academic institution or other nongovernmental entity that does the most to promote the U.S. image abroad through intercultural understanding, State Department officials said.

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The Benjamin Franklin Award for Public Diplomacy is designed to prod corporations and other nongovernmental groups to play a bigger role in public diplomacy at a time when the image of the U.S. government has been battered by a backlash, especially in the Arab world, from the invasion of Iraq.

Rice will highlight the award during a speech at a conference of public relations organizations at the State Department. During the meeting, the group will select the 10 best ways that the private sector can promote understanding between the United States and people around the world.

"The award and the summit are part of our greater effort to partner with the private sector," said Assistant Secretary Dina H. Powell. "Public diplomacy is not the government's job alone, and we will be much more successful as American citizens if we work together with corporations, NGOs [nongovernmental organizations], academic institutions and everyday Americans to amplify our efforts."

Powell, along with Undersecretary of State Karen Hughes, has worked with private entities on a number of initiatives in the past year, including bringing journalists from 100 countries to learn U.S. journalistic practices, creating an international women's mentoring program in partnership with Fortune magazine and sending 12 university presidents to Asia to promote educational opportunities in the United States.

The new award would complement another State Department honor, the Award for Corporate Excellence (ACE), which the agency gives annually to U.S. businesses that act as good corporate citizens overseas. Goldman Sachs, for instance, was selected last year for endowing a gift of 680,000 acres of wilderness in Chile for a national reserve. Competition for that award -- presented by the secretary of state -- is intense, and State Department officials hope the Franklin award will prove equally alluring.

Unlike the ACE award, the new honor will be available not just to companies but also foundations, nonprofit organizations, think tanks, universities and other academic institutions, labor organizations and even individuals. The award was named in honor of Franklin because, as the nation's first envoy, he was known for his creative ways of using culture, business and science to attract the attention of foreign audiences, State Department officials said.

James E. Murphy, chief of marketing and communications for Accenture, chairs the PR Coalition, an organization of 20 major public relations groups that is meeting at the State Department today. He said the group previously identified 10 models to help companies promote corporate governance and diversity. The group, concerned about the image of the United States around the world, approached Hughes last year about holding a meeting at State to produce a similar list for public diplomacy.

Murphy said U.S. companies and individuals donate significantly more money overseas than the overall U.S. aid budget. "The most powerful thing we have going for us is the private sector overseas," Murphy said.

The 150 participants will vote on the 10 best models from a list that includes programs for employees and customers that promote understanding of American society and programs that build trust and respect with counterparts abroad.

Congress On Collision Course With Moscow (FT)

By Stephanie Kirchgaessner And Guy Dinmore

Financial Times, January 10, 2007

The Bush administration's relationship with the Kremlin has chilled considerably since the moment in 2001 when the US president famously looked into the soul of his Russian counterpart and declared that Vladimir Putin was "very straightforward and trustworthy".

And Washington's stance towards Moscow could become even more frosty in coming months, potentially colliding with expected attempts by Russia to use its new found oil and natural gas wealth to step up its investment in the US, including the expansion of Gazprom, its national energy group, into the US market.

For years most lawmakers in the Republican-controlled Congress have taken the White House's lead in their stance toward Russia. Now experts predict that mounting concerns on Capitol Hill, on issues ranging from Mr Putin's commitment to democracy to questions about the security of western investments in the Russian energy sector, could see lawmakers taking a more robust, sceptical approach.

Barney Frank, the Democratic lawmaker who, as chair the House financial services committee has an influential voice on foreign investment issues, exemplified the expected change in tone last week in a speech to the National Press Club.

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In remarks that extolled the "absolute security" of the US market, Mr Frank took a shot at the Kremlin when he remarked: "Where do you want to invest? Russia? So Putin can steal your company?"

The 2008 presidential race could also colour relations with Russia. Two of the Kremlin's most vociferous critics are contenders for the White House: Democrat Joseph Biden who heads the Senate foreign relations committee and John McCain, a favourite to win the Republican nomination.

The defeat in the recent midterm elections of Republican congressman Curt Weldon, a staunch defender of the Kremlin, and the ascension of Democrat Tom Lantos to the top ranks of the House international relations committee, are also likely to renew the focus on allegations of human rights abuses in Russia, including the controversy over the forced sale of Yukos, the energy group, and the imprisonment of Mikhail Khodorkovsky, its former chief executive.

One Democratic Senate source said Russia had been "flying under the radar screen" because Washington had largely focused its attention on Iraq, Iran and North Korea, but that concerns had become increasingly hard to ignore.

"To some extent, it's not our business to regulate the Russian economy, but to the extent they use their control over the Russian economy to affect countries that are close friends and partners, that's something we care about," the person said. "I would hope that we don't respond to bad behaviour with protectionism of our own but one can't discount that option entirely."

One Washington business lobbyist, noting the recent storm over Shell ceding control of its Sakhalin-2 oil and gas project in Russia to Gazprom, agreed: "I wouldn't be surprised if Russian investment in the US was subject to higher political attention in Congress given that Russia has basically expropriated western investments."

Marshall Goldman, associate director of the Davis Center for Russian Studies at Harvard, says Russia has $300bn in cash "rolling around" and that the recently proposed $2.3bn takeover of Oregon Steel by Evraz, a Russian steel group, is "just the beginning".

"I think we have to learn there really isn't much to restrain them. But if they engage in these kinds of games, people can play them too," Mr Goldman says.

Ultimately, Congress's ability to affect the US government's overall relationship with Russia will be limited. Critics will not have a formal vote, for example, over an agreement hatched by the White House that paves the way for Russia to join the World Trade Organisation. However, lawmakers could seize an expected request by the White House for Congress to repeal the 1974 Jackson-Vanik amendment as an opportunity to air broad grievances. The amendment subjects Russia's trading status to annual review and must be repealed in order to give Russia permanent normal trade relations.

Don Evans, who served as commerce secretary during Mr Bush's first term and who last year turned down a top position at Rosneft, the Russian energy group, offered to him by Mr Putin, said in an interview with the Financial Times that Russia's inclusion in the WTO would ultimately foster greater understanding between it and the US and would help integrate Russia into the global economy.

"The issues people want to point to all the time will be a few cases within the [Russian] energy sector that get all the attention," said Mr Evans, who heads the Financial Services Forum, banking lobby group. "But all the American companies that are providing other services and goods...are doing very, very well."

Anger As Russia Digs In Over Oil To Belarus (FT)

By George Parker, Arkady Ostrovsky, Ed Crooks And Chris Flood

Financial Times, January 10, 2007

Vladimir Putin on Tuesday faced an angry European backlash about his decision to halt oil supplies through the pipelines crossing Belarus.

As the Russian president made clear his determination not to back down in his dispute with Belarus, Angela Merkel, the German chancellor, denounced his actions as "not acceptable", noting that even during the height of the cold war, Russia had been a reliable energy supplier to Europe.

Ms Merkel, speaking as the new president of the EU, said Russia's latest display of energy muscle "hurts trust and it makes it difficult to build a co-operative relationship."

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Mr Putin, speaking in a televised meeting with ministers in Moscow, stressed he wanted to do all he could to ensure that oil supplies to western Europe were not affected. But he escalated the dispute by telling his government to tell Russian companies to cut output because of the transit dispute.

Belarus wants Russia to pay an export duty of $45 per tonne of oil transported through Belarus. This is in retaliation for Russia slapping $180 export duty on crude oil it sells to Belarus.

In a sign of how seriously Germany now questions its reliance on Russia, Ms Merkel said the new dispute cast doubt on the wisdom of her country's plan to phase out nuclear power by 2020.

Yet for all the political furore, oil markets on Tuesday shrugged off the latest geopolitical threat to supply, focusing instead on the warm US winter and strong inventories. At one point the price of oil hit an 18-month low point, dipping below $54 in New York, although it later recovered most of its losses.

The political row in Belarus – and Venezuela's announcement of plans to take state control of its heavy oil projects – did little to deflect the downward trend in the price. The price of oil has fallen by more than 10 per cent since the start of the year and yesterday Mustafa Mohatarem, chief economist of General Motors, forecast it would fall below $50 this year. West Texas Intermediate crude for delivery in February fell to an intra-day low of $53.88 a barrel before recovering. Brent crude fell to an intra-day low of $53.64 a barrel before climbing back.

David Kirsch, manager of the markets intelligence service for PFC Energy, said the weak trend was likely to continue, with oil prices likely to test $50 a barrel. "I don't see any positive news in the next week or so that is likely to lift prices," he said.

The steep fall has caused concern among members of the Organisation of the Petroleum Exporting Countries, which last month agreed a supply cut of 500,000 barrels a day, with effect from February 1, to try to stabilise the market.

Some Opec members have a target of $60 a barrel for the basket of their output, which is typically about $5 a barrel below the benchmark prices in London and New York.

The US Energy Information Administration, a government agency, trimmed its forecast of world oil demand to 86.2m barrels a day for the first quarter of the year, down 300,000 b/d from its December forecast. The EIA forecasted US oil prices would average $64.42 a barrel in 2007 and $64.58 in 2008

The oil price fall has taken place against a sell-off in the commodities market: copper has fallen 11.3 per cent; zinc 16.2 per cent; and tin 13.1 per cent.

Germany's Merkel Assails Russia Over Cutoff Of Oil (WP)

By Peter Finn

Washington Post, January 10, 2007

MOSCOW, Jan. 9 -- German Chancellor Angela Merkel forcefully condemned Russia on Tuesday for failing to consult the European Union before it cut off part of its oil exports to Europe because of a deepening dispute between Russia and Belarus over subsidized energy.

"Even during the Cold War, Russia was a stable energy supplier," said Merkel, whose country holds the rotating presidency of the European Union. Speaking at a news conference in Berlin, she said Russia's failure to warn the bloc that it planned to shut down a pipeline that crosses Belarus and supplies Germany, Poland and other E.U. countries was "not acceptable."

Russian officials say they feel deeply aggrieved by the tactics of Belarus, which they accuse of stealing crude oil destined for Western Europe, but the Kremlin is nonetheless getting another black eye over its reliability as an energy supplier.

Just over a year ago, the E.U. was in an uproar after Russia cut natural gas supplies to Ukraine, a decision that affected supplies across the Continent. And while there is no great sympathy in Western Europe for Belarus, often called the Continent's last dictatorship, there is increasing concern about Russia's willingness to shut off energy supplies as a first resort in disputes with its neighbors.

The message "to our Russian partners, and to Belarus as well, is that consultations are the least thing to do," said Merkel, whose comments were echoed by other European leaders. "It is not acceptable if there is no consultation on such issues. That destroys confidence, and this is no basis for smoothly building up a constructive relationship."

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The E.U., which is heavily dependent on Russian natural gas and oil, has almost no short-term alternatives for energy. Russia supplies about 25 percent of the union's oil and 40 percent of its natural gas.

Besides Germany and Poland, Russian oil supplies were also cut to the Czech Republic, Hungary and Slovakia. All the affected countries have enough strategic reserves to ride out any shutdown for several months.

The dispute began when Belarus imposed a transit fee on Russian oil in retaliation for new Russian duties on exports of Russian oil to Belarus. Russia's western neighbor has long benefited from subsidized Russian energy, but the Kremlin appears to have tired of underwriting its putative ally, which is led by the authoritarian President Alexander Lukashenko.

Belarus, isolated and poor, earned billions of dollars from processing Russian crude and selling it to Western Europe. The new duties will cut into its profits, much of which ended up in government coffers.

On Jan. 1, Russia doubled the price of the natural gas it sells to Belarus, but at $100 per 1,309 cubic yards, it is still cheaper than the price paid by any other country. As part of that deal, the state-controlled Russian energy company Gazprom also took a 50 percent stake in the Belarusan gas pipeline network. "Belarus won't be blackmailed by Russia," Lukashenko said on state television.

At a government meeting Tuesday, Putin expressed frustration with Belarus, noting that Gazprom paid the highest of multiple independent valuations for its stake in the pipeline network and that Belarus continues to be subsidized despite the price increases.

"The Russian Federation has agreed to sell gas not at a market price," Putin said in televised remarks. "Moreover, Russia is not levying an export duty on its gas exports to Belarus, costing it $3.33 billion annually."

A Belarusan delegation flew to Moscow to try to resolve the dispute.

"Everything should be placed on the negotiation table without any preliminary conditions or preliminary demands," Belarusan Deputy Prime Minister Andrei Kobyakov said at a news conference at the Belarusan Embassy. "We are ready for dialogue."

The Russian economic development and trade minister, German Gref, met with Kobyakov on Tuesday evening but said Russia would enter into full negotiations with Belarus only when the oil transit fee is dropped. "These are our unconditional demands, and we will not enter into talks until these conditions are satisfied," Gref told reporters after meeting with Kobyakov.

One sign that Russia may be preparing for a drawn-out affair was an instruction from Putin to ministers that they "discuss with Russian companies the possibility of reducing oil output in connection to problems linked to the transit of oil through Belarus." That would prevent Russia from extracting more oil than it can pump to customers.

Putin also said that "everything must be done to guarantee the interests of Western consumers." Russian officials said they were exploring ways of rerouting oil to Europe.

Russia Considers Alternatives To Oil Pipeline Through Belarus (NYT)

By Michael Schwirtz

New York Times, January 10, 2007

MOSCOW, Jan. 9 — An unyielding President Vladimir V. Putin on Tuesday raised the possibility of diverting oil transit routes away from Belarus, a day after Moscow cut off pipeline deliveries of crude oil headed to customers in Eastern and Central Europe through the country.

Such a change, which would be years in the making, would cut Belarus out of any role in the transshipment of oil to Europe without offering the customers any immediate assurance that their supplies were reliable.

The two-day cutoff has affected supplies to Ukraine, Germany, Poland, Hungary, the Czech Republic and Slovakia. It is the second stoppage of Russian energy supplies to European countries since last winter, when natural gas shipments were shut down briefly during a gas pricing dispute between Russia and Ukraine.

In a meeting with his cabinet ministers, Mr. Putin also urged the government to discuss with Russian companies “the possibility of scaling down the extraction of oil, given problems in transiting crude across Belarus.” That indicated that Russia might not have sufficient storage for oil that was being produced but not exported.

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With the new year, Russia began charging Belarus $100 per thousand cubic meters of gas, more than double the old rate of $46. It also imposed a duty of $180 a ton on oil that officials said Belarus was obtaining at subsidized rates and reselling on world markets. In response, Belarus imposed a transshipment fee of $45 a ton on oil going through Belarus in the Druzhba pipeline to Europe.

On Monday, officials in Moscow accused Belarus of siphoning off about 79,000 tons — roughly half a million barrels — of Russian oil bound for Europe, then shut down the pipeline entirely.

Normally the 2,500-mile pipeline pumps 1.2 million barrels a day to Eastern and Central Europe, with one arm running to Poland and Germany and the other to Ukraine, Hungary, Slovakia and the Czech Republic.

In general terms, Mr. Putin told his cabinet members to do whatever was necessary to guarantee the interests of Russian companies as well as the interests of the countries dependent on Russian energy supplies.

He also said the government must continue negotiations with Russia's "Belarussian partners," now estranged but once so close that the countries spoke seriously of merging into a unitary state.

Officials from Belarus flew to Moscow to negotiate, and one delegation submitted a draft agreement to the Russian Trade Ministry, the Russian news agency Interfax reported. According to Belarus's deputy economic minister, Vladimir A. Naidunov, the agreement could "make it possible to mutually settle issues concerned with levying customs duties on oil, and with duties for oil transportation through Belarus."

It is unclear when negotiations will begin. Russian officials have begun formulating their starting positions, but German O. Gref, Russia's trade minister, told reporters Tuesday evening that Moscow would start talks only after Belarus had lifted transit duties and resumed oil transit.

Russia's intransigence irritated European leaders, including Chancellor Angela Merkel of Germany, who said it was "not acceptable" for energy suppliers to cut off shipments without consultation, and who renewed her call for diversification of supplies.

But few analysts expected the standoff to last more than a few days. "Belarus's reserves of cheap oil will last a few days, a week at most," Yaroslav Romanchuk, an economist in Belarus, told The Associated Press. "After that, it will have to buy oil taking into account Russian export duties."

In a news conference, the Russian industry and energy minister, Viktor B. Khristenko, said that in time Russia would be able to reroute oil around Belarus, possibly by increasing the capacity of the Baltic pipeline system or hurrying the completion of the East Siberia-Pacific Ocean pipeline.

In the short term, he said, Russia might have to ship more oil by rail and river. "If these measures aren't enough, it could be necessary to reduce oil output," he said.

Russian equity markets slid sharply on the news, with the RTS index dropping 6.4 percent. Shares in Lukoil, a major oil producer, led the way, dropping 9 percent.

Russia May Cut Oil Production Amid Dispute With Belarus (LAT)

By David Holley, Times Staff Writer

The Los Angeles Times, January 10, 2007

Putin's comments seem to hold out the threat that negotiations could drag on for days or months.

MOSCOW — A Russian-Belarusian oil dispute that has shut down a key pipeline carrying crude oil to European customers may drag on long enough to force Moscow to cut production, Russian President Vladimir V. Putin said Tuesday.

The bitter spat between the longtime allies led to a cutoff Monday in the flow of oil across Belarus, prompting complaints from European officials.

A warm winter has left Europe with abundant oil supplies, triggering falling prices and keeping a lid on the severity of the continent's short-term worries about the cutoff. But the dispute, which concerns oil taxes and transit fees, has revived fears in the European Union about overreliance on Russian energy and has focused attention on efforts to come up with a comprehensive European energy policy.

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The tough Russian stance also threatens to undermine Belarusian President Alexander G. Lukashenko. His authoritarian government, often called "the last dictatorship in Europe," has been propped up by energy subsidies from Moscow that are now being eliminated.

"The Kremlin has dumped Lukashenko," Belarusian opposition leader Alexander Milinkevich said in a telephone interview from Minsk, the capital.

The oil dispute was triggered by a new Russian customs duty of $180 per metric ton on crude oil exports to Belarus, a tax that took effect Jan. 1. Belarus retaliated by imposing a transit fee of $45 per ton for oil shipped through the pipeline to the European Union.

Moscow had previously shipped oil to Belarus duty-free under agreements reached in a bid to eventually unite Belarus and Russia into a single state.

That effort has lost steam in recent years, however. It appears that the Kremlin has decided to maximize its oil and natural gas export profits despite the political impact on Lukashenko.

"Since this united economic space is not working out, it was decided in Moscow to make a transition to market relations," said Vyacheslav A. Nikonov, president of the Politika Foundation, a Moscow think tank. "Lukashenko naturally doesn't like it. Of all the foreign partners Putin ever had, Lukashenko has always been the most difficult."

Last month, Belarus was forced to agree to pay slightly more than twice as much for Russian natural gas this year compared with last year, although the cost remains less than half the amount charged to European Union customers. That deal calls for further price hikes in the next few years.

Milinkevich, the opposition leader, said Lukashenko had overreacted to Moscow's decision to raise energy prices toward market levels.

"Despite all these years of preferential terms for oil and gas, Belarus failed to prepare itself for real market relations," he said.

"Belarus has lost its last partner in Europe and found itself in total isolation," he added. "I think eventually Moscow and Belarus will arrive at some temporary compromise, but their good relations are a thing of the past."

In televised remarks made at a meeting of Cabinet ministers, Putin ordered officials "to discuss with Russian oil-producing companies the possibility of reducing oil production in connection with the problems that arose when transporting our oil through Belarus' territory."

That comment appeared to hold out the threat that negotiations could drag on for days or even months. But Putin also called for talks to move forward, and for officials "to do everything to protect the interests of our Western customers."

A similar dispute a year ago between Russia and Ukraine over natural gas prices briefly disrupted supplies to the European Union.

Speaking at a joint news conference in Berlin, German Chancellor Angela Merkel and European Commission President Jose Manuel Barroso criticized both Russia and Belarus for the disruption in supplies.

"It is not acceptable when there are no consultations about such moves," Merkel said. "That repeatedly destroys confidence, and you cannot build cooperation based on true mutual trust in this way.... Even during the Cold War, Russia was a stable energy supplier."

The pipeline delivers about 20% of Germany's yearly oil supply. The European Union relies on Russia for about 40% of its natural gas imports and about 30% of its oil imports.

Steven Dashevsky, director of research at Aton Capital Group in Moscow, placed most of the blame for the dispute on Belarus.

"Russia, as a main oil and gas producer, is in the same shoes with Western Europe, as a main oil and gas consumer," he said. "For the second year in a row they become hostages of unstable transit states that can't pay market prices for their energy and resort to creating problems for all of Europe."

Belarusian Deputy Prime Minister Andrei Kobyakov met in Moscow on Tuesday with Russian Economic Development and Trade Minister German O. Gref, but it was unclear whether the talks made any progress.

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Times staff writers Jeffrey Fleishman in Berlin and Sergei L. Loiko in Moscow contributed to this report.

Oil Spat Deepens Worry Over Russia's Reliability (WSJ)

By Gregory L. White And Guy Chazan

Wall Street Journal, January 10, 2007

Putin Threat to Cut Output As Belarus Dispute Persists Has EU Weighing Options

MOSCOW -- Russia's threat to reduce oil production in a worsening trade war with neighboring Belarus is fueling fears of a drawn-out conflict that could slice Europe's main supply of crude.

As the main pipeline carrying Russian oil to Europe remained shut off for a second straight day, European officials said refineries were able to maintain production by dipping into stocks. But officials warned that the European Union might have to take the costly step of releasing oil from its strategic reserve if the cutoff is prolonged.

European officials blasted both sides' actions. German Chancellor Angela Merkel said Moscow's failure to warn its customers of the impending cutoff "hurts trust and ... makes it difficult to build a cooperative relationship." Ms. Merkel and EU officials denounced the lack of warning from both sides as "unacceptable," while the European Commission said it would convene a special meeting tomorrow to discuss how to make up for the lost Russian supplies.

In his first public comments on the Belarus dispute, Russian President Vladimir Putin ordered his government to continue negotiations with Minsk, but also said Moscow should discuss with oil companies the possibility of reducing oil production to offset lost exports.

Russia's main pipeline to Europe carries about a third of Russia's five million barrels a day of crude exports. Belarussian officials in Moscow for talks today said no discussions had yet taken place.

Russian oil companies warned that any effort to reduce production would be costly. "That's an extreme option," said Dmitry Dolgov, a spokesman for OAO Lukoil, Russia's largest oil company. But analysts said with Kremlin influence in the energy sector growing, Russia's oil giants would likely toe the line if the authorities demanded cutbacks.

Oil prices fell as markets shrugged off fears about Russia and focused on unseasonably warm weather in the U.S. Crude oil for February delivery settled at $55.64 a barrel, down 45 cents, or 0.8%, on the New York Mercantile Exchange.

The Kremlin blames Minsk for causing the disruption by imposing a fee of $45 a metric ton (about $6.15 a barrel) for Russian oil shipped through the Druzhba pipeline. Minsk imposed the transit duty in retaliation for Moscow's decision late last year to end duty-free crude shipments to Belarus. The Druzhba, or Friendship, brings over one million barrels a day of Russian crude to Germany, Poland and other European countries, and carries about 12.5% of EU oil consumption.

Russia's reputation as a reliable supplier to Europe, which depends heavily on its eastern neighbor for oil and natural gas, has come under increasing question since a price conflict with Ukraine led to a brief cutoff of Russian natural-gas exports to much of Europe a year ago. But that so far hasn't deterred Moscow from continuing to use its vast oil and gas resources as a political tool in its increasingly assertive foreign policy.

Political analysts said the Kremlin appears determined to put the screws to Belarus President Alexander Lukashenko. For Mr. Putin, who has called the 1991 collapse of the Soviet Union "the greatest geopolitical catastrophe of the century," a planned union with its former Soviet neighbor on Moscow's terms is a priority. Russian officials blame Mr. Lukashenko for foot-dragging on the plan despite receiving billions of dollars a year in energy subsidies from Moscow.

Mr. Putin yesterday ordered his government to prepare a full spectrum of economic measures to use against Belarus, whose state-controlled economy is heavily dependent on Russian markets.

With the country's biggest companies deprived of their main export market as well as cheap Russian energy, Mr. Lukashenko may for the first time face mass popular discontent. "The Belarussian population is used to getting everything for free, and they will turn away from Lukashenko if he can no longer come up with the goods," said Jaroslav Romanchuk, head of the Mises think tank in Minsk.

But Mr. Lukashenko, a pariah in the West because of his authoritarian policies, could prove more resistant to pressure in the short term than Moscow, which has cultivated ties in Europe.

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U.S. Criticizes Venezuela's Nationalization Plan As A Sure Failure (MCT)

By Pablo Bachelet

McClatchy Newspapers, January 10, 2007

WASHINGTON - The Bush administration on Tuesday slammed Venezuelan President Hugo Chavez's plans to nationalize his country's power and telecommunications companies and demanded that U.S. firms be properly compensated.

"Nationalization has a long and inglorious history of failure around the world," White House spokesman Tony Snow said. "We support the Venezuelan people and think this is an unhappy day for them."

Gordon Johndroe, spokesman for the White House National Security Council, said the United States expects that American companies affected by Chavez's moves will be "promptly and fairly compensated."

Chavez said Monday that it was time to nationalize CANTV, the country's biggest telecommunications company, as well as electricity and perhaps oil interests. The move was widely viewed as a dramatic leftward tilt for the populist leader, who gave no further details.

If the move is carried out, observers say, the Venezuelan state may have to disburse more than $20 billion to foreign investors.

Reaction among investors was immediate, with the Caracas stock exchange, the IBC, plummeting 19 percent Tuesday, the largest drop since record-keeping began in 1993.

CANTV, which traded at nearly $20 a share before Chavez's speech, saw its price tumble 28 percent on Tuesday to just over $12 a share. Shares of The AES Corp., an Arlington, Va., firm that operates a Caracas electric utility, fell 4 percent.

Though Snow and Johndroe condemned the nationalization announcement, the Bush administration avoided broader criticism of the Venezuelan president. U.S. officials, as well as Venezuelan critics, have accused Chavez of undermining democracy at home and other parts of Latin America. Lately, however, the Bush administration has tried to enter into a dialogue with Caracas.

In 1991 the Venezuelan government sold CANTV to Verizon for $1.8 billion amid a wave of privatizations that swept Latin America. As part of its strategy to divest its Latin American holdings, Verizon announced last April that it would sell its 28-percent stake in CANTV to Mexican phone giant Telmex in a $3.7 billion deal that includes assets in Puerto Rico and the Dominican Republic.

It was unclear how Monday's announcement would affect the transaction, which awaits Venezuelan regulatory authorities' approval.

The Venezuelan government has compensated firms for seized assets in the past, but taking over big utility companies could strain even Venezuela's oil-rich pockets.

Gerver Torres, a former Venezuelan Cabinet minister who played a role in the privatization of CANTV, estimates Verizon's stake in the company now at $3.5 billion and the value of AES's Caracas electrical utility at $1.9 billion.

Chavez also hinted at taking over four oil fields, which Torres estimates could be worth as much as $5 billion each.

He said the takeovers have little economic justification for a poor country and would be "a huge (state) investment for purely ideological reasons."

Chavez's announcement drew the immediate rebuke of Florida Republican Rep. Connie Mack, an outspoken critic of the Venezuelan leader.

"By moving to nationalize key economic sectors, coupled with his continued crackdown on freedom, Chavez is working every day to emulate his mentor, Fidel Castro," Mack said.

Chavez's Economic Plans Set Latin Markets Reeling (WP)

By Juan Forero

Washington Post, January 10, 2007

BOGOTA, Colombia, Jan. 9 -- Financial markets from Buenos Aires to Caracas reeled on Tuesday following Venezuelan President Hugo Chavez's announcement that he plans to nationalize some private companies, and the White House warned that it expects U.S.-based corporations to be compensated for any losses.

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The U.S. Energy Department also expressed concern after Chavez, who has pledged to accelerate his socialist "revolution," said Monday that he would nationalize telephone and electric utility companies and increase state control over four major oil projects in which American and other foreign companies have invested $17 billion.

At the White House, Gordon Johndroe, a spokesman for the National Security Council, said that "if any U.S. companies are affected, we would expect them to be promptly and fairly compensated." He also said that a nationalization plan, if it proved far-reaching, could be harmful to Venezuela.

Meanwhile, White House press secretary Tony Snow lambasted Chavez's plan, saying: "Nationalization has a long and inglorious history of failure around the world. We support the Venezuelan people and think this is an unhappy day for them."

The Venezuelan leader did not say whether his nationalization plan would mean outright expropriation, higher taxes or majority state control. And as is often the case after Chavez's announcements, Venezuelans scrambled Tuesday to play down the news, with energy officials saying the president was only reiterating existing policy.

But the announcement, made in a bombastic speech in which Chavez also attacked the Catholic Church and insulted the secretary general of the Organization of American States, sent stocks into a tailspin in Venezuela and generated market jitters across Latin America.

In Venezuela, the stock market suffered its biggest loss on record, plunging 19 percent, according to the Bloomberg news agency. The currency was also hit hard. The bolivar, which is officially pegged at 2,150 to the dollar, dropped to more than 4,000 to the dollar on the black market.

Trading on shares of CANTV, Venezuela's largest telephone company, was suspended for 48 hours after shares fell 30 percent. And trading on shares for the electric utility, Electricidad de Caracas, was halted after a drop of more than 20 percent. On the New York Stock Exchange, shares of AES Corp., the Arlington-based company that owns 86 percent of Electricidad de Caracas, fell 86 cents, or 4 percent, on news of the Chavez speech.

In Mexico, the stock prices of Telefonos de Mexico and America Movil SA also dropped. The two companies, both owned by the richest man in Latin America, Carlos Slim, had launched a joint effort to take control of CANTV, whose largest shareholder is now Verizon Communications Inc. Stocks in Argentina and Colombia, the latter a close trading partner of Venezuela's, dipped, as well.

"Obviously, the markets responded," said Maya Hernandez, an analyst with HSBC in New York. She said that although Chavez had said he would move to consolidate his socialist agenda, "what surprised us was the urgency with which he moved, not the direction."

Still, she said, the government has generated numerous questions that officials in Venezuela say should be answered Wednesday, when Chavez is to be sworn in to a third term.

"It's very unclear how he will go about this, especially the nationalization," Hernandez said. "What will he do? Is he going to compensate the companies? Is he going to expropriate the companies?"

Since first being elected in 1998, Chavez has moved quickly to overturn the old social and economic order, sidelining his opponents and spending billions of dollars in oil revenue to found state-run cooperatives and government companies. He has steadily taken a larger share of the pie from companies such as Exxon Mobil, Chevron, Total of France and BP, multinationals drawn to Venezuela in the 1990s. New state lending agencies have been created, and new regulations have been imposed on banks, which are now required to dedicate a percentage of loans to micro-businesses and other sectors identified by the government as important to the economy.

But Chavez has promised more. Emboldened by a landslide electoral win in December that gave him another six-year term, the former paratrooper has announced he will seek special constitutional "enabling" powers to pass laws affecting the economy, as he did in 2001 when the government first pushed through legislation to increase the state's hold.

Chavez also said the Central Bank, one of the few semi-independent entities in the country, would come under state control as its directors are replaced. The Central Bank controls cash flow and releases economic data, operations the administration wants to wrest away.

One of the bank's outgoing directors, Domingo Maza Zavala, decried the government's moves.

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"The Central Bank must be autonomous," Maza said in an interview Tuesday on Globovision, a Caracas news station. "Otherwise, the people will lose confidence in the currency."

In Venezuela, businessmen were bracing for more details about the government's plan while hoping for the best. Many have long complained that private investment has plummeted under Chavez, hurting industry.

Flavio Fridegotto, a businessman speaking by phone from Venezuela, said the government has to understand that it needs foreign companies to operate freely in the country.

"We don't think that they're going to be that radical," he said. "He needs businessmen. They need to take care of the transnationals."

Analysts Hit Venezuela Nationalization (AP)

By Natalie Obiko Pearson

AP, January 10, 2007

Investors spooked by President Hugo Chavez's nationalization plans rushed to sell off Venezuelan stocks Tuesday, while U.S. officials and financial analysts warned that increasing government control in the power, telecom and oil sectors is a mistake.

Chavez, who begins another six-year term Wednesday after a sweeping election victory, announced plans Monday to nationalize Venezuela's largest telecommunications company, electrical companies and four lucrative oil projects now run by foreign companies in the Orinoco River basin. He also called for a constitutional amendment to strip the autonomy of the Central Bank.

"Chavez has singled out `strategic sectors' for now, but what could come next?" asked Pedro Palma, an economist at Venezuela's IESA business school. He said Chavez has created "a climate of great uncertainty."

Chavez's plans to impose state control over oil upgrading projects in the Orinoco, now controlled by companies like Exxon Mobil Corp., Chevron Corp. and ConocoPhillips Co., also prompted worries in the U.S., Venezuela's largest oil customer.

"I think the goal here is to enforce the sanctity of contracts," U.S. Energy Secretary Samuel Bodman said Tuesday, expressing concerns that Chavez could "violate that principle."

White House press secretary Tony Snow also weighed in, saying: "Nationalization has a long and inglorious history of failure around the world. We support the Venezuelan people and think this is an unhappy day for them."

Investors dumped shares in C.A. Nacional Telefonos de Venezuela, or CANTV, whose American Depository Receipts lost nearly 42 percent of their value since Chavez's announcement. On Tuesday alone, CANTV lost $285.7 million in market capitalization.

Shares in Electricidad de Caracas, owned by Arlington, Virginia-based AES Corp., fell by 20 percent Tuesday morning before the Caracas stock exchange suspended trading. And the U.S. dollar hit a new high of 4,000 Venezuelan bolivars on the black market Tuesday, making a joke of the official exchange rate of 2,150 bolivars.

Government seizures of companies don't appear to be likely: With Venezuelan oil selling above $50 a barrel, Chavez's government has plenty of cash to buy out private-sector stakes in key companies.

Chavez also said he would ask Congress — now completely controlled by his supporters — to grant him special powers to enact "revolutionary laws" to carry out the nationalizations and other changes.

Oil companies are accustomed to operating in politically unstable regions and have so far taken a long-term perspective on abrupt changes by Chavez's government. He's already raised taxes and royalties and brought most oil operations under state-controlled joint ventures.

Brazil's state-owned oil company said Tuesday that Chavez's announcement will not affect its plans to invest in Venezuela.

"(This announcement) should not surprise anyone. ... He has been saying he would do this for a long time," Petrobras Chief Executive Sergio Gabrielli told Brazil's state news agency. Petrobras is not involved in the Orinoco upgrading projects but has other oil and gas interests in the country.

But other sectors are likely to be spooked, and that won't help diversify an economy precariously dependent on oil, Palma said.

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CANTV's nationalization also raises doubts about an April agreement by Verizon Communications Inc. to sell its 28.5 percent stake in CANTV to a joint venture of America Movil and Telefonos de Mexico SA controlled by Mexican billionaire Carlos Slim. The sale had been awaiting Venezuelan government regulatory approval.

Shares of both Mexican phone companies fell Tuesday: America Movil lost 2.6 percent and Telmex dropped 2.9 percent on Mexico's benchmark IPC stock index, which closed down 1.9 percent overall.

Chavez has increased state control over many areas of the economy since coming to power in 1999. The foreign exchange controls he imposed in 2003 make it difficult to repatriate earnings and acquire dollars for international payments, and his government seized ranchlands and company assets deemed idle, moves that scared off many long-term investors.

State-run companies have a poor record in Venezuela: areas now serviced by government-run electricity companies suffer frequent blackouts, and before CANTV was privatized, companies had to employ dozens of operators to work the phones because getting a connection was so difficult.

"The state companies have shown that they're hopeless, they don't know how to manage, they're totally incapable of directing any type of company," said Luis Salazar, 56, an economist walking in downtown Caracas.

The privatized CANTV has also provided another key benefit for Venezuelans — one of the few ways to get around currency exchange controls. Investors could buy its stocks in Venezuelan bolivars and sell them on the New York Stock Exchange to acquire dollars. A government takeover of CANTV would close down this option for preserving wealth in an economy where inflation has been running at 17 percent.

Venezuela's electricity sector is largely state-run already and it wasn't clear if Chavez's call to re-nationalize companies privatized before he took power would affect Electricidad de Caracas, which has never been state-run and is owned by Virginia-based AES Corp. Stockholders, however, were not taking any chances and sold off shares.

Chavez has heightened the risk for anyone doing business in Venezuela, said Emilio Medina-Smith, an economist at Venezuela's University of Carabobo.

"The model that the government is going to follow is feasible with oil at $50 a barrel. But is it possible in the medium-term, long-term? Experience tells us no," he said.

Venezuelan Plan Shakes Investors (NYT)

By Simon Romero And Clifford Krauss

New York Times, January 10, 2007

CARACAS, Venezuela, Jan. 9 — Verizon Communications had been looking to lighten its exposure to Latin America for some time when it struck a deal in April to sell investments in three properties in Puerto Rico, the Dominican Republic and Venezuela.

Now, it probably wishes it had disconnected its Latin lines even sooner.

The company could possibly lose up to several hundred million dollars, thanks to President Hugo Chávez of Venezuela, who threatened to nationalize the country's main telephone and electricity companies.

Investors reacted with alarm here and in markets in the United States and throughout Latin America on Tuesday as they measured the impact of the plan by Mr. Chávez to nationalize crucial areas of the economy. Memories of past nationalizations during another turbulent era, in places like Cuba and Chile, helped drive down the Caracas stock exchange's main index by almost 19 percent.

Markets across Latin America declined Tuesday, but the drop was modest in most other countries, with the Bovespa index in Brazil and the Bolsa index of Mexico each falling 1.9 percent. The measured reaction appears to reflect the belief of investors that Mr. Chávez, in spite of his words, has limited influence on the economic policies of other governments in the region.

"It has not turned into a widespread contagion," said David Riedel, president of the Riedel Research Group, who follows emerging market stocks. Compared with the 1990s, "you have a more sophisticated base of investors that understand that Mexico is different from Venezuela."

Still, investors sold shares in American, Argentine and Mexican companies vulnerable to the move by Mr. Chávez to take control over entities that had been privatized by previous administrations.

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Owners of Venezuelan steel, banking, cement and hotel companies — even the cable car operator that takes tourists to the top of the Ávila mountain here — could be affected by the push toward nationalization, analysts said.

"Chávez is deepening his revolution, but in doing so will he follow the law and compensate the companies whose assets will be nationalized?" said Miguel Octavio, executive director of BBO Servicios Financieros, a brokerage firm, who calculated the costs of taking over companies in the telecommunications, electricity and oil industries, as well assuming their debts, at more than $15 billion.

"It doesn't seem like the government has thought this project out yet," Mr. Octavio said.

Tony Snow, a White House spokesman, said on Tuesday, "Nationalization has a long and inglorious history of failure around the world. We support the Venezuelan people and think this is an unhappy day for them."

Mr. Chávez further intensified worries with his request for vastly enhanced presidential authority from his Congress. If successful, those new powers would allow him to decree measures into law for one year, bypassing any debate in the legislature, where in any case all 167 deputies are his supporters. On top of that, he made a request to abolish the autonomy of Venezuela's central bank. The Venezuelan government did not immediately contact the American companies, which declined to discuss details.

"There are many ways in which the Venezuelan government could proceed," said Peter Thonis, a spokesman for Verizon. "Since they have not discussed specific plans, it would be premature for us to comment now."

In April, Verizon agreed to sell its 28.5 percent stake in Compañia Anónima Nacional Teléfonos de Venezuela, or CANTV, to América Móvil and Teléfonos de Mexico, for $676 million; the deal has not closed, so Verizon still owns the stake, and it was unclear how much the Chávez government would be willing to pay to take control. Neither América Móvil or Teléfonos de Mexico would comment.

Since taking power eight years ago, President Chávez has imposed stronger political control over the state oil company and has ordered the government to exert greater authority over several ventures with foreign oil firms.

Stopping short of Mexico's nationalization of foreign oil companies in the 1930s, the Venezuelan government has aimed to reach partnership agreements with foreign oil companies while raising its tax rates and royalties on foreign oil companies.

At the very least President Chávez's pledges Monday to nationalize companies in the telecommunications and electricity industries represented another retreat of the trend toward more private control of national economies and free market policies that swept Latin America in the 1990s.

Mr. Chávez has led that reversal, which has taken hold to one extent or another in Argentina and Ecuador, as well as Bolivia.

"We have said for a while that if you are operating a domestic business in Venezuela, you are chronically at risk for something like this happening," said Thierry A. Wizman, a managing director and global emerging market strategist at Bear Stearns in New York. "This is not the first time he has changed the rules for domestic businesses."

Still, Mr. Wizman notes Mr. Chávez cannot afford to seize assets brazenly without compensating corporate owners, because Venezuela owns assets in the United States like Citgo, the energy company, that could be frozen by United States courts.

"He is unlikely to give a fair price, but it won't be outright seizure without compensation," Mr. Wizman said. "He doesn't want to offend everybody simultaneously."

Not all investors are as sanguine, and two American companies, Verizon and the AES Corporation of Arlington, Va., suddenly face the potential of hundreds of millions of dollars of losses. AES declined to comment Tuesday.

The abrupt policy and market jolt in Caracas came amid surging interest in Latin America, Asia and Eastern Europe by investors around the world. Last year, investors in the United States poured $20.3 billion into emerging market funds, up 47 percent from 2005 and accounting for 15 percent of all the money invested in stock-based funds, according to AMG Data Services.

Investors note that even with the recent troubles in Russia, Venezuela and Thailand, conditions remain favorable in Brazil, Chile, China and India. That may explain why stock markets did not buckle across Asia and the declines in Latin America were fairly modest outside Venezuela.

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Some investors and business experts expressed optimism that while risks and trepidations were on the rise for business in the region, Mr. Chávez had sometimes stopped short of his pledges in the past.

Others even hoped he would reverse his intentions, or at least fairly pay for the announced nationalization of CANTV.

A sharp fall in the shares of Electricidad de Caracas, a utility controlled by AES, however, seemed to reflect fears that it would be nationalized.

Mr. Chávez's pronouncements prompted expressions of awe and surprise among many of his new cabinet members at their swearing-in ceremony on Monday, suggesting that even they were taken aback. Mr. Chávez also lectured Venezuela's clergy, which has been critical of his plan to refuse a broadcast license to an outspoken television network. He recommended that they read the works of Marx and Lenin, as well as the Bible, "to learn what socialism means."

Mr. Chávez has suddenly moved forward with a revolution that seemed to unfold in slow motion in previous years. He pushed for socialist-inspired economic policies like price controls to slow inflation and the assembly of alliances with Latin American nations with leftist leaders that now include Bolivia, Cuba, Ecuador and Nicaragua.

Since his re-election to the presidency in December with a 23-point margin, Mr. Chávez has quickly accelerated his efforts to remake Venezuelan society. He has dismissed moderate cabinet ministers and his vice president. He also has begun speaking of the need to reform the nation's public schools to focus more on socialist ideals, and of guiding the Venezuelan consumer away from "luxurious consumption" of imported goods.

Few obstacles stand in the way of Mr. Chávez, making his request for enhanced presidential power, as well as a request to abolish the autonomy of Venezuela's central bank, somewhat perplexing. Mr. Chávez and his economic deputies already effectively control monetary policy, for instance by capping interest rates on loans, though they have to go through the bureaucratic procedure of asking the central bank for its reserves of hard currency if they want them.

With 80 billion barrels of conventional crude oil, or about 7 percent of the world's reserves, Venezuela remains the fourth-largest oil supplier of the United States. Much of Mr. Chávez's ambitious project to move Venezuela toward socialism will depend on petroleum revenue, with oil by far the country's leading export.

It was no small surprise that even as Mr. Chávez announced his startling assortment of economic policies this week, his oil minister, Rafael Ramírez, was calling on OPEC to hold a special meeting to discuss falling oil prices. On Tuesday, oil traded near an 18-month low at $55.64 a barrel in New York, down nearly 9 percent since the start of the year.

Venezuela's Ch?vez Tightens Grip (AP)

By Thomas Catan

AP, January 10, 2007

CARACAS, VENEZUELA

As he begins his third presidential term Wednesday, Venezuelan President Hugo Chávez has laid the groundwork for a sharp leftward shift and launched a clampdown on dissent, in what analysts see as a broad-based effort to strengthen his grip on power.

Emboldened by his resounding reelection victory on Dec. 3, Mr. Chávez announced plans this week to nationalize power and telecom companies as part of an accelerated move toward socialism. This comes after he had begun to act on longstanding threats to close media outlets aligned with the opposition, refusing to renew the broadcast license of Venezuela's oldest commercial television station, RCTV.

In the past week, he has purged his cabinet of ministers deemed insufficiently radical, bringing in a new group of loyalists that includes his brother, Adan. He has begun to merge the more than 20 parties in his governing coalition into a single force under his control. And, under a controversial new law, he is set to take control of nongovernmental organizations that could oppose his government.

"I don't think there is a lot of ambiguity about what Chávez is doing," says Michael Shifter, an analyst at Interamerican Dialogue in Washington, DC. "He wants to hold on to power for as long as possible, and even though he just won a resounding reelection, he doesn't want to take any chances of dissent building." Crackdown on dissent

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The Venezuelan president's decision to close RCTV, which has been broadcasting since 1953, has been met with strong criticism from the Organization of American States (OAS), the Catholic Church, and from press freedom campaigners like Reporters Without Borders. José Miguel Insulza, OAS secretary general, said the move smacked of "censorship against freedom of speech and a warning to other media, encouraging them to limit their operations so as not to face the same fate."

But Chávez, who referred to Mr. Insulza as an "idiot," says he will defy any international criticism.

Chávez is also moving to take control of civic groups, some of which have been critical of his government. Under a proposed law now in Congress, NGOs will have to reregister with the government, even if they have been operating legally for years. Foreign funding will have to pass through the government, and NGOs would have to open their files to anyone that requests it. Human rights campaigners say it would effectively end their work.

"If approved, it will [effectively] outlaw all nongovernmental organizations" working in Venezuela, says Liliana Ortega of the Venezuelan human rights group, Cofavic. "There will only be groups approved by the government."

Amnesty International has called on Chávez to revoke the bill, with a spokesperson saying it would "restrict the legitimate work of human rights defenders in Venezuela." But Chávez shows no signs of retreating.

Chávez is also gearing up to change the constitution to allow his indefinite re-election - and has vowed to remain in power until 2021.

Mr. Shifter believes Chávez's effort to change the constitution could meet with substantial opposition within his own coalition. That could be a reason why Chávez is moving to take control of both supporters and critical NGOs.

"He would be in better shape to assure his power if there are no independent, critical civic organizations that could offer a channel for dissent and challenge to the regime," says Shifter.

Chávez's defenders deny his latest moves constitute an autocratic power-play. They say the measures are needed to defend the achievements of the "Bolivarian Revolution" from its enemies, such as those who launched a failed coup against Chávez in 2002.

The bill to regulate NGOs, for example, was introduced after Súmate, a voter education group involved in the 2004 recall drive against Chávez, was found to have received more than $30,000 from the US-funded National Endowment for Democracy. They similarly accuse RCTV and other private broadcasters of having supported the failed 2002 coup and subsequent oil strike against the government.

"They became spokesmen for the opposition and allied themselves with the coup-plotters of 2002," says Martín Pacheco, media coordinator for the Chávez reelection campaign. Growing blacklist

With political passions on the rise, Chávez's opponents say they are bracing themselves for a renewed crackdown. Some of the 3.5 million Venezuelans on a political blacklist compiled by his government two years ago say they have noticed a recent upswing in harassment by government officials.

Rocío San Miguel, a lawyer in Caracas, appeared on the blacklist in early 2004 after signing a petition to recall the president. She was fired from her job at Venezuela's border agency a few weeks after the blacklist was posted on the Internet. Last month, her husband, a colonel in the Air Force, was barred from entering his air base.

"Not only have they ended my career, now they are ending his," says Ms. San Miguel, adding that she is now more fearful than ever. "The day after the election, my daughter asked me, 'Is something going to happen to you now that Chávez has won?' "

Opponents say the list is used to screen applicants for jobs, social benefits, identity cards, scholarships, and credit from state banks. Government aides deny this. "It's absurd to think there is political discrimination here," says Mr. Pacheco.

One woman, who requested anonymity for fear of reprisals, says she was fired from her government job just before the Dec. 3 election, along with several others.

"That list is used all the time," she says. "People are very scared." Toward socialism

CARACAS, VENEZUELA - As Venezuela embarked on another six years under Hugo Chávez, the president announced plans to nationalize power and telecommunications companies. He also said he wanted a constitutional amendment to strip the Central Bank of its autonomy and would soon ask the National Assembly, solidly controlled by his allies, to approve "a set of revolutionary laws" by presidential decree.

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"We're heading toward socialism, and nothing and no one can prevent it," he said in a televised address after swearing in his new cabinet on Monday.

Chávez also said lucrative oil projects in the Orinoco River basin involving foreign oil companies should be under national ownership. Critics say he is following in the footsteps of Cuban leader Fidel Castro.

Venezuela Inc.'s Hostile Takeover (NYT)

The New York Times, January 10, 2007

President Hugo Chávez of Venezuela — the very portrait of a modern Latin American strongman — is not content to exercise near-total political and military control of his country. Now he is tightening his grip on the Venezuelan economy. That's bad news for foreign investors, but even more so for the Venezuelan people who will have to pay the price for an economy plagued by increasing inefficiency and corruption.

Mr. Chávez announced this week that he would nationalize electricity and telecommunications companies. Venezuela's biggest telecommunications company is partly owned by Verizon Communications. Its largest publicly traded electricity company is controlled by another American company, the AES Corporation. Mr. Chávez also declared his intention to take control of four multibillion- dollar oil projects with significant investments from foreign companies.

State control is rarely an efficient way to run companies. And nationalizations are not a good way to encourage further foreign investment. Mr. Chávez is already using the state-controlled oil company to reward his cronies at the expense of getting the best return on Venezuela's most lucrative resource.

Exactly what form these nationalizations will take remains unclear. Whatever Mr. Chávez is planning, he needs to fairly compensate shareholders. And while the Bush administration needs to condemn any seizure of American assets, it should choose its words carefully so as not to play into Mr. Chávez's Yanqui-baiting game.

The administration can best advance American interests, and those of the people of Latin America, through more active engagement of the region's many democracies. It also needs to press ahead with trade agreements and other forms of economic assistance and cooperation. That is the smartest way to counter Mr. Chávez's demagoguery.

Mr. Chávez's latest moves serve as yet another reminder of why America needs to curb its insatiable appetite for oil. The United States is the biggest buyer of Venezuelan petroleum products. If a powerful Hugo Chávez is against U.S. interests, we should stop paying for his Russian fighter jets and helicopters — and his nationalizations — with our gas-guzzling cars and trucks.

Venezuela's Leap Backward (WP)

The Washington Post, January 10, 2007

BEFORE HIS reelection as Venezuelan president last month, Hugo Chavez declared that his goal was to receive 10 million votes and thereby a mandate to greatly accelerate what he calls a 21st-century socialist revolution. In the end, despite a one-sided campaign that left a majority of Venezuelans believing they might be punished if they did not cast their ballots for him, Mr. Chavez received only 7 million votes; an opposition candidate won 4 million. The president's push to transform his country nevertheless is well underway -- and the model looks a lot like Cuba in the 20th century.

In the past couple of weeks Mr. Chavez has shaken up his cabinet to eliminate quasi-independent voices, said he will form a single ruling party and announced plans to govern by decree in the coming year. He has said he will close down the country's most popular television network, which has been critical of his government, eliminate the independence of the Central Bank, and nationalize telephone and electricity companies -- including one partly owned by Verizon and another by Alexandria-based AES. The commercial code will be changed; one minister said the intent is to place new limits on the profits of the remaining private companies. Though some private media will remain, Andres Izarra, the head of a state network and a close collaborator of Mr. Chavez's, declared that the regime's plan is "a communications and information hegemony for the state."

The flurry of activity has provoked understandable qualms among Latin America's democratic leaders, some of whom have bent over backward until now to give Mr. Chavez the benefit of the doubt. Jose Miguel Insulza, the Chilean who was elected secretary general of the Organization of American States with Venezuelan support, issued a statement last week saying Mr. Chavez's promise to revoke the license of RCTV "gives the appearance of a form of censorship against free expression" and "has

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no precedent in the recent decades of [Latin] democracy." The unfailingly vulgar president responded by publicly calling the OAS leader " pendejo," a Spanish word that could be translated as "idiot" but is not nearly so polite.

Some will see in Mr. Chavez's actions a threat to U.S. interests. Certainly, those who caution that it is unwise to count on Venezuela to continue supplying up to 15 percent of U.S. oil imports have a point. If assets of U.S. companies are seized without fair compensation, Venezuela should be subject to penalties. But the main threat posed by Mr. Chavez is to Venezuela's 26 million people. If he follows through on his threats, they can look forward to steadily diminishing freedom and -- if the history of socialism is any guide -- national impoverishment.

Cuban Economists Envision Role For Markets In Post-Castro Era (WSJ)

By Bob Davis

The Wall Street Journal, January 10, 2007

With Fidel Castro ailing and absent from the public stage, some influential Cuban intellectuals are laying plans for a more market-oriented approach to fortify the island's ailing communist economy.

The debate over economic experimentation, squelched a decade ago by the Castro regime, offers a glimpse of what a post-Castro Cuba could look like. Now, it is intensifying at a time when Castro disciple Hugo Chávez is steering Venezuela toward the kind of hardline socialism that has failed to produce prosperity in Cuba.

Together, the Cuban economists' proposals would cut down on state interference in businesses and aim to wring more productivity out of the island nation's economy. Among the steps under discussion: decentralizing control, expanding the power of managers at privately owned agricultural cooperatives, extending private ownership to other sectors, boosting investment in infrastructure and increasing incentives to workers.

None of the plans would shuck communism for capitalism or open the island further to foreign investment -- which economists outside Cuba say are critical for the island to prosper. But the fact that the government is permitting -- and perhaps even encouraging -- the debate suggests regime officials might find these kinds of changes acceptable, though it may take Mr. Castro's death to put them into action.

"We are in the midst of a process of debate, which is cautious and controlled, but is happening for the first time in many years," said Pedro Monreal, a senior professor at the Center for Research on the International Economy in Havana. "It's an historic moment," says Julia Sweig, a Cuba specialist at the Council on Foreign Relations in Washington. "The Cuban regime feels confident enough to have voices it once purged be at the center of the economic debate on reform."

The proposals are prompted by the continuing economic privation in Cuba, where state salaries don't come close to covering living costs. But the planning is made more immediate by the 80-year-old Mr. Castro's continuing health problems. The Cuban government hasn't disclosed the nature of Mr. Castro's illness -- a Spanish surgeon recently said it isn't cancer -- but he hasn't been seen in public since temporarily relinquishing power at the end of July, and he is unlikely to return to his presidential duties.

Phony Numbers

Cuba claims its economy grew at 12.5% last year, after an 11.8% gain in 2005, which would make it one of the world's fastest-growing nations, but critics say the numbers are as phony as those once produced by the Soviet Union. Carmelo Mesa-Lago, a professor emeritus at the University of Pittsburgh, who has long tracked the Cuban economy, says Cuba engages in statistical sleights of hand, such as double-counting entries, changing base years to yield better results and failing to show how it estimates revenue produced by Cuban doctors and other professionals working overseas.

"I don't see anything [in Cuban economic statistics] that would warrant this magic rate of growth," says Mr. Mesa-Lago, who figures the government is probably inflating its growth statistics by at least two-thirds.

Whatever growth Cuba manages owes a lot to Venezuela, which provides it with subsidized oil -- some of which Cuba re-exports -- and employs tens of thousands of Cuban professionals. President Chávez sees himself as an heir to Mr. Castro in leading a bloc opposed to U.S. policies, and earlier this week said he would nationalize his country's largest telecommunications and electric-utility companies, aping Mr. Castro's early moves in his turn to communism.

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Even with the aid, most Cubans are able to scrape by only by working in black-market enterprises or because of cash sent by relatives in the U.S. and Europe. The disconnect between the Cuban government's claims and the Cuban's people's bleak living standards may increase popular pressure for change. "The Cuban people can believe that the economy is growing statistically, but it's not growing in their homes," says Rafael Hernández, editor of the magazine "Temas" -- "Issues" in English -- a scholarly quarterly in Havana that writes about the Cuban political-economy and society.

Mr. Hernández says the government should pick up the renovation agenda that Mr. Castro and his brother Raúl, now Cuba's acting president, shut down in 1996 for straying too far from socialist ideology and for potentially undermining political control. At the time, the regime approved agricultural co-ops -- which survive today -- where the state continues to own the land but members own the business and equipment. These entities can sell a portion of their output in farmer's markets at prices higher than those set by the state. Now, Mr. Hernández says the co-ops should be used as a model for other sectors.

Small textile or shoe makers should be able to start co-ops that sell in private markets, he said. Currently, the government permits only families to own such private businesses; a co-op would be able to expand and hire employees outside the family. But under Mr. Hernández's concept, co-op members wouldn't be permitted to sell shares in their venture, which might accelerate capital accumulation. "Co-ops are socialist," he says. "You could do it without violating socialist principles."

Omar Everleny Pérez, a senior researcher at the Center for the Study of the Cuban Economy in Havana, agreed "there should be an increase in the space for the private sector and cooperatives, not only in agriculture, but in other sectors," although he isn't as specific as Mr. Hernández or as confident that change is coming.

Mario González-Corzo, an economist at the City University of New York's Lehman College, says the cooperatives would have to be decentralized and revamped to have much of an economic impact. Currently, the government subsidizes co-ops' purchases of fertilizer, machinery and other goods, and sharply limits how much they can sell privately. Managers have to bargain extensively with government officials to get permission to change prices.

Mr. Monreal, the Cuban international economist, says the island's economy needs a more thorough makeover, along the lines of what China and Vietnam managed. Cuba is deficient in "calculation, motivation and innovation," he says. By that he means Cuba doesn't let markets determine prices, provide enough incentives for firms and enterprises to earn money, or encourage Cubans to take economic risks. Following a China model would require far more decentralization and acceptance of private markets than Cuba has ever permitted.

Even to well-connected Cubans, the direction of the debate is difficult to follow.

'Black-Box Process'

"It's a kind of black-box process," says Mr. Monreal. He views Raúl Castro's decision last month to examine agricultural problems, but to defer any decisions for six months until an economic survey is completed, as a template of how the regime will incorporate changes. The president's brother, who has served for decades as defense minister, has frequently backed economic overhauls and the companies owned by Cuba's armed forces -- including tourism firms, cigar marketers and consumer-goods retailers -- are among the best-managed on the island.

But 76-year-old Raúl lacks his brother's commanding presence, and needs to move cautiously to broaden support. He appears to be trying to do so by allowing the economic debate to proceed. In December, he told university students in Havana that they should debate issues "fearlessly."

Cuban economic history under Fidel Castro is a tale of timid liberalization and retrenchment, with purges of reformers caught taking the wrong positions. During one crackdown in 1996, Mr. Monreal, Mr. Hernández and others were forced out of their jobs. Mr. Hernández said he believes that even if the political winds once again shift against him, "that wouldn't shut down the expressions of opposing views."

It may take Mr. Castro's death -- or at the very least, a public declaration that he is permanently incapacitated -- to give government officials the confidence to institute even modest economic retoolings. Mr. Castro has relentlessly opposed any changes that smack of capitalism, and believes Venezuelan oil subsidies have reduced the island's economic problems and need for market-based incentives.

In the past few years, Mr. Castro has led drives to recentralize the economy and stamp out corruption, which has often meant more repression of Cuba's tiny private sector. For instance, he fired thousands of gas-station attendants he suspected of

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siphoning off gasoline to sell on the black market, and replaced them with "social workers" -- Cuban youths doing government service. The government has even banned private citizens from starting businesses as masseuses and clowns.

Ortega Returns To Power In Nicaragua (AP)

By Traci Carl, Associated Press Writer

AP, January 10, 2007

Daniel Ortega, who led a Marxist government that spent the 1980s fighting U.S.-backed insurgents, returns to power Wednesday promising to respect free trade and private business and maintain relations with Washington.

Yet he will be sworn in as president in a ceremony attended by some of the United States' biggest enemies, including Venezuela's Hugo Chavez and a representative of Iran.

The inauguration is a reflection of Ortega's delicate balancing act. He has pledged to remain close to his leftist allies while assuring opponents he is no longer the radical who imposed a state-run economy, sparked runaway inflation and fought off a bloody, decade-long rebel movement.

The U.S., which openly opposed Ortega during his presidential campaign, has grudgingly welcomed the president-elect's more moderate stance. On Monday, President Bush called Ortega and said he wanted to put the past aside and strengthen the Central American nation's democracy.

Gordon Johndroe, a White House spokesman, said Bush "expressed his strong commitment to the well-being of the Nicaraguan people and our continued interest in a relationship with Nicaragua."

The U.S. government so despised Ortega during the 1980s that aides to President Reagan secretly sold arms to Iran's radical Islamic government to finance clandestine aid for the Contra rebels who were trying to overthrow Ortega.

Bush's father, who followed Reagan as president, sneeringly described Ortega as "this little man" and as an "unwanted animal at a garden party" when both attended a Central American summit in 1989 — a year before Nicaraguans voted Ortega out of office.

U.S. Health and Human Services Secretary Michael Leavitt will head the U.S. delegation at Wednesday's inauguration.

Ortega met privately Tuesday with Leavitt. Chatting amicably together in front of reporters beforehand, Leavitt told Ortega he wanted to "make clear that our desire is to work with you."

Ortega replied that he "hopes that this will be the first of several visits."

But one of the most high-profile guests will be Chavez, Venezuela's socialist president who plans a whirlwind visit with offers of economic and political support for Nicaragua, the second-poorest in the Western Hemisphere after Haiti.

Chavez, who calls Bush "the devil," has promised Nicaragua 32 desperately needed electricity plants, low-interest loans to the poor from a branch of his state development bank and help in improving health and education.

Chavez also will receive an honorary doctorate from Nicaragua's National Engineering University.

Other inauguration guests include Bolivian President Evo Morales, an ally of Chavez and Cuban leader Fidel Castro. Morales has expressed doubts about the U.S. drug war in the Andean region and recently announced that U.S. citizens would have to obtain visas to visit Bolivia. The U.S. is wary of Morales' ties to Chavez and Castro.

Nicaraguan officials earlier said that hardline Iranian President Mahmoud Ahmadinejad, who has defied international criticism of his country's nuclear program, also planned to attend.

They later said Ahmadinejad would not be coming, and that a lower-level representative would take his place.

The president-elect has been guarded about the direction his new government will take.

While repeatedly assuring investors he doesn't plan radical changes, he also refused to name most of his Cabinet until inauguration day.

He has made few public comments since the week of his Nov. 5 election, speaking mostly through his wife and spokeswoman, Rosario Murillo.

On Tuesday, he met privately with representatives of South Korea, Saudi Arabia and Japan and planned a dinner for arriving dignitaries.

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Ortega will be sworn in at the Omar Torrijos Nonaligned Plaza, which he constructed as president in the 1980s after his Sandinista movement drove out dictator Anastasio Somoza.

It is the same plaza where Ortega conceded defeat to Violeta Chamorro after losing the presidential election on Feb. 25, 1990.

Ortega's Sandinista party has the largest number of lawmakers in Congress, but it is short of the majority needed to pass legislation on its own.

Analysts speculate he might try to renew his past coalition with the party of former President Arnoldo Aleman, who was convicted in 2003 of money laundering and embezzlement.

During the new Congress' first session Tuesday, lawmakers from all opposition parties repeatedly warned Ortega not to try to return Nicaragua to the dark days of his previous leadership.

"The Sandinistas better not fall victim to the totalitarian temptations of before," warned Wilfredo Navarro of Aleman's party.

In an exclusive interview with The Associated Press, outgoing President Enrique Bolanos predicted Ortega's government would be "as strong as it was in the 1980s."

"It won't be a democracy, because democracy requires divided power," said Bolanos, who was jailed twice under Ortega's previous rule and had much of his property seized. "We will see what happens."

Many of Ortega's opponents had threatened to leave the country if he returned to power, but that hasn't happened. Many seem to be waiting to see what his new government will do.

Private security guard Leonel Zuniga, 32, said he is optimistic Ortega will make good on his promises to help the poor without radical policies.

"If he cuts off ties with the United States, he won't be able to do anything," Zuniga said. "Without their support, the country is paralyzed."

Latest Push To End Doha Talks Welcomed (FT)

By Alan Beattie

Financial Times, January 10, 2007

The transatlantic push to conclude the troubled Doha round of global trade talks got a wary welcome from the head and some members of the World Trade Organisation on Tuesday.

Details of any deal to reconcile the US and European Union positions remain elusive, but Pascal Lamy, director-general of the WTO, said the determination expressed this week by US president George W. Bush and José Manuel Barroso, president of the European Commission, was a marked advance.

Similar expressions of enthusiasm from Mr Bush and other heads of government during the Group of Eight summit in St Petersburg last summer were not followed by concessions at the negotiating table, and the Doha talks were suspended in July amid bitter transatlantic recriminations.

But Mr Lamy said prospects were better. “The signs we are seeing now are qualitatively different from what we heard last year,” he told the Financial Times. “The political chemistry is beginning to work.”

Since last July, Mr Lamy said, “the consequences of failure and the risk of a surge of protectionism have become more evident to governments”. Finance ministers had weighed in after becoming more alarmed at the threat to global growth.

But other participants in the round underlined that details of how US and EU positions would be reconciled were still absent.

Dave Salmonsen, trade lobbyist for the American Farm Bureau, said the mood music sounded better, but the US farm community had not been consulted on any further offers of reductions in tariffs by the EU or subsidies by the US. “There is no difference from where we were in July,” he said. “We need to see a lot more market access from the Europeans in return for reductions in domestic support.”

India, the most sceptical of the countries that could influence the talks, is yet to give its views on the prospect of a revived EU-US deal. The first substantial resistance to a deal will most likely come from Delhi, which is a member of the Doha round’s core group of four negotiating partners along with Brazil, the US and EU.

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The Indian commerce ministry, which has repeatedly said it will not expose millions of its small, poor farmers to international competition, declined to comment on Tuesday.

France, which has organised a group of 14 EU member states opposing more cuts in European farm protection, reiterated its position that the US would be unlikely to make the cuts in subsidies required.

One official from a sceptical EU nation questioned Washington's willingness to cut farm subsidies further. "We find it very hard to understand on what basis [EU trade commissioner Peter] Mandelson is so optimistic," the official said. "There is great doubt the US administration can put its money where its mouth is."

But other officials noted that if Germany swung its weight behind a deal, it might overcome opposition from agricultural protectionists in the EU.

Trade Official To Meet With Head Of WTO (WSJ)

By Greg Hitt

The Wall Street Journal, January 10, 2007

WASHINGTON -- In a fresh sign of the intensifying efforts to revive moribund global trade talks, U.S. Trade Representative Susan Schwab will travel to Geneva late this week for consultations with Pascal Lamy, head of the World Trade Organization.

The one-day visit Friday follows a series of round-robin discussions Ms. Schwab has held with major players in the so-called Doha Round of talks. In the last two weeks, Ms. Schwab has conferred directly with top trade officials from Brazil, Europe and Japan, and has reached out by telephone to India's lead negotiator. A senior U.S. trade official said the meeting with Mr. Lamy will help lay the groundwork for additional discussions to be held later this month at an international conference in Davos, Switzerland. The official said there have been no breakthroughs, but suggested major players have shown "more willingness" to begin hammering out details.

The WTO is overseeing the Doha Round of talks, which were suspended last summer amid sharp differences over how best to lower barriers to trade in farm products, manufactured goods and services.

The U.S., EU and other major players in the WTO are hoping to resume formal negotiations soon and conclude a deal before President Bush's trade-negotiating authority expires at the end of June. Renewal of that authority, which allows the president to submit trade deals to Congress for approval without amendment, is not considered certain with Democrats now in charge on Capitol Hill.

"People are realizing we're down to brass tacks," the U.S. trade official said.

Separatists Admit To Madrid Airport Attack But Stand By Cease-Fire (NYT)

By Elaine Sciolino

The New York Times, January 10, 2007

MADRID, Jan. 9 — The armed Basque separatist organization ETA said Tuesday that the "permanent cease-fire" it announced last March was still in effect, even as it formally claimed responsibility for the deadly bomb attack on Madrid's main airport terminal 10 days ago.

ETA made its two-pronged declaration in a statement sent to Gara, the pro-independence Basque-language newspaper that is often used as a vehicle for ETA communiqués.

"ETA affirms that the permanent cease-fire started on March 24, 2006, still stands," ETA said in a long statement that was summarized by Gara. "It claims responsibility for the attack at Barajas," the Madrid airport. In the wake of the bombing, Spain's Socialist government said it had canceled the peace effort that began with ETA after the cease-fire took effect, arguing that ETA had miscalculated and that violence was incompatible with negotiation.

The view that there could be no truce with violence was reiterated Tuesday by Judge Baltasar Garzón, Spain's most prominent investigative magistrate, who has spent nearly two decades looking into and building criminal cases against terrorist networks in Spain.

"ETA gambled that if there were a terrorist attack, it would strike fear in the government and win concessions," Judge Garzón said in an interview. "We would never give in to that kind of blackmail. ETA terrorists don't seem to understand that. They do not yet accept that they are criminals."

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ETA, which the State Department and the European Union have called a terrorist organization, said in its declaration that it had not intended to cause casualties in the attack, which killed two Ecuadoreans and injured about two dozen people. It blamed the Spanish authorities for not properly evacuating the five-story parking garage where it had parked a van full of explosives.

"The aim of that armed action was not to cause victims," the ETA statement said. It added that ETA had made three telephone calls more than an hour before the attack, warning that it was impending, describing the explosives-filled van and giving its location.

ETA also blamed Spain's Socialist government for "placing obstacles" in the democratic process, and asked it to end what ETA called police and political pressure, the statement said.

Prime Minister José Luis Rodríguez Zapatero had made reaching a peace accord with ETA after decades of violence one of his policy priorities. The attack on the parking lot of the state-of-the-art airport not only struck one of the country's most visible signs of progress and modernity but also unleashed a torrent of criticism of Mr. Zapatero by his political enemies, who accused him of weakness and naïveté.

When Mr. Zapatero inaugurated the new terminal — the largest in Europe — with much fanfare early last year, he described it as a "marvel" that reflected Spain's "image of modernity."

Mr. Garzón denied that the attack reflected a failure of intelligence or security by the authorities in Spain or France, where ETA also operates and where the van was stolen. "It's very difficult to put an end to an organization like this that has had infrastructural and logistical support for 40 years," he said.

Before the ETA statement was made public on Tuesday, the police arrested two people suspected of being ETA members in southern France linked to the discovery of arms and explosives before and after the attack. They were the first arrests since the attack, although it was not known whether they had been involved.

Violence Precedes Bangladesh Vote (CSM)

By Mahtab Haider

The Christian Science Monitor, January 10, 2007

DHAKA, BANGLADESH

The democracy that this small South Asian state has struggled to preserve for two decades appears to be facing one of its most severe tests this week.

The streets of the capital resemble a war zone, with police and protesters exchanging volleys of tear-gas shells and Molotov cocktails. Hundreds have been injured just weeks before parliamentary elections scheduled for Jan. 22. On the roads outside Dhaka, transport blockades have nearly shut down the country.

Police action peaked on Tuesday, when officers charged with batons and fired over 50 rounds of tear-gas shells and rubber bullets at protesters, who responded with improvised explosives. Wednesday, 60,000 Army troops plan to fan across the country on routine pre-election duty, but armed with the authority to arrest anyone without a warrant.

At the heart of the violent street clashes is a struggle for power between the country's two major political parties, the Awami League and the Bangladesh National Party (BNP), over the upcoming elections.

Attempts to reconcile the two groups have so far failed, leading analysts to suggest that the violent political crisis may deepen in coming months. Although Bangladesh has seen four elections since democracy was restored here in 1991, experts say the Awami League and the BNP seem are undermining its fragile democracy by politicizing the judiciary, the bureaucracy, and the civil society institutions that can ensure fair elections.

The Awami League is leading a grand alliance to boycott the polls, accusing their BNP archrivals of rigging the voter list with phantom names during their five-year tenure, which ended in Oct. 2006.

Last month, a study by the Washington-based National Democratic Institute for International Affairs (NDI) reported that the voter rolls have approximately 12.2 million names that are either "errors or duplicates."

"A voters list containing [only] two-thirds of the population strains credibility," says Owen Lippert, the NDI's representative in Bangladesh.

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The League and its allies also claim that the BNP and its coalition partners, the religious, right-wing Jamaat-e-Islami, have planted party bureaucrats in the country's Election Commission and in the pre-election interim government that Bangladesh's constitution has empowered to run the nation.

The League demands that the elections be deferred until there is a fresh voter list and the interim government's chief resigns - a request that the BNP has threatened to resist at all costs. The League has already announced that it is forming nationwide election-resistance committees to scupper the vote.

"The problem is that the Constitution states that elections must be held within 90 days of the caretaker government assuming power, but it also states that a finalized voter list must be published as a pre-condition to elections," says Shahdeen Malik, a Supreme Court attorney who heads the School of Law at Dhaka's BRAC University.

The Awami League and its allies insist that polls must be delayed to correct and update the voter list, while the BNP has threatened agitation if the caretaker government does not hold the elections within the stipulated 90 days.

Because the caretaker government assumed power from the BNP on Oct. 28, 2006, the 90-day limit will expire on Jan. 25.

"Even if the current crisis is resolved through mediation, we will continue to witness a slow degradation of democracy in the years to come, as none of these parties have any respect for democratic culture," says Dr. Ataur Rahman, a political analyst and professor of political science at Dhaka University.

"It is the invasion of politics by big business that is at the heart of our political crisis," says Mr. Malik. "Both parties now have scores of powerful businessmen in their ranks who look forward to lucrative deals during a tenure in power."

Analysts point to the two parties' efforts to win the loyalty of the popular former dictator H.M. Ershad, whose influence is still far-reaching. Mr. Ershad is accused of having stolen tens of millions of dollars in state funds through crony contracts and downright theft. After he was ousted in 1991, the government filed a slew of charges against him.

While the BNP was in power, it dropped a number of corruption charges against Ershad to win his political support. When Ershad switched his loyalty to the Awami League, however, the BNP-run judiciary resumed proceedings against Ershad, which disqualified him from participating in the upcoming polls.

Although the Awami League had accepted the initial voter list and submitted its nominations to the election commission in December, it changed its position a week later. The League accused the BNP of leaning on the judiciary to resume proceedings.

DOJ_NMG_0114826

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 10, 2007 7:45 AM EST

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TERRORISM NEWS:

Democrats In House Push Through Anti-terror Package (USAT)

By Mimi Hall

USA Today, January 10, 2007

In their first piece of legislation since assuming control of the House of Representatives for the first time in 12 years, Democrats on Tuesday pushed through sweeping homeland security requirements.

Their bill aims to tighten security at ports and on airplanes, improve emergency planning and prevent future terrorism. It passed 299-128.

"The terrorist threat has not diminished five years after 9/11," said Carie Lemack, a security activist whose mother died in the 2001 terrorist attacks.

The House vote fulfilled a campaign promise by Democrats to enact recommendations made three years ago by the commission that investigated 9/11. "The 9/11 Commission gave us a blueprint for better security, which was not meant to sit on a shelf and collect dust," Rep. Carolyn Maloney, D-N.Y., said.

Some Republicans complained that the bill, which is expected to be considered in the Senate in the next month, was rammed through the House with little debate and no input from them. Others said it would be impossible to implement.

Rep. Jerry Lewis, R-Calif., former chairman of the House Appropriations Committee, chided Democrats for passing a bill "without any indication as to where the money might be coming from." He said "tens of billions of dollars" would be needed, meaning the bill amounted to "a statement of policy that is little more than a press release."

Here are six provisions and their potential impact:

House Passes Security Bill; Senate Stance Is Uncertain (NYT)

By Eric Lipton

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Delivering on a major campaign promise, House Democrats used their new majority Tuesday to push through a bill that would write into law several remaining recommendations of the Sept. 11 commission.

The measure includes more than a dozen initiatives like tightening cargo security and distributing antiterrorism grants based more on risk rather than on a political formula.

The vote put Republicans in a difficult spot. They opposed major elements of the bill, saying they went beyond panel recommendations and would be prohibitively expensive without significantly aiding security.

But after failing to delay action on the bill, many Republicans felt they had no choice but to vote in favor of it — and 68 did. The measure passed 299 to 128.

House Democrats said the rapid vote reflected their commitment to eliminating important vulnerabilities that remain in the nation's antiterrorism programs.

"Our first and highest responsibility as members of this Congress is to protect the American people, defend our homeland and strengthen national security," said Representative Steny H. Hoyer, Democrat of Maryland and the House majority leader.

The effort faces an uncertain future in the Senate, as some Democrats have expressed concerns that the bill's mandate on inspecting ship containers may be unreasonable. The bill says that before any United States-bound ship container leaves an overseas port, it must be checked for radioactive material that could be used to build weapons.

The Bush administration also opposes major parts of the bill.

The legislation includes no formal estimate of its cost, but it clearly would be in the billions of dollars.

One of its most far-reaching provisions would require that all air cargo on passenger jets be inspected for explosives; now only high-risk shipments are inspected.

The bill also calls for the United States to develop, with other nations, an agreement on how to handle detainees of the Iraq war or counterterrorism efforts, and for creation of a new federal coordinator of efforts to prevent the spread of unconventional weapons.

And it would require that Transportation Security Administration workers be subject to the same labor rules as other federal workers, perhaps allowing them to unionize.

Republicans said that 39 of the commission's 41 recommendations had already been adopted — a claim Democrats do not accept. They also said that many of the bill's provisions did not reflect changes explicitly called for by the panel.

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"I hope the 9/11 families do not give you a pass on this," said Representative Phil Gingrey, Republican of Georgia, who called the bill an overtly political measure.

But the Democrats called each section essential. "Hurricanes Katrina and Rita reminded us all again how unprepared we all are to deal with catastrophe whether caused by nature or terrorist attack," said Representative Bill Pascrell Jr., Democrat of New Jersey.

Senator Joseph I. Lieberman, independent of Connecticut, who held a hearing Tuesday as the Senate prepared for its version of this bill, noted that one major recommendation — not in the House measure — was strengthening Congressional oversight of intelligence and counterterrorism efforts. "We found it a lot easier to reform the rest of the government than we did to reform ourselves post-9/11," Mr. Lieberman said. "That's unfinished work."

House Passes Anti-terror Legislation (AP)

By David Espo

AP, January 10, 2007

Anti-terror legislation sailed through the House on Tuesday, the first in a string of measures designed to fulfill campaign promises made by Democrats last fall.

Patterned on recommendations of the commission that investigated the Sept. 11 attacks, the far-reaching measure includes commitments for inspection of all cargo carried aboard passenger aircraft and on ships bound for the United States.

The vote was a bipartisan 299-128, and Speaker Nancy Pelosi took the rostrum to announce the passage of the first legislation to clear under the new Democratic majority.

Democrats said the bill's passage was a top priority.

"Our first and highest duty as members of this Congress is to protect the American people, to defend our homeland and to strengthen our national security," said Majority Leader Steny Hoyer, D-Md.

Several Republicans criticized the legislation as little more than political posturing in the early hours of a new Democratic-controlled Congress. Democrats want to "look aggressive on homeland security. This bill will waste billions of dollars, and possibly harm homeland security by gumming up progress already under way," said Rep. Hal Rogers, R-Ky.

In a written statement, the Bush administration listed several objections and said it could not support the measure as drafted, but stopped short of a veto threat.

Democrats have pledged to make fiscal responsibility a priority in the new Congress, but they advanced the bill — their first of the year — without even a bare-bones accounting of the estimated cost. The funding will require follow-up legislation.

Legislation introduced in the Senate a year ago to implement the recommendations of the 9/11 commission had a price tag of more than $53 billion over five years.

The terrorism legislation is the first of six measures the House is expected to pass in its first 100 hours in session under Democratic control.

Next up is an increase in the minimum wage — set for passage on Wednesday — followed by relaxation of the limits on stem cell research conducted with federal funds and a measure directing the administration to negotiate with drug companies for lower prices for Medicare recipients.

Next week, the Democrats intend to clear legislation to cut the interest rate on student loans and to curtail tax breaks for the energy industry.

Each of the six bills would go to the Senate, and it could be months — if then — before they reach the White House.

Already, President Bush has signaled he would veto the stem cell bill, which is opposed by abortion foes. House supporters of the measure conceded at a news conference during the day that they do not have the two-thirds support needed to override a veto.

Depending on the outcome of that struggle, said Sen. Arlen Specter, R-Pa., "400,000 embryos will either be wasted or utilized to cure a disease."

The House labored over the terrorism bill as the Senate began work on legislation enacting stricter ethics rules — and Democrats continued to gain from last fall's elections.

Officials said that four of Bush's controversial appeals court appointees, their chances for confirmation doomed in the Democratic-controlled Senate, would not be renominated.

The four are William Haynes, William Myers, Terrence Boyle and Michael Wallace, all of whom were prevented from coming to votes last year when the Senate was under Republican control.

"The president is disappointed in this inaction and hopes that the days of judicial obstructionism are beyond us," said Dana Perino, deputy White House spokeswoman.

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Sen. Charles Schumer, D-N.Y., saw it differently. "Democrats stand ready to work with the administration to confirm judges who are not extremists, either left or right," he said.

In the House, passage of the anti-terror bill coincided with an email from the Democratic campaign committee touting the party's agenda for its first 100 hours in power, and asking for a contribution for the 2008 elections.

Democrats said the bill would enact virtually all of the unfulfilled recommendations of the 9/11 commission, and several members of the rank and file remarked that Republicans had failed to do so in five years since planes slammed into the World Trade Center and the Pentagon and scarred the Pennsylvanian countryside.

"Don't be fooled by those who say that this bill is moving too quickly," said Rep. Bennie Thompson, D-Miss. "It has been five years since 9/11. It has been three years since the 9/11 commission issued its report."

"The fact is that the bipartisan 9/11 commission gave the last Congress F's and D's in implementing its recommendations," said Rep. Jim Moran, D-Va. "This Congress is determined to earn its A's in implementing its recommendations."

Rep. John Mica, R-Fla., noted disapprovingly that screeners at the Transportation Security Agency would receive collective bargaining rights under the bill.

And Rep. Peter King, R-N.Y., said the measure "gives false hope to the American people" because technology for scanning all cargo containers is not yet available.

The legislation directs the Homeland Security Department to establish a system for inspecting all cargo carried on passenger aircraft over the next three years. It also requires scanning of all containers bound for the U.S., using the best available technology. Large ports would be given three years to comply, smaller ports five years.

While much of the debate revolved around the provisions dealing with cargo, the bill also requires the government to take the risk of terror attacks into greater account when distributing homeland security grants to the 50 states.

The measure also would centralize the government's efforts at preventing nuclear weapons from falling into the hands of terrorists and would take steps to disrupt the black market for nuclear material.

"We will not be safe here as long as the worst weapons can fall into the worst hands," said Rep. Rick Larsen, D-Wash.

The measure also establishes a new program of grants to make sure local governments can communicate effectively in the event of a crisis.

One of the tragedies of 9/11 was the deaths of New York firefighters who were trapped inside the World Trade Center and could not hear urgent warnings to evacuate that were broadcast on police radios.

A companion measure, to establish a new House subcommittee with jurisdiction over intelligence matters, cleared on a vote of 239-188.

House OKs Reforms Urged By 9/11 Panel (WT)

By Brian Debose

The Washington Times, January 10, 2007

House Democrats yesterday passed a bill that strengthens the homeland security reforms recommended by the September 11 commission, but Republicans said the legislation could undermine a program designed to slow the proliferation of technology used to make weapons of mass destruction.

The bill, which passed by a vote of 299-128, would increase the role of the United Nations in the Proliferation Security Initiative by asking the world body to force countries to agree to searches and seizures of ships and aircraft for the technology.

Republicans called the proposal, which would let the United Nations define what is permitted under the initiative, "unrealistic and dangerous."

"It will result in the imposition of unpredictable limitations, conditions and interpretations, and result in a regulatory straightjacket overseen by an international bureaucracy," said Rep. Ileana Ros-Lehtinen, Florida Republican and ranking member on the House International Relations Committee.

The proliferation initiative announced by President Bush in 2003 is a voluntary working group of more than 70 countries investigating and stopping the trade and acquisition of nuclear, chemical and biological weapons technology by terrorists and rogue states. The member countries also interdict ships and aircraft that carry such materials.

Democrats dismissed the Republicans' assertions, saying the bill strengthens the initiative because international law does not allow seizures and impoundments in international waters, or in the territorial waters or airspace of nonmember countries.

"This bill has nothing to do with the United Nations. It simply says that you have to screen ships abroad before they leave port for nuclear and biological weapons materials and seal them abroad before they can leave," said Rep. Jerrold Nadler, New York Democrat.

Republicans said they expect the provision to be stricken when the Senate begins to consider the bill later this year.

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Passage of the legislation posed Democrats' first test of the president to see how far they can go on homeland security matters, about which he largely had a free hand under the Republican-led Congress.

In a statement of administration policy, which usually consists of a dry list of approvals and disapprovals, the White House took a shot at the Democrats.

"The Administration is disappointed that, in a nearly 300-page piece of legislation entitled 'Implementing the 9/11 Commission Recommendations Act of 2007,' Congress does not address the two outstanding recommendations that apply to the Legislative Branch, which the 9/11 Commission states may be among the most important of all," the White House said yesterday.

The bill neither reduces the number of congressional committees with oversight and spending authorization over homeland security matters nor does it do the same for intelligence matters, both steps the September 11 commission has suggested.

However, the White House did not say whether it would veto the bill, and the statement supported those parts that increase the percentage of homeland security grant funding allocated on the basis of risk.

But the administration opposes portions of the bill that call for 100 percent screening of plane cargo within four years and ship cargo within five years, because the necessary technology does not exist. It also said the costs would be exorbitant, adding billions of dollars to the federal budget each year.

Democrats say their bill addresses the September 11 panel's concern about congressional duplication by creating a hybrid subcommittee of members of the appropriations and intelligence panels to oversee intelligence spending. The House Permanent Select Committee on Intelligence will continue to oversee intelligence operations, possibly with the hybrid subcommittee.

But Republicans scoffed at the plan and any notion that it reduces the bureaucracy that led to poor oversight of the various homeland security and intelligence agencies.

"We enacted 39 of the 41 recommendations the commission sent to us, so that means the other two were not good ideas," said House Minority Whip Roy Blunt, Missouri Republican. "Democrats are not doing it because they don't think it is a good idea. They just don't want to admit it."

Family members of victims of the September 11 attacks said they were disappointed that those recommendations would not be enacted but supported the legislation as a continuing effort to protect Americans from terrorism.

"We do think that Congress has to reform itself in the intelligence and homeland security oversight; the process has to be streamlined, but we will continue the fight," said Carie Lemack, president of Families of September 11 Inc.

House Passes Bill To Implement More Of 9/11 Panel's Suggestions (WP)

By Spencer S. Hsu

The Washington Post, January 10, 2007

In a lopsided vote that masked underlying divisions, House Democrats approved legislation yesterday to implement many of the remaining recommendations of the Sept. 11 commission even as portions of the sprawling package faced immediate problems in the Senate.

Voting 299 to 128, congressional Democrats, backed by scores of Republicans, delivered on a key part of their "100 hours" agenda. The nearly 300-page anti-terrorism measure sets new mandates to scrutinize air- and ship-borne cargo, send more federal aid to areas at the greatest risk of terrorism, improve emergency communications, fight nuclear proliferation overseas, and strengthen a civil liberties watchdog board.

But critics questioned the cost and feasibility of new cargo requirements -- raising issues that helped stall action by the previous, Republican-controlled Congress -- and industry and the Department of Homeland Security added their opposition. The greatest skepticism focused on requirements in the House bill that airlines be able to physically inspect 100 percent of cargo put aboard passenger planes within three years and that shippers scan 100 percent of U.S.-bound cargo for radiation at overseas ports within five years.

The bill's biggest detractor, or patron, could be Sen. Joseph I. Lieberman (I-Conn.), who chairs the Senate's Homeland Security panel and who held his own hearing yesterday. He stopped short of promising -- as House leaders had -- to implement all remaining recommendations of the commission that investigated the 2001 terrorist attacks.

Lieberman said that he hopes by month's end, as requested by Senate Majority Leader Harry M. Reid (D-Nev.), to draft and pass a Senate bill "that will take steps forward to adopt some of the unadopted, unimplemented or inadequately implemented parts" of proposals recommended in 2004 by the bipartisan commission.

Just four months ago the Senate rejected mandatory scanning overseas for nuclear and shielding material of 11 million shipping containers sent to U.S. ports every year.

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Fifty-six of the chamber's members, including seven Democrats, voted to kill a requirement to scan all such containers by 2010 as part of broader port-security legislation, concluding that existing technology could not do the job without crippling the flow of commerce.

That claim was repeated this week by major industry lobbies, including the U.S. Chamber of Commerce and the Retail Industry Leaders Association, which warned that unilateral action by the administration could lead to retaliation by trading partners and disruption, with little added security.

Instead, the Homeland Security and Energy departments last month announced a congressionally required pilot program to spend $60 million to scan 7 percent of U.S.-bound cargo originating from six ports by year's end. The program would start with ports in Pakistan, South Korea and Britain, with a goal of eventually expanding to 30 percent of U.S.-bound cargo. Scanning 100 percent of cargo would involve about 700 ports worldwide.

Other provisions of the House bill also carry a big price tag, which House Speaker Nancy Pelosi (D-Calif.) has said she expects airlines and shippers to help fund. For example, inspecting all cargo placed aboard passenger aircraft by 2009 could cost $3.6 billion to $6 billion for equipment, installation and screening personnel, the Congressional Research Service and the Transportation Security Administration estimate, House Republican officials said.

The Bush administration also formally opposed several elements of the House bill, saying in a statement that it could not support the measure as drafted, but stopping short of a veto threat.

David Schanzer, who was Democratic staff director and chief counsel of the House Homeland Security Committee from 2003 to 2005, criticized major portions of the House bill as "aspirational" rather than substantive. He warned that the new Democratic majority will find it difficult to find billions for promised tax changes, homeland security measures and the ongoing war in Iraq.

"Democrats have put a lot of spending priorities on the table," Schanzer said. "Where this is going to fit in them will tell a lot.

Seth M.M. Stodder, former director of policy and planning for U.S. Customs and Border Protection, said the Senate will be a key battleground between the administration and more aggressive House Democrats. Stodder said he thinks Lieberman, Commerce Committee Chairman Daniel K. Inouye (D-Alaska) and ranking Republicans will play decisive roles.

Separately yesterday, Homeland Security Secretary Michael Chertoff announced $445 million in new grants to secure ports, transit systems, vital facilities such as chemical and power plants, and bus and trucking lines. The total is $46 million more than last year. The Washington-Baltimore area will receive $18.3 million in transit aid.

Also yesterday, the House voted 239 to 188 to create an Appropriations subcommittee to increase oversight of intelligence spending.

House Votes To Enact More 9/11 Panel Points (LAT)

By Nicole Gaouette

The Los Angeles Times, January 10, 2007

WASHINGTON — The House passed a broad domestic security bill Tuesday that requires all cargo on U.S.-bound ships and passenger planes to be scanned for explosives, expands programs to track weapons of mass destruction and bolsters intelligence gathering along the border.

The bill, which implements many of the recommendations of the Sept. 11 commission, is the first in the 100-hour legislative drive spearheaded by Democratic Speaker Nancy Pelosi of San Francisco.

It passed 299-128, with 68 Republicans joining Democrats.

While it could bolster the Democratic Party's national security credentials, it could also fall short of its aims. Democrats did not designate funding for most of the costly initiatives, and critics also charge that some of them are impractical.

Industry groups and the Bush administration objected to the requirement that within three years all shipping cargo arriving in the U.S. from major overseas ports be scanned. Republicans complained about the lack of hearings on the 279-page bill, and Democratic allies in the Senate questioned whether it is too ambitious.

House Democrats defended the legislation, which is based on and sometimes exceeds suggestions by the bipartisan panel that examined the response to the terrorist attacks of Sept. 11. That report was issued in July 2004.

"Don't be fooled by those who say this bill moves too quickly," said Rep. Bennie Thompson (D-Miss.), the chairman of the House Homeland Security Committee. Criticizing Republican inaction on some of the Sept. 11 commission recommendations, Thompson cited an Irish proverb.

"You have never plowed a field, if you've only turned it over in your mind," he said. "It's been five years since 9/11, three years since the 9/11 recommendations. Now it's time to plow the field."

About half of the recommendations were enacted under the Republican-controlled Congress, but the commission has given Congress and the administration a slew of failing grades for its performance on implementing its reforms.

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The House also passed a resolution to create a panel to monitor intelligence spending, which Republicans criticized as adding unnecessary bureaucracy without improving oversight.

"While the 9/11 commission recommended one committee, we will have three committees. As far as I can tell, their only job will be to write a report and give it to themselves," said Rep. David Dreier (R-San Dimas), who led the Republican side of the debate with several feisty denunciations of the Democrats' decision not to hold hearings.

The intelligence panel resolution, which passed 239 to 188, with the support of just eight Republicans, does not follow the Sept. 11 commission's recommendation to combine the committee that authorizes intelligence spending with the one that appropriates the funds. But Pelosi said the creation of the new panel was a step in that direction.

"We have to show that this panel that we're putting together can do the job," Pelosi said. "To the extent that we can reduce the number of auspices under which the intelligence community has to come to Congress, we have to move in that direction."

Pelosi glossed over the issue of funding the programs authorized in the domestic security bill when she discussed it. The bill contains only one authorization — for an airport checkpoint screening fund that will get $250 million in 2008.

"I would have probably wanted to put some money there," Thompson said, "but in the spirit of let's get it done, we'll work it out." The bill, H.R. 1, is the first in a series that Democrats plan to pass in their 100-hour agenda before the president's State of the Union speech later this month. Today, they will take up a bill to increase the minimum wage from $5.15 to $7.25 an hour.

As lawmakers debated the domestic security measure, the administration issued a statement declaring it "cannot support … the bill in its current form."

While the White House lauded a proposal to make risk a greater part of the criteria for allocating about $2 billion for state and local domestic security grants, it objected to the creation of a new grant program for local law enforcement to participate in border-state centers that would concentrate federal, state and local intelligence gathering.

The administration opposed a measure that would greatly empower a civil liberties oversight board that has been criticized as ineffectual. The panel was established two years ago under White House control as a check on executive power in the war on terrorism. The legislation would create a new independent agency with the power to subpoena testimony and documents.

And the administration argued against a section recommending that the U.S. develop with allies a common approach toward detainees and suspected terrorists, dismissing it as unnecessary and unconstitutional.

One controversial measure would require screening all shipping containers coming from foreign ports within five years, with larger ports obliged to meet that deadline in three years. American inspectors would scan and seal every container loaded onto U.S.-bound ships, then provide the Department of Homeland Security with copies of the scans.

Republicans debated instituting overseas scanning of all cargo under the 2006 SAFE Port Act but decided to conduct pilot projects first, an approach that industry groups support.

At the Port of Long Beach, which receives 3 million to 4 million foreign containers annually, spokesman Art Wong questioned the practicality of the proposal.

"People in Washington need some perspective on how big this would be," Wong said. "Each person scanning — how long would it take? Who would pay for the equipment to do this, and how many people would it take to get done? Would overseas ports even allow us to have Americans doing inspections? Would it be disruptive to trade?"

Administration officials also questioned the potential cost. "Risk management does not mean risk elimination, which would cost billions upon billions of dollars to implement, disrupt the flow of commerce and quite possibly shut down our ports," said Russ Knocke, a Homeland Security spokesman.

He said that all elevated-risk cargo has been screened since October.

Sen. Joe Lieberman (D-Conn.), chairman of the Senate Homeland Security Committee, indicated that he was cool to the idea of screening all shipping containers. "We're going to look at it," he said. "But it's not practical to impose it immediately."

The bill contains a similar proposal to screen all cargo placed on passenger planes within three years — at an estimated cost of $3.6 billion for the next decade.

"There needs to be a hearing to make sure they don't unnecessarily place a burden on the airline industry that would accomplish the objectives of security but wouldn't allow the airlines to survive," said Asa Hutchison, a former Homeland Security undersecretary.

Despite the criticism, 9/11 commission co-chairman Lee H. Hamilton, a former Democratic congressman from Indiana, spoke in firm support of the bill. "The bottom line is … that if this bill, H.R. 1, is enacted, funded and implemented, then the American people will be safer."

Miss. Grad Student Headed Terrorist Group, Prosecutor Says (AP)

By Mike Robinson

AP, January 10, 2007

DOJ_NMG_0114835

CHICAGO - A graduate student living in Mississippi was an important Hamas terrorist leader directing thousands of dollars to families of members who were jailed or killed, a prosecutor said Tuesday.

"He's Hamas and he's assisting the murderous terrorist activities of Hamas," Assistant U.S. Attorney Joseph M. Ferguson told jurors in his closing argument, pointing at defendant Abdelhaleem Ashqar, who was a graduate student at the University of Mississippi in the early 1990s.

Ashqar, 48, later an assistant professor of business at Washington's Howard University, is accused along with former Chicago grocer Muhammad Salah, 53, of being high-ranking members of the Hamas terrorist network.

The two men are charged in a racketeering indictment with funneling thousands of dollars and fresh recruits to the anti-Israeli organization.

In the second day of his closing argument, Ferguson was warned as he headed toward the 10-hour mark that he would have to wrap it up by the end of the day.

"I will," Ferguson said. "I don't want to do this tomorrow."

"You won't be allowed to," St. Eve, a former colleague of Ferguson's in the U.S. attorney's office in Chicago, said with a smile.

Ashqar, of Springfield, Va., does not support terrorism and has done nothing illegal, according to his defense attorney, William Moffitt. Moffitt says Ashqar merely was trying to get charitable contributions to poverty-plagued Palestinians on the West Bank under Israeli army occupation.

Moffitt is likely to get his chance Wednesday to address jurors, who have listened during a three-month trial to witnesses that have included an expert on torture and Israeli agents who testified under aliases.

Salah was arrested in January 1993 while in Israel and served almost five years in prison. Police confiscated $97,400 they say was meant to bankroll Hamas terrorism and he says was for charity.

Ashqar, then a graduate student in business at the University of Mississippi, was briefed on statements Salah made to Israel's Shin Bet security service. The briefing came from a Salah traveling companion who also was arrested and released after six months.

Ashqar summarized in writing what he learned from the Salah companion. Ferguson pointed to testimony that the written material, found among documents in Ashqar's home, was signed with an alias.

"There is only one reason for Ashqar signing that report with an alias - Ashqar is Hamas," Ferguson told the jury.

When asked by a federal grand jury in Chicago if he was Hamas, Ashqar refused to answer.

Ferguson pointed to testimony that Ashqar directed money to families of Hamas "martyrs" killed in terrorist operations and those captured and jailed by Israeli authorities.

"We're talking about someone who is a graduate student at the University of Mississippi, Oxford, Miss., and you see hundreds of thousands of dollars coursing through his accounts," Ferguson said.

While living in Oxford, Ashqar had a telephone in a bogus name and a fax in a different alias, Ferguson said. "He was concealing his name because he was aiding Hamas," the prosecutor said.

Federal agents found that Ashqar spoke on his telephone 568 times in several years with Mousa Abu Marzook, an alleged top Hamas leader who also is charged in the case and is a fugitive believed living in Damascus, Syria.

Ferguson also pointed to testimony that Ashqar served as an archivist, keeping extensive file of Hamas-related documents involving matters ranging from electronic jamming equipment to terrorist operations to so-called dead drops used by spies to pass documents without getting caught.

Ferguson traced a series of steps through which money to bankroll Hamas terrorists allegedly was collected by Marzook in Europe and the Mideast, funneled through accounts controlled by Marzook and associates and then sent to Salah and Ashqar in the United States.

From here it allegedly was transferred to the Mideast and turned into cash allegedly distributed to Hamas operatives.

"Abdelhaleem Ashqar is a conduit himself and directed others to steer money to the military operations of Hamas in Israel," Ferguson said.

3 Relatives Of Plotter Are Held By Officials (NYT)

By William K. Rashbaum

The New York Times, January 10, 2007

The parents and sister of a man convicted of conspiring to bomb the Herald Square subway station were detained yesterday by federal immigration authorities, who have been seeking to deport them to Pakistan.

The arrests came a day after the convicted man, Shahawar Matin Siraj, 24, was sentenced in United States District Court in Brooklyn to 30 years in prison.

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The family, who came to the United States in 1999, had been seeking asylum since 2003, citing religious persecution in their home country.

A spokesman for Immigration and Customs Enforcement said that Mr. Siraj's father, Siraj Abdul Rehman, 54, was arrested because a final deportation order had been filed against him. But a lawyer for the family said his case was still under appeal.

The agency spokesman, Mark Thorn, said that the man's mother, Shahina Parveen, 50, and his sister, Sanya Siraj, 19, were arrested and detained on immigration violations.

Mr. Thorn said that the mother and daughter would be given due process and that their cases would be heard by an immigration judge. He said he could provide no more information, because it was the agency's policy not to discuss case details. Mr. Thorn could not explain why the action was taken yesterday, other than to say that the detention was part of an administrative process and that criminal cases take priority over administrative ones. It was unclear why the criminal case against Mr. Siraj would have delayed the detentions.

The lawyer for the family, Mona Shah, disputed that a final order of removal had been entered against Mr. Rehman. She said he still has an appeal pending before the United States Court of Appeals for the Second Circuit.

"It's absolutely disgusting that they've picked him up under the guise of a deportation order," Ms. Shah said yesterday. "Fine, punish the son. But why punish them like this?"

She could not offer an explanation for the timing of the move, but suggested that it might stem from pressure on the authorities because the family's immigration status was cited in news reports about Mr. Siraj's case.

The immigration status of Mr. Rehman's wife and daughter hinge on his asylum case, Ms. Shah said. All three were picked up at their home in Jackson Heights, Queens, early yesterday morning. Mr. Thorn said they will be held at an Immigration and Customs Enforcement facility in Elizabeth, N.J.

Mr. Siraj, who was convicted on May 24 of conspiring to place an explosive device in the Herald Square subway station in 2004, had also filed for asylum on the same grounds as his father, religious persecution.

Ms. Shah said that all members of the family are Ismaili Muslims, a sect that she said has been mistreated in Pakistan. She said family members had been robbed and attacked several times. "They would be subject to torture and harassment if they returned," she said.

But prosecutors during Mr. Siraj's trial in the bomb plot suggested that he had lied to immigration authorities in his asylum request. They cited his own testimony in an earlier hearing, when he had first told immigration authorities that he did not fear harm if he returned to his native Pakistan. But later, in Mr. Siraj's asylum application, prosecutors pointed out that he said he was afraid.

Also, on tapes secretly recorded by a police informer and played at his trial, he said he had no fear of returning to Pakistan and spoke about influential family members who served as judges and magistrates. He also said he had rich and influential friends and friends on the police force.

He was recorded telling the informer that he planned to conduct surveillance of the subway station tied to his bomb plot immediately after attending an immigration hearing in Lower Manhattan. Testimony also showed that he had discussed entering into a marriage only to get citizenship.

Ms. Shah acknowledged that immigration authorities have some discretion about how to proceed and whether to detain people whose cases are pending, but she was bothered by yesterday's arrests.

"They're not supposed to detain halfway through a case," she said, calling the action "an absolute uneven use" of the discretion.

"You do not give someone the freedom of being not detained and then suddenly pick them up," she said.

Lawyer Quits In Italy CIA Case (WT/AP)

By Colleen Barry

The Washington Times, January 10, 2007

MILAN, Italy -- A lawyer for a CIA agent accused in the 2003 kidnapping of an Egyptian cleric in Milan withdrew from the case shortly after a court opened hearings yesterday on whether to indict him and 25 other Americans.

Five Italian secret service officials also are facing indictment in the case that highlights the CIA's purported extraordinary rendition program, in which terrorism suspects are transferred to third countries where critics say they may face torture.

Shortly after the proceedings began, the attorney for Robert Seldon Lady withdrew from the case, saying the former CIA station chief did not want to cooperate.

"Robert Seldon Lady says that this case should have had a political solution and not a judicial solution," attorney Daria Pesce said. "The Italian government could have decided it was a state secret -- remember, this was a terror suspect. It would have been possible if the Italian government had had the courage to reach an agreement with the U.S. government."

Prosecutors say the operation was a breach of Italian sovereignty that compromised their own anti-terrorism efforts.

None of the defendants attended the closed session, which lasted about three hours and ended without a decision. The next hearing was scheduled for Jan. 29.

Mr. Lady was the only American who had hired a lawyer rather than have a court-appointed one. He was still in Italy when the case broke, and owns a home in Italy that was searched by police.

Miss Pesce, who met with Mr. Lady four or five times in the United States, mostly recently in September, said the court had already appointed a new lawyer for him.

All but one of the Americans have been identified by the prosecution as CIA agents, including former station chiefs in Rome and Milan, and the 26th as a U.S. Air Force officer stationed at the time at Aviano Air Base near Venice. The Italians include the former head of Italian military intelligence, Nicolo Pollari.

In Italy, defendants are not required to attend preliminary hearings, or even trials. Prosecutor Armando Spataro has asked Romano Prodi's center-left government to seek the extradition of the American suspects, but there has been no response. The previous prime minister, conservative Silvio Berlusconi, who was a close ally of President Bush, refused.

Mr. Pollari's defense lawyers said yesterday they intend in the next session to try to add both Mr. Prodi and Mr. Berlusconi to the witness stand, as well as their respective defense ministers.

Even if the request were made -- a move bound to irritate U.S.-Italian relations -- it was unlikely that the CIA agents would be turned over for trial abroad.

The CIA has refused to comment on the case.

Mr. Spataro has entered into evidence a handwritten letter by Osama Moustafa Hassan Nasr, describing his abduction from a Milan street on Feb. 17, 2003, and his journey, blindfolded and bound, to Egypt, where he said he had been left in an underground cell, repeatedly tortured and threatened with rape.

Britain To E-Mail Terror Threat Alerts (WP)

By Kevin Sullivan

The Washington Post, January 10, 2007

LONDON, Jan. 9 -- The British government is offering an e-mail bulletin service to notify people of changes to the nation's terror threat level, a development that illustrates increasing fears of extremist attacks in Britain and the rising power of digital communications.

The domestic security agency, MI5, announced the new service Tuesday and said it will also provide e-mail bulletins on "major developments in national security affairs." It plans to add a service providing the same information in text messages to cellphones, officials said. People would have to register on the MI5 Web site to receive the alerts.

"It is important that we are as open as possible with the general public about security matters," said Phyllis Starkey, a member of Parliament from Prime Minister Tony Blair's Labor Party.

Britain began disclosing the terror threat level to the public only last August, following government inquiries into the official handling of the July 2005 attacks on London's public transit system. After those attacks, in which 52 passengers and four bombers were killed and about 700 people injured, investigators concluded that the government did a poor job of communicating with the public about potential security threats.

In August, the government began posting the threat level on the MI5 Web site and a new government Web site (http://www.intelligence.gov.uk) set up to disseminate information about security matters. The new system was used that month for the first time when officials uncovered an alleged plot to blow up jetliners flying from Britain to the United States. The threat level was increased from severe, which means an attack is highly likely, to critical, which means an attack is expected imminently.

Although the threat has since been reduced again to severe, British officials continue to warn that religious extremists are aggressively plotting new attacks in Britain. In November, the head of MI5, Eliza Manningham-Buller, said in an unusual public speech that the agency was monitoring 30 potential terrorist plots involving more than 200 radical groups and 1,600 suspects who were "actively engaged in plotting or facilitating terrorist acts."

Last month, Home Secretary John Reid warned that a terrorist attack in Britain was "highly likely" during the Christmas holidays. None occurred.

Starkey said the widespread use of computers and cellphones allows the government to communicate information about potential threats far faster now. She recalled the days when the government placed posters in public places asking people to be vigilant for activity by the Irish Republican Army.

"This is a rather more effective technology," she said. "And if individuals are aware of an imminent threat, they are more likely to notice odd behavior. They are added eyes and ears for the security services."

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But Starkey acknowledged that the government was also battling a "significant level of cynicism" among the public and that many people believe the government could manipulate the terror threat level for political purposes. Many Britons believe the U.S. government has used threat alerts to scare the public for political gain, she said.

"That's only added to the problem here," she said, "because it makes people in this country think our government is going down the same route."

Patrick Mercer, a Conservative member of Parliament who specializes in security issues, said the new system was "sensible" but needed improvements.

"The problem is that the only sort of people who are going to get this are big security corporations and security wonks like me," he said. "Mr. and Mrs. John Doe are not going to go on the MI5 Web site and register for this."

For a terror alert system to work efficiently, he suggested, "we've got to learn from the American model." In addition to e-mail alerts, he said, the threat level should be indicated on highway signs and broadcast on television and radio, and government Web sites and publications should also offer more specific warnings about key bridges, tunnels and other potential targets during extremely high alerts.

"All this says," he said of MI5's new system, "is: 'Terrorism is dangerous. Be afraid. Be very afraid.' "

HOMELAND RESPONSE:

Man Accused Of Plotting Illinois Mall Attack Pleads Not Guilty (FINDLAW/AP)

By Megan Reichgott, Associated Press Writer

AP, January 10, 2007

(AP) - CHICAGO-A 22-year-old Muslim convert accused by U.S. authorities of being willing to commit acts of "violent jihad" pleaded not guilty Tuesday to charges that he planned an attack at a shopping mall.

"I feel well," Derrick Shareef said at his arraignment. He told U.S. District Judge David Coar he had never been hospitalized for psychiatric treatment.

Shareef was arrested Dec. 6 after allegedly meeting an undercover agent to trade stereo speakers for a pistol and four grenades.

He planned to "commit acts of violent jihad" by blowing up garbage cans at the mall during the Christmas shopping rush, according to a federal complaint. The complaint also said Shareef considered attacking city halls and courthouses.

"Any place that's crowded, like a mall is good, anything, any government facility is good," he allegedly told a secret FBI informant when they talked about possible attack targets. The informant secretly tape-recorded his plans. "I swear by Allah man, I'm down for it too, I'm down for the cause, I'm down to live for the cause and die for the cause, man."

Prosecutors have said they were convinced Shareef operated alone and there had been no imminent danger to the public.

Shareef was charged with one count of attempting to damage or destroy a building by fire or explosion and one count of attempting to use a weapon of mass destruction.

The arson and explosives count carries a possible sentence of five to 20 years in prison. The weapons of mass destruction charge carries a possible sentence of life in prison.

Defense attorney Michael B. Mann declined to comment on specifics of the case, telling reporters he did not want to try the case in the media.

Not Guilty Plea Entered In Mall Plot Case (RRSTAR)

By Mike Wiser, ROCKFORD REGISTER STAR

Rockford (IL) Register Star, January 10, 2007

CHICAGO — A 22-year-old accused of being jihadist told a federal judge “I feel well” moments before his lawyer entered a plea of not guilty on his behalf.

Derrick Shareef has been in federal custody in Chicago since his Dec. 6 arrest for allegedly plotting to injure and kill holiday shoppers at CherryVale Mall.

Wearing an orange jumpsuit and with a shaven head and unruly beard, Shareef appeared Tuesday in front of Judge David H. Coar.

Coar asked Shareef standard questions about his education and physical and mental health at the outset of what turned out to be a very brief hearing.

Shareef answered clearly and politely, ending most of his replies with the word “sir.” He told the judge that he did not graduate high school but obtained his general equivalency diploma, or GED, and had “some college” under his belt.

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He said he was not being treated for any physical or mental ailments.

Coar also asked Shareef if he needed the government's charges against him read aloud, an option Shareef's attorney, Michael Mann of Maywood, waived.

Shareef faces up to life in prison on charges of attempting to use a weapon of mass destruction and attempting to use explosives to injure people or property.

The Justice Department says Shareef, who identified himself as Derrick Omar Shareef in court, had plotted to attack the patrons of CherryVale Mall by placing hand grenades in garbage cans in order to wage jihad.

Authorities said Shareef revealed his plans to an informant who was working with the Federal Bureau of Investigation's Joint-Terrorism Task Force. The informant arrested the 22-year-old former Genoa resident after he exchanged stereo speakers for four non-functioning grenades and a pistol.

Tuesday in court was the first time Shareef was actually able to read the charges against him, Mann said, adding his client doesn't have access to court files where he is being housed and that he himself had only just received a copy of the formal indictment, which was handed down last week.

Staff writer Mike Wiser can be reached at 815-987-1377 or mwiser@rrstar.com.

`Data Mining' May Implicate Innocent People In Search For Terrorists (MCT)

By Greg Gordon

McClatchy Newspapers, January 10, 2007

WASHINGTON - In his first hearing Wednesday as the chairman of the Senate Judiciary Committee, Democratic Sen. Patrick Leahy of Vermont plans to examine federal "data-mining" programs, the computerized hunt for terrorists that can implicate innocent people.

Consider the case of American Airlines pilot Kieran O'Dwyer of Pittsboro, N.C.

O'Dwyer said Tuesday that U.S. Customs agents detained him for 90 minutes in 2003 when he got off an international flight in New York, telling him his name matched one on a government terrorist watch list.

Over the next 22 months or so, O'Dwyer said, he was temporarily detained 70 to 80 times by authorities who apparently were worried that he was a fugitive member of the Irish Republican Army.

It's not clear how O'Dwyer came under suspicion or how his name wound up on a terrorist watch list, but critics charge that such miscues can occur during the data-mining process, in which computers analyze multiple databases in search of suspicious patterns.

Amy Kudwa, a TSA spokeswoman, said she couldn't comment on O'Dwyer's circumstance, but that an average of 1,500 airline travelers applied each week for redress on the grounds that they'd been mistakenly included on terrorist watch lists. She said 33,000 had applied as of last April.

In a speech last month, Homeland Security Secretary Michael Chertoff said his agency was working to put a system of "one-stop redress" in place in 2007.

Leahy, a longtime congressional champion on privacy issues, plans to make "a signature issue" of protecting civil rights in the face of a "proliferation of government databanks and data mining" in the war on terrorism, said his chief spokesman, David Carle.

"He believes Congress is way overdue in taking stock of the surge in data mining by the government," Carle said.

Carle said the inquiry had gained import because of powerful new technologies, the outsourcing of data mining to private firms and "the Bush administration's lack of cooperation" with Congress' attempts to police these surveillance programs.

For years now, the Bush administration has invested heavily in data mining, viewing it as a valuable intelligence tool that can alert U.S. authorities to terrorist plots in their early stages. The government is reported to have spent tens of millions on such surveillance systems.

Among witnesses summoned to Wednesday's hearing is Jim Harper of the Cato Institute, a libertarian research center. Harper co-authored a paper last year that concluded data mining is a poor use of tax dollars, won't identify terrorists and will lead to "false positives" implicating innocent people.

In the paper, Harper and IBM engineer Jeff Jonas charge that "the one thing predictable about predictive data mining for terrorism is that it would be consistently wrong."

In testimony prepared for delivery Wednesday, Harper says data mining uses "massive amounts of data about Americans' lifestyles, purchases, communications, travels and many other facets of their lives. . . . This raises a variety of privacy concerns."

Coinciding with the hearing, Democratic Sen. Russ Feingold of Wisconsin plans to reintroduce a bill, co-sponsored by Leahy, that would require federal agencies to disclose all data-mining activities to Congress and the public.

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In a 2004 report, the General Accountability Office identified at least 10 data-mining programs being used in the hunt for terrorists, and several others have emerged publicly since then.

Senate Democrats also are expected to closely question John Michael McConnell, President Bush's nominee to serve as the new intelligence czar, about 13 Pentagon data-mining contracts that his consulting firm has obtained since 1997.

Recently, the Transportation Security Administration revealed that it has conducted a program known as the Automated Targeting System, which assigns a risk assessment to every international air traveler, for four years.

O'Dwyer, the pilot, said he tried multiple ways to end his detentions but that customs agents dismissed a TSA letter clearing him, saying "it could be a forgery."

Not even persistent calls to the TSA and FBI from aides to Rep. Bob Etheridge, D-N.C., and Sen. Richard Burr, R-N.C., could solve the problem.

O'Dwyer said customs agents came to greet him by his first name, and one joked that "this was profiling against the Irish."

After missing numerous connecting flights home and having to pay to stay in New York hotels, O'Dwyer gave up flying internationally last May, forgoing about $10,000 in annual bonus pay.

Security Grants Tightly Targeted (WT)

By Audrey Hudson

The Washington Times, January 10, 2007

Homeland Security officials yesterday announced $450 million in security funding for ports, transit systems, and chemical and nuclear plants and said they avoided a "willy-nilly approach" in earmarking the funds to ensure money won't be wasted.

The funding is an increase of $46 million over last year's amount and targets cities most at risk of terrorist attacks, including Washington and New York.

Previous grants were distributed with "very little guidance," Homeland Security Secretary Michael Chertoff said during the announcement.

"Predictably, we had a rash of stories ... about communities that spent money on leather jackets or gym equipment or things of that sort," Mr. Chertoff said.

"And so, to move away from that kind of willy-nilly approach, we have put in place a risk-driven allocation of eligibility," he said. "We're investing resources where risk is greatest and where the funds will have the most significant impact."

The grant process also was widely criticized in June after funding was slashed 40 percent for Washington and New York and increased for lower-risk Midwestern cities.

The bulk of the funding, more than $200 million, will go toward port security, and more than $171 million will be spent on transit systems. Bus security funding topped nearly $12 million, as did trucking security, and $48 million has been earmarked for buffer-zone protection.

Cities and states must submit detailed plans on how the money will be spent before receiving the funding.

The National Capital Region will receive up to $18 million for transit security, the second largest grant awarded. The New York and New Jersey region received the largest grant: $61 million.

More than $8 million has been incorporated this year for Amtrak security enhancements.

The Norfolk area was included in a second tier of nearly 30 cities that will compete for $14 million in grants for transit security.

Port security grants went to the New York area ($27 million), New Orleans ($17 million), Houston ($16 million), Los Angeles ($15 million), Puget Sound, Wash., ($12 million), San Francisco Bay area ($11 million), Delaware Bay ($11 million), and Port-Arthur/Beaumont, Texas ($11 million).

Baltimore and Hampton Roads, Va., will compete with 15 cities in a second tier of funding, amounting to $40 million.

Washington will receive up to $1.5 million for buffer-zone protection, and Maryland and Virginia will pick up $770,000 each. That grant covers protection for financial institutions, chemical facilities, nuclear and electrical power plants, dams and stadiums.

States that received buffer-zone grants in previous years but were dropped this year include Alaska, Colorado, New Mexico, North Dakota, South Dakota, Vermont and the Virgin Islands.

Overall, the Homeland Security Department will award $1.7 billion in grants for counterterrorism efforts this year.

Mr. Chertoff said that previous questionable spending was not fraud, but that grant requirements "were defined so broadly and so generally that anything that could be tied to homeland security, in theory, was eligible."

Homeland Chief: Risk Determines Who Gets 2007 Anti-terror Grants (USAT)

By Mimi Hall

USA Today, January 10, 2007

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WASHINGTON — Seaports, rail and bus systems, trucking companies and other private industries at risk of terrorist attack will divvy up nearly a half-billion dollars in anti-terrorism grants this year, Homeland Security Secretary Michael Chertoff announced Tuesday.

"We're investing resources where risk is greatest and where the funds will have the most significant impact," said Chertoff, responding to critics who complained that the highest-risk cities didn't get a big enough share of federal homeland security money last year.

Chertoff said the process of deciding which cities would get the grant money this year was driven by threat-based intelligence information and "common sense."

Chertoff said $445 million will be distributed this spring through five grant programs aimed at helping cities shore up security at vulnerable sites. Port security programs will get the largest share of the money: $210 million. Transit security will receive $172 million.

Within those categories, New York City and its surrounding communities will come out on top when the money goes out.

Members of Congress who had accused the Homeland Security Department of giving New York short shrift last year said there was some improvement — but still complained that the area wasn't getting enough money.

"We're glad this is a modest increase in funding for New York City, but we're still not close to our fair share or what we need," Sen. Charles Schumer, D-N.Y., said.

Highest danger, biggest allotments

These port areas were deemed to be at "highest risk status" and eligible for the most grant money:

·New York-New Jersey, $27.1 million
·New Orleans, $17.3 million
·Houston-Galveston, $15.7 million
·Los Angeles-Long Beach, $14.7 million
·Puget Sound, Wash., $12.2 million
·Delaware Bay, $11.3 million
·San Francisco Bay, $11.2 million
·Sabine-Neches River, Texas, $10.9 million.

Transit systems in eight major urban areas were found to be at highest risk of attack and eligible for the biggest grants. They are:

·New York-Connecticut-New Jersey, $61 million
·Washington, D.C., and its Maryland and Virginia suburbs, $18.2 million
·Boston, $15.3 million
·San Francisco Bay Area, $13.8 million
·Chicago, $12.8 million
·Philadelphia, $9.7 million
·Greater Los Angeles, $7 million
·Atlanta, $3.4 million.

Testimony Begins In Hurricane Katrina Insurance Lawsuit (FINDLAW/AP)

By Michael Kunzelman, Associated Press Writer

AP, January 10, 2007

(AP) - GULFPORT, Mississippi-State Farm Fire & Casualty Co. used a new "protocol" after Hurricane Katrina to deny claims to many policyholders, a lawyer for a homeowner suing the company said Tuesday in the trial for one of hundreds of pending insurance lawsuits spawned by the massive storm.

William Walker, attorney for State Farm policyholders Norman and Genevieve Broussard of Biloxi, told an eight-member jury in his opening statement that the company refused to pay for any damage to any home that Katrina reduced to a slab in August 2005, including the Broussards'.

State Farm and other companies say their homeowner policies cover damage from wind but not from water - and exclude damage that could have been caused by a combination of both, even if hurricane-force winds preceded a storm's rising water.

"They denied (the couple's claim) based on this wind/water protocol, this thing that's not in the policy," Walker told jurors. "This is a case in which State Farm promised to do something. This is a case in which State Farm decided not to follow those promises."

The Broussards claim a tornado destroyed their home before any flooding, but State Farm concluded that all the damage was caused by Katrina's storm surge and isn't covered by their policy.

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In his opening statement, State Farm attorney Scott Corlew told jurors: "We think after you've reviewed all the evidence that you will agree with us that water was the destructive mechanism at the Broussard home."

The first day of testimony in the federal trial came as Mississippi's attorney general negotiates a separate potential settlement with State Farm that could impact hundreds of other policyholders with Katrina damage.

People with direct knowledge of the settlement talks told The Associated Press on Monday that State Farm, Mississippi's largest home insurer, is considering paying hundreds of millions of dollars (euros) to settle more than 600 lawsuits and resolve hundreds of other disputed claims.

A mass settlement would be the first of its kind to follow the wave of litigation spawned by Katrina.

State Farm, Hood and plaintiffs' lawyers are nearing an agreement that calls for the insurer to pay at least $50 million(euro38 million)- but possibly hundreds of millions more - to roughly 35,000 policyholders who have not sued the company for denying their claim, people with knowledge of the talks said.

A Mississippi settlement would not involve any claims filed by State Farm policyholders in other states.

Hundreds of Mississippi homeowners have sued their insurance companies for refusing to cover billions of dollars (euros) in damage from Katrina's storm surge. The Broussards' case is only the second to be tried since the storm destroyed or severely damaged tens of thousands of homes.

WAR NEWS:

U.S. Pares Reconstruction Effort In Iraq (WSJ)

By Greg Jaffe And Yochi J. Dreazen

The Wall Street Journal, January 10, 2007

WASHINGTON -- The Bush administration's new Iraq strategy calls for modest, relatively inexpensive efforts to spur job creation and economic growth, a marked shift from the large-scale reconstruction projects and free-market dogmatism of earlier White House efforts.

But with the appetite for new spending for Iraq low across Washington, the downsized ambitions are being matched by similarly reduced amounts of money, prompting some senior military commanders to express skepticism the plan will improve conditions in Iraq.

When he addresses the nation tonight, President Bush will propose a micro-finance effort to aid Iraqi entrepreneurs and a sizable expansion of a program giving military commanders money for small-scale reconstruction and job-creation projects, according to administration and Pentagon officials. Mr. Bush described both initiatives in closed-door meetings with senators this week, according to several participants.

Meanwhile, senior Pentagon officials have been touting a push to get 193 Iraqi factories that have shuttered since the 2003 invasion up and running in the next three years. The officials say the reopened plants can provide jobs to tens of thousands of Iraqis who might otherwise join a militia or insurgent groups.

Just after the invasion, U.S. officials focused on big, U.S.-run infrastructure projects, such as rebuilding hospitals, water-treatment plants and electrical power plants. The administration eventually devoted $20.9 billion to the effort, much of which was consumed by security costs or lost to mismanagement. Officials also talked ambitiously about jettisoning Iraq's centralized economic system -- in which hundreds of thousands of Iraqis worked for state-owned firms -- and privatizing its state-run oil industry. Officials didn't spend money to reopen shuttered Iraqi factories because they believed such a move would prevent more-efficient, privately owned businesses from taking root.

Now, U.S. officials are working with Iraqi officials to reopen Iraqi factories as a means of creating tens of thousands of Iraqi jobs, said Paul Brinkley, the deputy undersecretary of defense tapped to lead the effort.

Military officials say the focus on getting Iraqis back to work represents a much-needed change. But some say the improved approach could be hampered by a lack of resources. Army Col. Bill Hix, who served 13 months as a senior strategist in Iraq and now works in the Pentagon, recently wrote an article proposing the U.S. set aside another $20 billion for reconstruction in Iraq. The Iraq Study Group called for the U.S. to provide $5 billion a year in economic assistance.

The Bush administration plans to spend just a few billion dollars on Iraq reconstruction in 2007. It plans to ask Congress for $1.46 billion in aid to the Iraqi government as part of Mr. Bush's new push to stabilize the country, though it will seek additional money for Iraqi security forces.

No U.S. money is being set aside to reopen state-owned Iraqi factories, which employed about 12% of the Iraqi population in 2003. Instead, U.S. officials say they will push Iraqi Prime Minister Nouri al-Maliki to find the millions of dollars needed to open

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as many as 30 factories this year. Mr. Brinkley said the military would help the Iraqi enterprises by contracting with them for essentials like cement and water.

The job-creation and military-reconstruction efforts will also be given only comparatively modest funding. Administration officials say the amount of money devoted to the micro-finance program will most likely be in the tens of millions of dollars. The Commander's Emergency Response Program, which gives military officers money they can use on small-scale reconstruction and jobs programs, is likely to double in size, but the total cost of the program will be close to only $1 billion.

The administration's retrenchment of its ambitions for Iraq began last year, when the White House's fiscal 2007 budget included no new "Iraq Relief and Reconstruction" money, the name of the initial, $20.9 billion effort. The White House wouldn't comment on any aspect of its latest effort.

Bush To Propose Restoring Iraqi Factories To Create Jobs (NYT)

By James Glanz

The New York Times, January 10, 2007

BAGHDAD, Jan. 9 — A new effort to revitalize some of the world's most outdated and decrepit factories for making vegetable oil, fertilizer, road signs and sulfuric acid is expected to be at the center of the plan for Iraq that President Bush will present Wednesday.

But even before the measures are announced, Iraqi political and business leaders have been expressing skepticism that any effort to transform a system of state-owned enterprises that has fallen so far into dysfunction could become an engine for job creation in Iraq.

The administration describes the steps as a way to employ more Iraqis and to keep them away from more destructive pursuits such as joining the insurgency or fighting in a militia.

Among the economic measures under consideration is new support for a program that allows local American military commanders to finance small reconstruction projects.

But recent statements by administration officials suggest that the plan is also likely to include an effort to revive parts of what was a vast Iraqi military and industrial base before it was destroyed by war, sanctions and looting.

That plan would involve pumping expertise and money for reconstruction into enterprises still owned by the Iraqi government, or privatizing some or all of the companies to force them to become more competitive.

Either way, Iraqi political and business leaders were dubious about the prospects for success. "I doubt it very much in view of the current challenges and dangers facing the country," said Mehdi Hafedh, a member of Parliament a former planning minister.

The state-owned enterprises are already a huge drain on Iraq's budget, Mr. Hafedh said, and most of them produce little or nothing. Many are filled with no-show jobs.

"The Americans should have made some consultations because this is ridiculous, frankly," Mr. Hafedh said. "What Iraq needs to do is reduce the number of employees in the state sector."

The focus on jobs and reconstruction is in many ways a return to the earliest days of the occupation, when the top American administrator here, L. Paul Bremer III, pressed the idea that economic initiatives were as important as military action in stabilizing the country and convincing ordinary Iraqis that the invasion would have tangible benefits for them.

That philosophy led to a reconstruction program financed by $30 billion in American taxpayer money that had a marginal impact on the quality of life here, attracted ceaseless attacks on rebuilding projects and produced little but derision among Iraqis.

In addition, American officials, who declined to comment before the president's speech, have never produced evidence that those enormous expenditures have lessened the attractions of the insurgency.

Nor have those officials solved what appears to be a logical flaw in the plan: how does the United States get credit for reconstruction projects when it must keep its participation secret to prevent attacks on those projects?

The employment picture in Iraq is without doubt grim, said Batea al-Kubaisi, a government economics expert. Depending on how it is measured on the chaotic streets of Iraq, the unemployment rate ranges from 30 percent to 60 percent, Mr. Kubaisi said.

Given those numbers, making use of the state-owned companies has distinct attractions. Overall, the 192 companies employ more than 500,000 Iraqis, which amounts to roughly half of all Iraqi government employees, Mr. Hafedh said.

But while the companies may appear alluring in reducing unemployment and sparking the economy, businessmen here said they are far from a solution.

Many of those employees actually do nothing but collect monthly paychecks and go home, says Mahmoud Othman, an Iraqi businessman who favors increasing support for the companies and privatizing some.

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“They are still on the payroll of the government although they have nothing to do,” Mr. Othman, who is not to be confused with the Iraqi politician of the same name. “They were not dismissed for social reasons.”

The very names of the companies have the musty air of government institutions in a closed nation: the General Company for Vegetable Oils, the State Company for Battery Manufacturing, al-Mishraq Sulfur Industry Company.

And any remaining illusions about the status of those companies would be shattered by evaluations by Mr. Bremer’s administration here when privatization was in the air in 2003.

A company that produced metal castings, traffic signs and military medals was so damaged in the invasion, one evaluation said, that the “sign factory is only one that doesn’t need to be completely rebuilt from the ground up.”

The sulfur company had “heavy damage to offices, plant and equipment,” the evaluation said. “Entire facility is almost completely destroyed.”

Other companies, like a heavy engineering business called Nasco, have been damaged less severely but have different problems: Nasco is in Doura, now one of the deadliest districts in Baghdad.

The Pentagon official at the center of the program to revitalize the state-owned enterprises is Paul A. Brinkley, the deputy undersecretary for business transformation, who has surveyed some of the companies in Iraq.

“What we are doing is assessing these factories,” Mr. Brinkley told American Forces Press Service last week. “We are bringing in expertise. We are bringing international industry to bear to create demand for these factories.”

Mr. Brinkley told the service he hoped that within a year, around a quarter of the $4 billion that the United States spends to support its troops in Iraq — food, fuel and outfitting of bases that is mostly bought outside the country — could be spent instead on the Iraqi companies. Some Iraqi officials, including Layla Kadhum, the minister of labor and social affairs, appeared to support the initiative.

“If these ideas are applied, they will have a great role in diminishing the violence that the country is witnessing, because a great part of the violence is caused by the unemployment,” Ms. Kadhum said.

Others sounded notes of alarm, particularly if Mr. Bush planned the sort of privatization that was tried and abandoned as unworkable early in Mr. Bremer’s tenure.

“I hope the president doesn’t make that the linchpin of his short-term strategy,” said Basil Rahim, an Iraqi financial expert, “because that’s just going to backfire on him.”

U.S. Teams Try To Rebuild A War-torn Nation (LAT)

By Paul Richter And Molly Hennessy-fiske

The Los Angeles Times, January 10, 2007

KIRKUK, IRAQ — For nearly a year, a team of U.S. civilian and military officials has worked from small, sparsely furnished offices here trying to help Iraqi officials with their most urgent needs: building a local government and providing basic public services.

"Provincial reconstruction teams" like this one are expected to be central to the economic component of the new Iraq policy that President Bush plans to unveil today. But in emphasizing such steps, Bush and his aides are courting widespread skepticism. Many U.S. officials and outside Iraq experts view the economic and political portion of Bush's package, like his expected proposal to increase the number of U.S. troops in the country, to be a big gamble with a limited chance of success.

"There's reason to try all of these ideas, and that's why we have tried them before," said one U.S. official, who spoke on condition of anonymity because Bush had not yet detailed his new strategy. "We're reliving all of the issues that have been discussed since 2003. It's like 'Groundhog Day.' "

The 35-member team in this northern Iraqi city has funneled money to aid and reconstruction projects, helped set up temporary job and job-training programs, and assisted local officials with budgets and other issues. Yet it has been hampered by shortages of skilled staff and money and a lack of security, problems that have undermined previous multibillion-dollar U.S. reconstruction efforts across the country since the American-led invasion of Iraq in March 2003.

The current Kirkuk effort is being conducted by an eclectic group, including a former member of the British Parliament, a high school chemistry teacher, a commercial pilot, a marketing manager, a retired state trooper and a career diplomat. One member, a lawyer who helps set up local courts, refers to the group as "the Peace Corps with guns."

Some team members caution that the tough problems they face can't be solved through a quick infusion of money or personnel.

"There's no cheap surge," said Kirkuk team leader Jim Bigus, a career diplomat who came to Iraq from Afghanistan, where he was deputy director of the U.S. Bureau for International Narcotics Law Enforcement Affairs. "You've got to get more attractive salaries to people here, and you've got to get more security, and more locations. And that's hard to do quickly."

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Bush is expected to announce plans to double the number of provincial reconstruction teams and call for big new job and loan programs and a renewed reconstruction effort. Administration officials consider the economic and political aspects of Bush's plan more important than the expected troop increase.

The plan has two stages, officials say. Once troops have pacified key areas of Baghdad and Al Anbar province, officials will offer economic and political benefits, including jobs that they hope will win the loyalty of young men who are now fighting U.S. and Iraqi government security forces.

Shortage of civilian help

U.S. military officials have long complained about the shortage of civilian American officials available to work with local governments. Senior U.S. officials are calling for an increase in civilian workers to accompany the expected addition of up to 20,000 troops.

The provincial reconstruction teams at work in Iraq were modeled on organizations used in Vietnam and Afghanistan and are expected to be a principal channel for new aid.

Members of the Kirkuk team say senior U.S. officials have hinted at the possibility of added resources and have urged State Department officials on the team not to close a regional embassy office that might be needed in the future.

"We've been asked a lot in the last month how many more people we could use, or money," said team leader Bigus.

The team's routine, four days a week, is to strap on armor and helmets and pile into a convoy of armored Humvees for trips into the field to confer with Iraqi officials and others. None of its members, however, speaks Arabic or Kurdish, though there are five interpreters on staff.

The usual destination is the faded gray and yellow Kirkuk Government Building, which is safe enough to allow them to shed their weapons and armored vests while they sip tea with officials.

Since arriving last spring, the Kirkuk team has helped arrange $744 million in spending from Iraqi, Pentagon and USAID sources for 599 development projects. U.S. officials view the Kirkuk team as a showcase.

Yet it has faced major obstacles. It has not been able to recruit all the civilian specialists it would like, and has had to turn to military personnel to pick up the slack. Only about one-third of its members are civilians. The original plan called for a 50-50 split.

Still, the work is considered vital. Bigus said that better public services could turn Iraqis away from the insurgency, but worried that more troops could lead to more casualties, hurting the team effort.

"Dead officers don't do reports, and the more deaths we have, the more problems we have recruiting," he said.

Similar teams in other parts of Iraq face more severe problems. Teams in the more dangerous Al Anbar and Basra provinces are so understaffed and hamstrung by security concerns that the U.S. Special Inspector General for Iraq Reconstruction urged in an October audit that they be closed. Of the 13 main and satellite offices studied, only four were "generally able" to carry out their missions, the audit said.

One U.S. official said plans for an increase in civilians were causing anxiety in the State Department, which, like other civilian agencies, has struggled to find enough people willing to accept the dangerous assignments. Senior U.S. officials have considered involuntary assignments, but have so far rejected that step.

Other components of the economic effort also have raised questions, including proposals for new job programs, which one official said would cost up to $1 billion.

A calming effect

U.S. military commanders are enthusiastic backers of temporary job programs, citing their effect in calming cities such as Tall Afar after bitter fighting. Commanders contend that many young Iraqis would rather take such jobs than work for the insurgency.

"The vast majority of the terrorists we fight are not ideologically bound. They're doing this mostly for economics," said Army Col. Patrick Stackpole, commander of the 3rd Brigade Combat Team of the 25th Infantry Division in Kirkuk, which works with the provincial reconstruction team.

To help provide jobs, the administration's plan calls for a sharp expansion of the Commander's Emergency Response Program, which gives field commanders cash that they can use at their discretion to put civilians to work.

However, many civilian officials and former government administrators believe the economic benefits of the job programs have proved fleeting. In the currently volatile atmosphere, job offers are unlikely to lure away men who are deeply committed to the fight, they say.

Frederick D. Barton, a former U.S. Agency for International Development official and specialist on postwar reconstruction, said temporary job programs employed about 50,000 Iraqis at their peak more than two years ago, but would be less attractive now.

"Cleaning up garbage and digging ditches for a few bucks a day for six weeks doesn't give you much of a time horizon and might put your life at risk," said Barton, now with the Center for Strategic and International Studies in Washington.

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Maj. Chris Mitchiner, an intelligence officer with the 3rd Brigade, 25th Infantry Division, in Kirkuk, said most Sunni insurgents "can't see past tomorrow" and are unlikely to be swayed by job programs.

James Dobbins, a former senior U.S. diplomat and advisor to the Iraq Study Group, said the job programs had not had lasting economic effects.

Factories reopen

Pentagon officials have begun reopening some of the 200 state-owned factories that were closed after the U.S. invasion. Military leaders hope that the factories can produce basic goods to be sold to the U.S. military and to commercial customers. Pentagon officials said they had opened one such factory, and hoped to open nine more by the end of the month, eventually providing 11,000 permanent jobs.

But critics said that it would be difficult to make the rundown factories function profitably and argued that many of the former employees would be unwilling or unavailable to go back to work.

"Most of them were unprofitable and for the most part irredeemable four years ago, and they're mostly in worse shape today," said Dobbins, who now directs Rand Corp.'s International Security and Defense Policy program.

The administration could face resistance from the Democratic-controlled Congress in funding the effort. Democrats, unhappy with the $20 billion already spent on reconstruction, have signaled that they may pare back new requests.

New Wave Of Troops Set For Iraq (AP)

By Lolita C. Baldor

AP, January 10, 2007

The first of up to 20,000 additional U.S. troops will move into Iraq by month's end under President Bush's new war plan, a senior defense official said Tuesday. House Speaker Nancy Pelosi pledged to hold a vote on the increase, which many Democrats oppose.

Details of a gradual military buildup emerged a day before Bush's planned speech to the nation, in which he also will propose a bit over $1 billion to shore up the country's battered economy and create jobs, said a second U.S. official.

Bush is expected to urge friendly Mideast countries to increase their aid to Iraq but will ignore the recommendation of the bipartisan Iraq Study Group that he include Syria and Iran in an effort to stanch Iraqi bloodshed nearly four years after the U.S. invasion, said the official, who spoke on condition of anonymity because the plan has not yet been announced.

Bush is expected to link the troop increase to promised steps by the Iraqi government to build up its own military, ease the country's murderous sectarian tensions, increase reconstruction and enact a plan to distribute oil revenues among the country's religious sects.

Even before he delivers his speech, Bush's plan has drawn sharp criticism from the leaders of the new, Democratic-controlled Congress. Senate Majority Leader Harry Reid said he hoped for a bipartisan measure that would declare, "We don't support this escalation of the war." If it passes, "the president's going to have to take note of that. I think that's the beginning of the end, as far as I'm concerned," he said.

Jennifer Crider, a spokeswoman for Pelosi, said Tuesday night, "The House will vote on the president's proposal." She said she had no details.

The president met during the day with lawmakers, practiced his speech and briefed key foreign allies, including calls to the leaders of Britain, Australia and Denmark. Bush was expected to practice his speech a couple of more times before addressing the nation at 9 p.m. EST Wednesday from the White House Library.

Under Bush's plan, thousands of troops will be alerted that they may be needed in Iraq — including units already there whose service would be extended, or others that could be sent earlier than initially scheduled, said one official.

Moving first into Iraq would be the 2nd Brigade, 82nd Airborne Division, which is now in Kuwait and poised to head quickly into the country, the defense official said. The brigade, numbering about 3,500 troops, is based at Fort Bragg, N.C.

Other units, including Marine brigades in western Iraq, could be asked to extend their deployment. And the military buildup is also likely to include moving the aircraft carrier USS John C. Stennis into the Persian Gulf region, as a show of force and a warning to Iran and Syria.

There are already about 132,000 U.S. troops in Iraq.

According to the defense official, Bush also will discuss the need to address how often the Pentagon can tap the National Guard and Reserves, although he may provide few details. And Bush will again endorse the need to increase the size of the Army and Marine Corps.

The speech looms as a key one for Bush, who is beginning the final two years of his presidency waging a war that has scant public support and whose own popularity has plummeted as well.

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The public has heard several previous campaigns by Bush to defend his Iraq policies and show that he is changing with changing circumstances. Since the war's start in March 2003, there have been at least seven public relations offensives by Bush on the war, with some of these speech series timed to milestone events and others to dips in polls.

In Iraq Tuesday, U.S. jets screamed low over the capital and helicopter gunships swooped in to pound a central Baghdad battleground as Iraqi and American troops waged a daylong fight that officials said killed 50 insurgents in a militant Sunni Arab stronghold.

Iraqi police, meanwhile, reported finding 52 bodies dumped in three cities, 41 of them in Baghdad, all apparent victims of sectarian reprisal killings.

Bush has met with more than 110 lawmakers in recent days to discuss his plan, and some offered details Tuesday.

"The president believes that the Iraqi forces aided by American forces will be able to clean out Baghdad and stabilize Baghdad and leave as he put it 'space' for a political reconciliation process to unify the country and stabilize Iraq," said Rep. Robert Andrews, D-N.J., one of 12 Democratic lawmakers who met with Bush Tuesday.

Andrews said the meeting was "dominated by our skepticism of whether the Iraqi forces are willing to fight for their own government."

Sen. Carl Levin, a Michigan Democrat who chairs the Senate Armed Services Committee, said he expected Bush to announce that up to 20,000 additional troops will be sent to Iraq but not to say how long the extra forces will be there. He said he believed Bush will signal that the overall U.S. commitment in Iraq is not open-ended.

A key element of the plan will be the increased responsibilities taken on by the Iraqis. Bush is expected to link the troop increase to efforts by the Iraqi government to curb Shiite militias that have terrorized the Sunni minority, as well as moves to ease government restrictions on members of the late Iraqi leader Saddam Hussein's Baath Party.

Sen. John Cornyn, R-Texas, said Tuesday that he believes the Baghdad government suggested some of the conditions, such as their ongoing efforts to get more Iraqi forces trained and equipped for battle and committing more money for reconstruction.

Leading the opposition, Sen. Edward Kennedy, a longtime critic, introduced legislation that would deny the president the billions needed to send more troops unless Congress agreed first. It was unclear whether the bill would ever reach the full Senate, but it could serve as a rallying point for critics.

White House press secretary Tony Snow conceded that Bush has a challenge in convincing a war-weary public.

"The president will not shape policy according to public opinion, but he does understand that it's important to bring the public back to this war and restore public confidence and support for the mission," Snow said.

Bush To Request More Troops (LAT)

By Maura Reynolds And Noam N. Levey

The Los Angeles Times, January 10, 2007

WASHINGTON — President Bush spent hours Tuesday practicing in front of cameras, preparing to make his case for increasing the U.S. military commitment in Iraq in a prime-time address to the nation tonight, even as congressional Democrats readied legislation to block any increase in the number of troops.

Members of Congress who met with Bush said he appeared to understand that, after years of upbeat rhetoric and positive assessments that belied a lack of progress inside the country, his credibility was on the line.

"He told us what he planned to say tomorrow," said Rep. Jane Harman (D-Venice), one of about a dozen House members who met with the president and his top advisors for more than an hour Tuesday afternoon. "In terms of tough moments in his presidency, this is it."

Sen. Trent Lott of Mississippi, the Senate's second-ranking Republican, said both Republicans and Democrats would be listening for a note of contrition in the president's voice.

"As important as what he says is how he says it," Lott told reporters.

Lawmakers who have met with Bush this week say he intends to ask for about 20,000 additional troops to shift the strategy in Iraq toward ending sectarian violence and increasing security on the ground for Iraqi civilians in restive areas. According to the lawmakers, the troubled Iraqi government has agreed to meet benchmarks of political progress as a condition of the troop increase.

Supporters of the strategy say a decrease in violence will foster political reconciliation between Iraqi factions. Detractors say a "surge" in troops is just another term for "escalation."

"His speech is going to clearly show that he is calling for an escalation in Iraq," Senate Majority Leader Harry Reid (D-Nev.) told reporters.

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In the White House meeting, Bush gave a rundown of the speech to House Democrats, who gave him a tepid response. Rep. Adam Smith (D-Wash.) said no lawmaker in his meeting supported the new policy.

"We were more in a question-and-answer mode, but a fair amount of skepticism was voiced," Smith said.

"It was not a confrontational meeting," said Rep. Ellen O. Tauscher (D-Alamo), who said she emphasized the importance of the Iraqi government making political progress. "I think he understands that, at some level, this is the last best chance."

"I said a surge in troops was a good idea three years ago — but not now," Harman said. "Other strategies — political and diplomatic — right now are more critical."

Rep. C.W. "Bill" Young of Florida, who joined other senior House Republicans at the White House on Tuesday, said he wanted to hear more from Bush.

"I'm anxious to hear the speech," he said, "because I think there's going to be a lot more in the speech than he told us today."

Reid said he intended to bring at least a nonbinding resolution to the Senate floor next week to permit Democrats and Republicans to vote against a troop increase. A similar measure is planned in the House.

In addition, Sen. Edward M. Kennedy (D-Mass.) introduced legislation Tuesday to cut off funding for any troops above the current level of 132,000. It would also require the president to seek congressional approval before sending additional military forces to Iraq.

Kennedy said his legislation, which is being sponsored in the House by Rep. Edward J. Markey (D-Mass.), would "reclaim the rightful role of Congress and the people's right to have a full voice in the president's plan to send more troops to Iraq."

Kennedy was careful Tuesday to insist that he and other Democrats did not plan to cut off funding for troops now in Iraq.

Reid did not commit to bringing Kennedy's proposal to a Senate vote. "His is an idea," Reid said, "and certainly we'll look at it in an intelligent way. We'll look at it giving everyone every right they have to be part of a solution to this problem."

Kennedy detailed his proposal at the National Press Club in a speech rich with allusions to Vietnam.

"Echoes of that disaster are all around us today. Iraq is George Bush's Vietnam," said Kennedy, who joined the Senate in 1962, three years before the major escalation of American military involvement in Southeast Asia. "As with Vietnam, the only rational solution to the crisis is political, not military."

Kennedy helped lead the efforts to limit military aid to South Vietnam after U.S. forces withdrew following the 1973 peace accords. Since then, Congress has acted several times to put legislative limits on military operations.

Sen. Lindsey Graham (R-S.C.), who has been a leading champion of sending more troops, said congressional limitations for Iraq would be a "devastating precedent."

"I can't think of a stronger signal to send to the extremists in the world, not just Iraq — 'Hang in there, you're winning' — other than the United States Congress calling this war over," he said.

P. Edward Haley, a political scientist at Claremont McKenna College and a former congressional staffer, said "the founders knew what they were doing when they gave the legislature the power of the purse."

"The abuse of the power to make war was one of the worst forms of monarchical misrule, and the quickest road to tyranny, and the founders were determined to prevent both in the new constitution," Haley said.

"Of course, having the power is one thing; finding the votes to exercise it is another," Haley added. "It will be very difficult for the Democrats to refuse funding without falling into a political trap the administration has set in order to blame them for failure in Iraq."

Bush's Speech May Be The Most Important Of His Presidency (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, January 10, 2007

WASHINGTON - President Bush is about to take a gamble that could make or break his presidency and his place in history.

In a speech scheduled for Wednesday night, he'll try to convince a war-weary nation to commit more troops and money to a struggle in Iraq that's already cost more than 3,000 American lives and at least $300 billion.

His nationally televised speech, and the reaction to it, will determine the next step in Iraq, test his relations with the new Democratic-led Congress and set the tone for his final two years in office. Some analysts say it could increase pressure for withdrawal if the solutions Bush offers don't bring quick results.

White House aides acknowledge that the president faces a skeptical audience when he goes before television cameras at 9 p.m..

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Nearly four years after Bush led the nation to war, most Americans think he made a big mistake. A Gallup poll conducted last weekend for USA Today and CNN found that only 1 in 4 Americans approve of his handling of Iraq. Only about a third said they'd support his expected call for as many as 20,000 more troops.

Even Bush's allies concede that he may not get another chance to revise a war plan that's failed to meet shifting challenges from Iraqi insurgents, Islamic terrorists and bloody sectarian violence.

"This may not be our last chance, but it's as close to our last chance as anything I can think of," Sen. John McCain, R-Ariz., said.

Bush's toughest challenge may be trying to convince Americans that the war is worth the mounting cost, in both lives and money. In addition to a troop increase, his plan is expected to include an ambitious new jobs program for Iraqis that could cost as much as $1 billion.

As Bush put the final touches on his plan, congressional Democrats looked for ways to block any troop surge. Calling Iraq "George Bush's Vietnam," Sen. Edward Kennedy, D-Mass., said he would introduce legislation that would require congressional approval for any troop increase.

"We cannot simply speak out against an escalation of troops in Iraq; we must act to prevent it," he said in a speech at the National Press Club. "As with Vietnam, the only rational solution to the crisis is political, not military. Injecting more troops into a civil war is not the answer."

White House spokesman Tony Snow said Bush would try to shore up support for the war by raising hopes for victory and spelling out the consequences of defeat. The White House has sought to frame the Iraq debate as a choice between Bush's plan and abject failure.

"The president will not shape policy according to public opinion, but he does understand that that it's important to bring the public back to this war and restore public confidence," Snow said. "I think what the American people will ask themselves is, do we want to win this war?"

But some who share Bush's view of the dire consequences of failure worry that by raising expectations for progress, Bush runs the risk of a backlash if his new approach fails to get positive results soon.

"After a couple of months, people will say, `Well, look, the situation hasn't changed. That demonstrates it's hopeless,'" former national security Brent Scowcroft said on ABC last weekend. "The pressure to get out will increase."

Bush stayed out of public view Tuesday as he promoted his plan in private talks with members of Congress and foreign leaders. Meeting participants said Bush stressed his goal of turning security responsibility over to Iraqis. He also told visitors that the plan would include new efforts by Iraqi leaders to disarm sectarian militias and restore order in Baghdad.

Rep. Norm Dicks, D-Wash., said administration officials indicated that the Iraqi commitment for Baghdad would include about 10,000 more Iraqi troops and as many as 18,000 additional police. He said the officials suggested they'd know by February whether the plan would be a success.

"This is being presented as an Iraqi plan," Rep. Adam Smith, D-Wash., said after meeting with Bush and other top administration officials. "They will be taking the lead in Baghdad. They want to show that the Iraqi government can actually function."

Smith said he remained "very skeptical" that the plan would succeed.

Bush also sketched out his ideas in phone calls to British Prime Minister Tony Blair, Australian Prime Minister John Howard and Danish Prime Minister Anders Fogh Rasmussen.

Senate Democratic leaders said they would introduce a non-binding resolution that would test Senate support for Bush's plan. Senate Majority Leader Harry Reid said a vote against the plan, even if only symbolic, could force the president to change course.

Some Republicans said they were prepared to back Bush, but suggested that their enthusiasm would depend on the details of the plan and his speech. "As important as what he says is how he says it," said Sen. Trent Lott, the Senate's No. 2 Republican.

Some Iraqi officials were also skeptical about Bush's plans.

Baha Araji, a member of the parliamentary bloc loyal to Shiite cleric Muqtada al-Sadr, said he believes neither the Iraqi nor American military can stop Iraq's eroding security. He called for a political solution. But when asked how to achieve that goal, he shrugged his shoulders.

Nancy A. Youssef in Baghdad and Kevin Diaz, Les Blumenthal, Dave Montgomery and Renee Schoof in Washington contributed to this report.

Bush Must Sell Public, Congress Iraq Speech May Define President's Legacy (AJC)

By Ken Herman

The Atlanta Journal-Constitution, January 10, 2007

Washington — President Bush's legacy will be on the line when he goes on national television tonight seeking public support for his new strategy in Iraq.

"This may be the last, best chance to shape policy and opinion on the issue that will define his presidency," said Mark McKinnon, a longtime communications adviser to Bush.

His plan to send more troops to Iraq will be a tough sell. A Gallup/USA Today poll released Tuesday showed that 61 percent oppose the idea, and 47 percent said they do not think the United States can attain its goals in Iraq no matter how many troops are sent.

McKinnon is among those, including Bush aides in the White House, who believe that nothing the president says tonight is likely to move numbers in his direction. It's the results that will matter.

"The plan for more troops has to be clear and provide metrics for success in order to win support," McKinnon said.

The troop increase is expected to be tied to Iraqi government commitments to crack down on Shiite militias' attacks on the Sunni minority. Also included will be economic incentives to bolster the Iraqi economy with rebuilding projects.

White House spokesman Tony Snow has talked about the speech as a beginning of a process.

"The president will not shape a policy according to public opinion," Snow said. "But he does understand that it's important to bring the public back to this war and restore public confidence in support for the mission."

Democrats, now running Congress, already have challenged the wisdom of sending more troops.

"The American people sent a clear message in November that we must change course in Iraq and begin to withdraw our troops, not escalate their presence," said Sen. Edward Kennedy (D-Mass.), who has proposed legislation that would require congressional approval for any escalation.

White House aides acknowledge the opposition and the battle to come.

"This is a very complex subject to take people through in what is a fairly brief set of remarks," a Bush aide said of tonight's 25-minute speech. The aide talked of "other opportunities," including a Thursday appearance at Georgia's Fort Benning, for Bush "to talk to the American people about it."

But it is not just the public that needs to be convinced.

"This one is a particularly tough task because he has two broad sets of audience that have doubts," said presidential historian John Geer of Vanderbilt University. "The first is the American public that is concerned about Iraq and continuing to stay there and have more troops there. The second, of course, is a Congress that is no longer Republican." Convincing either audience would be a tall order, Geer said, but "two makes it even a taller order."

Still, he may have little to lose.

"His popularity is pretty low now," said Geer. "It's not likely to go a lot lower."

Political scientist George Edwards of Texas A&M's Bush School of Government and Public Service agreed.

"In some ways it does make sense to take a risk," he said, noting that without the support of public and the Congress, the president's major remaining power is the veto.

"It is an inherently negative power and not one that requires a lot of political capital," he said.

Bush Faces Tough Sell On Iraq (WT)

By Stephen Dinan

The Washington Times, January 10, 2007

President Bush faces a difficult task tonight when he lays out his new strategy for Iraq in a prime-time address, with the White House acknowledging that he needs to recapture public support for a war effort that has stumbled in the past year.

Mr. Bush is expected to announce an increase of up to 20,000 troops to help secure Baghdad, with the first wave to be shipped out this month and the rest prepared to deploy more gradually. He also is expected to lay out obligations for Iraq, in effect tying a deeper commitment of government leaders to an escalation of U.S. forces.

Public opinion polls show the president will have a tough sell.

A Gallup-USA Today poll taken over the weekend showed that 61 percent of Americans oppose a troop increase and 36 percent support it, and that Mr. Bush's job approval for Iraq has dropped to 26 percent.

The White House yesterday said Mr. Bush has lost the country's support.

"It's important to bring the public back to this war and restore public confidence and support for the mission," spokesman Tony Snow said.

Jeffrey D. McCausland, a defense specialist and former National Security Council staffer, said Mr. Bush will be addressing three audiences: Congress, which controls the funding; the American public, whose patience is slipping; and Iraq, which will have to exhibit a more solid commitment.

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Mr. McCausland said he expects Mr. Bush to explain that Iraqis have to show they have earned a new wave of U.S. forces.

He said Mr. Bush must establish a measurement of progress in order to win public support.

The last time the U.S. announced a troop increase, Iraqis were to match it with six battalions but sent only two, he said.

"The real question is, the president's in the middle of a moral dilemma. He has to threaten to do the one thing he's said he's ultimately unwilling to do, and that's walk away from this," Mr. McCausland said.

Democrats said Mr. Bush must prove that his policy is taking a new direction.

"Nearly three years after launching a war that has taken more than 3,000 American lives, cost more than $300 billion and left tens of thousands of Americans wounded, President Bush has an obligation to tell the American people how his new 'strategy' will diverge from his policies of the last three years," said Rep. Rahm Emanuel, Illinois Democrat and chairman of the House Democratic Caucus.

Mr. Snow noted that George Washington, Abraham Lincoln and Winston Churchill sustained setbacks in war.

"Was Winston Churchill responsible for the Blitz? What Winston Churchill did was talk about the conditions for victory," Mr. Snow said, adding that Mr. Bush is "adjusting and talking about conditions for victory."

Analysis: Bush's New Plan Not All New (AP)

By Tom Raum

AP, January 10, 2007

President Bush's new plan for Iraq sounds a lot like his old one. Send in more troops, set goals for the Iraqi government and assure Americans it's better to wage war there than here.

And now the U.S. military is back in Somalia, too, once again attacking suspected terrorist targets.

Bush's challenge in Iraq: show what's different now.

The plan the president will outline to the nation Wednesday night is the latest repackaging of a program that's been wrapped and rewrapped many times.

The White House recognizes that a majority of Americans disapprove of Bush's handling of Iraq and that Democrats are eager to assert their new leadership on Capitol Hill by challenging his proposal to send in more troops.

But Bush advisers also believe that Americans do not necessarily support an immediate withdrawal and might be willing to give the president the benefit of the doubt if he presents a feasible, detailed plan that points the way to an eventual U.S. drawdown.

It's different this time, Bush supporters say of his new strategy — always words to beware.

For one thing, administration officials contend that the Iraqi government, while still fragile, has matured and will do much more of its part this time.

They note that Bush has reshuffled his military and diplomatic team in Iraq and has a new defense secretary, Robert Gates, to carry out the revised plan.

Bush has told lawmakers he plans to send about 20,000 more troops to Iraq. There are roughly 132,00 there now. The White House also is working on its largest-ever appeal for more war funds — a record $100 billion, at least — to be submitted along with Bush's Feb. 5 budget.

"He does understand that it's important to bring the public back to this war and restore public confidence in support for the mission," spokesman Tony Snow said Tuesday.

Still, there's clearly a been-there, done-that feel to Bush's new plan.

It's an old story: The U.S. before has temporarily raised troop levels, taken steps to encourage democracy, spent money on education and public works and set benchmarks for the Iraqi government.

In the fall of 2005, the president gave a series of speeches around the country on the way forward in Iraq. To mark the campaign, the White House issued a glossy 35-page document titled "Our National Strategy for Victory in Iraq," spelling out a series of military, political and economic initiatives.

"This last summer there was a troop increase that really did no good in my opinion whatsoever," says Rep. Ike Skelton, D-Mo., the new chairman of the House Armed Services Committee.

That was after Bush went to Baghdad and announced a joint effort with Prime Minister Nouri al-Maliki to beef up security in Baghdad — and after an earlier joint effort failed to stem the tide of sectarian violence. The newer one failed too.

Skelton suggests too much attention is being paid to the latest plan's rollout.

"Whatever the president does, it is still up to the Iraqis to make or break it themselves. So let's not put any more spotlight on this decision any more than those in the past, which sadly have not been good ones," he says.

As Bush outlines his new Iraq strategy, he may well mention the new U.S. airstrikes in Somalia that targeted Islamic extremists.

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He can cite the war on terrorism's multiple fronts. It fits in with his fight-them-abroad-not-at-home thesis. Administration allies suggest the U.S. withdrawal from Somalia in 1993 helped strengthen the al-Qaida terror network.

"Just as the Soviet defeat in Afghanistan emboldened and enlarged al-Qaida, just as our withdrawal from Somalia encouraged them to go find more targets, our defeat in Iraq would expand the numbers of terrorists and embolden them to seek new strategic targets," said Rep. Mac Thornberry of Texas, a Republican member of the House Armed Services Committee.

Analysts and lawmakers have mixed views on whether Bush can do anything to turn the tide in Iraq. Some say it's possible, but that the odds are low after nearly four years of war.

"Anything that would work now would have worked even better two years ago," said Michael O'Hanlon, a foreign policy analyst at Brookings Institution who served as an adviser to the Iraq Study Group. "Increasing troops has always been an option. But this is probably the least promising time to try it of the past almost four years."

The bipartisan Iraq Study Group, led by former Secretary of State James A. Baker III and former Democratic Rep. Lee Hamilton, called for beginning to withdraw combat troops — a central recommendation Bush apparently has chosen to ignore.

Many Democrats and some Republicans await Bush's speech with skepticism.

"There is the troubling issue of the capacity of the struggling government in Iraq, consumed as it is by fractional fighting, to establish any kind of sustained governing coalition," said Ray DuBois, a Pentagon official until last March who is now with the Center for Strategic and International Studies.

Rep. David Obey, D-Wis., chairman of the House Appropriations Committee, complained that Bush initially promised that Americans would stand down as Iraqis stood up. "Now it sounds like we're being told that Americans will stand up as the Iraqis are standing up. That's a confusing difference to me."

Storm Rises Over 'Surge' (LAT)

By Johanna Neuman

The Los Angeles Times, January 10, 2007

WASHINGTON — Is it a "surge?" Is it an "escalation?" Is it harmless semantics? Is it disingenuous spin?

One thing is clear: Using the word "surge" to describe President Bush's forthcoming plan for reshaping U.S. efforts in Iraq has ignited a fiery political brouhaha.

The plan, which Bush is scheduled to unveil today, is widely expected to include a proposal for increasing the number of American troops in Iraq. And the increase has been widely referred to by Pentagon officials and others as a "surge."

That's how the furor began, raging over the Internet, in complaints to reporters and in the blogosphere. News organizations across the country have been drawn into the fray, including NPR, CBS News, the Los Angeles Times and the Wall Street Journal.

What infuriates critics of the war, including many liberal Democrats, is that they see "surge" as a manipulative and deceptive word. It implies a relatively short-term increase in the U.S. military commitment, they say, when the White House intends to keep the additional troops in Iraq much longer, perhaps for several years.

Even worse, critics say, the news media have uncritically accepted the word and thus contributed to deceiving the public.

"I've noticed a complete acceptance on the part of most of the MSM [mainstream media] (and Congress) to accept the White House nomenclature," blogger Nicole Belle wrote in a complaint posted on crooksandliars.com.

"After six years of this, I think we all know that he who frames the debate and chooses the vocabulary wins from the beginning. Let's be sure to not accept the White House framing, no matter how wimped out the MSM is."

Some profess to see Machiavellian intrigue by White House political guru Karl Rove.

"It seems like it comes from Karl Rove … renaming things, reframing, making it sound acceptable," James A. Thurber, director of the Center for Congressional and Presidential Studies at American University, said Tuesday on NPR's "Diane Rehm Show" when a listener called in to complain about the word.

"Please stop buying into the misleading nomenclature calling it a surge," the caller, identified as Mike from Monkton, Md., said. "Misleading the public by misnaming things might be acceptable in politics, though I find it treasonous, but it's time for the Fourth Estate to do its job."

Choosing words to one's advantage is hardly new. Advertising copy writers do it all the time. So do political advocates, as in the struggle over the "estate tax" versus the "death tax."

"These are theological disputes," said S. Robert Lichter, director of the Center for Media and Public Affairs at George Mason University. The dust-up over the word "surge" seemed to some a metaphor for the passions unleashed by the war itself. Lichter compared the debate to the struggle "for every inch, like Stalingrad."

The controversy has not been diminished by the fact that Bush and senior White House officials have steered clear of "surge" themselves.

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The Wall Street Journal, on its website, declared as early as Dec. 25 that there was a "new war of words brewing over the Iraq War."

Although critics blame pro-war spinmeisters, some military officials say "surge" has long been used in the armed forces to indicate a quick, not necessarily short-term, increase.

Army Chief of Staff Peter J. Schoomaker, for example, used the term in testimony before the House Armed Services Committee in 2003, saying, "Now there is no question that there's parts of Iraq that we need to surge troops into."

In 2004, Gen. John P. Abizaid was quoted by Army Times as saying to a group of senior U.S. commanders, "So you have this notion of using surge forces to deal with specific military problems…. The combination of base forces plus surge forces … is pretty important."

None of that has mollified critics. Complaining about the use of the word in The Times on Sunday, an e-mailer identified as Carlileb said, "What's with the uncritical use of the euphemism 'surge?' … You know, this kind of thing makes the LAT look like a propaganda flack for the Bush administration, even if that wasn't the intent."

And some bloggers claimed a measure of success with their attacks. Initially, some Democratic members of Congress had suggested they might support Bush on a "surge," but by the end of last week, Senate Majority Leader Harry Reid of Nevada and House Speaker Nancy Pelosi of San Francisco described the plan as an escalation, as did Democrats making appearances on the Sunday talk shows.

Ironically, Frederick Kagan of conservative think tank the American Enterprise Institute, who is widely credited with helping sell the increase proposal to the White House, was quoted on the blog Media Nation as complaining that reporters were misrepresenting his ideas when they used the word "surge" to imply a short-term commitment.

"The media has been using the term 'surge' very loosely," Kagan was quoted as saying. "And I think that's actually a bit of a problem, because there have been various ideas floated for very short-term troop surges of relatively small numbers of troops. And I think that that would be a big mistake, and it's not what we're calling for."

What Kagan wants is at least 25,000 additional troops, and not for a short time.

If all that seemed a bit confusing, White House Press Secretary Tony Snow had a solution Tuesday. Braced on "surge" versus "escalation," Snow said it was up to the reporters:

"You guys do words for a living," he said. "Rather than trying to ask Democratic or even Republican lawmakers what the proper descriptive term is, you figure it out."

Democrats Rush To Frame Political Debate Over Troops (NYT)

By Jim Rutenberg

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — "Cut and run" versus "stay the course" is so 2006.

This week has ushered in a new political battle over the language of the war: "Surge," meet "escalation."

The Democrats introduced the latter word to portray President Bush's expected proposal for a troop increase in Iraq in a negative light.

"An escalation, whether it is called a surge or any other name, is still an escalation, and I believe it will be an immense new mistake," Senator Edward M. Kennedy, Democrat of Massachusetts, said Tuesday in a speech critiquing Mr. Bush's as-yet-unannounced Iraq plan.

Should the significance of the word be lost on those too young to remember its loaded usage during the Vietnam War, Senator Kennedy added: "The Department of Defense kept assuring us that each new escalation in Vietnam would be the last. Instead, each one led only to the next."

On Sunday, the new House speaker, Representative Nancy Pelosi of California, used "escalate" or "escalation" six times during an interview on the CBS News program "Face the Nation."

Asked at his regular briefing on Tuesday about the Democrats' use of the "E" word, Tony Snow, the White House spokesman, initially said, "I think a lot of times people are going to try to find a one-word characterization that allows them to make a political point without perhaps diving into the details."

But, pressed further by a reporter to address the new "Democratic Party language," Mr. Snow said, "Well, ask the guys who do their focus groups."

Finally, he said, given that President Bush would not announce his new plan until his speech on Wednesday night, "It seems a little silly for me to start quibbling about adjectives without discussing what they purportedly describe, don't you think?"

Mr. Snow last night said that the president would not be using the word "surge" in his speech, adding that it implied what he called a "rush hour" approach to a serious policy.

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Surge (surj) N. 1. A Sudden Increase . . . In Political Parlance (WP)

By Paul Farhi

The Washington Post, January 10, 2007

It's one of those words -- like "chad" or "blog" or "waterboarding" -- that's suddenly become the go-to phrase to describe a contemporary phenomenon.

"Surge," the country's latest catchword, is what President Bush intends to propose tonight in a prime-time speech -- a "surge" of troops, perhaps 20,000, to bolster the American military presence in Iraq.

A surge. It conjures: the rush of the ocean tides. Or what a young person feels upon the first blush of love. Or what a sports team does late in the game. Among its definitions, "any sudden, strong increase, as of energy, enthusiasm, etc.," according to Webster's New World College Dictionary.

What we have here is shorthand for a very long debate.

The very vagueness of "surge" might make it the politically perfect word for what is likely to be a controversial policy. Rep. Nancy Pelosi, the new House speaker, framed her apparent opposition to sending more troops to Iraq by using a more freighted substitute: "escalation."

In that context, surge is a euphemism for a euphemism. "Escalation" was variously ascribed to both President Lyndon Johnson's policy of increased military aid to Vietnam, and the U.S. "incursion" -- yet more euphemisms! -- into Laos and Cambodia in 1970 under President Richard Nixon. Perhaps to avoid echoes of that war, "surge" is the Pentagon and White House's preferred coinage.

"Surge," though, has no real history or meaning as a military construct -- unlike, say, "tank" or "M-16." It doesn't appear in reference books such as the Oxford Companion to Military History, the Encyclopedia of the Vietnam War or the Encyclopedia of the U.S. Military. Nor does it show up in the Department of Defense's official Dictionary of Military and Associated Terms.

"It just seems to be a term that cropped up that seemed useful," says Lewis Sorley, a retired Army officer and prominent military historian.

Sorley notes that the word is politically savvy because "surge" seems to suggest a sharp but passing event. "If you're trying to engender support from those who have doubts about the war, it's a useful word," he says. "Because if this is a temporary event, it might be more palatable."

It's not clear who coined the word "surge" to describe troop increases. But it gained quick currency -- that is, it surged -- in November. Its first apparent journalistic use in reference to Iraq was in the New York Times on Nov. 21. A day after The Washington Post reported that the Pentagon was considering whether to deploy more troops, the Times said unnamed Pentagon officials had dubbed this "the surge option."

Thereafter, variations of the phrase "surge option" appeared in newspaper stories and TV reports, then was quickly shorthanded to "surge." (The brevity of the word even might account for its popularity in headlines -- taking up far less space than more neutral phrases, such as "troop increase.")

And that raises a question: Should the news media adopt the terminology favored by policymakers when those words can be construed as politically loaded? That question has haunted journalists for decades, stretching back to debates over abortion ("pro-choice" or "pro-life"), the Mideast ("terrorists" or "militants") and, of course, Iraq itself ("sectarian conflict" or "civil war").

"Surge" falls into "the Orwellian zone between language and politics," says Tom Rosenstiel, director of the Project for Excellence in Journalism, which studies and evaluates the media. "The president and his advisers would be remiss if they didn't come up with a term suited to their new policy. But journalists would be equally remiss if they just thoughtlessly repeated the term without pondering the policy and its implications."

The word has achieved so much currency that it was in the running to be the year's most notable, as chosen by the American Dialect Society, a 117-year-old organization of linguists, lexicographers and other "word people," at its annual meeting last week.

Wayne Glowka, an English professor at Georgia College and State University who chairs the society's new-words committee, says the group considered the word as a euphemism. That's nothing new for words with military origins, he notes. The military has long been a prime source of such words: "collateral damage" to describe civilian war deaths; "daisy cutter," for a bomb with a huge blast area; "friendly fire," for shooting at those on the same side.

"Surge" failed to win the group's word-of-the-year competition (that honor went to "Plutoed" -- to demote or devalue something, as happened to the planet last year). "The argument was that 'surge' really didn't emerge until late in the year, so it couldn't be the word for all of 2006," Glowka says. But he thinks that seems destined to change:

"I'd say it's likely to be a very important word for 2007."

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With Iraq Speech, Bush To Pull Away From His Generals (WP)

By Michael Abramowitz, Robin Wright And Thomas E. Ricks

The Washington Post, January 10, 2007

When President Bush goes before the American people tonight to outline his new strategy for Iraq, he will be doing something he has avoided since the invasion of Iraq in March 2003: ordering his top military brass to take action they initially resisted and advised against.

Bush talks frequently of his disdain for micromanaging the war effort and for second-guessing his commanders. "It's important to trust the judgment of the military when they're making military plans," he told The Washington Post in an interview last month. "I'm a strict adherer to the command structure."

But over the past two months, as the security situation in Iraq has deteriorated and U.S. public support for the war has dropped, Bush has pushed back against his top military advisers and the commanders in Iraq: He has fashioned a plan to add up to 20,000 troops to the 132,000 U.S. service members already on the ground. As Bush plans it, the military will soon be "surging" in Iraq two months after an election that many Democrats interpreted as a mandate to begin withdrawing troops.

Pentagon insiders say members of the Joint Chiefs of Staff have long opposed the increase in troops and are only grudgingly going along with the plan because they have been promised that the military escalation will be matched by renewed political and economic efforts in Iraq. Gen. John P. Abizaid, the outgoing head of Central Command, said less than two months ago that adding U.S. troops was not the answer for Iraq.

Bush's decision appears to mark the first major disagreement between the White House and key elements of the Pentagon over the Iraq war since Gen. Eric K. Shinseki, then the Army chief of staff, split with the administration in the spring of 2003 over the planned size of the occupation force, which he regarded as too small.

It may also be a sign of increasing assertiveness from a commander in chief described by former aides as relatively passive about questioning the advice of his military advisers. In going for more troops, Bush is picking an option that seems to have little favor beyond the White House and a handful of hawks on Capitol Hill and in think tanks who have been promoting the idea almost since the time of the invasion.

"It seems clear to me that the president has taken more positive control of this strategy," said Sen. Lindsey O. Graham (R-S.C.), one of those pushing for more troops. "He understands that the safety of the nation and his legacy is all on the line here."

Others familiar with Bush's thinking said he had not been happy with the military's advice. "The president wasn't satisfied with the recommendations he was getting, and he thought we need a strategy that was more purposeful and likely to succeed if the Iraqis could make that possible," said Philip D. Zelikow, who recently stepped down as State Department counselor after being involved with Iraqi policy the past two years.

This impulse may well expose Bush to more criticism from Democrats on Capitol Hill, who have sharply condemned him for not listening to Shinseki's counsel in the beginning. "That lesson was pretty dramatic," Carl M. Levin (D-Mich.), the new chairman of the Senate Armed Services Committee, said yesterday. "I think a number of our military leaders have pulled their punches, and will continue to pull their punches publicly."

There is little question that more troops for Iraq seemed far from the conventional wisdom in Washington after the beating Bush and the Republican Party took in the midterm elections Nov. 7. Indeed, when Bush met with Iraqi Prime Minister Nouri al-Maliki in Amman, Jordan, on Nov. 30, Maliki did not ask for more American troops as part of a new Baghdad security plan he presented to Bush, U.S. officials said.

Maliki's idea was to lower the U.S. profile, not raise it. "The message in Amman was that he wanted to take the lead and put an Iraqi face on it. He wanted to control his own forces," said a U.S. official familiar with the visit.

Another problem for the administration was the Iraq Study Group, the prestigious bipartisan panel headed by former secretary of state James A. Baker III, a Republican, and former congressman Lee H. Hamilton (D-Ind.). Soon after Bush returned from Jordan, the group delivered its recommendations, including proposing a high-level dialogue with Iran and Syria to help stabilize Iraq and setting a goal of early 2008 for the removal of almost all U.S. combat troops.

Although the president was publicly polite, few of the key Baker-Hamilton recommendations appealed to the administration, which intensified its own deliberations over a new "way forward" in Iraq. How to look distinctive from the study group became a recurring theme.

As described by participants in the administration review, some staff members on the National Security Council became enamored of the idea of sending more troops to Iraq in part because it was not a key feature of Baker-Hamilton. One senior administration official disputed that, arguing that staff members were attracted to the "surge" option to address long-standing concern that earlier efforts failed because of insufficient security forces.

A troop increase also dovetailed with ideas being championed by Sen. John McCain (R-Ariz.).

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From only a few months after the start of the war in 2003, McCain has argued that the U.S. troop presence in Iraq is too light, and he and a handful of allies sought to use the post-election policy review to press their case. For three years, their entreaties had been blocked by then-Defense Secretary Donald H. Rumsfeld, but after Rumsfeld was ousted by Bush the day after the election, they found their message had a more receptive audience at the White House. "There has always been within the armed forces a group of people that believes we never had the right strategy in Iraq, and they have been suppressed," Graham said.

Frederick W. Kagan of the American Enterprise Institute drafted a plan with retired Army Gen. Jack Keane for sending seven more Army brigades and Marine regiments to Iraq to provide greater security. Keane and several other experts met with Bush on Dec. 11.

But from the beginning, the Joint Chiefs resisted. They had doubts that Maliki would really confront the militias controlled by fellow Shiites, notably Moqtada al-Sadr's Mahdi Army. Sadr held 30 seats in Maliki's parliamentary bloc and five ministries in his cabinet.

The Joint Chiefs were also worried that sending more troops would set up the U.S. military for an even bigger failure -- with no backup options. They were concerned that the Iraqis would not deliver the troops to handle their own security efforts, as had happened in the past. They were particularly alarmed about the prospect of U.S. troops fighting in a political vacuum if the administration did not complement the military plan with political and economic changes, according to people familiar with their views.

Pentagon officials cautioned that a modest troop increase could lead to more attacks by al-Qaeda, provide more targets for Sunni insurgents and fuel the jihadist appeal for more foreign fighters to flock to Iraq to attack U.S. troops.

Even the announcement of a time frame and mission -- such as for six to eight months to secure volatile Baghdad -- would play to armed factions by allowing them to game out the new U.S. strategy, the chiefs warned the White House.

Then there was the thorny problem of finding enough troops to deploy. Those who favored a "surge," such as Kagan and McCain, were looking for a sizable force that would turn the tide in Baghdad. But the Joint Chiefs made clear they could muster 20,000 at best -- not for long, and not all at once.

The Joint Chiefs came to accept Bush's wishes, especially after new Defense Secretary Robert M. Gates traveled to Iraq last month with the Joint Chiefs chairman, Gen. Peter Pace, said a U.S. official familiar with the trip. Gates met with Maliki, who laid out more details about the Iraqi plan for Baghdad.

"That gave them enough to define a mission and its objectives," the official said. "They came back satisfied."

In the end, the White House favored the idea of more troops as one visible and dramatic step the administration could take. One senior White House official said this week the president concluded that more troops are not the only ingredient of a successful plan -- but they are a precondition to providing the security the Iraqi government needs for political reconciliation and other reforms.

Tonight, this source said, the president will explain "that we have to go up before we go down."

Staff researcher Julie Tate contributed to this report.

How Will Bush Sell His New Iraq Plan To The Public? (CSM)

By Linda Feldmann

The Christian Science Monitor, January 10, 2007

WASHINGTON

George W. Bush has always said he wanted to be president so he could undertake bold initiatives, not just hold the title. Now, as he enters the final quarter of his presidency, he stands on the verge of his boldest move since the start of the Iraq war: an escalation of the US troop presence in Iraq, as part of a new strategy for the war.

Convincing the American people and Congress that his plan is worth supporting may be nearly as challenging as achieving some sort of victory in the war itself. But President Bush and his team have taken the plunge, launching a highly orchestrated effort to explain the plan to the public, the press, and a Congress that is talking tougher to the executive branch now that the Democrats control the majority. Bush will address the nation Wednesday at 9 p.m. EST.

With a majority of the public unhappy with the war and support for Bush's handling of Iraq hovering below 30 percent, generating much public enthusiasm for expanded US operations will be tough. Bush's new strategy could also embolden the antiwar movement. But in changing course, he is at least demonstrating to Americans that he too sees the need for change, while holding out hope that the US can achieve something positive in a situation many Americans find hopeless.

Still, in taking this move toward troop increases - combined with more money for reconstruction and required political benchmarks by the Iraqi government - he risks losing the support of people who have stuck with him on Iraq. And so, analysts say, the packaging and presentation do matter.

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"Ten percent of Democrats support the president on the war, and 21 percent of independents," says independent pollster John Zogby, citing his own latest numbers. "So it's got to be a good sale, and it's not going to be enough for him to pick up some Republicans that he's lost."

The Bush administration has been building up to a change in Iraq strategy for weeks, but officials say the firm shape of the plan only emerged recently, after extensive conversations with experts and the release of the bipartisan Iraq Study Group report last month. The hard sell began in earnest on Monday, when Bush held meetings with more than 30 Republican senators at the White House. After his 25-minute speech on Wednesday night, Bush will travel to Fort Benning, Ga., on Thursday to visit with troops and make a statement to the press.

Also on Thursday, Secretary of State Condoleezza Rice and Defense Secretary Robert Gates are expected to testify on Capitol Hill and later travel to the Middle East to meet with allies on the new US strategy.

White House officials argue that the vast majority of Americans do not want an immediate withdrawal from Iraq, as the polls show, and that therefore there is some openness to a new approach to the war.

"There may be something to that, but it's temporary," says John Mueller, an expert on public opinion and war at Ohio State University. "They tried that at the end of 2005, with all those speeches about victory, but nothing happened."

Now, with the expected plan to send up to 20,000 additional troops to Iraq to quell the violence and allow political and economic reform to take hold, the stakes are higher. And what Bush needs to do, says Mr. Mueller, is demonstrate how sending more troops can break the insurgency and alleviate communal warfare.

The latest wrinkle is the growing split among Democrats over how to approach Bush's plan. Some Democratic leaders are considering ways to block funding for additional troops, a potentially risky move that could open Democrats to charges that they are undermining American men and women in harm's way. Some Democrats have argued that, as commander in chief, Bush has the ultimate power to conduct war, while others, such as Sen. Edward Kennedy of Massachusetts, was expected to introduce legislation Tuesday that would require approval by Congress for the cost of any troop levels above where the figure stood on Jan. 1.

On Sunday, the new Democratic House speaker, Nancy Pelosi, said on CBS's "Face the Nation" that the White House would no longer have a "blank check" for conducting the Iraq war, though she stressed that Congress was not about to cut funding.

Other Democrats, such as Sen. Joseph Biden of Delaware, chairman of the Senate Foreign Relations Committee and a candidate in the 2008 presidential race, have stated that there is no constitutional way for Congress to authorize war but then cut back on funding.

Divisions among Republicans over the war are also becoming increasingly apparent. While some members, such as Sens. John McCain of Arizona and Lindsey Graham of South Carolina, strongly support boosting troop levels, others remain skeptical. But others, such as Sens. Gordon Smith of Oregon and Olympia Snowe of Maine, continue to express reservations.

Bush's Troop-Increase Plan Is Expected To Draw Six Guard Brigades To Iraq (NYT)

By David S. Cloud And Thom Shanker

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — President Bush's plan to increase troop levels in Iraq is expected to require the Army eventually to send as many as six National Guard combat brigades to Iraq, beginning in 2008.

The increased demand on the National Guard in coming years is a likely byproduct of Mr. Bush's decision, expected to be announced in a speech Wednesday night, to send five active-duty combat brigades, or about 20,000 troops, to Iraq, starting at the end of this month, according to current and former officials.

Two of those brigades are likely to be in place in Iraq by mid-February, with the rest flowing in one a month until May, according to a military official with access to a recent version of the plan. The Bush blueprint also envisions sending two additional Marine battalions to Anbar Province, as well as delaying the departure of 2,200 additional Marines now in the province.

In a governmentwide effort to expand the American commitment to Iraq, a program to operate Provincial Reconstruction Teams in Iraq will be doubled and renamed as Provincial Support Teams, a senior administration official said Tuesday. Currently, the United States operates seven of these teams and allies operate three; the Bush plan will call for adding nine more. They will be staffed by personnel from across the government — the Departments of State, Defense, Agriculture and Justice — to help neighborhoods manage economic and political development, the official said.

It remains unclear whether Mr. Bush will discuss the heightened future demand on the National Guard during his much-anticipated address but identifying the additional units for possible deployment is likely to begin in the days and weeks after he delivers the speech. That process would raise the political stakes for Mr. Bush, since it would highlight the increased contribution his plan would require from reserve units.

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The full extent of the National Guard role in future years will also depend on whether conditions in Iraq improve enough to permit significant overall troop reductions. Of the 15 combat brigades now in Iraq, only one is from the Guard. Depending on how it is organized, an Army brigade typically has between 3,500 and 5,000 troops, and a battalion about 1,200.

National Guard combat units that have already gone to Iraq and returned may have to be sent back for second tours in order to relieve some of the stress on the active duty Army, Pentagon officials said Tuesday. Such a move would most likely require revising a Pentagon policy that has limited mobilization of Guard units to 24 months every five years, officials said.

National Guard officials said Tuesday that they had not been notified that Mr. Bush would require a greater combat role for the Guard beginning next year. Guard officials have spent the last several months fighting attempts by some Army officials to have the 24-month deployment limit loosened.

But several Guard officials said Tuesday they would not be surprised to see Mr. Bush make changes in mobilization time limits so that Guard units would be eligible for duty in Iraq sooner.

Maj. Gen. Roger Lemke, the head of Nebraska National Guard and of the association that represents state Guard officials, said in an interview that many guard units were short of equipment and would need to be re-equipped to be useful in Iraq. He also said the Guard would like to shorten the predeployment training in the United States, and do more of it in the units' home states to lessen the burden on their soldiers, who must leave civilian jobs to serve.

The first active-duty unit that are likely to move to Baghdad would be a brigade of the 82nd Airborne Division now in Kuwait, Pentagon officials said Tuesday. The elite light infantry of the brigade is especially useful in urban operations.

Should Mr. Bush want other brigades to accelerate their arrival in Iraq, he then would look to a brigade of the Third Infantry Division, from Fort Stewart, Ga., that is already set to head for Iraq later this month but whose departure could be pushed up. The next brigade in line for Iraq is one from the First Infantry Division at Fort Hood, Tex., military officials said.

Pentagon and military officials said Tuesday that large and continued deployments in Iraq would put particular strain on those performing certain military tasks in the National Guard and Reserve, in particular military police, engineers, civil affairs, and transportation and trucking units. But efforts are under way to fill the need through volunteers from within the Guard and Reserve before resorting to forced remobilizations.

A range of senior Army officials have said since the autumn that the Iraq mission could not be sustained without fuller access to the reserves.

The question of how best to manage them presents the Bush administration with a political conundrum: how to balance the pressing need for troops in the field against promises to limit overseas deployments for the Guard.

While the National Guard's goal is to guarantee five years at home between foreign deployments, it has been sending units every three to four years, according to Guard officials. The Guard and Reserve were used most extensively in Iraq and Afghanistan in 2004, and have regularly supplied brigades throughout the fighting.

Also presenting a problem is that many Guard members have been deployed to Iraq or Afghanistan as individuals, and not with their full units, and in that process have come close to fulfilling their 24 months under the president's current mobilization order.

In what officers call "Swiss cheese units," some military units have been hollowed out by members who could be off-limits for overseas duty, restricting the ability to send the entire team, unless the restrictions are reinterpreted or erased so that these individual members, who have already deployed, could be sent overseas again with their entire units.

Military Backing Of Bush War Policies Takes A Hit (DMN)

By David Mclemore

The Dallas Morning News, January 10, 2007

As President Bush prepares to announce his plans to add troops in Iraq, more active-duty troops now disapprove of the president's war policies than support them, according to a year-end survey by Military Times newspapers.

Experts say the results, drawn from some of the more conservative career-track military, reflect a growing weariness and frustration over lack of progress in Iraq and Afghanistan.

And, according to Paul Rieckhoff, founder and executive director of Iraq and Afghanistan Veterans of America, the result could be increased problems with retention and recruitment.

"What's not reflected in the poll is the sense of exhaustion and stress placed on the troops and their families," Mr. Rieckhoff said. "We've seen tremendous sacrifices by soldiers and their families with two or more deployments, a lot of dead and wounded, and for what?"

Also Online

Graphic: Falling support (.pdf)

Graphic: Military survey (.pdf)

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On Wednesday, Mr. Bush is expected to announce his plan for Iraq and call for a surge in troops of at least 20,000. Democrats and Republicans alike have assailed the surge as too little, too late.

The survey, mailed to 6,000 active-duty subscribers to Military Times' four newspapers aimed at the military services, showed that 42 percent of those surveyed disapprove of Mr. Bush's handling of the war, compared with 35 percent who support it.

It marks the first time that the president's Iraq war policies failed to gain majority support since the Military Times began its annual survey four years ago.

A spokesman for the Defense Department declined to comment, noting that the survey was not a representative sampling of the entire military.

Michele Flournoy, senior adviser for international security at the Center for Strategic and International Studies, said the results are significant in that they demonstrate the growing divide between the military and the Bush administration.

"The military is a consistently conservative swath of the population that is now showing significant decline in support of the war," she said. "However, I don't see it influencing the administration's views on the conduct of the war. The White House is aware there is significant debate nationally that reflects a deep divide over Iraq, but they've just named new commanders who will salute smartly and go forward."

This year's survey also showed a 15 percentage point decline in those who believe the U.S. should have gone to war in Iraq – to 41 percent from 56 percent reported last year.

The "findings are consistent with what we hear from our membership – and it results from a growing sense of frustration over the lack of progress in Iraq," said Mr. Rieckhoff.

Not surprised

John Pike, executive director of the defense startegy think tank Globalsecurity.org, does not find the results so surprising.

"I'd be more concerned if the results didn't reflect a similarity with the general public," Mr. Pike said. "It's not good news for President Bush, though I don't see this as a problem for continuing his Iraq policy. It doesn't reflect anything like the disaffection in the ranks we saw in Vietnam, when some units declined combat towards the end of the war."

Phillip Carter, whose military analysis blog Intel Dump is popular with veterans and armchair generals alike, said the military's disillusionment stems, in part, from weariness from three years of repeated and lengthy deployments and an uncertain war plan. The president's proposal to "surge" an additional 20,000 to 30,000 troops into Iraq to better secure violence-racked Baghdad for a beleaguered Iraqi government hasn't made things better, he said.

"The military establishment is skeptical of the president's plan to surge more troops," said Mr. Carter, an attorney and Army Reserve captain who served in Iraq in 2004. "They may be more quick to ascribe political motives to a plan they are skeptical will actually work.

"What I don't see is a liberalizing of the military," he said. "The real gap is between the expectations of 2002 and the realities of 2007. ... The military has worked its butt off in Iraq and Afghanistan, and they will accept the sacrifice of being in harm's way if it's going to work. If it's not going to work, they're going to ask if it's worth it."

It's not just the junior and midlevel officers and enlisted ranks that find little to like about the surge.

Gen. John Abizaid, soon to be replaced as commander of the Central Command, told Congress recently that bringing additional U.S. troops would not add to the ability to achieve success.

And syndicated columnist Oliver North, one of the president's staunchest allies on Iraq, wrote in a Jan. 5 column, "A 'surge' or 'targeted increase in U.S. troop strength' or whatever the politicians want to call dispatching more combat troops to Iraq isn't the answer. Adding more trainers and helping the Iraqis to help themselves, is. Sending more U.S. combat troops is simply sending more targets."

Morale implications

Mr. Pike of GlobalSecurity.org does not see a decline in military morale in the survey's findings.

"It's simply that this was not a well-planned nor well-executed war," he said. "There is a failure on the part of leadership to communicate to the military and to the nation why we're fighting in Iraq.

"Historians will find that war policy is not this administration's strong point. But the reasons to be in Iraq will withstand scrutiny," Mr. Pike said. "The policies in Iraq can be salvaged and must be salvaged. The alternative of just simply pulling out and leaving is hard to think about."

According to Robert Hodierne, senior managing editor at Army Times Publishing Co., the mail survey was conducted Nov. 13 through Dec. 22 of 6,000 subscribers to Army Times, Navy Times, Air Force Times and Marine Times. The margin of error is plus or minus 3 percentage points.

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The Military Times publications are independent of the military and its annual survey should not be read as representative of the military as a whole, he said. Nor should the survey be considered anti-Bush, since his overall performance as president surveyed at 52 percent, still significantly higher than the mid-30s polled among the general population.

"Our subscribers are older, averaging about 36, and are largely the more career-oriented senior enlisted and field-grade officers or above," Mr. Hodierne said. "This is the professional core of the military, and I hope that the Bush administration is paying attention to what the troops say.

"These are not some liberal, cut-and-run types. These are the people who stand and give the orders that put other lives at risk, and they're saying they don't have confidence in how the war is being conducted."

Disconnect shown

The findings also show a disconnect between the military and their civilian leadership.

Some 32 percent agreed that the civilian leadership has the military's best interest at heart, while 59 percent disagreed. And 72 percent believe the military is stretched too thin because of the war to be effective.

That tracks closely with sentiments expressed throughout the ranks of Iraq and Afghanistan war veterans, Mr. Rieckhoff said.

"The management of the war has been consistently problematic, and a lot of troops see the surge as just another [half-baked] policy to wage war on the cheap," Mr. Rieckhoff said. "There's a lot of concern that we just continue to sacrifice while everyone else goes shopping."

"What we're hearing military folks say is that the GOP got us in the mess and the Democrats don't have a plan to get us out," Mr. Rieckhoff said. "We're a people without a party."

Nor should anyone fear the military will slack off on its combat responsibilities, Mr. Rieckhoff said.

Over time, the military's disaffection with Bush administration war policies may translate into recruitment and retention problems, he said.

"We're working under an operational tempo that is grinding our people down," Mr. Rieckhoff said. "The military is stretched thin, equipment is worn out and needs replacing and a lot of people who truly love the military are opting out for civilian jobs. And we're losing a lot of excellent people we really can't afford to lose."

Grim Picture Of Iraq From US Government Watchdog (AFP)

AFP, January 10, 2007

US government auditors released a grim report card of the American record in violence-wracked Iraq, on the eve of President George W. Bush's televised rollout of a new strategy.

The report by the Government Accountability Office (GAO) ran a critical rule over a previous failed US plan for victory, the malfunctioning Iraqi government government and security forces and fearsome insurgent and sectarian violence.

It said the Pentagon had failed to allow proper congressional oversight of Iraqi armed forces, and warned of an increasing strain on US forces pressed into repeated tours of duty and shortages of military supplies.

Though admitting that Iraq experienced three successful elections, adopted a constitution and installed its first elected government since the 2003 US invasion, the report underlined systemic problems in the US record in the country.

"Increasing Iraqi security forces and transferring security responsibilities to them have not resulted in reduced violence," David Walker, US Comptroller General wrote in an accompanying letter to Congress.

"Rather, attacks increased throughout 2006. Although more Iraqi troops have been trained and equipped, high absenteeism and divided loyalties have limited their overall effectiveness."

As Bush prepared to lay out his new strategy on Iraq in a prime time televised address on Wednesday, the GAO audit said his previous plan for victory in Iraq contained serious flaws.

Though the "National Strategy for Victory in Iraq" unveiled in November 2005 was an improvement over previous plans, it failed to identify key government agencies supposed to carry the strategy out, the report said.

It also did not address how the US will integrate its goals with those of Iraqis and foreign nations, and only partially identified current and future costs of US involvement in Iraq, the report said.

The survey, intended to prepare lawmakers to mount effective congressional oversight of Bush's new strategy for Iraq, also warned that oil and electricity production in Iraq were falling well short of US goals.

As Democrats who won control of Congress in November warn that Bush will have no "blank check" to continue operations in Iraq, the GAO said the United States is likely to incur costs in the foreseeable future "in the hundreds of billions of dollars."

The report also raised new questions as to the combat readiness of US-trained Iraqi troops and security forces, crucial to the prospect of the US forces returning home.

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As of December 2006, around 323,000 members of the Iraqi security forces had been trained and equipped, and 128 army units had specific security responsibilities, the report said.

But the GAO raised questions about the quality of the units. It said the Pentagon had repeatedly refused access to Transition Readiness Assessments (TRA) prepared by coalition advisors embedded with the units.

"This serves to limit congressional oversight over the progress achieved towards a critical US objective," the report said.

Iraq Policy Surgery (LAT)

The Los Angeles Times, January 10, 2007

Bush needs to present a realistic plan tonight that includes conditions for bringing the troops home.

TWO COMPETING realities are vying for center stage as President Bush prepares to address the American people tonight on his "new way forward" in Iraq.

In the tidy Washington narrative, the future of American involvement in Mesopotamia has been reduced to a simplistic "to surge or not to surge" question. Once again, a complicated, life-and-death geopolitical matter is reduced to a scoreboard friendly, blue team vs. red team framework.

The notion that the "surge" in U.S. troops under discussion — about 20,000 combat troops on top of the 132,000 already in Iraq — amounts to a new policy is laughable. Adding troops is a tactic, a means toward an end, not a serious strategy — except maybe in the Washington reality in which politicians on both sides of the debate benefit from pretending that a short-term number is a question for the ages.

It allows Bush to pretend he is taking bold action to alter the course of a deteriorating war. And it allows Democrats to oppose something concrete and possibly to atone for their original support for the war without having to risk their political fortunes by calling for a complete withdrawal.

The commander in chief needs to set aside his wearisome spin, transcend the phony Washington reality and confront squarely the all-too-real tragedy unfolding in Iraq, a nation whose civil war is intensifying on our watch.

As we have argued before, a temporary increase in troops may be necessary, especially to pacify Baghdad. But only as part of a comprehensive — and comprehensible — plan to secure and democratize Iraq. The president needs to explain tonight exactly what he will do with the U.S. military force should the government of Prime Minister Nouri Maliki fail to carry out a minimum of stability enhancing measures.

Washington must issue an ultimatum to Baghdad to disrupt Shiite militias linked to the government and to forge an equitable distribution of political power and national riches across sectarian divides. The question for Bush tonight isn't so much whether to send in 20,000 additional troops, it's whether the reinforcements will have a goal worth fighting for and a plan with a chance of success.

It's been leaked that Bush also will advocate a new, $1-billion jobs program for Iraqis. That sounds like a significant enhancement to the military escalation, but Americans are no doubt weary of the administration's repeated claims that victory is right around the corner. What is this additional $1 billion going to accomplish that the $30 billion already spent on that nation's reconstruction failed to do?

Bush needs to spell out a realistic plan for ameliorating the ongoing disaster in Iraq. But if he wants to reassure Americans and give warning to Shiite leaders in Baghdad, he must do something more. The president needs to articulate the conditions under which the U.S. will pull out altogether, in the near future. As painful as that would be, it sure beats becoming embroiled in someone else's civil war.

Love Among The Ruins (NYT)

By Maureen Dowd

The New York Times, January 10, 2007

WASHINGTON

It isn't really a romance turned sour, because it was never sweet.

The American military's cocky heroes were supposed to sweep in and carry off a poor, grateful Iraq to security and bliss, like Richard Gere did Debra Winger in the finale of "An Officer and a Gentleman." The strategy was: Love lift us up where we belong/Where the eagles cry/On a mountain high.

Didn't happen. Yet the search goes on, in this country obsessed with hookups and breakups, for the right relationship metaphor to describe our deadly embrace of Iraq.

My colleague Tom Friedman wrote last week: "Whenever I hear this surge idea, I think of a couple who recently got married but the marriage was never very solid. Then one day they say to each other, 'Hey, let's have a baby, that will bring us together.' It never works. If the underlying union is not there, adding a baby won't help."

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Juan Williams repeated Tom's metaphor on Fox News, agreeing that "a bad relationship" cannot afford the "pressure" of a newborn.

One reporter who writes about the war told me he thinks of the American entrenchment in Iraq more like a marriage that's run out of gas, but you decide to stay together because of the kids.

Bill Maher used a bawdier metaphor of a man who promises his date a glorious romp, doesn't deliver, and then just refuses to admit it and get out.

Some women say that the Surge will not work because it's like starting over with an old boyfriend: you think you've learned the pitfalls and can resume with more success — you can set benchmarks! — but instead you're swiftly ensnared by the same old failures. And the most maddening romances, of course, are those in which you think you have the power, you should have the power, but somehow in the end, you don't have the power.

Many Bush officials and lawmakers now talk about the Iraqis with impatience, as though they are deadbeat relatives who have got to stop putting the pinch on us for a billion a week and try harder, in the immortal words of Rummy, "to pull up their socks."

They may still speak diplomatically, but in body language, Condoleezza Rice and her chosen new deputy, John Negroponte, radiate irritation with the Iraqis, as though they are the most irksome of cousins or in-laws who have long overstayed their welcome, or children who not only don't thank you for presents but also leave the playroom a mess.

The favorite analogy of Rummy and others who pushed the war was parent-child. "If you never take the training wheels off a kid's bicycle," Paul Wolfowitz would say, "he'll never learn to ride without them."

But that is too Norman Rockwell for a scene straight out of Hieronymus Bosch.

At times, the American-Iraqi relationship seems so cursed that the most apt metaphor would be a fairy tale like "The Golden Goose" of the Brothers Grimm, in which a girl sees a bling bird that belongs to a despised boy and tries to pluck a feather for herself, but instead her hand gets stuck fast to the goose. Her sister comes along, thinking she can snatch a feather, but she gets stuck as soon as she touches the first girl. Then there's a Surge, when the third sister rushes to help but ends up stuck in a daisy chain of disaster.

With the Surge, as with the invasion of Iraq, W. is like the presumptuous date "who reserves a hotel room and then asks you to the prom," as my friend Dana Calvo put it.

Teddy Kennedy gave a speech at the National Press Club yesterday about his new legislation that would require Congressional approval before troop levels can be increased. Afterward, he was asked if he would try to block the escalation with an amendment to an upcoming Iraq spending request.

"The horse will be out of the barn by the time we get there," Senator Kennedy replied. "The president makes his speech now. We're going to get the appropriation request probably the end of January, early February." He said it could take eight more weeks for Congress to act. "By that time, the troops will already be there," he said. "And then we'll be asked, are we going to deny the body armor to the young men and women over there?"

In other words, the president will ask us to the prom once he reserves the hotel room.

A Couple Of Polarizers (WP)

By Harold Meyerson

The Washington Post, January 10, 2007

If any Americans could truly understand Iraqi Prime Minister Nouri al-Maliki, George Bush and Karl Rove should. All three firmly believe that the successful politician must above all cultivate his base -- not that any of them can point to recent successes.

In refusing to do anything to curtail the anti-Sunni pogroms of Moqtada al-Sadr's legions, Maliki, after all, is just dancin' with the ones that brung him. He owes his office to Sadr. More broadly, he is the governmental leader of the Shiites at the very moment they and the Sunnis have embarked on a ghastly civil war. He is nominally also Iraq's prime minister, but if there was even a scintilla of doubt about the true object of his loyalties, it was dispelled by his execution of Saddam Hussein. Maliki is the prime minister of Shiite rage, a position that offers a good deal more security than that of dispassionate prime minister of a nation at war with itself.

Yet tonight, President Bush will announce that Maliki has changed. He will also announce that he is sending additional U.S. forces to Iraq, but he's done that before, in almost comparable numbers, to no good effect. What's different this time, we are to believe, is that the Iraqis will join us in trying to suppress the sectarian violence.

Maliki will order his forces to swarm Sadr City. He'll deploy Kurdish battalions throughout Baghdad, since Sunnis and Shiites aren't suited for the task (assuming, however improbably, that the Kurds want to hurl themselves into the middle of the Sunni-Shiite war).

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Why Bush believes the Iraqi prime minister will actually do this is anybody's guess. For Maliki to cordon off Sadr City is a little like Bush blockading Southern Baptist churches, or surrounding the headquarters of the National Rifle Association and telling everyone to come out with hands up. Bush expects Maliki to turn against his own -- a gambit nowhere to be found in Bush and Rove's own political playbook.

America's most polarizing president is telling Iraq's polarizing prime minister to stop polarizing. It's possible, I suppose, Bush told Maliki that the lesson of our November election is that polarizing doesn't always work to your advantage, but the fact that Bush has only stepped up his commitment to his ruinous policy in Iraq, against overwhelming bipartisan advice to the contrary, suggests that that idea hasn't even crossed his mind.

Bush, we're told, is now interested chiefly in the verdict of history, hoping that historians hence will view him as another Harry Truman, who fought for American values and interests even after the electorate had turned against him. But neither the presidents nor their wars are analogous. As was not the case in the war between the Koreas, neither side in Iraq's civil strife is aligned with our values or interests. Unlike Bush, Truman sought and obtained U.N. support for our efforts.

But suppose Maliki is interested in the verdict of history, too. Suppose he wants his lifelong commitment to the Shiite cause to be crowned by his transformation of majority-Shiite Iraq into a fundamentally (though not necessarily fundamentalist) Shiite republic. Why, again, does Bush expect Maliki to change his spots when Bush hasn't changed his?

Indeed, one of Bush's defining characteristics is his unyielding adherence to the same policies even as the justifications for those policies shift or negate themselves. He first sought his tax cuts because our peacetime budget surplus was too large, then because we were at war and consumers needed to spend as though we weren't, then because our deficit could best be closed by the rich retaining more money to invest (albeit in China). He sought the war in Iraq to rid the world of Saddam Hussein and his weapons of mass destruction and to stop Hussein from sheltering al-Qaeda. As Ted Kennedy reminded us yesterday, the weapons didn't exist, Hussein is gone and Bush's war has only brought al-Qaeda more recruits. But our presence in Iraq continues unabated and, if Bush gets his way, will be escalated.

Bush's speech tonight will contain some alterations of policy, of course. Way too late, he's calling for a Marshall Plan for Iraq, with New Dealish public employment projects supplanting the flat-tax policies he had hoped to bring to the Middle East. But our basic policy remains basically the same, the expressed desire of the American electorate to reverse course notwithstanding. Unless and until Congress stops him, Bush will keep on doing what he's doing, and the hard-core conservatives will stick with him. The mystery is why he believes Maliki, and the hard-core Shiites, will behave any differently.

The Media Aren't The Enemy In Iraq (LAT)

Max Boot

The Los Angeles Times, January 10, 2007

Blaming the press for the problems in Iraq deflects the blame from where it belongs.

IF WE WIND UP losing the war in Iraq, as now appears likely (though not inevitable), many conservatives know who to blame: the press, or, in blogger-speak, the MSM (mainstream news media). Just as it did during the Vietnam War, a myth is likely to develop in which America's valiant fighting men and women were stabbed in the back by unpatriotic, even treasonous, reporters.

Administration spokesmen and many soldiers have been saying for years that things aren't so bad in Iraq. "If you just watched what's happening every time there's a bomb going off in Baghdad, you'd think the whole country's aflame," Donald Rumsfeld declared for the umpteenth time just before leaving office. "But you fly over it, and that's just simply not the case."

Such protestations are natural from someone who's likely to go down in history as Robert McNamara redux. But this refrain has been taken up by even the most sophisticated and disinterested observers on the right. James Q. Wilson, a longtime professor at Harvard, UCLA and Pepperdine, published a scathing essay in the autumn issue of the Manhattan Institute's City Journal in which he complained that "positive stories about progress in Iraq were just a small fraction of all the broadcasts." He went on to draw an analogy with the Tet offensive in 1968, which the press widely reported as an American failure even though it was a military defeat for North Vietnam.

"We won the Second World War in Europe and Japan," he concluded, "but we lost in Vietnam and are in danger of losing in Iraq and Lebanon in the newspapers, magazines and television programs we enjoy."

Actually, it's not at all clear that the Vietnam War was lost in the media. Reporters were initially gung-ho about the war; they went into opposition only after it became clear that the military and the Johnson administration had no plan for victory.

In any case, the Tet analogy is dubious, because it is hard to find any signs of U.S. progress in the Iraq conflict comparable to the devastation the Viet Cong suffered in 1968.

Even if you go by the Bush administration's own assessment, conditions today are bleak. In November, the Defense Department issued a congressionally mandated report that found that violence was "escalating" to "the highest [levels] on

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record." Meanwhile, the report found, attempts at national reconciliation have "shown little progress." In short, the apocalyptic condition of Iraq (at least of the non-Kurdish regions) is not an invention of the news media. It's reality.

THAT ISN'T TO deny that there has been some biased, slipshod news coverage. To my mind, there has been too much emphasis on American casualties and American abuses, both of which are low by historical standards. There has been too much Baghdad-centric reporting, which slights differing conditions in outlying regions. And, of course, in Iraq, as elsewhere, media coverage inevitably focuses on daily disasters at the expense of long-term trends.

Initially, I thought that this institutional bias toward sensationalism distorted public understanding of the war. But by now the dismal conditions on the ground have caught up with, if not surpassed, the media's bleak outlook.

Whatever the shortcomings of some reporting, there has been a lot of first-rate coverage by a heroic corps of correspondents that has persevered in the face of terrible danger. (At least 109 journalists have been killed and many others wounded or kidnapped, making this the deadliest conflict on record for the Fourth Estate.) I am thinking of reporters such as John Burns, Dexter Filkins and Michael Gordon of the New York Times; Greg Jaffe and Michael Philips of the Wall Street Journal; Tom Ricks of the Washington Post; Tony Perry of the Los Angeles Times and former Times reporter John Daniszewski; Sean Naylor of Army Times; Bing West and Robert Kaplan of the Atlantic Monthly; and George Packer of the New Yorker. They've risked their necks to get the truth — and not, as Rumsfeld suggested, by flying over Iraq.

If you wanted to figure out what was happening over the last four years, you would have been infinitely better off paying attention to their writing than to what the president or his top generals were saying. If we fail to achieve our goals in Iraq — which the administration defines as a "unified, stable, democratic and secure nation" — it won't be the fault of the ink-stained wretches or even their blow-dried TV counterparts. To argue otherwise deflects blame from those who deserve it, in the upper echelons of the administration and the armed forces. Perhaps that's the point.

Set A Spending Limit On Iraq (LAT)

By Bruce Ackerman, Bruce Ackerman Is A Professor Of Law And Political Science At Yale And The Author Of "Before The Nex

The Los Angeles Times, January 10, 2007

Congress should creatively use its power of the purse to keep Iraq from becoming an indefinite quagmire.

THERE ARE LOTS of bad ways for Congress to respond to President Bush's escalation in Iraq. But there is one good way: Set a price tag on the long-run cost of the war — say $500 billion — and tell the president that he won't be getting a penny more.

Without counting the cost of the much-anticipated "surge," we will have spent about $350 billion on the war by spring. Setting a long-term ceiling is the only step that will force the president to recognize that the American people are no longer willing to give him a blank check for an endless series of mistakes.

We have been suffering under a false dichotomy: Either Congress immediately cuts off funds, or the president can do what he wants. But there is a third way: Congress sets the ultimate financial constraint, leaving it to the president and his generals to figure out the most sensible way to spend their limited resources. The president is given a significant time horizon to plan and execute. But he can't run a war without money and must either succeed or prepare a serious exit strategy as the ceiling is reached.

Congress should engage in vigorous oversight in the meantime, but it should resist the temptations of micromanagement. As long as the president stays within the half-trillion-dollar limit, Congress should grant requests for funds without pretending that it can condition particular appropriations on the Iraqis meeting benchmarks. That is a pointless shell game. The president would predictably say that the Iraqis are making substantial progress, and when the money runs out, he would confront Congress with another demand: Give me another $75 billion or you will be undercutting the troops.

We have already learned this lesson. The war has never been funded in a straightforward fashion. The administration has refused to present Congress with clear-cut requests as part of the standard appropriations process. Claiming uncertainty, the White House has muddled its way forward with a series of ad hoc demands for emergency appropriations, which are now adding up to the hundreds of billions.

The Democrats, to their credit, have already made it plain that this muddle must come to an end. The new Congress will insist that the Defense Department treat its war expenditures as part of its regular budgetary request for fiscal 2008. Now all that is needed is a resolution denying the administration a blank check into the indefinite future.

During its first 100 hours, the House has reintroduced budget-balancing rules for the civilian side of the budget. It should act to restore a similar sense of fiscal reality on the military side. Congress should add a rider to the next Iraq appropriations bill that imposes a sensible ceiling on the entire operation. The president won't have any choice but to sign the bill if he wants the money.

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Under plausible budget scenarios, Congress will reach another decision point some time in 2008, when the cumulative military appropriations begin to move toward the half-trillion-dollar mark. The president can try to persuade Congress to repeal this limit and argue for more money. But we will then be in the middle of an election campaign, and few politicians will be brave enough to buck the tide of public opinion. Unless voters experience a remarkable conversion on Iraq, Republicans will be joining Democrats in insisting that the remaining money should be spent on a realistic exit strategy.

This moment is comparable to 1968, when Americans voted against President Johnson's escalation of the Vietnam War. Despite this clear message, it took seven more years before President Ford presided over the painful defeat. We may find ourselves in the same quagmire unless Congress proves more creative than its predecessors in exercising the powers of the purse.

A Time For Candor (USAT)

By Don Campbell

USA Today, January 10, 2007

The nation will again hear President Bush's recalibration of the strategy to 'win' the war in Iraq. For any student of history, or simply any American who lived through the Vietnam War, the echoes are unmistakable.

As President Bush prepares tonight to share his latest strategy for Iraq in a nationally televised speech to the American people, it's appropriate to recall some things he had to say on this subject in his State of the Union address almost a year ago.

Bush talked about how "our coalition" had learned from our experience in Iraq and how we were winning. He held out the prospect for troop reductions, but said, "those decisions will be made by our military commanders, not by politicians in Washington."

He promised to reach out to Congress and seek "your good advice" in the coming year. And then, in an obvious attempt to inoculate himself against criticism, he drew repeated applause with these memorable words: "Yet there is a difference between responsible criticism that aims for success and defeatism that refuses to acknowledge anything but failure. Hindsight alone is not wisdom, and second-guessing is not a strategy. With so much in the balance, those of us in public office have a duty to speak with candor."

Amen to that last line.

But candor is the one thing that has been missing since before the invasion of Iraq even began. Under the category "responsible criticism," I'd submit that Bush's record in this area has gone from bad to worse. He has a chance this week, and again in his sixth State of the Union address later this month, to change that.

Where things went wrong

I don't know how much "good advice" he got from Congress on increasing troop levels in Iraq, but he's the commander in chief; if he thinks we need 20,000 more troops in Iraq, he'll have my support. Frankly, I wish he'd sent 10 times that many additional troops to Iraq back in 2003 instead of strutting around the deck of that aircraft carrier in the Pacific under the banner that declared "Mission Accomplished."

The problem with the debate over Iraq is that we spend too much time arguing about how we got into this predicament—the war is really about oil or about a Bush family grudge against Saddam Hussein or about a seductively simple geopolitical theory, which holds that if you sprinkle the seeds of democracy in a barren desert, they will sprout and bloom like Texas bluebonnets. Or it's about whether we invaded that country under false pretenses.

Meanwhile, contrary to Bush's claim of a year ago, no one seems to have learned anything in Iraq that might inform national security policy and military strategy in the future. Wisdom gained from hindsight becomes foresight and is better than no wisdom at all. In ignoring that, Bush has squandered the goodwill and credibility he earned by his admirable performance in the first days after 9/11.

He has refused to ask the American people to share in the sacrifice that the war on terror and our commitments in Afghanistan and Iraq have placed disproportionately on the volunteers in the armed forces. But it's either everybody's war or nobody's war. At a minimum, he should have proposed a broad-based special tax to refurbish the military and create a global network of anti-terrorist operatives.

He misjudged what it would take to stabilize Iraq once Saddam was ousted, because of a misplaced optimism about the appeal of freedom and democracy in a sectarian culture in which too many people would rather kill each other than co-exist. At a minimum, he should have sealed the borders, flooded the country with half a million troops, bribed Saddam's army officers and cut through the bureaucratic red tape that impeded re-construction.

Bush was unprepared for the transition from fighting a conventional war with forces trained to kill people and break things to waging a counterinsurgency where troops become the Peace Corps in cammies trying to win the hearts and minds of the people.

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Despite his overtures to Congress in that speech a year ago, he has refused, whether out of hubris or because of a blind spot, to listen to those wary of administration war tactics and strategies. If he had, he'd have heard predictions that Iraq was a quagmire waiting to happen.

And he has not convinced enough Americans that fighting terrorism is the greatest challenge of the 21st century and will remain so, regardless of the outcome in Iraq — and maybe even more so because of the outcome in Iraq.

Optimism and Vietnam

It's not too late for President Bush to acknowledge reality, and perhaps improve his legacy before media pundits and historians carve it in stone. Some of us are old enough to remember the last two White House years of another president from Texas, Lyndon Johnson, and that he left office dispirited and reviled because of the war in Vietnam.

In his penultimate State of the Union speech, in 1968, LBJ was still talking optimistically about the elections that had been held in South Vietnam, how America would persevere and how "aggression will never prevail." In his last State of the Union address, just days before he left office in 1969, he talked of how the prospects for peace in Vietnam were better than at any time since North Vietnam invaded the South, and how the North Vietnamese knew they could not win.

After that speech, and before we abandoned Saigon six years later, another 21,000 Americans died in Vietnam.

Vietnam and Iraq have few similarities, but on two counts they are identical twins. In both wars, the commander in chief underestimated the enemy. And in both wars, the commander in chief failed to "speak with candor."

Don Campbell, a lecturer in journalism at Emory University in Atlanta, is a member of USA TODAY's board of contributors.

Lessons For One Last Try (WP)

By David Ignatius

The Washington Post, January 10, 2007

What makes sense in Iraq? The political debate is becoming sharply polarized again, as President Bush campaigns for a new "surge" strategy. But some useful military guideposts can be found in a new field manual of counterinsurgency warfare prepared by the general who is about to take command of U.S. forces in Baghdad.

Lt. Gen. David Petraeus supervised the development of the manual when he ran the Army's training center at Fort Leavenworth, before he had any idea he would be heading back to Baghdad as the top commander. In that sense, the document reflects a senior officer's best judgment about what will work and what won't -- independent of the details of the current "to surge or not to surge" debate. The manual was published by the Army last month and can be downloaded at http://www.leavenworth.army.mil.

Two themes stood out for me as I read the document. The first is that success in counterinsurgency requires a political strategy as much as a military one. The second is that broad political support back home -- which buys time on the battlefield -- is the crucial strategic asset in fighting such wars.

The manual doesn't offer any specific advice for the current debate. But its precepts do raise some basic questions for Bush as he frames his new strategy: Will the new approach build bipartisan support for Iraq policy? And will it open a path toward an Iraqi political solution, as opposed to an American military effort to impose order?

"Counterinsurgency is not just thinking man's warfare -- it is the graduate level of war," reads a quotation from a Special Forces officer in Iraq that opens the first chapter. And this theme runs throughout the manual: Many of the prescriptions that apply to normal wars don't apply to counterinsurgencies. Indeed, if they are used, they will backfire. In a summary of "unsuccessful practices," here's the No. 1 mistake: "Overemphasize killing and capturing the enemy rather than securing and engaging the populace."

The field manual summarizes some of the lessons that commanders have learned in Iraq: Long-term success "depends on the people taking charge of their own affairs and consenting to the government's rule." Killing insurgents "by itself cannot defeat an insurgency." Local commanders "have the best grasp of their situations" and should have the freedom to adapt and react to local conditions. As many officers ruefully admit, the Army is learning these lessons three years late -- but perhaps that's still in time to make a difference.

My favorite part of the manual, which I suspect Petraeus had a big hand in drafting, is a section titled "Paradoxes of Counterinsurgency Operations." The headings give the flavor of these unconventional ideas: "Sometimes, the More You Protect Your Force, the Less Secure You May Be." (Green Zone residents, please note: "If military forces remain in their compounds, they lose touch with the people, appear to be running scared, and cede the initiative to the insurgents.") "Sometimes Doing Nothing Is the Best Reaction." "Some of the Best Weapons for Counterinsurgents Do Not Shoot." And this military version of the Zen riddle: "The More Successful the Counterinsurgency Is, the Less Force Can Be Used and the More Risk Must Be Accepted." (As the host nation takes control, "Soldiers and Marines may also have to accept more risk to maintain involvement with the people.")

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The abiding lesson of this manual comes in one of Petraeus's paradoxes, and it ought to be engraved as the cornerstone of U.S. policy going forward, regardless of whether there is a troop surge: "The Host Nation Doing Something Tolerably Is Normally Better than Us Doing It Well." In making this point, Petraeus cites the godfather of counterinsurgency warriors, Gen. Creighton Abrams, who said when he was U.S. commander in Vietnam in 1971: " We can't run this thing. . . . They've got to run it."

It's Petraeus's luck, good or bad, that he has a chance to see whether these precepts of counterinsurgency warfare can still work in Iraq, despite all the mistakes made over the past three years. His chances will be slim if President Bush and the Democratic Congress can't agree on a bipartisan plan for Iraq. Newt Gingrich, the Republican former House speaker, put it succinctly on "Meet the Press" last month: "This can't be Bush's war" -- it has to be the country's. That's the real danger of a troop surge: It sets up a showdown between the president and his critics that could shred the chances for a stable, sustainable policy that might embody some of the military lessons we have finally learned.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Democrats Plan Symbolic Votes Against Bush's Iraq Troop Plan (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Democratic leaders said Tuesday that they intended to hold symbolic votes in the House and Senate on President Bush's plan to send more troops to Baghdad, forcing Republicans to take a stand on the proposal and seeking to isolate the president politically over his handling of the war.

Senate Democrats decided to schedule a vote on the resolution after a closed-door meeting on a day when Senator Edward M. Kennedy of Massachusetts introduced legislation to require Mr. Bush to gain Congressional approval before sending more troops to Iraq.

The Senate vote is expected as early as next week, after an initial round of committee hearings on the plan Mr. Bush will lay out for the nation Wednesday night in a televised address delivered from the White House library, a setting chosen because it will provide a fresh backdrop for a presidential message.

The office of Nancy Pelosi, speaker of the House, followed with an announcement that the House would also take up a resolution in opposition to a troop increase. House Democrats were scheduled to meet Wednesday morning to consider whether to interrupt their carefully choreographed 100-hour, two-week-long rollout of their domestic agenda this month to address the Iraq war.

In both chambers, Democrats made clear that the resolutions — which would do nothing in practical terms to block Mr. Bush's intention to increase the United States military presence in Iraq — would be the minimum steps they would pursue. They did not rule out eventually considering more muscular responses, like seeking to cap the number of troops being deployed to Iraq or limiting financing for the war — steps that could provoke a Constitutional and political showdown over the president's power to wage war.

The resolutions would represent the most significant reconsideration of Congressional support for the war since it began, and mark the first big clash between the White House and Congress since the November election, which put the Senate and House under the control of the Democrats. The decision to pursue a confrontation with the White House was a turning point for Democrats, who have struggled with how to take on Mr. Bush's war policy without being perceived as undermining the military or risking criticism as defeatists.

"If you really want to change the situation on the ground, demonstrate to the president he's on his own," said Senator Joseph R. Biden Jr., chairman of the Foreign Relations Committee. "That will spark real change."

The administration continued Tuesday to press its case with members of Congress from both parties. By the time Mr. Bush delivers his speech, 148 lawmakers will have come to the White House in the past week to discuss the war, White House aides said Tuesday night, adding that most met with the president himself.

While Mr. Kennedy and a relatively small number of other Democrats were pushing for immediate, concrete steps to challenge Mr. Bush through legislation, Democratic leaders said that for now they favored the less-divisive approach of simply asking senators to cast a vote on a nonbinding resolution for or against the plan.

They also sought to frame the clash with the White House on their terms, using language reminiscent of the Vietnam War era to suggest that increasing the United States military presence in Iraq would be a mistake.

"We believe that there is a number of Republicans who will join with us to say no to escalation," said the Senate mority leader, Harry Reid of Nevada. "I really believe that if we can come up with a bipartisan approach to this escalation, we will do more to change the direction of that war in Iraq than any other thing that we can do."

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On the eve of the president's Iraq speech, the White House sent Frederick W. Kagan, a military analyst who helped develop the troop increase plan, to meet with the Senate Republican Policy Committee.

But Republican officials conceded that at least 10 of their own senators were likely to oppose the plan to increase troops levels in Iraq. And Democrats were proposing their resolution with that in mind, hoping to send a forceful message that as many as 60 senators believed strengthening American forces in Baghdad was the wrong approach. Democratic leaders said they expect all but a few of their senators to back the resolution.

In an interview on Tuesday, Senator John W. Warner, Republican of Virginia, said he was becoming increasingly skeptical that a troop increase was in the best interest of the United States. "I'm particularly concerned about the greater injection of our troops into the middle of sectarian violence. Whom do you shoot at, the Sunni or the Shia?" Mr. Warner said. "Our American G.I.'s should not be subjected to that type of risk."

But the Senate minority leader, Mitch McConnell, Republican of Kentucky, said Congress could not supplant the authority of the president. "You can't run a war by a committee of 435 in the House and 100 in the Senate," he said.

The White House press secretary, Tony Snow, criticized the Democrats' plans. "We understand that the resolution is purely symbolic, but the war — and the necessity of succeeding in Iraq — are very real," he said Tuesday night.

On Thursday, Democrats in the House and Senate will open a series of hearings on the Iraq war. Defense Secretary Robert M. Gates and Secretary of State Condoleezza Rice are among those who have agreed to testify.

Senator Carl Levin, the Michigan Democrat who is the new chairman of the Armed Services Committee, said that if he was not satisfied that Mr. Bush's plan has sufficient incentives and penalties for the Iraqis, he might support a resolution or amendment to cap the number of American troops in Iraq.

"We have got to force the Iraqis to take charge of their own country," Mr. Levin said at a breakfast meeting with reporters. "We can't save them from themselves. It is a political solution. It is no longer a military solution."

Lawmakers said Senate Democrats appeared broadly united in opposition to Mr. Bush's approach during their private luncheon on Tuesday. While there were a few senators who favored cutting off money for any troop increase, a handful of others expressed uncertainty about challenging the president on a potential war-powers issue.

"We have to be very careful about blocking funding for any troops because we don't want to leave our troops short-changed," said Senator Mary L. Landrieu, Democrat of Louisiana.

Yet a large share of the House Democratic caucus supports a stronger stance against the plan. It remained unclear whether a resolution would satisfy constituents.

"Twice in the past 12 months the president has increased troop levels in a last-ditch effort to control the rapidly deteriorating security situation in Iraq," said Representative Martin T. Meehan, Democrat of Massachusetts, who proposed a resolution opposing a troop increase. "Rather than cooling tensions in Baghdad, the situation has descended further into chaos."

For GOP Senators, Bush's Next Step In Iraq Means A Delicate Dance (WP)

By Dana Milbank

The Washington Post, January 10, 2007

Senate Republicans, dreading President Bush's prime-time address tonight calling for more U.S. troops in Iraq, emerged from their weekly party luncheon yesterday displaying more dance steps than the Joffrey Ballet.

"We should listen to what the president has to say," proposed Sen. John Warner (R-Va).

"I want to hear the president's plan," Sen. Susan Collins (Maine) concurred.

"I want to see what he's proposing before I make dramatic statements," an unusually skittish Trent Lott (Miss.), the No. 2 Republican, told a thick knot of reporters.

And you didn't want to get too close to Sen. George Voinovich (Ohio). "We need more information, okay?" he insisted.

But the Republicans' principal dancer yesterday was Sen. John Sununu (N.H.), perhaps the most endangered of all GOP senators in 2008. "We haven't discussed 'the plan,' " he maintained. "That would suggest that we were told exactly what is going to be announced tomorrow, and that is certainly not the case."

Reporters had barely digested that one when Sununu offered a second disavowal: "I don't really know what they're thinking about proposing, so given that, it wouldn't be wise for me to suggest that I do or don't know whether their conditions are appropriate."

Is the escalating White House headed for a conflict with the antiwar Congress? "I don't know. I don't know," Sununu repeated. "Because we don't know what the president has proposed."

Sununu kept punting, for a painful 15 minutes before reporters released him. "There's clearly no one else in the hall to talk to," he quipped.

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The Democrats, by contrast, were happy to talk. Though utterly divided on a solution for Iraq, pretty much every Democrat lined up in opposition to Bush's plan to "surge" thousands more troops into Iraq. And they were itching for a chance to put Republicans on the spot with a symbolic but toothless vote opposing the surge.

"We've all made our speeches, we've said what we want to say, and pretty soon it'll be time for votes," Sen. Ron Wyden (D-Ore.) challenged.

Even some Republicans, though professing no knowledge of the Bush plan, were lining up against its reported contents. "I don't believe an expansion of 20,000 troops in Iraq will solve the problems," said Sen. Norm Coleman (Minn.). Sen. Olympia Snowe (Maine) also had "concerns."

Those Republicans defending the White House labored to play down the troop increase. Suggested Sen. Pete Domenici (N.M.): "We should throw 'surge' out the window."

None, however, seemed quite so tortured about the issue as Sununu, whose state suffered a Democratic landslide in the November elections. Torn between loyalty to Bush and fear of the electorate, he treated reporters to a mix of sarcasm and pedantry that brought to mind the poem Calvin Trillin wrote about the senator's father, the first President Bush's chief of staff:

If you knew what Sununu
Knows about quantum physics and Greek
And oil explorations
and most favored nations
And the secret handshake of Deke,
Maybe you too, like Sununu,
Would adopt as your principal rule
That you are the brightest, you're lit the lightest,
And everyone else is a fool

The younger Sununu made the mistake of being the first senator out of the GOP lunch, causing reporters to surge forward with surge questions. The senator cautioned that "I don't know what the administration might propose" but suggested that "there are other aspects of this" than force escalation.

How worried was he about a split between Congress and the White House?

"Are my choices there 'high,' 'medium' or 'low'?" Sununu inquired.

Another reporter asked Sununu how many times he had consulted with the White House on the Iraq plan. The senator pretended to count in his head and then answered, "Once."

Sununu fled that group of questioners, only to fall prey to a second mob, this one encircling him with more queries about the "surge" and how long it would last.

"Well," Sununu said, "I don't think you were really quite listening to my answer, because the precise number of troops, or a date months in the future is far less important to our success than how the troops are going to be used."

Pressed again for a time frame, he retorted: "I think that is as clear an answer as anyone here can give you without making things up."

Will Congress cut off funding for a troop surge? "I think you ought to ask people on the Appropriations Committee," he said, "preferably after the president actually makes a proposal."

A reporter observed that Sununu was laying out a fairly fuzzy position. "No, it's not," he replied. "I think it's very clear. There's got to be a very strong set of proposals to deal with those things that are necessary for long-term success: reconciliation, revenue distribution and provincial elections."

Left unanswered, quite deliberately, was where Sununu stood on Bush's surge.

"Senator," a reporter asked, "do you like what you've heard from the White House?"

"I think that's it, thanks," Sununu answered. He turned and walked away.

Reid Takes On Iraq Surge Plan (RC)

By John Stanton

Roll Call, January 10, 2007

Sen. Harry Reid's (D-Nev.) plan to bring a nonbinding, bipartisan resolution to the floor next week condemning President Bush's "surge" strategy in Iraq likely will be a major test of the new Majority Leader's ability to face down the White House and muster bipartisan coalitions on controversial issues.

With Bush expected to lay out his surge plan to boost troop levels in Iraq in an address to the nation tonight, Democratic Senators and outside interest groups already have begun to put pressure on Reid to block the increase. Sen. Edward Kennedy

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(D-Mass.) on Tuesday denounced the surge proposal, predicting that it would lead to significant U.S. troop casualties and announced that he would look to force the White House to seek Congressional approval for any escalation of the Iraq War.

A White House aide said Reid's nonbinding resolution likely would serve to put lawmakers on record as a way to gauge support for future efforts to block the plan.

The Bush administration's GOP allies in the Senate quickly lined up behind the president Tuesday, setting the stage for an intense floor clash next week.

Following a meeting at the White House, Senate GOP leaders announced their support for the plan. Minority Leader Mitch McConnell (R-Ky.) said, "I know enough about it to know that I will support it," adding that members of Republican leadership have met with Bush on a number of occasions to discuss the plan.

A veteran Democratic aide said that while the vote on the resolution will be the first test of Reid's abilities, there likely will be much more significant challenges later this year — particularly if the Senate moves to either cut off funding or restrict Bush's ability to prosecute the war.

"It's one thing to say 'We don't like how this is going,' [and] stomp your foot ... but it's another to cut off funding," the aide said.

Reid told reporters he believes he can count on the support of at least nine Republicans in his effort to corral the 60 votes needed to end a potential filibuster by backers of Bush's plan.

Independent-Democrat Sen. Joe Lieberman (Conn.) will vote with the president on the issue, while Sen. Tim Johnson (D-S.D.) is sidelined for an unspecified time frame as he recovers from illness. Johnson has been upgraded from critical to fair condition and doctors at George Washington University Hospital have removed his ventilator, his office announced Tuesday.

Reid also will have to contend with the fact that Sen. John McCain (R-Ariz.) backs an increase in troops. McCain, a 2008 presidential hopeful, is popular among the small group of moderate GOP lawmakers Reid is targeting and could make it difficult to pry their votes away from the administration.

Although the specific language of the resolution has yet to be written, Reid said Democrats are "going to work towards ... a bipartisan statement on the president's escalation."

Republicans on Tuesday attacked Kennedy's proposal as irresponsible, chiding the veteran lawmaker for vowing to block Bush's plans for the Iraq War before they are announced formally.

"It's a sad commentary on politics in Washington, D.C., today when the Democrats seek to cut off funding for our troops before even hearing what our commander in chief has to say regarding a new way forward in Iraq," said Sen. John Cornyn (R-Texas).

Echoing White House and GOP leadership charges that blocking funding for the surge would undermine the military, Cornyn argued, "Our obligation as legislators is to assist the commander in chief and our troops as they confront our nation's enemies. This proposal does nothing to assist them. In fact, it is designed to undercut the president before he's even presented his plan, and to reduce the ability of our military men and women to get the job done."

In the House, Majority Leader Steny Hoyer (D-Md.) said that while he believes Bush must have the cooperation of Congress to increase troop levels significantly, the House does not yet have plans to take up a similar resolution.

"I don't have plans" to bring up a resolution, Hoyer said Tuesday, explaining that such a move is unlikely before the House holds oversight hearings.

But Rep. Ed Markey (D-Mass.) was expected to introduce a House version of Kennedy's legislation late Tuesday. Markey's office could not be reached for comment.

Rep. Raúl Grijalva (D-Ariz.) confirmed Tuesday that he will co-sponsor the bill.

It was not immediately clear whether or when Democratic leaders would put the legislation on the House calendar.

Meanwhile, as early as the end of this week, the Senate could adopt its organizing resolution. Because some committees still have not ratified their new membership and leadership structures, and final details of the 51-49 funding percentage split on committees still is being worked out, committees continue to be under the control of Republicans. But a Republican aide familiar with the issue said a final deal should be reached soon.

Reid and McConnell are likely to stay the bipartisan course on domestic issues for the next several weeks, with the two lawmakers closing in on a deal to jointly sponsor minimum wage legislation, Democratic and Republican aides said Tuesday.

With the Finance Committee today taking up a package of small-business tax cuts that could be included in a compromise bill, a GOP leadership aide said it was all but certain the two leaders would end up co-sponsoring the bill, which will come to the floor following completion of the ethics reform package.

Following the minimum wage debate, which Democrats hope will take less time than the ethics bill, Reid is expected to move to prescription drug legislation, followed by a new stem-cell research bill.

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Democratic Leaders Face Pressure Over Iraq War (LAT)

By Janet Hook

The Los Angeles Times, January 10, 2007

WASHINGTON — It did not take long for Rep. Nancy Boyda, a freshman Democrat from Kansas, to learn the price of defying her party's liberal base. After she said she would support President Bush if he proposed an increase in U.S. troop levels in Iraq, antiwar bloggers fumed and MoveOn.org, the liberal advocacy group, considered running a television ad attacking her.

"If a member of Congress is wrong on Iraq, that is not what we voted for," said Tom Matzzie, MoveOn's Washington director. "There will be people watching to make sure they do the right thing."

That kind of political pressure is already being applied, not just to junior lawmakers, but also to Democratic leaders. It prodded them into making Iraq more central to their first 100 hours in control of Capitol Hill than they had planned. And it is creating tension between many Democrats and the liberal activists who will be increasingly important as the 2008 presidential campaign gets into gear.

Antiwar protester Cindy Sheehan, demanding a troop withdrawal, disrupted House Democratic leaders at their first-day news conference on ethics. Senate Democratic leader Harry Reid of Nevada was deluged with complaints when he appeared to be open to a troop increase and posted a notice on a liberal blog to explain that he was misunderstood. Dozens of demonstrators rallied outside a Washington think tank when Sen. Joe Lieberman (D-Conn.) spoke in support of a troop escalation.

Antiwar activists, who believe that Democrats owe their 2006 election victories to voter discontent with the Iraq war, are thrilled that most congressional Democrats oppose Bush's proposed troop increase. But lawmakers are divided over how far to go in fighting the plan, and activists worry that the party will not have the political stamina to block the escalation and, beyond that, force a withdrawal of all troops.

"We have to look closely, not at what they say, but how they vote," said John Isaacs, president of Council for a Livable World, an arms control advocacy group.

Some moderate Democrats worry that the pressure being applied by the antiwar left is misguided, arguing that voters want a change of course in Iraq but not a rapid withdrawal.

"Conventional wisdom says that presidential candidates who want to be responsible on this are going to hurt themselves with the angry, impassioned activist left," said Will Marshall, president of the Progressive Policy Institute, a centrist Democratic think tank. "But the activist left is out of sync with the American public. Americans don't want to concede this is a total debacle."

For now, Democratic leaders are navigating the political crosscurrents by loudly criticizing Bush's troop buildup plan while sidestepping questions about the alternatives. They are also treading carefully around the question of whether Congress would try to block or restrict funding because many Democrats worry that will be seen as undercutting troops already in Iraq. "We understand the concerns [of antiwar activists] and we'll agree with them to the extent possible," said Jim Manley, Reid's spokesman. "But Democrats feel we need to do everything we can to give the troops what they need."

Democratic leaders had planned to emphasize domestic policy issues, not Iraq, in the opening weeks of their reign on Capitol Hill. The agenda for the first 100 hours in the House included quick action on a minimum-wage increase, lower drug prices for Medicare participants and other domestic issues; Iraq was to be relegated to a strung-out series of oversight hearings.

That is, in part, why Sheehan led a small group of protesters to interrupt a news conference on new ethics rules by Rep. Rahm Emanuel (D-Ill.) and other House leaders on the first day of the new Congress.

"De-escalate, investigate, troops home now!" they shouted.

Pressure on Democrats to take a more aggressive stand increased as word spread that Bush would propose a troop increase. When Reid was asked about it in a television interview in mid-December and indicated he might be willing to consider an increase, he came under withering fire from liberal activists. Two days later, he backed away from his support in a statement filed with the Huffington Post, a liberal blog.

Last week, Reid and House Speaker Nancy Pelosi (D-San Francisco) sent a letter to Bush opposing the troop increase and calling instead for a phased withdrawal. But they did not say what, if anything, Congress would do to force his hand.

Liberal activists have looked to other Democrats to be less cautious. Sen. Edward M. Kennedy (D-Mass.) introduced a bill Tuesday that would prohibit paying for an increase in U.S. troops unless Congress voted to approve it. Rep. Dennis Kucinich (D-Ohio), a Democratic presidential candidate, Monday outlined his "comprehensive exit plan" and criticized party leaders.

"Democratic leaders well understand we regained control of the Congress because of the situation in Iraq," Kucinich said. "However, two months later, the Congress is still searching for a plan."

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Liberal activists are plotting ways to keep up the pressure. Win Without War, a coalition of antiwar groups, is urging people to go to a website, www.americasaysno.org, to locate demonstrations to be held 24 hours after Bush's speech. Website visitors can download protest signs saying: "NO!"

The group also is urging war critics to confront members of Congress in their home districts when they return in February for the first recess.

Tom Andrews, a former Democratic congressman from Maine who heads the coalition, said that how the Democratic presidential contenders respond will be key to how liberals assess the field.

"We want true leaders to take the president on head on," said Andrews. "How political figures respond to this challenge is going to be a key barometer."

MoveOn.org, meanwhile, is planning a series of radio and television ads attacking lawmakers who support the Iraq war and its expansion.

Matzzie said the first ads will target Sen. John McCain (R-Ariz.) — the GOP presidential front-runner in many polls who has long called for a troop increase — and will air in states that hold early presidential primaries and caucuses. Later ads also will criticize Democrats, such as Boyda, who stray from antiwar orthodoxy.

Just hours before she was sworn in, Boyda said on ABC that she would support funding for a troop increase because Bush, not Congress, had the authority to make the decision. "I think we're going to vote to support what the commander-in-chief and head of the military asks," said Boyda, who won an upset victory over a Republican incumbent in a conservative-leaning district.

Her staff did not respond to a request for comment.

Her statement on television was met with angry responses on the website of the Lawrence Journal-World.

"As a constituent who gave money to and campaigned for Nancy Boyda, my disappointment is deep and real," said one correspondent. "Boyda will be a one-termer if she does not get this one right."

Kennedy Opposes Money For Troop Boost (USAT)

By Kathy Kiely

USA Today, January 10, 2007

WASHINGTON — On the eve of President Bush's announcement of a new Iraq policy, Sen. Edward Kennedy put Congress on a collision course with the White House by proposing legislation that would deny Bush money for sending more troops to the war unless the president gets "clear and specific new authorization" from Congress.

Bush will address the nation Wednesday night to present a new war strategy that is expected to include sending 20,000 additional troops to the war-torn country.

As a senior member of the Senate Armed Services Committee, Kennedy has been a leading voice of opposition against the war in Iraq and has called for a political solution to the conflict.

"The American people sent a clear message in November that we must change course in Iraq and begin to withdraw our troops, not escalate their presence," the Massachusetts Democrat said in remarks at the National Press Club. "The way to start is by acting on the President's new plan."

He called any escalation of troops "an immense new mistake."

But Kennedy said it was not enough to "simply speak out" against an increase in troops "we must act to prevent it."

The wording of Kennedy's bill is blunt: "President George W. Bush should not be permitted to increase the number of United States troops in harm's way in the civil war in Iraq without a new authorization from Congress that reflects the reality on the ground in Iraq."

Kennedy said Rep. Edward Markey, D-Mass., will introduce similar legislation in the House.

Kennedy said his bill would not affect soldiers already in the field, but is aimed at any increase in troops.

"The best immediate way to support our troops is by refusing to inject more and more of them into the cauldron of a civil war that can be resolved only by the people and government of Iraq," he said.

White House press secretary Tony Snow, without specifically addressing Kennedy's charges, said today the president "understands there is a lot of public anxiety" about the war. Yet he said that Americans "don't want another Sept. 11" type of terrorist attack and it is wiser to confront terrorists overseas in Iraq and other battlegrounds rather than in the United States.

Democrats, while generally opposing Bush's Iraq policy, are divided over how to use the budget process to pressure Bush over Iraq. Under the Constitution, the president has broad war-making powers, while Congress controls spending.

Senate Majority Leader Harry Reid, D-Nev., says Democrats will "look at everything" in their power to curb the war short of cutting money for troops already in the field.

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Sen. Joe Biden, D-Del., said Sunday on NBC's Meet the Press that attempts by Congress to "micromanage" the president's role as commander-in-chief might be unconstitutional.

Sen. Carl Levin, D-Mich., the new chairman of the Armed Services Committee, said he would only consider an increase in U.S. forces in Iraq if Bush agreed to start withdrawing troops within six months.

"We've got to focus the attention of the Iraqis on their responsibility for their own country," Levin told the Detroit Free Press. "The only way to tell them is that we're going to redeploy our forces in 4 to 6 months."

After meeting with the president on Monday, several senators, including Sen. Kay Bailey Hutchison, R-Texas, said the plan calls for sending 20,000 extra troops to Baghdad and the western Anbar province, a base of the mostly Sunni insurgency and foreign al-Qaeda fighters.

Senators who attended the White House briefing indicated that the increase in troops would be to "benchmarks" that the Iraqi government must meet. These include sending more Iraqi troops to Baghdad and reaching a political settlement that will including sharing the nation's oil resources, particularly with the minority Sunnis.

The senators said the president expressed confidence that the Iraqi government could meet the benchmarks, but several of the senators remained skeptical.

"We've had these benchmarks before and to no avail," Sen. Olympia Snowe, R-Maine, said after the meeting. "Why should we increase our exposure to risk?"

But whether Snowe and other GOP skeptics of Bush's plan, including Gordon Smith of Oregon and Sen. Susan Collins of Maine, will agree to Kennedy's plan is doubtful.

"It would be a dishonorable thing for the Congress to budget away the bullets at a time when their commander in chief had ordered them to hold their place in the battlefront," said Smith.

Kennedy Proposal Uncovers Party Rift (WT)

By Jon Ward

The Washington Times, January 10, 2007

Sen. Edward M. Kennedy's proposal yesterday to require congressional approval for a troop surge was generally dismissed by fellow Democrats, revealing the deep divisions within the party over how to handle the war in Iraq.

"I'm not going to rule it out, but we are trying to work out a resolution that would be broader and attract bipartisan support," said Senate Democratic Whip Richard J. Durbin of Illinois.

House Majority Leader Steny H. Hoyer of Maryland also cast doubt on the proposal. The Constitution's Article II, he said, "probably does" give the president authority to prosecute a war.

President Bush will address the nation at 9 p.m. today with a speech that is expected to propose an increase this year of about 20,000 troops in Iraq -- at an estimated cost of $5 billion. U.S. officials said the president will also propose another $1 billion in economic aid to Iraq and lean on friendly Arab regimes to increase their assistance to Baghdad.

Many top Democrats credit their opposition to the war in Iraq for their huge victories in November. But their party is divided between those who want to retreat as soon as possible by cutting off funding and those who want to nudge the Bush administration toward a gradual withdrawal.

Mr. Kennedy, Massachusetts Democrat, sought some middle ground that would at least hamper Mr. Bush's ability to increase the number of troops in Iraq by requiring that he first seek approval from Congress.

"There can be no doubt that the Constitution gives Congress the authority to decide whether to fund military action," Mr. Kennedy said during a speech at the National Press Club. "President Bush should not be permitted to escalate the war further and send an even larger number of troops into harm's way, without a clear and specific new authorization from Congress."

Jennifer Crider, a spokeswoman for House Speaker Nancy Pelosi, told reporters last night that "the House will vote on the president's proposal" for a troop surge, although she provided no details.

Although Democrats on Capitol Hill have roundly criticized Mr. Bush's proposal even before it has been made, they are unlikely to go along with Mr. Kennedy's plan.

Senate Majority Leader Harry Reid said yesterday that he hopes to round up nine Republicans who might sign their names to a bipartisan resolution that would express disapproval of a troop surge but would have no concrete effect on policy.

"If there is a bipartisan resolution ... the president is going to have to take note of that," said Mr. Reid, Nevada Democrat. "That's the beginning of the end as far as I'm concerned."

Mr. Kennedy's proposal, Mr. Reid said, "is an idea, and we'll certainly look at it in an intelligent way."

Democratic Sens. Joseph R. Biden Jr. of Delaware, Carl Levin of Michigan and Jack Reed of Rhode Island were crafting the resolution yesterday afternoon, Mr. Reid said, adding that he hopes to bring the resolution to the floor next week.

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Sen. Charles E. Schumer, New York Democrat, and Mr. Reed will hold a press conference today with retired Gen. Wesley Clark, to call on the president "to end our open-ended commitment in Iraq."

But not even Mr. Kennedy's proposal, however, goes far enough to please hard-line war opponents.

Rep. Dennis J. Kucinich of Ohio on Monday called for Mr. Bush to withdraw all troops from Iraq and close all military bases there.

"A U.S. declaration of an intention to withdraw troops and close bases will help dampen the insurgency which has been inspired to resist colonization and fight invaders," he said in his announcement.

In addition, peace activist Cindy Sheehan and a group of protesters last week drove Rep. Rahm Emanuel, Illinois Democrat, from his own press conference and then demanded that Mrs. Pelosi block funding for the war.

"We are the ones that put them in power, and they are not including the peace movement. ... It needs to be at least included in the discussion," Mrs. Sheehan said.

But Mr. Kennedy said that trying to use the appropriations process against any troop surge is a losing strategy.

"The horse will be out of the barn by the time we get there," Mr. Kennedy said.

He said that by the time an appropriations request is submitted later this month or in early February and by the time Congress responds six weeks later, "the troops will already be there."

"And then we'll be asked: 'Are we going to deny the body armor to the young men and women that are over there?' ... We have to take the action now ... or it's going to be a lot of meaningless statements and comments," Mr. Kennedy said.

Mr. Kennedy's proposal states that the 2002 vote to authorize force in Iraq no longer applies to the current conflict and is therefore no longer binding.

White House spokesman Tony Snow said at a midday briefing that he had not seen Mr. Kennedy's proposal, but said that "the debates continue to be conducted in a vacuum, [in] anticipation that the president's going to say something."

"It makes more sense to wait until the president lays out not only military but also diplomatic, economic and other actions that he intends to take," Mr. Snow said.

Bush Warns Democrats About Effects Of Troop Pullout From Iraq (WP)

By Glenn Kessler And Jonathan Weisman

The Washington Post, January 10, 2007

President Bush gravely warned House Democrats yesterday that America's credibility would be shattered if the United States pulled its troops from Iraq, forcing close ally Saudi Arabia to look elsewhere for protection and potentially destabilizing Egypt, the region's most populous country, according to participants in the meeting.

But Democrats in both the House and the Senate signaled that they will actively oppose his plan to send several additional U.S. combat brigades to Iraq, the first of which -- made up of about 3,500 troops from the 82nd Airborne Division -- could move relatively quickly into position from its current assignment in Kuwait. Bush's decision, which he will announce in a speech tonight, is rapidly becoming the first test of wills between the Republican president and the new Democratic-controlled Congress.

Senate Majority Leader Harry M. Reid (D-Nev.) said the Senate will debate and vote next week on a resolution opposing any increase in U.S. troop strength in Iraq. He predicted that the resolution will pass with overwhelming support from Democrats and Republicans alike.

"If there is a bipartisan resolution saying, 'We don't support the escalation of the war,' the president's going to have to take note of that," Reid said. "I think that's the beginning of the end, as far as I'm concerned."

Bush did not say during the half-hour meeting with Democrats where else he thought Saudi Arabia would seek "protection," but he made it clear that he was simply informing Democrats of his decisions on Iraq, not consulting with them. He said that he understands the challenges and thinks his plan has the best chance of success.

"He's made his decision," said Rep. Ellen O. Tauscher (D-Calif.). "He's going to put in more troops."

The House Democrats included Armed Services Committee Chairman Ike Skelton (Mo.), intelligence committee Chairman Sylvestre Reyes (Tex.), Foreign Affairs Committee Chairman Tom Lantos (Calif.), Energy and Commerce Committee Chairman John D. Dingell (Mich.), Rep. Norm Dicks (Wash.), Rep. Jane Harman (Calif.) and Rep. Robert E. Andrews (N.J.).

Vice President Cheney, Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and White House Chief of Staff Joshua B. Bolten attended the meeting. Tauscher said that Cheney emphasized his concerns about Saudi Arabia.

The White House said that Bush also briefed the leaders of Australia, Britain and Denmark -- all of which have combat units in Iraq -- on his plans.

The State Department announced yesterday that Rice will leave for the Middle East and Europe on Friday in another U.S. effort to revive Israeli-Palestinian peace efforts and to seek Arab help to stabilize Iraq. The Saudis have pressed for greater U.S.

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involvement in restarting the moribund peace process. Rice will visit Israel, the Palestinian territories, Jordan, Egypt, Saudi Arabia, Kuwait, Germany and Britain.

Sen. Edward M. Kennedy (D-Mass.) and Rep. Edward J. Markey (D-Mass.) will introduce legislation that goes significantly further than Reid's plan. Under Kennedy's and Markey's bill, Congress would have to approve any additional troop deployments and any additional funding for the president's plan.

"Congress must have a genuine debate over the wisdom of the president's plan," Kennedy said in a speech to the National Press Club. "Let us hear the arguments for it and against it. Then let us vote on it in the light of day."

A top Senate Democrat said that he does not expect any attempt to stop the flow of funds for the Iraq war. "We're not going to cut off funding to the troops," said Sen. Carl M. Levin (Mich.), the new chairman of the Senate Armed Services Committee. "No one wants to do that."

But, he said at a breakfast with a group of defense reporters, other steps might be taken. For example, he said it is possible that Congress might impose a cap on the number of U.S. troops in Iraq, or pass a resolution requiring the president to seek congressional approval for troop increases, or require that any increase be linked to a long-term plan for troop reductions.

Levin expressed concern that the president might have the rhetoric of change in his speech without actually taking the steps necessary to force change. "What are the consequences if they don't meet the milestones?" he asked, referring to the Iraqi government.

Meanwhile, a senior official said the administration is struggling to keep a supplemental budget request for Iraq and Afghanistan under $100 billion, as promised. Defense budget analysts outside the administration say a 20,000-troop increase for Iraq could add $6 billion to $10 billion to the 2008 budget, depending on the form it takes.

Staff writers Thomas E. Ricks and Lori Montgomery contributed to this report.

Baghdad Sees Heaviest Fighting In Months (LAT)

By Louise Roug

The Los Angeles Times, January 10, 2007

BAGHDAD — In fierce, day-long fighting, 1,000 American and Iraqi troops assisted by U.S. attack helicopters and warplanes battled gunmen in a Sunni Arab downtown neighborhood Tuesday, killing at least 51 militants, according to Iraqi officials.

The offensive, the heaviest fighting in the capital in months, came in response to a buildup of insurgents in the Haifa Street neighborhood adjacent to the highly fortified Green Zone government complex. Sunni gunmen had erected fake checkpoints in recent days, residents said, and in one case, pulled out passengers from a minibus, killing them and stringing their bodies from electricity poles.

American airstrikes continued through the day and plumes of smoke rose over the neighborhood while explosions and shooting echoed through the streets. Snipers fought back from high-rise apartment buildings, supporting fellow insurgents armed with machine guns, rocket-propelled grenades and mortars.

Troops went door-to-door, searching for militants. No U.S. or Iraqi troops were killed, nor were any civililans, Iraqi officials said.

The bloody fighting broke out a day before President Bush was expected to announce the deployment of at least 20,000 more U.S. troops to Iraq, and underscored some of the possible challenges of an escalation of American troops in Baghdad. Some military commanders believe violence could actually increase with more American troops in the capital. Army Gen. John P. Abizaid, who is retiring soon as the top American commander in the Mideast, has opposed troop increases in the past in part because he has argued that they offer more targets for insurgents. Rather than increasing the feeling of security, additional troops can add to the feeling of chaos, in Abizaid's view, if insurgents set off bombs every time an American convoy moves through.

Advocates of a troop increase maintain that a larger U.S. force, especially in urban areas like Baghdad, could deter insurgents and armed Shiite militias through the visible presence of heavily armed Americans who could also respond quickly to hostile action.

Just last week, Iraqi Prime Minister Nouri Maliki and a top U.S. military commander on the ground announced a new plan to secure the capital. But past plans, including the most recent dubbed "Together Forward" have failed -- in part because rebels tend to regroup elsewhere and return once the troops have left, making the American military's efforts akin to a game of "whack-a-mole," critics say.

The Haifa Street neighborhood, where Saddam Hussein had once given away free real estate to army officers and party officials, emerged after the U.S.-led 2003 invasion as a place of visible and widespread resistance. For a while, locals openly flew black flags, declaring holy war against the Americans. Then known as "Purple Heart Boulevard" because of a high number

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of U.S. casualties, Haifa Street was declared a success story by President Bush in late 2005 after elite Iraqi security forces brought down the number of attacks. At the time, American and Iraqi troops established a presence on the streets, prompting a clean-up of the area. Potholes from bombs and mortars were filled and violence ebbed.

Iraqi government forces were left responsible for maintaining order in the neighborhood but could not effectively do so on their own.

In the course of the last year, rebels regrouped in and around this three-mile stretch of road cutting through central Baghdad. Last week, police recovered 27 bodies dumped near a cemetery as militants flooded the neighborhood from other parts of the city.

Then, on Sunday, a security guard said a sniper holed up at a local mosque killed two of the guard's colleagues. The following day, gunmen roamed the streets, distributing leaflets threatening to kill anyone who might enter the area, according to another witness.

When Iraqi security forces tried to clear out the neighborhood, the rebels fought off the troops, according to Iraqi officials and locals.

Shortly before dawn on Tuesday, American and Iraqi troops swarmed the neighborhood, closing it off. Soon, streets were deserted as militants took up their positions and anxious residents stayed at home.

American aircrafts then targeted gunmen in the streets and snipers on the roofs, witnesses said.

"I saw with my own eyes a vehicle filled with gunmen carrying different weapons and rocket launchers," said Abdullah Jassim, one of the few Shiites in the area. "A few moments later, the car was torn to pieces by an air strike, setting the vehicle ablaze and killing all those who were inside."

Jassim, a 37-year-old shop owner who decided to leave the neighborhood as the fighting intensified Tuesday , said Americans bombed at least one well-known hideout used by insurgent snipers.

On Tuesday, Lt. Col. Scott Bleichwehl,) a U.S. military spokesman, said the joint campaign along Haifa Street will "continue until this area is secured."

Iraqi government spokesman Ali Dabbagh, meanwhile, expressed support for more American troops in Iraq.

"The goal is to protect Baghdad and other areas," he told reporters. "If this is going to be achieved by an increase in friendly coalition forces, we have no objection."

The bitter civil war between Sunnis and Shiites combined with a stubborn insurgency directed at the Americans, has made the streets of the capital increasingly lawless, costing tens of thousands civilian lives.

A 43-year-old Sunni woman who asked to be identified as Um Wissam said she feared the gunmen and had stopped sending her children to school. Still, the raid Tuesday made her feel even less safe.

"We don't know if we will survive this," she said. "When this operation is finished, I will leave Haifa Street for good. We can't live here anymore."

Throughout the morning Tuesday, residents could hear the thunderous explosions of the aerial assault.

"I said to myself --'we are going to die,'" shop owner Jassim said. "Our houses are kind of old and they can be destroyed easily."

He also feared the militants might kill him and his family and so he decided to leave.

"We couldn't leave at the morning because the clashes were very intense," he said. Eventually, however, he and his family made it to a relative's house in another part of town.

"We're really afraid," said Raad Radhi, a 50-year-old Sunni merchant. "All the windows in our buildings and the neighboring ones were completely smashed because of the bombings."

In one apartment, Radhi said, troops harassed an elderly Syrian teacher living with his son, a college student.

Maj. Gen. Ibrahim Shaker, a spokesman from the Ministry of Defense, said 51 suspected insurgents were killed and 21 others -- including three Syrians and a Sudanese -- were captured.

Violence also continued unabated elsewhere in Iraq. At least 40 bodies were found in various parts of Baghdad. North of the capital in the troubled Diyala Province, U.S. forces pounded palm groves and canals with artillery and gunfire as a joint offensive with Iraqi forces entered its sixth day.

Another 1,000 U.S. and Iraqi forces have swept through over 200 square kilometers of rich farmland and isolated hamlets, zeroing in on a vast network of tunnels, spider holes and canals they say has become a safe haven and training ground for Sunni Arab rebels.

At least 74 suspected insurgents have been killed since that offensive began, according to the U.S. military. Troops have also found at least 14 weapons caches, commanders said.

"We could stay here for eternity," said Lt. Col. Andrew Poppas, commander of the 5th Squadron, 73rd Cavalry, as he toured the battlefield, smoking cigars. "We've got the capability to wait out anybody."

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The U.S. military on Tuesday announced that an American soldier assigned to 3rd Brigade Combat Team, 1st Cavalry Division, died Tuesday from gunshot injuries sustained during the fighting in Diyala.

Near the city of Kut, a shepherd was killed when he stepped on a land mine close to the Iranian border. Another man was found slain, handcuffed and blindfolded, in the river near that city.

Because of the bloodshed, Iraqis are fleeing their homes in record numbers. As many as one in eight Iraqis have been displaced, making it the biggest refugee problem in the region for almost 60 years, according to the United Nations.

U.S. And Iraqis Hit Insurgents In All-Day Fight (NYT)

By Marc Santora

The New York Times, January 10, 2007

BAGHDAD, Jan. 9 — More than 1,000 American and Iraqi troops, backed by Apache attack helicopters and fighter jets, battled insurgents all day Tuesday and late into the night in downtown Baghdad, in one of the most dramatic operations in the capital since the invasion nearly four years ago.

The fighting raged less than 1,000 yards from the heavily fortified Green Zone, which houses both the American command and the Iraqi government. It was the latest episode for the troubled neighborhood around Haifa Street, where major campaigns have repeatedly been initiated to rid the area of insurgents, only to have them re-infiltrate.

Iraqi officials said that at least 50 militants were killed Tuesday, but the Americans said they could not provide a count.

Problems in other contested areas across Baghdad came to a crisis point in the fall, causing American commanders to abandon a major push to regain control of the city, and setting off a policy review that led to the changes President Bush will announce in a speech to the nation on Wednesday night.

The president is widely expected to call for 20,000 to 30,000 more soldiers in Iraq, with many coming to Baghdad to help quell the sectarian fighting.

American commanders have said the strategy will emphasize an evenhanded approach in Sunni and Shiite neighborhoods, something that they acknowledge has evaded them as they have worked with Iraq's Shiite-led government in recent months.

The fighting on Haifa Street, a broad two-mile boulevard that cuts through the heart of the capital, began nearly a week ago as an attempt to secure the safety of citizens caught in the middle of the fighting and ended with pitched battles in the street. It is a reminder of how difficult the Baghdad mission will be.

The American crackdown on Tuesday came on the fourth day of intense fighting in the neighborhood of tightly packed, high-rise apartment buildings that was the home of many top-ranking government officials and Baath Party loyalists while Saddam Hussein was in power. American soldiers continued to patrol the area through the night, and an American military spokesman said they would stay there until the situation was firmly under control. Gunfire and explosions could be heard in the neighborhood well after sunset.

An American military officer familiar with the operation said that it was part of an effort to stabilize Baghdad, but was not directly linked to the president's new security plan.

However, the location of the fight has particular significance.

Nearly two years ago, after much bloodshed and toil, the American military wrested control of the area from insurgents.

Haifa Street, the neighborhood's main thoroughfare, used to be called Purple Heart Boulevard by American soldiers. More than 160 soldiers from the First Battalion of the Ninth Cavalry were wounded trying to secure the area. By the spring of 2005, they had largely done so, and it was trumpeted as a signal success.

Tuesday's operation, directed by elements of the Stryker Brigade of the First Cavalry Division and Iraqi Sixth Army Division, occurred after a series of events that, taken together, demonstrated the complexity of the fight for American forces and the maze of competing interests they are trying to navigate.

It also suggests that even if the Americans try to deal evenhandedly with Shiite militias and Sunni insurgents, which is expected to be a central theme of President Bush's plan, their efforts could end up inadvertently benefiting one party or the other.

Shiites are clearly ascendant throughout Baghdad, systematically taking over Sunni neighborhoods, often using the intimidation of death squads to achieve their goals. But the area around Haifa Street has remained a Sunni bastion.

For the past two years, it has been relatively quiet, but in recent months, as the sectarian fighting has intensified, Iraqi and American military officials suspected it was being used as a base of operations for insurgents concentrating on the Shiite civilian population and American forces.

The violence in the area started to increase markedly after the recent arrest of a senior member of the leading Shiite militia group, the Mahdi Army, who had been operating near the area, according to an American military official.

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The arrest, the official said, created an opening for Sunni insurgents, and they began aggressively singling out Shiites who had relocated south from the neighborhood of Kadhimiya, the official said.

On Saturday, 27 bodies were dumped in the Sheik Marouf neighborhood on Haifa Street. They were Shiites, four with their throats slit and the rest shot in the head, according to an Iraqi government official.

When the Iraqi police went to investigate and collect the bodies, they were attacked, according to witnesses and government officials. The Iraqi Army was called in and was also attacked, so finally the Americans were called in.

For residents, the situation was already bleak and getting worse, with no electricity for days and armed men taking control of lawless streets.

But the Sunnis in the area were still hostile to the Iraqi security forces, largely viewed as agents of the Shiite-led government.

"People were disgusted and were enraged by the activity of the security forces," one resident said.

Late Saturday night, Iraqi government officials and witnesses said that Sunni insurgents had set up a fake checkpoint and were pulling Shiites from their cars and executing them, even, some claimed, stringing three bodies from lampposts.

"Some of my friends told me they saw some of the bodies hanging from lampposts," said Jabbar Obeid, 39, who lives in the area.

American officials said Tuesday that while many people were being executed in the area, they found no evidence of people being hanged on lampposts. Many Sunni residents said the claims were nonsense, and had been aimed at inciting more sectarian violence.

On Sunday, Sunni organizations and politicians began condemning the government's security clampdown.

"Day after day, the sectarian crimes against the Sunnis in their neighborhoods in Baghdad are continuing," said Adnan Dulaimi, a member of the largest Sunni bloc in Parliament. The government's actions over the weekend were a "barbarian attack" aimed at clearing the neighborhood of Sunnis, he said in a statement.

In fighting in the neighborhood on Sunday, eleven Iraqi Army soldiers were killed when they ran out of ammunition, Iraqi officials said.

American military officials said that by then they already had solid evidence to suggest that Sunni insurgent leaders were using the neighborhood as a base of operations. They said that the fighters were organized and sophisticated, and included trained snipers and insurgents from foreign countries.

One Sunni resident, who spoke on the condition of anonymity for fear of reprisals, confirmed as much, saying that insurgents had taken over to such a degree that a top-ranking official of Al Qaeda had even seized control of the Rafadin bank, set up an Islamic court and began handing out death sentences.

The American and Iraqi forces completed their assault plans at 4 a.m. Tuesday, and before dawn began approaching Haifa Street from different locations around the city, swiftly closing in on Talaa Square in the center of the neighborhood.

About 6:30 a.m. they had reached the square and began arresting suspects. In all, American and Iraqi officials said, they would take some 15 people into custody, including 7 Syrians. Nearly as soon as they began making arrests, they came under heavy bombardment from small-arms fire, rocket-propelled grenades and indirect fire, probably mortars, according to an American military official. As the fighting intensified, insurgents began moving to the rooftops in order to shoot at the armored American attack vehicles on the roads below.

To deal with the gunmen on the rooftops, rather than fighting for control of entire buildings, the Americans called in Apache helicopters and fighter jets, the official said.

The neighborhood is densely packed, making it difficult to strike targets from the air, and the fighter jets were used to "make a show of force," according to the military official, in an attempt to frighten the gunmen from the rooftops.

For more than an hour on Tuesday morning, the fighter jets could be seen sharply dropping below the cloud cover, swooping low over the neighborhood's roofline, engines roaring, and then pulling up steeply and zooming out of sight, high into the sky.

Meanwhile, the Apaches attacked the insurgents' positions, unleashing a barrage of fire that rocked the neighborhood for hours.

Ali Housin, 56, a resident, said he saw the helicopters direct fire at a cemetery where insurgents were hiding, the resulting explosions blowing out the windows of his home.

Shortly after noon, the aerial assault had largely ended, but scattered clashes continued and could be heard late into the night. Residents reported American armored vehicles patrolling the streets after dark and Iraqi Army soldiers moving to secure control of the rooftops.

The Americans reported no casualties, and early reports indicated that two soldiers in the Iraqi Army had been wounded.

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American officials insisted that the information they had on the insurgents in the area was very detailed, and that they had been careful to try to ensure that they were not being used as pawns by the Shiite-dominated government, emphasizing that in recent days they had conducted similarly aggressive raids in Shiite neighborhoods.

'Saturation' Attack On Iraq Insurgents (FT)

By Steve Negus

Financial Times, January 10, 2007

Fierce fighting broke out in the central Baghdad district of Haifa Street on Tuesday as US and Iraqi forces moved in against insurgents, in an area once viewed as a showcase for the ability to control Baghdad neighbourhoods, by "saturating" them with military forces.

The battles, in which US and Iraqi ground forces were supported by helicopters and fighter jets, reportedly left at least 50 insurgents dead, and came hours before George W. Bush, US president, was set to announce a plan for Iraq that is expected to feature a "surge" of as many as 20,000 new US troops.

The district, a primarily Sunni Arab area that is virtually adjacent to the heavily fortified Green Zone, was a base for insurgents until a series of operations in early 2005, after which US troops withdrew and Iraqis took the lead in patrolling it.

The scale of Tuesday's fighting suggests that Sunni militants were able to move into the district again in force.

It typifies the shifting nature of the insurgent presence in Sunni communities, in which guerrillas are driven out as US force levels go up and return as force levels fall, and leaves open the question of what a short-term increase in the number of US troops in Iraq can accomplish.

Increased troop concentrations mean more patrols to disrupt insurgent activity, more observation points to monitor areas where guerrillas might gather, more checkpoints at which fugitives might be caught, and other benefits.

The Iraqi government has reacted cautiously to the possibility of a "surge" in US troops, emphasising that they want more control over Iraqi forces, most of which answer to a US or British chain of command.

"We are looking [out] for the Iraqi interest. If it comes from an increase in troops, whether Iraqi or multinational forces, we welcome that. But there should be more control, more [authority] for Iraqis on the security issue . . . That is what we agreed with the Americans," said Ali al-Dabbagh, government spokesman .

But the reaction of ordinary Iraqis to increased US forces appears to be largely determined by where they live, and to which sect they belong. Sunni civilians regularly say that they want US troops to protect them against Shia militias, while Sunni politicians say they oppose US withdrawal for fear they will be left at the mercy of a largely Shia military.

Citizens of mixed areas may also welcome an increased US troop presence to deter the rival armed groups that turn their streets into battlefields.

On the other hand, any deployment into predominantly Shia areas such as Sadr City, where the US military treads lightly and many inhabitants believe militias such as the Mahdi Army to do a better job protecting them than the authorities, would probably spark a backlash.

The surge that Mr Bush is expected to propose – reportedly increasing the 132,000-strong contingent in Iraq by as much as 20,000 – is unlikely to be on a scale that would allow more long-term "saturation" of dangerous areas.

Still, the short-term suppression of sectarian violence might allow Iraqis and Americans to pursue other goals aimed at undercutting the insurgency: building up state institutions such as the army and police, reaching a political deal between Sunni and Shia communities, and reducing unemployment.

Iraq's army, although hamstrung by administrative problems and poor morale, does appear to be slowly becoming more capable. US officers say that they will hand over full control over Iraqi units and provincial security to Iraqi officials by the end of this year.

However, the army is less suited to gathering intelligence key to counterinsurgency than the police, who are corrupt, politicised, and ineffective even in parts of the country such as the southern city of Basra.

50 Insurgents Slain In Baghdad Raids (WT/AP)

By Steven R. Hurst

The Washington Times, January 10, 2007

BAGHDAD -- U.S. jets screamed low over the capital and helicopter gunships swooped in to pound a central Baghdad battleground yesterday, supporting Iraqi and American troops in a daylong fight that officials said killed 50 insurgents in a militant Sunni Arab stronghold.

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The battle raged on Haifa Street about 1½ miles north of the heavily fortified Green Zone -- home to the U.S. Embassy and other facilities. It was the second major confrontation on Haifa Street in the four days since Iraqi Prime Minister Nouri al-Maliki announced a new drive to rid Baghdad of sectarian fighters.

The U.S. military said about 1,000 Iraqi and U.S. soldiers carried out "targeted raids to capture multiple targets, disrupt insurgent activity and restore Iraqi Security Forces control of North Haifa Street."

"This area has been subject to insurgent activity, which has repeatedly disrupted Iraqi Security Force operations in central Baghdad," said a statement quoting Lt. Col. Scott Bleichwehl, a spokesman for Multi-National Division Baghdad.

He said the U.S. jets did not conduct any air strikes, but "attack helicopters were used to engage targets in support of the ground forces."

Col. Bleichwehl said no American or Iraqi soldiers were killed. He did not address the number of militants killed, while the Iraqi Defense Ministry reported 50 deaths among insurgents.

Elsewhere yesterday, Iraqi police reported finding 52 bodies dumped in three cities, 41 of them in Baghdad, all apparent victims of sectarian reprisal killings.

North of Baghdad, a cargo plane carrying mostly Turkish workers crashed as it apparently tried to land at a U.S. air base in bad weather, killing 34 persons, Iraqi and Turkish officials said. The Turkish Embassy said one Turk survived, but was severely injured.

An Iraqi security official at Baghdad's airport said an Antonov cargo plane crashed near Balad, 50 miles north of the capital. The official said it was not clear whether the aircraft had mechanical problems or was shot down.

A Turkish Foreign Ministry official said initial reports indicated that the plane went down because of bad weather and heavy fog.

At a Saturday ceremony marking the 85th anniversary of the founding of the Iraqi army, Mr. al-Maliki vowed to strike at the Shi'ite and Sunni extremists responsible for the sectarian warfare that has bloodied the country in the past year.

Within hours of the speech, the Iraqi military said 30 militancy suspects were killed in the Haifa Street area after police discovered 27 bodies dumped there, most of them with gunshot wounds in the head and signs of torture. U.S. forces joined the battle after the Iraqi army called for backup.

Yesterday, Mr. al-Maliki confirmed in a television interview that he had rejected a request from U.S. Ambassador Zalmay Khalilzad for a delay of up to two weeks in ousted dictator Saddam Hussein's execution because "we did not want to keep a door open for trouble."

"We did not want the families of the victims to go out and demonstrate," he said.

The hanging led to a global outcry after a video appeared on the Internet showing Saddam being taunted in his final moments.

U.S. Airstrikes Back Troops In Baghdad Clash (WP)

By Sudarsan Raghavan And Joshua Partlow

The Washington Post, January 10, 2007

BAGHDAD, Jan. 9 -- With F-15 fighter jets and Apache helicopter gunships providing cover, U.S. and Iraqi troops on Tuesday battled hundreds of Sunni Arab insurgents firing from apartment buildings and houses in downtown Baghdad in one of the fiercest clashes in the capital in recent memory.

"It was the most intense combat I have ever seen," said Maj. Jesse Pearson, operations officer for the 1st Battalion, 23rd Infantry Regiment, Stryker Brigade, on his third tour in Iraq. "We were in a fight for 11 straight hours."

Along Haifa Street, a desolate, mostly Sunni Arab enclave of residential buildings and shops, more than 1,000 U.S. and Iraqi troops descended early Tuesday to retake the insurgent stronghold. The larger goal was to reassert the authority of the U.S.-backed Iraqi government, weakened by sectarian and political divides and a failure to stem Iraq's violent slide.

Instead, the troops encountered strong resistance as the well-organized insurgents appeared determined to protect their turf or fight their way out, surprising U.S. soldiers who fought in the battle. By evening, as many as 50 insurgents had been killed, Iraqi officials said, while 21 others, including several foreign fighters, were captured, but only after the use of massive U.S. firepower and technology. No American or Iraqi troops were killed, although some suffered light injuries, U.S. military officials said.

With President Bush scheduled to unveil his new strategy for Iraq on Wednesday, the battle on Haifa Street points to the nature of the conflict U.S. forces could face in the weeks and months ahead. U.S. generals and the government of Iraqi Prime Minister Nouri al-Maliki view the taming of Baghdad as vital to the stability of Iraq. But the capital has become polarized more than ever along sectarian lines, with entire neighborhoods in the grip of either Sunni insurgents or Shiite militias.

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"All sides are getting more desperate to enforce their will and increasingly they are capable of doing that," said Sgt. Israel Schaeffer, who is on his second tour in Iraq. "It's a pivotal point in the conflict."

"This is obviously their home turf," Pearson said. "They didn't like the idea of government forces entering their territory."

On Saturday, Maliki announced a new Baghdad security plan in which Iraqi forces, with U.S. assistance, will lead the effort to expel militant fighters from neighborhoods. Maliki and other Shiite leaders view Sunni insurgents as the root of the violence infecting Iraq. But Sunni politicians have accused the Shiite-led government of bolstering the power of Shiites at the expense of Sunnis.

Sunni legislator Khalaf al-Alayan, in an interview on al-Jazeera television, described the fighting on Haifa Street as a way to "clean Baghdad of the remaining Sunni elements." Alayan said he had contacted organizations such as the Arab League and the United Nations in hopes of stopping "these massacres that the Sunnis are subjected to."

In a statement, the Sunni Iraqi Islamic Party described the 50 killed as "innocent citizens." It asserted that Sunnis on Haifa Street were "under siege" by Shiite militias backed by the Iraqi army.

The fighting in the area began four days ago, when Iraqi soldiers killed 30 insurgents after uncovering what was described as an unauthorized checkpoint, according to a Defense Ministry spokesman. Pearson said Iraqi army commanders asked for U.S. assistance after insurgents killed several Iraqi soldiers two days ago.

"What you're seeing is a continuing effort to bring down the levels of sectarian violence," said Lt. Col. Scott Bleichwehl. "It's an ongoing effort to go after militias that have the intent to subvert the Iraqi government."

At 3:30 a.m. Tuesday, about 400 U.S. troops from the Stryker Brigade rolled toward Haifa Street, meeting up with Iraqi army units along the way.

They arrived about 5:30 a.m. In the pre-dawn darkness, the joint forces took control of the buildings surrounding Tallil Square, a key target of the operation.

"We showed up in their living room for breakfast," Pearson said. About 7 a.m., the trouble began. "As soon as the sun came up, the insurgents began shooting," he said.

"We started taking it from all sides," Schaeffer recalled.

From rooftops and doorways, the gunmen fired AK-47 assault rifles and machine guns. Snipers also were targeting the U.S. and Iraqi soldiers. U.S. soldiers started firing back with 50-caliber machine guns mounted on their Stryker armored vehicles. They used TOW missiles and Mark-19 grenade launchers. The F-15 fighter jets strafed rooftops with cannons, while the Apaches fired Hellfire missiles. But the insurgents kept fighting.

"They were able to coordinate mortars at us. They were able to execute well-aimed shots from the cover of buildings," said Capt. Robert Callaghan, who was coordinating air support for the operation. "There were mortar rounds that went off close to our vehicle. It was difficult to concentrate on my job."

Schaeffer was surprised. He was accustomed to the hit-and-run tactics that the insurgents typically have used over the past few months.

"We fired a TOW missile into a building," he said. "A few minutes later we started taking fire again from the building. Normally, that would have pretty much ended the whole engagement. They were fighting pretty persistently."

"The terrain was in their favor," he added. "It is about as defensible a terrain as you can get."

Still, Schaeffer said, the Iraqi forces appeared to be holding their own -- much better, he said, than in previous operations.

"It never felt like complete chaos," he said.

Building by building, U.S. and Iraqi forces moved a mile or so down Haifa Street, which weaves along the Tigris River. On every block, insurgents attacked them.

"They probably thought we had the whole area surrounded," said Schaeffer. "Which we didn't."

The soldiers said U.S. and Iraqi troops captured several insurgents in possession of gear belonging to the Iraqi soldiers killed two days ago. For the Iraqi troops, it was a special form of retribution.

"It was a big moral victory, and huge for their morale," Pearson said. "This is a statement that the Iraqi army is not going to back down."

"It was a day to remember," Callaghan said.

Also Tuesday, at least 31 people were killed when a cargo plane carrying Turkish citizens crashed while trying to land in thick fog at an airport in Balad, about 50 miles north of Baghdad, Turkish officials told news services.

On Monday, 10 days after Saddam Hussein's hanging, his trial on charges of ordering the killing of as many as 180,000 Iraqi Kurds continued without him. Prosecutors played audiotapes of Hussein's voice justifying the use of chemical weapons that would kill "thousands," the Associated Press reported.

"Kurdish people have been waiting for this moment," said Saad Barazanchi, a Kurdish legislator. "This is evidence that Saddam ordered chemical weapons to be used against the Kurds."

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Special correspondents Saad al-Izzi and Waleed Saffar in Baghdad and Muhanned Saif Aldin in Tikrit contributed to this report.

Don't Give Up On Iraq Yet (WP)

By Tariq Al-Hashimi

The Washington Post, January 10, 2007

During my recent visit to Washington I found a nation fatigued by news of a faraway battle that seemed to creep closer with each fallen soldier. I found an administration wearied by infighting among an Iraqi government that seems incapable of reaching simple agreements. The chaos and sectarian destruction plaguing my people are slowly becoming just statistics in passing headlines, as we become a nation whose people spend more time each day preparing for death than for life.

Many Americans unfortunately believe that Iraq can no longer be salvaged. Even some in the Bush administration see a civil war as inevitable.

First, both of our nations have invested too much to walk away now. If this battle is lost, the entire region could be destabilized.

Second, despite the chaos in my country, not all bridges of patriotism have been burned. Iraqis have ties to their beloved country, not only to their sects and ethnicities. Proof of this nationalism recently came from the most unlikely of venues.

During the Asian Games in Qatar last month, Iraq became quiet, if only for a few hours. Citizens united as brothers behind the national soccer team, which against all odds fought its way to the finals. The team didn't battle for a militia or a sect but for an idea -- the nation of Iraq. The players didn't win the medal but gained something far greater: They won us hope. From children on the streets to politicians to parents, we were all one, and we were all Iraqi. This tells me that all is not lost, that a deep-rooted sense of nationalism still lies within all Iraqis, and that it can and must be rekindled.

It is true that terrorism of an unparalleled nature rages in Iraq and that Iraqis are the ones killing each other on the basis of sectarian and ethnic identities. It is also true that reconstruction and economic development have ground to a halt because of the violence. And Iraqis are divided on such fundamental issues as reconciliation and how to bring about security.

Despite all the hardships, however, we Iraqis were able to raise the rudimentary pillars of our nascent democracy by writing a constitution, electing a parliament based on that constitution and granting a vote of confidence to a government through that elected parliament. It is not fair to look at Iraq as a collection of failures without identifying its successes. The birth of a new nation is not easy, but just as your nation has become a beacon for democracy, we hope that Iraq will one day do the same.

All is not lost! Eliminating regional influence is the only way to bring Iraqis back to their senses. Americans understandably find it difficult to support any strategy that prolongs the presence of your troops in Iraq. We do not want to stand in the way of your forces going home. But that decision should not be made under the pressure of car bombs and kidnappings. A precipitous withdrawal of forces would create a security vacuum in Iraq that our forces cannot yet handle -- and would therefore be filled by extremists. This does not serve the interests of Iraq or the United States.

If those soccer players taught us anything, it is that a proper strategy for eliminating sectarianism and fostering nationalism is key. Reconstituting the Iraqi Armed Services and then reforming, retraining and properly arming them must be a central component of this strategy. Another should be revising Iraq's constitution to give our central government effective powers but prevent any sort of dictatorship by the prime minister. The powers that the prime minister holds now must be revised to guarantee that all stakeholders can share in governing. Adherence to the rule of law is also central.

True reconciliation in line with what happened in South Africa and Ireland is needed for resolution of the conflict in Iraq, but that reconciliation must be free from regional stipulations. Economics is also key, as gainful employment keeps Iraqi youths away from the insurgents. All of this must be preceded by a coordinated effort to secure Baghdad, which has become a haven for militia and terrorist activity.

We need a greater focus on the militias, which kill innocent civilians and defy the government with impunity. The Pentagon recently told Congress that the militias pose more of a danger to the security and stability of Iraq than do the terrorist groups operating there. Militias do not differ from other terrorist groups; therefore, the Iraqi government and the United States must classify militias as such and must treat and fight them in the same manner as other terrorists.

A comprehensive plan is needed to save Iraq from disaster. I hope that the administration has considered these critical issues and that the new strategy effectively addresses them.

The writer is vice president of the Republic of Iraq.

Two Alliances (WSJ)

By Edward N. Luttwak

The Wall Street Journal, January 10, 2007

DOJ_NMG_0114883

It was the hugely ambitious project of the Bush administration to transform the entire Middle East by remaking Iraq into an irresistible model of prosperous democracy. Having failed in that worthy purpose, another, more prosaic result has inadvertently been achieved: divide and rule, the classic formula for imperial power on the cheap. The ancient antipathy between Sunni and Shiite has become a dynamic conflict, not just within Iraq but across the Middle East, and key protagonists on each side seek the support of American power. Once the Bush administration realizes what it has wrought, it will cease to scramble for more troops that can be sent to Iraq, because it has become pointless to patrol and outpost a civil war, while a mere quarter or less of the troops already there are quite enough to control the outcome. And that is just the start of what can now be achieved across the region with very little force, and some competent diplomacy.

On Dec. 4, 2006, Abdul Aziz al-Hakim, head of Iraq's largest political party, went to the White House to plead his case with President Bush. The son of an ayatollah, and himself a lifelong militant cleric, Mr. Hakim is hardly a natural partner for the U.S. -- while living in Iran for 23 years he must have declaimed "death to America" on many an occasion. But as the chief leader of Iraq's Arab Shiite population, he has no choice. Each day brings deadly Sunni attacks, and just as the Sunnis are strengthened by volunteers and money from outside Iraq, the Shiites, too, need all the help they can get, especially American military training for the Shiite-dominated army and police. For President Bush, the visiting Mr. Hakim brought welcome promises of cooperation against his aggressive Shiite rival Moqtada al-Sadr as well as the Sunni insurgents. It no longer even seems strange that the best ally of the U.S. in Iraq is Mr. Hakim's party, the Sciri: the Supreme Council for the Islamic Revolution in Iraq, whose very title evokes the Iranian model of radically anti-Western theocracy.

Just as the Sunni threat to majority rule in Iraq is forcing Sciri to cooperate with the U.S., the prospect of a Shiite-dominated Iraq is forcing Sunni Arab states, especially Saudi Arabia, the Emirates and Jordan, to seek American help against the rising power of the Shiites. Some Sunnis viewed Iran with suspicion even when it was still under the conservative rule of the shah, in part because its very existence as the only Shiite state could inspire unrest among the oppressed Shiite populations of Arabia. More recently, the nearby Sunni Arab states have been increasingly worried by the military alliance between Iran, Syria and the Hezbollah of Lebanon. But now that a Shiite-ruled Iraq could add territorial contiguity to the alliance, forming a "Shiite crescent" extending all the way from Pakistan to the Mediterranean, it is not only the Sunnis of nearby Arabia that feel very seriously threatened. The entire order of Muslim orthodoxy is challenged by the expansion of heterodox Shiite rule.

Although it was the U.S. that was responsible for ending Sunni supremacy in Iraq along with Saddam Hussein's dictatorship, it remains the only possible patron for the Sunni Arab states resisting the Shiite alliance. Americans have no interest in the secular-sectarian quarrel, but there is a very real convergence of interests with the Sunni Arab states because Iran is the main enemy for both.

At this moment, it is in Lebanon that the new Sunni-U.S. alliance has become active. With continuing mass demonstrations and threatening speeches, the Hezbollah leader Hassan Nasrallah is trying to force the government of Prime Minister Fuad Siniora to give way to a new coalition which he can dominate. Syria and Iran are supporting Mr. Nasrallah, while the U.S. is backing Mr. Siniora. He has the support of the Druze and of most Christians as well, but it is also very much as a Sunni leader that Mr. Siniora is firmly resisting so far. That has gained him the financial backing of Saudi Arabia, which is funding Sunni counterdemonstrations and has even tried to co-opt Hezbollah, among other things. It was in their Arab identity that Hezbollah claimed heroic status because they were not routed by the Israelis in the recent fighting, but evidently many Sunni Arabs in and out of Lebanon view them instead as Shiite sectarians, far too obedient to non-Arab Iran. That suits the U.S., for Iran and Hezbollah are its enemies, too.

The Sunni-U.S. alignment in Lebanon, which interestingly coexists with the U.S.-Shiite alliance in Iraq, may yet achieve results of strategic importance if Syria is successfully detached from its alliance with Iran. Originally it was a necessary alliance for both countries because Saddam's Iraq was waging war on Iran, and periodically tried to overthrow the Assad regime of Syria. Now that Iraq is no longer a threat to either country, Iran still needs Syria as a bridge to Hezbollah, but for Syria the alliance is strategically obsolete, as well as inconsistent with the country's Arab identity. True, Syria is ruled primarily by members of the Alawite sect that is usually classified as a Shiite offshoot. But that extremely heterodox faith (it has Christmas and the transmigration of souls) is far different from the Shiism of Iraq, Lebanon or Iran -- where it would be persecuted; and besides, at least 70% of Syrians are Sunnis. That may explain why the Syrian regime has not used its full influence to overthrow Mr. Siniora: His stand against the Shiite Hezbollah resonates with his fellow Sunnis of Syria. But another reason may be the promise of substantial aid and investment from Saudi Arabia and the Emirates for Syria's needy economy, if the regime diminishes its alliance with Iran and Hezbollah, or better, ends it altogether. The U.S., for its part, is no longer actively driving Syria into the arms of the Iranians by threatening a march on Damascus, while even the unofficial suggestions of negotiations by the Iraq Study Group made an impression, judging by some conciliatory Syrian statements.

The U.S.-Sunni alliance, which is a plain fact in Lebanon, is still only tentative over Syria; but it would be greatly energized if Iran were successfully deprived of its only Arab ally. At the same time, the U.S.-Shiite alliance in Iraq has been strengthened in

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the wake of Mr. Hakim's visit. The Sunni insurgency is undiminished, but at least other Shiite groups are jointly weakening the only actively anti-American Shiite faction headed by Mr. Sadr.

When the Bush administration came into office, only Egypt and Jordan were functioning allies of the U.S. Iran and Iraq were already declared enemies, Syria was hostile, and even its supposed friends in the Arabian peninsula were so disinclined to help that none did anything to oppose al Qaeda. Some actively helped it, while others knowingly allowed private funds to reach the terrorists whose declared aim was to kill Americans.

The Iraq war has indeed brought into existence a New Middle East, in which Arab Sunnis can no longer gleefully disregard American interests because they need help against the looming threat of Shiite supremacy, while in Iraq at the core of the Arab world, the Shia are allied with the U.S. What past imperial statesmen strove to achieve with much cunning and cynicism, the Bush administration has brought about accidentally. But the result is exactly the same.

Mr. Luttwak, a senior adviser at the Center for Strategic and International Studies, is the author of "Strategy: The Logic of War and Peace" (Belknap, 2002).

Blair: Manner Of Saddam Execution Wrong (AP)

By David Stringer

AP, January 10, 2007

British Prime Minister Tony Blair said Tuesday that the manner of Saddam Hussein's execution was completely wrong and unacceptable — his first public comments about the Dec. 30 hanging.

However, Blair told a London news conference he hoped disputes over the taunting of the former Iraqi dictator and the release of illicit video footage of the execution would not lead people to forget the gravity of Saddam's crimes.

"The crimes that Saddam committed does not excuse the manner of his execution, but the manner of his execution does not excuse the crimes," Blair said, during a joint news conference with visiting Japanese Prime Minister Shinzo Abe.

Saddam was executed for crimes against humanity for the killing of 148 Shiites in the town of Dujail after an assassination attempt against him there in 1982.

A cellphone video of the execution leaked out shortly after the former dictator was hanged. It showed some of those present in the execution chamber taunting Saddam in the final moments of his life as he stood on the gallows with a noose around his neck. It also showed the moment of his death — a scene that was left out of the official version of the execution broadcast on Iraqi television.

Blair, President Bush's chief ally in the war in Iraq, said he hoped the issues surrounding Saddam's execution would not "blind us to the crimes he committed against his own people." Saddam was responsible for the "death of hundreds of thousands of innocent Iraqis, 1 million causalities in the Iran-Iraq war and the use of chemical weapons against his own people, wiping out entire villages," he said.

The British premier had faced public criticism after choosing not to immediately comment on the execution.

Both Blair's deputy John Prescott and expected successor Treasury chief Gordon Brown had publicly criticized the hanging, but Blair declined to answer questions on the matter after returning from a holiday in Florida last week.

Fighting Words (WP)

By Peter Carlson

The Washington Post, January 10, 2007

"The man was standing 100 meters from the explosion and he said there was no explosion," Adam Tiffen says.

He's looking at his computer screen, where a photo shows him in his Army uniform, questioning a kneeling Iraqi who was captured after a roadside bomb exploded near Humvees carrying Tiffen and other soldiers from the Maryland National Guard.

"If he wasn't the triggerman, he was the spotter for the triggerman," Tiffen says. "But I had to let him go. I had nothing on him. What can you do? Iraqis have rights, too."

Tiffen, 31, is sitting in his office at the law firm of Porter Wright Morris & Arthur, a few blocks from the White House, looking at pictures from his year in Iraq. His law degree hangs on the wall near his Bronze Star. On his desk sit a couple of souvenirs of Iraq -- a .50-caliber machine gun bullet and a hunk of shrapnel from a roadside bomb. His black crew cut matches his black suit.

"Look at me, I'm in my lawyer uniform," he says. "I'm Mr. Attorney on Pennsylvania Avenue with my degrees on the wall. And seven months ago, I was in Iraq wearing body armor and I hadn't slept in three days and I was running around the desert."

While he was in Iraq, leading a 40-man rifle platoon, he wrote a blog about his experiences. He called it "The Replacements" because, he says, "we replaced guys and then other people replaced us -- we were just in a chain, a cycle." His blog contained no editorial comments, no political messages. He just told stories about what he saw every day:

The first round explodes with a shattering crack, and I can hear shouting coming from outside the sandbagged room.

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"Incoming! Incoming! Incoming!"

I leap to my feet and quickly settle my advanced combat uniform helmet onto my head. Despite the explosions and yelling coming from outside, somehow my mind registers the inconsequential thought that the helmet pads lining the inside of the helmet feel tacky from days of sweat and grime and will need to be washed.

At first the blog was just for his family and friends but soon word got out and his stories were e-mailed around and he started getting feedback from strangers: "Thank you so much for allowing us to see the human side of the war."

Armchair General, a military history Web site, printed part of his blog (http://thereplacements.blogspot.com). So did the liberal journal Mother Jones. Last October, several of his stories were posted on The Sandbox, a military blog founded by "Doonesbury" cartoonist Garry Trudeau. Last Sunday, two tiny snippets from Tiffen's stories were quoted in the "Doonesbury" comic strip.

The first read: Behind her, I can see that her daughter had tears in her eyes. I turn away from their stricken faces.

The second said: Out in the dark, a blue van stops for a second, its driver confused. The soldier raises his rifle.An Unexpected Call

"People asked me, what are you doing?" Tiffen says, laughing. "You're a nice Jewish boy. You're a lawyer, Why are you in the Army? Why are you in the infantry? Why are you in Iraq?"

When he was a kid, growing up on Long Island, his parents took him to Gettysburg and that sparked an interest in military history. "My heroes were not basketball players, they were soldiers," he says. "I thought, I want that experience. I think I wanted to test myself against those soldiers, to see how I stacked up."

He joined Army ROTC in 2000, while he was studying at George Washington University Law School. He graduated in 2003 and was commissioned as a lieutenant in the Maryland National Guard. He was working on an insider-trading case at Porter Wright when the unit he'd trained with was called up for duty in Iraq. By then, Tiffen was in another unit but he got a call from his old platoon sergeant, Thomas Thompson.

"He's the lieutenant I wanted to go to war with," Thompson says. "I called him on the phone and said, 'I need a platoon leader. Have you thought of coming back?' "

Tiffen volunteered to go. "When soldiers you respect ask you to go with them, I couldn't say no," he explains. "I couldn't stay home and wave goodbye to these guys."

They arrived in Iraq in May of 2005, assigned to an area outside Baghdad, near a town called Saba al-Bor. For a few days, the guys they were replacing showed them around.

"We would drive past Saba al-Bor and they would say, 'Don't go in this town, nobody's been in there for six months, you don't want to go there,' " Tiffen recalls. "So it built up in my mind that it was a town occupied by the boogeyman. And then my company commander came up to me and said, 'Take your platoon and go into Saba al-Bor and occupy the building next to the police station.' "

"Insurgents were using the town as a staging point for moving weapons into Baghdad," says Capt. Brian Borakove, Tiffen's company commander. "That's why it was very important for us to take it under our control."

So Tiffen took his 40-man platoon into Saba al-Bor and occupied the municipal building next to the police station.

"We put .50-caliber machine guns on the roof and parked the Humvee in front of the gate and started sandbagging windows," Tiffen says.

They called it the Alamo and chalked the name on the roof. In his blog, Tiffen described the place:

Inside the building, soldiers sleep on dirty concrete floors, often using their hard body armor as a pillow. They sleep where they have collapsed, exhausted from a long day and night of continuous dismounted patrols and sandbag details . . . I walk to the north wall of the roof . . . No man's land stretches before me in the darkness, a half kilometer of broken ground, trash, feral dogs, and half-grown, stunted weeds . . . I can't help but reflect that if Hell had a Central Park, it would be a lot like this.

From their base at the Alamo, Tiffen and his platoon patrolled Saba al-Bor and the nearby farmland, setting up roadblocks, searching houses, trying to catch insurgents. Every day or two, whenever he got the chance, Tiffen would take out his laptop, write about what he'd seen and upload it to his blog.

He wrote about the heat: By 12:00 it was 120 degrees. Imagine putting your face into a lit oven, turning a powerful hairdryer on your face and throwing sand in your eyes."

He wrote about searching a house and arresting a suspected insurgent while his wife pled for mercy: Trembling, she turns to me and starts asking questions in Arabic. "What has he done? Where are you taking him?" . . . The pain in her voice is obvious. She is terrified for her family and for her husband. The soldiers have come to take him away, and for all she knows, she may never see him again. My heart is in my mouth.

He wrote about getting hit by shrapnel from a roadside bomb: I feel a sharp blow to my abdomen below my body armor, just as my mind registers the blast. The blow doubles me over, and knocks me back on my feet. I don't want to look. Gingerly

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reaching down, I feel for wetness, for the sign that I am cut and bleeding. I close my eyes and check for pain. Nothing. Breathing a sigh of relief, I open my eyes.

He was fine, not hurt at all, but the story scared his sister, Margo, who fired back an e-mail saying: "Sheesh, boy! You're giving us heart attacks over here."

His parents checked the blog every day. "It was a lifeline," says his mother, Michelle Goldsmith.

Bill McGrath, his boss at Porter Wright, was reading it, too, and sending back news of the insider-trading case Tiffen had been working on back in Washington. (Their client was convicted on 19 out of 27 charges.)

Tiffen loved getting e-mail from friends and family, of course, but he was really floored by the ones he received from strangers. "If I didn't post something for a few days," he says, "I would get dozens of panicked e-mails from people I'd never met, saying 'Are you okay?' "

Meanwhile, Tiffen was fighting a war, trying to keep his soldiers alive and learning to deal with Iraqis.

"I watched him question prisoners and he was very good," Thompson recalls. "He treated the Iraqis with respect until they gave him reason to do otherwise. But he was no pushover."

The view from the Alamo was confusing. In Saba al-Bor, it was tough to tell what side people were on. Many of the locals supported the Americans and several became informants, providing information on the insurgents. But Tiffen suspected that one of his Iraqi translators was secretly working for the other side. And his men arrested several of the local cops for aiding the insurgents.

"One of them tried to kill one of our informants," Tiffen says. "They were taking him out to execute him and he managed to open the trunk he was in and crawl out of the moving vehicle and he ran to the Alamo and told us about it."

In Saba al-Bor, a death squad was at work. Tiffen wrote about it in his blog: Across from the mosque, in a small woodworking shop, a man has just been murdered. An hour ago, three insurgents entered his shop and shot him in the head. The weapon was held so close to his head that the muzzle blast burned and blackened his ear. Only 300 meters from the Alamo, he was left to die, four AK-47 shell casings lying next to his body.

Still, Tiffen thought he was making progress in Saba al-Bor. "We rolled up some of the insurgent operations there," he says. "We secured the town and we brought in some of the local sheiks and we built a town council to address their problems."

After about six months, Tiffen's soldiers handed Saba al-Bor over to a new group of American replacements, then spent a few months escorting military convoys across the desert near the Syrian border.

Last May, Tiffen and the rest of his 128-man Maryland National Guard company came home -- all of them. Fourteen men were wounded -- two of them seriously injured by a car bomb -- but nobody had been killed in Iraq.

"I hadn't set foot in this country in a year and the first American I saw when I got off the plane was this old man wearing a World War II veterans cap," Tiffen says. "He must have been in his 80s and he was standing there shaking the hand of every soldier who came off the plane. It was 6:30 in the morning and this old man must have gotten out of bed before dawn to come to the airport to shake the hand of every soldier coming back."Back Home

"When I first got back, it was very uncomfortable," Tiffen says. He's sitting in an Arlington restaurant, ignoring his cheeseburger and fries.

"It bothered me that people weren't talking about Iraq," he says. "People go through life like nothing is happening when so many Americans are in harm's way. We just hit the 3,000 casualty mark and nobody batted an eye. I mean, Britney Spears is more important."

When he returned, he spent about 10 days seeing his family and friends and his girlfriend, then he flew to Israel.

"I studied religion in a school there for a couple weeks," he says. "They say there are no atheists in the foxholes and after spending a year in Iraq, you sort of come back a little more religious than when you left."

He studied the Torah and lived in the Old City of Jerusalem, near the Wailing Wall, and watched the Israeli soldiers patrolling. "I felt more comfortable there, surrounded by soldiers and checkpoints, than I was here," he says. "I was used to it."

Last August he returned to work at Porter Wright, doing litigation and international trade work. McGrath, his boss, says Tiffen is doing a great job. But Tiffen says the transition is tough.

"It's hard to go back and sit at a desk when you think about all the stuff that's going on and you remember what you've been through," he says. "You come back and you say to yourself: Should I be different? What did it all mean? I don't think anybody comes back the same."

He thought about the war every day. He toyed with the idea of turning his blog into a book. He made a video of the footage he shot in Iraq, set to Loreena McKennit's mournful song "Dante's Prayer," and posted it on YouTube.

Then one day in November, sitting in his office at work, he got an e-mail from one of his soldiers with a link to an article from USA Today. The dateline was Saba al-Bor. The headline read: "Hard-won turf easily lost in transfer to Iraqis."

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Saba al-Bor was so peaceful last summer, the article said, that the American troops left, handing the Alamo over to Iraqi police in a ceremony on Sept. 20. "Fifteen days later, on Oct. 5, U.S. troops had to return to Saba al-Bor to restore order," the story continued. "Most of the town's police had fled, Sunni and Shiite residents were at war with each other, and sectarian death squads roamed the town. The progress built over months had evaporated."

Tiffen read on. Sunnis had hit the Shiite section of town with 44 mortar shells. Shiite militants responded by killing Sunnis. American troops found 44 bodies dumped around the city, some of them decapitated.

Tiffen was stunned. He left his office, took a walk. "I needed to get some air," he says. "I walked past the White House. I don't know why. My feet just carried me there. My reaction surprised me. I didn't realize how much I'd invested in that town."

Nearly two months later, the story still bothers him. "It's astonishing," he says. "The whole place went to [excrement] when they pulled U.S. troops out. And yet it was considered a success story -- that's why they turned it over to the Iraqis. All our efforts over all that time -- I don't want to say it was for nothing. All I want to say is that it hit me really hard because we invested so much time and energy in the people that lived there. I felt like I was part of the town. And a year later, to read that because the U.S. troops left, people are being executed, that hurt. That really hit home."

He eats his cheeseburger, sips his Coke, talks about other things for a while. But then he returns to the story of Saba al-Bor.

"What does that say?" he asks, not expecting an answer. "Something has to change. I really don't know what it is. Maybe putting 30,000 more troops in will help. I don't know. I don't think anybody knows."

Helicopters Strafe Al-Qaida In Somalia (AP)

By Salad Duhul

AP, January 10, 2007

Attack helicopters strafed suspected al-Qaida fighters in southern Somalia on Tuesday, witnesses said, following two days of airstrikes by U.S. forces — the first U.S. offensives in the African country since 18 American soldiers were killed here in 1993.

In Washington, a U.S. intelligence official said American forces killed five to 10 people in an attack on one target in southern Somalia believed to be associated with al-Qaida. The official, who spoke on condition of anonymity because of the operation's sensitivity, said a small number of others present, perhaps four or five, were wounded.

A Somali lawmaker said 31 civilians, including a newlywed couple, died in Tuesday's assault by two helicopters near Afmadow, a town in a forested area close to the Kenyan border. The report could not be independently verified.

A Somali Defense Ministry official described the helicopters as American, but witnesses told The Associated Press they could not make out identification markings on the craft. Washington officials had no comment on the helicopter strike.

The U.S. is hunting down Islamic extremists, said the Somali defense official, who spoke on condition of anonymity because he was not authorized to talk to reporters.

Earlier, Somalia's president said that the U.S. was pursuing suspects in the 1998 bombings of two U.S. embassies in East Africa, and that the effort has his support.

Somali troops and their Ethiopian allies were attacked in the capital late Tuesday by gunmen riding in two pickup trucks who fired two rocket propelled grenades, witnesses said.

The rocket attack was followed by several minutes of rifle fire. One Somali soldier was killed and two other soldiers and a bystander were wounded, said minibus driver Harun Ahmed, who took the injured to a hospital.

Col. Shino Moalin Nur, a Somali military commander, told the AP by telephone late Tuesday that at least one U.S. AC-130 gunship attacked a suspected al-Qaida training camp Sunday on a remote island at the southern tip of Somalia next to Kenya.

Somali officials said they had reports of many deaths.

On Monday, witnesses and Nur said, more U.S. airstrikes were launched against Islamic extremists in Hayi, 30 miles from Afmadow. Nur said attacks continued Tuesday.

"Nobody can exactly explain what is going on inside these forested areas," the Somali commander said. "However, we are receiving reports that most of the Islamist fighters have died and the rest would be captured soon."

In Washington on Tuesday, Defense Department spokesman Bryan Whitman spoke of one strike in southern Somalia, but would not confirm any of the details or say whether any al-Qaida militants were killed.

The assault was based on intelligence "that led us to believe we had principal al-Qaida leaders in an area where we could identify them and take action against them," Whitman said.

Somali Islamic extremists are accused of sheltering suspects in the 1998 embassy bombings. American officials also want to ensure the militants no longer pose a threat to Somalia's U.N.-backed transitional government.

The aircraft carrier USS Dwight D. Eisenhower has arrived off Somalia's coast and launched intelligence-gathering missions over Somalia, the U.S. military said. Three other U.S. warships were conducting anti-terror operations.

U.S. warships have been seeking to capture al-Qaida members thought to be fleeing Somalia by sea after Ethiopia's military invaded Dec. 24 in support of the interim Somali government. The offensive drove the Islamic militia out of much of southern Somalia, including the capital Mogadishu, and toward the Kenyan border.

President Abdullahi Yusuf, head of the U.N.-backed transitional government, told journalists in Mogadishu that the U.S. "has a right to bombard terrorist suspects who attacked its embassies in Kenya and Tanzania."

Other Somalis in the capital said the attacks would increase anti-American sentiment in their largely Muslim country. Many Somalis are already upset by the presence of troops from neighboring Ethiopia, which has a large Christian population.

The U.S. Embassy in Nairobi, Kenya, on Tuesday reissued a terror warning to Americans living in or visiting the Horn of Africa.

It was the first overt military action by the U.S. in Somalia since it led a U.N. force that intervened in the 1990s in an effort to fight famine. The mission led to clashes between U.N. forces and Somali warlords, including the battle, chronicled in the book and movie "Black Hawk Down," that killed 18 U.S. soldiers.

Mohamed Mahmud Burale told the AP by telephone that at least four civilians were killed Monday evening in Hayi, including his young son. His report could not be independently verified.

Government spokesman Abdirahman Dinari said it was not known how many people were killed, "but we understand there were a lot of casualties. Most were Islamic fighters."

Another attack by an AC-130 gunship reportedly occurred Monday afternoon on Badmadow island, in a group of six rocky islands known as Ras Kamboni — a suspected terrorist training base.

Thickets provide dense cover and the only road to the area is virtually impassable, locals said.

The U.S. military's main target on the island was thought to be Fazul Abdullah Mohammed, who allegedly planned the 1998 attacks on the U.S. embassies in Kenya and Tanzania that killed 225 people.

Leaders of Somalia's Islamic movement have vowed from their hideouts to launch an Iraq-style guerrilla war, and al-Qaida chief Osama bin Laden's deputy has called on militants to carry out suicide attacks on Ethiopian troops.

In an interview published Tuesday in the French newspaper Le Monde, Ethiopian Prime Minister Meles Zenawi said that suspected terrorists from Canada, Britain, Pakistan and elsewhere were among those captured or killed during recent military operations.

Somalia has not had an effective central government since warlords toppled dictator Mohamed Siad Barre in 1991. The warlords turned on each other, creating chaos in the nation of 7 million people.

European Union foreign policy chief Javier Solana said he told U.N. Secretary-General Ban Ki-moon that a U.N. peacekeeping force may be needed to guarantee security and stability in Somalia.

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Associated Press writers Lolita C. Baldor in Washington; Mohamed Olad Hassan and Mohamed Sheik Nor in Mogadishu and Chris Tomlinson in Nairobi, Kenya, contributed to this report.

Airstrike Rekindles Somalis' Anger At The U.S. (NYT)

By Jeffrey Gettleman And Mark Mazzetti

The New York Times, January 10, 2007

MOGADISHU, Somalia, Jan. 9 — Somali officials said Tuesday that dozens of people were killed in an American airstrike on Sunday, most of them Islamist fighters fleeing in armed pickup trucks across a remote, muddy stretch of the KenyaSomalia border.

American officials said terrorists from Al Qaeda had been the target of the strike, which they said had killed about a dozen people. But the officials acknowledged that the identities of the victims were still unknown.

Several residents of the area, in the southern part of the country, said dozens of civilians had been killed, and news of the attack immediately set off new waves of anti-American anger in Mogadishu, Somalia's battle-scarred capital, where the United States has a complicated legacy.

"They're just trying to get revenge for what we did to them in 1993," said Deeq Salad Mursel, a taxi driver, referring to the infamous "Black Hawk Down" episode in which Somali gunmen killed 18 American soldiers and brought down two American helicopters during an intense battle in Mogadishu.

The country's Islamist movement swiftly seized much of Somalia last year and ruled with mixed success, bringing a much desired semblance of peace but also a harsh brand of Islam.

Two weeks ago, that all changed after Ethiopian-led troops routed the Islamist forces and helped bring the Western-backed transitional government to Mogadishu. Ethiopian officials said the Islamists were a growing regional threat.

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The last remnants of the Islamist forces fled to Ras Kamboni, an isolated fishing village on the Kenyan border that residents said had been used as a terrorist sanctuary before. Starting in the mid-1990s, they said, the Islamists built trenches, hospitals and special terrorist classrooms in the village and taxed local fisherman to pay the costs.

On Sunday, an American AC-130 gunship pounded the area around Ras Kamboni, and also a location father north where American officials said three ringleaders of the bombings in 1998 of the United States embassies in Kenya and Tanzania were hiding. Somali officials said those bombings had been planned in Ras Kamboni after a local Somali terrorist outfit invited Al Qaeda to use the village as a base.

According to Abdul Rashid Hidig, a member of Somalia's transitional parliament who represents the border area, the American airstrike on Sunday wiped out a long convoy of Islamist leaders trying to flee deeper into the bush, though he said he did not know if the specific suspects singled out by the United States had been with them.

"Their trucks got stuck in the mud and they were easy targets," he said.

Mr. Hidig toured the area with military officials on Tuesday and said he had met several captured foreign fighters who had come from Europe and the Middle East. "I saw two white guys and asked, Where are you from?" Mr. Hidig said. "One said Jordan, the other Sweden. Yeah, it was weird."

Mr. Hidig said two civilians had been killed by the airstrike, but representatives of the Islamist forces said it had killed many more.

The Islamists' health director said dozens of nomadic herdsmen and their families were grazing their animals in the same wet valley that the Islamists were trying to drive across. "Their donkeys, their camels, their cows — they've all been destroyed," he said. "And many children were killed."

He spoke by telephone from an undisclosed location; his account could not be independently verified.

Mustef Yunis Culusow, a former Islamist leader who abandoned the movement days ago, said the once-powerful Islamist movement's top leaders were now trapped in a small village with Ethiopian soldiers in front of them, the Indian Ocean behind them and now American gunships circling above them.

"The leaders know they're finished," Mr. Culusow said in a telephone interview from Kismayo, a large town north of Ras Kamboni. "They've basically told the young fighters they can go, it's over, and that anyone who stays behind should be resigned to die."

For several days, Ethiopian fighter jets and helicopter gunships have been laying down a blanket of fire over the area, and attacks continued on Tuesday.

American military and intelligence officials expressed confidence that at least one senior Qaeda leader in Somalia had been killed in the American attack or subsequent strikes by Ethiopian troops. One official said Abu Taha al-Sudani — a Sudanese aide to Fazul Abdullah Mohammed, who is thought to be the ringleader of Al Qaeda's East African cell — might have been killed.

American military and intelligence officials said that they expected further military strikes but that the terrorism suspects were probably traveling separately and trying to blend into the civilian population.

Pentagon and intelligence officials said the Ethiopian offensive had unearthed fresh intelligence about the location of Qaeda operatives whose trail had long gone cold.

"When you disrupt things and people move around, they become easier to target," said one American counterterrorism official, speaking on condition of anonymity. "They have to make arrangements on the fly, and they become easier to find."

American and Ethiopian forces are sharing intelligence to pinpoint the whereabouts of the terrorism suspects and their entourages. The Pentagon announced that the aircraft carrier Dwight D. Eisenhower had been dispatched to the region to tighten a naval blockade off the Somali coast.

Washington's decision to wade back into Somalia was, in a way, a culmination of America's seesaw policy toward the country in the last five years.

With the wars in Iraq and Afghanistan consuming the attention of national security planners in Washington, the Bush administration's interest in Somalia was driven primarily by fact that a handful of Qaeda operatives responsible for attacks in the Horn of Africa were thought to be hiding there.

America's recent forays into Somalia have tended to backfire. President Clinton abruptly curtailed a large American-led aid mission in the 1990s after the 18 soldiers were killed, leaving the country in a swirl of chaos and bloodshed, where much of it remains.

Then, last summer, American efforts to finance a band of Mogadishu warlords as a bulwark against the growing Islamist movement stumbled when many Somalis learned of the hidden American hand and threw their support behind the Islamists.

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With the Pentagon still snakebitten by its experience in Somalia — rendering a ground offensive in the lawless country unpalatable — there was little the thousands of American soldiers and marines stationed in neighboring Djibouti could do to track down the Qaeda suspects.

Until this week, Washington was content to remain behind the scenes and use the Ethiopian invasion as the public face of the effort against the Islamists and their allies.

Now the Islamists have lost their grip on the country, and Somalia could be close to a turning point. For the first time since 1991, when the military dictator Mohammed Siad Barre fled, plunging the country into anarchy, there is a potentially viable government in the capital. But its survival depends on the thousands of Ethiopian troops still here, and increasingly, it seems, many Somalis do not like them. For their part, the Ethiopians have vowed not to stay much longer.

Some call the Ethiopians infidel invaders because Ethiopia is a country with a long Christian identity, though it is in fact half Muslim. Others do not like them because Ethiopia is a close ally of the United States, which is why American airstrikes could make things difficult for the Ethiopians and transitional government officials.

Some Islamists have vowed to carry on as an Iraq-style insurgency, and on Tuesday night two truckloads of gunmen attacked Ethiopian troops based at a government building, the former Ministry of Skins and Hides, in downtown Mogadishu.

The booms of rocket-propelled grenades echoed across town and set off a two-minute gunfight. As shoppers in a nearby market ducked for cover, spent shells clinked on the pavement. Afterward, residents reported seeing two bodies on the street.

U.S. Aircraft Launch 2nd Wave Of Somalia Attacks (LAT)

By Edmund Sanders And Abukar Albadri

The Los Angeles Times, January 10, 2007

MOGADISHU, Somalia — Helicopter gunships resumed attacks today against suspected terrorist holdouts in southern Somalia following U.S. airstrikes in the area Monday, Somali officials said.

The attacks against suspected Al Qaeda members believed to be hiding in Somalia marked the first overt American military intervention in the Horn of Africa nation since the U.S. withdrew its troops from a peacekeeping operation in 1994 after the deaths of 18 American servicemen.

A Pentagon spokesman would only confirm today that U.S. forces were involved in an attack Monday after receiving "credible intelligence." State Department spokesman Sean McCormack declined to comment on details about the strikes, but defended the U.S. interest for intervening in Somalia's conflict.

"Very clearly, the U.S. government has had a concern that there are terrorists and Al Qaeda-affiliated terrorists that were in Somalia," he said. "We have a great interest in seeing that those individuals not be able to flee to other locations."

Somali officials said the U.S. helicopters struck again today in the village of Afmadow, but U.S. officials would not comment on whether their operations were continuing. Some witness accounts suggested that the most recent strikes might have involved Ethiopia. Earlier reports had said the gunships were U.S.

The U.S. military has been patrolling Somalia's Indian Ocean coastline since late last month, when Ethiopian-led troops helped Somalia's transitional government seize control of the capital, Mogadishu, from an alliance of religious leaders known as the Islamic Courts Union.

U.S. and Ethiopian officials accused the Islamic movement's leaders of having links to terrorism. After abandoning Mogadishu, hundreds of Islamic fighters fled south toward the Kenyan border, where they have been cornered in recent days by troops from Somalia and Ethiopia and blocked from crossing into Kenya by that nation's soldiers.

Acting on information that suspects from the 1998 bombings of U.S. embassies in Kenya and Tanzania might be among the Islamic fighters, a U.S. Air Force Special Operations gunship struck at least one target early this week.

Somali officials and witnesses said at least five villages in southern Somalia have been targeted in strikes spanning the past three days. One village, Afmadow, was reportedly struck a second time today.

Details about damage and casualties remained unclear, due in large part to the lack of communications in the remote region near the Kenyan border, where cell phone service is not available.

According to estimates by local officials and witness accounts aired over radio stations, the death toll ranged from 15 to more than 50. There were several reports of civilians being killed or injured, including six members of one family and guests at a wedding ceremony.

"We ask the U.S. to stop the bombing of innocent people," one elderly clan leader told BBC Somalia radio service this afternoon. "The terrorists have all gone."

According to one Somali government official, among the dead was the Islamic courts former chief of security of Mogadishu, Sheik Abduallahi Moalim Ali. The report could not be confirmed.

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On the streets of Mogadishu, the U.S. strikes divided already tense residents. Many already believe the U.S. secretly backed Ethiopia and the transitional government in the battle against the Islamic courts. The airstrikes stirred anti-Western fervor among some Somalis.

Hassan Huddurow Ali, a resident in Mogadishu, condemned the U.S. attack and vowed revenge. "We will retaliate one day, even if it means suicide," he said.

However, shopkeeper Moalim Salad Nur blamed Islamist court leaders for instigating the war. "I urge the Islamist courts to surrender so they won't cause more problems for the people," he said.

The U.S. Embassy in Nairobi today issued a new security warning to Americans living in the region, warning that Somalia's conflict could make them targets of terrorist strikes.

Somali President Abdullahi Yusuf today endorsed the U.S. action.

"They have a right to do so," Yusuf said, speaking at his first news conference in the capital since he was named to head the transitional government in 2004.

Until he arrived Monday, Yusuf, a former military leader who served as president of the Puntland region in northern Somalia, had not stepped foot in Mogadishu for more than 10 years, due to the city's insecurity.

Somali military officials said today they received advance warning about the U.S. airstrikes and were standing by to capture fleeing suspects. Officials said they have apprehended 28 people, who were being held for questioning.

Though the government has offered amnesty to Islamic fighters who lay down their weapons, Yusuf said the government would prosecute the movement's former leaders.

"They committed many crimes," he said. "We will not offer amnesty for criminals."

Relief workers predicted that the strikes would send a flood of new Somali refugees toward the Kenyan border. "Any fighting just increases the fear of the people," said one U.N. worker who did not want to be identified.

But those fleeing the violence may not find refuge. Since Jan. 3, the Kenya government has closed its border with Somalia, citing a security risk from retreating Islamist fighters. An estimated 4,700 refugees remain trapped in the town of Dhobley, near the border, without access to food, medicine and shelter, according to a report issued today the U.N. Office for the Coordination of Humanitarian Affairs.

U.N. groups are working with the Kenyan government to allow refugees to enter Kenya safely or to deliver assistance to them across the border in Somalia.

U.S. Targets Al Qaeda In Somalia Air Strike (WT)

By Rowan Scarborough

The Washington Times, January 10, 2007

The U.S. has taken its covert war in East Africa public with an air strike this week on suspected al Qaeda leaders in Somalia.

The Pentagon confirmed yesterday that an AC-130 gunship attacked terror suspects in southern Somalia on Monday. The targets were thought to be al Qaeda operatives who carried out the 1998 bombings of two U.S. embassies in East Africa. The trio and Islamist allies have been working to make the ungoverned Somalia a terrorist safe haven.

The strike came amid a mass exodus from Mogadishu, the capital, of Islamist militants who had been routed by a combined force of the Ethiopian and Somali governments.

In a sign that more strikes could come from the U.S. or Ethiopian allies, the Navy has positioned the carrier USS Dwight D. Eisenhower off the coast and begun flying reconnaissance missions over Somalia.

It was the first overt U.S. military strike in Somalia since 1994, shortly after Army Rangers and Delta Force commandos battled Islamist militants and clans in a 1993 street battle immortalized in the book and movie "Black Hawk Down." The battle cost 18 American lives and prompted President Clinton to withdraw all U.S. forces.

Senior defense sources say the AC-130 was not the first action in and around Somalia since the September 11, 2001, attacks and the subsequent placement of a U.S. military task force in Djibouti a few miles from the Somalia border. The sources said the task force has periodically launched special operations missions against militants, but they declined to give specifics of where and when.

In addition, the U.S. has sent a specialized military intelligence unit into Somalia from time to time to try to locate and identify al Qaeda operatives.

The Washington Times learned of one mission in which the unit located an al Qaeda cell in Somalia and passed the information on to Jordanian officials. "They took it from there," one defense source said. Jordanian King Abdullah II is one of America's strongest Arab allies in the war on terror.

DOJ_NMG_0114892

The U.S. has been hunting three key al Qaeda leaders on the Horn of Africa who carried out the 1998 bombing of two U.S. embassies. They are Abu Talha al-Sudani, Fazul Abdullah Mohammed and Saleh Ali Saleh Nabhan.

In testimony last summer, Jendayi E. Frazer, the State Department's assistant secretary for African affairs, told Congress the three suspects "pose an immediate threat to both Somalia and international interests in the Horn of Africa."

She said U.S. counterterrorism planning was "directly related to the presence of these foreign terrorists and individuals willing to offer them safe haven within Somalia." She promised "strong measures to deny terrorists safe haven in Somalia. We must deny them the ability to plan and operate."

The U.S. task force in Djibouti was one of the first overseas deployments in the war ordered by former Defense Secretary Donald H. Rumsfeld. One of its key tasks is to train the military of friendly governments, such as Ethiopia, in counterterrorism. Ethiopia, like other East African nations, maintains liaison officers at U.S. Central Command in Tampa, Fla.

"We have close ties to the Ethiopians," said a former Central Command officer.

A Pentagon spokesman confirmed Monday's attack, saying it was based on intelligence on the ground. But the source had no confirmation of who was killed. An intelligence official said the AC-130 volleys killed five to 10 persons.

At the White House, spokesman Tony Snow declined to discuss the specific strike, but reiterated America's right to go after al Qaeda globally.

"It is pretty clear that this administration continues to go after al Qaeda," he said. "We are interested in going after those who have perpetrated acts of violence against Americans, including bombings of embassies in Kenya and Tanzania, and we will continue to conduct whatever operations we can to go after that."

"We've made it clear that this is a global war on terror, and this is a reiteration of the fact that people who think that they're going to try to establish safe haven for al Qaeda anyplace need to realize that we're going to find them."

The Associated Press quoted Abdullahi Yusuf, head of Somalia's U.N.-supported Transitional Federal Government, as saying, the U.S. "has a right to bombard terrorist suspects who attacked its embassies in Kenya and Tanzania."

Former military officials said the two main operational al Qaeda figures who are regarded as key threats are Fazul Mohammed and a fourth operative, Aden Hashi Ayro.

"Ayro is fast outpacing Fazul as the major threat," said a former military official close to the region.

One of the former officials said the U.S. raid was a setback for covert regional efforts to broker a deal among moderate Somali Muslims and the U.N.-backed government.

"The action that took place as of late is none too subtle and counterproductive," the former official said. Initial indications are that "minor players were hit and none of the big fish were fried."

The administration has been low-key in discussing developments in Somalia, as the al Qaeda-linked Islamic Courts Union outfought government forces and captured the capital last year. But privately, it considers last month's rout of Islamists from Mogadishu as a victory in the war on terror.

c Bill Gertz contributed to this report.

US Takes Hunt For Al Qaeda To Somalia (CSM)

By Scott Baldauf And Mike Pflanz

The Christian Science Monitor, January 10, 2007

JOHANNESBURG, SOUTH AFRICA; AND NAIROBI, KENYA

On the heels of US air strikes Monday, US helicopter gunships strafed villages in Somalia Tuesday in an ongoing hunt for Al Qaeda operatives in the Horn of Africa.

US military officials say that Somalia's lawless state had become a safe haven for Al Qaeda activists, including possibly those responsible for the embassy bomb attacks in Nairobi and Dar-es-Salaam in 1998.

This week's attacks illustrate how much US military policy has changed since Sept. 11, 2001. As the US closes or downsizes massive cold war-era bases in Germany and South Korea, its presence is expanding in Uganda, Djibouti, Senegal, and São Tomé and Príncipe, African nations once seen as far beyond American interests. Today, African bases serve both as "jumping off" points for the war in Iraq and also as bulwarks against new threats in volatile regions of Africa.

At press time, the US military had not released the numbers nor the names of those killed in the attacks.

The sites attacked, close to the border with Kenya, were considered the last strongholds of Somalia's Union of Islamic Courts (UIC), which held sway over the country for the past six months until it was driven from power two weeks ago by an alliance between Somalia's transitional government and Ethiopia.

US helicopter gunships Tuesday carried out mopping-up operations, according to Somali officials, who added that "many" people had died in the attacks. Abdirahman Dinari, spokesman for Somalia's interim government said: "Most of them were Islamists." Unconfirmed reports from Somalia say civilians were among those killed, including a 4-year-old boy.

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At press time, a key question is whether the US, in its first overt military operation in Somalia since the infamous "BlackHawk Down" intervention in 1992 and '93, has managed to hit the prime targets - Fazul Abdullah Mohammed, Saleh Ali Saleh Nabhan, or Abu Taha al-Sudani.

The three men are believed to be behind the 1998 bombings of the US embassies in Kenya and Tanzania, when more than 250 people were killed by two coordinated truck blasts.

Mr. Sudani is listed on Washington terror watch lists as Al Qaeda's point man in East Africa. Mr. Mohammed, from the Comoros archipelago in the Indian Ocean, is suspected of orchestrating a 2002 suicide attack on an Israeli-owned Kenyan hotel.

The failed attempt to shoot down a tourist airliner as it took off from Mombasa airport on Kenya's coast in 2002, heading for Tel Aviv, also bears Mohammed's signature, intelligence sources have said.

"If the attacks have managed to kill or capture some of the top East Africa people in Al Qaeda then it vindicates the actions of the US and Ethiopia, and it shows the ICU has been deceiving everyone," says Matt Bryden, senior analyst with the International Crisis Group in Nairobi.

"But if they haven't, then it compounds what has in the past been a strategy of errors, and makes the US look like it's been sold a lemon by [Somalia's] transitional federal government."

The European Union issued a statement criticizing the attack. Ethiopia, which has begun unprecedented military coordination with US troops in recent months, has issued no statement about the US air attacks, but Ethiopian officials say that the US and Ethiopia have completely different agendas in Somalia.

"The Ethiopian mission was not to fight terrorism or Al Qaeda per se, it was to defend the territory of Ethiopia from the penetration of groups based in Somalia," says Mohammad Dirir, minister for tourism in the Ethiopian government. "We targeted the Islamic Courts, and the Americans have their agenda, the war on terrorism."

"In Somalia, because of the failed state, it became a safe haven for all sorts of terrorist groups, including Al Qaeda," says Mr. Dirir. "The lieutenant of Osama bin Laden, Mr. Ayman Zawahiri, made statements calling on Muslims to come fight in Somalia. There are some Arab countries who are not allowing terror activities on their own territory, but don't mind if it is exported to the Horn of Africa."

A European diplomat based in Nairobi, and who watches Somalia closely, says that "there is no doubt that people linked to Al Qaeda - not the high command - but sympathizers, were in Somalia, running training camps, recruiting fighters, arming those fighters."

Some of those fighters were recent arrivals from the wide Somali diaspora, it appears.

Ethiopian Prime Minister Meles Zenawi said in an interview with the French daily Le Monde published Monday that "Many international terrorists are dead in Somalia." He said passports from different countries have been collected. "The Kenyans are holding Eritrean and Canadian passport holders. We have injured people coming from Yemen, Pakistan, Sudan, the United Kingdom."

There was no immediate verification of Mr. Meles's claims, but if they are true, he and Washington have the vindication they need to justify their attacks inside Somalia, the European diplomat says.

"That was the crux of it all, that Somalia under the [Union of Islamic] Courts would bring in bad guys from all over the world and train them up into a mercenary force fighting for Islam," he says.

The US airstrikes were likely launched from the former French base, Camp Lemonier, in Djibouti. Starting with about 1,800 troops in 2002, Djibouti has become the main regional base of the US military's counterterrorism task force. It also serves as a major desert warfare training center, an intelligence gathering center, and logistics base for US military forces. Its position right next to Somalia puts American forces within easy striking distance at short notice.

In recent months, the US military has conducted joint exercises with Kenya, the African country that has borne the brunt of terrorist attacks, since the 1998 embassy bombings. US forces have also reportedly been involved in training Ethiopian forces in counterterrorism techniques, ahead of their recent operations against the Islamic Courts Union in Somalia.

The Pentagon is expected to announce soon the formation of a new Africa Command to focus on the troubled continent. Currently, responsibility for Africa is divided among three of the Pentagon's five regional "unified commands," each headed by a four-star general or admiral who reports to the president.

Observers in Africa say the United States' single-minded focus on terrorism in Africa could backfire.

"The potential for transnational terror-related activity emerging from Somalia underscores both the international risk posed by state collapse and the international community's failed and inconsistent response to that collapse," says Kurt Shillinger, a terrorism expert at the South African Institute for International Affairs in Johannesburg. "Establishing an African Command will only be effective if the primary policy thrust is support for internally driven governance-building processes."

Some observers are concerned that Islamic militants will melt away now, but will eventually form an insurgency as they have in Afghanistan and Iraq. The target will be not only Somalia, but Ethiopia.

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"Ethiopia is central to the ideology of the Islamists," says Medhane Tadesse, an Ethiopian historian in Addis Ababa and expert on the Islamist movement Al Ittihad.

"One of the issues that divide moderate Muslims from extremists is the position they take on whether Ethiopia should be Islamicized. The prophet Muhammad exempted Ethiopia from jihad, and now the extremists say that Muhammad was wrong.

"By making Ethiopia the enemy, they know they will attract Islamic NGOs (non-governmental organizations) from Saudi Arabia and Iran," Mr. Tadesse says.

U.S. Is Not Saying Who, Or What, Was Hit In Somalia Raid (WP)

By Karen Deyoung And Stephanie Mccrummen

The Washington Post, January 10, 2007

Two days after the United States launched an airstrike against alleged al-Qaeda terrorists in southern Somalia, U.S. officials declined yesterday to provide details of who, or what, was hit.

In Mogadishu, the Somali capital, reports circulated that as many as 50 people, many of them civilians, were killed in the attack by a U.S. Air Force AC-130 gunship. U.S. officials said they are fairly certain that at least one targeted individual was hit; they said they had no information about civilian deaths in the strike the Kenyan border.

Several officials suggested that stories reaching Mogadishu of many deaths and continuing U.S. attacks had confused the airstrike with ongoing operations in the area by Ethiopia's military, including helicopters and fixed-wing aircraft. But it was impossible to confirm independently any of the widely differing accounts in Mogadishu or in Washington. The officials agreed to discuss the attack only on the condition of anonymity because of the issue's sensitivity.

Pentagon spokesman Bryan Whitman confirmed yesterday that a single airstrike occurred on Sunday, targeting "what we believe to be principal al-Qaeda leadership." Officials said that no further information would be released until U.S. personnel could assess directly the results of the strike and identify any dead.

"Let me draw a parallel with a domestic crime scene," one official said. "Imagine that complicated by 100, and that gives you an idea of what we're having to deal with."

Direct U.S. access to the area, where fleeing Islamic fundamentalist forces are being pursued on the ground and from the air by the Ethiopians, is viewed as problematic but necessary.

A principal target of the airstrike was Abu Talha al-Sudani, a Sudanese who U.S. officials have said is a longtime associate of Osama bin Laden and a key figure in an East African al-Qaeda cell based in Somalia.

Officials cautioned against reports that Fazul Abdullah Mohammed and Saleh Ali Saleh Nabhan, two other al-Qaeda operatives said to be responsible for the 1998 U.S. Embassy bombings in Kenya and Tanzania, may have been killed in the attack.

Also on the U.S. and Ethiopian target list, officials said, are Somali fundamentalist leader Sheikh Hassan Dahir Aweys, the former head of a militant group accused of links to al-Qaeda in the 1990s, and several other Somali Islamic leaders described as terrorists.

"I don't think anybody has packed up and gone home," another official said of U.S. operations in the area.

The aircraft carrier USS Dwight D. Eisenhower was moved into the Indian Ocean near the Somali coast to provide assistance, if needed, to the AC-130 on Sunday, and to use its aircraft to pinpoint the location of targets on land or sea. Four other U.S. naval vessels from the Bahrain-based Fifth Fleet are in the area.

In the chaos of Mogadishu, where invading Ethiopian troops routed the Islamic fundamentalists last month and installed an internationally backed transitional government, word of the U.S. attack provoked rage and anti-Americanism.

"I am angry," biology teacher Ahmed Weli Mohamed, 37, said in a telephone interview. "I am very, very angry. Even if there are terrorists, there are maybe two or three people, but hundreds are killed. . . . Americans don't respect us as human."

The news made shop owner and retired Somali soldier Hussein Farah Guley, 56, recall the early 1990s, when U.S. troops were part of a U.N. force that monitored a cease-fire in the country. Among the many foreigners killed by warring Somali clans during that period were 18 U.S. Army Rangers and Delta Force soldiers, who were attacked in Mogadishu after a Black Hawk helicopter was shot down in 1993.

"The Somalis, they will get angry," Guley said, "and if they see anyone from the outside, they will kill them."

Prime Minister Ali Mohamed Gedi's transitional government, which U.S. officials said gave permission for the airstrike, is perceived by many Somalis as having interrupted a months-long period of unusual calm. The government is also seen as being too closely aligned with its leadership's clan and with outsiders, particularly Ethiopia and the United States. Although many rejected the stern religious laws imposed by the Islamic fundamentalists, who came to power last summer after driving out U.S.-funded warlords, they appreciated a new semblance of order.

DOJ_NMG_0114895

Somalis have already begun to express anger toward Ethiopian troops. Last night, a former police building in the capital, now occupied by the Ethiopians, was hit by a rocket-propelled grenade fired from a speeding car. One Ethiopian and one Somali soldier were killed, and three civilians were injured.

The United States is leading an effort to deploy an African peacekeeping force to replace the Ethiopians, and it is pressing Gedi's government to open talks with Islamic leaders who are seen as moderates. No progress was reported on either front yesterday. State Department spokesman Sean McCormack said that a possible U.N. force is also being "actively discussed."

Staff researcher Julie Tate in Washington and special correspondent Mohamed Ibrahim in Mogadishu contributed to this report. McCrummen reported from Nairobi.

U.S. Push In Somalia Targets Al Qaeda (WSJ)

By Jay Solomon

The Wall Street Journal, January 10, 2007

WASHINGTON -- Administration officials described military actions in Somalia as part of an intensifying campaign to root out al Qaeda leaders allegedly operating in the country. But Pentagon involvement risks stoking greater instability in a region already racked by strife, analysts said.

American defense officials yesterday said Sunday's air strike by a U.S. AC-130 gunship was driven by "credible intelligence" that al Qaeda leaders were using Somalia's lawless south as a base to plan regional attacks. The U.S. has also positioned naval ships, including the U.S.S. Dwight D. Eisenhower, off Somalia's coast, in an effort to block any Islamist militants trying to flee the country.

These deployments mark the U.S. military's first action in Somalia in more than a decade and come ahead of a speech by President Bush detailing his latest plans for Iraq, where U.S. involvement has fueled sectarian strife and is charged with boosting al Qaeda's ranks.

In 1993, clan-based militias in Somalia killed 18 U.S. soldiers working on a peacekeeping mission in the capital Mogadishu. The American deaths prompted the Clinton administration to withdraw its troops. State Department spokesman Sean McCormack said the weekend attack was coordinated with West African leaders who don't "want to see any al Qaeda or terrorist operatives be able to escape Somalia and try to set up camp either in their country or a neighboring country."

Somalia has been without a functioning central government since the early 1990s. The Central Intelligence Agency has long believed that al Qaeda operatives, including those behind the 1998 bombings of the U.S. embassies in Kenya and Ethiopia, are hiding there. Other al Qaeda leaders thought to be sheltering in Somalia include a Sudanese munitions expert. U.S. officials also worry that the country, with its porous borders, could serve as a regional base for Islamic militants.

The international community has been seeking to prevent more civil strife from engulfing Somalia, a majority Muslim nation of just over eight million people. Last month, Ethiopian troops invaded Somalia and drove from Mogadishu the Somali Islamic Courts Council, an Islamist political movement.

Many regional analysts warn that U.S. military actions could further stoke strife in Somalia. The SICC troops which fled Mogadishu are largely massing in Somalia's South and are expected to launch a guerrilla war against the interim Somali government and its foreign backers.

The Associated Press, citing Somali officials and village chiefs, said dozens of civilians were killed in Sunday's U.S. military strike.

An interim authority led by tribal chiefs is running the country, but few Africa experts believe it has much authority outside Mogadishu. U.S. military actions could impede efforts to establish a longstanding transitional government, as many moderate Somali leaders would be reluctant to cooperate with a new government viewed as too closely aligned to the White House, the experts said.

Some critics of the U.S. action said there is scant evidence that the SICC is linked to al Qaeda. "The administration has failed to make a public case on how al Qaeda is present and influencing" the SICC, said David Smock, an analyst at the U.S. Institute of Peace, a Washington-based think tank. He said three al Qaeda leaders might be based in Somalia, but there's "no compelling evidence that there are more."

US Confirms Air Strikes In Somalia Conflict (FT)

By Andrew England

Financial Times, January 10, 2007

US officials on Tuesday confirmed it launched weekend air strikes against alleged al-Qaeda leaders in Somalia, marking Washington's first direct engagement in the Horn of Africa conflict.

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Pentagon spokesman Bryan Whitman said the target of a strike by an AC130 aircraft was “the principal al-Qaeda leadership in the region”. The attacks occurred in the country’s south, where Ethiopian and Somali government troops are battling retreating Islamist militants.

The attack marked the first overt US military intervention in Somalia since a disastrous peacekeeping mission that ended in 1994. Mr Whitman said the strikes were based on “credible intelligence” but would not comment on their success.

Somali officials said Monday’s raids took place around an area known as Ras Kamboni and targeted “fundamentalists” but there were local reports that civilians as well as Islamic fighters were killed.

There were also reports from within Somalia that US helicopters launched fresh attacks on Tuesday, but Abdirahman Dinari, a Somali government spokesman, said these could not be confirmed. Fighting was continuing in the remote area between an estimated 600 Islamists and Ethiopian and Somali government forces, he told the Financial Times.

US officials believe high-level al-Qaeda operatives have fled the capital Mogadishu since Ethiopia poured thousands of troops into its neighbour in a bid to crush Islamist forces and install a United Nations-backed transitional government.

The European Commission on Tuesday criticised the US strike, saying it could set back efforts to reach a deal between Somalia’s provisional government and moderate Islamists.

“We need a political process which is inclusive in order to bring about stability,” said a spokesman for Louis Michel, EU development Commissioner. “Any incident of this kind is not helpful in the long term.”

Both Addis Ababa and Washington accuse the Islamic Courts Union, which last year took over a large swathe of southern Somalia.

Washington has also given tacit support to the invasion by Ethiopia, a regional US ally. The Islamists have repeatedly denied links to al-Qaeda.

Washington alleges that three suspects believed to be involved in the 1998 US embassy bombings in Nairobi and Dar es Salaam, as well as a 2002 attack on a hotel in Kenya, were hiding in Somalia. They include Fazul Abdullah Mohammed, a Comorian who is on the FBI’s most wanted terrorist list. The other two are a Kenyan and a Sudanese national.

Earlier this year, Washington backed a coalition of warlords in Mogadishu in its bid to capture the suspects and is alleged to have paid tens of thousands of dollars to the faction leaders later driven out by the Islamists.

The US Central Command said on Tuesday it had deployed an aircraft carrier off the Somali coast. Other US ships have been patrolling Somalia’s coastline, Africa’s longest, to prevent Islamists fleeing by sea.

Asked if the US had informed the Somali government about the air assault, Mr Dinari said: “We have good communications and we are collaborating with each other.”

Additional reporting by Demetri Sevastopulo in Washington and Daniel Dombey in London

U.S. Raid In Somalia Concerns U.N. Chief (AP)

By Edith M. Lederer

AP, January 10, 2007

U.N. Secretary-General Ban Ki-moon is concerned that U.S. bombing in southern Somalia could escalate hostilities and harm civilians who are reported to have been killed in the airstrikes, a spokeswoman said Tuesday.

"Notwithstanding the motives for this reported military action, the secretary-general is concerned about the new dimension this kind of action could introduce to the conflict and the possible escalation of hostilities that may result," spokeswoman Michele Montas said.

"He is also concerned about the impact this would have on the civilian population in southern Somalia and regrets the reported loss of civilian lives," she said.

Ban said last week the rout of the Islamic movement by Ethiopian troops and Somali forces supporting the country's U.N.-backed transitional government offered "a new opportunity" for the government to establish full authority throughout the country.

He urged the government to seek political reconciliation, called for the speedy deployment of African peacekeepers, and welcomed Ethiopia's statement it intends to withdraw its forces "expeditiously."

Javier Solana, the European Union's foreign policy chief, said he told Ban on Monday that a U.N. peacekeeping force may be needed to guarantee security and stability in Somalia, which has not had a functioning government for 15 years.

Solana said Ugandan forces may be the first deployed to replace Ethiopian troops, but he said the African Union is already carrying a "very heavy" peacekeeping burden in Sudan, and the U.N. may have to step in and take over the next phase.

The EU foreign policy chief said he "put that on the table" when he met Ban on Monday and did not expect an answer because the idea would have to be analyzed by U.N. peacekeeping officials.

DOJ_NMG_0114897

Somalia has not had an effective central government since clan-based warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other, sinking the Horn of Africa nation of 7 million people into chaos. The current government was established in 2004.

On Dec. 6, the U.N. Security Council authorized an African force to protect the transitional government against the Union of Islamic Courts, which had taken control of the capital and most of southern Somalia. The council also authorized the force to train Somali government troops, and lifted a U.N. arms embargo for the African troops.

Asked whether the U.S. bombing violated the arms embargo, Montas said the council would be discussing Somalia on Wednesday.

The U.N. is trying to gather more information about the situation, she said.

Montas said U.N. humanitarian operations in the area where the bombs were being dropped were suspended and international staff were evacuated before Christmas when the recent fighting started.

No Exit In Somalia (WSJ)

The Wall Street Journal, January 10, 2007

It may be some time before we learn whether Sunday's air strikes by an AC-130 gunship in southern Somalia succeeded in killing the terrorists who were the intended targets -- particularly Abu Taha al-Sudani, reportedly an al Qaeda explosives expert, and Fazul Abdullah Mohammed, mastermind of the 1998 East Africa embassy bombings. But the attacks -- along with the deployment of a carrier battle group off the African coast -- are welcome evidence that the U.S. has learned the lessons of May 19, 1996.

That's the date Osama bin Laden and his associates left Sudan for Afghanistan on a chartered plane. The Clinton Administration was aware that Sudan intended to expel bin Laden, and the U.S. might have easily tracked and destroyed the flight en route. The consequences of its failure to do so is only too well known, and the Bush Administration is right to be determined not to let terrorists get away again, whether by land, air or sea.

The strikes in Somalia are also a reminder that in the war on terror there is no "exit strategy" short of victory. The last U.S. military venture in Somalia is broadly remembered as a military and political fiasco, particularly after the notorious "Black Hawk Down" battle in which 18 U.S. servicemen were killed, in part for want of adequate armor.

Yet America's sheepish withdrawal from the country had consequences. Bin Laden viewed it as yet another sign that America can't take casualties and will retreat when hit hard. Somalia descended into anarchy and became a haven for al Qaeda operatives and affiliated terrorist groups. Last June, the capital of Mogadishu fell into their grip, and the rest of the country surely would have fallen as well had it not been for the timely military intervention of neighboring Ethiopia.

That intervention has been criticized by some for running the risk of fueling regional conflict rather than checking it. Thus a British newspaper report from December frets that Ethiopia's invasion offers "Islamic jihadists the chance to establish a new front in Africa after Iraq and Afghanistan, and to wage another proxy war between East and West." Maybe.

Then again, a Taliban-style regime on the horn of Africa, capable of harboring, training, financing and equipping terrorists was an intolerable threat to global security. By contrast, the main risk now is that some Islamists will escape to fight another day, an excellent reason for the U.S. to take action when they are dispersed and on the run. Our forces were able to hit the terrorists this week because Ethiopia's offensive had pushed them out of their safe houses and into the open. It is a useful reminder to other terrorists that the U.S. can hit them anywhere in the world.

None of this requires the U.S. to deploy militarily to Somalia. Our security interests in the region are already well-served by our military deployment in neighboring Djibouti, from where we can monitor the region and, when necessary, rapidly deploy force.

What the U.S. can do for Somalia is offer meaningful logistical, military and humanitarian assistance to the Transitional Federal Government, which the CIA previously eschewed in favor of financing local warlords. TFG President Abdullahi Yusuf may not be a model democrat, but he showed his stripes well enough when he said of Sunday's air strikes that the U.S. "has a right to bombard terrorist suspects who attacked its embassies in Kenya and Tanzania." If only we received the same level of candid cooperation from Pakistani President Pervez Musharraf.

The story of Somalia is far from over, and America's involvement in the area will not soon end. But U.S. interests are well-served by putting terrorists on the run, wherever they may be. We will be better served still if we take the lesson that the only exit for us in the war against terrorists -- whether in Somalia, Afghanistan and especially Iraq -- is to make sure there is no exit for them.

Defense Dept. Settles Suit On Database For Recruiting (NYT)

By Adam Liptak

DOJ_NMG_0114898

The New York Times, January 10, 2007

The Defense Department yesterday announced changes in how it will treat information in an enormous military recruiting database.

The changes are part of the settlement of a lawsuit brought by the New York Civil Liberties Union on behalf of six New York City high school students that challenged the legality of the way information in the database was collected and used.

The database, the Joint Advertising, Market Research and Studies Program, is, according to court papers, probably the largest repository of information concerning 16-to-25-year-olds. It includes names, ages, sex, races, addresses, phone and Social Security numbers, e-mail addresses, schools attended, fields of study and grades. The information is collected or bought from high schools, motor vehicle departments and commercial vendors, and is used to identify and contact military recruiting prospects.

The Defense Department agreed to use the database only for recruiting, giving up the possibility of sharing it with law enforcement and intelligence agencies. It agreed to destroy information on individuals after three years rather than five years or longer.

The department also agreed to collect Social Security numbers only from the Selective Service System.

Perhaps most significantly, it established a way for people to opt out of the database. The civil liberties group has posted a form letter on its Web site to that end, along with form letters meant to be sent to newspapers applauding the settlement and chastising the Defense Department.

Donna Lieberman, the executive director of the civil liberties group, said that the settlement was a positive step, but that more remained to be done.

"Is it going to stop overaggressive recruiting?" Ms. Lieberman asked. "Of course not. Is it going to stop recruiting that specifically targets people of color? No."

In a statement, the group said it was frustrated that the department refused to stop collecting information about students' race and ethnicity. It said the military was engaged in efforts "to target racial and ethnic minorities, especially from African-American and Latino communities, for aggressive recruitment campaigns."

Maj. Stewart Upton, a Defense Department spokesman, defended the recruiting efforts. "In continuing to ensure that the military is representative of the American populace," Major Upton said, "we must communicate with all audiences to ensure that they are aware of the opportunity to serve in today's military."

Eleni Angelos Healey, a senior at Trinity School in Manhattan and one of the plaintiffs in the suit, said she had been harassed by letters and e-mail from military recruiters. Her repeated efforts to stop them had failed, she said.

"I'm really glad," Ms. Healey said, "that there's going to be a much easier way for kids to get their names off these lists as soon as possible."

Gov't Changes Student-recruit Practices (AP)

By Larry Neumeister,

AP, January 10, 2007

The Department of Defense has agreed to change the database it uses for military recruitment efforts to better protect the privacy of millions of high school students nationwide, a civil liberties group announced Tuesday.

In settling a lawsuit brought last year by the New York Civil Liberties Union on behalf of six high schoolers, the government agreed it will no longer disseminate student information to law enforcement, intelligence and other agencies and will stop collecting student Social Security numbers, the group said in a statement.

It said it will also limit to three years the time it retains student information and will clarify procedures by which students can block the military from entering information about them in its database.

Last year's lawsuit claimed the department was flouting a 1982 military recruitment law that specifies that it refrain from collecting information on students under 17, that it store the information for no more than three years and that the information be kept private, the lawsuit said.

The current database includes information on 16-year-olds, is storing the information for five years and is being shared with law enforcement and other agencies, the lawsuit said.

Military officials have said they have about 30 million names in the database. The Pentagon said in 2005 the list includes high school students ages 16-18 and college students, and includes such information as the students' Social Security numbers, gender and race.

The government published the changes in the Federal Register on Tuesday before they were announced by the NYCLU.

Yusill Scribner, a spokeswoman for government lawyers who worked on the case, said the government had no comment.

DOJ_NMG_0114899

Pentagon Agrees To Protect Privacy In Database Of Potential Recruits (WP/AP)

The Washington Post, January 10, 2007

NEW YORK, Jan. 9 -- The Defense Department has agreed to change a military-recruitment database to better protect the privacy of millions of high school students nationwide, a civil liberties group announced Tuesday.

To settle a lawsuit brought last year by the New York Civil Liberties Union, the government agreed to no longer disseminate student information to law enforcement, intelligence and other agencies and to stop collecting student Social Security numbers.

The Pentagon also agreed to limit to three years the time it retains student information and to clarify procedures by which students can block the military from entering information about them in its database.

Last year's lawsuit claimed the department was flouting a 1982 military-recruitment law. Military officials have said they have about 30 million names in the database. The Pentagon said in 2005 that the list includes high school students 16 to 18 years old as well as college students and includes such information as the students' Social Security numbers, sex and race.

CORPORATE SCANDALS:

Prosecutors Claim Conrad Black Committed Insider Trading (FINDLAW/AP)

By Ashley M. Heher, Ap Business Writer

AP, January 10, 2007

(AP) - CHICAGO-Less than two months before the start of a fraud and racketeering trial, federal prosecutors leveled new allegations against former newspaper tycoon Conrad Black, saying he engaged in insider trading and illegally posted information about his former company on a financial message board.

A lengthy filing this week in U.S. District Court in Chicago spells out a dozen alleged misdeeds by the former Hollinger International Inc. chairman and CEO, who's accused of plundering millions of dollars from the company's coffers.

Black was forced from the helm of the company and is scheduled to go to trial March 1.

The newspaper empire, which once included The Daily Telegraph of London, The Jerusalem Post and a major Canadian newspaper group, since has been largely dismantled. The Chicago Sun-Times is the last remaining major property of the company, now called the Sun-Times Media Group Inc.

Prosecutors on Monday asked U.S. District Judge Amy St. Eve to include the newest allegations as evidence in the ongoing case against Black.

"Black did not make a distinction between his money and that belonging to a public company," prosecutors wrote. "It is this mind-set that contributed to his fleecing of International."

Black is charged with misusing company money to bankroll his lavish lifestyle and cheating on his taxes. He has pleaded not guilty.

Edward Greenspan, Black's attorney, said the federal allegations include "misstatements."

"We're preparing our response now and we will file and we will object to what the prosecutor has put forward," he said. "There are misstatements in the material they have filed."

Federal authorities say Black in 1998 urged a company vice president to respond to a post on a Yahoo message board about Hollinger's seemingly static stock price.

When the executive, Paul Healy, explained responding would violate federal guidelines from the Securities and Exchange Commission, Black posted a response anonymously, prosecutors said in the filing Monday.

But not before chastising Healy for his hesitation.

"Don't be so strait-laced," Black wrote to Healy. "... Get our story out."

Authorities said Black, along with other officials, used insider trading to boost Hollinger stock in 1998, arranging for the Canadian company Brascan to buy Hollinger shares at the same time short-sellers were unloading their stock. At the time, Black was a director at Brascan, now called Brookfield Asset Management.

"While Brascan used its own funds to purchase the shares, Black guaranteed their downside and interest rate, and also guaranteed their profit," prosecutors wrote, saying Black and other executives received cash from the deal.

Katherine Vyse, a spokeswoman for Toronto-based Brookfield, said the company was reviewing the matter and could not comment.

Among the other allegations, prosecutors say Black:

- deliberately withheld documents from prosecutors.

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- spent nearly $9 million (â,¬6.9 million) of Hollinger's money to purchase memorabilia from Franklin Delano Roosevelt, without seeking prior approval from the company's board. The memorabilia, which Black used to pen a 2003 biography of the former president, was stored and displayed at Black's home.

- abused Hollinger's charitable donations, attributing the company's donations to him and his family.

- used company money to pay for handbags, jogging attire, opera tickets and other personal items for himself and his wife.

Meanwhile, Ravelston Corp. Ltd., the Canadian company Black used to control Hollinger International, said it intends to cooperate with U.S. officials and wants to agree to a $7 million (â,¬5.4 million) fine as part of a deal with prosecutors in Chicago.

The deal still must be approved by a judge in Ontario. Greenspan said Tuesday he plans to object to the guilty agreement.

Feds Request More Time (TOPCJ)

By Robert Boczkiewicz, The Capital-Journal

Topeka (KS) Capital-Journal, January 10, 2007

Wittig, Lake prosecutors want extra month to decide if they'll ask judges for rehearing

DENVER — Federal prosecutors aren't tipping their hand, but Tuesday they said they may ask an appeals court to reconsider its decision that overturned all convictions of David Wittig and Douglas Lake in the Westar Energy looting case.

Prosecutor Richard Hathaway told the 10th U.S. Circuit Court of Appeals in a new filing that more time is needed to decide whether to ask the court's full contingent of judges to rehear the case that was decided Friday by a three-judge panel.

Hathaway, of Topeka, asked the Denver-based court to give prosecutors until Feb. 19 to decide whether to ask for a rehearing. Without an extension, the deadline for prosecutors to decide is Jan. 19.

Wittig, Westar's former chairman, president and chief executive officer, and Lake, Westar's former executive vice president, were convicted in 2005 of wire fraud, money laundering, circumvention of internal controls and conspiracy.

The panel ruled there was insufficient evidence to convict Wittig and Lake of wire fraud. Because of that, and because the alleged crimes were so intertwined, their convictions for money laundering also were overturned.

The panel overturned the convictions for circumvention of internal controls, ruling that the trial judge, Julie Robinson, of the U.S. District Court in Topeka, seriously erred by failing to properly instruct jurors on what evidence was needed to convict on those charges.

The convictions for the fourth and final crime of which Lake and Wittig were charged, conspiracy, was overturned because the appellate judges concluded the conspiracy convictions were dependent on the evidence and the judge's instructions to jurors regarding the other crimes.

The court's full contingent of judges is about a dozen. The court normally operates in three-judge panels to issue its decisions.

The judges rarely grant rehearings, especially when decisions of a panel were unanimous, as they were Friday.

Washburn University law professor Michael Kaye, who has tracked the case since it started, said Friday it isn't likely that prosecutors will appeal Friday's decision to the U.S. Supreme Court because the ruling about evidence being insufficient was so "straightforward."

Typically, cases can't be appealed from a federal circuit court of appeals to the Supreme Court until an appeals court denies a request for rehearing.

Hathaway, in Tuesday's filing, wrote that attorneys at Justice Department headquarters in Washington, D.C., advised on Saturday "that additional time is required for the Office of Solicitor General to evaluate the case for a possible petition" for rehearing by the court's full contingent of judges. The solicitor general plays a key role in deciding whether prosecutors will appeal cases.

An attorney for Wittig, Gregory Coleman in Austin, Texas, said he doesn't oppose the court giving prosecutors more time to make up its mind. An attorney for Lake, Seth Waxman, in New York City, also said he doesn't oppose the request. It is common for prosecutors to make a request for more time.

Coleman said if they decide to ask for a rehearing, the judges could deny the request outright. But if the judges want to reflect on the request, they could ask attorneys for Wittig and Lake what their position is before deciding whether to rehear the case.

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Home Depot Board Faces New Outcry (NYT)

By Julie Creswell

The New York Times, January 10, 2007

DOJ_NMG_0114901

Now that the board has ousted Home Depot's chairman and chief executive, Robert L. Nardelli, shareholders are expecting big changes at the home improvement retailing giant.

But the biggest hammer could fall on the board itself, warn some corporate governance advocates.

When Home Depot announced the departure of Mr. Nardelli last week, it also said that three directors — including one who has been on the board for nearly three decades — would remain on the board even though they were due to retire this spring after having reached the mandatory retirement age of 72.

Corporate governance watchdogs say the move illustrates that Home Depot's board, whose members have been criticized for their close ties to one another and to Mr. Nardelli's former employer, General Electric, is doing a poor job of succession planning for itself.

Furthermore, these critics argue that the three directors, Milledge A. Hart III, John L. Clendenin, and Claudio X. Gonzalez, played crucial roles in approving Mr. Nardelli's excessive pay package that ultimately led to his ouster.

"We were told the G.E. crony group that brought in Nardelli and paid him highly were going to start to move off of the board as they hit retirement age," said Richard Ferlauto, director of pension and benefit policy at the American Federation of State, County and Municipal Employees. "All last fall we were told that this board was going to evolve significantly because of the mandatory retirements. Now that's not happening."

The outcry over Mr. Nardelli's compensation, including his $210 million exit package, could result in another aggressive campaign to withhold votes from Home Depot's directors at the company's annual shareholder meeting this spring.

Or, if a competing slate of directors is put up against the incumbents, as one shareholder activist, Ralph V. Whitworth, has threatened to do, shareholders could throw their support to them if they believe they are qualified for the job, said Mr. Ferlauto.

The threat of a proxy fight could cause Home Depot's board to cut a deal with Mr. Whitworth, and that could result in the company shedding its construction supply business, which shareholders have been unhappy with, or adding Mr. Whitworth's nominees to the board.

Brad Shaw, a spokesman for Home Depot, played down the prospects of a proxy battle, saying, "Home Depot's board has acted in the best interests of shareholders and is confident shareholders recognize this."

In a statement, Home Depot's board said it was necessary for the three directors to remain on the board for one more year in order to provide Mr. Nardelli's successor, Frank Blake, with their expertise and deep knowledge of the company. It added that Kenneth G. Langone, Home Depot's co-founder and the lead director, still intends to retire from the board as scheduled in May 2008, when he will be 72.

The company also said it hired an executive search firm last year to help identify candidates to replace the retiring board members. Home Depot did name one new director to its board in mid-November, Helen Johnson-Leipold, the chairwoman and chief executive of sports products company Johnson Outdoors.

Yet, the board should have already named several other replacements for its retiring directors by now, say some critics, who contend that the directors are still firmly on the hot seat as proxy season approaches.

The person driving the changes could be Mr. Whitworth, who runs Relational Investors, a fund that owns about $1 billion worth of Home Depot stock. In December Mr. Whitworth announced plans to form a shareholders' committee to examine the company's strategy and to nominate two individuals, including himself, to the board.

Last week, despite Mr. Nardelli's departure, Mr. Whitworth signaled that his stance and intentions had not changed. He declined yesterday to comment for this article.

If Relational decides to put up a slate of competing directors, Home Depot shareholders might be willing to support those candidates because of Mr. Nardelli's $210 million payout package, much of which was put in place by the board in his original 2000 employment contract, as well as the waiver of the mandatory retirement age for the three directors.

"Relational could take a stance that Home Depot is, in fact, entrenching the status quo by not replacing these directors, and that gives them another opportunity to generate press over the subject and to try to manage an upcoming proxy vote," said Andrew D. Shiftan, a managing director at investment bank Morgan Joseph & Company.

Mr. Shiftan noted that in the 10 or so campaigns that Relational has waged against companies since 1997, it has often agreed to concessions with the company in exchange for board seats and other changes.

A spokesman for Home Depot declined to comment on Relational, pointing to a statement made by the company late last year that said it planned to arrange a meeting with Relational shortly after the first of the year to discuss its concerns.

Shareholders have long been frustrated with Home Depot's stock price, which slumped under Mr. Nardelli. Last Wednesday, the stock surged on news of his resignation, but has since fallen 4 percent.

Last year, shareholders aimed a clear sign of their frustration at Home Depot's board. Of the shareholders who voted, 30 percent or more withheld their votes for 10 of the 11 directors, including Mr. Hart, Mr. Clendenin and Mr. Gonzalez.

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"People who withheld votes from the directors last year remember who was there when the compensation contract was approved," said James P. Melican, chairman of Proxy Governance, a firm that advises large shareholders on corporate governance issues.

For instance, one of the directors whose retirement was waived was Mr. Clendenin, the retired president and chief executive of BellSouth. Mr. Clendenin joined Home Depot's board in 1996 and had a close relationship with a co-founder, Bernard Marcus, and their paths often crossed at social and business functions in Atlanta, according to a person close to the board.

Mr. Clendenin was chairman of the compensation committee that signed Mr. Nardelli's employment contract in December 2000. One of the lawyers sitting on the other side of the table helping Mr. Nardelli negotiate the contract was Frank L. Fernandez. Mr. Fernandez was later named Home Depot's general counsel. Mr. Fernandez declined to comment for this article.

It was at Electronic Data Systems, where Mr. Hart was president, that he and Mr. Langone became familiar with one another. As an investment banker, Mr. Langone helped take the company public in 1968 and was a large E.D.S. shareholder for years.

When Mr. Langone was approaching individuals to provide seed money for Home Depot in its early days, Mr. Hart became an early investor in the company and got a board seat. (Another former E.D.S. executive, Richard H. Brown, later became a Home Depot director as well. Mr. Brown left the board before last year's annual meeting.)

Under stock exchange guidelines, Mr. Hart is not considered an independent director as Home Depot conducts business with an insulation company owned by Mr. Hart.

The third director who was set to retire this spring was Mr. Gonzalez, the longtime chairman and chief executive of Kimberly-Clark de México, a unit of Kimberly-Clark. Mr. Gonzalez joined Home Depot's board in 2001 and, as a director on G.E.'s board, he was very familiar with both Mr. Nardelli and Mr. Langone, who was also a G.E. director.

Mr. Gonzalez, who received the highest number of withheld votes last year at 36 percent of those cast, was a member of the compensation committee last year when it changed its long-term incentive plan for executives to include the effects of share buybacks when measuring earnings per share for compensation package. As Home Depot has been buying back its shares in recent years, such a change would have the effect of boosting the chief's pay.

Moves like that have some shareholder activists declaring that the departure of Mr. Nardelli simply is not enough to right all that is wrong with Home Depot.

"Home Depot's nomination committee and compensation committee needs to be reformed," said Mr. Ferlauto. "The next task is to rebuild the board in a way that creates trust with shareholders and much greater transparency to the decision-making process of the board."

In Cash Crunch, Mills May Seek Bankruptcy Filing (WP)

By Dana Hedgpeth And David S. Hilzenrath

The Washington Post, January 10, 2007

Mills Corp., the struggling shopping mall developer, said yesterday that possible misconduct by management contributed to widespread accounting errors, and the company warned that it may be forced to seek bankruptcy protection if it cannot reach agreement with its lenders.

Mills, of Chevy Chase, said in a filing with the Securities and Exchange Commission that the errors total $347 million to $352 million. The document said it remains unknown what effect the accounting corrections would have on the company's financial statements for 2005 and earlier. A company spokesman declined to elaborate yesterday.

Mills has not released an earnings report since the third quarter of 2005, and last year, its chief executive Laurence C. Siegel retired. It plans to restate its financial results from 2001 to 2004 and for the first three quarters of 2005. The company is under investigation by the SEC, which declined to comment on the case.

Mills issued a statement late yesterday, saying it has "taken several important remedial steps" in the past year that include "a near-complete change of executive management personnel."

Mills stock closed yesterday at $14.82 per share, down $4.12, or 21.8 percent.

Mills owns about 40 large-scale shopping malls, including the discount retail complexes of Potomac Mills in Virginia and Arundel Mills in Maryland. Siegel was credited with pushing the concept of regional mega-malls in the 1990s as places that would be shopping destinations. He eventually embarked on what was to be Mills' most ambitious undertaking, a giant shopping project called Xanadu in northern New Jersey, which was to have an indoor ski slope and a Ferris wheel.

The company, however, has since given up its lead role in the Xanadu project and in its filing yesterday said the company's rapid growth contributed to its accounting errors.

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Mills's "overall culture and 'tone at the top' were heavily focused on meeting external and internal financial expectations," Mills said in a report summarizing the results of a long-running investigation by the audit committee of its board of directors. The report found that "possible misconduct" played a role in its accounting troubles, including at least one instance in which management overrode a decision by the company's accounting department.

The report did not name the people involved in the suspected misconduct. The company said, however, that the audit committee found no reason to question the integrity and conduct of current executives.

Some of the larger accounting mistakes appear to have been unintentional, resulting from incompetence or poor internal controls, the report said. But the evidence showed that a "relatively small" number of errors were not reached "in good faith," the report said.

In one episode, Mills booked a sale as having occurred in April 2002, though the terms of the sale were not negotiated until late 2002 and the deal was not completed until the spring of 2003, the report said. Correcting that problem would add $10.8 million of expenses for 2002.

In another episode, early in 2004, management overrode a decision by the corporate accounting department to put more than $500,000 in reserve. Putting money in reserve can decrease profit.

The report said Mills treated termination payments for two former employees as consulting fees, even though the employees did not perform any consulting services for Mills and were not expected to do so. The payments were improperly capitalized on the financial statements, the report said.

With regard to those problems, the company's audit committee "concluded that the weight of the evidence was contrary to the witnesses' assertions that the accounting judgments at issue were reasonable and reached in good faith," the report said.

Among the items Mills appears to have misstated unintentionally was the compensation of its former chief executive, the report said. The company understated Siegel's long-term incentive pay expense by $1.5 million in 2004 and overstated it by $1.9 million in the first three quarters of 2005. The company underreported other aspects of Siegel's compensation by $132,228 in 2002 and by $28,031 in 2004, the report said.

When Siegel retired as chief executive in October, the company reported that he was being called on to repay "any non-business related perquisites" he may have received, including $362,156 for "personal use of the Company-chartered aircraft and personal flights erroneously paid by the Company."

The audit committee hired the law firm of Gibson, Dunn & Crutcher to assist with the investigation, and the law firm enlisted forensic accountants. The investigation involved a review of more than 4 million pages of documents and 240 interviews with 100 people.

In its SEC filing, Mills said it had adequate cash to operate through March 31 but then must reach a new agreement with its lenders. If those talks fail, Mills "could be forced to seek protection" under the U.S. bankruptcy code, and security holders could "lose their entire investment," the filing said.

The company has spent the past few months selling overseas operations and taking other steps to reduce its debt. At its annual meeting in December, Mills' new chief executive, Mark S. Ordan, assured shareholders that no unexpected "financial disasters" were afoot, telling them "you should not read any of my remarks to say that there is some smoking gun out there that we are hiding."

Should Steve Jobs Go To Jail? (WSJ)

By RICHARD MARMARO And RYAN WEINSTEIN

The Wall Street Journal, January 10, 2007

Steve Jobs recently became the latest chief executive thrown into the options-timing imbroglio. Apple disclosed that its CEO was "aware or recommended" favorable grant dates on option grants to employees, but that he did not "receive or benefit" from any of the grants or "appreciate the accounting implications." Apple's board concluded that Mr. Jobs had done nothing wrong, and emphasized its "complete confidence" in its CEO. The markets followed suit. Rather than fret, investors actually bid up Apple's stock by more than $5 per share.

Given the stock bump, the board's exoneration and Mr. Jobs's lack of accounting experience, could this possibly be a case of criminal securities fraud? Believe it or not, in the minds of some prosecutors applying a far-reaching and unproven theory of fraud, it is. Just last summer, the government indicted Gregory Reyes, the former CEO of Brocade Communications, despite the fact that Mr. Reyes, like Mr. Jobs, was a non-accountant who didn't personally benefit one cent from the option grants at issue.

The problem with the government's theory is that it conflates books-and-records violations with criminal securities fraud. In the process, the government untethers securities fraud from the legal elements that help safeguard executives from conviction for inadvertent accounting violations resulting in little or no harm to companies or to investors.

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Fundamental to American law is the notion that a defendant cannot be punished absent intent to commit a crime. Yet prosecutors are alleging that non-accountants violated an accounting rule -- known as APB 25 -- so opaque even auditors didn't understand it. Many in Silicon Valley are still scratching their heads: How can someone intentionally violate a rule that they and most others don't even comprehend?

Prosecutors and regulators have alleged just that. Not surprisingly, the first and only federal court confronting the issue so far found that APB 25 was so obscure that its violation could not demonstrate evidence of fraudulent intent as a matter of law.

Indeed, much of what is pejoratively called "backdating" was actually undertaken in good faith. In many instances during the Internet boom, Silicon Valley high-tech companies were hiring so many new employees and awarding so many options grants that paperwork errors led to changed grant dates. Yet these occasions have been lumped into the so-called "backdating" pool, and portrayed as a harbinger of the next Enron.

Unlike in the typical securities fraud cases -- where revenues are overstated or cash expenses hidden, and when discovered, the company's stock craters -- prosecutors of backdating cases face an enormous challenge in proving that stock-based compensation expense actually cost investors anything. Stock-based compensation is a non-cash expenditure, meaning the expense does not reflect cash flowing into or out of the company's treasury. This fact is often overlooked by those who assume that backdated option grants are the same as cash hand-outs.

In the current regulatory environment, these economic realities too often get lost when addressing past errors in options accounting. Accurate financial reporting is critical to a company's health. But at some point the quest to restate an ideal financial statement risks exalting form over substance, with the company's true financial health becoming virtually irrelevant while an approved income statement is made paramount.

The most basic element of fraud is deception or deceit, and a typical example is when a company misstates revenues or cash expenses. Yet there is no proof of deceit or concealment in alleged backdating cases. In fact, it is remarkable how much companies have disclosed about their option grants. Company 10-Ks, Form 4s, proxy statement and other filings were replete with information about options. Indeed, despite media accounts that suggest that executives were secretly lining their pockets, the economic value of options granted, whether to executives or to the rank-and-file, was no secret at all.

If the alleged backdating did not involve self-dealing or kickbacks, and options expenses were immaterial to investors, how were investors harmed? If the harm was only "mak[ing] a hash of the financial statements," as SEC Chairman Christopher Cox has suggested, shouldn't backdating cases be charged as books-and-records violations rather than securities fraud? Despite the media clamor and various colorful analogies to lightning, lotteries and pick-pocketing, most options backdating cases are not fraud, but books-and-records errors.

It is understandable, in an era when public concern is growing over rising executive compensation, that attention should be turned to stock options. Individual companies may want to reconsider how and at what volume they grant options. Yet a thoughtful look at the elements of securities fraud may help observers distinguish between accounting issues and criminal acts.

Mr. Marmaro, a former federal prosecutor, and Mr. Weinstein are attorneys at Skadden, Arps, Slate, Meagher & Flom. They are currently representing the former CEO and chairman of Brocade Communications in connection with stock option issues.

Apple's Gore (WSJ)

By HOLMAN W. JENKINS, JR.

The Wall Street Journal, January 10, 2007

We can only wonder what Al Gore is making of his experience as the No. 1 defender of today's No. 1 backdating miscreant.

Mr. Gore, an Apple director, was a member of the special two-man committee that investigated and exonerated Steve Jobs in the backdating matter. By now, we presume he is well-versed in what backdating is and isn't. But how easily Mr. Gore -- the scourge of Big Pharma, etc. -- could have been the one braying about greed, CEO theft, the defrauding of shareholders.

Mr. Jobs's famed marketing magic was on display yesterday at the Macworld Expo in San Francisco. In another way, his case has performed a magical feat in prompting a few more voices to question whether backdating is really the crime of the century, or merely a business curiosity blown way out of proportion by poorly reasoned coverage.

Here and there, in the New Yorker, at the Fortune magazine Web site, in the bloggings of law Prof. Larry Ribstein and journalist John Carney, the intellectual fallacies that have permeated the coverage are gradually poked away. Asks Business Week: "Is the world ready to see one of its greatest innovators sacrificed at the altar of the good-governance gods -- especially when it's not clear how [Mr. Jobs] was enriched or his shareholders damaged?"

No such understanding was emoted for Brocade's Greg Reyes or Comverse's Kobi Alexander, CEOs indicted in backdating scandals much like Apple's. But this is still progress.

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Much reporting has made it sound like backdating was the equivalent of executives taking erasers and white-out to their paychecks to add a couple of zeroes -- and public understanding still suffers from this bum steer. But all that backdating comes down to is a nonmaterial accounting irregularity (yes, readers, accounting rules should be obeyed!) involving a defective judgment about whether "in the money" options needed to undergo expensing.

We're still at the beginning of the so-called scandal, and many executives will likely end up paying a price for this poor decision. But in no way does it implicate theft of shareholder money or even substantive accounting fraud. Here, we propose to violate a cardinal newspaper ordinance that logic should never be discussed in a newspaper. The beginning of all error was the media's unwarranted assumption, to put a fine point on it, that backdating was somebody's way of paying an employee more than, um, er, that same somebody intended (er, sputter, gurgle).

You see the problem: Whether options are backdated or not, they must reflect the intentions of whoever designed them. If I'm designing the package, how can I intentionally design it to pay more than I intend?

So the claim that backdating was used to "inflate" pay (compared to what?) can only be nonsense. In any case, if companies wanted to increase executive wages, backdating was a needlessly baroque way of doing it. They could just have handed out more options. Backdating's appeal had to lie elsewhere. The likeliest (even self-evident) explanation is that managements discovered that employees' eyes light up when "in the money" options are put before them. Indeed, if employees are as prone to fallacious thinking as the media in valuing options packages, their delight in "in the money" options allowed them to be taken to the cleaners compared to what they would have received in "at the money" options.

But, you ask, wasn't the purpose to conceal from shareholders how much employees were being paid? Your error is forgivable if you've been getting your information from the press: The entire substance of backdating was to allow the details of these "in the money" options to be accurately reported, albeit without taking an accounting charge for them (remember, companies at the time could pay an employee the GNP of France in "at the money" options without taking a charge).

Blessed is the editor who can say to a writer, "Make sense of Subject X for me," and hope to receive back something more than a distillation of tropes already in the media. Most editors are not so blessed, a factor just now reaching critical mass. On Sunday, a lagging commentator in the New York Times likened backdating to "getting to pick lottery numbers after the winning numbers are drawn." A confused Washington Post editorial called on Mr. Jobs to reimburse Apple for the compensation he stole.

Against this (who would have thunk it) stands Mr. Gore, yelling stop to the lynch mob. In Apple's own backyard, the San Jose Mercury News delivered a critic's delectable complaint that the Gore investigation had "tried to preserve the company's No. 1 asset" in Mr. Jobs. Isn't that exactly what a shareholder wants from the Apple board right now? The Apple case is a marvelous example of why corporate governance reformers do shareholders no favor even as they expand their own bailiwicks by making governance reform a never-ending end in itself. Indeed, Mr. Gore deserves credit for putting himself in the line of fire at all. And worse is surely coming: Mr. Jobs is starting to face insinuations of insider trading for stock sales after the first backdating cases broke but before Apple was implicated.

Mr. Gore might have waved off the special committee assignment and sought to cover his own hindquarters from the lawsuits and criticism aimed at Apple. That's been the tendency of directors since Sarbanes-Oxley enacted greater individual liability for accounting scandals: head for the high grass and hire a lawyer to point fingers at somebody else.

It's no accident that in the last 25 years, the value of America's corporations rose 12-fold, and the corporate reform industry grew right in step to tell us how badly and corruptly our companies are governed. The more successful the stock market is at cultivating strong businesses, the more we're told the whole system is rotten, in need of reform.

We just wonder what Mr. Gore thinks about all this now.

Mr. Jenkins edits "Political Diary," the editorial page's daily e-mail newsletter with commentary analysis and gossip on Washington, D.C. and state politics. With John Fund. Subscribe at www.politicaldiary.com.

CRIMINAL LAW:

Document-Theft Probe Is Criticized (WP)

By R. Jeffrey Smith

The Washington Post, January 10, 2007

The Justice Department and the National Archives improperly assured the Sept. 11 commission that its members had access to all relevant materials about the Clinton administration's terrorism policies, without knowing if original, uncopied documents had been removed from the archives by former national security adviser Samuel R. "Sandy" Berger, a Republican congressional report said yesterday.

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The report, issued by Rep. Thomas M. Davis III (R-Va.), accused both agencies of inadequately investigating the theft Berger admitted had occurred on two occasions in 2003. It quoted two Archives officials as saying that they had no way of knowing whether Berger took other documents from the files during two earlier visits.

Davis is the former chairman of the House Committee on Oversight and Government Reform. He issued the report after Republican staff members conducted interviews with Archives and Justice Department officials and gained access to unredacted material from a probe by the National Archives inspector general.

His report includes new details of what Berger did, and how the Archives staff, the Justice Department and the FBI reacted to the discovery of missing documents. It depicts Berger as aggressively insisting during his visits to the Archives that he be left alone with the documents, giving him what he later admitted was a calculated opportunity to hide the papers in his clothing.

The report also depicts Berger as lying to Archives staff about thefts that an unnamed senior Archives official said had made her and her staff feel "almost physically ill." It said Berger knowingly made false statements to the media after word of the FBI probe surfaced and improperly allowed a spokesman, Joe Lockhart, to depict him as a victim in the affair.

Berger's attorney, Lanny Breuer, responded yesterday with a statement that Republicans had politicized and distorted "a matter that has been thoroughly investigated by the Justice Department for more than two years and effectively closed for more than a year. It is particularly troubling that they have chosen to attack not only Mr. Berger but also the dedicated professionals at the Department of Justice who handled this case."

Breuer added: "The principal allegations in this report are based on pure conjecture; not a single fact is offered to support them." He said Berger had cooperated with the Justice Department and had moved on.

The Justice Department said yesterday that it had no evidence Berger's actions had deprived the commission of any documents.

The report called the FBI and Justice Department's lack of interest in Berger's first two visits to the Archives, in May and June 2003, "disturbing" and "inexplicable," particularly in light of his eventual admission to having improperly removed classified notes he took during one of those visits. It said Berger was never given a polygraph test despite having agreed to it as part of his plea bargain with the Justice Department in 2005.

The report also provided a more vivid account of what an unnamed Archives staff member described as Berger's apparent attempt to take some material out in his pants, an allegation Berger has repeatedly denied. The staff member, one of only four Archives employees cleared to see all the documents that Berger came to review, wrote that "there was clearly something there more than his pants and socks."

The report said Berger took a special interest during his early visits in files from the office of former White House counterterrorism official Richard A. Clarke, which included uninventoried draft documents, memos, e-mail messages and handwritten notes. "Had Berger removed papers . . . it would be almost impossible for Archives staff to know," the report stated.

The report quoted a lawyer at the Archives, Jason R. Baron, as acknowledging that as a result "it is conceivable that the 9/11 commission may not have received" all the requested documents.

A spokeswoman for the Archives, Susan Cooper, said "at the time, the National Archives was confident that the 9/11 commission received all the materials. . . . You can't ever guarantee anything."

GOP Contradicts Justice Department (WP/AP)

By Larry Margasak, The Associated Press

The Washington Post, January 10, 2007

WASHINGTON -- Some classified documents that were unlawfully removed from the National Archives three years ago may never have reached their intended destination _ the Sept. 11 commission, a House Republican report concluded Tuesday.

The report contradicted Justice Department conclusions that the commission received all the necessary documents. The records were reviewed at the archives by the Clinton administration's national security adviser, Sandy Berger, who pleaded guilty in April 2005 to unlawfully removing several documents.

Released by Rep. Tom Davis, R-Va., the report said Berger could have taken White House staff working papers that never were inventoried by the archives. In that case, nobody would know they were gone, the report said.

The Justice Department on Tuesday repeated its original position that no documents were withheld. Spokesman Bryan Sierra said the department "has no evidence that Sandy Berger's actions deprived the 9/11 Commission of documents, and we stand by our investigation of this matter."

Berger pleaded guilty to removing documents on two occasions in 2003. A report by the archives inspector general last month said that Berger acknowledged hiding some of them at a construction site near the archives building in Washington.

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The report said, however, that the plea did not account for two earlier visits during which Berger reviewed documents. He conducted the review to prepare himself and other Clinton aides for testimony before the commission investigating the Sept. 11, 2001, attacks.

"The 9/11 Commission relied on incomplete and misleading information" when it was told it had all the records, said Davis. The ranking Republican on the House Government Reform Committee, Davis started working on the report when he was chairman prior to the Democratic takeover of Congress.

Davis' report quoted Noel Hillman, then-chief of the department's Public Integrity Section, as stating at the time of the 2005 plea that Berger did not have an intent to hide any of the documents or conceal facts from the commission.

Matt Bennett, a spokesman for Berger attorney Lanny Breuer, said, "I can state unequivocally that no documents were withheld, and that all documents that Mr. Berger took were disclosed to the Justice Department and the inspector general of the archives."

The report said that since working papers reviewed by Berger were not inventoried, "the Department of Justice could not assure the 9/11 Commission that it received all responsive documents to which Berger had access. Additionally, the 9/11 Commission was not informed that Berger had access to original documents that he could have removed without anyone's knowledge," the report said.

In September 2005, Berger was sentenced to two years of probation, 100 hours of community service, pay a $50,000 fine and to lose his security clearance for three years.

The report said the Justice Department "was unacceptably incurious" about two of Berger's four visits to the National Archives _ one in May 2002 and the other in July 2003.

The department "never notified the 9/11 Commission that Berger viewed a large number of original documents on these first two visits," the report said.

Damage From Berger's Theft Understated, Davis Says (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 10, 2007

Samuel R. Berger's theft of documents from the National Archives compromised national security "much more than originally disclosed" and resulted in "incomplete and misleading" information being given to the September 11 commission, says the former chairman of the House Government Reform Committee.

"It is now also clear that Mr. Berger was willing to go to extraordinary lengths to compromise national security, apparently for his own convenience," Rep. Thomas M. Davis III, Virginia Republican, said yesterday.

"No one ever told the commission Mr. Berger had access to original documents he could have taken without detection."

In October, Mr. Davis led an effort by House Republicans to investigate and hold hearings on which documents might have been "destroyed, removed or were missing" after visits to the National Archives by Mr. Berger, President Clinton's national security adviser from 1997 to 2001.

Mr. Davis said the investigation found that the full extent of Mr. Berger's document removal can never be known and, consequently, the Justice Department could not assure the September 11 commission -- which was investigating intelligence and security failures -- it received all the documents to which Mr. Berger had access.

"We now know Mr. Berger left stolen highly classified documents at a construction site to avoid detection," he said. "We know Mr. Berger insisted on privacy at times to allow him to conceal documents that he stole."

Mr. Davis noted that during three visits to the Archives, Mr. Berger was given access to working papers of National Security Council staff members, including Mr. Berger, and their content was not inventoried by the Archives at the document level. He said Mr. Berger focused solely on original documents during his first two visits and there was "no way to determine" whether he "swiped any of these original documents."

The National Archives Office of Inspector General reported last month that Mr. Berger hid documents under a construction trailer where they could be retrieved later.

Lanny Breuer, Mr. Berger's attorney, said the matter was thoroughly investigated by the Justice Department for more than two years and effectively closed for more than a year. He said the report's conclusions were based on "pure conjecture."

"Not a single fact is offered to support them," Mr. Breuer said.

"Sandy Berger made a mistake. But he has admitted that mistake, fully cooperated with the government's investigation, paid his debt to society, and moved on. It's time for the new congressional minority to do the same."

Mr. Davis described the Justice Department's assertion that Mr. Berger's statements were credible after being caught as "misplaced." He said, "One wouldn't rely on the fox to be truthful after being nabbed in the henhouse. But the Justice Department apparently did."

Justice Department spokesman Bryan Sierra said the department "has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter."

Mr. Berger pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the government's knowledge of terrorist threats to the United States.

He was fined $50,000 and barred from access to classified material for three years. He had faced a year in prison and a $100,000 fine, but a plea agreement with the Justice Department reduced the fine and kept him out of prison.

House Panels Delay Response To Subpoenas (AP)

By Erica Werner, Associated Press Writer

AP, January 10, 2007

Three House committees are delaying responding to grand jury subpoenas issued in connection with the bribery case against jailed former Rep. Randy "Duke" Cunningham.

The subpoenas were issued to the Appropriations, Armed Services and Intelligence committees by the federal grand jury in San Diego that has been considering evidence in a defense contracting investigation stemming from the Cunningham case.

The subpoenas set a Jan. 11 deadline for compliance but prosecutors and House lawyers have agreed to extend that until Jan. 31, congressional staffers said Tuesday.

The initial deadline was "obviously impossible to meet," said Appropriations Committee Chairman David Obey, D-Wis. "I just got the job."

"We essentially have to dig into Republican files. We have no idea what's in there," Obey said.

The subpoenas for documents were disclosed in the Dec. 27 edition of the Congressional Record by the committee chairmen, as required by House rules. Those Republican chairmen have since handed over power to Democrats who now control the House.

Prosecutors in San Diego declined to comment.

Rep. Peter Hoekstra of Michigan, top Republican on the House Intelligence Committee, wouldn't say what the subpoenas ask for, but said he was concerned the scope was overly broad.

"It's pretty extensive ... I've got some concerns," Hoekstra said. He said House attorneys would negotiate their response with federal prosecutors.

The Justice Department has clashed with Congress in the past over the scope of its investigations of lawmakers.

The San Diego grand jury has been considering evidence against Brent Wilkes, a defense contractor identified as one of Cunningham's coconspirators.

Cunningham, a San Diego-area Republican, was sentenced in March to more than eight years in prison for accepting $2.4 million in bribes in exchange for steering government business to Wilkes and others.

Investigators are also investigating Wilkes' childhood friend Kyle "Dusty" Foggo, a former high-ranking CIA official, for his role in the awarding of a government contract that went to Wilkes.

Also Tuesday, longtime Appropriations staffer Betsy Phillips confirmed she is cooperating with a grand jury subpoena for testimony in the case, but refused further comment.

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Associated Press Writer Allison Hoffman in San Diego contributed to this report.

Nagin Stops Short Of Curfew But Plans Checkpoints On N.O. Streets (AP)

AP, January 9, 2007

NEW ORLEANS — Mayor Ray Nagin, his hurricane-stricken city under siege by a crime wave that has claimed nine lives since the start of 2007, stopped short of imposing a curfew but said police will set up checkpoints in early-morning hours when about one-third of the city's violent crime occurs.

The checkpoints, scheduled to start Wednesday, would operate between 2 a.m. and 6 a.m. and target drug and alcohol violations as well as motorist insurance. The first one was to be held in a crime-ridden area of the city.

Increased foot patrols, using 20-25 sheriff's deputies to supplement police, increasing the number of surveillance cameras in high-crime areas and speeding homicide cases through the court system were other elements of Nagin's plan to attack crime.

"This city will focus on murders," Nagin said, flanked by Police Superintendent Warren Riley, District Attorney Eddie Jordan and others during a news conference held Tuesday afternoon at the site of the city's first murder of 2007. "We're drawing a line in the sand, and we're saying, 'We've had it.'"

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A curfew had been opposed by the city's tourism leaders, who said businesses struggling since Hurricane Katrina could be further hurt. While Nagin did not declare a curfew, he said the message to citizens was to stay off the streets in high-crime areas and in early morning hours.

Riley, whose department has struggled since the hurricane to maintain community confidence, also said officers on desk and training duties will be reassigned to on-foot community policing.

Nagin, acknowledging the criminal justice breakdown extended beyond the police force, said a corps of volunteers will be recruited to monitor homicide cases moving through the courts. "We're sending a signal that the system that used to allow you to commit a murder and there were no consequences is over. It has been easier to commit a murder than another crime in New Orleans," Nagin said.

Police officers have been critical of the district attorney's office and judges, who they say have turned loose too many criminals or given light sentences. But Riley said his department will work with the district attorney to ensure that all information needed to prosecute a murder case will be turned over within 28 days.

The news conference took place in a neighborhood of houses with peeling paint, across from a large FEMA trailer park and an abandoned public housing development.

At a mom-and-pop grocery on the corner, children oblivious to the weight of the events around them bought candy and chatted happily.

Beside the podium set up for the news conference, blood spots from the Jan. 1 killing of 28-year-old Corey Hayes were in plain view on the street.

Absent from today's news conference were state officials.

Gov. Kathleen Blanco said today that her office has been talking with New Orleans police for almost two months about a plan to curb the violence and made a formal request for one a couple of weeks ago as a prelude to additional state funding.

The state budget for the next fiscal year, which begins July 1, is being formulated now and an action plan on crime is needed to secure state funding, Blanco said.

"We obviously can't abandon the city," Blanco said.

Since June 2006, Blanco said the state has spent about $15 million to keep 300 National Guard troops and 60 state police in New Orleans, and another $15 million housing Orleans Parish prisoners in state facilities.

There is funding to keep the guard and state police in town until June 30, she said.

"We know it's going to cost us more next year if they stay," she said. "For one thing, the hotels that were providing free rooms are withdrawing that, so we'll have to pay for them."

New Orleans neighborhoods have become "a haven for criminal activity" and the state needs federal help to stop the recent crime wave there, Sen. Mary Landrieu, D-La., said today.

Landrieu presented 10 ways the federal government could help relieve the wave of homicides.

"These proposals will not end crime in New Orleans, but they are specific, they are doable," Landrieu said in a Capitol Hill news conference.

She asked for more agents from the FBI and the Drug Enforcement and Administration, an emergency grant from the Justice Department similar to the one awarded to New York City in the wake of the Sept. 11 attacks, and money to build a new police academy and put a camera surveillance system in police patrol cars and around the city.

Guns are on the streets of New Orleans in record numbers since Hurricane Katrina, said senior special agent Austin Banks of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

"Since Katrina, we have traced every firearm recovered by the New Orleans Police Department," Banks said. "And our investigation shows we are tracing just as many post-Katrina as pre-Katrina even though we have a much smaller population."

New Orleans population is down from its pre-Katrina total of 455,000 to about 200,000 according to the U.S. Census Bureau.

The ATF has found the length of time it takes a legally purchased gun to become involved in a crime is five years nationally, Banks said.

"In New Orleans it's only six months," he said. "That tells me that people here are buying guns for the bad guys."

Inside Politics (WT)

By Greg Pierce

The Washington Times, January 10, 2007

Santorum's landing

Former Sen. Rick Santorum, Pennsylvania Republican, yesterday became a senior fellow at the Ethics and Public Policy Center, a Washington-based think tank, John J. Miller reports at National Review Online (www.nationalreview.com).

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"I want to contribute to the world of ideas," Mr. Santorum said.

After 16 years in Congress -- four in the House, 12 in the Senate -- Mr. Santorum lost his bid for re-election in November. However, he hopes to remain in the public spotlight as director of the EPPC's brand-new America's Enemies program, Mr. Miller writes.

"It's a stark name," Mr. Santorum said. "But we wanted to be candid about the fact that America really does have enemies and to point out that the nature of these enemies is much more complex than what people realize. It's not just Islamic fascism, but also Venezuela, North Korea, and, increasingly in my opinion, Russia."

Landrieu's plan

Sen. Mary L. Landrieu, Louisiana Democrat, said yesterday that Congress can -- and should -- do more to help stop the recent wave of violent crime plaguing New Orleans.

The Democrat urged adoption of her 10-point plan, which grants federal funds and beefs up drug and violence task forces disrupted by Hurricane Katrina in 2005. She sent a letter to President Bush asking that his budget include funds to double the size of a Drug Enforcement Administration task force and an FBI gang task force.

"Regrettably, these abandoned neighborhoods are a perfect breeding ground for crime and drug traffickers that can take advantage of the total absence of witnesses to undertake their operations unobserved," she said.

Mrs. Landrieu said "action must be taken," especially in light of the 12 killings in recent weeks, nine of them since Jan. 1.

Among her proposals was a plan to put up surveillance cameras to monitor crime and for potentially abusive police. She also wants to increase funding to build a new police academy to replace what was damaged during the hurricane.

The city must give a perception of safety in the weeks before next month's Mardi Gras celebration, a major economic boost, she said.

Sharpton again

Black activist the Rev. Al Sharpton said Monday he is seriously considering a run for president.

"I don't hear any reason not to," Mr. Sharpton, 52, said in an interview during an urban-affairs conference in New York sponsored by the Rev. Jesse Jackson.

"If we're talking about the urban agenda, can you tell me anybody else in the field who's representing that right now?" Mr. Sharpton asked. "We clearly have a reason to run, and whether we do it or not we'll see over the next couple of months."

Mr. Sharpton mounted a long-shot bid for the White House in 2004, in which his wit and fiery denunciation of President Bush often enlivened Democratic primary debates. He dropped out of the race after losing several state primaries and endorsed the eventual nominee, Massachusetts Sen. John Kerry.

Despite widespread interest in the likely candidacy of another influential black Democrat, Illinois Sen. Barack Obama, Mr. Sharpton said he's heard little substantive discussion of issues that might influence his decision about running, the Associated Press reports.

"Right now, we're hearing a lot of media razzle-dazzle," Mr. Sharpton said. "I'm not hearing a lot of meat, or a lot of content. I think when the meat hits the fire, we'll find out if it's just fat, or if there's some real meat there."

Mr. Sharpton said the candidate who impressed him most so far was former Sen. John Edwards, North Carolina Democrat, who has made poverty the central issue of his campaign.

Johnson's recovery

Sen. Tim Johnson's condition has been upgraded from critical to fair, four weeks after he was hospitalized for a brain hemorrhage, his office said yesterday.

The South Dakota Democrat, who was rushed to the hospital on Dec. 13 and underwent emergency surgery, remains in intensive care, said his spokeswoman, Julianne Fisher.

"The senator continues to make progress," she said. "The next step would be rehabilitation, and we hope that would happen within the week."

Mr. Johnson's office has said that his recovery is expected to take several months. He underwent surgery to correct a condition called arteriovenous malformation, involving tangled arteries in his brain.

The senator's doctors said last week that Mr. Johnson was improving, but still needed a ventilator at night to help him breathe. The ventilator has required a tube to be placed down Mr. Johnson's throat, making it impossible for him to talk.

Court ruling

The Supreme Court yesterday upheld the conviction of a man caught trying to enter the country illegally in a case that initially was seen as a test of whether a flawed indictment could violate a defendant's rights.

But in an 8-1 opinion, the court said that the indictment of Juan Resendiz-Ponce itself was sound. The indictment "did not deprive him of any significant protection that the constitutional guarantee of a grand jury was intended to confer," Justice John Paul Stevens said.

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Resendiz-Ponce, a Mexican national, sought to persuade the justices that there was a problem so serious in his indictment that it warranted reversing his conviction, the Associated Press reports. Justice Antonin Scalia, the lone dissenter, agreed.

Resendiz-Ponce was charged with attempting to enter the country illegally after he was arrested at the border crossing at San Luis, Ariz., on June 1, 2003. He presented his cousin's green card and driver's license to U.S. authorities.

But the grand jury indictment that followed fail to set out any specific acts showing how he tried to enter the United States. The 9th U.S. Circuit Court of Appeals said the omission was so serious that it violated Resendiz-Ponce's constitutional rights and required automatic reversal of the conviction.

Deputy Solicitor General Michael Dreeben, however, told justices at oral argument that this error was harmless because Resendiz-Ponce received a fair trial at which a jury determined that the government proved beyond a reasonable doubt that he had displayed two false pieces of identification in an effort to enter the country.

Familiar name

Vince Morris, a former political reporter for The Washington Times, has signed on as communications director for the Senate office of John Kerry, Massachusetts Democrat.

The hiring of Mr. Morris comes as Mr. Kerry gears up for another run for the presidency, according to washingtonpost.com.

Mr. Morris, who also covered politics for the New York Post, more recently served as communications director for former D.C. Mayor Anthony A. Williams, who left office last week after two terms.

N.O. Unveils Plan To Fight Violence (BRADV)

By Joe Gyan

Baton Rouge Advocate, January 10, 2007

In an unprecedented show of force and unity, the mayor, police chief and district attorney joined other city, business and community leaders Tuesday at the site of the city's first homicide of 2007 to unveil a crime-fighting package that they hope will make a recent spike in violent crime the last.

In response to nine killings so far this year and four in the final three days of 2006, Mayor Ray Nagin and Police Superintendent Warren Riley stopped short of ordering a mandatory curfew but said drug and alcohol checkpoints between the hours of 2 a.m. and 6 a.m. will be stepped up — or tripled.

Other measures outlined by Nagin, Riley and District Attorney Eddie Jordan include expediting the prosecution of murder cases; having deputies from the Orleans Parish Criminal Sheriff's Office assume some routine New Orleans Police Department duties to free up officers to patrol neighborhoods; putting more crime cameras in "hot spots'' around the city and in patrol cars; and implementing a "Court Watchers'' program to offer community support to victims and witnesses in the courtroom and to hold the criminal justice system accountable with respect to violent crime cases.

"We're here to say collectively that one murder is way too many,'' said Nagin, who was flanked by Riley, Jordan, six of seven City Council members, and a host of other community, religious and business leaders, on a Central City street corner where the first of the city's nine homicides this year occurred.

On the federal front, U.S. Sen. Mary Landrieu, D-La., fired off a letter to President Bush on Tuesday and unveiled her own 10-point anti-crime plan in Washington, saying it is time to "send the message that we will not surrender to lawlessness.''

Nagin, who applauded Landrieu's actions, said the city is aiming an intense, "laser-beam'' focus on the murder issue in the city. Jordan pledged that his office will "aggressively'' and "vigorously'' prosecute murder cases, and Riley said his department will get evidence to Jordan's office in an expedited fashion.

"Enough is enough, but we've said that before. (Now) we're drawing a line in the sand and saying, 'We've had it,'" the mayor said.

City Council president Oliver Thomas was even more direct and passionate.

"Let me say to the thugs out there: This is not your city. And because it's our city, you can't stay here,'' he said. "Check your thug card at the parish line, because we don't want you.''

In both her letter to the president and in her crime-fighting plan, Landrieu asked that more FBI and Drug Enforcement Administration agents be sent to New Orleans. She called for doubling the size of the DEA's High Intensity Drug Trafficking Area Task Force Group and the FBI's Violent Gang Safe Streets Task Force.

"I believe that it is vital that New Orleans receive additional federal law enforcement personnel to combat the international narcotics cartels establishing roots in the City,'' Landrieu wrote to the president. "As you are aware, we lost over 200,000 homes during the storm. But unlike the circumstance in Mississippi, these homes were not physically obliterated. Rather, they rotted from the inside, but remain standing. There are vast swaths of the City that remain essentially ghost towns of structures that need to be gutted and restored.

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“Regrettably, these abandoned neighborhoods are a perfect breeding ground for crime and drug traffickers that can take advantage of the total absence of witnesses to undertake their operations unobserved,’’ she added. “Furthermore, crime and gang turf wars have led to shocking incidences of violent crime. Tragically, this spiraling violence has taken 12 lives in less than two weeks.’’

Landrieu’s 10-point plan also calls for speeding up remaining reconstruction projects for the police department and other criminal justice facilities in the area; reactivating a drug trafficking intelligence-sharing program between the Department of Defense, the Louisiana National Guard and Louisiana State Police; building a state-of-the-art crime surveillance system in the city, including cameras in patrol cars; and requiring FEMA to “fully cooperate with investigative inquiries from the NOPD and regional law enforcement agencies.’’

The latter item would make the Federal Emergency Management Agency turn over records of residents of its trailers and trailer parks to New Orleans police and other agencies investigating crime in the area, a Landrieu spokesman said.

“It’s time to get tough on crime. Not get tough with words, but get tough with action,’’ Landrieu said. “We need to work together at all levels of government to send the message that we will not surrender to lawlessness.

“In the wake of hurricanes Katrina and Rita and the catastrophic collapse of the federal levee system, our law enforcement community has had to contend with crime with one hand tied behind its back. This situation cannot continue, and I will do everything in my power to halt the unimaginable crime in New Orleans.’’

The latest violent crime spike has come despite the presence of about 300 National Guard troops and 60 state troopers who were brought in last June to help patrol the streets because of a surge in killings.

The city had a 60-year low 161 murders last year, but the population was less than half of its pre-Katrina level of about 460,000. The police force also is down from its pre-storm total of 1,700 officers to about 1,400 — but that number includes about 100 officers on leave for injuries or illness.

Riley said more officers on administrative duty will be brought from behind their desks and put on the streets to help officers already on the streets. The chief also said he wants to beef up neighborhood watch groups, which stood at 300 before Katrina but now come in at 100.

Landrieu Wants Federal Crime Fighting Help (WGNO)

By Paul Murphy, ABC26 News

WGNO-TV, ABC 26, New Orleans, January 10, 2007

Feds Say Crime Wave Requires More Than Law Enforcement

NEW ORLEANS, LA — Nine murders in the first eight days of 2007 are keeping law enforcers busy in New Orleans.

The killings come on the heels of four murders in the last three days of 2006.

The murder rate in the Big Easy is now four and a half times the national average.

"There is no doubt that this crime wave is putting a damper on our aggressive efforts to rebuild and re-image the city and to encourage not only residents to return, but tourists to continue to come," said Senator Mary Landrieu/D-Louisiana.

Senator Landrieu announced a 10-point plan to fight crime in the New Orleans region.

She is asking for additional federal dollars to help rebuild criminal justice facilities like NOPD headquarters and the local police academy.

The senator is also requesting 60-million dollars to help rebuild the police department.

"I urge the President and the Department of Justice to make an emergency grant to the city under the emergency cops program," said Landrieu.

Senator Landrieu is also asking the Justice Department to send additional drug enforcement and FBI agents to New Orleans.

FBI Special Agent in Charge Jim Bernazzani says those plans are already in the works.

"Washington has committed to do a national canvass relative to agents who have homicide investigative experience," said Bernazzani. "To come to New Orleans on temporary status for about 90 to 120 days to work as a stop gap measure until we get another squad down here."

The United States Attorney in New Orleans Jim Letten says the city must also address issues outside of law enforcement.

"Fixing our school system and building the best system possible and rebuilding this economy," said Letten. "We have to create education and opportunities for our youth if we're going to get a handle on this thing for the mid and long term."

"These individuals are a product of institutional dysfunction, and educational system that didn't educate, aspects of a state judicial system that failed to meet out consequences for criminal activity, levels of corruption that drove legitimate business out of the city, thus denying these people their jobs and opportunity," said Bernazzani. "When you add crack cocaine and the AK-47 you have New Orleans today."

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Senator Landrieu also wants the government to force FEMA to turn over records of people in it's trailers and trailer parks.

She claims investigators need that information to help hunt down criminals and potential witnesses.

The ACLU strongly objects.

"They shouldn't have to give up their privacy rights to receive a benefit from the government," said ACLU state director Joe Cook. "It's subject to abuse as we have seen."

Here is a complete list of the Landrieu plan:

1. Expedite remaining reconstruction projects for the NOPD and other regional criminal justice facilities.
2. Increase the number of DEA and FBI agents in New Orleans.
3. Reactivate the Gulf State Initiative, a drug trafficking intelligence-sharing program between the Dept. of Defense, and the Louisiana National Guard and State Police.
4. Build a state-of-the-art crime surveillance system for the City of New Orleans, including cameras in patrol cars.
5. Issue an emergency COPS grant to parishes affected by hurricanes Katrina and Rita.
6. Release $13 million in Social Services Block Grant funds to provide drug rehabilitation services in New Orleans.
7. Build a state-of-the-art police academy.
8. Provide an additional $25 million to the Gulf Coast Regional Community Policing Institute for NOPD and regional police training and professional development.
9. Request a comprehensive study of the post-hurricane criminal justice system in Louisiana.
10. Require FEMA to fully cooperate with investigative inquires from the NOPD and regional law enforcement agencies.

RECOVERY TOUR Laura Bush Visits School, Cafe, Museum (NOTP)

By Leslie Williams

New Orleans Times-Picayune, January 10, 2007

Laura Bush entered the brightly lighted theater of the Louisiana Children's Museum in the Warehouse District on Tuesday afternoon and without hesitation picked up a drumstick and a Senegalese songba drum, joining dozens of New Orleans-area elementary school students in a rousing performance of a funga, an African welcome song.

The president's wife smiled broadly as she pounded the drum and studied the faces of the children, who were among the many she met on a three-stop tour, her 11th post-Katrina visit to the city.

The visit to the museum, intended to highlight its Play Helps program, was the last of the stopovers that began in the morning with a pep talk to more than 200 students assembled in the cafeteria at St. Rosalie Elementary School in Harvey.

Her tour also included a lunch of catfish and greens and conversation at Cafe Reconcile, a job-training restaurant in the heart of Central City.

Job program lauded

Bush's visit was not without reference to the city's recent crime wave.

She mentioned an antiviolence program used in Chicago that is based on the notion that violence is taught.

"If you grow up in a neighborhood where violence is common, you think it's normal," Bush said. "Because violence is taught, it can be unlearned.

"But I think people in the community really need to speak out and do whatever they can to get the message across that it's not acceptable," she said.

Bush said the three stops during her tour of the New Orleans area "really had to do with what we can do to help young people . . . what we can do to help rebuild the community."

Judge Sends Public Defender To Jail (NYT)

By Christopher Drew

The New York Times, January 10, 2007

NEW ORLEANS, Jan. 9 — The chief judge in the city's juvenile courts had a top public defender arrested Tuesday in a bizarre escalation of a fight over changes in the city's troubled program for representing indigent defendants.

The judge, David Bell, was upset that no public defender was in his courtroom when he was ready to start this morning, and he drove to the defender's office and waited outside for Stephen Singer, the chief of trials, to arrive.

The judge took Mr. Singer to his courtroom, where he found him in contempt for not being prepared to provide representation and ordered him jailed for 36 days, three days for each of the 12 items on Tuesday's docket. Mr. Singer then spent about five hours in jail before a state appeals court stayed the order.

The events were the latest in a series of confrontations between judges and the public defender's office, which has long been overwhelmed and went broke after Hurricane Katrina.

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A new board has shifted how the office uses its 30 lawyers to try to provide more thorough representation on the most serious cases. But the changes have made the day-to-day coverage more spotty, and the criminal court judges also have threatened to hold the office in contempt over the problems.

After his release, Mr. Singer said the dispute with Judge Bell arose because the defender assigned to his court was on her honeymoon, and her replacement was trying to handle four courtrooms at once.

Judge Bell did not respond to a request for comment. But Mr. Singer said he and the judge had a more congenial meeting about the problems late in the day.

Ex-Interior Deputy A Target In Abramoff Probe (WP)

By Susan Schmidt

The Washington Post, January 10, 2007

Federal prosecutors have notified a former deputy secretary of the interior, J. Steven Griles, that he is a target in the public corruption investigation of Jack Abramoff's lobbying activities, sources knowledgeable about the probe said.

The sources, who spoke on the condition of anonymity, said that among the possible criminal charges being investigated is whether Griles made false statements to the Senate Indian Affairs Committee in 2005 about job discussions Abramoff initiated while Griles was deputy secretary. Griles's attorneys did not return calls seeking comment yesterday.

Justice Department prosecutors met with Griles on Friday to outline possible charges. The investigation has examined donations made by Abramoff's Indian tribal clients to an environmental advocacy group run by Italia Federici, who was involved with Griles socially, the sources said. Also under scrutiny are donations made to Federici's group by energy and mining companies, the sources said.

E-mails released last year by the Senate Indian Affairs Committee showed that Griles had more than half a dozen contacts with Abramoff or with Federici, head of the Council of Republicans for Environmental Advocacy, who was working as the lobbyist's go-between to Griles. Griles has said that he never tried to intercede on behalf of Abramoff's clients.

The Indian Affairs Committee, in a report issued after a series of investigative hearings, said that further inquiry "appears warranted" into the "veracity" of Federici's public testimony. Federici's testimony before the committee included discussions of her relationship with Abramoff, his tribal clients and Griles.

Federici declined to comment for this article yesterday. Current and former Interior Department officials have appeared in recent weeks at the federal courthouse in Washington where a federal grand jury has been investigating Abramoff's dealings.

With the prospect of Griles's indictment, a senior Justice Department official -- who Interior employees said has been dating Griles -- tendered her resignation this week.

Sue Ellen Wooldridge, assistant attorney general for environment and natural resources for the past year, submitted a letter of resignation Monday saying that she intends to return to the private sector, a Justice Department official said yesterday.

Wooldridge served as Interior Department solicitor and as deputy chief of staff to then-Interior Secretary Gale A. Norton before moving to Justice in November 2005. Cynthia Magnuson, a spokeswoman for the Justice Department, said that Wooldridge would not be available for comment about her departure. "Sue Ellen sent the resignation letter in of her own volition. This is a decision that she made," Magnuson said.

Griles was a controversial figure at Interior, strongly criticized by the department's inspector general for maintaining ties to energy and mining companies that were once his lobbying clients.

Yesterday, another former Interior Department employee was sentenced to two years' probation and fined $1,000 for failing to report gifts that he received from Abramoff. Roger G. Stillwell accepted hundreds of dollars worth of football and concert tickets from Abramoff, who at the time was lobbying for the Commonwealth of the Northern Mariana Islands. Stillwell worked in the Interior Department's Insular Affairs Office, which handles issues involving the island government.

Abramoff's Interior Link Gets 2 Years Probation (MSNBC)

By Joel Seidman, Producer, NBC News

NBC News, January 10, 2007

Prosecutors say lobbyist-government investigation is still ongoing

WASHINGTON - A former Interior Department official linked to disgraced lobbyist Jack Abramoff was sentenced Tuesday in federal court to two years probation and a fine of $1000. The official, Roger Stillwell, pleaded guilty to a single misdemeanor count of filing a false financial statement with the department.

Magistrate Judge Alan Kay disregarded a recommendation by both the Department of Justice and Stillwell's attorney for a lesser sentence of six months probation.

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Judge Kay said that Stillwell's actions amounted to a "serious violation considering his position" and his years of government service. Kay admonished Stillwell saying there is "no such thing as a free lunch, particularly as provided by lobbyists."

The charges against Stillwell are the first connected to the Abramoff scandal to touch the Interior Department. The charges also mark an expansion of the government's investigation into the influence peddling scandal involving the convicted lobbyist. Prosecutors acknowledged in court that there is still an ongoing investigation involving Abramoff and his contacts with the Department of Interior.

Stillwell, a former desk officer for the Commonwealth of the Northern Marianas - a lucrative Abramoff client - acknowledged receiving four tickets to a Redskins football game and two tickets to a Simon and Garfunkle concert in Washington - all paid for by Abramoff - which Stillwell did not report.

He addressed the court saying that he took full responsibility for his failure to report the gifts Abramoff provided. Stillwell said that it was "never my intention to violate the law." And, he said the, "consequences of my actions have devastated my professional career."

Court papers indicate, "Stillwell well knew, the document falsely certified that he did not receive reportable gifts from a prohibited source."

Stillwell is 67 years old and is now a retired Interior Department employee.

Northern Marianas connection

Abramoff's team allegedly cultivated Stillwell at the Interior Department. Prosecutors said Stillwell provided Abramoff with some non-public information but the materials were "not classified" and the documents were not a quid pro quo for the gifts Abramoff provided.

But, in a report released in July, the Department of Justice's Inspector General Glenn Fine referred one matter to the FBI and his counterpart at the Interior Department for further investigation: the possibility that an Interior Department official leaked to Abramoff a post-9/11 security review of the Northern Marianas that recommended extending federal immigration laws to the islands. There is no indication in the DOJ report that Stillwell is connected to the continuing investigation at the Department of Interior.

The Interior Department's Inspector General also announced last year that it was investigating any contacts Abramoff may have had with officials there, but has yet to issue a report on its probe.

Abramoff made extensive efforts to build relationships with Interior officials, particularly J. Stephen Griles, former deputy secretary at the department. Griles denied any wrongdoing in his dealings with Abramoff during an appearance before the Senate Indian Affairs Committee last year. Griles is now a partner in the lobbying firm Lundquist, Nethercutt & Griles.

Abramoff also tried to place his allies in key positions at Interior, according to e-mails released by the Indian Affairs Committee, focusing on the Bureau of Insular Affairs.

'In awe' of Abramoff

The Commonwealth of the Northern Mariana Islands was important to Abramoff who was hired to lobby Congress to keep open an important trade exemption. That exemption allowed garment makers there to put "Made in the U.S.A." labels in their clothing. Human rights groups argue this has fostered an exploitive working environment in the commonwealth's booming garment industry.

A former aide to Tom DeLay pleaded guilty to conspiracy and corruption charges involving the Marianas. While working in the Delay's leadership office, Tony Rudy helped Abramoff with one of his Marianas clients. According to an internal audit by Commonwealth authorities, the Marianas paid Abramoff more than $7 million in lobbying fees from 1996 to 2001. Rudy's plea agreement did not implicate DeLay in any illegal activities. Rudy has yet to be sentenced.

Stillwell told Mother Jones magazine last year that he was "in awe" of Abramoff's ability to kill a House bill back in 2000 that would have imposed federal immigration policy on the CNMI, one of his most lucrative of his lobbying clients. Abramoff "stopped it dead," said Stillwell. "It could not have been an easy job."

Investigation continues

To date, the investigation has yielded guilty pleas from six defendants, including Abramoff and public officials such as former congressman Bob Ney, and his former chief of staff Neil Volz, former DeLay aide Tony Rudy, and Stillwell.

The investigation has also resulted in the conviction by jury trial of the former chief of staff for the General Services Administration David Safavian who is awaiting sentencing pending appeal of his conviction.

In November, Abramoff began serving a 70-month prison sentence for pleaded guilty to defrauding banks of $23 million in his purchase of the SunCruz casino cruise line six years ago in Florida. Abramoff pleaded guilty in Washington to fraud, tax evasion and conspiracy to bribe public officials. He is awaiting sentencing in the influence peddling case and is continuing his cooperation with government investigators.

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Just before his surrender to a federal prison in Cumberland, MD in November, Abramoff sent friends an e-mail calling the political scandal, "this nightmare," and predicting things were about to get worse.

"This nightmare has gone on for almost three years so far and I expect we are not even half way through," Abramoff wrote.

Former congressman Bob Ney is scheduled to be sentenced later this month. The Justice Department has recommended 27 months of imprisonment.

Joel Seidman is an NBC producer, based in Washington, DC.

The Associated Press contributed to this story.

Judge Rejects Media Request (NSDY/AP)

By Associated Press, January 9, 2007, 4:28 Pm Est

Long Island Newsday, January 10, 2007

News organizations had asked that recordings of testimony and arguments be released for broadcast. U.S. District Judge Reggie Walton denied the request, saying the only recording of court proceedings is done by the court stenographer to help ensure an accurate transcript.

"This recording, however, is produced by the court reporter's personal equipment and is not the official record of the proceedings," Walton said. "It is therefore not available to the public."

The Supreme Court releases audio recordings of arguments in major cases, and lower federal courts have started to follow the Supreme Court's lead, lawyers for the news organizations said in court documents.

Broadcasting court proceedings -- along with commentary and analysis -- could prejudice jurors and lead to an unfair trial, Walton said.

The trial of I. Lewis "Scooter" Libby is to begin Jan. 16. He is accused of perjury, obstruction and lying to the FBI about his conversations with journalists regarding CIA officer Valerie Plame.

Cheney is expected to testify for his former aide, and other witnesses are expected to include NBC Washington bureau chief Tim Russert.

The organizations that filed the request are ABC, The Associated Press, Bloomberg News, CNN, CBS, Dow Jones, E.W. Scripps, the Hearst Corp., the Los Angeles Times, the McClatchey Co., NBC, National Public Radio, USA Today, The Washington Post, the American Society of Newspaper Editors, the Newspaper Association of America, the Radio-Television News Directors Association, the Reporters Committee for Freedom of the Press and the Society of Professional Journalists.

Leak Probes Stymied, FBI Memos Show (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, January 10, 2007

A lack of cooperation from one or more intelligence agencies led the FBI to abandon several recent criminal investigations into leaks of classified information to the press, records obtained by The New York Sun indicate.

In January 2005, a top FBI official asked the Justice Department to close three pending leak inquiries because the "victim agency" repeatedly refused to assist the probes. The FBI's contact at the agency "has been uncooperative with the investigating field office and on numerous occasions failed to return phone calls or provide the case agent with requested documents pertinent to the investigation," the memo said, adding that the agency "cancelled personnel interviews, security briefings and meetings at the last minute and failed to reschedule for another time."

"None of the cases can proceed without the cooperation of the substantive unit at the victim agency, therefore the FBI considers all logical leads covered," the FBI official wrote. Within days or weeks, the cases were closed.

The memo, which was among more than 300 pages of leak investigation files released to the Sun this week under the Freedom of Information Act, was heavily redacted by the FBI, which removed the name of the writer, the identity of the intelligence agency involved, and nearly all details about the alleged leaks.

The documents provide a rare window into the Bush administration's effort to combat leaks of classified information that the administration has said are damaging national security in wartime. "At some point in time, it would be helpful if we can find somebody inside our government who is leaking materials, clearly against the law, that they be held to account," the president said at a press conference last month. "Perhaps the best way to make sure people don't leak classified documents is that there be a consequence for doing so."

However the records suggest that reticence on the part of intelligence agencies sometimes contributes to the futility of leak probes, and that, at least when it comes to leak investigations, the much-vaunted full cooperation between the FBI and other intelligence agencies after September 11 has yet to come to fruition. "It turns out you never can find the leaker," Mr. Bush lamented.

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In an exchange of e-mails in September 2005, FBI agents handling a leak investigation codenamed "May Apple," complained about difficulties in getting basic information about who saw classified documents key to the case. A meeting was planned with agency lawyers to discuss requests that were pending for a year. "So close it if they stonewall him tomorrow and/or we learn the distribution list is too great, right? I bet the latter will at least point us to closing even if they are totally cooperative," one agent wrote.

A few weeks later, the head of the FBI's leak-sleuthing section, Michael Donner, wrote to the Justice Department's counterespionage chief, John Dion, asking to close the probe. The FBI's Washington field office "concluded that the investigation had languished due to repeated requests for information…that have not been fulfilled in a timely manner," Mr. Donner wrote. "Due to noncompliance from the victim agency and wide dissemination of the classified information, the FBI was unable to determine the source of the leak." In all of the released records, the FBI deleted the name of the agency or agencies about which the investigators complained. However, a former Justice Department official said the vast majority of leak probes originate at the CIA. In the "May Apple" case, references in the files to top-secret cables and to an Office of General Counsel also point to Langley, as the government's other main user of cables, the State Department, does not have a general counsel's post.

A CIA spokeswoman, Michele Neff, flatly denied that her agency has resisted the FBI's efforts to hunt down leakers. "That's simply not the case," she said yesterday. "Why would we not want to get to the bottom of the leaks? The Office of General Counsel works closely with the Department of Justice on investigations regarding unauthorized disclosures."

Ms. Neff pointed to a November interview in which the current CIA director, General Michael Hayden, said recent leaking has caused serious harm to his agency's effectiveness and to individuals. "When that takes place our ability to protect both the security and the freedom of the nation is reduced," General Hayden told WTOP radio. "I can say as a matter of first principle that the unauthorized disclosure of classified information has actually led to the deaths of individuals."

A Justice Department spokesman, Dean Boyd, said it is uncommon for leak investigators to encounter resistance from their counterparts in the intelligence community. "Generally, we feel we receive excellent cooperation from the intelligence agencies and other victimized agencies in leak investigations," he said.

Ms. Neff and Mr. Boyd said they could not comment on specific cases, such as the ones where the agents reported a lack of cooperation. Mr. Dion, the Justice Department official who received the memos detailing the difficulties, and the current head of the CIA's Office of General Counsel, John Rizzo, declined requests to be interviewed for this article.

Mr. Donner, the FBI official who oversaw some of the probes described in the memos, retired last year. In an interview yesterday, he also declined to discuss specific cases, but acknowledged some instances where agencies were not enthusiastic about helping the FBI. "They know if they do not give us more information or refuse to, the case will not push forward. They'd rather have it go away or have it dropped," the former agent said. Many of the leak cases are initiated by the CIA, which sends the Justice Department a standard, 11-item questionnaire. Asked why an agency would refer a leak for investigation and then decline to provide necessary information, Mr. Donner said, "They have a disclosure potentially of a violation of federal law. They're obliged to provide it or refer it to the FBI." He said resistance may sometimes be because of legitimate concerns about further dissemination of sensitive data.

According to the records, the main reason for dropping leak investigations is that the classified information in question was so widely distributed that it is difficult to focus in on suspects. Mr. Donner said the current drive to share intelligence information made his job even harder. "I'm an old-school guy. A lot of people don't 'need-to-know,'" he said.

Mr. Donner, who helped crack some high-profile spy cases, such as that of Aldrich Ames, said the leak chasing was frustrating. "I wish we had better success in this area," he said. "This stuff is a wilderness of mirrors."

The friction apparent in the records obtained by the Sun calls into question assurances by senior government officials that law enforcement and the intelligence community are working hand-inglove to ferret out leaks. In an unusual op-ed piece published in the New York Times in February 2006, the-then director of the CIA, Porter Goss, decried illegal leaks and promised that close coordination to eradicate them was underway. The Justice Department "is committed to working with us to investigate these cases aggressively," Mr. Goss wrote. "In addition, I have instituted measures within the agency to further safeguard the integrity of classified data."

Mr. Goss took over in September 2004, months before the FBI's moves to abandon the probes. However, it is unclear how much control he was able to establish over the agency. The former congressman and his staff clashed repeatedly with veteran CIA officials, some of whom quit. A top aide to Mr. Goss, Patrick Murray, who once oversaw an anti-leak task force for the Justice Department, reportedly crusaded against leaks at Langley. In May 2006, Mr. Goss abruptly resigned, offering no public reason for his departure. A former prosecutor who has accused career CIA officials of waging a leak campaign to undermine President Bush, Joseph diGenova, said yesterday that he suspected the resistance to the investigations was part of that effort. He also questioned why the leak cases were dropped.

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"Stopping a leak investigation, assuming it's a serious leak, just because the victim agency won't cooperate is the most absurd thing I've ever heard in my life," Mr. diGenova said. "A grand jury subpoena should issue….It seems to me there should be some sort of Congressional investigation of those instances."

The disclosed records also suggest that many investigations into leaks of top-secret data are abandoned without pursuing some obvious, if intrusive, investigative techniques, such as seeking testimony or phone records from members of the press. Other components of the Justice Department have recently used those tactics in less sensitive cases, such as leaks about planned federal raids of Islamic charities and about a grand jury investigating steroid use in baseball.

"There is a stunning lack of balance in the way all these cases are approached," Mr. diGenova said. The FBI files were released in response to a Freedom of Information Act lawsuit brought in July by this reporter. In November, a federal judge in San Francisco, citing the intense public interest in leak investigations, ordered the government to answer the requests within 30 days. The judge, Maxine Chesney, recently extended the deadline to April for some of the agencies involved.

Last month, the FBI told Judge Chesney that 22 of 94 files believed to relate to recent press leaks were missing with no indication of who had removed them.

Federal Prosecutor To Help Israeli Investigation (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), January 10, 2007

A federal judge in Mobile last week appointed Assistant U.S. Attorney George May to assist the Israeli government with a criminal investigation that touches southern Alabama.

As a commissioner of the court, May will gather information under a treaty between the United States and Israel that commits law enforcement officials to helping their counterparts when investigations cross international borders.

Chief U.S. District Judge Ginny Granade's order empowers May to collect documents and subpoena witnesses. He will certify and submit the evidence he gathers to the U.S. Department of Justice's Office of International Affairs.

The judge's order states only that it was prompted by a request by Israel. May, the anti-terrorism coordinator at the U.S. attorney's office in Mobile, said the probe relates to allegations involving bogus diplomas.

He said the Alabama connection is a small piece of a much larger investigation that also involves other parts of the country. Citing the beginning stages of the investigation, he declined to discuss the case in detail. He said the Israeli government has sought help from federal prosecutors in other districts.

May said he does not believe the targets of the probe live in Alabama.

The United States has signed 57 mutual legal assistance treaties, although not all have been ratified by the Senate, according to a the Justice Department.

Bryan Sierra, a spokesman for the department, said most of the pacts are bilateral agreements with other countries, but others involve international organizations. For instance, the United States has a treaty with the Organization of American States, a collection of 35 countries in the Western Hemisphere, he said.

Sierra said the Justice Department does not keep statistics on the number of requests made by foreign governments, and he added that he could not even estimate how frequently a treaty is invoked.

May said it is quite unusual for smaller districts, such as southern Alabama, to be involved. He said in larger districts with a more cosmopolitan flavor, such as New York, it's probably far more common.

May said the mechanics of the investigation -- at least his part of it -- will work much like an attorney taking depositions in a civil case. He will have the power to subpoena witnesses, and a court reporter will be present during questioning to make transcripts.

May said he does not expect his duties to take long -- a couple of months at most. He said he is unsure exactly what rules apply if witnesses refuse to cooperate. He said he imagines they could be held in contempt of court.

Of course, if a witness were to invoke his rights on the Fifth Amendment to remain silent, he presumably would enjoy the same rights as any other witness in a U.S. court proceeding.

"That could be a mixed issue," he said.

May said this is the first time he has been asked to assist a foreign government but added that he is looking forward to the challenge.

"It'll be interesting. It will be something a little bit different," he said. "We have a treaty with Israel, and I'm glad to help out. And I'm sure they'd do the same for us."

Former Brick Twp. Mayor Admits Taking Bribes (NSL)

By Guy Sterling And Maryann Spoto, Star-Ledger Staff

Newark Star-Ledger, January 10, 2007

Faces prison, fine for accepting cash from developer in exchange for project approval

A mayor who presided over a period of substantial growth in Brick Township yesterday ad mitted taking more than $5,000 in bribes in exchange for helping a developer gain approval for a number of unspecified projects.

Joseph C. Scarpelli, 67, told a federal judge he accepted the bribes over five years, ending in late 2003, and that one was $500 in cash slipped to him in Ocean County in April of that year. The developer was not named, and no other de tails were supplied.

"Did you accept these cash payments from the developer knowing that you were not due the money in your capacity as mayor?" U.S. District Judge Susan Wigenton asked Scarpelli.

"Yes," he replied without elaboration at the hearing in Newark.

Scarpelli also acknowledged that, as mayor, he interacted with other local officials, including members of the township council, planning board and board of adjustment, and enjoyed authority over budget appropriations and contract awards.

His plea to a single count of "extortion under the color of official right" came a month after he left his mayor's post in the Ocean County township after 12 years, and amid rumors he'd been caught up in a lengthy federal investiga tion of public officials at the Shore.

Scarpelli faces a maximum sen tence of 20 years in prison, but Marc Larkins, the assistant U.S. at torney assigned to the case, said the actual term will fall somewhere between 24 and 30 months under federal sentencing guidelines.

The Brick resident also could be fined $250,000 at his scheduled sen tencing May 29. Until then, he will remain free on a $50,000 unsecured appearance bond. The count against Scarpelli was contained in a pre-indictment accusation known as an information.

Court papers provided few de tails about the bribes, and law enforcement agents were equally quiet after court yesterday.

PROBE CONTINUES In addition to declining to say anything about the developer, projects or approvals involved in the corruption scheme, they also would not say how much Scarpelli had received in total or how many illegal payments there had been.

Judge Orders O'Grady To Begin Sentence Jan. 22 (HOLMIND)

Holmdel (NJ) Independent, January 10, 2007

NEWARK - Former Middletown Committeeman Raymond O'Grady lost his appeal on Friday and is now scheduled to begin his 43-month jail sentence Jan. 22.

O'Grady was convicted in June on five corruption-related charges as part of the FBI's Operation Bid Rig investigation. The one-time director of the Monmouth County Central Motor Pool was found guilty of accepting at least $8,000 in cash bribes in exchange for official favors through his position in county government.

"The judge set a surrender date because of the Third Circuit Court decision," said Michael Drewniak, spokesman for the U.S. Attorney's Office in Newark.

O'Grady's attorney, Kevin Roe, promised an appeal after his client's October conviction. Roe argued that O'Grady's trial was unfair because of the suicide attempt of the FBI's star witness after only one day on the stand. Anthony Palughi, a former friend of O'Grady's, wore a wire for the FBI in order to try to avoid jail time of his own, Palughi said during the trial.

"Without much being heard, a single judge granted it," Drewniak said on Monday, noting appeals are often heard in this way. "Now the Third Circuit Court has denied his motion pending his appeal."

Tape Shows Williams Taking Cash (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 10, 2007

Was $1,500 payment a bribe or only a business dividend?

A federal court jury Tuesday watched a secretly recorded videotape showing a former Shelby County official accepting $1,500 in cash from an informant that authorities say was a bribe.

The money -- 15 $100 bills -- was supplied by the FBI, as was the tiny camera hidden in a briefcase.

Defendant Calvin Williams, the county commission's former top aide, says he believed the payment was a legitimate business dividend due him from his associate, Tim Willis.

The tape was made on April 24, 2003, at the Mud Island residence of the FBI informant, Willis, who was helping authorities document an alleged payoff he said Williams wanted for helping obtain a county grant for a community development project.

Throughout that tape and two others made that month, Williams repeatedly tells Willis in expletive-filled conversations that half of the money will be given to then-County Commissioner Dr. Cleo Kirk, who was head of the commission's budget commission.

"I'm going to go ahead and drop his cheese off," said Williams, who discourages Willis from accompanying him. "You'll spook him (Kirk) quick."

On another recorded conversation, Williams tells Willis: "You know what I'm going to do with that $1,500? I'm going to take everybody out for drinks."

Kirk, who has been subpoenaed as a witness by both the prosecution and the defense, was seated outside the courtroom throughout most of the day. He declined to talk to reporters.

Williams is accused of using -- or claiming to use -- his influence with the County Commission to secure a $100,000 county grant for the Glenview Neighborhood Development Partners Inc. to provide low-interest loans for home improvements.

Federal prosecutor Tim DiScenza told jurors it is irrelevant whether Kirk knew about or accepted a bribe.

"Calvin Williams saw (the Glenview grant request) as an opportunity to get some money for himself because of his official position," DiScenza said in his opening statement. "This trial will be about his demand and his attempt to utilize that position to gain some money for himself."

His attorney, federal public defender Doris Randle-Holt, said Willis was a partner with Williams in several businesses and that the $1,500 represented Williams' 30 percent share of a $5,000 media services contract Willis had with Glenview to help win the grant.

Willis testified, however, that they shared office space in the 100 North Main Building, but that their business enterprises were completely separate.

Randle-Holt noted that Willis was paid $6,000 a month by the FBI for more than two years for his cooperation and that he had never been charged for admittedly submitting false invoices in 2001 when he had a consulting contact at Juvenile Court.

"You will come in here and say anything today to stay out of jail, won't you?" said Randle-Holt.

"No," replied Willis, who was less animated and chipper than he was on the stand in last summer's bribery trial of former state senator Roscoe Dixon.

The case, which is part of the FBI's broader Tennessee Waltz undercover public corruption investigation, is being tried before U.S. Dist. Court Judge Samuel H. Mays Jr. Testimony resumes this morning.

Roscoe Dixon's Handwritten Plea For Release Denied (WMC)

WMC-TV, January 10, 2007

A handwritten plea from Roscoe Dixon, sent in December from his cell at the Oakdale Correctional Center in Louisiana, proved fruitless. Federal Magistrate Jon McCalla denied Dixon's request to be released pending his appeal of his federal bribery trial.

In his letter, Dixon - who was sentenced to five years behind bars - describes overcrowding conditions which have, according to his letter, left him in solitary confinement until space becomes available. He has "to eat the same food as those who are in 'the hole,'" he wrote.

UC Riverside Official Is Accused Of Bribery (LAT)

By Sara Lin, Times Staff Writer

The Los Angeles Times, January 10, 2007

FBI says Theodore Chiu solicited payments from an Irvine contractor constructing a building on campus.

Federal agents arrested a UC Riverside administrator Tuesday on suspicion of bribing a general contractor in charge of building the school's new psychology building, authorities said.

Theodore Chiu, 53, of Riverside is accused of soliciting a $50,000 bribe from Irvine contractor FTR International Inc. last Halloween.

Chiu allegedly asked for the payment when the company's president, Nizar Katbi, raised concerns about the $35-million project, including Chiu's choice of a subcontractor, according to an FBI affidavit filed in federal court.

In exchange for the alleged bribe, Chiu agreed to sign a change order that would modify the university's original agreement with the company, the affidavit said.

As an associate director in UC Riverside's Office of Design and Construction, Chiu managed several construction projects.

Katbi agreed to the proposal but told federal agents before giving Chiu his first payment. Katbi cooperated with investigators by recording his meetings and conversations with Chiu, said Thom Mrozek, a spokesman for the U.S. attorney's office in Los Angeles.

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During a series of meetings, Chiu allegedly received $18,000 in bribes from Katbi, the affidavit said.

University officials said they weren't aware of the investigation until Chiu's arrest Tuesday morning.

Kris Lovekin, the university's director of media relations, said she didn't know of any problems university officials had with Chiu during his 19 years in the school's design office. His salary is $108,000 a year.

Construction of the school's psychology building began in April and is scheduled for completion in June 2008.

At a November meeting between Katbi and Chiu, which federal investigators recorded, the contractor offered to write Chiu a check. But Chiu demanded cash because a check would be traceable. If Katbi didn't pay, Chiu said, he would make life difficult for the contractor and his company, according to the affidavit.

Chiu also told Katbi that he didn't like to handle more than one deal at a time, which Katbi took to mean Chiu might be soliciting bribes from other general contractors on UC Riverside projects, documents show.

Chiu initially demanded the bribe in two installments — $20,000 before Thanksgiving and $30,000 before Christmas. But when Katbi said he was having trouble getting the money, Chiu agreed to accept smaller increments of $7,000. When Katbi was slow paying in December, Chiu withheld his authorization of funds that Katbi needed to pay subcontractors. After Katbi delivered a bribe, the funds were released, the affidavit said.

Chiu is expected to appear at 11 a.m. today for a bail hearing in U.S. District Court in Santa Ana. If convicted, Chiu faces a possible sentence of 10 years in federal prison.

*

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Bklyn Judge Nixes Fed Trial Bid By FBI Agent Accused Of Mob Ties (NSDY/AP)

Long Island Newsday, January 10, 2007

NEW YORK (AP) _ A former FBI agent accused of helping a ruthless mobster plot gangland slayings in Brooklyn more than a decade ago won't go to trial in federal court, a judge ruled Tuesday.

Attorneys for R. Lindley DeVecchio had argued his case belonged in federal court because there _ unlike in state court _ they would be allowed to argue that he was immune from criminal charges arising from his duties as a federal agent.

The court "concludes that removal is not warranted because it lacks subject-matter jurisdiction," U.S. District Judge Frederic Block wrote in a decision issued in federal court in Brooklyn.

The Brooklyn district attorney's office had fought to keep the case in state court after charging DeVecchio last year with four counts of murder in what it billed as one of the worst law enforcement corruption cases in U.S. history.

DeVecchio, 65, pleaded not guilty to charges he collected weekly bribes in exchange for feeding classified information to an informant _ Colombo crime family captain Gregory Scarpa Sr. _ during a bloody civil war within the family during the 1980s and '90s. Prosecutors say the tips helped Scarpa knock off rivals and suspected cooperators, including a girlfriend of the Colombo consigliere.

DeVecchio remains free on $1 million bond. If convicted, he could face up to 25 years to life in prison.

Scarpa was convicted of murder and racketeering and died in prison.

Brooklyn: Case Against Ex-F.B.I. Agent Can Proceed (NYT)

By Michael Brick

The New York Times, January 10, 2007

A retired F.B.I. supervisor accused of aiding in Mafia murders is not immune from prosecution in state court, a Federal District Court judge ruled yesterday. The retired agent, R. Lindley DeVecchio, 66, was charged with four counts of murder last March in State Supreme Court. Prosecutors say Mr. DeVecchio, who was responsible for managing confidential informants, played a role in four killings between 1984 and 1992 by giving information to the Colombo crime family. In April, Mr. DeVecchio's lawyers sought to remove the case to federal court, arguing that the evidence was subject to federal grants of immunity and that his defense was based on federal law. But Judge Frederic Block ruled that Mr. DeVecchio had not presented a valid argument.

SAN FRANCISCO Gang Case Defense Can't Get Witness List (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 10, 2007

Federal prosecutors in the death penalty trial of alleged members of a violent San Francisco gang don't have to give defense lawyers police reports that identify witnesses before the trial, a federal appeals court ruled Monday.

The 2-1 decision by the Ninth U.S. Circuit Court of Appeals in San Francisco overturned a ruling last year by the trial judge, who ordered prosecutors to release police reports on the witnesses, including their identities. U.S. District Judge William Alsup had also said prosecutors would be prohibited from calling witnesses whose names they refused to provide to the defense.

Prosecutors say they fear for the witnesses' safety if they are identified, citing the killing in May of a witness who had testified in another San Francisco murder case. Defense lawyers and Alsup said prospective witnesses would be protected by orders prohibiting the defense from revealing the information to outsiders.

A federal grand jury issued racketeering indictments in October 2005 against 12 alleged members of the Down Below Gang, which authorities say has terrorized the Sunnydale public housing complex in Visitacion Valley since the late 1990s. Prosecutors say the defendants dealt drugs, toted guns and murdered seven people, including a 7-week-old baby.

Eight defendants pleaded guilty last month to racketeering and conspiracy charges that carry prison sentences of up to 23 years. Of the remaining defendants, one is a fugitive and has not been publicly identified. The others are Emile Fort and Edgar Diaz, who could both be sentenced to death if convicted, and Terrell Jackson, whose case is still being evaluated by the U.S. Justice Department for possible death penalty charges. Their trial is scheduled to start in September.

Prosecutors have deleted witnesses' names from San Francisco police reports supplied to the defense, and said they would not identify any witnesses until the Friday before they testified. Alsup had ruled that prosecutors were seeking an unfair advantage.

But the appeals court majority, led by Judge Susan Graber, said the police reports were exempt from disclosure under a federal rule that allows prosecutors to withhold evidence gathered by government agents.

Defense lawyer Michael Satris said the ruling "leaves us severely hampered in our ability to prepare for the case."

E-mail Bob Egelko at begelko@sfchronicle.com.

Prosecutors Expect Grand Jury To Reach Duncan Decision Soon (AP)

By Shannon Dininny, Associated Press Writer

AP, January 10, 2007

BOISE, Idaho -- A decision on whether to indict convicted murderer Joseph Duncan III on federal charges for kidnapping two north Idaho children and slaying one of them could come in the next few weeks, the U.S. attorney's office said Tuesday.

In the meantime, the federal agency that secures prisoners said it would recommend that the trial be held in Boise, rather than Coeur d'Alene, if a grand jury indicts Duncan.

Duncan, 43, drew national attention in 2005 with the kidnapping of then 8-year-old Shasta Groene and her 9-year-old brother, Dylan.

A Tacoma, Wash., native, Duncan had been living in Fargo, N.D., and was on the run from a child molestation charge in Minnesota when he drove past the Groene home on Interstate 90 east of Coeur d'Alene and spotted the children playing outside. Duncan stalked the family for several days and, on May 16, entered the home, bludgeoning the children's mother, Brenda Groene; her fiance, Mark McKenzie and Groene's 13-year-old son, Slade.

According to court documents, Duncan kidnapped Shasta and Dylan, traveling into the mountains near St. Regis, Mont., where he sexually abused them for seven weeks before killing Dylan.

Shasta was rescued when she and Duncan walked into a restaurant in Coeur d'Alene early on the morning of July 2, 2005.

Duncan pleaded guilty in state court last year to three counts of first-degree murder and three counts of first-degree kidnapping for the murders at the Groene home. A judge sentenced him to life in prison without parole on the kidnapping charges.

However, the sentence on the murder counts will be deferred while the federal government pursues its case against Duncan for the kidnappings and murder across state lines.

Charges have not been filed in that case yet. Federal prosecutors expect a grand jury to hear the case in the next few weeks, said Jean McNeil, spokeswoman for the U.S. attorney's office in Boise.

Duncan is being housed at the Idaho Maximum Security Institution south of Boise.

Kevin Platts, chief deputy for the U.S. Marshals Service, said his agency would recommend that a trial be held in Boise if the grand jury indicts Duncan.

A number of issues play a role in that decision: Coeur d'Alene lacks a federal judge, and the courthouse in northern Idaho is more than 80 years old and lacks space and security needed for such a case, Platts said.

In addition, the costs to fly Duncan between the prison near Boise to Coeur d'Alene could reach $30,000 per day during a trial there, since he and his guards would have to return to the maximum security prison each night.

"We don't want to do that. We're all taxpayers," Platts said from his office in Boise. "The state has Duncan here. Duncan belongs to them, and we don't like taking them too far from the state."

The federal government has said it intends to seek the death penalty.

Duncan is also considered the prime suspect in the slayings of two children near Seattle and one in Southern California in the 1990s.

L.A. Shifts Tactics Against Gangs (LAT)

By Patrick Mcgreevy And Richard Winton

The Los Angeles Times, January 10, 2007

Los Angeles' top law enforcement officials have agreed on a new attack on gang violence, one that focuses more enforcement on smaller neighborhood gangs and uses a new legal tool tried last year on skid row.

The effort comes as L.A. officials are trying to quell a 14% increase in gang-related crime during the last year, marked by several high-profile incidents of race-motivated violence.

LAPD Chief William J. Bratton met this week with Dist. Atty. Steve Cooley and representatives of City Atty. Rocky Delgadillo to begin formulating the plan.

Bratton announced Tuesday that his department is developing a "Top 10" list of gangs to target based on a complex formula — and then the three agencies will devote additional officers and attorneys specifically to those gangs.

The campaign will include targeting the leaders and headquarters of the worst gangs.

Police have identified 720 street gangs in Los Angeles, with 39,315 members. But officials said a small number of them are causing a disproportionate amount of crime in the hardest-hit neighborhoods.

The new strategy is something of a shift for law enforcement officials, who have until now focused much attention on larger gangs that run drug rings and other criminal enterprises.

Bratton told the Police Commission that his office will identify "the most prolific gangs in the city, the top 10, if you will.

"We will be using a matrix that encompasses violent crime committed by the gangs, interracial crime, assaults on police officers," Bratton said. "That's how we will winnow the hundreds of gangs in the city down to those that we will focus most of our attention on."

Deputy Police Chief Charlie Beck, the commanding officer of the South Bureau, said the matrix will give extra weight to certain kinds of activity, such as race-based attacks.

As a result, the 204th Street gang in the Harbor Gateway will probably make the top 10 list even though it has committed fewer crimes than much larger gangs, Beck said.

Police have accused members of that Latino gang of the racially motivated killing of a 14-year-old African American girl.

The LAPD has already deployed an extra 18 officers to the neighborhood, and Beck said the number could double once 204th Street is included in the top 10 list.

Another gang likely to be considered for the list is Canoga Park Alabama, a relatively small gang that police say is responsible for a disproportionate amount of violence in the Valley, where gang crime was up nearly 40%.

Jeff Isaacs, chief of criminal prosecutions for the city attorney's office, agreed that the new strategies on gangs are going to particularly target areas that haven't been traditional gang strongholds: Harbor Gateway and parts of the San Fernando Valley where gang crime climbed at a higher rate than in the more infamous gang territories.

"The San Fernando Valley has seen a real spike in gang crime," Cooley said.

Prosecutors also plan to use "stay-away orders" against gang leaders. Such orders are included in the terms of a suspect's probation and forbid them from being in a certain neighborhood. Officials hope these orders will be more effective than traditional gang injunctions, which prohibit gang members from congregating.

The stay-away orders can be easier to enforce, because they are a condition of probation and a violation can immediately put the offender back in jail. And, under a new early-release policy set to be implemented soon, the Los Angeles County sheriff will no longer hold inmates sentenced to County Jail under gang injunctions for their entire sentences.

In addition to prosecutors targeting leaders of the selected gangs with court orders, Delgadillo said his office plans to file nuisance abatement lawsuits to target gang headquarters.

"We are going to go after the top 10 hangouts in the city of Los Angeles," he said. "Gangs — like other enterprises — need a place to plan."

He said his office successfully used this tactic on an apartment complex at 69th and Main streets, which he said was a home to the East Coast Crips gang.

The situation in Harbor Gateway may end up being a model for the new effort.

Bratton said he has put Beck in charge of a working group to address the problems in the Harbor Gateway area, where some African American residents said Latino gangs do not allow them onto certain streets.

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He said the new strategy will include the use of gang injunctions ordering gang members not to loiter or congregate in the area, as well as stay-away orders aimed at gang leaders who have been convicted of crimes.

"There are no injunctions in that area," Beck said.

Cooley said he's ready to seek the stay-away orders.

African American community activist Morris Griffin attended the Police Commission meeting Tuesday to call for action to stop the racial violence, including the installation of surveillance cameras on street corners where crime is occurring.

"I'm a strong advocate for cameras on the streets, to take back our streets, because of this terrorist act with people chasing our people out of the neighborhood, when you talk about the black and the brown," Griffin told the panel.

CIVIL LAW:

Judge Upholds Religion In Veterans' Care (LAT/AP)

By Ryan J. Foley, Associated Press Writer

The Los Angeles Times, January 9, 2007

The Department of Veterans Affairs' increasing use of religion in treating ailing veterans does not violate the separation of church and state, a federal judge has ruled.

U.S. District Judge John Shabaz dismissed a lawsuit by the Madison-based Freedom From Religion Foundation and defended the agency's practices in his decision Monday, saying religion can help patients heal and is legal when done on a voluntary basis.

The foundation, a group of atheists and agnostics which has challenged the Bush administration's mix of government and religion, said it was the first time a judge upheld the constitutionality of the VA's use of religion in treating millions of veterans. The ruling averts a trial that was scheduled to begin later this month.

The group's president, Annie Laurie Gaylor, said Tuesday it would appeal the ruling.

"I think the public will be startled to learn that if you're a VA patient and you want a referral to the eye doctor, you have to have a spiritual assessment in order to do that," Gaylor said.

The lawsuit challenged the agency's practice of giving most patients spiritual assessments that ask questions about faith, such as how often they attend church and how important religion is in their lives. Agency officials say the assessments help them determine patients' needs.

The suit also targeted VA drug and alcohol treatment programs that incorporate religion, the integration of its chaplain program into patient care and the expansion of chaplain services for outpatient veterans instead of just those at VA hospitals.

The veterans' agency, which treated 5.3 million people at its facilities in 2005, acknowledged it believes spirituality should be integrated into care but said it allows patients to decide whether that involves religion.

Shabaz said the VA's programs do integrate religion and spirituality but they are legal because they are voluntary and serve valid secular purposes such as giving patients spirituality services.

"The choice to receive spiritual or pastoral care, the choice to complete a spiritual assessment, and the choice to participate in a religious or spiritually based treatment program always remain the private choice of the veteran," he wrote. "Accordingly, there is no evidence of governmental indoctrination of religion."

Jean Lin, a U.S. Department of Justice lawyer who represented the veterans' officials, declined comment. DOJ spokesman Charles Miller said the opinion speaks for itself.

CIVIL RIGHTS:

Jury Reaches No Decision In Truck-deaths Trial (AP)

By Juan A. Lozano, Associated Press

AP, January 10, 2007

Jurors deliberated today without deciding whether to impose a death sentence for the truck driver in the nation's deadliest human smuggling attempt, in which 19 illegal immigrants who were locked in a sweltering trailer for hours eventually died from dehydration, overheating and suffocation.

The six men and six women on the jury deliberated for about six hours today. They were to resume Wednesday.

Jurors must decide whether to sentence Tyrone Williams to death or life in prison without parole, or to let the judge issue a sentence ranging from no incarceration time to life in prison without parole.

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Williams was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants, including 20 counts that were death-penalty eligible.

During the 2003 smuggling attempt, more than 70 immigrants were packed inside Williams' trailer, with no air conditioning.

They were heading from South Texas to Houston when the heat became unbearable and the immigrants began to panic, tearing holes in the trailer doors with their hands in order to breathe. Williams eventually opened the trailer doors and abandoned the container near Victoria, about 100 miles southwest of Houston.

Defense attorney Craig Washington told jurors Williams never intended for the immigrants to die. Washington said it was unfair that Williams was the only defendant in the case who is facing the death penalty when others were equally responsible.

Other major defendants have been sentenced to terms ranging from more than 12 years to more than 23 years in prison. The alleged leader of the smuggling ring was sentenced to more than 17 years.

"The punishment should fit the crime the person committed," Washington said.

Williams' sister, Coretta Williams, told reporters today after jurors finished deliberating for the day that her brother is being made the scapegoat for the immigrants' deaths.

"He's really the person who is taking the fall for everything," she said.

But Assistant U.S. Attorney Daniel Rodriguez told jurors Williams had no compassion and he deserves to die because he alone could have freed them but chose not to open the trailer's doors.

"Every minute he kept those doors closed knowing those people wanted out was an act of violence against those people," he said.

During the retrial's punishment phase, Williams' relatives testified, telling jurors he was a kind person and asking them to spare his life. Relatives of the 19 victims also testified, asking for justice but not specifying whether that meant a death sentence.

Williams, 35, a Jamaican citizen who lived in Schenectady, N.Y., is the only one of 14 people charged facing the death penalty. In 2005, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury couldn't agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

The 5th U.S. Circuit Court of Appeals rejected the verdict, saying the jury failed to specify his role in the crime.

Ruling Goes Against Chastang (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), January 9, 2007

Justice Department says Riley appointment 'appears to diminish' minority voters' choice

The U.S. Department of Justice on Monday objected to Gov. Bob Riley's appointment of Juan Chastang to the Mobile County Commission, saying it "appears to diminish the opportunity of minority voters to elect a representative of their choice."

The decision is the latest step in a long legal battle designed to oust Chastang, a black Republican, from representing District 1, a majority-black district that has historically elected Democrats.

Riley appointed Chastang to replace Sam Jones on the commission after Jones was elected mayor of Mobile in October 2005.

Cecil Gardner, the attorney who filed the lawsuit against Chastang's appointment, said he will file a motion today asking that a panel of federal judges in Montgomery declare Chastang's seat vacant and order a special election to fill it.

The state can still appeal the Justice Department decision to the U.S. District Court for the District of Columbia or ask the U.S. attorney general to reconsider the objection, according to the ruling.

Alabama Attorney General Troy King, whose office has represented the state in the suit, said late Monday that he could not comment because he had not received the Justice Department's letter.

Gardner said that appealing such a ruling would be a fruitless endeavor. "Almost all appeals are rejected," he said. "I do not think this will be delayed much longer."

But Chastang said the ruling is not the end of the line for him. "There's nothing in there that says I have to vacate this seat," he said. "If the other side seeks further opinions on this matter, then we'll act appropriately at that time."

Chastang also criticized the Justice Department's decision.

"The ruling is unfair," he said. "It doesn't take into account that my racial makeup is the same as the racial makeup in the district."

Shortly after Chastang's appointment, three Mobile County Democrats -- Reps. Yvonne Kennedy, James Buskey and Bill Clark -- filed a federal lawsuit claiming that Riley failed to follow a provision of the Voting Rights Act that requires the Justice Department to review in advance any changes to Alabama election practices.

In 1985, the Alabama Legislature passed a law requiring a special election to fill any Mobile County Commission vacancy with more than a year remaining in the term. The Justice Department approved that change to Alabama's electoral process.

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The Alabama Supreme Court ruled the 1985 law unconstitutional in 1988 because it conflicted with a state law that gave the governor the power to make such appointments.

But the state never received Justice Department approval to go back to gubernatorial appointments, and therefore the appointment violated the Voting Rights Act, a panel of three federal judges ruled in August. The judges forced the state to ask for clearance from the Justice Department.

The Justice Department's objection , written by Assistant U.S. Attorney General Wan J. Kim, states that District 1, which includes downtown Mobile, Prichard and north Mobile County, is 63 percent black.

Riley was elected by a statewide constituency whose racial makeup differs from District 1. Therefore Riley's appointment diminishes minority voting rights, according to the ruling.

"The method of selection for vacancies on the Mobile County Commission by gubernatorial appointment will continue to be legally unenforceable as a matter of federal law," the ruling states.

Chastang said that if his seat is vacated, he will run in the special election to regain it.

County Commissioner Finds Self Embroiled In Controversy (WPMI)

WPMI-TV, NBC 15, Mobile, AL, January 10, 2007

January 9 -- Juan Chastang is currently a Mobile County Commissioner, however, he soon could be unemployed. "We're gonna fight this thing to the end," Chastang tells NBC 15's Leeah Brennan.

The fight Chastang is speaking about is over a decision handed down Monday by the US Department of Justice. When Sam Jones became mayor of Mobile, that left his county commission seat open. Instead of a special election being heldto fill the seat, Governor Bob Riley appointed Chastang.

According to the Justice Department, that appointment may have violated the federal Voting Rights Act.

"We predicted quite accurately that the governor would appoint a Republican. That commission district has never voted Republican in the entire history of the county commission," says Cecil Gardner who initially brought the lawsuit over Chastang's appointment a year and a half ago. Tuesday, he filed a motion asking a federal court to order the seat vacated and that a special election be conducted "Representatives of the people ought to be elected by the people and not chosen by executive fiat," Gardner maintains.

But Chastang says the legal fight to get him out of office isn't' about the people. "Partisan politics is what this whole thing is all about right now."

As of right now, all parties in the upcoming legal battle are moving forward. For someone, this fight will have a bitter end.

NBC 15 News attempted to contact Governor Bob Riley's office for his reaction to the decision, however, we have not yet heard from him. It's possible the governor could appeal the Justice Department's ruling.

Meanwhile, Juan Chastang is one of 3 county commissioners in Mobile County. He tells NBC 15 News if a special election is required, he will run for election to the position he currently holds.

Islamic Group Calls For Federal Probe Into Vandalism Of Buildings (AP)

By Jeff Karoub, The Associated Press

AP, January 10, 2007

DETROIT (AP) — An Islamic coalition representing southeast Michigan Sunni groups and centers said Tuesday that the vandalism of Shiite mosques and businesses over the weekend could be hate crimes and called on the federal government to investigate.

Late Saturday night or early Sunday, vandals broke windows of two mosques and five businesses along Warren Avenue owned by Iraqi Shiites, the second largest Islamic sect after the Sunnis.

The owner of a restaurant whose windows were broken said he had received threatening phone calls before the vandalism that referred to his Shiite creed, according to the Islamic Shura Council of Michigan, based in the Detroit suburb of Bloomfield Hills.

Detroit Police Sgt. Eren Stephens Bell said the department is investigating the vandalism and could not confirm if the incidents were hate crimes. She said police will review security tapes to try to identify the vandals.

The FBI said in a statement Tuesday that it has talked to the Council on American-Islamic Relations and leaders of other community groups. If the Detroit police find information that links the vandalism to federal civil-rights violations, the FBI would "pursue it accordingly."

Mouhib Ayas, president of the Islamic Shura Council, said the incidents appear to be a reaction to events in the Middle East, particularly in Iraq and the execution of Saddam Hussein. Iraq's Shiite-controlled government ordered Saddam hanged before sunrise on Eid al-Hadha, or the Islamic Feast of the Sacrifice.

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Ayas said a lot of people felt provoked by the timing of the execution late last month and viewed it more an act of revenge than carrying out justice, but he condemned the vandalism as an unfortunate act of a few individuals.

"They definitely do not reflect the feeling, position of the majority of Sunnis in Michigan," he said.

Ayas said he and others plan a meeting this week between area Sunni and Shiite leaders to ease tensions.

Osama Siblani, a spokesman for the Arab American and Chaldean Council of Metropolitan Detroit and publisher of the Arab American News in the neighboring suburb of Dearborn, said he does not know the motivation for the vandalism. But he said it could be a reaction to celebrations on Dearborn's streets Dec. 29 by Iraqi Shiites following Saddam's execution. The celebrations were close to the buildings that were vandalized.

"If it was in one store, I would have assumed it was a personal feud. But because it happened to multiple stores and Iraqi centers, it leads me to probably conclude that it's a dispute between those who believed (the celebration) was not the right thing."

The schism between Sunni and Shiite stems from early days of Islam and arguments over the Prophet Muhammad's successors as caliph, the spiritual and temporal leader of Muslims. The Shiites wanted the caliphate to descend through Ali, Muhammad's son-in-law. The Sunnis no longer have a caliph.

Fight Anti-Arab Bigotry, Gonzalez Told (UPI)

United Press International, January 10, 2007

WASHINGTON, Jan. 9 (UPI) -- Arab American leaders have urged U.S. Attorney General Alberto Gonzalez to fight anti-Arab bigotry.

"In response to concerns about the increasing level of negativity openly directed towards Arab and Muslim Americans, leaders from the Arab American Institute and other key Arab American and Muslim American organizations met with Attorney General Alberto Gonzales to request that the federal government help quell the recent tide of bigotry," the Washington-based AAI said in a statement Monday.

"AAI and leaders from the American-Arab Anti-Discrimination Committee, Muslim Public Affairs Council, Islamic Society of North America and Muslim advocates also sought clarification and action on policies concerning racial profiling, suspension of habeas corpus, oversight of watch lists, and donations to charities in the Middle East," the statement said.

AAI said the delegation "also urged the attorney general to support the termination of the National Security Entry-Exit Registration System or 'special registration,' a program that began as an initiative of the Justice Department."

AAI Chairman George Salem and AAI President James Zogby also requested Gonzalez's office to "provide leadership for the country in helping to reverse this disturbing and increasingly accepted trend of anti-Arab and Muslim bias," the statement said.

"Sadly, the past year has demonstrated how tolerant our national discourse has become of bigotry toward Arab and Muslim Americans," Zogby said. "We call upon the attorney general and the Department of Justice to provide the leadership and unity--building they did in the days following the Sept. 11 attacks on a more consistent basis."

LAPD Board Decides Not To Punish Devin Brown (LAT)

By Matt Lait And Scott Glover

The Los Angeles Times, January 10, 2007

A Los Angeles Police Department disciplinary board has secretly decided not to punish the officer who fatally shot 13-year-old Devin Brown two years ago, rejecting an earlier ruling by the civilian Police Commission that the act violated department policy, sources confirmed Tuesday.

Members of an LAPD Board of Rights, meeting behind closed doors on Monday, determined that Officer Steven Garcia was justified in shooting Brown as the youth allegedly tried to back a stolen car into the officer following a brief pursuit.

The shooting sparked outrage in the surrounding South Los Angeles community, with citizens and activists alleging that Garcia overreacted and used excessive force. Last year the city paid $1.5 million to settle a wrongful death lawsuit filed by Brown's family.

Monday's decision, reached by two high-ranking LAPD officials and a civilian representative, effectively negates the earlier finding by the Police Commission that the shooting was "out of policy" and that Garcia should be punished.

It also reflects a dramatic change in the way the LAPD metes out discipline. For decades, the LAPD has heard evidence publicly when serious misconduct is alleged. Last summer, however, the California Supreme Court ruled that police officer personnel documents were not public records. Responding to that ruling — and over the objections of news organizations and civil libertarians — the LAPD moved to close its disciplinary hearings.

As a result, the charges against Garcia were heard in secret, and the rationale for the board's decision is similarly being withheld.

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The Police Commission acts as the civilian oversight body for the LAPD and has the authority to shape policy, but it cannot discipline officers. Its finding in the Brown case — which ran contrary to the recommendation of Police Chief William J. Bratton — was initially hailed by both African American leaders and Mayor Antonio Villaraigosa as a sign that the LAPD, with its long history of officer misconduct cases, now had firm civilian oversight.

John Mack, president of the Police Commission, said Tuesday that he felt as if he and his colleagues on the commission had been undermined.

"I'm very, very disappointed in that finding," said Mack, who was unaware of the ruling before being informed by a reporter. "Our commission felt the facts were clear. It was my expectation that the Board of Rights would see the facts as we saw them and take disciplinary action."

Bratton said he supported the disciplinary panel's conclusion.

"I think that's an appropriate finding," he said. "I'm very comfortable with that."

Asked if the decision undermined his civilian bosses, Bratton replied: "Not at all."

Members of the internal LAPD panel would not explain their rationale for finding in Garcia's favor, citing the Supreme Court ruling that city lawyers have interpreted as giving broad privacy rights to officers involved in disciplinary proceedings.

"I can tell you the board's decision was unanimous and the evidence and testimony to support our finding was compelling," said Capt. Nancy Lauer, a member of the panel. "That is all I feel is prudent to share based on the legal constraints in which we find ourselves."

Capt. Bruce Crosley, who retired from the department in July, but continued to serve as chairman of the disciplinary board, also declined to discuss the case. Ann Reiss Lane, a former police commissioner who served as the civilian member of the LAPD panel, could not be reached for comment.

Bob Baker, president of the Los Angeles Police Protective League, said he had expected Garcia to be exonerated.

"We agree with the Board, who relied on law enforcement expertise and the applicable department standards in deciding that Officer Garcia's actions were in policy on that tragic night," Baker said.

For years, LAPD disciplinary hearings had been open to the public. But late last year, the department changed policy, and prohibited anyone not involved in the case from attending. The department also stopped releasing information about officer discipline that historically had been public.

In November, LAPD officials barred two Times reporters from attending Garcia's disciplinary hearing because of the Supreme Court ruling, which restricted access to law enforcement discipline records in a San Diego case. However, that ruling — in Copley Press Inc. vs. Superior Court of San Diego — did not address whether hearings should be closed.

The Police Commission has also moved to deny public access to police records. Last year, the panel voted to withhold the names of officers involved in shootings and other uses of force, such as baton-strikes, kicks, punches and the use of stun guns. The first case in which the Commission invoked that policy related to Garcia's shooting.

Even though Garcia's case has been cloaked in secrecy, both Bratton and Mack said they wished they could be more open with the public about police conduct and discipline. Both said they feel bound by legal advise given by City Atty. Rocky Delgadillo.

"I like transparency," Bratton said. "In my previous department [in New York City] all reprimands were written and published throughout the department. I'm not in favor of all the limitations that we operate under here, but it is what it is."

The events leading to the shooting of Devin Brown began about 4 a.m. on Feb. 6, 2005. According to police, Garcia and his partner were on patrol when they noticed a red Toyota Camry being driven erratically. When the driver of the Toyota ran a red light and entered the Harbor Freeway, the officers followed.

Suspecting the driver was under the influence of drugs or alcohol, the officers turned on their emergency lights and siren and attempted to pull the car over. But the driver, later identified as Brown, did not stop.

Brown turned off the freeway and led police on 7-minute chase through city streets. He lost control of the car at 83rd Street and Western Avenue, where the vehicle jumped a curb and slammed into a wrought iron fence.

Garcia and his partner pulled up, drew their weapons and took cover behind their open patrol car doors. As they did this, Brown's 14-year-old passenger fled.

Brown, meanwhile, put the car in reverse and began backing up toward police. The Toyota struck the right front fender of the patrol car and continued backing alongside in the direction of Garcia.

The officer fired 10 shots into the Camry. Seven struck Brown, who died at the scene. Officers later learned that the Camry had been reported stolen.

During the department's internal investigation, a re-enactment suggested that Garcia was not in the path of the vehicle when he opened fire. Shooting investigators speculated that he was in the car's path when he drew his weapon, but had stepped to the side before he began pulling the trigger.

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After reviewing that investigation, the Los Angeles County District Attorney declined to file charges against Garcia, citing insufficient evidence.

Bratton, finding that Garcia was legitimately in fear for his life, recommended that his actions be deemed appropriate under the circumstances.

The Police Commission, in a 4-1 vote, disagreed. The majority found evidence that the Camry was moving no faster than 2 miles per hour when the shooting occurred and that Garcia was not in the path of the vehicle.

The officer's belief that his life was in danger "was not objectively reasonable," the board concluded.

A Good Call In New York (NYT)

The New York Times, January 10, 2007

Gov. Eliot Spitzer of New York set an important national example this week when he announced that the state corrections department would back away from a longstanding policy of charging prison inmates and their families more than six times the going rate for collect calls made from prison.

Prisons all over the country began gouging inmates and their families when telephone companies started paying legalized kickbacks — called “commissions” — to the state prison systems in return for a monopoly on the service. These schemes place a huge financial burden on inmate families, who tend to be among the poorest in the nation, and who must often choose between paying phone bills and putting food on the table.

The Spitzer administration, which plans to waive its commission and renegotiate the current contract with its prison telephone carrier, estimates that the cost of a collect call from prison will drop by about half once the program goes into effect. That’s good as far as it goes. But the better solution would be to introduce a cheaper, debit calling system like the one used in federal prisons, where inmates use computer-controlled accounts to pay for calls.

The governor’s announcement didn’t come out of nowhere. Arguments against New York’s collect-call-only system were heard yesterday in the state’s highest court. At the same time, laws that would make the system fairer for inmates and their families are pending in the State Legislature.

Whatever the source, fair pricing for prison telephone service is important. In addition to unburdening poor families, it would encourage sustained contact between inmates and their relations. And that would make it more likely that the inmates would forge crime-free lives once they got out.

ANTITRUST:

Newspapers Set To Jointly Sell Ads On Web Sites (WSJ)

By Julia Angwin

The Wall Street Journal, January 10, 2007

Gannett, McClatchy And Tribune to Form Nationwide Network Yahoo's Competing Effort

The nation's three largest newspaper publishers are gearing up to sell advertising jointly on their newspapers' Web sites, believing their survival depends on seizing new online revenue.

Gannett Co., McClatchy Co. and Tribune Co. are planning to offer advertisers one-stop shopping for display ads on Internet sites. The goal is to attract big advertisers such as car makers and phone companies that want to reach a nationwide online audience but don't want the hassle of negotiating ad deals with each company or newspaper.

The joint effort, code-named "Open Network," marks a big new bid to win back advertisers that are defecting in droves to the Web. Currently, national advertisers buy the bulk of their online display ads -- banners and boxes -- from big portals such as Yahoo Inc., Time Warner Inc.'s AOL or Microsoft Corp.'s MSN. Yahoo has announced plans to work with seven other newspaper publishers to build a similar one-stop-shopping spot for advertisers. Google Inc. has also reaped a bonanza with advertising links that appear next to search results.

The three newspaper companies, known in the industry as GMT, are likely to each contribute 10% of their online-advertising space to the network, according to people familiar with the situation. They hope to announce something early this year, although the deal isn't finalized and could still fall apart.

The venture is designed to help the chains tackle a vexing problem: They have long had trouble attracting national advertisers. In their print editions, this is largely because of price. Newspapers can jack up ad prices for local retailers that have few other ways to reach a hometown audience. But national advertisers often find it cheaper to buy a TV spot or magazine ad than to buy space in dozens of newspapers. National advertisers also account for about 75% of advertising on the Internet, according to PricewaterhouseCoopers.

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Efforts by the chains to coordinate their print-advertising sales have shown little success, partly because individual papers weren't enthusiastic about standardizing ad sizes or giving up control of their relationships with advertisers. But with the industry under severe stress, that reluctance to band together may change.

"Traditionally print newspaper companies have not worked well together to sell national ads in print," says Jack Williams, president of Gannett Digital. "We intend to sell Internet advertising differently." Tribune and McClatchy declined to comment.

The nascent effort faces a challenge from a rival group of newspapers led by Hearst Corp. and MediaNews Group Inc. that own more than 100 newspapers. Known in the industry as the "Seven Amigos," this group has teamed up with Yahoo to sell online recruiting classifieds, and is finalizing a deal to develop its own national ad-sales network. Both sides concede that it would be better for the newspaper industry to have a single effort, but they have competing efforts in online classified ads, making cooperation in display advertising difficult.

Circulation is declining at major papers across the country as readers increasingly find news online and elsewhere. While newspapers are selling more online ads, the growth isn't fast enough to make up for setbacks in print. During the first nine months of 2006, Internet ad revenues including search ads rose 35% to $12.1 billion, according to PricewaterhouseCoopers data compiled for the Interactive Advertising Bureau. During that same period, the local newspaper industry's ad revenues slipped 4% to $17.5 billion, according to TNS Media Intelligence.

Last year, investors frustrated with the poor performance of newspaper stocks forced Knight Ridder Inc. to sell itself to McClatchy. This year, Tribune is expected to sell off portions of its business to satisfy restless shareholders.

Newspaper chains such as Gannett built themselves in the 1970s through 1990s, often buying family-owned papers and investing in labor-saving technologies that boosted profits. As two-paper cities disappeared, many of the chain papers gained an effective monopoly as the only vehicle for reaching big and affluent local audiences. That served them well with local advertisers such as retailers and car dealerships, and allowed them to support the costs of journalists and printing plants.

The newspaper industry has tried to sell national ads before. In 1994, the industry set up a national sales arm, the Newspaper National Network, to sell ads in certain categories that newspapers weren't successfully selling. Most chains also attempt to sell national ads across their properties. Gannett has a team in Chicago that helps big advertisers buy in multiple Gannett papers. However, even with the national newspaper USA Today in its portfolio, national advertising represented only about 16% of Gannett's newspaper advertising revenues during the first 11 months of 2006.

Late last year, more than 50 newspapers began testing a program allowing advertisers to buy print ads automatically through Google's Web site. That effort is targeted at small advertisers that wouldn't be likely to get attention from a newspaper salesperson.

Now, as circulation declines and readers move to the Internet, the chains realize they need to do more.

An early Internet joint venture was CareerBuilder.com, a Web site for classified jobs advertising. Tribune and Knight Ridder bought CareerBuilder in 2000, when it was an also-ran behind Monster.com and Yahoo HotJobs. Gannett joined the venture two years later and the trio built CareerBuilder into the No. 1 online recruiting Web site, with 16.7 million unique visitors in November, according to comScore Media Metrix.

CareerBuilder's success has also driven a wedge in the newspaper industry. CareerBuilder has raised the cut of revenue it takes when its newspaper partners deliver ads to the site or when it delivers an ad to a newspaper, according to people familiar with the arrangements. In the past year, several newspapers defected from CareerBuilder to Monster.com, including the Philadelphia Inquirer, St. Petersburg (Fla.) Times and Akron (Ohio) Beacon Journal.

In a September meeting, MediaNews Chief Executive Dean Singleton complained about CareerBuilder's renegotiated terms and reluctance to take on big new equity partners to Gannett Chief Executive Craig Dubow, according to a person close to the situation. Mr. Dubow refused to loosen the terms, this person says.

So Mr. Singleton threw his weight behind negotiations with Yahoo HotJobs, a competitor to CareerBuilder. In November, Mr. Singleton announced a deal with Yahoo HotJobs, along with Belo Corp., Cox Newspapers Inc., Hearst Newspapers, Journal Register Co., Lee Enterprises Inc., and E.W. Scripps Co.

The "Seven Amigos" also signed a letter of intent to expand the relationship with Yahoo to include a national ad-sales network similar to the one being formed by Gannett, McClatchy and Tribune. Since then, two other newspaper groups have joined the Yahoo consortium: Media General Inc. and Morris Communications Co.

The expanded Yahoo deal is likely to require the newspapers in the consortium to use Yahoo search on their newspaper Web sites, according to people close to the discussions. In addition, Yahoo and the newspapers could sell ads on each others' sites, with revenue being shared among the partners. The deal is being finalized, these people say.

Lincoln Millstein, senior vice president at Hearst Newspapers, said he hopes Gannett, McClatchy and Tribune will join the Yahoo consortium instead of striking out on their own. "We're all struggling to get our fair share of national advertising revenues, and this partnership with Yahoo would go a long way toward achieving that goal," he said.

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So far, Gannett has signaled its intent to go a separate route. In a December presentation to investors, Mr. Dubow, the Gannett CEO, first mentioned the troika's efforts to build "the largest network of newspaper-developed local sites for any advertiser to reach local consumers." He said that "unlike past efforts in the industry," the group will "focus on customer needs."

In an interview, Gannett's Mr. Williams confirmed the project is in the works. He said the group would welcome other members so long as they agree to conditions about ad pricing and placement. "If other people are interested in participating, they can join, but only if they are willing to live with the rules," he said. The project would rely in part on McClatchy's existing national online sales network, called Real Cities.

GMT is leery of the Seven Amigos' agreement to use Yahoo's technology to deliver advertising on the newspapers' Web sites, according to a person close to the situation. Yahoo will then gain sensitive information such as which newspaper sites are doing well and which pages are most popular.

By contrast, the GMT group is considering other technology options that wouldn't involve handing control to a potential competitor. It has held discussions with Centro LLC, a Chicago-based company that places ads on newspaper sites across the country, according to a person close to the situation.

Shawn Riegsecker, the president of Centro, says the two camps need to get together to compete with big portals. "If you break this industry apart, you completely devalue the value proposition to the spot advertiser in the national market," Mr. Riegsecker says.

--Sarah Ellison contributed to this article.

Write to Julia Angwin at julia.angwin@wsj.com1

U.S. Senate Plans Hearing On Airline Merger Impact (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 10, 2007

Prompted by US Airways' bid to acquire Delta Air Lines and merger talk at other carriers, the U.S. Senate Commerce Committee has scheduled a hearing later this month on the likely effects of a potential wave of airline mergers.

The Jan. 24 hearing will be on the state of the airline industry and the "potential impact of airline mergers and industry consolidation," the committee said Tuesday in a press release.

Then-Delta Chief Executive Leo Mullin testified to the same committee in hearings shortly after the 9/11 terrorist attacks. Congress later approved a multibillion-dollar aid bill after airlines were temporarily grounded in response to the 2001 attack.

Congress had been expected to weigh in on the airline merger issue, although the U.S. Justice Department would have to independently review any combinations. After US Airways' hostile $8 billion-plus bid for Delta in November, local and national politicians from Atlanta and communities that would be affected expressed concern about the deal.

Delta management opposes the proposal but its bankruptcy court creditors will have the final say.

With the change in control in Congress, the Senate committee is now headed by Daniel Inouye (D-Hawaii).

Micron Settles Chip Suit, Predicts $80 Million Cost (Update3) (BLOOM)

By Karen Gullo

Bloomberg, January 10, 2007

Jan. 9 (Bloomberg) -- Micron Technology Inc., the biggest U.S. memory chip maker, said it cut previously reported first-quarter earnings by as much as $80 million to reflect a settlement resolving claims it conspired to fix chip prices.

The accord resolves private antitrust lawsuits filed over U.S. sales of dynamic random access memory, or DRAM, from 1999 to 2002. The claims were brought by manufacturers and individuals alleging that a price-fixing conspiracy drove up costs for the chips, a memory component used in personal computers, laptops and video game consoles.

``It is expected that the settlement will result'' in a reduction ``in an amount not to exceed $80 million,'' Micron said today in a statement.

Micron has been in settlement talks to end similar claims by state attorneys general who sued the company and other DRAM makers in July, said company spokesman Dan Francisco. The private antitrust suits against chip makers stemmed from a 2002 Justice Department probe of the DRAM market. Micron cooperated with U.S. officials in exchange for not being charged with a crime.

The settlement dismisses Micron from the class action, or group lawsuit, originally filed in San Francisco federal court. The accord is subject to court approval.

Micron's Francisco declined to comment on the terms of the settlement. Boise, Idaho-based Micron said it plans to file its quarterly report for the period ended Dec. 21 on Jan. 16.

Other Accords

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NEC Electronics America Inc. agreed to pay $36 million and Elpida Memory Inc. agreed to pay $14.7 million in December to resolve claims in the suits. Samsung Electronics Co., Hynix Semiconductor and Infineon Technologies AG agreed to pay $160 million in May.

New York, California and 33 other states sued seven memory- chip makers in July, saying a price-fixing conspiracy added $1 billion to chip costs while driving up retail prices for personal computers and other electronics.

Guido Saveri, an attorney for DRAM purchasers, confirmed the accord while declining further comment on its terms.

Micron shares fell 7 cents to $13.67 in New York Stock Exchange composite trading.

The case is In Re Dynamic Random Access Memory (DRAM) Antitrust Litigation, 02-1486, U.S. District Court, San Francisco.

Congress To Take Up Net's Future (NYT)

By Stephen Labaton

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Senior lawmakers, emboldened by the recent restrictions on AT&T and the change in control of Congress, have begun drafting legislation that would prevent high-speed Internet companies from charging content providers for priority access.

The first significant so-called net neutrality legislation of the new Congressional session was introduced Tuesday by Senator Byron L. Dorgan, Democrat of South Dakota, and Senator Olympia J. Snowe of Maine, one of the few Republicans in Congress to support such a measure.

"The success of the Internet has been its openness and the ability of anyone anywhere in this country to go on the Internet and reach the world," Mr. Dorgan said. "If the big interests who control the pipes become gatekeepers who erect tolls, it will have a significant impact on the Internet as we know it."

In the House, Representative Edward J. Markey, the Massachusetts Democrat who heads the Energy and Commerce Subcommittee on Telecommunications and the Internet, said recently that he would introduce legislation soon and planned to hold hearings.

Despite the flurry of activity, the proposals face significant political impediments and no one expects that they will be adopted quickly. But the fight promises to be a bonanza for lobbyists and a fund-raising tool for lawmakers. It pits Internet giants like Google, Yahoo, eBay and Amazon, which support the legislation, against telecommunication titans like Verizon, AT&T and large cable companies like Comcast.

The debate may also affect the plans of the companies to develop new services and to consider certain mergers or acquisitions.

Consumer groups have allied themselves with content providers. The groups maintain that without the legislation, some content providers would be discouraged from offering services while others would impose costs on providers that would either discourage them from offering new services or pass them on to consumers. They also feel that small companies would be unable to compete.

But the telephone and cable companies say that efforts to limit their ability to charge for faster service would discourage the pipeline companies from making billions of dollars in investments to upgrade their networks, and would, as a practical matter, be even more harmful to consumers.

Beyond the debate, the fight over net neutrality is, like most regulatory political battles, a fight over money and competing business models. Companies like Google, Yahoo and many content providers do not want to pay for the kinds of faster Internet service that will enable consumers to more quickly download videos and play games.

In their thirst to continue to grow rapidly, content providers are looking to expand, but they consider any attempt by the telephone and cable companies to charge them for priority services as restricting their ability to move into new areas.

On the other hand, the telephone and cable companies — the so-called Internet pipes — want to be able to charge for access, particularly as they begin competing with content providers by offering their video services and programming.

The phone companies have also been studying a business model not unlike that of the cable TV industry: charging premiums to certain content providers for greater access to their pipes.

They say that existing rules, as well as sound business judgment, would preclude them from trying to degrade or slow their broadband service and that what they oppose is regulation that would prevent them from charging for offering a faster service. They also point out that many content providers are already charging customers for priority services, so that what they are proposing is not unduly restrictive.

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While the debate has broken largely along partisan lines — with Democrats among the staunchest supporters and Republicans the biggest foes — there remains considerable Democratic opposition. Last June, a vote on an amendment by Mr. Markey similar to what he plans to introduce failed by 269 to 152, with 58 Democrats voting against the measure.

Many of those Democrats have been allied with unions, which have sided with the phone companies because they believe that the lack of restrictions will encourage the companies to invest and expand their networks.

In the Senate, where the party in the minority has considerably more power than in the House, the measure suffers from similar political problems. Last year the Republicans blocked the measure from reaching the Senate floor.

But several developments have given some momentum to the supporters of the measures. The House is now under the control of the Democrats, and the new speaker, Nancy Pelosi of California, has been a vigorous supporter of the legislation. Ms. Pelosi's district in San Francisco is near Silicon Valley, the home of many companies that have sought the legislation.

Moreover, the conditions that the Federal Communications Commission imposed on AT&T as a condition of its acquisition of SBC Communications represented an important political victory for proponents of the legislation. After one of the five members of the commission removed himself from the proceeding, the commission's two Democrats forced the companies to agree to a two-year moratorium on offering any service that "privileges, degrades or prioritizes any packet" transmitted over its broadband service.

The conditions imposed no significant immediate costs on AT&T. The company does not yet have the equipment in place on its network to offer a priority service on a large scale. But the conditions imposed by the F.C.C. showed that, contrary to assertions of the phone companies, it was possible to draft language that would preclude the companies from discriminating against providers.

The conditions also set a political benchmark of sorts, and gave the supporters of the legislation two years to try to gain more momentum just as all of the companies are trying to figure out their next major sources of revenue.

Aloha Taking Mesa To Federal Court (AP)

AP, January 10, 2007

Aloha Airlines Moving Dispute With Mesa Air to Federal Court

HONOLULU (AP) -- Aloha Airlines announced that it will pursue further legal action against Mesa Air Group Inc. in federal court.

Aloha sued Mesa in state court in October, alleging the Phoenix-based company improperly used data it obtained as a potential investor to try to drive Aloha out of business.

"Upon further legal review of the federal antitrust laws, and given findings of federal Bankruptcy Judge Robert Faris in the Hawaiian Airlines matter, we believe our claims would be best pursued in the federal court system," David A. Banmiller, Aloha's president and chief executive, said Monday. "Aloha will continue to proceed vigorously against Mesa to stop the illegal and improper conduct."

Mesa, which had been considering investing in Aloha when the island carrier was undergoing bankruptcy reorganization, launched go! airlines in June as a competing carrier in Hawaii, entering the market dominated for decades by Hawaiian and Aloha airlines.

Hawaiian, now a unit of Hawaiian Holdings Inc., sued Mesa in February for the alleged illegal use of confidential information and trade secrets obtained during Hawaiian's Chapter 11 bankruptcy proceedings,

Speaking in connection with the Hawaiian case, Faris said in October that there was evidence that "raises real doubts about the propriety of Mesa's conduct."

Mesa has denied Hawaiian's allegations.

A Mesa spokesman said Aloha's lawsuit was a "desperate act by a desperate carrier."

Aloha said it is seeking damages and injunctive relief to stop Mesa from competing unfairly and from threatening the jobs of 3,500 Aloha employees in Hawaii.

Hain Gets Antitrust OK For Avalon (AP)

AP, January 10, 2007

NEW YORK --Hain Celestial Group Inc., an organic food company, received antitrust approval for its planned $120 million acquisition of Avalon Natural Products Inc.

The Federal Trade Commission approved early termination of a waiting period required under antitrust law on Friday.

Melville, N.Y.-based Hain, whose brands include Garden of Eatin', Earth's Best and Celestial Seasonings, is buying Avalon from private equity firm North Castle Partners LLC.

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Avalon, located in Petaluma, Calif., sells personal care products under the Avalon Organics, Alba Botanica and Unpetroleum brands.

Hain said in December it expects the deal to close in early 2007.

Shares of Hain fell 21 cents to close at $29.58 on the Nasdaq.

Ruling Seen As Giving An Edge To Challengers Of Patents (NYT)

By Linda Greenhouse

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — The Supreme Court opened the door Tuesday to a category of patent lawsuits that a lower court had barred, issuing a decision that will probably shift power in the courtroom from bigger patent-owning companies to smaller start-up companies that rely on obtaining licenses for patented technology.

The court's 8-to-1 decision held that the holder of a patent license can sue to challenge the patent's validity without first refusing to pay royalties and putting itself in breach of the license agreement.

This seemingly technical question, in a dispute by two biotechnology companies, MedImmune and Genentech, has considerable practical importance. A license holder is much less likely to sue if it must first stop paying royalties and thereby risk becoming the target of a patent infringement suit, with the potential for triple damages and the loss of the right to continue selling its product.

In making its decision, the Supreme Court overturned a ruling by the specialized appeals court that hears all patent appeals. That court, the United States Court of Appeals for the Federal Circuit, had adopted a rule in a previous case that required a party to breach its license agreement before suing to declare a patent invalid.

As long as royalties were being paid, the Federal Circuit had reasoned, there was no actual controversy between the parties and such a lawsuit would therefore not meet the requirement of Article III of the Constitution, which limits the jurisdiction of the federal courts to resolving actual "cases" or "controversies."

The Declaratory Judgment Act, the federal law that MedImmune invoked when it went to the federal District Court in Los Angeles for a determination of the validity of Genentech's patent, likewise requires the existence of an "actual controversy" before a court can act.

But the dispute between MedImmune and Genentech was indeed a controversy that met the jurisdictional requirements of the statute and the Constitution, Justice Antonin Scalia wrote for the majority in overturning the Federal Circuit's dismissal of the case, MedImmune Inc. v. Genentech Inc., No. 05-608.

Justice Scalia said the rule that a plaintiff must "bet the farm, or (as here) risk treble damages and the loss of 80 percent of its business before seeking a declaration of its actively contested legal rights finds no support in Article III."

The decision did not resolve the underlying dispute, instead reinstating MedImmune's lawsuit and sending the case back to the lower courts.

The case grew out of a license agreement the two companies reached in 1997 as MedImmune, then a new company, was working on a genetically engineered drug, Synagis, used to prevent a respiratory disease in infants. While MedImmune later came to public attention as the maker of the FluMist influenza vaccine, Synagis has been the company's main product, accounting for 80 percent of its sales since 1999.

The license authorized MedImmune to use the technology developed by Genentech and its research partner, the City of Hope National Medical Center in Duarte, Calif. City of Hope is also a party in the case.

The agreement obliged MedImmune to pay royalties for the use of patents "which have neither expired nor been held invalid."

The specific patent at issue in the case was not granted to Genentech until 2001, at which point Genentech wrote to MedImmune demanding royalties. MedImmune paid under protest, while filing its lawsuit to have the patent declared invalid.

Justice Clarence Thomas was the lone dissenter from the ruling. He said there was "no Article III jurisdiction over MedImmune's claim," which he called "hypothetical or conjectural."

High Court Eases Way For Patent Challenges (WSJ)

By Jess Bravin And Marilyn Chase

The Wall Street Journal, January 10, 2007

WASHINGTON -- The Supreme Court continued to reassert its oversight of patent law yesterday with a ruling that weakens intellectual-property protections by making it easier for legal challenges to patents.

The 8-1 decision put the justices on the side of those who have complained that existing rules stifle innovation, and it is their latest rebuke to the specialized panel that hears patent appeals, the U.S. Court of Appeals for the Federal Circuit, for rulings

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skewing property rights in favor of patent holders. The high court this term has also heard a separate case appealing obstacles imposed by the Federal Circuit against challenges to a patent on grounds that the invention is "obvious." A decision on that is pending.

REINVENTION

· The News: The Supreme Court ruled that companies can challenge patents even if they are paying royalties to license them.

· The Background: A lower court had forced challengers to infringe and risk damages if they failed.

· What It Means: It'll be easier to weed out bad patents, but may be harder to enforce valid ones.

Yesterday's opinion, by Justice Antonin Scalia, reversed the Federal Circuit's rule that if a company pays royalties for a patent, it forfeits the right to challenge the patent's validity. That has deterred companies from filing challenges because they would be at risk for treble damages for infringement if the patent were found to be valid.

The decision is a victory for MedImmune Inc., a Gaithersburg, Md., pharmaceuticals company that derives about 80% of its revenue from the respiratory-tract drug at issue, Synagis. Under protest, MedImmune paid a royalty to Genentech Inc., of South San Francisco, Calif., to avoid a patent-infringement suit over a component antibody.

Under a 2004 Federal Circuit ruling, the act of paying a royalty precluded challenging the patent's validity. The Federal Circuit reasoned that since the license payment obviated an infringement suit, there was no controversy between the companies. In general, federal courts may only decide cases and controversies, not rule on theoretical disputes or issue advisory opinions.

Justice Scalia wrote that a party shouldn't have to "bet the farm" to challenge a patent. He cited several prior cases where the court allowed parties to challenge laws as unconstitutional without breaking them -- and thus exposing themselves to criminal punishment. Moreover, he wrote, the Supreme Court in 1943 had decided a similar patent case by ruling that "the fact that royalties were being paid did not" make the dispute "hypothetical or abstract."

The Bush administration supported MedImmune, contending that allowing challenges would help weed out invalid patents that stifle innovation. "Public policy strongly favors ridding the economy of invalid patents, which impede efficient licensing, hinder competition, and undermine incentives for innovation," the government said in a friend-of-the-court brief.

The implications could be greatest for the biotechnology industry, where huge profits can turn on a relatively small number of patents, according to Pamela Samuelson, co-director of the Center for Law and Technology at the University of California, Berkeley. Prof. Samuelson said the Supreme Court is telling the Federal Circuit to be "more balanced and less patent-owner friendly."

"Everybody knows there are a lot of weak patents out there," she said. "A lot of inventors take very substantial risks going out into a field of technology, and sometimes they get their foot blown off when some patent is out there like a land mine."

However, some predicted a chilling effect. "This decision allows companies that have taken out licenses to challenge the validity of a patent while also enjoying the benefits of that very same patent," said Charles Barquist, a patent litigator in Morrison & Foerster LLP's Los Angeles office. "MedImmune turns all fundamental assumptions about the stability and finality of a patent license completely on their head," he added in a statement late yesterday. "The Court has upset the risk/benefit calculation that underlies virtually every patent license."

Genentech issued as statement downplaying the significance of the ruling, saying the Supreme Court "only addressed the threshold jurisdictional issue of whether there need to be further proceedings to finally decide this case. It does not express an opinion concerning the merits of MedImmune's claims against Genentech..."

Indeed, MedImmune General Counsel William Bertrand said the victory won't have an immediate impact on his company's bottom line, as it has been paying royalties all along and the ruling doesn't nullify the patent at issue, but it does enable resumption of the challenge.

Eric Schmidt, a biotech analyst at Cowen and Co., sees modest potential impact on Genentech's future earnings from the decision. An adverse decision, should MedImmune prevail at trial, could have an impact of four cents a share on earnings, he said. (See related article on page A12.) Genentech receives royalties from licensees as well as paying some royalties to the City of Hope Hospital, in Duarte, Calif., under the patent, Mr. Schmidt said. The company's annual income from all royalties is approaching $1 billion a year.

MedImmune's Synagis, which racked up $1.24 billion in 2005 sales, is an injectable product containing protective antibodies that help guard infants and young children against respiratory syncytial virus, or RSV, a common childhood infection responsible for about 125,000 hospitalizations a year in the U.S. alone, a spokeswoman said.

U.S. Supreme Court Ruling May Alter Biotech Patent Deals (AP)

By Paul Elias, Associated Press

AP, January 10, 2007

DOJ_NMG_0114936

SAN FRANCISCO – Biotechnology analysts and lawyers said a key U.S. Supreme Court ruling Tuesday could help companies who license patents get out of bad deals easier.

The Supreme Court ruled that Gaithersburg, Md.-based MedImmune Inc. could sue Genentech Inc. for patent infringement even though MedImmune continues to pay fees to Genentech to use the disputed technology to develop the drug Synagis that treats childhood respiratory problems. The high court didn't rule on the merits of MedImmune's claims Tuesday, the outcome of which analysts said is more important to the patent landscape of the biotechnology industry.

Licensing the rights to use another company's patent technology is the lifeblood of the biotechnology industry. Many smaller companies have long complained that larger companies with extensive patent portfolios often hold monopolistic grips on certain manufacturing processes. For instance, several biotechnology companies pay Genentech royalties to access the technology at the heart of the MedImmune dispute.

“This is definitely a major ongoing controversy,” said Jason Kantor, an analyst with RBC Market Capitals. “The decision today does not have far-reaching implications.”

The ruling did little to the sector's stock prices and both companies involved in the litigation experienced small rises in their share prices.

South San Francisco-based Genentech's stock rose 89 cents a share to $84.69 at the close of trading on the New York Stock Exchange. MedImmune's share price rose 58 cents to $34.83 at the close of trading on the Nasdaq Stock Market.

Still, lawyers said the ruling will give biotechnology companies locked in bad licensing deals with larger partners an attractive option to change the terms of the agreement without terminating the agreement.

“If their patent challenge fails, that's a big business risk ,” said Bart Showalter, head of intellectual property at the Baker Botts law firm in Dallas. “This is a big win for licensees, who can have their cake and eat it too.”

Showalter predicted the ruling will alter how future contracts are hammered out.

MedImmune Inc. sued Genentech in 2003, claiming a deal between Genentech and British biotechnology company Celltech R&D Ltd. violated antitrust laws. But it was thrown out by the federal courts, which ruled MedImmune didn't have the right to sue because it continued to pay royalties on the patent even as it claimed in court the patent was unfair.

The Supreme Court said MedImmune's “pay and sue” strategy doesn't preclude it from suing. MedImmune said it continued to pay Genentech royalties because if it lost its case, it would be liable for triple damages and unable to use the technology needed to manufacturer Synagis, which accounted for than $1 billion in sales last year.

MedImmune said it would vigorously pursue its case in the lower court. Genentech said it remains confident in the validity of the patent.

High Court Ruling Could Spark Surge In Patent Challenges (LAW)

By Tony Mauro, Legal Times

Legal Times, January 10, 2007

Patent litigation could explode in the wake of the Supreme Court's ruling Tuesday in a closely watched dispute over patent validity between two biotechnology firms.

The Court, by an 8-1 vote, reinstated a lawsuit by MedImmune challenging a Genentech patent related to Synagis, a popular drug for treatment of respiratory disease in children. The opinion in MedImmune v. Genentech, written by Justice Antonin Scalia, says patent licensees no longer have to breach the license in order to have standing to challenge the patent that they dispute. Patent lawyers say the ruling could lead to a flurry of challenges to existing patents.

"It's a rare patent where you can't find something to challenge. There will be an explosion in litigation by these licensees," says Jim Badke, a partner at Ropes & Gray. "Companies can have their cake and eat it too."

The Jan. 9 ruling overturns a decision by the U.S. Court of Appeals for the Federal Circuit, which since 2004 had held that a breach -- such as ceasing royalty payments -- was necessary in order to establish the "case or controversy" required to challenge the patent. Critics of the Federal Circuit's doctrine said it discouraged challenges against invalid patents, because breaking a license agreement can be risky. Such a breach can prompt the patent holder to retaliate by suing for infringement and seeking an injunction against further sales of the product, along with treble damages.

Now a licensee can challenge a patent while still honoring it and paying royalties -- as MedImmune did in the case before the Supreme Court -- and patent challenges will be safer and easier to file without fear of retaliation.

In overturning the Federal Circuit's ruling, Scalia wrote that the dispute leading up to the patent challenge was a real and "lively" controversy that was sufficient to trigger a challenge to the patent's validity, even if the royalties were still being paid.

Badke, who worked on the case for MedImmune at an earlier stage, says that in the long run, the ruling will help clear out invalid patents that impede innovations in areas like biotech and software.

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But the decision also introduces more uncertainty into the status of patents, says George Best, senior counsel at Foley & Lardner. Under the old rules, a licensing agreement amounted to an insurance policy against litigation over patent validity or infringement. But now, he says, "unhappy licensees" can challenge patents that both parties previously thought were settled and protected by the license agreement.

"By allowing licensees that are taking full advantage of the benefits of the license, including immunity from a patent infringement lawsuit, to challenge the patents in the agreement, patentees lose the quid pro quo in the arrangement," says Raymond Van Dyke of Nixon Peabody. "Countless licensed patents are now potentially open to a new attack from even good licensees. To the IP community, this is yet another curtailment of the strength of patent rights."

The decision also represents another bad day for the Federal Circuit, which handles patent appeals and is on a long-term losing streak at the Supreme Court. Several analysts on Tuesday said the ruling does not bode well for KSR International v. Teleflex, the other Federal Circuit patent ruling that is under challenge before the Court this term, involving the test for determining whether an innovation is so obvious that it does not deserve patent protection.

ENVIRONMENT:

Minerals Agency Targeted In Probe (DENP)

By Steve Raabe, Denver Post Staff Writer

Denver Post, January 10, 2007

The Justice Department is conducting criminal inquiries into allegations of ethics violations by individual personnel.

The U.S. Justice Department has begun two criminal investigations into the Interior Department's Minerals Management Service over possible ethics violations.

One of the investigations focuses on individuals at the agency's office in the Denver Federal Center, officials said.

The investigations mark the first time that federal officials are targeting possible criminal activity at the Minerals Management Service.

The agency already has been the subject of noncriminal federal inquiries and audits alleging problems in its mission to collect royalty payments on oil and gas production from federal property.

Allegations of criminal ethics violations are unrelated to the previous inquiries and audits, the agency said in a statement.

"The Minerals Management Service requested an investigation by the Inspector General into two possible ethics violations. These cases have been referred to the Justice Department," the statement said.

"Both cases involve individual personnel, and therefore cannot be discussed outside the investigation itself."

Earlier this month, a report from the Interior Department's inspector general concluded that the Minerals Management Service may be allowing royalty underpayments because of weaknesses and inconsistencies in the agency's audits of energy-company payments.

"Our national budget is stretched to the breaking point. And yet the administration seems to be passing on billions in revenue," said U.S. Sen. Ken Salazar, D-Colo., in a statement. "We allow oil and gas companies onto our federal lands with the understanding that the American people will gain not only energy resources, but revenues. We cannot allow a few individuals to bilk the American people out of revenues they rightly deserve."

In a separate federal inquiry, the Minerals Management Service is under investigation for issuing drilling leases in 1998 and 1999 that failed to require royalty payments, a mistake that could cost the government as much as $10 billion unless the leases are fixed.

The agency announced last week that Royal Dutch Shell, BP, ConocoPhillips and Marathon Oil have agreed to pay royalties under the botched leases. Dozens of other oil and gas producers have not reached similar agreements with the government.

Congress earlier this month narrowly defeated a measure that would have forced the companies to renegotiate the contracts.

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Venice May Target Ex-utility Heads (HTRIB)

By Paul Quinlan

The Herald Tribune (Southwest Florida), January 10, 2007

City weighs legal options against bosses involved in 2005 illegal dumping.

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VENICE -- The city will consider filing lawsuits or taking other legal action against the former utility department employees believed to be responsible for the illegal dumping to which the city pleaded guilty in federal court in 2005.

The City Council's decision Tuesday to weigh legal options comes days after city leaders learned that federal prosecutors have given up trying to bring criminal charges against any former utility department employees.

The Justice Department's decision to drop the case has angered council members, who say that the actions of a few former employees ultimately cost taxpayers more than $2 million in fines and engineering and legal fees.

"The city felt that it had no choice but to enter into a guilty plea based on the evidence," said council member John Moore, a former judge. "I felt that they should have been prosecuted."

The Department of Justice would not comment on why it closed the case. The City Council instructed the city attorney Tuesday to seek an explanation.

The investigation began after several former utility department employees accused colleagues of illegally dumping excess treated waste water into Curry Creek and spraying it onto a field at Knights Trail in 2001, even though the systems designed to measure and limit flow were not working.

In 2004, the city purged the department, hiring a private firm, Operations Management International, to run the city waste-water operations.

The city pleaded guilty to three felony violations of the Clean Water Act, receiving the minimum fine allowable, $110,000. As part of the plea deal, city officials agreed to cooperate in any further investigation of the supervisors or managers responsible, whom court papers refer to only as the "Executive Group."

But some former employees who claim to be members of the "Executive Group" say that federal prosecutors' decision to walk away from the case proves their innocence. They say current city administrators capitulated to federal prosecutors and used the case and allegations to stage a coup.

"It was politically motivated," said former utility department director John Lane. "I had almost 25 years of an unblemished record with the city. I don't appreciate what they have done to me."

Shane Saputo, the pollution control supervisor at the time, said that the city's decision to enter a plea deal with federal prosecutors represented a betrayal and a waste of money.

"They didn't need to accept it, nor should they have accepted it," Saputo said. "Why did it come to this? Why was there so much money spent on this case?"

Agency Affirms Human Influence On Climate (NYT)

By Andrew C. Revkin

New York Times, January 10, 2007

President Bush has said it.

A lot of government scientists have said it.

But until yesterday, it appeared that no news release on annual climate trends out of the National Oceanic and Atmospheric Administration under the Bush White House had said unequivocally that a buildup of greenhouse gases was helping warm the climate.

The statement came in a release that said 2006 was the warmest year for the 48 contiguous states since regular temperature records began in 1895. It surpassed the previous champion, 1998, a year heated up by a powerful episode of the periodic warming of the tropical Pacific Ocean by El Niño. Last year, another El Niño developed, but this time a long-term warming trend from human activities was said to be involved as well.

“A contributing factor to the unusually warm temperatures throughout 2006 also is the long-term warming trend, which has been linked to increases in greenhouse gases,” the release said, emphasizing that the relative contributions of El Niño and the human influence were not known.

A link between greenhouse gases and climate change was also made in a December news conference by Dirk Kempthorne, the secretary of the interior, as that agency proposed listing polar bears as threatened under the Endangered Species Act.

Still, the climate agency’s shift in language came as a surprise to several public affairs officials there. They said they had become accustomed in recent years to having any mention of a link between climate trends and human activities played down or trimmed when drafts of documents went to the Commerce Department and the White House for approval.

James L. Connaughton, chairman of the White House Council on Environmental Quality, said the release reflected longstanding views within the administration.

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"It's helpful for them to describe what is a question in many people's minds — what is the human factor, what is the El Niño factor," Mr. Connaughton said of the NOAA release. "From our perspective, what was in the press release was a direct reflection of what the president and folks in his administration have been saying for some time."

Mr. Bush has made two speeches on climate. He first expressly accepted that humans were contributing to global warming in a news conference in Denmark in July 2005 on the way to an economic summit in Scotland, saying, "Listen, I recognize that the surface of the Earth is warmer and that an increase in greenhouse gases caused by humans is contributing to the problem."

But the government's scientific bureaucracy, where public affairs officials and scientists as recently as last year complained that findings pointing to climate dangers were being suppressed, has taken time to catch up.

"There's been some sensitivity to the fact that some people have complained that NOAA and other parts of the government haven't been as open as they would like them to have been on this," said Jay Lawrimore, a climatologist at the National Climatic Data Center in Asheville, N.C., where the temperature trends are compiled. "Now NOAA is making an effort to be clearer on some of the influences."

Mr. Lawrimore said there was no way to account for the trends, be they the melting of Arctic sea ice or the warming of winters, without including an influence from heat-trapping gases.

"Year after year as we continue to see warmer temperatures," he said, "there are more and more converts convinced that it's not just natural variability and not just something that's going to return back to temperatures we saw 40 or 50 years ago — that in fact we are doing something to the climate."

Climate Experts Worry As 2006 Is Hottest Year On Record In U.S. (WP)

By Marc Kaufman

Washington Post, January 10, 2007

Last year was the warmest in the continental United States in the past 112 years -- capping a nine-year warming streak "unprecedented in the historical record" that was driven in part by the burning of fossil fuels, the government reported yesterday.

According to the government's National Climatic Data Center, the record-breaking warmth -- which caused daffodils and cherry trees to bloom throughout the East on New Year's Day -- was the result of both unusual regional weather patterns and the long-term effects of the buildup of carbon dioxide in the atmosphere.

"People should be concerned about what we are doing to the climate," said Jay Lawrimore, chief of the climate monitoring branch of the National Oceanic and Atmospheric Administration. "Burning of fossil fuels is causing an increase in greenhouse gases, and there's a broad scientific consensus that is producing climate change."

The center said there are indications that the rate at which global temperatures are rising is speeding up.

Average temperatures nationwide in 2006 were 2.2 degrees Fahrenheit higher than the mean temperatures nationwide for the 20th century, the agency said. It reported that seven months in 2006 were much warmer than average, and that last month was the fourth-warmest December on record. Average temperatures for all 48 contiguous states were above or well above average, and New Jersey logged its hottest temperatures ever.

Many researchers are concerned that rising temperatures could lead to widespread melting of the polar ice caps, resulting in higher sea levels and more extreme droughts and storms. But NOAA also pointed to one silver lining: The unusually warm temperatures from October to December helped keep residential energy use for heating 13.5 percent below the average for that period.

NOAA said an El NiÃ±o weather pattern in the equatorial Pacific also contributed to the warm temperatures by blocking cold Arctic air from moving south and east across the nation.

Climate experts generally do not make much of temperature fluctuations over one or two years, but Lawrimore said the record 2006 temperatures were part of a long and worrisome trend. For instance, NOAA said, the past nine years have all been among the 25 warmest years on record for the continental United States.

Advocates for more action to control carbon dioxide emissions also voiced concern.

"No one should be surprised that 2006 is the hottest year on record for the U.S.," said Brenda Ekwurzel, a climate scientist with the Union of Concerned Scientists, a public interest group. "When you look at temperatures across the globe, every single year since 1993 has been in the top 20 warmest years on record."

"Realistically, we have to start fighting global warming in the next 10 years if we want to secure a safe environment for our children and grandchildren," she said.

Lawrimore said other NOAA research has found that the rate of temperature increase has been significantly greater in the past 30 years than at any time since the government started collecting national temperature data in 1895. Globally, 2005 was the hottest year on record, Lawrimore said, and 2006 was slightly cooler.

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He said that although there is a scientific consensus that carbon dioxide from cars, power plants and factories is leading to global warming, there is no consensus yet on whether the warming will increase more quickly or more slowly in the future. Some researcher have predicted that temperatures worldwide will increase by a catastrophic 7 to 8 degrees on average by the end of the century, while others project an increase of a more modest 2 degrees by century's end.

The burning of oil and other fossil fuels releases carbon dioxide, which rises, blankets the Earth and traps heat. Climate scientists report that there has not been this much carbon dioxide in the atmosphere in the past 650,000 years.

The Bush administration has rejected proposals to cap carbon dioxide emissions or impose carbon taxes as a way to limit global warming. Lawrimore said he believes the problem could and should be addressed by developing new technologies for powering vehicles and industry.

Late December's springlike temperatures in the eastern two-thirds of the country made it the fourth-warmest December on record in the United States and contributed greatly to the record high for the year. Several Northern cities were unusually warm -- with Boston 8 degrees above average and Minneapolis-St. Paul 17 degrees above average for the last three weeks of the month.

El Niño Gives USA Its Hottest Year In '06 (USAT)

By Patrick O'Driscoll

USA Today, January 10, 2007

DENVER — Last summer's deadly heat wave and a balmy December helped make 2006 the warmest year ever recorded in the USA, federal climate officials announced Tuesday.

The National Climatic Data Center says factors include the El Niño climate pattern and "the long-term warming trend" of climate change, due in part to greenhouse gases. The center says drought in the Plains and parts of the West also played a role. Wildfire agencies say warmth helped make it the worst wildfire season ever, with 9.8 million acres burned.

"There's no denying that climate change is occurring, and warmer winters and warmer years are more common for that reason," says Jay Lawrimore, monitoring chief for the center, which keeps the nation's weather records. "What we're seeing (in 2006) is just becoming so much more common."

New York City, still without snow this winter, last week broke a 129-year record for latest date for the first snowfall. In the Northeast, ski resorts report little snow and temperatures too warm to make artificial snow.

Temperatures were above normal even in Colorado, where major snowstorms before Christmas and New Year's paralyzed Denver and socked the Great Plains. The city's average reading for December was still 1.4 degrees warmer than usual.

A side benefit: Residential energy demand for heating was 13.5% lower than normal for October through December, the center said.

An average national temperature of 55.01 degrees pushed 2006 past 1998 as the warmest on record. Fifteen of the years since 1981 rank among the 25 warmest since national record-keeping began in 1895.

The climate center says the current El Niño, the periodic warming of Pacific waters, is the biggest factor for 2006, and global warming is "a contributing factor." This is believed to be the first time the annual temperature report mentions climate change as a cause.

It was the warmest year ever in New Jersey, and five states had their warmest December — Connecticut, Minnesota, New Hampshire, New York and Vermont.

During last summer's heat wave, record highs from South Dakota across the Plains taxed water supplies for crops and livestock. Heat was blamed for at least 140 deaths in California.

The year's warmth wasn't just about extreme highs. Lawrimore says more than 40% of the USA had higher-than-average overnight lows last summer, compared with 10% in a typical year. Daily records for the highest overnight low were tied or broken more than 3,000 times last summer in hundreds of cities and towns, especially in the West. About 100 locations recorded their all-time highest lows for any date, from 88 in Cedar Butte, S.D., to 102 in Death Valley, Calif.

The Heat Just Keeps On Coming In The U.S. (LAT)

By Robert Lee Hotz

Los Angeles Times, January 10, 2007

On the fever chart of rising temperatures, 2006 was the warmest year on record for the 48 contiguous states, pairing a lethal summer heat wave with a winter so mild that in some places daffodils bloomed out of season and bears forgot to hibernate, government climate experts reported Tuesday.

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Based on an analysis of readings from 1,200 weather stations around the country, the average annual temperature in the Lower 48 states last year was 2.2 degrees higher than the mean temperature for the 20th century and fractionally warmer than in 1998, which previously held the temperature record, the researchers reported.

Seven months last year were much warmer than average, concluded the scientists at the National Climatic Data Center in Asheville, N.C., a branch of the National Oceanic and Atmospheric Administration.

Indeed, January 2006 was the warmest on record in the U.S. and December was the fourth warmest since record-keeping began in 1895. In five states, December temperatures set record highs: Minnesota, New York, Connecticut, Vermont and New Hampshire.

"We are breaking warm records all over the place," said climate scientist Gavin Schmidt at NASA's Goddard Institute for Space Studies in New York, who was not involved in the NOAA analysis.

Even cities now in winter's stranglehold were relatively balmy. Denver, paralyzed by blizzards during its third snowiest December on record, still basked in a monthly temperature 1.7 degrees higher than the average from 1971 to 2000, the researchers said. In Minneapolis-St. Paul, the temperature was 17 degrees above normal for the last three weeks of December.

Temperatures in California, which experienced a searing heat wave in the summer, ran above normal for the year, but not as high as most of the country.

Each of the last nine years all has been among the 25 warmest years on record in the U.S. — an unprecedented hot streak historically, the scientists said.

Overall, annual temperatures in the U.S. and around the world are one degree higher than a century ago and the rate of warming has accelerated threefold in recent decades. Eight of the last 10 years are the warmest on record worldwide. Climate experts at the British Meteorological Office last week predicted that this year could easily become the warmest year globally on record.

If global temperatures continue to rise as projected, melting icecaps could raise sea level worldwide by up to 3 feet by 2100, swamping coastal communities that are home to millions of people, according to estimates from the United Nations. At the same time, rising temperatures could fuel more powerful storms, while disrupting subtle seasonal patterns of plant growth and animal habitats around the world.

"Global warming is pushing these temperatures ever upward," said meteorologist Michael Mann, director of the Earth System Science Center at Penn State University. "We are loading the dice."

The rising temperature trends of recent years appear to closely track the general predictions of computerized climate models analyzing the effects of greenhouse gases on global climate patterns, several scientists said.

"It looks pretty much like what the climate models of global warming expected," said Penn State University climate analyst Richard Alley, who was not part of the research effort. "We have turned up Earth's thermostat."

Rising levels of carbon dioxide and other greenhouse gases, which can trap heat in the atmosphere, were a key factor in the warming trend, the climate center researchers said. The rate at which carbon dioxide is being released into the atmosphere has doubled since than 1990s, Australian researchers recently reported, with 7.85 billion tons of CO2 released into the atmosphere in 2005 alone.

But other influences, such as a mild El Niño current stirring in the Pacific Ocean, also played a role in blocking Arctic air that might normally chill the country, they said.

In 1998, record high temperatures were driven by an unusually powerful El Niño current that disrupted weather patterns worldwide. The current El Niño, a periodic warming current that took shape last summer, is far weaker and has had only a moderate effective on global climate, several experts said.

"What we are seeing is much more than El Niño," said climate analyst Kevin Trenberth at the National Center for Atmospheric Research in Boulder, Colo. "The overall pattern is consistent with our concepts of global warming."

To those who analyzed last year's temperature records, the effort to attribute the higher temperatures to relatively transitory minor perturbations in the planet's weather systems missed a more crucial trend.

"The important thing is that, in the long term, warmer temperatures are becoming the norm," said Jay Lawrimore, chief of the climate monitoring branch at the National Climatic Data Center, the federal center that prepared the study. "The expectation is that temperatures will continue to warm in the U.S. and globally."

As a consequence, Lawrimore said, "we expect droughts to become more severe and more widespread; we expect heavier precipitation events to be come frequent; heat waves will become more frequent; storm surges will be higher. Being able to adapt to changing climate will become an important part of daily life."

In last year's temperature extremes, the country got a preview of the future of climate change, several experts said.

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Last summer, at least half of the country was parched by prolonged drought as the lack of rain helped fuel a record wildfire season in which 9.8 million acres burned in more than 96,000 wildfires. At the same time, a severe heat wave in some areas, as high as 117 degrees, killed at least 225 people nationwide.

Now in the cold season, farmers in the Northeast are worried that temperatures are too high for fruit trees to winter properly, and wineries complain they can't prepare ice wine because their grapes won't freeze on the vine.

Nationwide, the demand for winter heating oil and other home energy needs is as much as 13.5% lower than the demand expected during average climate conditions, the NOAA scientists calculated.

"People say these things must be due to natural variability in the weather, but any reasonable person who looks at the data can see that we are changing the planet," said climate expert Tim Barnett at the Scripps Institution of Oceanography in La Jolla.

"When you look at global warming patterns," Barnett said, "there is a great big coherent pattern of temperature change."

U.S. To Raise Royalty Rates For Oil And Gas Leases In The Gulf (NYT)

By Edmund L. Andrews

New York Times, January 10, 2007

WASHINGTON, Jan. 9 — The Bush administration, accused of failing to collect billions of dollars from companies that drill for oil and gas in federal waters, announced on Tuesday that it would demand higher royalties on all new deepwater leases in the Gulf of Mexico.

The Interior Department said it would raise the royalty rate to 16.7 percent from 12.5 percent of oil and gas sales, a change that it estimated would increase government revenue by $4.5 billion over 20 years.

“Increased royalty rates will ensure that during this time of high energy prices the American public receives its fair share of the value of oil and gas,” said Gary Strasburg, a spokesman for the department.

But the change will not alter any of the thousands of existing offshore leases, nor will it affect a mistake in hundreds of leases that could allow companies to escape as much as $10 billion in royalties over the next five years.

The Interior Department has been trying to renegotiate those leases for the last six months, but has managed to reach voluntary agreements with only 5 of the 56 companies that hold them. Two of the biggest players in the Gulf of Mexico, Chevron and Exxon Mobil, have refused to sign new deals.

Next week, House Democrats hope to pass legislation that would punish companies that refuse to renegotiate, either by imposing a stiff new tax on their production or by prohibiting them from acquiring new leases.

“Raising the royalty rates will do nothing to help the situation unless this administration expresses a true commitment to actually collecting these payments,” said Representative Nick J. Rahall II, Democrat of West Virginia and chairman of the House Committee on Natural Resources. “The oil and gas royalties system is broken and needs to be fixed.”

In a separate decision, the Bush administration announced that it might lift a longstanding prohibition on drilling in Bristol Bay, an area off the coast of Alaska that is part of the North Aleutian Basin. The area has been closed to oil and gas leasing since 1990, partly in response to the enormous tanker spill in 1989 by the Exxon Valdez.

The Interior Department also announced plans to open a big new area in the central part of the Gulf of Mexico, a move that Congress authorized in December.

U.S. Is Raising Gulf Royalties For Oil And Gas (WSJ)

By John J. Fialka And Russell Gold

Wall Street Journal, January 10, 2007

WASHINGTON -- The Bush administration said it is raising royalty payments it charges producers of oil and natural gas in the deeper waters of the Gulf of Mexico, apparently to appease critics in Congress who say the government has failed to collect all of the royalty payments owed it from past Gulf production.

The increase, announced by Interior Secretary Dirk Kempthorne, would raise the required federal payment on new leases from the current equivalent of one barrel out of every eight produced to one barrel out of six. The higher rate will boost federal royalty revenues by $4.5 billion over 20 years, according to the Interior Department. About 25% of U.S. oil production comes from the Gulf.

Mr. Kempthorne also said President Bush is removing federal drilling bans from two five-million-acre tracts, one in the Gulf of Mexico and another in Bristol Bay, in the North Aleutian Basin of Alaska.

Both moves, he said, are designed to increase opportunities for domestic energy production and to increase federal revenues.

The increase in Gulf royalties comes as oil-rich nations around the globe are responding to soaring oil-company profit by raising royalties and taxes on oil production.

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A spokesman for BP PLC, one of the largest producers in the Gulf, Neal Chapman, said, "It's another cost increase and costs are increasing across the board. Any additional burden in the cost equation makes an area less attractive because we look at investment decisions globally."

"At a time we are talking about securing domestic energy, this seems to fly in the face of that," said Erik Milito, a spokesman for the American Petroleum Institute, an industry trade group based in Washington. "It is hard to make an argument that raising the cost to industry is good for consumers." Mr. Milito acknowledged, however, that companies might simply offer lower upfront bids for the right to explore offshore blocks because they know they will have to pay higher royalties. This could end up balancing and not increasing the cost of looking for oil in the Gulf.

Kjersti H. Torgersen, a spokesman for Norway's Statoil ASA, warned that drillers may respond to the higher royalty rate by lowering their bids in future lease sales, which could reduce the federal government's estimated take from the royalty increase. In two lease sales in 2006, the Interior Department received winning bids valued at $912 million.

Democrats Push Green Energy Plans (CHIT)

By William Neikirk

Chicago Tribune, January 10, 2007

WASHINGTON -- Democrats are pushing a cleaner, greener energy policy that they will try to drive through the House later this month. But its ultimate outlook is uncertain—and so is its impact.

As part of their 100-hour strategy to pass high-profile legislation, House Democratic leaders want to do away with billions of dollars in oil industry tax incentives and force oil companies to pay higher royalties on Gulf of Mexico leases. The extra money would be used to give a dramatic boost to renewable energy sources.

This shift in energy policy has been widely hailed by organizations that stress renewable and alternative sources of energy such as bio-fuels, solar and wind power. Energy efficiency and conservation groups also hope for more money. Although President Bush increasingly has talked about development of such energy sources, funding has been spotty.

"This was never particularly important to Tom DeLay [the former House Republican majority leader]," said Randall Swisher, executive director of the American Wind Energy Association.

He said he is hopeful Congress will use the extra money partly to extend production tax credits for wind energy for at least five years rather than at the current rate of one to two years at a time, a move that would dramatically increase the size of the industry.

But the new legislation faces two big hurdles—a Senate where Democrats have a razor-thin margin and a White House that backed the tax breaks in the first place.

In addition, some energy analysts said they doubt that the bill would contribute greatly to easing the nation's energy problem any time soon, even if the House bill should become law. For now, emphasizing green power at the expense of other steps may be inadequate to the task, they say.

Philip Verleger, an Aspen, Colo. economist who specializes in the energy industry, said the nation needs a more comprehensive energy policy. He would advocate forcing more conservation by raising energy taxes sharply and imposing tougher mileage standards on vehicles. He also favors a minimum price for oil to keep the price from fluctuating so wildly, and encourage more production.

If the Democratic bill passes, he said, "I don't think much would happen" in terms of its broader impact on energy supply. "The real issues are whether it is going to get signed into law, and how they are going to get it through the Senate. I think the likelihood is that we are going to see a stalemate on energy legislation for the next two years."

Andrew Weissman, an energy consultant in Washington, said he also feels the Democratic approach is inadequate to address the longer-range energy problem that he foresees. "When I look at the situation developing beyond the next three or four years, we are facing massive supply deficits," he said. "I don't see Democrats or Republicans addressing them."

Ironically, oil and natural gas prices have declined markedly since last year, and warmer weather in some parts of the country has continued a downward price push.

But looking beyond the immediate period, the energy-supply situation is less certain. Prices have been extremely volatile in the past few years, and that pattern could continueAnother major energy bill is co-sponsored by Sen. Barack Obama (D-Ill.). It would require a dramatic expansion in the ethanol and biodiesel fuel supply. Now, ethanol comprises about 5 billion gallons of U.S. supply per year. The bill would raise that to 30 billion gallons by 2020 and 60 billion gallons by 2030. It would also require major oil companies to ensure that within 10 years, half of their gasoline stations would be able to pump gasoline containing 85 percent ethanol. Its chances are uncertain.

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Sen. Jeff Bingaman (D-N.M.), chairman of the Senate Energy Committee, said in an interview, "I think there is great sentiment in this Congress to move ahead with locking in provisions that will get us to a green energy future. A lot of people campaigned on that last fall, and I think the public is interested" in that energy-policy focus.

At the moment, the oil and gas industry is gearing up to fight the House measure by questioning whether Democrats are removing important incentives for production that could wind up discouraging domestic drilling for extra supply. But some Democrats believe the president might sign the bill.

"It sends the wrong signal to investors," said Charles Drevna, executive vice president of the National Petrochemical and Refiners Association. "It says you are not for increasing energy supply. You are not for increasing domestic resources. What you are for is some punitive measure because the oil and gas and refining industries enjoyed some increased profits. It's Alice-in-Wonderland energy policy."

Mark Kibbe, senior tax policy analyst for the American Petroleum Institute, said the Democrats are focusing on a 2004 job-creation bill providing tax deductions for companies, including oil and gas firms and refineries.

Kibbe said much of the new production occurs in the deep waters of the gulf, where drilling is expensive. "What you do at some point is you make U.S. projects non-economic" against foreign producers, he said.

Details of the legislation are still skimpy, but House leaders said it would call for repeal of about $5 billion in 2004 tax cuts for the oil and gas industry. In addition, it would seek to force oil companies to pay higher royalties on oil drilled in the Gulf of Mexico. House Majority Leader Steny Hoyer (D-Md.) said last week that extra royalty income could total $9 billion to $11 billion.

Precisely how the money would be used to subsidize renewable fuels is also a question mark, and that decision could come after the House passes the revenue-raising legislation. It is also possible that Democrats would seek to reduce some oil and gas incentives in a 2005 energy bill to raise more money.

"We're going to make sure that we're not subsidizing oil companies, but that we're investing in renewable energy sources and alternative energy sources so that in the long term we will be energy independent," Hoyer said.

Scott Skald, president of the Stella Group LTD., a firm that specializes in renewable energy, said it's crucial that any new money not sit idly in a fund but is used for projects and tax credits. In the past, "green" industries have complained that promised funds either have not materialized or have been trimmed.

Kara Saul Rinadli, senior director of policy for the Alliance to Save Energy, said that after Bush signed a bill calling for a sharp increase in funding for energy efficiency measures, his budget last year sharply cut back on these programs. "It is important that Congress go back and take a look at these programs," she said.

Bush Lifts Oil-Drill Ban In Alaska's Bristol Bay (WP)

By Steven Mufson And Juliet Eilperin

Washington Post, January 10, 2007

Royalties to Rise for Some Offshore Wells in Advance of Democrats' Plans to Roll Back Tax Breaks

The Bush administration yesterday moved to boost U.S. oil and gas supplies by lifting a long-standing moratorium on drilling in Alaska's Bristol Bay, as OPEC accelerated plans to reduce supplies in order to prop up sagging crude prices.

Days before the House is expected to roll back oil industry tax breaks, the Bush administration also decided to boost royalty rates by a third for ultra-deep-water oil and gas drilling. The action eliminates extra incentives that had been given to offset some of the high costs of operating in those offshore areas. The Interior Department said the change would generate an additional $4.5 billion over 20 years.

Meanwhile, as the line between environmental and energy policy continue to blur, California Gov. Arnold Schwarzenegger (R) announced a plan yesterday that would boost alternative fuels by requiring a 10 percent cut in the carbon content of vehicle emissions by 2020. He said it would be good for the nation's energy security while slowing climate change.

In Washington, Interior Secretary Dirk Kempthorne announced that the administration would open 5.6 million acres in Alaska's North Aleutian Basin for oil and gas development.

Congress first barred drilling in Bristol Bay in 1989 after the huge Exxon Valdez oil tanker spill damaged Alaska's coast. Congress lifted the ban in 2003 at the urging of Sen. Ted Stevens (R-Alaska). But a moratorium President Bill Clinton declared on drilling in the area in 1998 remained in effect, so it took Bush's action yesterday to open it to development. Bush also lifted a presidential moratorium on part of the Gulf of Mexico that Congress opened for drilling in December.

Kempthorne said the offshore drilling in both areas and the increase in royalty fees would "enhance America's energy security by improving opportunities for domestic energy production, and will also increase the revenues that the federal government collects from oil and gas companies on behalf of American taxpayers."

Bob Greco, group director of upstream and industry operations at the American Petroleum Institute, said that "increasing access to those resources is an important step toward meeting our growing energy demand." But he said that goal would be

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offset in part by the increase in royalty payments, which he said would undercut industry's enthusiasm for drilling in deep waters off U.S. coasts, where a single well can cost $100 million. Higher royalties could also result in lower bids for leases in deep water, Greco said.

"President Bush's decision to lift this moratorium is welcome news for people who live and work in the Bristol Bay region," Stevens said in a written statement. "Imported farmed salmon, high energy costs, and the area's remoteness have limited economic development and contributed to high poverty in the region."

Other Alaskans decried the decision, saying development would bring in less than $8 billion once all the energy was tapped while undermining a fishing industry that brings in $2 billion a year.

"This decision borders on irresponsible, from our perspective," said Eric J. Siy, executive director of the Alaska Marine Conservation Council. The bay has the world's biggest wild sockeye salmon run as well as abundant red king crab, Pacific halibut and Bering Sea pollock and cod fisheries, he said. "The wise thing to do is to invest in the health of that sustainable economy."

Kempthorne said that any proposed project in Bristol Bay or the Gulf of Mexico "would receive thorough environmental reviews."

But Siy noted that a 1985 federal environmental impact statement suggested that the region posed a danger of a major oil spill. "This is a place with hurricane-force winds, with floating sea ice," he said. An oil spill could be "a nightmare" in an area home to 1 million migrating waterfowl and such marine mammals as endangered right whales, he added.

Meanwhile, the Organization of the Petroleum Exporting Countries was trying to control the winds that have been buffeting oil prices over the past week. Prices on the New York Mercantile Exchange for February delivery slipped to $53.88 a barrel yesterday, below a threshold that many technical analysts said supported high prices. Prices rebounded after reports that OPEC would trim half a million barrels a day from its output immediately instead of waiting until Feb. 1 as planned. The price still closed down 45 cents at $55.64 a barrel, the lowest close since June 15, 2005.

The decline in the value of the dollar has prodded OPEC to try to boost crude oil prices. OPEC oil exports are priced in dollars, but its consumer and industrial imports are largely priced in euros.

In California, Schwarzenegger's administration said that the state would require oil companies to reduce the carbon emitted by their fuels by 10 percent by 2020. Linda S. Adams, secretary of the California Environmental Protection Agency, said that transportation fuels accounted for more than 40 percent of greenhouse gases emitted in the state.

Companies that do not meet that standard could buy credits from other companies that had exceeded the state's goals. This system would resemble what are known as cap-and-trade systems in place for sulfur dioxide emissions in the United States and for greenhouse gases in Europe.

State officials said at a briefing that they hoped that the new regulations would spur development of ethanol, biomass, electric vehicles and hydrogen technology. Schwarzenegger said in a written statement that those alternatives reduce a "petroleum dependency" that "contributes to climate change and leaves workers, businesses and consumers vulnerable to price shocks from an unstable global energy market."

But Charles T. Drevna, executive vice president of the National Petrochemical and Refiners Association, said that "even with global climate change, the energy world is going to revolve around the hydrocarbon molecule for a long time." He said he opposed California's plan. "Last time I checked," he said, "the term was global climate change, not Lower 48 climate change."

FBI/DEA/ATF/USMS:

SAN FRANCISCO Justice Dept. Undercut Its Own Case, Chronicle Argues (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 10, 2007

The Chronicle told a federal appeals court Monday that a secret government filing in support of fines against the newspaper and prison sentences for two of its reporters actually undermines prosecutors' case against the journalists for refusing to disclose the sources of grand jury leaks about athletes and steroids.

Federal prosecutors submitted the documents under seal last month to the Ninth U.S. Circuit Court of Appeals in San Francisco, saying they contained new information about their efforts to identify the sources of the information supplied to the reporters, Mark Fainaru-Wada and Lance Williams. The court has scheduled a hearing Feb. 12 on a judge's contempt-of-court orders against the reporters and The Chronicle.

Their sealed filing came a day after reports by the Associated Press and Yahoo.com that the FBI was investigating a former defense lawyer in the steroid case as a possible source of the leak.

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In Monday's filing, lawyers for the reporters and the newspaper argued that prosecutors were effectively conceding they had failed to pursue alternative sources of information about the leaks before going after the reporters.

The Justice Department says it issues subpoenas to journalists only as a last resort. The Chronicle contends the same standard is part of the constitutional guarantee of freedom of the press and was not met in this case.

Lawyers for the Hearst Corp., which owns The Chronicle, said Monday the government has now admitted that it was still looking into alternative sources long after a grand jury issued the subpoenas last May, and after the judge found the reporters and the newspaper in contempt last September.

"The information reflected in the ex parte (sealed) filing reveals that the government is not capable of sustaining its burden of demonstrating that it properly exhausted alternative sources before taking the investigative shortcut of subpoenaing the press," Hearst lawyers said.

They asked the appeals court to dismiss the contempt orders, or at least to allow them to see the sealed government filing and answer it before next month's hearing.

Prosecutors have asked the court to uphold the contempt orders and penalties, saying the Supreme Court has made it clear since 1972 that journalists have no special privilege to withhold evidence from a grand jury.

Fainaru-Wada and Williams wrote articles in 2004 quoting closed-door grand jury testimony by Barry Bonds of the Giants, Jason Giambi of the New York Yankees, sprinter Tim Montgomery and other athletes about performance-enhancing drugs supplied by the Bay Area Laboratory Co-Operative, or BALCO.

The athletes were testifying in an investigation that resulted in guilty pleas by the lab's founder, Victor Conte, and four other men to drug-distribution charges. A separate grand jury is looking into whether Bonds committed perjury by denying that he ever knowingly used steroids.

After another grand jury was convened to investigate the leak, U.S. District Judge Jeffrey White upheld the subpoenas to Fainaru-Wada and Williams and ordered them imprisoned for up to 18 months unless they revealed their sources for the grand jury transcripts. White also said he would fine The Chronicle $1,000 a day until it turned over documents sought by prosecutors. The imprisonment and fines have been delayed until the appeals court reviews White's decision.

E-mail Bob Egelko at begelko@sfchronicle.com.

In Cocaine Case: Four Men Get Terms In Prison (MARTBULL)

By Debbie Hall, Bulletin Staff Writer

Martinsville (VA) Bulletin, January 10, 2007

Four men have been sentenced by a federal judge in a cocaine distribution conspiracy case.

Heidi Coy, public affairs specialist for the U.S. Attorney's Office in Roanoke, said those sentenced Friday were:

· Felipe Nolasco Alvarez, who received a 10-year prison term for his role in bringing drugs into Henry County;

· Rigoberto Avila-Oropeza, who was sentenced to seven years, three months in prison;

· Noel Rios-Munoz, who received a four-year and nine-month sentence;

· and Antonio Degrado-Vasquez, who was sentenced and will serve four years and three months.

All were sentenced by U.S. District Court Judge Jackson Kiser of Martinsville and were among seven people initially indicted in the case last year in a five-count indictment.

All four had pleaded guilty to one count each of conspiracy to distribute more than 5,000 grams of cocaine, Coy said.

A fifth defendant, Tomas Damian Garcia, was scheduled to appear for his Sept. 26 change of plea hearing but he remains at large.

Another defendant, Calvin Rayfield Moore, also pleaded guilty to count one of the indictment, but died in November in a car crash in Franklin County. As a result, federal officials dismissed charges against him in December, Coy said.

A final defendant, Alvin Donnell Hunt, also pleaded guilty to one count of conspiracy to distribute more than 5,000 grams of cocaine. His sentencing is slated for April, Coy said.

The federal indictment included charges of conspiracy to distribute 5,000 grams or more of cocaine powder (count 1), possession with intent to distribute cocaine (count 2), possession with intent to distribute cocaine powder (count 3), possession with intent to distribute cocaine powder (count 4) and forfeiture (count 5).

Hunt was charged with counts 1 and 5; Moore was charged with counts 1, 2 and 5; Garcia was charged with counts 1 and 5; Avila-Oropeza on counts 1, 2 and 5; Alvarez on counts 1, 3 and 5; Rios-Munoz on counts 1, 4 and 5 and Antonio Delgado-Vasquez on counts 1 and 5, according to Coy.

The drug distribution ring allegedly was responsible for bringing in more than 3.3 kilograms of cocaine worth nearly $3.3 million into Henry County, U.S. Attorney John Brownlee said when the indictments were issued in April.

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The Drug Enforcement Administration and the Virginia State Police investigation into the alleged drug ring began in February when a man was arrested in the Eastern District of Virginia while allegedly in possession of more than 50 grams of cocaine, according to a release from Brownlee's office.

The man told investigators that a Henry County man was his source for the drugs, the release stated. Under the supervision of law enforcement, the man allegedly arranged to meet two men in Henry County to buy cocaine, the release added.

On March 14, the release stated that agents executed a search warrant at Moore's Bassett home. They seized 25 kilograms of cocaine, the release stated.

Before his death, Moore also was cooperating with authorities investigating corruption in the Henry County Sheriff's Office, according to Moore's attorney.

On Nov. 2, former Henry County sheriff H. Frank Cassell, along with 12 former members of his department and seven residents, were charged in a 50-page, 48-count federal indictment which includes allegations of racketeering conspiracy, obstruction of justice, misprision, money laundering, firearms offenses, drug charges, perjury and other charges.

Man Sentenced In '05 Gunbattle (AZREP)

By Elias C. Arnold, The Arizona Republic

Arizona Republic, January 10, 2007

A 25-year-old man has been sentenced to 40 years in prison in connection with a 2005 gunbattle in Gilbert.

Joshua Wayne Trotter was sentenced Monday afternoon after he pleaded guilty in September to seven counts of assaulting a federal officer, unlawful possession of a firearm and use of a firearm during and in retaliation to a crime of violence.

Trotter was accused of shooting at U.S. Marshals, injuring one, June 3, 2005, as they attempted to arrest him on a probation violation federal warrant, according to the U.S. Attorney for Arizona.

advertisement

Trotter has five previous felony convictions, including assaulting police officers, and a case pending in Coconino County Court on a charge of assault on a family member, the U.S. Attorney's Office said.

The Marshals tracked Trotter, a suspected methamphetamine user, to Gilbert after he is believed to have terrorized his family three weeks earlier near the Grand Canyon, a U.S. Marshals Service representative told The Arizona Republic in 2005.

According to the U.S. Attorney's Office, marshals attempted to block Trotter's path with their vehicles as he drove away from a house east of Lindsay and Pecos roads.

Trotter backed the vehicle into one of the cars, pushing it, and marshals fired at the vehicle before it broke loose and backed into a light pole, the office said. He then fired back at the officers, striking Deputy Dennis Harkins in the hand. Marshals returned fire and struck Trotter in the hand and head.

Gilbert Man Sentenced To 40 Years For Shootout With U.S. Marshals (AP)

AP, January 10, 2007

PHOENIX - A Gilbert man has been sentenced to 40 years in a federal prison for crimes connected to a shootout with deputy U.S. Marshals who were trying to arrest him in 2005, the U.S. Attorney's Office announced Tuesday.

Joshua Wayne Trotter, 25, pleaded guilty in September to seven counts of assaulting a federal officer and two weapons charges. He was sentenced Monday by U.S. District Judge Paul K. Rosenblatt.

Trotter was leaving his Gilbert home on June 3, 2005 when federal agents in two vehicles blocked his car and turned on their emergency lights, according to the U.S. Attorney. Trotter backed up and slammed into a third Marshals' vehicle.

A Marshal opened fire as Trotter pushed the other Marshal's car backwards, and Trotter returned fire with a pistol, striking one deputy in the hand. Trotter eventually was shot twice and surrendered. He had five previous felony convictions and has an assault case pending in Coconino County Court.

Rosenblatt described Trotter as a "poster-boy for the effects of methamphetamine," at the sentencing, the U.S. Attorney's office said.

Mexican Man Extradited To U.S. To Face Charges In Slaying Of California Deputy Sheriff (AP)

Associated Press

AP, January 10, 2007

MEXICO CITY – A Mexican man was extradited to the United States on Tuesday in connection with the slaying of a deputy sheriff in California.

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Jorge Arroyo Garcia, alias Jorge Rubo or Armando Garcia, was flown to the northern city of Tijuana, across the border from San Diego, California, and formally handed over to agents from the United States Marshals Service, the Mexican Attorney General's Office said in a news release.

According to U.S. authorities, Arroyo is believed to have shot Los Angeles County Deputy Sheriff David March during a traffic stop in April 2002. In addition to murder, Arroyo is accused of illegal weapons possession.

Arroyo was first captured by Mexican authorities in 2004 and he has been held in a Mexican prison since. He filed various appeals fighting his extradition that eventually were dismissed.

The Attorney General's Office described Arroyo as one of the United States Marshal Service's most-wanted fugitives.

Arroyo's name did not appear Tuesday on the 15 Most Wanted Fugitives list or the Captured 15 Most Wanted list that appear on the service's Web site.

U.S. Ambassador to Mexico Tony Garza lauded the Mexican government's action, saying, "With this very important extradition, it is clear that under the (President Felipe) Calderon administration, the governments of Mexico and the U.S. will continue our unprecedented law enforcement cooperation and that we will bring to justice anyone who does harm to the law enforcement officials who protect our way of life."

Garza noted that last year alone, the administration of then-President Vicente Fox extradited 63 alleged criminals from Mexico to the United States.

Man Charged In L.A. Deputy's Killing Extradited (LAT)

By Sam Enriquez And Andrew Blankstein

The Los Angeles Times, January 10, 2007

MEXICO CITY — The Mexican government today turned over to U.S. authorities a man charged with the 2002 killing of Los Angeles County Sheriff's Deputy David March.

Jorge Armando Arroyo Garcia was taken by airplane from Mexico City, where he was in jail, to Tijuana. A SWAT unit from the Mexican federal police escorted him.

A convoy of local and federal authorities then took him into U.S. custody at 5 a.m.

"I felt it would be a day of celebration, instead it's a day of extreme sorrow," Teri March, the deputy's widow, said at an afternoon news conference.

Also attending were L.A. County Sheriff Lee Baca, L.A. County Dist. Atty. Steve Cooley and Mexican officials.

The extradition marks a victory for L.A. prosecutors and local police, who have been trying for several years to get Garcia to stand trial. Detectives allege that after shooting March during a traffic stop in Irwindale, Garcia fled to Jalisco, Mexico. He was arrested last year.

March, 33, was a seven-year veteran who stopped a black Nissan, allegedly driven by Garcia, during a routine morning patrol on April 29, 2002. March, who lived with his wife and stepdaughter in Santa Clarita, was shot several times and later died at a hospital.

Garcia, said to be an illegal immigrant and drug dealer, was identified as a suspect by investigators, but had fled to Mexico.

Mexican police were said to be helping in the search, but at that time the extradition of fugitives to the U.S. from Mexico was in dispute. Mexican judges balked at allowing Mexican nationals to be returned to a country where they could face the death penalty or life in prison.

In 2004, Mexico's Supreme Court ended a four-year argument with the U.S. over extradition by ruling that thousands of slaying suspects could be returned.

Opinion in Mexico on the issue had changed, as Mexican states began imposing harsher penalties on criminals in an effort to curb violent crime.

IMMIGRATION:

86-year-old Man With Reputed Nazi Past Again Appeals Deportation (AP)

AP, January 10, 2007

CINCINNATI (AP) — A retired Ohio auto worker ordered deported over accusations that he was a Nazi death camp guard during World War II has started another appeal in a federal court, his lawyer said Tuesday.

John Demjanjuk, 86, of suburban Cleveland, on Dec. 21 lost his previous attempt to avoid deportation when the Board of Immigration Appeals in Falls Church, Va., rejected his appeal of an immigration judge's 2005 deportation order.

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But Demjanjuk still has the right to appeal that ruling in federal courts, so the filing of a petition for review in the 6th Circuit in Cincinnati was expected. The filing Monday starts the next appeal process, defense lawyer John Broadley said.

The immigration appeals board said Demjanjuk's Nazi guard past is conclusively established.

Demjanjuk's case dates back nearly 30 years. He was cleared in 1993 in Israel of being the notorious "Ivan the Terrible," a sadistic guard at the Treblinka concentration camp in Poland. But the Justice Department said World War II documents prove he was a Nazi guard at various death or forced labor camps.

Demjanjuk, a native Ukrainian, has denied he aided the Nazis and came to the United States after the war as a displaced person.

Lawmakers Support 2 Convicted Agents (ELPT)

By Louie Gilot

El Paso Times, January 10, 2007

Five congressmen said they will have a news conference today in Washington, D.C., to support the efforts of two former El Paso Border Patrol agents to remain free on bond while they appeal their convictions in the case of a drug smuggler who was shot in the buttocks in 2005 near Fabens.

The elected officials said they wrote to Attorney General Alberto Gonzales requesting the Justice Department to direct federal prosecutors to not oppose a motion for bond continuance by Ignacio Ramos and Jose Alonso Compean. If a federal judge denies the motion, Ramos and Compean have to surrender on Jan. 17 to start their prison sentences.

The lawmakers are U.S. Reps. Dana Rohrabacher, R-Calif., Ted Poe, R-Texas, Walter Jones, R-N.C., Tom Tancredo, R-Colo., and Duncan Hunter, R-Calif.

Plans For Border Fence Draw Renewed Scrutiny (MCT)

By Dave Montgomery

McClatchy Newspapers, January 10, 2007

WASHINGTON - With Democrats now in charge on Capitol Hill, a 700-mile fence that swept through the previous Republican-controlled Congress is apt to come under a scathing re-evaluation amid reports of skyrocketing costs and widening opposition along the U.S.-Mexican border.

Mayors from Texas border cities will meet with Homeland Security Secretary Michael Chertoff next week with what they say is a unified message: Don't build the fence. The meeting is scheduled for Jan. 17 in the office of Texas Republican Sen. Kay Bailey Hutchison.

"We all oppose the fence," said Efrain Valdez, mayor of Del Rio, Texas.

The growing outcry from local officials parallels renewed concerns over costs following a report that the price tag for building and maintaining the fencing could reach nearly $50 billion over a 25-year period. The cost projections were prepared by the nonpartisan Congressional Research Service and reported this week by the San Francisco Chronicle.

The doubled-layered fence, which will be built in at least five sections in all four states that border Mexico, was passed overwhelmingly by the Republican-led 109th Congress and signed into law by President Bush. It was the only major immigration and border security initiative to emerge from the last session of Congress and was denounced by Democrats as a blatant political maneuver to court conservative voters.

But with Democrats leading both the House of Representatives and the Senate, many experts in the immigration debate now wonder if the fence will ever be built. For one thing, Congress only partially funded the project, and members of the Democratic leadership may be stingy when it comes to financing an undertaking they opposed in the first place.

House Speaker Nancy Pelosi, D-Calif., and two key House members who'll oversee the debate on immigration this year - Judiciary Committee Chairman John Conyers, D-Mich., and Rep. Zoe Lofgren, D-Calif., who'll chair the House immigration subcommittee - all voted against the fence when it passed the House 283-138 on Sept. 14.

They were among 132 Democrats who opposed the Secure Fence Act. Only six Republicans voted against it.

In a pre-emptive effort to move the project forward, Rep. Duncan Hunter, R-Calif., a leading sponsor of the act, and 37 fellow GOP House members wrote Bush last week, urging the president to continue funding for the fence when he unveils his federal spending priorities next month for fiscal 2008.

"Americans overwhelmingly support the construction of targeted fencing along our southern border," the lawmakers wrote. "The fact remains that fences act as a deterrent and keep people from risking their lives to cross the border."

Other signers of the letter included Reps. Joe Barton, R-Texas; John Doolittle, R-Calif.; and four Republicans from North Carolina - Sue Myrick, Walter Jones, Robin Hayes and Howard Coble. Rep. Tom Tancredo, R-Colo., a leader of anti-immigration forces in the House, also signed the letter.

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The Congressional Research Service, which briefs lawmakers on issues, said the 2006 legislation could mandate up to 850 miles of fencing. In sharp contrast with initial projections of $2.2 billion for 700 miles of fencing, the researchers said that the cost of building and maintaining a fence over a 25-year lifecycle could range from $16.4 million to $70 million per mile.

The report didn't calculate a total, but, under the highest projections, the cost would be $49 billion for a 700-mile fence.

"At issue for Congress is how best to allocate scarce border resources while safeguarding homeland security," the report stated. "Does border fencing represent the best investment of border security funding, and what is the appropriate mix of border security resources?"

The Department of Homeland Security is charged with overseeing fence construction and has commissioned the Boeing Co. to construct a high-tech border security shield, including cameras and radar, that will be coupled with traditional fencing.

TAX:

I.R.S. Use Of Private Debt Collectors Is Criticized (NYT)

By Lynnley Browning

The New York Times, January 10, 2007

The national taxpayer advocate called on Congress yesterday to repeal the authority of the Internal Revenue Service to use private debt collectors.

In her annual report, the taxpayer advocate, Nina E. Olson, said the private debt collection program was economically inefficient and prone to abuse. In particular, she faulted the I.R.S. for not disclosing certain "psychological techniques" used by the private contractors to try to collect unpaid taxes.

The office of the taxpayer advocate was created by Congress to identify problems within the I.R.S. that affect taxpayers and to promote their interests before the agency and Congress, which writes the tax code.

Ms. Olson's office provided its most extensive review yet of the private debt-collection program, which it has been monitoring for two years since plans for it were announced. The program, which formally started in September, is meant to farm out easily collectible tax bills, typically owed by low-income taxpayers, to private collection agencies. When the I.R.S. announced the program, it said that the private entities would abide by the same publicly disclosed rules as I.R.S. employees.

Private debt collection has drawn criticism that it is not cost-efficient and that some of the private firms hired by the I.R.S. have questionable business practices. One firm hired by the agency was the law firm of Linebarger Goggan Blair & Sampson of Austin, Tex., whose former partner, Juan Peña, pleaded guilty to federal bribery charges for his role in winning a collection contract from the city of San Antonio.

The taxpayer advocate also criticized some of the techniques used by private collectors. "In an initial draft of this report, we cited sections of a collection script used by one of the contractors which used psychological tricks during the conversation to get the taxpayers to commit to a payment, which is then followed by a belated Fair Debt Collection Practices Act warning at the end of the conversation," the report says.

"The I.R.S. informed us that private collection agencies had designated the 'collection scripts' and operational plans as proprietary and that we could not cite specific portions of the scripts."

She then wrote that the I.R.S. had later asked the three private debt collection firms to release information on their practices. One firm complied, Ms. Olson wrote, the second released partial information, and the third refused to release any information.

In a brief telephone interview yesterday, Ms. Olson said, "Taxes are the lifeblood of government; to have private agents collecting them changes the relationship between the taxpayer and government."

In its written response to Ms. Olson's criticism of the private debt-collection program, the I.R.S. said that it "strives to make certain that P.C.A. employees adhere to the same guidelines and restrictions as I.R.S. employees." P.C.A. refers to private debt collectors.

The I.R.S. also said that it had taken steps to have all three private debt collection firms approve the release of the documents sought by Ms. Olson, and that it was releasing "other appropriate information."

The I.R.S. began using three private debt collectors last September for 12,500 cases considered easy to collect, and expects to process 446,000 cases over two and a half years, Ms. Olson wrote. The collectors keep 25 cents of every dollar they collect. So far they have collected just 8 percent of the dollars assigned to them, she wrote — less than certain I.R.S. units with more difficult collection cases.

"Our conclusion is that this initiative is fatally flawed, risking much for a small return on investment," she wrote.

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The commissioner of internal revenue, Mark W. Everson, has said that if the I.R.S. had more money it would not have to outsource tax collection to private firms.

Ms. Olson also noted a 36 percent rise last year in demands, called notices of levy, that the I.R.S. sends to delinquent taxpayers asking them to settle their bills with the agency. A significant portion of such demands were served on elderly or disabled taxpayers, she wrote.

In her report, Ms. Olson also recommended that Congress improve funding for the I.R.S., which received $10.6 billion to collect $2.2 trillion, or 98 percent of all federal revenue. She also recommended, for a second consecutive year, that Congress protect not-guilty spouses from the burdens of tax crimes, by repealing joint and several liability rules. She also called upon Congress to create a federal oversight agency to supervise quasigovernment retirement plans, "to ensure that they are carrying out their fiduciary duties."

Ms. Olson also said that the I.R.S. failed to turn over documents concerning its internal deliberations on tax matters. This was the first time that the I.R.S. failed to turn over documents requested by the office of the taxpayer advocate, she said.

"The effect of this refusal is to thwart Congressional intent in seeking a taxpayer perspective on potential problems within the I.R.S.," Ms. Olson wrote. "As a consequence, Congress is being left in the dark, and taxpayers are being harmed." Ms. Olson did not specify in her report what types of documents she was looking for or what issues they addressed.

In its response, the I.R.S. said that it was "committed to improving the way it manages instructions to staff."

IRS Urged To Abandon Private Debt Collection (WP)

By Kathleen Day

The Washington Post, January 10, 2007

The Internal Revenue Service should abandon its four-month-old program of sending unpaid, uncomplicated tax debts of $25,000 or less to private bill collectors, national taxpayer advocate Nina E. Olson told Congress yesterday.

Olson, the federal official appointed by the Treasury secretary to champion taxpayer rights, said the plan already has proved unfair to consumers because private debt collectors will not make public the policies and procedures they use to extract repayments, as government tax collectors are required to do.

Olson, who heads the Taxpayer Advocate Service, an independent organization within the IRS, a unit of the Treasury Department, said she thinks the IRS could do a better job and for less money. She included the recommendation in a report to Congress that the national taxpayer advocate is required to make each year about issues the officeholder considers the gravest facing the IRS.

In addition to advocating that lawmakers revoke the IRS's authority to use private collection agencies, the report says the alternative minimum tax and the multibillion-dollar tax gap are both fundamentally unfair and are among the top issues facing the nation's tax collector.

Olson's recommendations were greeted warmly by the Democrats who will chair the two congressional committees that oversee the IRS, Max Baucus of Montana of the Senate Finance Committee and Charles B. Rangel of New York of the House Ways and Means Committee. Baucus and Rangel have strongly criticized the use of private debt collectors and have said the job should stay within the government, a position both reiterated yesterday.

Both also repeated their vow to tackle the alternative minimum tax, or AMT, and the tax gap -- the $290 billion to $350 billion in uncollected taxes -- in legislation this year.

The AMT is a parallel tax system Congress created in 1969 to ensure that even the richest people pay some federal tax. But because it hasn't been adjusted for inflation, and the regular tax system has, more and more people could find themselves having to pay higher taxes under the AMT.

The Tax Policy Center, a nonprofit joint research project of the Brookings Institution and the Urban Institute, estimates that if Congress had not frozen the AMT in 2005 at a level where it now affects nearly 4 million filers, it would have applied to more than 12.7 million out of more than 130 million individual tax filings, up from 1 million in 1999. By 2010, if Congress doesn't abolish it or freeze it at current levels, about 30 million taxpayers will be subject to the AMT, or about 92 percent of households with incomes between $100,000 and $500,000.

Financial planners say the tax cuts President Bush has touted pushed more Americans than ever into the AMT. Rangel said jettisoning the AMT will require "a look at the whole tax code" to make it fairer -- and to make up what the AMT brings in each year, estimated to be $70 billion for 2007.

The IRS has said the use of private debt collectors is necessary unless Congress provides the agency with more resources, and Charles E. Grassley (R-Iowa), outgoing chairman of the Senate Finance Committee, said it's too soon to judge the program.

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Olson said the IRS is doing a better job of telling taxpayers when the they're suspected of filing bogus requests for refunds. Last year, Olson criticized the IRS's criminal investigation arm for stalling thousands of refunds, sometimes for months and even years, without telling the taxpayers why or allowing them to respond.

The Tax Hit You May Not See Phaseouts, Which Limit Tax Breaks Based On Income, Come Under Renewed Fire; What To Watch Out For (WSJ)

By Tom Herman

The Wall Street Journal, January 10, 2007

Millions of people are paying taxes at higher rates than they probably realize because of tricky provisions that can reduce -- or even eliminate -- major tax breaks based on their income.

These so-called phaseouts (because some benefits begin to phase out when your income exceeds certain levels) and similar provisions should be repealed, or at least simplified, said Nina Olson, the Internal Revenue Service's National Taxpayer Advocate, in a report to Congress released yesterday. Ms. Olson, who isn't a political appointee, heads an IRS unit designed to help taxpayers cut through red tape and deal with problems that typically couldn't be resolved through normal channels.

STEALTH TAXES

· Many people stand to lose part or all of key tax benefits because their income is too high.

· Numerous tax benefits include income-based "phaseout" provisions.

· Among the breaks affected: the phaseout of personal exemptions and limits on many itemized deductions.

· A new report by IRS National Taxpayer Advocate Nina Olson urges Congress to repeal, or at least simplify, phaseouts.

Source: IRS National Taxpayer Report

The report says more than 60 million individual income-tax returns, about 44% of the total filed last year, are affected each year by one or more of these provisions, which can drive up a taxpayer's marginal tax rate well above his or her official tax rate.

It's doubtful that Congress will eliminate phaseouts. Repealing them would cost the U.S. Treasury Department billions of dollars each year at a time when lawmakers are focusing more on cutting budget deficits than on simplifying the nation's notoriously complex tax system. Yet the report throws a new spotlight on a dimly lit corner of the tax world that many taxpayers need to understand more thoroughly in order to make intelligent tax and investment-planning decisions.

Phaseouts are also referred to as "stealth" taxes because they're difficult for the average taxpayer to detect. Among the most significant: limits on personal exemption amounts and on many itemized deductions, such as charitable contributions and state and local taxes, for taxpayers whose income exceeds certain levels. (More than 5.7 million individual returns for 2004 were hit by the income limit on itemized deductions. As a result, taxpayers were unable to deduct a total of more than $36.7 billion of itemized deductions for that year.)

DISAPPEARING TAX BENEFIT

See a sampling of major tax benefits.

Other benefits that may be affected include a credit for adopting a child, the child tax credit and education-related incentives. A new deduction for mortgage insurance also has phaseout provisions.

Even sophisticated taxpayers may be unaware of this issue since growing numbers of Americans are paying someone else to do their taxes for them. Last year, more than 60% of all taxpayers used paid preparers, up from 40% in the mid-1980s. And growing numbers of people rely on tax-preparation software to do the number-crunching for them.

"Most of my clients are unaware" of the phaseouts, says Stephen W. DeFilippis, owner of West Suburban Income Tax Service in Wheaton, Ill., and an enrolled agent, which means he is licensed to represent taxpayers before the IRS. He says clients often are amazed their tax bill was significantly higher than expected.

Phaseouts need to be repealed, said Ms. Olson, because they inject "needless complexity" into the tax laws, reduce the effectiveness of tax incentives, and make it tougher for many taxpayers to estimate their tax bills and pay the right amount of withholding or estimated taxes. Also, she argued, they probably reduce overall tax compliance.

"They add quite a bit of complexity to the tax code," agrees Lindy Paull of PricewaterhouseCoopers in Washington. Ms. Paull is a former chief of staff of Congress's Joint Committee on Taxation, which issued a lengthy report in 2001 urging Congress repeal numerous phaseout provisions.

Many phaseouts and other similar provisions affect only upper-income taxpayers, such as the one that applies to personal exemptions. For this year, each personal exemption is a maximum of $3,400, up $100 from 2006. But if your income exceeds a certain level, the most you can claim on your return for 2007 will be $1,133, the IRS says. For a married couple filing jointly, the personal exemption begins to phase out when their income exceeds $234,600 for 2007 and reaches the maximum phaseout amount after $357,100. For most singles, the range is $156,400 to $278,900.

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Congress voted to ease this provision starting in 2006, and repeal it entirely in 2010. But nobody knows whether that will happen now that the Democrats have recaptured control of both houses of Congress. Some Democrats say they want to roll back President Bush's tax breaks for higher-income taxpayers.

Other provisions affect people with much less income. For example, there are complex rules for how much of your Social Security benefits may be subject to tax.

Suppose your income -- which, for this purpose, includes such items as tax-exempt interest income and half of your Social Security benefits -- exceeds $32,000 but not more than $44,000. In that case, a maximum of half your Social Security benefits would be reported as part of your adjusted gross income. If your income exceeds $44,000, up to 85% of your Social Security benefits would be included as income and taxed accordingly.

As a result, some lower-income Americans may be paying significantly higher tax rates than they think.

Phaseouts are popular among lawmakers as a revenue-raising device since raising tax rates typically creates much bigger headlines -- and more of a political firestorm -- than tweaking complex phaseouts and other provisions. Thus, it would appear that many stealth taxes are here to stay. * * *

The IRS sets Feb. 3 as the starting date to process returns claiming tax benefits enacted last month.

Congress waited until last month to extend the life of several tax breaks that had expired at the end of 2005. Among the now-resurrected provisions, known as "extenders," is the option for taxpayers who itemize to deduct state and local sales taxes instead of state and local income taxes. Other revived provisions include special deductions for higher-education tuition and fees and for educator expenses.

Any other returns for individuals not claiming the extender provisions can be filed as normal this month, the IRS said. * * *

BRIEFS: The most serious problem confronting taxpayers is the alternative minimum tax, says the IRS's Ms. Olson....The Senate Finance Committee plans a hearing today on "tax incentives for businesses in response to a minimum-wage increase."

AMT, Tax Gap Called Gravest Tax Problems (AP)

By Jim Abrams

AP, January 10, 2007

A tax law meant to crack down on wealthy tax dodgers has instead become the most serious problem facing millions of other taxpayers.

For the government, the biggest problem is billions of dollars in unpaid taxes, National Taxpayer Advocate Nina E. Olson said Tuesday in a report to Congress on the hurdles Americans face in meeting their tax obligations.

Olson, who works independently within the Internal Revenue Service, also urged Congress to repeal IRS authority to contract out to private collection agencies, saying the IRS is better trained and more efficient in collecting delinquent taxes.

The advocate is required to submit an annual report to Congress listing at least 20 of the most serious problems encountered by taxpayers.

This year the list was topped by the alternative minimum tax, which was enacted in 1969 to close loopholes that enable the wealthy to avoid paying taxes. But because the law was not indexed for inflation, a provision that originally affected about 20,000 taxpayers now hits tens of millions.

"Today the AMT is left to punish taxpayers for engaging in such 'classic tax-avoidance behavior' as having children or living in a high-tax state," the report said in its summary.

Rep. Charles Rangel, D-N.Y., the incoming chairman of the House Ways and Means Committee, and Senate Finance Committee leaders Max Baucus, D-Mont., and Charles Grassley, R-Iowa, have promised to address the AMT issue this year. But repealing the law, under which taxpayers reaching a certain income level lose dependent or state and local tax exemptions, could cost up to $1 trillion over the next decade. There's no consensus on how to make up for the lost revenues.

The second most serious problem was the gap between what taxpayers should be paying and what the IRS is collecting, estimated at $290 billion a year. The advocate said that noncompliance by some taxpayers requires good-faith taxpayers to pay an additional $2,200 a year.

It said the gap could be narrowed by tax simplification, tax withholding on non-wage income in certain situations and improved IRS compliance initiatives.

The report said the government loses billions of dollars because it does not intervene at an early stage on delinquent tax accounts, and does not fully utilize collection payment alternatives such as installment agreements.

It said the IRS also fails to provide the meaningful services that low income taxpayers need to meet their obligations regarding delinquencies, doesn't do enough to help small businesses with professional advice, and lacks adequate oversight over unenrolled return preparers.

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"Simplifying the tax code, particularly by repealing the AMT and reducing the inequities caused by the tax gap, will go a long way to helping America's taxpayers," said Olson.

The IRS, in its comments on the report, said it often allows taxpayers in arrears to pay over time, noting there were 2.77 million installment agreements in fiscal 2006, up 5 percent over the previous year.

It also defended the private collection program that was inaugurated last September, saying the program strives to make certain that private collection employees adhere to the same guidelines and restrictions as IRS employees. It said that in fiscal 2007 it expects gross revenues from the program to range from $33.8 million to $62.3 million, with costs between $23 million and $29.3 million.

National Treasury Employees Union President Colleen M. Kelley welcomed the recommendation to end the private collection program, saying paying debt collectors "a bounty of up to 25 percent of the money they collect is a waste of taxpayers' dollars and exposes taxpayers to the risk of identity theft and overly aggressive collection tactics."

The advocate recommended that Congress change its budget-writing procedures under which the IRS must compete with other agencies for federal dollars. "The IRS' lack of resources is a significant impediment to its ability to close the tax gap and thereby to reduce the federal budget deficit," the report said.

It also recommended elimination or simplification of phase-outs, under which various tax benefits are reduced as a taxpayer's income rises. It said such complexity is burdensome to taxpayers and may contribute to increased noncompliance.

The advocate did praise the IRS for making improvements in the Questionable Refund Program, which topped the list in 2005 as the most serious problem. The program came under fire for freezing the refunds of tens of thousands of taxpayers the IRS deemed questionable without telling people they were suspected of fraud. It noted that under new procedures all taxpayers receive notice of an IRS inquiry into a refund.

FEDERAL DIARY: Tax Collection Debate Is A Product Of Budget Battles (WP)

By Stephen Barr

Washington Post, January 10, 2007

There always seems to be a disagreement over the numbers in government reports these days. Take the latest dispute over how many Internal Revenue Service employees it takes to monitor private tax collection efforts:

According to the national taxpayer advocate's annual report sent to Congress yesterday, the IRS has 65 employees overseeing 75 contract workers hired to collect unpaid tax bills.

Not exactly, the IRS said in comments elsewhere in the report. There are 65 IRS employees who work "as needed," but the time they are putting in is only equivalent to 31 full-time workers, the IRS said.

That jousting is a small part of a big debate over whether tax collection can be outsourced efficiently and in a way that protects the confidentiality of taxpayer records.

Nina E. Olson, the taxpayer advocate, clearly thinks the risks are too great. "It is difficult to fathom how 75 employees can achieve what the IRS cannot with its thousands of collection employees," she wrote.

She warned against "the hidden costs of using private collectors, notably potential erosion of customer service, lack of transparency of private collection operations, potential failure to provide consistent treatment for all taxpayers, and potential erosion of tax compliance."

Olson runs an independent office inside the IRS that hears from taxpayers who think they have been treated unfairly or who think the tax system is broken. The advocate's office sends Congress a report each year listing the most serious problems confronting taxpayers. [See story, Page D3.]

The idea of using private-sector debt collection companies to get small-time tax delinquents to pay up has been controversial since Congress gave the green light to the program in 2004. Some members of Congress have questioned whether the program will prove effective, and the National Treasury Employees Union, which represents IRS workers, is lobbying on Capitol Hill to ban such outsourcing.

Under the program, the debt-collection companies get a commission of up to 25 cents for every dollar they collect. The IRS has estimated that the outsourcing program will bring in about $1.4 billion, less costs, over 10 years and should free up revenue agents to focus on more complex cases and big-time tax cheats.

The outsourcing program, to a large degree, grew out of the pull-and-push over annual IRS budgets. The congressional appropriations process each year has kept the agency from getting a little extra money that could bring in a lot more tax revenue, Olson contended in her report.

If the government were a business, the IRS could be considered the "accounts receivable department" that generates revenue, Olson said. But Congress treats the IRS budget the way it treats other agency budgets, and that means the IRS in recent years has been pitted against housing, transportation and other programs for money and resources.

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The budget process "makes little sense," Olson said, because the IRS has said that its employees collect unpaid taxes more cheaply than contractors do. She noted that an IRS study in 2002 calculated the agency received enough money to work only 40 percent of its overdue tax accounts.

In her report, Olson recommended that Congress consider revising its budget rules in a way that lets the IRS receive funding aimed at maximizing tax compliance each year. Olson also recommended that Congress increase IRS personnel funding by 2 to 3 percent each year to allow the agency to increase staffing.

Colleen M. Kelley, president of the Treasury union, recently called for IRS staffing to be restored to 1998 levels to improve tax collection. Since 1998, she said, the number of revenue officers, who collect delinquent taxes, has declined by about 40 percent while the ranks of revenue agents, who audit tax returns, have dropped by about 30 percent.

"If the administration is serious about closing the tax gap," Kelley said, "it needs to ask Congress for more people."

CONGRESS-ADMINISTRATION:

Bush Judicial Nominees Ask To Withdraw (AP)

By David Espo

AP, January 10, 2007

In a concession to the Senate's new Democratic majority, President Bush won't rename four controversial federal appeals court nominees whose confirmations were blocked last year, Republican officials said Tuesday.

William Haynes, William G. Myers III and Michael Wallace all asked to have their appointments withdrawn, these officials said. Judge Terrence Boyle was informed of the White House's decision, according to an ally.

Haynes is the Pentagon's top lawyer, and was an architect of the Bush's now-abandoned policy toward treatment of detainees in the war on terror. He had been tapped for the 4th U.S. Circuit Court of Appeals.

Boyle is a federal judge in North Carolina, and his appointment to the 4th Circuit provoked opposition from Democrats who cited his rulings in civil rights and disability cases, as well as his higher-than-average reversal rate by higher courts.

Myers, nominated to the 9th U.S. Circuit Court of Appeals, sparked opposition from environmentalist organizations and their allies among Senate Democrats.

Wallace's appointment to the 5th U.S. Circuit Court of Appeals drew opposition from Democrats, civil rights groups and the American Bar Association.

Sen. Patrick Leahy, D-Vt., the chairman of the Judiciary Committee, has said only "consensus nominees" are likely to win confirmation under the new Democratic majority — a declaration that effectively doomed the chances for the four men whose appointments were left in limbo when the Senate adjourned last year for the elections.

Deputy White House spokeswoman Dana Perino said the president was disappointed about the withdrawals.

"Each of these nominees was well-qualified to serve as judges and would have been confirmed if they had been given a fair, up-or-down vote in the Senate," Perino said. "Unfortunately, a few selected senators prevented these nominees from receiving fair consideration. The president is disappointed in this inaction, and hopes that the days of judicial obstructionism are beyond us."

One Senate Democrat, Sen. Charles Schumer, issued a statement saying, "This reversal is one of the first tangible signs that the president heard and is heeding the message from Novembers election."

But Ed Whelan, president of the Ethics and Public Policy Center and a former clerk for Justice Antonin Scalia, countered for conservatives. "In support of their own agenda of liberal judicial activism, Senate Democrats have engaged in unprecedented measures of obstruction against the president's highly qualified nominees," he said.

Lars H. Liebeler, a Washington lawyer, said in a telephone interview that Boyle, unlike Wallace, Haynes and Myers, did not submitted a letter asking to be withdrawn but was told of the president's intentions.

Several Republican officials said the White House was likely to make the announcement later in the day.

They said Bush also intends to appoint 33 other judicial nominees, including three whose appointments were not acted on by the Senate in 2006.

The officials who described the developments did so on condition of anonymity, saying they did not want to pre-empt a formal announcement.

Bush Drops 4 Embattled Judicial Nominees (MCT)

By Barbara Barrett And James Rosen

McClatchy Newspapers, January 10, 2007

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WASHINGTON - After years of struggling to push controversial judicial nominees through a Republican-controlled Senate, President Bush acknowledged Tuesday that if he can't get his nominees through his own party, he has no chance among the Democrats.

Bush declined Tuesday to rename four controversial nominees to serve on the U.S. Court of Appeals. Three nominees withdrew, but U.S. District Judge Terrence Boyle of North Carolina refused, saying in an interview Tuesday that it wasn't his place.

"I didn't quit," said Boyle, whose case may be the longest nomination-in-waiting in U.S. history. He was first nominated for the 4th Circuit Court of Appeals in 1991 by President George H.W. Bush and was nominated six more times by the current President Bush.

"In terms of me throwing in the towel or quitting, that's not what I'm going to do," Boyle said. "I'm not going to let them beat me down."

Bush received withdrawal letters from William Haynes, the Pentagon's top legal counsel, and William G. Myers III, of Boise, Idaho. Another nominee, Michael Wallace of Jackson, Miss., announced his withdrawal last month.

Bush's decision shocked neither the nominees nor observers.

"Of course not," Boyle said. "I watched the election returns. How could you not be confirmed with a 10-vote majority and expect to be confirmed when you're in the minority?"

Still, Bush renominated the men in mid-November, just after Democrats narrowly won control of the U.S. Senate in midterm elections. The renominations came after months of threats from Democrats to filibuster Boyle and Haynes if then-Senate Majority Leader Bill Frist brought their names to the floor for a vote.

"If you can't confirm nominees when you have a 55-45 majority, it's unlikely you'll confirm them when the other party's in the majority," said Carl Tobias, a University of Richmond law professor.

Sen. Patrick Leahy, D-Vt., the new chairman of the Senate Judiciary Committee, said Tuesday that Bush made "the right decision."

The controversies took up valuable time last year, Leahy said, and impeded progress on other judicial nominees.

Now, Leahy said in a statement, Congress can start over and move beyond "political game-playing."

"The White House saw the writing on the wall," said Leslie Proll, director of the Washington office for the NAACP's Legal Defense and Education Fund, which fought the nominations. "With the Democrats in charge, the chances were not good."

Bush's decision also was a victory for Republican South Carolina Sen. Lindsey Graham, a military lawyer. Graham opposed Haynes' appointment because of Haynes' role in formulating tough interrogation techniques for accused terrorist detainees as Defense Department general counsel.

"I appreciate Mr. Haynes' service to our country and know this is a difficult decision," Graham said. "Now is the time for us to push ahead and fill vacancies on the 4th Circuit Court of Appeals ... with solid conservative and confirmable nominees."

In a Dec. 19 letter to Bush, obtained Tuesday by McClatchy Newspapers, Haynes asked the president to withdraw his name from consideration.

"It is not at all clear that any vote would be forthcoming in the 110th Congress and, absent such a vote, you would lose the opportunity to fill the judicial vacancy for which you nominated me," Haynes wrote.

Myers' nomination had received a tepid endorsement from the American Bar Association's review panel and was opposed by environmental groups. Myers, a former Interior Department lawyer and a lobbyist for cattle and mining interests, had compared federal public lands policy to King George III's reign over colonial America.

Wallace, a native of Biloxi, Miss., was found unanimously by the American Bar Association review board to be "not qualified." The ABA committee praised Wallace's intellect and integrity but failed him on "judicial temperament." The ABA, which routinely grades judicial nominees, hadn't unanimously found an appeals court nominee unqualified in 24 years.

Wallace's Senate Judiciary Committee confirmation hearing in September was dominated by the ABA rating, with Republicans questioning the bar association's motives and Democrats questioning Wallace's suitability for a lifetime appointment.

McClatchy Newspapers correspondent Maria Recio contributed to this report.

Bush Drops Plans To Renominate 3 Judges (NYT)

By Neil A. Lewis

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — In an apparent effort to lower the temperature in the fierce battle over federal judges — and in a concession to political reality — President Bush said Tuesday that he was dropping plans to nominate three of his choices for the federal appeals courts who have been vigorously opposed by Senate Democrats.

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The White House announced that the three candidates, all conservatives, had themselves asked for their names to be withdrawn. But the announcement was widely taken to mean that the president had decided that renominating them would be a needlessly provocative act, one that would anger Democrats without sufficient political payoff from conservatives for sticking by the nominees.

Days after the November election that gave the Democrats control of Congress, Mr. Bush pledged to renominate the three. His words prompted denunciations from Democrats that he had not taken any lessons from the election and that he was not, as he had claimed, prepared to engage them in a bipartisan way.

Democrats were able to block the confirmations of the three — William J. Haynes II, William Myers III and Terrence Boyle — in the last Congress. With the Democrats now in control of the Senate, the three's chances to be confirmed were reduced further.

After Tuesday's announcement, some Democrats expressed appreciation for the decision.

"It's the first whiff of conciliation we've had on the issue of judges," said Senator Charles E. Schumer, Democrat of New York and a Judiciary Committee member who has been vocal in his complaints that Mr. Bush has sought confrontation on the issue of judges.

"The election demanded much more bipartisanship than they've been giving," Mr. Schumer said. "But this might be the beginning of a path we can walk down together."

Senator Patrick J. Leahy of Vermont, the Democrat who formally assumes the chairmanship of the Judiciary Committee this week, praised Mr. Bush for not resubmitting the three nominees. "This new Congress presents an opportunity for a fresh start on judicial nominations, one that emphasizes qualifications and bipartisan consensus over game-playing," Mr. Leahy said.

In addition to the three, a fourth federal appeals court nominee who had been opposed by the Democrats, Michael J. Wallace of Mississippi, withdrew last month.

Democrats had vowed to block the confirmations of all four.

Mr. Haynes, who was nominated to the United States Court of Appeals for the Fourth Circuit, in Richmond, has been the Pentagon's general counsel and was deeply involved in setting the administration's interrogation and detention policies. Mr. Haynes wrote or supervised memorandums that secretly authorized harsh treatment for detainees at Guantánamo Bay, Cuba, and Iraq.

Mr. Myers had been nominated for a seat on the United States Court of Appeals for the Ninth Circuit. The circuit, based in San Francisco, covers nine states and is frequently at the center of disputes over environmental laws and regulations. He was strongly opposed by many environmental groups for his history as a lobbyist for mining and ranching interests and speeches criticizing restrictions on those groups.

Judge Boyle, a district court judge in North Carolina, drew opposition to his nomination to the Fourth Circuit from Democrats and liberal groups for his rulings in civil rights cases. Mr. Wallace, nominated to the United States Court of Appeals for the Fifth Circuit, in New Orleans, was rated unqualified for the court by the American Bar Association.

At least one nominee had told friends he was interested in withdrawing long ago but agreed to keep his name in to satisfy the White House if the president wanted to continue pressing the nominations. When Mr. Bush announced his intention in November to renominate the four, political supporters said it was to keep in place the groundwork for an argument that the Democrats were obstructionist over judges.

Mr. Bush's decision will probably disappoint conservatives who were eager to continue that argument, but on Tuesday, some said they understood the political realities.

Kenneth Y. Tomlinson, the chairman of the agency that supervises most government broadcasts abroad, also asked the White House to withdraw his nomination for another term as chairman of the Broadcasting Board of Governors.

Mr. Tomlinson had also headed the Corporation for Public Broadcasting, but was forced to step down from that organization after an inspector general's report in 2005 found evidence that he had violated rules meant to insulate public television and radio from political influence.

Four Appeals Court Choices Dropped From Consideration (Update2) (BLOOM)

By James Rowley

Bloomberg, January 10, 2007

Jan. 9 (Bloomberg) -- President George W. Bush, bowing to the Senate's new Democratic majority, dropped efforts to win confirmation of four appeals court nominees who generated partisan opposition.

Bush won't resubmit the nominations of Terrence W. Boyle, Defense Department counsel William J. Haynes II and William G. Myers III to seats on federal appeals courts, said White House spokeswoman Emily Lawrimore. A fourth nominee who also

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sparked controversy, Michael Wallace, withdrew last month from consideration for a seat on the New Orleans-based 5th U.S. Circuit Court of Appeals.

``We are obviously disappointed that these nominees did not receive the fair consideration that they deserve," Lawrimore said. ``We hope the days of judicial obstruction are behind us."

Senator Charles E. Schumer, a New York Democrat, welcomed the administration's retreat as a sign Bush ``is heeding the message from the November election." He said Democrats would work with the administration ``to confirm judges who are not extremists, either left or right."

Wallace, 55, a Jackson, Mississippi, lawyer, received an ``unqualified" rating by the American Bar Association's judicial screening panel following his nomination last February. In Senate testimony, the panel cited statements from lawyers that Wallace lacked judicial temperament.

Boyle, a 61-year-old federal trial judge in North Carolina who was first nominated in 2001 to the 4th U.S. Circuit Court of Appeals based in Richmond, Virginia, was accused by Democrats of showing hostility to employment discrimination lawsuits.

Ranching Lobbyist

Myers, 51, a mining and ranching lobbyist nominated in 2003 to the San Francisco-based 9th Circuit, was accused by environmentalists of promoting corporate interests over enforcement of federal conservation laws when he was the Interior Department's solicitor.

Haynes, 48, nominated in 2003 to the 4th Circuit, was opposed by Republicans and Democrats for helping develop the military's interrogation policies for suspected terrorists. Critics said the policy led to abuse of suspected terrorists in military prisons in Iraq, Afghanistan and at the U.S. Navy base at Guantanamo Bay, Cuba.

Boyle declined an invitation last month by Attorney General Alberto Gonzales to withdraw his nomination, said Lars H. Liebeler, a Washington lawyer and former Boyle law clerk who spoke on behalf of the judge.

`Not Going to Quit'

``The attorney general called Judge Boyle and told him that Haynes, Myers and Wallace had submitted letters saying their nominations should be withdrawn and asked Judge Boyle what he wanted to do," said Liebeler, who has been championing Boyle's nomination. ``Judge Boyle said, if the president didn't want to renominate him, he would understand that decision but he was not going to quit."

On Jan. 5, Gonzales telephoned Boyle to say that Bush's advisers had concluded that the judge couldn't win Senate confirmation and recommended Bush not resubmit his name to the Senate, Liebeler said. He said Boyle told Gonzales that he understood the political reality. ``It was a cordial conversation," Liebeler said.

Justice Department spokesman Brian Roehrkasse declined to comment about whether Gonzales solicited the withdrawal letters.

Wallace said in a telephone interview that his withdrawal was ``100 percent my own decision" and wasn't solicited by the Bush administration.

He understood from statements by the new Democratic Judiciary Committee chairman, Vermont Senator Patrick Leahy, that ``he had no intention of permitting me to be confirmed," Wallace said.

`Fresh Start'

Leahy said in a statement that the new Congress offers Bush a ``fresh start" on judicial selections, and he called the administration's retreat on the four nominations ``a welcome beginning."

Still, Bush ignored Leahy's recommendation that he resolve a dispute with California Senator Dianne Feinstein over his nomination of Norman Randy Smith, an Idaho lawyer, to a 9th Circuit seat that Feinstein contends should be filled by a Californian.

The vacancy was created by the retirement of Circuit Judge Stephen Trott, who moved to Idaho from California following his confirmation.

Smith appeared on a list of judicial nominations Bush submitted to the Senate today. Last year, Feinstein blocked Smith's confirmation on the basis he should be nominated for a different seat on the 9th Circuit.

Advocacy Groups

Bush could have ended the dispute by asking the Senate to confirm Smith for the seat that Myers had been nominated to fill. There was no immediate comment from the White House about Smith's nomination.

In a statement, Feinstein said Bush ``missed an opportunity to resolve an outstanding nominations issue."

Two advocacy groups opposing the nominations issued statements hailing the withdrawals.

The decision ``underscores the reality that the Senate will no longer rubber stamp far-right judges to lifetime appointments," Nan Aron, president of Alliance For Justice, a Washington-based advocacy group, said in a statement.

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The environmental group Earthjustice said Myers was the first judicial nominee opposed primarily because of his record on the environment.

4 Nominees To Appeals Courts Are Dropped (WP)

By R. Jeffrey Smith

The Washington Post, January 10, 2007

The Bush administration officially withdrew four of its most controversial nominations to the federal appellate bench yesterday, bowing to the political reality of a Senate Judiciary Committee under the control of Democrats who show no inclination to confirm them.

Signaling at the same time that President Bush is committed to placing more conservatives on the bench, the White House renominated 32 other federal judicial candidates that the previous Senate did not confirm. Bush also nominated a previous candidate for a federal district court to fill one of the four appellate positions.

Those withdrawn yesterday included Defense Department general counsel William J. Haynes II, nominated for the U.S. Court of Appeals for the 4th Circuit, which covers Maryland, Virginia, West Virginia and the Carolinas; U.S. District Judge Terrence W. Boyle, also nominated for the 4th Circuit; and former Interior Department solicitor William G. Myers III, nominated for the 9th Circuit, which covers seven Western states, plus Alaska and Hawaii.

The fourth nominee withdrawn, Mississippi lawyer Michael B. Wallace, had announced in December that he was no longer seeking to become a 5th Circuit appellate judge, with jurisdiction over Mississippi, Louisiana and Texas. White House officials said Leslie H. Southwick, a former Mississippi state appeals judge and chairman of the state's Bush-Quayle steering committee in 1988, will be nominated to fill the slot Wallace had sought.

The withdrawals provoked rare praise from liberal groups People for the American Way and Alliance for Justice, which had lobbied against many of the administration's judicial nominees. They said that they hope the moves herald a shift in Bush's approach to such appointments.

Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.), likewise, praised Bush for making "the right decision in not resubmitting these controversial and problematic nominees who failed to win confirmation from a Republican-controlled Senate." He said the withdrawals are "a welcome beginning" in emphasizing "qualifications and bipartisan consensus."

White House spokeswoman Emily Lawrimore said in a statement that "the President remains focused on appointing highly qualified nominees who clearly understand that the role of a judge is to interpret the law, not to legislate from the bench. All of today's nominees are highly accomplished . . . and the President is encouraging the Senate to provide them with fair consideration as soon as possible."

The decision was, nonetheless, an abrupt reversal for the White House, which last tried to gain Senate confirmation for the four on Nov. 16, nine days after the election of a Democratic majority with a one-member margin.

Opposition to Haynes had centered on his role in supporting the aggressive interrogations of U.S. military detainees after the Sept. 11, 2001, terrorist attacks.

Myers, a former mining and grazing industry official nominated to a court with jurisdiction over half of the nation's public lands, had aroused the opposition of environmentalists by denouncing many laws as "regulatory excesses" and demanding industry access to more protected land.

Civil rights groups had accused Boyle, a protege of former senator Jesse Helms (R-N.C.), and Wallace, a former counsel to Sen. Trent Lott (R-Miss.), of hostility to minority rights. The 4th Circuit's jurisdiction has the nation's highest percentage of black citizens. Political disputes over its appellate membership have kept a vacancy there open for 12 years.

The Haynes Disgrace (WSJ)

The Wall Street Journal, January 10, 2007

Republican officials said yesterday that four controversial appeals-court nominees have asked the White House to withdraw their names from Senate consideration. Among them is William "Jim" Haynes II, whom President Bush first nominated to the Fourth Circuit Court of Appeals in Richmond, Virginia, on September 29, 2003. Call him the latest casualty in the war on terror.

Mr. Haynes is a victim of elite Washington's fickle support for anti-terror measures and South Carolina Republican Lindsey Graham's desire for the media spotlight. Arlen Specter, the former chairman of the Judiciary Committee, was prepared to move Mr. Haynes's nomination to the floor in the last Congress, but Mr. Graham joined Democrats in blocking him to settle a political score. Mr. Haynes obviously has no chance in the new, Democrat-controlled Senate; why stick around for more abuse?

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Mr. Haynes is general counsel of the Pentagon, where his transgression in the days following the 9/11 attacks was to do his job with too much determination to protect the country. That meant offering legal analysis to Secretary Donald Rumsfeld on the treatment of detainees -- advice that critics later distorted as condoning "torture."

Mr. Haynes sometimes disagreed with career military lawyers, but there is no evidence he behaved other than honorably. As memories of 9/11 have faded along with the one-time calls for bold executive action, he nonetheless became one of the fall guys for the Administration's policy choices on Guantanamo and military tribunals.

Mr. Graham has basked in media attention for opposing President Bush on detainees, and he has every right to disagree on policy. But for reasons of ego or retribution or something, he has also insisted on embarrassing the White House by blocking Mr. Haynes's nomination. The lesson that other political appointees will learn is that the better part of career ambition is to play it safe and never buck the professional bureaucracy.

Mr. Haynes has many supporters in the Palmetto State, where he has ancestral ties that go back before the Revolution. Mr. Graham's treatment of a favorite son is a disgraceful episode, and one that South Carolina Republicans will want to consider if the Senator faces a primary challenge in 2008.

Benched Nominees (WP)

The Washington Post, January 10, 2007

PRESIDENT BUSH'S decision not to resubmit the nominations of four of his most controversial judicial picks is a welcome sign from an administration that, in the realm of judicial selection, has too often chosen confrontation over compromise. When the president, during the post-election lame-duck session, chose to renominate these appeals court nominees with no prospect they would be confirmed, the move struck us as gratuitously partisan. Now Mr. Bush deserves credit for putting some action behind his rhetoric of bipartisanship. Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) correctly called the move "a welcome beginning" and "an opportunity for a fresh start on judicial nominations." As Sen. Charles E. Schumer (D-N.Y.) put it, "This reversal is one of the first tangible signs that the president heard and is heeding the message from November's election."

Mr. Bush's move was a wise acknowledgment of political reality, but it was also right on the merits. Democrats had valid objections to the nominations of William J. Haynes II, William G. Myers III, Terrence W. Boyle Jr. and Michael B. Wallace. Mr. Haynes, the Pentagon's general counsel, has been a key player in the military's policies on detentions and interrogations in the war on terrorism. Mr. Myers has a dreadful record of anti-environmental activism. Judge Boyle, who serves on the U.S. District Court in North Carolina, has a troubling history in civil rights cases. And the American Bar Association unanimously rated Mr. Wallace "unqualified" for service on the bench.

Now the onus is not only on the president to avoid more thumb-in-their-eye nominees, but also on Democrats, newly in control of the Senate, to make good on their end of the bargain: to give the president's nominees the timely and reasonable consideration that nominees have not always received in the past.

Myers Among 100 Bush Nominations (WT)

The Washington Times, January 10, 2007

From combined dispatches

President Bush yesterday renominated Julie L. Myers to head U.S. Immigration and Customs Enforcement a year after he was forced to make her a recess appointment during questions about her qualifications for the job.

She was among the more than 100 executive branch and judicial nominations the president sent to the Senate yesterday, even as Republican officials said four high-profile judicial nominees who had been blocked during Republican control of Congress asked that their names be withdrawn.

The officials said that William Haynes, William G. Myers III and Judge Terrence Boyle had all decided to abandon their quest for confirmation. Another nominee, Michael Wallace, let it be known last month that he too had asked Mr. Bush to withdraw his nomination.

Mrs. Myers' recess appointment expired at the end of the last Congress. During her year in office, ICE expanded enforcement, but many members of Congress said they wanted to see still more operations. Her nomination will give both Democrats and Republicans in Congress a platform to criticize the president's immigration policy.

She was one of several recess appointees Mr. Bush renominated yesterday. Another was Ellen R. Sauerbrey, the former Republican candidate for Maryland governor, who Mr. Bush has tapped to be assistant secretary of state for population, refugees and migration. Her nomination proved to be contentious because of her pro-life views.

Among the four judicial nominees to withdraw, Mr. Haynes is the Pentagon's top lawyer, and was an architect of Mr. Bush's now-abandoned policy toward treatment of detainees in the war on terrorism. He had been tapped for the 4th U.S. Circuit Court of Appeals.

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Judge Boyle is a federal judge in North Carolina, and his appointment to the 4th Circuit provoked opposition from Democrats who cited his rulings in civil rights and disability cases, as well as his higher-than-average reversal rate by higher courts.

Mr. Myers, nominated to the 9th U.S. Circuit Court of Appeals, sparked opposition from environmentalist organizations and their allies among Senate Democrats.

Mr. Wallace's appointment to the 5th U.S. Circuit Court of Appeals drew opposition from Democrats, civil rights groups and the American Bar Association.

Bush's Military Nominations Likely To Get Dems' OK Despite Iraq Concerns (HILL)

By Roxana Tiron

The Hill, January 10, 2007

Despite stepping up opposition to President Bush's yet-to-be-announced troop-surge plan, the Democratic-led Senate is likely to swiftly confirm military officers selected by the administration to carry out its new plan for Iraq.

But several congressional leaders, both Democrat and Republican, are indicating that nominees will face tough questions on strategy and policy.

Secretary of Defense Robert Gates last week made his officer recommendations to the president, who still has to send the nominations to the Senate. Bush likely will make an announcement on them today.

Lt. Gen. David Petraeus has been chosen to replace Gen. George Casey as the top commander in Iraq with a promotion to four-star general, while Casey will be nominated to become the new Army chief of staff. Meanwhile, Adm. William Fallon will take over U.S. Central Command from Gen. John Abizaid, who is retiring. All three nominations require Senate confirmation.

Because of the nominees' high profile, the Senate Armed Services Committee likely will hold confirmation hearings, according to several Senate aides.

But Democrats and some Republicans who have been more cautious about supporting the White House's troop-surge denied they would use the nomination process to force the president's hand.

"We will ask the [nominees'] position" on the troop surge, Senate Armed Services Committee Chairman Carl Levin (D-Mich.) said. "We will set swift hearings. I do not know what the hearings will produce, but it is not our intent to hold up votes in any way."

Levin is among the strongest proponents of troop withdrawal from Iraq.

As a supporter of increased forces in Iraq, Petraeus is expected to back a rapid troop expansion, in contrast to Casey, who has been skeptical that additional troops would help stabilize the country.

Casey may face tough questions from Sen. John McCain (R-Ariz.), ranking member of the Armed Services panel, and Sen. Lindsey Graham (R-S.C.), both of whom have been pushing for more troops in Iraq.

The three Pentagon nominees will undergo rigorous hearings, "perhaps even more so because of the enormity of the responsibilities that they seem to be … taking on," said Sen. John Warner (R-Va.), former chairman of the Armed Services Committee and one of the first top Republicans to speak out about the situation in Iraq before the November elections.

"We can have an intense, thorough confirmation and do it in a short period of time," he added.

Meanwhile, Sen. John Thune (R-S.D.), a member of the Armed Services panel, said members would grill the nominees.

"There are going to be all these guys who are moving into these positions and they are going to get a lot of scrutiny and a lot of hard questions about what they are recommending," he said.

Sen. Dianne Feinstein (D-Calif.), who is not a member of the Armed Services Committee, said that holds are always a possibility, but that she is currently not planning to place any.

As the president prepares to announce his strategy for Iraq tonight, Sen. Edward Kennedy (D-Mass.) has introduced a resolution prohibiting any federal funds to be expended for troops in Iraq above the current number without congressional authorization.

Sen. Dick Durbin (Ill.), the Democratic whip, said that a resolution capping the number of troops and another requiring the president to get congressional approval for troop strength above a certain level could be possible add-ons to the incoming supplemental request.

Senate Majority Leader Harry Reid (D-Nev.) said he wants to see a bipartisan resolution in response to the White House's announcement introduced next week.

Avoiding Sun-Kissed Tuscany, And Other Tips For The Prudent Junketer (WP)

By Al Kamen

The Washington Post, January 10, 2007

DOJ_NMG_0114962

It has come to our attention that certain politicians who recently traveled overseas on the taxpayers' dime were unhappy with press coverage of their journey.

This is hardly the first time government officials and staff members have been upset about criticism of their global travels. And, in truth, the line between junket -- a vacation with spouses to exotic places on a military jet -- and actual work-related travel can be hazy.

So for all travelers on congressional delegations (codels) who want to avoid snarky press coverage, we offer the 2007 In the Loop Guide to Codels.

Rule No. 1: Try to travel to places that have a direct relationship to important foreign policy issues. In addition to such places as China and Russia, this would be Darfur anytime, Gaza in August, Chechnya in February, Waziristan, a week in Anbar province.

Exception: Scores of lawmakers have wandered to Iraq in the past four years, many of them multiple times. All had campaign pictures taken with troops from their districts -- rounded up specially for the occasion -- and were given tours of the Green Zone and Camp Victory. Many came back thumping their chests, saying, "I've been to Iraq." They then touted great progress toward "victory" and blasted the media for willfully ignoring all the good news in Fallujah.

Maybe lawmakers could at least follow the example of Rep. Jim Marshall (D-Ga.), a much-decorated Vietnam vet who strapped on body armor and went on patrol two years ago with the 82nd Airborne in Ramadi.

Rule No. 2: Ditch the spouse. Spouses raise red flags for reporters. Reporters are no longer buying the dodge about spouses traveling "at no extra cost." Understaffed embassy personnel have to schedule separate events, provide vans, maybe security, guides and so forth for day trips, sightseeing and shopping. Given the recent cutbacks at U.S. embassies, this is hardly what those folks need to be doing.

Corollary: On a generic "meetings with foreign leaders" trip, avoid lingering. Spouses tend to lengthen trips, with evenings devoted to receptions and dinners -- as opposed to meeting with dissidents in hiding, with human rights advocates, with harassed religious leaders, with refugees or even just traveling to the next stop.

Rule No. 3: Avoid going north in the summer, south in the winter. Never go anywhere in Italy, at any time, on the taxpayers' dime. Be very careful about the Paris Air Show. European travel in general, especially in the early fall or in the spring, will raise eyebrows. Winter trips to the Caribbean are inherently suspect.

Rule No. 4: Do not go to various wonders of the world -- Petra, the Pyramids, Machu Picchu, the Galapagos, Iguazu Falls, the Great Wall, the Taj Mahal, Angkor Wat or African game parks. Ditto handicraft fairs.

Exception: There will be times when obligatory travel to bad places, or to funerals and inaugurations and such, will bring you near a primo tourist destination. The rule of reason governs. An "unavoidable" stop at St. Peter's Square on Easter Sunday, for example, doesn't pass any laugh test.

Rule No. 5: Do not blow off intelligence briefings at the embassies. You are there, after all, to gather facts. Embassy folks may, or may not, have some.

Rule No. 6: Do not overload your military aircraft with the bargain booty -- rugs, golf clubs, artifacts and such -- you hope to sneak in without regular customs inspection.Once Our Enemy, Now Your Excellency

Speaking of travel, here are some words you never thought you'd see coming out of the White House: " President Bush today announced the designation of a Presidential Delegation to attend the inauguration of His Excellency Jos? Daniel Ortega Saavedra, President of the Republic of Nicaragua on January 10, 2007."

"His Excellency"? Wasn't this guy some random commie thug, pal of Fidel Castro, just a few years back? The late Jeane Kirkpatrick must be spinning. And who drew the short straw to lead this august delegation? That would be Michael Leavitt, secretary of health and human services.

Unclear how they traveled to the ceremony. Maybe they flew to Harlingen, Tex., and then drove? As they used to say in the '80s, Managua's communists were only a two-day drive from there.Changing Times

Good jobs opening up at the State Department. Buzz is Robert Joseph, undersecretary for arms control and international security, is going to be moving on, possibly at the end of this month.

The date is uncertain, we're told, because it has changed a few times. Apparently Secretary Condoleezza Rice wanted Joseph, who we're told has been frozen out of some important issues, to stay on for a bit given all the openings.

There have been a lot of them. Rice finally tapped national intelligence chief John Negroponte for the long-vacant deputy secretaryship and announced Iraq ambassador Zalmay Khalilzad for the U.N. posting. There are still excellent openings for an undersecretary for economic, business and agricultural affairs; for counselor; for coordinator for counterterrorism; and, with last week's departure of John Hillen, for assistant secretary for political-military affairs.Looking Out for the Bad Guys

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Former senator Rick Santorum (R-Pa.) is now a senior fellow at the Ethics and Public Policy Center, where he established and directs a program called "America's Enemies," which the center says will "focus on identifying, studying, and heightening awareness of the threats posed to America and the West."

No, the program doesn't appear to focus exclusively on Pennsylvania's Democrats. Seems to be looking more to "a growing array of anti-Western forces" overseas.

Chief Quits Broadcasting Board, Plans Book (WT)

By Eric Pfeiffer

The Washington Times, January 10, 2007

Broadcasting Board of Governors Chairman Kenneth Y. Tomlinson announced that he is stepping down after four years on the job, citing plans to write a book about his experiences in the public broadcasting sector, which many see as skewed by a liberal bias.

"I think it's a good story that will help the public understand how Washington operates," Mr. Tomlinson said yesterday. "There's been a criminalization of political differences."

President Bush nominated Mr. Tomlinson to serve another term on the board, but the Senate Foreign Relations Committee failed to act on the nomination.

A State Department inspector general investigation ordered by Democratic lawmakers accused Mr. Tomlinson of running a "horse-racing operation" from his government office and said he "improperly put a friend on the payroll." Mr. Tomlinson runs a stable of Thoroughbred racehorses on his private farm in Virginia.

The results of the investigation were turned over to the Justice Department, which has not brought charges against Mr. Tomlinson. The inspector general reported that Mr. Tomlinson spent fewer than three minutes and sent one e-mail per day on his horse-racing ventures.

Mr. Tomlinson described the accusations as "patently untrue."

"My critics will say this is an indicator that Ken Tomlinson is quitting public life," he said. "But I'm just beginning to fight. This book will be a much more effective way to bring to light the injustices done to me."

During Mr. Tomlinson's tenure, the Broadcasting Board of Governors worked to open news operations in parts of the world where authoritarian regimes blocked access to information. As a result of these initiatives, an Arabic language satellite TV network now broadcasts in Iraq and other Muslim nations, Persian language satellite news is fed daily into Iran, and radio and television broadcast signals are sent into Afghanistan and Cuba.

The transmissions into Cuba are jammed by what analysts think is a high-cost effort of Fidel Castro's communist government.

"If what we were doing wasn't important, Castro would not be spending the money to block the signal," Mr. Tomlinson said.

Larry Hart, spokesman for the Broadcasting Board of Governors, said Mr. Bush will select a replacement for Mr. Tomlinson and any other board members whose terms have expired. Board members may serve until the Senate confirms their replacements.

"There may be a number of nominations going forward," Mr. Hart said.

The board includes four Democrats and four Republicans. The secretary of state serves as the ninth member, giving a one-seat edge to whichever party controls the White House.

"I am proud of my record of service during these troubled times," Mr. Tomlinson wrote to Mr. Bush yesterday, "and I have appreciated deeply your repeatedly submitting my name to the Senate Foreign Relations Committee for reconfirmation to this position. Those who oppose my nomination cite charges against me that simply do not stand up to scrutiny."

Before joining the board, Mr. Tomlinson served as editor in chief of Reader's Digest and was director of Voice of America.

S.M.U. Faculty Complains About Bush Library Plan (NYT)

By Ralph Blumenthal

The New York Times, January 10, 2007

DALLAS, Jan. 9 — Intimates of President Bush have singled out Southern Methodist University as the likely site of his presidential library, but faculty members, complaining of being bypassed, are raising sharp questions about the school's identification with his presidency.

In a meeting Tuesday, faculty members complained of a lack of consultation over the emerging agreement and all but demanded answers from the university's president, R. Gerald Turner, on the relationship that would develop between the university and the library.

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"There's been a lack of transparency from the beginning," said Tony Pederson of the journalism faculty, urging the university's administration "to be more forthcoming with detailed information."

Cal Jillson, a political science professor, called for "more rounded information" because, he said, "this train is leaving." He said there could be a final decision on the library before the end of the month.

Rhonda Blair, the president of the faculty senate who convened the meeting even though many professors were still away on winter break, said she would pass on the questions to Dr. Turner on Wednesday.

The session grew out of the uproar after an op-ed article in the student newspaper, The Daily Campus, by two professors at the university's Perkins School of Theology complaining about the library selection process.

The president and Laura Bush created the George W. Bush Presidential Library Site Selection Committee, which is headed by former Commerce Secretary Donald P. Evans and also includes Marvin Bush, the president's brother; Andrew H. Card, the former White House chief of staff; and Craig R. Stapleton, the United States ambassador to France.

Mr. Evans revealed on Dec. 21 that the panel was setting aside two other contenders, Baylor University in Waco and the University of Dallas in Irving, to pursue exclusive discussions with Southern Methodist, the alma mater of Mrs. Bush and an institution long close to the Bushes. Mr. Bush graduated from Yale and Harvard.

Taylor Griffin, a spokesman for Mr. Evans, said Tuesday that he was not granting interviews at this stage of the selection process.

"The selection committee is now focusing their discussions on S.M.U.; however, no final decision has been made," Mr. Griffin said. He said the final decision was expected to be reached within "a few months," although others have estimated the process could be completed within weeks.

Mr. Griffin said he could not discuss the criteria for the selection process, and he said issues concerning financing of the library and control of content, including interaction between the policy institute and the library, had not been decided.

"The committee has been focused on the selection of the site rather than fund-raising decisions," Mr. Griffin said. "It could vary depending on what the site would be. We are in an early phase in the process, and those decisions about how much money will need to be raised will come later."

The complex under discussion would include a public policy institute independent of the university and answerable to a Bush foundation, while the library and a museum would be under the auspices of the National Archives and Records Administration. But control of presidential documents remains a subject of dispute.

About 150 of the university's 600 faculty members attended the meeting, voicing a range of concerns, particularly on whether the school's academic freedom and political independence might appear compromised by an association with not only the Bush library but also a museum that would accompany it.

Thomas J. Knock, a professor of history, said the public might have trouble differentiating between the library, museum and the university.

James K. Hopkins, chairman of the history department who was co-chairman of the meeting with Ms. Blair, a professor of theater, said he had asked Dr. Turner under what circumstances the university would "walk away" from a deal with the library.

"There was this very indirect response to that," Dr. Hopkins said.

Ms. Blair said that it was not clear how much negotiating S.M.U. could do with the presidential library committee but that she would bring it up with Dr. Turner, who she said would soon meet with the faculty himself.

But Rita Kirk, chairwoman of the department of communications and public affairs, said the "wall" that would exist between Southern Methodist and the Bush library would allow for "robust debate" academically and afford scholars important access to papers of Colin L. Powell and Condoleezza Rice, among other administration figures.

Some of the faculty questions dealt with the cost of the library — published accounts have it as high as $500 million — including how much the school would be responsible for and whether raising the money might hurt the school's own financial campaigns.

"We view the discussions that are taking place on campus as a very positive part of the process and one we're very accustomed to here at S.M.U.," said Brad Cheves, the university's vice president for development and external affairs, shortly after leaving the faculty meeting.

"We glad that our colleagues feel comfortable to share their views with each other and with all of us," Dr. Cheves said. But he said that S.M.U. had not detected widespread opposition among the faculty or others about the Bush library.

"At this point we have nothing that indicates that the support is anything but strong," he said. "The feedback we're getting clearly represents the diversity of thought that you would expect in a constituency as large as S.M.U.'s."

Tax Cut Measure Could Be A Stumbling Block For Increase In Minimum Wage (NYT)

By Steven Greenhouse

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The New York Times, January 10, 2007

As part of their 100-hour legislative blitz, House Democrats are expected to vote today to increase the minimum wage for the first time in a decade, to $7.25 an hour, in a move that economists say will raise pay for 13 million workers.

The bill's chances are less certain in the Senate, largely because of friction over a Republican push to include tax breaks for small business in the bill. Senate Republicans have hinted that, without such tax cuts, they will filibuster the measure, a move that the bill's supporters would need 60 votes to overcome.

The legislation would lift the federal wage floor, currently $5.15 an hour, to $7.25 in three steps between now and 2009.

"Minimum-wage workers desperately need a raise," said Representative George Miller, Democrat of California and chairman of the House Education and Labor Committee. "It is a moral outrage that millions of Americans who work full time still live in poverty."

After opposing a minimum-wage increase for years, many Republicans now say they favor one, but only if it is coupled with a tax cut for restaurants and other small businesses — the groups they say would be hurt most by the wage increase.

"The Democrat leadership's unbalanced proposal may increase the minimum wage, but it leaves small businesses and their workers to fend for themselves," said Representative Howard P. McKeon of California, the ranking Republican on the Education and Labor Committee.

On Tuesday, Mr. McKeon and Jim McCrery of Louisiana, the senior Republican on the House Ways and Means Committee, introduced a competing minimum-wage bill that includes billions of dollars in tax breaks. One such break would allow faster depreciation for newly built restaurants, allowing them to record the building cost on financial statements over 15 years instead of the current rule of 39 years, and thus lower taxes.

President Bush has said he might accept a higher minimum wage, but only if it is tied to tax cuts to soften the blow for business.

Some Democrats and many of their liberal and labor allies assert that the minimum wage should not be used as an excuse to give more tax breaks to business.

"For the past 10 years, Republican leaders have held the minimum wage hostage," said the A.F.L.-C.I.O.'s president, John J. Sweeney. "Corporations and wealthy Americans have gotten their rewards. Now it's time to do the right thing for low-wage workers, with no payoffs to business."

Frustrated by Congress's inaction, 28 states have adopted minimum wages above the federal floor, affecting 70 percent of the work force.

In an unusual move for a minimum-wage bill — typically it is handled by the House and Senate labor committees — the Senate Finance Committee is scheduled to hold a hearing today on the bill.

"To call a minimum-wage increase 'overdue' is the understatement of the year," said Senator Max Baucus, Democrat of Montana and the committee's chairman. "This Congress promised to raise the minimum wage, and we will. We also need to pass meaningful small-business incentives along with a wage increase. We can do both, and we will."

Many economists, especially conservative ones, insist that raising the minimum wage would not reduce poverty, saying it would ultimately reduce the number of jobs for low-skilled workers. But other economists, especially liberal ones, say a higher minimum would have virtually no effect on job levels while it lifted the pay for millions of low-wage workers.

"The increase will make a big difference for someone who makes the minimum wage — you're talking about thousands of dollars a year in extra earnings," said Jared Bernstein of the Economic Policy Institute, a liberal research group, and one of the economists scheduled to testify before the Finance Committee. "It's important to remember that if you don't have a binding wage floor, a lot of workers are going to end up disconnected from the improving economy and that's exactly what's happened."

Mr. Bernstein's institute estimates that six million workers earn less than $7.25 an hour, but workers earning a dollar or two more than that can also expect to see their wages increase if a new minimum is enacted.

Joseph Sabia, a professor of consumer economics at the University of Georgia, said an increase would do little to lift workers out of poverty.

"Most people who earn the minimum wage are not poor or near poor," Professor Sabia said. "If the goal is to help the working poor, it would be better to raise the earned-income tax credit," which refunds cash to poor workers.

The traditional economists' view has been that a higher minimum wage would mean some job losses for low-wage workers. But a landmark 1994 study by David Card and Alan Krueger upset the common wisdom by finding that there were no overall job losses when New Jersey raised its minimum wage.

David Neumark, a longtime critic of that study and an economics professor at the University of California, Irvine, said most credible studies had concluded that an increase in the minimum wage did hurt employment for unskilled workers, although most studies did not find major job reductions. He said an increase to $7.25 might reduce job levels for the least skilled workers by 4 percent.

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“The most affected workers are the ones you’d most like to help,” Professor Neumark said. “If the workers who get raises are middle-class teenagers and the ones who lose jobs are unskilled workers in poor jobs, you can increase poverty.”

Harry Holzer, a professor of public policy at Georgetown University, acknowledged that there might be some job losses, but he said that they would be minor and would be far outweighed by the wage gains.

“Minimum-wage earners are concentrated in the bottom half of families by income,” Professor Holzer said. “They might not be in the bottom 10 percent, but they might be in the bottom 10 to 40 percentile. Will a minimum-wage increase dramatically reduce poverty? Probably not. But it will redistribute income toward the bottom half of American workers.”

Life At $7.25 An Hour (WP)

By David Finkel

The Washington Post, January 10, 2007

ATCHISON, Kan. -- It was payday. Money, at last. Twenty-two-year-old Robert Iles wanted to celebrate. "Tonight, chimichangas!" he announced.

He was on his way out of the store where his full-time job pays him $7.25 an hour -- the rate that is likely to become the nation's new minimum wage. Life at $7.25: This is the life of Robert Iles, and with $70 in a wallet that had been empty that morning, he headed to a grocery store where for $4.98 he bought not only 10 chimichangas but two burritos as well.

From there he stopped at a convenience store, where for $16.70 he filled the gas tank of the car he purchased when he got his raise to $7.25; then he went to another grocery store, where he got a $21.78 money order to pay down some bills, including $8,000 in medical bills from the day he accidentally sliced open several fingers with a knife while trying to cut a tomato; and then he headed toward the family trailer 19 miles away, where his parents were waiting for dinner.

Today in Washington, the House is scheduled to vote on whether to increase the federal minimum wage from $5.15 to $7.25. Passage is expected, with Senate approval soon to follow, and if President Bush signs the resulting bill into law, as he indicated he would, the U.S. minimum wage would rise for the first time since 1997, ending a debate about whether such a raise would be good or bad for the economy.

But even if the matter is settled in Congress, it isn't settled at all in Atchison, and Robert Iles's drive home is proof. Every stop he made on his ride home revealed a different facet of how complicated the minimum wage can be in the parts of America where, instead of a debatable issue, it is a way of life.

At the store where Iles works, for instance, the owner thinks the minimum wage should be increased as a moral issue but worries about which employees' hours he will have to cut to compensate.

At the store where he bought the chimichangas, the cashier who makes $6.25 worries that a raise will force her out of her subsidized apartment and onto the street.

At the convenience store where he bought gas, the owner worries that he will have to either raise prices, angering his customers, or make less money, "and why would I want to make less money?"

At the store where he got the money order, the worries are about Wal-Mart, which not only supports an increase but also built a Supercenter on the edge of town that has been sucking up customers since it opened three years ago.

As for Iles -- who keeps $70 out of every paycheck to cover two weeks' worth of food and gas and in a matter of minutes was already down to $26.54 -- his worry was as basic as how fast to drive home.

Drive too fast and he'd be wasting gas. But his family was waiting. And his chimichangas, best cooked frozen, were starting to thaw.The Meaning of a Dollar

The debate about the minimum wage usually comes down to jobs. If Congress approves the increase, it will result in raises for an estimated 13 million Americans, or about 9 percent of the total workforce. That's a percentage that most economists agree would cause a modest increase in national unemployment. In Kansas, however, "it would have a fairly significant impact," said Beth Martino, a spokeswoman for the state Department of Labor. According to one independent analysis, 16 percent of the workforce, or 237,000 workers, would be affected -- and that doesn't include the 20,000 whose wages aren't governed by the federal Fair Labor Standards Act and earn the state minimum wage of $2.65. That rate, the lowest in the nation and unchanged since 1988, hints at the prevailing wisdom in Kansas about the minimum wage, which is that the only way low-wage earners will make more is through congressional action.

This holds true from Topeka, where the powerful Kansas Chamber of Commerce has long opposed any raise, to rural Mulvane, home of Republican state legislator Ted Powers, who says his futile effort three years ago to raise the state minimum wage resulted in his being branded a "dirty dog," to Atchison, a working-class city of 11,000 where the stores that depend on low-wage workers include one called "Wow Only $1.00!" This is the store where Robert Iles has worked for five years.

"Robert, would you help me a second?" Jack Bower, the owner, called to Iles soon after opening, as the line at the cash register grew. A onetime Wal-Mart vice president, Bower moved back to Atchison several years ago to teach and ended up

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buying the old J.C. Penney store, and now runs a business where the meaning of a dollar is displayed on shelf after shelf. The jar of Peter Piper's Hot Dog Relish? That's what a dollar is worth. The Wolfgang Puck Odor Eliminator that a customer was looking at as she said to a friend, "I just don't know how I'm ever going to make it. My ex-husband's not paying his child support"? That's a dollar, too, as is the home pregnancy test, the most shoplifted item in the store.

"This is not a wealthy community," Bower explained. "The thing is, a lot of people depend on this store."

Robert Iles has his own version of a dollar's meaning, learned last February when Bower took him aside and said he would be getting a pay raise to $7.25. "Okay," Iles remembers replying, wanting to seem businesslike. "But inside I was doing the cha-cha-cha," he said. "It was like going from lower class to lower middle class."

Soon after, he bought his car, a used 2005 Dodge Neon, and just about every workday since then he has spent his lunch break in the driver's seat, eating a bologna sandwich with the engine off to save gas, even in winter. An hour later, he was back behind the cash register, telling customers "Thank you and have a nice day" again and again.

And meanwhile, Jack Bower wondered whose hours he will cut if he has to give his employees a raise.

It's not that he's against raising the minimum wage -- "I don't think $5.15 is adequate," he said, adding that $7.25 seems fair -- but his profit margin is thin, and wages are his biggest controllable expense. So if wages go up, he said, hours will have to come down, and the question will become: Whose?

Will it be Neil Simpson, 66, who works six hours a day as a stockman, and then five more hours somewhere else cleaning floors, and takes care of a wife who is blind and arthritic?

Will it be Susan Irons, 57, who was infected with hepatitis C from a blood transfusion, is on a waiting list for a liver transplant and needs more hours rather than fewer?

Will it be Christina Lux, who is 22 years old and 13 weeks pregnant?

Will it be Iles?

"Attention, all shoppers," he said into the microphone. "We will be closing in 10 minutes. Please begin making your final selections." Ten minutes later, he was clocked out and back in his Neon. "My brand-new car," he called it proudly, and he explained how he was able to afford it on $7.25 an hour: a no-money-down loan for which he will pay $313.13 a month until 2012.Small Business 'at Bottom'

Seven dollars and twenty-five cents an hour equals $15,080 per year, and out of that comes $313 for the car loan and $100 for car insurance, Iles said, going over his monthly bills. An additional $90 for the 1995 car with 135,000 miles on it that he is buying from a friend for his mother, $150 for the family phone bills, $35 on his credit card, $100 for gas, $100 toward the mortgage on the trailer. "That's about it. Oh yeah, $20 in doctors' bills," he said, and totaled it up on fingers scarred by surgical stitches. Nine hundred and eight dollars. "I bring home 900 a month," he said. "So I very rarely have any money for myself."

He parked in front of a store called Always Low Prices, which has the cheapest chimichangas in town.

Once it was a full-service grocery store with 28 employees. Then came word that Wal-Mart was looking for land for a Supercenter, and now it has become a bare-bones operation where the starting pay for its few employees is $5.50, and the manager wonders how the store will survive if wages increase.

"We're at the bottom. If the minimum wage went up, I don't know how we would make the cuts to cover it," Michelle Henry said. The lone salaried employee, she works 80 hours a week to make up for the lack of workers. "I have mixed feelings," she continued. "I know that people can't afford to live on $5.15 an hour. But on the business side, small businesses can't afford to pay it."

At the register, meanwhile, Shannon Wilk, 33, who makes $6.25 an hour, said that of course she would like to earn more money. It would help her. It would help her 18-month-old daughter. "It would be good," she said, "but also, for me, I live in income-based housing, and if I get a raise, my rent would go up, and I would lose my assistance." Even the tiniest raise would affect her, she said, and with nowhere to go, the last thing she can afford is a raise to $7.25.

In such an equation, the fact that she was working in Kansas was to her benefit. Atchison sits on the Kansas-Missouri border, and if Wilk worked a few hundred yards to the east, she would already be in jeopardy: In November, Missouri voters supported a ballot initiative increasing the state's minimum wage to $6.50, with an annual adjustment for inflation. Five other states had similar votes, with similar results, bringing to 29 the number that now require an hourly wage above the federal minimum. In the District the minimum is $7, in Maryland it's $6.15, and in Virginia it's $5.15.

Such is the arbitrariness of state-by-state minimum wage laws that Wilk feels lucky to be in Kansas making $6.25 an hour while inside at the first grocery store across the Missouri state line, the cashier was ecstatic that she was in a place where her pay was going from $6.20 to $6.50, explaining, "That's 30 cents more I ain't got."

Iles handed over a $10 bill for his 10 chimichangas and two burritos. He stuffed the change deep in his pocket, and headed next to a convenience store owned by a man named Bill Murphy, who said that if he had the chance to talk to new House

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Speaker Nancy Pelosi, he would ask one question. "Where does she think the money will come from? And that is the question," he said. "My wages are going to go up 10 percent."

Unlike Jack Bower, who would compensate by cutting hours, Murphy said that in his two convenience stores there are no hours to cut. "I'm going to have to raise my prices," he said -- not only because his workers who make less than the new minimum wage would get raises but also because those who earn more would insist on raises as well. Employees at $7.25 will want $8.25. Those at $8.25 will want $9.25.

Economists classify such workers as the ones who would be indirectly affected by a minimum-wage increase. Of the estimated 13 million workers expected to get raises, 7.4 million are in that category. "You've created this entitlement," Murphy said he would tell Pelosi.

And yet he will pay it, he said, and compensate with price increases, which he worries will be inflationary, even though most economists say that won't happen. He will raise prices, he continued, because the only other option would be to earn less money, which he doesn't want to do because he owes $1.5 million on his businesses and wouldn't want to default.

"Now that might be a stretch in some people's minds, from giving a guy a raise to not being able to pay the bank, but that's the path I'm talking about," he said. Against such a dire backdrop, Iles put $17 worth of gas in his car.

"That'll be $16.70," the clerk said to him, and instead of correcting this, Iles gladly took the change.

Thirty cents, suddenly got.The Wal-Mart Factor

Iles drove past the Atchison Inn, where starting pay is $5.15, past Movie Gallery, where it's also $5.15, and stopped in front of Country Mart, the fanciest grocery store in town, where high school students start at $5.15 and, according to owner Dennis Garrett, "some of them aren't worth that."

A few days earlier, Garrett had gotten a letter from a lobbying consortium called the Coalition for Job Opportunities, urging him to write Congress to protest the minimum-wage increase. It came in the form of a letter already written, to which he merely had to add his congressman's name and send it off to Washington. "We are very concerned," the letter began, and it was signed by 25 organizations.

The most conspicuous signature, though, was the one that wasn't there, that of Wal-Mart, the nation's largest private employer, with 1.3 million workers. Wal-Mart won't say how many of those workers earn less than what the new minimum wage would be, but if the Atchison store is an example, starting pay is $6 an hour.

Nonetheless, in October 2005, Wal-Mart chief executive H. Lee Scott Jr. said in a speech that the "U.S. minimum wage of $5.15 an hour has not been raised in nearly a decade, and we believe it is out of date with the times." He went on to say, "Our customers simply don't have the money to buy basic necessities between paychecks."

When it comes to Wal-Mart, however, just about any announcement that affects public policy is greeted with suspicion, and that has been the case with the minimum wage. Some have said that Wal-Mart, in need of good publicity, is supporting an increase for public relations reasons; others have declared it an attempt to drive small, independently owned stores out of business.

These suspicions exist in Atchison as well. As in many small communities, Wal-Mart defines local retail, and just as Always Low Prices had to retool itself, Country Mart was significantly affected by Wal-Mart's new food-stocked Supercenter several miles away.

What is Wal-Mart up to? What are its true motives? Like many others, Dennis Garrett wonders. He imagines public relations is part of it, but he didn't want to speculate on whether this was an attempt to put him out of business, except to say that raising some wages wouldn't do that. He'd reduce some hours, he said. He'd manage.

Yes, Atchison businesses would be hurt initially, but in the long run, if unemployment increases, those hurt the most would be the very ones Wal-Mart insists would be helped -- the customers, especially the younger ones, "the people who don't advance their education and need a job between the ages of 16 and 21, 22, 23."

In other words, many of the workers in Atchison, one of whom was now at Garrett's service counter buying a money order so he could pay bills. Even though Iles has a checking account, this is the method he prefers because if he were to pay by check, and the check were to bounce because of insufficient funds, the penalty would be devastating. A $25 fee would require more than three hours of work.

And where would those hours come from?'It's Tough for Me'

So go the calculations of a $7.25 worker, now headed home.

"It's an old trailer," he explained earlier in the day.

The heat doesn't work, he said, and the water heater works sporadically.

One of the bedroom ceilings is caving in. He sleeps in the other bedroom, and his parents sleep in the living room because his father, who has diabetes and had to have several inches of one of his feet amputated, can't really get around.

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Also, his father has leukemia. And is legally blind. And his mother, who once made $6.50 an hour as an aide at a nursing home, quit to take care of her husband.

"We're pretty much living off my money," Iles said, and in he went to cook them dinner, bring payday to an end and, the next morning, start the cycle again.

Life at $7.25. Should that be the minimum wage?

"Yes," Iles said.

Even if it hurts job opportunities for people like him, as Dennis Garrett had suggested?

"Yes."

Or causes price increases, as Bill Murphy had suggested?

"Yes."

Or damages businesses such as Always Low Prices?

"I mean, it's tough for me, and I'm already making $7.25 an hour."

Or causes Jack Bower to reduce hours for one of his employees? Perhaps for Iles himself?

"It's just so hard for people. I mean, it's hard," Iles said, and then he went to work.

"I think it'll be bad today," one of the workers suggested as the line at the Wow Only $1.00! cash register began to form.

"Well, it depends on your perspective," Iles said.

Success Of 100 Hours Hinges On Few Uncertain Senate Votes (HILL)

By Elana Schor And Jeffrey Young

The Hill, January 10, 2007

Two planks of the House Democrats' "100 Hours" agenda are headed for swift passage this week but risk delay in the Senate, where Republicans and Democrats must navigate intra-party disputes over how to raise the minimum wage and amend the Medicare drug benefit.

Unlike their party colleagues in the House, Senate Democratic leaders are sending high-priority bills through regular order, a move that underscores their promise of bipartisanship. But this could deny them the political benefit of demonstrable progress when there are fractious conference negotiations with the House over different approaches to the minimum wage and Medicare.

"I'm becoming aware of the difficulties of the U.S. Senate in trying to pass a bill dealing with one issue," freshman Sen. Ben Cardin (D-Md.) said yesterday, urging the Senate to follow the lead of his former House colleagues and approve a clean minimum wage increase.

Republicans, however, are seeking tax and regulatory sweeteners for businesses to ease the impact of a phased wage hike to $7.25 per hour. Senate Majority Leader Harry Reid (D-Nev.) has indicated that he will back the business breaks, remarking last week that a filibuster-proof margin for a stand-alone minimum wage increase may be achievable, but, "I'm not sure I want to do that."

The Senate Finance Committee today will examine options for tax breaks that the Health, Education, Labor and Pensions (HELP) Committee can successfully pair with the wage hike. But HELP Chairman Edward Kennedy (D-Mass.) and ranking Republican Mike Enzi (Wyo.) are already dissenting from party leaders' positions on the minimum wage.

Kennedy will push for a Senate wage hike without business tax breaks at an event today with House Majority Whip Steny Hoyer (D-Md.), House Education and Labor Committee Chairman George Miller (D-Calif.), AFL-CIO President John Sweeney, and freshman Reps. Betty Sutton (D-Ohio) and Carol Shea-Porter (D-N.H.).

At least two members of Kennedy's panel, freshman Sens. Sherrod Brown (D-Ohio) and Bernie Sanders (I-Vt.), backed his approach.

"We need to do serious business tax breaks … [but] don't link them to the minimum wage," Brown said. Sanders also called for a clean bill, saying via e-mail: "After 10 years of inexcusable inaction, I believe that the time is long overdue for Congress to pass a clean minimum wage bill."

Enzi, meanwhile, spent yesterday's GOP policy lunch tamping down enthusiasm among Republicans for adding small-business health plan provisions to the minimum-wage hike. Enzi's small-business health plan bill fell short on the floor last year, and he continues to work carefully on a compromise with Democrats that he hopes to pursue as a stand-alone issue, spokesman Craig Orfield said.

Senate Republicans also endorse other business benefits as add-ons to the wage bill, but support for including small-business health plans is being stoked in the House. There, senior Republicans gathered yesterday to tout Reid's support for a business-friendly wage bill and promote their alternative – which includes small-business health plans.

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"Small business health plans would be my choice," Sen. Kay Bailey Hutchison (R-Texas) said in an interview late last week, adding that a wage increase coupled with health insurance incentives would ensure businesses are "able to give their employees a better life."

The Medicare prescription drug bill slated for House approval on Friday, which would require the Bush administration to negotiate with drug companies on behalf of Medicare beneficiaries, poses considerable challenges of its own for Senate Democrats.

Finance Committee Chairman Max Baucus (D-Mont.) has been granted first dibs on drafting a bill to fulfill the Democratic campaign promise for federal negotiation of Medicare drug prices. He will hold a hearing on the issue one day before the House considers its Medicare bill, strongly opposed by the White House.

But Sen. Ron Wyden (D-Ore.), a Finance Committee member, got 54 votes last year for a bill he and Sen. Olympia Snowe (R-Maine) authored that would allow federal negotiation of Medicare drug prices. Wyden and Snowe will release an updated version of their measure today, mandating negotiation in the case of single-source drugs, drugs created with substantial taxpayer funding, or in cases where private insurers request help.

Wyden said yesterday that he and Snowe count 58 votes in the new Congress for their plan, if freshman Democrats were added and Sen. Tim Johnson (D-S.D.), who is ailing, subtracted. Still, even if the pair can reach the crucial 60-vote threshold, Baucus could credibly claim to provide the Democratic leadership with a bigger margin, starting with his own vote.

"I'm going to work very closely with chairman Baucus," Wyden said when asked whether he would consider using his head count for leverage in discussions with Baucus, who voted against two Medicare negotiation bills last year. "I'm pleased with the discussions we've had."

Baucus is under pressure from Democratic leaders, who have vowed to approve negotiation by spring, to get a bill through the Finance Committee. Though Baucus has criticized the Bush administration's handling of the drug benefit, he was one of only two Democrats who participated in the drafting of the law creating the program.

"I suspect there [are] going to be serious questions about it in the Senate," Republican Whip Trent Lott (Miss.) said yesterday of the Medicare negotiation concept. "I'm not sure how or when Reid plans to call it up. I think Democrats have serious questions about it too."

Complicating matters for Baucus is that a majority of his committee voted for the Wyden-Snowe amendment on the floor. Baucus was the only Democrat on the panel who voted against it, while Snowe captured the support of fellow Finance member Gordon Smith (R-Ore.).

Snowe said yesterday that she and Wyden would discuss their new bill at tomorrow's Finance hearing and she hoped "some of the changes will broaden the support [for negotiation]."

Sen. Norm Coleman (R-Minn.) was one of two members missing the vote on Wyden-Snowe. Despite Democrats' emphasis on negotiation during their electoral triumph last year, Coleman said yesterday he would continue to oppose government involvement in Medicare drug prices.

"We've got a system now that's working," Coleman said, acknowledging that he would risk political attacks during his reelection run in 2008 but charging that negotiation would "add another layer of bureaucracy."

The pressure coming from outside interest groups is considerable. Two of Washington's biggest powerhouses, the Pharmaceutical Research and Manufacturers of America, and the AARP, are facing off and are ready to bring the full weight of their influence to bear.

Island Rights And Wage Bill Intertwined (HILL)

By Susan Crabtree

The Hill, January 10, 2007

House Democrats plan to bring the Northern Mariana Islands in line with U.S. minimum wage laws under legislation that comes to the floor today, thus ending a decade of policy favoring island businesses secured by lobbyist Jack Abramoff and former Rep. Tom DeLay (R-Texas).

Democrats, however, are finding it difficult to clean up the mess Abramoff and Co. left behind, especially when dealing with the only U.S. territory that lacks a delegate in Washington. The Commonwealth of the Northern Mariana Islands' (CNMI) government has a resident representative in Washington, a position that carries no congressional office or powers, even the right to make statements on the House floor.

For years, DeLay and Abramoff worked to block a delegate bill from coming to the floor. Legislation giving the islands a delegate has passed the House Resources Committee several times in the last few years, but former Speaker Dennis Hastert (R-Ill.) never placed the bill on the legislative calendar. The presence of a Mariana delegate in Congress would diminish significantly the islands' need for a lobbyist to speak for them in Washington.

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Incoming Democratic leadership said it has other reasons for opposing a CNMI delegate. House Speaker Nancy Pelosi (D-Calif.) was asked in December whether she planned to move the bill with majorities in both houses. She didn't answer directly, and later, staffers amended the press conference transcript to indicate Pelosi's opposition to the creation of a delegate.

"NOTE: Pelosi does not support a new delegate for the Mariana Islands until there are significant human rights and labor reforms there," the released transcript reads.

Education and Labor Chairman George Miller (D-Calif.) also opposes the establishment of a congressional delegate. Following a trip to the islands in the late 1990s, Miller has been a champion for reforms there, arguing that forced abortions and prostitution, as well as other human rights abuses, are rampant in Mariana sweatshops. Garment factories, many of which employ immigrant laborers from China and the Philippines, have been a pillar of the local economy. In recent years, however, international labor laws have eliminated tariffs on Chinese textiles, so Chinese companies no longer have incentive to operate factories in the Marianas.

Miller's support for a delegate has waxed and waned over the years. In 2005, he said he changed his mind on the delegate issue after the islands' governor at the time worked to improve labor conditions.

That year, Miller assailed Abramoff and DeLay during a House Resources committee markup of the bill for continuing to block it from coming to the floor.

"As a result of recent revelations in the press, we now understand far better why those bipartisan reforms and — even this legislation to create a voting delegate — have been obstructed," Miller said.

An aide for Miller says his boss no longer supports the delegate because Ben Fitial, a former garment industry executive who Abramoff and DeLay helped get elected Speaker of the CNMI House, is now governor and has vocally advocated against bringing the islands under U.S. labor and immigration standards.

A spokeswoman for CNMI Resident Representative Pete Tenorio argues that the government has spent millions of dollars to eliminate human rights abuses and ensure that labor standards and laws are enforced.

"This doesn't seem right or very democratic to have the authority and the willingness to make widespread changes to a place and not even have its concerns listened to," said CNMI spokeswoman Melinda Matson.

The islands' failing economy also is creating headaches for Democrats intent on updating labor and immigration laws there. In the late 1990s, when DeLay and Abramoff first worked to block a minimum-wage increase, the islands' garment factory industry was riding high. Now the increase would come as the region struggles to cope with a rapid decline in the industry as the result of international trade rules, and a decrease in tourism. As the garment business has suffered — 12 factories were shuttered in the last few years — the CNMI government has taken in fewer tax dollars and laid off thousands of workers.

The bill would increase the islands' minimum wage to $7.25 over the next four years, compared to the two years and two months it gives other U.S. employers to phase in the increase. Matson said Tenorio is not opposed to an increase in the minimum wage, but objects to the amount.

"What business could handle the doubling of their minimum wage in just a few years' time?" she asked.

Tenorio would like to modify that language to allow for just two 55-cent increases in the next year and a half. The CNMI government also wants to add a wage-review committee similar to the one that exists in American Samoa. The local government of that U.S. territory is concerned about the impact implementing the full minimum wage would have on its tuna-canning industry. Samoa's wage-review committee consults with the U.S. Department of Interior on proposed wage increases' impact, and has managed to keep minimum wages dollars below federal levels.

"We're really concerned that we're going to have businesses fail and the only safety net that we have is food stamps," Matson said.

In terms of the House bill, however, the CNMI government's pleas have fallen on deaf ears. Matson said staffers for Miller told her that modifications came too late and they plan to go forward with the straight minimum-wage increase. On the Senate side, however, informal talks are taking place at the staff level to evaluate whether any modifications could be made that would mitigate the hike's impact on the islands' already weak economy. Senators plan to attach the CNMI minimum wage hike to the broader Senate wage bill scheduled for floor action next week.

Miller did not respond to specific questions about the minimum wage bill's impact on the island.

"Workers in the Northern Marianas have suffered for years without decent workplace standards, and that is finally about to change," Miller spokesman Tom Kiley said in a written statement.

Minimum Wage, Maximum Myth (WP)

By Steven Pearlstein

The Washington Post, January 10, 2007

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With Wall Street hot shots and corporate chiefs raking in obscene amounts of money, and with pay in the bottom half of the workforce barely keeping up with inflation, you'd think raising the minimum wage for the first time in a decade would be a political and economic no-brainer for the new Democratic Congress.

But you'd be forgetting about Max Baucus.

Baucus is a Democratic senator from the Republican-leaning state of Montana, which means he is on the political equivalent of the endangered-species list. So you can understand Baucus's need to vote with his constituents on things like sugar subsidies and gun control and grazing fees on public lands.

But while Baucus is surely entitled to his opinions, and entitled to do what is necessary to assure his own political survival, he is not entitled to be chairman of the Senate Finance Committee, which handles such key Democratic issues as health care, trade and tax policy. That position ought to be reserved for a statesman with enough political confidence and backbone that he isn't constantly sacrificing the interests of his party and his country to the narrow interests of his subsidy-addicted constituents.

You'd think Baucus would have learned his lesson in 2001, when he won the enmity of Democrats everywhere by striking the deal that led to passage of the Bush tax cuts, including the phase-out of the estate tax. Apparently not. For on the very day the new Democratic House is set to push through a long-overdue minimum-wage increase, over in the Senate, Baucus has called a hearing on how to offset the "economic hardship" caused by the higher minimum wage with yet another round of business tax breaks.

Consider, for a moment, the economic logic that lies behind Baucus's hearing this morning, when senators will hear from a panel of witnesses that includes Dave Ratner, owner of Dave's Soda & Pet City in Agawam, Mass.

No doubt Ratner and the others will point out that workers making at or near the federal minimum wage are nearly all employed by small businesses. We will hear all the sob stories about how struggling small businesses with thin margins will be forced to cut back on hiring, pull back on expansion plans and, in some instances, close their doors. Moreover, this won't be a tragedy just for small-business owners and employees but for the economy as a whole, since everybody knows that small business creates virtually all new jobs. Only another round of tax breaks can keep the great American jobs machine humming.

And here's the thing: Most of it is nonsense.

To begin, both economic theory and history suggest that small business will, in time, pass on its increased costs to its consumers. Small businesses that pay low wages tend to compete with other small businesses that pay low wages, so they will all face the same cost pressures and respond in similar fashion. The worst that can be said is that a higher minimum wage will add, very modestly, to overall inflation.

There is also general agreement among economists that a higher minimum wage, at the levels we are talking about, will have a minimal impact on adult employment. Slightly higher prices might reduce, slightly, the demand for Wendy's hamburgers, cheap hotel rooms and dog-walking services. But largely offsetting those effects will be the increased demand for goods and services by tens of millions of Americans who will finally be getting a raise. A higher minimum wage doesn't lower economic activity so much as rearrange it slightly.

The biggest lie of all is that small businesses have created most of the new jobs in America. This canard, perpetrated by the small-business lobby and embraced by politicians of both parties, has been used for decades to justify all manner of special subsidies for small business. But as economist Veronique de Rugy of the American Enterprise Institute reported in a paper last year, new jobs have been created by both large and small businesses in roughly the same proportion.

In truth, the bulk of new jobs have always been created by a relatively small number of new firms that grow fast and get quite big -- think of companies like Southwest Airlines, Google, CarMax. Most have little in common with the small-business lobby in Washington or fast-food restaurant chains or the members of the Kiwanis Club in Helena, Mont. As a rule, companies like these couldn't care less about the minimum wage or special tax breaks to offset it.

Linking the minimum wage to small-business tax breaks is specious for other reasons, as well.

During the last decade, when inflation-adjusted pay of minimum-wage workers was declining, tax rates for small businesses were also declining, thanks largely to the Bush cuts. If it is now imperative to reduce business taxes when the pay of minimum-wage workers is rising, you have to wonder if there will ever be a time when the small-business lobby thinks it doesn't deserve a tax cut.

It's also worth noting that, according to the Internal Revenue Service, small-business owners, sole proprietors and the self-employed are, as a group, the biggest tax cheats in America, responsible for $153 billion of the estimated $345 billion tax gap in 2001. What these folks deserve are more frequent visits from IRS auditors, not more tax breaks.

Real Democrats know that raising the minimum wage is the right thing to do -- economically, politically, morally. The question is why they have chosen a Senate Finance chairman who can't articulate that position without equivocation or apology even before the first vote is cast.

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Steven Pearlstein will host an online discussion at 11 a.m. today at washingtonpost.com. He can be reached atpearlsteins@washpost.com.

Minimum-Wage Wrangling Has Parties Switching Roles (WSJ)

By David Rogers

The Wall Street Journal, January 10, 2007

Playing against type in the new Congress, Republicans are talking up health care while Democrats talk up tax breaks for small business.

The juxtaposition is striking as the two parties haggle over what it will take to raise the federal minimum wage, a Democratic priority now seen as inevitable after the midterm elections.

Democrats are embracing billions of dollars in tax breaks to ease the effect on small employers. But as Republican governors in California and Massachusetts bring forward state plans to help uninsured families, Republicans in Congress recognize the health-care issue's populist appeal and propose to help small employers deal with covering their workers.

The result is a three-issue Washington triangle that could have unintended consequences. Paying for small-business tax breaks, for example, may mean tightening tax shelters for the wealthy and big corporations.

The action begins today, when the House is poised to adopt its minimum-wage bill raising the hourly rate to $7.25 from $5.15; the change would be phased in over two years, with three 70-cent increments. In the Senate, Finance Committee, Chairman Max Baucus (D., Mont.) will hold a hearing today to weigh tax breaks to help small employers, especially the restaurant industry, which wants a substantial acceleration in depreciation for new construction.

"We're a small-business country, and my state is a small-business state," Mr. Baucus said. He expects to add $8 billion to $10 billion in tax breaks to the Senate wage bill next week.

Hoping to trump the Democrats, House Republicans are pushing legislation to let employers with fewer than 100 workers seek coverage through trade-association health plans that could operate on a national scale exempt from state regulation.

"I think that this leadership has decided to go with health care because that is the most personal decision that families make each and every day, and it affects so many people," said Rep. Eric Cantor (R., Va.), the deputy whip.

"In the last 10 years, it does seem to me that the Republicans have gotten smarter in not opposing everything," said Robert Berenson, a senior fellow at the Urban Institute and a former Clinton-administration Medicare official. "Regarding the uninsured, they have wised up and are pursuing their own solutions."

Powerful Realtor and small-business lobbies have a stake, both for their members and as potential health-plan sponsors. Chief among these is the National Federation of Independent Business, a longtime Republican ally and an opponent of the Clinton administration's 1994 health overhaul plan.

Patient groups argue that the promised cost savings from AHPs will come at the expense of weakening protections for the sickest. State regulators oppose the intrusion on their jurisdiction. And bigger insurers whose small-business health plans are regulated by the states are worried that nonregulated AHPs will have a competitive advantage.

Senate Republicans made some progress toward a compromise last summer but fell short of the 60 votes needed to forestall an election-year filibuster by opponents. The question now is whether movement on the minimum wage can trigger a willingness to take a fresh look at AHP legislation and make the changes needed to reach agreement.

Facing re-election in 2008, Mr. Baucus is hopeful. "Let's see if we can reach an agreement," he said, proposing to move the minimum-wage bill first and then come back to talks on the small-business health plans. Senate Majority Whip Richard Durbin (D., Ill.), also facing the voters in two years, has an interest as well.

"We're definitely optimistic," an NFIB spokesman said later.

So far, the tax side of the political equation has been overshadowed by the health-care skirmishing. But Mr. Baucus is working with his ranking Republican, Iowa Sen. Charles Grassley, and also wants to come up with tax offsets to minimize the impact on the deficit.

The tax breaks under consideration include leasehold and expensing provisions for small employers, work opportunity tax credits as well as a plan to reduce the depreciation period for new restaurant construction from 39 years to 15 years. The 10-year cost of the package is expected to run in the range of $8 billion to $10 billion -- about half of what Congress did in 1996.

House Dems Ready To Push Medicare Negotiations (USAT)

By Richard Wolf

USA Today, January 10, 2007

WASHINGTON — Twelve years after Congress rejected President Clinton's effort to redesign the nation's health care system, the debate about the government's role in the marketplace is being joined again this week.

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House Democrats on Friday plan to pass legislation requiring the government to negotiate for lower Medicare prescription-drug prices. They see it as one way to reduce the impact of the program's coverage gap, which forces seniors and disabled Americans with high drug costs to pay their full cost for a period of months.

The Medicare prescription-drug law signed by President Bush in 2003 prohibited the government from interfering in negotiations over drug prices. Those negotiations are handled by scores of private insurance plans in each state.

An advertising and lobbying blitz by consumers, insurers and drug manufacturers isn't as extensive as it was in the early 1990s — at least not yet. But the debate over this issue could signify a series of political conflicts over health care policy reminiscent of the Clinton administration's first two years.

"This is about both money and politics," says Tricia Neuman, director of the Medicare Policy Project at the Kaiser Family Foundation, a health care research group. "This is an issue that both seniors and the public feel fairly strongly about."

The debate comes as the Medicare prescription-drug program is rebounding from a troubled start last January, when millions of low-income beneficiaries were mistakenly dropped or overcharged. More than 90% of seniors have some type of drug coverage. Individual premiums and overall taxpayer costs have come in substantially lower than projected. And for the first time in Kaiser's surveys, a majority of seniors approve of the program.

The biggest objection is the coverage gap encountered by seniors whose total drug costs exceed $2,400. Until they have paid $3,850 on their own, they receive no coverage. Proponents of price negotiations by Medicare say that would help narrow the gap.

House Democrats, who have made government price negotiations part of their first "100 hours" agenda, have public anger over drug prices on their side. A Kaiser survey shows that four in five seniors want the government to negotiate for lower prices.

"I think this is one of the reasons the Democrats took the House and the Senate," says Rep. John Dingell, D-Mich., who chairs the Energy and Commerce Committee and is sponsoring the bill. If Bush vetoes it or the administration refuses to negotiate over prices, he says, "then we'll see what the political consequences of it are."

Rep. Henry Waxman, D-Calif., has estimated it could save between $61 billion and $96 billion over 10 years. That's disputed by the Congressional Budget Office, which projects no savings, largely because the government would not be able to restrict which drugs are covered.

Private insurers and the Department of Veterans Affairs drive prices down by negotiating with drugmakers over which medicines will be offered to beneficiaries. Companies that don't cut prices risk having their drugs excluded.

A report released Tuesday by the consumer group Families USA says Medicare's prices for seniors' most frequently used drugs are about 58% higher than those provided by the Department of Veterans Affairs. Under the House bill, Medicare could not decide which drugs insurance plans cover.

"Prescription-drug plans were both envisioned and have turned out to have sufficient incentives, market share and tools to negotiate effectively," says Douglas Holtz-Eakin, former CBO director. "It doesn't look like the (government) would bring much more to the table."

AARP, the nation's largest seniors organization, backed the 2003 law but is running ads that blast Medicare for having 43 million beneficiaries "and zero bargaining power" over drug prices.

On the other side are the White House, Senate Republicans, health insurers and drug manufacturers. Health and Human Services Secretary Michael Leavitt has called the House bill a "surrogate for government-run health care." He met Tuesday with House Republicans to drive home the administration's opposition to the House bill.

Insurers are touting the current program's success in saving seniors an average of $1,200 on their drug bills while preserving their choices in drugs and pharmacies. "We've exceeded expectations," says Karen Ignagni, president of America's Health Insurance Plans.

And drugmakers are running ads against the House bill. "We're trying to remind people that it took nearly 40 years" to get a Medicare prescription-drug benefit, says Ken Johnson of the Pharmaceutical Research and Manufacturers of America. "Do we want to risk blowing it up in 100 hours?" The bill, he says, "could ultimately lead to price controls and restrictions on new medicines."

While Democrats have the votes to pass the bill in the House, it faces a closer battle in the Senate. The Senate Finance Committee opens hearings on the issue Thursday. A weaker version that allowed but did not mandate government negotiations got 54 votes in the Senate last year, six short of the 60 required to overcome Republicans' objections. Sens. Olympia Snowe, R-Maine, and Ron Wyden, D-Ore., its sponsors, count 58 or 59 votes this year — still short of what's needed.

White House spokesman Tony Fratto said Tuesday that Bush's advisers would recommend he veto the House bill. "The so-called reform sounds nice on a bumper sticker, but it's a solution in search of a problem," he said. "It would limit drug choices for seniors and impede competition."

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Skeptical Senate Eyes 5-Day Week (RC)

By Erin P. Billings

Roll Call, January 10, 2007

Senators are adjusting their travel plans to comply with the newly implemented five-day work schedule, but few believe Majority Leader Harry Reid (D-Nev.) will actually keep the chamber operating at that clip for long.

Opinions vary over how long Reid will insist on the Monday-through-Friday calendar, but Senators and aides on both sides of the aisle have little faith it will last beyond August and the unofficial start of the 2008 election season. About a third of the Senate is up for re-election in two years, and the contest for the White House — likely featuring several sitting Senators — already is in play.

"Five-day workweeks will likely last until roughly the Presidents Day recess," offered one Senate Democratic aide.

Reid is vowing to run a tight ship and has promised that the Democratic majority will not repeat the three-days-of-voting weeks that often marked the years of Republican rule. Don't expect a change in course anytime soon, Reid's office says.

"From here on out, to the extent possible, Members and staff should be prepared to have votes on most Mondays and Fridays," said spokesman Jim Manley.

Manley said Senators simply will have to "juggle" their schedules to make it work, and if some are expecting Reid to pare back the workweek, "they are going to end up being surprised."

At least in the first official week of the 110th Congress, Democrats were basking in their new majority status and were publicly unfazed by the Senate clock. Senators said after practically 12 years in the minority, they have to make up for lost time to get things done.

Sen. Kent Conrad (D-N.D.), chairman of the Budget Committee, said he "absolutely" will have to cut back his trips home but called it "very important" to cover the "backlog of work" around here. "It's absolutely essential," he said. "We've got to clear the work from last year. We've got to clear the decks."

Freshman Democratic Sen. Jon Tester (Mont.), whose commute home is lengthier than most, said the Senate schedule will "impede my ability to get home, but we've got a lot of work to do." Tester guessed that if successful in working through some its business, the Senate ultimately could "back off" of the five-day directive.

But, Tester added, "I will tell you that the three-day workweeks are over."

Public posture aside, a different tone may soon take hold among Senators. In the House, some Members already have balked at the calendar, and in fact, Democrats' pledge to hold a five-day workweek fell to four days in this, the first week of business.

"Eventually, Senators are going to say, 'I gotta go, I can't shift my whole schedule by a day to vote on a Sense of the Senate resolution,'" said a senior GOP Senate aide. "It will become a de facto three-day workweek."

One Democratic Senate staffer agreed, noting that Senators already are grumbling over a schedule that prevents them from performing constituent work and fundraising.

"While it makes for a great sound bite, the reality is that a five-day workweek is doing more harm than good," the aide said. "I would not be surprised to see things slowly revert to the old schedule."

As part of that, Senators and aides alike predicted that the Democratic leadership would soon schedule votes late on Mondays and early on Fridays. That would allow Senators to use the beginning and end of the week as travel days, they said.

Sen. John Thune (R-S.D.), who got up at 3:30 a.m. Monday to catch his flight, said while he's more than happy to make concessions to do his work in the Senate, he expects Reid may get some blow-back on the new calendar from within his own ranks. He added that if Senators are required to give up important constituent time to return to Washington, D.C., a day early, they will expect to be voting on legislation of consequence.

"We'll wait to see how long this lasts," Thune said.

Sen. John Ensign (Nev.), who is charged with electing Republicans to the chamber in 2008 as chairman of the National Republican Senatorial Committee, said regardless of how many days are on the schedule, it will do little to speed up legislative business. It's less about time spent under the Dome and more about the urgency with which Senators work, he said.

"You aren't going to get any more done" by being in D.C. five days a week, Ensign said. "You can work eight days a week, but unless people decide to get things done it doesn't matter."

Among His Official Duties, Keeping On Top Of The 100-Hour Clock (NYT)

By Mark Leibovich

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Rob Cogorno is busy watching the clock. And not just any clock.

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It is The Clock, at least as far as Capitol Hill is concerned this week — and early next week, and maybe into late next week, depending on how long House Democrats decide it will run.

Mr. Cogorno's formal title is floor director for Representative Steny H. Hoyer of Maryland, the House majority leader, but for all practical purposes, he is the Keeper of The Clock. That is the digital timepiece on Mr. Hoyer's Web site marking the passage of legislative time as House Democrats push their "Hundred Hours for a New Direction" agenda through Congress.

Mr. Cogorno, 50, is a neatly dressed, precise and exacting man whose shiny desktop in the majority leader's office holds a neat stack of newspapers and a canister of Purell hand sanitizer. He wakes promptly at 6:20 a.m. (by digital clock radio set to NPR) and has prided himself on being punctual since his parents gave him a Mickey Mouse watch when he was 6.

Mr. Cogorno tells time by his BlackBerry, but charts the official passage of "legislative time" by the stately face clock that looms above the House floor.

"We're only counting legislative hours," Mr. Cogorno says in response to the question he has volleyed repeatedly this week. "Legislative time" he explains, occurs when the House is in session and toiling at some official function — debating, voting or doing anything related to making laws. It does not count designated periods in which members can bloviate on all manner of things (say, the plumage of a state bird or the efforts of a national championship football team).

In the event of a dispute? "We decide what constitutes the 100 hours," said Stacey Bernards, a Hoyer spokeswoman. Chiefly, Mr. Cogorno decides. It is a monumental charge.

The Clock, which is also on Speaker Nancy Pelosi's Web site, was set to start running at noon. (You could imagine parents waking their newborns to catch the epic moment on C-Span.) Alas, noon arrived with a failure to launch or tick. Mr. Hoyer's office issued a news release at 12:02 p.m. titled "Update on House Democrats' 100 Hours Clock." The Clock, it said, "will begin ticking" at approximately 1:30 p.m.

At 1 p.m. many members were contemplating lunch and wondering whether The Clock had started.

"I think it has, yes," said Representative Ellen O. Tauscher, Democrat of California.

"Jeez, I don't know," said Representative Don Young, Republican of Alaska. "I don't have one of those hourglasses."

Mr. Young said he expected that Republicans would be given stopwatches "with those little Mickey Mouse thingies on them" to keep track. Either way, he says, he doesn't give a squeak.

"Hmm, let's find out," said Representative Dennis J. Kucinich, Democrat of Ohio, when asked at 2:20 p.m. if the 100 hours had started. He picked up a phone at a security station, called the Democratic cloakroom and asked for someone named Bob.

Yes, Mr. Kucinich reported, the heady hours commenced at exactly 12:57 p.m. when the House began debate on carrying out the recommendations of the Sept. 11 commission.

Or did they?

"The Clock started at 1 p.m.," Mr. Cogorno corrected, with the certitude of someone who has the final say.

Like many other Congressional staff members, Mr. Cogorno, who joined Mr. Hoyer's office in 2003 after working for Richard A. Gephardt, the former Democratic House leader, finds that these are busy hours. Clockwatching duties fell to him as a top aide to Mr. Hoyer, who is in charge of scheduling bills.

For a keepsake, Mr. Cogorno said he would make a printout of the official clock on Mr. Hoyer's Web site when it hit its 100th hour, which might not occur until the end of next week because of gratuitous speeches (the kinds that do not count as legislative time), motions or scheduling obstacles.

He also said he intended to make a printout of The Clock at 1 p.m., when the 100 hours began — except 1 p.m. had already come and gone almost two hours before this interview took place. So the souvenir would require him to turn back The Clock, which Democrats say they are loath to do these days.

Taking Day Off For Football Costs Dems Credibility (HILL)

The Hill, January 10, 2007

House Democrats lost considerable credibility yesterday when their opening session was cancelled so that members could attend the Ohio State-Florida State football game.

This is not a joke.

It is, however, a blunt metaphor for how genuinely out of touch the members of Congress really are. How many other Americans do you suppose were given the same perk? A day off because of an evening football game? And how many school kids would like to have time off to watch their own favorite teams? What kind of message is the House leadership sending?

Is it that they don't get how bad it looks, or that they don't care?

Their record has been dismal. Last year, the House and Senate worked an average of about two days a week for their salary of $162,500. Nice work if you can find it. Responding to well-deserved criticisms, the new House majority leader, Steny Hoyer (D-Md.), with great fanfare, promised a five-day work week. But that was just talk. When it was the Republicans who were

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scheduling the eight-day month, Hoyer was outraged. But now that the Democrats control the calendar, he considers a football game to be a legitimate excuse for a vacation day. As he said in reference to the new House minority leader, John Boehner (R-Ohio), "There is a very important event happening Monday night, particularly for those who live in Ohio and Florida. In the spirit of comity, and I know if Maryland were playing, I would want to be accommodated, and I want to accommodate my friend, Mr. Boehner."

Apparently Mr. Hoyer is not familiar with the disdain that American voters feel for members of Congress. A mid-December Gallup poll showed that 74 percent of Americans disapproved of the job that Congress was doing. Hoyer is certainly doing his best to keep those negative poll numbers.

And there won't be a five-day work week at all in January. The Martin Luther King holiday falls next week and the Democrats and Republicans are holding respective retreats during the following two weeks. The Democrats are planning a day of speeches in two weeks, including one by Bill Clinton. Hey folks, ever think about doing this on a weekend?

So the promised "five-day" work week starts on Tuesday at 6:30 and ends at about 2 on Friday — more like a two-and-a-half-day work week.

And that might not even happen if there's another important football game.

Meanwhile in the Senate, while Sens. Barack Obama (D-Ill.), Russ Feingold (D-Wis.), Joe Lieberman (I-Conn.), Susan Collins (R-Maine) and John McCain (R-Ariz.) fight for an independent watchdog to enforce lobbying laws, Majority Leader Harry Reid (D-Nev.) insists that hearings must first be held on the issue. This is hardly a new idea. It's been proposed for years and makes sense. We've seen how little policing of lobbyists has been done — witness Jack Abramoff and his cohorts. Requiring hearings is just another stalling tactic. And, in any event, Reid is the last person who should be in charge of designing the self-policing of lobbyists. For years, his three sons and son-in-law made millions by lobbying for Nevada interests — often working out of his Senate office. Only when the press called attention to the practice did Reid bar the boys. Talk about the goats guarding the garbage! Sen. Obama spoke of "institutional resistance" to the watchdog provisions. That institutional resistance has led to serious lobbying transgressions that must be stopped.

If the Democrats want to stay in power, and if Congress wants to win the support and trust of the American people, they'd better start thinking about how their actions resonate with the average voter. Looks like it's already time for new Speaker Nancy Pelosi (D-Calif.) to use her "mother-of-five voice" and turn things around in the House. As for the Senate, let's hope the new members speak out and force real and necessary reforms. This time the country is watching.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To sign up to get all of Dick Morris's and Eileen McGann's columns for free by e-mail, go to www.dickmorris.com.

Grandma With A Gavel (WP)

By Ruth Marcus

The Washington Post, January 10, 2007

I have to admit: The grandkids got to me. I'm sentimental by temperament, cynical by training and experience, and the longer I work in Washington, the more the latter trait prevails.

So when the newly minted speaker of the House invited her own grandchildren and the other children in the chamber to join her on the podium and touch the speaker's gavel, my first thought was: This is so choreographed. My second thought was: Awwwww.

The images as California Democrat Nancy Pelosi took office last week were striking -- and stirring -- in their unfamiliarity. Pelosi, holding her infant grandson swaddled in a white receiving blanket, as she sat in the well of the House, awaiting her election. Pelosi, with the assurance of a mother experienced at dispensing cookies to impatient toddlers, giving each child his -- and her -- turn with the gavel. Pelosi raising her hand to take the oath as her grandson, at her side, fiddled with grandma's papers.

As a journalist, I understand the calculations at work here: This plays to Pelosi's advantages, humanizes her image as shrill San Francisco Democrat. As a woman and a mother, especially as a mother of daughters, I was quietly thrilled. About the marble ceiling cracking, yes, but also about the way Pelosi cracked it -- reveling in, not minimizing, her mother- and grandmother-hood.

"Powerful" and "mommy" are not concepts we're used to holding simultaneously. We've become accustomed to women who appear comfortable wielding influence without denying their femininity; think Condoleezza Rice in those high-heeled boots or posing for Vogue in a strapless black gown.

But powerful women who also happen to be mommies have tended to play down the mommy thing, almost as if they think it would diminish their ability to be taken seriously. In a world where women are suspected of failing to comprehend throw-weights, having a baby on board isn't a traditional road map for success.

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Pelosi is playing it differently: motherhood as preparation for public office. "Having five children in six years is the best training in the world for speaker of the House," she told the AARP Bulletin. "It made me the ultimate multitasker and the master of focus, routine and scheduling."

Asked about national security during the campaign, she would preemptively bring up her mother-of-five-ness: "Think lioness when you think of women in politics. You threaten our cubs, you're dead." As the election drew close, Pelosi made clear that she'd skip town -- even on election night -- if her daughter went into labor with her sixth grandchild.

How different is this? Imagine Margaret Thatcher threatening to deploy her "mother-of-five voice." When her first grandchild was born in 1989, the prime minister declared with regal glee, "We have become a grandmother," and that was it for the cuddliness.

Pelosi's mommy shtick can get a little clunky (the lioness bit never worked for me) and a little treacly ("Let's hear it for the children, we're here for the children.") But it serves as an important confirmation of women's increasing comfort with their dual roles, and the need for society and the workplace to adjust accordingly.

I started my career in the "dress for success" era, in which women were solemnly instructed to dress as much as possible like male wannabes, in somber suits complete with floppy faux-ties. (Compare Pelosi's swearing-in outfit: scoop-necked aubergine suit and pearls-on-steroids.) Even more important than looking like men was acting like them -- to suppress any suggestion that motherhood might compete with career. If you had to cut out of the office for the third-grade play, better to plead an emergency root canal than look like a mom. That is changing -- now men, even men in politics, wave around their family obligations as badges of decency.

But the Pelosi paradigm could use an update: Pelosi 2.0. The new speaker did stay home and bake cookies; she wasn't elected to Congress until she was 47 and her kids were grown. For better or worse, and with or without a wealthy husband, this isn't especially feasible for most women now. For one thing, we tend to have children later; for another, employers aren't eager to hire women with stale degrees and atrophied skills. The key to ensuring future Pelosis is a workplace that accommodates women -- and men -- looking for ways to shuttle in and out of work or to craft flexible schedules that let them be good employees and good parents.

Who better to help accomplish this than a female speaker? As 8-year-old Madeleine said of her grandmother at the women's tea honoring Pelosi last week, "Because my Mimi got this job I think more women will get jobs like hers."

When Madeleine finished, Pelosi gave her a hug, and then, like grandmothers everywhere, brushed the child's hair out of her eyes.

Senate Moving On Ethics Bill (AP)

By Jim Abrams

AP, January 10, 2007

Senators moved Tuesday to put more muscle into legislation to sanitize their tarnished image with proposals requiring lawmakers to pay charter rates for corporate jet rides and shell out the full cost for Skybox tickets to sporting events.

Members of Congress need to "demonstrate once and for all that we care more about representing the American people than the perks of power," Sen. Dianne Feinstein, D-Calif., said.

Picking up on the anti-corruption theme that helped bring them to power, Democrats in both the House and Senate have started off with legislation to ban gifts and meals from lobbyists, limit privately paid travel and shine more light on the special projects, or earmarks, that have proliferated in legislation.

Senate Majority Leader Harry Reid, D-Nev., and Republican leader Mitch McConnell, R-Ky., on Tuesday offered several alternatives aimed at strengthening the Senate bill, which has been criticized as being inadequate in several key areas.

Among the proposals were to require lawmakers to pay the full price of tickets to sporting and entertainment events and to expand the definition of earmarks to include targeted tax and tariff benefits and projects routed through a federal agency that benefit only one nonfederal entity.

Feinstein, the incoming Rules Committee chairman, said this would help stop the kind of backroom deals that sent former Rep. Randy "Duke" Cunningham, R-Calif., to jail last year for taking bribes from defense for his aid in steering Pentagon spending.

Reid separately offered an amendment to require lawmakers, already barred under the bill from participating in trips involving lobbyists, to pay full charter rates when they catch rides on corporate jets. New House rules adopted last week effectively banned all travel on corporate planes.

Currently lawmakers usually pay the equivalent of a first-class ticket, much less expensive than a charter rate, when they travel by private jet. Members from larger states such as Alaska or Texas argue that they would be unable to visit remote areas of their states without using non-commercial jets.

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The amended bill, in addition to requiring a two-year waiting period before former members can lobby Congress, would bar lawmakers from negotiating for jobs with lobbying firms while still in office.

"We should not tolerate a committee chairman shepherding the Medicare prescription drug bill through Congress at the same time that he is negotiating a job with the pharmaceutical industry to become their top lobbyist," said Sen. Barack Obama, D-Ill.

He was referring to former Rep. Billy Tauzin, R-La., who left Congress in 2005 to head the trade group representing pharmaceutical companies. Tauzin had chaired the committee that regulated drug makers and was a key player in passing the prescription drug bill that critics said was favorable to the pharmaceutical industry.

The Senate is expected to be on the ethics bill through next week, and it is unclear when they will vote on the proposed amendments.

The legislation, in the wake of the scandals involving former lobbyist Jack Abramoff and Cunningham last year, has strong support, but Sen. Trent Lott, R-Miss., warned his colleagues to be careful of overreacting and "feckless positioning to make it look good." He said he was "offended that somebody says that for the price of a meal I can be had by a lobbyist or anyone else."

Lott also urged caution in considering another idea that is certain to come up during the debate, the creation of an independent office of public integrity to investigate ethics charges against lawmakers.

But Democratic Whip Sen. Richard Durbin, D-Ill., said the lobbying bill falls short of addressing the bigger question of the financing of political campaigns. The bill would ban a lobbyist from buying him lunch, he said, but "tomorrow that same lobbyist can have me over for lunch at his lobbying firm to provide campaign funds for my reelection campaign and its perfectly legal."

Ethics Debate Begins (RC)

By Tory Newmyer

Roll Call, January 10, 2007

Senate leaders from both parties on Tuesday pushed into a likely two-week lobbying and ethics reform debate by unveiling a package of changes meant to beef up the overhaul bill the chamber passed handily last spring.

But the drive to strengthen ethics rules is off to a slow start in the Senate, where leaders had hoped to pick up momentum from House approval last week of sweeping rules changes. Senators have yet to vote on any amendments, and aside from two proposals offered by Senate leaders, only Sen. David Vitter (R-La.) had offered an amendment by Tuesday evening.

A substitute measure offered Tuesday by Senate Majority Leader Harry Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) broadens the definition of earmarks covered by new disclosure requirements, mandates tickets to sports and entertainment events be priced at market value, strengthens criminal penalties for lobbyist scofflaws, and imposes a number of changes meant to make Senate procedures more open and fair.

But it left out several reforms — touted as critical by public-interest groups — addressing gifts and travel. Reid picked up those proposals and offered them himself in a separate amendment. His plan tightens bans on gifts and privately funded travel and, most controversially, would force Senators to pay charter rates for rides they catch on corporate jets.

The corporate jet proposal already has met with opposition from Senators who will play a key role in the reform debate. Both Rules and Administration Chairwoman Dianne Feinstein (D-Calif.) and ranking member Bob Bennett (R-Utah) — who are helping manage debate on the bill — spoke out against the change, arguing it would make it impossible for Members representing large, rural states to travel and reach constituents.

“An absolute firm ban on any kind of flight unless you’re paying hourly commercial rates is saying to the Senator from Alaska, ‘You cannot travel around your state,’” said Bennett, referring to Sen. Ted Stevens (R-Alaska), another foe of the jet proposal.

Reid is one of the Senate’s most frequent users of corporate jets, taking six trips alone through November of last year, according to PoliticalMoneyLine.com. The Majority Leader acknowledged Tuesday that he hasn’t been a stranger to corporate planes, saying, “I’ve been on private airplanes a lot over the years.” Still, he said it was important for Senators to start paying charter rates for the flights “to remove even the appearance of impropriety from this body.”

Congressional watchdogs said taken together, Reid’s proposals marked an encouraging start to the reform process.

“It’s a very important beginning in that the fight for three key ethics reform issues are being led on the floor by Senate Majority Leader Reid,” said Democracy 21 President Fred Wertheimer. But, he added, “we have votes and fights ahead.”

Reform advocates said in addition to the corporate jet provision, they are preparing for struggles over two other priorities: an independent Office of Public Integrity to investigate ethics complaints that Senate reformers are expected to try to add to the bill, and new disclosure requirements for grass-roots lobbying efforts already in the base text.

The grass-roots lobbying measure is being opposed by an array of conservative groups that argue the requirement would pointlessly force small organizations with modest budgets to file disclosure reports. “We just feel it’s a gross abuse of our

Constitutional rights," said Dick Dingman, senior counsel for the Free Speech Coalition Inc., which represents more than 50 groups opposing the plan.

Bennett last spring tried to strike the grass-roots language from the bill while it was still in committee, but his effort fell short and he did not try again on the floor. A spokeswoman for the Senator said he has no plans to offer any specific amendments to the bill this year.

Vitter proposed banning lawmakers' family members from serving on the payroll of their campaign committees or leadership political action committees. He also offered a campaign finance reform measure aimed at Indian tribes and a plan to impose criminal penalties on lawmakers and executive branch officials who knowingly file inaccurate financial disclosure reports.

Reid said he would keep the chamber in session past noon next Friday if it takes that long to wrap up work on the bill. House Democrats, meanwhile, are waiting to see what the Senate produces before finalizing work on their own reform legislation, aides said.

Well-Grounded Ethics Reform (NYT)

The New York Times, January 10, 2007

The Senate's new majority leader, Harry Reid, like most of his colleagues on both sides of the aisle, is an admitted frequent flier on posh lobbyist-provided corporate jets. So we were very pleased yesterday when he proposed legislation that would require senators to pay the full charter-flight fare if they wanted to ride in the style of a C.E.O.

Speaker Nancy Pelosi took the issue further with a full House ban on private jet perks, enacted through a rules change, not legislation. But Senator Reid's initiative could be just as effective, provided no loopholes creep in as the Senate takes up wide-ranging proposals for ethics reform.

No less vital to the new Democratic majority's corruption-fighter claims is the need to create a public integrity office of nonpartisan professionals to help Congress police its own misbehavior. The Republican-controlled Senate rejected the idea last year, but voters soon put a new hand on the gavel. Senator Reid and Ms. Pelosi should both move quickly to create such an office.

Senator Reid also wants his chamber to repair its flimsy regulations by banning gifts, travel and entertainment boons — not just from lobbyists, but from their corporate employers. This should be enacted with bipartisan support, along with more measures to strike at the heart of the corruption issue: the mutual back-scratching of lobbyists and lawmakers who routinely barter lucrative campaign donations for lucrative legislative favors.

Strong proposals are to be debated in coming days, including legislation that would require lobbyists and lawmakers to provide fuller public disclosures of who raises how much for whom. Another proposal would shine a bright light on "earmark" trafficking — the process by which lawmakers slip last-minute, debate-free and unsigned amendments into bills on behalf of favored pleaders. A third proposal would curb so-called "Astroturfing," requiring the disclosure of the finances of lobbyists' phony grass-roots pressure groups.

It is far past time for Congress to end all these practices. And far past time for Congress to clean up the lobbying industry and itself.

Down-to-earth Ethics (LAT)

The Los Angeles Times, January 10, 2007

THE SENATE prides itself on being different than the "other body" — the more plebian and poll-driven House of Representatives. But do members of the World's Greatest Deliberative Body really want to define themselves by their greater willingness to hop aboard a corporate jet?

You might think so, judging from the rumblings from senators unhappy about the pressure to follow the ethically energized House in banning travel by members on corporate planes

Sen. Dianne Feinstein (D-Calif.), who chairs the Rules Committee, worried in an interview with The Times that prohibiting such hitchhiking, or making it too costly — such as requiring senators to pay a charter rate — "would make it very difficult for many members to get to, and around, their states on a timely basis."

Feinstein does support publicizing senators' trips on corporate jets. But in this case, disclosure isn't an adequate remedy for the reality and the appearance of cuddling up to special interests. And although Feinstein's objections may be rooted in a concern about responsiveness to constituents, that's not the only reason senators like to fly corporate.

"Why do you think there's resistance?" Sen. Barack Obama (D-Ill.) asked, and then provided the answer: "Because corporate jets are nice…. They're convenient. They're waiting for you. You don't have to take your shoes off."

We don't know whether he took his shoes off, but according to a watchdog group, Senate Minority Whip Trent Lott (R-Miss.) was a frequent flier on corporate jets from 2001 to 2005, spending $165,724 to "reimburse" the planes' owners at the

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commercial rate. Under a proposal backed by Obama and Sen. John McCain (R-Ariz.), senators flying on corporate planes would have to pay the much steeper charter rate — a requirement that reformers think would discourage the practice.

The charter option, which we have endorsed in the past, would be a major improvement. Even better would be an outright ban on senators accepting lifts on corporate planes.

The Senate apparently isn't afraid of being accused of "me-tooism" when it comes to matching the House on other ethics reforms, such as refusing to accept gifts from lobbyists. It should be equally open to emulating the "other body" on this issue. Straighten up and fly right, senators.

Sen. Johnson Upgraded To Fair Condition (AP)

By Mary Clare Jalonick

AP, January 10, 2007

Sen. Tim Johnson's condition has been upgraded from critical to fair, four weeks after he was hospitalized for a brain hemorrhage, and he no longer needs a ventilator to help him breathe.

Johnson is breathing independently after using a ventilator for several weeks, most recently only at night, his doctor, Vivek Deshmukh, said Tuesday.

The South Dakota Democrat, who underwent emergency surgery on Dec. 13, remains in intensive care at George Washington University Hospital, said his spokeswoman, Julianne Fisher.

"The senator continues to make progress," Fisher said. "The next step would be rehabilitation, and we hope that would happen within the week."

A tracheotomy tube remains in his neck to guard his airway, and the senator still has not spoken, Fisher said.

The senator is expected to leave intensive care but remain in the hospital when he begins the rehabilitation process. His office has said that his recovery is expected to take several months.

Johnson was diagnosed with the arteriovenous malformation, a condition, often present from birth, that causes arteries and veins to grow abnormally large, become tangled and sometimes burst. He was rushed to the hospital after becoming disoriented on a phone call with reporters, and he underwent surgery hours later.

His long-term prognosis is unclear. Doctors have said he is steadily improving and has been responsive to his family and physicians, following commands, squeezing his wife's hand and understanding speech. He needed the ventilator to assist with his breathing after fluid developed in his lungs as a consequence of his initial hemorrhage, his doctors said.

In cases like Johnson's, doctors often depend on the patient's ability to answer questions to assess any cognitive damage caused by the hemorrhage.

The senator's sudden illness raised questions about the Democrats' one-vote majority in the upcoming Senate session. South Dakota's Republican governor, Mike Rounds, would appoint a replacement if Johnson's seat were vacated by his death or resignation.

A Republican appointee would create a 50-50 tie and could effectively allow the GOP to retain Senate control because of Vice President Dick Cheney's tie-breaking vote.

Johnson's wife, Barbara, called his change in condition "wonderful news."

"Tim has come a long way and we have a long way yet to go, but we celebrate each victory," Barbara Johnson said. "For me, it is like watching a miracle unfold each day."

S.D. Sen. Johnson's Condition Improves (WP)

The Washington Post, January 10, 2007

Sen. Tim Johnson's condition has been upgraded from critical to fair, four weeks after he was hospitalized for a brain hemorrhage, his office said yesterday.

The South Dakota Democrat, who was taken to the hospital Dec. 13 and underwent emergency surgery, remains in intensive care.

"The senator continues to make progress," spokeswoman Julianne Fisher said. "The next step would be rehabilitation, and we hope that would happen within the week."

Johnson's office has said that his recovery is expected to take several months. The surgery was done to correct a condition called arteriovenous malformation, which involves tangled arteries.

His long-term prognosis is unclear. He has responded to his family and physicians, following commands, squeezing his wife's hand and understanding speech.

The senator's illness raised questions about the Democrats' one-vote majority in the Senate. South Dakota's Republican governor, Mike Rounds, would appoint a replacement if Johnson resigned or died.

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A Republican appointee would create a 50-50 split and could allow the GOP to retain Senate control because of Vice President Cheney's tiebreaking vote.

Moving Ahead On Stem Cells (NYT)

The New York Times, January 10, 2007

House Democrats are poised to push through a bill this week that would loosen President Bush's restrictions on federal support of embryonic stem cell research. The bill will be opposed by legislators beholden to religious conservatives. Many are likely to cite a new study suggesting that broadly useful stem cells can be derived from amniotic fluid without destroying embryos to get them.

The new study, while certainly intriguing, in no way lessens the need to widen the array of embryonic stem cells available for research and ultimately therapy. The Democrats' proposal is extremely modest — about the least that could be done to accelerate progress in this promising field. It deserves support from veto-proof majorities in both houses.

Under the policy enunciated by Mr. Bush in 2001, federal money can be used to support research on only 20 or so stem cell lines that existed before the policy was set. Many of these cell lines are deteriorating or contaminated. And their number is far too small to allow the full range of research needed to explore the value of stem cells for treating Parkinson's, diabetes, spinal cord injuries and other serious ailments.

The Democrats' bill would expand the number of lines by directing the secretary of health and human services to finance research using human embryonic stem cells regardless of when they were derived. The source of these cells would remain highly restricted. No embryonic stem cells could be tailor-made to study specific diseases or therapies. The stem cells would have to be derived only from surplus embryos that were originally created for fertility treatments and would otherwise be discarded.

An alternative approach that attracted wide attention this week was described by scientists at the Wake Forest University School of Medicine. They extracted stem cells from the amniotic fluid of pregnant women and used them to create muscle, bone, fat, blood vessel, nerve and liver cells. These stem cells, spun off by the developing fetus, seem to have some — though quite probably not all — of the versatility that allows embryonic stem cells to grow into a wide range of body tissues. The fetal cells are easily obtainable from the amniotic fluid during amniocentesis, a diagnostic procedure often performed in the second trimester of a pregnancy.

Even so, it would be a mistake to use this promising research, which has yet to be replicated or fully accepted by other scientists, as another excuse for hobbling embryonic stem cell research. The days-old embryonic cells are likely more versatile than fetal cells extracted months later from amniotic fluid, and they allow a range of research on the very earliest stages of human development.

Stem cell research holds enormous promise, though top researchers say it could take a decade or more to develop useful therapies from it. At this point, it is important to explore all approaches: using "adult" stem cells, which can grow into a very limited range of body tissues; the cells found in amniotic fluid, which may yield a broader range of tissues; and the most versatile cells of all, those derived from early human embryos.

Labor's Money Grab (WSJ)

The Wall Street Journal, January 10, 2007

Compulsory dues are the financial foundation of Big Labor's political power. So you can bet union officials will be paying special attention today as the Supreme Court hears oral arguments in a case that could affect how that money may be spent.

The appeal consolidates two cases from Washington state, where even nonmembers of unions can be forced to pay collective-bargaining dues as a condition of employment. In 1992, Washington voters rebelled against that obligation; they overwhelmingly approved a paycheck protection law that requires unions to get "affirmative authorization" from workers who don't belong to the union before spending their dues money on politics.

The state teachers union, the Washington Education Association, challenged the voter-passed law, and a state Supreme Court ruling last year struck it down on the grounds that it violated the First Amendment free-speech rights of union officials. It's a novel rationale, to say the least.

After all, every other special interest group trying to raise money for a political cause has to contact people and persuade them to contribute. That includes the National Rifle Association, Emily's List, the trial lawyers and Chamber of Commerce. But the Washington Supreme Court held that such opt-in provisions were "too heavy an administrative burden" for unions and thus unconstitutional. The state appealed the ruling, and the U.S. Supreme Court now has a chance to decide in Washington v. Washington Education Association and Davenport v. WEA.

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Washington is one of a half-dozen states to pass a paycheck protection law. And if the lower court ruling is upheld on the principle that unions have a constitutional right to extract money for political activities from even nonmembers, these laws could be jeopardized everywhere. Such a ruling could also undermine so-called "right to work" laws in 22 states, where workers currently can decide for themselves whether to join or support the union. If the High Court says unions have a First Amendment right to spend nonmember dues on politics, a right-to-work law that prohibits collecting dues from nonmembers becomes problematic.

The good news is that the U.S. Supreme Court has plenty of case law to work with. In its Beck and Abood rulings, the court said workers couldn't be compelled to support a union's political expenditures. And its Hudson decision spelled out procedures for how the competing interests of the union and nonmember workers could be balanced. Namely, the court said workers must be given an opportunity to opt out of political spending and receive a refund for dues money that isn't used for collective-bargaining purposes.

Washington state's law takes this a step further, requiring workers to actually opt into political activities, not merely opt out of them. And that's the way it should be if workers' rights are to be protected. Why should unions be able to take money from someone who objects, put it to use for lobbying and organizing, and then refund it after the fact?

The High Court has an opportunity to clarify these matters -- and in the process stop Big Labor from continuing to trample the rights of employees averse to funding a union's political agenda.

OTHER NEWS:

Some Kentucky Voters May Have 'buyer's Remorse' Over Yarmuth (HILL)

By Sam Youngman

The Hill, January 10, 2007

Though Kentucky Republicans will focus 2007 on maintaining the governor's mansion, those in the 3rd congressional district already are gunning to retake a congressional seat lost in last year's Democratic wave.

Freshman Rep. John Yarmuth (D-Ky.), who narrowly defeated five-term congresswoman Anne Northup with 51 percent of the vote, is facing a local and state GOP bitter over Northup's defeat.

While reports are circulating that Northup, a hero to state Republicans, will throw her hat in the primary ring against embattled Republican Gov. Ernie Fletcher, a number of Louisville Republicans are chomping at the bit to win back the congressional seat that is comprised almost wholly of Louisville, the commonwealth's largest metropolitan area.

In a state that has been trending red since voting for President Bill Clinton twice in the 1990s, Louisville has proven to an exception, culminating most recently with Yarmuth's election.

The chairman of the Jefferson County GOP, Jack Richardson IV, said Louisville continues to be a conservative city, and that Yarmuth's election was less about the two candidates than a poisoned national environment.

Richardson said voters in the district are reeling from "a case of buyer's remorse" despite the brevity of Yarmuth's six-day-old tenure.

"Voters wanted to throw a tantrum to send a message," Richardson said. "[But] it's kind of like when you sober up the next day and you get a hangover and you say, 'What in the world did I do?'"

Richardson said Yarmuth, a wealthy alternative-newspaper publisher, will be "just another rich kid on the block" in Washington who will come to find the congressional workload interferes with his golf game.

"Jack Richardson has about as much credibility as President Bush," Yarmuth said. "I'll have at least a year and a half to demonstrate my commitment to the job and the district and the country, and I have no doubt that I'll do that."

The Republican strategy against Yarmuth from the outset of the midterm race was to mine his hundreds of columns from his alternative newspaper in an effort to paint him as too liberal for the district.

"Louisville is not an overly conservative district, particularly when you're talking about economic issues," Yarmuth said.

State GOP Chairman Darrell Brock admits Louisville is "different than the rest of the state." Kentucky has been a solid red state in both of President Bush's campaigns, but Louisville voted for both former Vice President Al Gore and Sen. John Kerry (D-Mass.), though by slim margins.

A longtime political reporter for The (Louisville) Courier-Journal, Al Cross, said the 3rd District is trending Democratic, with a large number of "traditional blue-collar, grey-collar heritage Democrats," who want to vote the party line if presented with a viable option.

"It's not a friendly district, if you will," Brock said. "[But] at the end of the day, the state is trending Republican."

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That said, both Brock and Richardson acknowledged that Fletcher's rocky tenure, compounded by at least one primary challenger thus far, creates potentially dangerous ground for the party. Fletcher was the first Republican elected governor in the state in 32 years, but his administration has been haunted by a series of high-profile indictments and subsequent pardons.

Fletcher's approval ratings hovered around, and even below, 30 percent most of last year after he pardoned a number of indicted and unindicted administration officials following an aggressive grand jury investigation into the governor's hiring practices. State Republicans acknowledge that there is some concern that there could be an Ohio-effect, where a troubled state official causes headaches for the entire party.

Richardson pointed to the example of former Ohio Gov. Bob Taft's tainted administration that created an environment in which Democrats were able to make significant gains on every level. Richardson said Taft "practically destroyed the Republican Party there."

The 2007 governor's race will be the first test of party strength in Kentucky, setting the stage for the congressional campaign, Brock said.

"Frankly, if we win the governor's office, it makes it easier to retake the congressional seat," Brock said. "I think the trend is still clearly there. I won't say [the Northup loss and Fletcher troubles] stopped it, but it clearly slowed the momentum."

Possible challengers to Yarmuth include Erwin Roberts, a former Fletcher administration official and member of the University of Kentucky Board of Trustees, and Chris Thieneman, a builder and contractor popular in the growing southern area of the district, according to a source familiar with Louisville Republican politics.

Roberts, who is black and described as "conservative, well-spoken and better looking than Barack Obama," was named one of the unindicted co-conspirators in the hiring scandal, according to reports.

Cross cautioned that Roberts's baggage from his time with the governor could prove to be a substantial liability.

Though Richardson wouldn't comment on the names of potential candidates, he did say he thought a front-runner would emerge quickly despite the attention being paid to what is sure to be a hotly contested governor's race. He added that he thinks it is "a foregone conclusion" that Northup will enter the governor's race, giving her more than a 50 percent chance to win.

The filing deadline for the governor's race is Jan. 30, after which, Richardson said, potential House candidates will begin to come forward, making their intentions known and beginning the process of raising money.

Yarmuth said he expects the fundraising process to run more smoothly this time around, as many of the district's Democratic donors had long thought the seat to be out of reach.

The congressman was not thought to be a favorite of former Democratic Congressional Campaign Committee Chairman Rep. Rahm Emanuel (D-Ill.). Newsweek's Howard Fineman described Yarmuth as "Emanuel's fourth choice."

Yarmuth conceded the notoriously abrasive Emanuel "was skeptical of my chances," but he insists that no bad blood remains and Emanuel has been helpful in securing committee assignments.

As for Roberts, Thieneman or any other Louisville Republican looking to 2008, Yarmuth says he will be ready.

"I'm not taking anything for granted, but I'm not afraid of any candidate," he said.

DeMint Endorses Romney For President (AP)

By Jim Davenport, Associated Press Writer

AP, January 10, 2007

Sen. Jim DeMint has endorsed former Massachusetts Gov. Mitt Romney in the 2008 presidential race, according to a letter the South Carolina senator is sending to state Republicans.

The endorsement letter, obtained by The Associated Press on Tuesday, marks a split between the two Republican senators representing South Carolina, which holds the first southern presidential primary.

Sen. John McCain of Arizona is favored by Sen. Lindsey Graham, South Carolina's senior senator.

DeMint's split is seen by some as a move to find a conservative alternative to McCain, but it's not that much of a surprise.

DeMint was elected in 2004.

McCain and Romney have both set up exploratory committees and started raising money for presidential bids but haven't formally declared they're running.

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DES MOINES, Iowa (AP) — Democratic presidential hopeful Tom Vilsack on Tuesday called on Congress to block funds for additional troops in Iraq but expressed misgivings about using the power of the purse to reduce U.S. forces.

"I think it's one way of absolutely putting that on the table," Vilsack told The Associated Press. "Mr. President, you don't have a blank check. Congress basically made a mistake by giving him a blank check at the beginning of this process. Now they are basically saying you don't get a second blank check."

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Vilsack's comments came as President Bush was expected to announce on Wednesday his decision to send 20,000 more troops to Iraq.

"I'm not willing to suggest we have a cutting off of funds that would really put people in greater danger than they are today," Vilsack said.

In one of his last acts as Iowa governor, Vilsack asked state lawmakers to take a stand against the war in Iraq.

"This war has cost us a lot," Vilsack told a joint session of the Iowa Legislature as he gave his eighth and final Condition of the State address. "It has hollowed out our military, it has in my view weakened our National Guard and put our nation at risk."

"Now the president and the Congress are poised to make a big mistake even bigger by escalating America's involvement by adding more troops and investing more resources," said Vilsack, who announced his candidacy last November.

Romney, McCain Vie For House Supporters (HILL)

By Susan Crabtree

The Hill, January 10, 2007

Some House conservatives are struggling to become acclimated to their marginalized role as minority members, but in recent days at least, they've been enjoying the attention of two powerful politicians: Mitt Romney and Sen. John McCain (R-Ariz.).

Both potential presidential candidates are racing to recast their reputations as moderates. The senator and the former Massachusetts governor recognize that by courting House Republicans, they can silence critics early and tap into a large swath of grassroots support that will be key in determining the outcome of the GOP primary contest early next year.

"A lot of people wonder how a conservative got elected governor in Massachusetts," remarked GOP Conference Chairman Adam Putnam (R-Fla.), who noted that Romney called to congratulate him the day he was elected conference chairman in November. "I'm still learning about Romney and his policies."

Yesterday Sen. Jim DeMint (R-S.C.) formally endorsed Romney, splitting the key primary state's senators between the two GOP presidential frontrunners. Sen. Lindsey Graham (R-S.C.) is a good friend of McCain's and for months has been making calls on his behalf to help him round up South Carolina GOP supporters. But the endorsement came as no surprise to those watching the race closely; DeMint had held a fundraiser for Romney last year.

While Romney and McCain's efforts in South Carolina have been making headlines recently, the two also are keeping a close watch on conservative support in the House. Romney was the first to reach out to House Republicans last year, taking advantage of some conservatives' "anybody but McCain" mentality and disdain for the Arizona lawmaker's campaign-finance reform and immigration agendas. Romney has to contend with his own record on gay marriage and opposition to the Contract with America. In recent months, he also has made a concerted effort to reach out to Southern religious leaders to mollify any concerns they may have regarding his Mormon faith.

After hearing about Romney's early efforts, McCain began working on cementing the support of a network of House members who backed him in 2000.

Nearly all of the dozen GOP members interviewed for this article had been contacted by one of the two candidates — many of them during the first week of 2007. Although he traveled around the country for numerous GOP candidates during the campaign, former New York mayor Rudy Giuliani appears less focused on developing a dialogue with House conservatives than Romney or McCain.

Romney's decision Friday to tap Rep. Marsha Blackburn (R-Tenn.) as a senior adviser, the first House member to take on such a formal role in a campaign, has fueled speculation about Romney's and McCain's efforts to coax conservatives to join their respective camps. Romney also plans to visit House GOP members on the Hill at the end of this week, according to one knowledgeable GOP aide.

"It's no secret that a governor from Massachusetts needs to reach out to conservatives, especially in the South, if he's going to have any chance of getting the nomination," Blackburn spokesman Matt Lambert said. "He's doing that and making a very big push, especially in Tennessee."

Romney spokesman Kevin Madden said Reps. John Campbell (R-Calif.), Buck McKeon (R-Calif.) and Joe Knollenberg (R-Mich.) have come out in support of the former Massachusetts governor.

"We've reached out to a broad spectrum of the House Republican conference," Madden said. "We expect a number of people to come on board publicly soon — both in the field and the fundraising side of things."

Since Romney is currently out of office, he can spend more time on outreach than McCain, who has spent the last few months at the forefront of national security issues, such as the military commissions bill last fall and the debate over whether to back a surge of U.S. troops in Iraq.

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"Certainly, [Romney] has reached out more aggressively than others," Rep. Mike Pence (R-Ind.), who chaired the Republican Study Committee (RSC) last cycle, said. But Pence said he would not discount McCain's efforts, which "unquestionably" resulted in a boost among conservative House Republicans when he endorsed Rep. John Shadegg's (R-Ariz.) campaign for minority whip (even though Shadegg lost that race to Rep. Roy Blunt (R-Mo.).)

Shadegg doesn't have a formal role in the McCain campaign yet, but he has been buttonholing fellow House Republicans on the Arizona senator's behalf, an effort he has stepped up in recent days. McCain, he said, was not 100 percent certain he would run for president until he discussed the possibility in detail over the holidays with his wife, Cindy, and family at their Sedona retreat. Shadegg, a former chairman of the RSC, said last week McCain called to give him the go-ahead to be more aggressive in his recruiting efforts in the House.

"The race is on among House conservatives," Shadegg said, underscoring House Republicans' respect for McCain on national security issues. Shadegg said so far those supporting McCain publicly include Arizona Republican Reps. Rick Renzi and Jeff Flake and that several lawmakers from various areas across the country privately support McCain. Rep. Ray LaHood (R-Ill.) has been an outspoken booster, and Rep. Christopher Shays (R-Conn.) is expected to support the fellow champion of campaign-finance reform.

"We have commitments [from House Republicans] but we haven't released them yet," a spokesman for McCain's exploratory committee, Craig Goldman, said. "The big problem right now is that we're still in the exploratory campaign."

Both candidates have been invited to speak at an upcoming Heritage Foundation retreat Feb. 1 and 2 that many conservative House members are scheduled to attend. Romney plans to discuss his efforts as governor of Massachusetts to implement a universal healthcare plan. McCain has been asked to address national defense issues. Goldman did not know whether McCain had accepted the invitation, and a call to McCain's Senate office was not returned

Perhaps the best way for the candidates to demonstrate their concern for House Republicans would be by helping to retire the National Republican Congressional Committee's debt, which escalated to more than $15 million last year. House Republicans, nervous about their own reelection prospects in 2008 and deeply concerned about the debt, may not want to hear about another politician's ambitions right now, but providing some fundraising help could change that dynamic.

House Republicans plan to tap the entire Republican Party leadership structure, including prospective presidential candidates, to help them solicit funds for the debt-retirement effort, one GOP aide said. McCain, Romney and Giuliani already earned plenty of credit for fundraising during the past election cycle. In the final months of the campaign, McCain, as well as Giuliani, crisscrossed the country to appear with candidates at fundraisers and public events.

"As far as trying to help keep the majority, no one worked harder than John McCain in 2006," said Goldman.

McCain's Straight Talk America PAC doled out roughly $280,000 to 75 candidates, $30,000 to the National Republican Senatorial Committee and $15,000 to the NRCC during the 2006 cycle. Romney, for his part, gave $171,000 to 64 candidates, $26,000 to the NRSC and $2,000 to the House Conservatives Fund, the RSC's PAC. Not to be outdone, Giuliani contributed an impressive $366,000 to 71 candidates.

Romney began his conservative outreach early. His $2,000 donation to the RSC's PAC came in September 2005 and he attended a fundraiser for the PAC months before, in June.

"I've spent some time with Gov. Romney and I like what I have seen," said Rep. Tom Feeney (R-Fla.), a prominent RSC member who heads up the PAC. "He seems to be a Ronald Reagan, supply-side Republican."

Feeney's positive reaction is proof that Romney's talks are producing results. Madden said most of the discussions with House Republicans revolve around Romney's commitment to fiscal discipline. Shadegg, meanwhile, said McCain and House conservatives have had their differences in the past, but they largely agree on national security issues.

However, the current Iraq "surge" strategy already is dividing conservative House members. Rep. Pete Hoekstra, the ranking member on the Intelligence Committee and a Republican from Michigan, a key primary win for McCain in 2000, last week said he opposes a dramatic increase in troops, arguing that the Iraqi military is on the verge of being ready to take over.

Hoekstra has not committed to either possible contender and said he remains open to both of their arguments. McCain called him last week and Romney had visited his district a month ago. Meanwhile, Rep. Jack Kingston (R-Ga.) said Romney had planned to visit his district "to meet with some Bush-Cheney" folks last weekend.

Rep. Jeb Hensarling (R-Texas), who chairs the RSC, said he has known McCain personally for a number of years but didn't know Romney until he spoke at the fundraiser for the RSC's PAC. He too has not committed to either candidate.

"House Republicans will certainly be a part of any presidential strategy, and my guess is we'll end up having a pretty healthy dialogue about who to support," he said. "House conservatives will be looking for the candidate that most closely resembles conservative values to take up our banner into November and capture the hearts and minds of the American public. That's what we're going to be looking for."

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Iowa GOP Chairs Cool To McCain (RC)

By David M. Drucker

Roll Call, January 10, 2007

Despite his status as the national frontrunner for the Republican presidential nomination, Sen. John McCain (Ariz.) appears to have an uphill climb in the make-or-break caucus state of Iowa, where a majority of county Republican chairmen say he is far from the first choice of likely caucus voters.

The prevailing sentiment in recent interviews with 63 of Iowa's 99 GOP county chairmen was one of respect for McCain as a war hero and public servant but disdain for his politics — particularly his handling of President Bush's judicial nominees and his association with the issue of campaign finance reform. Disenchantment with his candidacy reaches all corners of the state, including the pivotal Republican stronghold of northwest Iowa and vote-rich counties such as Polk, Linn and Scott.

There were some county chairmen who either voiced or predicted strong support for McCain in the January 2008 caucus, with a few more saying it is too early to anoint a frontrunner or rule anyone out. But most, even those who complimented the campaign organization the Arizona Senator and 2000 presidential candidate is assembling, said he is not conservative enough — he is too much of a "maverick," several county chairman said — to win.

"Personally, I have no use for him," said Andrea Roys, chairwoman of the Fayette County GOP in northeastern Iowa. "He tries to appeal to the media and make himself liked — and is a RINO Republican as far as I am concerned."

David Roederer, McCain's Iowa chairman, said he takes the opinions of state GOP leaders seriously, but he expressed confidence that McCain will do well in the caucus. Public and private polls have showed McCain running first or second in Iowa, he said, arguing that the Senator has by far the best experience of any Republican running for president, particularly on the key issue of national security that generally finds him in agreement with grass-roots Republicans.

But many Iowa Republicans remain skeptical.

Romney Turning Heads

Of Iowa's 99 county GOP chairmen, 63 responded to interview requests, with 42 of those saying likely caucus-goers in their area are not inclined to support McCain. Fifteen chairmen said opinions on the Senator are mixed, with about half of them suggesting the Arizonan has significant hurdles to clear. A few of those who said their counties remain open to McCain stressed that it simply was too early to accurately gauge the feelings of likely caucus voters.

Only six county chairmen said enthusiasm for the Vietnam War veteran and four-term Senator was high.

When asked blindly which Republican presidential candidate is exciting the base, a majority of those who responded to that question with a name cited former Massachusetts Gov. Mitt Romney.

Because Iowa's first-in-the-nation caucus is so important in the presidential nominating process, McCain's showing in the Hawkeye State could prove crucial to his 2008 chances. In 2000, the Senator skipped Iowa and proceeded to lose the nomination to then-Texas Gov. George W. Bush.

Several county GOP chairmen said they had either met Romney personally, that their county party had received a donation from his political action committee, or both. Kevin Madden, spokesman for the Massachusetts Republican's presidential exploratory committee, said winning Iowa is a key part of Romney's strategy to win the GOP nomination.

"Iowa is important, and I think that is demonstrated by our efforts there," Madden said.

Despite the overwhelming disaffection for McCain among grass-roots activists in Iowa, such feelings are not unanimous.

Even some McCain detractors highly skeptical of his ability to win the caucus say views on him could change, adding that they will support him in the general election if he secures the Republican nomination.

Dickinson County GOP Chairman Bill Sackett said McCain is "fairly well thought of" in his northwestern portion of the state. Sackett referred to the Arizona Senator as the man to beat in Dickinson County, even though it is a staunchly conservative area.

"I'd say that McCain probably stands the best chance and has not antagonized either one extreme or the other of our Republican voters," Sackett said. "If I were to choose who could win our county right now, I would say McCain."

Support for Bush May Be Crucial

The county chairmen who said McCain is in good shape often cited his strong support for Bush on the Iraq War and the war on terrorism, his foreign policy views generally, and the fact that he is seen as electable nationally. A few others also referred to McCain's efforts to court the Republican base beginning in 2004 as a plus.

And even among Republican county chairmen who were critical of McCain and doubtful of his prospects, there were some who were complimentary of his Iowa staff and the campaign he has waged there so far.

Roederer, the state campaign chairman, had the same role for Bush in 2004. He rounds out an all-star Hawkeye State staff for McCain that includes Marlys Popma, a former executive director of the state GOP and anti-abortion-rights activist who is tight

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with social conservatives; former state Senator and state GOP Chairman Chuck Larson, considered a very talented Iowa campaign operative; and retired Army officer Evan Hultman, who is chairing McCain's Veterans Advisory Committee.

Additionally, Iowa native Terry Nelson is working for McCain as a senior adviser. Nelson worked as a Republican staffer in the Iowa Senate in 1997 and served as former Rep. Jim Nussle's (R-Iowa) campaign manager from 1992 to 1995. Nelson has been a respected fixture on the Washington, D.C., political scene since the late 1990s.

"In all honesty, the infrastructure of the campaign is just being put together," Roederer said. "Most people will take a little while to assess all candidates. We have been extremely pleased with the response from people we've contacted and visited."

Roederer argued that McCain's positions on foreign policy and national security — issues on which the Senator and grass-roots Republicans tend to agree — will carry far more weight with likely caucus-goers than will the various domestic matters that have found the two at odds.

"What we're finding is that the overwhelming issue is national security," he said. "And by all accounts nobody comes close to Sen. McCain's experience or credentials on international issues."

Over the years, Iowa's presidential caucus has born witness to unlikely victories and shocking defeats, so McCain may yet change minds among the Republican base in the Hawkeye State. But for now, he has barriers to overcome.

A majority of GOP county chairmen were both highly critical of McCain's politics and considerably skeptical of his chances of winning the caucus.

The two issues that rankle activists the most are the Senator's cooperation on campaign finance reform with Sen. Russ Feingold (D-Wis.) and his participation in the "Gang of 14," a bipartisan group of Senators in the 109th Congress that worked together to diffuse the partisan divide over Bush's judicial nominees.

A number of county chairmen said the legislation known as McCain-Feingold has made it more costly for their county parties to advertise in local media.

Other points of contention raised by the chairmen include McCain's position on illegal immigration. He is for a guest-worker program and against building a fence along the Mexican border. Republicans disagree with him on this and specifically mentioned their displeasure over his teaming with Sen. Edward Kennedy (D-Mass.) to propose legislation.

His past positions opposing farm subsidies and government tax breaks for ethanol production also were raised. McCain has softened his stance on the issue, but distrust remains. McCain campaign spokesman Danny Diaz said the Senator remains opposed to subsidies but now favors boosting ethanol production.

"Unlike 2000, ethanol is now a competitive fuel for consumers suffering from huge increases in the price of oil," Diaz said. "Alternative forms of energy like ethanol are obviously better for the environment and have reduced our dependence on foreign sources of energy, which is critical to our national security."

Elephants' Memory

The Senator's decision to skip the Iowa caucus in 2000 and focus on the New Hampshire primary also remains as a blot on his Hawkeye State résumé, with many county chairmen saying GOP activists haven't quite forgiven McCain for bypassing them six years ago.

"I never cared for John McCain and I don't trust him," said Bonnie Hall, chairwoman of the Boone County GOP just northwest of Des Moines. "I think he's perceived as being too middle of the road — too moderate — and you never know where he's going to come down. He's very unpredictable."

Dan Schnur, a top adviser to McCain in his 2000 presidential bid, said the Senator's status as the GOP frontrunner means he could distance himself from the pack with a strong showing in Iowa.

Schnur counseled McCain to skip Iowa in 2000 and believes in hindsight that that was the correct decision, as it allowed McCain to concentrate on New Hampshire. McCain upset Bush in the New Hampshire primary, and in doing so burst onto the national scene and became a candidate to be reckoned with.

But in 2000, McCain was the upstart candidate and Bush was the favorite. As the frontrunner in the 2008 race, McCain does not have the luxury of skipping the Iowa caucus — although he doesn't necessarily have to win it to secure the GOP nod overall, Schnur said.

"A frontrunner can cement his status in Iowa, but it's very rare that a loss there deals a death blow to a frontrunner campaign," Schnur said.

For any Republican running in the 2008 presidential caucus, the contest kicks off in earnest on Aug. 11, when up to 50,000 activists will converge on the campus of Iowa State University in Ames, Iowa, for the Iowa Republican straw poll.

The event is similar to a county fair and does more than simply assess the mindset of likely caucus-goers. Those candidates who finish strong in the voting are considered well-positioned for the January caucus, and those who do not sometimes drop out of the race altogether.

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Most Iowa GOP county chairmen believe it will be a tall order for McCain to change minds in their state. Unlike most of the Republicans running, McCain is extremely well-known and opinions on him are strong.

"As we say around here, he has a tough row to hoe," said Benton County GOP co-Chairman Loras Schulte.

Ex-Gov. Gilmore Eyes GOP White House Bid (AP)

By Bob Lewis

AP, January 10, 2007

Jim Gilmore, Virginia's former tax-slashing Republican governor, on Tuesday took the first step in a long-shot bid for the presidency.

Gilmore filed papers with the Federal Election Commission in Washington to form the Jim Gilmore for President Exploratory Committee, said his aide, Matt Williams. He is the sixth Republican to form an exploratory committee — a year before the first primary votes are cast.

Like several other Republican hopefuls, Gilmore said he entered the race because the GOP field lacks a true conservative and argues his candidacy will resonate with conservatives disillusioned with the party.

"I'm here to offer the right program for the people of the United States. I'm the type of mainstream Reagan conservative that has always kept his promises," Gilmore said in a telephone interview.

The one-term governor, little known outside his state, faces an increasingly crowded field. Former Massachusetts Gov. Mitt Romney, Arizona Sen. John McCain, former New York Mayor Rudy Giuliani, former Wisconsin Gov. Tommy Thompson and Sen. Sam Brownback of Kansas also have taken the initial steps in a White House run.

Gilmore, 57, was elected governor in 1997 promising to cut the property tax that local governments in Virginia levy on personal cars and pickup trucks.

Within weeks after he was sworn in, he pushed his popular car tax cut through a legislature then controlled by Democrats. The incremental phaseout obligated Virginia to reimburse city and county treasuries dollar-for-dollar for car tax revenues they lost.

Critics warned that the reimbursements created an enormous state spending program that would eventually wreck the state's finances.

In 2001, after a recession cut deeply into Virginia tax collections and with reimbursements to localities around $700 million annually and soaring, Gilmore rebuffed efforts by fellow Republicans in the state Senate to stop the car tax phaseout.

The resulting legislative stalemate and GOP infighting left Virginia unable to reconcile its budget for the first time ever, and helped Democrat Mark R. Warner upset Republican Mark L. Earley, whom Gilmore had supported.

Warner also blamed Gilmore and the car tax for budget deficits that topped $6 billion in subsequent years.

Gilmore was among the earliest supporters of Texas Gov. George W. Bush's 2000 presidential quest, and Bush rewarded Gilmore by appointing him chairman of the Republican National Committee. Within a year, however, Gilmore left the job after disagreements with senior White House staff.

Gilmore also headed a commission Congress appointed in 1999 to investigate the threat terrorism posed to the nation.

In its report, finished one week before the attacks of Sept. 11, 2001, the commission recommended creating a Cabinet-level office to battle terrorism at home, better intelligence sharing among federal agencies, better federal cooperation with local and state authorities and increased border security.

Gilmore Moves On White House Bid (WT)

By Eric Pfeiffer

The Washington Times, January 10, 2007

Former Virginia Governor James S. Gilmore III yesterday became the latest Republican to form an exploratory committee in advance of a potential 2008 White House campaign.

"Today, I filed the papers necessary to explore a candidacy for president because I believe that this nation needs conservative leadership," Mr. Gilmore said. "Alone among those considering a candidacy for the Republican nomination, I have a record of real leadership as a tax cutter and job creator, as a leader on national security issues and as a national leader in our party."

Mr. Gilmore served as head of the Republican National Committee and Republican Governors Association.

Sens. John McCain of Arizona and Sam Brownback of Kansas; former New York City Mayor Rudolph W. Giuliani; and former Govs. Mitt Romney of Massachusetts and Tommy G. Thompson of Wisconsin are other Republicans who have formed exploratory committees.

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"Jim Gilmore is a former governor of a very important state with a strong conservative record," said Ed Gillespie, chairman of the Republican Party of Virginia. Mr. Gillespie said he is neutral on the field of Republican presidential primary candidates.

Mr. Gilmore last year traveled to key primary states such as Iowa, New Hampshire and South Carolina. In August, a group of supporters started a Web site to encourage the former governor to run for the White House.

A former Army counterintelligence agent, Mr. Gilmore served as governor from 1998 to 2002. From 1999 through 2003, he chaired the Gilmore Commission, which Congress created to assess the nation's ability to respond to a terrorist attack.

The commission released a report one week before the September 11 attacks recommending a Cabinet-level office in the White House to combat domestic terrorism and improve cooperation between federal agencies and local law-enforcement authorities.

Mr. Gilmore is serving as chairman of the National Council on Readiness and Preparedness, a nonprofit organization working to strengthen homeland security efforts.

Skeptics of Mr. Gilmore's presidential move say he is only increasing his profile in advance of a 2008 Senate campaign or a second run at Virginia's governorship.

Mr. Gilmore was elected governor of Virginia in 1997 after promising to reduce state property taxes and taxes on motor vehicles. However, a 2001 recession led to a confrontation between Mr. Gilmore and Republicans in the state legislature who wanted to reverse his car-tax cuts.

That showdown helped the campaign of Mark Warner, a Democrat who went on to defeat Mr. Gilmore's would-be successor Mark L. Earley.

A Hopeful Ponders Where To Plant Her Flag (NYT)

By Patrick Healy

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — Choices, choices. The Four Seasons in Georgetown or the Four Seasons in Midtown? A town full of political leaks or a town full of mysterious odors? Easy access to hundreds of gabby Democratic strategists or easy access to the one gabby Democrat who matters most (one's husband, perhaps)?

Among the signs that the Clinton presidential kabuki is ending — that Senator Hillary Rodham Clinton will, in fact, announce her campaign for the White House soon — is a decision, Democrats close to her say, that she plans to base her campaign headquarters in or around Washington instead of in White Plains or New York, which had been under consideration.

Running from a base in Washington would make the most practical and financial sense, Clinton advisers say, and they note that she would have satellite offices in New York and elsewhere. Still, a few advisers and supporters are concerned about the decision, saying it could reinforce her image as a Washington insider (if it is possible for that to be any more of an issue) and increase the possibility of leaks to the press corps (as if, ditto).

"One group thinks headquarters should be wherever is easiest for her, and another group is worried about public perception, since Washington is an unpopular place," said an adviser who has been involved in the discussions and who insisted on anonymity. "The thing is voters in the end won't really care where she runs from."

The concerns among the pro-New York crowd are twofold. First, the Democrats' success on Nov. 7 was seen, in part, as a repudiation of insider politics. Even more, Mrs. Clinton's likely main rivals for the nomination at this point, Senator Barack Obama of Illinois and former Senator John Edwards of North Carolina, plan to run their campaigns from their home states and portray themselves as Americans who understand the hardships of average citizens.

"Washington is the center of government, but it is a very insular, myopic place," said David Axelrod, a senior adviser to Mr. Obama. "It's hard to see America clearly from Washington, D.C., and that's the danger in rooting a national campaign there."

Logistically, Washington makes sense. Mrs. Clinton, as a member of the razor-thin Democratic majority, will be needed here to cast Senate votes. Most of her advisers live and have families here, including her campaign manger, Patti Solis Doyle, and her pollster, Mark Penn. And unlike Chez Clinton in Chappaqua, N.Y., her spacious home here is convenient for meetings and fund-raisers, situated a few miles from the Capitol and the airport.

Her chief adviser based in New York, Howard Wolfson, is selling his apartment on Central Park West and plans to move here soon. Mr. Wolfson had been planning to do so, Clinton advisers said, because his wife, Terri, is a top aide to Speaker Nancy Pelosi, and they have a young child.

The site of Mrs. Clinton's headquarters is less of a concern in a general election, Democrats say. A top Republican rival, Senator John McCain of Arizona, is expected to base his campaign across the Potomac in Crystal City, Va., for the same logistical reasons as Mrs. Clinton's.

The last winning presidential candidate who ran from Washington and who was not an incumbent or vice president was Ronald Reagan in 1980. His operation was based at home in California until he won the nomination. Ed Rollins, the Republican

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strategist who was an aide in the 1980 campaign and managed the 1984 re-election effort, said news media leaks could be tougher to manage in Washington, as well as the flow of politicians who want to offer their two cents (welcome or not).

Former Vice President Walter Mondale ran from Washington in 1984, Gov. Michael S. Dukakis from Boston in 1988, Bill Clinton from Little Rock, Ark, in 1992, and Bob Dole from Washington in 1996. Senator John Kerry considered running from Boston in 2004. There were tensions between his Boston advisers and his Washington advisers, and Washington won out.

People involved in those campaigns said logistics were always the concern.

"I won the '88 nomination on long weekends," Mr. Dukakis said, "because Monday through Thursday I wanted to be in the statehouse."

In 2000, Vice President Al Gore started running from Washington and then decamped to his home state, Tennessee, in part to try to shed his insideritis. He went on to lose Tennessee, anyway.

Mr. Edwards ran for the nomination in 2004 from Raleigh, N.C. As Mr. Kerry's running mate that year, he did not carry his home state, either.

At times, Mrs. Clinton has considered home to be in Illinois, Arkansas, Washington and New York, and, advisers say, she thinks she can win all four states next year.

George W. Bush ran from Austin in 2000, when he was governor of Texas. Ken Mehlman, the chairman of the Republican National Committee who worked on Mr. Bush's campaign that year and managed it in 2004, said he viewed the headquarters location as a business decision. Austin was easier and more comfortable for the team in 2000, and an office complex in Virginia helped focus the campaign in 2004.

"I wanted a place with a lot of open spaces and few offices, where it could be collegial and not hierarchical, and a place with a restaurant, parking spaces and a gym," Mr. Mehlman said, "so people would never want to leave."

The Green Gripe With Obama: Liquefied Coal Is Still . . . Coal. (WP)

By Elizabeth Williamson

Washington Post, January 10, 2007

Who, but who, would soil the environmental reputation of Barack Obama?

The Democratic senator from Illinois gets stellar marks from greens. Just a few months ago he was calling global warming "real," saying: "It is here. . . . We couldn't just keep burning fossil fuels and contribute to the changing atmosphere without consequence."

So why then, environmentalists ask, is Obama backing a law supporting the expanded use of coal, whose emissions are cooking the globe? It seems the answer is twofold: his interest in energy independence -- and his interest in downstate Illinois, where the senator's green tinge makes the coal industry queasy.

The coal industry praises Obama's reintroduction, with Sen. Jim Bunning (R-Ky.), of the Coal-to-Liquid Fuel Promotion Act of 2007 last week, which would provide incentives for research and plant construction. The industry says the technology, which converts coal into diesel engine fuel, would reduce America's dependence on foreign oil through a new, home-mined fuel that burns as cleanly as gasoline.

Environmentalists say focusing on coal does nothing to arrest climate change. Instead, they say, lawmakers should back cleaner alternative fuels and stricter automobile and industrial emissions standards.

"The rationale is, 'We have a lot of coal in the ground, let's put it to some use,' " said Frank O'Donnell, president of the D.C.-based nonprofit group Clean Air Watch. "It's not the best use of the coal and it's one that's almost certain to exacerbate the global warming problem." Obama's advocacy of coal liquefaction, he said, might have to do with his getting "hammered" by Illinois coal interests.

National Mining Association spokesman Luke Popovich counters that "our friends in the green community . . . don't want us to use our most abundant fuel," and adds: "They're sort of indifferent to the trend line toward greater importation of transportation fuels."

Coal liquefaction, Popovich said, is "used quite extensively in countries like South Africa."

David G. Hawkins, of the Natural Resources Defense Council, said in Senate testimony in April that "while it appears that technologies exist to achieve high levels of control for all or most of these pollutants, the operating experience of coal-to-liquids plants in South Africa demonstrates that coal-to-liquids plants are not inherently 'clean.' "

Popovich concedes the point: "Liquefied coal produces a diesel fuel cleaner than other diesel fuels, not necessarily cleaner than conventional gas," he said.

What about Obama? "Senator Obama has introduced legislation to drastically increase the production of biofuels like ethanol, and has authored legislation to increase fuel economy standards that would eventually save us 4.3 million barrels of oil a day and would reduce global warming," Obama spokesman Tommy Vietor said in a statement.

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And, oh, yes: "Illinois basin coal has more untapped energy potential than the oil reserves of Saudi Arabia and Kuwait combined. Senator Obama believes it is crucial that we invest in technologies to use these resources to reduce our dependence on foreign oil."

Poaching Red State Donors (HILL)

By Alexander Bolton

The Hill, January 10, 2007

Democratic White House hopefuls such as Sens. Barack Obama (Ill.), Hillary Rodham Clinton (N.Y.) and former Sen. John Edwards (N.C.) are rushing to capitalize on an impressive national fundraising network Sen. Evan Bayh (D-Ind.) built in the mold of President Bush's pioneers program. The strength of Bayh's connections could boost his profile when the Democratic nominee selects a running mate next year.

In December, a few days after Bayh announced his decision not to run for president in 2008, about 160 of his biggest donors were scheduled to fly to Washington to craft a fundraising campaign. Several of Bayh's advisers said that "well over" 150 donors in his network had pledged to raise $150,000 each for the campaign, and a smaller group of fundraisers had promised to raise $500,000 apiece.

A unique quality of the network, say the advisers, is that it includes many donors — a group cultivated by the lawmaker, who has strong ties to the business community and espouses centrist policies — that are not in other national candidates' databases. Combined, the donors helped stockpile more than $10 million in cash on hand to Bayh's reelection fund, which can be transferred immediately to a presidential campaign and would enhance the senator's viability as a vice presidential nominee.

"He was always a top-tier candidate and he should be for reasons of message and his moderate stance, but in addition to that he not only will have in excess of $11 million or $12 million on hand, he has a tremendous network of people willing to raise millions of dollars for him," said Joe Andrew, a former chairman of the Democratic National Committee (DNC) and member of Bayh's network who himself pledged to raise half a million dollars for the senator.

Bayh's chief fundraising aide, Nancy Jacobson, who helped to build the network, already has signed on to Clinton's presidential campaign. But Edwards and Obama are also trying to snag a piece of Bayh's pie.

"I have a feeling she will guard our list pretty strong, but I heard that Sen. Edwards has made inroads with some of our people," said Richard Gordon, a member of Bayh's kitchen cabinet who first met Bayh during his father's presidential campaign.

Bayh's network is especially valuable because many of its members are not "regular David donors," in the words of one Democrat.

Outside observers agree with Bayh's advisers that his fundraising prowess would be valuable next year after a candidate wins the Democratic nomination. That is because the nominee is widely expected to forego public financing for the primary and general elections, which would free him or her from spending limits that have constrained candidates in past years.

"Bayh could be exactly the kind of vice presidential candidate who could be most valuable in 2008 because of his established fundraising abilities," said Michael Toner, who served as Federal Election Commission (FEC) chairman last year. "In the past, the candidates at the top of the ticket didn't look to vice-presidential candidates to be major fundraising magnets.

"That's mainly because past presidential candidates have taken public money for the general election," he added. "If we're headed in 2008 to candidates turning down money for the general election, the ability of a vice-presidential candidate to be instrumental on the fundraising side has never been more important."

In total, Bayh's fundraising network consists of about 500 major donors, ranging from supporters who promised to raise $25,000 to those who pledged to collect $500,000.

One of the factors that hastened Bayh's decision to drop out of the race is that he had scheduled donors from around the country to fly into Washington to convene in the ballroom of the Mandarin Oriental hotel on Dec. 18 and 19 to assemble a fundraising roadmap.

But Bayh was facing dispiriting poll numbers in Iowa, a state where he had to do well to have a chance in the Democratic primary. If Bayh, a Midwestern politician from a farming state, could not post impressive numbers in Iowa, then his chances would have been bleak in New Hampshire.

A public poll of likely Democratic caucus voters conducted by Harstad Strategic Research in October showed that Bayh failed to draw even 1 percent of their support. A poll commissioned at the end of May by the Des Moines Register showed 2 percent of likely Democratic voters in Iowa favoring Bayh. Support for Bayh failed to materialize in Iowa even though he spent more time stumping there than any of his rivals, his advisers said.

The Register's chief political writer, David Yepsen, said Bayh made about a dozen recent visits to Iowa, and that only Edwards appeared as often in the state.

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Yepsen said Obama, Bayh, and Edwards attracted the allegiances of many Iowa Democrats, and that Gov. Tom Vilsack, who is also running for president, directly competed with Bayh for centrist voters.

Gordon, Bayh's longtime friend, said that with Clinton, Obama, Edwards and Vilsack virtually guaranteed to win over a portion of the Democratic electorate, there was only a limited share of the vote Bayh could hope to pick up next January.

"If you add up all those segments, the pie shrinks dramatically," he said.

Gordon said that "a couple" of the presidential hopefuls have contacted him about joining their camps, but he told them that he would wait a few weeks before making a decision.

Bill Moreau, who served as Bayh's chief of staff during the lawmaker's first term as Indiana governor, said that though the numbers did not look promising last month, his aspirations for higher office are not finished.

"I think ultimately he came to the conclusion very rationally that this was an exercise in futility," said Moreau of the decision to drop out. "It wasn't shaping up to be something within the realm of the possible — this time around."

Schwarzenegger's Health Care Plan Draws A Large Dose Of Skepticism (NYT)

By Jesse Mckinley

The New York Times, January 10, 2007

SAN FRANCISCO, Jan. 9 — When Gov. Arnold Schwarzenegger took the oath of office last Friday, he called on legislators in Sacramento to set aside party loyalty in favor of "the Party of California."

And sure enough, just 96 hours later, Democrats and Mr. Schwarzenegger's fellow Republicans are already in agreement: his first big idea of his second term — a sweeping plan unveiled Monday to assure health care to all Californians — is promising and ambitious, but faces a long, hard fight before enactment.

Chief among the challenges, politicians and policy analysts said Tuesday, is the enormous number of political players — from big labor and big insurance to small-county government — that would be affected by any universal health care bill.

"I cannot think of another topic that requires so many people to be heard to build consensus," said Don Perata, president pro tem of the State Senate. "You'd have to rent out Madison Square Garden to get them all in there."

Mr. Perata, a Democrat from Oakland, should know, because he wrote his own health care proposal last month, one of a series of efforts that have been undertaken in recent years to fix the state's troubled health system.

Mr. Schwarzenegger's plan would provide care to the 6.5 million Californians who currently have no insurance, including an estimated one million illegal immigrants. That is just one of the elements to which Republicans are objecting.

"Health coverage for illegal aliens is a nonstarter for us," said Robert Huff, chairman of the Assembly's Republican caucus. "It creates a magnet for them coming here rather than staying there."

Like some Democrats, Mr. Huff was also skeptical about the plan's estimated cost, which the governor's office put at $12 billion a year. "I think it's just throwing a dart at the wall," he said. "It's anybody's guess what it would cost."

Then there is the financing, which would require doctors and hospitals to pay 2 percent and 4 percent of their revenue, respectively, into a fund to cover the poor and uninsured. Mr. Schwarzenegger calls those payments a "fee," but other Republicans said that was just another word for "tax."

The California Medical Association, which represents more than 34,000 doctors in the state, gave the proposed overhaul mixed reviews. Though the association praised the idea of universal coverage, the fee on doctors could be a deal breaker.

"We feel it's a regressive tax," said Dr. Anmol Singh Mahal, the group's president.

The distinction between fee and tax is more than semantic: under California law, fees can be adopted by a simple majority vote of each house of the Legislature, while new taxes require a two-thirds majority. Democrats control both houses but do not have enough votes to muster two-thirds without Republican help.

Kim Belshé, the state's health and human services secretary, said the governor had expected people to disagree with elements of his plan.

"Health care reform is hard," Ms. Belshé said. "If these were issues that were easy to address and solve, they would have been addressed and resolved long ago."

Building consensus will be especially important for Mr. Schwarzenegger because of the referendum-addicted nature of California, where laws passed by the Legislature are sometimes overturned by ballot initiatives. In 2004 voters voided one ambitious health care law, the Health Insurance Act, which would have required medium- and large-size employers to offer care to their workers or pay a fee to the state.

Mr. Schwarzenegger's plan would employ similar "play or pay" mechanisms: employers with more than 10 workers would have to offer insurance or pay 4 percent of wages that are subject to Social Security tax into a fund subsidizing the purchase of health care for the uninsured.

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Ms. Belshé said the state also expected to pay for the program in part through billions of federal dollars that California would get by increasing its Medi-Cal reimbursements to doctors and hospitals. The increase would automatically bring federal matching funds.

Such increased payments would be critical to health care providers, said Duane Dauner, the president of the California Hospital Association, because it would offset the new “fees” — or are they taxes? — the governor has proposed for doctors and hospitals.

Mr. Dauner said he thought the plan was “very innovative” but stood little chance of passing as is.

“I don’t care what the plan is or who introduces it, whether it be the governor of California or the president of the United States,” he said. “It goes through a process.”

In California, Big Plans To Expand Health Coverage (CSM)

By Daniel B. Wood

The Christian Science Monitor, January 10, 2007

LOS ANGELES

A sweeping plan by Gov. Arnold Schwarzenegger (R) to guarantee health insurance for all Californians - including children of illegal immigrants - is being characterized both as a bold model for improving healthcare access and as a costly government intrusion that will hurt the state's economy.

Arguments for and against near-universal healthcare have already been fought out in the few other states that have moved ahead with health-insurance reforms, namely Massachusetts and Vermont. But the sheer numbers involved in Governor Schwarzenegger's proposal - a $12 billion price tag and coverage for 6.5 million people who currently don't have health insurance - are guaranteed to raise the stakes as the California legislature considers whether to approve it.

Among the ranks of the uninsured are about 763,000 children. Of the plan's overall cost, about $400 million would be spent on those minors, no matter what their immigration status is. That aspect, in particular, is winning kudos from family groups nationally, even as it raises the ire of immigration-control advocates who worry the healthcare provision will make California that much more of a magnet for illegal immigration.

The governor, who unveiled the overhaul plan Monday, said he wanted to provide "accessible, efficient, and affordable healthcare to every Californian."

The proposal "will not only be enormously helpful for California children but will also play a very significant role at the national level," says Ron Pollack, executive director of Families USA, a nonpartisan organization that urges affordable healthcare for all Americans. "This will no doubt lend enormous support for the federal government's providing states with significant funding to expand coverage to uninsured children" through the State Children's Health Insurance Program, says Mr. Pollack, noting that the joint federal-state program is up for reauthorization.

Of all the parts of Schwarzenegger's plan, health insurance for all children may prove to be among the least controversial, say those who back the idea. In a poll released Nov. 30 by The United Ways of California (an advocate of universal child health insurance), 81 percent of likely voters in California said they support ensuring that all children have health insurance.

"Elected officials are catching up to where voters are. They know children are the most vulnerable in the population and the least expensive to cover but [that coverage will] buy a lifetime of benefit," says Wendy Lazarus of the Children's Partnership, a nonpartisan child-advocacy group based in Santa Monica, Calif., and Washington. "Governor Schwarzenegger and his advisers are saying, 'We understand.' "

Several states have been floating ideas to expand access to health coverage generally, or for children specifically. Besides Massachusetts and Vermont, New Jersey, Connecticut, Maryland, New Hampshire, Florida, Illinois, Maine, and New York are looking at health-insurance reforms. So far, the California proposal is more comprehensive for children than most - guaranteeing medical coverage for children of families earning up to 300 percent of the poverty level, or $60,000 a year.

To pay for children's coverage, Schwarzenegger calls for expanding the state's Healthy Families program, possibly by using as much as $500 million saved annually by ending state welfare payments to poor families after five years.

"I see discussion over this payment issue as something that will immediately get the backs up of Democrats, [who will be] saying, 'Hey, you can't take it from those who needs it the most,' " says Larry Gerston, a political scientist at San Jose State University.

More broadly, the call to ensure that 6.5 million Californians - 1 in 5 - get health coverage is raising cost concerns among lawmakers in Schwarzenegger's own party, among other players.

Under his plan, employers who do not provide health insurance to workers would be required to pay into a fund that would be used to help cover the working uninsured. Doctors and hospitals in the state would also be tapped - 2 percent of revenues for doctors, 4 percent for hospitals - so that those who treat low-income Medi-Cal patients could be reimbursed for their care at a

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more generous rate than is now the case. State Republican leaders have already complained that these elements could devastate the state economy.

"Imposing a new jobs tax on employers of any size, and expanding costly government mandates, is the wrong approach," says Assembly Republican leader Michael Villines. "It is vital that lawmakers fully consider the impact our actions will have on jobs, the economy, hard-working families, and the state budget."

Some observers say the plan may falter as legislators try to iron out its details. "I worry that this plan is so comprehensive that it will fall apart," says Arnold Torres of the California Hispanic Health Care Association. "I don't think anyone has yet provided the kind of presentation to explain how all of this is going to come together."

Massachusetts Could Serve As A Guide In California's Health Insurance Bid (NYT)

By Pam Belluck

The New York Times, January 10, 2007

BOSTON, Jan. 9 — In its drive to provide health insurance to nearly all its residents, Massachusetts has already signed up more than half of the poorest people who are eligible.

But experts and politicians agree that the bigger challenge will be the next 150,000 people: the working poor who will get a state-subsidized rate but will still have to pay for insurance, typically $18 to $170 a month depending on their income.

"This group is going to be much more challenging," said Paul Ginsburg, an economist who leads the Center for Studying Health System Change. "They're dealing with people who don't even think about having health insurance."

As California maps out its path to near-universal health insurance, Massachusetts could offer some guideposts.

"We're really changing the culture of providing heath care," said Michael J. Widmer, president of the Massachusetts Taxpayers Foundation, a nonpartisan group that studies state spending. "For some people, it's changing the mind-set from one of showing up at the emergency room or at the local health center with a problem to understanding that they can be insured. Nobody's expecting that would happen overnight."

Devising a plan that all of the state's political stakeholders could accept took hard work and time. It dates back to at least 2004, when Gov. Mitt Romney, a Republican and former venture capitalist, proposed requiring an "individual mandate" that everyone get insurance, a feature of the plan now being proposed in California. The president of the State Senate, Robert E. Travaglini, a Democrat, also called for expanded coverage, presenting a more incremental plan than Mr. Romney's.

Then the speaker of the House, Salvatore F. DiMasi, a more liberal Democrat, demanded an expansion of Medicaid and a payroll tax for employers who did not provide insurance. Those provisions were opposed to different degrees by Mr. Romney and Mr. Travaglini, and the legislation almost fell apart.

But several factors helped propel the parties to an agreement: a federal threat to cut $385 million in financing if the number of uninsured was not reduced and the support of Senator Edward M. Kennedy, a Democrat and rival of Mr. Romney.

The plan requires about 515,000 people, most of the state's uninsured, to get health insurance by July 1 or face penalties that could include the loss of a personal income tax deduction. Medicaid was expanded somewhat to pay for those below the poverty line. The state's $1 billion pool to pay for free care was reconfigured to be used for subsidized premiums for people earning up to three times the federal poverty limit.

The state will set rules to help insurance companies create health plans intended to be affordable enough for people with lower-middle incomes.

So far, about 29,000 people at or below the poverty line have enrolled, or slightly more than half of those eligible for this type of enrollment.

The second phase, focusing on the working poor, began this month and is considered much more difficult.

The insurers selling the subsidized health plans have been trying to get the word out.

Christina Severin, executive director of Network Health, the insurer with most of the lowest-priced plans, said her company was advertising in several languages and enlisting hospitals, clinics and churches to recruit the uninsured.

The other major challenge will involve people not eligible for subsidized plans. First, the agency set up to put the law into effect, Commonwealth Connector, will have to set standards for affordable health care plans, deciding, for example, whether to require plans to include prescription coverage.

"On the one hand, there's pressure not to set the bar too low so it's not some sort of inadequate plan," Mr. Widmer said. "On the other hand, you need to have options because you're trying to draw in a lot of different groups.

Massachusetts is clearly breaking new ground, going further than other states.

Vermont's program, passed last May, will require private insurance companies to offer coverage for the uninsured starting in October 2007. To pay for the program, employers who do not offer health insurance will pay $365 per employee, and taxes on cigarettes will increase. Unlike Massachusetts, Vermont will not make participation mandatory.

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Maine's program, Dirigo, which started two years ago, has run into several obstacles. Fewer than 20,000 people have been enrolled in the program; the goal was to cover all 130,000 of Maine's uninsured by 2009.

Business and insurance groups have sued over a provision that requires private insurers to pay. And a study group recently recommended considering individual mandates, requiring employers to provide coverage and imposing new taxes.

"Maine has had a fair amount of problems because it was based on a very questionable idea," Stuart H. Altman, a professor of health economics at Brandeis University, said, adding, "It's not going well."

Terminatorcare (WSJ)

By David R. Henderson

The Wall Street Journal, January 10, 2007

MONTEREY, Calif. -- On Monday, Arnold Schwarzenegger presented his proposal for reducing the number of Californians who lack health insurance. His proposal is almost indistinguishable -- except in details -- from that of the Democrats who dominate the California Assembly and Senate.

The Democrats tend to favor solutions involving regulations, government spending and taxes, and Senate President Pro Tem Don Perata's proposal -- the main contending Democrat plan -- hits the trifecta. It would require employers to provide health insurance; give them the option of paying a tax instead of providing health insurance; and increase spending by expanding both the Medi-Cal and Healthy Families programs, which provide care to low-income children -- including children of illegal immigrants and the disabled.

Mr. Schwarzenegger's solution hits the trifecta also. He would require employers with 10 or more workers to provide health insurance or pay a 4% tax on all wages covered by Social Security: Look for employers with 10 to 12 employees to get creative about outsourcing. And look as well, as Harvard economist Jonathan Gruber has documented, for wages to fall in firms that offer health insurance because of the mandate. Gov. Schwarzenegger would throw in a 2% tax on doctors and a 4% tax on hospitals to help fund Medi-Cal, California's name for Medicaid. And he would expand Medi-Cal to adults earning as much as 100% above the poverty line and to children, even those here illegally, in poor and middle-income families. He hopes, by doing this, to shift $5 billion of Medi-Cal's annual cost to the federal government.

There are two problems with such solutions. First, they infringe on economic freedom, preventing, in Robert Nozick's phrase, "capitalist acts between consenting adults." Second, government solutions rarely work.

Why doesn't increased government power tend to solve the problem of the uninsured? There are two main reasons. First, when government provides health insurance, many people who take advantage of it drop their own privately provided health insurance. In a 1996 article in the Quarterly Journal of Economics, Harvard economists David M. Cutler and Jonathan Gruber found a 50% "crowding-out effect." As the federal Medicaid program expanded, for every two people who gained insurance through Medicaid, one dropped private health insurance. Although this is a net addition of one, the costs to taxpayers are much higher than expected because now half of the newly covered, instead of paying their own way as they previously did, become wards of the state.

Second, of the 46 million or so people without health insurance at any given time, about 45% will have health insurance within four months. This is one of the main findings of a 2003 study by the Congressional Budget Office, "How Many People Lack Health Insurance and for How Long?" That shouldn't be surprising in a country where most private health insurance is employer-provided and most unemployment spells last 11 weeks or less. Solutions that involve government mandates on employers or employees will, therefore, miss connecting with about half of the people who are uninsured at a given point in time.

But what if the governor could solve some of the problem by making health insurance cheaper? He can -- not by regulating more, but by deregulating.

Let me explain. In the last few decades, state governments, the main regulators of health insurance in the individual and small-group markets, have mandated coverages for many kinds of health care. According to the Council for Affordable Health Insurance (CAHI), a pro-market association of insurance carriers, there were 1,843 state mandates in 2006. Among the most common, and most expensive, mandates are chiropractic care, treatment for alcoholism and drug abuse, and mental health benefits. California's government mandates coverage for all of the above, as well as for many other benefits, including, for example, infertility treatment -- a very expensive benefit.

Abolishing these mandates would allow people who don't want to be covered for these things to buy cheaper insurance, while still allowing those who want them to buy and pay for them. Would such an approach work? That's like asking whether, if the government currently required new cars to have CD players, eliminating that requirement would lower the price of a car. Of course it would work.

It is important, though, not to overstate its benefits. The gain to Californians from abolishing these mandates would not be huge. CAHI compiled data from America's Health Insurance plan and eHealthInsurance for the individual market and from the

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federal government for the small-group market and found that in 2003, although California had more mandated coverages than all but six other states, it had among the lowest insurance rates for individual health insurance policies ($1,885 versus a top rate of $6,048 for New Jersey.)

The reason, explains CAHI, is that in other ways California is much less regulatory than many other states. It does not, for example, require guaranteed issue on individual policies -- which drives up premiums by forcing insurance companies to supply policies to all comers, regardless of health status. Yet the governor's proposal would reverse this somewhat and prevent insurance companies from saying no because of age and health.

California should not, contra Gov. Schwarzenegger, do new regulatory harm; rather it should repeal existing regulations that cause harm -- so as to make health insurance even more affordable.

There is one other way to deregulate: The California government could allow any Californian to buy health insurance from any willing insurer in any state and be subject to the regulations of that state. That way, people could shop for the degree of paternalism they want. If they want insurance from a state that requires many coverages, they could do so and pay the high premiums that result. If they want bare-bones coverage, they could do so also. The result would surely be that some of the current uninsured would buy insurance. Were I in the market for individual insurance and given the choice, I would not bother paying for coverage for alcohol or drug abuse.

If a version of Gov. Schwarzenegger's plan passes, the only thing certain is that there will be more regulation, more government spending and more taxes. A better path would be to deregulate, and thus achieve some increase in the number of insured -- without new spending or taxes or regulation.

Mr. Henderson, a research fellow at Stanford's Hoover Institution, was the senior economist for health policy with President Reagan's Council of Economics Advisers (1982-84). He is co-author of "Making Great Decisions in Business and Life" (Chicago Park Press, 2006).

Gov. Urges Cooperation And An Improved Infrastructure (LAT)

By Jenifer Warren

The Los Angeles Times, January 10, 2007

Sacramento — Urging lawmakers to think big and act boldly, Gov. Arnold Schwarzenegger today outlined a sweeping 2007 agenda that proposes borrowing more than $43 billion to improve California's roads, prisons, schools and water supply.

Delivering his fourth State of the State speech, Schwarzenegger also vowed to make California a leader in the fight against global warming, pledged to provide health insurance for those who lack it and restated his desire to re-map legislative districts to increase political competition.

Schwarzenegger, still on the mend from surgery to repair his broken leg, acknowledged during his speech to the Legislature that his goals at the dawn of his final term were ambitious. But he said leaders "must be ambitious to get California to the future," and he urged lawmakers to set aside their partisan predilections and find solutions that best serve the state.

"Rebuilding California is not a burden," Schwarzenegger said. "It is not a chore. It is a privilege. It is a privilege to be able to help this state reach its full potential."

Although Schwarzenegger has made a handful of recent appearances by satellite, tonight's address marks only his second in-the-flesh event since he fractured the femur in his right leg while skiing in Sun Valley just before Christmas. His wife, Maria Shriver, appeared anxious at times as she watched her husband from the Assembly chamber's balcony.

On Friday, the Republican governor delivered an inaugural speech to about 3,000 invited guests. Aside from that, the media and the public have seen him mostly in photos -- sometimes in his hospital bed -- and via satellite feed.

Analysts commended his use of technology to convey the image of a governor whose injury had not slowed his step. But they said tonight's live appearance was critical for the 59-year-old Schwarzenegger as he paints a pathway through his next gubernatorial years.

"This is a very important speech, a chance for him to stake out his priorities in four or five areas," said Barbara O'Connor, director of Sacramento State University's Institute for the Study of Politics and Media.

Unlike the inaugural address, which was heavy on vision, the State of the State is the "nuts and bolts speech," O'Connor said, "where the rubber hits the road." Like the inaugural speech, tonight's emphasized cooperation across party lines as the key to successful policymaking - what the governor dubbed a "post-partisan" approach.

He opened by thanking lawmakers, whom he once derided as "girlie men," for "putting the people above politics last year - an election year." While the federal government was "paralyzed by gridlock and games," Schwarzenegger said, California's political leaders took action and raised the minimum wage, tackled prescription drug costs and committed to reducing greenhouse gases in the atmosphere.

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He also noted that his speech was not about his vision, but about "our vision, because I think we all want the same thing for California."

They in turn, treated the governor with warm collegiality -- applauding loudly as he walked, steadily but deliberately on his crutches, in a blue suit, blinding white shirt and green tie, down the Assembly's center aisle. Greeting him with a handshake, Democrat Assembly Speaker Fabian Nunez of Los Angeles jokingly told the governor to "break a leg." Lt. Gov. John Garamendi, another Democrat, called him "honorable and courageous."

The legislators treated the governor with warm collegiality -- applauding loudly as he walked, steadily but deliberately on his crutches, in a blue suit, blinding white shirt and green tie, down the Assembly's center aisle. Greeting him with a handshake, Democrat Assembly Speaker Fabian Nunez of Los Angeles jokingly told the governor to "break a leg." Lt. Gov. John Garamendi, another Democrat, called him "honorable and courageous."

After that chummy beginning, Schwarzenegger was off and running, speaking for about 25 minutes -- short by historical standards -- and interrupted 21 times by applause.

The centerpiece was a "strategic growth plan" aimed at shoring up the state's infrastructure, including schools, water storage, prisons and roads. Today's proposals build upon $37.3 billion in bond spending authorized in November by voters, as well as a separate $5.4 billion ballot measure for water protection and parks.

Noting that California's population is expected to increase by as much as 30% over the next two decades, Schwarzenegger said, "We still have more roads to build, more schools to construct, more universities to equip to keep up with the future … the job is not finished."

To complete it, he wants to borrow $43.3 billion in bond money over three years. Of that, $29.4 billion in bonds would be put before voters in the 2008 and 2010 elections. The remaining $13.9 billion would be lease-revenue bonds that do not require voter approval.

Schwarzenegger's finance director, Mike Genest, said the state can afford the new borrowing. But some economists called it shortsighted, predicting it would add to the financial burden faced by future generations.

The scale of the borrowing worried even some Democrats. Sen. Mike Machado (D-Linden) said he is concerned about California's bond capacity.

"I applaud the grand vision, but I am very much concerned that the state is giving away its future by bonding us forever," Machado said. "We're out there spending a lot of money and it's almost like what a lot of people do after Christmas time -- they look at their credit cards and they start looking for a new credit card to finance the old."

One of the largest chunks of money would go to the state's distressed prisons, which are floundering due to overcrowding and a medical care system deemed so bad that it was turned over to a federal receiver last year.

This year, the prison population is expected to pass 175,000, nearly twice the number the system was designed to house. More than 16,000 inmates are in triple-decker bunks and areas not designed as sleeping quarters, such as TV lounges and hallways.

"Our prison system is a powder keg," the governor said. "It poses a danger to prisoners, a danger to officers and a danger to the well-being of the public if -- as the federal courts have threatened -- we are forced to release prisoners because of overcrowding."

The governor wants to add 78,000 jail and prison beds, built at a cost of $10.9 billion, while forming a commission to examine sentencing reform. Among other things, the governor proposed:

.Building new dams to increase the state's water supply, at a cost of $4.5 billion. Part of a wide-ranging, $6-billion flood control and water policy package, the dams are portrayed by the administration as vital in a state facing continual population increases and a future water supply threatened by global warming.

While favored by Republicans and farmers, new dams have a long list of foes, including the Legislature's two Democratic leaders, Assembly Speaker Fabian Nunez of Los Angeles and Senate President Pro Tem Don Perata of Oakland.

.A $12-billion healthcare reform package, outlined in detail a day earlier, that would require all Californians to obtain medical insurance while helping the poorest residents to afford it.

.Obtaining bond financing to build 15,000 new classrooms and renovate another 40,000.

.Adding to California's landmark global warming law by ordering oil refiners and gasoline sellers to reduce the amount of carbon dioxide and other greenhouse gases emitted when cars burn fuel. The order, which should be in effect in 18 months, could lead to a 10% reduction in greenhouse gas pollution from motor vehicles by 2020.

"Our cars have been running on dirty fuel for too long," Schwarzenegger said. "Our country has been dependent on foreign oil for too long."

Creating an independent commission to redraw legislative district boundaries. Describing the state's political system as one "petrified by self-interest," Schwarzenegger noted that no state legislature has put redistricting reform on the ballot.

"California can be the leader," he told the joint session of lawmakers gathered in the Capitol's Assembly chambers. "You will not benefit politically from this. I will not benefit politically from this. But the people will benefit from this."

As he begins his final term, analysts say Schwarzenegger is no doubt thinking hard about legacy, the lasting achievements by which he will be measured over time.

In recent weeks, aides say, he has been reading speeches from the 1960s by former Gov. Pat Brown, who launched an unprecedented burst of freeway building, college expansion and water supply improvements and is remembered as a can-do politician Schwarzenegger admires.

The State of the State speech represents the governor's last open-mike moment before the nitty gritty work of carrying out his agenda begins, analysts say.

Tonight, he had the floor. Tomorrow, he must begin to woo wary lawmakers - especially those in his own party - to make his ambitious proposals a reality.

Times staff writers Nancy Vogel and Marc Lifsher contributed to this report.

Schwarzenegger Agenda Could Flex California's Muscle (WP)

By Sonya Geis

The Washington Post, January 10, 2007

LOS ANGELES, Jan. 9 -- A lesson from California: Never underestimate the ambition of a former Mr. Universe. Over the past week, Gov. Arnold Schwarzenegger (R) has unleashed a torrent of proposals to shake up everything in his state from health care to road-building to politics itself, all in an effort to reshape his party and set a national agenda.

The most recent offering, in Schwarzenegger's State of the State address Tuesday, is a plan to cut vehicle emissions of greenhouse gases by 10 percent. He will require petroleum refineries to reduce the carbon content of their fuel over the next 13 years -- a signal to any doubters that his recent aggressive positioning as an environmentalist is not mere political theater.

"Let us blaze the way, for the U.S. and for China and for the rest of the world. Our cars have been running on dirty fuel for too long," Schwarzenegger said. "California has the muscle to bring about such change. I say use it."

The proposal requires the California Air Resources Board to set new standards for oil refineries that sell fuel in the state. They can meet those standards by combining gasoline production with that of alternative fuels, such as ethanol, compressed natural gas or hydrogen. Or they could purchase pollution credits from clean-fuel producers.

With Schwarzenegger's plans for big spending, support for issues such as raising the minimum wage and embryonic stem cell research, plus a recent wave of inclusive rhetoric, the governor has styled himself as a newer, bluer Republican, or "post-partisan," as he likes to say. He unabashedly declares that the national GOP ought to take notice.

"Not only can we lead California into the future, we can show the nation and the world how to get there," Schwarzenegger said in his address. "We can do this because we have the economic strength, we have the population and the technological force of a nation-state. We are the modern equivalent of the ancient city-states of Athens and Sparta."

The action-hero governor hopes to flex the state's muscles in the national arena starting next year. Schwarzenegger told Newsweek this week that he wants to move California's primary elections to February, giving the state more clout in presidential elections.

On Monday, he unveiled a proposal to provide health insurance for all California residents, including illegal immigrants. Last year, he used his political strength to push through $42.7 billion in bonds for roads, levees and schools. In the budget proposal he will unveil Wednesday, the governor will ask for $43.3 billion in infrastructure bonds for water supply, disaster preparedness, public safety and education.

The governor has also signaled his willingness to spend money on reforming the state's collapsing prison system -- he is under a federal mandate to reduce overcrowding -- as well as environmental research, career technical-education programs and stem cell research.

Outside California -- a state where 43 percent of registered voters are Democrats, 34 percent are Republican and 19 percent are independent -- Schwarzenegger's example may carry little weight, some observers said.

"We don't know where the Republican Party is going and if Arnold's message is going to be widely received by red-state Republicans," said Bruce Cain, director of the Institute of Governmental Studies at the University of California at Berkeley. "It works for blue-state Republicans, but does it work for red-state Republicans?"

Schwarzenegger could also face opposition from state Democrats, who are already upset by a plan to cut welfare benefits to families whose parents have not moved into the workforce fast enough. The governor would also deny a scheduled 4 percent raise in welfare payments. The plan could save hundreds of millions of dollars in Schwarzenegger's budget proposal, but Democrats in the legislature called it a "non-starter."

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Schwarzenegger's ability to refashion the Republican Party is hampered by the fact that, as a naturalized citizen, he cannot lead it as a presidential candidate. In addition, he is not dealing with what many political observers say is the signature issue of the day.

"The problem is, Arnold's message is largely about domestic issues, and the national agenda right now for the foreseeable future is going to be dominated by Iraq," Cain said.

Even within California, Schwarzenegger will no doubt face opposition from his own party. The legislature is controlled by Democrats, but appropriations require a two-thirds majority to pass.

On his health-care plan, Schwarzenegger tried to sidestep Republican orthodoxy against higher taxes by calling for an increase in "fees" to pay for expanded state coverage.

"Whether or not a fee is a tax, whatever you call it, in his proposal we would not support it," said state Senate Republican leader Dick Ackerman. "There's some areas in here which we support and some areas we don't support. He's proposing covering illegal immigrants, and that we do not support."

Schwarzenegger just has to try, though, said Sherry Bebitch Jeffe, a political analyst at the University of Southern California.

"He's Arnold. I mean, really, that's part of the equation," Jeffe said. "He wants to leave something behind. He took a chance, he ran for governor, he won, he won reelection and he's a competitor. He wanted to be Mr. Universe. He wants to be remembered as a serious, effective, successful governor."

Schwarzenegger Orders Cuts In Emissions (NYT)

By Jennifer Steinhauer And Felicity Barringer

New York Times, January 10, 2007

SACRAMENTO, Jan. 9 — Gov. Arnold Schwarzenegger said Tuesday that he would ask regulators to require the state's petroleum refiners and gasoline sellers to cut by 10 percent the emissions of heat-trapping gases associated with the production and use of their products.

The order for cuts, which the governor wants completed by 2020, follows California's trademark pattern of hitching its environmental aspirations to its market muscle. It also represents one of the first examples of a state or a national government regulating the fuel in its passenger vehicles as part of a strategy to reduce both emissions that contribute to climate change and dependence on foreign oil.

The plan, which Mr. Schwarzenegger delivered to legislators Tuesday night in his State of the State address, was the second part of a one-two policy punch the governor announced this week. On Monday, he proposed providing health care to all the state's residents, which unlike the emissions plan is subject to approval by the Legislature.

"Our country has been dependent on foreign oil for too long," Mr. Schwarzenegger said in his address. "I ask you to set to motion the means to free ourselves from oil and from OPEC. I ask you to encourage the free market to overthrow the old order. California has the muscle to bring about such change. I say use it."

The executive order asks state air regulators to take up the governor's challenge. The California Air Resources Board will be responsible for drawing the blueprints to carry out the order, with the help of advisers from the University of California, Berkeley.

It is the first example of the practical impact of a deal made last summer between the Legislature and the governor to reduce carbon dioxide emissions by about 25 percent by 2020. The transportation sector is responsible for about 40 percent of the state's carbon dioxide emissions, state officials said, and cars make up about half that amount.

The 10 percent cut in emissions would be accomplished, experts said, largely through the use of alternative fuels, like ethanol and other gasoline blends, which would be provided by the refineries and other producers.

Hal Harvey, the environmental program director for the William and Flora Hewlett Foundation, called Mr. Schwarzenegger's plan "a really big deal."

"In my opinion there are no successful rules anywhere in the world, except Brazil, to get carbon out of fuels," Mr. Harvey said. "It is the big, hairy unmentioned problem with cleaning up carbon." The European Union, he added, is considering a similar rule.

Environmentalists expected the order to turbocharge the market demand for corn-based ethanol and biodiesel fuels, and for natural gas, and to jump-start the introduction of experimental fuels like cellulosic ethanol, which is made from plant waste or nonfood crops like switch grass or wood chips.

The contemporary environmental movement links clear air goals to potential profits, and Mr. Schwarzenegger's order, with input and support from lobbyists from Environmental Defense, the Natural Resources Defense Council and the Hewlett

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Foundation, mirrors that approach. The companies or industries that stand to benefit financially from his plan include producers of corn-based ethanol, biodiesel and other, more experimental forms of renewable fuels.

Mr. Harvey and Fred Krupp, the president of Environmental Defense, said they hoped that the California approach would be a template for other governments, whether in state capitals, in Washington or abroad.

The plan, Mr. Harvey said, is unusual in its focus on the so-called cradle-to-grave emissions associated with each fuel. In the case of ethanol, this can mean carbon emissions generated in the production of fertilizer, in the planting and harvesting of corn, in distilling the fuel and, finally, in transporting it to the distributor and burning it in a car.

Thus, two otherwise identical gallons of ethanol could have different greenhouse-gas ratings, if one were refined using carbon-intensive coal-fired electricity, while the other was refined using relatively carbon-light electricity from natural gas.

At a technical briefing on Tuesday, Bill Jones, the chairman of the board of Pacific Ethanol, a fuel producer, and the former Republican leader of the California Assembly, praised the effort as "the most comprehensive, well-thought-out plan I have ever seen."

The governor's staff said his mandate had the support of the oil industry. But that support was clearly not unanimous. Jay McKeeman, a spokesman for the California Independent Oil Marketers Association, which represents about 85 percent of the state's fuel distributors, said the order required too much of his industry and not enough of the automakers.

"This initiative seems to focus strictly on fuels," Mr. McKeeman said. "And of course a whole part of this equation has to be the technology that uses the fuels. That is at least as important as the carbon content of the fuel."

The auto industry, in turn, believes California has asked plenty, and has sued the state over environmental rules. Charles Territo, a spokesman for the Alliance of Automobile Manufacturers, said the trade group had not taken a position on the proposal, but added: "Currently there are more than nine million alternative fuel automobiles on the road. In 2007, manufacturers are offering 60 different models for consumers to purchase."

"Manufacturers," Mr. Territo said, "must recognize that we need to reduce our reliance on foreign sources of oil."

Mr. Schwarzenegger, who is recovering from a broken leg and appeared somewhat in pain on Tuesday, used his address to hit on other policy goals for the year, including changes to the state's health care system, the creation of thousands of new classrooms and continued investment in infrastructure.

Calling California's severely overcrowded prison system a "powder keg," he said he wanted the state to consider prison construction and hinted at the establishment of a sentencing commission to address the problems that have led to overcrowding.

He also suggested that the Legislature consider an overhaul of the state's redistricting system, which heavily favors incumbents.

"You will not benefit politically from this," Mr. Schwarzenegger said. "I will not benefit politically from this. But the people will benefit from this."

The State Of Ambition (LAT)

The Los Angeles Times, January 10, 2007

IT'S ONE THING for the governor to be ambitious. Arnold Schwarzenegger came from Hollywood, where success is impossible without ambition. It's quite another thing for the Legislature, which has historically rewarded timidity and resistance, to match his audacity. Yet that's exactly what will have to happen for California to reach the heights Schwarzenegger set for it in his State of the State speech Tuesday.

It is certainly audacious, for instance, for a governor to claim that his state can show the United States, China and the rest of the world how to free themselves from dependence on OPEC and fossil fuels. But Schwarzenegger called for nothing less. He proposed new standards that require lower carbon emissions and encourage alternative fuels while letting the market allow producers to make their own decisions about how to comply. If successful, the state would see a 10% reduction in greenhouse gases from motor vehicles by 2020. It's a bold and creative move.

So, too, is his proposal to remake the state's healthcare system to assure that the cost of caring for those who do not have insurance does not continue to fall squarely on those who do have it. His proposal has problems, but he deserves credit for putting the issue on the agenda and remaining flexible on details and open to discussion.

Schwarzenegger also has vowed to fix problems with the state's prisons. To his credit, he has acknowledged that simply building more cells will not, by itself, solve the problem. But cells are needed, and the governor proposes to spend more than $10 billion to build them.

Global warming is expected to greatly reduce the state's snowpack, which means less water in the future for a growing population. Schwarzenegger proposes $6 billion to store and manage water, including new dams and Delta improvements. The governor also proposes more funding for education and transportation. He insists that California look squarely at its booming

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population, a changing climate and an increasingly competitive world economy — and that it then face reality and plan accordingly.

Unfortunately, in all the planning the governor's team seems to have overlooked the effect on the state's debt. Voters last year approved nearly $43 billion in bonds, a record, to begin rebuilding the state for the future. Now the governor is seeking an even larger amount. Schwarzenegger's vision fits the state perfectly when the economy is booming. But the economy doesn't always boom.

The governor's greatest strength is his infectious, can-do attitude. Many Democrats, almost giddy over the governor's plans, appear ready to spend. His fellow Republicans are more skeptical. The governor's task will be to convince members of both parties of the worth of his ambitions — and California's.

Ethanol Bandwagon Picks Up Speed (WSJ)

By John J. Fialka

The Wall Street Journal, January 10, 2007

In separate actions aimed at reducing "greenhouse gases," California Gov. Arnold Schwarzenegger ordered a cut of "at least 10%" in the carbon content of motor-vehicle fuels used in his state by 2020, while governors of 37 states prepared to push for a new federal rule to require greater use of ethanol fuel.

Both efforts are designed to reduce global warming and the U.S.'s reliance on imported oil, but they also could raise consumer prices for food and fuel. The initiatives also signal the increasing urgency of climate change as an issue both in state capitals and in Washington.

President Bush is expected to express more support for domestically produced ethanol when he gives his State of the Union address later this month. Meanwhile, Democratic leaders in Congress are talking up the need for alternative fuels and national emissions controls.

Announcing his carbon-reduction order in remarks prepared for delivery in his State of the State address last night, Gov. Schwarzenegger said, "California has the muscle to bring about such change."

While the details of the proposal have yet to be worked out, California officials explained that the program would leave it up to oil suppliers in the state to figure out how to reduce carbon content, but that using more ethanol, which contains less carbon, would be the most likely way. The move, they estimated, would triple the size of the state's market for ethanol and other renewable fuels.

Gov. Schwarzenegger said his order would be the first standard in the world that would diminish the use of fossil fuels, which come from deposits that have been buried in the ground for millions of years, and which release carbon into the air when burned. The regulation, which the governor ordered completed by 2008, would also include incentives for more electric and hydrogen-powered vehicles. The governor acted under his state's recently passed law to regulate carbon-dioxide emissions.

Meanwhile, the 37 governors today will propose a new federal standard that would mandate substantially higher use of ethanol fuel and offer new tax incentives for the production of cellulosic ethanol, which can be made from farm wastes and wood chips, and doesn't rely on corn, the feedstock typically used by current ethanol producers.

The proposal would require fuel sellers to increase the use of ethanol to 12 billion gallons a year by 2010, eclipsing an earlier federal mandate, contained in the 2005 Energy Policy Act, of 7.5 billion gallons by 2012. The new standard calls for the use of 15 billion gallons by 2015 and around 37 billion gallons by 2025, which means ethanol could displace about 25% of the nation's expected gasoline use.

A January 2005 proposal by the governors' coalition to mandate greater use of ethanol as fuel was quickly endorsed by President Bush and became the centerpiece of the energy bill passed by Congress.

The governors unveiled their new proposal to the president in a letter, saying, "Oil is the unquestionable epicenter of national-security crises that distort the foreign policies of many nations and that suggest potential scenarios for economic disaster."

While the new moves enjoy considerable political support and the endorsement of environmental groups, experts who watch the nation's food consumption worry that more ethanol use will drive up food prices. Michael Swanson, an economist with Wells Fargo & Co., said the demand for corn has already raised corn prices. Meanwhile, producers are already lowering the number of young chicks they raise and are fattening cattle less because of soaring corn costs, trends that Mr. Swanson predicted will soon raise retail meat prices.

"We're looking at corn futures trading in the range of $4 a bushel. That's as high a price as we've seen in this decade," Mr. Swanson said. Earlier spikes in the price of corn were caused by small crops, but this year's crop "was one of the largest we've ever had," he added.

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Currently, ethanol is turned into motor fuel by mixing it with gasoline in blends of 10% or less ethanol. Both the pending California rule and the governors' proposal would require major owners of gas stations to provide pumps that distribute 85% blends of ethanol and give auto makers incentives to make more "flexible fuel" vehicles that can use this blend.

Craddick Retains Speaker's Post (DMN)

By Karen Brooks

The Dallas Morning News, January 10, 2007

AUSTIN – House Speaker Tom Craddick was overwhelmingly re-elected to his leadership post Tuesday night after Rep. Jim Pitts of Waxahachie withdrew from the race.

Mr. Craddick, R-Midland, was re-elected 121-27, the first major piece of business that lawmakers conducted at the start of their 140-day regular session.

ERICH SCHLEGEL / DMN Rep. Jim Pitts, R-Waxahachie, greeted Nadine Craddick, wife of House speaker Tom Craddick, Tuesday morning.

Mr. Craddick acknowledged the other candidates for speaker and praised them for encouraging debate by running. And he said he had heard from many House members about their concerns.

"I can assure you, I listened carefully," he said.

His swift victory followed a long, at times heated debate in the House over whether members should be able to cast their ballots in secret. When members decided to vote publicly, Mr. Craddick's win was clear.

Mr. Pitts, announcing his withdrawal after a week of asserting he had the support to unseat Mr. Craddick, said he wanted to end the divisive contest.

"I do not want the members who are for me to have to put in a public record how they voted," said Mr. Pitts, R-Waxahachie. He added: "It's time to heal. It's time to go on with Texas' business. That's what Texans expected."

Also Online

Waxahachie watches vote closely

Capitol Letters: Texas Legislature blog

More Texas Legislature

Mr. Craddick, R-Midland, faced a stiff challenge from members angry over his management style, saying that he often forced them to vote against the wishes of their constituents. But other members stood with Mr. Craddick, saying he had been a strong leader that had accomplished much as the first Republican to lead the House in modern times.

Mr. Pitts, upon withdrawing, warned that change was necessary for the House to heal. "Members, we cannot continue what we have had," he said.

The House speaker wields extraordinary power, both over individual lawmakers and statewide. He decides which committees lawmakers sit on, and he can boost or sabotage legislation that they offer. Plus, he sets the tone for legislation in the House and, with the governor and lieutenant governor, helps make major decisions on the state budget and other policies.

Mr. Pitts and Mr. Craddick had both lobbied members intensely in recent days, hoping to gain the powerful post. Mr. Pitts' candidacy benefited from the support of many Democrats, who felt particularly marginalized under Mr. Craddick.

Mr. Pitts became the lone challenger to Mr. Craddick last week, when Plano Rep. Brian McCall, the initial lawmaker to take on the incumbent, dropped out of the race and threw his support to Mr. Pitts. But it wasn't enough.

ERICH SCHLEGEL / DMN Mr. Craddick, R-Midland (center), faced a stiff challenge from members angry over his management style.

For Mr. Pitts, the defeat is a potentially crippling blow to his career. He has been chairman of the powerful, budget-writing House Appropriations Committee, but he has said he thinks Mr. Craddick will boot him from that post – even before he decided to take the speaker on.

House members said that the anger vented during the campaign showed that Mr. Craddick's method of running the House needs to change.

"I hope that people don't think this means that bullies win every time," said Rep. Garnet Coleman, D-Houston. "They don't."

Mr. Craddick seemed to address the criticism at the end, but made no apologies. Indeed, he ticked off a list of accomplishments on issues from lawsuit limits to school finance.

"I assure each and every one of you today that I believe my primary responsibility as speaker is to fulfill your elected purpose – your elected purpose, not mine," he said. "If in some way I fall short of your expectations or needs, please tell me, not just think about it, and I will do my best to correct those shortcomings."

Texas Speaker Wins Challenge And Keeps Post (NYT)

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By Thayer Evans

The New York Times, January 10, 2007

AUSTIN, Tex., Jan. 9 — Speaker Tom Craddick of the Texas House, an ally of the former United States House majority leader, Tom DeLay, survived a strong challenge on Tuesday from a fellow Republican to win his third term in the leadership position on the first day of the 80th session of the Legislature.

After more than five hours of haggling about procedures, Representative Jim Pitts withdrew.

Slightly more than 30 minutes later, Mr. Craddick was elected, 121 to 27, to close the first floor effort to defeat an incumbent speaker since 1959.

Mr. Pitts, of Waxahachie, whom Mr. Craddick appointed chairman of the Appropriations Committee, has been in the House since 1992. He has at times disagreed with Mr. Craddick's leadership, which is often compared to Mr. DeLay's.

"It's time to heal," Mr. Pitts said in a speech before the House after his withdrawal and before he voted for Mr. Craddick. "It's time to go on with Texas's business."

The victory of Mr. Craddick, of Midland, who has been in the statehouse since 1968, ended a fight that has dominated the political landscape here for three weeks. The House elects a speaker on the first day of each regular session every two years.

The speaker's duties include overseeing floor debates, appointing members to standing committees and referring measures to committees.

Bills on immigration and campaign finance overhaul have been filed for the session, which lasts until May 28.

Mr. Craddick, who has been House speaker since January 2003, when he became the first Republican to hold the post in 130 years, was investigated along with Mr. DeLay over fund-raising in the 2002 legislative races but was not indicted by a grand jury in Travis County.

Mr. DeLay was indicted in September 2005 on charges of violating the campaign finance law. He worked closely with Mr. Craddick in redrawing district maps in 2004 that benefited Republicans.

In his acceptance speech, Mr. Craddick promised to work with Republicans and Democrats.

"I want to assure each and every one of you today," Mr. Craddick said, "that I believe my primary responsibility as your elected speaker is to fulfill your elected purpose, not mine."

Gov. Rick Perry, also a Republican, expressed optimism for the session, mentioning a desire to improve health care, education and border security.

"The success of this session will not be judged by what has happened over the last few hours," Mr. Perry said, "but by what we do in the end."

U.S. Prohibits All Transactions With A Major Iranian Bank (NYT)

By Steven R. Weisman

The New York Times, January 10, 2007

WASHINGTON, Jan. 9 — The United States, moving to raise pressure on Iran, on Tuesday barred American financial institutions from doing business with a major Iranian bank after concluding that it had been involved in illicit weapons programs.

The move against Bank Sepah, announced by the Treasury Department, also affected North Korea, which American officials said had used the bank to facilitate payments to a North Korean group that exports missile technologies.

The announcement applies to domestic and foreign branches of American banks, as well as to American citizens working at overseas banks that deal with Bank Sepah anywhere in the world. The department also said that no American bank can transfer dollars to Bank Sepah or its branches and subsidiaries in Rome, London, Frankfurt and Paris.

The Treasury announcement was the second time in the last year that a major Iranian bank had been barred from any dealings with the American financial system. It is the first specific move against an Iranian bank since the imposition of sanctions on Iran by the United Nations Security Council on Dec. 23.

Last year, the United States took similar action against Bank Saderat, another of Iran's major institutions, citing what it said was the bank's involvement in financing terrorism. Both Bank Saderat and Bank Sepah, cited for financial transactions linked to weapons proliferation, are state owned or controlled.

Though the two banks have virtually no direct links to American banks, the designation means that no American bank can help facilitate — by transferring dollars, for example — any transaction between a European bank and Bank Sepah. Thus if an Italian or German bank wanted to supply dollars for a transaction involving Bank Sepah, it would be unable to do so because American banks would be barred from transferring them.

American experts say these steps effectively extend the reach of American law to other countries, though to only a limited degree.

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"By taking this action, the United States is putting immense pressure on our allies and trading partners to treat Bank Sepah the same way we do," said Judith Lee, a partner at Gibson, Dunn & Crutcher specializing in sanctions law. "It is an effort to make U.S. actions against Iran extraterritorial."

European countries have opposed moves by the United States to apply the principle of extraterritoriality, a term referring to cases when American law can affect dealings entirely within another country. But the Bush administration recently has stepped up its use of various laws and directives to press forward with the concept.

For example, since oil is traded in dollars, the reach of American directives could be significant, many banking experts say. In theory, Tuesday's action would prevent Bank Sepah from facilitating an oil sale in which dollars are used. Iran has already announced that, because of American directives, it has begun selling oil for euros rather than dollars.

"Bank Sepah is the financial linchpin of Iran's missile procurement network, and has actively assisted Iran's pursuit of missiles capable of carrying weapons of mass destruction," said Stuart Levey, the Treasury under secretary for terrorism and financial intelligence.

Mr. Levey said Bank Sepah had been involved in transactions for Iran's Aerospace Industries Organization and two Iranian missile companies. These three entities were mentioned in the Security Council resolution approved in late December calling on all countries to avoid doing business with various groups in Iran.

Mr. Levey also said the United States had been in touch with authorities in Britain, France, Italy and Germany to discuss the need to persuade local financial institutions to stop doing business with Bank Sepah.

Unlike the United States, Mr. Levey said that European countries, which have not enacted laws like those passed here, "don't have specific authority to act as the United States does" against European banks or businesses engaging in transactions with other banks and businesses linked to terrorism or weapons programs.

Nevertheless, Treasury officials say Treasury Secretary Henry M. Paulson Jr. and Mr. Levey have pressed European authorities and banks to try to isolate both Bank Sepah and Bank Saderat.

Mr. Levey said that the branch of Bank Sepah in Rome had had significant involvement in financial transactions related to Iran's missile program, and that Italian authorities had been alerted to the problem.

There was no immediate comment from the press office of the Italian Embassy in Washington on whether Italy was taking any separate actions in consonance with the United States actions.

When the United States moved against Bank Saderat last year, many banking experts predicted that it was only a matter of time before Washington took action against other financial institutions in Iran.

American officials say already intensive diplomacy has been stepped up after the Security Council resolution adopted in late December as part of a campaign to get Iran to stop enriching uranium in what the West has charged is a clandestine nuclear weapons program.

That resolution ended up being weakened at the request of Russia and China, and some American officials say they need to shift tactics and use other means to exert financial pressure on Iran.

US Imposes Sanctions On Iran Bank (FT)

By Guy Dinmore

Financial Times, January 10, 2007

The US Treasury on Tuesday imposed sanctions against Iran's commercial Bank Sepah, accusing it of assisting Tehran's missile programme and having links with an alleged North Korean missile exporter.

Bank Sepah International, a wholly owned subsidiary in the UK, and Ahmad Derakhshandeh, the parent bank's chairman and director, were also targeted by a notice barring any US citizen from dealing with them and freezing any assets they have under US jurisdiction.

The unilateral moves were the first taken by the US since the United Nations Security Council imposed missile and nuclear-related sanctions on Iran in re-sponse to its refusal to suspend its nuclear fuel development programme.

The US last September banned dollar transactions with Bank Saderat, Iran's largest commercial bank, accusing it of facilitating the transfer of $1m (€770,000) to Lebanon's Hizbollah and other "terrorist organisations".

Stuart Levey, the Treasury under-secretary for terrorism and financial intelligence, said: "Bank Sepah is the financial linchpin of Iran's missile procurement network and has actively assisted Iran's pursuit of missiles capable of carrying weapons of mass destruction. Our action today gives effect to the United Nations' call on all nations to deny financial assistance to Iran's nuclear and missile programmes, and we urge other countries likewise to fulfil this serious obligation."

The action will have limited impact as US trade with Iran is severely limited by sanctions imposed in the 1990s. However, the US is putting pressure on its allies to isolate Iran from the international financial system, using the cover of last month's UN resolution.

Iran is open about its indigenous development of missiles as allowed under international law but denies it has a covert nuclear weapons programme.

[A news agency] cited Ali Larijani, Iran's chief nuclear negotiator, as telling a domestic news agency that US "harassment" of Iran's banking system "are not issues that can affect Iran's will".

U.S. Bars Iranian Bank To Curb Access To Dollars (WP)

By Dafna Linzer

The Washington Post, January 10, 2007

The Bush administration yesterday barred Iran's oldest bank from doing any future business in the United States, accusing the financial institution of transferring Iranian missile payments to North Korea.

The move will prevent Bank Sepah, Iran's fifth-largest bank, from conducting business in U.S. dollars and is part of a larger White House plan, put in place last year, to cut off Iran's access to U.S. and European currencies. Though U.S. officials say the effort is aimed at the Tehran government, it is also likely to affect millions of Iranian citizens who conduct personal business in U.S. dollars and who travel overseas.

Bank Sepah has nearly 300 branches in Tehran plus offices in Paris, Frankfurt and Rome as well as a British subsidiary, Bank Sepah International. U.S. law has long prohibited Iranian government institutions from doing business in the United States, but yesterday's move now bars Sepah from converting international transactions into dollars by routing them through New York banks.

"The only business Sepah could do before today in the United States was U-turn transactions," said Stuart Levey, the Treasury Department's undersecretary for terrorism and financial intelligence. "They would send it from a European office through a New York bank and then back to Iran. That's the way they would dollarize transactions, but they won't be able to do that anymore," Levey said in an interview.

Yesterday's move, however, will not affect the bank's huge interests in Europe. The Bush administration had tried for months to persuade European allies to take similar, unilateral steps against Iranian government institutions and had hoped that a recent United Nations resolution would encourage France, Britain and other countries to join in the effort. But no European nation has done so, nor has Japan or any Persian Gulf ally.

Last month, the U.N. Security Council ordered all countries to stop supplying Iran with materials and technology that could contribute to its nuclear and missile programs. It also froze the assets of 10 Iranian companies and 12 individuals related to those programs. Among those on the list is the head of Iran's Aerospace Industries Organization, which oversees the country's vast missile program.

The council warned that if Iran refuses to comply, it will adopt further nonmilitary sanctions, but the resolution emphasized the importance of diplomacy in seeking guarantees "that Iran's nuclear program is exclusively for peaceful purposes." The Bush administration is broadly interpreting the resolution to deter as many financial sectors as possible from doing business with Iran. So far, the Europeans seem to be taking a more narrow view of the resolution.

Levey said yesterday that Bank Sepah, mostly through its offices in Rome, has handled millions of dollars of transactions for Aerospace Industries, passing money from Tehran to North Korea, from which Iran buys missile components.

"Sepah provides direct and extensive financial services to Iranian entities responsible for developing missiles capable of carrying weapons of mass destruction," Levey said.

The Bush administration has never offered proof of an Iranian nuclear weapons program, and Iran maintains that its program is for the production of nuclear energy, not bombs.

But since 2004, U.S. intelligence has been in possession of thousands of Iranian drawings that analysts believe detail efforts by Iran's military to reconfigure existing missiles to one day carry nuclear warheads.

In an interview with reporters last month, Secretary of State Condoleezza Rice acknowledged that financial sanctions against Iran "will have consequences" for the Iranian people by negatively affecting their economy. "This isn't going to be surgical and you can't perfectly target in that way. But I think we've tried to be sensitive to not doing things that would have an ill effect on the Iranian people, per se," she said.

U.S. Effort To Isolate Iran Gains Ground As European Bank Restrictions Take Hold (WSJ)

By Glenn R. Simpson In Brussels And David Crawford In Berlin

The Wall Street Journal, January 10, 2007

The U.S. government's attempt to isolate Iran's economy will get a significant boost this month when the last European bank known to be clearing large volumes of that country's dollar transactions in the U.S. halts the practice.

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Commerzbank AG, Germany's second-largest bank, said it will stop handling dollar transactions for Iran at its New York branch by Jan. 31.

CRACKING DOWN

· The Issue: As the U.S. aims to isolate Iran, Commerzbank will join other European banks in halting its dollar transactions.

· What's at Stake: The U.S. says banks provide unwitting support for Iran's efforts to back terrorism and build nuclear weapons.

· The Bottom Line: Few big banks continue cooperating with Iran, forcing it to do business in euros, not dollars, and increasing the cost of international transactions.

Over the past year, most European banks with longstanding relationships with Iran have bowed to U.S. pressure and sharply curtailed transactions with Iran's state-controlled banks, which the U.S. says support terrorism. The U.S. also is seeking to financially quarantine Iran because of Tehran's vows to press ahead with its nuclear program in defiance of international will.

In a related move, the Treasury Department yesterday named Iran's fifth-largest state-owned bank, Bank Sepah, and its subsidiaries as weapons proliferators and barred banks operating in the U.S. from handling any transactions on their behalf. Last year, Commerzbank became Bank Sepah's principal clearer of dollar transactions in the U.S. Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence, said Bank Sepah served as the key financial conduit for Iran's main missile firms, which were singled out in a United Nations sanctions resolution against Iran's nuclear program last month.

U.S. analysts say there is evidence that Iranian firms are feeling the pinch of the U.S.-led drive. Iranian banks and companies, for instance, are now having to put up large deposits -- as high as 100% -- in foreign banks to get them to issue letters of credit for foreign transactions, they claim.

Iranian officials deny the nation's banks handle money for terrorist organizations or purposes. Mohammad Jafar Mojarrad, vice governor of the country's central bank, said that while the U.S. has "put a lot of pressure on Iran" and some foreign banks have scaled back dealings with the country, operations of the country's banks haven't been affected.

Choking off Iran's financial ties to Europe is key to Washington's effort to isolate the country. The European Union is Iran's largest trading partner by far. Trade between the two topped $25 billion last year, but trade growth is stagnating, largely because of U.S. pressure.

Because many big European banks have stopped dealing with Tehran in recent months, the fundamentalist Islamic regime of President Mahmoud Ahmadinejad has relied on Commerzbank and a handful of smaller banks to handle its dollar-based transactions.

The result: Iran's beleaguered economy is having a harder time moving hard currency around the globe in an easy and cost-effective way. That implies a higher cost of doing business for Iranian companies and the government, which are being forced into more expensive, alternative financial markets.

U.S. pressure isn't likely to bring Iran's economy to its knees, but it could cause serious pain. Iran receives tens of billions of dollars annually in oil revenue. But it spends much of those funds to import refined fuels and other goods. As Iran's access to hard currency becomes more restricted and costly, the country could see a reduction in its ability to pay for heavy machinery and other items essential to keeping its oil industry and other key parts of its economy going.

In response to U.S. pressure on European and other bankers who serve Iranian firms, Iran has said it wants to switch most of its business to euros, the currency of the EU. But oil is Iran's biggest export, and many of the country's trade partners in the Middle East will do business only in dollars -- the currency of the international petroleum industry.

At present, Commerzbank handles both dollar and euro transactions for Iran's state-owned banks. Like several other European banks, it will cease handling only dollar transactions. That is likely to limit the economic damage to Iran, enabling the country's banks to continue paying suppliers who will accept euros or other currencies.

But it is likely to subject Commerzbank and its peers to further U.S. pressure. "The risks of doing business with Iran are the same in all currencies," said Mr. Levey. Intelligence officials say Bank Saderat, a large, state-controlled Iranian bank placed on a U.S. Treasury blacklist in October for allegedly funding terrorism, has been able to process dollar transactions through Commerzbank's New York branch in recent months by using the accounts of two other Iranian banks.

Commerzbank says it ceased dealing with Saderat after it was put on the U.S. blacklist and has no knowledge of any subsequent transactions. "Commerzbank has no knowledge of Bank Saderat directly or indirectly using the accounts of other Iranian banks to process dollar transactions," the bank said in a statement. Commerzbank, in a response to an inquiry from The Wall Street Journal about its dealings with Iran, also said "all such [dollar clearing] transactions are currently being phased out" as of Jan. 31. It added that "any clearing conducted by our U.S. operations is in strict compliance" with U.S. government regulations.

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The efforts to isolate Iran also appear to be yielding results in Italy, one of Tehran's largest trading partners. In 2005, trade between the two countries topped $6 billion. In a sign of how some European banks are rethinking their dealings with Iran, Italy's largest bank, Intesa Sanpaolo SpA, says its trade-finance business with the country has dropped significantly in recent months.

U.S. efforts to stop European banks from dealing with Iran are controversial. European banks view the campaign as an attempt to extend the reach of U.S. sanctions on Iran without the backing of the United Nations or the EU.

Indeed, there is no general international ban on providing financial and trade services to Iranian banks. But banks that assist Iran's banks are increasingly exposed to U.S. regulatory scrutiny and political pressure from the U.S. Treasury Department. The U.S., a key market for most international banks, has long unilaterally imposed strict limits on what business banks and companies with operations in the U.S. can conduct with Iran.

In response to U.S. pressure, ABN Amro Holding NV, Credit Suisse Group and UBS AG of Switzerland, Credit Lyonnais and Société Générale SA of France, and Barclays PLC and HSBC Holdings PLC of the United Kingdom all limited or ended their dealings with Iranian banks over the past year.

Iran Says It Has Arrested A Nuclear Spy (AP)

AP, January 10, 2007

Iran said Tuesday it has arrested a man on suspicion of selling nuclear secrets to an exiled Iranian opposition group, state radio reported.

The report didn't identify the suspected spy, but said he had been working at the Iranian Parliament's Research Center, an organization that advises lawmakers on foreign and strategic issues.

"The man transferred classified information, including a bulletin on nuclear activities, to the hypocrites," state radio said, referring to the People's Mujahedeen of Iran.

The Paris-based group, regarded as a terrorist organization by the United States, has frequently made accusations about Iran's nuclear activities, reporting on what it says is secret information received from insiders in Iran.

In 2002, the group disclosed the existence of two previously secret nuclear facilities, a pilot uranium enrichment plant at Natanz and a research reactor being built in the city of Arak, which turned out to house Iran's uranium enrichment program and a hard-water reactor project. Other claims by the group have not been substantiated.

Iran said in 2004 that it had arrested 10 military officers, nuclear workers and others on charges of revealing its nuclear secrets to Israeli and U.S. intelligence agencies.

But the government said the information passed to the United States and Israel was "without value."

Ahmed Tavakoli, a leading lawmaker, confirmed state radio's report of the arrest of the alleged spy.

"This person has been working in Parliament's Research Center since 2001," Tavakoli told the semiofficial Fars news agency Tuesday. "He was arrested by the Intelligence Ministry."

Tavakoli told Fars that the arrested man will stand trial but gave no date.

The People's Mujahedeen participated in the 1979 ouster of the former shah of Iran, Mohammed Reza Pahlavi. But it fell out with the clerical government and launched a campaign of assassinations and bombings.

For years it fought Iran's Islamic rulers from Iraq with the backing of Saddam Hussein's regime.

During the U.S.-led invasion of Iraq, the U.S. military briefly bombed People's Mujahedeen camps until the group capitulated and agreed to disarm.

Israel Says It's Arrested Muslim Cleric (AP)

By Matti Friedman

AP, January 10, 2007

Israel arrested the former imam of Ohio's largest mosque after he was deported from the United States last week, the Shin Bet internal security service confirmed Tuesday.

Fawaz Damra, 46, was arrested because of his ties to Islamic Jihad, a militant Palestinian group classified by Israel and the U.S. as a terrorist organization, Shin Bet told The Associated Press. It gave no other details.

Smadar Ben-Natan, an Israeli lawyer retained by Damra's family to represent him, said he was being held at the Kishon prison and she planned to meet with her client Wednesday.

Damra, imam at the Islamic Center of Cleveland, was deported by American authorities last week because he concealed his ties to Islamic Jihad when he applied for American citizenship in 1994.

Relatives expecting him to enter the West Bank on Friday reported he never showed up and said they had been told by the Red Cross he was detained, but there wasn't any official Israeli confirmation until Tuesday.

"We waited for him all day and he didn't come," said Nabil Damra, the imam's brother. "He is not an extremist and we don't understand why he was arrested."

"My mother is crying. Our house is sad. My father, who is 83, is waiting for his son. We pray that my brother will come home and see his father before he dies," the brother added.

A spokesman for U.S. Immigration and Customs Enforcement, Greg Palmore, said U.S. agents accompanied Damra to the Allenby Bridge, an Israel-controlled crossing into the West Bank. "Mr. Damra was presented to Israeli immigration officials for admission to the West Bank," Palmore said.

During Damra's trial, jurors were shown evidence that he raised money for Islamic Jihad, a small group with links to Iran and Syria that has carried out dozens of suicide bombings and rockets attacks against Israel.

The jury also saw footage of a 1991 speech in which Damra called Jews "the sons of monkeys and pigs." Damra, whose wife and three daughters remain in the United States, later apologized for making anti-Semitic statements.

Damra's brother, a U.N. worker in the West Bank, said the imam's work in the U.S. revolved around marrying and divorcing Muslims and lecturing to prisoners.

"He always got along with all people. He is a moderate. If he upheld extremist views, people wouldn't have loved him. He wouldn't be helping everyone," Nabil Damra said.

Hezbollah Widens Anti-Government Campaign (WP)

By Anthony Shadid

The Washington Post, January 10, 2007

BEIRUT, Jan. 9 -- Hezbollah and its allies widened their campaign Tuesday to force the Lebanese government's resignation, backing what they vowed would be a series of daily protests scattered across the capital.

Tuesday's gathering of hundreds of flag-waving protesters outside a Finance Ministry office was a sedate affair compared with the convergence of hundreds of thousands twice last month in Beirut's downtown, where demonstrators continue a round-the-clock vigil in hundreds of tents near the barricaded government headquarters.

The demonstration was more symbolic than dramatic, marking the beginning of what officials of the Shiite Muslim group and its leftist and Christian allies have long warned is a second stage of their efforts to form a new government and convene early parliamentary elections.

"The message is sent, and this is what matters to us," said Amin Sherri, a Hezbollah lawmaker.

The struggle between Hezbollah and its allies and the government of Prime Minister Fouad Siniora has plunged Lebanon into one of its worst political crises since the end of the 15-year civil war in 1990. It may determine which group is ascendant in Lebanese politics: the alliance around Hezbollah, supported by Iran and Syria, or a government coalition, supported by the United States.

Beyond Lebanon, the crisis intersects with tension across the region, as the United States and Iran vie for influence and concerns grow over a Shiite-Sunni conflict becoming ever more pronounced in Iraq.

But unlike in December, when the crisis often had an hour-to-hour urgency, the confrontation has assumed a veneer of normalcy in its second month. Each side has escalated -- Hezbollah with its support for Tuesday's protest led by Lebanese unions, the government by pressing ahead with policy changes over the opposition's objections -- but both appear prepared for a long wait. For their part, Hezbollah officials have stressed that any escalation will remain nonviolent and not break any laws.

So far, both sides can claim victories. The government has refused to resign. But by paralyzing the government, Hezbollah has stanched what it saw as growing U.S. influence here and delayed the convening of an international court to try suspects in the 2005 slaying of former prime minister Rafiq al-Hariri, an assassination that government supporters blame on Syria.

"It is a mixed bag," said Paul Salem, director of the Carnegie Middle East Center in Beirut. "But what's interesting is that it's a mixed bag that might have reached an unexpected status quo."

"My suspicion or sense is that we're in kind of a holding pattern," he added.

The protest convened along a usually busy intersection, drawing almost as many police officers and soldiers as demonstrators. Organized by the General Labor Confederation, a coalition of unions, the protesters railed against tax increases, privatization and other policies the government has announced ahead of a conference in Paris this month to solicit international aid for Lebanon. "No to the imposition of new taxes and fees," one placard read. "Siniora is responsible for impoverishing Lebanon," another said.

"We're here because there's no work, there are no jobs in the country," said Ali Tfaili, a 29-year-old protester.

He carried a Lebanese flag and a sign that read: "Real reform." He promised to keep taking part in the protests, including another scheduled for Wednesday, but reflecting the mood there, he suggested nothing dramatic was ahead.

"Anything more than this, and it would be a civil war," he said. "We don't want that."

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The relatively small size of the protest gave rise to speculation among foes and supporters of Hezbollah over its intentions. Some government allies said the numbers revealed divisions between Hezbollah and its partners, particularly Michel Aoun, a populist Christian politician who has forcefully called for an escalation in the protests. Others said it suggested the opposition's campaign was flagging after two mass demonstrations and the vigil that has lasted more than five weeks.

"This is a sign that if they -- the opposition and especially Hezbollah -- don't bring people from their houses, no one will come," said Youth and Sports Minister Ahmed Fatfat, who is loyal to the government coalition. "It is also a sign that people are losing patience and that they are starting to question what's the worth of all this."

Officials of Hezbollah, perhaps the most effective group in the Middle East in mobilizing its constituency, were dismissive of suggestions that the numbers Tuesday revealed weakness. They have said the next stage will play out gradually, with protests smaller but more numerous than the more dramatic shows of force in downtown Beirut.

"Why would we bring a million people to participate in a demonstration like that?" said Sherri, the Hezbollah lawmaker. "Numbers are not important. We've proved we have the numbers, and now a few thousand people will be just as efficient in sending the message."

Rice To Visit Mideast For Talks On Iraq, Israeli-Palestinian Ties (AFP)

By David Millikin

AFP, January 10, 2007

Secretary of State Condoleezza Rice heads back to the Middle East in a bid to sell a new US strategy for Iraq to wary allies and to take another shot at reviving Israeli-Palestinian peace efforts.

State Department spokesman Sean McCormack said Rice would visit Israel, the Palestinian territories, Jordan, Egypt, Saudi Arabia and Kuwait before stop-offs in Germany and Britain during the January 12-19 trip.

While in Kuwait, Rice will meet with her counterparts from the six Gulf monarchies plus Egypt and Jordan -- a grouping of moderate Arab allies Washington sees as key to countering the influence of Iran, Syria and the radical Shiite groups they support in the region.

A major part of Rice's discussions will focus on "the perception of a common threat posed by Iran and other forces of extremism and violence in the region" McCormack said.

The tour will come just two days after President George W. Bush unveils his long-awaited new plan for resolving the violent crisis in Iraq.

The strategy is expected to involve the deployment of some 20,000 additional US soldiers in a temporary "surge" to quell rampant insurgent and sectarian violence, mainly in Baghdad, along with steps to boost Iraqi security forces, foster political reconciliation and revive the economy.

Rice will defend the plan in testimony Thursday to both chambers of Congress, controlled since November elections by the opposition Democrats who have voiced strong skepticism Bush's new approach can end the spiralling violence in Iraq so that the 130,000 US troops now there can come home.

In the Middle East, she will urge Arab allies worried about Iran's rising influence to back the plan by helping the government of Iraqi Prime Minister Nuri al-Maliki with diplomatic support and debt relief, McCormack said.

"It's no secret that we have encouraged states in the region, whether it's Egypt or Saudi Arabia or the other Gulf states, to offer their support to the government of Iraq," he said.

Rice will also seek regional support for Lebanese Prime Minister Fuad Siniora, who is battling a campaign to oust his government by the Syrian-backed Shiite movement Hezbollah, McCormack said.

Rice begins her latest Middle East mission with her eighth trip in two years to Israel and the Palestinian territories aimed at unblocking negotiations to create an independent Palestinian state.

Rice most recently met in late November with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas, but achieved no breakthrough.

Abbas and Olmert also held a rare direct meeting on December 23 at which the Israelis promised to release some withheld funds to the Palestinians and ease travel restrictions in the West Bank -- steps McCormack said had created an "opening" for progress.

But other key steps, including a long-awaited prisoner swap involving hundreds of Palestinians for an Israeli soldier kidnapped by radicals near Gaza in June, have not materialized.

McCormack said Rice would pursue a months-long effort to bolster Abbas in a power struggle between his secular Fatah party and the Islamist movement Hamas, which controls the Palestinian government after winning elections a year ago.

The Hamas victory prompted a crippling political and financial boycott of the Palestinians by the West and Israel.

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Negotiations to create a power-sharing government involving Fatah and Hamas collapsed late last year, leading Abbas to call for early elections -- a move that sparked violent clashes between the rivals and raised the specter of a Palestinian civil war.

Israel recently allowed Egypt to provide weapons to Abbas loyalists and the Bush administration is seeking Congressional approval for up to 90 million dollars in "non-lethal" military aid to his security forces, US officials said this week.

McCormack held out little hope that Rice's latest peacemaking venture would produce a breakthrough.

"I would expect that this is a trip that is more about laying the foundations for potential future actions than actually coming to closure on any particular agreements," he said.

Rice To Visit Middle East (WT)

By Nicholas Kralev

The Washington Times, January 10, 2007

Secretary of State Condoleezza Rice will begin a weeklong trip to the Middle East and Europe on Friday to seek support for President Bush's new Iraq strategy and to push for a new Israeli-Palestinian peace effort, the State Department said yesterday.

Miss Rice will visit Israel, the Palestinian territories, Jordan, Egypt, Saudi Arabia, Kuwait, Germany and Britain. She will return to Europe on Jan. 24 for an international donors conference in Paris to raise funds for Lebanon, whose economy is still recovering from the war with Israel in the summer.

"I would expect that this is a trip that is more about laying the foundations for potential future actions than actually coming to closure on any particular agreements," State Department spokesman Sean McCormack told reporters.

U.S. officials and diplomats from some of the countries Miss Rice will visit said that, despite the low expectations, it is important for the secretary to return to the Middle East, given the dire situation in Iraq, the tensions between the Palestinian Fatah faction and Hamas, and the new domestic political realities in the United States, where Democrats just took control of Congress.

In addition, the Bush administration has been under pressure from its European allies to become more active in working toward a resolution of the Israeli-Palestinian conflict, which many in the region consider to be the most divisive issue with the West.

That pressure increased when Germany stated its intention to highlight the matter in its agenda as president of both the European Union and the Group of Eight organization of leading industrialized countries. Even though German Chancellor Angela Merkel met with Mr. Bush in Washington last week, Miss Rice plans to stop in Berlin on her way back from the Middle East and brief Mrs. Merkel on her meetings.

The secretary's trip, beginning two days after Mr. Bush's address to the nation tonight to announce his new Iraq strategy, also will aim to ensure that other states in the region support the new course and the government of Prime Minister Nouri al-Maliki, Mr. McCormack said.

"It's no secret that we have encouraged states in the region, whether it's Egypt or Saudi Arabia or the other Gulf states, to offer their support to the government of Iraq," he said.

The president is expected to send more troops to Iraq and to propose benchmarks for the withdrawal of U.S. forces.

General: N.Korea May Conduct Nuclear Test (AP)

By Kwang-tae Kim

AP, January 10, 2007

The top U.S. general on the Korean Peninsula said Tuesday he believes North Korea might conduct another nuclear test.

U.S. Army Gen. B.B. Bell, commander of U.S. Forces Korea, said the communist regime — which conducted its first nuclear test on Oct. 9 — is capable of testing another such device, but he didn't elaborate on recent media reports that the North was preparing to do so.

"There is no reason to believe that at some time in the future, when it serves their purposes, that they won't test another one. So I suspect someday they will," Bell said at a news conference in Seoul.

Concerns about North Korea heightened abruptly last week in Asia after ABC News reported Pyongyang might be preparing for another test. Citing unnamed U.S. defense officials, the network said the moves were similar to steps taken before the October blast.

Top U.S. and South Korean officials dismissed the speculation, saying there was no indication such a development was imminent.

During talks on its nuclear program in 2005, North Korea agreed to dismantle its nuclear program in exchange for security guarantees and aid, but no progress has since been made in implementing the accord.

The U.S. — along with China, Japan, South Korea and Russia — held talks with North Korea in December to try to work out initial steps toward implementation of the breakthrough deal but they failed to produce any progress.

The talks — which also involve South Korea, China, Russia and Japan — ended in a deadlock over the U.S. financial restrictions imposed on the North over its alleged counterfeiting of $100 bills and money laundering.

The U.S. and the North have provisionally agreed to hold the next talks on the financial dispute in the week starting Jan. 22, according to South Korea's foreign minister, Song Min-soon. The previous talks — held on the sidelines of the main nuclear talks in Beijing — ended without any breakthrough.

North Korea says the sanctions are evidence of Washington's "hostile policy" and indicate its intention to overthrow the regime, and the North therefore needs nuclear weapons for protection.

About 29,500 U.S. troops are stationed in South Korea as a deterrent against a North Korean invasion, a legacy of the Korean War. That conflict ended in a cease-fire, not a peace treaty, leaving the two Koreas technically still at war.

General Sees Another N. Korea Nuclear Test (WT)

By Andrew Salmon

The Washington Times, January 10, 2007

SEOUL -- The senior U.S. commander in South Korea said yesterday that North Korea will likely conduct another nuclear test, and he also vented his frustration at a range of issues bedeviling Washington's military alliance with Seoul.

"They have self-proclaimed their possession of nuclear weapons, and there is no reason to believe that at some time in the future, when it serves their purposes, that they won't test another one," Gen. Burwell B. Bell said of North Korea, which detonated a nuclear device on Oct 9. "So I suspect some day they will."

The general, speaking to reporters, declined to discuss whether a test was imminent, citing confidentiality of intelligence.

ABC News last week reported Pyongyang might be preparing for another test. Citing unnamed U.S. defense officials, the network said the moves were similar to steps taken before the October blast.

Top U.S. and South Korean officials have dismissed the speculation, saying there is no indication such a development was imminent.

Gen. Bell also expressed concerns about the relocation of the headquarters of the U.S. forces in South Korea, the transfer of wartime command of South Korean forces to South Korean leadership, and budgetary shortfalls.

"I must admit that I was surprised when I read local press reports that [a South Korean] government official stated the relocation of U.S. forces would not occur until after 2013," he said. "This was news to me, and not at all reflective of the agreement we have with [South Korea] to achieve the move by 2008."

Yongsan garrison, home to 6,500 troops and 8,000 civilians -- family members and defense contractors -- has been a bone of contention in the alliance for years. Talks to relocate the central Seoul base have been ongoing since 1990, but only in 2004 did the two countries sign an agreement to relocate it to the city of Pyeongtaek, 55 miles south of the capital, by 2008.

Construction of the new base is under way, but last month, local press reports, quoting an unnamed South Korean government official, stated the move would be delayed until 2013. Seoul officials have not refuted the reports.

Noting that many U.S. personnel and their families were living in dilapidated facilities at Yongsan, Gen. Bell said that with the move planned, he could not construct new facilities on the current base.

The proposal to transfer wartime command of South Korean forces is caught in a similar timeline dispute. U.S. military officials say the transfer of command can be achieved by 2009, but the South Korean side wants to delay it until 2012.

Gen. Bell said future U.S. force commanders would play a "supporting role" to South Korean commanders, and hinted that the transfer of wartime control of troops needs more serious attention than it has so far received.

"The worst things we can do, within minutes, is to transfer command back and forth," he said. "That would be unacceptable."

Gen. Bell also addressed shortfalls in South Korean financial support to fund the ongoing consolidation of U.S. troops across the Korean Peninsula. The U.S. force in Korea has been shrinking -- from 37,500 troops in 2003, to 29,500 today, and there will be 25,000 in 2008. Most of the troops are moving to new, less intrusive base areas.

In negotiations, Seoul had agreed to pay 44 percent of U.S. troops' consolidation costs -- $886 million. However, what Seoul finally offered was $772 million, leaving a shortfall of more than $100 million.

"I'm being put into a bad position, from a policy perspective, of not having the money to do what our two governments told me to do," the general said, adding that he would need to make "significant" cuts in U.S. forces' programs.

Gen. Bell's outspoken tone surprised some analysts.

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"Clearly, Washington is expecting Koreans to take greater responsibility for their defense, and behave honorably in the negotiation process as that happens," said Michael Breen, a Seoul-based author of several books about the peninsula and a longtime Korea watcher.

Meanwhile, the overall deterioration in the alliance dismays local conservatives.

"The sharp rise in anti-Americanism here has partly been instigated by North Korean propaganda, but the behavior of our government in the recent two to three years has been rather out of the ordinary in its ability to be diplomatic," said Lee In-ho, a professor at Myongji University.

"Conservatives are concerned here: Even if we are critical of some policy lines pursued by the Bush administration, we do not want to jettison the alliance completely," he said.

US Stealth Fighters To Be Deployed In South Korea (AFP)

AFP, January 10, 2007

The United States is sending between 15 and 24 radar-evading Stealth fighters to South Korea this month, the US military has said, amid increasing speculation over a second North Korean nuclear test.

"One squadron of F-117 Nighthawk Stealth fighters will be deployed this month," said Kim Yong-Kyu, a spokesman for US Forces Korea. One squadron of fighters has between 15 and 24 aircraft.

"This is a routine deployment," he said, adding that the move had nothing to do with any particular threat. He declined to give further details, including where and for how long the fighters will be deployed.

Holloman Air Force Base in New Mexico, where the fighters are based, said in a Web posting that the fighters left earlier this week for South Korea.

General B.B. Bell, the commander of US forces in South Korea, said Tuesday he believes North Korea will test a second nuclear bomb at some time in the future, following its first test on October 9.

"Should North Korea attack the South in any way, the combined forces command will respond and we will win quickly and we will win decisively," he said.

Bell heads 29,000 US troops in the peninsula, supporting South Korea's 680,000-strong armed forces against any attack from the North's 1.1 million military.

A South Korean foreign ministry official said last week that activity had been detected at Punggye in northeast North Korea, near the site of the first test, but there was no sign of preparations for a second detonation.

The latest round of six-nation talks on the North's nuclear programme ended in Beijing in December without a breakthrough. The US State Department has said the talks could resume as early as this month.

Analysts say North Korea could set off a second nuclear device to strengthen its hand in the prolonged stand-off.

SKorea Urges North To Mull U.S. Proposal (AP)

By Kwang-tae Kim

AP, January 10, 2007

South Korea on Wednesday renewed a call for North Korea to seriously consider U.S. proposals before the communist nation returns to international talks on its nuclear weapons program.

The United States has offered security guarantees, a peace treaty and normalization of relations as well as removal of North Korea from Washington's list of states sponsoring terrorism if it dismantles its atomic weapons program, according to South Korean officials.

"I expect North Korea to come to the talks with realistic and positive proposals after seriously reviewing" the U.S. offers, Foreign Minister Song Min-soon said at a regular press conference following meetings last week with Secretary of State Condoleezza Rice.

South Korea and the U.S. will consider taking active and positive steps if the North shows a positive attitude, Song said.

The North has yet to make any response to the U.S. proposals.

Song said it was difficult to predict when the next nuclear talks will occur, but said all the parties shared the need to hold meetings soon.

The nuclear issue will also be on the agenda for summit talks between South Korean President Roh Moo-hyun and his Chinese and Japanese counterparts on Sunday on the sidelines of a regional Asian meeting in the Philippines, said Song.

North Korea returned to international talks on its nuclear arms program in Beijing last month — the first since its Oct. 9 nuclear test — but no progress was made on disarmament because of a dispute over U.S. financial restrictions imposed on the North over its alleged counterfeiting of $100 bills and money laundering.

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The North has repeatedly urged the U.S. to lift the financial restrictions and unfreeze its assets worth some $24 million deposited at a Macau bank blacklisted by Washington.

The U.S. held separate financial talks on the sidelines of the nuclear talks but also made no progress. The two sides have provisionally agreed to hold the next financial talks the week of Jan. 22, according to Song.

For A Few Dollars More (WSJ)

By Jay P. Lefkowitz

The Wall Street Journal, January 10, 2007

There is a growing consensus in the international community that North Korea's conduct is unacceptable. Nevertheless, several countries engage in practices that funnel cash to the regime in a manner that violates the spirit of a recent United Nations resolution and raises serious human rights concerns. These countries contract labor through historical -- and even new -- agreements with the regime of Kim Jong Il. Because the North Korean government takes a major portion of workers' salaries, these arrangements provide material support for a rogue government, its nuclear ambitions, and its human-rights atrocities.

Three times last year, the U.N. condemned North Korea's dangerous and abusive conduct. In November, the General Assembly's human-rights committee voted 91-21 to express serious concern about the regime's atrocities against its own population. The Security Council also voted unanimously to condemn North Korea's ballistic missile program in July and its nuclear weapons testing in October. The October resolution calls on member states to freeze the financial assets of those aiding North Korea's nuclear weapons program.

Surely such U.N. proclamations should make anyone think twice about engaging in activities that could aid Pyongyang. Yet several countries utilize trafficked North Korean labor in a manner that provides significant resources for the regime. There are approximately 10,000 to 15,000 North Koreans working abroad for their government. Labor arrangements reportedly exist between North Korea and entities in Russia, Czech Republic, Mongolia, Poland, Saudi Arabia, Libya and Angola. It is unclear how much hard currency is generated for Pyongyang by these arrangements, but it can be presumed significant, given the number of workers involved.

Even though Russia voted for both Security Council resolutions, it provides the largest market for North Korean labor. In camps near Khabarovsk in Siberia, North Korean labor gangs harvest Russian timber. This work force used to be populated by North Korean prisoners and others viewed by the North Korean government as disloyal. It filled a labor gap in Siberia that coincided with the decline of the gulag. Today, conditions are so harsh in North Korea that workers actually volunteer for such labor assignments. However, because these workers are not paid directly, much of the capital generated ends up in the coffers of Mr. Kim's regime. Despite promises of cash, some workers reportedly are paid in coupons that turn out to be of little value. This activity runs afoul of a U.N. protocol on trafficking in persons, to which Russia is a party.

The fact that North Koreans eagerly volunteer for these jobs is a testament to how bad things are in Kim Jong Il's socialist paradise. Although it is hard to gain access to these labor facilities, several recent reports reveal that workers in these camps are treated like prisoners and are provided with food and shelter that are barely adequate. Days off are rare -- cumulatively less than a week per year -- and the workers cannot leave the work areas or interact with locals. They are under the control of North Korean security officials and have no recourse to local authorities. There are some accounts of torture and executions. The work day can reach 17 hours, even in temperatures plunging to 40 degrees below zero. Accidents are common, and the workers are prohibited from using healthcare outside the camp. They work under portraits of the "Dear Leader," Kim Jong Il, and are subject to political indoctrination meetings twice a week.

The Czech Republic also hosts several hundred North Korean workers, although it stopped issuing new work visas six months ago. The North Korean government skims their paychecks and funnels the revenue to Pyongyang. Workers' monthly salaries are deposited directly in an account controlled by the North Korean government. After numerous deductions for items including propaganda films, the workers are left with only about 20% of their wages, from which they still must purchase their own food.

Pyongyang's take varies by location, but we know of no instance where North Korean laborers like these receive their wages directly. This is one of the concerns we have with the Kaesong Industrial Complex in North Korea, where workers are supposed to earn a minimum of $57 per month. While there are some welcome indications that South Korea may be reassessing its commitment to this project, several South Korean companies have spent hundreds of millions of dollars to set up shop in Kaesong to use inexpensive local labor. Even advocates of the endeavor, who believe Kaesong will open and liberalize the North, concede that authorities take a portion of the wages paid by the South Korean companies. Indeed, a recent report indicates this take is 45% of a worker's salary. Verified details are elusive, and neither the North or South Korean governments, nor any company, has been able to state definitively how much of his or her wage a Kaesong worker is allowed to keep.

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Some argue that labor arrangements like those in Russia and Kaesong are positive developments. They see these activities as a way to open North Korean eyes to the outside world. To date, however, those benefits seem more theoretical than real. Rather, it is more likely that the hard currency these countries are sending to North Korea will end up funding the regime's nuclear aspirations instead of improving living conditions for the people of North Korea.

Mr. Lefkowitz is President Bush's special envoy for human rights in North Korea.

U.S. Overseas Image Gets New Focus (WP)

By Glenn Kessler

The Washington Post, January 10, 2007

Secretary of State Condoleezza Rice will announce today the creation of a new annual award to honor a company, academic institution or other nongovernmental entity that does the most to promote the U.S. image abroad through intercultural understanding, State Department officials said.

The Benjamin Franklin Award for Public Diplomacy is designed to prod corporations and other nongovernmental groups to play a bigger role in public diplomacy at a time when the image of the U.S. government has been battered by a backlash, especially in the Arab world, from the invasion of Iraq.

Rice will highlight the award during a speech at a conference of public relations organizations at the State Department. During the meeting, the group will select the 10 best ways that the private sector can promote understanding between the United States and people around the world.

"The award and the summit are part of our greater effort to partner with the private sector," said Assistant Secretary Dina H. Powell. "Public diplomacy is not the government's job alone, and we will be much more successful as American citizens if we work together with corporations, NGOs [nongovernmental organizations], academic institutions and everyday Americans to amplify our efforts."

Powell, along with Undersecretary of State Karen Hughes, has worked with private entities on a number of initiatives in the past year, including bringing journalists from 100 countries to learn U.S. journalistic practices, creating an international women's mentoring program in partnership with Fortune magazine and sending 12 university presidents to Asia to promote educational opportunities in the United States.

The new award would complement another State Department honor, the Award for Corporate Excellence (ACE), which the agency gives annually to U.S. businesses that act as good corporate citizens overseas. Goldman Sachs, for instance, was selected last year for endowing a gift of 680,000 acres of wilderness in Chile for a national reserve. Competition for that award -- presented by the secretary of state -- is intense, and State Department officials hope the Franklin award will prove equally alluring.

Unlike the ACE award, the new honor will be available not just to companies but also foundations, nonprofit organizations, think tanks, universities and other academic institutions, labor organizations and even individuals. The award was named in honor of Franklin because, as the nation's first envoy, he was known for his creative ways of using culture, business and science to attract the attention of foreign audiences, State Department officials said.

James E. Murphy, chief of marketing and communications for Accenture, chairs the PR Coalition, an organization of 20 major public relations groups that is meeting at the State Department today. He said the group previously identified 10 models to help companies promote corporate governance and diversity. The group, concerned about the image of the United States around the world, approached Hughes last year about holding a meeting at State to produce a similar list for public diplomacy.

Murphy said U.S. companies and individuals donate significantly more money overseas than the overall U.S. aid budget. "The most powerful thing we have going for us is the private sector overseas," Murphy said.

The 150 participants will vote on the 10 best models from a list that includes programs for employees and customers that promote understanding of American society and programs that build trust and respect with counterparts abroad.

Congress On Collision Course With Moscow (FT)

By Stephanie Kirchgaessner And Guy Dinmore

Financial Times, January 10, 2007

The Bush administration's relationship with the Kremlin has chilled considerably since the moment in 2001 when the US president famously looked into the soul of his Russian counterpart and declared that Vladimir Putin was "very straightforward and trustworthy".

And Washington's stance towards Moscow could become even more frosty in coming months, potentially colliding with expected attempts by Russia to use its new found oil and natural gas wealth to step up its investment in the US, including the expansion of Gazprom, its national energy group, into the US market.

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For years most lawmakers in the Republican-controlled Congress have taken the White House's lead in their stance toward Russia. Now experts predict that mounting concerns on Capitol Hill, on issues ranging from Mr Putin's commitment to democracy to questions about the security of western investments in the Russian energy sector, could see lawmakers taking a more robust, sceptical approach.

Barney Frank, the Democratic lawmaker who, as chair the House financial services committee has an influential voice on foreign investment issues, exemplified the expected change in tone last week in a speech to the National Press Club.

In remarks that extolled the "absolute security" of the US market, Mr Frank took a shot at the Kremlin when he remarked: "Where do you want to invest? Russia? So Putin can steal your company?"

The 2008 presidential race could also colour relations with Russia. Two of the Kremlin's most vociferous critics are contenders for the White House: Democrat Joseph Biden who heads the Senate foreign relations committee and John McCain, a favourite to win the Republican nomination.

The defeat in the recent midterm elections of Republican congressman Curt Weldon, a staunch defender of the Kremlin, and the ascension of Democrat Tom Lantos to the top ranks of the House international relations committee, are also likely to renew the focus on allegations of human rights abuses in Russia, including the controversy over the forced sale of Yukos, the energy group, and the imprisonment of Mikhail Khodorkovsky, its former chief executive.

One Democratic Senate source said Russia had been "flying under the radar screen" because Washington had largely focused its attention on Iraq, Iran and North Korea, but that concerns had become increasingly hard to ignore.

"To some extent, it's not our business to regulate the Russian economy, but to the extent they use their control over the Russian economy to affect countries that are close friends and partners, that's something we care about," the person said. "I would hope that we don't respond to bad behaviour with protectionism of our own but one can't discount that option entirely."

One Washington business lobbyist, noting the recent storm over Shell ceding control of its Sakhalin-2 oil and gas project in Russia to Gazprom, agreed: "I wouldn't be surprised if Russian investment in the US was subject to higher political attention in Congress given that Russia has basically expropriated western investments."

Marshall Goldman, associate director of the Davis Center for Russian Studies at Harvard, says Russia has $300bn in cash "rolling around" and that the recently proposed $2.3bn takeover of Oregon Steel by Evraz, a Russian steel group, is "just the beginning".

"I think we have to learn there really isn't much to restrain them. But if they engage in these kinds of games, people can play them too," Mr Goldman says.

Ultimately, Congress's ability to affect the US government's overall relationship with Russia will be limited. Critics will not have a formal vote, for example, over an agreement hatched by the White House that paves the way for Russia to join the World Trade Organisation. However, lawmakers could seize an expected request by the White House for Congress to repeal the 1974 Jackson-Vanik amendment as an opportunity to air broad grievances. The amendment subjects Russia's trading status to annual review and must be repealed in order to give Russia permanent normal trade relations.

Don Evans, who served as commerce secretary during Mr Bush's first term and who last year turned down a top position at Rosneft, the Russian energy group, offered to him by Mr Putin, said in an interview with the Financial Times that Russia's inclusion in the WTO would ultimately foster greater understanding between it and the US and would help integrate Russia into the global economy.

"The issues people want to point to all the time will be a few cases within the [Russian] energy sector that get all the attention," said Mr Evans, who heads the Financial Services Forum, banking lobby group. "But all the American companies that are providing other services and goods...are doing very, very well."

Anger As Russia Digs In Over Oil To Belarus (FT)

By George Parker, Arkady Ostrovsky, Ed Crooks And Chris Flood

Financial Times, January 10, 2007

Vladimir Putin on Tuesday faced an angry European backlash about his decision to halt oil supplies through the pipelines crossing Belarus.

As the Russian president made clear his determination not to back down in his dispute with Belarus, Angela Merkel, the German chancellor, denounced his actions as "not acceptable", noting that even during the height of the cold war, Russia had been a reliable energy supplier to Europe.

Ms Merkel, speaking as the new president of the EU, said Russia's latest display of energy muscle "hurts trust and it makes it difficult to build a co-operative relationship."

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Mr Putin, speaking in a televised meeting with ministers in Moscow, stressed he wanted to do all he could to ensure that oil supplies to western Europe were not affected. But he escalated the dispute by telling his government to tell Russian companies to cut output because of the transit dispute.

Belarus wants Russia to pay an export duty of $45 per tonne of oil transported through Belarus. This is in retaliation for Russia slapping $180 export duty on crude oil it sells to Belarus.

In a sign of how seriously Germany now questions its reliance on Russia, Ms Merkel said the new dispute cast doubt on the wisdom of her country's plan to phase out nuclear power by 2020.

Yet for all the political furore, oil markets on Tuesday shrugged off the latest geopolitical threat to supply, focusing instead on the warm US winter and strong inventories. At one point the price of oil hit an 18-month low point, dipping below $54 in New York, although it later recovered most of its losses.

The political row in Belarus – and Venezuela's announcement of plans to take state control of its heavy oil projects – did little to deflect the downward trend in the price. The price of oil has fallen by more than 10 per cent since the start of the year and yesterday Mustafa Mohatarem, chief economist of General Motors, forecast it would fall below $50 this year. West Texas Intermediate crude for delivery in February fell to an intra-day low of $53.88 a barrel before recovering. Brent crude fell to an intra-day low of $53.64 a barrel before climbing back.

David Kirsch, manager of the markets intelligence service for PFC Energy, said the weak trend was likely to continue, with oil prices likely to test $50 a barrel. "I don't see any positive news in the next week or so that is likely to lift prices," he said.

The steep fall has caused concern among members of the Organisation of the Petroleum Exporting Countries, which last month agreed a supply cut of 500,000 barrels a day, with effect from February 1, to try to stabilise the market.

Some Opec members have a target of $60 a barrel for the basket of their output, which is typically about $5 a barrel below the benchmark prices in London and New York.

The US Energy Information Administration, a government agency, trimmed its forecast of world oil demand to 86.2m barrels a day for the first quarter of the year, down 300,000 b/d from its December forecast. The EIA forecasted US oil prices would average $64.42 a barrel in 2007 and $64.58 in 2008

The oil price fall has taken place against a sell-off in the commodities market: copper has fallen 11.3 per cent; zinc 16.2 per cent; and tin 13.1 per cent.

Germany's Merkel Assails Russia Over Cutoff Of Oil (WP)

By Peter Finn

Washington Post, January 10, 2007

MOSCOW, Jan. 9 -- German Chancellor Angela Merkel forcefully condemned Russia on Tuesday for failing to consult the European Union before it cut off part of its oil exports to Europe because of a deepening dispute between Russia and Belarus over subsidized energy.

"Even during the Cold War, Russia was a stable energy supplier," said Merkel, whose country holds the rotating presidency of the European Union. Speaking at a news conference in Berlin, she said Russia's failure to warn the bloc that it planned to shut down a pipeline that crosses Belarus and supplies Germany, Poland and other E.U. countries was "not acceptable."

Russian officials say they feel deeply aggrieved by the tactics of Belarus, which they accuse of stealing crude oil destined for Western Europe, but the Kremlin is nonetheless getting another black eye over its reliability as an energy supplier.

Just over a year ago, the E.U. was in an uproar after Russia cut natural gas supplies to Ukraine, a decision that affected supplies across the Continent. And while there is no great sympathy in Western Europe for Belarus, often called the Continent's last dictatorship, there is increasing concern about Russia's willingness to shut off energy supplies as a first resort in disputes with its neighbors.

The message "to our Russian partners, and to Belarus as well, is that consultations are the least thing to do," said Merkel, whose comments were echoed by other European leaders. "It is not acceptable if there is no consultation on such issues. That destroys confidence, and this is no basis for smoothly building up a constructive relationship."

The E.U., which is heavily dependent on Russian natural gas and oil, has almost no short-term alternatives for energy. Russia supplies about 25 percent of the union's oil and 40 percent of its natural gas.

Besides Germany and Poland, Russian oil supplies were also cut to the Czech Republic, Hungary and Slovakia. All the affected countries have enough strategic reserves to ride out any shutdown for several months.

The dispute began when Belarus imposed a transit fee on Russian oil in retaliation for new Russian duties on exports of Russian oil to Belarus. Russia's western neighbor has long benefited from subsidized Russian energy, but the Kremlin appears to have tired of underwriting its putative ally, which is led by the authoritarian President Alexander Lukashenko.

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Belarus, isolated and poor, earned billions of dollars from processing Russian crude and selling it to Western Europe. The new duties will cut into its profits, much of which ended up in government coffers.

On Jan. 1, Russia doubled the price of the natural gas it sells to Belarus, but at $100 per 1,309 cubic yards, it is still cheaper than the price paid by any other country. As part of that deal, the state-controlled Russian energy company Gazprom also took a 50 percent stake in the Belarusan gas pipeline network. "Belarus won't be blackmailed by Russia," Lukashenko said on state television.

At a government meeting Tuesday, Putin expressed frustration with Belarus, noting that Gazprom paid the highest of multiple independent valuations for its stake in the pipeline network and that Belarus continues to be subsidized despite the price increases.

"The Russian Federation has agreed to sell gas not at a market price," Putin said in televised remarks. "Moreover, Russia is not levying an export duty on its gas exports to Belarus, costing it $3.33 billion annually."

A Belarusan delegation flew to Moscow to try to resolve the dispute.

"Everything should be placed on the negotiation table without any preliminary conditions or preliminary demands," Belarusan Deputy Prime Minister Andrei Kobyakov said at a news conference at the Belarusan Embassy. "We are ready for dialogue."

The Russian economic development and trade minister, German Gref, met with Kobyakov on Tuesday evening but said Russia would enter into full negotiations with Belarus only when the oil transit fee is dropped. "These are our unconditional demands, and we will not enter into talks until these conditions are satisfied," Gref told reporters after meeting with Kobyakov.

One sign that Russia may be preparing for a drawn-out affair was an instruction from Putin to ministers that they "discuss with Russian companies the possibility of reducing oil output in connection to problems linked to the transit of oil through Belarus." That would prevent Russia from extracting more oil than it can pump to customers.

Putin also said that "everything must be done to guarantee the interests of Western consumers." Russian officials said they were exploring ways of rerouting oil to Europe.

Russia Considers Alternatives To Oil Pipeline Through Belarus (NYT)

By Michael Schwirtz

New York Times, January 10, 2007

MOSCOW, Jan. 9 — An unyielding President Vladimir V. Putin on Tuesday raised the possibility of diverting oil transit routes away from Belarus, a day after Moscow cut off pipeline deliveries of crude oil headed to customers in Eastern and Central Europe through the country.

Such a change, which would be years in the making, would cut Belarus out of any role in the transshipment of oil to Europe without offering the customers any immediate assurance that their supplies were reliable.

The two-day cutoff has affected supplies to Ukraine, Germany, Poland, Hungary, the Czech Republic and Slovakia. It is the second stoppage of Russian energy supplies to European countries since last winter, when natural gas shipments were shut down briefly during a gas pricing dispute between Russia and Ukraine.

In a meeting with his cabinet ministers, Mr. Putin also urged the government to discuss with Russian companies “the possibility of scaling down the extraction of oil, given problems in transiting crude across Belarus.” That indicated that Russia might not have sufficient storage for oil that was being produced but not exported.

With the new year, Russia began charging Belarus $100 per thousand cubic meters of gas, more than double the old rate of $46. It also imposed a duty of $180 a ton on oil that officials said Belarus was obtaining at subsidized rates and reselling on world markets. In response, Belarus imposed a transshipment fee of $45 a ton on oil going through Belarus in the Druzhba pipeline to Europe.

On Monday, officials in Moscow accused Belarus of siphoning off about 79,000 tons — roughly half a million barrels — of Russian oil bound for Europe, then shut down the pipeline entirely.

Normally the 2,500-mile pipeline pumps 1.2 million barrels a day to Eastern and Central Europe, with one arm running to Poland and Germany and the other to Ukraine, Hungary, Slovakia and the Czech Republic.

In general terms, Mr. Putin told his cabinet members to do whatever was necessary to guarantee the interests of Russian companies as well as the interests of the countries dependent on Russian energy supplies.

He also said the government must continue negotiations with Russia’s “Belarussian partners,” now estranged but once so close that the countries spoke seriously of merging into a unitary state.

Officials from Belarus flew to Moscow to negotiate, and one delegation submitted a draft agreement to the Russian Trade Ministry, the Russian news agency Interfax reported. According to Belarus’s deputy economic minister, Vladimir A. Naidunov, the

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agreement could “make it possible to mutually settle issues concerned with levying customs duties on oil, and with duties for oil transportation through Belarus.”

It is unclear when negotiations will begin. Russian officials have begun formulating their starting positions, but German O. Gref, Russia’s trade minister, told reporters Tuesday evening that Moscow would start talks only after Belarus had lifted transit duties and resumed oil transit.

Russia’s intransigence irritated European leaders, including Chancellor Angela Merkel of Germany, who said it was “not acceptable” for energy suppliers to cut off shipments without consultation, and who renewed her call for diversification of supplies.

But few analysts expected the standoff to last more than a few days. “Belarus’s reserves of cheap oil will last a few days, a week at most,” Yaroslav Romanchuk, an economist in Belarus, told The Associated Press. “After that, it will have to buy oil taking into account Russian export duties.”

In a news conference, the Russian industry and energy minister, Viktor B. Khristenko, said that in time Russia would be able to reroute oil around Belarus, possibly by increasing the capacity of the Baltic pipeline system or hurrying the completion of the East Siberia-Pacific Ocean pipeline.

In the short term, he said, Russia might have to ship more oil by rail and river. “If these measures aren’t enough, it could be necessary to reduce oil output,” he said.

Russian equity markets slid sharply on the news, with the RTS index dropping 6.4 percent. Shares in Lukoil, a major oil producer, led the way, dropping 9 percent.

Russia May Cut Oil Production Amid Dispute With Belarus (LAT)

By David Holley, Times Staff Writer

The Los Angeles Times, January 10, 2007

Putin's comments seem to hold out the threat that negotiations could drag on for days or months.

MOSCOW — A Russian-Belarusian oil dispute that has shut down a key pipeline carrying crude oil to European customers may drag on long enough to force Moscow to cut production, Russian President Vladimir V. Putin said Tuesday.

The bitter spat between the longtime allies led to a cutoff Monday in the flow of oil across Belarus, prompting complaints from European officials.

A warm winter has left Europe with abundant oil supplies, triggering falling prices and keeping a lid on the severity of the continent's short-term worries about the cutoff. But the dispute, which concerns oil taxes and transit fees, has revived fears in the European Union about overreliance on Russian energy and has focused attention on efforts to come up with a comprehensive European energy policy.

The tough Russian stance also threatens to undermine Belarusian President Alexander G. Lukashenko. His authoritarian government, often called "the last dictatorship in Europe," has been propped up by energy subsidies from Moscow that are now being eliminated.

"The Kremlin has dumped Lukashenko," Belarusian opposition leader Alexander Milinkevich said in a telephone interview from Minsk, the capital.

The oil dispute was triggered by a new Russian customs duty of $180 per metric ton on crude oil exports to Belarus, a tax that took effect Jan. 1. Belarus retaliated by imposing a transit fee of $45 per ton for oil shipped through the pipeline to the European Union.

Moscow had previously shipped oil to Belarus duty-free under agreements reached in a bid to eventually unite Belarus and Russia into a single state.

That effort has lost steam in recent years, however. It appears that the Kremlin has decided to maximize its oil and natural gas export profits despite the political impact on Lukashenko.

"Since this united economic space is not working out, it was decided in Moscow to make a transition to market relations," said Vyacheslav A. Nikonov, president of the Politika Foundation, a Moscow think tank. "Lukashenko naturally doesn't like it. Of all the foreign partners Putin ever had, Lukashenko has always been the most difficult."

Last month, Belarus was forced to agree to pay slightly more than twice as much for Russian natural gas this year compared with last year, although the cost remains less than half the amount charged to European Union customers. That deal calls for further price hikes in the next few years.

Milinkevich, the opposition leader, said Lukashenko had overreacted to Moscow's decision to raise energy prices toward market levels.

"Despite all these years of preferential terms for oil and gas, Belarus failed to prepare itself for real market relations," he said.

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"Belarus has lost its last partner in Europe and found itself in total isolation," he added. "I think eventually Moscow and Belarus will arrive at some temporary compromise, but their good relations are a thing of the past."

In televised remarks made at a meeting of Cabinet ministers, Putin ordered officials "to discuss with Russian oil-producing companies the possibility of reducing oil production in connection with the problems that arose when transporting our oil through Belarus' territory."

That comment appeared to hold out the threat that negotiations could drag on for days or even months. But Putin also called for talks to move forward, and for officials "to do everything to protect the interests of our Western customers."

A similar dispute a year ago between Russia and Ukraine over natural gas prices briefly disrupted supplies to the European Union.

Speaking at a joint news conference in Berlin, German Chancellor Angela Merkel and European Commission President Jose Manuel Barroso criticized both Russia and Belarus for the disruption in supplies.

"It is not acceptable when there are no consultations about such moves," Merkel said. "That repeatedly destroys confidence, and you cannot build cooperation based on true mutual trust in this way…. Even during the Cold War, Russia was a stable energy supplier."

The pipeline delivers about 20% of Germany's yearly oil supply. The European Union relies on Russia for about 40% of its natural gas imports and about 30% of its oil imports.

Steven Dashevsky, director of research at Aton Capital Group in Moscow, placed most of the blame for the dispute on Belarus.

"Russia, as a main oil and gas producer, is in the same shoes with Western Europe, as a main oil and gas consumer," he said. "For the second year in a row they become hostages of unstable transit states that can't pay market prices for their energy and resort to creating problems for all of Europe."

Belarusian Deputy Prime Minister Andrei Kobyakov met in Moscow on Tuesday with Russian Economic Development and Trade Minister German O. Gref, but it was unclear whether the talks made any progress.

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Times staff writers Jeffrey Fleishman in Berlin and Sergei L. Loiko in Moscow contributed to this report.

Oil Spat Deepens Worry Over Russia's Reliability (WSJ)

By Gregory L. White And Guy Chazan

Wall Street Journal, January 10, 2007

Putin Threat to Cut Output As Belarus Dispute Persists Has EU Weighing Options

MOSCOW -- Russia's threat to reduce oil production in a worsening trade war with neighboring Belarus is fueling fears of a drawn-out conflict that could slice Europe's main supply of crude.

As the main pipeline carrying Russian oil to Europe remained shut off for a second straight day, European officials said refineries were able to maintain production by dipping into stocks. But officials warned that the European Union might have to take the costly step of releasing oil from its strategic reserve if the cutoff is prolonged.

European officials blasted both sides' actions. German Chancellor Angela Merkel said Moscow's failure to warn its customers of the impending cutoff "hurts trust and ... makes it difficult to build a cooperative relationship." Ms. Merkel and EU officials denounced the lack of warning from both sides as "unacceptable," while the European Commission said it would convene a special meeting tomorrow to discuss how to make up for the lost Russian supplies.

In his first public comments on the Belarus dispute, Russian President Vladimir Putin ordered his government to continue negotiations with Minsk, but also said Moscow should discuss with oil companies the possibility of reducing oil production to offset lost exports.

Russia's main pipeline to Europe carries about a third of Russia's five million barrels a day of crude exports. Belarussian officials in Moscow for talks today said no discussions had yet taken place.

Russian oil companies warned that any effort to reduce production would be costly. "That's an extreme option," said Dmitry Dolgov, a spokesman for OAO Lukoil, Russia's largest oil company. But analysts said with Kremlin influence in the energy sector growing, Russia's oil giants would likely toe the line if the authorities demanded cutbacks.

Oil prices fell as markets shrugged off fears about Russia and focused on unseasonably warm weather in the U.S. Crude oil for February delivery settled at $55.64 a barrel, down 45 cents, or 0.8%, on the New York Mercantile Exchange.

The Kremlin blames Minsk for causing the disruption by imposing a fee of $45 a metric ton (about $6.15 a barrel) for Russian oil shipped through the Druzhba pipeline. Minsk imposed the transit duty in retaliation for Moscow's decision late last

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year to end duty-free crude shipments to Belarus. The Druzhba, or Friendship, brings over one million barrels a day of Russian crude to Germany, Poland and other European countries, and carries about 12.5% of EU oil consumption.

Russia's reputation as a reliable supplier to Europe, which depends heavily on its eastern neighbor for oil and natural gas, has come under increasing question since a price conflict with Ukraine led to a brief cutoff of Russian natural-gas exports to much of Europe a year ago. But that so far hasn't deterred Moscow from continuing to use its vast oil and gas resources as a political tool in its increasingly assertive foreign policy.

Political analysts said the Kremlin appears determined to put the screws to Belarus President Alexander Lukashenko. For Mr. Putin, who has called the 1991 collapse of the Soviet Union "the greatest geopolitical catastrophe of the century," a planned union with its former Soviet neighbor on Moscow's terms is a priority. Russian officials blame Mr. Lukashenko for foot-dragging on the plan despite receiving billions of dollars a year in energy subsidies from Moscow.

Mr. Putin yesterday ordered his government to prepare a full spectrum of economic measures to use against Belarus, whose state-controlled economy is heavily dependent on Russian markets.

With the country's biggest companies deprived of their main export market as well as cheap Russian energy, Mr. Lukashenko may for the first time face mass popular discontent. "The Belarussian population is used to getting everything for free, and they will turn away from Lukashenko if he can no longer come up with the goods," said Jaroslav Romanchuk, head of the Mises think tank in Minsk.

But Mr. Lukashenko, a pariah in the West because of his authoritarian policies, could prove more resistant to pressure in the short term than Moscow, which has cultivated ties in Europe.

U.S. Criticizes Venezuela's Nationalization Plan As A Sure Failure (MCT)

By Pablo Bachelet

McClatchy Newspapers, January 10, 2007

WASHINGTON - The Bush administration on Tuesday slammed Venezuelan President Hugo Chavez's plans to nationalize his country's power and telecommunications companies and demanded that U.S. firms be properly compensated.

"Nationalization has a long and inglorious history of failure around the world," White House spokesman Tony Snow said. "We support the Venezuelan people and think this is an unhappy day for them."

Gordon Johndroe, spokesman for the White House National Security Council, said the United States expects that American companies affected by Chavez's moves will be "promptly and fairly compensated."

Chavez said Monday that it was time to nationalize CANTV, the country's biggest telecommunications company, as well as electricity and perhaps oil interests. The move was widely viewed as a dramatic leftward tilt for the populist leader, who gave no further details.

If the move is carried out, observers say, the Venezuelan state may have to disburse more than $20 billion to foreign investors.

Reaction among investors was immediate, with the Caracas stock exchange, the IBC, plummeting 19 percent Tuesday, the largest drop since record-keeping began in 1993.

CANTV, which traded at nearly $20 a share before Chavez's speech, saw its price tumble 28 percent on Tuesday to just over $12 a share. Shares of The AES Corp., an Arlington, Va., firm that operates a Caracas electric utility, fell 4 percent.

Though Snow and Johndroe condemned the nationalization announcement, the Bush administration avoided broader criticism of the Venezuelan president. U.S. officials, as well as Venezuelan critics, have accused Chavez of undermining democracy at home and other parts of Latin America. Lately, however, the Bush administration has tried to enter into a dialogue with Caracas.

In 1991 the Venezuelan government sold CANTV to Verizon for $1.8 billion amid a wave of privatizations that swept Latin America. As part of its strategy to divest its Latin American holdings, Verizon announced last April that it would sell its 28-percent stake in CANTV to Mexican phone giant Telmex in a $3.7 billion deal that includes assets in Puerto Rico and the Dominican Republic.

It was unclear how Monday's announcement would affect the transaction, which awaits Venezuelan regulatory authorities' approval.

The Venezuelan government has compensated firms for seized assets in the past, but taking over big utility companies could strain even Venezuela's oil-rich pockets.

Gerver Torres, a former Venezuelan Cabinet minister who played a role in the privatization of CANTV, estimates Verizon's stake in the company now at $3.5 billion and the value of AES's Caracas electrical utility at $1.9 billion.

Chavez also hinted at taking over four oil fields, which Torres estimates could be worth as much as $5 billion each.

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He said the takeovers have little economic justification for a poor country and would be "a huge (state) investment for purely ideological reasons."

Chavez's announcement drew the immediate rebuke of Florida Republican Rep. Connie Mack, an outspoken critic of the Venezuelan leader.

"By moving to nationalize key economic sectors, coupled with his continued crackdown on freedom, Chavez is working every day to emulate his mentor, Fidel Castro," Mack said.

Chavez's Economic Plans Set Latin Markets Reeling (WP)

By Juan Forero

Washington Post, January 10, 2007

BOGOTA, Colombia, Jan. 9 -- Financial markets from Buenos Aires to Caracas reeled on Tuesday following Venezuelan President Hugo Chavez's announcement that he plans to nationalize some private companies, and the White House warned that it expects U.S.-based corporations to be compensated for any losses.

The U.S. Energy Department also expressed concern after Chavez, who has pledged to accelerate his socialist "revolution," said Monday that he would nationalize telephone and electric utility companies and increase state control over four major oil projects in which American and other foreign companies have invested $17 billion.

At the White House, Gordon Johndroe, a spokesman for the National Security Council, said that "if any U.S. companies are affected, we would expect them to be promptly and fairly compensated." He also said that a nationalization plan, if it proved far-reaching, could be harmful to Venezuela.

Meanwhile, White House press secretary Tony Snow lambasted Chavez's plan, saying: "Nationalization has a long and inglorious history of failure around the world. We support the Venezuelan people and think this is an unhappy day for them."

The Venezuelan leader did not say whether his nationalization plan would mean outright expropriation, higher taxes or majority state control. And as is often the case after Chavez's announcements, Venezuelans scrambled Tuesday to play down the news, with energy officials saying the president was only reiterating existing policy.

But the announcement, made in a bombastic speech in which Chavez also attacked the Catholic Church and insulted the secretary general of the Organization of American States, sent stocks into a tailspin in Venezuela and generated market jitters across Latin America.

In Venezuela, the stock market suffered its biggest loss on record, plunging 19 percent, according to the Bloomberg news agency. The currency was also hit hard. The bolivar, which is officially pegged at 2,150 to the dollar, dropped to more than 4,000 to the dollar on the black market.

Trading on shares of CANTV, Venezuela's largest telephone company, was suspended for 48 hours after shares fell 30 percent. And trading on shares for the electric utility, Electricidad de Caracas, was halted after a drop of more than 20 percent. On the New York Stock Exchange, shares of AES Corp., the Arlington-based company that owns 86 percent of Electricidad de Caracas, fell 86 cents, or 4 percent, on news of the Chavez speech.

In Mexico, the stock prices of Telefonos de Mexico and America Movil SA also dropped. The two companies, both owned by the richest man in Latin America, Carlos Slim, had launched a joint effort to take control of CANTV, whose largest shareholder is now Verizon Communications Inc. Stocks in Argentina and Colombia, the latter a close trading partner of Venezuela's, dipped, as well.

"Obviously, the markets responded," said Maya Hernandez, an analyst with HSBC in New York. She said that although Chavez had said he would move to consolidate his socialist agenda, "what surprised us was the urgency with which he moved, not the direction."

Still, she said, the government has generated numerous questions that officials in Venezuela say should be answered Wednesday, when Chavez is to be sworn in to a third term.

"It's very unclear how he will go about this, especially the nationalization," Hernandez said. "What will he do? Is he going to compensate the companies? Is he going to expropriate the companies?"

Since first being elected in 1998, Chavez has moved quickly to overturn the old social and economic order, sidelining his opponents and spending billions of dollars in oil revenue to found state-run cooperatives and government companies. He has steadily taken a larger share of the pie from companies such as Exxon Mobil, Chevron, Total of France and BP, multinationals drawn to Venezuela in the 1990s. New state lending agencies have been created, and new regulations have been imposed on banks, which are now required to dedicate a percentage of loans to micro-businesses and other sectors identified by the government as important to the economy.

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But Chavez has promised more. Emboldened by a landslide electoral win in December that gave him another six-year term, the former paratrooper has announced he will seek special constitutional "enabling" powers to pass laws affecting the economy, as he did in 2001 when the government first pushed through legislation to increase the state's hold.

Chavez also said the Central Bank, one of the few semi-independent entities in the country, would come under state control as its directors are replaced. The Central Bank controls cash flow and releases economic data, operations the administration wants to wrest away.

One of the bank's outgoing directors, Domingo Maza Zavala, decried the government's moves.

"The Central Bank must be autonomous," Maza said in an interview Tuesday on Globovision, a Caracas news station. "Otherwise, the people will lose confidence in the currency."

In Venezuela, businessmen were bracing for more details about the government's plan while hoping for the best. Many have long complained that private investment has plummeted under Chavez, hurting industry.

Flavio Fridegotto, a businessman speaking by phone from Venezuela, said the government has to understand that it needs foreign companies to operate freely in the country.

"We don't think that they're going to be that radical," he said. "He needs businessmen. They need to take care of the transnationals."

Analysts Hit Venezuela Nationalization (AP)

By Natalie Obiko Pearson

AP, January 10, 2007

Investors spooked by President Hugo Chavez's nationalization plans rushed to sell off Venezuelan stocks Tuesday, while U.S. officials and financial analysts warned that increasing government control in the power, telecom and oil sectors is a mistake.

Chavez, who begins another six-year term Wednesday after a sweeping election victory, announced plans Monday to nationalize Venezuela's largest telecommunications company, electrical companies and four lucrative oil projects now run by foreign companies in the Orinoco River basin. He also called for a constitutional amendment to strip the autonomy of the Central Bank.

"Chavez has singled out `strategic sectors' for now, but what could come next?" asked Pedro Palma, an economist at Venezuela's IESA business school. He said Chavez has created "a climate of great uncertainty."

Chavez's plans to impose state control over oil upgrading projects in the Orinoco, now controlled by companies like Exxon Mobil Corp., Chevron Corp. and ConocoPhillips Co., also prompted worries in the U.S., Venezuela's largest oil customer.

"I think the goal here is to enforce the sanctity of contracts," U.S. Energy Secretary Samuel Bodman said Tuesday, expressing concerns that Chavez could "violate that principle."

White House press secretary Tony Snow also weighed in, saying: "Nationalization has a long and inglorious history of failure around the world. We support the Venezuelan people and think this is an unhappy day for them."

Investors dumped shares in C.A. Nacional Telefonos de Venezuela, or CANTV, whose American Depository Receipts lost nearly 42 percent of their value since Chavez's announcement. On Tuesday alone, CANTV lost $285.7 million in market capitalization.

Shares in Electricidad de Caracas, owned by Arlington, Virginia-based AES Corp., fell by 20 percent Tuesday morning before the Caracas stock exchange suspended trading. And the U.S. dollar hit a new high of 4,000 Venezuelan bolivars on the black market Tuesday, making a joke of the official exchange rate of 2,150 bolivars.

Government seizures of companies don't appear to be likely: With Venezuelan oil selling above $50 a barrel, Chavez's government has plenty of cash to buy out private-sector stakes in key companies.

Chavez also said he would ask Congress — now completely controlled by his supporters — to grant him special powers to enact "revolutionary laws" to carry out the nationalizations and other changes.

Oil companies are accustomed to operating in politically unstable regions and have so far taken a long-term perspective on abrupt changes by Chavez's government. He's already raised taxes and royalties and brought most oil operations under state-controlled joint ventures.

Brazil's state-owned oil company said Tuesday that Chavez's announcement will not affect its plans to invest in Venezuela.

"(This announcement) should not surprise anyone. ... He has been saying he would do this for a long time," Petrobras Chief Executive Sergio Gabrielli told Brazil's state news agency. Petrobras is not involved in the Orinoco upgrading projects but has other oil and gas interests in the country.

But other sectors are likely to be spooked, and that won't help diversify an economy precariously dependent on oil, Palma said.

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CANTV's nationalization also raises doubts about an April agreement by Verizon Communications Inc. to sell its 28.5 percent stake in CANTV to a joint venture of America Movil and Telefonos de Mexico SA controlled by Mexican billionaire Carlos Slim. The sale had been awaiting Venezuelan government regulatory approval.

Shares of both Mexican phone companies fell Tuesday: America Movil lost 2.6 percent and Telmex dropped 2.9 percent on Mexico's benchmark IPC stock index, which closed down 1.9 percent overall.

Chavez has increased state control over many areas of the economy since coming to power in 1999. The foreign exchange controls he imposed in 2003 make it difficult to repatriate earnings and acquire dollars for international payments, and his government seized ranchlands and company assets deemed idle, moves that scared off many long-term investors.

State-run companies have a poor record in Venezuela: areas now serviced by government-run electricity companies suffer frequent blackouts, and before CANTV was privatized, companies had to employ dozens of operators to work the phones because getting a connection was so difficult.

"The state companies have shown that they're hopeless, they don't know how to manage, they're totally incapable of directing any type of company," said Luis Salazar, 56, an economist walking in downtown Caracas.

The privatized CANTV has also provided another key benefit for Venezuelans — one of the few ways to get around currency exchange controls. Investors could buy its stocks in Venezuelan bolivars and sell them on the New York Stock Exchange to acquire dollars. A government takeover of CANTV would close down this option for preserving wealth in an economy where inflation has been running at 17 percent.

Venezuela's electricity sector is largely state-run already and it wasn't clear if Chavez's call to re-nationalize companies privatized before he took power would affect Electricidad de Caracas, which has never been state-run and is owned by Virginia-based AES Corp. Stockholders, however, were not taking any chances and sold off shares.

Chavez has heightened the risk for anyone doing business in Venezuela, said Emilio Medina-Smith, an economist at Venezuela's University of Carabobo.

"The model that the government is going to follow is feasible with oil at $50 a barrel. But is it possible in the medium-term, long-term? Experience tells us no," he said.

Venezuelan Plan Shakes Investors (NYT)

By Simon Romero And Clifford Krauss

New York Times, January 10, 2007

CARACAS, Venezuela, Jan. 9 — Verizon Communications had been looking to lighten its exposure to Latin America for some time when it struck a deal in April to sell investments in three properties in Puerto Rico, the Dominican Republic and Venezuela.

Now, it probably wishes it had disconnected its Latin lines even sooner.

The company could possibly lose up to several hundred million dollars, thanks to President Hugo Chávez of Venezuela, who threatened to nationalize the country's main telephone and electricity companies.

Investors reacted with alarm here and in markets in the United States and throughout Latin America on Tuesday as they measured the impact of the plan by Mr. Chávez to nationalize crucial areas of the economy. Memories of past nationalizations during another turbulent era, in places like Cuba and Chile, helped drive down the Caracas stock exchange's main index by almost 19 percent.

Markets across Latin America declined Tuesday, but the drop was modest in most other countries, with the Bovespa index in Brazil and the Bolsa index of Mexico each falling 1.9 percent. The measured reaction appears to reflect the belief of investors that Mr. Chávez, in spite of his words, has limited influence on the economic policies of other governments in the region.

"It has not turned into a widespread contagion," said David Riedel, president of the Riedel Research Group, who follows emerging market stocks. Compared with the 1990s, "you have a more sophisticated base of investors that understand that Mexico is different from Venezuela."

Still, investors sold shares in American, Argentine and Mexican companies vulnerable to the move by Mr. Chávez to take control over entities that had been privatized by previous administrations.

Owners of Venezuelan steel, banking, cement and hotel companies — even the cable car operator that takes tourists to the top of the Ávila mountain here — could be affected by the push toward nationalization, analysts said.

"Chávez is deepening his revolution, but in doing so will he follow the law and compensate the companies whose assets will be nationalized?" said Miguel Octavio, executive director of BBO Servicios Financieros, a brokerage firm, who calculated the costs of taking over companies in the telecommunications, electricity and oil industries, as well assuming their debts, at more than $15 billion.

"It doesn't seem like the government has thought this project out yet," Mr. Octavio said.

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Tony Snow, a White House spokesman, said on Tuesday, "Nationalization has a long and inglorious history of failure around the world. We support the Venezuelan people and think this is an unhappy day for them."

Mr. Chávez further intensified worries with his request for vastly enhanced presidential authority from his Congress. If successful, those new powers would allow him to decree measures into law for one year, bypassing any debate in the legislature, where in any case all 167 deputies are his supporters. On top of that, he made a request to abolish the autonomy of Venezuela's central bank. The Venezuelan government did not immediately contact the American companies, which declined to discuss details.

"There are many ways in which the Venezuelan government could proceed," said Peter Thonis, a spokesman for Verizon. "Since they have not discussed specific plans, it would be premature for us to comment now."

In April, Verizon agreed to sell its 28.5 percent stake in Compañia Anónima Nacional Teléfonos de Venezuela, or CANTV, to América Móvil and Teléfonos de Mexico, for $676 million; the deal has not closed, so Verizon still owns the stake, and it was unclear how much the Chávez government would be willing to pay to take control. Neither América Móvil or Teléfonos de Mexico would comment.

Since taking power eight years ago, President Chávez has imposed stronger political control over the state oil company and has ordered the government to exert greater authority over several ventures with foreign oil firms.

Stopping short of Mexico's nationalization of foreign oil companies in the 1930s, the Venezuelan government has aimed to reach partnership agreements with foreign oil companies while raising its tax rates and royalties on foreign oil companies.

At the very least President Chávez's pledges Monday to nationalize companies in the telecommunications and electricity industries represented another retreat of the trend toward more private control of national economies and free market policies that swept Latin America in the 1990s.

Mr. Chávez has led that reversal, which has taken hold to one extent or another in Argentina and Ecuador, as well as Bolivia.

"We have said for a while that if you are operating a domestic business in Venezuela, you are chronically at risk for something like this happening," said Thierry A. Wizman, a managing director and global emerging market strategist at Bear Stearns in New York. "This is not the first time he has changed the rules for domestic businesses."

Still, Mr. Wizman notes Mr. Chávez cannot afford to seize assets brazenly without compensating corporate owners, because Venezuela owns assets in the United States like Citgo, the energy company, that could be frozen by United States courts.

"He is unlikely to give a fair price, but it won't be outright seizure without compensation," Mr. Wizman said. "He doesn't want to offend everybody simultaneously."

Not all investors are as sanguine, and two American companies, Verizon and the AES Corporation of Arlington, Va., suddenly face the potential of hundreds of millions of dollars of losses. AES declined to comment Tuesday.

The abrupt policy and market jolt in Caracas came amid surging interest in Latin America, Asia and Eastern Europe by investors around the world. Last year, investors in the United States poured $20.3 billion into emerging market funds, up 47 percent from 2005 and accounting for 15 percent of all the money invested in stock-based funds, according to AMG Data Services.

Investors note that even with the recent troubles in Russia, Venezuela and Thailand, conditions remain favorable in Brazil, Chile, China and India. That may explain why stock markets did not buckle across Asia and the declines in Latin America were fairly modest outside Venezuela.

Some investors and business experts expressed optimism that while risks and trepidations were on the rise for business in the region, Mr. Chávez had sometimes stopped short of his pledges in the past.

Others even hoped he would reverse his intentions, or at least fairly pay for the announced nationalization of CANTV.

A sharp fall in the shares of Electricidad de Caracas, a utility controlled by AES, however, seemed to reflect fears that it would be nationalized.

Mr. Chávez's pronouncements prompted expressions of awe and surprise among many of his new cabinet members at their swearing-in ceremony on Monday, suggesting that even they were taken aback. Mr. Chávez also lectured Venezuela's clergy, which has been critical of his plan to refuse a broadcast license to an outspoken television network. He recommended that they read the works of Marx and Lenin, as well as the Bible, "to learn what socialism means."

Mr. Chávez has suddenly moved forward with a revolution that seemed to unfold in slow motion in previous years. He pushed for socialist-inspired economic policies like price controls to slow inflation and the assembly of alliances with Latin American nations with leftist leaders that now include Bolivia, Cuba, Ecuador and Nicaragua.

Since his re-election to the presidency in December with a 23-point margin, Mr. Chávez has quickly accelerated his efforts to remake Venezuelan society. He has dismissed moderate cabinet ministers and his vice president. He also has begun

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speaking of the need to reform the nation's public schools to focus more on socialist ideals, and of guiding the Venezuelan consumer away from "luxurious consumption" of imported goods.

Few obstacles stand in the way of Mr. Chávez, making his request for enhanced presidential power, as well as a request to abolish the autonomy of Venezuela's central bank, somewhat perplexing. Mr. Chávez and his economic deputies already effectively control monetary policy, for instance by capping interest rates on loans, though they have to go through the bureaucratic procedure of asking the central bank for its reserves of hard currency if they want them.

With 80 billion barrels of conventional crude oil, or about 7 percent of the world's reserves, Venezuela remains the fourth-largest oil supplier of the United States. Much of Mr. Chávez's ambitious project to move Venezuela toward socialism will depend on petroleum revenue, with oil by far the country's leading export.

It was no small surprise that even as Mr. Chávez announced his startling assortment of economic policies this week, his oil minister, Rafael Ramírez, was calling on OPEC to hold a special meeting to discuss falling oil prices. On Tuesday, oil traded near an 18-month low at $55.64 a barrel in New York, down nearly 9 percent since the start of the year.

Venezuela's Ch?vez Tightens Grip (AP)

By Thomas Catan

AP, January 10, 2007

CARACAS, VENEZUELA

As he begins his third presidential term Wednesday, Venezuelan President Hugo Chávez has laid the groundwork for a sharp leftward shift and launched a clampdown on dissent, in what analysts see as a broad-based effort to strengthen his grip on power.

Emboldened by his resounding reelection victory on Dec. 3, Mr. Chávez announced plans this week to nationalize power and telecom companies as part of an accelerated move toward socialism. This comes after he had begun to act on longstanding threats to close media outlets aligned with the opposition, refusing to renew the broadcast license of Venezuela's oldest commercial television station, RCTV.

In the past week, he has purged his cabinet of ministers deemed insufficiently radical, bringing in a new group of loyalists that includes his brother, Adan. He has begun to merge the more than 20 parties in his governing coalition into a single force under his control. And, under a controversial new law, he is set to take control of nongovernmental organizations that could oppose his government.

"I don't think there is a lot of ambiguity about what Chávez is doing," says Michael Shifter, an analyst at Interamerican Dialogue in Washington, DC. "He wants to hold on to power for as long as possible, and even though he just won a resounding reelection, he doesn't want to take any chances of dissent building." Crackdown on dissent

The Venezuelan president's decision to close RCTV, which has been broadcasting since 1953, has been met with strong criticism from the Organization of American States (OAS), the Catholic Church, and from press freedom campaigners like Reporters Without Borders. José Miguel Insulza, OAS secretary general, said the move smacked of "censorship against freedom of speech and a warning to other media, encouraging them to limit their operations so as not to face the same fate."

But Chávez, who referred to Mr. Insulza as an "idiot," says he will defy any international criticism.

Chávez is also moving to take control of civic groups, some of which have been critical of his government. Under a proposed law now in Congress, NGOs will have to reregister with the government, even if they have been operating legally for years. Foreign funding will have to pass through the government, and NGOs would have to open their files to anyone that requests it. Human rights campaigners say it would effectively end their work.

"If approved, it will [effectively] outlaw all nongovernmental organizations" working in Venezuela, says Liliana Ortega of the Venezuelan human rights group, Cofavic. "There will only be groups approved by the government."

Amnesty International has called on Chávez to revoke the bill, with a spokesperson saying it would "restrict the legitimate work of human rights defenders in Venezuela." But Chávez shows no signs of retreating.

Chávez is also gearing up to change the constitution to allow his indefinite re-election - and has vowed to remain in power until 2021.

Mr. Shifter believes Chávez's effort to change the constitution could meet with substantial opposition within his own coalition. That could be a reason why Chávez is moving to take control of both supporters and critical NGOs.

"He would be in better shape to assure his power if there are no independent, critical civic organizations that could offer a channel for dissent and challenge to the regime," says Shifter.

Chávez's defenders deny his latest moves constitute an autocratic power-play. They say the measures are needed to defend the achievements of the "Bolivarian Revolution" from its enemies, such as those who launched a failed coup against Chávez in 2002.

The bill to regulate NGOs, for example, was introduced after Súmate, a voter education group involved in the 2004 recall drive against Chávez, was found to have received more than $30,000 from the US-funded National Endowment for Democracy. They similarly accuse RCTV and other private broadcasters of having supported the failed 2002 coup and subsequent oil strike against the government.

"They became spokesmen for the opposition and allied themselves with the coup-plotters of 2002," says Martín Pacheco, media coordinator for the Chávez reelection campaign. Growing blacklist

With political passions on the rise, Chávez's opponents say they are bracing themselves for a renewed crackdown. Some of the 3.5 million Venezuelans on a political blacklist compiled by his government two years ago say they have noticed a recent upswing in harassment by government officials.

Rocío San Miguel, a lawyer in Caracas, appeared on the blacklist in early 2004 after signing a petition to recall the president. She was fired from her job at Venezuela's border agency a few weeks after the blacklist was posted on the Internet. Last month, her husband, a colonel in the Air Force, was barred from entering his air base.

"Not only have they ended my career, now they are ending his," says Ms. San Miguel, adding that she is now more fearful than ever. "The day after the election, my daughter asked me, 'Is something going to happen to you now that Chávez has won?' "

Opponents say the list is used to screen applicants for jobs, social benefits, identity cards, scholarships, and credit from state banks. Government aides deny this. "It's absurd to think there is political discrimination here," says Mr. Pacheco.

One woman, who requested anonymity for fear of reprisals, says she was fired from her government job just before the Dec. 3 election, along with several others.

"That list is used all the time," she says. "People are very scared." Toward socialism

CARACAS, VENEZUELA - As Venezuela embarked on another six years under Hugo Chávez, the president announced plans to nationalize power and telecommunications companies. He also said he wanted a constitutional amendment to strip the Central Bank of its autonomy and would soon ask the National Assembly, solidly controlled by his allies, to approve "a set of revolutionary laws" by presidential decree.

"We're heading toward socialism, and nothing and no one can prevent it," he said in a televised address after swearing in his new cabinet on Monday.

Chávez also said lucrative oil projects in the Orinoco River basin involving foreign oil companies should be under national ownership. Critics say he is following in the footsteps of Cuban leader Fidel Castro.

Venezuela Inc.'s Hostile Takeover (NYT)

The New York Times, January 10, 2007

President Hugo Chávez of Venezuela — the very portrait of a modern Latin American strongman — is not content to exercise near-total political and military control of his country. Now he is tightening his grip on the Venezuelan economy. That's bad news for foreign investors, but even more so for the Venezuelan people who will have to pay the price for an economy plagued by increasing inefficiency and corruption.

Mr. Chávez announced this week that he would nationalize electricity and telecommunications companies. Venezuela's biggest telecommunications company is partly owned by Verizon Communications. Its largest publicly traded electricity company is controlled by another American company, the AES Corporation. Mr. Chávez also declared his intention to take control of four multibillion- dollar oil projects with significant investments from foreign companies.

State control is rarely an efficient way to run companies. And nationalizations are not a good way to encourage further foreign investment. Mr. Chávez is already using the state-controlled oil company to reward his cronies at the expense of getting the best return on Venezuela's most lucrative resource.

Exactly what form these nationalizations will take remains unclear. Whatever Mr. Chávez is planning, he needs to fairly compensate shareholders. And while the Bush administration needs to condemn any seizure of American assets, it should choose its words carefully so as not to play into Mr. Chávez's Yanqui-baiting game.

The administration can best advance American interests, and those of the people of Latin America, through more active engagement of the region's many democracies. It also needs to press ahead with trade agreements and other forms of economic assistance and cooperation. That is the smartest way to counter Mr. Chávez's demagoguery.

Mr. Chávez's latest moves serve as yet another reminder of why America needs to curb its insatiable appetite for oil. The United States is the biggest buyer of Venezuelan petroleum products. If a powerful Hugo Chávez is against U.S. interests, we should stop paying for his Russian fighter jets and helicopters — and his nationalizations — with our gas-guzzling cars and trucks.

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Venezuela's Leap Backward (WP)

The Washington Post, January 10, 2007

BEFORE HIS reelection as Venezuelan president last month, Hugo Chavez declared that his goal was to receive 10 million votes and thereby a mandate to greatly accelerate what he calls a 21st-century socialist revolution. In the end, despite a one-sided campaign that left a majority of Venezuelans believing they might be punished if they did not cast their ballots for him, Mr. Chavez received only 7 million votes; an opposition candidate won 4 million. The president's push to transform his country nevertheless is well underway -- and the model looks a lot like Cuba in the 20th century.

In the past couple of weeks Mr. Chavez has shaken up his cabinet to eliminate quasi-independent voices, said he will form a single ruling party and announced plans to govern by decree in the coming year. He has said he will close down the country's most popular television network, which has been critical of his government, eliminate the independence of the Central Bank, and nationalize telephone and electricity companies -- including one partly owned by Verizon and another by Alexandria-based AES. The commercial code will be changed; one minister said the intent is to place new limits on the profits of the remaining private companies. Though some private media will remain, Andres Izarra, the head of a state network and a close collaborator of Mr. Chavez's, declared that the regime's plan is "a communications and information hegemony for the state."

The flurry of activity has provoked understandable qualms among Latin America's democratic leaders, some of whom have bent over backward until now to give Mr. Chavez the benefit of the doubt. Jose Miguel Insulza, the Chilean who was elected secretary general of the Organization of American States with Venezuelan support, issued a statement last week saying Mr. Chavez's promise to revoke the license of RCTV "gives the appearance of a form of censorship against free expression" and "has no precedent in the recent decades of [Latin] democracy." The unfailingly vulgar president responded by publicly calling the OAS leader " pendejo," a Spanish word that could be translated as "idiot" but is not nearly so polite.

Some will see in Mr. Chavez's actions a threat to U.S. interests. Certainly, those who caution that it is unwise to count on Venezuela to continue supplying up to 15 percent of U.S. oil imports have a point. If assets of U.S. companies are seized without fair compensation, Venezuela should be subject to penalties. But the main threat posed by Mr. Chavez is to Venezuela's 26 million people. If he follows through on his threats, they can look forward to steadily diminishing freedom and -- if the history of socialism is any guide -- national impoverishment.

Cuban Economists Envision Role For Markets In Post-Castro Era (WSJ)

By Bob Davis

The Wall Street Journal, January 10, 2007

With Fidel Castro ailing and absent from the public stage, some influential Cuban intellectuals are laying plans for a more market-oriented approach to fortify the island's ailing communist economy.

The debate over economic experimentation, squelched a decade ago by the Castro regime, offers a glimpse of what a post-Castro Cuba could look like. Now, it is intensifying at a time when Castro disciple Hugo Chávez is steering Venezuela toward the kind of hardline socialism that has failed to produce prosperity in Cuba.

Together, the Cuban economists' proposals would cut down on state interference in businesses and aim to wring more productivity out of the island nation's economy. Among the steps under discussion: decentralizing control, expanding the power of managers at privately owned agricultural cooperatives, extending private ownership to other sectors, boosting investment in infrastructure and increasing incentives to workers.

None of the plans would shuck communism for capitalism or open the island further to foreign investment -- which economists outside Cuba say are critical for the island to prosper. But the fact that the government is permitting -- and perhaps even encouraging -- the debate suggests regime officials might find these kinds of changes acceptable, though it may take Mr. Castro's death to put them into action.

"We are in the midst of a process of debate, which is cautious and controlled, but is happening for the first time in many years," said Pedro Monreal, a senior professor at the Center for Research on the International Economy in Havana. "It's an historic moment," says Julia Sweig, a Cuba specialist at the Council on Foreign Relations in Washington. "The Cuban regime feels confident enough to have voices it once purged be at the center of the economic debate on reform."

The proposals are prompted by the continuing economic privation in Cuba, where state salaries don't come close to covering living costs. But the planning is made more immediate by the 80-year-old Mr. Castro's continuing health problems. The Cuban government hasn't disclosed the nature of Mr. Castro's illness -- a Spanish surgeon recently said it isn't cancer -- but he hasn't been seen in public since temporarily relinquishing power at the end of July, and he is unlikely to return to his presidential duties.

Phony Numbers

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Cuba claims its economy grew at 12.5% last year, after an 11.8% gain in 2005, which would make it one of the world's fastest-growing nations, but critics say the numbers are as phony as those once produced by the Soviet Union. Carmelo Mesa-Lago, a professor emeritus at the University of Pittsburgh, who has long tracked the Cuban economy, says Cuba engages in statistical sleights of hand, such as double-counting entries, changing base years to yield better results and failing to show how it estimates revenue produced by Cuban doctors and other professionals working overseas.

"I don't see anything [in Cuban economic statistics] that would warrant this magic rate of growth," says Mr. Mesa-Lago, who figures the government is probably inflating its growth statistics by at least two-thirds.

Whatever growth Cuba manages owes a lot to Venezuela, which provides it with subsidized oil -- some of which Cuba re-exports -- and employs tens of thousands of Cuban professionals. President Chávez sees himself as an heir to Mr. Castro in leading a bloc opposed to U.S. policies, and earlier this week said he would nationalize his country's largest telecommunications and electric-utility companies, aping Mr. Castro's early moves in his turn to communism.

Even with the aid, most Cubans are able to scrape by only by working in black-market enterprises or because of cash sent by relatives in the U.S. and Europe. The disconnect between the Cuban government's claims and the Cuban's people's bleak living standards may increase popular pressure for change. "The Cuban people can believe that the economy is growing statistically, but it's not growing in their homes," says Rafael Hernández, editor of the magazine "Temas" -- "Issues" in English -- a scholarly quarterly in Havana that writes about the Cuban political-economy and society.

Mr. Hernández says the government should pick up the renovation agenda that Mr. Castro and his brother Raúl, now Cuba's acting president, shut down in 1996 for straying too far from socialist ideology and for potentially undermining political control. At the time, the regime approved agricultural co-ops -- which survive today -- where the state continues to own the land but members own the business and equipment. These entities can sell a portion of their output in farmer's markets at prices higher than those set by the state. Now, Mr. Hernández says the co-ops should be used as a model for other sectors.

Small textile or shoe makers should be able to start co-ops that sell in private markets, he said. Currently, the government permits only families to own such private businesses; a co-op would be able to expand and hire employees outside the family. But under Mr. Hernández's concept, co-op members wouldn't be permitted to sell shares in their venture, which might accelerate capital accumulation. "Co-ops are socialist," he says. "You could do it without violating socialist principles."

Omar Everleny Pérez, a senior researcher at the Center for the Study of the Cuban Economy in Havana, agreed "there should be an increase in the space for the private sector and cooperatives, not only in agriculture, but in other sectors," although he isn't as specific as Mr. Hernández or as confident that change is coming.

Mario González-Corzo, an economist at the City University of New York's Lehman College, says the cooperatives would have to be decentralized and revamped to have much of an economic impact. Currently, the government subsidizes co-ops' purchases of fertilizer, machinery and other goods, and sharply limits how much they can sell privately. Managers have to bargain extensively with government officials to get permission to change prices.

Mr. Monreal, the Cuban international economist, says the island's economy needs a more thorough makeover, along the lines of what China and Vietnam managed. Cuba is deficient in "calculation, motivation and innovation," he says. By that he means Cuba doesn't let markets determine prices, provide enough incentives for firms and enterprises to earn money, or encourage Cubans to take economic risks. Following a China model would require far more decentralization and acceptance of private markets than Cuba has ever permitted.

Even to well-connected Cubans, the direction of the debate is difficult to follow.

'Black-Box Process'

"It's a kind of black-box process," says Mr. Monreal. He views Raúl Castro's decision last month to examine agricultural problems, but to defer any decisions for six months until an economic survey is completed, as a template of how the regime will incorporate changes. The president's brother, who has served for decades as defense minister, has frequently backed economic overhauls and the companies owned by Cuba's armed forces -- including tourism firms, cigar marketers and consumer-goods retailers -- are among the best-managed on the island.

But 76-year-old Raúl lacks his brother's commanding presence, and needs to move cautiously to broaden support. He appears to be trying to do so by allowing the economic debate to proceed. In December, he told university students in Havana that they should debate issues "fearlessly."

Cuban economic history under Fidel Castro is a tale of timid liberalization and retrenchment, with purges of reformers caught taking the wrong positions. During one crackdown in 1996, Mr. Monreal, Mr. Hernández and others were forced out of their jobs. Mr. Hernández said he believes that even if the political winds once again shift against him, "that wouldn't shut down the expressions of opposing views."

It may take Mr. Castro's death -- or at the very least, a public declaration that he is permanently incapacitated -- to give government officials the confidence to institute even modest economic retoolings. Mr. Castro has relentlessly opposed any

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changes that smack of capitalism, and believes Venezuelan oil subsidies have reduced the island's economic problems and need for market-based incentives.

In the past few years, Mr. Castro has led drives to recentralize the economy and stamp out corruption, which has often meant more repression of Cuba's tiny private sector. For instance, he fired thousands of gas-station attendants he suspected of siphoning off gasoline to sell on the black market, and replaced them with "social workers" -- Cuban youths doing government service. The government has even banned private citizens from starting businesses as masseuses and clowns.

Ortega Returns To Power In Nicaragua (AP)

By Traci Carl, Associated Press Writer

AP, January 10, 2007

Daniel Ortega, who led a Marxist government that spent the 1980s fighting U.S.-backed insurgents, returns to power Wednesday promising to respect free trade and private business and maintain relations with Washington.

Yet he will be sworn in as president in a ceremony attended by some of the United States' biggest enemies, including Venezuela's Hugo Chavez and a representative of Iran.

The inauguration is a reflection of Ortega's delicate balancing act. He has pledged to remain close to his leftist allies while assuring opponents he is no longer the radical who imposed a state-run economy, sparked runaway inflation and fought off a bloody, decade-long rebel movement.

The U.S., which openly opposed Ortega during his presidential campaign, has grudgingly welcomed the president-elect's more moderate stance. On Monday, President Bush called Ortega and said he wanted to put the past aside and strengthen the Central American nation's democracy.

Gordon Johndroe, a White House spokesman, said Bush "expressed his strong commitment to the well-being of the Nicaraguan people and our continued interest in a relationship with Nicaragua."

The U.S. government so despised Ortega during the 1980s that aides to President Reagan secretly sold arms to Iran's radical Islamic government to finance clandestine aid for the Contra rebels who were trying to overthrow Ortega.

Bush's father, who followed Reagan as president, sneeringly described Ortega as "this little man" and as an "unwanted animal at a garden party" when both attended a Central American summit in 1989 — a year before Nicaraguans voted Ortega out of office.

U.S. Health and Human Services Secretary Michael Leavitt will head the U.S. delegation at Wednesday's inauguration.

Ortega met privately Tuesday with Leavitt. Chatting amicably together in front of reporters beforehand, Leavitt told Ortega he wanted to "make clear that our desire is to work with you."

Ortega replied that he "hopes that this will be the first of several visits."

But one of the most high-profile guests will be Chavez, Venezuela's socialist president who plans a whirlwind visit with offers of economic and political support for Nicaragua, the second-poorest in the Western Hemisphere after Haiti.

Chavez, who calls Bush "the devil," has promised Nicaragua 32 desperately needed electricity plants, low-interest loans to the poor from a branch of his state development bank and help in improving health and education.

Chavez also will receive an honorary doctorate from Nicaragua's National Engineering University.

Other inauguration guests include Bolivian President Evo Morales, an ally of Chavez and Cuban leader Fidel Castro. Morales has expressed doubts about the U.S. drug war in the Andean region and recently announced that U.S. citizens would have to obtain visas to visit Bolivia. The U.S. is wary of Morales' ties to Chavez and Castro.

Nicaraguan officials earlier said that hardline Iranian President Mahmoud Ahmadinejad, who has defied international criticism of his country's nuclear program, also planned to attend.

They later said Ahmadinejad would not be coming, and that a lower-level representative would take his place.

The president-elect has been guarded about the direction his new government will take.

While repeatedly assuring investors he doesn't plan radical changes, he also refused to name most of his Cabinet until inauguration day.

He has made few public comments since the week of his Nov. 5 election, speaking mostly through his wife and spokeswoman, Rosario Murillo.

On Tuesday, he met privately with representatives of South Korea, Saudi Arabia and Japan and planned a dinner for arriving dignitaries.

Ortega will be sworn in at the Omar Torrijos Nonaligned Plaza, which he constructed as president in the 1980s after his Sandinista movement drove out dictator Anastasio Somoza.

It is the same plaza where Ortega conceded defeat to Violeta Chamorro after losing the presidential election on Feb. 25, 1990.

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Ortega's Sandinista party has the largest number of lawmakers in Congress, but it is short of the majority needed to pass legislation on its own.

Analysts speculate he might try to renew his past coalition with the party of former President Arnoldo Aleman, who was convicted in 2003 of money laundering and embezzlement.

During the new Congress' first session Tuesday, lawmakers from all opposition parties repeatedly warned Ortega not to try to return Nicaragua to the dark days of his previous leadership.

"The Sandinistas better not fall victim to the totalitarian temptations of before," warned Wilfredo Navarro of Aleman's party.

In an exclusive interview with The Associated Press, outgoing President Enrique Bolanos predicted Ortega's government would be "as strong as it was in the 1980s."

"It won't be a democracy, because democracy requires divided power," said Bolanos, who was jailed twice under Ortega's previous rule and had much of his property seized. "We will see what happens."

Many of Ortega's opponents had threatened to leave the country if he returned to power, but that hasn't happened. Many seem to be waiting to see what his new government will do.

Private security guard Leonel Zuniga, 32, said he is optimistic Ortega will make good on his promises to help the poor without radical policies.

"If he cuts off ties with the United States, he won't be able to do anything," Zuniga said. "Without their support, the country is paralyzed."

Latest Push To End Doha Talks Welcomed (FT)

By Alan Beattie

Financial Times, January 10, 2007

The transatlantic push to conclude the troubled Doha round of global trade talks got a wary welcome from the head and some members of the World Trade Organisation on Tuesday.

Details of any deal to reconcile the US and European Union positions remain elusive, but Pascal Lamy, director-general of the WTO, said the determination expressed this week by US president George W. Bush and José Manuel Barroso, president of the European Commission, was a marked advance.

Similar expressions of enthusiasm from Mr Bush and other heads of government during the Group of Eight summit in St Petersburg last summer were not followed by concessions at the negotiating table, and the Doha talks were suspended in July amid bitter transatlantic recriminations.

But Mr Lamy said prospects were better. “The signs we are seeing now are qualitatively different from what we heard last year,” he told the Financial Times. “The political chemistry is beginning to work.”

Since last July, Mr Lamy said, “the consequences of failure and the risk of a surge of protectionism have become more evident to governments”. Finance ministers had weighed in after becoming more alarmed at the threat to global growth.

But other participants in the round underlined that details of how US and EU positions would be reconciled were still absent.

Dave Salmonsen, trade lobbyist for the American Farm Bureau, said the mood music sounded better, but the US farm community had not been consulted on any further offers of reductions in tariffs by the EU or subsidies by the US. “There is no difference from where we were in July,” he said. “We need to see a lot more market access from the Europeans in return for reductions in domestic support.”

India, the most sceptical of the countries that could influence the talks, is yet to give its views on the prospect of a revived EU-US deal. The first substantial resistance to a deal will most likely come from Delhi, which is a member of the Doha round’s core group of four negotiating partners along with Brazil, the US and EU.

The Indian commerce ministry, which has repeatedly said it will not expose millions of its small, poor farmers to international competition, declined to comment on Tuesday.

France, which has organised a group of 14 EU member states opposing more cuts in European farm protection, reiterated its position that the US would be unlikely to make the cuts in subsidies required.

One official from a sceptical EU nation questioned Washington’s willingness to cut farm subsidies further. “We find it very hard to understand on what basis [EU trade commissioner Peter] Mandelson is so optimistic,” the official said. “There is great doubt the US administration can put its money where its mouth is.”

But other officials noted that if Germany swung its weight behind a deal, it might overcome opposition from agricultural protectionists in the EU.

Trade Official To Meet With Head Of WTO (WSJ)

By Greg Hitt

The Wall Street Journal, January 10, 2007

WASHINGTON -- In a fresh sign of the intensifying efforts to revive moribund global trade talks, U.S. Trade Representative Susan Schwab will travel to Geneva late this week for consultations with Pascal Lamy, head of the World Trade Organization.

The one-day visit Friday follows a series of round-robin discussions Ms. Schwab has held with major players in the so-called Doha Round of talks. In the last two weeks, Ms. Schwab has conferred directly with top trade officials from Brazil, Europe and Japan, and has reached out by telephone to India's lead negotiator. A senior U.S. trade official said the meeting with Mr. Lamy will help lay the groundwork for additional discussions to be held later this month at an international conference in Davos, Switzerland. The official said there have been no breakthroughs, but suggested major players have shown "more willingness" to begin hammering out details.

The WTO is overseeing the Doha Round of talks, which were suspended last summer amid sharp differences over how best to lower barriers to trade in farm products, manufactured goods and services.

The U.S., EU and other major players in the WTO are hoping to resume formal negotiations soon and conclude a deal before President Bush's trade-negotiating authority expires at the end of June. Renewal of that authority, which allows the president to submit trade deals to Congress for approval without amendment, is not considered certain with Democrats now in charge on Capitol Hill.

"People are realizing we're down to brass tacks," the U.S. trade official said.

Separatists Admit To Madrid Airport Attack But Stand By Cease-Fire (NYT)

By Elaine Sciolino

The New York Times, January 10, 2007

MADRID, Jan. 9 — The armed Basque separatist organization ETA said Tuesday that the “permanent cease-fire” it announced last March was still in effect, even as it formally claimed responsibility for the deadly bomb attack on Madrid’s main airport terminal 10 days ago.

ETA made its two-pronged declaration in a statement sent to Gara, the pro-independence Basque-language newspaper that is often used as a vehicle for ETA communiqués.

“ETA affirms that the permanent cease-fire started on March 24, 2006, still stands,” ETA said in a long statement that was summarized by Gara. “It claims responsibility for the attack at Barajas,” the Madrid airport. In the wake of the bombing, Spain’s Socialist government said it had canceled the peace effort that began with ETA after the cease-fire took effect, arguing that ETA had miscalculated and that violence was incompatible with negotiation.

The view that there could be no truce with violence was reiterated Tuesday by Judge Baltasar Garzón, Spain’s most prominent investigative magistrate, who has spent nearly two decades looking into and building criminal cases against terrorist networks in Spain.

“ETA gambled that if there were a terrorist attack, it would strike fear in the government and win concessions,” Judge Garzón said in an interview. “We would never give in to that kind of blackmail. ETA terrorists don’t seem to understand that. They do not yet accept that they are criminals.”

ETA, which the State Department and the European Union have called a terrorist organization, said in its declaration that it had not intended to cause casualties in the attack, which killed two Ecuadoreans and injured about two dozen people. It blamed the Spanish authorities for not properly evacuating the five-story parking garage where it had parked a van full of explosives.

“The aim of that armed action was not to cause victims,” the ETA statement said. It added that ETA had made three telephone calls more than an hour before the attack, warning that it was impending, describing the explosives-filled van and giving its location.

ETA also blamed Spain’s Socialist government for “placing obstacles” in the democratic process, and asked it to end what ETA called police and political pressure, the statement said.

Prime Minister José Luis Rodríguez Zapatero had made reaching a peace accord with ETA after decades of violence one of his policy priorities. The attack on the parking lot of the state-of-the-art airport not only struck one of the country’s most visible signs of progress and modernity but also unleashed a torrent of criticism of Mr. Zapatero by his political enemies, who accused him of weakness and naïveté.

When Mr. Zapatero inaugurated the new terminal — the largest in Europe — with much fanfare early last year, he described it as a “marvel” that reflected Spain’s “image of modernity.”

Mr. Garzón denied that the attack reflected a failure of intelligence or security by the authorities in Spain or France, where ETA also operates and where the van was stolen. “It’s very difficult to put an end to an organization like this that has had infrastructural and logistical support for 40 years,” he said.

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Before the ETA statement was made public on Tuesday, the police arrested two people suspected of being ETA members in southern France linked to the discovery of arms and explosives before and after the attack. They were the first arrests since the attack, although it was not known whether they had been involved.

Violence Precedes Bangladesh Vote (CSM)

By Mahtab Haider

The Christian Science Monitor, January 10, 2007

DHAKA, BANGLADESH

The democracy that this small South Asian state has struggled to preserve for two decades appears to be facing one of its most severe tests this week.

The streets of the capital resemble a war zone, with police and protesters exchanging volleys of tear-gas shells and Molotov cocktails. Hundreds have been injured just weeks before parliamentary elections scheduled for Jan. 22. On the roads outside Dhaka, transport blockades have nearly shut down the country.

Police action peaked on Tuesday, when officers charged with batons and fired over 50 rounds of tear-gas shells and rubber bullets at protesters, who responded with improvised explosives. Wednesday, 60,000 Army troops plan to fan across the country on routine pre-election duty, but armed with the authority to arrest anyone without a warrant.

At the heart of the violent street clashes is a struggle for power between the country's two major political parties, the Awami League and the Bangladesh National Party (BNP), over the upcoming elections.

Attempts to reconcile the two groups have so far failed, leading analysts to suggest that the violent political crisis may deepen in coming months. Although Bangladesh has seen four elections since democracy was restored here in 1991, experts say the Awami League and the BNP seem are undermining its fragile democracy by politicizing the judiciary, the bureaucracy, and the civil society institutions that can ensure fair elections.

The Awami League is leading a grand alliance to boycott the polls, accusing their BNP archrivals of rigging the voter list with phantom names during their five-year tenure, which ended in Oct. 2006.

Last month, a study by the Washington-based National Democratic Institute for International Affairs (NDI) reported that the voter rolls have approximately 12.2 million names that are either "errors or duplicates."

"A voters list containing [only] two-thirds of the population strains credibility," says Owen Lippert, the NDI's representative in Bangladesh.

The League and its allies also claim that the BNP and its coalition partners, the religious, right-wing Jamaat-e-Islami, have planted party bureaucrats in the country's Election Commission and in the pre-election interim government that Bangladesh's constitution has empowered to run the nation.

The League demands that the elections be deferred until there is a fresh voter list and the interim government's chief resigns - a request that the BNP has threatened to resist at all costs. The League has already announced that it is forming nationwide election-resistance committees to scupper the vote.

"The problem is that the Constitution states that elections must be held within 90 days of the caretaker government assuming power, but it also states that a finalized voter list must be published as a pre-condition to elections," says Shahdeen Malik, a Supreme Court attorney who heads the School of Law at Dhaka's BRAC University.

The Awami League and its allies insist that polls must be delayed to correct and update the voter list, while the BNP has threatened agitation if the caretaker government does not hold the elections within the stipulated 90 days.

Because the caretaker government assumed power from the BNP on Oct. 28, 2006, the 90-day limit will expire on Jan. 25.

"Even if the current crisis is resolved through mediation, we will continue to witness a slow degradation of democracy in the years to come, as none of these parties have any respect for democratic culture," says Dr. Ataur Rahman, a political analyst and professor of political science at Dhaka University.

"It is the invasion of politics by big business that is at the heart of our political crisis," says Mr. Malik. "Both parties now have scores of powerful businessmen in their ranks who look forward to lucrative deals during a tenure in power."

Analysts point to the two parties' efforts to win the loyalty of the popular former dictator H.M. Ershad, whose influence is still far-reaching. Mr. Ershad is accused of having stolen tens of millions of dollars in state funds through crony contracts and downright theft. After he was ousted in 1991, the government filed a slew of charges against him.

While the BNP was in power, it dropped a number of corruption charges against Ershad to win his political support. When Ershad switched his loyalty to the Awami League, however, the BNP-run judiciary resumed proceedings against Ershad, which disqualified him from participating in the upcoming polls.

Although the Awami League had accepted the initial voter list and submitted its nominations to the election commission in December, it changed its position a week later. The League accused the BNP of leaning on the judiciary to resume proceedings.

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From: USDOJ- Office of Public Affairs
Sent: Wednesday, January 10, 2007 2:46 PM
To: USDOJ- Office of Public Affairs
Subject: THIRTEEN ALLEGED MEMBERS OF MS-13 GANG INDICTED ON RACKETEERING CONSPIRACY CHARGES

A copy of the indictment is attached.

Department of Justice

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THIRTEEN ALLEGED MEMBERS OF MS-13 GANG INDICTED ON RACKETEERING CONSPIRACY CHARGES

WASHINGTON – Thirteen alleged members of the street gang called La Mara Salvatrucha, or MS-13, have been indicted by a federal grand jury in the Middle District of Tennessee on charges that they conspired to participate in a violent RICO enterprise responsible for killings and other violent crimes in Nashville, Assistant Attorney General Alice S. Fisher of the Criminal Division and U.S. Attorney Craig S. Morford for the Middle District of Tennessee announced today.

The one-count racketeering indictment names the following 13 individuals, all of whom are currently in federal or state custody:

- OSCAR SERRANO, a/k/a "Diablin"
- ESCOLASTICO SERRANO, a/k/a "Chito"
- OMAR HIRBIN GOMEZ, a/k/a "Lil Homie"
- DAVID ALEXANDER GONZALEZ, a/k/a "Psycho"
- ERNESTO ISAI MENDEZ-TOVAR, a/k/a "Joker," a/k/a "Choey"
- FRANCISCO DAGO MENDEZ, a/k/a "Silent"
- WALTER HERNANDEZ, a/k/a "Spanky"
- HENRY GARBALLO-VASQUEZ, a/k/a "Cuervo"
- ELISEO IGLESIAS, a/k/a "Smokey"
- RONALD FUENTES, a/k/a "Spia"
- ERICKA CORTEZ, a/k/a "Shorty"
- GEOVANNI PENA, a/k/a "Rata," and
- JOSE ALFARO, a/k/a "Liche."

"This indictment strikes at the heart of the MS-13 organization in Nashville, and continues our efforts to put members of gangs all across the nation on notice that they will be held responsible for the violence and mayhem they cause," said Assistant Attorney General Fisher. "We will utilize the same tools we used to put Mafia leaders behind prison bars to confront the threat posed by violent criminal enterprises like the MS-13."

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"The facts alleged in this indictment reveal that MS-13 is a well-organized and extremely violent criminal enterprise that required an aggressive, cooperative response from local and federal authorities," said U.S. Attorney Morford. "The indictment reflects the commitment of the Department of Justice and my office to continue to work with all law enforcement partners to ensure that those who engage in violent street gang activities in Middle Tennessee go to jail and do so on the most serious charges possible."

U.S. Attorney Morford praised the cooperative partnership and outstanding efforts of the Nashville Metropolitan Police Department's Gang Suppression Unit, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), U.S. Immigration and Customs Enforcement (ICE) at the Department of Homeland Security, the Davidson County District Attorney General's Office, the U.S. Attorney's Office in the Middle District of Tennessee, and the Department of Justice's newly formed National Gang Squad.

The indictment alleges that the defendants were members or associates of the MS-13 street gang, a violent international criminal organization composed primarily of immigrants or descendants of immigrants from El Salvador. The purpose of this enterprise was to preserve and protect the power, territory and profits of the MS-13 enterprise through violent assault, murder, threats of violence, and intimidation.

The indictment further alleges that MS-13 originated in Los Angeles and quickly spread across the country, including to Middle Tennessee. It currently includes approximately 10,000 members in at least 10 states, Mexico, Honduras and El Salvador, making it one of the largest street gangs in the United States.

MS-13 gang members regularly engage in violent criminal activity, including murders, assaults, and witness intimidation in order to maintain membership and discipline within MS-13 and rivalries against other gangs, according to the indictment. The violent nature of the enterprise and its members is reflected by one of their mottos: "Mata, Viola, Controla" ("Kill, Rape, Control").

The indictment further alleges that MS-13 was organized in "cliques," including the Thompson Place Locos Salvatruchos clique (TPLS), which operated in Nashville. The TPLS and other cliques allegedly worked together cooperatively to commit acts of violence and their members operated under the umbrella rules of MS-13.

According to the indictment, MS-13 members met on a regular basis to report on acts of violence committed by their members with the goal of inciting and encouraging even more violence. Leaders of MS-13 cliques from across the United States allegedly met to discuss gang rules, gang business, problem resolution, and issues involving members of different cliques, and to promote overall unity between MS-13 gang members. Members had to pay dues which were used to support MS-13 gang members imprisoned in various places within the United States, including Middle Tennessee, as well as those in El Salvador.

The indictment further alleges that Nashville-based MS-13 members and associates killed three people, attempted to kill at least seven others, and plotted to shoot or kill several more during 2006 in Nashville.

If convicted, the defendants face a maximum penalty of life in prison on the RICO conspiracy charge.

An indictment is merely an accusation and the defendants are presumed innocent until proven guilty at trial beyond a reasonable doubt.

The case is being prosecuted by Assistant U.S. Attorney Jimmie Lynn Ramsaur of the Middle District of Tennessee and Department of Justice Trial Attorneys David Jaffe and John Han from the Criminal Division's Gang Squad. Assistance was provided by agents and prosecutors from the National Gang Targeting, Enforcement and Coordination Center (GangTECC). GangTECC is led by the Criminal Division, and is

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comprised of representatives from the ATF, Bureau of Prisons, the Drug Enforcement Administration, the FBI, the U.S. Marshals Service and ICE, among others. The center coordinates overlapping investigations, ensures that tactical and strategic intelligence is shared between law enforcement agencies, and serves as a central coordinating center for multi-jurisdictional gang investigations involving federal law enforcement agencies.

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07-008

Indictment - RICO Conspiracy -...

DOJ_NMG_0115038

UNITED STATES DISTRICT COURT

FOR THE MIDDLE DISTRICT OF TENNESSEE

NASHVILLE DIVISION

UNITED STATES OF AMERICA	)	
	)	NO. _____
v.	)	
	)	18 U.S.C. § 1962(d)
OSCAR SERRANO	)	
A/K/A DIABLIN	)	
ESCOLASTICO SERRANO	)	
A/K/A CHITO	)	
OMAR HIRBIN GOMEZ	)	
A/K/A LIL HOMIE	)	
DAVID ALEXANDER GONZALEZ	)	
A/K/A PSYCHO	)	
ERNESTO ISAI MENDEZ-TOVAR	)	
A/K/A JOKER	)	
A/K/A CHOEY	)	
FRANCISCO DAGO MENDEZ	)	
A/K/A SILENT	)	
WALTER HERNANDEZ	)	
A/K/A SPANKY	)	
HENRY GARBALLO-VASQUEZ	)	
A/K/A CUERVO	)	
ELISEO IGLESIAS	)	
A/K/A SMOKEY	)	
RONALD FUENTES	)	
A/K/A SPIA	)	
ERICKA CORTEZ	)	
A/K/A SHORTY	)	
GEOVANNI PENA	)	
A/K/A RATA	)	
JOSE ALFARO	)	
A/K/A LICHE	)	

I N D I C T M E N T

THE GRAND JURY CHARGES:

Introduction

1. La Mara Salvatrucha, also known as the MS-13 gang (hereafter "MS-13"), is a gang composed primarily of immigrants or descendants of immigrants from El Salvador, with members operating throughout the Nashville, Tennessee metropolitan area, and elsewhere.

2. The name "Mara Salvatrucha" is a combination of several slang terms. The word "Mara" is the term used in El Salvador for "gang." The phrase "Salvatrucha" is a combination of the words "Salva," which is an abbreviation for "Salvadoran," and "trucha," which is a slang term for "fear us," "look out" or "heads up."

3. In the United States, the MS-13 gang originated in Los Angeles, California, where MS-13 members engaged in turf wars for the control of drug distribution locations. MS-13 quickly spread to states across the country, including Tennessee.

4. MS-13 is a national and international criminal organization with approximately 10,000 members regularly conducting gang activities in at least ten states and the District of Columbia, Mexico, Honduras and El Salvador. MS-13 is one of the largest street gangs in the United States. Gang members actively recruit members, including juveniles, from communities with a large number of immigrants from El Salvador. In the United States, MS-13 has been functioning since at least the 1980s.

5. At all times relevant to this Indictment, the following individuals were some of the members and/or associates of MS-13: **OSCAR SERRANO, a/k/a "Diablin,"**

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ESCOLASTICO SERRANO, a/k/a "Chito," OMAR HIRBIN GOMEZ, a/k/a "Lil Homie," DAVID ALEXANDER GONZALEZ, a/k/a "Psycho," ERNESTO ISAI MENDEZ-TOVAR, a/k/a "Joker," a/k/a "Choey," FRANCISCO DAGO MENDEZ, a/k/a "Silent, "WALTER HERNANDEZ, a/k/a "Spanky," HENRY GARBALLO-VASQUEZ, a/k/a "Cuervo," ELISEO IGLESIAS, a/k/a "Smokey," RONALD FUENTES, a/k/a "Spia," ERICKA CORTEZ, a/k/a "Shorty," GEOVANNI PENA, a/k/a "Rata," and JOSE ALFARO, a/k/a "Liche."

6. At all times relevant to this Indictment, in order to join MS-13, members were required to complete an initiation process, often referred to as being "jumped in" or "beat in" to the gang. During that initiation, other members of MS-13, some who were juveniles, would beat the new member until a gang member finished counting aloud to 13.

7. At all times relevant to this Indictment, members of MS-13 from time to time signified their membership by wearing tattoos reading "MARA SALVATRUCHA," "MS," "MS-13," or similar tattoos, often written in gothic lettering. The gang colors of MS-13 were blue and white, and members often wore clothing, particularly sports jerseys, with the number "13" or with numbers that, when added together, totaled 13, such as "76." MS-13 members referred to one another by their gang names and often did not know fellow gang members except by their gang names.

8. At all times relevant to this Indictment, members of MS-13 frequently engaged in criminal activity, including, but not limited to, murders, assaults and threatening and intimidating of witnesses. MS-13 members were required to commit acts of violence to maintain membership and discipline within the gang and against rival gangs. Participation in criminal activity by a member, particularly violent acts directed at rival gangs or as directed by the gang leadership,

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increased the respect accorded to that member, resulted in that member maintaining or increasing his position in the gang, and could have resulted in a promotion to a leadership position. "Mata, Viola, Controla," (or kill, rape, control) is one motto or saying commonly used by the "MS-13" gang.

9. At all times relevant to this Indictment, MS-13 was organized in "cliques," including, but not limited to, the Thompson Place Locos Salvatruchos ("TPLS"). The MS-13 cliques worked together cooperatively to commit these acts of violence. Members of some MS-13 cliques occasionally attended meetings of other MS-13 cliques. The cliques operated under the umbrella rules of MS-13.

10. At all times relevant to this Indictment, MS-13 members met on a regular basis to, among other things, report on acts of violence committed by their members with the goal of inciting and encouraging further violence. Leaders of cliques of MS-13 from across the United States and within regions of the United States would meet to discuss gang rules and gang business, to resolve problems or issues among gang members of different cliques, and to unite gang members from across the country.

11. At all times relevant to this Indictment, MS-13 members paid dues which were collected at gang meetings. MS-13 members collected dues for the benefit of, and to be provided to, MS-13 gang members who were imprisoned in the United States, both inside and outside of the Middle District of Tennessee, and in El Salvador.

12. At all times relevant to this Indictment, MS-13 gang members routinely communicated about gang activities with gang members in other states using cellular telephones and the United States mails. MS-13 members also used transnational and international money wire

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transfers to conduct and promote gang activities.

The Racketeering Enterprise

13. MS-13, including its leadership, members and associates, constituted an "enterprise" as defined in Section 1961(4) of Title 18, United States Code, that is, a group of individuals associated in fact that engaged in, and the activities of which affected, interstate and foreign commerce. The enterprise constituted an ongoing organization whose members functioned as a continuing unit for the common purpose of achieving the objectives of the enterprise.

Purposes of the Enterprise

14. The purposes of the enterprise included the following:

a. Preserving and protecting the power, territory and profits of the enterprise through the use of intimidation, violence, including assaults and murder, and threats of violence;

b. Promoting and enhancing the enterprise and its members' and associates' activities;

c. Keeping victims and potential victims in fear of the enterprise and in fear of its members and associates, through violence and threats of violence;

d. Providing financial support and information to the gang and gang members, including those who were incarcerated for committing acts of violence or other offenses; and

e. Providing assistance to other gang members who committed crimes for and on behalf of the gang in order to hinder, obstruct and prevent law enforcement officers from identifying the offender, apprehending the offender and trying and punishing the offender.

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The Racketeering Conspiracy

15. Beginning on a date unknown to the Grand Jury, but at least as of in or about 1997, and continuing through in or about December 2006, in the Middle District of Tennessee and and elsewhere, **OSCAR SERRANO, a/k/a "Diablin," ESCOLASTICO SERRANO, a/k/a "Chito," OMAR HIRBIN GOMEZ, a/k/a "Lil Homie," DAVID ALEXANDER GONZALEZ, a/k/a "Psycho," ERNESTO ISAI MENDEZ-TOVAR, a/k/a "Joker," a/k/a "Choey," FRANCISCO DAGO MENDEZ, a/k/a "Silent, "WALTER HERNANDEZ, a/k/a "Spanky," HENRY GARBALLO-VASQUEZ, a/k/a "Cuervo," ELISEO IGLESIAS, a/k/a "Smokey," RONALD FUENTES, a/k/a "Spia," ERICKA CORTEZ, a/k/a "Shorty," GEOVANNI PENA, a/k/a "Rata," and JOSE ALFARO, a/k/a "Liche,"** together with persons known and unknown to the grand jury, each being a person employed by and associated with MS-13, an enterprise engaged in, and the activities of which affected, interstate and foreign commerce, together with others known and unknown to the Grand Jury, did knowingly and intentionally conspire to conduct and participate, directly and indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity, as defined in Sections 1961(1) and (5) of Title 18, United States Code, which pattern of racketeering activity consisted of multiple acts involving murder in violation of Tennessee Code Sections 39-12-101, 39-12-103, 39-13-201, 39-13-202, and 39-13-210; acts involving murder in violation of Indiana Code Sections 35-41-5-2, 35-42-1-1, 35-42-1-2, 35-42-1-3, 35-42-1-4; and multiple acts indictable under 18 U.S.C. §§ 1505 (obstruction of justice) and 1512 (witness tampering).

Manner and Means of the Conspiracy

16. It was part of the conspiracy that each defendant agreed that a conspirator

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would commit at least two acts of racketeering activity in the conduct of the affairs of the enterprise.

17. It was further part of the conspiracy that the defendants, as gang members of MS-13, would regularly meet as required with other MS-13 gang members to pay their dues and discuss, among other thing, past acts of violence and other crimes committed by gang members against rival gang members and others; to notify one another about gang members who were arrested or incarcerated; to discuss the disciplining of MS-13 gang members; to discuss police interactions with gang members; to share with one another the identities of individuals who may be cooperating with law enforcement and propose actions to be taken against those individuals; to plan and agree upon the commission of future crimes, including murders, robberies, and assaults, and means to cover up these crimes; and to reinforce gang rules.

18. It was further part of the conspiracy that the defendants and other members and associates of MS-13 agreed to purchase, maintain and circulate a collection of firearms for use in criminal activity by MS-13 members.

19. It was further part of the conspiracy that the defendants and other members and associates of MS-13 agreed that acts of violence, including murder and attempted murder, would be committed by members and associates of MS-13 against rival gang members and to impose discipline within MS-13 itself, and on other occasions as deemed necessary.

20. It was further part of the conspiracy that the defendants and other members and associates of MS-13 agreed that members and associates of MS-13 would conceal their criminal activities and obstruct justice, including by threatening witnesses.

Overt Acts

21. In furtherance of the conspiracy and to achieve the objectives thereof, the

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conspirators performed and caused to be performed the following overt acts, among others, in the Middle District of Tennessee and elsewhere:

a. In or about October 2005, **OSCAR SERRANO, ESCOLASTICO SERRANO, OMAR HIRBIN GOMEZ, DAVID ALEXANDER GONZALEZ, ISAI MENDEZ-TOVAR, FRANCISCO DAGO MENDEZ, WALTER HERNANDEZ, HENRY GARBALLO-VASQUEZ, ELISEO IGLESIAS, RONALD FUENTES, GEOVANNI PENA, and JOSE ALFARO** conspired and agreed to kill rival gang members.

b. On or about January 20, 2006, **ERNESTO ISAI MENDEZ-TOVAR and WALTER HERNANDEZ** shot and killed Mario A. Villa-Senor.

c. On or about April 12, 2006, **DAVID ALEXANDER GONZALEZ, JOSE ALFARO, ELISEO IGLESIAS** and an individual known to the grand jury with initials M.M. shot and wounded an individual believed to be a rival gang member, and his girlfriend.

d. On or about May 21, 2006, **OSCAR SERRANO, ESCOLASTICO SERRANO, JOSE ALFARO, HENRY GARBALLO-VASQUEZ, OMAR HIRBIN GOMEZ, DAVID ALEXANDER GONZALEZ, FRANCISCO DAGO MENDEZ,** and other MS-13 gang members attempted to kill an individual they believed to be a rival gang member.

e. On or about May 22, 2006, **OSCAR SERRANO, ESCOLASTICO SERRANO, JOSE ALFARO, HENRY GARBALLO-VASQUEZ,** and other MS-13 gang members participated in the threatening and shooting of a confidential informant who had previously provided information about MS-13 activities in Maryland to federal law enforcement agents, as well as a federal grand jury and petit jury sitting in the District of Maryland.

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f. On or about June 5, 2006, **ELISEO IGLESIAS** possessed a loaded firearm.

g. On or about June 5, 2006, **OSCAR SERRANO and RONALD FUENTES** fled after a routine traffic stop and led Nashville, Metropolitan Police on a high-speed vehicular chase through crowded streets.

h. On or about June 10, 2006, **HENRY GARBALLO-VASQUEZ** shot at a group of individuals believed to be rival gang members.

i. On or about June 17, 2006, **ESCOLASTICO SERRANO, OMAR HIRBIN GOMEZ,** an individual known to the grand jury with initials M.M., and other MS-13 gang members shot and killed Angel Flores, a/k/a "Penguino," and Christian Rios, who were believed to be rival gang members.

j. On or about August 7, 2006, an individual known to the grand jury with initials M.M. had **ERICKA CORTEZ** obtain a .22 caliber rifle.

k. On or about August 7, 2006, **ERICKA CORTEZ** possessed a .22 caliber rifle when she was stopped by Nashville Metropolitan police.

l. On or about August 14, 2006, **ESCOLASTICO SERRANO** gave a firearm to a confidential informant to sell.

m. On or about August 19, 2006, **ESCOLASTICO SERRANO, OMAR HIRBIN GOMEZ, DAVID ALEXANDER GONZALEZ, FRANCISCO DAGO MENDEZ, GEOVANNI PENA**, an individual known to the grand jury with initials M.M., and other MS-13 gang members met with one another and paid gang membership dues.

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n. On or about August 19, 20 and 28, 2006, **ESCOLASTICO SERRANO, DAVID ALEXANDER GONZALEZ, FRANCISCO DAGO MENDEZ,** an individual known to the grand jury with initials M.M., and other MS-13 gang members discussed and planned the murder of a Brown Pride member who worked at a Tyson's Food Plant outside Nashville, Tennessee.

o. On or about August 20, 2006, **FRANCISCO DAGO MENDEZ, DAVID ALEXANDER GONZALEZ** and an individual known to the grand jury with initials M.M., met to identify a new gang meeting location and shot some pillars under a bridge.

p. On or about August 25, 2006, in Huntingburg, Indiana, **ESCOLASTICO SERRANO, OMAR HIRBIN GOMEZ, FRANCISCO DAGO MENDEZ** and other MS-13 gang members attempted to kill individuals believed to be rival gang members.

q. On or about August 28, 2006, **DAVID ALEXANDER GONZALEZ** and an individual known to the grand jury with initials M.M. planned the murder of rival gang members to be committed at the Tropicana Night Club in Nashville, Tennessee.

r. On or about August 29, 2006, **DAVID ALEXANDER GONZALEZ** possessed a firearm.

s. On or about September 3, 2006, **GEOVANNI PENA** and an individual known to the grand jury with initials M.M. attempted to kill individuals believed to be rival gang members.

t. On or about September 4, 2006, **GEOVANNI PENA** and an individual known to the grand jury with initials M.M. attempted to kill an individual believed to be a rival gang member.

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u. On or about September 6, 2006, **ERICKA CORTEZ** provided false information to a detective with the Nashville Metropolitan Police Department who was investigating the shooting of September 4, 2006, in order to protect gang members who were involved in that shooting.

v. On or about September 9, 2006, **ESCOLASTICO SERRANO, OMAR HIRBIN GOMEZ,** and other MS-13 gang members met with one another and paid gang membership dues.

w. On or about October 20, 2006, **ESCOLASTICO SERRANO, OMAR HIRBIN GOMEZ,** and other MS-13 gang members met with one another and paid gang membership dues.

In violation of Title 18, United States Code, Section 1962(d).

A TRUE BILL

_____
FOREPERSON

_____
CRAIG S. MORFORD
UNITED STATES ATTORNEY

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From:	USDOJ- Office of Public Affairs
Sent:	Thursday, January 11, 2007 8:18 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, January 11, 2007
Attachments:	agnb070111.pdf; agnb070111.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 11, 2007 7:45 AM EST

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TERRORISM NEWS:

Defense Makes Closing Argument At Hamas-Funding Trial. The Chicago Tribune (1/11, Bush, Ahmed, 617K) reports, "Muhammad Salah was trying to provide humanitarian aid to the Palestinian people when he became a pawn of Israeli officials seeking to influence U.S. policy, his lawyer argued Wednesday. … An attorney for Salah's co-defendant, Abdelhaleem Ashqar, also gave his final argument, telling jurors that Ashqar resisted Israel's occupation of Palestinian territories but insisted on following the law." Salah's "arrest, torture and confession was an intrigue developed at the highest levels of the Israeli government to convince the FBI that Hamas was developing cells in the U.S., Deutsch said."

The AP (1/11, Robinson) notes Ashqar lawyer William Moffit said, "He's a Palestinian patriot but that doesn't mean he's a killer," and Salah attorney Michael Deutsch "urged jurors not to believe admissions Salah made while being questioned by Israel's Shin Bet security agents at a prison in Ramallah. He said Salah was tortured and said anything the agents wanted to hear. … He said Israel used Salah to get publicity and pressure the U.S. government to crack down on the Hamas fundraising network in this country."

US Defends CIA Document Secrecy At Trial. The AP (1/11, Neumeister) reports, "The CIA cannot reveal 'alternative interrogation methods' used on terrorists because doing so would cause exceptionally grave damage to national security by telling enemies how the agency gathers intelligence, the government has told a judge." The AP continues, "In a document dated Friday and filed in U.S. District Court in New York, the CIA said it cannot reveal more than what President Bush said last summer about the detention and questioning of terrorism suspects." The AP adds, "The American Civil Liberties Union had asked the court to require the CIA to turn over two Justice Department memos discussing interrogation methods and a presidential order concerning the CIA's authorization to set up detention facilities outside the United States. … On Wednesday, ACLU attorney Amrit Singh said in a statement that the CIA court document 'uses national security as a pretext for withholding evidence that high-level government officials in all likelihood authorized abusive techniques that amount to torture.' … He added: 'This declaration is especially disturbing because it suggests that unlawful interrogation techniques cleared by the Justice Department for use by the CIA still remain in effect. The American public has a right to know how the government is treating its prisoners.'"

Siraj Family Arrested On Immigration Charges. As reported in yesterday's New York Times, the Washington Post (1/11, A3, Shulman, 690K) reports, "A day after a man was sentenced to 30 years in prison for conspiring to bomb Manhattan's Herald Square, his parents and sister were detained by federal immigration officials seeking to deport them" to their native Pakistan. Shahwar Matin Siraj's "family has lived in the United States since 1999 and has been seeking asylum since 2003, said their attorney, Mona Shah." ICE spokesman Mark Thorn "could not say why the family was detained the day after the sentencing. … But Shah charged that the arrests effectively muted the family's protest after the sentencing of the son."

Advocates Say Guantanamo Detainees "Driven Insane" By Conditions. The Financial Times (1/11, Dinmore) reports lawyers and rights activists say prisoners at Guantanamo Bay "are being driven insane by a tightening of conditions and the situation of their indefinite detention without trial." The advocates "also doubt whether the Bush administration intends to carry out its stated desire to close the facility." Today is the fifth anniversary of the first delivery of detainees to Guantanamo. The AP (1/10, Fox) writes that five years on, Guantanamo remains a "source of outrage," quoting Center for Constitutional Rights President Michael Ratner saying, "It has become iconic in the Muslim world and the wider world…for everything that the United States has done wrong in the war on terror."

Detainee Says "I Have Been Destroyed" By Guantanamo. The Los Angeles Times (1/11, 850K) runs an op-ed comprised of excerpts from letters Guantanamo detainee Jumah al-Dossari "wrote to his attorneys. Its contents have been deemed unclassified by the Department of Defense." Dossari writes, "At Guantanamo, soldiers have assaulted me, placed me in solitary confinement, threatened to kill me, threatened to kill my daughter and told me I will stay in Cuba for the rest of my life. They have deprived me of sleep, forced me to listen to extremely loud music and shined intense lights in my face. They have placed me in cold

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rooms for hours without food, drink or the ability to go to the bathroom or wash for prayers. They have wrapped me in the Israeli flag and told me there is a holy war between the Cross and the Star of David on one hand and the Crescent on the other. They have beaten me unconscious. … Why, after five years, is there no conclusion to the situation at Guantanamo? For how long will fathers, mothers, wives, siblings and children cry for their imprisoned loved ones? For how long will my daughter have to ask about my return? The answers can only be found with the fair-minded people of America. I would rather die than stay here forever, and I have tried to commit suicide many times. The purpose of Guantanamo is to destroy people, and I have been destroyed."

HOMELAND RESPONSE:

Senators Push For Greater Data-Mining Oversight. The Washington Post (1/11, D3, Nakashima, Klein, 690K) reports a bill introduced yesterday by Sens. Russell Feingold and John E. Sununu "requires federal agencies to report the development and use of data-analysis technologies to 'discover predictive or anomalous patterns indicating criminal or terrorist activity.' Lawmakers introduced similar bills twice in recent years, but they languished in a Republican-controlled Congress." Meanwhile, "The new chairman of the Senate Judiciary Committee, Patrick J. Leahy, vowed that Congress would take a much more active role in the oversight of government surveillance and data-collection programs." His comments came during a hearing that "underscored the sensitivity of the debate about privacy and security." During testimony, Jim Harper, director of information policy studies at the Cato Institute, singled out predictive data mining, saying that it "'cannot catch terrorists' because there are too few 'terrorist patterns' to base a model on. … Leslie Harris, executive director of the Center for Democracy and Technology, a privacy advocacy group, said the administration was 'bewitched with this technology' although there was 'very little evidence' that predictive data mining works."

The AP (1/10) reported Harris "was among a handful of think-tank scholars and privacy advocates who testified Wednesday about government data-mining — the computerized searching of large banks of information for clues to the identity of terrorists or criminals. Their broadest area of agreement was that Congress needs to know much more about what the government is doing in data-mining. … Noting that congressional auditors in 2004 found 199 data-mining programs operating or planned in federal agencies, Leahy said, 'Congress is overdue in taking stock of the proliferation of these databases.'"

The Washington Times (1/11, Hudson, 88K) reports DHS officials hope to use data mining "to screen airline passengers and at border crossings. Mr. Sununu said data mining can be an essential tool to detect patterns that point to terrorist activity. 'However, it is imperative that we understand the impact of such technology on Americans' personal privacy,'" Sununu said.

ICE Detains Family Of Convicted NYC Subway Bomb Plotter. The Washington Post (1/11, A3, Shulman, 690K) reports, "A day after a man was sentenced to 30 years in prison for conspiring to bomb Manhattan's Herald Square, his parents and sister were detained by federal immigration officials seeking to deport them" to their native Pakistan. Shahwar Matin Siraj's "family has lived in the United States since 1999 and has been seeking asylum since 2003, said their attorney, Mona Shah." ICE spokesman Mark Thorn "could not say why the family was detained the day after the sentencing. … But Shah charged that the arrests effectively muted the family's protest after the sentencing of the son."

Hospital Conference To Examine Emergency Communications. The Washington Times (1/11, Borgess, 88K) reports Washington area hospital representatives "will meet today and tomorrow to discuss how they can improve communication during mass-casualty events. Organizers say hospitals rarely have privileged access to information during a large-scale emergency and often must rely on the press for updates. Therefore, hospital workers often have difficulty gauging the extent of a crisis and preparing themselves for a surge of patients." The conference will feature a keynote address from Dr. B. Tilman Jolly, the Department of Homeland Security's associate medical officer.

Administration Lines Up Against TSA Screeners' Union. The Washington Post's (1/11, D4, Barr) "Federal Diary" column reports, "A House plan to give collective bargaining rights to about 43,000 airport screeners at the Transportation Security Administration will be opposed by the White House. The proposal to roll back a Bush

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administration ban on unions at the TSA was included in a bill to implement many of the remaining recommendations of the 9/11 Commission. The bill was approved 299 to 128 late Tuesday and was sent to the Senate.

Judge Orders Additional Mediation In Hurricane Katrina Insurance Suits. The AP (1/11, Mitchell) reports from Gulfport, MS, "A federal judge on Wednesday ordered into mediation dozens of lawsuits policyholders filed against insurance companies after Hurricane Katrina." The AP continues, "Several of the cases sent to mediation, which accuse the insurance companies of denying their claims, are involved in recent settlement talks between State Farm Fire & Casualty Co., Mississippi Attorney General Jim Hood and policyholders' lawyers. … People with direct knowledge of the settlement talks told The Associated Press this week that State Farm, Mississippi's largest home insurer, is considering paying hundreds of millions of dollars to settle more than 600 lawsuits and resolve thousands of other disputed claims." The AP notes, "A mass settlement would be the first of its kind to follow the wave of litigation spawned by Katrina. … Hundreds of Mississippi homeowners have sued State Farm and other insurers for refusing to cover billions of dollars in damage from Katrina's storm surge. … The 83 lawsuits ordered into mediation Wednesday include ones filed on behalf of U.S. Senator Trent Lott and Representative Gene Taylor, whose Gulf region homes were destroyed by the 2005 hurricane. Each sued State Farm for denying their claims."

WAR NEWS:

Bush Unveils New Strategy For Iraq. In a nationally televised address Wednesday night, President Bush announced plans to send more than 20,000 more American troops to Iraq. The New York Times (1/11, A1, Sanger, 1.16M) reports the President "conceded for the first time that there were not enough American or Iraqi troops in Baghdad to halt the capital's descent over the past year into chaos." Bush also "dropped his insistence that the United States was making progress toward building a workable Iraqi democracy." But "he rekindled his argument that 'failure in Iraq would be a disaster for the United States.'" The Los Angeles Times (1/11, Gerstenzang, 850K) reports Bush acknowledged "that his current strategy had failed," and the Washington Post (1/11, A1, Abramowitz, Wright, 690K) says he used "some of his sharpest language to date." In addition to more troops, adds the Post, Bush's plan "includes an allocation of "more than $1 billion for three programs to create jobs and help reconstruction in neighborhoods secured by Iraqi and US forces." Nine new provincial reconstruction teams will be run jointly by the Pentagon and State Department "to help rebuild the country from the bottom up, including schools, local government and political interest groups." Reflecting the revised strategy's "heavy focus on only two areas of the country, six of the reconstruction teams will be in Baghdad and three will be in volatile Anbar province, home to the Sunni insurgency and al-Qaeda extremists," the State Department said. To aid in the effort, about 150 new personnel will be added to the 250 already staffing the reconstruction teams.

The Financial Times (1/11, Luce, Sevastopulo) reports, "A senior US administration official said there would be new rules of engagement for Iraqi and US commanders that would enable them to succeed where previous efforts to pacify Iraq's capital had failed - most recently last summer. Iraq's government would send three new brigades into Baghdad within the next month in addition to the six already there. The US would add five brigades to its Baghdad presence. The US would also send an additional 4,000 troops to Anbar province, which is the seat of al-Qaeda in Iraq."

ABC (1/10, Gibson) called is "a rather sober address," containing "a message to the American people asking for patience, sacrifice and resolve -- and also asking for a bit of faith that this plan of sending even more troops, about 21,500 more troops, to Iraq, and counting on the Iraqis to take the lead in providing security in Baghdad and ending sectarian violence, faith that that plan can work." The speech also carried "a message to the Iraqi government that our patience and his patience, the President's patience, is not infinite, not open-ended, and that he is counting on the Iraqis to show the strength and to show the will to make this plan work."

Most media analysts greeted Bush's new strategy with marked skepticism. The Baltimore Sun (1/11, Davis, 257K) sums up its coverage saying Bush "has repeatedly laid out revised goals and strategies for Iraq only to see them crumble amid sectarian violence and a mounting death toll," while the Chicago Tribune (1/11, Tackett, 617K) reports Bush "finds himself asking for more -- of the military, of Congress, of the Iraqi government and of the American people -- but possessing so much less." He "lacks the safety net of a

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Republican-run Congress, the political capital of which he famously boasted, and most decidedly, the support of the public weary of the war's grim narrative." The New York Times (1/11, Stolberg, 1.16M) says that with his plan, Bush "is not only inviting an epic clash with the Democrats who run Capitol Hill," he is also "ignoring the results of the November elections, rejecting the central thrust of the bipartisan Iraq Study Group and flouting the advice of some of his own generals, as well as Prime Minister Nuri Kamal al-Maliki of Iraq."

The Washington Post (1/11, Baker, 690K) says this morning, "As his reelection campaign geared up in 2004…Bush was asked to name his biggest mistake. He couldn't think of one. By the time he was asked again last year, he had thought of one, his inappropriate 'tough talk.' Last night, Bush acknowledged that some of the most fundamental assumptions underlying the US venture in Iraq were wrong." That "evolution tracks the sharp deterioration not only of the US position in Iraq, but also of Bush's position at home."

Moreover, says McClatchy (1/11, Douglas, Hutcheson), "many of Bush's new proposals…have been tried before and failed." A second McClatchy (1/11, Strobel, Youssef) analysis adds "many analysts" said "they feared Bush's modified tactics are too little and too late to make up for past blunders in Iraq." USA Today (1/11, Page, 2.27M) calls the plan "not so much a change of direction as an acceleration," adding that "except for the troop increase, none of the ideas is new." The Washington Times (1/11, Scarborough, 88K) makes runs a similar story under the headline "Past Troop Surges In Iraq Produced Mixed Results."

The Los Angeles Times (1/11, Levey, Gaouette, 850K) says the President's plan "has further united Democrats," while Republicans "have splintered in the face of widespread popular discontent over the war and Bush's plans to escalate it." The AP (1/11, Raum) reports "for Bush, the decision to send more troops to Iraq -- rather than begin a withdrawal of combat forces as recommended last month by the bipartisan Iraq Study Group -- is a huge gamble. If it fails, he will have few if any options left." Bush, said Tim Russert on NBC (1/10), "made it double or nothing. He'll get the escalation in troops but it really is his last chance. … A skeptical public" has "turned against this war. He has to ask for one last chance for this plan to work. It's going to be very uphill." Similarly, CBS (1/10, Axelrod) asked last night, "The question you have to ask is, if this doesn't work, where does the President go from here?"

Bush's plan, says the Washington Post (1/11, A1, Ricks, Tyson, 690K), "is likely to touch off a more dangerous phase of the war, featuring months of fighting in the streets of the Iraqi capital, current and former military officials warned. … The prospect of a more intense battle in the Iraqi capital could put US military commanders in exactly the sort of tough urban fight that war planners strove to avoid during the spring 2003 invasion of the country." The Post adds, "An Army officer who recently commanded a battalion in Baghdad predicted last night that the plan would fail because…Maliki and his government 'will do things to maintain protection' of Sadr's forces. He also dismissed as 'happy talk' the president's notion that the predominantly Shiite Iraqi army and police could reassure pro-insurgent Sunni neighborhoods by conducting foot patrols through them." Along similar lines, an AP analysis (1/11, Woodward) says Bush's rhetoric is "hard to square with facts in the region." For example, "Bush portrayed the ordinary people of the Middle East as being behind US goals in Iraq, in his speech to the nation Wednesday night." And "he declared the need to address Iran's and Syria's support for insurgents, without acknowledging his refusal to engage either country diplomatically, as many US allies and the Iraq Study Group proposed." Bush, adds the AP, "declared 'al-Qaida is still active in Iraq' and a failed US mission would give such terrorists a safe haven from which to plot attacks against Americans. Although few quarrel with that appraisal now, it is also the case that Iraq -- contrary to assertions at the time -- was not a magnet for al-Qaida before the US invasion."

Under the headline "Promising Troops Where They Aren't Really Wanted," the New York Times (1/11, Tavernise, Burns, 1.16M) reports Bush is challenging "public opinion at home by committing more American troops," and "is confronted by a paradox: an Iraqi government that does not really want them." Iraqis "fear that an increased American troop presence, particularly in Baghdad, will be accompanied by a more assertive American role that will conflict with the Shiite government's haste to cut back on American authority and run the war the way it wants." Another New York Times story (1/11, Gordon) says Bush "is in effect betting that Iraqi leaders are committed to building a multisectarian state, and his strategy will stand or fall on that assumption." The plan "depends on the good intentions and competence of a Shiite-dominated Iraqi government that has not demonstrated an

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abundant supply of either." In a similar assessment, the Wall Street Journal (1/11, A1, Dreazen, Jaffe, King, 2.04M) says the success of Bush's "controversial" strategy "depends on the cooperation of an Iraqi government paralyzed by sectarian tensions and a Democratic Congress that appears increasingly eager to challenge the administration's handling of the war."

Plans' "Core Elements" Were Part Of A Hadley Memo From Last November. According to the Washington Post (1/11, A13, Kessler, 690K), "core elements of the plan were contained in a classified memo" that NSA Stephen Hadley "sent to members of Bush's Cabinet on Nov. 8 -- a month before the bipartisan Iraq Study Group issued its report." The Hadley memo called for an "intensive press on Saudi Arabia to play a leadership role on Iraq, connecting this role with other areas in which Saudi Arabia wants to see US action." As part of the new plan, the Post notes that Secretary Rice "will travel to the Middle East tomorrow, stopping in Riyadh, to enlist greater Arab support for the Iraqi government -- and to try to jump-start Israeli-Palestinian talks, a key concern of Saudi leaders."

GOP Lawmakers Not Of One Mind. GOP Sens. John McCain and Lindsey Graham came out strongly in favor of Bush's plan. McCain said on CNN's Larry King Live (1/10), "I thought it was an excellent speech. The President acknowledged that the strategy has failed. It's a new strategy. … I believe those who are calling for withdrawal have the obligation to tell us what we do in the region when it descends into chaos." Asked if his support for the surge could hurt his presidential campaign, McCain said, "I would much rather lose a campaign than lose a war." On Fox News (1/10, Wallace), McCain said, "It's three years that I've been calling for these increases. I believe that this can succeed. I really do." Graham said on CNN's Larry King Live (1/10), "I agreed with the President before he made the speech. … I look at it this way: What's the result of a failed state in Iraq to our future as a nation, to the region as a whole? If Iraq fails and if we lose this war, I think the biggest winner is Iran. … My biggest motivation is not about my re-election in 2008. I support the President."

GOP Sen. John Warner, whose opinion could carry significant sway on undecided Republicans, said on CNN's Larry King Live (1/10), "I found the speech to be credible and sincere. And it does lay down a plan that reflects a lot of study by the executive branch, a lot of advice and opinion that the President took into consideration. … And I think it's now the responsibility of the Congress, particularly the Senate, to give equal study and objectivity to this speech and come up with our own opinions."

Sen. Gordon Smith, also a Republican, had already broken with Bush's Iraq policies. Last night, he said on MSNBC (1/10, O'Donnell), "The President and I just have a difference of opinion. He believes that security has to precede politics. I believe politics by Iraqis to decide federalism, resource-sharing and human rights -- these things will produce security. And I think we've become somewhat of a crutch, a shield, to delay the day of decision on the part of Iraqis. … I earnestly hope and pray I'm wrong and the President's right. I want him to succeed."

The Chicago Tribune (1/11, Zuckman, 617K) notes that in addition to Smith and Warner, GOP senators such as Norm Coleman, Olympia Snowe and George Voinovich have also expressed concerns about increasing troops levels. And USA Today (1/11, Jackson, 2.27M) reports "Sen. Sam Brownback, R-Kansas, a potential 2008 presidential candidate, said committing more troops is the wrong answer. 'Iraq requires a political rather than a military solution,' he said." The Washington Times (1/11, Curl, Dinan, 88K) also surveys Congressional reaction to the speech.

Democrats Blast Bush's Proposals. On TV last night, Democrats took issue with Bush's proposal to boost US troop levels. House Majority Leader Steny Hoyer said on CNN (1/10), "I didn't hear a new policy. I heard more of the same."

Sen. Barack Obama said on CNN's Larry King Live (1/10), "There was one area where I completely agree with the President. And that is that American troops have done everything that's been asked of them. They have done an outstanding job. And I don't doubt the President's sincerity in thinking that this third or fourth approach to the problem is the right one. But I did not see anything in the speech or anything in the run-up to the speech that provides evidence that an additional 15,000 to 20,000 more US troops is going to make a significant dent in the sectarian violence that's taking place there." Obama made very similar comments on MSNBC (1/10, Olbermann).

Sen. Dianne Feinstein said on CNN's Larry King Live (1/10), "My heart fell as I heard it, because I see no evidence from the past that this kind of surge is going to work. From the change of rules of engagement, what I see is an escalation. And I think it's very unrealistic to think that military and police and our people can go into a place like Sadr City and not

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have some form of conflagration. I've got to say, I'm really disappointed."

Sen. Jack Reed said on CNN (1/10), "This is not a really a new strategy, it's just more of the old strategy: trying to take a military approach -- primarily -- to what is a fundamentally political problem which the Iraqis must solve."

Former Sen. John Edwards said on CNN's Larry King Live (1/10), "I think what America needs from their president under the circumstances is, first, trust. They need to feel like they can trust their president. … What I saw was a very academic, analytical speech, making the case for putting more troops in Iraq. And I think that's not what America needed from its president right now. I think the President is profoundly wrong. I think escalating the war is a huge mistake. But beyond that, what's happened is that the trust in the President has eroded. And America has to feel in their gut that whether he's right or wrong, the President's telling the truth."

More Criticism Of Bush Speech. The New York Times (1/11, A30, 1.16M) editorializes, "Bush told Americans last night that failure in Iraq would be a disaster. The disaster is Mr. Bush's war, and he has already failed. Last night was his chance to stop offering more fog and be honest with the nation, and he did not take it. Americans needed to hear a clear plan to extricate United States troops from the disaster that Mr. Bush created. What they got was more gauzy talk of victory in the war on terrorism and of creating a 'young democracy' in Iraq. In other words, a way for this president to run out the clock and leave his mess for the next one."

The Washington Post (1/11, A24, 690K) editorializes, "Bush is right to recognize that U.S strategy in Iraq is not working and to seek a different policy. He is right to insist that the United States cannot afford to abandon the mission and to reject calls for an early withdrawal. But the new plan for the war Mr. Bush outlined last night is very risky. It envisions new missions and dangers for U.S. troops and counts on unprecedented military and political steps by the Iraqi government. The plan is likely to cause a spike in U.S. casualties, while the chances that it will stabilize Iraq are far lower." Bush "could have adopted a course that would have attracted broad support domestically and from Iraqis. That was the strategy -- outlined with small variations by U.S. military commanders, the Iraqi government and the Iraq Study Group -- that called for an acceleration of training of the Iraqi army and a gradual handing over of responsibility for fighting insurgents. … Instead, Mr. Bush has chosen to increase the number of Army troops and Marines and to broaden their mission."

The Los Angeles Times (1/11, 850K) editorializes, "President Bush's latest plan for Iraq has the feel of an overdue high school book report. It looks nice, reads well and is persuasive in parts. If only he had handed it in on time. The 'new way forward' outlined by the president in a prime-time address Wednesday makes too many obvious points (Iraqis must have more of a stake in their nation's success) and includes too many tired tropes (the war in Iraq is a central front in the war against terrorism). But the core of Bush's speech -- the reason to maintain at least some flicker of hope -- was an absolute-final-we're-really-serious-this-time ultimatum to the government of Iraqi Prime Minister Nouri Maliki."

In his New York Times (1/11, A31, 1.16M) column, David Brooks writes, "If the Democrats don't like the US policy on Iraq over the next six months, they have themselves partly to blame. There were millions of disaffected Republicans and independents ready to coalesce around some alternative way forward, but the Democrats never came up with anything remotely serious. … So we are stuck with the Bush proposal as the only serious plan on offer."

In a New York Times (1/11, A31, 1.16M) op-ed, author Danielle Trussoni writes, "My father once told me that he and his mother read the body count in the newspaper together. … It was only a month or so before my father left for the war, the winter of 1967. … Reading the body count in the paper was my father's way of preparing for the war. … As President Bush speaks about a new strategy for the war, more than 3,000 Americans have been killed in four years of fighting. And as I think of those lives cut short, I think of my father and my grandmother."

WSJournal Likes Bush Plan. The Wall Street Journal (1/11, A14, 2.04M) editorializes, "Bush's challenge last night was to convince Americans that his new plan to secure Iraq won't mean risking more lives on a conflict that critics say has become 'unwinnable.' We think he offered compelling reasons for skeptical Americans of good faith to back him, but the key will be deploying enough forces to accomplish the task." The President's words "offered the hope that the new plan won't simply mean employing more troops to carry out a strategy that hasn't been working. Though widely described in the press as a troop 'surge' or even 'escalation,' the number of additional soldiers being

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sent to Iraq is significant but not overwhelming. The real difference will be how America uses its troops in Iraq."

Bremer Says Bush "Is To Be Commended." In a Wall Street Journal (1/11, A15, 2.04M) op-ed, former Coalition Provisional Authority head Paul Bremer writes that President Bush "has frankly acknowledged the need for a new approach. He has assessed the various options and has courageously, and in my view wisely, rejected the politically popular course of withdrawing. Over the past four years, progress in Iraq has always depended on the interplay among the political, economic and security sectors. Clearly only Iraqis can design the necessary means to bridge their sectarian and ethnic divisions. … The president has acknowledged the need for new leadership and a new strategy. He is to be commended for rejecting the easy popular course."

War Of Words Continues Over "Surge" Versus "Escalation." US News and World Report (1/11, Wilson, Walsh) writes on its Web site, "What do you call a decision to send 20,000 or more additional troops to Iraq? It depends on whom you ask. President Bush and his team call it a 'surge.' Increasingly, Democrats and those who oppose the increase are calling it an 'escalation,' invoking an old specter from the Vietnam era." Escalation "is a highly loaded term. The U.S. News library team tracked the earliest uses of the word in a military context during the Vietnam era and found that it first surfaced in a series of increasingly critical New York Times editorials in the spring and summer of 1965. The word gained traction from there." But surge "owes its recent popularity to use by Secretary of Defense Robert Gates and other military officials." Democratic pollster Geoff Garin said, "Surge suggests it's a short, time-limited event, but at the moment the president is not willing to put any time limit on the whole enterprise."

Democrats Will Try To Block Funding For Troop Increase. The Washington Post (1/11, Weisman, Balz, 690K) puts its report on its front page, saying senior House Democrats plan to "attempt to derail funding" for President Bush's proposal to send additional troops to Iraq, "setting up what could become the most significant confrontation between the White House and Congress over military policy since the Vietnam War." USA Today (1/11, Kiely, Nichols, 2.27M) says House Defense Appropriations Subcommittee Chairman John Murtha said he "plans to use his subcommittee's control over the Pentagon budget to force a new direction in Iraq." Murtha "said he'll focus on the administration's supplemental spending request for Iraq, which is expected to be as high as $160 billion."

And at the same time, the Washington Times (1/11, Ward, 88K) says Democrats plan "to grill Bush administration officials during Capitol Hill hearings on the Iraq war -- beginning this morning when Secretary of State Condoleezza Rice and Secretary of Defense Robert M. Gates testify before congressional committees."

The New York Times (1/11, A21, Zeleny, 1.16M) reports Democratic congressional leaders "accused President Bush of ignoring strong American sentiment against the war in Iraq and said they would build a bipartisan campaign against his proposed military expansion." Speaker Nancy Pelosi said Democrats "intended to turn the precise words from Mr. Bush's speech into a symbolic resolution, compelling Republicans to support or reject the idea of sending more troops to Iraq. The Senate was developing a similar nonbinding resolution to be considered as early as next week." The Christian Science Monitor (1/11, Chaddock, 59K) says the Democratic Congress "has all the clout it needs -- at least on parchment -- to trim war funding through its power of the purse." Congress "can also opt to push back with hearings, investigations, and resolutions that condemn an escalation of the war or require President Bush to return to Congress for approval before committing troops." But choosing which course to take "is causing heated debate" within the new majority.

The CBS Evening News (1/10, story 4, 1:20, Couric, 7.66M) said Bush's plan "puts him on a collision course with the new Congress." CBS (Attkisson): "White House officials, including in some cases the President himself, have briefed 150 members of Congress in advance of tonight's speech. Today, after the latest meeting with President Bush, Democratic leaders made it clear that no minds have been changed." Sen. Harry Reid: "I'm at a loss as to what's going to happen with these additional troops." McClatchy (1/11, Schoof, Talev) reports that if Bush "is determined to win over Congress to the idea of keeping more American troops in Iraq, his chances looked dim Wednesday night." However, "even as the new Democratic majority and some of the president's fellow Republicans expressed doubts or rejected the notion outright, they had yet to coalesce behind binding legislation to stop him."

NBC Nightly News (1/10, story 2, Williams, 9.87M) reported, "Many members of Congress have been thoroughly

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briefed on the message behind the President's words in tonight's speech." NBC (Reid) added, "Democratic and Republican leaders were in the room with the President at the same time. They heard the same arguments, but they emerged from that room with dramatically different opinions about what they heard. After meeting with the President for less than an hour, top congressional Democrats said his plan for more troops appears to be nothing new. … Even some Republicans say Mr. Bush's plan has little chance of success." Sen. Gordon Smith: "The President is preparing to throw a Hail Mary pass. I just hope there is an Iraqi army to catch it." Reid: "Although most Republicans including congressional leaders are expected to fall in line behind the President."

Democratic "Prebuttals" Came In Force. The Washington Post (1/11, A2, Milbank, 690K) examines the Democratic "prebuttals" to the President's speech -- criticisms delivered before the address was made. Prebuttals "have become so intense that they have forced the victim of the prebuttal to preempt his own speech -- giving the speech itself an anticlimactic feel."

Presidential Hopefuls From Both Parties Stake Out Positions. The Los Angeles Times (1/11, Hook, 850K) reports the President's speech "provoked several potential presidential candidates to stake out a position, including some Republicans who had avoided addressing a controversial proposal that is likely to be a touchstone issue in the 2008 campaign." Ex-Gov. Mitt Romney, "ending weeks of dodging questions on the issue, announced Wednesday he would support a troop increase." But Sen. Sam Brownback "announced he opposed it, a sign that Republicans may not be as reluctant to distance themselves from Bush as they once were." Democrats John Edwards and Sen. John Kerry "announced their support for Congress to cut off funds needed for a troop increase. That step goes farther than many Democrats want because they fear it will be seen as undermining U.S. troops already in Iraq."

Democrats' Response Comes Under Fire. Under the headline "A Cynical Opposition," the Wall Street Journal (1/11, A14, 2.04M) editorializes, "You might have thought President Bush's announcement yesterday that he intends to deploy several thousand more combat soldiers to Iraq would have been sweet policy vindication for the Democrats. They're the ones who spent the better part of the past four years using Eric Shinseki -- the former Army Chief of Staff who, prior to the war, estimated it would take up to half a million troops to occupy the country -- as a cudgel with which to beat this President over the head." But "lately the Democrats have been singing from a different hymnal. … No one serious -- not even the Iraq Study Group -- believes that the war will end if we leave. Instead, it will change into a civil war in Iraq, and perhaps a wider regional war, that is likely to draw our forces back in again somewhere in the Middle East. … If Congressional Democrats want to be constructive, they can insist that Mr. Bush and his generals truly implement the strategy he is now endorsing. The path Democrats have followed in the minority and are now continuing will only make U.S. success harder -- a truth the American people will come to understand, and resent."

The Washington Times (1/11, 88K) editorializes, "The Democrats had tried several pre-emptive strikes against President Bush's speech last night about how to win the war in Iraq. The president, in our view, is right to send additional troops to Baghdad and other violent areas of Iraq to stanch the blood-letting and enable the Iraqi government to impose its authority over the nation. But in addition to opposing measures to end the war, the House would now undermine national security."

In his Los Angeles Times (1/11, 850K) column, Jonah Goldberg writes under the headline "At Least Bush Wants To Win" that with his speech, "President Bush made it clear that he will settle for nothing less than winning" in Iraq. Bush "may be deluding himself, and his plan may not work, but he at least has done the nation the courtesy of saying what his position is, despite an antagonistic political establishment and a hostile public. What is maddening is that the Democratic leadership cannot, or will not, clearly tell the American people whether they are the party of 'end it' or 'win it.' … Bush came up with the 'surge' plan. Will it work? Nobody knows. But the one thing the American people know about George W. Bush is that he wants to win the war. What the Democrats believe is anybody's guess."

In his Roll Call (1/11) column, Morton Kondracke writes, "Politically and militarily, this is President Bush's last chance to avoid catastrophe in Iraq and the Democratic Congress ought to let him play out his hand. Hard as it might be, Democrats should resist extreme pressure from anti-war forces in their base to undermine what little is left of Bush's popular support and force a withdrawal from Iraq. The reason is that if the United States loses the Iraq War, the consequences will be dire -- and a Democratic president elected in 2008 may well have to deal with them."

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In a Washington Times (1/11, 88K) op-ed, Washington Center for Politics & Journalism director Terry Michael, the Democratic National Committee press secretary from 1985-1987, writes, "It's hard to get out of a deal with the devil. That's the congressional Democrats' dilemma, as they continue to treat the Iraq war as a speed bump on their pathway to the perks of restored power, rather than as a moral question to which voters loudly demanded a moral answer two months ago. … Where are the Gordon Smiths in the Democratic Party? Where are the conviction politicians willing to spend political capital to lead a citizenry which has decided overwhelmingly that this war is crazy? Where are the institutions of media power with the courage to say the emperor has no cowboy boots, no jeans, no garments at all -- just a hideous, stubborn smirk that is literally making this country ill and squandering our reputation around the globe?"

Eyewitnesses Say US Forces Raided Iranian Consulate In Iraq. NPR (1/11) reported in this morning, "Eyewitnesses in the city of Erbil in Kurdish-controlled northern Iraq says American forces raided the Iranian Consulate there in a pre-dawn operation. … Kurdish security forces blocked off the quiet residential street leading to Iran's small consulate" in Erbil, "preventing journalists from taking a close look at the building. Broken glass could be seen outside the entrance, however, and the Iranian flag was not flying from the pole outside the two-story villa. Residents in the neighborhood say around 4 am local time they heard helicopters and planes flying over the consulate. They say they also heard periodic gunfire in the area. 'Do not go to the Iranian consulate,' one shopkeeper said. 'The Americans have arrested everybody there.' The raid took place within hours of President Bush's televised speech, which promised a new strategy for the Iraq war. Kurdish security forces on the scene insisted no raid took place. They added that no Iranian diplomats were currently in the consulate building."

Bush Seen As Stepping Up "Strategy Of Confrontation" Against Iran. The New York Times (1/11, A21, Cooper, Mazzetti, 1.16M) reports that in "promising to stop Iran from meddling in Iraq, President Bush returned Wednesday night to a strategy of confrontation" with Iran, "casting aside what had been a limited flirtation with a more diplomatic approach toward it." Bush "accused Iran of providing material support for attacks on American troops and vowed to respond," saying the US would send another aircraft carrier and its supporting ships to the Persian Gulf, as well as deploy more Patriot missiles in the region. The Times says the "more combative talk reflects increased frustration in the administration with Iran, which American officials blame for part of the rising death toll in Iraq."

Under Pressure From US, Maliki Agrees To Crack Down On Sadr Forces. NBC Nightly News (1/10, story 4, 1:55, Engel, 9.87M) reported, "For the first time, Iraq's Prime Minister Nouri al-Maliki has told the main Shiite militia group, the Mahdi Army, that it must surrender its weapons or face a full US and Iraqi military assault. This gives American troops here a freer hand to hunt down the militias." The AP (1/11, Hurst, Abdul-Zahra) says Maliki, "under pressure from the U.S., has agreed to crack down on the fighters even though they are loyal to his most powerful political ally," Muqtada al-Sadr.

Military Plans "Gated Communities" Strategy In Baghdad. The Los Angeles Times (1/11, A1, Barnes, 850K) reports the military's "new strategy for Iraq envisions creating so-called 'gated communities' in Baghdad -- sealing off discrete areas and forcibly removing insurgents, then working to create jobs for residents and stationing American units in the neighborhood to keep the peace." The US "previously has found it nearly impossible to secure the sprawling city. But by focusing an increased number of troops in selected neighborhoods, the military hopes it can create islands of security segregated from the chaos. The gated-communities plan has been tried -- with mixed success -- in other wars. In Vietnam, they were called 'strategic hamlets' and were a spectacular failure. But counterinsurgency experts say that such security zones can work if, once the barriers are established, the military follows up with neighborhood sweeps designed to flush out insurgents and militia fighters."

Ambassador-Designate Crocker Thrives In Tough Jobs. The Washington Post (1/11, C1, Wright, 690K) profiles Ryan Crocker, President Bush's nominee for US Ambassador to Iraq, calling him "A Diplomat Who Loves The Really Tough Jobs." The story's sub-headline reads, "In Harm's Way Is Where Ryan Crocker Thrives." The Post's very positive story says that "if there's an awful assignment in the Middle East or South Asia, Crocker, 57, has had it. He actually prefers the hot spots, colleagues say. The toughest hardship assignment for Crocker -- and the only one he tries

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to avoid -- is Washington, says former ambassador Edward Abington. 'He prefers the most difficult posts. There's a real sense of adventure in him,' Abington says."

Crocker Part Of New "Team Iraq." The Christian Science Monitor (1/11, LaFranchi, 59K) also writes about Crocker as part of a feature on President Bush's "reshuffled diplomatic and military 'Team Iraq.' It's an assignment for which a deep knowledge of the political and cultural complexities at play, both in Iraq and regionally, will be a huge plus." Crocker "would join a new team whose goal will be to stave off full-blown civil war in Iraq, as well as the disastrous regional and security consequences that would be very likely to accompany it." The new team "has nothing of the sharp ideological bent that both got the Bush administration's Iraq policy in trouble in the first place and kept it from seeing the policy mistakes that were made, experts say."

At Least 99 Iraqis, Three US Soldiers Killed In Ongoing Iraq Violence. The Los Angeles Times (1/11, Roug, 850K) reports "suicide bombers, roadside explosions and mortar rounds killed at least 99 Iraqis and wounded 26" across Iraq Wednesday, as the US military said three American troops had been killed in Anbar on Tuesday. And "despite the central Baghdad crackdown, 50 bodies were found in a neighborhood near Haifa Street. Ten more corpses were discovered across the Tigris River in the Rusafa neighborhood. All appeared to have been shot execution-style." The Washington Post (1/11, A12, Partlow, 690K) says "two busloads of Shiite Muslims returning from their holy pilgrimage to Mecca were gunned down Wednesday while passing through a predominantly Sunni Muslim swath of western Iraq." The AP (1/11) says US military deaths in Iraq hit "at least 3,017" on Wednesday. The AP count "is nine higher than the Defense Department's tally." The CBS Evening News (1/10, story 7, 2:30, Couric, 7.66M) said the war "has now lasted far longer than just about anyone predicted: 1,394 days, almost four years."

Iraq's Children Make Sectarian War Games Part Of Play. The Wall Street Journal (1/11, Shishkin, Juhi, 2.04M) runs a front-page feature on how Iraq's violence is impacting children, who now play sectarian war games. The Journal writes of a four-year-old who pulled a toy gun during play, "introduced himself as a commander, shouted the incantation 'God is greater' and warned Sunni Muslims not to fight back." As Iraq "careers toward full-scale civil war between its Shiite majority and Sunni minority, the culture of celebrating sectarian strife has taken root even among the very young in Sadr City."

National Guard Leaders Seek Changes As "Surge" Looms. The Hill (1/11, Tiron) reports the Bush Administration's plan to increase US troop strength in Iraq "is prompting National Guard officials to step up pressure for changes to mobilization, training and equipment that would have long-term implications for retention and efficiency." National Guard chief Lt. Gen. Steven Blum said, "There is no question in my mind that if the nation needs us, we will do it. It would be a huge mistake to not send the National Guard to shoulder some of that burden." But, he said, "'now is the time' to implement changes. 'If we do not do that, we risk the ability to sustain an all-volunteer force, in my judgment,' Blum warned."

Advocates Say Guantanamo Detainees "Driven Insane" By Conditions. The Financial Times (1/11, Dinmore) reports lawyers and rights activists say prisoners at Guantanamo Bay "are being driven insane by a tightening of conditions and the situation of their indefinite detention without trial." The advocates "also doubt whether the Bush administration intends to carry out its stated desire to close the facility." Today is the fifth anniversary of the first delivery of detainees to Guantanamo. The AP (1/10, Fox) writes that five years on, Guantanamo remains a "source of outrage," quoting Center for Constitutional Rights President Michael Ratner saying, "It has become iconic in the Muslim world and the wider world…for everything that the United States has done wrong in the war on terror."

Detainee Says "I Have Been Destroyed" By Guantanamo. The Los Angeles Times (1/11, 850K) runs an op-ed comprised of excerpts from letters Guantanamo detainee Jumah al-Dossari "wrote to his attorneys. Its contents have been deemed unclassified by the Department of Defense." Dossari writes, "At Guantanamo, soldiers have assaulted me, placed me in solitary confinement, threatened to kill me, threatened to kill my daughter and told me I will stay in Cuba for the rest of my life. They have deprived me of sleep, forced me to listen to extremely loud music and shined intense lights in my face. They have placed me in cold rooms for hours without food, drink or the ability to go to the bathroom or wash for prayers. They have wrapped me in the

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Israeli flag and told me there is a holy war between the Cross and the Star of David on one hand and the Crescent on the other. They have beaten me unconscious. … Why, after five years, is there no conclusion to the situation at Guantanamo? For how long will fathers, mothers, wives, siblings and children cry for their imprisoned loved ones? For how long will my daughter have to ask about my return? The answers can only be found with the fair-minded people of America. I would rather die than stay here forever, and I have tried to commit suicide many times. The purpose of Guantanamo is to destroy people, and I have been destroyed."

DOJ:

Mollohan Recuses Himself From DOJ Budget Work. The AP (1/11) reports, "Rep. Alan Mollohan, under Justice Department investigation about whether he has benefited from directing federal funds to nonprofit groups he helped start, stepped aside Wednesday from working on key elements of the department's budget." The AP continues, "The move came on the day Mollohan, D-W.Va., was named chairman of an Appropriations subcommittee responsible for the department's budget. … Mollohan will not have anything to do with setting the budgets for the attorney general's office, the FBI or the Justice Department's criminal division and prosecuting attorneys, he said in a letter to Appropriations Committee Chairman David Obey, D-Wis. That way, he can't be accused of using his power as payback for the ongoing investigation or to influence it. … However, Mollohan will still have a big say in other elements of the agency's budget, including allocation of lawmakers' pet projects such as grants to state and local law enforcement agencies." The AP adds, "At issue is at least $202 million of federal funding that Mollohan has steered to five nonprofit groups in his district - with much of the money going to organizations run by people who contribute to the lawmaker's campaigns. … Last year, Mollohan stepped down from the House ethics committee after media reports into his activities, and the FBI soon launched an investigation. A conservative group, the National Legal and Policy Center, has alleged that the 12-term congressman has undervalued his assets in annual financial disclosure reports."

CORPORATE SCANDALS:

Former Comverse Attorney Settles Options Charges For $3.1 Million. USA Today (1/11, Iwata) reports, "William Sorin, former general counsel at Comverse Technology, will pay $3.1 million to settle charges that he conspired with the company's former CEO and chief financial officer to improperly backdate stock options, the Securities and Exchange Commission said Wednesday." USA continues, "Without admitting or denying the charges, Sorin agreed to disgorge $1.7 million and pay $818,000 in interest and a $600,000 civil penalty, according to the SEC. About $1 million of the disgorgement will come from backdated options he exercised. … Sorin is the first corporate counsel fined by the SEC in the federal crackdown on the backdating of stock options by 200 companies." USA adds, "Haywood Gilliam, a partner at Bingham McCutchen and former Justice Department securities fraud chief in San Francisco, says regulators are 'focusing more on gatekeeper defendants such as attorneys, and I would not be surprised to see more of it.' … Last year, the SEC and Justice Department charged Sorin, former Comverse CEO Jacob "Kobi" Alexander and former chief financial officer David Kreinberg with a stock-manipulation scheme that allegedly reaped them $8 million."

The Wall Street Journal (1/11, A11, Burns) reports, "The Harvard Law School graduate settled without admitting or denying the SEC's allegations about his role in backdating stock-option grants. Mr. Sorin, former Comverse Technology Chief Financial Officer David Kreinberg and fugitive former Chief Executive Jacob 'Kobi' Alexander were named in the SEC's civil suit in August and were criminally charged as well. Mr. Alexander fled to the African nation of Namibia, where he is awaiting a hearing on extradition to the U.S." The Journal continues, "Prosecutors charged the option-manipulation effort produced substantial personal profits for the executives while costing shareholders. … Mr. Sorin pleaded guilty in November to a single criminal charge of conspiracy to commit securities fraud, mail fraud and wire fraud. Mr. Kreinberg pleaded guilty in October to conspiracy and securities fraud and resolved the SEC charges by agreeing to pay nearly $2.4 million. The SEC said its investigation is continuing."

Records Show Jobs Benefited From Apple Options Dating. The Washington Post (1/11, A1,

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Sipress) reports, "Apple Inc. chief executive Steve Jobs confirmed his place this week as the premier impresario of the Internet age, taking the stage in San Francisco to unveil a smart phone that won a raucous endorsement from thousands of fans in the audience and sent Apple stock rocketing to a record high. … But his signature performance at the annual Macworld Conference and Expo did not dispel the scandal swirling around Apple over its backdating of stock options. Despite the company's defense that Jobs never personally benefited from a pair of stock option grants he received -- he gave them up in 2003, long before allegations of wrongdoing surfaced -- filings with the Securities and Exchange Commission show that his options were exchanged for 5 million shares of restricted Apple stock." The Post continues, "That stock was worth $75 million at the time, nearly the same as the value of the options he relinquished, using a technique for calculating the value of investments popular with financial analysts and used by Apple. … Steve Dowling, Apple's director of corporate communications, said the 2003 transaction did not directly benefit Jobs because he could not sell the restricted shares until he had remained at Apple for another three years." The Post adds, "Some investor advocates call that explanation disingenuous. 'You are torturing the English language to say he did not benefit from the options,' said Patrick McGurn, executive vice president of Institutional Shareholder Services. 'He certainly benefited from the grant because the grant was converted on a value-to-value basis.' … McGurn and other analysts also said the amount of stock Jobs received appeared to be inflated because the value of his options was exaggerated, at least in the case of one grant, by the improper backdating."

Former NYSE Head Grasso Seeks Jury Trial. The Wall Street Journal (1/11, C6, Bray) reports, "Dick Grasso, the former chairman of the New York Stock Exchange, asked a state appeals court to throw out a lower court's ruling that he must return a portion of his $187.5 million compensation package." The Journal continues, "At a hearing before the appellate division of the New York State Supreme Court, Gerson Zweifach, Mr. Grasso's lawyer, said New York State Supreme Court Justice Charles E. Ramos erred in October when he granted a summary judgment request by the state attorney general's office." The Journal adds, "Mr. Zweifach said there are too many issues that remain in dispute about whether Mr. Grasso fulfilled his fiduciary duties to the Big Board and what the NYSE's directors knew about his compensation package for the case to be decided without a trial. He said the case should be decided by a jury. … 'It was error for the trial court to even attempt on summary judgment to decide what people knew and what Mr. Grasso should have known,' he said." The Journal notes, "The attorney general's office, which sued Mr. Grasso in 2004 alleging his pay was excessive for a not-for-profit corporation, has said Mr. Grasso should be forced to return more than $112 million. .. In November, the appeals court stayed all proceedings until it could consider a number of issues raised by Mr. Grasso, including whether to reassign the case to a different judge."

US Charges Hewlett-Packard Investigator With Identity Theft. The Wall Street Journal (1/11, Waldman) reports from San Francisco, "In another criminal charge stemming from last fall's Hewlett-Packard Co. spying affair, U.S. Attorney Kevin Ryan charged independent investigator Bryan Wagner with felony identity theft and conspiracy." The Journal continues, "Mr. Ryan's spokesman, Luke Macaulay, said no other federal charges were filed in the H-P matter Wednesday, but that the Justice Department is still investigating the case." The Journal adds, "Mr. Wagner, of Littleton, Colo., was one of five people charged with several felony counts last fall by the California attorney general's office in connection to the H-P scandal. Those charged by California include H-P's former nonexecutive chairman, Patricia Dunn, and its former chief ethics lawyer, Kevin Hunsaker. All five have pleaded not guilty to the California charges, including Mr. Wagner, who state and federal prosecutors allege used false identities to obtain the private phone records of numerous H-P directors, employees and journalists."

CRIMINAL LAW:

DOJ Tells Philadelphia Lawmaker He Is Target Of Corruption Probe. The Philadelphia Inquirer (1/11, Shiffman, Cattabiani, McCoy) reports, "Federal prosecutors last year sent a formal warning to State Sen. Vincent J. Fumo that he may be indicted, according to sources familiar with the investigation." The Inquirer continues, "The issuance of a so-called target letter from prosecutors to Fumo, one of Pennsylvania's most powerful politicians, is a significant milestone in the four-year investigation, which appears to be in its final stages. … The

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target letter was sent to Fumo last summer, around the time two of his computer aides were charged with destroying evidence to thwart the investigation, sources said. The Inquirer learned of the letter this month. A lawyer for Fumo yesterday declined to comment." The Inquirer adds, "Typically, prosecutors send target letters to people who are likely to be charged, as a warning and as an invitation to testify before the grand jury. It's an offer that the targets usually refuse. … 'It is the rare case, in my experience, that you can talk a prosecutor out of charges once a target letter is issued,' said Lawrence S. Lustberg, a Newark lawyer who defended one of the Commerce Bank executives convicted in the 2005 City Hall corruption trial. … However, the delivery of a target letter, part of a secret grand jury process, is no guarantee that charges will be filed." The Inquirer notes, "Before prosecutors present a potential indictment in such a high-profile case, they often consult with senior Justice Department officials in Washington. Also in such cases, defense attorneys are likely to be afforded the opportunity to meet with top officials, including U.S. Attorney Patrick L. Meehan. … The Fumo investigation is focused on whether Fumo used funds from a multimillion-dollar South Philadelphia charity for personal or political benefit - and whether Fumo and staffers destroyed evidence to try to thwart the FBI. … With the grand jury's term due to expire next month, prosecutors have subpoenaed witnesses to appear in the coming weeks, sources said."

Two Florida Prison Guards Sentenced In Sex-For-Contraband Scheme. The AP (1/11, Kaczor) reports from Tallahassee, FL, "Two guards received one-year prison sentences Wednesday for their roles in a sex-for-contraband scheme that ended in a fatal shootout at a federal prison for women." The AP continues, "Gregory Dixon, who admitted having sex with inmates but denied giving them anything for it, has taken responsibility for his actions and was sorry, his lawyer said. … The other guard, Alan Moore, told U.S. District Judge Robert Hinkle he was wrongly convicted." The AP adds, "A jury convicted both in November of conspiring to accept illegal gratuities and other crimes. … Dixon and Moore were among six guards who had been charged with being part of a conspiracy to trade cigars, cigarettes, chewing gum, jewelry and cosmetics to inmates for sex and money at the Tallahassee Federal Correctional Institution. … 'They took an honorable position and public trust and used it for self-gratification,' Assistant U.S. Attorney Alan Sprowls told the judge. 'Their conduct was a complete abandonment of what they knew was right.' … One guard, Ralph Hill, pulled a gun and began firing at federal agents who had gone to the prison to arrest the suspects June 21. Hill and Justice Department Special Agent William 'Buddy' Sentner were killed, and a prison officer aiding in the arrests was wounded. … Three other guards pleaded guilty."

US Charges Ex-Swift Employees With Identity Theft. Bloomberg (1/11, Bjerga) reports, "A federal grand jury charged 53 former employees of Swift & Co.'s meat processing plant in Cactus, Texas, with felony identity theft, the U.S. Attorney's office in Dallas said." Bloomberg continues, "Those charged were among 295 at the Cactus plant arrested in mid-December during nationwide raids targeting illegal immigrants at six Swift facilities. About 1,300 Swift employees, or 9 percent of its workforce, were arrested by federal agents. So far, 246 of those arrested nationwide are facing criminal charges, most for identity theft, according to Justice Department spokesman Dean Boyd in Washington. … 'It is a serious crime to hijack and steal a citizen's good name and credit to illegally stay in the United States,' U.S. Attorney Richard B. Roper said in a statement. He said most of those charged had used stolen or forged documents to find employment." Bloomberg adds, "Each of the 53 former Swift workers charged today is facing one count of false representation of a Social Security number. The felony carries a maximum sentence of five years in prison and a $250,000 fine. Most face additional charges as well, according to the statement."

Judge Tosses Testimony In Trial Of Russian Charged With Kidnapping Plot. The AP (1/11) reports from Los Angeles, "A federal judge ordered jurors in the case of a man charged with masterminding a kidnapping-for-ransom plot that ended with five bodies tossed into a California reservoir to disregard the defendant's testimony after he refused to answer questions under cross-examination." The AP continues, "Iouri Mikhel, 42, testified last week that he helped lure some of the victims to meetings but never killed them. He also acknowledged being a 'professional criminal' who laundered money and was a black market trader in his native Russia. … When Mikhel declined Tuesday to answer questions from prosecutors and an attorney representing a co-defendant, U.S. District Judge Dickran Tevrizian ordered the testimony removed from the court record. … Closing arguments were scheduled to begin

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Wednesday." The AP notes, "Mikhel, 42, has pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. He could face the death penalty if convicted. … Prosecutors allege Mikhel and several accomplices abducted Los Angeles-area businesspeople over a four-month period in 2001 and 2002 and collected $1.2 million in ransoms before killing them. … Bodies of the five people kidnapped were later found in the New Melones Reservoir near Yosemite National Park."

Pellicano Probe Finds Attorney Gave Information To Kerkorian. The New York Times (1/11, Halbfinger, Weiner) reports, "When Kirk Kerkorian's longtime lawyer was indicted on wiretapping and conspiracy charges last February in the federal investigation of the Hollywood private detective Anthony Pellicano, the billionaire investor was mentioned almost as an afterthought. … There were no accusations that Mr. Kerkorian knew or approved of any wiretapping, and no indications that he had even been interviewed by the F.B.I. about Mr. Pellicano's work on his behalf. … But in recordings that Mr. Pellicano secretly made of his own telephone conversations, Mr. Kerkorian's lawyer, Terry N. Christensen, repeatedly said he told the billionaire — then 84, and locked in a legal dispute with his ex-wife, Lisa Bonder Kerkorian — what the private detective was learning from what prosecutors say were his wiretaps." The Times continues, "Mr. Christensen stops short of saying he has told Mr. Kerkorian that Mr. Pellicano was using wiretaps, but says he is providing Mr. Kerkorian with details of Ms. Kerkorian's private conversations. … Mr. Kerkorian has not been accused of any wrongdoing, and it is unlikely that someone could be held criminally liable for the actions of an investigator hired by his lawyer without showing that the client knew of the investigator's illegal acts. … Yet the recordings show how Mr. Pellicano's information could affect a high-stakes lawsuit, and make clear that Mr. Kerkorian, according to Mr. Christensen's assurances, was grateful for intimate information that helped his case." The Times notes, "Mr. Christensen and Mr. Pellicano, both of whom have pleaded not guilty to felony wiretapping and conspiracy charges, were among seven people indicted last February as part of an F.B.I. inquiry. Two have pleaded guilty, and the trial of the other five, after several delays, is set for August."

Land In Chicago Bribery Case Outside Alderman's Ward. The AP (1/11) reports, "When FBI officials arrested Alderman Arenda Troutman this week, they alleged that she took $5,000 from a fictitious developer in exchange for helping him move forward on a project in her South Side ward. Or, rather, what they assumed was her ward. A closer look has revealed that the parcel in question isn't in Troutman's 20th Ward, after all," and "while Troutman's lawyer is crying foul, FBI spokesman Ross Rice said the mix-up is a non-issue. 'From a legal standpoint, it doesn't matter,' he said. 'It's not an element of the crime.' But defense attorney Sam Adam Jr. said his client knows the boundaries of her ward and that the location revelation 'should prove to everyone that there was nothing fraudulent going on.' 'The government's case is smelling like Limburger cheese,' Adam said."

The Chicago Tribune (1/10, Gibson, Washburn, 617K) reported the story, under the headline "Details Don't Get In Way Of FBI Sting," noting, "if the federal sting…were a Hollywood movie, Chicagoans in the know might be complaining about a flawed plot. … If the…property 'was on the other side of the street, it would have been in the 20th,' said Thomas Leach, a spokesman for the Chicago Board of Election Commissioners." The Tribune added, "Rice said investigators did not double check, and from the FBI's perspective, it's a moot point. Either Troutman herself believed the parcel was in her ward and she could influence the process, or she knew the parcel wasn't in her ward and thought she could take money anyway, he said."

Prosecution Rests In Tennessee Waltz Trial. The Memphis Commercial Appeal (1/11, Buser, 163K) reports, "Federal prosecutors rested their bribery case Wednesday against the Shelby County Commission's former top administrative aide, Calvin Williams, who may take the stand today in his own defense. … Among the six witnesses called by Williams on Wednesday was attorney Buck Wellford, a county commissioner from 1994 to 2002 who said on cross-examination by prosecutor Lorraine Craig that he thought Williams should have focused more on his administrative duties with the commission and less on the commissioners' political issues. Wellford said Williams appeared to have 'a special relationship' with Commissioner Cleo Kirk, who sponsored the urban development grant of $100,000 for the Glenview Neighborhood Development Partners Inc.

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Katrina Said To Have Contributed To New Orleans Crime Wave. The New York Times (1/11, Nossiter, 1.16M) reports New Orleans' recent "storm of violence…can be traced in part to dysfunctional law enforcement institutions, aggravated by a natural disaster that turned the physical and social landscape of New Orleans into an ideal terrain for criminals." The city was "the United States' murder capital by many measures in 2006," and "is well on its way to keeping that distinction in 2007." The Times cites New Orleans' "automobile-bound police department," which "is reluctant to walk the streets and interact with the city's residents. It is at war with the district attorney's office, which is prosecuting seven officers for a deadly shooting soon after Hurricane Katrina struck in 2005. Judges in the city's courts regularly rule in favor of criminals. Completing the grim picture is an already fragile social structure in the city's poorest wards that has been all but destroyed by Hurricane Katrina."

Bob Herbert, in his column for the New York Times (1/11, 1.16M) writes that as residents of New Orleans become "increasingly unnerved," the city "is a place that could use a hopeful sign of any kind, some positive development to signal that perhaps better times are coming." Herbert goes on to describe the efforts of Ghebre Selassie Mehreteab, "a middle-aged bundle of energy who heads the NHP Foundation, a national nonprofit organization that has taken on the difficult mission of providing quality housing at rents that poor and middle-class families can afford." Ghebre, or Gabe, "hopes to build 3,000 affordable rental apartments in and around New Orleans at a total cost of $300 million. How does he do it, when others find the task so daunting? The key, he said, is to combine the expertise of a successful real estate operation with the talent and vision of an experienced foundation committed to what is essentially a charitable mission."

Report Finds Ex-Prisoner Death Rate Higher Than For Current Inmates. The Wall Street Journal (1/11, Winstein) reports, "In what may be the first large-scale study of mortality among released prison inmates in the U.S., researchers found that getting out of jail can be hazardous to your health." The Journal continues, "The death rate for ex-prisoners was four times that of current inmates, and more than triple the rate for the general population, even after the effects of age, sex and race were factored out. More than 30% of the excess deaths were due to drug overdoses." The Journal adds, "Within the first two weeks after a prisoner is released, the figures were worse: former inmates were 13 times as likely to die as the population at large - and almost 80% of those extra deaths were from drug overdose. .. After drug overdoses, the leading causes of the higher death rate were murders, heart disease and suicides." The Journal notes, "The doctor who led the study, Ingrid A. Binswanger of the University of Colorado, said she was surprised that the difference in death rates was so large. The findings could indicate a substantial public health problem, since about 700,000 people are released from prison in the U.S. each year, according to the Bureau of Justice Statistics. … The study, to be published in the New England Journal of Medicine Thursday, tracked 30,237 inmates released from the Washington state prison system between 1999 and 2003. Researchers cautioned that the figures, which are broadly consistent with previous studies in Finland and Australia, do not necessarily apply to the rest of the U.S."

Bloggers Win Seats In Media Section At Libby Trial. The Washington Post (1/11, D1, Sipress) reports that when the trial if I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, "opens next week, scores of journalists are expected to throng the federal courtroom in Washington, far too many for the 100 seats set aside for the media." But for the "first time in a federal court, two of these seats will be reserved for bloggers. After two years of negotiations with judicial officials across the country, the Media Bloggers Association, a nonpartisan group with about 1,000 members working to extend the powers of the press to bloggers, has won credentials to rotate among his members." The Libby trial "could 'catalyze' the association's efforts to win respect and access for bloggers in federal and state courthouses, said Robert Cox, the association's president."

CIVIL LAW:

Delphi Seeks Bankruptcy Judge's Approval Of Investment Plan. The AP (1/11, Tong) reports, "Board members of Delphi Corp. decided on Wednesday to move forward in seeking the approval of a federal bankruptcy judge to allow five private equity and institutional investors to buy shares worth as much as $3.4 billion in the company upon its reorganization." The AP continues, "Directors of the Troy, Michigan-based auto parts maker essentially rejected

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an unsolicited $4.7 billion bid made by a rival investor. Judge Robert Drain was scheduled to consider the plan and objections in a Thursday hearing." The AP adds, "The plan is a crucial part of an overall transformation sought by the company, as it attempts to exit bankruptcy in the first half of this year. Objectors say it transfers a disproportionate amount of the company's value to the investors at the expense of other stakeholders in the case. … The plan allows affiliates of three private equity investors, Appaloosa Management LP, Cerberus Capital Management LP and Harbinger Capital Partners Master Fund I, as well as Merrill Lynch & Co. and UBS Securities LLC, to buy shares in a restructured Delphi for $1.4 billion to $3.4 billion. It would give the investors a minimum of 30 percent and up to 72 percent of the restructured company but also depends on consensual resolution of Delphi's labor agreements by Jan. 31. … Highland Capital Management LP made a competing proposal Dec. 21, three days after the original bid, to buy shares at a cost of $4.7 billion. Highland has joined the acting U.S. Trustee, the official committee of equity security holders, the International Union of Electronic Workers-Communications Workers of America and two other unions in objecting to the Appaloosa-Cerberus plan. … The U.S. Trustee and the IUE-CWA, which represents the second-largest group of Delphi employees, objected in part based on their belief that the investment plan takes the place of the usual process of creating a bankruptcy reorganization plan since it outlines how some creditors would be paid."

CIVIL RIGHTS:

FBI "Highly Likely" To Investigate Houston Police Shooting. The Houston Chronicle (1/11, Rogers, 530K) reports, "The FBI said Wednesday that it likely will open a civil rights investigation to monitor ongoing inquiries into the shooting death of Robert McIntosh by a Houston police officer. The move only will monitor investigations by local authorities and is not a formal investigation to determine whether McIntosh's civil rights were violated, said Shauna Dunlap, a spokeswoman for the FBI. 'Agents have been looking into the matter, and it looks likely that we will open a civil rights investigation to monitor the progress of the district attorney's investigation and the Houston Police Department internal affairs investigation,' Dunlap said." The Chronicle notes, "McIntosh, 23, was shot to death Monday after a traffic stop in the Sunnyside area, prompting an outcry from community leaders when witnesses alleged the man was handcuffed before the shooting. … Dunlap said the FBI decided to wait until it reviews the case and meets with other agencies involved in the investigation before deciding to launch a probe. If the FBI opens an investigation, she said, it may come in the next few days."

The AP (1/11, Stinebaker) reports, "McIntosh's shooting prompted Quanell X, a local activist and frequent critic of the Houston Police Department, to demand a federal investigation, saying McIntosh was the victim of 'a cold-blooded murder.' … FBI spokeswoman Shauna Dunlap said Wednesday such an investigation likely will be announced soon. … 'There is a strong possibility that in the next couple of days, we will open a civil rights investigation,' Dunlap told The Associated Press." The AP notes, "In the past, federal authorities in Houston have prosecuted Houston police for civil rights violations when a local grand jury declined to indict them in shootings of civilians."

Jury Deliberations In Texas Smuggling Case Postponed. The AP (1/11, Lozano) reports from Houston, "A truck driver facing a possible death sentence for a smuggling attempt in which 19 illegal immigrants died locked in his sweltering tractor-trailer will have to wait until at least next week to learn his fate." The AP continues, "The jury deliberating whether to sentence Tyrone Williams to death for what became the nation's deadliest human smuggling attempt is taking a five-day break, U.S. District Judge Lee Rosenthal told attorneys Wednesday." The AP adds, "Jurors decided to wait until Tuesday to resume their deliberations because the judge was scheduled to be out of town Thursday and Friday and the Martin Luther King Jr. holiday is Monday. … Jurors deliberated for about eight hours Wednesday without reaching a verdict. They have deliberated a total of about 14 hours since Tuesday." The AP notes, "The jury is deciding whether to sentence Williams to death or life in prison without parole, or to let Rosenthal issue a sentence that could range from no incarceration to life in prison without parole. … Williams was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants, including 20 counts that were death-penalty eligible."

Judge Strikes Down Effort To Seize Immigrant Smuggling Money. The Wall Street Journal (1/11, Carrns) reports, "The state of Arizona has no authority to seize thousands of Western Union Co. money transfers to Mexico that originated outside of Arizona, a state court has ruled."

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The Journal continues, "The finding, which was filed Tuesday, is a victory for Western Union, Englewood, Colo., which relies on electronic money transfers to Mexico as a mainstay of its business. Such transfers make up about 10% of its money transfers." The Journal adds, "Arizona Attorney General Terry Goddard said he will contest the Superior Court's order halting the state's seizure warrant in the Arizona Court of Appeals. He said he is confident his office can provide evidence that the money transfers, while occurring outside of Arizona, are linked to Arizona crimes, and that Arizona authorities should be allowed to intercept them as part of its battle against illegal human trafficking."

The AP (1/11, Billeaud) reports, "Mexico depends heavily on money wired from Mexicans who are working in the United States. Some lawmakers in Mexico denounced the seizure effort. … The efforts were so successful that smugglers began to route their payments from other American states to Mexico, even as traffickers continued to sneak people in through Arizona, prosecutors said. Authorities responded by trying to seize money transfers going into the northern Mexican state of Sonora. … The new ruling concluded prosecutors had not shown they have jurisdiction for the broader approach and had not demonstrated that the Western Union customers in question were involved in crimes. It said the approach violated protections for interstate and international commerce under the U.S. Constitution."

Seattle Blamed For Arrests Of WTO Protestors In 1999. The AP (1/11, Johnson) reports from Seattle, WA, "A lawyer for as many as 200 people arrested in an emergency 'no protest zone' established during the 1999 World Trade Organization demonstrations asked a federal jury to hold the city accountable for violating the protesters' constitutional rights." The AP continues, "U.S. District Judge Marsha Pechman has already ruled that police made the arrests without probable cause. The protesters are hoping to prove the police had a policy of targeting protesters for their anti-WTO opinions, or at least that the actions of officers were approved by higher-ups; if so, the city could face millions of dollars in damages in a subsequent liability phase of the trial. … 'My clients were not throwing bricks. They were not interfering with police,' attorney Mike Withey said in his opening statement Tuesday. 'The policy was to arrest people based on their viewpoint.'" The AP notes, "City attorney Ted Buck said the overwhelmed officers didn't care what opinions the protesters held; they simply wanted to keep the downtown core clear so that police, emergency workers, WTO delegates and others would be able to do their jobs. … The week of the arrests, about 50,000 protesters had swarmed Seattle, overwhelming police and closing down the WTO meeting. The mayor imposed a curfew and limited the downtown core to WTO delegates, police and emergency workers, store employees, residents and shoppers."

GOP Lawmakers Ask DOJ To Help Keep Border Agents Free Pending Appeal. The Washington Times (1/11, Seper) reports, "Republican House members yesterday asked President Bush to keep two U.S. Border Patrol agents out of prison pending their appeal of convictions for shooting a suspected drug smuggler in the buttocks as he fled into Mexico. … 'Several discrepancies in the government's case strongly question whether justice has been served, and permitting these men to be incarcerated in the interim puts their lives at risk,' Rep. Dana Rohrabacher of California said at a Capitol Hill press conference. … 'We're going to find out whose side you're on ... the American people or the side of our enemies,' Mr. Rohrabacher said in a reference to Mr. Bush. 'If you let these two men go to jail for defending us, then we'll know you're on the side of our enemies.' … He was joined by Reps. Duncan Hunter of California, Ted Poe of Texas, Walter B. Jones of North Carolina, Joe Wilson of South Carolina and Tom Tancredo of Colorado." The Times adds, "In lieu of a pardon, a letter petitioning Attorney General Alberto R. Gonzales was presented during the press conference asking the Justice Department to direct federal prosecutors not to oppose a motion filed in a Texas court to keep the agents free on bond during the appeals process. … Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October in federal court in El Paso, Texas, to 11 and 12 years, respectively, for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation. … A jury convicted the two agents in March after a two-week trial. They are scheduled to report to prison Wednesday. Compean and his wife, Patty, attended yesterday's press conference. … 'I urge Attorney General Gonzales to allow these men to go free on bail while the appeals process is under way,' Mr. Wilson said. 'We must stand with our nation's heroes -- not the criminals who disregard our laws.'"

KFMB-TV, San Diego, CA (1/10, 12:00 p.m.) broadcasted, "Among those asking Attorney General Alberto

Gonzalez to intervene is San Diego Congressman Duncan Hunter. Hunter says the two border patrol agents from Texas should at the very least remain free on bail while their appeal is pending. Agents Jose Campean and Ignacio Ramos were chasing a drug smuggler back in February of 2005."

KDBC-TV, El Paso, TX (1/10, 6:00 p.m.) broadcasted, "Ramos and Compean were sentenced to Federal prison for shooting a Mexican drug dealer and trying to hide it. Today several Congressmen announced their plan to send a letter to the President and to Attorney General Alberto Gonzales. Asking to keep the two men out on bail until the continuance of their trail is done. Without a pardon."

Civilian Oversight Of LAPD Urged After Officer's Exoneration In Teen's Death. The Los Angeles Times (1/11, Lait, Hymon) reports, "Angered by an administrative panel's secret decision not to punish the Los Angeles Police Department officer who fatally shot a 13-year-old boy, City Council members and community leaders called Wednesday for increasing civilian oversight of misconduct cases and reopening them to public scrutiny. … 'People are always going to have different views on how cops should be punished for shootings, but all the facts should be out in the open and there ought to be accountability for the ultimate decision-makers,' said Councilman Jack Weiss, head of the city's Public Safety Committee." The Times continues, "Weiss said he would hold a joint hearing with the Police Commission in upcoming weeks to discuss ways to make LAPD discipline 'more transparent.' … Other city officials, including Mayor Antonio Villaraigosa, also said they were disappointed to learn that an internal LAPD disciplinary panel meeting held behind closed doors this week rejected the civilian Police Commission's findings that Officer Steven Garcia should be punished for the Feb. 6, 2005, shooting of Devin Brown." The Times adds, "Councilman Bernard C. Parks, who led the LAPD from 1997 to 2002, said holding disciplinary hearings in private undermines confidence in the Police Department. … Although disciplinary hearings have historically been open to the public, police officials changed department policy late last year in response to a state Supreme Court ruling that restricted access to law enforcement personnel records in a San Diego case."

U Of Michigan To Comply With State's Ban On Use Of Race Or Sex In Admissions. The Washington Post/AP (1/11, A14, Goodman) reports, "The University of Michigan announced Wednesday that it will comply with a new voter-approved ban on affirmative action and immediately stop considering race and gender in admissions." Meanwhile, the university will "continue its legal challenge of the measure" and will continue to "use other criteria that are not explicitly race- or gender-based" including "geographic diversity, the level of education completed by students' parents, and whether students attended a disadvantaged school."

The New York Times (1/11, Lewin) reports, "The University of Michigan acceded to a federal appeals court decision" requiring "immediate compliance" with "the state's new ban on affirmative action in public education, employment or contracting."

Florida To Move Mentally Ill Inmates To Hospitals, Residential Centers. The New York Times (1/11, Sexton) reports, "About 300 mentally ill inmates in county jails throughout Florida will eventually be moved to psychiatric hospitals and residential centers for treatment after state lawmakers agreed on Wednesday to an emergency spending measure." The Times continues, "The Legislative Budget Commission, a panel of the Florida Legislature meeting in an emergency session, voted unanimously to spend nearly $19 million before July 1 to provide 373 more psychiatric beds for mentally ill inmates and more community services for mentally ill people at risk of being jailed." The Times adds, "The decision comes after a state circuit judge charged Lucy Hadi, the former secretary of the Department of Children and Families, with indirect criminal contempt for keeping mentally ill inmates in jail longer than state law allows. Ms. Hadi, who resigned last month, was fined $80,000. … State law requires the department to move inmates found incompetent to stand trial from county jails to psychiatric hospitals within 15 days of receiving a commitment order. The number of inmates found incompetent has increased by 16 percent over the last two fiscal years. As of Tuesday, nearly 250 mentally ill inmates had waited more than 15 days for treatment. In all, nearly 300 inmates are waiting for treatment."

Columnist Blasts DA In Duke Lacrosse Probe. In a column for the Wall Street Journal (1/11, A15), Dorothy Rabinowitz writes, "No one could have imagined, when the story began last March, how soon and completely that bit of shorthand – 'the Duke University scandal' -- would

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be transformed. … Scarcely 10 months after, the term is now almost universally understood as a reference to the operations of Michael Nifong, the Durham County district attorney, whose abandonment of all semblance of concern about the merits of the rape and assault accusations against three Duke University students was obvious from the first. So was his abundant confidence while broadcasting comments on the guilt of the accused. He seemed a man immune to concerns for appearances as he raced about expounding on the case against the accused lacrosse players and calling them hooligans. He would hear nothing by way of concern from Duke administrators (seven months into this affair, the university president did find an opportunity to mention the accused students' right to a presumption of innocence) -- and certainly none from the politically progressive quarters of the Duke faculty who lent their names to an impassioned ad thanking everyone who had come out to march in protest against the rape and assault of the exotic dancer; 88 faculty members signed it, among them such Duke luminaries as Alice Kaplan, author and student of fascism, and Frank Lentricchia, literary critic." Rabinowitz continues, "Mr. Nifong's confidence that he had nothing to fear from establishment opinion or from the leaders of the great university as he bounded about making hash of the rules of justice -- prime among them the accused's right to a presumption of innocence -- proved justified. And might have remained so longer but for the catastrophic effects of the accuser's unraveling stories." Rabinowitz concludes, "The accused Duke students can be grateful that the case against them has collapsed, and that Mr. Nifong now confronts a serious ethics complaint filed by the North Carolina State Bar. They will never have to face anything like the malignant force which descended on the happy and ambitious Amiraults in 1984, and turned their lives to dust. But Reade Seligmann, David Evans and Collin Finnerty have this year had a look into an abyss that has claimed many others, and that is never less than terrorizing. It is a piece of their Duke education they are unlikely to forget."

ANTITRUST:

US Airways Hikes Delta Bid To $10.2 Billion.

The Washington Post (1/11, D1, Wilber) reports, "US Airways turned up the pressure yesterday in its hostile takeover bid for bankrupt Delta Air Lines by boosting its offer, setting a February deadline for action and sending its top executive to Capitol Hill to reassure legislators that a merger would not harm consumers." The Post continues, "The push comes as US Airways appeared to have lost some momentum in its effort to entice Delta's creditors to accept its bid. Yesterday, it increased its original offer, about $8.6 billion, to $10.2 billion, including $5 billion in cash and nearly 90 million shares of US Airways stock."

The Atlanta Journal-Constitution (1/11, Grantham) reports, "The merger plot just thickened at Delta Air Lines. … US Airways bumped up its takeover bid for the Atlanta-based airline by 20 percent Wednesday, to $10.3 billion, adding a Feb. 1 deadline in a move to pressure Delta's bankruptcy court creditors — who have a big say in whether the deal goes through." The AJC adds, "Industry analysts said that should give Tempe, Ariz.-based US Airways a better shot at persuading the creditors to choose its hostile takeover bid over Delta management's plan to emerge from Chapter 11 as an independent carrier. … But a report also surfaced that Delta and Northwest Airlines, also in Chapter 11 proceedings, have had talks about a possible merger after they both exit bankruptcy. … Citing unidentified sources, the Wall Street Journal reported that the two airlines were talking at various levels of management. … It said Delta and its creditors may see a post-bankruptcy link-up with Northwest as a better alternative to the US Airways bid. The Journal also said Delta and United Airlines have had contacts." The AJC notes, "A merger involving Delta and any of those possible partners would create the world's biggest airline. It would require approval of the U.S. Justice Department, which historically has taken a dim view of such large-scale deals."

The AP (1/11, Weber) reports, "The ball is now in the creditors' court. … The question is whether they want to take the money US Airways is offering and run the risk of a long regulatory fight, or stick with Delta's plan to emerge from bankruptcy by the middle of this year as a standalone company worth $9.4 billion to $12 billion." The AP adds, "An unofficial group of unsecured creditors issued a statement calling on Delta 'to provide thoughtful and unbiased consideration' to the enhanced offer. It urged the airline's management to cooperate fully with US Airways' efforts to get information and not to deter alternatives from other companies that could provide stakeholders greater recoveries than under a standalone reorganization. The group represents creditors holding about $2.3 billion in claims against Delta. .. Delta management has argued that the combination of US Airways and Delta would not receive

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regulatory approval because of the overlap of the two carriers' routes. US Airways says there wouldn't be any regulatory holdup."

Delta In Talks With Northwest To Avert US Airways Bid. The Wall Street Journal (1/11, B1, Dade, Carey) reports, "In the two months since US Airways Group Inc. announced its hostile bid for Delta Air Lines Inc., the embattled carrier has mounted a high-octane campaign of grass-roots organizing and fierce political lobbying to try to stay independent -- but all that has succeeded in doing is attracting a higher offer and a potential new suitor. … Yesterday, US Airways increased its bid to $10.3 billion, up 20% from its original proposal, while people familiar with the situation said there have been recurring talks between Delta and Northwest Airlines Corp. about the two combining when each emerges from bankruptcy later this year. While Delta maintains its insistence that its future is brightest as a stand-alone carrier, the talks with Northwest suggest that Delta executives are grappling privately with how much more the airline can afford to pay to creditors to remain independent. Northwest has emerged as a 'promising third option,' according to one person familiar with the matter."

The New York Times (1/11, Bailey) reports, "A Northwest bid would probably be preferable to Delta managers because the two airlines' route networks overlap less than with Delta and US Airways. A combination with Northwest is therefore likely to lead to fewer grounded planes, if any." The Times adds, "The growing interest in Delta reflects the improving fortunes of the airline industry, which is starting to post rare profits, and also perhaps the start of a new wave of consolidation. … While the progress of any particular deal is a matter of conjecture, yesterday's events suggested that one or more airline mergers had become likelier than even a week ago."

The AP (1/11, Freed) reports, "No one knows if Northwest and Delta airlines will end up together, but the idea strikes some observers as sensible. … Recurring talks between the two carriers have taken place, the Wall Street Journal reported on Wednesday, citing anonymous sources. Both airlines declined to comment. Even if managers at the two bankrupt airlines make a deal, creditors would have to approve, too. … But observers pointed out that Delta Air Lines Inc.'s routes have less overlap with Northwest than with US Airways, which has proposed buying Delta. Northwest's domestic routes are concentrated in the Midwest and Asia, while Delta is strong in the South and East and over the Atlantic." The AP adds, "Less overlap could mean less resistance from antitrust regulators, said former Northwest board member and Northwest Capt. Mike Ristow. … 'In terms of a global network, they come up with something more attractive' than a Delta-US Airways merger would, said Daniel Kasper, managing director of aviation consulting firm LECG in Cambridge, Mass. LECG has done bankruptcy work for both Delta and Northwest."

Monsanto Expects DOJ Antitrust Review To Delay Delta And Pine Merger. The St. Louis Business Journal (1/11) reports, "Monsanto Co. said in a regulatory filing Tuesday that its proposed $1.5 billion acquisition of cotton seed breeder Delta and Pine Land Co. might be delayed past its mid-February targeted closing due to U.S. Department of Justice approvals." The Journal continues, "In its quarterly regulatory filing with the Securities and Exchange Commission, Monsanto said that the deadline for the merger, initially announced in August, is Feb. 14, subject to an automatic extension of up to six months to complete regulatory reviews. The company said in the filing that it anticipates the regulatory process might extend beyond that date, invoking the automatic extension." The Journal adds, "The merger has been approved by the boards of both company's and Delta's shareholders approved the deal Dec. 21. The transaction is being reviewed by federal and state authorities, including the Department of Justice. … To make the deal more acceptable to regulators, Monsanto pledged in August to divest its Stoneville cottonseed business and is looking for potential buyers for that business."

Louisiana Pension Fund Sues Caremark Directors Over CVS Merger. The New York Times (1/11, Morgenson) reports, "A public pension fund in Louisiana has sued the directors of Caremark Rx, contending that their unanimous backing of the company's $21 billion merger with CVS over a rival $26 billion bid from Express Scripts improperly benefits Caremark executives at the expense of shareholders." The Times continues, "Among the benefits Caremark executives and directors will receive if the CVS deal goes through, the fund's lawsuit contends, are positions at the combined company and indemnification from penalties and fines that may result when criminal and regulatory investigations into possible stock option backdating by Caremark officials are concluded." The Times adds, "Yesterday, Express Scripts filed suit to block the CVS deal,

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arguing that the terms deal supported by the Caremark board prevents its directors from executing their fiduciary duties to shareholders. … The lawsuits, filed in Delaware Chancery Court, will once again bring the fiduciary duties of directors in the post-Enron world to the forefront. Delaware is where most major United States companies are incorporated." The Times notes, "Caremark accepted the CVS bid on Nov. 1, even though the stock-for-stock deal offered no premium to Caremark's market price at the time. … Caremark's directors have recommended that company shareholders approve the deal at a meeting that is expected to occur before March 16."

Express Scripts Urges Caremark Shareholders To Reject CVS Buyout. Bloomberg (1/11, Simison, Larkin) reports, "Express Scripts Inc. urged Caremark Rx Inc. shareholders to vote against a proposed $22.3 billion buyout by CVS Corp. while Caremark's chief blasted Express Scripts' $24.3 billion offer." Bloomberg continues, "Rejecting the CVS deal would clear the way for Caremark's board to 'give proper consideration to any other offer which it receives, including our proposal' in stock and cash, Express Scripts said today in a proxy statement." Bloomberg adds, "At the center of the dispute are competing proposals for restructuring the way Caremark handles a portion of the $251.8 billion in prescriptions distributed each year in the U.S. on behalf of employers and insurance companies. Buying Caremark would make Express Scripts the nation's largest manager of drug benefits. CVS, the second-largest U.S. drugstore chain, wants Caremark to gain power to negotiate medicine prices."

Cerberus May Bid For Equity Office. The Wall Street Journal (1/11, A3, Berman, Forsyth) reports, "Expectations were building last night that rival bidders might soon materialize to challenge the $20 billion buyout of Equity Office Properties Trust by Blackstone Group." The Journal continues, "Top real-estate and private-equity investors were buzzing that a competing offer could come within a matter of days, possibly from an investment team led by real-estate maven Barry Sternlicht of Starwood Capital Group Global LLC and Neil Bluhm of Walton Street Capital. The two were seriously considering an offer last night, said one person briefed on their plans. The two still haven't completed financing for an offer. One possible funding source could be Cerberus Capital Management, a New York-based financial conglomerate, people familiar with the matter said." The Journal adds, "A competing bid would set off what would be the most high-stakes and high-profile bidding war since the contest for RJR Nabisco nearly two decades ago. And it would be a potent indicator of the intensity of the competitive rivalry to buy companies. So far, buyout firms have observed an unstated gentleman's agreement not to top, or "jump" in Wall Street parlance, signed merger deals. But real-estate firms aren't party to that understanding."

The New York Times (1/11, Sorkin) reports, "A Cerberus offer could result in a bidding war for Equity Office, pitting two of the most powerful financial firms in the nation against each other for a deal that would be the largest leveraged buyout in history, surpassing the $33 billion that a consortium of private equity groups paid for the health care company HCA Inc. in August. … A bid by Cerberus would also be one of the first instances of a private equity firm's trying to top another firm's deal after an agreement had been struck."

EU Eyes Antitrust Action To Break Up Power Groups. The Financial Times (1/11, Buck) reports, "Neelie Kroes warned yesterday that she could use her powers as European Union competition commissioner to break up the region's large, integrated energy groups, opening up a potential new front in the broader regulatory crackdown on groups such as Eon, RWE and GdF." The Times continues, "Ms Kroes is a long-standing critic of gas and electricity suppliers that also control crucial transmission infrastructure, such as pipelines. She argues that integrated groups have used their grip on the networks to freeze out new entrants and stifle competition. … 'Ownership unbundling' - the break-up of integrated energy groups - through new legislation would take years, and is certain to face stiff opposition from some member states. … But Ms Kroes stressed that a break-up could be imposed on individual companies as part of an antitrust decision, for example as a punishment for violating EU competition rules. Asked whether forced unbundling was an option as part of an antitrust investigation, the commissioner replied: 'Absolutely.'" The Times notes, "The news is of special concern for Eon and RWE of Germany, GdF of France, Eni of Italy and OMV of Austria, since they are the subject of a Commission antitrust probe. The groups' offices were raided in May, following suspicions they had excluded rivals from wholesale markets and infrastructure and of 'possible collusion between incumbents in the form of market sharing', Ms Kroes said."

The New York Times (1/11, Kanter) reports, "European Union officials on Wednesday challenged governments to loosen their grip on national energy sectors, calling for a fresh

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wave of competition and investment in infrastructure and technology to ease dependence on powerful exporters like Russia and to combat global warming. … The region needs a new 'postindustrial revolution,' said the European Commission's president, José Manuel Barroso, announcing a number of energy proposals. 'We have already left behind our coal-based industrial past. It is time to embrace our low-carbon future.'" The Times adds, "The package of proposals is one of the largest ever presented by the commission, although it reflected changes by France and Germany, which oppose the breakup of their national electricity companies. … European Union officials also backed away from earlier, more ambitious targets for cutting emissions after energy-intensive industries and labor groups warned of threats to profits and jobs — especially if competitors in the United States and elsewhere did not follow suit. … Many of the proposals, which also aim to encourage the use of renewable fuels for cars and to improve the energy efficiency of buildings and home appliances, are to be debated by European Union leaders at a summit meeting in March. If they approve the package, many of the measures would still require the commission to draft formal legal proposals."

Bloomberg (1/11, Newman, Stearns) reports, "The European Commission, the EU's regulatory arm, wants to open competition to new entrants. Most incumbent energy companies own both production businesses and the units managing the pipes and power lines. The EU regulator wants separate owners for those businesses, a practice known as unbundling. The recommendations, to be discussed by EU leaders in March, are already meeting resistance from France and Germany." Bloomberg continues, "As part of the investigation into the region's 250 billion- euro ($325 billion) power and gas industry, the EU also probed utilities including E.ON AG, Gaz de France SA and Eni SpA for possible antitrust violations. The commission said energy companies may be illegally colluding to keep out rivals, calling the practice ``one of the most serious threats to competition." … Competition Commissioner Neelie Kroes has threatened to fine energy companies as much as 10 percent of annual sales for failing to open their networks to competitors. Kroes also said she may break up companies if she finds they have illegally restricted competition."

Cisco Sues Apple Over IPhone Trademark. The AP (1/11, Robertson) reports, "Cisco Systems sued Apple Inc. in federal court Wednesday, saying the computer maker's new iPhone violates its trademark." The AP continues, "The lawsuit, filed in U.S. District Court for the Northern District of California, came just a day after Apple CEO Steve Jobs unveiled the Apple iPhone in dramatic fashion at a trade show in San Francisco. … But even while Jobs was trumpeting the product, the matter of the product's naming had not been resolved behind the scenes between two of Silicon Valley's biggest names." The AP adds, "San Jose-based Cisco, the world's largest network-equipment maker, has owned the trademark on the name 'iPhone' since 2000, when it acquired InfoGear Technology Corp., which originally registered the name. … Three weeks ago, Cisco's Linksys division put the trademark to use, releasing an Internet phone called 'iPhone' that uses the increasingly popular Voice over Internet Protocol, or VoIP. … But on Tuesday, Jobs unveiled Apple's own iPhone, a 'game-changing' touch-screen-controlled cell phone device that plays music, surfs the Web and delivers voicemail and e-mail."

USA Today (1/11, Kessler) reports, "Apple spokesman Steve Dowling calls the lawsuit 'silly.' He says several companies use the iPhone name for products, though he could not provide examples. Cisco's claims 'are tenuous,' he says." USA adds, "Apple has made inquiries about the iPhone name for several years, says Cisco general counsel Mark Chandler. Talks picked up in recent weeks and seemed to be going well, Chandler said Wednesday. But Apple stopped communicating with Cisco at about 9 p.m. PT Monday, he said. … Financial terms were not an issue, Chandler said. Cisco primarily wanted two things: clarity over who would use the iPhone name and interoperability between Apple's iPhone and other companies' products, he says. He would not provide specifics."

ENVIRONMENT:

Griles Notified Of Pending Indictment. The New York Times (1/11, Shenon) reports J. Steven Griles, the "former No. 2 official in the Interior Department has been notified by federal prosecutors that he will most likely be indicted for lying about his relationship with the corrupt lobbyist Jack Abramoff, people with knowledge of the investigation said Wednesday." Barry Hartman, an attorney for Griles, said his client "was recently told by the Justice Department that he was a target of the investigation as a result of his testimony about Mr. Abramoff to a Senate committee in 2005." Two Bush Administration officials "who

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have been briefed on the case said the investigation of Mr. Griles and Mr. Abramoff had also brought scrutiny to a senior Justice Department official, Sue Ellen Wooldridge, an assistant attorney general. She submitted a letter of resignation on Monday and is expected to depart this month."

The AP (1/11, Heilprin) reports, "Also being investigated in relation to the grand jury probe is Sue Ellen Wooldridge, the assistant attorney general who oversees the Justice Department's environment and natural resources division, one person familiar with the investigation said. … Wooldridge sent in a resignation letter on Monday, saying she wanted to return to the private sector, Justice Department spokeswoman Cynthia Magnuson said Wednesday. … Before joining the Justice Department in November 2005, she was the Interior Department solicitor and was deputy chief of staff to Interior Secretary Gale Norton while Griles was at Interior."

US Chamber Of Commerce Cites Foreign Sources Of Pollution. The Hill (1/11, Holzer) reports the US Chamber of Commerce is "petitioning the Environmental Protection Agency (EPA) to make it easier for states, counties and cities to discount dust and smog that drifts across their borders from places as far-flung as China and Africa from their pollution levels in order to remain compliant with federal air-quality standards." While it is "well-documented that large plumes of particles and pollutants blow across the ocean," the Chamber "asserts that EPA guidance on the issue is so 'limited, deficient and complex' that states are at a loss as to how to get the relief, and so are failing to attract cement, steel and power companies that could create jobs."

Writer Decries Takings In "Post-Kelo World." In an op-ed for the Wall Street Journal (1/11, A14), William R. Maurer, executive director of the Institute for Justice, Washington chapter, writes, "The city of Burien, Wash., recently decided that a piece of property owned by the seven Strobel sisters that had long housed a popular diner-style restaurant was not upscale enough for the city's ambitious 'Town Square' development, which will feature condos, shops, restaurants and offices. Rather than condemn the property for a private developer and risk a lawsuit, Burien came up with a plan -- it would put a road through the property, and the city manager told his staff to 'make damn sure' it did. When a subsequent survey revealed that the road would not affect the building itself, but only sideswipe a small corner of the property, the staff developed yet another site plan that put the road directly through the building. A trial court concluded that the city's actions might be 'oppressive' and 'an abuse of power' -- but allowed the condemnation anyway. The Washington Court of Appeals affirmed, and the Washington Supreme Court refused to hear the case." Maurer continues, "Welcome to the post-Kelo world. The U.S. Supreme Court's 2005 decision made clear that the federal courts would not stop local governments across the country from condemning private property for economic development. While the court noted that states were free to provide greater protections for homes and small businesses if they chose, Washington state stands as evidence that a strong state constitution means little if the courts do not enforce it and local governments disregard it." Maurer concludes, "Regardless of strong constitutional protections for private property, governments and courts now view eminent domain as an area where few if any restrictions exist. … Meanwhile, state and federal courts are turning redevelopment areas into Constitution-free zones, where the government can do what it wants with few or no restrictions. It doesn't have to be this way. Courts could force the government to comply with the state and federal constitutions. Local governments could limit their takings only to legitimate public uses. But until all three branches of government begin taking their constitutional obligations seriously, property owners across the country face the continued threat of eminent-domain abuse, regardless of what the state or federal constitution says."

Exxon Appears To Backtrack On Global Warming. The Wall Street Journal (1/11, A2, Ball, 2.04M) reports, "In one of the strongest signs yet that U.S. industry anticipates government curbs on global-warming emissions, Exxon Mobil Corp., long a leading opponent of such rules, is starting to talk about how it would like them to be structured." Exxon's "top executives have openly questioned the scientific validity of claims that fossil-fuel emissions are warming the planet, and it has funded outside groups that have challenged such claims in language sometimes stronger than the company itself has used." Now, however, "Exxon has cut off funding to a handful of those outside groups. It says climate-science models that link greenhouse-gas concentrations to global warming are getting more reliable. And it is meeting in Washington with officials of other large corporations to

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discuss what form the companies would prefer a possible U.S. carbon regulation to take."

FBI/DEA/ATF/USMS:

Gonzales Urges Patience In Mexico Drug War. The San Antonio (TX) Express-News (1/11, Castillo) reports from Laredo, "Despite the Mexican government's inability to crack down on drug cartels responsible for thousands of deaths and kidnappings -- some Americans included among the victims -- the U.S. government is reserving judgment, U.S. Attorney General Alberto Gonzales said Wednesday during a border tour here." The Express-News continues, "Mexico's new president, Felipe Calderón, who already has sent troops to aid in the drug war, needs time to show his country's commitment, Gonzales said in brief remarks to reporters at the World Trade Bridge. … Gonzales met with local, state and federal law enforcement officials, some who brought up the issue of trustworthiness of their Mexican counterparts, said Rep. Henry Cuellar, D-Laredo, who participated in the briefing via phone." The Express-News adds, "More than 170 homicides were reported in Nuevo Laredo in 2006, but only a handful of arrests were made, much to the frustration of local U.S. agencies whose own investigations into crimes on this side of the border often lead them to the cartels operating in Mexico. … 'Let's give them the benefit of the doubt,' Gonzales said of his confidence in Mexico's cooperation. 'Let's just wait and see how it goes.' … Gonzales also announced $300,000 in additional funds to federal crime-fighting units in Laredo and McAllen. The so-called Strike Force brings federal and state officers together to share information. … The goal is to target 'not just the cartels themselves, but the transporters, money launders and smugglers,' Gonzales said."

On its Web site, KRGV-TV, Weslaco, Texas (1/10) reports a federal grant "is headed to the valley to help fight border crime. U.S. Attorney General Alberto Gonzalez spent Wednesday in Laredo to tour the border, and announce a $300,000 grant to create a strike force." The strike force "will be made of members from the DEA, FBI, ICE, ATF, IRS and Texas Department of Public Safety. The agencies will work together to fight border crime more efficiently, as well as working to secure our border against the threat of terrorists sneaking into the country."

Gonzales Announces Drug Task Force Grant. WOAI-TV, San Antonio, TX (1/10, 6:00 p.m.) broadcasted, "The Attorney General toured Laredo. Alberto Gonzales announced a $300,000 grant for a task force to target drug cartels. The Attorney General also visited with customs agents at the World Trade Bridge and met with local leaders about their needs for more money for the war on drugs. Alberto Gonzales says he plans on working with Mexican officials on the missing person cases, but also needs help from the victim's families. What we're discovering is for various reasons, kidnappings are not reported. Obviously, we can't be helpful unless these kinds of crimes are reported." KXAN-TV, Austin, TX (1/10, 10:00 p.m.) broadcasted, "Kidnappings, drug violence and illegal immigration those problems brought Attorney General Alberto Gonzales to Texas-Mexico border today. He was invited by Laredo Congressman Henry Cuellar. Gonzales is looking for first-hand evidence of why Nuevo Laredo has been such a hotbed for killings and kidnappings." KCEN-TV, Waco, Temple, Bryan, TX (1/10, 6:00 p.m.) broadcasted, "Kidnappings along the Texas- Mexico border prompted a visit by US Attorney General Alberto Gonzales today. He was invited by Congressman Henry Cuellar of Laredo. Gonzales is seeing first hand how Nuevo Laredo has been such a hotbed for kidnappings and killings. KDF-TV, Corpus Christi, TX (1/10, 9:00 p.m.) also broadcasted this story.

SF Chronicle Criticizes DOJ Case Against BALCO Reporters. The San Francisco Chronicle (1/11, Egelko) reports, "The Chronicle told a federal appeals court (on Wednesday) that contempt-of-court orders against two reporters for refusing to disclose sources of leaked testimony about athletes and steroids were based on a false premise -- that the leak was a serious crime requiring a grand jury investigation." The Chronicle continues, "In a final round of written arguments to the Ninth U.S. Circuit Court of Appeals challenging prison sentences for the reporters and fines for the newspaper, lawyers for the parent Hearst Corp. disputed prosecutors' position that journalists never have the right to withhold evidence from a grand jury investigating a crime." The Chronicle adds, "A 1972 Supreme Court ruling upholding contempt orders against reporters for refusing to disclose their sources to grand juries involved serious crimes, such as drug trafficking and plots of violence, that can be prosecuted only by grand jury indictments under the Constitution, said Jonathan Donnellan, a Hearst attorney. … By contrast, he said, the current case involves a violation of a secrecy order by U.S. District Judge Susan Illston that she

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could have investigated herself or referred to a special prosecutor." The Chronicle notes, "Either of those options would have allowed the reporters to claim the right to protect their sources, Donnellan said, and that right shouldn't be diminished by Illston's decision to refer the leak to the Justice Department, which chose to convene a grand jury."

US Charges 43 Alleged Cleveland Gang Members. The AP (1/11) reports, "Forty-three people accused of being gang members who sold cocaine and terrorized a Cleveland neighborhood have been indicted in an 18-month investigation, the top federal prosecutor in northern Ohio said Wednesday." The AP continues, "The indictment of those who investigators say are involved with the '7-Alls' gang was announced by U.S. Attorney Gregory A. White and officials from the FBI, the Drug Enforcement Administration and the city of Cleveland. … Officers seized drugs, weapons and $151,000 in the investigation, White said." The AP adds, "The charges include selling cocaine, conspiracy to sell cocaine and weapons counts. The indictments named as coconspirators two men apparently shot and killed by rival gangs during the investigation, White said. … The '7-Alls' name derived from the gang's involvement in violent crimes in 70's-numbered streets east of downtown Cleveland, officials said. … Last year U.S. Attorney General Alberto Gonzales announced $15 million in federal grants to six areas, including Cleveland, to fight street gang violence. Grants also went to Los Angeles; Tampa, Fla.; Milwaukee; Dallas-Fort Worth and the Easton-Lancaster, Pa., corridor."

Local TV Coverage. WOIO-TV, Cleveland-Akron-Canton, Ohio (1/10) aired, "They have nicknames like Fat Boy, into, Boom or Bean. All locked up along with Chill Will and Little E, Puff and Pooh is off the streets, too. They're all members of a gang called the 7-Alls. They claim the 7s as their turf. In June we profiled the problems here. … The 7-Alls operated in the large yellow outlined area in the map. It's one of the heaviest in the city in arsons, assaults, stolen cars, burglaries, murders, rapes, robberies, thefts, drugs and weapons violations. One by one 35 of 43 indicted gang members were rounded up."

WJW-TV, Cleveland-Akron-Canton, Ohio (1/10) aired, "Thirty-five people arrested and indicted. Eight more still on the loose, and two unindicted coconspirators who were murdered while this investigation was going on. Three of these guys, some of the main suppliers of cocaine and other drugs [in] this city, according to U.S. Attorney Greg White. Their indictments are part of a six-city gang initiative begun by Attorney General Alberto Gonzalez. He came to Cleveland in June.

MS-13 Gang Members Charged With Racketeering In Nashville. The Nashville Tennessean (1/11, Howard) reports, "Thirteen members of the MS-13 street gang have been indicted by a federal grand jury on corruption and racketeering charges, local and federal officials announced today." The Tennessean continues, "Members of the international gang were charged for corruption and homicide under the RICO act created to fight organized crime, the most severe possible indictment, U.S. Attorney Craig Morford said at a press conference held at the federal courthouse this afternoon." The Tennessean adds, "The suspects are responsible for three homicides and several shootings or assaults in the Nashville area just in the last year and have been collecting dues to send to members in jail, according to the indictment. … All but one of the 13 suspects were already in federal or state custody when the indictments were handed down, Morford said, and the last suspect has since been arrested. … The investigation by Metro police and several federal agencies showed that MS-13 is highly organized and violent for the sake of harming rival gang members, Morford said."

18 Arrested In Alabama On Drug, Immigration Charges. The AP (1/10) reported authorities "took 18 people suspected of either drug trafficking or entering the country illegally into custody…in Hoover. Harold Willis, resident agent in charge of the DEA office in Birmingham, said 40 or 50 federal, state and local law enforcement officers wearing bulletproof vests were involved in the operation. … Willis said the DEA led the investigation because some of the men were suspected of drug trafficking."

Report: Barry Bonds Tested Positive For Amphetamines Last Season. The AP (1/11) reports baseball's Barry Bonds "failed a test for amphetamines last season, and originally blamed it on a teammate," the New York Daily News reported Thursday. "When first informed of the positive test, Bonds attributed it to a substance he had taken from teammate Mark Sweeney's locker, the…newspaper said, citing several unnamed

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sources. 'I have no comment on that,' Bonds' agent Jeff Borris told the Daily News on Wednesday night."

The New York Daily News (1/11) reports Bonds "was not punished for his transgression but instead was referred to treatment and counseling. While amphetamines are considered performance-enhancing drugs, they are treated differently than steroids under baseball's drug policy. Had Bonds failed a steroid test, he would have been suspended for 50 games, but under baseball's amphetamine policy no one is publicly identified or suspended until a second positive, which would result in a 25-game suspension." More than 100 news outlets are citing the Daily News report, including CNN, Forbes, the San Francisco Chronicle, Miami Herald, Contra Costa Times, and San Jose Mercury News.

US Disputes Haitian President's Assessment Of Anti-Drug Efforts. The AP (1/11) reports that on Wednesday the U.S. "defended…its anti-drug efforts in Haiti, two days after the Caribbean nation's president accused America and other major drug-consuming countries of failing to adequately fight the narcotics trade. In a strongly worded speech to Parliament on Monday, President Rene Preval called drug trafficking the main cause of instability in his impoverished nation and said failed efforts by the United States and other countries to stop the trade had made Haiti a 'victim.'" U.S. Embassy spokeswoman Shaila B. Manyam "said...the United States has undertaken a range of measures to defend Haiti against drug trafficking, including strengthening its weak justice system and training its coast guard. The U.S. has also contributed more than $40 million to Haiti's national police since 2004, Manyam said."

IMMIGRATION:

Dobbs Says Gonzales Should Clarify Immigration Law Enforcement. CNN Lou Dobbs Tonight (1/10, 6:23 p.m.) broadcasted, "There's currently no prohibition by congress on state and local authorities from enforcing immigration law. In fact congress has established a program to facilitate such cooperation. And outlaw cites from declaring themselves exempt from immigration law. … And I wonder what values are by which they will make that determination. The idea that the 1996 Federal law prohibits states, any entity, in this country from being a sanctuary, the Justice Department is not enforcing that law either. And that is a question that Alberto Gonzales should be answering to the American people right now."

9th Circuit Rules Chinese Fugitive Eligible For Asylum In US. The San Francisco Chronicle (1/10, Page A - 5, Egelko) reports, "A Chinese man who was beaten by officials in his homeland for protesting the forced sterilization of his brother, then fled to the United States, is eligible for political asylum under a law protecting opponents of China's reproductive policy, a federal appeals court ruled Tuesday." The Chronicle continues, "The Ninth U.S. Circuit Court of Appeals in San Francisco overturned an immigration court's ruling ordering the deportation of Li Bin Lin and told the immigration judges to determine whether Lin would face persecution in China. The ruling makes it likely that Lin will qualify for asylum, said his lawyer, Jisheng Li of Honolulu." The Chronicle adds, "Lin lived with his brother, their parents and other relatives in a house in Fujian province on China's southeast coast. When Lin's brother's wife became pregnant with their third child, officials told Lin's brother that he would have to undergo a vasectomy. … The brother left home to avoid the operation, and birth control officials came to the home in March 1998 to seize and destroy household furnishings, the court said. When Lin tried to stop them, they beat him and called security police to have him arrested, according to his court declaration. … He went into hiding and left two months later for the U.S. territory of Guam, where he still lives. His brother was eventually sterilized." The Chronicle notes, "When U.S. officials moved to deport Lin in 2001, he filed for asylum, relying on a 1996 law that makes immigrants eligible if they have been forced to undergo an abortion or sterilization, or if they have been persecuted for 'other resistance to a coercive population control program.' The law was intended to protect those who fled China because of its population-control policies. … The Board of Immigration Appeals, whose judges are Justice Department appointees, ruled against Lin, saying he had not shown resistance to the birth control program and had simply been trying to protect household property."

Hopes Higher For Agricultural Guest-Worker Bill. McClatchy (1/11, Doyle) reports the "introduction Wednesday of an ambitious agricultural guest-worker plan showcases the changed Capitol Hill circumstances that may make 2007 the year for an immigration overhaul." Joined by "lawmakers from Florida and California, and backed by

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hundreds of farm, labor and church groups," Sen. Larry Craig is "reintroducing a guest-worker plan that's been debated for years. As many as 1.5 million farm workers and their relatives now in this country illegally could gain legal status under the bill." The legislation, "dubbed AgJobs, would also revise an existing guest-worker program that farmers consider inefficient. It's the first big immigration overhaul bill introduced this year, mirroring legislation passed last year by the Senate but not the House of Representatives."

TAX:

Fourth Guilty Plea In KPMG Tax-Shelter Probe. The Wall Street Journal (1/11, C7, Davies, Reilly) reports, "A California accountant pleaded guilty yesterday to four criminal charges related to the sale of allegedly improper tax shelters and his role in helping a former KPMG LLP executive try to obstruct a government investigation into the products. The admission marks the fourth guilty plea the government has secured in its investigation into shelters designed by KPMG." The Journal continues, "As part of a deal with prosecutors, Steven Acosta, of Pasadena, Calif., admitted to conspiracy, tax evasion and two counts of obstruction of an Internal Revenue Service investigation. The 49-year-old faces as many as 16 years in prison but has agreed to testify against former KPMG executives facing criminal charges related to the shelters in a trial scheduled for September." The Journal adds, "Mr. Acosta worked briefly for KPMG, but he wasn't among the 19 individuals -- including 17 former KPMG executives -- indicted in November 2005 on criminal charges related to the tax shelters. Mr. Acosta, posing as an independent investment adviser and hedge-fund operator, said he helped David Greenberg, one of the indicted former KPMG executives, to sell shelters. … Mr. Acosta said he didn't have any knowledge or understanding of the transactions he was purportedly providing advice on. In return, Mr. Acosta said, Mr. Greenberg paid him $600,000 for his role. Prosecutors said Mr. Acosta also lied to IRS agents investigating the tax shelters and that his role in the fraud generated $100 million in losses to the government."

NYTimes Says Bush Tax Cuts Made Inequality Worse. The New York Times (1/11) says in an editorial, "The tax system in the United States is supposed to mitigate inequality. But a recent report by Congress's budget agency provides fresh evidence that Bush-era tax cuts have done more to reinforce inequality than to redress it." The agency "found that in 2004, the latest year for which comprehensive data were available, the top 1 percent of households pocketed 14 percent of total after-tax income in the United States, up from 12.2 percent in 2003. That increase, the third largest in one year since the agency started keeping track in 1979, works out to an extra $128 billion. And yet despite that hefty gain, the effective federal tax rate of the top 1 percent decreased slightly."

CONGRESS-ADMINISTRATION:

Senate Democrats Angered By New Judicial Nominees. The Hill (1/11, Schor) reports, "As President Bush withdrew four contentious judicial nominees, apparently offering an olive branch to the new Senate majority, he resubmitted a handful of executive-branch nominations that have angered and dismayed senior Democrats." The Hill continues, "The White House's acknowledgment that its withdrawn judicial picks would face near-certain rejection in the new Congress won praise from Democrats and their allied interest groups. But the renewal late Tuesday of several agency nominations signals that Bush is not backing away from confrontation with Democrats who have held up many of the appointments and could renew their previous holds." The Hill adds, "Several of the re-nominated officials, such as Assistant Secretary of Homeland Security for U.S. Immigration and Customs Enforcement Julie Myers and Assistant Secretary of State for Population, Refugees and Migration Ellen Sauerbrey, already are serving in the administration under recess appointments that allowed them to sidestep Senate confirmation votes but expired at the end of the 109th Congress. John Bolton, who became America's ambassador to the United Nations following a recess appointment, opted to step down from the post last month rather than face a bruising Senate battle to win formal confirmation. … Steven Bradbury's nomination to lead the Justice Department's Office of Legal Counsel was blocked in August by Sens. Edward Kennedy (D-Mass.) and Russ Feingold (D-Wis.) and Senate Majority Whip Dick Durbin (Ill.) in protest of the administration's denial of security clearances necessary to investigate warrantless surveillance conducted by the National Security Agency (NSA). Though Justice since has initiated an internal inquiry of the NSA program, Kennedy said yesterday he wants more time for oversight before Bradbury is considered."

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House Votes To Increase Minimum Wage. NBC Nightly News (1/10, story 6, :20, Williams, 9.87M) reported, "The new Democratic majority in Congress kept a campaign promise today, as the House voted to increase the Federal minimum wage from the current $5.15 an hour to $7.25 an hour. That $2.10 raise is the first raise in the minimum wage in 10 years. The bill now goes onto the Senate." The CBS Evening News (1/10, story 10, :25, Couric, 7.66M) said the bill faces opposition in the Senate, where Republicans want any wage hike tied to tax cuts for small businesses." ABC World News (1/10, story 4, 2:20, Gibson, 8.78M) also reported "the White House said...while President Bush supports the increase, he wants it coupled with tax relief to ease the pain of some of the small business owners we saw in Dean's report."

The AP (1/11, Espo) reports Senate Majority Leader Harry Reid "has already signaled that Democrats will accept pro-business changes. Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee, told reporters that he and other lawmakers are working on between $8 billion and $10 billion in relief over 10 years."

The Wall Street Journal (1/11, A2, Rogers, 2.04M) reports, "When Congress last approved a minimum-wage increase in 1996, the attached business-tax benefits approached $20 billion -- or twice what is now envisioned." But Baucus "is reluctant to go further and use up more of his tax offsets, options he will need in the future to pay for Democratic energy initiatives as well as some form of middle-class protection from the Alternative Minimum Tax." Instead, "he and the ranking Republican, Iowa Sen. Charles Grassley, are expected to rely on a small reservoir of tax-shelter changes that the Senate has passed before but were resisted by the House when under Republican control. Among these targets are leasing tax shelters known as sale in and lease out transactions, which have been criticized by the Internal Revenue Service and which Congress has largely outlawed for leases entered into after March 12, 2004." The New York Times (1/11, Hulse, 1.16M), Washington Post (1/11, A6, Weisman, 690K) and Washington Times (1/11, Hurt, 88K), among other newspapers, run similar reports this morning.

USA Today (1/11, Wolf, 2.27M) reports that in the House, "Republicans offered to raise the wage if the increase was accompanied by tax and health care breaks for the nation's 23 million small businesses. … The GOP plan, which would let companies band together to buy health plans, was rejected by a 2-1 ratio. Then, 40% of Republicans voted for the wage hike alone." McClatchy (1/11, Talev) notes the final tally was 315 to 116.

Washington State Businesses Not Hurt By Higher Minimum Wage. The New York Times (1/11, Egan) reports on how the difference in state minimum wage between Washington state, $7.93 per hour, and Idaho, $5.15 per hour, has affected the local economies across the state line. The Times says that "nearly a decade ago, when voters in Washington approved a measure that would give the state's lowest-paid workers a raise nearly every year, many business leaders predicted that small towns on this side of the state line would suffer. But instead of shriveling up, small-business owners in Washington say they have prospered far beyond their expectations." Businesses "here at the dividing line between two economies — a real-life laboratory for the debate — have found that raising prices to compensate for higher wages does not necessarily lead to losses in jobs and profits."

White House Weighs In Against House Stem Cell Bill. The New York Times (1/11, Swarns, 1.16M) reports, "The Bush administration jumped back into the bitter debate surrounding embryonic stem cell research on Wednesday, urging lawmakers to vote against House legislation to expand such research and calling for a new focus on scientific studies that would not harm embryos." In a White House position paper, "officials pressed for consideration of alternative research strategies that would be "free of the ethical violations of embryo destruction." Administration officials said President Bush was also considering an executive order that would call for increased financing for studies that did not involve embryos. The move came as the House prepared to pass a bill on Thursday that would expand federally supported stem cell research." The legislation, sponsored by Reps Diana DeGette, a Democrat, and Michael N. Castle, a Republican, "would permit federal financing of studies on stem cells derived from embryos at fertility clinics that are scheduled for destruction." The Times adds, "Supporters of the House bill acknowledged, however, that they did not expect to have enough votes to override a presidential veto."

The Washington Post (1/11, A4, Weiss, 690K) reports, "Congressional leaders driving the legislation say they hope to avoid all-out war. Compromise language 'is welcome,'" said DeGette Tuesday. But "if it comes to war, members of Congress and aides from both parties said, supporters have

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many options not available to them last year. They range from subtle moves that could enhance the odds of overriding a veto to heavy-handed tactics such as attaching the bill to must-pass budget legislation. 'I'm confident we'll have a veto-proof bill this time,' said Sen. Arlen Specter (R-Pa.)." USA Today (1/11, Vergano, 2.27M) notes that last year, the bill passed the House 235-193. According to Democratic Sen. Tom Harkin, "a veto-proof majority is more likely in the Senate" this time around.

Bush, Congressional Democrats Expected To Clash On Host Of Issues. Roll Call (1/11, Pierce, Stanton) reports that aside from a minimum wage measure and a lobby and ethics reform bill, President Bush and "the new Democratic-controlled Congress" are "on a collision course on most other issues of national importance this year" such as "a $100 billion-plus supplemental Iraq War spending bill, judicial nominations, a stem-cell research measure, and legislation to give Medicare officials the ability to negotiate lower drug prices." No one "disputes that the highest profile fight will be over the supplemental war spending bill, where Democrats are no doubt poised to use their newfound power to try to make good on their election promises to change the way the war has been run."

Medicare Drug Negotiation Bill Unlikely To Lower Prices. The Washington Post (1/11, A14, Lee) reports Democrats are "fond of citing the Department of Veterans Affairs as evidence that Medicare officials could squeeze lower prices out of drugmakers if the government merely used its negotiating clout. But that comparison ignores important differences between the two systems, experts say." Unlike Medicare, VA "by law receives an automatic 24 percent discount from the average price that wholesalers pay. Its prices are also low because VA, which prescribes medications for 4.4 million veterans annually, has a relatively narrow formulary, or list of approved drugs." VA also "secures big discounts from the manufacturers of a few drugs in each class by promising not to offer competing drugs." But the Centers for Medicare and Medicaid Services (CMS) "is prohibited by law from adopting such a list for the year-old Medicare drug benefit, in part because seniors enrolled in what is known as Part D want to have a wide range of drug choices." The House Democratic bill that would "require the Bush administration to negotiate drug prices for Medicare would neither permit a formulary nor require an automatic discount. It would simply require the secretary of health and human services to pursue negotiations and report back to Congress in six months." That is "part of the reason that many experts do not expect the measure to deliver significant savings even if it overcomes opposition in Congress and escapes a possible presidential veto."

The Hill (1/11, Young) reports congressional Democrats are "moving ahead without asking the Bush administration to weigh in, but that hasn't stopped the Centers for Medicare and Medicaid Services (CMS) from taking a lead role in pleading the Republican case against Democrats' claims that federal negotiation of drug prices will save money for taxpayers and senior citizens over the deals the private Part D plans are striking with pharmaceutical companies." The Administration's "mounting campaign against the Democratic proposal also is accompanied by a more aggressive defense of Medicare Part D by congressional Republicans, most of whom previously had appeared reluctant to claim credit for the creation of the entitlement program expansion despite high approval ratings from beneficiaries."

Leavitt Criticizes Democratic Push To Negotiate Prices. In a Washington Post op-ed (1/11, A25), Health and Human Services Secretary Michael Leavitt says, "Legislation under consideration would require the secretary of health and human services to negotiate and set the prices of drugs. In effect, one government official would set more than 4,400 prices for different drugs, making decisions that would be better made by millions of individual consumers. There is also the danger that government price setting would limit drug choices. Medicare provides access to the broadest array of prescription drugs, including the newest drugs. But price negotiation inevitably results in the withholding of access to some drugs to get manufacturers to lower prices."

Kennedy Looks To States To Promote Universal Healthcare. The Financial Times (1/11, Callan) reports Sen. Edward Kennedy "called on the White House to follow the lead of state governors and move to extend healthcare coverage to the uninsured." The move "follows a plan set out by Arnold Schwarzenegger, the Republican governor of California, this week that would extend healthcare to 6.5m uninsured Californians. Mr Kennedy also cited bipartisan co-operation in his home state of Massachusetts, which is the first state to require all residents to have a health plan."

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The AP (1/11, Freking) reports Kennedy "has his own version of what universal health coverage would look like. He wants to extend Medicare to all. In his first hearing Wednesday as chairman of the Senate Health, Education, Labor and Pensions Committee, the Massachusetts Democrat called on 10 witnesses from all over the country to talk about how to make health care more affordable." However, the hearing "also showed that finding agreement won't be easy. While all the witnesses agreed that health care is becoming less affordable every year, they often had very different solutions."

Durbin To Play Key Role In Passage Of Democratic Agenda. In his Washington Post column (1/11, A25) David Broder notes Senate Majority Whip Richard Durbin's role in the passage of the Democrats' 100 hour agenda: "In the next two years, however, a great deal of the Democrats' fate depends on Durbin. As assistant majority leader, or whip, it is up to him to figure out how to corral enough votes in the narrowly divided Senate to pass at least some of the flood of bills that the energized House Democratic majority will send over." Durbin said, "'I just spent two years as minority whip where I had 45 Democratic votes. And, as you well know, if you can find 41 votes to block cloture' -- the move to cut off debate -- you can prevent the majority from bringing its bills to an up-or-down vote." GOP Minority Whip Trent Lott "has the same job, but he has 49 Republican senators, so he has a larger pool from which to find his 41." Broder adds, "While Majority Leader Harry Reid of Nevada leads the policy debates and handles the public relations, the onus is on Durbin to produce the votes at critical moments."

Reid's Efficiency Plan Costs Byrd Chance To Cast Vote. The Washington Post (1/11, A23, Cillizza) reports, "Just days into his tenure as majority leader," Sen. Harry Reid "received a tongue-lashing from" West Virginia Sen. Robert C. Byrd (D) "for a decision to end a vote before the senior statesman had cast his 'yea' or 'nay.'" Byrd, who has "served in the Senate since 1958 and is a noted stickler for the rules and etiquette that guide the chamber, was unable to make it to the floor in the 15 minutes allotted for a vote yesterday -- his first missed vote since March." Byrd said, "The leadership arbitrarily closed the vote before I could get to the floor. That is not the way legislation is done in a body such as ours." The Post adds Reid has "emphasized his intention to run the body more efficiently, a plan that includes limiting votes, which often have lasted a half-hour or more, to just 15 minutes."

New House GOP Leadership Includes Aggressive Party Advocates. The Washington Times (1/11, Bellantoni) reports House Republicans have "chosen leaders who aren't afraid to attack Democrats to serve in key positions for the 110th Congress, suggesting that the civility on Capitol Hill may not last long." In one example, Rep. Patrick T. McHenry of North Carolina, "beginning his second term, was recently named to serve as a member of the deputy Republican whip team, typically made up of more senior lawmakers. Considered one of the party's up-and-comers, the 31-year-old is known for his frequent tongue-lashings aimed at Democrats." The Times adds the Republicans are "also quick to note Democrats' use of unfair tactics -- such as not subjecting their opening legislative package to committee hearings -- but did not acknowledge that they used the same strategy for years."

Bush Appoints Dudley To Regulatory Policy Post. The Wall Street Journal (1/11, B7, McKinnon, Solomon) reports President Bush "appointed conservative academic Susan Dudley to an influential new job advising on regulatory policy, at a time the regulatory process could serve as a conduit for the White House to push through any policies opposed by a hostile Congress." Dudley's appointment "came after Congress blocked her nomination to be the White House's regulatory czar last year. Her position as a senior adviser to the White House's regulatory office will enable her to influence policy decisions, although she won't be able to implement them on her own." The "apparent end run around Capitol Hill angered liberals who object to her criticism of the federal rule-making process, among other things."

Four Banks Object To US "Basel II" Capital Standards. The Wall Street Journal (1/11, C5, Paletta, Pulizzi) reports, "Citigroup Inc., J.P. Morgan Chase & Co., and two other large U.S. banks brought concerns about pending international capital standards known as Basel II to White House officials as crucial deadlines for the standards approach." The Jan. 4 meeting "represents the most recent -- and perhaps highest level -- attempt by the group of banks, which include Wachovia Corp. and Washington Mutual Inc., to bring substantive changes to the Basel II capital proposal

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before next year. The Federal Reserve and other bank regulators are still discussing how to implement the standards by next January."

"Whistleblower" Secretly Records VA Official Avowing Defiance Of Congress. Under the headline, "Tape Reveals Defiance," The Hill (1/11, Bolton) reports that a "secretly recorded meeting of researchers working for the Department of Veterans Affairs indicates that the department did not take seriously congressional requests intended to safeguard the personal and medical information of veterans. The recording, obtained by The Hill from a researcher who attended the meeting, sheds light on a behind-the-scenes struggle between lawmakers and Veterans Affairs officials over the handling of veterans' personal information." Since the May laptop theft, the House Veterans' Affairs Committee "has asked the department repeatedly to report on the security of its information systems, a task that entails providing information about who had access to sensitive information and how it was stored," and reports have also been requested by the Senate Veterans' Affairs Committee. However, Dr. Joseph Francis, "the deputy chief of research and development at the department," told fellow researchers at a September meeting in Baltimore "that Congress would not get what it was looking for." Noting the 1996 federal legislation "directing executive-branch departments to adopt higher cyber-security standards," Francis said, "Congress is actually rather angry at the VA because we've been technically breaking the law for a decade." The meeting attendee "whistleblower" who "secretly recorded the talk" told the Hill that the incident "really illustrates that, to the researchers at the VA, the veterans are guinea pigs and are there to promote the research, which is used in turn to promote researchers' careers."

Pelosi Bans Smoking In Speaker's Lobby. The Hill (1/11, McCormack) reports, "House Speaker Nancy Pelosi (D-Calif.) announced Wednesday that smoking in the Speaker's Lobby will no longer be permitted. 'The days for smoke-filled rooms in the United States Capitol are over,' Pelosi said in a press release issued this morning."

Roll Call (1/11, Mcardle) reports, "When asked about Pelosi's new ban, Minority Leader John Boehner (R-Ohio), who is known for having an ever-present cigarette in hand when doing interviews in the ornate room just off the House floor, said, 'That's fine. ... No it won't affect me at all.'" Democratic Rep. Barney Frank, "a well-known cigar smoker, said, 'It's not a big deal. If it had come to a vote on it I would have voted against it.'" USA Today (1/11, Dorell, 2.27M) reports Frank also "told reporters asking about the ban to call back 'when you have some serious issues you want to talk about.'"

The Wall Street Journal (1/11, A4, Mullins, 2.04M) reports "smokers say they will either step outside to smoke or light up in their offices, where smoking is permitted." In the Senate, "smoking is allowed only in senators' offices. The smell of cigar smoke often hangs in the air outside the Capitol office of Sen. Robert Byrd (D., W. Va.), while visitors can catch Sen. Barack Obama (D., Ill.) sneaking a few puffs outside the building."

The New York Times (1/11, Kornblut, 1.16M) reports, "Whether Democrats are any less inclined to make backroom deals than Republicans, the new majority will be remembered for bringing the rules of the House into line with those in the rest of the District of Columbia, numerous states and corporations, several European countries and all major airlines."

The Washington Post (1/11, A7, Layton, 690K) notes "Pelosi, of smoke-free California, is known to detest the tobacco habit. Ever since her ascension as top Democrat with authority over the lobby and most other space in the House, smokers have been bracing for the moment when they'd be ordered to extinguish their butts." The Los Angeles Times (1/11, Simon, 850K) runs a similar report.

Stevens To Push Paid Parental Leave Measures. The Washington Post's (1/11, D4, Barr) "Federal Diary" column reports, "Many companies offer paid parental leave to their employees after the birth of a child, but not Uncle Sam. Naturally, young federal employees would like the government to offer such family leave, but personnel officials have balked, saying that the government already provides a generous package of vacation and sick leave and that more paid time off would not improve recruitment and retention of employees." The Post adds that Alaska Sen. Ted Stevens (R) wants to revisit that issue "this year," and has "introduced a bill that would provide eight weeks of paid leave to federally employed women after childbirth and five days of paid leave for new fathers. The bill also would provide five days of paid leave to federal employees who adopt children." The Post adds, "Stevens is working on another bill to require

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companies with more than 50 employees to provide paid maternity leave."

Bernanke To Testify Before Senate Budget Committee Next Week. The Wall Street Journal (1/11, Ip, Rogers) reports Federal Reserve Chairman Ben Bernanke's "efforts to stay out of politically charged fiscal questions will be tested next week as he makes his inaugural appearance before a congressional budget committee." Bernanke is to "testify on the fiscal and economic outlook before the Senate Budget Committee Thursday, Jan. 18. Committee officials confirmed the appearance Wednesday." Bernanke "has said he does not want to comment on specific tax and spending proposals, saying those are the purview of Congress and the administration."

Bills Would Cut Off Pensions For Convicted Lawmakers In Future. The Washington Times (1/11, Miller) reports former Democratic Rep. James A. Traficant Jr., "convicted of racketeering and taking bribes, is wiling away prison time painting colorful pictures but also able to collect a congressional pension of nearly $40,000 a year." Traficant is "one of about 20 former senators and congressmen with felony rap sheets who can receive the taxpayer-financed benefit." Rep. Mark Steven Kirk "introduced a bill that would stop future congressional felons from pocketing retirement pay," and a "similar measure is being offered by Democratic Sens. Ken Salazar of Colorado and John Kerry of Massachusetts in an amendment to that chamber's ethics reform bill, which is expected to go to a vote tomorrow." Other "recent convicts include former Rep. Randy "Duke" Cunningham, a California Republican convicted of graft and imprisoned last year, and former Rep. Bob Ney, an Ohio Republican convicted last year of corruption charges tied to disgraced lobbyist Jack Abramoff. Cunningham is eligible for about $36,000 a year, while Ney is in line for a $29,000 annual pension, according to estimates from the National Taxpayers Union (NTU)."

Cheney Addresses Virginia VIPs At Jamestown Anniversary Event. The Washington Post (1/11, B1, Kunkle) reports Wednesday was "the highest-profile event so far in a series that began last year to commemorate the settlement of Jamestown. To mark the 400th anniversary, Vice President Cheney addressed members of the General Assembly inside the cramped Memorial Church that was built in 1907, and legislators toured the grounds of the settlement where representative democracy would take hold. The festivities will culminate in a three-day celebration this May and a visit by Queen Elizabeth II." A "major theme of yesterday's event was that Virginia's key role in the creation of American democracy has sometimes been overshadowed by New England's. A whoop went up when Cheney noted that the Jamestown colonists had already convened a representative assembly by the time the Pilgrims arrived on the Mayflower." Another theme, "also touched on by Cheney, was that the Europeans' many glowing achievements had been accompanied by more unpleasant realities, such as the enslavement of African Americans and the destruction of Native Americans."

The Washington Times/AP (1/11, Potter, Lewis) reports Cheney said it was "fitting for Virginia to begin its 2007 legislative session at the place where representative democracy in America was born, Vice President Dick Cheney told legislators yesterday." In a speech "that stressed themes of religious faith, sacrifice and personal courage, Mr. Cheney helped open the Virginia General Assembly's winter session at the site where the first English settlement in North America was established 400 years ago." Cheney said, "It's striking to realize how much of America's story begins with a little three-sided fort raised on the banks of the James River four centuries ago."

Congressional Press Secretaries' Dinner Questioned. The Washington Post (1/11, Romano) reports in its "In The Loop: On The Hill" column, "While the Senate began debating stricter ethics rules for its members this week, a fancy dinner planned for some Senate press secretaries tomorrow night in New York, paid for with corporate money, has raised a few eyebrows." The "two dozen flacks will arrive in Manhattan today for an annual excursion to meet with media outlets, a trip sanctioned by the Senate ethics committee as 'official' business." Aides "pay for costs out of pocket -- Amtrak, W Hotel, chartered bus -- and later request reimbursement from official funds." The "'gasp' factor, as one corporate executive put it, centers on the $200-a-head closing dinner at the elite Rainbow Room, one of the country's best-known upscale restaurants, sponsored by seven high-profile corporations with business interests before Congress." As far as "the ethics watchdogs are concerned, the dinner doesn't pass the smell test."

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OTHER NEWS:

Trade Deficit Down Again. The New York Times (1/11, Peters, 1.16M) reports, "American companies sold more goods like airplanes, cars and precious metals overseas in November, helping to narrow the trade deficit for a third consecutive month. Despite the improvement, the United States is still on track to end 2006 with a record trade imbalance, eclipsing the $716.7 billion deficit in 2005." The Census Bureau "reported yesterday that the trade deficit -- the amount by which the value of America's imports of goods and services exceeded the value of its exports -- fell to $58.2 billion in November, the smallest it has been since July 2005. In October, the deficit was $58.8 billion." The Times adds, "Yesterday's figures surprised many economists, most of whom expected the deficit to widen." The Wall Street Journal (1/11, A2, Bater, 2.04M) says "the data suggest trade has emerged as an important cushion for the economy, as it adjusts to a sizable contraction in housing activity." Trade "has for years been a drag on US growth, as weak economic growth abroad, strong consumption at home and a strong dollar held back the nation's exports and boosted imports."

Oil Prices Fall To 19-Month Low. NBC Nightly News (1/10, story 8, :30, Williams, 9.87M) reported, "[A]s this new year has got under way, a funny thing has happened to the price of oil – it has plummeted. Oil prices dropped another $1.62 just today, leaving them at $54.02 a barrel. That's the lowest level in 19 months. As heating oil supply is now way ahead of demand because of the warm weather many of us have been experiencing. Overall, oil prices are down nearly 12% since just the start of the year."

Stocks Rally. The CBS Evening News (1/10, story 12, :10, Couric, 7.66M) reported, "The was a rally in the stock market on Wall Street today. The Dow was up more than 25 and half points [to close at 12,442.16] The NASDAQ gained 15 and a half [to close at 2,459.33]." NBC Nightly News (1/10, story 7, :10, Williams, 9.87M) also notes the numbers on Wall Street.

Realtors Predict Decline In Home Sales Decline Will Moderate. The Wall Street Journal (1/11, D2, Walsh) reports the National Association of Realtors forecasts that "US home sales will decline less sharply this year than they did last year, while home-price appreciation is expected to gain steam." NAR said "sales of existing homes are likely to decline about 1.2% this year to 6.42 million, following a sharp drop last year, while sales of new homes are seen falling about 9.7% to 957,000." Because the market is "starting this year at a relatively low point, even a gradual recovery of sales during the year would mean that annual totals for 2007 are likely to show no substantial improvement, according to NAR Chief Economist David Lereah." The group "forecasts the median sales price for existing homes to grow 1.5% nationally to $225,300, following last year's estimated 1.1% rise. The national median price for new homes will increase 3% this year to $248,900, according to the NAR, after estimated growth of 0.3% last year."

Economists Remain At Odds Over Persistence Of Poverty. In his Wall Street Journal column (1/11, A7), David Wessel says, "With a few remarkable exceptions -- South Korea, for one -- the gap between rich and poor nations persists. The notion that there was something special about 'development economics' dates to post-World War II years when mostly poor, mostly rural colonies gained their independence." Anne Krueger, former International Monetary Fund official, believes "Third World governments and their First World advisers applied sound economic principles incorrectly or without sufficient attention to the reality. Policies to encourage exports and shield embryonic industries from imports until they got rolling sounded good, for instance, but bred corruption, infantilized industries and created politically powerful vested interests that blocked needed change." Another view is "that poor countries got bad advice and paid the price, but that today's experts know much more than their predecessors." A third view "is that earlier economists focused on the wrong thing." Some economists argue "that what really matters is having solid political, legal and economic institutions -- courts, central banks, honest bureaucrats, private-property rights -- that allow entrepreneurs to flourish."

High Court Seen As Likely To Limit Political Use Of Union Dues. USA Today (1/11, Biskupic, 2.27M) reports, "The Supreme Court appeared ready Wednesday to uphold a Washington state law that restricts when unions can use fees collected from non-members for political purposes. The dispute is being watched closely by the National Right to Work Legal Defense Foundation and other anti-union groups, as well as the AFL-CIO." The case "revolves around the Washington Education Association, which bargains for the state's 70,000 teachers."

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McClatchy (1/11, Henderson) reports the Supreme Court "already has said non-members must be able to 'opt out' of paying for political activity; the Washington law went further, saying unions must get them to 'opt in' before pursuing political causes with their money." Chief Justice John G. Roberts, and Justices Antonin Scalia, Anthony Kennedy and Samuel Alito seemed to agree with the law. Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg also "hammered the union's lawyer with questions that reflected serious doubt about his arguments." Justice Stephen Breyer seemed "similarly inclined, but less certain. Justice Clarence Thomas, as is his custom, said nothing during arguments." The Washington Post (1/11, A7, Barnes, 690K) and New York Times (1/11, Greenhouse, 1.16M) run similar stories.

Vote Machine Firm Critical Of Letter Supporting FL13 Challenge. Roll Call (1/11, Murray) reports the Nebraska-based "electronic voting machine manufacturer at the center of the still-contested Congressional race in Florida's 13th district demanded Tuesday that a court throw out what the company characterized as a threatening letter from House Democrats." Lawyers for Election Systems & Software "filed the motion with Florida appellate Judge Jon Wheeler in response to a letter that House Administration Chairwoman Juanita Millender-McDonald (D-Calif.) sent the court last week." Millender-McDonald "wrote that Christine Jennings, the Democratic candidate in the Nov. 7 race to replace former Rep. Katherine Harris (R), has preserved her right to contest the election before Millender-McDonald's committee. So the court, she said, has an obligation to consider all the facts of the case, an apparent reference to a Dec. 29 lower court ruling not to require Election Systems & Software to disclose how its electronic voting machines work."

YouTube Video Prompts Romney To Reassert Conservative Credentials. The AP (1/11, Johnson) reports a 1994 videotape "mysteriously posted on YouTube.com prompted Republican Mitt Romney to declare Wednesday, 'I was wrong on some issues back then,' while also insisting to social conservatives key to his presidential campaign that he is one of them." The tape "of a Senate debate between Romney and Sen. Edward M. Kennedy showed Romney defending a woman's right to abortion, saying he supported allowing gays in the Boy Scouts and distancing himself from former President Reagan by noting he was a registered independent during the period the conservative icon was leading the nation." While the material "has been previously published," its "presentation in video form — and on the easily shared YouTube medium — prompted an immediate response from Romney, who formed a presidential exploratory committee last week." Romney said, "If you want to know where I stand by the way, you don't just have to listen to my words, you can go to look at my record as governor."

Gilmore's Chances To Win GOP '08 Nomination Seen As Slim. In his Roll Call column (1/11), political analyst Stuart Rothenberg critically assesses former Virginia Gov. Jim Gilmore's chances to win the Republican presidential nomination in 2008. Rothenberg says, "But caucuses and primaries aren't only about ideology. They also are about candidates, organization and money. Maybe time has distorted my memory, but I don't remember him as being a dynamic, inspiring conservative speaker. Others I have spoken with remember him much as I do." Gilmore "begins with no name identification, no money and no organization."

Democratic Candidates Face "Electability" Litmus Test. The Wall Street Journal (1/11, A6, Calmes) reports that for the party "long known for subjecting presidential wannabes to a battery of litmus tests, on issues from abortion to trade, Democrats are uniting in raising one big issue for 2008: electability." It "poses a big hurdle for both Democratic front-runners, Sens. Hillary Clinton of New York and Barack Obama of Illinois." The "widespread concerns about whether either could get elected -- Mrs. Clinton because she is a woman, and a polarizing figure; Mr. Obama for being African-American, and relatively inexperienced -- potentially prevent either from running away with the Democratic nomination. That, in turn, is what keeps hope alive for about a half-dozen rivals maneuvering for advantage should the leaders stumble." Of the pack, "polls and early organization suggest the best-positioned is former North Carolina Sen. John Edwards, the 2004 vice-presidential nominee. Today Sen. Chris Dodd of Connecticut officially joins the race with his announcement on the syndicated radio show 'Imus in the Morning.'" On the GOP side, the three frontrunners, Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani,

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"have the opposite problem of their Democratic counterparts. Each of them is considered electable. The question is whether they can get nominated in a party in which the conservative base demands that the nominee oppose abortion, same-sex marriage and taxes, but believes that each of these men is suspect."

Dodd To Run For President. The AP (1/11, Fouhy, Ramer) reports Connecticut Sen. Christopher Dodd (D), "a veteran lawmaker who entered Congress in the post-Watergate class of 1974, will announce his bid for the presidency, Democratic officials said Wednesday." Dodd "will make the formal announcement in an interview Thursday morning on the 'Imus in the Morning' radio show -- a curious bit of timing since he'll be forced to compete with heavy coverage of President Bush's speech on the Iraq war." The New York Times (1/11, Medina, 1.16M) also notes "coverage of Mr. Dodd's announcement would be competing with" that of Bush's speech. The Times adds that Dodd, "although well-known in Washington and his home state, does not have the kind of national name recognition of some other Democrats who are strongly considering entering the race, most prominently Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois."

Clinton Losing Ground In Early Caucus, Primary States. The Washington Times (1/11, Lambro) reports Sen. Hillary Rodham Clinton's "popularity in Democratic presidential-preference polls has fallen in the nation's first caucus and primary states in the face of increasing support for her chief rivals for the 2008 nomination." Pollsters said her "weaknesses in Iowa and New Hampshire were the result of the growing popularity of two major opponents -- former North Carolina Sen. John Edwards and Illinois Sen. Barack Obama -- and their populist economic messages, as well as a deepening antipathy toward her among Democratic-leaning independents who dislike her support for the war in Iraq and who question her electability." Pollster Del Ali of Research 2000 said, "I think Hillary strikes these voters the same way Senator John Kerry did in 2004. They would really like to vote for someone they really like this time. Hillary doesn't fit that characterization right now." The Times add Ali's "findings mirror more recent polling showing a similar national decline in support." Pollster John Zogby said, "There's been erosion. She's polling in the low- to mid-40s nationally."

Kerry Adds Campaign Strategists To Staff. The Washington Post (1/11, Romano) reports in its "On The Hill" column, "As Ted Kennedy (D-Mass.) waits patiently for his Senate colleague John Kerry to get off the fence and reveal his presidential intentions, the 2004 Democratic standard-bearer is adding high-profile operatives who could easily slide into campaign mode." Kerry has "brought on as a consultant Erik Smith, onetime communications strategist for former congressman Dick Gephardt (D-Mo.), and Vince Morris, most recently the spokesman for former D.C. mayor Anthony Williams, as his Senate press secretary."

Denver Labor Woes Lead Democrats To Postpone Convention Decision. The Washington Times (1/11, Richardson) reports Denver has not "hosted the Democratic National Convention in almost 100 years" because it is "just not a union-friendly town." The Democratic National Committee has "again postponed its decision on whether Denver or New York will be the venue for its 2008 convention, thanks to a recent labor uprising in the Mile High City." With all the "labor trouble in Denver, Democrats might be tempted to scrap the whole idea and head for New York, but there's trouble in the Big Apple, too. Mayor Michael R. Bloomberg hinted that he doesn't want to host the event, saying that the city was tapped out after hosting the Republican National Convention in 2004." The delay "puts Democrats months behind Republicans, who announced in September that their convention would be held in Minneapolis-St. Paul and have even sent out press kits."

Sanchez May Run For California Governor In 2010. Roll Call (1/11, Drucker) reports Rep. Loretta Sanchez (D) "continues to give serious consideration to running for governor in 2010, as well as for the Senate, should Sen. Barbara Boxer (D-Calif.) choose not to seek a fourth term. In preparation for a statewide run, Sanchez -- who has had a gubernatorial campaign account open for several months -- plans to spend the next few years traveling up and down California to meet with constituent groups." Roll Call adds, "In a recent interview, Sanchez said she is 'absolutely serious' about running for governor in 2010, when Gov. Arnold Schwarzenegger (R) will be termed out of office and the seat will open."

Johnson Illness May Give GOP Opening In South Dakota. The Hill (1/11, Blake) reports the illness

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of Sen. Tim Johnson (D-S.D.) "could open things up again in 2008 for Dakota Republicans, who have long struggled for a breakthrough in their congressional representation. If recent history is any indication, however, it will be hard-fought and expensive to make a dent in Democrats' stranglehold on the Washington delegations." Democrats have "held at least five of the states' six congressional seats for the last 20 years." Former Republican state Sen. Larry Diedrich "lost twice in 2004 to Rep. Stephanie Herseth (D-S.D.), first by 3,000 votes in a special election and then in the general." Diedrich said, "I've always thought that perhaps people see the money that they have in the state as more their own money. Whereas, when you look at the federal level — maybe part of it's the fact that we're typically a recipient state — I think people perceive that that issue is more of other people's money. It's always a little more difficult for Republicans with a conservative message to win that argument." The Hill adds Steve Hildebrand, who managed former Sen. Tom Daschle's campaign and Johnson's narrow win over Sen. John Thune two years earlier, said, "They believe Democrats are most successful at getting pork back to the states. So they want Democrats in Washington fighting for their pet projects, whether it's disaster relief, farm aid, Medicaid."

Christian Groups Question Each Other's Finances. The Washington Times (1/11, Pfeiffer) reports the National Council of Churches is "becoming financially beholden to secular groups with liberal political leanings, according to a report by a religious watchdog organization." The Institute on Religion and Democracy, "a group formed by members of the NCC, says the group accepted the majority of its charitable donations last year from nonreligious organizations and has been pursuing an agenda that does not mesh with the majority of its church members, including support for abortion and homosexual 'marriage.'" Politically affiliated groups "who donated to the NCC between 2004 and 2005 include the Sierra Club; the Ford Foundation, which advocated for 'reproductive rights'; the United Nations Foundation, which is funded by billionaire media mogul and philanthropist Ted Turner; and the Connect US Network, which has ties to George Soros' Open Society Institute."

The Washington Post (1/11, A3, Cooperman) reports two "influential Christian nonprofit organizations questioned each other's finances yesterday, each suggesting that the other is beholden to big donors with partisan political motives." The clash "between the National Council of Churches and the Institute on Religion and Democracy was a rarity in Washington, where liberal and conservative advocacy groups fight fiercely over issues but seldom dig deeply into each other's funding." Both groups "call themselves nonpartisan and are incorporated as tax-exempt charitable organizations. But the council, a New York-based alliance of 35 Christian denominations, is deeply involved in liberal social causes, such as reducing poverty and making peace." The institute, "a Washington-based think tank, is allied with conservative groups on issues such as same-sex marriage."

Schwarzenegger Unveils "Restrained" Spending Plan. The Los Angeles Times (1/11, Rau, Halper, 850K) reports, "Gov. Arnold Schwarzenegger today unveiled a restrained $143-billion state spending plan that eases some of California's chronic fiscal problems in part by restricting welfare payments and denying public transit systems $1.1 billion they were anticipating. The plan's spending from the state's general fund - where most California taxes go - would be $103 billion, an increase of less than 1% from the current fiscal year, which ends June 1." Schwarzenegger "hailed his plan that would eliminate a multibillion-dollar deficit anticipated for this year and pay off early some of the state's debt incurred during its economic crisis at the turn of the century."

The Wall Street Journal (1/11, C9, Carlton, 2.04M) reports, "At this rate…Schwarzenegger may become known as the Bond-inator. Last year, the former 'Terminator' star persuaded California voters to pass a record bond package totaling $42.7 billion to help rebuild the state's aging infrastructure. This year, he is proposing that California go back to the well for an additional $43.3 billion in bonds, to help expand the rebuilding work -- and that is making even Democratic allies of the Republican governor a tad nervous." The New York Times (1/11, Steinhauer, 1.16M) also reports the story.

California To Require Lower Carbon Content In Fuel. The Christian Science Monitor (1/11, Wood, 59K) reports, "Now that California is on record as mandating a 25 percent cut in the state's greenhouse-gas emissions by 2020...leaders here are starting to lay out how they intend to hit that ambitious mark. First up: requiring transportation fuels sold in California to contain less carbon." Gov. Arnold Schwarzenegger (R) "announced Tuesday that he will issue, within weeks, an executive order that sets a new 'low carbon fuel standard' in the state. Aimed at petroleum refiners and

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filling stations, the new standard will give them 13 years...to cut the carbon content of the fuels they sell for passenger vehicles by 10 percent." As the state "moves to implement the new standard, its effect on consumers and the state economy will be closely watched. Several Republican lawmakers and business leaders have expressed early concern that the state crackdown on emissions will encourage businesses to locate outside California, or will increase their overall costs. Consumers worry that new fuels or fuel additives will raise prices at the corner gas station."

Burns Hired By DC Lobby Firm. The AP (1/11, Jalonick) reports former Montana Sen. Conrad Burns (R), "whose ties to lobbyists helped sink his re-election bid, has landed at a new workplace: a Washington lobbying firm." Burns will "work for his former chief of staff, Leo Giacometto, at the firm Gage, which has lobbied for Montana interests and several national technology companies, often making headlines for its connections to Burns and his staff."

Virginia Seeks Deferral In Meeting Some Federal Testing Standards. The Washington Post (1/11, A1, Glod) reports, "Controversy has emerged over how to measure the progress of children learning English." The U.S. Education Department "objected last year to the way Virginia and 17 other states test limited-English students" finding the tests "not demanding enough." But "many Virginia educators" said that "the federal standard is too lofty for students just beginning to understand the nuances of English." The Virginia Board of Education and the state's congressional delegation are "lobbying Education Secretary Margaret Spellings" for a "one-year deferral" in meeting federal testing standards.

Ethiopia Says Eight Militants Killed In Airstrike, Others Being Held. The Financial Times (1/11, England) reports Ethiopian Prime Minister Meles Zenawi said Wednesday that a US air strike in southern Somalia Monday "had killed eight suspected militants and wounded five others, who had been captured by Ethiopian forces." Meles "disputed reports that civilians were killed in the US strikes and said he was waiting for DNA tests to confirm the identities of the suspects." Meanwhile, reports of additional airstrikes "were denied by US and Ethiopian officials, who said their aircraft had not launched new attacks." The AP (1/11, Hassan) reports Meles "said Ethiopia and the US have been cooperating on intelligence, and that most of the information has come from the Americans."

Meanwhile, the New York Times (1/11, A21, Gettleman, 1.16M) reports Mogadishu "exploded in violence on Wednesday morning after unknown insurgents attacked a transitional government barracks during the night and soldiers responded by sealing off large swaths of the city, searching house to house for guns." The weapons raids "immediately provoked stiff resistance, and squads of Ethiopian soldiers and troops loyal to the transitional government poured into the streets, where they battled outraged residents and a handful of masked insurgents."

The Washington Post (1/11, A21, McCrummen, 690K) says the situation "is so confused and the city so fractured and armed that the attacks, recounted by witnesses, could have come from any number of groups frustrated with the presence of Ethiopian troops." Many Somalis are also "enraged" over the US airstrike early Monday. Meanwhile at the UN, the Security Council "began debating the conflict" with Ibrahim Gambari, the UN undersecretary for political affairs, urging the interim Somali government "to begin talks" with Islamic militants, saying the deployment of a peacekeeping force would be "problematic" without a political settlement in place.

US Officials Refuse To Confirm Reports Of Terrorist's Death. The CBS Evening News (1/10, story 9, 0:35, Couric, 7.66M) reported, "In tonight's news briefing, an eight-year-long hunt for one of the world's most wanted terrorists is over. Somalia's government claims Fazul Abdullah Mohammad was killed during this week's US air attack in that country. He's a suspected Al Qaeda terrorist wanted in the 1998 bombings of two US Embassies in Africa that killed 224 people. However, American intelligence cannot confirm that Mohammad was killed. The Pentagon says there have been no US attacks in Somalia since Sunday."

Congressional Republicans Say State Department "A Mess" Under Rice. Nationally syndicated columnist Robert Novak writes in the Washington Post (1/11, A15, 690K), "Just how career diplomat Negroponte came to be the new intelligence czar in the first place is puzzling. But to pull him out just as his on-the-job training was completed reflects a panicky desire to fill the deputy secretary post, which had been unfilled for an unprecedented six months. Five other key State Department positions are either vacant or are soon to be vacant." Novak

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says that unnamed Republicans in Congress tell him "that the State Department under Condoleezza Rice is a mess." At a time when "American diplomacy is being tested worldwide -- in Afghanistan, Iran, Israel, Korea and Sudan," Novak says "the judgment by thoughtful Republicans is that Rice has failed to manage that endeavor." Rice's "previous government duties," he notes, "had been as an analyst and staffer rather than as a manager." Lastly, Novak observes that "with the State Department permanent bureaucracy traditionally hostile to Republican administrations, it is remarkable to see two Foreign Service officers, Negroponte and Burns, in the department's No. 2 and No. 3 slots. Insiders relish their confrontation. … That may turn out to be a good show, but it is not reassuring for a country facing myriad challenges worldwide."

China, Russia Denounce US Sanctions Over Arms Sales. The Washington Times (1/11, Gertz, 88K) reports China and Russia "have denounced sanctions imposed on their state-run companies by the Bush administration over missile and weapons of mass destruction sales to Iran and Syria." In Beijing this week, Foreign Ministry spokesman Liu Jianchao reacted to the sanctions imposed last week by the State Department saying, "It is unreasonable for the American government to invoke its domestic law to sanction on Chinese companies without providing any evidence." He also called on the US to "correct its wrong practice." For its part, the Russian Foreign Ministry called the sanctions "illegal," saying the US "has tried to extrapolate its domestic laws to foreign companies, to make them work under US rules." The State Department "declined to provide details on what triggered the sanctions last week," but Bush administration officials "said they resulted from Russian anti-tank missile sales to Syria that ended up in the hands of Hezbollah terrorists and were used against Israel, as well as goods sent from China sold to Iran that were linked to Tehran's nuclear, chemical and biological weapons and missile systems."

Russia Backs Syria In Hariri Probe Request. The Washington Times (1/11, Kralev, 88K) reports a "rift" has developed between Russia and the Western members of the UN Security Council over the probe into the assassination of former Lebanese Prime Minister Rafik Hariri. In "an attempt to help its ally Syria," Russia has asked that "all countries not fully cooperating be publicly named." Russia's UN ambassador, Vitaly Churkin, told the Security Council Tuesday, "If we focus so hard on one country, why should we disregard completely or even not want to know what those countries are?" The US and France "rejected the idea, saying it would distract from more important issues." State Department spokesman Sean McCormack told reporters Tuesday, "Syria quite clearly falls into a category of its own, so I wouldn't try to lump them all together" with other countries, noting that "the fact that Syria has been cited as not being fully cooperative in the past with the investigation was important because, let's be frank, the signs pointed to some Syrian involvement [in the Hariri assassination] in some fashion."

Blasts Rock Philippines Ahead Of ASEAN Summit. The New York Times/AP (1/11, A23, Cerojano) reports, "Three bombs within hours of each other rocked the southern Philippines on Wednesday, killing at least six people and wounding 27 others, officials said, amid warnings that Muslim militants may try to disrupt this weekend's Asian regional summits." Officials "insisted security was tight, with police and troops on the highest alert." Philippine National Police Chief Oscar Calderon "had warned that militants may try to embarrass the government, a staunch US ally in the war on terror, by staging attacks" during the ASEAN summit. AFP (1/11, Peugeot, Yu) reports Foreign Minister Alberto Romulo "insisted" the summit "would go ahead later this week," despite the bombings.

Richardson Brokers Ceasefire In Darfur. The New York Times (1/11, A6, Polgreen, 1.16M) reports Sudanese President Omar Hassan al-Bashir and leaders of several rebel factions in Darfur "agreed Wednesday to a 60-day cease-fire in separate meetings with Gov. Bill Richardson of New Mexico." According to a statement issued after Wednesday's meeting, President Bashir "said he had agreed to halt military operations to allow time for a political settlement to the crisis to emerge." Speaking by telephone from Khartoum, Richardson said, "What is lacking is a political process that leads to a UN force," but said the ceasefire is "at least a step." The Washington Post (1/11, A22, Timberg, 690K) notes that despite agreeing to the ceasefire, Bashir "showed little evidence of relenting on his refusal to allow thousands of UN peacekeeping troops into Darfur."

Former State Official Says ICC Complicating Efforts In Darfur. Former assistant secretary of state, Stephen Rademaker, writes in the Washington Post (1/11,

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A25, 690K) that although the Sudanese government "bears principal responsibility for the continued killing" in Darfur, "recently an unexpected obstacle to ending the bloodshed has emerged: the International Criminal Court (ICC)." Rademaker notes that "much of the world agrees that to end the genocide a highly capable UN peacekeeping force must immediately be deployed to Darfur." The "only footnote to this consensus is China, which, eager for access to Sudan's oil and armed with a veto at the U.N. Security Council, forced the United Nations to accept a precondition to action in August: that the government in Khartoum must consent to the deployment of any UN force." However, he warns that "given China's opposition, such action almost certainly would have to be carried out without Security Council authorization and would be vastly inferior to the deployment of an effective UN peacekeeping force." Coalition military action, he notes, would be "in large measure US military action, and the same would be true in Darfur. No matter how noble our objectives, US military action without UN authorization against another Arab government would prove deeply unpopular in many parts of the world, and America would pay a steep political price. If this is where we end up in Darfur -- or if the genocide continues unabated because peacekeepers cannot be deployed -- there will be three culprits to blame: the bloodthirsty regime in Khartoum, the oil-thirsty government in Beijing and the UN Security Council's shortsighted decision to bring in the ICC."

EU Energy Strategy Aims To Curb Carbon Emissions, Boost Competition. The Wall Street Journal (1/11, Jacoby, Echikson, 2.04M) reports the EU "unveiled an ambitious blueprint for combating global warming and boosting energy efficiency, but key elements of the plan face strong opposition from business interests and could require major battles to get them implemented. The European Commission yesterday published a long-awaited proposal for the bloc's first common energy strategy." The Journal adds, "Business groups expressed alarm at the commission's proposals to cut emissions of carbon dioxide...20% from 1990 levels by 2020." And "France and Germany are likely to block a proposal to boost competition by breaking up European energy companies that control both the supply and distribution networks for oil, gas or electricity." But EC "officials insisted any opposition won't derail efforts to shake up European energy markets. Energy security, and the need to reduce demand for fossil fuels, has risen to the top of the EU agenda in response to continuing concerns about its predominant supplier of gas and oil, Russia."

The New York Times (1/11, Kanter, 1.16M) says EU officials "challenged governments to loosen their grip on national energy sectors, calling for a fresh wave of competition and investment in infrastructure and technology to ease dependence on powerful exporters like Russia and to combat global warming." The "package of proposals is one of the largest ever presented by the commission, although it reflected changes by France and Germany, which oppose the breakup of their national electricity companies." EU "officials also backed away from earlier, more ambitious targets for cutting emissions after energy-intensive industries and labor groups warned of threats to profits and jobs — especially if competitors in the United States and elsewhere did not follow suit." Many of the proposals "are to be debated by European Union leaders at a summit meeting in March. If they approve the package, many of the measures would still require the commission to draft formal legal proposals."

Belarus Backs Down In Oil Dispute With Russia. The Financial Times (1/11, Ostrovsky) reports, "Belarus backed down in its trade conflict with Russia on Wednesday by abolishing an export duty on oil pipeline transits. The move allows Moscow to resume supplies to Europe via its neighbour." Belarussian President Alexander Lukashenko "appears to have climbed down after a telephone conversation with President Vladimir Putin of Russia." Although "Wednesday's move bolstered Mr Putin's prestige at home and strengthened Moscow's hand in its stand-off with its neighbour, the dispute has dented Russia's reputation and its claim to be a reliable energy supplier."

The AP (1/11, Karmanau) reports, "Russian oil began flowing again through a Belarusian pipeline late Wednesday, a top Belarusian oil official said, resolving a dispute between the countries that had disrupted supplies to Eastern Europe as well to the former Soviet Republic." The dispute "showcased the Belarus regime's reliance on cheap Russian energy imports, and stoked doubts in European capitals about Russia and its dependability as an energy supplier."

The New York Times (1/11, Myers, 1.16M) reports, "The Belarussian prime minister, Sergei S. Sidorsky, said...in televised remarks that his country would revoke a transit fee of $45 a ton on Russian oil that it imposed last week, provoking a dispute with swift repercussions in Europe." Sidorsky "said he would fly to Moscow for more talks on Wednesday, an

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indication that a final resolution had not been found." Moscow "had said that it would hold no talks until the transit fee was lifted."

The Washington Post (1/11, A22, Finn, 690K) adds, "The Belarusan presidential press service said that the countries' prime ministers had been told 'to propose ways of settling all problems and to submit them to the presidents by Friday.'"

Chávez Begins New Term Vowing Socialist Reforms. The New York Times (1/11, A16, Romero, 1.16M) reports Venezuelan President Hugo Chávez was sworn in to a new six-year term at a ceremony Wednesday vowing "to speed Venezuela's metamorphosis into a Socialist country." In his speech, the president "defended his decision this week to nationalize companies in the telecommunications and electricity industries and promised to seek greater control over natural gas projects." He also "renewed his request to Congress for decree powers, saying a 'revolutionary law of laws' would allow him to hasten the construction of Socialism."

In an editorial, the Los Angeles Times (1/11, 850K) warns that "if his drive to consolidate power over the media, the telecommunications industry and other sectors succeeds, by the time his term expires six years from now it may no longer be possible to hold a free election in Venezuela." A country "without an independent media, judiciary or legislature," it continues, "is by nobody's definition a democracy. Venezuela's people may just have succeeded in voting themselves out of power."

UN Agency Denies Receiving Staff Complaints. The Washington Times (1/11, Pisik, 88K) reports Jose Antonio Ocampo, the head of the UN Department of Economic and Social Affairs (DESA), Wednesday "defended his management of the scandal-laden 'good governance' division, saying that he personally had initiated internal investigations and shut down a foundering office within his department." In his first public remarks since the opening of a UN investigation prompted by a Washington Times article last month, Ocampo "also denied having received complaints from staff about concerns that range from mismanagement of government funds to favoritism and intimidation in the hiring and disciplining of employees." His claim "flies in the face of documents and accounts given to The Times showing that several staff members complained to Mr. Ocampo, both in person and in writing, about purported mismanagement, intimidation and favoritism in DPADM between 2003 and 2006," the newspaper writes.

Japanese Lawmakers Fear Healthcare Reforms May Become Too Expensive. In an 2,000-word front page article, the Wall Street Journal (1/11, A1, Landers, 2.04M) reports last year Japan's parliament passed a measure that calling "for more cancer specialists and a permanent role for patients in policy making" in a "victory for a spreading movement in Japan among patients who want American-style care and drugs for cancer. But the idea of becoming more like the US raises alarms among policy makers. In Japan, the government guarantees that everyone has health-insurance coverage and it pays most of the bills." Masaharu Nakajima, until recently director general of the Health Bureau at the Ministry of Health, Labor and Welfare, says Japan "already offers excellent cancer care," and "with a huge national debt and corporations worried about higher taxes, Japan can't afford to throw money into treatments and training that offer little hope of significantly extending lifespans."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bush Commits 21,500 More Troops."
"Gov.'s Budget Plan: No Deficit, More Debt."
"You Too Can Rent A Rock Star."
"Prolific Producer With 'New Vision'."
"'Gated Communities' Planned For Baghdad."
"Gates Foundation To Reassess Investments."

USA Today:

"Poll: Low Support For Iraq Buildup."
"Obesity Of China's Children 'Shocking'."
"Jockey's Bid For A Second Chance Is Ride Of His Life."

New York Times:

"Bush Adds Troops In Bid To Secure Iraq."
"Bush's Strategy For Iraq Risks Confrontations."
"House, By A Wide Margin, Backs Minimum-Wage Rise."
"Firms Fret As Office E-Mail Jumps Security Walls."
"States Push For Cheaper Insulin."
"Unfilled City Manager Posts Hint At Future Gap."

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Washington Post:
"U.S. Airstrikes Back Troops In Baghdad Clash."
"D.C. Bill Would Mandate Vaccine."
"With Iraq Speech, Bush To Pull Away From His Generals."
"United Airlines Wins Right To Fly To China From Dulles."
"Overhaul Sought Of Pr. George's High Schools."
"Climate Experts Worry As 2006 Is Hottest Year On Record in U.S.."

Washington Times:
"Bush Vows Surge To Fix 'Mistake'."
"2008 Destination Unknown."
"A Sweet Deal For 'Official' Felons."
"How Secular Donors Move Church Agenda."
"Ex-D.C. Workers Sued After Paycheck Gaffes."
"TV Violence Found To be More Frequent, Graphic."

Detroit Free Press:
"School Closing Uproar Grows."
"U-M Has Hopeful Students On Edge."
"Bush Arms For A Buildup."
"Patterson's State Of The State Is Irate."

Atlanta Journal-Constitution:
"'Now Is The Time To Act.'"
"US Airways Pumps Up Hostile Bid For Delta."
"House OK's First Minimum Wage Hike In Decade."
"Nichol's Trials: Costly, Tedbious-Necessary."

Houston Chronicle:
"Amid Criticism, HPD Reviews Tactics On Mentally Ill Suspects."
"HISD May Loosen Rule On Athlete Physicals."
"Bush Admits Mistakes, Will Send More Troops."
"DEA Seeks To increase Its Presence In Mexico."
"Pitts Tries To Shake A Political Hangover."

Story Lineup From Last Night's Network News:
ABC: New Iraq Strategy; The US Surge; Bush Iraq Strategy-Analysis; Minimum Wage Increase; Barbaro Recovery; Trailer Park Sells; Yvonne De Carlo Obit; Price Charles Girlfriend; A Soldier's Story.
CBS: New Iraq Strategy; The US Surge; Troops Securing Iraq; New Iraq Strategy-Reaction; Iraq Study Group; New Iraq Strategy-Analysis; A Soldier's Story; New US Surge-Analysis; Somalia Air Strikes-Aftermath; Minimum Wage Increase; Barbaro's Recovery; Stock Market; Female Veterans With PTSD.
NBC: New Iraq Strategy; New Iraq Strategy-Reaction; New Iraq Strategy-Analysis; New US Troop Surge-Iraq; Anti-RPG System-Blocked; Minimum Wage Increase; Stock Market; Oil Prices; Forgotten On The Runway; Yvonne De Carlo Obit; A Soldiers Story.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Iraq Speech; Sen. Durbin-Bush's Speech; NATO-Large Number Of Insurgents Killed In Eastern Afghanistan; Congress-Minimum Wage Bill; Congress-Stem Cell Research Bill; Parents Television Council-Violence Up On TV; Colorado Couple Sell Snowballs On eBay; Tokyo Stock Exchange; Wall Street.
CBS: Bush-Iraq Speech; Democrats-Bush's Iraq Speech; Congress-Stem Cell Research Bill; Pelosi-Smoking Ban In Speaker's Lobby; HUD-Homeless Estimate; StubHub Being Purchased By eBay; Oil Prices; Parents Television Council-Violence Up On TV; Defense Security Service-Bugged Coins Found In Pockets Of Defense Contractors.
NPR: Iraq-Report Of Iranian Consulate Raid By U.S. Forces; Bush-Iraq Speech; Sen. Durbin-Bush's Speech; Tokyo Stock Exchange; Congress-Minimum Wage Bill; UN Refugee Agency Concerned Over Security Situation In Eastern Chad.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in presentation of the Medal of Honor, East Room; participates in luncheon with military personnel, Fort Benning, Ga; participates in a demonstration, Fort Benning, Ga.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Tours the restored Treasury Building and participates in a ribbon cutting ceremony, Main Treasury. Note: Remarks in the 2nd floor Cash Room.

US Senate: 9:30 p.m. FLOOR SCHEDULE _ The Senate convenes for a period of morning business. Following morning business the Senate will resume consideration of S. 1, the Ethics Reform bill.

10 a.m. FINANCE _ Full Committee. Hearing on prescription drug pricing and negotiations. John Dicken, GAO; Gerard F. Anderson, Johns Hopkins Bloomberg School of Public Health, The Johns Hopkins University, Baltimore; Emund F. Haislmaier, The Heritage Foundation; Richard G. Frank, Harvard Medical School; Fiona M. Scott Morton, Yale University. Location: Room 215, Dirksen.

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10 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the administration's plan for Iraq. Secretary of State Rice. Location: Room 106, Dirksen.

10:30 a.m. BUDGET _ Full Committee. Hearing on the long-term budget outlook. Comptroller General David Walker. Location: Room 608, Dirksen.

2 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on troop surge, partition, withdrawal and other plans for Iraq. Pewter Galbraith of the Center for Arms Control and Non-Proliferation; Frederick Kagan, AEI; Ted Galen Carpenter, Cato Institute; Dan Serwer, Center for Post-Conflict Peace and Stability Operations. Location: Room 106, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Open. Hearing on assessment of threats to national security. John D. Negroponte, Director of National Intelligence; General Michael Hayden, Director of Central Intelligence Agency; Robert Mueller, Director of Federal Bureau of Investigation; and Lieutenant General Michael D. Maples, Director of Defense Intelligence Agency; and Randall Fort, Assistant Secretary of State for Bureau of Intelligence and Research. Location: Room 216, Hart.

US House: 10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iraq. Former Undersecretary of State Thomas Pickering, former CIA Director James Woolsey. Location: Room 2172, Rayburn.

1 p.m. ARMED SERVICES _ Full Committee. Hearing on Iraq policy. Defense Secretary Gates, Joint Chiefs of Staff Chairman Gen. Peter Pace. Location: Room 2118, Rayburn.

2 p.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iraq policy. Secretary of State Rice. Location: Room 2172, Rayburn.

Other: HOMELAND SECURITY _ Homeland Security Advisory Council holds partially closed meeting. Highlights: 9 a.m. Closed portion of meeting. 11:15 a.m. Discussion of reports on ``The Future of Terrorism" and ``Improving the Department's Culture." 11:25 a.m. Secretary Chertoff speaks. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

SHARED PROSPERITY _ 8:15 a.m. - 12 p.m. The Economic Policy Institute unveils its Agenda for Shared Prosperity. Highlights: 9:15 a.m. Keynote address by Sen. James Webb, D-Va. 10 a.m. Presentation on providing universal affordable health care. Location: Economic Policy Institute, Wellstone Conference Room, East Tower Suite 300, 1333 H St. NW.

GATES-RICE-PACE _ 8:30 a.m. Secretary of Defense Robert M. Gates holds a press conference with Secretary of State Condoleezza Rice and Chairman of the Joint Chiefs of Staff General Peter Pace. Location: White House Conference Center Briefing Room, Old Executive Office Building.

TREASURY BUILDING _ 9:10 a.m. Treasury Secretary Paulson and first lady Laura Bush tour the restored and modernized Treasury Department building. Location: Cash Room, main Treasury.

MASSACHUSETTS HEALTH PLAN _ 9:15 a.m. - 11 a.m. American Enterprise Institute hosts a discussion, ``Is the Massachusetts Health Plan America's Next Top Model?." Presenter: Mark V. Pauly, Wharton School, University of Pennsylvania; Panelists: Rep. Holly Benson, Florida House of Representatives; John McClaughry, Ethan Allen Institute; Moderator: Thomas P. Miller, AEI. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

HUMAN RIGHTS _ 9:45 a.m. Human Rights Watch presents its annual World Report 2007, analyzing the state of human rights protections worldwide. Location: National Press Club, Holeman Lounge.

CARDIN-IRAQ _ 10 a.m. Sen. Benjamin L. Cardin, D-Md., is tentatively scheduled to deliver his first speech on the Senate floor. He will focus on the war in Iraq and his strong opposition to President Bushs plan to deploy thousands of additional troops. Location: Senate floor.

IRAN-BUSH REAX _ 10 a.m. The Iran Policy Committee holds a news conference to discuss President Bush's Iraq speech and to release a White Paper on the troop surge. Location: National Press Club.

RISK MANAGEMENT-MORTGAGES _ 10:15 a.m. Federal Reserve Board Governor Susan Schmidt Bies addresses the National Credit Union Administration's Risk Mitigation Summit. Topic: ``Enterprise Risk Management and Mortgage Lending." Location: United States Chamber of Commerce, 1615 H St.NW.

GUANTANAMO _ 10:30 a.m. Amnesty International USA and the Center for Constitutional Rights hold a news conference to urge that the Guantanamo prison be closed. Location: In front of the Supreme Court.

IRAQ-ANALYSIS _ 10:30 a.m. The Brookings Institution holds a discussion on the implications of President Bush's new Iraq policy, with analysts Carlos Pascual, Sarah Binder, Philip Gordon, Martin Indyk and Kenneth Pollack. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

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MCCONNELL-IRAQ _ 10:45 a.m. Senate Republican Leader Mitch McConnell holds a media availability to discuss Iraq strategy. Location: Senate Radio/TV Gallery.

RISK ASSESSMENT _ 11 a.m. The National Research Council holds a telephone briefing tyo release a review of OMB's Risk Assessment Bulletin, which underpins many regulatory decisions. Contacts: n/a, 202-334-2138.

BOEHNER BRIEFING _ 11:15 a.m. House Minority Leader John Boehner holds his weekly news briefing.

JOHANNS-JAPAN _ 11:30 a.m. Camera spray at the start of a meeting between Agriculture Secretary Johanns and Japanese Agriculture Minister Toshikatsu Matsuoka. Location: Whitten Building, 1400 Independence Ave. SW.

MEDICARE RX _ 11:45 a.m. Representatives Cantor, Putnam, others, hold a news briefing on Medicare Part D. Location: House Studio.

EASTERN EUROPE _ 10 p.m. The Wilson Center for International Scholars holds a program on ``Expanding the Eastern Frontier: Bulgaria, Romania and the EU," with Margarita Assenova of the Institute for New Democracies, Esther Brimmer of the Center for Transatlantic Relatiaons at Johns Hopkins University; others. Location: Wilson Center, Reagan Trade Building.

INCOME DATA-WEALTH _ 12 p.m. Alan Reynolds speaks at forum on new Cato Institute study on income data. He' ll discuss why he thinks there's little evidence that U.S. income inequality has increased, at least since the late 1980s. Location: 1000 Massachusetts Ave. NW.

SARBANES-OXLEY _ 12 p.m. Alex Pollock of the American Enterprise Institute speaks on ``SEC's Sarbanes-Oxley Fix Needs Fixing" at National Economists Club meeting. Location: Chinatown Garden Restaurant, 618 H St. NW.

ANTI-SURGE _ 12:30 p.m. Domestic policy groups and unions join anti-war activists for a press conference to launch a bid against the president's plan to send more troops to Iraq. Location: National Press Club, Holeman Lounge.

ECONOMY _ 12:30 p.m. Council of Economic Advisers member Matthew Slaughter speaks on the economy and financial trends to the National Credit Union Administration. Location: U.S. Chamber of Commerce, 1615 H St. NW.

HOUSE-ETHICS _ 12:30 p.m. Reps. Christopher Shays and Marty Meehan hold a press conference to discuss their ethics enforcement, lobbying reform and campaign finance agenda for the 110th Congress. Location: House Radio-TV Gallery.

MEDICARE DRUGS NEGOTIATION _ 2 p.m. Representatives John Dingell, Charles Rangel, Jo Ann Emerson and Carol Shea-Porter hold a press conference to discuss the Medicare Prescription Drug Negotiation Act of 2007. Location: Room HC-8, Capitol.

RELIGIOUS FREEDOM _ 2 p.m. The Commission on International Religious Freedom and CSIS hold a briefing on religious freedom and state policy in Central Asia, with Catherine Cosman of the commission, others. Location: Room B1A, CSIS, 1800 K St. NW.

RANGEL-DRAFT _ 3:15 p.m. Rep. Charles Rangel, D-N.Y., holds a press conference on a bill that would reinstitute the military draft. Location: House Studio.

CONSENUS BUILDING _ 4 p.m. Sens . Mary Landrieu, D-La., and Olympia J. Snowe, R-Maine, will convene the first bipartisan, consensus building meeting. Location: Room 188, Russell Senate Office Building.

CARBON SEQUESTRATION _ 4:30 p.m. - 6:30 p.m. The first Kathryn Fuller Science for Nature Seminar presented by Dr. Stuart Pimm, Doris Duke Chair of Conservation Ecology at the Nicholas School of Duke University, will discuss ``Setting practical conservation priorities --and sequestering carbon to pay for them." Location: Room 2004, WWF-US Headquarters, Russell Train Conference Center, 1250 24th St. NW.

ANTI-WAR DEMONSTRATION _ 6 p.m. DC for Democracy and the Win Without War Coalition hold a demonstration against the White House call for a troop increase in Iraq. Location: Lafayette Square.

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DOJ_NMG_0115098

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 11, 2007 7:45 AM EST

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TERRORISM NEWS:

Defense Makes Closing Argument At Hamas-Funding Trial. The Chicago Tribune (1/11, Bush, Ahmed, 617K) reports, "Muhammad Salah was trying to provide humanitarian aid to the Palestinian people when he became a pawn of Israeli officials seeking to influence U.S. policy, his lawyer argued Wednesday. … An attorney for Salah's co-defendant, Abdelhaleem Ashqar, also gave his final argument, telling jurors that Ashqar resisted Israel's occupation of Palestinian territories but insisted on following the law." Salah's "arrest, torture and confession was an intrigue developed at the highest levels of the Israeli government to convince the FBI that Hamas was developing cells in the U.S., Deutsch said."

The AP (1/11, Robinson) notes Ashqar lawyer William Moffit said, "He's a Palestinian patriot but that doesn't mean he's a killer," and Salah attorney Michael Deutsch "urged jurors not to believe admissions Salah made while being questioned by Israel's Shin Bet security agents at a prison in Ramallah. He said Salah was tortured and said anything the agents wanted to hear. … He said Israel used Salah to get publicity and pressure the U.S. government to crack down on the Hamas fundraising network in this country."

US Defends CIA Document Secrecy At Trial. The AP (1/11, Neumeister) reports, "The CIA cannot reveal 'alternative interrogation methods' used on terrorists because doing so would cause exceptionally grave damage to national security by telling enemies how the agency gathers intelligence, the government has told a judge." The AP continues, "In a document dated Friday and filed in U.S. District Court in New York, the CIA said it cannot reveal more than what President Bush said last summer about the detention and questioning of terrorism suspects." The AP adds, "The American Civil Liberties Union had asked the court to require the CIA to turn over two Justice Department memos discussing interrogation methods and a presidential order concerning the CIA's authorization to set up detention facilities outside the United States. … On Wednesday, ACLU attorney Amrit Singh said in a statement that the CIA court document 'uses national security as a pretext for withholding evidence that high-level government officials in all likelihood authorized abusive techniques that amount to torture.' … He added: 'This declaration is especially disturbing because it suggests that unlawful interrogation techniques cleared by the Justice Department for use by the CIA still remain in effect. The American public has a right to know how the government is treating its prisoners.'"

Siraj Family Arrested On Immigration Charges. As reported in yesterday's New York Times, the Washington Post (1/11, A3, Shulman, 690K) reports, "A day after a man was sentenced to 30 years in prison for conspiring to bomb Manhattan's Herald Square, his parents and sister were detained by federal immigration officials seeking to deport them" to their native Pakistan. Shahwar Matin Siraj's "family has lived in the United States since 1999 and has been seeking asylum since 2003, said their attorney, Mona Shah." ICE spokesman Mark Thorn "could not say why the family was detained the day after the sentencing. … But Shah charged that the arrests effectively muted the family's protest after the sentencing of the son."

Advocates Say Guantanamo Detainees "Driven Insane" By Conditions. The Financial Times (1/11, Dinmore) reports lawyers and rights activists say prisoners at Guantanamo Bay "are being driven insane by a tightening of conditions and the situation of their indefinite detention without trial." The advocates "also doubt whether the Bush administration intends to carry out its stated desire to close the facility." Today is the fifth anniversary of the first delivery of detainees to Guantanamo. The AP (1/10, Fox) writes that five years on, Guantanamo remains a "source of outrage," quoting Center for Constitutional Rights President Michael Ratner saying, "It has become iconic in the Muslim world and the wider world…for everything that the United States has done wrong in the war on terror."

Detainee Says "I Have Been Destroyed" By Guantanamo. The Los Angeles Times (1/11, 850K) runs an op-ed comprised of excerpts from letters Guantanamo detainee Jumah al-Dossari "wrote to his attorneys. Its contents have been deemed unclassified by the Department of Defense." Dossari writes, "At Guantanamo, soldiers have assaulted me, placed me in solitary confinement, threatened to kill me, threatened to kill my daughter and told me I will stay in Cuba for the rest of my life. They have deprived me of sleep, forced me to listen to extremely loud music and shined intense lights in my face. They have placed me in cold rooms for hours without food, drink or the ability to go to the bathroom or wash for prayers. They have wrapped me in the Israeli flag and told me there is a holy war between the Cross and the Star of David on one hand and the Crescent on the other. They have beaten me unconscious. … Why, after five years, is there no conclusion to the situation at Guantanamo? For how long will fathers, mothers, wives, siblings and children cry for their imprisoned loved ones? For how long will my daughter have to ask about my return? The answers can only be found with the fair-minded people of America. I would rather die than stay here forever, and I have tried to

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commit suicide many times. The purpose of Guantanamo is to destroy people, and I have been destroyed."

HOMELAND RESPONSE:

Senators Push For Greater Data-Mining Oversight. The Washington Post (1/11, D3, Nakashima, Klein, 690K) reports a bill introduced yesterday by Sens. Russell Feingold and John E. Sununu "requires federal agencies to report the development and use of data-analysis technologies to 'discover predictive or anomalous patterns indicating criminal or terrorist activity.' Lawmakers introduced similar bills twice in recent years, but they languished in a Republican-controlled Congress." Meanwhile, "The new chairman of the Senate Judiciary Committee, Patrick J. Leahy, vowed that Congress would take a much more active role in the oversight of government surveillance and data-collection programs." His comments came during a hearing that "underscored the sensitivity of the debate about privacy and security." During testimony, Jim Harper, director of information policy studies at the Cato Institute, singled out predictive data mining, saying that it "'cannot catch terrorists' because there are too few 'terrorist patterns' to base a model on. … Leslie Harris, executive director of the Center for Democracy and Technology, a privacy advocacy group, said the administration was 'bewitched with this technology' although there was 'very little evidence' that predictive data mining works."

The AP (1/10) reported Harris "was among a handful of think-tank scholars and privacy advocates who testified Wednesday about government data-mining — the computerized searching of large banks of information for clues to the identity of terrorists or criminals. Their broadest area of agreement was that Congress needs to know much more about what the government is doing in data-mining. … Noting that congressional auditors in 2004 found 199 data-mining programs operating or planned in federal agencies, Leahy said, 'Congress is overdue in taking stock of the proliferation of these databases.'"

The Washington Times (1/11, Hudson, 88K) reports DHS officials hope to use data mining "to screen airline passengers and at border crossings. Mr. Sununu said data mining can be an essential tool to detect patterns that point to terrorist activity. 'However, it is imperative that we understand the impact of such technology on Americans' personal privacy,'" Sununu said.

ICE Detains Family Of Convicted NYC Subway Bomb Plotter. The Washington Post (1/11, A3, Shulman, 690K) reports, "A day after a man was sentenced to 30 years in prison for conspiring to bomb Manhattan's Herald Square, his parents and sister were detained by federal immigration officials seeking to deport them" to their native Pakistan. Shahwar Matin Siraj's "family has lived in the United States since 1999 and has been seeking asylum since 2003, said their attorney, Mona Shah." ICE spokesman Mark Thorn "could not say why the family was detained the day after the sentencing. … But Shah charged that the arrests effectively muted the family's protest after the sentencing of the son."

Hospital Conference To Examine Emergency Communications. The Washington Times (1/11, Borgess, 88K) reports Washington area hospital representatives "will meet today and tomorrow to discuss how they can improve communication during mass-casualty events. Organizers say hospitals rarely have privileged access to information during a large-scale emergency and often must rely on the press for updates. Therefore, hospital workers often have difficulty gauging the extent of a crisis and preparing themselves for a surge of patients." The conference will feature a keynote address from Dr. B. Tilman Jolly, the Department of Homeland Security's associate medical officer.

Administration Lines Up Against TSA Screeners' Union. The Washington Post's (1/11, D4, Barr) "Federal Diary" column reports, "A House plan to give collective bargaining rights to about 43,000 airport screeners at the Transportation Security Administration will be opposed by the White House. The proposal to roll back a Bush administration ban on unions at the TSA was included in a bill to implement many of the remaining recommendations of the 9/11 Commission. The bill was approved 299 to 128 late Tuesday and was sent to the Senate.

Judge Orders Additional Mediation In Hurricane Katrina Insurance Suits. The AP (1/11, Mitchell) reports from Gulfport, MS, "A federal judge on Wednesday ordered into mediation dozens of lawsuits policyholders filed against insurance companies after Hurricane Katrina." The AP continues, "Several of the cases sent to mediation, which accuse the insurance companies of denying their claims, are involved in recent settlement talks between State Farm Fire & Casualty Co., Mississippi Attorney General Jim Hood and policyholders' lawyers. … People with direct knowledge of the settlement talks told The Associated Press this week that State Farm, Mississippi's largest home insurer, is considering paying hundreds of millions of dollars to settle more than 600 lawsuits and resolve thousands of other disputed claims." The AP notes, "A mass settlement would be the first of its kind to follow the wave of litigation spawned by Katrina. … Hundreds of Mississippi homeowners have sued State Farm and other insurers for refusing to cover billions of dollars in damage from Katrina's storm surge. …

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The 83 lawsuits ordered into mediation Wednesday include ones filed on behalf of U.S. Senator Trent Lott and Representative Gene Taylor, whose Gulf region homes were destroyed by the 2005 hurricane. Each sued State Farm for denying their claims."

WAR NEWS:

Bush Unveils New Strategy For Iraq. In a nationally televised address Wednesday night, President Bush announced plans to send more than 20,000 more American troops to Iraq. The New York Times (1/11, A1, Sanger, 1.16M) reports the President "conceded for the first time that there were not enough American or Iraqi troops in Baghdad to halt the capital's descent over the past year into chaos." Bush also "dropped his insistence that the United States was making progress toward building a workable Iraqi democracy." But "he rekindled his argument that 'failure in Iraq would be a disaster for the United States.'" The Los Angeles Times (1/11, Gerstenzang, 850K) reports Bush acknowledged "that his current strategy had failed," and the Washington Post (1/11, A1, Abramowitz, Wright, 690K) says he used "some of his sharpest language to date." In addition to more troops, adds the Post, Bush's plan "includes an allocation of "more than $1 billion for three programs to create jobs and help reconstruction in neighborhoods secured by Iraqi and US forces." Nine new provincial reconstruction teams will be run jointly by the Pentagon and State Department "to help rebuild the country from the bottom up, including schools, local government and political interest groups." Reflecting the revised strategy's "heavy focus on only two areas of the country, six of the reconstruction teams will be in Baghdad and three will be in volatile Anbar province, home to the Sunni insurgency and al-Qaeda extremists," the State Department said. To aid in the effort, about 150 new personnel will be added to the 250 already staffing the reconstruction teams.

The Financial Times (1/11, Luce, Sevastopulo) reports, "A senior US administration official said there would be new rules of engagement for Iraqi and US commanders that would enable them to succeed where previous efforts to pacify Iraq's capital had failed - most recently last summer. Iraq's government would send three new brigades into Baghdad within the next month in addition to the six already there. The US would add five brigades to its Baghdad presence. The US would also send an additional 4,000 troops to Anbar province, which is the seat of al-Qaeda in Iraq."

ABC (1/10, Gibson) called is "a rather sober address," containing "a message to the American people asking for patience, sacrifice and resolve -- and also asking for a bit of faith that this plan of sending even more troops, about 21,500 more troops, to Iraq, and counting on the Iraqis to take the lead in providing security in Baghdad and ending sectarian violence, faith that that plan can work." The speech also carried "a message to the Iraqi government that our patience and his patience, the President's patience, is not infinite, not open-ended, and that he is counting on the Iraqis to show the strength and to show the will to make this plan work."

Most media analysts greeted Bush's new strategy with marked skepticism. The Baltimore Sun (1/11, Davis, 257K) sums up its coverage saying Bush "has repeatedly laid out revised goals and strategies for Iraq only to see them crumble amid sectarian violence and a mounting death toll," while the Chicago Tribune (1/11, Tackett, 617K) reports Bush "finds himself asking for more -- of the military, of Congress, of the Iraqi government and of the American people -- but possessing so much less." He "lacks the safety net of a Republican-run Congress, the political capital of which he famously boasted, and most decidedly, the support of the public weary of the war's grim narrative." The New York Times (1/11, Stolberg, 1.16M) says that with his plan, Bush "is not only inviting an epic clash with the Democrats who run Capitol Hill," he is also "ignoring the results of the November elections, rejecting the central thrust of the bipartisan Iraq Study Group and flouting the advice of some of his own generals, as well as Prime Minister Nuri Kamal al-Maliki of Iraq."

The Washington Post (1/11, Baker, 690K) says this morning, "As his reelection campaign geared up in 2004…Bush was asked to name his biggest mistake. He couldn't think of one. By the time he was asked again last year, he had thought of one, his inappropriate 'tough talk.' Last night, Bush acknowledged that some of the most fundamental assumptions underlying the US venture in Iraq were wrong." That "evolution tracks the sharp deterioration not only of the US position in Iraq, but also of Bush's position at home."

Moreover, says McClatchy (1/11, Douglas, Hutcheson), "many of Bush's new proposals…have been tried before and failed." A second McClatchy (1/11, Strobel, Youssef) analysis adds "many analysts" said "they feared Bush's modified tactics are too little and too late to make up for past blunders in Iraq." USA Today (1/11, Page, 2.27M) calls the plan "not so much a change of direction as an acceleration," adding that "except for the troop increase, none of the ideas is new." The Washington Times (1/11, Scarborough, 88K) makes runs a similar story under the headline "Past Troop Surges In Iraq Produced Mixed Results."

The Los Angeles Times (1/11, Levey, Gaouette, 850K) says the President's plan "has further united Democrats," while Republicans "have splintered in the face of widespread popular discontent over the war and Bush's plans to escalate it." The AP (1/11, Raum) reports "for Bush, the decision to send more troops to Iraq -- rather than begin a withdrawal of combat forces as recommended last month by the bipartisan

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Iraq Study Group -- is a huge gamble. If it fails, he will have few if any options left." Bush, said Tim Russert on NBC (1/10), "made it double or nothing. He'll get the escalation in troops but it really is his last chance. … A skeptical public" has "turned against this war. He has to ask for one last chance for this plan to work. It's going to be very uphill." Similarly, CBS (1/10, Axelrod) asked last night, "The question you have to ask is, if this doesn't work, where does the President go from here?"

Bush's plan, says the Washington Post (1/11, A1, Ricks, Tyson, 690K), "is likely to touch off a more dangerous phase of the war, featuring months of fighting in the streets of the Iraqi capital, current and former military officials warned. … The prospect of a more intense battle in the Iraqi capital could put US military commanders in exactly the sort of tough urban fight that war planners strove to avoid during the spring 2003 invasion of the country." The Post adds, "An Army officer who recently commanded a battalion in Baghdad predicted last night that the plan would fail because…Maliki and his government 'will do things to maintain protection' of Sadr's forces. He also dismissed as 'happy talk' the president's notion that the predominantly Shiite Iraqi army and police could reassure pro-insurgent Sunni neighborhoods by conducting foot patrols through them." Along similar lines, an AP analysis (1/11, Woodward) says Bush's rhetoric is "hard to square with facts in the region." For example, "Bush portrayed the ordinary people of the Middle East as being behind US goals in Iraq, in his speech to the nation Wednesday night." And "he declared the need to address Iran's and Syria's support for insurgents, without acknowledging his refusal to engage either country diplomatically, as many US allies and the Iraq Study Group proposed." Bush, adds the AP, "declared 'al-Qaida is still active in Iraq' and a failed US mission would give such terrorists a safe haven from which to plot attacks against Americans. Although few quarrel with that appraisal now, it is also the case that Iraq -- contrary to assertions at the time -- was not a magnet for al-Qaida before the US invasion."

Under the headline "Promising Troops Where They Aren't Really Wanted," the New York Times (1/11, Tavernise, Burns, 1.16M) reports Bush is challenging "public opinion at home by committing more American troops," and "is confronted by a paradox: an Iraqi government that does not really want them." Iraqis "fear that an increased American troop presence, particularly in Baghdad, will be accompanied by a more assertive American role that will conflict with the Shiite government's haste to cut back on American authority and run the war the way it wants." Another New York Times story (1/11, Gordon) says Bush "is in effect betting that Iraqi leaders are committed to building a multisectarian state, and his strategy will stand or fall on that assumption." The plan "depends on the good intentions and competence of a Shiite-dominated Iraqi government that has not demonstrated an abundant supply of either." In a similar assessment, the Wall Street Journal (1/11, A1, Dreazen, Jaffe, King, 2.04M) says the success of Bush's "controversial" strategy "depends on the cooperation of an Iraqi government paralyzed by sectarian tensions and a Democratic Congress that appears increasingly eager to challenge the administration's handling of the war."

Plans' "Core Elements" Were Part Of A Hadley Memo From Last November. According to the Washington Post (1/11, A13, Kessler, 690K), "core elements of the plan were contained in a classified memo" that NSA Stephen Hadley "sent to members of Bush's Cabinet on Nov. 8 -- a month before the bipartisan Iraq Study Group issued its report." The Hadley memo called for an "intensive press on Saudi Arabia to play a leadership role on Iraq, connecting this role with other areas in which Saudi Arabia wants to see US action." As part of the new plan, the Post notes that Secretary Rice "will travel to the Middle East tomorrow, stopping in Riyadh, to enlist greater Arab support for the Iraqi government -- and to try to jump-start Israeli-Palestinian talks, a key concern of Saudi leaders."

GOP Lawmakers Not Of One Mind. GOP Sens. John McCain and Lindsey Graham came out strongly in favor of Bush's plan. McCain said on CNN's Larry King Live (1/10), "I thought it was an excellent speech. The President acknowledged that the strategy has failed. It's a new strategy. … I believe those who are calling for withdrawal have the obligation to tell us what we do in the region when it descends into chaos." Asked if his support for the surge could hurt his presidential campaign, McCain said, "I would much rather lose a campaign than lose a war." On Fox News (1/10, Wallace), McCain said, "It's three years that I've been calling for these increases. I believe that this can succeed. I really do." Graham said on CNN's Larry King Live (1/10), "I agreed with the President before he made the speech. … I look at it this way: What's the result of a failed state in Iraq to our future as a nation, to the region as a whole? If Iraq fails and if we lose this war, I think the biggest winner is Iran. … My biggest motivation is not about my re-election in 2008. I support the President."

GOP Sen. John Warner, whose opinion could carry significant sway on undecided Republicans, said on CNN's Larry King Live (1/10), "I found the speech to be credible and sincere. And it does lay down a plan that reflects a lot of study by the executive branch, a lot of advice and opinion that the President took into consideration. … And I think it's now the responsibility of the Congress, particularly the Senate, to give equal study and objectivity to this speech and come up with our own opinions."

Sen. Gordon Smith, also a Republican, had already broken with Bush's Iraq policies. Last night, he said on MSNBC (1/10, O'Donnell), "The President and I just have a difference of opinion. He believes that security has to

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precede politics. I believe politics by Iraqis to decide federalism, resource-sharing and human rights -- these things will produce security. And I think we've become somewhat of a crutch, a shield, to delay the day of decision on the part of Iraqis. … I earnestly hope and pray I'm wrong and the President's right. I want him to succeed."

The Chicago Tribune (1/11, Zuckman, 617K) notes that in addition to Smith and Warner, GOP senators such as Norm Coleman, Olympia Snowe and George Voinovich have also expressed concerns about increasing troops levels. And USA Today (1/11, Jackson, 2.27M) reports "Sen. Sam Brownback, R-Kansas, a potential 2008 presidential candidate, said committing more troops is the wrong answer. 'Iraq requires a political rather than a military solution,' he said." The Washington Times (1/11, Curl, Dinan, 88K) also surveys Congressional reaction to the speech.

Democrats Blast Bush's Proposals. On TV last night, Democrats took issue with Bush's proposal to boost US troop levels. House Majority Leader Steny Hoyer said on CNN (1/10), "I didn't hear a new policy. I heard more of the same."

Sen. Barack Obama said on CNN's Larry King Live (1/10), "There was one area where I completely agree with the President. And that is that American troops have done everything that's been asked of them. They have done an outstanding job. And I don't doubt the President's sincerity in thinking that this third or fourth approach to the problem is the right one. But I did not see anything in the speech or anything in the run-up to the speech that provides evidence that an additional 15,000 to 20,000 more US troops is going to make a significant dent in the sectarian violence that's taking place there." Obama made very similar comments on MSNBC (1/10, Olbermann).

Sen. Dianne Feinstein said on CNN's Larry King Live (1/10), "My heart fell as I heard it, because I see no evidence from the past that this kind of surge is going to work. From the change of rules of engagement, what I see is an escalation. And I think it's very unrealistic to think that military and police and our people can go into a place like Sadr City and not have some form of conflagration. I've got to say, I'm really disappointed."

Sen. Jack Reed said on CNN (1/10), "This is not a really a new strategy, it's just more of the old strategy: trying to take a military approach -- primarily -- to what is a fundamentally political problem which the Iraqis must solve."

Former Sen. John Edwards said on CNN's Larry King Live (1/10), "I think what America needs from their president under the circumstances is, first, trust. They need to feel like they can trust their president. … What I saw was a very academic, analytical speech, making the case for putting more troops in Iraq. And I think that's not what America needed from its president right now. I think the President is profoundly wrong. I think escalating the war is a huge mistake. But beyond that, what's happened is that the trust in the President has eroded. And America has to feel in their gut that whether he's right or wrong, the President's telling the truth."

More Criticism Of Bush Speech. The New York Times (1/11, A30, 1.16M) editorializes, "Bush told Americans last night that failure in Iraq would be a disaster. The disaster is Mr. Bush's war, and he has already failed. Last night was his chance to stop offering more fog and be honest with the nation, and he did not take it. Americans needed to hear a clear plan to extricate United States troops from the disaster that Mr. Bush created. What they got was more gauzy talk of victory in the war on terrorism and of creating a 'young democracy' in Iraq. In other words, a way for this president to run out the clock and leave his mess for the next one."

The Washington Post (1/11, A24, 690K) editorializes, "Bush is right to recognize that U.S strategy in Iraq is not working and to seek a different policy. He is right to insist that the United States cannot afford to abandon the mission and to reject calls for an early withdrawal. But the new plan for the war Mr. Bush outlined last night is very risky. It envisions new missions and dangers for U.S. troops and counts on unprecedented military and political steps by the Iraqi government. The plan is likely to cause a spike in U.S. casualties, while the chances that it will stabilize Iraq are far lower." Bush "could have adopted a course that would have attracted broad support domestically and from Iraqis. That was the strategy -- outlined with small variations by U.S. military commanders, the Iraqi government and the Iraq Study Group -- that called for an acceleration of training of the Iraqi army and a gradual handing over of responsibility for fighting insurgents. … Instead, Mr. Bush has chosen to increase the number of Army troops and Marines and to broaden their mission."

The Los Angeles Times (1/11, 850K) editorializes, "President Bush's latest plan for Iraq has the feel of an overdue high school book report. It looks nice, reads well and is persuasive in parts. If only he had handed it in on time. The 'new way forward' outlined by the president in a prime-time address Wednesday makes too many obvious points (Iraqis must have more of a stake in their nation's success) and includes too many tired tropes (the war in Iraq is a central front in the war against terrorism). But the core of Bush's speech -- the reason to maintain at least some flicker of hope -- was an absolute-final-we're-really-serious-this-time ultimatum to the government of Iraqi Prime Minister Nouri Maliki."

In his New York Times (1/11, A31, 1.16M) column, David Brooks writes, "If the Democrats don't like the US policy on Iraq over the next six months, they have themselves partly to blame. There were millions of disaffected Republicans and independents ready to coalesce around some alternative way forward, but the Democrats never came

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up with anything remotely serious. … So we are stuck with the Bush proposal as the only serious plan on offer."

In a New York Times (1/11, A31, 1.16M) op-ed, author Danielle Trussoni writes, "My father once told me that he and his mother read the body count in the newspaper together. … It was only a month or so before my father left for the war, the winter of 1967. … Reading the body count in the paper was my father's way of preparing for the war. … As President Bush speaks about a new strategy for the war, more than 3,000 Americans have been killed in four years of fighting. And as I think of those lives cut short, I think of my father and my grandmother."

WSJournal Likes Bush Plan. The Wall Street Journal (1/11, A14, 2.04M) editorializes, "Bush's challenge last night was to convince Americans that his new plan to secure Iraq won't mean risking more lives on a conflict that critics say has become 'unwinnable.' We think he offered compelling reasons for skeptical Americans of good faith to back him, but the key will be deploying enough forces to accomplish the task." The President's words "offered the hope that the new plan won't simply mean employing more troops to carry out a strategy that hasn't been working. Though widely described in the press as a troop 'surge' or even 'escalation,' the number of additional soldiers being sent to Iraq is significant but not overwhelming. The real difference will be how America uses its troops in Iraq."

Bremer Says Bush "Is To Be Commended." In a Wall Street Journal (1/11, A15, 2.04M) op-ed, former Coalition Provisional Authority head Paul Bremer writes that President Bush "has frankly acknowledged the need for a new approach. He has assessed the various options and has courageously, and in my view wisely, rejected the politically popular course of withdrawing. Over the past four years, progress in Iraq has always depended on the interplay among the political, economic and security sectors. Clearly only Iraqis can design the necessary means to bridge their sectarian and ethnic divisions. … The president has acknowledged the need for new leadership and a new strategy. He is to be commended for rejecting the easy popular course."

War Of Words Continues Over "Surge" Versus "Escalation." US News and World Report (1/11, Wilson, Walsh) writes on its Web site, "What do you call a decision to send 20,000 or more additional troops to Iraq? It depends on whom you ask. President Bush and his team call it a 'surge.' Increasingly, Democrats and those who oppose the increase are calling it an 'escalation,' invoking an old specter from the Vietnam era." Escalation "is a highly loaded term. The U.S. News library team tracked the earliest uses of the word in a military context during the Vietnam era and found that it first surfaced in a series of increasingly critical New York Times editorials in the spring and summer of 1965. The word gained traction from there." But surge "owes its recent popularity to use by Secretary of Defense Robert Gates and other military officials." Democratic pollster Geoff Garin said, "Surge suggests it's a short, time-limited event, but at the moment the president is not willing to put any time limit on the whole enterprise."

Democrats Will Try To Block Funding For Troop Increase. The Washington Post (1/11, Weisman, Balz, 690K) puts its report on its front page, saying senior House Democrats plan to "attempt to derail funding" for President Bush's proposal to send additional troops to Iraq, "setting up what could become the most significant confrontation between the White House and Congress over military policy since the Vietnam War." USA Today (1/11, Kiely, Nichols, 2.27M) says House Defense Appropriations Subcommittee Chairman John Murtha said he "plans to use his subcommittee's control over the Pentagon budget to force a new direction in Iraq." Murtha "said he'll focus on the administration's supplemental spending request for Iraq, which is expected to be as high as $160 billion."

And at the same time, the Washington Times (1/11, Ward, 88K) says Democrats plan "to grill Bush administration officials during Capitol Hill hearings on the Iraq war -- beginning this morning when Secretary of State Condoleezza Rice and Secretary of Defense Robert M. Gates testify before congressional committees."

The New York Times (1/11, A21, Zeleny, 1.16M) reports Democratic congressional leaders "accused President Bush of ignoring strong American sentiment against the war in Iraq and said they would build a bipartisan campaign against his proposed military expansion." Speaker Nancy Pelosi said Democrats "intended to turn the precise words from Mr. Bush's speech into a symbolic resolution, compelling Republicans to support or reject the idea of sending more troops to Iraq. The Senate was developing a similar nonbinding resolution to be considered as early as next week." The Christian Science Monitor (1/11, Chaddock, 59K) says the Democratic Congress "has all the clout it needs -- at least on parchment -- to trim war funding through its power of the purse." Congress "can also opt to push back with hearings, investigations, and resolutions that condemn an escalation of the war or require President Bush to return to Congress for approval before committing troops." But choosing which course to take "is causing heated debate" within the new majority.

The CBS Evening News (1/10, story 4, 1:20, Couric, 7.66M) said Bush's plan "puts him on a collision course with the new Congress." CBS (Attkisson): "White House officials, including in some cases the President himself, have briefed 150 members of Congress in advance of tonight's speech. Today, after the latest meeting with President Bush, Democratic leaders made it clear that no minds have been

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changed." Sen. Harry Reid: "I'm at a loss as to what's going to happen with these additional troops." McClatchy (1/11, Schoof, Talev) reports that if Bush "is determined to win over Congress to the idea of keeping more American troops in Iraq, his chances looked dim Wednesday night." However, "even as the new Democratic majority and some of the president's fellow Republicans expressed doubts or rejected the notion outright, they had yet to coalesce behind binding legislation to stop him."

NBC Nightly News (1/10, story 2, Williams, 9.87M) reported, "Many members of Congress have been thoroughly briefed on the message behind the President's words in tonight's speech." NBC (Reid) added, "Democratic and Republican leaders were in the room with the President at the same time. They heard the same arguments, but they emerged from that room with dramatically different opinions about what they heard. After meeting with the President for less than an hour, top congressional Democrats said his plan for more troops appears to be nothing new. … Even some Republicans say Mr. Bush's plan has little chance of success." Sen. Gordon Smith: "The President is preparing to throw a Hail Mary pass. I just hope there is an Iraqi army to catch it." Reid: "Although most Republicans including congressional leaders are expected to fall in line behind the President."

Democratic "Prebuttals" Came In Force. The Washington Post (1/11, A2, Milbank, 690K) examines the Democratic "prebuttals" to the President's speech -- criticisms delivered before the address was made. Prebuttals "have become so intense that they have forced the victim of the prebuttal to preempt his own speech -- giving the speech itself an anticlimactic feel."

Presidential Hopefuls From Both Parties Stake Out Positions. The Los Angeles Times (1/11, Hook, 850K) reports the President's speech "provoked several potential presidential candidates to stake out a position, including some Republicans who had avoided addressing a controversial proposal that is likely to be a touchstone issue in the 2008 campaign." Ex-Gov. Mitt Romney, "ending weeks of dodging questions on the issue, announced Wednesday he would support a troop increase." But Sen. Sam Brownback "announced he opposed it, a sign that Republicans may not be as reluctant to distance themselves from Bush as they once were." Democrats John Edwards and Sen. John Kerry "announced their support for Congress to cut off funds needed for a troop increase. That step goes farther than many Democrats want because they fear it will be seen as undermining U.S. troops already in Iraq."

Democrats' Response Comes Under Fire. Under the headline "A Cynical Opposition," the Wall Street Journal (1/11, A14, 2.04M) editorializes, "You might have thought President Bush's announcement yesterday that he intends to deploy several thousand more combat soldiers to Iraq would have been sweet policy vindication for the Democrats. They're the ones who spent the better part of the past four years using Eric Shinseki -- the former Army Chief of Staff who, prior to the war, estimated it would take up to half a million troops to occupy the country -- as a cudgel with which to beat this President over the head." But "lately the Democrats have been singing from a different hymnal. … No one serious -- not even the Iraq Study Group -- believes that the war will end if we leave. Instead, it will change into a civil war in Iraq, and perhaps a wider regional war, that is likely to draw our forces back in again somewhere in the Middle East. … If Congressional Democrats want to be constructive, they can insist that Mr. Bush and his generals truly implement the strategy he is now endorsing. The path Democrats have followed in the minority and are now continuing will only make U.S. success harder -- a truth the American people will come to understand, and resent."

The Washington Times (1/11, 88K) editorializes, "The Democrats had tried several pre-emptive strikes against President Bush's speech last night about how to win the war in Iraq. The president, in our view, is right to send additional troops to Baghdad and other violent areas of Iraq to stanch the blood-letting and enable the Iraqi government to impose its authority over the nation. But in addition to opposing measures to end the war, the House would now undermine national security."

In his Los Angeles Times (1/11, 850K) column, Jonah Goldberg writes under the headline "At Least Bush Wants To Win" that with his speech, "President Bush made it clear that he will settle for nothing less than winning" in Iraq. Bush "may be deluding himself, and his plan may not work, but he at least has done the nation the courtesy of saying what his position is, despite an antagonistic political establishment and a hostile public. What is maddening is that the Democratic leadership cannot, or will not, clearly tell the American people whether they are the party of 'end it' or 'win it.' … Bush came up with the 'surge' plan. Will it work? Nobody knows. But the one thing the American people know about George W. Bush is that he wants to win the war. What the Democrats believe is anybody's guess."

In his Roll Call (1/11) column, Morton Kondracke writes, "Politically and militarily, this is President Bush's last chance to avoid catastrophe in Iraq and the Democratic Congress ought to let him play out his hand. Hard as it might be, Democrats should resist extreme pressure from anti-war forces in their base to undermine what little is left of Bush's popular support and force a withdrawal from Iraq. The reason is that if the United States loses the Iraq War, the consequences will be dire -- and a Democratic president elected in 2008 may well have to deal with them."

In a Washington Times (1/11, 88K) op-ed, Washington Center for Politics & Journalism director Terry Michael, the Democratic National Committee press secretary from 1985-

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1987, writes, "It's hard to get out of a deal with the devil. That's the congressional Democrats' dilemma, as they continue to treat the Iraq war as a speed bump on their pathway to the perks of restored power, rather than as a moral question to which voters loudly demanded a moral answer two months ago. … Where are the Gordon Smiths in the Democratic Party? Where are the conviction politicians willing to spend political capital to lead a citizenry which has decided overwhelmingly that this war is crazy? Where are the institutions of media power with the courage to say the emperor has no cowboy boots, no jeans, no garments at all -- just a hideous, stubborn smirk that is literally making this country ill and squandering our reputation around the globe?"

Eyewitnesses Say US Forces Raided Iranian Consulate In Iraq. NPR (1/11) reported in this morning, "Eyewitnesses in the city of Erbil in Kurdish-controlled northern Iraq says American forces raided the Iranian Consulate there in a pre-dawn operation. … Kurdish security forces blocked off the quiet residential street leading to Iran's small consulate" in Erbil, "preventing journalists from taking a close look at the building. Broken glass could be seen outside the entrance, however, and the Iranian flag was not flying from the pole outside the two-story villa. Residents in the neighborhood say around 4 am local time they heard helicopters and planes flying over the consulate. They say they also heard periodic gunfire in the area. 'Do not go to the Iranian consulate,' one shopkeeper said. 'The Americans have arrested everybody there.' The raid took place within hours of President Bush's televised speech, which promised a new strategy for the Iraq war. Kurdish security forces on the scene insisted no raid took place. They added that no Iranian diplomats were currently in the consulate building."

Bush Seen As Stepping Up "Strategy Of Confrontation" Against Iran. The New York Times (1/11, A21, Cooper, Mazzetti, 1.16M) reports that in "promising to stop Iran from meddling in Iraq, President Bush returned Wednesday night to a strategy of confrontation" with Iran, "casting aside what had been a limited flirtation with a more diplomatic approach toward it." Bush "accused Iran of providing material support for attacks on American troops and vowed to respond," saying the US would send another aircraft carrier and its supporting ships to the Persian Gulf, as well as deploy more Patriot missiles in the region. The Times says the "more combative talk reflects increased frustration in the administration with Iran, which American officials blame for part of the rising death toll in Iraq."

Under Pressure From US, Maliki Agrees To Crack Down On Sadr Forces. NBC Nightly News (1/10, story 4, 1:55, Engel, 9.87M) reported, "For the first time, Iraq's Prime Minister Nouri al-Maliki has told the main Shiite militia group, the Mahdi Army, that it must surrender its weapons or face a full US and Iraqi military assault. This gives American troops here a freer hand to hunt down the militias." The AP (1/11, Hurst, Abdul-Zahra) says Maliki, "under pressure from the U.S., has agreed to crack down on the fighters even though they are loyal to his most powerful political ally," Muqtada al-Sadr.

Military Plans "Gated Communities" Strategy In Baghdad. The Los Angeles Times (1/11, A1, Barnes, 850K) reports the military's "new strategy for Iraq envisions creating so-called 'gated communities' in Baghdad -- sealing off discrete areas and forcibly removing insurgents, then working to create jobs for residents and stationing American units in the neighborhood to keep the peace." The US "previously has found it nearly impossible to secure the sprawling city. But by focusing an increased number of troops in selected neighborhoods, the military hopes it can create islands of security segregated from the chaos. The gated-communities plan has been tried -- with mixed success -- in other wars. In Vietnam, they were called 'strategic hamlets' and were a spectacular failure. But counterinsurgency experts say that such security zones can work if, once the barriers are established, the military follows up with neighborhood sweeps designed to flush out insurgents and militia fighters."

Ambassador-Designate Crocker Thrives In Tough Jobs. The Washington Post (1/11, C1, Wright, 690K) profiles Ryan Crocker, President Bush's nominee for US Ambassador to Iraq, calling him "A Diplomat Who Loves The Really Tough Jobs." The story's sub-headline reads, "In Harm's Way Is Where Ryan Crocker Thrives." The Post's very positive story says that "if there's an awful assignment in the Middle East or South Asia, Crocker, 57, has had it. He actually prefers the hot spots, colleagues say. The toughest hardship assignment for Crocker -- and the only one he tries to avoid -- is Washington, says former ambassador Edward Abington. 'He prefers the most difficult posts. There's a real sense of adventure in him,' Abington says."

Crocker Part Of New "Team Iraq." The Christian Science Monitor (1/11, LaFranchi, 59K) also writes about Crocker as part of a feature on President Bush's "reshuffled diplomatic and military 'Team Iraq.' It's an assignment for which a deep knowledge of the political and cultural complexities at play, both in Iraq and regionally, will be a huge plus." Crocker "would join a new team whose goal will be to stave off full-blown civil war in Iraq, as well as the disastrous regional and security consequences that would be very likely to accompany it." The new team "has nothing of the sharp ideological bent that both got the Bush administration's Iraq policy in trouble in the first place and

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kept it from seeing the policy mistakes that were made, experts say."

At Least 99 Iraqis, Three US Soldiers Killed In Ongoing Iraq Violence. The Los Angeles Times (1/11, Roug, 850K) reports "suicide bombers, roadside explosions and mortar rounds killed at least 99 Iraqis and wounded 26" across Iraq Wednesday, as the US military said three American troops had been killed in Anbar on Tuesday. And "despite the central Baghdad crackdown, 50 bodies were found in a neighborhood near Haifa Street. Ten more corpses were discovered across the Tigris River in the Rusafa neighborhood. All appeared to have been shot execution-style." The Washington Post (1/11, A12, Partlow, 690K) says "two busloads of Shiite Muslims returning from their holy pilgrimage to Mecca were gunned down Wednesday while passing through a predominantly Sunni Muslim swath of western Iraq." The AP (1/11) says US military deaths in Iraq hit "at least 3,017" on Wednesday. The AP count "is nine higher than the Defense Department's tally." The CBS Evening News (1/10, story 7, 2:30, Couric, 7.66M) said the war "has now lasted far longer than just about anyone predicted: 1,394 days, almost four years."

Iraq's Children Make Sectarian War Games Part Of Play. The Wall Street Journal (1/11, Shishkin, Juhi, 2.04M) runs a front-page feature on how Iraq's violence is impacting children, who now play sectarian war games. The Journal writes of a four-year-old who pulled a toy gun during play, "introduced himself as a commander, shouted the incantation 'God is greater' and warned Sunni Muslims not to fight back." As Iraq "careers toward full-scale civil war between its Shiite majority and Sunni minority, the culture of celebrating sectarian strife has taken root even among the very young in Sadr City."

National Guard Leaders Seek Changes As "Surge" Looms. The Hill (1/11, Tiron) reports the Bush Administration's plan to increase US troop strength in Iraq "is prompting National Guard officials to step up pressure for changes to mobilization, training and equipment that would have long-term implications for retention and efficiency." National Guard chief Lt. Gen. Steven Blum said, "There is no question in my mind that if the nation needs us, we will do it. It would be a huge mistake to not send the National Guard to shoulder some of that burden." But, he said, "'now is the time' to implement changes. 'If we do not do that, we risk the ability to sustain an all-volunteer force, in my judgment,' Blum warned."

Advocates Say Guantanamo Detainees "Driven Insane" By Conditions. The Financial Times (1/11, Dinmore) reports lawyers and rights activists say prisoners at Guantanamo Bay "are being driven insane by a tightening of conditions and the situation of their indefinite detention without trial." The advocates "also doubt whether the Bush administration intends to carry out its stated desire to close the facility." Today is the fifth anniversary of the first delivery of detainees to Guantanamo. The AP (1/10, Fox) writes that five years on, Guantanamo remains a "source of outrage," quoting Center for Constitutional Rights President Michael Ratner saying, "It has become iconic in the Muslim world and the wider world…for everything that the United States has done wrong in the war on terror."

Detainee Says "I Have Been Destroyed" By Guantanamo. The Los Angeles Times (1/11, 850K) runs an op-ed comprised of excerpts from letters Guantanamo detainee Jumah al-Dossari "wrote to his attorneys. Its contents have been deemed unclassified by the Department of Defense." Dossari writes, "At Guantanamo, soldiers have assaulted me, placed me in solitary confinement, threatened to kill me, threatened to kill my daughter and told me I will stay in Cuba for the rest of my life. They have deprived me of sleep, forced me to listen to extremely loud music and shined intense lights in my face. They have placed me in cold rooms for hours without food, drink or the ability to go to the bathroom or wash for prayers. They have wrapped me in the Israeli flag and told me there is a holy war between the Cross and the Star of David on one hand and the Crescent on the other. They have beaten me unconscious. … Why, after five years, is there no conclusion to the situation at Guantanamo? For how long will fathers, mothers, wives, siblings and children cry for their imprisoned loved ones? For how long will my daughter have to ask about my return? The answers can only be found with the fair-minded people of America. I would rather die than stay here forever, and I have tried to commit suicide many times. The purpose of Guantanamo is to destroy people, and I have been destroyed."

DOJ:

Mollohan Recuses Himself From DOJ Budget Work. The AP (1/11) reports, "Rep. Alan Mollohan, under Justice Department investigation about whether he has benefited from directing federal funds to nonprofit groups he helped start, stepped aside Wednesday from working on key elements of the department's budget." The AP continues, "The move came on the day Mollohan, D-W.Va., was named chairman of an Appropriations subcommittee responsible for the department's budget. … Mollohan will not have anything to do with setting the budgets for the attorney general's office, the FBI or the Justice Department's criminal division and prosecuting attorneys, he said in a letter to Appropriations Committee Chairman David Obey, D-Wis. That way, he can't

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be accused of using his power as payback for the ongoing investigation or to influence it. … However, Mollohan will still have a big say in other elements of the agency's budget, including allocation of lawmakers' pet projects such as grants to state and local law enforcement agencies." The AP adds, "At issue is at least $202 million of federal funding that Mollohan has steered to five nonprofit groups in his district - with much of the money going to organizations run by people who contribute to the lawmaker's campaigns. … Last year, Mollohan stepped down from the House ethics committee after media reports into his activities, and the FBI soon launched an investigation. A conservative group, the National Legal and Policy Center, has alleged that the 12-term congressman has undervalued his assets in annual financial disclosure reports."

CORPORATE SCANDALS:

Former Comverse Attorney Settles Options Charges For $3.1 Million. USA Today (1/11, Iwata) reports, "William Sorin, former general counsel at Comverse Technology, will pay $3.1 million to settle charges that he conspired with the company's former CEO and chief financial officer to improperly backdate stock options, the Securities and Exchange Commission said Wednesday." USA continues, "Without admitting or denying the charges, Sorin agreed to disgorge $1.7 million and pay $818,000 in interest and a $600,000 civil penalty, according to the SEC. About $1 million of the disgorgement will come from backdated options he exercised. … Sorin is the first corporate counsel fined by the SEC in the federal crackdown on the backdating of stock options by 200 companies." USA adds, "Haywood Gilliam, a partner at Bingham McCutchen and former Justice Department securities fraud chief in San Francisco, says regulators are 'focusing more on gatekeeper defendants such as attorneys, and I would not be surprised to see more of it.' … Last year, the SEC and Justice Department charged Sorin, former Comverse CEO Jacob "Kobi" Alexander and former chief financial officer David Kreinberg with a stock-manipulation scheme that allegedly reaped them $8 million."

The Wall Street Journal (1/11, A11, Burns) reports, "The Harvard Law School graduate settled without admitting or denying the SEC's allegations about his role in backdating stock-option grants. Mr. Sorin, former Comverse Technology Chief Financial Officer David Kreinberg and fugitive former Chief Executive Jacob 'Kobi' Alexander were named in the SEC's civil suit in August and were criminally charged as well. Mr. Alexander fled to the African nation of Namibia, where he is awaiting a hearing on extradition to the U.S." The Journal continues, "Prosecutors charged the option-manipulation effort produced substantial personal profits for the executives while costing shareholders. … Mr. Sorin pleaded guilty in November to a single criminal charge of conspiracy to commit securities fraud, mail fraud and wire fraud. Mr. Kreinberg pleaded guilty in October to conspiracy and securities fraud and resolved the SEC charges by agreeing to pay nearly $2.4 million. The SEC said its investigation is continuing."

Records Show Jobs Benefited From Apple Options Dating. The Washington Post (1/11, A1, Sipress) reports, "Apple Inc. chief executive Steve Jobs confirmed his place this week as the premier impresario of the Internet age, taking the stage in San Francisco to unveil a smart phone that won a raucous endorsement from thousands of fans in the audience and sent Apple stock rocketing to a record high. … But his signature performance at the annual Macworld Conference and Expo did not dispel the scandal swirling around Apple over its backdating of stock options. Despite the company's defense that Jobs never personally benefited from a pair of stock option grants he received -- he gave them up in 2003, long before allegations of wrongdoing surfaced -- filings with the Securities and Exchange Commission show that his options were exchanged for 5 million shares of restricted Apple stock." The Post continues, "That stock was worth $75 million at the time, nearly the same as the value of the options he relinquished, using a technique for calculating the value of investments popular with financial analysts and used by Apple. … Steve Dowling, Apple's director of corporate communications, said the 2003 transaction did not directly benefit Jobs because he could not sell the restricted shares until he had remained at Apple for another three years." The Post adds, "Some investor advocates call that explanation disingenuous. 'You are torturing the English language to say he did not benefit from the options,' said Patrick McGurn, executive vice president of Institutional Shareholder Services. 'He certainly benefited from the grant because the grant was converted on a value-to-value basis.' … McGurn and other analysts also said the amount of stock Jobs received appeared to be inflated because the value of his options was exaggerated, at least in the case of one grant, by the improper backdating."

Former NYSE Head Grasso Seeks Jury Trial. The Wall Street Journal (1/11, C6, Bray) reports, "Dick Grasso, the former chairman of the New York Stock Exchange, asked a state appeals court to throw out a lower court's ruling that he must return a portion of his $187.5 million compensation package." The Journal continues, "At a hearing before the appellate division of the New York State Supreme Court, Gerson Zweifach, Mr. Grasso's lawyer, said New York State Supreme Court Justice Charles E. Ramos erred in October when he granted a summary judgment request by the state attorney general's office." The Journal adds, "Mr. Zweifach said there are too many issues that remain in dispute about whether Mr. Grasso fulfilled his

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fiduciary duties to the Big Board and what the NYSE's directors knew about his compensation package for the case to be decided without a trial. He said the case should be decided by a jury. … 'It was error for the trial court to even attempt on summary judgment to decide what people knew and what Mr. Grasso should have known,' he said." The Journal notes, "The attorney general's office, which sued Mr. Grasso in 2004 alleging his pay was excessive for a not-for-profit corporation, has said Mr. Grasso should be forced to return more than $112 million. .. In November, the appeals court stayed all proceedings until it could consider a number of issues raised by Mr. Grasso, including whether to reassign the case to a different judge."

US Charges Hewlett-Packard Investigator With Identity Theft. The Wall Street Journal (1/11, Waldman) reports from San Francisco, "In another criminal charge stemming from last fall's Hewlett-Packard Co. spying affair, U.S. Attorney Kevin Ryan charged independent investigator Bryan Wagner with felony identity theft and conspiracy." The Journal continues, "Mr. Ryan's spokesman, Luke Macaulay, said no other federal charges were filed in the H-P matter Wednesday, but that the Justice Department is still investigating the case." The Journal adds, "Mr. Wagner, of Littleton, Colo., was one of five people charged with several felony counts last fall by the California attorney general's office in connection to the H-P scandal. Those charged by California include H-P's former nonexecutive chairman, Patricia Dunn, and its former chief ethics lawyer, Kevin Hunsaker. All five have pleaded not guilty to the California charges, including Mr. Wagner, who state and federal prosecutors allege used false identities to obtain the private phone records of numerous H-P directors, employees and journalists."

CRIMINAL LAW:

DOJ Tells Philadelphia Lawmaker He Is Target Of Corruption Probe. The Philadelphia Inquirer (1/11, Shiffman, Cattabiani, McCoy) reports, "Federal prosecutors last year sent a formal warning to State Sen. Vincent J. Fumo that he may be indicted, according to sources familiar with the investigation." The Inquirer continues, "The issuance of a so-called target letter from prosecutors to Fumo, one of Pennsylvania's most powerful politicians, is a significant milestone in the four-year investigation, which appears to be in its final stages. … The target letter was sent to Fumo last summer, around the time two of his computer aides were charged with destroying evidence to thwart the investigation, sources said. The Inquirer learned of the letter this month. A lawyer for Fumo yesterday declined to comment." The Inquirer adds, "Typically, prosecutors send target letters to people who are likely to be charged, as a warning and as an invitation to testify before the grand jury. It's an offer that the targets usually refuse. … 'It is the rare case, in my experience, that you can talk a prosecutor out of charges once a target letter is issued,' said Lawrence S. Lustberg, a Newark lawyer who defended one of the Commerce Bank executives convicted in the 2005 City Hall corruption trial. … However, the delivery of a target letter, part of a secret grand jury process, is no guarantee that charges will be filed." The Inquirer notes, "Before prosecutors present a potential indictment in such a high-profile case, they often consult with senior Justice Department officials in Washington. Also in such cases, defense attorneys are likely to be afforded the opportunity to meet with top officials, including U.S. Attorney Patrick L. Meehan. … The Fumo investigation is focused on whether Fumo used funds from a multimillion-dollar South Philadelphia charity for personal or political benefit - and whether Fumo and staffers destroyed evidence to try to thwart the FBI. … With the grand jury's term due to expire next month, prosecutors have subpoenaed witnesses to appear in the coming weeks, sources said."

Two Florida Prison Guards Sentenced In Sex-For-Contraband Scheme. The AP (1/11, Kaczor) reports from Tallahassee, FL, "Two guards received one-year prison sentences Wednesday for their roles in a sex-for-contraband scheme that ended in a fatal shootout at a federal prison for women." The AP continues, "Gregory Dixon, who admitted having sex with inmates but denied giving them anything for it, has taken responsibility for his actions and was sorry, his lawyer said. … The other guard, Alan Moore, told U.S. District Judge Robert Hinkle he was wrongly convicted." The AP adds, "A jury convicted both in November of conspiring to accept illegal gratuities and other crimes. … Dixon and Moore were among six guards who had been charged with being part of a conspiracy to trade cigars, cigarettes, chewing gum, jewelry and cosmetics to inmates for sex and money at the Tallahassee Federal Correctional Institution. … 'They took an honorable position and public trust and used it for self-gratification,' Assistant U.S. Attorney Alan Sprowls told the judge. 'Their conduct was a complete abandonment of what they knew was right.' … One guard, Ralph Hill, pulled a gun and began firing at federal agents who had gone to the prison to arrest the suspects June 21. Hill and Justice Department Special Agent William 'Buddy' Sentner were killed, and a prison officer aiding in the arrests was wounded. … Three other guards pleaded guilty."

US Charges Ex-Swift Employees With Identity Theft. Bloomberg (1/11, Bjerga) reports, "A federal grand jury charged 53 former employees of Swift & Co.'s meat processing plant in Cactus, Texas, with felony identity theft,

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the U.S. Attorney's office in Dallas said." Bloomberg continues, "Those charged were among 295 at the Cactus plant arrested in mid-December during nationwide raids targeting illegal immigrants at six Swift facilities. About 1,300 Swift employees, or 9 percent of its workforce, were arrested by federal agents. So far, 246 of those arrested nationwide are facing criminal charges, most for identity theft, according to Justice Department spokesman Dean Boyd in Washington. … 'It is a serious crime to hijack and steal a citizen's good name and credit to illegally stay in the United States,' U.S. Attorney Richard B. Roper said in a statement. He said most of those charged had used stolen or forged documents to find employment." Bloomberg adds, "Each of the 53 former Swift workers charged today is facing one count of false representation of a Social Security number. The felony carries a maximum sentence of five years in prison and a $250,000 fine. Most face additional charges as well, according to the statement."

Judge Tosses Testimony In Trial Of Russian Charged With Kidnapping Plot. The AP (1/11) reports from Los Angeles, "A federal judge ordered jurors in the case of a man charged with masterminding a kidnapping-for-ransom plot that ended with five bodies tossed into a California reservoir to disregard the defendant's testimony after he refused to answer questions under cross-examination." The AP continues, "Iouri Mikhel, 42, testified last week that he helped lure some of the victims to meetings but never killed them. He also acknowledged being a 'professional criminal' who laundered money and was a black market trader in his native Russia. … When Mikhel declined Tuesday to answer questions from prosecutors and an attorney representing a co-defendant, U.S. District Judge Dickran Tevrizian ordered the testimony removed from the court record. … Closing arguments were scheduled to begin Wednesday." The AP notes, "Mikhel, 42, has pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. He could face the death penalty if convicted. … Prosecutors allege Mikhel and several accomplices abducted Los Angeles-area businesspeople over a four-month period in 2001 and 2002 and collected $1.2 million in ransoms before killing them. … Bodies of the five people kidnapped were later found in the New Melones Reservoir near Yosemite National Park."

Pellicano Probe Finds Attorney Gave Information To Kerkorian. The New York Times (1/11, Halbfinger, Weiner) reports, "When Kirk Kerkorian's longtime lawyer was indicted on wiretapping and conspiracy charges last February in the federal investigation of the Hollywood private detective Anthony Pellicano, the billionaire investor was mentioned almost as an afterthought. … There were no accusations that Mr. Kerkorian knew or approved of any wiretapping, and no indications that he had even been interviewed by the F.B.I. about Mr. Pellicano's work on his behalf. … But in recordings that Mr. Pellicano secretly made of his own telephone conversations, Mr. Kerkorian's lawyer, Terry N. Christensen, repeatedly said he told the billionaire — then 84, and locked in a legal dispute with his ex-wife, Lisa Bonder Kerkorian — what the private detective was learning from what prosecutors say were his wiretaps." The Times continues, "Mr. Christensen stops short of saying he has told Mr. Kerkorian that Mr. Pellicano was using wiretaps, but says he is providing Mr. Kerkorian with details of Ms. Kerkorian's private conversations. … Mr. Kerkorian has not been accused of any wrongdoing, and it is unlikely that someone could be held criminally liable for the actions of an investigator hired by his lawyer without showing that the client knew of the investigator's illegal acts. … Yet the recordings show how Mr. Pellicano's information could affect a high-stakes lawsuit, and make clear that Mr. Kerkorian, according to Mr. Christensen's assurances, was grateful for intimate information that helped his case." The Times notes, "Mr. Christensen and Mr. Pellicano, both of whom have pleaded not guilty to felony wiretapping and conspiracy charges, were among seven people indicted last February as part of an F.B.I. inquiry. Two have pleaded guilty, and the trial of the other five, after several delays, is set for August."

Land In Chicago Bribery Case Outside Alderman's Ward. The AP (1/11) reports, "When FBI officials arrested Alderman Arenda Troutman this week, they alleged that she took $5,000 from a fictitious developer in exchange for helping him move forward on a project in her South Side ward. Or, rather, what they assumed was her ward. A closer look has revealed that the parcel in question isn't in Troutman's 20th Ward, after all," and "while Troutman's lawyer is crying foul, FBI spokesman Ross Rice said the mix-up is a non-issue. 'From a legal standpoint, it doesn't matter,' he said. 'It's not an element of the crime.' But defense attorney Sam Adam Jr. said his client knows the boundaries of her ward and that the location revelation 'should prove to everyone that there was nothing fraudulent going on.' 'The government's case is smelling like Limburger cheese,' Adam said."

The Chicago Tribune (1/10, Gibson, Washburn, 617K) reported the story, under the headline "Details Don't Get In Way Of FBI Sting," noting, "if the federal sting…were a Hollywood movie, Chicagoans in the know might be complaining about a flawed plot. … If the…property 'was on the other side of the street, it would have been in the 20th,' said Thomas Leach, a spokesman for the Chicago Board of Election Commissioners." The Tribune added, "Rice said investigators did not double check, and from the FBI's

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perspective, it's a moot point. Either Troutman herself believed the parcel was in her ward and she could influence the process, or she knew the parcel wasn't in her ward and thought she could take money anyway, he said."

Prosecution Rests In Tennessee Waltz Trial. The Memphis Commercial Appeal (1/11, Buser, 163K) reports, "Federal prosecutors rested their bribery case Wednesday against the Shelby County Commission's former top administrative aide, Calvin Williams, who may take the stand today in his own defense. … Among the six witnesses called by Williams on Wednesday was attorney Buck Wellford, a county commissioner from 1994 to 2002 who said on cross-examination by prosecutor Lorraine Craig that he thought Williams should have focused more on his administrative duties with the commission and less on the commissioners' political issues. Wellford said Williams appeared to have 'a special relationship' with Commissioner Cleo Kirk, who sponsored the urban development grant of $100,000 for the Glenview Neighborhood Development Partners Inc.

Katrina Said To Have Contributed To New Orleans Crime Wave. The New York Times (1/11, Nossiter, 1.16M) reports New Orleans' recent "storm of violence…can be traced in part to dysfunctional law enforcement institutions, aggravated by a natural disaster that turned the physical and social landscape of New Orleans into an ideal terrain for criminals." The city was "the United States' murder capital by many measures in 2006," and "is well on its way to keeping that distinction in 2007." The Times cites New Orleans' "automobile-bound police department," which "is reluctant to walk the streets and interact with the city's residents. It is at war with the district attorney's office, which is prosecuting seven officers for a deadly shooting soon after Hurricane Katrina struck in 2005. Judges in the city's courts regularly rule in favor of criminals. Completing the grim picture is an already fragile social structure in the city's poorest wards that has been all but destroyed by Hurricane Katrina."

Bob Herbert, in his column for the New York Times (1/11, 1.16M) writes that as residents of New Orleans become "increasingly unnerved," the city "is a place that could use a hopeful sign of any kind, some positive development to signal that perhaps better times are coming." Herbert goes on to describe the efforts of Ghebre Selassie Mehreteab, "a middle-aged bundle of energy who heads the NHP Foundation, a national nonprofit organization that has taken on the difficult mission of providing quality housing at rents that poor and middle-class families can afford." Ghebre, or Gabe, "hopes to build 3,000 affordable rental apartments in and around New Orleans at a total cost of $300 million. How does he do it, when others find the task so daunting? The key, he said, is to combine the expertise of a successful real estate operation with the talent and vision of an experienced foundation committed to what is essentially a charitable mission."

Report Finds Ex-Prisoner Death Rate Higher Than For Current Inmates. The Wall Street Journal (1/11, Winstein) reports, "In what may be the first large-scale study of mortality among released prison inmates in the U.S., researchers found that getting out of jail can be hazardous to your health." The Journal continues, "The death rate for ex-prisoners was four times that of current inmates, and more than triple the rate for the general population, even after the effects of age, sex and race were factored out. More than 30% of the excess deaths were due to drug overdoses." The Journal adds, "Within the first two weeks after a prisoner is released, the figures were worse: former inmates were 13 times as likely to die as the population at large - and almost 80% of those extra deaths were from drug overdose. .. After drug overdoses, the leading causes of the higher death rate were murders, heart disease and suicides." The Journal notes, "The doctor who led the study, Ingrid A. Binswanger of the University of Colorado, said she was surprised that the difference in death rates was so large. The findings could indicate a substantial public health problem, since about 700,000 people are released from prison in the U.S. each year, according to the Bureau of Justice Statistics. … The study, to be published in the New England Journal of Medicine Thursday, tracked 30,237 inmates released from the Washington state prison system between 1999 and 2003. Researchers cautioned that the figures, which are broadly consistent with previous studies in Finland and Australia, do not necessarily apply to the rest of the U.S."

Bloggers Win Seats In Media Section At Libby Trial. The Washington Post (1/11, D1, Sipress) reports that when the trial if I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, "opens next week, scores of journalists are expected to throng the federal courtroom in Washington, far too many for the 100 seats set aside for the media." But for the "first time in a federal court, two of these seats will be reserved for bloggers. After two years of negotiations with judicial officials across the country, the Media Bloggers Association, a nonpartisan group with about 1,000 members working to extend the powers of the press to bloggers, has won credentials to rotate among his members." The Libby trial "could 'catalyze' the association's efforts to win respect and access for bloggers in federal and state courthouses, said Robert Cox, the association's president."

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CIVIL LAW:

Delphi Seeks Bankruptcy Judge's Approval Of Investment Plan. The AP (1/11, Tong) reports, "Board members of Delphi Corp. decided on Wednesday to move forward in seeking the approval of a federal bankruptcy judge to allow five private equity and institutional investors to buy shares worth as much as $3.4 billion in the company upon its reorganization." The AP continues, "Directors of the Troy, Michigan-based auto parts maker essentially rejected an unsolicited $4.7 billion bid made by a rival investor. Judge Robert Drain was scheduled to consider the plan and objections in a Thursday hearing." The AP adds, "The plan is a crucial part of an overall transformation sought by the company, as it attempts to exit bankruptcy in the first half of this year. Objectors say it transfers a disproportionate amount of the company's value to the investors at the expense of other stakeholders in the case. … The plan allows affiliates of three private equity investors, Appaloosa Management LP, Cerberus Capital Management LP and Harbinger Capital Partners Master Fund I, as well as Merrill Lynch & Co. and UBS Securities LLC, to buy shares in a restructured Delphi for $1.4 billion to $3.4 billion. It would give the investors a minimum of 30 percent and up to 72 percent of the restructured company but also depends on consensual resolution of Delphi's labor agreements by Jan. 31. … Highland Capital Management LP made a competing proposal Dec. 21, three days after the original bid, to buy shares at a cost of $4.7 billion. Highland has joined the acting U.S. Trustee, the official committee of equity security holders, the International Union of Electronic Workers-Communications Workers of America and two other unions in objecting to the Appaloosa-Cerberus plan. … The U.S. Trustee and the IUE-CWA, which represents the second-largest group of Delphi employees, objected in part based on their belief that the investment plan takes the place of the usual process of creating a bankruptcy reorganization plan since it outlines how some creditors would be paid."

CIVIL RIGHTS:

FBI "Highly Likely" To Investigate Houston Police Shooting. The Houston Chronicle (1/11, Rogers, 530K) reports, "The FBI said Wednesday that it likely will open a civil rights investigation to monitor ongoing inquiries into the shooting death of Robert McIntosh by a Houston police officer. The move only will monitor investigations by local authorities and is not a formal investigation to determine whether McIntosh's civil rights were violated, said Shauna Dunlap, a spokeswoman for the FBI. 'Agents have been looking into the matter, and it looks likely that we will open a civil rights investigation to monitor the progress of the district attorney's investigation and the Houston Police Department internal affairs investigation,' Dunlap said." The Chronicle notes, "McIntosh, 23, was shot to death Monday after a traffic stop in the Sunnyside area, prompting an outcry from community leaders when witnesses alleged the man was handcuffed before the shooting. … Dunlap said the FBI decided to wait until it reviews the case and meets with other agencies involved in the investigation before deciding to launch a probe. If the FBI opens an investigation, she said, it may come in the next few days."

The AP (1/11, Stinebaker) reports, "McIntosh's shooting prompted Quanell X, a local activist and frequent critic of the Houston Police Department, to demand a federal investigation, saying McIntosh was the victim of 'a cold-blooded murder.' … FBI spokeswoman Shauna Dunlap said Wednesday such an investigation likely will be announced soon. … 'There is a strong possibility that in the next couple of days, we will open a civil rights investigation,' Dunlap told The Associated Press." The AP notes, "In the past, federal authorities in Houston have prosecuted Houston police for civil rights violations when a local grand jury declined to indict them in shootings of civilians."

Jury Deliberations In Texas Smuggling Case Postponed. The AP (1/11, Lozano) reports from Houston, "A truck driver facing a possible death sentence for a smuggling attempt in which 19 illegal immigrants died locked in his sweltering tractor-trailer will have to wait until at least next week to learn his fate." The AP continues, "The jury deliberating whether to sentence Tyrone Williams to death for what became the nation's deadliest human smuggling attempt is taking a five-day break, U.S. District Judge Lee Rosenthal told attorneys Wednesday." The AP adds, "Jurors decided to wait until Tuesday to resume their deliberations because the judge was scheduled to be out of town Thursday and Friday and the Martin Luther King Jr. holiday is Monday. … Jurors deliberated for about eight hours Wednesday without reaching a verdict. They have deliberated a total of about 14 hours since Tuesday." The AP notes, "The jury is deciding whether to sentence Williams to death or life in prison without parole, or to let Rosenthal issue a sentence that could range from no incarceration to life in prison without parole. … Williams was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants, including 20 counts that were death-penalty eligible."

Judge Strikes Down Effort To Seize Immigrant Smuggling Money. The Wall Street Journal (1/11, Carrns) reports, "The state of Arizona has no authority to seize thousands of Western Union Co. money transfers to Mexico that originated outside of Arizona, a state court has ruled."

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The Journal continues, "The finding, which was filed Tuesday, is a victory for Western Union, Englewood, Colo., which relies on electronic money transfers to Mexico as a mainstay of its business. Such transfers make up about 10% of its money transfers." The Journal adds, "Arizona Attorney General Terry Goddard said he will contest the Superior Court's order halting the state's seizure warrant in the Arizona Court of Appeals. He said he is confident his office can provide evidence that the money transfers, while occurring outside of Arizona, are linked to Arizona crimes, and that Arizona authorities should be allowed to intercept them as part of its battle against illegal human trafficking."

The AP (1/11, Billeaud) reports, "Mexico depends heavily on money wired from Mexicans who are working in the United States. Some lawmakers in Mexico denounced the seizure effort. … The efforts were so successful that smugglers began to route their payments from other American states to Mexico, even as traffickers continued to sneak people in through Arizona, prosecutors said. Authorities responded by trying to seize money transfers going into the northern Mexican state of Sonora. … The new ruling concluded prosecutors had not shown they have jurisdiction for the broader approach and had not demonstrated that the Western Union customers in question were involved in crimes. It said the approach violated protections for interstate and international commerce under the U.S. Constitution."

Seattle Blamed For Arrests Of WTO Protestors In 1999. The AP (1/11, Johnson) reports from Seattle, WA, "A lawyer for as many as 200 people arrested in an emergency 'no protest zone' established during the 1999 World Trade Organization demonstrations asked a federal jury to hold the city accountable for violating the protesters' constitutional rights." The AP continues, "U.S. District Judge Marsha Pechman has already ruled that police made the arrests without probable cause. The protesters are hoping to prove the police had a policy of targeting protesters for their anti-WTO opinions, or at least that the actions of officers were approved by higher-ups; if so, the city could face millions of dollars in damages in a subsequent liability phase of the trial. … 'My clients were not throwing bricks. They were not interfering with police,' attorney Mike Withey said in his opening statement Tuesday. 'The policy was to arrest people based on their viewpoint.'" The AP notes, "City attorney Ted Buck said the overwhelmed officers didn't care what opinions the protesters held; they simply wanted to keep the downtown core clear so that police, emergency workers, WTO delegates and others would be able to do their jobs. … The week of the arrests, about 50,000 protesters had swarmed Seattle, overwhelming police and closing down the WTO meeting. The mayor imposed a curfew and limited the downtown core to WTO delegates, police and emergency workers, store employees, residents and shoppers."

GOP Lawmakers Ask DOJ To Help Keep Border Agents Free Pending Appeal. The Washington Times (1/11, Seper) reports, "Republican House members yesterday asked President Bush to keep two U.S. Border Patrol agents out of prison pending their appeal of convictions for shooting a suspected drug smuggler in the buttocks as he fled into Mexico. … 'Several discrepancies in the government's case strongly question whether justice has been served, and permitting these men to be incarcerated in the interim puts their lives at risk,' Rep. Dana Rohrabacher of California said at a Capitol Hill press conference. … 'We're going to find out whose side you're on ... the American people or the side of our enemies,' Mr. Rohrabacher said in a reference to Mr. Bush. 'If you let these two men go to jail for defending us, then we'll know you're on the side of our enemies.' … He was joined by Reps. Duncan Hunter of California, Ted Poe of Texas, Walter B. Jones of North Carolina, Joe Wilson of South Carolina and Tom Tancredo of Colorado." The Times adds, "In lieu of a pardon, a letter petitioning Attorney General Alberto R. Gonzales was presented during the press conference asking the Justice Department to direct federal prosecutors not to oppose a motion filed in a Texas court to keep the agents free on bond during the appeals process. … Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October in federal court in El Paso, Texas, to 11 and 12 years, respectively, for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation. … A jury convicted the two agents in March after a two-week trial. They are scheduled to report to prison Wednesday. Compean and his wife, Patty, attended yesterday's press conference. … 'I urge Attorney General Gonzales to allow these men to go free on bail while the appeals process is under way,' Mr. Wilson said. 'We must stand with our nation's heroes -- not the criminals who disregard our laws.'"

KFMB-TV, San Diego, CA (1/10, 12:00 p.m.) broadcasted, "Among those asking Attorney General Alberto Gonzalez to intervene is San Diego Congressman Duncan Hunter. Hunter says the two border patrol agents from Texas should at the very least remain free on bail while their appeal is pending. Agents Jose Campean and Ignacio Ramos were chasing a drug smuggler back in February of 2005."

KDBC-TV, El Paso, TX (1/10, 6:00 p.m.) broadcasted, "Ramos and Compean were sentenced to Federal prison for shooting a Mexican drug dealer and trying to hide it. Today several Congressmen announced their plan to send a letter to the President and to Attorney General Alberto Gonzales.

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Asking to keep the two men out on bail until the continuance of their trail is done. Without a pardon."

Civilian Oversight Of LAPD Urged After Officer's Exoneration In Teen's Death. The Los Angeles Times (1/11, Lait, Hymon) reports, "Angered by an administrative panel's secret decision not to punish the Los Angeles Police Department officer who fatally shot a 13-year-old boy, City Council members and community leaders called Wednesday for increasing civilian oversight of misconduct cases and reopening them to public scrutiny. … 'People are always going to have different views on how cops should be punished for shootings, but all the facts should be out in the open and there ought to be accountability for the ultimate decision-makers,' said Councilman Jack Weiss, head of the city's Public Safety Committee." The Times continues, "Weiss said he would hold a joint hearing with the Police Commission in upcoming weeks to discuss ways to make LAPD discipline 'more transparent.' … Other city officials, including Mayor Antonio Villaraigosa, also said they were disappointed to learn that an internal LAPD disciplinary panel meeting held behind closed doors this week rejected the civilian Police Commission's findings that Officer Steven Garcia should be punished for the Feb. 6, 2005, shooting of Devin Brown." The Times adds, "Councilman Bernard C. Parks, who led the LAPD from 1997 to 2002, said holding disciplinary hearings in private undermines confidence in the Police Department. … Although disciplinary hearings have historically been open to the public, police officials changed department policy late last year in response to a state Supreme Court ruling that restricted access to law enforcement personnel records in a San Diego case."

U Of Michigan To Comply With State's Ban On Use Of Race Or Sex In Admissions. The Washington Post/AP (1/11, A14, Goodman) reports, "The University of Michigan announced Wednesday that it will comply with a new voter-approved ban on affirmative action and immediately stop considering race and gender in admissions." Meanwhile, the university will "continue its legal challenge of the measure" and will continue to "use other criteria that are not explicitly race- or gender-based" including "geographic diversity, the level of education completed by students' parents, and whether students attended a disadvantaged school."

The New York Times (1/11, Lewin) reports, "The University of Michigan acceded to a federal appeals court decision" requiring "immediate compliance" with "the state's new ban on affirmative action in public education, employment or contracting."

Florida To Move Mentally Ill Inmates To Hospitals, Residential Centers. The New York Times (1/11, Sexton) reports, "About 300 mentally ill inmates in county jails throughout Florida will eventually be moved to psychiatric hospitals and residential centers for treatment after state lawmakers agreed on Wednesday to an emergency spending measure." The Times continues, "The Legislative Budget Commission, a panel of the Florida Legislature meeting in an emergency session, voted unanimously to spend nearly $19 million before July 1 to provide 373 more psychiatric beds for mentally ill inmates and more community services for mentally ill people at risk of being jailed." The Times adds, "The decision comes after a state circuit judge charged Lucy Hadi, the former secretary of the Department of Children and Families, with indirect criminal contempt for keeping mentally ill inmates in jail longer than state law allows. Ms. Hadi, who resigned last month, was fined $80,000. … State law requires the department to move inmates found incompetent to stand trial from county jails to psychiatric hospitals within 15 days of receiving a commitment order. The number of inmates found incompetent has increased by 16 percent over the last two fiscal years. As of Tuesday, nearly 250 mentally ill inmates had waited more than 15 days for treatment. In all, nearly 300 inmates are waiting for treatment."

Columnist Blasts DA In Duke Lacrosse Probe. In a column for the Wall Street Journal (1/11, A15), Dorothy Rabinowitz writes, "No one could have imagined, when the story began last March, how soon and completely that bit of shorthand – 'the Duke University scandal' -- would be transformed. … Scarcely 10 months after, the term is now almost universally understood as a reference to the operations of Michael Nifong, the Durham County district attorney, whose abandonment of all semblance of concern about the merits of the rape and assault accusations against three Duke University students was obvious from the first. So was his abundant confidence while broadcasting comments on the guilt of the accused. He seemed a man immune to concerns for appearances as he raced about expounding on the case against the accused lacrosse players and calling them hooligans. He would hear nothing by way of concern from Duke administrators (seven months into this affair, the university president did find an opportunity to mention the accused students' right to a presumption of innocence) -- and certainly none from the politically progressive quarters of the Duke faculty who lent their names to an impassioned ad thanking everyone who had come out to march in protest against the rape and assault of the exotic dancer; 88 faculty members signed it, among them such Duke luminaries as Alice Kaplan, author and student of fascism, and Frank Lentricchia, literary critic." Rabinowitz continues, "Mr. Nifong's

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confidence that he had nothing to fear from establishment opinion or from the leaders of the great university as he bounded about making hash of the rules of justice -- prime among them the accused's right to a presumption of innocence -- proved justified. And might have remained so longer but for the catastrophic effects of the accuser's unraveling stories." Rabinowitz concludes, "The accused Duke students can be grateful that the case against them has collapsed, and that Mr. Nifong now confronts a serious ethics complaint filed by the North Carolina State Bar. They will never have to face anything like the malignant force which descended on the happy and ambitious Amiraults in 1984, and turned their lives to dust. But Reade Seligmann, David Evans and Collin Finnerty have this year had a look into an abyss that has claimed many others, and that is never less than terrorizing. It is a piece of their Duke education they are unlikely to forget."

ANTITRUST:

US Airways Hikes Delta Bid To $10.2 Billion.

The Washington Post (1/11, D1, Wilber) reports, "US Airways turned up the pressure yesterday in its hostile takeover bid for bankrupt Delta Air Lines by boosting its offer, setting a February deadline for action and sending its top executive to Capitol Hill to reassure legislators that a merger would not harm consumers." The Post continues, "The push comes as US Airways appeared to have lost some momentum in its effort to entice Delta's creditors to accept its bid. Yesterday, it increased its original offer, about $8.6 billion, to $10.2 billion, including $5 billion in cash and nearly 90 million shares of US Airways stock."

The Atlanta Journal-Constitution (1/11, Grantham) reports, "The merger plot just thickened at Delta Air Lines. … US Airways bumped up its takeover bid for the Atlanta-based airline by 20 percent Wednesday, to $10.3 billion, adding a Feb. 1 deadline in a move to pressure Delta's bankruptcy court creditors — who have a big say in whether the deal goes through." The AJC adds, "Industry analysts said that should give Tempe, Ariz.-based US Airways a better shot at persuading the creditors to choose its hostile takeover bid over Delta management's plan to emerge from Chapter 11 as an independent carrier. … But a report also surfaced that Delta and Northwest Airlines, also in Chapter 11 proceedings, have had talks about a possible merger after they both exit bankruptcy. … Citing unidentified sources, the Wall Street Journal reported that the two airlines were talking at various levels of management. … It said Delta and its creditors may see a post-bankruptcy link-up with Northwest as a better alternative to the US Airways bid. The Journal also said Delta and United Airlines have had contacts." The AJC notes, "A merger involving Delta and any of those possible partners would create the world's biggest airline. It would require approval of the U.S. Justice Department, which historically has taken a dim view of such large-scale deals."

The AP (1/11, Weber) reports, "The ball is now in the creditors' court. … The question is whether they want to take the money US Airways is offering and run the risk of a long regulatory fight, or stick with Delta's plan to emerge from bankruptcy by the middle of this year as a standalone company worth $9.4 billion to $12 billion." The AP adds, "An unofficial group of unsecured creditors issued a statement calling on Delta 'to provide thoughtful and unbiased consideration' to the enhanced offer. It urged the airline's management to cooperate fully with US Airways' efforts to get information and not to deter alternatives from other companies that could provide stakeholders greater recoveries than under a standalone reorganization. The group represents creditors holding about $2.3 billion in claims against Delta. .. Delta management has argued that the combination of US Airways and Delta would not receive regulatory approval because of the overlap of the two carriers' routes. US Airways says there wouldn't be any regulatory holdup."

Delta In Talks With Northwest To Avert US Airways Bid. The Wall Street Journal (1/11, B1, Dade, Carey) reports, "In the two months since US Airways Group Inc. announced its hostile bid for Delta Air Lines Inc., the embattled carrier has mounted a high-octane campaign of grass-roots organizing and fierce political lobbying to try to stay independent -- but all that has succeeded in doing is attracting a higher offer and a potential new suitor. … Yesterday, US Airways increased its bid to $10.3 billion, up 20% from its original proposal, while people familiar with the situation said there have been recurring talks between Delta and Northwest Airlines Corp. about the two combining when each emerges from bankruptcy later this year. While Delta maintains its insistence that its future is brightest as a stand-alone carrier, the talks with Northwest suggest that Delta executives are grappling privately with how much more the airline can afford to pay to creditors to remain independent. Northwest has emerged as a 'promising third option,' according to one person familiar with the matter."

The New York Times (1/11, Bailey) reports, "A Northwest bid would probably be preferable to Delta managers because the two airlines' route networks overlap less than with Delta and US Airways. A combination with Northwest is therefore likely to lead to fewer grounded planes, if any." The Times adds, "The growing interest in Delta reflects the improving fortunes of the airline industry, which is starting to post rare profits, and also perhaps the start of a new wave of consolidation. … While the progress of any particular deal is a matter of conjecture, yesterday's events suggested that one or more airline mergers had become likelier than even a week ago."

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The AP (1/11, Freed) reports, "No one knows if Northwest and Delta airlines will end up together, but the idea strikes some observers as sensible. … Recurring talks between the two carriers have taken place, the Wall Street Journal reported on Wednesday, citing anonymous sources. Both airlines declined to comment. Even if managers at the two bankrupt airlines make a deal, creditors would have to approve, too. … But observers pointed out that Delta Air Lines Inc.'s routes have less overlap with Northwest than with US Airways, which has proposed buying Delta. Northwest's domestic routes are concentrated in the Midwest and Asia, while Delta is strong in the South and East and over the Atlantic." The AP adds, "Less overlap could mean less resistance from antitrust regulators, said former Northwest board member and Northwest Capt. Mike Ristow. … 'In terms of a global network, they come up with something more attractive' than a Delta-US Airways merger would, said Daniel Kasper, managing director of aviation consulting firm LECG in Cambridge, Mass. LECG has done bankruptcy work for both Delta and Northwest."

Monsanto Expects DOJ Antitrust Review To Delay Delta And Pine Merger. The St. Louis Business Journal (1/11) reports, "Monsanto Co. said in a regulatory filing Tuesday that its proposed $1.5 billion acquisition of cotton seed breeder Delta and Pine Land Co. might be delayed past its mid-February targeted closing due to U.S. Department of Justice approvals." The Journal continues, "In its quarterly regulatory filing with the Securities and Exchange Commission, Monsanto said that the deadline for the merger, initially announced in August, is Feb. 14, subject to an automatic extension of up to six months to complete regulatory reviews. The company said in the filing that it anticipates the regulatory process might extend beyond that date, invoking the automatic extension." The Journal adds, "The merger has been approved by the boards of both company's and Delta's shareholders approved the deal Dec. 21. The transaction is being reviewed by federal and state authorities, including the Department of Justice. … To make the deal more acceptable to regulators, Monsanto pledged in August to divest its Stoneville cottonseed business and is looking for potential buyers for that business."

Louisiana Pension Fund Sues Caremark Directors Over CVS Merger. The New York Times (1/11, Morgenson) reports, "A public pension fund in Louisiana has sued the directors of Caremark Rx, contending that their unanimous backing of the company's $21 billion merger with CVS over a rival $26 billion bid from Express Scripts improperly benefits Caremark executives at the expense of shareholders." The Times continues, "Among the benefits Caremark executives and directors will receive if the CVS deal goes through, the fund's lawsuit contends, are positions at the combined company and indemnification from penalties and fines that may result when criminal and regulatory investigations into possible stock option backdating by Caremark officials are concluded." The Times adds, "Yesterday, Express Scripts filed suit to block the CVS deal, arguing that the terms deal supported by the Caremark board prevents its directors from executing their fiduciary duties to shareholders. … The lawsuits, filed in Delaware Chancery Court, will once again bring the fiduciary duties of directors in the post-Enron world to the forefront. Delaware is where most major United States companies are incorporated." The Times notes, "Caremark accepted the CVS bid on Nov. 1, even though the stock-for-stock deal offered no premium to Caremark's market price at the time. … Caremark's directors have recommended that company shareholders approve the deal at a meeting that is expected to occur before March 16."

Express Scripts Urges Caremark Shareholders To Reject CVS Buyout. Bloomberg (1/11, Simison, Larkin) reports, "Express Scripts Inc. urged Caremark Rx Inc. shareholders to vote against a proposed $22.3 billion buyout by CVS Corp. while Caremark's chief blasted Express Scripts' $24.3 billion offer." Bloomberg continues, "Rejecting the CVS deal would clear the way for Caremark's board to 'give proper consideration to any other offer which it receives, including our proposal' in stock and cash, Express Scripts said today in a proxy statement." Bloomberg adds, "At the center of the dispute are competing proposals for restructuring the way Caremark handles a portion of the $251.8 billion in prescriptions distributed each year in the U.S. on behalf of employers and insurance companies. Buying Caremark would make Express Scripts the nation's largest manager of drug benefits. CVS, the second-largest U.S. drugstore chain, wants Caremark to gain power to negotiate medicine prices."

Cerberus May Bid For Equity Office. The Wall Street Journal (1/11, A3, Berman, Forsyth) reports, "Expectations were building last night that rival bidders might soon materialize to challenge the $20 billion buyout of Equity Office Properties Trust by Blackstone Group." The Journal continues, "Top real-estate and private-equity investors were buzzing that a competing offer could come within a matter of days, possibly from an investment team led by real-estate maven Barry Sternlicht of Starwood Capital Group Global LLC and Neil Bluhm of Walton Street Capital. The two were seriously considering an offer last night, said one person briefed on their plans. The two still haven't completed financing for an offer. One possible funding source could be Cerberus Capital Management, a New York-based financial conglomerate, people familiar with the matter said." The Journal adds, "A competing bid would set off what would be the most high-stakes and high-profile bidding war since the contest for RJR Nabisco nearly two decades ago. And it

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would be a potent indicator of the intensity of the competitive rivalry to buy companies. So far, buyout firms have observed an unstated gentleman's agreement not to top, or "jump" in Wall Street parlance, signed merger deals. But real-estate firms aren't party to that understanding."

The New York Times (1/11, Sorkin) reports, "A Cerberus offer could result in a bidding war for Equity Office, pitting two of the most powerful financial firms in the nation against each other for a deal that would be the largest leveraged buyout in history, surpassing the $33 billion that a consortium of private equity groups paid for the health care company HCA Inc. in August. … A bid by Cerberus would also be one of the first instances of a private equity firm's trying to top another firm's deal after an agreement had been struck."

EU Eyes Antitrust Action To Break Up Power Groups. The Financial Times (1/11, Buck) reports, "Neelie Kroes warned yesterday that she could use her powers as European Union competition commissioner to break up the region's large, integrated energy groups, opening up a potential new front in the broader regulatory crackdown on groups such as Eon, RWE and GdF." The Times continues, "Ms Kroes is a long-standing critic of gas and electricity suppliers that also control crucial transmission infrastructure, such as pipelines. She argues that integrated groups have used their grip on the networks to freeze out new entrants and stifle competition. … 'Ownership unbundling' - the break-up of integrated energy groups - through new legislation would take years, and is certain to face stiff opposition from some member states. … But Ms Kroes stressed that a break-up could be imposed on individual companies as part of an antitrust decision, for example as a punishment for violating EU competition rules. Asked whether forced unbundling was an option as part of an antitrust investigation, the commissioner replied: 'Absolutely.'" The Times notes, "The news is of special concern for Eon and RWE of Germany, GdF of France, Eni of Italy and OMV of Austria, since they are the subject of a Commission antitrust probe. The groups' offices were raided in May, following suspicions they had excluded rivals from wholesale markets and infrastructure and of 'possible collusion between incumbents in the form of market sharing', Ms Kroes said."

The New York Times (1/11, Kanter) reports, "European Union officials on Wednesday challenged governments to loosen their grip on national energy sectors, calling for a fresh wave of competition and investment in infrastructure and technology to ease dependence on powerful exporters like Russia and to combat global warming. … The region needs a new 'postindustrial revolution,' said the European Commission's president, José Manuel Barroso, announcing a number of energy proposals. 'We have already left behind our coal-based industrial past. It is time to embrace our low-carbon future.'" The Times adds, "The package of proposals is one of the largest ever presented by the commission, although it reflected changes by France and Germany, which oppose the breakup of their national electricity companies. … European Union officials also backed away from earlier, more ambitious targets for cutting emissions after energy-intensive industries and labor groups warned of threats to profits and jobs — especially if competitors in the United States and elsewhere did not follow suit. … Many of the proposals, which also aim to encourage the use of renewable fuels for cars and to improve the energy efficiency of buildings and home appliances, are to be debated by European Union leaders at a summit meeting in March. If they approve the package, many of the measures would still require the commission to draft formal legal proposals."

Bloomberg (1/11, Newman, Stearns) reports, "The European Commission, the EU's regulatory arm, wants to open competition to new entrants. Most incumbent energy companies own both production businesses and the units managing the pipes and power lines. The EU regulator wants separate owners for those businesses, a practice known as unbundling. The recommendations, to be discussed by EU leaders in March, are already meeting resistance from France and Germany." Bloomberg continues, "As part of the investigation into the region's 250 billion- euro ($325 billion) power and gas industry, the EU also probed utilities including E.ON AG, Gaz de France SA and Eni SpA for possible antitrust violations. The commission said energy companies may be illegally colluding to keep out rivals, calling the practice ``one of the most serious threats to competition." … Competition Commissioner Neelie Kroes has threatened to fine energy companies as much as 10 percent of annual sales for failing to open their networks to competitors. Kroes also said she may break up companies if she finds they have illegally restricted competition."

Cisco Sues Apple Over IPhone Trademark. The AP (1/11, Robertson) reports, "Cisco Systems sued Apple Inc. in federal court Wednesday, saying the computer maker's new iPhone violates its trademark." The AP continues, "The lawsuit, filed in U.S. District Court for the Northern District of California, came just a day after Apple CEO Steve Jobs unveiled the Apple iPhone in dramatic fashion at a trade show in San Francisco. … But even while Jobs was trumpeting the product, the matter of the product's naming had not been resolved behind the scenes between two of Silicon Valley's biggest names." The AP adds, "San Jose-based Cisco, the world's largest network-equipment maker, has owned the trademark on the name 'iPhone' since 2000, when it acquired InfoGear Technology Corp., which originally registered the name. … Three weeks ago, Cisco's Linksys division put the trademark to use, releasing an

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Internet phone called 'iPhone' that uses the increasingly popular Voice over Internet Protocol, or VoIP. … But on Tuesday, Jobs unveiled Apple's own iPhone, a 'game-changing' touch-screen-controlled cell phone device that plays music, surfs the Web and delivers voicemail and e-mail."

USA Today (1/11, Kessler) reports, "Apple spokesman Steve Dowling calls the lawsuit 'silly.' He says several companies use the iPhone name for products, though he could not provide examples. Cisco's claims 'are tenuous,' he says." USA adds, "Apple has made inquiries about the iPhone name for several years, says Cisco general counsel Mark Chandler. Talks picked up in recent weeks and seemed to be going well, Chandler said Wednesday. But Apple stopped communicating with Cisco at about 9 p.m. PT Monday, he said. … Financial terms were not an issue, Chandler said. Cisco primarily wanted two things: clarity over who would use the iPhone name and interoperability between Apple's iPhone and other companies' products, he says. He would not provide specifics."

ENVIRONMENT:

Griles Notified Of Pending Indictment. The New York Times (1/11, Shenon) reports J. Steven Griles, the "former No. 2 official in the Interior Department has been notified by federal prosecutors that he will most likely be indicted for lying about his relationship with the corrupt lobbyist Jack Abramoff, people with knowledge of the investigation said Wednesday." Barry Hartman, an attorney for Griles, said his client "was recently told by the Justice Department that he was a target of the investigation as a result of his testimony about Mr. Abramoff to a Senate committee in 2005." Two Bush Administration officials "who have been briefed on the case said the investigation of Mr. Griles and Mr. Abramoff had also brought scrutiny to a senior Justice Department official, Sue Ellen Wooldridge, an assistant attorney general. She submitted a letter of resignation on Monday and is expected to depart this month."

The AP (1/11, Heilprin) reports, "Also being investigated in relation to the grand jury probe is Sue Ellen Wooldridge, the assistant attorney general who oversees the Justice Department's environment and natural resources division, one person familiar with the investigation said. … Wooldridge sent in a resignation letter on Monday, saying she wanted to return to the private sector, Justice Department spokeswoman Cynthia Magnuson said Wednesday. … Before joining the Justice Department in November 2005, she was the Interior Department solicitor and was deputy chief of staff to Interior Secretary Gale Norton while Griles was at Interior."

US Chamber Of Commerce Cites Foreign Sources Of Pollution. The Hill (1/11, Holzer) reports the US Chamber of Commerce is "petitioning the Environmental Protection Agency (EPA) to make it easier for states, counties and cities to discount dust and smog that drifts across their borders from places as far-flung as China and Africa from their pollution levels in order to remain compliant with federal air-quality standards." While it is "well-documented that large plumes of particles and pollutants blow across the ocean," the Chamber "asserts that EPA guidance on the issue is so 'limited, deficient and complex' that states are at a loss as to how to get the relief, and so are failing to attract cement, steel and power companies that could create jobs."

Writer Decries Takings In "Post-Kelo World." In an op-ed for the Wall Street Journal (1/11, A14), William R. Maurer, executive director of the Institute for Justice, Washington chapter, writes, "The city of Burien, Wash., recently decided that a piece of property owned by the seven Strobel sisters that had long housed a popular diner-style restaurant was not upscale enough for the city's ambitious 'Town Square' development, which will feature condos, shops, restaurants and offices. Rather than condemn the property for a private developer and risk a lawsuit, Burien came up with a plan -- it would put a road through the property, and the city manager told his staff to 'make damn sure' it did. When a subsequent survey revealed that the road would not affect the building itself, but only sideswipe a small corner of the property, the staff developed yet another site plan that put the road directly through the building. A trial court concluded that the city's actions might be 'oppressive' and 'an abuse of power' -- but allowed the condemnation anyway. The Washington Court of Appeals affirmed, and the Washington Supreme Court refused to hear the case." Maurer continues, "Welcome to the post-Kelo world. The U.S. Supreme Court's 2005 decision made clear that the federal courts would not stop local governments across the country from condemning private property for economic development. While the court noted that states were free to provide greater protections for homes and small businesses if they chose, Washington state stands as evidence that a strong state constitution means little if the courts do not enforce it and local governments disregard it." Maurer concludes, "Regardless of strong constitutional protections for private property, governments and courts now view eminent domain as an area where few if any restrictions exist. … Meanwhile, state and federal courts are turning redevelopment areas into Constitution-free zones, where the government can do what it wants with few or no restrictions. It doesn't have to be this way. Courts could force the government to comply with the state and federal constitutions. Local governments could limit

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their takings only to legitimate public uses. But until all three branches of government begin taking their constitutional obligations seriously, property owners across the country face the continued threat of eminent-domain abuse, regardless of what the state or federal constitution says."

Exxon Appears To Backtrack On Global Warming. The Wall Street Journal (1/11, A2, Ball, 2.04M) reports, "In one of the strongest signs yet that U.S. industry anticipates government curbs on global-warming emissions, Exxon Mobil Corp., long a leading opponent of such rules, is starting to talk about how it would like them to be structured." Exxon's "top executives have openly questioned the scientific validity of claims that fossil-fuel emissions are warming the planet, and it has funded outside groups that have challenged such claims in language sometimes stronger than the company itself has used." Now, however, "Exxon has cut off funding to a handful of those outside groups. It says climate-science models that link greenhouse-gas concentrations to global warming are getting more reliable. And it is meeting in Washington with officials of other large corporations to discuss what form the companies would prefer a possible U.S. carbon regulation to take."

FBI/DEA/ATF/USMS:

Gonzales Urges Patience In Mexico Drug War. The San Antonio (TX) Express-News (1/11, Castillo) reports from Laredo, "Despite the Mexican government's inability to crack down on drug cartels responsible for thousands of deaths and kidnappings -- some Americans included among the victims -- the U.S. government is reserving judgment, U.S. Attorney General Alberto Gonzales said Wednesday during a border tour here." The Express-News continues, "Mexico's new president, Felipe Calderón, who already has sent troops to aid in the drug war, needs time to show his country's commitment, Gonzales said in brief remarks to reporters at the World Trade Bridge. … Gonzales met with local, state and federal law enforcement officials, some who brought up the issue of trustworthiness of their Mexican counterparts, said Rep. Henry Cuellar, D-Laredo, who participated in the briefing via phone." The Express-News adds, "More than 170 homicides were reported in Nuevo Laredo in 2006, but only a handful of arrests were made, much to the frustration of local U.S. agencies whose own investigations into crimes on this side of the border often lead them to the cartels operating in Mexico. … 'Let's give them the benefit of the doubt,' Gonzales said of his confidence in Mexico's cooperation. 'Let's just wait and see how it goes.' … Gonzales also announced $300,000 in additional funds to federal crime-fighting units in Laredo and McAllen. The so-called Strike Force brings federal and state officers together to share information. … The goal is to target 'not just the cartels themselves, but the transporters, money launders and smugglers,' Gonzales said."

On its Web site, KRGV-TV, Weslaco, Texas (1/10) reports a federal grant "is headed to the valley to help fight border crime. U.S. Attorney General Alberto Gonzalez spent Wednesday in Laredo to tour the border, and announce a $300,000 grant to create a strike force." The strike force "will be made of members from the DEA, FBI, ICE, ATF, IRS and Texas Department of Public Safety. The agencies will work together to fight border crime more efficiently, as well as working to secure our border against the threat of terrorists sneaking into the country."

Gonzales Announces Drug Task Force Grant. WOAI-TV, San Antonio, TX (1/10, 6:00 p.m.) broadcasted, "The Attorney General toured Laredo. Alberto Gonzales announced a $300,000 grant for a task force to target drug cartels. The Attorney General also visited with customs agents at the World Trade Bridge and met with local leaders about their needs for more money for the war on drugs. Alberto Gonzales says he plans on working with Mexican officials on the missing person cases, but also needs help from the victim's families. What we're discovering is for various reasons, kidnappings are not reported. Obviously, we can't be helpful unless these kinds of crimes are reported." KXAN-TV, Austin, TX (1/10, 10:00 p.m.) broadcasted, "Kidnappings, drug violence and illegal immigration those problems brought Attorney General Alberto Gonzales to Texas-Mexico border today. He was invited by Laredo Congressman Henry Cuellar. Gonzales is looking for first-hand evidence of why Nuevo Laredo has been such a hotbed for killings and kidnappings." KCEN-TV, Waco, Temple, Bryan, TX (1/10, 6:00 p.m.) broadcasted, "Kidnappings along the Texas- Mexico border prompted a visit by US Attorney General Alberto Gonzales today. He was invited by Congressman Henry Cuellar of Laredo. Gonzales is seeing first hand how Nuevo Laredo has been such a hotbed for kidnappings and killings. KDF-TV, Corpus Christi, TX (1/10, 9:00 p.m.) also broadcasted this story.

SF Chronicle Criticizes DOJ Case Against BALCO Reporters. The San Francisco Chronicle (1/11, Egelko) reports, "The Chronicle told a federal appeals court (on Wednesday) that contempt-of-court orders against two reporters for refusing to disclose sources of leaked testimony about athletes and steroids were based on a false premise -- that the leak was a serious crime requiring a grand jury investigation." The Chronicle continues, "In a final round of written arguments to the Ninth U.S. Circuit Court of Appeals challenging prison sentences for the reporters and fines for the newspaper, lawyers for the parent Hearst Corp. disputed prosecutors' position that journalists never have the right to

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withhold evidence from a grand jury investigating a crime." The Chronicle adds, "A 1972 Supreme Court ruling upholding contempt orders against reporters for refusing to disclose their sources to grand juries involved serious crimes, such as drug trafficking and plots of violence, that can be prosecuted only by grand jury indictments under the Constitution, said Jonathan Donnellan, a Hearst attorney. … By contrast, he said, the current case involves a violation of a secrecy order by U.S. District Judge Susan Illston that she could have investigated herself or referred to a special prosecutor." The Chronicle notes, "Either of those options would have allowed the reporters to claim the right to protect their sources, Donnellan said, and that right shouldn't be diminished by Illston's decision to refer the leak to the Justice Department, which chose to convene a grand jury."

US Charges 43 Alleged Cleveland Gang Members. The AP (1/11) reports, "Forty-three people accused of being gang members who sold cocaine and terrorized a Cleveland neighborhood have been indicted in an 18-month investigation, the top federal prosecutor in northern Ohio said Wednesday." The AP continues, "The indictment of those who investigators say are involved with the '7-Alls' gang was announced by U.S. Attorney Gregory A. White and officials from the FBI, the Drug Enforcement Administration and the city of Cleveland. … Officers seized drugs, weapons and $151,000 in the investigation, White said." The AP adds, "The charges include selling cocaine, conspiracy to sell cocaine and weapons counts. The indictments named as coconspirators two men apparently shot and killed by rival gangs during the investigation, White said. … The '7-Alls' name derived from the gang's involvement in violent crimes in 70's-numbered streets east of downtown Cleveland, officials said. … Last year U.S. Attorney General Alberto Gonzales announced $15 million in federal grants to six areas, including Cleveland, to fight street gang violence. Grants also went to Los Angeles; Tampa, Fla.; Milwaukee; Dallas-Fort Worth and the Easton-Lancaster, Pa., corridor."

Local TV Coverage. WOIO-TV, Cleveland-Akron-Canton, Ohio (1/10) aired, "They have nicknames like Fat Boy, into, Boom or Bean. All locked up along with Chill Will and Little E, Puff and Pooh is off the streets, too. They're all members of a gang called the 7-Alls. They claim the 7s as their turf. In June we profiled the problems here. … The 7-Alls operated in the large yellow outlined area in the map. It's one of the heaviest in the city in arsons, assaults, stolen cars, burglaries, murders, rapes, robberies, thefts, drugs and weapons violations. One by one 35 of 43 indicted gang members were rounded up."

WJW-TV, Cleveland-Akron-Canton, Ohio (1/10) aired, "Thirty-five people arrested and indicted. Eight more still on the loose, and two unindicted coconspirators who were murdered while this investigation was going on. Three of these guys, some of the main suppliers of cocaine and other drugs [in] this city, according to U.S. Attorney Greg White. Their indictments are part of a six-city gang initiative begun by Attorney General Alberto Gonzalez. He came to Cleveland in June.

MS-13 Gang Members Charged With Racketeering In Nashville. The Nashville Tennessean (1/11, Howard) reports, "Thirteen members of the MS-13 street gang have been indicted by a federal grand jury on corruption and racketeering charges, local and federal officials announced today." The Tennessean continues, "Members of the international gang were charged for corruption and homicide under the RICO act created to fight organized crime, the most severe possible indictment, U.S. Attorney Craig Morford said at a press conference held at the federal courthouse this afternoon." The Tennessean adds, "The suspects are responsible for three homicides and several shootings or assaults in the Nashville area just in the last year and have been collecting dues to send to members in jail, according to the indictment. … All but one of the 13 suspects were already in federal or state custody when the indictments were handed down, Morford said, and the last suspect has since been arrested. … The investigation by Metro police and several federal agencies showed that MS-13 is highly organized and violent for the sake of harming rival gang members, Morford said."

18 Arrested In Alabama On Drug, Immigration Charges. The AP (1/10) reported authorities "took 18 people suspected of either drug trafficking or entering the country illegally into custody…in Hoover. Harold Willis, resident agent in charge of the DEA office in Birmingham, said 40 or 50 federal, state and local law enforcement officers wearing bulletproof vests were involved in the operation. … Willis said the DEA led the investigation because some of the men were suspected of drug trafficking."

Report: Barry Bonds Tested Positive For Amphetamines Last Season. The AP (1/11) reports baseball's Barry Bonds "failed a test for amphetamines last season, and originally blamed it on a teammate," the New York Daily News reported Thursday. "When first informed of the positive test, Bonds attributed it to a substance he had taken from teammate Mark Sweeney's locker, the…newspaper said, citing several unnamed sources. 'I have no comment on that,' Bonds' agent Jeff Borris told the Daily News on Wednesday night."

The New York Daily News (1/11) reports Bonds "was not punished for his transgression but instead was referred to treatment and counseling. While amphetamines are

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considered performance-enhancing drugs, they are treated differently than steroids under baseball's drug policy. Had Bonds failed a steroid test, he would have been suspended for 50 games, but under baseball's amphetamine policy no one is publicly identified or suspended until a second positive, which would result in a 25-game suspension." More than 100 news outlets are citing the Daily News report, including CNN, Forbes, the San Francisco Chronicle, Miami Herald, Contra Costa Times, and San Jose Mercury News.

US Disputes Haitian President's Assessment Of Anti-Drug Efforts. The AP (1/11) reports that on Wednesday the U.S. "defended…its anti-drug efforts in Haiti, two days after the Caribbean nation's president accused America and other major drug-consuming countries of failing to adequately fight the narcotics trade. In a strongly worded speech to Parliament on Monday, President Rene Preval called drug trafficking the main cause of instability in his impoverished nation and said failed efforts by the United States and other countries to stop the trade had made Haiti a 'victim.'" U.S. Embassy spokeswoman Shaila B. Manyam "said...the United States has undertaken a range of measures to defend Haiti against drug trafficking, including strengthening its weak justice system and training its coast guard. The U.S. has also contributed more than $40 million to Haiti's national police since 2004, Manyam said."

IMMIGRATION:

Dobbs Says Gonzales Should Clarify Immigration Law Enforcement. CNN Lou Dobbs Tonight (1/10, 6:23 p.m.) broadcasted, "There's currently no prohibition by congress on state and local authorities from enforcing immigration law. In fact congress has established a program to facilitate such cooperation. And outlaw cites from declaring themselves exempt from immigration law. … And I wonder what values are by which they will make that determination. The idea that the 1996 Federal law prohibits states, any entity, in this country from being a sanctuary, the Justice Department is not enforcing that law either. And that is a question that Alberto Gonzales should be answering to the American people right now."

9th Circuit Rules Chinese Fugitive Eligible For Asylum In US. The San Francisco Chronicle (1/10, Page A - 5, Egelko) reports, "A Chinese man who was beaten by officials in his homeland for protesting the forced sterilization of his brother, then fled to the United States, is eligible for political asylum under a law protecting opponents of China's reproductive policy, a federal appeals court ruled Tuesday." The Chronicle continues, "The Ninth U.S. Circuit Court of Appeals in San Francisco overturned an immigration court's ruling ordering the deportation of Li Bin Lin and told the immigration judges to determine whether Lin would face persecution in China. The ruling makes it likely that Lin will qualify for asylum, said his lawyer, Jisheng Li of Honolulu." The Chronicle adds, "Lin lived with his brother, their parents and other relatives in a house in Fujian province on China's southeast coast. When Lin's brother's wife became pregnant with their third child, officials told Lin's brother that he would have to undergo a vasectomy. … The brother left home to avoid the operation, and birth control officials came to the home in March 1998 to seize and destroy household furnishings, the court said. When Lin tried to stop them, they beat him and called security police to have him arrested, according to his court declaration. … He went into hiding and left two months later for the U.S. territory of Guam, where he still lives. His brother was eventually sterilized." The Chronicle notes, "When U.S. officials moved to deport Lin in 2001, he filed for asylum, relying on a 1996 law that makes immigrants eligible if they have been forced to undergo an abortion or sterilization, or if they have been persecuted for 'other resistance to a coercive population control program.' The law was intended to protect those who fled China because of its population-control policies. … The Board of Immigration Appeals, whose judges are Justice Department appointees, ruled against Lin, saying he had not shown resistance to the birth control program and had simply been trying to protect household property."

Hopes Higher For Agricultural Guest-Worker Bill. McClatchy (1/11, Doyle) reports the "introduction Wednesday of an ambitious agricultural guest-worker plan showcases the changed Capitol Hill circumstances that may make 2007 the year for an immigration overhaul." Joined by "lawmakers from Florida and California, and backed by hundreds of farm, labor and church groups," Sen. Larry Craig is "reintroducing a guest-worker plan that's been debated for years. As many as 1.5 million farm workers and their relatives now in this country illegally could gain legal status under the bill." The legislation, "dubbed AgJobs, would also revise an existing guest-worker program that farmers consider inefficient. It's the first big immigration overhaul bill introduced this year, mirroring legislation passed last year by the Senate but not the House of Representatives."

TAX:

Fourth Guilty Plea In KPMG Tax-Shelter Probe. The Wall Street Journal (1/11, C7, Davies, Reilly) reports, "A California accountant pleaded guilty yesterday to four criminal charges related to the sale of allegedly improper tax shelters and his role in helping a former KPMG LLP executive try to

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obstruct a government investigation into the products. The admission marks the fourth guilty plea the government has secured in its investigation into shelters designed by KPMG." The Journal continues, "As part of a deal with prosecutors, Steven Acosta, of Pasadena, Calif., admitted to conspiracy, tax evasion and two counts of obstruction of an Internal Revenue Service investigation. The 49-year-old faces as many as 16 years in prison but has agreed to testify against former KPMG executives facing criminal charges related to the shelters in a trial scheduled for September." The Journal adds, "Mr. Acosta worked briefly for KPMG, but he wasn't among the 19 individuals -- including 17 former KPMG executives -- indicted in November 2005 on criminal charges related to the tax shelters. Mr. Acosta, posing as an independent investment adviser and hedge-fund operator, said he helped David Greenberg, one of the indicted former KPMG executives, to sell shelters. … Mr. Acosta said he didn't have any knowledge or understanding of the transactions he was purportedly providing advice on. In return, Mr. Acosta said, Mr. Greenberg paid him $600,000 for his role. Prosecutors said Mr. Acosta also lied to IRS agents investigating the tax shelters and that his role in the fraud generated $100 million in losses to the government."

NYTimes Says Bush Tax Cuts Made Inequality Worse. The New York Times (1/11) says in an editorial, "The tax system in the United States is supposed to mitigate inequality. But a recent report by Congress's budget agency provides fresh evidence that Bush-era tax cuts have done more to reinforce inequality than to redress it." The agency "found that in 2004, the latest year for which comprehensive data were available, the top 1 percent of households pocketed 14 percent of total after-tax income in the United States, up from 12.2 percent in 2003. That increase, the third largest in one year since the agency started keeping track in 1979, works out to an extra $128 billion. And yet despite that hefty gain, the effective federal tax rate of the top 1 percent decreased slightly."

CONGRESS-ADMINISTRATION:

Senate Democrats Angered By New Judicial Nominees. The Hill (1/11, Schor) reports, "As President Bush withdrew four contentious judicial nominees, apparently offering an olive branch to the new Senate majority, he resubmitted a handful of executive-branch nominations that have angered and dismayed senior Democrats." The Hill continues, "The White House's acknowledgment that its withdrawn judicial picks would face near-certain rejection in the new Congress won praise from Democrats and their allied interest groups. But the renewal late Tuesday of several agency nominations signals that Bush is not backing away from confrontation with Democrats who have held up many of the appointments and could renew their previous holds." The Hill adds, "Several of the re-nominated officials, such as Assistant Secretary of Homeland Security for U.S. Immigration and Customs Enforcement Julie Myers and Assistant Secretary of State for Population, Refugees and Migration Ellen Sauerbrey, already are serving in the administration under recess appointments that allowed them to sidestep Senate confirmation votes but expired at the end of the 109th Congress. John Bolton, who became America's ambassador to the United Nations following a recess appointment, opted to step down from the post last month rather than face a bruising Senate battle to win formal confirmation. … Steven Bradbury's nomination to lead the Justice Department's Office of Legal Counsel was blocked in August by Sens. Edward Kennedy (D-Mass.) and Russ Feingold (D-Wis.) and Senate Majority Whip Dick Durbin (Ill.) in protest of the administration's denial of security clearances necessary to investigate warrantless surveillance conducted by the National Security Agency (NSA). Though Justice since has initiated an internal inquiry of the NSA program, Kennedy said yesterday he wants more time for oversight before Bradbury is considered."

House Votes To Increase Minimum Wage. NBC Nightly News (1/10, story 6, :20, Williams, 9.87M) reported, "The new Democratic majority in Congress kept a campaign promise today, as the House voted to increase the Federal minimum wage from the current $5.15 an hour to $7.25 an hour. That $2.10 raise is the first raise in the minimum wage in 10 years. The bill now goes onto the Senate." The CBS Evening News (1/10, story 10, :25, Couric, 7.66M) said the bill faces opposition in the Senate, where Republicans want any wage hike tied to tax cuts for small businesses." ABC World News (1/10, story 4, 2:20, Gibson, 8.78M) also reported "the White House said...while President Bush supports the increase, he wants it coupled with tax relief to ease the pain of some of the small business owners we saw in Dean's report."

The AP (1/11, Espo) reports Senate Majority Leader Harry Reid "has already signaled that Democrats will accept pro-business changes. Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee, told reporters that he and other lawmakers are working on between $8 billion and $10 billion in relief over 10 years."

The Wall Street Journal (1/11, A2, Rogers, 2.04M) reports, "When Congress last approved a minimum-wage increase in 1996, the attached business-tax benefits approached $20 billion -- or twice what is now envisioned." But Baucus "is reluctant to go further and use up more of his tax offsets, options he will need in the future to pay for Democratic energy initiatives as well as some form of middle-class protection from the Alternative Minimum Tax." Instead,

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"he and the ranking Republican, Iowa Sen. Charles Grassley, are expected to rely on a small reservoir of tax-shelter changes that the Senate has passed before but were resisted by the House when under Republican control. Among these targets are leasing tax shelters known as sale in and lease out transactions, which have been criticized by the Internal Revenue Service and which Congress has largely outlawed for leases entered into after March 12, 2004." The New York Times (1/11, Hulse, 1.16M), Washington Post (1/11, A6, Weisman, 690K) and Washington Times (1/11, Hurt, 88K), among other newspapers, run similar reports this morning.

USA Today (1/11, Wolf, 2.27M) reports that in the House, "Republicans offered to raise the wage if the increase was accompanied by tax and health care breaks for the nation's 23 million small businesses. … The GOP plan, which would let companies band together to buy health plans, was rejected by a 2-1 ratio. Then, 40% of Republicans voted for the wage hike alone." McClatchy (1/11, Talev) notes the final tally was 315 to 116.

Washington State Businesses Not Hurt By Higher Minimum Wage. The New York Times (1/11, Egan) reports on how the difference in state minimum wage between Washington state, $7.93 per hour, and Idaho, $5.15 per hour, has affected the local economies across the state line. The Times says that "nearly a decade ago, when voters in Washington approved a measure that would give the state's lowest-paid workers a raise nearly every year, many business leaders predicted that small towns on this side of the state line would suffer. But instead of shriveling up, small-business owners in Washington say they have prospered far beyond their expectations." Businesses "here at the dividing line between two economies — a real-life laboratory for the debate — have found that raising prices to compensate for higher wages does not necessarily lead to losses in jobs and profits."

White House Weighs In Against House Stem Cell Bill. The New York Times (1/11, Swarns, 1.16M) reports, "The Bush administration jumped back into the bitter debate surrounding embryonic stem cell research on Wednesday, urging lawmakers to vote against House legislation to expand such research and calling for a new focus on scientific studies that would not harm embryos." In a White House position paper, "officials pressed for consideration of alternative research strategies that would be "free of the ethical violations of embryo destruction." Administration officials said President Bush was also considering an executive order that would call for increased financing for studies that did not involve embryos. The move came as the House prepared to pass a bill on Thursday that would expand federally supported stem cell research." The legislation, sponsored by Reps Diana DeGette, a Democrat, and Michael N. Castle, a Republican, "would permit federal financing of studies on stem cells derived from embryos at fertility clinics that are scheduled for destruction." The Times adds, "Supporters of the House bill acknowledged, however, that they did not expect to have enough votes to override a presidential veto."

The Washington Post (1/11, A4, Weiss, 690K) reports, "Congressional leaders driving the legislation say they hope to avoid all-out war. Compromise language 'is welcome,'" said DeGette Tuesday. But "if it comes to war, members of Congress and aides from both parties said, supporters have many options not available to them last year. They range from subtle moves that could enhance the odds of overriding a veto to heavy-handed tactics such as attaching the bill to must-pass budget legislation. 'I'm confident we'll have a veto-proof bill this time,' said Sen. Arlen Specter (R-Pa.)." USA Today (1/11, Vergano, 2.27M) notes that last year, the bill passed the House 235-193. According to Democratic Sen. Tom Harkin, "a veto-proof majority is more likely in the Senate" this time around.

Bush, Congressional Democrats Expected To Clash On Host Of Issues. Roll Call (1/11, Pierce, Stanton) reports that aside from a minimum wage measure and a lobby and ethics reform bill, President Bush and "the new Democratic-controlled Congress" are "on a collision course on most other issues of national importance this year" such as "a $100 billion-plus supplemental Iraq War spending bill, judicial nominations, a stem-cell research measure, and legislation to give Medicare officials the ability to negotiate lower drug prices." No one "disputes that the highest profile fight will be over the supplemental war spending bill, where Democrats are no doubt poised to use their newfound power to try to make good on their election promises to change the way the war has been run."

Medicare Drug Negotiation Bill Unlikely To Lower Prices. The Washington Post (1/11, A14, Lee) reports Democrats are "fond of citing the Department of Veterans Affairs as evidence that Medicare officials could squeeze lower prices out of drugmakers if the government merely used its negotiating clout. But that comparison ignores important differences between the two systems, experts say." Unlike Medicare, VA "by law receives an automatic 24 percent discount from the average price that wholesalers pay. Its prices are also low because VA, which prescribes medications for 4.4 million veterans annually, has a relatively narrow formulary, or list of approved drugs." VA also "secures big discounts from the manufacturers of a few drugs in each class by promising not to offer competing drugs." But the Centers for Medicare and Medicaid Services (CMS) "is prohibited by law from adopting such a list for the

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year-old Medicare drug benefit, in part because seniors enrolled in what is known as Part D want to have a wide range of drug choices." The House Democratic bill that would "require the Bush administration to negotiate drug prices for Medicare would neither permit a formulary nor require an automatic discount. It would simply require the secretary of health and human services to pursue negotiations and report back to Congress in six months." That is "part of the reason that many experts do not expect the measure to deliver significant savings even if it overcomes opposition in Congress and escapes a possible presidential veto."

The Hill (1/11, Young) reports congressional Democrats are "moving ahead without asking the Bush administration to weigh in, but that hasn't stopped the Centers for Medicare and Medicaid Services (CMS) from taking a lead role in pleading the Republican case against Democrats' claims that federal negotiation of drug prices will save money for taxpayers and senior citizens over the deals the private Part D plans are striking with pharmaceutical companies." The Administration's "mounting campaign against the Democratic proposal also is accompanied by a more aggressive defense of Medicare Part D by congressional Republicans, most of whom previously had appeared reluctant to claim credit for the creation of the entitlement program expansion despite high approval ratings from beneficiaries."

Leavitt Criticizes Democratic Push To Negotiate Prices. In a Washington Post op-ed (1/11, A25), Health and Human Services Secretary Michael Leavitt says, "Legislation under consideration would require the secretary of health and human services to negotiate and set the prices of drugs. In effect, one government official would set more than 4,400 prices for different drugs, making decisions that would be better made by millions of individual consumers. There is also the danger that government price setting would limit drug choices. Medicare provides access to the broadest array of prescription drugs, including the newest drugs. But price negotiation inevitably results in the withholding of access to some drugs to get manufacturers to lower prices."

Kennedy Looks To States To Promote Universal Healthcare. The Financial Times (1/11, Callan) reports Sen. Edward Kennedy "called on the White House to follow the lead of state governors and move to extend healthcare coverage to the uninsured." The move "follows a plan set out by Arnold Schwarzenegger, the Republican governor of California, this week that would extend healthcare to 6.5m uninsured Californians. Mr Kennedy also cited bipartisan co-operation in his home state of Massachusetts, which is the first state to require all residents to have a health plan."

The AP (1/11, Freking) reports Kennedy "has his own version of what universal health coverage would look like. He wants to extend Medicare to all. In his first hearing Wednesday as chairman of the Senate Health, Education, Labor and Pensions Committee, the Massachusetts Democrat called on 10 witnesses from all over the country to talk about how to make health care more affordable." However, the hearing "also showed that finding agreement won't be easy. While all the witnesses agreed that health care is becoming less affordable every year, they often had very different solutions."

Durbin To Play Key Role In Passage Of Democratic Agenda. In his Washington Post column (1/11, A25) David Broder notes Senate Majority Whip Richard Durbin's role in the passage of the Democrats' 100 hour agenda: "In the next two years, however, a great deal of the Democrats' fate depends on Durbin. As assistant majority leader, or whip, it is up to him to figure out how to corral enough votes in the narrowly divided Senate to pass at least some of the flood of bills that the energized House Democratic majority will send over." Durbin said, "'I just spent two years as minority whip where I had 45 Democratic votes. And, as you well know, if you can find 41 votes to block cloture' -- the move to cut off debate -- you can prevent the majority from bringing its bills to an up-or-down vote." GOP Minority Whip Trent Lott "has the same job, but he has 49 Republican senators, so he has a larger pool from which to find his 41." Broder adds, "While Majority Leader Harry Reid of Nevada leads the policy debates and handles the public relations, the onus is on Durbin to produce the votes at critical moments."

Reid's Efficiency Plan Costs Byrd Chance To Cast Vote. The Washington Post (1/11, A23, Cillizza) reports, "Just days into his tenure as majority leader," Sen. Harry Reid "received a tongue-lashing from" West Virginia Sen. Robert C. Byrd (D) "for a decision to end a vote before the senior statesman had cast his 'yea' or 'nay.'" Byrd, who has "served in the Senate since 1958 and is a noted stickler for the rules and etiquette that guide the chamber, was unable to make it to the floor in the 15 minutes allotted for a vote yesterday -- his first missed vote since March." Byrd said, "The leadership arbitrarily closed the vote before I could get to the floor. That is not the way legislation is done in a body such as ours." The Post adds Reid has "emphasized his intention to run the body more efficiently, a plan that includes limiting votes, which often have lasted a half-hour or more, to just 15 minutes."

New House GOP Leadership Includes Aggressive Party Advocates. The Washington Times (1/11, Bellantoni) reports House Republicans have "chosen leaders who aren't afraid to attack Democrats to

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serve in key positions for the 110th Congress, suggesting that the civility on Capitol Hill may not last long." In one example, Rep. Patrick T. McHenry of North Carolina, "beginning his second term, was recently named to serve as a member of the deputy Republican whip team, typically made up of more senior lawmakers. Considered one of the party's up-and-comers, the 31-year-old is known for his frequent tongue-lashings aimed at Democrats." The Times adds the Republicans are "also quick to note Democrats' use of unfair tactics -- such as not subjecting their opening legislative package to committee hearings -- but did not acknowledge that they used the same strategy for years."

Bush Appoints Dudley To Regulatory Policy Post. The Wall Street Journal (1/11, B7, McKinnon, Solomon) reports President Bush "appointed conservative academic Susan Dudley to an influential new job advising on regulatory policy, at a time the regulatory process could serve as a conduit for the White House to push through any policies opposed by a hostile Congress." Dudley's appointment "came after Congress blocked her nomination to be the White House's regulatory czar last year. Her position as a senior adviser to the White House's regulatory office will enable her to influence policy decisions, although she won't be able to implement them on her own." The "apparent end run around Capitol Hill angered liberals who object to her criticism of the federal rule-making process, among other things."

Four Banks Object To US "Basel II" Capital Standards. The Wall Street Journal (1/11, C5, Paletta, Pulizzi) reports, "Citigroup Inc., J.P. Morgan Chase & Co., and two other large U.S. banks brought concerns about pending international capital standards known as Basel II to White House officials as crucial deadlines for the standards approach." The Jan. 4 meeting "represents the most recent -- and perhaps highest level -- attempt by the group of banks, which include Wachovia Corp. and Washington Mutual Inc., to bring substantive changes to the Basel II capital proposal before next year. The Federal Reserve and other bank regulators are still discussing how to implement the standards by next January."

"Whistleblower" Secretly Records VA Official Avowing Defiance Of Congress. Under the headline, "Tape Reveals Defiance," The Hill (1/11, Bolton) reports that a "secretly recorded meeting of researchers working for the Department of Veterans Affairs indicates that the department did not take seriously congressional requests intended to safeguard the personal and medical information of veterans. The recording, obtained by The Hill from a researcher who attended the meeting, sheds light on a behind-the-scenes struggle between lawmakers and Veterans Affairs officials over the handling of veterans' personal information." Since the May laptop theft, the House Veterans' Affairs Committee "has asked the department repeatedly to report on the security of its information systems, a task that entails providing information about who had access to sensitive information and how it was stored," and reports have also been requested by the Senate Veterans' Affairs Committee. However, Dr. Joseph Francis, "the deputy chief of research and development at the department," told fellow researchers at a September meeting in Baltimore "that Congress would not get what it was looking for." Noting the 1996 federal legislation "directing executive-branch departments to adopt higher cyber-security standards," Francis said, "Congress is actually rather angry at the VA because we've been technically breaking the law for a decade." The meeting attendee "whistleblower" who "secretly recorded the talk" told the Hill that the incident "really illustrates that, to the researchers at the VA, the veterans are guinea pigs and are there to promote the research, which is used in turn to promote researchers' careers."

Pelosi Bans Smoking In Speaker's Lobby. The Hill (1/11, McCormack) reports, "House Speaker Nancy Pelosi (D-Calif.) announced Wednesday that smoking in the Speaker's Lobby will no longer be permitted. 'The days for smoke-filled rooms in the United States Capitol are over,' Pelosi said in a press release issued this morning."

Roll Call (1/11, Mcardle) reports, "When asked about Pelosi's new ban, Minority Leader John Boehner (R-Ohio), who is known for having an ever-present cigarette in hand when doing interviews in the ornate room just off the House floor, said, 'That's fine. ... No it won't affect me at all.'" Democratic Rep. Barney Frank, "a well-known cigar smoker, said, 'It's not a big deal. If it had come to a vote on it I would have voted against it.'" USA Today (1/11, Dorell, 2.27M) reports Frank also "told reporters asking about the ban to call back 'when you have some serious issues you want to talk about.'"

The Wall Street Journal (1/11, A4, Mullins, 2.04M) reports "smokers say they will either step outside to smoke or light up in their offices, where smoking is permitted." In the Senate, "smoking is allowed only in senators' offices. The smell of cigar smoke often hangs in the air outside the Capitol office of Sen. Robert Byrd (D., W. Va.), while visitors can catch Sen. Barack Obama (D., Ill.) sneaking a few puffs outside the building."

The New York Times (1/11, Kornblut, 1.16M) reports, "Whether Democrats are any less inclined to make backroom deals than Republicans, the new majority will be remembered for bringing the rules of the House into line with those in the rest of the District of Columbia, numerous states and corporations, several European countries and all major airlines."

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The Washington Post (1/11, A7, Layton, 690K) notes "Pelosi, of smoke-free California, is known to detest the tobacco habit. Ever since her ascension as top Democrat with authority over the lobby and most other space in the House, smokers have been bracing for the moment when they'd be ordered to extinguish their butts." The Los Angeles Times (1/11, Simon, 850K) runs a similar report.

Stevens To Push Paid Parental Leave Measures. The Washington Post's (1/11, D4, Barr) "Federal Diary" column reports, "Many companies offer paid parental leave to their employees after the birth of a child, but not Uncle Sam. Naturally, young federal employees would like the government to offer such family leave, but personnel officials have balked, saying that the government already provides a generous package of vacation and sick leave and that more paid time off would not improve recruitment and retention of employees." The Post adds that Alaska Sen. Ted Stevens (R) wants to revisit that issue "this year," and has "introduced a bill that would provide eight weeks of paid leave to federally employed women after childbirth and five days of paid leave for new fathers. The bill also would provide five days of paid leave to federal employees who adopt children." The Post adds, "Stevens is working on another bill to require companies with more than 50 employees to provide paid maternity leave."

Bernanke To Testify Before Senate Budget Committee Next Week. The Wall Street Journal (1/11, Ip, Rogers) reports Federal Reserve Chairman Ben Bernanke's "efforts to stay out of politically charged fiscal questions will be tested next week as he makes his inaugural appearance before a congressional budget committee." Bernanke is to "testify on the fiscal and economic outlook before the Senate Budget Committee Thursday, Jan. 18. Committee officials confirmed the appearance Wednesday." Bernanke "has said he does not want to comment on specific tax and spending proposals, saying those are the purview of Congress and the administration."

Bills Would Cut Off Pensions For Convicted Lawmakers In Future. The Washington Times (1/11, Miller) reports former Democratic Rep. James A. Traficant Jr., "convicted of racketeering and taking bribes, is wiling away prison time painting colorful pictures but also able to collect a congressional pension of nearly $40,000 a year." Traficant is "one of about 20 former senators and congressmen with felony rap sheets who can receive the taxpayer-financed benefit." Rep. Mark Steven Kirk "introduced a bill that would stop future congressional felons from pocketing retirement pay," and a "similar measure is being offered by Democratic Sens. Ken Salazar of Colorado and John Kerry of Massachusetts in an amendment to that chamber's ethics reform bill, which is expected to go to a vote tomorrow." Other "recent convicts include former Rep. Randy "Duke" Cunningham, a California Republican convicted of graft and imprisoned last year, and former Rep. Bob Ney, an Ohio Republican convicted last year of corruption charges tied to disgraced lobbyist Jack Abramoff. Cunningham is eligible for about $36,000 a year, while Ney is in line for a $29,000 annual pension, according to estimates from the National Taxpayers Union (NTU)."

Cheney Addresses Virginia VIPs At Jamestown Anniversary Event. The Washington Post (1/11, B1, Kunkle) reports Wednesday was "the highest-profile event so far in a series that began last year to commemorate the settlement of Jamestown. To mark the 400th anniversary, Vice President Cheney addressed members of the General Assembly inside the cramped Memorial Church that was built in 1907, and legislators toured the grounds of the settlement where representative democracy would take hold. The festivities will culminate in a three-day celebration this May and a visit by Queen Elizabeth II." A "major theme of yesterday's event was that Virginia's key role in the creation of American democracy has sometimes been overshadowed by New England's. A whoop went up when Cheney noted that the Jamestown colonists had already convened a representative assembly by the time the Pilgrims arrived on the Mayflower." Another theme, "also touched on by Cheney, was that the Europeans' many glowing achievements had been accompanied by more unpleasant realities, such as the enslavement of African Americans and the destruction of Native Americans."

The Washington Times/AP (1/11, Potter, Lewis) reports Cheney said it was "fitting for Virginia to begin its 2007 legislative session at the place where representative democracy in America was born, Vice President Dick Cheney told legislators yesterday." In a speech "that stressed themes of religious faith, sacrifice and personal courage, Mr. Cheney helped open the Virginia General Assembly's winter session at the site where the first English settlement in North America was established 400 years ago." Cheney said, "It's striking to realize how much of America's story begins with a little three-sided fort raised on the banks of the James River four centuries ago."

Congressional Press Secretaries' Dinner Questioned. The Washington Post (1/11, Romano) reports in its "In The Loop: On The Hill" column, "While the Senate began debating stricter ethics rules for its members this week, a fancy dinner planned for some Senate press secretaries tomorrow night in New York, paid for with corporate money, has raised a few eyebrows." The "two

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dozen flacks will arrive in Manhattan today for an annual excursion to meet with media outlets, a trip sanctioned by the Senate ethics committee as 'official' business." Aides "pay for costs out of pocket -- Amtrak, W Hotel, chartered bus -- and later request reimbursement from official funds." The "'gasp' factor, as one corporate executive put it, centers on the $200-a-head closing dinner at the elite Rainbow Room, one of the country's best-known upscale restaurants, sponsored by seven high-profile corporations with business interests before Congress." As far as "the ethics watchdogs are concerned, the dinner doesn't pass the smell test."

OTHER NEWS:

Trade Deficit Down Again. The New York Times (1/11, Peters, 1.16M) reports, "American companies sold more goods like airplanes, cars and precious metals overseas in November, helping to narrow the trade deficit for a third consecutive month. Despite the improvement, the United States is still on track to end 2006 with a record trade imbalance, eclipsing the $716.7 billion deficit in 2005." The Census Bureau "reported yesterday that the trade deficit -- the amount by which the value of America's imports of goods and services exceeded the value of its exports -- fell to $58.2 billion in November, the smallest it has been since July 2005. In October, the deficit was $58.8 billion." The Times adds, "Yesterday's figures surprised many economists, most of whom expected the deficit to widen." The Wall Street Journal (1/11, A2, Bater, 2.04M) says "the data suggest trade has emerged as an important cushion for the economy, as it adjusts to a sizable contraction in housing activity." Trade "has for years been a drag on US growth, as weak economic growth abroad, strong consumption at home and a strong dollar held back the nation's exports and boosted imports."

Oil Prices Fall To 19-Month Low. NBC Nightly News (1/10, story 8, :30, Williams, 9.87M) reported, "[A]s this new year has got under way, a funny thing has happened to the price of oil – it has plummeted. Oil prices dropped another $1.62 just today, leaving them at $54.02 a barrel. That's the lowest level in 19 months. As heating oil supply is now way ahead of demand because of the warm weather many of us have been experiencing. Overall, oil prices are down nearly 12% since just the start of the year."

Stocks Rally. The CBS Evening News (1/10, story 12, :10, Couric, 7.66M) reported, "The was a rally in the stock market on Wall Street today. The Dow was up more than 25 and half points [to close at 12,442.16] The NASDAQ gained 15 and a half [to close at 2,459.33]." NBC Nightly News (1/10, story 7, :10, Williams, 9.87M) also notes the numbers on Wall Street.

Realtors Predict Decline In Home Sales Decline Will Moderate. The Wall Street Journal (1/11, D2, Walsh) reports the National Association of Realtors forecasts that "US home sales will decline less sharply this year than they did last year, while home-price appreciation is expected to gain steam." NAR said "sales of existing homes are likely to decline about 1.2% this year to 6.42 million, following a sharp drop last year, while sales of new homes are seen falling about 9.7% to 957,000." Because the market is "starting this year at a relatively low point, even a gradual recovery of sales during the year would mean that annual totals for 2007 are likely to show no substantial improvement, according to NAR Chief Economist David Lereah." The group "forecasts the median sales price for existing homes to grow 1.5% nationally to $225,300, following last year's estimated 1.1% rise. The national median price for new homes will increase 3% this year to $248,900, according to the NAR, after estimated growth of 0.3% last year."

Economists Remain At Odds Over Persistence Of Poverty. In his Wall Street Journal column (1/11, A7), David Wessel says, "With a few remarkable exceptions -- South Korea, for one -- the gap between rich and poor nations persists. The notion that there was something special about 'development economics' dates to post-World War II years when mostly poor, mostly rural colonies gained their independence." Anne Krueger, former International Monetary Fund official, believes "Third World governments and their First World advisers applied sound economic principles incorrectly or without sufficient attention to the reality. Policies to encourage exports and shield embryonic industries from imports until they got rolling sounded good, for instance, but bred corruption, infantilized industries and created politically powerful vested interests that blocked needed change." Another view is "that poor countries got bad advice and paid the price, but that today's experts know much more than their predecessors." A third view "is that earlier economists focused on the wrong thing." Some economists argue "that what really matters is having solid political, legal and economic institutions -- courts, central banks, honest bureaucrats, private-property rights -- that allow entrepreneurs to flourish."

High Court Seen As Likely To Limit Political Use Of Union Dues. USA Today (1/11, Biskupic, 2.27M) reports, "The Supreme Court appeared ready Wednesday to uphold a Washington state law that restricts when unions can use fees collected from non-members for political purposes. The dispute is being watched closely by the National Right to Work Legal Defense Foundation and other anti-union groups, as well as the AFL-CIO." The case "revolves around the Washington Education Association, which bargains for the state's 70,000 teachers."

McClatchy (1/11, Henderson) reports the Supreme Court "already has said non-members must be able to 'opt

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out' of paying for political activity; the Washington law went further, saying unions must get them to 'opt in' before pursuing political causes with their money." Chief Justice John G. Roberts, and Justices Antonin Scalia, Anthony Kennedy and Samuel Alito seemed to agree with the law. Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg also "hammered the union's lawyer with questions that reflected serious doubt about his arguments." Justice Stephen Breyer seemed "similarly inclined, but less certain. Justice Clarence Thomas, as is his custom, said nothing during arguments." The Washington Post (1/11, A7, Barnes, 690K) and New York Times (1/11, Greenhouse, 1.16M) run similar stories.

Vote Machine Firm Critical Of Letter Supporting FL13 Challenge. Roll Call (1/11, Murray) reports the Nebraska-based "electronic voting machine manufacturer at the center of the still-contested Congressional race in Florida's 13th district demanded Tuesday that a court throw out what the company characterized as a threatening letter from House Democrats." Lawyers for Election Systems & Software "filed the motion with Florida appellate Judge Jon Wheeler in response to a letter that House Administration Chairwoman Juanita Millender-McDonald (D-Calif.) sent the court last week." Millender-McDonald "wrote that Christine Jennings, the Democratic candidate in the Nov. 7 race to replace former Rep. Katherine Harris (R), has preserved her right to contest the election before Millender-McDonald's committee. So the court, she said, has an obligation to consider all the facts of the case, an apparent reference to a Dec. 29 lower court ruling not to require Election Systems & Software to disclose how its electronic voting machines work."

YouTube Video Prompts Romney To Reassert Conservative Credentials. The AP (1/11, Johnson) reports a 1994 videotape "mysteriously posted on YouTube.com prompted Republican Mitt Romney to declare Wednesday, 'I was wrong on some issues back then,' while also insisting to social conservatives key to his presidential campaign that he is one of them." The tape "of a Senate debate between Romney and Sen. Edward M. Kennedy showed Romney defending a woman's right to abortion, saying he supported allowing gays in the Boy Scouts and distancing himself from former President Reagan by noting he was a registered independent during the period the conservative icon was leading the nation." While the material "has been previously published," its "presentation in video form — and on the easily shared YouTube medium — prompted an immediate response from Romney, who formed a presidential exploratory committee last week." Romney said, "If you want to know where I stand by the way, you don't just have to listen to my words, you can go to look at my record as governor."

Gilmore's Chances To Win GOP '08 Nomination Seen As Slim. In his Roll Call column (1/11), political analyst Stuart Rothenberg critically assesses former Virginia Gov. Jim Gilmore's chances to win the Republican presidential nomination in 2008. Rothenberg says, "But caucuses and primaries aren't only about ideology. They also are about candidates, organization and money. Maybe time has distorted my memory, but I don't remember him as being a dynamic, inspiring conservative speaker. Others I have spoken with remember him much as I do." Gilmore "begins with no name identification, no money and no organization."

Democratic Candidates Face "Electability" Litmus Test. The Wall Street Journal (1/11, A6, Calmes) reports that for the party "long known for subjecting presidential wannabes to a battery of litmus tests, on issues from abortion to trade, Democrats are uniting in raising one big issue for 2008: electability." It "poses a big hurdle for both Democratic front-runners, Sens. Hillary Clinton of New York and Barack Obama of Illinois." The "widespread concerns about whether either could get elected -- Mrs. Clinton because she is a woman, and a polarizing figure; Mr. Obama for being African-American, and relatively inexperienced -- potentially prevent either from running away with the Democratic nomination. That, in turn, is what keeps hope alive for about a half-dozen rivals maneuvering for advantage should the leaders stumble." Of the pack, "polls and early organization suggest the best-positioned is former North Carolina Sen. John Edwards, the 2004 vice-presidential nominee. Today Sen. Chris Dodd of Connecticut officially joins the race with his announcement on the syndicated radio show 'Imus in the Morning.'" On the GOP side, the three frontrunners, Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani, "have the opposite problem of their Democratic counterparts. Each of them is considered electable. The question is whether they can get nominated in a party in which the conservative base demands that the nominee oppose abortion, same-sex marriage and taxes, but believes that each of these men is suspect."

Dodd To Run For President. The AP (1/11, Fouhy, Ramer) reports Connecticut Sen. Christopher Dodd (D), "a veteran lawmaker who entered Congress in the post-Watergate class of 1974, will announce his bid for the presidency, Democratic officials said Wednesday." Dodd "will make the formal announcement in an interview Thursday morning on the 'Imus in the Morning' radio show -- a curious bit of timing since he'll be forced to compete with heavy

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coverage of President Bush's speech on the Iraq war." The New York Times (1/11, Medina, 1.16M) also notes "coverage of Mr. Dodd's announcement would be competing with" that of Bush's speech. The Times adds that Dodd, "although well-known in Washington and his home state, does not have the kind of national name recognition of some other Democrats who are strongly considering entering the race, most prominently Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois."

Clinton Losing Ground In Early Caucus, Primary States. The Washington Times (1/11, Lambro) reports Sen. Hillary Rodham Clinton's "popularity in Democratic presidential-preference polls has fallen in the nation's first caucus and primary states in the face of increasing support for her chief rivals for the 2008 nomination." Pollsters said her "weaknesses in Iowa and New Hampshire were the result of the growing popularity of two major opponents -- former North Carolina Sen. John Edwards and Illinois Sen. Barack Obama -- and their populist economic messages, as well as a deepening antipathy toward her among Democratic-leaning independents who dislike her support for the war in Iraq and who question her electability." Pollster Del Ali of Research 2000 said, "I think Hillary strikes these voters the same way Senator John Kerry did in 2004. They would really like to vote for someone they really like this time. Hillary doesn't fit that characterization right now." The Times add Ali's "findings mirror more recent polling showing a similar national decline in support." Pollster John Zogby said, "There's been erosion. She's polling in the low- to mid-40s nationally."

Kerry Adds Campaign Strategists To Staff. The Washington Post (1/11, Romano) reports in its "On The Hill" column, "As Ted Kennedy (D-Mass.) waits patiently for his Senate colleague John Kerry to get off the fence and reveal his presidential intentions, the 2004 Democratic standard-bearer is adding high-profile operatives who could easily slide into campaign mode." Kerry has "brought on as a consultant Erik Smith, onetime communications strategist for former congressman Dick Gephardt (D-Mo.), and Vince Morris, most recently the spokesman for former D.C. mayor Anthony Williams, as his Senate press secretary."

Denver Labor Woes Lead Democrats To Postpone Convention Decision. The Washington Times (1/11, Richardson) reports Denver has not "hosted the Democratic National Convention in almost 100 years" because it is "just not a union-friendly town." The Democratic National Committee has "again postponed its decision on whether Denver or New York will be the venue for its 2008 convention, thanks to a recent labor uprising in the Mile High City." With all the "labor trouble in Denver, Democrats might be tempted to scrap the whole idea and head for New York, but there's trouble in the Big Apple, too. Mayor Michael R. Bloomberg hinted that he doesn't want to host the event, saying that the city was tapped out after hosting the Republican National Convention in 2004." The delay "puts Democrats months behind Republicans, who announced in September that their convention would be held in Minneapolis-St. Paul and have even sent out press kits."

Sanchez May Run For California Governor In 2010. Roll Call (1/11, Drucker) reports Rep. Loretta Sanchez (D) "continues to give serious consideration to running for governor in 2010, as well as for the Senate, should Sen. Barbara Boxer (D-Calif.) choose not to seek a fourth term. In preparation for a statewide run, Sanchez -- who has had a gubernatorial campaign account open for several months -- plans to spend the next few years traveling up and down California to meet with constituent groups." Roll Call adds, "In a recent interview, Sanchez said she is 'absolutely serious' about running for governor in 2010, when Gov. Arnold Schwarzenegger (R) will be termed out of office and the seat will open."

Johnson Illness May Give GOP Opening In South Dakota. The Hill (1/11, Blake) reports the illness of Sen. Tim Johnson (D-S.D.) "could open things up again in 2008 for Dakota Republicans, who have long struggled for a breakthrough in their congressional representation. If recent history is any indication, however, it will be hard-fought and expensive to make a dent in Democrats' stranglehold on the Washington delegations." Democrats have "held at least five of the states' six congressional seats for the last 20 years." Former Republican state Sen. Larry Diedrich "lost twice in 2004 to Rep. Stephanie Herseth (D-S.D.), first by 3,000 votes in a special election and then in the general." Diedrich said, "I've always thought that perhaps people see the money that they have in the state as more their own money. Whereas, when you look at the federal level — maybe part of it's the fact that we're typically a recipient state — I think people perceive that that issue is more of other people's money. It's always a little more difficult for Republicans with a conservative message to win that argument." The Hill adds Steve Hildebrand, who managed former Sen. Tom Daschle's campaign and Johnson's narrow win over Sen. John Thune two years earlier, said, "They believe Democrats are most successful at getting pork back to the states. So they want Democrats in Washington fighting for their pet projects, whether it's disaster relief, farm aid, Medicaid."

Christian Groups Question Each Other's Finances. The Washington Times (1/11, Pfeiffer) reports the National Council of Churches is "becoming financially

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beholden to secular groups with liberal political leanings, according to a report by a religious watchdog organization." The Institute on Religion and Democracy, "a group formed by members of the NCC, says the group accepted the majority of its charitable donations last year from nonreligious organizations and has been pursuing an agenda that does not mesh with the majority of its church members, including support for abortion and homosexual 'marriage.'" Politically affiliated groups "who donated to the NCC between 2004 and 2005 include the Sierra Club; the Ford Foundation, which advocated for 'reproductive rights'; the United Nations Foundation, which is funded by billionaire media mogul and philanthropist Ted Turner; and the Connect US Network, which has ties to George Soros' Open Society Institute."

The Washington Post (1/11, A3, Cooperman) reports two "influential Christian nonprofit organizations questioned each other's finances yesterday, each suggesting that the other is beholden to big donors with partisan political motives." The clash "between the National Council of Churches and the Institute on Religion and Democracy was a rarity in Washington, where liberal and conservative advocacy groups fight fiercely over issues but seldom dig deeply into each other's funding." Both groups "call themselves nonpartisan and are incorporated as tax-exempt charitable organizations. But the council, a New York-based alliance of 35 Christian denominations, is deeply involved in liberal social causes, such as reducing poverty and making peace." The institute, "a Washington-based think tank, is allied with conservative groups on issues such as same-sex marriage."

Schwarzenegger Unveils "Restrained" Spending Plan. The Los Angeles Times (1/11, Rau, Halper, 850K) reports, "Gov. Arnold Schwarzenegger today unveiled a restrained $143-billion state spending plan that eases some of California's chronic fiscal problems in part by restricting welfare payments and denying public transit systems $1.1 billion they were anticipating. The plan's spending from the state's general fund - where most California taxes go - would be $103 billion, an increase of less than 1% from the current fiscal year, which ends June 1." Schwarzenegger "hailed his plan that would eliminate a multibillion-dollar deficit anticipated for this year and pay off early some of the state's debt incurred during its economic crisis at the turn of the century."

The Wall Street Journal (1/11, C9, Carlton, 2.04M) reports, "At this rate…Schwarzenegger may become known as the Bond-inator. Last year, the former 'Terminator' star persuaded California voters to pass a record bond package totaling $42.7 billion to help rebuild the state's aging infrastructure. This year, he is proposing that California go back to the well for an additional $43.3 billion in bonds, to help expand the rebuilding work -- and that is making even Democratic allies of the Republican governor a tad nervous." The New York Times (1/11, Steinhauer, 1.16M) also reports the story.

California To Require Lower Carbon Content In Fuel. The Christian Science Monitor (1/11, Wood, 59K) reports, "Now that California is on record as mandating a 25 percent cut in the state's greenhouse-gas emissions by 2020...leaders here are starting to lay out how they intend to hit that ambitious mark. First up: requiring transportation fuels sold in California to contain less carbon." Gov. Arnold Schwarzenegger (R) "announced Tuesday that he will issue, within weeks, an executive order that sets a new 'low carbon fuel standard' in the state. Aimed at petroleum refiners and filling stations, the new standard will give them 13 years...to cut the carbon content of the fuels they sell for passenger vehicles by 10 percent." As the state "moves to implement the new standard, its effect on consumers and the state economy will be closely watched. Several Republican lawmakers and business leaders have expressed early concern that the state crackdown on emissions will encourage businesses to locate outside California, or will increase their overall costs. Consumers worry that new fuels or fuel additives will raise prices at the corner gas station."

Burns Hired By DC Lobby Firm. The AP (1/11, Jalonick) reports former Montana Sen. Conrad Burns (R), "whose ties to lobbyists helped sink his re-election bid, has landed at a new workplace: a Washington lobbying firm." Burns will "work for his former chief of staff, Leo Giacometto, at the firm Gage, which has lobbied for Montana interests and several national technology companies, often making headlines for its connections to Burns and his staff."

Virginia Seeks Deferral In Meeting Some Federal Testing Standards. The Washington Post (1/11, A1, Glod) reports, "Controversy has emerged over how to measure the progress of children learning English." The U.S. Education Department "objected last year to the way Virginia and 17 other states test limited-English students" finding the tests "not demanding enough." But "many Virginia educators" said that "the federal standard is too lofty for students just beginning to understand the nuances of English." The Virginia Board of Education and the state's congressional delegation are "lobbying Education Secretary Margaret Spellings" for a "one-year deferral" in meeting federal testing standards.

Ethiopia Says Eight Militants Killed In Airstrike, Others Being Held. The Financial Times (1/11, England) reports Ethiopian Prime Minister Meles Zenawi said Wednesday that a US air strike in southern Somalia Monday "had killed eight suspected militants and wounded five others,

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who had been captured by Ethiopian forces." Meles "disputed reports that civilians were killed in the US strikes and said he was waiting for DNA tests to confirm the identities of the suspects." Meanwhile, reports of additional airstrikes "were denied by US and Ethiopian officials, who said their aircraft had not launched new attacks." The AP (1/11, Hassan) reports Meles "said Ethiopia and the US have been cooperating on intelligence, and that most of the information has come from the Americans."

Meanwhile, the New York Times (1/11, A21, Gettleman, 1.16M) reports Mogadishu "exploded in violence on Wednesday morning after unknown insurgents attacked a transitional government barracks during the night and soldiers responded by sealing off large swaths of the city, searching house to house for guns." The weapons raids "immediately provoked stiff resistance, and squads of Ethiopian soldiers and troops loyal to the transitional government poured into the streets, where they battled outraged residents and a handful of masked insurgents."

The Washington Post (1/11, A21, McCrummen, 690K) says the situation "is so confused and the city so fractured and armed that the attacks, recounted by witnesses, could have come from any number of groups frustrated with the presence of Ethiopian troops." Many Somalis are also "enraged" over the US airstrike early Monday. Meanwhile at the UN, the Security Council "began debating the conflict" with Ibrahim Gambari, the UN undersecretary for political affairs, urging the interim Somali government "to begin talks" with Islamic militants, saying the deployment of a peacekeeping force would be "problematic" without a political settlement in place.

US Officials Refuse To Confirm Reports Of Terrorist's Death. The CBS Evening News (1/10, story 9, 0:35, Couric, 7.66M) reported, "In tonight's news briefing, an eight-year-long hunt for one of the world's most wanted terrorists is over. Somalia's government claims Fazul Abdullah Mohammad was killed during this week's US air attack in that country. He's a suspected Al Qaeda terrorist wanted in the 1998 bombings of two US Embassies in Africa that killed 224 people. However, American intelligence cannot confirm that Mohammad was killed. The Pentagon says there have been no US attacks in Somalia since Sunday."

Congressional Republicans Say State Department "A Mess" Under Rice. Nationally syndicated columnist Robert Novak writes in the Washington Post (1/11, A15, 690K), "Just how career diplomat Negroponte came to be the new intelligence czar in the first place is puzzling. But to pull him out just as his on-the-job training was completed reflects a panicky desire to fill the deputy secretary post, which had been unfilled for an unprecedented six months. Five other key State Department positions are either vacant or are soon to be vacant." Novak says that unnamed Republicans in Congress tell him "that the State Department under Condoleezza Rice is a mess." At a time when "American diplomacy is being tested worldwide -- in Afghanistan, Iran, Israel, Korea and Sudan," Novak says "the judgment by thoughtful Republicans is that Rice has failed to manage that endeavor." Rice's "previous government duties," he notes, "had been as an analyst and staffer rather than as a manager." Lastly, Novak observes that "with the State Department permanent bureaucracy traditionally hostile to Republican administrations, it is remarkable to see two Foreign Service officers, Negroponte and Burns, in the department's No. 2 and No. 3 slots. Insiders relish their confrontation. … That may turn out to be a good show, but it is not reassuring for a country facing myriad challenges worldwide."

China, Russia Denounce US Sanctions Over Arms Sales. The Washington Times (1/11, Gertz, 88K) reports China and Russia "have denounced sanctions imposed on their state-run companies by the Bush administration over missile and weapons of mass destruction sales to Iran and Syria." In Beijing this week, Foreign Ministry spokesman Liu Jianchao reacted to the sanctions imposed last week by the State Department saying, "It is unreasonable for the American government to invoke its domestic law to sanction on Chinese companies without providing any evidence." He also called on the US to "correct its wrong practice." For its part, the Russian Foreign Ministry called the sanctions "illegal," saying the US "has tried to extrapolate its domestic laws to foreign companies, to make them work under US rules." The State Department "declined to provide details on what triggered the sanctions last week," but Bush administration officials "said they resulted from Russian anti-tank missile sales to Syria that ended up in the hands of Hezbollah terrorists and were used against Israel, as well as goods sent from China sold to Iran that were linked to Tehran's nuclear, chemical and biological weapons and missile systems."

Russia Backs Syria In Hariri Probe Request. The Washington Times (1/11, Kralev, 88K) reports a "rift" has developed between Russia and the Western members of the UN Security Council over the probe into the assassination of former Lebanese Prime Minister Rafik Hariri. In "an attempt to help its ally Syria," Russia has asked that "all countries not fully cooperating be publicly named." Russia's UN ambassador, Vitaly Churkin, told the Security Council Tuesday, "If we focus so hard on one country, why should we disregard completely or even not want to know what those countries are?" The US and France "rejected the idea, saying it would distract from more important issues." State

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Department spokesman Sean McCormack told reporters Tuesday, "Syria quite clearly falls into a category of its own, so I wouldn't try to lump them all together" with other countries, noting that "the fact that Syria has been cited as not being fully cooperative in the past with the investigation was important because, let's be frank, the signs pointed to some Syrian involvement [in the Hariri assassination] in some fashion."

Blasts Rock Philippines Ahead Of ASEAN Summit. The New York Times/AP (1/11, A23, Cerojano) reports, "Three bombs within hours of each other rocked the southern Philippines on Wednesday, killing at least six people and wounding 27 others, officials said, amid warnings that Muslim militants may try to disrupt this weekend's Asian regional summits." Officials "insisted security was tight, with police and troops on the highest alert." Philippine National Police Chief Oscar Calderon "had warned that militants may try to embarrass the government, a staunch US ally in the war on terror, by staging attacks" during the ASEAN summit. AFP (1/11, Peugeot, Yu) reports Foreign Minister Alberto Romulo "insisted" the summit "would go ahead later this week," despite the bombings.

Richardson Brokers Ceasefire In Darfur. The New York Times (1/11, A6, Polgreen, 1.16M) reports Sudanese President Omar Hassan al-Bashir and leaders of several rebel factions in Darfur "agreed Wednesday to a 60-day cease-fire in separate meetings with Gov. Bill Richardson of New Mexico." According to a statement issued after Wednesday's meeting, President Bashir "said he had agreed to halt military operations to allow time for a political settlement to the crisis to emerge." Speaking by telephone from Khartoum, Richardson said, "What is lacking is a political process that leads to a UN force," but said the ceasefire is "at least a step." The Washington Post (1/11, A22, Timberg, 690K) notes that despite agreeing to the ceasefire, Bashir "showed little evidence of relenting on his refusal to allow thousands of UN peacekeeping troops into Darfur."

Former State Official Says ICC Complicating Efforts In Darfur. Former assistant secretary of state, Stephen Rademaker, writes in the Washington Post (1/11, A25, 690K) that although the Sudanese government "bears principal responsibility for the continued killing" in Darfur, "recently an unexpected obstacle to ending the bloodshed has emerged: the International Criminal Court (ICC)." Rademaker notes that "much of the world agrees that to end the genocide a highly capable UN peacekeeping force must immediately be deployed to Darfur." The "only footnote to this consensus is China, which, eager for access to Sudan's oil and armed with a veto at the U.N. Security Council, forced the United Nations to accept a precondition to action in August: that the government in Khartoum must consent to the deployment of any UN force." However, he warns that "given China's opposition, such action almost certainly would have to be carried out without Security Council authorization and would be vastly inferior to the deployment of an effective UN peacekeeping force." Coalition military action, he notes, would be "in large measure US military action, and the same would be true in Darfur. No matter how noble our objectives, US military action without UN authorization against another Arab government would prove deeply unpopular in many parts of the world, and America would pay a steep political price. If this is where we end up in Darfur -- or if the genocide continues unabated because peacekeepers cannot be deployed -- there will be three culprits to blame: the bloodthirsty regime in Khartoum, the oil-thirsty government in Beijing and the UN Security Council's shortsighted decision to bring in the ICC."

EU Energy Strategy Aims To Curb Carbon Emissions, Boost Competition. The Wall Street Journal (1/11, Jacoby, Echikson, 2.04M) reports the EU "unveiled an ambitious blueprint for combating global warming and boosting energy efficiency, but key elements of the plan face strong opposition from business interests and could require major battles to get them implemented. The European Commission yesterday published a long-awaited proposal for the bloc's first common energy strategy." The Journal adds, "Business groups expressed alarm at the commission's proposals to cut emissions of carbon dioxide...20% from 1990 levels by 2020." And "France and Germany are likely to block a proposal to boost competition by breaking up European energy companies that control both the supply and distribution networks for oil, gas or electricity." But EC "officials insisted any opposition won't derail efforts to shake up European energy markets. Energy security, and the need to reduce demand for fossil fuels, has risen to the top of the EU agenda in response to continuing concerns about its predominant supplier of gas and oil, Russia."

The New York Times (1/11, Kanter, 1.16M) says EU officials "challenged governments to loosen their grip on national energy sectors, calling for a fresh wave of competition and investment in infrastructure and technology to ease dependence on powerful exporters like Russia and to combat global warming." The "package of proposals is one of the largest ever presented by the commission, although it reflected changes by France and Germany, which oppose the breakup of their national electricity companies." EU "officials also backed away from earlier, more ambitious targets for cutting emissions after energy-intensive industries and labor groups warned of threats to profits and jobs — especially if competitors in the United States and elsewhere did not follow suit." Many of the proposals "are to be debated by European

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Union leaders at a summit meeting in March. If they approve the package, many of the measures would still require the commission to draft formal legal proposals."

Belarus Backs Down In Oil Dispute With Russia. The Financial Times (1/11, Ostrovsky) reports, "Belarus backed down in its trade conflict with Russia on Wednesday by abolishing an export duty on oil pipeline transits. The move allows Moscow to resume supplies to Europe via its neighbour." Belarussian President Alexander Lukashenko "appears to have climbed down after a telephone conversation with President Vladimir Putin of Russia." Although "Wednesday's move bolstered Mr Putin's prestige at home and strengthened Moscow's hand in its stand-off with its neighbour, the dispute has dented Russia's reputation and its claim to be a reliable energy supplier."

The AP (1/11, Karmanau) reports, "Russian oil began flowing again through a Belarusian pipeline late Wednesday, a top Belarusian oil official said, resolving a dispute between the countries that had disrupted supplies to Eastern Europe as well to the former Soviet Republic." The dispute "showcased the Belarus regime's reliance on cheap Russian energy imports, and stoked doubts in European capitals about Russia and its dependability as an energy supplier."

The New York Times (1/11, Myers, 1.16M) reports, "The Belarussian prime minister, Sergei S. Sidorsky, said...in televised remarks that his country would revoke a transit fee of $45 a ton on Russian oil that it imposed last week, provoking a dispute with swift repercussions in Europe." Sidorsky "said he would fly to Moscow for more talks on Wednesday, an indication that a final resolution had not been found." Moscow "had said that it would hold no talks until the transit fee was lifted."

The Washington Post (1/11, A22, Finn, 690K) adds, "The Belarusan presidential press service said that the countries' prime ministers had been told 'to propose ways of settling all problems and to submit them to the presidents by Friday.'"

Chávez Begins New Term Vowing Socialist Reforms. The New York Times (1/11, A16, Romero, 1.16M) reports Venezuelan President Hugo Chávez was sworn in to a new six-year term at a ceremony Wednesday vowing "to speed Venezuela's metamorphosis into a Socialist country." In his speech, the president "defended his decision this week to nationalize companies in the telecommunications and electricity industries and promised to seek greater control over natural gas projects." He also "renewed his request to Congress for decree powers, saying a 'revolutionary law of laws' would allow him to hasten the construction of Socialism."

In an editorial, the Los Angeles Times (1/11, 850K) warns that "if his drive to consolidate power over the media, the telecommunications industry and other sectors succeeds, by the time his term expires six years from now it may no longer be possible to hold a free election in Venezuela." A country "without an independent media, judiciary or legislature," it continues, "is by nobody's definition a democracy. Venezuela's people may just have succeeded in voting themselves out of power."

UN Agency Denies Receiving Staff Complaints. The Washington Times (1/11, Pisik, 88K) reports Jose Antonio Ocampo, the head of the UN Department of Economic and Social Affairs (DESA), Wednesday "defended his management of the scandal-laden 'good governance' division, saying that he personally had initiated internal investigations and shut down a foundering office within his department." In his first public remarks since the opening of a UN investigation prompted by a Washington Times article last month, Ocampo "also denied having received complaints from staff about concerns that range from mismanagement of government funds to favoritism and intimidation in the hiring and disciplining of employees." His claim "flies in the face of documents and accounts given to The Times showing that several staff members complained to Mr. Ocampo, both in person and in writing, about purported mismanagement, intimidation and favoritism in DPADM between 2003 and 2006," the newspaper writes.

Japanese Lawmakers Fear Healthcare Reforms May Become Too Expensive. In an 2,000-word front page article, the Wall Street Journal (1/11, A1, Landers, 2.04M) reports last year Japan's parliament passed a measure that calling "for more cancer specialists and a permanent role for patients in policy making" in a "victory for a spreading movement in Japan among patients who want American-style care and drugs for cancer. But the idea of becoming more like the US raises alarms among policy makers. In Japan, the government guarantees that everyone has health-insurance coverage and it pays most of the bills." Masaharu Nakajima, until recently director general of the Health Bureau at the Ministry of Health, Labor and Welfare, says Japan "already offers excellent cancer care," and "with a huge national debt and corporations worried about higher taxes, Japan can't afford to throw money into treatments and training that offer little hope of significantly extending lifespans."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Bush Commits 21,500 More Troops."
"Gov.'s Budget Plan: No Deficit, More Debt."
"You Too Can Rent A Rock Star."
"Prolific Producer With 'New Vision'."
"'Gated Communities' Planned For Baghdad."
"Gates Foundation To Reassess Investments."

USA Today:
"Poll: Low Support For Iraq Buildup."
"Obesity Of China's Children 'Shocking'."
"Jockey's Bid For A Second Chance Is Ride Of His Life."

New York Times:
"Bush Adds Troops In Bid To Secure Iraq."
"Bush's Strategy For Iraq Risks Confrontations."
"House, By A Wide Margin, Backs Minimum-Wage Rise."
"Firms Fret As Office E-Mail Jumps Security Walls."
"States Push For Cheaper Insulin."
"Unfilled City Manager Posts Hint At Future Gap."

Washington Post:
"U.S. Airstrikes Back Troops In Baghdad Clash."
"D.C. Bill Would Mandate Vaccine."
"With Iraq Speech, Bush To Pull Away From His Generals."
"United Airlines Wins Right To Fly To China From Dulles."
"Overhaul Sought Of Pr. George's High Schools."
"Climate Experts Worry As 2006 Is Hottest Year On Record in U.S.."

Washington Times:
"Bush Vows Surge To Fix 'Mistake'."
"2008 Destination Unknown."
"A Sweet Deal For 'Official' Felons."
"How Secular Donors Move Church Agenda."
"Ex-D.C. Workers Sued After Paycheck Gaffes."
"TV Violence Found To be More Frequent, Graphic."

Detroit Free Press:
"School Closing Uproar Grows."
"U-M Has Hopeful Students On Edge."
"Bush Arms For A Buildup."
"Patterson's State Of The State Is Irate."

Atlanta Journal-Constitution:
"'Now Is The Time To Act.'"
"US Airways Pumps Up Hostile Bid For Delta."
"House OK's First Minimum Wage Hike In Decade."
"Nichol's Trials: Costly, Tedbious-Necessary."

Houston Chronicle:
"Amid Criticism, HPD Reviews Tactics On Mentally Ill Suspects."
"HISD May Loosen Rule On Athlete Physicals."
"Bush Admits Mistakes, Will Send More Troops."
"DEA Seeks To increase Its Presence In Mexico."
"Pitts Tries To Shake A Political Hangover."

Story Lineup From Last Night's Network News:
ABC: New Iraq Strategy; The US Surge; Bush Iraq Strategy-Analysis; Minimum Wage Increase; Barbaro Recovery; Trailer Park Sells; Yvonne De Carlo Obit; Price Charles Girlfriend; A Soldier's Story.
CBS: New Iraq Strategy; The US Surge; Troops Securing Iraq; New Iraq Strategy-Reaction; Iraq Study Group; New Iraq Strategy-Analysis; A Soldier's Story; New US Surge-Analysis; Somalia Air Strikes-Aftermath; Minimum Wage Increase; Barbaro's Recovery; Stock Market; Female Veterans With PTSD.
NBC: New Iraq Strategy; New Iraq Strategy-Reaction; New Iraq Strategy-Analysis; New US Troop Surge-Iraq; Anti-RPG System-Blocked; Minimum Wage Increase; Stock Market; Oil Prices; Forgotten On The Runway; Yvonne De Carlo Obit; A Soldiers Story.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Iraq Speech; Sen. Durbin-Bush's Speech; NATO-Large Number Of Insurgents Killed In Eastern Afghanistan; Congress-Minimum Wage Bill; Congress-Stem Cell Research Bill; Parents Television Council-Violence Up On TV; Colorado Couple Sell Snowballs On eBay; Tokyo Stock Exchange; Wall Street.
CBS: Bush-Iraq Speech; Democrats-Bush's Iraq Speech; Congress-Stem Cell Research Bill; Pelosi-Smoking Ban In Speaker's Lobby; HUD-Homeless Estimate; StubHub Being Purchased By eBay; Oil Prices; Parents Television Council-Violence Up On TV; Defense Security Service-Bugged Coins Found In Pockets Of Defense Contractors.
NPR: Iraq-Report Of Iranian Consulate Raid By U.S. Forces; Bush-Iraq Speech; Sen. Durbin-Bush's Speech; Tokyo Stock Exchange; Congress-Minimum Wage Bill; UN Refugee Agency Concerned Over Security Situation In Eastern Chad.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in presentation of the Medal of Honor, East Room; participates in luncheon with military personnel, Fort Benning, Ga; participates in a demonstration, Fort Benning, Ga.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Tours the restored Treasury Building and participates in a ribbon cutting ceremony, Main Treasury. Note: Remarks in the 2nd floor Cash Room.

US Senate: 9:30 p.m. FLOOR SCHEDULE _ The Senate convenes for a period of morning business. Following morning business the Senate will resume consideration of S. 1, the Ethics Reform bill.

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10 a.m. FINANCE _ Full Committee. Hearing on prescription drug pricing and negotiations. John Dicken, GAO; Gerard F. Anderson, Johns Hopkins Bloomberg School of Public Health, The Johns Hopkins University, Baltimore; Emund F. Haislmaier, The Heritage Foundation; Richard G. Frank, Harvard Medical School; Fiona M. Scott Morton, Yale University. Location: Room 215, Dirksen.

10 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the administration's plan for Iraq. Secretary of State Rice. Location: Room 106, Dirksen.

10:30 a.m. BUDGET _ Full Committee. Hearing on the long-term budget outlook. Comptroller General David Walker. Location: Room 608, Dirksen.

2 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on troop surge, partition, withdrawal and other plans for Iraq. Pewter Galbraith of the Center for Arms Control and Non-Proliferation; Frederick Kagan, AEI; Ted Galen Carpenter, Cato Institute; Dan Serwer, Center for Post-Conflict Peace and Stability Operations. Location: Room 106, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Open. Hearing on assessment of threats to national security. John D. Negroponte, Director of National Intelligence; General Michael Hayden, Director of Central Intelligence Agency; Robert Mueller, Director of Federal Bureau of Investigation; and Lieutenant General Michael D. Maples, Director of Defense Intelligence Agency; and Randall Fort, Assistant Secretary of State for Bureau of Intelligence and Research. Location: Room 216, Hart.

US House: 10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iraq. Former Undersecretary of State Thomas Pickering, former CIA Director James Woolsey. Location: Room 2172, Rayburn.

1 p.m. ARMED SERVICES _ Full Committee. Hearing on Iraq policy. Defense Secretary Gates, Joint Chiefs of Staff Chairman Gen. Peter Pace. Location: Room 2118, Rayburn.

2 p.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iraq policy. Secretary of State Rice. Location: Room 2172, Rayburn.

Other: HOMELAND SECURITY _ Homeland Security Advisory Council holds partially closed meeting. Highlights: 9 a.m. Closed portion of meeting. 11:15 a.m. Discussion of reports on ``The Future of Terrorism" and ``Improving the Department's Culture." 11:25 a.m. Secretary Chertoff speaks. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

SHARED PROSPERITY _ 8:15 a.m. - 12 p.m. The Economic Policy Institute unveils its Agenda for Shared Prosperity. Highlights: 9:15 a.m. Keynote address by Sen. James Webb, D-Va. 10 a.m. Presentation on providing universal affordable health care. Location: Economic Policy Institute, Wellstone Conference Room, East Tower Suite 300, 1333 H St. NW.

GATES-RICE-PACE _ 8:30 a.m. Secretary of Defense Robert M. Gates holds a press conference with Secretary of State Condoleezza Rice and Chairman of the Joint Chiefs of Staff General Peter Pace. Location: White House Conference Center Briefing Room, Old Executive Office Building.

TREASURY BUILDING _ 9:10 a.m. Treasury Secretary Paulson and first lady Laura Bush tour the restored and modernized Treasury Department building. Location: Cash Room, main Treasury.

MASSACHUSETTS HEALTH PLAN _ 9:15 a.m. - 11 a.m. American Enterprise Institute hosts a discussion, ``Is the Massachusetts Health Plan America's Next Top Model?." Presenter: Mark V. Pauly, Wharton School, University of Pennsylvania; Panelists: Rep. Holly Benson, Florida House of Representatives; John McClaughry, Ethan Allen Institute; Moderator: Thomas P. Miller, AEI. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

HUMAN RIGHTS _ 9:45 a.m. Human Rights Watch presents its annual World Report 2007, analyzing the state of human rights protections worldwide. Location: National Press Club, Holeman Lounge.

CARDIN-IRAQ _ 10 a.m. Sen. Benjamin L. Cardin, D-Md., is tentatively scheduled to deliver his first speech on the Senate floor. He will focus on the war in Iraq and his strong opposition to President Bushs plan to deploy thousands of additional troops. Location: Senate floor.

IRAN-BUSH REAX _ 10 a.m. The Iran Policy Committee holds a news conference to discuss President Bush's Iraq speech and to release a White Paper on the troop surge. Location: National Press Club.

RISK MANAGEMENT-MORTGAGES _ 10:15 a.m. Federal Reserve Board Governor Susan Schmidt Bies addresses the National Credit Union Administration's Risk Mitigation Summit. Topic: ``Enterprise Risk Management and Mortgage Lending." Location: United States Chamber of Commerce, 1615 H St.NW.

GUANTANAMO _ 10:30 a.m. Amnesty International USA and the Center for Constitutional Rights hold a news conference to urge that the Guantanamo prison be closed. Location: In front of the Supreme Court.

IRAQ-ANALYSIS _ 10:30 a.m. The Brookings Institution holds a discussion on the implications of President Bush's new Iraq policy, with analysts Carlos Pascual, Sarah Binder, Philip Gordon, Martin Indyk and Kenneth Pollack. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

MCCONNELL-IRAQ _ 10:45 a.m. Senate Republican Leader Mitch McConnell holds a media availability to discuss Iraq strategy. Location: Senate Radio/TV Gallery.

RISK ASSESSMENT _ 11 a.m. The National Research Council holds a telephone briefing tyo release a review of

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OMB's Risk Assessment Bulletin, which underpins many regulatory decisions. Contacts: n/a, 202-334-2138.

BOEHNER BRIEFING _ 11:15 a.m. House Minority Leader John Boehner holds his weekly news briefing.

JOHANNS-JAPAN _ 11:30 a.m. Camera spray at the start of a meeting between Agriculture Secretary Johanns and Japanese Agriculture Minister Toshikatsu Matsuoka. Location: Whitten Building, 1400 Independence Ave. SW.

MEDICARE RX _ 11:45 a.m. Representatives Cantor, Putnam, others, hold a news briefing on Medicare Part D. Location: House Studio.

EASTERN EUROPE _ 10 p.m. The Wilson Center for International Scholars holds a program on ``Expanding the Eastern Frontier: Bulgaria, Romania and the EU," with Margarita Assenova of the Institute for New Democracies, Esther Brimmer of the Center for Transatlantic Relatiaons at Johns Hopkins University; others. Location: Wilson Center, Reagan Trade Building.

INCOME DATA-WEALTH _ 12 p.m. Alan Reynolds speaks at forum on new Cato Institute study on income data. He' ll discuss why he thinks there's little evidence that U.S. income inequality has increased, at least since the late 1980s. Location: 1000 Massachusetts Ave. NW.

SARBANES-OXLEY _ 12 p.m. Alex Pollock of the American Enterprise Institute speaks on ``SEC's Sarbanes-Oxley Fix Needs Fixing" at National Economists Club meeting. Location: Chinatown Garden Restaurant, 618 H St. NW.

ANTI-SURGE _ 12:30 p.m. Domestic policy groups and unions join anti-war activists for a press conference to launch a bid against the president's plan to send more troops to Iraq. Location: National Press Club, Holeman Lounge.

ECONOMY _ 12:30 p.m. Council of Economic Advisers member Matthew Slaughter speaks on the economy and financial trends to the National Credit Union Administration. Location: U.S. Chamber of Commerce, 1615 H St. NW.

HOUSE-ETHICS _ 12:30 p.m. Reps. Christopher Shays and Marty Meehan hold a press conference to discuss their ethics enforcement, lobbying reform and campaign finance agenda for the 110th Congress. Location: House Radio-TV Gallery.

MEDICARE DRUGS NEGOTIATION _ 2 p.m. Representatives John Dingell, Charles Rangel, Jo Ann Emerson and Carol Shea-Porter hold a press conference to discuss the Medicare Prescription Drug Negotiation Act of 2007. Location: Room HC-8, Capitol.

RELIGIOUS FREEDOM _ 2 p.m. The Commission on International Religious Freedom and CSIS hold a briefing on religious freedom and state policy in Central Asia, with Catherine Cosman of the commission, others. Location: Room B1A, CSIS, 1800 K St. NW.

RANGEL-DRAFT _ 3:15 p.m. Rep. Charles Rangel, D-N.Y., holds a press conference on a bill that would reinstitute the military draft. Location: House Studio.

CONSENUS BUILDING _ 4 p.m. Sens . Mary Landrieu, D-La., and Olympia J. Snowe, R-Maine, will convene the first bipartisan, consensus building meeting. Location: Room 188, Russell Senate Office Building.

CARBON SEQUESTRATION _ 4:30 p.m. - 6:30 p.m. The first Kathryn Fuller Science for Nature Seminar presented by Dr. Stuart Pimm, Doris Duke Chair of Conservation Ecology at the Nicholas School of Duke University, will discuss ``Setting practical conservation priorities --and sequestering carbon to pay for them." Location: Room 2004, WWF-US Headquarters, Russell Train Conference Center, 1250 24th St. NW.

ANTI-WAR DEMONSTRATION _ 6 p.m. DC for Democracy and the Win Without War Coalition hold a demonstration against the White House call for a troop increase in Iraq. Location: Lafayette Square.

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From:	USDOJ- Office of Public Affairs
Sent:	Thursday, January 11, 2007 8:18 AM
To:	USDOJ- Office of Public Affairs
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Attachments:	dojclips070111.pdf; dojclips070111.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 11, 2007 7:45 AM EST

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TERRORISM NEWS:

Hamas Suspects Defended (CHIT)

By Rudolph Bush And Azam Ahmed
Chicago Tribune, January 11, 2007

Muhammad Salah was trying to provide humanitarian aid to the Palestinian people when he became a pawn of Israeli officials seeking to influence U.S. policy, his lawyer argued Wednesday.

Firing back after two days of prosecution arguments, Salah's lawyer, Michael Deutsch, attacked the case against his client, a Bridgeview businessman accused of being a leading member of the radical Palestinian group Hamas.

An attorney for Salah's co-defendant, Abdelhaleem Ashqar, also gave his final argument, telling jurors that Ashqar resisted Israel's occupation of Palestinian territories but insisted on following the law.

Deutsch's argument focused on the heart of the government's case: a handwritten confession and statements that Salah allegedly provided while in Israeli custody in 1993.

To accept Salah's guilt, jurors must accept a confession extracted through torture, Deutsch said.

"You can say we're not going to have a case in an American courtroom that's based on a foreign government's systematic use of torture," Deutsch said.

Prosecutors charge Salah, a U.S. citizen, and Ashqar, a longtime resident, with using the safe haven of this country to transfer funds, coordinate operations and provide other aid to Hamas, an organization responsible for many terrorist attacks.

Arrested by Israeli police in Gaza in January 1993, Salah confessed to being a Hamas military commander during 54 days of interrogation that included physical and psychological torments, Deutsch said.

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Jurors should reject the testimony of two Israeli interrogators, "Nadav" and "Benny," that Salah confessed voluntarily, Deutsch said.

The interrogators, who testified under official aliases, lied constantly on the stand, Deutsch said.

Prosecutors acknowledged in court that Israeli interrogators were permitted to use coercive tactics such as hooding prisoners and forcing them to sit handcuffed in a small chair. Nadav and Benny denied Salah was subjected to such treatment.

"They want you to believe he was a military commander who cooperated without any coercion or torture," Deutsch said.

He told jurors that it was the other way around—Salah had no militant background but was tortured into saying he did.

The purpose of his arrest, torture and confession was an intrigue developed at the highest levels of the Israeli government to convince the FBI that Hamas was developing cells in the U.S., Deutsch said.

While access to Israeli interrogation facilities is extremely limited, a New York Times reporter, through the intervention of Israeli Prime Minister Yitzhak Rabin, was permitted to view an interrogation session of Salah.

The reporter, Judith Miller, testified that as a result she wrote a front-page story stating that Hamas was developing cells in the U.S.

"No one in the U.S. government really believed the U.S. was an important haven for Hamas," Deutsch said. Miller testified that her article began to change that skepticism.

Wednesday's arguments by the defense attorneys were steeped in the history of the Palestinian-Israeli conflict and the hardships they say the Palestinians have endured.

Palestinians often lack access to basic services such as medical care, fresh water, sewage systems and schools, both defense attorneys said.

Humanitarian issues became a major focus in the trial, as Deutsch argued that Salah carried funds to the territories to ease the suffering of his people, not for militant operations.

Salah was captured in 1993 with $100,000 in cash. Bank records show Hamas leader Mousa Abu Marzook had transferred him nearly $1 million, which prosecutors said was intended to fund violence.

But the money transfers were completely transparent, and they went through Salah's personal bank account, Deutsch said. That is not the practice of someone funding illicit operations, he said.

Ashqar's attorney, William Moffitt, compared the struggle of Palestinians to historic fights against repression, from the American Revolution to the civil rights movement. He showed jurors a mock "wanted" poster charging George Washington with terrorism.

Ashqar is accused of coordinating communication for Hamas and archiving key documents.

Moffitt argued that creating a historical archive was Ashqar's right as a Palestinian.

"They have every right to be the first authors of their history," he said.

Moffitt briefly addressed a series of secretly recorded conversations in which Ashqar discussed violent operations by Hamas. He said that despite the disturbing nature of the calls, Ashqar is never heard planning any militant attacks or recruiting anyone to perform such acts.

Moffitt pointed to a secretly recorded statement by Ashqar in which he told alleged fellow Hamas members, "Anything we undertake must be a studied legal work."

Both defense lawyers questioned the timeliness of the government's 2004 indictment, pointing out that nearly all of the charges in the case stem from events that occurred in the early 1990s.

After Salah was released from Israeli custody in 1997, he returned home to Bridgeview under strict government scrutiny. Yet prosecutors produced no evidence that Salah did anything on behalf of Hamas from the time of his return to the U.S. to the present, Deutsch said.

"This is not a case about terrorism but about fairness and justice," he said.

Terror Trial Defendants Described As Humanitarians (BVND)

By Mike Robinson

The Belleville News Democrat, January 11, 2007

CHICAGO - Hoarse from hours of talking, defense attorneys said Wednesday that two men accused of bankrolling Hamas terrorists sought to ease the plight of downtrodden Palestinians but never violated the law.

"He's a Palestinian patriot but that doesn't mean he's a killer," William Moffitt said in his closing argument on behalf of Abdelhaleem Ashqar, a former assistant professor of business at Howard University.

Ashqar, 48, of Springfield, Va., and former Chicago grocer Muhammad Salah, 53, are accused by the federal government of serving as major suppliers of funds and fresh recruits for Hamas terrorist operations.

Salah's attorney, Michael E. Deutsch, said in his closing argument earlier Wednesday, that when his client was arrested in Israel in January 1993 the $97,400 found in his hotel room was for charitable contributions.

He urged jurors not to believe admissions Salah made while being questioned by Israel's Shin Bet security agents at a prison in Ramallah. He said Salah was tortured and said anything the agents wanted to hear.

"In the mind of the interrogators anything is justified if it will secure the State of Israel - they will lie, they will torture people," he said. He said Israel used Salah to get publicity and pressure the U.S. government to crack down on the Hamas fundraising network in this country.

At the trial, two Shin Bet agents, testifying under the aliases Nadav and Benny lest they become targets for reprisals, denied they tortured Salah and said that after much coaxing he willingly told how he delivered cash to leaders in the military underground operated by Hamas.

But the U.S. government was forced to concede that at the time Salah was captured those under interrogation were sometimes hooded, forced to sit handcuffed in a tiny chair and deprived of sleep. Interrogators were authorized to slap detainees at times, the government acknowledged.

The admissions on the part of the U.S. State Department were read into evidence in lieu of classified material the defense could not present.

Both Deutsch, a longtime Chicago civil liberties lawyer, and the Washington-based Moffitt focused hard on the grim living conditions under the Israeli army's occupation of the West Bank and the Gaza strip.

Deutsch likened those who fight to reverse the fortunes of the downtrodden Palestinian people to Nat Turner and other leaders of the slave rebellions in the American past. But he insisted that Salah never participated in any Mideast violence.

Moffitt pointed out that those uprooted at the birth of Israel and still living in squalid, poverty-wracked camps on the West Bank resemble victims of Hurricane Katrina.

"They are refugees in their own country," Moffitt said. He cited the writings of Malcolm X and the Rev. Martin Luther King Jr. and told jurors that "in order to be free, you must struggle against oppression."

Moffitt scored a major victory in a similar trial in Florida a year ago, securing the acquittal of professor Sami al-Arian on a number of charges that helped to the the Palestinian Islamic Jihad terrorist group.

The Florida jury deadlocked on other federal charges against al-Arian.

Ashqar signed Moffitt as his attorney after the Florida trial.

Moffitt brushed off testimony that Ashqar had convened a convention of Hamas-related groups in Philadelphia in 1993, saying the former professor was merely exercizing his freedom of speech and never proposed violence.

He also scoffed at claims Ashqar funneled money to Hamas, saying doing so was perfectly legal until 1995 as long as the purpose didn't violate the law. Prosecutors say the money bankrolled terrorist attacks.

Moffitt began by recalling how proud he felt that his father had thrown rocks at hooded Ku Klux Klan members in the streets of Atlanta. He quoted from the Declaration of Independence and told jurors that the British had denounced its author, Thomas Jefferson, as a terrorist.

"Its really easy to call someone a terrorist when you haven't walked in his shoes," Moffitt said. He flashed a wanted poster on the screen on the courtroom wall. The picture on the poster was of George Washington.

Prosecutors delivered two days of arguments earlier this week, and assistant U.S. Attorney Reid J. Schar on Thursday is due to deliver the government's rebuttal to defense attorneys' arguments.

CIA Defends Document Secrecy At Trial (AP)

DOJ_NMG_0115145

By Larry Neumeister, Associated Press Writer

AP, January 11, 2007

NEW YORK — The CIA cannot reveal "alternative interrogation methods" used on terrorists because doing so would cause exceptionally grave damage to national security by telling enemies how the agency gathers intelligence, the government has told a judge.

In a document dated Friday and filed in U.S. District Court in New York, the CIA said it cannot reveal more than what President Bush said last summer about the detention and questioning of terrorism suspects.

The American Civil Liberties Union had asked the court to require the CIA to turn over two Justice Department memos discussing interrogation methods and a presidential order concerning the CIA's authorization to set up detention facilities outside the United States.

On Wednesday, ACLU attorney Amrit Singh said in a statement that the CIA court document "uses national security as a pretext for withholding evidence that high-level government officials in all likelihood authorized abusive techniques that amount to torture."

He added: "This declaration is especially disturbing because it suggests that unlawful interrogation techniques cleared by the Justice Department for use by the CIA still remain in effect. The American public has a right to know how the government is treating its prisoners."

On Sept. 6, Bush acknowledged the existence of a CIA terrorist detention and interrogation program and said the agency used an alternative set of interrogation procedures to question some suspects. He said 14 suspected terrorists in CIA custody had been transferred to the U.S. Naval Base in Guantanamo Bay, Cuba.

The president said he could not describe the interrogation techniques because doing so would help terrorists determine how to resist questioning.

"Were it not for this program, our intelligence community believes that al-Qaida and its allies would have succeeded in launching another attack against the American homeland," Bush said.

The CIA also told the court that it knows al-Qaida trains operatives in interrogation resistance and would make its resistance techniques more effective if it knew how the CIA operated.

The deputy director of the ACLU's National Security Program, Jameel Jaffer, said the president and his legal advisers used the secret memos to create a legal framework so the CIA could violate U.S. and international law.

"While national security sometimes requires secrecy, it is increasingly clear that these documents are being kept secret not for national security reasons, but for political ones," he said.

3 Relatives Of Plotter Are Held By Officials (NYT)

By William K. Rashbaum

The New York Times, January 10, 2007

The parents and sister of a man convicted of conspiring to bomb the Herald Square subway station were detained yesterday by federal immigration authorities, who have been seeking to deport them to Pakistan.

The arrests came a day after the convicted man, Shahawar Matin Siraj, 24, was sentenced in United States District Court in Brooklyn to 30 years in prison.

The family, who came to the United States in 1999, had been seeking asylum since 2003, citing religious persecution in their home country.

A spokesman for Immigration and Customs Enforcement said that Mr. Siraj's father, Siraj Abdul Rehman, 54, was arrested because a final deportation order had been filed against him. But a lawyer for the family said his case was still under appeal.

The agency spokesman, Mark Thorn, said that the man's mother, Shahina Parveen, 50, and his sister, Sanya Siraj, 19, were arrested and detained on immigration violations.

Mr. Thorn said that the mother and daughter would be given due process and that their cases would be heard by an immigration judge. He said he could provide no more information, because it was the agency's policy not to discuss case details. Mr. Thorn could not explain why the action was taken yesterday, other than to say that the detention was part of an administrative

process and that criminal cases take priority over administrative ones. It was unclear why the criminal case against Mr. Siraj would have delayed the detentions.

The lawyer for the family, Mona Shah, disputed that a final order of removal had been entered against Mr. Rehman. She said he still has an appeal pending before the United States Court of Appeals for the Second Circuit.

"It's absolutely disgusting that they've picked him up under the guise of a deportation order," Ms. Shah said yesterday. "Fine, punish the son. But why punish them like this?"

She could not offer an explanation for the timing of the move, but suggested that it might stem from pressure on the authorities because the family's immigration status was cited in news reports about Mr. Siraj's case.

The immigration status of Mr. Rehman's wife and daughter hinge on his asylum case, Ms. Shah said. All three were picked up at their home in Jackson Heights, Queens, early yesterday morning. Mr. Thorn said they will be held at an Immigration and Customs Enforcement facility in Elizabeth, N.J.

Mr. Siraj, who was convicted on May 24 of conspiring to place an explosive device in the Herald Square subway station in 2004, had also filed for asylum on the same grounds as his father, religious persecution.

Ms. Shah said that all members of the family are Ismaili Muslims, a sect that she said has been mistreated in Pakistan. She said family members had been robbed and attacked several times. "They would be subject to torture and harassment if they returned," she said.

But prosecutors during Mr. Siraj's trial in the bomb plot suggested that he had lied to immigration authorities in his asylum request. They cited his own testimony in an earlier hearing, when he had first told immigration authorities that he did not fear harm if he returned to his native Pakistan. But later, in Mr. Siraj's asylum application, prosecutors pointed out that he said he was afraid.

Also, on tapes secretly recorded by a police informer and played at his trial, he said he had no fear of returning to Pakistan and spoke about influential family members who served as judges and magistrates. He also said he had rich and influential friends and friends on the police force.

He was recorded telling the informer that he planned to conduct surveillance of the subway station tied to his bomb plot immediately after attending an immigration hearing in Lower Manhattan. Testimony also showed that he had discussed entering into a marriage only to get citizenship.

Ms. Shah acknowledged that immigration authorities have some discretion about how to proceed and whether to detain people whose cases are pending, but she was bothered by yesterday's arrests.

"They're not supposed to detain halfway through a case," she said, calling the action "an absolute uneven use" of the discretion.

"You do not give someone the freedom of being not detained and then suddenly pick them up," she said.

Terrorism Convict's Family Held For Deportation (WP)

By Robin Shulman

The Washington Post, January 11, 2007

NEW YORK, Jan. 10 -- A day after a man was sentenced to 30 years in prison for conspiring to bomb Manhattan's Herald Square, his parents and sister were detained by federal immigration officials seeking to deport them.

Shahwar Matin Siraj, 24, was sentenced Monday afternoon for plotting to blow up a subway station in the Midtown shopping district known for its Macy's store. Early Tuesday morning, his family was arrested at its home in Jackson Heights, Queens.

Police officials hailed the sentencing of Siraj, a Pakistani immigrant, as a victory against homegrown terrorism.

But Siraj contended that he was entrapped by a police informant, who he said inflamed his anger at the United States by showing him photographs of American acts of abuse against Muslims, including incidents at the Abu Ghraib prison, and prodded him to consider violence. The informant, Osama Eldawoody, was recruited by the New York City Police Department after Sept. 11, 2001, to monitor radical Muslims in the city.

Siraj never obtained explosives, nor made a timetable for an attack. He has no known connection to any terrorist organization.

His family has lived in the United States since 1999 and has been seeking asylum since 2003, said their attorney, Mona Shah.

A spokesman for U.S. Immigration and Customs Enforcement, the agency that detained the family, said that a final order of removal has been issued against the father, Siraj Abdul Rehman, 54. But Shah said that case is pending in the U.S. Court of Appeals for the 2nd Circuit.

The immigration cases of Siraj's mother, Shahina Parveen, 50, and his sister, Sanya Siraj, 19, are dependent on the father's case, Shah said.

Mark Thorn, the Immigration and Customs Enforcement spokesman, could not say why the family was detained the day after the sentencing.

"The administrative arrests were timed so they would not conflict with the criminal prosecution or sentencing," he said.

But Shah charged that the arrests effectively muted the family's protest after the sentencing of the son.

"It's not American, to punish one person and the next day arrest the entire family," Shah said. "This is basically silencing them."

The family is being held at a detention facility in Elizabeth, N.J.

Guantanamo Inmates "Driven Insane" (FT)

By Guy Dinmore

Financial Times, January 11, 2007

Prisoners held at the Guantánamo Bay detention camp in Cuba are being driven insane by a tightening of conditions and the situation of their indefinite detention without trial, according to lawyers and rights activists involved with the US camp.

The lawyers and activists also doubt whether the Bush administration intends to carry out its stated desire to close the facility.

Protesters around the world plan to mark Thursday's fifth anniversary of the first delivery of detainees to Guantánamo with demonstrations calling for its closure. American anti-war activists and at least one former British prisoner intend to march to the perimeter of the US-held enclave in eastern Cuba.

Kenneth Roth, executive director of Human Rights Watch, says the isolation regime at Guantánamo has tightened in recent months, piling the mental pressure on inmates who have "no fair procedure" that would lead to possible release.

Mr Roth told the Financial Times he had proposed to Angela Merkel, the German chancellor and chairman of the European Union presidency, that EU member states offered to take some of the detainees who cannot return to their home countries for fear of torture. In exchange the US would offer a concrete closure plan that would lead to trials, preferably before a court martial, of remaining prisoners.

Ms Merkel was "intrigued but non-committal", Mr Roth said. But he does not believe the US is looking to close the camp – despite comments by President George W. Bush last year that he would "very much" like to shut it down.

Mr Roth is also sceptical of Mr Bush's claim in September to have closed CIA-run secret prisons when 14 terrorist suspects were transferred to Guantánamo. Human Rights Watch has documented 15 cases of prisoners who "disappeared" into the CIA prison system before September and have not been accounted for since.

Brent Mickum, a defence lawyer, says one of his two clients, Bisher al-Rawi, an Iraqi-born UK resident, "is slowly but surely slipping into madness" because of "prolonged isolation coupled with environmental manipulation that includes constant exposure to temperature extremes and constant sleep deprivation". He says his ration of toilet paper was removed because he used it for shielding his eyes from the light and his prayer rug was taken away because he used it for warmth.

Attorneys representing other prisoners say their clients kept in isolation are going insane.

Jonathan Hafetz, an attorney for the Brennan Center for Justice at New York University School of Law, says the five years of the Bush administration's detention policy and related practices may have "done more to reverse 200 years of democracy than any other government act in US history".

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The answer, he said, was not simply to close Guantánamo but to reflect on how far off constitutional course our practices – and the warped policies on which they are based – had veered and to establish a rights-respecting national security policy for the future.

The US has released more than 300 inmates from Guantánamo and still holds nearly 400 there.

An official told the FT that charges would probably be laid against 60 to 80. Others will be released, but lawyers and activists are concerned that the remaining 200 to 300 will be held indefinitely.

The Pentagon said the detention of enemy combatants was in general "not criminal in nature, but to prevent them from continuing to fight against the US in the war on terror".

Guantanamo Remains Source Of Outrage (AP)

By Ben Fox

AP, January 10, 2007

A black hood covered his eyes, shackles secured his wrists and legs. He felt lightheaded from two days without food and medication that made him sleep during the long flight. Startled by barking guard dogs, he was shouted at by troops in a language he didn't understand.

"We didn't know where we were or what was going to happen to us," Adil al-Zamil, a former Kuwaiti government clerk who was one of the first to arrive at Guantanamo Bay after the base began receiving terror suspects on Jan. 11, 2002. "We were very, very afraid."

In the early days, dogs were used to intimidate prisoners. Detainees were subjected to sleep deprivation and earsplitting rock and rap music. Some, including al-Zamil, said they were shackled in uncomfortable positions for hours.

Today, five years after the first prisoners arrived at the U.S. Navy base in southeast Cuba, the detention camp commander says those aggressive interrogation tactics are gone.

But world outrage over the detention center has grown. Protests around the world will mark the fifth anniversary Thursday of the arrival of the first 20 prisoners at Guantanamo, including a demonstration on the Cuban side of Guantanamo's gate.

Critics say the camp, where hundreds of men face indefinite incarceration, has damaged U.S. credibility and should close.

"It has become iconic in the Muslim world and the wider world ... for everything that the United States has done wrong in the war on terror," said Michael Ratner, president of the New York-based Center for Constitutional Rights.

The military says the detention center is vital as ever. Nearly 400 detainees suspected of links to al-Qaida and the Taliban are still held there.

"What we are doing is an important and integral part of the global war on terror," Navy Rear Adm. Harry B. Harris, commander of the detention center, told The Associated Press by telephone on Tuesday. "We're keeping enemies of our nation — enemy combatants, terrorists if you will — off the battlefield."

Al-Zamil, 44, insisted Tuesday that he had no links to al-Qaida or the Taliban. He says he had traveled to Afghanistan to work for a charity before being taken into custody in Pakistan and turned over to U.S. forces. He was held in Afghanistan before being transferred to Guantanamo in what he believes was February or March of 2002.

He and another Kuwaiti, Saad al-Azmi, were forced onto the tarmac in Guantanamo together.

"We were totally cut off from the world. We didn't know what was going on," al-Zamil said by telephone from Kuwait.

Al-Zamil and al-Azmi later appeared before a military panel that designated them enemy combatants, despite their claims of innocence. The panels considered the cases of 558 detainees and found that all but 38 were enemy combatants and should be held.

Al-Zamil said he was roughed up by guards and interrogators and kept shackled for long periods in cold rooms during his more than three years at the prison.

"Guantanamo is a part of hell," he said.

Al-Azmi, 27, described similar experiences, adding that a female interrogator named "Megan" or "Maggie" danced around him partially undressed, then threatened to have a male guard rape him if he did not confess to terrorist links.

The alleged incidents took place before Harris took command.

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"We don't do anything today that's coercive in nature," he said. "I believe we are doing things correctly here."

The detention camp itself has undergone a transformation since the early days when prisoners were kept in metal open-air cages and used buckets for toilets.

Harris said conditions for prisoners are better because of the construction of Camp Five and, just last year, Camp Six — steel-and-concrete buildings modeled after U.S. prisons.

Human rights groups argue that the buildings, which have solid-wall one-person cells, leave the prisoners more isolated.

The military plans to charge 60 to 80 of the detainees and expects military trials to start next summer, said Air Force Col. Morris Davis, the chief prosecutor. "It certainly looks like we're much closer to getting these guys their day in court," he said.

Most of the remaining detainees, however, may never be tried by a military court, and the Military Commissions Act, which President Bush signed in October, deprives them of the right to contest their imprisonment in a civilian court.

Their best hope is that the military's Annual Review Board will determine they no longer pose a threat to the U.S. or possess intelligence value.

So far, the military has released or transferred about 380 detainees. The AP determined that more than half were later released or cleared of charges by their home countries despite former Defense Secretary Donald Rumsfeld's description of the detainees as "among the most dangerous, best-trained, vicious killers on the face of the earth."

The two Kuwaitis were sent home in November 2005 and cleared by a court in their home country of all terrorism charges.

"I'm still trying to regain my life, trying to become a normal citizen," al-Azmi said.

Al-Zamil said he worries about the detainees he left behind.

"They are living in hell as we did," he said. "I pray to God to give them patience. If I was still there I'd be a crazy person."

A Voice From Gitmo's Darkness (LAT)

By Jumah Al-Dossari

The Los Angeles Times, January 11, 2007

Guantanamo Bay Naval Base, Cuba — I AM WRITING from the darkness of the U.S. detention camp at Guantanamo in the hope that I can make our voices heard by the world. My hand quivers as I hold the pen.

In January 2002, I was picked up in Pakistan, blindfolded, shackled, drugged and loaded onto a plane flown to Cuba. When we got off the plane in Guantanamo, we did not know where we were. They took us to Camp X-Ray and locked us in cages with two buckets — one empty and one filled with water. We were to urinate in one and wash in the other.

At Guantanamo, soldiers have assaulted me, placed me in solitary confinement, threatened to kill me, threatened to kill my daughter and told me I will stay in Cuba for the rest of my life. They have deprived me of sleep, forced me to listen to extremely loud music and shined intense lights in my face. They have placed me in cold rooms for hours without food, drink or the ability to go to the bathroom or wash for prayers. They have wrapped me in the Israeli flag and told me there is a holy war between the Cross and the Star of David on one hand and the Crescent on the other. They have beaten me unconscious.

What I write here is not what my imagination fancies or my insanity dictates. These are verifiable facts witnessed by other detainees, representatives of the Red Cross, interrogators and translators.

During the first few years at Guantanamo, I was interrogated many times. My interrogators told me that they wanted me to admit that I am from Al Qaeda and that I was involved in the terrorist attacks on the United States. I told them that I have no connection to what they described. I am not a member of Al Qaeda. I did not encourage anyone to go fight for Al Qaeda. Al Qaeda and Osama bin Laden have done nothing but kill and denigrate a religion. I never fought, and I never carried a weapon. I like the United States, and I am not an enemy. I have lived in the United States, and I wanted to become a citizen.

I know that the soldiers who did bad things to me represent themselves, not the United States. And I have to say that not all American soldiers stationed in Cuba tortured us or mistreated us. There were soldiers who treated us very humanely. Some even cried when they witnessed our dire conditions. Once, in Camp Delta, a soldier apologized to me and offered me hot chocolate and cookies. When I thanked him, he said, "I do not need you to thank me." I include this because I do not want readers to think that I fault all Americans.

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But, why, after five years, is there no conclusion to the situation at Guantanamo? For how long will fathers, mothers, wives, siblings and children cry for their imprisoned loved ones? For how long will my daughter have to ask about my return? The answers can only be found with the fair-minded people of America.

I would rather die than stay here forever, and I have tried to commit suicide many times. The purpose of Guantanamo is to destroy people, and I have been destroyed. I am hopeless because our voices are not heard from the depths of the detention center.

If I die, please remember that there was a human being named Jumah at Guantanamo whose beliefs, dignity and humanity were abused. Please remember that there are hundreds of detainees at Guantanamo suffering the same misfortune. They have not been charged with any crimes. They have not been accused of taking any action against the United States.

Show the world the letters I gave you. Let the world read them. Let the world know the agony of the detainees in Cuba.

JUMAH AL-DOSSARI is a 33-year-old citizen of Bahrain. This article was excerpted from letters he wrote to his attorneys. Its contents have been deemed unclassified by the Department of Defense.

HOMELAND RESPONSE:

Daylight Sought For Data Mining (WP)

By Ellen Nakashima And Alec Klein

The Washington Post, January 11, 2007

Key senators introduced legislation yesterday that would require the government to disclose data-mining programs to Congress in an effort to protect Americans' privacy and prevent misuse of personal information.

The bill, introduced by Sens. Russell Feingold (D-Wis.) and John E. Sununu (R-N.H.) requires federal agencies to report the development and use of data-analysis technologies to "discover predictive or anomalous patterns indicating criminal or terrorist activity."

Lawmakers introduced similar bills twice in recent years, but they languished in a Republican-controlled Congress.

The new chairman of the Senate Judiciary Committee, Patrick J. Leahy (D-Vt.), vowed that Congress would take a much more active role in the oversight of government surveillance and data-collection programs.

"The American people have neither the assurance that these massive data banks will make us safer, nor the confidence that their privacy rights will be protected," Leahy said at the first in a series of hearings on the subject. He is a co-sponsor of the bill.

Leahy said at least 52 federal agencies use data-mining technologies and at least 199 data-mining programs are operating or planned throughout the government, including 14 within the departments of Defense, Homeland Security, Justice, and Health and Human Services. Those do not include programs run by the National Security Agency. According to Leahy's staff, the NSA has not disclosed to the committee what, if any, data-mining programs it is conducting. An NSA spokesman declined to comment.

Leahy said that the government's terrorist watch list includes names of more than 300,000 people -- including infants and members of Congress. "We also need to understand that a mistake in a government database could cost a person his or her job, sacrifice their liberty and wreak havoc on their life and reputation," he said.

Yesterday's hearing underscored the sensitivity of the debate about privacy and security. Jim Harper, director of information policy studies at the Cato Institute, said one of the more aggressive technologies gaining currency is predictive data-mining, which looks for patterns of behavior in data based on a template.

Predictive data mining, he said, "cannot catch terrorists" because there are too few "terrorist patterns" to base a model on. Few terrorists would be caught, he said, and "a lot of" innocent people would be targeted.

Leslie Harris, executive director of the Center for Democracy and Technology, a privacy advocacy group, said the administration was "bewitched with this technology" although there was "very little evidence" that predictive data mining works.

But Kim Taipale, executive director of the Center for Advanced Studies in Science and Technology Policy, called data mining "a productivity tool . . . to make better use of limited resources" in fighting terrorism.

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"Some innocent people will be burdened in any preemptive approach to terrorism, and unfortunately some bad guys will get through," he said. But if implemented correctly with oversight, "we can correct errors."

Robert L. Barr Jr., a former Republican member of the House from Georgia and also a former federal prosecutor, said the issue is not errors but an administration that he believes is thumbing "its nose at the Congress" and using data mining in a way that potentially "everybody is a suspect."

Citizens Said To Lack Legal Protection From Government Data Mining (USAT/AP)

USA Today, January 11, 2007

WASHINGTON (AP) — The government's ability to use computers to gather personal information about citizens and act on it has far outstripped the federal laws designed to protect them from secret federal dossiers, a privacy advocate told Congress on Wednesday.

Leslie Harris, executive director of the Center for Democracy and Technology, asked the Senate Judiciary Committee to update the Privacy Act and other laws to keep pace with the Digital Age.

She was among a handful of think-tank scholars and privacy advocates who testified Wednesday about government data-mining — the computerized searching of large banks of information for clues to the identity of terrorists or criminals. Their broadest area of agreement was that Congress needs to know much more about what the government is doing in data-mining.

Judiciary Chairman Sen. Patrick Leahy, D-Vt., said this hearing, the first since Democrats retook control of the Senate, was the beginning of a series on privacy-related issues.

Noting that congressional auditors in 2004 found 199 data-mining programs operating or planned in federal agencies, Leahy said, "Congress is overdue in taking stock of the proliferation of these databases."

To that end, panel member Sen. Russ Feingold, D-Wis., introduced a bill Wednesday co-sponsored by Leahy and endorsed by several witnesses.

Feingold told the hearing that his proposed Federal Data Mining Reporting Act would require federal agencies to regularly inform Congress about their use of data mining "to discover predictive or anomalous patterns indicating criminal or terrorist activity — the types of data analysis that raise the most serious privacy concerns."

While acknowledging terrorism is a threat, Harris told the committee: "Especially in the counterterrorism context, a major shift in the data collection and use landscape is taking place without a suitable privacy and due process framework."

"The government is accessing entire buckets of data without a warrant" and without specific suspicion of particular individuals, Harris said.

An individual mistakenly designated as a possible terrorist or associate of terrorists can face "arrest, deportation, loss of a job, more intrusive investigation, discrimination, damage to reputation and a lifetime of suspicion, with little or no opportunity for redress or correction of errors," Harris said.

She said the impact of technological innovations combined with new government powers enacted after the Sept. 11, 2001, attacks and outdated legal protections was illustrated by the Customs and Border Protection agency's "Automated Targeting System."

The Associated Press disclosed last month that the system had been developing risk assessments of millions of Americans over the last four years without their knowledge. The AP also reported those assessments of people who traveled aboard were to be kept for 40 years and could be shared with state, local and foreign governments and even some private contractors.

Under existing law, "a risk score developed for border screening purposes could easily migrate to other uses (years after the citizen was determined not to be a threat)," Harris said.

Customs officials say the program is legal and essential to keeping terrorists out of the country. Leahy said last month on C-Span's "Newsmakers" program he thought it violated a congressional ban using on data-mining tools to assign risk to passengers not on watch lists.

Both Parties Push Oversight Of Government Data Mining (WT)

By Audrey Hudson

The Washington Times, January 11, 2007

Democrats and Republicans found one issue they can agree on during the first 100 hours of the new session -- congressional oversight of government data mining, which both sides say is an unwarranted invasion into the lives of hundreds of thousands of Americans.

Sen. Patrick J. Leahy, Vermont Democrat and chairman of the Senate Judiciary Committee, held a hearing Wednesday morning on the privacy and security implications of nearly 200 data-mining programs used by more than 50 federal agencies.

Afterward, he and Sen. John E. Sununu, New Hampshire Republican, introduced legislation that administrations would report such programs and activities to Congress.

"Advances in technologies make data banks and data mining more powerful and more useful than at any other time in our history," Mr. Leahy said. "These can be useful tools in our national security arsenal, but we should use them appropriately so that they can be most effective."

Mr. Leahy warned that the potential for abuse requires oversight. "A mistake can cost Americans their jobs and wreak havoc in their lives and reputations that can take years to repair," he said.

The data mining involves taking information collected by data brokers to detect patterns of behavior or track an individual. The data can include credit-card purchase details, airline-ticket and frequent-flier information, bank and medical records, even magazine subscriptions and phone information.

Data mining is often used to track those who default on student loans or launder money. Homeland Security Department officials hope to use the technology to screen airline passengers and at border crossings.

Mr. Sununu said data mining can be an essential tool to detect patterns that point to terrorist activity.

"However, it is imperative that we understand the impact of such technology on Americans' personal privacy. In order to do this, Congress must be fully informed of the current data-mining technologies, new ones that are being developed, the effectiveness of those technologies, and the privacy protections in place," Mr. Sununu said.

Sen. Russ Feingold, Wisconsin Democrat and co-sponsor of the bill, said: "The possibility of unchecked, secret use of data-mining technology threatens one of the most important values that we are fighting for in the war against terrorism -- freedom."

Former Rep. Bob Barr, a Georgia Republican who recently became an activist for the Libertarian Party, told the panel that data mining poses a "serious threat" to the First, Second, Fourth and Fifth amendments to the Constitution.

"That is nearly half of the Bill of Rights," he said.

"Adding insult to injury, there is no scientific proof that data mining to identify terrorists even works. No scientist has ever demonstrated that the government can predict who will commit an act of terror at some future time. Yet the government spends tens of billions of taxpayers' dollars on data-mining programs each year -- collecting, manipulating, retaining and disseminating the most personal and private information on unknowing American citizens and others," Mr. Barr said.

James Jay Carafano, a senior research fellow with the Heritage Foundation, defended the practice of data mining but agreed oversight is needed.

"The federal government's use of data-mining technology should be strictly limited to national security-related investigations," Mr. Carafano said. "Congress should also require agencies to report on their intent to establish data-mining programs and require annual reports on their implementation, as well as their compliance with federal guidelines."

Hospitals Want Better Coordination During Emergencies (WT)

By Alicia Borgess

The Washington Times, January 11, 2007

Representatives of area hospitals will meet today and tomorrow to discuss how they can improve communication during mass-casualty events.

Organizers say hospitals rarely have privileged access to information during a large-scale emergency and often must rely on the press for updates. Therefore, hospital workers often have difficulty gauging the extent of a crisis and preparing themselves for a surge of patients.

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Washington Hospital Center's ER One Institute is sponsoring the fourth annual conference, to be held at the Leavy Conference Center at Georgetown University.

According to a report by Trust for America's Health, a nonprofit organization, improved communication is one of the major concerns regarding U.S. hospitals involved in emergency preparedness.

Emergency situations such as the September 11, 2001, terrorist attacks and Hurricane Katrina in 2005 highlighted the need for improvement in disaster response, officials said.

Beverly A. Pritchett, senior deputy director of the D.C. Department of Health, Emergency Health and Medical Services Administration, said the tragic events have resulted in more community support.

The District "now has an emergency health-reserve corps in which anyone can volunteer to help their community," she said.

At the conference, Mrs. Pritchett will talk about how a community can develop disaster-prevention practices.

Information from health officials would help prevent the spread of a pandemic by "connecting with the community to educate them about proper hygiene procedures so that they become a habit now," she said.

The conference also will include discussions on relief efforts and collaboration in combat and foreign disaster zones.

The keynote speaker will be Dr. B. Tilman Jolly, the Department of Homeland Security's associate medical officer.

Other speakers will include Dr. James Aiken, the medical director for Emergency Preparedness at the Medical Center of Louisiana, and Dr. Daniel Laor, the director of the Disaster and Emergency Division of the Israeli Ministry of Health in Jerusalem.

"This conference brings not only Homeland Security, but also representatives from the District, New Orleans, New York and many others, especially from metropolitan areas with high potential terrorist activity," said LeRoy Tillman a Washington Hospital Center spokesman.

Revisiting Parental Leave (WP)

By Stephen Barr

The Washington Post, January 11, 2007

Many companies offer paid parental leave to their employees after the birth of a child, but not Uncle Sam.

Naturally, young federal employees would like the government to offer such family leave, but personnel officials have balked, saying that the government already provides a generous package of vacation and sick leave and that more paid time off would not improve recruitment and retention of employees.

If Sen. Ted Stevens (R-Alaska) has his way, however, that debate will be reopened this year. He has introduced a bill that would provide eight weeks of paid leave to federally employed women after childbirth and five days of paid leave for new fathers. The bill also would provide five days of paid leave to federal employees who adopt children.

Federal parents would also receive eight hours of paid leave to take their children to the doctor or dentist and for parent-teacher meetings at schools.

Stevens, a longtime advocate for federal employees, has his eye on the legislative branch, too. An aide said Stevens wants to require senators to offer paid maternity leave to their staffers. (He gives 12 weeks of paid maternity leave to employees in his office.) And while he is at it, Stevens is working on another bill to require companies with more than 50 employees to provide paid maternity leave.

Stevens played a key role in the creation of the Thrift Savings Plan, a 401(k)-type retirement savings program. He also was one of the original sponsors of the 1993 Family Medical Leave Act, which provides 12 weeks of unpaid leave.

The senator has named his federal employee bill the Family Leave Act. In a written statement, Stevens said: "It will provide time for mothers to recover after childbirth without having to worry about the financial burdens that come with unpaid leave. Thousands of Alaska women work for the federal government and could benefit under this new program."

Sen. Lisa Murkowski (R-Alaska) will join Stevens as a co-sponsor of bill. Other senators also will be invited to co-sponsor the leave bill, the aide to Stevens said.

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In recent years, House members usually have taken the lead in sponsoring bills to provide federal employees with six weeks of paid parental leave for the birth of a child or an adoption. Last year, Reps. Carolyn B. Maloney (D-N.Y.), Steny H . Hoyer (D-Md.) and Thomas M. Davis III (R-Va.) co-sponsored a parental leave bill.

The Bush administration has looked at the issue as part of its budget planning for fiscal 2008. Linda M. Springer, director of the Office of Personnel Management, has expressed interest in exploring whether a program could be created to offer short-term disability insurance to federal employees. Such a program might be a way to provide maternity benefits, easing complaints from younger federal employees who often say they run short of vacation and sick leave when caring for a newborn or an adopted child.

Any proposals to expand federal benefits may run up against efforts to erase some of the federal budget's red ink. Congressional leaders hope to hold down government spending as part of an effort to reduce the federal deficit.Bush to Oppose Screeners Union

A House plan to give collective bargaining rights to about 43,000 airport screeners at the Transportation Security Administration will be opposed by the White House.

The proposal to roll back a Bush administration ban on unions at the TSA was included in a bill to implement many of the remaining recommendations of the 9/11 Commission. The bill was approved 299 to 128 late Tuesday and was sent to the Senate.

"This measure seeks to reverse the flexibility given to TSA to perform its critical aviation security mission," the Office of Management and Budget said in a statement. "The administration vigorously disagrees with these provisions of the bill."

The American Federation of Government Employees, which has sought to represent screeners since 2001, contends that the TSA workers should have the same union rights as other Department of Homeland Security employees.Business.gov

Federal forms used by companies, such as wage and tax statements, are only a click away, at http://www.business.gov.

The Web site has a search engine that can find forms, by their identifying number or by keywords, in a database of 5,400 documents. Launched in 2004, Business.gov is managed by the Small Business Administration in partnership with 21 other federal agencies.

Judge Orders More Mediation In Katrina Lawsuits (FINDLAW/AP)

By Garry Mitchell, Associated Press Writer

AP, January 11, 2007

(AP) - GULFPORT, Mississippi-A federal judge on Wednesday ordered into mediation dozens of lawsuits policyholders filed against insurance companies after Hurricane Katrina.

Several of the cases sent to mediation, which accuse the insurance companies of denying their claims, are involved in recent settlement talks between State Farm Fire & Casualty Co., Mississippi Attorney General Jim Hood and policyholders' lawyers.

People with direct knowledge of the settlement talks told The Associated Press this week that State Farm, Mississippi's largest home insurer, is considering paying hundreds of millions of dollars to settle more than 600 lawsuits and resolve thousands of other disputed claims.

A mass settlement would be the first of its kind to follow the wave of litigation spawned by Katrina.

Hundreds of Mississippi homeowners have sued State Farm and other insurers for refusing to cover billions of dollars in damage from Katrina's storm surge.

The 83 lawsuits ordered into mediation Wednesday include ones filed on behalf of U.S. Senator Trent Lott and Representative Gene Taylor, whose Gulf region homes were destroyed by the 2005 hurricane. Each sued State Farm for denying their claims.

Of 55 Katrina cases that have been heard by a mediator, 28 have resulted in settlements, according to the office of U.S. District Judge L.T. Senter Jr.

Insurers say their homeowner policies cover damage from wind but not from water, and that the policies exclude damage that could have been caused by a combination of both, even if hurricane-force winds preceded a storm's rising water.

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State Farm, Hood and plaintiffs' lawyers are nearing an agreement that calls for the insurer to pay at least $50 million (â,¬38.5 million) - but possibly hundreds of millions more - to about 35,000 policyholders who have not sued the company for denying their claim, people with knowledge of the talks said.

A settlement would not involve claims filed by State Farm policyholders in other states.

Meanwhile on Wednesday, State Farm's expert witnesses told a jury that no evidence supports the claim of policyholders Norman and Genevieve Broussard that a tornado during the hurricane destroyed their home. The trial, only the second such case to be tried in Mississippi, is not part of the settlement talks.

Associated Press writer Michael Kunzelman contributed to this report.

WAR NEWS:

Bush Adds Troops In Bid To Secure Iraq (NYT)

By David E. Sanger

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — President Bush announced Wednesday evening that he was sending more than 20,000 American troops to Iraq to quell the sectarian violence there and conceded for the first time that there were not enough American or Iraqi troops in Baghdad to halt the capital's descent over the past year into chaos.

In a speech to the nation, Mr. Bush dropped his insistence that the United States was making progress toward building a workable Iraqi democracy. But he rekindled his argument that "failure in Iraq would be a disaster for the United States," saying that it would touch off chaos throughout the Middle East, provide a launching pad for attacks in the United States, and embolden Iran to develop nuclear weapons. (Transcript of the Address)

In documents released just before the speech, the White House acknowledged that his previous strategy was based on fundamentally flawed assumptions about the power of the shaky Iraqi government. He described his new strategy as an effort to "change America's course in Iraq," and gave no indication that the troop increase would be short-lived. He said that "we must expect more Iraqi and American casualties" in the course of more intensive around-the-clock patrols in some of Baghdad's most dangerous neighborhoods.

Mr. Bush rejected all calls to begin a withdrawal from Iraq, arguing that the strategies advocated by newly empowered Democrats, restive Republicans and the bipartisan Iraq Study Group were a formula for deepening disaster.

"To step back now would force a collapse of the Iraqi government," Mr. Bush said from the White House library, a room officials said was chosen to create more of a sense of a conversation with an anxious American public, rather than the formal surroundings of the Oval Office. "Such a scenario would result in our troops being forced to stay in Iraq even longer, and confront an enemy that is even more lethal. If we increase our support at this crucial moment, and help the Iraqis break the current cycle of violence, we can hasten the day our troops begin coming home."

Mr. Bush also offered his most direct acknowledgment of error in an American-led war that has lasted nearly four years and claimed more than 3,000 American lives. "Where mistakes have been made, the responsibility lies with me," he said.

Yet for the first time, Mr. Bush faces what could become considerable political opposition to pursuing a war in which 132,000 Americans are already committed, even before the increases announced Wednesday night. Democrats in Congress are drawing up plans for what, at a minimum, could be a nonbinding resolution expressing opposition to the commitment of more forces to what many of them say they now believe is a losing fight. They will be joined by some Republicans, and may attempt other steps to block Mr. Bush from deepening the American commitment. Not since Richard M. Nixon ordered American troops in Vietnam to invade Cambodia in 1970 has a president taken such a risk with an increasingly unpopular war.

"For the safety of our people, America must succeed in Iraq," Mr. Bush said in repeating an argument that he has used for nearly four years — that a retreat from the country before a decisive victory is won would provide terrorists a launching pad for new attacks on the United States and American targets.

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In the 20-minute address, Mr. Bush said that for the first time Iraq would take command-and-control authority over all of its own forces, and he said that while more Americans ground troops were being put into the field, they would take more of a background role. He said that the Iraqi government had committed to a series of "benchmarks" — which included another 8,000 Iraqi troops and police in Baghdad, passage of long-delayed legislation to share oil revenues among Iraq's sects and ethnic groups, and a $10 billion jobs and reconstruction program, financed by the Iraqis. In a running series of large and small briefings for reporters that opened a major campaign to market the new strategy, Mr. Bush's aides insisted that the plan was largely created by the government of Prime Minister Nuri Kamal al-Maliki.

Yet Mr. Bush sounded less than certain of his support for the prime minister, who many in the White House and the military fear may be intending to extend Shiite power over the Sunnis, or could prove incapable of making good on his promises. "If the Iraqi government does not follow through on its promises, it will lose the support of the American people and it will lose the support of the Iraqi people," Mr. Bush declared.

The president put it far more bluntly when leaders of Congress came to visit Mr. Bush at the White House earlier on Wednesday. "I said to Maliki this has to work or you're out," the president told the Congressional leaders, according to two officials who were in the room. Pressed on why he thought this strategy would succeed where previous efforts had failed, Mr. Bush shot back: "Because it has to."

Until the summer, Mr. Bush had used the phrase "stay the course" to describe his approach in Iraq, and his decision to describe his new strategy as an effort to "change America's course" appeared intended to distance himself from that old approach. An earlier plan unveiled in November 2005 had been entitled a "Strategy for Victory in Iraq," but Mr. Bush used the word "victory" sparingly on Wednesday night, and then only to diminish expectations.

"The question is whether our new strategy will bring us closer to success," he said. "I believe that it will," saying that if it is successful it would result in a "functioning democracy" that "fights terrorists instead of harboring them."

In some of his sharpest words of warning to Iran, Mr. Bush accused the Iranian government of "providing material support for attacks on American troops" and vowed to "seek out and destroy the networks providing advanced weaponry and training to our enemies." He left deliberately vague the question of whether those operations would be limited to Iraq or conducted elsewhere, and said he had ordered the previously reported deployment of a new aircraft carrier strike group to the region, where it is in easy reach of Iranian territory.

Mr. Bush also announced that Secretary of State Condoleezza Rice would leave Friday for the region to build diplomatic support for the American effort in Iraq.

A new defense secretary, Robert M. Gates, who replaced Donald H. Rumsfeld, is among the new members of the Iraq team whom Mr. Bush has brought in to execute the strategy announced Wednesday night. In the past week, Mr. Bush has sped the removal of the American commander in Iraq, Gen. George W. Casey Jr., who is to become the Army chief of staff, and replaced him with a counterinsurgency specialist, Gen. Lt. Gen. David H. Petraeus , who has embraced the new plan. A new American ambassador has been nominated to Baghdad as well, to replace Zalmay Khalilzad, a Sunni of Afghan heritage, who will represent the United States in the United Nations.

The five-brigade increase in American forces will be accomplished by speeding up the deployment of four units already scheduled to go to Iraq, and by sending one additional brigade that was not scheduled to go. The total increase of American troops in Iraq amounts to roughly 21,000, including 4,000 marines who will be stationed in Anbar Province, the stronghold of elements of Al Qaeda in Iraq and the Sunni insurgency. The increase in Iraqi troops and police amounts, officials said, to about 8,000.

The units heading into Iraq begin with a brigade of the 82nd Airborne Division, now in Kuwait, expected in Iraq before the end of the month, followed by a brigade of the First Infantry Division, based at Fort Riley, Kan., probably next month. The Army is also planning to announce that the Second Infantry Division, Fourth Brigade, based in Fort Lewis, Wash., and the Third Infantry Division's Second Brigade, based at Fort Stewart, Ga., and the Third Brigade, based at Fort Benning, Ga., should begin preparing to go to Iraq earlier than scheduled. Officials said that the total increase in troops could take three or four months.

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The Bush plan also calls for delaying the departure from Iraq of a Minnesota National Guard brigade by four months, an official said. The unit had been planning to depart in the spring and had not been notified that it would be staying longer, Lt. Col. Kevin Olson, a spokesman for the Minnesota Guard, said Wednesday.

While Democrats and some Republicans who have attacked Mr. Bush's plan in advance of the speech have questioned sending more troops, others question whether the Bush plan is too small — and falls short of the numbers needed to make a difference in a violent capital of six million. Nonetheless, one of Mr. Bush's top advisers said at the White House on Wednesday that he expected that Senator John McCain, who has championed a significant, long-term increase in troops, would embrace the president's plan.

The adviser cited a section of the Iraq Study Group's report that said the bipartisan commission could "support a short-term redeployment or surge of American combat forces to stabilize Baghdad, or to speed up the training and equipping mission."

But on the same page, the report warns that "adding more American troops could conceivably worsen those aspects of the security problem that are fed by the view that the United States presence is intended to be a long-term "occupation." Similarly, the group urged direct engagement with Iran and Syria; Mr. Bush rejected that approach.

Mr. Bush, one of his top aides said in an interview on Wednesday, simply concluded that "the Iraqi government was running out of time" and would collapse without additional help. Yet at the core of Mr. Bush's new strategy, his own aides said, lies a tension between two objectives: Mr. Bush's commitment to staying in Iraq until the country is a stable, self-sustaining democracy, and his vague threat to Mr. Maliki that the American presence in the country would be cut short if Americans believed that the effort was failing.

His aides hinted that the administration had already come up with a "Plan B" in case the latest strategy failed, with one saying "there are other ways to achieve our objective" that departed from the strategy Mr. Bush outlined. But he would not describe that strategy, or say if it involved withdrawal, containment, or the breakup of the country into sectarian entities.

Mr. Bush said nothing on Wednesday evening about the cost of his plan in money, though he spoke of its cost in blood. The new aid and job-creation plans, his aides said, would likely cost around $1.1 billion.

Admitting Failures, Bush Orders Troop Surge (LAT)

By James Gerstenzang

The Los Angeles Times, January 11, 2007

WASHINGTON — Acknowledging that his current strategy had failed, President Bush tonight announced a new approach that called for sending some 21,000 more U.S. troops to Iraqi but also warned its government that "America's commitment is not open-ended."

"The situation in Iraq is unacceptable to the American people — and it is unacceptable to me," Bush said, acknowledging diminished public support for the war and an increasingly assertive opposition in the new, Democratic-controlled Congress.

"It is clear that we need to change our strategy in Iraq," the president said.

The new plan calls for assigning top priority to ending the sectarian violence in key areas of Baghdad, assigning primary responsibility for security to the Iraqi army and police, and shifting U.S. troops into a supporting role — including embedding more American personnel with Iraqi units.

"Many listening tonight will ask why this effort will succeed when previous operations to secure Baghdad did not," Bush acknowledged. The answer, he said, was that the new effort would have more resources and that Iraqi officials have given the U.S. "a green light" to take action in all neighborhoods of the capital. In the past, powerful members of the Iraqi government have shielded some areas from security crackdowns, often to protect sectarian supporters.

Bush repeatedly warned members of the current Iraqi government that they must step up to the challenge of providing security despite the sectarian tensions and divisions that hamper it.

"I have made it clear to the prime minister and other leaders that America's commitment is not open-ended. If the Iraqi government does not follow through on its promises, it will lose the support of the American people and it will lose the support of the Iraqi people," Bush said.

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Baghdad must also meet a series of benchmarks — previously imposed but never met — including an equitable division of oil revenues and measures designed to create a broad government of reconciliation, he said.

At the same time, the president again insisted that the United States must not fail in its efforts to stabilize Iraq.

Delivering a nationally televised speech to the nation reflecting the product of a reassessment conducted over several months, Bush, in a far less muscular tone than is his custom, delivered what was in effect half an ultimatum: He warned Iraqi leaders that time was running out but put no time limit on the U.S. role there.

The increased deployment will bring an additional 21,500 U.S. troops to Iraq, on top of the 140,000 there now. The president is expected to seek $5.6 billion in a supplemental spending request he will send to Congress apart from the 2008 budget he will submit Feb. 5.

According to a Defense Department official, the 21,500-troop increase in Iraq will be achieved by sending one new Army brigade to Baghdad — a unit of the 82nd Airborne Division, which is already en route to Kuwait — and speeding up the deployment of other Army units that were to go to Iraq this spring.

One of these units, the 1st Brigade of the 3rd Infantry Division, has already begun its early deployment, the official said.

Two Marine battalions in Iraq that were scheduled to depart next month will also have their rotation extended to provide the 4,000 additional troops in western Anbar province, the official said.

Administration officials said they were bolstering forces in the province because it has been an Al Qaeda stronghold but local tribes had begun to turn against it — creating an opportunity for U.S. and Iraqi forces to attack the terrorist organization with the cooperation of local leaders.

Some Marine commanders in Anbar have expressed unhappiness that the Iraqi forces they're working with may be shifted to Baghdad as part of the new strategy of focusing on security in the capital.

The Iraqi army battalions in Anbar were already undermanned and replacement units are of unknown capabilities.

"I'm very disappointed," said Col. Larry Nicholson, commanding officer of the 5th Marine Regiment. "I hope it's only for 60 to 90 days."

Marine Commandant Gen. James Conway said Nicholson and other commanders have to remember "the big picture" and its new priorities.

Among the other Army units that will have their deployments sped up are the 4th Brigade of the 1st Infantry Division and the 3rd Brigade of the 3rd Infantry Division.

In addition, the White House announced it will remobilize units of the Army National Guard to help sustain the buildup, a potentially controversial move that will force some Guard brigades into second tours in Iraq. Until now, Pentagon policy has required such units to deploy overseas only once every six years; the remobilization will reverse that policy.

The only Army unit that could be extended is a Minnesota National Guard brigade that was originally due to return to the U.S. in March.

Also, the administration will request legislation asking for the Army and Marines to be increased.

Although the troop numbers are slightly lower than some advocates of a buildup have advocated, they were cautiously optimistic, noting that the number of individual Army brigades and Marine regiments being sent were largely in line with their recommendations.

Bush will be sending five Army brigades to Baghdad and the equivalent of one Marine regiment to Anbar, only slightly less than the five brigades and two Marine regiments recommended by retired Army Gen. Jack Keane, an influential backer of the buildup.

"We were very careful to focus on the number of brigades, and that's what to look for," said Frederick Kagan, an analyst at the American Enterprise Institute and co-author with Keane of a build-up strategy that was largely embraced by the White House.

At its heart, the president's plan puts new reliance on the government of Prime Minister Nouri Maliki to meet the overwhelming security challenges posed by sectarian militia violence and insurgents, and field effective security forces in some of the most strife-torn districts of Baghdad and surrounding communities.

The new plan also calls for stimulating economic recovery as part of an effort to clear, hold and revitalize key areas in the Iraqi capital.

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The new strategy, Bush said, "will change America's course in Iraq."

"Only the Iraqis can end the sectarian violence and secure their people. And their government has put forward an aggressive plan to do it," Bush said.

The president, who until recent weeks brooked no suggestion in public that the United States was not succeeding in Iraq, changed his tone tonight.

"Our past efforts to secure Baghdad failed for two principal reasons: There were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents. And there were too many restrictions on the troops we did have.'"

At this time a year ago, the president had delivered a series of speeches outlining his strategy for "victory," only to run head-on, as he acknowledged tonight, to a year of sectarian violence that began in February with the attack on the Golden Mosque, one of the most important Shiite shrines, in Samarra.

In documents supporting Bush's argument, the White House detailed shifting assumptions about conditions in Iraq, conceding that "sectarianism is spiking," that security must precede economic and political gains — rather than insisting that political progress demonstrated by the election of the Maliki government would bring security — and recognizing that Iraqis are "increasingly disillusioned" by the efforts of the U.S.-led coalition.

The reliance Bush is placing on Maliki reflects the public support he has given the Iraqi prime minister for months — but runs contrary to the private opinion expressed in a classified memorandum written by the White House national security advisor, Stephen Hadley, and leaked in November just before Bush and Maliki met in Amman, Jordan. The memo questioned Maliki's competence and intentions.

Bush delivered the speech in the White House Library, long ago a basement laundry room but since 1935 the repository of the mansion's literary collection and numerous antiques, which presents a less formal aura.

The president faces a tough sell: Democratic leaders in the House and Senate are planning to put forward nonbinding resolutions on the plan to send additional troops to Iraq, and some Senate Republican have indicated they might support them.

A USA Today/Gallup poll conducted last week found that 12% of those surveyed supported sending additional troops; 85% favored withdrawing — either immediately (15%), within 12 months (39%) or over as many years as needed (31%).

Bush and his advisors are loath to call the new plan a last chance for the United States in Iraq, even as their language suggests that it is. At the same time, they are emphasizing the importance that the American goals be met there — and none is suggesting directly that the United States would begin to pull out of Iraq if Iraqis fail again to secure the country, where the American death toll has passed 3,000 as the war nears the end of its fourth year.

The Iraqi toll is so uncertain that estimates have ranged over hundreds of thousands, with the uncertainly itself a sign of the chaos there.

The president's speech was short on specifics, but Bush said Iraq had committed itself to moving three brigades now deployed in relatively quiet areas to Baghdad — one by Feb. 1 and two by Feb. 15.

U.S. officials say that 80% of the violence in Iraq is occurring within 30 miles of the capital. They did not say how they would respond if those responsible for the roadside bombs, assassinations and other attacks move their operations to other quarters of the country that have been relatively peaceful. Bush said that his military commanders reviewed the Iraqi government's security plan and said that it corrected earlier mistakes and that "this plan can work."

He also said that Maliki "has pledged that political or sectarian interference will not be tolerated," a clear suggestion that the prime minister will stand up to the powerful radical cleric, Muqtada Sadr, who controls the sectarian Shiite Muslim militia known as the Mahdi army.

In the past, Iraqi officials have made commitments to step up and take charge of their country's security, only to fall short of quelling sectarian militias and insurgent violence.

"America," Bush said, "will hold the Iraqi government to the benchmarks it has announced."

With pressure mounting to bring troops home, Bush said that to "step back now would force a collapse of the Iraqi government," which would mean an even longer deployment of U.S. forces there and creation of a more lethal enemy. But an

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increase in U.S. support, he said, would "help the Iraqis break the current cycle of violence" and speed the return of U.S. forces to the United States.

While Bush presented his plan as a sharp shift in the United States' approach in Iraq, his portrayal of the importance of the war was unchanged. The struggle there, he said, "will determine the direction of the global war on terror and our safety here at home.

"The question is whether our new strategy will bring us closer to success. I believe that it will," he said.

While U.S. officials addressed the new reliance on Iraq to meet its security needs, they did not say that Iraq's failure would bring a withdrawal of U.S. troops.

Bush's plan has "benchmarks," one official said, but the president "hasn't got a timeline" after which he will pull out the U.S. forces.

On Thursday, Bush plans a reprise of the speech during a lunchtime visit to Ft. Benning, Ga., where nearly all but the newest recruits have served at least one tour in Iraq.

"This is not, give one speech, dust your hands off and walk away. This is the beginning of an important process for the American people and for the political community to think seriously about it," White House Press Secretary Tony Snow said Tuesday.

Several hours before Bush spoke, the president called leaders in South Korea, Poland and Japan to thank them for their support in Iraq and to give them a preview of the speech, said Gordon Johndroe, spokesman for the National Security Council. Each has combat troops serving there.

Johndroe said Bush also spoke with key Iraqi leaders, representing Kurds, Shiite Muslims and Sunni Muslims, raising the Iraqi government's commitment "to bringing security" to the country.

Bush To Add 20,000 Troops In An Effort To Stabilize Iraq (WP)

By Michael Abramowitz And Robin Wright

The Washington Post, January 11, 2007

President Bush appealed directly to the American people last night to support a renewed campaign to pacify Iraq, saying it is necessary to add new troops so that the beleaguered Iraqi government can regain control of the streets of Baghdad and revive the process of political reconciliation and economic rebuilding.

In a nationally televised address, Bush acknowledged for the first time that he had not sent enough troops to provide security in Iraq last year. Standing in the library of the White House, he described the situation in Iraq as "unacceptable" to the American people and to himself. "Our troops in Iraq have fought bravely. They have done everything we have asked them to do," he said. "Where mistakes have been made, the responsibility rests with me."

Bush said he will order more than 20,000 soldiers and Marines to help the Iraqi government provide security in Baghdad and fight the Sunni insurgency in Anbar province. But he emphasized that Iraqi soldiers will take the lead in the new fighting, and he said that the focus of American troops will be to advise and support Iraqi forces, with the additional U.S. troops embedded in Iraqi units.

In some of his sharpest language to date, the president placed the responsibility of improving conditions squarely on the government of Iraqi Prime Minister Nouri al-Maliki, who has not delivered on an array of promised reforms and security measures.

"I have made it clear to the prime minister and Iraq's other leaders that America's commitment is not open-ended," Bush said last night. "If the Iraqi government does not follow through on its promises, it will lose the support of the American people -- and it will lose the support of the Iraqi people. Now is the time to act."

Even before the president began speaking, Democrats in Congress were mobilizing against his new plan. Just two months after Republicans lost their majorities in the Senate and the House in an election widely seen as a repudiation of his policies in Iraq, Bush's speech signaled that he is essentially choosing to deepen U.S. involvement, gambling that more focused operations and improved tactics will result in success that has so far eluded the United States.

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Bush's new plan acknowledges that security must be the priority of the mission -- not political reform, as many in the U.S. military have argued. "The most urgent priority for success in Iraq is security, especially in Baghdad," Bush said last night.

"Our past efforts to secure Baghdad failed for two principal reasons," Bush said. "There were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents. And there were too many restrictions on the troops we did have. Our military commanders reviewed the new Iraqi plan to ensure that it addressed these mistakes. They report that it does."

Bush made it clear that his revised strategy involves more than military measures. A central element will focus on expanded economic assistance to complement the new security plan for Baghdad.

"A successful strategy for Iraq goes beyond military operations," the president said. "Ordinary Iraqi citizens must see that military operations are accompanied by visible improvements in their neighborhoods and communities."

The United States will allocate more than $1 billion for three programs to create jobs and help reconstruction in neighborhoods secured by Iraqi and U.S. forces. The Joint Chiefs of Staff have been particularly concerned that any new deployment not happen in an economic and political vacuum.

U.S. officials concede that the previous "clear, hold and build" program managed to clear areas of militants but did not hold or secure them afterward, allowing neighborhoods to fall back under the control of militants.

The United States will also add nine new provincial reconstruction teams, which are joint Pentagon and State Department programs to help rebuild the country from the bottom up, including schools, local government and political interest groups.

Reflecting the revised strategy's heavy focus on only two areas of the country, six of the reconstruction teams will be in Baghdad and three will be in volatile Anbar province, home to the Sunni insurgency and al-Qaeda extremists, the State Department said. Washington will add about 150 new personnel to the 250 already staffing the reconstruction teams.

The United States will also provide $400 million in quick-response funding to address urgent civilian problems, and add $350 million to the Commander's Emergency Response Program, which allows local field commanders to have discretionary money to help improve the lives of Iraqis.

The U.S. effort is designed to supplement a $10 billion reconstruction and infrastructure program, finally channeling an oil-revenue surplus into rebuilding areas. The administration has long pressed Baghdad to use its own resources, particularly in Sunni areas to prove that the Shiite-dominated government is sincere in wanting to take care of the country's Sunni minority. Offering the Sunnis hope and inclusion is considered critical to helping defuse the insurgency and winning over loyalists to Saddam Hussein.

Bush and his top advisers said they expect their new approach to succeed where previous ones failed because of a new commitment from Maliki to provide resources and crack down on violent sectarian militias, even Shiite ones. But they are placing great faith in an untested Iraqi government that has not yet demonstrated a capacity to bridge the sectarian divisions that have caused an upsurge in violence over the past year.

Bush set no timetable for the removal of the added American troops, nor did he make any U.S. assistance for the Iraqis conditional on meeting political goals such as a new law for the equitable distribution of oil revenue and holding provincial elections, both seen as critical to winning political support for the Shiite-led government from disaffected Sunnis.

He did not embrace the idea of high dialogue with Iran and Syria to stabilize Iraq, a key recommendation of the Iraq Study Group, chaired by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), which had been hoping to restore bipartisan consensus around a new Iraq policy.

Even with the increase in troops, moreover, the resulting U.S. total of about 153,000 forces in Iraq will amount to less than the roughly 165,000 deployed in December 2005, the high-water mark for U.S. troop strength in Iraq. His economic proposals last night, including the more than $1 billion in additional funding for economic reconstruction and jobs, are largely expanded versions of current programs.

U.S. and Iraqi troops began a plan to rid Baghdad of illegal militias and death squads that were fomenting sectarian violence just last summer, but the U.S.-designed effort faltered when Iraq failed to produce two-thirds of the troops Maliki had pledged. The difference now, U.S. officials say, is that Maliki put forward the plan himself and wants Iraq to take the lead, with a goal of assuming military command of the entire country in November. Iraq now has control over only three of its 18 provinces.

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Bush had tough words for Iran and Syria. In stark contrast to the Iraqi Study Group's recommendations last month, the Bush administration intends to increase its operations against both countries, Bush said. He vowed to "interrupt the flow of support" from Iraq's two key neighbors and to "seek out and destroy" networks providing weapons and training to U.S. enemies in Iraq.

"Succeeding in Iraq also requires defending its territorial integrity, and stabilizing the region in the face of the extremist challenge. This begins with addressing Iran and Syria," he said.

In a clear warning to the hard-line government of Iranian President Mahmoud Ahmadinejad, Bush also announced that the United States will deploy Patriot air defense systems and expand intelligence sharing "to reassure our friends and allies."

Secretary of State Condoleezza Rice will depart for the region tomorrow to rally support for Iraq, particularly among the new "six plus two" bloc of conservative states that includes Egypt, Jordan, Saudi Arabia and five sheikdoms in the Persian Gulf region, he said.

The White House hopes the president's speech will trigger new support for his Iraq policy, and Bush said he will convene a bipartisan working group of lawmakers to work on anti-terrorism policies, including increasing the size of the military. But on Capitol Hill yesterday, sentiment seemed to harden against the president on Iraq in the opposition party, even among the most hawkish Democrats.

Both Senate and House Democrats moved toward introducing resolutions of disapproval, with House Democrats contemplating simply introducing the president's speech and asking members to vote for or against it. Democratic leaders made clear that such nonbinding resolutions would be only a first step. If sentiment against the president continues to grow, senior Democrats said they will try to use their power of the purse to quell what they call an escalation.

Meanwhile, divisions continued to emerge among Republicans. While GOP leadership was backing the president, backbenchers continued to revolt. "I do not believe that sending more troops to Iraq is the answer," Sen. Sam Brownback (R-Kan.), who is considering a run for the White House, said in a written statement issued from Baghdad, where he is visiting. "Iraq requires a political rather than a military solution."

Bush Pledges 21,500 More Troops For Iraq (FT)

By Edward Luce And Demetri Sevastopulo

Financial Times, January 11, 2007

George W. Bush on Wednesday night unveiled what many see as his last chance to salvage the deteriorating situation in Iraq with the pledge of 21,500 new US troops and an admission the current strategy was failing.

“Where mistakes have been made, the responsibility rests with me,” Mr Bush said in a live prime-time broadcast.

“It is clear that we need to change our strategy in Iraq…In our discussions we all agreed that there is no magic formula for success in Iraq. One message came through loud and clear: Failure in Iraq would be a disaster for the United States.”

Mr Bush told Americans that previous efforts to stabilise Baghdad had failed for two reasons: “There were not enough Iraqi and American troops to secure neighbourhoods that had been cleared of terrorists and insurgents. And there were too many restrictions on the troops we did have.”

In his 20-minute broadcast, the US president also warned that a withdrawal of US forces would lead to killings in Iraq on an “unimaginable scale”. “If we increase our support at this crucial moment, and help the Iraqis break the current cycle of violence, we can hasten the day our troops begin coming home,” he said.

However, leading Democrats and some Republicans on Wednesday night were swift to condemn Mr Bush’s “new way forward” saying it would only worsen the situation on the ground. Republican critics included Sam Brownback, the social conservative senator, who last month declared his candidacy for the 2008 Republican presidential nomination.

In a statement immediately following Mr Bush’s broadcast, Democratic leaders reiterated calls for a phased withdrawal of US forces over the next six months as a way of pressuring the Iraqi government to take responsibility for the country’s future. They said the much-anticipated troop “surge” went against the verdict of congressional elections last November and would be challenged by resolutions that could be tabled as early as Friday.

“This proposal endangers our national security by placing additional burdens on our already over-extended military thereby making it even more difficult to respond to other crises,” Nancy Pelosi, speaker of the House, said a statement.

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The new approach that Mr Bush laid out in his broadcast is built on a plan drawn up by Nouri al-Maliki, Iraq's prime minister, that is aimed at stabilising the level of sectarian violence in Baghdad, which is the epicentre of Iraq's emerging civil war.

Mr Bush said that Mr Maliki has promised to follow a series of performance "benchmarks" that were drawn up in Baghdad. Mr Bush on Wednesday declined to offer a timeline for Iraq to meet its self-imposed benchmarks. But he said America's commitment to Iraq would not be "open-ended".

"The president is trying to put a good face on the reality," said Jack Reed, a Democratic senator. "So far the Iraqis have not responded to our request to perform. I'm very sceptical these benchmarks will be anything more than they've been in the past - just platitudes that are ignored."

A senior US administration official said there would be new rules of engagement for Iraqi and US commanders that would enable them to succeed where previous efforts to pacify Iraq's capital had failed - most recently last summer.

Iraq's government would send three new brigades into Baghdad within the next month in addition to the six already there. The US would add five brigades to its Baghdad presence. The US would also send an additional 4,000 troops to Anbar province, which is the seat of al-Qaeda in Iraq.

The overall level of US forces in Iraq will rise from 132,000 to more than 150,000 – although officials did not say by when.

"This will be an Iraqi plan that will be Iraqi-led and we believe will fix the problem," said the official "If our previous strategy was "clear, hold and build" – we cleared, did not hold and the build never arrived."

Senior US officials also on Wednesday ruled out following the regional "diplomatic offensive" that had been recommended in the bipartisan Iraq Study Group report last month. The report, which was led by James Baker, the former secretary of state, and Lee Hamilton, the former Democratic lawmaker, recommended that Mr Bush open talks with Iran and Syria in particular.

On Wednesday a US official said that a large proportion of the 79 ISG recommendations had been accepted by Mr Bush including the advice that more US army trainers were embedded "deep down at the company level" of the Iraqi military. Condoleezza Rice, the secretary of state, will testify on Capitol Hill on Thursday about Mr Bush's new way forward in Iraq.

Tactical Shift In Iraq Combat (BSUN)

By Julie Hirschfeld Davis

The Baltimore Sun, January 11, 2007

WASHINGTON -- President Bush, justifying his decision to send 21,500 more troops and more than $1 billion in aid to Iraq amid sweeping public opposition to the war, said in a prime-time TV address Wednesday night that the new push would speed the day when U.S. forces could come home.

With the Democratic Congress poised to cast no-confidence votes on his policy as early as next week, a somber Bush acknowledged that the public's patience with the war is wearing thin and took responsibility for mistakes.

"The situation in Iraq is unacceptable to the American people -- and it is unacceptable to me," Bush said. "Where mistakes have been made, the responsibility rests with me."

But he said that stepping up the U.S. military presence and financial commitment was vital to averting disaster in Iraq, warning of greater dangers should the mission fail.

Bush put no timetable on the new troops -- the first of which arrived in Baghdad hours before his 9 p.m. speech -- even as he said Iraqis would have to do their part and that the American commitment is "not open-ended."

The president, who has repeatedly laid out revised goals and strategies for Iraq only to see them crumble amid sectarian violence and a mounting death toll, argued that his plan would "change America's course in Iraq."

Even Bush's posture and backdrop seemed calculated to signal a change in course; he delivered the roughly 20-minute speech standing in the White House Library, not from his customary seat at his Oval Office desk.

The plan came after a monthlong buildup in which Bush promised a new approach to address previous mistakes. Nevertheless, critics said it bore striking resemblance to past moves that were billed as course-corrections, including the promise of more robust U.S. military support and more effective Iraqi cooperation.

Sen. Edward M. Kennedy, a Massachusetts Democrat and one of the most vocal critics, said Bush is "not only going to stay the course, he's going to escalate the course."

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Bush said Iraqis understand they must step up by providing more troops, taking the lead role in securing Baghdad and barring militias from interfering in security efforts. They have committed to meeting benchmarks, including key reconciliation measures, Bush said.

Entering the final two years of his term, Bush faces a newly hostile environment on Capitol Hill, where Democrats vehemently oppose his Iraq policy and Republicans are increasingly skeptical.

Thursday, he is to continue his campaign to sell the plan to a war-weary public with an appearance at Fort Benning, Ga. Meanwhile, a coalition of liberal groups -- the same band that hammered at Bush's Social Security overhaul plan before it collapsed -- announced a full-scale "anti-escalation" push, promising a public-relations showdown between the White House and Democratic activists over the war.

Under the latest plan, the U.S. will send five additional Army combat brigades, or about 17,500 troops, to Baghdad. An additional 4,000 Marines will go to Anbar province, an al-Qaida stronghold and the base of the Sunni insurgency. The increase would cost an additional $5.6 billion, a senior administration official said.

Iraqis will, in turn, send three more brigades into Baghdad, Bush added.

As part of the plan, the United States will spend $1.2 billion for enhanced reconstruction and civil affairs projects, including job creation.

The plan relies heavily on the ability and will of Nouri al-Maliki, the Iraqi prime minister who has failed to stabilize his fledgling government and calm Sunni-Shiite violence. Bush still believes that al-Maliki is capable of doing so, White House officials said, but many lawmakers and analysts have substantial doubts.

"If the Iraqi government does not follow through on its promises, it will lose the support of the American people, and it will lose the support of the Iraqi people. Now is the time to act," Bush said, adding that al-Maliki "understands this."

White House officials were quick to reject the idea that the president's latest ideas for Iraq were a last-ditch effort to turn things around in the shattered war zone, but it seemed clear that some of Bush's closest allies saw it that way.

Rep. John A. Boehner of Ohio, the House Republican leader, after a meeting with Bush hours before the speech, said, "many members of Congress are skeptical about, 'Will this plan work?'" given the failure of previous approaches. But he said the president's latest iteration is "a good plan" that represents "our best shot at victory in Iraq."

Democrats, including those from Maryland, roundly criticized Bush's proposal, which they said ignores the anti-war message of the 2006 elections and will amplify a failed mission.

Sen. Barbara A. Mikulski, a Maryland Democrat, called Bush's plan "reckless."

"We are in a hole in Iraq, and the president says that the way out is to dig deeper," she said in a statement.

Democratic leaders said they would press for a swift vote opposing Bush's plans, and some support a Kennedy measure requiring that Bush get congressional approval for the troop increase.

"We in the Congress are very frustrated," said Rep. Elijah E. Cummings, a Baltimore Democrat, adding that Bush had not answered the fundamental question of how to get U.S. forces out of Iraq.

"It's the American people who are paying for this war, and it's the American people who have been very patient with this president. It's the American people who have given the benefit of the doubt to this president, and now, I think, the American people have run out of patience," Cummings said.

Most leading Republicans said they support Bush's plan, applauding him for adjusting tactics in the face of a chaotic situation.

Sen. Mitch McConnell of Kentucky, the Republican leader, said the plan is "not without risk" but is "the best chance" for Iraq.

Republican Sen. John McCain of Arizona, a likely presidential contender, and Democratic Sen. Joseph I. Lieberman of Connecticut were among those who cheered the bulked-up U.S. troop presence.

But other Republicans cast a skeptical eye, voicing doubts about the Iraqi government's ability to quell factional tensions and crack down on violence.

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Sen. Sam Brownback of Kansas, a likely Republican presidential candidate who is traveling in the Middle East, said the United States should not send more troops "until Sunnis and Shia are more willing to cooperate with each other instead of shooting at each other."

Some conservatives suggested Bush was sending too few troops to solve Iraq's problems.

"This undertaking will require a sustained, not a temporary, surge, in order to secure the country and enable the Iraqi government to take control and determine its own future," Rep. John Shadegg, an Arizona Republican, said in a statement. "It will require the commitment of not a minimal, but a substantial number of additional troops, perhaps as many as 50,000."

Bush nodded to congressional criticism of his plan, saying he would consider "improvements," but he pointedly signaled that the White House will challenge opponents to step forward with their own proposals.

"It is fair to hold our views up to scrutiny. And all involved have a responsibility to explain how the path they propose would be more likely to succeed," Bush said.

The president proposed no new diplomatic push to enhance outreach to Iraq's neighbors, including Iran and Syria, a key recommendation of the bipartisan Iraq Study Group's December report. Bush said only that he would "interrupt the flow of support from Iran and Syria" to armed groups attacking American forces in Iraq.

Bush Asks For More While He Has Less (CHIT)

By Michael Tackett

Chicago Tribune, January 11, 2007

WASHINGTON -- President Bush has been in this position many times—speaking solemnly to Americans from the White House about war and terror—but he has never been in this place.

He finds himself asking for more—of the military, of Congress, of the Iraqi government and of the American people—but possessing so much less. Now, he lacks the safety net of a Republican-run Congress, the political capital of which he famously boasted, and most decidedly, the support of the public weary of the war's grim narrative.

Many in the military opposed his call Wednesday night for a sharp increase in troops, though they will carry it out as ordered. Democrats were blunt in decrying the president's plan, and an escalating number of Republicans on Capitol Hill share that view. Fewer than two in 10 Americans support the idea, and it is certainly not welcome in many precincts in Iraq.

To be sure, the president conceded some mistakes, for the first time admitting that there were not enough troops and resources in Iraq and in the process disavowing the war doctrine of former Defense Secretary Donald Rumsfeld. But the admissions were framed as failures in tactics rather than in strategy. He tried to proffer his address as a new direction that "will change America's course in Iraq," though much of what he suggested has been tried before.

So has this stated rationale: "The challenge playing out across the broader Middle East is more than a military conflict," Bush said. "It is the decisive ideological struggle of our time."

Bush hitched winning that struggle to two rather shaky propositions: American soldiers performing more of a policing function in Baghdad and the Iraqi government's ability to bring an end to seemingly intractable sectarian violence and establish a functioning democracy.

The burden of persuasion on waging war rests with the president, but Bush has, since the conflict began, essentially confined his arguments to Republican ears. He seems to be paying a price for that approach, with some newly empowered Democrats not only rejecting the idea of what the administration calls a "surge" in troops, but also suggesting that funding won't be automatic either.

Or, they asked, if he wanted to adopt this approach, why did he not do it some three years ago? The appeals of Gen. Eric Shinseki, who in 2003 said that the U.S. needed several hundred thousand troops to prevail in the war, and of Lawrence Lindsey, the former top economic adviser who left his post after having the temerity to say that the war could cost $200 billion, now seem prophetic.

And there were the recommendations of the Iraq Study Group, chaired by one of the Bush family's trusted counselors, James Baker. The president seemed to disregard nearly all of its advice, save the proposal to increase the embedding of American advisers in Iraqi Army units.

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"It's not only not an adoption, it seems to be moving in almost the opposite direction," said former Rep. Tim Roemer (D-Ind.), a member of the Sept. 11 commission. "Many of these people on the Iraq Study Group are from his father's administration….who were pretty successful and established a respectable record of public diplomacy. These principles were not just put on the shelf, but were rejected by the current president."

The role of the military, however, will be different in that troops will be put in even greater danger on a daily basis as they wade deeper into the swamp of Baghdad.

"There will never be true peace in Iraq as long as there are American combat forces in the streets of Iraq," said Sen. Jim Webb (D-Va.), a decorated Vietnam veteran who has advocated a phased withdrawal of troops after intensive diplomacy.

Few presidents have faced wartime choices with so few good options. Truman did not at the end of World War II. Eisenhower did not in Korea. Lyndon Johnson chose to leave it to his successor when he declined to run for a second term. But in some sense, what Bush is doing is likely to have the same effect in that it will prolong the conflict in Iraq, almost certainly pushing the hard decision of when to leave to the next occupant of the Oval Office.

During Vietnam both Lyndon Johnson and Richard Nixon made numerous speeches offering new ways to try to summon public support--bombing pauses by Johnson, peace proposals by Nixon--but neither swayed majorities to their views.

"This is in significant part an exercise in shoring up their political support," said historian Robert Dallek. "But this rhetoric that Johnson made, Nixon made and Bush is making really in the long run doesn't amount to a hill of beans. He may get a rally effect, an increase in backing in the short run, but if the realities on the ground don't change and people continue to see this war, like Vietnam, as a failing enterprise, it won't make any difference."

Democrats, many of whom couldn't find the same voice when the war began, now are eagerly and openly critical of the president. Those considering running for president are climbing all over one another to try to put the most distance between their position and Bush's.

Following the rebuke of voters in the midterm election, which many saw as a referendum on the war, the president finds himself more isolated than at any time in his term. And for at least one Republican who would like to replace him, Sen. John McCain of Arizona, strong support for the president might help rather than hurt. But if McCain, who served heroically in Vietnam where he was tortured as a prisoner of war, were to win the presidency, it might well fall to him to end this war with so many echoes of Vietnam.

Inviting A Battle On Capitol Hill (NYT)

By Sheryl Gay Stolberg

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — By stepping up the American military presence in Iraq, President Bush is not only inviting an epic clash with the Democrats who run Capitol Hill. He is ignoring the results of the November elections, rejecting the central thrust of the bipartisan Iraq Study Group and flouting the advice of some of his own generals, as well as Prime Minister Nuri Kamal al-Maliki of Iraq.

In so doing, Mr. Bush is taking a calculated gamble that no matter how much hue and cry his new strategy may provoke, in the end the American people will give him more time to turn around the war in Iraq and Congress will not have the political nerve to thwart him by cutting off money for the war.

The plan, outlined by the president in stark, simple tones in a 20-minute speech from the White House library, is vintage George Bush — in the eyes of admirers, resolute and principled; in the eyes of critics, bull-headed, even delusional, about the prospects for success in Iraq. It is the latest evidence that the president is convinced that he is right and that history will vindicate him, even if that vindication comes long after he is gone from the Oval Office.

Mr. Bush long ago staked his presidency on Iraq, and to the extent he can salvage the war he can also salvage the remaining two years of his administration. So he is taking a risk, challenging not only the Democratic leadership in Congress but also some members of his own party, who are openly skeptical that the new policy will work and who, unlike the president, will be running for re-election.

But there are no guarantees that Mr. Bush's reading of the country and the Congress will prove correct.

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"It's more than a risk, it's a riverboat gamble," said Leon E. Panetta, a Democratic member of the Iraq Study Group and former chief of staff to President Bill Clinton. "There's no question that under our system he's going to be able to deploy these troops without Congress being able to stop him. But he's going to face so many battles over these next few months, on funding for the war, on every decision he makes, that he's basically taking the nation into another nightmare of conflict over a war that no one sees any end to."

The White House orchestrated an elaborate rollout for the speech, including a presidential briefing for network news anchors before Mr. Bush addressed the nation. On Thursday, Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates are scheduled to appear at a news conference before testifying on Capitol Hill — a show of cabinet comity that might have been unthinkable when Donald H. Rumsfeld was still at the Pentagon.

Acknowledging that any mistakes in Iraq were his own and that Americans would face "trying hours" in the months ahead, Mr. Bush took pains to say he had consulted with members of Congress. But Democrats complained the consultation was perfunctory. Standing outside the White House after meeting with the president just hours before his speech, Speaker Nancy Pelosi promised to force a vote on Mr. Bush's plan.

That vote would be nonbinding. But in the months to come, Democrats could go further, tying Mr. Bush's hands by setting conditions on the use of tax dollars, as Congress did during the Vietnam War and in Lebanon and Central America.

Wartime clashes between presidents and the Congress are a familiar thread in American history. But perhaps no president since Richard M. Nixon has so boldly expanded an unpopular war. Explaining his decision to invade Cambodia in April 1970, Nixon said: "A majority of the American people, a majority of you listening to me, are for the withdrawal of our forces from Vietnam. The action I have taken tonight is indispensable for the continuing success of that withdrawal program."

Likewise, Mr. Bush has concluded that he must scale up American involvement in order to scale it down. The White House press secretary, Tony Snow, said on Tuesday that Mr. Bush hoped to "bring the public back to this war." But the president's aides are under no illusions.

"The reality is, conditions on the ground have to change," said Dan Bartlett, counselor to the president.

In the meantime, some Republicans are already jumping ship. Moderates like Senators Gordon H. Smith of Oregon and Susan Collins of Maine, both up for re-election in 2008, oppose sending more troops to Baghdad, and on Wednesday, a conservative, Senator Sam Brownback of Kansas, joined them.

After Democrats swept the November midterm elections, people both inside and outside the administration expected the bipartisan Iraq Study Group to provide Mr. Bush with a face-saving exit from the war. Mr. Bush made favorable reference to the study group on Wednesday night, noting that he had accepted some of its 79 recommendations.

But he rejected its central notion, that the United States should set a timetable for scaling back combat operations and mount a new diplomatic offensive to engage Iran and Syria. Mr. Bush concluded that those recommendations were not a recipe for victory, but rather, as he said after a meeting with Mr. Maliki in November, a recipe for "a graceful exit," a path he did not want to pursue. At their meeting, Mr. Maliki presented Mr. Bush with a plan calling for Iraqi troops to assume primary responsibility for security in Baghdad, shifting American troops to the periphery of the capital. Instead, Mr. Bush concluded that the United States would have to take a central role, because the Iraqis were not capable of quelling the sectarian violence on their own.

In a sense, it is a predictable path for Mr. Bush. This, after all, is the same president who lost the popular vote in 2000, was installed in the White House by a 5-to-4 vote of the Supreme Court and then governed as if he had won by a landslide. And this is the same president who, after winning re-election in 2004, famously told reporters that he had "earned capital in the campaign, political capital, and now I intend to spend it."

But no American president has been able to prosecute a war indefinitely without the support of the American public. With polls showing fewer than 20 percent of Americans supporting increasing troop levels in Iraq, Mr. Bush and those Republicans who support him know that the new policy will be a tough sell.

"The American people have no reason in the world to think it's going to work just like the president paints it," said one of those backers, Senator Pete V. Domenici of New Mexico, "but I think the American people, in their usual good sense, are going to wait around for a while and say, 'Mr. President, you've taken us down a lot of roads in Iraq, let's go down this one and see if it works.' "

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The question for Mr. Bush is just how long the American people, and their elected representatives, will wait.

As He Touts A 'Way Forward,' Bush Admits Errors Of The Past (WP)

By Peter Baker

The Washington Post, January 11, 2007

As his reelection campaign geared up in 2004, President Bush was asked to name his biggest mistake. He couldn't think of one. By the time he was asked again last year, he had thought of one, his inappropriate "tough talk." Last night, Bush acknowledged that some of the most fundamental assumptions underlying the U.S. venture in Iraq were wrong.

The evolution tracks the sharp deterioration not only of the U.S. position in Iraq, but also of Bush's position at home. As he argued to send even more troops into a war that has lost public support, Bush labored to convince Congress and the American people that he understands where he went wrong and has learned from those errors.

"Where mistakes have been made, the responsibility rests with me," he told the nation. "It is clear that we need to change our strategy in Iraq." He added that generals have "reviewed the new Iraqi plan to ensure that it addressed these mistakes" and "they report that it does."

A chart released by the White House before Bush's "Way Forward" speech went even further, outlining a succession of basic assumptions made in the past about Iraq that as of yesterday it has disavowed -- including the notion that building a democracy would defuse the insurgency and bring down violence. It was the sort of chart Bush's critics might have put together, not a White House traditionally loath to admit mistakes.

Still, the president's admissions were calculated to advance his current political aims and came with significant limitations. He offered no regret for the March 2003 invasion that toppled Saddam Hussein and still argued for staying in Iraq until the job is done. His tone was sober but came without apology or contrition. As one aide put it, "This is not a speech being given on bended knee."

But it was a speech being given arguably with his knees cut out from under him. The spiraling violence in Iraq has turned two-thirds of the American public against him, according to polls, and with Democrats now in charge of Congress, Bush appears increasingly isolated in Washington. Despite his post-election talk of bipartisanship, Bush chose a path almost guaranteed to generate open resistance even from within his own party. Republican officeholders who did stick with him last night appeared largely unenthusiastic.

"He's pretty much alone on this," said William S. Cohen, a former Republican senator from Maine who served as defense secretary under President Bill Clinton. Bush had an opportunity to draw Democrats in by embracing at least some recommendations of the congressionally chartered Iraq Study Group, Cohen said: "It would buy you bipartisanship for five or six months. . . . By simply ignoring it and allowing it to die in the crib, so to speak, Democrats are now free agents."

To admirers, that is a virtue. "He's going to do what's in his heart of hearts and nobody can deter him from that course," said James Jay Carafano, a Heritage Foundation scholar. "He's never going to make everybody happy and he's not going to make even most people happy, and he shouldn't try. So the politics of this are going to suck, but he's going to do what he thinks he should do."

For some in the capital, the speech and the president's dilemma brought back haunting memories of another era. "The administration is making the same mistakes now that we made in Vietnam and I'm really sorry about that," said Jack J. Valenti, an aide to President Lyndon B. Johnson. "I learned in Vietnam when the public loses support for a war, forget about it -- it's all over."

Harry McPherson recalled the March 1968 speech he wrote that shifted the direction of the war and that Johnson used to end his reelection bid. Like then, McPherson said, there are no good options. "Many of the same consequences are being bruited about. What happens if we pull out of there? What happens if they win in Iraq? What happens to American prestige in the world? That's what we talked about all the time." While the Iraq war was "a gigantic mistake," he said, "there is a big cost to leaving."

The White House recognized that a speech will not convert critics. "Nobody is under illusions that the public is going to be turned around on this," said the Bush aide, who was not authorized to speak on the record. "What you hope to accomplish with a

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speech like this is to show the public that there is a genuine, deep and fundamental change and there's a good chance of success."

To make the case that he has embraced fundamental change, Bush had to concede mistakes in a more meaningful way. For the past year or so, he has acknowledged that tactics were flawed but not core decisions. Asked about mistakes at a joint news conference last year, British Prime Minister Tony Blair cited the purge of tens of thousands of members of Hussein's Baath Party from the Iraqi government, one of the most consequential moves after the invasion. Bush, by contrast, said he should not have taunted insurgents by declaring, "Bring 'em on."

Bush went further in his analysis last night. The plan to secure Baghdad, he said, "failed for two principal reasons: There were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents." He also agreed with Blair that de-Baathification went too far.

In the speech, Bush did not dwell on these mistakes, but the White House elaborated in the chart comparing past "key assumptions" with current ones, showing how its understanding of Iraq has changed. In the past, the chart said, the White House believed "political progress will help defuse the insurgency." But now it has concluded that "political and economic progress are unlikely absent a basic level of security." In the past, the White House assumed the "majority of Iraqis will support the Coalition and Iraqi efforts to build a democratic state." Now, it said, "Iraqis [are] increasingly disillusioned with Coalition efforts."

The chart went on to say that the White House wrongly assumed that dialogue with insurgent groups would reduce violence, that other countries in the region have a strategic interest in a stable Iraq and that Iraqi security forces were gaining strength to handle threats. Now, it said, dialogue has not worked, Arab states have not fully supported the Iraqi government and many Iraqi forces are "not yet ready to handle" the security threat.

Bush must now make the case that those new assumptions are more valid than the last and that his plan will address them. "To be persuasive, President Bush needs to show what specific results an escalation will achieve and when," said Anthony Lake, who was one of Clinton's national security advisers. "And his problem is, he will then be held accountable for those results."

Bush Outlines New Tactics For Iraq, But Faces Big Obstacles (MCT)

By William Douglas And Ron Hutcheson

McClatchy Newspapers, January 11, 2007

WASHINGTON - President Bush laid out his "New Way Forward" in Iraq Wednesday night, calling for beefing up U.S. forces there by extending tours of duty for 21,500 troops, adding $1.2 billion in new reconstruction aid and letting Iraqi forces take the lead in joint combat operations.

"The changes I have outlined tonight are aimed at ensuring the survival of a young democracy that is fighting for its life in a part of the world of enormous importance to American security," Bush said in a nationally televised address. "The question is whether our new strategy will bring us closer to success. I believe that it will."

Bush's latest Iraq plan faces two immediate obstacles:

-Leaders of the new Democratic-led Congress oppose his proposed troop buildup, as do many influential Republicans. They may try to block it, though they haven't agreed on a firm plan to do so.

-Bush's plan relies on Iraqi Prime Minister Nouri al-Maliki's Shiite Muslim-dominated government to crack down on its allies in the country's Shiite militias, which it has so far refused to do.

Questions abound: Will an additional 21,500 American troops in Iraq, taken mostly from units to be held longer in Iraq or sent there sooner, be enough to help restore order both in Baghdad and in violent, Sunni-dominated Anbar Province?

Will an additional $1 billion in aid make a dent in the country's economic problems?

Last, will Bush's efforts to reassure Saudi Arabia, Jordan, Kuwait and Iraq's other Sunni Muslim neighbors calm their fears that Shiite power may expand from Iran through Iraq to Lebanon? Bush has sent an aircraft carrier battle group and some Patriot missile defense batteries to the Persian Gulf to calm Sunni Arab nerves. But he has largely ignored recommendations to open talks with Iran and Syria and to revive Israeli-Palestinian peace talks.

The president acknowledged previous failures.

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"Where mistakes have been made, the responsibility rests with me," he said. Past efforts to quell violence in Baghdad failed, he said, because "there were not enough Iraqi and American troops to secure neighborhoods" and "there were too many restrictions on the troops we did have." He said his plan would remedy such flaws.

He warned of a "bloody and violent" year ahead in the war-torn country, despite his new proposals.

"This new strategy will not yield an immediate end to suicide bombings, assassinations, or IED (improvised explosive device) attacks," Bush said. "Our enemies in Iraq will make every effort to ensure that our television screens are filled with images of death and suffering."

Bush appeared to signal a more aggressive policy toward Syria and Iran, saying the U.S. would take unspecified steps to "disrupt" attacks on U.S. troops by terrorists and insurgents who use Iranian and Syrian territory to move in and out of Iraq.

Specifically, Bush proposed:

-Boosting U.S. troop strength in Iraq by 21,500 by extending tours of duty, with about 17,500 to Baghdad and 4,000 to Anbar Province. The increase will be staggered, with the first combat brigade arriving in Baghdad on Jan. 15 and the second on Feb. 15. Additional brigades will be added every 30 days.

-Increasing economic reconstruction aid by $1 billion.

-Having Iraq deploy 10,500 additional Iraqi troops and nine additional 800-man police brigades in Baghdad, with all of the new military units in place by Feb. 15.

-A new command structure that will put Iraqis in charge of security in Baghdad, with U.S. troops deeply embedded in Iraqi units. U.S. troops would remain under U.S. command.

-An end to the open-ended commitment of U.S. troops, but no timetable for withdrawal.

-Having Iraqis take the lead responsibility for security throughout the country by November, with continued U.S. help after that.

-The deployment of additional civilian reconstruction teams, including teams embedded with troops to hasten rebuilding efforts in newly secured areas.

-New diplomatic efforts to get more help from Iraq's neighbors and a solution to the Israeli-Palestinian conflict.

-More pressure on Iraqis to follow through on plans for provincial elections, a new law for distributing oil revenues and other measures intended to foster Iraqi unity.

In addition, Bush's plan appears to abandon a key point of previous U.S. strategy - it no longer emphasizes disarming and disbanding Shiite militias, leaving both to the Iraqi government, which depends on those militia for support.

Bush put Iraq on notice that America won't stay forever.

"I have made it clear to the prime minister and Iraq's other leaders that America's commitment is not open-ended," Bush said. "If we increase our support at this crucial moment and help the Iraqis break the current cycle of violence, we can hasten the day our troops begin coming home."

Bush's immediate audience is a Democratic-controlled Congress already hostile to his plan to increase U.S. troops in Iraq. Democratic House and Senate leaders issued a statement following his speech repeating their opposition.

Both House and Senate Democrats plan floor votes soon on resolutions opposing the president's troop buildup, but they'll be nonbinding.

Democratic congressional leaders don't appear to have an immediate consensus, however, on what, if any, binding legislation they should push or how fast to move. Sen. Edward Kennedy, D-Mass., hopes to pass legislation that would require congressional approval of any increase in troops, but party leaders concede that they lack the votes to make that stick at this time, especially over a Bush veto.

Bush, however, can no longer count on solid Republican support in Congress.

"I refuse to put more American lives on the line in Baghdad without being assured that the Iraqis themselves are willing to do what they need to do to end the violence of Iraqi against Iraqi," Sen. Norm Coleman, R-Minn., said Wednesday on the Senate floor. "If Iraq is to fulfill its role as a sovereign and democratic state, it must start acting like one."

Similarly, Sen. Sam Brownback, R-Kan., who's exploring a bid for the presidency in 2008 as a social-values conservative, declared himself against a troop increase Wednesday.

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"I do not believe that sending more troops to Iraq is the answer," Brownback said while traveling in Iraq. "Iraq requires a political rather than a military solution."

Sen. John Warner, R-Va., the former chairman of the Senate Armed Services Committee, said Wednesday he's weighing a Senate resolution endorsing the approach of the Iraq Study Group, which called last month for urgently shifting responsibility to Iraqi forces so that most U.S. combat troops could be withdrawn by early next year.

In the House of Representatives, eight Republicans sent a letter Wednesday to Bush urging him not to increase troop levels.

Many of Bush's new proposals - a limited increase in U.S. troops, Iraqis taking the lead in security matters, billions in reconstruction aid - have been tried before and failed to reduce violence or quell the insurgency.

Last fall, for example, an Iraqi-led joint U.S.-Iraqi military mission to secure some of Baghdad's most violent neighborhoods produced complaints from U.S. military commanders about the ineptness of Iraqi forces.

U.S. military officials complained that the daily missions started late and some Iraqi troops failed to show up for work. Some Iraqi soldiers would do their job only in front of American forces and slack off if only Iraqi commanders were around.

Some top U.S. military officials in Iraq say for Bush's plan to work, Iraqi officials must go after Sunni and Shiite extremists. U.S. troops have aggressively targeted Sunni areas, conceding they can't enter Shiite strongholds, such as Sadr City, because of Iraqi political pressure. Shiite support is the backbone of al-Maliki's government.

Americans have already soured on Iraq. In recent polls, public support for sending more troops to Iraq ranged from 12 percent to 36 percent of Americans, depending on how the question was phrased.

"This is his last chance to convince the American public that he knows what he's doing and victory is possible," said Dennis Goldford, a political science professor at Drake University in Des Moines, Iowa. "He's tied his whole presidency to this. He got us into this situation. He thinks there's a way out. This is his last chance at a last chance."

If it fails, Goldford said, Iraq "could become the all-consuming issue" for the final two years of Bush's term, crowding other presidential initiatives. "If he's totally ineffective, he leaves this ravaged sore on the body politic as well as foreign relations."

President Bush's New Plan For Iraq Could Soon Run Into Old Obstacles (MCT)

By Warren P. Strobel And Nancy A. Youssef

McClatchy Newspapers, January 11, 2007

WASHINGTON - President Bush unveiled what the White House called a "New Way Forward" in Iraq on Wednesday night, but the plan faces old obstacles that have defied solution ever since the United States invaded Iraq nearly four years ago.

Bush's plan relies even more than past stratagems on a weak Iraqi government to fulfill promises it's repeatedly broken to take on sectarian militias and end political squabbles.

It calls for Iraqis to beef up their forces in Baghdad to help quell raging violence there, four months after the Iraqi government failed to contribute four of the six battalions of troops it promised to a similar security effort.

The plan calls for reordering Iraq's Interior Ministry, something that American officials have been insisting on since last spring, when Prime Minister Nouri al-Maliki came to office.

Bush also said that Iraq's government would pass a new law on distributing oil revenues and revise its de-Baathification program, which keeps members of Saddam Hussein's Baath Party out of government. But both efforts have been stymied by opposition in Iraq's parliament.

The biggest course change is the declaration that Iraqis will be in charge of the effort to secure Baghdad, which al-Maliki has been pushing for.

Bush aides, who detailed the plan in a series of documents and briefings, insisted Wednesday that this time is different. Al-Maliki has pledged to deploy more Iraqi forces to stabilize Baghdad, and the full U.S. troop contingent and financial aid package won't flow unless he follows through on that and other steps, they said.

But if al-Maliki fails to deliver, the president appears to have little leverage other than to bring U.S. troops home - and abandon the "victory" in Iraq that he insists is vital to U.S. national security.

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"An awful lot depends on the Iraqis. We don't control the Iraqis anymore," said Daniel Serwer, a vice president of the government-funded U.S. Institute of Peace.

Some current and former U.S. officials said they believe that by placing so much of the burden on the Iraqis, Bush is preparing to blame them for the debacle in their country and withdraw American troops.

Bush for the first time Wednesday said that the U.S. commitment in Iraq isn't open-ended - though he put no time limit on how long Americans would wait to see whether al-Maliki fulfilled his promises. The first test will come Feb. 15, when the additional Iraqi troops are to be deployed in Baghdad.

The president's strategy, the product of a more than two-month review, does abandon some key tenets that have guided U.S. strategy in Iraq for more than a year.

Gone is the attempt to reach out to Sunni insurgents; previous efforts to bring them into the political process didn't reduce violence, and the U.S. is ending any effort to do so.

Gone, too, is the rapid effort to replace U.S. troops with Iraqi ones, captured in the mantra "As they stand up, we will stand down." While training Iraqi troops remains the key U.S. mission, the No. 1 U.S. goal in Iraq is the defeat of al-Qaida and its supporters.

Outside analysts said they saw some positive elements in the plan, such as a focus on protecting Iraqi civilians and jump-starting the economy from the grass roots - both classic elements of counterinsurgency doctrine. Bush proposes almost $1.2 billion in new economic assistance in Iraq and a doubling of U.S. civil-military reconstruction teams.

But many said they feared Bush's modified tactics are too little and too late to make up for past blunders in Iraq. Those include invading with too few troops, disbanding the Iraqi army, underestimating the cost of the venture and misjudging the rapid growth of Iraq's insurgency.

"The problem is the solutions applied three years ago or two years ago might have stabilized the situation. . . . I find it hard to see they will apply today," said Judith Yaphe, a Persian Gulf expert at the National Defense University.

At best, the current and former officials said, Bush's plan might produce measurable improvement in Baghdad's security - perhaps returning it to the situation before February 2006, when the bombing of an important Shiite mosque in Samarra set off Iraq's civil war.

The core of Bush's "New Way Forward" is a bid to end the endemic violence in Baghdad by deploying 17,500 more U.S. troops and thousands of additional Iraqi troops and police and adopting new rules of engagement.

White House officials said Iraqi forces would take the lead, with American troops embedded in Iraqi units.

That's been tried before, too, and failed, in last summer's joint effort to bring security to Baghdad, called Operation Forward Together.

For the new plan to work, the Iraqi government must crack down on both Sunni and Shiite extremists, top military officials in Baghdad said.

But al-Maliki has refused to move against the militias of powerful Shiite politicians, including firebrand cleric Muqtada al-Sadr, who are the bedrock of his political support. It is unclear why he'd do so now.

Sunnis, representing Iraq's now-dispossessed minority, criticized the U.S. troop increase even before Bush formally announced it. Sunni insurgents are certain to react with more violence to joint security sweeps by U.S. troops and forces of the Shiite-led Iraqi government.

On Tuesday, some in Iraq thought they saw what a security plan under al-Maliki could look like when Iraqi forces struck Haifa Street in central Baghdad, a longtime Sunni insurgent trouble spot.

U.S. and Iraqi forces fought suspected insurgents for 12 hours in an operation that Sunni politicians charged was sectarian. After Sunnis responded to an attack by al-Sadr's Mahdi Army, they charged, the Iraqi army came in with American forces and struck the Sunnis but did nothing about the Shiite extremists who were there earlier.

The Iraqi government has long claimed that if it quells the Sunni insurgency, the violent reaction from the Shiite militias will end and they'll be disarmed. That approach has been tried and failed, but there's no sign that the al-Maliki government is rethinking it.

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Whether Iraqi troops will be up to the task of helping pacify Baghdad neighborhood by neighborhood is as questionable as ever.

During Operation Forward Together, some Iraqi forces did their jobs well. But most daily missions started late, as Iraqi commanders and U.S. forces counted how many Iraqi troops came to work that day.

While U.S. and Iraqi troops were in troubled neighborhoods, such as Amariyah in western Baghdad, crime did fall. But as soon as the troops left, the insurgents moved back in, and the violence, including sectarian killings, car bombings and explosions, surpassed previous levels.

Many wonder where the Iraqi government will find fresh troops for Baghdad. U.S. military transition team leaders in the northern Iraqi city of Sulaimaniyah told McClatchy Newspapers last month that predominantly Kurdish brigades there would dissolve if they were ordered to the capital.

How al-Maliki might bring about political reconciliation, another aspect of Bush's plan, also is unclear. There's intense skepticism that he can move beyond his Shiite base and deliver his half of the bargain, as even a senior Bush aide acknowledged Wednesday.

"There is obviously skepticism, and the president has made that very clear to this (Iraqi) government: People are skeptical - your people are skeptical, our people are skeptical. I will support you, but you need to perform," said the official, briefing reporters anonymously under White House ground rules.

Larry Diamond of Stanford University's Hoover Institution said Bush should have demanded action from the Iraqis before pledging additional U.S. troops and money.

"They've made commitments many times before, and they aren't delivered upon," said Diamond, who served as a democracy adviser in postwar Iraq. "The deadlines and goals are constantly slipping - and they're like mush."

Youssef reported from Baghdad. McClatchy Newspapers correspondent Leila Fadel contributed from Baghdad.

Analysis: A 'Make-it-or-break-it Moment' On Iraq (USAT)

By Susan Page

USA Today, January 11, 2007

WASHINGTON — Not since the Vietnam War has a president faced such a daunting policy challenge: Rallying Americans behind a costly military venture that already has lost much of its support among the public and in Congress.

President Bush chose the unusual setting of the White House library — where Jimmy Carter donned a cardigan for his 1977 energy speech — to deliver a long-awaited address outlining his "new way forward" in Iraq.

He chose not so much a change of direction as an acceleration, committing 21,500 more U.S. troops and demanding political progress from Baghdad. Even Arizona Sen. John McCain, a supporter, calls the plan a "last chance" to avoid a decisive setback in Iraq.

And, some say, to his presidency.

"This is a make-it-or-break-it moment," says Ken Duberstein, a chief of staff in the Reagan White House. "This is as much about Bush and his leadership for the last two years as it is about Iraq."

After the congressional elections in November, Bush seemed ready to change course in Iraq. He said voters had delivered "a thumpin' " by handing control of Congress to Democrats in an election driven in large part by anxiety about the war. He replaced Defense Secretary Donald Rumsfeld.

Then, in December, the Iraq Study Group, headed by Bush family consigliere James Baker, issued a report it titled "the way forward — a new approach." It called for increased regional diplomacy, threats of cuts in U.S. support if the Iraqi government didn't meet political goals and the withdrawal of most U.S. combat troops by March 2008.

While he called the commission's recommendations "thoughtful," Bush mapped a course largely at odds with its key provisions.

He's committing more troops and calling on Iraq to meet political goals, but without the threat of U.S. penalties if they don't. While the commission endorsed negotiations with Iran and Syria, Bush calls for increased efforts — and the deployment of a new carrier strike group — to disrupt supply lines from the two countries to Iraqi fighters.

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Except for the troop increase, none of the ideas is new. All are familiar parts of the administration's strategy in Iraq and Bush's prior speeches defending it.

Leon Panetta, a White House chief of staff for President Clinton and one of the 10 members of the Iraq Study Group, says the members were concerned from the start whether the White House would listen to what they had to say.

"The president is pretty obstinate about what he thought were the right answers, and obviously we weren't delivering good news, so I can't say it was unanticipated," he says. Panetta called it "disappointing."

"The most important thing we did was to identify the realities of what's happening there," Panetta adds. "If you accept those realities, it leads you to many of the recommendations that we made. If you refuse to accept those realities, then you're going to repeat the same old mistakes. I think unfortunately that's where the president seems to be."

The stakes for Bush, already high, have been raised because he has become so isolated politically when it comes to the war. Six in 10 Americans oppose increasing troop levels, according to a USA TODAY/Gallup Poll taken Friday through Sunday. Seven in 10 disapprove of his handling of Iraq.

Congressional Republicans, who since the 2003 invasion generally have stood behind the administration, are now divided. And congressional Democrats are considering proposals that would either express disapproval of the troop escalation or try to block funding for it.

"Generally, presidents have a very difficult time changing public opinion," especially once opposition has gelled, says Brandice Canes-Wrone, a professor at Princeton who has studied the power of White House addresses. But Bush's speech may well "buy him some time" to proceed because he is "taking ownership" of a controversial policy.

"If this doesn't work out," she says, "then Bush is to blame solely."

Early in his address, the president acknowledged for the first time that the administration had erred in sending too few troops. "Where mistakes have been made, the responsibility rests with me," he said. He called the current situation "unacceptable."

Still, he portrayed retreat as unthinkable, describing the war as a critical part of the larger struggle against global terrorism.

That is an argument Bush often has made — indeed, in a speech on Iraq he delivered precisely one year earlier, to the Veterans of Foreign Wars convention in Washington.

"When victory comes and democracy takes hold in Iraq, it will serve as a model for freedom in the broader Middle East," he declared on Jan. 10, 2006. He predicted U.S. combat forces would be reduced within a few months and derided some Democratic critics of the war as "irresponsible."

On Wednesday, a subdued Bush made no such predictions of democracy's spread, and his tone toward congressional Democrats was conciliatory rather than confrontational. "Honorable people have different views," he said.

His basic message, though, was unchanged. To "step back now would force a collapse of the Iraqi government, tear that country apart and result in mass killings on an unimaginable scale," he said, creating new dangers for Americans. The year ahead, he said, "will demand more patience, sacrifice and resolve."

Past Troop Surges In Iraq Produced Mixed Results (WT)

By Rowan Scarborough

The Washington Times, January 11, 2007

Troop surges like the one announced by President Bush last night have been tried before in Iraq to stabilize the country for elections or dampen an upswing in violence -- with mixed results.

The real test for the president's new strategy is how this surge will differ from the past. For example, Mr. Bush ordered more forces into Iraq in July to stop sectarian violence in greater Baghdad. More than 15,000 U.S. soldiers joined 40,000 Iraqi forces in block-by-block sweeps.

But the government of Prime Minister Nouri al-Maliki never cracked down on Shi'ite militias, some loyal to a key political supporter, Sheik Muqtada al-Sadr. In the end, the Baghdad command acknowledged the offensive did not meet its objectives.

This time, Mr. Bush pledged that events will be different. The Iraqi army will go after Shi'ites, not just Sunnis. And the buildup will not have a time limit.

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Baghdad will be divided into nine military sectors. Mr. al-Maliki will appoint a Baghdad military commander. From the 17,000 U.S. soldiers going to the capital, battalions will be joined with each Iraqi brigade, creating training and operations all in one, said a military source.

On Iran, part of the plan is already in place: a buildup of naval forces in the Persian Gulf. Plus, the source said, the U.S. will capture and hold Iranians helping the insurgents in the hope that this will provide some leverage against Iran's aid to the insurgency.

"The surge will work as long as the Iraqis do their part, and our hands are untied to be tough where required," said retired Army Lt. Col. Robert Maginnis, a military analyst. "Maliki must decide between working with the U.S. and his misplaced loyalties to al-Sadr. I believe the militia issue is the real center of gravity, not necessarily Baghdad. It happens that militia problems are worse in Baghdad."

Mr. Bush has ordered surges before with mixed results. In May 2004, forces were declining to 115,000. But violence in Sunni-dominated Fallujah, and in Shi'ite towns around Najaf, forced the Pentagon to halt the drawdown and rebuild back to 138,000.

The results: A Marine-led force ultimately retook Fallujah that November. Army brigades clashed with Sheik al-Sadr's Mahdi Army in a series of battles, reducing the militia to a few hundred.

But Sheik al-Sadr escaped death or arrest. He methodically rebuilt his army, with the help of Iran. Today, he controls thousands of fighters, some of whom break off into death squads and hunt down, torture and kill Sunnis. Hundreds of the bodies have been found strewn around Baghdad.

The Pentagon also surged troops three times for elections: a transition assembly; a constitution and a permanent parliament in December 2005. In each case, the surge was targeted to improve security in the run-up to balloting and then to create a safe atmosphere for voters. The strategy worked. All three elections were deemed successful by international observers. But they had limited impact on long-term violence.

The last buildup came this past summer. Mr. Bush again ordered an increase, from 127,000 to 150,000 to quell sectarian violence in Baghdad. The offensive did not work, and Republicans lost control of Congress in part because of larger number of voters turning against the war.

The president then began a far-reaching review, which ended last night with his announced decision to try a troop surge for the sixth time with new tactics.

In Congress, Bush's Plan Unites Dems, Splinters GOP (LAT)

By Noam N. Levey And Nicole Gaouette

The Los Angeles Times, January 11, 2007

WASHINGTON -- President Bush's plan to send additional troops to Iraq has further united Democrats on Capitol Hill, who nearly unanimously condemned the president's proposals Wednesday night.

Republicans, meanwhile, have splintered in the face of widespread popular discontent over the war and Bush's plans to escalate it.

The congressional reaction Wednesday to the president's prime-time television address underscored how dramatically Bush's proposal has changed the political dynamic in Washington less than a week after Democrats assumed control of the House and Senate.

Emboldened Democrats, who for years struggled to find common ground in challenging the White House, have found a target in the plan and are coalescing around the demand that troops be withdrawn.

And once-united Republicans now face an unpleasant choice: stand behind a deeply unpopular troop buildup or take on the head of their party.

"There is a lot of anxiety and heartburn here," Rep. Ray LaHood, R-Ill., said outside the House chamber, noting the conflicted feelings of many GOP lawmakers toward Bush. "He's our guy. No one wants to go against our guy. And he's the commander in chief and the guy who campaigned for all of us. But he is Iraq." LaHood and many Republicans stood by the president Wednesday, praising Bush for his commitment to reducing the sectarian strife in Iraq.

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"The president should be commended for adapting to the reality on the ground in Iraq," said Senate Minority Leader Mitch McConnell, R-Ky. "And although the new plan is not without risk, it provides the best chance for helping the Iraqi people form a country that can defend itself and is an ally in the war on terror."

But McConnell does not head a united front.

A number of Republican senators expressed deep reservations about the president's proposals Wednesday.

"I want real evidence that a potential surge in troops will do more good than harm and will not exacerbate the existing violence in Iraq," said Sen. George Voinovich, R-Ohio, who was invited to the White House to discuss the plan. "I am skeptical."

Other GOP dissenters include Sens. Olympia Snowe and Susan Collins of Maine, Norm Coleman of Minnesota, Chuck Hagel of Nebraska, Gordon Smith of Oregon and Sam Brownback of Kansas, a presidential candidate who once staunchly supported Bush's foreign policy.

Continuing their strident criticism of the Bush administration's war strategy, Smith called the plan a "Hail Mary pass" and Hagel said it was "dangerously wrongheaded."

Also withholding support was Georgia Republican Rep. Jack Kingston, whose district is the home of the U.S. Army's 3rd Infantry Division, which has served two tours in Iraq.

Democrats, by contrast, rallied Wednesday in vigorous opposition, taking to the floors of the House and Senate and stepping before television cameras to condemn the president.

"There are no timelines, no real goals .... I was very disappointed," California Sen. Dianne Feinstein said on CNN. "It is an escalation. And I'm hard-pressed to see how we come out of that kind of escalation as victors."

Feinstein and other Democrats have voiced increasing alarm about sending more troops into the middle of a burgeoning civil war that they say can only be quelled by Iraqis themselves.

Connecticut Sen. Joe Lieberman, who ran as an independent last year but still caucuses with the Democrats, was a lonely supporter of the president, whom he praised for pushing a "correct and courageous course."

"It is a dangerous illusion to believe that we can depart Iraq and the inevitable killing fields, and terrorist violence will not follow us in retreat, even to our own shores," Lieberman said.

The war continues to pose difficulties for Democrats.

The party's plans to focus on a 100-hour domestic agenda packed with popular measures like ethics reform and a minimum wage hike were overshadowed by the debate over Bush's much-anticipated Iraq speech.

And Democrats, who rode to power on voter discontent with the war, are being forced to articulate a real strategy to match their rhetoric.

But Bush's plan appears to have galvanized Democrats -- who just last summer were put on the defensive by Republicans who induced nearly a quarter of the House Democrats to back a GOP resolution expressing support for Bush's war policies.

Wednesday, House and Senate leaders were confidently gearing up to introduce resolutions opposing the president's plans.

"My bet is that if an up-or-down vote happened on the Senate floor on whether we should send a significantly increased number of troops, that that vote would be overwhelmingly against sending the troops, and a significant number of Republicans would vote not to send more troops to Iraq," said Sen. Charles E. Schumer, D-N.Y., who helped quarterback Senate Democrats to their November election success.

Meanwhile, Sen. Edward M. Kennedy, D-Mass., and Rep. Edward J. Markey, D-Mass., were lining up co-sponsors for their bills, which would go even further and cut off funds for increasing troop levels in Iraq.

Among their supporters are Sens. Barbara Boxer, D-Calif., and John F. Kerry, D-Mass.

"Last year ... there was some squeamishness about the war," said Kerry, who pushed an unsuccessful measure last spring to require a troop withdrawal. "Now there is a unanimity in our caucus."

Analysis: Bush Speech Draws Lines (AP)

By Tom Raum

AP, January 11, 2007

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President Bush's announcement that he is sending more troops to Iraq sets up the first major test of wills between his Republican administration and the new Democratic-controlled Congress. Both sides are digging in.

The political stakes raised by Bush's prime-time television address were high on both sides.

Democrats, who came to power in midterm elections two months ago in large part because of growing public opposition to the war, must walk a fine line between criticizing Bush's plans and appearing to be obstructionists or undermining the military.

And they presently rule Congress with insufficient numbers to block Bush's plan.

For Bush, the decision to send more troops to Iraq — rather than begin a withdrawal of combat forces as recommended last month by the bipartisan Iraq Study Group — is a huge gamble.

If it fails, he will have few if any options left.

Defying public opinion polls and the newly empowered Democratic leadership, Bush on Wednesday moved to send 21,500 more U.S. troops to Iraq while saying it was a mistake not to have had more forces there previously.

He recognized the risks ahead. "Even if our new strategy works exactly as planned, deadly acts of violence will continue and we must expect more Iraqi and American casualties," Bush said in Wednesday's address to the nation. But, he added, "to step back now would force a collapse of the Iraqi government, tear that country apart, and result in mass killings on an unimaginable scale,"

Democrats served notice they would challenge his plan, with aggressive hearings that begin on Thursday and with votes in both the House and Senate in the coming days on a nonbinding measure opposing any increase in troops.

"American voters expect us to help get us out of Iraq," said Democratic Sen. Joseph Biden of Delaware, chairman of the Foreign Relations Committee and a 2008 presidential hopeful.

Congress voted in October 2002 by wide margins to authorize Bush to take military action in Iraq. That authority stands.

Since they now run Congress, even though by thin majorities, Democrats also now share with the president some responsibility over the unpopular war.

Despite their vows to carefully scrutinize Bush's troop increase, their near-term options are limited.

While it's true that Congress controls the government's purse strings, politically about the most it can do is hold hearings and pass symbolic resolutions.

If, even if with the help of some Republicans, Congress is able to pass legislation, such as that proposed this week by Sen. Edward M. Kennedy, D-Mass., to require Bush to get congressional approval before sending more troops to Iraq, Bush will surely veto it.

And, given the slim margin of Democratic control, such a veto would almost certainly be sustained.

"The Democrats may control Congress but they can't block the president this time without potentially being accused of losing the war. I think an awful lot of this is staging for the next time," the 2008 presidential and congressional elections, said Anthony Cordesman, an Iraq expert at the Center for Strategic and International Studies.

For Bush, many dangers lurk in the new plan.

The new troops might not be enough to stabilize the country. Prime Minister Nouri al-Maliki might not rise to Bush's challenge to do more in controlling sectarian violence and shutting down private militias. The new U.S. troops could present more targets to militants.

"We have to succeed. We must succeed. The consequences of failure are catastrophic in the region," said Sen. John McCain, R-Ariz., who has long advocated more troops.

Furthermore, Bush risks losing more and more Republican support, which in turn would hasten his lame-duck status. Next week's votes are, in part, a strategy to divide Republicans by forcing them to take a public stand on the war.

"At this point, the battle lines have been drawn pretty deeply. And the concrete is setting," said Stephen Wayne, a professor of government at Georgetown University. "I regard this as a last gasp for the president to try to get a successful resolution of the Iraq quagmire."

Both parties are divided on what to do next.

More and more Republicans are trying to distance themselves from Bush and the war.

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And Democrats are divided on how far to go in fighting Bush's plan or in pressing for troop withdrawals, even as the party's liberal base pressures them to do more to bring troops home.

"If the question is whether Congress would cut off funds, the answer is no. But you had an election in November that was widely interpreted as a rejection of the president's war policy," said John Isaacs, president of the Council for a Livable World, an arms control advocacy group.

"While Americans are not sure about how to get out, and only a small proportion back immediate withdrawal, they certainly aren't inclined to support a new increase, an escalation," said Isaacs.

Before his speech, Bush personally briefed both Democratic and Republican leaders on details of his plan. The leaders emerged in agreement on just one thing — that Americans are understandably skeptical and that the war so far has gone badly.

Then, they respectively sounded what are sure to be battle themes for the coming days.

Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi renewed their opposition to additional troops. But, said Reid, "We as senators have had no ability to have any input in the president's position on this."

House Minority Leader John Boehner, R-Ohio, said the plan might be distasteful to some but he called it "our best shot at victory in Iraq."

EDITOR'S NOTE — Tom Raum has covered national and international affairs for The Associated Press since 1973.

Intensified Combat On Streets Likely (WP)

By Thomas E. Ricks And Ann Scott Tyson

The Washington Post, January 11, 2007

President Bush's plan to send tens of thousands of U.S. and Iraqi reinforcements to Baghdad to jointly confront Sunni insurgents and Shiite militias is likely to touch off a more dangerous phase of the war, featuring months of fighting in the streets of the Iraqi capital, current and former military officials warned.

"The terrorists and insurgents in Iraq are without conscience, and they will make the year ahead bloody and violent," the president said last night in explaining his revised approach. "Even if our new strategy works exactly as planned, deadly acts of violence will continue -- and we must expect more Iraqi and American casualties."

The prospect of a more intense battle in the Iraqi capital could put U.S. military commanders in exactly the sort of tough urban fight that war planners strove to avoid during the spring 2003 invasion of the country. The plan to partner U.S. and Iraqi units may compel American soldiers to rely on questionable Iraqi army and police forces as never before. And while the president insisted there is no timetable associated with the troop increase, military officials said sustaining it for more than a few months would place a major new strain on U.S. forces that already are feeling burdened by an unexpectedly long and difficult war.

Most of all, the White House's insistence on confronting all insurgents and militias, both Sunni and Shiite, may mean that the U.S. military will wind up fighting the Mahdi Army of radical cleric Moqtada al-Sadr. That militia is estimated by some U.S. intelligence officials to have grown over the past year to about 60,000 fighters, and some in the Pentagon consider it more militarily effective than the Iraqi army. Fighting it could resemble on a citywide scale the sharp combat that took place this week along central Baghdad's Haifa Street, in which U.S. jets and attack helicopters conducted airstrikes just north of the U.S. Embassy in the protected Green Zone.

"There will be more violence than usual because of the surge, and a surge with more casualties plays up on the international stage," said a senior Army official. Sadr "is going to have to make a choice, and if he decides on a confrontation, it will be pretty significant," added a senior Pentagon official.

Sadr is one of the most powerful figures in the Iraqi government, and he has forced it and the U.S. military to back down in the past. Yet if the Mahdi Army is not confronted, the entire offensive may falter and the sectarian conflict may intensify, because Sunnis will feel it is just one more way of attacking them while letting Shiite death squads go free, military experts said. "If our troops do not enter Sadr City, they belittle the notion of a surge because they would leave a leading militia unscathed," said Patrick Cronin of the International Institute for Strategic Studies, a defense think tank.

The last time the U.S. military fought both Sunni and Shiite elements in Iraq was the spring of 2004, which became one of the most difficult times in the war. U.S. commanders were stunned to face a two-front conflict against Sunni insurgents in Anbar

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province and Shiites in Baghdad and across a broad swath of south-central Iraq. Troops from the Army's 1st Cavalry Division fighting in Sadr's stronghold of about 2 million Shiites in eastern Baghdad became enmeshed in a series of clashes resembling the movie "Black Hawk Down." Sadr's militias besieged isolated U.S. patrols and took over police stations, schools and municipal buildings.

An Army officer who recently commanded a battalion in Baghdad predicted last night that the plan would fail because Iraqi Prime Minister Nouri al-Maliki and his government "will do things to maintain protection" of Sadr's forces. He also dismissed as "happy talk" the president's notion that the predominantly Shiite Iraqi army and police could reassure pro-insurgent Sunni neighborhoods by conducting foot patrols through them.

Bush said it is now clear that there have not been sufficient troops in Baghdad, and that part of the difference in this approach is that the plan will be adequately resourced. Yet the total number of U.S. troops in Iraq after the planned increase will be about 153,000, less than the peak of about 165,000 in December 2005. Military experts last night wondered, as one said, how a "thin green line" of 17,500 additional soldiers in Baghdad could affect the security situation in a city where many of the 5 million residents are hostile to the U.S. presence. "Too little, too late -- way too late," said retired Col. Jerry Durrant, who has worked as a trainer of Iraqi forces.

The Joint Chiefs of Staff have resisted Bush's push for more troops, according to officials familiar with internal deliberations, but recently gave in to the president's wishes. Bush said last night that top commanders reviewed the new plans to add a total of 21,500 Army and Marine forces in Baghdad and Anbar province and approved of them.

"The 'surge' is actually quite small," said retired Army Col. Andrew Bacevich, who compared it with the 206,000 additional troops that Gen. William Westmoreland requested in Vietnam in 1968. "In effect, Bush is counting on the Iraqis to pull our bacon out of the fire," Bacevich said, adding that there is no evidence that the Iraqi military and government are capable of doing so.

The plan calls for the Iraqi government to designate one overall commander for all Iraq army and police personnel in Baghdad. The city would be divided into nine sectors, each with an Iraqi commander and with a U.S. Army battalion assigned to it to support the Iraqi forces.

In the short to medium term, the U.S. military increase in Iraq will involve accelerating some troops into Iraq and extending the tours of others, creating an overlap that raises the overall troop level. At least one Army brigade not originally scheduled to rotate into Iraq -- the 2nd Brigade of the 82nd Airborne Division -- has begun moving into Iraq from Kuwait.

Four more Army brigades in the United States that are already part of the planned 2007 Iraq rotation are expected to deploy beginning in February, between two weeks and two months earlier than scheduled. In Iraq, three Army brigades will be extended past their scheduled one-year tours, in one instance for about four months. Meanwhile, a large Marine combat unit now in Anbar province will have its tour of duty extended.

In the longer term, sustaining elevated troop levels will probably require remobilization of Army National Guard and Army Reserve units. Senior Army officials said they were concerned that soldiers will have longer tours in the war zone or less time at home to see their families, train and repair equipment. Speeding up deployments also carries risks by curtailing time units have to train and receive equipment.

Bush Rhetoric Hard To Square With Facts (AP)

By Calvin Woodward

AP, January 11, 2007

President Bush promised a diplomatic offensive to win support for Iraq from Middle Eastern countries that, if anything, have become more hostile to U.S. policy in Iraq since Saddam Hussein's execution.

In doses of rhetoric hard to square with facts in the region, Bush portrayed the ordinary people of the Middle East as being behind U.S. goals in Iraq, in his speech to the nation Wednesday night.

And he declared the need to address Iran's and Syria's support for insurgents, without acknowledging his refusal to engage either country diplomatically, as many U.S. allies and the Iraq Study Group proposed.

The war that toppled Saddam Hussein's Sunni-run regime has rekindled the centuries-old divide between Sunni and Shiite Muslims through Middle East, suspicions that have grown stronger since Saddam's Dec. 30 execution.

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Bush, who often invoked the Iraqi leader and his "evil mind" in the past, ignored him in the speech.

In Saudi Arabia, the religious establishment — rooted in the hard-line Wahhabi stream of Sunni Islam — has stepped up its anti-Shiite rhetoric. Last month, about 30 clerics called on Sunnis around the Middle East to support their brethren in Iraq against Shiites and praised the insurgency.

Despite such vitriol, Bush said that from "Afghanistan to Lebanon to the Palestinian Territories, millions of ordinary people" are asking: "Will America withdraw and yield the future of that country to the extremists or will we stand with the Iraqis who have made the choice for freedom?"

Also in his speech:

_Bush declared "al-Qaida is still active in Iraq" and a failed U.S. mission would give such terrorists a safe haven from which to plot attacks against Americans.

Although few quarrel with that appraisal now, it is also the case that Iraq — contrary to assertions at the time — was not a magnet for al-Qaida before the U.S. invasion.

_Bush proposed $414 million to double the number of U.S. civilian workers who help coordinate local reconstruction projects. These State Department-led units, dubbed Provincial Reconstruction Teams, are to focus on projects both inside and outside Baghdad's heavily fortified Green Zone. Some will be merged into combat brigades.

He also proposed $400 million in quick-response funds for the teams to do local reconstruction and rebuilding projects.

However, the special inspector general for Iraq said in an October report that continued violence and the lack of security seriously impeded reconstruction. Workers have been prevented from traveling to project sites and the lives of contractors at rebuilding sites are in danger.

The report quoted Iraq's minister of electricity as saying: "Every day I send repair teams, but they can't get to the area; there are too many insurgents ... no one can help."

_The speech also reflected Bush's evolving qualifications about the U.S. commitment to Iraq, not as ironclad now as when he said just over a year ago, "We will stay until the job is done."

The president said in his speech that he made it clear to Prime Minister Nouri al-Maliki and other Iraqi leaders "that America's commitment is not open-ended."

"If the Iraqi government does not follow through on its promises, it will lose the support of the American people — and it will lose the support of the Iraqi people."

Overall, Bush presented a sobering account of the situation in Iraq, in marked contrast to past statements by the president and his commanders that the U.S. was "on the brink of success," insurgents had been "brought to their knees," and "we have broken the back of the insurgency."

His once-confident challenge to the insurgents — "Bring 'em on" — was replaced by grimmer realism.

Even so, Bush rested much of his case on unknowables — among them whether Iraqi leaders can live up to their pledge to free their forces of the sectarian pressures that have severely limited their effectiveness and made some matters worse.

He declared unequivocally that when U.S. and Iraqi forces sweep insurgents out of Baghdad neighborhoods this time, they won't just rush back in. "This time, we have the force levels we need to hold the areas that have been cleared," he said.

Promising Troops Where They Aren't Really Wanted (NYT)

By Sabrina Tavernise And John F. Burns

The New York Times, January 11, 2007

BAGHDAD, Jan. 10 — As President Bush challenges public opinion at home by committing more American troops, he is confronted by a paradox: an Iraqi government that does not really want them.

The Shiite-led government of Prime Minister Nuri Kamal al-Maliki has not publicly opposed the American troop increase, but aides to Mr. Maliki have been saying for weeks that the government is wary of the proposal. They fear that an increased American troop presence, particularly in Baghdad, will be accompanied by a more assertive American role that will conflict with the Shiite government's haste to cut back on American authority and run the war the way it wants. American troops, Shiite leaders say, should stay out of Shiite neighborhoods and focus on fighting Sunni insurgents.

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"The government believes there is no need for extra troops from the American side," Haidar al-Abadi, a Parliament member and close associate of Mr. Maliki, said Wednesday. "The existing troops can do the job."

It is an opinion that is broadly held among a Shiite political elite that is increasingly impatient, after nearly two years heading the government here, to exercise power without the constraining supervision of the United States. As a long-oppressed majority, the Shiites have a deep-seated fear that the power they won at the polls, after centuries of subjugation by the Sunni minority, could somehow be pried from their fingers once again.

There are misgivings, too, among other Shiite leaders, including some whom Mr. Bush has courted recently in a United States effort to form a bloc of politicians from the Shiite, Sunni and Kurdish communities that can break Mr. Maliki's political dependence on the radical Shiite cleric Moktada al-Sadr, who leads the Mahdi Army, the most powerful of the Shiite militias that are at the heart of sectarian violence in Iraq.

Hadi al-Ameri, the leader of the security committee in Parliament and a close associate of Abdul Aziz al-Hakim — a prominent Shiite leader who met with Mr. Bush last month in Washington, and who has quietly supported the American push to reshape the political landscape in Baghdad — was unequivocal in his opposition to a troop increase.

"You can't solve the problem by adding more troops," said Redha Jawad Tahi, another Shiite member of Parliament from Mr. Hakim's party. "The security should be in the hands of the Iraqis. The U.S. should be in a supporting role."

Still, the Iraqis seem to be getting some of the increased authority they have been demanding. The plan Mr. Bush sketched out involved the appointment of an Iraqi commander with overall control of the new security crackdown in Baghdad, and Iraqi officers working under him who would be in charge of military operations in nine newly demarcated districts in the capital. The commanders would sit in a new office of commander in chief directly under the authority of Mr. Maliki. The arrangement could allow Mr. Maliki to circumvent the Ministry of Defense, which is controlled directly by the American military.

The arrangements appeared to suggest that Mr. Maliki could halt any push into Sadr City, the Mahdi Army stronghold that American commanders have been saying for months will have to be swept of extremist militia elements if there is to be any lasting turn toward stability in Baghdad. But Mr. Bush's new plan appeared to have safeguards of its own to prevent sectarian agendas from gaining the upper hand. Bush administration officials said that Americans would be present in the commander in chief's office and that an American Army battalion — 400 to 600 soldiers — would be stationed in each of the nine Baghdad military districts. That means Mr. Maliki will not have complete freedom of movement. In the past, American commanders have been reluctant to hand over operational control to the Iraqis, worried that Iraqi forces will be used as a weapon in a civil war.

Still, Mr. Abadi said that the Iraqis are expecting that the Americans will base themselves on the outskirts of Baghdad and that the Iraqis will take command of the city itself.

"There is a dialogue going on between the prime minister and Bush," he said. "The U.S. agrees that the government must take command."

Shiite suspicions of the American troop increase reflect a tectonic shift in the political realities here. Shiites, the principal victims of Saddam Hussein's repression, had joined with Iraqi Kurds in hailing the American-led invasion in 2003, seeing it as opening their way to power. But once they consolidated their control through two elections in 2005, they began distancing themselves from the Americans, seeing their liberators increasingly as an impediment to the full control they craved.

By contrast, moderate Sunnis, who were deeply alienated by the American occupation at an earlier stage of the war, are now looking to Americans for protection, as Shiite militias have moved into Sunni neighborhoods in a deadly cycle of revenge. On Wednesday, moderate Sunni politicians hailed the idea of more American troops.

The Shiite leaders' frustrations have grown in recent months as American commanders have retained their tight grip in Baghdad. While the Americans have argued for a strategy that places equal emphasis on going after Shiite and Sunni extremists, the Shiite leaders have insisted that the killing is rooted in the Sunni attempt to regain power and that Shiite militias and revenge killings are an inevitable response.

American officials have warned that with lessening American oversight, Shiite leaders might shift to a sectarian strategy that punished Sunni insurgents but spared Shiite militias. The execution 11 days ago of Saddam Hussein, carried out in haste by the Maliki government over American urgings that it be delayed until the legal paperwork was completed, only reinforced such fears. With as many as 17,000 additional American troops in Baghdad, the American force level in the capital will rise above 30,000,

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and many of those, under the Bush plan, will be in American units that are twinned with Iraqi units, or in expanded teams of military advisers that are embedded with the Iraqis, down to the company level.

American generals have acknowledged that the twinning of American and Iraqi units, and the rapid increase in the number of American advisers, will serve the dual purpose of stiffening Iraqi combat performance and providing American commanders with early warning of any Iraqi operations that run counter to American objectives. In effect, the advisers will serve as canaries in Mr. Maliki's mine, ensuring the American command will get early notice if Iraqi operations threaten to abandon the equal pursuit of Sunni and Shiite extremists in favor of a more sectarian emphasis. Some Iraqi politicians have expressed bitter opposition to the expansion of the advisory teams, saying they will amount to "spies" at the heart of Iraq's war.

But if that appeared to set the stage for future tensions between the Americans and the Iraqis, there was much else in the Bush plan that appeared to have been fashioned to avoid an early confrontation with the Maliki government. While the plan set out political benchmarks, it appeared to lack any timelines to force compliance on Mr. Maliki, who has shown in the past months that his willingness to pledge action on issues urged on him by the Americans is more than matched by his resourcefulness in finding ways to defer steps that might incur resistance among Shiite religious groups.

The wish list set out by White House officials was the same as the one the Americans laid down in May, when Mr. Maliki took office: an oil law that promises a fair distribution of future oil revenues between the Shiite and Kurdish populations that sit atop most of Iraq's oil wealth, and the Sunnis whose heartland is mostly bereft of proven oil reserves; constitutional revisions that will assuage Sunni complaints that their interests were swept aside when Shiite and Kurdish voters approved the charter 15 months ago over Sunni objections; a new de-Baathification law that will sweep aside the barrier that thousands of Sunnis have found in seeking government jobs; and, most important, a militia law that will lay the groundwork for disarming and demobilizing armed groups like Mr. Sadr's that challenge the government's monopoly on armed force.

Hard-line Shiite politicians have been saying with growing vehemence that these American goals amount to an attempt to deprive them of the victory they won at the polls, and that instead of placating Sunnis, a minority of about 20 percent in Iraq's population of 27 million, the United States should stand aside and "allow the minority to lose." For Americans, whose best road home lies in drawing the Shiites, Sunnis and Kurds together, it amounts to a collision with the hard history of Iraq.

Only time will tell whether Mr. Maliki and his associates, with the trends in the war running against them, will take the "breathing space" that White House officials said the American troop reinforcements will give them to decide, at last, that history is theirs to command.

Bush Troubled by Video of Hanging

WASHINGTON, Jan. 10 — President Bush told a private gathering of television news anchors and hosts on Wednesday that he was deeply troubled by the handling of the execution of Saddam Hussein.

"I asked the president if he had seen the execution video of Saddam Hussein," Brian Williams, the NBC News anchor, said on the "Nightly News." "He indicated that he had and said in his view the way it was handled ranked just below the Abu Ghraib prison scandal in terms of mistakes made thus far in the war."

A grainy unauthorized recording of the execution showed some of the guards in the room taunting Mr. Hussein moments before his hanging.

In Iraq on Wednesday, The Associated Press reported that Mr. Maliki has named Lt. Gen. Aboud Gambar, an Iraqi general who was taken prisoner of war by American forces during the 1991 Persian Gulf war, as the overall commander of his troops.

General Gambar, a Shiite, will have two assistants, one from the police and one from the army, Iraqi military officers said on condition of anonymity because they were not authorized to disclose the information. General Gambar will report directly to Mr. Maliki, The AP reported.

At least 91 people were killed or found dead in Iraq on Wednesday, [a news agency] reported.

A day after Iraqis and Americans battled insurgents in downtown Baghdad, the area was quiet and empty on Wednesday. The American military said it had detained 21 Iraqis in two raids there.

Bid To Secure Baghdad Relies On Troops And Iraqi Leaders (NYT)

By Michael R. Gordon

DOJ_NMG_0115183

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — With his new plan to secure Iraq, President Bush is in effect betting that Iraqi leaders are committed to building a multisectarian state, and his strategy will stand or fall on that assumption.

The plan differs in several respects from the faltering effort to bring stability to Baghdad that began last summer. It calls for a much larger American force. There are to be no safe havens for renegade militias. And, importantly, Iraqi security forces throughout the city are to be put under the direct control of a new Iraqi commander — and backed by American Army battalions.

But the new plan depends on the good intentions and competence of a Shiite-dominated Iraqi government that has not demonstrated an abundant supply of either.

"Everybody raises a question about the intentions and capabilities of this government," a senior American official said, referring to the Iraqi government. "Is this a government that really is a unity government or is it in fact pursuing, either explicitly or implicitly, a Shia hegemony agenda?"

It was just in August that the Bush administration hailed the advent of "Operation Together Forward II," a plan that was intended to provide security to Baghdad's violence-ridden neighborhoods but did not stop the rise in sectarian violence.

Based on the assumption that the establishment of security in Baghdad was a bedrock condition for the broader push to stabilize the country, that plan called for American and Iraqi forces to clear contested neighborhoods in the capital, which would then be held with Iraqi police. That was to be followed to an energetic effort to fix sewage lines and generally rebuild neighborhoods, an effort intended to win public support and help remedy Iraq's chronically high unemployment.

That plan was backed by only modest resources from the start.

With an increase of only 7,000 American troops, the number of Americans participating in the operation was only about 15,000. The Iraqis sent only two of the six battalions that they had promised as reinforcements, bringing the number of Iraqi soldiers involved to 9,600. Some 30,000 Iraqi policemen were to help secure Iraqi neighborhoods, but many police units were infiltrated by the Shiite militias they were supposed to control or ineffectual. Much of the reconstruction that was to have been carried out by the Shiite-dominated Iraqi government was never undertaken or was directed away from Sunni areas.

The failure of the old plan led to a new strategy. Instead of emphasizing the turning over of security responsibilities to the Iraqi forces as quickly as possible so American troops could begin to withdraw, a new priority was to be put on protecting the Iraqi population.

The new strategy required more American forces, and the generals offered different recommendations as to how large the American troop reinforcement should be.

Gen. George W. Casey Jr., the top American commander in Iraq, and Gen. John P. Abizaid, the leader of the United States Central Command, who have long argued that sending too many troops would put off the day when the Iraqis would take responsibility for their own security, initially recommended a more modest approach. According to a senior administration official, they recommended that two additional American combat brigades be sent to Baghdad. A third would be held in reserve in Kuwait and two more would be on call in the United States.

But Lt. Gen. David H. Petraeus, whom Mr. Bush has selected to replace General Casey, wanted to ensure that he had enough troops to carry out what by all accounts will be an extremely challenging mission. He sought a commitment that all five combat brigades would be sent.

Mr. Bush opted for the larger commitment. Five brigades are to be sent to improve security in the greater Baghdad area — an increase of about 17,500 troops that will more than double the American force involved in security operations there.

Beyond the capital, about 4,000 additional marines have been earmarked for Anbar, the volatile province in western Iraq that is the base for many Sunni insurgents. American and Sunni Arab forces are essentially locked in a stalemate there, and some officers have long complained that the effort in the west is under strength. This relatively modest reinforcement is intended to buttress the Americans' ability to interrupt insurgent supply lines from Syria and to make it harder for the insurgents to concentrate their efforts on Baghdad.

Critics of the troop-increase plan have complained that 17,500 more soldiers are too few to control a capital of six million people. Supporters say that by concentrating these soldiers in crucial neighborhoods, along with the 15,000 American troops already involved in the operation, the reinforcement can be effective.

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An unknown variable is the performance of the Iraqis. The Iraqis are to reinforce Baghdad with three more Iraqi Army brigades, bringing the total number of Iraqi brigades in the city to nine — or 20,000 troops if the units are at full strength.

The Iraqi brigades, along with Iraqi National Police units and regular Iraqi police units, will be deployed in nine sectors of Baghdad, each under an Iraqi commander. In an innovation, an American battalion will be assigned to each sector, a way to stiffen the Iraqi forces and monitor them should some harbor sectarian agendas.

In carrying out the old operation, Americans conducted patrols from large American bases in and around the city. This time, according to Lt. Gen. Raymond T. Odierno, the second-ranking American command in Iraq, some American troops will remain in contested areas "24/7" to deter death squads and insurgents from infiltrating the sectors once the neighborhoods have been cleared.

In explaining the genesis of the new strategy, administration officials described its formation as essentially the product of a process of elimination. Other options were discarded until the White House was left with what it considered to be the least bad choice in a difficult situation.

Strikingly, Mr. Bush in his speech did not exclude the risk of failure. After listing all the reasons why the new plan has a better chance of succeeding than the old one, Mr. Bush stressed that he had informed Prime Minister Nuri Kamal al-Maliki that the United States commitment to the new operation was not open-ended.

"If the Iraqi government does not follow through on its promises, it will lost the support of the American people," Mr. Bush said. "Now is the time to act."

Bush's Iraq Plan Faces Obstacles On Two Fronts (WSJ)

By Yochi J. Dreazen, Greg Jaffe And Neil King Jr.

The Wall Street Journal, January 11, 2007

WASHINGTON -- The success of President Bush's controversial strategy for stabilizing Iraq depends on the cooperation of an Iraqi government paralyzed by sectarian tensions and a Democratic Congress that appears increasingly eager to challenge the administration's handling of the war.

In a prime-time speech to a nation wearied by the violence in Iraq, Mr. Bush acknowledged a litany of American failures and announced plans to send at least 20,000 new U.S. military personnel to Baghdad and the restive Anbar province. White House officials said the first brigade of additional forces would arrive in Iraq later this month, with the remainder of the forces streaming into the country over the next four or five months.

The additional troops are the centerpiece of a broad administration push to retool the military, economic, and political aspects of its Iraq strategy -- and to find a way of staunching the continued decline in American support for the war. In addition to the extra troops, administration officials said they would ask Congress for more than $1 billion in new funding for programs designed to boost reconstruction, economic growth and job creation in Iraq, including $350 million to expand a program that gives military commanders money they can use on small-scale development projects in the areas they patrol.

Speaking from the White House library, Mr. Bush used unusually pessimistic language to describe the situation in Iraq and conceded mistakes in prior strategies in the war, saying: "The situation in Iraq is unacceptable to the American people -- and it is unacceptable to me," Mr. Bush said.

The president said that earlier efforts to secure Baghdad had failed because there weren't enough U.S. military personnel to hold neighborhoods after they had been cleared of insurgents, and because the Iraqi government prevented American personnel from conducting operations in the Shiite districts that house the militias responsible for most of the current violence. The new surge strategy, by contrast, would ensure that "we will have the force levels we need to hold the areas that have been cleared," and enter Shiite areas of the city, Mr. Bush said.

Still, the administration's ability to control events on the ground in Iraq is rapidly diminishing, and it's far from clear that the strategy will find enough support in either Baghdad or Washington to have much chance of success.

Mr. Maliki has long opposed the deployment of additional U.S. forces to Iraq, and his government crippled earlier U.S. efforts to stabilize Baghdad by failing to deliver the Iraqi security forces it had promised and by refusing to allow a crackdown on the Shiite militias responsible for much of Iraq's current violence.

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The surge plan also comes amid increasingly hostile sentiment toward the White House's Iraq strategy on Capitol Hill among both Democrats and Republicans -- and amid signs that the newly Democratic Congress is testing how far it can go in influencing the White House's handling of the war going forward.

Democrats now hope to capitalize on the mounting displeasure among lawmakers of both parties by putting forward nonbinding resolutions in the House and Senate opposing the troop increase, starting as soon as Thursday. Their strategy involves persuading more Republicans to go on record opposing the White House plan, as a way of gauging the depths of opposition to the war plan. Even before Mr. Bush spoke Wednesday night, conservative Republican Sen. Sam Brownback of Kansas, eyeing a 2008 presidential bid, said he was opposed to sending more troops to Iraq, while Republican Sen. Chuck Hagel of Nebraska derided the move as "a dangerously wrong-headed strategy that will drive America deeper into an unwinnable swamp."

Beyond rhetorical opposition to Mr. Bush's strategy, Democrats may test in coming weeks whether to use Congress's power of the purse to impede the troop increase.

White House officials previewing Mr. Bush's speech acknowledged that its success depended on a new level of cooperation of Mr. Maliki and his government, and said that the administration had received firm Iraqi commitments to deploy significant numbers of Iraqi security personnel to the new push to secure Baghdad and -- more crucially -- to allow American and Iraqi forces to confront forces loyal to radical Shiite cleric Moqtada al-Sadr.

One of the most noteworthy aspects of the new strategy deals with Iraqi, rather than American, troops. A senior White House official said Mr. Maliki had pledged to send three additional Iraqi army brigades to Baghdad in a broad restructuring of security operations in the city. Individual Iraqi officers -- instead of U.S. generals -- will be given responsibility for each of Baghdad's nine districts, and will answer to a single Iraqi commander who will have command authority over the capital.

A senior Bush administration official described the new push to bring order to Baghdad as Iraqi-planned and Iraqi-led, with American troops in support roles. To assist the Iraqis, the U.S. will increase the number of embedded U.S. advisors that live and fight with Iraqi soldiers.

Mr. Maliki has made similar promises in the past, however, only to renege on those deals when the fighting started and pressure from Shiite militia leaders grew to curb the offensives. Mr. Maliki owes his position as prime minister to Mr. Sadr, who remains his strongest political patron.

Senior U.S. military officials, who remain skeptical about the Iraqi Army's abilities and Mr. Maliki's will to take tough stands, downplayed the Bush administration's suggestions that Iraqi forces would be in the lead initially. Instead, they suggested U.S. troops would take the more prominent role until the situation was stable enough for Iraqi troops to move to the front. "We first have to set the conditions for an Iraqi-led defense of Baghdad to work," said one senior military official involved in planning the operation.

The first two attempts to stabilize Baghdad this summer and fall were plagued by the uneven performance of Iraqi forces, sectarian agendas and a shortage of both U.S. and Iraqi troops, military officials said. The Bush administration hopes the troop influx will remedy those shortfalls. But the surge of about 20,000 more soldiers -- all the overstretched U.S. military can provide – is far less than what most proponents of a "surge" have called for. Hawks like Sen. John McCain and Frederick Kagan of the American Enterprise Institute, a conservative think tank, have called for a minimum of 30,000-35,000 soldiers to stabilize Baghdad.

White House officials said another big element of the new plan is a greater U.S. demand for accountability on the part of the Iraqis. They said that Mr. Bush had made clear to the Iraqi leader that the U.S. commitment to Iraq wasn't open-ended.

But the officials acknowledged that Mr. Bush hadn't threatened specific consequences -- such as a reduction in U.S. military and economic assistance, or a withdrawal of U.S. forces -- if Mr. Maliki again failed to meet his commitments to provide additional Iraqi forces or to permit a crackdown on Shiite fighters.

"When you're trying to empower a government, you don't talk to them in those terms -- 'You must do this, or else,' " a senior administration official said.

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On Capitol Hill, doubts about Mr. Maliki's capabilities and intentions are fueling growing opposition to the administration's new Iraq strategy -- and triggering talk of legislative maneuvers, like trying to restrict Mr. Bush's ability to send more troops to Iraq, which would have been unthinkable even a few weeks ago.

The Democratic leaders of the House and Senate, Rep. Pelosi and Sen. Harry Reid of Nevada, both back the idea of a nonbinding resolution opposing a troop increase. Others want to go farther. Sen. Edward Kennedy of Massachusetts introduced a bill earlier this week that would prohibit any additional troops from being sent to Iraq unless explicitly approved by Congress. Rep. John Murtha (D., Pa.), a military veteran who chairs the House Appropriations defense subcommittee, recently introduced a similar measure outlining options that would restrict any troop escalation if it meant reducing readiness at home or extending the tours of troops now in the war zone.

One possible financial pressure point could come as soon as next month, when a stopgap spending bill that has been funding most of the government since October due to expire in mid-February. That is a powerful political tool for Democratic critics of Mr. Bush's policy. Failure to extend the stopgap funding could shut down many agencies -- making any amendment risky. But by the same token, if an Iraq amendment or funding limitation were attached by Congress, the president couldn't simply brush it aside.

Many Democrats are loath to take steps that would portray the party as undermining the troops in Iraq. But measures could gain more support in coming weeks -- especially if proponents succeed in making the point that by opposing additional troops, they are not undermining those already in Iraq.

Balancing concerns about seeming to oppose the military, Democrats run some risk within their own ranks if they are seen as being too pliant toward Mr. Bush in the weeks ahead -- especially after having won control of Congress partly because of the public's antiwar sentiment. A significant chunk of vocal Democratic voters think the U.S. should begin an immediate withdrawal from Iraq, but Democratic leaders have begun to shy away from that plank. Some of the louder liberal groups, such as MoveOn.org, plan to hold a series of rallies in coming days to protest the president's plan and to demand that Congress oppose it.

Indeed, Democratic opposition to the administration's handling of Iraq war is growing markedly across the party, with some of the most conservative Democratic leaders joining some of the most liberal ones in not only opposing the troop increase but also calling for the beginnings of a military withdrawal from Iraq.

Former North Carolina Sen. John Edwards, who has staked out an array of liberal positions as he campaigns of the 2008 presidential nomination, has strongly condemned the surge proposal in recent days and instead argued for sharp troop reductions.

Wednesday, he was joined by one of the more conservative members of the new Democratic congressional majority, former Navy Adm. Joe Sestak, who said that the "bottom line is that the way forward is not to add more troops, but to set a deliberate timetable for re-deployment from Iraq -- at least by the end of this year -- to serve as a catalyst for the Iraqis to accept responsibility for their country."

Bush's New Plan For Iraq Echoes Key Parts Of Earlier Memo (WP)

By Glenn Kessler

The Washington Post, January 11, 2007

President Bush's new Iraq policy was said to be the product of weeks of meetings, discussions and analysis by the president and his national security advisers. Yet core elements of the plan were contained in a classified memo that national security adviser Stephen J. Hadley sent to members of Bush's Cabinet on Nov. 8 -- a month before the bipartisan Iraq Study Group issued its report.

Most news accounts about the Hadley memo, which was published by the New York Times in late November, focused on his critique of Iraqi Prime Minister Nouri al-Maliki. But the 1,800-word document was composed mostly of recommendations for Bush on how to bolster Maliki and improve the security environment.

One key recommendation: filling "the current four-brigade gap in Baghdad with coalition forces if reliable Iraqi forces are not identified." A brigade contains 3,000 to 5,000 troops, so the Hadley memo contemplated roughly 16,000 additional troops.

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The president announced yesterday that he would send five additional brigades to Baghdad. An aide said that would total 17,500 troops.

In rebutting criticism that the administration ignored most of the Iraq Study Group's recommendations, a senior administration official pointed yesterday to the fact that the White House accepted its suggestion to embed additional U.S. forces with Iraqi troops. Now, they will go all the way down to the company level.

But the Hadley memo explicitly urged such a step. "If we expect him to adopt a nonsectarian security agenda," he wrote of Maliki, "we must ensure he has reasonably nonsectarian security institutions to execute it -- such as through a more robust embedding program."

Hadley also called for an "intensive press on Saudi Arabia to play a leadership role on Iraq, connecting this role with other areas in which Saudi Arabia wants to see U.S. action."

As part of the new plan, Secretary of State Condoleezza Rice will travel to the Middle East tomorrow, stopping in Riyadh, to enlist greater Arab support for the Iraqi government -- and to try to jump-start Israeli-Palestinian talks, a key concern of Saudi leaders.

Much of the memo focused on how to help Maliki "form a new political base among moderate politicians," allowing him to free his government from the sway of radical Shiite elements. The United States "would likely need to use our own political capital to press moderates to align themselves with Maliki's new political bloc," Hadley wrote.

Under the new plan, the Iraqi government is supposed to allow a "moderate coalition" to emerge as its new political center.

Hadley also described steps that Maliki could make to "demonstrate that his government serves all ethnic communities," such as "shake up his cabinet by appointing nonsectarian, capable technocrats."

This happens to be another key goal of the new plan. The White House said yesterday that the Iraqi government made a commitment to "reform its cabinet to provide even-handed service delivery."

A White House official, speaking on the condition of anonymity, acknowledged that "many of the ideas in the Hadley memo are in the strategy."

But he said that "when we say the strategy is new, we mean we -- us and the Iraqis -- weren't doing it before, say, November 7. We don't mean no one thought of it before that date."

Bush, Allies At Odds On Iraq (CHIT)

By Jill Zuckman

Chicago Tribune, January 11, 2007

WASHINGTON -- Sen. Norm Coleman, the Minnesota Republican, would rather not be in the position of publicly disagreeing with President Bush.

But when it comes to Iraq, Republican lawmakers on Capitol Hill are breaking away, leaving Bush to lay out his new plan without the usually reliable array of GOP support.

"I don't want to embarrass the president, but my position is clear," said Coleman, who visited Iraq last month. "I do not believe that a surge in troops is going to solve the fundamental problem we have."

Coleman and other Republicans are becoming increasingly public with their view that the ongoing violence in Baghdad requires a political solution, not a military one. "Iraqis have to decide they're going to stop killing themselves," he said.

That Democrats are aggressively opposing Bush's plan to boost the number of troops in Iraq is hardly surprising. The midterm elections that brought them to power this year turned, in large part, on voters' dissatisfaction with the war.

Democratic leaders in the House and the Senate say they are talking to their Republican colleagues, hoping to persuade many of them to support a non-binding resolution that would express disapproval about escalating the war.

House Majority Leader Steny Hoyer (D-Md.) said Wednesday that while those conversations are taking place, Republicans are arriving at their opinions independent of Democratic persuasion.

"I think you're seeing the Republicans respond to what is the overwhelming sentiment of the country, and to what is the reality of the military's observation that the proposals will not work," Hoyer said.

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Sen. Dick Durbin, the assistant Senate majority leader from Illinois, said in an interview there is no question that Democrats could pass some sort of resolution expressing disapproval of the war in Iraq and with Bush's handling of that war.

"But many of us believe the most effective message from Capitol Hill is a bipartisan message," said Durbin, who later gave the official Democratic response to Bush's speech. "If the president believes support from his own party at risk, he may have second thoughts." Many Republicans say they have formed their opinions from traveling to Iraq and the surrounding region and talking to military officials there.

"Based on the trip I took to Iraq last month, I concluded it would be a mistake to increase the overall level of troops in Iraq," said Sen. Susan Collins (R-Maine).

Collins said she shared her opinion with Bush, Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates that a political solution is required to address the civil unrest, not a boost in troops.

So did Sen. Gordon Smith (R-Ore.), who delivered a lengthy speech on the Senate floor in December, outlining his increasing frustration with the war. He has told the president that he opposed a so-called "surge" in troops.

Sen. Olympia Snowe (R-Maine) was similarly unimpressed with the idea of putting more troops at risk, describing her view as "deep skepticism."

Also not persuaded is Sen. George Voinovich (R-Ohio), a member of the Senate Foreign Relations Committee.

"At this point I am skeptical that a surge in troops alone will bring an end to sectarian violence and the insurgency that is fomenting instability in Iraq," Voinovich said. "The generals who have served there do not believe additional troops alone will help. And my faith in Prime Minister [Nouri] al-Maliki's political will to make the hard choices necessary to bring about a political solution is fragile at best."

Like many of his colleagues, Voinovich said he wants to see a political solution between Sunni Arabs and Shiite militias.

"And I want real evidence that a potential surge in troops will do more good than harm and will not exacerbate the existing violence in Iraq," he added.

Lawmakers who are typically supportive of the president's policies gave themselves some distance in the hours before Bush's address Wednesday.

"I'm open to the president's plan, but I need to learn a whole lot more of the details," said Sen. David Vitter (R-La.).

His constituents have grown weary of the war, he explained. "I don't know anyone who's not," he said. "It doesn't mean we shouldn't or can't go forward, but it makes it a lot more difficult."

Sen. John Warner of Virginia, the ranking Republican on the Senate Armed Services Committee, has expressed his own reservations, but urged his colleagues to spend some time mulling Bush's proposal in the coming days.

"What he says merits thoughtful consideration by the Senate," Warner said.

Still, Warner is unhappy with the strife dominating Iraq, something he has witnessed firsthand.

"Young men and women in uniform should not be caught in the crossfire of a civil war started with who should have succeeded Muhammad in 650 A.D.," he said.

Bush Accepts Responsibility For 'mistakes' (USAT)

By David Jackson

USA Today, January 11, 2007

WASHINGTON — President Bush said Wednesday that he will raise U.S. troop levels in Iraq by 21,500 to try to break "the current cycle of violence" there, and he conceded for the first time that he has not sent enough military forces.

Although Bush warned of more bloodshed, he said benefits will be seen over time. "If we increase our support at this crucial moment … we can hasten the day our troops begin coming home."

ON DEADLINE: Share your thoughts on Bush speech

Bush's plan includes $5.6 billion for the troop increase and more than $1 billion in new economic aid for Iraq. It also calls for better performance by the Iraqi government to control its own security.

The president said previous plans failed because there were not enough U.S. and Iraqi troops to protect Iraqi neighborhoods and to contain violence between Sunnis and Shiites.

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"The situation in Iraq is unacceptable to the American people, and it is unacceptable to me," Bush said. "Where mistakes have been made, the responsibility rests with me."

Democrats and some Republicans criticized the plan even before Bush addressed the nation from the White House library.

Rep. John Murtha, D-Pa., new chairman of the House panel overseeing Pentagon spending, said Bush will have to make a strong case to justify more money for troops. "We really have an ability to stop this thing," said Murtha, a Vietnam veteran. "Not today, but later on."

Sen. Sam Brownback, R-Kansas, a potential 2008 presidential candidate, said committing more troops is the wrong answer. "Iraq requires a political rather than a military solution," he said.

Bush stressed that the goal of his revised plan will be to train Iraqi forces so they can control their country's security by November. He said his troop commitment "is not open-ended."

Bush described the consequences of failure for Iraq and the United States: radical Islamic extremists growing in strength in the Middle East, and terror rising throughout the world.

The president said he had sent another carrier strike group to the Middle East, and he warned Iran and Syria against aiding Iraqi insurgents. He said the United States will "interrupt the flow of support" from Iraq's neighbors.

In Iraq, Prime Minister Nouri al-Maliki has told Shiite militiamen, including supporters of cleric Muqtada al-Sadr, to surrender their arms or face an assault by U.S. and Iraqi forces, the Associated Press reported. The AP quoted an unnamed Shiite legislator who spoke on condition of anonymity because he was not authorized to speak for al-Maliki.

Bush said he told al-Maliki and his aides that they risk losing the support of Americans and Iraqis if they do not improve security. "A democratic Iraq will not be perfect, but it will be a country that fights terrorists instead of harboring them," the president said.

There are now 140,000 U.S. troops in Iraq. The retooled plan calls for 17,500 troops to be committed over the next several months to Baghdad, site of most of the sectarian violence. That would more than double the 15,000 troops now there. An additional 4,000 Marines are headed to Anbar province in western Iraq, which the administration says is a base for al-Qaeda terrorists.

Bush said the new money for reconstruction and jobs programs would help Iraqis see "that military operations are accompanied by visible improvements in their neighborhoods."

Bush Vows Surge To Fix 'Mistake' (WT)

By Joseph Curl And Stephen Dinan

The Washington Times, January 11, 2007

President Bush last night conceded that he made a mistake by failing to increase troops in Iraq last year and committed to boosting more than 21,000 troops, setting up a battle with the congressional Democrats, who vowed to fight the new war strategy.

In rejecting the Iraq Study Group's call to withdraw most combat troops within 15 months, the president will push the U.S. military presence in Iraq to its highest level in more than a year.

His plan, revealed last night in a prime-time address to the nation, came with no timetable, and senior administration officials said yesterday that the so-called "surge" in troops has no set end.

But the president said the U.S. commitment to help Iraqis secure the war-torn nation is finite. In the 20-minute speech, the president demanded swift action by the fledgling government of Iraqi Prime Minister Nouri al-Maliki, who has refused to crack down on the Shi'ite militias responsible for the recent spike in sectarian violence.

"I have made it clear to the prime minister and Iraq's other leaders that America's commitment is not open-ended. If the Iraqi government does not follow through on its promises, it will lose the support of the American people -- and it will lose the support of the Iraqi people. Now is the time to act. The prime minister understands this," he said.

The new strategy will increase U.S. troops in Iraq to about 153,500 at an extra cost of $5.6 billion through the rest of this fiscal year.

The first of five brigades will arrive by Monday; the next, a month later, with the rest coming in monthly increments. The bulk of the "new" troops will be soldiers and Marines already scheduled to go to Iraq, but whose deployments will be extended.

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Although he has previously acknowledged making mistakes in Iraq, Mr. Bush yesterday said he was wrong both in his decision-making and in his assumptions.

"Where mistakes have been made, the responsibility rests with me," he said. "The situation in Iraq is unacceptable to the American people -- and it is unacceptable to me."

But by pushing for an escalation, Mr. Bush runs smack into Democrats, the new majority party in Congress, who say they reflect American voters' desire to begin bringing troops back home.

"This is the third time we are going down this path. Two times this has not worked," said House Speaker Nancy Pelosi of California. "Why are they doing this now? That question remains."

The president called top Democrats and Republicans to the White House hours before yesterday's speech to brief them. The late hour drew scorn from Democrats, who said that didn't fit with Mr. Bush's postelection promise to consult them more.

"The president's practicing his speech right now," said Senate Majority Leader Harry Reid, Nevada Democrat. "We had a conversation today that has no impact on what he's going to say."

Congress' four top Democrats -- Mrs. Pelosi, Mr. Reid, Senate Majority Whip Richard J. Durbin of Illinois and House Majority Leader Steny H. Hoyer of Maryland -- issued a joint statement after the speech, saying that the proposal "endangers our national security by placing additional burdens on our already overextended military" and discourages the Iraqi government from taking "the necessary steps to achieve a political resolution to the sectarian problems."

Some Republican lawmakers said they also are skeptical that a surge in troops can achieve much.

"The generals who have served there do not believe additional troops alone will help," said Sen George V. Voinovich, Ohio Republican, who said he also lacks faith in Mr. al-Maliki "to make the hard choices necessary to bring about a political solution."

But Mr. Bush said that fighting in Iraq makes the United States safer and that his plan will bring the troops home faster.

"If we increase our support at this crucial moment and help the Iraqis break the current cycle of violence, we can hasten the day our troops begin coming home," he said.

The president promised lawmakers that if they "have improvements that can be made, we will make them," and took the suggestion of Sen. Joe Lieberman, Connecticut independent, to form a new bipartisan working group to improve relations between the administration and Congress on the war on terror.

But he also challenged critics to prove how their alternatives would "be more likely to succeed."

The new strategy sets up a fierce conflict on Capitol Hill, one that could create a constitutional issue over presidential war powers.

Some Democrats, led by Sen. Edward M. Kennedy of Massachusetts, want to rescind the resolution authorizing the president to use force in Iraq. But Democratic leaders prefer a less bruising strategy, calling for a nonbinding resolution that would signal Congress' opposition to the surge in troops.

The president said that despite two previous shifts in strategy that failed, his new plan takes into account the source of the violence, and sets "benchmarks" for Iraqis to meet.

Iraqis will take the lead in battling sectarian violence as Americans step back into a support role, and the young government will deploy three additional Iraqi army brigades -- up to 12,000 soldiers -- in and around Baghdad, where the administration says 80 percent of the violence occurs.

"Only the Iraqis can end the sectarian violence and secure their people. And their government has put forward an aggressive plan to do it," he said.

After nearly four years of war, the president redefined what victory in Iraq will look like.

"Victory will not look like the ones our fathers and grandfathers achieved. There will be no surrender ceremony on the deck of a battleship," he said, alluding to the end of World War II. "A democratic Iraq will not be perfect. But it will be a country that fights terrorists instead of harboring them -- and it will help bring a future of peace and security for our children and grandchildren."

But he also was grim about the coming year in Iraq, which he predicted would be "bloody and violent" and bring "more Iraqi and American casualties."

Sen. John McCain, Arizona Republican and a proponent of increasing U.S. forces, agreed with that forecast: "Is it going to be a strain on the military? Absolutely. Casualties are going to go up."

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The president's speech also was uncharacteristically equivocal when he sought to assure Americans that his plan will work.

"The question is whether our new strategy will bring us closer to success. I believe that it will," he said.

In documents supporting the speech, the White House said Mr. Bush had assumed that other governments would back Iraq's new leaders. But Iraq's neighbors "remain wary of throwing their full support" behind Mr. al-Maliki's government. And the White House acknowledged that the U.S.-led coalition has lost the confidence of the Iraqi people, who are "increasingly disillusioned."

Mr. Bush's plans call for more than 17,000 U.S. soldiers to be deployed to Baghdad to handle sectarian violence. Also, 4,000 Marines will be sent to the Anbar province, where al Qaeda is the problem. In addition, the president said he has "recently ordered the deployment of an additional carrier strike group to the region."

He said he was accepting the Iraq Study Group's recommendation to embed U.S. troops with Iraqi units to help with on-the-job training.

But he didn't accept the panel's suggestion that the U.S. begin direct talks with Iran and Syria and pledged instead to "interrupt the flow of support from Iran and Syria," which he said is aiding attacks on U.S. troops.

He also acknowledged the failures of several previous efforts to secure Baghdad but explained why he thought this effort would be different.

"Our past efforts to secure Baghdad failed for two principal reasons: There were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents," the president said. "And there were too many restrictions on the troops we did have."

He said American commanders have reviewed the Iraqi plan "to ensure that it addressed these mistakes."

"This time, we will have the force levels we need to hold the areas that have been cleared," he said, adding that Mr. al-Maliki has promised to give his commanders enough authority, including going after sectarian militias.

Right now, Iraq's military is in control in three of the nation's provinces, but Mr. Bush said the government has committed to taking control in all 18 provinces by November.

The president said the new plan relies on a strategy the Iraqis drew up themselves and presented to the president when he met Mr. al-Maliki in Jordan after Thanksgiving.

The speech drew about 50 protesters, who chanted outside the White House: "Stop the war" and held up signs dismissing the speech as "words of mass deception."

The Real Disaster (NYT)

The New York Times, January 11, 2007

President Bush told Americans last night that failure in Iraq would be a disaster. The disaster is Mr. Bush's war, and he has already failed. Last night was his chance to stop offering more fog and be honest with the nation, and he did not take it.

Americans needed to hear a clear plan to extricate United States troops from the disaster that Mr. Bush created. What they got was more gauzy talk of victory in the war on terrorism and of creating a "young democracy" in Iraq. In other words, a way for this president to run out the clock and leave his mess for the next one.

Mr. Bush did acknowledge that some of his previous tactics had failed. But even then, the president sounded as if he were an accidental tourist in Iraq. He described the failure of last year's effort to pacify Baghdad as if the White House and the Pentagon bore no responsibility.

In any case, Mr. Bush's excuses were tragically inadequate. The nation needs an eyes-wide-open recognition that the only goal left is to get the U.S. military out of this civil war in a way that could minimize the slaughter of Iraqis and reduce the chances that the chaos Mr. Bush unleashed will engulf Iraq's neighbors.

What it certainly did not need were more of Mr. Bush's open-ended threats to Iran and Syria.

Before Mr. Bush spoke, Americans knew he planned to send more troops to pacify lawless Baghdad. Mr. Bush's task was to justify that escalation by acknowledging that there was no military solution to this war and outlining the political mission that the

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military would be serving. We were waiting for him to detail the specific milestones that he would set for the Iraqis, set clear timelines for when they would be expected to meet them, and explain what he intended to do if they again failed.

Instead, he said he had warned the Iraqis that if they didn't come through, they would lose the faith of the American people. Has Mr. Bush really not noticed that the American people long ago lost faith in the Iraqi government — and in him as well? Americans know that this Iraqi government is captive to Shiite militias, with no interest in the unity, reconciliation and democracy that Mr. Bush says he wants.

Mr. Bush said yet again that he wanted the Iraqi government to step up to the task of providing its security, and that Iraq needed a law on the fair distribution of oil money. Iraq's government needs to do a lot more than that, starting with disarming the sectarian militias that are feeding the civil war and purging the police forces that too often are really death squads. It needs to offer amnesty to insurgents and militia fighters willing to put down their weapons. It needs to do those things immediately.

Iraq's Shiite-dominated government has heard this list before. But so long as Mr. Bush is willing to back that failed government indefinitely — enabling is the psychological term — Iraq's leaders will have no reason to move against the militias and more fairly share power with the Sunni minority.

Mr. Bush did announce his plan for 20,000 more troops, and the White House trumpeted a $1 billion contribution to reconstruction efforts. Congress will debate these as if they are the real issues. But they are not. Talk of a "surge" ignores the other 132,000 American troops trapped by a failed strategy.

We have argued that the United States has a moral obligation to stay in Iraq as long as there is a chance to mitigate the damage that a quick withdrawal might cause. We have called for an effort to secure Baghdad, but as part of the sort of comprehensive political solution utterly lacking in Mr. Bush's speech. This war has reached the point that merely prolonging it could make a bad ending even worse. Without a real plan to bring it to a close, there is no point in talking about jobs programs and military offensives. There is nothing ahead but even greater disaster in Iraq.

Mr. Bush's Strategy (WP)

The Washington Post, January 11, 2007

PRESIDENT BUSH is right to recognize that U.S strategy in Iraq is not working and to seek a different policy. He is right to insist that the United States cannot afford to abandon the mission and to reject calls for an early withdrawal. But the new plan for the war Mr. Bush outlined last night is very risky. It envisions new missions and dangers for U.S. troops and counts on unprecedented military and political steps by the Iraqi government. The plan is likely to cause a spike in U.S. casualties, while the chances that it will stabilize Iraq are far lower. Moreover, Mr. Bush appears prepared to embrace this approach despite strong opposition from Congress and the public -- setting up a conflict that in itself could hurt the war effort.

The president could have adopted a course that would have attracted broad support domestically and from Iraqis. That was the strategy -- outlined with small variations by U.S. military commanders, the Iraqi government and the Iraq Study Group -- that called for an acceleration of training of the Iraqi army and a gradual handing over of responsibility for fighting insurgents. The U.S. military presence would have decreased in the coming year, but enough troops would have remained to prevent the government's collapse, strike al-Qaeda and prevent intervention by Iraq's neighbors.

Instead, Mr. Bush has chosen to increase the number of Army troops and Marines and to broaden their mission. U.S. forces will be asked to pacify Baghdad in conjunction with Iraqi army and police units. Two attempts last year to stop sectarian war in the capital failed; the president says this effort will be different because more U.S. and Iraqi troops will be involved and because Prime Minister Nouri al-Maliki's government has promised to prevent "political and sectarian interference." If the plan proceeds, we hope U.S. forces succeed without heavy casualties. But even if they do, the victory will be temporary. U.S. forces cannot sustain the planned "surge" for long, and Baghdad will not be truly pacified until Iraqis can enforce the peace.

The administration hopes that in the window of security opened by U.S. troops, economic reconstruction will resume and political leaders will reach the accords necessary to end sectarian warfare. Much is expected of the Iraqis in the coming months: First, the government will have to deliver promised army units to the capital and send them into action, including against Shiite militias; then it will have to work out deals on sharing Iraq's oil revenue, rehabilitating former members of the Baath Party and reshaping the constitution. It will have to hold local elections and begin delivering services to all parts of the country.

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Mr. Bush decided against the consensus strategy favored by the Iraq Study Group because he believed it would not prevent sectarian war from escalating. That may be right. But the president's policy poses a different danger: that Iraqi troops and Iraqi leaders won't deliver on the steps expected of them during what must be a relatively short time, even as American soldiers fight to secure Baghdad -- and, almost certainly, die in larger numbers than before. It also means launching a mission that -- until now, at least -- has not had the domestic support that should accompany the commitment of troops to battle.

If the United States is not to abandon Iraq to its enemies, the U.S. mission needs to be sustainable, in both military and political terms, over the years it may take Iraqis to stabilize their country. Mr. Bush is betting that a boost in U.S. troops and aid can accelerate that process. If he is wrong, a continued American presence in Iraq may become untenable. The president must do more to persuade the country that the sacrifice he is asking of American soldiers is necessary. And if Iraqis do not deliver on their own commitments in the coming weeks, he must reconsider his strategy -- and suspend the U.S. reinforcements.

The Last Way Forward (LAT)

The Los Angeles Times, January 11, 2007

Bush's speech, like his strategy, was unsatisfying. But there are no good options left for the U.S. in Iraq.

PRESIDENT BUSH'S latest plan for Iraq has the feel of an overdue high school book report. It looks nice, reads well and is persuasive in parts. If only he had handed it in on time.

The "new way forward" outlined by the president in a prime-time address Wednesday makes too many obvious points (Iraqis must have more of a stake in their nation's success) and includes too many tired tropes (the war in Iraq is a central front in the war against terrorism). But the core of Bush's speech — the reason to maintain at least some flicker of hope — was an absolute-final-we're-really-serious-this-time ultimatum to the government of Iraqi Prime Minister Nouri Maliki.

Represent all Iraqis, Bush said, and do not prevent U.S. and Iraqi troops from cracking down on Shiite militias, or face U.S. disengagement. The test of this strategy will be whether Maliki, who owes his position to Shiite support, understands that the U.S. will not take sides in an Iraqi civil war — and whether Bush means it when he says his commitment is not open-ended.

The president said he will order an additional 21,500 U.S. troops to Iraq, to be deployed mostly in Baghdad, and their goal will be to help Iraqi forces make the city safe. This is hardly new. Just last summer, to much fanfare, Maliki announced something called Operation Together Forward to provide security to "all neighborhoods of Baghdad." That effort failed miserably because Iraqi forces too often abandoned their posts or contributed to the sectarian violence instead of preventing it. Just last month, Bush's own national security advisor questioned Maliki's commitment to the rule of law and his ability to enforce it.

To his credit, Bush acknowledged this. "Many listening tonight will ask why this effort will succeed when previous operations to secure Baghdad did not," he said. "Here are the differences. In earlier operations, Iraqi and American forces cleared many neighborhoods of terrorists and insurgents, but when our forces moved on to other targets, the killers returned. This time, we'll have the force levels we need to hold the areas that have been cleared. In earlier operations, political and sectarian interference prevented Iraqi and American forces from going into neighborhoods that are home to those fueling the sectarian violence. This time, Iraqi and American forces will have a green light to enter those neighborhoods — and Prime Minister Maliki has pledged that political or sectarian interference will not be tolerated."

Bush said he told Maliki that "America's commitment is not open-ended." He continued: "If the Iraqi government does not follow through on its promises, it will lose the support of the American people — and it will lose the support of the Iraqi people."

It is unlikely that the additional troops will be enough to make a difference, or that Maliki will honor his latest pledge. But America, and Iraq, will know in a matter of months whether U.S. troops can operate freely and whether Maliki's government is worth defending.

It would have been nice to have this answer months ago, and Bush deserves the blame for not demanding it sooner. At least he is finally making that demand. For his sake, and for the hundreds of thousands of U.S. troops and millions of Iraqis, we hope it's not too late.

The Fog Over Iraq (NYT)

By David Brooks

The New York Times, January 11, 2007

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If the Democrats don't like the U.S. policy on Iraq over the next six months, they have themselves partly to blame. There were millions of disaffected Republicans and independents ready to coalesce around some alternative way forward, but the Democrats never came up with anything remotely serious.

The liberals who favor quick exit never grappled with the consequences of that policy, which the Baker-Hamilton commission terrifyingly described. The centrists who believe in gradual withdrawal never explained why that wouldn't be like pulling a tooth slowly. Joe Biden, who has the most intellectually serious framework for dealing with Iraq, was busy yesterday, at the crucial decision-making moment, conducting preliminary fact-finding hearings, complete with forays into Iraqi history.

The Democrats have been fecund with criticisms of the war, but when it comes to alternative proposals, a common approach is social Darwinism on stilts: We failed them, now they're on their own.

So we are stuck with the Bush proposal as the only serious plan on offer. The question is, what exactly did President Bush propose last night? The policy rollout has been befogged by so much spin and misdirection it's nearly impossible to figure out what the president is proposing.

Nonetheless, here's my reconstruction of how this policy evolved:

On Nov. 30, Prime Minister Nuri al-Maliki presented Bush with a new security plan for Baghdad. It called for U.S. troops to move out of Baghdad to the periphery, where they would chase down Sunni terrorists. Iraqi Shiite and Kurdish troops, meanwhile, would flood into the city to establish order, at least as they define it.

Maliki essentially wanted the American troops protecting his flank but out of his hair. He didn't want U.S. soldiers embedded with his own. He didn't want American generals hovering over his shoulder. His government didn't want any restraints on Shiite might.

Over the next weeks, Bush rejected the plan and opted for the opposite approach. Instead of handing counterinsurgency over to the Iraqis/Shiites, he decided to throw roughly 20,000 U.S. troops — everything he had available — into Baghdad. He and his advisers negotiated new rules of engagement to make it easier to go after Shiites as well as Sunnis. He selected two aggressive counterinsurgency commanders, David Petraeus and Raymond Odierno, to lead the effort. Odierno recently told John Burns of The Times that American forces would remain in cleared areas of Baghdad "24/7," suggesting a heavy U.S. presence.

Then came the job of selling the plan. The administration could not go before the world and say that the president had decided to overrule the sovereign nation of Iraq. Officials could not tell wavering Republicans that the president was proposing a heavy, U.S.-led approach.

Thus, administration officials are saying that they have adopted the Maliki plan, just with a few minor tweaks. In briefings and in the president's speech, officials claimed that this was an Iraqi-designed plan, that Iraqi troops would take on all the primary roles in clearing and holding neighborhoods, that Iraqis in mixed neighborhoods would scarcely see any additional Americans.

All of this is designed to soothe the wounded pride of the Maliki government, and to make the U.S. offensive seem less arduous at home. It's the opposite of the truth.

Yesterday, administration officials were praising Maliki lavishly. He wants the same things we want, they claimed. He has resolved to lead a nonsectarian government. He is reworking his governing coalitions and marginalizing the extremists. "We've seen the nascent rise of a moderate political bloc," one senior administration official said yesterday.

But the selling of the plan illustrates that this is not the whole story. The Iraqi government wants a unified non-sectarian solution in high-minded statements and in some distant, ideal world. But in the short term, and in the deepest reptilian folds of their brains, the Shiites are maneuvering amid the sectarian bloodbath all around.

This is not a function of the character of Maliki or this or that official. It's a function of the core dynamic now afflicting Iraqi society.

The enemy in Iraq is not some discrete group of killers. It's the maelstrom of violence and hatred that infects every institution, including the government and the military. Instead of facing up to this core reality, the Bush administration has papered it over with salesmanship and spin.

War's Rorschach Test (NYT)

DOJ_NMG_0115195

By Danielle Trussoni

The New York Times, January 11, 2007

MY father once told me that he and his mother read the body count in the newspaper together. He didn't tell me the exact day or time, or precisely where they were when they read it, but I like to imagine that they sat at the long, wooden table in the kitchen of the farmhouse where the Trussoni children, all 12 of them, used to eat. It was only a month or so before my father left for the war, the winter of 1967, a time of year when Wisconsin is cold and harsh and so dismal that the red barn sitting just beyond the house would have appeared as a splotch of divine color in a field of gray.

I imagine my grandmother pressing the sheets of crisp, ink-smeared paper against the grain of the kitchen table. The numbers were there, for both of them to see.

The farmhouse was a narrow stone structure, tall and close fitting, nestled between high bluffs just east of the Mississippi River. Row after row of corn and tobacco undulated from the back of the house, rising and falling with the curvature of the land. Like the rest of America, the family got its news from a black and white Zenith television set and the local paper.

Reading the body count in the paper was my father's way of preparing for the war. The American dead, the Vietnamese dead, the Communist dead, each group had its own tally. Similar body counts were broadcast on the nightly news, and he would watch the images of fighting, trying to anticipate his own fate.

But my grandmother, I imagine, read the numbers to steel herself against her fourth son's departure. She had sent three sons to Vietnam already — Richard, Albert and John — and would now send a fourth. A third of her children would be in a war zone and still I imagine she looked much as she did when I knew her: sharp, cool eyes steady, a perennial I've-seen-it-all-and-then-some look about her. My grandmother was normally imperturbable, but my father's draft notice, this fourth boy conscripted, had shaken her.

The numbers signified different things to each of them. By the end of 1967, 15,000 American soldiers had died in Vietnam. For my grandmother this meant that 15,000 other people's children had died. To my father, the numbers seemed decent odds: Yes, the American troops were losing men, but the Communists were faring much, much worse. Of particular interest were what he called the "kill ratios," the number of Vietnamese to every American dead. For Dad, the high ratio of Communist casualties was a sign of hope. He believed, he once told me, that the numbers proved that "the good guys" were winning; the numbers, he said, meant that he had a "better shot" than the enemy; the numbers were "on his side."

Years after his tour, when my father knew just how quickly the numbers could turn — he landed in Vietnam during the Tet offensive and fulfilled his tour during the bloodiest year of the war — he never hesitated to tell me of his swift disillusionment with the numbers. The distinct American advantage in the "kill ratio" said much about winning the battles — it was true, they were killing lots of Vietnamese — but little about winning the war: the Vietnamese were willing to give every man, woman and child for victory, a sacrifice that Americans were simply not prepared to make. In the end, for our 58,000 dead, the casualties on the Vietnamese side were in the millions.

There are no kill ratios in Iraq. We know very little about civilian casualties. But we do know that even as President Bush speaks about a new strategy for the war, more than 3,000 Americans have been killed in four years of fighting. And as I think of those lives cut short, I think of my father and my grandmother on that winter afternoon in 1967, a newspaper open between them, each with their own interpretation.

Perhaps my father is peeling an apple; perhaps he is gazing out the window at the endless frozen cornfields, the pane of glass so thin and ill fitted that a draft of freezing air slips through the kitchen, ruffling the edge of the paper whose reality will soon enough be indisputable.

Mission Baghdad (WSJ)

The Wall Street Journal, January 11, 2007

President Bush's challenge last night was to convince Americans that his new plan to secure Iraq won't mean risking more lives on a conflict that critics say has become "unwinnable." We think he offered compelling reasons for skeptical Americans of good faith to back him, but the key will be deploying enough forces to accomplish the task.

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Mr. Bush's words offered the hope that the new plan won't simply mean employing more troops to carry out a strategy that hasn't been working. Though widely described in the press as a troop "surge" or even "escalation," the number of additional soldiers being sent to Iraq is significant but not overwhelming. The real difference will be how America uses its troops in Iraq. Put in simplest terms, Mr. Bush seems finally to have decided that the way to defeat the insurgency is to protect the population, especially in Baghdad.

For the past couple of years, every visitor to the Iraqi capital has been struck by the near invisibility of American troops on the city's streets. Sure, there were a few in the Green Zone, and lots out by the airport and a bit north at the airbase in Balad. But instead of using them to provide order, Generals George Casey and John Abizaid limited them largely to search and destroy missions while waiting for Iraqi forces to step up to the task of protecting civilian neighborhoods. There were reasonable arguments to be made for this strategy at the beginning -- it might have prevented Iraqi resentment of U.S. occupation -- but it couldn't survive the onslaught of Abu Musab al-Zarqawi's car bombs and the reaction of the Shiite militias.

The new plan grew out of ideas presented by Iraqi Prime Minister Nouri al-Maliki when he met Mr. Bush in Jordan last year. And under it, U.S. forces are slated to become more visible in the Iraqi capital than they have since the invasion in 2003. Instead of being confined to large bases outside the city, a U.S. combat battalion will be garrisoned in each of nine districts into which the city will be divided. Their job will be to support an Iraqi Army brigade (3,000-5,000 men) that likewise will be dedicated to each district, as well as a national police brigade and the local police.

Iraqis will take the lead in security operations, as they have in recent days in anti-insurgent fighting along Haifa Street. But there seems to be agreement on both sides that the Iraqis will perform with more confidence if they have close American support. The visibility of American forces will also reassure Baghdad's Sunni population, which has had justifiable worries about the infiltration of Iraqi police by Shiite militias.

Thus one question is whether one American battalion -- 600 to 1,000 soldiers -- is enough to do that job in these large areas of Baghdad. The tragedy would be if, after so much buildup, the U.S. only provided enough troops for an expanded version of Operation Forward Together, which failed last year.

Outside Baghdad, meanwhile, another U.S. combat brigade will be dedicated to Sunni-dominated al Anbar province. Ramadi will have to be a main destination, because that insurgent stronghold has to be tackled lest its car-bomb factories disrupt progress in the capital. There are also plans to increase the size of the Iraqi Army by five brigades, from the current 36, though we have our doubts that even this will be enough since the Army is so much more effective than the police.

Crucial to all of this will be the new U.S. ground commander in Iraq, Lt. Gen. David Petraeus, who not only recruited and trained the Iraqi Army starting in 2004 but also oversaw the drafting of the U.S. Army's latest Counterinsurgency Manual. His job will be to execute the "clear, hold and build" strategy Mr. Bush has talked about for some time. General Casey has resisted the deployments necessary to make the "hold" and "build" phases work, and General Petraeus will have to insist that he has them.

Iraqi leadership will also be important to the new strategy, as the President noted last night. Mr. Maliki will have to show that Shiite criminals will be dealt with just as Sunni terrorists are. That means no more special treatment for the thugs of Sadr City. Rapid completion of a new oil law that guarantees equitable revenue distribution would also ease Sunni fears that they are going to lose out in the new Iraq. But we continue to believe that the best way to help Mr. Maliki accomplish these goals is not overt American pressure but consistent and overt American support. He will need it, because some compromises will alienate portions of his political base. * * *

In any case, last night's address was at least a tacit acknowledgment that the U.S. has placed far too much emphasis on a political progress as the solution to the violence. The truth is that political compromise won't happen without better security, or as the Petraeus Counterinsurgency Manual puts it, "security is essential to setting the stage for overall progress." There's also the outside meddling by Iraq's neighbors, particularly Iran and Syria. This remains primarily an indigenous Iraqi conflict. But showing those countries that they will pay a price for helping to kill Americans is also necessary for counterinsurgency success.

With the new strategy, new forces and new generals President Bush is putting in place, we have a fighting chance to create a virtuous circle whereby better security leads to more anti-insurgent cooperation from the public -- which in turn leads to still better security. If Congressional Democrats have better suggestions, we'd love to hear them. But the one "strategy" that simply isn't credible is the idea that anybody's interests would be served by a hasty U.S. exit from Iraq.

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The Iraqis Must Step Up To The Plate (WSJ)

By L. Paul Bremer

The Wall Street Journal, January 11, 2007

"Looking back, I think that if we had then realized the confusion and chaos which existed we would indeed have thought ours a hopeless task. Certainly the authorities in Washington who had prepared (the occupation policy) did not visualize these conditions." -- Gen. Lucius Clay (1950). * * *

As in Germany a half-century ago, the American experience in Iraq has proven more difficult than anticipated. Mistakes were made -- including my own. Denying government positions to officials in the top 1% of Saddam's Baath party was correct. But it was a mistake to turn implementation over to Iraqi politicians rather than to judges. And in requesting American money to help rebuild Iraq's economy, I put too much emphasis on large-scale projects when smaller ones would have shown quicker results to the average Iraqi.

The president has frankly acknowledged the need for a new approach. He has assessed the various options and has courageously, and in my view wisely, rejected the politically popular course of withdrawing. Over the past four years, progress in Iraq has always depended on the interplay among the political, economic and security sectors. Clearly only Iraqis can design the necessary means to bridge their sectarian and ethnic divisions. The Shiites need to show they understand that democracy involves the proper respect for minority rights. The Sunnis must be brought to understand that while there is a place for them in liberated Iraq, their centuries-old domination of the country is over. The Kurds, with longer experience in elected government, must show patience as their Arab brothers wrestle with these and other issues.

Iraqis cannot make the necessary political compromises in an atmosphere of sustained violence. And although Iraq's economy has done well since the liberation, reconstruction, too, has been severely hampered by the lack of security. So security for Iraq's population is the sine qua non for success. By committing additional American forces, the president's new approach recognizes this fundamental reality. It is no secret that I would have preferred that we would have sent in more forces much sooner. But we are where we are today.

Now the Iraqis must step up to the plate. For months, they have promised additional Iraqi forces for Baghdad, forces which until now have never arrived. And Iraqi and Coalition forces operating in the capital have been subjected to constant political interference, hampering the effectiveness of those operations. An early test of the new approach will be whether Prime Minister Nouri al-Maliki now makes good on the promised Iraqi reinforcements, and on his commitment to allow them to deal with the militia, especially those of the radical Moqtada al-Sadr.

Even a successful campaign in Baghdad will not end violence there. But a significant reduction in attacks in the capital would give the Iraqi government the political latitude needed to broaden its political base. The prime minister will also be watched carefully in Washington and in Iraq, to ensure that he delivers on his promises to move on the sensitive issues of oil policy and provincial elections, both important to encouraging an atmosphere of reconciliation. If he does not, then surely the Iraqi people will hold his government accountable, as is provided in the Iraqi constitution. * * *

The president's new approach is bold, unpopular and risky. But he is right to reject calls for American withdrawal. Those who advocate such a course need to be frank about the drastic consequences of such a course.

First, it would abandon 27 million Iraqis to broader and much bloodier violence. Some Americans seem prepared to accept this outcome, arguing, "It's their country. Let them sort it out." This is shortsighted and uninformed. Broader sectarian violence between Iraq's Arabs would certainly provoke the Kurds to declare their independence from Iraq. Over the past four years, I have often spoken about this issue with the Kurdish leaders. They have made clear that their decision to join a liberated Iraq depends on a government which can provide security for all its people and which is not dominated by sectarianism. An independent Iraqi Kurdistan would have an irresistible attraction for the millions of Kurds living in Syria, Turkey and Iran, and would surely lead to a wider regional war. Such a war would threaten American interests and allies throughout the region and lead to American military re-engagement, probably on a very large scale.

Most importantly, an American defeat in Iraq would immediately endanger Americans. By confirming Osama bin Laden's analysis that America is a "weak horse" driven out of Lebanon in 1983 and Somalia a decade later, defeat would be a major recruiting poster for Islamic extremists everywhere. If force again rules Mesopotamia, there is a real risk that extremists will

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establish themselves there as they had done in Afghanistan, but this time with major economic resources and an operating base not on the periphery of the Middle East, but at its heart.

These, then, are the stakes in Iraq. The president has acknowledged the need for new leadership and a new strategy. He is to be commended for rejecting the easy popular course.

Mr. Bremer was head of the Coalition Provisional Authority in Iraq in 2003-04.

More Troops -- "Escalation"? Or "Surge"? (USNEWS)

By Chris Wilson, Kenneth T. Walsh

U.S. News and World Report, January 11, 2007

What do you call a decision to send 20,000 or more additional troops to Iraq?

It depends on whom you ask. President Bush and his team call it a "surge." Increasingly, Democrats and those who oppose the increase are calling it an "escalation," invoking an old specter from the Vietnam era. Even David Letterman, in last night's " target="new">"Top Ten Features of Bush's New Iraq Plan," used the word in No. 2: "Raise money for escalation by robbing Mick Jagger's apartment."

Escalation is a highly loaded term. The U.S. News library team tracked the earliest uses of the word in a military context during the Vietnam era and found that it first surfaced in a series of increasingly critical New York Times editorials in the spring and summer of 1965. The word gained traction from there and by 1968 was showing up on protest signs and in the language of the antiwar movement.

Surge, on the other hand, owes its recent popularity to use by Secretary of Defense Robert Gates and other military officials. Speaking from Baghdad last month after meeting with Army generals, Gates said they "discussed the possibility of a surge and the potential for what it might accomplish." The term also cropped up a few weeks earlier in the Iraq Study Group's statement that it would support "a short-term redeployment or surge of American combat forces to stabilize Baghdad." "'Surge' suggests it's a short, time-limited event, but at the moment the president is not willing to put any time limit on the whole enterprise," Democratic pollster Geoff Garin said. So far, Bush hasn't said how long his "surge" would last. He might make that clear in his prime-time address to the nation tonight, but don't bet on it.

White House officials say it all depends on how successful the troops are in stabilizing Baghdad in the larger pursuit of what Bush calls "victory," and that won't be known for months. The battle over "surge" or "increase" vs. "escalation" echoes other emotionally weighted word battles of the past, such as "prolife" vs. "prochoice" in framing the abortion debate and "estate tax" vs. "death tax" in describing taxation of inherited assets.

And let's not forget "taxes" vs. "revenue enhancers."

Democrats Aim To Block Funds For Plan (WP)

By Jonathan Weisman, Dan Balz

The Washington Post, January 11, 2007

Senior House Democrats said yesterday that they will attempt to derail funding for President Bush's proposal to send an additional 21,500 troops to Iraq, setting up what could become the most significant confrontation between the White House and Congress over military policy since the Vietnam War.

Senate Democrats at the same time will seek bipartisan support for a nonbinding resolution opposing the president's plan, possibly as early as next week, in what some party officials see as the first step in a strategy aimed at isolating Bush politically and forcing the beginning of a phased withdrawal of U.S. troops from the conflict.

The bold plans reflect the Democrats' belief that the public has abandoned Bush on the war and that the American people will have little patience for an escalation of the U.S. military presence in Iraq. But the moves carry clear risks for a party that suffered politically for pushing to end an unpopular war in Vietnam three decades ago, and Democratic leaders hope to avoid a similar fate over the conflict in Iraq.

The striking new approach took shape yesterday morning during a closed-door meeting of the House Democratic Caucus, where Speaker Nancy Pelosi (D-Calif.), invoked Martin Luther King Jr. as she urged her members against timidity, members who

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were there said. House Armed Services Committee Chairman Ike Skelton (D-Mo.), a quiet, hawkish supporter of the war, stunned many of his colleagues when he came out strenuously against Bush's proposal and suggested the war is no lon

ger militarily winnable.

Rep. John P. Murtha (D-Pa.), chairman of the House Appropriations subcommittee on defense and the party's leading voice for withdrawing troops, is to report back to Appropriations Committee members today on hearings and legislative language that could stop an escalation of troops, said Rep. James P. Moran Jr. (D-Va.), a member of Murtha's subcommittee.

Those plans could attach so many conditions and benchmarks to the funds that it would be all but impossible to spend the money without running afoul of the Congress. "Twenty-one thousand five hundred troops ought to have 21,500 strings attached to them," said House Majority Whip James E. Clyburn (D-S.C.).

Brendan Daly, a spokesman for Pelosi, said Democratic leaders have made no decision to hold back funds, but he added: "We are not going to give the president a blank check. We will subject any proposal to escalate the war to harsh scrutiny, and we will set benchmarks he has to attain to get that money."

Although Democratic leaders offered a united front last night in their response to Bush's speech, they have long struggled to forge consensus on the details of an alternative policy. Democrats have widely divergent views of the timing of any future withdrawal of U.S. forces and differ on whether there should be a timetable for bringing all troops home. Now in the majority, they will be challenged in the months ahead to outline a policy that will achieve the twin goals of ending U.S. involvement in Iraq without leaving that country in greater chaos.

Democratic reaction to Bush's prime-time speech last night was overwhelmingly negative, setting the stage for a series of legislative moves that will play out over the next few months.

"By calling for the rapid escalation of American troops in Iraq, the president rebuffed his commanders, thumbed his nose at the Baker-Hamilton commission and, worst of all, ignored the will of the American people," Rep. Chris Van Hollen (Md.), chairman of the Democratic Congressional Campaign Committee, said after the speech.

Bush had hoped to persuade congressional leaders to withhold judgment until last night's speech, meeting with more than 125 lawmakers in the run-up to the speech, including House leaders yesterday. But rank-and-file Democrats were unwilling to wait before laying the groundwork to thwart what they call an escalation.

House Democratic leaders have said they will not use the power of the purse in any way that would harm troops in the field, a position that had run afoul of the party's liberal activists. Rep. Ellen O. Tauscher (D-Calif.), a member of the Armed Services Committee, said that pledge is being calibrated to apply only to troops in the field now.

Tauscher said Democratic policy must "satisfy the American people that we're putting a speed bump in front of the president that will actually hold," adding: "The White House is used to doing business on their own, but they're realizing things have changed. This is vastly different."

House Democrats also expect to introduce soon a resolution of disapproval for Bush's new policy but have moved farther than Senate Democrats toward an outright funding confrontation with the White House.

Sen. Edward M. Kennedy (D-Mass.) called Tuesday for the administration to ask for renewed authorization from Congress before sending additional troops to Iraq. "I don't believe there's a single member of the U.S. Senate that would have voted for the authorization bill in October 2002 if they thought the authorization was going to commit American forces to be involved in a civil war," he said yesterday.

But Democratic strategists said that, at this point, there is limited support for the Kennedy proposal.

Senate Majority Leader Harry M. Reid (D-Nev.), who with Pelosi co-signed a letter to the president last week urging him not to send more troops to Iraq, has begun meetings with other senior senators, including Armed Services Committee Chairman Carl M. Levin (D-Mich.), Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) and Sen. Jack Reed (D-R.I.) to develop specific responses to Bush's new policy.

Antiwar activists continued to press congressional Democrats to block Bush's plans. "The bottom line is that when voters elected the Democrats, they did that on the promise that the Democrats would lead the country out of the war," said Eli Pariser, director of the MoveOn political action committee. "Democrats need to fulfill on that promise, and they're going to."

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Democrats Reject Bush's "Way Forward" (USAT)

By Kathy Kiely, Bill Nichols

USA Today, January 11, 2007

WASHINGTON — Democrats launched an immediate counterattack against President Bush's new Iraq strategy Wednesday. Rep. John Murtha vowed to try to block Bush's plan from his perch as chairman of the House defense appropriations subcommittee.

"Escalating our military involvement in Iraq sends precisely the wrong message, and we oppose it," the Democratic leadership in the House and Senate said in a statement released after the speech.

Hours before Bush outlined his "new way forward" in Iraq to the nation, Murtha told USA TODAY that he plans to use his subcommittee's control over the Pentagon budget to force a new direction in Iraq.

Specifically, Murtha, a former Marine and Vietnam War veteran from Pennsylvania, said he'll focus on the administration's supplemental spending request for Iraq, which is expected to be as high as $160 billion.

Murtha says he will hold extensive hearings on the budget request. "We're going to make them justify every cent," he said. He also said he may use the funding bill to hamstring the efforts to add more troops to Iraq.

Among the options Murtha said he's considering: barring the redeployment to Iraq of troops who haven't had the recommended one-year respite in the United States and prohibiting those who are in Iraq from having their tours of duty extended.

Bush said he plans to boost troop levels in Iraq by 21,500. Before the speech, the White House acknowledged that policies covering the Pentagon's access to the National Guard and Reserves may have to be changed to allow for more or longer mobilizations.

Murtha said that by inserting language into the administration's request for more money to fund the Iraq war, he can avoid a Bush veto. Murtha said legislation introduced Tuesday by Sen. Edward Kennedy, D-Mass., that would require congressional approval of Bush's plan could be vetoed with little consequence. If Congress adds conditions to the Iraq funding bill, Bush will have to accept them or cut off money for the troops. "The supplemental is where the money is," Murtha said. "Nothing else means anything. They can veto anything else."

Murtha said it is unclear whether the full House will take up Bush's plan in coming weeks, as House Speaker Nancy Pelosi's preference is to focus on domestic issues first.

Pelosi complained to reporters after congressional leaders met with Bush earlier in the day that the administration had already tried surging troops into Baghdad to improve security conditions twice before.

"Two times this has not worked," said the California Democrat. "Why are they doing this now? That question remains."

Pelosi spokesman Brendan Daly stopped short of saying whether she would back Murtha's tactics, but added: "She supports what Murtha is doing generally, which is that we should subject it (Bush's proposal) to harsh scrutiny."

Senate Majority Leader Harry Reid, D-Nev., plans to introduce a resolution next week to force senators to vote for or against the plan, spokesman Jim Manley said.

Sen. Charles Schumer, D-N.Y., predicted a "significant number of Republicans" would vote against Bush's new strategy.

Senate Minority Leader Mitch McConnell, R-Ky., plans to offer amendments that will give Democrats heartburn, said spokesman Don Stewart. "We're not the only ones who are going to have to take tough votes around here," Stewart said.

McConnell said of Bush's speech that he is "convinced the military can handle it and we'll be successful."

Another supporter of Bush's strategy is Sen. Joe Lieberman of Connecticut, who calls himself an independent Democrat after losing his Democratic primary last year.

"I applaud the president for rejecting the fatalism of failure and pursuing a new course to achieve success in Iraq," Lieberman said.

In the speech, Bush praised Lieberman's "good advice" for urging him to establish a bipartisan working group to try to forge congressional consensus on Iraq.

Sen. Dick Durbin, D-Ill., said in the official Democratic response that the Democratic leadership had a plan for Iraq. He said their plan calls for "shifting greater responsibility to the Iraqis for their security," beginning the withdrawal of U.S. forces in the next

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four to six months and implementing "an aggressive diplomatic strategy" to help stabilize Iraq and help achieve a political settlement, including the amending of Iraq's constitution.

Massachusetts Sen. John Kerry said more U.S. troops will not be able to stop the violence. He said he supports setting a date for the withdrawal of troops to force the Iraqis to step up and stop the violence.

"This plan is neither new nor forward-looking," Kerry said after Bush's speech. "This is more of what's taken us backwards. There's no military solution in Iraq. There is only a political solution, and the president has no plan to achieve it."

Democrats Ready To Fight New War Plan (WT)

By Jon Ward

The Washington Times, January 11, 2007

Democrats yesterday attacked President Bush's new plan to send more U.S. troops to Iraq and began laying the groundwork for a showdown between the executive and legislative branches over war powers.

"Escalation of this war is not the change the American people called for in the last election," Democratic Whip Sen. Richard J. Durbin of Illinois said last night in his party's response to Mr. Bush's prime-time presentation of his Iraq strategy changes.

"Instead of a new direction, the president's plan moves the American commitment in Iraq in the wrong direction."

The new Democratic-led Congress plans to grill Bush administration officials during Capitol Hill hearings on the Iraq war -- beginning this morning when Secretary of State Condoleezza Rice and Secretary of Defense Robert M. Gates testify before congressional committees.

Sen. Charles E. Schumer, New York Democrat, said Americans want to know whether Mr. Bush's strategy is a "change of course."

"Or is this simply more of the same with slightly different rhetoric?" Mr. Schumer said.

Miss Rice will testify before the Senate and House foreign relations committees today, and Mr. Gates, who replaced the war's architect Donald H. Rumsfeld last month, will testify before the House Armed Services Committee today and the Senate Armed Services Committee tomorrow.

Democratic leaders also are drafting a nonbinding resolution opposing the troop surge, which they want to put up for a vote in both the House and Senate next week and which they think some Republicans will support.

"The issue is: Do you support the president's policy? That will be the vote," said House Speaker Nancy Pelosi, California Democrat.

Sen. Sam Brownback, Kansas Republican and a favorite of conservatives, last night said Mr. Bush's troop surge is not the answer.

"Iraq requires a political rather than a military solution," he said.

Mr. Bush said he will send more than 17,000 soldiers to Baghdad and 4,000 Marines to the Anbar province to try to break the cycle of violence and "hasten the day our troops begin coming home." He said Iraq has responsibilities that it must meet.

"The president knows there is no silver bullet to make our mission there easier, but he is committed to a new, better strategy that will move us toward a stable Iraq," said House Republican Whip Roy Blunt of Missouri.

"It is not the responsibility of members of Congress to dictate strategy to the commander in chief, who is ultimately responsible, along with the commanders on the ground, for implementing a winning strategy."

But Sen. Edward M. Kennedy, Massachusetts Democrat, said that if neither the hearings nor the anti-troop surge resolution change Mr. Bush's stance, he will move forward with a bill in "a matter of days" that would require the president to seek congressional approval for a troop increase.

"What we really ought to be having is a surge of political initiatives, rather than a surge of military initiatives," Mr. Kennedy said.

Some senators said yesterday that they would support such a move, but Democratic leaders on Tuesday appeared to brush aside Mr. Kennedy's proposal.

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If Mr. Kennedy's idea gains momentum and comes to the Senate floor, the president's war powers under the Constitution's Article II would be at issue.

Congress voted to authorize the use of force against Iraq in 2002, and under the Constitution, the president is the "commander in chief" of the nation's military and has authority to prosecute a war as he sees fit.

Mr. Kennedy's bill, however, says that the 2002 authorization no longer applies to the current situation, which Democrats view as a civil war with U.S. troops caught in the crossfire.

"The mission of the Armed Forces of the United States in Iraq no longer bears any resemblance to the mission of the Armed Forces authorized by Congress in the Authorization for Use of Military Force Against Iraq Resolution of 2002," Mr. Kennedy's proposal reads.

Mr. Bush's position is that Iraq is a central front in the war on terror and that al Qaeda and other terrorist groups, some backed by Iran, want to drive U.S. troops out of Iraq and then launch attacks on American soil.

Sen. Joe Lieberman, Connecticut independent, said the president "did not take the easy path, but he took the correct and courageous course."

"Defeat in Iraq would result in a moral and strategic setback in our global struggle against Islamist extremists who seek to strike our interests and our homeland," Mr. Lieberman said.

Likely Democratic presidential hopefuls in 2008 have taken a range of views on Iraq.

Sen. Barack Obama, Illinois Democrat, called the troop increase "a mistake that I and others will actively oppose in the days to come."

"Escalation has already been tried and it has already failed, because no amount of American forces can solve the political differences that lie at the heart of somebody else's civil war," he said.

Former Sen. John Edwards, North Carolina Democrat, wants an immediate withdrawal, while Sen. Hillary Rodham Clinton, New York Democrat, has said she opposes a surge but has kept a low profile this week on Capitol Hill.

Among Republican 2008 hopefuls, Sen. John McCain, Arizona Republican, is one of the strongest supporters of sending more troops.

Mr. McCain has said such an increase must be "substantial and sustained" to make any difference in Iraq. He said last week that, at a minimum, five brigades of 3,500 to 5,000 soldiers should be sent to Baghdad, and two more brigades should be sent to the troublesome Anbar province.

Democrats Plan To Fight Expansion Of Troops (NYT)

By Jeff Zeleny

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — The new Democratic leaders of Congress on Wednesday accused President Bush of ignoring strong American sentiment against the war in Iraq and said they would build a bipartisan campaign against his proposed military expansion.

Speaker Nancy Pelosi of California said House Democrats intended to turn the precise words from Mr. Bush's speech into a symbolic resolution, compelling Republicans to support or reject the idea of sending more troops to Iraq. The Senate was developing a similar nonbinding resolution to be considered as early as next week.

"The president's response to the challenge of Iraq is to send more American soldiers into the crossfire of a civil war," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate, responding for his party immediately after Mr. Bush spoke. "The escalation of this war is not the change the American people called for in the last election."

The criticism from Democrats resounded in near unison on Wednesday evening, a rare moment for a party that for more than four years has struggled to present a unified policy on Iraq.

Of more immediate concern to the administration was the bleak assessment from some Republicans.

Senator Norm Coleman, Republican of Minnesota, delivered a strong rebuke to the plan in a speech on the Senate floor only hours before the presidential address. A recent trip to Iraq, Mr. Coleman said, confirmed his fears that Baghdad was besieged by irreparable sectarian violence.

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"I refuse to put more American lives on the line in Baghdad without being assured that the Iraqis themselves are willing to do what they need to do to end the violence of Iraqi against Iraqi," said Mr. Coleman, who is up for re-election in 2008.

Senator John McCain, Republican of Arizona, one of the administration's staunchest allies on Iraq, disagreed. Public opinion was not entirely against the war, Mr. McCain said, adding, "Americans want to be told how we can prevail in Iraq and how we can get out."

Even though Mr. Bush proposed a bipartisan Congressional working group on Iraq, he set the stage for a major confrontation with Democrats, who won the majority last fall after the lingering war soured the climate for Republicans. The clash begins Thursday as Democrats open a series of hearings to scrutinize the president's approach on Iraq.

"In the coming days and weeks, we should undertake respectful debate and deliberation over this new plan," said Senator Joseph I. Lieberman of Connecticut, a Democrat turned independent singled out by Mr. Bush for recommending a new bipartisan group focusing on the war on terror. "Excessive partisan division and rancor at home only weakens our will to prevail in this war."

The White House had asked Republicans to reserve judgment on the Iraq strategy — or to at least stay silent — but several Republicans distanced themselves from the president Wednesday. Secretary of State Condoleezza Rice and Stephen J. Hadley, the national security adviser, conducted a series of calls and meetings Wednesday in an effort to stem political damage.

"This is a dangerously wrongheaded strategy that will drive America deeper into an unwinnable swamp at a great cost," said Senator Chuck Hagel, Republican of Nebraska. "It is wrong to place American troops in the middle of Iraq's civil war."

Senator John W. Warner, Republican of Virginia, said he had reservations about increasing troops, but declined to condemn the president's plan until Congress had had the opportunity to study it.

"Blow the whistle, time out, until Congress has done its homework and its analysis," Mr. Warner said. "But each day that goes by, all of us are pained by the casualties. We cannot dither about."

Six hours before the president delivered his address to the nation, Congressional leaders from both parties were called to the White House for a briefing. Democrats dismissed the meeting as a last-minute procedural briefing, saying the administration had failed to consult with them, as the president promised to only a week ago.

"This conversation that we had with the president just now would have been much better a week ago, a month ago, six months ago," said Senator Harry Reid of Nevada, the majority leader, as he walked from the White House.

As they prepared their reaction to the president's prime-time address, Democratic Congressional leaders did not ask television networks for broadcast time for a formal response. Instead, they settled on responding with the symbolic resolutions.

Debate over the administration's Iraq policy has been a central focus of the early stages of the 2008 presidential campaign. As several senators and representatives responded to Mr. Bush's speech in Washington, one potential Republican contender, Senator Sam Brownback of Kansas, weighed in skeptically from Baghdad in the midst of an extended trip through the Middle East.

Mr. Brownback, who is chronicling his travels in a daily blog, issued a statement Wednesday urging the administration to "transfer more security responsibility to the Iraqis and reduce the threat to American troops."

"The United States cannot sustain a war effort without broad public support," he said. "And we cannot count on such support unless the situation in Iraq improves and American casualties decrease."

How Congress May Block A Troop "Surge" (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 11, 2007

If Congress decides to block the president's plan for a troop buildup in Iraq, it has all the clout it needs - at least on parchment - to trim war funding through its power of the purse. Call it the Murtha plan.

Congress can also opt to push back with hearings, investigations, and resolutions that condemn an escalation of the war or require President Bush to return to Congress for approval before committing troops. Call that the Kennedy plan.

Choosing which strategy to pursue is causing heated debate within the new Democratic majority, which believes it owes its power to an election-season promise to begin withdrawing US troops. They are joined by a growing number of Republicans who

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- at least in the run-up to Mr. Bush unveiling his Iraq plan Wednesday - were reluctant to send more Americans into a war they believed could not be won.

But even at the lowest public-approval ratings of his career, Bush as commander in chief brings powerful assets to any conflict with Congress over the conduct of war. He can rally the public (as he hopes to do with Wednesday night's speech). He can order troop movements before Congress can thwart them. He can delay requests for supplemental war funding to blunt Congress's power of the purse.

Only in the last few days have Democratic leaders even entertained the idea of cutting off funding for the war. For Rep. John Murtha (D) of Pennsylvania, the lead advocate for using funding to force a change of course in this war, timing is crucial. His Defense Appropriations subcommittee is the gateway for every dime spent on the war. He says that he will use that power to bar a troop surge in Iraq if, for example, it undermines the military's domestic readiness.

"If we just pass resolutions, the president will veto them. If he vetoes an appropriations bill, he doesn't have any money. It's the only weapon we have," he says.

But to wield that power, he needs the president to submit a request for additional defense spending before a "surge" of new troops into Iraq. So far, all war funding has been handled that way - as supplemental requests to Congress outside the normal budget process.

In the next two months, his subcommittee will hold hearings to document the state of readiness of US forces and build support for writing benchmarks and conditions into the next defense spending bill.

On a faster track, Sen. Edward Kennedy (D) of Massachusetts proposed legislation this week that would require the president to come back to the Congress and get authority for deploying additional American troops to Iraq. "I am introducing legislation to reclaim the rightful role of Congress and the people's right to a full voice in the president's plan to send more troops to Iraq," he said in an address at the National Press Club on Tuesday.

"No one - no one - can seriously deny that this civil war is radically different from the mission Congress voted for in 2002," he added.

On the House side, Rep. Edward Markey (D) of Massachusetts is proposing a similar resolution to require Congress to expressly authorize any escalation of the war in Iraq. "After more than 3,000 American casualties, over $300 billion in expenditures, and almost four years of fighting, an increase in the number of members of the US Armed Forces deployed in Iraq above the current level of 132,000 is the wrong course of action," he says.

Representative Murtha worries that if Democrats settle for a quick, symbolic gesture, they could curb momentum for stronger action on the spending side. Should the president veto the Kennedy resolution, or another like it, it would require a two-thirds vote in both the House and Senate to override the veto. "It's not clear we have it," he says.

On Wednesday, Democrats discussed these options in their morning caucus meeting but did not settle on a strategy. "We're going to make a judgment on the best way to present our position on the escalation of the war in Iraq, which our own military does not support," said House majority leader Steny Hoyer, on Wednesday. After a meeting with his caucus on Tuesday, Senate majority leader Harry Reid says that Democrats are working toward "a bipartisan statement on the president's escalation." He expects at least nine Republicans to support it.

For most Democrats, cutting off funds in wartime is still a near taboo topic because it carries a high political risk of appearing to endanger troops in the field.

"I don't know why we have members of Congress out there who say there's nothing constitutional that Congress can do. Politically, they may feel like it's crazy to do anything restricting money supporting troops, but constitutionally they can do what they like and they've done it in the past," says Louis Fisher, an expert in separation of powers at the Library of Congress.

"Congress can attach any condition to any appropriation it pleases," says Winslow Wheeler, director of Straus Military Reform Project at the Center for Defense Information in Washington. "If they want to say none of the appropriations in the supplemental can be used to keep troops beyond their normal deployment period or to send additional troops, so be it. The president can disregard this at his own peril."

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But it requires careful work to draft constraints into legislation without loopholes. President Nixon circumvented an amendment banning funding for combat troops in Laos by describing the forces as "military equipment delivery teams - end use supervisors."

"Congress can urge, propose, recommend, but it's very hard to legislate when it comes to troop deployments," says Charles Stevenson, author of the book "Warriors and Politicians." "They didn't try to [cut funds for aerial bombing] earlier in the Vietnam War, because they didn't think they had the two-thirds to override a veto."

Military experts say that Congress has other levers on the president, including new legislation on the use of reservists.

Democrats Oppose Bush's Plan To Add Troops In Iraq (MCT)

By Renee Schoof, Margaret Talev

McClatchy, January 11, 2007

WASHINGTON - If President Bush is determined to win over Congress to the idea of keeping more American troops in Iraq, his chances looked dim Wednesday night.

But even as the new Democratic majority and some of the president's fellow Republicans expressed doubts or rejected the notion outright, they had yet to coalesce behind binding legislation to stop him.

Instead, lawmakers will hold hearings Thursday and in ensuing weeks to analyze the plan, and Democrats are scheduling votes on nonbinding resolutions that would force members of both parties to go on record supporting or opposing Bush's "new way forward" in Iraq.

The Senate could begin debating resolutions as early as next week; House of Representatives leaders were more vague on the timing.

"We will give his proposal a fair hearing, and in our hearings, we will establish the ground truth of what is happening in Iraq, and then we will vote on the president's proposal," said House Speaker Nancy Pelosi, D-Calif., who opposes Bush's buildup.

Early opposition from Democrats was sharp.

Rep. Maxine Waters, D-Calif., the head of the Out-of-Iraq Caucus, said Bush's plan was futile and would only put more U.S. troops in harm's way. "We cannot undo the harm we have created" in Iraq, she said.

Republican leaders were generally supportive.

"It is our best shot at victory in Iraq, and I think that's what the American people want and expect," said House Minority Leader John Boehner, R-Ohio.

Senate Minority Leader Mitch McConnell, R-Ky., called the plan "courageous and correct." He also said Democrats should be prepared for "considerable debate" on any legislation that they tried to bring to the floor, suggesting that the minority may delay votes.

But the president now faces critics in his own party as well.

Sen. Sam Brownback, R-Kan., who was traveling in Iraq, said Wednesday, "I do not believe that sending more troops to Iraq is the answer. Iraq requires a political rather than a military solution."

Sen. Norm Coleman, R-Minn., delivered a speech on the Senate floor opposing a troop increase. "I refuse to put more American lives on the line in Baghdad without being assured that the Iraqis themselves are willing to do what they need to do to end the violence of Iraqi against Iraqi," he said.

Sen. Susan Collins, R-Maine, said she could support more American troops in Anbar province, the hotbed of the Sunni Muslim insurgency, but not in Baghdad, where "it's clear the violence is entirely sectarian."

Sen. John Warner of Virginia, the ranking Republican on the Senate Armed Services Committee, said he'd wait until Thursday to issue a detailed response. But he floated the idea of Republican critics rallying around a resolution endorsing the recommendations of the Iraq Study Group. That bipartisan panel backed a goal of bringing most U.S. troops home by early 2008.

Warner said that while he wanted to support President Bush and show him respect, ultimately "I support what's in the best interests of this country."

In the House, eight Republicans sent Bush a letter warning him that adding troops would make matters in Iraq worse. They said there was no evidence that more American forces could stop the sectarian violence, and that an increase would deepen

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Iraqi dependence on the United States, reduce the number of American troops poised to respond to other crises around the world and give al-Qaida more recruiting power.

The eight were Reps. Walter B. Jones and Howard Coble of North Carolina, Ron Paul of Texas, Wayne Gilchrest and Roscoe Bartlett of Maryland, John Duncan of Tennessee, Phil English of Pennsylvania and Steven LaTourette of Ohio.

Sen. Charles Schumer, D-N.Y., said that measuring the depth of opposition to Bush's plan had to be the first step, "and then after that we will decide what further actions to take."

All options will be considered, he said, including restrictions on funding.

Democrats have floated several ideas about how to block a troop increase.

Sen. Edward Kennedy, D-Mass., has called for a vote requiring the president to win congressional authorization for any more troops in Iraq. He said it wouldn't cut off money for troops who already were in Iraq or were on the way there. American troop levels might already be up in Iraq by the time his legislation passed, but "I can't do anything about that," he said.

Sen. Jack Reed, D-R.I., said an amendment to the supplemental budget for the Iraq war could be used to oppose an increase in troops but that it wasn't clear whether such a measure would get enough Republican support to meet the 60-vote threshold that's needed to end debate in the Senate, where Democrats have a 51-49 majority.

Reed also acknowledged that the deployment could be well under way before the Senate votes on the supplemental budget for the Iraq war in several months.

Rep. John Murtha, D-Pa., a top defense appropriator, has suggested that there are legislative means to curb the president without hurting the troops. But as of Wednesday night, Democratic leaders had yet to endorse any such plans.

"Prebutters" Ensure Debate Over "Way Forward" Is Backward (WP)

By Dana Milbank

The Washington Post, January 11, 2007

President Bush's announcement last night of a "New Way Forward in Iraq" began with a step backward.

The White House called a noon briefing to preview Bush's 9 p.m. speech, and reporters entered the room to find a multimedia display, which featured a projection screen, large television and laptop showing a yellow map of Iraq and its neighbors in orange.

But moments before the briefing, four young aides scurried into the room, pulled a blue velvet curtain in front of the projection screen, unplugged the laptop and wheeled the television offstage through the curtains.

"It's curtains for Iraq," a reporter observed.

"What happened to the maps?" a correspondent asked White House spokeswoman Dana Perino, who had just entered the room.

"Maps?" she replied. "There were maps?"

Bush aides could be forgiven for this confusion. Usually, official Washington chews over a president's speech after he has delivered it. But yesterday, virtually everything in the speech was disclosed, disputed and defended -- hours before the lights went on in the White House library for Bush's address to the nation.

The culprit? The "prebuttal," the act of rebutting an opponent's speech before the speech is delivered, which has been around for years. The term, like the Internet, was apparently invented by Vice President Al Gore, who was quoted by The Washington Post's Dan Balz as using it during the 1996 presidential campaign. But now prebuttals have become so intense that they have forced the victim of the prebuttal to preempt his own speech -- giving the speech itself an anticlimactic feel.

Sen. Ted Kennedy (D-Mass.) started the latest round of prebuttals Tuesday. "President Bush will address the nation tomorrow about his decision to send tens of thousands of additional American troops to the war in Iraq," he said at the National Press Club, announcing legislation to thwart Bush's still-unannounced plan.

At dawn yesterday, Bush counselor Dan Bartlett attempted to rebut Kennedy's prebuttal by giving a series of morning-show interviews on the White House lawn. "We don't view Ted Kennedy as a hostile enemy," Bartlett graciously told Fox News, then slyly added: "It's really important for the American people to understand that their leaders in Washington, regardless of all the politics, support our troops."

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Kennedy, his support for the troops thus challenged, scheduled a news conference in the Senate press gallery to rebut Bartlett's rebuttal of Kennedy's prebuttal.

By then, however, the prebuttals were everywhere. Senate Majority Leader Harry Reid (D-Nev.) alone issued three written prebuttals of the Bush speech and one orally in the White House driveway.

Sen. Chuck Schumer (D-N.Y.), giving a news conference at noon, paraphrased Bush's yet-to-be-delivered speech. "The president has basically said: 'First I need more troops and then I'll craft a strategy,' " Schumer deduced.

And Sen. Jack Reed (D-R.I.) offered Bush rhetorical flourishes for the address. "I'm sure he will dress up his rhetoric in words like 'new approach' and 'new beginning,' 'a new way forward.' "

The White House, losing the battle to the "prebutters," scheduled a briefing to preempt the president's speech. Two Bush aides, who could be identified only as senior administration officials, gave out all the details: 21,000 to 22,000 more troops; $1 billion in development aid; no hard conditions or timelines for U.S. involvement. Bush "will talk about the hopes we had at the end of 2005," Senior Administration Official A announced. "He will say that that was dashed in 2006. And he will then conclude that the situation in Iraq is unacceptable."

The White House was evidently doing this on the fly. It delayed the noon briefing, first to 12:15, then to 12:25. "We have promised some documents to you; those are still in production," Senior Administration Official B announced on arrival. When the documents did arrive, they contradicted each other. The first stated that "the war on terror cannot be won if we fail in Iraq." The second document hedged: "Failing in Iraq would make succeeding in the war on terror vastly more difficult."

Official A attempted to answer the prebutters. "We hope that people will have time for debate to occur before taking preemptive action," he said.

No chance. By then, Sen. Robert Menendez (D-N.J.) had announced that he was issuing his prebuttal in the form of a "radio actuality and a direct-to-camera video interview." Rep. Louise Slaughter (D-N.Y.) also offered an "audio" option with her written prebuttal. Sen. Gordon Smith (R-Ore.) was busy prebutting Bush on MSNBC, while Sen. Sam Brownback (R-Kan.) released his prebuttal from Baghdad.

Usual Bush friends were silent; "RNC Announces Winter Meeting Schedule," declared the party's press release.

Only a few brave souls joined the White House in rebutting the prebutters. "I am disappointed that some declared the president's proposals unworkable even before they were announced," declared Sen. Jon Kyl (R-Ariz.). On the other hand, Kyl was willing to declare the proposals workable even before they were announced: His "embargoed" prebuttal rebuttal came out three hours before the speech.

Bush Speech Prompts 2008 Contenders To Stake Ground (LAT)

By Janet Hook

The Los Angeles Times, January 11, 2007

WASHINGTON -- President Bush's speech outlining his troop-increase plan in Iraq provoked several potential presidential candidates to stake out a position, including some Republicans who had avoided addressing a controversial proposal that is likely to be a touchstone issue in the 2008 campaign.

Former Massachusetts Gov. Mitt Romney, ending weeks of dodging questions on the issue, announced Wednesday he would support a troop increase. But Sen. Sam Brownback, R-Kan., announced he opposed it, a sign that Republicans may not be as reluctant to distance themselves from Bush as they once were.

Divisions also opened among Democrats, as two -- John Kerry, D-Mass., and former Sen. John Edwards, D-N.C. -- announced their support for Congress to cut off funds needed for a troop increase. That step goes farther than many Democrats want because they fear it will be seen as undermining U.S. troops already in Iraq.

Presidential politics will likely cast a shadow over the opening debate on Bush's proposal Thursday when Secretary of State Condoleezza Rice testifies before the Senate Foreign Relations Committee. Five members of the panel are thinking about running for president.

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For months, the only likely presidential candidate to support a troop escalation was Sen. John McCain, R-Ariz., who made it a signature issue long before Bush threw his support behind the idea. Other Republican aspirants kept their distance from the proposal, which is supported by a mere 12 percent of the public, according to recent Gallup poll.

Romney previously had declined to comment before his term in the statehouse ended in early January, telling interviewers, "I'm still a governor," when asked about increasing troops.

Wednesday, Romney put himself in league with McCain, his leading rival for the GOP nomination, and Bush by issuing a statement calling for additional troops. He said he reached that conclusion through consultations with generals, military experts and ground troops.

McCain acknowledged the political perils of backing such an unpopular plan on CNN after the speech. "I'd much rather lose a campaign than lose a war," he said.

Former New York Mayor Rudolph Giuliani, who had been silent on the issue, also issued a statement backing Bush's troop increase. "Even more importantly," he said, "I support the change in strategy, the focus on security and the emphasis on a political and economic solution as being even more important than a military solution."

But Brownback, issuing a statement while on an official trip to Iraq that included a meeting with Prime Minister Nouri al-Maliki, concluded, "I do not believe that sending more troops to Iraq is the answer. Iraq requires a political rather than a military solution."

Almost all Democrats considering a presidential bid opposed the Bush plan, although there were differences in their degree of opposition and their positions on what Congress should do to stop him.

Rep. Dennis Kucinich, D-Ohio, a longshot candidate, is the most militant opponent to the war and has proposed denying any new funding to continue the war and a quick withdrawal.

Presumed front-runner Sen. Hillary Rodham Clinton, D-N.Y., had been more moderate about the war and cautious about commenting on the president's plan before the speech.

After the speech, she said, "I cannot support his proposed escalation of the war in Iraq." She reiterated her support for a "phased redeployment of U.S. troops," not a quick withdrawal.

Others were more assertive in advance of Bush's speech.

Kerry announced Wednesday he was backing a proposal by Sen. Edward M. Kennedy, D-Mass., to prohibit paying for an increase in U.S. troops unless Congress voted to approve it. Edwards -- an outspoken critic of increasing troop levels who has said he made a mistake voting for the war in 2002 -- on Tuesday also called on Congress to block funding for an escalation.

Some Democratic candidates are not so keen on pulling the purse strings. Sen. Joseph Biden, D-Del., has not ruled out such action, but has raised questions about the constitutionality and practicality of doing so.

He is calling instead for Congress to pass a nonbinding resolution opposing Bush's troop increase -- an approach that Senate Democratic leaders have embraced.

Sen. Barack Obama, D-Ill., opposed the Iraq war in 2002, although he was not in Congress to vote against it at the time, and has criticized the proposed troop increase. "We cannot impose a military solution on the problem, there has to be a political accommodation," he said on CNN, explaining that the president had offered no plan to reconcile warring Shiites and Sunnis. "I think we are making a very bad mistake."

Obama has not embraced the Kennedy fund cut-off bill. He said his staff is looking at options to place conditions on to Bush's actions without risking cuts that could hurt troops in Iraq already.

Meanwhile, New Mexico Gov. Bill Richardson, a potential Democratic contender, said, "The only surge we need in Iraq is a diplomatic one." He also called for U.S. troops to be withdrawn from Iraq this year -- a more specific timetable than many Democrats have embraced.

A Cynical Opposition (WSJ)

The Wall Street Journal, January 11, 2007

You might have thought President Bush's announcement yesterday that he intends to deploy several thousand more combat soldiers to Iraq would have been sweet policy vindication for the Democrats. They're the ones who spent the better part of

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the past four years using Eric Shinseki -- the former Army Chief of Staff who, prior to the war, estimated it would take up to half a million troops to occupy the country -- as a cudgel with which to beat this President over the head.

Thus former House minority leader, now Speaker Nancy Pelosi, citing General Shinseki in May 2004, on "Meet the Press": "What I'm saying to you, [is] that we need more troops on the ground." Thus, too, Senate Majority Leader Harry Reid, just four weeks ago: "If it's for a surge -- that is, for two or three months -- and it's part of a program to get us out of there as indicated by this time next year, then, sure, I'll go along with it."

Lately the Democrats have been singing from a different hymnal. In a letter Mr. Reid and Ms. Pelosi sent the President last week, they write: "Surging forces is a strategy that you have already tried and that has already failed. . . . Adding more combat troops will endanger more Americans and stretch our military capability to the breaking point for no strategic gain."

As for Carl Levin, the new Senate Armed Forces Chairman was also one of those who used to call for more troops. But now he is threatening a legislative cap on the number of troops in Iraq if Mr. Bush doesn't start a significant drawdown of U.S. forces in Iraq later this year. We'll bet Mr. Levin never has the political nerve to follow through on anything but TV sound-bite criticism.

Ostensibly, the Democratic complaint is that the Administration has failed to come up with a new strategy for Iraq. In fact, Mr. Bush says he is offering a qualitative departure from what the U.S. has attempted before. (See "Mission Baghad"1.) The real question is whether the Democrats are prepared to act like a responsible opposition now that they control both houses of Congress, in contrast to the last four years of partisan minority sniping.

On the evidence of the past week, the answer is no. On Tuesday, the Democrats announced they would hold a symbolic, nonbinding vote on the troop increase, without so much as hearing what the President has to say. The vote, says Senator Joe Biden, is an effort to "demonstrate to the President he's on his own." So much for presenting a united American face to the jihadis and insurgents killing our troops in Iraq. And this from someone who fancies himself Presidential-timber.

Such a vote would be pure partisanship, and of an especially ugly sort. If Democrats seriously believe that a troop surge "will endanger more Americans," then there might be some moral justification in using Congress's power of the purse to cut off funds for the war. But as House Ways and Means Chairman Charlie Rangel candidly explained, "anytime, politically, you have to explain what you are saying, you have a problem. And so if I am there saying, 'Cut the funds for Iraq and the war in Iraq,' then someone is going to say, 'You are taking away rifles.'"

So the Democrats want the political mileage of opposing the troop increase rhetorically. What they don't want is to take responsibility for their own policy choice. Meanwhile, their rhetoric will only serve to reassure the jihadis that sooner or later Democrats will force a U.S. withdrawal. It's enough to give a half-cheer to genuine Democratic isolationists, who have proposed legislation that would require the President to seek approval to fund additional troop increases. At least they're willing to go on record.

Most reckless is the contention, also by Mr. Reid and Ms. Pelosi, that "it is time to bring the war to a close." No one serious -- not even the Iraq Study Group -- believes that the war will end if we leave. Instead, it will change into a civil war in Iraq, and perhaps a wider regional war, that is likely to draw our forces back in again somewhere in the Middle East. As the bipartisan ISG noted in its December report, "If we leave and Iraq descends into chaos, the long-range consequences could eventually require the United States to return."

If Congressional Democrats want to be constructive, they can insist that Mr. Bush and his generals truly implement the strategy he is now endorsing. The path Democrats have followed in the minority and are now continuing will only make U.S. success harder -- a truth the American people will come to understand, and resent.

Damaging National Security (WT)

The Washington Times, January 11, 2007

The Democrats had tried several pre-emptive strikes against President Bush's speech last night about how to win the war in Iraq. The president, in our view, is right to send additional troops to Baghdad and other violent areas of Iraq to stanch the blood-letting and enable the Iraqi government to impose its authority over the nation. But in addition to opposing measures to end the war, the House would now undermine national security.

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Buried inside the legislation hurried through the House on Tuesday, as part of the Democrats' goal of implementing September 11 commission recommendations, is a provision that would damage a successful multilateral program to combat the proliferation of weapons of mass destruction: the Proliferation Security Initiative (PSI). The PSI was largely responsible for persuading Libyan leader Moammar Gadhafi to terminate his search for atomic weapons and for unravelling the nuclear proliferation network run by the notorious A.Q. Khan of Pakistan. Unfortunately, this legislation has the potential to wreak damage by bringing the U.N. Security Council into the process.

The legislation, pushed by prominent members of the House Democratic leadership, including Foreign Affairs Committee Chairman Tom Lantos and Armed Services Committee Chairman Ike Skelton, urges "with a particular emphasis" that the president work with the Security Council (where Russia and China, serial proliferators of weapons of mass destruction, have a veto) to "authorize the PSI under international law." During Tuesday's debate, Rep. Ileana Ros-Lehtinen, Florida Republican, offered an amendment to strike the provision, but it was defeated on a party-line 230-198 vote.

Given its extraordinary record of achievement, it is difficult to see how the initiative, largely the work of John Bolton as undersecretary of state in 2003, could be strengthened by the U.N. Security Council. The United States oversees the program, which sets out principles and steps for interdicting shipments of weapons of mass destruction. More than 70 nations have committed to PSI's antiproliferation principles. In October 2003, operating under the auspices of the initiative, U.S. warships seized uranium-enrichment gas centrifuge components bound for Libya's covert program aboard the BBC China, a German-owned vessel. Libya subsequently renounced nuclear weapons, and its revelations led to the unraveling of the Khan network -- which had played a key role in helping Iran develop the ability to use gas centrifuges to enrich uranium. If the Proliferation Security Initiative had been in place throughout the 1980s and 1990s, Iran might not be on the brink of developing nuclear weapons today.

Although the informal, voluntary structure of the initiative has been essential to its success, this would likely be jeopardized by the Democrats' insistence that the Security Council and the U.N. bureaucracy be brought into play. This would empower both China and Russia, which have helped along the Iranian and North Korean nuclear weapons programs, with increased ability to make mischief. If the Senate refuses to strip this irresponsible provision from the bill, Mr. Bush should consider doing it himself with a veto.

At Least Bush Wants To Win (LAT)

By Jonah Goldberg

The Los Angeles Times, January 11, 2007

Bush sticks to his goal of winning in Iraq. The Democrats are just stuck.

AMERICANS ARE torn between two irreconcilable positions on the Iraq war. Some want the war to be a success — variously defined — and some want the war to be over. Conservatives are basically, but not exclusively, in the "success" camp. Liberals (and those further to the left) are basically, but not exclusively, the "over" party. And many people are suffering profound cognitive dissonance by trying to believe these two positions can be held simultaneously. The motives driving these various positions range from the purely patriotic to the coldly realistic to the cravenly political or psychological perfervid. Parsing motives is exhausting and pointless, but one fact remains: "End it now" and "win it eventually" cannot be reconciled.

With last night's speech, President Bush made it clear that he will settle for nothing less than winning it. He may be deluding himself, and his plan may not work, but he at least has done the nation the courtesy of saying what his position is, despite an antagonistic political establishment and a hostile public. What is maddening is that the Democratic leadership cannot, or will not, clearly tell the American people whether they are the party of "end it" or "win it."

Give Sen. Ted Kennedy his due. He not only wants the thing over, consequences be damned, but he's got the courage to admit it, as he did on Tuesday at the National Press Club. But when House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid come to a fork in the road, they follow Yogi Berra's advice and take it. On the one hand, they tell the president that they want this war "brought to a close." On the other, they refuse to use their power of the purse to do exactly that, opting instead for a symbolic resolution. It may be the wisest political course for them, but it does a disservice to the nation by making the Iraq debate the equivalent of boxing with fog.

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Here we have a president forthrightly trying to win a war, and the opposition — which not long ago was in favor of increasing troops, when Bush was against that — won't say what it wants. This is flatly immoral. If you believe the war can't be won and there's nothing to be gained by staying, then, to paraphrase Sen. John Kerry, you're asking more men to die for a mistake. You should demand withdrawal. But that might cost votes, so the Dems don't. And, of course, Kerry, Pelosi and other Democrats were in favor of more troops before they were against it.

Another Democratic dodge is the incessant demand for a "political solution" in Iraq. "What is absolutely clear to me is there is no military solution to the problems in Iraq, that only political solutions are going to bring about some semblance of peace," Sen. Barack Obama declared. This is either childishly naive or reprehensibly dishonest. No serious person thinks that peace can be secured without a political solution. The question is how to get one. And nobody — and I mean nobody — has made a credible case that the Iraqis can get from A to B without more bloodshed, with or without American support.

Saying we need a political solution is as helpful as saying "give peace a chance." Peace requires more than such pie-eyed verbiage. In the real world, peace has no chance until the people who want to give death squads another shot have been dispatched from the scene. It reminds me of the liberal obsession in the 1980s with getting inner-city gangs to settle their differences with break-dance competitions. If only Muqtada Sadr would moonwalk to peace!

Last night, Bush finally acknowledged what Americans already knew: The war has not gone well. But he also acknowledged what few Democrats are willing to admit: If we leave — i.e. lose — it will be a disaster, a geostrategic calamity for the United States and quite possibly a genocidal one for the Iraqis. It's long since forgotten, but perhaps the chief moral argument against the Iraq war in 2003 was that it would create an enormous humanitarian crisis in the form of refugees spilling over the borders, which in turn would destabilize the region. That didn't happen. But it would be the most likely result of a U.S. withdrawal now. Yet that's a risk the antiwar crowd is suddenly willing to take.

Bush declared last night that "victory will not look like the ones our fathers and grandfathers achieved. There will be no surrender ceremony on the deck of a battleship…. A democratic Iraq will not be perfect." This sober, stubborn emphasis on victory puts Bush at odds with much of official Washington. He wisely refused to abdicate his war responsibilities to lead to the Iraq Study Group, and instead launched a broader effort to find a way to win in Iraq — a goal former Secretary of State James A. Baker III explicitly dismissed.

Bush came up with the "surge" plan. Will it work? Nobody knows. But the one thing the American people know about George W. Bush is that he wants to win the war. What the Democrats believe is anybody's guess.

Democrats Should Give Bush Final Chance To Win Iraq (RC)

By Morton M. Kondracke

Roll Call, January 11, 2007

Politically and militarily, this is President Bush's last chance to avoid catastrophe in Iraq and the Democratic Congress ought to let him play out his hand.

Hard as it might be, Democrats should resist extreme pressure from anti-war forces in their base to undermine what little is left of Bush's popular support and force a withdrawal from Iraq.

The reason is that if the United States loses the Iraq War, the consequences will be dire — and a Democratic president elected in 2008 may well have to deal with them.

That president could inherit an Iraq in all-out civil war, regional chaos pitting Sunnis against Shiites and — worst of all — the collapse of American influence and the triumph of radical Islamist forces, Iran in the lead.

Iraq will not be the last theater of combat between radicalism and moderation, but wherever the next confrontation is — in Lebanon, Egypt, Iran or Saudi Arabia — the United States will be at an automatic disadvantage if it loses in Iraq.

It will be all the worse if the U.S. loses because Osama bin Laden is proved right in saying that the United States lacks the tenacity for any long and difficult struggle.

So, if there is any chance that the Bush administration can succeed in bringing security to the blood-soaked neighborhoods of Baghdad and in suppressing the Sunni insurgency in Anbar province, it ought to be given a last try.

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There is certainly no guarantee that Bush's new strategy will work, especially given past failures. In fact, it is easy to list the reasons why we might fail again.

At the top of the list is the inability or unwillingness — so far — of Iraqi Prime Minister Nuri al-Maliki's government to stop Shiite death squads from torturing and killing Sunnis and to offer the political concessions necessary to dampen the non-al-Qaida Sunni insurgency.

Responsible Democrats — those who don't just want to abandon the Iraq enterprise regardless of the consequences — contend that the only way to force al-Maliki to act is to establish a withdrawal timetable.

Bush does not want to do that because it will give notice to America's enemies that they can just wait for U.S. forces to leave to resume a full-force insurgency.

But Bush needs to tell al-Maliki, if he

doesn't understand it already, that time is running very short. Administration officials say they think they have until this fall — nine months or so — to show results.

This strikes me as optimistic. The bottom is dropping out of U.S. support for the war — fast. And the pressure is mounting on Democrats to pull the plug. The latest Gallup Poll showed that the public opposes Bush's troop increase by 61 percent to 37 percent. Eighty-five percent of Democrats oppose it.

Only 15 percent favored immediate withdrawal, but 39 percent more wanted U.S. troops out within a year, while only 31 percent supported their staying as long as needed and 12 percent favored adding more troops.

Administration officials say that al-Maliki is aware of what's expected of him — and by when — and that he is working on diminishing the influence of radical cleric Moqtada al-Sadr, controlling his militias and compromising with Sunnis. Everything depends on his acting fast, however.

Another reason to be pessimistic is that, whenever Iraqi forces have been asked to "stand up" to the challenge of securing Baghdad, they've largely failed.

Bush told Members of Congress on Tuesday that he believed two previous Baghdad security operations failed, both because the U.S. had too few troops and because Iraqis could not hold neighborhoods that had been cleared of extremists.

Now, Bush is adding 15,000 U.S. troops to Baghdad and al-Maliki is supposedly supplying an equal number of his best forces, the first of which are to arrive by Feb. 1.

This is do or die. If the operation begins to show promise, it could turn around both Iraqi and U.S. public opinion. But if reports are that Americans are fighting and dying, but Iraqis aren't, demands for withdrawal will become irresistible.

It also remains to be seen whether even U.S. forces can perform this counter-insurgency mission successfully. The new U.S. commanding general in Iraq, David Petraeus, is an expert on such combat and has a record of success in previous Iraq tours.

The U.S. Army's new counter-insurgency manual, written under Petraeus' supervision, declares that "the military forces that successfully defeat insurgencies are usually those able to overcome their institutional inclination to wage conventional war" and instead protect and win support from the local populace.

It remains a question whether U.S. units will be numerous enough — and well-trained enough — to perform the mission. It's appropriate for Congress to inquire about that — and make sure training is adequate for counter-insurgency operations in the future. There will be more.

Democrats have every right and responsibility to ask hard questions about Bush's strategy and to advocate alternatives — such as moving U.S. troops out of populated areas to guard Iraq's borders and oil wells, leaving urban combat to the Iraqis.

At the moment, that does not seem to be a viable strategy, given the deficiencies of Iraqi forces, but it could be a transition role when and if the Iraqis can take charge of the cities.

If they can't or won't — and if al-Maliki can't or won't reach accommodation with the Sunnis — the U.S. may have to consider yet another alternative: the "80 percent solution," in which we back the likely winners of a civil war in Iraq, the Shiites and Kurds.

This would not be a desirable conclusion — one advocate calls it "winning dirty" — but it may be the only alternative to losing Iraq, the region and U.S. influence in the world.

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Now that they have taken over Congress, Democrats have a responsibility to do more than simply oppose Bush and his policies. If there is any possibility that the United States and its interests can still succeed in Iraq, they need to help it happen.

It's very possible that America will fail. If so, Democrats should give no one the opportunity to say that they precipitated it.

Take The Lead (WT)

By Terry Michael

The Washington Times, January 11, 2007

It's hard to get out of a deal with the devil.

That's the congressional Democrats' dilemma, as they continue to treat the Iraq war as a speed bump on their pathway to the perks of restored power, rather than as a moral question to which voters loudly demanded a moral answer two months ago.

Take Sen. Joseph Biden of Delaware. "There's not much I can do about it," responded the Democratic "leader" on foreign policy, when asked on one of the Sunday venues for pompous pontificators how he would respond to any attempt by President Bush to escalate the war in Iraq (or "surge," if you prefer it in Orwellian newspeak).

This is a man who sees a future president during his morning look in the mirror. Sadly, the glass reflects an empty suit who embodies the congressional Democrats' decision to reduce action on Iraq to a political calculus appropriate for the highway appropriations bill, rather than as a moral imperative to challenge a policy that has sent thousands of twenty-somethings to their deaths in the desert.

You certainly can do something about it, Senator. It's called leadership. You rise on the Senate floor. You say you were out of your mind to write a blank check for this hideous misprojection of American military power. And then you propose immediate withdrawal, just slow enough to maximize the safety of the 135,000 mostly young men and women you helped put in harm's way by your collusion with this elective war. You do what Republican Sen. Gordon Smith of Oregon had the guts to do last month, stopping just short of accurately labeling this public policy obscenity a criminal enterprise.

I have lived in these 10 surreal square miles for over three decades, usually playing by the rules of decorum required by the political and media classes, first as a young congressional aide, later as a national party committee and presidential campaign operative, and now as an aging educator of journalism students who want to spend their careers interpreting politics.

But, like millions of other Americans, I can no longer contain the primal scream I want to direct at the members of my party who declined to engage a real debate in the run-up to this completely avoidable misjudgment of old men and women, willing to send boys and girls to die for their ideological hallucinations and political cowardice.

Non-existent, and certainly non-threatening WMDs. A secularist paper-tiger dictator, despised by the Islamist lunatics who actually had anything to do with September 11. A tribal, theocratic culture with zero indigenous movement for pluralistic democracy.

All of those things were knowable when congressional Democrats like Mr. Biden had an opportunity to stop this madness before it started. Some of them actually shared the neoconservative pretensions of a new American imperialism. But most just quaked in their permanent campaign boots, fearing being labeled Cold War-style liberal wimps. They averted their eyes and closed their mouths instead of acting like a responsible opposition party four years ago.

So, trying to finesse their way out of their Faustian bargain, Democrats now engage in a transparent antiwar vamp, with limp proposals to implement the September 11 commission report and half-measures opposing escalation. And they receive aid and comfort from misguided and timid editorial pages, like those of The Washington Post and The New York Times, which also colluded with power in the run-up to Iraq instead of challenging it, and which now circumscribe discourse with the narrow frame of how best to muddle on through rather than promote an honest debate about whether to stay or go.

Where are the Gordon Smith's in the Democratic Party? Where are the conviction politicians willing to spend political capital to lead a citizenry which has decided overwhelmingly that this war is crazy? Where are the institutions of media power with the courage to say the emperor has no cowboy boots, no jeans, no garments at all — just a hideous, stubborn smirk that is literally making this country ill and squandering our reputation around the globe?

I long for a principled politician like my ex-boss Paul Simon, who would have had the courage and the moral authority to take the Senate floor and demand an end to this madness. Instead, the only place I can find truth speaking to power is on a cable

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TV comedy channel, not in the chambers of what used to be called the greatest deliberative body in the world. Is anybody out there willing to lead?

Terry Michael, who served as press secretary for the Democratic National Committee (1985-87), directs the Washington Center for Politics & Journalism.

To Counter Iran's Role In Iraq, Bush Moves Beyond Diplomacy (NYT)

By Helene Cooper, Mark Mazzetti

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — In promising to stop Iran from meddling in Iraq, President Bush returned Wednesday night to a strategy of confrontation in dealing with Tehran, casting aside what had been a limited flirtation with a more diplomatic approach toward it.

Mr. Bush accused Iran of providing material support for attacks on American troops and vowed to respond. "We will disrupt the attacks on our forces," he said in his speech. "We will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Mr. Bush said the United States would send another aircraft carrier and its supporting ships to the Persian Gulf. Administration officials said the battle group would be stationed within quick sailing distance of Iran, a response to the growing concern that Iran is building up its own missile capacity and naval power, with the goal of military dominance in the gulf.

Mr. Bush also announced the deployment of Patriot missiles to protect America's gulf allies. A battery of such missiles is already in Qatar, having been moved there several months ago.

The more combative talk reflects increased frustration in the administration with Iran, which American officials blame for part of the rising death toll in Iraq.

Military officials in Baghdad say they have documented a gradual rise in the number of sophisticated roadside bombs using "shaped charges" — a type of weapon that commanders believe is imported from Iran. According to military statistics, 78 coalition troops were killed and 243 were wounded by these bombs between September and December of last year, compared with 53 killed by the bombs in the previous nine months.

American officials have provided members of Congress information to support the claim that Iran is helping to orchestrate attacks on Americans in Iraq, but the administration has not made that information public.

The American officials say that the Revolutionary Guard's Quds force trains inside Iran and then dispatches operatives into Iraq, using contacts with Iraqi Shiite militias to attack American troops.

"They're training to kill coalition forces," said one senior American counterterrorism official, speaking on condition of anonymity. "Their comments about wanting to see a stable Iraq are belied by this type of activity."

Gen. Michael V. Hayden, director of the Central Intelligence Agency, told Congress late last year that while he was originally skeptical of reports of Iranian operations inside Iraq, he now had the "zeal of a convert" on the matter.

One American official who recently returned from a trip to Baghdad said American commanders in Iraq believed that Iran was using its vast political influence to press Shiite politicians not to forge any long-term agreements with Sunnis.

"We caught them with their finger in the cookie jar last month," a senior administration official said, referring to the arrest of five Iranians in Iraq whom the Americans accused of running guns and planning sectarian attacks. The Iranians were eventually released by Iraqi authorities.

American officials maintain that the latest moves should not be seen as preparations for a military strike against Iran. But they also said that Mr. Bush's top deputies, including Secretary of State Condoleezza Rice and National Security Adviser Stephen J. Hadley, had decided that, barring some major conciliatory move from Tehran, American moves to engage Iran had run their course.

The United States has grown frustrated with what one administration official described as the "molasseslike" pace of diplomatic efforts at the United Nations to impose broad sanctions on Iran over its nuclear program.

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The Security Council passed a resolution on Dec. 23 with sanctions intended to curb Iran's uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European nations contend is for the purpose of creating nuclear arms. The measure bars the trade of goods or technology related to Iran's nuclear program.

But American officials acknowledge that the resolution is too weak to force Iran to abandon its nuclear program and are seeking to increase economic and psychological pressure on Iran. The United States is pressing governments and financial institutions in Europe, Japan and China to cut some of their financial ties with Iran.

For instance, during talks in Washington last week between Ms. Rice and visiting Vice Foreign Minister Yang Jiechi of China, American officials urged Beijing to abandon a proposal for a $16 billion natural gas deal for the China National Offshore Oil Corporation to develop Iran's North Pars gas field, American officials said. The Chinese assured the United States that a decision was not imminent, American officials said.

Mr. Bush is expected to seek to apply pressure to other countries to limit their dealings with Iran in the coming month. American officials are hoping that the economic pressure will also persuade Iran not to actively oppose the new Bush strategy in Iraq.

Iraq PM Cracks Down In Shiite Militiamen (AP)

By Steven R. Hurst, Qassim Abdul-Zahra

AP, January 11, 2007

Iraq's prime minister has told Shiite militiamen to surrender their weapons or face an all-out assault, part of a commitment President Bush outlined on Wednesday to bring violence under control with a more aggressive Iraqi Army and 21,500 additional American troops.

Senior Iraqi officials said Wednesday that Prime Minister Nouri al-Maliki, under pressure from the U.S., has agreed to crack down on the fighters even though they are loyal to his most powerful political ally, the radical Shiite cleric Muqtada al-Sadr. Previously, al-Maliki had resisted the move.

Bush laid out his new plan to quell violence in and around the Iraqi capital in a televised address to the nation Wednesday night. In earlier operations, the president said, "political and sectarian interference prevented Iraqi and American forces from going into neighborhoods that are home to those fueling the sectarian violence.

"This time, Iraqi and American forces will have a green light to enter those neighborhoods," Bush said. "Prime Minister Maliki has pledged that political or sectarian interference will not be tolerated."

Before Bush spoke, a senior Shiite legislator and close al-Maliki adviser said the prime minister had warned that no militias would be spared in the crackdown.

"The government has told the Sadrists: 'If we want to build a state we have no other choice but to attack armed groups,'" said the legislator, who spoke on condition of anonymity because he was not authorized to speak for the prime minister.

Bush warned that the U.S. expected al-Maliki to keep those promises.

"America's commitment is not open-ended," Bush said. "If the Iraqi government does not follow through on its promises, it will lose the support of the American people and it will lose the support of the Iraqi people."

Al-Maliki on Saturday announced that his government would implement a new security plan for Baghdad, which consists of neighborhood-by-neighborhood sweeps by Iraqi forces backed by U.S. troops.

In the past, the Iraqi government has tried to prevent American military operations against the Mahdi Army, while giving U.S. forces a free hand against Sunni militants. The Bush administration has pushed al-Maliki, who took office in May, to curb his militia allies or allow U.S. troops to do the job.

Although al-Maliki withdrew political protection from the Mahdi Army, there was no guarantee the Shiite fighters would be easily routed from the large and growing area of Baghdad under their control.

The militia has more fighters, weapons and sophistication today than it did in 2004, when it battled U.S. forces to a standstill in two strongholds, the Shiite holy city of Najaf and Sadr City, Baghdad's sprawling Shiite slum.

Sunni militants, meanwhile, have put up fierce resistance in the five days since al-Maliki announced his new security initiative for Baghdad.

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Iraqi and U.S. troops have battled Sunni insurgents along Haifa Street in central Baghdad in two major battles.

The neighborhood is only about 2 1/2 miles north of the Green Zone, site of the Iraqi government headquarters, the U.S. Embassy and base for thousands of American soldiers.

Eighty suspected insurgents were killed in the fighting — 50 of them on Tuesday alone, in an assault backed by U.S. troops, fighter jets and attack helicopters.

Bush said the U.S. will send 21,500 more troops — 17,500 of them to help pacify Baghdad,

The increase in troop levels was part of a larger military and economic effort intended to turn around a 3 1/2-year-old war that has cost the U.S. hundreds of billions of dollars and more than 3,000 lives.

In preparation for the new security plan, the Iraqi military will bring two brigades from northern Iraq, a region largely populated by Kurds, and one from the south.

Tens of thousands of Iraqis have died, many of them in the capital in the past year — after the war became a religious conflict between Sunnis and Shiites. Sectarian violence began after the February bombing of a major Shiite shrine by al-Qaida in Iraq.

Al-Maliki has not commented on the Bush administration's plans to create a set of benchmarks to measure the Iraqi government's progress on improving security.

Washington wants the prime minister to come up with a plan to equitably share the country's oil wealth, ease restrictions on former Baath Party members and hold provincial elections — steps regarded as critically important to drawing Sunnis into the political process.

An Iraqi general, who spoke on condition of anonymity because he was not authorized to disclose details of the plan, said a mainly Kurdish force would be sent into the Sadr City slum in northeast Baghdad, which serves as headquarters of the Mahdi Army.

The general said Kurds, who are Sunni but not Arab, were being used against the Shiite militia because soldiers from other Iraqi units were likely to refuse to fight fellow Shiites. An estimated 80 percent of Iraq's army is Shiite.

Under the new security plan, the general said, U.S. and Iraqi troops will sweep Baghdad neighborhoods in an effort to dislodge the Mahdi Army, as well as Sunni extremists — including al-Qaida in Iraq and two of its allied groups, the Ansar al-Sunnah Army and the Omar Brigade.

Iraqi and U.S. officials said Iraqi commanders will be put in charge of each of nine city districts. Each commander will operate independently of Iraqi military headquarters.

Al-Maliki has named Lt. Gen. Aboud Gambar, an Iraqi general who was taken prisoner of war by U.S. forces during the 1991 Gulf war, as the overall commander.

Gambar, a Shiite, will have two assistants, one from the police and one from the army, Iraqi military officers said on condition of anonymity because they were not authorized to disclose the information. Gambar will report directly to al-Maliki.

The Americans plan to put 400 to 600 U.S. soldiers in each district as a backup force, a senior Bush administration official said Wednesday. Others will be held in reserve throughout the capital to deploy quickly on the request of Iraqi commanders.

One senior U.S. official said al-Maliki agreed to stop protecting the Mahdi Army under pressure from both the U.S. and his fellow Iraqis. In a conference call with U.S. reporters, the official said the al-Maliki "plan will work" because it frees his military from political and sectarian influence.

The latest drive to pacify Baghdad is at least the fourth since the war began. All have had only limited success, with insurgents and militants swiftly returning to neighborhoods after U.S. and Iraqi military forces departed.

In the most recent of these operations, Iraq's army fielded fewer troops than promised. That made it impossible to maintain control of areas that U.S. forces had cleared of gunmen.

Police on Wednesday reported that at least 92 people had died violently or been found dead across the country.

In a single deadly attack, Sunni gunmen opened fire on a convoy of buses carrying Shiite Muslim pilgrims home from the hajj, the annual pilgrimage to Muslim holy places in Saudi Arabia, according to police and Akeel al-Khazaali, the governor of the southern province of Karbala.

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At least 11 people were killed and 14 wounded. Al-Khazaali told Iraqi state television that some of the slain pilgrims had been severely burned in the ambush, which occurred about 75 miles west of the Shiite holy city of Karbala.

Police said 60 bodies, many of them victims of torture, were found in Baghdad Wednesday. Seven more were discovered in the northern city of Mosul. Shootings, mortar attacks and bombings at various places around Iraq claimed another 14 lives.

The U.S. military announced Wednesday that four more American soldiers died of combat wounds in Iraq. A Task Force Lightning soldier assigned to 3rd Brigade Combat Team, 1st Cavalry Division died Tuesday from a gunshot wound sustained in the Diyala province northeast of Baghdad.

Two more soldiers died the same day in Iraq's western Anbar province. One was assigned to the 1st Marine Expeditionary Force Headquarters Group, and one was assigned to 1st Brigade, 1st Armored Division.

A 13th Sustainment Command (Expeditionary) Soldier was killed by a roadside bomb outside of Fallujah.

New Baghdad Approach Features 'Gated Communities' (LAT)

By Julian E. Barnes

The Los Angeles Times, January 11, 2007

WASHINGTON -- The military's new strategy for Iraq envisions creating so-called "gated communities" in Baghdad -- sealing off discrete areas and forcibly removing insurgents, then working to create jobs for residents and stationing American units in the neighborhood to keep the peace.

The United States previously has found it nearly impossible to secure the sprawling city. But by focusing an increased number of troops in selected neighborhoods, the military hopes it can create islands of security segregated from the chaos.

The gated-communities plan has been tried -- with mixed success -- in other wars. In Vietnam, they were called "strategic hamlets" and were a spectacular failure. But counterinsurgency experts say that such security zones can work if, once the barriers are established, the military follows up with neighborhood sweeps designed to flush out insurgents and militia fighters.

The strategy, described in broad terms by current and former defense officials, is an attempt to recreate the successes that military units have had in smaller Iraqi cities, most notably Tall Afar.

For the past two years, the U.S. military has been focused primarily on training Iraqi security forces. Under the new plan in Baghdad, the primary mission of U.S. combat forces will be to protect Iraqis living in the city.

"In counterinsurgency, by now we have all figured out, the population is the prize," one defense official said.

Critics of the troop increase have said that the sheer size of Baghdad, with its population of nearly 6 million people, makes it impossible to replicate the Tall Afar strategy. But counterinsurgency experts say the gated-communities concept is a way to concentrate troops on smaller sections of Baghdad.

"You do it neighborhood by neighborhood," the defense official said.

A neighborhood of Baghdad could be sealed off by using a highway or a river as a barrier, or creating roadblocks and checkpoints between neighborhoods, counterinsurgency experts said.

White House officials outlined a plan Wednesday to divide Baghdad into nine districts and to station U.S. battalions and Iraqi forces in each. Moving units out of the super bases that surround Baghdad and into urban neighborhoods is critical to making any gated-communities plan work, defense officials said.

Senior administration officials have said that the new plan would be led by Iraqis. But the intense violence gripping Baghdad will require that American units be used to quiet the fighting initially.

In Tall Afar, a town of 150,000 people, U.S. forces built a berm around the city to control access, then swept through to rout insurgents and al-Qaida members. The military followed up by establishing combat outposts throughout the city where small units of soldiers could have a round-the-clock neighborhood presence. The offensive was combined with a push by military leaders to reconcile Shiite and Sunni factions in the city.

Ideally, once a neighborhood is cleared and regular patrols begin, U.S. forces would have to fight less. Advocates of the approach say that gated communities will allow the U.S. and Iraqi militaries to ease Iraqis' fears of being victims of sectarian violence.

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"You can create gated communities because the population wants them, because the population wants to feel secure," the defense official said. "Or you can create them to control the population and its movements, and make it more difficult for insurgents to operate. That is the theory behind it."

It is not clear which Baghdad neighborhoods will become gated communities, or how many such enclaves will be created. So far, the Iraqi government has largely restricted operations in Shiite neighborhoods. Defense officials say it is critical that the new plan allow U.S. forces to operate in both Sunni and Shiite neighborhoods.

The gated-communities model is an updated version of the strategic hamlets used in the Vietnam War. Under that strategy, people were moved to villages that the military believed it could defend.

"It didn't work," said Conrad Crane, one of the authors of the military's counterinsurgency manual. "They ended up locking up the insurgents with the population in these new hamlets .... It actually helped the Viet Cong with recruiting."

The strategy worked when the British used it in Malaya in the 1950s, successfully cutting off insurgents from the population and from supplies, Crane said. The technique was first developed by the French when fighting insurgents in Algiers, and it was successfully used in Northern Ireland cities, said Marine Lt. Col. Lance A. McDaniel, another author of the military counterinsurgency manual.

In Iraq, Crane said, the strategy could work because it would not involve moving people out of their neighborhoods.

"It would be done with much more cultural sensitivity," Crane said. "You are trying to identify who belongs and who doesn't."

Keeping U.S. forces inside the communities is vital to the success of such strategies, McDaniel said.

"You have a unit which has responsibility for an area and they are doing active patrolling day and night with the Iraqi security forces," he said. "People get to know you. It is a lot different than holing up in a base somewhere and going through a few times a day."

Counterinsurgency experts said that, once U.S. and Iraqi forces succeeded in holding an area, they could use reconstruction money to create jobs for citizens there. The hope is that, with improved stability and jobs programs, the zone of security could expand throughout Baghdad.

A Diplomat Who Loves The Really Tough Jobs (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, January 11, 2007

In Harm's Way Is Where Ryan Crocker Thrives

On April 18, 1983, Ryan Crocker was in his office at the U.S. Embassy in Beirut, with its spectacular view overlooking the Mediterranean. His wife, Christine, was working next door. At 1:05 p.m. a dark delivery van made a sharp left onto the guarded cobblestone lane and rammed into the front wall, detonating an explosive that ripped apart the seven-story high-rise. A huge brown cloud of smoke could be seen for miles.

It was the first suicide bombing by Islamic extremists against a U.S. target.

Crocker -- the career diplomat the Bush administration has nominated to serve as U.S. ambassador in Baghdad -- was blown against the wall. Bloodied but not seriously injured, he and his wife fled the building. He then began to search through the twisted steel and concrete for colleagues.

New York Times correspondent Thomas Friedman lived nearby and raced to the site. "I came around the corner and there was the American Embassy cut in half like a doll's house, bodies hanging out of it, smoke belching, and the first person I saw staggering around in the ruins was Ryan, his sleeves rolled up, looking in the rubble," Friedman recalls.

The bomb, which killed 64 and wiped out the CIA station, marked the start of a trend that now defines U.S. foreign policy.

If there's an awful assignment in the Middle East or South Asia, Crocker, 57, has had it. He actually prefers the hot spots, colleagues say.

The toughest hardship assignment for Crocker -- and the only one he tries to avoid -- is Washington, says former ambassador Edward Abington. "He prefers the most difficult posts. There's a real sense of adventure in him," Abington says.

Seven months before the Beirut attack, I encountered Crocker after a right-wing Christian militia entered the Beirut slums of Sabra and Shatila and, in a 48-hour orgy of killing, murdered some 800 people, including many women, children and the elderly.

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Journalists were among the first to go into the area after the militia left, but when many of us arrived, Crocker and his wife were already surveying the bloodshed and streets littered with bodies.

"With a hand-held transmitter, he was walking through the Shatila refugee camp and describing as he moved scenes of a massacre of shocking magnitude," wrote former secretary of state George Shultz in his autobiography, "Turmoil and Triumph."

The massacre followed the assassination of Lebanon's Christian President-elect Bashir Gemayel.

"I was on the phone with him for hours trying to confirm whether or not Gemayel was dead," recalls former U.S. assistant secretary of state Elizabeth Jones. "We had been burned with the [former Egyptian president Anwar] Sadat assassination, so we had to have someone see the body or say that he was still alive."

Crocker was dispatched. "He's extremely tough-minded about what needs to be done even in the worst tragedy," Jones says.

He now appears headed to Baghdad as part of a personnel sweep that is bringing a whole new set of faces to the top of diplomatic and military jobs as part of President Bush's "new way forward" in Iraq.

For Crocker, an Air Force officer's son who attended schools in Morocco, Turkey and Canada, it's coming full circle.

He first went to Baghdad as a young economic officer, a year before Saddam Hussein seized power in 1979. Baghdad had broken off relations with Washington, so the United States had an interest section. U.S. diplomats were under 24-hour surveillance and banned from leaving Baghdad without government permission.

"It was very difficult to make contact with Iraqis, as it was so dangerous for them," says Jones, who was posted in Baghdad as political officer. "Saddam executed most of his first cabinet, so we already knew what a difficult person we were dealing with. . . . Ryan was the best at triangulating the situation and figuring out what was happening."

Iraq then invaded Iran in 1980, setting off the bloodiest and longest modern Middle East war. Crocker and Jones had to evacuate Americans, but stay themselves.

Crocker met and married his wife, Christine, a foreign service secretary, in Baghdad. The two have been inseparable ever since, colleagues say.

Almost a quarter-century later, Crocker was one of the most significant voices inside the administration about the dangers of invading Iraq.

In late 2002, as the Bush administration prepared for war, then-Secretary of State Colin L. Powell tasked Crocker and Assistant Secretary of State William Burns with exploring the risks of military intervention. The result was a six-page memo they entitled "The Perfect Storm," according to an account in Washington Post reporter Karen DeYoung's biography "Soldier: The Life of Colin Powell."

The memo bluntly predicted that toppling Hussein could unleash long-repressed sectarian and ethnic tensions, that the Sunni minority would not easily relinquish power, and that powerful neighbors such as Iran, Syria and Saudi Arabia would try to move in to influence events. It also cautioned that the United States would have to start from scratch building a political and economic system because Iraq's infrastructure was in tatters.

Crocker returned to Iraq after the 2003 U.S. invasion to help during the transition and the creation of the Coalition Provisional Authority. He left that July, a time when he and colleagues could still drive to farewell meetings in the capital in unarmored vans.

The night before he left, Jalal Talabani, the Kurdish leader who is now Iraq's president, threw a large and raucous party for Crocker, who told colleagues in frustration that he was returning to Washington to teach at National Defense University for a year and then retire.

"He has often been critical of policies he has been charged with implementing and had little success in persuading the political leadership to change," says a former colleague who requested anonymity in light of the new appointment.

Iraq will be his fifth embassy as ambassador -- sixth if you count reopening the embassy in Afghanistan after the United States ousted the Taliban in 2001. He also was the top U.S. envoy in Lebanon (again), Syria, Pakistan and Kuwait. Each has involved personal danger or crisis.

In 1998, during a U.S. bombing campaign on Iraq, Syrian mobs attacked the U.S. ambassador's residence in Damascus. Christine Crocker fled into a vaulted safe-room in the residence as rioters ransacked the building. Jones remembers talking to

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Christine on a line that connected directly to Washington from the residence and on a separate phone to Ryan, who had raced home to help his wife but was stuck outside. The place was so badly trashed that they had to move out.

Though President Bush gave him the State Department's most prestigious title of "career ambassador" in 2004, Crocker is little known outside diplomatic circles and intensely private -- a stark contrast to the flamboyant and media-ready current ambassador to Iraq, Zalmay Khalilzad. Crocker is also an unassuming diplomat in a profession known for its dapper suits and fancy dress.

He drove a pickup truck in Washington, and Crocker coined the term "no socks required" to describe attire at parties he and his wife host.

David Mack, a retired diplomat who served with Crocker in Iraq and Lebanon, still remembers dinners of "cold Spam and peas eaten with crackers" when he stayed at the Crockers' Beirut apartment.

A Red Sox fanatic, Crocker favors heavy metal and hard-rock jam groups, including Iron Maiden and Black Crowes, colleagues say.

Crocker gets through most of his tough assignments by running. The day before the embassy blew up in Beirut in 1983, he ran in the first -- and some say only -- marathon held in Lebanon. Mack, now vice president of the Middle East Institute, recalls how Crocker took him out running along Beirut's seafront Corniche, during the middle of the civil war.

Crocker has now run in marathons on four continents, including a 50-kilometer race in Jordan. He also ran a 10-kilometer uphill race to the top of Mount Hermon in the Golan Heights that was particularly painful, he told colleagues. As a young foreign service officer learning Arabic, he had to take a field trip to use the language, and he chose to live with a Bedouin tribe of sheepherders in Jordan. He made that choice so he could run, according to Frederic C. Hof, who still remembers Crocker's field report.

In his current post in Pakistan, Crocker still regularly runs, often exhorting members of the embassy staff to join him. "His idea of unwinding is running 10 miles with security guys behind him in a four-wheel drive trying to keep up," says retired Gen. Barry McCaffrey, who has known Crocker for years and recently visited him in Pakistan. Crocker's favorite run is from outside Islamabad to the border of the Northwest Frontier Province.

During the few times he lived in Washington, Crocker ran most days from Alexandria to the State Department, his clothes in a backpack.

Friends say they can always tell when he's worried about something because he runs longer and harder, getting rail thin in the process.

Crocker is the first career foreign service officer and Arabist to take the Baghdad job, which may put him at a disadvantage in persuading the administration on policy. The three previous U.S. envoys -- Khalilzad, Director of National Intelligence John Negroponte and Coalition Provisional Authority chief L. Paul Bremer -- had all been political appointees who had a direct line into the White House.

"It's going to be a terrible job," says former ambassador to Lebanon Robert Dillon, who was also in the embassy when it blew up. "As a career guy, he's going to be under a lot of pressure and I'm not sure how much support he'll get in Washington."

But diplomats and military officers who have served with him say Crocker, who knows Iraq's tribes as well as its Arabic dialect, was the only realistic choice to deal with the country's labyrinthine politics.

Says Abington, "To the extent anyone can make a difference there, Ryan will."

New US Team In Iraq: Seasoned, But How Tough? (CSM)

By Howard LaFranchi, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, January 11, 2007

Bush's military and diplomatic picks have less ideological bent.

As a US diplomat in Lebanon in 1983, Ryan Crocker survived an embassy bombing that revealed America's exposure to a festering civil war - and portended the deepening Middle East divides to come.

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Now Mr. Crocker, the US ambassador to Pakistan, has been tapped by President Bush to join a reshuffled diplomatic and military "Team Iraq." It's an assignment for which a deep knowledge of the political and cultural complexities at play, both in Iraq and regionally, will be a huge plus.

Crocker - who is part of the crucial policymaker portion of the new Iraq strategy that Mr. Bush is scheduled to announce Wednesday night - would become the top US diplomat in Iraq as ambassador in Baghdad. As such, he would join a new team whose goal will be to stave off full-blown civil war in Iraq, as well as the disastrous regional and security consequences that would be very likely to accompany it.

The team that Bush has freshly assembled, spanning the State Department and the Pentagon, has nothing of the sharp ideological bent that both got the Bush administration's Iraq policy in trouble in the first place and kept it from seeing the policy mistakes that were made, experts say.

But some look beyond the steely professionalism and impressive records of the team members and wonder who among them will play the "bad cop" with the Iraqis - in other words, who will require the political decisions that these experts say will determine whether Iraq can be salvaged or not.

"This is a team of people in their careers 20 to 30 years. They aren't driven by ideology, and they know their stuff," says Edward Walker, a former assistant secretary of State for Near Eastern affairs. "But somebody is going to have to be the tough guy and tell the Iraqis there is no more free ride."

Comparing the place the United States is in now with the war and ethnic cleansing it faced in Bosnia in the 1990s, Ambassador Walker says, "In that mix, you had Richard Holbrooke [former US ambassador to the United Nations], a tough guy who knocked heads together and got the Dayton peace accords. I don't see that player on this team."

Other key shifts in Bush's Iraq team include:

• Returning John Negroponte, who has been director of national intelligence, to the State Department to shoulder the Iraq effort as deputy to Secretary of State Condoleezza Rice. This would free her up to dedicate more time to the broader Middle East.

• Putting Lt. Gen. David Petraeus, a counterinsurgency expert and advocate of deploying more troops in Iraq for a broader security role, in charge of coalition forces in Iraq.

• Nominating Mike McConnell, a retired vice admiral with 25 years of intelligence experience, as director of national intelligence to replace Mr. Negroponte.

• Choosing Zalmay Khalilzad, US ambassador to Iraq, to replace John Bolton as US ambassador to the UN. Shift began with Rumsfeld's exit

The shifting of policymakers actually started last November with the replacement of Donald Rumsfeld as secretary of Defense by former CIA Director Robert Gates. Mr. Rumsfeld's views, which held that a light US footprint would be enough to husband the transition to a stable and democratic Iraq, did not fit with Bush's conclusion that more troops would be needed to secure Baghdad and give the government of Prime Minister Nouri al-Maliki a chance to succeed.

In a sense, the departure of Rumsfeld was like the changing of the guard at the White House information and influence gate: Advocates of what was to become the president's "way forward" suddenly had better access to Bush.

"The centerpiece [of our military strategy in Iraq] has always been 'develop the Iraqi Security Forces' - not 'defeat the insurgency,' " says retired Army Gen. Jack Keane, an advocate of a large and sustained troop increase.

Now a consultant who has prepared annual assessments of Iraq security for the Pentagon, General Keane met with Bush in mid-December to discuss a revised strategy. His visit exemplified how the White House became more accessible to war-escalation advocates after Rumsfeld's departure.

Key to the policy shift was the naming of General Petraeus as senior US commander in Iraq. The guiding force behind the military's new counterinsurgency manual, Petraeus has long differed with the emphasis on training Iraqi forces over providing civilian security.

He is "the most qualified general officer we have to undertake this change in Iraq strategy," says Keane.

In Iraq during the invasion as leader of the 101st Airborne Division, Petraeus made known his concerns about the rioting and lawlessness that was allowed to boil over in Baghdad after the ouster of Saddam Hussein. He later voiced worry about the security impact of disbanding the Iraqi Army.

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Those concerns dovetailed with the thinking of Crocker, who was in charge of governance issues in Baghdad for several months after the invasion. Bush's new approach to Joint Chiefs

Until recently, Bush had been deferential to the positions of the Joint Chiefs of Staff, practically making a mantra of saying he adhered to the judgments of his top generals in making military decisions. But the Iraq team reshuffle is evidence that the president is no longer wedded to that approach if it means sticking with policies that clash with his vision.

"The president has retaken control of Iraq strategy," says Frederick Kagan, a military historian at the American Enterprise Institute in Washington and prominent advocate of a large troop increase. "The administration has made itself more independent of the generals."

Independent of the generals, maybe, but still largely dependent on what the Iraqi leadership does. And that means influencing the Iraqi government will be one of the new Iraq team's biggest tests, experts say.

Negroponte and Crocker are "two consummate diplomats," says Mr. Walker, who is an adjunct scholar at the Middle East Institute in Washington, "but maybe too consummate. Neither one is confrontational."

Crocker will be taking the reins of US diplomacy in Baghdad after more than two years in Islamabad - another key US partner in the battle with Islamic extremism.

But the American relationship with Pakistani President Pervez Musharraf mirrors the prevailing approach to Mr. Maliki, analysts say, in that the US has not been ready to force either to take the hard steps it would like to see - that is, Mr. Musharraf confronting the Islamist extremists active on the border with Afghanistan, or Maliki disbanding Iraq's militias and pushing through key political decisions like constitutional reforms and oil-revenue legislation.

Crocker, who prefers foreign assignments and has studiously avoided any major policymaking stints in Washington, will be following orders from Washington. Many eyes will be watching for whether the order to "get tough" comes down.

"The administration hasn't been ready to abandon [Musharraf] in that he is the only thing standing between us and an explosive situation in Pakistan that would hurt us," says Walker. "The situation with Maliki is analogous, but I'm not sure this Iraq team is any more prepared to say, 'We're not going over the cliff with you.' "

Violence Claims 99 Iraqis, 3 U.S. Troops (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, January 11, 2007

BAGHDAD — Suicide bombers, roadside explosions and mortar rounds killed at least 99 Iraqis and wounded 26 across the country Wednesday. The U.S. military said three American troops had been killed in Al Anbar province Tuesday.

In downtown Baghdad, U.S. and Iraqi troops continued to search for suspected guerrillas in the largely Sunni Arab Haifa Street neighborhood, making 15 arrests in the second day of an offensive, Iraqi officials said. The assault was launched Monday on fighters who had taken control of the three-mile stretch near the heavily fortified Green Zone, home to the Iraqi government complex and the U.S. Embassy.

A Ministry of Defense official said raids and searches had concluded Wednesday afternoon. Iraqi troops found four bodies in rubble, apparent casualties of Tuesday's fighting in which at least 51 suspected militants were reported killed.

Despite the central Baghdad crackdown, 50 bodies were found in a neighborhood near Haifa Street. Ten more 10 corpses were discovered across the Tigris River in the Rusafa neighborhood. All appeared to have been shot execution-style, Iraqi officials said.

Elsewhere in the downtown area, a bomb blast injured two people. A second bomb damaged water pipes near the Sadr City neighborhood, cutting off supplies to parts of the mostly Shiite Muslim district. Three people were injured by a third blast. The night before, a family of four was killed by a mortar round in Sadr City.

Four mortar rounds struck a house in east Baghdad on Wednesday, killing two people and injuring two.

In Mahmoudiya, south of the capital, two car bombs destroyed a gas station, killing one person and injuring three, not far from where the city council was meeting, Iraqi officials said.

Gunmen attacked a caravan of Shiite pilgrims heading toward the southern city of Karbala, killing 11 and injuring four.

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In the north, a suicide car bomber detonated his explosives close to a convoy carrying the mayor of Tall Afar, killing one person and injuring three police officers, Iraqi officials said. The mayor survived.

In downtown Tall Afar, a suicide bomber wearing a vest packed with explosives killed four people and injured a dozen. In Mosul, police recovered three bodies from various neighborhoods.

In Babil, south of Baghdad, authorities recovered five bodies.

Near the Syrian border in Al Anbar province, four bodies were found. All bore signs of torture.

In Diyala province, where 1,000 U.S. and Iraqi troops have engaged in a weeklong offensive, forces recovered caches containing 1,172 Katyusha rockets, 1,039 rocket-propelled grenades and 171 missiles, among other weapons. U.S. commanders said.

U.S. and Iraqi forces have swept through more than 124 square miles of farmland and palm groves, zeroing in on tunnels and canals that were the scene of fierce fighting in November.

12 Die In Attack On Shiite Pilgrims In West (WP)

By Joshua Partlow, Washington Post Foreign Service

The Washington Post, January 11, 2007

More Than 70 People Slain or Found Dead in Baghdad; Two Added to U.S. Toll

BAGHDAD, Jan. 10 -- Two busloads of Shiite Muslims returning from their holy pilgrimage to Mecca were gunned down Wednesday while passing through a predominantly Sunni Muslim swath of western Iraq, news services reported.

The attack on the convoy of pilgrims, who were returning to their homes in southern Iraq from the hajj in Saudi Arabia, killed 12 people and wounded 18, Iraqi state television said. Insurgents have frequently targeted travelers on the highways through the barren desert of western Iraq.

In Iraq's capital, 11 people were killed by bombings in the areas of Palestine Street, Waziriya and New Baghdad, among others, and police patrols found 60 bodies west of the Tigris River, according to Brig. Sadoun Abdul Karim of the Interior Ministry.

The U.S. military announced the deaths of two U.S. servicemen -- a soldier assigned to the 1st Marine Expeditionary Force Headquarters Group and a soldier with the 1st Brigade, 1st Armored Division -- who were involved in operations in Anbar province on Tuesday.

Iraq's national security adviser, Mowaffak al-Rubaie, traveled Wednesday to the holy city of Najaf in southern Iraq to meet with Grand Ayatollah Ali Sistani, the revered Shiite cleric who wields considerable influence in Iraqi politics. Rubaie told reporters that he briefed Sistani on Prime Minister Nouri al-Maliki's new security plan for the capital, and he suggested that Sistani was receptive to his remarks. But when asked directly whether Sistani gave his explicit approval for the security crackdown, Rubaie demurred.

Sistani "isn't really interfering in the details of the plan. He only emphasized the limiting of weapons to the hands of the state and that the law should be imposed on all Iraqis without any exceptions," Rubaie said.

In northern Iraq, a suicide bomber detonated explosives Wednesday morning at a gathering near a police station in Tall Afar, west of Mosul, killing four people and injuring 10 others, all civilians, said Brig. Gen. Wathiq al-Hamdani, the Nineveh province police chief. A second suicide bomber attacked in Tall Afar near a location where cooking gas is sold, injuring a policeman.

Some parts of Baghdad appeared calmer Wednesday, following a day-long battle involving more than 1,000 Iraqi and U.S. troops in the predominantly Sunni neighborhood along Haifa Street. Iraqi soldiers were in charge of the area, and no U.S. soldiers were present, said Lt. Col. Scott Bleichwehl, a U.S. military spokesman. "It was quiet there today," he said.

U.S. Military Deaths In Iraq Hit 3,017 (AP)

By The Associated Press

AP, January 11, 2007

As of Wednesday, Jan. 10, 2007, at least 3,017 members of the U.S. military have died since the beginning of the Iraq war in March 2003, according to an Associated Press count. The figure includes seven military civilians. At least 2,423 died as a result of hostile action, according to the military's numbers.

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The AP count is nine higher than the Defense Department's tally, last updated Wednesday at 10 a.m. EST.

The British military has reported 128 deaths; Italy, 33; Ukraine, 18; Poland, 18; Bulgaria, 13; Spain, 11; Denmark, six; El Salvador, five; Slovakia, four; Latvia, three; Estonia, Netherlands, Thailand, two each; and Australia, Hungary, Kazakhstan, Romania, one death each.

The count includes two deaths listed by the Department of Defense that could not be verified as Iraq-related casualties by the AP.

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The latest deaths reported by the military:

• A soldier died Tuesday from injuries sustained in Diyala province.

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The latest identifications reported by the military:

• Marine Sgt. Aron C. Blum, 22, Tucson, Ariz., died Dec. 28 at Naval Medical Center, San Diego, of a non-hostile cause after being evacuated from Anbar province on Dec. 8; assigned to Marine Aerial Refueler Transport Squadron 352, Marine Aircraft Group 11, 3rd Marine Aircraft Wing, I Marine Expeditionary Force, Marine Corps Air Station Miramar, Calif.

• Army Sgt. James M. Wosika Jr., 24, St. Paul, Minn., died Tuesday in Fallujah of wounds suffered when an explosive detonated near his unit; assigned to the 2nd Combined Arms Battalion, 136th Infantry, Crookston, Minn.

• Army Spc. Raymond N. Mitchell, III, 21, West Memphis, Ark., died Saturday in Baghdad of wounds sustained during security operations; assigned to the 2nd Battalion, 14th Infantry Regiment, 2nd Brigade Combat Team, 10th Mountain Division, Fort Drum, N.Y.

• Spc. Eric T. Caldwell, 22, Salisbury, Md., died Sunday in Iraq of wounds sustained from small-arms fire; assigned to the 2nd Battalion, 8th Cavalry Regiment, 1st Brigade, 1st Cavalry Division, Fort Hood, Texas.

In Baghdad Slum, Sectarian Strife Is Also Child's Play (WSJ)

By Philip Shishkin, Jafar Juhi

The Wall Street Journal, January 11, 2007

War Games Are Part of Life For Little Hassoni Hussein, A Shiite in Sadr City, Now 5

BAGHDAD, Iraq -- A year ago, a young gunman walked into Ali Hussein's living room and drew a weapon. The intruder's head was wrapped in a scarf, leaving a narrow slit for his eyes. His clothes were all black, the favorite attire of a powerful Shiite Muslim militia. He introduced himself as a commander, shouted the incantation "God is greater" and warned Sunni Muslims not to fight back. With that, he raised his plastic pistol.

The gunman's name is Hassoni, and he was only 4 years old at the time. The scene unfolded in his father's house in Baghdad's Sadr City slum, a sprawling Shiite Muslim district stretching toward the eastern edge of the Iraqi capital. "I was happy to see him this way because it means he has courage," Mr. Hussein, 26, said of his son. Since then, Hassoni's favorite game has grown more elaborate, migrating from the living room onto the neighboring streets, drawing in other children and increasingly emulating the violent world of the adults.

As Iraq careers toward full-scale civil war between its Shiite majority and Sunni minority, the culture of celebrating sectarian strife has taken root even among the very young in Sadr City. Home to more than two million people, the Baghdad district is the stronghold of the Mahdi Army, a Shiite militia blamed for abducting and killing Sunnis. But to Sadr City residents, the Mahdi Army is a revered self-defense force, the only group they see as capable of preventing wholesale slaughter of Shiites at the hands of Sunni extremists. Shiite politicians blame atrocities against Sunnis on rogue forces that falsely claim to represent the real Mahdi Army.

The celebration of sectarian violence is widespread here. Some militia leaders have acquired almost mythical status, including Abu Dera, an elusive gangster alleged to be behind some of the worst sectarian killings of Sunnis. In the lore of the streets, Abu Dera and other fighters are Zorro-like figures who strike into the heart of Sunni neighborhoods, dispense swift revenge and return home unharmed.

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Hassoni, who is now 5, spends hours listening to such tales in his family's grocery store, where customers routinely trade stories -- real and imagined -- of Shiite militias fighting Sunni insurgents. Abu Dera became his hero, and his father has helped encourage the adulation by playing songs on his stereo extolling the valor of Shiite gunmen. "Abu Dera is trying to kill the bad guys," said Mr. Hussein, who works as a security guard at the Ministry of Education and sometimes helps patrol his neighborhood.

A friendly boy with striking brown eyes and neatly combed hair falling over his forehead, Hassoni says he wants to grow up to be powerful enough to have a big car and armed guards surrounding him.

When he plays with friends, the boys divide themselves into two groups -- one Shiite and the other Sunni -- and shoot at each other with pellet guns, lurking behind cars and in roadside ditches. "Kids always refuse to be Sunnis, but because they need to play, some of them have to pretend to be Sunnis," said Mr. Hussein, who often watches his son's hours-long battles. Using trash, the children erect their own barricades. Hassoni likes to pretend to be Abu Dera and calls himself the leader of the gang. Other members include a boy nicknamed Bush Senior for his foreign-looking red hair. Hassoni often returns home with torn clothes and pellet bruises.

A few blocks away, Qassim Abdul-Ridha, a father of four, said his 6-year-old son, Karar, and his gang fight street battles against other children, often sending a girl to scout out the rivals' hiding places. Chanting "Muqtada" in homage to Muqtada al-Sadr, the powerful Shiite cleric who leads the Mahdi Army, the boys try to capture their opponents' toy guns as trophies.

The real Mahdi Army is always nearby to provide inspiration. Sometimes, Hassoni hangs around grown-up gunmen manning the real roadblocks and runs errands for them, such as bringing them food and drink. He also gathers war stories and then breathlessly relays them to his parents. The latest tale Hassoni heard on the street involved a group of Shiite gunmen who mounted a rescue mission of Shiite hostages held by Sunni extremists. The gunmen ended up kidnapping the kidnappers and brought them to Sadr City. "He's very excited, always smiling, when he tells us these stories," his father said.

One day, Hassoni brought home a steel pipe he found in a garbage dump and declared it to be a rocket launcher, which he was going to use to fire mortars at Sunni neighborhoods, much as real militiamen do. Asked recently what he thinks of Sunnis, he answered with one word: "terrorists." Together with other children, Hassoni fills empty bottles with sand, and sticks a twig in them to resemble a fuse. The bottles serve as make-believe bombs for use against imaginary Sunnis or American patrols.

Hassoni's arsenal of toy guns has grown from one plastic pistol to include two AK-47 models and a sniper rifle with a scope, now his favorite weapon. Mr. Hussein gave him the rifle as a gift at the end of the fasting month of Ramadan when Iraqi families exchange presents. Hassoni was so excited, his father says, that he paid no attention to a toy train and a toy piano given to him by his mother and aunt. The black life-size rifle looks completely real.

The line between the game and real life has grown increasingly blurry. In late November, suspected Sunni insurgents detonated five car bombs inside Sadr City, killing 240 Shiite civilians, the bloodiest attack since the U.S. invasion in 2003. The blasts occurred just over a mile from Mr. Hussein's house, and Hassoni saw the black plumes of smoke. Later that evening, Hassoni and other children patrolled their street looking for strangers. Hassoni started saying things like, "Sunnis hate us and don't want us to be anywhere near them," his father said.

A few days later, Hassoni and his gang spotted a boy they didn't know. They stopped him and demanded to know what he was doing on their street. "I heard the Mahdi Army saying that if you see strangers, ask them where they come from and what they are doing here," he said. "And that kid was not from our area." When the boy tried to run away, Hassoni and his friends caught him and beat him up.

Later, it turned out that the boy and his parents, all Shiites, were visiting relatives on Hassoni's street. "We had a lot of problems with our neighbors because of this fight," Mr. Hussein recalled. He said he sat his son down for a talk, telling him it is wrong to attack other boys. Hassoni promised to behave but said he will continue looking for strangers on his street.

National Guard Presses Pentagon For Reforms (HILL)

By Roxana Tiron

The Hill, January 11, 2007

DOJ_NMG_0115226

The White House's plan to increase the number of U.S. troops in Iraq is prompting National Guard officials to step up pressure for changes to mobilization, training and equipment that would have long-term implications for retention and efficiency.

Lt. Gen. Steven Blum, chief of the National Guard, told The Hill that his troops would be ready to serve — and, in many cases, serve again — in Iraq as part of President Bush's new strategy.

"There is no question in my mind that if the nation needs us, we will do it," he said after an Association of the United States Army breakfast. "It would be a huge mistake to not send the National Guard to shoulder some of that burden."

Nevertheless, he said, "now is the time" to implement changes. "If we do not do that, we risk the ability to sustain an all-volunteer force, in my judgment," Blum warned.

Pentagon policy limits Guard and Reserve units to 24 months of mobilization, or active duty. The Pentagon has interpreted that policy as 24 cumulative rather than consecutive months.

Because the war in Iraq has lasted for almost four years, longer than anticipated, National Guard officials complain that citizen soldiers have been used inefficiently.

Before they deploy overseas, they spend months at mobilization stations to train, which means their first deployments last up to 18 months.

Many Guard members have been deployed overseas as individuals and not as part of their full units, compounding the problem by harming unit cohesion. Many guardsmen have come close to serving 24 months. While the Guard's goal has been to send troops overseas every six years, many have been deployed every three to four years. About 206,000 National Guard soldiers have been deployed to Afghanistan and Iraq.

National Guard officials, who want to see soldiers deploy for only 12 months at a time, would like to maintain a five-year force-generation cycle in which soldiers train for four years to be ready for deployment in the fifth.

According to a Pentagon source, the Army has agreed to reform the mobilization process, but it is unclear whether the Guard would be able to keep the desired force-generation cycle. The Guard would be able to provide troops for 12 straight months and a better schedule would turn out a more dependable force without the need for months of training before deployment.

A new mobilization policy would give the soldiers, their families and their employers more predictability, Blum said. Much of the training could be carried out at their home bases, he added.

"If we had good predictability in a normal National Guard time we would equip and train those people to reduce the time" after they are called on active duty, Blum said.

A change in mobilization and training cannot occur without the proper equipment, he said. Traditionally, the Army shortchanged Guard and Reserve forces on their equipment — the Guard has a $29 billion shortfall in equipment — but the realities of the Iraq and Afghanistan wars are slowly forcing changes.

"If you do not have the equipment, you can't train on it, and that means when you call the unit out it takes extended time to issue the equipment and train on the equipment, learn how to operate it," Blum said. "That is time wasted. The equipment has to be in the soldiers' hands to provide strategic depth to our reserve forces […] and to shorten the time it takes to get units ready to go overseas."

A senior Army budget official said the National Guard now enjoys a "very healthy slice of the procurement dollars."

"There are a lot of resources dedicated to improving that equipment," said Lt. Gen. David Melcher, the Army's budget chief.

Blum expressed optimism that the Pentagon will be open to change.

"I think we are very close to having what I think will be a solution set to that," Blum said. "I think the Army has come to recognize that this is the long war and we have to adopt a strategy for the citizen soldier."

DOJ:

Congressman Under Investigation Steps Aside From Justice Department Budget Work (AP)

AP, January 11, 2007

WASHINGTON - Rep. Alan Mollohan, under Justice Department investigation about whether he has benefited from directing federal funds to nonprofit groups he helped start, stepped aside Wednesday from working on key elements of the department's budget.

The move came on the day Mollohan, D-W.Va., was named chairman of an Appropriations subcommittee responsible for the department's budget.

Mollohan will not have anything to do with setting the budgets for the attorney general's office, the FBI or the Justice Department's criminal division and prosecuting attorneys, he said in a letter to Appropriations Committee Chairman David Obey, D-Wis. That way, he can't be accused of using his power as payback for the ongoing investigation or to influence it.

However, Mollohan will still have a big say in other elements of the agency's budget, including allocation of lawmakers' pet projects such as grants to state and local law enforcement agencies.

At issue is at least $202 million of federal funding that Mollohan has steered to five nonprofit groups in his district - with much of the money going to organizations run by people who contribute to the lawmaker's campaigns.

Last year, Mollohan stepped down from the House ethics committee after media reports into his activities, and the FBI soon launched an investigation. A conservative group, the National Legal and Policy Center, has alleged that the 12-term congressman has undervalued his assets in annual financial disclosure reports.

Mollohan and a political action committee he controls have received more than $146,000 in the past 10 years from donors affiliated with these nonprofits.

Earlier this year, the FBI subpoenaed financial records from the nonprofits, though no charges have been filed.

Mollohan has denied any wrongdoing and made the decision to step aside from the Justice Department budget on his own, said his spokesman, Gerry Griffith.

"These charges are rubbish, and whatever financial success my wife and I have had is a result of my wife's expertise and her years of experience in real estate," Mollohan told his Democratic colleagues at a private meeting.

Mollohan nonetheless opted to take himself out of position to consider "any related Justice Department accounts."

"I have never received word from the Justice Department about the scope, nature or state of these inquiries," he said.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, praised Mollohan and House Speaker Nancy Pelosi, D-Calif., "for recognizing that recusal is the appropriate course of action."

Sloan criticized Republicans for not requiring Appropriations Committee members Jerry Lewis, R-Calif., and John Doolittle, R-Calif., also under Justice Department scrutiny, for not making similar moves.

CORPORATE SCANDALS:

Lawyer To Pay $3.1M Over Comverse Stock Options (USAT)

By Edward Iwata, Usa Today

USA Today, January 11, 2007

William Sorin, former general counsel at Comverse Technology (CMVT), will pay $3.1 million to settle charges that he conspired with the company's former CEO and chief financial officer to improperly backdate stock options, the Securities and Exchange Commission said Wednesday.

Without admitting or denying the charges, Sorin agreed to disgorge $1.7 million and pay $818,000 in interest and a $600,000 civil penalty, according to the SEC. About $1 million of the disgorgement will come from backdated options he exercised.

Sorin is the first corporate counsel fined by the SEC in the federal crackdown on the backdating of stock options by 200 companies.

Haywood Gilliam, a partner at Bingham McCutchen and former Justice Department securities fraud chief in San Francisco, says regulators are "focusing more on gatekeeper defendants such as attorneys, and I would not be surprised to see more of it."

Sorin's attorney, James Brochin, declined to comment.

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Last year, the SEC and Justice Department charged Sorin, former Comverse CEO Jacob "Kobi" Alexander and former chief financial officer David Kreinberg with a stock-manipulation scheme that allegedly reaped them $8 million.

According to court filings, Alexander and Kreinberg manufactured evidence to defend the options grants and deceived Comverse directors and auditors. Prosecutors alleged that Comverse set up a roster of phony grant recipients labeled "I.M. Fanton" after a secretary saw The Phantom of the Opera.

The SEC alleged that the men backdated option grants to coincide with low closing prices of Comverse stock, making the options more valuable than if they had matched Comverse's higher share price on the original grant dates.

In his criminal case, Sorin in November pleaded guilty to conspiracy to commit securities, mail and wire fraud. He faces a maximum of five years in prison at his sentencing in February, prosecutor Ilene Jaroslaw says.

Alexander fled to Namibia and was arrested there in September. He faces an extradition hearing in April.

Kreinberg, in his criminal case, pleaded guilty to conspiracy and securities fraud in October in New York. He faces a maximum prison sentence of 15 years at his sentencing next month.

Ex-Counsel At Comverse Settles Lawsuit (WSJ)

By Judith Burns

The Wall Street Journal, January 11, 2007

Former Comverse Technology Inc. General Counsel William Sorin will pay $3 million to settle a Securities and Exchange Commission civil lawsuit alleging he took part in a long-running effort to manipulate executive stock-option grants.

Mr. Sorin also will be permanently barred from serving as a corporate lawyer, officer or director of a publicly traded company, the SEC said.

MORE ON OPTIONS

• Options Scorecard: Companies under scrutiny1

• Perfect Payday: Complete coverage2

The Harvard Law School graduate settled without admitting or denying the SEC's allegations about his role in backdating stock-option grants. Mr. Sorin, former Comverse Technology Chief Financial Officer David Kreinberg and fugitive former Chief Executive Jacob "Kobi" Alexander were named in the SEC's civil suit in August and were criminally charged as well. Mr. Alexander fled to the African nation of Namibia, where he is awaiting a hearing on extradition to the U.S.

Stock options give holders the right to buy shares at a future date at a price set on the grant date. Backdating occurs when those awarding options change the actual grant date to another one when the stock price was lower, potentially increasing the value of the option grants.

Prosecutors charged the option-manipulation effort produced substantial personal profits for the executives while costing shareholders.

Mr. Sorin pleaded guilty in November to a single criminal charge of conspiracy to commit securities fraud, mail fraud and wire fraud. Mr. Kreinberg pleaded guilty in October to conspiracy and securities fraud and resolved the SEC charges by agreeing to pay nearly $2.4 million. The SEC said its investigation is continuing.

Federal regulators claimed Mr. Sorin falsified company records to show that directors on the firm's compensation committee approved grants of stock options when they hadn't. The SEC said Mr. Sorin assisted a similar effort by falsifying company records at Ulticom Inc., a majority-owned subsidiary of Comverse, a Woodbury, N.Y., software company. Messrs. Sorin, Kreinberg and Alexander resigned in May amid an investigation by a special committee of the company's board of directors.

Mr. Sorin's attorney, James Brochin, declined to comment.

Under the settlement, Mr. Sorin will pay a $600,000 fine and return $1.6 million, including $1 million he garnered by exercising backdated stock-option grants, plus more than $800,000 of interest. The SEC said the settlement is subject to approval by the U.S. District Court for the Eastern District of New York.

Apple Chief Benefited From Options Dating, Records Indicate (WP)

By Alan Sipress

The Washington Post, January 11, 2007

DOJ_NMG_0115229

Apple Inc. chief executive Steve Jobs confirmed his place this week as the premier impresario of the Internet age, taking the stage in San Francisco to unveil a smart phone that won a raucous endorsement from thousands of fans in the audience and sent Apple stock rocketing to a record high.

But his signature performance at the annual Macworld Conference and Expo did not dispel the scandal swirling around Apple over its backdating of stock options. Despite the company's defense that Jobs never personally benefited from a pair of stock option grants he received -- he gave them up in 2003, long before allegations of wrongdoing surfaced -- filings with the Securities and Exchange Commission show that his options were exchanged for 5 million shares of restricted Apple stock.

That stock was worth $75 million at the time, nearly the same as the value of the options he relinquished, using a technique for calculating the value of investments popular with financial analysts and used by Apple.

Steve Dowling, Apple's director of corporate communications, said the 2003 transaction did not directly benefit Jobs because he could not sell the restricted shares until he had remained at Apple for another three years.

Some investor advocates call that explanation disingenuous. "You are torturing the English language to say he did not benefit from the options," said Patrick McGurn, executive vice president of Institutional Shareholder Services. "He certainly benefited from the grant because the grant was converted on a value-to-value basis."

McGurn and other analysts also said the amount of stock Jobs received appeared to be inflated because the value of his options was exaggerated, at least in the case of one grant, by the improper backdating.

The 5 million shares, which doubled in number when the stock split, continued to increase in value until last March, when Jobs was eligible to sell the shares. At that point, they were worth nearly $650 million. Jobs sold nearly half of them as soon as he could, in March, for $295.7 million.

Jobs is a unique figure in the technology industry. He is a rock star in the realm of geeks, the visionary behind such totems of the computer age as the Mac and the iPod and an evangelist of such charisma that his followers attribute to him the ability to make them rethink reality. His achievements have earned him a fortune estimated recently at $4.9 billion. After co-founding Apple, Jobs left the company after a power struggle, only to return in 1996 and revive its flagging fortunes. He was also chief executive of Pixar Animation Studios and, after it was bought by Walt Disney Corp., became Disney's largest shareholder.

While senior executives at other companies have recently been forced from their posts over allegations that they were involved in improper booking of stock options, Wall Street analysts have said Apple would be reluctant to oust Jobs even if he were clearly implicated in similar practices. His leadership is synonymous with the company's success.

Nearly 200 companies have acknowledged or are under investigation for the backdating of stock options, a practice that involves picking an effective date for an option when the stock price was low so that the recipient can make more money when he sells it. None of those companies is as prominent as Apple, and Apple has confirmed that federal authorities are looking into its practices.

Apple disclosed to the Securities and Exchange Commission late last month that it had falsified the approval of 7.5 million stock options given to Jobs in 2001 by recording a fictitious October meeting to ratify the options. The company acknowledged that the options were actually finalized on Dec. 18, 2001. That date's stock price, which Apple now concedes should have been the basis for the option price, was 15 percent higher than it was on the date of Jobs's grant.

The company told the SEC that it would take a $20 million charge to account for the improper pricing of the grant. The company said an internal investigation had discovered that 6,428 option grants to executives and other employees made on 42 occasions were improperly dated and agreed to take an $84 million after-tax expense as part of restating its finances.

Though Apple said Jobs may have recommended the selection of some favorable dates for options, it said he did not appreciate the accounting significance of choosing false dates. The company said its internal review found no misconduct by current members of Apple management.

Though the 2001 award to Jobs has gained the most attention, an earlier, more generous grant in 2000 is also at issue. The Apple board finalized an award of 10 million stock options to Jobs on Jan. 12, 2000, and said in its filings last month that it was correct in using Jan. 12 as the date for the options' price.

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Apple stock on that date happened to be at its lowest level for a six-month period, including about 10 weeks prior, making the stock options especially lucrative. By Jan. 18, when Apple said the board transmitted its unanimous written consent to the grant, the stock price had increased nearly 20 percent.

Lucian Bebchuk, director of Harvard Law School's program in corporate governance, said Jobs falls into a category of chief executives that Bebchuk has labeled "super-lucky." These are the people who have received stock options on dates representing the lowest price of the financial quarter.

"He has some company. He is not the only one to be as fortunate," Bebchuk said. He and his fellow researchers found in a study released two months ago that about 1,000 CEO grants from 1996 to 2005 fell into this category. For most of these options, he said, the dates were more likely to have been the result of "manipulation" rather than good fortune.

Backdating stock options is not illegal. But not disclosing the practice to investors or falsifying documents to cover it up may be.

In lawsuit filed last month in federal court in Northern California, Apple shareholders alleged that company officers and directors had manipulated the price of stock options for Jobs and other executives by repeatedly selecting dates with favorable stock prices. The plaintiffs allege that by doing so, Apple officers and directors unlawfully enriched Jobs and his fellow executives and concealed the practice.

Dowling, the Apple spokesman, declined to comment on the lawsuit. Nor would he comment on how Apple selected the dates for the sets of options awarded to Jobs, saying any available details were contained in SEC filings.

Apple reported in its filings that Jobs voluntarily gave up his stock options in March 2003 and "in exchange for his cancelled options" received the 5 million shares of restricted stock. The filing said Jobs relinquished the options partly because he was concerned that the number of unexercised options at the company had grown too large for its financial health. Apple's stock price had declined sharply in previous years, making many of those with options reluctant to use them. With the exercise price higher than the market price at the time, the options were said to be "underwater," meaning that anyone who exercised such an option immediately would lose money.

But while it would be unwise to exercise options under those circumstances, the options were far from worthless. They were good for up to 10 years after they were issued, allowing time for Apple stock to rebound, as it subsequently did.

The value of stock options on a specific date can be estimated with the Black-Scholes model, a widely used technique that factors in variables such as exercise and market prices, interest rates, dividends, expiration date, and stock volatility. Based on Apple's figures, disclosed in SEC filings, the combined value of Jobs's two stock option grants when he relinquished them in March 2003 was $81.3 million.

Graef Crystal, a retired consultant who is widely recognized as an expert on executive compensation, recently conducted a separate calculation using the same approach. But instead of using Apple's estimate of the stock's expected volatility, a crucial variable, he measured its actual volatility in the market. He also used his estimate of how long executives hold options before using them, based on experience instead of Apple's projection. Crystal calculated that Jobs's options were worth $76.6 million when he gave them up.

Financial analysts said that both estimates show that the options were of generally the same value as the stock Jobs received. Crystal said this showed that the exchange of options for stock was based on "some kind of parity."

Crystal and other financial experts said Jobs appeared not only to benefit from his options in general but specifically from the favorable dates when they were issued because lower prices for the options could ultimately translate into more shares of stock when he made the exchange.

In the case of the 2001 grant, for instance, the difference between the false October date and the December date, which Apple now says was the proper one, was worth about $5 million to Jobs when he traded the options in. Had the lower value been used in calculating the amount of stock he would get in return, he would have received 630,000 fewer shares. By the time he could sell them three years later, these shares would have been worth more than $40 million because of the soaring price of Apple stock.

Grasso Wants Trial By Jury (WSJ)

DOJ_NMG_0115231

By Chad Bray

The Wall Street Journal, January 11, 2007

Dick Grasso, the former chairman of the New York Stock Exchange, asked a state appeals court to throw out a lower court's ruling that he must return a portion of his $187.5 million compensation package.

At a hearing before the appellate division of the New York State Supreme Court, Gerson Zweifach, Mr. Grasso's lawyer, said New York State Supreme Court Justice Charles E. Ramos erred in October when he granted a summary judgment request by the state attorney general's office.

Mr. Zweifach said there are too many issues that remain in dispute about whether Mr. Grasso fulfilled his fiduciary duties to the Big Board and what the NYSE's directors knew about his compensation package for the case to be decided without a trial. He said the case should be decided by a jury.

"It was error for the trial court to even attempt on summary judgment to decide what people knew and what Mr. Grasso should have known," he said.

The attorney general's office, which sued Mr. Grasso in 2004 alleging his pay was excessive for a not-for-profit corporation, has said Mr. Grasso should be forced to return more than $112 million.

In November, the appeals court stayed all proceedings until it could consider a number of issues raised by Mr. Grasso, including whether to reassign the case to a different judge.

Mr. Grasso, who left the NYSE in 2003 amid turmoil over his pay, has denied wrongdoing. The Big Board has since become a publicly traded for-profit company -- NYSE Group Inc.

Mr. Zweifach said Mr. Grasso's compensation was spelled out in his employment contract, particularly the formula used to determine payments owed to him under the exchange's Supplemental Executive Retirement Plan, or SERP.

He also argued that the NYSE's board was made up of corporate executives who wouldn't have stood by silently if they felt Mr. Grasso wasn't giving them the full story on his compensation.

Special Deputy Attorney General Avi Schick argued Mr. Grasso had an "affirmative" obligation as chairman of a nonprofit corporation to make sure exchange directors were fully aware of his compensation.

Mr. Schick said minutes from meetings of the board's compensation committee don't reflect discussions of how Mr. Grasso's annual compensation affected his accrual under SERP.

Mr. Grasso, who attended the hearing, declined to comment afterward.

U.S. Attorney Charges H-P Investigator With Identity Theft (WSJ)

By Peter Waldman

Wall Street Journal, January 11, 2007

SAN FRANCISCO -- In another criminal charge stemming from last fall's Hewlett-Packard Co. spying affair, U.S. Attorney Kevin Ryan charged independent investigator Bryan Wagner with felony identity theft and conspiracy.

Mr. Ryan's spokesman, Luke Macaulay, said no other federal charges were filed in the H-P matter Wednesday, but that the Justice Department is still investigating the case.

Mr. Wagner, of Littleton, Colo., was one of five people charged with several felony counts last fall by the California attorney general's office in connection to the H-P scandal. Those charged by California include H-P's former nonexecutive chairman, Patricia Dunn, and its former chief ethics lawyer, Kevin Hunsaker. All five have pleaded not guilty to the California charges, including Mr. Wagner, who state and federal prosecutors allege used false identities to obtain the private phone records of numerous H-P directors, employees and journalists.

CRIMINAL LAW:

Fumo Told He's Target Of Probe (PHI)

By John Shiffman, Mario F. Cattabiani And Craig R. Mccoy

The Philadelphia Inquirer, January 11, 2007

DOJ_NMG_0115232

Federal prosecutors last year sent a formal warning to State Sen. Vincent J. Fumo that he may be indicted, according to sources familiar with the investigation.

The issuance of a so-called target letter from prosecutors to Fumo, one of Pennsylvania's most powerful politicians, is a significant milestone in the four-year investigation, which appears to be in its final stages.

The target letter was sent to Fumo last summer, around the time two of his computer aides were charged with destroying evidence to thwart the investigation, sources said. The Inquirer learned of the letter this month. A lawyer for Fumo yesterday declined to comment.

Typically, prosecutors send target letters to people who are likely to be charged, as a warning and as an invitation to testify before the grand jury. It's an offer that the targets usually refuse.

"It is the rare case, in my experience, that you can talk a prosecutor out of charges once a target letter is issued," said Lawrence S. Lustberg, a Newark lawyer who defended one of the Commerce Bank executives convicted in the 2005 City Hall corruption trial.

However, the delivery of a target letter, part of a secret grand jury process, is no guarantee that charges will be filed.

Before prosecutors present a potential indictment in such a high-profile case, they often consult with senior Justice Department officials in Washington. Also in such cases, defense attorneys are likely to be afforded the opportunity to meet with top officials, including U.S. Attorney Patrick L. Meehan.

The Fumo investigation is focused on whether Fumo used funds from a multimillion-dollar South Philadelphia charity for personal or political benefit - and whether Fumo and staffers destroyed evidence to try to thwart the FBI.

With the grand jury's term due to expire next month, prosecutors have subpoenaed witnesses to appear in the coming weeks, sources said.

Fumo is represented by the prominent Philadelphia firm of Sprague & Sprague. Mark Sheppard, a firm lawyer, would not discuss whether Fumo received a target letter.

"On behalf of the senator, we're not going to engage in any discussion involving the ongoing investigation," Sheppard said. "The process needs to run its course."

Fumo's spokesman, Gary Tuma, declined to comment. On several occasions last year, Fumo, a Philadelphia Democrat, denied any wrongdoing and has called the investigation politically inspired by the Bush administration.

Robert Zauzmer, a prosecutor in the case, declined to comment yesterday.

Fumo has been arrested twice before - and been exonerated each time.

In 1973, city prosecutors charged him with voter fraud, saying he interfered with poll watchers in order to give an advantage to a Democratic state senator.

When Republican District Attorney Arlen Specter stepped down, his successor, a Democrat, dropped the charges, saying the case was weak.

In 1979, a jury convicted Fumo in federal court of placing "ghost" employees on the state legislative payroll, but the trial judge later tossed out the conviction. He said the jury's verdict wasn't justified by the evidence.

The current investigation is focused on the finances of Citizens' Alliance for Better Neighborhoods, a South Philadelphia charity that prosecutors have described in a court filing as "nominally independent but which the senator in fact controls."

Boosted by huge contributions obtained by Fumo from Peco and the Delaware River Port Authority, the charity reported almost $25 million in assets in 2002, the last time it filed a public disclosure.

Since the investigation began in 2003, authorities have reviewed Fumo's personal and financial records and Citizens' Alliance records, generating "thousands of pages of grand jury transcripts, and hundreds of pages of agent interview reports," according to a government filing.

In particular, authorities have scrutinized payments of more than $200,000 in 2002 and 2003 by Citizens' Alliance for polling. Public records show that a Fumo political committee ultimately repaid the money.

Agents have also reviewed myriad smaller Citizens' Alliance purchases to determine whether Fumo got any personal benefit from the charity's spending, sources said.

In addition, authorities are conducting a related obstruction-of-justice investigation. The two former Fumo aides indicted in June with trying to scuttle the FBI probe, Leonard Luchko and Mark Eister, have declined to cooperate with authorities and are scheduled for trial in May.

According to a government filing, another Fumo computer technician, Donald Wilson, was granted immunity and told the grand jury that Fumo "knew that we were deleting" e-mail to prevent the FBI from seizing it.

The Inquirer reported a year ago that longtime Fumo aide Ruth Arnao also received a target letter. Arnao, who once worked in his legislative office and later ran Citizens' Alliance, has not been charged with any crime. Her lawyers have said she has done nothing wrong.

Defense lawyers who have followed the case closely described the target letter to Fumo as a sign that prosecutors believe they have amassed enough evidence to charge the senator with a crime.

According to the official guidelines manual issued to federal prosecutors, "a 'target' is a person as to whom the prosecutor or the grand jury has substantial evidence linking him or her to the commission of a crime and who, in the judgment of the prosecutor, is a putative defendant."

To send a target letter, prosecutors must "believe in good faith that they have credible evidence to warrant an indictment," said Nicholas C. Harbist, a former federal prosecutor in Philadelphia who is now a defense lawyer in Cherry Hill.

Lustberg said that prosecutors generally issue target letters for one of two practical reasons - as "a sincere notice to a potential defendant that he is in trouble" or "to shake the trees and see what comes of it."

In this case, the grand jury term was set to expire in September but was extended to February.

Several former prosecutors said that the extension doesn't necessarily mean that prosecutors have had second thoughts about charging Fumo.

"I would read the situation this way: The government believed that it had sufficient credible evidence of a crime, but decided to delay issuing its indictment to continue its investigation," Harbist said. "It could be simply that the government wants to investigate any defenses, to close any loopholes."

Prison For Guards Over Sex With Inmates (AP)

By Bill Kaczor, Associated Press Writer

AP, January 11, 2007

TALLAHASSEE, Fla. (AP) - Two guards received one-year prison sentences Wednesday for their roles in a sex-for-contraband scheme that ended in a fatal shootout at a federal prison for women.

Gregory Dixon, who admitted having sex with inmates but denied giving them anything for it, has taken responsibility for his actions and was sorry, his lawyer said.

The other guard, Alan Moore, told U.S. District Judge Robert Hinkle he was wrongly convicted.

``I did not do the things I was accused of,'' Moore said.

A jury convicted both in November of conspiring to accept illegal gratuities and other crimes.

Dixon and Moore were among six guards who had been charged with being part of a conspiracy to trade cigars, cigarettes, chewing gum, jewelry and cosmetics to inmates for sex and money at the Tallahassee Federal Correctional Institution.

``They took an honorable position and public trust and used it for self-gratification,'' Assistant U.S. Attorney Alan Sprowls told the judge. ``Their conduct was a complete abandonment of what they knew was right.''

One guard, Ralph Hill, pulled a gun and began firing at federal agents who had gone to the prison to arrest the suspects June 21. Hill and Justice Department Special Agent William ``Buddy'' Sentner were killed, and a prison officer aiding in the arrests was wounded.

Three other guards pleaded guilty.

Hinkle said he considered the sex the most serious aspect of the crimes because it involved mistreatment of inmates.

Dixon admitted having sex with inmates and giving them gum and cigars but insisted there was no quid pro quo, defense lawyer Thomas Findley said.

Defense lawyers said neither man had decided whether to appeal.

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Former Swift Employees Charged With Identity Theft (Update1) (BLOOM)

By Alan Bjerga

Bloomberg, January 11, 2007

Jan. 10 (Bloomberg) -- A federal grand jury charged 53 former employees of Swift & Co.'s meat processing plant in Cactus, Texas, with felony identity theft, the U.S. Attorney's office in Dallas said.

Those charged were among 295 at the Cactus plant arrested in mid-December during nationwide raids targeting illegal immigrants at six Swift facilities. About 1,300 Swift employees, or 9 percent of its workforce, were arrested by federal agents. So far, 246 of those arrested nationwide are facing criminal charges, most for identity theft, according to Justice Department spokesman Dean Boyd in Washington.

``It is a serious crime to hijack and steal a citizen's good name and credit to illegally stay in the United States," U.S. Attorney Richard B. Roper said in a statement. He said most of those charged had used stolen or forged documents to find employment.

Each of the 53 former Swift workers charged today is facing one count of false representation of a Social Security number. The felony carries a maximum sentence of five years in prison and a $250,000 fine. Most face additional charges as well, according to the statement.

Swift spokesman Sean McHugh said the Greeley, Colorado- based company had no comment on the charges. Closely held Swift, accounts for about 11 percent of U.S. cattle slaughter and is the third-biggest U.S. beef and pork producer. The company resumed normal operations shortly after the December raids.

Judge Tosses Out Testimony In Case Of Bodies Found In Reservoir (FINDLAW/AP)

AP, January 11, 2007

(AP) - LOS ANGELES-A federal judge ordered jurors in the case of a man charged with masterminding a kidnapping-for-ransom plot that ended with five bodies tossed into a California reservoir to disregard the defendant's testimony after he refused to answer questions under cross-examination.

Iouri Mikhel, 42, testified last week that he helped lure some of the victims to meetings but never killed them. He also acknowledged being a "professional criminal" who laundered money and was a black market trader in his native Russia.

When Mikhel declined Tuesday to answer questions from prosecutors and an attorney representing a co-defendant, U.S. District Judge Dickran Tevrizian ordered the testimony removed from the court record.

Closing arguments were scheduled to begin Wednesday.

Mikhel, 42, has pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. He could face the death penalty if convicted.

Prosecutors allege Mikhel and several accomplices abducted Los Angeles-area businesspeople over a four-month period in 2001 and 2002 and collected $1.2 million (â,¬920,000) in ransoms before killing them.

Bodies of the five people kidnapped were later found in the New Melones Reservoir near Yosemite National Park.

One of the accomplices, Ainar Altmanis, pleaded guilty to one count of conspiracy to commit hostage-taking and three counts of hostage-taking resulting in death. He cooperated with prosecutors, who agreed to seek no more than a 20-year sentence, and testified against Mikhel.

Two other defendants pleaded guilty to charges in the case, while two more have pleaded not guilty.

Lawyer Gave Information To Kerkorian (NYT)

By David M. Halbfinger And Allison Hope Weiner

The New York Times, January 11, 2007

LOS ANGELES, Jan. 10 — When Kirk Kerkorian's longtime lawyer was indicted on wiretapping and conspiracy charges last February in the federal investigation of the Hollywood private detective Anthony Pellicano, the billionaire investor was mentioned almost as an afterthought.

There were no accusations that Mr. Kerkorian knew or approved of any wiretapping, and no indications that he had even been interviewed by the F.B.I. about Mr. Pellicano's work on his behalf.

But in recordings that Mr. Pellicano secretly made of his own telephone conversations, Mr. Kerkorian's lawyer, Terry N. Christensen, repeatedly said he told the billionaire — then 84, and locked in a legal dispute with his ex-wife, Lisa Bonder Kerkorian — what the private detective was learning from what prosecutors say were his wiretaps.

Mr. Christensen stops short of saying he has told Mr. Kerkorian that Mr. Pellicano was using wiretaps, but says he is providing Mr. Kerkorian with details of Ms. Kerkorian's private conversations.

Mr. Kerkorian has not been accused of any wrongdoing, and it is unlikely that someone could be held criminally liable for the actions of an investigator hired by his lawyer without showing that the client knew of the investigator's illegal acts.

Yet the recordings show how Mr. Pellicano's information could affect a high-stakes lawsuit, and make clear that Mr. Kerkorian, according to Mr. Christensen's assurances, was grateful for intimate information that helped his case.

"Tell me that the old man has a smile on his face," Mr. Pellicano said on May 14, 2002.

"He does, O.K.? He's happy," Mr. Christensen said. "Our jaw is still hanging down."

Mr. Kerkorian was then embroiled with his ex-wife in a nasty child-support and paternity battle. Mr. Pellicano heard Ms. Kerkorian talking to her lawyers, relatives and friends even as she and Mr. Kerkorian were wrangling over her demand for a $270,000 increase in monthly child-support payments. Ms. Kerkorian's effort ultimately failed; a judge increased the payments by just $316.

The secret recordings also show how Mr. Kerkorian and his lawyer pushed the private detective to investigate another multimillionaire, the movie producer Stephen L. Bing, whom Mr. Kerkorian suspected of being the biological father of his ex-wife's daughter.

A spokesman for Mr. Kerkorian, Dick Sobelle, declined to answer questions for this article. "We're not at liberty to comment on any of this," he said. Federal prosecutors declined to comment, as did Mr. Pellicano, who is in jail awaiting trial.

Mr. Christensen's lawyer, Terree A. Bowers, declined to answer questions, but when told the thrust of this article, called it "irresponsible, unwarranted and a pack of lies." He added: "In fact, there are absolutely no tapes or reliable evidence of any wiretaps involving the Kerkorian-Bonder litigation. The charges are and remain totally unfounded."

The recordings are among hundreds that prosecutors have turned over to defense lawyers, along with tens of thousands of documents. That evidence was subject to a court protective order, and prosecutors are investigating The New York Times's access to some of it.

Mr. Christensen and Mr. Pellicano, both of whom have pleaded not guilty to felony wiretapping and conspiracy charges, were among seven people indicted last February as part of an F.B.I. inquiry. Two have pleaded guilty, and the trial of the other five, after several delays, is set for August.

Mr. Kerkorian, through his holding company, the Tracinda Corporation, controls MGM Mirage, with its extensive hotel and casino properties. He bought and sold the Metro-Goldwyn-Mayer movie studio three times from 1969 to 2004. Last year, he bought 9.9 percent of General Motors, trying to pressure it into a deal with Nissan and Renault, then retreated, selling his shares for a profit of $100 million. Forbes put his net worth at $8.7 billion last year.

Mr. Kerkorian will turn 90 in June. The recordings in which he is discussed by his lawyer and the private detective suggest he could be called to testify at their trial about what he knew and when.

The wiretapping on Mr. Kerkorian's behalf began after his ex-wife sued to increase his child-support payments from $50,000 to $320,000 a month. Mr. Kerkorian had learned much earlier that her daughter, who was born before he married Ms. Kerkorian, was not his biological child. But now Mr. Kerkorian pressed his lawyer to find out who the father was.

On March 18, 2002, Mr. Christensen told Mr. Pellicano that "proof of exactly how she got pregnant" would be worth $100,000 to Mr. Kerkorian.

Over the next two months, Mr. Pellicano recorded at least 33 more conversations with Mr. Christensen. While they did not use the word "wiretap," they freely talked about what Mr. Pellicano heard while monitoring Ms. Kerkorian's phones.

On April 27, 2002, Mr. Pellicano reported hearing her discuss trying to leverage Mr. Kerkorian's desire to spend time with her daughter into a bigger settlement. "This is her exact words, by the way," he said. " 'How much money is he willing to pay me to get that?' That's her exact words."

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He also said Ms. Kerkorian had confided in her father about her case. "There's no way except with my unique techniques that you would know this," he said.

A few excerpts show the kinds of information Mr. Kerkorian's side gained from learning of Ms. Kerkorian's telephone conversations:

¶On April 22, 2002, Mr. Pellicano reported to Mr. Christensen that Ms. Kerkorian was furious at her lawyers and ready to fire one of them, Stephen Kolodny, but Mr. Kolodny talked her out of it. "I'll tell you something, if we continue to get this kind of information with their strategy, we'll really kill 'em," he said.

Mr. Kolodny said he had no recollection of Ms. Kerkorian threatening to fire him in this time period.

¶On Saturday, April 27, two days before a settlement conference, Mr. Pellicano told Mr. Christensen he had picked up "massive detail" about Ms. Kerkorian's settlement demands.

"She wants all her legal fees paid. You understand?" Mr. Pellicano said. "She wants retroactive support back to August of last year. She wants $125,000 a month. She wants a joint press statement saying that neither one of them was at fault, and they just both made mistakes."

Repeatedly, Mr. Christensen said he intended to, or already had, told Mr. Kerkorian what Mr. Pellicano had learned from Ms. Kerkorian's phone calls:

¶On April 27, Mr. Pellicano said Mr. Christensen might want to warn Mr. Kerkorian about something.

"She talks about killing him," Mr. Pellicano said. "She says, 'You know, I gotta kill him.' She says those things. Now, whether she really means it or not, probably not. But does she say it? Absolutely."

Two days later, Mr. Christensen returned to the subject. "Those comments and that discussion was pretty disgusting, and I'm thinking that I should probably, you know, give Kirk a heads-up," he said.

Mr. Christensen's lawyers later claimed that Mr. Pellicano's information about such statements by Ms. Kerkorian was what led Mr. Christensen to become involved with the private detective in the first place.

Steve Sitkoff, a lawyer for Ms. Kerkorian, scoffed at the notion that she was ever a threat to anyone. "It's ludicrous to think that she would ever mean any harm to Kirk or anyone else," he said.

¶On May 10, Mr. Pellicano argued for telling Mr. Kerkorian not to trust the mediator in the case, Deborah Simon. After Mr. Kerkorian had left Ms. Simon a lengthy message, Ms. Simon told Ms. Kerkorian all about it, Mr. Pellicano said, and Ms. Kerkorian was thrilled.

"The elation was overwhelming," Mr. Pellicano said.

"Well, I will let Kirk know the emotional high that Lisa got out of Deborah's call," Mr. Christensen said. Ms. Simon did not respond to messages at her home and office.

¶On May 14, Mr. Pellicano asked if Mr. Kerkorian had been briefed about another exchange he had overheard. "Did you tell him about that?" he said.

"Yeah, oh sure," Mr. Christensen said. "He just couldn't believe it."

Ms. Kerkorian, who had a long relationship with the billionaire, married and quickly divorced him when her baby was a year old, and the two agreed at the time that the child was his.

By the time Mr. Pellicano was hired, the investor already had been told by his ex-wife's friends that she had had an affair with Mr. Bing, the film producer, around the time when her daughter was conceived. So, after Mr. Pellicano tried to but could not confirm that Ms. Kerkorian had been artificially inseminated, Mr. Christensen pressed him to focus on Mr. Bing — who was already embroiled in a contentious and public paternity fight with the actress Elizabeth Hurley.

At one point, on April 28, 2002, Mr. Christensen told Mr. Pellicano that he took no pleasure in pursuing Mr. Bing. "But Kirk is going through this, and he's been [expletive] defrauded, O.K.? And I am not resting until this is put to bed, and it's not going to be put to bed until we find out who the father is."

Ultimately, Mr. Bing, who declined to comment, was identified as the father of Ms. Kerkorian's child, with the help of a DNA sample lifted from his trash.

As word broke of that finding, on May 15, 2002, Mr. Christensen told Mr. Pellicano to shut down the wiretap of Ms. Kerkorian after one final night of listening. The private eye said he hoped to work for Mr. Kerkorian again.

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“Maybe the old man will give me something in the future,” he said.

“Well, that you can count on,” Mr. Christensen said.

Land In Bribery Case Isn't In Chicago Alderman's Ward (CHIT/AP)

Associated Press

Chicago Tribune, January 11, 2007

CHICAGO -- When FBI officials arrested Alderman Arenda Troutman this week, they alleged that she took $5,000 from a fictitious developer in exchange for helping him move forward on a project in her South Side ward.

Or, rather, what they assumed was her ward.

A closer look has revealed that the parcel in question isn't in Troutman's 20th Ward, after all, but in the 16th.

While Troutman's lawyer is crying foul, FBI spokesman Ross Rice said the mix-up is a non-issue.

"From a legal standpoint, it doesn't matter," he said. "It's not an element of the crime."

But defense attorney Sam Adam Jr. said his client knows the boundaries of her ward and that the location revelation "should prove to everyone that there was nothing fraudulent going on."

"The government's case is smelling like Limburger cheese," Adam said. "It is stinking to high heaven."

Troutman was arrested at her home early Monday by federal agents who said they had to break a window to get in.

Prosecutors allege that in return for the $5,000 and the promise of more, Troutman agreed to back the bogus developer in getting zoning changes and alley access for a proposed development.

Federal Magistrate Michael T. Mason set a $10,000 unsecured bond for Troutman, releasing her on her own recognizance.

Adam said he will argue that the development was phony and that Troutman didn't do anything to help it.

FBI officials also allege that Troutman told an informant to have the developer make out a $15,000 check to the 20th Ward Women's Auxiliary. State records show the organization is run by her mother and sisters.

Details Don't Get In Way Of FBI Sting (CHIT)

By Ray Gibson And Gary Washburn, Tribune Staff Reporters. Tribune Reporters Jeff Coen And Laurie Cohen Contributed To This Report

Chicago Tribune, January 11, 2007

Video: Real estate not in Troutman's ward

If the federal sting that snagged Ald. Arenda Troutman were a Hollywood movie, Chicagoans in the know might be complaining about a flawed plot.

Troutman, who represents the South Side's 20th Ward, was arrested for allegedly taking money to grease the way for a real estate development at 5730 S. Halsted St.

But the site in question, as it turns out, isn't even in Troutman's ward.

If the 5730 property "was on the other side of the street, it would have been in the 20th," said Thomas Leach, a spokesman for the Chicago Board of Election Commissioners who double-checked the city ward map at the Tribune's request. But the site is actually in the adjacent 16th Ward, he said.

Under longstanding practice and tradition, Chicago aldermen have great power over governmental approvals that can clear the way for a real estate development or kill it. But those familiar with the way Chicago works also know that the alderman of one ward typically has no say over what happens in the ward of a colleague.

"We assumed that she knew her ward, and that [the property] was in her ward," said Ross Rice, a spokesman for the FBI.

Rice said investigators did not double check, and from the FBI's perspective, it's a moot point.

Either Troutman herself believed the parcel was in her ward and she could influence the process, or she knew the parcel wasn't in her ward and thought she could take money anyway, he said.

"From our perspective and from a legal perspective it doesn't matter," he said.

Troutman, who has been in the City Council for 16 years, has demonstrated that she knows council tradition.

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Troutman's lawyer, Sam Adam Jr., said the revelation about the location of the parcel used in the sting casts the case further into doubt. He said Troutman knows the exact boundaries of the area.

"And that should prove to everyone that there was nothing fraudulent going on," he said, because Troutman wouldn't do anything fraudulent and draw attention to a development that she knew wasn't in her ward.

Attempts to reach Ald. Shirley Coleman (16th) were unsuccessful. But a Coleman aide, reached by phone, knew immediately that 5730 S. Halsted was in her boss' territory.

The ward boundary isn't the only odd twist in the plot line.

When Troutman took the first step in an alleged attempt to get a zoning change to make the project possible, she was told by the city's zoning administrator that the parcel could accommodate the development just the way it was--raising the question of whether investigators checked the zoning status before deciding on using the property in the sting.

Then, trying to do what she could, Troutman allegedly made a call to the city's Planning Department to say she would be writing a letter in support of the project. She allegedly was stymied again, informed by a department employee that the correspondence would not be necessary because the land was not owned by the city.

Details of the sting are outlined in a criminal complaint, filed Monday by an FBI agent assigned to the case.

The complaint charges that Troutman continued to try to find a way to earn bribe money, finally using her clout to allow the developer to use a public alley for access to his project's parking lot.

But the plot evades the issue of whether a real Chicago developer would pay the exorbitant tab for such a relatively small favor--and why Troutman thought she could score as much as the government contends she sought.

According to the complaint, she got $5,000, the promise of another $10,000 and had discussed being given a residence and commercial space in the project.

Alley-access ordinances are routine, said Ald. Thomas Allen (38th), chairman of the council's Transportation Committee, which processes hundreds of such proposals every year. It would be "ridiculous" to pay a bribe to get one through the City Council, he said.

Troutman submitted the ordinance for the Halsted Street property on Dec. 13, records show. It won preliminary approval from Allen's committee on Jan. 3. But, given the federal allegations, the alderman said he will not present it to the full council for approval until city lawyers and federal prosecutors advise him on what to do.

Adam said he will argue the development was fake and Troutman did nothing to help it. Any money she took from the cooperating witness in the case cannot be called a bribe, he said.

"The government's case is smelling like Limburger cheese," he said. "It is stinking to high heaven."

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Defendant May Take Stand Today In Bribery Trial (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 11, 2007

Federal prosecutors rested their bribery case Wednesday against the Shelby County Commission's former top administrative aide, Calvin Williams, who may take the stand today in his own defense.

Williams is accused of taking a $1,500 bribe in 2003 from friend-turned-informant Tim Willis for helping get an urban development grant approved by the commission.

Willis secretly recorded the payoff on audio and video provided by the FBI, which was conducting a widespread public corruption investigation known as Tennessee Waltz.

Through his public defenders, Williams has contended the payment was a legitimate fee as part of a business arrangement he had with Willis.

In secretly made recordings, however, jurors have heard Williams say he is "not a part of Strategic Solutions," a political consulting concern run by Willis.

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Among the six witnesses called by Williams on Wednesday was attorney Buck Wellford, a county commissioner from 1994 to 2002 who said on cross-examination by prosecutor Lorraine Craig that he thought Williams should have focused more on his administrative duties with the commission and less on the commissioners' political issues.

Wellford said Williams appeared to have "a special relationship" with Commissioner Cleo Kirk, who sponsored the urban development grant of $100,000 for the Glenview Neighborhood Development Partners Inc.

"He (Williams) was at his beck and call 24 hours a day," said Wellford. "Commissioner Kirk made more demands on his time than any other commissioner, as Calvin Williams put it to me."

Williams said on the tapes shown to jurors that half of the $1,500 payment from Willis was to go to Kirk, an allegation the former commissioner has denied.

Kirk has been subpoenaed to testify, but has not been called by either side.

Other defense witnesses included former county mayor Jim Rout and former commissioner Julian Bolton, whose brief testimony dealt mostly with procedural aspects of funding and resolutions.

Bolton said there was strong support on the commission for funding the Glenview project, which was approved in September 2002.

The trial is being held before U.S. Dist. Court Judge Samuel H. Mays Jr.

Storm Left New Orleans Ripe For Violence (NYT)

By Adam Nossiter

The New York Times, January 11, 2007

NEW ORLEANS, Jan. 10 — The storm of violence that has burst over this city since the New Year's Day can be traced in part to dysfunctional law-enforcement institutions, aggravated by a natural disaster that turned the physical and social landscape of New Orleans into an ideal terrain for criminals.

Eight killings have occurred in 10 days. New Orleans, the United States' murder capital by many measures in 2006, is well on its way to keeping that distinction in 2007. Since July 2006, there have been at least 95 murders per 100,000 residents, and possibly a higher ratio depending on how the city's depleted population is counted, said Peter Scharf, a criminologist at the University of New Orleans.

Frightened citizens now see their city as a stalking ground, roamed with impunity by teenagers with handguns — an image that may not be far off the mark, experts here say.

There are a variety of reasons for the descent toward chaos. An automobile-bound police department is reluctant to walk the streets and interact with the city's residents. It is at war with the district attorney's office, which is prosecuting seven officers for a deadly shooting soon after Hurricane Katrina struck in 2005. Judges in the city's courts regularly rule in favor of criminals.

Completing the grim picture is an already fragile social structure in the city's poorest wards that has been all but destroyed by Hurricane Katrina. Moving back to town, in many cases, are "kids with guns, and without parents," said Mr. Scharf, who predicted a year ago that the city was in for a tidal wave of violence.

The police, feared and hated by the city's poor, get no cooperation from them in solving crimes. "Stop that snitchin!" is the inscription on the T-shirt of a man waiting for a bus on Canal Street. In killing after killing, police officials have begged for witnesses to step up, to no avail.

The result is an unwitting carrying out of the classic Maoist strategy of guerilla insurgency: criminals swim like fish in the surrounding sea, protected by a population that finds no reason to give them up, and is often afraid to.

Frustrated, police officers have been known to lash out at residents. Disturbing police brutality cases — officers beating up, or even shooting, random African-American men — are now competing for headlines with the latest killings.

Infuriating the police agency he must work with, Eddie Jordan, the district attorney, referred to the police as "rabid dogs" after he indicted seven of them last month in the shooting death of two men after Hurricane Katrina.

In this violent city, the Police Department's arrests are usually not for crimes of violence at all, but for drugs. Such arrests constitute 65 percent of the city's total, twice the national average, according to a study by the city's independent Metropolitan Crime Commission. And the problems only continue once an arrest is made. In 2003-4, only 7 percent of those arrested were

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sentenced to prison, only 5 percent of all convictions were for violent offenses, and only 12 percent of homicide arrests resulted in jail, the study found.

In addition, New Orleans judges go light on sentencing, the study found: they give felons jail time far less often than do judges in other states' courts.

The last time there was a murder conviction in New Orleans was in August — and in that case the judge later reduced the offense to manslaughter, according to the district attorney's office. The judge, Charles Elloie, who publicly expressed sympathy for criminal defendants, has since been suspended for returning suspects to the streets with little or no bond.

"There's a lot of factors converging here," said James Bernazzani, the Federal Bureau of Investigation's special agent in charge in New Orleans, "based on local institutional dysfunction, a population that wasn't educated, and a state judicial system that doesn't mete out consequence for criminal activity. And you've got a citizenry that doesn't cooperate."

The way out of this conundrum is not easily seen by experts or by citizens weary of pledges by local officials — there was another one Tuesday —to make things right. Checkpoints, sheriff's deputies, clergy intervention: all were earnestly promised, under the glare of television lights, in an open-air setting in the heart of the New Orleans killing grounds, the Central City neighborhood.

"It's like Casablanca, round up the usual ideas," said Mr. Scharf, the criminologist.

The surge in killings is a threat to the city's faltering repopulation campaign.

"People I've never heard talk like this, die-hard New Orleanians, are weeping, talking about leaving," said Mary Howell, a civil rights lawyer here. "It's palpable."

Many people are looking to the federal government for help, and are hoping the United States attorney, Jim Letten, might prosecute a few of the murder cases normally handled by the district attorney's office. Mr. Bernazzani said Wednesday that "where we can find the federal hook, Jim Letten has agreed to take the case," adding that additional federal agents were being recruited for New Orleans.

Meanwhile, citizen advocacy, the catalyst for most post-hurricane reform here, will make itself felt again Thursday with a march on City Hall intended to highlight the killings.

Tim Seeman, who runs the kitchen at Parasol's, a restaurant that recently was held up, sees some hope in this awakening.

"This is nothing new. This has been brewing for years and years. But finally people are admitting it," Mr. Seeman said.

Home In The Ruins (NYT)

By Bob Herbert

The New York Times, January 11, 2007

New Orleans

As its problems mount, the Big Easy is becoming increasingly unnerved.

Local officials, who will never be mistaken for the brightest lights in the firmament, have been unable to stem a hideous wave of murders. On Tuesday Mayor C. Ray Nagin said, "Enough is enough," then added, "But we've said that before."

The public school system, one of the worst in the nation, is trying to sell off some of its buildings to help with a desperate cash crunch.

Most depressing, more than 17 months after the horror of Hurricane Katrina, mile after mile after mile of the city that loved to present itself as the epicenter of laughter and good times still lies in ruin.

New Orleans is a place that could use a hopeful sign of any kind, some positive development to signal that perhaps better times are coming.

Enter Ghebre Selassie Mehreteab. Most people call him Gabe, and so will I for the rest of this column. Gabe is a middle-aged bundle of energy who heads the NHP Foundation, a national nonprofit organization that has taken on the difficult mission of providing quality housing at rents that poor and middle-class families can afford. There is no more imperative need in New Orleans than affordable housing.

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On Garden Oaks Drive in the Algiers neighborhood Gabe showed me a remarkable sight — a sparkling two-story apartment complex, neatly landscaped, that was owned by NHPF, was badly damaged by the hurricane, and is now being completely renovated at a cost of $20 million.

Nearby are buildings that look like the hurricane hit them yesterday. The NHPF complex, known as Forest Park, will have 284 solid, attractive, energy-efficient units completed this year, with tenants beginning to move in as early as May. The rents will range from $194 to $673 a month.

In New Orleans East, which had been completely submerged in the flood, I stood with Gabe and an architect at what was once the site of a housing complex known as Walnut Square. "New Orleans East was under water for eight days," said Gabe. "We had to raze it. It's demolished."

A quiet wind was blowing across the vast empty space where 18 residential buildings used to be.

The effort to rebuild Walnut Square, at a cost of $37 million, is already under way. There will be 209 apartments, with rents ranging from $130 to $820 a month. There will also be a commercial strip, a community center and day care facilities. (The apartments will be built on raised foundations to guard against future catastrophic floods.)

Eventually Gabe hopes to build 3,000 affordable rental apartments in and around New Orleans at a total cost of $300 million.

How does he do it, when others find the task so daunting?

The key, he said, is to combine the expertise of a successful real estate operation with the talent and vision of an experienced foundation committed to what is essentially a charitable mission. NHPF, which has its Louisiana office in Baton Rouge, gets the funds to build from government grants, tax credits and low-interest loans, as well as conventional financing.

As Gabe dryly noted, "There is not much profit in developing low- income housing."

No successful rebirth of New Orleans is possible without substantial amounts of new and rebuilt housing — housing that the city's very large percentage of low-income residents can afford. Most of the people homing in on development opportunities here have either no interest or no expertise in building such housing.

"There are essentially two kinds of organizations here," said Gabe. "You have out-of-town real estate developers who look at this as a tremendous opportunity and their main concern, quite naturally, has been how much money they can make. On the other hand, you have well-meaning nonprofit entities that unfortunately, in most cases, do not have the capacity to develop on a significant scale."

Compounding the problem has been the lack of housing expertise in New Orleans. Much of the city's housing stock pre-Katrina was so poor as to be illegal in most major American cities. The Housing Authority of New Orleans, which administered public housing, was in such bad shape its operations had to be taken over by the federal government.

Half the population of New Orleans has been dispersed across the United States. Many of those still in the city are living in trailers or are doubled up with relatives and friends. There is no way to overstate the desperate need for housing.

Gabe and the NHP Foundation have provided at least one model that works.

Death Rate Higher For Ex-Prisoners Than Current Inmates (WSJ)

By Keith J. Winstein

The Wall Street Journal, January 11, 2007

In what may be the first large-scale study of mortality among released prison inmates in the U.S., researchers found that getting out of jail can be hazardous to your health.

The death rate for ex-prisoners was four times that of current inmates, and more than triple the rate for the general population, even after the effects of age, sex and race were factored out. More than 30% of the excess deaths were due to drug overdoses.

Within the first two weeks after a prisoner is released, the figures were worse: former inmates were 13 times as likely to die as the population at large - and almost 80% of those extra deaths were from drug overdose.

After drug overdoses, the leading causes of the higher death rate were murders, heart disease and suicides.

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The doctor who led the study, Ingrid A. Binswanger of the University of Colorado, said she was surprised that the difference in death rates was so large. The findings could indicate a substantial public health problem, since about 700,000 people are released from prison in the U.S. each year, according to the Bureau of Justice Statistics.

"These are preventable deaths, particularly the overdose deaths," said Martin Y. Iguchi, a UCLA public health professor who was not involved with the study. "We need to pay much more attention to inmates as they re-enter society."

The study, to be published in the New England Journal of Medicine Thursday, tracked 30,237 inmates released from the Washington state prison system between 1999 and 2003. Researchers cautioned that the figures, which are broadly consistent with previous studies in Finland and Australia, do not necessarily apply to the rest of the U.S.

Joan Petersilia, a University of California criminologist who wrote the book, "When Prisoners Come Home," said the study would underscore efforts to change what happens "at the moment of prison release."

For example, some states, including California, confiscate psychiatric medications upon release, requiring ex-prisoners to search by themselves for a psychiatrist to continue their prescriptions. "Often this doesn't happen, as you can imagine," she said -- leading to relapses and suicides.

Too Casual To Sit On Press Row? (WP)

By Alan Sipress

The Washington Post, January 11, 2007

When the trial of Vice President Cheney's former chief of staff on charges of perjury and obstruction of justice opens next week, scores of journalists are expected to throng the federal courtroom in Washington, far too many for the 100 seats set aside for the media.

But for the first time in a federal court, two of these seats will be reserved for bloggers. After two years of negotiations with judicial officials across the country, the Media Bloggers Association, a nonpartisan group with about 1,000 members working to extend the powers of the press to bloggers, has won credentials to rotate among his members. The trial of I. Lewis "Scooter" Libby, the highest-ranking Bush administration official to face criminal charges, could "catalyze" the association's efforts to win respect and access for bloggers in federal and state courthouses, said Robert Cox, the association's president.

The new validation doesn't necessarily clarify the blurry line between bloggers and traditional journalists at a time when millions of people are discovering that they can project their opinions and expertise around the world with just a few keystrokes. The debates over the traditional checks-and-balances process that journalists follow are continuing, and some bloggers are resisting efforts to be put under the umbrella of the traditional news media.

"The Internet today is like the American West in the 1880s. It's wild, it's crazy and everybody's got a gun," said Thomas Kunkel, dean of the University of Maryland's journalism school. "There are no rules yet."

The common journalistic practices of verifying facts, seeking both sides of a story and subjecting an article to editing are honored mostly in the breach. Innuendo and rumor ricochet around the Internet as blogs link from one to another, at times making defamatory voices indistinguishable from the many others involved in this experiment of free expression.

Yet, after detailed talks with Cox, officials at the U.S. District Court decided that public awareness of court proceedings could be enhanced by his group's members, among them documentary filmmaker and journalist Rory O'Connor (http://www.roryoconnor.org/blog) and freelance writer James Joyner (http://www.outsidethebeltway.com).

"Bloggers can bring a depth of reporting that some traditional media organizations aren't able to achieve because of space and time limitations," said Sheldon Snook, administrative assistant to Chief Judge Thomas F. Hogan. Snook added that some bloggers also bring expertise that is welcome in court.

Several media experts have been predicting a greater presence of bloggers in court -- as defendants. For instance, Kunkel, who is also president of the American Journalism Review, said courts might soon draw the limits of what is acceptable by imposing hefty libel and defamation judgments on bloggers, many of whom do not realize their writings can have expensive legal consequences.

According to the Media Law Resource Center, 69 lawsuits have been brought against bloggers nationwide, including a $1 million suit filed last year against Maine blogger Lance Dutson, who accused his state's tourism department of wasting taxpayer

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money in a promotional campaign. The advertising agency that developed it sued for libel, defamation and copyright infringement but ended up dropping the suit after advocates rallied to Dutson's defense.

Most cases against bloggers have not made it to trial. Cox, in an effort to head off suits, recently launched an initiative to raise the standards of his members through online education, holding out the prospect that they could then qualify for blogging liability insurance offered through the association.

Cox also envisions fostering an elite tier of bloggers and has been in talks with Harvard Law School about online courses associated with its Berkman Center for Internet & Society, which already offers several courses on the Web about various facets of law. By accepting the association's ethical standards and adopting an official policy for making corrections, members of this group would be credentialed by the association, which in turn would win them access to news and sporting events, advance copies of new books for review and entrance to advance screening of movies.

He had been focused in particular on working with the federal court in Washington to gain credentials for high-profile cases, starting with Libby's trial on charges that he lied to government agents and a grand jury investigating the leak of CIA operative Valerie Plame's identity.

Cox, who writes a blog called WordsInEdgewise, said he would assemble a diverse group of bloggers -- with various political outlooks from different parts of the country and readerships large and small -- to rotate throughout the Libby trial, including himself, O'Connor, Joyner and Dutson.

"The history of where blogging is going to go is not defined. It could go in a very positive direction or it could go in a very negative direction," Cox said. "We have to do more than just sit on our hands and see what happens."

The American Society of Newspaper Editors, which has endorsed a proposed federal shield law that would keep journalists from being forced to disclose confidential information in legal proceedings, has said that the shield should cover anyone involved in news-gathering activities, including bloggers.

Under Cox's plan, an online course focusing on the basics of media law would be offered in part by the Poynter Institute for Media Studies, a prominent journalism training organization in Florida that is interested in the issues of blogging. The organization became intimately aware this year of the pitfalls of blogging through a miscue of its own that has become a case study in the challenges that blogs face.

Poynter got sucked into the controversy following the July death of an Indianapolis Star photographer who had developed breathing troubles and collapsed in the newsroom. A Star retiree posted on her blog that management had contributed to the photographer's death because phones in the newsroom could not dial 911, something that she'd heard from staffers in the newsroom but that ultimately proved to be false.

"I was hot under the collar," the blogger, Ruth Holladay, said. "I went with what I wanted to say . . . I went with my gut."

Her entry caught the attention of Jim Romenesko, who posted a link on his widely read blog for the Poynter Institute but did not verify the story or contact the Star's management for comment. Nor was the entry viewed by an editor before it was published.

Dennis Ryerson, the Star's executive editor, said that no one blogged about Indiana's Occupational Safety and Health Administration clearing the newspaper of any wrongdoing in connection with the photographer's death. "Yet the postings that made those allegations are still available for anyone to read," he added.

The incident has prompted Poynter to revise its blogging guidelines.

Still, some of the Internet's most prominent bloggers have balked at the idea of journalistic codes of conduct, citing a 2006 study by the Pew Internet and American Life Project that found that only one-third of bloggers consider their writing to be a form of journalism.

"Blogs are first and foremost a conversation, people talking," said Jeff Jarvis, a journalist-turned-blogger who created a forum called BuzzMachine.

Blogs, he said, have a "different biorhythm" where postings that are initially inaccurate or unfair are corrected online through readers comments and updated blog entries. "This is a world," he said, "where you publish first and edit later."

CIVIL LAW:

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Lawyers For Delphi Corp. To Ask Judge To Approve $3.4B Investment Plan Despite Objections (FINDLAW/AP)

By Vinnee Tong, Ap Business Writer

AP, January 11, 2007

(AP) - NEW YORK-Board members of Delphi Corp. decided on Wednesday to move forward in seeking the approval of a federal bankruptcy judge to allow five private equity and institutional investors to buy shares worth as much as $3.4 billion (â,¬2.6 billion) in the company upon its reorganization.

Directors of the Troy, Michigan-based auto parts maker essentially rejected an unsolicited $4.7 billion (â,¬3.6 billion) bid made by a rival investor. Judge Robert Drain was scheduled to consider the plan and objections in a Thursday hearing.

The plan is a crucial part of an overall transformation sought by the company, as it attempts to exit bankruptcy in the first half of this year. Objectors say it transfers a disproportionate amount of the company's value to the investors at the expense of other stakeholders in the case.

The plan allows affiliates of three private equity investors, Appaloosa Management LP, Cerberus Capital Management LP and Harbinger Capital Partners Master Fund I, as well as Merrill Lynch & Co. and UBS Securities LLC, to buy shares in a restructured Delphi for $1.4 billion (â,¬1.08 billion) to $3.4 billion (â,¬2.62 billion). It would give the investors a minimum of 30 percent and up to 72 percent of the restructured company but also depends on consensual resolution of Delphi's labor agreements by Jan. 31.

Highland Capital Management LP made a competing proposal Dec. 21, three days after the original bid, to buy shares at a cost of $4.7 billion (â,¬3.62 billion). Highland has joined the acting U.S. Trustee, the official committee of equity security holders, the International Union of Electronic Workers-Communications Workers of America and two other unions in objecting to the Appaloosa-Cerberus plan.

The U.S. Trustee and the IUE-CWA, which represents the second-largest group of Delphi employees, objected in part based on their belief that the investment plan takes the place of the usual process of creating a bankruptcy reorganization plan since it outlines how some creditors would be paid.

The equity committee objected to fees and expenses Delphi would pay to Appaloosa and its partners once the judge approved the plan.

Delphi lawyers rebutted some of the objections Wednesday and also made certain changes to address concerns raised by the equity committee for how the investors would be reimbursed if the plan fails to be executed.

The Appaloosa-Cerberus investor group can terminate the agreement if the court has not approved it by Jan. 22.

Lawyers for General Motors Corp. supported the Delphi plan in a separate filing on Wednesday.

Delphi was part of GM until 1999 when it was spun off as a stand-alone company. GM remains its biggest customer and has participated in negotiations to resolve outstanding issues over its supply contracts and legacy labor obligations.

CIVIL RIGHTS:

FBI Weighing A Civil Rights Probe In Death (HC)

By Armando Villafranca And Brian Rogers, Houston Chronicle

Houston Chronicle, January 11, 2007

It may monitor internal inquiries into fatal shooting by HPD officer during traffic stop

The FBI said Wednesday that it likely will open a civil rights investigation to monitor ongoing inquiries into the shooting death of Robert McIntosh by a Houston police officer.

The move only will monitor investigations by local authorities and is not a formal investigation to determine whether McIntosh's civil rights were violated, said Shauna Dunlap, a spokeswoman for the FBI.

"Agents have been looking into the matter, and it looks likely that we will open a civil rights investigation to monitor the progress of the district attorney's investigation and the Houston Police Department internal affairs investigation," Dunlap said.

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The decision came on a day punctuated with community activists' calls for a federal investigation of Houston police after two men were shot and killed in separate incidents this week. City and police officials said they would fully investigate McIntosh's death and that of Omar Esparza. Esparza, 21, described as mentally challenged and mentally ill, was shot to death Sunday at his East End home. Officers said he lunged at them with a hammer above his head.

McIntosh, 23, was shot to death Monday after a traffic stop in the Sunnyside area, prompting an outcry from community leaders when witnesses alleged the man was handcuffed before the shooting. He was unarmed.

One witness' accountOne witness, Yolanda Perry, who said she saw a Houston police officer fatally shoot McIntosh after handcuffing him, appeared Wednesday before a grand jury for more than hour but declined to comment about her testimony.

Perry, the wife of the Rev. George Perry, was subpoenaed after she declined to give a statement to authorities investigating the shooting.

She has said she was standing outside their church when she saw McIntosh being chased on Knoxville by Houston police officer Leonard Smith.

Smith had stopped a car in which McIntosh was a passenger about 1 p.m. Monday for a defective taillight. The driver, identified by police as McIntosh's girlfriend, was taken into custody in the 8700 block of Cullen on an arrest warrant from Bexar County.

Perry said McIntosh fought with Smith, then broke free and ran down Knoxville. Smith, whose thumb was broken in the scuffle, then fired his Taser, striking McIntosh in the back.

Perry has said the officer then handcuffed him and shot him three times.

The department's sideHPD officials have denied Perry's version of what happened, saying McIntosh was handcuffed after he was shot, a standard procedure to protect the officer.

Prosecutor Edward Porter declined to talk about what Perry told grand jurors because grand jury proceedings are secret.

The district attorney's office investigates all shootings involving officers in Harris County, Porter said. He said it wasn't unusual that Perry was subpoenaed to explain her version of the events.

Porter said the investigation will continue and invited witnesses to the shooting to come forward.

Activist Quanell X, who accompanied Perry to her grand jury appearance, said Harris County officials were "disrespectful" and indifferent to Perry, as she waited eight to nine hours to give a statement Tuesday.

"It was not necessary to make her appear," Quanell X said. "I think they were upset and agitated that they couldn't get a statement from her at (her) church."

After Perry testified Wednesday, Quanell X renewed calls for an outside agency to investigate the shooting.

Dunlap said the FBI decided to wait until it reviews the case and meets with other agencies involved in the investigation before deciding to launch a probe. If the FBI opens an investigation, she said, it may come in the next few days.

"We have to gather the facts and take a look at what's out there," she said.

How a formal probe worksThe FBI usually does not open a formal investigation until after an internal investigation is complete. If any evidence of wrongdoing is found, she said, the FBI then can open a formal investigation.

Councilman Jarvis Johnson, who represents District B in northeast Houston, called for a town meeting to discuss the deaths.

He said residents feel deceived by and afraid of police, because police accounts do not match those of witnesses.

"It really puts us in a precarious situation as to how do we tell our citizens that our police force is forthright," he said during a City Council meeting Wednesday. "You're pitting community against police force."

Mayor Bill White said he would support a community meeting. He avoided commenting on on the specific cases but said residents should think twice before threatening police.

"Officers need to be able to protect themselves," he said.

White also expressed support for Police Chief Harold Hurtt, who said both cases would be investigated and corrective action taken if necessary.

"I think people see that we have a professional, productive police force," White said.

Community reaches outOn Wednesday night, dozens gathered for a candlelight vigil where McIntosh was shot.

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His mother, Doretta, placed a candle near a cross while attendees sang We Shall Overcome.

Minister Robert Muhammad, of the Nation of Islam Mosque No. 45, said a prayer for McIntosh's family and the Sunnyside community. "Let Brother Robert's death not be in vain," Muhammad said. "And God bless us to return to our homes safely and come out of our homes safely and be with us on Dr. (Martin Luther) King's birthday, so that we may stand up for justice, so that our babies are not taken from us."

Chronicle staffers Robert Crowe and Alexis Grant contributed to this report.

FBI May Investigate Police Shooting Of Handcuffed Black Man (FINDLAW/AP)

By Joe Stinebaker, Associated Press Writer

AP, January 11, 2007

(AP) - HOUSTON-A woman who claims she saw a Houston police officer shoot and kill a handcuffed black man testified before a grand jury Wednesday, and federal investigators said they likely will launch a civil rights investigation.

Houston police Officer Leonard D. Smith shot and killed Robert B. McIntosh of Houston during a traffic stop. Police say McIntosh, who was a passenger in the car and fled the scene, was shot after fighting with Smith and shooting him with his police Taser, which uses jolts of electricity to subdue people.

McIntosh's shooting prompted Quanell X, a local activist and frequent critic of the Houston Police Department, to demand a federal investigation, saying McIntosh was the victim of "a cold-blooded murder."

FBI spokeswoman Shauna Dunlap said Wednesday such an investigation likely will be announced soon.

"There is a strong possibility that in the next couple of days, we will open a civil rights investigation," Dunlap told The Associated Press.

In the past, federal authorities in Houston have prosecuted Houston police for civil rights violations when a local grand jury declined to indict them in shootings of civilians.

Harris County District Attorney Chuck Rosenthal said a grand jury heard testimony Wednesday from Yolanda Perry, who said she saw the officer shoot McIntosh after he was already in handcuffs.

"We went to the grand jury on that today because we had an eyewitness who said she saw something completely different than what everybody else saw," Rosenthal said.

Rosenthal said investigators also have statements from other witnesses who back the police officer, saying they heard the shots and then saw Smith handcuffing McIntosh.

Perry has not returned telephone calls from The AP.

Jury Takes Break In Texas Smuggling Case (HC/AP)

By Juan A. Lozano Associated Press Writer, The Associated Press

Houston Chronicle, January 11, 2007

HOUSTON — A truck driver facing a possible death sentence for a smuggling attempt in which 19 illegal immigrants died locked in his sweltering tractor-trailer will have to wait until at least next week to learn his fate.

The jury deliberating whether to sentence Tyrone Williams to death for what became the nation's deadliest human smuggling attempt is taking a five-day break, U.S. District Judge Lee Rosenthal told attorneys Wednesday.

Jurors decided to wait until Tuesday to resume their deliberations because the judge was scheduled to be out of town Thursday and Friday and the Martin Luther King Jr. holiday is Monday.

Jurors deliberated for about eight hours Wednesday without reaching a verdict. They have deliberated a total of about 14 hours since Tuesday.

The jury is deciding whether to sentence Williams to death or life in prison without parole, or to let Rosenthal issue a sentence that could range from no incarceration to life in prison without parole.

Williams was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants, including 20 counts that were death-penalty eligible.

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During the 2003 smuggling attempt from South Texas to Houston, more than 70 immigrants were packed inside Williams' airtight trailer. After the immigrants succumbed to the deadly heat, Williams abandoned the container near Victoria, about 100 miles southwest of Houston. Nineteen died from dehydration, overheating and suffocation.

Defense attorney Craig Washington told jurors Williams never intended for the immigrants to die and questioned why his client is the only defendant in the case facing the death penalty.

But Assistant U.S. Attorney Daniel Rodriguez told jurors Williams deserves to die because he knew the immigrants were dying and did nothing to help them.

During the retrial's punishment phase, Williams' relatives told jurors he was a kind person and asked them to spare his life. Relatives of the 19 victims asked for justice but didn't specify whether that meant a death sentence.

Williams, 35, a Jamaican citizen who lived in Schenectady, N.Y., is one of 14 people charged in the case.

In 2005, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury couldn't agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

The 5th U.S. Circuit Court of Appeals rejected the verdict, saying the jury failed to specify his role in the crime.

Judge Says Arizona Can't Seize Western Union Money Transfers (WSJ)

By Ann Carrns

The Wall Street Journal, January 11, 2007

The state of Arizona has no authority to seize thousands of Western Union Co. money transfers to Mexico that originated outside of Arizona, a state court has ruled.

The finding, which was filed Tuesday, is a victory for Western Union, Englewood, Colo., which relies on electronic money transfers to Mexico as a mainstay of its business. Such transfers make up about 10% of its money transfers.

The company, which had said the seizures were scaring away Latino customers, expressed relief at the decision. "Western Union is a trusted friend of the Latino community, and we're very pleased with today's ruling," said Christina Gold, the company's chief executive, in a statement. She said the company would continue to cooperate with the state of Arizona "in meeting its legitimate law enforcement needs."

Arizona Attorney General Terry Goddard said he will contest the Superior Court's order halting the state's seizure warrant in the Arizona Court of Appeals. He said he is confident his office can provide evidence that the money transfers, while occurring outside of Arizona, are linked to Arizona crimes, and that Arizona authorities should be allowed to intercept them as part of its battle against illegal human trafficking.

"We believe this is incorrect on the law," he said, adding that nevertheless, seizures will remain halted until the matter is finally resolved. He described the court order as a "roadblock" in "what has been a very effective way of disrupting the coyote smuggling activities," using a common term for the traffickers.

Mr. Goddard, as part of a crackdown on payments to traffickers of illegal immigrants, moved on Sept. 21 to block all Western Union money transfers of at least $500 going to the Mexican state of Sonora, and originating in 29 U.S. states. The states included California, New York, Florida, Illinois and Georgia.

Senders of the funds were given no notice of the seizures, and were required to contact the state to prove the funds were legally obtained before they would be returned.

Western Union quickly filed a motion to challenge the seizures, which were halted pending the outcome of a court ruling. In Tuesday's ruling, a judge in the state Superior Court in Maricopa County found in favor of the company, saying the state's seizure warrant is "invalid" and "unconstitutional" because the state lacks jurisdiction outside of its borders.

Western Union, a force in global money transfers, operates through a network of about 285,000 agent locations in 200 countries.

Arizona Judge Strikes Down Effort To Seize Immigrant Smuggling Money (FINDLAW/AP)

By Jacques Billeaud, Associated Press Writer

AP, January 11, 2007

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(AP) - PHOENIX-A judge struck down the first effort by prosecutors to seize suspected immigrant smuggling money flowing from other U.S. states into Mexico.

The ruling released Wednesday found the effort by the Arizona Attorney General's office was unconstitutional and barred prosecutors from seizing money that was not sent to or received in the state. Arizona is the United States' busiest illegal entry point.

For more than four years, prosecutors had used special court orders that allowed them to seize $17 million (â,¬13 million) in wire transfers flowing to Arizona that authorities said were payments to smugglers.

Mexico depends heavily on money wired from Mexicans who are working in the United States. Some lawmakers in Mexico denounced the seizure effort.

The efforts were so successful that smugglers began to route their payments from other American states to Mexico, even as traffickers continued to sneak people in through Arizona, prosecutors said. Authorities responded by trying to seize money transfers going into the northern Mexican state of Sonora.

Western Union, the biggest wire transfer company operating in Arizona with more than 1,700 sites, challenged the move and persuaded a judge in September to temporarily put the broader approach on hold. The company argued state prosecutors had no power to interfere with transfers into another country. Prosecutors said the new approach was necessary because smugglers are still using Arizona as their illegal crossing point.

The new ruling concluded prosecutors had not shown they have jurisdiction for the broader approach and had not demonstrated that the Western Union customers in question were involved in crimes. It said the approach violated protections for interstate and international commerce under the U.S. Constitution.

Arizona Attorney General Terry Goddard, who planned to appeal the decision, said in a statement that the special court orders were responsible for deterring many illicit money transfers and led to the arrests of more than 100 immigrant smugglers, also known as "coyotes."

"It will not deter our efforts to use all legal means to apprehend 'coyotes' and fight human smuggling in Arizona," said Goddard, whose office has said immigrant smuggling in the state is a $1.7 billion (â,¬1.3 billion) a year business.

Before a judge put the practice on hold in September, prosecutors were allowed to seize suspected smuggling transfers of $500 (â,¬385) or more from 28 other American states to 26 locations in Sonora.

On the Net:

Western Union: http://www.westernunion.com

Arizona Attorney General: http://www.azag.gov/

Arrests Of World Trade Organization Protesters In 1999 At Issue In Seattle Trial (FINDLAW/AP)

By Gene Johnson, Associated Press Writer

AP, January 11, 2007

(AP) - SEATTLE-A lawyer for as many as 200 people arrested in an emergency "no protest zone" established during the 1999 World Trade Organization demonstrations asked a federal jury to hold the city accountable for violating the protesters' constitutional rights.

U.S. District Judge Marsha Pechman has already ruled that police made the arrests without probable cause. The protesters are hoping to prove the police had a policy of targeting protesters for their anti-WTO opinions, or at least that the actions of officers were approved by higher-ups; if so, the city could face millions of dollars in damages in a subsequent liability phase of the trial.

"My clients were not throwing bricks. They were not interfering with police," attorney Mike Withey said in his opening statement Tuesday. "The policy was to arrest people based on their viewpoint."

City attorney Ted Buck said the overwhelmed officers didn't care what opinions the protesters held; they simply wanted to keep the downtown core clear so that police, emergency workers, WTO delegates and others would be able to do their jobs.

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The week of the arrests, about 50,000 protesters had swarmed Seattle, overwhelming police and closing down the WTO meeting. The mayor imposed a curfew and limited the downtown core to WTO delegates, police and emergency workers, store employees, residents and shoppers.

The area became known as the "no-protest zone," even though shoppers, residents and others allowed in the zone were not exempted from protesting.

The group of demonstrators were arrested when they marched within the zone, where they sat down, chanted and sang.

In pretrial motions, the judge found that police made no effort to determine whether the protesters were residents of the area, shoppers, delegates or had other reasons to be in the zone.

Republicans Seek To Keep Border Agents Out Of Jail (WT)

By Jerry Seper

The Washington Times, January 11, 2007

Republican House members yesterday asked President Bush to keep two U.S. Border Patrol agents out of prison pending their appeal of convictions for shooting a suspected drug smuggler in the buttocks as he fled into Mexico.

"Several discrepancies in the government's case strongly question whether justice has been served, and permitting these men to be incarcerated in the interim puts their lives at risk," Rep. Dana Rohrabacher of California said at a Capitol Hill press conference.

"We're going to find out whose side you're on ... the American people or the side of our enemies," Mr. Rohrabacher said in a reference to Mr. Bush. "If you let these two men go to jail for defending us, then we'll know you're on the side of our enemies."

He was joined by Reps. Duncan Hunter of California, Ted Poe of Texas, Walter B. Jones of North Carolina, Joe Wilson of South Carolina and Tom Tancredo of Colorado.

In lieu of a pardon, a letter petitioning Attorney General Alberto R. Gonzales was presented during the press conference asking the Justice Department to direct federal prosecutors not to oppose a motion filed in a Texas court to keep the agents free on bond during the appeals process.

Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October in federal court in El Paso, Texas, to 11 and 12 years, respectively, for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

A jury convicted the two agents in March after a two-week trial. They are scheduled to report to prison Wednesday. Compean and his wife, Patty, attended yesterday's press conference.

"I urge Attorney General Gonzales to allow these men to go free on bail while the appeals process is under way," Mr. Wilson said. "We must stand with our nation's heroes -- not the criminals who disregard our laws.

"Our border agents risk their lives daily to uphold our immigration laws and defend our borders," he said. "If the conviction of Ramos and Compean is an indication of how our government will repay them, we can be certain good men and women will soon flee the ranks of Border Patrol service."

Last month, Mr. Rohrabacher announced a petition drive calling for the commutation of the sentences for the two agents. His spokeswoman, Tara Setmayer, said yesterday the petition effort has garnered 220,000 signatures so far and will be presented to the president shortly.

Mr. Rohrabacher has called on Mr. Bush to "do the right thing and not allow the lives and families of these fine men to be destroyed."

Scott Stanzel, a White House spokesman, said it would be "inappropriate" to comment on any potential pardons. He directed inquiries to federal prosecutors.

The government brought the charges after Osbaldo Aldrete-Davila, a Mexican national, agreed to testify against the agents in exchange for a grant of immunity in a possible drug case. Ramos and Compean found 743 pounds of marijuana in a van Mr. Aldrete-Davila abandoned near Fabens, Texas, near the U.S.-Mexico border.

Mr. Aldrete-Davila was shot after he ignored efforts by the agents to stop the van. Court records show he jumped from the vehicle and ran south to the Rio Grande. Although wounded, Mr. Aldrete-Davila crossed the border and escaped in a waiting van.

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•Stephen Dinan contributed to this article.

Officer's Exoneration In Teen's Death Stirs Calls For Civilian Oversight (LAT)

By Matt Lait And Steve Hymon, Times Staff Writers

The Los Angeles Times, January 11, 2007

LAPD panel's secret decision to exonerate the officer who shot Devin Brown brings calls for public access to disciplinary hearings.

Angered by an administrative panel's secret decision not to punish the Los Angeles Police Department officer who fatally shot a 13-year-old boy, City Council members and community leaders called Wednesday for increasing civilian oversight of misconduct cases and reopening them to public scrutiny.

"People are always going to have different views on how cops should be punished for shootings, but all the facts should be out in the open and there ought to be accountability for the ultimate decision-makers," said Councilman Jack Weiss, head of the city's Public Safety Committee.

Weiss said he would hold a joint hearing with the Police Commission in upcoming weeks to discuss ways to make LAPD discipline "more transparent."

Other city officials, including Mayor Antonio Villaraigosa, also said they were disappointed to learn that an internal LAPD disciplinary panel meeting held behind closed doors this week rejected the civilian Police Commission's findings that Officer Steven Garcia should be punished for the Feb. 6, 2005, shooting of Devin Brown.

"I supported the Police Commission decision in this matter," Villaraigosa said. "That should tell you my feelings about this."

Some city leaders were even more outraged that the decision was shrouded in secrecy.

"This lack of public disclosure deepens suspicion in the African American community that the LAPD is more interested in protecting officers than in curbing police abuse," said Earl Ofari Hutchinson, president of the Los Angeles Urban Policy Roundtable.

Councilman Bernard C. Parks, who led the LAPD from 1997 to 2002, said holding disciplinary hearings in private undermines confidence in the Police Department.

"After 30 years of progressive efforts to make the public aware, we've had a complete reversal," Parks said. "This is unraveling decades of hard-fought battles."

Although disciplinary hearings have historically been open to the public, police officials changed department policy late last year in response to a state Supreme Court ruling that restricted access to law enforcement personnel records in a San Diego case.

Parks said the LAPD is going beyond what the court decided in that case — Copley vs. Superior Court — noting that the ruling "specifically says it does not address meetings."

Police Chief William J. Bratton and Police Commission President John Mack said they support greater public openness, but were compelled to close hearings because of legal advice from City Atty. Rocky Delgadillo, who has interpreted the court's ruling as giving officers broad privacy protections. A spokesman for Delgadillo's office declined to discuss the advice, saying such matters were confidential.

Even though Bratton and commission officials touted their desire to provide greater public access, in many ways they have been more secretive about police conduct than past LAPD leaders.

Last year, for example, the Police Commission changed a decades-old policy and began issuing public reports without the names of officers involved in shootings. At that time, state Sen. Gloria Romero (D-Los Angeles) offered to sponsor legislation to ensure that names would not be struck from public police records if commission members had concerns about potential court restrictions.

On Wednesday, Romero said she had not heard from commission officials since the court decision.

"My offer still stands," Romero said. "If the city of Los Angeles, from the mayor to the City Council to the commission, want help, I can carry the legislation…. It's a sad day for those of us who believe that policing should be done in the public."

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Romero said the developments in the Brown case also show that the commission needs greater power over officer discipline. Under the City Charter, the commission has the authority to set broad policy, but cannot independently impose discipline.

"On paper, there is civilian oversight, but this illustrates that the commission has no teeth. Its teeth got kicked out inside a closet."

Several council members said they would support any legislative remedy to reopen boards to the public, whether by state legislative action or a change in the City Charter.

"Boards," Parks said, "should always be open."

Councilman Greig Smith, a reserve LAPD officer, was one elected official who believed that the disciplinary panel was right to exonerate Garcia.

"The Police Commission is the one that erred," Smith said.

Smith also supported closed discipline hearings, saying it protects the rights of the innocent.

"I understand their concerns," Smith said after hearing Hutchinson's comments. "But these are the same people who have been criticizing the Police Department for as long as I can remember, and no matter what we do they will not be satisfied."

Two years ago, when the Brown shooting occurred, community activists accused Garcia of using excessive force.

The officer mortally wounded Brown near 83rd Street and Western Avenue in South Los Angeles as the boy backed a stolen Toyota Camry toward a police car after a brief car chase. Police said Brown was driving erratically and that they suspected him of drunk driving.

Garcia, who was unaware at the time that the vehicle was stolen, fired 10 shots, hitting the youth seven times. The Police Commission, in a 4-1 vote, determined that the shooting violated department rules, saying that evidence showed Garcia was outside the path of the vehicle and in no danger at the time he opened fire. Commissioners said they expected Garcia to be punished. The city also agreed to pay $1.5 million to settle a wrongful-death lawsuit brought by Brown's family.

Although police sources confirmed to The Times that the LAPD administrative panel found that Garcia's actions were justified, the rationale for the decision remains secret.

On Wednesday, as elected officials voiced concern over the panel's vindication of Garcia, residents in South Los Angeles expressed disappointment but were less surprised.

"This is so unfair," said Mollie Bell, a local activist. "In this profession, they never mess up. They never make a mistake. Every day you hear about lawyers or politicians. They make mistakes on the job. They screw up. Doctors get fired for malpractice. Everybody gets punished except the police. They always come out on top."

Ed Brimmer, a 69-year-old retired LAPD detective who was awarded the department's Medal of Valor in 1971, saw the incident through the eyes of a veteran police officer.

"It's sad, it's very tragic," said Brimmer of the shooting. "But I don't think the officer got up that day and said, 'I'm going to go kill a black child.' Police officers are afraid too. They have to protect themselves too."

Rod Wright, a former assemblyman, said he's seen cases like this before.

"In this case everybody loses," he said. "The Police Commission said the shooting was out of policy, the council approved a settlement, the police chief said it was justified and now there's no punishment. Who's in charge?"

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Times staff writers Tony Barboza, Duke Helfand, Patrick McGreevy, John Mitchell and Jim Newton contributed to this report.

University Of Michigan Drops Affirmative Action For Now (WP/AP)

By David N. Goodman, Associated Press

The Washington Post, January 11, 2007

School Will Continue Its Legal Fight Against a Ban on the Practice, However

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The University of Michigan announced Wednesday that it will comply with a new voter-approved ban on affirmative action and immediately stop considering race and gender in admissions.

The move came in the middle of the admissions process for next fall's freshman class. The university has already begun sending out acceptance and rejection letters.

The state constitutional amendment approved by the voters in November banned the use of race and gender preferences in public university admissions and government hiring and contracting.

After it passed, the university put its admission process on hold and asked the courts that it be given until summer to comply with the ban, saying it would be too disruptive to change its policies now. But a federal appeals court said no.

"We cannot sustain any further delay in our admissions process without harming our ability to enroll a class of students for the 2007-08 academic year," said Teresa A. Sullivan, executive vice president of academic affairs.

The university will continue its legal challenge of the measure in the meantime, Sullivan said.

"This is a big step forward, there's no doubt about it. It's good news," said Terence Pell, president of the Center for Individual Rights, a group that sued to force immediate compliance with the ban. "It's a watershed moment."

The university said that it would use other criteria that are not explicitly race- or gender-based to achieve diversity. Those include geographic diversity, the level of education completed by students' parents, and whether students attended a disadvantaged school.

Michigan: University To Comply With Ruling (NYT)

By Tamar Lewin

The New York Times, January 11, 2007

The University of Michigan acceded to a federal appeals court decision and said it would immediately comply with the state's new ban on affirmative action in public education, employment or contracting. The Michigan ballot initiative banning preferences based on race or gender passed overwhelmingly in November and was to go into effect on Dec. 23. But the University of Michigan, together with Michigan State University and Wayne State University, went to court seeking a six-month delay, on the ground that they were midway through an admissions cycle. A federal district judge granted the delay on Dec. 19, but on Dec. 29, a federal appeals court ordered immediate compliance.

Florida Adopts Plan For Mentally Ill Inmates (NYT)

By Christine Jordan Sexton

The New York Times, January 11, 2007

TALLAHASSEE, Fla., Jan. 10 — About 300 mentally ill inmates in county jails throughout Florida will eventually be moved to psychiatric hospitals and residential centers for treatment after state lawmakers agreed on Wednesday to an emergency spending measure.

The Legislative Budget Commission, a panel of the Florida Legislature meeting in an emergency session, voted unanimously to spend nearly $19 million before July 1 to provide 373 more psychiatric beds for mentally ill inmates and more community services for mentally ill people at risk of being jailed.

The decision comes after a state circuit judge charged Lucy Hadi, the former secretary of the Department of Children and Families, with indirect criminal contempt for keeping mentally ill inmates in jail longer than state law allows. Ms. Hadi, who resigned last month, was fined $80,000.

State law requires the department to move inmates found incompetent to stand trial from county jails to psychiatric hospitals within 15 days of receiving a commitment order. The number of inmates found incompetent has increased by 16 percent over the last two fiscal years. As of Tuesday, nearly 250 mentally ill inmates had waited more than 15 days for treatment. In all, nearly 300 inmates are waiting for treatment.

"The state has not sat idly by," said Bob Butterworth, the new secretary of the Department of Children and Families, a Democrat chosen by Gov. Charlie Crist, a Republican, to head the beleaguered agency. "We've taken action. That's all we can do."

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The extra beds will cost $16.6 million and be scattered across the state at private centers and state-run hospitals. One hundred secure beds, where patients are constantly supervised, will be available in South Florida by May, said Don Winstead, deputy secretary of the Department of Children and Families. The state plans to have a total of 1,822 secure and residential beds by June.

Lawmakers also approved spending $3.1 million more to provide other services for the mentally ill, like housing, medication stipends and outpatient mental health services.

To continue to provide the additional beds and support services beyond June, however, the Legislature will need to appropriate an additional $54.5 million, state budget analysts say. Mr. Crist said the Legislature had a duty to provide the additional money.

State Senator Stephen R. Wise, Republican of Jacksonville, said the state should try to save money by providing more residential treatment beds, which are less expensive than the secure beds.

"I don't want to be able to buy a Ferrari," Mr. Wise said, "but I want to have the option of being able to buy a Prius or a Buick or something less expensive than a Ferrari."

The Michael Nifong Scandal (WSJ)

By Dorothy Rabinowitz

The Wall Street Journal, January 11, 2007

No one could have imagined, when the story began last March, how soon and completely that bit of shorthand -- "the Duke University scandal" -- would be transformed.

Scarcely 10 months after, the term is now almost universally understood as a reference to the operations of Michael Nifong, the Durham County district attorney (pictured nearby), whose abandonment of all semblance of concern about the merits of the rape and assault accusations against three Duke University students was obvious from the first. So was his abundant confidence while broadcasting comments on the guilt of the accused. He seemed a man immune to concerns for appearances as he raced about expounding on the case against the accused lacrosse players and calling them hooligans. He would hear nothing by way of concern from Duke administrators (seven months into this affair, the university president did find an opportunity to mention the accused students' right to a presumption of innocence) -- and certainly none from the politically progressive quarters of the Duke faculty who lent their names to an impassioned ad thanking everyone who had come out to march in protest against the rape and assault of the exotic dancer; 88 faculty members signed it, among them such Duke luminaries as Alice Kaplan, author and student of fascism, and Frank Lentricchia, literary critic.

Unable to take part in the ad signing, Duke's administrators nonetheless found ways to identify with its spirit. Soon after news broke of the Duke athletes' alleged brutish sex crimes against a black woman, the administration undertook a well-publicized campaign targeting the entire lacrosse team for offensive behavior. President Richard Brodhead was, it seems, barely able to recover from the shock of his discovery that a party thrown by male jocks could occasion heavy drinking. And related loutish behavior. Not to mention a stripper. Lacrosse was suspended for the season, and the team coach, Mike Pressler, was shortly after forced to resign. Mr. Brodhead in due course reinstated the team, but on probation, and with conditions, i.e., no underage drinking and disorderly conduct, and no harassment. The members of other Duke organizations, sports teams included, which had sponsored parties where alcohol flowed freely and which had featured strippers -- an informal count reveals at least 20 known to have done so -- no doubt understood that they faced no similar disciplinary action. The reason for the moral-cleansing program devised for the lacrosse team could scarcely have been missed.

Mr. Nifong's confidence that he had nothing to fear from establishment opinion or from the leaders of the great university as he bounded about making hash of the rules of justice -- prime among them the accused's right to a presumption of innocence -- proved justified. And might have remained so longer but for the catastrophic effects of the accuser's unraveling stories.

Mr. Nifong is no anomaly -- merely a product of the political times, a prosecutor who has absorbed all the clues about the sanctified status now accorded charges involving rape, child sex-abuse and accusations of racism. Which has in turn ensured their transformation into weapons of unequalled power. Like others before him, the DA quickly grasped the career possibilities

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open to him with such a case and proceeded accordingly -- denouncing racism, and the rape and assault of a helpless black woman, and the Duke athletes guilty of these crimes in every media interview available to him (and they were many). * * *

For all the public shock and fury over his behavior, there is little that is new or strange about Mr. Nifong. We have seen the likes of this district attorney, uninterested in proofs of innocence, willing to suppress any he found, many times in the busy army of prosecutors claiming to have found evidence of rampant child abuse in nursery schools and other child-care centers around the country in the 1980s and throughout most of the '90s. They built case after headline-making case charging the mass molestation of small children, and managed to convict scores of innocent Americans on the basis of testimony no rational mind could credit. Law officers who regularly violated requirements of due process in their effort to obtain a conviction, they grasped the special advantage that was theirs: That for a prosecutor dealing with molestation, and wearing the mantle of avenger, there was no such thing as excess, no limits to what could be said of the accused. In court, rules could be bent, any charges presented, and nonexistent medical evidence proclaimed as proof positive of the accusation.

In his role of avenger of a young black woman alleged to have been brutalized by white males, Mr. Nifong proceeded with similar assurance. His was a crusade. Who but enemies of the good would object? Confronted with hard questions about his evidence, whether from the defense or the press, Mr. Nifong answered that these challenges were all designed to intimidate the rape victim. More than once the DA suggested, as criticisms of his case multiplied, that he was himself a victim of the press. He could have had little complaint, last summer, about the New York Times, which provided its own reports on the Duke story. It maintained that that the DA's case had been distorted by the defense and that there was, in fact, a body of evidence that supported the decision to take the case to a jury. A close study of this work's wondrous logic, and of its body of evidence, should provide rich material for students of the press for years to come.

The jury to which Mr. Nifong played -- the black population of Durham -- duly helped re-elect him. This could not prevent his case of rape and abuse against the three Duke students from coming undone, thanks in part to his own heedless behavior but mainly to the accusing dancer herself, whose shifting stories and checkered past could not be hidden.

Mr. Nifong had, of course, nothing like the advantages of nursery school prosecutors: endearing 4- and 5-year-old witnesses clutching teddy bears, who came to court to recite lies they had been cajoled into inventing, about how the accused had raped and stabbed them, cut off the legs of animals -- the kinds of charges mounted, against elderly Violet Amirault of Massachusetts and her adult children Cheryl and Gerald, proprietors of the respected Fells Acres Day School. Many like them were caught up in the era's whirlwind of accusation and sensational trials invariably leading to conviction, on which ambitious prosecutors built careers. Almost all those cases would ultimately be thrown out by appeals courts, most of the time not before those convicted had served long years and paid with the ruin of their lives.

Mr. Nifong's case has come undone long before any trial, fortunately for the three Duke students charged. They have had, nevertheless, a powerful taste of what it means to have been named and despised as perpetrators of abhorrent sexual crimes. I could go to prison for 30 years, Reade Seligmann, one of the accused, told the late Ed Bradley during a "60 Minutes" interview last October -- and "for something that never happened"

Neither Mr. Seligmann nor the other accused Duke students will ever have to contend with a punishment like the one meted out to Gerald Amirault, who was sentenced to a 30- to 40-year term for something that never happened -- atrocious sex crimes that never took place, of which there was no physical evidence, or anything resembling a credible allegation. What did it matter that the child's testimony that resulted in Gerald's conviction had claimed rape with a large butcher's knife -- one that had magically left not the slightest injury? The jury's most important duty was, the prosecutors informed them, to believe the children and show that they honored their testimony. The same young witness also testified that Gerald was accompanied by a green, silver and yellow robot, R2-D2, from "Star Wars."

What did it matter, either, that special judicial hearings about the Amiraults' prosecution had concluded that it was a travesty, that a tough panel of former prosecutors, the Governor's Board of Pardons, had virtually declared Gerald Amirault innocent and voted for commutation of his sentence -- or that he was finally granted parole nearly three years ago, after nearly 18 years' imprisonment? He was almost immediately classified by Massachusetts's Sex Offenders Registry Board as a Level 3 offender. The kind, that is, deemed the most dangerous and most likely to re-offend. This bizarre classification, the board made clear, had to do with the number of counts of sex abuse charged to him -- and the fact, too, that he continued to deny guilt. He

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now has to wear a large tracking device around his ankle, and obey a curfew confining him to the house from 11:30 p.m. to 6 a.m. every day. He has, not surprisingly, been unable to find a job. He is sustained, as ever, by the unstinting devotion of his family, and he grieves now mainly for the loss of the chance he had dreamed of in prison -- of earning a salary and finally lightening the burden his wife had carried, uncomplaining and alone, during his years in prison. (He has recently been advised of pending legislation that will require him to pay $10 a day for the global positioning tag on his leg, that tracks him.)

The accused Duke students can be grateful that the case against them has collapsed, and that Mr. Nifong now confronts a serious ethics complaint filed by the North Carolina State Bar. They will never have to face anything like the malignant force which descended on the happy and ambitious Amiraults in 1984, and turned their lives to dust. But Reade Seligmann, David Evans and Collin Finnerty have this year had a look into an abyss that has claimed many others, and that is never less than terrorizing. It is a piece of their Duke education they are unlikely to forget.

Ms. Rabinowitz is a member of The Wall Street Journal's editorial board.

ANTITRUST:

US Airways Raises Bid For Delta To $10.2 Billion (WP)

By Del Quentin Wilber

The Washington Post, January 11, 2007

US Airways turned up the pressure yesterday in its hostile takeover bid for bankrupt Delta Air Lines by boosting its offer, setting a February deadline for action and sending its top executive to Capitol Hill to reassure legislators that a merger would not harm consumers.

The push comes as US Airways appeared to have lost some momentum in its effort to entice Delta's creditors to accept its bid. Yesterday, it increased its original offer, about $8.6 billion, to $10.2 billion, including $5 billion in cash and nearly 90 million shares of US Airways stock.

Attorneys representing Delta's creditors committee did not return phone messages or e-mails seeking comment. US Airways chief executive W. Douglas Parker said in an interview that his company increased its bid because he "wanted to remove any doubt as to which proposal offered more money to the creditors."

With creditors considering "the risk of our plan against the risk of a stand-alone plan," US Airways wanted to "make that choice that much easier for them," Parker said.

Analysts yesterday said US Airways' latest offer would probably be taken seriously by Delta's creditors. "While it is likely that a US Airways-Delta merger could take longer to close than Delta emerging from bankruptcy, one cannot ignore the magnitude of the cash component" of the offer, Merrill Lynch analyst Michael Linenberg wrote in a research note.

Parker set a Feb. 1 deadline for creditors to respond to the offer by meeting conditions that would include Delta opening its financial books for review. US Airways is running against a deadline to reap the benefits of combining the carriers while Delta is still under Chapter 11 bankruptcy protection.

With Delta in bankruptcy protection, US Airways could more easily rework contracts and leases for planes and other high-cost items.

Last month, Delta submitted a reorganization plan to the U.S. Bankruptcy Court that valued the company at $9.4 billion to $12 billion. Its chief executive, Gerald Grinstein, said in an interview last month that he wanted Delta to emerge from bankruptcy protection as a stand-alone carrier. He shrugged off suggestions that he would seek partners.

But reports on the Wall Street Journal's Web site yesterday indicated that executives at Delta and another carrier in bankruptcy protection, Northwest Airlines, have been discussing a merger. Representatives of both airlines declined to comment on the reports.

US Airways' original bid for Delta in November sparked speculation in the industry about potential mergers. Continental and United airlines have been talking, according to sources with knowledge of the conversations. And Northwest has asked a bankruptcy judge for permission to hire financial consultants to help it plan for the possibility of a merger.

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The merger talk led the Senate Commerce Committee to announce that it would hold a hearing on the issue Jan. 24. Committee Chairman Daniel K. Inouye (D-Hawaii) did not respond to requests for comment.

Delta is based in Atlanta, and Georgia's senators have been critical of the proposed US Airways-Delta merger and sent a letter to the Commerce Committee requesting the hearing.

Calling US Airways a "bottom fisher" for targeting Delta as it attempts to emerge from bankruptcy protection, Sen. Johnny Isakson (R-Ga.) said in an interview that a merger would hurt consumers because a combined airline would cut flights to small and mid-size markets now served by both carriers.

When US Airways announced its offer, Isakson said he called U.S. Attorney General Alberto R. Gonzales to urge his department to "purse every competitive issue they need to pursue." The Justice Department would analyze a potential merger between the airlines for antitrust violations.

Congressional concerns about a merger prompted Parker to visit a dozen legislators on Capitol Hill this week. He declined to identify the lawmakers but said he looked forward to the possibility of testifying before the Commerce Committee.

"It will give us the opportunity to explain . . . that this is good for consumers and good for our industry," he said.

Some analysts said that a deal would face serious obstacles and that creditors may not be swayed just by the extra cash. The creditors could decide that the money would not make up for the headaches of a potentially grueling regulatory approval process at the Justice Department. Also, executives would have to combine two very different workforces -- one of which is fiercely fighting a merger, the analysts said.

"The creditors are sitting there going, 'It's more money, but will it get done?' " said Helane Becker, an analyst with the Benchmark Co. Delta coming out of bankruptcy protection "is the safer offer because it is the one that gets done sooner rather than later."

Staff researcher Richard Drezen contributed to this report.

US Airways Pumps Up Hostile Bid For Delta (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 11, 2007

The merger plot just thickened at Delta Air Lines.

US Airways bumped up its takeover bid for the Atlanta-based airline by 20 percent Wednesday, to $10.3 billion, adding a Feb. 1 deadline in a move to pressure Delta's bankruptcy court creditors — who have a big say in whether the deal goes through.

Industry analysts said that should give Tempe, Ariz.-based US Airways a better shot at persuading the creditors to choose its hostile takeover bid over Delta management's plan to emerge from Chapter 11 as an independent carrier.

But a report also surfaced that Delta and Northwest Airlines, also in Chapter 11 proceedings, have had talks about a possible merger after they both exit bankruptcy.

Citing unidentified sources, the Wall Street Journal reported that the two airlines were talking at various levels of management.

It said Delta and its creditors may see a post-bankruptcy link-up with Northwest as a better alternative to the US Airways bid. The Journal also said Delta and United Airlines have had contacts.

A merger involving Delta and any of those possible partners would create the world's biggest airline. It would require approval of the U.S. Justice Department, which historically has taken a dim view of such large-scale deals.

Delta declined to comment on the report. It could be holding limited talks with other carriers as part of its obligation to creditors. Under bankruptcy law, Delta's management has an obligation to creditors, the ultimate owners of the reorganizing company, to seriously examine options.

Delta executives have rebuffed the US Airways bid — first launched in November — and insist they want to bring the airline out of Chapter 11 on its own. But they have not ruled out later deals. Indeed, CEO Gerald Grinstein has long predicted an eventual industry consolidation.

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Delta said in a statement that its board will review the revised US Airways offer. But it added: "On its face, the revised proposal does not address significant concerns that have been raised about the initial US Airways proposal and, in fact, would increase the debt burden of the combined company by yet another $1 billion."

Still, the sweetened US Airways offer and the reported talks with Northwest propelled speculation that Delta will ultimately find itself in a deal.

"Delta was in play before," Anthony Sabino, professor of law and business at St. John's University in New York, said in an e-mail. "Now it's really up for grabs." Sabino predicted US Airways may raise its bid again, perhaps to $11 billion.

"Jerry Grinstein is not getting much sleep these days. He's thinking 'Doug Parker (US Airways CEO) is after me. Who else is going to call?' " said Sabino.

US Airways' fattened offer includes $5 billion in cash to creditors and 89.5 million shares in the merged airline, up from $4 billion cash and 78.5 million shares initially. That boosted the offer's market value to $10.3 billion, from $8.5 billion.

Delta's stand-alone reorganization plan, filed last month, calls for creditors to get stock in the reorganized company, which it says would be worth up to $12 billion. Some analysts have predicted Delta will have to add a cash payment to its plan.

Calyon Securities analyst Ray Neidl said US Airways boosted its odds that it will succeed from 40 percent to 50 percent, saying the new bid will be "very attractive" to creditors.

But creditors still have to worry that the Justice Department may block the merger, he noted. That would not only kill the deal but also could delay Delta's Chapter 11 exit.

The idea of a post-bankruptcy merger of Delta and Northwest "sounds credible," said Neidl. He said it would probably result in Delta's management remaining in charge.

That would negate at least some of the opposition among Delta workers to a US Airways deal, in which the Arizona carrier would be expected to run the new airline and call the shots on the headquarters location.

Neidl also said he thinks a Delta-Northwest deal would pass Justice scrutiny more easily because the two carriers have less route overlap.

But Parker made it clear US Airways isn't giving up.

"Simply stated, it is time for the process to move forward," Parker said in a conference call Wednesday.

He said he expects Delta creditors will agree to support the initial steps of a merger, such as beginning so-called "due diligence" of the proposed combination and asking federal regulators to begin an antitrust review, by the Feb. 1 deadline.

Parker, in an interview with The Atlanta Journal Constitution nine days ago, said, "We don't feel any need to amend the [initial] offer."

He said Wednesday that his airline decided to raise the offer after "more conversations with creditors," including a meeting Monday with retired Continental Airlines CEO Gordon Bethune, recently hired by Delta's unsecured creditors committee to help it evaluate the US Airways bid vs. Delta's stand-alone plan.

Bethune presented his report to the committee Wednesday.

"It was quite clear as we had more conversations that they ... didn't see as clearly as we did that our proposal had so much more value that it justified the risk of going forward with us," Parker said. "We came to the conclusion that we should make the decision much, much easier for them."

Delta's unsecured creditors committee — which includes big suppliers, banks and the carrier's pilots' union — is a key player in determining the outcome of the takeover bid and is quietly evaluating both Delta's stand-alone plan and the US Airways offer.

The committee hasn't given a public reaction to the merger offer so far. Leaders of Delta's pilots' union oppose it.

"We're 100 percent focused on killing this US Airways hostile merger," union chief Lee Moak said Wednesday. He declined to even address the reported talks with Northwest. "Our goal is to emerge from bankruptcy as a stand-alone carrier. We're not even considering anything else."

Staff writer Dave Hirschman contributed to this article.

US Airways Increases Bid For Delta (AP)

By Harry R. Weber, The Associated Press

AP, January 11, 2007

ATLANTA -- US Airways increased the pressure on Delta Air Lines' unsecured creditors to take its buyout offer by raising the bid Wednesday nearly 20 percent to $10.3 billion. Whether the deal would survive regulatory scrutiny may be the deciding factor.

The Tempe, Ariz.-based company also set a Feb. 1 deadline for certain conditions to be met or its entire bid would be revoked.

The ball is now in the creditors' court.

The question is whether they want to take the money US Airways is offering and run the risk of a long regulatory fight, or stick with Delta's plan to emerge from bankruptcy by the middle of this year as a standalone company worth $9.4 billion to $12 billion.

Daniel Golden, a lawyer for Delta's official unsecured creditors committee, did not return several phone calls Wednesday seeking comment. Most of the large creditors on the committee have refused to discuss their position publicly, except Delta's pilots union, which opposes the merger.

An unofficial group of unsecured creditors issued a statement calling on Delta "to provide thoughtful and unbiased consideration" to the enhanced offer. It urged the airline's management to cooperate fully with US Airways' efforts to get information and not to deter alternatives from other companies that could provide stakeholders greater recoveries than under a standalone reorganization. The group represents creditors holding about $2.3 billion in claims against Delta.

Delta management has argued that the combination of US Airways and Delta would not receive regulatory approval because of the overlap of the two carriers' routes. US Airways says there wouldn't be any regulatory holdup.

A Jan. 24 hearing has been scheduled by the Senate Committee on Commerce, Science and Transportation on the state of the airline industry and the potential impact of airline mergers.

Ray Neidl, an airline analyst with Calyon Securities in New York, said the increased offer will be more attractive to Delta's creditors, but the great unknown is whether regulators would approve the deal.

"In my opinion, that's going to be the main thing," Neidl said, adding that he gives the US Airways bid a 50-50 chance of being successful.

US Airways Group Inc. Chief Executive Doug Parker told analysts Wednesday there's an easy way to know who is right on the regulatory issues.

"Let's just go ask them and find out," Parker said of regulators. Parker was in Washington on Wednesday to talk to lawmakers.

Delta Air Lines Inc. said in a statement Wednesday that its board will do its duty to review the revised offer by US Airways. But, the Atlanta-based airline added, "On its face, the revised proposal does not address significant concerns that have been raised about the initial US Airways proposal and, in fact, would increase the debt burden of the combined company by yet another $1 billion."

Added Kelly Collins, a spokeswoman for Delta's pilots union, "We remain entirely committed to defending our airline from this hostile merger attempt."

US Airways said it would raise its offer by $1.7 billion from its Nov. 15 bid that was currently valued at $8.6 billion.

The decision to increase the offer was reached over the weekend after US Airways officials met to discuss it. On Monday, the carrier's executives met with Gordon Bethune, the former Continental Airlines chief who is working as a consultant to Delta's creditors committee. Bethune urged US Airways to put its best offer forward, according to an official with knowledge of the meeting who spoke on condition of anonymity because of the sensitivity of the talks.

US Airways shares rose $1.03, or 1.8 percent, to close at $58.93 in trading Wednesday on the New York Stock Exchange, boosting the value of the revised offer.

The increased offer comes just two weeks after Parker told The Associated Press that his company had no intention at the time to increase its bid.

Even so, Parker did not exactly rule out at the time the possibility of changing his mind about the price.

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Parker said Wednesday that US Airways was raising its offer to remove any doubt that its bid was worth more than Delta's plan to remain a standalone carrier.

"Right now, we feel very good about our chances of getting this done" despite Delta management's position, Parker said in a conference call with analysts.

Parker said in an interview Wednesday that Delta's official creditors committee did not ask US Airways to raise its offer, but it indicated it was having a hard time reaching a decision.

"We just wanted to make it a much, much easier analysis for them, and today we've done that," Parker said.

US Airways said the increased offer is set to expire on Feb. 1 unless creditors indicate support for the start of the due diligence process, which would open up Delta's books to US Airways. US Airways also wants support by the creditors for postponing a Feb. 7 bankruptcy hearing involving Delta's reorganization plan, and it wants the creditors committee to support both companies filing paperwork with the Justice Department that would start the regulatory process.

Parker said "the offer would go away in its entirety" if those conditions were not met.

Parker also suggested US Airways isn't too worried about Delta management's position.

"We would very much like to see Delta management begin to work with us and support this transaction, but that's not what this proposal is about," Parker said.

The increased bid includes 89.5 million shares of US Airways stock and $5 billion in cash. The original offer included 78.5 million shares of US Airways stock and $4 billion in cash.

Based on the Delta's valuation method, US Airways estimated that its increased bid could actually be worth $12.7 billion to $15.4 billion. Those valuation methods were not disclosed.

Delta's official unsecured creditors committee, which will play a key role in deciding the airline's future course, had said prior to Wednesday that it was reviewing both Delta's standalone plan and US Airways' buyout offer.

The committee also has said it would review any offers that came in from other airlines. But as recently as last month, Delta's chief financial officer, Ed Bastian, said there hadn't been any other offers. The Wall Street Journal, citing anonymous sources, reported Wednesday that Delta has been talking with Eagan, Minn.-based Northwest Airlines Corp. about a possible combination. Spokespeople for Delta and Northwest declined to comment.

The Feb. 7 bankruptcy hearing would be to consider approval of Delta's disclosure statement relating to the carrier's standalone reorganization plan.

The disclosure statement includes details on Delta's operations. If the statement is approved, that means Delta can begin soliciting votes on its reorganization plan, which typically takes four to eight weeks.

Parker has said previously that if that hearing were to go forward it could increase the urgency of US Airways' bid because US Airways hopes to consummate its deal to buy Delta before Delta emerges from Chapter 11.

Can Delta Win Battle To Keep Flying Solo? (WSJ)

By Corey Dade And Susan Carey

The Wall Street Journal, January 11, 2007

In the two months since US Airways Group Inc. announced its hostile bid for Delta Air Lines Inc., the embattled carrier has mounted a high-octane campaign of grass-roots organizing and fierce political lobbying to try to stay independent -- but all that has succeeded in doing is attracting a higher offer and a potential new suitor.

Yesterday, US Airways increased its bid to $10.3 billion, up 20% from its original proposal, while people familiar with the situation said there have been recurring talks between Delta and Northwest Airlines Corp. about the two combining when each emerges from bankruptcy later this year. While Delta maintains its insistence that its future is brightest as a stand-alone carrier, the talks with Northwest suggest that Delta executives are grappling privately with how much more the airline can afford to pay to creditors to remain independent. Northwest has emerged as a "promising third option," according to one person familiar with the matter.

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Northwest is expected to file its preliminary plan of reorganization in the next few days, and has been out raising equity capital to help fund the company once it leaves Chapter 11 in the second quarter. Northwest last month hired investment banking and restructuring advisers Evercore Partners Inc. to help it evaluate and possibly implement a merger, acquisition or other business combination.

Delta has also run the numbers on a potential merger with Northwest and continues to update the calculations as the two companies' reorganizations progress, according to a person with knowledge of the matter. Delta's creditors committee has directed its advisers to do the same and will meet with the airline in the coming days, another person said.

An important question for Delta's creditors: Does it make sense to pursue a merger in bankruptcy, which could extend Delta's stay in court protection and hamper business, or would the airline be better off weighing a combination once it emerges in April?

After waiting weeks to mount a counterattack against the original offer, Delta has become relentless in trying to defeat US Airways, using tactics ranging from 40 million e-mails to frequent fliers to "Keep Delta My Delta" buttons worn by airline employees.

US Airways Chief Executive Doug Parker said the efforts to fan opposition to the takeover haven't tilted the odds against his airline. "I don't believe that's the case at all," he said. Still, Mr. Parker said last week that he wasn't considering increasing the Tempe, Ariz., airline's initial offer because it was obviously superior to a restructuring plan proposed by Delta last month. But it became clearer since that creditors were "wrestling" with the two offers, he said yesterday.

J.P. Morgan analyst Jamie Baker wrote in a research note last month that Delta's "hard sell" has slightly improved its chances of remaining independent, though he expects the company will eventually succumb to US Airways or another merger partner.

The sweetened offer will test fragile allegiances Delta has been forging with pilots, other employees, customers and political leaders who were squeezed for concessions by Delta as it tumbled into bankruptcy in 2005. If it decides to increase its go-it-alone bid to creditors, Delta might be forced to shrink the amount of equity and profit-sharing that employees stand to get under the airline's current turnaround plan.

US Airways set a Feb. 1 deadline for its latest offer, comprised of $5 billion in cash plus 89.5 million shares of US Airways common stock. That likely will force creditors to start making up their minds sooner than the Feb. 7 bankruptcy-court hearing where Delta had hoped for approval to start asking creditors to vote on its plan. Yesterday, US Airways shares rose $1.03, or 1.8%, to $58.93 in New York Stock Exchange composite trading at 4 p.m., putting the value of the US Airways bid at $10.27 billion.

In a memo to employees, Delta Chief Executive Gerald Grinstein said the enhanced offer fails to "address serious concerns," including Delta's claim that the merger would cost thousands of workers their jobs and can't clear antitrust hurdles. The deal also would "increase the debt burden of the combined company by yet another $1 billion," he added.

To regain momentum for independence, Delta must now ratchet up its lobbying and organizing efforts while simultaneously giving creditors what they want most of all: more money. Delta is considering inviting a private-equity firm to invest in the airline, finding deeper cuts as part of its stand-alone restructuring plan or merging with someone other than US Airways, according to people familiar with the situation.

Delta's recent campaign is a sharp contrast with its flat-footed response to the original bid two months ago when Mr. Grinstein heard about it on the radio as he dressed for work. Mr. Grinstein's communications director had recently resigned, leaving behind a thin staff. And while US Airways approached Delta twice before going public with its hostile bid, Delta said little about the surprise offer for several days. Instead, executives kept their daily schedules.

Behind the scenes, Jim Whitehurst, Delta's operating chief, pressed Delta officials to fight toe-to-toe with Mr. Parker, arguing that Delta would win if it engaged creditors and other groups aggressively. Delta soon installed outside media consultant Cynthia Hudson, who helped during bitter pilot-contract negotiations, as temporary head of corporate communications, and

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turned to crisis-communications firm Kekst & Co. The New York company, which has worked with Delta for several years, helped Walt Disney Co. resist a takeover by Comcast Corp. in 2004.

Since then, Delta executives and lobbyists have been making the rounds on Capitol Hill, with their efforts gaining enough traction to force a Senate Committee on Commerce, Science and Transportation hearing Jan. 24 on the merger's potential impact on competition and customers. Mr. Grinstein, who has visited lawmakers personally, is expected to testify.

Meanwhile, a Delta employee group has been using part of its annual funding from the company to finance its "Keep Delta My Delta" campaign, which began the day after the bid.

The group has distributed buttons to 45,000 flight attendants, ticket agents and other Delta employees throughout the world, and the airline waived rules so workers can wear the buttons on their uniforms. The new keepdeltamydelta.org5 Web site solicits signatures for a petition that will be sent to the Justice Department, and Delta supplied an interactive map showing the negative effects it contends would result from a takeover.

The Air Line Pilots Association, which represents Delta pilots and holds one of the largest bankruptcy claims, has held demonstrations in a dozen cities, including a rally in Delta's home city of Atlanta last month that drew more than 3,000 current and retired employees, members of Georgia's congressional delegation and a day's worth of media coverage.

Delta has even started new service to Charlotte, N.C., and Pittsburgh, two US Airways hubs, as part of a push to project Delta as a vigorous, quickly recovering carrier.

Yesterday, US Airways launched its own takeover Web site called buildingabetterairline.com. In a letter to US Airways employees, Mr. Parker reiterated his pledge that no "frontline" workers will be laid off if the hostile takeover succeeds. Northwest declined to comment on its talks with Delta.

A New Focus On Delta Air As Deal Bait (NYT)

By Jeff Bailey

The New York Times, January 11, 2007

Delta Air Lines, in such dire straits a year ago that its chief financial officer called it “a company I’m not sure we could have given away,” is suddenly in great demand.

US Airways increased its unsolicited bid for Delta by more than 20 percent early yesterday, to about $10.3 billion. Hours later, Northwest Airlines emerged as a potential suitor.

Delta, according to people involved in the talks, is hoping to fend off US Airways, and has been in talks with Northwest for weeks. Both carriers are operating in bankruptcy, with plans to emerge later this year.

A Northwest bid would probably be preferable to Delta managers because the two airlines’ route networks overlap less than with Delta and US Airways. A combination with Northwest is therefore likely to lead to fewer grounded planes, if any.

Delta would not comment on the Northwest talks, a spokeswoman, Betsy Talton, said. Roman Blahoski, a Northwest spokesman, also declined to comment.

The growing interest in Delta reflects the improving fortunes of the airline industry, which is starting to post rare profits, and also perhaps the start of a new wave of consolidation.

While the progress of any particular deal is a matter of conjecture, yesterday’s events suggested that one or more airline mergers had become likelier than even a week ago.

Airlines, recovering from half a decade of huge losses, remain highly vulnerable to the next economic downturn, and many people see consolidation as a way to reduce costs and strengthen the industry’s financial condition. United Airlines and Continental have been engaged in preliminary merger talks. And many analysts expect that a big merger could force one or two more.

US Airways, based in Tempe, Ariz., first offered $8 billion to buy Delta, of Atlanta, in mid-November. But the effort failed to gain backing from Delta creditors, who will control the carrier after bankruptcy.

Delta management has issued a stand-alone plan it said was superior to the offer from US Airways. A slow-moving series of meetings followed between creditors and representatives of Delta and US Airways, which served to pick apart competing proposals. And it appeared that the proposed big merger might dissolve.

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That changed on Monday morning, when the Delta creditors' new consultant, Gordon M. Bethune, the 65-year-old former chief executive who turned around Continental Airlines, met with US Airways' chief, W. Douglas Parker, 45.

They met at the Midtown Manhattan offices of Citigroup, which is advising US Airways, Mr. Parker said. And, through a series of tough questions about the merger proposal, Mr. Bethune made clear that Mr. Parker should increase his bid to overcome creditors' doubts about the risks of the deal, according to Mr. Parker.

"He uses a lot of profanity; he asked a lot of questions," Mr. Parker said of Mr. Bethune in an interview. "It was clear they were still wrestling with our proposal. Was there enough reward to warrant the risk? He was very direct."

Mr. Bethune did not return calls seeking comment. Daniel H. Golden, a lawyer for the creditors' committee, declined to comment.

In the meantime, Delta management has been pursuing its plan to emerge from bankruptcy as a stand-alone airline and preparing for a Feb. 7 hearing on the plan. And it announced last week that it had agreed to buy 30 new regional jets, a move that flies in the face of Mr. Parker's plan to cut back the combined carriers under the Delta name.

"Those airplanes aren't consistent with our plan," Mr. Parker said.

So, seeing Delta potentially slipping away, he raised his bid, adding $1 billion in cash, for a total of $5 billion, and 11 million US Airways shares, for a total of 89.5 million, valued around $5.3 billion at yesterday's closing price of $58.93 a share. Delta creditors would receive 49 percent of the stock in the combined company.

The bid will expire Feb. 1 unless creditors come out in support of allowing US Airways to conduct due diligence on Delta, support a filing with antitrust regulators to begin a review of the proposed deal, and call for postponement of the Feb. 7 hearing on Delta's stand-alone plan.

Delta management valued the stand-alone plan at $9.4 billion to $12 billion, a range US Airways and some analysts said was based on overly optimistic estimates. Using Delta's valuation method, US Airways said its latest offer would be worth $12.7 billion to $15.4 billion. "The revised offer eliminates any conceivable doubt," Mr. Parker said.

Roger King, an analyst at CreditSights, agreed, saying the Delta management plan was almost certainly dead on arrival. "The entrance of Gordon Bethune is a major positive for" US Airways, Mr. King said.

Delta has said that US Airways' initial bid would not pass antitrust scrutiny because it added too much debt to the companies, and that it would further strain relations with workers. Delta said that it would review the new offer but argued that it raised the same questions.

The union representing Delta pilots said it was opposed to the US Airways proposal. And some union officials representing other US Air workers have expressed reservations about the combination because they had yet to enter into new labor contracts reflecting a merger in 2005 with America West.

Lee Moak, chairman of the Delta chapter of the Air Line Pilots Association, said the group voted yesterday to commit $15 million more to defeat the US Airways bid. "We will do everything we can to kill this merger," Mr. Moak said.

Delta And Northwest Merger Idea Has Its Advantages (AP)

By Joshua Freed

AP, January 11, 2007

MINNEAPOLIS - No one knows if Northwest and Delta airlines will end up together, but the idea strikes some observers as sensible.

Recurring talks between the two carriers have taken place, the Wall Street Journal reported on Wednesday, citing anonymous sources. Both airlines declined to comment. Even if managers at the two bankrupt airlines make a deal, creditors would have to approve, too.

But observers pointed out that Delta Air Lines Inc.'s routes have less overlap with Northwest than with US Airways, which has proposed buying Delta. Northwest's domestic routes are concentrated in the Midwest and Asia, while Delta is strong in the South and East and over the Atlantic.

Less overlap could mean less resistance from antitrust regulators, said former Northwest board member and Northwest Capt. Mike Ristow.

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"In terms of a global network, they come up with something more attractive" than a Delta-US Airways merger would, said Daniel Kasper, managing director of aviation consulting firm LECG in Cambridge, Mass. LECG has done bankruptcy work for both Delta and Northwest.

The idea of one bankrupt carrier merging with another might seem far-fetched. But bankruptcy allows airlines to slash expenses for things like aircraft leases, debt, and workers. Among the older carriers that were around before deregulation, Delta and Northwest could end up as two of the healthier ones.

That means investors might be willing to put in new money, Kasper said.

It wouldn't be unreasonable for investors "to expect that the deal might be priced in a way that there would be some interesting upside potential coming out of it," he said. "I wouldn't have any trouble at all imagining money going into a deal like that."

Delta had rejected an offer from US Airways Group Inc., but US Airways raised its bid to $10.3 billion on Wednesday. Delta managers have said they want it to emerge as a standalone carrier.

Last month, Northwest disclosed that it had hired Evercore Partners to advise it on merger possibilities. At the time, Northwest Chief Executive Doug Steenland said it was hiring Evercore in case a merger proposal came along for Northwest.

"It remains our intention, and let me emphasize this, our intention to emerge from bankruptcy in the first half of calendar year 2007 on a standalone, independent basis," Steenland said in a hot line message to employees on Dec. 11.

The intention to emerge as a standalone carrier was absent from a message to employees on Wednesday in response to the Wall Street Journal story.

"Northwest intends to file its plan of reorganization in its Chapter 11 bankruptcy court prior to January 16, 2007 and to emerge from Chapter 11 in the second quarter of 2007. Northwest is monitoring developments in the airline industry and is committed to acting in the best interest of all of its constituents," the message said.

Northwest spokesman Roman Blahoski declined to comment on the difference between the two statements, or to comment on whether Northwest still intends to emerge as a standalone carrier.

Ristow said managers at Northwest and Delta talk to each other routinely about code-sharing and marketing partnerships.

"They don't talk about the competitive stuff because that's illegal, but they certainly have a real good idea of how each other operates, and whether they're compatible, and whether they make sense" as a merged operation, he said.

"It would be ridiculous to think that they haven't at least had some preliminary discussions."

Monsanto Expects DOJ Review To Delay Delta And Pine Merger (BZJRNL)

St. Louis Business Journal, January 11, 2007

Monsanto Co. said in a regulatory filing Tuesday that its proposed $1.5 billion acquisition of cotton seed breeder Delta and Pine Land Co. might be delayed past its mid-February targeted closing due to U.S. Department of Justice approvals.

In its quarterly regulatory filing with the Securities and Exchange Commission, Monsanto said that the deadline for the merger, initially announced in August, is Feb. 14, subject to an automatic extension of up to six months to complete regulatory reviews. The company said in the filing that it anticipates the regulatory process might extend beyond that date, invoking the automatic extension.

The merger has been approved by the boards of both company's and Delta's shareholders approved the deal Dec. 21. The transaction is being reviewed by federal and state authorities, including the Department of Justice.

To make the deal more acceptable to regulators, Monsanto pledged in August to divest its Stoneville cottonseed business and is looking for potential buyers for that business.

Monsanto had agreed to buy Delta in a deal valued at $1.9 billion when it was first announced in May 1998, but the deal was aborted the next year after Monsanto couldn't reach a deal with regulators over antitrust concerns.

St. Louis-based Monsanto Co. (NYSE: MON - News) develops insect- and herbicide-resistant crops and other agricultural products.

A Public Pension Fund Sues Directors Of Caremark Rx (NYT)

By Gretchen Morgenson

The New York Times, January 11, 2007

A public pension fund in Louisiana has sued the directors of Caremark Rx, contending that their unanimous backing of the company's $21 billion merger with CVS over a rival $26 billion bid from Express Scripts improperly benefits Caremark executives at the expense of shareholders.

Among the benefits Caremark executives and directors will receive if the CVS deal goes through, the fund's lawsuit contends, are positions at the combined company and indemnification from penalties and fines that may result when criminal and regulatory investigations into possible stock option backdating by Caremark officials are concluded.

Yesterday, Express Scripts filed suit to block the CVS deal, arguing that the terms deal supported by the Caremark board prevents its directors from executing their fiduciary duties to shareholders.

The lawsuits, filed in Delaware Chancery Court, will once again bring the fiduciary duties of directors in the post-Enron world to the forefront. Delaware is where most major United States companies are incorporated.

Caremark accepted the CVS bid on Nov. 1, even though the stock-for-stock deal offered no premium to Caremark's market price at the time.

Caremark's directors have recommended that company shareholders approve the deal at a meeting that is expected to occur before March 16.

On Monday, Caremark rejected the $26 billion bid made on Dec. 18 by Express Scripts, saying that it would "result in a highly leveraged and weakened business" if it was approved by shareholders. The Express Scripts offer of $58.50 a share is approximately 15 percent higher than the CVS bid.

The lawsuit filed by the Louisiana Municipal Police Employees' Retirement System contends that the CVS deal is unfair to Caremark shareholders not only because its price is significantly below the rival bid.

The pension fund's lawyers also argue that Caremark directors improperly accepted deal protection provisions in the CVS bid that act to deter other bidders, effectively making the deal a fait accompli even before the shareholders vote.

First, there is the $675 million breakup fee to be paid by Caremark in cash to CVS, if the target walks away. Then, there is a so-called last-look provision, which gives CVS the chance to come back and top any rival bid.

"Any potential third-party bidders will be loath to invest the time and resources necessary to pursue a superior bid while knowing full well that CVS retains control of the bidding," the pension fund's lawsuit says.

The Louisiana fund accuses the Caremark board of supporting the deal to benefit Edwin M. Crawford, the company's chief executive, and other executives.

Under the terms of the deal, nine Caremark executives will join the combined company and Mr. Crawford will become chairman of its board and receive an estimated $48 million in exit pay. While he would probably receive a similar amount if Caremark sold out to Express Scripts, Mr. Crawford might not be asked to join the combined company under the terms of such a deal.

The Louisiana pension fund also noted that the CVS deal guarantees a job at the merged company for Mr. Crawford's son, Andrew. A Caremark proxy filed last year described the younger Mr. Crawford as senior vice president for industry analysis and underwriting.

The merger with CVS would also allow an unspecified number of Caremark directors — perhaps all of them — to get lucrative seats on the combined company's board.

In its offer, CVS has also agreed to cover any costs associated with stock option backdating at Caremark, practices that are under federal investigation and the subject of another civil suit filed against the company in Tennessee. That lawsuit has challenged 4.6 million options granted to Mr. Crawford as having been possibly backdated. Stock sales covered by those options generated $262 million for Mr. Crawford, the Tennessee lawsuit contends.

"The inequities could not be more apparent," said Gerald H. Silk, a lawyer at Bernstein, Litowitz, Berger & Grossmann, one of the firms representing the Louisiana fund. "Shareholders get a coercive, zero-premium deal while Crawford gets a $48 million payout, jobs for himself and his son and complete indemnification for his alleged option backdating transgressions."

A Caremark spokesman called the pension fund's lawsuit meritless and said the company would defend against it vigorously.

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As for the Express Scripts suit, he said it was a “frivolous” attempt to interfere with the CVS merger.

“Contrary to allegations made by Express Scripts, the provisions of the CVS merger agreement are lawful and appropriate,” the spokesman said.

To be sure, many of the terms in the CVS bid for Caremark — the no-shop provisions and last-look opportunity — are common in the merger world.

But the suit filed in Delaware, comes at a time when directors’ actions as fiduciaries for their shareholders are under increased scrutiny.

As a result, the case, which is being heard by Chancellor William B. Chandler III, provides an opportunity for him to opine on the matter of directors’ duties broadly and whether the Caremark directors exercised those obligations in particular.

This is familiar territory for Chancellor Chandler, who oversaw the Disney case of 2005. In that case he chastised the company’s directors for essentially rubberstamping a contract struck by Michael D. Eisner with Michael S. Ovitz that resulted in a $140 million severance payout after Mr. Ovitz was terminated a short time later.

Chancellor Chandler has asked for a hearing on the issues before Caremark’s shareholders vote on the CVS bid, now scheduled to take place in mid-March.

In a Dec. 29 meeting with the parties in the case, Chancellor Chandler said that while he was certain Caremark would argue forcefully that its directors exercised their duties of care and loyalty to the company’s owners, he also concluded that “there is a tenable argument on the other side, and nonfrivolous claims here on the other side, that at least need to be tested against a fuller record.”

Caremark, Express Scripts Try To Sway Shareholders (Update1) (BLOOM)

By Robert Simison And Catherine Larkin

Bloomberg, January 11, 2007

Jan. 10 (Bloomberg) -- Express Scripts Inc. urged Caremark Rx Inc. shareholders to vote against a proposed $22.3 billion buyout by CVS Corp. while Caremark's chief blasted Express Scripts' $24.3 billion offer.

Rejecting the CVS deal would clear the way for Caremark's board to ``give proper consideration to any other offer which it receives, including our proposal'' in stock and cash, Express Scripts said today in a proxy statement. Caremark Chief Executive Officer Edwin ``Mac'' Crawford told investors the Express Scripts bid is hurting his ability to line up new contracts.

At the center of the dispute are competing proposals for restructuring the way Caremark handles a portion of the $251.8 billion in prescriptions distributed each year in the U.S. on behalf of employers and insurance companies. Buying Caremark would make Express Scripts the nation's largest manager of drug benefits. CVS, the second-largest U.S. drugstore chain, wants Caremark to gain power to negotiate medicine prices.

``This is a very, very powerful combination,'' Caremark CEO Crawford said at an investor conference in San Francisco today. ``I'm not going away. We're committed to making this work.''

Express Scripts sued Caremark today in Delaware Chancery Court in Wilmington, asking a judge to rule that a $675 million breakup fee if the CVS deal fails is ``unreasonable, unlawful and invalid.''

Seeking Injunction

The complaint seeks an injunction to bar the CVS merger and a Caremark shareholder meeting until ``directors properly review and fully inform the Caremark shareholders of Express Scripts' offer.'' Caremark directors rejected the bid on Jan. 8.

CVS, in a statement today, called the Express Scripts lawsuit a ``desperate attempt'' to derail its merger with Caremark, which CVS said has the backing of both companies' boards and strong support from customers and employees.

St. Louis-based Express Scripts said Dec. 18 that it offered $58.50 in cash and stock for each Caremark share. Express Scripts shares have fallen almost 5 percent since then, lowering the value of its offer to about $24.3 billion, based on today’s closing price and data compiled by Bloomberg citing 426.5 million shares of Caremark outstanding as of Oct. 31.

Express Scripts fell 79 cents today, or 1.2 percent, to $65.27 at the close of Nasdaq Stock Market composite trading. Shares of Nashville, Tennessee-based Caremark were unchanged at $55.55 at 4 p.m. in New York Stock Exchange composite trading.

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Value of CVS Offer

Woonsocket, Rhode Island-based CVS agreed Nov. 1 to exchange each Caremark share for 1.67 CVS shares. That deal is now valued at $22.3 billion, based on today's CVS closing price of $31.32 on the New York Stock Exchange.

CVS announced after the close of markets that it had raised its quarterly dividend 26 percent to 4.875 cents, its largest- ever increase. John Heinbockel, an analyst at Goldman Sachs in New York, said in a note that the move may close the gap between the perceived value of the two offers and boost Caremark shareholders' confidence in CVS's growth prospects.

Express Scripts took steps to advance its offer yesterday by buying 591,108 shares of Caremark and saying that it planned to nominate four directors to the Caremark board. Express Scripts is seeking proxies from Caremark shareholders for the right to cast their votes in its favor.

Express Scripts told Bloomberg News it included certain types of stock options in the value of its offer, which would increase the deal's value to $24.9 billion according to Bloomberg calculations.

At today's investor conference, Caremark's Crawford said an Express Scripts takeover wouldn't provide strategic or financial benefits while creating the risk of government antitrust sanctions and hurting sales.

Contracts at Risk

Caremark may lose contracts that would generate more than $8 billion in revenue because of the threatened proxy fight as uncertainty makes customers less willing to sign new contracts for managing drug benefits, Crawford said.

``We are already being shut out by decision-makers" because of the possibility that Express Scripts may take over Caremark, Crawford said. ``They like us and our pricing, but they can't take the risk that we won't be in charge."

He cited a ``very large health plan" that may switch to Medco Health Solutions Inc., the No. 1 drug-benefits manager; ``a very large state" contract generating more than $1 billion that may be in jeopardy because of a lawsuit against Express Scripts, and a health plan in upstate New York. ``The list is long," Crawford said.

An antitrust delay in completing a takeover by Express Scripts ``will destroy the 2007 selling season and perhaps the 2008 selling season," Crawford said.

`Out of Thin Air'

Crawford accused Express Scripts of setting out to disrupt the planned combination with CVS and of making an estimate of $500 million in savings that was ``plucked entirely out of the air." A similar projection of savings from a CVS combination reflects a detailed assessment, he said. Caremark said the Express Scripts bid ``would result in a highly leveraged and weakened business."

Caremark said in a filing with the New York Stock Exchange yesterday that shareholders of record Jan. 15 will be eligible to vote on the CVS merger. Caremark hasn't set a date for the shareholder meeting. Express Scripts left the dates blank in its preliminary proxy statement.

``We urge you to send the company's board a clear message that a sale to CVS for little or no premium is not a desired outcome, and that they should take all necessary steps to maximize shareholder value," Express Scripts said in the proxy statement.

Express Scripts also asked the Delaware court to rule that its law firm, Skadden, Arps, Slate, Meagher & Flom, isn't conflicted because it once represented AdvancePCS, which Caremark bought.

Equity Office May Be In Play (WSJ)

By Dennis K. Berman And Jennifer S. Forsyth

The Wall Street Journal, January 11, 2007

Expectations were building last night that rival bidders might soon materialize to challenge the $20 billion buyout of Equity Office Properties Trust by Blackstone Group.

Top real-estate and private-equity investors were buzzing that a competing offer could come within a matter of days, possibly from an investment team led by real-estate maven Barry Sternlicht of Starwood Capital Group Global LLC and Neil Bluhm of Walton Street Capital. The two were seriously considering an offer last night, said one person briefed on their plans.

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The two still haven't completed financing for an offer. One possible funding source could be Cerberus Capital Management, a New York-based financial conglomerate, people familiar with the matter said.

A competing bid would set off what would be the most high-stakes and high-profile bidding war since the contest for RJR Nabisco nearly two decades ago. And it would be a potent indicator of the intensity of the competitive rivalry to buy companies. So far, buyout firms have observed an unstated gentleman's agreement not to top, or "jump" in Wall Street parlance, signed merger deals. But real-estate firms aren't party to that understanding.

The interest comes at a time when the debt markets are happy to throw money at mega deals. Borrowers have been able to attract capital at cheap rates, and what they can borrow as a percentage of the total value of assets is also high. Moreover, any buyer would likely split off some of the trophy assets to help pay for the deal -- part of Blackstone's plan.

One major impediment to a rival bid are the matching rights enjoyed by Blackstone that allow the firm to match any price offered by a rival. A rival would also be under time pressure, given that the Blackstone deal is expected to close within three weeks.

Measured by current rental income, Blackstone's offer for the country's largest office-building owner and manager is already richly valued at some $36 billion, a figure that includes $16 billion of debt. But by at least one other important measure -- the price needed to replace the buildings in Equity Office's portfolio -- the deal doesn't look impossible to top.

A spokeswoman for Equity Office declined to comment. A spokesman for Mr. Sternlicht declined to comment. Mr. Bluhm didn't return calls for comment. Mark Neporent, Cerberus's chief operating officer, said that the firm "had no intention of submitting a bid." But Cerberus would be willing to provide debt financing to bidders.

Samuel Zell, Equity Office's founder and chairman, said in a previous interview with the Journal that it agreed in its negotiations with Blackstone not to seek competing bids. But he said a process was in place for the board to consider unsolicited offers.

Until the past few days analysts were unsure whether any bidders would be willing to go above the $49.50 per share needed to top Blackstone's price and cover the termination fee. Blackstone's offer was an 8.5% premium to the price of EOP's closing price on the day prior to the merger announcement on Nov. 20. And Blackstone's price was a 7.2% premium over Equity Office's net asset value of $45.25 per share estimated by Green Street Advisors, a Newport Beach, Calif., research firm.

Equity Offices' proxy filed to the Securities and Exchange Commission on Dec. 14 stated that Blackstone originally wanted a termination fee of $275 million, which was negotiated down to $200 million. Green Street Advisors described the termination fee as "modestly lower than we would have expected" and pointed out that in another recent deal involving another REIT, SL Green Realty Corp., the fee was about 3% of the initial value.

Cerberus May Bid For Equity Office REIT (NYT)

By Andrew Ross Sorkin

The New York Times, January 11, 2007

Cerberus Capital Management is considering making an offer worth more than $38 billion for Equity Office Properties Trust, the real estate investment trust that is controlled by Samuel Zell, people involved in the discussions said last night.

If Cerberus bids for Equity Office, the nation's largest owner and manager of office buildings, it would seek to top a deal reached in November to sell the company to the Blackstone Group for $36 billion.

Last night, executives of Cerberus were preparing their bid, these people said. It remains possible, however, that Cerberus could decide against making an offer.

It is unclear whether Cerberus would bid in concert with other partners. In recent weeks, the firm has held talks with Barry Sternlicht of Starwood Capital, who created Starwood Hotels, people involved in those talks said.

Spokesmen for Cerberus and Mr. Sternlicht declined to comment.

A Cerberus offer could result in a bidding war for Equity Office, pitting two of the most powerful financial firms in the nation against each other for a deal that would be the largest leveraged buyout in history, surpassing the $33 billion that a consortium of private equity groups paid for the health care company HCA Inc. in August.

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A bid by Cerberus would also be one of the first instances of a private equity firm's trying to top another firm's deal after an agreement had been struck.

When Blackstone reached its deal with Equity Office, the purchase price — $48.50 a share — was instantly derided by some shareholders as too low. James S. Corl, the chief investment officer for the real estate firm Cohen & Steers, the largest shareholder in Equity Office, criticized the deal publicly and suggested that another bidder should emerge.

Under the terms of Equity Office's agreement with Blackstone, Equity Office can continue to solicit offers from rival bidders. A shareholder vote on that deal is scheduled for Feb. 5. If Cerberus were to top Blackstone's offer, Blackstone would be entitled to a breakup fee of $200 million.

Speculation about a rival offer has been increasing in recent weeks. Yesterday, Jonathan Litt, an analyst at Citigroup, wrote in a note to investors that he expected a "topping bid" of $50 to $52 a share.

Shares of Equity Office closed at $48.75, above Blackstone's offer, in anticipation of a bid from Cerberus.

Kroes Threatens Antitrust Action To Break Up Power Groups (FT)

By Tobias Buck In Brussels

Financial Times, January 11, 2007

Neelie Kroes warned yesterday that she could use her powers as European Union competition commissioner to break up the region's large, integrated energy groups, opening up a potential new front in the broader regulatory crackdown on groups such as Eon, RWE and GdF.

Ms Kroes is a long-standing critic of gas and electricity suppliers that also control crucial transmission infrastructure, such as pipelines. She argues that integrated groups have used their grip on the networks to freeze out new entrants and stifle competition.

"Ownership unbundling" - the break-up of integrated energy groups - through new legislation would take years, and is certain to face stiff opposition from some member states.

But Ms Kroes stressed that a break-up could be imposed on individual companies as part of an antitrust decision, for example as a punishment for violating EU competition rules. Asked whether forced unbundling was an option as part of an antitrust investigation, the commissioner replied: "Absolutely."

The news is of special concern for Eon and RWE of Germany, GdF of France, Eni of Italy and OMV of Austria, since they are the subject of a Commission antitrust probe. The groups' offices were raided in May, following suspicions they had excluded rivals from wholesale markets and infrastructure and of "possible collusion between incumbents in the form of market sharing", Ms Kroes said.

The Commission acquired the power to break up companies that violate competition rules only in 2004 but has so far never used it.

The latest warning by Ms Kroes came as she revealed the findings of a 16-month investigation into the EU markets for electricity and gas. As reported in the Financial Times last week, the report painted a bleak picture of competition in the sector and the poor level of market integration.

"[The report's] disappointing conclusion is that, more than a decade after having launched the drive for liberalisation, we are still far from having a single, competitive and well-functioning European energy market," Ms Kroes said. "As a result, Europe's consumers, businesses and the economy as a whole are still not benefiting from the full advantages that should flow from the opening up of European energy markets in terms of lower prices and better choice of services."

The Commission probe found that many of Europe's national energy markets continued to be dominated by former monopolies. Thanks to their entrenched positions at home, the former incumbents had little incentive to venture abroad or to invest in upgrading domestic infrastructure, since this would make it easier for rivals to enter the market.

"The report reveals that the energy prices for commercial users vary significantly from member state to member state. These differences are not eroded through import competition. One of the reasons is that incumbents stick to their home markets," Ms Kroes said yesterday.

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The report also criticised the excessive length of many gas and power supply contracts, as well as the tight grip that some companies have on pipeline and interconnector capacity. These contracts, it argued, served to further reinforce the power of the dominant groups.

European Union Proposes Greater Competition In Energy (NYT)

By James Kanter

New York Times, January 11, 2007

BRUSSELS, Jan. 10 — European Union officials on Wednesday challenged governments to loosen their grip on national energy sectors, calling for a fresh wave of competition and investment in infrastructure and technology to ease dependence on powerful exporters like Russia and to combat global warming.

The region needs a new "postindustrial revolution," said the European Commission's president, José Manuel Barroso, announcing a number of energy proposals. "We have already left behind our coal-based industrial past. It is time to embrace our low-carbon future."

The package of proposals is one of the largest ever presented by the commission, although it reflected changes by France and Germany, which oppose the breakup of their national electricity companies.

European Union officials also backed away from earlier, more ambitious targets for cutting emissions after energy-intensive industries and labor groups warned of threats to profits and jobs — especially if competitors in the United States and elsewhere did not follow suit.

Many of the proposals, which also aim to encourage the use of renewable fuels for cars and to improve the energy efficiency of buildings and home appliances, are to be debated by European Union leaders at a summit meeting in March. If they approve the package, many of the measures would still require the commission to draft formal legal proposals.

The plan, called an Energy Policy for Europe, sought to echo the postwar integration of important industrial sectors, namely coal and steel, that eventually grew into the union's single market. But it fell far short of proposing a unified power market, one that could be overseen by a single regulator, operate on a common grid and benefit from a common front in dealing with energy suppliers.

Christian Egenhofer, a senior research fellow at the Center for European Policy Studies in Brussels, said it would be unrealistic to unify energy policy in a trade bloc of 27 disparate countries, some rich, some much poorer. France, for instance, relies on nuclear power for 80 percent of its electricity, while others, like Poland, depend almost entirely on coal for electricity.

In another sign that the vision of transforming the way Europe consumes energy is meeting resistance, commission officials also backed away from earlier recommendations to require that emissions be cut to levels that environmental experts say are critical to keeping down rising temperatures.

Under pressure from industries like steel, where executives fear losing business if Europe adopts stricter regulations than the rest of the world, the union recommended cutting emissions by 20 percent from 1990 levels by 2020, rather than the 30 percent sought by its environment commissioner.

The commission pushed ahead with proposals to encourage the "capture," or trapping, and storage of carbon dioxide emissions, including possibly making it mandatory for all new coal-fired power stations after 2020 to incorporate the new, cleaner technologies.

The European Union also highlighted the benefits of nuclear energy as a way to curb carbon emissions. But widespread public skepticism about the safety and price of nuclear technology led the officials to back away from pushing member states to use nuclear power as a primary tool against climate change.

The commission also proposed measures that aim to reduce power consumption by about 20 percent by 2020 as another means of reducing emissions. Union officials said those measures, including better constructed homes and offices, could save consumers $130 billion each year in fuel bills — or from $260 to $1,300 for each household.

EU Seeks Breakup Of Utilities To Boost Competition (Update3) (BLOOM)

By Matthew Newman And Jonathan Stearns

Bloomberg, January 11, 2007

DOJ_NMG_0115270

Jan. 10 (Bloomberg) -- European Union regulators called for a breakup of energy companies to boost competition in the electricity and natural-gas markets.

The European Commission, the EU's regulatory arm, wants to open competition to new entrants. Most incumbent energy companies own both production businesses and the units managing the pipes and power lines. The EU regulator wants separate owners for those businesses, a practice known as unbundling. The recommendations, to be discussed by EU leaders in March, are already meeting resistance from France and Germany.

``We make it clear that our preference is unequivocally in favor of ownership unbundling," European Commission President Jose Barroso told journalists in Brussels today.

As part of the investigation into the region's 250 billion- euro ($325 billion) power and gas industry, the EU also probed utilities including E.ON AG, Gaz de France SA and Eni SpA for possible antitrust violations. The commission said energy companies may be illegally colluding to keep out rivals, calling the practice ``one of the most serious threats to competition."

Competition Commissioner Neelie Kroes has threatened to fine energy companies as much as 10 percent of annual sales for failing to open their networks to competitors. Kroes also said she may break up companies if she finds they have illegally restricted competition.

Persistence

``This is a pretty unprecedented set of announcements," said Matthew Levitt, a competition lawyer at Lovells in Brussels. ``The most effective way to get an efficient energy market is through competition and regulatory powers. I don't see the commission giving up on this."

Europe's gas and electricity markets are inefficient, overly concentrated and suffer from a lack of investment, the commission said in a report released today that concluded a 19- month review of the industry.

``The EU's energy blueprint is a very major and welcome step forward," Sam Laidlaw, chief executive of Centrica, the U.K.'s biggest energy supplier, said in a statement.

German utilities E.ON and RWE AG oppose the proposed split. ``A division of network and generation businesses wouldn't be an improvement, but rather would represent expropriation from our shareholders," E.ON spokesman Josef Nelles said. RWE spokeswoman Julia Scharlemann said the company already gives ``non-discriminatory access to all power plants."

French, Italian Reaction

Electricite de France SA, Europe's biggest power generator and owner of the Reseau de Transport d'Electricite grid, said the current system already gives fair access to other power suppliers. Gaz de France declined to comment.

``We are far from where we want to be," Kroes said, referring to the aim of creating a single European energy market.

Eni said it was one of Europe's first companies to engage in ``pro-competitive" measures by separating managerial and shareholder structures of Snam Rete Gas SpA, which owns and runs Italy's gas grid and is 50 percent-controlled by Eni.

Fulvio Conti, chief executive officer of Enel SpA, Italy's largest utility, said his company favored competition by selling generation assets with the former monopoly now producing less than one-third of the country's electricity needs.

Away From Russia

The EU's ideas, included in an energy and environmental policy review, address mounting challenges facing the 27-nation bloc. The region wants to diversify its gas and oil imports away from Russia and the Middle East and cut emissions of heat-trapping gases that are blamed for climate change.

The commission also proposed lowering emissions by at least 20 percent by 2020 compared with 1990. That's less than the 30 percent cut the bloc would agree to if there's an accord among all developed nations, it said.

The EU wants to make it more costly for the energy industry to emit greenhouse gases while limiting price rises for consumers.

Existing EU legislation requires energy providers such as E.ON to have a legal separation between production and transmission businesses. Legal unbundling involves an incumbent having separate accounting and management of its transmission and production units.

Kroes said this approach doesn't go far enough because incumbents continue to favor their own distribution companies at the expense of new entrants.

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Alternative Option

The commission's preferred option is to break open the market through ownership unbundling. That would involve legislation to force former monopolies to split their production and transmission businesses.

The commission also outlined an alternative approach that doesn't go as far. It would allow companies to remain the owner of their transmission and production businesses and to receive a regulated return on them, while no longer being responsible for the units' operation, maintenance or development.

The commission said it prefers ownership unbundling because ``this would create a level playing field and it would change the incentive structure in the right direction."

The commission has already applied those practices in two antitrust reviews.

Kroes approved a proposed merger between Suez SA and Gaz de France in November 2006 after the companies agreed to give up control of Belgian grid operator Fluxys NV and divest gas distributor Distrigaz SA. She also forced E.ON to release ``significant volumes" of natural gas on the market as part of her December 2005 approval of the German company's 2 billion-euro purchase of Hungary's Mol Rt.

Today's ideas will be the basis for future legislative proposals following consultation with EU leaders.

French Industry Minister Francois Loos opposes the proposal, telling lawmakers in Paris today ``our system works and the proof of that is that other producers other than EDF tell us that it is working to their satisfaction." German Economy Minister Michael Glos told reporters in Berlin that splitting energy production and transmission would be ``rather difficult."

Cisco Sues Apple Over Use Of IPhone Name (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, January 11, 2007

(AP) - SAN FRANCISCO-Cisco Systems sued Apple Inc. in federal court Wednesday, saying the computer maker's new iPhone violates its trademark.

The lawsuit, filed in U.S. District Court for the Northern District of California, came just a day after Apple CEO Steve Jobs unveiled the Apple iPhone in dramatic fashion at a trade show in San Francisco.

But even while Jobs was trumpeting the product, the matter of the product's naming had not been resolved behind the scenes between two of Silicon Valley's biggest names.

San Jose-based Cisco, the world's largest network-equipment maker, has owned the trademark on the name "iPhone" since 2000, when it acquired InfoGear Technology Corp., which originally registered the name.

Three weeks ago, Cisco's Linksys division put the trademark to use, releasing an Internet phone called "iPhone" that uses the increasingly popular Voice over Internet Protocol, or VoIP.

But on Tuesday, Jobs unveiled Apple's own iPhone, a "game-changing" touch-screen-controlled cell phone device that plays music, surfs the Web and delivers voicemail and e-mail.

Apple spokeswoman Natalie Kerris said she could not immediately comment on the lawsuit.

Cisco said Tuesday it had been negotiating for several years with Apple over a licensing agreement, but Apple lawyers had not signed and returned the final contract.

"Cisco entered into negotiations with Apple in good faith after Apple repeatedly asked permission to use Cisco's iPhone name," said Mark Chandler, Cisco senior vice president and general counsel, in a statement. "There is no doubt that Apple's new phone is very exciting, but they should not be using our trademark without our permission."

Cisco is seeking injunctive relief to prevent Apple from copying Cisco's iPhone trademark.

"Today's iPhone is not tomorrow's iPhone. The potential for convergence of the home phone, cell phone, work phone and PC is limitless, which is why it is so important for us to protect our brand," Chandler added.

Cisco Sues Apple Over IPhone Trademark (USAT)

By Michelle Kessler

USA Today, January 11, 2007

When Apple (AAPL) CEO Steve Jobs unveiled the much-hyped iPhone this week, he left one detail hanging: the rights to the iPhone name.

Network equipment giant Cisco Systems (CSCO) owns the trademark. Wednesday, Cisco sued Apple in U.S. District Court, asking for an injunction against its Silicon Valley neighbor.

Apple spokesman Steve Dowling calls the lawsuit "silly." He says several companies use the iPhone name for products, though he could not provide examples. Cisco's claims "are tenuous," he says.

NEW PRODUCT UNVEILED: Apple wants to rock your phone | iPhone packed with goodies

Apple has made inquiries about the iPhone name for several years, says Cisco general counsel Mark Chandler. Talks picked up in recent weeks and seemed to be going well, Chandler said Wednesday. But Apple stopped communicating with Cisco at about 9 p.m. PT Monday, he said.

Jobs launched the iPhone — which combines a mobile phone, widescreen iPod and Internet capabilities — with much fanfare Tuesday morning.

Financial terms were not an issue, Chandler said. Cisco primarily wanted two things: clarity over who would use the iPhone name and interoperability between Apple's iPhone and other companies' products, he says. He would not provide specifics.

Cisco is a big advocate of standards that allow different devices to work together. That's because the company makes the networking gear that helps connect them.

In contrast, Apple leans toward products that work best with other Apple products, says independent tech analyst Rob Enderle. Apple is afraid that if it makes its products more open, "Somebody can steal their stuff," he says.

Apple's shares, which have been rising lately, jumped 5% to a record $97 during regular trading before the lawsuit was announced.

The iPhone name was first trademarked in 1996 by InfoGear, a maker of Internet appliances. Cisco acquired InfoGear, and the trademark, in 2000.

Cisco sells iPhones designed to place calls over an Internet connection, not a cellphone network, so they do not compete directly with Apple's iPhone. Cisco launched new iPhones in December.

But the name iPhone "has been associated with Apple and the concept of a phone for a couple of years," says Charles Golvin, a tech analyst at Forrester Research. Apple has a line of products with "i" in the name, including the iBook laptop and iPod digital music player.

An Apple claim to the name probably would not stand up in court, Enderle says. After all, Compaq Computer and its successor, Hewlett-Packard, have sold a line of iPaq personal digital assistants and cellphones for years.

Apple has more to lose than Cisco does, Golvin says. The market for Internet phones is much smaller than that for music cellphones, he says, and Cisco doesn't have that much invested in its iPhone brand.

Apple is notorious for vigorously defending its own trademarks. It has sent cease-and-desist letters to several firms that use "pod" in product names.

ENVIRONMENT:

Former Official Is Said To Be A Focus Of Lobbyist Inquiry (NYT)

By Philip Shenon

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — The former No. 2 official in the Interior Department has been notified by federal prosecutors that he will most likely be indicted for lying about his relationship with the corrupt lobbyist Jack Abramoff, people with knowledge of the investigation said Wednesday.

A lawyer for the former official, J. Steven Griles, said Mr. Griles was recently told by the Justice Department that he was a target of the investigation as a result of his testimony about Mr. Abramoff to a Senate committee in 2005.

“We are shocked and disappointed at this turn of events,” the lawyer, Barry M. Hartman, said in a statement. “No one has suggested that Mr. Griles ever took anything of value from Mr. Abramoff or any other lobbyist, and he never did.”

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Mr. Abramoff, once one of the most powerful Republican lobbyists in Washington, entered prison last year after pleading guilty to conspiring to corrupt public officials.

In his November 2005 testimony to the Senate Indian Affairs Committee, Mr. Griles insisted he had done no special favors for Mr. Abramoff while he was deputy secretary of the interior in President Bush's first term. But Mr. Griles acknowledged that he had been approached about leaving the department to join Mr. Abramoff's lobbying firm. Mr. Griles did not take that job, and now works elsewhere as a corporate lobbyist.

Mr. Abramoff's internal e-mail messages show that he referred to Mr. Griles as "our guy" at the Interior Department, and repeatedly sought to bring pressure on Mr. Griles to do favors for Mr. Abramoff's Indian tribe clients. In a report last year, the Indian Affairs Committee said it could not "definitively conclude what, if anything, Griles did to assist Mr. Abramoff's clients."

Two Bush administration officials who have been briefed on the case said the investigation of Mr. Griles and Mr. Abramoff had also brought scrutiny to a senior Justice Department official, Sue Ellen Wooldridge, an assistant attorney general. She submitted a letter of resignation on Monday and is expected to depart this month.

Ms. Wooldridge, who leads the department's environment and natural resources division and serves as the Bush administration's chief prosecutor on environmental issues, joined the Justice Department from the Interior Department, where she had been a top aide to former Interior Secretary Gale Norton and was close to Mr. Griles.

A Justice Department spokeswoman, Cynthia Magnuson, declined to comment when asked if Ms. Wooldridge's departure was related to the Abramoff investigation.

Others, including the two Bush administration officials, said that while Ms. Wooldridge's ties to Mr. Griles were of interest to the Justice Department, they did not believe she was under active investigation by the grand jury. Ms. Magnuson said that in her resignation letter, Ms. Wooldridge "basically expressed that after six years of federal service, she wants to return to the private sector."

In confirming an article in The Washington Post on Wednesday reporting that Mr. Griles had been told he was being investigated by the grand jury, Mr. Hartman said his client had given the Senate committee his best recollection of his communications with Mr. Abramoff. "Mr. Griles told the committee that he knew Mr. Abramoff, just like he knew many other lobbyists, and in his view, Mr. Abramoff had no special access or relationship to him," Mr. Hartman said.

Mr. Griles "takes this matter very seriously," Mr. Hartman said, "and is optimistic that this will be resolved in an appropriate matter, based on the facts, and that neither political pressure nor news reports will undermine this hope."

There has been no suggestion from Congressional or Justice Department investigators that Ms. Norton, who resigned last year as interior secretary, has come under scrutiny in the Abramoff investigation.

Mr. Abramoff's e-mail shows he made many of his approaches to Mr. Griles through a small advocacy group, the Council of Republicans for Environmental Advocacy, and its director, Italia Federici, who has also come under investigation by the Justice Department.

Mr. Griles would be the second former Interior Department official to face charges in the Abramoff investigation. Roger G. Stillwell, who had worked in the department's insular affairs office, pleaded guilty last year to accepting sporting and concert tickets from Mr. Abramoff, whose lobbying clients often sought help from Mr. Stillwell's office.

Energy Lobbyist A Target In Ethics Probe (AP)

By John Heilprin, Associated Press Writer

AP, January 11, 2007

WASHINGTON (AP) -- The Interior Department's former No. 2 official has been told by federal investigators that he is a target in the Jack Abramoff corruption probe.

J. Steven Griles, former deputy interior secretary during President Bush's first term, was notified by letter and told of possible charges at a meeting last week with Justice Department prosecutors, people familiar with the probe said Wednesday, speaking on condition of anonymity because the inquiry continues.

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Griles told the Senate Indian Affairs Committee in 2005 that Abramoff had no special access to him. Griles' attorney, Barry Hartman, has said that committee's report last September found no evidence that Griles acted improperly. Hartman did not immediately return phone calls for comment Wednesday.

Griles has since resumed his work as an energy lobbyist, which he did before joining Interior. It's those ties that were the subject of a host of internal probes while he was at the department.

Also being investigated in relation to the grand jury probe is Sue Ellen Wooldridge, the assistant attorney general who oversees the Justice Department's environment and natural resources division, one person familiar with the investigation said.

Wooldridge sent in a resignation letter on Monday, saying she wanted to return to the private sector, Justice Department spokeswoman Cynthia Magnuson said Wednesday. Wooldridge was not commenting publicly.

Before joining the Justice Department in November 2005, she was the Interior Department solicitor and was deputy chief of staff to Interior Secretary Gale Norton while Griles was at Interior.

The Abramoff grand jury has heard from several Interior officials, past and present, in recent days. Roger Stillwell, a former Interior employee who provided Abramoff with information from the department, was sentenced to two years probation and fined $1,000 on Tuesday for failing to report gifts football and concert tickets from Abramoff.

Abramoff is serving about six years in prison for a fraudulent Florida casino business deal and awaits sentencing in a Washington bribery scandal. The Abramoff investigation ensnared its first congressman this fall when former Rep. Bob Ney, R-Ohio, admitted accepting gifts in exchange for government action. Several Capitol Hill staffers and a former Bush administration official also have pleaded guilty or been convicted in the case.

Prosecutors are investigating Griles now for possible criminal charges that include lying to Congress and honest service fraud. The latter is a 1988 law saying citizens are guaranteed a right to the "honest services" of public officials.

The charges involve questions about whether Griles falsely testified in 2005 before the Senate Indian Affairs Committee about Abramoff's attempts to hire Griles away from Interior.

The Senate committee's investigation and e-mails detailed numerous contacts with Abramoff and Italia Federici, who was a go-between for Abramoff. Federici headed the Council of Republicans for Environmental Advocacy, which she co-founded with Norton.

Federal investigators have been looking at the hundreds of thousands of dollars the group received in donations from Abramoff's Indian tribal clients and from energy and mining companies, including some that were Griles' ex-clients.

Chamber Of Commerce Blames China For U.S. Pollution Woes (HILL)

By Jessica Holzer

The Hill, January 11, 2007

When all else fails, blame China.

That's the novel tack the U.S. Chamber of Commerce is taking in its latest attempt to relieve states and businesses of Clean Air Act burdens.

The lobby group is petitioning the Environmental Protection Agency (EPA) to make it easier for states, counties and cities to discount dust and smog that drifts across their borders from places as far-flung as China and Africa from their pollution levels in order to remain compliant with federal air-quality standards.

It is well-documented that large plumes of particles and pollutants blow across the ocean. And the Clean Air Act clearly allows for their subtraction when they arrive from such foreign sources.

But the Chamber asserts that EPA guidance on the issue is so "limited, deficient and complex" that states are at a loss as to how to get the relief, and so are failing to attract cement, steel and power companies that could create jobs.

"When an area is in non-attainment [of the Clean Air Act], no manufacturer in the U.S. will work there and companies already there leave the state: They go to China," William Kovacs, who heads up environmental lobbying for the Chamber, said.

To date, no state or region has appealed successfully to the EPA to discount the foreign-born pollution, though the agency temporarily waived its standards in the wake of 1998 Mexican forest fires that caused soot levels to spike in New Mexico and Texas.

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The Chamber argues that a clear mechanism for presenting evidence to obtain relief is urgent in light of the EPA's new stricter standards for particulate matter. The agency tightened the standards in November, throwing 100 additional counties into non-attainment such that most of the West Coast is now in violation of the Clean Air Act.

Last month the lobby group sent its petition for a rulemaking on the matter straight to the top of the agency, EPA administrator Stephen Johnson.

Environmental groups are chalking up the move as an artful effort by the business group to help its members evade pollution standards by pointing the finger elsewhere.

"This boils down for me to a pretty patent attempt by the Chamber to shift responsibility for clearing up air pollution from its members to sources offshore," said the director of the Clean Air Program at the Natural Resources Defense Council, John Walke.

He insisted that most of the areas in non-attainment would fail to meet the federal standards regardless of the foreign-born pollution within their borders, an assertion that the Chamber disputes.

Smog and dust can be fingerprinted and, by the EPA's own estimate, on certain days nearly a quarter of the particles floating above Los Angeles can be traced to China.

At a hearing before the Senate Committee on Environment and Public Works in July, the commissioner of Georgia's Walker County, Bebe Heiskell, testified that her region's non-attainment status was "almost exclusively due to outside influences," including dust and other particles blown from Alaska, Canada and Africa.

"To be forced into perpetual non-attainment will have a devastating impact on not only our economy, but on the lives of our citizens," she said.

If the EPA finds the Chamber's petition sound, it would open up a period of public comment that would doubtless become an arena for the business and green lobbies to do battle over the issue.

But Kovacs does not have high hopes for a favorable response from the EPA, citing the agency's failure to address the issue on numerous occasions. Instead, the Chamber may have to take it to the courts.

"It's very likely we could sue," he said.

Let There Be 'Blight' (WSJ)

By William R. Maurer

The Wall Street Journal, January 11, 2007

SEATTLE -- The city of Burien, Wash., recently decided that a piece of property owned by the seven Strobel sisters that had long housed a popular diner-style restaurant was not upscale enough for the city's ambitious "Town Square" development, which will feature condos, shops, restaurants and offices. Rather than condemn the property for a private developer and risk a lawsuit, Burien came up with a plan -- it would put a road through the property, and the city manager told his staff to "make damn sure" it did. When a subsequent survey revealed that the road would not affect the building itself, but only sideswipe a small corner of the property, the staff developed yet another site plan that put the road directly through the building. A trial court concluded that the city's actions might be "oppressive" and "an abuse of power" -- but allowed the condemnation anyway. The Washington Court of Appeals affirmed, and the Washington Supreme Court refused to hear the case.

Welcome to the post-Kelo world. The U.S. Supreme Court's 2005 decision made clear that the federal courts would not stop local governments across the country from condemning private property for economic development. While the court noted that states were free to provide greater protections for homes and small businesses if they chose, Washington state stands as evidence that a strong state constitution means little if the courts do not enforce it and local governments disregard it.

When Kelo came out, local governments and their lobbyists eagerly explained that ours was not a "Kelo state," and that the legislative efforts to restrict eminent-domain abuse in other states were unnecessary here. The Washington Constitution explicitly provides that "Private property shall not be taken for private use" (except in very limited circumstances). "It can't happen here" became the oft-repeated message used to placate home and small business owners seeking legislative protections for their property.

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When it comes to governmental abuse, "it can't happen here" really means "it is happening right now." Local governments are busily using mechanisms in state law to threaten neighborhoods and abuse property owners, and the state Supreme Court has repeatedly let them get away with it.

Shortly after Kelo, the Washington Supreme Court allowed the Seattle Monorail to permanently condemn a piece of property it needed only temporarily for a construction staging area. Once the monorail had completed that legitimate public use, it intended to sell the property at a premium to raise revenue. In this way, Washington courts now allow local governments to condemn more land than is necessary, for longer than is necessary, in the hopes that the government can play real-estate speculator with whatever is left.

The court also ruled that the meetings at which a local government determines which property to condemn could take place essentially in secret, with the only notice for property owners being a posting on an obscure government Web site. The court ignored the fact that computer usage among minorities, the elderly and the poor is significantly lower than in other segments of the population, and that it is these communities that traditionally have been the target of eminent-domain abuse.

Washington courts now defer to even the most extreme examples of governmental exploitation, exemplified by Burien's treatment of the Strobel sisters. So long as the government can manufacture a fig leaf of public use or possible public use for constitutional cover, local governments can take private property to transfer to other private entities or deliberately target properties not upscale enough for the bureaucrats' "vision."

The tools available for trampling constitutional rights are already there. Since the Kelo decision, municipalities have rediscovered Washington's Community Renewal Act, the local incarnation of statutes used to destroy working-class (and often minority) neighborhoods across the country in the 1950s and '60s. The government, under the act, can condemn an entire neighborhood and transfer the property to a private developer so long as the government finds that at least some property in the neighborhood is "blighted." Unfortunately, this statute is so broadly worded that practically every neighborhood in Washington meets the definition of "blight" -- things like "obsolete platting" and "diversity of ownership" constitute "blight." The statute provides all the devices a mildly clever planner needs to pull off a Kelo-style taking.

Working-class neighborhoods are already feeling the pressure. Auburn recently declared much of its beautiful downtown "blighted," and adopted a Community Renewal Plan. One city manager explained that blight "means anything that impairs or arrests sound growth" -- a hugely elastic definition. Similarly, Seattle is considering using the Community Renewal Act in the city's Rainier Valley, one of the most diverse neighborhoods in the nation.

Regardless of strong constitutional protections for private property, governments and courts now view eminent domain as an area where few if any restrictions exist. And not just in Washington. In probably the most appalling example, the U.S. Court of Appeals for the Second Circuit let stand a condemnation in which a developer in the Port Chester, N.Y., demanded that Bart Didden give him either $800,000 or a 50% share in Mr. Didden's property, which was slated to be a CVS pharmacy -- or the developer would have the village condemn it. Mr. Didden refused; the next day, the village condemned his property to hand it over to the developer to construct a Walgreens. Tomorrow, the U.S. Supreme Court will consider whether to take the case.

Meanwhile, state and federal courts are turning redevelopment areas into Constitution-free zones, where the government can do what it wants with few or no restrictions. It doesn't have to be this way. Courts could force the government to comply with the state and federal constitutions. Local governments could limit their takings only to legitimate public uses. But until all three branches of government begin taking their constitutional obligations seriously, property owners across the country face the continued threat of eminent-domain abuse, regardless of what the state or federal constitution says.

Ask the Strobel sisters, who are now fighting for just compensation for a property that was never for sale in the first place.

Mr. Maurer is executive director of the Institute for Justice, Washington chapter, and the author of "A False Sense of Security: The Potential for Eminent-Domain Abuse in Washington," recently published by the Washington Policy Center. The Institute litigated the Kelo case and represents Bart Didden in his appeal to the U.S. Supreme Court.

Exxon Softens Climate-Change Stance (WSJ)

By Jeffrey Ball

Wall Street Journal, January 11, 2007

DOJ_NMG_0115277

Hoping to Shape Policy, Oil Giant Joins Dialogue On Curbing of Emissions

In one of the strongest signs yet that U.S. industry anticipates government curbs on global-warming emissions, Exxon Mobil Corp., long a leading opponent of such rules, is starting to talk about how it would like them to be structured.

Exxon, the world's largest publicly traded oil company by market value, long has been a lightning rod in the global-warming debate. Its top executives have openly questioned the scientific validity of claims that fossil-fuel emissions are warming the planet, and it has funded outside groups that have challenged such claims in language sometimes stronger than the company itself has used. Those actions have prompted criticism of the company by environmentalists and by Democrats in the U.S., who now control the Congress.

• The Situation: Exxon Mobil has stopped funding some groups that challenge global-warming fears and is discussing what a U.S. emissions policy might look like.

• The Background: The company has been a vocal challenger of global-warming science and a lightning rod for environmentalists.

• The Bottom Line: The shift shows U.S. industry is beginning to conclude that government emissions limits are coming.

Now, Exxon has cut off funding to a handful of those outside groups. It says climate-science models that link greenhouse-gas concentrations to global warming are getting more reliable. And it is meeting in Washington with officials of other large corporations to discuss what form the companies would prefer a possible U.S. carbon regulation to take.

Words Are Nuanced

The changes in Exxon's words and actions are nuanced. The oil giant continues to note uncertainties in climate science. It continues to oppose the Kyoto Protocol, the international global-warming treaty that limits emissions from industrialized countries that have ratified it. It also stresses that any future carbon policy should include developing countries, where emissions are rising fastest. (See related article1.)

Still, the company's subtle softening is significant and reflects a gathering trend among much of U.S. industry, from utilities to auto makers. While many continue to oppose caps, these companies expect the country will impose mandatory global-warming-emission constraints at some point, so they are lining up to try to shape any mandate so they escape with minimum economic pain.

Exxon has stopped funding the Competitive Enterprise Institute, a Washington-based think tank that last year ran television ads saying that carbon dioxide, the main greenhouse gas, is helpful. After funding them previously, Exxon decided in late 2005 not to fund for 2006 CEI and "five or six" other groups active in the global-warming debate, Kenneth Cohen, Exxon's vice president for public affairs, confirmed this week in an interview at Exxon's headquarters in Irving, Texas. He declined to identify the groups beyond CEI; their names are expected to become public in the spring, when Exxon releases its annual list of donations to nonprofit groups.

Myron Ebell, director of CEI's energy and global-warming program, declined to comment about why Exxon didn't fund CEI last year. But he added: "Like any company, they are concerned about both policies and image.

"We're not at the mercy of our funders for what we believe. But we are dependent on them for funding to help promote our programs," he said. "Obviously, we would like to find a lot more funding on energy and global warming than we've had."

More significant are the meetings between executives from Exxon and other companies to discuss the potential structure of a U.S. carbon regulation. Several parallel tracks of discussions are under way, some sponsored by Washington think tanks, including the Brookings Institution and Resources for the Future.

The meetings underscore the view within much of U.S. industry that the science and the politics of global warming are changing. "The issue has evolved," Mr. Cohen said.

Exxon says important questions remain about the degree to which fossil-fuel emissions are contributing to global warming. But "the modeling has gotten better" analyzing the probabilities of how rising greenhouse-gas emissions will affect global temperatures, Mr. Cohen said. Exxon continues to stress the modeling is imperfect; it is "helpful to an analysis, but it's not a predictor," he said. But he added, "we know enough now -- or, society knows enough now -- that the risk is serious and action should be taken."

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The question is what kind of action. The economic reality is that some companies will win from a carbon constraint and some companies will lose, depending on how the regulation is written.

Question of a Cap

One question is whether a carbon tax or cap should be imposed upstream -- on producers of fossil fuels -- or downstream, on the industries, and perhaps even the individual consumers, who use those fuels. Another question is whether such a constraint should target just a few industries or should be applied across the economy.

Such questions already are sparking fierce lobbying fights among industries in Europe. There, countries have slapped carbon caps on several heavily emitting industries. Now the countries are toughening those constraints.

A similar zero-sum fight appears increasingly likely in the U.S. California adopted a broad global-warming cap last year, and now it has to decide which companies, and perhaps which consumers, to stick with the responsibility for meeting the targets. Other states say they plan to follow California's lead.

In Washington, meanwhile, Democratic congressional leaders say they will push for some sort of federal carbon constraint.

"By all indications, we'll certainly see much more legislative activity at the state and federal level going forward," Exxon's Mr. Cohen said. Among the broad options being debated, he said, "some look more favorable to us than others."

Exxon wants any regulation to be applied across "the broadest possible base" of the economy, said Jaime Spellings, Exxon's general manager for corporate planning. Exxon says avoiding a ton of carbon-dioxide emissions is, with certain exceptions, less expensive in the power industry than in the transportation sector. Though solar energy remains expensive, reducing a ton of emissions by generating electricity from essentially carbon-free sources such as nuclear or wind energy is cheaper than reducing a ton of emissions through low-carbon transportation fuels such as ethanol.

Exxon, like the U.S. government, also argues that any regulation should take into account rising emissions from developing countries, too. Both Exxon and the federal government oppose the Kyoto Protocol.

The fact that Exxon officials are beginning to lay out even these generalities is significant, said Philip Sharp, president of Resources for the Future. "They are taking this debate very seriously," said Mr. Sharp, a former Democratic congressman long active in energy-policy debates. "My personal opinion of them has changed by watching them operate."

Write to Jeffrey Ball at jeffrey.ball@wsj.com2

FBI/DEA/ATF/USMS:

AG Urges Patience In Mexico Drug War (SAEN)

By Mariano Castillo, Express-News Border Bureau

San Antonio (TX) Express-News, January 11, 2007

LAREDO — Despite the Mexican government's inability to crack down on drug cartels responsible for thousands of deaths and kidnappings — some Americans included among the victims — the U.S. government is reserving judgment, U.S. Attorney General Alberto Gonzales said Wednesday during a border tour here.

Mexico's new president, Felipe Calderón, who already has sent troops to aid in the drug war, needs time to show his country's commitment, Gonzales said in brief remarks to reporters at the World Trade Bridge.

Gonzales met with local, state and federal law enforcement officials, some who brought up the issue of trustworthiness of their Mexican counterparts, said Rep. Henry Cuellar, D-Laredo, who participated in the briefing via phone.

More than 170 homicides were reported in Nuevo Laredo in 2006, but only a handful of arrests were made, much to the frustration of local U.S. agencies whose own investigations into crimes on this side of the border often lead them to the cartels operating in Mexico.

"Let's give them the benefit of the doubt," Gonzales said of his confidence in Mexico's cooperation. "Let's just wait and see how it goes."

Gonzales also announced $300,000 in additional funds to federal crime-fighting units in Laredo and McAllen. The so-called Strike Force brings federal and state officers together to share information.

The goal is to target "not just the cartels themselves, but the transporters, money launders and smugglers," Gonzales said.

Though the grant isn't a huge amount, Laredo Port Director Gene Garza of U.S. Customs and Border Protection, called the $300,000 a "first step and definitely an important step."

Cuellar, who had invited Gonzales to tour Laredo, said, "Do we need to do more? Yes, and that's where the U.S. Congress needs to play a role."

Gonzales, who was born in San Antonio, also responded to media reports that Middle Eastern terrorists were training to cross the southern border illegally into the United States. The possibility of terrorists sneaking through the Mexican border is a concern, but there's no specific or credible intelligence to say it is happening, he said.

The attorney general flew to Mexico City after his border tour to meet with officials there.

A local group of advocates for Americans kidnapped in Mexico, Laredo's Missing, held posters of their loved ones as his motorcade drove by.

Families of the kidnap victims were upset that the nation's top law official didn't meet with them.

"It was a spit in the face that he would come down to Laredo and not even talk to the victims who can really express the need for action," said William Slemaker, whose stepdaughter Yvette Martinez has been missing since 2004.

Twenty-seven Americans kidnapped in Nuevo Laredo are unaccounted for, Slemaker said, expressing his own frustration with Mexican authorities.

Not a single arrest has been made in any of the cases, he said, asking: "How much time should we give them?" mcastillo@express-news.net

Valley Gets Grant To Battle Crime (KRGV)

KRGV-TV, January 10, 2007

U.S. Attorney General Alberto Gonzalez announces federal money to help battle border crime.

Laredo-A large federal grant is headed to the valley to help fight border crime. U.S. Attorney General Alberto Gonzalez spent Wednesday in Laredo to tour the border, and announce a $300,000 grant to create a strike force. The strike force will be made of members from the DEA, FBI, ICE, ATF, IRS and Texas Department of Public Safety. The agencies will work together to fight border crime more efficiently, as well as working to secure our border against the threat of terrorists sneaking into the country. Gonzalez's visit comes one month after South Texas congressman Henry Cuellar wrote him a letter asking for help to battle the increase in border crime.

Chronicle Calls Federal Case Against BALCO Reporters Flawed (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 11, 2007

(01-10) 13:49 PST SAN FRANCISCO -- The Chronicle told a federal appeals court today that contempt-of-court orders against two reporters for refusing to disclose sources of leaked testimony about athletes and steroids were based on a false premise -- that the leak was a serious crime requiring a grand jury investigation.

In a final round of written arguments to the Ninth U.S. Circuit Court of Appeals challenging prison sentences for the reporters and fines for the newspaper, lawyers for the parent Hearst Corp. disputed prosecutors' position that journalists never have the right to withhold evidence from a grand jury investigating a crime.

A 1972 Supreme Court ruling upholding contempt orders against reporters for refusing to disclose their sources to grand juries involved serious crimes, such as drug trafficking and plots of violence, that can be prosecuted only by grand jury indictments under the Constitution, said Jonathan Donnellan, a Hearst attorney.

By contrast, he said, the current case involves a violation of a secrecy order by U.S. District Judge Susan Illston that she could have investigated herself or referred to a special prosecutor.

Either of those options would have allowed the reporters to claim the right to protect their sources, Donnellan said, and that right shouldn't be diminished by Illston's decision to refer the leak to the Justice Department, which chose to convene a grand jury.

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"First Amendment rights cannot rise or fall on the District Court's discretionary choice as to where to steer an investigation," the lawyer wrote. "In cases involving violation of a protective order, at least, a rigid distinction between grand jury and other matters cannot stand."

The court has scheduled a hearing Feb. 12 on appeals by The Chronicle and reporters Mark Fainaru-Wada and Lance Williams, who were held in contempt last September by U.S. District Judge Jeffrey White for refusing to testify or provide documents to a grand jury investigating the leaked transcripts.

White sentenced Fainaru-Wada and Williams to up to 18 months in prison, and imposed a $1,000-a-day fine on The Chronicle, but suspended those penalties until the appeals court rules in the case.

Fainaru-Wada and Williams wrote articles in 2004 quoting closed-door testimony by Barry Bonds of the Giants, Jason Giambi of the New York Yankees, sprinter Tim Montgomery and other athletes about their use of drugs supplied by the Bay Area Laboratory Co-Operative, or BALCO.

Five defendants, including BALCO founder Victor Conte, have pleaded guilty to illegal drug distribution. A separate grand jury is investigating whether Bonds lied by denying he knowingly used steroids.

After the August 2004 article on Montgomery's testimony, Illston, who had ordered all participants in the case to keep the transcripts confidential, told the Justice Department to investigate the leak. The department empaneled a grand jury, which issued subpoenas to the reporters and The Chronicle last May.

In upholding the subpoenas, White said the 1972 Supreme Court ruling established that journalists have no special right to withhold evidence from a grand jury. He said exceptions carved out by some post-1972 rulings -- requiring those who seek reporters' testimony to show that it is essential and unavailable elsewhere -- have not involved grand jury investigations.

Lawyers for the newspaper and the reporters contend a 1996 Supreme Court ruling, allowing psychotherapists to withhold their patients' confidential statements from grand juries, requires federal judges to recognize similar rights for journalists, along the lines of shield laws enacted by California and most other states.

Reporters should be allowed to protect their sources, the attorneys argue, if the value of the news coverage outweighs any harm caused by the disclosure.

E-mail Bob Egelko at begelko@sfchronicle.com.

43 Alleged Gang Members Indicted In Cleveland (AP)

The Associated Press

AP, January 11, 2007

CLEVELAND (AP) — Forty-three people accused of being gang members who sold cocaine and terrorized a Cleveland neighborhood have been indicted in an 18-month investigation, the top federal prosecutor in northern Ohio said Wednesday.

The indictment of those who investigators say are involved with the "7-Alls" gang was announced by U.S. Attorney Gregory A. White and officials from the FBI, the Drug Enforcement Administration and the city of Cleveland.

Officers seized drugs, weapons and $151,000 in the investigation, White said.

The charges include selling cocaine, conspiracy to sell cocaine and weapons counts. The indictments named as coconspirators two men apparently shot and killed by rival gangs during the investigation, White said.

The "7-Alls" name derived from the gang's involvement in violent crimes in 70's-numbered streets east of downtown Cleveland, officials said.

Last year U.S. Attorney General Alberto Gonzales announced $15 million in federal grants to six areas, including Cleveland, to fight street gang violence. Grants also went to Los Angeles; Tampa, Fla.; Milwaukee; Dallas-Fort Worth and the Easton-Lancaster, Pa., corridor.

Feds Indict Thirteen Hispanic Gang Members On Racketeering Charges (TENN)

By Kate Howard, Staff Writer

Nashville Tennessean, January 11, 2007

Thirteen members of the MS-13 street gang have been indicted by a federal grand jury on corruption and racketeering charges, local and federal officials announced today.

DOJ_NMG_0115281

Members of the international gang were charged for corruption and homicide under the RICO act created to fight organized crime, the most severe possible indictment, U.S. Attorney Craig Morford said at a press conference held at the federal courthouse this afternoon.

The suspects are responsible for three homicides and several shootings or assaults in the Nashville area just in the last year and have been collecting dues to send to members in jail, according to the indictment.

All but one of the 13 suspects were already in federal or state custody when the indictments were handed down, Morford said, and the last suspect has since been arrested.

The investigation by Metro police and several federal agencies showed that MS-13 is highly organized and violent for the sake of harming rival gang members, Morford said.

“Unlike a lot of other gangs here, this is not a drug-based gang,” Morford said. “This is a violence-based gang.”

Several Nashville-area MS-13 members have been deported for immigration violations, and the suspects in this case are a mix of legal and illegal residents, Morford said.

Officials said they expect to bring more charges.

Metro Police Chief Ronal Serpas said the charges reinforce the need for members of the Hispanic community to report crimes to the police. The gang members preyed upon members of their own communities, Serpas said.

"This sends a clear and concise message that if you are a victim of crime, the police department is here to help you," Serpas said.

18 Arrested In Hoover For Drug, Immigration Violations (AP)

AP, January 10, 2007

HOOVER, Ala. - A joint force of law enforcement officials took 18 people suspected of either drug trafficking or entering the country illegally into custody today in Hoover, said a Drug Enforcement Administration official.

Harold Willis, resident agent in charge of the D-E-A office in Birmingham said 40 or 50 federal, state and local law enforcement officers wearing bulletproof vests were involved in the operation.

The arrests took place in the parking lot of a Lowe's Home Improvement store and stemmed from an investigation that began several months ago, The Birmingham News reported on its Web site today.

Willis said the DEA led the investigation because some of the men were suspected of drug trafficking. Others agencies involved included the U.S. Bureau of Immigration and Customs Enforcement, the Alabama Bureau of Investigation, several sheriffs departments and city police departments.

Willis said it was not certain whether all the men entered the country illegally. But all have been taken to a federal holding facility in the Etowah County Jail.

Paper: Bonds Blamed Failed Amphetamines Test On Teammate (AP)

AP, January 11, 2007

NEW YORK -- Barry Bonds failed a test for amphetamines last season and originally blamed it on a teammate, the Daily News reported Thursday.

When first informed of the positive test, Bonds attributed it to a substance he had taken from teammate Mark Sweeney's locker, the New York City newspaper said, citing several unnamed sources.

"I have no comment on that," Bonds' agent Jeff Borris told the Daily News on Wednesday night.

"Mark was made aware of the fact that his name had been brought up," Sweeney's agent Barry Axelrod told the Daily News. "But he did not give Barry Bonds anything, and there was nothing he could have given Barry Bonds."

Bonds, who always has maintained he never has tested positive for illegal drug use, already is under investigation for lying about steroid use.

A federal grand jury is investigating whether the 42-year-old Bonds perjured himself when he testified in 2003 in the Bay Area Laboratory Co-Operative steroid distribution case that he never knowingly used performance-enhancing drugs. The San Francisco Giants slugger told a 2003 federal grand jury that he believed his trainer Greg Anderson had provided him flaxseed oil and arthritic balm, not steroids.

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Under baseball's amphetamines policy, which went into effect last season, players are not publicly identified for a first positive test. A second positive test for amphetamines results in a 25-game suspension. The first failed steroids test costs a player 50 games.

Bonds did not appeal the positive test, according to the Daily News, which made him subject to six drug tests by MLB over the next six months.

"We're not in a position to confirm or deny, obviously," MLB spokesman Rich Levin told the Daily News.

According to the newspaper, Sweeney learned of the Bonds' positive test from Gene Orza, chief operating officer of the Major League Baseball Players Association. Orza told Sweeney, the paper said, that he should remove any troublesome substances from his locker and should not share said substances. Sweeney said there was nothing of concern in his locker, according to the Daily News' sources.

An AP message for Sweeney was not immediately returned late Wednesday.

The Giants still are working to finalize complicated language in Bonds' $16 million, one-year contract for next season -- a process that has lasted almost a month since he agreed to the deal Dec. 7 on the last day of baseball's winter meetings.

The language still being negotiated concerns the left fielder's compliance with team rules, as well as what would happen if he were to be indicted or have other legal troubles.

Borris has declined to comment on the negotiations. He didn't immediately return a message from the AP on Wednesday night.

Bonds is set to begin his 15th season with the Giants only 22 home runs shy of surpassing Hank Aaron's career record of 755.

Bonds, considered healthy again following offseason surgery on his troublesome left elbow, has spent 14 of his 21 big league seasons with San Francisco and helped the Giants draw 3 million fans in all seven seasons at their waterfront ballpark.

After missing all but 14 games in 2005 following three operations on his right knee, Bonds batted .270 with 26 homers and 77 RBI in 367 at-bats in 2006. He passed Babe Ruth to move into second place on the career home run list May 28. AP NEWS

Report: Bonds Failed Test For Amphetmines (NYDN)

By T.j. Quinn

New York Daily News, January 11, 2007

NEW YORK - Barry Bonds, already under investigation for lying under oath about his steroid use, failed a test under Major League Baseball's amphetamine policy last season and then initially blamed it on a teammate, the New York Daily News has learned.

Under the policy, which went into effect only last season, players are not publicly identified for a first positive test.

But according to several sources, when first informed by the MLB Players Association of the positive test, Bonds attributed it to a substance he had taken from the locker of teammate Mark Sweeney. Sources did not identify the drug in question but characterized it as a serious stimulant.

When asked Wednesday night whether Bonds had an explanation for why he failed the test or if he wanted to issue a denial, Bonds' agent, Jeff Borris, said, "I have no comment on that."

Giants officials did not return calls seeking comment Wednesday night.

Bonds, who has long defended himself against steroid accusations by saying he "never failed a drug test," did not appeal his positive test but was immediately subject to an additional six drug tests by MLB during the next six months.

Sweeney declined comment, but his agent, Barry Axelrod, told The News, "Mark was made aware of the fact that his name had been brought up, but he did not give Barry Bonds anything and there was nothing he could have given Barry Bonds."

Bonds was not punished for his transgression but instead was referred to treatment and counseling. While amphetamines are considered performance-enhancing drugs, they are treated differently than steroids under baseball's drug policy. Had Bonds failed a steroid test, he would have been suspended for 50 games, but under baseball's amphetamine policy no one is publicly identified or suspended until a second positive, which would result in a 25-game suspension. A player is suspended for 80 games for a third positive.

DOJ_NMG_0115283

The policy covers a range of stimulants, including the ubiquitous "greenies," or Dexedrine. Benzedrine, ephedrine and the stimulants Ritalin and Adderall, which are used to treat attention-deficit disorder, are among the substances on the policy.

"We're not in a position to confirm or deny, obviously," MLB spokesman Rich Levin said. "A second failed test would mean a suspension."

Sources said Sweeney, a first baseman/outfielder, first heard about the test when Gene Orza, the chief operating officer of the players association, called to say the player's name had been dragged into the controversy.

Orza told Sweeney that if he had anything troublesome in his locker, he should remove it and that he should not be sharing substances with other players. Sweeney told Orza that there was nothing in his locker that would be of concern, sources said.

Axelrod would not comment on the conversation between Orza and Sweeney. Orza also refused to comment on what he said to Sweeney or about Bonds' failed test but added, "I can say unequivocally in my 22 years I've known Barry Bonds, he has never blamed anyone for anything."

Sweeney apparently confronted Bonds, and Bonds told him that Orza had misunderstood, that he had not intended to implicate his teammate.

Bonds has been in the doping spotlight since September 2003, when federal agents raided the BALCO lab and the home of Bonds' personal trainer, Greg Anderson. Bonds testified before a grand jury in the steroid-trafficking case that he had taken substances identified by the government as steroids, but that he believed they were legal supplements. A Daily News reporter overheard part of his testimony that day admitting he had unknowingly used steroids, and a year later the San Francisco Chronicle published extended excerpts from the grand jury transcripts.

The leaks about Bonds' steroid use were not sufficient evidence to allow MLB to test Bonds for cause, but the failed amphetamine test is.

BALCO founder Victor Conte, Anderson and three other men served prison sentences for their parts in the trafficking ring, and Bonds has been under investigation for perjury and tax evasion for more than two years. Anderson is in prison on a contempt charge for refusing to testify against his longtime friend.

Long before steroids took hold in clubhouses in the early 1990s, amphetamines were the performance-enhancer of choice in baseball.

Even when baseball first adopted a steroids policy in 2003, amphetamines were not specifically banned or tested for, although many are illegal without a prescription.

U.S. Defends Anti - Drug Efforts In Haiti (AP)

AP, January 10, 2007

PORT-AU-PRINCE, Haiti (AP) -- The U.S. defended on Wednesday its anti-drug efforts in Haiti, two days after the Caribbean nation's president accused America and other major drug-consuming countries of failing to adequately fight the narcotics trade.

In a strongly worded speech to Parliament on Monday, President Rene Preval called drug trafficking the main cause of instability in his impoverished nation and said failed efforts by the United States and other countries to stop the trade had made Haiti a "victim."

U.S. Embassy spokeswoman Shaila B. Manyam said Wednesday the United States has undertaken a range of measures to defend Haiti against drug trafficking, including strengthening its weak justice system and training its coast guard.

The U.S. has also contributed more than $40 million to Haiti's national police since 2004, Manyam said.

"The United States shares Haiti's concern about drug trafficking," Manyam said. "Our two countries have a long history of cooperation on combatting this scourge and that cooperation will continue."

Drug traffickers have long taken advantage of Haiti's weak defenses and vulnerable coastline to smuggle in cocaine bound for the United States, Canada and Europe.

Manyam said Preval's comments "indicate the government of Haiti shares our strong commitment to deal with the threats to stability and security posed by drug trafficking."

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Preval's cash-strapped government has struggled to contain gang violence sparked by a bloody 2004 revolt that ousted former President Jean-Bertrand Aristide, Haiti's first democratically elected leader.

Ransom-seeking gangs have kidnapped dozens of people in recent weeks, prompting criticism that police and an 8,800-strong U.N. peacekeeping force are not doing enough to fight crime.

U.N. troops and police have stepped up patrols in recent days and arrested two suspected kidnappers.

IMMIGRATION:

Chinese Fugitive Ruled Eligible For U.S. Asylum (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 10, 2007

A Chinese man who was beaten by officials in his homeland for protesting the forced sterilization of his brother, then fled to the United States, is eligible for political asylum under a law protecting opponents of China's reproductive policy, a federal appeals court ruled Tuesday.

The Ninth U.S. Circuit Court of Appeals in San Francisco overturned an immigration court's ruling ordering the deportation of Li Bin Lin and told the immigration judges to determine whether Lin would face persecution in China. The ruling makes it likely that Lin will qualify for asylum, said his lawyer, Jisheng Li of Honolulu.

Lin lived with his brother, their parents and other relatives in a house in Fujian province on China's southeast coast. When Lin's brother's wife became pregnant with their third child, officials told Lin's brother that he would have to undergo a vasectomy.

The brother left home to avoid the operation, and birth control officials came to the home in March 1998 to seize and destroy household furnishings, the court said. When Lin tried to stop them, they beat him and called security police to have him arrested, according to his court declaration.

He went into hiding and left two months later for the U.S. territory of Guam, where he still lives. His brother was eventually sterilized.

When U.S. officials moved to deport Lin in 2001, he filed for asylum, relying on a 1996 law that makes immigrants eligible if they have been forced to undergo an abortion or sterilization, or if they have been persecuted for "other resistance to a coercive population control program." The law was intended to protect those who fled China because of its population-control policies.

The Board of Immigration Appeals, whose judges are Justice Department appointees, ruled against Lin, saying he had not shown resistance to the birth control program and had simply been trying to protect household property.

The federal court said Tuesday that Lin's motive was irrelevant under the 1996 law.

"Lin's physical altercation with the birth control officials while the officials attempted to use coercive measures to enforce birth quotas constitutes physical resistance," Judge Stephen Trott said in the 3-0 ruling.

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Legislators Introduce Sweeping Agricultural Guest-worker Program (MCT)

By Michael Doyle

McClatchy Newspapers, January 11, 2007

WASHINGTON - The introduction Wednesday of an ambitious agricultural guest-worker plan showcases the changed Capitol Hill circumstances that may make 2007 the year for an immigration overhaul.

Some congressional roadblocks are gone. Sympathetic new leaders are in charge. A restored Democratic majority claims new priorities.

"A year does make a difference," insisted Sen. Larry Craig, R-Idaho.

Or so he hopes.

Joined by lawmakers from Florida and California, and backed by hundreds of farm, labor and church groups, Craig is reintroducing a guest-worker plan that's been debated for years. As many as 1.5 million farm workers and their relatives now in this country illegally could gain legal status under the bill.

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The legislation, dubbed AgJobs, would also revise an existing guest-worker program that farmers consider inefficient. It's the first big immigration overhaul bill introduced this year, mirroring legislation passed last year by the Senate but not the House of Representatives.

"I happen to believe we have the votes," said Sen. Dianne Feinstein, D-Calif. "I believe the bill can move quickly."

Professed optimism is partly tactical, demonstrating momentum. The press conference announcing the bill amounted to a rally, as AgJobs supporters such as Idaho apple grower Kelly Henggeler, United Farm Workers President Arturo Rodriguez and Manuel Cunha, president of the Fresno, Calif.-based Nisei Farmers League, cheered on the lawmakers.

Previous press conferences convened since 2003 were similarly staged, and Henggeler - a third-generation grower from the town of Fruitland - conceded feeling "a little bit (of) deja vu." Still, the optimism may also have some foundation in fact.

The bill is bipartisan, introduced by Republicans Craig and Sen. Mel Martinez of Florida and Democrats Feinstein and Sen. Barbara Boxer of California. Rep. Howard Berman, D-Calif., helped negotiate the package and introduced an identical bill in the House.

The legislation would grant "blue cards" to illegal immigrants who could prove they had worked in agriculture for at least 150 days in the last two years. They must continue working in agriculture for several years before attaining permanent legal status.

The Republicans who controlled the House last year refused to bring the guest-worker legislation up for a vote. This year, Democrats control the House by a 233-202 margin.

"With the change in the majority party, I think we're going to see a situation where we get something done this year," said Barry Bedwell, president of the California Grape and Tree Fruit League.

Last year's chairman of the House immigration subcommittee, Indiana Republican John Hostettler, staunchly opposed guest-worker bills. Voters ejected him in November. This year's immigration panel chair, California Democrat Zoe Lofgren, supports the agricultural guest-worker legislation.

Likewise, the skeptical GOP chair of the House Judiciary Committee - Wisconsin Republican James Sensenbrenner - has been replaced by a sympathetic Democrat, Rep. John Conyers of Michigan. Lawmakers added Wednesday that Florida Republican Adam Putnam's service as chair of the House Republican Conference brings a sympathetic voice to the GOP's top ranks.

"There's a little bit more impetus with the change of leadership on the congressional side," said Vito Chiesa, a California peach and almond grower.

The Senate will probably move first, since it took the lead last year. As before, the agricultural guest-worker package could be folded into an immigration overhaul plan that extends beyond farm workers. Congressional negotiators have quietly been redrafting such a comprehensive plan.

The broader proposal will be introduced later with its own fanfare. It will extend to millions of illegal immigrants the opportunity to become legal U.S. residents and, eventually, citizens if they can pay fines and cross other hurdles.

As before, both the broader immigration overhaul and the AgJobs proposal will incite vigorous resistance.

"The Senate has already heard a great number of euphemisms about the AgJobs bill, but let's be clear from the start about what we are discussing," Sen. Robert Byrd, D-W.Va., warned during earlier debate. "It is amnesty for aliens employed unlawfully in the agricultural sector, and it is amnesty for the businesses that hire and exploit them as cheap labor."

If resistance to a immigration overhaul bill grows too stiff, Berman said, the agricultural guest-worker package could moved as a separate bill.

TAX:

KPMG Tax-Shelter Probe Nets A Fourth Guilty Plea (WSJ)

By Paul Davies And David Reilly

The Wall Street Journal, January 11, 2007

DOJ_NMG_0115286

A California accountant pleaded guilty yesterday to four criminal charges related to the sale of allegedly improper tax shelters and his role in helping a former KPMG LLP executive try to obstruct a government investigation into the products. The admission marks the fourth guilty plea the government has secured in its investigation into shelters designed by KPMG.

As part of a deal with prosecutors, Steven Acosta, of Pasadena, Calif., admitted to conspiracy, tax evasion and two counts of obstruction of an Internal Revenue Service investigation. The 49-year-old faces as many as 16 years in prison but has agreed to testify against former KPMG executives facing criminal charges related to the shelters in a trial scheduled for September.

Mr. Acosta worked briefly for KPMG, but he wasn't among the 19 individuals -- including 17 former KPMG executives -- indicted in November 2005 on criminal charges related to the tax shelters. Mr. Acosta, posing as an independent investment adviser and hedge-fund operator, said he helped David Greenberg, one of the indicted former KPMG executives, to sell shelters.

Mr. Acosta said he didn't have any knowledge or understanding of the transactions he was purportedly providing advice on. In return, Mr. Acosta said, Mr. Greenberg paid him $600,000 for his role. Prosecutors said Mr. Acosta also lied to IRS agents investigating the tax shelters and that his role in the fraud generated $100 million in losses to the government.

The government contends the shelters were designed to create phony paper losses for wealthy individuals in an effort to evade billions of dollars in taxes. While one of the indicted former KPMG executives, David Rivkin, has pleaded guilty, the other 18 individuals facing trial, including Mr. Greenberg, are fighting the charges.

Mr. Acosta was "a small part of a rather large conspiracy," his lawyer, Jim Henderson, said in court.

Leonard Lesser, a lawyer with Simon Lesser P.C. who is representing Mr. Greenberg, yesterday declined to comment on Mr. Acosta's plea.

KPMG itself in August 2005 entered into a deferred-prosecution agreement with the government over the tax-shelter products and agreed to pay a $456 million fine. The government earlier this month agreed to drop the deferred criminal charge against the firm.

Tax Cuts And Consequences (NYT)

The New York Times, January 11, 2007

The tax system in the United States is supposed to mitigate inequality. But a recent report by Congress's budget agency provides fresh evidence that Bush-era tax cuts have done more to reinforce inequality than to redress it.

The agency found that in 2004, the latest year for which comprehensive data were available, the top 1 percent of households pocketed 14 percent of total after-tax income in the United States, up from 12.2 percent in 2003. That increase, the third largest in one year since the agency started keeping track in 1979, works out to an extra $128 billion. And yet despite that hefty gain, the effective federal tax rate of the top 1 percent decreased slightly.

In contrast, the share of after-tax income going to households in the middle of the income distribution fell to 15 percent in 2004, down from 15.4 percent in 2003 — the equivalent of a $29 billion loss. In that time, the share of their income going to federal taxes stayed about the same.

One of the reasons the rich are getting so much richer than everyone else is that investment income is highly concentrated among the richest Americans and has grown robustly through much of the Bush years — unlike wages and salaries. But the rise in investment income hasn't caused rich Americans' income taxes to rise substantially because — thanks to the tax cuts of 2003 — investments are now taxed at about the lowest rates in the code.

Another reason for the after-tax advance of upper-income Americans is that an ever larger share of their salaries escapes the payroll tax that pays for Social Security benefits. The annual amount of income subject to the tax — now $97,500 — has been adjusted upward each year since 1982, in line with the increase in average wages. But as pay raises at the top of the income scale have increasingly exceeded the average wage gain, incremental adjustments in the wage cap have been inadequate. In 1982, only about 10 percent of all wages escaped the tax. Today, that figure is estimated at 15 percent. The administration has yet to call for raising the cap, though doing so is a matter of simple fairness.

Unfortunately, with the administration having abandoned fiscal prudence for the past six years, it's practically inevitable that inequality will worsen. The bill for the deficit-financed tax cuts of the Bush era will arrive in the years to come. It's likely that the costs will be borne by all, even though most of the benefits have accrued to the few.

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CONGRESS-ADMINISTRATION:

New Judicial Nominees Rankle Democrats (HILL)

By Elana Schor

The Hill, January 11, 2007

As President Bush withdrew four contentious judicial nominees, apparently offering an olive branch to the new Senate majority, he resubmitted a handful of executive-branch nominations that have angered and dismayed senior Democrats.

The White House's acknowledgment that its withdrawn judicial picks would face near-certain rejection in the new Congress won praise from Democrats and their allied interest groups. But the renewal late Tuesday of several agency nominations signals that Bush is not backing away from confrontation with Democrats who have held up many of the appointments and could renew their previous holds.

Several of the re-nominated officials, such as Assistant Secretary of Homeland Security for U.S. Immigration and Customs Enforcement Julie Myers and Assistant Secretary of State for Population, Refugees and Migration Ellen Sauerbrey, already are serving in the administration under recess appointments that allowed them to sidestep Senate confirmation votes but expired at the end of the 109th Congress. John Bolton, who became America's ambassador to the United Nations following a recess appointment, opted to step down from the post last month rather than face a bruising Senate battle to win formal confirmation.

Steven Bradbury's nomination to lead the Justice Department's Office of Legal Counsel was blocked in August by Sens. Edward Kennedy (D-Mass.) and Russ Feingold (D-Wis.) and Senate Majority Whip Dick Durbin (Ill.) in protest of the administration's denial of security clearances necessary to investigate warrantless surveillance conducted by the National Security Agency (NSA). Though Justice since has initiated an internal inquiry of the NSA program, Kennedy said yesterday he wants more time for oversight before Bradbury is considered.

"Bradbury was deeply involved in defending the president's program, which allowed warrantless surveillance of ordinary Americans," Kennedy said through a spokeswoman. "We need more information and cooperation from the administration — until then, we should not move forward on this nomination."

Another of Bush's resubmitted nominees, Armenian ambassador hopeful Richard Hoagland, sparked the ire of several senior Democrats by publicly questioning the veracity of the Armenian genocide, a flashpoint in U.S. relations with Turkey. Sen. Robert Menendez (D-N.J.) blocked Hoagland's nomination last September, and Senate Majority Leader Harry Reid (D-Nev.) joined him in a post-election request for Hoagland's outright withdrawal.

"It would serve neither our national interests nor the U.S.-Armenia relationship to expect ambassador-designate Hoagland to carry out his duties under these highly contentious and profoundly troubling circumstances," Reid and Menendez wrote to Secretary of State Condoleezza Rice on Dec. 1.

Bush also renamed Leon Sequeira, a former aide to Senate Minority Leader Mitch McConnell (R-Ky.), as assistant secretary for policy at the Labor Department. Sequeira drew holds last year from Colorado Sens. Ken Salazar (D) and Wayne Allard (R), both of whom were concerned about an unheard petition from workers in their state seeking compensation from Labor. The petition continues to languish, setting the stage for another hold.

C. Boyden Gray, founder of conservative interest group Committee for Justice, was serving as ambassador to the European Union under a recess appointment and also resubmitted. Gray was the subject of several reported Democratic holds in 2005 over judicial-nomination issues that may have evaporated after this week's withdrawal of the four disputed nominees.

Other nominees resubmitted this week that have earned strong Democratic disapproval include Richard Stickler, a coal-industry executive recess-appointed as assistant secretary for mine safety and health at the Labor Department, and Paul DeCamp as wage and hour administrator at Labor.

Minimum Wage Boost Races Through House (AP)

By David Espo

AP, January 11, 2007

DOJ_NMG_0115288

The House voted to raise the federal minimum wage Wednesday for the first time in a decade, to $7.25 an hour, as majority Democrats marched briskly through their 100-hour agenda at the dawn of a new Congress.

Ebullient Democrats stood and cheered as the final vote — 315-116 — was announced.

"For 10 years the lowest-paid Americans have been frozen out," said Rep. George Miller of California, berating Republicans who had refused for years to allow a vote on a stand-alone minimum wage increase.

"The little guy is not going to be forgotten any longer," said Rep. Bill Pascrell, whose district includes gritty Paterson, N.J. He estimated the increase would mean an additional $4,400 a year for a family of three.

"The small businessmen we are trying to help for the most part are little guys," countered Rep. Howard McKeon, R-Calif. He said Republicans favor an alternative coupling a minimum wage increase with tax breaks for small businesses.

Other Republicans argued that raising the minimum wage would hurt employment chances for the lowest-paid workers.

The legislation, which now goes to the Senate, would raise the current $5.15 minimum to $5.85 effective 60 days after the measure became law. The minimum would go to $6.55 a year later and $7.25 a year after that.

The White House issued a statement of opposition to the legislation as drafted. It called for the increase to be accompanied by "tax and regulatory relief to help small businesses stay competitive and to help the economy keep growing."

Senate Majority Leader Harry Reid, D-Nev., has already signaled that Democrats will accept pro-business changes. Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee, told reporters that he and other lawmakers are working on between $8 billion and $10 billion in relief over 10 years.

Businesses that bring in less than $10 million a year would receive relief under one of the provisions in the emerging legislation, and the restaurant industry would be favored under another.

By contrast to the partisan debate on the wage legislation, one of the House's most cherished traditions fell without a struggle.

Speaker Nancy Pelosi, D-Calif., issued an order banning smoking in an ornate lobby just off the House chamber where tobacco smoke and political intrigue have coexisted for generations.

"We can no longer risk the health of colleagues, staff, pages, reporters and others who pass through the Speaker's Lobby each day," Pelosi said, and by midafternoon, the ashtrays were gone. Not so a portrait of John Nance Garner, cigar in hand, one of many past House speakers whose likenesses preside over the room.

There was distress across the Capitol, when 89-year-old Sen. Robert C. Byrd of West Virginia, who walks with the aid of two canes, arrived in the chamber too late to cast a vote.

Reid had cautioned senators he intended to run proceedings more efficiently. But Byrd observed that the Senate also "reveres tradition, seniority, debate, deliberation, experience and common courtesy."

The minimum wage bill is the second of six measures that Democrats intend to pass in the first two weeks of the new Congress. Legislation aimed at making the nation safer from terrorist attacks passed easily on Wednesday. The agenda for Thursday includes a measure to permit expanded federally funded embryonic stem cell research, a bill Bush has threatened to veto.

On Friday, the House is expected to pass legislation directing the administration to negotiate with drug companies for lower prices on prescription drugs for Medicare recipients. Republicans said Wednesday they believed Bush would veto that bill, as well, if it reached his desk as drafted.

Democrats have long claimed the measure would result in significant savings, but congressional budget analysts bluntly disputed that. "We anticipate that the (administration) would be unable to negotiate prices across a broad range of ... drugs that are more favorable than those obtained" under current law, said a letter signed by Donald B. Marron, acting director of the Congressional Budget Office.

The remaining measures on the early Democratic agenda would cut the interest rate on student loans and raise taxes on energy companies to pay for an effort to reduce dependence on foreign oil.

All 233 Democrats voted for the minimum wage measure, along with 82 Republicans. All 116 votes in opposition came from Republicans.

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Less than a week after Congress convened under Democratic control, the minimum wage bill offered an early challenge of the party's ability to maneuver in an environment shaped by friendly outside interest groups as well as the White House and Republicans who hold 49 votes in the 100-member Senate.

House Democrats insisted that the bill pass without any relief for small businesses, and the AFL-CIO has lobbied Senate Democrats to go along. Several officials said the issue flared in this week's closed-door caucus of the rank and file, when some liberals challenged Baucus and questioned a strategy that called for early concessions to Republicans.

In response, Reid said Democrats did not have 60 votes that would be needed to pass a stand-alone minimum wage increase over a Republican filibuster, these officials added.

The final measure will be worked out in negotiations between the two houses, and it is likely that Pelosi and House Democrats will ultimately have to accept tax breaks for businesses if they are to get Bush's signature on one of their top priorities.

Under budget rules enacted last week, though, no tax legislation that clears the House can increase the deficit — meaning that the minimum wage bill would have to contain provisions to offset the costs of the tax cuts.

Inflation has eroded the minimum wage's buying power to the lowest level in about 50 years in the time since the last increase took effect. According to Labor Department statistics, 479,000 workers paid by the hour earned exactly $5.15 in 2005, the most recent estimate available. They tend to be under 25 and never married and more likely to be women, minorities and part-time workers.

More than two dozen states and the District of Columbia have minimum wages higher than the federal level. The political potency of the issue was evident last November, when proposals to raise statewide minimums passed in all six states where they came to a vote.

Minimum-Wage Increase Easily Clears House Vote (WSJ)

By David Rogers

The Wall Street Journal, January 11, 2007

WASHINGTON -- Legislation to increase the federal minimum wage cleared the House by an almost three-to-one margin, giving Senate Democrats increased confidence that they can win quick enactment together with tax breaks targeted to small business.

Ending years of party resistance, 82 House Republicans joined in approving the increase, raising the minimum hourly wage standard to $7.25 from $5.15 over the next two years. The first of three 70-cent increments would take effect 60 days after the bill becomes law and would be the first increase in the federal standard in almost a decade.

The long gap, under Republican control of the House, both raised the political stakes of the wage issue and diminished its direct impact on the economy. Labor economists estimate that the six million workers directly affected by an increase represent about 4% of the work force, compared with the 9% directly affected when Congress last approved an increase in 1996.

The impact also varies, since more than half the states have raised their own minimum-wage standards, often to a higher level than the new federal requirement.

Nonetheless the symbolism of the 315-116 vote was huge for the new House Democratic majority, which is struggling to stay focused on its domestic agenda as the debate over the Iraq war increasingly dominates Congress. "This is a question of economic fairness...this goes way beyond the dollars and cents of the minimum wage," said House Education and Labor Committee Chairman George Miller (D., Cal.).

Final passage followed skirmishes over Republican efforts to add tax- and health-related amendments. But Senate Democrats are poised to add a small-business tax package that will require tax-loophole closings to pay for the estimated 10-year cost of $8 billion to $10 billion.

"This will pass," said Senate Finance Committee Chairman Max Baucus (D., Mont.), who is moving to attach the tax package to the House-passed bill and thereby pick up the extra Republican votes needed to assure Senate passage. He wants to make permanent the current work-opportunity tax credit for employers hiring low-wage workers. Small-business depreciation benefits could be expanded, and Mr. Baucus said he is looking at a proposal to make it easier for small employers with inventories to still use cash accounting under tax rules.

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When Congress last approved a minimum-wage increase in 1996, the attached business-tax benefits approached $20 billion -- or twice what is now envisioned. But Mr. Baucus is reluctant to go further and use up more of his tax offsets, options he will need in the future to pay for Democratic energy initiatives as well as some form of middle-class protection from the Alternative Minimum Tax.

Instead, he and the ranking Republican, Iowa Sen. Charles Grassley, are expected to rely on a small reservoir of tax-shelter changes that the Senate has passed before but were resisted by the House when under Republican control. Among these targets are leasing tax shelters known as sale in and lease out transactions, which have been criticized by the Internal Revenue Service and which Congress has largely outlawed for leases entered into after March 12, 2004.

Given the continued IRS criticism of the shelters, Senate tax writers have argued that even in cases of leases entered into before the 2004 law, the holders of the shelters shouldn't gain future benefits, especially if the lessee is a foreign person or company. Mr. Baucus said companies that rushed to enter leases after he and Mr. Grassley had set a cutoff date in 2003 could be vulnerable.

House, By A Wide Margin, Backs Minimum-Wage Rise (NYT)

By Carl Hulse

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — The House overwhelmingly approved a $2.10-an-hour increase in the federal minimum wage on Wednesday, in a vote that Democrats hailed as overdue and a symbol of new leadership on Capitol Hill.

The Democrats, who campaigned against Republicans last year for repeatedly allowing Congressional pay raises when they were in the majority and yet refusing for almost a decade to raise the wage floor from $5.15, said the new, three-step increase for hard-pressed employees would be in sharp contrast to Republican tax cuts approved for the affluent.

"This is the day for the people who empty the bedpans, change the bed linens, sweep the floors and do the hardest work of America," Representative Robert E. Andrews, Democrat of New Jersey, said before the 315-to-116 vote.

Several Republicans spoke against the legislation, a centerpiece of the House Democrats' 100-hour domestic legislative agenda, on the ground that it would reduce the number of available jobs and so deny opportunities to those trying to enter the work force. But 82 Republicans joined all 233 Democrats in supporting the bill, unwilling to cast a vote that could have made them appear unsympathetic to Americans trying to get by on a minimum wage that has not been raised since September 1997.

"Let's not trample on the market, but recognize that nine years is long enough," said Representative Zach Wamp, Republican of Tennessee.

The measure would increase the minimum wage to $5.85 an hour 60 days after being signed into law, to $6.55 one year after that, and to $7.25 after an additional year. For a minimum-wage employee working full time, $7.25 would mean about $4,000 a year more than the current floor.

But the House vote is far from the final word. The legislation now goes to the Senate, where members of both parties have indicated that they intend to tie it to tax breaks for small businesses, to help offset any new costs arising from the wage increase. Linking the two is seen by many as a prerequisite to rounding up the 60 votes needed to overcome any filibuster and open the door to negotiations between the House and the Senate over a final bill. President Bush has indicated that he would sign a bill providing for a wage increase with related tax breaks.

"The 110th Congress is going to do the right thing and finally deliver a minimum-wage increase," the chairman of the Senate Finance Committee, Max Baucus, Democrat of Montana, said Wednesday. "And at the same time, we should help keep jobs available to America's workers by helping small businesses absorb this wage hike."

In recent years, Republicans repeatedly rebuffed Democratic proposals to raise the minimum, arguing that it could slow the economy. Under pressure from Republicans in swing districts, the leadership last year did allow a vote on an increase, but tied it to a repeal of the estate tax. Democrats, backed by organized labor and other interests, blocked that proposal in the Senate.

During the fall campaign, Democrats made inaction on the minimum wage a mainstay of their arguments against Republican control. Breaking an informal agreement with Republicans not to trade partisan charges over Congressional pay, they contrasted the stalled minimum-wage rate and lawmakers' regular cost-of-living increases. Trying to insulate themselves,

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the Republicans agreed late last year that Congress would get no more pay raises until a minimum-wage increase was approved.

On Wednesday, Republicans criticized Democrats for blocking any efforts to change the House measure by including small-business tax breaks.

"It is troubling that this bill gives no thought to softening the impact on our engines of new job growth," said Representative Wally Herger, Republican of California.

But Democrats were determined to raise the wage floor with no strings attached.

"Can't you just give these workers an increase and be done with it?" Representative George Miller, Democrat of California and the new chairman of the Education and Labor Committee, asked his colleagues.

Despite their longstanding opposition, two mainstays of the Washington business lobby — the United States Chamber of Commerce and the National Federation of Independent Business — made only a perfunctory effort to influence the House vote, sending members letters of opposition but otherwise conceding the issue.

"It was a foregone conclusion," said Michael J. Donohue, a spokesman for the federation, which represents small businesses. "Our lobbyists assessed that this wasn't the best way to spend their energy."

The vote was celebrated by organized labor, which is seeing its influence in Congress enhanced with the return of a Democratic majority. But John J. Sweeney, president of the A.F.L.-C.I.O., joined with Senator Edward M. Kennedy, Democrat of Massachusetts and a longtime advocate of the wage increase, in urging the Senate to pass the measure without offsetting benefits for businesses.

"Business has enjoyed hundreds of billions of dollars in tax cuts since Bush took office," Mr. Sweeney said in a statement, "while health care, secure retirements and the minimum wage have all been on government's back burner."

On the House floor, meanwhile, Speaker Nancy Pelosi beamed after the final vote as she brought down her gavel and Democrats cheered the lopsided margin.

House Passes Increase In Minimum Wage To $7.25 (WP)

By Jonathan Weisman

The Washington Post, January 11, 2007

The House yesterday overwhelmingly approved the first increase in the federal minimum wage in nearly a decade, boosting the wages of the lowest-paid American workers from $5.15 to $7.25 an hour over the next two years.

The 315 to 116 vote could begin the process of ending Congress's longest stretch without a minimum-wage increase since the mandatory minimum was created in 1938. In the past decade, inflation has depleted the value of the minimum wage to the lowest level in more than 50 years.

Senate Democratic leaders promise to press for a vote on their own minimum-wage legislation this month. Unlike the House-passed bill, the Senate's would include small-business tax cuts that Democrats believe are necessary to placate Republicans and the business community and win the 60 votes necessary to break a possible filibuster.

"On Monday, we commemorate the life of a great American, Dr. Martin Luther King Jr. And Dr. King once said: 'Equality means dignity. And dignity demands a job and a paycheck that lasts through the week,' " said House Majority Leader Steny H. Hoyer (D-Md.). "Today, we heed those words."

The minimum-wage vote followed House action on Tuesday approving legislation to implement many of the remaining anti-terrorism recommendations of the Sept. 11 commission. The House launched its legislative blitz last week by tightening rules on lobbying and imposing new controls on deficit spending. In all four tallies, Republicans who held in lock step during their 12 years as the majority party went over in droves to the Democratic side.

Democrats used the minimum-wage issue effectively during last year's midterm campaign, vowing to approve an increase if they won control of the Congress.

Republican leaders, backed by small-business lobbyists and restaurant groups, argued fiercely that raising the minimum wage would cripple the economy and must be accompanied by significant tax cuts for small businesses to lessen the effect on them. Rep. John Kline (R-Minn.) predicted that a wage increase "will leave recent economic growth dead in its tracks."

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But with Democrats ascendant, such arguments did not go far -- especially now, when a tight labor market has boosted incomes and rendered the minimum wage almost irrelevant in many states. Eighty-two Republicans joined 233 Democrats to approve the increase. More surprisingly, 54 Republicans abandoned their leadership and voted with the Democrats on a procedural motion that would have forced House leaders to add business tax breaks to the bill.

Under the Democratic measure, the minimum wage would jump to $5.85 within 60 days of enactment. One year later, the wage would rise to $6.55; it would reach $7.25 a year after that. The bill for the first time would also apply the federal minimum wage to the Northern Mariana Islands, a U.S. protectorate that was protected from federal labor laws for years because of the efforts of now-imprisoned lobbyist Jack Abramoff and his Republican allies in Congress.

Democrats estimate that a minimum-wage increase will lift the income of 13 million workers -- 5.6 million earning the current minimum wage and 7.4 million just above that level.

"Today we finally release them from being frozen in time, stuck at that wage level when their gas prices are higher, their education prices are higher, when their medical costs are higher," said George Miller (D-Calif.), the House Education and Labor Committee chairman and the bill's author.

But hurdles remain. When the Senate last year brought a simple minimum-wage increase to a vote, it fell well short of passage. Senate Finance Committee Chairman Max Baucus (D-Mont.) plans to complete a package of small-business tax breaks by next week that would cost the Treasury up to $10 billion over the next 10 years. Those measures would mainly extend existing tax breaks, such as a tax deduction for the hiring of welfare recipients, generous tax deductions for business investments and breaks for property leases.

Some Senate Republicans are pushing for tax measures worth twice that much, and they could push a controversial measure to allow small businesses to pool together to buy health insurance. The bill, long sought by Republicans and small-business lobbyists, is strongly opposed by Democrats who say it would allow such "pools" to ignore state health insurance mandates.

John J. Sweeney, president of the AFL-CIO, said that an increase in pay for the nation's lowest-paid workers "should not have to depend on even more payoffs to business."

The White House yesterday released a statement opposing the House's minimum-wage increase and praising the Senate for considering small-business tax breaks. But the statement of administration policy did express the Bush administration's support for a $2.10 increase in the minimum wage and pointedly stopped short of threatening a veto.

House OKs New Minimum Wage (WT)

By Charles Hurt

The Washington Times, January 11, 2007

The House overwhelmingly approved a raise in the minimum wage yesterday, hailing the first increase in 10 years as a principle of basic fairness that will lift millions out of poverty.

"This is a matter of fairness," Rep. John Lewis, Georgia Democrat and civil rights icon, said of the Fair Minimum Wage Act of 2007, the second of the six bills that new House Speaker Nancy Pelosi promised her party would pass. "This is a matter of human decency. This is a matter of human dignity."

The bill, approved yesterday on a lopsided 315-116 vote that prompted cheers from the new Democratic majority when the roll call was announced, would raise the minimum wage over two years from the current $5.15 per hour to $7.25, with intermediate steps at $5.85 and $6.55.

Democrats backed the bill by 233-0, while Republicans opposed it by 116-82.

But what Mr. Lewis called matters of fairness and human decency and dignity will not reign over all U.S. soil.

Although the legislation specifically extends for the first time the federal minimum wage to the U.S. territory of the Northern Mariana Islands, it exempts American Samoa, another Pacific island territory that would become the only U.S. territory not subject to federal minimum-wage laws.

"It's ironic to me that one of the first bills they bring up that promises across-the-board fairness for all has an exception," said Steve Forde, Republican spokesman for the House Education and Labor Committee.

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Democrats agreed yesterday that pay rates in Samoa should be raised and that the minimum wage should be uniform across all U.S. territories. But, they said, the working conditions in the Northern Mariana Islands are "screaming out" for immediate attention.

The loophole pleases the tuna corporations that employ thousands of Samoans in canneries there at $3.26 an hour -- an industry-specific rate set by the U.S. Department of Labor. They have lobbied Congress for years, arguing that imposing the federal minimum wage on Samoa would cripple the economy by driving the canneries to poor countries that don't require a minimum wage.

One of the biggest opponents of the U.S. minimum wage there is StarKist Tuna, which owns one of the two packing plants that together employ more than 5,000 Samoans, or nearly 75 percent of the island's work force. The other plant belongs to California-based Chicken of the Sea.

StarKist's parent company, Del Monte Corp., is headquartered in San Francisco, which is represented by Mrs. Pelosi.

A spokeswoman for Mrs. Pelosi said yesterday that the speaker has not been lobbied in any way by StarKist or Del Monte.

A spokesman for Rep. George Miller, California Democrat and author of the bill, also said he is aware of no lobbying to exempt Samoa from minimum-wage laws.

Tom Kiley, Democratic spokesman for the Education and Labor Committee, said the Northern Mariana Islands were included in the legislation because "they were building an economy on importing cheap labor where you had worker abuse that was unparallelled in Samoa or anywhere else." He added that the "goal is for there to be a uniform standard" and that lower Samoan wages should be re-evaluated.

Democrats have long criticized Republicans and the government of Northern Mariana Islands for suppressing wages in their garment industry by not applying the federal minimum wage to the territory's standing $3.05 minimum wage. In particular, they charged former Majority Leader Tom DeLay and a lobbyist for the Mariana Islands government -- Jack Abramoff -- for fostering sweatshops.

Republicans are not expected to try to avert the increase, simply insisting that a minimum-wage raise be accompanied, as yesterday's House bill was not, with what the White House called "tax and regulatory relief to help small businesses stay competitive and to help the economy keep growing."

But Democrats and their allies in such groups as labor unions hailed the bill.

"This country doesn't belong only to the giant corporations and the fat-cat lobbyists," John Sweeney, president of the AFL-CIO, said during a press conference with Democrats on Capitol Hill. "You deserve a decent day's pay for a decent day's work. No more excuses. No more delays."

House Votes To Raise Minimum Wage (USAT)

By Richard Wolf

USA Today, January 11, 2007

WASHINGTON — The first increase in the federal minimum wage in a decade passed the House of Representatives on Wednesday, and both the Senate and President Bush voiced support if small businesses get tax breaks.

Democrats, who control the House for the first time since 1994, pushed through the 41% wage increase on a 315-116 vote in a matter of hours. All 233 Democrats voted yes, along with 82 Republicans. Under Democrats, "the little guy's not going to be forgotten any longer," said Rep. Bill Pascrell, D-N.J.

The measure would boost the wage, $5.15 an hour, to $7.25 over two years in three 70-cent increments. It would affect about 5.6 million people, or 4% of the workforce, and there would be ripple effects for about 7.4 million others.

The federal minimum wage was last increased in 1997, the longest gap since it was set at 25 cents in 1938. The $10,712 salary for a full-time worker has the lowest buying power in 51 years.

SMALL BUSINESS CONNECTION: Your thoughts on the wage increase?

"Walk in the shoes of people who work every single day for a living," said Rep. Rosa DeLauro, D-Conn. Most members of Congress earn $165,200, and "this Congress in the last session barely worked two days a week here," she said.

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Twenty-nine states and the District of Columbia, representing 70% of Americans, have higher minimums, ranging up to $7.93 in Washington state. The law would immediately affect those who live in the South and Midwest.

Gina Walter, 44, a thrift store cashier from Columbus, Ohio, makes $6.25 under her state's minimum wage law, a wage that will rise to $6.85 this month. She brings home $388 every two weeks; her monthly rent is $365. She can't afford health insurance.

"Sometimes I eat one time a day," Walter said Wednesday.

Republicans offered to raise the wage if the increase was accompanied by tax and health care breaks for the nation's 23 million small businesses. Otherwise, they said, up to 1 million people in the restaurant industry alone could lose jobs, and "what we can't count are jobs that are never offered," said Rep. Tom Price, R-Ga.

The GOP plan, which would let companies band together to buy health plans, was rejected by a 2-1 ratio. Then, 40% of Republicans voted for the wage hike alone. "You can't defend not raising it for nine years," said conservative Rep. Zach Wamp, R-Tenn.

John Nicholson, the owner of Company Flowers in Arlington, Va., said a higher wage would stop him from hiring young people new to the job market. "Some of my best customers have come to me and said on occasion, 'Would you hire my daughter or my son?' " he said. "Now I'm not going to be able to."

To pass the Senate, the higher wage probably will be combined with tax breaks for small businesses, Senate Finance Committee Chairman Max Baucus, D-Mont., said. That action, backed by Bush, could come late next week.

"The administration looks forward to working with Congress to maintain a flexible labor market and provide a complete package that helps both workers and small businesses," a White House statement said.

House Votes To Raise Minimum Wage (MCT)

By Margaret Talev

McClatchy Newspapers, January 11, 2007

WASHINGTON - The House of Representatives voted Wednesday to raise the federal minimum wage from $5.15 an hour to $7.25 by 2009, giving millions of poor Americans who work their best prospects in a decade to earn higher standards of living.

The legislation, which passed 315 to 116, doesn't include tax relief for small businesses, which President Bush says must be part of any increase he signs. Many Republicans say any such wage hike must be matched by incentives for small-business employers, particularly in the restaurant industry, which they say could lose the most when the minimum wage is raised.

Senate Democrats are expected to include some tax breaks in their version of the legislation in coming weeks and to urge House Democrats to go along, despite objections from liberal lawmakers and the AFL-CIO, in order to clear the Senate and win Bush's signature.

"It's very important we pass a minimum wage - it's also important that small businesses thrive in this country," said Sen. Claire McCaskill, D-Mo., one of the new crop of moderate-to-conservative Democrats who won election in November.

Americans working full-time jobs at the federal minimum wage would see their salaries rise under the proposed increase from about $11,000 a year to $15,000.

Democrats, back in control of Congress after a dozen years, see the minimum-wage increase as a key statement of their priorities. It's both a symbol to voters of the Democrats' ability to move legislation that Republicans bottled up for years and a reward to labor unions, a key constituency group for their party. It's also an idea overwhelmingly supported by Americans, including higher earners, polls show.

"This is a matter of fairness. This is a matter of human decency. This is a matter of human dignity," said Rep. John Lewis, D-Ga., a noted leader of the `60s civil rights movement. "It is time Congress actually reflects the will of the American people."

Rep. Jeb Hensarling, R-Texas, chairman of the Republican Study Committee, said "lucky" workers would see their pay rise to $7.25 an hour, but he predicted, "Many more will have their hours cut, many will have their benefits cut, and many will lose their jobs."

Rep. Wally Herger, R-Calif., called the legislation "detrimental to small-business growth and job creation."

The last time Congress increased the minimum wage was in 1997, and the nation's unemployment rate fell in each of the next three years as the economy boomed.

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In the 10 years since the minimum wage was raised, lawmakers increased their own pay by more than $31,000, to $165,200 last year. And more than half of the states have adopted their own minimum-wage increases.

The proposed increase would affect an estimated 5.6 million workers, largely those employed in service industries and likely to vote Democrat: younger Americans, Hispanics, blacks and women.

It also could pressure employers to raise the salaries of more than 7 million other workers earning slightly more than the minimum wage, economists predict.

Democrats noted that Wal-Mart's chairman came out recently in support of the increase, saying the discount chain's customers have too little income.

Anna Burger, secretary-treasurer of the SEIU, a union representing service workers, applauded the House vote, saying, "We are pleased to see the House is listening to working families and acting on the issues that matter most to them."

House Majority Leader Steny Hoyer, D-Md., said that if minimum-wage increases had kept up with the cost of living, the current minimum wage would be $9.05 an hour.

Crossing The State Line Is Worth It For $7.93 (NYT)

By Timothy Egan

The New York Times, January 11, 2007

LIBERTY LAKE, Wash., Jan. 9 — Just eight miles separate this town on the Washington side of the state border from Post Falls on the Idaho side. But the towns are nearly $3 an hour apart in the required minimum wage. Washington pays the highest in the nation, just under $8 an hour, and Idaho has among the lowest, matching 21 states that have not raised the hourly wage beyond the federal minimum of $5.15.

Nearly a decade ago, when voters in Washington approved a measure that would give the state's lowest-paid workers a raise nearly every year, many business leaders predicted that small towns on this side of the state line would suffer.

But instead of shriveling up, small-business owners in Washington say they have prospered far beyond their expectations. In fact, as a significant increase in the national minimum wage heads toward law, businesses here at the dividing line between two economies — a real-life laboratory for the debate — have found that raising prices to compensate for higher wages does not necessarily lead to losses in jobs and profits.

Idaho teenagers cross the state line to work in fast-food restaurants in Washington, where the minimum wage is 54 percent higher. That has forced businesses in Idaho to raise their wages to compete.

Business owners say they have had to increase prices somewhat to keep up. But both states are among the nation's leaders in the growth of jobs and personal income, suggesting that an increase in the minimum wage has not hurt the overall economy.

"We're paying the highest wage we've ever had to pay, and our business is still up more than 11 percent over last year," said Tom Singleton, who manages a Papa Murphy's takeout pizza store here, with 13 employees.

His store is flooded with job applicants from Idaho, Mr. Singleton said. Like other business managers in Washington, he said he had less turnover because the jobs paid more.

By contrast, an Idaho restaurant owner, Rob Elder, said he paid more than the minimum wage because he could not find anyone to work for the Idaho minimum at his Post Falls restaurant, the Hot Rod Cafe.

"At $5.15 an hour, I get zero applicants — or maybe a guy with one leg who wouldn't pass a drug test and wouldn't show up on Saturday night because he wants to get drunk with his buddies," Mr. Elder said.

For years, economists have debated the effect that raising the minimum wage would have on business. While the federal minimum wage has not gone up for 10 years, 29 states have raised their wage beyond the federal minimum.

These increases, according to critics like Brendan Flanagan of the National Restaurant Association, are a burden on the small, mostly family-run businesses in fast food and agriculture that employ workers at the lowest end of the pay scale.

"We see the political momentum for this," said Mr. Flanagan, a vice president at the association, "but we cannot ignore what our members are telling us, which is that it will lead to job losses."

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But the state's major business lobby, the Association of Washington Business, is no longer fighting the minimum-wage law, which is adjusted every year in line with the consumer price index.

"You don't see us screaming out loud about this," said Don Brunell, president of the trade group, which represents 6,300 members.

"It's almost a no-brainer," Mr. Brunell said, that the federal minimum should go higher. Association officials say they would like to see some flexibility for rural and small-town businesses, however.

Washington's robust economy, which added nearly 90,000 jobs last year, is proof that even with the country's highest minimum wage, "this is a great place to do business," Mr. Brunell said.

During a recession five years ago, the same group had argued that Washington's high minimum wage law would send businesses fleeing to Idaho. The group sent out a news release with a criticism of the law from John Fazzari, who owns a family-run pizza business in Clarkston, Wash., just minutes from the Idaho town of Lewiston.

But now Mr. Fazzari says business has never been better, and he has no desire to move to Idaho.

"To tell you the truth, my business is fantastic," he said in an interview. "I've never done as much business in my life."

Mr. Fazzari employs 42 people at his pizza parlor. New workers make the Washington minimum, $7.93 an hour, but veteran employees make more. To compensate for the required annual increase in the minimum wage, Mr. Fazzari said he raises prices slightly. But he said most customers barely notice.

He sells more pizza, he said, because he has a better product, and because his customers are loyal.

"If you look 10 years down the road, we will probably have no minimum wage jobs on this side of the border, and lots of higher-income jobs," Mr. Fazzari said.

Job figures from both states tend to support his point. While Idaho leads the nation in new job growth, it has a far higher percentage of minimum-wage jobs than Washington. Minimum-wage positions make up just 2.4 percent of the jobs in Washington, while about 13 percent of the jobs in Idaho pay at or less than the proposed federal minimum wage, according to a study done for the state last year.

Part of the difference could be accounted for by a lower cost of living in Idaho and the higher percentage of technology, manufacturing and government jobs in Washington, economists say. Still, it is hard to find a teenager in Idaho who lives anywhere near Washington who is willing to work for $5.15 an hour.

"Are you kidding? There are so many jobs nearby that pay way more than minimum wage," said Jennifer Stadtfeldt, who is 17 and lives in Coeur d'Alene, which is just a few minutes from Washington. She pointed out that Taco Bell, McDonald's and other fast-food outlets in her town were posting signs trying to entice entry-level workers with a starting pay of $7 an hour.

The House today passed a bill increasing the minimum wage, and about 13 million workers would see a pay raise if the Senate and President Bush approve it. Mr. Bush has said he would approve the wage increase so long as concerns of small-business owners were taken into account; the Senate has not yet taken up the bill.

Several studies have concluded that modest changes in the minimum wage have little effect on employment. A study two months ago by an economist at Washington State University seemed to back the experience of Clarkston and other border towns in Washington. The economist, David Holland, said job loss was minimal when higher wages were forced on all businesses. About 97 percent of all minimum-wage workers were better off when wages went up, he wrote.

But other business groups argue that an increase would hurt consumers and workers at the low end.

In a survey released on the eve of the November elections — in which voters in six states considered raising their minimum wages — the National Restaurant Association said restaurants expected to raise their prices and eliminate some jobs if the voters approved the measures. The initiatives all passed.

Here on this border, business owners have found small ways to raise their prices, and customers say they have barely noticed.

"We used to have a coupon, $3 off on any family-size pizza, and we changed that to $2 off," said Mr. Singleton, of Papa Murphy's. "I haven't heard a single complaint."

White House Is Opposed To New Bill On Stem Cells (NYT)

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By Rachel L. Swarns

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — The Bush administration jumped back into the bitter debate surrounding embryonic stem cell research on Wednesday, urging lawmakers to vote against House legislation to expand such research and calling for a new focus on scientific studies that would not harm embryos.

In a White House position paper, officials pressed for consideration of alternative research strategies that would be "free of the ethical violations of embryo destruction." Administration officials said President Bush was also considering an executive order that would call for increased financing for studies that did not involve embryos.

The move came as the House prepared to pass a bill on Thursday that would expand federally supported stem cell research. The legislation, sponsored by Representatives Diana DeGette, Democrat of Colorado, and Michael N. Castle, Republican of Delaware, would permit federal financing of studies on stem cells derived from embryos at fertility clinics that are scheduled for destruction.

The legislation is expected to pass the House with bipartisan support this week and to pass the Senate in coming weeks. Supporters of the House bill acknowledged, however, that they did not expect to have enough votes to override a presidential veto.

Mr. Bush, who vetoed stem cell legislation passed by the Republican-controlled Congress last year, is expected to do so again, and the White House's engagement on the issue on Wednesday appeared to be aimed primarily at limiting the size of the votes in favor of the bill in Congress.

A fierce social, scientific and political debate over embryonic stem cell research rose in several Congressional campaigns last year and exposed deep fissures among Republicans, pitting the president against members of his own party and what polls say is a majority of the public.

Proponents of the studies say they may ultimately provide cures for illnesses like cancer, heart disease, Alzheimer's disease and Parkinson's disease. Opponents say the studies violate the sanctity of human life by encouraging the destruction of embryos left over from fertilization procedures.

Supporters of the measure have argued that such embryos would be destroyed anyway.

The White House position paper highlighted research suggesting that adult stem cells may be reprogrammed to function like embryonic stem cells and a new study that says stem cells present in amniotic fluid might ultimately prove to be as flexible as embryonic stem cells.

Tony Fratto, a spokesman for Mr. Bush, said administration officials were also "reaching out" to lawmakers in the House to press the president's position.

"A thoughtful review of the issue would lead most reasonable people to believe this is a line that we don't need to cross," Mr. Fratto said. "This is a vote of conscience for a lot of members. We hope they take the time to review all aspects of it before casting their vote."

Ms. DeGette said that although she supports all types of stem cell research, the alternatives highlighted by the White House remain at a preliminary stage.

"They keep trying to muddle the issue," she said of White House officials. "None of these other types of research are a substitute for embryonic stem cell research."

Mr. Castle, the Delaware Republican, emphasized that the new legislation was urgently needed. "It is time to update the federal policy to enable scientists in the United States to participate in the race for cures and treatments," he said.

Mr. Bush supports limited scientific research involving embryonic stem cells. Under his policy, which he announced on Aug. 9, 2001, the federal government pays for studies on stem cell colonies, or lines, created before that date, so that the government does not encourage the destruction of additional embryos. In the past six years, more than $130 million has been devoted to such research, officials say.

Because the cells have the potential to grow into any tissue or organ in the body, scientists believe that they hold great promise for treatments and cures. But because human embryos are destroyed in extracting the stem cells, the studies draw intense objections from abortion opponents.

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Republican opponents of the proposal say the potential medical advances being promised by its backers offer false hope. “To date, embryonic stem cell research has not produced a single medical treatment, and I believe it is morally wrong to create human life to destroy it for research,” Representative Mike Pence, Republican of Indiana, said Wednesday.

On Stem Cell Legislation, A Reprise With Twists (WP)

By Rick Weiss

The Washington Post, January 11, 2007

The House is expected to pass today, by a substantial margin, legislation that would loosen President Bush's restrictions on human embryonic stem cell research -- a bill identical to the one it passed in 2005.

Next month, the Senate is expected to do the same, as it did last year.

And all indications are that soon after that, Bush will, for the second time, veto the bill.

But the final outcome of this year's emotional fight over the science and ethics of stem cell research is not as predictable as it may seem, said scientists and congressional strategists on both sides of the issue.

Opponents of the research say they have never been stronger, not only because of the ongoing support of the president but also because several recent studies have suggested that non-embryonic cells have significant medical promise that may rival that of embryonic cells.

Proponents, however, have a new ace up their sleeve as well: the political shifts wrought by voters in November. With stem-cell-friendly Democrats in the majority for the first time since the cells were discovered in 1998, supporters of the research will be able to work Congress's complex rules in their favor.

"This is not a 'one bill and you're out,' but a two-year time frame with potentially multiple legislative possibilities," said a research supporter involved in Capitol Hill strategizing, speaking on the condition of anonymity because he is not authorized to comment publicly.

"They can stretch it out," the strategist said, so Bush and his backers in Congress must keep saying no to research that the public says it strongly supports. The research advocates "can make it as painful as possible."

Congressional leaders driving the legislation say they hope to avoid all-out war. Compromise language "is welcome," Rep. Diana DeGette (D-Colo.) said Tuesday at a news briefing, conceding that Bush has rebuffed all entreaties so far.

But if it comes to war, members of Congress and aides from both parties said, supporters have many options not available to them last year. They range from subtle moves that could enhance the odds of overriding a veto to heavy-handed tactics such as attaching the bill to must-pass budget legislation.

"I'm confident we'll have a veto-proof bill this time," said Sen. Arlen Specter (R-Pa.), one of three high-powered Republican supporters of stem cell research who attended the Tuesday briefing. In an odd Washington moment, all three seemed briefly grateful that the Democrats were back in charge.

Sen. Tom Harkin (D-Iowa), who has led the stem cell charge in the Senate along with Specter, agreed. "One way or another, we're going to get this done this year," he said yesterday in a meeting with Washington Post editors and reporters.

At issue are five-day-old human embryos that are about the size of the period at the end of this sentence. Stem cells from those embryos show promise for their ability to treat a wide array of diseases and for the secrets they may reveal about one of biology's biggest mysteries: how a fertilized egg cell can become a fully formed person.

Under a policy initiated by Bush on Aug. 9, 2001, taxpayer dollars can be used to study only those cells derived from embryos that were already destroyed by that date -- about 21 colonies of cells out of almost 400 that exist today.

The new legislation would expand that pool by allowing funding of work on cells from embryos slated for disposal at fertility clinics and donated by parents. It would also impose some of the first federal ethics rules on stem cell research, including a provision banning the sale of embryos.

The bill has the support of 66 senators, say Senate leaders, and more than the 238 representatives who voted for it in 2005.

Opponents, however, call the research an assault on nascent human life and an abandonment of society's most vulnerable, and there were reports last night that they might try to block passage in the House by attaching "poison pill" language that many stem cell proponents would have a hard time supporting.

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Recent news about other, less controversial kinds of cells with traits resembling those of embryonic cells has already complicated the legislative push.

Opponents have long argued that "adult stem cells," various kinds of which exist in bone marrow, umbilical cords and other tissue, are suitable substitutes for embryonic cells. The true potential of those cells remains mostly unknown. But this week researchers published some of the strongest evidence yet that non-embryonic cells -- in this case, cells in the amniotic fluid of pregnant women -- might have much the same capacity as embryo cells.

In an unusual move, the White House itself touted the news Monday in a flurry of "In Case You Missed It" e-mails, as did activist groups such as the National Right to Life Committee.

"We applaud the work of those researchers who continue to look for ethical stem cell research alternatives that do not require destroying human life, and we call on Congress to support such ethical alternatives," the group's legislative director, Douglas Johnson, said in a statement.

But scientist after scientist said that, attractive as the new findings are, they remain preliminary and unconfirmed. Moreover, the work is eight years behind the progress already made with embryonic cells, which researchers hope to start testing in patients by next year.

Even the scientist who led the amniotic cell study released a letter Tuesday warning against using his work as an excuse to vote against broader stem cell funding.

"I understand that some may be interpreting my research as a substitute for the need to pursue other forms of regenerative medicine therapies, such as those involving embryonic stem cells," Anthony Atala of Wake Forest University School of Medicine wrote in a letter to DeGette and co-sponsor Rep. Michael N. Castle (R-Del.). "I disagree with that assertion. . . . It is essential that National Institute[s] of Health-funded researchers are able to fully pursue embryonic stem cell research."

One strategy being considered by supporters is to add mollifying amendments to the Senate version, Castle said -- an option that was not open to the Senate last year under the arrangement brokered by then-Majority Leader Bill Frist (R-Tenn.). Although specific provisions have not been discussed in detail, Castle said senators could add funding for programs that donate unwanted frozen embryos to infertile women, a favorite program of Bush's; require extra ethical oversight for stem cell research; or beef up support for parallel studies of non-embryonic cells.

Procedurally, if a veto does come, supporters would benefit if the Senate first modified the bill. That is because full passage would require a House-Senate conference, and under congressional rules the Senate would then control the bill. That means the first attempt to override the veto would be in the Senate -- where the votes are believed to be within reach -- instead of the House, which was first to vote on an override last year.

The House effort failed and would have a difficult time succeeding this year. But inspired by a Senate override and perhaps appeased by amendments in conference, some members who vote against the bill today could feasibly vote yes after a veto. Even if the override failed there, the bill would have gotten further than last time, aides say.

At that point, several strategies could come into play, including attaching it to a must-pass bill or holding hearings featuring desperate patients, which might embarrass the White House -- all possible because Democrats now chair the relevant committees. Subsequent votes could follow, forcing a string of vetoes.

"There is nothing wrong with this bill," said Sen. Dianne Feinstein (D-Calif.). "We should pass this bill again and again and again and again, until we get a president who will sign it."

Stem Cell Research Bill Resurfaces In Congress (USAT)

By Dan Vergano

USA Today, January 11, 2007

Congress and the White House begin a political science experiment today as the House prepares to vote on whether to override President Bush's restrictions on federal funding of stem cell research.

In the House, voting will proceed on the Stem Cell Research Enhancement Act of 2007, which is identical to the one that was passed in the House and Senate last year and then vetoed by the president. A Senate version of the bipartisan bill should come up for a vote after committee consideration in coming weeks, says Sen. Tom Harkin, D-Iowa, a bill sponsor.

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"We want to basically move research forward," said Rep. Mike Castle, R-Del., a co-sponsor of the House bill, at a Tuesday briefing. "We want to help people in medical situations."

On Aug. 9, 2001, Bush limited federal funding of human embryonic stem cell research to cells from colonies, or lines, collected from embryos that were destroyed before that date, calling it a compromise between medical advances and moral concerns raised by the research.

Bush echoed those views in last year's veto of the new bill, which would open federal funding of research to stem cell lines created from excess embryos donated by fertility clinics with their patients' consent.

"The president's policy strikes a balance of supporting funding — federal funding for research into stem cells — while avoiding federal funding that would encourage the destruction of embryos," White House spokesman Tony Snow said Tuesday.

Although the House bill is expected to pass easily, the real question is whether it will attract enough votes, two-thirds of the total, to override another veto, says Rep. Diana DeGette, D-Colo., a bill co-sponsor. Last year, the bill passed 235-193. A veto-proof majority is more likely in the Senate, Harkin said Tuesday.

"It is just a matter of time before the bill passes," DeGette says. "Even if it will be the next president of the United States who signs it."

Human embryonic stem cells are the precursors to almost every type of tissue formed in the body before birth. Since 1998, when stem cells were first isolated by a team led by James Thomson of the University of Wisconsin-Madison, researchers have seen them as a source of rejection-free transplant organs — if they can be safely grown into specialized cell types — to treat diabetes, Parkinson's syndrome and other ailments.

Opponents of such research, such as Richard Doerflinger of the U.S. Conference of Catholic Bishops, decry the destruction of days-old embryos that is needed to generate stem cells, equating it to murder.

The National Institutes of Health spent $609 million in 2006 on stem cell research, most of it on animal stem cells; only $39 million went to human embryonic cells. (In comparison, NIH spent $293 million on asthma and $652 million on Alzheimer's research in 2006.)

Under the Bush policy, fewer than two dozen stem cell lines can be studied using federal money, chiefly in efforts to understand their basic biology. "Exponentially more" embryonic stem cell lines would become available for federal research money if the bill becomes law, says spinal cord repair researcher Aileen Anderson of the Christopher Reeve Foundation Research Consortium.

"Absolutely, the impact of overturning the policy would be significant," says researcher Leonard Zon of the Children's Hospital in Boston, if only in relaxing the necessity that scientists who work on new cell lines raise private funds for their work. Passage of the bill would allow researchers to use at no cost facilities and equipment purchased earlier with NIH money.

In July, a USA TODAY/Gallup Poll found that a majority, 58%, of Americans disapproved of Bush's veto. Reintroduced last week, the bill is one of the first brought to a vote by the House's new Democratic Party leadership. Many candidates who were newly elected to Congress last year ran on their opposition to Bush's policy.

Conflict Ahead (RC)

Roll Call, January 11, 2007

President Bush is likely to sign onto the first two big-ticket measures coming out of the new Democratic-controlled Congress, but he and the legislative branch are on a collision course on most other issues of national importance this year.

Given the bipartisan efforts on both a minimum-wage hike and a new lobbying and ethics reform measure, it appears unlikely that Bush will have to use his veto power on either bill. But the same can't be said for myriad other issues that Democrats will tackle this year, notably a $100 billion-plus supplemental Iraq War spending bill, judicial nominations, a stem-cell research measure, and legislation to give Medicare officials the ability to negotiate lower drug prices.

"The fact is, there's a reason the president has only vetoed one bill so far, and that's because the Republican Congress gave him everything he wanted," said Jim Manley, spokesman for Senate Majority Leader Harry Reid (D-Nev.). "That undoubtedly will change, and he'll have to make tough choices about whether to veto bills."

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Likewise, House Democrats conceded that if their efforts to work with Bush fail, "We won't let his opposition on any particular issue stop us from doing what we promised to do," said Stacey Bernards, spokeswoman for House Majority Leader Steny Hoyer (D-Md.).

And Republicans weren't shy about noting that Bush is likely to pad his record of vetoes.

"That's going to be easy for him to do," said Sen. Richard Burr (R-N.C.). Still, he noted, "I don't think you'll see Republicans in the Senate rolling over on any piece of legislation just because the president is a backstop."

The White House, however, refused to speculate on the president's future use of the veto.

"It's a little too early to make those predictions right now," said White House spokeswoman Emily Lawrimore. "The president will make his veto decisions after the final bills reach his desk."

Still, no one disputes that the highest profile fight will be over the supplemental war spending bill, where Democrats are no doubt poised to use their newfound power to try to make good on their election promises to change the way the war has been run.

One Bush administration official conceded that the White House's biggest concern is what Democrats might try to include in the war supplemental, the request for which Bush is expected to send up in early February.

And the White House has cause to be concerned.

"There will be a significant difference in the way supplementals have been handled in the past," said a senior House Democratic aide, alluding to the Democratic charge that Republicans were a rubber stamp for Bush. "This Democratic Congress will scrub this supplemental. We'll use the power of the purse to affect the policy" in Iraq.

While both Reid and House Democratic leaders essentially have ruled out any attempt to completely stop funding the war, Senate Democratic aides noted that there are many other ways to use the supplemental bill as a vehicle to change the policy on Iraq.

By using report language in the bill, Democrats may be able to highlight their concerns about the war and other issues by requiring periodic reports from the Pentagon on Defense contracting abuses and troop readiness, by mandating that the Bush administration write the costs of the war into its annual budgets, by prohibiting funds for the rendition of terrorism suspects to countries that employ torture in their interrogation methods, or even by demanding that Bush reassign combat troops to support and training missions, to name a few proposals that Democrats have pushed for in the past.

Though Senate Democrats plan a test vote on a nonbinding Iraq resolution as early as next week, much of what Democrats do on Iraq in the supplemental depends on the feedback Members receive from constituents regarding Bush's speech Wednesday on increasing troop levels in Iraq. Plus, Democrats cautioned that whatever they do would have to garner a filibuster-proof majority in the Senate, or 60 votes, and would have to be widely supported by the American people.

"The first thing we have to gauge is the reaction of the American people tonight and tomorrow," Sen. Jack Reed (D-R.I.) said Wednesday before the president's speech. He added that anything that would be added to the supplemental would have to enjoy bipartisan support to survive. "We're not in that big a majority. We may have to wait" on looking at sweeping changes to Iraq policy, he said.

In the House, caution also was the name of the game. "It's a bit tricky because it's funding for the troops," said the senior House Democratic aide. Whatever they do "has to be simple, clear cut and compelling," the aide added.

Though the veto power is meaningless when it comes to nominations, another area of contention between the White House and Democrats will come from Bush's judicial nominations. Although Bush decided to drop some of his most controversial picks earlier this week — a move Democrats praised as a sign the White House recognizes the new political realities in the Senate — it is unlikely bipartisanship will prevail for long.

Although none of the nominees at first blush appear to be as controversial as many of Bush's previous selections, there are a few names that jump out on Bush's list that could cause partisan divisions.

Thomas Hardiman, currently a federal district court judge in Pennsylvania, was embroiled in a mini-controversy in 2003 during his confirmation to the district court when, at the urging of former Sen. Rick Santorum (R-Pa.), he declined to meet with the Allegheny County Bar Association during their review of his nomination. The association subsequently rated Hardiman as "not recommended at this time."

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Likewise, Bush's pick for the U.S. Court of Appeals for the District of Columbia Circuit, Peter Keisler, also is likely to draw partisan fire. A founder of the influential conservative Federalist Society, Keisler was involved in a number of controversial issues while a lawyer in the Reagan White House, ranging from the Iran-Contra scandal to Reagan's handling of the then-unfolding AIDS crisis.

Similarly, Bush's nomination of Norman Randy Smith to the U.S. Court of Appeals for the Ninth Circuit, originally made last year, likely will face significant opposition. Sen. Patrick Leahy (D-Vt.) in May 2006 announced his opposition, noting that Bush had broken "with the long-standing precedent of filling circuit court vacancies with a nominee from the same state as the judge who created the vacancy" in nominating the Idaho native over a California judge.

And while Republicans no longer can use the threat of the "nuclear" option to try to force a compromise on Democrats, GOP leaders have made it clear they will continue to push for floor votes on Bush's nominees. Senate Minority Leader Mitch McConnell (R-Ky.) in his opening statement of the 110th Congress last week noted Republicans "expect an up-or-down vote" for Bush's picks, a common refrain for much of the judicial wars of the past six years.

Meanwhile, the Bush administration and Congressional Republicans also are gearing up for a clash over Democrats' plan to give Medicare officials the power to negotiate lower drug prices for beneficiaries. Senate Finance ranking member Chuck Grassley (R-Iowa) already has threatened to filibuster, but if the bill makes it out of the Senate, it is likely headed for a veto, Grassley said.

"I don't have any doubt that we have enough [votes] to sustain a veto," Grassley said of the 67-vote hurdle proponents of any vetoed bill would have to overcome. "I don't know if we have the votes to sustain a filibuster, though."

Additionally, Bush already vetoed a bill to federally fund stem-cell research that involves the destruction of donated human embryos last year; another veto of a virtually identical measure would not come as a surprise to many.

Other potential measures that could cause heartburn for, and a veto threat from, the White House are a nascent Democratic attempt to revisit a bill that curtailed habeas corpus rights for terrorism suspects and any measure Democrats may devise to deal with the National Security Agency's warrantless wiretapping program.

Experts Fault House Bill On Medicare Drug Prices (WP)

By Christopher Lee

The Washington Post, January 11, 2007

Democrats are fond of citing the Department of Veterans Affairs as evidence that Medicare officials could squeeze lower prices out of drugmakers if the government merely used its negotiating clout. But that comparison ignores important differences between the two systems, experts say.

Unlike Medicare, VA by law receives an automatic 24 percent discount from the average price that wholesalers pay. Its prices are also low because VA, which prescribes medications for 4.4 million veterans annually, has a relatively narrow formulary, or list of approved drugs. The agency secures big discounts from the manufacturers of a few drugs in each class by promising not to offer competing drugs. The Centers for Medicare and Medicaid Services (CMS) is prohibited by law from adopting such a list for the year-old Medicare drug benefit, in part because seniors enrolled in what is known as Part D want to have a wide range of drug choices.

The legislation that House Democrats hope to pass tomorrow to require the Bush administration to negotiate drug prices for Medicare would neither permit a formulary nor require an automatic discount. It would simply require the secretary of health and human services to pursue negotiations and report back to Congress in six months.

That is part of the reason that many experts do not expect the measure to deliver significant savings even if it overcomes opposition in Congress and escapes a possible presidential veto.

In fact, the nonpartisan Congressional Budget Office said yesterday that the House bill would have a "negligible effect" on federal Medicare spending because without a formulary the HHS secretary probably could not obtain better drug prices than those negotiated by the many private insurers who offer Medicare drug plans.

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"The federal government can get lower prices, but only if it's willing to exclude a certain number of drugs from the formulary," said Robert Laszewski, a nonpartisan health policy consultant in Washington. "And that's a huge political leap that I would be very surprised if this Congress took. I don't think they are going to give CMS any teeth."

"The VA is really a different animal than Medicare Part D," said Robert B. Helms of the American Enterprise Institute, who was an assistant secretary of health and human services in the Reagan administration.

But Democrats and their allies say that the gulf between drug prices under the VA system and those under Medicare is too large to ignore, and that requiring the government to negotiate prices for Medicare would help narrow the gap significantly.

On average, prices are 58 percent higher in Medicare than in the VA system for the 20 drugs most commonly prescribed for seniors, according to a study released Tuesday by the nonprofit advocacy group Families USA. The lowest price for a year's supply of 20-milligram pills of the cholesterol-lowering drug Lipitor, for instance, was $1,120 in Medicare and $782 in the VA system, the report said.

"These high prices are devastating seniors," said Ron Pollack, the group's executive director.

Rep. Frank Pallone Jr. (D-N.J.), chairman of the House Energy and Commerce subcommittee on health, called eliminating the current prohibition on government negotiations a "no-brainer."

"It makes absolutely no sense to say that the administration should not be able to negotiate prices for all these seniors," Pallone said. "There's no way it's not going to save a significant amount of money."

Pallone said Medicare could obtain prices similar to the VA system's even without a formulary. "I have every reason to believe that there is enough persuasion power, with different things that could be implemented by the secretary, that could get down to those levels," he said. He added that Democrats will consider further changes down the road.

Energy and Commerce Committee Chairman John D. Dingell (D-Mich.), lead sponsor of the House bill, discounted the importance of the CBO analysis. "Common sense tells you that negotiating with the purchasing power of 43 million Medicare beneficiaries behind you would result in lower drug prices," he said.

Critics of the VA comparison note that some of VA's costs are buried in overhead. The department employs the doctors and nurses who write the prescriptions, and it operates the mostly mail-order pharmacies through which 76 percent of veterans' prescriptions are distributed. Medicare does not have that kind of infrastructure, and seniors have demonstrated a preference for retail pharmacies, CMS officials say.

CMS officials also note that about a quarter of the 3.8 million Medicare beneficiaries who get VA health-care benefits are also enrolled in Part D, in which the choice of drugs is broader.

"It's apples to oranges," former CMS administrator Mark B. McClellan said of the comparison. "The VA is a closed health-care system relying on mail order and a tighter formulary than Medicare beneficiaries have shown they prefer."

House Set To Vote On Medicare Drug Benefit (HILL)

By Jeffrey Young

The Hill, January 11, 2007

The debate over legislation amending the Medicare prescription-drug benefit moves to the legislative arena from the campaign trail this week with a vote in the House tomorrow and a Senate hearing today.

So far, congressional Democrats are moving ahead without asking the Bush administration to weigh in, but that hasn't stopped the Centers for Medicare and Medicaid Services (CMS) from taking a lead role in pleading the Republican case against Democrats' claims that federal negotiation of drug prices will save money for taxpayers and senior citizens over the deals the private Part D plans are striking with pharmaceutical companies.

The House Democratic leadership may not be allowing its Republican counterpart to offer alternative bills, and Senate Finance Committee Chairman Max Baucus (D-Mont.) may not have invited any administration officials to this morning's hearings, but the GOP message against the Democratic bill is taking shape in advance of the real battle in the Senate set for later this year.

Current law expressly forbids the government from "interfering" with negotiations between the private plans and the drug companies. The House Democratic bill proposes to strike that language and instead require CMS's parent agency, the

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Department of Health and Human Services (HHS), to negotiate with drug makers but also prohibit HHS from excluding any drugs from Part D.

The administration's mounting campaign against the Democratic proposal also is accompanied by a more aggressive defense of Medicare Part D by congressional Republicans, most of whom previously had appeared reluctant to claim credit for the creation of the entitlement program expansion despite high approval ratings from beneficiaries.

CMS claims that the private Part D plans are negotiating discounts with drug makers that are good enough to make federal involvement unnecessary.

CMS and Part D's defenders in Congress note that the Congressional Budget Office (CBO) determined in 2004 that federal price negotiations would be ineffective.

In a letter sent to then-Senate Majority Leader Bill Frist (R-Tenn.) in January 2004, then-CBO Director Douglas Holtz-Eakin wrote, "We estimate that striking that provision would have a negligible effect on federal spending because CBO estimates that substantial savings will be obtained by the private plans and that the Secretary would not be able to negotiate prices that further reduce federal spending to a significant degree."

House Minority Leader John Boehner's (R-Ohio) office re-circulated that letter to reporters this week.

But congressional Democrats and their allies contend that CBO's evaluation is wrong, citing the deeper discounts obtained by the Department of Veterans Affairs (VA) for former military-service members.

The liberal advocacy group Families USA this week released a study comparing the VA's prices for the 20 drugs most commonly used by senior citizens with those paid by the five largest providers of Part D benefits. According to the Families USA report, "Among those top 20 drugs, the median difference between the lowest Part D plan price and the lowest VA price is 58 percent."

Although the administration consistently has touted Medicare Part D as a success, most congressional Republicans have been slow to embrace the program.

Democrats made Part D, and federal negotiation of drug prices, a central point of their campaigns during the midterm elections and one of their top priorities at the start of the 110th Congress. Nevertheless, few Republican candidates chose to tout the program on the campaign trail.

But with the House bill speeding its way to the floor and the Senate debate looming in the coming months, congressional Republicans are adopting a more aggressive stance.

This morning, members of the House Republican leadership will be joined by conservative rank-and-file lawmakers at a press conference to rail against the Democratic bill, which is set for a vote on Friday. Deputy Minority Whip Eric Cantor (R-Va.) and Republican Conference Chairman Adam Putnam (Fla.) headline the event, which also will feature GOP Reps. Paul Ryan (Wis.), Pete Sessions (Texas), Patrick McHenry (N.C.), Tom Price (Ga.) Michael Burgess (Texas) and Phil Gingrey (Ga.).

In the Senate, Finance Committee ranking member Chuck Grassley (R-Iowa), one of few authors of the bill that created Part D still in office, has taken on the role of lead attack dog against the Democratic proposals and already has made several floor speeches.

One of Grassley's speeches highlighted the fact that Democratic proposals from the 1990s to create a Medicare drug benefit also included language excluding the government from price negotiations, a talking point also used by House Energy and Commerce Committee ranking member Joe Barton (R-Texas) and other Republicans. Democrats maintain they long ago rejected that position and that these past bills are not relevant to the current debate.

Medicare And The Market (WP)

By Mike Leavitt

The Washington Post, January 11, 2007

We all want people with Medicare to get the prescription drugs they need at the lowest possible prices. The issue before Congress this week is how best to do that. Should consumer choice and private-sector competition determine prices -- or should government?

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The success of the Medicare prescription drug benefit provides strong evidence that competition among private drug plans has contributed significantly to lowering costs. The average monthly premium has dropped by 42 percent, from an estimated $38 to $22 -- and there is a plan available for less than $20 a month in every state. The net Medicare cost of the drug program has fallen by close to $200 billion since its passage in 2003.

Seniors and people with disabilities like the benefit. Studies consistently show that three-quarters of Medicare beneficiaries are satisfied with their coverage. Individuals like being able to choose the plan that best fits their needs. A single, one-size-fits-all drug plan would have made the choice easier, and Congress did create a standard plan. But fewer than 15 percent of enrollees have selected that standard plan -- opting instead for plans with lower premiums, no deductibles and enhanced coverage.

Despite the success of the benefit, some people believe government can do a better job of lowering prices than a competitive marketplace. Legislation under consideration would require the secretary of health and human services to negotiate and set the prices of drugs. In effect, one government official would set more than 4,400 prices for different drugs, making decisions that would be better made by millions of individual consumers.

There is also the danger that government price setting would limit drug choices. Medicare provides access to the broadest array of prescription drugs, including the newest drugs. But price negotiation inevitably results in the withholding of access to some drugs to get manufacturers to lower prices.

The Department of Veterans Affairs, often cited as an example of how government can negotiate prices, operates an excellent program for veterans, but the VA formulary excludes a number of new drugs covered by the Medicare prescription benefit. Even Lipitor, the world's best-selling drug, isn't on the VA formulary. That may be one reason more than a million veterans are also getting drug coverage through Medicare.

Some observers point to the massive buying power of the federal government as the means to exert clout over drug companies, but the federal government has nowhere near the market power of the private sector. Private-sector insurance plans and pharmacy benefit managers, who negotiate prices between drug companies and pharmacies, cover about 241 million people, or 80 percent of the population. Medicare could cover at most 43 million.

The independent Congressional Budget Office has said that government price negotiation would have a "negligible effect on federal spending." And previous experience with Congress and Medicare regulating drug prices has not been reassuring. Medicare Part B, which covers physician services, outpatient hospital care and other services, sets the prices for some medicines -- notably a number of cancer drugs. It has a history of reimbursing at rates substantially greater than prevailing prices. In 2005, Part B drug spending increased by almost 20 percent.

If the federal government begins picking drugs and setting prices for all Medicare beneficiaries, administrative costs would add a new burden to taxpayers. The Department of Health and Human Services would have to hire hundreds of new employees. Legions of lobbyists would follow, each seeking higher Medicare payments for the drug companies they represent. As a Post editorial noted in November, "having the government set drug prices is a sure way of flooding the political system with yet more pharmaceutical lobbyists and campaign spending."

There is a proper role for government in setting standards and monitoring those who provide the benefit. We should ensure that beneficiaries have access to medically necessary treatments. But government should not be in the business of setting drug prices or controlling access to drugs. That is a first step toward the type of government-run health care that the American people have always rejected.

There are many ways the administration and Congress can work together to make health care more affordable and accessible. But undermining the Medicare prescription drug benefit, which has improved the lives and health of millions of seniors and people with disabilities, is not one of them.

Bush Urged To Extend Healthcare Cover (FT)

By Eoin Callan In Washington

Financial Times, January 11, 2007

Senator Edward Kennedy called on the White House to follow the lead of state governors and move to extend healthcare coverage to the uninsured.

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Mr Kennedy will play a key role as chairman of a congressional committee on health in shaping a debate on broad US healthcare reform that is likely to coalesce around the 2008 presidential elections.

The Democratic party is attempting to devise a politically viable approach to health reform that addresses the high level of anxiety Americans express in polls about economic security and health insurance.

Mr Kennedy said: “Insurance coverage is down. Costs are up. And America is heading to the bottom of the league of major nations in important measures of the quality of care.”

The call for the Bush administration to look to state governments for leadership follows a plan set out by Arnold Schwarzenegger, the Republican governor of California, this week that would extend healthcare to 6.5m uninsured Californians.

Mr Kennedy also cited bipartisan co-operation in his home state of Massachusetts, which is the first state to require all residents to have a health plan.

Under Governor Mitt Romney, a contender for the Republican presidential nomination, the state introduced a mix of subsidies and penalties to make the insurance more affordable and compel people to buy into plans.

The efforts by state governors to reduce the number of uninsured are likely to be the most far-reaching in the next two years, as Congress focuses on addressing existing loopholes by increasing funding to cover poor families and children who fall foul of income rules.

The proposals presented at Senate hearings convened on Wednesday by Mr Kennedy are more likely to inform Democratic policy going into the next election.

Jacob Hacker, a Yale professor, presented a plan that would compel employers to pay into publicly administered health plans or offer staff comparable private plans. That would leave most large employers’ existing plans untouched but would raise payroll taxes by at least 6 per cent for those that did not offer robust coverage. The 32-year-old professor is gaining influence withthe Democratic party and said the plan was designed around existing private and public programmes “to avoid the dismal fate of previous reform campaigns”.

The Bush administration’s budget next month will include its plans to expand means-testing in Medicare.

Sen. Kennedy Seeks Universal Health Plan (AP)

By Kevin Freking

AP, January 11, 2007

The federal government should join the state of Massachusetts in enacting universal health coverage, said Sen. Edward Kennedy, the new chairman of the Senate committee with jurisdiction over numerous health issues.

Kennedy's home state is the first to require everyone to have health insurance, just as drivers must have automobile coverage.

Kennedy has his own version of what universal health coverage would look like. He wants to extend Medicare to all. In his first hearing Wednesday as chairman of the Senate Health, Education, Labor and Pensions Committee, the Massachusetts Democrat called on 10 witnesses from all over the country to talk about how to make health care more affordable.

"Insurance coverage is down. Costs are up. And America is heading to the bottom of the league of major nations in important measures of the quality of care," Kennedy said.

Kennedy emphasized how Democratic legislators in his home state worked last year with Republican Gov. Mitt Romney in crafting universal coverage there. He wants the same spirit of compromise to take hold in Congress.

However, the hearing also showed that finding agreement won't be easy. While all the witnesses agreed that health care is becoming less affordable every year, they often had very different solutions.

For example, the Business Roundtable renewed its calls to change medical liability laws and for the federal government to give consumers more information about the cost and quality of the care they get, two priorities often cited by the Bush administration.

"High health care costs are affecting job creation, and high health care costs are hurting our ability to compete in global markets," said Larry Burton, the roundtable's executive director.

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But Andrew Stern, international president of the Service Employees International Union, called for much more dramatic change. He told lawmakers that it's time to recognize that employer-based coverage "is dead." The statement infers a much more active role for the federal government in funding health care.

Karen Davis of the Commonwealth Fund, which conducts health research, told lawmakers to look at Denmark as a model for the U.S. She said that nation's government pays doctors a capped rate for each of their patients, plus additional amounts when they perform a service. Each doctor handles about 1,500 patients, and they can handle walk-ins and same-day appointments. And Denmark residents love their health care system, she said.

Most of the witnesses agreed on two points:

First, Congress should expand funding for a health insurance program that now provides health insurance to about 5 million children. The children live in families that make too much to qualify for Medicaid, but not enough to afford the monthly health insurance premiums offered through the private sector.

Second, Congress should not get in the way of states trying to grow the number of residents who have health insurance.

The state of Massachusetts employs a combination of subsidies and penalties to make insurance more affordable and to force people to buy it. The law requires employers with 11 or more full-time employees to offer health coverage or be subject to a $295 fee for each employee, as well as face being billed for services their uninsured employees get.

California Gov. Arnold Schwarzenegger this week proposed a plan that would extend health care to 6.5 million uninsured Californians. Under the proposal, all Californians must have insurance, although the poorest would be subsidized.

Some of the committee's Republicans would like the committee to renew its attention to help for small businesses. They support a plan that would let businesses buy insurance through regional or national trade associations. The insurance would be free of many state mandates. That could make it a cheaper alternative, but would also provide scaled-back coverage in some instances.

"My primary interest is to provide health insurance reform for small businesses and working families, and I believe that 1 million more people will be insured if we enacted the (small business health plans)," said Sen. Mike Enzi, R-Wyo.

Also, Wednesday, the Children's Defense Fund called on Congress to provide health insurance for all children in the U.S. About nine million live in families without insurance. The organization said all children in Medicaid or the State Children's Health Insurance Program should be automatically enrolled in one program that provides all medically necessary care.

Children in families with incomes over 300 percent of poverty could also pay premiums that would allow them to participate.

"A child's chance to survive and thrive should not depend on the lottery of geography," the organization said.

Where '100 Hours' Will Hit The Brakes (WP)

By David S. Broder

The Washington Post, January 11, 2007

The three rooms on the third floor of the Capitol, steps away from the Senate floor, have a storied past. They are called the LBJ Suite, because they were the domain of Lyndon B. Johnson, who as majority leader famously installed two wet bars and added a bathroom, from which he conducted meetings and issued directives while taking care of his personal business.

The suite's new occupant is a man as anonymous as Johnson was flamboyant, Richard Durbin, the 62-year-old senior senator from downstate Illinois. In the next two years, however, a great deal of the Democrats' fate depends on Durbin. As assistant majority leader, or whip, it is up to him to figure out how to corral enough votes in the narrowly divided Senate to pass at least some of the flood of bills that the energized House Democratic majority will send over.

Durbin recognizes the magnitude of the challenge. "I just spent two years as minority whip," he recalled in an interview the other day, "where I had 45 Democratic votes. And, as you well know, if you can find 41 votes to block cloture" -- the move to cut off debate -- you can prevent the majority from bringing its bills to an up-or-down vote.

"So my job, time and again, was to find 41 stalwarts out of 45. Now, I look at [Republican Minority Whip] Trent Lott, and he has the same job, but he has 49 Republican senators, so he has a larger pool from which to find his 41."

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So as the role of the minority whip has become easier, the role of the majority whip has become harder. While Majority Leader Harry Reid of Nevada leads the policy debates and handles the public relations, the onus is on Durbin to produce the votes at critical moments.

Having served in both the House and Senate over 24 years, he understands the differences between them. "The Senate is designed to stop things," he said, and that poses a challenge to ambitious Democrats.

Ask Durbin what will happen when the flood of bills -- raising the minimum wage and achieving other Democratic goals -- coming out of the House during the ballyhooed "100 hours" reaches the Senate, he laughs and recalls the words of former House speaker Tom Foley to his colleagues: "Remember, the Republicans are the opposition. The enemy is the Senate."

No doubt, Durbin says, House members and perhaps some of the public will be frustrated because "it's going to take us longer, and it will be done differently."

"They will finish their 100 hours with great pride, and then we will begin 100 days," he said.

As he has gotten to know his flock of new senators, Durbin said he is struck by the diversity of the Democratic caucus. "Jon Tester and Bernie Sanders are two different souls," he said, referring to the freshman senators from Montana and Vermont, the first a nonideological rancher, the second an avowed socialist.

"But there's a lot of commonality on the basics," he said, meaning economic, educational and health-care concerns. "Where we're likely to break down is on the bumper-sticker issues" -- abortion, gay marriage, etc.

Durbin said he thinks "the last election was a sobering experience for many Republicans," and he is hopeful of finding support from the other side on at least some issues.

That is particularly true of the Iraq war, which, Durbin said, "overshadows everything else in this session." In a floor speech last week, Durbin listed the domestic programs that could have been financed with what the Iraq war has cost -- and it was a staggering array. He said at least 45 of the 51 Democrats are supportive of beginning a troop withdrawal.

The final complication for Durbin is the number of presidential candidates within his ranks -- probably at least five. Durbin said he notices that "they watch each other a lot," but he hasn't encountered sabotage related to White House ambitions. As time goes on, and they start spending even more time on the campaign trail, "I worry about absenteeism," he said.

But he credited Sen. Ron Wyden of Oregon with a creative solution to that problem. "Ron says we ought to form a designated-driver caucus," Durbin said, "of people who are ready to drive the Senate agenda while their colleagues who are intoxicated with the idea of being president are sitting in the back seat."

Reid Runs Tight Ship, Leaves Byrd Behind (WP)

By Chris Cillizza

The Washington Post, January 11, 2007

Just days into his tenure as majority leader, Sen. Harry M. Reid (D-Nev.) received a tongue-lashing from Sen. Robert C. Byrd (D-W.Va.) for a decision to end a vote before the senior statesman had cast his "yea" or "nay."

Byrd, who has served in the Senate since 1958 and is a noted stickler for the rules and etiquette that guide the chamber, was unable to make it to the floor in the 15 minutes allotted for a vote yesterday -- his first missed vote since March.

"The leadership arbitrarily closed the vote before I could get to the floor," Byrd told the Associated Press. "That is not the way legislation is done in a body such as ours."

Had he made it to the floor on time, Byrd would have cast the 17,780th vote of his career. Jim Manley, a spokesman for Reid, played down the controversy, insisting that the majority leader has "nothing but the highest regard for Senator Byrd."

Since the 110th Congress was convened last week, Reid has emphasized his intention to run the body more efficiently, a plan that includes limiting votes, which often have lasted a half-hour or more, to just 15 minutes. An e-mail sent Monday to the offices of Democratic senators reiterated the point.

At 89, Byrd is slowed by a neurological condition known as benign essential tremor and uses two canes to get around the Capitol. On Friday, he tripped while on the Senate floor but was quickly pulled to safety by former senator John Glenn (D-Ohio), who is 85.

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Byrd's age and physical condition were an undercurrent in his reelection race in November, though Byrd dismissed its import. The voters of West Virginia agreed and elected Byrd to a ninth term with 64 percent of the vote.

Republicans Come Out Swinging (WT)

By Christina Bellantoni

The Washington Times, January 11, 2007

House Republicans have chosen leaders who aren't afraid to attack Democrats to serve in key positions for the 110th Congress, suggesting that the civility on Capitol Hill may not last long.

Republicans say they have every intention of fighting tough to regain power.

For example, Rep. Patrick T. McHenry of North Carolina, beginning his second term, was recently named to serve as a member of the deputy Republican whip team, typically made up of more senior lawmakers. Considered one of the party's up-and-comers, the 31-year-old is known for his frequent tongue-lashings aimed at Democrats.

"I will not hesitate to point out their hypocrisy and their unwillingness to live by their own campaign pledges," said Mr. McHenry, the youngest member of Congress. "I'll work to get our conservative ideas enacted into law and stop the bad things the Democrats want to do to our country."

Minority Whip Roy Blunt of Missouri held nothing back when he criticized Democrats for not allowing Republican amendments on their "first 100 hours" agenda. He said the new majority party members were being disingenuous when they promised bipartisan spirit.

"Unfortunately, so far, we don't see much of that partnership," Mr. Blunt said Tuesday. "It's a sort of a check-is-in-the-mail approach to the things the American people have been told and what we've been told."

The Republicans are also quick to note Democrats' use of unfair tactics -- such as not subjecting their opening legislative package to committee hearings -- but did not acknowledge that they used the same strategy for years.

"It's a shame that the agenda they campaigned on so publicly is being put together so secretly," said Rep. Adam H. Putnam of Florida, chairman of the House Republican Conference.

Republicans say Mr. Putnam, 32, has fire in his belly and a hunger to return to the majority. And they say what Mr. McHenry lacks in age he makes up for in energy and bark.

"We will hold their feet to the fire, just as ours were," Republican Conference Vice Chairman Kay Granger of Texas said of the Democrats. "Patrick will be a good messenger for that."

As one of several deputy whips, Mr. McHenry will aid Mr. Blunt and Chief Deputy Republican Whip Eric Cantor of Virginia in helping to track votes on legislation and pushing minority-party legislation.

As for this week, Republicans have adopted a refrain of complaint, saying the opening hours of the 110th Congress have been unfair and smack of political design.

It was "truly a shame" that Democrats turned the September 11 commission debate into a "partisan political tool," lamented Rep. Ileana Ros-Lehtinen of Florida.

Rep. David Dreier of California had some fun as he managed the opposition time on the floor, calling Republicans the "struggling minority."

"I'm loving my role here in the minority, Madame Speaker," he said, later handing the floor to one of his colleagues.

"I yield to the former chairman and future chairman of the committee on appropriations," Mr. Dreier said, hardly able to stifle a laugh as he introduced Republican Rep. Jerry Lewis, a fellow Californian.

Senate-Foiled Dudley Named Bush Adviser (WSJ)

By John D. Mckinnon And Deborah Solomon

The Wall Street Journal, January 11, 2007

WASHINGTON -- President Bush appointed conservative academic Susan Dudley to an influential new job advising on regulatory policy, at a time the regulatory process could serve as a conduit for the White House to push through any policies opposed by a hostile Congress.

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Her appointment came after Congress blocked her nomination to be the White House's regulatory czar last year. Her position as a senior adviser to the White House's regulatory office will enable her to influence policy decisions, although she won't be able to implement them on her own. She could, for example, push for better scientific justification for new rules.

The apparent end run around Capitol Hill angered liberals who object to her criticism of the federal rule-making process, among other things.

Most recently, Ms. Dudley headed regulatory studies at the Mercatus Institute, a market-oriented research center under George Mason University, which has received funding from large Republican donors.

Mr. Bush nominated Ms. Dudley last summer to run the Office of Information and Regulatory Affairs, a division of the White House budget office. At her Senate hearing, she got tough questions from Democrats and some Republicans.

The committee didn't vote on her nomination. Mr. Bush has resubmitted her name to the Senate, but she is considered unlikely to be approved. Instead, in her new White House job, she likely will serve some of the same functions as the office director. Environmentalists complained. "The White House is again displaying its contempt for carrying out and enforcing the law to protect the public," said Joan Claybrook, president of Public Citizen.

A White House spokesman, Tony Fratto, said Ms. Dudley is "a respected voice who understands that careful research and transparent analysis lead to good regulatory policy. She is exceptionally qualified and will make an outstanding administrator of OIRA."

U.S. Banks Oppose New Capital Rules (WSJ)

By Damian Paletta And Henry J. Pulizzi

The Wall Street Journal, January 11, 2007

WASHINGTON -- Citigroup Inc., J.P. Morgan Chase & Co., and two other large U.S. banks brought concerns about pending international capital standards known as Basel II to White House officials as crucial deadlines for the standards approach.

The Jan. 4 meeting represents the most recent -- and perhaps highest level -- attempt by the group of banks, which include Wachovia Corp. and Washington Mutual Inc., to bring substantive changes to the Basel II capital proposal before next year. The Federal Reserve and other bank regulators are still discussing how to implement the standards by next January.

White House spokesman Tony Fratto confirmed the banks met with National Economic Council staff, but he said NEC Director Allan Hubbard didn't attend. The NEC advises the president on domestic and global economic issues.

"We have an interest in it, obviously, but the Fed and the Treasury have been taking the lead," Mr. Fratto said.

Since last year, the four banks have publicly complained that the U.S. Basel II standards aren't in line with the capital requirements that foreign banks will be using under Basel II. They have said this could put U.S. lenders at a competitive disadvantage.

One concern has been that if foreign banks are able to hold less capital than their U.S. competitors, foreign banks might be able to offer lower prices on things such as multimillion-dollar syndicated loans and other products.

Fewer than 20 of the largest U.S. banks are expected to use the new Basel II standards. More than 8,000 other banking companies are expected to be able to use simplified rules known as Basel IA.

In June, the four banks met with officials from the White House's Office of Management and Budget to discuss their Basel II concerns. They have also met several times with U.S. lawmakers on the issue.

Tape Reveals Defiance (HILL)

By Alexander Bolton

The Hill, January 11, 2007

A secretly recorded meeting of researchers working for the Department of Veterans Affairs indicates that the department did not take seriously congressional requests intended to safeguard the personal and medical information of veterans.

The recording, obtained by The Hill from a researcher who attended the meeting, sheds light on a behind-the-scenes struggle between lawmakers and Veterans Affairs officials over the handling of veterans' personal information.

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"If you want to know what's the real purpose of the data call, read Machiavelli. It's about power, it's about Congress saying, 'VA, you're accountable to us,'" one Veterans Affairs official, Dr. Joseph Francis, says on the tape. "We're not asking people to do an A-plus job on this report."

Questions on the security of the information rose to prominence last May when a Veterans Affairs employee lost to theft a laptop computer containing the personal information of 26.5 million veterans and military personnel. Although authorities eventually recovered the laptop, the incident sounded alarms on Capitol Hill.

Since then, the House Veterans' Affairs Committee has held eight hearings on the department's information technology. The panel also has asked the department repeatedly to report on the security of its information systems, a task that entails providing information about who had access to sensitive information and how it was stored.

The Senate Veterans' Affairs Committee also asked for reports on what sensitive information is accessible to government contractors.

"We've had multiple requests on where they are and what they're doing," a House Veterans' Affairs Committee source said, adding that department officials failed to provide adequate answers when Congress demanded them. "We've asked that for multiple times, who had access to what, and they still could not tell us at the time."

The source said the department has responded to bipartisan congressional requests very slowly. The source predicted that there would be additional hearings in coming weeks.

But Veterans Affairs research officials with access to millions of medical records thought the congressional requests to be unreasonable and simply an exercise in exerting power.

Francis, the deputy chief of research and development at the department, told researchers at a private meeting held last year in Baltimore that Congress would not get what it was looking for.

"We basically told folks that that was impossible and we were told, 'We know that it's impossible but we were told by Congress to do it,'" Francis told subordinates during the Sept. 6 meeting, referring to higher-ups at the department. "I can tell you we will do the best job we can and it will not be everything we're being asked to look for.

"You're not going to be able to look at every question of every issue between now and Sept. 20," he said. "You're not going to be able to look at every study.

"Frankly, we had a lot of discussions, and there's a lot of guidance that could not be put in writing because it would cost people jobs in Washington," he added. "But there's a lot of people who know how unreasonable this request is."

Francis told the researchers to remember the core mission of the department.

"Take care of veterans, take care of their needs," he said, but he did not seem to believe answering fully Congress's security concerns was the best way to do so.

Veterans Affairs spokesman Terry Jemison defended the department in a statement.

"VA takes information security seriously and is fully committed to continue to work closely with Congress to bolster our data protection," he said. "The purported comments of a single employee do not reflect our culture and pledge to improve control, training, responsibility and accountability in all aspects of data security that put custody of veterans' personal information first."

Francis declined to comment.

One of the researchers secretly recorded the talk and shared it to expose what that person believes is lack of concern for veterans' privacy. Francis is the acting deputy chief research and development officer at Veterans Affairs, handling many of the administrative responsibilities of VA's chief research and development officer, who is in charge of all research at the department.

"This shows the cynicism," the whistleblower said. "Here when Congress does step forward to do something good, the agency takes it very casually and cavalierly. It really illustrates that, to the researchers at the VA, the veterans are guinea pigs and are there to promote the research, which is used in turn to promote researchers' careers."

The source claimed that high-level researchers at the department are not sufficiently concerned about the vulnerability of medical information because of financial stakes tied to their research. The source said that many researchers sign lucrative contracts to work for pharmaceutical companies after leaving the department.

Forty percent of all VA research involving human subjects is funded by industry, according to Veterans Health Administration directive 2003-031, dated June 13, 2003. The document also states that when simple chart reviews are excluded,

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industry funds 80 percent of all research VA conducts on human subjects and that "systematic weaknesses" exist "in the human research protection programs, especially in studies funded by industry."

The president of the Alliance for Human Research Protection, Vera Hassner Sharav, criticized Francis's comments when she was told of them.

"Why is he saying it is impossible?" she said. "It is because they don't want to have anyone looking over their shoulders. What it shows is that they don't really give much of a priority to people's personal privileged information.

"The area of research subjects is always shrouded in secrecy. The secrecy in this arena is to protect the researchers and the sponsors, not the subjects, because when people get hurt they don't want to be held responsible."

The House Veterans' Affairs Committee source said that the department knows its data is vulnerable and that securing it poses a significant challenge.

"They must have 250,000 access points that enter into the VA database system at some point or another," the House source said. "There are 230,000-plus employees, and contractors and residents. They [are] in collaboration with 122 medical schools with which they are affiliated."

The House source said lawmakers have tried to find out how many people connected to VA have the same access to personal information as the employee who lost the infamous laptop in May but that VA still can "not completely" answer that question.

The source said if the department followed proper information accounting practices, "you should be able in an hour to find on a data call who has access to what."

But Francis said in his candid comments that the VA has ignored federal legislation directing executive-branch departments to adopt higher cyber-security standards.

"Congress is actually rather angry at the VA because we've been technically breaking the law for a decade," Francis said. "In 1996 legislation was passed called the Clinger-Cohen Act that really set the timing for all agencies to follow certain types of business principles in IT [information technology] procurement and IT management, including cyber security. We've basically ignored that; many agencies didn't."

Pelosi Bans Smoking In Speaker's Lobby (HILL)

By Kelly Mccormack

The Hill, January 11, 2007

House Speaker Nancy Pelosi (D-Calif.) announced Wednesday that smoking in the Speaker's Lobby will no longer be permitted.

"The days for smoke-filled rooms in the United States Capitol are over," Pelosi said in a press release issued this morning. "I am a firm believer that Congress should lead by example. Effective immediately, smoking will no longer be permitted in the Speaker's Lobby."

Rep. Henry Waxman (D-Calif.), a close ally of Pelosi's, has long been pushing for the smoking ban.

Pelosi said that the dangers of secondhand smoke put the health of "colleagues, staff, pages, reporters and others who pass through the Speaker's Lobby" at risk every day.

At the start of this year, the District of Columbia followed the lead of several other major metropolitan areas by banning smoking in public areas.

The American Lung Association praised Pelosi for eradicating smoking in the Capitol.

"The decision to make the U.S. Capitol, the symbol of our nation's democracy, smoke free is both an important public health victory and a symbolic decision," said John Kirkwood, president and CEO of the American Lung Association. "By making the Speaker's Lobby smoke free, Speaker Pelosi has ended the days of smoke-filled rooms."

House Minority Leader John Boehner (R-Ohio) is among many members who regularly smoke in the Speaker's Lobby.

Pelosi Tells Smokers To Butt Out (RC)

By John Mcardle

Roll Call, January 11, 2007

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While smoke-free advocates celebrated Speaker Nancy Pelosi's (D-Calif.) announcement that Members would no longer be allowed to light up in the Speaker's Lobby as of Wednesday morning, those known to enjoy a smoke break during House votes attempted to shrug off just how much they'd be impacted by the new rule.

When asked about Pelosi's new ban, Minority Leader John Boehner (R-Ohio), who is known for having an ever-present cigarette in hand when doing interviews in the ornate room just off the House floor, said, "That's fine. ... No it won't affect me at all."

Rep. Barney Frank (D-Mass.), a well-known cigar smoker, said, "It's not a big deal. If it had come to a vote on it I would have voted against it."

And while Pelosi's announcement made national headlines Wednesday morning, Frank said the subject of where he and his fellow smokers will now go to light up "is way too trivial to get into print. ... I have constituents who have much bigger concerns than how I relax."

But Rep. Marty Meehan (D-Mass.), co-chairman of the Congressional Task Force on Tobacco and Health, was quick to rush out a press release Wednesday morning applauding Pelosi's smoke-free policy.

"With so many interns, pages, and young staff looking up to Members of Congress it is important that we be held to a higher standard," Meehan wrote. "I look forward to working with Speaker Pelosi and my colleagues to continue to fight against tobacco use and to save thousands of lives, children and adults."

House Democratic Caucus Vice Chairman John Larson (Conn.) said he expects the Sergeant-at-Arms office will be charged with enforcement of the ban. Also, Democratic sources explained Wednesday that peer pressure will be a main enforcement mechanism.

Rep. Henry Waxman (D-Calif.), also a co-chairman of the tobacco task force and longtime advocate for ending smoking in the House, said he certainly would say something to a colleague if he saw him or her smoking in the Speaker's Lobby in the future.

"I sure would," Waxman said. "But I think Members would respect the rules. ... I'm pleased this finally happed. It was such an outrage to jeopardize the health" of those who work in the Speaker's Lobby each day.

While Meehan noted that "the next step should be to expand this ban to include the entire Capitol complex," Pelosi's new rule will affect only the indoor portions of the Speaker's Lobby. (By early Wednesday afternoon workers from the Architect of the Capitol's office had taken away the four gold ashtrays that decorated the room and put them into storage, according to AOC officials.)

Pelosi did maintain a smokers' refuge on the balcony that Members have access to from the Speaker's Lobby, although Democratic sources said there are no plans to add any new amenities to the few chairs and ashtray pots that adorn the outside space.

Members still are allowed to determine their own policies on whether to allow smoking in their personal offices, and Pelosi is not expected to alter that long-standing tradition. Also House-side smokers are permitted to light up in two designated public areas; Room B-219 of the Longworth Building, which is located adjacent to the Longworth Food Court; and Room B-112 of the Cannon Building, across the hall from the Cannon Carryout. Both smoking areas are enclosed and equipped with ventilation systems. Smokers who go outside to smoke must stay at least 25 feet away from any public entrances or exits to the buildings.

In making her announcement, Pelosi cited the recently enacted Washington, D.C., smoking ban, which outlawed smoking in bars and restaurants in the city as of Jan. 2.

"I applaud the District for joining the dozens of other major cities, including my home town of San Francisco, in recognizing the need to protect the public from secondhand smoke," she said. "As Members of Congress, we must be held to a higher standard. We can no longer risk the health of colleagues, staff, pages, reporters and others who pass through the Speaker's Lobby each day."

On his way into the Capitol on Wednesday afternoon, former Speaker Dennis Hastert (R-Ill.), who controlled the policy of the lobby for the past seven years, didn't have much to say about Pelosi's new nonsmoking rule.

"It's certainly her prerogative to do it," he said. He also pointed out that the decision doesn't really affect him. "I don't smoke."

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Pelosi Bans Smoking In Lounge Of House (USAT)

By Oren Dorell

USA Today, January 11, 2007

WASHINGTON — The days of cutting deals in smoke-filled back rooms in the Capitol are officially over. At least the smoke-filled part, that is.

Nancy Pelosi, the new Democratic speaker of the House of Representatives, on Wednesday issued a ban on lighting up in the speaker's lobby, a lounge behind the speaker's rostrum where House members relax between votes, talk to reporters and chat among themselves.

Until Tuesday, the portrait-lined room with its high-backed chairs was often hazy with cigarette and cigar smoke.

"The days of smoke-filled rooms in the United States Capitol are over," Pelosi said. "Medical science has unquestionably established the dangerous effects of secondhand smoke."

Pelosi said the ban was effective immediately.

"That's fine," said minority leader and cigarette smoker Rep. John Boehner, R-Ohio.

"That's how life is now," said Rep. Devin Nunes, R-Calif., an occasional smoker.

Some members were a little abrupt. Rep. Barney Frank, D-Mass., a cigar aficionado, told reporters asking about the ban to call back "when you have some serious issues you want to talk about," spokesman Steve Adamske said.

Pelosi's decision brings the Capitol closer in step with local laws and a national trend. The District of Columbia banned smoking in workplaces in April and in restaurants and bars as of New Year's Day. Twenty-one states and dozens of cities have banned smoking in workplaces, restaurants and bars.

"We're quite pleased," said Angela Bradbery, co-founder of Smokefree DC, which was behind the recent ban in Washington. "It's about time."

Cynthia Hallett of the California-based Americans for Non-smokers' Rights said, "People in the Capitol deserve the same smoke-free protections as other workers in the District of Columbia. Smoke-free air in the workplace is no longer just a California trend — it is a national expectation."

William Corr, executive director of the Campaign for Tobacco-Free Kids, urged members of Congress to follow Pelosi's lead by adopting smoke-free policies in their personal offices.

Pelosi's ban only applies to the lounge area behind the House gallery, said Drew Hammill, her spokesman. Hallways and other public areas were already covered by a ban issued in 1993 by then-speaker Tom Foley. Last year, smoking was banned within 25 feet of entrances to the House office buildings. By tradition, personal office policies are set by the members, and Pelosi is not changing that tradition, Hammill said.

"This is the decision she's made for now. There's no timeline for anything else," Hammill said.

Pelosi's reference to "smoke-filled rooms" has symbolic significance when spoken by the first female speaker of the House, said Muriel Fox, a co-founder of the National Organization for Women.

"In the old days, decisions were made undemocratically between small groups of people, all smoking their heads off," Fox said. "It happens that only men had power in those days."

In Nancy Pelosi's House, It's No Ifs, Ands Or Butts (WSJ)

By Brody Mullins

The Wall Street Journal, January 11, 2007

WASHINGTON -- Democrats took control of Congress aiming to erase perceptions of lawmakers and lobbyists drafting legislation in smoke-filled rooms. Now they are targeting the smoke-filled room itself.

House Speaker Nancy Pelosi used her newly won powers to ban smoking in an anteroom off the House floor where lawmakers can relax and talk during floor debate. The so-called Speaker's Lobby was one of the few remaining havens where smokers could indulge their habit. But under the new Democratic Congress, that tradition is over.

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The federal government banned smoking in federal buildings more than a decade ago. In the spring, the District of Columbia outlawed smoking in all workplaces and most indoor public areas. Starting this month, it became illegal to smoke in nearly all bars and restaurants in the nation's capital.

But Congress often exempts itself from the law. Unlike most other employers, members of Congress are exempt from laws governing maternity leave. They may also carry guns on the Capitol grounds, despite a District-wide ban.

In a similar vein, lawmakers were allowed to smoke in certain places on Capitol Hill, primarily in the Speaker's Lobby and in their own offices. The Lobby is an anteroom off the House floor -- behind the podium where the Speaker and the President stand during the State of the Union -- that may be used only by lawmakers, reporters and some congressional staff.

In the lobby, a group of mostly Republicans, led by Minority Leader John Boehner, of Ohio, used to lounge in a set of leather chairs and smoke. On Tuesday evening, the night before Ms. Pelosi issued the smoking ban, Rep. Tom Cole (R., Okla.) was among lawmakers who enjoyed a final cigar in the room.

Smokers say they will either step outside to smoke or light up in their offices, where smoking is permitted.

In the Senate, smoking is allowed only in senators' offices. The smell of cigar smoke often hangs in the air outside the Capitol office of Sen. Robert Byrd (D., W. Va.), while visitors can catch Sen. Barack Obama (D., Ill.) sneaking a few puffs outside the building.

The smoking ban, which is effective immediately, is a victory for California Democratic Rep. Henry Waxman's long-running campaign against smoking. Mr. Waxman, the new chairman of the Committee on Oversight and Government Reform, led the effort to ban smoking in the U.S. Capitol and the House's office buildings. Last year he prodded then-Speaker Dennis Hastert of Illinois to eliminate the smoking section in one House cafeteria. "The smoke didn't respect the old dividing line," he said.

Democrats had made headway in banishing smoking from Capitol Hill before they lost control of Congress in 1994. Former Democratic Speaker Thomas Foley banned smoking in most of the House side, though not the Speaker's Lobby. But when Republicans took control, tobacco-using leaders reversed course. Even Mr. Waxman's ban on smoking in his health and environment subcommittee was reversed by the panel's new chairman at the time, Rep. Tom Bliley, a pipe-smoker from Virginia.

The new ban didn't please all Democrats, several of whom are cigar-smokers. Rep. Barney Frank, the senior Massachusetts Democrat, said: "I'm not happy about it, but there's nothing I can do about it."

House Bans Smoking, And Few Complain (NYT)

By Anne E. Kornblut

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — Democrats banned smoking inside the House on Wednesday. Then they quickly congratulated themselves, squeezing as much symbolism out of the moment as they could.

“The days of smoke-filled rooms in the United States Capitol are over,” the House speaker, Nancy Pelosi, declared.

Whether Democrats are any less inclined to make backroom deals than Republicans, the new majority will be remembered for bringing the rules of the House into line with those in the rest of the District of Columbia, numerous states and corporations, several European countries and all major airlines.

And it did so with surprisingly little outcry from the smoking crowd. “I’m O.K. with it,” Representative Mike Simpson, Republican of Idaho, said as he headed out onto an adjoining balcony for a cigarette between votes.

He did, however, glance nostalgically toward the spot where a large ashtray once stood.

“That was the circle,” Mr. Simpson said, referring to the spot where he and other Republicans once gathered around Representative John A. Boehner of Ohio, the minority leader and a noted chain smoker. “That was where the decisions on the future of the country were made.”

It was also where some of the more geriatric members of the House — including at least one who used an oxygen tank and rode a motorized cart during the last session — came and went during votes. Representative Henry A. Waxman, Democrat of California Democrat and a longtime advocate of the ban, said he had received numerous complaints from members about the second-hand smoke, which wafted onto the House floor and into halls.

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"Why should people have to quit their jobs to protect their health?" Mr. Waxman asked, beaming as he talked about the ban. "It was long overdue. It took Nancy Pelosi to put this in place."

Lawmakers can still smoke in their individual offices, but they can no longer light up in the ornate hallway outside the House chamber known as the Speaker's Lobby, the spot where lawmakers often gather to talk with each other and with journalists. Most other areas of the Capitol, including the public areas outside the Senate, had already banned smoking.

Now, Mr. Waxman was asked, could he eliminate the phrase "smoke-filled room"?

"I don't have the power to do that," he replied. "I only have the power to investigate clichés."

On a day when Iraq and the minimum wage dominated the news in Congress, few smokers were clamoring to discuss the change. Mr. Boehner — who has been spotted cradling a lit cigarette inside his palm when he darted from the Speaker's Lobby to the House floor for votes — dismissed a question about the ban, saying it was fine. Representative Barney Frank, the Massachusetts Democrat who often puffed on a cigar in the lounge, refused to comment on it (his aides recommended calling back with a more serious question).

One lawmaker who was spotted heading out to the balcony for a cigarette — and who did not want his name used because he was "not known to be" a smoker — said he was glad to obey the new rules. And then he pointed at a reporter and said, "It's a lot healthier for you."

A Smoking Tradition Snuffed Out By Pelosi (WP)

By Lyndsey Layton

The Washington Post, January 11, 2007

Some fresh air blew into the Capitol yesterday, after House Speaker Nancy Pelosi banned smoking from the most venerable nicotine haven on the hill -- the Speaker's Lobby outside the entrance to the House floor.

Pelosi, of smoke-free California, is known to detest the tobacco habit. Ever since her ascension as top Democrat with authority over the lobby and most other space in the House, smokers have been bracing for the moment when they'd be ordered to extinguish their butts.

One of the heaviest smokers, Rep. John A. Boehner (R-Ohio), who is partial to Barclays, was resigned to the new reality yesterday. As majority leader in the last Congress, Boehner ignored calls to ban smoking from the Speaker's Lobby. But now, as minority leader, he has little choice but to abide by Pelosi's wishes and told reporters he was fine with the ban.

For generations, the Speaker's Lobby has been the most visible space where smokers gather inside the Capitol. It is an ornate space dotted with fireplaces, leather armchairs and chandeliers. Lawmakers relax there between votes and debates, often meeting with staff members, reporters or the public and huddling in informal groups. Cigarette smokers tended to dominate the daytime hours there; at night, the cigar smokers took over.

Pelosi said she was banning smoking from the area to protect the health of the staff, reporters and public who spend time in the lobby. "Medical science has unquestionably established the dangerous effects of secondhand smoke, including an increased risk of cancer and respiratory diseases. I am a firm believer that Congress should lead by example," Pelosi said in a statement. "The days of smoke-filled rooms in the United States Capitol are over."

Not quite.

Smoking is still permitted in lawmakers' offices, in two designated smoking rooms in the House office buildings and in a small, concrete room in the Capitol's basement.

And Pelosi's ban took effect a week after the District prohibited smoking from most public spaces, including restaurants and bars.

Yesterday afternoon, two Senate staffers and two Capitol Police officers puffed away inside their basement hideaway, a cramped, room stuck amid maintenance closets and stacks of bottled water. A ceiling-mounted ventilation box drew up their fumes as they ate lunch, smoked Marlboros and worked Sudoku puzzles. "What are you going to do?" one of the staffers shrugged as she considered the dwindling number of places she can smoke. She asked not to be identified, saying it would anger her boss.

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Paul Billings of the American Lung Association said that smoking room and others ought to be eliminated, too. "This is a first step, we want to extend smoke-free to all workplaces in the congressional complex," said Billings, whose organization has collected 9,000 signatures on a petition asking Congress to ban all smoking on Capitol Hill.

Pelosi Snuffs Out A House Smokers Haven (LAT)

By Richard Simon

The Los Angeles Times, January 11, 2007

WASHINGTON — Throughout the U.S. Capitol are reminders of the days when tobacco was king.

Tobacco-leaf designs decorate walls. Brass spittoons adorn the Senate chamber. A portrait of a former House speaker shows him clutching a cigar.

And until Wednesday, ashtrays could be found indoors just steps away from the House chamber.

House Speaker Nancy Pelosi (D-San Francisco) on Wednesday snuffed out smoking in the speaker's lobby, previously one of Washington's most famous smoke-filled rooms. It is an ornate place where lawmakers for decades have puffed away between votes.

No more, Pelosi declared.

"I am a firm believer that Congress should lead by example," she said, citing the dangers of secondhand smoke.

Hours after the decree, the ashtrays were gone and nary a whiff of smoke sullied the air.

Smokers, already restricted from lighting up in many places, seemed resigned.

"That's fine," said House Minority Leader John A. Boehner (R-Ohio), a smoker who along with others will now be forced to light up on an outdoor balcony off the speaker's lobby.

"I'll survive," added Rep. Thaddeus McCotter (R-Mich.), another smoker.

Anti-smoking advocates took a deep breath of relief. "It's just great," said Rep. Henry A. Waxman (D-Los Angeles).

Smoking was banned on the House floor in 1871 and in the Senate chamber in 1914. The Senate has no equivalent to the speaker's lobby, so smoking was not permitted anywhere on the Senate side of the Capitol — though Congress members are allowed to smoke in their offices.

The policy comes about a week after a smoking ban on bars and nightclubs went into effect in Washington, making virtually every workplace in the city smoke-free — except those controlled by Congress.

John Kirkwood, president and chief executive of the American Lung Assn., praised Pelosi's decision, saying it demonstrated to the nation that "Congress is playing by the same set of rules as everyone else."

Bernanke Set To Speak Before Budget Committee (WSJ)

By Greg Ip And David Rogers

The Wall Street Journal, January 11, 2007

Federal Reserve Chairman Ben Bernanke's efforts to stay out of politically charged fiscal questions will be tested next week as he makes his inaugural appearance before a congressional budget committee.

Mr. Bernanke is to testify on the fiscal and economic outlook before the Senate Budget Committee Thursday, Jan. 18. Committee officials confirmed the appearance Wednesday. President George W. Bush releases his budget on Feb. 5.

Mr. Bernanke's predecessor, Alan Greenspan, frequently testified and commented on budget policy, often generating great controversy, in particular for endorsing Mr. Bush's tax cuts at the Senate Budget Committee in January 2001. Mr. Bernanke, who took office in February last year, has said he does not want to comment on specific tax and spending proposals, saying those are the purview of Congress and the administration.

Senate Budget Committee Chairman Kent Conrad (D., N.D.), who confirmed Mr. Bernanke's appearance, said the Fed chief "doesn't want to get into this specific spending program, this specific revenue program. I think he thinks that's not his purpose."

Mr. Conrad, an outspoken critic of Mr. Bush's fiscal policies, added, "It's entirely reasonable for him to talk about effects on the economy [of] deficits and growing debt, to give us an economic outlook -- that's entirely appropriate."

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Mr. Bernanke has shown he's willing to talk in broad terms about fiscal issues. In previous speeches and testimony, he has talked about the need to address a projected surge in spending on Medicare and Social Security as the population ages.

A Sweet Deal For 'Official' Felons (WT)

By S.a. Miller

The Washington Times, January 11, 2007

James A. Traficant Jr., the former Democratic congressman convicted of racketeering and taking bribes, is wiling away prison time painting colorful pictures but also able to collect a congressional pension of nearly $40,000 a year.

He is one of about 20 former senators and congressmen with felony rap sheets who can receive the taxpayer-financed benefit.

"They have lost their cases, lost all their appeals and still collect the check," said Rep. Mark Steven Kirk, an Illinois Republican who introduced a bill that would stop future congressional felons from pocketing retirement pay.

"Millions of taxpayer dollars have gone to felons," Mr. Kirk said.

A similar measure is being offered by Democratic Sens. Ken Salazar of Colorado and John Kerry of Massachusetts in an amendment to that chamber's ethics reform bill, which is expected to go to a vote tomorrow.

Other recent convicts include former Rep. Randy "Duke" Cunningham, a California Republican convicted of graft and imprisoned last year, and former Rep. Bob Ney, an Ohio Republican convicted last year of corruption charges tied to disgraced lobbyist Jack Abramoff. Cunningham is eligible for about $36,000 a year, while Ney is in line for a $29,000 annual pension, according to estimates from the National Taxpayers Union (NTU). Other estimates, from groups such as the Congressional Research Service, vary slightly.

Former Rep. Daniel Rostenkowski, an Illinois Democrat convicted in 1996 of mail fraud related to the House post office scandal and pardoned by President Clinton in 2001, this year will collect an estimated $125,000 congressional pension, according to NTU estimates.

Ney and Mr. Rostenkowski could not be reached for comment.

Prison officials said Traficant could not be contacted by telephone at the Federal Medical Center in Rochester, Minn., a prison that provides mental- health services; nor could Cunningham at the Federal Transfer Center in Oklahoma City, a temporary prison for inmates awaiting placement in the federal penal system.

Currently, only a conviction for treason or espionage results in a forfeiture of the pension.

The average congressional pension is estimated at $50,000 a year.

"The only thing crazier than giving a member of Congress convicted of a crime a federal pension is the fact that we still need a bill to prevent a convict from receiving their pension," Mr. Salazar said. "Any member of Congress who abuses their position of authority for their personal profit deserves a prison sentence, not a government pension."

Bills that would withhold the pensions from members of Congress convicted of major crimes have been introduced in the past and failed. They usually die in the Senate.

"They always worry that somehow they will get caught and lose their pensions," Mr. Kirk said of the senators. "They have always killed this common-sense reform."

The measure's supporters say they are optimistic this time because of the strong push for ethics reforms this session -- a response to voter anger at Washington corruption that is credited in part for Democratic gains in last year's midterm elections.

House Speaker Nancy Pelosi, California Democrat, promised "serious consideration" of the proposal.

Still, the effort is encountering the usual skepticism among seasoned lawmakers in both chambers and on both sides of the aisle.

"I understand the image," Senate Republican Whip Trent Lott, Mississippi Republican, said of the pension payments. "I think the concept is achievable, but we had better be careful about it."

"It is easy to pontificate and take this great ethical stand, but then you have to ask yourself, 'Well, what about this senator's or this congressman's innocent spouse who still has to live? What about the money that was actually paid into the retirement system?' "

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The specter of punishing "innocent spouses" also was raised by Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee.

"I would think the type of offense committed should have some weight, especially for someone who violates the public trust," he said. "We shouldn't have any different standard than any other part of government."

Honoring Jamestown's Intrepid (WP)

By Fredrick Kunkle

The Washington Post, January 11, 2007

JAMESTOWN, Va., Jan. 10 -- Danny Schmidt stood in the big hole and talked fast, peeling away the centuries with words just as he and other archaeologists have been doing with shovels and wheelbarrows for the past few years.

Around the rim of the hole stood some of the most powerful people in Virginia, peering down at the curious scars gouged into the hard-packed earth some 400 years ago, uncharacteristically quiet for an assembly of legislators.

This was the place where it all began, the site of the first permanent English-speaking settlement in North America, the point of contact between African, European and Native American cultures.

Wednesday was the highest-profile event so far in a series that began last year to commemorate the settlement of Jamestown. To mark the 400th anniversary, Vice President Cheney addressed members of the General Assembly inside the cramped Memorial Church that was built in 1907, and legislators toured the grounds of the settlement where representative democracy would take hold. The festivities will culminate in a three-day celebration this May and a visit by Queen Elizabeth II.

Inside the hole, Schmidt explained, was one of the shallow pits -- not much bigger than a foxhole and cut like a square -- that probably served as an English colonist's original shelter after the settlers made landfall in May 1607.

And over there were the cobblestone remains of the foundation of the governor's house and the shaft of a well that ran dry.

And way over there, where the James River offered the closest thing to silver that any of the adventurers would ever find in that malarial swamp, were the excavated graves of the first 22 Europeans to die.

One had been a boy, maybe 14, who had been struck in the thigh by an Indian's arrow, said Schmidt, a staff archaeologist with the Association for the Preservation of Virginia Antiquities, a nonprofit organization digging at the site of the original fort since 1994.

"Oh my God," Del. Albert C. Eisenberg (D-Arlington) blurted out as Schmidt talked of the death toll. "Remember, they all came here to get rich."

A major theme of yesterday's event was that Virginia's key role in the creation of American democracy has sometimes been overshadowed by New England's. A whoop went up when Cheney noted that the Jamestown colonists had already convened a representative assembly by the time the Pilgrims arrived on the Mayflower.

Another theme, also touched on by Cheney, was that the Europeans' many glowing achievements had been accompanied by more unpleasant realities, such as the enslavement of African Americans and the destruction of Native Americans.

Delegates tramped the grounds on a brisk and gusty day under a bright blue sky, more than a few embarrassed that they had never visited before. And many, like Del. William H. Fralin Jr. (R-Roanoke), felt uplifted and somewhat diminished at the same time by their predecessors' achievements.

"I'd like to think we'd be as hardy and faithful and trusting to fate as these settlers were," Fralin said. "But the reality is, they were a separate breed."

Fralin paused to send a squirt of tobacco juice downwind, mindful that the pinch of Skoal in his lip could be traced, in a way, to the cash crop that rescued the struggling colony. Then he continued, thinking about what it must have been like for the voyagers to leave their homes in England to cross the Atlantic to the New World.

"For most of these guys -- and women -- when they stepped on that ship and saw the land of civilization pass away, they most likely knew they were not going to see that civilization again. That takes a lot of faith and courage," he said.

That was also on the minds of a few tourists who strolled the museum and living history reenactments at the nearby Jamestown Settlement before the security cordons and delegates took over.

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"We're so used to our conveniences now," said Lonnie Spielman, 50, an electrician who lives in Hagerstown, Md., and was spending a week in a timeshare with his wife, Debra, 50, an office manager.

"If the electricity goes out for three hours, or we don't have a hot shower for a day, we're inconvenienced," he said.

Cheney Opens Legislature At Jamestown (WT/AP)

By Dena Potter And Bob Lewis

The Washington Times, January 11, 2007

JAMESTOWN, Va. -- It was fitting for Virginia to begin its 2007 legislative session at the place where representative democracy in America was born, Vice President Dick Cheney told legislators yesterday.

In a speech that stressed themes of religious faith, sacrifice and personal courage, Mr. Cheney helped open the Virginia General Assembly's winter session at the site where the first English settlement in North America was established 400 years ago.

"It's striking to realize how much of America's story begins with a little three-sided fort raised on the banks of the James River four centuries ago," Mr. Cheney told legislators who packed into the historic Jamestown Memorial Church.

The first meeting of Virginia's legislative body in nearly 350 years at Jamestown was held to mark the start of the anniversary year. The highlight of the commemoration is a scheduled visit in May by Queen Elizabeth II -- retracing the steps she made to Jamestown in 1957 when she visited the site on its 350th anniversary.

Although the first meeting of the House of Burgesses wasn't until 12 years after the settlers landed in May 1607, Mr. Cheney recognized Jamestown's contributions to America.

"Indeed, so much of what defines our country -- its language, legal traditions and institutions -- have roots in the community that rose in this corner of Virginia," Mr. Cheney said.

The Republican vice president entered to cheers by Republican legislators and polite applause from Democrats. His 10½-minute speech, however, was devoid of partisan tinge and often lyrical.

Mr. Cheney's best line came when he said, "The history of our country did not begin on Cape Cod in 1620," and Democrats and Republicans alike cheered the comment. Toward the rear of the chapel, Republican Delegates Chris B. Saxman of Augusta and William H. Fralin Jr. of Roanoke stood and shouted their approval.

During the speech, Mr. Cheney read from a dispatch written by a Jamestown colonist in 1610, after starvation, disease and attacks from Indians during a bitter winter killed nearly three-quarters of the settlers.

"It read, and I quote: 'Be not dismayed at all. Let England know our willingness, for our work is good, and we hope to plant a nation where none before has stood,' " Mr. Cheney said.

"Even across the centuries, it is admirable and inspiring that such hopeful words could be written in the year 1610 amid difficulties that our generation can scarcely imagine. And it's a reminder that no matter how important deeds may be, things of the spirit are first," he said.

As he spoke, a chill wind fanned whitecaps across a milewide stretch of the James River a few feet from the reconstructed log palisades of the original three-sided Jamestown Fort and the rustic brick church.

The session opened with a prayer from Steven R. Adkins, chief of the Chickahominy Indian tribe. It was his ancestors who greeted the first settlers.

He opened the prayer in his native tongue, saying, "Great Spirit, the loving Father of all nations."

The session closed with a prayer by the Rev. Jay Timothy Harrison Sr., a black Baptist pastor. The first Africans brought to America came as servants to Jamestown in 1619, beginning a 250-year legacy of slavery in the state.

The opening-day events -- held about 50 miles southeast of the Capitol in Richmond -- drew bipartisan praise.

Delegate Mamye E. BaCote, Newport News Democrat, said she enjoyed Mr. Cheney's speech and being able to take the time to see where America's form of government began.

"It kicked off the beginning of representative government in America, and it has evolved," Mrs. BaCote said. "This is what we preach when we go out to other countries."

Delegate Phillip A. Hamilton, Newport News Republican, said that he was humbled to be a part of what he called a historic event and that Mr. Cheney was right to recall the horror and privations the original settlers endured.

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"It's a great boost to Virginia, and it does reaffirm the role of Virginia in the history of this nation," Mr. Hamilton said.

$200-a-Head Dinner Doesn't Pass Taste Test (WP)

By Lois Romano

The Washington Post, January 11, 2007

While the Senate began debating stricter ethics rules for its members this week, a fancy dinner planned for some Senate press secretaries tomorrow night in New York, paid for with corporate money, has raised a few eyebrows.

Two dozen flacks will arrive in Manhattan today for an annual excursion to meet with media outlets, a trip sanctioned by the Senate ethics committee as "official" business. This means that the aides pay for costs out of pocket -- Amtrak, W Hotel, chartered bus -- and later request reimbursement from official funds. The itinerary shows the members of the bipartisan Senate Press Secretaries Association with a full schedule of meetings with such organizations as the Wall Street Journal, CBS, NBC, the United Nations and others connected to their work.

But the "gasp" factor, as one corporate executive put it, centers on the $200-a-head closing dinner at the elite Rainbow Room, one of the country's best-known upscale restaurants, sponsored by seven high-profile corporations with business interests before Congress. They include the American Gas Association, Toyota, the Recording Industry Association of America and Microsoft. Because rules limit to $50 what an aide can accept for a meal, and because fried calamari alone costs $35 at the Rockefeller Plaza establishment, one might ask how these folks can justify accepting an invitation to the dinner.

Here's how: Their letter from the ethics committee explains that under the rules, they may accept a free meal if it is at a "widely attended event" -- at least 25 people from outside Congress. This rule, as it turns out, is a real boon to these sponsoring corporations that have each been asked by Dittus Communications, the organizer, to bring five guests to the dinner.

John Reid, president of the Press Secretaries Association and former spokesman for defeated senator George Allen (R-Va.), said the group was meticulous in its commitment to staying within the letter of the law.

But one lobbyist who is not attending the dinner noted that "given the [political] atmosphere right now, appearances matter. . . . Everyone is being very careful about this type of stuff."

As far as the ethics watchdogs are concerned, the dinner doesn't pass the smell test. "This is a kind of access and influence buying that concerns us," said Mary Boyle, a spokeswoman for Common Cause. "Why are these companies doing this? The only answer is for goodwill. They want to be remembered, they want to influence these communicators. Everyone knows press secretaries are very influential."Kerry Stepping Up?

As Ted Kennedy (D-Mass.) waits patiently for his Senate colleague John Kerry to get off the fence and reveal his presidential intentions, the 2004 Democratic standard-bearer is adding high-profile operatives who could easily slide into campaign mode. Kerry has brought on as a consultant Erik Smith, onetime communications strategist for former congressman Dick Gephardt (D-Mo.), and Vince Morris, most recently the spokesman for former D.C. mayor Anthony Williams, as his Senate press secretary.

Kennedy said that he would support Kerry in 2008 if he makes another presidential run but that he can't wait forever for his decision. No clue where Kennedy would turn should Kerry not run -- but his best pal is Sen. Chris Dodd (D-Conn.), who has ambitions of his own.The Limits of Power

Sources say that House Speaker Nancy Pelosi (D-Calif.) has told the Democratic committee chairmen who were angered by the six-year term limits imposed upon them last week that she would consider revisiting the issue -- but only if they muster the votes to abolish the rule. This raises the question: What ambitious legislator hoping to rise to chairman before being moved into a nursing home is going to oppose term limits? Among those who are sore after having waited 12 years for their turn at the helm: Appropriations Chairman David Obey (Wis.), Oversight and Government Reform Chairman Henry Waxman (Calif.), and Energy and Commerce Chairman John Dingell (Mich.).A Very Safe Landing

It can never be said that Conrad Burns (R-Mont.), whose ties to lobbyists cost him his Senate seat last November, is inconsistent. He'll be joining Gage, a Washington lobbying firm that was founded by his former aide, Leo Giacometto. While most Beltway insiders will recall the more than $150,000 that Burns accepted from now-imprisoned lobbyist Jack Abramoff and his clients, Burns was also excoriated for the tens of millions of dollars in earmarks he steered to Giacometto's clients, which

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sparked an audit by the Montana legislature. Now, rather than asking Burns for official earmark favors, Giacometto will get to boss around his old boss. Under Senate rules, Burns, hired as a senior adviser, will have to wait one year before he can directly lobby his former colleagues.Final Note

We heard a number of complaints last week because we used the word "catfight" to describe a disagreement between two distinguished members of Congress -- Pelosi and Rep. Jane Harman (D-Calif.). To those who civilly articulated reasons why the term is inappropriate, we say: Point taken.

OTHER NEWS:

Trade Deficit Drops For Third Consecutive Month (NYT)

By Jeremy W. Peters

The New York Times, January 11, 2007

American companies sold more goods like airplanes, cars and precious metals overseas in November, helping to narrow the trade deficit for a third consecutive month.

Despite the improvement, the United States is still on track to end 2006 with a record trade imbalance, eclipsing the $716.7 billion deficit in 2005.

The Census Bureau reported yesterday that the trade deficit — the amount by which the value of America's imports of goods and services exceeded the value of its exports — fell to $58.2 billion in November, the smallest it has been since July 2005. In October, the deficit was $58.8 billion.

Yesterday's figures surprised many economists, most of whom expected the deficit to widen. Through November, the cumulative deficit for 2006 was $701.6 billion, well within reach of the previous record.

But some economists expect the trade outlook to improve this year as a weaker dollar combined with a slower domestic economy and stronger growth overseas help narrow the disparity between imports and exports.

"The factors that are causing the improvement are really in the case of exports and the strengths of the economies abroad," said Peter E. Kretzmer, senior economist with the Bank of America. "Japan continues to grow moderately, and emerging Asia is growing at a good clip, led by China. Then Europe also continues to at least outperform expectations. When you put all of that together, that's a boost to U.S. exports."

In November, exports grew to $124.8 billion, from $123.7 billion in October. The increase was fairly broad-based. Exports of consumer goods like jewelry and sporting goods rose, as did exports of heavy duty goods like parts for commercial aircraft.

At the same time, imports are slowing. American businesses imported $183 billion worth of goods and services in November, up $500 million from October. That brought the three-month moving average for imports down to $184.3 billion, the lowest level since June.

The gap narrowed in November in part because Americans bought fewer goods from China, one of the nation's main trading partners. The net deficit with China fell to $22.9 billion in November, down from $24.4 billion in October. Also, the trade gap shrank because of the third monthly decline in petroleum imports, a factor that economists expect to help improve the trade gap this year if oil prices continue falling.

The Chinese government reported its full-year trade figures yesterday as well, posting a record surplus of $177.5 billion with the world as a whole in 2006. China's exports, and its surplus, continue to grow rapidly; the 2006 surplus was 75 percent greater than 2005's. Imbalanced trade with China has become an issue straining relations with the United States.

Top American officials, including the Treasury secretary, Henry M. Paulson Jr., and the chairman of the Federal Reserve, Ben S. Bernanke, traveled to China last month to press for a shift in the country's trade and currency policies. China accounts for a larger portion of the deficit than any other country.

A reason that Washington says that trade with China remains one-sided is the exchange rate. China keeps its currency, the yuan, loosely pegged to the dollar and the euro at a level that many economists say is undervalued, making its exports affordable and imported goods more expensive.

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But economists expect Chinese imports to have less appeal in the United States as a slowing housing market damps consumer appetites.

"I imagine as U.S. domestic demand growth slows," said Paul Ashworth, senior United States economist with Capital Economics, "the wider trade deficit with China will probably continue to grow, but probably at a slower pace."

Also yesterday, the Commerce Department reported that inventories at American wholesalers accumulated in November at the fastest pace in three months, a sign that imports could slow further.

Surplus Widens in Canada

OTTAWA, Jan. 10 (Bloomberg News) — Canada's trade surplus widened more than expected in November to the largest since March, as exports of cars and energy products rebounded.

The surplus widened to 4.67 billion Canadian dollars ($3.97 billion), from a revised 3.76 billion Canadian dollars in October, Statistics Canada said. Exports rose 2.8 percent, to 38.1 billion Canadian dollars ($32.4 billion).

Surging Exports Brighten Trade Picture (WSJ)

By Jeff Bater

The Wall Street Journal, January 11, 2007

For more than a decade, the rapidly widening trade deficit acted as a drag on U.S. economic growth. But surging exports are reversing that trend, buoying the economy at a critical time and starting to pare back the bloated deficit.

The U.S. deficit in trade in goods and services fell 1% in November to $58.23 billion, the third straight monthly decline and the lowest level in more than a year, the Commerce Department said yesterday. Even so, the overall trade gap for 2006 remained on track to hit an annual record. Underscoring the long-term challenges posed by global trade imbalances, China yesterday said its already-huge trade surplus expanded sharply in 2006.

Economists React: See what some economists are saying1 about the data, and what their outlook is for trade and gross domestic product. • Wholesale Inventories Rise2

In the near term, the U.S. trade picture is brightening. The Commerce Department said imports rose only slightly in November to $183 billion, pushed up by holiday demand for foreign-made consumer goods, such as stereos, toys, and apparel. Meanwhile, American exports rose by $1.1 billion to a record $124.76 billion, thanks to increased shipments abroad of semiconductors, civilian aircraft, telecommunications equipment and other U.S.-made capital goods. Overall, the growth of U.S. exports outpaced that of imports in the month.

The data suggest trade has emerged as an important cushion for the economy, as it adjusts to a sizable contraction in housing activity. Trade has for years been a drag on U.S. growth, as weak economic growth abroad, strong consumption at home and a strong dollar held back the nation's exports and boosted imports.

That trend has begun to shift in the past year, as world growth has stayed strong, U.S. consumers and businesses have pulled back a bit, and the dollar's weakness begins to alter the flow of trade by making U.S. exports cheaper abroad and imported goods more expensive for Americans.

David Greenlaw, an economist at Morgan Stanley, estimated the economy expanded at a 2.8% annual rate in the fourth quarter and that a narrower trade deficit contributed 1.5 percentage points of that. He expects trade to contribute to growth in 2007, which would be the first year that has happened since 1995. "With each month of data, it's more and more suggestive that the tide has turned," he said.

In the past, U.S. companies and workers didn't get the full benefit of buoyant consumer spending, because so much of what consumers bought came from abroad. Conversely, the shrinking trade deficit now suggests the burden of cooling of U.S. demand will be borne in part by foreign suppliers -- lessening the impact on domestic businesses.

"It's a mirror image of prior years," said economist Stephen Stanley of RBS Greenwich Capital.

This year's brighter outlook comes against the backdrop of a dim performance overall in 2006. Through November, the trade gap was on pace to break the annual record of $716.73 billion set in 2005, and much of the weakness is due to imbalanced trade with China. The U.S. reported a $22.92 billion trade deficit with China in November, by far its largest with any

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country. The November gap pushed the year-to-date deficit with China to $213.55 billion, compared with 2005's full-year record of $201.62 billion, according to the Commerce Department.

The U.S. deficit with China for all of 2006 is expected to hit a record of at least $230 billion, heightening bilateral trade tensions. Last month, a delegation of U.S. officials led by Treasury Secretary Henry Paulson visited China to discuss the trade imbalance and other economic issues.

China yesterday reported a record trade surplus of $177.47 billion for 2006, up 74% from $101.88 billion in 2005, according to the official Xinhua news agency. China exported $969.08 billion of goods last year and imported $791.61 billion. (U.S. and Chinese estimates of trade don't match because of different methods of accounting for the ebb and flow of goods between the two countries.)

China's huge trade surplus has become a sore point with businesses and workers in other countries that have been displaced by the Chinese-export juggernaut, particularly in the U.S., China's biggest export market and a source for relatively few of its imports. But increasingly, China's surplus also is causing headaches at home and putting pressure on policy makers to respond.

The surpluses are flooding China's banking system with cash, leading to many undesirable effects: rising inflation, bubbles in stock and property markets, and questionable investments by corporations. Chinese policy makers are trying to find a way to contain those effects without harming the broader economy.

Chinese central-bank Gov. Zhou Xiaochuan, speaking this week in Basel, Switzerland, said China can further increase the flexibility of its exchange rate if trade surpluses continue.

The past two years of massive Chinese surpluses differ markedly from previous years. In the past two decades, China's trade balance typically ranged from about 1% to 3% of the economy. The trade surplus for 2006 is close to 7% of the forecast GDP for the year, up from 4.5% in 2005.

Home Prices Seen Rising In '07 (WSJ)

By Campion Walsh

The Wall Street Journal, January 11, 2007

U.S. home sales will decline less sharply this year than they did last year, while home-price appreciation is expected to gain steam, the National Association of Realtors said.

In its latest forecast, the NAR said sales of existing homes are likely to decline about 1.2% this year to 6.42 million, following a sharp drop last year, while sales of new homes are seen falling about 9.7% to 957,000.

Because the market is starting this year at a relatively low point, even a gradual recovery of sales during the year would mean that annual totals for 2007 are likely to show no substantial improvement, according to NAR Chief Economist David Lereah.

"The good news is that the steady improvement in sales will support price appreciation moving forward," Mr. Lereah says.

The Realtors' group, which is running a $40 million ad campaign designed to encourage consumers to contact their local realtors, expects moderate price increases this year. The group forecasts the median sales price for existing homes to grow 1.5% nationally to $225,300, following last year's estimated 1.1% rise. The national median price for new homes will increase 3% this year to $248,900, according to the NAR, after estimated growth of 0.3% last year.

As builders rein in new projects to support prices, housing starts are expected to drop 16.6% this year to 1.51 million, their lowest level in a decade, the NAR said.

Mortgage Bankers Association chief economist Doug Duncan expects home prices to rise 1% to 2% annually for the next couple of years. But some markets could see price declines of 10% to 20% this year, he says, a shift from the last four to five years, when there were "almost no markets where prices were declining."

Home sales will decline 7% to 8% this year, with most of the decline in the first half, adds Mr. Duncan, who expects the market to bottom out in mid- to late 2007.

Meanwhile, the volume of mortgage applications filed with major U.S. banks rose 16.6% on a seasonally adjusted basis last week, compared with the week before, the MBA reported yesterday.

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The number of applications -- for both purchases and refinancings -- increased 12%, compared with the same period a year earlier. Application volumes, on a seasonally adjusted basis, fell about 14% just before the holidays.

Applications for loans to buy homes stood at the highest level in nearly a year, according to the MBA. Applications to refinance rose about 28% from a year ago.

The average rate for a 30-year fixed-rate loan fell to 6.13% from 6.22% the previous week, which was the highest rate seen in eight weeks. The average rate for a 15-year fixed-rate mortgage dropped to 5.85% from 5.93% the previous week. The rate for a one-year adjustable-rate mortgage, or ARM, averaged 5.79%, down from 5.84% the previous week, the MBA's data showed.

Why Economists Are Still Grasping For Cure To Global Poverty (WSJ)

By David Wessel

The Wall Street Journal, January 11, 2007

With intellectual humility, Mr. Johnson, a professor at Massachusetts Institute of Technology's Sloan School of Management, faced a roomful of peers at the annual meeting of the American Economics Association last weekend and said, "Public health had the germ theory of disease. Economics has made great progress, but it's still waiting for its 'germ theory of disease.'" That probably overstates the challenges remaining to public-health warriors -- avian flu, AIDS/HIV, malaria and all -- but not the shortcomings of economic understanding of what poor countries should do to achieve sustained growth.

The U.S. and Europe pulled ahead of the rest of the world in the 19th century, the result of the Industrial Revolution, the evolution of financial markets and the discovery of new drugs and chemicals. With a few remarkable exceptions -- South Korea, for one -- the gap between rich and poor nations persists. The notion that there was something special about "development economics" dates to post-World War II years when mostly poor, mostly rural colonies gained their independence. Says Anne Krueger, an economist who recently finished a stint as No. 2 at the International Monetary Fund: "It was natural that a major objective of...the 'modernizing elite' was to achieve economies and living standards similar to those in the 'developed,' as they were then called, economies." Poor countries had rice patties or coffee plantations; rich ones had factories. The trick, it was believed, was to hasten the industrialization of poor countries, and government had to lead the way.

The prescriptions didn't work out as well as optimistic postwar poverty fighters hoped. Poor countries have had growth spurts punctuated by crises. Rich countries have crises, too, but they bounce back much more quickly, while poor countries often stagnate for years after a crisis, observes Sebastian Edwards, an economist at the University of California at Los Angeles.

Why is that? Why aren't more poor countries catching up faster?

One view, articulated by Ms. Krueger, is that so-called Third World governments and their First World advisers applied sound economic principles incorrectly or without sufficient attention to the reality. Policies to encourage exports and shield embryonic industries from imports until they got rolling sounded good, for instance, but bred corruption, infantilized industries and created politically powerful vested interests that blocked needed change.

Another view is that poor countries got bad advice and paid the price, but that today's experts know much more than their predecessors. "We don't have recipes, or a checklist," Mr. Edwards says. But, he says, we do know the ingredients: educating workers, accumulating capital and investing it widely, improving productivity. Even he concedes economists are better at dissecting success stories -- China, for one -- and identifying particular reasons for each one's success than generalizing to advise struggling countries what steps to take to boost living standards for the masses.

A third view is that earlier economists focused on the wrong thing. Mr. Johnson, among others, argues that what really matters is having solid political, legal and economic institutions -- courts, central banks, honest bureaucrats, private-property rights -- that allow entrepreneurs to flourish. Imposing what seem to be sound economic policies on corrupt, incompetent or myopic governments is doomed. Building strong institutions is a necessary prerequisite. In this camp, there is a running side argument about which comes first: the institutions or the educated people who create them. Was the Constitution key to U.S. success, or was it Jefferson, Madison and Hamilton?

Technological advances and the spread of markets likely will boost the overall income of the world significantly over the next 25 to 50 years. "But," Mr. Johnson warns, "at least half the world's population will likely not participate fully" -- unless his crowd finds better ways to spread prosperity along with better health to poor countries.

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• Mr. Wessel responds to reader comments at WSJ.com/CapitalExchange5. Or email him at capital@wsj.com6.

Justices Express Support For Limiting Use Of Union Fees (USAT)

By Joan Biskupic

USA Today, January 11, 2007

WASHINGTON — The Supreme Court appeared ready Wednesday to uphold a Washington state law that restricts when unions can use fees collected from non-members for political purposes.

The dispute is being watched closely by the National Right to Work Legal Defense Foundation and other anti-union groups, as well as the AFL-CIO.

The case revolves around the Washington Education Association, which bargains for the state's 70,000 teachers. About 3,500 of the teachers have refused to join the union. They are required by state law to pay "agency shop" fees to cover their share of the union's bargaining on behalf of all workers.

Under state law, the fees unions get from a non-member cannot be used for political advocacy — such as the union's lobbying the state Legislature for more school funds — unless that person consents to having his fees used for such purposes.

The teachers union opposes the policy on non-members' fees, saying it is an administrative burden that restricts the union's right to engage in political advocacy. The state's highest court agreed last year. It struck down the law as a violation of the union's speech rights.

Wednesday, many of the justices' queries focused on the rights of teachers who are not in the union.

Most of the high court, including Chief Justice John Roberts and Justices Antonin Scalia, Anthony Kennedy, David Souter and Samuel Alito, expressed some support for the law limiting how non-member fees are used. "It seems to me that Washington acted quite properly in saying we will use this to protect our workers' First Amendment … rights," Kennedy said.

Washington state Attorney General Robert McKenna said the law "serves the state's interest in election integrity" by ensuring that union political activity is funded voluntarily.

John West, representing the teachers union, countered that the law wrongly assumed that non-members would not back the union's lobbying.

Alito responded, "These are teachers who have chosen not to join the (union). Isn't it overwhelmingly likely that they, if you spoke to them and said, 'Would you like to give money to the union to spend on elections,' would say no?"

West said the union believes teachers support its political efforts, including those aimed at increasing teachers' cost-of-living raises and reducing class sizes.

Court Unlikely To Grant 1st Amendment Rights To Union Political Activity (MCT)

By Stephen Henderson

McClatchy Newspapers, January 11, 2007

WASHINGTON - The Supreme Court appeared ready Wednesday to reject claims that the First Amendment prohibits Washington state from forcing unions to get permission before spending some of the money they collect on political causes.

Most oral arguments at the high court end ambiguously, with the justices leaving small hints about how they'll resolve tricky legal dilemmas.

But once in a while, there are arguments where the only lingering question seems to be who'll write an opinion that reaches an obvious conclusion.

Wednesday's arguments, in Davenport v. Washington Education Association and Washington v. Washington Education Association, fell into that category.

At issue is how the state's largest teachers union handles the so-called agency fees it collects from school employees who choose not to be union members.

Those fees, under state law, are paid to cover collective bargaining activity that benefits everyone, whether they're union members or not.

But a 1992 law, adopted by voters, prohibited unions in the state from using that money for political activity without first getting permission from the non-members.

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The hourlong session Wednesday turned largely on whose First Amendment rights were at stake. Lawyers for the state - backed by the Bush administration - argued that the most important rights in the case belong to employees, who shouldn't be forced to support causes with which they disagree. The state also says the "opt-in" system best protects those rights.

Lawyers for the union say its rights to lobby are being infringed by the Washington restrictions.

The Supreme Court already has said non-members must be able to "opt out" of paying for political activity; the Washington law went further, saying unions must get them to "opt in" before pursuing political causes with their money.

Both the state attorney general and several teachers sued the Washington Education Association, accusing them of violating the 1992 law. The state's highest court ultimately concluded that the law violated the First Amendment to the U.S. Constitution, essentially because it placed undue burdens on the unions' political speech.

The court agreed that the "opt-in" requirement would create an administrative nightmare for the union in its effort to collect the fees, and that the "opt-out" requirement was a less burdensome alternative that the state should have chosen.

That reasoning clearly fell flat with Chief Justice John G. Roberts and with justices Antonin Scalia, Anthony Kennedy and Samuel Alito.

Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg also hammered the union's lawyer with questions that reflected serious doubt about his arguments.

Justice Stephen Breyer seemed similarly inclined, but less certain. Justice Clarence Thomas, as is his custom, said nothing during arguments.

The justices' response to the union's arguments was best summed by Kennedy.

"States have considerable discretion in determining how to protect federal constitutional rights," he said at one point. "It seems to me that Washington acted quite properly in saying we will use this mechanism in order to protect our workers' First Amendment constitutional rights."

Later in the arguments, he accused union lawyer John M. West of disregarding employees' rights altogether.

"You want us to consider this case as if the First Amendment rights of non-union members were not involved," he said. "That's been your whole argument."

West responded by saying he recognized the employees' rights, but that the state infringed the union's rights by going too far to protect non-members.

"The non-members have the absolute right to prevent the use of their funds not only for . . . any kind of political ideological speech . . . with which they disagree simply by sending in a letter," West said.

Justices Hear Case On Right Of Unions To Use Nonmembers' Dues (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, January 11, 2007

First Amendment rights are threatened in the state of Washington, the Supreme Court was told yesterday, but it will be up to the justices to decide who needs protection.

The Washington Education Association, the state's largest teachers union, said its freedoms would be endangered by a state law that would increase restrictions on the union's ability to use workers' money for political causes.

On the other side are workers who do not join the union but under state law must pay dues anyway. They say their money should not be used for the union's election causes without their explicit approval.

The issue could be boiled down to a somewhat straightforward question: Is it enough that nonmembers have the chance to opt out of having a portion of their money spent on political activism, or may states put the onus on the unions, forcing them to get explicit approval from each worker?

The issue is somewhat narrow, but the case has drawn special attention from the politically influential AFL-CIO on one side, and from conservative legal groups and national right-to-work organizations that want to limit the power of unions on the other.

The Washington Supreme Court ruled last year that the state's law requiring the union to get affirmative authorization from nonmembers was unconstitutionally burdensome.

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"This has the practical effect of inhibiting one group's political speech (the union and supporting nonmembers) for the improper purpose of increasing the speech of another group (the dissenting nonmembers)," the state court ruled.

Justice Anthony M. Kennedy seemed to see it just the opposite way yesterday, saying it appeared to him that Washington had acted properly to protect the rights of nonmembers. He told union attorney John West: "You want us to consider the case as if the First Amendment rights of nonunion members were not involved."

West said that was not true, and that the Supreme Court in the past had found that those workers were properly protected by giving them the right to opt out of having their dues spent for political purposes. Those workers can object "simply by sending in a letter," West said.

"So it's a First Amendment right that is waived by failing to make a timely objection," Justice John Paul Stevens responded.

Justice Samuel A. Alito Jr. and Washington Attorney General Robert McKenna (R), who was defending the state law, seemed to agree that nonmembers have already made a statement about the union's political activities when they decided not to join. "They shouldn't be required to say no twice," McKenna said.

The Bush administration also joined the case in opposition to the union's position.

In practice, only about 5 percent of the teachers and other educational personnel eligible to join the Washington Education Association choose not to become members. The state nevertheless requires them to pay dues, and about 75 percent of that money is spent on collective-bargaining efforts. West said the other share spent on political purposes is used to support or oppose ballot issues rather than being used for candidate campaigns.

The consolidated cases the court heard yesterday are Davenport v. Washington Education Association, 05-1589, and Washington v. Washington Education Association, 05-1657.

Rights Of Unions And Nonmembers Vie At Court (NYT)

By Linda Greenhouse

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — A case argued before the Supreme Court on Wednesday about how labor unions must handle the fees paid by nonmembers could turn out to be little more than a footnote to a long line of decisions about the respective rights of labor unions and dissident employees.

Or the case might turn out to be a good deal more consequential, the first step toward a recalibration by the court of the constitutional balance between the two.

Each of these contrasting outcomes appeared plausible during an argument that had a bit of something for everyone: First Amendment law, labor law, election law and an animated performance by the court's newest justice, Samuel A. Alito Jr.

Justice Alito appeared particularly energized by the case, a defense by the state of Washington of a provision of its campaign law that bars unions from spending nonmembers' fees on political activity without first receiving permission.

This "opt-in" provision of the Washington law, adopted by referendum in 1992 as part of a broad campaign finance measure, goes a step beyond the protection for nonmembers that the Supreme Court has found to be constitutionally required. The court has required unions to permit nonmembers to "opt out" of having their fees used for any purpose that is not "germane" to the union's collective bargaining responsibilities.

Under federal labor law, states may authorize "union shop" provisions under which employees who choose not to join the union must pay fees to support the union's collective bargaining.

The Washington Supreme Court held in this case that requiring the union to receive affirmative permission before spending nonmembers' money on election-related activity imposed an unconstitutional burden on a union's right of free speech and association.

The state teachers' union is defending that judgment, while the state and a group of teachers, represented by the National Right to Work Legal Defense Foundation, challenged it in separate appeals. The justices consolidated the cases, Davenport v. Washington Education Association, No. 05-1589, and Washington v. Washington Education Association, No. 05-1657, for a single argument.

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The Bush administration entered the case on the state's side. Solicitor General Paul D. Clement said the Washington Supreme Court had "rigidly constitutionalized an area of labor law" that should be left to the "substantial discretion" of the states and the federal government.

Mr. Clement said that just because "as a minimum constitutional matter, the workers have to have an opt-out right" did not mean that a state could not go further and provide that the union could not spend nonmembers' money on politics unless those workers affirmatively agreed.

That argument seemed to appeal to Justice Alito. "Why should the First Amendment permit anything other than an opt-in scheme?" he asked.

That was a "fair question," the solicitor general replied, while at the same time carefully avoiding a full embrace of Justice Alito's suggestion. The opt-in right should be an option but was not constitutionally required, he said.

Later in the argument, addressing the union's lawyer, John M. West, Justice Alito suggested that it seemed only common sense to presume that employees who had chosen not to join the union were likely not to support the union's political activities.

The presumption built into the court's precedents is that nonmembers do support the union's outside activities unless they declare otherwise. "Dissent is not to be presumed" is the phrase the precedents use. So it would be a substantial change in labor law if the presumption were reversed.

"Isn't it overwhelmingly likely," Justice Alito asked Mr. West, that if nonmembers were asked whether they wanted to "give money to the union to spend on elections, they would say no?"

Mr. West said he "absolutely" disagreed, explaining that the union used its political money to campaign for higher taxes to support local school districts and other purposes "that it has every reason to believe is in the interest of the vast majority of teachers."

Chief Justice John G. Roberts Jr. sounded unpersuaded. "Well, surely," he said, "you don't get to say, well, this is in your interest, whether you want to spend the money or not."

Justice Anthony M. Kennedy was also critical of the union's position. "You want us to consider this case as if the First Amendment rights of non-union members were not involved," he told Mr. West on two occasions.

Washington is the only state with a campaign finance law that singles out labor unions for special treatment. Mr. West's basic argument was that the law violated the First Amendment by discriminating against speech based on its content. The union is permitted to engage in legislative lobbying, for example, without first getting the nonmembers' permission to use their money, but is barred from campaigning for or against ballot measures.

About 5 percent of Washington's 80,000 teachers have declined to join the union.

Ballot Firm Hits House Democrats (RC)

By Matthew Murray

Roll Call, January 11, 2007

The Nebraska-based electronic voting machine manufacturer at the center of the still-contested Congressional race in Florida's 13th district demanded Tuesday that a court throw out what the company characterized as a threatening letter from House Democrats.

Lawyers for Election Systems & Software filed the motion with Florida appellate Judge Jon Wheeler in response to a letter that House Administration Chairwoman Juanita Millender-McDonald (D-Calif.) sent the court last week.

Millender-McDonald wrote that Christine Jennings, the Democratic candidate in the Nov. 7 race to replace former Rep. Katherine Harris (R), has preserved her right to contest the election before Millender-McDonald's committee. So the court, she said, has an obligation to consider all the facts of the case, an apparent reference to a Dec. 29 lower court ruling not to require Election Systems & Software to disclose how its electronic voting machines work.

The machine's "source code," Jennings contends, may reveal why 18,000 individuals in Sarasota County did not cast votes in the Congressional race on Nov. 7. The company contends that such information is proprietary and that releasing it could damage the company financially.

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But in court papers, the company claims that the chairwoman is an unrelated party to the case and "has no standing to participate in the review of the trial court's order." Even more, it states, Millender-McDonald's action is little more than a political ploy and an abuse by one branch of government against another.

"The response is a thinly veiled attempt by one member of Congress to intimidate this court and unduly influence its deliberations in order to give [Christine Jennings], a member of Millender-McDonald's political party, an unwarranted advantage in this election contest," wrote Harry Thomas and Jeffrey Frehn, lawyers for Election Systems & Software.

The motion closed: "The fairness of this election will be assured by the due process of law, not by tactics or threats that are intended to interfere with the independence of the judiciary."

Romney Says He Was Wrong On 1994 Issues (AP)

By Glen Johnson

AP, January 11, 2007

A 1994 videotape mysteriously posted on YouTube.com prompted Republican Mitt Romney to declare Wednesday, "I was wrong on some issues back then," while also insisting to social conservatives key to his presidential campaign that he is one of them.

The tape of a Senate debate between Romney and Sen. Edward M. Kennedy showed Romney defending a woman's right to abortion, saying he supported allowing gays in the Boy Scouts and distancing himself from former President Reagan by noting he was a registered independent during the period the conservative icon was leading the nation.

All of the material has been previously published, but its presentation in video form — and on the easily shared YouTube medium — prompted an immediate response from Romney, who formed a presidential exploratory committee last week.

"If you want to know where I stand by the way, you don't just have to listen to my words, you can go to look at my record as governor," Romney said during a late-day appearance on the "Glenn and Helen Show," a radio program featuring Tennessee psychologist Helen Smith and her husband, Glenn Reynolds.

"Frankly, in the bluest of states, facing the most liberal media in the country, I've led the fight to preserve traditional marriage. I've taken every legal step I could conceive of, to prevent same-sex marriage."

A tape of Romney's call was immediately posted on YouTube. Asked whom the campaign suspected of posting the tape, Romney spokesman Kevin Madden said: "It doesn't matter. We used the very same mediums made available to those seeking to attack Governor Romney to set the record straight in his own words with the facts."

In the 1994 tape, Romney is asked about abortion rights and responds: "One of the great things about our nation is we're each entitled to have strong personal beliefs — and we encourage other people to do the same. ... I believe that abortion should be safe and legal in this country."

Kennedy retorted that while he was "pro-choice," Romney was "multiple choice."

At another point, Romney was asked if he ever publicly opposed the Boy Scouts' exclusion of gay members while he served on its executive board.

"I feel that all people should be allowed to participate in the Boy Scouts regardless of their sexual orientation," Romney replied.

On a third point, Kennedy accused Romney of harboring the same economic philosophy as Reagan and former President George H.W. Bush.

Romney replied: "I was an independent during the time of Reagan-Bush; I'm not trying to return to Reagan-Bush. My positions don't talk about the things you suggest they talk about; this isn't a political issue."

In recent speeches, however, Romney has wrapped himself in Reagan's mantle.

"Now, I wasn't always a Ronald Reagan conservative. Neither was Ronald Reagan, by the way," Romney told conservative activists last weekend.

Jim Gilmore For President? It's Not An Easy Sell (RC)

By Stuart Rothenberg

Roll Call, January 11, 2007

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Article II of the Constitution says that the President of the United States must be a "natural born Citizen" who is at least 35 years old. So far, so good for former Virginia Gov. Jim Gilmore (R), who announced this week that he is forming an exploratory committee for a possible 2008 presidential campaign.

Having watched former Vermont Gov. Howard Dean run a stunningly effective early campaign in his bid to win the Democratic presidential nomination in 2004, I am trying to remain open-minded early on when considering long-shot candidates for president.

Sen. Sam Brownback (R-Kan.)? Sure, he's a 10-year Senate veteran who might be able to take advantage of a vacuum on the right in the GOP race. Democratic Sens. Chris Dodd (Conn.) and Joseph Biden (Del.)? They've been Senators for 26 and 36 years, respectively, so they have earned the right to be treated seriously as Democratic contenders.

Former Arkansas Gov. Mike Huckabee (R), outgoing Iowa Gov. Tom Vilsack (D) and New Mexico Gov. Bill Richardson (D)? They are or were reasonably popular two-term governors, which means they aren't stuck on Capitol Hill and can run as successful chief executives. Give them a chance to see what they can do.

But Gilmore? I don't think he fits in the same category. Still, let's look at his pluses and minuses before jumping to a conclusion.

Gilmore, 57, holds undergraduate and law degrees from the University of Virginia. He was elected Commonwealth's Attorney in Henrico County — suburban Richmond — in 1987. Six years later he was elected Virginia Attorney General, serving one term in that office before winning the governorship in 1997. He left four years later having successfully divided the state GOP into warring factions during a budget crisis that he helped create — and alienated enough voters that Democrat Mark Warner was elected to succeed him.

Gilmore then served briefly — from January 2001 to January 2002 — as Republican National Committee chairman. Gilmore widely was assumed to have been installed at the RNC because Bush political strategist Karl Rove assumed that the former governor would be little more than a figurehead, while Rove really ran the committee. But Gilmore didn't see things that way. As a former governor, he was accustomed to making decisions and having others defer to him. When Rove realized that he and Gilmore had different views of how the committee should be run, the former governor had to go. "It was a disaster from the start," says one GOP insider familiar with the situation.

Gilmore chairs a commission created by Congress called the Congressional Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction. He also formed a nonprofit, the National Council on Readiness and Preparedness.

Shortly before Christmas, Gilmore indicated his interest in a 2008 run. He told The Associated Press, "There is not a committed conservative in the field who can put together a national campaign. I am and I can. I have people on the ground right now in Iowa and South Carolina." Veteran Virginia political operative Boyd Marcus and New York political strategist Kieran Mahoney are involved in Gilmore's early planning.

Gilmore's tax-cutting record would be a plus for Republican caucus and primary voters, and the opening on the right in the battle for the GOP nomination could be a lure: The two early Republican favorites, Sen. John McCain (Ariz.) and former Massachusetts Gov. Mitt Romney, aren't exactly movement conservatives.

But caucuses and primaries aren't only about ideology. They also are about candidates, organization and money.

Maybe time has distorted my memory, but I don't remember him as being a dynamic, inspiring conservative speaker. Others I have spoken with remember him much as I do.

Sympathetic Republicans, however, say Gilmore is "very disciplined" and "plain-spoken," and one media professional recently argued that Gilmore has been "terrific" as a "junkyard dog" on TV. That, combined with his ability to play to a partisan crowd, would be a strong asset for Gilmore.

Gilmore never has demonstrated the fundraising muscle that McCain or Romney have, and he also is far, far behind those rivals in lining up activists in the key early states. And there are other obstacles: Despite his service on the weapons of mass destruction commission, Gilmore, like most governors, has no direct foreign policy experience. And few outside of Virginia have ever heard of him.

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In other words, Jim Gilmore begins with no name identification, no money and no organization. And that army of vaunted Virginia GOP operatives that once was mentioned as an asset for former Sen. George Allen (R-Va.)? Well, they don't look quite so intimidating now.

Gilmore's chance of winning the GOP nomination would be based on a single scenario: Romney doesn't sell to conservatives, while McCain, for one reason or another, doesn't make it to Minneapolis, Minn. Under those circumstances, lightning could strike anyone who is (or was) a candidate, even Jim Gilmore.

I find it awfully difficult to take seriously a presidential wannabe who left office having divided his own party and alienated voters, and who begins with no major assets except his alleged strategic positioning on the right. Jim Gilmore surely has a better chance of becoming a nominee than Rep. Dennis Kucinich (D-Ohio), but that doesn't make him a major player for '08 in my book.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Democrats' Litmus: Electability (WSJ)

By Jackie Calmes

The Wall Street Journal, January 11, 2007

WASHINGTON -- For a party long known for subjecting presidential wannabes to a battery of litmus tests, on issues from abortion to trade, Democrats are uniting in raising one big issue for 2008: electability.

Who can win? That question is paramount for many activists, donors and voters, desperate to reclaim the White House. And it's one that poses a big hurdle for both Democratic front-runners, Sens. Hillary Clinton of New York and Barack Obama of Illinois.

Widespread concerns about whether either could get elected -- Mrs. Clinton because she is a woman, and a polarizing figure; Mr. Obama for being African-American, and relatively inexperienced -- potentially prevent either from running away with the Democratic nomination. That, in turn, is what keeps hope alive for about a half-dozen rivals maneuvering for advantage should the leaders stumble. Of that pack, polls and early organization suggest the best-positioned is former North Carolina Sen. John Edwards, the 2004 vice-presidential nominee. Today Sen. Chris Dodd of Connecticut officially joins the race with his announcement on the syndicated radio show "Imus in the Morning."

The three Republican front-runners -- Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani -- have the opposite problem of their Democratic counterparts. Each of them is considered electable. The question is whether they can get nominated in a party in which the conservative base demands that the nominee oppose abortion, same-sex marriage and taxes, but believes that each of these men is suspect.

For their part, Democratic activists and voters alike have become more pragmatic than any time in decades, which many in the party attribute to the chastening effect of recent years out of power in Washington and many statehouses. As for the liberals who make up Democrats' base, for all their passion about jobs and global trade, health care, the environment, abortion and gay rights and especially the war, these days the left cares "big time" about whether a candidate can get elected, says Robert Borosage, co-director of the union-supported advocacy group Campaign for America's Future.

Likewise, feminist leader Kate Michelman says that in her travels, "I hear people talking about 'electability' all the time, and Democrats are going to continue talking about it." Even among audiences eager to see a female president, she says, skeptics ask, "Do you think the country is really ready for a woman?" Ms. Michelman is supporting former North Carolina Sen. John Edwards -- not, she says, because she considers the front-runners unelectable but because Mr. Edwards is the best candidate for women's issues, and electable.

Last year's midterm elections, which gave Democrats a majority in Congress for the first time in 12 years, offered a preview of their party's pragmatic bent. Primary voters chose a number of moderate-to-conservative Democrats over liberal stalwarts for the party's nominations, to increase the chances of winning Republican-held suburban and Western seats.

"Primary voters vote with their heads, not their hearts," says Democratic consultant Stephanie Cutter, an adviser to John Kerry's 2004 presidential campaign. She and some other strategists cite that year for early evidence of Democrats' emphasis on electability, when Mr. Kerry won the nomination over Howard Dean, then the darling of antiwar liberals. "They dated Dean but

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married Kerry because he was the best positioned to beat President Bush with his military record and proven experience," Ms. Cutter says.

Yet Mr. Kerry wasn't elected. And that has other Democrats, in particular Clinton and Obama advocates, warning against taking the electability test too far. Neither Mrs. Clinton nor Mr. Obama has announced for president, though both are expected to create exploratory committees this month.

"I think both are electable," says Illinois Rep. Rahm Emanuel, who has ties to both -- as Mr. Obama's friend and fellow Chicagoan, and as a former top adviser to Mrs. Clinton's husband. "Bill Clinton had an electability problem until the primaries were over" in 1992, Mr. Emanuel recalls, but his strong performance in the primary campaign overrode controversies about his political stands, avoidance of the Vietnam draft and alleged philandering.

Much like her husband 15 years ago, Mrs. Clinton is often seen as too cautious and calculating, leaving many questioning what she stands for. Unlike him, she lacks a compensating charisma. Despite bipartisan praise for her Senate record on issues from education to national security, even admirers lament that she would draw Republican attacks like no other Democrat given conservative activists' loathing for both Clintons. Then there is the fact Americans have never elected a woman -- complicated in Mrs. Clinton's case by her spouse being a former president, suggesting a co-presidency of sorts.

"Anybody who has questions about her electability should look at what she's done in New York," says spokesman Howard Wolfson. He notes that she defied skeptics in 2000 by winning election to the Senate with 55% of the vote, and last year was re-elected in a landslide thanks to greater support from independents and Republicans.

Mr. Obama exudes the charisma, authenticity and optimism that many Democrats find lacking in Mrs. Clinton. Yet while he was raised in Hawaii by his white mother and grandparents from Kansas, his public identity is defined by the African skin and Muslim name inherited from his late father, Barack Hussein Obama, of Kenya. Inevitably Democrats ask: Would Americans elect an African-American, and one whose name rhymes with the terrorist they most revile?

Skeptics also cite the 45-year-old Mr. Obama's inexperience after just two years in the Senate. Days after his return last week from a holiday visit to hometown Honolulu, Hawaii's longtime Democratic Sen. Daniel Inouye was quoted in the city's paper saying Mr. Obama should wait: "He has been in the Senate for, what, two years?"

For eight years previously, Mr. Obama was an Illinois state senator. As a youth, he lived for a time in Indonesia, was the first African-American president of the Harvard Law Review, then a community organizer in Chicago and a constitutional law professor. "People measure experience in different ways," says adviser David Axelrod. "I think we're all an amalgam of all our experiences. And his are extremely varied and rich."

That is chronicled in Mr. Obama's best-selling memoir of struggling with his mixed-race, multicultural background, "Dreams from My Father." Written in 1995 before his political career, the book includes what would be another first for a presidential candidate: Mr. Obama's acknowledged use of "blow" -- cocaine -- as a young man. Strategists in both parties suggest the admission wouldn't be fatal. "I think Americans are at a moment when candor counts for more than the original sin," Democratic pollster Geoff Garin says.

For all the scrutiny of the front-runners, other aspirants face electability questions as well should they attract more attention. Steve Elmendorf, a veteran of several Democratic campaigns, says such judgments are premature a year before the first primary. By then, he says, performances on the stump and in debates will give voters a better sense of each candidate.

And ultimately, Mr. Elmendorf notes, "how electable you are depends on who you are running against."

Dodd To Enter 2008 Presidential Race (AP)

By Beth Fouhy And Holly Ramer

AP, January 11, 2007

Democratic Sen. Christopher Dodd, a veteran lawmaker who entered Congress in the post-Watergate class of 1974, will announce his bid for the presidency, Democratic officials said Wednesday.

Dodd, 62, will make the formal announcement in an interview Thursday morning on the "Imus in the Morning" radio show — a curious bit of timing since he'll be forced to compete with heavy coverage of President Bush's speech on the Iraq war.

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Dodd will travel late Thursday to Iowa, which will host the first presidential nominating caucus next January. He heads to South Carolina, an early primary state, on Sunday.

Kathy Sullivan, the chairwoman of the Democratic Party in New Hampshire, said in an interview that she had spoken to Dodd and he said, "'I'm not going to do the exploratory thing, I'm going to plunge right in.'"

The 26-year Senate veteran enters a growing Democratic field overshadowed by two likely candidates — Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois. Outgoing Iowa Gov. Tom Vilsack has already announced his candidacy, as have former North Carolina Sen. John Edwards and Ohio Rep. Dennis Kucinich.

Throughout his decades-long career in Washington, the Connecticut senator has forged strong ties with labor unions, championed fiscal accountability for corporations and championed education and other children's issues. This month, he became chairman of the influential Senate Banking Committee and is a senior member of the Foreign Relations Committee.

Sullivan said Dodd had other attributes that would make him appealing to voters.

"People really like him. He's very smart. He's also very articulate. And I think he might have the sharpest wit of anyone in the field," Sullivan said.

Dodd voted in 2002 to authorize military intervention in Iraq, but has become an outspoken critic of the war and now calls his vote a mistake. He has said he would oppose an escalation of U.S. forces in Iraq and has said Congress should consider withholding funding for such a troop increase.

Dodd has been politically active on behalf of other Democrats, raising money and campaigning for candidates across the country and chaired the Democratic National Committee from 1995-96.

In 1974, he was elected to the House at the age of 30, part of a Democratic tide after the Watergate scandal and President Nixon's resignation. His father, Thomas Dodd, served as a senator for two terms.

Dodd and his wife, Jackie Marie Clegg, have two daughters, ages 5 and 22 months.

Senator Dodd May Be Joining Democratic Race For President (NYT)

By Jennifer Medina

The New York Times, January 11, 2007

HARTFORD, Jan 10 — Senator Christopher J. Dodd, Democrat of Connecticut, is to announce on Thursday morning that he is running for president, some of his friends say.

He plans to outline his intentions on Don Imus's nationally syndicated radio and cable television shows, followed by a series of media interviews, they say.

Mr. Dodd was set to file paperwork with the Federal Election Commission this week establishing a campaign committee, his friends said, which would allow him to raise money to compete in what is expected to be a crowded primary field.

Beneva Schulte, a spokeswoman for Mr. Dodd, would not comment on his plans Wednesday evening.

Coverage of Mr. Dodd's announcement would be competing with that of President Bush's Wednesday night speech on Iraq.

Mr. Dodd, although well-known in Washington and his home state, does not have the kind of national name recognition of some other Democrats who are strongly considering entering the race, most prominently Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois.

John Edwards, the former senator from North Carolina and vice-presidential nominee, has spent the last two years building support for his bid and is widely viewed as a strong candidate. And Senator Joseph R. Biden Jr. of Delaware, Representative Dennis J. Kucinich of Ohio and Gov. Tom Vilsack of Iowa have announced their candidacies. Senator John Kerry of Massachusetts, the party's candidate in 2004, is also considering joining the race.

Mr. Dodd, 62, who is serving his fifth term in the Senate, is chairman of the Banking Committee and has spent much of the past several months shoring up support in states with early primaries, like New Hampshire, Iowa and South Carolina. From 1995 to 1997, he served as the general chairman of the Democratic party, which could prove helpful in fund-raising.

Some of the most recent presidential polls have left Mr. Dodd off the list, but his supporters say that his experience in the Senate could be a boost and that his personality would be an asset.

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Mr. Dodd, who is also a senior member of the Senate Foreign Relations committee, has become a vocal critic of the war in Iraq, saying that his vote to authorize military action in 2002 was a mistake.

He was one of the leading opponents of the appointment of John R. Bolton as ambassador to the United Nations.

Hillary's Status As Front-runner Slipping In Key States (WT)

By Donald Lambro

The Washington Times, January 11, 2007

Sen. Hillary Rodham Clinton's popularity in Democratic presidential-preference polls has fallen in the nation's first caucus and primary states in the face of increasing support for her chief rivals for the 2008 nomination.

Pollsters said her weaknesses in Iowa and New Hampshire were the result of the growing popularity of two major opponents -- former North Carolina Sen. John Edwards and Illinois Sen. Barack Obama -- and their populist economic messages, as well as a deepening antipathy toward her among Democratic-leaning independents who dislike her support for the war in Iraq and who question her electability.

"I think Hillary strikes these voters the same way Senator John Kerry did in 2004. They would really like to vote for someone they really like this time. Hillary doesn't fit that characterization right now," said pollster Del Ali of Research 2000, who conducted polls in both Iowa and New Hampshire.

His findings mirror more recent polling showing a similar national decline in support. "There's been erosion," said pollster John Zogby. "She's polling in the low- to mid-40s nationally."

The New York Democrat, who has been her party's clear front-runner, came in a distant fourth in an Iowa presidential poll of 600 likely voters conducted Dec. 18 to 20, drawing 10 percent in a crowded field of contenders. Mr. Edwards, the Democrats' 2004 vice-presidential nominee, and Mr. Obama were tied in first place with 22 percent each, followed by outgoing Iowa Gov. Tom Vilsack with 12 percent.

In New Hampshire, whose first-in-the-nation primary follows the Iowa caucuses, polls showed Mrs. Clinton in a dead heat with Mr. Obama, who was greeted like a rock star in a whirlwind of standing-room-only appearances across the state last month and has since seen his political support skyrocket nationally.

Mrs. Clinton and Mr. Obama drew 22 percent and 21 percent respectively late last month, while Mr. Edwards took third place with 16 percent. One month before, Mr. Obama was trailing Mrs. Clinton by 23 points.

Mr. Ali, who interviewed 600 likely voters in New Hampshire, said its electorate was made up of "a lot of independents. These are the same people who loathe [President] Bush, loathe the Iraq war. But deep down, they don't like Hillary Clinton," he told the Concord Monitor.

In a telephone interview with The Washington Times, he said, "Her chief rivals are very much against the Iraq war and prefer that we begin withdrawal. I don't think they trust her, to be honest with you.

"Part of the reason is that among the candidates, she seems the most supportive of the war in Iraq and appears less critical of President Bush than the other candidates," he said.

Mrs. Clinton, who is reportedly planning to announce her 2008 candidacy sometime this month, has yet to campaign in New Hampshire. Democrats in the state say they expect her approval numbers to improve once she begins active campaigning.

"You cannot underestimate Senator Clinton. She has a unique attribute no one else has. She is extremely well-known, has a very good war chest, the ability to raise a lot of money and has a great spouse, Bill Clinton, who will be supporting her," said Jim Demers, a veteran party strategist in the state.

However, Mr. Demers, who intends to support Mr. Obama if he decides to run, said most of the party's activists were "uncommitted and waiting for Senator Clinton to come in before they start making up their minds."

2008 Destination Unknown (WT)

By Valerie Richardson

The Washington Times, January 11, 2007

DENVER -- There's a reason Denver hasn't hosted the Democratic National Convention in almost 100 years: It's just not a union-friendly town.

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That much became evident after the Democratic National Committee (DNC) again postponed its decision on whether Denver or New York will be the venue for its 2008 convention, thanks to a recent labor uprising in the Mile High City.

With all the labor trouble in Denver, Democrats might be tempted to scrap the whole idea and head for New York, but there's trouble in the Big Apple, too. Mayor Michael R. Bloomberg hinted that he doesn't want to host the event, saying that the city was tapped out after hosting the Republican National Convention in 2004.

"The city can't go on the hook for a convention unless they're reasonably sure they can raise the money," he told the Associated Press.

DNC Chairman Howard Dean now says the announcement will be made by the end of January, but nobody's holding his breath. The committee already has missed deadlines calling for a decision in early December, then mid-December, then early January.

It could be worse. A DNC spokesman yesterday rebutted a report on MSNBC that said a decision would be announced in February.

The delay puts Democrats months behind Republicans, who announced in September that their convention would be held in Minneapolis-St. Paul and have even sent out press kits.

It looked as if Denver had clinched the convention bid last fall, when the host committee finally persuaded a local hotel to sign a union agreement. Until then, Denver had no union hotels, a deal-breaker for the Democrats, who count organized labor as a key component of their political coalition.

Enter Jim Taylor, president of the International Alliance of Theatrical Stage Employees Local No. 7, who threatened to strike during the convention unless organizers pulled out of the Pepsi Center, the proposed site for most of the convention meetings.

Mr. Taylor says the Pepsi Center is "anti-union," noting that it doesn't contract with organized labor. The Pepsi Center, home to both the Colorado Avalanche hockey team and Denver Nuggets basketball team, is owned by Stan Kroenke, who's married to Wal-Mart heiress Anne Walton.

Although Democrats may be willing to overlook the irony of holding their convention at a facility owned by the Wal-Mart family, widely regarded as the chief scourge of the modern labor movement, it appears that Mr. Taylor isn't.

John Sweeney, president of the AFL-CIO, reportedly has entered the negotiations in hopes of persuading Mr. Taylor to sign a no-strike agreement.

Mr. Taylor has proposed holding the convention a few blocks away at the unionized Colorado Convention Center, but tourism officials say the center is too small for the Democrats' needs. The DNC specifically requested a basketball arena as its main facility.

Raising the money won't be a problem in Denver, say organizers, who are eager to host the city's first national party convention since 1908.

"As much as New York may not want the convention is as much we do want it," said Irene Kamsler, a member of the Denver host committee. "They'll all be welcome here with open arms."

Think Big, Plan Ahead (RC)

By David M. Drucker

Roll Call, January 11, 2007

Rep. Loretta Sanchez (D-Calif.) continues to give serious consideration to running for governor in 2010, as well as for the Senate, should Sen. Barbara Boxer (D-Calif.) choose not to seek a fourth term.

In preparation for a statewide run, Sanchez — who has had a gubernatorial campaign account open for several months — plans to spend the next few years traveling up and down California to meet with constituent groups. Given the hefty fundraising

requirements of running statewide in California, Sanchez anticipates her decision would come no later than November 2009.

In a recent interview, Sanchez said she is “absolutely serious” about running for governor in 2010, when Gov. Arnold Schwarzenegger (R) will be termed out of office and the seat will open.

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"I wouldn't discount that, or the Senate seat, if it should open up," Sanchez said.

The Congresswoman conceded that Speaker Nancy Pelosi's (D-Calif.) decision to keep the House in session five days a week will crimp her in-state travel plans somewhat, particularly considering her need to pay close attention to her Orange County district, which preferred President Bush over Sen. John Kerry (D-Mass.), 50 percent to 49 percent in 2004.

But she is optimistic her increased Congressional workload, which includes responsibilities as the No. 2 Democrat on the Homeland Security Committee, will not derail her from laying the groundwork for a statewide run. Sanchez said polling has consistently shown her with the name identification and favorability ratings necessary to launch a campaign in vast, multiple-media market California.

"We've been looking for a long time at the statewide level," Sanchez said. "Polls usually show us to be pretty high in most parts of the state."

Sanchez's gubernatorial campaign account, People for Loretta 2010, had only $1,904 on hand as of the last reporting period ending June 30, after contributions of $27,105 and $43,734 in expenditures. But California law allows any federal campaign funds she raises between now and a prospective gubernatorial run to be transferred into her state account.

Because California's fundraising limits for gubernatorial candidates are $24,100 per primary campaign and $24,100 per general election campaign — for both individual contributors and political action committees — Sanchez would not have to worry about any contribution conflicts if and when she transfers money from her federal account to her state account.

In her post-Nov. 7, 2006, Federal Election Commission report, Sanchez reported banking nearly $650,000 in her Congressional campaign account, after spending $1.86 million on her 24-point victory over stockbroker Tan Nguyen (R).

Some California Democrats have serious questions regarding Sanchez's ability to win a major statewide contest. To get the backing of major party figures — both donors and political operatives — for either a Senate or gubernatorial run, she would have to do some convincing.

But Sanchez also is seen as having some of the innate qualities that breed success, particularly the fact that she is both a woman and a Latina. Roger Salazar, a Democratic operative based in Sacramento, said women tend to do well when they run statewide, in part because not many of them do.

In last year's race for secretary of state, then- state Sen. Debra Bowen (D) beat Bruce McPherson, the moderate Republican incumbent who had been appointed to the position by Schwarzenegger, despite the fact that the governor won his re-election handily over then-state Treasurer Phil Angelides (D). Salazar said Bowen's victory was aided by the fact that she is a woman, which is good news for Sanchez.

"She's done a fantastic job as a Congresswoman. But whether that translates, I don't know," Salazar said. "One luxury we have as Democrats in California is a plethora of talent."

The Republican bench for gubernatorial and Senate candidates in the Golden State is not seen as very deep.

Steve Poizner, a wealthy moderate Republican who won his race for insurance commissioner over then-Lt. Gov. Cruz Bustamante (D) — he was the only Republican to win a statewide contest in California last cycle other than Schwarzenegger — has to be seen as an early favorite to run for governor.

On the Democratic side, other than Sanchez, potential candidates for governor include Bowen, state Treasurer and former state Attorney General Bill Lockyer, and Attorney General Jerry Brown, who previously occupied the governor's office from 1975 to 1983 and served as mayor of Oakland for the past eight years.

Meanwhile, in the 2010 Senate contest, Schwarzenegger himself is the only Republican being speculated about to run for Boxer's seat regardless of what she does — although most California Republicans believe it is unlikely that he will seek a job in which he would have to share the political stage with 99 other lawmakers.

In addition to being seen as potential gubernatorial candidates, Bowen, Lockyer and Brown could also run for Senate in 2010, although Boxer, who will be 69 that year, could well seek another term. Brown, a three-time presidential contender, unsuccessfully ran for a Senate seat in 1982.

As Johnson Mends, Dakota GOPers Focus On Ending 20-year Drought (HILL)

By Aaron Blake

DOJ_NMG_0115338

The Hill, January 11, 2007

There's a saying in North and South Dakota politics: The voters send Republicans to the state capitol to be conservative with their money, and they send Democrats to Washington to bring back other people's money.

Whatever their motivations, Dakota voters have indeed split their elections along those lines for many years.

The illness of Sen. Tim Johnson (D-S.D.) could open things up again in 2008 for Dakota Republicans, who have long struggled for a breakthrough in their congressional representation. If recent history is any indication, however, it will be hard-fought and expensive to make a dent in Democrats' stranglehold on the Washington delegations.

Democrats have held at least five of the states' six congressional seats for the last 20 years.

"It's a phenomenon that has been going on for years and years and years," said Max Wetz, executive director of the South Dakota Republican Party. "It seems to confound a lot of people."

Republican former state Sen. Larry Diedrich knows what it is like to be on the short end of that tradition. He lost twice in 2004 to Rep. Stephanie Herseth (D-S.D.), first by 3,000 votes in a special election and then in the general.

"I've always thought that perhaps people see the money that they have in the state as more their own money," Diedrich said. "Whereas, when you look at the federal level — maybe part of it's the fact that we're typically a recipient state — I think people perceive that that issue is more of other people's money. It's always a little more difficult for Republicans with a conservative message to win that argument."

Sen. John Thune (R-S.D.) was able to convince voters of his ability to bring home the bacon in his razor-thin, multimillion-dollar victory over then-Sen. Tom Daschle (D-S.D.) in 2004, said Steve Hildebrand, who managed Daschle's campaign and Johnson's narrow win over Thune two years earlier.

Analysts are largely undecided about how true the adage is, but Hildebrand said there is "some credence to it."

State-level Republicans in South Dakota have been very successful at attaching all Democrats to the efforts of some to enact an income tax, but on the federal level it's a different frame of reference, he said.

"They believe Democrats are most successful at getting pork back to the states," Hildebrand said. "So they want Democrats in Washington fighting for their pet projects, whether it's disaster relief, farm aid, Medicaid."

Thune was also able to tie Daschle to the Democratic Party that Daschle led in the Senate — a strategy that's been tough to replicate, despite the states' overwhelmingly conservative politics.

His win gave Dakota Republicans their lone standard-bearer in Washington. While Republicans dominate both state legislatures, both governorships and presidential politics, Democrats have occupied at least five of the six congressional seats in the Dakotas since 1987.

The last time the Dakotas voted for a Democrat for president was 1964, when both states voted for Lyndon Johnson. Both gave President Bush at least 60 percent in each of the last two elections.

North Dakota has had an all-Democratic congressional delegation since 1987 and has had a Democrat represent it in the House since 1981. South Dakota last had two Republicans in its delegation in the mid-1980s. Before that, both Washington contingents were dominated by Republicans.

Republicans could have an opportunity to win back three of those seats in 2008 if Johnson is unable to run for reelection.

Herseth is widely considered the frontrunner for the Democratic nomination to replace him, and her candidacy would also create an opening in the state's at-large House seat. North Dakota Republicans are also moving to give Democratic Rep. Earl Pomeroy his first difficult race since 2002 for that state's at-large House seat.

The future of Johnson's seat is in a holding pattern as he recuperates from a brain hemorrhage in December. He was upgraded to "fair" condition this week. State Republicans are moving forward as before in seeking candidates to run for those seats, whatever situation might ultimately arise, Wetz said.

Gov. Mike Rounds (R-S.D.) was reelected in November with 62 percent of the vote and is considered the top contender for the Senate seat. Other possibilities for federal office include attorney Jim Seward and Barb Everist, a former state Senate majority leader.

Herseth was just reelected with 69 percent of the vote, and unless she leaves the seat — she is also mentioned as a possible gubernatorial candidate when Rounds is term-limited in 2010 — that seat will likely prove difficult for Republicans.

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Pomeroy breezed to reelection with 66 percent of the vote. But despite a longer tenure, he appears less ensconced than Herseth. He endured several difficult reelection bids in the 1990s and won by four points in 2002.

As in 2002, Pomeroy won't have North Dakota's veteran Democratic Sens. Kent Conrad or Byron Dorgan at the top of the ticket, and a Pomeroy challenger could be bolstered by the presidential race.

Nick Bauroth, a political science professor at North Dakota State University, said the inability to beat the well-liked and scandal-free senators is easier to understand than the fact the Republicans haven't been able to assemble strong challenges to Pomeroy in the last two elections.

"When you have more of a quality challenger, Pomeroy is actually pretty vulnerable," Bauroth said.

Pomeroy will also, for the first time since his first term, be in the majority party, and Republicans say efforts to tie him to national Democrats could prove more fruitful. They are already issuing press releases tying Pomeroy to the actions of the new Democratic majority.

Pomeroy spokeswoman Sandra Salstrom said voters have recognized Pomeroy's effectiveness in eight straight elections: "Through his hard work and influential committee assignments, he will continue to deliver for our state."

Possible challengers include: Attorney General Wayne Stenehjem, Public Service Commissioner Tony Clark, Tax Commissioner Cory Fong, Secretary of State Al Jaeger, and Doug Goehring, who fell to the incumbent Democratic agriculture commissioner. Pomeroy's 2006 challenger, 38-year-old Matt Mechtel, is also considered to have a bright future.

State Republican Party Chairman Ken Karls said efforts to take out Pomeroy have proven frustrating and that convincing the national party to help out in 2008 will be vital to finally cracking back into the state's congressional delegation.

"North Dakota is suffering because we do not have a Republican in Washington representing us," Karls said. "We have to get at least one Republican into Washington. It behooves us to do that as soon as possible."

How Secular Donors Move Church Agenda (WT)

By Eric Pfeiffer

The Washington Times, January 11, 2007

The National Council of Churches is becoming financially beholden to secular groups with liberal political leanings, according to a report by a religious watchdog organization.

The Institute on Religion and Democracy, a group formed by members of the NCC, says the group accepted the majority of its charitable donations last year from nonreligious organizations and has been pursuing an agenda that does not mesh with the majority of its church members, including support for abortion and homosexual "marriage."

"We found numerous common themes among the dozens of nonchurch entities from which the church council has recently sought or received funding," said John Lomperis, a research associate with IRD who co-wrote the group's report on the NCC.

"These groups have very little demonstrated interest in religion beyond recruiting faith communities to support their favored social and political causes."

Politically affiliated groups who donated to the NCC between 2004 and 2005 include the Sierra Club; the Ford Foundation, which advocated for "reproductive rights"; the United Nations Foundation, which is funded by billionaire media mogul and philanthropist Ted Turner; and the Connect US Network, which has ties to George Soros' Open Society Institute, Mr. Lomperis said.

Mr. Lomperis says the NCC also applied for a $100,000 grant from MoveOn.org, a liberal political-advocacy group that worked to defeat President Bush in the 2004 election, but has not yet received any grant money from the organization.

IRD Vice President Alan F.H. Wisdom says the problem lies not with the NCC accepting such money, but that the groups who are donating it do not reflect the views of the member churches.

"The religious left simply does not have 45 million people in the pews on any given Sunday," he said. "We're very clear that it's not wrong for Christian groups to accept money from foundations and non-Christian organizations."

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The NCC was formed in 1950 with its stated goal being to serve as a bridge between Christian faiths and communities. The group claims to represent 45 million American believers through its member churches, which includes 35 Protestant, Anglican, Orthodox, black and historic Christian denominations.

NCC staff member Lindsey Thune showed up at the IRD press conference yesterday to contest some of the group's claims and to question their own fundraising records.

"Not all of us on staff support abortion or gay marriage," Miss Thune said.

Mr. Wisdom acknowledged that the IRD receives about 40 percent of its funding from private foundations, including some that are considered conservative, including the Adolph Coors Foundation and the John M. Olin Foundation.

The IRD says it is less concerned with where the financial support for the NCC is coming from than in how it is influencing the organization's political agenda.

"The considerable financial support now running into the coffers of the NCC from such organizations ... is not being given merely as a form of charity," said the Rev. John M. Reeves, an Orthodox priest.

Christian Groups Trade Barbs On Their Sources Of Funding (WP)

By Alan Cooperman

The Washington Post, January 11, 2007

Two influential Christian nonprofit organizations questioned each other's finances yesterday, each suggesting that the other is beholden to big donors with partisan political motives.

The clash between the National Council of Churches and the Institute on Religion and Democracy was a rarity in Washington, where liberal and conservative advocacy groups fight fiercely over issues but seldom dig deeply into each other's funding.

Both groups call themselves nonpartisan and are incorporated as tax-exempt charitable organizations. But the council, a New York-based alliance of 35 Christian denominations, is deeply involved in liberal social causes, such as reducing poverty and making peace; it achieved a long-standing legislative goal yesterday when the House voted to increase the minimum wage.

The institute, a Washington-based think tank, is allied with conservative groups on issues such as same-sex marriage. From its founding in 1981, its primary effort has been to challenge what it calls the "leftist" political positions of mainline Protestant denominations, such as the United Methodist Church and the Presbyterian Church (U.S.A.). It has worked closely with conservatives in those denominations, including Episcopalians who have broken away from their church since it consecrated a gay bishop in 2003.

Yesterday, the institute released a 90-page report, titled "Strange Yokefellows: The National Council of Churches and Its Growing Non-Church Constituency." It argued that the council in recent years has faced diminishing contributions from its member churches and has made up the shortfall with grants from such "left-leaning" groups as the National Religious Partnership for the Environment, the Ford Foundation and the Sierra Club.

In the fiscal year ending June 2005, the council received $1.76 million from secular foundations and non-church groups, surpassing the $1.75 million it received from member churches and "signaling a radical new development in the council's history," the report said. Noting that the enrolled membership in mainline Protestant denominations has fallen from 17 percent of the U.S. population in 1950 to 7 percent, it said that only six of the council's top 16 funders today are church groups.

"Several of these [non-church] groups that the NCC has turned to for financial and other forms of support are so blatantly partisan that they can be accurately described as . . . the shadow Democratic Party," the report's main researcher, John Lomperis, told reporters.

His co-author, Alan Wisdom, added that the council has abandoned the goal for which it was founded in 1950 -- fostering "Christian unity" -- and does not represent the true views of the 45 million Christians in its member churches, which include several historically black denominations and Orthodox churches.

The first question at the institute's news conference on the report came from the Rev. Leslie Tune, a staff member of the council, who asked where the institute gets its own funds.

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James Tonkowich, the institute's president, said that about 60 percent of its roughly $1 million in annual revenue comes from individual donors and about 40 percent from conservative foundations, such as the Scaife, Bradley, Coors and Smith Richardson family charities.

Tonkowich also acknowledged that his organization has made public less information about its funders than the NCC has.

In separate interviews, Lomperis and Wisdom said they wrote the report largely in response to earlier criticism of the institute's funding from the council's general secretary, the Rev. Bob Edgar, a former Democratic congressman from Pennsylvania who is also a Methodist minister. In his 2006 book, "Middle Church," Edgar wrote that the institute's fundraising list "reads like a Who's Who of contemporary conservatism."

Edgar's book was the latest of several articles and books by liberal Protestants accusing the institute of fomenting divisions in their churches. In an article posted last year on the Web site of the Episcopal Diocese of Washington, the diocese's spokesman, Jim Naughton, said the IRD has received at least $4.6 million from conservative foundations since 1985, allowing the institute and a "small network" of fellow conservatives "to mount a global campaign that has destabilized the Episcopal Church."

Edgar, 63, who is stepping down as head of the NCC at the end of the year, did not speak at the institute's news conference. But he stayed afterward to shake hands with the report's authors and to thank them for recognizing that he has turned around the finances of the council, which was running a $5.9 million deficit when he took over in 2000 and has now balanced its budget for five years in a row.

"I was brought in to do three things: raise money, raise money and raise money," he said. "Thank you for highlighting that secular as well as religious organizations now recognize the importance of the National Council of Churches."

Gov. Releases Austere Spending Plan (LAT)

By Jordan Rau And Evan Halper

The Los Angeles Times, January 11, 2007

Gov. Arnold Schwarzenegger today unveiled a restrained $143-billion state spending plan that eases some of California's chronic fiscal problems in part by restricting welfare payments and denying public transit systems $1.1 billion they were anticipating.

The plan's spending from the state's general fund-where most California taxes go-would be $103 billion, an increase of less than 1% from the current fiscal year, which ends June 1.

Schwarzenegger hailed his plan that would eliminate a multibillion-dollar deficit anticipated for this year and pay off early some of the state's debt incurred during its economic crisis at the turn of the century.

"Our net operating deficit has been reduced to zero," Schwarzenegger said. "It was not easy and our hard work is by no means finished."

Much of the fiscal picture was achieved because the state projected that its revenues will increase by 7.2%, despite the slowing housing market. The plan also leans on a more recent raft of borrowing to pay for long-needed maintenance to state parks and California's levees — spending that in the past had come out of the state's yearly budget.

The budget also anticipates $506 million from five Indian gambling compacts the administration has negotiated but that so far have not passed the Legislature. Some fiscal experts doubt whether the new gambling venues would bring in that much money if they were permitted.

Republican legislators, who have been trashing Schwarzenegger's healthcare proposal and decrying his general turn to the left, were heartened by the relatively austere budget.

"The governor's budget reflects his commitment to fiscal responsibility," said Senate GOP Leader Dick Ackerman of Irvine. "No new taxes and debt reduction are welcomed by Republicans."

Schwarzenegger's budget is balanced partly with the help of gas tax revenue that now is supposed to go to local bus routes, light rail lines and other public transportation projects.

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Transportation officials had anticipated that additional money would come their way because high gas prices had helped fill the state's coffers. Instead, that money would go to pay for school transportation and to pay off some of the state's transportation bonds.

While Schwarzenegger has said he would provide schools with the $56.8 billion required under Proposition 98, teachers would once again not be able to take advantage of a $200-million tax credit intended to offset out-of-pocket expenses teachers incur for classroom supplies.

The administration also shifted into education spending $269 million in child care costs that used to come out of the state's general fund.

The credit has not been available to teachers for three years. Schwarzenegger and lawmakers have suspended it to help balance the budget. Now the governor is proposing to eliminate it.

Schwarzenegger's budget also would reduce the state's welfare budget by $465 million. The savings would come by eliminating a cost-of-living adjustment that was to take effect in July for Cal-Works recipients and by cutting off aid to children whose parents do not meet minimum work requirements or are in the state illegally and have been receiving such assistance for more than five years.

Some of these proposals met strong resistance from Democrats. They have said they will oppose the welfare reduction.

"Cal-Works cuts are unacceptable at a time when our state is enjoying unprecedented prosperity," said Assembly Speaker Fabian Nunez (D-Los Angeles).

He called the budget a mix of good and bad news. "If you ride a bus or a subway, want to take your kids to a state park, or have to pay for your kid's tuition and fees, then this budget will hit you hard," he said. "But it could be worse. Much worse."

Schwarzenegger's budget presentation, with its blunt details about running the basic functions of government, comes after days of lofty inaugural rhetoric about "post-partisan" leadership and plans to fix California's healthcare morass with $43 billion in borrowing, in addition to a continuing, ambitious — and expensive — effort to rebuild the state's foundations. Voters approved $43 billion in bonds in November to pay for school, transportation, affordable housing and levee improvements and building.

The governor's second round of borrowing could be harder to pass because its key components — money for more water storage, courts and jails — were rejected by Democrats when he proposed them last year. Republican legislators support the purposes of much of the package, especially the water storage, but many of those lawmakers are deeply troubled by the notion of putting the state further into debt. Also part of the new round of borrowing would be money for school expansion, prisons and college facilities.

The plan offers a few expansions, such as $2.1 million more for public health safety programs to respond to food-borne bacteria such as E. coli. Outbreaks last year hobbled the state's spinach industry.

The governor's $12-billion healthcare plan — which would require all Californians to purchase insurance — does not directly affect the state budget, administration officials have said, but it is sure to become part of a contentious debate over the state's financial direction. The budget includes $36 million for healthcare expansions.

Schwarzenegger took a few questions from the press this afternoon, the first time he has fielded inquiries this year. Asked about his skiing accident just before Christmas, which resulted in a broken leg, Schwarzenegger said: "It was one of those very unfortunate accidents. The reason I said it was unfortunate is because it happened at a very slow speed."

He said that his ski boot did not pop off and as he fell it put pressure on his artificial hip, breaking his femur. "If I were to have that accident at 50 mph, and many times I've crashed at that speed, nothing happens," he said.

He said he had been very frustrated by the unyielding pain and is "very angry" a lot of the time.

"I don't think I can remember ever having had pain — ongoing pain, 24 hours a day — like after this operation," he said. "So it's really annoying to me, and believe me, there's nothing I hate more than having an obstacle like this. So this is very frustrating to me. It's very tough on my wife."

Schwarzenegger's Bond Sequel (WSJ)

By Jim Carlton

The Wall Street Journal, January 11, 2007

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SACRAMENTO, Calif. -- At this rate, Gov. Arnold Schwarzenegger may become known as the Bond-inator.

Last year, the former "Terminator" star persuaded California voters to pass a record bond package totaling $42.7 billion to help rebuild the state's aging infrastructure. This year, he is proposing that California go back to the well for an additional $43.3 billion in bonds, to help expand the rebuilding work -- and that is making even Democratic allies of the Republican governor a tad nervous.

"I'm a little taken aback that the governor would go back to the voters before we have even spent the bonds we just got," said Don Perata, the president of the Democratic-controlled state Senate after Mr. Schwarzenegger made the surprise proposal in his State of the State speech here Tuesday night.

'We Must Be Ambitious'

The governor offered up an ambitious agenda for his second term, vowing to take on the problems of health care, climate change, crumbling roads and a host of other difficult issues.

"We must be ambitious to get California to the future," the governor told legislators gathered in the State Assembly chamber. "We are addressing needs that have been ignored for decades."

Mr. Schwarzenegger's office says more borrowing is prudent, because the state is in much better financial shape than when the governor took office in 2003.

Indeed, Mr. Schwarzenegger released a budget proposal for 2007-2008 yesterday that would enable the state to repay 14 years ahead of schedule the billions in bonds it borrowed in 2003 after the collapse of the Internet boom.

The governor's spending plan of $143.4 billion also holds general spending to a relatively tight 1% increase, although as a whole it is up 9.1% over the same time.

It isn't just the size of the proposed bond package, but also the mix of it that concerns some. The governor would ask voters to sign off on $29.4 billion of the bonds, which would be spent on such things as rebuilding and expanding schools and colleges and providing for new dams to store water in the arid state.

But the other $13.9 billion -- much of which would go toward expanding the overcrowded prison system -- would come from lease-revenue and self-liquidating revenue bonds.

State Sen. Denise Ducheny said the lease bonds are more expensive than general obligation bonds, and so wonders if they would be prudent.

Also, added the Democrat -- who Mr. Schwarzenegger will need to work with as she is the incoming Senate budget chair -- voters may become bond weary.

"We have to be a little cautious," said Ms. Ducheny, who represents a district in San Diego.

Still, the governor has regained enough political capital since clashing with Democrats on several fronts in 2005 that even his detractors say they are willing to give him the benefit of the doubt, and work to find common ground.

Conservative Republicans may prove among the toughest to get to sign off another bond deal, since they have complained in the past about excessive spending and borrowing in Sacramento.

Political strategists say that's partly why Mr. Schwarzenegger opted to include a highly controversial plan to build new dams in California that the Republicans generally support while the Democrats don't.

Five-Receiver Set

Indeed, Fabian Nuñez, the powerful speaker of the Democratic-controlled state Assembly, already calls provisions for more water storage a nonstarter, saying those supplies could fall into the hands of profiteers.

The governor probably knows he isn't going to get everything he wants, though, added Mr. Perata, who along with Mr. Nuñez was instrumental in selling the governor's bond package last year.

"His strategy here seems to be, you send five receivers down the field and you throw to one," Mr. Perata said.

Grimacing And Barely Bearing It (NYT)

By Jennifer Steinhauer

The New York Times, January 11, 2007

SACRAMENTO, Jan. 10 — Gov. Arnold Schwarzenegger said Wednesday that he was in pain. A lot of pain.

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And, he conceded, he has passed on his woes to his wife, Maria Shriver.

The governor, who rolled out his annual budget to the state house press corps here, broke his right leg skiing just before Christmas. He has hobbled on crutches, meandering rather than his more accustomed strutting, through the daily business of government.

“I don’t think I can remember having this much pain,” Mr. Schwarzenegger said at a budget presentation that in contrast to his physical condition seemed strong.

Mr. Schwarzenegger, a Republican, said that California, which has experienced treacherous budget shortfalls in recent years, faced a gross operating deficit of $1.8 billion this year, but that prepaying state debt and some complex fiscal maneuvers would allow it to enjoy a modest surplus in the next fiscal year.

“You heard me right,” he said, panting slightly after making his way to the lectern in the auditorium of the building housing the office of the secretary of state. The governor has proposed cuts for agencies and restructuring the welfare-to-work system, to save more than an estimated $300 million.

Mr. Schwarzenegger conceded that he chafed at his hampered mobility. He chose to present his health care address, the centerpiece of his second-term agenda, by satellite from Los Angeles on Monday rather than before a live audience here.

“There is nothing I hate more than having an obstacle,” he said.

His injury occurred at “a very slow speed,” Mr. Schwarzenegger said, meaning that his ski did not pop off. As a result, the break occurred where the femur meets the hip, which he said was an artificial one.

California Plans Major Carbon Cut In Its Gasoline (CSM)

By Daniel B. Wood

Christian Science Monitor, January 11, 2007

LOS ANGELES

Now that California is on record as mandating a 25 percent cut in the state's greenhouse-gas emissions by 2020 - a move that made headlines worldwide four months ago - leaders here are starting to lay out how they intend to hit that ambitious mark. First up: requiring transportation fuels sold in California to contain less carbon, a major greenhouse gas.

Gov. Arnold Schwarzenegger (R) announced Tuesday that he will issue, within weeks, an executive order that sets a new "low carbon fuel standard" in the state. Aimed at petroleum refiners and filling stations, the new standard will give them 13 years, until 2020, to cut the carbon content of the fuels they sell for passenger vehicles by 10 percent.

The intent is twofold: to stimulate investment in alternative low-carbon fuels, and to curtail actual carbon emissions from tailpipes, which the governor said account for about 40 percent of the state's total.

"This is going to stir billions in investment - inviting technology companies of all kinds to come up with innovative ideas to reduce carbon emissions," says Eric Heitz, president of the Energy Foundation, a partnership of seven foundations dedicated to advancing energy efficiency and renewable energy. "It puts market forces to work to find the lowest costs and the best methods with a clear environmental goal.... It [also] eases US vulnerability to volatile price fluctuations driven by foreign political events." The entire world community, he predicts, will be watching California's efforts to curb greenhouse-gas emissions, which many scientists say are responsible for global warming.

California is the world's ninth largest emitter of the greenhouse gases that trap heat in the atmosphere. In unveiling the new standard for fuel content, Governor Schwarzenegger said a year-in-the-making white paper showed the importance of addressing the transportation sector.

"Transportation accounts for 40 percent of California's annual greenhouse-gas emissions, and we rely on petroleum-based fuels for 96 percent of our transportation needs," he said. "This dependency contributes to climate change and leaves workers, businesses, and consumers vulnerable to price shocks from an unstable global energy market." Higher prices for consumers?

As California moves to implement the new standard, its effect on consumers and the state economy will be closely watched. Several Republican lawmakers and business leaders have expressed early concern that the state crackdown on

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emissions will encourage businesses to locate outside California, or will increase their overall costs. Consumers worry that new fuels or fuel additives will raise prices at the corner gas station.

Advocates of the move, though, say California businesses and consumers stand to reap the windfall of technological investment. They say the new standard is expected to replace 20 percent of the state's on-road gasoline consumption with lower-carbon fuels, lead to a tripling of the size of the in-state renewable fuels market, and place more than 7 million alternative-fuel or hybrid vehicles on California roads - a 20-fold increase.

"The impact of this policy on consumers and the economy will likely be positive," says James Winebrake, chairman of the Public Policy Program at the Rochester Institute of Technology (RIT) in New York. "Although these low-carbon fuels may cost a bit more than conventional fuels, they may have a greater domestic content.... Therefore, money spent on low-carbon fuels is less likely to end up overseas and more likely to generate greater economic activity locally. This could have significant benefits to state and regional economies."

Schwarzenegger's announcement included appearances by environmental leaders, scholars, and energy and transportation consultants - all generally supportive of his plan. Industry's view

Conspicuously absent were representatives of oil producers and carmakers. Conoco Phillips, in a written statement, said it "is supportive of and invests in technology development to produce and enable the use of low-carbon fuels and recognizes this [plan] is one component in a suite of actions necessary to reduce CO2 in the atmosphere."

BMW spokesman Andreas Klugesheid, reached at the auto show in Detroit, says his company is pushing a hydrogen car "whose emission pipe will eventually emit nothing but water vapor.

"We understand the limitation of fossil fuels is basically something that, in the long run, endangers our business.... We share the governor's approach to reduce CO2."

Some observers say oil and car companies will eventually warm to the idea of alternative fuels.

"Oil and car companies generally don't like to be told what to do, so their knee-jerk reaction is not to like it," says Dan Sperling of the Institute for Transportation at the University of California at Davis. "Once they look at this, they will think it is palatable because it gives them a lot of flexibility and comes with a market-based approach. No one of them will be at a disadvantage."

Others, such as RIT's Mr. Winebrake, say the question remains whether the action is "too little, too late."

And environmentalists worry that the state's rule on fuel content may not prevent ways of creating alternative fuels that are themselves polluting. Some ethanol plants in Texas, for instance, burn coal - a big carbon source - in the distilling process, says Sara Hessenflow Harper of the Natural Resources Defense Council (NRDC). Some methods of growing and harvesting corn for ethanol can be far more polluting than others, environmentalists note.

Supporters and detractors of the new standards agree that the rulemaking and implementation phases are complex - and fraught with political and economic pitfalls.

"In general, we are very excited about the prospect of simultaneously transforming the whole energy economy, lessening dependence on foreign oil, and reducing global warming all at once," says NRDC's Jennifer Witherspoon. "We just hope they don't inadvertently overlook any of the great solutions that are out there."

Former Sen. Burns Hired At Lobbying Firm (AP)

By Mary Clare Jalonick

AP, January 11, 2007

Former Sen. Conrad Burns, whose ties to lobbyists helped sink his re-election bid, has landed at a new workplace: a Washington lobbying firm.

Burns will work for his former chief of staff, Leo Giacometto, at the firm Gage, which has lobbied for Montana interests and several national technology companies, often making headlines for its connections to Burns and his staff.

In the Montana Senate race, Democratic challenger Jon Tester pounded Burns on his ties to Jack Abramoff, the lobbyist at the heart of an influence-peddling scandal. Burns had accepted about $150,000 in campaign contributions from Abramoff, his clients and associates. He later gave that money away, and denied any wrongdoing.

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Burns won't be able to become a lobbyist just yet, as Senate rules prevent former members from lobbying their ex-colleagues for one year. The Senate is now considering ethics legislation — partly prompted by the Abramoff scandal — that would bump that period to two years.

A statement from Gage said Burns will be a senior adviser to the firm, focusing on "increasing the firm's visibility and presence domestically and internationally to provide a greater reach of opportunities for Gage clients."

Fairfax Vs. 'No Child' Standoff Heats Up (WP)

By Maria Glod

The Washington Post, January 11, 2007

Teenagers from Uzbekistan, Korea and Egypt huddled one recent morning in a Fairfax County classroom, studying English words on slips of paper. Dozens were familiar, but not "bitter," "nibble" or "wicked." Felobateer Hana, 13, held up another. An animated movie character came to mind: "Shrek?"

"That's a good guess, but Shrek doesn't have an 'i' in it," said teacher Karyn Niles at Liberty Middle School in Clifton. "This is 'shriek.' Shriek is kind of like yelling."

Students such as Felobateer and his eighth-grade classmates, all recent immigrants who are learning English as a second language, are at the center of an intensifying dispute between Virginia schools and the U.S. Department of Education over testing requirements under the federal No Child Left Behind law.

Fairfax County school officials are protesting a federal mandate to give most English learners reading tests that mirror those taken by their native-speaking peers. Tonight, the school system is taking a major step toward challenging that mandate and the federal law.

School board member Phillip A. Niedzielski-Eichner (Providence), backed by other members and school administrators, plans to propose a resolution that would authorize officials to refuse to give immigrant students tests that they think most would fail.

The resolution could come to a vote as soon as Jan. 25. If it passes, several Fairfax schools probably will fall short of federal academic standards.

"When it comes between doing what's educationally sound for children and doing what's best for bureaucrats, I'm siding with children every day of the week," said school board Member Stuart D. Gibson (Hunter Mill).

School officials in Arlington and Harrisonburg are considering a similar step.

As Congress prepares to debate renewal of the five-year-old federal law, controversy has emerged over how to measure the progress of children learning English. The federal government objected last year to the way Virginia and 17 other states test limited-English students. Often, federal officials indicated, the state tests for such students were not demanding enough. They said that all students in a given state must be held to the same standards.

"It's important students enrolled in our schools are properly assessed, and that includes limited-English-proficient students," Chad Colby, an Education Department spokesman, said yesterday. "With testing, we have more data. So policymakers and educators at every level will have more information to make sure students who need more help get it."

One of the 17 states that drew a federal objection was Texas, home state of President Bush. Another was New York, which has asked federal officials to waive test scores for certain students who are recent immigrants.

Testing programs for English learners in Maryland and the District have withstood federal scrutiny.

Fairfax is well positioned to challenge the law because of its record of high academic achievement, said Wayne E. Wright, professor of bicultural and bilingual studies at the University of Texas in San Antonio.

"The feds are saying, 'If you say an English language learner cannot meet state standards, you have low expectations,' " Wright said. "The classroom teachers are saying, 'The federal government has completely unrealistic expectations.' "

Until now, Virginia has given English learners a specialized proficiency test to measure progress in reading. Many Virginia educators say that children who lack mastery of the language aren't prepared for grade-level exams that may include questions about similes, metaphors or analogies. They say it can take three or more years of school to reach that level.

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Federal law requires testing every year in reading and math in grades 3 through 8 and once in high school. The government exempts students who have been in a U.S. school for less than a year from taking standard grade-level reading tests.

But after one year, the students are supposed to enter the testing mainstream. Federal officials say that students with limited English skills may be given special assistance, such as a bilingual dictionary or more time on a test.

But many local educators say the federal standard is too lofty for students just beginning to understand the nuances of English. The Virginia Board of Education has asked federal officials for permission to use the old, specialized test this spring, giving the state a year to design new tests aligned with state standards. Virginia's congressional delegation is lobbying Education Secretary Margaret Spellings to grant the request. Colby said Spellings has not made a decision. Fairfax officials support the one-year deferral, saying that it would be the best solution.

About 10,200 Virginia students are affected by the testing dispute, state officials said. About 4,000 are in Fairfax, which has the largest school system in the state and the Washington region.

At Liberty Middle School, Niles said her class shows why grade-level tests would stump many recent immigrants. She said that her students are making rapid progress but are still learning to decipher sounds and rules of English.

This week, the class was reading "The Enormous Crocodile," learning about character, plot and theme through a fourth-grade text. Other eighth-graders who are native English speakers were studying John Steinbeck's "The Pearl." Niles predicted that many of her students would be overwhelmed by passages in the standard state reading test.

"They'd shut down," she said. "They'll just put their heads down."

Under the resolution, English learners will continue to take proficiency tests, and the Fairfax district will report the results. Fairfax Superintendent Jack D. Dale is urging principals and teachers to focus on Virginia standards and county goals and not worry about the threat of federal sanctions.

"It's time for us to describe what are the quality parts about the law and what needs to be altered to make sense," Dale said.

Ethiopia 'holding Suspects' After US Air Strike (FT)

By Andrew England

Financial Times, January 11, 2007

Meles Zenawi, Ethiopia's prime minister, said on Wednesday that a US air strike in southern Somalia on Monday had killed eight suspected militants and wounded five others, who had been captured by Ethiopian forces.

Ethiopia, a key US ally, led an offensive against a Somali Islamist movement and has thousands of troops deployed in its Horn of Africa neighbour, backing Somalia's transitional government. But reports of fresh air strikes in the south of Somalia on , where Islamist forces are holed up, were denied by US and Ethiopian officials, who said their aircraft had not launched new attacks.

Both Washington and Addis Ababa accuse the Islamic Courts Union, the coalition of Islamist groups that took control of Mogadishu, the Somali capital, last June, of sheltering alleged al-Qaeda members, including three suspects wanted in connection with the 1998 US embassy bombings in Nairobi and Dar es Salaam, as well as 2002 attacks in Kenya. The ICU denies any links with al-Qaeda.

On Tuesday the Pentagon confirmed that an AC130 aircraft was used to target "the principal al-Qaeda leadership in the region". The attack in southern Somalia marked the first overt US military intervention in the lawless nation since its doomed invasion in the 1990s.

The Arab League criticised the US military action, claiming it had killed "many innocent victims" and demanding that Washington refrain from further attacks.

Mr Meles disputed reports that civilians were killed in the US strikes and said he was waiting for DNA tests to confirm the identities of the suspects. It was not clear whether the Ethiopian leader was referring to ICU fighters or to suspected al-Qaeda members.

Abdirahman Dinari, a Somali government spokesman, said the area targeted was heavily wooded and that Somali security personnel were searching the area. The region is remote, communications are poor and the weak government is not an effective entity.

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The ICU was forced to flee towards the Kenyan border by the Ethiopian offensive, which began on December 24. Diplomats say the US strikes could fuel a potential insurgency and increase the unpopularity of the government and the thousands of Ethiopian troops deployed in Somalia.

Some diplomats are more optimistic than others, suggesting that recent events had created a “window of opportunity” to establish a genuinely representative government. Others remain wary.

U.S. Reportedly Targeted 20 In Somalia (AP)

By Mohamed Olad Hassan

AP, January 11, 2007

Ethiopia's prime minister said Wednesday the U.S. military targeted 20 high-level members of an Islamic movement linked to al-Qaida in an airstrike this week in southern Somalia, attacking quickly before the Islamists could escape.

The chief of staff for the Somali president claimed that a senior al-Qaida figure was killed in Monday's airstrike, although U.S. officials did not confirm it.

The air assault has been criticized internationally, with the African Union, European Union and United Nations among those expressing concern. But British Prime Minister Tony Blair told lawmakers it was right to stand up to extremists who were using violence to "get their way" in Somalia.

Somali lawmaker Abdulrashid Hidig said the U.S. launched a new airstrike Wednesday around Ras Kamboni, a rugged coastal area a few miles from the Kenyan border where Monday's attack took place. He cited the Somali military as the source of the information.

Ethiopian Prime Minister Meles Zenawi told reporters in his country's capital, Addis Ababa, that eight suspected terrorists were killed in Monday's airstrike, five were wounded and taken into custody by Ethiopian forces, and seven escaped.

Meles said most of the victims were Somali, but the identities would not be confirmed until DNA testing is completed.

He said Ethiopia and the U.S. have been cooperating on intelligence, and that most of the information has come from the Americans. He also said the Ethiopians did not provide any intelligence that led to Monday's airstrike.

"I do not know how the Americans got the information, but they appeared to have some credible information," he said. "Apparently they felt if they did not strike quickly, the target would be missed."

However, a U.S. military official based in the region said the Ethiopian military had provided the intelligence that led to the strike. "We acted on time-sensitive intelligence and made the strike in cooperation with the Ethiopians," said the U.S. official, who spoke on condition of anonymity because of the sensitivity surrounding U.S. special operations missions.

In Washington, an intelligence official said the U.S. killed five to 10 people Monday in the attack on an al-Qaida target in southern Somalia. A Somali lawmaker said 31 civilians died Tuesday when helicopter gunships attacked suspected al-Qaida fighters in the south.

The U.S. military official said Tuesday's strike was probably carried out by Ethiopia since the aircraft were identified as Russian-made Hind helicopter gunships like those used by the Ethiopian military.

Abdirizak Hassan, the Somali president's chief of staff, said at least three U.S. airstrikes have been launched since Monday and that more were likely.

The al-Qaida suspect believed to have been killed Monday was Fazul Abdullah Mohammed, who allegedly planned the 1998 bombings of the U.S. embassies in Kenya and Tanzania, Hassan said. He cited a U.S. intelligence report that was given to Somali authorities.

If confirmed, it would mean the end of an eight-year hunt for one of the FBI's most-wanted terrorists. Fazul was believed to have been harbored by the Somali Islamic movement that had challenged the country's Ethiopian-backed government for power.

In Washington, U.S. government officials said they had no reason to believe that Fazul had been killed. The officials spoke on condition of anonymity because of the information's sensitivity.

Fazul, 32, joined al-Qaida in Afghanistan and trained with Osama bin Laden, according to FBI documents. The U.S. put a $5 million bounty on his head for allegedly planning the embassy bombings, which killed 225 people.

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This week's air attacks were the first U.S. offensive in Somalia since 18 American soldiers were killed here in 1993. The military's aim is to capture al-Qaida members thought to be fleeing advancing Ethiopian-backed Somali troops.

Somalia's Deputy Prime Minister Hussein Aided said Wednesday that U.S. special forces were needed on the ground to help Somali and Ethiopian troops capture Muslim extremists. "They have the know-how and the right equipment to capture these people," said Aided, a former U.S. Marine.

A senior Somali government official, who spoke on condition of anonymity because of the sensitivity of the information, said a small U.S. operations team already was on the ground, providing military advice to Ethiopian and government forces.

In Washington, two senior Pentagon officials said Wednesday they had heard of no plans to put any sizable contingent of American ground troops in Somalia. Small teams of liaison officers — such as special forces advisers or trainers — were another matter, they said on condition of anonymity because they were not authorized to speak on the subject.

U.S. troops based in Djibouti have been training Ethiopian soldiers for years, mostly in small-unit tactics and border security. Ethiopia has the largest military and is America's closest ally in the region.

Meles said the success of the Ethiopian military intervention may have paved the way for the American airstrikes.

"No one expected the terrorists would be running around in groups of five or six without any protection," Meles said.

In the Somali capital, Mogadishu, some said the U.S. air attacks would increase anti-American sentiment in the largely Muslim country, where people are already upset by the presence of troops from Ethiopia, which has a large Christian population.

Weapons Raids In Somalia After Violent Night (NYT)

By Jeffrey Gettleman

The New York Times, January 11, 2007

MOGADISHU, Somalia, Jan. 10 — Mogadishu exploded in violence on Wednesday morning after unknown insurgents attacked a transitional government barracks during the night and soldiers responded by sealing off large swaths of the city, searching house to house for guns.

The weapons raids immediately provoked stiff resistance, and squads of Ethiopian soldiers and troops loyal to the transitional government poured into the streets, where they battled outraged residents and a handful of masked insurgents.

From dawn to afternoon, the pop of gunfire and the boom of explosives reverberated across Mogadishu, Somalia's reliably chaotic capital.

But it is difficult to tell how many people here actually support the growing insurgency against Somalia's transitional government and the Ethiopian troops backing it. On Wednesday, a group of masked men stood on the steps of a Mogadishu mosque and proclaimed themselves to be Somalia's new freedom fighters. They were met by jeers.

"Why can't you hit anything, then?" shouted one woman, referring to a botched grenade attack that missed the Ethiopians and demolished a house. "Were you scared? Were your fingers trembling?"

Regardless of the insurgents' popularity, or lack thereof, violence is increasing. And the transitional government, which entered the capital two weeks ago for the first time since it formed in 2004, now faces a critical test: how quickly, if at all, can it pacify a notoriously dangerous city, bristling with military-grade weaponry and split by deep clan divisions?

Most of the violence on Wednesday was concentrated in strongholds of the Ayr, a powerful clan-based group closely connected to the Islamist movement that had controlled much of the country until the Ethiopian military entered the fray last month. On the other hand, neighborhoods of the Darod clan, the clan of Abdullahi Yusuf Ahmed, the transitional president, were quiet. Many Darod members said they were happy about the weapons raids, especially the ones in Ayr neighborhoods.

Clan rivalries have been the curse of Somalia ever since there was a Somalia. They are the cause of its civil wars, its famines and its state of suspended decay. It seems that this new chapter is no different.

The insurgents are still a mysterious bunch, but they are widely suspected to be members of the ousted Islamist movement. After being routed, the Islamists vowed to fight on as an underground army. As each night passes, more government troops are attacked. On Tuesday, insurgents launched one of their boldest strikes, firing rocket-propelled grenades at an army barracks downtown. Witnesses said at least two soldiers died, and the insurgents got away. But on Wednesday, residents said that Ethiopian soldiers were able to confiscate some guns and arrest several people suspected of being insurgents.

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Doctors at Medina Hospital said Wednesday that in the past 24 hours 15 people had been admitted for gunshot wounds, including 3 government soldiers. The violence this past week has filled all of the hospital's 65 beds, leaving bleeding men and women curled up on the floor and under acacia trees in the courtyard.

"This is not something that is going to stop," said Dahir Muhammad, a hospital official. "Until the Ethiopians leave, people will be determined to kill them."

The Islamist leaders, meanwhile, have fled to southern Somalia along the Kenyan border where they are being hunted by Ethiopian troops, with the help of American forces.

Somali officials said Wednesday that Fazul Abdullah Mohammed, a main suspect in the bombings against American embassies in Kenya and Tanzania in 1998, had been killed in a recent American airstrike in southern Somalia.

But American officials quickly distanced themselves from that claim, saying they were not even sure Mr. Fazul was among the terrorism suspects hiding in the jungle with the Islamists. They did say Abu Taha al-Sudani, a top aide to Mr. Fazul, and Aden Hashi Ayrow, a Somali terrorism suspect, might have been killed.

An American AC-130 gunship pounded the area Sunday night, the first time American forces have been publicly deployed in Somalia since 1994. Since June, when the Islamist movement rose to power, American officials have complained that Islamist leaders were sheltering terrorists connected to the embassy bombings, which together killed more than 200 people.

On Wednesday, residents in southern Somalia said warplanes returned, though those reports could not be independently verified. The Ethiopian Air Force has also been pummeling the area.

Pentagon officials said Wednesday that small numbers of American special operations ground troops were in Somalia working with Ethiopian forces and gathering evidence from the site of the United States airstrike.

"One would assume that a U.S. ground presence would be required at the least to do the DNA confirmation," said Roger W. Cressey, a former National Security Council official. "It's not something you would leave to the Ethiopians, and certainly not the Somalis."

Thousands of Ethiopian troops are essentially occupying Somalia, and many Somalis are beginning to resent it. Barwaqho Muhammad Osman, a mother of two, stood in a downtown Mogadishu street Wednesday morning with bags of groceries in her hands and no way to get home.

Ethiopian soldiers told her that her neighborhood had been sealed off because of the raids. When Ms. Osman tried to plead with them, witnesses said, the soldiers clicked the safeties off their guns and told her to go.

"Why did our president bring in these people?" she fumed. "They are occupiers, and if they keep this up, they will fail at every step."

Somali Capital Awash In Anger At Ethiopia, U.S., Interim Leaders (WP)

By Stephanie Mccrummen

The Washington Post, January 11, 2007

NAIROBI, Jan. 10 -- A messy, low-level battle for control of the battered streets of Mogadishu continued Wednesday, as a fighter shot a rocket-propelled grenade at a convoy of Ethiopian trucks passing through the combustible Somali capital.

The situation is so confused and the city so fractured and armed that the attacks, recounted by witnesses, could have come from any number of groups frustrated with the presence of Ethiopian troops, who last month swept a popular Islamic movement from power on behalf of the weak, U.S.-backed transitional government that is now struggling to assert control.

Former fighters loyal to the ousted Islamic Courts movement are hiding in the city's byzantine tin-patch neighborhoods. Sub-clans and sub-sub-clans are angry with Prime Minister Ali Mohamed Gedi, who they say is favoring his own people as he doles out power and who has announced intentions to forcibly disarm an insecure city fortified with guns.

And many Somalis are enraged over the U.S. airstrike in the southern tip of the country early Monday, which was aimed at suspects in the 1998 U.S. embassy bombings in Kenya and Tanzania who are thought to be among the ousted Islamic leaders on the run along the marshy coast near the Kenyan border.

"We are afraid of a long war," said businessman Abdulahi Mohamed Mohamud, 31, speaking by telephone from Mogadishu. "And people are angry at the Ethiopian troops."

DOJ_NMG_0115351

The current spate of violence began Saturday, as hundreds of Somalis flooded the streets, shouting at Ethiopian troops to leave the city, smashing cars, burning tires and throwing stones in protests that were sparked in part by rumors that the Ethiopians were about to go door-to-door confiscating weapons.

After skirmishes between militias and Ethiopian troops Sunday and Monday, a full-fledged gun battle raged for several hours Tuesday amid battered buildings and shops in a busy part of the city called Kilometer Four.

A body, reportedly of a man who launched a rocket-propelled grenade at Ethiopian troops Tuesday, lay in the road all night and into Wednesday morning, when a Somali police officer dragged it off. Three Somali police officers were reported killed in Tuesday's fighting, and a dozen people were injured, though accounts of casualties differ.

Wednesday afternoon, another grenade was launched at a convoy of Ethiopian trucks, wounding one civilian and, according to a local news agency, killing at least one government soldier. It was unclear whether Ethiopians were hit.

Since the Islamic fighters were pushed out, the city has been slowly returning to the hands of militias and thieves. Most attacks since Sunday have occurred in areas considered strongholds of the Ayr, a powerful and well-armed sub-sub-clan and a former backer of the Islamic Courts.

The transitional government, with the help and handicap of the Ethiopians, is racing to establish its authority on the streets. On Wednesday, Somali police dismantled two roadblocks by force and arrested 11 militiamen, government officials said. And Somali President Abdullahi Yusuf, who only recently returned to Mogadishu after a 40-year exile, met with a key leader of the Ayr, Abdi Qasim, a move that some analysts said could pacify a portion of the city.

The meeting "will help if they understood each other," said Mohamed Haji, 38, a columnist for a local newspaper, speaking by phone from Mogadishu. "Qasim was an opponent of the Ethiopian intervention, and his clan was supporting the [Islamic Courts movement]. So it's very important to negotiate with him."

Haji and others remained concerned, however, that new U.S. airstrikes would further agitate the city.

The Pentagon and Ethiopian Prime Minister Meles Zenawi denied Wednesday that U.S. warplanes had conducted additional attacks after the one Monday. But a Somali government official said airstrikes -- whether American or Ethiopian -- were "ongoing." An air attack is "going on today, and probably it may go on tomorrow," Abdirizak Hassan, chief of staff to the Somali premier, said Wednesday.

Two witnesses in Kismaayo, a port city about 60 miles from the area hit Monday, said they saw two military aircraft overhead about 1:45 p.m. Wednesday.

On Tuesday, Hassan told The Washington Post that U.S. military officials had reported to him that Fazul Abdullah Mohammed, considered the chief organizer of the embassy bombings, was killed in the airstrike Monday. U.S. officials have cautioned against reports that Fazul was among the targets or was killed and said the main target was another al-Qaeda figure, Abu Talha al-Sudani.

In New York on Wednesday, the U.N. Security Council began debating the conflict. In a closed session, Ibrahim Gambari, the United Nations' undersecretary for political affairs, urged the interim government to begin talks with clan leaders, clerics and moderate elements of the Islamic Courts movement, saying the deployment of a peacekeeping force would be "problematic" without a political settlement in place, according to a copy of his statement.

He noted a pledge by Uganda to provide 1,000 troops for an East African peacekeeping mission and said Malawi, Nigeria and South Africa are considering participation.

Several envoys expressed concern that U.S. airstrikes could undercut international efforts to calm Somalia. But diplomats from China, Qatar and other countries suggested the United States may have a legal basis for intervention: a request for help from Somalia's interim leadership.

Away from the United Nations, diplomats from France, Italy, Egypt, the Arab League and African Union have criticized the U.S. air operation, saying it will destabilize Somalia further.

The Mess At State (WP)

By Robert D. Novak

The Washington Post, January 11, 2007

DOJ_NMG_0115352

Members of the Senate intelligence committee, Republicans and Democrats alike, were alarmed last week that John Negroponte was leaving as director of national intelligence after less than two years to become deputy secretary of state. By way of explanation, he informed one Republican senator that he did not want to make the switch but that the White House had prevailed on him to do so.

Just how career diplomat Negroponte came to be the new intelligence czar in the first place is puzzling. But to pull him out just as his on-the-job training was completed reflects a panicky desire to fill the deputy secretary post, which had been unfilled for an unprecedented six months. Five other key State Department positions are either vacant or are soon to be vacant.

Republicans in Congress who do not want to be quoted tell me that the State Department under Condoleezza Rice is a mess. This comes at a time when the U.S. global position is precarious. While attention is focused on Iraq, American diplomacy is being tested worldwide -- in Afghanistan, Iran, Israel, Korea and Sudan. The judgment by thoughtful Republicans is that Rice has failed to manage that endeavor.

Rice's previous government duties had been as an analyst and staffer rather than as a manager. That made it important for her to name a strong deputy secretary to run the building. John Bolton, an undersecretary in President Bush's first term and an experienced bureaucratic manager, volunteered. Rice instead picked him to be ambassador to the United Nations. The conservative Bolton ran afoul of a liberal Senate vendetta that blocked his confirmation for any post.

The deputy's post went to Robert Zoellick, one of the most talented national security administrators of the past generation who during Bush's first term was U.S. trade representative. He wanted to become president of the World Bank, but that job was filled by the embattled Paul Wolfowitz, who left the Defense Department as deputy secretary. Zoellick took a bullet for the team, dropping down a step to No. 2 at State.

Foreign Service officers saw in Zoellick a dominant deputy in the mold of Richard Armitage, who effectively managed the department during the first term. But Rice and Zoellick were not a marriage made in heaven. Nicholas Burns, No. 3 at State as undersecretary for political affairs, dominated the building. Burns surely would have been in the same post if John Kerry had been elected in 2004 and seemingly would be more at home in a Democratic administration.

Estranged from Zoellick, Rice relied on Burns and State Department Counselor Philip Zelikow for advice. A former Foreign Service officer and brilliant University of Virginia professor, Zelikow was near the top of the arrogance scale in a building where arrogance is the norm, uniting such disparate figures as Bolton and Burns. Zoellick busied himself by specializing in China and Sudan, unusual for a deputy secretary, but he finally had enough after 18 months and left in July.

That began a furtive, sporadic search for a deputy. Several prospects (including Marine Gen. James Jones, who just retired as NATO's supreme allied commander) said no, perhaps warned off by Zoellick's experience. Negroponte, named national intelligence director despite his lack of intelligence experience, was implored by fellow Foreign Service officers to bring order out of chaos. Retired Adm. Mike McConnell, though he had been out of the intelligence game for 10 years, was tapped to replace Negroponte.

Negroponte will find other empty offices at State. Zelikow, Counterterrorism Coordinator Hank Crumpton and John Hillen, assistant secretary for political-military affairs, have all resigned and have not been replaced. Robert Joseph, undersecretary for arms control, is reported to be going, and Josette Sheeran Shiner, undersecretary for economic affairs, is leaving to head the World Food Program.

With the State Department permanent bureaucracy traditionally hostile to Republican administrations, it is remarkable to see two Foreign Service officers, Negroponte and Burns, in the department's No. 2 and No. 3 slots. Insiders relish their confrontation. When Negroponte was flying high as Ronald Reagan's Communist-fighting ambassador to Honduras, Burns was a rookie staff assistant to the U.S. envoy in Cairo. That may turn out to be a good show, but it is not reassuring for a country facing myriad challenges worldwide.

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China, Russia Hit Sanctions As 'Wrong' (WT)

By Bill Gertz

The Washington Times, January 11, 2007

The governments of China and Russia have denounced sanctions imposed on their state-run companies by the Bush administration over missile and weapons of mass destruction sales to Iran and Syria.

"It is unreasonable for the American government to invoke its domestic law to sanction on Chinese companies without providing any evidence," Chinese Foreign Ministry spokesman Liu Jianchao said this week in Beijing.

"We express resolute opposition and strongly urge the U.S. to correct its wrong practice," he said.

The State Department last week imposed sanctions on 23 foreign companies and one Russian national under a U.S. law aimed at preventing the arming of Iran and Syria.

The companies included three Chinese state-run firms that have been the target of U.S. sanctions in the past over arms and missile sales, and three Russian firms, including the state-run arms exporter Rosoboronexport, whose subsidiaries will be barred under the sanctions from supplying material to U.S. aircraft manufacturers.

Sanctions against Rosoboronexport, along with the Kolomna Design Bureau of Machine-Building, and Tula Design Bureau of Instrument Building are "illegal," according to Russia's foreign ministry.

"Russian companies have regularly been accused of alleged assistance to missile and WMD programs or alleged deliveries banned by the international export control regime to Syria and Iran on the basis of the U.S. Iran and Syria Non-proliferation Act," the statement said.

"The U.S. has tried to extrapolate its domestic laws to foreign companies, to make them work under U.S. rules," it said.

The ministry said sanctions imposed in August on Rosoboronexport and the Sukhoi aircraft company were altered based on Russian responses. Sanctions on Sukhoi were lifted, but those on Rosoboronexport remain in place.

"As a result of politicized actions, the U.S. deprives itself and U.S. companies of cooperation with Russia's most advanced companies," the statement said. "This is called the loss of opportunities in business."

The State Department declined to provide details on what triggered the sanctions last week. But Bush administration officials said they resulted from Russian anti-tank missile sales to Syria that ended up in the hands of Hezbollah terrorists and were used against Israel, as well as goods sent from China sold to Iran that were linked to Tehran's nuclear, chemical and biological weapons and missile systems.

In addition to the three Chinese firms and three Russian companies and one Russian national, the sanctions bar other international companies from doing business with the U.S. government or purchasing export-controlled goods from the United States.

The companies sanctioned include four Iranian state-run companies: Defense Industries Organization, Iran Electronics Industries, NAB Export Co. and Sanam Industrial Group, which has been linked in the past to illegal purchases of nuclear-related goods.

An Iraqi company, Abu Hamadi and Iraqi national Kal Al-Zuhiry also were sanctioned.

Russia Backs Syria In Probe Request (WT)

By Nicholas Kralev

The Washington Times, January 11, 2007

A rift has developed between Russia and the Western members of the U.N. Security Council over the probe into the assassination of former Lebanese Prime Minister Rafik Hariri nearly two years after he died in a car blast.

In an attempt to help its ally Syria, which so far has been singled out as refusing to cooperate with the U.N. investigation, Russia has asked that all countries not fully cooperating be publicly named.

"Let us face it," Moscow's U.N. ambassador, Vitaly Churkin, told the Security Council on Tuesday. "If we focus so hard on one country, why should we disregard completely or even not want to know what those countries are?"

Serge Brammertz, head of the U.N. probe into Mr. Hariri's 2005 assassination and 15 other apparently politically motivated attacks, said last month he had sent more than 60 requests to a "significant number of countries" and more than 20 of them had not been answered, which impedes the work of his commission.

Mr. Brammertz did not name the countries, but Mr. Churkin said the council should ask him "to be more specific next time he reports to the council in March."

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The United States and France rejected the idea, saying it would distract from more important issues.

"Syria quite clearly falls into a category of its own, so I wouldn't try to lump them all together" with other countries, State Department spokesman Sean McCormack told reporters yesterday. "The fact that Syria has been cited as not being fully cooperative in the past with the investigation was important because, let's be frank, the signs pointed to some Syrian involvement [in the Hariri assassination] in some fashion."

Alejandro Wolff, the acting U.S. ambassador to the United Nations, said of the Russian initiative: "We don't think that this is the right way to go."

Still, Mr. McCormack said it should be Mr. Brammertz's decision whether to disclose the names of the countries in question.

"If he thinks it's useful, then we would support his decision to do so," Mr. McCormack said. "If he decides that it is not in the interest of the investigation to make this information public, then we support his decision not to release those names."

Damascus has denied involvement in the assassination, which took place soon after Mr. Hariri accused Syria of meddling in Lebanon's affairs. Syrian troops left Lebanon later in 2005 after nearly three decades of de facto occupation. Syria still refuses to open an embassy in Beirut.

According to wire service reports, Security Council diplomats said in New York that supporters of the Russian proposal, such as Qatar, South Africa and Indonesia, pointed out that the council would not be seen as fair if it just cited Syria as failing to cooperate with the investigation.

Syrian Ambassador Bashar Ja'afari named France, which joined the United States in getting the council to approve the Hariri probe, as blocking a letter to Mr. Brammertz asking him to disclose all countries that are not cooperating.

"The Russian initiative is against singling out a country for political purposes," Mr. Ja'afari said. "It goes toward knowing precisely those countries that have cooperated and those that have not."

Bombs Kill 6 In Philippines As Summit Talks Near (NYT/AP)

By The Associated Press

The New York Times, January 11, 2007

MANILA, Jan. 10 — Three bombs within hours of each other rocked the southern Philippines on Wednesday, killing at least six people and wounding 27 others, officials said, amid warnings that Muslim militants may try to disrupt this weekend's Asian regional summit meetings.

Officials insisted that security was tight, with the police and troops on the highest alert.

The chief of the national police, Oscar C. Calderon, had warned that militants might try to embarrass the government, a staunch American ally in the effort to curb international terrorism, by staging attacks during the meetings.

Chief Calderon spoke to reporters in central Cebu City, where he was overseeing security for summit meetings of the Association of Southeast Asian Nations and East Asian leaders.

The first explosion ripped apart a stand selling lottery tickets across the street from a market in General Santos City, 620 miles southeast of Manila and about 310 miles south of the meeting site, said Senior Superintendent Alfredo Toroctocon, the city police chief.

Three people died instantly and two others later died from their injuries. Staff members at St. Elizabeth Hospital reported that another person had died on arrival, bringing the death toll to six. Among the dead were two boys, ages 8 and 12, the hospital staff said.

Chief Superintendent German Doria, the regional police chief, said the police had no suspects immediately, but he said the regional militant network of Jemaah Islamiyah and its ally, the local Abu Sayyaf group, "usually are the ones doing all these explosions in the region."

But he said the police were also looking into the possibility that the blast stemmed from the failure of the kiosk operator to pay winners of a lottery draw.

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An army spokesman, Maj. Ernesto Torres, said the authorities were also looking at the possible involvement of people trying to sabotage peace negotiations between the Philippine government and the main Muslim separatist group, the Moro Islamic Liberation Front, which has waged a decades-old struggle for a homeland in the south.

He said the bombing occurred at the culmination of a two-day meeting between rebel and government representatives in General Santos City.

The second explosion occurred about two and a half hours later in Kidapawan, a city about 65 miles north of General Santos City. An improvised bomb placed near the fence of a police outpost along the national highway exploded just after officers on duty left to go on patrol, said a senior police official, Pascual Peroy. Two male passers-by were wounded.

The third blast, at a dump site along a major street in the city of Cotabato, appeared to be from an improvised bomb, although it could also have been from a grenade, said a city police spokesman, Senior Inspector Samson Obatay.

At least three garbage collectors were wounded.

Philippine Summit To Go Ahead Despite Fatal Bombs Blasts (AFP)

By Frederic Peugeot And Verna Yu

AFP, January 11, 2007

The Philippines insisted a closely-watched regional summit would go ahead later this week, despite three bomb explosions that left seven people dead.

"I have been told by my security people that everything is safe and secure here ... Therefore the show will go on," Foreign Minister Alberto Romulo said, referring to the resort isle of Cebu, where leaders from ASEAN and regional allies including Australia and China are due to meet.

Officials were quick to try and calm nerves, frayed after the abrupt cancellation of the summits in December in the wake of terror alerts for Cebu from Australia, Britain, the United States and other nations.

"I want to say categorically the incident must be treated as an isolated case," Cebu governor Gwendolyn Garcia said after the first blast, which happened in the city of General Santos almost 500 kilometers (200 miles) away.

"I am calling on all the people who are visiting to stay calm," she told AFP. "We are hundreds of miles away."

Military officials had previously warned that terror groups might stage attacks in other parts of the country to embarrass the government.

All three blasts occurred on Mindanao island, which has been menaced by Muslim extremists in the past.

The third blast, which killed one and wounded six, exploded just hours after a bomb went off near a police station in Kidapawan city, injuring two.

An earlier explosion in General Santos city left six dead and 10 wounded.

Romulo said the attacks were payback for the Philippines success in clamping down on militants.

"This, they tell me, is part of the retaliation for the reversals they have experience," he added.

General Santos Mayor Pedro Acheron said after the first blast the likely suspects were Muslim groups that might have been seeking to disrupt the peace talks between the government and a leading Islamic militant group that ended Wednesday.

The head of the Philippine national police said earlier that Cebu was safe and that there were no specific threats against the summits, which will gather presidents, prime ministers and other top officials from 16 nations.

But he said they were on red alert across the country.

Marciano Paynor, of the summit organising committee, said: "It is not directed at ASEAN. Our assessment is that this is a reaction to the pressure brought upon them (the militants)."

Well before the bombing, Philippine President Gloria Arroyo began the day with a call for regional countries to join forces to fight terrorism as well as poverty. ASEAN is set to adopt an anti-terror convention during the summit.

"Great stakes are involved in the continuing integration of the entire East Asia," Arroyo said in a statement, urging the region to "close ranks for a safer and more secure community."

The anti-terrorism convention would improve intelligence sharing, provide for a regional extradition treaty and set out plans for the rehabilitation of convicted terrorists.

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Leaders will also spell out proposals to prepare the bloc's first charter -- a mini-constitution to make ASEAN a legal entity along the lines of the European Union -- and pave the way for a single market by 2015.

Security during the first attempt at the summit in December was widely criticised in the press. Rain poured through the roof of the purpose-built convention centre, and soaked the only X-ray machine to check bags and parcels.

This time, a 6,000-strong summit security task force is in place and officials have been closing down Cebu to conduct regular test runs of transport and travel procedures across the city.

"The incident is not -- and I repeat -- not related to ASEAN," said Chief Superintendent Silverio Alarsio, head of police operations in Cebu, after the first blast.

Earlier, a military spokesman said soldiers had killed a bomb expert from a group linked to Al-Qaeda in a jungle clash elsewhere in the south of the country on Tuesday evening.

Postponing last December's meeting, the Philippines blamed an approaching typhoon rather than terror threats, even though weather officials said the storm should not be a disruption.

U.S. Governor Brokers Truce For Darfur (NYT)

By Lydia Polgreen

The New York Times, January 11, 2007

DAKAR, Senegal, Jan. 10 — President Omar Hassan al-Bashir of Sudan and leaders of several rebel factions in Darfur, the western Sudanese region, agreed Wednesday to a 60-day cease-fire in separate meetings with Gov. Bill Richardson of New Mexico, a former American ambassador to the United Nations, according to a statement by Mr. Richardson and Mr. Bashir.

Mr. Richardson went to Sudan on behalf of the Save Darfur Coalition of groups trying to stem the violence in Darfur, to try to break the deadlock over who will police the region.

A peace agreement signed last May between the government and one rebel faction has foundered, and the government has repeatedly rejected a United Nations peacekeeping force.

Mr. Bashir reiterated his opposition to such a force on Wednesday, telling The Associated Press that non-African peacekeepers would be seen as “colonialists.” But the Bashir-Richardson statement said he had agreed to halt military operations to allow time for a political settlement to the crisis to emerge.

“What is lacking is a political process that leads to a U.N. force,” Mr. Richardson said by telephone from Khartoum, the capital. “I think this 60-day cease-fire is at least a step.”

He said the leaders of two rebel factions that did not sign the May agreement, the Justice and Equality Movement and a splinter group of the Sudan Liberation Army, had also agreed to the new cease-fire. But it is not clear if they represent all dissident factions, because the rebel groups have fractured and realigned several times in the past year.

The Darfur crisis, a conflict over land, identity and self-determination that has killed at least 200,000 people and driven 2.5 million from their homes, has deepened in the past year despite the peace agreement. Recently, escalating violence in Sudan has forced aid agencies to curtail operations and has destabilized Chad and the Central African Republic.

Mr. Richardson, who last year helped negotiate the release of an American journalist charged with espionage in Sudan, has known Mr. Bashir for a decade and has international contacts made as ambassador in the Clinton administration. He is expected to seek the Democratic nomination for president next year.

Sudan's Leader Agrees To 60-Day Cease-Fire In Darfur (WP)

By Craig Timberg

The Washington Post, January 11, 2007

JOHANNESBURG, Jan. 10 -- Sudanese President Omar Hassan al-Bashir agreed on Wednesday to a 60-day cease-fire in his nation's troubled Darfur region but again rejected calls for a U.N. force to help end one of Africa's bloodiest conflicts.

Bashir issued a joint statement with New Mexico Gov. Bill Richardson (D) agreeing to the temporary halt of military action while also expanding access for journalists and aid workers. Richardson, who had traveled to Sudan on behalf of the Save Darfur Coalition, a Washington-based advocacy group, said several rebel leaders had orally agreed to the cease-fire.

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Successive cease-fires, including a May 2006 peace deal negotiated in Nigeria, have been broken both by Bashir and by the various rebel groups fighting for control of Darfur. But Richardson, who has negotiated with the Sudanese president on other occasions, said Bashir appeared sincere in seeking a diplomatic solution.

"He realizes he's isolated and has got to change," Richardson said by telephone from Khartoum, Sudan's capital. "He's boxed in."

Bashir, however, showed little evidence of relenting on his refusal to allow thousands of U.N. peacekeeping troops into Darfur, as the United States and international leaders have demanded. An underfunded and ineffective force fielded by the 53-country African Union has long operated in Darfur, but it has had little success in controlling a conflict that has killed hundreds of thousands of people, mostly civilians, and displaced millions of others.

"Our experience with U.N. operations in the world is not encouraging," Bashir told an Associated Press reporter Wednesday. "There are sufficient forces in the Sudan from African countries to maintain order, and they can provide order. All we need is funding for the African troops."

Bashir has agreed to allow a small number of U.N. advisers to assist with the African Union mission.

In the joint statement with Richardson, Bashir agreed to paint his white warplanes another color so they no longer resemble the aircraft of international aid groups. He also agreed on the importance of disarming the Janjaweed militias, echoing declarations made but not fulfilled in the past. These groups have carried out repeated armed attacks on civilians.

Analyst John Prendergast of the International Crisis Group held out little hope of the 60-day cease-fire being respected, but he said Richardson's diplomatic activity highlighted how little the Bush administration has achieved despite labeling the Darfur conflict genocide and repeatedly threatening tough action.

"Where is the administration on this stuff?" said Prendergast, speaking from Washington.

Amjad Atallah, an adviser to the Save Darfur Coalition who was traveling with Richardson's delegation, expressed skepticism that Bashir would end the violence in Darfur. "At the end of the day, President Bashir may not honor these terms," said Atallah, speaking from Khartoum. "We are not naive about it."

Unwitting Party To Genocide (WP)

By Stephen Rademaker

The Washington Post, January 11, 2007

Over the past three years, more than 400,000 people have perished in the Darfur genocide. Fighting has intensified in recent months as diplomatic efforts to end the conflict have faltered. The government in Khartoum bears principal responsibility for the continued killing, but recently an unexpected obstacle to ending the bloodshed has emerged: the International Criminal Court (ICC).

Critics of the ICC predicted early on that it would be more a hindrance than a help to ending most conflicts. The threat of prosecution would rarely motivate both parties to stop fighting, they argued, but in many cases it would be powerful enough to convince at least one side that it was better off continuing to fight. Yet even the ICC's critics have been surprised by the degree to which this is being borne out in Darfur.

Much of the world agrees that to end the genocide a highly capable U.N. peacekeeping force must immediately be deployed to Darfur. The only footnote to this consensus is China, which, eager for access to Sudan's oil and armed with a veto at the U.N. Security Council, forced the United Nations to accept a precondition to action in August: that the government in Khartoum must consent to the deployment of any U.N. force.

The Sudanese government has no history of objecting to U.N. peacekeeping forces on its territory. It agreed as recently as January 2005 to the deployment of a 10,000-member U.N. peacekeeping force in southern Sudan to monitor implementation of a peace agreement with rebels there, and that force remains in Sudan. So what has led Khartoum to reject today what it was willing to accept just two years ago? According to Sudanese government spokesmen, it's the involvement of the ICC.

Sudan is not a party to the treaty establishing the ICC, so the only way the court could obtain jurisdiction over crimes in Darfur was to be granted such jurisdiction by the Security Council. The council took that step in March 2005.

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The Bush administration supported bringing in the ICC, not least because the perpetrators of the Darfur genocide are so richly deserving of prosecution. More fundamentally, the administration went along because this was the strongest action that other members of the Security Council were prepared to take at the time. The political situation mirrored that surrounding the Security Council's decision to create a war crimes tribunal for the former Yugoslavia in 1993. In both cases, the United States was pressing for resolute steps to end genocide, but other countries, particularly in Europe, were unwilling to agree to steps that might entail significant military, economic or political costs. The idea of deploying eager prosecutors rather than effective peacekeepers emerged as a low-risk compromise.

But war crimes prosecutors didn't stop genocide in Yugoslavia, and they haven't stopped it in Darfur either. To the contrary, the example of the Balkans, where U.N. peacekeepers in Bosnia and Kosovo have tracked down and arrested war crimes indictees, appears to have hardened the opposition of Sudanese officials to a U.N. force. Quite predictably, those officials are saying they're not interested in a U.N. peacekeeping force in Darfur if, as in the Balkans, it would offer them a one-way trip in handcuffs to The Hague.

Those seeking to end the genocide have naturally been seeking new ways to pressure Khartoum. Realistic options for tightening economic sanctions are few. So, having failed to recognize that it was a mistake to call in the ICC, many critics of the regime have compounded the error by trying to ratchet up the threat of ICC prosecution. This, of course, reinforces the regime's impulse to say no. Indeed, it would be hard to devise a policy better calculated to perpetuate Sudan's refusal to accept a U.N. peacekeeping force in Darfur.

If the Sudanese government ever begins to seriously consider agreeing to a U.N. force in Darfur, the first thing it is likely to seek is guarantees against the arrest and prosecution of Sudanese officials by the ICC. But it is not clear that the Security Council would be able to grant the government those guarantees should the international community be prepared to consider such a bargain. In an effort to insulate the ICC from political pressure, the treaty establishing the court seeks to make it impossible for the Security Council to permanently end ICC proceedings once they have commenced.

Should efforts to deploy a U.N. force fail and the genocide continue, options for ending the bloodshed may narrow to some sort of coalition military action. Given China's opposition, such action almost certainly would have to be carried out without Security Council authorization and would be vastly inferior to the deployment of an effective U.N. peacekeeping force.

In the analogous cases of Bosnia and Kosovo, coalition military action was in large measure U.S. military action, and the same would be true in Darfur. No matter how noble our objectives, U.S. military action without U.N. authorization against another Arab government would prove deeply unpopular in many parts of the world, and America would pay a steep political price. If this is where we end up in Darfur -- or if the genocide continues unabated because peacekeepers cannot be deployed -- there will be three culprits to blame: the bloodthirsty regime in Khartoum, the oil-thirsty government in Beijing and the U.N. Security Council's shortsighted decision to bring in the ICC.

The writer, vice president of a Washington-based government affairs and consulting firm, was an assistant secretary of state from 2002 to 2006, with responsibility for arms control, nonproliferation and international security.

EU Energy Strategy Aims To Curb Carbon Emissions (WSJ)

By Mary Jacoby and William Echikson

Wall Street Journal, January 11, 2007

BRUSSELS -- The European Union unveiled an ambitious blueprint for combating global warming and boosting energy efficiency, but key elements of the plan face strong opposition from business interests and could require major battles to get them implemented.

The European Commission yesterday published a long-awaited proposal for the bloc's first common energy strategy, a version of which will be discussed at a summit of the EU's 27 national leaders in March. "Europe must lead the world into a new -- or maybe one should say post-industrial -- revolution: the development of a low-carbon economy," said commission President José Manuel Barroso.

Parts of the draft face high hurdles, however. Business groups expressed alarm at the commission's proposals to cut emissions of carbon dioxide, which is believed to contribute to global warming, 20% from 1990 levels by 2020. The Continent's

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top business lobby, Unice, warned against any binding targets that would force European industries to pay more for energy than their U.S. and Asian rivals. At the same time, environmentalists said the 20% target is too low.

Meanwhile, France and Germany are likely to block a proposal to boost competition by breaking up European energy companies that control both the supply and distribution networks for oil, gas or electricity -- such as Electricité de France and Germany's E.ON AG. Acknowledging that threat, the commission's proposals also suggest a less drastic option that would submit such vertically integrated companies to greater regulation.

Still, commission officials insisted any opposition won't derail efforts to shake up European energy markets. Energy security, and the need to reduce demand for fossil fuels, has risen to the top of the EU agenda in response to continuing concerns about its predominant supplier of gas and oil, Russia.

If governments don't accept the proposals for separating companies' energy supply and distribution arms, the commission has another weapon available to break up some incumbents: antitrust law. Competition Commissioner Neelie Kroes yesterday published the results of a long-running investigation into the energy sector. She accused the Continent's energy giants of raising consumer prices and undermining competition by restricting third-party energy companies' access to their pipelines, storage facilities and networks.

"New players need access to energy suppliers, the energy networks and customers," she said, adding that investigations she has already opened into energy companies in several European countries could lead to "far-reaching structural remedies."

Also under the commission's proposals, 10% of EU vehicles would be powered by biofuels by 2020, up from an existing 5.8% target for 2010. It envisions all new coal-fired power stations having facilities to capture and store the carbon dioxide they emit. In addition, renewable energy sources such as water, wind and solar power are expected by 2020 to provide 20% of the energy.

If the proposals are accepted by national leaders in March, Mr. Barroso said the commission would act quickly to make the targets legally binding.

The EU accounts for 14% of the world's emissions of carbon dioxide, the commission said. Mr. Barroso called on other developed nations to set their own carbon-cutting goals.

"We are not speaking about European warming, we are speaking about global warming," said Mr. Barroso, who this week discussed his plans with President Bush and leaders of Congress. "We need the United States with us; they are, after all, the biggest polluter in the world."

Belarus Yields To Moscow Over Oil Transit (FT)

By Arkady Ostrovsky

Financial Times, January 11, 2007

Belarus backed down in its trade conflict with Russia on Wednesday by abolishing an export duty on oil pipeline transits. The move allows Moscow to resume supplies to Europe via its neighbour.

Alexander Lukashenko, Belarus's leader, appears to have climbed down after a telephone conversation with President Vladimir Putin of Russia. Within hours the Belarus government said that a duty imposed on Russian oil shipments at the start of January had "lost its validity". Belarus gave in to Russia's key demand to drop the $45 (€35, £23) per tonne export duty before the countries could start negotiations on their trade relationship.

Transneft, the Russian oil pipeline monopoly, said on Wednesay night that it was about to resume supplies to Europe.

On Monday Russia halted oil supplies through the Druzhba (Friendship) pipeline, which crosses Belarus, claiming that Minsk was siphoning off oil destined for countries such as Germany and Poland as payment in kind for export duty. Moscow said the duty was illegal and refused to pay it.

While Wednesday's move bolstered Mr Putin's prestige at home and strengthened Moscow's hand in its stand-off with its neighbour, the dispute has dented Russia's reputation and its claim to be a reliable energy supplier.

Angela Merkel, Germany's chancellor, led European Union leaders in condemning the cut in supplies, calling it "unacceptable". Wednesday's deal is the latest step in a protracted stand-off. Russia has doubled gas prices for Belarus and made it agree to sell half its pipeline network to Gazprom, the Russian gas group.

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Mr Putin told Russian oil companies this week to be prepared to cut their oil production and threatened to impose barriers to Belarus's exports of other goods to Russia. Russia accounts for half of all Belarus's exports, which are duty free. Any trade blockade or imposition of export duties would have hit Belarus hard.

Andrei Sharonov, the deputy head of Russia's ministry for trade and economic development, said entire sectors of the Belarusan economy, such as meat and milk production as well as electronics and furniture, are more than 90 per cent dependent on the Russian market. Belarus's oil reserves would not have lasted more than six weeks.

Mr Sharonov said Minsk's decision opened the way for negotiations between the two countries on a wide range of trade issues, including Russia's duty on oil exports to Belarus. In addition to doubling gas prices from January 1, Russia hit Belarus with a $180 per tonne export duty on the crude oil it sells to the country.

Until then Belarus had obtained Russian crude oil duty free, refined it and sold petroleum products to western Europe, keeping the profit. Under a mid-1990s agreement, Belarus was supposed to give 85 per cent of that profit to Russia but stopped doing so several years ago.

Russia's export duty and the doubling of gas prices cuts down the subsidy that the Kremlin was, in effect, giving Mr Lukashenko.

A compromise solution could see Russia reducing or removing its export duty on crude oil if Belarus resumed payment to Russia of part of the profit gained on petroleum products.

Belarus, Russia Settle Oil Dispute (AP)

By Yuras Karmanau

AP, January 11, 2007

MINSK, Belarus -- Russian oil began flowing again through a Belarusian pipeline late Wednesday, a top Belarusian oil official said, resolving a dispute between the countries that had disrupted supplies to Eastern Europe as well to the former Soviet Republic.

Alexei Kostuchenko, general director of pipeline concern Gomeltransneft-Druzhba, said Russian oil entered the Belarusian system around 10:30 p.m. local time (2030GMT) Wednesday, and was being pumped to Poland, Germany, Ukraine, Slovakia, the Czech Republic and Hungary. He did not give any details about the volume being moved.

The spat between the two formerly close, ex-Soviet republics showcased the Belarus regime's reliance on cheap Russian energy imports, and stoked doubts in European capitals about Russia and its dependability as an energy supplier.

"The disruptions in oil supplies have yet again undermined Russia's efforts to establish itself as a reliable source of fuel supplies to Europe," Deutsche UFG analysts wrote in a note to investors.

The dispute, which had entered its third day, centered on Russia's decision last month to impose a hefty duty on oil exports to Belarus, with Moscow complaining that the previous duty-free regime cost the Russian budget up to $4 billion a year in lost revenues. Belarus reaped billions in revenues by refining cheap Russia oil products and selling them at hefty profit to European markets.

Minsk _ whose centrally controlled economy is heavily reliant on cheap Russian energy and duty-free trade with Russia _ responded last week by slapping a $45 per ton tax on Russian oil pumped across Belarus to Europe.

On Monday, Russia stopped pumping oil to Europe via the Druzhba pipeline _ whose name translates as "friendship" _ and accused its neighbor of siphoning off oil. By Tuesday, the stoppage had affected supplies to Ukraine, Germany, Poland, Hungary, the Czech Republic and Slovakia.

With the European Union voicing alarm and criticism and Russia threatening an all-out trade war against its former ally, the two countries' presidents _ Vladimir Putin and Alexander Lukashenko _ held talks by telephone Wednesday.

Soon after, Belarus' government announced the cancellation of the $45-per-ton duty, and Prime Minister Sergei Sidorsky announced he would fly to Moscow on Thursday for meetings with his Russian counterpart.

"I hope that within two days we will be able to overcome all disagreements _ on oil, oil products and other sensitive groups of commodities on the Russian and Belarusian markets," he said.

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Putin's top economic adviser, meanwhile, reasserted that Russia was a dependable energy supplier. "We act as a reliable partner, and we would like to do so in the future," Igor Shuvalov said.

"We need to understand that that kind of behavior very close to blackmailing can't be accepted by the Russians. If we do accept it this time, than the future can't be secured," he said. "Now we need to act together, the Europeans and the Russians, to avoid this kind of situation in the future."

European Union leaders have strongly criticized the disruptions, which came one year after a price dispute between Russia and Ukraine led to a brief interruption of EU natural gas imports from Russia.

Putin took a harsh stance at a Cabinet meeting Tuesday, and told ministers to consider a possible reduction in oil output. Russia has a limited capacity for refining oil and would have to cut crude output if its exports decrease suddenly.

Analysts say that Putin has grown tired of supporting the Belarusian leader, who has been dubbed "Europe's last dictator" in the West for his authoritarian rule and crackdown on dissent. But the disruption of Russian oil to Europe one year after the Ukraine gas cutoff alarmed European officials and led to renewed calls for energy diversification.

Russia currently supplies a quarter of the EU's oil and over two-fifths of its natural gas.

Belarus Signals Resolution In Oil Dispute (NYT)

By Steven Lee Myers

New York Times, January 11, 2007

MOSCOW, Jan. 10 — Belarus announced Wednesday that it had reached a compromise with Russia to end a dispute that had shut a Russian oil pipeline to Europe since Monday, but the Kremlin did not confirm any agreement.

The announcement, by President Aleksandr G. Lukashenko's office, was the first sign that the dispute might be ending after two days of increasingly hostile remarks and threats.

The Belarussian prime minister, Sergei S. Sidorsky, said later in televised remarks that his country would revoke a transit fee of $45 a ton on Russian oil that it imposed last week, provoking a dispute with swift repercussions in Europe.

Russia had declared the transit fee illegal and refused to pay it. When Belarus began siphoning oil headed to Europe as payment, Russia's pipeline monopoly, Transneft, shut the pipeline. As a result, Poland, Germany, the Czech Republic, Slovakia and Hungary had to tap into oil reserves this week.

The conflict with Belarus unfolded only days after Russia's giant energy company, Gazprom, negotiated a significantly higher price for supplies of natural gas to Belarus, Russia's smaller neighbor and one of its closest allies. The new price, $100 per thousand cubic meters, compared with $46 last year, infuriated Mr. Lukashenko, but a separate decision by Russia to impose a customs duty of $180 per metric ton on Russian oil prompted the Belarussian transit fee.

Mr. Sidorsky said he would fly to Moscow for more talks on Wednesday, an indication that a final resolution had not been found. "We hope to solve all other questions in the coming days," he said.

Russia had said that it would hold no talks until the transit fee was lifted. The statement by Mr. Lukashenko's office said the two governments would settle the dispute by Friday.

By Wednesday night, Semyon M. Vainshtok, the president of Transneft, said the company had reached an agreement to ship 79,000 tons of oil that Belarus had siphoned into its own storage facilities. He said the company could resume full operations by Thursday, though he suggested that outstanding issues remained.

The Kremlin announced only that President Vladimir V. Putin had discussed the issue by telephone with Mr. Lukashenko. Mr. Putin was steadfast on Tuesday, warning that Russia would divert oil intended for European markets around Belarus, though that could take time.

In the meantime, the pipeline, called Druzhba, or Friendship, remained closed for a third day, despite statements in Slovakia that some oil was set to resume flowing.

Druzhba stretches 2,500 miles and pumps 1.8 million barrels of oil a day in two trunks. It accounts for considerable amounts of the oil consumed in Germany, the Czech Republic and Poland, and almost all oil used by Hungary and Slovakia.

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A swift resolution would ease jitters over the reliability of oil supplies in Europe. Russia has forced Belarus, for years a close ally, to back off. But the episode has done further damage to Russia's international image, already battered by a shut-off of natural gas to Ukraine last January and a threat to do so to Belarus this year.

"We consider it unacceptable, this kind of event," the European Commission president, José Manuel Barroso, said in Brussels, where the European Union announced a sweeping energy policy meant to address concerns like those Russia had raised.

Echoing remarks by Chancellor Angela Merkel of Germany on Tuesday, he criticized Russia for stopping the flow of oil without first notifying the customers paying for it farther along the pipeline.

The dispute grew from Russia's new strategy to increase energy prices for the other former republics of the Soviet Union. Now independent, but still tied into the Soviet-era network of gas and oil pipelines, those countries had long enjoyed subsidized prices.

Russia has recently negotiated higher prices for natural gas with Ukraine, Georgia, Azerbaijan and Moldova. Those deals have sometimes followed threats and cutoffs as deadlines, typically on New Year's Day, approached.

"For Russia, a small, victorious energy war is becoming a New Year's tradition," the newspaper Trud, or Labor, wrote Wednesday.

Stefan Czucz, the general director of Transpetrol, Slovakia's pipeline operator, said in a telephone interview that a resumption of oil shipments was scheduled for Wednesday, but officials in Russia said late Wednesday that the pipeline had not resumed operation.

William C. Ramsay, deputy executive director of the International Energy Agency in Paris, which maintains and improves systems for coping with oil supply disruptions, said that refineries and other companies dependent on Russian oil generally had 10 to 15 days worth of commercial stocks.

Once those reserves run out, the refineries would have to turn to strategic stocks built by governments. Those could last at least 90 days. "They have learned the need to take care, especially since they are dependent on Russia and have had some problems in the past," he said in a telephone interview.

The duty Russia imposed on the oil exports to Belarus, the same Russia charges for exports to other countries, could cost the Belarussian government $3.5 billion, more than 10 percent of the country's gross domestic product. Belarus had long profited by refining the oil and exporting the products.

"It simply puts Belarus on the same footing as all the other countries of the world," Andrei V. Sharonov, a deputy economic development minister, said of the new charge in an interview published in the official state newspaper, Rossiskaya Gazeta.

Russia-Belarus Standoff Over Oil Ends, Clearing Way For Accord (WP)

By Peter Finn

Washington Post, January 11, 2007

MOSCOW, Jan. 10 -- A standoff between Russia and Belarus that led to the shutdown of a pipeline that delivers crude oil to European Union countries ended Wednesday, after Belarus backed down and lifted a duty it had imposed on Russian fuel transiting the country.

The breakthrough came after Russian President Vladimir Putin spoke by phone Wednesday afternoon to his Belarusan counterpart, Alexander Lukashenko. The Belarusan presidential press service said that the countries' prime ministers had been told "to propose ways of settling all problems and to submit them to the presidents by Friday."

Belarus's imposition of the duty led Russia to switch off the flow of oil, a move greeted with dismay in Western Europe. Leaders there wondered aloud about Russia's reliability as an energy supplier.

Oil began flowing again late Wednesday, the Associated Press reported from Minsk, the Belarusan capital, citing a senior pipeline official.

In Brussels, European Union officials on Wednesday unveiled a long-term energy plan to reduce the continent's dependence on oil and gas and limit the greenhouse gas emissions blamed for global warming.

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"Europe must lead the world into a new . . . post-industrial revolution, the development of a low-carbon economy," said Jos? Manuel Barroso, president of the European Commission, the E.U.'s executive arm. "We need new policies to face a new reality."

The E.U. plan, which will be discussed by the 27 member states in February, calls for greenhouse gas emissions to be cut by at least 20 percent below 1990 levels by 2020. That goes beyond the Kyoto Protocol of 1997, which called for the E.U. overall to cut to 8 percent below 1990 levels by 2012.

The United States has refused to sign the accord, arguing that it would damage the American economy and, to be fair, should require countries such as China and India to meet similar goals.

"We are not speaking about European warming, we are speaking about global warming," Barroso said. "We need the United States with us -- they are, after all, the biggest polluter in the world."

It is uncertain if the E.U. plan will be accepted by the member governments and, if so, whether the targets can be met. A number of European countries, including Italy and Spain, are already having trouble meeting the Kyoto requirements. Environmentalists would like to see even more ambitious goals to reduce emissions.

The plan emphasizes the development of renewable energy, such as biofuels, and new low-pollution technologies, as well as the reduction of emissions from existing energy sources. It does not call for increased reliance on nuclear energy, which emits no carbon dioxide, the most significant of the gases that trap heat in Earth's atmosphere.

Barroso said nuclear energy would be a matter for individual states to decide.

He also said Europe should "actively develop a common external energy policy and speak with one voice to third countries" -- a clear reference to Russia.

The union has been divided in its approach to Russia, with Poland, for instance, objecting to a pipeline under the Baltic Sea that will directly connect Russia to Germany.

Belarus, which is heavily dependent on Russian energy subsidies, has been smarting from increases in the prices it pays for Russian natural gas and the crude oil that it profitably reprocessed before selling it to Western Europe. It imposed the duties on Russian oil transshipments in response; Russia asserts Belarus was also siphoning off oil for its own use.

Belarusan Prime Minister Sergei Sidorsky said he planned to fly to Moscow on Thursday for talks. "I hope that we will settle all mutual differences and claims relating to Russian oil deliveries in two days," Sidorsky told reporters in Minsk.

Russia had earlier insisted that lifting the oil duty, which it said was illegal, was a nonnegotiable precondition for any talks. It was unclear if Putin promised Belarus anything in return. The Kremlin issued a terse statement saying that Putin and Lukashenko had discussed "energy relations," among other issues.

Chávez Begins New Term Vowing Socialism (NYT)

By Simon Romero

The New York Times, January 11, 2007

CARACAS, Venezuela, Jan. 10 — President Hugo Chávez was sworn in to a new six-year term at a ceremony here on Wednesday in which he described Jesus as “the greatest socialist in history” and pledged to speed Venezuela’s metamorphosis into a Socialist country.

“Fatherland! Socialism or death, I swear it!” Mr. Chávez yelled as he was sworn in and given the presidential sash and a golden key to the tomb where the remains of Simón Bolívar, the South American liberator, are interred.

In his speech, the president defended his decision this week to nationalize companies in the telecommunications and electricity industries and promised to seek greater control over natural gas projects. He also renewed his request to Congress for decree powers, saying a “revolutionary law of laws” would allow him to hasten the construction of Socialism.

Since his re-election last month, Mr. Chávez has moved swiftly to group his varied supporters into a single Socialist party. In addition to his nationalization campaign, he has called for the end of the central bank’s independence from politics and the rewriting of the commercial code.

Headlines in the afternoon newspapers here reflected continuing polarization over his ideas. “Socialism Has Arrived,” proclaimed El Mundo, which, like most Venezuelan newspapers is friendly to Mr. Chávez’s government. Tal Cual, a small opposition paper, titled its main editorial “The Monarch.”

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Teodoro Petkoff, editor of Tal Cual, said Mr. Chávez's "21st-century Socialism" had exhibited the same autocratic characteristics of Socialist movements of the 20th century.

Others pointed to the president's political instincts as an explanation for his sharp ideological turn.

Fernando Coronil, an authority on Venezuelan history at the University of Michigan, said Mr. Chávez was acutely aware of his supporters' high expectations of change. His effort to redefine the ideological and organization basis of his government, from the creation of a single party to the concentration of power in the presidency, are a response to that reading of popular sentiment, Mr. Coronil said.

"People voted for Chávez but didn't give him a blank check," he said. "Now he has to pay back."

In his speech on Wednesday, Mr. Chávez, who hinted at the possibility of seeking another term once this one ends in 2012, seemed to evoke Fidel Castro's leftward ideological evolution in the years after taking power in Cuba in 1959. Mr. Chávez, who has forged a tight economic alliance with Cuba, peppered his speech with references to the works of two Italian Marxist theorists, Antonio Gramsci and Antonio Negri.

He weaved in quotations from Napoleon and Trotsky, saying Trotsky had the right idea when he said, "The revolution never ends." He also quoted liberally from the writings of Bolívar and the Bible.

He railed against his domestic political opponents and dissidents in the Roman Catholic Church, singling out Archbishop Roberto Luckert of Coro, who recently criticized the president's decision not to renew the broadcast license of RCTV, one of Venezuela's oldest television stations.

"Monsignor Luckert is going to wait for me in hell," he said.

After his speech, Mr. Chávez traveled to Managua to attend a similar ceremony for Daniel Ortega, the former Sandinista guerrilla leader elected president of Nicaragua. Venezuela is preparing to sign a farreaching economic assistance agreement with Nicaragua.

Fidel Chavez? (LAT)

The Los Angeles Times, January 11, 2007

VENEZUELA'S presidential election last month might have been free and fair, but it's increasingly unlikely that its next one will be. President Hugo Chavez has apparently taken his landslide victory as a mandate to impose an authoritarian socialism on his nation that looks frighteningly like the model created by his idol, Cuba's Fidel Castro. If his drive to consolidate power over the media, the telecommunications industry and other sectors succeeds, by the time his term expires six years from now it may no longer be possible to hold a free election in Venezuela.

Chavez's plan to nationalize the country's biggest telecommunications and electricity companies, announced Monday and reiterated during his inauguration Wednesday, will exact a heavy toll in the coming years. Aside from the immediate damage from foreign investors fleeing the country, these enterprises almost certainly will be diminished and bled dry by government bureaucrats eager to dole out money and patronage. This is already happening in Venezuela's oil industry.

Chavez also seems intent on destroying Venezuela's civil society. He already controls all three branches of government, with all 167 seats of Congress held by lawmakers allied to Chavez and with the Supreme Court stacked with loyalists. After his reelection, he announced plans to merge his coalition of allied parties — effectively creating a one-party state — and to pursue a constitutional amendment ending presidential term limits, meaning he could run indefinitely.

Now he's setting his sights on a critical barrier to totalitarianism: the independent media. Last month, Chavez announced that he wouldn't renew the license of Radio Caracas Television (RCTV), which has been highly critical of his regime. His justification was a law passed in 2004 that allows for non-renewal of a broadcast license if its holder is guilty of such things as promoting disruption of public order or endangering national security. RCTV's crime, apparently, was to celebrate the botched coup attempt against Chavez in 2002.

Any criticism of Chavez or his henchmen can now be interpreted as disrupting public order, and Venezuela also has passed harsh libel laws aimed at curbing "disrespect" of government officials. Though RCTV is just one of many opposition media outlets, Chavez has sent a chilling message to the rest that he can shut them down at any time.

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A country without an independent media, judiciary or legislature is by nobody's definition a democracy. Venezuela's people may just have succeeded in voting themselves out of power.

U.N. Agency Chief Denies Getting Staff Complaints (WT)

By Betsy Pisik

The Washington Times, January 11, 2007

NEW YORK -- Jose Antonio Ocampo, the head of the U.N. Department of Economic and Social Affairs (DESA), yesterday defended his management of the scandal-laden "good governance" division, saying that he personally had initiated internal investigations and shut down a foundering office within his department.

In his first public remarks on DESA's scandal-plagued Division of Public Administration and Development Management unit, or DPADM, since the opening of a U.N. investigation prompted by a Washington Times article last month, Mr. Ocampo also denied having received complaints from staff about concerns that range from mismanagement of government funds to favoritism and intimidation in the hiring and disciplining of employees.

"We have a clear policy, anyone can come to me, or go to the ombudswoman and share their observations, and their privacy will be respected," Mr. Ocampo said in response to questions. "But nobody has so far."

That claim flies in the face of documents and accounts given to The Times showing that several staff members complained to Mr. Ocampo, both in person and in writing, about purported mismanagement, intimidation and favoritism in DPADM between 2003 and 2006. There are at least three cases pending before the U.N. Joint Appeals Board, which adjudicates personnel matters.

Several former DESA staffers said they had reported through official channels what they saw as the fraudulent use of contractors, favoritism toward Italians and management decisions that were redundant and senseless. Between 2003 and 2006, these staffers and their lawyer said, they clashed directly with their supervisor, DPADM Director Guido Bertucci, while others went to Mr. Ocampo with evidence.

In mid-December, the U.S. Mission to the United Nations wrote to the U.N. Office of Internal Oversight Services advising it of "reports alleging that the DPADM has threatened to retaliate against staff members who have brought this matter to light" and warning that evidence might be destroyed.

Additionally, correspondence obtained by The Times over the course of a two-month investigation shows that the Greek government requested an investigation into potential misuse of about $5 million.

Athens had contributed the money in 1999 to build a center in Thessaloniki that promoted "public service professionalism" among Mediterranean nations. But just three years later DPADM opened a duplicative center in Naples.

The findings of that investigation were to have been released in December, but the report was delayed while DPADM compiled a lengthy response to its contents. U.N. officials said yesterday it could be released within two weeks.

The second investigation was opened on Dec. 17 after a report in The Times uncovered evidence of favoritism and intimidation within DPADM, which is responsible for promoting transparency and accountability among member governments.

The article noted that tens of millions of dollars have been contributed by the government of Italy and spent on consultants and projects that directly benefited Italian nationals and the government itself.

The Department of Economic and Social Affairs is a sprawling U.N. office with more than 570 employees and an annual budget of $267 million, nearly half of that voluntarily contributed by governments. Its divisions gather statistics or promote policy on sustainable development, women's empowerment, good governance, accessibility and related issues.

"In the United Nations we have an internal control system," Mr. Ocampo said of the U.N. investigation. "What we're doing is to let the internal control system work."

He defended his decision not to remove Mr. Bertucci from his post as DPADM director, as is customary in other U.N. departments when there is a comprehensive investigation under way.

"If [the investigation] indicates that there were improprieties, we will take a measure," Mr. Ocampo said. "But any justice system, including the U.N. justice system, is based on the principle of presumption of innocence."

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Asked several times whether he trusted Mr. Bertucci, the undersecretary-general said only, "He is under investigation, and I will take into account whatever the investigation says."

Limited Menu Japan's 'Cancer Refugees' Demand More Options (WSJ)

By Peter Landers

The Wall Street Journal, January 11, 2007

TOKYO -- With the prime minister looking on, a legislator named Takashi Yamamoto stood before Japan's parliament last May and told his colleagues that he had cancer. Then he denounced the nation's standard of cancer care. "Even when there are treatments, people are being told they will never get better," he said. "These abandoned cancer refugees are roaming the Japanese archipelago."

The speech galvanized the parliament, which had been dawdling over a bill that called for more cancer specialists and a permanent role for patients in policy making. Within four weeks, the bill became law. (Read translated excerpts of Mr. Yamamoto's speech.1)

"Even when there are treatments, people are being told they will never get better. These abandoned cancer refugees are roaming the Japanese archipelago."

-- Read excerpts3 of the May 22, 2006, speech by Takashi Yamamoto

It was a signal victory for a spreading movement in Japan among patients who want American-style care and drugs for cancer. But the idea of becoming more like the U.S. raises alarms among policy makers. In Japan, the government guarantees that everyone has health-insurance coverage and it pays most of the bills.

Masaharu Nakajima, until recently director general of the Health Bureau at the Ministry of Health, Labor and Welfare, says Japan already offers excellent cancer care. With a huge national debt and corporations worried about higher taxes, Japan can't afford to throw money into treatments and training that offer little hope of significantly extending lifespans, he says.

"If we keep going like this, Japan is going to be crushed under medical expenses," says Dr. Nakajima, a surgeon who used to treat cancer patients before joining the ministry. Referring to the demand for more specialists, he says: "America did too much of this and that's why their medical costs have grown."

The debate in Japan raises the question of where nations should draw the line when modern medicine offers almost unlimited ways to spend money. In the U.S., both private insurers and public programs such as Medicare take a relatively generous view, usually paying for treatments that offer some hope of helping the patient. Japan is far more tightfisted. Spending on health in Japan each year is roughly half the level of U.S. spending, adjusting for the size of each country's economy.

Health spending in Japan is even lower than in most Western European countries and Canada. Yet if that's hurting people, it's hard to find evidence in the statistics. Japan has the world's highest life expectancy for women (men are No. 4) and one of the world's lowest infant-mortality rates.

Many countries are grappling with how to improve care while containing costs. In Japan, debate about the system has focused on cancer, by far the nation's leading killer. The Internet has helped break down patients' isolation from information about their disease and supplied data on foreign treatments. Cancer activists believe inadequate treatment on occasion cuts short the lives of Japanese. Some focus their ire on the very notion that mortality numbers can measure the value a health-care system delivers.

Hidesuke Hashimoto, who has been treated for lung cancer and leads a patients' group, says Japanese bureaucrats, unlike Americans, fail to recognize the value of pursuing all possible avenues of treatment when a person is seriously ill. "Our rights as individuals aren't being recognized," says Mr. Hashimoto, a 68-year-old retired math teacher. "We have the right to live." More government spending on health care, he suggests, would be a small price to pay for promoting democracy and the rights enshrined in Japan's U.S.-written constitution. Article 25 says all people are entitled to a minimum standard of "wholesome and cultured living."

Cancer accounted for 326,000 deaths among Japanese in 2005, or 30% of the total -- more than heart attacks and strokes combined. The rate of cancer deaths per 100,000 population continues to rise slightly, in contrast to a slight decline in the U.S. Whether poor care has something to do with that is a matter of debate. Demographics and lifestyles also may play a role: Japan

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is a rapidly aging nation where nearly half of men smoke, while obesity and heart disease are relatively uncommon. Those factors tend to increase the proportion of deaths caused by cancer.

Since Japan introduced universal health-insurance coverage in the late 1950s and early 1960s, its policy has focused on ensuring a minimum standard of care for all. People are required to pay a monthly health-insurance fee. Large companies must also pay health-insurance fees, but the rules of the game -- what is covered, how much doctors get paid -- are mainly set by the central government in Tokyo.

After World War II, Japan achieved an improvement in life expectancy just as spectacular as its rise to become the world's second-largest economy. Japanese women have been the longest-lived in the world since 1985, according to the health ministry.

Meanwhile, the government's frugality has helped keep medical costs at a minimum. The restrictions aren't like those in England, where the government employs most of the doctors. Japan is the largest example of a "third way" medical system, also common in continental Europe, that combines universal health insurance with private doctors.

Japan saves by requiring less training of doctors and paying them less. Aspiring doctors typically go to medical school straight out of high school and become M.D.'s in just six years, compared with eight years of post-high-school education in the U.S. Until 2004, Japanese doctors could go straight into practice without any internship. (Now they must serve as interns for at least two years.) The average doctor's annual income is just over $100,000, compared with about $200,000 in the U.S.

Doctors say they have little time for patients. Because people in Japan are generally free to visit any doctor they like, the experience of going to a doctor who's popular is often summed up as "a three-hour wait for a three-minute visit." Health spending in Japan is about 9% of gross domestic product, versus 16% in the U.S.

The frugality has extended to cancer care. More than in the U.S., surgeons take a major role, including deciding on drug treatment -- typically the province of a specialized cancer doctor in the U.S. Through the late 1990s, the concept of a second opinion was virtually unknown. Today, Japanese people borrow the English words and talk about getting a "sekando opinion."

Until recently, cancer patients often did little to buck the system for a simple reason: Many weren't told they had the disease. It was common for patients to place complete trust in their doctor and refrain from asking why they were receiving an operation or medicine. Family members usually heard the true diagnosis, but they often felt it was cruel to burden the patient with that information.

Shintaro Abe, a politician and father of Japan's prime minister, Shinzo Abe, was widely known to have cancer for two years before his death in 1991. But the elder Mr. Abe was kept in the dark about his pancreatic tumor until his final two months, when he suspected the truth, according to his widow's memoirs.

Mr. Hashimoto, the former math teacher, says he was first diagnosed with liver cancer in 1990 and underwent surgery to remove a tumor, but his family kept the diagnosis from him. He says he was shocked when his son told him in 1999 that he had cancer and it had spread to his lungs. The son wanted Mr. Hashimoto, who lives near Kobe, to travel to Tokyo to get chemotherapy at the National Cancer Center and realized it was no longer possible to hide the diagnosis.

Unlike most Japanese patients, Mr. Hashimoto dived into studying his disease, scouring books and the Internet. "I was told twice that there were no more treatments for me," he says, but each time, he moved to a new hospital for experimental treatment, sometimes paying out of pocket for procedures not covered by the state. He joined and eventually led a patients' group.

With his activism, Mr. Hashimoto was joining a growing movement. Around the turn of the century, new chemotherapy drugs and the spread of the Internet spawned a class of activist cancer patients. The government was quick to approve a handful of drugs that clearly could extend lives -- in particular Novartis AG's Gleevec, which was approved in Japan the same year as the U.S. But other drugs with more marginal benefits languished for years. Sometimes foreign drug makers were slow to seek approval in Japan, fearing the government-set price would be too low to make it worth their while.

HOW MUCH FOR HEALTH?

The Issue: At a time when medicine offers countless ways to spend money, where should a nation draw the line?

The News: In Japan, which spends far less than the U.S. does on health care, some cancer patients demand access to more drugs and survival options.

What's at Stake: Patient choices and spending levels in Japan, as well as drug companies' market penetration.

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To desperate patients, it was infuriating that the government didn't rush every potential life-saver to market, however slim its benefits might be. One example is Eloxatin, a drug that has been shown to extend lives by a few months, on average, in patients with recurring colorectal tumors. After patients held street rallies passing out fliers and repeatedly visited parliament, Japan approved the drug in 2005, nearly three years after the U.S.

Other drugs have yet to make it to Japan. The government is reviewing Avastin, approved in the U.S. in February 2004. The Genentech Inc. drug also can extend lives by several months on average but costs tens of thousands of dollars a year.

A movement for more drugs and better care culminated in May 2005 when 2,000 patients and family members packed a hall in Osaka for the first national convention of cancer patients. One of the organizers, Shoichi Miura, was a doctor and himself a cancer patient. In his speech, he summoned up a common image here: the "gan nanmin," or cancer refugee. "While Japan has become economically prosperous, cancer patients are in the same position as refugees who wander in search of food, water and someone who can help," said Dr. Miura, who died seven months later.

THE HEALTH OF NATIONS

See data from the Organization for Economic Cooperation and Development comparing health spending and outcomes4 in the U.S., Western Europe, Japan and selected other countries. (Or read a Kaiser Family Foundation summary5.)

Also, the World Health Organization's World Health Report6 holds health data on the 192 U.N. member nations.

Japan's public-television network, NHK, added to the chorus with a two-night prime-time documentary that portrayed Japan as far behind the U.S. in cancer care. NHK introduced the nationwide audience to a hospital in Texarkana, Texas, and showed a meeting in which 25 doctors, nurses and other specialists discussed cancer patients' care. It contrasted that with Japan, where a single doctor, with minimal consultation, might make a diagnosis, decide treatment and carry it out.

The public pressure has had an impact. Last April, for the first time a medical society designated 47 doctors who had passed rigorous tests as certified oncologists, cancer specialists qualified to administer chemotherapy drugs. The U.S. has had a similar process since 1973, overseen by the American Board of Internal Medicine, and today thousands of oncologists are certified by the board.

The law passed by parliament last June doesn't call for immediate new spending, but it creates targets and committees that will force the health ministry to do more, says Mr. Yamamoto, the legislator whose speech spurred the law's passage. "Cancer patients are becoming informed and beginning to act. It is late compared to America," he says.

Mr. Yamamoto says Japan should be ready to raise taxes to finance more generous care for cancer patients and others. He himself has gone to a maverick doctor who charges patients $420 out of pocket for a consultation and believes in aggressive treatment.

But government leaders show little willingness to fund a big expansion in health care. The government is grappling with a huge budget deficit left over from the 1990s.

The health ministry has slashed doctor reimbursements and raised co-payments for patients. Many people must pay 30% of their doctor bills, in addition to their regular health-insurance fees, and the maximum monthly out-of-pocket cost went up on Oct. 1 to 80,100 yen ($670) from 72,300 yen. Meanwhile, the government cut doctors' average reimbursement by 1.36% last year following a similar cut in 2002.

That infuriates doctors. "It's been one cutback after another," says Toshio Nakagawa, a neurosurgeon who serves on the board of the Japan Medical Association. "This time I think they've gone too far."

Dr. Nakajima, the recently retired health ministry official, says policy makers must also worry about the competitiveness of Japanese companies. "Executives want to keep costs down," he says.

Dr. Nakajima says a diligent surgeon who bones up on the latest literature can do just as good a job as a licensed oncologist. He says cancer patients may feel reassured if they see a certificate on their doctor's wall, but that feeling alone isn't worth blowing the government's budget. Says Dr. Nakajima, "It's simply not the case that the survival rate goes up just because somebody got a certification."

DOJ_NMG_0115369

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 11, 2007 7:45 AM EST

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TERRORISM NEWS:

Hamas Suspects Defended (CHIT)

By Rudolph Bush And Azam Ahmed

Chicago Tribune, January 11, 2007

Muhammad Salah was trying to provide humanitarian aid to the Palestinian people when he became a pawn of Israeli officials seeking to influence U.S. policy, his lawyer argued Wednesday.

Firing back after two days of prosecution arguments, Salah's lawyer, Michael Deutsch, attacked the case against his client, a Bridgeview businessman accused of being a leading member of the radical Palestinian group Hamas.

An attorney for Salah's co-defendant, Abdelhaleem Ashqar, also gave his final argument, telling jurors that Ashqar resisted Israel's occupation of Palestinian territories but insisted on following the law.

Deutsch's argument focused on the heart of the government's case: a handwritten confession and statements that Salah allegedly provided while in Israeli custody in 1993.

To accept Salah's guilt, jurors must accept a confession extracted through torture, Deutsch said.

"You can say we're not going to have a case in an American courtroom that's based on a foreign government's systematic use of torture," Deutsch said.

Prosecutors charge Salah, a U.S. citizen, and Ashqar, a longtime resident, with using the safe haven of this country to transfer funds, coordinate operations and provide other aid to Hamas, an organization responsible for many terrorist attacks.

Arrested by Israeli police in Gaza in January 1993, Salah confessed to being a Hamas military commander during 54 days of interrogation that included physical and psychological torments, Deutsch said.

Jurors should reject the testimony of two Israeli interrogators, "Nadav" and "Benny," that Salah confessed voluntarily, Deutsch said.

The interrogators, who testified under official aliases, lied constantly on the stand, Deutsch said.

Prosecutors acknowledged in court that Israeli interrogators were permitted to use coercive tactics such as hooding prisoners and forcing them to sit handcuffed in a small chair. Nadav and Benny denied Salah was subjected to such treatment.

"They want you to believe he was a military commander who cooperated without any coercion or torture," Deutsch said.

He told jurors that it was the other way around—Salah had no militant background but was tortured into saying he did.

The purpose of his arrest, torture and confession was an intrigue developed at the highest levels of the Israeli government to convince the FBI that Hamas was developing cells in the U.S., Deutsch said.

While access to Israeli interrogation facilities is extremely limited, a New York Times reporter, through the intervention of Israeli Prime Minister Yitzhak Rabin, was permitted to view an interrogation session of Salah.

The reporter, Judith Miller, testified that as a result she wrote a front-page story stating that Hamas was developing cells in the U.S.

"No one in the U.S. government really believed the U.S. was an important haven for Hamas," Deutsch said. Miller testified that her article began to change that skepticism.

Wednesday's arguments by the defense attorneys were steeped in the history of the Palestinian-Israeli conflict and the hardships they say the Palestinians have endured.

Palestinians often lack access to basic services such as medical care, fresh water, sewage systems and schools, both defense attorneys said.

Humanitarian issues became a major focus in the trial, as Deutsch argued that Salah carried funds to the territories to ease the suffering of his people, not for militant operations.

Salah was captured in 1993 with $100,000 in cash. Bank records show Hamas leader Mousa Abu Marzook had transferred him nearly $1 million, which prosecutors said was intended to fund violence.

But the money transfers were completely transparent, and they went through Salah's personal bank account, Deutsch said. That is not the practice of someone funding illicit operations, he said.

Ashqar's attorney, William Moffitt, compared the struggle of Palestinians to historic fights against repression, from the American Revolution to the civil rights movement. He showed jurors a mock "wanted" poster charging George Washington with terrorism.

Ashqar is accused of coordinating communication for Hamas and archiving key documents.

Moffitt argued that creating a historical archive was Ashqar's right as a Palestinian.

"They have every right to be the first authors of their history," he said.

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Moffitt briefly addressed a series of secretly recorded conversations in which Ashqar discussed violent operations by Hamas. He said that despite the disturbing nature of the calls, Ashqar is never heard planning any militant attacks or recruiting anyone to perform such acts.

Moffitt pointed to a secretly recorded statement by Ashqar in which he told alleged fellow Hamas members, "Anything we undertake must be a studied legal work."

Both defense lawyers questioned the timeliness of the government's 2004 indictment, pointing out that nearly all of the charges in the case stem from events that occurred in the early 1990s.

After Salah was released from Israeli custody in 1997, he returned home to Bridgeview under strict government scrutiny. Yet prosecutors produced no evidence that Salah did anything on behalf of Hamas from the time of his return to the U.S. to the present, Deutsch said.

"This is not a case about terrorism but about fairness and justice," he said.

Terror Trial Defendants Described As Humanitarians (BVND)

By Mike Robinson

The Belleville News Democrat, January 11, 2007

CHICAGO - Hoarse from hours of talking, defense attorneys said Wednesday that two men accused of bankrolling Hamas terrorists sought to ease the plight of downtrodden Palestinians but never violated the law.

"He's a Palestinian patriot but that doesn't mean he's a killer," William Moffitt said in his closing argument on behalf of Abdelhaleem Ashqar, a former assistant professor of business at Howard University.

Ashqar, 48, of Springfield, Va., and former Chicago grocer Muhammad Salah, 53, are accused by the federal government of serving as major suppliers of funds and fresh recruits for Hamas terrorist operations.

Salah's attorney, Michael E. Deutsch, said in his closing argument earlier Wednesday, that when his client was arrested in Israel in January 1993 the $97,400 found in his hotel room was for charitable contributions.

He urged jurors not to believe admissions Salah made while being questioned by Israel's Shin Bet security agents at a prison in Ramallah. He said Salah was tortured and said anything the agents wanted to hear.

"In the mind of the interrogators anything is justified if it will secure the State of Israel - they will lie, they will torture people," he said. He said Israel used Salah to get publicity and pressure the U.S. government to crack down on the Hamas fundraising network in this country.

At the trial, two Shin Bet agents, testifying under the aliases Nadav and Benny lest they become targets for reprisals, denied they tortured Salah and said that after much coaxing he willingly told how he delivered cash to leaders in the military underground operated by Hamas.

But the U.S. government was forced to concede that at the time Salah was captured those under interrogation were sometimes hooded, forced to sit handcuffed in a tiny chair and deprived of sleep. Interrogators were authorized to slap detainees at times, the government acknowledged.

The admissions on the part of the U.S. State Department were read into evidence in lieu of classified material the defense could not present.

Both Deutsch, a longtime Chicago civil liberties lawyer, and the Washington-based Moffitt focused hard on the grim living conditions under the Israeli army's occupation of the West Bank and the Gaza strip.

Deutsch likened those who fight to reverse the fortunes of the downtrodden Palestinian people to Nat Turner and other leaders of the slave rebellions in the American past. But he insisted that Salah never participated in any Mideast violence.

Moffitt pointed out that those uprooted at the birth of Israel and still living in squalid, poverty-wracked camps on the West Bank resemble victims of Hurricane Katrina.

"They are refugees in their own country," Moffitt said. He cited the writings of Malcolm X and the Rev. Martin Luther King Jr. and told jurors that "in order to be free, you must struggle against oppression."

Moffitt scored a major victory in a similar trial in Florida a year ago, securing the acquittal of professor Sami al-Arian on a number of charges that helped to the the Palestinian Islamic Jihad terrorist group.

The Florida jury deadlocked on other federal charges against al-Arian.

Ashqar signed Moffitt as his attorney after the Florida trial.

Moffitt brushed off testimony that Ashqar had convened a convention of Hamas-related groups in Philadelphia in 1993, saying the former professor was merely exercizing his freedom of speech and never proposed violence.

He also scoffed at claims Ashqar funneled money to Hamas, saying doing so was perfectly legal until 1995 as long as the purpose didn't violate the law. Prosecutors say the money bankrolled terrorist attacks.

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Moffitt began by recalling how proud he felt that his father had thrown rocks at hooded Ku Klux Klan members in the streets of Atlanta. He quoted from the Declaration of Independence and told jurors that the British had denounced its author, Thomas Jefferson, as a terrorist.

"Its really easy to call someone a terrorist when you haven't walked in his shoes," Moffitt said. He flashed a wanted poster on the screen on the courtroom wall. The picture on the poster was of George Washington.

Prosecutors delivered two days of arguments earlier this week, and assistant U.S. Attorney Reid J. Schar on Thursday is due to deliver the government's rebuttal to defense attorneys' arguments.

CIA Defends Document Secrecy At Trial (AP)

By Larry Neumeister, Associated Press Writer

AP, January 11, 2007

NEW YORK — The CIA cannot reveal "alternative interrogation methods" used on terrorists because doing so would cause exceptionally grave damage to national security by telling enemies how the agency gathers intelligence, the government has told a judge.

In a document dated Friday and filed in U.S. District Court in New York, the CIA said it cannot reveal more than what President Bush said last summer about the detention and questioning of terrorism suspects.

The American Civil Liberties Union had asked the court to require the CIA to turn over two Justice Department memos discussing interrogation methods and a presidential order concerning the CIA's authorization to set up detention facilities outside the United States.

On Wednesday, ACLU attorney Amrit Singh said in a statement that the CIA court document "uses national security as a pretext for withholding evidence that high-level government officials in all likelihood authorized abusive techniques that amount to torture."

He added: "This declaration is especially disturbing because it suggests that unlawful interrogation techniques cleared by the Justice Department for use by the CIA still remain in effect. The American public has a right to know how the government is treating its prisoners."

On Sept. 6, Bush acknowledged the existence of a CIA terrorist detention and interrogation program and said the agency used an alternative set of interrogation procedures to question some suspects. He said 14 suspected terrorists in CIA custody had been transferred to the U.S. Naval Base in Guantanamo Bay, Cuba.

The president said he could not describe the interrogation techniques because doing so would help terrorists determine how to resist questioning.

"Were it not for this program, our intelligence community believes that al-Qaida and its allies would have succeeded in launching another attack against the American homeland," Bush said.

The CIA also told the court that it knows al-Qaida trains operatives in interrogation resistance and would make its resistance techniques more effective if it knew how the CIA operated.

The deputy director of the ACLU's National Security Program, Jameel Jaffer, said the president and his legal advisers used the secret memos to create a legal framework so the CIA could violate U.S. and international law.

"While national security sometimes requires secrecy, it is increasingly clear that these documents are being kept secret not for national security reasons, but for political ones," he said.

3 Relatives Of Plotter Are Held By Officials (NYT)

By William K. Rashbaum

The New York Times, January 10, 2007

The parents and sister of a man convicted of conspiring to bomb the Herald Square subway station were detained yesterday by federal immigration authorities, who have been seeking to deport them to Pakistan.

The arrests came a day after the convicted man, Shahawar Matin Siraj, 24, was sentenced in United States District Court in Brooklyn to 30 years in prison.

The family, who came to the United States in 1999, had been seeking asylum since 2003, citing religious persecution in their home country.

A spokesman for Immigration and Customs Enforcement said that Mr. Siraj's father, Siraj Abdul Rehman, 54, was arrested because a final deportation order had been filed against him. But a lawyer for the family said his case was still under appeal.

The agency spokesman, Mark Thorn, said that the man's mother, Shahina Parveen, 50, and his sister, Sanya Siraj, 19, were arrested and detained on immigration violations.

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Mr. Thorn said that the mother and daughter would be given due process and that their cases would be heard by an immigration judge. He said he could provide no more information, because it was the agency's policy not to discuss case details. Mr. Thorn could not explain why the action was taken yesterday, other than to say that the detention was part of an administrative process and that criminal cases take priority over administrative ones. It was unclear why the criminal case against Mr. Siraj would have delayed the detentions.

The lawyer for the family, Mona Shah, disputed that a final order of removal had been entered against Mr. Rehman. She said he still has an appeal pending before the United States Court of Appeals for the Second Circuit.

"It's absolutely disgusting that they've picked him up under the guise of a deportation order," Ms. Shah said yesterday. "Fine, punish the son. But why punish them like this?"

She could not offer an explanation for the timing of the move, but suggested that it might stem from pressure on the authorities because the family's immigration status was cited in news reports about Mr. Siraj's case.

The immigration status of Mr. Rehman's wife and daughter hinge on his asylum case, Ms. Shah said. All three were picked up at their home in Jackson Heights, Queens, early yesterday morning. Mr. Thorn said they will be held at an Immigration and Customs Enforcement facility in Elizabeth, N.J.

Mr. Siraj, who was convicted on May 24 of conspiring to place an explosive device in the Herald Square subway station in 2004, had also filed for asylum on the same grounds as his father, religious persecution.

Ms. Shah said that all members of the family are Ismaili Muslims, a sect that she said has been mistreated in Pakistan. She said family members had been robbed and attacked several times. "They would be subject to torture and harassment if they returned," she said.

But prosecutors during Mr. Siraj's trial in the bomb plot suggested that he had lied to immigration authorities in his asylum request. They cited his own testimony in an earlier hearing, when he had first told immigration authorities that he did not fear harm if he returned to his native Pakistan. But later, in Mr. Siraj's asylum application, prosecutors pointed out that he said he was afraid.

Also, on tapes secretly recorded by a police informer and played at his trial, he said he had no fear of returning to Pakistan and spoke about influential family members who served as judges and magistrates. He also said he had rich and influential friends and friends on the police force.

He was recorded telling the informer that he planned to conduct surveillance of the subway station tied to his bomb plot immediately after attending an immigration hearing in Lower Manhattan. Testimony also showed that he had discussed entering into a marriage only to get citizenship.

Ms. Shah acknowledged that immigration authorities have some discretion about how to proceed and whether to detain people whose cases are pending, but she was bothered by yesterday's arrests.

"They're not supposed to detain halfway through a case," she said, calling the action "an absolute uneven use" of the discretion.

"You do not give someone the freedom of being not detained and then suddenly pick them up," she said.

Terrorism Convict's Family Held For Deportation (WP)

By Robin Shulman

The Washington Post, January 11, 2007

NEW YORK, Jan. 10 -- A day after a man was sentenced to 30 years in prison for conspiring to bomb Manhattan's Herald Square, his parents and sister were detained by federal immigration officials seeking to deport them.

Shahwar Matin Siraj, 24, was sentenced Monday afternoon for plotting to blow up a subway station in the Midtown shopping district known for its Macy's store. Early Tuesday morning, his family was arrested at its home in Jackson Heights, Queens.

Police officials hailed the sentencing of Siraj, a Pakistani immigrant, as a victory against homegrown terrorism.

But Siraj contended that he was entrapped by a police informant, who he said inflamed his anger at the United States by showing him photographs of American acts of abuse against Muslims, including incidents at the Abu Ghraib prison, and prodded him to consider violence. The informant, Osama Eldawoody, was recruited by the New York City Police Department after Sept. 11, 2001, to monitor radical Muslims in the city.

Siraj never obtained explosives, nor made a timetable for an attack. He has no known connection to any terrorist organization.

His family has lived in the United States since 1999 and has been seeking asylum since 2003, said their attorney, Mona Shah.

DOJ_NMG_0115376

A spokesman for U.S. Immigration and Customs Enforcement, the agency that detained the family, said that a final order of removal has been issued against the father, Siraj Abdul Rehman, 54. But Shah said that case is pending in the U.S. Court of Appeals for the 2nd Circuit.

The immigration cases of Siraj's mother, Shahina Parveen, 50, and his sister, Sanya Siraj, 19, are dependent on the father's case, Shah said.

Mark Thorn, the Immigration and Customs Enforcement spokesman, could not say why the family was detained the day after the sentencing.

"The administrative arrests were timed so they would not conflict with the criminal prosecution or sentencing," he said.

But Shah charged that the arrests effectively muted the family's protest after the sentencing of the son.

"It's not American, to punish one person and the next day arrest the entire family," Shah said. "This is basically silencing them."

The family is being held at a detention facility in Elizabeth, N.J.

Guantanamo Inmates "Driven Insane" (FT)

By Guy Dinmore

Financial Times, January 11, 2007

Prisoners held at the Guantánamo Bay detention camp in Cuba are being driven insane by a tightening of conditions and the situation of their indefinite detention without trial, according to lawyers and rights activists involved with the US camp.

The lawyers and activists also doubt whether the Bush administration intends to carry out its stated desire to close the facility.

Protesters around the world plan to mark Thursday's fifth anniversary of the first delivery of detainees to Guantánamo with demonstrations calling for its closure. American anti-war activists and at least one former British prisoner intend to march to the perimeter of the US-held enclave in eastern Cuba.

Kenneth Roth, executive director of Human Rights Watch, says the isolation regime at Guantánamo has tightened in recent months, piling the mental pressure on inmates who have "no fair procedure" that would lead to possible release.

Mr Roth told the Financial Times he had proposed to Angela Merkel, the German chancellor and chairman of the European Union presidency, that EU member states offered to take some of the detainees who cannot return to their home countries for fear of torture. In exchange the US would offer a concrete closure plan that would lead to trials, preferably before a court martial, of remaining prisoners.

Ms Merkel was "intrigued but non-committal", Mr Roth said. But he does not believe the US is looking to close the camp – despite comments by President George W. Bush last year that he would "very much" like to shut it down.

Mr Roth is also sceptical of Mr Bush's claim in September to have closed CIA-run secret prisons when 14 terrorist suspects were transferred to Guantánamo. Human Rights Watch has documented 15 cases of prisoners who "disappeared" into the CIA prison system before September and have not been accounted for since.

Brent Mickum, a defence lawyer, says one of his two clients, Bisher al-Rawi, an Iraqi-born UK resident, "is slowly but surely slipping into madness" because of "prolonged isolation coupled with environmental manipulation that includes constant exposure to temperature extremes and constant sleep deprivation". He says his ration of toilet paper was removed because he used it for shielding his eyes from the light and his prayer rug was taken away because he used it for warmth.

Attorneys representing other prisoners say their clients kept in isolation are going insane.

Jonathan Hafetz, an attorney for the Brennan Center for Justice at New York University School of Law, says the five years of the Bush administration's detention policy and related practices may have "done more to reverse 200 years of democracy than any other government act in US history".

The answer, he said, was not simply to close Guantánamo but to reflect on how far off constitutional course our practices – and the warped policies on which they are based – had veered and to establish a rights-respecting national security policy for the future.

The US has released more than 300 inmates from Guantánamo and still holds nearly 400 there.

An official told the FT that charges would probably be laid against 60 to 80. Others will be released, but lawyers and activists are concerned that the remaining 200 to 300 will be held indefinitely.

The Pentagon said the detention of enemy combatants was in general "not criminal in nature, but to prevent them from continuing to fight against the US in the war on terror".

Guantanamo Remains Source Of Outrage (AP)

By Ben Fox

DOJ_NMG_0115377

AP, January 10, 2007

A black hood covered his eyes, shackles secured his wrists and legs. He felt lightheaded from two days without food and medication that made him sleep during the long flight. Startled by barking guard dogs, he was shouted at by troops in a language he didn't understand.

"We didn't know where we were or what was going to happen to us," Adil al-Zamil, a former Kuwaiti government clerk who was one of the first to arrive at Guantanamo Bay after the base began receiving terror suspects on Jan. 11, 2002. "We were very, very afraid."

In the early days, dogs were used to intimidate prisoners. Detainees were subjected to sleep deprivation and earsplitting rock and rap music. Some, including al-Zamil, said they were shackled in uncomfortable positions for hours.

Today, five years after the first prisoners arrived at the U.S. Navy base in southeast Cuba, the detention camp commander says those aggressive interrogation tactics are gone.

But world outrage over the detention center has grown. Protests around the world will mark the fifth anniversary Thursday of the arrival of the first 20 prisoners at Guantanamo, including a demonstration on the Cuban side of Guantanamo's gate.

Critics say the camp, where hundreds of men face indefinite incarceration, has damaged U.S. credibility and should close.

"It has become iconic in the Muslim world and the wider world ... for everything that the United States has done wrong in the war on terror," said Michael Ratner, president of the New York-based Center for Constitutional Rights.

The military says the detention center is vital as ever. Nearly 400 detainees suspected of links to al-Qaida and the Taliban are still held there.

"What we are doing is an important and integral part of the global war on terror," Navy Rear Adm. Harry B. Harris, commander of the detention center, told The Associated Press by telephone on Tuesday. "We're keeping enemies of our nation — enemy combatants, terrorists if you will — off the battlefield."

Al-Zamil, 44, insisted Tuesday that he had no links to al-Qaida or the Taliban. He says he had traveled to Afghanistan to work for a charity before being taken into custody in Pakistan and turned over to U.S. forces. He was held in Afghanistan before being transferred to Guantanamo in what he believes was February or March of 2002.

He and another Kuwaiti, Saad al-Azmi, were forced onto the tarmac in Guantanamo together.

"We were totally cut off from the world. We didn't know what was going on," al-Zamil said by telephone from Kuwait.

Al-Zamil and al-Azmi later appeared before a military panel that designated them enemy combatants, despite their claims of innocence. The panels considered the cases of 558 detainees and found that all but 38 were enemy combatants and should be held.

Al-Zamil said he was roughed up by guards and interrogators and kept shackled for long periods in cold rooms during his more than three years at the prison.

"Guantanamo is a part of hell," he said.

Al-Azmi, 27, described similar experiences, adding that a female interrogator named "Megan" or "Maggie" danced around him partially undressed, then threatened to have a male guard rape him if he did not confess to terrorist links.

The alleged incidents took place before Harris took command.

"We don't do anything today that's coercive in nature," he said. "I believe we are doing things correctly here."

The detention camp itself has undergone a transformation since the early days when prisoners were kept in metal open-air cages and used buckets for toilets.

Harris said conditions for prisoners are better because of the construction of Camp Five and, just last year, Camp Six — steel-and-concrete buildings modeled after U.S. prisons.

Human rights groups argue that the buildings, which have solid-wall one-person cells, leave the prisoners more isolated.

The military plans to charge 60 to 80 of the detainees and expects military trials to start next summer, said Air Force Col. Morris Davis, the chief prosecutor. "It certainly looks like we're much closer to getting these guys their day in court," he said.

Most of the remaining detainees, however, may never be tried by a military court, and the Military Commissions Act, which President Bush signed in October, deprives them of the right to contest their imprisonment in a civilian court.

Their best hope is that the military's Annual Review Board will determine they no longer pose a threat to the U.S. or possess intelligence value.

So far, the military has released or transferred about 380 detainees. The AP determined that more than half were later released or cleared of charges by their home countries despite former Defense Secretary Donald Rumsfeld's description of the detainees as "among the most dangerous, best-trained, vicious killers on the face of the earth."

The two Kuwaitis were sent home in November 2005 and cleared by a court in their home country of all terrorism charges.

"I'm still trying to regain my life, trying to become a normal citizen," al-Azmi said.

Al-Zamil said he worries about the detainees he left behind.

"They are living in hell as we did," he said. "I pray to God to give them patience. If I was still there I'd be a crazy person."

A Voice From Gitmo's Darkness (LAT)

By Jumah Al-Dossari

The Los Angeles Times, January 11, 2007

Guantanamo Bay Naval Base, Cuba — I AM WRITING from the darkness of the U.S. detention camp at Guantanamo in the hope that I can make our voices heard by the world. My hand quivers as I hold the pen.

In January 2002, I was picked up in Pakistan, blindfolded, shackled, drugged and loaded onto a plane flown to Cuba. When we got off the plane in Guantanamo, we did not know where we were. They took us to Camp X-Ray and locked us in cages with two buckets — one empty and one filled with water. We were to urinate in one and wash in the other.

At Guantanamo, soldiers have assaulted me, placed me in solitary confinement, threatened to kill me, threatened to kill my daughter and told me I will stay in Cuba for the rest of my life. They have deprived me of sleep, forced me to listen to extremely loud music and shined intense lights in my face. They have placed me in cold rooms for hours without food, drink or the ability to go to the bathroom or wash for prayers. They have wrapped me in the Israeli flag and told me there is a holy war between the Cross and the Star of David on one hand and the Crescent on the other. They have beaten me unconscious.

What I write here is not what my imagination fancies or my insanity dictates. These are verifiable facts witnessed by other detainees, representatives of the Red Cross, interrogators and translators.

During the first few years at Guantanamo, I was interrogated many times. My interrogators told me that they wanted me to admit that I am from Al Qaeda and that I was involved in the terrorist attacks on the United States. I told them that I have no connection to what they described. I am not a member of Al Qaeda. I did not encourage anyone to go fight for Al Qaeda. Al Qaeda and Osama bin Laden have done nothing but kill and denigrate a religion. I never fought, and I never carried a weapon. I like the United States, and I am not an enemy. I have lived in the United States, and I wanted to become a citizen.

I know that the soldiers who did bad things to me represent themselves, not the United States. And I have to say that not all American soldiers stationed in Cuba tortured us or mistreated us. There were soldiers who treated us very humanely. Some even cried when they witnessed our dire conditions. Once, in Camp Delta, a soldier apologized to me and offered me hot chocolate and cookies. When I thanked him, he said, "I do not need you to thank me." I include this because I do not want readers to think that I fault all Americans.

But, why, after five years, is there no conclusion to the situation at Guantanamo? For how long will fathers, mothers, wives, siblings and children cry for their imprisoned loved ones? For how long will my daughter have to ask about my return? The answers can only be found with the fair-minded people of America.

I would rather die than stay here forever, and I have tried to commit suicide many times. The purpose of Guantanamo is to destroy people, and I have been destroyed. I am hopeless because our voices are not heard from the depths of the detention center.

If I die, please remember that there was a human being named Jumah at Guantanamo whose beliefs, dignity and humanity were abused. Please remember that there are hundreds of detainees at Guantanamo suffering the same misfortune. They have not been charged with any crimes. They have not been accused of taking any action against the United States.

Show the world the letters I gave you. Let the world read them. Let the world know the agony of the detainees in Cuba.

JUMAH AL-DOSSARI is a 33-year-old citizen of Bahrain. This article was excerpted from letters he wrote to his attorneys. Its contents have been deemed unclassified by the Department of Defense.

HOMELAND RESPONSE:

Daylight Sought For Data Mining (WP)

By Ellen Nakashima And Alec Klein

The Washington Post, January 11, 2007

Key senators introduced legislation yesterday that would require the government to disclose data-mining programs to Congress in an effort to protect Americans' privacy and prevent misuse of personal information.

The bill, introduced by Sens. Russell Feingold (D-Wis.) and John E. Sununu (R-N.H.) requires federal agencies to report the development and use of data-analysis technologies to "discover predictive or anomalous patterns indicating criminal or terrorist activity."

Lawmakers introduced similar bills twice in recent years, but they languished in a Republican-controlled Congress.

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The new chairman of the Senate Judiciary Committee, Patrick J. Leahy (D-Vt.), vowed that Congress would take a much more active role in the oversight of government surveillance and data-collection programs.

"The American people have neither the assurance that these massive data banks will make us safer, nor the confidence that their privacy rights will be protected," Leahy said at the first in a series of hearings on the subject. He is a co-sponsor of the bill.

Leahy said at least 52 federal agencies use data-mining technologies and at least 199 data-mining programs are operating or planned throughout the government, including 14 within the departments of Defense, Homeland Security, Justice, and Health and Human Services. Those do not include programs run by the National Security Agency. According to Leahy's staff, the NSA has not disclosed to the committee what, if any, data-mining programs it is conducting. An NSA spokesman declined to comment.

Leahy said that the government's terrorist watch list includes names of more than 300,000 people -- including infants and members of Congress. "We also need to understand that a mistake in a government database could cost a person his or her job, sacrifice their liberty and wreak havoc on their life and reputation," he said.

Yesterday's hearing underscored the sensitivity of the debate about privacy and security. Jim Harper, director of information policy studies at the Cato Institute, said one of the more aggressive technologies gaining currency is predictive data-mining, which looks for patterns of behavior in data based on a template.

Predictive data mining, he said, "cannot catch terrorists" because there are too few "terrorist patterns" to base a model on. Few terrorists would be caught, he said, and "a lot of" innocent people would be targeted.

Leslie Harris, executive director of the Center for Democracy and Technology, a privacy advocacy group, said the administration was "bewitched with this technology" although there was "very little evidence" that predictive data mining works.

But Kim Taipale, executive director of the Center for Advanced Studies in Science and Technology Policy, called data mining "a productivity tool . . . to make better use of limited resources" in fighting terrorism.

"Some innocent people will be burdened in any preemptive approach to terrorism, and unfortunately some bad guys will get through," he said. But if implemented correctly with oversight, "we can correct errors."

Robert L. Barr Jr., a former Republican member of the House from Georgia and also a former federal prosecutor, said the issue is not errors but an administration that he believes is thumbing "its nose at the Congress" and using data mining in a way that potentially "everybody is a suspect."

Citizens Said To Lack Legal Protection From Government Data Mining (USAT/AP)

USA Today, January 11, 2007

WASHINGTON (AP) — The government's ability to use computers to gather personal information about citizens and act on it has far outstripped the federal laws designed to protect them from secret federal dossiers, a privacy advocate told Congress on Wednesday.

Leslie Harris, executive director of the Center for Democracy and Technology, asked the Senate Judiciary Committee to update the Privacy Act and other laws to keep pace with the Digital Age.

She was among a handful of think-tank scholars and privacy advocates who testified Wednesday about government data-mining — the computerized searching of large banks of information for clues to the identity of terrorists or criminals. Their broadest area of agreement was that Congress needs to know much more about what the government is doing in data-mining.

Judiciary Chairman Sen. Patrick Leahy, D-Vt., said this hearing, the first since Democrats retook control of the Senate, was the beginning of a series on privacy-related issues.

Noting that congressional auditors in 2004 found 199 data-mining programs operating or planned in federal agencies, Leahy said, "Congress is overdue in taking stock of the proliferation of these databases."

To that end, panel member Sen. Russ Feingold, D-Wis., introduced a bill Wednesday co-sponsored by Leahy and endorsed by several witnesses.

Feingold told the hearing that his proposed Federal Data Mining Reporting Act would require federal agencies to regularly inform Congress about their use of data mining "to discover predictive or anomalous patterns indicating criminal or terrorist activity — the types of data analysis that raise the most serious privacy concerns."

While acknowledging terrorism is a threat, Harris told the committee: "Especially in the counterterrorism context, a major shift in the data collection and use landscape is taking place without a suitable privacy and due process framework."

"The government is accessing entire buckets of data without a warrant" and without specific suspicion of particular individuals, Harris said.

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An individual mistakenly designated as a possible terrorist or associate of terrorists can face "arrest, deportation, loss of a job, more intrusive investigation, discrimination, damage to reputation and a lifetime of suspicion, with little or no opportunity for redress or correction of errors," Harris said.

She said the impact of technological innovations combined with new government powers enacted after the Sept. 11, 2001, attacks and outdated legal protections was illustrated by the Customs and Border Protection agency's "Automated Targeting System."

The Associated Press disclosed last month that the system had been developing risk assessments of millions of Americans over the last four years without their knowledge. The AP also reported those assessments of people who traveled aboard were to be kept for 40 years and could be shared with state, local and foreign governments and even some private contractors.

Under existing law, "a risk score developed for border screening purposes could easily migrate to other uses (years after the citizen was determined not to be a threat)," Harris said.

Customs officials say the program is legal and essential to keeping terrorists out of the country. Leahy said last month on C-Span's "Newsmakers" program he thought it violated a congressional ban using on data-mining tools to assign risk to passengers not on watch lists.

Both Parties Push Oversight Of Government Data Mining (WT)

By Audrey Hudson

The Washington Times, January 11, 2007

Democrats and Republicans found one issue they can agree on during the first 100 hours of the new session -- congressional oversight of government data mining, which both sides say is an unwarranted invasion into the lives of hundreds of thousands of Americans.

Sen. Patrick J. Leahy, Vermont Democrat and chairman of the Senate Judiciary Committee, held a hearing Wednesday morning on the privacy and security implications of nearly 200 data-mining programs used by more than 50 federal agencies.

Afterward, he and Sen. John E. Sununu, New Hampshire Republican, introduced legislation that administrations would report such programs and activities to Congress.

"Advances in technologies make data banks and data mining more powerful and more useful than at any other time in our history," Mr. Leahy said. "These can be useful tools in our national security arsenal, but we should use them appropriately so that they can be most effective."

Mr. Leahy warned that the potential for abuse requires oversight. "A mistake can cost Americans their jobs and wreak havoc in their lives and reputations that can take years to repair," he said.

The data mining involves taking information collected by data brokers to detect patterns of behavior or track an individual. The data can include credit-card purchase details, airline-ticket and frequent-flier information, bank and medical records, even magazine subscriptions and phone information.

Data mining is often used to track those who default on student loans or launder money. Homeland Security Department officials hope to use the technology to screen airline passengers and at border crossings.

Mr. Sununu said data mining can be an essential tool to detect patterns that point to terrorist activity.

"However, it is imperative that we understand the impact of such technology on Americans' personal privacy. In order to do this, Congress must be fully informed of the current data-mining technologies, new ones that are being developed, the effectiveness of those technologies, and the privacy protections in place," Mr. Sununu said.

Sen. Russ Feingold, Wisconsin Democrat and co-sponsor of the bill, said: "The possibility of unchecked, secret use of data-mining technology threatens one of the most important values that we are fighting for in the war against terrorism -- freedom."

Former Rep. Bob Barr, a Georgia Republican who recently became an activist for the Libertarian Party, told the panel that data mining poses a "serious threat" to the First, Second, Fourth and Fifth amendments to the Constitution.

"That is nearly half of the Bill of Rights," he said.

"Adding insult to injury, there is no scientific proof that data mining to identify terrorists even works. No scientist has ever demonstrated that the government can predict who will commit an act of terror at some future time. Yet the government spends tens of billions of taxpayers' dollars on data-mining programs each year -- collecting, manipulating, retaining and disseminating the most personal and private information on unknowing American citizens and others," Mr. Barr said.

James Jay Carafano, a senior research fellow with the Heritage Foundation, defended the practice of data mining but agreed oversight is needed.

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"The federal government's use of data-mining technology should be strictly limited to national security-related investigations," Mr. Carafano said. "Congress should also require agencies to report on their intent to establish data-mining programs and require annual reports on their implementation, as well as their compliance with federal guidelines."

Hospitals Want Better Coordination During Emergencies (WT)

By Alicia Borgess

The Washington Times, January 11, 2007

Representatives of area hospitals will meet today and tomorrow to discuss how they can improve communication during mass-casualty events.

Organizers say hospitals rarely have privileged access to information during a large-scale emergency and often must rely on the press for updates. Therefore, hospital workers often have difficulty gauging the extent of a crisis and preparing themselves for a surge of patients.

Washington Hospital Center's ER One Institute is sponsoring the fourth annual conference, to be held at the Leavy Conference Center at Georgetown University.

According to a report by Trust for America's Health, a nonprofit organization, improved communication is one of the major concerns regarding U.S. hospitals involved in emergency preparedness.

Emergency situations such as the September 11, 2001, terrorist attacks and Hurricane Katrina in 2005 highlighted the need for improvement in disaster response, officials said.

Beverly A. Pritchett, senior deputy director of the D.C. Department of Health, Emergency Health and Medical Services Administration, said the tragic events have resulted in more community support.

The District "now has an emergency health-reserve corps in which anyone can volunteer to help their community," she said.

At the conference, Mrs. Pritchett will talk about how a community can develop disaster-prevention practices.

Information from health officials would help prevent the spread of a pandemic by "connecting with the community to educate them about proper hygiene procedures so that they become a habit now," she said.

The conference also will include discussions on relief efforts and collaboration in combat and foreign disaster zones.

The keynote speaker will be Dr. B. Tilman Jolly, the Department of Homeland Security's associate medical officer.

Other speakers will include Dr. James Aiken, the medical director for Emergency Preparedness at the Medical Center of Louisiana, and Dr. Daniel Laor, the director of the Disaster and Emergency Division of the Israeli Ministry of Health in Jerusalem.

"This conference brings not only Homeland Security, but also representatives from the District, New Orleans, New York and many others, especially from metropolitan areas with high potential terrorist activity," said LeRoy Tillman a Washington Hospital Center spokesman.

Revisiting Parental Leave (WP)

By Stephen Barr

The Washington Post, January 11, 2007

Many companies offer paid parental leave to their employees after the birth of a child, but not Uncle Sam.

Naturally, young federal employees would like the government to offer such family leave, but personnel officials have balked, saying that the government already provides a generous package of vacation and sick leave and that more paid time off would not improve recruitment and retention of employees.

If Sen. Ted Stevens (R-Alaska) has his way, however, that debate will be reopened this year. He has introduced a bill that would provide eight weeks of paid leave to federally employed women after childbirth and five days of paid leave for new fathers. The bill also would provide five days of paid leave to federal employees who adopt children.

Federal parents would also receive eight hours of paid leave to take their children to the doctor or dentist and for parent-teacher meetings at schools.

Stevens, a longtime advocate for federal employees, has his eye on the legislative branch, too. An aide said Stevens wants to require senators to offer paid maternity leave to their staffers. (He gives 12 weeks of paid maternity leave to employees in his office.) And while he is at it, Stevens is working on another bill to require companies with more than 50 employees to provide paid maternity leave.

Stevens played a key role in the creation of the Thrift Savings Plan, a 401(k)-type retirement savings program. He also was one of the original sponsors of the 1993 Family Medical Leave Act, which provides 12 weeks of unpaid leave.

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The senator has named his federal employee bill the Family Leave Act. In a written statement, Stevens said: "It will provide time for mothers to recover after childbirth without having to worry about the financial burdens that come with unpaid leave. Thousands of Alaska women work for the federal government and could benefit under this new program."

Sen. Lisa Murkowski (R-Alaska) will join Stevens as a co-sponsor of bill. Other senators also will be invited to co-sponsor the leave bill, the aide to Stevens said.

In recent years, House members usually have taken the lead in sponsoring bills to provide federal employees with six weeks of paid parental leave for the birth of a child or an adoption. Last year, Reps. Carolyn B. Maloney (D-N.Y.), Steny H . Hoyer (D-Md.) and Thomas M. Davis III (R-Va.) co-sponsored a parental leave bill.

The Bush administration has looked at the issue as part of its budget planning for fiscal 2008. Linda M. Springer, director of the Office of Personnel Management, has expressed interest in exploring whether a program could be created to offer short-term disability insurance to federal employees. Such a program might be a way to provide maternity benefits, easing complaints from younger federal employees who often say they run short of vacation and sick leave when caring for a newborn or an adopted child.

Any proposals to expand federal benefits may run up against efforts to erase some of the federal budget's red ink. Congressional leaders hope to hold down government spending as part of an effort to reduce the federal deficit.Bush to Oppose Screeners Union

A House plan to give collective bargaining rights to about 43,000 airport screeners at the Transportation Security Administration will be opposed by the White House.

The proposal to roll back a Bush administration ban on unions at the TSA was included in a bill to implement many of the remaining recommendations of the 9/11 Commission. The bill was approved 299 to 128 late Tuesday and was sent to the Senate.

"This measure seeks to reverse the flexibility given to TSA to perform its critical aviation security mission," the Office of Management and Budget said in a statement. "The administration vigorously disagrees with these provisions of the bill."

The American Federation of Government Employees, which has sought to represent screeners since 2001, contends that the TSA workers should have the same union rights as other Department of Homeland Security employees.Business.gov

Federal forms used by companies, such as wage and tax statements, are only a click away, at http://www.business.gov.

The Web site has a search engine that can find forms, by their identifying number or by keywords, in a database of 5,400 documents. Launched in 2004, Business.gov is managed by the Small Business Administration in partnership with 21 other federal agencies.

Judge Orders More Mediation In Katrina Lawsuits (FINDLAW/AP)

By Garry Mitchell, Associated Press Writer

AP, January 11, 2007

(AP) - GULFPORT, Mississippi-A federal judge on Wednesday ordered into mediation dozens of lawsuits policyholders filed against insurance companies after Hurricane Katrina.

Several of the cases sent to mediation, which accuse the insurance companies of denying their claims, are involved in recent settlement talks between State Farm Fire & Casualty Co., Mississippi Attorney General Jim Hood and policyholders' lawyers.

People with direct knowledge of the settlement talks told The Associated Press this week that State Farm, Mississippi's largest home insurer, is considering paying hundreds of millions of dollars to settle more than 600 lawsuits and resolve thousands of other disputed claims.

A mass settlement would be the first of its kind to follow the wave of litigation spawned by Katrina.

Hundreds of Mississippi homeowners have sued State Farm and other insurers for refusing to cover billions of dollars in damage from Katrina's storm surge.

The 83 lawsuits ordered into mediation Wednesday include ones filed on behalf of U.S. Senator Trent Lott and Representative Gene Taylor, whose Gulf region homes were destroyed by the 2005 hurricane. Each sued State Farm for denying their claims.

Of 55 Katrina cases that have been heard by a mediator, 28 have resulted in settlements, according to the office of U.S. District Judge L.T. Senter Jr.

Insurers say their homeowner policies cover damage from wind but not from water, and that the policies exclude damage that could have been caused by a combination of both, even if hurricane-force winds preceded a storm's rising water.

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State Farm, Hood and plaintiffs' lawyers are nearing an agreement that calls for the insurer to pay at least $50 million (â,¬38.5 million) - but possibly hundreds of millions more - to about 35,000 policyholders who have not sued the company for denying their claim, people with knowledge of the talks said.

A settlement would not involve claims filed by State Farm policyholders in other states.

Meanwhile on Wednesday, State Farm's expert witnesses told a jury that no evidence supports the claim of policyholders Norman and Genevieve Broussard that a tornado during the hurricane destroyed their home. The trial, only the second such case to be tried in Mississippi, is not part of the settlement talks.

Associated Press writer Michael Kunzelman contributed to this report.

WAR NEWS:

Bush Adds Troops In Bid To Secure Iraq (NYT)

By David E. Sanger

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — President Bush announced Wednesday evening that he was sending more than 20,000 American troops to Iraq to quell the sectarian violence there and conceded for the first time that there were not enough American or Iraqi troops in Baghdad to halt the capital's descent over the past year into chaos.

In a speech to the nation, Mr. Bush dropped his insistence that the United States was making progress toward building a workable Iraqi democracy. But he rekindled his argument that "failure in Iraq would be a disaster for the United States," saying that it would touch off chaos throughout the Middle East, provide a launching pad for attacks in the United States, and embolden Iran to develop nuclear weapons. (Transcript of the Address)

In documents released just before the speech, the White House acknowledged that his previous strategy was based on fundamentally flawed assumptions about the power of the shaky Iraqi government. He described his new strategy as an effort to "change America's course in Iraq," and gave no indication that the troop increase would be short-lived. He said that "we must expect more Iraqi and American casualties" in the course of more intensive around-the-clock patrols in some of Baghdad's most dangerous neighborhoods.

Mr. Bush rejected all calls to begin a withdrawal from Iraq, arguing that the strategies advocated by newly empowered Democrats, restive Republicans and the bipartisan Iraq Study Group were a formula for deepening disaster.

"To step back now would force a collapse of the Iraqi government," Mr. Bush said from the White House library, a room officials said was chosen to create more of a sense of a conversation with an anxious American public, rather than the formal surroundings of the Oval Office. "Such a scenario would result in our troops being forced to stay in Iraq even longer, and confront an enemy that is even more lethal. If we increase our support at this crucial moment, and help the Iraqis break the current cycle of violence, we can hasten the day our troops begin coming home."

Mr. Bush also offered his most direct acknowledgment of error in an American-led war that has lasted nearly four years and claimed more than 3,000 American lives. "Where mistakes have been made, the responsibility lies with me," he said.

Yet for the first time, Mr. Bush faces what could become considerable political opposition to pursuing a war in which 132,000 Americans are already committed, even before the increases announced Wednesday night. Democrats in Congress are drawing up plans for what, at a minimum, could be a nonbinding resolution expressing opposition to the commitment of more forces to what many of them say they now believe is a losing fight. They will be joined by some Republicans, and may attempt other steps to block Mr. Bush from deepening the American commitment. Not since Richard M. Nixon ordered American troops in Vietnam to invade Cambodia in 1970 has a president taken such a risk with an increasingly unpopular war.

"For the safety of our people, America must succeed in Iraq," Mr. Bush said in repeating an argument that he has used for nearly four years — that a retreat from the country before a decisive victory is won would provide terrorists a launching pad for new attacks on the United States and American targets.

In the 20-minute address, Mr. Bush said that for the first time Iraq would take command-and-control authority over all of its own forces, and he said that while more Americans ground troops were being put into the field, they would take more of a background role. He said that the Iraqi government had committed to a series of "benchmarks" — which included another 8,000 Iraqi troops and police in Baghdad, passage of long-delayed legislation to share oil revenues among Iraq's sects and ethnic groups, and a $10 billion jobs and reconstruction program, financed by the Iraqis. In a running series of large and small briefings for reporters that opened a major campaign to market the new strategy, Mr. Bush's aides insisted that the plan was largely created by the government of Prime Minister Nuri Kamal al-Maliki.

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Yet Mr. Bush sounded less than certain of his support for the prime minister, who many in the White House and the military fear may be intending to extend Shiite power over the Sunnis, or could prove incapable of making good on his promises. "If the Iraqi government does not follow through on its promises, it will lose the support of the American people and it will lose the support of the Iraqi people," Mr. Bush declared.

The president put it far more bluntly when leaders of Congress came to visit Mr. Bush at the White House earlier on Wednesday. "I said to Maliki this has to work or you're out," the president told the Congressional leaders, according to two officials who were in the room. Pressed on why he thought this strategy would succeed where previous efforts had failed, Mr. Bush shot back: "Because it has to."

Until the summer, Mr. Bush had used the phrase "stay the course" to describe his approach in Iraq, and his decision to describe his new strategy as an effort to "change America's course" appeared intended to distance himself from that old approach. An earlier plan unveiled in November 2005 had been entitled a "Strategy for Victory in Iraq," but Mr. Bush used the word "victory" sparingly on Wednesday night, and then only to diminish expectations.

"The question is whether our new strategy will bring us closer to success," he said. "I believe that it will," saying that if it is successful it would result in a "functioning democracy" that "fights terrorists instead of harboring them."

In some of his sharpest words of warning to Iran, Mr. Bush accused the Iranian government of "providing material support for attacks on American troops" and vowed to "seek out and destroy the networks providing advanced weaponry and training to our enemies." He left deliberately vague the question of whether those operations would be limited to Iraq or conducted elsewhere, and said he had ordered the previously reported deployment of a new aircraft carrier strike group to the region, where it is in easy reach of Iranian territory.

Mr. Bush also announced that Secretary of State Condoleezza Rice would leave Friday for the region to build diplomatic support for the American effort in Iraq.

A new defense secretary, Robert M. Gates, who replaced Donald H. Rumsfeld, is among the new members of the Iraq team whom Mr. Bush has brought in to execute the strategy announced Wednesday night. In the past week, Mr. Bush has sped the removal of the American commander in Iraq, Gen. George W. Casey Jr., who is to become the Army chief of staff, and replaced him with a counterinsurgency specialist, Gen. Lt. Gen. David H. Petraeus , who has embraced the new plan. A new American ambassador has been nominated to Baghdad as well, to replace Zalmay Khalilzad, a Sunni of Afghan heritage, who will represent the United States in the United Nations.

The five-brigade increase in American forces will be accomplished by speeding up the deployment of four units already scheduled to go to Iraq, and by sending one additional brigade that was not scheduled to go. The total increase of American troops in Iraq amounts to roughly 21,000, including 4,000 marines who will be stationed in Anbar Province, the stronghold of elements of Al Qaeda in Iraq and the Sunni insurgency. The increase in Iraqi troops and police amounts, officials said, to about 8,000.

The units heading into Iraq begin with a brigade of the 82nd Airborne Division, now in Kuwait, expected in Iraq before the end of the month, followed by a brigade of the First Infantry Division, based at Fort Riley, Kan., probably next month. The Army is also planning to announce that the Second Infantry Division, Fourth Brigade, based in Fort Lewis, Wash., and the Third Infantry Division's Second Brigade, based at Fort Stewart, Ga., and the Third Brigade, based at Fort Benning, Ga., should begin preparing to go to Iraq earlier than scheduled. Officials said that the total increase in troops could take three or four months.

The Bush plan also calls for delaying the departure from Iraq of a Minnesota National Guard brigade by four months, an official said. The unit had been planning to depart in the spring and had not been notified that it would be staying longer, Lt. Col. Kevin Olson, a spokesman for the Minnesota Guard, said Wednesday.

While Democrats and some Republicans who have attacked Mr. Bush's plan in advance of the speech have questioned sending more troops, others question whether the Bush plan is too small — and falls short of the numbers needed to make a difference in a violent capital of six million. Nonetheless, one of Mr. Bush's top advisers said at the White House on Wednesday that he expected that Senator John McCain, who has championed a significant, long-term increase in troops, would embrace the president's plan.

The adviser cited a section of the Iraq Study Group's report that said the bipartisan commission could "support a short-term redeployment or surge of American combat forces to stabilize Baghdad, or to speed up the training and equipping mission."

But on the same page, the report warns that "adding more American troops could conceivably worsen those aspects of the security problem that are fed by the view that the United States presence is intended to be a long-term "occupation." Similarly, the group urged direct engagement with Iran and Syria; Mr. Bush rejected that approach.

Mr. Bush, one of his top aides said in an interview on Wednesday, simply concluded that "the Iraqi government was running out of time" and would collapse without additional help. Yet at the core of Mr. Bush's new strategy, his own aides said, lies a tension between two objectives: Mr. Bush's commitment to staying in Iraq until the country is a stable, self-sustaining

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democracy, and his vague threat to Mr. Maliki that the American presence in the country would be cut short if Americans believed that the effort was failing.

His aides hinted that the administration had already come up with a “Plan B” in case the latest strategy failed, with one saying “there are other ways to achieve our objective” that departed from the strategy Mr. Bush outlined. But he would not describe that strategy, or say if it involved withdrawal, containment, or the breakup of the country into sectarian entities.

Mr. Bush said nothing on Wednesday evening about the cost of his plan in money, though he spoke of its cost in blood. The new aid and job-creation plans, his aides said, would likely cost around $1.1 billion.

Admitting Failures, Bush Orders Troop Surge (LAT)

By James Gerstenzang

The Los Angeles Times, January 11, 2007

WASHINGTON — Acknowledging that his current strategy had failed, President Bush tonight announced a new approach that called for sending some 21,000 more U.S. troops to Iraqi but also warned its government that "America's commitment is not open-ended."

"The situation in Iraq is unacceptable to the American people — and it is unacceptable to me," Bush said, acknowledging diminished public support for the war and an increasingly assertive opposition in the new, Democratic-controlled Congress.

"It is clear that we need to change our strategy in Iraq," the president said.

The new plan calls for assigning top priority to ending the sectarian violence in key areas of Baghdad, assigning primary responsibility for security to the Iraqi army and police, and shifting U.S. troops into a supporting role — including embedding more American personnel with Iraqi units.

"Many listening tonight will ask why this effort will succeed when previous operations to secure Baghdad did not," Bush acknowledged. The answer, he said, was that the new effort would have more resources and that Iraqi officials have given the U.S. "a green light" to take action in all neighborhoods of the capital. In the past, powerful members of the Iraqi government have shielded some areas from security crackdowns, often to protect sectarian supporters.

Bush repeatedly warned members of the current Iraqi government that they must step up to the challenge of providing security despite the sectarian tensions and divisions that hamper it.

"I have made it clear to the prime minister and other leaders that America's commitment is not open-ended. If the Iraqi government does not follow through on its promises, it will lose the support of the American people and it will lose the support of the Iraqi people," Bush said.

Baghdad must also meet a series of benchmarks — previously imposed but never met — including an equitable division of oil revenues and measures designed to create a broad government of reconciliation, he said.

At the same time, the president again insisted that the United States must not fail in its efforts to stabilize Iraq.

Delivering a nationally televised speech to the nation reflecting the product of a reassessment conducted over several months, Bush, in a far less muscular tone than is his custom, delivered what was in effect half an ultimatum: He warned Iraqi leaders that time was running out but put no time limit on the U.S. role there.

The increased deployment will bring an additional 21,500 U.S. troops to Iraq, on top of the 140,000 there now. The president is expected to seek $5.6 billion in a supplemental spending request he will send to Congress apart from the 2008 budget he will submit Feb. 5.

According to a Defense Department official, the 21,500-troop increase in Iraq will be achieved by sending one new Army brigade to Baghdad — a unit of the 82nd Airborne Division, which is already en route to Kuwait — and speeding up the deployment of other Army units that were to go to Iraq this spring.

One of these units, the 1st Brigade of the 3rd Infantry Division, has already begun its early deployment, the official said.

Two Marine battalions in Iraq that were scheduled to depart next month will also have their rotation extended to provide the 4,000 additional troops in western Anbar province, the official said.

Administration officials said they were bolstering forces in the province because it has been an Al Qaeda stronghold but local tribes had begun to turn against it — creating an opportunity for U.S. and Iraqi forces to attack the terrorist organization with the cooperation of local leaders.

Some Marine commanders in Anbar have expressed unhappiness that the Iraqi forces they're working with may be shifted to Baghdad as part of the new strategy of focusing on security in the capital.

The Iraqi army battalions in Anbar were already undermanned and replacement units are of unknown capabilities.

"I'm very disappointed," said Col. Larry Nicholson, commanding officer of the 5th Marine Regiment. "I hope it's only for 60 to 90 days."

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Marine Commandant Gen. James Conway said Nicholson and other commanders have to remember "the big picture" and its new priorities.

Among the other Army units that will have their deployments sped up are the 4th Brigade of the 1st Infantry Division and the 3rd Brigade of the 3rd Infantry Division.

In addition, the White House announced it will remobilize units of the Army National Guard to help sustain the buildup, a potentially controversial move that will force some Guard brigades into second tours in Iraq. Until now, Pentagon policy has required such units to deploy overseas only once every six years; the remobilization will reverse that policy.

The only Army unit that could be extended is a Minnesota National Guard brigade that was originally due to return to the U.S. in March.

Also, the administration will request legislation asking for the Army and Marines to be increased.

Although the troop numbers are slightly lower than some advocates of a buildup have advocated, they were cautiously optimistic, noting that the number of individual Army brigades and Marine regiments being sent were largely in line with their recommendations.

Bush will be sending five Army brigades to Baghdad and the equivalent of one Marine regiment to Anbar, only slightly less than the five brigades and two Marine regiments recommended by retired Army Gen. Jack Keane, an influential backer of the buildup.

"We were very careful to focus on the number of brigades, and that's what to look for," said Frederick Kagan, an analyst at the American Enterprise Institute and co-author with Keane of a build-up strategy that was largely embraced by the White House.

At its heart, the president's plan puts new reliance on the government of Prime Minister Nouri Maliki to meet the overwhelming security challenges posed by sectarian militia violence and insurgents, and field effective security forces in some of the most strife-torn districts of Baghdad and surrounding communities.

The new plan also calls for stimulating economic recovery as part of an effort to clear, hold and revitalize key areas in the Iraqi capital.

The new strategy, Bush said, "will change America's course in Iraq."

"Only the Iraqis can end the sectarian violence and secure their people. And their government has put forward an aggressive plan to do it," Bush said.

The president, who until recent weeks brooked no suggestion in public that the United States was not succeeding in Iraq, changed his tone tonight.

"Our past efforts to secure Baghdad failed for two principal reasons: There were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents. And there were too many restrictions on the troops we did have.'"

At this time a year ago, the president had delivered a series of speeches outlining his strategy for "victory," only to run head-on, as he acknowledged tonight, to a year of sectarian violence that began in February with the attack on the Golden Mosque, one of the most important Shiite shrines, in Samarra.

In documents supporting Bush's argument, the White House detailed shifting assumptions about conditions in Iraq, conceding that "sectarianism is spiking," that security must precede economic and political gains — rather than insisting that political progress demonstrated by the election of the Maliki government would bring security — and recognizing that Iraqis are "increasingly disillusioned" by the efforts of the U.S.-led coalition.

The reliance Bush is placing on Maliki reflects the public support he has given the Iraqi prime minister for months — but runs contrary to the private opinion expressed in a classified memorandum written by the White House national security advisor, Stephen Hadley, and leaked in November just before Bush and Maliki met in Amman, Jordan. The memo questioned Maliki's competence and intentions.

Bush delivered the speech in the White House Library, long ago a basement laundry room but since 1935 the repository of the mansion's literary collection and numerous antiques, which presents a less formal aura.

The president faces a tough sell: Democratic leaders in the House and Senate are planning to put forward nonbinding resolutions on the plan to send additional troops to Iraq, and some Senate Republican have indicated they might support them.

A USA Today/Gallup poll conducted last week found that 12% of those surveyed supported sending additional troops; 85% favored withdrawing — either immediately (15%), within 12 months (39%) or over as many years as needed (31%).

Bush and his advisors are loath to call the new plan a last chance for the United States in Iraq, even as their language suggests that it is. At the same time, they are emphasizing the importance that the American goals be met there — and none is suggesting directly that the United States would begin to pull out of Iraq if Iraqis fail again to secure the country, where the American death toll has passed 3,000 as the war nears the end of its fourth year.

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The Iraqi toll is so uncertain that estimates have ranged over hundreds of thousands, with the uncertainly itself a sign of the chaos there.

The president's speech was short on specifics, but Bush said Iraq had committed itself to moving three brigades now deployed in relatively quiet areas to Baghdad — one by Feb. 1 and two by Feb. 15.

U.S. officials say that 80% of the violence in Iraq is occurring within 30 miles of the capital. They did not say how they would respond if those responsible for the roadside bombs, assassinations and other attacks move their operations to other quarters of the country that have been relatively peaceful. Bush said that his military commanders reviewed the Iraqi government's security plan and said that it corrected earlier mistakes and that "this plan can work."

He also said that Maliki "has pledged that political or sectarian interference will not be tolerated," a clear suggestion that the prime minister will stand up to the powerful radical cleric, Muqtada Sadr, who controls the sectarian Shiite Muslim militia known as the Mahdi army.

In the past, Iraqi officials have made commitments to step up and take charge of their country's security, only to fall short of quelling sectarian militias and insurgent violence.

"America," Bush said, "will hold the Iraqi government to the benchmarks it has announced."

With pressure mounting to bring troops home, Bush said that to "step back now would force a collapse of the Iraqi government," which would mean an even longer deployment of U.S. forces there and creation of a more lethal enemy. But an increase in U.S. support, he said, would "help the Iraqis break the current cycle of violence" and speed the return of U.S. forces to the United States.

While Bush presented his plan as a sharp shift in the United States' approach in Iraq, his portrayal of the importance of the war was unchanged. The struggle there, he said, "will determine the direction of the global war on terror and our safety here at home.

"The question is whether our new strategy will bring us closer to success. I believe that it will," he said.

While U.S. officials addressed the new reliance on Iraq to meet its security needs, they did not say that Iraq's failure would bring a withdrawal of U.S. troops.

Bush's plan has "benchmarks," one official said, but the president "hasn't got a timeline" after which he will pull out the U.S. forces.

On Thursday, Bush plans a reprise of the speech during a lunchtime visit to Ft. Benning, Ga., where nearly all but the newest recruits have served at least one tour in Iraq.

"This is not, give one speech, dust your hands off and walk away. This is the beginning of an important process for the American people and for the political community to think seriously about it," White House Press Secretary Tony Snow said Tuesday.

Several hours before Bush spoke, the president called leaders in South Korea, Poland and Japan to thank them for their support in Iraq and to give them a preview of the speech, said Gordon Johndroe, spokesman for the National Security Council. Each has combat troops serving there.

Johndroe said Bush also spoke with key Iraqi leaders, representing Kurds, Shiite Muslims and Sunni Muslims, raising the Iraqi government's commitment "to bringing security" to the country.

Bush To Add 20,000 Troops In An Effort To Stabilize Iraq (WP)

By Michael Abramowitz And Robin Wright

The Washington Post, January 11, 2007

President Bush appealed directly to the American people last night to support a renewed campaign to pacify Iraq, saying it is necessary to add new troops so that the beleaguered Iraqi government can regain control of the streets of Baghdad and revive the process of political reconciliation and economic rebuilding.

In a nationally televised address, Bush acknowledged for the first time that he had not sent enough troops to provide security in Iraq last year. Standing in the library of the White House, he described the situation in Iraq as "unacceptable" to the American people and to himself. "Our troops in Iraq have fought bravely. They have done everything we have asked them to do," he said. "Where mistakes have been made, the responsibility rests with me."

Bush said he will order more than 20,000 soldiers and Marines to help the Iraqi government provide security in Baghdad and fight the Sunni insurgency in Anbar province. But he emphasized that Iraqi soldiers will take the lead in the new fighting, and he said that the focus of American troops will be to advise and support Iraqi forces, with the additional U.S. troops embedded in Iraqi units.

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In some of his sharpest language to date, the president placed the responsibility of improving conditions squarely on the government of Iraqi Prime Minister Nouri al-Maliki, who has not delivered on an array of promised reforms and security measures.

"I have made it clear to the prime minister and Iraq's other leaders that America's commitment is not open-ended," Bush said last night. "If the Iraqi government does not follow through on its promises, it will lose the support of the American people -- and it will lose the support of the Iraqi people. Now is the time to act."

Even before the president began speaking, Democrats in Congress were mobilizing against his new plan. Just two months after Republicans lost their majorities in the Senate and the House in an election widely seen as a repudiation of his policies in Iraq, Bush's speech signaled that he is essentially choosing to deepen U.S. involvement, gambling that more focused operations and improved tactics will result in success that has so far eluded the United States.

Bush's new plan acknowledges that security must be the priority of the mission -- not political reform, as many in the U.S. military have argued. "The most urgent priority for success in Iraq is security, especially in Baghdad," Bush said last night.

"Our past efforts to secure Baghdad failed for two principal reasons," Bush said. "There were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents. And there were too many restrictions on the troops we did have. Our military commanders reviewed the new Iraqi plan to ensure that it addressed these mistakes. They report that it does."

Bush made it clear that his revised strategy involves more than military measures. A central element will focus on expanded economic assistance to complement the new security plan for Baghdad.

"A successful strategy for Iraq goes beyond military operations," the president said. "Ordinary Iraqi citizens must see that military operations are accompanied by visible improvements in their neighborhoods and communities."

The United States will allocate more than $1 billion for three programs to create jobs and help reconstruction in neighborhoods secured by Iraqi and U.S. forces. The Joint Chiefs of Staff have been particularly concerned that any new deployment not happen in an economic and political vacuum.

U.S. officials concede that the previous "clear, hold and build" program managed to clear areas of militants but did not hold or secure them afterward, allowing neighborhoods to fall back under the control of militants.

The United States will also add nine new provincial reconstruction teams, which are joint Pentagon and State Department programs to help rebuild the country from the bottom up, including schools, local government and political interest groups.

Reflecting the revised strategy's heavy focus on only two areas of the country, six of the reconstruction teams will be in Baghdad and three will be in volatile Anbar province, home to the Sunni insurgency and al-Qaeda extremists, the State Department said. Washington will add about 150 new personnel to the 250 already staffing the reconstruction teams.

The United States will also provide $400 million in quick-response funding to address urgent civilian problems, and add $350 million to the Commander's Emergency Response Program, which allows local field commanders to have discretionary money to help improve the lives of Iraqis.

The U.S. effort is designed to supplement a $10 billion reconstruction and infrastructure program, finally channeling an oil-revenue surplus into rebuilding areas. The administration has long pressed Baghdad to use its own resources, particularly in Sunni areas to prove that the Shiite-dominated government is sincere in wanting to take care of the country's Sunni minority. Offering the Sunnis hope and inclusion is considered critical to helping defuse the insurgency and winning over loyalists to Saddam Hussein.

Bush and his top advisers said they expect their new approach to succeed where previous ones failed because of a new commitment from Maliki to provide resources and crack down on violent sectarian militias, even Shiite ones. But they are placing great faith in an untested Iraqi government that has not yet demonstrated a capacity to bridge the sectarian divisions that have caused an upsurge in violence over the past year.

Bush set no timetable for the removal of the added American troops, nor did he make any U.S. assistance for the Iraqis conditional on meeting political goals such as a new law for the equitable distribution of oil revenue and holding provincial elections, both seen as critical to winning political support for the Shiite-led government from disaffected Sunnis.

He did not embrace the idea of high dialogue with Iran and Syria to stabilize Iraq, a key recommendation of the Iraq Study Group, chaired by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), which had been hoping to restore bipartisan consensus around a new Iraq policy.

Even with the increase in troops, moreover, the resulting U.S. total of about 153,000 forces in Iraq will amount to less than the roughly 165,000 deployed in December 2005, the high-water mark for U.S. troop strength in Iraq. His economic proposals last night, including the more than $1 billion in additional funding for economic reconstruction and jobs, are largely expanded versions of current programs.

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U.S. and Iraqi troops began a plan to rid Baghdad of illegal militias and death squads that were fomenting sectarian violence just last summer, but the U.S.-designed effort faltered when Iraq failed to produce two-thirds of the troops Maliki had pledged. The difference now, U.S. officials say, is that Maliki put forward the plan himself and wants Iraq to take the lead, with a goal of assuming military command of the entire country in November. Iraq now has control over only three of its 18 provinces.

Bush had tough words for Iran and Syria. In stark contrast to the Iraqi Study Group's recommendations last month, the Bush administration intends to increase its operations against both countries, Bush said. He vowed to "interrupt the flow of support" from Iraq's two key neighbors and to "seek out and destroy" networks providing weapons and training to U.S. enemies in Iraq.

"Succeeding in Iraq also requires defending its territorial integrity, and stabilizing the region in the face of the extremist challenge. This begins with addressing Iran and Syria," he said.

In a clear warning to the hard-line government of Iranian President Mahmoud Ahmadinejad, Bush also announced that the United States will deploy Patriot air defense systems and expand intelligence sharing "to reassure our friends and allies."

Secretary of State Condoleezza Rice will depart for the region tomorrow to rally support for Iraq, particularly among the new "six plus two" bloc of conservative states that includes Egypt, Jordan, Saudi Arabia and five sheikdoms in the Persian Gulf region, he said.

The White House hopes the president's speech will trigger new support for his Iraq policy, and Bush said he will convene a bipartisan working group of lawmakers to work on anti-terrorism policies, including increasing the size of the military. But on Capitol Hill yesterday, sentiment seemed to harden against the president on Iraq in the opposition party, even among the most hawkish Democrats.

Both Senate and House Democrats moved toward introducing resolutions of disapproval, with House Democrats contemplating simply introducing the president's speech and asking members to vote for or against it. Democratic leaders made clear that such nonbinding resolutions would be only a first step. If sentiment against the president continues to grow, senior Democrats said they will try to use their power of the purse to quell what they call an escalation.

Meanwhile, divisions continued to emerge among Republicans. While GOP leadership was backing the president, backbenchers continued to revolt. "I do not believe that sending more troops to Iraq is the answer," Sen. Sam Brownback (R-Kan.), who is considering a run for the White House, said in a written statement issued from Baghdad, where he is visiting. "Iraq requires a political rather than a military solution."

Bush Pledges 21,500 More Troops For Iraq (FT)

By Edward Luce And Demetri Sevastopulo

Financial Times, January 11, 2007

George W. Bush on Wednesday night unveiled what many see as his last chance to salvage the deteriorating situation in Iraq with the pledge of 21,500 new US troops and an admission the current strategy was failing.

“Where mistakes have been made, the responsibility rests with me,” Mr Bush said in a live prime-time broadcast.

“It is clear that we need to change our strategy in Iraq…In our discussions we all agreed that there is no magic formula for success in Iraq. One message came through loud and clear: Failure in Iraq would be a disaster for the United States.”

Mr Bush told Americans that previous efforts to stabilise Baghdad had failed for two reasons: “There were not enough Iraqi and American troops to secure neighbourhoods that had been cleared of terrorists and insurgents. And there were too many restrictions on the troops we did have.”

In his 20-minute broadcast, the US president also warned that a withdrawal of US forces would lead to killings in Iraq on an “unimaginable scale”. “If we increase our support at this crucial moment, and help the Iraqis break the current cycle of violence, we can hasten the day our troops begin coming home,” he said.

However, leading Democrats and some Republicans on Wednesday night were swift to condemn Mr Bush’s “new way forward” saying it would only worsen the situation on the ground. Republican critics included Sam Brownback, the social conservative senator, who last month declared his candidacy for the 2008 Republican presidential nomination.

In a statement immediately following Mr Bush’s broadcast, Democratic leaders reiterated calls for a phased withdrawal of US forces over the next six months as a way of pressuring the Iraqi government to take responsibility for the country’s future. They said the much-anticipated troop “surge” went against the verdict of congressional elections last November and would be challenged by resolutions that could be tabled as early as Friday.

“This proposal endangers our national security by placing additional burdens on our already over-extended military thereby making it even more difficult to respond to other crises,” Nancy Pelosi, speaker of the House, said a statement.

The new approach that Mr Bush laid out in his broadcast is built on a plan drawn up by Nouri al-Maliki, Iraq’s prime minister, that is aimed at stabilising the level of sectarian violence in Baghdad, which is the epicentre of Iraq’s emerging civil war.

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Mr Bush said that Mr Maliki has promised to follow a series of performance "benchmarks" that were drawn up in Baghdad. Mr Bush on Wednesday declined to offer a timeline for Iraq to meet its self-imposed benchmarks. But he said America's commitment to Iraq would not be "open-ended".

"The president is trying to put a good face on the reality," said Jack Reed, a Democratic senator. "So far the Iraqis have not responded to our request to perform. I'm very sceptical these benchmarks will be anything more than they've been in the past - just platitudes that are ignored."

A senior US administration official said there would be new rules of engagement for Iraqi and US commanders that would enable them to succeed where previous efforts to pacify Iraq's capital had failed - most recently last summer.

Iraq's government would send three new brigades into Baghdad within the next month in addition to the six already there. The US would add five brigades to its Baghdad presence. The US would also send an additional 4,000 troops to Anbar province, which is the seat of al-Qaeda in Iraq.

The overall level of US forces in Iraq will rise from 132,000 to more than 150,000 – although officials did not say by when.

"This will be an Iraqi plan that will be Iraqi-led and we believe will fix the problem," said the official "If our previous strategy was "clear, hold and build" – we cleared, did not hold and the build never arrived."

Senior US officials also on Wednesday ruled out following the regional "diplomatic offensive" that had been recommended in the bipartisan Iraq Study Group report last month. The report, which was led by James Baker, the former secretary of state, and Lee Hamilton, the former Democratic lawmaker, recommended that Mr Bush open talks with Iran and Syria in particular.

On Wednesday a US official said that a large proportion of the 79 ISG recommendations had been accepted by Mr Bush including the advice that more US army trainers were embedded "deep down at the company level" of the Iraqi military. Condoleezza Rice, the secretary of state, will testify on Capitol Hill on Thursday about Mr Bush's new way forward in Iraq.

Tactical Shift In Iraq Combat (BSUN)

By Julie Hirschfeld Davis

The Baltimore Sun, January 11, 2007

WASHINGTON -- President Bush, justifying his decision to send 21,500 more troops and more than $1 billion in aid to Iraq amid sweeping public opposition to the war, said in a prime-time TV address Wednesday night that the new push would speed the day when U.S. forces could come home.

With the Democratic Congress poised to cast no-confidence votes on his policy as early as next week, a somber Bush acknowledged that the public's patience with the war is wearing thin and took responsibility for mistakes.

"The situation in Iraq is unacceptable to the American people -- and it is unacceptable to me," Bush said. "Where mistakes have been made, the responsibility rests with me."

But he said that stepping up the U.S. military presence and financial commitment was vital to averting disaster in Iraq, warning of greater dangers should the mission fail.

Bush put no timetable on the new troops -- the first of which arrived in Baghdad hours before his 9 p.m. speech -- even as he said Iraqis would have to do their part and that the American commitment is "not open-ended."

The president, who has repeatedly laid out revised goals and strategies for Iraq only to see them crumble amid sectarian violence and a mounting death toll, argued that his plan would "change America's course in Iraq."

Even Bush's posture and backdrop seemed calculated to signal a change in course; he delivered the roughly 20-minute speech standing in the White House Library, not from his customary seat at his Oval Office desk.

The plan came after a monthlong buildup in which Bush promised a new approach to address previous mistakes. Nevertheless, critics said it bore striking resemblance to past moves that were billed as course-corrections, including the promise of more robust U.S. military support and more effective Iraqi cooperation.

Sen. Edward M. Kennedy, a Massachusetts Democrat and one of the most vocal critics, said Bush is "not only going to stay the course, he's going to escalate the course."

Bush said Iraqis understand they must step up by providing more troops, taking the lead role in securing Baghdad and barring militias from interfering in security efforts. They have committed to meeting benchmarks, including key reconciliation measures, Bush said.

Entering the final two years of his term, Bush faces a newly hostile environment on Capitol Hill, where Democrats vehemently oppose his Iraq policy and Republicans are increasingly skeptical.

Thursday, he is to continue his campaign to sell the plan to a war-weary public with an appearance at Fort Benning, Ga. Meanwhile, a coalition of liberal groups -- the same band that hammered at Bush's Social Security overhaul plan before it collapsed -- announced a full-scale "anti-escalation" push, promising a public-relations showdown between the White House and Democratic activists over the war.

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Under the latest plan, the U.S. will send five additional Army combat brigades, or about 17,500 troops, to Baghdad. An additional 4,000 Marines will go to Anbar province, an al-Qaida stronghold and the base of the Sunni insurgency. The increase would cost an additional $5.6 billion, a senior administration official said.

Iraqis will, in turn, send three more brigades into Baghdad, Bush added.

As part of the plan, the United States will spend $1.2 billion for enhanced reconstruction and civil affairs projects, including job creation.

The plan relies heavily on the ability and will of Nouri al-Maliki, the Iraqi prime minister who has failed to stabilize his fledgling government and calm Sunni-Shiite violence. Bush still believes that al-Maliki is capable of doing so, White House officials said, but many lawmakers and analysts have substantial doubts.

"If the Iraqi government does not follow through on its promises, it will lose the support of the American people, and it will lose the support of the Iraqi people. Now is the time to act," Bush said, adding that al-Maliki "understands this."

White House officials were quick to reject the idea that the president's latest ideas for Iraq were a last-ditch effort to turn things around in the shattered war zone, but it seemed clear that some of Bush's closest allies saw it that way.

Rep. John A. Boehner of Ohio, the House Republican leader, after a meeting with Bush hours before the speech, said, "many members of Congress are skeptical about, 'Will this plan work?'" given the failure of previous approaches. But he said the president's latest iteration is "a good plan" that represents "our best shot at victory in Iraq."

Democrats, including those from Maryland, roundly criticized Bush's proposal, which they said ignores the anti-war message of the 2006 elections and will amplify a failed mission.

Sen. Barbara A. Mikulski, a Maryland Democrat, called Bush's plan "reckless."

"We are in a hole in Iraq, and the president says that the way out is to dig deeper," she said in a statement.

Democratic leaders said they would press for a swift vote opposing Bush's plans, and some support a Kennedy measure requiring that Bush get congressional approval for the troop increase.

"We in the Congress are very frustrated," said Rep. Elijah E. Cummings, a Baltimore Democrat, adding that Bush had not answered the fundamental question of how to get U.S. forces out of Iraq.

"It's the American people who are paying for this war, and it's the American people who have been very patient with this president. It's the American people who have given the benefit of the doubt to this president, and now, I think, the American people have run out of patience," Cummings said.

Most leading Republicans said they support Bush's plan, applauding him for adjusting tactics in the face of a chaotic situation.

Sen. Mitch McConnell of Kentucky, the Republican leader, said the plan is "not without risk" but is "the best chance" for Iraq.

Republican Sen. John McCain of Arizona, a likely presidential contender, and Democratic Sen. Joseph I. Lieberman of Connecticut were among those who cheered the bulked-up U.S. troop presence.

But other Republicans cast a skeptical eye, voicing doubts about the Iraqi government's ability to quell factional tensions and crack down on violence.

Sen. Sam Brownback of Kansas, a likely Republican presidential candidate who is traveling in the Middle East, said the United States should not send more troops "until Sunnis and Shia are more willing to cooperate with each other instead of shooting at each other."

Some conservatives suggested Bush was sending too few troops to solve Iraq's problems.

"This undertaking will require a sustained, not a temporary, surge, in order to secure the country and enable the Iraqi government to take control and determine its own future," Rep. John Shadegg, an Arizona Republican, said in a statement. "It will require the commitment of not a minimal, but a substantial number of additional troops, perhaps as many as 50,000."

Bush nodded to congressional criticism of his plan, saying he would consider "improvements," but he pointedly signaled that the White House will challenge opponents to step forward with their own proposals.

"It is fair to hold our views up to scrutiny. And all involved have a responsibility to explain how the path they propose would be more likely to succeed," Bush said.

The president proposed no new diplomatic push to enhance outreach to Iraq's neighbors, including Iran and Syria, a key recommendation of the bipartisan Iraq Study Group's December report. Bush said only that he would "interrupt the flow of support from Iran and Syria" to armed groups attacking American forces in Iraq.

Bush Asks For More While He Has Less (CHIT)

By Michael Tackett

Chicago Tribune, January 11, 2007

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WASHINGTON -- President Bush has been in this position many times—speaking solemnly to Americans from the White House about war and terror—but he has never been in this place.

He finds himself asking for more—of the military, of Congress, of the Iraqi government and of the American people—but possessing so much less. Now, he lacks the safety net of a Republican-run Congress, the political capital of which he famously boasted, and most decidedly, the support of the public weary of the war's grim narrative.

Many in the military opposed his call Wednesday night for a sharp increase in troops, though they will carry it out as ordered. Democrats were blunt in decrying the president's plan, and an escalating number of Republicans on Capitol Hill share that view. Fewer than two in 10 Americans support the idea, and it is certainly not welcome in many precincts in Iraq.

To be sure, the president conceded some mistakes, for the first time admitting that there were not enough troops and resources in Iraq and in the process disavowing the war doctrine of former Defense Secretary Donald Rumsfeld. But the admissions were framed as failures in tactics rather than in strategy. He tried to proffer his address as a new direction that "will change America's course in Iraq," though much of what he suggested has been tried before.

So has this stated rationale: "The challenge playing out across the broader Middle East is more than a military conflict," Bush said. "It is the decisive ideological struggle of our time."

Bush hitched winning that struggle to two rather shaky propositions: American soldiers performing more of a policing function in Baghdad and the Iraqi government's ability to bring an end to seemingly intractable sectarian violence and establish a functioning democracy.

The burden of persuasion on waging war rests with the president, but Bush has, since the conflict began, essentially confined his arguments to Republican ears. He seems to be paying a price for that approach, with some newly empowered Democrats not only rejecting the idea of what the administration calls a "surge" in troops, but also suggesting that funding won't be automatic either.

Or, they asked, if he wanted to adopt this approach, why did he not do it some three years ago? The appeals of Gen. Eric Shinseki, who in 2003 said that the U.S. needed several hundred thousand troops to prevail in the war, and of Lawrence Lindsey, the former top economic adviser who left his post after having the temerity to say that the war could cost $200 billion, now seem prophetic.

And there were the recommendations of the Iraq Study Group, chaired by one of the Bush family's trusted counselors, James Baker. The president seemed to disregard nearly all of its advice, save the proposal to increase the embedding of American advisers in Iraqi Army units.

"It's not only not an adoption, it seems to be moving in almost the opposite direction," said former Rep. Tim Roemer (D-Ind.), a member of the Sept. 11 commission. "Many of these people on the Iraq Study Group are from his father's administration….who were pretty successful and established a respectable record of public diplomacy. These principles were not just put on the shelf, but were rejected by the current president."

The role of the military, however, will be different in that troops will be put in even greater danger on a daily basis as they wade deeper into the swamp of Baghdad.

"There will never be true peace in Iraq as long as there are American combat forces in the streets of Iraq," said Sen. Jim Webb (D-Va.), a decorated Vietnam veteran who has advocated a phased withdrawal of troops after intensive diplomacy.

Few presidents have faced wartime choices with so few good options. Truman did not at the end of World War II. Eisenhower did not in Korea. Lyndon Johnson chose to leave it to his successor when he declined to run for a second term. But in some sense, what Bush is doing is likely to have the same effect in that it will prolong the conflict in Iraq, almost certainly pushing the hard decision of when to leave to the next occupant of the Oval Office.

During Vietnam both Lyndon Johnson and Richard Nixon made numerous speeches offering new ways to try to summon public support--bombing pauses by Johnson, peace proposals by Nixon--but neither swayed majorities to their views.

"This is in significant part an exercise in shoring up their political support," said historian Robert Dallek. "But this rhetoric that Johnson made, Nixon made and Bush is making really in the long run doesn't amount to a hill of beans. He may get a rally effect, an increase in backing in the short run, but if the realities on the ground don't change and people continue to see this war, like Vietnam, as a failing enterprise, it won't make any difference."

Democrats, many of whom couldn't find the same voice when the war began, now are eagerly and openly critical of the president. Those considering running for president are climbing all over one another to try to put the most distance between their position and Bush's.

Following the rebuke of voters in the midterm election, which many saw as a referendum on the war, the president finds himself more isolated than at any time in his term. And for at least one Republican who would like to replace him, Sen. John McCain of Arizona, strong support for the president might help rather than hurt. But if McCain, who served heroically in Vietnam

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where he was tortured as a prisoner of war, were to win the presidency, it might well fall to him to end this war with so many echoes of Vietnam.

Inviting A Battle On Capitol Hill (NYT)

By Sheryl Gay Stolberg

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — By stepping up the American military presence in Iraq, President Bush is not only inviting an epic clash with the Democrats who run Capitol Hill. He is ignoring the results of the November elections, rejecting the central thrust of the bipartisan Iraq Study Group and flouting the advice of some of his own generals, as well as Prime Minister Nuri Kamal al-Maliki of Iraq.

In so doing, Mr. Bush is taking a calculated gamble that no matter how much hue and cry his new strategy may provoke, in the end the American people will give him more time to turn around the war in Iraq and Congress will not have the political nerve to thwart him by cutting off money for the war.

The plan, outlined by the president in stark, simple tones in a 20-minute speech from the White House library, is vintage George Bush — in the eyes of admirers, resolute and principled; in the eyes of critics, bull-headed, even delusional, about the prospects for success in Iraq. It is the latest evidence that the president is convinced that he is right and that history will vindicate him, even if that vindication comes long after he is gone from the Oval Office.

Mr. Bush long ago staked his presidency on Iraq, and to the extent he can salvage the war he can also salvage the remaining two years of his administration. So he is taking a risk, challenging not only the Democratic leadership in Congress but also some members of his own party, who are openly skeptical that the new policy will work and who, unlike the president, will be running for re-election.

But there are no guarantees that Mr. Bush's reading of the country and the Congress will prove correct.

"It's more than a risk, it's a riverboat gamble," said Leon E. Panetta, a Democratic member of the Iraq Study Group and former chief of staff to President Bill Clinton. "There's no question that under our system he's going to be able to deploy these troops without Congress being able to stop him. But he's going to face so many battles over these next few months, on funding for the war, on every decision he makes, that he's basically taking the nation into another nightmare of conflict over a war that no one sees any end to."

The White House orchestrated an elaborate rollout for the speech, including a presidential briefing for network news anchors before Mr. Bush addressed the nation. On Thursday, Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates are scheduled to appear at a news conference before testifying on Capitol Hill — a show of cabinet comity that might have been unthinkable when Donald H. Rumsfeld was still at the Pentagon.

Acknowledging that any mistakes in Iraq were his own and that Americans would face "trying hours" in the months ahead, Mr. Bush took pains to say he had consulted with members of Congress. But Democrats complained the consultation was perfunctory. Standing outside the White House after meeting with the president just hours before his speech, Speaker Nancy Pelosi promised to force a vote on Mr. Bush's plan.

That vote would be nonbinding. But in the months to come, Democrats could go further, tying Mr. Bush's hands by setting conditions on the use of tax dollars, as Congress did during the Vietnam War and in Lebanon and Central America.

Wartime clashes between presidents and the Congress are a familiar thread in American history. But perhaps no president since Richard M. Nixon has so boldly expanded an unpopular war. Explaining his decision to invade Cambodia in April 1970, Nixon said: "A majority of the American people, a majority of you listening to me, are for the withdrawal of our forces from Vietnam. The action I have taken tonight is indispensable for the continuing success of that withdrawal program."

Likewise, Mr. Bush has concluded that he must scale up American involvement in order to scale it down. The White House press secretary, Tony Snow, said on Tuesday that Mr. Bush hoped to "bring the public back to this war." But the president's aides are under no illusions.

"The reality is, conditions on the ground have to change," said Dan Bartlett, counselor to the president.

In the meantime, some Republicans are already jumping ship. Moderates like Senators Gordon H. Smith of Oregon and Susan Collins of Maine, both up for re-election in 2008, oppose sending more troops to Baghdad, and on Wednesday, a conservative, Senator Sam Brownback of Kansas, joined them.

After Democrats swept the November midterm elections, people both inside and outside the administration expected the bipartisan Iraq Study Group to provide Mr. Bush with a face-saving exit from the war. Mr. Bush made favorable reference to the study group on Wednesday night, noting that he had accepted some of its 79 recommendations.

But he rejected its central notion, that the United States should set a timetable for scaling back combat operations and mount a new diplomatic offensive to engage Iran and Syria. Mr. Bush concluded that those recommendations were not a recipe

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for victory, but rather, as he said after a meeting with Mr. Maliki in November, a recipe for “a graceful exit,” a path he did not want to pursue. At their meeting, Mr. Maliki presented Mr. Bush with a plan calling for Iraqi troops to assume primary responsibility for security in Baghdad, shifting American troops to the periphery of the capital. Instead, Mr. Bush concluded that the United States would have to take a central role, because the Iraqis were not capable of quelling the sectarian violence on their own.

In a sense, it is a predictable path for Mr. Bush. This, after all, is the same president who lost the popular vote in 2000, was installed in the White House by a 5-to-4 vote of the Supreme Court and then governed as if he had won by a landslide. And this is the same president who, after winning re-election in 2004, famously told reporters that he had “earned capital in the campaign, political capital, and now I intend to spend it.”

But no American president has been able to prosecute a war indefinitely without the support of the American public. With polls showing fewer than 20 percent of Americans supporting increasing troop levels in Iraq, Mr. Bush and those Republicans who support him know that the new policy will be a tough sell.

“The American people have no reason in the world to think it’s going to work just like the president paints it,” said one of those backers, Senator Pete V. Domenici of New Mexico, “but I think the American people, in their usual good sense, are going to wait around for a while and say, ‘Mr. President, you’ve taken us down a lot of roads in Iraq, let’s go down this one and see if it works.’ ”

The question for Mr. Bush is just how long the American people, and their elected representatives, will wait.

As He Touts A 'Way Forward,' Bush Admits Errors Of The Past (WP)

By Peter Baker

The Washington Post, January 11, 2007

As his reelection campaign geared up in 2004, President Bush was asked to name his biggest mistake. He couldn't think of one. By the time he was asked again last year, he had thought of one, his inappropriate "tough talk." Last night, Bush acknowledged that some of the most fundamental assumptions underlying the U.S. venture in Iraq were wrong.

The evolution tracks the sharp deterioration not only of the U.S. position in Iraq, but also of Bush's position at home. As he argued to send even more troops into a war that has lost public support, Bush labored to convince Congress and the American people that he understands where he went wrong and has learned from those errors.

"Where mistakes have been made, the responsibility rests with me," he told the nation. "It is clear that we need to change our strategy in Iraq." He added that generals have "reviewed the new Iraqi plan to ensure that it addressed these mistakes" and "they report that it does."

A chart released by the White House before Bush's "Way Forward" speech went even further, outlining a succession of basic assumptions made in the past about Iraq that as of yesterday it has disavowed -- including the notion that building a democracy would defuse the insurgency and bring down violence. It was the sort of chart Bush's critics might have put together, not a White House traditionally loath to admit mistakes.

Still, the president's admissions were calculated to advance his current political aims and came with significant limitations. He offered no regret for the March 2003 invasion that toppled Saddam Hussein and still argued for staying in Iraq until the job is done. His tone was sober but came without apology or contrition. As one aide put it, "This is not a speech being given on bended knee."

But it was a speech being given arguably with his knees cut out from under him. The spiraling violence in Iraq has turned two-thirds of the American public against him, according to polls, and with Democrats now in charge of Congress, Bush appears increasingly isolated in Washington. Despite his post-election talk of bipartisanship, Bush chose a path almost guaranteed to generate open resistance even from within his own party. Republican officeholders who did stick with him last night appeared largely unenthusiastic.

"He's pretty much alone on this," said William S. Cohen, a former Republican senator from Maine who served as defense secretary under President Bill Clinton. Bush had an opportunity to draw Democrats in by embracing at least some recommendations of the congressionally chartered Iraq Study Group, Cohen said: "It would buy you bipartisanship for five or six months. . . . By simply ignoring it and allowing it to die in the crib, so to speak, Democrats are now free agents."

To admirers, that is a virtue. "He's going to do what's in his heart of hearts and nobody can deter him from that course," said James Jay Carafano, a Heritage Foundation scholar. "He's never going to make everybody happy and he's not going to make even most people happy, and he shouldn't try. So the politics of this are going to suck, but he's going to do what he thinks he should do."

For some in the capital, the speech and the president's dilemma brought back haunting memories of another era. "The administration is making the same mistakes now that we made in Vietnam and I'm really sorry about that," said Jack J. Valenti,

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an aide to President Lyndon B. Johnson. "I learned in Vietnam when the public loses support for a war, forget about it -- it's all over."

Harry McPherson recalled the March 1968 speech he wrote that shifted the direction of the war and that Johnson used to end his reelection bid. Like then, McPherson said, there are no good options. "Many of the same consequences are being bruited about. What happens if we pull out of there? What happens if they win in Iraq? What happens to American prestige in the world? That's what we talked about all the time." While the Iraq war was "a gigantic mistake," he said, "there is a big cost to leaving."

The White House recognized that a speech will not convert critics. "Nobody is under illusions that the public is going to be turned around on this," said the Bush aide, who was not authorized to speak on the record. "What you hope to accomplish with a speech like this is to show the public that there is a genuine, deep and fundamental change and there's a good chance of success."

To make the case that he has embraced fundamental change, Bush had to concede mistakes in a more meaningful way. For the past year or so, he has acknowledged that tactics were flawed but not core decisions. Asked about mistakes at a joint news conference last year, British Prime Minister Tony Blair cited the purge of tens of thousands of members of Hussein's Baath Party from the Iraqi government, one of the most consequential moves after the invasion. Bush, by contrast, said he should not have taunted insurgents by declaring, "Bring 'em on."

Bush went further in his analysis last night. The plan to secure Baghdad, he said, "failed for two principal reasons: There were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents." He also agreed with Blair that de-Baathification went too far.

In the speech, Bush did not dwell on these mistakes, but the White House elaborated in the chart comparing past "key assumptions" with current ones, showing how its understanding of Iraq has changed. In the past, the chart said, the White House believed "political progress will help defuse the insurgency." But now it has concluded that "political and economic progress are unlikely absent a basic level of security." In the past, the White House assumed the "majority of Iraqis will support the Coalition and Iraqi efforts to build a democratic state." Now, it said, "Iraqis [are] increasingly disillusioned with Coalition efforts."

The chart went on to say that the White House wrongly assumed that dialogue with insurgent groups would reduce violence, that other countries in the region have a strategic interest in a stable Iraq and that Iraqi security forces were gaining strength to handle threats. Now, it said, dialogue has not worked, Arab states have not fully supported the Iraqi government and many Iraqi forces are "not yet ready to handle" the security threat.

Bush must now make the case that those new assumptions are more valid than the last and that his plan will address them. "To be persuasive, President Bush needs to show what specific results an escalation will achieve and when," said Anthony Lake, who was one of Clinton's national security advisers. "And his problem is, he will then be held accountable for those results."

Bush Outlines New Tactics For Iraq, But Faces Big Obstacles (MCT)

By William Douglas And Ron Hutcheson

McClatchy Newspapers, January 11, 2007

WASHINGTON - President Bush laid out his "New Way Forward" in Iraq Wednesday night, calling for beefing up U.S. forces there by extending tours of duty for 21,500 troops, adding $1.2 billion in new reconstruction aid and letting Iraqi forces take the lead in joint combat operations.

"The changes I have outlined tonight are aimed at ensuring the survival of a young democracy that is fighting for its life in a part of the world of enormous importance to American security," Bush said in a nationally televised address. "The question is whether our new strategy will bring us closer to success. I believe that it will."

Bush's latest Iraq plan faces two immediate obstacles:

-Leaders of the new Democratic-led Congress oppose his proposed troop buildup, as do many influential Republicans. They may try to block it, though they haven't agreed on a firm plan to do so.

-Bush's plan relies on Iraqi Prime Minister Nouri al-Maliki's Shiite Muslim-dominated government to crack down on its allies in the country's Shiite militias, which it has so far refused to do.

Questions abound: Will an additional 21,500 American troops in Iraq, taken mostly from units to be held longer in Iraq or sent there sooner, be enough to help restore order both in Baghdad and in violent, Sunni-dominated Anbar Province?

Will an additional $1 billion in aid make a dent in the country's economic problems?

Last, will Bush's efforts to reassure Saudi Arabia, Jordan, Kuwait and Iraq's other Sunni Muslim neighbors calm their fears that Shiite power may expand from Iran through Iraq to Lebanon? Bush has sent an aircraft carrier battle group and some Patriot

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missile defense batteries to the Persian Gulf to calm Sunni Arab nerves. But he has largely ignored recommendations to open talks with Iran and Syria and to revive Israeli-Palestinian peace talks.

The president acknowledged previous failures.

"Where mistakes have been made, the responsibility rests with me," he said. Past efforts to quell violence in Baghdad failed, he said, because "there were not enough Iraqi and American troops to secure neighborhoods" and "there were too many restrictions on the troops we did have." He said his plan would remedy such flaws.

He warned of a "bloody and violent" year ahead in the war-torn country, despite his new proposals.

"This new strategy will not yield an immediate end to suicide bombings, assassinations, or IED (improvised explosive device) attacks," Bush said. "Our enemies in Iraq will make every effort to ensure that our television screens are filled with images of death and suffering."

Bush appeared to signal a more aggressive policy toward Syria and Iran, saying the U.S. would take unspecified steps to "disrupt" attacks on U.S. troops by terrorists and insurgents who use Iranian and Syrian territory to move in and out of Iraq.

Specifically, Bush proposed:

-Boosting U.S. troop strength in Iraq by 21,500 by extending tours of duty, with about 17,500 to Baghdad and 4,000 to Anbar Province. The increase will be staggered, with the first combat brigade arriving in Baghdad on Jan. 15 and the second on Feb. 15. Additional brigades will be added every 30 days.

-Increasing economic reconstruction aid by $1 billion.

-Having Iraq deploy 10,500 additional Iraqi troops and nine additional 800-man police brigades in Baghdad, with all of the new military units in place by Feb. 15.

-A new command structure that will put Iraqis in charge of security in Baghdad, with U.S. troops deeply embedded in Iraqi units. U.S. troops would remain under U.S. command.

-An end to the open-ended commitment of U.S. troops, but no timetable for withdrawal.

-Having Iraqis take the lead responsibility for security throughout the country by November, with continued U.S. help after that.

-The deployment of additional civilian reconstruction teams, including teams embedded with troops to hasten rebuilding efforts in newly secured areas.

-New diplomatic efforts to get more help from Iraq's neighbors and a solution to the Israeli-Palestinian conflict.

-More pressure on Iraqis to follow through on plans for provincial elections, a new law for distributing oil revenues and other measures intended to foster Iraqi unity.

In addition, Bush's plan appears to abandon a key point of previous U.S. strategy - it no longer emphasizes disarming and disbanding Shiite militias, leaving both to the Iraqi government, which depends on those militia for support.

Bush put Iraq on notice that America won't stay forever.

"I have made it clear to the prime minister and Iraq's other leaders that America's commitment is not open-ended," Bush said. "If we increase our support at this crucial moment and help the Iraqis break the current cycle of violence, we can hasten the day our troops begin coming home."

Bush's immediate audience is a Democratic-controlled Congress already hostile to his plan to increase U.S. troops in Iraq. Democratic House and Senate leaders issued a statement following his speech repeating their opposition.

Both House and Senate Democrats plan floor votes soon on resolutions opposing the president's troop buildup, but they'll be nonbinding.

Democratic congressional leaders don't appear to have an immediate consensus, however, on what, if any, binding legislation they should push or how fast to move. Sen. Edward Kennedy, D-Mass., hopes to pass legislation that would require congressional approval of any increase in troops, but party leaders concede that they lack the votes to make that stick at this time, especially over a Bush veto.

Bush, however, can no longer count on solid Republican support in Congress.

"I refuse to put more American lives on the line in Baghdad without being assured that the Iraqis themselves are willing to do what they need to do to end the violence of Iraqi against Iraqi," Sen. Norm Coleman, R-Minn., said Wednesday on the Senate floor. "If Iraq is to fulfill its role as a sovereign and democratic state, it must start acting like one."

Similarly, Sen. Sam Brownback, R-Kan., who's exploring a bid for the presidency in 2008 as a social-values conservative, declared himself against a troop increase Wednesday.

"I do not believe that sending more troops to Iraq is the answer," Brownback said while traveling in Iraq. "Iraq requires a political rather than a military solution."

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Sen. John Warner, R-Va., the former chairman of the Senate Armed Services Committee, said Wednesday he's weighing a Senate resolution endorsing the approach of the Iraq Study Group, which called last month for urgently shifting responsibility to Iraqi forces so that most U.S. combat troops could be withdrawn by early next year.

In the House of Representatives, eight Republicans sent a letter Wednesday to Bush urging him not to increase troop levels.

Many of Bush's new proposals - a limited increase in U.S. troops, Iraqis taking the lead in security matters, billions in reconstruction aid - have been tried before and failed to reduce violence or quell the insurgency.

Last fall, for example, an Iraqi-led joint U.S.-Iraqi military mission to secure some of Baghdad's most violent neighborhoods produced complaints from U.S. military commanders about the ineptness of Iraqi forces.

U.S. military officials complained that the daily missions started late and some Iraqi troops failed to show up for work. Some Iraqi soldiers would do their job only in front of American forces and slack off if only Iraqi commanders were around.

Some top U.S. military officials in Iraq say for Bush's plan to work, Iraqi officials must go after Sunni and Shiite extremists. U.S. troops have aggressively targeted Sunni areas, conceding they can't enter Shiite strongholds, such as Sadr City, because of Iraqi political pressure. Shiite support is the backbone of al-Maliki's government.

Americans have already soured on Iraq. In recent polls, public support for sending more troops to Iraq ranged from 12 percent to 36 percent of Americans, depending on how the question was phrased.

"This is his last chance to convince the American public that he knows what he's doing and victory is possible," said Dennis Goldford, a political science professor at Drake University in Des Moines, Iowa. "He's tied his whole presidency to this. He got us into this situation. He thinks there's a way out. This is his last chance at a last chance."

If it fails, Goldford said, Iraq "could become the all-consuming issue" for the final two years of Bush's term, crowding other presidential initiatives. "If he's totally ineffective, he leaves this ravaged sore on the body politic as well as foreign relations."

President Bush's New Plan For Iraq Could Soon Run Into Old Obstacles (MCT)

By Warren P. Strobel And Nancy A. Youssef

McClatchy Newspapers, January 11, 2007

WASHINGTON - President Bush unveiled what the White House called a "New Way Forward" in Iraq on Wednesday night, but the plan faces old obstacles that have defied solution ever since the United States invaded Iraq nearly four years ago.

Bush's plan relies even more than past stratagems on a weak Iraqi government to fulfill promises it's repeatedly broken to take on sectarian militias and end political squabbles.

It calls for Iraqis to beef up their forces in Baghdad to help quell raging violence there, four months after the Iraqi government failed to contribute four of the six battalions of troops it promised to a similar security effort.

The plan calls for reordering Iraq's Interior Ministry, something that American officials have been insisting on since last spring, when Prime Minister Nouri al-Maliki came to office.

Bush also said that Iraq's government would pass a new law on distributing oil revenues and revise its de-Baathification program, which keeps members of Saddam Hussein's Baath Party out of government. But both efforts have been stymied by opposition in Iraq's parliament.

The biggest course change is the declaration that Iraqis will be in charge of the effort to secure Baghdad, which al-Maliki has been pushing for.

Bush aides, who detailed the plan in a series of documents and briefings, insisted Wednesday that this time is different. Al-Maliki has pledged to deploy more Iraqi forces to stabilize Baghdad, and the full U.S. troop contingent and financial aid package won't flow unless he follows through on that and other steps, they said.

But if al-Maliki fails to deliver, the president appears to have little leverage other than to bring U.S. troops home - and abandon the "victory" in Iraq that he insists is vital to U.S. national security.

"An awful lot depends on the Iraqis. We don't control the Iraqis anymore," said Daniel Serwer, a vice president of the government-funded U.S. Institute of Peace.

Some current and former U.S. officials said they believe that by placing so much of the burden on the Iraqis, Bush is preparing to blame them for the debacle in their country and withdraw American troops.

Bush for the first time Wednesday said that the U.S. commitment in Iraq isn't open-ended - though he put no time limit on how long Americans would wait to see whether al-Maliki fulfilled his promises. The first test will come Feb. 15, when the additional Iraqi troops are to be deployed in Baghdad.

The president's strategy, the product of a more than two-month review, does abandon some key tenets that have guided U.S. strategy in Iraq for more than a year.

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Gone is the attempt to reach out to Sunni insurgents; previous efforts to bring them into the political process didn't reduce violence, and the U.S. is ending any effort to do so.

Gone, too, is the rapid effort to replace U.S. troops with Iraqi ones, captured in the mantra "As they stand up, we will stand down." While training Iraqi troops remains the key U.S. mission, the No. 1 U.S. goal in Iraq is the defeat of al-Qaida and its supporters.

Outside analysts said they saw some positive elements in the plan, such as a focus on protecting Iraqi civilians and jump-starting the economy from the grass roots - both classic elements of counterinsurgency doctrine. Bush proposes almost $1.2 billion in new economic assistance in Iraq and a doubling of U.S. civil-military reconstruction teams.

But many said they feared Bush's modified tactics are too little and too late to make up for past blunders in Iraq. Those include invading with too few troops, disbanding the Iraqi army, underestimating the cost of the venture and misjudging the rapid growth of Iraq's insurgency.

"The problem is the solutions applied three years ago or two years ago might have stabilized the situation. . . . I find it hard to see they will apply today," said Judith Yaphe, a Persian Gulf expert at the National Defense University.

At best, the current and former officials said, Bush's plan might produce measurable improvement in Baghdad's security - perhaps returning it to the situation before February 2006, when the bombing of an important Shiite mosque in Samarra set off Iraq's civil war.

The core of Bush's "New Way Forward" is a bid to end the endemic violence in Baghdad by deploying 17,500 more U.S. troops and thousands of additional Iraqi troops and police and adopting new rules of engagement.

White House officials said Iraqi forces would take the lead, with American troops embedded in Iraqi units.

That's been tried before, too, and failed, in last summer's joint effort to bring security to Baghdad, called Operation Forward Together.

For the new plan to work, the Iraqi government must crack down on both Sunni and Shiite extremists, top military officials in Baghdad said.

But al-Maliki has refused to move against the militias of powerful Shiite politicians, including firebrand cleric Muqtada al-Sadr, who are the bedrock of his political support. It is unclear why he'd do so now.

Sunnis, representing Iraq's now-dispossessed minority, criticized the U.S. troop increase even before Bush formally announced it. Sunni insurgents are certain to react with more violence to joint security sweeps by U.S. troops and forces of the Shiite-led Iraqi government.

On Tuesday, some in Iraq thought they saw what a security plan under al-Maliki could look like when Iraqi forces struck Haifa Street in central Baghdad, a longtime Sunni insurgent trouble spot.

U.S. and Iraqi forces fought suspected insurgents for 12 hours in an operation that Sunni politicians charged was sectarian. After Sunnis responded to an attack by al-Sadr's Mahdi Army, they charged, the Iraqi army came in with American forces and struck the Sunnis but did nothing about the Shiite extremists who were there earlier.

The Iraqi government has long claimed that if it quells the Sunni insurgency, the violent reaction from the Shiite militias will end and they'll be disarmed. That approach has been tried and failed, but there's no sign that the al-Maliki government is rethinking it.

Whether Iraqi troops will be up to the task of helping pacify Baghdad neighborhood by neighborhood is as questionable as ever.

During Operation Forward Together, some Iraqi forces did their jobs well. But most daily missions started late, as Iraqi commanders and U.S. forces counted how many Iraqi troops came to work that day.

While U.S. and Iraqi troops were in troubled neighborhoods, such as Amariyah in western Baghdad, crime did fall. But as soon as the troops left, the insurgents moved back in, and the violence, including sectarian killings, car bombings and explosions, surpassed previous levels.

Many wonder where the Iraqi government will find fresh troops for Baghdad. U.S. military transition team leaders in the northern Iraqi city of Sulaimaniyah told McClatchy Newspapers last month that predominantly Kurdish brigades there would dissolve if they were ordered to the capital.

How al-Maliki might bring about political reconciliation, another aspect of Bush's plan, also is unclear. There's intense skepticism that he can move beyond his Shiite base and deliver his half of the bargain, as even a senior Bush aide acknowledged Wednesday.

"There is obviously skepticism, and the president has made that very clear to this (Iraqi) government: People are skeptical - your people are skeptical, our people are skeptical. I will support you, but you need to perform," said the official, briefing reporters anonymously under White House ground rules.

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Larry Diamond of Stanford University's Hoover Institution said Bush should have demanded action from the Iraqis before pledging additional U.S. troops and money.

"They've made commitments many times before, and they aren't delivered upon," said Diamond, who served as a democracy adviser in postwar Iraq. "The deadlines and goals are constantly slipping - and they're like mush."

Youssef reported from Baghdad. McClatchy Newspapers correspondent Leila Fadel contributed from Baghdad.

Analysis: A 'Make-it-or-break-it Moment' On Iraq (USAT)

By Susan Page

USA Today, January 11, 2007

WASHINGTON — Not since the Vietnam War has a president faced such a daunting policy challenge: Rallying Americans behind a costly military venture that already has lost much of its support among the public and in Congress.

President Bush chose the unusual setting of the White House library — where Jimmy Carter donned a cardigan for his 1977 energy speech — to deliver a long-awaited address outlining his "new way forward" in Iraq.

He chose not so much a change of direction as an acceleration, committing 21,500 more U.S. troops and demanding political progress from Baghdad. Even Arizona Sen. John McCain, a supporter, calls the plan a "last chance" to avoid a decisive setback in Iraq.

And, some say, to his presidency.

"This is a make-it-or-break-it moment," says Ken Duberstein, a chief of staff in the Reagan White House. "This is as much about Bush and his leadership for the last two years as it is about Iraq."

After the congressional elections in November, Bush seemed ready to change course in Iraq. He said voters had delivered "a thumpin' " by handing control of Congress to Democrats in an election driven in large part by anxiety about the war. He replaced Defense Secretary Donald Rumsfeld.

Then, in December, the Iraq Study Group, headed by Bush family consigliere James Baker, issued a report it titled "the way forward — a new approach." It called for increased regional diplomacy, threats of cuts in U.S. support if the Iraqi government didn't meet political goals and the withdrawal of most U.S. combat troops by March 2008.

While he called the commission's recommendations "thoughtful," Bush mapped a course largely at odds with its key provisions.

He's committing more troops and calling on Iraq to meet political goals, but without the threat of U.S. penalties if they don't. While the commission endorsed negotiations with Iran and Syria, Bush calls for increased efforts — and the deployment of a new carrier strike group — to disrupt supply lines from the two countries to Iraqi fighters.

Except for the troop increase, none of the ideas is new. All are familiar parts of the administration's strategy in Iraq and Bush's prior speeches defending it.

Leon Panetta, a White House chief of staff for President Clinton and one of the 10 members of the Iraq Study Group, says the members were concerned from the start whether the White House would listen to what they had to say.

"The president is pretty obstinate about what he thought were the right answers, and obviously we weren't delivering good news, so I can't say it was unanticipated," he says. Panetta called it "disappointing."

"The most important thing we did was to identify the realities of what's happening there," Panetta adds. "If you accept those realities, it leads you to many of the recommendations that we made. If you refuse to accept those realities, then you're going to repeat the same old mistakes. I think unfortunately that's where the president seems to be."

The stakes for Bush, already high, have been raised because he has become so isolated politically when it comes to the war. Six in 10 Americans oppose increasing troop levels, according to a USA TODAY/Gallup Poll taken Friday through Sunday. Seven in 10 disapprove of his handling of Iraq.

Congressional Republicans, who since the 2003 invasion generally have stood behind the administration, are now divided. And congressional Democrats are considering proposals that would either express disapproval of the troop escalation or try to block funding for it.

"Generally, presidents have a very difficult time changing public opinion," especially once opposition has gelled, says Brandice Canes-Wrone, a professor at Princeton who has studied the power of White House addresses. But Bush's speech may well "buy him some time" to proceed because he is "taking ownership" of a controversial policy.

"If this doesn't work out," she says, "then Bush is to blame solely."

Early in his address, the president acknowledged for the first time that the administration had erred in sending too few troops. "Where mistakes have been made, the responsibility rests with me," he said. He called the current situation "unacceptable."

Still, he portrayed retreat as unthinkable, describing the war as a critical part of the larger struggle against global terrorism.

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That is an argument Bush often has made — indeed, in a speech on Iraq he delivered precisely one year earlier, to the Veterans of Foreign Wars convention in Washington.

"When victory comes and democracy takes hold in Iraq, it will serve as a model for freedom in the broader Middle East," he declared on Jan. 10, 2006. He predicted U.S. combat forces would be reduced within a few months and derided some Democratic critics of the war as "irresponsible."

On Wednesday, a subdued Bush made no such predictions of democracy's spread, and his tone toward congressional Democrats was conciliatory rather than confrontational. "Honorable people have different views," he said.

His basic message, though, was unchanged. To "step back now would force a collapse of the Iraqi government, tear that country apart and result in mass killings on an unimaginable scale," he said, creating new dangers for Americans. The year ahead, he said, "will demand more patience, sacrifice and resolve."

Past Troop Surges In Iraq Produced Mixed Results (WT)

By Rowan Scarborough

The Washington Times, January 11, 2007

Troop surges like the one announced by President Bush last night have been tried before in Iraq to stabilize the country for elections or dampen an upswing in violence -- with mixed results.

The real test for the president's new strategy is how this surge will differ from the past. For example, Mr. Bush ordered more forces into Iraq in July to stop sectarian violence in greater Baghdad. More than 15,000 U.S. soldiers joined 40,000 Iraqi forces in block-by-block sweeps.

But the government of Prime Minister Nouri al-Maliki never cracked down on Shi'ite militias, some loyal to a key political supporter, Sheik Muqtada al-Sadr. In the end, the Baghdad command acknowledged the offensive did not meet its objectives.

This time, Mr. Bush pledged that events will be different. The Iraqi army will go after Shi'ites, not just Sunnis. And the buildup will not have a time limit.

Baghdad will be divided into nine military sectors. Mr. al-Maliki will appoint a Baghdad military commander. From the 17,000 U.S. soldiers going to the capital, battalions will be joined with each Iraqi brigade, creating training and operations all in one, said a military source.

On Iran, part of the plan is already in place: a buildup of naval forces in the Persian Gulf. Plus, the source said, the U.S. will capture and hold Iranians helping the insurgents in the hope that this will provide some leverage against Iran's aid to the insurgency.

"The surge will work as long as the Iraqis do their part, and our hands are untied to be tough where required," said retired Army Lt. Col. Robert Maginnis, a military analyst. "Maliki must decide between working with the U.S. and his misplaced loyalties to al-Sadr. I believe the militia issue is the real center of gravity, not necessarily Baghdad. It happens that militia problems are worse in Baghdad."

Mr. Bush has ordered surges before with mixed results. In May 2004, forces were declining to 115,000. But violence in Sunni-dominated Fallujah, and in Shi'ite towns around Najaf, forced the Pentagon to halt the drawdown and rebuild back to 138,000.

The results: A Marine-led force ultimately retook Fallujah that November. Army brigades clashed with Sheik al-Sadr's Mahdi Army in a series of battles, reducing the militia to a few hundred.

But Sheik al-Sadr escaped death or arrest. He methodically rebuilt his army, with the help of Iran. Today, he controls thousands of fighters, some of whom break off into death squads and hunt down, torture and kill Sunnis. Hundreds of the bodies have been found strewn around Baghdad.

The Pentagon also surged troops three times for elections: a transition assembly; a constitution and a permanent parliament in December 2005. In each case, the surge was targeted to improve security in the run-up to balloting and then to create a safe atmosphere for voters. The strategy worked. All three elections were deemed successful by international observers. But they had limited impact on long-term violence.

The last buildup came this past summer. Mr. Bush again ordered an increase, from 127,000 to 150,000 to quell sectarian violence in Baghdad. The offensive did not work, and Republicans lost control of Congress in part because of larger number of voters turning against the war.

The president then began a far-reaching review, which ended last night with his announced decision to try a troop surge for the sixth time with new tactics.

In Congress, Bush's Plan Unites Dems, Splinters GOP (LAT)

By Noam N. Levey And Nicole Gaouette

DOJ_NMG_0115401

The Los Angeles Times, January 11, 2007

WASHINGTON -- President Bush's plan to send additional troops to Iraq has further united Democrats on Capitol Hill, who nearly unanimously condemned the president's proposals Wednesday night.

Republicans, meanwhile, have splintered in the face of widespread popular discontent over the war and Bush's plans to escalate it.

The congressional reaction Wednesday to the president's prime-time television address underscored how dramatically Bush's proposal has changed the political dynamic in Washington less than a week after Democrats assumed control of the House and Senate.

Emboldened Democrats, who for years struggled to find common ground in challenging the White House, have found a target in the plan and are coalescing around the demand that troops be withdrawn.

And once-united Republicans now face an unpleasant choice: stand behind a deeply unpopular troop buildup or take on the head of their party.

"There is a lot of anxiety and heartburn here," Rep. Ray LaHood, R-Ill., said outside the House chamber, noting the conflicted feelings of many GOP lawmakers toward Bush. "He's our guy. No one wants to go against our guy. And he's the commander in chief and the guy who campaigned for all of us. But he is Iraq." LaHood and many Republicans stood by the president Wednesday, praising Bush for his commitment to reducing the sectarian strife in Iraq.

"The president should be commended for adapting to the reality on the ground in Iraq," said Senate Minority Leader Mitch McConnell, R-Ky. "And although the new plan is not without risk, it provides the best chance for helping the Iraqi people form a country that can defend itself and is an ally in the war on terror."

But McConnell does not head a united front.

A number of Republican senators expressed deep reservations about the president's proposals Wednesday.

"I want real evidence that a potential surge in troops will do more good than harm and will not exacerbate the existing violence in Iraq," said Sen. George Voinovich, R-Ohio, who was invited to the White House to discuss the plan. "I am skeptical."

Other GOP dissenters include Sens. Olympia Snowe and Susan Collins of Maine, Norm Coleman of Minnesota, Chuck Hagel of Nebraska, Gordon Smith of Oregon and Sam Brownback of Kansas, a presidential candidate who once staunchly supported Bush's foreign policy.

Continuing their strident criticism of the Bush administration's war strategy, Smith called the plan a "Hail Mary pass" and Hagel said it was "dangerously wrongheaded."

Also withholding support was Georgia Republican Rep. Jack Kingston, whose district is the home of the U.S. Army's 3rd Infantry Division, which has served two tours in Iraq.

Democrats, by contrast, rallied Wednesday in vigorous opposition, taking to the floors of the House and Senate and stepping before television cameras to condemn the president.

"There are no timelines, no real goals .... I was very disappointed," California Sen. Dianne Feinstein said on CNN. "It is an escalation. And I'm hard-pressed to see how we come out of that kind of escalation as victors."

Feinstein and other Democrats have voiced increasing alarm about sending more troops into the middle of a burgeoning civil war that they say can only be quelled by Iraqis themselves.

Connecticut Sen. Joe Lieberman, who ran as an independent last year but still caucuses with the Democrats, was a lonely supporter of the president, whom he praised for pushing a "correct and courageous course."

"It is a dangerous illusion to believe that we can depart Iraq and the inevitable killing fields, and terrorist violence will not follow us in retreat, even to our own shores," Lieberman said.

The war continues to pose difficulties for Democrats.

The party's plans to focus on a 100-hour domestic agenda packed with popular measures like ethics reform and a minimum wage hike were overshadowed by the debate over Bush's much-anticipated Iraq speech.

And Democrats, who rode to power on voter discontent with the war, are being forced to articulate a real strategy to match their rhetoric.

But Bush's plan appears to have galvanized Democrats -- who just last summer were put on the defensive by Republicans who induced nearly a quarter of the House Democrats to back a GOP resolution expressing support for Bush's war policies.

Wednesday, House and Senate leaders were confidently gearing up to introduce resolutions opposing the president's plans.

"My bet is that if an up-or-down vote happened on the Senate floor on whether we should send a significantly increased number of troops, that that vote would be overwhelmingly against sending the troops, and a significant number of Republicans would vote not to send more troops to Iraq," said Sen. Charles E. Schumer, D-N.Y., who helped quarterback Senate Democrats to their November election success.

Meanwhile, Sen. Edward M. Kennedy, D-Mass., and Rep. Edward J. Markey, D-Mass., were lining up co-sponsors for their bills, which would go even further and cut off funds for increasing troop levels in Iraq.

Among their supporters are Sens. Barbara Boxer, D-Calif., and John F. Kerry, D-Mass.

"Last year ... there was some squeamishness about the war," said Kerry, who pushed an unsuccessful measure last spring to require a troop withdrawal. "Now there is a unanimity in our caucus."

Analysis: Bush Speech Draws Lines (AP)

By Tom Raum

AP, January 11, 2007

President Bush's announcement that he is sending more troops to Iraq sets up the first major test of wills between his Republican administration and the new Democratic-controlled Congress. Both sides are digging in.

The political stakes raised by Bush's prime-time television address were high on both sides.

Democrats, who came to power in midterm elections two months ago in large part because of growing public opposition to the war, must walk a fine line between criticizing Bush's plans and appearing to be obstructionists or undermining the military.

And they presently rule Congress with insufficient numbers to block Bush's plan.

For Bush, the decision to send more troops to Iraq — rather than begin a withdrawal of combat forces as recommended last month by the bipartisan Iraq Study Group — is a huge gamble.

If it fails, he will have few if any options left.

Defying public opinion polls and the newly empowered Democratic leadership, Bush on Wednesday moved to send 21,500 more U.S. troops to Iraq while saying it was a mistake not to have had more forces there previously.

He recognized the risks ahead. "Even if our new strategy works exactly as planned, deadly acts of violence will continue and we must expect more Iraqi and American casualties," Bush said in Wednesday's address to the nation. But, he added, "to step back now would force a collapse of the Iraqi government, tear that country apart, and result in mass killings on an unimaginable scale,"

Democrats served notice they would challenge his plan, with aggressive hearings that begin on Thursday and with votes in both the House and Senate in the coming days on a nonbinding measure opposing any increase in troops.

"American voters expect us to help get us out of Iraq," said Democratic Sen. Joseph Biden of Delaware, chairman of the Foreign Relations Committee and a 2008 presidential hopeful.

Congress voted in October 2002 by wide margins to authorize Bush to take military action in Iraq. That authority stands.

Since they now run Congress, even though by thin majorities, Democrats also now share with the president some responsibility over the unpopular war.

Despite their vows to carefully scrutinize Bush's troop increase, their near-term options are limited.

While it's true that Congress controls the government's purse strings, politically about the most it can do is hold hearings and pass symbolic resolutions.

If, even if with the help of some Republicans, Congress is able to pass legislation, such as that proposed this week by Sen. Edward M. Kennedy, D-Mass., to require Bush to get congressional approval before sending more troops to Iraq, Bush will surely veto it.

And, given the slim margin of Democratic control, such a veto would almost certainly be sustained.

"The Democrats may control Congress but they can't block the president this time without potentially being accused of losing the war. I think an awful lot of this is staging for the next time," the 2008 presidential and congressional elections, said Anthony Cordesman, an Iraq expert at the Center for Strategic and International Studies.

For Bush, many dangers lurk in the new plan.

The new troops might not be enough to stabilize the country. Prime Minister Nouri al-Maliki might not rise to Bush's challenge to do more in controlling sectarian violence and shutting down private militias. The new U.S. troops could present more targets to militants.

"We have to succeed. We must succeed. The consequences of failure are catastrophic in the region," said Sen. John McCain, R-Ariz., who has long advocated more troops.

Furthermore, Bush risks losing more and more Republican support, which in turn would hasten his lame-duck status. Next week's votes are, in part, a strategy to divide Republicans by forcing them to take a public stand on the war.

"At this point, the battle lines have been drawn pretty deeply. And the concrete is setting," said Stephen Wayne, a professor of government at Georgetown University. "I regard this as a last gasp for the president to try to get a successful resolution of the Iraq quagmire."

Both parties are divided on what to do next.

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More and more Republicans are trying to distance themselves from Bush and the war.

And Democrats are divided on how far to go in fighting Bush's plan or in pressing for troop withdrawals, even as the party's liberal base pressures them to do more to bring troops home.

"If the question is whether Congress would cut off funds, the answer is no. But you had an election in November that was widely interpreted as a rejection of the president's war policy," said John Isaacs, president of the Council for a Livable World, an arms control advocacy group.

"While Americans are not sure about how to get out, and only a small proportion back immediate withdrawal, they certainly aren't inclined to support a new increase, an escalation," said Isaacs.

Before his speech, Bush personally briefed both Democratic and Republican leaders on details of his plan. The leaders emerged in agreement on just one thing — that Americans are understandably skeptical and that the war so far has gone badly.

Then, they respectively sounded what are sure to be battle themes for the coming days.

Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi renewed their opposition to additional troops. But, said Reid, "We as senators have had no ability to have any input in the president's position on this."

House Minority Leader John Boehner, R-Ohio, said the plan might be distasteful to some but he called it "our best shot at victory in Iraq."

EDITOR'S NOTE — Tom Raum has covered national and international affairs for The Associated Press since 1973.

Intensified Combat On Streets Likely (WP)

By Thomas E. Ricks And Ann Scott Tyson

The Washington Post, January 11, 2007

President Bush's plan to send tens of thousands of U.S. and Iraqi reinforcements to Baghdad to jointly confront Sunni insurgents and Shiite militias is likely to touch off a more dangerous phase of the war, featuring months of fighting in the streets of the Iraqi capital, current and former military officials warned.

"The terrorists and insurgents in Iraq are without conscience, and they will make the year ahead bloody and violent," the president said last night in explaining his revised approach. "Even if our new strategy works exactly as planned, deadly acts of violence will continue -- and we must expect more Iraqi and American casualties."

The prospect of a more intense battle in the Iraqi capital could put U.S. military commanders in exactly the sort of tough urban fight that war planners strove to avoid during the spring 2003 invasion of the country. The plan to partner U.S. and Iraqi units may compel American soldiers to rely on questionable Iraqi army and police forces as never before. And while the president insisted there is no timetable associated with the troop increase, military officials said sustaining it for more than a few months would place a major new strain on U.S. forces that already are feeling burdened by an unexpectedly long and difficult war.

Most of all, the White House's insistence on confronting all insurgents and militias, both Sunni and Shiite, may mean that the U.S. military will wind up fighting the Mahdi Army of radical cleric Moqtada al-Sadr. That militia is estimated by some U.S. intelligence officials to have grown over the past year to about 60,000 fighters, and some in the Pentagon consider it more militarily effective than the Iraqi army. Fighting it could resemble on a citywide scale the sharp combat that took place this week along central Baghdad's Haifa Street, in which U.S. jets and attack helicopters conducted airstrikes just north of the U.S. Embassy in the protected Green Zone.

"There will be more violence than usual because of the surge, and a surge with more casualties plays up on the international stage," said a senior Army official. Sadr "is going to have to make a choice, and if he decides on a confrontation, it will be pretty significant," added a senior Pentagon official.

Sadr is one of the most powerful figures in the Iraqi government, and he has forced it and the U.S. military to back down in the past. Yet if the Mahdi Army is not confronted, the entire offensive may falter and the sectarian conflict may intensify, because Sunnis will feel it is just one more way of attacking them while letting Shiite death squads go free, military experts said. "If our troops do not enter Sadr City, they belittle the notion of a surge because they would leave a leading militia unscathed," said Patrick Cronin of the International Institute for Strategic Studies, a defense think tank.

The last time the U.S. military fought both Sunni and Shiite elements in Iraq was the spring of 2004, which became one of the most difficult times in the war. U.S. commanders were stunned to face a two-front conflict against Sunni insurgents in Anbar province and Shiites in Baghdad and across a broad swath of south-central Iraq. Troops from the Army's 1st Cavalry Division fighting in Sadr's stronghold of about 2 million Shiites in eastern Baghdad became enmeshed in a series of clashes resembling the movie "Black Hawk Down." Sadr's militias besieged isolated U.S. patrols and took over police stations, schools and municipal buildings.

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An Army officer who recently commanded a battalion in Baghdad predicted last night that the plan would fail because Iraqi Prime Minister Nouri al-Maliki and his government "will do things to maintain protection" of Sadr's forces. He also dismissed as "happy talk" the president's notion that the predominantly Shiite Iraqi army and police could reassure pro-insurgent Sunni neighborhoods by conducting foot patrols through them.

Bush said it is now clear that there have not been sufficient troops in Baghdad, and that part of the difference in this approach is that the plan will be adequately resourced. Yet the total number of U.S. troops in Iraq after the planned increase will be about 153,000, less than the peak of about 165,000 in December 2005. Military experts last night wondered, as one said, how a "thin green line" of 17,500 additional soldiers in Baghdad could affect the security situation in a city where many of the 5 million residents are hostile to the U.S. presence. "Too little, too late -- way too late," said retired Col. Jerry Durrant, who has worked as a trainer of Iraqi forces.

The Joint Chiefs of Staff have resisted Bush's push for more troops, according to officials familiar with internal deliberations, but recently gave in to the president's wishes. Bush said last night that top commanders reviewed the new plans to add a total of 21,500 Army and Marine forces in Baghdad and Anbar province and approved of them.

"The 'surge' is actually quite small," said retired Army Col. Andrew Bacevich, who compared it with the 206,000 additional troops that Gen. William Westmoreland requested in Vietnam in 1968. "In effect, Bush is counting on the Iraqis to pull our bacon out of the fire," Bacevich said, adding that there is no evidence that the Iraqi military and government are capable of doing so.

The plan calls for the Iraqi government to designate one overall commander for all Iraq army and police personnel in Baghdad. The city would be divided into nine sectors, each with an Iraqi commander and with a U.S. Army battalion assigned to it to support the Iraqi forces.

In the short to medium term, the U.S. military increase in Iraq will involve accelerating some troops into Iraq and extending the tours of others, creating an overlap that raises the overall troop level. At least one Army brigade not originally scheduled to rotate into Iraq -- the 2nd Brigade of the 82nd Airborne Division -- has begun moving into Iraq from Kuwait.

Four more Army brigades in the United States that are already part of the planned 2007 Iraq rotation are expected to deploy beginning in February, between two weeks and two months earlier than scheduled. In Iraq, three Army brigades will be extended past their scheduled one-year tours, in one instance for about four months. Meanwhile, a large Marine combat unit now in Anbar province will have its tour of duty extended.

In the longer term, sustaining elevated troop levels will probably require remobilization of Army National Guard and Army Reserve units. Senior Army officials said they were concerned that soldiers will have longer tours in the war zone or less time at home to see their families, train and repair equipment. Speeding up deployments also carries risks by curtailing time units have to train and receive equipment.

Bush Rhetoric Hard To Square With Facts (AP)

By Calvin Woodward

AP, January 11, 2007

President Bush promised a diplomatic offensive to win support for Iraq from Middle Eastern countries that, if anything, have become more hostile to U.S. policy in Iraq since Saddam Hussein's execution.

In doses of rhetoric hard to square with facts in the region, Bush portrayed the ordinary people of the Middle East as being behind U.S. goals in Iraq, in his speech to the nation Wednesday night.

And he declared the need to address Iran's and Syria's support for insurgents, without acknowledging his refusal to engage either country diplomatically, as many U.S. allies and the Iraq Study Group proposed.

The war that toppled Saddam Hussein's Sunni-run regime has rekindled the centuries-old divide between Sunni and Shiite Muslims through Middle East, suspicions that have grown stronger since Saddam's Dec. 30 execution.

Bush, who often invoked the Iraqi leader and his "evil mind" in the past, ignored him in the speech.

In Saudi Arabia, the religious establishment — rooted in the hard-line Wahhabi stream of Sunni Islam — has stepped up its anti-Shiite rhetoric. Last month, about 30 clerics called on Sunnis around the Middle East to support their brethren in Iraq against Shiites and praised the insurgency.

Despite such vitriol, Bush said that from "Afghanistan to Lebanon to the Palestinian Territories, millions of ordinary people" are asking: "Will America withdraw and yield the future of that country to the extremists or will we stand with the Iraqis who have made the choice for freedom?"

Also in his speech:

_Bush declared "al-Qaida is still active in Iraq" and a failed U.S. mission would give such terrorists a safe haven from which to plot attacks against Americans.

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Although few quarrel with that appraisal now, it is also the case that Iraq — contrary to assertions at the time — was not a magnet for al-Qaida before the U.S. invasion.

_Bush proposed $414 million to double the number of U.S. civilian workers who help coordinate local reconstruction projects. These State Department-led units, dubbed Provincial Reconstruction Teams, are to focus on projects both inside and outside Baghdad's heavily fortified Green Zone. Some will be merged into combat brigades.

He also proposed $400 million in quick-response funds for the teams to do local reconstruction and rebuilding projects.

However, the special inspector general for Iraq said in an October report that continued violence and the lack of security seriously impeded reconstruction. Workers have been prevented from traveling to project sites and the lives of contractors at rebuilding sites are in danger.

The report quoted Iraq's minister of electricity as saying: "Every day I send repair teams, but they can't get to the area; there are too many insurgents ... no one can help."

_The speech also reflected Bush's evolving qualifications about the U.S. commitment to Iraq, not as ironclad now as when he said just over a year ago, "We will stay until the job is done."

The president said in his speech that he made it clear to Prime Minister Nouri al-Maliki and other Iraqi leaders "that America's commitment is not open-ended."

"If the Iraqi government does not follow through on its promises, it will lose the support of the American people — and it will lose the support of the Iraqi people."

Overall, Bush presented a sobering account of the situation in Iraq, in marked contrast to past statements by the president and his commanders that the U.S. was "on the brink of success," insurgents had been "brought to their knees," and "we have broken the back of the insurgency."

His once-confident challenge to the insurgents — "Bring 'em on" — was replaced by grimmer realism.

Even so, Bush rested much of his case on unknowables — among them whether Iraqi leaders can live up to their pledge to free their forces of the sectarian pressures that have severely limited their effectiveness and made some matters worse.

He declared unequivocally that when U.S. and Iraqi forces sweep insurgents out of Baghdad neighborhoods this time, they won't just rush back in. "This time, we have the force levels we need to hold the areas that have been cleared," he said.

Promising Troops Where They Aren't Really Wanted (NYT)

By Sabrina Tavernise And John F. Burns

The New York Times, January 11, 2007

BAGHDAD, Jan. 10 — As President Bush challenges public opinion at home by committing more American troops, he is confronted by a paradox: an Iraqi government that does not really want them.

The Shiite-led government of Prime Minister Nuri Kamal al-Maliki has not publicly opposed the American troop increase, but aides to Mr. Maliki have been saying for weeks that the government is wary of the proposal. They fear that an increased American troop presence, particularly in Baghdad, will be accompanied by a more assertive American role that will conflict with the Shiite government's haste to cut back on American authority and run the war the way it wants. American troops, Shiite leaders say, should stay out of Shiite neighborhoods and focus on fighting Sunni insurgents.

"The government believes there is no need for extra troops from the American side," Haidar al-Abadi, a Parliament member and close associate of Mr. Maliki, said Wednesday. "The existing troops can do the job."

It is an opinion that is broadly held among a Shiite political elite that is increasingly impatient, after nearly two years heading the government here, to exercise power without the constraining supervision of the United States. As a long-oppressed majority, the Shiites have a deep-seated fear that the power they won at the polls, after centuries of subjugation by the Sunni minority, could somehow be pried from their fingers once again.

There are misgivings, too, among other Shiite leaders, including some whom Mr. Bush has courted recently in a United States effort to form a bloc of politicians from the Shiite, Sunni and Kurdish communities that can break Mr. Maliki's political dependence on the radical Shiite cleric Moktada al-Sadr, who leads the Mahdi Army, the most powerful of the Shiite militias that are at the heart of sectarian violence in Iraq.

Hadi al-Ameri, the leader of the security committee in Parliament and a close associate of Abdul Aziz al-Hakim — a prominent Shiite leader who met with Mr. Bush last month in Washington, and who has quietly supported the American push to reshape the political landscape in Baghdad — was unequivocal in his opposition to a troop increase.

"You can't solve the problem by adding more troops," said Redha Jawad Tahi, another Shiite member of Parliament from Mr. Hakim's party. "The security should be in the hands of the Iraqis. The U.S. should be in a supporting role."

Still, the Iraqis seem to be getting some of the increased authority they have been demanding. The plan Mr. Bush sketched out involved the appointment of an Iraqi commander with overall control of the new security crackdown in Baghdad, and Iraqi

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officers working under him who would be in charge of military operations in nine newly demarcated districts in the capital. The commanders would sit in a new office of commander in chief directly under the authority of Mr. Maliki. The arrangement could allow Mr. Maliki to circumvent the Ministry of Defense, which is controlled directly by the American military.

The arrangements appeared to suggest that Mr. Maliki could halt any push into Sadr City, the Mahdi Army stronghold that American commanders have been saying for months will have to be swept of extremist militia elements if there is to be any lasting turn toward stability in Baghdad. But Mr. Bush's new plan appeared to have safeguards of its own to prevent sectarian agendas from gaining the upper hand. Bush administration officials said that Americans would be present in the commander in chief's office and that an American Army battalion — 400 to 600 soldiers — would be stationed in each of the nine Baghdad military districts. That means Mr. Maliki will not have complete freedom of movement. In the past, American commanders have been reluctant to hand over operational control to the Iraqis, worried that Iraqi forces will be used as a weapon in a civil war.

Still, Mr. Abadi said that the Iraqis are expecting that the Americans will base themselves on the outskirts of Baghdad and that the Iraqis will take command of the city itself.

"There is a dialogue going on between the prime minister and Bush," he said. "The U.S. agrees that the government must take command."

Shiite suspicions of the American troop increase reflect a tectonic shift in the political realities here. Shiites, the principal victims of Saddam Hussein's repression, had joined with Iraqi Kurds in hailing the American-led invasion in 2003, seeing it as opening their way to power. But once they consolidated their control through two elections in 2005, they began distancing themselves from the Americans, seeing their liberators increasingly as an impediment to the full control they craved.

By contrast, moderate Sunnis, who were deeply alienated by the American occupation at an earlier stage of the war, are now looking to Americans for protection, as Shiite militias have moved into Sunni neighborhoods in a deadly cycle of revenge. On Wednesday, moderate Sunni politicians hailed the idea of more American troops.

The Shiite leaders' frustrations have grown in recent months as American commanders have retained their tight grip in Baghdad. While the Americans have argued for a strategy that places equal emphasis on going after Shiite and Sunni extremists, the Shiite leaders have insisted that the killing is rooted in the Sunni attempt to regain power and that Shiite militias and revenge killings are an inevitable response.

American officials have warned that with lessening American oversight, Shiite leaders might shift to a sectarian strategy that punished Sunni insurgents but spared Shiite militias. The execution 11 days ago of Saddam Hussein, carried out in haste by the Maliki government over American urgings that it be delayed until the legal paperwork was completed, only reinforced such fears. With as many as 17,000 additional American troops in Baghdad, the American force level in the capital will rise above 30,000, and many of those, under the Bush plan, will be in American units that are twinned with Iraqi units, or in expanded teams of military advisers that are embedded with the Iraqis, down to the company level.

American generals have acknowledged that the twinning of American and Iraqi units, and the rapid increase in the number of American advisers, will serve the dual purpose of stiffening Iraqi combat performance and providing American commanders with early warning of any Iraqi operations that run counter to American objectives. In effect, the advisers will serve as canaries in Mr. Maliki's mine, ensuring the American command will get early notice if Iraqi operations threaten to abandon the equal pursuit of Sunni and Shiite extremists in favor of a more sectarian emphasis. Some Iraqi politicians have expressed bitter opposition to the expansion of the advisory teams, saying they will amount to "spies" at the heart of Iraq's war.

But if that appeared to set the stage for future tensions between the Americans and the Iraqis, there was much else in the Bush plan that appeared to have been fashioned to avoid an early confrontation with the Maliki government. While the plan set out political benchmarks, it appeared to lack any timelines to force compliance on Mr. Maliki, who has shown in the past months that his willingness to pledge action on issues urged on him by the Americans is more than matched by his resourcefulness in finding ways to defer steps that might incur resistance among Shiite religious groups.

The wish list set out by White House officials was the same as the one the Americans laid down in May, when Mr. Maliki took office: an oil law that promises a fair distribution of future oil revenues between the Shiite and Kurdish populations that sit atop most of Iraq's oil wealth, and the Sunnis whose heartland is mostly bereft of proven oil reserves; constitutional revisions that will assuage Sunni complaints that their interests were swept aside when Shiite and Kurdish voters approved the charter 15 months ago over Sunni objections; a new de-Baathification law that will sweep aside the barrier that thousands of Sunnis have found in seeking government jobs; and, most important, a militia law that will lay the groundwork for disarming and demobilizing armed groups like Mr. Sadr's that challenge the government's monopoly on armed force.

Hard-line Shiite politicians have been saying with growing vehemence that these American goals amount to an attempt to deprive them of the victory they won at the polls, and that instead of placating Sunnis, a minority of about 20 percent in Iraq's population of 27 million, the United States should stand aside and "allow the minority to lose." For Americans, whose best road home lies in drawing the Shiites, Sunnis and Kurds together, it amounts to a collision with the hard history of Iraq.

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Only time will tell whether Mr. Maliki and his associates, with the trends in the war running against them, will take the "breathing space" that White House officials said the American troop reinforcements will give them to decide, at last, that history is theirs to command.

Bush Troubled by Video of Hanging

WASHINGTON, Jan. 10 — President Bush told a private gathering of television news anchors and hosts on Wednesday that he was deeply troubled by the handling of the execution of Saddam Hussein.

"I asked the president if he had seen the execution video of Saddam Hussein," Brian Williams, the NBC News anchor, said on the "Nightly News." "He indicated that he had and said in his view the way it was handled ranked just below the Abu Ghraib prison scandal in terms of mistakes made thus far in the war."

A grainy unauthorized recording of the execution showed some of the guards in the room taunting Mr. Hussein moments before his hanging.

In Iraq on Wednesday, The Associated Press reported that Mr. Maliki has named Lt. Gen. Aboud Gambar, an Iraqi general who was taken prisoner of war by American forces during the 1991 Persian Gulf war, as the overall commander of his troops.

General Gambar, a Shiite, will have two assistants, one from the police and one from the army, Iraqi military officers said on condition of anonymity because they were not authorized to disclose the information. General Gambar will report directly to Mr. Maliki, The AP reported.

At least 91 people were killed or found dead in Iraq on Wednesday, [a news agency] reported.

A day after Iraqis and Americans battled insurgents in downtown Baghdad, the area was quiet and empty on Wednesday. The American military said it had detained 21 Iraqis in two raids there.

Bid To Secure Baghdad Relies On Troops And Iraqi Leaders (NYT)

By Michael R. Gordon

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — With his new plan to secure Iraq, President Bush is in effect betting that Iraqi leaders are committed to building a multisectarian state, and his strategy will stand or fall on that assumption.

The plan differs in several respects from the faltering effort to bring stability to Baghdad that began last summer. It calls for a much larger American force. There are to be no safe havens for renegade militias. And, importantly, Iraqi security forces throughout the city are to be put under the direct control of a new Iraqi commander — and backed by American Army battalions.

But the new plan depends on the good intentions and competence of a Shiite-dominated Iraqi government that has not demonstrated an abundant supply of either.

"Everybody raises a question about the intentions and capabilities of this government," a senior American official said, referring to the Iraqi government. "Is this a government that really is a unity government or is it in fact pursuing, either explicitly or implicitly, a Shia hegemony agenda?"

It was just in August that the Bush administration hailed the advent of "Operation Together Forward II," a plan that was intended to provide security to Baghdad's violence-ridden neighborhoods but did not stop the rise in sectarian violence.

Based on the assumption that the establishment of security in Baghdad was a bedrock condition for the broader push to stabilize the country, that plan called for American and Iraqi forces to clear contested neighborhoods in the capital, which would then be held with Iraqi police. That was to be followed to an energetic effort to fix sewage lines and generally rebuild neighborhoods, an effort intended to win public support and help remedy Iraq's chronically high unemployment.

That plan was backed by only modest resources from the start.

With an increase of only 7,000 American troops, the number of Americans participating in the operation was only about 15,000. The Iraqis sent only two of the six battalions that they had promised as reinforcements, bringing the number of Iraqi soldiers involved to 9,600. Some 30,000 Iraqi policemen were to help secure Iraqi neighborhoods, but many police units were infiltrated by the Shiite militias they were supposed to control or ineffectual. Much of the reconstruction that was to have been carried out by the Shiite-dominated Iraqi government was never undertaken or was directed away from Sunni areas.

The failure of the old plan led to a new strategy. Instead of emphasizing the turning over of security responsibilities to the Iraqi forces as quickly as possible so American troops could begin to withdraw, a new priority was to be put on protecting the Iraqi population.

The new strategy required more American forces, and the generals offered different recommendations as to how large the American troop reinforcement should be.

Gen. George W. Casey Jr., the top American commander in Iraq, and Gen. John P. Abizaid, the leader of the United States Central Command, who have long argued that sending too many troops would put off the day when the Iraqis would take responsibility for their own security, initially recommended a more modest approach. According to a senior administration official,

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they recommended that two additional American combat brigades be sent to Baghdad. A third would be held in reserve in Kuwait and two more would be on call in the United States.

But Lt. Gen. David H. Petraeus, whom Mr. Bush has selected to replace General Casey, wanted to ensure that he had enough troops to carry out what by all accounts will be an extremely challenging mission. He sought a commitment that all five combat brigades would be sent.

Mr. Bush opted for the larger commitment. Five brigades are to be sent to improve security in the greater Baghdad area — an increase of about 17,500 troops that will more than double the American force involved in security operations there.

Beyond the capital, about 4,000 additional marines have been earmarked for Anbar, the volatile province in western Iraq that is the base for many Sunni insurgents. American and Sunni Arab forces are essentially locked in a stalemate there, and some officers have long complained that the effort in the west is under strength. This relatively modest reinforcement is intended to buttress the Americans' ability to interrupt insurgent supply lines from Syria and to make it harder for the insurgents to concentrate their efforts on Baghdad.

Critics of the troop-increase plan have complained that 17,500 more soldiers are too few to control a capital of six million people. Supporters say that by concentrating these soldiers in crucial neighborhoods, along with the 15,000 American troops already involved in the operation, the reinforcement can be effective.

An unknown variable is the performance of the Iraqis. The Iraqis are to reinforce Baghdad with three more Iraqi Army brigades, bringing the total number of Iraqi brigades in the city to nine — or 20,000 troops if the units are at full strength.

The Iraqi brigades, along with Iraqi National Police units and regular Iraqi police units, will be deployed in nine sectors of Baghdad, each under an Iraqi commander. In an innovation, an American battalion will be assigned to each sector, a way to stiffen the Iraqi forces and monitor them should some harbor sectarian agendas.

In carrying out the old operation, Americans conducted patrols from large American bases in and around the city. This time, according to Lt. Gen. Raymond T. Odierno, the second-ranking American command in Iraq, some American troops will remain in contested areas "24/7" to deter death squads and insurgents from infiltrating the sectors once the neighborhoods have been cleared.

In explaining the genesis of the new strategy, administration officials described its formation as essentially the product of a process of elimination. Other options were discarded until the White House was left with what it considered to be the least bad choice in a difficult situation.

Strikingly, Mr. Bush in his speech did not exclude the risk of failure. After listing all the reasons why the new plan has a better chance of succeeding than the old one, Mr. Bush stressed that he had informed Prime Minister Nuri Kamal al-Maliki that the United States commitment to the new operation was not open-ended.

"If the Iraqi government does not follow through on its promises, it will lost the support of the American people," Mr. Bush said. "Now is the time to act."

Bush's Iraq Plan Faces Obstacles On Two Fronts (WSJ)

By Yochi J. Dreazen, Greg Jaffe And Neil King Jr.

The Wall Street Journal, January 11, 2007

WASHINGTON -- The success of President Bush's controversial strategy for stabilizing Iraq depends on the cooperation of an Iraqi government paralyzed by sectarian tensions and a Democratic Congress that appears increasingly eager to challenge the administration's handling of the war.

In a prime-time speech to a nation wearied by the violence in Iraq, Mr. Bush acknowledged a litany of American failures and announced plans to send at least 20,000 new U.S. military personnel to Baghdad and the restive Anbar province. White House officials said the first brigade of additional forces would arrive in Iraq later this month, with the remainder of the forces streaming into the country over the next four or five months.

The additional troops are the centerpiece of a broad administration push to retool the military, economic, and political aspects of its Iraq strategy -- and to find a way of staunching the continued decline in American support for the war. In addition to the extra troops, administration officials said they would ask Congress for more than $1 billion in new funding for programs designed to boost reconstruction, economic growth and job creation in Iraq, including $350 million to expand a program that gives military commanders money they can use on small-scale development projects in the areas they patrol.

Speaking from the White House library, Mr. Bush used unusually pessimistic language to describe the situation in Iraq and conceded mistakes in prior strategies in the war, saying: "The situation in Iraq is unacceptable to the American people -- and it is unacceptable to me," Mr. Bush said.

The president said that earlier efforts to secure Baghdad had failed because there weren't enough U.S. military personnel to hold neighborhoods after they had been cleared of insurgents, and because the Iraqi government prevented American

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personnel from conducting operations in the Shiite districts that house the militias responsible for most of the current violence. The new surge strategy, by contrast, would ensure that "we will have the force levels we need to hold the areas that have been cleared," and enter Shiite areas of the city, Mr. Bush said.

Still, the administration's ability to control events on the ground in Iraq is rapidly diminishing, and it's far from clear that the strategy will find enough support in either Baghdad or Washington to have much chance of success.

Mr. Maliki has long opposed the deployment of additional U.S. forces to Iraq, and his government crippled earlier U.S. efforts to stabilize Baghdad by failing to deliver the Iraqi security forces it had promised and by refusing to allow a crackdown on the Shiite militias responsible for much of Iraq's current violence.

The surge plan also comes amid increasingly hostile sentiment toward the White House's Iraq strategy on Capitol Hill among both Democrats and Republicans -- and amid signs that the newly Democratic Congress is testing how far it can go in influencing the White House's handling of the war going forward.

Democrats now hope to capitalize on the mounting displeasure among lawmakers of both parties by putting forward nonbinding resolutions in the House and Senate opposing the troop increase, starting as soon as Thursday. Their strategy involves persuading more Republicans to go on record opposing the White House plan, as a way of gauging the depths of opposition to the war plan. Even before Mr. Bush spoke Wednesday night, conservative Republican Sen. Sam Brownback of Kansas, eyeing a 2008 presidential bid, said he was opposed to sending more troops to Iraq, while Republican Sen. Chuck Hagel of Nebraska derided the move as "a dangerously wrong-headed strategy that will drive America deeper into an unwinnable swamp."

Beyond rhetorical opposition to Mr. Bush's strategy, Democrats may test in coming weeks whether to use Congress's power of the purse to impede the troop increase.

White House officials previewing Mr. Bush's speech acknowledged that its success depended on a new level of cooperation of Mr. Maliki and his government, and said that the administration had received firm Iraqi commitments to deploy significant numbers of Iraqi security personnel to the new push to secure Baghdad and -- more crucially -- to allow American and Iraqi forces to confront forces loyal to radical Shiite cleric Moqtada al-Sadr.

One of the most noteworthy aspects of the new strategy deals with Iraqi, rather than American, troops. A senior White House official said Mr. Maliki had pledged to send three additional Iraqi army brigades to Baghdad in a broad restructuring of security operations in the city. Individual Iraqi officers -- instead of U.S. generals -- will be given responsibility for each of Baghdad's nine districts, and will answer to a single Iraqi commander who will have command authority over the capital.

A senior Bush administration official described the new push to bring order to Baghdad as Iraqi-planned and Iraqi-led, with American troops in support roles. To assist the Iraqis, the U.S. will increase the number of embedded U.S. advisors that live and fight with Iraqi soldiers.

Mr. Maliki has made similar promises in the past, however, only to renege on those deals when the fighting started and pressure from Shiite militia leaders grew to curb the offensives. Mr. Maliki owes his position as prime minister to Mr. Sadr, who remains his strongest political patron.

Senior U.S. military officials, who remain skeptical about the Iraqi Army's abilities and Mr. Maliki's will to take tough stands, downplayed the Bush administration's suggestions that Iraqi forces would be in the lead initially. Instead, they suggested U.S. troops would take the more prominent role until the situation was stable enough for Iraqi troops to move to the front. "We first have to set the conditions for an Iraqi-led defense of Baghdad to work," said one senior military official involved in planning the operation.

The first two attempts to stabilize Baghdad this summer and fall were plagued by the uneven performance of Iraqi forces, sectarian agendas and a shortage of both U.S. and Iraqi troops, military officials said. The Bush administration hopes the troop influx will remedy those shortfalls. But the surge of about 20,000 more soldiers -- all the overstretched U.S. military can provide – is far less than what most proponents of a "surge" have called for. Hawks like Sen. John McCain and Frederick Kagan of the American Enterprise Institute, a conservative think tank, have called for a minimum of 30,000-35,000 soldiers to stabilize Baghdad.

White House officials said another big element of the new plan is a greater U.S. demand for accountability on the part of the Iraqis. They said that Mr. Bush had made clear to the Iraqi leader that the U.S. commitment to Iraq wasn't open-ended.

But the officials acknowledged that Mr. Bush hadn't threatened specific consequences -- such as a reduction in U.S. military and economic assistance, or a withdrawal of U.S. forces -- if Mr. Maliki again failed to meet his commitments to provide additional Iraqi forces or to permit a crackdown on Shiite fighters.

"When you're trying to empower a government, you don't talk to them in those terms -- 'You must do this, or else,' " a senior administration official said.

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On Capitol Hill, doubts about Mr. Maliki's capabilities and intentions are fueling growing opposition to the administration's new Iraq strategy -- and triggering talk of legislative maneuvers, like trying to restrict Mr. Bush's ability to send more troops to Iraq, which would have been unthinkable even a few weeks ago.

The Democratic leaders of the House and Senate, Rep. Pelosi and Sen. Harry Reid of Nevada, both back the idea of a nonbinding resolution opposing a troop increase. Others want to go farther. Sen. Edward Kennedy of Massachusetts introduced a bill earlier this week that would prohibit any additional troops from being sent to Iraq unless explicitly approved by Congress. Rep. John Murtha (D., Pa.), a military veteran who chairs the House Appropriations defense subcommittee, recently introduced a similar measure outlining options that would restrict any troop escalation if it meant reducing readiness at home or extending the tours of troops now in the war zone.

One possible financial pressure point could come as soon as next month, when a stopgap spending bill that has been funding most of the government since October due to expire in mid-February. That is a powerful political tool for Democratic critics of Mr. Bush's policy. Failure to extend the stopgap funding could shut down many agencies -- making any amendment risky. But by the same token, if an Iraq amendment or funding limitation were attached by Congress, the president couldn't simply brush it aside.

Many Democrats are loath to take steps that would portray the party as undermining the troops in Iraq. But measures could gain more support in coming weeks -- especially if proponents succeed in making the point that by opposing additional troops, they are not undermining those already in Iraq.

Balancing concerns about seeming to oppose the military, Democrats run some risk within their own ranks if they are seen as being too pliant toward Mr. Bush in the weeks ahead -- especially after having won control of Congress partly because of the public's antiwar sentiment. A significant chunk of vocal Democratic voters think the U.S. should begin an immediate withdrawal from Iraq, but Democratic leaders have begun to shy away from that plank. Some of the louder liberal groups, such as MoveOn.org, plan to hold a series of rallies in coming days to protest the president's plan and to demand that Congress oppose it.

Indeed, Democratic opposition to the administration's handling of Iraq war is growing markedly across the party, with some of the most conservative Democratic leaders joining some of the most liberal ones in not only opposing the troop increase but also calling for the beginnings of a military withdrawal from Iraq.

Former North Carolina Sen. John Edwards, who has staked out an array of liberal positions as he campaigns of the 2008 presidential nomination, has strongly condemned the surge proposal in recent days and instead argued for sharp troop reductions.

Wednesday, he was joined by one of the more conservative members of the new Democratic congressional majority, former Navy Adm. Joe Sestak, who said that the "bottom line is that the way forward is not to add more troops, but to set a deliberate timetable for re-deployment from Iraq -- at least by the end of this year -- to serve as a catalyst for the Iraqis to accept responsibility for their country."

Bush's New Plan For Iraq Echoes Key Parts Of Earlier Memo (WP)

By Glenn Kessler

The Washington Post, January 11, 2007

President Bush's new Iraq policy was said to be the product of weeks of meetings, discussions and analysis by the president and his national security advisers. Yet core elements of the plan were contained in a classified memo that national security adviser Stephen J. Hadley sent to members of Bush's Cabinet on Nov. 8 -- a month before the bipartisan Iraq Study Group issued its report.

Most news accounts about the Hadley memo, which was published by the New York Times in late November, focused on his critique of Iraqi Prime Minister Nouri al-Maliki. But the 1,800-word document was composed mostly of recommendations for Bush on how to bolster Maliki and improve the security environment.

One key recommendation: filling "the current four-brigade gap in Baghdad with coalition forces if reliable Iraqi forces are not identified." A brigade contains 3,000 to 5,000 troops, so the Hadley memo contemplated roughly 16,000 additional troops.

The president announced yesterday that he would send five additional brigades to Baghdad. An aide said that would total 17,500 troops.

In rebutting criticism that the administration ignored most of the Iraq Study Group's recommendations, a senior administration official pointed yesterday to the fact that the White House accepted its suggestion to embed additional U.S. forces with Iraqi troops. Now, they will go all the way down to the company level.

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But the Hadley memo explicitly urged such a step. "If we expect him to adopt a nonsectarian security agenda," he wrote of Maliki, "we must ensure he has reasonably nonsectarian security institutions to execute it -- such as through a more robust embedding program."

Hadley also called for an "intensive press on Saudi Arabia to play a leadership role on Iraq, connecting this role with other areas in which Saudi Arabia wants to see U.S. action."

As part of the new plan, Secretary of State Condoleezza Rice will travel to the Middle East tomorrow, stopping in Riyadh, to enlist greater Arab support for the Iraqi government -- and to try to jump-start Israeli-Palestinian talks, a key concern of Saudi leaders.

Much of the memo focused on how to help Maliki "form a new political base among moderate politicians," allowing him to free his government from the sway of radical Shiite elements. The United States "would likely need to use our own political capital to press moderates to align themselves with Maliki's new political bloc," Hadley wrote.

Under the new plan, the Iraqi government is supposed to allow a "moderate coalition" to emerge as its new political center.

Hadley also described steps that Maliki could make to "demonstrate that his government serves all ethnic communities," such as "shake up his cabinet by appointing nonsectarian, capable technocrats."

This happens to be another key goal of the new plan. The White House said yesterday that the Iraqi government made a commitment to "reform its cabinet to provide even-handed service delivery."

A White House official, speaking on the condition of anonymity, acknowledged that "many of the ideas in the Hadley memo are in the strategy."

But he said that "when we say the strategy is new, we mean we -- us and the Iraqis -- weren't doing it before, say, November 7. We don't mean no one thought of it before that date."

Bush, Allies At Odds On Iraq (CHIT)

By Jill Zuckman

Chicago Tribune, January 11, 2007

WASHINGTON -- Sen. Norm Coleman, the Minnesota Republican, would rather not be in the position of publicly disagreeing with President Bush.

But when it comes to Iraq, Republican lawmakers on Capitol Hill are breaking away, leaving Bush to lay out his new plan without the usually reliable array of GOP support.

"I don't want to embarrass the president, but my position is clear," said Coleman, who visited Iraq last month. "I do not believe that a surge in troops is going to solve the fundamental problem we have."

Coleman and other Republicans are becoming increasingly public with their view that the ongoing violence in Baghdad requires a political solution, not a military one. "Iraqis have to decide they're going to stop killing themselves," he said.

That Democrats are aggressively opposing Bush's plan to boost the number of troops in Iraq is hardly surprising. The midterm elections that brought them to power this year turned, in large part, on voters' dissatisfaction with the war.

Democratic leaders in the House and the Senate say they are talking to their Republican colleagues, hoping to persuade many of them to support a non-binding resolution that would express disapproval about escalating the war.

House Majority Leader Steny Hoyer (D-Md.) said Wednesday that while those conversations are taking place, Republicans are arriving at their opinions independent of Democratic persuasion.

"I think you're seeing the Republicans respond to what is the overwhelming sentiment of the country, and to what is the reality of the military's observation that the proposals will not work," Hoyer said.

Sen. Dick Durbin, the assistant Senate majority leader from Illinois, said in an interview there is no question that Democrats could pass some sort of resolution expressing disapproval of the war in Iraq and with Bush's handling of that war.

"But many of us believe the most effective message from Capitol Hill is a bipartisan message," said Durbin, who later gave the official Democratic response to Bush's speech. "If the president believes support from his own party at risk, he may have second thoughts." Many Republicans say they have formed their opinions from traveling to Iraq and the surrounding region and talking to military officials there.

"Based on the trip I took to Iraq last month, I concluded it would be a mistake to increase the overall level of troops in Iraq," said Sen. Susan Collins (R-Maine).

Collins said she shared her opinion with Bush, Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates that a political solution is required to address the civil unrest, not a boost in troops.

So did Sen. Gordon Smith (R-Ore.), who delivered a lengthy speech on the Senate floor in December, outlining his increasing frustration with the war. He has told the president that he opposed a so-called "surge" in troops.

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Sen. Olympia Snowe (R-Maine) was similarly unimpressed with the idea of putting more troops at risk, describing her view as "deep skepticism."

Also not persuaded is Sen. George Voinovich (R-Ohio), a member of the Senate Foreign Relations Committee.

"At this point I am skeptical that a surge in troops alone will bring an end to sectarian violence and the insurgency that is fomenting instability in Iraq," Voinovich said. "The generals who have served there do not believe additional troops alone will help. And my faith in Prime Minister [Nouri] al-Maliki's political will to make the hard choices necessary to bring about a political solution is fragile at best."

Like many of his colleagues, Voinovich said he wants to see a political solution between Sunni Arabs and Shiite militias.

"And I want real evidence that a potential surge in troops will do more good than harm and will not exacerbate the existing violence in Iraq," he added.

Lawmakers who are typically supportive of the president's policies gave themselves some distance in the hours before Bush's address Wednesday .

"I'm open to the president's plan, but I need to learn a whole lot more of the details," said Sen. David Vitter (R-La.).

His constituents have grown weary of the war, he explained. "I don't know anyone who's not," he said. "It doesn't mean we shouldn't or can't go forward, but it makes it a lot more difficult."

Sen. John Warner of Virginia, the ranking Republican on the Senate Armed Services Committee, has expressed his own reservations, but urged his colleagues to spend some time mulling Bush's proposal in the coming days.

"What he says merits thoughtful consideration by the Senate," Warner said.

Still, Warner is unhappy with the strife dominating Iraq, something he has witnessed firsthand.

"Young men and women in uniform should not be caught in the crossfire of a civil war started with who should have succeeded Muhammad in 650 A.D.," he said.

Bush Accepts Responsibility For 'mistakes' (USAT)

By David Jackson

USA Today, January 11, 2007

WASHINGTON — President Bush said Wednesday that he will raise U.S. troop levels in Iraq by 21,500 to try to break "the current cycle of violence" there, and he conceded for the first time that he has not sent enough military forces.

Although Bush warned of more bloodshed, he said benefits will be seen over time. "If we increase our support at this crucial moment … we can hasten the day our troops begin coming home."

ON DEADLINE: Share your thoughts on Bush speech

Bush's plan includes $5.6 billion for the troop increase and more than $1 billion in new economic aid for Iraq. It also calls for better performance by the Iraqi government to control its own security.

The president said previous plans failed because there were not enough U.S. and Iraqi troops to protect Iraqi neighborhoods and to contain violence between Sunnis and Shiites.

"The situation in Iraq is unacceptable to the American people, and it is unacceptable to me," Bush said. "Where mistakes have been made, the responsibility rests with me."

Democrats and some Republicans criticized the plan even before Bush addressed the nation from the White House library.

Rep. John Murtha, D-Pa., new chairman of the House panel overseeing Pentagon spending, said Bush will have to make a strong case to justify more money for troops. "We really have an ability to stop this thing," said Murtha, a Vietnam veteran. "Not today, but later on."

Sen. Sam Brownback, R-Kansas, a potential 2008 presidential candidate, said committing more troops is the wrong answer. "Iraq requires a political rather than a military solution," he said.

Bush stressed that the goal of his revised plan will be to train Iraqi forces so they can control their country's security by November. He said his troop commitment "is not open-ended."

Bush described the consequences of failure for Iraq and the United States: radical Islamic extremists growing in strength in the Middle East, and terror rising throughout the world.

The president said he had sent another carrier strike group to the Middle East, and he warned Iran and Syria against aiding Iraqi insurgents. He said the United States will "interrupt the flow of support" from Iraq's neighbors.

In Iraq, Prime Minister Nouri al-Maliki has told Shiite militiamen, including supporters of cleric Muqtada al-Sadr, to surrender their arms or face an assault by U.S. and Iraqi forces, the Associated Press reported. The AP quoted an unnamed Shiite legislator who spoke on condition of anonymity because he was not authorized to speak for al-Maliki.

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Bush said he told al-Maliki and his aides that they risk losing the support of Americans and Iraqis if they do not improve security. "A democratic Iraq will not be perfect, but it will be a country that fights terrorists instead of harboring them," the president said.

There are now 140,000 U.S. troops in Iraq. The retooled plan calls for 17,500 troops to be committed over the next several months to Baghdad, site of most of the sectarian violence. That would more than double the 15,000 troops now there. An additional 4,000 Marines are headed to Anbar province in western Iraq, which the administration says is a base for al-Qaeda terrorists.

Bush said the new money for reconstruction and jobs programs would help Iraqis see "that military operations are accompanied by visible improvements in their neighborhoods."

Bush Vows Surge To Fix 'Mistake' (WT)

By Joseph Curl And Stephen Dinan

The Washington Times, January 11, 2007

President Bush last night conceded that he made a mistake by failing to increase troops in Iraq last year and committed to boosting more than 21,000 troops, setting up a battle with the congressional Democrats, who vowed to fight the new war strategy.

In rejecting the Iraq Study Group's call to withdraw most combat troops within 15 months, the president will push the U.S. military presence in Iraq to its highest level in more than a year.

His plan, revealed last night in a prime-time address to the nation, came with no timetable, and senior administration officials said yesterday that the so-called "surge" in troops has no set end.

But the president said the U.S. commitment to help Iraqis secure the war-torn nation is finite. In the 20-minute speech, the president demanded swift action by the fledgling government of Iraqi Prime Minister Nouri al-Maliki, who has refused to crack down on the Shi'ite militias responsible for the recent spike in sectarian violence.

"I have made it clear to the prime minister and Iraq's other leaders that America's commitment is not open-ended. If the Iraqi government does not follow through on its promises, it will lose the support of the American people -- and it will lose the support of the Iraqi people. Now is the time to act. The prime minister understands this," he said.

The new strategy will increase U.S. troops in Iraq to about 153,500 at an extra cost of $5.6 billion through the rest of this fiscal year.

The first of five brigades will arrive by Monday; the next, a month later, with the rest coming in monthly increments. The bulk of the "new" troops will be soldiers and Marines already scheduled to go to Iraq, but whose deployments will be extended.

Although he has previously acknowledged making mistakes in Iraq, Mr. Bush yesterday said he was wrong both in his decision-making and in his assumptions.

"Where mistakes have been made, the responsibility rests with me," he said. "The situation in Iraq is unacceptable to the American people -- and it is unacceptable to me."

But by pushing for an escalation, Mr. Bush runs smack into Democrats, the new majority party in Congress, who say they reflect American voters' desire to begin bringing troops back home.

"This is the third time we are going down this path. Two times this has not worked," said House Speaker Nancy Pelosi of California. "Why are they doing this now? That question remains."

The president called top Democrats and Republicans to the White House hours before yesterday's speech to brief them. The late hour drew scorn from Democrats, who said that didn't fit with Mr. Bush's postelection promise to consult them more.

"The president's practicing his speech right now," said Senate Majority Leader Harry Reid, Nevada Democrat. "We had a conversation today that has no impact on what he's going to say."

Congress' four top Democrats -- Mrs. Pelosi, Mr. Reid, Senate Majority Whip Richard J. Durbin of Illinois and House Majority Leader Steny H. Hoyer of Maryland -- issued a joint statement after the speech, saying that the proposal "endangers our national security by placing additional burdens on our already overextended military" and discourages the Iraqi government from taking "the necessary steps to achieve a political resolution to the sectarian problems."

Some Republican lawmakers said they also are skeptical that a surge in troops can achieve much.

"The generals who have served there do not believe additional troops alone will help," said Sen George V. Voinovich, Ohio Republican, who said he also lacks faith in Mr. al-Maliki "to make the hard choices necessary to bring about a political solution."

But Mr. Bush said that fighting in Iraq makes the United States safer and that his plan will bring the troops home faster.

"If we increase our support at this crucial moment and help the Iraqis break the current cycle of violence, we can hasten the day our troops begin coming home," he said.

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The president promised lawmakers that if they "have improvements that can be made, we will make them," and took the suggestion of Sen. Joe Lieberman, Connecticut independent, to form a new bipartisan working group to improve relations between the administration and Congress on the war on terror.

But he also challenged critics to prove how their alternatives would "be more likely to succeed."

The new strategy sets up a fierce conflict on Capitol Hill, one that could create a constitutional issue over presidential war powers.

Some Democrats, led by Sen. Edward M. Kennedy of Massachusetts, want to rescind the resolution authorizing the president to use force in Iraq. But Democratic leaders prefer a less bruising strategy, calling for a nonbinding resolution that would signal Congress' opposition to the surge in troops.

The president said that despite two previous shifts in strategy that failed, his new plan takes into account the source of the violence, and sets "benchmarks" for Iraqis to meet.

Iraqis will take the lead in battling sectarian violence as Americans step back into a support role, and the young government will deploy three additional Iraqi army brigades -- up to 12,000 soldiers -- in and around Baghdad, where the administration says 80 percent of the violence occurs.

"Only the Iraqis can end the sectarian violence and secure their people. And their government has put forward an aggressive plan to do it," he said.

After nearly four years of war, the president redefined what victory in Iraq will look like.

"Victory will not look like the ones our fathers and grandfathers achieved. There will be no surrender ceremony on the deck of a battleship," he said, alluding to the end of World War II. "A democratic Iraq will not be perfect. But it will be a country that fights terrorists instead of harboring them -- and it will help bring a future of peace and security for our children and grandchildren."

But he also was grim about the coming year in Iraq, which he predicted would be "bloody and violent" and bring "more Iraqi and American casualties."

Sen. John McCain, Arizona Republican and a proponent of increasing U.S. forces, agreed with that forecast: "Is it going to be a strain on the military? Absolutely. Casualties are going to go up."

The president's speech also was uncharacteristically equivocal when he sought to assure Americans that his plan will work.

"The question is whether our new strategy will bring us closer to success. I believe that it will," he said.

In documents supporting the speech, the White House said Mr. Bush had assumed that other governments would back Iraq's new leaders. But Iraq's neighbors "remain wary of throwing their full support" behind Mr. al-Maliki's government. And the White House acknowledged that the U.S.-led coalition has lost the confidence of the Iraqi people, who are "increasingly disillusioned."

Mr. Bush's plans call for more than 17,000 U.S. soldiers to be deployed to Baghdad to handle sectarian violence. Also, 4,000 Marines will be sent to the Anbar province, where al Qaeda is the problem. In addition, the president said he has "recently ordered the deployment of an additional carrier strike group to the region."

He said he was accepting the Iraq Study Group's recommendation to embed U.S. troops with Iraqi units to help with on-the-job training.

But he didn't accept the panel's suggestion that the U.S. begin direct talks with Iran and Syria and pledged instead to "interrupt the flow of support from Iran and Syria," which he said is aiding attacks on U.S. troops.

He also acknowledged the failures of several previous efforts to secure Baghdad but explained why he thought this effort would be different.

"Our past efforts to secure Baghdad failed for two principal reasons: There were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents," the president said. "And there were too many restrictions on the troops we did have."

He said American commanders have reviewed the Iraqi plan "to ensure that it addressed these mistakes."

"This time, we will have the force levels we need to hold the areas that have been cleared," he said, adding that Mr. al-Maliki has promised to give his commanders enough authority, including going after sectarian militias.

Right now, Iraq's military is in control in three of the nation's provinces, but Mr. Bush said the government has committed to taking control in all 18 provinces by November.

The president said the new plan relies on a strategy the Iraqis drew up themselves and presented to the president when he met Mr. al-Maliki in Jordan after Thanksgiving.

The speech drew about 50 protesters, who chanted outside the White House: "Stop the war" and held up signs dismissing the speech as "words of mass deception."

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The Real Disaster (NYT)

The New York Times, January 11, 2007

President Bush told Americans last night that failure in Iraq would be a disaster. The disaster is Mr. Bush's war, and he has already failed. Last night was his chance to stop offering more fog and be honest with the nation, and he did not take it.

Americans needed to hear a clear plan to extricate United States troops from the disaster that Mr. Bush created. What they got was more gauzy talk of victory in the war on terrorism and of creating a "young democracy" in Iraq. In other words, a way for this president to run out the clock and leave his mess for the next one.

Mr. Bush did acknowledge that some of his previous tactics had failed. But even then, the president sounded as if he were an accidental tourist in Iraq. He described the failure of last year's effort to pacify Baghdad as if the White House and the Pentagon bore no responsibility.

In any case, Mr. Bush's excuses were tragically inadequate. The nation needs an eyes-wide-open recognition that the only goal left is to get the U.S. military out of this civil war in a way that could minimize the slaughter of Iraqis and reduce the chances that the chaos Mr. Bush unleashed will engulf Iraq's neighbors.

What it certainly did not need were more of Mr. Bush's open-ended threats to Iran and Syria.

Before Mr. Bush spoke, Americans knew he planned to send more troops to pacify lawless Baghdad. Mr. Bush's task was to justify that escalation by acknowledging that there was no military solution to this war and outlining the political mission that the military would be serving. We were waiting for him to detail the specific milestones that he would set for the Iraqis, set clear timelines for when they would be expected to meet them, and explain what he intended to do if they again failed.

Instead, he said he had warned the Iraqis that if they didn't come through, they would lose the faith of the American people. Has Mr. Bush really not noticed that the American people long ago lost faith in the Iraqi government — and in him as well? Americans know that this Iraqi government is captive to Shiite militias, with no interest in the unity, reconciliation and democracy that Mr. Bush says he wants.

Mr. Bush said yet again that he wanted the Iraqi government to step up to the task of providing its security, and that Iraq needed a law on the fair distribution of oil money. Iraq's government needs to do a lot more than that, starting with disarming the sectarian militias that are feeding the civil war and purging the police forces that too often are really death squads. It needs to offer amnesty to insurgents and militia fighters willing to put down their weapons. It needs to do those things immediately.

Iraq's Shiite-dominated government has heard this list before. But so long as Mr. Bush is willing to back that failed government indefinitely — enabling is the psychological term — Iraq's leaders will have no reason to move against the militias and more fairly share power with the Sunni minority.

Mr. Bush did announce his plan for 20,000 more troops, and the White House trumpeted a $1 billion contribution to reconstruction efforts. Congress will debate these as if they are the real issues. But they are not. Talk of a "surge" ignores the other 132,000 American troops trapped by a failed strategy.

We have argued that the United States has a moral obligation to stay in Iraq as long as there is a chance to mitigate the damage that a quick withdrawal might cause. We have called for an effort to secure Baghdad, but as part of the sort of comprehensive political solution utterly lacking in Mr. Bush's speech. This war has reached the point that merely prolonging it could make a bad ending even worse. Without a real plan to bring it to a close, there is no point in talking about jobs programs and military offensives. There is nothing ahead but even greater disaster in Iraq.

Mr. Bush's Strategy (WP)

The Washington Post, January 11, 2007

PRESIDENT BUSH is right to recognize that U.S strategy in Iraq is not working and to seek a different policy. He is right to insist that the United States cannot afford to abandon the mission and to reject calls for an early withdrawal. But the new plan for the war Mr. Bush outlined last night is very risky. It envisions new missions and dangers for U.S. troops and counts on unprecedented military and political steps by the Iraqi government. The plan is likely to cause a spike in U.S. casualties, while the chances that it will stabilize Iraq are far lower. Moreover, Mr. Bush appears prepared to embrace this approach despite strong opposition from Congress and the public -- setting up a conflict that in itself could hurt the war effort.

The president could have adopted a course that would have attracted broad support domestically and from Iraqis. That was the strategy -- outlined with small variations by U.S. military commanders, the Iraqi government and the Iraq Study Group -- that called for an acceleration of training of the Iraqi army and a gradual handing over of responsibility for fighting insurgents. The U.S. military presence would have decreased in the coming year, but enough troops would have remained to prevent the government's collapse, strike al-Qaeda and prevent intervention by Iraq's neighbors.

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Instead, Mr. Bush has chosen to increase the number of Army troops and Marines and to broaden their mission. U.S. forces will be asked to pacify Baghdad in conjunction with Iraqi army and police units. Two attempts last year to stop sectarian war in the capital failed; the president says this effort will be different because more U.S. and Iraqi troops will be involved and because Prime Minister Nouri al-Maliki's government has promised to prevent "political and sectarian interference." If the plan proceeds, we hope U.S. forces succeed without heavy casualties. But even if they do, the victory will be temporary. U.S. forces cannot sustain the planned "surge" for long, and Baghdad will not be truly pacified until Iraqis can enforce the peace.

The administration hopes that in the window of security opened by U.S. troops, economic reconstruction will resume and political leaders will reach the accords necessary to end sectarian warfare. Much is expected of the Iraqis in the coming months: First, the government will have to deliver promised army units to the capital and send them into action, including against Shiite militias; then it will have to work out deals on sharing Iraq's oil revenue, rehabilitating former members of the Baath Party and reshaping the constitution. It will have to hold local elections and begin delivering services to all parts of the country.

Mr. Bush decided against the consensus strategy favored by the Iraq Study Group because he believed it would not prevent sectarian war from escalating. That may be right. But the president's policy poses a different danger: that Iraqi troops and Iraqi leaders won't deliver on the steps expected of them during what must be a relatively short time, even as American soldiers fight to secure Baghdad -- and, almost certainly, die in larger numbers than before. It also means launching a mission that -- until now, at least -- has not had the domestic support that should accompany the commitment of troops to battle.

If the United States is not to abandon Iraq to its enemies, the U.S. mission needs to be sustainable, in both military and political terms, over the years it may take Iraqis to stabilize their country. Mr. Bush is betting that a boost in U.S. troops and aid can accelerate that process. If he is wrong, a continued American presence in Iraq may become untenable. The president must do more to persuade the country that the sacrifice he is asking of American soldiers is necessary. And if Iraqis do not deliver on their own commitments in the coming weeks, he must reconsider his strategy -- and suspend the U.S. reinforcements.

The Last Way Forward (LAT)

The Los Angeles Times, January 11, 2007

Bush's speech, like his strategy, was unsatisfying. But there are no good options left for the U.S. in Iraq.

PRESIDENT BUSH'S latest plan for Iraq has the feel of an overdue high school book report. It looks nice, reads well and is persuasive in parts. If only he had handed it in on time.

The "new way forward" outlined by the president in a prime-time address Wednesday makes too many obvious points (Iraqis must have more of a stake in their nation's success) and includes too many tired tropes (the war in Iraq is a central front in the war against terrorism). But the core of Bush's speech — the reason to maintain at least some flicker of hope — was an absolute-final-we're-really-serious-this-time ultimatum to the government of Iraqi Prime Minister Nouri Maliki.

Represent all Iraqis, Bush said, and do not prevent U.S. and Iraqi troops from cracking down on Shiite militias, or face U.S. disengagement. The test of this strategy will be whether Maliki, who owes his position to Shiite support, understands that the U.S. will not take sides in an Iraqi civil war — and whether Bush means it when he says his commitment is not open-ended.

The president said he will order an additional 21,500 U.S. troops to Iraq, to be deployed mostly in Baghdad, and their goal will be to help Iraqi forces make the city safe. This is hardly new. Just last summer, to much fanfare, Maliki announced something called Operation Together Forward to provide security to "all neighborhoods of Baghdad." That effort failed miserably because Iraqi forces too often abandoned their posts or contributed to the sectarian violence instead of preventing it. Just last month, Bush's own national security advisor questioned Maliki's commitment to the rule of law and his ability to enforce it.

To his credit, Bush acknowledged this. "Many listening tonight will ask why this effort will succeed when previous operations to secure Baghdad did not," he said. "Here are the differences. In earlier operations, Iraqi and American forces cleared many neighborhoods of terrorists and insurgents, but when our forces moved on to other targets, the killers returned. This time, we'll have the force levels we need to hold the areas that have been cleared. In earlier operations, political and sectarian interference prevented Iraqi and American forces from going into neighborhoods that are home to those fueling the sectarian violence. This time, Iraqi and American forces will have a green light to enter those neighborhoods — and Prime Minister Maliki has pledged that political or sectarian interference will not be tolerated."

Bush said he told Maliki that "America's commitment is not open-ended." He continued: "If the Iraqi government does not follow through on its promises, it will lose the support of the American people — and it will lose the support of the Iraqi people."

It is unlikely that the additional troops will be enough to make a difference, or that Maliki will honor his latest pledge. But America, and Iraq, will know in a matter of months whether U.S. troops can operate freely and whether Maliki's government is worth defending.

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It would have been nice to have this answer months ago, and Bush deserves the blame for not demanding it sooner. At least he is finally making that demand. For his sake, and for the hundreds of thousands of U.S. troops and millions of Iraqis, we hope it's not too late.

The Fog Over Iraq (NYT)

By David Brooks

The New York Times, January 11, 2007

If the Democrats don't like the U.S. policy on Iraq over the next six months, they have themselves partly to blame. There were millions of disaffected Republicans and independents ready to coalesce around some alternative way forward, but the Democrats never came up with anything remotely serious.

The liberals who favor quick exit never grappled with the consequences of that policy, which the Baker-Hamilton commission terrifyingly described. The centrists who believe in gradual withdrawal never explained why that wouldn't be like pulling a tooth slowly. Joe Biden, who has the most intellectually serious framework for dealing with Iraq, was busy yesterday, at the crucial decision-making moment, conducting preliminary fact-finding hearings, complete with forays into Iraqi history.

The Democrats have been fecund with criticisms of the war, but when it comes to alternative proposals, a common approach is social Darwinism on stilts: We failed them, now they're on their own.

So we are stuck with the Bush proposal as the only serious plan on offer. The question is, what exactly did President Bush propose last night? The policy rollout has been befogged by so much spin and misdirection it's nearly impossible to figure out what the president is proposing.

Nonetheless, here's my reconstruction of how this policy evolved:

On Nov. 30, Prime Minister Nuri al-Maliki presented Bush with a new security plan for Baghdad. It called for U.S. troops to move out of Baghdad to the periphery, where they would chase down Sunni terrorists. Iraqi Shiite and Kurdish troops, meanwhile, would flood into the city to establish order, at least as they define it.

Maliki essentially wanted the American troops protecting his flank but out of his hair. He didn't want U.S. soldiers embedded with his own. He didn't want American generals hovering over his shoulder. His government didn't want any restraints on Shiite might.

Over the next weeks, Bush rejected the plan and opted for the opposite approach. Instead of handing counterinsurgency over to the Iraqis/Shiites, he decided to throw roughly 20,000 U.S. troops — everything he had available — into Baghdad. He and his advisers negotiated new rules of engagement to make it easier to go after Shiites as well as Sunnis. He selected two aggressive counterinsurgency commanders, David Petraeus and Raymond Odierno, to lead the effort. Odierno recently told John Burns of The Times that American forces would remain in cleared areas of Baghdad "24/7," suggesting a heavy U.S. presence.

Then came the job of selling the plan. The administration could not go before the world and say that the president had decided to overrule the sovereign nation of Iraq. Officials could not tell wavering Republicans that the president was proposing a heavy, U.S.-led approach.

Thus, administration officials are saying that they have adopted the Maliki plan, just with a few minor tweaks. In briefings and in the president's speech, officials claimed that this was an Iraqi-designed plan, that Iraqi troops would take on all the primary roles in clearing and holding neighborhoods, that Iraqis in mixed neighborhoods would scarcely see any additional Americans.

All of this is designed to soothe the wounded pride of the Maliki government, and to make the U.S. offensive seem less arduous at home. It's the opposite of the truth.

Yesterday, administration officials were praising Maliki lavishly. He wants the same things we want, they claimed. He has resolved to lead a nonsectarian government. He is reworking his governing coalitions and marginalizing the extremists. "We've seen the nascent rise of a moderate political bloc," one senior administration official said yesterday.

But the selling of the plan illustrates that this is not the whole story. The Iraqi government wants a unified non-sectarian solution in high-minded statements and in some distant, ideal world. But in the short term, and in the deepest reptilian folds of their brains, the Shiites are maneuvering amid the sectarian bloodbath all around.

This is not a function of the character of Maliki or this or that official. It's a function of the core dynamic now afflicting Iraqi society.

The enemy in Iraq is not some discrete group of killers. It's the maelstrom of violence and hatred that infects every institution, including the government and the military. Instead of facing up to this core reality, the Bush administration has papered it over with salesmanship and spin.

DOJ_NMG_0115418

War's Rorschach Test (NYT)

By Danielle Trussoni

The New York Times, January 11, 2007

MY father once told me that he and his mother read the body count in the newspaper together. He didn't tell me the exact day or time, or precisely where they were when they read it, but I like to imagine that they sat at the long, wooden table in the kitchen of the farmhouse where the Trussoni children, all 12 of them, used to eat. It was only a month or so before my father left for the war, the winter of 1967, a time of year when Wisconsin is cold and harsh and so dismal that the red barn sitting just beyond the house would have appeared as a splotch of divine color in a field of gray.

I imagine my grandmother pressing the sheets of crisp, ink-smeared paper against the grain of the kitchen table. The numbers were there, for both of them to see.

The farmhouse was a narrow stone structure, tall and close fitting, nestled between high bluffs just east of the Mississippi River. Row after row of corn and tobacco undulated from the back of the house, rising and falling with the curvature of the land. Like the rest of America, the family got its news from a black and white Zenith television set and the local paper.

Reading the body count in the paper was my father's way of preparing for the war. The American dead, the Vietnamese dead, the Communist dead, each group had its own tally. Similar body counts were broadcast on the nightly news, and he would watch the images of fighting, trying to anticipate his own fate.

But my grandmother, I imagine, read the numbers to steel herself against her fourth son's departure. She had sent three sons to Vietnam already — Richard, Albert and John — and would now send a fourth. A third of her children would be in a war zone and still I imagine she looked much as she did when I knew her: sharp, cool eyes steady, a perennial I've-seen-it-all-and-then-some look about her. My grandmother was normally imperturbable, but my father's draft notice, this fourth boy conscripted, had shaken her.

The numbers signified different things to each of them. By the end of 1967, 15,000 American soldiers had died in Vietnam. For my grandmother this meant that 15,000 other people's children had died. To my father, the numbers seemed decent odds: Yes, the American troops were losing men, but the Communists were faring much, much worse. Of particular interest were what he called the "kill ratios," the number of Vietnamese to every American dead. For Dad, the high ratio of Communist casualties was a sign of hope. He believed, he once told me, that the numbers proved that "the good guys" were winning; the numbers, he said, meant that he had a "better shot" than the enemy; the numbers were "on his side."

Years after his tour, when my father knew just how quickly the numbers could turn — he landed in Vietnam during the Tet offensive and fulfilled his tour during the bloodiest year of the war — he never hesitated to tell me of his swift disillusionment with the numbers. The distinct American advantage in the "kill ratio" said much about winning the battles — it was true, they were killing lots of Vietnamese — but little about winning the war: the Vietnamese were willing to give every man, woman and child for victory, a sacrifice that Americans were simply not prepared to make. In the end, for our 58,000 dead, the casualties on the Vietnamese side were in the millions.

There are no kill ratios in Iraq. We know very little about civilian casualties. But we do know that even as President Bush speaks about a new strategy for the war, more than 3,000 Americans have been killed in four years of fighting. And as I think of those lives cut short, I think of my father and my grandmother on that winter afternoon in 1967, a newspaper open between them, each with their own interpretation.

Perhaps my father is peeling an apple; perhaps he is gazing out the window at the endless frozen cornfields, the pane of glass so thin and ill fitted that a draft of freezing air slips through the kitchen, ruffling the edge of the paper whose reality will soon enough be indisputable.

Mission Baghdad (WSJ)

The Wall Street Journal, January 11, 2007

President Bush's challenge last night was to convince Americans that his new plan to secure Iraq won't mean risking more lives on a conflict that critics say has become "unwinnable." We think he offered compelling reasons for skeptical Americans of good faith to back him, but the key will be deploying enough forces to accomplish the task.

Mr. Bush's words offered the hope that the new plan won't simply mean employing more troops to carry out a strategy that hasn't been working. Though widely described in the press as a troop "surge" or even "escalation," the number of additional soldiers being sent to Iraq is significant but not overwhelming. The real difference will be how America uses its troops in Iraq. Put in simplest terms, Mr. Bush seems finally to have decided that the way to defeat the insurgency is to protect the population, especially in Baghdad.

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For the past couple of years, every visitor to the Iraqi capital has been struck by the near invisibility of American troops on the city's streets. Sure, there were a few in the Green Zone, and lots out by the airport and a bit north at the airbase in Balad. But instead of using them to provide order, Generals George Casey and John Abizaid limited them largely to search and destroy missions while waiting for Iraqi forces to step up to the task of protecting civilian neighborhoods. There were reasonable arguments to be made for this strategy at the beginning -- it might have prevented Iraqi resentment of U.S. occupation -- but it couldn't survive the onslaught of Abu Musab al-Zarqawi's car bombs and the reaction of the Shiite militias.

The new plan grew out of ideas presented by Iraqi Prime Minister Nouri al-Maliki when he met Mr. Bush in Jordan last year. And under it, U.S. forces are slated to become more visible in the Iraqi capital than they have since the invasion in 2003. Instead of being confined to large bases outside the city, a U.S. combat battalion will be garrisoned in each of nine districts into which the city will be divided. Their job will be to support an Iraqi Army brigade (3,000-5,000 men) that likewise will be dedicated to each district, as well as a national police brigade and the local police.

Iraqis will take the lead in security operations, as they have in recent days in anti-insurgent fighting along Haifa Street. But there seems to be agreement on both sides that the Iraqis will perform with more confidence if they have close American support. The visibility of American forces will also reassure Baghdad's Sunni population, which has had justifiable worries about the infiltration of Iraqi police by Shiite militias.

Thus one question is whether one American battalion -- 600 to 1,000 soldiers -- is enough to do that job in these large areas of Baghdad. The tragedy would be if, after so much buildup, the U.S. only provided enough troops for an expanded version of Operation Forward Together, which failed last year.

Outside Baghdad, meanwhile, another U.S. combat brigade will be dedicated to Sunni-dominated al Anbar province. Ramadi will have to be a main destination, because that insurgent stronghold has to be tackled lest its car-bomb factories disrupt progress in the capital. There are also plans to increase the size of the Iraqi Army by five brigades, from the current 36, though we have our doubts that even this will be enough since the Army is so much more effective than the police.

Crucial to all of this will be the new U.S. ground commander in Iraq, Lt. Gen. David Petraeus, who not only recruited and trained the Iraqi Army starting in 2004 but also oversaw the drafting of the U.S. Army's latest Counterinsurgency Manual. His job will be to execute the "clear, hold and build" strategy Mr. Bush has talked about for some time. General Casey has resisted the deployments necessary to make the "hold" and "build" phases work, and General Petraeus will have to insist that he has them.

Iraqi leadership will also be important to the new strategy, as the President noted last night. Mr. Maliki will have to show that Shiite criminals will be dealt with just as Sunni terrorists are. That means no more special treatment for the thugs of Sadr City. Rapid completion of a new oil law that guarantees equitable revenue distribution would also ease Sunni fears that they are going to lose out in the new Iraq. But we continue to believe that the best way to help Mr. Maliki accomplish these goals is not overt American pressure but consistent and overt American support. He will need it, because some compromises will alienate portions of his political base. * * *

In any case, last night's address was at least a tacit acknowledgment that the U.S. has placed far too much emphasis on a political progress as the solution to the violence. The truth is that political compromise won't happen without better security, or as the Petraeus Counterinsurgency Manual puts it, "security is essential to setting the stage for overall progress." There's also the outside meddling by Iraq's neighbors, particularly Iran and Syria. This remains primarily an indigenous Iraqi conflict. But showing those countries that they will pay a price for helping to kill Americans is also necessary for counterinsurgency success.

With the new strategy, new forces and new generals President Bush is putting in place, we have a fighting chance to create a virtuous circle whereby better security leads to more anti-insurgent cooperation from the public -- which in turn leads to still better security. If Congressional Democrats have better suggestions, we'd love to hear them. But the one "strategy" that simply isn't credible is the idea that anybody's interests would be served by a hasty U.S. exit from Iraq.

The Iraqis Must Step Up To The Plate (WSJ)

By L. Paul Bremer

The Wall Street Journal, January 11, 2007

"Looking back, I think that if we had then realized the confusion and chaos which existed we would indeed have thought ours a hopeless task. Certainly the authorities in Washington who had prepared (the occupation policy) did not visualize these conditions." -- Gen. Lucius Clay (1950). * * *

As in Germany a half-century ago, the American experience in Iraq has proven more difficult than anticipated. Mistakes were made -- including my own. Denying government positions to officials in the top 1% of Saddam's Baath party was correct. But it was a mistake to turn implementation over to Iraqi politicians rather than to judges. And in requesting American money to help rebuild Iraq's economy, I put too much emphasis on large-scale projects when smaller ones would have shown quicker results to the average Iraqi.

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The president has frankly acknowledged the need for a new approach. He has assessed the various options and has courageously, and in my view wisely, rejected the politically popular course of withdrawing. Over the past four years, progress in Iraq has always depended on the interplay among the political, economic and security sectors. Clearly only Iraqis can design the necessary means to bridge their sectarian and ethnic divisions. The Shiites need to show they understand that democracy involves the proper respect for minority rights. The Sunnis must be brought to understand that while there is a place for them in liberated Iraq, their centuries-old domination of the country is over. The Kurds, with longer experience in elected government, must show patience as their Arab brothers wrestle with these and other issues.

Iraqis cannot make the necessary political compromises in an atmosphere of sustained violence. And although Iraq's economy has done well since the liberation, reconstruction, too, has been severely hampered by the lack of security. So security for Iraq's population is the sine qua non for success. By committing additional American forces, the president's new approach recognizes this fundamental reality. It is no secret that I would have preferred that we would have sent in more forces much sooner. But we are where we are today.

Now the Iraqis must step up to the plate. For months, they have promised additional Iraqi forces for Baghdad, forces which until now have never arrived. And Iraqi and Coalition forces operating in the capital have been subjected to constant political interference, hampering the effectiveness of those operations. An early test of the new approach will be whether Prime Minister Nouri al-Maliki now makes good on the promised Iraqi reinforcements, and on his commitment to allow them to deal with the militia, especially those of the radical Moqtada al-Sadr.

Even a successful campaign in Baghdad will not end violence there. But a significant reduction in attacks in the capital would give the Iraqi government the political latitude needed to broaden its political base. The prime minister will also be watched carefully in Washington and in Iraq, to ensure that he delivers on his promises to move on the sensitive issues of oil policy and provincial elections, both important to encouraging an atmosphere of reconciliation. If he does not, then surely the Iraqi people will hold his government accountable, as is provided in the Iraqi constitution. * * *

The president's new approach is bold, unpopular and risky. But he is right to reject calls for American withdrawal. Those who advocate such a course need to be frank about the drastic consequences of such a course.

First, it would abandon 27 million Iraqis to broader and much bloodier violence. Some Americans seem prepared to accept this outcome, arguing, "It's their country. Let them sort it out." This is shortsighted and uninformed. Broader sectarian violence between Iraq's Arabs would certainly provoke the Kurds to declare their independence from Iraq. Over the past four years, I have often spoken about this issue with the Kurdish leaders. They have made clear that their decision to join a liberated Iraq depends on a government which can provide security for all its people and which is not dominated by sectarianism. An independent Iraqi Kurdistan would have an irresistible attraction for the millions of Kurds living in Syria, Turkey and Iran, and would surely lead to a wider regional war. Such a war would threaten American interests and allies throughout the region and lead to American military re-engagement, probably on a very large scale.

Most importantly, an American defeat in Iraq would immediately endanger Americans. By confirming Osama bin Laden's analysis that America is a "weak horse" driven out of Lebanon in 1983 and Somalia a decade later, defeat would be a major recruiting poster for Islamic extremists everywhere. If force again rules Mesopotamia, there is a real risk that extremists will establish themselves there as they had done in Afghanistan, but this time with major economic resources and an operating base not on the periphery of the Middle East, but at its heart.

These, then, are the stakes in Iraq. The president has acknowledged the need for new leadership and a new strategy. He is to be commended for rejecting the easy popular course.

Mr. Bremer was head of the Coalition Provisional Authority in Iraq in 2003-04.

More Troops -- "Escalation"? Or "Surge"? (USNEWS)

By Chris Wilson, Kenneth T. Walsh

U.S. News and World Report, January 11, 2007

What do you call a decision to send 20,000 or more additional troops to Iraq?

It depends on whom you ask. President Bush and his team call it a "surge." Increasingly, Democrats and those who oppose the increase are calling it an "escalation," invoking an old specter from the Vietnam era. Even David Letterman, in last night's " target="new">"Top Ten Features of Bush's New Iraq Plan," used the word in No. 2: "Raise money for escalation by robbing Mick Jagger's apartment."

Escalation is a highly loaded term. The U.S. News library team tracked the earliest uses of the word in a military context during the Vietnam era and found that it first surfaced in a series of increasingly critical New York Times editorials in the spring and summer of 1965. The word gained traction from there and by 1968 was showing up on protest signs and in the language of the antiwar movement.

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Surge, on the other hand, owes its recent popularity to use by Secretary of Defense Robert Gates and other military officials. Speaking from Baghdad last month after meeting with Army generals, Gates said they "discussed the possibility of a surge and the potential for what it might accomplish." The term also cropped up a few weeks earlier in the Iraq Study Group's statement that it would support "a short-term redeployment or surge of American combat forces to stabilize Baghdad." "'Surge' suggests it's a short, time-limited event, but at the moment the president is not willing to put any time limit on the whole enterprise," Democratic pollster Geoff Garin said. So far, Bush hasn't said how long his "surge" would last. He might make that clear in his prime-time address to the nation tonight, but don't bet on it.

White House officials say it all depends on how successful the troops are in stabilizing Baghdad in the larger pursuit of what Bush calls "victory," and that won't be known for months. The battle over "surge" or "increase" vs. "escalation" echoes other emotionally weighted word battles of the past, such as "prolife" vs. "prochoice" in framing the abortion debate and "estate tax" vs. "death tax" in describing taxation of inherited assets.

And let's not forget "taxes" vs. "revenue enhancers."

Democrats Aim To Block Funds For Plan (WP)

By Jonathan Weisman, Dan Balz

The Washington Post, January 11, 2007

Senior House Democrats said yesterday that they will attempt to derail funding for President Bush's proposal to send an additional 21,500 troops to Iraq, setting up what could become the most significant confrontation between the White House and Congress over military policy since the Vietnam War.

Senate Democrats at the same time will seek bipartisan support for a nonbinding resolution opposing the president's plan, possibly as early as next week, in what some party officials see as the first step in a strategy aimed at isolating Bush politically and forcing the beginning of a phased withdrawal of U.S. troops from the conflict.

The bold plans reflect the Democrats' belief that the public has abandoned Bush on the war and that the American people will have little patience for an escalation of the U.S. military presence in Iraq. But the moves carry clear risks for a party that suffered politically for pushing to end an unpopular war in Vietnam three decades ago, and Democratic leaders hope to avoid a similar fate over the conflict in Iraq.

The striking new approach took shape yesterday morning during a closed-door meeting of the House Democratic Caucus, where Speaker Nancy Pelosi (D-Calif.), invoked Martin Luther King Jr. as she urged her members against timidity, members who were there said. House Armed Services Committee Chairman Ike Skelton (D-Mo.), a quiet, hawkish supporter of the war, stunned many of his colleagues when he came out strenuously against Bush's proposal and suggested the war is no lon

ger militarily winnable.

Rep. John P. Murtha (D-Pa.), chairman of the House Appropriations subcommittee on defense and the party's leading voice for withdrawing troops, is to report back to Appropriations Committee members today on hearings and legislative language that could stop an escalation of troops, said Rep. James P. Moran Jr. (D-Va.), a member of Murtha's subcommittee.

Those plans could attach so many conditions and benchmarks to the funds that it would be all but impossible to spend the money without running afoul of the Congress. "Twenty-one thousand five hundred troops ought to have 21,500 strings attached to them," said House Majority Whip James E. Clyburn (D-S.C.).

Brendan Daly, a spokesman for Pelosi, said Democratic leaders have made no decision to hold back funds, but he added: "We are not going to give the president a blank check. We will subject any proposal to escalate the war to harsh scrutiny, and we will set benchmarks he has to attain to get that money."

Although Democratic leaders offered a united front last night in their response to Bush's speech, they have long struggled to forge consensus on the details of an alternative policy. Democrats have widely divergent views of the timing of any future withdrawal of U.S. forces and differ on whether there should be a timetable for bringing all troops home. Now in the majority, they will be challenged in the months ahead to outline a policy that will achieve the twin goals of ending U.S. involvement in Iraq without leaving that country in greater chaos.

Democratic reaction to Bush's prime-time speech last night was overwhelmingly negative, setting the stage for a series of legislative moves that will play out over the next few months.

"By calling for the rapid escalation of American troops in Iraq, the president rebuffed his commanders, thumbed his nose at the Baker-Hamilton commission and, worst of all, ignored the will of the American people," Rep. Chris Van Hollen (Md.), chairman of the Democratic Congressional Campaign Committee, said after the speech.

Bush had hoped to persuade congressional leaders to withhold judgment until last night's speech, meeting with more than 125 lawmakers in the run-up to the speech, including House leaders yesterday. But rank-and-file Democrats were unwilling to wait before laying the groundwork to thwart what they call an escalation.

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House Democratic leaders have said they will not use the power of the purse in any way that would harm troops in the field, a position that had run afoul of the party's liberal activists. Rep. Ellen O. Tauscher (D-Calif.), a member of the Armed Services Committee, said that pledge is being calibrated to apply only to troops in the field now.

Tauscher said Democratic policy must "satisfy the American people that we're putting a speed bump in front of the president that will actually hold," adding: "The White House is used to doing business on their own, but they're realizing things have changed. This is vastly different."

House Democrats also expect to introduce soon a resolution of disapproval for Bush's new policy but have moved farther than Senate Democrats toward an outright funding confrontation with the White House.

Sen. Edward M. Kennedy (D-Mass.) called Tuesday for the administration to ask for renewed authorization from Congress before sending additional troops to Iraq. "I don't believe there's a single member of the U.S. Senate that would have voted for the authorization bill in October 2002 if they thought the authorization was going to commit American forces to be involved in a civil war," he said yesterday.

But Democratic strategists said that, at this point, there is limited support for the Kennedy proposal.

Senate Majority Leader Harry M. Reid (D-Nev.), who with Pelosi co-signed a letter to the president last week urging him not to send more troops to Iraq, has begun meetings with other senior senators, including Armed Services Committee Chairman Carl M. Levin (D-Mich.), Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) and Sen. Jack Reed (D-R.I.) to develop specific responses to Bush's new policy.

Antiwar activists continued to press congressional Democrats to block Bush's plans. "The bottom line is that when voters elected the Democrats, they did that on the promise that the Democrats would lead the country out of the war," said Eli Pariser, director of the MoveOn political action committee. "Democrats need to fulfill on that promise, and they're going to."

Democrats Reject Bush's "Way Forward" (USAT)

By Kathy Kiely, Bill Nichols

USA Today, January 11, 2007

WASHINGTON — Democrats launched an immediate counterattack against President Bush's new Iraq strategy Wednesday. Rep. John Murtha vowed to try to block Bush's plan from his perch as chairman of the House defense appropriations subcommittee.

"Escalating our military involvement in Iraq sends precisely the wrong message, and we oppose it," the Democratic leadership in the House and Senate said in a statement released after the speech.

Hours before Bush outlined his "new way forward" in Iraq to the nation, Murtha told USA TODAY that he plans to use his subcommittee's control over the Pentagon budget to force a new direction in Iraq.

Specifically, Murtha, a former Marine and Vietnam War veteran from Pennsylvania, said he'll focus on the administration's supplemental spending request for Iraq, which is expected to be as high as $160 billion.

Murtha says he will hold extensive hearings on the budget request. "We're going to make them justify every cent," he said. He also said he may use the funding bill to hamstring the efforts to add more troops to Iraq.

Among the options Murtha said he's considering: barring the redeployment to Iraq of troops who haven't had the recommended one-year respite in the United States and prohibiting those who are in Iraq from having their tours of duty extended.

Bush said he plans to boost troop levels in Iraq by 21,500. Before the speech, the White House acknowledged that policies covering the Pentagon's access to the National Guard and Reserves may have to be changed to allow for more or longer mobilizations.

Murtha said that by inserting language into the administration's request for more money to fund the Iraq war, he can avoid a Bush veto. Murtha said legislation introduced Tuesday by Sen. Edward Kennedy, D-Mass., that would require congressional approval of Bush's plan could be vetoed with little consequence. If Congress adds conditions to the Iraq funding bill, Bush will have to accept them or cut off money for the troops. "The supplemental is where the money is," Murtha said. "Nothing else means anything. They can veto anything else."

Murtha said it is unclear whether the full House will take up Bush's plan in coming weeks, as House Speaker Nancy Pelosi's preference is to focus on domestic issues first.

Pelosi complained to reporters after congressional leaders met with Bush earlier in the day that the administration had already tried surging troops into Baghdad to improve security conditions twice before.

"Two times this has not worked," said the California Democrat. "Why are they doing this now? That question remains."

Pelosi spokesman Brendan Daly stopped short of saying whether she would back Murtha's tactics, but added: "She supports what Murtha is doing generally, which is that we should subject it (Bush's proposal) to harsh scrutiny."

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Senate Majority Leader Harry Reid, D-Nev., plans to introduce a resolution next week to force senators to vote for or against the plan, spokesman Jim Manley said.

Sen. Charles Schumer, D-N.Y., predicted a "significant number of Republicans" would vote against Bush's new strategy.

Senate Minority Leader Mitch McConnell, R-Ky., plans to offer amendments that will give Democrats heartburn, said spokesman Don Stewart. "We're not the only ones who are going to have to take tough votes around here," Stewart said.

McConnell said of Bush's speech that he is "convinced the military can handle it and we'll be successful."

Another supporter of Bush's strategy is Sen. Joe Lieberman of Connecticut, who calls himself an independent Democrat after losing his Democratic primary last year.

"I applaud the president for rejecting the fatalism of failure and pursuing a new course to achieve success in Iraq," Lieberman said.

In the speech, Bush praised Lieberman's "good advice" for urging him to establish a bipartisan working group to try to forge congressional consensus on Iraq.

Sen. Dick Durbin, D-Ill., said in the official Democratic response that the Democratic leadership had a plan for Iraq. He said their plan calls for "shifting greater responsibility to the Iraqis for their security," beginning the withdrawal of U.S. forces in the next four to six months and implementing "an aggressive diplomatic strategy" to help stabilize Iraq and help achieve a political settlement, including the amending of Iraq's constitution.

Massachusetts Sen. John Kerry said more U.S. troops will not be able to stop the violence. He said he supports setting a date for the withdrawal of troops to force the Iraqis to step up and stop the violence.

"This plan is neither new nor forward-looking," Kerry said after Bush's speech. "This is more of what's taken us backwards. There's no military solution in Iraq. There is only a political solution, and the president has no plan to achieve it."

Democrats Ready To Fight New War Plan (WT)

By Jon Ward

The Washington Times, January 11, 2007

Democrats yesterday attacked President Bush's new plan to send more U.S. troops to Iraq and began laying the groundwork for a showdown between the executive and legislative branches over war powers.

"Escalation of this war is not the change the American people called for in the last election," Democratic Whip Sen. Richard J. Durbin of Illinois said last night in his party's response to Mr. Bush's prime-time presentation of his Iraq strategy changes.

"Instead of a new direction, the president's plan moves the American commitment in Iraq in the wrong direction."

The new Democratic-led Congress plans to grill Bush administration officials during Capitol Hill hearings on the Iraq war -- beginning this morning when Secretary of State Condoleezza Rice and Secretary of Defense Robert M. Gates testify before congressional committees.

Sen. Charles E. Schumer, New York Democrat, said Americans want to know whether Mr. Bush's strategy is a "change of course."

"Or is this simply more of the same with slightly different rhetoric?" Mr. Schumer said.

Miss Rice will testify before the Senate and House foreign relations committees today, and Mr. Gates, who replaced the war's architect Donald H. Rumsfeld last month, will testify before the House Armed Services Committee today and the Senate Armed Services Committee tomorrow.

Democratic leaders also are drafting a nonbinding resolution opposing the troop surge, which they want to put up for a vote in both the House and Senate next week and which they think some Republicans will support.

"The issue is: Do you support the president's policy? That will be the vote," said House Speaker Nancy Pelosi, California Democrat.

Sen. Sam Brownback, Kansas Republican and a favorite of conservatives, last night said Mr. Bush's troop surge is not the answer.

"Iraq requires a political rather than a military solution," he said.

Mr. Bush said he will send more than 17,000 soldiers to Baghdad and 4,000 Marines to the Anbar province to try to break the cycle of violence and "hasten the day our troops begin coming home." He said Iraq has responsibilities that it must meet.

"The president knows there is no silver bullet to make our mission there easier, but he is committed to a new, better strategy that will move us toward a stable Iraq," said House Republican Whip Roy Blunt of Missouri.

"It is not the responsibility of members of Congress to dictate strategy to the commander in chief, who is ultimately responsible, along with the commanders on the ground, for implementing a winning strategy."

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But Sen. Edward M. Kennedy, Massachusetts Democrat, said that if neither the hearings nor the anti-troop surge resolution change Mr. Bush's stance, he will move forward with a bill in "a matter of days" that would require the president to seek congressional approval for a troop increase.

"What we really ought to be having is a surge of political initiatives, rather than a surge of military initiatives," Mr. Kennedy said.

Some senators said yesterday that they would support such a move, but Democratic leaders on Tuesday appeared to brush aside Mr. Kennedy's proposal.

If Mr. Kennedy's idea gains momentum and comes to the Senate floor, the president's war powers under the Constitution's Article II would be at issue.

Congress voted to authorize the use of force against Iraq in 2002, and under the Constitution, the president is the "commander in chief" of the nation's military and has authority to prosecute a war as he sees fit.

Mr. Kennedy's bill, however, says that the 2002 authorization no longer applies to the current situation, which Democrats view as a civil war with U.S. troops caught in the crossfire.

"The mission of the Armed Forces of the United States in Iraq no longer bears any resemblance to the mission of the Armed Forces authorized by Congress in the Authorization for Use of Military Force Against Iraq Resolution of 2002," Mr. Kennedy's proposal reads.

Mr. Bush's position is that Iraq is a central front in the war on terror and that al Qaeda and other terrorist groups, some backed by Iran, want to drive U.S. troops out of Iraq and then launch attacks on American soil.

Sen. Joe Lieberman, Connecticut independent, said the president "did not take the easy path, but he took the correct and courageous course."

"Defeat in Iraq would result in a moral and strategic setback in our global struggle against Islamist extremists who seek to strike our interests and our homeland," Mr. Lieberman said.

Likely Democratic presidential hopefuls in 2008 have taken a range of views on Iraq.

Sen. Barack Obama, Illinois Democrat, called the troop increase "a mistake that I and others will actively oppose in the days to come."

"Escalation has already been tried and it has already failed, because no amount of American forces can solve the political differences that lie at the heart of somebody else's civil war," he said.

Former Sen. John Edwards, North Carolina Democrat, wants an immediate withdrawal, while Sen. Hillary Rodham Clinton, New York Democrat, has said she opposes a surge but has kept a low profile this week on Capitol Hill.

Among Republican 2008 hopefuls, Sen. John McCain, Arizona Republican, is one of the strongest supporters of sending more troops.

Mr. McCain has said such an increase must be "substantial and sustained" to make any difference in Iraq. He said last week that, at a minimum, five brigades of 3,500 to 5,000 soldiers should be sent to Baghdad, and two more brigades should be sent to the troublesome Anbar province.

Democrats Plan To Fight Expansion Of Troops (NYT)

By Jeff Zeleny

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — The new Democratic leaders of Congress on Wednesday accused President Bush of ignoring strong American sentiment against the war in Iraq and said they would build a bipartisan campaign against his proposed military expansion.

Speaker Nancy Pelosi of California said House Democrats intended to turn the precise words from Mr. Bush's speech into a symbolic resolution, compelling Republicans to support or reject the idea of sending more troops to Iraq. The Senate was developing a similar nonbinding resolution to be considered as early as next week.

"The president's response to the challenge of Iraq is to send more American soldiers into the crossfire of a civil war," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate, responding for his party immediately after Mr. Bush spoke. "The escalation of this war is not the change the American people called for in the last election."

The criticism from Democrats resounded in near unison on Wednesday evening, a rare moment for a party that for more than four years has struggled to present a unified policy on Iraq.

Of more immediate concern to the administration was the bleak assessment from some Republicans.

Senator Norm Coleman, Republican of Minnesota, delivered a strong rebuke to the plan in a speech on the Senate floor only hours before the presidential address. A recent trip to Iraq, Mr. Coleman said, confirmed his fears that Baghdad was besieged by irreparable sectarian violence.

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"I refuse to put more American lives on the line in Baghdad without being assured that the Iraqis themselves are willing to do what they need to do to end the violence of Iraqi against Iraqi," said Mr. Coleman, who is up for re-election in 2008.

Senator John McCain, Republican of Arizona, one of the administration's staunchest allies on Iraq, disagreed. Public opinion was not entirely against the war, Mr. McCain said, adding, "Americans want to be told how we can prevail in Iraq and how we can get out."

Even though Mr. Bush proposed a bipartisan Congressional working group on Iraq, he set the stage for a major confrontation with Democrats, who won the majority last fall after the lingering war soured the climate for Republicans. The clash begins Thursday as Democrats open a series of hearings to scrutinize the president's approach on Iraq.

"In the coming days and weeks, we should undertake respectful debate and deliberation over this new plan," said Senator Joseph I. Lieberman of Connecticut, a Democrat turned independent singled out by Mr. Bush for recommending a new bipartisan group focusing on the war on terror. "Excessive partisan division and rancor at home only weakens our will to prevail in this war."

The White House had asked Republicans to reserve judgment on the Iraq strategy — or to at least stay silent — but several Republicans distanced themselves from the president Wednesday. Secretary of State Condoleezza Rice and Stephen J. Hadley, the national security adviser, conducted a series of calls and meetings Wednesday in an effort to stem political damage.

"This is a dangerously wrongheaded strategy that will drive America deeper into an unwinnable swamp at a great cost," said Senator Chuck Hagel, Republican of Nebraska. "It is wrong to place American troops in the middle of Iraq's civil war."

Senator John W. Warner, Republican of Virginia, said he had reservations about increasing troops, but declined to condemn the president's plan until Congress had had the opportunity to study it.

"Blow the whistle, time out, until Congress has done its homework and its analysis," Mr. Warner said. "But each day that goes by, all of us are pained by the casualties. We cannot dither about."

Six hours before the president delivered his address to the nation, Congressional leaders from both parties were called to the White House for a briefing. Democrats dismissed the meeting as a last-minute procedural briefing, saying the administration had failed to consult with them, as the president promised to only a week ago.

"This conversation that we had with the president just now would have been much better a week ago, a month ago, six months ago," said Senator Harry Reid of Nevada, the majority leader, as he walked from the White House.

As they prepared their reaction to the president's prime-time address, Democratic Congressional leaders did not ask television networks for broadcast time for a formal response. Instead, they settled on responding with the symbolic resolutions.

Debate over the administration's Iraq policy has been a central focus of the early stages of the 2008 presidential campaign. As several senators and representatives responded to Mr. Bush's speech in Washington, one potential Republican contender, Senator Sam Brownback of Kansas, weighed in skeptically from Baghdad in the midst of an extended trip through the Middle East.

Mr. Brownback, who is chronicling his travels in a daily blog, issued a statement Wednesday urging the administration to "transfer more security responsibility to the Iraqis and reduce the threat to American troops."

"The United States cannot sustain a war effort without broad public support," he said. "And we cannot count on such support unless the situation in Iraq improves and American casualties decrease."

How Congress May Block A Troop "Surge" (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 11, 2007

If Congress decides to block the president's plan for a troop buildup in Iraq, it has all the clout it needs - at least on parchment - to trim war funding through its power of the purse. Call it the Murtha plan.

Congress can also opt to push back with hearings, investigations, and resolutions that condemn an escalation of the war or require President Bush to return to Congress for approval before committing troops. Call that the Kennedy plan.

Choosing which strategy to pursue is causing heated debate within the new Democratic majority, which believes it owes its power to an election-season promise to begin withdrawing US troops. They are joined by a growing number of Republicans who - at least in the run-up to Mr. Bush unveiling his Iraq plan Wednesday - were reluctant to send more Americans into a war they believed could not be won.

But even at the lowest public-approval ratings of his career, Bush as commander in chief brings powerful assets to any conflict with Congress over the conduct of war. He can rally the public (as he hopes to do with Wednesday night's speech). He can order troop movements before Congress can thwart them. He can delay requests for supplemental war funding to blunt Congress's power of the purse.

Only in the last few days have Democratic leaders even entertained the idea of cutting off funding for the war. For Rep. John Murtha (D) of Pennsylvania, the lead advocate for using funding to force a change of course in this war, timing is crucial.

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His Defense Appropriations subcommittee is the gateway for every dime spent on the war. He says that he will use that power to bar a troop surge in Iraq if, for example, it undermines the military's domestic readiness.

"If we just pass resolutions, the president will veto them. If he vetoes an appropriations bill, he doesn't have any money. It's the only weapon we have," he says.

But to wield that power, he needs the president to submit a request for additional defense spending before a "surge" of new troops into Iraq. So far, all war funding has been handled that way - as supplemental requests to Congress outside the normal budget process.

In the next two months, his subcommittee will hold hearings to document the state of readiness of US forces and build support for writing benchmarks and conditions into the next defense spending bill.

On a faster track, Sen. Edward Kennedy (D) of Massachusetts proposed legislation this week that would require the president to come back to the Congress and get authority for deploying additional American troops to Iraq. "I am introducing legislation to reclaim the rightful role of Congress and the people's right to a full voice in the president's plan to send more troops to Iraq," he said in an address at the National Press Club on Tuesday.

"No one - no one - can seriously deny that this civil war is radically different from the mission Congress voted for in 2002," he added.

On the House side, Rep. Edward Markey (D) of Massachusetts is proposing a similar resolution to require Congress to expressly authorize any escalation of the war in Iraq. "After more than 3,000 American casualties, over $300 billion in expenditures, and almost four years of fighting, an increase in the number of members of the US Armed Forces deployed in Iraq above the current level of 132,000 is the wrong course of action," he says.

Representative Murtha worries that if Democrats settle for a quick, symbolic gesture, they could curb momentum for stronger action on the spending side. Should the president veto the Kennedy resolution, or another like it, it would require a two-thirds vote in both the House and Senate to override the veto. "It's not clear we have it," he says.

On Wednesday, Democrats discussed these options in their morning caucus meeting but did not settle on a strategy. "We're going to make a judgment on the best way to present our position on the escalation of the war in Iraq, which our own military does not support," said House majority leader Steny Hoyer, on Wednesday. After a meeting with his caucus on Tuesday, Senate majority leader Harry Reid says that Democrats are working toward "a bipartisan statement on the president's escalation." He expects at least nine Republicans to support it.

For most Democrats, cutting off funds in wartime is still a near taboo topic because it carries a high political risk of appearing to endanger troops in the field.

"I don't know why we have members of Congress out there who say there's nothing constitutional that Congress can do. Politically, they may feel like it's crazy to do anything restricting money supporting troops, but constitutionally they can do what they like and they've done it in the past," says Louis Fisher, an expert in separation of powers at the Library of Congress.

"Congress can attach any condition to any appropriation it pleases," says Winslow Wheeler, director of Straus Military Reform Project at the Center for Defense Information in Washington. "If they want to say none of the appropriations in the supplemental can be used to keep troops beyond their normal deployment period or to send additional troops, sobeit. The president can disregard this at his own peril."

But it requires careful work to draft constraints into legislation without loopholes. President Nixon circumvented an amendment banning funding for combat troops in Laos by describing the forces as "military equipment delivery teams - end use supervisors."

"Congress can urge, propose, recommend, but it's very hard to legislate when it comes to troop deployments," says Charles Stevenson, author of the book "Warriors and Politicians." "They didn't try to [cut funds for aerial bombing] earlier in the Vietnam War, because they didn't think they had the two-thirds to override a veto."

Military experts say that Congress has other levers on the president, including new legislation on the use of reservists.

Democrats Oppose Bush's Plan To Add Troops In Iraq (MCT)

By Renee Schoof, Margaret Talev

McClatchy, January 11, 2007

WASHINGTON - If President Bush is determined to win over Congress to the idea of keeping more American troops in Iraq, his chances looked dim Wednesday night.

But even as the new Democratic majority and some of the president's fellow Republicans expressed doubts or rejected the notion outright, they had yet to coalesce behind binding legislation to stop him.

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Instead, lawmakers will hold hearings Thursday and in ensuing weeks to analyze the plan, and Democrats are scheduling votes on nonbinding resolutions that would force members of both parties to go on record supporting or opposing Bush's "new way forward" in Iraq.

The Senate could begin debating resolutions as early as next week; House of Representatives leaders were more vague on the timing.

"We will give his proposal a fair hearing, and in our hearings, we will establish the ground truth of what is happening in Iraq, and then we will vote on the president's proposal," said House Speaker Nancy Pelosi, D-Calif., who opposes Bush's buildup.

Early opposition from Democrats was sharp.

Rep. Maxine Waters, D-Calif., the head of the Out-of-Iraq Caucus, said Bush's plan was futile and would only put more U.S. troops in harm's way. "We cannot undo the harm we have created" in Iraq, she said.

Republican leaders were generally supportive.

"It is our best shot at victory in Iraq, and I think that's what the American people want and expect," said House Minority Leader John Boehner, R-Ohio.

Senate Minority Leader Mitch McConnell, R-Ky., called the plan "courageous and correct." He also said Democrats should be prepared for "considerable debate" on any legislation that they tried to bring to the floor, suggesting that the minority may delay votes.

But the president now faces critics in his own party as well.

Sen. Sam Brownback, R-Kan., who was traveling in Iraq, said Wednesday, "I do not believe that sending more troops to Iraq is the answer. Iraq requires a political rather than a military solution."

Sen. Norm Coleman, R-Minn., delivered a speech on the Senate floor opposing a troop increase. "I refuse to put more American lives on the line in Baghdad without being assured that the Iraqis themselves are willing to do what they need to do to end the violence of Iraqi against Iraqi," he said.

Sen. Susan Collins, R-Maine, said she could support more American troops in Anbar province, the hotbed of the Sunni Muslim insurgency, but not in Baghdad, where "it's clear the violence is entirely sectarian."

Sen. John Warner of Virginia, the ranking Republican on the Senate Armed Services Committee, said he'd wait until Thursday to issue a detailed response. But he floated the idea of Republican critics rallying around a resolution endorsing the recommendations of the Iraq Study Group. That bipartisan panel backed a goal of bringing most U.S. troops home by early 2008.

Warner said that while he wanted to support President Bush and show him respect, ultimately "I support what's in the best interests of this country."

In the House, eight Republicans sent Bush a letter warning him that adding troops would make matters in Iraq worse. They said there was no evidence that more American forces could stop the sectarian violence, and that an increase would deepen Iraqi dependence on the United States, reduce the number of American troops poised to respond to other crises around the world and give al-Qaida more recruiting power.

The eight were Reps. Walter B. Jones and Howard Coble of North Carolina, Ron Paul of Texas, Wayne Gilchrest and Roscoe Bartlett of Maryland, John Duncan of Tennessee, Phil English of Pennsylvania and Steven LaTourette of Ohio.

Sen. Charles Schumer, D-N.Y., said that measuring the depth of opposition to Bush's plan had to be the first step, "and then after that we will decide what further actions to take."

All options will be considered, he said, including restrictions on funding.

Democrats have floated several ideas about how to block a troop increase.

Sen. Edward Kennedy, D-Mass., has called for a vote requiring the president to win congressional authorization for any more troops in Iraq. He said it wouldn't cut off money for troops who already were in Iraq or were on the way there. American troop levels might already be up in Iraq by the time his legislation passed, but "I can't do anything about that," he said.

Sen. Jack Reed, D-R.I., said an amendment to the supplemental budget for the Iraq war could be used to oppose an increase in troops but that it wasn't clear whether such a measure would get enough Republican support to meet the 60-vote threshold that's needed to end debate in the Senate, where Democrats have a 51-49 majority.

Reed also acknowledged that the deployment could be well under way before the Senate votes on the supplemental budget for the Iraq war in several months.

Rep. John Murtha, D-Pa., a top defense appropriator, has suggested that there are legislative means to curb the president without hurting the troops. But as of Wednesday night, Democratic leaders had yet to endorse any such plans.

"Prebutters" Ensure Debate Over "Way Forward" Is Backward (WP)

By Dana Milbank

DOJ_NMG_0115428

The Washington Post, January 11, 2007

President Bush's announcement last night of a "New Way Forward in Iraq" began with a step backward.

The White House called a noon briefing to preview Bush's 9 p.m. speech, and reporters entered the room to find a multimedia display, which featured a projection screen, large television and laptop showing a yellow map of Iraq and its neighbors in orange.

But moments before the briefing, four young aides scurried into the room, pulled a blue velvet curtain in front of the projection screen, unplugged the laptop and wheeled the television offstage through the curtains.

"It's curtains for Iraq," a reporter observed.

"What happened to the maps?" a correspondent asked White House spokeswoman Dana Perino, who had just entered the room.

"Maps?" she replied. "There were maps?"

Bush aides could be forgiven for this confusion. Usually, official Washington chews over a president's speech after he has delivered it. But yesterday, virtually everything in the speech was disclosed, disputed and defended -- hours before the lights went on in the White House library for Bush's address to the nation.

The culprit? The "prebuttal," the act of rebutting an opponent's speech before the speech is delivered, which has been around for years. The term, like the Internet, was apparently invented by Vice President Al Gore, who was quoted by The Washington Post's Dan Balz as using it during the 1996 presidential campaign. But now prebuttals have become so intense that they have forced the victim of the prebuttal to preempt his own speech -- giving the speech itself an anticlimactic feel.

Sen. Ted Kennedy (D-Mass.) started the latest round of prebuttals Tuesday. "President Bush will address the nation tomorrow about his decision to send tens of thousands of additional American troops to the war in Iraq," he said at the National Press Club, announcing legislation to thwart Bush's still-unannounced plan.

At dawn yesterday, Bush counselor Dan Bartlett attempted to rebut Kennedy's prebuttal by giving a series of morning-show interviews on the White House lawn. "We don't view Ted Kennedy as a hostile enemy," Bartlett graciously told Fox News, then slyly added: "It's really important for the American people to understand that their leaders in Washington, regardless of all the politics, support our troops."

Kennedy, his support for the troops thus challenged, scheduled a news conference in the Senate press gallery to rebut Bartlett's rebuttal of Kennedy's prebuttal.

By then, however, the prebuttals were everywhere. Senate Majority Leader Harry Reid (D-Nev.) alone issued three written prebuttals of the Bush speech and one orally in the White House driveway.

Sen. Chuck Schumer (D-N.Y.), giving a news conference at noon, paraphrased Bush's yet-to-be-delivered speech. "The president has basically said: 'First I need more troops and then I'll craft a strategy,' " Schumer deduced.

And Sen. Jack Reed (D-R.I.) offered Bush rhetorical flourishes for the address. "I'm sure he will dress up his rhetoric in words like 'new approach' and 'new beginning,' 'a new way forward.' "

The White House, losing the battle to the "prebutters," scheduled a briefing to preempt the president's speech. Two Bush aides, who could be identified only as senior administration officials, gave out all the details: 21,000 to 22,000 more troops; $1 billion in development aid; no hard conditions or timelines for U.S. involvement. Bush "will talk about the hopes we had at the end of 2005," Senior Administration Official A announced. "He will say that that was dashed in 2006. And he will then conclude that the situation in Iraq is unacceptable."

The White House was evidently doing this on the fly. It delayed the noon briefing, first to 12:15, then to 12:25. "We have promised some documents to you; those are still in production," Senior Administration Official B announced on arrival. When the documents did arrive, they contradicted each other. The first stated that "the war on terror cannot be won if we fail in Iraq." The second document hedged: "Failing in Iraq would make succeeding in the war on terror vastly more difficult."

Official A attempted to answer the prebutters. "We hope that people will have time for debate to occur before taking preemptive action," he said.

No chance. By then, Sen. Robert Menendez (D-N.J.) had announced that he was issuing his prebuttal in the form of a "radio actuality and a direct-to-camera video interview." Rep. Louise Slaughter (D-N.Y.) also offered an "audio" option with her written prebuttal. Sen. Gordon Smith (R-Ore.) was busy prebutting Bush on MSNBC, while Sen. Sam Brownback (R-Kan.) released his prebuttal from Baghdad.

Usual Bush friends were silent; "RNC Announces Winter Meeting Schedule," declared the party's press release.

Only a few brave souls joined the White House in rebutting the prebutters. "I am disappointed that some declared the president's proposals unworkable even before they were announced," declared Sen. Jon Kyl (R-Ariz.). On the other hand, Kyl was willing to declare the proposals workable even before they were announced: His "embargoed" prebuttal rebuttal came out three hours before the speech.

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Bush Speech Prompts 2008 Contenders To Stake Ground (LAT)

By Janet Hook

The Los Angeles Times, January 11, 2007

WASHINGTON -- President Bush's speech outlining his troop-increase plan in Iraq provoked several potential presidential candidates to stake out a position, including some Republicans who had avoided addressing a controversial proposal that is likely to be a touchstone issue in the 2008 campaign.

Former Massachusetts Gov. Mitt Romney, ending weeks of dodging questions on the issue, announced Wednesday he would support a troop increase. But Sen. Sam Brownback, R-Kan., announced he opposed it, a sign that Republicans may not be as reluctant to distance themselves from Bush as they once were.

Divisions also opened among Democrats, as two -- John Kerry, D-Mass., and former Sen. John Edwards, D-N.C. -- announced their support for Congress to cut off funds needed for a troop increase. That step goes farther than many Democrats want because they fear it will be seen as undermining U.S. troops already in Iraq.

Presidential politics will likely cast a shadow over the opening debate on Bush's proposal Thursday when Secretary of State Condoleezza Rice testifies before the Senate Foreign Relations Committee. Five members of the panel are thinking about running for president.

For months, the only likely presidential candidate to support a troop escalation was Sen. John McCain, R-Ariz., who made it a signature issue long before Bush threw his support behind the idea. Other Republican aspirants kept their distance from the proposal, which is supported by a mere 12 percent of the public, according to recent Gallup poll.

Romney previously had declined to comment before his term in the statehouse ended in early January, telling interviewers, "I'm still a governor," when asked about increasing troops.

Wednesday, Romney put himself in league with McCain, his leading rival for the GOP nomination, and Bush by issuing a statement calling for additional troops. He said he reached that conclusion through consultations with generals, military experts and ground troops.

McCain acknowledged the political perils of backing such an unpopular plan on CNN after the speech. "I'd much rather lose a campaign than lose a war," he said.

Former New York Mayor Rudolph Giuliani, who had been silent on the issue, also issued a statement backing Bush's troop increase. "Even more importantly," he said, "I support the change in strategy, the focus on security and the emphasis on a political and economic solution as being even more important than a military solution."

But Brownback, issuing a statement while on an official trip to Iraq that included a meeting with Prime Minister Nouri al-Maliki, concluded, "I do not believe that sending more troops to Iraq is the answer. Iraq requires a political rather than a military solution."

Almost all Democrats considering a presidential bid opposed the Bush plan, although there were differences in their degree of opposition and their positions on what Congress should do to stop him.

Rep. Dennis Kucinich, D-Ohio, a longshot candidate, is the most militant opponent to the war and has proposed denying any new funding to continue the war and a quick withdrawal.

Presumed front-runner Sen. Hillary Rodham Clinton, D-N.Y., had been more moderate about the war and cautious about commenting on the president's plan before the speech.

After the speech, she said, "I cannot support his proposed escalation of the war in Iraq." She reiterated her support for a "phased redeployment of U.S. troops," not a quick withdrawal.

Others were more assertive in advance of Bush's speech.

Kerry announced Wednesday he was backing a proposal by Sen. Edward M. Kennedy, D-Mass., to prohibit paying for an increase in U.S. troops unless Congress voted to approve it. Edwards -- an outspoken critic of increasing troop levels who has said he made a mistake voting for the war in 2002 -- on Tuesday also called on Congress to block funding for an escalation.

Some Democratic candidates are not so keen on pulling the purse strings. Sen. Joseph Biden, D-Del., has not ruled out such action, but has raised questions about the constitutionality and practicality of doing so.

He is calling instead for Congress to pass a nonbinding resolution opposing Bush's troop increase -- an approach that Senate Democratic leaders have embraced.

Sen. Barack Obama, D-Ill., opposed the Iraq war in 2002, although he was not in Congress to vote against it at the time, and has criticized the proposed troop increase. "We cannot impose a military solution on the problem, there has to be a political accommodation," he said on CNN, explaining that the president had offered no plan to reconcile warring Shiites and Sunnis. "I think we are making a very bad mistake."

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Obama has not embraced the Kennedy fund cut-off bill. He said his staff is looking at options to place conditions on to Bush's actions without risking cuts that could hurt troops in Iraq already.

Meanwhile, New Mexico Gov. Bill Richardson, a potential Democratic contender, said, "The only surge we need in Iraq is a diplomatic one." He also called for U.S. troops to be withdrawn from Iraq this year -- a more specific timetable than many Democrats have embraced.

A Cynical Opposition (WSJ)

The Wall Street Journal, January 11, 2007

You might have thought President Bush's announcement yesterday that he intends to deploy several thousand more combat soldiers to Iraq would have been sweet policy vindication for the Democrats. They're the ones who spent the better part of the past four years using Eric Shinseki -- the former Army Chief of Staff who, prior to the war, estimated it would take up to half a million troops to occupy the country -- as a cudgel with which to beat this President over the head.

Thus former House minority leader, now Speaker Nancy Pelosi, citing General Shinseki in May 2004, on "Meet the Press": "What I'm saying to you, [is] that we need more troops on the ground." Thus, too, Senate Majority Leader Harry Reid, just four weeks ago: "If it's for a surge -- that is, for two or three months -- and it's part of a program to get us out of there as indicated by this time next year, then, sure, I'll go along with it."

Lately the Democrats have been singing from a different hymnal. In a letter Mr. Reid and Ms. Pelosi sent the President last week, they write: "Surging forces is a strategy that you have already tried and that has already failed. . . . Adding more combat troops will endanger more Americans and stretch our military capability to the breaking point for no strategic gain."

As for Carl Levin, the new Senate Armed Forces Chairman was also one of those who used to call for more troops. But now he is threatening a legislative cap on the number of troops in Iraq if Mr. Bush doesn't start a significant drawdown of U.S. forces in Iraq later this year. We'll bet Mr. Levin never has the political nerve to follow through on anything but TV sound-bite criticism.

Ostensibly, the Democratic complaint is that the Administration has failed to come up with a new strategy for Iraq. In fact, Mr. Bush says he is offering a qualitative departure from what the U.S. has attempted before. (See "Mission Baghad"1.) The real question is whether the Democrats are prepared to act like a responsible opposition now that they control both houses of Congress, in contrast to the last four years of partisan minority sniping.

On the evidence of the past week, the answer is no. On Tuesday, the Democrats announced they would hold a symbolic, nonbinding vote on the troop increase, without so much as hearing what the President has to say. The vote, says Senator Joe Biden, is an effort to "demonstrate to the President he's on his own." So much for presenting a united American face to the jihadis and insurgents killing our troops in Iraq. And this from someone who fancies himself Presidential-timber.

Such a vote would be pure partisanship, and of an especially ugly sort. If Democrats seriously believe that a troop surge "will endanger more Americans," then there might be some moral justification in using Congress's power of the purse to cut off funds for the war. But as House Ways and Means Chairman Charlie Rangel candidly explained, "anytime, politically, you have to explain what you are saying, you have a problem. And so if I am there saying, 'Cut the funds for Iraq and the war in Iraq,' then someone is going to say, 'You are taking away rifles.'"

So the Democrats want the political mileage of opposing the troop increase rhetorically. What they don't want is to take responsibility for their own policy choice. Meanwhile, their rhetoric will only serve to reassure the jihadis that sooner or later Democrats will force a U.S. withdrawal. It's enough to give a half-cheer to genuine Democratic isolationists, who have proposed legislation that would require the President to seek approval to fund additional troop increases. At least they're willing to go on record.

Most reckless is the contention, also by Mr. Reid and Ms. Pelosi, that "it is time to bring the war to a close." No one serious -- not even the Iraq Study Group -- believes that the war will end if we leave. Instead, it will change into a civil war in Iraq, and perhaps a wider regional war, that is likely to draw our forces back in again somewhere in the Middle East. As the bipartisan ISG noted in its December report, "If we leave and Iraq descends into chaos, the long-range consequences could eventually require the United States to return."

If Congressional Democrats want to be constructive, they can insist that Mr. Bush and his generals truly implement the strategy he is now endorsing. The path Democrats have followed in the minority and are now continuing will only make U.S. success harder -- a truth the American people will come to understand, and resent.

Damaging National Security (WT)

The Washington Times, January 11, 2007

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The Democrats had tried several pre-emptive strikes against President Bush's speech last night about how to win the war in Iraq. The president, in our view, is right to send additional troops to Baghdad and other violent areas of Iraq to stanch the blood-letting and enable the Iraqi government to impose its authority over the nation. But in addition to opposing measures to end the war, the House would now undermine national security.

Buried inside the legislation hurried through the House on Tuesday, as part of the Democrats' goal of implementing September 11 commission recommendations, is a provision that would damage a successful multilateral program to combat the proliferation of weapons of mass destruction: the Proliferation Security Initiative (PSI). The PSI was largely responsible for persuading Libyan leader Moammar Gadhafi to terminate his search for atomic weapons and for unravelling the nuclear proliferation network run by the notorious A.Q. Khan of Pakistan. Unfortunately, this legislation has the potential to wreak damage by bringing the U.N. Security Council into the process.

The legislation, pushed by prominent members of the House Democratic leadership, including Foreign Affairs Committee Chairman Tom Lantos and Armed Services Committee Chairman Ike Skelton, urges "with a particular emphasis" that the president work with the Security Council (where Russia and China, serial proliferators of weapons of mass destruction, have a veto) to "authorize the PSI under international law." During Tuesday's debate, Rep. Ileana Ros-Lehtinen, Florida Republican, offered an amendment to strike the provision, but it was defeated on a party-line 230-198 vote.

Given its extraordinary record of achievement, it is difficult to see how the initiative, largely the work of John Bolton as undersecretary of state in 2003, could be strengthened by the U.N. Security Council. The United States oversees the program, which sets out principles and steps for interdicting shipments of weapons of mass destruction. More than 70 nations have committed to PSI's antiproliferation principles. In October 2003, operating under the auspices of the initiative, U.S. warships seized uranium-enrichment gas centrifuge components bound for Libya's covert program aboard the BBC China, a German-owned vessel. Libya subsequently renounced nuclear weapons, and its revelations led to the unraveling of the Khan network -- which had played a key role in helping Iran develop the ability to use gas centrifuges to enrich uranium. If the Proliferation Security Initiative had been in place throughout the 1980s and 1990s, Iran might not be on the brink of developing nuclear weapons today.

Although the informal, voluntary structure of the initiative has been essential to its success, this would likely be jeopardized by the Democrats' insistence that the Security Council and the U.N. bureaucracy be brought into play. This would empower both China and Russia, which have helped along the Iranian and North Korean nuclear weapons programs, with increased ability to make mischief. If the Senate refuses to strip this irresponsible provision from the bill, Mr. Bush should consider doing it himself with a veto.

At Least Bush Wants To Win (LAT)

By Jonah Goldberg

The Los Angeles Times, January 11, 2007

Bush sticks to his goal of winning in Iraq. The Democrats are just stuck.

AMERICANS ARE torn between two irreconcilable positions on the Iraq war. Some want the war to be a success — variously defined — and some want the war to be over. Conservatives are basically, but not exclusively, in the "success" camp. Liberals (and those further to the left) are basically, but not exclusively, the "over" party. And many people are suffering profound cognitive dissonance by trying to believe these two positions can be held simultaneously. The motives driving these various positions range from the purely patriotic to the coldly realistic to the cravenly political or psychological perfervid. Parsing motives is exhausting and pointless, but one fact remains: "End it now" and "win it eventually" cannot be reconciled.

With last night's speech, President Bush made it clear that he will settle for nothing less than winning it. He may be deluding himself, and his plan may not work, but he at least has done the nation the courtesy of saying what his position is, despite an antagonistic political establishment and a hostile public. What is maddening is that the Democratic leadership cannot, or will not, clearly tell the American people whether they are the party of "end it" or "win it."

Give Sen. Ted Kennedy his due. He not only wants the thing over, consequences be damned, but he's got the courage to admit it, as he did on Tuesday at the National Press Club. But when House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid come to a fork in the road, they follow Yogi Berra's advice and take it. On the one hand, they tell the president that they want this war "brought to a close." On the other, they refuse to use their power of the purse to do exactly that, opting instead for a symbolic resolution. It may be the wisest political course for them, but it does a disservice to the nation by making the Iraq debate the equivalent of boxing with fog.

Here we have a president forthrightly trying to win a war, and the opposition — which not long ago was in favor of increasing troops, when Bush was against that — won't say what it wants. This is flatly immoral. If you believe the war can't be won and there's nothing to be gained by staying, then, to paraphrase Sen. John Kerry, you're asking more men to die for a

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mistake. You should demand withdrawal. But that might cost votes, so the Dems don't. And, of course, Kerry, Pelosi and other Democrats were in favor of more troops before they were against it.

Another Democratic dodge is the incessant demand for a "political solution" in Iraq. "What is absolutely clear to me is there is no military solution to the problems in Iraq, that only political solutions are going to bring about some semblance of peace," Sen. Barack Obama declared. This is either childishly naive or reprehensibly dishonest. No serious person thinks that peace can be secured without a political solution. The question is how to get one. And nobody — and I mean nobody — has made a credible case that the Iraqis can get from A to B without more bloodshed, with or without American support.

Saying we need a political solution is as helpful as saying "give peace a chance." Peace requires more than such pie-eyed verbiage. In the real world, peace has no chance until the people who want to give death squads another shot have been dispatched from the scene. It reminds me of the liberal obsession in the 1980s with getting inner-city gangs to settle their differences with break-dance competitions. If only Muqtada Sadr would moonwalk to peace!

Last night, Bush finally acknowledged what Americans already knew: The war has not gone well. But he also acknowledged what few Democrats are willing to admit: If we leave — i.e. lose — it will be a disaster, a geostrategic calamity for the United States and quite possibly a genocidal one for the Iraqis. It's long since forgotten, but perhaps the chief moral argument against the Iraq war in 2003 was that it would create an enormous humanitarian crisis in the form of refugees spilling over the borders, which in turn would destabilize the region. That didn't happen. But it would be the most likely result of a U.S. withdrawal now. Yet that's a risk the antiwar crowd is suddenly willing to take.

Bush declared last night that "victory will not look like the ones our fathers and grandfathers achieved. There will be no surrender ceremony on the deck of a battleship…. A democratic Iraq will not be perfect." This sober, stubborn emphasis on victory puts Bush at odds with much of official Washington. He wisely refused to abdicate his war responsibilities to lead to the Iraq Study Group, and instead launched a broader effort to find a way to win in Iraq — a goal former Secretary of State James A. Baker III explicitly dismissed.

Bush came up with the "surge" plan. Will it work? Nobody knows. But the one thing the American people know about George W. Bush is that he wants to win the war. What the Democrats believe is anybody's guess.

Democrats Should Give Bush Final Chance To Win Iraq (RC)

By Morton M. Kondracke

Roll Call, January 11, 2007

Politically and militarily, this is President Bush's last chance to avoid catastrophe in Iraq and the Democratic Congress ought to let him play out his hand.

Hard as it might be, Democrats should resist extreme pressure from anti-war forces in their base to undermine what little is left of Bush's popular support and force a withdrawal from Iraq.

The reason is that if the United States loses the Iraq War, the consequences will be dire — and a Democratic president elected in 2008 may well have to deal with them.

That president could inherit an Iraq in all-out civil war, regional chaos pitting Sunnis against Shiites and — worst of all — the collapse of American influence and the triumph of radical Islamist forces, Iran in the lead.

Iraq will not be the last theater of combat between radicalism and moderation, but wherever the next confrontation is — in Lebanon, Egypt, Iran or Saudi Arabia — the United States will be at an automatic disadvantage if it loses in Iraq.

It will be all the worse if the U.S. loses because Osama bin Laden is proved right in saying that the United States lacks the tenacity for any long and difficult struggle.

So, if there is any chance that the Bush administration can succeed in bringing security to the blood-soaked neighborhoods of Baghdad and in suppressing the Sunni insurgency in Anbar province, it ought to be given a last try.

There is certainly no guarantee that Bush's new strategy will work, especially given past failures. In fact, it is easy to list the reasons why we might fail again.

At the top of the list is the inability or unwillingness — so far — of Iraqi Prime Minister Nuri al-Maliki's government to stop Shiite death squads from torturing and killing Sunnis and to offer the political concessions necessary to dampen the non-al-Qaida Sunni insurgency.

Responsible Democrats — those who don't just want to abandon the Iraq enterprise regardless of the consequences — contend that the only way to force al-Maliki to act is to establish a withdrawal timetable.

Bush does not want to do that because it will give notice to America's enemies that they can just wait for U.S. forces to leave to resume a full-force insurgency.

But Bush needs to tell al-Maliki, if he

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doesn't understand it already, that time is running very short. Administration officials say they think they have until this fall — nine months or so — to show results.

This strikes me as optimistic. The bottom is dropping out of U.S. support for the war — fast. And the pressure is mounting on Democrats to pull the plug. The latest Gallup Poll showed that the public opposes Bush's troop increase by 61 percent to 37 percent. Eighty-five percent of Democrats oppose it.

Only 15 percent favored immediate withdrawal, but 39 percent more wanted U.S. troops out within a year, while only 31 percent supported their staying as long as needed and 12 percent favored adding more troops.

Administration officials say that al-Maliki is aware of what's expected of him — and by when — and that he is working on diminishing the influence of radical cleric Moqtada al-Sadr, controlling his militias and compromising with Sunnis. Everything depends on his acting fast, however.

Another reason to be pessimistic is that, whenever Iraqi forces have been asked to "stand up" to the challenge of securing Baghdad, they've largely failed.

Bush told Members of Congress on Tuesday that he believed two previous Baghdad security operations failed, both because the U.S. had too few troops and because Iraqis could not hold neighborhoods that had been cleared of extremists.

Now, Bush is adding 15,000 U.S. troops to Baghdad and al-Maliki is supposedly supplying an equal number of his best forces, the first of which are to arrive by Feb. 1.

This is do or die. If the operation begins to show promise, it could turn around both Iraqi and U.S. public opinion. But if reports are that Americans are fighting and dying, but Iraqis aren't, demands for withdrawal will become irresistible.

It also remains to be seen whether even U.S. forces can perform this counter-insurgency mission successfully. The new U.S. commanding general in Iraq, David Petraeus, is an expert on such combat and has a record of success in previous Iraq tours.

The U.S. Army's new counter-insurgency manual, written under Petraeus' supervision, declares that "the military forces that successfully defeat insurgencies are usually those able to overcome their institutional inclination to wage conventional war" and instead protect and win support from the local populace.

It remains a question whether U.S. units will be numerous enough — and well-trained enough — to perform the mission. It's appropriate for Congress to inquire about that — and make sure training is adequate for counter-insurgency operations in the future. There will be more.

Democrats have every right and responsibility to ask hard questions about Bush's strategy and to advocate alternatives — such as moving U.S. troops out of populated areas to guard Iraq's borders and oil wells, leaving urban combat to the Iraqis.

At the moment, that does not seem to be a viable strategy, given the deficiencies of Iraqi forces, but it could be a transition role when and if the Iraqis can take charge of the cities.

If they can't or won't — and if al-Maliki can't or won't reach accommodation with the Sunnis — the U.S. may have to consider yet another alternative: the "80 percent solution," in which we back the likely winners of a civil war in Iraq, the Shiites and Kurds.

This would not be a desirable conclusion — one advocate calls it "winning dirty" — but it may be the only alternative to losing Iraq, the region and U.S. influence in the world.

Now that they have taken over Congress, Democrats have a responsibility to do more than simply oppose Bush and his policies. If there is any possibility that the United States and its interests can still succeed in Iraq, they need to help it happen.

It's very possible that America will fail. If so, Democrats should give no one the opportunity to say that they precipitated it.

Take The Lead (WT)

By Terry Michael

The Washington Times, January 11, 2007

It's hard to get out of a deal with the devil.

That's the congressional Democrats' dilemma, as they continue to treat the Iraq war as a speed bump on their pathway to the perks of restored power, rather than as a moral question to which voters loudly demanded a moral answer two months ago.

Take Sen. Joseph Biden of Delaware. "There's not much I can do about it," responded the Democratic "leader" on foreign policy, when asked on one of the Sunday venues for pompous pontificators how he would respond to any attempt by President Bush to escalate the war in Iraq (or "surge," if you prefer it in Orwellian newspeak).

This is a man who sees a future president during his morning look in the mirror. Sadly, the glass reflects an empty suit who embodies the congressional Democrats' decision to reduce action on Iraq to a political calculus appropriate for the highway appropriations bill, rather than as a moral imperative to challenge a policy that has sent thousands of twenty-somethings to their deaths in the desert.

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You certainly can do something about it, Senator. It's called leadership. You rise on the Senate floor. You say you were out of your mind to write a blank check for this hideous misprojection of American military power. And then you propose immediate withdrawal, just slow enough to maximize the safety of the 135,000 mostly young men and women you helped put in harm's way by your collusion with this elective war. You do what Republican Sen. Gordon Smith of Oregon had the guts to do last month, stopping just short of accurately labeling this public policy obscenity a criminal enterprise.

I have lived in these 10 surreal square miles for over three decades, usually playing by the rules of decorum required by the political and media classes, first as a young congressional aide, later as a national party committee and presidential campaign operative, and now as an aging educator of journalism students who want to spend their careers interpreting politics.

But, like millions of other Americans, I can no longer contain the primal scream I want to direct at the members of my party who declined to engage a real debate in the run-up to this completely avoidable misjudgment of old men and women, willing to send boys and girls to die for their ideological hallucinations and political cowardice.

Non-existent, and certainly non-threatening WMDs. A secularist paper-tiger dictator, despised by the Islamist lunatics who actually had anything to do with September 11. A tribal, theocratic culture with zero indigenous movement for pluralistic democracy.

All of those things were knowable when congressional Democrats like Mr. Biden had an opportunity to stop this madness before it started. Some of them actually shared the neoconservative pretensions of a new American imperialism. But most just quaked in their permanent campaign boots, fearing being labeled Cold War-style liberal wimps. They averted their eyes and closed their mouths instead of acting like a responsible opposition party four years ago.

So, trying to finesse their way out of their Faustian bargain, Democrats now engage in a transparent antiwar vamp, with limp proposals to implement the September 11 commission report and half-measures opposing escalation. And they receive aid and comfort from misguided and timid editorial pages, like those of The Washington Post and The New York Times, which also colluded with power in the run-up to Iraq instead of challenging it, and which now circumscribe discourse with the narrow frame of how best to muddle on through rather than promote an honest debate about whether to stay or go.

Where are the Gordon Smith's in the Democratic Party? Where are the conviction politicians willing to spend political capital to lead a citizenry which has decided overwhelmingly that this war is crazy? Where are the institutions of media power with the courage to say the emperor has no cowboy boots, no jeans, no garments at all — just a hideous, stubborn smirk that is literally making this country ill and squandering our reputation around the globe?

I long for a principled politician like my ex-boss Paul Simon, who would have had the courage and the moral authority to take the Senate floor and demand an end to this madness. Instead, the only place I can find truth speaking to power is on a cable TV comedy channel, not in the chambers of what used to be called the greatest deliberative body in the world. Is anybody out there willing to lead?

Terry Michael, who served as press secretary for the Democratic National Committee (1985-87), directs the Washington Center for Politics & Journalism.

To Counter Iran's Role In Iraq, Bush Moves Beyond Diplomacy (NYT)

By Helene Cooper, Mark Mazzetti

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — In promising to stop Iran from meddling in Iraq, President Bush returned Wednesday night to a strategy of confrontation in dealing with Tehran, casting aside what had been a limited flirtation with a more diplomatic approach toward it.

Mr. Bush accused Iran of providing material support for attacks on American troops and vowed to respond. "We will disrupt the attacks on our forces," he said in his speech. "We will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Mr. Bush said the United States would send another aircraft carrier and its supporting ships to the Persian Gulf. Administration officials said the battle group would be stationed within quick sailing distance of Iran, a response to the growing concern that Iran is building up its own missile capacity and naval power, with the goal of military dominance in the gulf.

Mr. Bush also announced the deployment of Patriot missiles to protect America's gulf allies. A battery of such missiles is already in Qatar, having been moved there several months ago.

The more combative talk reflects increased frustration in the administration with Iran, which American officials blame for part of the rising death toll in Iraq.

Military officials in Baghdad say they have documented a gradual rise in the number of sophisticated roadside bombs using "shaped charges" — a type of weapon that commanders believe is imported from Iran. According to military statistics, 78

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coalition troops were killed and 243 were wounded by these bombs between September and December of last year, compared with 53 killed by the bombs in the previous nine months.

American officials have provided members of Congress information to support the claim that Iran is helping to orchestrate attacks on Americans in Iraq, but the administration has not made that information public.

The American officials say that the Revolutionary Guard's Quds force trains inside Iran and then dispatches operatives into Iraq, using contacts with Iraqi Shiite militias to attack American troops.

"They're training to kill coalition forces," said one senior American counterterrorism official, speaking on condition of anonymity. "Their comments about wanting to see a stable Iraq are belied by this type of activity."

Gen. Michael V. Hayden, director of the Central Intelligence Agency, told Congress late last year that while he was originally skeptical of reports of Iranian operations inside Iraq, he now had the "zeal of a convert" on the matter.

One American official who recently returned from a trip to Baghdad said American commanders in Iraq believed that Iran was using its vast political influence to press Shiite politicians not to forge any long-term agreements with Sunnis.

"We caught them with their finger in the cookie jar last month," a senior administration official said, referring to the arrest of five Iranians in Iraq whom the Americans accused of running guns and planning sectarian attacks. The Iranians were eventually released by Iraqi authorities.

American officials maintain that the latest moves should not be seen as preparations for a military strike against Iran. But they also said that Mr. Bush's top deputies, including Secretary of State Condoleezza Rice and National Security Adviser Stephen J. Hadley, had decided that, barring some major conciliatory move from Tehran, American moves to engage Iran had run their course.

The United States has grown frustrated with what one administration official described as the "molasseslike" pace of diplomatic efforts at the United Nations to impose broad sanctions on Iran over its nuclear program.

The Security Council passed a resolution on Dec. 23 with sanctions intended to curb Iran's uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European nations contend is for the purpose of creating nuclear arms. The measure bars the trade of goods or technology related to Iran's nuclear program.

But American officials acknowledge that the resolution is too weak to force Iran to abandon its nuclear program and are seeking to increase economic and psychological pressure on Iran. The United States is pressing governments and financial institutions in Europe, Japan and China to cut some of their financial ties with Iran.

For instance, during talks in Washington last week between Ms. Rice and visiting Vice Foreign Minister Yang Jiechi of China, American officials urged Beijing to abandon a proposal for a $16 billion natural gas deal for the China National Offshore Oil Corporation to develop Iran's North Pars gas field, American officials said. The Chinese assured the United States that a decision was not imminent, American officials said.

Mr. Bush is expected to seek to apply pressure to other countries to limit their dealings with Iran in the coming month. American officials are hoping that the economic pressure will also persuade Iran not to actively oppose the new Bush strategy in Iraq.

Iraq PM Cracks Down In Shiite Militiamen (AP)

By Steven R. Hurst, Qassim Abdul-Zahra

AP, January 11, 2007

Iraq's prime minister has told Shiite militiamen to surrender their weapons or face an all-out assault, part of a commitment President Bush outlined on Wednesday to bring violence under control with a more aggressive Iraqi Army and 21,500 additional American troops.

Senior Iraqi officials said Wednesday that Prime Minister Nouri al-Maliki, under pressure from the U.S., has agreed to crack down on the fighters even though they are loyal to his most powerful political ally, the radical Shiite cleric Muqtada al-Sadr. Previously, al-Maliki had resisted the move.

Bush laid out his new plan to quell violence in and around the Iraqi capital in a televised address to the nation Wednesday night. In earlier operations, the president said, "political and sectarian interference prevented Iraqi and American forces from going into neighborhoods that are home to those fueling the sectarian violence.

"This time, Iraqi and American forces will have a green light to enter those neighborhoods," Bush said. "Prime Minister Maliki has pledged that political or sectarian interference will not be tolerated."

Before Bush spoke, a senior Shiite legislator and close al-Maliki adviser said the prime minister had warned that no militias would be spared in the crackdown.

"The government has told the Sadrists: 'If we want to build a state we have no other choice but to attack armed groups,'" said the legislator, who spoke on condition of anonymity because he was not authorized to speak for the prime minister.

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Bush warned that the U.S. expected al-Maliki to keep those promises.

"America's commitment is not open-ended," Bush said. "If the Iraqi government does not follow through on its promises, it will lose the support of the American people and it will lose the support of the Iraqi people."

Al-Maliki on Saturday announced that his government would implement a new security plan for Baghdad, which consists of neighborhood-by-neighborhood sweeps by Iraqi forces backed by U.S. troops.

In the past, the Iraqi government has tried to prevent American military operations against the Mahdi Army, while giving U.S. forces a free hand against Sunni militants. The Bush administration has pushed al-Maliki, who took office in May, to curb his militia allies or allow U.S. troops to do the job.

Although al-Maliki withdrew political protection from the Mahdi Army, there was no guarantee the Shiite fighters would be easily routed from the large and growing area of Baghdad under their control.

The militia has more fighters, weapons and sophistication today than it did in 2004, when it battled U.S. forces to a standstill in two strongholds, the Shiite holy city of Najaf and Sadr City, Baghdad's sprawling Shiite slum.

Sunni militants, meanwhile, have put up fierce resistance in the five days since al-Maliki announced his new security initiative for Baghdad.

Iraqi and U.S. troops have battled Sunni insurgents along Haifa Street in central Baghdad in two major battles.

The neighborhood is only about 2 1/2 miles north of the Green Zone, site of the Iraqi government headquarters, the U.S. Embassy and base for thousands of American soldiers.

Eighty suspected insurgents were killed in the fighting — 50 of them on Tuesday alone, in an assault backed by U.S. troops, fighter jets and attack helicopters.

Bush said the U.S. will send 21,500 more troops — 17,500 of them to help pacify Baghdad,

The increase in troop levels was part of a larger military and economic effort intended to turn around a 3 1/2-year-old war that has cost the U.S. hundreds of billions of dollars and more than 3,000 lives.

In preparation for the new security plan, the Iraqi military will bring two brigades from northern Iraq, a region largely populated by Kurds, and one from the south.

Tens of thousands of Iraqis have died, many of them in the capital in the past year — after the war became a religious conflict between Sunnis and Shiites. Sectarian violence began after the February bombing of a major Shiite shrine by al-Qaida in Iraq.

Al-Maliki has not commented on the Bush administration's plans to create a set of benchmarks to measure the Iraqi government's progress on improving security.

Washington wants the prime minister to come up with a plan to equitably share the country's oil wealth, ease restrictions on former Baath Party members and hold provincial elections — steps regarded as critically important to drawing Sunnis into the political process.

An Iraqi general, who spoke on condition of anonymity because he was not authorized to disclose details of the plan, said a mainly Kurdish force would be sent into the Sadr City slum in northeast Baghdad, which serves as headquarters of the Mahdi Army.

The general said Kurds, who are Sunni but not Arab, were being used against the Shiite militia because soldiers from other Iraqi units were likely to refuse to fight fellow Shiites. An estimated 80 percent of Iraq's army is Shiite.

Under the new security plan, the general said, U.S. and Iraqi troops will sweep Baghdad neighborhoods in an effort to dislodge the Mahdi Army, as well as Sunni extremists — including al-Qaida in Iraq and two of its allied groups, the Ansar al-Sunnah Army and the Omar Brigade.

Iraqi and U.S. officials said Iraqi commanders will be put in charge of each of nine city districts. Each commander will operate independently of Iraqi military headquarters.

Al-Maliki has named Lt. Gen. Aboud Gambar, an Iraqi general who was taken prisoner of war by U.S. forces during the 1991 Gulf war, as the overall commander.

Gambar, a Shiite, will have two assistants, one from the police and one from the army, Iraqi military officers said on condition of anonymity because they were not authorized to disclose the information. Gambar will report directly to al-Maliki.

The Americans plan to put 400 to 600 U.S. soldiers in each district as a backup force, a senior Bush administration official said Wednesday. Others will be held in reserve throughout the capital to deploy quickly on the request of Iraqi commanders.

One senior U.S. official said al-Maliki agreed to stop protecting the Mahdi Army under pressure from both the U.S. and his fellow Iraqis. In a conference call with U.S. reporters, the official said the al-Maliki "plan will work" because it frees his military from political and sectarian influence.

The latest drive to pacify Baghdad is at least the fourth since the war began. All have had only limited success, with insurgents and militants swiftly returning to neighborhoods after U.S. and Iraqi military forces departed.

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In the most recent of these operations, Iraq's army fielded fewer troops than promised. That made it impossible to maintain control of areas that U.S. forces had cleared of gunmen.

Police on Wednesday reported that at least 92 people had died violently or been found dead across the country.

In a single deadly attack, Sunni gunmen opened fire on a convoy of buses carrying Shiite Muslim pilgrims home from the hajj, the annual pilgrimage to Muslim holy places in Saudi Arabia, according to police and Akeel al-Khazaali, the governor of the southern province of Karbala.

At least 11 people were killed and 14 wounded. Al-Khazaali told Iraqi state television that some of the slain pilgrims had been severely burned in the ambush, which occurred about 75 miles west of the Shiite holy city of Karbala.

Police said 60 bodies, many of them victims of torture, were found in Baghdad Wednesday. Seven more were discovered in the northern city of Mosul. Shootings, mortar attacks and bombings at various places around Iraq claimed another 14 lives.

The U.S. military announced Wednesday that four more American soldiers died of combat wounds in Iraq. A Task Force Lightning soldier assigned to 3rd Brigade Combat Team, 1st Cavalry Division died Tuesday from a gunshot wound sustained in the Diyala province northeast of Baghdad.

Two more soldiers died the same day in Iraq's western Anbar province. One was assigned to the 1st Marine Expeditionary Force Headquarters Group, and one was assigned to 1st Brigade, 1st Armored Division.

A 13th Sustainment Command (Expeditionary) Soldier was killed by a roadside bomb outside of Fallujah.

New Baghdad Approach Features 'Gated Communities' (LAT)

By Julian E. Barnes

The Los Angeles Times, January 11, 2007

WASHINGTON -- The military's new strategy for Iraq envisions creating so-called "gated communities" in Baghdad -- sealing off discrete areas and forcibly removing insurgents, then working to create jobs for residents and stationing American units in the neighborhood to keep the peace.

The United States previously has found it nearly impossible to secure the sprawling city. But by focusing an increased number of troops in selected neighborhoods, the military hopes it can create islands of security segregated from the chaos.

The gated-communities plan has been tried -- with mixed success -- in other wars. In Vietnam, they were called "strategic hamlets" and were a spectacular failure. But counterinsurgency experts say that such security zones can work if, once the barriers are established, the military follows up with neighborhood sweeps designed to flush out insurgents and militia fighters.

The strategy, described in broad terms by current and former defense officials, is an attempt to recreate the successes that military units have had in smaller Iraqi cities, most notably Tall Afar.

For the past two years, the U.S. military has been focused primarily on training Iraqi security forces. Under the new plan in Baghdad, the primary mission of U.S. combat forces will be to protect Iraqis living in the city.

"In counterinsurgency, by now we have all figured out, the population is the prize," one defense official said.

Critics of the troop increase have said that the sheer size of Baghdad, with its population of nearly 6 million people, makes it impossible to replicate the Tall Afar strategy. But counterinsurgency experts say the gated-communities concept is a way to concentrate troops on smaller sections of Baghdad.

"You do it neighborhood by neighborhood," the defense official said.

A neighborhood of Baghdad could be sealed off by using a highway or a river as a barrier, or creating roadblocks and checkpoints between neighborhoods, counterinsurgency experts said.

White House officials outlined a plan Wednesday to divide Baghdad into nine districts and to station U.S. battalions and Iraqi forces in each. Moving units out of the super bases that surround Baghdad and into urban neighborhoods is critical to making any gated-communities plan work, defense officials said.

Senior administration officials have said that the new plan would be led by Iraqis. But the intense violence gripping Baghdad will require that American units be used to quiet the fighting initially.

In Tall Afar, a town of 150,000 people, U.S. forces built a berm around the city to control access, then swept through to rout insurgents and al-Qaida members. The military followed up by establishing combat outposts throughout the city where small units of soldiers could have a round-the-clock neighborhood presence. The offensive was combined with a push by military leaders to reconcile Shiite and Sunni factions in the city.

Ideally, once a neighborhood is cleared and regular patrols begin, U.S. forces would have to fight less. Advocates of the approach say that gated communities will allow the U.S. and Iraqi militaries to ease Iraqis' fears of being victims of sectarian violence.

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"You can create gated communities because the population wants them, because the population wants to feel secure," the defense official said. "Or you can create them to control the population and its movements, and make it more difficult for insurgents to operate. That is the theory behind it."

It is not clear which Baghdad neighborhoods will become gated communities, or how many such enclaves will be created. So far, the Iraqi government has largely restricted operations in Shiite neighborhoods. Defense officials say it is critical that the new plan allow U.S. forces to operate in both Sunni and Shiite neighborhoods.

The gated-communities model is an updated version of the strategic hamlets used in the Vietnam War. Under that strategy, people were moved to villages that the military believed it could defend.

"It didn't work," said Conrad Crane, one of the authors of the military's counterinsurgency manual. "They ended up locking up the insurgents with the population in these new hamlets .... It actually helped the Viet Cong with recruiting."

The strategy worked when the British used it in Malaya in the 1950s, successfully cutting off insurgents from the population and from supplies, Crane said. The technique was first developed by the French when fighting insurgents in Algiers, and it was successfully used in Northern Ireland cities, said Marine Lt. Col. Lance A. McDaniel, another author of the military counterinsurgency manual.

In Iraq, Crane said, the strategy could work because it would not involve moving people out of their neighborhoods.

"It would be done with much more cultural sensitivity," Crane said. "You are trying to identify who belongs and who doesn't."

Keeping U.S. forces inside the communities is vital to the success of such strategies, McDaniel said.

"You have a unit which has responsibility for an area and they are doing active patrolling day and night with the Iraqi security forces," he said. "People get to know you. It is a lot different than holing up in a base somewhere and going through a few times a day."

Counterinsurgency experts said that, once U.S. and Iraqi forces succeeded in holding an area, they could use reconstruction money to create jobs for citizens there. The hope is that, with improved stability and jobs programs, the zone of security could expand throughout Baghdad.

A Diplomat Who Loves The Really Tough Jobs (WP)

By Robin Wright, Washington Post Staff Writer

The Washington Post, January 11, 2007

In Harm's Way Is Where Ryan Crocker Thrives

On April 18, 1983, Ryan Crocker was in his office at the U.S. Embassy in Beirut, with its spectacular view overlooking the Mediterranean. His wife, Christine, was working next door. At 1:05 p.m. a dark delivery van made a sharp left onto the guarded cobblestone lane and rammed into the front wall, detonating an explosive that ripped apart the seven-story high-rise. A huge brown cloud of smoke could be seen for miles.

It was the first suicide bombing by Islamic extremists against a U.S. target.

Crocker -- the career diplomat the Bush administration has nominated to serve as U.S. ambassador in Baghdad -- was blown against the wall. Bloodied but not seriously injured, he and his wife fled the building. He then began to search through the twisted steel and concrete for colleagues.

New York Times correspondent Thomas Friedman lived nearby and raced to the site. "I came around the corner and there was the American Embassy cut in half like a doll's house, bodies hanging out of it, smoke belching, and the first person I saw staggering around in the ruins was Ryan, his sleeves rolled up, looking in the rubble," Friedman recalls.

The bomb, which killed 64 and wiped out the CIA station, marked the start of a trend that now defines U.S. foreign policy.

If there's an awful assignment in the Middle East or South Asia, Crocker, 57, has had it. He actually prefers the hot spots, colleagues say.

The toughest hardship assignment for Crocker -- and the only one he tries to avoid -- is Washington, says former ambassador Edward Abington. "He prefers the most difficult posts. There's a real sense of adventure in him," Abington says.

Seven months before the Beirut attack, I encountered Crocker after a right-wing Christian militia entered the Beirut slums of Sabra and Shatila and, in a 48-hour orgy of killing, murdered some 800 people, including many women, children and the elderly. Journalists were among the first to go into the area after the militia left, but when many of us arrived, Crocker and his wife were already surveying the bloodshed and streets littered with bodies.

"With a hand-held transmitter, he was walking through the Shatila refugee camp and describing as he moved scenes of a massacre of shocking magnitude," wrote former secretary of state George Shultz in his autobiography, "Turmoil and Triumph."

The massacre followed the assassination of Lebanon's Christian President-elect Bashir Gemayel.

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"I was on the phone with him for hours trying to confirm whether or not Gemayel was dead," recalls former U.S. assistant secretary of state Elizabeth Jones. "We had been burned with the [former Egyptian president Anwar] Sadat assassination, so we had to have someone see the body or say that he was still alive."

Crocker was dispatched. "He's extremely tough-minded about what needs to be done even in the worst tragedy," Jones says.

He now appears headed to Baghdad as part of a personnel sweep that is bringing a whole new set of faces to the top of diplomatic and military jobs as part of President Bush's "new way forward" in Iraq.

For Crocker, an Air Force officer's son who attended schools in Morocco, Turkey and Canada, it's coming full circle.

He first went to Baghdad as a young economic officer, a year before Saddam Hussein seized power in 1979. Baghdad had broken off relations with Washington, so the United States had an interest section. U.S. diplomats were under 24-hour surveillance and banned from leaving Baghdad without government permission.

"It was very difficult to make contact with Iraqis, as it was so dangerous for them," says Jones, who was posted in Baghdad as political officer. "Saddam executed most of his first cabinet, so we already knew what a difficult person we were dealing with. . . . Ryan was the best at triangulating the situation and figuring out what was happening."

Iraq then invaded Iran in 1980, setting off the bloodiest and longest modern Middle East war. Crocker and Jones had to evacuate Americans, but stay themselves.

Crocker met and married his wife, Christine, a foreign service secretary, in Baghdad. The two have been inseparable ever since, colleagues say.

Almost a quarter-century later, Crocker was one of the most significant voices inside the administration about the dangers of invading Iraq.

In late 2002, as the Bush administration prepared for war, then-Secretary of State Colin L. Powell tasked Crocker and Assistant Secretary of State William Burns with exploring the risks of military intervention. The result was a six-page memo they entitled "The Perfect Storm," according to an account in Washington Post reporter Karen DeYoung's biography "Soldier: The Life of Colin Powell."

The memo bluntly predicted that toppling Hussein could unleash long-repressed sectarian and ethnic tensions, that the Sunni minority would not easily relinquish power, and that powerful neighbors such as Iran, Syria and Saudi Arabia would try to move in to influence events. It also cautioned that the United States would have to start from scratch building a political and economic system because Iraq's infrastructure was in tatters.

Crocker returned to Iraq after the 2003 U.S. invasion to help during the transition and the creation of the Coalition Provisional Authority. He left that July, a time when he and colleagues could still drive to farewell meetings in the capital in unarmored vans.

The night before he left, Jalal Talabani, the Kurdish leader who is now Iraq's president, threw a large and raucous party for Crocker, who told colleagues in frustration that he was returning to Washington to teach at National Defense University for a year and then retire.

"He has often been critical of policies he has been charged with implementing and had little success in persuading the political leadership to change," says a former colleague who requested anonymity in light of the new appointment.

Iraq will be his fifth embassy as ambassador -- sixth if you count reopening the embassy in Afghanistan after the United States ousted the Taliban in 2001. He also was the top U.S. envoy in Lebanon (again), Syria, Pakistan and Kuwait. Each has involved personal danger or crisis.

In 1998, during a U.S. bombing campaign on Iraq, Syrian mobs attacked the U.S. ambassador's residence in Damascus. Christine Crocker fled into a vaulted safe-room in the residence as rioters ransacked the building. Jones remembers talking to Christine on a line that connected directly to Washington from the residence and on a separate phone to Ryan, who had raced home to help his wife but was stuck outside. The place was so badly trashed that they had to move out.

Though President Bush gave him the State Department's most prestigious title of "career ambassador" in 2004, Crocker is little known outside diplomatic circles and intensely private -- a stark contrast to the flamboyant and media-ready current ambassador to Iraq, Zalmay Khalilzad. Crocker is also an unassuming diplomat in a profession known for its dapper suits and fancy dress.

He drove a pickup truck in Washington, and Crocker coined the term "no socks required" to describe attire at parties he and his wife host.

David Mack, a retired diplomat who served with Crocker in Iraq and Lebanon, still remembers dinners of "cold Spam and peas eaten with crackers" when he stayed at the Crockers' Beirut apartment.

A Red Sox fanatic, Crocker favors heavy metal and hard-rock jam groups, including Iron Maiden and Black Crowes, colleagues say.

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Crocker gets through most of his tough assignments by running. The day before the embassy blew up in Beirut in 1983, he ran in the first -- and some say only -- marathon held in Lebanon. Mack, now vice president of the Middle East Institute, recalls how Crocker took him out running along Beirut's seafront Corniche, during the middle of the civil war.

Crocker has now run in marathons on four continents, including a 50-kilometer race in Jordan. He also ran a 10-kilometer uphill race to the top of Mount Hermon in the Golan Heights that was particularly painful, he told colleagues. As a young foreign service officer learning Arabic, he had to take a field trip to use the language, and he chose to live with a Bedouin tribe of sheepherders in Jordan. He made that choice so he could run, according to Frederic C. Hof, who still remembers Crocker's field report.

In his current post in Pakistan, Crocker still regularly runs, often exhorting members of the embassy staff to join him. "His idea of unwinding is running 10 miles with security guys behind him in a four-wheel drive trying to keep up," says retired Gen. Barry McCaffrey, who has known Crocker for years and recently visited him in Pakistan. Crocker's favorite run is from outside Islamabad to the border of the Northwest Frontier Province.

During the few times he lived in Washington, Crocker ran most days from Alexandria to the State Department, his clothes in a backpack.

Friends say they can always tell when he's worried about something because he runs longer and harder, getting rail thin in the process.

Crocker is the first career foreign service officer and Arabist to take the Baghdad job, which may put him at a disadvantage in persuading the administration on policy. The three previous U.S. envoys -- Khalilzad, Director of National Intelligence John Negroponte and Coalition Provisional Authority chief L. Paul Bremer -- had all been political appointees who had a direct line into the White House.

"It's going to be a terrible job," says former ambassador to Lebanon Robert Dillon, who was also in the embassy when it blew up. "As a career guy, he's going to be under a lot of pressure and I'm not sure how much support he'll get in Washington."

But diplomats and military officers who have served with him say Crocker, who knows Iraq's tribes as well as its Arabic dialect, was the only realistic choice to deal with the country's labyrinthine politics.

Says Abington, "To the extent anyone can make a difference there, Ryan will."

New US Team In Iraq: Seasoned, But How Tough? (CSM)

By Howard LaFranchi, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, January 11, 2007

Bush's military and diplomatic picks have less ideological bent.

As a US diplomat in Lebanon in 1983, Ryan Crocker survived an embassy bombing that revealed America's exposure to a festering civil war - and portended the deepening Middle East divides to come.

Now Mr. Crocker, the US ambassador to Pakistan, has been tapped by President Bush to join a reshuffled diplomatic and military "Team Iraq." It's an assignment for which a deep knowledge of the political and cultural complexities at play, both in Iraq and regionally, will be a huge plus.

Crocker - who is part of the crucial policymaker portion of the new Iraq strategy that Mr. Bush is scheduled to announce Wednesday night - would become the top US diplomat in Iraq as ambassador in Baghdad. As such, he would join a new team whose goal will be to stave off full-blown civil war in Iraq, as well as the disastrous regional and security consequences that would be very likely to accompany it.

The team that Bush has freshly assembled, spanning the State Department and the Pentagon, has nothing of the sharp ideological bent that both got the Bush administration's Iraq policy in trouble in the first place and kept it from seeing the policy mistakes that were made, experts say.

But some look beyond the steely professionalism and impressive records of the team members and wonder who among them will play the "bad cop" with the Iraqis - in other words, who will require the political decisions that these experts say will determine whether Iraq can be salvaged or not.

"This is a team of people in their careers 20 to 30 years. They aren't driven by ideology, and they know their stuff," says Edward Walker, a former assistant secretary of State for Near Eastern affairs. "But somebody is going to have to be the tough guy and tell the Iraqis there is no more free ride."

Comparing the place the United States is in now with the war and ethnic cleansing it faced in Bosnia in the 1990s, Ambassador Walker says, "In that mix, you had Richard Holbrooke [former US ambassador to the United Nations], a tough guy who knocked heads together and got the Dayton peace accords. I don't see that player on this team."

Other key shifts in Bush's Iraq team include:

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· Returning John Negroponte, who has been director of national intelligence, to the State Department to shoulder the Iraq effort as deputy to Secretary of State Condoleezza Rice. This would free her up to dedicate more time to the broader Middle East.

· Putting Lt. Gen. David Petraeus, a counterinsurgency expert and advocate of deploying more troops in Iraq for a broader security role, in charge of coalition forces in Iraq.

· Nominating Mike McConnell, a retired vice admiral with 25 years of intelligence experience, as director of national intelligence to replace Mr. Negroponte.

· Choosing Zalmay Khalilzad, US ambassador to Iraq, to replace John Bolton as US ambassador to the UN. Shift began with Rumsfeld's exit

The shifting of policymakers actually started last November with the replacement of Donald Rumsfeld as secretary of Defense by former CIA Director Robert Gates. Mr. Rumsfeld's views, which held that a light US footprint would be enough to husband the transition to a stable and democratic Iraq, did not fit with Bush's conclusion that more troops would be needed to secure Baghdad and give the government of Prime Minister Nouri al-Maliki a chance to succeed.

In a sense, the departure of Rumsfeld was like the changing of the guard at the White House information and influence gate: Advocates of what was to become the president's "way forward" suddenly had better access to Bush.

"The centerpiece [of our military strategy in Iraq] has always been 'develop the Iraqi Security Forces' - not 'defeat the insurgency,' " says retired Army Gen. Jack Keane, an advocate of a large and sustained troop increase.

Now a consultant who has prepared annual assessments of Iraq security for the Pentagon, General Keane met with Bush in mid-December to discuss a revised strategy. His visit exemplified how the White House became more accessible to war-escalation advocates after Rumsfeld's departure.

Key to the policy shift was the naming of General Petraeus as senior US commander in Iraq. The guiding force behind the military's new counterinsurgency manual, Petraeus has long differed with the emphasis on training Iraqi forces over providing civilian security.

He is "the most qualified general officer we have to undertake this change in Iraq strategy," says Keane.

In Iraq during the invasion as leader of the 101st Airborne Division, Petraeus made known his concerns about the rioting and lawlessness that was allowed to boil over in Baghdad after the ouster of Saddam Hussein. He later voiced worry about the security impact of disbanding the Iraqi Army.

Those concerns dovetailed with the thinking of Crocker, who was in charge of governance issues in Baghdad for several months after the invasion. Bush's new approach to Joint Chiefs

Until recently, Bush had been deferential to the positions of the Joint Chiefs of Staff, practically making a mantra of saying he adhered to the judgments of his top generals in making military decisions. But the Iraq team reshuffle is evidence that the president is no longer wedded to that approach if it means sticking with policies that clash with his vision.

"The president has retaken control of Iraq strategy," says Frederick Kagan, a military historian at the American Enterprise Institute in Washington and prominent advocate of a large troop increase. "The administration has made itself more independent of the generals."

Independent of the generals, maybe, but still largely dependent on what the Iraqi leadership does. And that means influencing the Iraqi government will be one of the new Iraq team's biggest tests, experts say.

Negroponte and Crocker are "two consummate diplomats," says Mr. Walker, who is an adjunct scholar at the Middle East Institute in Washington, "but maybe too consummate. Neither one is confrontational."

Crocker will be taking the reins of US diplomacy in Baghdad after more than two years in Islamabad - another key US partner in the battle with Islamic extremism.

But the American relationship with Pakistani President Pervez Musharraf mirrors the prevailing approach to Mr. Maliki, analysts say, in that the US has not been ready to force either to take the hard steps it would like to see - that is, Mr. Musharraf confronting the Islamist extremists active on the border with Afghanistan, or Maliki disbanding Iraq's militias and pushing through key political decisions like constitutional reforms and oil-revenue legislation.

Crocker, who prefers foreign assignments and has studiously avoided any major policymaking stints in Washington, will be following orders from Washington. Many eyes will be watching for whether the order to "get tough" comes down.

"The administration hasn't been ready to abandon [Musharraf] in that he is the only thing standing between us and an explosive situation in Pakistan that would hurt us," says Walker. "The situation with Maliki is analogous, but I'm not sure this Iraq team is any more prepared to say, 'We're not going over the cliff with you.' "

Violence Claims 99 Iraqis, 3 U.S. Troops (LAT)

By Louise Roug, Times Staff Writer

The Los Angeles Times, January 11, 2007

BAGHDAD — Suicide bombers, roadside explosions and mortar rounds killed at least 99 Iraqis and wounded 26 across the country Wednesday. The U.S. military said three American troops had been killed in Al Anbar province Tuesday.

In downtown Baghdad, U.S. and Iraqi troops continued to search for suspected guerrillas in the largely Sunni Arab Haifa Street neighborhood, making 15 arrests in the second day of an offensive, Iraqi officials said. The assault was launched Monday on fighters who had taken control of the three-mile stretch near the heavily fortified Green Zone, home to the Iraqi government complex and the U.S. Embassy.

A Ministry of Defense official said raids and searches had concluded Wednesday afternoon. Iraqi troops found four bodies in rubble, apparent casualties of Tuesday's fighting in which at least 51 suspected militants were reported killed.

Despite the central Baghdad crackdown, 50 bodies were found in a neighborhood near Haifa Street. Ten more 10 corpses were discovered across the Tigris River in the Rusafa neighborhood. All appeared to have been shot execution-style, Iraqi officials said.

Elsewhere in the downtown area, a bomb blast injured two people. A second bomb damaged water pipes near the Sadr City neighborhood, cutting off supplies to parts of the mostly Shiite Muslim district. Three people were injured by a third blast. The night before, a family of four was killed by a mortar round in Sadr City.

Four mortar rounds struck a house in east Baghdad on Wednesday, killing two people and injuring two.

In Mahmoudiya, south of the capital, two car bombs destroyed a gas station, killing one person and injuring three, not far from where the city council was meeting, Iraqi officials said.

Gunmen attacked a caravan of Shiite pilgrims heading toward the southern city of Karbala, killing 11 and injuring four.

In the north, a suicide car bomber detonated his explosives close to a convoy carrying the mayor of Tall Afar, killing one person and injuring three police officers, Iraqi officials said. The mayor survived.

In downtown Tall Afar, a suicide bomber wearing a vest packed with explosives killed four people and injured a dozen. In Mosul, police recovered three bodies from various neighborhoods.

In Babil, south of Baghdad, authorities recovered five bodies.

Near the Syrian border in Al Anbar province, four bodies were found. All bore signs of torture.

In Diyala province, where 1,000 U.S. and Iraqi troops have engaged in a weeklong offensive, forces recovered caches containing 1,172 Katyusha rockets, 1,039 rocket-propelled grenades and 171 missiles, among other weapons. U.S. commanders said.

U.S. and Iraqi forces have swept through more than 124 square miles of farmland and palm groves, zeroing in on tunnels and canals that were the scene of fierce fighting in November.

12 Die In Attack On Shiite Pilgrims In West (WP)

By Joshua Partlow, Washington Post Foreign Service

The Washington Post, January 11, 2007

More Than 70 People Slain or Found Dead in Baghdad; Two Added to U.S. Toll

BAGHDAD, Jan. 10 -- Two busloads of Shiite Muslims returning from their holy pilgrimage to Mecca were gunned down Wednesday while passing through a predominantly Sunni Muslim swath of western Iraq, news services reported.

The attack on the convoy of pilgrims, who were returning to their homes in southern Iraq from the hajj in Saudi Arabia, killed 12 people and wounded 18, Iraqi state television said. Insurgents have frequently targeted travelers on the highways through the barren desert of western Iraq.

In Iraq's capital, 11 people were killed by bombings in the areas of Palestine Street, Waziriya and New Baghdad, among others, and police patrols found 60 bodies west of the Tigris River, according to Brig. Sadoun Abdul Karim of the Interior Ministry.

The U.S. military announced the deaths of two U.S. servicemen -- a soldier assigned to the 1st Marine Expeditionary Force Headquarters Group and a soldier with the 1st Brigade, 1st Armored Division -- who were involved in operations in Anbar province on Tuesday.

Iraq's national security adviser, Mowaffak al-Rubaie, traveled Wednesday to the holy city of Najaf in southern Iraq to meet with Grand Ayatollah Ali Sistani, the revered Shiite cleric who wields considerable influence in Iraqi politics. Rubaie told reporters that he briefed Sistani on Prime Minister Nouri al-Maliki's new security plan for the capital, and he suggested that Sistani was receptive to his remarks. But when asked directly whether Sistani gave his explicit approval for the security crackdown, Rubaie demurred.

Sistani "isn't really interfering in the details of the plan. He only emphasized the limiting of weapons to the hands of the state and that the law should be imposed on all Iraqis without any exceptions," Rubaie said.

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In northern Iraq, a suicide bomber detonated explosives Wednesday morning at a gathering near a police station in Tall Afar, west of Mosul, killing four people and injuring 10 others, all civilians, said Brig. Gen. Wathiq al-Hamdani, the Nineveh province police chief. A second suicide bomber attacked in Tall Afar near a location where cooking gas is sold, injuring a policeman.

Some parts of Baghdad appeared calmer Wednesday, following a day-long battle involving more than 1,000 Iraqi and U.S. troops in the predominantly Sunni neighborhood along Haifa Street. Iraqi soldiers were in charge of the area, and no U.S. soldiers were present, said Lt. Col. Scott Bleichwehl, a U.S. military spokesman. "It was quiet there today," he said.

U.S. Military Deaths In Iraq Hit 3,017 (AP)

By The Associated Press

AP, January 11, 2007

As of Wednesday, Jan. 10, 2007, at least 3,017 members of the U.S. military have died since the beginning of the Iraq war in March 2003, according to an Associated Press count. The figure includes seven military civilians. At least 2,423 died as a result of hostile action, according to the military's numbers.

The AP count is nine higher than the Defense Department's tally, last updated Wednesday at 10 a.m. EST.

The British military has reported 128 deaths; Italy, 33; Ukraine, 18; Poland, 18; Bulgaria, 13; Spain, 11; Denmark, six; El Salvador, five; Slovakia, four; Latvia, three; Estonia, Netherlands, Thailand, two each; and Australia, Hungary, Kazakhstan, Romania, one death each.

The count includes two deaths listed by the Department of Defense that could not be verified as Iraq-related casualties by the AP.

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The latest deaths reported by the military:

· A soldier died Tuesday from injuries sustained in Diyala province.

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The latest identifications reported by the military:

· Marine Sgt. Aron C. Blum, 22, Tucson, Ariz., died Dec. 28 at Naval Medical Center, San Diego, of a non-hostile cause after being evacuated from Anbar province on Dec. 8; assigned to Marine Aerial Refueler Transport Squadron 352, Marine Aircraft Group 11, 3rd Marine Aircraft Wing, I Marine Expeditionary Force, Marine Corps Air Station Miramar, Calif.

· Army Sgt. James M. Wosika Jr., 24, St. Paul, Minn., died Tuesday in Fallujah of wounds suffered when an explosive detonated near his unit; assigned to the 2nd Combined Arms Battalion, 136th Infantry, Crookston, Minn.

· Army Spc. Raymond N. Mitchell, III, 21, West Memphis, Ark., died Saturday in Baghdad of wounds sustained during security operations; assigned to the 2nd Battalion, 14th Infantry Regiment, 2nd Brigade Combat Team, 10th Mountain Division, Fort Drum, N.Y.

· Spc. Eric T. Caldwell, 22, Salisbury, Md., died Sunday in Iraq of wounds sustained from small-arms fire; assigned to the 2nd Battalion, 8th Cavalry Regiment, 1st Brigade, 1st Cavalry Division, Fort Hood, Texas.

In Baghdad Slum, Sectarian Strife Is Also Child's Play (WSJ)

By Philip Shishkin, Jafar Juhi

The Wall Street Journal, January 11, 2007

War Games Are Part of Life For Little Hassoni Hussein, A Shiite in Sadr City, Now 5

BAGHDAD, Iraq -- A year ago, a young gunman walked into Ali Hussein's living room and drew a weapon. The intruder's head was wrapped in a scarf, leaving a narrow slit for his eyes. His clothes were all black, the favorite attire of a powerful Shiite Muslim militia. He introduced himself as a commander, shouted the incantation "God is greater" and warned Sunni Muslims not to fight back. With that, he raised his plastic pistol.

The gunman's name is Hassoni, and he was only 4 years old at the time. The scene unfolded in his father's house in Baghdad's Sadr City slum, a sprawling Shiite Muslim district stretching toward the eastern edge of the Iraqi capital. "I was happy to see him this way because it means he has courage," Mr. Hussein, 26, said of his son. Since then, Hassoni's favorite game has grown more elaborate, migrating from the living room onto the neighboring streets, drawing in other children and increasingly emulating the violent world of the adults.

As Iraq careers toward full-scale civil war between its Shiite majority and Sunni minority, the culture of celebrating sectarian strife has taken root even among the very young in Sadr City. Home to more than two million people, the Baghdad district is the stronghold of the Mahdi Army, a Shiite militia blamed for abducting and killing Sunnis. But to Sadr City residents, the Mahdi Army is a revered self-defense force, the only group they see as capable of preventing wholesale slaughter of Shiites at the hands of

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Sunni extremists. Shiite politicians blame atrocities against Sunnis on rogue forces that falsely claim to represent the real Mahdi Army.

The celebration of sectarian violence is widespread here. Some militia leaders have acquired almost mythical status, including Abu Dera, an elusive gangster alleged to be behind some of the worst sectarian killings of Sunnis. In the lore of the streets, Abu Dera and other fighters are Zorro-like figures who strike into the heart of Sunni neighborhoods, dispense swift revenge and return home unharmed.

Hassoni, who is now 5, spends hours listening to such tales in his family's grocery store, where customers routinely trade stories -- real and imagined -- of Shiite militias fighting Sunni insurgents. Abu Dera became his hero, and his father has helped encourage the adulation by playing songs on his stereo extolling the valor of Shiite gunmen. "Abu Dera is trying to kill the bad guys," said Mr. Hussein, who works as a security guard at the Ministry of Education and sometimes helps patrol his neighborhood.

A friendly boy with striking brown eyes and neatly combed hair falling over his forehead, Hassoni says he wants to grow up to be powerful enough to have a big car and armed guards surrounding him.

When he plays with friends, the boys divide themselves into two groups -- one Shiite and the other Sunni -- and shoot at each other with pellet guns, lurking behind cars and in roadside ditches. "Kids always refuse to be Sunnis, but because they need to play, some of them have to pretend to be Sunnis," said Mr. Hussein, who often watches his son's hours-long battles. Using trash, the children erect their own barricades. Hassoni likes to pretend to be Abu Dera and calls himself the leader of the gang. Other members include a boy nicknamed Bush Senior for his foreign-looking red hair. Hassoni often returns home with torn clothes and pellet bruises.

A few blocks away, Qassim Abdul-Ridha, a father of four, said his 6-year-old son, Karar, and his gang fight street battles against other children, often sending a girl to scout out the rivals' hiding places. Chanting "Muqtada" in homage to Muqtada al-Sadr, the powerful Shiite cleric who leads the Mahdi Army, the boys try to capture their opponents' toy guns as trophies.

The real Mahdi Army is always nearby to provide inspiration. Sometimes, Hassoni hangs around grown-up gunmen manning the real roadblocks and runs errands for them, such as bringing them food and drink. He also gathers war stories and then breathlessly relays them to his parents. The latest tale Hassoni heard on the street involved a group of Shiite gunmen who mounted a rescue mission of Shiite hostages held by Sunni extremists. The gunmen ended up kidnapping the kidnappers and brought them to Sadr City. "He's very excited, always smiling, when he tells us these stories," his father said.

One day, Hassoni brought home a steel pipe he found in a garbage dump and declared it to be a rocket launcher, which he was going to use to fire mortars at Sunni neighborhoods, much as real militiamen do. Asked recently what he thinks of Sunnis, he answered with one word: "terrorists." Together with other children, Hassoni fills empty bottles with sand, and sticks a twig in them to resemble a fuse. The bottles serve as make-believe bombs for use against imaginary Sunnis or American patrols.

Hassoni's arsenal of toy guns has grown from one plastic pistol to include two AK-47 models and a sniper rifle with a scope, now his favorite weapon. Mr. Hussein gave him the rifle as a gift at the end of the fasting month of Ramadan when Iraqi families exchange presents. Hassoni was so excited, his father says, that he paid no attention to a toy train and a toy piano given to him by his mother and aunt. The black life-size rifle looks completely real.

The line between the game and real life has grown increasingly blurry. In late November, suspected Sunni insurgents detonated five car bombs inside Sadr City, killing 240 Shiite civilians, the bloodiest attack since the U.S. invasion in 2003. The blasts occurred just over a mile from Mr. Hussein's house, and Hassoni saw the black plumes of smoke. Later that evening, Hassoni and other children patrolled their street looking for strangers. Hassoni started saying things like, "Sunnis hate us and don't want us to be anywhere near them," his father said.

A few days later, Hassoni and his gang spotted a boy they didn't know. They stopped him and demanded to know what he was doing on their street. "I heard the Mahdi Army saying that if you see strangers, ask them where they come from and what they are doing here," he said. "And that kid was not from our area." When the boy tried to run away, Hassoni and his friends caught him and beat him up.

Later, it turned out that the boy and his parents, all Shiites, were visiting relatives on Hassoni's street. "We had a lot of problems with our neighbors because of this fight," Mr. Hussein recalled. He said he sat his son down for a talk, telling him it is wrong to attack other boys. Hassoni promised to behave but said he will continue looking for strangers on his street.

National Guard Presses Pentagon For Reforms (HILL)

By Roxana Tiron

The Hill, January 11, 2007

The White House's plan to increase the number of U.S. troops in Iraq is prompting National Guard officials to step up pressure for changes to mobilization, training and equipment that would have long-term implications for retention and efficiency.

Lt. Gen. Steven Blum, chief of the National Guard, told The Hill that his troops would be ready to serve — and, in many cases, serve again — in Iraq as part of President Bush's new strategy.

"There is no question in my mind that if the nation needs us, we will do it," he said after an Association of the United States Army breakfast. "It would be a huge mistake to not send the National Guard to shoulder some of that burden."

Nevertheless, he said, "now is the time" to implement changes. "If we do not do that, we risk the ability to sustain an all-volunteer force, in my judgment," Blum warned.

Pentagon policy limits Guard and Reserve units to 24 months of mobilization, or active duty. The Pentagon has interpreted that policy as 24 cumulative rather than consecutive months.

Because the war in Iraq has lasted for almost four years, longer than anticipated, National Guard officials complain that citizen soldiers have been used inefficiently.

Before they deploy overseas, they spend months at mobilization stations to train, which means their first deployments last up to 18 months.

Many Guard members have been deployed overseas as individuals and not as part of their full units, compounding the problem by harming unit cohesion. Many guardsmen have come close to serving 24 months. While the Guard's goal has been to send troops overseas every six years, many have been deployed every three to four years. About 206,000 National Guard soldiers have been deployed to Afghanistan and Iraq.

National Guard officials, who want to see soldiers deploy for only 12 months at a time, would like to maintain a five-year force-generation cycle in which soldiers train for four years to be ready for deployment in the fifth.

According to a Pentagon source, the Army has agreed to reform the mobilization process, but it is unclear whether the Guard would be able to keep the desired force-generation cycle. The Guard would be able to provide troops for 12 straight months and a better schedule would turn out a more dependable force without the need for months of training before deployment.

A new mobilization policy would give the soldiers, their families and their employers more predictability, Blum said. Much of the training could be carried out at their home bases, he added.

"If we had good predictability in a normal National Guard time we would equip and train those people to reduce the time" after they are called on active duty, Blum said.

A change in mobilization and training cannot occur without the proper equipment, he said. Traditionally, the Army shortchanged Guard and Reserve forces on their equipment — the Guard has a $29 billion shortfall in equipment — but the realities of the Iraq and Afghanistan wars are slowly forcing changes.

"If you do not have the equipment, you can't train on it, and that means when you call the unit out it takes extended time to issue the equipment and train on the equipment, learn how to operate it," Blum said. "That is time wasted. The equipment has to be in the soldiers' hands to provide strategic depth to our reserve forces […] and to shorten the time it takes to get units ready to go overseas."

A senior Army budget official said the National Guard now enjoys a "very healthy slice of the procurement dollars."

"There are a lot of resources dedicated to improving that equipment," said Lt. Gen. David Melcher, the Army's budget chief.

Blum expressed optimism that the Pentagon will be open to change.

"I think we are very close to having what I think will be a solution set to that," Blum said. "I think the Army has come to recognize that this is the long war and we have to adopt a strategy for the citizen soldier."

DOJ:

Congressman Under Investigation Steps Aside From Justice Department Budget Work (AP)

AP, January 11, 2007

WASHINGTON - Rep. Alan Mollohan, under Justice Department investigation about whether he has benefited from directing federal funds to nonprofit groups he helped start, stepped aside Wednesday from working on key elements of the department's budget.

The move came on the day Mollohan, D-W.Va., was named chairman of an Appropriations subcommittee responsible for the department's budget.

Mollohan will not have anything to do with setting the budgets for the attorney general's office, the FBI or the Justice Department's criminal division and prosecuting attorneys, he said in a letter to Appropriations Committee Chairman David Obey, D-Wis. That way, he can't be accused of using his power as payback for the ongoing investigation or to influence it.

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However, Mollohan will still have a big say in other elements of the agency's budget, including allocation of lawmakers' pet projects such as grants to state and local law enforcement agencies.

At issue is at least $202 million of federal funding that Mollohan has steered to five nonprofit groups in his district - with much of the money going to organizations run by people who contribute to the lawmaker's campaigns.

Last year, Mollohan stepped down from the House ethics committee after media reports into his activities, and the FBI soon launched an investigation. A conservative group, the National Legal and Policy Center, has alleged that the 12-term congressman has undervalued his assets in annual financial disclosure reports.

Mollohan and a political action committee he controls have received more than $146,000 in the past 10 years from donors affiliated with these nonprofits.

Earlier this year, the FBI subpoenaed financial records from the nonprofits, though no charges have been filed.

Mollohan has denied any wrongdoing and made the decision to step aside from the Justice Department budget on his own, said his spokesman, Gerry Griffith.

"These charges are rubbish, and whatever financial success my wife and I have had is a result of my wife's expertise and her years of experience in real estate," Mollohan told his Democratic colleagues at a private meeting.

Mollohan nonetheless opted to take himself out of position to consider "any related Justice Department accounts."

"I have never received word from the Justice Department about the scope, nature or state of these inquiries," he said.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, praised Mollohan and House Speaker Nancy Pelosi, D-Calif., "for recognizing that recusal is the appropriate course of action."

Sloan criticized Republicans for not requiring Appropriations Committee members Jerry Lewis, R-Calif., and John Doolittle, R-Calif., also under Justice Department scrutiny, for not making similar moves.

CORPORATE SCANDALS:

Lawyer To Pay $3.1M Over Comverse Stock Options (USAT)

By Edward Iwata, Usa Today

USA Today, January 11, 2007

William Sorin, former general counsel at Comverse Technology (CMVT), will pay $3.1 million to settle charges that he conspired with the company's former CEO and chief financial officer to improperly backdate stock options, the Securities and Exchange Commission said Wednesday.

Without admitting or denying the charges, Sorin agreed to disgorge $1.7 million and pay $818,000 in interest and a $600,000 civil penalty, according to the SEC. About $1 million of the disgorgement will come from backdated options he exercised.

Sorin is the first corporate counsel fined by the SEC in the federal crackdown on the backdating of stock options by 200 companies.

Haywood Gilliam, a partner at Bingham McCutchen and former Justice Department securities fraud chief in San Francisco, says regulators are "focusing more on gatekeeper defendants such as attorneys, and I would not be surprised to see more of it."

Sorin's attorney, James Brochin, declined to comment.

Last year, the SEC and Justice Department charged Sorin, former Comverse CEO Jacob "Kobi" Alexander and former chief financial officer David Kreinberg with a stock-manipulation scheme that allegedly reaped them $8 million.

According to court filings, Alexander and Kreinberg manufactured evidence to defend the options grants and deceived Comverse directors and auditors. Prosecutors alleged that Comverse set up a roster of phony grant recipients labeled "I.M. Fanton" after a secretary saw The Phantom of the Opera.

The SEC alleged that the men backdated option grants to coincide with low closing prices of Comverse stock, making the options more valuable than if they had matched Comverse's higher share price on the original grant dates.

In his criminal case, Sorin in November pleaded guilty to conspiracy to commit securities, mail and wire fraud. He faces a maximum of five years in prison at his sentencing in February, prosecutor Ilene Jaroslaw says.

Alexander fled to Namibia and was arrested there in September. He faces an extradition hearing in April.

Kreinberg, in his criminal case, pleaded guilty to conspiracy and securities fraud in October in New York. He faces a maximum prison sentence of 15 years at his sentencing next month.

Ex-Counsel At Comverse Settles Lawsuit (WSJ)

By Judith Burns

DOJ_NMG_0115447

The Wall Street Journal, January 11, 2007

Former Comverse Technology Inc. General Counsel William Sorin will pay $3 million to settle a Securities and Exchange Commission civil lawsuit alleging he took part in a long-running effort to manipulate executive stock-option grants.

Mr. Sorin also will be permanently barred from serving as a corporate lawyer, officer or director of a publicly traded company, the SEC said.

MORE ON OPTIONS

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The Harvard Law School graduate settled without admitting or denying the SEC's allegations about his role in backdating stock-option grants. Mr. Sorin, former Comverse Technology Chief Financial Officer David Kreinberg and fugitive former Chief Executive Jacob "Kobi" Alexander were named in the SEC's civil suit in August and were criminally charged as well. Mr. Alexander fled to the African nation of Namibia, where he is awaiting a hearing on extradition to the U.S.

Stock options give holders the right to buy shares at a future date at a price set on the grant date. Backdating occurs when those awarding options change the actual grant date to another one when the stock price was lower, potentially increasing the value of the option grants.

Prosecutors charged the option-manipulation effort produced substantial personal profits for the executives while costing shareholders.

Mr. Sorin pleaded guilty in November to a single criminal charge of conspiracy to commit securities fraud, mail fraud and wire fraud. Mr. Kreinberg pleaded guilty in October to conspiracy and securities fraud and resolved the SEC charges by agreeing to pay nearly $2.4 million. The SEC said its investigation is continuing.

Federal regulators claimed Mr. Sorin falsified company records to show that directors on the firm's compensation committee approved grants of stock options when they hadn't. The SEC said Mr. Sorin assisted a similar effort by falsifying company records at Ulticom Inc., a majority-owned subsidiary of Comverse, a Woodbury, N.Y., software company. Messrs. Sorin, Kreinberg and Alexander resigned in May amid an investigation by a special committee of the company's board of directors.

Mr. Sorin's attorney, James Brochin, declined to comment.

Under the settlement, Mr. Sorin will pay a $600,000 fine and return $1.6 million, including $1 million he garnered by exercising backdated stock-option grants, plus more than $800,000 of interest. The SEC said the settlement is subject to approval by the U.S. District Court for the Eastern District of New York.

Apple Chief Benefited From Options Dating, Records Indicate (WP)

By Alan Sipress

The Washington Post, January 11, 2007

Apple Inc. chief executive Steve Jobs confirmed his place this week as the premier impresario of the Internet age, taking the stage in San Francisco to unveil a smart phone that won a raucous endorsement from thousands of fans in the audience and sent Apple stock rocketing to a record high.

But his signature performance at the annual Macworld Conference and Expo did not dispel the scandal swirling around Apple over its backdating of stock options. Despite the company's defense that Jobs never personally benefited from a pair of stock option grants he received -- he gave them up in 2003, long before allegations of wrongdoing surfaced -- filings with the Securities and Exchange Commission show that his options were exchanged for 5 million shares of restricted Apple stock.

That stock was worth $75 million at the time, nearly the same as the value of the options he relinquished, using a technique for calculating the value of investments popular with financial analysts and used by Apple.

Steve Dowling, Apple's director of corporate communications, said the 2003 transaction did not directly benefit Jobs because he could not sell the restricted shares until he had remained at Apple for another three years.

Some investor advocates call that explanation disingenuous. "You are torturing the English language to say he did not benefit from the options," said Patrick McGurn, executive vice president of Institutional Shareholder Services. "He certainly benefited from the grant because the grant was converted on a value-to-value basis."

McGurn and other analysts also said the amount of stock Jobs received appeared to be inflated because the value of his options was exaggerated, at least in the case of one grant, by the improper backdating.

The 5 million shares, which doubled in number when the stock split, continued to increase in value until last March, when Jobs was eligible to sell the shares. At that point, they were worth nearly $650 million. Jobs sold nearly half of them as soon as he could, in March, for $295.7 million.

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Jobs is a unique figure in the technology industry. He is a rock star in the realm of geeks, the visionary behind such totems of the computer age as the Mac and the iPod and an evangelist of such charisma that his followers attribute to him the ability to make them rethink reality. His achievements have earned him a fortune estimated recently at $4.9 billion. After co-founding Apple, Jobs left the company after a power struggle, only to return in 1996 and revive its flagging fortunes. He was also chief executive of Pixar Animation Studios and, after it was bought by Walt Disney Corp., became Disney's largest shareholder.

While senior executives at other companies have recently been forced from their posts over allegations that they were involved in improper booking of stock options, Wall Street analysts have said Apple would be reluctant to oust Jobs even if he were clearly implicated in similar practices. His leadership is synonymous with the company's success.

Nearly 200 companies have acknowledged or are under investigation for the backdating of stock options, a practice that involves picking an effective date for an option when the stock price was low so that the recipient can make more money when he sells it. None of those companies is as prominent as Apple, and Apple has confirmed that federal authorities are looking into its practices.

Apple disclosed to the Securities and Exchange Commission late last month that it had falsified the approval of 7.5 million stock options given to Jobs in 2001 by recording a fictitious October meeting to ratify the options. The company acknowledged that the options were actually finalized on Dec. 18, 2001. That date's stock price, which Apple now concedes should have been the basis for the option price, was 15 percent higher than it was on the date of Jobs's grant.

The company told the SEC that it would take a $20 million charge to account for the improper pricing of the grant. The company said an internal investigation had discovered that 6,428 option grants to executives and other employees made on 42 occasions were improperly dated and agreed to take an $84 million after-tax expense as part of restating its finances.

Though Apple said Jobs may have recommended the selection of some favorable dates for options, it said he did not appreciate the accounting significance of choosing false dates. The company said its internal review found no misconduct by current members of Apple management.

Though the 2001 award to Jobs has gained the most attention, an earlier, more generous grant in 2000 is also at issue. The Apple board finalized an award of 10 million stock options to Jobs on Jan. 12, 2000, and said in its filings last month that it was correct in using Jan. 12 as the date for the options' price.

Apple stock on that date happened to be at its lowest level for a six-month period, including about 10 weeks prior, making the stock options especially lucrative. By Jan. 18, when Apple said the board transmitted its unanimous written consent to the grant, the stock price had increased nearly 20 percent.

Lucian Bebchuk, director of Harvard Law School's program in corporate governance, said Jobs falls into a category of chief executives that Bebchuk has labeled "super-lucky." These are the people who have received stock options on dates representing the lowest price of the financial quarter.

"He has some company. He is not the only one to be as fortunate," Bebchuk said. He and his fellow researchers found in a study released two months ago that about 1,000 CEO grants from 1996 to 2005 fell into this category. For most of these options, he said, the dates were more likely to have been the result of "manipulation" rather than good fortune.

Backdating stock options is not illegal. But not disclosing the practice to investors or falsifying documents to cover it up may be.

In lawsuit filed last month in federal court in Northern California, Apple shareholders alleged that company officers and directors had manipulated the price of stock options for Jobs and other executives by repeatedly selecting dates with favorable stock prices. The plaintiffs allege that by doing so, Apple officers and directors unlawfully enriched Jobs and his fellow executives and concealed the practice.

Dowling, the Apple spokesman, declined to comment on the lawsuit. Nor would he comment on how Apple selected the dates for the sets of options awarded to Jobs, saying any available details were contained in SEC filings.

Apple reported in its filings that Jobs voluntarily gave up his stock options in March 2003 and "in exchange for his cancelled options" received the 5 million shares of restricted stock. The filing said Jobs relinquished the options partly because he was concerned that the number of unexercised options at the company had grown too large for its financial health. Apple's stock price had declined sharply in previous years, making many of those with options reluctant to use them. With the exercise price higher than the market price at the time, the options were said to be "underwater," meaning that anyone who exercised such an option immediately would lose money.

But while it would be unwise to exercise options under those circumstances, the options were far from worthless. They were good for up to 10 years after they were issued, allowing time for Apple stock to rebound, as it subsequently did.

The value of stock options on a specific date can be estimated with the Black-Scholes model, a widely used technique that factors in variables such as exercise and market prices, interest rates, dividends, expiration date, and stock volatility. Based on

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Apple's figures, disclosed in SEC filings, the combined value of Jobs's two stock option grants when he relinquished them in March 2003 was $81.3 million.

Graef Crystal, a retired consultant who is widely recognized as an expert on executive compensation, recently conducted a separate calculation using the same approach. But instead of using Apple's estimate of the stock's expected volatility, a crucial variable, he measured its actual volatility in the market. He also used his estimate of how long executives hold options before using them, based on experience instead of Apple's projection. Crystal calculated that Jobs's options were worth $76.6 million when he gave them up.

Financial analysts said that both estimates show that the options were of generally the same value as the stock Jobs received. Crystal said this showed that the exchange of options for stock was based on "some kind of parity."

Crystal and other financial experts said Jobs appeared not only to benefit from his options in general but specifically from the favorable dates when they were issued because lower prices for the options could ultimately translate into more shares of stock when he made the exchange.

In the case of the 2001 grant, for instance, the difference between the false October date and the December date, which Apple now says was the proper one, was worth about $5 million to Jobs when he traded the options in. Had the lower value been used in calculating the amount of stock he would get in return, he would have received 630,000 fewer shares. By the time he could sell them three years later, these shares would have been worth more than $40 million because of the soaring price of Apple stock.

Grasso Wants Trial By Jury (WSJ)

By Chad Bray

The Wall Street Journal, January 11, 2007

Dick Grasso, the former chairman of the New York Stock Exchange, asked a state appeals court to throw out a lower court's ruling that he must return a portion of his $187.5 million compensation package.

At a hearing before the appellate division of the New York State Supreme Court, Gerson Zweifach, Mr. Grasso's lawyer, said New York State Supreme Court Justice Charles E. Ramos erred in October when he granted a summary judgment request by the state attorney general's office.

Mr. Zweifach said there are too many issues that remain in dispute about whether Mr. Grasso fulfilled his fiduciary duties to the Big Board and what the NYSE's directors knew about his compensation package for the case to be decided without a trial. He said the case should be decided by a jury.

"It was error for the trial court to even attempt on summary judgment to decide what people knew and what Mr. Grasso should have known," he said.

The attorney general's office, which sued Mr. Grasso in 2004 alleging his pay was excessive for a not-for-profit corporation, has said Mr. Grasso should be forced to return more than $112 million.

In November, the appeals court stayed all proceedings until it could consider a number of issues raised by Mr. Grasso, including whether to reassign the case to a different judge.

Mr. Grasso, who left the NYSE in 2003 amid turmoil over his pay, has denied wrongdoing. The Big Board has since become a publicly traded for-profit company -- NYSE Group Inc.

Mr. Zweifach said Mr. Grasso's compensation was spelled out in his employment contract, particularly the formula used to determine payments owed to him under the exchange's Supplemental Executive Retirement Plan, or SERP.

He also argued that the NYSE's board was made up of corporate executives who wouldn't have stood by silently if they felt Mr. Grasso wasn't giving them the full story on his compensation.

Special Deputy Attorney General Avi Schick argued Mr. Grasso had an "affirmative" obligation as chairman of a nonprofit corporation to make sure exchange directors were fully aware of his compensation.

Mr. Schick said minutes from meetings of the board's compensation committee don't reflect discussions of how Mr. Grasso's annual compensation affected his accrual under SERP.

Mr. Grasso, who attended the hearing, declined to comment afterward.

U.S. Attorney Charges H-P Investigator With Identity Theft (WSJ)

By Peter Waldman

Wall Street Journal, January 11, 2007

SAN FRANCISCO -- In another criminal charge stemming from last fall's Hewlett-Packard Co. spying affair, U.S. Attorney Kevin Ryan charged independent investigator Bryan Wagner with felony identity theft and conspiracy.

Mr. Ryan's spokesman, Luke Macaulay, said no other federal charges were filed in the H-P matter Wednesday, but that the Justice Department is still investigating the case.

Mr. Wagner, of Littleton, Colo., was one of five people charged with several felony counts last fall by the California attorney general's office in connection to the H-P scandal. Those charged by California include H-P's former nonexecutive chairman, Patricia Dunn, and its former chief ethics lawyer, Kevin Hunsaker. All five have pleaded not guilty to the California charges, including Mr. Wagner, who state and federal prosecutors allege used false identities to obtain the private phone records of numerous H-P directors, employees and journalists.

CRIMINAL LAW:

Fumo Told He's Target Of Probe (PHI)

By John Shiffman, Mario F. Cattabiani And Craig R. Mccoy

The Philadelphia Inquirer, January 11, 2007

Federal prosecutors last year sent a formal warning to State Sen. Vincent J. Fumo that he may be indicted, according to sources familiar with the investigation.

The issuance of a so-called target letter from prosecutors to Fumo, one of Pennsylvania's most powerful politicians, is a significant milestone in the four-year investigation, which appears to be in its final stages.

The target letter was sent to Fumo last summer, around the time two of his computer aides were charged with destroying evidence to thwart the investigation, sources said. The Inquirer learned of the letter this month. A lawyer for Fumo yesterday declined to comment.

Typically, prosecutors send target letters to people who are likely to be charged, as a warning and as an invitation to testify before the grand jury. It's an offer that the targets usually refuse.

"It is the rare case, in my experience, that you can talk a prosecutor out of charges once a target letter is issued," said Lawrence S. Lustberg, a Newark lawyer who defended one of the Commerce Bank executives convicted in the 2005 City Hall corruption trial.

However, the delivery of a target letter, part of a secret grand jury process, is no guarantee that charges will be filed.

Before prosecutors present a potential indictment in such a high-profile case, they often consult with senior Justice Department officials in Washington. Also in such cases, defense attorneys are likely to be afforded the opportunity to meet with top officials, including U.S. Attorney Patrick L. Meehan.

The Fumo investigation is focused on whether Fumo used funds from a multimillion-dollar South Philadelphia charity for personal or political benefit - and whether Fumo and staffers destroyed evidence to try to thwart the FBI.

With the grand jury's term due to expire next month, prosecutors have subpoenaed witnesses to appear in the coming weeks, sources said.

Fumo is represented by the prominent Philadelphia firm of Sprague & Sprague. Mark Sheppard, a firm lawyer, would not discuss whether Fumo received a target letter.

"On behalf of the senator, we're not going to engage in any discussion involving the ongoing investigation," Sheppard said. "The process needs to run its course."

Fumo's spokesman, Gary Tuma, declined to comment. On several occasions last year, Fumo, a Philadelphia Democrat, denied any wrongdoing and has called the investigation politically inspired by the Bush administration.

Robert Zauzmer, a prosecutor in the case, declined to comment yesterday.

Fumo has been arrested twice before - and been exonerated each time.

In 1973, city prosecutors charged him with voter fraud, saying he interfered with poll watchers in order to give an advantage to a Democratic state senator.

When Republican District Attorney Arlen Specter stepped down, his successor, a Democrat, dropped the charges, saying the case was weak.

In 1979, a jury convicted Fumo in federal court of placing "ghost" employees on the state legislative payroll, but the trial judge later tossed out the conviction. He said the jury's verdict wasn't justified by the evidence.

The current investigation is focused on the finances of Citizens' Alliance for Better Neighborhoods, a South Philadelphia charity that prosecutors have described in a court filing as "nominally independent but which the senator in fact controls."

Boosted by huge contributions obtained by Fumo from Peco and the Delaware River Port Authority, the charity reported almost $25 million in assets in 2002, the last time it filed a public disclosure.

Since the investigation began in 2003, authorities have reviewed Fumo's personal and financial records and Citizens' Alliance records, generating "thousands of pages of grand jury transcripts, and hundreds of pages of agent interview reports," according to a government filing.

In particular, authorities have scrutinized payments of more than $200,000 in 2002 and 2003 by Citizens' Alliance for polling. Public records show that a Fumo political committee ultimately repaid the money.

Agents have also reviewed myriad smaller Citizens' Alliance purchases to determine whether Fumo got any personal benefit from the charity's spending, sources said.

In addition, authorities are conducting a related obstruction-of-justice investigation. The two former Fumo aides indicted in June with trying to scuttle the FBI probe, Leonard Luchko and Mark Eister, have declined to cooperate with authorities and are scheduled for trial in May.

According to a government filing, another Fumo computer technician, Donald Wilson, was granted immunity and told the grand jury that Fumo "knew that we were deleting" e-mail to prevent the FBI from seizing it.

The Inquirer reported a year ago that longtime Fumo aide Ruth Arnao also received a target letter. Arnao, who once worked in his legislative office and later ran Citizens' Alliance, has not been charged with any crime. Her lawyers have said she has done nothing wrong.

Defense lawyers who have followed the case closely described the target letter to Fumo as a sign that prosecutors believe they have amassed enough evidence to charge the senator with a crime.

According to the official guidelines manual issued to federal prosecutors, "a 'target' is a person as to whom the prosecutor or the grand jury has substantial evidence linking him or her to the commission of a crime and who, in the judgment of the prosecutor, is a putative defendant."

To send a target letter, prosecutors must "believe in good faith that they have credible evidence to warrant an indictment," said Nicholas C. Harbist, a former federal prosecutor in Philadelphia who is now a defense lawyer in Cherry Hill.

Lustberg said that prosecutors generally issue target letters for one of two practical reasons - as "a sincere notice to a potential defendant that he is in trouble" or "to shake the trees and see what comes of it."

In this case, the grand jury term was set to expire in September but was extended to February.

Several former prosecutors said that the extension doesn't necessarily mean that prosecutors have had second thoughts about charging Fumo.

"I would read the situation this way: The government believed that it had sufficient credible evidence of a crime, but decided to delay issuing its indictment to continue its investigation," Harbist said. "It could be simply that the government wants to investigate any defenses, to close any loopholes."

Prison For Guards Over Sex With Inmates (AP)

By Bill Kaczor, Associated Press Writer

AP, January 11, 2007

TALLAHASSEE, Fla. (AP) - Two guards received one-year prison sentences Wednesday for their roles in a sex-for-contraband scheme that ended in a fatal shootout at a federal prison for women.

Gregory Dixon, who admitted having sex with inmates but denied giving them anything for it, has taken responsibility for his actions and was sorry, his lawyer said.

The other guard, Alan Moore, told U.S. District Judge Robert Hinkle he was wrongly convicted.

``I did not do the things I was accused of," Moore said.

A jury convicted both in November of conspiring to accept illegal gratuities and other crimes.

Dixon and Moore were among six guards who had been charged with being part of a conspiracy to trade cigars, cigarettes, chewing gum, jewelry and cosmetics to inmates for sex and money at the Tallahassee Federal Correctional Institution.

``They took an honorable position and public trust and used it for self-gratification," Assistant U.S. Attorney Alan Sprowls told the judge. ``Their conduct was a complete abandonment of what they knew was right."

One guard, Ralph Hill, pulled a gun and began firing at federal agents who had gone to the prison to arrest the suspects June 21. Hill and Justice Department Special Agent William ``Buddy" Sentner were killed, and a prison officer aiding in the arrests was wounded.

Three other guards pleaded guilty.

Hinkle said he considered the sex the most serious aspect of the crimes because it involved mistreatment of inmates.

Dixon admitted having sex with inmates and giving them gum and cigars but insisted there was no quid pro quo, defense lawyer Thomas Findley said.

Defense lawyers said neither man had decided whether to appeal.

Former Swift Employees Charged With Identity Theft (Update1) (BLOOM)

By Alan Bjerga

Bloomberg, January 11, 2007

Jan. 10 (Bloomberg) -- A federal grand jury charged 53 former employees of Swift & Co.'s meat processing plant in Cactus, Texas, with felony identity theft, the U.S. Attorney's office in Dallas said.

Those charged were among 295 at the Cactus plant arrested in mid-December during nationwide raids targeting illegal immigrants at six Swift facilities. About 1,300 Swift employees, or 9 percent of its workforce, were arrested by federal agents. So far, 246 of those arrested nationwide are facing criminal charges, most for identity theft, according to Justice Department spokesman Dean Boyd in Washington.

``It is a serious crime to hijack and steal a citizen's good name and credit to illegally stay in the United States," U.S. Attorney Richard B. Roper said in a statement. He said most of those charged had used stolen or forged documents to find employment.

Each of the 53 former Swift workers charged today is facing one count of false representation of a Social Security number. The felony carries a maximum sentence of five years in prison and a $250,000 fine. Most face additional charges as well, according to the statement.

Swift spokesman Sean McHugh said the Greeley, Colorado- based company had no comment on the charges. Closely held Swift, accounts for about 11 percent of U.S. cattle slaughter and is the third-biggest U.S. beef and pork producer. The company resumed normal operations shortly after the December raids.

Judge Tosses Out Testimony In Case Of Bodies Found In Reservoir (FINDLAW/AP)

AP, January 11, 2007

(AP) - LOS ANGELES-A federal judge ordered jurors in the case of a man charged with masterminding a kidnapping-for-ransom plot that ended with five bodies tossed into a California reservoir to disregard the defendant's testimony after he refused to answer questions under cross-examination.

Iouri Mikhel, 42, testified last week that he helped lure some of the victims to meetings but never killed them. He also acknowledged being a "professional criminal" who laundered money and was a black market trader in his native Russia.

When Mikhel declined Tuesday to answer questions from prosecutors and an attorney representing a co-defendant, U.S. District Judge Dickran Tevrizian ordered the testimony removed from the court record.

Closing arguments were scheduled to begin Wednesday.

Mikhel, 42, has pleaded not guilty to charges that include conspiracy and hostage-taking resulting in death. He could face the death penalty if convicted.

Prosecutors allege Mikhel and several accomplices abducted Los Angeles-area businesspeople over a four-month period in 2001 and 2002 and collected $1.2 million (â,¬920,000) in ransoms before killing them.

Bodies of the five people kidnapped were later found in the New Melones Reservoir near Yosemite National Park.

One of the accomplices, Ainar Altmanis, pleaded guilty to one count of conspiracy to commit hostage-taking and three counts of hostage-taking resulting in death. He cooperated with prosecutors, who agreed to seek no more than a 20-year sentence, and testified against Mikhel.

Two other defendants pleaded guilty to charges in the case, while two more have pleaded not guilty.

Lawyer Gave Information To Kerkorian (NYT)

By David M. Halbfinger And Allison Hope Weiner

The New York Times, January 11, 2007

LOS ANGELES, Jan. 10 — When Kirk Kerkorian's longtime lawyer was indicted on wiretapping and conspiracy charges last February in the federal investigation of the Hollywood private detective Anthony Pellicano, the billionaire investor was mentioned almost as an afterthought.

There were no accusations that Mr. Kerkorian knew or approved of any wiretapping, and no indications that he had even been interviewed by the F.B.I. about Mr. Pellicano's work on his behalf.

But in recordings that Mr. Pellicano secretly made of his own telephone conversations, Mr. Kerkorian's lawyer, Terry N. Christensen, repeatedly said he told the billionaire — then 84, and locked in a legal dispute with his ex-wife, Lisa Bonder Kerkorian — what the private detective was learning from what prosecutors say were his wiretaps.

Mr. Christensen stops short of saying he has told Mr. Kerkorian that Mr. Pellicano was using wiretaps, but says he is providing Mr. Kerkorian with details of Ms. Kerkorian's private conversations.

Mr. Kerkorian has not been accused of any wrongdoing, and it is unlikely that someone could be held criminally liable for the actions of an investigator hired by his lawyer without showing that the client knew of the investigator's illegal acts.

Yet the recordings show how Mr. Pellicano's information could affect a high-stakes lawsuit, and make clear that Mr. Kerkorian, according to Mr. Christensen's assurances, was grateful for intimate information that helped his case.

"Tell me that the old man has a smile on his face," Mr. Pellicano said on May 14, 2002.

"He does, O.K.? He's happy," Mr. Christensen said. "Our jaw is still hanging down."

Mr. Kerkorian was then embroiled with his ex-wife in a nasty child-support and paternity battle. Mr. Pellicano heard Ms. Kerkorian talking to her lawyers, relatives and friends even as she and Mr. Kerkorian were wrangling over her demand for a $270,000 increase in monthly child-support payments. Ms. Kerkorian's effort ultimately failed; a judge increased the payments by just $316.

The secret recordings also show how Mr. Kerkorian and his lawyer pushed the private detective to investigate another multimillionaire, the movie producer Stephen L. Bing, whom Mr. Kerkorian suspected of being the biological father of his ex-wife's daughter.

A spokesman for Mr. Kerkorian, Dick Sobelle, declined to answer questions for this article. "We're not at liberty to comment on any of this," he said. Federal prosecutors declined to comment, as did Mr. Pellicano, who is in jail awaiting trial.

Mr. Christensen's lawyer, Terree A. Bowers, declined to answer questions, but when told the thrust of this article, called it "irresponsible, unwarranted and a pack of lies." He added: "In fact, there are absolutely no tapes or reliable evidence of any wiretaps involving the Kerkorian-Bonder litigation. The charges are and remain totally unfounded."

The recordings are among hundreds that prosecutors have turned over to defense lawyers, along with tens of thousands of documents. That evidence was subject to a court protective order, and prosecutors are investigating The New York Times's access to some of it.

Mr. Christensen and Mr. Pellicano, both of whom have pleaded not guilty to felony wiretapping and conspiracy charges, were among seven people indicted last February as part of an F.B.I. inquiry. Two have pleaded guilty, and the trial of the other five, after several delays, is set for August.

Mr. Kerkorian, through his holding company, the Tracinda Corporation, controls MGM Mirage, with its extensive hotel and casino properties. He bought and sold the Metro-Goldwyn-Mayer movie studio three times from 1969 to 2004. Last year, he bought 9.9 percent of General Motors, trying to pressure it into a deal with Nissan and Renault, then retreated, selling his shares for a profit of $100 million. Forbes put his net worth at $8.7 billion last year.

Mr. Kerkorian will turn 90 in June. The recordings in which he is discussed by his lawyer and the private detective suggest he could be called to testify at their trial about what he knew and when.

The wiretapping on Mr. Kerkorian's behalf began after his ex-wife sued to increase his child-support payments from $50,000 to $320,000 a month. Mr. Kerkorian had learned much earlier that her daughter, who was born before he married Ms. Kerkorian, was not his biological child. But now Mr. Kerkorian pressed his lawyer to find out who the father was.

On March 18, 2002, Mr. Christensen told Mr. Pellicano that "proof of exactly how she got pregnant" would be worth $100,000 to Mr. Kerkorian.

Over the next two months, Mr. Pellicano recorded at least 33 more conversations with Mr. Christensen. While they did not use the word "wiretap," they freely talked about what Mr. Pellicano heard while monitoring Ms. Kerkorian's phones.

On April 27, 2002, Mr. Pellicano reported hearing her discuss trying to leverage Mr. Kerkorian's desire to spend time with her daughter into a bigger settlement. "This is her exact words, by the way," he said. " 'How much money is he willing to pay me to get that?' That's her exact words."

He also said Ms. Kerkorian had confided in her father about her case. "There's no way except with my unique techniques that you would know this," he said.

A few excerpts show the kinds of information Mr. Kerkorian's side gained from learning of Ms. Kerkorian's telephone conversations:

¶On April 22, 2002, Mr. Pellicano reported to Mr. Christensen that Ms. Kerkorian was furious at her lawyers and ready to fire one of them, Stephen Kolodny, but Mr. Kolodny talked her out of it. "I'll tell you something, if we continue to get this kind of information with their strategy, we'll really kill 'em," he said.

Mr. Kolodny said he had no recollection of Ms. Kerkorian threatening to fire him in this time period.

¶On Saturday, April 27, two days before a settlement conference, Mr. Pellicano told Mr. Christensen he had picked up "massive detail" about Ms. Kerkorian's settlement demands.

"She wants all her legal fees paid. You understand?" Mr. Pellicano said. "She wants retroactive support back to August of last year. She wants $125,000 a month. She wants a joint press statement saying that neither one of them was at fault, and they just both made mistakes."

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Repeatedly, Mr. Christensen said he intended to, or already had, told Mr. Kerkorian what Mr. Pellicano had learned from Ms. Kerkorian's phone calls:

¶On April 27, Mr. Pellicano said Mr. Christensen might want to warn Mr. Kerkorian about something.

"She talks about killing him," Mr. Pellicano said. "She says, 'You know, I gotta kill him.' She says those things. Now, whether she really means it or not, probably not. But does she say it? Absolutely."

Two days later, Mr. Christensen returned to the subject. "Those comments and that discussion was pretty disgusting, and I'm thinking that I should probably, you know, give Kirk a heads-up," he said.

Mr. Christensen's lawyers later claimed that Mr. Pellicano's information about such statements by Ms. Kerkorian was what led Mr. Christensen to become involved with the private detective in the first place.

Steve Sitkoff, a lawyer for Ms. Kerkorian, scoffed at the notion that she was ever a threat to anyone. "It's ludicrous to think that she would ever mean any harm to Kirk or anyone else," he said.

¶On May 10, Mr. Pellicano argued for telling Mr. Kerkorian not to trust the mediator in the case, Deborah Simon. After Mr. Kerkorian had left Ms. Simon a lengthy message, Ms. Simon told Ms. Kerkorian all about it, Mr. Pellicano said, and Ms. Kerkorian was thrilled.

"The elation was overwhelming," Mr. Pellicano said.

"Well, I will let Kirk know the emotional high that Lisa got out of Deborah's call," Mr. Christensen said. Ms. Simon did not respond to messages at her home and office.

¶On May 14, Mr. Pellicano asked if Mr. Kerkorian had been briefed about another exchange he had overheard. "Did you tell him about that?" he said.

"Yeah, oh sure," Mr. Christensen said. "He just couldn't believe it."

Ms. Kerkorian, who had a long relationship with the billionaire, married and quickly divorced him when her baby was a year old, and the two agreed at the time that the child was his.

By the time Mr. Pellicano was hired, the investor already had been told by his ex-wife's friends that she had had an affair with Mr. Bing, the film producer, around the time when her daughter was conceived. So, after Mr. Pellicano tried to but could not confirm that Ms. Kerkorian had been artificially inseminated, Mr. Christensen pressed him to focus on Mr. Bing — who was already embroiled in a contentious and public paternity fight with the actress Elizabeth Hurley.

At one point, on April 28, 2002, Mr. Christensen told Mr. Pellicano that he took no pleasure in pursuing Mr. Bing. "But Kirk is going through this, and he's been [expletive] defrauded, O.K.? And I am not resting until this is put to bed, and it's not going to be put to bed until we find out who the father is."

Ultimately, Mr. Bing, who declined to comment, was identified as the father of Ms. Kerkorian's child, with the help of a DNA sample lifted from his trash.

As word broke of that finding, on May 15, 2002, Mr. Christensen told Mr. Pellicano to shut down the wiretap of Ms. Kerkorian after one final night of listening. The private eye said he hoped to work for Mr. Kerkorian again.

"Maybe the old man will give me something in the future," he said.

"Well, that you can count on," Mr. Christensen said.

Land In Bribery Case Isn't In Chicago Alderman's Ward (CHIT/AP)

Associated Press

Chicago Tribune, January 11, 2007

CHICAGO -- When FBI officials arrested Alderman Arenda Troutman this week, they alleged that she took $5,000 from a fictitious developer in exchange for helping him move forward on a project in her South Side ward.

Or, rather, what they assumed was her ward.

A closer look has revealed that the parcel in question isn't in Troutman's 20th Ward, after all, but in the 16th.

While Troutman's lawyer is crying foul, FBI spokesman Ross Rice said the mix-up is a non-issue.

"From a legal standpoint, it doesn't matter," he said. "It's not an element of the crime."

But defense attorney Sam Adam Jr. said his client knows the boundaries of her ward and that the location revelation "should prove to everyone that there was nothing fraudulent going on."

"The government's case is smelling like Limburger cheese," Adam said. "It is stinking to high heaven."

Troutman was arrested at her home early Monday by federal agents who said they had to break a window to get in.

Prosecutors allege that in return for the $5,000 and the promise of more, Troutman agreed to back the bogus developer in getting zoning changes and alley access for a proposed development.

Federal Magistrate Michael T. Mason set a $10,000 unsecured bond for Troutman, releasing her on her own recognizance.

Adam said he will argue that the development was phony and that Troutman didn't do anything to help it.

FBI officials also allege that Troutman told an informant to have the developer make out a $15,000 check to the 20th Ward Women's Auxiliary. State records show the organization is run by her mother and sisters.

Details Don't Get In Way Of FBI Sting (CHIT)

By Ray Gibson And Gary Washburn, Tribune Staff Reporters. Tribune Reporters Jeff Coen And Laurie Cohen Contributed To This Report

Chicago Tribune, January 11, 2007

Video: Real estate not in Troutman's ward

If the federal sting that snagged Ald. Arenda Troutman were a Hollywood movie, Chicagoans in the know might be complaining about a flawed plot.

Troutman, who represents the South Side's 20th Ward, was arrested for allegedly taking money to grease the way for a real estate development at 5730 S. Halsted St.

But the site in question, as it turns out, isn't even in Troutman's ward.

If the 5730 property "was on the other side of the street, it would have been in the 20th," said Thomas Leach, a spokesman for the Chicago Board of Election Commissioners who double-checked the city ward map at the Tribune's request. But the site is actually in the adjacent 16th Ward, he said.

Under longstanding practice and tradition, Chicago aldermen have great power over governmental approvals that can clear the way for a real estate development or kill it. But those familiar with the way Chicago works also know that the alderman of one ward typically has no say over what happens in the ward of a colleague.

"We assumed that she knew her ward, and that [the property] was in her ward," said Ross Rice, a spokesman for the FBI.

Rice said investigators did not double check, and from the FBI's perspective, it's a moot point.

Either Troutman herself believed the parcel was in her ward and she could influence the process, or she knew the parcel wasn't in her ward and thought she could take money anyway, he said.

"From our perspective and from a legal perspective it doesn't matter," he said.

Troutman, who has been in the City Council for 16 years, has demonstrated that she knows council tradition.

Troutman's lawyer, Sam Adam Jr., said the revelation about the location of the parcel used in the sting casts the case further into doubt. He said Troutman knows the exact boundaries of the area.

"And that should prove to everyone that there was nothing fraudulent going on," he said, because Troutman wouldn't do anything fraudulent and draw attention to a development that she knew wasn't in her ward.

Attempts to reach Ald. Shirley Coleman (16th) were unsuccessful. But a Coleman aide, reached by phone, knew immediately that 5730 S. Halsted was in her boss' territory.

The ward boundary isn't the only odd twist in the plot line.

When Troutman took the first step in an alleged attempt to get a zoning change to make the project possible, she was told by the city's zoning administrator that the parcel could accommodate the development just the way it was--raising the question of whether investigators checked the zoning status before deciding on using the property in the sting.

Then, trying to do what she could, Troutman allegedly made a call to the city's Planning Department to say she would be writing a letter in support of the project. She allegedly was stymied again, informed by a department employee that the correspondence would not be necessary because the land was not owned by the city.

Details of the sting are outlined in a criminal complaint, filed Monday by an FBI agent assigned to the case.

The complaint charges that Troutman continued to try to find a way to earn bribe money, finally using her clout to allow the developer to use a public alley for access to his project's parking lot.

But the plot evades the issue of whether a real Chicago developer would pay the exorbitant tab for such a relatively small favor--and why Troutman thought she could score as much as the government contends she sought.

According to the complaint, she got $5,000, the promise of another $10,000 and had discussed being given a residence and commercial space in the project.

Alley-access ordinances are routine, said Ald. Thomas Allen (38th), chairman of the council's Transportation Committee, which processes hundreds of such proposals every year. It would be "ridiculous" to pay a bribe to get one through the City Council, he said.

Troutman submitted the ordinance for the Halsted Street property on Dec. 13, records show. It won preliminary approval from Allen's committee on Jan. 3. But, given the federal allegations, the alderman said he will not present it to the full council for approval until city lawyers and federal prosecutors advise him on what to do.

Adam said he will argue the development was fake and Troutman did nothing to help it. Any money she took from the cooperating witness in the case cannot be called a bribe, he said.

"The government's case is smelling like Limburger cheese," he said. "It is stinking to high heaven."

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Defendant May Take Stand Today In Bribery Trial (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 11, 2007

Federal prosecutors rested their bribery case Wednesday against the Shelby County Commission's former top administrative aide, Calvin Williams, who may take the stand today in his own defense.

Williams is accused of taking a $1,500 bribe in 2003 from friend-turned-informant Tim Willis for helping get an urban development grant approved by the commission.

Willis secretly recorded the payoff on audio and video provided by the FBI, which was conducting a widespread public corruption investigation known as Tennessee Waltz.

Through his public defenders, Williams has contended the payment was a legitimate fee as part of a business arrangement he had with Willis.

In secretly made recordings, however, jurors have heard Williams say he is "not a part of Strategic Solutions," a political consulting concern run by Willis.

Among the six witnesses called by Williams on Wednesday was attorney Buck Wellford, a county commissioner from 1994 to 2002 who said on cross-examination by prosecutor Lorraine Craig that he thought Williams should have focused more on his administrative duties with the commission and less on the commissioners' political issues.

Wellford said Williams appeared to have "a special relationship" with Commissioner Cleo Kirk, who sponsored the urban development grant of $100,000 for the Glenview Neighborhood Development Partners Inc.

"He (Williams) was at his beck and call 24 hours a day," said Wellford. "Commissioner Kirk made more demands on his time than any other commissioner, as Calvin Williams put it to me."

Williams said on the tapes shown to jurors that half of the $1,500 payment from Willis was to go to Kirk, an allegation the former commissioner has denied.

Kirk has been subpoenaed to testify, but has not been called by either side.

Other defense witnesses included former county mayor Jim Rout and former commissioner Julian Bolton, whose brief testimony dealt mostly with procedural aspects of funding and resolutions.

Bolton said there was strong support on the commission for funding the Glenview project, which was approved in September 2002.

The trial is being held before U.S. Dist. Court Judge Samuel H. Mays Jr.

Storm Left New Orleans Ripe For Violence (NYT)

By Adam Nossiter

The New York Times, January 11, 2007

NEW ORLEANS, Jan. 10 — The storm of violence that has burst over this city since the New Year's Day can be traced in part to dysfunctional law-enforcement institutions, aggravated by a natural disaster that turned the physical and social landscape of New Orleans into an ideal terrain for criminals.

Eight killings have occurred in 10 days. New Orleans, the United States' murder capital by many measures in 2006, is well on its way to keeping that distinction in 2007. Since July 2006, there have been at least 95 murders per 100,000 residents, and possibly a higher ratio depending on how the city's depleted population is counted, said Peter Scharf, a criminologist at the University of New Orleans.

Frightened citizens now see their city as a stalking ground, roamed with impunity by teenagers with handguns — an image that may not be far off the mark, experts here say.

There are a variety of reasons for the descent toward chaos. An automobile-bound police department is reluctant to walk the streets and interact with the city's residents. It is at war with the district attorney's office, which is prosecuting seven officers for a deadly shooting soon after Hurricane Katrina struck in 2005. Judges in the city's courts regularly rule in favor of criminals.

Completing the grim picture is an already fragile social structure in the city's poorest wards that has been all but destroyed by Hurricane Katrina. Moving back to town, in many cases, are "kids with guns, and without parents," said Mr. Scharf, who predicted a year ago that the city was in for a tidal wave of violence.

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The police, feared and hated by the city's poor, get no cooperation from them in solving crimes. "Stop that snitchin!" is the inscription on the T-shirt of a man waiting for a bus on Canal Street. In killing after killing, police officials have begged for witnesses to step up, to no avail.

The result is an unwitting carrying out of the classic Maoist strategy of guerilla insurgency: criminals swim like fish in the surrounding sea, protected by a population that finds no reason to give them up, and is often afraid to.

Frustrated, police officers have been known to lash out at residents. Disturbing police brutality cases — officers beating up, or even shooting, random African-American men — are now competing for headlines with the latest killings.

Infuriating the police agency he must work with, Eddie Jordan, the district attorney, referred to the police as "rabid dogs" after he indicted seven of them last month in the shooting death of two men after Hurricane Katrina.

In this violent city, the Police Department's arrests are usually not for crimes of violence at all, but for drugs. Such arrests constitute 65 percent of the city's total, twice the national average, according to a study by the city's independent Metropolitan Crime Commission. And the problems only continue once an arrest is made. In 2003-4, only 7 percent of those arrested were sentenced to prison, only 5 percent of all convictions were for violent offenses, and only 12 percent of homicide arrests resulted in jail, the study found.

In addition, New Orleans judges go light on sentencing, the study found: they give felons jail time far less often than do judges in other states' courts.

The last time there was a murder conviction in New Orleans was in August — and in that case the judge later reduced the offense to manslaughter, according to the district attorney's office. The judge, Charles Elloie, who publicly expressed sympathy for criminal defendants, has since been suspended for returning suspects to the streets with little or no bond.

"There's a lot of factors converging here," said James Bernazzani, the Federal Bureau of Investigation's special agent in charge in New Orleans, "based on local institutional dysfunction, a population that wasn't educated, and a state judicial system that doesn't mete out consequence for criminal activity. And you've got a citizenry that doesn't cooperate."

The way out of this conundrum is not easily seen by experts or by citizens weary of pledges by local officials — there was another one Tuesday —to make things right. Checkpoints, sheriff's deputies, clergy intervention: all were earnestly promised, under the glare of television lights, in an open-air setting in the heart of the New Orleans killing grounds, the Central City neighborhood.

"It's like Casablanca, round up the usual ideas," said Mr. Scharf, the criminologist.

The surge in killings is a threat to the city's faltering repopulation campaign.

"People I've never heard talk like this, die-hard New Orleanians, are weeping, talking about leaving," said Mary Howell, a civil rights lawyer here. "It's palpable."

Many people are looking to the federal government for help, and are hoping the United States attorney, Jim Letten, might prosecute a few of the murder cases normally handled by the district attorney's office. Mr. Bernazzani said Wednesday that "where we can find the federal hook, Jim Letten has agreed to take the case," adding that additional federal agents were being recruited for New Orleans.

Meanwhile, citizen advocacy, the catalyst for most post-hurricane reform here, will make itself felt again Thursday with a march on City Hall intended to highlight the killings.

Tim Seeman, who runs the kitchen at Parasol's, a restaurant that recently was held up, sees some hope in this awakening.

"This is nothing new. This has been brewing for years and years. But finally people are admitting it," Mr. Seeman said.

Home In The Ruins (NYT)

By Bob Herbert

The New York Times, January 11, 2007

New Orleans

As its problems mount, the Big Easy is becoming increasingly unnerved.

Local officials, who will never be mistaken for the brightest lights in the firmament, have been unable to stem a hideous wave of murders. On Tuesday Mayor C. Ray Nagin said, "Enough is enough," then added, "But we've said that before."

The public school system, one of the worst in the nation, is trying to sell off some of its buildings to help with a desperate cash crunch.

Most depressing, more than 17 months after the horror of Hurricane Katrina, mile after mile after mile of the city that loved to present itself as the epicenter of laughter and good times still lies in ruin.

New Orleans is a place that could use a hopeful sign of any kind, some positive development to signal that perhaps better times are coming.

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Enter Ghebre Selassie Mehreteab. Most people call him Gabe, and so will I for the rest of this column. Gabe is a middle-aged bundle of energy who heads the NHP Foundation, a national nonprofit organization that has taken on the difficult mission of providing quality housing at rents that poor and middle-class families can afford. There is no more imperative need in New Orleans than affordable housing.

On Garden Oaks Drive in the Algiers neighborhood Gabe showed me a remarkable sight — a sparkling two-story apartment complex, neatly landscaped, that was owned by NHPF, was badly damaged by the hurricane, and is now being completely renovated at a cost of $20 million.

Nearby are buildings that look like the hurricane hit them yesterday. The NHPF complex, known as Forest Park, will have 284 solid, attractive, energy-efficient units completed this year, with tenants beginning to move in as early as May. The rents will range from $194 to $673 a month.

In New Orleans East, which had been completely submerged in the flood, I stood with Gabe and an architect at what was once the site of a housing complex known as Walnut Square. "New Orleans East was under water for eight days," said Gabe. "We had to raze it. It's demolished."

A quiet wind was blowing across the vast empty space where 18 residential buildings used to be.

The effort to rebuild Walnut Square, at a cost of $37 million, is already under way. There will be 209 apartments, with rents ranging from $130 to $820 a month. There will also be a commercial strip, a community center and day care facilities. (The apartments will be built on raised foundations to guard against future catastrophic floods.)

Eventually Gabe hopes to build 3,000 affordable rental apartments in and around New Orleans at a total cost of $300 million.

How does he do it, when others find the task so daunting?

The key, he said, is to combine the expertise of a successful real estate operation with the talent and vision of an experienced foundation committed to what is essentially a charitable mission. NHPF, which has its Louisiana office in Baton Rouge, gets the funds to build from government grants, tax credits and low-interest loans, as well as conventional financing.

As Gabe dryly noted, "There is not much profit in developing low- income housing."

No successful rebirth of New Orleans is possible without substantial amounts of new and rebuilt housing — housing that the city's very large percentage of low-income residents can afford. Most of the people homing in on development opportunities here have either no interest or no expertise in building such housing.

"There are essentially two kinds of organizations here," said Gabe. "You have out-of-town real estate developers who look at this as a tremendous opportunity and their main concern, quite naturally, has been how much money they can make. On the other hand, you have well-meaning nonprofit entities that unfortunately, in most cases, do not have the capacity to develop on a significant scale."

Compounding the problem has been the lack of housing expertise in New Orleans. Much of the city's housing stock pre-Katrina was so poor as to be illegal in most major American cities. The Housing Authority of New Orleans, which administered public housing, was in such bad shape its operations had to be taken over by the federal government.

Half the population of New Orleans has been dispersed across the United States. Many of those still in the city are living in trailers or are doubled up with relatives and friends. There is no way to overstate the desperate need for housing.

Gabe and the NHP Foundation have provided at least one model that works.

Death Rate Higher For Ex-Prisoners Than Current Inmates (WSJ)

By Keith J. Winstein

The Wall Street Journal, January 11, 2007

In what may be the first large-scale study of mortality among released prison inmates in the U.S., researchers found that getting out of jail can be hazardous to your health.

The death rate for ex-prisoners was four times that of current inmates, and more than triple the rate for the general population, even after the effects of age, sex and race were factored out. More than 30% of the excess deaths were due to drug overdoses.

Within the first two weeks after a prisoner is released, the figures were worse: former inmates were 13 times as likely to die as the population at large - and almost 80% of those extra deaths were from drug overdose.

After drug overdoses, the leading causes of the higher death rate were murders, heart disease and suicides.

The doctor who led the study, Ingrid A. Binswanger of the University of Colorado, said she was surprised that the difference in death rates was so large. The findings could indicate a substantial public health problem, since about 700,000 people are released from prison in the U.S. each year, according to the Bureau of Justice Statistics.

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"These are preventable deaths, particularly the overdose deaths," said Martin Y. Iguchi, a UCLA public health professor who was not involved with the study. "We need to pay much more attention to inmates as they re-enter society."

The study, to be published in the New England Journal of Medicine Thursday, tracked 30,237 inmates released from the Washington state prison system between 1999 and 2003. Researchers cautioned that the figures, which are broadly consistent with previous studies in Finland and Australia, do not necessarily apply to the rest of the U.S.

Joan Petersilia, a University of California criminologist who wrote the book, "When Prisoners Come Home," said the study would underscore efforts to change what happens "at the moment of prison release."

For example, some states, including California, confiscate psychiatric medications upon release, requiring ex-prisoners to search by themselves for a psychiatrist to continue their prescriptions. "Often this doesn't happen, as you can imagine," she said -- leading to relapses and suicides.

Too Casual To Sit On Press Row? (WP)

By Alan Sipress

The Washington Post, January 11, 2007

When the trial of Vice President Cheney's former chief of staff on charges of perjury and obstruction of justice opens next week, scores of journalists are expected to throng the federal courtroom in Washington, far too many for the 100 seats set aside for the media.

But for the first time in a federal court, two of these seats will be reserved for bloggers. After two years of negotiations with judicial officials across the country, the Media Bloggers Association, a nonpartisan group with about 1,000 members working to extend the powers of the press to bloggers, has won credentials to rotate among his members. The trial of I. Lewis "Scooter" Libby, the highest-ranking Bush administration official to face criminal charges, could "catalyze" the association's efforts to win respect and access for bloggers in federal and state courthouses, said Robert Cox, the association's president.

The new validation doesn't necessarily clarify the blurry line between bloggers and traditional journalists at a time when millions of people are discovering that they can project their opinions and expertise around the world with just a few keystrokes. The debates over the traditional checks-and-balances process that journalists follow are continuing, and some bloggers are resisting efforts to be put under the umbrella of the traditional news media.

"The Internet today is like the American West in the 1880s. It's wild, it's crazy and everybody's got a gun," said Thomas Kunkel, dean of the University of Maryland's journalism school. "There are no rules yet."

The common journalistic practices of verifying facts, seeking both sides of a story and subjecting an article to editing are honored mostly in the breach. Innuendo and rumor ricochet around the Internet as blogs link from one to another, at times making defamatory voices indistinguishable from the many others involved in this experiment of free expression.

Yet, after detailed talks with Cox, officials at the U.S. District Court decided that public awareness of court proceedings could be enhanced by his group's members, among them documentary filmmaker and journalist Rory O'Connor (http://www.roryoconnor.org/blog) and freelance writer James Joyner (http://www.outsidethebeltway.com).

"Bloggers can bring a depth of reporting that some traditional media organizations aren't able to achieve because of space and time limitations," said Sheldon Snook, administrative assistant to Chief Judge Thomas F. Hogan. Snook added that some bloggers also bring expertise that is welcome in court.

Several media experts have been predicting a greater presence of bloggers in court -- as defendants. For instance, Kunkel, who is also president of the American Journalism Review, said courts might soon draw the limits of what is acceptable by imposing hefty libel and defamation judgments on bloggers, many of whom do not realize their writings can have expensive legal consequences.

According to the Media Law Resource Center, 69 lawsuits have been brought against bloggers nationwide, including a $1 million suit filed last year against Maine blogger Lance Dutson, who accused his state's tourism department of wasting taxpayer money in a promotional campaign. The advertising agency that developed it sued for libel, defamation and copyright infringement but ended up dropping the suit after advocates rallied to Dutson's defense.

Most cases against bloggers have not made it to trial. Cox, in an effort to head off suits, recently launched an initiative to raise the standards of his members through online education, holding out the prospect that they could then qualify for blogging liability insurance offered through the association.

Cox also envisions fostering an elite tier of bloggers and has been in talks with Harvard Law School about online courses associated with its Berkman Center for Internet & Society, which already offers several courses on the Web about various facets of law. By accepting the association's ethical standards and adopting an official policy for making corrections, members of this group would be credentialed by the association, which in turn would win them access to news and sporting events, advance copies of new books for review and entrance to advance screening of movies.

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He had been focused in particular on working with the federal court in Washington to gain credentials for high-profile cases, starting with Libby's trial on charges that he lied to government agents and a grand jury investigating the leak of CIA operative Valerie Plame's identity.

Cox, who writes a blog called WordsInEdgewise, said he would assemble a diverse group of bloggers -- with various political outlooks from different parts of the country and readerships large and small -- to rotate throughout the Libby trial, including himself, O'Connor, Joyner and Dutson.

"The history of where blogging is going to go is not defined. It could go in a very positive direction or it could go in a very negative direction," Cox said. "We have to do more than just sit on our hands and see what happens."

The American Society of Newspaper Editors, which has endorsed a proposed federal shield law that would keep journalists from being forced to disclose confidential information in legal proceedings, has said that the shield should cover anyone involved in news-gathering activities, including bloggers.

Under Cox's plan, an online course focusing on the basics of media law would be offered in part by the Poynter Institute for Media Studies, a prominent journalism training organization in Florida that is interested in the issues of blogging. The organization became intimately aware this year of the pitfalls of blogging through a miscue of its own that has become a case study in the challenges that blogs face.

Poynter got sucked into the controversy following the July death of an Indianapolis Star photographer who had developed breathing troubles and collapsed in the newsroom. A Star retiree posted on her blog that management had contributed to the photographer's death because phones in the newsroom could not dial 911, something that she'd heard from staffers in the newsroom but that ultimately proved to be false.

"I was hot under the collar," the blogger, Ruth Holladay, said. "I went with what I wanted to say . . . I went with my gut."

Her entry caught the attention of Jim Romenesko, who posted a link on his widely read blog for the Poynter Institute but did not verify the story or contact the Star's management for comment. Nor was the entry viewed by an editor before it was published.

Dennis Ryerson, the Star's executive editor, said that no one blogged about Indiana's Occupational Safety and Health Administration clearing the newspaper of any wrongdoing in connection with the photographer's death. "Yet the postings that made those allegations are still available for anyone to read," he added.

The incident has prompted Poynter to revise its blogging guidelines.

Still, some of the Internet's most prominent bloggers have balked at the idea of journalistic codes of conduct, citing a 2006 study by the Pew Internet and American Life Project that found that only one-third of bloggers consider their writing to be a form of journalism.

"Blogs are first and foremost a conversation, people talking," said Jeff Jarvis, a journalist-turned-blogger who created a forum called BuzzMachine.

Blogs, he said, have a "different biorhythm" where postings that are initially inaccurate or unfair are corrected online through readers comments and updated blog entries. "This is a world," he said, "where you publish first and edit later."

CIVIL LAW:

Lawyers For Delphi Corp. To Ask Judge To Approve $3.4B Investment Plan Despite Objections (FINDLAW/AP)

By Vinnee Tong, Ap Business Writer

AP, January 11, 2007

(AP) - NEW YORK-Board members of Delphi Corp. decided on Wednesday to move forward in seeking the approval of a federal bankruptcy judge to allow five private equity and institutional investors to buy shares worth as much as $3.4 billion (â‚¬2.6 billion) in the company upon its reorganization.

Directors of the Troy, Michigan-based auto parts maker essentially rejected an unsolicited $4.7 billion (â‚¬3.6 billion) bid made by a rival investor. Judge Robert Drain was scheduled to consider the plan and objections in a Thursday hearing.

The plan is a crucial part of an overall transformation sought by the company, as it attempts to exit bankruptcy in the first half of this year. Objectors say it transfers a disproportionate amount of the company's value to the investors at the expense of other stakeholders in the case.

The plan allows affiliates of three private equity investors, Appaloosa Management LP, Cerberus Capital Management LP and Harbinger Capital Partners Master Fund I, as well as Merrill Lynch & Co. and UBS Securities LLC, to buy shares in a restructured Delphi for $1.4 billion (â‚¬1.08 billion) to $3.4 billion (â‚¬2.62 billion). It would give the investors a minimum of 30

percent and up to 72 percent of the restructured company but also depends on consensual resolution of Delphi's labor agreements by Jan. 31.

Highland Capital Management LP made a competing proposal Dec. 21, three days after the original bid, to buy shares at a cost of $4.7 billion (â,¬3.62 billion). Highland has joined the acting U.S. Trustee, the official committee of equity security holders, the International Union of Electronic Workers-Communications Workers of America and two other unions in objecting to the Appaloosa-Cerberus plan.

The U.S. Trustee and the IUE-CWA, which represents the second-largest group of Delphi employees, objected in part based on their belief that the investment plan takes the place of the usual process of creating a bankruptcy reorganization plan since it outlines how some creditors would be paid.

The equity committee objected to fees and expenses Delphi would pay to Appaloosa and its partners once the judge approved the plan.

Delphi lawyers rebutted some of the objections Wednesday and also made certain changes to address concerns raised by the equity committee for how the investors would be reimbursed if the plan fails to be executed.

The Appaloosa-Cerberus investor group can terminate the agreement if the court has not approved it by Jan. 22.

Lawyers for General Motors Corp. supported the Delphi plan in a separate filing on Wednesday.

Delphi was part of GM until 1999 when it was spun off as a stand-alone company. GM remains its biggest customer and has participated in negotiations to resolve outstanding issues over its supply contracts and legacy labor obligations.

CIVIL RIGHTS:

FBI Weighing A Civil Rights Probe In Death (HC)

By Armando Villafranca And Brian Rogers, Houston Chronicle

Houston Chronicle, January 11, 2007

It may monitor internal inquiries into fatal shooting by HPD officer during traffic stop

The FBI said Wednesday that it likely will open a civil rights investigation to monitor ongoing inquiries into the shooting death of Robert McIntosh by a Houston police officer.

The move only will monitor investigations by local authorities and is not a formal investigation to determine whether McIntosh's civil rights were violated, said Shauna Dunlap, a spokeswoman for the FBI.

"Agents have been looking into the matter, and it looks likely that we will open a civil rights investigation to monitor the progress of the district attorney's investigation and the Houston Police Department internal affairs investigation," Dunlap said.

The decision came on a day punctuated with community activists' calls for a federal investigation of Houston police after two men were shot and killed in separate incidents this week. City and police officials said they would fully investigate McIntosh's death and that of Omar Esparza. Esparza, 21, described as mentally challenged and mentally ill, was shot to death Sunday at his East End home. Officers said he lunged at them with a hammer above his head.

McIntosh, 23, was shot to death Monday after a traffic stop in the Sunnyside area, prompting an outcry from community leaders when witnesses alleged the man was handcuffed before the shooting. He was unarmed.

One witness' accountOne witness, Yolanda Perry, who said she saw a Houston police officer fatally shoot McIntosh after handcuffing him, appeared Wednesday before a grand jury for more than hour but declined to comment about her testimony.

Perry, the wife of the Rev. George Perry, was subpoenaed after she declined to give a statement to authorities investigating the shooting.

She has said she was standing outside their church when she saw McIntosh being chased on Knoxville by Houston police officer Leonard Smith.

Smith had stopped a car in which McIntosh was a passenger about 1 p.m. Monday for a defective taillight. The driver, identified by police as McIntosh's girlfriend, was taken into custody in the 8700 block of Cullen on an arrest warrant from Bexar County.

Perry said McIntosh fought with Smith, then broke free and ran down Knoxville. Smith, whose thumb was broken in the scuffle, then fired his Taser, striking McIntosh in the back.

Perry has said the officer then handcuffed him and shot him three times.

The department's sideHPD officials have denied Perry's version of what happened, saying McIntosh was handcuffed after he was shot, a standard procedure to protect the officer.

Prosecutor Edward Porter declined to talk about what Perry told grand jurors because grand jury proceedings are secret.

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The district attorney's office investigates all shootings involving officers in Harris County, Porter said. He said it wasn't unusual that Perry was subpoenaed to explain her version of the events.

Porter said the investigation will continue and invited witnesses to the shooting to come forward.

Activist Quanell X, who accompanied Perry to her grand jury appearance, said Harris County officials were "disrespectful" and indifferent to Perry, as she waited eight to nine hours to give a statement Tuesday.

"It was not necessary to make her appear," Quanell X said. "I think they were upset and agitated that they couldn't get a statement from her at (her) church."

After Perry testified Wednesday, Quanell X renewed calls for an outside agency to investigate the shooting.

Dunlap said the FBI decided to wait until it reviews the case and meets with other agencies involved in the investigation before deciding to launch a probe. If the FBI opens an investigation, she said, it may come in the next few days.

"We have to gather the facts and take a look at what's out there," she said.

How a formal probe worksThe FBI usually does not open a formal investigation until after an internal investigation is complete. If any evidence of wrongdoing is found, she said, the FBI then can open a formal investigation.

Councilman Jarvis Johnson, who represents District B in northeast Houston, called for a town meeting to discuss the deaths.

He said residents feel deceived by and afraid of police, because police accounts do not match those of witnesses.

"It really puts us in a precarious situation as to how do we tell our citizens that our police force is forthright," he said during a City Council meeting Wednesday. "You're pitting community against police force."

Mayor Bill White said he would support a community meeting. He avoided commenting on on the specific cases but said residents should think twice before threatening police.

"Officers need to be able to protect themselves," he said.

White also expressed support for Police Chief Harold Hurtt, who said both cases would be investigated and corrective action taken if necessary.

"I think people see that we have a professional, productive police force," White said.

Community reaches outOn Wednesday night, dozens gathered for a candlelight vigil where McIntosh was shot.

His mother, Doretta, placed a candle near a cross while attendees sang We Shall Overcome.

Minister Robert Muhammad, of the Nation of Islam Mosque No. 45, said a prayer for McIntosh's family and the Sunnyside community. "Let Brother Robert's death not be in vain," Muhammad said. "And God bless us to return to our homes safely and come out of our homes safely and be with us on Dr. (Martin Luther) King's birthday, so that we may stand up for justice, so that our babies are not taken from us."

Chronicle staffers Robert Crowe and Alexis Grant contributed to this report.

FBI May Investigate Police Shooting Of Handcuffed Black Man (FINDLAW/AP)

By Joe Stinebaker, Associated Press Writer

AP, January 11, 2007

(AP) - HOUSTON-A woman who claims she saw a Houston police officer shoot and kill a handcuffed black man testified before a grand jury Wednesday, and federal investigators said they likely will launch a civil rights investigation.

Houston police Officer Leonard D. Smith shot and killed Robert B. McIntosh of Houston during a traffic stop. Police say McIntosh, who was a passenger in the car and fled the scene, was shot after fighting with Smith and shooting him with his police Taser, which uses jolts of electricity to subdue people.

McIntosh's shooting prompted Quanell X, a local activist and frequent critic of the Houston Police Department, to demand a federal investigation, saying McIntosh was the victim of "a cold-blooded murder."

FBI spokeswoman Shauna Dunlap said Wednesday such an investigation likely will be announced soon.

"There is a strong possibility that in the next couple of days, we will open a civil rights investigation," Dunlap told The Associated Press.

In the past, federal authorities in Houston have prosecuted Houston police for civil rights violations when a local grand jury declined to indict them in shootings of civilians.

Harris County District Attorney Chuck Rosenthal said a grand jury heard testimony Wednesday from Yolanda Perry, who said she saw the officer shoot McIntosh after he was already in handcuffs.

"We went to the grand jury on that today because we had an eyewitness who said she saw something completely different than what everybody else saw," Rosenthal said.

Rosenthal said investigators also have statements from other witnesses who back the police officer, saying they heard the shots and then saw Smith handcuffing McIntosh.

Perry has not returned telephone calls from The AP.

Jury Takes Break In Texas Smuggling Case (HC/AP)

By Juan A. Lozano Associated Press Writer, The Associated Press

Houston Chronicle, January 11, 2007

HOUSTON — A truck driver facing a possible death sentence for a smuggling attempt in which 19 illegal immigrants died locked in his sweltering tractor-trailer will have to wait until at least next week to learn his fate.

The jury deliberating whether to sentence Tyrone Williams to death for what became the nation's deadliest human smuggling attempt is taking a five-day break, U.S. District Judge Lee Rosenthal told attorneys Wednesday.

Jurors decided to wait until Tuesday to resume their deliberations because the judge was scheduled to be out of town Thursday and Friday and the Martin Luther King Jr. holiday is Monday.

Jurors deliberated for about eight hours Wednesday without reaching a verdict. They have deliberated a total of about 14 hours since Tuesday.

The jury is deciding whether to sentence Williams to death or life in prison without parole, or to let Rosenthal issue a sentence that could range from no incarceration to life in prison without parole.

Williams was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants, including 20 counts that were death-penalty eligible.

During the 2003 smuggling attempt from South Texas to Houston, more than 70 immigrants were packed inside Williams' airtight trailer. After the immigrants succumbed to the deadly heat, Williams abandoned the container near Victoria, about 100 miles southwest of Houston. Nineteen died from dehydration, overheating and suffocation.

Defense attorney Craig Washington told jurors Williams never intended for the immigrants to die and questioned why his client is the only defendant in the case facing the death penalty.

But Assistant U.S. Attorney Daniel Rodriguez told jurors Williams deserves to die because he knew the immigrants were dying and did nothing to help them.

During the retrial's punishment phase, Williams' relatives told jurors he was a kind person and asked them to spare his life. Relatives of the 19 victims asked for justice but didn't specify whether that meant a death sentence.

Williams, 35, a Jamaican citizen who lived in Schenectady, N.Y., is one of 14 people charged in the case.

In 2005, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury couldn't agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

The 5th U.S. Circuit Court of Appeals rejected the verdict, saying the jury failed to specify his role in the crime.

Judge Says Arizona Can't Seize Western Union Money Transfers (WSJ)

By Ann Carrns

The Wall Street Journal, January 11, 2007

The state of Arizona has no authority to seize thousands of Western Union Co. money transfers to Mexico that originated outside of Arizona, a state court has ruled.

The finding, which was filed Tuesday, is a victory for Western Union, Englewood, Colo., which relies on electronic money transfers to Mexico as a mainstay of its business. Such transfers make up about 10% of its money transfers.

The company, which had said the seizures were scaring away Latino customers, expressed relief at the decision. "Western Union is a trusted friend of the Latino community, and we're very pleased with today's ruling," said Christina Gold, the company's chief executive, in a statement. She said the company would continue to cooperate with the state of Arizona "in meeting its legitimate law enforcement needs."

Arizona Attorney General Terry Goddard said he will contest the Superior Court's order halting the state's seizure warrant in the Arizona Court of Appeals. He said he is confident his office can provide evidence that the money transfers, while occurring outside of Arizona, are linked to Arizona crimes, and that Arizona authorities should be allowed to intercept them as part of its battle against illegal human trafficking.

"We believe this is incorrect on the law," he said, adding that nevertheless, seizures will remain halted until the matter is finally resolved. He described the court order as a "roadblock" in "what has been a very effective way of disrupting the coyote smuggling activities," using a common term for the traffickers.

Mr. Goddard, as part of a crackdown on payments to traffickers of illegal immigrants, moved on Sept. 21 to block all Western Union money transfers of at least $500 going to the Mexican state of Sonora, and originating in 29 U.S. states. The states included California, New York, Florida, Illinois and Georgia.

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Senders of the funds were given no notice of the seizures, and were required to contact the state to prove the funds were legally obtained before they would be returned.

Western Union quickly filed a motion to challenge the seizures, which were halted pending the outcome of a court ruling. In Tuesday's ruling, a judge in the state Superior Court in Maricopa County found in favor of the company, saying the state's seizure warrant is "invalid" and "unconstitutional" because the state lacks jurisdiction outside of its borders.

Western Union, a force in global money transfers, operates through a network of about 285,000 agent locations in 200 countries.

Arizona Judge Strikes Down Effort To Seize Immigrant Smuggling Money (FINDLAW/AP)

By Jacques Billeaud, Associated Press Writer

AP, January 11, 2007

(AP) - PHOENIX-A judge struck down the first effort by prosecutors to seize suspected immigrant smuggling money flowing from other U.S. states into Mexico.

The ruling released Wednesday found the effort by the Arizona Attorney General's office was unconstitutional and barred prosecutors from seizing money that was not sent to or received in the state. Arizona is the United States' busiest illegal entry point.

For more than four years, prosecutors had used special court orders that allowed them to seize $17 million (â‚¬13 million) in wire transfers flowing to Arizona that authorities said were payments to smugglers.

Mexico depends heavily on money wired from Mexicans who are working in the United States. Some lawmakers in Mexico denounced the seizure effort.

The efforts were so successful that smugglers began to route their payments from other American states to Mexico, even as traffickers continued to sneak people in through Arizona, prosecutors said. Authorities responded by trying to seize money transfers going into the northern Mexican state of Sonora.

Western Union, the biggest wire transfer company operating in Arizona with more than 1,700 sites, challenged the move and persuaded a judge in September to temporarily put the broader approach on hold. The company argued state prosecutors had no power to interfere with transfers into another country. Prosecutors said the new approach was necessary because smugglers are still using Arizona as their illegal crossing point.

The new ruling concluded prosecutors had not shown they have jurisdiction for the broader approach and had not demonstrated that the Western Union customers in question were involved in crimes. It said the approach violated protections for interstate and international commerce under the U.S. Constitution.

Arizona Attorney General Terry Goddard, who planned to appeal the decision, said in a statement that the special court orders were responsible for deterring many illicit money transfers and led to the arrests of more than 100 immigrant smugglers, also known as "coyotes."

"It will not deter our efforts to use all legal means to apprehend 'coyotes' and fight human smuggling in Arizona," said Goddard, whose office has said immigrant smuggling in the state is a $1.7 billion (â‚¬1.3 billion) a year business.

Before a judge put the practice on hold in September, prosecutors were allowed to seize suspected smuggling transfers of $500 (â‚¬385) or more from 28 other American states to 26 locations in Sonora.

On the Net:

Western Union: http://www.westernunion.com

Arizona Attorney General: http://www.azag.gov/

Arrests Of World Trade Organization Protesters In 1999 At Issue In Seattle Trial (FINDLAW/AP)

By Gene Johnson, Associated Press Writer

AP, January 11, 2007

(AP) - SEATTLE-A lawyer for as many as 200 people arrested in an emergency "no protest zone" established during the 1999 World Trade Organization demonstrations asked a federal jury to hold the city accountable for violating the protesters' constitutional rights.

U.S. District Judge Marsha Pechman has already ruled that police made the arrests without probable cause. The protesters are hoping to prove the police had a policy of targeting protesters for their anti-WTO opinions, or at least that the actions of officers were approved by higher-ups; if so, the city could face millions of dollars in damages in a subsequent liability phase of the trial.

"My clients were not throwing bricks. They were not interfering with police," attorney Mike Withey said in his opening statement Tuesday. "The policy was to arrest people based on their viewpoint."

City attorney Ted Buck said the overwhelmed officers didn't care what opinions the protesters held; they simply wanted to keep the downtown core clear so that police, emergency workers, WTO delegates and others would be able to do their jobs.

The week of the arrests, about 50,000 protesters had swarmed Seattle, overwhelming police and closing down the WTO meeting. The mayor imposed a curfew and limited the downtown core to WTO delegates, police and emergency workers, store employees, residents and shoppers.

The area became known as the "no-protest zone," even though shoppers, residents and others allowed in the zone were not exempted from protesting.

The group of demonstrators were arrested when they marched within the zone, where they sat down, chanted and sang.

In pretrial motions, the judge found that police made no effort to determine whether the protesters were residents of the area, shoppers, delegates or had other reasons to be in the zone.

Republicans Seek To Keep Border Agents Out Of Jail (WT)

By Jerry Seper

The Washington Times, January 11, 2007

Republican House members yesterday asked President Bush to keep two U.S. Border Patrol agents out of prison pending their appeal of convictions for shooting a suspected drug smuggler in the buttocks as he fled into Mexico.

"Several discrepancies in the government's case strongly question whether justice has been served, and permitting these men to be incarcerated in the interim puts their lives at risk," Rep. Dana Rohrabacher of California said at a Capitol Hill press conference.

"We're going to find out whose side you're on ... the American people or the side of our enemies," Mr. Rohrabacher said in a reference to Mr. Bush. "If you let these two men go to jail for defending us, then we'll know you're on the side of our enemies."

He was joined by Reps. Duncan Hunter of California, Ted Poe of Texas, Walter B. Jones of North Carolina, Joe Wilson of South Carolina and Tom Tancredo of Colorado.

In lieu of a pardon, a letter petitioning Attorney General Alberto R. Gonzales was presented during the press conference asking the Justice Department to direct federal prosecutors not to oppose a motion filed in a Texas court to keep the agents free on bond during the appeals process.

Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October in federal court in El Paso, Texas, to 11 and 12 years, respectively, for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

A jury convicted the two agents in March after a two-week trial. They are scheduled to report to prison Wednesday. Compean and his wife, Patty, attended yesterday's press conference.

"I urge Attorney General Gonzales to allow these men to go free on bail while the appeals process is under way," Mr. Wilson said. "We must stand with our nation's heroes -- not the criminals who disregard our laws.

"Our border agents risk their lives daily to uphold our immigration laws and defend our borders," he said. "If the conviction of Ramos and Compean is an indication of how our government will repay them, we can be certain good men and women will soon flee the ranks of Border Patrol service."

Last month, Mr. Rohrabacher announced a petition drive calling for the commutation of the sentences for the two agents. His spokeswoman, Tara Setmayer, said yesterday the petition effort has garnered 220,000 signatures so far and will be presented to the president shortly.

Mr. Rohrabacher has called on Mr. Bush to "do the right thing and not allow the lives and families of these fine men to be destroyed."

Scott Stanzel, a White House spokesman, said it would be "inappropriate" to comment on any potential pardons. He directed inquiries to federal prosecutors.

The government brought the charges after Osbaldo Aldrete-Davila, a Mexican national, agreed to testify against the agents in exchange for a grant of immunity in a possible drug case. Ramos and Compean found 743 pounds of marijuana in a van Mr. Aldrete-Davila abandoned near Fabens, Texas, near the U.S.-Mexico border.

Mr. Aldrete-Davila was shot after he ignored efforts by the agents to stop the van. Court records show he jumped from the vehicle and ran south to the Rio Grande. Although wounded, Mr. Aldrete-Davila crossed the border and escaped in a waiting van.

·Stephen Dinan contributed to this article.

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Officer's Exoneration In Teen's Death Stirs Calls For Civilian Oversight (LAT)

By Matt Lait And Steve Hymon, Times Staff Writers

The Los Angeles Times, January 11, 2007

LAPD panel's secret decision to exonerate the officer who shot Devin Brown brings calls for public access to disciplinary hearings.

Angered by an administrative panel's secret decision not to punish the Los Angeles Police Department officer who fatally shot a 13-year-old boy, City Council members and community leaders called Wednesday for increasing civilian oversight of misconduct cases and reopening them to public scrutiny.

"People are always going to have different views on how cops should be punished for shootings, but all the facts should be out in the open and there ought to be accountability for the ultimate decision-makers," said Councilman Jack Weiss, head of the city's Public Safety Committee.

Weiss said he would hold a joint hearing with the Police Commission in upcoming weeks to discuss ways to make LAPD discipline "more transparent."

Other city officials, including Mayor Antonio Villaraigosa, also said they were disappointed to learn that an internal LAPD disciplinary panel meeting held behind closed doors this week rejected the civilian Police Commission's findings that Officer Steven Garcia should be punished for the Feb. 6, 2005, shooting of Devin Brown.

"I supported the Police Commission decision in this matter," Villaraigosa said. "That should tell you my feelings about this."

Some city leaders were even more outraged that the decision was shrouded in secrecy.

"This lack of public disclosure deepens suspicion in the African American community that the LAPD is more interested in protecting officers than in curbing police abuse," said Earl Ofari Hutchinson, president of the Los Angeles Urban Policy Roundtable.

Councilman Bernard C. Parks, who led the LAPD from 1997 to 2002, said holding disciplinary hearings in private undermines confidence in the Police Department.

"After 30 years of progressive efforts to make the public aware, we've had a complete reversal," Parks said. "This is unraveling decades of hard-fought battles."

Although disciplinary hearings have historically been open to the public, police officials changed department policy late last year in response to a state Supreme Court ruling that restricted access to law enforcement personnel records in a San Diego case.

Parks said the LAPD is going beyond what the court decided in that case — Copley vs. Superior Court — noting that the ruling "specifically says it does not address meetings."

Police Chief William J. Bratton and Police Commission President John Mack said they support greater public openness, but were compelled to close hearings because of legal advice from City Atty. Rocky Delgadillo, who has interpreted the court's ruling as giving officers broad privacy protections. A spokesman for Delgadillo's office declined to discuss the advice, saying such matters were confidential.

Even though Bratton and commission officials touted their desire to provide greater public access, in many ways they have been more secretive about police conduct than past LAPD leaders.

Last year, for example, the Police Commission changed a decades-old policy and began issuing public reports without the names of officers involved in shootings. At that time, state Sen. Gloria Romero (D-Los Angeles) offered to sponsor legislation to ensure that names would not be struck from public police records if commission members had concerns about potential court restrictions.

On Wednesday, Romero said she had not heard from commission officials since the court decision.

"My offer still stands," Romero said. "If the city of Los Angeles, from the mayor to the City Council to the commission, want help, I can carry the legislation…. It's a sad day for those of us who believe that policing should be done in the public."

Romero said the developments in the Brown case also show that the commission needs greater power over officer discipline. Under the City Charter, the commission has the authority to set broad policy, but cannot independently impose discipline.

"On paper, there is civilian oversight, but this illustrates that the commission has no teeth. Its teeth got kicked out inside a closet."

Several council members said they would support any legislative remedy to reopen boards to the public, whether by state legislative action or a change in the City Charter.

"Boards," Parks said, "should always be open."

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Councilman Greig Smith, a reserve LAPD officer, was one elected official who believed that the disciplinary panel was right to exonerate Garcia.

"The Police Commission is the one that erred," Smith said.

Smith also supported closed discipline hearings, saying it protects the rights of the innocent.

"I understand their concerns," Smith said after hearing Hutchinson's comments. "But these are the same people who have been criticizing the Police Department for as long as I can remember, and no matter what we do they will not be satisfied."

Two years ago, when the Brown shooting occurred, community activists accused Garcia of using excessive force.

The officer mortally wounded Brown near 83rd Street and Western Avenue in South Los Angeles as the boy backed a stolen Toyota Camry toward a police car after a brief car chase. Police said Brown was driving erratically and that they suspected him of drunk driving.

Garcia, who was unaware at the time that the vehicle was stolen, fired 10 shots, hitting the youth seven times. The Police Commission, in a 4-1 vote, determined that the shooting violated department rules, saying that evidence showed Garcia was outside the path of the vehicle and in no danger at the time he opened fire. Commissioners said they expected Garcia to be punished. The city also agreed to pay $1.5 million to settle a wrongful-death lawsuit brought by Brown's family.

Although police sources confirmed to The Times that the LAPD administrative panel found that Garcia's actions were justified, the rationale for the decision remains secret.

On Wednesday, as elected officials voiced concern over the panel's vindication of Garcia, residents in South Los Angeles expressed disappointment but were less surprised.

"This is so unfair," said Mollie Bell, a local activist. "In this profession, they never mess up. They never make a mistake. Every day you hear about lawyers or politicians. They make mistakes on the job. They screw up. Doctors get fired for malpractice. Everybody gets punished except the police. They always come out on top."

Ed Brimmer, a 69-year-old retired LAPD detective who was awarded the department's Medal of Valor in 1971, saw the incident through the eyes of a veteran police officer.

"It's sad, it's very tragic," said Brimmer of the shooting. "But I don't think the officer got up that day and said, 'I'm going to go kill a black child.' Police officers are afraid too. They have to protect themselves too."

Rod Wright, a former assemblyman, said he's seen cases like this before.

"In this case everybody loses," he said. "The Police Commission said the shooting was out of policy, the council approved a settlement, the police chief said it was justified and now there's no punishment. Who's in charge?"

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Times staff writers Tony Barboza, Duke Helfand, Patrick McGreevy, John Mitchell and Jim Newton contributed to this report.

University Of Michigan Drops Affirmative Action For Now (WP/AP)

By David N. Goodman, Associated Press

The Washington Post, January 11, 2007

School Will Continue Its Legal Fight Against a Ban on the Practice, However

The University of Michigan announced Wednesday that it will comply with a new voter-approved ban on affirmative action and immediately stop considering race and gender in admissions.

The move came in the middle of the admissions process for next fall's freshman class. The university has already begun sending out acceptance and rejection letters.

The state constitutional amendment approved by the voters in November banned the use of race and gender preferences in public university admissions and government hiring and contracting.

After it passed, the university put its admission process on hold and asked the courts that it be given until summer to comply with the ban, saying it would be too disruptive to change its policies now. But a federal appeals court said no.

"We cannot sustain any further delay in our admissions process without harming our ability to enroll a class of students for the 2007-08 academic year," said Teresa A. Sullivan, executive vice president of academic affairs.

The university will continue its legal challenge of the measure in the meantime, Sullivan said.

"This is a big step forward, there's no doubt about it. It's good news," said Terence Pell, president of the Center for Individual Rights, a group that sued to force immediate compliance with the ban. "It's a watershed moment."

The university said that it would use other criteria that are not explicitly race- or gender-based to achieve diversity. Those include geographic diversity, the level of education completed by students' parents, and whether students attended a disadvantaged school.

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Michigan: University To Comply With Ruling (NYT)

By Tamar Lewin

The New York Times, January 11, 2007

The University of Michigan acceded to a federal appeals court decision and said it would immediately comply with the state's new ban on affirmative action in public education, employment or contracting. The Michigan ballot initiative banning preferences based on race or gender passed overwhelmingly in November and was to go into effect on Dec. 23. But the University of Michigan, together with Michigan State University and Wayne State University, went to court seeking a six-month delay, on the ground that they were midway through an admissions cycle. A federal district judge granted the delay on Dec. 19, but on Dec. 29, a federal appeals court ordered immediate compliance.

Florida Adopts Plan For Mentally Ill Inmates (NYT)

By Christine Jordan Sexton

The New York Times, January 11, 2007

TALLAHASSEE, Fla., Jan. 10 — About 300 mentally ill inmates in county jails throughout Florida will eventually be moved to psychiatric hospitals and residential centers for treatment after state lawmakers agreed on Wednesday to an emergency spending measure.

The Legislative Budget Commission, a panel of the Florida Legislature meeting in an emergency session, voted unanimously to spend nearly $19 million before July 1 to provide 373 more psychiatric beds for mentally ill inmates and more community services for mentally ill people at risk of being jailed.

The decision comes after a state circuit judge charged Lucy Hadi, the former secretary of the Department of Children and Families, with indirect criminal contempt for keeping mentally ill inmates in jail longer than state law allows. Ms. Hadi, who resigned last month, was fined $80,000.

State law requires the department to move inmates found incompetent to stand trial from county jails to psychiatric hospitals within 15 days of receiving a commitment order. The number of inmates found incompetent has increased by 16 percent over the last two fiscal years. As of Tuesday, nearly 250 mentally ill inmates had waited more than 15 days for treatment. In all, nearly 300 inmates are waiting for treatment.

"The state has not sat idly by," said Bob Butterworth, the new secretary of the Department of Children and Families, a Democrat chosen by Gov. Charlie Crist, a Republican, to head the beleaguered agency. "We've taken action. That's all we can do."

The extra beds will cost $16.6 million and be scattered across the state at private centers and state-run hospitals. One hundred secure beds, where patients are constantly supervised, will be available in South Florida by May, said Don Winstead, deputy secretary of the Department of Children and Families. The state plans to have a total of 1,822 secure and residential beds by June.

Lawmakers also approved spending $3.1 million more to provide other services for the mentally ill, like housing, medication stipends and outpatient mental health services.

To continue to provide the additional beds and support services beyond June, however, the Legislature will need to appropriate an additional $54.5 million, state budget analysts say. Mr. Crist said the Legislature had a duty to provide the additional money.

State Senator Stephen R. Wise, Republican of Jacksonville, said the state should try to save money by providing more residential treatment beds, which are less expensive than the secure beds.

"I don't want to be able to buy a Ferrari," Mr. Wise said, "but I want to have the option of being able to buy a Prius or a Buick or something less expensive than a Ferrari."

The Michael Nifong Scandal (WSJ)

By Dorothy Rabinowitz

The Wall Street Journal, January 11, 2007

No one could have imagined, when the story began last March, how soon and completely that bit of shorthand -- "the Duke University scandal" -- would be transformed.

Scarcely 10 months after, the term is now almost universally understood as a reference to the operations of Michael Nifong, the Durham County district attorney (pictured nearby), whose abandonment of all semblance of concern about the merits of the rape and assault accusations against three Duke University students was obvious from the first. So was his abundant confidence while broadcasting comments on the guilt of the accused. He seemed a man immune to concerns for appearances as he raced about expounding on the case against the accused lacrosse players and calling them hooligans. He would hear

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nothing by way of concern from Duke administrators (seven months into this affair, the university president did find an opportunity to mention the accused students' right to a presumption of innocence) -- and certainly none from the politically progressive quarters of the Duke faculty who lent their names to an impassioned ad thanking everyone who had come out to march in protest against the rape and assault of the exotic dancer; 88 faculty members signed it, among them such Duke luminaries as Alice Kaplan, author and student of fascism, and Frank Lentricchia, literary critic.

Unable to take part in the ad signing, Duke's administrators nonetheless found ways to identify with its spirit. Soon after news broke of the Duke athletes' alleged brutish sex crimes against a black woman, the administration undertook a well-publicized campaign targeting the entire lacrosse team for offensive behavior. President Richard Brodhead was, it seems, barely able to recover from the shock of his discovery that a party thrown by male jocks could occasion heavy drinking. And related loutish behavior. Not to mention a stripper. Lacrosse was suspended for the season, and the team coach, Mike Pressler, was shortly after forced to resign. Mr. Brodhead in due course reinstated the team, but on probation, and with conditions, i.e., no underage drinking and disorderly conduct, and no harassment. The members of other Duke organizations, sports teams included, which had sponsored parties where alcohol flowed freely and which had featured strippers -- an informal count reveals at least 20 known to have done so -- no doubt understood that they faced no similar disciplinary action. The reason for the moral-cleansing program devised for the lacrosse team could scarcely have been missed.

Mr. Nifong's confidence that he had nothing to fear from establishment opinion or from the leaders of the great university as he bounded about making hash of the rules of justice -- prime among them the accused's right to a presumption of innocence -- proved justified. And might have remained so longer but for the catastrophic effects of the accuser's unraveling stories.

Mr. Nifong is no anomaly -- merely a product of the political times, a prosecutor who has absorbed all the clues about the sanctified status now accorded charges involving rape, child sex-abuse and accusations of racism. Which has in turn ensured their transformation into weapons of unequalled power. Like others before him, the DA quickly grasped the career possibilities open to him with such a case and proceeded accordingly -- denouncing racism, and the rape and assault of a helpless black woman, and the Duke athletes guilty of these crimes in every media interview available to him (and they were many). * * *

For all the public shock and fury over his behavior, there is little that is new or strange about Mr. Nifong. We have seen the likes of this district attorney, uninterested in proofs of innocence, willing to suppress any he found, many times in the busy army of prosecutors claiming to have found evidence of rampant child abuse in nursery schools and other child-care centers around the country in the 1980s and throughout most of the '90s. They built case after headline-making case charging the mass molestation of small children, and managed to convict scores of innocent Americans on the basis of testimony no rational mind could credit. Law officers who regularly violated requirements of due process in their effort to obtain a conviction, they grasped the special advantage that was theirs: That for a prosecutor dealing with molestation, and wearing the mantle of avenger, there was no such thing as excess, no limits to what could be said of the accused. In court, rules could be bent, any charges presented, and nonexistent medical evidence proclaimed as proof positive of the accusation.

In his role of avenger of a young black woman alleged to have been brutalized by white males, Mr. Nifong proceeded with similar assurance. His was a crusade. Who but enemies of the good would object? Confronted with hard questions about his evidence, whether from the defense or the press, Mr. Nifong answered that these challenges were all designed to intimidate the rape victim. More than once the DA suggested, as criticisms of his case multiplied, that he was himself a victim of the press. He could have had little complaint, last summer, about the New York Times, which provided its own reports on the Duke story. It maintained that that the DA's case had been distorted by the defense and that there was, in fact, a body of evidence that supported the decision to take the case to a jury. A close study of this work's wondrous logic, and of its body of evidence, should provide rich material for students of the press for years to come.

The jury to which Mr. Nifong played -- the black population of Durham -- duly helped re-elect him. This could not prevent his case of rape and abuse against the three Duke students from coming undone, thanks in part to his own heedless behavior but mainly to the accusing dancer herself, whose shifting stories and checkered past could not be hidden.

Mr. Nifong had, of course, nothing like the advantages of nursery school prosecutors: endearing 4- and 5-year-old witnesses clutching teddy bears, who came to court to recite lies they had been cajoled into inventing, about how the accused had raped and stabbed them, cut off the legs of animals -- the kinds of charges mounted, against elderly Violet Amirault of Massachusetts and her adult children Cheryl and Gerald, proprietors of the respected Fells Acres Day School. Many like them were caught up in the era's whirlwind of accusation and sensational trials invariably leading to conviction, on which ambitious prosecutors built careers. Almost all those cases would ultimately be thrown out by appeals courts, most of the time not before those convicted had served long years and paid with the ruin of their lives.

Mr. Nifong's case has come undone long before any trial, fortunately for the three Duke students charged. They have had, nevertheless, a powerful taste of what it means to have been named and despised as perpetrators of abhorrent sexual crimes. I

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could go to prison for 30 years, Reade Seligmann, one of the accused, told the late Ed Bradley during a "60 Minutes" interview last October -- and "for something that never happened"

Neither Mr. Seligmann nor the other accused Duke students will ever have to contend with a punishment like the one meted out to Gerald Amirault, who was sentenced to a 30- to 40-year term for something that never happened -- atrocious sex crimes that never took place, of which there was no physical evidence, or anything resembling a credible allegation. What did it matter that the child's testimony that resulted in Gerald's conviction had claimed rape with a large butcher's knife -- one that had magically left not the slightest injury? The jury's most important duty was, the prosecutors informed them, to believe the children and show that they honored their testimony. The same young witness also testified that Gerald was accompanied by a green, silver and yellow robot, R2-D2, from "Star Wars."

What did it matter, either, that special judicial hearings about the Amiraults' prosecution had concluded that it was a travesty, that a tough panel of former prosecutors, the Governor's Board of Pardons, had virtually declared Gerald Amirault innocent and voted for commutation of his sentence -- or that he was finally granted parole nearly three years ago, after nearly 18 years' imprisonment? He was almost immediately classified by Massachusetts's Sex Offenders Registry Board as a Level 3 offender. The kind, that is, deemed the most dangerous and most likely to re-offend. This bizarre classification, the board made clear, had to do with the number of counts of sex abuse charged to him -- and the fact, too, that he continued to deny guilt. He now has to wear a large tracking device around his ankle, and obey a curfew confining him to the house from 11:30 p.m. to 6 a.m. every day. He has, not surprisingly, been unable to find a job. He is sustained, as ever, by the unstinting devotion of his family, and he grieves now mainly for the loss of the chance he had dreamed of in prison -- of earning a salary and finally lightening the burden his wife had carried, uncomplaining and alone, during his years in prison. (He has recently been advised of pending legislation that will require him to pay $10 a day for the global positioning tag on his leg, that tracks him.)

The accused Duke students can be grateful that the case against them has collapsed, and that Mr. Nifong now confronts a serious ethics complaint filed by the North Carolina State Bar. They will never have to face anything like the malignant force which descended on the happy and ambitious Amiraults in 1984, and turned their lives to dust. But Reade Seligmann, David Evans and Collin Finnerty have this year had a look into an abyss that has claimed many others, and that is never less than terrorizing. It is a piece of their Duke education they are unlikely to forget.

Ms. Rabinowitz is a member of The Wall Street Journal's editorial board.

ANTITRUST:

US Airways Raises Bid For Delta To $10.2 Billion (WP)

By Del Quentin Wilber

The Washington Post, January 11, 2007

US Airways turned up the pressure yesterday in its hostile takeover bid for bankrupt Delta Air Lines by boosting its offer, setting a February deadline for action and sending its top executive to Capitol Hill to reassure legislators that a merger would not harm consumers.

The push comes as US Airways appeared to have lost some momentum in its effort to entice Delta's creditors to accept its bid. Yesterday, it increased its original offer, about $8.6 billion, to $10.2 billion, including $5 billion in cash and nearly 90 million shares of US Airways stock.

Attorneys representing Delta's creditors committee did not return phone messages or e-mails seeking comment. US Airways chief executive W. Douglas Parker said in an interview that his company increased its bid because he "wanted to remove any doubt as to which proposal offered more money to the creditors."

With creditors considering "the risk of our plan against the risk of a stand-alone plan," US Airways wanted to "make that choice that much easier for them," Parker said.

Analysts yesterday said US Airways' latest offer would probably be taken seriously by Delta's creditors. "While it is likely that a US Airways-Delta merger could take longer to close than Delta emerging from bankruptcy, one cannot ignore the magnitude of the cash component" of the offer, Merrill Lynch analyst Michael Linenberg wrote in a research note.

Parker set a Feb. 1 deadline for creditors to respond to the offer by meeting conditions that would include Delta opening its financial books for review. US Airways is running against a deadline to reap the benefits of combining the carriers while Delta is still under Chapter 11 bankruptcy protection.

With Delta in bankruptcy protection, US Airways could more easily rework contracts and leases for planes and other high-cost items.

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Last month, Delta submitted a reorganization plan to the U.S. Bankruptcy Court that valued the company at $9.4 billion to $12 billion. Its chief executive, Gerald Grinstein, said in an interview last month that he wanted Delta to emerge from bankruptcy protection as a stand-alone carrier. He shrugged off suggestions that he would seek partners.

But reports on the Wall Street Journal's Web site yesterday indicated that executives at Delta and another carrier in bankruptcy protection, Northwest Airlines, have been discussing a merger. Representatives of both airlines declined to comment on the reports.

US Airways' original bid for Delta in November sparked speculation in the industry about potential mergers. Continental and United airlines have been talking, according to sources with knowledge of the conversations. And Northwest has asked a bankruptcy judge for permission to hire financial consultants to help it plan for the possibility of a merger.

The merger talk led the Senate Commerce Committee to announce that it would hold a hearing on the issue Jan. 24. Committee Chairman Daniel K. Inouye (D-Hawaii) did not respond to requests for comment.

Delta is based in Atlanta, and Georgia's senators have been critical of the proposed US Airways-Delta merger and sent a letter to the Commerce Committee requesting the hearing.

Calling US Airways a "bottom fisher" for targeting Delta as it attempts to emerge from bankruptcy protection, Sen. Johnny Isakson (R-Ga.) said in an interview that a merger would hurt consumers because a combined airline would cut flights to small and mid-size markets now served by both carriers.

When US Airways announced its offer, Isakson said he called U.S. Attorney General Alberto R. Gonzales to urge his department to "purse every competitive issue they need to pursue." The Justice Department would analyze a potential merger between the airlines for antitrust violations.

Congressional concerns about a merger prompted Parker to visit a dozen legislators on Capitol Hill this week. He declined to identify the lawmakers but said he looked forward to the possibility of testifying before the Commerce Committee.

"It will give us the opportunity to explain . . . that this is good for consumers and good for our industry," he said.

Some analysts said that a deal would face serious obstacles and that creditors may not be swayed just by the extra cash. The creditors could decide that the money would not make up for the headaches of a potentially grueling regulatory approval process at the Justice Department. Also, executives would have to combine two very different workforces -- one of which is fiercely fighting a merger, the analysts said.

"The creditors are sitting there going, 'It's more money, but will it get done?' " said Helane Becker, an analyst with the Benchmark Co. Delta coming out of bankruptcy protection "is the safer offer because it is the one that gets done sooner rather than later."

Staff researcher Richard Drezen contributed to this report.

US Airways Pumps Up Hostile Bid For Delta (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 11, 2007

The merger plot just thickened at Delta Air Lines.

US Airways bumped up its takeover bid for the Atlanta-based airline by 20 percent Wednesday, to $10.3 billion, adding a Feb. 1 deadline in a move to pressure Delta's bankruptcy court creditors — who have a big say in whether the deal goes through.

Industry analysts said that should give Tempe, Ariz.-based US Airways a better shot at persuading the creditors to choose its hostile takeover bid over Delta management's plan to emerge from Chapter 11 as an independent carrier.

But a report also surfaced that Delta and Northwest Airlines, also in Chapter 11 proceedings, have had talks about a possible merger after they both exit bankruptcy.

Citing unidentified sources, the Wall Street Journal reported that the two airlines were talking at various levels of management.

It said Delta and its creditors may see a post-bankruptcy link-up with Northwest as a better alternative to the US Airways bid. The Journal also said Delta and United Airlines have had contacts.

A merger involving Delta and any of those possible partners would create the world's biggest airline. It would require approval of the U.S. Justice Department, which historically has taken a dim view of such large-scale deals.

Delta declined to comment on the report. It could be holding limited talks with other carriers as part of its obligation to creditors. Under bankruptcy law, Delta's management has an obligation to creditors, the ultimate owners of the reorganizing company, to seriously examine options.

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Delta executives have rebuffed the US Airways bid — first launched in November — and insist they want to bring the airline out of Chapter 11 on its own. But they have not ruled out later deals. Indeed, CEO Gerald Grinstein has long predicted an eventual industry consolidation.

Delta said in a statement that its board will review the revised US Airways offer. But it added: "On its face, the revised proposal does not address significant concerns that have been raised about the initial US Airways proposal and, in fact, would increase the debt burden of the combined company by yet another $1 billion."

Still, the sweetened US Airways offer and the reported talks with Northwest propelled speculation that Delta will ultimately find itself in a deal.

"Delta was in play before," Anthony Sabino, professor of law and business at St. John's University in New York, said in an e-mail. "Now it's really up for grabs." Sabino predicted US Airways may raise its bid again, perhaps to $11 billion.

"Jerry Grinstein is not getting much sleep these days. He's thinking 'Doug Parker (US Airways CEO) is after me. Who else is going to call?' " said Sabino.

US Airways' fattened offer includes $5 billion in cash to creditors and 89.5 million shares in the merged airline, up from $4 billion cash and 78.5 million shares initially. That boosted the offer's market value to $10.3 billion, from $8.5 billion.

Delta's stand-alone reorganization plan, filed last month, calls for creditors to get stock in the reorganized company, which it says would be worth up to $12 billion. Some analysts have predicted Delta will have to add a cash payment to its plan.

Calyon Securities analyst Ray Neidl said US Airways boosted its odds that it will succeed from 40 percent to 50 percent, saying the new bid will be "very attractive" to creditors.

But creditors still have to worry that the Justice Department may block the merger, he noted. That would not only kill the deal but also could delay Delta's Chapter 11 exit.

The idea of a post-bankruptcy merger of Delta and Northwest "sounds credible," said Neidl. He said it would probably result in Delta's management remaining in charge.

That would negate at least some of the opposition among Delta workers to a US Airways deal, in which the Arizona carrier would be expected to run the new airline and call the shots on the headquarters location.

Neidl also said he thinks a Delta-Northwest deal would pass Justice scrutiny more easily because the two carriers have less route overlap.

But Parker made it clear US Airways isn't giving up.

"Simply stated, it is time for the process to move forward," Parker said in a conference call Wednesday.

He said he expects Delta creditors will agree to support the initial steps of a merger, such as beginning so-called "due diligence" of the proposed combination and asking federal regulators to begin an antitrust review, by the Feb. 1 deadline.

Parker, in an interview with The Atlanta Journal Constitution nine days ago, said, "We don't feel any need to amend the [initial] offer."

He said Wednesday that his airline decided to raise the offer after "more conversations with creditors," including a meeting Monday with retired Continental Airlines CEO Gordon Bethune, recently hired by Delta's unsecured creditors committee to help it evaluate the US Airways bid vs. Delta's stand-alone plan.

Bethune presented his report to the committee Wednesday.

"It was quite clear as we had more conversations that they ... didn't see as clearly as we did that our proposal had so much more value that it justified the risk of going forward with us," Parker said. "We came to the conclusion that we should make the decision much, much easier for them."

Delta's unsecured creditors committee — which includes big suppliers, banks and the carrier's pilots' union — is a key player in determining the outcome of the takeover bid and is quietly evaluating both Delta's stand-alone plan and the US Airways offer.

The committee hasn't given a public reaction to the merger offer so far. Leaders of Delta's pilots' union oppose it.

"We're 100 percent focused on killing this US Airways hostile merger," union chief Lee Moak said Wednesday. He declined to even address the reported talks with Northwest. "Our goal is to emerge from bankruptcy as a stand-alone carrier. We're not even considering anything else."

Staff writer Dave Hirschman contributed to this article.

US Airways Increases Bid For Delta (AP)

By Harry R. Weber, The Associated Press

AP, January 11, 2007

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ATLANTA -- US Airways increased the pressure on Delta Air Lines' unsecured creditors to take its buyout offer by raising the bid Wednesday nearly 20 percent to $10.3 billion. Whether the deal would survive regulatory scrutiny may be the deciding factor.

The Tempe, Ariz.-based company also set a Feb. 1 deadline for certain conditions to be met or its entire bid would be revoked.

The ball is now in the creditors' court.

The question is whether they want to take the money US Airways is offering and run the risk of a long regulatory fight, or stick with Delta's plan to emerge from bankruptcy by the middle of this year as a standalone company worth $9.4 billion to $12 billion.

Daniel Golden, a lawyer for Delta's official unsecured creditors committee, did not return several phone calls Wednesday seeking comment. Most of the large creditors on the committee have refused to discuss their position publicly, except Delta's pilots union, which opposes the merger.

An unofficial group of unsecured creditors issued a statement calling on Delta "to provide thoughtful and unbiased consideration" to the enhanced offer. It urged the airline's management to cooperate fully with US Airways' efforts to get information and not to deter alternatives from other companies that could provide stakeholders greater recoveries than under a standalone reorganization. The group represents creditors holding about $2.3 billion in claims against Delta.

Delta management has argued that the combination of US Airways and Delta would not receive regulatory approval because of the overlap of the two carriers' routes. US Airways says there wouldn't be any regulatory holdup.

A Jan. 24 hearing has been scheduled by the Senate Committee on Commerce, Science and Transportation on the state of the airline industry and the potential impact of airline mergers.

Ray Neidl, an airline analyst with Calyon Securities in New York, said the increased offer will be more attractive to Delta's creditors, but the great unknown is whether regulators would approve the deal.

"In my opinion, that's going to be the main thing," Neidl said, adding that he gives the US Airways bid a 50-50 chance of being successful.

US Airways Group Inc. Chief Executive Doug Parker told analysts Wednesday there's an easy way to know who is right on the regulatory issues.

"Let's just go ask them and find out," Parker said of regulators. Parker was in Washington on Wednesday to talk to lawmakers.

Delta Air Lines Inc. said in a statement Wednesday that its board will do its duty to review the revised offer by US Airways. But, the Atlanta-based airline added, "On its face, the revised proposal does not address significant concerns that have been raised about the initial US Airways proposal and, in fact, would increase the debt burden of the combined company by yet another $1 billion."

Added Kelly Collins, a spokeswoman for Delta's pilots union, "We remain entirely committed to defending our airline from this hostile merger attempt."

US Airways said it would raise its offer by $1.7 billion from its Nov. 15 bid that was currently valued at $8.6 billion.

The decision to increase the offer was reached over the weekend after US Airways officials met to discuss it. On Monday, the carrier's executives met with Gordon Bethune, the former Continental Airlines chief who is working as a consultant to Delta's creditors committee. Bethune urged US Airways to put its best offer forward, according to an official with knowledge of the meeting who spoke on condition of anonymity because of the sensitivity of the talks.

US Airways shares rose $1.03, or 1.8 percent, to close at $58.93 in trading Wednesday on the New York Stock Exchange, boosting the value of the revised offer.

The increased offer comes just two weeks after Parker told The Associated Press that his company had no intention at the time to increase its bid.

Even so, Parker did not exactly rule out at the time the possibility of changing his mind about the price.

Parker said Wednesday that US Airways was raising its offer to remove any doubt that its bid was worth more than Delta's plan to remain a standalone carrier.

"Right now, we feel very good about our chances of getting this done" despite Delta management's position, Parker said in a conference call with analysts.

Parker said in an interview Wednesday that Delta's official creditors committee did not ask US Airways to raise its offer, but it indicated it was having a hard time reaching a decision.

"We just wanted to make it a much, much easier analysis for them, and today we've done that," Parker said.

US Airways said the increased offer is set to expire on Feb. 1 unless creditors indicate support for the start of the due diligence process, which would open up Delta's books to US Airways. US Airways also wants support by the creditors for

postponing a Feb. 7 bankruptcy hearing involving Delta's reorganization plan, and it wants the creditors committee to support both companies filing paperwork with the Justice Department that would start the regulatory process.

Parker said "the offer would go away in its entirety" if those conditions were not met.

Parker also suggested US Airways isn't too worried about Delta management's position.

"We would very much like to see Delta management begin to work with us and support this transaction, but that's not what this proposal is about," Parker said.

The increased bid includes 89.5 million shares of US Airways stock and $5 billion in cash. The original offer included 78.5 million shares of US Airways stock and $4 billion in cash.

Based on the Delta's valuation method, US Airways estimated that its increased bid could actually be worth $12.7 billion to $15.4 billion. Those valuation methods were not disclosed.

Delta's official unsecured creditors committee, which will play a key role in deciding the airline's future course, had said prior to Wednesday that it was reviewing both Delta's standalone plan and US Airways' buyout offer.

The committee also has said it would review any offers that came in from other airlines. But as recently as last month, Delta's chief financial officer, Ed Bastian, said there hadn't been any other offers. The Wall Street Journal, citing anonymous sources, reported Wednesday that Delta has been talking with Eagan, Minn.-based Northwest Airlines Corp. about a possible combination. Spokespeople for Delta and Northwest declined to comment.

The Feb. 7 bankruptcy hearing would be to consider approval of Delta's disclosure statement relating to the carrier's standalone reorganization plan.

The disclosure statement includes details on Delta's operations. If the statement is approved, that means Delta can begin soliciting votes on its reorganization plan, which typically takes four to eight weeks.

Parker has said previously that if that hearing were to go forward it could increase the urgency of US Airways' bid because US Airways hopes to consummate its deal to buy Delta before Delta emerges from Chapter 11.

Can Delta Win Battle To Keep Flying Solo? (WSJ)

By Corey Dade And Susan Carey

The Wall Street Journal, January 11, 2007

In the two months since US Airways Group Inc. announced its hostile bid for Delta Air Lines Inc., the embattled carrier has mounted a high-octane campaign of grass-roots organizing and fierce political lobbying to try to stay independent -- but all that has succeeded in doing is attracting a higher offer and a potential new suitor.

Yesterday, US Airways increased its bid to $10.3 billion, up 20% from its original proposal, while people familiar with the situation said there have been recurring talks between Delta and Northwest Airlines Corp. about the two combining when each emerges from bankruptcy later this year. While Delta maintains its insistence that its future is brightest as a stand-alone carrier, the talks with Northwest suggest that Delta executives are grappling privately with how much more the airline can afford to pay to creditors to remain independent. Northwest has emerged as a "promising third option," according to one person familiar with the matter.

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Northwest is expected to file its preliminary plan of reorganization in the next few days, and has been out raising equity capital to help fund the company once it leaves Chapter 11 in the second quarter. Northwest last month hired investment banking and restructuring advisers Evercore Partners Inc. to help it evaluate and possibly implement a merger, acquisition or other business combination.

Delta has also run the numbers on a potential merger with Northwest and continues to update the calculations as the two companies' reorganizations progress, according to a person with knowledge of the matter. Delta's creditors committee has directed its advisers to do the same and will meet with the airline in the coming days, another person said.

An important question for Delta's creditors: Does it make sense to pursue a merger in bankruptcy, which could extend Delta's stay in court protection and hamper business, or would the airline be better off weighing a combination once it emerges in April?

After waiting weeks to mount a counterattack against the original offer, Delta has become relentless in trying to defeat US Airways, using tactics ranging from 40 million e-mails to frequent fliers to "Keep Delta My Delta" buttons worn by airline employees.

US Airways Chief Executive Doug Parker said the efforts to fan opposition to the takeover haven't tilted the odds against his airline. "I don't believe that's the case at all," he said. Still, Mr. Parker said last week that he wasn't considering increasing the

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Tempe, Ariz., airline's initial offer because it was obviously superior to a restructuring plan proposed by Delta last month. But it became clearer since that creditors were "wrestling" with the two offers, he said yesterday.

J.P. Morgan analyst Jamie Baker wrote in a research note last month that Delta's "hard sell" has slightly improved its chances of remaining independent, though he expects the company will eventually succumb to US Airways or another merger partner.

The sweetened offer will test fragile allegiances Delta has been forging with pilots, other employees, customers and political leaders who were squeezed for concessions by Delta as it tumbled into bankruptcy in 2005. If it decides to increase its go-it-alone bid to creditors, Delta might be forced to shrink the amount of equity and profit-sharing that employees stand to get under the airline's current turnaround plan.

US Airways set a Feb. 1 deadline for its latest offer, comprised of $5 billion in cash plus 89.5 million shares of US Airways common stock. That likely will force creditors to start making up their minds sooner than the Feb. 7 bankruptcy-court hearing where Delta had hoped for approval to start asking creditors to vote on its plan. Yesterday, US Airways shares rose $1.03, or 1.8%, to $58.93 in New York Stock Exchange composite trading at 4 p.m., putting the value of the US Airways bid at $10.27 billion.

In a memo to employees, Delta Chief Executive Gerald Grinstein said the enhanced offer fails to "address serious concerns," including Delta's claim that the merger would cost thousands of workers their jobs and can't clear antitrust hurdles. The deal also would "increase the debt burden of the combined company by yet another $1 billion," he added.

To regain momentum for independence, Delta must now ratchet up its lobbying and organizing efforts while simultaneously giving creditors what they want most of all: more money. Delta is considering inviting a private-equity firm to invest in the airline, finding deeper cuts as part of its stand-alone restructuring plan or merging with someone other than US Airways, according to people familiar with the situation.

Delta's recent campaign is a sharp contrast with its flat-footed response to the original bid two months ago when Mr. Grinstein heard about it on the radio as he dressed for work. Mr. Grinstein's communications director had recently resigned, leaving behind a thin staff. And while US Airways approached Delta twice before going public with its hostile bid, Delta said little about the surprise offer for several days. Instead, executives kept their daily schedules.

Behind the scenes, Jim Whitehurst, Delta's operating chief, pressed Delta officials to fight toe-to-toe with Mr. Parker, arguing that Delta would win if it engaged creditors and other groups aggressively. Delta soon installed outside media consultant Cynthia Hudson, who helped during bitter pilot-contract negotiations, as temporary head of corporate communications, and turned to crisis-communications firm Kekst & Co. The New York company, which has worked with Delta for several years, helped Walt Disney Co. resist a takeover by Comcast Corp. in 2004.

Since then, Delta executives and lobbyists have been making the rounds on Capitol Hill, with their efforts gaining enough traction to force a Senate Committee on Commerce, Science and Transportation hearing Jan. 24 on the merger's potential impact on competition and customers. Mr. Grinstein, who has visited lawmakers personally, is expected to testify.

Meanwhile, a Delta employee group has been using part of its annual funding from the company to finance its "Keep Delta My Delta" campaign, which began the day after the bid.

The group has distributed buttons to 45,000 flight attendants, ticket agents and other Delta employees throughout the world, and the airline waived rules so workers can wear the buttons on their uniforms. The new keepdeltamydelta.org5 Web site solicits signatures for a petition that will be sent to the Justice Department, and Delta supplied an interactive map showing the negative effects it contends would result from a takeover.

The Air Line Pilots Association, which represents Delta pilots and holds one of the largest bankruptcy claims, has held demonstrations in a dozen cities, including a rally in Delta's home city of Atlanta last month that drew more than 3,000 current and retired employees, members of Georgia's congressional delegation and a day's worth of media coverage.

Delta has even started new service to Charlotte, N.C., and Pittsburgh, two US Airways hubs, as part of a push to project Delta as a vigorous, quickly recovering carrier.

Yesterday, US Airways launched its own takeover Web site called buildingabetterairline.com. In a letter to US Airways employees, Mr. Parker reiterated his pledge that no "frontline" workers will be laid off if the hostile takeover succeeds. Northwest declined to comment on its talks with Delta.

A New Focus On Delta Air As Deal Bait (NYT)

By Jeff Bailey

The New York Times, January 11, 2007

Delta Air Lines, in such dire straits a year ago that its chief financial officer called it “a company I’m not sure we could have given away,” is suddenly in great demand.

US Airways increased its unsolicited bid for Delta by more than 20 percent early yesterday, to about $10.3 billion. Hours later, Northwest Airlines emerged as a potential suitor.

Delta, according to people involved in the talks, is hoping to fend off US Airways, and has been in talks with Northwest for weeks. Both carriers are operating in bankruptcy, with plans to emerge later this year.

A Northwest bid would probably be preferable to Delta managers because the two airlines' route networks overlap less than with Delta and US Airways. A combination with Northwest is therefore likely to lead to fewer grounded planes, if any.

Delta would not comment on the Northwest talks, a spokeswoman, Betsy Talton, said. Roman Blahoski, a Northwest spokesman, also declined to comment.

The growing interest in Delta reflects the improving fortunes of the airline industry, which is starting to post rare profits, and also perhaps the start of a new wave of consolidation.

While the progress of any particular deal is a matter of conjecture, yesterday's events suggested that one or more airline mergers had become likelier than even a week ago.

Airlines, recovering from half a decade of huge losses, remain highly vulnerable to the next economic downturn, and many people see consolidation as a way to reduce costs and strengthen the industry's financial condition. United Airlines and Continental have been engaged in preliminary merger talks. And many analysts expect that a big merger could force one or two more.

US Airways, based in Tempe, Ariz., first offered $8 billion to buy Delta, of Atlanta, in mid-November. But the effort failed to gain backing from Delta creditors, who will control the carrier after bankruptcy.

Delta management has issued a stand-alone plan it said was superior to the offer from US Airways. A slow-moving series of meetings followed between creditors and representatives of Delta and US Airways, which served to pick apart competing proposals. And it appeared that the proposed big merger might dissolve.

That changed on Monday morning, when the Delta creditors' new consultant, Gordon M. Bethune, the 65-year-old former chief executive who turned around Continental Airlines, met with US Airways' chief, W. Douglas Parker, 45.

They met at the Midtown Manhattan offices of Citigroup, which is advising US Airways, Mr. Parker said. And, through a series of tough questions about the merger proposal, Mr. Bethune made clear that Mr. Parker should increase his bid to overcome creditors' doubts about the risks of the deal, according to Mr. Parker.

"He uses a lot of profanity; he asked a lot of questions," Mr. Parker said of Mr. Bethune in an interview. "It was clear they were still wrestling with our proposal. Was there enough reward to warrant the risk? He was very direct."

Mr. Bethune did not return calls seeking comment. Daniel H. Golden, a lawyer for the creditors' committee, declined to comment.

In the meantime, Delta management has been pursuing its plan to emerge from bankruptcy as a stand-alone airline and preparing for a Feb. 7 hearing on the plan. And it announced last week that it had agreed to buy 30 new regional jets, a move that flies in the face of Mr. Parker's plan to cut back the combined carriers under the Delta name.

"Those airplanes aren't consistent with our plan," Mr. Parker said.

So, seeing Delta potentially slipping away, he raised his bid, adding $1 billion in cash, for a total of $5 billion, and 11 million US Airways shares, for a total of 89.5 million, valued around $5.3 billion at yesterday's closing price of $58.93 a share. Delta creditors would receive 49 percent of the stock in the combined company.

The bid will expire Feb. 1 unless creditors come out in support of allowing US Airways to conduct due diligence on Delta, support a filing with antitrust regulators to begin a review of the proposed deal, and call for postponement of the Feb. 7 hearing on Delta's stand-alone plan.

Delta management valued the stand-alone plan at $9.4 billion to $12 billion, a range US Airways and some analysts said was based on overly optimistic estimates. Using Delta's valuation method, US Airways said its latest offer would be worth $12.7 billion to $15.4 billion. "The revised offer eliminates any conceivable doubt," Mr. Parker said.

Roger King, an analyst at CreditSights, agreed, saying the Delta management plan was almost certainly dead on arrival. "The entrance of Gordon Bethune is a major positive for" US Airways, Mr. King said.

Delta has said that US Airways' initial bid would not pass antitrust scrutiny because it added too much debt to the companies, and that it would further strain relations with workers. Delta said that it would review the new offer but argued that it raised the same questions.

The union representing Delta pilots said it was opposed to the US Airways proposal. And some union officials representing other US Air workers have expressed reservations about the combination because they had yet to enter into new labor contracts reflecting a merger in 2005 with America West.

Lee Moak, chairman of the Delta chapter of the Air Line Pilots Association, said the group voted yesterday to commit $15 million more to defeat the US Airways bid. "We will do everything we can to kill this merger," Mr. Moak said.

Delta And Northwest Merger Idea Has Its Advantages (AP)

By Joshua Freed

AP, January 11, 2007

MINNEAPOLIS - No one knows if Northwest and Delta airlines will end up together, but the idea strikes some observers as sensible.

Recurring talks between the two carriers have taken place, the Wall Street Journal reported on Wednesday, citing anonymous sources. Both airlines declined to comment. Even if managers at the two bankrupt airlines make a deal, creditors would have to approve, too.

But observers pointed out that Delta Air Lines Inc.'s routes have less overlap with Northwest than with US Airways, which has proposed buying Delta. Northwest's domestic routes are concentrated in the Midwest and Asia, while Delta is strong in the South and East and over the Atlantic.

Less overlap could mean less resistance from antitrust regulators, said former Northwest board member and Northwest Capt. Mike Ristow.

"In terms of a global network, they come up with something more attractive" than a Delta-US Airways merger would, said Daniel Kasper, managing director of aviation consulting firm LECG in Cambridge, Mass. LECG has done bankruptcy work for both Delta and Northwest.

The idea of one bankrupt carrier merging with another might seem far-fetched. But bankruptcy allows airlines to slash expenses for things like aircraft leases, debt, and workers. Among the older carriers that were around before deregulation, Delta and Northwest could end up as two of the healthier ones.

That means investors might be willing to put in new money, Kasper said.

It wouldn't be unreasonable for investors "to expect that the deal might be priced in a way that there would be some interesting upside potential coming out of it," he said. "I wouldn't have any trouble at all imagining money going into a deal like that."

Delta had rejected an offer from US Airways Group Inc., but US Airways raised its bid to $10.3 billion on Wednesday. Delta managers have said they want it to emerge as a standalone carrier.

Last month, Northwest disclosed that it had hired Evercore Partners to advise it on merger possibilities. At the time, Northwest Chief Executive Doug Steenland said it was hiring Evercore in case a merger proposal came along for Northwest.

"It remains our intention, and let me emphasize this, our intention to emerge from bankruptcy in the first half of calendar year 2007 on a standalone, independent basis," Steenland said in a hot line message to employees on Dec. 11.

The intention to emerge as a standalone carrier was absent from a message to employees on Wednesday in response to the Wall Street Journal story.

"Northwest intends to file its plan of reorganization in its Chapter 11 bankruptcy court prior to January 16, 2007 and to emerge from Chapter 11 in the second quarter of 2007. Northwest is monitoring developments in the airline industry and is committed to acting in the best interest of all of its constituents," the message said.

Northwest spokesman Roman Blahoski declined to comment on the difference between the two statements, or to comment on whether Northwest still intends to emerge as a standalone carrier.

Ristow said managers at Northwest and Delta talk to each other routinely about code-sharing and marketing partnerships.

"They don't talk about the competitive stuff because that's illegal, but they certainly have a real good idea of how each other operates, and whether they're compatible, and whether they make sense" as a merged operation, he said.

"It would be ridiculous to think that they haven't at least had some preliminary discussions."

Monsanto Expects DOJ Review To Delay Delta And Pine Merger (BZJRNL)

St. Louis Business Journal, January 11, 2007

Monsanto Co. said in a regulatory filing Tuesday that its proposed $1.5 billion acquisition of cotton seed breeder Delta and Pine Land Co. might be delayed past its mid-February targeted closing due to U.S. Department of Justice approvals.

In its quarterly regulatory filing with the Securities and Exchange Commission, Monsanto said that the deadline for the merger, initially announced in August, is Feb. 14, subject to an automatic extension of up to six months to complete regulatory reviews. The company said in the filing that it anticipates the regulatory process might extend beyond that date, invoking the automatic extension.

The merger has been approved by the boards of both company's and Delta's shareholders approved the deal Dec. 21. The transaction is being reviewed by federal and state authorities, including the Department of Justice.

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To make the deal more acceptable to regulators, Monsanto pledged in August to divest its Stoneville cottonseed business and is looking for potential buyers for that business.

Monsanto had agreed to buy Delta in a deal valued at $1.9 billion when it was first announced in May 1998, but the deal was aborted the next year after Monsanto couldn't reach a deal with regulators over antitrust concerns.

St. Louis-based Monsanto Co. (NYSE: MON - News) develops insect- and herbicide-resistant crops and other agricultural products.

A Public Pension Fund Sues Directors Of Caremark Rx (NYT)

By Gretchen Morgenson

The New York Times, January 11, 2007

A public pension fund in Louisiana has sued the directors of Caremark Rx, contending that their unanimous backing of the company's $21 billion merger with CVS over a rival $26 billion bid from Express Scripts improperly benefits Caremark executives at the expense of shareholders.

Among the benefits Caremark executives and directors will receive if the CVS deal goes through, the fund's lawsuit contends, are positions at the combined company and indemnification from penalties and fines that may result when criminal and regulatory investigations into possible stock option backdating by Caremark officials are concluded.

Yesterday, Express Scripts filed suit to block the CVS deal, arguing that the terms deal supported by the Caremark board prevents its directors from executing their fiduciary duties to shareholders.

The lawsuits, filed in Delaware Chancery Court, will once again bring the fiduciary duties of directors in the post-Enron world to the forefront. Delaware is where most major United States companies are incorporated.

Caremark accepted the CVS bid on Nov. 1, even though the stock-for-stock deal offered no premium to Caremark's market price at the time.

Caremark's directors have recommended that company shareholders approve the deal at a meeting that is expected to occur before March 16.

On Monday, Caremark rejected the $26 billion bid made on Dec. 18 by Express Scripts, saying that it would "result in a highly leveraged and weakened business" if it was approved by shareholders. The Express Scripts offer of $58.50 a share is approximately 15 percent higher than the CVS bid.

The lawsuit filed by the Louisiana Municipal Police Employees' Retirement System contends that the CVS deal is unfair to Caremark shareholders not only because its price is significantly below the rival bid.

The pension fund's lawyers also argue that Caremark directors improperly accepted deal protection provisions in the CVS bid that act to deter other bidders, effectively making the deal a fait accompli even before the shareholders vote.

First, there is the $675 million breakup fee to be paid by Caremark in cash to CVS, if the target walks away. Then, there is a so-called last-look provision, which gives CVS the chance to come back and top any rival bid.

"Any potential third-party bidders will be loath to invest the time and resources necessary to pursue a superior bid while knowing full well that CVS retains control of the bidding," the pension fund's lawsuit says.

The Louisiana fund accuses the Caremark board of supporting the deal to benefit Edwin M. Crawford, the company's chief executive, and other executives.

Under the terms of the deal, nine Caremark executives will join the combined company and Mr. Crawford will become chairman of its board and receive an estimated $48 million in exit pay. While he would probably receive a similar amount if Caremark sold out to Express Scripts, Mr. Crawford might not be asked to join the combined company under the terms of such a deal.

The Louisiana pension fund also noted that the CVS deal guarantees a job at the merged company for Mr. Crawford's son, Andrew. A Caremark proxy filed last year described the younger Mr. Crawford as senior vice president for industry analysis and underwriting.

The merger with CVS would also allow an unspecified number of Caremark directors — perhaps all of them — to get lucrative seats on the combined company's board.

In its offer, CVS has also agreed to cover any costs associated with stock option backdating at Caremark, practices that are under federal investigation and the subject of another civil suit filed against the company in Tennessee. That lawsuit has challenged 4.6 million options granted to Mr. Crawford as having been possibly backdated. Stock sales covered by those options generated $262 million for Mr. Crawford, the Tennessee lawsuit contends.

"The inequities could not be more apparent," said Gerald H. Silk, a lawyer at Bernstein, Litowitz, Berger & Grossmann, one of the firms representing the Louisiana fund. "Shareholders get a coercive, zero-premium deal while Crawford gets a $48 million payout, jobs for himself and his son and complete indemnification for his alleged option backdating transgressions."

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A Caremark spokesman called the pension fund's lawsuit meritless and said the company would defend against it vigorously.

As for the Express Scripts suit, he said it was a "frivolous" attempt to interfere with the CVS merger.

"Contrary to allegations made by Express Scripts, the provisions of the CVS merger agreement are lawful and appropriate," the spokesman said.

To be sure, many of the terms in the CVS bid for Caremark — the no-shop provisions and last-look opportunity — are common in the merger world.

But the suit filed in Delaware, comes at a time when directors' actions as fiduciaries for their shareholders are under increased scrutiny.

As a result, the case, which is being heard by Chancellor William B. Chandler III, provides an opportunity for him to opine on the matter of directors' duties broadly and whether the Caremark directors exercised those obligations in particular.

This is familiar territory for Chancellor Chandler, who oversaw the Disney case of 2005. In that case he chastised the company's directors for essentially rubberstamping a contract struck by Michael D. Eisner with Michael S. Ovitz that resulted in a $140 million severance payout after Mr. Ovitz was terminated a short time later.

Chancellor Chandler has asked for a hearing on the issues before Caremark's shareholders vote on the CVS bid, now scheduled to take place in mid-March.

In a Dec. 29 meeting with the parties in the case, Chancellor Chandler said that while he was certain Caremark would argue forcefully that its directors exercised their duties of care and loyalty to the company's owners, he also concluded that "there is a tenable argument on the other side, and nonfrivolous claims here on the other side, that at least need to be tested against a fuller record."

Caremark, Express Scripts Try To Sway Shareholders (Update1) (BLOOM)

By Robert Simison And Catherine Larkin

Bloomberg, January 11, 2007

Jan. 10 (Bloomberg) -- Express Scripts Inc. urged Caremark Rx Inc. shareholders to vote against a proposed $22.3 billion buyout by CVS Corp. while Caremark's chief blasted Express Scripts' $24.3 billion offer.

Rejecting the CVS deal would clear the way for Caremark's board to ``give proper consideration to any other offer which it receives, including our proposal'' in stock and cash, Express Scripts said today in a proxy statement. Caremark Chief Executive Officer Edwin ``Mac'' Crawford told investors the Express Scripts bid is hurting his ability to line up new contracts.

At the center of the dispute are competing proposals for restructuring the way Caremark handles a portion of the $251.8 billion in prescriptions distributed each year in the U.S. on behalf of employers and insurance companies. Buying Caremark would make Express Scripts the nation's largest manager of drug benefits. CVS, the second-largest U.S. drugstore chain, wants Caremark to gain power to negotiate medicine prices.

``This is a very, very powerful combination,'' Caremark CEO Crawford said at an investor conference in San Francisco today. ``I'm not going away. We're committed to making this work.''

Express Scripts sued Caremark today in Delaware Chancery Court in Wilmington, asking a judge to rule that a $675 million breakup fee if the CVS deal fails is ``unreasonable, unlawful and invalid.''

Seeking Injunction

The complaint seeks an injunction to bar the CVS merger and a Caremark shareholder meeting until ``directors properly review and fully inform the Caremark shareholders of Express Scripts' offer.'' Caremark directors rejected the bid on Jan. 8.

CVS, in a statement today, called the Express Scripts lawsuit a ``desperate attempt'' to derail its merger with Caremark, which CVS said has the backing of both companies' boards and strong support from customers and employees.

St. Louis-based Express Scripts said Dec. 18 that it offered $58.50 in cash and stock for each Caremark share. Express Scripts shares have fallen almost 5 percent since then, lowering the value of its offer to about $24.3 billion, based on today's closing price and data compiled by Bloomberg citing 426.5 million shares of Caremark outstanding as of Oct. 31.

Express Scripts fell 79 cents today, or 1.2 percent, to $65.27 at the close of Nasdaq Stock Market composite trading. Shares of Nashville, Tennessee-based Caremark were unchanged at $55.55 at 4 p.m. in New York Stock Exchange composite trading.

Value of CVS Offer

Woonsocket, Rhode Island-based CVS agreed Nov. 1 to exchange each Caremark share for 1.67 CVS shares. That deal is now valued at $22.3 billion, based on today's CVS closing price of $31.32 on the New York Stock Exchange.

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CVS announced after the close of markets that it had raised its quarterly dividend 26 percent to 4.875 cents, its largest-ever increase. John Heinbockel, an analyst at Goldman Sachs in New York, said in a note that the move may close the gap between the perceived value of the two offers and boost Caremark shareholders' confidence in CVS's growth prospects.

Express Scripts took steps to advance its offer yesterday by buying 591,108 shares of Caremark and saying that it planned to nominate four directors to the Caremark board. Express Scripts is seeking proxies from Caremark shareholders for the right to cast their votes in its favor.

Express Scripts told Bloomberg News it included certain types of stock options in the value of its offer, which would increase the deal's value to $24.9 billion according to Bloomberg calculations.

At today's investor conference, Caremark's Crawford said an Express Scripts takeover wouldn't provide strategic or financial benefits while creating the risk of government antitrust sanctions and hurting sales.

Contracts at Risk

Caremark may lose contracts that would generate more than $8 billion in revenue because of the threatened proxy fight as uncertainty makes customers less willing to sign new contracts for managing drug benefits, Crawford said.

``We are already being shut out by decision-makers" because of the possibility that Express Scripts may take over Caremark, Crawford said. ``They like us and our pricing, but they can't take the risk that we won't be in charge."

He cited a ``very large health plan" that may switch to Medco Health Solutions Inc., the No. 1 drug-benefits manager; ``a very large state" contract generating more than $1 billion that may be in jeopardy because of a lawsuit against Express Scripts, and a health plan in upstate New York. ``The list is long," Crawford said.

An antitrust delay in completing a takeover by Express Scripts ``will destroy the 2007 selling season and perhaps the 2008 selling season," Crawford said.

`Out of Thin Air'

Crawford accused Express Scripts of setting out to disrupt the planned combination with CVS and of making an estimate of $500 million in savings that was ``plucked entirely out of the air." A similar projection of savings from a CVS combination reflects a detailed assessment, he said. Caremark said the Express Scripts bid ``would result in a highly leveraged and weakened business."

Caremark said in a filing with the New York Stock Exchange yesterday that shareholders of record Jan. 15 will be eligible to vote on the CVS merger. Caremark hasn't set a date for the shareholder meeting. Express Scripts left the dates blank in its preliminary proxy statement.

``We urge you to send the company's board a clear message that a sale to CVS for little or no premium is not a desired outcome, and that they should take all necessary steps to maximize shareholder value," Express Scripts said in the proxy statement.

Express Scripts also asked the Delaware court to rule that its law firm, Skadden, Arps, Slate, Meagher & Flom, isn't conflicted because it once represented AdvancePCS, which Caremark bought.

Equity Office May Be In Play (WSJ)

By Dennis K. Berman And Jennifer S. Forsyth

The Wall Street Journal, January 11, 2007

Expectations were building last night that rival bidders might soon materialize to challenge the $20 billion buyout of Equity Office Properties Trust by Blackstone Group.

Top real-estate and private-equity investors were buzzing that a competing offer could come within a matter of days, possibly from an investment team led by real-estate maven Barry Sternlicht of Starwood Capital Group Global LLC and Neil Bluhm of Walton Street Capital. The two were seriously considering an offer last night, said one person briefed on their plans. The two still haven't completed financing for an offer. One possible funding source could be Cerberus Capital Management, a New York-based financial conglomerate, people familiar with the matter said.

A competing bid would set off what would be the most high-stakes and high-profile bidding war since the contest for RJR Nabisco nearly two decades ago. And it would be a potent indicator of the intensity of the competitive rivalry to buy companies. So far, buyout firms have observed an unstated gentleman's agreement not to top, or "jump" in Wall Street parlance, signed merger deals. But real-estate firms aren't party to that understanding.

The interest comes at a time when the debt markets are happy to throw money at mega deals. Borrowers have been able to attract capital at cheap rates, and what they can borrow as a percentage of the total value of assets is also high. Moreover, any buyer would likely split off some of the trophy assets to help pay for the deal -- part of Blackstone's plan.

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One major impediment to a rival bid are the matching rights enjoyed by Blackstone that allow the firm to match any price offered by a rival. A rival would also be under time pressure, given that the Blackstone deal is expected to close within three weeks.

Measured by current rental income, Blackstone's offer for the country's largest office-building owner and manager is already richly valued at some $36 billion, a figure that includes $16 billion of debt. But by at least one other important measure -- the price needed to replace the buildings in Equity Office's portfolio -- the deal doesn't look impossible to top.

A spokeswoman for Equity Office declined to comment. A spokesman for Mr. Sternlicht declined to comment. Mr. Bluhm didn't return calls for comment. Mark Neporent, Cerberus's chief operating officer, said that the firm "had no intention of submitting a bid." But Cerberus would be willing to provide debt financing to bidders.

Samuel Zell, Equity Office's founder and chairman, said in a previous interview with the Journal that it agreed in its negotiations with Blackstone not to seek competing bids. But he said a process was in place for the board to consider unsolicited offers.

Until the past few days analysts were unsure whether any bidders would be willing to go above the $49.50 per share needed to top Blackstone's price and cover the termination fee. Blackstone's offer was an 8.5% premium to the price of EOP's closing price on the day prior to the merger announcement on Nov. 20. And Blackstone's price was a 7.2% premium over Equity Office's net asset value of $45.25 per share estimated by Green Street Advisors, a Newport Beach, Calif., research firm.

Equity Offices' proxy filed to the Securities and Exchange Commission on Dec. 14 stated that Blackstone originally wanted a termination fee of $275 million, which was negotiated down to $200 million. Green Street Advisors described the termination fee as "modestly lower than we would have expected" and pointed out that in another recent deal involving another REIT, SL Green Realty Corp., the fee was about 3% of the initial value.

Cerberus May Bid For Equity Office REIT (NYT)

By Andrew Ross Sorkin

The New York Times, January 11, 2007

Cerberus Capital Management is considering making an offer worth more than $38 billion for Equity Office Properties Trust, the real estate investment trust that is controlled by Samuel Zell, people involved in the discussions said last night.

If Cerberus bids for Equity Office, the nation's largest owner and manager of office buildings, it would seek to top a deal reached in November to sell the company to the Blackstone Group for $36 billion.

Last night, executives of Cerberus were preparing their bid, these people said. It remains possible, however, that Cerberus could decide against making an offer.

It is unclear whether Cerberus would bid in concert with other partners. In recent weeks, the firm has held talks with Barry Sternlicht of Starwood Capital, who created Starwood Hotels, people involved in those talks said.

Spokesmen for Cerberus and Mr. Sternlicht declined to comment.

A Cerberus offer could result in a bidding war for Equity Office, pitting two of the most powerful financial firms in the nation against each other for a deal that would be the largest leveraged buyout in history, surpassing the $33 billion that a consortium of private equity groups paid for the health care company HCA Inc. in August.

A bid by Cerberus would also be one of the first instances of a private equity firm's trying to top another firm's deal after an agreement had been struck.

When Blackstone reached its deal with Equity Office, the purchase price — $48.50 a share — was instantly derided by some shareholders as too low. James S. Corl, the chief investment officer for the real estate firm Cohen & Steers, the largest shareholder in Equity Office, criticized the deal publicly and suggested that another bidder should emerge.

Under the terms of Equity Office's agreement with Blackstone, Equity Office can continue to solicit offers from rival bidders. A shareholder vote on that deal is scheduled for Feb. 5. If Cerberus were to top Blackstone's offer, Blackstone would be entitled to a breakup fee of $200 million.

Speculation about a rival offer has been increasing in recent weeks. Yesterday, Jonathan Litt, an analyst at Citigroup, wrote in a note to investors that he expected a "topping bid" of $50 to $52 a share.

Shares of Equity Office closed at $48.75, above Blackstone's offer, in anticipation of a bid from Cerberus.

Kroes Threatens Antitrust Action To Break Up Power Groups (FT)

By Tobias Buck In Brussels

Financial Times, January 11, 2007

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Neelie Kroes warned yesterday that she could use her powers as European Union competition commissioner to break up the region's large, integrated energy groups, opening up a potential new front in the broader regulatory crackdown on groups such as Eon, RWE and GdF.

Ms Kroes is a long-standing critic of gas and electricity suppliers that also control crucial transmission infrastructure, such as pipelines. She argues that integrated groups have used their grip on the networks to freeze out new entrants and stifle competition.

"Ownership unbundling" - the break-up of integrated energy groups - through new legislation would take years, and is certain to face stiff opposition from some member states.

But Ms Kroes stressed that a break-up could be imposed on individual companies as part of an antitrust decision, for example as a punishment for violating EU competition rules. Asked whether forced unbundling was an option as part of an antitrust investigation, the commissioner replied: "Absolutely."

The news is of special concern for Eon and RWE of Germany, GdF of France, Eni of Italy and OMV of Austria, since they are the subject of a Commission antitrust probe. The groups' offices were raided in May, following suspicions they had excluded rivals from wholesale markets and infrastructure and of "possible collusion between incumbents in the form of market sharing", Ms Kroes said.

The Commission acquired the power to break up companies that violate competition rules only in 2004 but has so far never used it.

The latest warning by Ms Kroes came as she revealed the findings of a 16-month investigation into the EU markets for electricity and gas. As reported in the Financial Times last week, the report painted a bleak picture of competition in the sector and the poor level of market integration.

"[The report's] disappointing conclusion is that, more than a decade after having launched the drive for liberalisation, we are still far from having a single, competitive and well-functioning European energy market," Ms Kroes said. "As a result, Europe's consumers, businesses and the economy as a whole are still not benefiting from the full advantages that should flow from the opening up of European energy markets in terms of lower prices and better choice of services."

The Commission probe found that many of Europe's national energy markets continued to be dominated by former monopolies. Thanks to their entrenched positions at home, the former incumbents had little incentive to venture abroad or to invest in upgrading domestic infrastructure, since this would make it easier for rivals to enter the market.

"The report reveals that the energy prices for commercial users vary significantly from member state to member state. These differences are not eroded through import competition. One of the reasons is that incumbents stick to their home markets," Ms Kroes said yesterday.

The report also criticised the excessive length of many gas and power supply contracts, as well as the tight grip that some companies have on pipeline and interconnector capacity. These contracts, it argued, served to further reinforce the power of the dominant groups.

European Union Proposes Greater Competition In Energy (NYT)

By James Kanter

New York Times, January 11, 2007

BRUSSELS, Jan. 10 — European Union officials on Wednesday challenged governments to loosen their grip on national energy sectors, calling for a fresh wave of competition and investment in infrastructure and technology to ease dependence on powerful exporters like Russia and to combat global warming.

The region needs a new “postindustrial revolution,” said the European Commission’s president, José Manuel Barroso, announcing a number of energy proposals. “We have already left behind our coal-based industrial past. It is time to embrace our low-carbon future.”

The package of proposals is one of the largest ever presented by the commission, although it reflected changes by France and Germany, which oppose the breakup of their national electricity companies.

European Union officials also backed away from earlier, more ambitious targets for cutting emissions after energy-intensive industries and labor groups warned of threats to profits and jobs — especially if competitors in the United States and elsewhere did not follow suit.

Many of the proposals, which also aim to encourage the use of renewable fuels for cars and to improve the energy efficiency of buildings and home appliances, are to be debated by European Union leaders at a summit meeting in March. If they approve the package, many of the measures would still require the commission to draft formal legal proposals.

The plan, called an Energy Policy for Europe, sought to echo the postwar integration of important industrial sectors, namely coal and steel, that eventually grew into the union’s single market. But it fell far short of proposing a unified power market, one

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that could be overseen by a single regulator, operate on a common grid and benefit from a common front in dealing with energy suppliers.

Christian Egenhofer, a senior research fellow at the Center for European Policy Studies in Brussels, said it would be unrealistic to unify energy policy in a trade bloc of 27 disparate countries, some rich, some much poorer. France, for instance, relies on nuclear power for 80 percent of its electricity, while others, like Poland, depend almost entirely on coal for electricity.

In another sign that the vision of transforming the way Europe consumes energy is meeting resistance, commission officials also backed away from earlier recommendations to require that emissions be cut to levels that environmental experts say are critical to keeping down rising temperatures.

Under pressure from industries like steel, where executives fear losing business if Europe adopts stricter regulations than the rest of the world, the union recommended cutting emissions by 20 percent from 1990 levels by 2020, rather than the 30 percent sought by its environment commissioner.

The commission pushed ahead with proposals to encourage the "capture," or trapping, and storage of carbon dioxide emissions, including possibly making it mandatory for all new coal-fired power stations after 2020 to incorporate the new, cleaner technologies.

The European Union also highlighted the benefits of nuclear energy as a way to curb carbon emissions. But widespread public skepticism about the safety and price of nuclear technology led the officials to back away from pushing member states to use nuclear power as a primary tool against climate change.

The commission also proposed measures that aim to reduce power consumption by about 20 percent by 2020 as another means of reducing emissions. Union officials said those measures, including better constructed homes and offices, could save consumers $130 billion each year in fuel bills — or from $260 to $1,300 for each household.

EU Seeks Breakup Of Utilities To Boost Competition (Update3) (BLOOM)

By Matthew Newman And Jonathan Stearns

Bloomberg, January 11, 2007

Jan. 10 (Bloomberg) -- European Union regulators called for a breakup of energy companies to boost competition in the electricity and natural-gas markets.

The European Commission, the EU's regulatory arm, wants to open competition to new entrants. Most incumbent energy companies own both production businesses and the units managing the pipes and power lines. The EU regulator wants separate owners for those businesses, a practice known as unbundling. The recommendations, to be discussed by EU leaders in March, are already meeting resistance from France and Germany.

``We make it clear that our preference is unequivocally in favor of ownership unbundling," European Commission President Jose Barroso told journalists in Brussels today.

As part of the investigation into the region's 250 billion- euro ($325 billion) power and gas industry, the EU also probed utilities including E.ON AG, Gaz de France SA and Eni SpA for possible antitrust violations. The commission said energy companies may be illegally colluding to keep out rivals, calling the practice ``one of the most serious threats to competition."

Competition Commissioner Neelie Kroes has threatened to fine energy companies as much as 10 percent of annual sales for failing to open their networks to competitors. Kroes also said she may break up companies if she finds they have illegally restricted competition.

Persistence

``This is a pretty unprecedented set of announcements," said Matthew Levitt, a competition lawyer at Lovells in Brussels. ``The most effective way to get an efficient energy market is through competition and regulatory powers. I don't see the commission giving up on this."

Europe's gas and electricity markets are inefficient, overly concentrated and suffer from a lack of investment, the commission said in a report released today that concluded a 19- month review of the industry.

``The EU's energy blueprint is a very major and welcome step forward," Sam Laidlaw, chief executive of Centrica, the U.K.'s biggest energy supplier, said in a statement.

German utilities E.ON and RWE AG oppose the proposed split. ``A division of network and generation businesses wouldn't be an improvement, but rather would represent expropriation from our shareholders," E.ON spokesman Josef Nelles said. RWE spokeswoman Julia Scharlemann said the company already gives ``non-discriminatory access to all power plants."

French, Italian Reaction

Electricite de France SA, Europe's biggest power generator and owner of the Reseau de Transport d'Electricite grid, said the current system already gives fair access to other power suppliers. Gaz de France declined to comment.

``We are far from where we want to be," Kroes said, referring to the aim of creating a single European energy market.

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Eni said it was one of Europe's first companies to engage in ``pro-competitive'' measures by separating managerial and shareholder structures of Snam Rete Gas SpA, which owns and runs Italy's gas grid and is 50 percent-controlled by Eni.

Fulvio Conti, chief executive officer of Enel SpA, Italy's largest utility, said his company favored competition by selling generation assets with the former monopoly now producing less than one-third of the country's electricity needs.

Away From Russia

The EU's ideas, included in an energy and environmental policy review, address mounting challenges facing the 27-nation bloc. The region wants to diversify its gas and oil imports away from Russia and the Middle East and cut emissions of heat-trapping gases that are blamed for climate change.

The commission also proposed lowering emissions by at least 20 percent by 2020 compared with 1990. That's less than the 30 percent cut the bloc would agree to if there's an accord among all developed nations, it said.

The EU wants to make it more costly for the energy industry to emit greenhouse gases while limiting price rises for consumers.

Existing EU legislation requires energy providers such as E.ON to have a legal separation between production and transmission businesses. Legal unbundling involves an incumbent having separate accounting and management of its transmission and production units.

Kroes said this approach doesn't go far enough because incumbents continue to favor their own distribution companies at the expense of new entrants.

Alternative Option

The commission's preferred option is to break open the market through ownership unbundling. That would involve legislation to force former monopolies to split their production and transmission businesses.

The commission also outlined an alternative approach that doesn't go as far. It would allow companies to remain the owner of their transmission and production businesses and to receive a regulated return on them, while no longer being responsible for the units' operation, maintenance or development.

The commission said it prefers ownership unbundling because ``this would create a level playing field and it would change the incentive structure in the right direction.''

The commission has already applied those practices in two antitrust reviews.

Kroes approved a proposed merger between Suez SA and Gaz de France in November 2006 after the companies agreed to give up control of Belgian grid operator Fluxys NV and divest gas distributor Distrigaz SA. She also forced E.ON to release ``significant volumes'' of natural gas on the market as part of her December 2005 approval of the German company's 2 billion-euro purchase of Hungary's Mol Rt.

Today's ideas will be the basis for future legislative proposals following consultation with EU leaders.

French Industry Minister Francois Loos opposes the proposal, telling lawmakers in Paris today ``our system works and the proof of that is that other producers other than EDF tell us that it is working to their satisfaction.'' German Economy Minister Michael Glos told reporters in Berlin that splitting energy production and transmission would be ``rather difficult.''

Cisco Sues Apple Over Use Of IPhone Name (FINDLAW/AP)

By Jordan Robertson, Ap Business Writer

AP, January 11, 2007

(AP) - SAN FRANCISCO-Cisco Systems sued Apple Inc. in federal court Wednesday, saying the computer maker's new iPhone violates its trademark.

The lawsuit, filed in U.S. District Court for the Northern District of California, came just a day after Apple CEO Steve Jobs unveiled the Apple iPhone in dramatic fashion at a trade show in San Francisco.

But even while Jobs was trumpeting the product, the matter of the product's naming had not been resolved behind the scenes between two of Silicon Valley's biggest names.

San Jose-based Cisco, the world's largest network-equipment maker, has owned the trademark on the name "iPhone" since 2000, when it acquired InfoGear Technology Corp., which originally registered the name.

Three weeks ago, Cisco's Linksys division put the trademark to use, releasing an Internet phone called "iPhone" that uses the increasingly popular Voice over Internet Protocol, or VoIP.

But on Tuesday, Jobs unveiled Apple's own iPhone, a "game-changing" touch-screen-controlled cell phone device that plays music, surfs the Web and delivers voicemail and e-mail.

Apple spokeswoman Natalie Kerris said she could not immediately comment on the lawsuit.

Cisco said Tuesday it had been negotiating for several years with Apple over a licensing agreement, but Apple lawyers had not signed and returned the final contract.

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"Cisco entered into negotiations with Apple in good faith after Apple repeatedly asked permission to use Cisco's iPhone name," said Mark Chandler, Cisco senior vice president and general counsel, in a statement. "There is no doubt that Apple's new phone is very exciting, but they should not be using our trademark without our permission."

Cisco is seeking injunctive relief to prevent Apple from copying Cisco's iPhone trademark.

"Today's iPhone is not tomorrow's iPhone. The potential for convergence of the home phone, cell phone, work phone and PC is limitless, which is why it is so important for us to protect our brand," Chandler added.

Cisco Sues Apple Over IPhone Trademark (USAT)

By Michelle Kessler

USA Today, January 11, 2007

When Apple (AAPL) CEO Steve Jobs unveiled the much-hyped iPhone this week, he left one detail hanging: the rights to the iPhone name.

Network equipment giant Cisco Systems (CSCO) owns the trademark. Wednesday, Cisco sued Apple in U.S. District Court, asking for an injunction against its Silicon Valley neighbor.

Apple spokesman Steve Dowling calls the lawsuit "silly." He says several companies use the iPhone name for products, though he could not provide examples. Cisco's claims "are tenuous," he says.

NEW PRODUCT UNVEILED: Apple wants to rock your phone | iPhone packed with goodies

Apple has made inquiries about the iPhone name for several years, says Cisco general counsel Mark Chandler. Talks picked up in recent weeks and seemed to be going well, Chandler said Wednesday. But Apple stopped communicating with Cisco at about 9 p.m. PT Monday, he said.

Jobs launched the iPhone — which combines a mobile phone, widescreen iPod and Internet capabilities — with much fanfare Tuesday morning.

Financial terms were not an issue, Chandler said. Cisco primarily wanted two things: clarity over who would use the iPhone name and interoperability between Apple's iPhone and other companies' products, he says. He would not provide specifics.

Cisco is a big advocate of standards that allow different devices to work together. That's because the company makes the networking gear that helps connect them.

In contrast, Apple leans toward products that work best with other Apple products, says independent tech analyst Rob Enderle. Apple is afraid that if it makes its products more open, "Somebody can steal their stuff," he says.

Apple's shares, which have been rising lately, jumped 5% to a record $97 during regular trading before the lawsuit was announced.

The iPhone name was first trademarked in 1996 by InfoGear, a maker of Internet appliances. Cisco acquired InfoGear, and the trademark, in 2000.

Cisco sells iPhones designed to place calls over an Internet connection, not a cellphone network, so they do not compete directly with Apple's iPhone. Cisco launched new iPhones in December.

But the name iPhone "has been associated with Apple and the concept of a phone for a couple of years," says Charles Golvin, a tech analyst at Forrester Research. Apple has a line of products with "i" in the name, including the iBook laptop and iPod digital music player.

An Apple claim to the name probably would not stand up in court, Enderle says. After all, Compaq Computer and its successor, Hewlett-Packard, have sold a line of iPaq personal digital assistants and cellphones for years.

Apple has more to lose than Cisco does, Golvin says. The market for Internet phones is much smaller than that for music cellphones, he says, and Cisco doesn't have that much invested in its iPhone brand.

Apple is notorious for vigorously defending its own trademarks. It has sent cease-and-desist letters to several firms that use "pod" in product names.

ENVIRONMENT:

Former Official Is Said To Be A Focus Of Lobbyist Inquiry (NYT)

By Philip Shenon

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — The former No. 2 official in the Interior Department has been notified by federal prosecutors that he will most likely be indicted for lying about his relationship with the corrupt lobbyist Jack Abramoff, people with knowledge of the investigation said Wednesday.

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A lawyer for the former official, J. Steven Griles, said Mr. Griles was recently told by the Justice Department that he was a target of the investigation as a result of his testimony about Mr. Abramoff to a Senate committee in 2005.

"We are shocked and disappointed at this turn of events," the lawyer, Barry M. Hartman, said in a statement. "No one has suggested that Mr. Griles ever took anything of value from Mr. Abramoff or any other lobbyist, and he never did."

Mr. Abramoff, once one of the most powerful Republican lobbyists in Washington, entered prison last year after pleading guilty to conspiring to corrupt public officials.

In his November 2005 testimony to the Senate Indian Affairs Committee, Mr. Griles insisted he had done no special favors for Mr. Abramoff while he was deputy secretary of the interior in President Bush's first term. But Mr. Griles acknowledged that he had been approached about leaving the department to join Mr. Abramoff's lobbying firm. Mr. Griles did not take that job, and now works elsewhere as a corporate lobbyist.

Mr. Abramoff's internal e-mail messages show that he referred to Mr. Griles as "our guy" at the Interior Department, and repeatedly sought to bring pressure on Mr. Griles to do favors for Mr. Abramoff's Indian tribe clients. In a report last year, the Indian Affairs Committee said it could not "definitively conclude what, if anything, Griles did to assist Mr. Abramoff's clients."

Two Bush administration officials who have been briefed on the case said the investigation of Mr. Griles and Mr. Abramoff had also brought scrutiny to a senior Justice Department official, Sue Ellen Wooldridge, an assistant attorney general. She submitted a letter of resignation on Monday and is expected to depart this month.

Ms. Wooldridge, who leads the department's environment and natural resources division and serves as the Bush administration's chief prosecutor on environmental issues, joined the Justice Department from the Interior Department, where she had been a top aide to former Interior Secretary Gale Norton and was close to Mr. Griles.

A Justice Department spokeswoman, Cynthia Magnuson, declined to comment when asked if Ms. Wooldridge's departure was related to the Abramoff investigation.

Others, including the two Bush administration officials, said that while Ms. Wooldridge's ties to Mr. Griles were of interest to the Justice Department, they did not believe she was under active investigation by the grand jury. Ms. Magnuson said that in her resignation letter, Ms. Wooldridge "basically expressed that after six years of federal service, she wants to return to the private sector."

In confirming an article in The Washington Post on Wednesday reporting that Mr. Griles had been told he was being investigated by the grand jury, Mr. Hartman said his client had given the Senate committee his best recollection of his communications with Mr. Abramoff. "Mr. Griles told the committee that he knew Mr. Abramoff, just like he knew many other lobbyists, and in his view, Mr. Abramoff had no special access or relationship to him," Mr. Hartman said.

Mr. Griles "takes this matter very seriously," Mr. Hartman said, "and is optimistic that this will be resolved in an appropriate matter, based on the facts, and that neither political pressure nor news reports will undermine this hope."

There has been no suggestion from Congressional or Justice Department investigators that Ms. Norton, who resigned last year as interior secretary, has come under scrutiny in the Abramoff investigation.

Mr. Abramoff's e-mail shows he made many of his approaches to Mr. Griles through a small advocacy group, the Council of Republicans for Environmental Advocacy, and its director, Italia Federici, who has also come under investigation by the Justice Department.

Mr. Griles would be the second former Interior Department official to face charges in the Abramoff investigation. Roger G. Stillwell, who had worked in the department's insular affairs office, pleaded guilty last year to accepting sporting and concert tickets from Mr. Abramoff, whose lobbying clients often sought help from Mr. Stillwell's office.

Energy Lobbyist A Target In Ethics Probe (AP)

By John Heilprin, Associated Press Writer

AP, January 11, 2007

WASHINGTON (AP) -- The Interior Department's former No. 2 official has been told by federal investigators that he is a target in the Jack Abramoff corruption probe.

J. Steven Griles, former deputy interior secretary during President Bush's first term, was notified by letter and told of possible charges at a meeting last week with Justice Department prosecutors, people familiar with the probe said Wednesday, speaking on condition of anonymity because the inquiry continues.

Griles told the Senate Indian Affairs Committee in 2005 that Abramoff had no special access to him. Griles' attorney, Barry Hartman, has said that committee's report last September found no evidence that Griles acted improperly. Hartman did not immediately return phone calls for comment Wednesday.

Griles has since resumed his work as an energy lobbyist, which he did before joining Interior. It's those ties that were the subject of a host of internal probes while he was at the department.

Also being investigated in relation to the grand jury probe is Sue Ellen Wooldridge, the assistant attorney general who oversees the Justice Department's environment and natural resources division, one person familiar with the investigation said.

Wooldridge sent in a resignation letter on Monday, saying she wanted to return to the private sector, Justice Department spokeswoman Cynthia Magnuson said Wednesday. Wooldridge was not commenting publicly.

Before joining the Justice Department in November 2005, she was the Interior Department solicitor and was deputy chief of staff to Interior Secretary Gale Norton while Griles was at Interior.

The Abramoff grand jury has heard from several Interior officials, past and present, in recent days. Roger Stillwell, a former Interior employee who provided Abramoff with information from the department, was sentenced to two years probation and fined $1,000 on Tuesday for failing to report gifts football and concert tickets from Abramoff.

Abramoff is serving about six years in prison for a fraudulent Florida casino business deal and awaits sentencing in a Washington bribery scandal. The Abramoff investigation ensnared its first congressman this fall when former Rep. Bob Ney, R-Ohio, admitted accepting gifts in exchange for government action. Several Capitol Hill staffers and a former Bush administration official also have pleaded guilty or been convicted in the case.

Prosecutors are investigating Griles now for possible criminal charges that include lying to Congress and honest service fraud. The latter is a 1988 law saying citizens are guaranteed a right to the "honest services" of public officials.

The charges involve questions about whether Griles falsely testified in 2005 before the Senate Indian Affairs Committee about Abramoff's attempts to hire Griles away from Interior.

The Senate committee's investigation and e-mails detailed numerous contacts with Abramoff and Italia Federici, who was a go-between for Abramoff. Federici headed the Council of Republicans for Environmental Advocacy, which she co-founded with Norton.

Federal investigators have been looking at the hundreds of thousands of dollars the group received in donations from Abramoff's Indian tribal clients and from energy and mining companies, including some that were Griles' ex-clients.

Chamber Of Commerce Blames China For U.S. Pollution Woes (HILL)

By Jessica Holzer

The Hill, January 11, 2007

When all else fails, blame China.

That's the novel tack the U.S. Chamber of Commerce is taking in its latest attempt to relieve states and businesses of Clean Air Act burdens.

The lobby group is petitioning the Environmental Protection Agency (EPA) to make it easier for states, counties and cities to discount dust and smog that drifts across their borders from places as far-flung as China and Africa from their pollution levels in order to remain compliant with federal air-quality standards.

It is well-documented that large plumes of particles and pollutants blow across the ocean. And the Clean Air Act clearly allows for their subtraction when they arrive from such foreign sources.

But the Chamber asserts that EPA guidance on the issue is so "limited, deficient and complex" that states are at a loss as to how to get the relief, and so are failing to attract cement, steel and power companies that could create jobs.

"When an area is in non-attainment [of the Clean Air Act], no manufacturer in the U.S. will work there and companies already there leave the state: They go to China," William Kovacs, who heads up environmental lobbying for the Chamber, said.

To date, no state or region has appealed successfully to the EPA to discount the foreign-born pollution, though the agency temporarily waived its standards in the wake of 1998 Mexican forest fires that caused soot levels to spike in New Mexico and Texas.

The Chamber argues that a clear mechanism for presenting evidence to obtain relief is urgent in light of the EPA's new stricter standards for particulate matter. The agency tightened the standards in November, throwing 100 additional counties into non-attainment such that most of the West Coast is now in violation of the Clean Air Act.

Last month the lobby group sent its petition for a rulemaking on the matter straight to the top of the agency, EPA administrator Stephen Johnson.

Environmental groups are chalking up the move as an artful effort by the business group to help its members evade pollution standards by pointing the finger elsewhere.

"This boils down for me to a pretty patent attempt by the Chamber to shift responsibility for clearing up air pollution from its members to sources offshore," said the director of the Clean Air Program at the Natural Resources Defense Council, John Walke.

He insisted that most of the areas in non-attainment would fail to meet the federal standards regardless of the foreign-born pollution within their borders, an assertion that the Chamber disputes.

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Smog and dust can be fingerprinted and, by the EPA's own estimate, on certain days nearly a quarter of the particles floating above Los Angeles can be traced to China.

At a hearing before the Senate Committee on Environment and Public Works in July, the commissioner of Georgia's Walker County, Bebe Heiskell, testified that her region's non-attainment status was "almost exclusively due to outside influences," including dust and other particles blown from Alaska, Canada and Africa.

"To be forced into perpetual non-attainment will have a devastating impact on not only our economy, but on the lives of our citizens," she said.

If the EPA finds the Chamber's petition sound, it would open up a period of public comment that would doubtless become an arena for the business and green lobbies to do battle over the issue.

But Kovacs does not have high hopes for a favorable response from the EPA, citing the agency's failure to address the issue on numerous occasions. Instead, the Chamber may have to take it to the courts.

"It's very likely we could sue," he said.

Let There Be 'Blight' (WSJ)

By William R. Maurer

The Wall Street Journal, January 11, 2007

SEATTLE -- The city of Burien, Wash., recently decided that a piece of property owned by the seven Strobel sisters that had long housed a popular diner-style restaurant was not upscale enough for the city's ambitious "Town Square" development, which will feature condos, shops, restaurants and offices. Rather than condemn the property for a private developer and risk a lawsuit, Burien came up with a plan -- it would put a road through the property, and the city manager told his staff to "make damn sure" it did. When a subsequent survey revealed that the road would not affect the building itself, but only sideswipe a small corner of the property, the staff developed yet another site plan that put the road directly through the building. A trial court concluded that the city's actions might be "oppressive" and "an abuse of power" -- but allowed the condemnation anyway. The Washington Court of Appeals affirmed, and the Washington Supreme Court refused to hear the case.

Welcome to the post-Kelo world. The U.S. Supreme Court's 2005 decision made clear that the federal courts would not stop local governments across the country from condemning private property for economic development. While the court noted that states were free to provide greater protections for homes and small businesses if they chose, Washington state stands as evidence that a strong state constitution means little if the courts do not enforce it and local governments disregard it.

When Kelo came out, local governments and their lobbyists eagerly explained that ours was not a "Kelo state," and that the legislative efforts to restrict eminent-domain abuse in other states were unnecessary here. The Washington Constitution explicitly provides that "Private property shall not be taken for private use" (except in very limited circumstances). "It can't happen here" became the oft-repeated message used to placate home and small business owners seeking legislative protections for their property.

When it comes to governmental abuse, "it can't happen here" really means "it is happening right now." Local governments are busily using mechanisms in state law to threaten neighborhoods and abuse property owners, and the state Supreme Court has repeatedly let them get away with it.

Shortly after Kelo, the Washington Supreme Court allowed the Seattle Monorail to permanently condemn a piece of property it needed only temporarily for a construction staging area. Once the monorail had completed that legitimate public use, it intended to sell the property at a premium to raise revenue. In this way, Washington courts now allow local governments to condemn more land than is necessary, for longer than is necessary, in the hopes that the government can play real-estate speculator with whatever is left.

The court also ruled that the meetings at which a local government determines which property to condemn could take place essentially in secret, with the only notice for property owners being a posting on an obscure government Web site. The court ignored the fact that computer usage among minorities, the elderly and the poor is significantly lower than in other segments of the population, and that it is these communities that traditionally have been the target of eminent-domain abuse.

Washington courts now defer to even the most extreme examples of governmental exploitation, exemplified by Burien's treatment of the Strobel sisters. So long as the government can manufacture a fig leaf of public use or possible public use for constitutional cover, local governments can take private property to transfer to other private entities or deliberately target properties not upscale enough for the bureaucrats' "vision."

The tools available for trampling constitutional rights are already there. Since the Kelo decision, municipalities have rediscovered Washington's Community Renewal Act, the local incarnation of statutes used to destroy working-class (and often minority) neighborhoods across the country in the 1950s and '60s. The government, under the act, can condemn an entire neighborhood and transfer the property to a private developer so long as the government finds that at least some property in the

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neighborhood is "blighted." Unfortunately, this statute is so broadly worded that practically every neighborhood in Washington meets the definition of "blight" -- things like "obsolete platting" and "diversity of ownership" constitute "blight." The statute provides all the devices a mildly clever planner needs to pull off a Kelo-style taking.

Working-class neighborhoods are already feeling the pressure. Auburn recently declared much of its beautiful downtown "blighted," and adopted a Community Renewal Plan. One city manager explained that blight "means anything that impairs or arrests sound growth" -- a hugely elastic definition. Similarly, Seattle is considering using the Community Renewal Act in the city's Rainier Valley, one of the most diverse neighborhoods in the nation.

Regardless of strong constitutional protections for private property, governments and courts now view eminent domain as an area where few if any restrictions exist. And not just in Washington. In probably the most appalling example, the U.S. Court of Appeals for the Second Circuit let stand a condemnation in which a developer in the Port Chester, N.Y., demanded that Bart Didden give him either $800,000 or a 50% share in Mr. Didden's property, which was slated to be a CVS pharmacy -- or the developer would have the village condemn it. Mr. Didden refused; the next day, the village condemned his property to hand it over to the developer to construct a Walgreens. Tomorrow, the U.S. Supreme Court will consider whether to take the case.

Meanwhile, state and federal courts are turning redevelopment areas into Constitution-free zones, where the government can do what it wants with few or no restrictions. It doesn't have to be this way. Courts could force the government to comply with the state and federal constitutions. Local governments could limit their takings only to legitimate public uses. But until all three branches of government begin taking their constitutional obligations seriously, property owners across the country face the continued threat of eminent-domain abuse, regardless of what the state or federal constitution says.

Ask the Strobel sisters, who are now fighting for just compensation for a property that was never for sale in the first place.

Mr. Maurer is executive director of the Institute for Justice, Washington chapter, and the author of "A False Sense of Security: The Potential for Eminent-Domain Abuse in Washington," recently published by the Washington Policy Center. The Institute litigated the Kelo case and represents Bart Didden in his appeal to the U.S. Supreme Court.

Exxon Softens Climate-Change Stance (WSJ)

By Jeffrey Ball

Wall Street Journal, January 11, 2007

Hoping to Shape Policy, Oil Giant Joins Dialogue On Curbing of Emissions

In one of the strongest signs yet that U.S. industry anticipates government curbs on global-warming emissions, Exxon Mobil Corp., long a leading opponent of such rules, is starting to talk about how it would like them to be structured.

Exxon, the world's largest publicly traded oil company by market value, long has been a lightning rod in the global-warming debate. Its top executives have openly questioned the scientific validity of claims that fossil-fuel emissions are warming the planet, and it has funded outside groups that have challenged such claims in language sometimes stronger than the company itself has used. Those actions have prompted criticism of the company by environmentalists and by Democrats in the U.S., who now control the Congress.

· The Situation: Exxon Mobil has stopped funding some groups that challenge global-warming fears and is discussing what a U.S. emissions policy might look like.

· The Background: The company has been a vocal challenger of global-warming science and a lightning rod for environmentalists.

· The Bottom Line: The shift shows U.S. industry is beginning to conclude that government emissions limits are coming.

Now, Exxon has cut off funding to a handful of those outside groups. It says climate-science models that link greenhouse-gas concentrations to global warming are getting more reliable. And it is meeting in Washington with officials of other large corporations to discuss what form the companies would prefer a possible U.S. carbon regulation to take.

Words Are Nuanced

The changes in Exxon's words and actions are nuanced. The oil giant continues to note uncertainties in climate science. It continues to oppose the Kyoto Protocol, the international global-warming treaty that limits emissions from industrialized countries that have ratified it. It also stresses that any future carbon policy should include developing countries, where emissions are rising fastest. (See related article1.)

Still, the company's subtle softening is significant and reflects a gathering trend among much of U.S. industry, from utilities to auto makers. While many continue to oppose caps, these companies expect the country will impose mandatory global-warming-emission constraints at some point, so they are lining up to try to shape any mandate so they escape with minimum economic pain.

Exxon has stopped funding the Competitive Enterprise Institute, a Washington-based think tank that last year ran television ads saying that carbon dioxide, the main greenhouse gas, is helpful. After funding them previously, Exxon decided in late 2005

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not to fund for 2006 CEI and "five or six" other groups active in the global-warming debate, Kenneth Cohen, Exxon's vice president for public affairs, confirmed this week in an interview at Exxon's headquarters in Irving, Texas. He declined to identify the groups beyond CEI; their names are expected to become public in the spring, when Exxon releases its annual list of donations to nonprofit groups.

Myron Ebell, director of CEI's energy and global-warming program, declined to comment about why Exxon didn't fund CEI last year. But he added: "Like any company, they are concerned about both policies and image.

"We're not at the mercy of our funders for what we believe. But we are dependent on them for funding to help promote our programs," he said. "Obviously, we would like to find a lot more funding on energy and global warming than we've had."

More significant are the meetings between executives from Exxon and other companies to discuss the potential structure of a U.S. carbon regulation. Several parallel tracks of discussions are under way, some sponsored by Washington think tanks, including the Brookings Institution and Resources for the Future.

The meetings underscore the view within much of U.S. industry that the science and the politics of global warming are changing. "The issue has evolved," Mr. Cohen said.

Exxon says important questions remain about the degree to which fossil-fuel emissions are contributing to global warming. But "the modeling has gotten better" analyzing the probabilities of how rising greenhouse-gas emissions will affect global temperatures, Mr. Cohen said. Exxon continues to stress the modeling is imperfect; it is "helpful to an analysis, but it's not a predictor," he said. But he added, "we know enough now -- or, society knows enough now -- that the risk is serious and action should be taken."

The question is what kind of action. The economic reality is that some companies will win from a carbon constraint and some companies will lose, depending on how the regulation is written.

Question of a Cap

One question is whether a carbon tax or cap should be imposed upstream -- on producers of fossil fuels -- or downstream, on the industries, and perhaps even the individual consumers, who use those fuels. Another question is whether such a constraint should target just a few industries or should be applied across the economy.

Such questions already are sparking fierce lobbying fights among industries in Europe. There, countries have slapped carbon caps on several heavily emitting industries. Now the countries are toughening those constraints.

A similar zero-sum fight appears increasingly likely in the U.S. California adopted a broad global-warming cap last year, and now it has to decide which companies, and perhaps which consumers, to stick with the responsibility for meeting the targets. Other states say they plan to follow California's lead.

In Washington, meanwhile, Democratic congressional leaders say they will push for some sort of federal carbon constraint.

"By all indications, we'll certainly see much more legislative activity at the state and federal level going forward," Exxon's Mr. Cohen said. Among the broad options being debated, he said, "some look more favorable to us than others."

Exxon wants any regulation to be applied across "the broadest possible base" of the economy, said Jaime Spellings, Exxon's general manager for corporate planning. Exxon says avoiding a ton of carbon-dioxide emissions is, with certain exceptions, less expensive in the power industry than in the transportation sector. Though solar energy remains expensive, reducing a ton of emissions by generating electricity from essentially carbon-free sources such as nuclear or wind energy is cheaper than reducing a ton of emissions through low-carbon transportation fuels such as ethanol.

Exxon, like the U.S. government, also argues that any regulation should take into account rising emissions from developing countries, too. Both Exxon and the federal government oppose the Kyoto Protocol.

The fact that Exxon officials are beginning to lay out even these generalities is significant, said Philip Sharp, president of Resources for the Future. "They are taking this debate very seriously," said Mr. Sharp, a former Democratic congressman long active in energy-policy debates. "My personal opinion of them has changed by watching them operate."

Write to Jeffrey Ball at jeffrey.ball@wsj.com2

FBI/DEA/ATF/USMS:

AG Urges Patience In Mexico Drug War (SAEN)

By Mariano Castillo, Express-News Border Bureau

San Antonio (TX) Express-News, January 11, 2007

LAREDO — Despite the Mexican government's inability to crack down on drug cartels responsible for thousands of deaths and kidnappings — some Americans included among the victims — the U.S. government is reserving judgment, U.S. Attorney General Alberto Gonzales said Wednesday during a border tour here.

Mexico's new president, Felipe Calderón, who already has sent troops to aid in the drug war, needs time to show his country's commitment, Gonzales said in brief remarks to reporters at the World Trade Bridge.

Gonzales met with local, state and federal law enforcement officials, some who brought up the issue of trustworthiness of their Mexican counterparts, said Rep. Henry Cuellar, D-Laredo, who participated in the briefing via phone.

More than 170 homicides were reported in Nuevo Laredo in 2006, but only a handful of arrests were made, much to the frustration of local U.S. agencies whose own investigations into crimes on this side of the border often lead them to the cartels operating in Mexico.

"Let's give them the benefit of the doubt," Gonzales said of his confidence in Mexico's cooperation. "Let's just wait and see how it goes."

Gonzales also announced $300,000 in additional funds to federal crime-fighting units in Laredo and McAllen. The so-called Strike Force brings federal and state officers together to share information.

The goal is to target "not just the cartels themselves, but the transporters, money launders and smugglers," Gonzales said.

Though the grant isn't a huge amount, Laredo Port Director Gene Garza of U.S. Customs and Border Protection, called the $300,000 a "first step and definitely an important step."

Cuellar, who had invited Gonzales to tour Laredo, said, "Do we need to do more? Yes, and that's where the U.S. Congress needs to play a role."

Gonzales, who was born in San Antonio, also responded to media reports that Middle Eastern terrorists were training to cross the southern border illegally into the United States. The possibility of terrorists sneaking through the Mexican border is a concern, but there's no specific or credible intelligence to say it is happening, he said.

The attorney general flew to Mexico City after his border tour to meet with officials there.

A local group of advocates for Americans kidnapped in Mexico, Laredo's Missing, held posters of their loved ones as his motorcade drove by.

Families of the kidnap victims were upset that the nation's top law official didn't meet with them.

"It was a spit in the face that he would come down to Laredo and not even talk to the victims who can really express the need for action," said William Slemaker, whose stepdaughter Yvette Martinez has been missing since 2004.

Twenty-seven Americans kidnapped in Nuevo Laredo are unaccounted for, Slemaker said, expressing his own frustration with Mexican authorities.

Not a single arrest has been made in any of the cases, he said, asking: "How much time should we give them?" mcastillo@express-news.net

Valley Gets Grant To Battle Crime (KRGV)

KRGV-TV, January 10, 2007

U.S. Attorney General Alberto Gonzalez announces federal money to help battle border crime.

Laredo-A large federal grant is headed to the valley to help fight border crime. U.S. Attorney General Alberto Gonzalez spent Wednesday in Laredo to tour the border, and announce a $300,000 grant to create a strike force. The strike force will be made of members from the DEA, FBI, ICE, ATF, IRS and Texas Department of Public Safety. The agencies will work together to fight border crime more efficiently, as well as working to secure our border against the threat of terrorists sneaking into the country. Gonzalez's visit comes one month after South Texas congressman Henry Cuellar wrote him a letter asking for help to battle the increase in border crime.

Chronicle Calls Federal Case Against BALCO Reporters Flawed (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 11, 2007

(01-10) 13:49 PST SAN FRANCISCO -- The Chronicle told a federal appeals court today that contempt-of-court orders against two reporters for refusing to disclose sources of leaked testimony about athletes and steroids were based on a false premise -- that the leak was a serious crime requiring a grand jury investigation.

In a final round of written arguments to the Ninth U.S. Circuit Court of Appeals challenging prison sentences for the reporters and fines for the newspaper, lawyers for the parent Hearst Corp. disputed prosecutors' position that journalists never have the right to withhold evidence from a grand jury investigating a crime.

A 1972 Supreme Court ruling upholding contempt orders against reporters for refusing to disclose their sources to grand juries involved serious crimes, such as drug trafficking and plots of violence, that can be prosecuted only by grand jury indictments under the Constitution, said Jonathan Donnellan, a Hearst attorney.

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By contrast, he said, the current case involves a violation of a secrecy order by U.S. District Judge Susan Illston that she could have investigated herself or referred to a special prosecutor.

Either of those options would have allowed the reporters to claim the right to protect their sources, Donnellan said, and that right shouldn't be diminished by Illston's decision to refer the leak to the Justice Department, which chose to convene a grand jury.

"First Amendment rights cannot rise or fall on the District Court's discretionary choice as to where to steer an investigation," the lawyer wrote. "In cases involving violation of a protective order, at least, a rigid distinction between grand jury and other matters cannot stand."

The court has scheduled a hearing Feb. 12 on appeals by The Chronicle and reporters Mark Fainaru-Wada and Lance Williams, who were held in contempt last September by U.S. District Judge Jeffrey White for refusing to testify or provide documents to a grand jury investigating the leaked transcripts.

White sentenced Fainaru-Wada and Williams to up to 18 months in prison, and imposed a $1,000-a-day fine on The Chronicle, but suspended those penalties until the appeals court rules in the case.

Fainaru-Wada and Williams wrote articles in 2004 quoting closed-door testimony by Barry Bonds of the Giants, Jason Giambi of the New York Yankees, sprinter Tim Montgomery and other athletes about their use of drugs supplied by the Bay Area Laboratory Co-Operative, or BALCO.

Five defendants, including BALCO founder Victor Conte, have pleaded guilty to illegal drug distribution. A separate grand jury is investigating whether Bonds lied by denying he knowingly used steroids.

After the August 2004 article on Montgomery's testimony, Illston, who had ordered all participants in the case to keep the transcripts confidential, told the Justice Department to investigate the leak. The department empaneled a grand jury, which issued subpoenas to the reporters and The Chronicle last May.

In upholding the subpoenas, White said the 1972 Supreme Court ruling established that journalists have no special right to withhold evidence from a grand jury. He said exceptions carved out by some post-1972 rulings -- requiring those who seek reporters' testimony to show that it is essential and unavailable elsewhere -- have not involved grand jury investigations.

Lawyers for the newspaper and the reporters contend a 1996 Supreme Court ruling, allowing psychotherapists to withhold their patients' confidential statements from grand juries, requires federal judges to recognize similar rights for journalists, along the lines of shield laws enacted by California and most other states.

Reporters should be allowed to protect their sources, the attorneys argue, if the value of the news coverage outweighs any harm caused by the disclosure.

E-mail Bob Egelko at begelko@sfchronicle.com.

43 Alleged Gang Members Indicted In Cleveland (AP)

The Associated Press

AP, January 11, 2007

CLEVELAND (AP) — Forty-three people accused of being gang members who sold cocaine and terrorized a Cleveland neighborhood have been indicted in an 18-month investigation, the top federal prosecutor in northern Ohio said Wednesday.

The indictment of those who investigators say are involved with the "7-Alls" gang was announced by U.S. Attorney Gregory A. White and officials from the FBI, the Drug Enforcement Administration and the city of Cleveland.

Officers seized drugs, weapons and $151,000 in the investigation, White said.

The charges include selling cocaine, conspiracy to sell cocaine and weapons counts. The indictments named as coconspirators two men apparently shot and killed by rival gangs during the investigation, White said.

The "7-Alls" name derived from the gang's involvement in violent crimes in 70's-numbered streets east of downtown Cleveland, officials said.

Last year U.S. Attorney General Alberto Gonzales announced $15 million in federal grants to six areas, including Cleveland, to fight street gang violence. Grants also went to Los Angeles; Tampa, Fla.; Milwaukee; Dallas-Fort Worth and the Easton-Lancaster, Pa., corridor.

Feds Indict Thirteen Hispanic Gang Members On Racketeering Charges (TENN)

By Kate Howard, Staff Writer

Nashville Tennessean, January 11, 2007

Thirteen members of the MS-13 street gang have been indicted by a federal grand jury on corruption and racketeering charges, local and federal officials announced today.

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Members of the international gang were charged for corruption and homicide under the RICO act created to fight organized crime, the most severe possible indictment, U.S. Attorney Craig Morford said at a press conference held at the federal courthouse this afternoon.

The suspects are responsible for three homicides and several shootings or assaults in the Nashville area just in the last year and have been collecting dues to send to members in jail, according to the indictment.

All but one of the 13 suspects were already in federal or state custody when the indictments were handed down, Morford said, and the last suspect has since been arrested.

The investigation by Metro police and several federal agencies showed that MS-13 is highly organized and violent for the sake of harming rival gang members, Morford said.

“Unlike a lot of other gangs here, this is not a drug-based gang,” Morford said. “This is a violence-based gang.”

Several Nashville-area MS-13 members have been deported for immigration violations, and the suspects in this case are a mix of legal and illegal residents, Morford said.

Officials said they expect to bring more charges.

Metro Police Chief Ronal Serpas said the charges reinforce the need for members of the Hispanic community to report crimes to the police. The gang members preyed upon members of their own communities, Serpas said.

"This sends a clear and concise message that if you are a victim of crime, the police department is here to help you," Serpas said.

18 Arrested In Hoover For Drug, Immigration Violations (AP)

AP, January 10, 2007

HOOVER, Ala. - A joint force of law enforcement officials took 18 people suspected of either drug trafficking or entering the country illegally into custody today in Hoover, said a Drug Enforcement Administration official.

Harold Willis, resident agent in charge of the D-E-A office in Birmingham said 40 or 50 federal, state and local law enforcement officers wearing bulletproof vests were involved in the operation.

The arrests took place in the parking lot of a Lowe's Home Improvement store and stemmed from an investigation that began several months ago, The Birmingham News reported on its Web site today.

Willis said the DEA led the investigation because some of the men were suspected of drug trafficking. Others agencies involved included the U.S. Bureau of Immigration and Customs Enforcement, the Alabama Bureau of Investigation, several sheriffs departments and city police departments.

Willis said it was not certain whether all the men entered the country illegally. But all have been taken to a federal holding facility in the Etowah County Jail.

Paper: Bonds Blamed Failed Amphetamines Test On Teammate (AP)

AP, January 11, 2007

NEW YORK -- Barry Bonds failed a test for amphetamines last season and originally blamed it on a teammate, the Daily News reported Thursday.

When first informed of the positive test, Bonds attributed it to a substance he had taken from teammate Mark Sweeney's locker, the New York City newspaper said, citing several unnamed sources.

"I have no comment on that," Bonds' agent Jeff Borris told the Daily News on Wednesday night.

"Mark was made aware of the fact that his name had been brought up," Sweeney's agent Barry Axelrod told the Daily News. "But he did not give Barry Bonds anything, and there was nothing he could have given Barry Bonds."

Bonds, who always has maintained he never has tested positive for illegal drug use, already is under investigation for lying about steroid use.

A federal grand jury is investigating whether the 42-year-old Bonds perjured himself when he testified in 2003 in the Bay Area Laboratory Co-Operative steroid distribution case that he never knowingly used performance-enhancing drugs. The San Francisco Giants slugger told a 2003 federal grand jury that he believed his trainer Greg Anderson had provided him flaxseed oil and arthritic balm, not steroids.

Under baseball's amphetamines policy, which went into effect last season, players are not publicly identified for a first positive test. A second positive test for amphetamines results in a 25-game suspension. The first failed steroids test costs a player 50 games.

Bonds did not appeal the positive test, according to the Daily News, which made him subject to six drug tests by MLB over the next six months.

"We're not in a position to confirm or deny, obviously," MLB spokesman Rich Levin told the Daily News.

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According to the newspaper, Sweeney learned of the Bonds' positive test from Gene Orza, chief operating officer of the Major League Baseball Players Association. Orza told Sweeney, the paper said, that he should remove any troublesome substances from his locker and should not share said substances. Sweeney said there was nothing of concern in his locker, according to the Daily News' sources.

An AP message for Sweeney was not immediately returned late Wednesday.

The Giants still are working to finalize complicated language in Bonds' $16 million, one-year contract for next season -- a process that has lasted almost a month since he agreed to the deal Dec. 7 on the last day of baseball's winter meetings.

The language still being negotiated concerns the left fielder's compliance with team rules, as well as what would happen if he were to be indicted or have other legal troubles.

Borris has declined to comment on the negotiations. He didn't immediately return a message from the AP on Wednesday night.

Bonds is set to begin his 15th season with the Giants only 22 home runs shy of surpassing Hank Aaron's career record of 755.

Bonds, considered healthy again following offseason surgery on his troublesome left elbow, has spent 14 of his 21 big league seasons with San Francisco and helped the Giants draw 3 million fans in all seven seasons at their waterfront ballpark.

After missing all but 14 games in 2005 following three operations on his right knee, Bonds batted .270 with 26 homers and 77 RBI in 367 at-bats in 2006. He passed Babe Ruth to move into second place on the career home run list May 28. AP NEWS

Report: Bonds Failed Test For Amphetmines (NYDN)

By T.j. Quinn

New York Daily News, January 11, 2007

NEW YORK - Barry Bonds, already under investigation for lying under oath about his steroid use, failed a test under Major League Baseball's amphetamine policy last season and then initially blamed it on a teammate, the New York Daily News has learned.

Under the policy, which went into effect only last season, players are not publicly identified for a first positive test.

But according to several sources, when first informed by the MLB Players Association of the positive test, Bonds attributed it to a substance he had taken from the locker of teammate Mark Sweeney. Sources did not identify the drug in question but characterized it as a serious stimulant.

When asked Wednesday night whether Bonds had an explanation for why he failed the test or if he wanted to issue a denial, Bonds' agent, Jeff Borris, said, "I have no comment on that."

Giants officials did not return calls seeking comment Wednesday night.

Bonds, who has long defended himself against steroid accusations by saying he "never failed a drug test," did not appeal his positive test but was immediately subject to an additional six drug tests by MLB during the next six months.

Sweeney declined comment, but his agent, Barry Axelrod, told The News, "Mark was made aware of the fact that his name had been brought up, but he did not give Barry Bonds anything and there was nothing he could have given Barry Bonds."

Bonds was not punished for his transgression but instead was referred to treatment and counseling. While amphetamines are considered performance-enhancing drugs, they are treated differently than steroids under baseball's drug policy. Had Bonds failed a steroid test, he would have been suspended for 50 games, but under baseball's amphetamine policy no one is publicly identified or suspended until a second positive, which would result in a 25-game suspension. A player is suspended for 80 games for a third positive.

The policy covers a range of stimulants, including the ubiquitous "greenies," or Dexedrine. Benzedrine, ephedrine and the stimulants Ritalin and Adderall, which are used to treat attention-deficit disorder, are among the substances on the policy.

"We're not in a position to confirm or deny, obviously," MLB spokesman Rich Levin said. "A second failed test would mean a suspension."

Sources said Sweeney, a first baseman/outfielder, first heard about the test when Gene Orza, the chief operating officer of the players association, called to say the player's name had been dragged into the controversy.

Orza told Sweeney that if he had anything troublesome in his locker, he should remove it and that he should not be sharing substances with other players. Sweeney told Orza that there was nothing in his locker that would be of concern, sources said.

Axelrod would not comment on the conversation between Orza and Sweeney. Orza also refused to comment on what he said to Sweeney or about Bonds' failed test but added, "I can say unequivocally in my 22 years I've known Barry Bonds, he has never blamed anyone for anything."

Sweeney apparently confronted Bonds, and Bonds told him that Orza had misunderstood, that he had not intended to implicate his teammate.

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Bonds has been in the doping spotlight since September 2003, when federal agents raided the BALCO lab and the home of Bonds' personal trainer, Greg Anderson. Bonds testified before a grand jury in the steroid-trafficking case that he had taken substances identified by the government as steroids, but that he believed they were legal supplements. A Daily News reporter overheard part of his testimony that day admitting he had unknowingly used steroids, and a year later the San Francisco Chronicle published extended excerpts from the grand jury transcripts.

The leaks about Bonds' steroid use were not sufficient evidence to allow MLB to test Bonds for cause, but the failed amphetamine test is.

BALCO founder Victor Conte, Anderson and three other men served prison sentences for their parts in the trafficking ring, and Bonds has been under investigation for perjury and tax evasion for more than two years. Anderson is in prison on a contempt charge for refusing to testify against his longtime friend.

Long before steroids took hold in clubhouses in the early 1990s, amphetamines were the performance-enhancer of choice in baseball.

Even when baseball first adopted a steroids policy in 2003, amphetamines were not specifically banned or tested for, although many are illegal without a prescription.

U.S. Defends Anti - Drug Efforts In Haiti (AP)

AP, January 10, 2007

PORT-AU-PRINCE, Haiti (AP) -- The U.S. defended on Wednesday its anti-drug efforts in Haiti, two days after the Caribbean nation's president accused America and other major drug-consuming countries of failing to adequately fight the narcotics trade.

In a strongly worded speech to Parliament on Monday, President Rene Preval called drug trafficking the main cause of instability in his impoverished nation and said failed efforts by the United States and other countries to stop the trade had made Haiti a "victim."

U.S. Embassy spokeswoman Shaila B. Manyam said Wednesday the United States has undertaken a range of measures to defend Haiti against drug trafficking, including strengthening its weak justice system and training its coast guard.

The U.S. has also contributed more than $40 million to Haiti's national police since 2004, Manyam said.

"The United States shares Haiti's concern about drug trafficking," Manyam said. "Our two countries have a long history of cooperation on combatting this scourge and that cooperation will continue."

Drug traffickers have long taken advantage of Haiti's weak defenses and vulnerable coastline to smuggle in cocaine bound for the United States, Canada and Europe.

Manyam said Preval's comments "indicate the government of Haiti shares our strong commitment to deal with the threats to stability and security posed by drug trafficking."

Preval's cash-strapped government has struggled to contain gang violence sparked by a bloody 2004 revolt that ousted former President Jean-Bertrand Aristide, Haiti's first democratically elected leader.

Ransom-seeking gangs have kidnapped dozens of people in recent weeks, prompting criticism that police and an 8,800-strong U.N. peacekeeping force are not doing enough to fight crime.

U.N. troops and police have stepped up patrols in recent days and arrested two suspected kidnappers.

IMMIGRATION:

Chinese Fugitive Ruled Eligible For U.S. Asylum (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 10, 2007

A Chinese man who was beaten by officials in his homeland for protesting the forced sterilization of his brother, then fled to the United States, is eligible for political asylum under a law protecting opponents of China's reproductive policy, a federal appeals court ruled Tuesday.

The Ninth U.S. Circuit Court of Appeals in San Francisco overturned an immigration court's ruling ordering the deportation of Li Bin Lin and told the immigration judges to determine whether Lin would face persecution in China. The ruling makes it likely that Lin will qualify for asylum, said his lawyer, Jisheng Li of Honolulu.

Lin lived with his brother, their parents and other relatives in a house in Fujian province on China's southeast coast. When Lin's brother's wife became pregnant with their third child, officials told Lin's brother that he would have to undergo a vasectomy.

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The brother left home to avoid the operation, and birth control officials came to the home in March 1998 to seize and destroy household furnishings, the court said. When Lin tried to stop them, they beat him and called security police to have him arrested, according to his court declaration.

He went into hiding and left two months later for the U.S. territory of Guam, where he still lives. His brother was eventually sterilized.

When U.S. officials moved to deport Lin in 2001, he filed for asylum, relying on a 1996 law that makes immigrants eligible if they have been forced to undergo an abortion or sterilization, or if they have been persecuted for "other resistance to a coercive population control program." The law was intended to protect those who fled China because of its population-control policies.

The Board of Immigration Appeals, whose judges are Justice Department appointees, ruled against Lin, saying he had not shown resistance to the birth control program and had simply been trying to protect household property.

The federal court said Tuesday that Lin's motive was irrelevant under the 1996 law.

"Lin's physical altercation with the birth control officials while the officials attempted to use coercive measures to enforce birth quotas constitutes physical resistance," Judge Stephen Trott said in the 3-0 ruling.

E-mail Bob Egelko at begelko@sfchronicle.com.

Legislators Introduce Sweeping Agricultural Guest-worker Program (MCT)

By Michael Doyle

McClatchy Newspapers, January 11, 2007

WASHINGTON - The introduction Wednesday of an ambitious agricultural guest-worker plan showcases the changed Capitol Hill circumstances that may make 2007 the year for an immigration overhaul.

Some congressional roadblocks are gone. Sympathetic new leaders are in charge. A restored Democratic majority claims new priorities.

"A year does make a difference," insisted Sen. Larry Craig, R-Idaho.

Or so he hopes.

Joined by lawmakers from Florida and California, and backed by hundreds of farm, labor and church groups, Craig is reintroducing a guest-worker plan that's been debated for years. As many as 1.5 million farm workers and their relatives now in this country illegally could gain legal status under the bill.

The legislation, dubbed AgJobs, would also revise an existing guest-worker program that farmers consider inefficient. It's the first big immigration overhaul bill introduced this year, mirroring legislation passed last year by the Senate but not the House of Representatives.

"I happen to believe we have the votes," said Sen. Dianne Feinstein, D-Calif. "I believe the bill can move quickly."

Professed optimism is partly tactical, demonstrating momentum. The press conference announcing the bill amounted to a rally, as AgJobs supporters such as Idaho apple grower Kelly Henggeler, United Farm Workers President Arturo Rodriguez and Manuel Cunha, president of the Fresno, Calif.-based Nisei Farmers League, cheered on the lawmakers.

Previous press conferences convened since 2003 were similarly staged, and Henggeler - a third-generation grower from the town of Fruitland - conceded feeling "a little bit (of) deja vu." Still, the optimism may also have some foundation in fact.

The bill is bipartisan, introduced by Republicans Craig and Sen. Mel Martinez of Florida and Democrats Feinstein and Sen. Barbara Boxer of California. Rep. Howard Berman, D-Calif., helped negotiate the package and introduced an identical bill in the House.

The legislation would grant "blue cards" to illegal immigrants who could prove they had worked in agriculture for at least 150 days in the last two years. They must continue working in agriculture for several years before attaining permanent legal status.

The Republicans who controlled the House last year refused to bring the guest-worker legislation up for a vote. This year, Democrats control the House by a 233-202 margin.

"With the change in the majority party, I think we're going to see a situation where we get something done this year," said Barry Bedwell, president of the California Grape and Tree Fruit League.

Last year's chairman of the House immigration subcommittee, Indiana Republican John Hostettler, staunchly opposed guest-worker bills. Voters ejected him in November. This year's immigration panel chair, California Democrat Zoe Lofgren, supports the agricultural guest-worker legislation.

Likewise, the skeptical GOP chair of the House Judiciary Committee - Wisconsin Republican James Sensenbrenner - has been replaced by a sympathetic Democrat, Rep. John Conyers of Michigan. Lawmakers added Wednesday that Florida Republican Adam Putnam's service as chair of the House Republican Conference brings a sympathetic voice to the GOP's top ranks.

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"There's a little bit more impetus with the change of leadership on the congressional side," said Vito Chiesa, a California peach and almond grower.

The Senate will probably move first, since it took the lead last year. As before, the agricultural guest-worker package could be folded into an immigration overhaul plan that extends beyond farm workers. Congressional negotiators have quietly been redrafting such a comprehensive plan.

The broader proposal will be introduced later with its own fanfare. It will extend to millions of illegal immigrants the opportunity to become legal U.S. residents and, eventually, citizens if they can pay fines and cross other hurdles.

As before, both the broader immigration overhaul and the AgJobs proposal will incite vigorous resistance.

"The Senate has already heard a great number of euphemisms about the AgJobs bill, but let's be clear from the start about what we are discussing," Sen. Robert Byrd, D-W.Va., warned during earlier debate. "It is amnesty for aliens employed unlawfully in the agricultural sector, and it is amnesty for the businesses that hire and exploit them as cheap labor."

If resistance to a immigration overhaul bill grows too stiff, Berman said, the agricultural guest-worker package could moved as a separate bill.

TAX:

KPMG Tax-Shelter Probe Nets A Fourth Guilty Plea (WSJ)

By Paul Davies And David Reilly

The Wall Street Journal, January 11, 2007

A California accountant pleaded guilty yesterday to four criminal charges related to the sale of allegedly improper tax shelters and his role in helping a former KPMG LLP executive try to obstruct a government investigation into the products. The admission marks the fourth guilty plea the government has secured in its investigation into shelters designed by KPMG.

As part of a deal with prosecutors, Steven Acosta, of Pasadena, Calif., admitted to conspiracy, tax evasion and two counts of obstruction of an Internal Revenue Service investigation. The 49-year-old faces as many as 16 years in prison but has agreed to testify against former KPMG executives facing criminal charges related to the shelters in a trial scheduled for September.

Mr. Acosta worked briefly for KPMG, but he wasn't among the 19 individuals -- including 17 former KPMG executives -- indicted in November 2005 on criminal charges related to the tax shelters. Mr. Acosta, posing as an independent investment adviser and hedge-fund operator, said he helped David Greenberg, one of the indicted former KPMG executives, to sell shelters.

Mr. Acosta said he didn't have any knowledge or understanding of the transactions he was purportedly providing advice on. In return, Mr. Acosta said, Mr. Greenberg paid him $600,000 for his role. Prosecutors said Mr. Acosta also lied to IRS agents investigating the tax shelters and that his role in the fraud generated $100 million in losses to the government.

The government contends the shelters were designed to create phony paper losses for wealthy individuals in an effort to evade billions of dollars in taxes. While one of the indicted former KPMG executives, David Rivkin, has pleaded guilty, the other 18 individuals facing trial, including Mr. Greenberg, are fighting the charges.

Mr. Acosta was "a small part of a rather large conspiracy," his lawyer, Jim Henderson, said in court.

Leonard Lesser, a lawyer with Simon Lesser P.C. who is representing Mr. Greenberg, yesterday declined to comment on Mr. Acosta's plea.

KPMG itself in August 2005 entered into a deferred-prosecution agreement with the government over the tax-shelter products and agreed to pay a $456 million fine. The government earlier this month agreed to drop the deferred criminal charge against the firm.

Tax Cuts And Consequences (NYT)

The New York Times, January 11, 2007

The tax system in the United States is supposed to mitigate inequality. But a recent report by Congress's budget agency provides fresh evidence that Bush-era tax cuts have done more to reinforce inequality than to redress it.

The agency found that in 2004, the latest year for which comprehensive data were available, the top 1 percent of households pocketed 14 percent of total after-tax income in the United States, up from 12.2 percent in 2003. That increase, the third largest in one year since the agency started keeping track in 1979, works out to an extra $128 billion. And yet despite that hefty gain, the effective federal tax rate of the top 1 percent decreased slightly.

In contrast, the share of after-tax income going to households in the middle of the income distribution fell to 15 percent in 2004, down from 15.4 percent in 2003 — the equivalent of a $29 billion loss. In that time, the share of their income going to federal taxes stayed about the same.

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One of the reasons the rich are getting so much richer than everyone else is that investment income is highly concentrated among the richest Americans and has grown robustly through much of the Bush years — unlike wages and salaries. But the rise in investment income hasn't caused rich Americans' income taxes to rise substantially because — thanks to the tax cuts of 2003 — investments are now taxed at about the lowest rates in the code.

Another reason for the after-tax advance of upper-income Americans is that an ever larger share of their salaries escapes the payroll tax that pays for Social Security benefits. The annual amount of income subject to the tax — now $97,500 — has been adjusted upward each year since 1982, in line with the increase in average wages. But as pay raises at the top of the income scale have increasingly exceeded the average wage gain, incremental adjustments in the wage cap have been inadequate. In 1982, only about 10 percent of all wages escaped the tax. Today, that figure is estimated at 15 percent. The administration has yet to call for raising the cap, though doing so is a matter of simple fairness.

Unfortunately, with the administration having abandoned fiscal prudence for the past six years, it's practically inevitable that inequality will worsen. The bill for the deficit-financed tax cuts of the Bush era will arrive in the years to come. It's likely that the costs will be borne by all, even though most of the benefits have accrued to the few.

CONGRESS-ADMINISTRATION:

New Judicial Nominees Rankle Democrats (HILL)

By Elana Schor

The Hill, January 11, 2007

As President Bush withdrew four contentious judicial nominees, apparently offering an olive branch to the new Senate majority, he resubmitted a handful of executive-branch nominations that have angered and dismayed senior Democrats.

The White House's acknowledgment that its withdrawn judicial picks would face near-certain rejection in the new Congress won praise from Democrats and their allied interest groups. But the renewal late Tuesday of several agency nominations signals that Bush is not backing away from confrontation with Democrats who have held up many of the appointments and could renew their previous holds.

Several of the re-nominated officials, such as Assistant Secretary of Homeland Security for U.S. Immigration and Customs Enforcement Julie Myers and Assistant Secretary of State for Population, Refugees and Migration Ellen Sauerbrey, already are serving in the administration under recess appointments that allowed them to sidestep Senate confirmation votes but expired at the end of the 109th Congress. John Bolton, who became America's ambassador to the United Nations following a recess appointment, opted to step down from the post last month rather than face a bruising Senate battle to win formal confirmation.

Steven Bradbury's nomination to lead the Justice Department's Office of Legal Counsel was blocked in August by Sens. Edward Kennedy (D-Mass.) and Russ Feingold (D-Wis.) and Senate Majority Whip Dick Durbin (Ill.) in protest of the administration's denial of security clearances necessary to investigate warrantless surveillance conducted by the National Security Agency (NSA). Though Justice since has initiated an internal inquiry of the NSA program, Kennedy said yesterday he wants more time for oversight before Bradbury is considered.

"Bradbury was deeply involved in defending the president's program, which allowed warrantless surveillance of ordinary Americans," Kennedy said through a spokeswoman. "We need more information and cooperation from the administration — until then, we should not move forward on this nomination."

Another of Bush's resubmitted nominees, Armenian ambassador hopeful Richard Hoagland, sparked the ire of several senior Democrats by publicly questioning the veracity of the Armenian genocide, a flashpoint in U.S. relations with Turkey. Sen. Robert Menendez (D-N.J.) blocked Hoagland's nomination last September, and Senate Majority Leader Harry Reid (D-Nev.) joined him in a post-election request for Hoagland's outright withdrawal.

"It would serve neither our national interests nor the U.S.-Armenia relationship to expect ambassador-designate Hoagland to carry out his duties under these highly contentious and profoundly troubling circumstances," Reid and Menendez wrote to Secretary of State Condoleezza Rice on Dec. 1.

Bush also renamed Leon Sequeira, a former aide to Senate Minority Leader Mitch McConnell (R-Ky.), as assistant secretary for policy at the Labor Department. Sequeira drew holds last year from Colorado Sens. Ken Salazar (D) and Wayne Allard (R), both of whom were concerned about an unheard petition from workers in their state seeking compensation from Labor. The petition continues to languish, setting the stage for another hold.

C. Boyden Gray, founder of conservative interest group Committee for Justice, was serving as ambassador to the European Union under a recess appointment and also resubmitted. Gray was the subject of several reported Democratic holds in 2005 over judicial-nomination issues that may have evaporated after this week's withdrawal of the four disputed nominees.

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Other nominees resubmitted this week that have earned strong Democratic disapproval include Richard Stickler, a coal-industry executive recess-appointed as assistant secretary for mine safety and health at the Labor Department, and Paul DeCamp as wage and hour administrator at Labor.

Minimum Wage Boost Races Through House (AP)

By David Espo

AP, January 11, 2007

The House voted to raise the federal minimum wage Wednesday for the first time in a decade, to $7.25 an hour, as majority Democrats marched briskly through their 100-hour agenda at the dawn of a new Congress.

Ebullient Democrats stood and cheered as the final vote — 315-116 — was announced.

"For 10 years the lowest-paid Americans have been frozen out," said Rep. George Miller of California, berating Republicans who had refused for years to allow a vote on a stand-alone minimum wage increase.

"The little guy is not going to be forgotten any longer," said Rep. Bill Pascrell, whose district includes gritty Paterson, N.J. He estimated the increase would mean an additional $4,400 a year for a family of three.

"The small businessmen we are trying to help for the most part are little guys," countered Rep. Howard McKeon, R-Calif. He said Republicans favor an alternative coupling a minimum wage increase with tax breaks for small businesses.

Other Republicans argued that raising the minimum wage would hurt employment chances for the lowest-paid workers.

The legislation, which now goes to the Senate, would raise the current $5.15 minimum to $5.85 effective 60 days after the measure became law. The minimum would go to $6.55 a year later and $7.25 a year after that.

The White House issued a statement of opposition to the legislation as drafted. It called for the increase to be accompanied by "tax and regulatory relief to help small businesses stay competitive and to help the economy keep growing."

Senate Majority Leader Harry Reid, D-Nev., has already signaled that Democrats will accept pro-business changes. Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee, told reporters that he and other lawmakers are working on between $8 billion and $10 billion in relief over 10 years.

Businesses that bring in less than $10 million a year would receive relief under one of the provisions in the emerging legislation, and the restaurant industry would be favored under another.

By contrast to the partisan debate on the wage legislation, one of the House's most cherished traditions fell without a struggle.

Speaker Nancy Pelosi, D-Calif., issued an order banning smoking in an ornate lobby just off the House chamber where tobacco smoke and political intrigue have coexisted for generations.

"We can no longer risk the health of colleagues, staff, pages, reporters and others who pass through the Speaker's Lobby each day," Pelosi said, and by midafternoon, the ashtrays were gone. Not so a portrait of John Nance Garner, cigar in hand, one of many past House speakers whose likenesses preside over the room.

There was distress across the Capitol, when 89-year-old Sen. Robert C. Byrd of West Virginia, who walks with the aid of two canes, arrived in the chamber too late to cast a vote.

Reid had cautioned senators he intended to run proceedings more efficiently. But Byrd observed that the Senate also "reveres tradition, seniority, debate, deliberation, experience and common courtesy."

The minimum wage bill is the second of six measures that Democrats intend to pass in the first two weeks of the new Congress. Legislation aimed at making the nation safer from terrorist attacks passed easily on Wednesday. The agenda for Thursday includes a measure to permit expanded federally funded embryonic stem cell research, a bill Bush has threatened to veto.

On Friday, the House is expected to pass legislation directing the administration to negotiate with drug companies for lower prices on prescription drugs for Medicare recipients. Republicans said Wednesday they believed Bush would veto that bill, as well, if it reached his desk as drafted.

Democrats have long claimed the measure would result in significant savings, but congressional budget analysts bluntly disputed that. "We anticipate that the (administration) would be unable to negotiate prices across a broad range of ... drugs that are more favorable than those obtained" under current law, said a letter signed by Donald B. Marron, acting director of the Congressional Budget Office.

The remaining measures on the early Democratic agenda would cut the interest rate on student loans and raise taxes on energy companies to pay for an effort to reduce dependence on foreign oil.

All 233 Democrats voted for the minimum wage measure, along with 82 Republicans. All 116 votes in opposition came from Republicans.

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Less than a week after Congress convened under Democratic control, the minimum wage bill offered an early challenge of the party's ability to maneuver in an environment shaped by friendly outside interest groups as well as the White House and Republicans who hold 49 votes in the 100-member Senate.

House Democrats insisted that the bill pass without any relief for small businesses, and the AFL-CIO has lobbied Senate Democrats to go along. Several officials said the issue flared in this week's closed-door caucus of the rank and file, when some liberals challenged Baucus and questioned a strategy that called for early concessions to Republicans.

In response, Reid said Democrats did not have 60 votes that would be needed to pass a stand-alone minimum wage increase over a Republican filibuster, these officials added.

The final measure will be worked out in negotiations between the two houses, and it is likely that Pelosi and House Democrats will ultimately have to accept tax breaks for businesses if they are to get Bush's signature on one of their top priorities.

Under budget rules enacted last week, though, no tax legislation that clears the House can increase the deficit — meaning that the minimum wage bill would have to contain provisions to offset the costs of the tax cuts.

Inflation has eroded the minimum wage's buying power to the lowest level in about 50 years in the time since the last increase took effect. According to Labor Department statistics, 479,000 workers paid by the hour earned exactly $5.15 in 2005, the most recent estimate available. They tend to be under 25 and never married and more likely to be women, minorities and part-time workers.

More than two dozen states and the District of Columbia have minimum wages higher than the federal level. The political potency of the issue was evident last November, when proposals to raise statewide minimums passed in all six states where they came to a vote.

Minimum-Wage Increase Easily Clears House Vote (WSJ)

By David Rogers

The Wall Street Journal, January 11, 2007

WASHINGTON -- Legislation to increase the federal minimum wage cleared the House by an almost three-to-one margin, giving Senate Democrats increased confidence that they can win quick enactment together with tax breaks targeted to small business.

Ending years of party resistance, 82 House Republicans joined in approving the increase, raising the minimum hourly wage standard to $7.25 from $5.15 over the next two years. The first of three 70-cent increments would take effect 60 days after the bill becomes law and would be the first increase in the federal standard in almost a decade.

The long gap, under Republican control of the House, both raised the political stakes of the wage issue and diminished its direct impact on the economy. Labor economists estimate that the six million workers directly affected by an increase represent about 4% of the work force, compared with the 9% directly affected when Congress last approved an increase in 1996.

The impact also varies, since more than half the states have raised their own minimum-wage standards, often to a higher level than the new federal requirement.

Nonetheless the symbolism of the 315-116 vote was huge for the new House Democratic majority, which is struggling to stay focused on its domestic agenda as the debate over the Iraq war increasingly dominates Congress. "This is a question of economic fairness...this goes way beyond the dollars and cents of the minimum wage," said House Education and Labor Committee Chairman George Miller (D., Cal.).

Final passage followed skirmishes over Republican efforts to add tax- and health-related amendments. But Senate Democrats are poised to add a small-business tax package that will require tax-loophole closings to pay for the estimated 10-year cost of $8 billion to $10 billion.

"This will pass," said Senate Finance Committee Chairman Max Baucus (D., Mont.), who is moving to attach the tax package to the House-passed bill and thereby pick up the extra Republican votes needed to assure Senate passage. He wants to make permanent the current work-opportunity tax credit for employers hiring low-wage workers. Small-business depreciation benefits could be expanded, and Mr. Baucus said he is looking at a proposal to make it easier for small employers with inventories to still use cash accounting under tax rules.

When Congress last approved a minimum-wage increase in 1996, the attached business-tax benefits approached $20 billion -- or twice what is now envisioned. But Mr. Baucus is reluctant to go further and use up more of his tax offsets, options he will need in the future to pay for Democratic energy initiatives as well as some form of middle-class protection from the Alternative Minimum Tax.

Instead, he and the ranking Republican, Iowa Sen. Charles Grassley, are expected to rely on a small reservoir of tax-shelter changes that the Senate has passed before but were resisted by the House when under Republican control. Among

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these targets are leasing tax shelters known as sale in and lease out transactions, which have been criticized by the Internal Revenue Service and which Congress has largely outlawed for leases entered into after March 12, 2004.

Given the continued IRS criticism of the shelters, Senate tax writers have argued that even in cases of leases entered into before the 2004 law, the holders of the shelters shouldn't gain future benefits, especially if the lessee is a foreign person or company. Mr. Baucus said companies that rushed to enter leases after he and Mr. Grassley had set a cutoff date in 2003 could be vulnerable.

House, By A Wide Margin, Backs Minimum-Wage Rise (NYT)

By Carl Hulse

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — The House overwhelmingly approved a $2.10-an-hour increase in the federal minimum wage on Wednesday, in a vote that Democrats hailed as overdue and a symbol of new leadership on Capitol Hill.

The Democrats, who campaigned against Republicans last year for repeatedly allowing Congressional pay raises when they were in the majority and yet refusing for almost a decade to raise the wage floor from $5.15, said the new, three-step increase for hard-pressed employees would be in sharp contrast to Republican tax cuts approved for the affluent.

"This is the day for the people who empty the bedpans, change the bed linens, sweep the floors and do the hardest work of America," Representative Robert E. Andrews, Democrat of New Jersey, said before the 315-to-116 vote.

Several Republicans spoke against the legislation, a centerpiece of the House Democrats' 100-hour domestic legislative agenda, on the ground that it would reduce the number of available jobs and so deny opportunities to those trying to enter the work force. But 82 Republicans joined all 233 Democrats in supporting the bill, unwilling to cast a vote that could have made them appear unsympathetic to Americans trying to get by on a minimum wage that has not been raised since September 1997.

"Let's not trample on the market, but recognize that nine years is long enough," said Representative Zach Wamp, Republican of Tennessee.

The measure would increase the minimum wage to $5.85 an hour 60 days after being signed into law, to $6.55 one year after that, and to $7.25 after an additional year. For a minimum-wage employee working full time, $7.25 would mean about $4,000 a year more than the current floor.

But the House vote is far from the final word. The legislation now goes to the Senate, where members of both parties have indicated that they intend to tie it to tax breaks for small businesses, to help offset any new costs arising from the wage increase. Linking the two is seen by many as a prerequisite to rounding up the 60 votes needed to overcome any filibuster and open the door to negotiations between the House and the Senate over a final bill. President Bush has indicated that he would sign a bill providing for a wage increase with related tax breaks.

"The 110th Congress is going to do the right thing and finally deliver a minimum-wage increase," the chairman of the Senate Finance Committee, Max Baucus, Democrat of Montana, said Wednesday. "And at the same time, we should help keep jobs available to America's workers by helping small businesses absorb this wage hike."

In recent years, Republicans repeatedly rebuffed Democratic proposals to raise the minimum, arguing that it could slow the economy. Under pressure from Republicans in swing districts, the leadership last year did allow a vote on an increase, but tied it to a repeal of the estate tax. Democrats, backed by organized labor and other interests, blocked that proposal in the Senate.

During the fall campaign, Democrats made inaction on the minimum wage a mainstay of their arguments against Republican control. Breaking an informal agreement with Republicans not to trade partisan charges over Congressional pay, they contrasted the stalled minimum-wage rate and lawmakers' regular cost-of-living increases. Trying to insulate themselves, the Republicans agreed late last year that Congress would get no more pay raises until a minimum-wage increase was approved.

On Wednesday, Republicans criticized Democrats for blocking any efforts to change the House measure by including small-business tax breaks.

"It is troubling that this bill gives no thought to softening the impact on our engines of new job growth," said Representative Wally Herger, Republican of California.

But Democrats were determined to raise the wage floor with no strings attached.

"Can't you just give these workers an increase and be done with it?" Representative George Miller, Democrat of California and the new chairman of the Education and Labor Committee, asked his colleagues.

Despite their longstanding opposition, two mainstays of the Washington business lobby — the United States Chamber of Commerce and the National Federation of Independent Business — made only a perfunctory effort to influence the House vote, sending members letters of opposition but otherwise conceding the issue.

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"It was a foregone conclusion," said Michael J. Donohue, a spokesman for the federation, which represents small businesses. "Our lobbyists assessed that this wasn't the best way to spend their energy."

The vote was celebrated by organized labor, which is seeing its influence in Congress enhanced with the return of a Democratic majority. But John J. Sweeney, president of the A.F.L.-C.I.O., joined with Senator Edward M. Kennedy, Democrat of Massachusetts and a longtime advocate of the wage increase, in urging the Senate to pass the measure without offsetting benefits for businesses.

"Business has enjoyed hundreds of billions of dollars in tax cuts since Bush took office," Mr. Sweeney said in a statement, "while health care, secure retirements and the minimum wage have all been on government's back burner."

On the House floor, meanwhile, Speaker Nancy Pelosi beamed after the final vote as she brought down her gavel and Democrats cheered the lopsided margin.

House Passes Increase In Minimum Wage To $7.25 (WP)

By Jonathan Weisman

The Washington Post, January 11, 2007

The House yesterday overwhelmingly approved the first increase in the federal minimum wage in nearly a decade, boosting the wages of the lowest-paid American workers from $5.15 to $7.25 an hour over the next two years.

The 315 to 116 vote could begin the process of ending Congress's longest stretch without a minimum-wage increase since the mandatory minimum was created in 1938. In the past decade, inflation has depleted the value of the minimum wage to the lowest level in more than 50 years.

Senate Democratic leaders promise to press for a vote on their own minimum-wage legislation this month. Unlike the House-passed bill, the Senate's would include small-business tax cuts that Democrats believe are necessary to placate Republicans and the business community and win the 60 votes necessary to break a possible filibuster.

"On Monday, we commemorate the life of a great American, Dr. Martin Luther King Jr. And Dr. King once said: 'Equality means dignity. And dignity demands a job and a paycheck that lasts through the week,' " said House Majority Leader Steny H. Hoyer (D-Md.). "Today, we heed those words."

The minimum-wage vote followed House action on Tuesday approving legislation to implement many of the remaining anti-terrorism recommendations of the Sept. 11 commission. The House launched its legislative blitz last week by tightening rules on lobbying and imposing new controls on deficit spending. In all four tallies, Republicans who held in lock step during their 12 years as the majority party went over in droves to the Democratic side.

Democrats used the minimum-wage issue effectively during last year's midterm campaign, vowing to approve an increase if they won control of the Congress.

Republican leaders, backed by small-business lobbyists and restaurant groups, argued fiercely that raising the minimum wage would cripple the economy and must be accompanied by significant tax cuts for small businesses to lessen the effect on them. Rep. John Kline (R-Minn.) predicted that a wage increase "will leave recent economic growth dead in its tracks."

But with Democrats ascendant, such arguments did not go far -- especially now, when a tight labor market has boosted incomes and rendered the minimum wage almost irrelevant in many states. Eighty-two Republicans joined 233 Democrats to approve the increase. More surprisingly, 54 Republicans abandoned their leadership and voted with the Democrats on a procedural motion that would have forced House leaders to add business tax breaks to the bill.

Under the Democratic measure, the minimum wage would jump to $5.85 within 60 days of enactment. One year later, the wage would rise to $6.55; it would reach $7.25 a year after that. The bill for the first time would also apply the federal minimum wage to the Northern Mariana Islands, a U.S. protectorate that was protected from federal labor laws for years because of the efforts of now-imprisoned lobbyist Jack Abramoff and his Republican allies in Congress.

Democrats estimate that a minimum-wage increase will lift the income of 13 million workers -- 5.6 million earning the current minimum wage and 7.4 million just above that level.

"Today we finally release them from being frozen in time, stuck at that wage level when their gas prices are higher, their education prices are higher, when their medical costs are higher," said George Miller (D-Calif.), the House Education and Labor Committee chairman and the bill's author.

But hurdles remain. When the Senate last year brought a simple minimum-wage increase to a vote, it fell well short of passage. Senate Finance Committee Chairman Max Baucus (D-Mont.) plans to complete a package of small-business tax breaks by next week that would cost the Treasury up to $10 billion over the next 10 years. Those measures would mainly extend existing tax breaks, such as a tax deduction for the hiring of welfare recipients, generous tax deductions for business investments and breaks for property leases.

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Some Senate Republicans are pushing for tax measures worth twice that much, and they could push a controversial measure to allow small businesses to pool together to buy health insurance. The bill, long sought by Republicans and small-business lobbyists, is strongly opposed by Democrats who say it would allow such "pools" to ignore state health insurance mandates.

John J. Sweeney, president of the AFL-CIO, said that an increase in pay for the nation's lowest-paid workers "should not have to depend on even more payoffs to business."

The White House yesterday released a statement opposing the House's minimum-wage increase and praising the Senate for considering small-business tax breaks. But the statement of administration policy did express the Bush administration's support for a $2.10 increase in the minimum wage and pointedly stopped short of threatening a veto.

House OKs New Minimum Wage (WT)

By Charles Hurt

The Washington Times, January 11, 2007

The House overwhelmingly approved a raise in the minimum wage yesterday, hailing the first increase in 10 years as a principle of basic fairness that will lift millions out of poverty.

"This is a matter of fairness," Rep. John Lewis, Georgia Democrat and civil rights icon, said of the Fair Minimum Wage Act of 2007, the second of the six bills that new House Speaker Nancy Pelosi promised her party would pass. "This is a matter of human decency. This is a matter of human dignity."

The bill, approved yesterday on a lopsided 315-116 vote that prompted cheers from the new Democratic majority when the roll call was announced, would raise the minimum wage over two years from the current $5.15 per hour to $7.25, with intermediate steps at $5.85 and $6.55.

Democrats backed the bill by 233-0, while Republicans opposed it by 116-82.

But what Mr. Lewis called matters of fairness and human decency and dignity will not reign over all U.S. soil.

Although the legislation specifically extends for the first time the federal minimum wage to the U.S. territory of the Northern Mariana Islands, it exempts American Samoa, another Pacific island territory that would become the only U.S. territory not subject to federal minimum-wage laws.

"It's ironic to me that one of the first bills they bring up that promises across-the-board fairness for all has an exception," said Steve Forde, Republican spokesman for the House Education and Labor Committee.

Democrats agreed yesterday that pay rates in Samoa should be raised and that the minimum wage should be uniform across all U.S. territories. But, they said, the working conditions in the Northern Mariana Islands are "screaming out" for immediate attention.

The loophole pleases the tuna corporations that employ thousands of Samoans in canneries there at $3.26 an hour -- an industry-specific rate set by the U.S. Department of Labor. They have lobbied Congress for years, arguing that imposing the federal minimum wage on Samoa would cripple the economy by driving the canneries to poor countries that don't require a minimum wage.

One of the biggest opponents of the U.S. minimum wage there is StarKist Tuna, which owns one of the two packing plants that together employ more than 5,000 Samoans, or nearly 75 percent of the island's work force. The other plant belongs to California-based Chicken of the Sea.

StarKist's parent company, Del Monte Corp., is headquartered in San Francisco, which is represented by Mrs. Pelosi.

A spokeswoman for Mrs. Pelosi said yesterday that the speaker has not been lobbied in any way by StarKist or Del Monte.

A spokesman for Rep. George Miller, California Democrat and author of the bill, also said he is aware of no lobbying to exempt Samoa from minimum-wage laws.

Tom Kiley, Democratic spokesman for the Education and Labor Committee, said the Northern Mariana Islands were included in the legislation because "they were building an economy on importing cheap labor where you had worker abuse that was unparallelled in Samoa or anywhere else." He added that the "goal is for there to be a uniform standard" and that lower Samoan wages should be re-evaluated.

Democrats have long criticized Republicans and the government of Northern Mariana Islands for suppressing wages in their garment industry by not applying the federal minimum wage to the territory's standing $3.05 minimum wage. In particular, they charged former Majority Leader Tom DeLay and a lobbyist for the Mariana Islands government -- Jack Abramoff -- for fostering sweatshops.

Republicans are not expected to try to avert the increase, simply insisting that a minimum-wage raise be accompanied, as yesterday's House bill was not, with what the White House called "tax and regulatory relief to help small businesses stay competitive and to help the economy keep growing."

But Democrats and their allies in such groups as labor unions hailed the bill.

"This country doesn't belong only to the giant corporations and the fat-cat lobbyists," John Sweeney, president of the AFL-CIO, said during a press conference with Democrats on Capitol Hill. "You deserve a decent day's pay for a decent day's work. No more excuses. No more delays."

House Votes To Raise Minimum Wage (USAT)

By Richard Wolf

USA Today, January 11, 2007

WASHINGTON — The first increase in the federal minimum wage in a decade passed the House of Representatives on Wednesday, and both the Senate and President Bush voiced support if small businesses get tax breaks.

Democrats, who control the House for the first time since 1994, pushed through the 41% wage increase on a 315-116 vote in a matter of hours. All 233 Democrats voted yes, along with 82 Republicans. Under Democrats, "the little guy's not going to be forgotten any longer," said Rep. Bill Pascrell, D-N.J.

The measure would boost the wage, $5.15 an hour, to $7.25 over two years in three 70-cent increments. It would affect about 5.6 million people, or 4% of the workforce, and there would be ripple effects for about 7.4 million others.

The federal minimum wage was last increased in 1997, the longest gap since it was set at 25 cents in 1938. The $10,712 salary for a full-time worker has the lowest buying power in 51 years.

SMALL BUSINESS CONNECTION: Your thoughts on the wage increase?

"Walk in the shoes of people who work every single day for a living," said Rep. Rosa DeLauro, D-Conn. Most members of Congress earn $165,200, and "this Congress in the last session barely worked two days a week here," she said.

Twenty-nine states and the District of Columbia, representing 70% of Americans, have higher minimums, ranging up to $7.93 in Washington state. The law would immediately affect those who live in the South and Midwest.

Gina Walter, 44, a thrift store cashier from Columbus, Ohio, makes $6.25 under her state's minimum wage law, a wage that will rise to $6.85 this month. She brings home $388 every two weeks; her monthly rent is $365. She can't afford health insurance.

"Sometimes I eat one time a day," Walter said Wednesday.

Republicans offered to raise the wage if the increase was accompanied by tax and health care breaks for the nation's 23 million small businesses. Otherwise, they said, up to 1 million people in the restaurant industry alone could lose jobs, and "what we can't count are jobs that are never offered," said Rep. Tom Price, R-Ga.

The GOP plan, which would let companies band together to buy health plans, was rejected by a 2-1 ratio. Then, 40% of Republicans voted for the wage hike alone. "You can't defend not raising it for nine years," said conservative Rep. Zach Wamp, R-Tenn.

John Nicholson, the owner of Company Flowers in Arlington, Va., said a higher wage would stop him from hiring young people new to the job market. "Some of my best customers have come to me and said on occasion, 'Would you hire my daughter or my son?' " he said. "Now I'm not going to be able to."

To pass the Senate, the higher wage probably will be combined with tax breaks for small businesses, Senate Finance Committee Chairman Max Baucus, D-Mont., said. That action, backed by Bush, could come late next week.

"The administration looks forward to working with Congress to maintain a flexible labor market and provide a complete package that helps both workers and small businesses," a White House statement said.

House Votes To Raise Minimum Wage (MCT)

By Margaret Talev

McClatchy Newspapers, January 11, 2007

WASHINGTON - The House of Representatives voted Wednesday to raise the federal minimum wage from $5.15 an hour to $7.25 by 2009, giving millions of poor Americans who work their best prospects in a decade to earn higher standards of living.

The legislation, which passed 315 to 116, doesn't include tax relief for small businesses, which President Bush says must be part of any increase he signs. Many Republicans say any such wage hike must be matched by incentives for small-business employers, particularly in the restaurant industry, which they say could lose the most when the minimum wage is raised.

Senate Democrats are expected to include some tax breaks in their version of the legislation in coming weeks and to urge House Democrats to go along, despite objections from liberal lawmakers and the AFL-CIO, in order to clear the Senate and win Bush's signature.

"It's very important we pass a minimum wage - it's also important that small businesses thrive in this country," said Sen. Claire McCaskill, D-Mo., one of the new crop of moderate-to-conservative Democrats who won election in November.

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Americans working full-time jobs at the federal minimum wage would see their salaries rise under the proposed increase from about $11,000 a year to $15,000.

Democrats, back in control of Congress after a dozen years, see the minimum-wage increase as a key statement of their priorities. It's both a symbol to voters of the Democrats' ability to move legislation that Republicans bottled up for years and a reward to labor unions, a key constituency group for their party. It's also an idea overwhelmingly supported by Americans, including higher earners, polls show.

"This is a matter of fairness. This is a matter of human decency. This is a matter of human dignity," said Rep. John Lewis, D-Ga., a noted leader of the `60s civil rights movement. "It is time Congress actually reflects the will of the American people."

Rep. Jeb Hensarling, R-Texas, chairman of the Republican Study Committee, said "lucky" workers would see their pay rise to $7.25 an hour, but he predicted, "Many more will have their hours cut, many will have their benefits cut, and many will lose their jobs."

Rep. Wally Herger, R-Calif., called the legislation "detrimental to small-business growth and job creation."

The last time Congress increased the minimum wage was in 1997, and the nation's unemployment rate fell in each of the next three years as the economy boomed.

In the 10 years since the minimum wage was raised, lawmakers increased their own pay by more than $31,000, to $165,200 last year. And more than half of the states have adopted their own minimum-wage increases.

The proposed increase would affect an estimated 5.6 million workers, largely those employed in service industries and likely to vote Democrat: younger Americans, Hispanics, blacks and women.

It also could pressure employers to raise the salaries of more than 7 million other workers earning slightly more than the minimum wage, economists predict.

Democrats noted that Wal-Mart's chairman came out recently in support of the increase, saying the discount chain's customers have too little income.

Anna Burger, secretary-treasurer of the SEIU, a union representing service workers, applauded the House vote, saying, "We are pleased to see the House is listening to working families and acting on the issues that matter most to them."

House Majority Leader Steny Hoyer, D-Md., said that if minimum-wage increases had kept up with the cost of living, the current minimum wage would be $9.05 an hour.

Crossing The State Line Is Worth It For $7.93 (NYT)

By Timothy Egan

The New York Times, January 11, 2007

LIBERTY LAKE, Wash., Jan. 9 — Just eight miles separate this town on the Washington side of the state border from Post Falls on the Idaho side. But the towns are nearly $3 an hour apart in the required minimum wage. Washington pays the highest in the nation, just under $8 an hour, and Idaho has among the lowest, matching 21 states that have not raised the hourly wage beyond the federal minimum of $5.15.

Nearly a decade ago, when voters in Washington approved a measure that would give the state's lowest-paid workers a raise nearly every year, many business leaders predicted that small towns on this side of the state line would suffer.

But instead of shriveling up, small-business owners in Washington say they have prospered far beyond their expectations. In fact, as a significant increase in the national minimum wage heads toward law, businesses here at the dividing line between two economies — a real-life laboratory for the debate — have found that raising prices to compensate for higher wages does not necessarily lead to losses in jobs and profits.

Idaho teenagers cross the state line to work in fast-food restaurants in Washington, where the minimum wage is 54 percent higher. That has forced businesses in Idaho to raise their wages to compete.

Business owners say they have had to increase prices somewhat to keep up. But both states are among the nation's leaders in the growth of jobs and personal income, suggesting that an increase in the minimum wage has not hurt the overall economy.

"We're paying the highest wage we've ever had to pay, and our business is still up more than 11 percent over last year," said Tom Singleton, who manages a Papa Murphy's takeout pizza store here, with 13 employees.

His store is flooded with job applicants from Idaho, Mr. Singleton said. Like other business managers in Washington, he said he had less turnover because the jobs paid more.

By contrast, an Idaho restaurant owner, Rob Elder, said he paid more than the minimum wage because he could not find anyone to work for the Idaho minimum at his Post Falls restaurant, the Hot Rod Cafe.

"At $5.15 an hour, I get zero applicants — or maybe a guy with one leg who wouldn't pass a drug test and wouldn't show up on Saturday night because he wants to get drunk with his buddies," Mr. Elder said.

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For years, economists have debated the effect that raising the minimum wage would have on business. While the federal minimum wage has not gone up for 10 years, 29 states have raised their wage beyond the federal minimum.

These increases, according to critics like Brendan Flanagan of the National Restaurant Association, are a burden on the small, mostly family-run businesses in fast food and agriculture that employ workers at the lowest end of the pay scale.

"We see the political momentum for this," said Mr. Flanagan, a vice president at the association, "but we cannot ignore what our members are telling us, which is that it will lead to job losses."

But the state's major business lobby, the Association of Washington Business, is no longer fighting the minimum-wage law, which is adjusted every year in line with the consumer price index.

"You don't see us screaming out loud about this," said Don Brunell, president of the trade group, which represents 6,300 members.

"It's almost a no-brainer," Mr. Brunell said, that the federal minimum should go higher. Association officials say they would like to see some flexibility for rural and small-town businesses, however.

Washington's robust economy, which added nearly 90,000 jobs last year, is proof that even with the country's highest minimum wage, "this is a great place to do business," Mr. Brunell said.

During a recession five years ago, the same group had argued that Washington's high minimum wage law would send businesses fleeing to Idaho. The group sent out a news release with a criticism of the law from John Fazzari, who owns a family-run pizza business in Clarkston, Wash., just minutes from the Idaho town of Lewiston.

But now Mr. Fazzari says business has never been better, and he has no desire to move to Idaho.

"To tell you the truth, my business is fantastic," he said in an interview. "I've never done as much business in my life."

Mr. Fazzari employs 42 people at his pizza parlor. New workers make the Washington minimum, $7.93 an hour, but veteran employees make more. To compensate for the required annual increase in the minimum wage, Mr. Fazzari said he raises prices slightly. But he said most customers barely notice.

He sells more pizza, he said, because he has a better product, and because his customers are loyal.

"If you look 10 years down the road, we will probably have no minimum wage jobs on this side of the border, and lots of higher-income jobs," Mr. Fazzari said.

Job figures from both states tend to support his point. While Idaho leads the nation in new job growth, it has a far higher percentage of minimum-wage jobs than Washington. Minimum-wage positions make up just 2.4 percent of the jobs in Washington, while about 13 percent of the jobs in Idaho pay at or less than the proposed federal minimum wage, according to a study done for the state last year.

Part of the difference could be accounted for by a lower cost of living in Idaho and the higher percentage of technology, manufacturing and government jobs in Washington, economists say. Still, it is hard to find a teenager in Idaho who lives anywhere near Washington who is willing to work for $5.15 an hour.

"Are you kidding? There are so many jobs nearby that pay way more than minimum wage," said Jennifer Stadtfeldt, who is 17 and lives in Coeur d'Alene, which is just a few minutes from Washington. She pointed out that Taco Bell, McDonald's and other fast-food outlets in her town were posting signs trying to entice entry-level workers with a starting pay of $7 an hour.

The House today passed a bill increasing the minimum wage, and about 13 million workers would see a pay raise if the Senate and President Bush approve it. Mr. Bush has said he would approve the wage increase so long as concerns of small-business owners were taken into account; the Senate has not yet taken up the bill.

Several studies have concluded that modest changes in the minimum wage have little effect on employment. A study two months ago by an economist at Washington State University seemed to back the experience of Clarkston and other border towns in Washington. The economist, David Holland, said job loss was minimal when higher wages were forced on all businesses. About 97 percent of all minimum-wage workers were better off when wages went up, he wrote.

But other business groups argue that an increase would hurt consumers and workers at the low end.

In a survey released on the eve of the November elections — in which voters in six states considered raising their minimum wages — the National Restaurant Association said restaurants expected to raise their prices and eliminate some jobs if the voters approved the measures. The initiatives all passed.

Here on this border, business owners have found small ways to raise their prices, and customers say they have barely noticed.

"We used to have a coupon, $3 off on any family-size pizza, and we changed that to $2 off," said Mr. Singleton, of Papa Murphy's. "I haven't heard a single complaint."

White House Is Opposed To New Bill On Stem Cells (NYT)

By Rachel L. Swarns

DOJ_NMG_0115507

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — The Bush administration jumped back into the bitter debate surrounding embryonic stem cell research on Wednesday, urging lawmakers to vote against House legislation to expand such research and calling for a new focus on scientific studies that would not harm embryos.

In a White House position paper, officials pressed for consideration of alternative research strategies that would be "free of the ethical violations of embryo destruction." Administration officials said President Bush was also considering an executive order that would call for increased financing for studies that did not involve embryos.

The move came as the House prepared to pass a bill on Thursday that would expand federally supported stem cell research. The legislation, sponsored by Representatives Diana DeGette, Democrat of Colorado, and Michael N. Castle, Republican of Delaware, would permit federal financing of studies on stem cells derived from embryos at fertility clinics that are scheduled for destruction.

The legislation is expected to pass the House with bipartisan support this week and to pass the Senate in coming weeks. Supporters of the House bill acknowledged, however, that they did not expect to have enough votes to override a presidential veto.

Mr. Bush, who vetoed stem cell legislation passed by the Republican-controlled Congress last year, is expected to do so again, and the White House's engagement on the issue on Wednesday appeared to be aimed primarily at limiting the size of the votes in favor of the bill in Congress.

A fierce social, scientific and political debate over embryonic stem cell research rose in several Congressional campaigns last year and exposed deep fissures among Republicans, pitting the president against members of his own party and what polls say is a majority of the public.

Proponents of the studies say they may ultimately provide cures for illnesses like cancer, heart disease, Alzheimer's disease and Parkinson's disease. Opponents say the studies violate the sanctity of human life by encouraging the destruction of embryos left over from fertilization procedures.

Supporters of the measure have argued that such embryos would be destroyed anyway.

The White House position paper highlighted research suggesting that adult stem cells may be reprogrammed to function like embryonic stem cells and a new study that says stem cells present in amniotic fluid might ultimately prove to be as flexible as embryonic stem cells.

Tony Fratto, a spokesman for Mr. Bush, said administration officials were also "reaching out" to lawmakers in the House to press the president's position.

"A thoughtful review of the issue would lead most reasonable people to believe this is a line that we don't need to cross," Mr. Fratto said. "This is a vote of conscience for a lot of members. We hope they take the time to review all aspects of it before casting their vote."

Ms. DeGette said that although she supports all types of stem cell research, the alternatives highlighted by the White House remain at a preliminary stage.

"They keep trying to muddle the issue," she said of White House officials. "None of these other types of research are a substitute for embryonic stem cell research."

Mr. Castle, the Delaware Republican, emphasized that the new legislation was urgently needed. "It is time to update the federal policy to enable scientists in the United States to participate in the race for cures and treatments," he said.

Mr. Bush supports limited scientific research involving embryonic stem cells. Under his policy, which he announced on Aug. 9, 2001, the federal government pays for studies on stem cell colonies, or lines, created before that date, so that the government does not encourage the destruction of additional embryos. In the past six years, more than $130 million has been devoted to such research, officials say.

Because the cells have the potential to grow into any tissue or organ in the body, scientists believe that they hold great promise for treatments and cures. But because human embryos are destroyed in extracting the stem cells, the studies draw intense objections from abortion opponents.

Republican opponents of the proposal say the potential medical advances being promised by its backers offer false hope. "To date, embryonic stem cell research has not produced a single medical treatment, and I believe it is morally wrong to create human life to destroy it for research," Representative Mike Pence, Republican of Indiana, said Wednesday.

On Stem Cell Legislation, A Reprise With Twists (WP)

By Rick Weiss

The Washington Post, January 11, 2007

DOJ_NMG_0115508

The House is expected to pass today, by a substantial margin, legislation that would loosen President Bush's restrictions on human embryonic stem cell research -- a bill identical to the one it passed in 2005.

Next month, the Senate is expected to do the same, as it did last year.

And all indications are that soon after that, Bush will, for the second time, veto the bill.

But the final outcome of this year's emotional fight over the science and ethics of stem cell research is not as predictable as it may seem, said scientists and congressional strategists on both sides of the issue.

Opponents of the research say they have never been stronger, not only because of the ongoing support of the president but also because several recent studies have suggested that non-embryonic cells have significant medical promise that may rival that of embryonic cells.

Proponents, however, have a new ace up their sleeve as well: the political shifts wrought by voters in November. With stem-cell-friendly Democrats in the majority for the first time since the cells were discovered in 1998, supporters of the research will be able to work Congress's complex rules in their favor.

"This is not a 'one bill and you're out,' but a two-year time frame with potentially multiple legislative possibilities," said a research supporter involved in Capitol Hill strategizing, speaking on the condition of anonymity because he is not authorized to comment publicly.

"They can stretch it out," the strategist said, so Bush and his backers in Congress must keep saying no to research that the public says it strongly supports. The research advocates "can make it as painful as possible."

Congressional leaders driving the legislation say they hope to avoid all-out war. Compromise language "is welcome," Rep. Diana DeGette (D-Colo.) said Tuesday at a news briefing, conceding that Bush has rebuffed all entreaties so far.

But if it comes to war, members of Congress and aides from both parties said, supporters have many options not available to them last year. They range from subtle moves that could enhance the odds of overriding a veto to heavy-handed tactics such as attaching the bill to must-pass budget legislation.

"I'm confident we'll have a veto-proof bill this time," said Sen. Arlen Specter (R-Pa.), one of three high-powered Republican supporters of stem cell research who attended the Tuesday briefing. In an odd Washington moment, all three seemed briefly grateful that the Democrats were back in charge.

Sen. Tom Harkin (D-Iowa), who has led the stem cell charge in the Senate along with Specter, agreed. "One way or another, we're going to get this done this year," he said yesterday in a meeting with Washington Post editors and reporters.

At issue are five-day-old human embryos that are about the size of the period at the end of this sentence. Stem cells from those embryos show promise for their ability to treat a wide array of diseases and for the secrets they may reveal about one of biology's biggest mysteries: how a fertilized egg cell can become a fully formed person.

Under a policy initiated by Bush on Aug. 9, 2001, taxpayer dollars can be used to study only those cells derived from embryos that were already destroyed by that date -- about 21 colonies of cells out of almost 400 that exist today.

The new legislation would expand that pool by allowing funding of work on cells from embryos slated for disposal at fertility clinics and donated by parents. It would also impose some of the first federal ethics rules on stem cell research, including a provision banning the sale of embryos.

The bill has the support of 66 senators, say Senate leaders, and more than the 238 representatives who voted for it in 2005.

Opponents, however, call the research an assault on nascent human life and an abandonment of society's most vulnerable, and there were reports last night that they might try to block passage in the House by attaching "poison pill" language that many stem cell proponents would have a hard time supporting.

Recent news about other, less controversial kinds of cells with traits resembling those of embryonic cells has already complicated the legislative push.

Opponents have long argued that "adult stem cells," various kinds of which exist in bone marrow, umbilical cords and other tissue, are suitable substitutes for embryonic cells. The true potential of those cells remains mostly unknown. But this week researchers published some of the strongest evidence yet that non-embryonic cells -- in this case, cells in the amniotic fluid of pregnant women -- might have much the same capacity as embryo cells.

In an unusual move, the White House itself touted the news Monday in a flurry of "In Case You Missed It" e-mails, as did activist groups such as the National Right to Life Committee.

"We applaud the work of those researchers who continue to look for ethical stem cell research alternatives that do not require destroying human life, and we call on Congress to support such ethical alternatives," the group's legislative director, Douglas Johnson, said in a statement.

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But scientist after scientist said that, attractive as the new findings are, they remain preliminary and unconfirmed. Moreover, the work is eight years behind the progress already made with embryonic cells, which researchers hope to start testing in patients by next year.

Even the scientist who led the amniotic cell study released a letter Tuesday warning against using his work as an excuse to vote against broader stem cell funding.

"I understand that some may be interpreting my research as a substitute for the need to pursue other forms of regenerative medicine therapies, such as those involving embryonic stem cells," Anthony Atala of Wake Forest University School of Medicine wrote in a letter to DeGette and co-sponsor Rep. Michael N. Castle (R-Del.). "I disagree with that assertion. . . . It is essential that National Institute[s] of Health-funded researchers are able to fully pursue embryonic stem cell research."

One strategy being considered by supporters is to add mollifying amendments to the Senate version, Castle said -- an option that was not open to the Senate last year under the arrangement brokered by then-Majority Leader Bill Frist (R-Tenn.). Although specific provisions have not been discussed in detail, Castle said senators could add funding for programs that donate unwanted frozen embryos to infertile women, a favorite program of Bush's; require extra ethical oversight for stem cell research; or beef up support for parallel studies of non-embryonic cells.

Procedurally, if a veto does come, supporters would benefit if the Senate first modified the bill. That is because full passage would require a House-Senate conference, and under congressional rules the Senate would then control the bill. That means the first attempt to override the veto would be in the Senate -- where the votes are believed to be within reach -- instead of the House, which was first to vote on an override last year.

The House effort failed and would have a difficult time succeeding this year. But inspired by a Senate override and perhaps appeased by amendments in conference, some members who vote against the bill today could feasibly vote yes after a veto. Even if the override failed there, the bill would have gotten further than last time, aides say.

At that point, several strategies could come into play, including attaching it to a must-pass bill or holding hearings featuring desperate patients, which might embarrass the White House -- all possible because Democrats now chair the relevant committees. Subsequent votes could follow, forcing a string of vetoes.

"There is nothing wrong with this bill," said Sen. Dianne Feinstein (D-Calif.). "We should pass this bill again and again and again and again, until we get a president who will sign it."

Stem Cell Research Bill Resurfaces In Congress (USAT)

By Dan Vergano

USA Today, January 11, 2007

Congress and the White House begin a political science experiment today as the House prepares to vote on whether to override President Bush's restrictions on federal funding of stem cell research.

In the House, voting will proceed on the Stem Cell Research Enhancement Act of 2007, which is identical to the one that was passed in the House and Senate last year and then vetoed by the president. A Senate version of the bipartisan bill should come up for a vote after committee consideration in coming weeks, says Sen. Tom Harkin, D-Iowa, a bill sponsor.

"We want to basically move research forward," said Rep. Mike Castle, R-Del., a co-sponsor of the House bill, at a Tuesday briefing. "We want to help people in medical situations."

On Aug. 9, 2001, Bush limited federal funding of human embryonic stem cell research to cells from colonies, or lines, collected from embryos that were destroyed before that date, calling it a compromise between medical advances and moral concerns raised by the research.

Bush echoed those views in last year's veto of the new bill, which would open federal funding of research to stem cell lines created from excess embryos donated by fertility clinics with their patients' consent.

"The president's policy strikes a balance of supporting funding — federal funding for research into stem cells — while avoiding federal funding that would encourage the destruction of embryos," White House spokesman Tony Snow said Tuesday.

Although the House bill is expected to pass easily, the real question is whether it will attract enough votes, two-thirds of the total, to override another veto, says Rep. Diana DeGette, D-Colo., a bill co-sponsor. Last year, the bill passed 235-193. A veto-proof majority is more likely in the Senate, Harkin said Tuesday.

"It is just a matter of time before the bill passes," DeGette says. "Even if it will be the next president of the United States who signs it."

Human embryonic stem cells are the precursors to almost every type of tissue formed in the body before birth. Since 1998, when stem cells were first isolated by a team led by James Thomson of the University of Wisconsin-Madison, researchers have seen them as a source of rejection-free transplant organs — if they can be safely grown into specialized cell types — to treat diabetes, Parkinson's syndrome and other ailments.

Opponents of such research, such as Richard Doerflinger of the U.S. Conference of Catholic Bishops, decry the destruction of days-old embryos that is needed to generate stem cells, equating it to murder.

The National Institutes of Health spent $609 million in 2006 on stem cell research, most of it on animal stem cells; only $39 million went to human embryonic cells. (In comparison, NIH spent $293 million on asthma and $652 million on Alzheimer's research in 2006.)

Under the Bush policy, fewer than two dozen stem cell lines can be studied using federal money, chiefly in efforts to understand their basic biology. "Exponentially more" embryonic stem cell lines would become available for federal research money if the bill becomes law, says spinal cord repair researcher Aileen Anderson of the Christopher Reeve Foundation Research Consortium.

"Absolutely, the impact of overturning the policy would be significant," says researcher Leonard Zon of the Children's Hospital in Boston, if only in relaxing the necessity that scientists who work on new cell lines raise private funds for their work. Passage of the bill would allow researchers to use at no cost facilities and equipment purchased earlier with NIH money.

In July, a USA TODAY/Gallup Poll found that a majority, 58%, of Americans disapproved of Bush's veto. Reintroduced last week, the bill is one of the first brought to a vote by the House's new Democratic Party leadership. Many candidates who were newly elected to Congress last year ran on their opposition to Bush's policy.

Conflict Ahead (RC)

Roll Call, January 11, 2007

President Bush is likely to sign onto the first two big-ticket measures coming out of the new Democratic-controlled Congress, but he and the legislative branch are on a collision course on most other issues of national importance this year.

Given the bipartisan efforts on both a minimum-wage hike and a new lobbying and ethics reform measure, it appears unlikely that Bush will have to use his veto power on either bill. But the same can't be said for myriad other issues that Democrats will tackle this year, notably a $100 billion-plus supplemental Iraq War spending bill, judicial nominations, a stem-cell research measure, and legislation to give Medicare officials the ability to negotiate lower drug prices.

"The fact is, there's a reason the president has only vetoed one bill so far, and that's because the Republican Congress gave him everything he wanted," said Jim Manley, spokesman for Senate Majority Leader Harry Reid (D-Nev.). "That undoubtedly will change, and he'll have to make tough choices about whether to veto bills."

Likewise, House Democrats conceded that if their efforts to work with Bush fail, "We won't let his opposition on any particular issue stop us from doing what we promised to do," said Stacey Bernards, spokeswoman for House Majority Leader Steny Hoyer (D-Md.).

And Republicans weren't shy about noting that Bush is likely to pad his record of vetoes.

"That's going to be easy for him to do," said Sen. Richard Burr (R-N.C.). Still, he noted, "I don't think you'll see Republicans in the Senate rolling over on any piece of legislation just because the president is a backstop."

The White House, however, refused to speculate on the president's future use of the veto.

"It's a little too early to make those predictions right now," said White House spokeswoman Emily Lawrimore. "The president will make his veto decisions after the final bills reach his desk."

Still, no one disputes that the highest profile fight will be over the supplemental war spending bill, where Democrats are no doubt poised to use their newfound power to try to make good on their election promises to change the way the war has been run.

One Bush administration official conceded that the White House's biggest concern is what Democrats might try to include in the war supplemental, the request for which Bush is expected to send up in early February.

And the White House has cause to be concerned.

"There will be a significant difference in the way supplementals have been handled in the past," said a senior House Democratic aide, alluding to the Democratic charge that Republicans were a rubber stamp for Bush. "This Democratic Congress will scrub this supplemental. We'll use the power of the purse to affect the policy" in Iraq.

While both Reid and House Democratic leaders essentially have ruled out any attempt to completely stop funding the war, Senate Democratic aides noted that there are many other ways to use the supplemental bill as a vehicle to change the policy on Iraq.

By using report language in the bill, Democrats may be able to highlight their concerns about the war and other issues by requiring periodic reports from the Pentagon on Defense contracting abuses and troop readiness, by mandating that the Bush administration write the costs of the war into its annual budgets, by prohibiting funds for the rendition of terrorism suspects to countries that employ torture in their interrogation methods, or even by demanding that Bush reassign combat troops to support and training missions, to name a few proposals that Democrats have pushed for in the past.

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Though Senate Democrats plan a test vote on a nonbinding Iraq resolution as early as next week, much of what Democrats do on Iraq in the supplemental depends on the feedback Members receive from constituents regarding Bush's speech Wednesday on increasing troop levels in Iraq. Plus, Democrats cautioned that whatever they do would have to garner a filibuster-proof majority in the Senate, or 60 votes, and would have to be widely supported by the American people.

"The first thing we have to gauge is the reaction of the American people tonight and tomorrow," Sen. Jack Reed (D-R.I.) said Wednesday before the president's speech. He added that anything that would be added to the supplemental would have to enjoy bipartisan support to survive. "We're not in that big a majority. We may have to wait" on looking at sweeping changes to Iraq policy, he said.

In the House, caution also was the name of the game. "It's a bit tricky because it's funding for the troops," said the senior House Democratic aide. Whatever they do "has to be simple, clear cut and compelling," the aide added.

Though the veto power is meaningless when it comes to nominations, another area of contention between the White House and Democrats will come from Bush's judicial nominations. Although Bush decided to drop some of his most controversial picks earlier this week — a move Democrats praised as a sign the White House recognizes the new political realities in the Senate — it is unlikely bipartisanship will prevail for long.

Although none of the nominees at first blush appear to be as controversial as many of Bush's previous selections, there are a few names that jump out on Bush's list that could cause partisan divisions.

Thomas Hardiman, currently a federal district court judge in Pennsylvania, was embroiled in a mini-controversy in 2003 during his confirmation to the district court when, at the urging of former Sen. Rick Santorum (R-Pa.), he declined to meet with the Allegheny County Bar Association during their review of his nomination. The association subsequently rated Hardiman as "not recommended at this time."

Likewise, Bush's pick for the U.S. Court of Appeals for the District of Columbia Circuit, Peter Keisler, also is likely to draw partisan fire. A founder of the influential conservative Federalist Society, Keisler was involved in a number of controversial issues while a lawyer in the Reagan White House, ranging from the Iran-Contra scandal to Reagan's handling of the then-unfolding AIDS crisis.

Similarly, Bush's nomination of Norman Randy Smith to the U.S. Court of Appeals for the Ninth Circuit, originally made last year, likely will face significant opposition. Sen. Patrick Leahy (D-Vt.) in May 2006 announced his opposition, noting that Bush had broken "with the long-standing precedent of filling circuit court vacancies with a nominee from the same state as the judge who created the vacancy" in nominating the Idaho native over a California judge.

And while Republicans no longer can use the threat of the "nuclear" option to try to force a compromise on Democrats, GOP leaders have made it clear they will continue to push for floor votes on Bush's nominees. Senate Minority Leader Mitch McConnell (R-Ky.) in his opening statement of the 110th Congress last week noted Republicans "expect an up-or-down vote" for Bush's picks, a common refrain for much of the judicial wars of the past six years.

Meanwhile, the Bush administration and Congressional Republicans also are gearing up for a clash over Democrats' plan to give Medicare officials the power to negotiate lower drug prices for beneficiaries. Senate Finance ranking member Chuck Grassley (R-Iowa) already has threatened to filibuster, but if the bill makes it out of the Senate, it is likely headed for a veto, Grassley said.

"I don't have any doubt that we have enough [votes] to sustain a veto," Grassley said of the 67-vote hurdle proponents of any vetoed bill would have to overcome. "I don't know if we have the votes to sustain a filibuster, though."

Additionally, Bush already vetoed a bill to federally fund stem-cell research that involves the destruction of donated human embryos last year; another veto of a virtually identical measure would not come as a surprise to many.

Other potential measures that could cause heartburn for, and a veto threat from, the White House are a nascent Democratic attempt to revisit a bill that curtailed habeas corpus rights for terrorism suspects and any measure Democrats may devise to deal with the National Security Agency's warrantless wiretapping program.

Experts Fault House Bill On Medicare Drug Prices (WP)

By Christopher Lee

The Washington Post, January 11, 2007

Democrats are fond of citing the Department of Veterans Affairs as evidence that Medicare officials could squeeze lower prices out of drugmakers if the government merely used its negotiating clout. But that comparison ignores important differences between the two systems, experts say.

Unlike Medicare, VA by law receives an automatic 24 percent discount from the average price that wholesalers pay. Its prices are also low because VA, which prescribes medications for 4.4 million veterans annually, has a relatively narrow formulary, or list of approved drugs. The agency secures big discounts from the manufacturers of a few drugs in each class by

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promising not to offer competing drugs. The Centers for Medicare and Medicaid Services (CMS) is prohibited by law from adopting such a list for the year-old Medicare drug benefit, in part because seniors enrolled in what is known as Part D want to have a wide range of drug choices.

The legislation that House Democrats hope to pass tomorrow to require the Bush administration to negotiate drug prices for Medicare would neither permit a formulary nor require an automatic discount. It would simply require the secretary of health and human services to pursue negotiations and report back to Congress in six months.

That is part of the reason that many experts do not expect the measure to deliver significant savings even if it overcomes opposition in Congress and escapes a possible presidential veto.

In fact, the nonpartisan Congressional Budget Office said yesterday that the House bill would have a "negligible effect" on federal Medicare spending because without a formulary the HHS secretary probably could not obtain better drug prices than those negotiated by the many private insurers who offer Medicare drug plans.

"The federal government can get lower prices, but only if it's willing to exclude a certain number of drugs from the formulary," said Robert Laszewski, a nonpartisan health policy consultant in Washington. "And that's a huge political leap that I would be very surprised if this Congress took. I don't think they are going to give CMS any teeth."

"The VA is really a different animal than Medicare Part D," said Robert B. Helms of the American Enterprise Institute, who was an assistant secretary of health and human services in the Reagan administration.

But Democrats and their allies say that the gulf between drug prices under the VA system and those under Medicare is too large to ignore, and that requiring the government to negotiate prices for Medicare would help narrow the gap significantly.

On average, prices are 58 percent higher in Medicare than in the VA system for the 20 drugs most commonly prescribed for seniors, according to a study released Tuesday by the nonprofit advocacy group Families USA. The lowest price for a year's supply of 20-milligram pills of the cholesterol-lowering drug Lipitor, for instance, was $1,120 in Medicare and $782 in the VA system, the report said.

"These high prices are devastating seniors," said Ron Pollack, the group's executive director.

Rep. Frank Pallone Jr. (D-N.J.), chairman of the House Energy and Commerce subcommittee on health, called eliminating the current prohibition on government negotiations a "no-brainer."

"It makes absolutely no sense to say that the administration should not be able to negotiate prices for all these seniors," Pallone said. "There's no way it's not going to save a significant amount of money."

Pallone said Medicare could obtain prices similar to the VA system's even without a formulary. "I have every reason to believe that there is enough persuasion power, with different things that could be implemented by the secretary, that could get down to those levels," he said. He added that Democrats will consider further changes down the road.

Energy and Commerce Committee Chairman John D. Dingell (D-Mich.), lead sponsor of the House bill, discounted the importance of the CBO analysis. "Common sense tells you that negotiating with the purchasing power of 43 million Medicare beneficiaries behind you would result in lower drug prices," he said.

Critics of the VA comparison note that some of VA's costs are buried in overhead. The department employs the doctors and nurses who write the prescriptions, and it operates the mostly mail-order pharmacies through which 76 percent of veterans' prescriptions are distributed. Medicare does not have that kind of infrastructure, and seniors have demonstrated a preference for retail pharmacies, CMS officials say.

CMS officials also note that about a quarter of the 3.8 million Medicare beneficiaries who get VA health-care benefits are also enrolled in Part D, in which the choice of drugs is broader.

"It's apples to oranges," former CMS administrator Mark B. McClellan said of the comparison. "The VA is a closed health-care system relying on mail order and a tighter formulary than Medicare beneficiaries have shown they prefer."

House Set To Vote On Medicare Drug Benefit (HILL)

By Jeffrey Young

The Hill, January 11, 2007

The debate over legislation amending the Medicare prescription-drug benefit moves to the legislative arena from the campaign trail this week with a vote in the House tomorrow and a Senate hearing today.

So far, congressional Democrats are moving ahead without asking the Bush administration to weigh in, but that hasn't stopped the Centers for Medicare and Medicaid Services (CMS) from taking a lead role in pleading the Republican case against Democrats' claims that federal negotiation of drug prices will save money for taxpayers and senior citizens over the deals the private Part D plans are striking with pharmaceutical companies.

The House Democratic leadership may not be allowing its Republican counterpart to offer alternative bills, and Senate Finance Committee Chairman Max Baucus (D-Mont.) may not have invited any administration officials to this morning's hearings,

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but the GOP message against the Democratic bill is taking shape in advance of the real battle in the Senate set for later this year.

Current law expressly forbids the government from "interfering" with negotiations between the private plans and the drug companies. The House Democratic bill proposes to strike that language and instead require CMS's parent agency, the Department of Health and Human Services (HHS), to negotiate with drug makers but also prohibit HHS from excluding any drugs from Part D.

The administration's mounting campaign against the Democratic proposal also is accompanied by a more aggressive defense of Medicare Part D by congressional Republicans, most of whom previously had appeared reluctant to claim credit for the creation of the entitlement program expansion despite high approval ratings from beneficiaries.

CMS claims that the private Part D plans are negotiating discounts with drug makers that are good enough to make federal involvement unnecessary.

CMS and Part D's defenders in Congress note that the Congressional Budget Office (CBO) determined in 2004 that federal price negotiations would be ineffective.

In a letter sent to then-Senate Majority Leader Bill Frist (R-Tenn.) in January 2004, then-CBO Director Douglas Holtz-Eakin wrote, "We estimate that striking that provision would have a negligible effect on federal spending because CBO estimates that substantial savings will be obtained by the private plans and that the Secretary would not be able to negotiate prices that further reduce federal spending to a significant degree."

House Minority Leader John Boehner's (R-Ohio) office re-circulated that letter to reporters this week.

But congressional Democrats and their allies contend that CBO's evaluation is wrong, citing the deeper discounts obtained by the Department of Veterans Affairs (VA) for former military-service members.

The liberal advocacy group Families USA this week released a study comparing the VA's prices for the 20 drugs most commonly used by senior citizens with those paid by the five largest providers of Part D benefits. According to the Families USA report, "Among those top 20 drugs, the median difference between the lowest Part D plan price and the lowest VA price is 58 percent."

Although the administration consistently has touted Medicare Part D as a success, most congressional Republicans have been slow to embrace the program.

Democrats made Part D, and federal negotiation of drug prices, a central point of their campaigns during the midterm elections and one of their top priorities at the start of the 110th Congress. Nevertheless, few Republican candidates chose to tout the program on the campaign trail.

But with the House bill speeding its way to the floor and the Senate debate looming in the coming months, congressional Republicans are adopting a more aggressive stance.

This morning, members of the House Republican leadership will be joined by conservative rank-and-file lawmakers at a press conference to rail against the Democratic bill, which is set for a vote on Friday. Deputy Minority Whip Eric Cantor (R-Va.) and Republican Conference Chairman Adam Putnam (Fla.) headline the event, which also will feature GOP Reps. Paul Ryan (Wis.), Pete Sessions (Texas), Patrick McHenry (N.C.), Tom Price (Ga.) Michael Burgess (Texas) and Phil Gingrey (Ga.).

In the Senate, Finance Committee ranking member Chuck Grassley (R-Iowa), one of few authors of the bill that created Part D still in office, has taken on the role of lead attack dog against the Democratic proposals and already has made several floor speeches.

One of Grassley's speeches highlighted the fact that Democratic proposals from the 1990s to create a Medicare drug benefit also included language excluding the government from price negotiations, a talking point also used by House Energy and Commerce Committee ranking member Joe Barton (R-Texas) and other Republicans. Democrats maintain they long ago rejected that position and that these past bills are not relevant to the current debate.

Medicare And The Market (WP)

By Mike Leavitt

The Washington Post, January 11, 2007

We all want people with Medicare to get the prescription drugs they need at the lowest possible prices. The issue before Congress this week is how best to do that. Should consumer choice and private-sector competition determine prices -- or should government?

The success of the Medicare prescription drug benefit provides strong evidence that competition among private drug plans has contributed significantly to lowering costs. The average monthly premium has dropped by 42 percent, from an estimated $38 to $22 -- and there is a plan available for less than $20 a month in every state. The net Medicare cost of the drug program has fallen by close to $200 billion since its passage in 2003.

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Seniors and people with disabilities like the benefit. Studies consistently show that three-quarters of Medicare beneficiaries are satisfied with their coverage. Individuals like being able to choose the plan that best fits their needs. A single, one-size-fits-all drug plan would have made the choice easier, and Congress did create a standard plan. But fewer than 15 percent of enrollees have selected that standard plan -- opting instead for plans with lower premiums, no deductibles and enhanced coverage.

Despite the success of the benefit, some people believe government can do a better job of lowering prices than a competitive marketplace. Legislation under consideration would require the secretary of health and human services to negotiate and set the prices of drugs. In effect, one government official would set more than 4,400 prices for different drugs, making decisions that would be better made by millions of individual consumers.

There is also the danger that government price setting would limit drug choices. Medicare provides access to the broadest array of prescription drugs, including the newest drugs. But price negotiation inevitably results in the withholding of access to some drugs to get manufacturers to lower prices.

The Department of Veterans Affairs, often cited as an example of how government can negotiate prices, operates an excellent program for veterans, but the VA formulary excludes a number of new drugs covered by the Medicare prescription benefit. Even Lipitor, the world's best-selling drug, isn't on the VA formulary. That may be one reason more than a million veterans are also getting drug coverage through Medicare.

Some observers point to the massive buying power of the federal government as the means to exert clout over drug companies, but the federal government has nowhere near the market power of the private sector. Private-sector insurance plans and pharmacy benefit managers, who negotiate prices between drug companies and pharmacies, cover about 241 million people, or 80 percent of the population. Medicare could cover at most 43 million.

The independent Congressional Budget Office has said that government price negotiation would have a "negligible effect on federal spending." And previous experience with Congress and Medicare regulating drug prices has not been reassuring. Medicare Part B, which covers physician services, outpatient hospital care and other services, sets the prices for some medicines -- notably a number of cancer drugs. It has a history of reimbursing at rates substantially greater than prevailing prices. In 2005, Part B drug spending increased by almost 20 percent.

If the federal government begins picking drugs and setting prices for all Medicare beneficiaries, administrative costs would add a new burden to taxpayers. The Department of Health and Human Services would have to hire hundreds of new employees. Legions of lobbyists would follow, each seeking higher Medicare payments for the drug companies they represent. As a Post editorial noted in November, "having the government set drug prices is a sure way of flooding the political system with yet more pharmaceutical lobbyists and campaign spending."

There is a proper role for government in setting standards and monitoring those who provide the benefit. We should ensure that beneficiaries have access to medically necessary treatments. But government should not be in the business of setting drug prices or controlling access to drugs. That is a first step toward the type of government-run health care that the American people have always rejected.

There are many ways the administration and Congress can work together to make health care more affordable and accessible. But undermining the Medicare prescription drug benefit, which has improved the lives and health of millions of seniors and people with disabilities, is not one of them.

Bush Urged To Extend Healthcare Cover (FT)

By Eoin Callan In Washington

Financial Times, January 11, 2007

Senator Edward Kennedy called on the White House to follow the lead of state governors and move to extend healthcare coverage to the uninsured.

Mr Kennedy will play a key role as chairman of a congressional committee on health in shaping a debate on broad US healthcare reform that is likely to coalesce around the 2008 presidential elections.

The Democratic party is attempting to devise a politically viable approach to health reform that addresses the high level of anxiety Americans express in polls about economic security and health insurance.

Mr Kennedy said: “Insurance coverage is down. Costs are up. And America is heading to the bottom of the league of major nations in important measures of the quality of care.”

The call for the Bush administration to look to state governments for leadership follows a plan set out by Arnold Schwarzenegger, the Republican governor of California, this week that would extend healthcare to 6.5m uninsured Californians.

Mr Kennedy also cited bipartisan co-operation in his home state of Massachusetts, which is the first state to require all residents to have a health plan.

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Under Governor Mitt Romney, a contender for the Republican presidential nomination, the state introduced a mix of subsidies and penalties to make the insurance more affordable and compel people to buy into plans.

The efforts by state governors to reduce the number of uninsured are likely to be the most far-reaching in the next two years, as Congress focuses on addressing existing loopholes by increasing funding to cover poor families and children who fall foul of income rules.

The proposals presented at Senate hearings convened on Wednesday by Mr Kennedy are more likely to inform Democratic policy going into the next election.

Jacob Hacker, a Yale professor, presented a plan that would compel employers to pay into publicly administered health plans or offer staff comparable private plans. That would leave most large employers' existing plans untouched but would raise payroll taxes by at least 6 per cent for those that did not offer robust coverage. The 32-year-old professor is gaining influence withthe Democratic party and said the plan was designed around existing private and public programmes "to avoid the dismal fate of previous reform campaigns".

The Bush administration's budget next month will include its plans to expand means-testing in Medicare.

Sen. Kennedy Seeks Universal Health Plan (AP)

By Kevin Freking

AP, January 11, 2007

The federal government should join the state of Massachusetts in enacting universal health coverage, said Sen. Edward Kennedy, the new chairman of the Senate committee with jurisdiction over numerous health issues.

Kennedy's home state is the first to require everyone to have health insurance, just as drivers must have automobile coverage.

Kennedy has his own version of what universal health coverage would look like. He wants to extend Medicare to all. In his first hearing Wednesday as chairman of the Senate Health, Education, Labor and Pensions Committee, the Massachusetts Democrat called on 10 witnesses from all over the country to talk about how to make health care more affordable.

"Insurance coverage is down. Costs are up. And America is heading to the bottom of the league of major nations in important measures of the quality of care," Kennedy said.

Kennedy emphasized how Democratic legislators in his home state worked last year with Republican Gov. Mitt Romney in crafting universal coverage there. He wants the same spirit of compromise to take hold in Congress.

However, the hearing also showed that finding agreement won't be easy. While all the witnesses agreed that health care is becoming less affordable every year, they often had very different solutions.

For example, the Business Roundtable renewed its calls to change medical liability laws and for the federal government to give consumers more information about the cost and quality of the care they get, two priorities often cited by the Bush administration.

"High health care costs are affecting job creation, and high health care costs are hurting our ability to compete in global markets," said Larry Burton, the roundtable's executive director.

But Andrew Stern, international president of the Service Employees International Union, called for much more dramatic change. He told lawmakers that it's time to recognize that employer-based coverage "is dead." The statement infers a much more active role for the federal government in funding health care.

Karen Davis of the Commonwealth Fund, which conducts health research, told lawmakers to look at Denmark as a model for the U.S. She said that nation's government pays doctors a capped rate for each of their patients, plus additional amounts when they perform a service. Each doctor handles about 1,500 patients, and they can handle walk-ins and same-day appointments. And Denmark residents love their health care system, she said.

Most of the witnesses agreed on two points:

First, Congress should expand funding for a health insurance program that now provides health insurance to about 5 million children. The children live in families that make too much to qualify for Medicaid, but not enough to afford the monthly health insurance premiums offered through the private sector.

Second, Congress should not get in the way of states trying to grow the number of residents who have health insurance.

The state of Massachusetts employs a combination of subsidies and penalties to make insurance more affordable and to force people to buy it. The law requires employers with 11 or more full-time employees to offer health coverage or be subject to a $295 fee for each employee, as well as face being billed for services their uninsured employees get.

California Gov. Arnold Schwarzenegger this week proposed a plan that would extend health care to 6.5 million uninsured Californians. Under the proposal, all Californians must have insurance, although the poorest would be subsidized.

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Some of the committee's Republicans would like the committee to renew its attention to help for small businesses. They support a plan that would let businesses buy insurance through regional or national trade associations. The insurance would be free of many state mandates. That could make it a cheaper alternative, but would also provide scaled-back coverage in some instances.

"My primary interest is to provide health insurance reform for small businesses and working families, and I believe that 1 million more people will be insured if we enacted the (small business health plans)," said Sen. Mike Enzi, R-Wyo.

Also, Wednesday, the Children's Defense Fund called on Congress to provide health insurance for all children in the U.S. About nine million live in families without insurance. The organization said all children in Medicaid or the State Children's Health Insurance Program should be automatically enrolled in one program that provides all medically necessary care.

Children in families with incomes over 300 percent of poverty could also pay premiums that would allow them to participate.

"A child's chance to survive and thrive should not depend on the lottery of geography," the organization said.

Where '100 Hours' Will Hit The Brakes (WP)

By David S. Broder

The Washington Post, January 11, 2007

The three rooms on the third floor of the Capitol, steps away from the Senate floor, have a storied past. They are called the LBJ Suite, because they were the domain of Lyndon B. Johnson, who as majority leader famously installed two wet bars and added a bathroom, from which he conducted meetings and issued directives while taking care of his personal business.

The suite's new occupant is a man as anonymous as Johnson was flamboyant, Richard Durbin, the 62-year-old senior senator from downstate Illinois. In the next two years, however, a great deal of the Democrats' fate depends on Durbin. As assistant majority leader, or whip, it is up to him to figure out how to corral enough votes in the narrowly divided Senate to pass at least some of the flood of bills that the energized House Democratic majority will send over.

Durbin recognizes the magnitude of the challenge. "I just spent two years as minority whip," he recalled in an interview the other day, "where I had 45 Democratic votes. And, as you well know, if you can find 41 votes to block cloture" -- the move to cut off debate -- you can prevent the majority from bringing its bills to an up-or-down vote.

"So my job, time and again, was to find 41 stalwarts out of 45. Now, I look at [Republican Minority Whip] Trent Lott, and he has the same job, but he has 49 Republican senators, so he has a larger pool from which to find his 41."

So as the role of the minority whip has become easier, the role of the majority whip has become harder. While Majority Leader Harry Reid of Nevada leads the policy debates and handles the public relations, the onus is on Durbin to produce the votes at critical moments.

Having served in both the House and Senate over 24 years, he understands the differences between them. "The Senate is designed to stop things," he said, and that poses a challenge to ambitious Democrats.

Ask Durbin what will happen when the flood of bills -- raising the minimum wage and achieving other Democratic goals -- coming out of the House during the ballyhooed "100 hours" reaches the Senate, he laughs and recalls the words of former House speaker Tom Foley to his colleagues: "Remember, the Republicans are the opposition. The enemy is the Senate."

No doubt, Durbin says, House members and perhaps some of the public will be frustrated because "it's going to take us longer, and it will be done differently."

"They will finish their 100 hours with great pride, and then we will begin 100 days," he said.

As he has gotten to know his flock of new senators, Durbin said he is struck by the diversity of the Democratic caucus. "Jon Tester and Bernie Sanders are two different souls," he said, referring to the freshman senators from Montana and Vermont, the first a nonideological rancher, the second an avowed socialist.

"But there's a lot of commonality on the basics," he said, meaning economic, educational and health-care concerns. "Where we're likely to break down is on the bumper-sticker issues" -- abortion, gay marriage, etc.

Durbin said he thinks "the last election was a sobering experience for many Republicans," and he is hopeful of finding support from the other side on at least some issues.

That is particularly true of the Iraq war, which, Durbin said, "overshadows everything else in this session." In a floor speech last week, Durbin listed the domestic programs that could have been financed with what the Iraq war has cost -- and it was a staggering array. He said at least 45 of the 51 Democrats are supportive of beginning a troop withdrawal.

The final complication for Durbin is the number of presidential candidates within his ranks -- probably at least five. Durbin said he notices that "they watch each other a lot," but he hasn't encountered sabotage related to White House ambitions. As time goes on, and they start spending even more time on the campaign trail, "I worry about absenteeism," he said.

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But he credited Sen. Ron Wyden of Oregon with a creative solution to that problem. "Ron says we ought to form a designated-driver caucus," Durbin said, "of people who are ready to drive the Senate agenda while their colleagues who are intoxicated with the idea of being president are sitting in the back seat."

Reid Runs Tight Ship, Leaves Byrd Behind (WP)

By Chris Cillizza

The Washington Post, January 11, 2007

Just days into his tenure as majority leader, Sen. Harry M. Reid (D-Nev.) received a tongue-lashing from Sen. Robert C. Byrd (D-W.Va.) for a decision to end a vote before the senior statesman had cast his "yea" or "nay."

Byrd, who has served in the Senate since 1958 and is a noted stickler for the rules and etiquette that guide the chamber, was unable to make it to the floor in the 15 minutes allotted for a vote yesterday -- his first missed vote since March.

"The leadership arbitrarily closed the vote before I could get to the floor," Byrd told the Associated Press. "That is not the way legislation is done in a body such as ours."

Had he made it to the floor on time, Byrd would have cast the 17,780th vote of his career. Jim Manley, a spokesman for Reid, played down the controversy, insisting that the majority leader has "nothing but the highest regard for Senator Byrd."

Since the 110th Congress was convened last week, Reid has emphasized his intention to run the body more efficiently, a plan that includes limiting votes, which often have lasted a half-hour or more, to just 15 minutes. An e-mail sent Monday to the offices of Democratic senators reiterated the point.

At 89, Byrd is slowed by a neurological condition known as benign essential tremor and uses two canes to get around the Capitol. On Friday, he tripped while on the Senate floor but was quickly pulled to safety by former senator John Glenn (D-Ohio), who is 85.

Byrd's age and physical condition were an undercurrent in his reelection race in November, though Byrd dismissed its import. The voters of West Virginia agreed and elected Byrd to a ninth term with 64 percent of the vote.

Republicans Come Out Swinging (WT)

By Christina Bellantoni

The Washington Times, January 11, 2007

House Republicans have chosen leaders who aren't afraid to attack Democrats to serve in key positions for the 110th Congress, suggesting that the civility on Capitol Hill may not last long.

Republicans say they have every intention of fighting tough to regain power.

For example, Rep. Patrick T. McHenry of North Carolina, beginning his second term, was recently named to serve as a member of the deputy Republican whip team, typically made up of more senior lawmakers. Considered one of the party's up-and-comers, the 31-year-old is known for his frequent tongue-lashings aimed at Democrats.

"I will not hesitate to point out their hypocrisy and their unwillingness to live by their own campaign pledges," said Mr. McHenry, the youngest member of Congress. "I'll work to get our conservative ideas enacted into law and stop the bad things the Democrats want to do to our country."

Minority Whip Roy Blunt of Missouri held nothing back when he criticized Democrats for not allowing Republican amendments on their "first 100 hours" agenda. He said the new majority party members were being disingenuous when they promised bipartisan spirit.

"Unfortunately, so far, we don't see much of that partnership," Mr. Blunt said Tuesday. "It's a sort of a check-is-in-the-mail approach to the things the American people have been told and what we've been told."

The Republicans are also quick to note Democrats' use of unfair tactics -- such as not subjecting their opening legislative package to committee hearings -- but did not acknowledge that they used the same strategy for years.

"It's a shame that the agenda they campaigned on so publicly is being put together so secretly," said Rep. Adam H. Putnam of Florida, chairman of the House Republican Conference.

Republicans say Mr. Putnam, 32, has fire in his belly and a hunger to return to the majority. And they say what Mr. McHenry lacks in age he makes up for in energy and bark.

"We will hold their feet to the fire, just as ours were," Republican Conference Vice Chairman Kay Granger of Texas said of the Democrats. "Patrick will be a good messenger for that."

As one of several deputy whips, Mr. McHenry will aid Mr. Blunt and Chief Deputy Republican Whip Eric Cantor of Virginia in helping to track votes on legislation and pushing minority-party legislation.

As for this week, Republicans have adopted a refrain of complaint, saying the opening hours of the 110th Congress have been unfair and smack of political design.

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It was "truly a shame" that Democrats turned the September 11 commission debate into a "partisan political tool," lamented Rep. Ileana Ros-Lehtinen of Florida.

Rep. David Dreier of California had some fun as he managed the opposition time on the floor, calling Republicans the "struggling minority."

"I'm loving my role here in the minority, Madame Speaker," he said, later handing the floor to one of his colleagues.

"I yield to the former chairman and future chairman of the committee on appropriations," Mr. Dreier said, hardly able to stifle a laugh as he introduced Republican Rep. Jerry Lewis, a fellow Californian.

Senate-Foiled Dudley Named Bush Adviser (WSJ)

By John D. Mckinnon And Deborah Solomon

The Wall Street Journal, January 11, 2007

WASHINGTON -- President Bush appointed conservative academic Susan Dudley to an influential new job advising on regulatory policy, at a time the regulatory process could serve as a conduit for the White House to push through any policies opposed by a hostile Congress.

Her appointment came after Congress blocked her nomination to be the White House's regulatory czar last year. Her position as a senior adviser to the White House's regulatory office will enable her to influence policy decisions, although she won't be able to implement them on her own. She could, for example, push for better scientific justification for new rules.

The apparent end run around Capitol Hill angered liberals who object to her criticism of the federal rule-making process, among other things.

Most recently, Ms. Dudley headed regulatory studies at the Mercatus Institute, a market-oriented research center under George Mason University, which has received funding from large Republican donors.

Mr. Bush nominated Ms. Dudley last summer to run the Office of Information and Regulatory Affairs, a division of the White House budget office. At her Senate hearing, she got tough questions from Democrats and some Republicans.

The committee didn't vote on her nomination. Mr. Bush has resubmitted her name to the Senate, but she is considered unlikely to be approved. Instead, in her new White House job, she likely will serve some of the same functions as the office director. Environmentalists complained. "The White House is again displaying its contempt for carrying out and enforcing the law to protect the public," said Joan Claybrook, president of Public Citizen.

A White House spokesman, Tony Fratto, said Ms. Dudley is "a respected voice who understands that careful research and transparent analysis lead to good regulatory policy. She is exceptionally qualified and will make an outstanding administrator of OIRA."

U.S. Banks Oppose New Capital Rules (WSJ)

By Damian Paletta And Henry J. Pulizzi

The Wall Street Journal, January 11, 2007

WASHINGTON -- Citigroup Inc., J.P. Morgan Chase & Co., and two other large U.S. banks brought concerns about pending international capital standards known as Basel II to White House officials as crucial deadlines for the standards approach.

The Jan. 4 meeting represents the most recent -- and perhaps highest level -- attempt by the group of banks, which include Wachovia Corp. and Washington Mutual Inc., to bring substantive changes to the Basel II capital proposal before next year. The Federal Reserve and other bank regulators are still discussing how to implement the standards by next January.

White House spokesman Tony Fratto confirmed the banks met with National Economic Council staff, but he said NEC Director Allan Hubbard didn't attend. The NEC advises the president on domestic and global economic issues.

"We have an interest in it, obviously, but the Fed and the Treasury have been taking the lead," Mr. Fratto said.

Since last year, the four banks have publicly complained that the U.S. Basel II standards aren't in line with the capital requirements that foreign banks will be using under Basel II. They have said this could put U.S. lenders at a competitive disadvantage.

One concern has been that if foreign banks are able to hold less capital than their U.S. competitors, foreign banks might be able to offer lower prices on things such as multimillion-dollar syndicated loans and other products.

Fewer than 20 of the largest U.S. banks are expected to use the new Basel II standards. More than 8,000 other banking companies are expected to be able to use simplified rules known as Basel IA.

In June, the four banks met with officials from the White House's Office of Management and Budget to discuss their Basel II concerns. They have also met several times with U.S. lawmakers on the issue.

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Tape Reveals Defiance (HILL)

By Alexander Bolton

The Hill, January 11, 2007

A secretly recorded meeting of researchers working for the Department of Veterans Affairs indicates that the department did not take seriously congressional requests intended to safeguard the personal and medical information of veterans.

The recording, obtained by The Hill from a researcher who attended the meeting, sheds light on a behind-the-scenes struggle between lawmakers and Veterans Affairs officials over the handling of veterans' personal information.

"If you want to know what's the real purpose of the data call, read Machiavelli. It's about power, it's about Congress saying, 'VA, you're accountable to us,'" one Veterans Affairs official, Dr. Joseph Francis, says on the tape. "We're not asking people to do an A-plus job on this report."

Questions on the security of the information rose to prominence last May when a Veterans Affairs employee lost to theft a laptop computer containing the personal information of 26.5 million veterans and military personnel. Although authorities eventually recovered the laptop, the incident sounded alarms on Capitol Hill.

Since then, the House Veterans' Affairs Committee has held eight hearings on the department's information technology. The panel also has asked the department repeatedly to report on the security of its information systems, a task that entails providing information about who had access to sensitive information and how it was stored.

The Senate Veterans' Affairs Committee also asked for reports on what sensitive information is accessible to government contractors.

"We've had multiple requests on where they are and what they're doing," a House Veterans' Affairs Committee source said, adding that department officials failed to provide adequate answers when Congress demanded them. "We've asked that for multiple times, who had access to what, and they still could not tell us at the time."

The source said the department has responded to bipartisan congressional requests very slowly. The source predicted that there would be additional hearings in coming weeks.

But Veterans Affairs research officials with access to millions of medical records thought the congressional requests to be unreasonable and simply an exercise in exerting power.

Francis, the deputy chief of research and development at the department, told researchers at a private meeting held last year in Baltimore that Congress would not get what it was looking for.

"We basically told folks that that was impossible and we were told, 'We know that it's impossible but we were told by Congress to do it,'" Francis told subordinates during the Sept. 6 meeting, referring to higher-ups at the department. "I can tell you we will do the best job we can and it will not be everything we're being asked to look for.

"You're not going to be able to look at every question of every issue between now and Sept. 20," he said. "You're not going to be able to look at every study.

"Frankly, we had a lot of discussions, and there's a lot of guidance that could not be put in writing because it would cost people jobs in Washington," he added. "But there's a lot of people who know how unreasonable this request is."

Francis told the researchers to remember the core mission of the department.

"Take care of veterans, take care of their needs," he said, but he did not seem to believe answering fully Congress's security concerns was the best way to do so.

Veterans Affairs spokesman Terry Jemison defended the department in a statement.

"VA takes information security seriously and is fully committed to continue to work closely with Congress to bolster our data protection," he said. "The purported comments of a single employee do not reflect our culture and pledge to improve control, training, responsibility and accountability in all aspects of data security that put custody of veterans' personal information first."

Francis declined to comment.

One of the researchers secretly recorded the talk and shared it to expose what that person believes is lack of concern for veterans' privacy. Francis is the acting deputy chief research and development officer at Veterans Affairs, handling many of the administrative responsibilities of VA's chief research and development officer, who is in charge of all research at the department.

"This shows the cynicism," the whistleblower said. "Here when Congress does step forward to do something good, the agency takes it very casually and cavalierly. It really illustrates that, to the researchers at the VA, the veterans are guinea pigs and are there to promote the research, which is used in turn to promote researchers' careers."

The source claimed that high-level researchers at the department are not sufficiently concerned about the vulnerability of medical information because of financial stakes tied to their research. The source said that many researchers sign lucrative contracts to work for pharmaceutical companies after leaving the department.

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Forty percent of all VA research involving human subjects is funded by industry, according to Veterans Health Administration directive 2003-031, dated June 13, 2003. The document also states that when simple chart reviews are excluded, industry funds 80 percent of all research VA conducts on human subjects and that "systematic weaknesses" exist "in the human research protection programs, especially in studies funded by industry."

The president of the Alliance for Human Research Protection, Vera Hassner Sharav, criticized Francis's comments when she was told of them.

"Why is he saying it is impossible?" she said. "It is because they don't want to have anyone looking over their shoulders. What it shows is that they don't really give much of a priority to people's personal privileged information.

"The area of research subjects is always shrouded in secrecy. The secrecy in this arena is to protect the researchers and the sponsors, not the subjects, because when people get hurt they don't want to be held responsible."

The House Veterans' Affairs Committee source said that the department knows its data is vulnerable and that securing it poses a significant challenge.

"They must have 250,000 access points that enter into the VA database system at some point or another," the House source said. "There are 230,000-plus employees, and contractors and residents. They [are] in collaboration with 122 medical schools with which they are affiliated."

The House source said lawmakers have tried to find out how many people connected to VA have the same access to personal information as the employee who lost the infamous laptop in May but that VA still can "not completely" answer that question.

The source said if the department followed proper information accounting practices, "you should be able in an hour to find on a data call who has access to what."

But Francis said in his candid comments that the VA has ignored federal legislation directing executive-branch departments to adopt higher cyber-security standards.

"Congress is actually rather angry at the VA because we've been technically breaking the law for a decade," Francis said. "In 1996 legislation was passed called the Clinger-Cohen Act that really set the timing for all agencies to follow certain types of business principles in IT [information technology] procurement and IT management, including cyber security. We've basically ignored that; many agencies didn't."

Pelosi Bans Smoking In Speaker's Lobby (HILL)

By Kelly Mccormack

The Hill, January 11, 2007

House Speaker Nancy Pelosi (D-Calif.) announced Wednesday that smoking in the Speaker's Lobby will no longer be permitted.

"The days for smoke-filled rooms in the United States Capitol are over," Pelosi said in a press release issued this morning. "I am a firm believer that Congress should lead by example. Effective immediately, smoking will no longer be permitted in the Speaker's Lobby."

Rep. Henry Waxman (D-Calif.), a close ally of Pelosi's, has long been pushing for the smoking ban.

Pelosi said that the dangers of secondhand smoke put the health of "colleagues, staff, pages, reporters and others who pass through the Speaker's Lobby" at risk every day.

At the start of this year, the District of Columbia followed the lead of several other major metropolitan areas by banning smoking in public areas.

The American Lung Association praised Pelosi for eradicating smoking in the Capitol.

"The decision to make the U.S. Capitol, the symbol of our nation's democracy, smoke free is both an important public health victory and a symbolic decision," said John Kirkwood, president and CEO of the American Lung Association. "By making the Speaker's Lobby smoke free, Speaker Pelosi has ended the days of smoke-filled rooms."

House Minority Leader John Boehner (R-Ohio) is among many members who regularly smoke in the Speaker's Lobby.

Pelosi Tells Smokers To Butt Out (RC)

By John Mcardle

Roll Call, January 11, 2007

While smoke-free advocates celebrated Speaker Nancy Pelosi's (D-Calif.) announcement that Members would no longer be allowed to light up in the Speaker's Lobby as of Wednesday morning, those known to enjoy a smoke break during House votes attempted to shrug off just how much they'd be impacted by the new rule.

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When asked about Pelosi's new ban, Minority Leader John Boehner (R-Ohio), who is known for having an ever-present cigarette in hand when doing interviews in the ornate room just off the House floor, said, "That's fine. ... No it won't affect me at all."

Rep. Barney Frank (D-Mass.), a well-known cigar smoker, said, "It's not a big deal. If it had come to a vote on it I would have voted against it."

And while Pelosi's announcement made national headlines Wednesday morning, Frank said the subject of where he and his fellow smokers will now go to light up "is way too trivial to get into print. ... I have constituents who have much bigger concerns than how I relax."

But Rep. Marty Meehan (D-Mass.), co-chairman of the Congressional Task Force on Tobacco and Health, was quick to rush out a press release Wednesday morning applauding Pelosi's smoke-free policy.

"With so many interns, pages, and young staff looking up to Members of Congress it is important that we be held to a higher standard," Meehan wrote. "I look forward to working with Speaker Pelosi and my colleagues to continue to fight against tobacco use and to save thousands of lives, children and adults."

House Democratic Caucus Vice Chairman John Larson (Conn.) said he expects the Sergeant-at-Arms office will be charged with enforcement of the ban. Also, Democratic sources explained Wednesday that peer pressure will be a main enforcement mechanism.

Rep. Henry Waxman (D-Calif.), also a co-chairman of the tobacco task force and longtime advocate for ending smoking in the House, said he certainly would say something to a colleague if he saw him or her smoking in the Speaker's Lobby in the future.

"I sure would," Waxman said. "But I think Members would respect the rules. ... I'm pleased this finally happed. It was such an outrage to jeopardize the health" of those who work in the Speaker's Lobby each day.

While Meehan noted that "the next step should be to expand this ban to include the entire Capitol complex," Pelosi's new rule will affect only the indoor portions of the Speaker's Lobby. (By early Wednesday afternoon workers from the Architect of the Capitol's office had taken away the four gold ashtrays that decorated the room and put them into storage, according to AOC officials.)

Pelosi did maintain a smokers' refuge on the balcony that Members have access to from the Speaker's Lobby, although Democratic sources said there are no plans to add any new amenities to the few chairs and ashtray pots that adorn the outside space.

Members still are allowed to determine their own policies on whether to allow smoking in their personal offices, and Pelosi is not expected to alter that long-standing tradition. Also House-side smokers are permitted to light up in two designated public areas; Room B-219 of the Longworth Building, which is located adjacent to the Longworth Food Court; and Room B-112 of the Cannon Building, across the hall from the Cannon Carryout. Both smoking areas are enclosed and equipped with ventilation systems. Smokers who go outside to smoke must stay at least 25 feet away from any public entrances or exits to the buildings.

In making her announcement, Pelosi cited the recently enacted Washington, D.C., smoking ban, which outlawed smoking in bars and restaurants in the city as of Jan. 2.

"I applaud the District for joining the dozens of other major cities, including my home town of San Francisco, in recognizing the need to protect the public from secondhand smoke," she said. "As Members of Congress, we must be held to a higher standard. We can no longer risk the health of colleagues, staff, pages, reporters and others who pass through the Speaker's Lobby each day."

On his way into the Capitol on Wednesday afternoon, former Speaker Dennis Hastert (R-Ill.), who controlled the policy of the lobby for the past seven years, didn't have much to say about Pelosi's new nonsmoking rule.

"It's certainly her prerogative to do it," he said. He also pointed out that the decision doesn't really affect him. "I don't smoke."

Pelosi Bans Smoking In Lounge Of House (USAT)

By Oren Dorell

USA Today, January 11, 2007

WASHINGTON — The days of cutting deals in smoke-filled back rooms in the Capitol are officially over. At least the smoke-filled part, that is.

Nancy Pelosi, the new Democratic speaker of the House of Representatives, on Wednesday issued a ban on lighting up in the speaker's lobby, a lounge behind the speaker's rostrum where House members relax between votes, talk to reporters and chat among themselves.

Until Tuesday, the portrait-lined room with its high-backed chairs was often hazy with cigarette and cigar smoke.

"The days of smoke-filled rooms in the United States Capitol are over," Pelosi said. "Medical science has unquestionably established the dangerous effects of secondhand smoke."

Pelosi said the ban was effective immediately.

"That's fine," said minority leader and cigarette smoker Rep. John Boehner, R-Ohio.

"That's how life is now," said Rep. Devin Nunes, R-Calif., an occasional smoker.

Some members were a little abrupt. Rep. Barney Frank, D-Mass., a cigar aficionado, told reporters asking about the ban to call back "when you have some serious issues you want to talk about," spokesman Steve Adamske said.

Pelosi's decision brings the Capitol closer in step with local laws and a national trend. The District of Columbia banned smoking in workplaces in April and in restaurants and bars as of New Year's Day. Twenty-one states and dozens of cities have banned smoking in workplaces, restaurants and bars.

"We're quite pleased," said Angela Bradbery, co-founder of Smokefree DC, which was behind the recent ban in Washington. "It's about time."

Cynthia Hallett of the California-based Americans for Non-smokers' Rights said, "People in the Capitol deserve the same smoke-free protections as other workers in the District of Columbia. Smoke-free air in the workplace is no longer just a California trend — it is a national expectation."

William Corr, executive director of the Campaign for Tobacco-Free Kids, urged members of Congress to follow Pelosi's lead by adopting smoke-free policies in their personal offices.

Pelosi's ban only applies to the lounge area behind the House gallery, said Drew Hammill, her spokesman. Hallways and other public areas were already covered by a ban issued in 1993 by then-speaker Tom Foley. Last year, smoking was banned within 25 feet of entrances to the House office buildings. By tradition, personal office policies are set by the members, and Pelosi is not changing that tradition, Hammill said.

"This is the decision she's made for now. There's no timeline for anything else," Hammill said.

Pelosi's reference to "smoke-filled rooms" has symbolic significance when spoken by the first female speaker of the House, said Muriel Fox, a co-founder of the National Organization for Women.

"In the old days, decisions were made undemocratically between small groups of people, all smoking their heads off," Fox said. "It happens that only men had power in those days."

In Nancy Pelosi's House, It's No Ifs, Ands Or Butts (WSJ)

By Brody Mullins

The Wall Street Journal, January 11, 2007

WASHINGTON -- Democrats took control of Congress aiming to erase perceptions of lawmakers and lobbyists drafting legislation in smoke-filled rooms. Now they are targeting the smoke-filled room itself.

House Speaker Nancy Pelosi used her newly won powers to ban smoking in an anteroom off the House floor where lawmakers can relax and talk during floor debate. The so-called Speaker's Lobby was one of the few remaining havens where smokers could indulge their habit. But under the new Democratic Congress, that tradition is over.

The federal government banned smoking in federal buildings more than a decade ago. In the spring, the District of Columbia outlawed smoking in all workplaces and most indoor public areas. Starting this month, it became illegal to smoke in nearly all bars and restaurants in the nation's capital.

But Congress often exempts itself from the law. Unlike most other employers, members of Congress are exempt from laws governing maternity leave. They may also carry guns on the Capitol grounds, despite a District-wide ban.

In a similar vein, lawmakers were allowed to smoke in certain places on Capitol Hill, primarily in the Speaker's Lobby and in their own offices. The Lobby is an anteroom off the House floor -- behind the podium where the Speaker and the President stand during the State of the Union -- that may be used only by lawmakers, reporters and some congressional staff.

In the lobby, a group of mostly Republicans, led by Minority Leader John Boehner, of Ohio, used to lounge in a set of leather chairs and smoke. On Tuesday evening, the night before Ms. Pelosi issued the smoking ban, Rep. Tom Cole (R., Okla.) was among lawmakers who enjoyed a final cigar in the room.

Smokers say they will either step outside to smoke or light up in their offices, where smoking is permitted.

In the Senate, smoking is allowed only in senators' offices. The smell of cigar smoke often hangs in the air outside the Capitol office of Sen. Robert Byrd (D., W. Va.), while visitors can catch Sen. Barack Obama (D., Ill.) sneaking a few puffs outside the building.

The smoking ban, which is effective immediately, is a victory for California Democratic Rep. Henry Waxman's long-running campaign against smoking. Mr. Waxman, the new chairman of the Committee on Oversight and Government Reform, led the

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effort to ban smoking in the U.S. Capitol and the House's office buildings. Last year he prodded then-Speaker Dennis Hastert of Illinois to eliminate the smoking section in one House cafeteria. "The smoke didn't respect the old dividing line," he said.

Democrats had made headway in banishing smoking from Capitol Hill before they lost control of Congress in 1994. Former Democratic Speaker Thomas Foley banned smoking in most of the House side, though not the Speaker's Lobby. But when Republicans took control, tobacco-using leaders reversed course. Even Mr. Waxman's ban on smoking in his health and environment subcommittee was reversed by the panel's new chairman at the time, Rep. Tom Bliley, a pipe-smoker from Virginia.

The new ban didn't please all Democrats, several of whom are cigar-smokers. Rep. Barney Frank, the senior Massachusetts Democrat, said: "I'm not happy about it, but there's nothing I can do about it."

House Bans Smoking, And Few Complain (NYT)

By Anne E. Kornblut

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — Democrats banned smoking inside the House on Wednesday. Then they quickly congratulated themselves, squeezing as much symbolism out of the moment as they could.

“The days of smoke-filled rooms in the United States Capitol are over,” the House speaker, Nancy Pelosi, declared.

Whether Democrats are any less inclined to make backroom deals than Republicans, the new majority will be remembered for bringing the rules of the House into line with those in the rest of the District of Columbia, numerous states and corporations, several European countries and all major airlines.

And it did so with surprisingly little outcry from the smoking crowd. “I’m O.K. with it,” Representative Mike Simpson, Republican of Idaho, said as he headed out onto an adjoining balcony for a cigarette between votes.

He did, however, glance nostalgically toward the spot where a large ashtray once stood.

“That was the circle,” Mr. Simpson said, referring to the spot where he and other Republicans once gathered around Representative John A. Boehner of Ohio, the minority leader and a noted chain smoker. “That was where the decisions on the future of the country were made.”

It was also where some of the more geriatric members of the House — including at least one who used an oxygen tank and rode a motorized cart during the last session — came and went during votes. Representative Henry A. Waxman, Democrat of California Democrat and a longtime advocate of the ban, said he had received numerous complaints from members about the second-hand smoke, which wafted onto the House floor and into halls.

“Why should people have to quit their jobs to protect their health?” Mr. Waxman asked, beaming as he talked about the ban. “It was long overdue. It took Nancy Pelosi to put this in place.”

Lawmakers can still smoke in their individual offices, but they can no longer light up in the ornate hallway outside the House chamber known as the Speaker’s Lobby, the spot where lawmakers often gather to talk with each other and with journalists. Most other areas of the Capitol, including the public areas outside the Senate, had already banned smoking.

Now, Mr. Waxman was asked, could he eliminate the phrase “smoke-filled room”?

“I don’t have the power to do that,” he replied. “I only have the power to investigate clichés.”

On a day when Iraq and the minimum wage dominated the news in Congress, few smokers were clamoring to discuss the change. Mr. Boehner — who has been spotted cradling a lit cigarette inside his palm when he darted from the Speaker’s Lobby to the House floor for votes — dismissed a question about the ban, saying it was fine. Representative Barney Frank, the Massachusetts Democrat who often puffed on a cigar in the lounge, refused to comment on it (his aides recommended calling back with a more serious question).

One lawmaker who was spotted heading out to the balcony for a cigarette — and who did not want his name used because he was “not known to be” a smoker — said he was glad to obey the new rules. And then he pointed at a reporter and said, “It’s a lot healthier for you.”

A Smoking Tradition Snuffed Out By Pelosi (WP)

By Lyndsey Layton

The Washington Post, January 11, 2007

Some fresh air blew into the Capitol yesterday, after House Speaker Nancy Pelosi banned smoking from the most venerable nicotine haven on the hill -- the Speaker's Lobby outside the entrance to the House floor.

Pelosi, of smoke-free California, is known to detest the tobacco habit. Ever since her ascension as top Democrat with authority over the lobby and most other space in the House, smokers have been bracing for the moment when they'd be ordered to extinguish their butts.

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One of the heaviest smokers, Rep. John A. Boehner (R-Ohio), who is partial to Barclays, was resigned to the new reality yesterday. As majority leader in the last Congress, Boehner ignored calls to ban smoking from the Speaker's Lobby. But now, as minority leader, he has little choice but to abide by Pelosi's wishes and told reporters he was fine with the ban.

For generations, the Speaker's Lobby has been the most visible space where smokers gather inside the Capitol. It is an ornate space dotted with fireplaces, leather armchairs and chandeliers. Lawmakers relax there between votes and debates, often meeting with staff members, reporters or the public and huddling in informal groups. Cigarette smokers tended to dominate the daytime hours there; at night, the cigar smokers took over.

Pelosi said she was banning smoking from the area to protect the health of the staff, reporters and public who spend time in the lobby. "Medical science has unquestionably established the dangerous effects of secondhand smoke, including an increased risk of cancer and respiratory diseases. I am a firm believer that Congress should lead by example," Pelosi said in a statement. "The days of smoke-filled rooms in the United States Capitol are over."

Not quite.

Smoking is still permitted in lawmakers' offices, in two designated smoking rooms in the House office buildings and in a small, concrete room in the Capitol's basement.

And Pelosi's ban took effect a week after the District prohibited smoking from most public spaces, including restaurants and bars.

Yesterday afternoon, two Senate staffers and two Capitol Police officers puffed away inside their basement hideaway, a cramped, room stuck amid maintenance closets and stacks of bottled water. A ceiling-mounted ventilation box drew up their fumes as they ate lunch, smoked Marlboros and worked Sudoku puzzles. "What are you going to do?" one of the staffers shrugged as she considered the dwindling number of places she can smoke. She asked not to be identified, saying it would anger her boss.

Paul Billings of the American Lung Association said that smoking room and others ought to be eliminated, too. "This is a first step, we want to extend smoke-free to all workplaces in the congressional complex," said Billings, whose organization has collected 9,000 signatures on a petition asking Congress to ban all smoking on Capitol Hill.

Pelosi Snuffs Out A House Smokers Haven (LAT)

By Richard Simon

The Los Angeles Times, January 11, 2007

WASHINGTON — Throughout the U.S. Capitol are reminders of the days when tobacco was king.

Tobacco-leaf designs decorate walls. Brass spittoons adorn the Senate chamber. A portrait of a former House speaker shows him clutching a cigar.

And until Wednesday, ashtrays could be found indoors just steps away from the House chamber.

House Speaker Nancy Pelosi (D-San Francisco) on Wednesday snuffed out smoking in the speaker's lobby, previously one of Washington's most famous smoke-filled rooms. It is an ornate place where lawmakers for decades have puffed away between votes.

No more, Pelosi declared.

"I am a firm believer that Congress should lead by example," she said, citing the dangers of secondhand smoke.

Hours after the decree, the ashtrays were gone and nary a whiff of smoke sullied the air.

Smokers, already restricted from lighting up in many places, seemed resigned.

"That's fine," said House Minority Leader John A. Boehner (R-Ohio), a smoker who along with others will now be forced to light up on an outdoor balcony off the speaker's lobby.

"I'll survive," added Rep. Thaddeus McCotter (R-Mich.), another smoker.

Anti-smoking advocates took a deep breath of relief. "It's just great," said Rep. Henry A. Waxman (D-Los Angeles).

Smoking was banned on the House floor in 1871 and in the Senate chamber in 1914. The Senate has no equivalent to the speaker's lobby, so smoking was not permitted anywhere on the Senate side of the Capitol — though Congress members are allowed to smoke in their offices.

The policy comes about a week after a smoking ban on bars and nightclubs went into effect in Washington, making virtually every workplace in the city smoke-free — except those controlled by Congress.

John Kirkwood, president and chief executive of the American Lung Assn., praised Pelosi's decision, saying it demonstrated to the nation that "Congress is playing by the same set of rules as everyone else."

Bernanke Set To Speak Before Budget Committee (WSJ)

By Greg Ip And David Rogers

DOJ_NMG_0115525

The Wall Street Journal, January 11, 2007

Federal Reserve Chairman Ben Bernanke's efforts to stay out of politically charged fiscal questions will be tested next week as he makes his inaugural appearance before a congressional budget committee.

Mr. Bernanke is to testify on the fiscal and economic outlook before the Senate Budget Committee Thursday, Jan. 18. Committee officials confirmed the appearance Wednesday. President George W. Bush releases his budget on Feb. 5.

Mr. Bernanke's predecessor, Alan Greenspan, frequently testified and commented on budget policy, often generating great controversy, in particular for endorsing Mr. Bush's tax cuts at the Senate Budget Committee in January 2001. Mr. Bernanke, who took office in February last year, has said he does not want to comment on specific tax and spending proposals, saying those are the purview of Congress and the administration.

Senate Budget Committee Chairman Kent Conrad (D., N.D.), who confirmed Mr. Bernanke's appearance, said the Fed chief "doesn't want to get into this specific spending program, this specific revenue program. I think he thinks that's not his purpose."

Mr. Conrad, an outspoken critic of Mr. Bush's fiscal policies, added, "It's entirely reasonable for him to talk about effects on the economy [of] deficits and growing debt, to give us an economic outlook -- that's entirely appropriate."

Mr. Bernanke has shown he's willing to talk in broad terms about fiscal issues. In previous speeches and testimony, he has talked about the need to address a projected surge in spending on Medicare and Social Security as the population ages.

A Sweet Deal For 'Official' Felons (WT)

By S.a. Miller

The Washington Times, January 11, 2007

James A. Traficant Jr., the former Democratic congressman convicted of racketeering and taking bribes, is wiling away prison time painting colorful pictures but also able to collect a congressional pension of nearly $40,000 a year.

He is one of about 20 former senators and congressmen with felony rap sheets who can receive the taxpayer-financed benefit.

"They have lost their cases, lost all their appeals and still collect the check," said Rep. Mark Steven Kirk, an Illinois Republican who introduced a bill that would stop future congressional felons from pocketing retirement pay.

"Millions of taxpayer dollars have gone to felons," Mr. Kirk said.

A similar measure is being offered by Democratic Sens. Ken Salazar of Colorado and John Kerry of Massachusetts in an amendment to that chamber's ethics reform bill, which is expected to go to a vote tomorrow.

Other recent convicts include former Rep. Randy "Duke" Cunningham, a California Republican convicted of graft and imprisoned last year, and former Rep. Bob Ney, an Ohio Republican convicted last year of corruption charges tied to disgraced lobbyist Jack Abramoff. Cunningham is eligible for about $36,000 a year, while Ney is in line for a $29,000 annual pension, according to estimates from the National Taxpayers Union (NTU). Other estimates, from groups such as the Congressional Research Service, vary slightly.

Former Rep. Daniel Rostenkowski, an Illinois Democrat convicted in 1996 of mail fraud related to the House post office scandal and pardoned by President Clinton in 2001, this year will collect an estimated $125,000 congressional pension, according to NTU estimates.

Ney and Mr. Rostenkowski could not be reached for comment.

Prison officials said Traficant could not be contacted by telephone at the Federal Medical Center in Rochester, Minn., a prison that provides mental- health services; nor could Cunningham at the Federal Transfer Center in Oklahoma City, a temporary prison for inmates awaiting placement in the federal penal system.

Currently, only a conviction for treason or espionage results in a forfeiture of the pension.

The average congressional pension is estimated at $50,000 a year.

"The only thing crazier than giving a member of Congress convicted of a crime a federal pension is the fact that we still need a bill to prevent a convict from receiving their pension," Mr. Salazar said. "Any member of Congress who abuses their position of authority for their personal profit deserves a prison sentence, not a government pension."

Bills that would withhold the pensions from members of Congress convicted of major crimes have been introduced in the past and failed. They usually die in the Senate.

"They always worry that somehow they will get caught and lose their pensions," Mr. Kirk said of the senators. "They have always killed this common-sense reform."

The measure's supporters say they are optimistic this time because of the strong push for ethics reforms this session -- a response to voter anger at Washington corruption that is credited in part for Democratic gains in last year's midterm elections.

House Speaker Nancy Pelosi, California Democrat, promised "serious consideration" of the proposal.

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Still, the effort is encountering the usual skepticism among seasoned lawmakers in both chambers and on both sides of the aisle.

"I understand the image," Senate Republican Whip Trent Lott, Mississippi Republican, said of the pension payments. "I think the concept is achievable, but we had better be careful about it."

"It is easy to pontificate and take this great ethical stand, but then you have to ask yourself, 'Well, what about this senator's or this congressman's innocent spouse who still has to live? What about the money that was actually paid into the retirement system?' "

The specter of punishing "innocent spouses" also was raised by Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee.

"I would think the type of offense committed should have some weight, especially for someone who violates the public trust," he said. "We shouldn't have any different standard than any other part of government."

Honoring Jamestown's Intrepid (WP)

By Fredrick Kunkle

The Washington Post, January 11, 2007

JAMESTOWN, Va., Jan. 10 -- Danny Schmidt stood in the big hole and talked fast, peeling away the centuries with words just as he and other archaeologists have been doing with shovels and wheelbarrows for the past few years.

Around the rim of the hole stood some of the most powerful people in Virginia, peering down at the curious scars gouged into the hard-packed earth some 400 years ago, uncharacteristically quiet for an assembly of legislators.

This was the place where it all began, the site of the first permanent English-speaking settlement in North America, the point of contact between African, European and Native American cultures.

Wednesday was the highest-profile event so far in a series that began last year to commemorate the settlement of Jamestown. To mark the 400th anniversary, Vice President Cheney addressed members of the General Assembly inside the cramped Memorial Church that was built in 1907, and legislators toured the grounds of the settlement where representative democracy would take hold. The festivities will culminate in a three-day celebration this May and a visit by Queen Elizabeth II.

Inside the hole, Schmidt explained, was one of the shallow pits -- not much bigger than a foxhole and cut like a square -- that probably served as an English colonist's original shelter after the settlers made landfall in May 1607.

And over there were the cobblestone remains of the foundation of the governor's house and the shaft of a well that ran dry.

And way over there, where the James River offered the closest thing to silver that any of the adventurers would ever find in that malarial swamp, were the excavated graves of the first 22 Europeans to die.

One had been a boy, maybe 14, who had been struck in the thigh by an Indian's arrow, said Schmidt, a staff archaeologist with the Association for the Preservation of Virginia Antiquities, a nonprofit organization digging at the site of the original fort since 1994.

"Oh my God," Del. Albert C. Eisenberg (D-Arlington) blurted out as Schmidt talked of the death toll. "Remember, they all came here to get rich."

A major theme of yesterday's event was that Virginia's key role in the creation of American democracy has sometimes been overshadowed by New England's. A whoop went up when Cheney noted that the Jamestown colonists had already convened a representative assembly by the time the Pilgrims arrived on the Mayflower.

Another theme, also touched on by Cheney, was that the Europeans' many glowing achievements had been accompanied by more unpleasant realities, such as the enslavement of African Americans and the destruction of Native Americans.

Delegates tramped the grounds on a brisk and gusty day under a bright blue sky, more than a few embarrassed that they had never visited before. And many, like Del. William H. Fralin Jr. (R-Roanoke), felt uplifted and somewhat diminished at the same time by their predecessors' achievements.

"I'd like to think we'd be as hardy and faithful and trusting to fate as these settlers were," Fralin said. "But the reality is, they were a separate breed."

Fralin paused to send a squirt of tobacco juice downwind, mindful that the pinch of Skoal in his lip could be traced, in a way, to the cash crop that rescued the struggling colony. Then he continued, thinking about what it must have been like for the voyagers to leave their homes in England to cross the Atlantic to the New World.

"For most of these guys -- and women -- when they stepped on that ship and saw the land of civilization pass away, they most likely knew they were not going to see that civilization again. That takes a lot of faith and courage," he said.

That was also on the minds of a few tourists who strolled the museum and living history reenactments at the nearby Jamestown Settlement before the security cordons and delegates took over.

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"We're so used to our conveniences now," said Lonnie Spielman, 50, an electrician who lives in Hagerstown, Md., and was spending a week in a timeshare with his wife, Debra, 50, an office manager.

"If the electricity goes out for three hours, or we don't have a hot shower for a day, we're inconvenienced," he said.

Cheney Opens Legislature At Jamestown (WT/AP)

By Dena Potter And Bob Lewis

The Washington Times, January 11, 2007

JAMESTOWN, Va. -- It was fitting for Virginia to begin its 2007 legislative session at the place where representative democracy in America was born, Vice President Dick Cheney told legislators yesterday.

In a speech that stressed themes of religious faith, sacrifice and personal courage, Mr. Cheney helped open the Virginia General Assembly's winter session at the site where the first English settlement in North America was established 400 years ago.

"It's striking to realize how much of America's story begins with a little three-sided fort raised on the banks of the James River four centuries ago," Mr. Cheney told legislators who packed into the historic Jamestown Memorial Church.

The first meeting of Virginia's legislative body in nearly 350 years at Jamestown was held to mark the start of the anniversary year. The highlight of the commemoration is a scheduled visit in May by Queen Elizabeth II -- retracing the steps she made to Jamestown in 1957 when she visited the site on its 350th anniversary.

Although the first meeting of the House of Burgesses wasn't until 12 years after the settlers landed in May 1607, Mr. Cheney recognized Jamestown's contributions to America.

"Indeed, so much of what defines our country -- its language, legal traditions and institutions -- have roots in the community that rose in this corner of Virginia," Mr. Cheney said.

The Republican vice president entered to cheers by Republican legislators and polite applause from Democrats. His 10½-minute speech, however, was devoid of partisan tinge and often lyrical.

Mr. Cheney's best line came when he said, "The history of our country did not begin on Cape Cod in 1620," and Democrats and Republicans alike cheered the comment. Toward the rear of the chapel, Republican Delegates Chris B. Saxman of Augusta and William H. Fralin Jr. of Roanoke stood and shouted their approval.

During the speech, Mr. Cheney read from a dispatch written by a Jamestown colonist in 1610, after starvation, disease and attacks from Indians during a bitter winter killed nearly three-quarters of the settlers.

"It read, and I quote: 'Be not dismayed at all. Let England know our willingness, for our work is good, and we hope to plant a nation where none before has stood,' " Mr. Cheney said.

"Even across the centuries, it is admirable and inspiring that such hopeful words could be written in the year 1610 amid difficulties that our generation can scarcely imagine. And it's a reminder that no matter how important deeds may be, things of the spirit are first," he said.

As he spoke, a chill wind fanned whitecaps across a milewide stretch of the James River a few feet from the reconstructed log palisades of the original three-sided Jamestown Fort and the rustic brick church.

The session opened with a prayer from Steven R. Adkins, chief of the Chickahominy Indian tribe. It was his ancestors who greeted the first settlers.

He opened the prayer in his native tongue, saying, "Great Spirit, the loving Father of all nations."

The session closed with a prayer by the Rev. Jay Timothy Harrison Sr., a black Baptist pastor. The first Africans brought to America came as servants to Jamestown in 1619, beginning a 250-year legacy of slavery in the state.

The opening-day events -- held about 50 miles southeast of the Capitol in Richmond -- drew bipartisan praise.

Delegate Mamye E. BaCote, Newport News Democrat, said she enjoyed Mr. Cheney's speech and being able to take the time to see where America's form of government began.

"It kicked off the beginning of representative government in America, and it has evolved," Mrs. BaCote said. "This is what we preach when we go out to other countries."

Delegate Phillip A. Hamilton, Newport News Republican, said that he was humbled to be a part of what he called a historic event and that Mr. Cheney was right to recall the horror and privations the original settlers endured.

"It's a great boost to Virginia, and it does reaffirm the role of Virginia in the history of this nation," Mr. Hamilton said.

$200-a-Head Dinner Doesn't Pass Taste Test (WP)

By Lois Romano

The Washington Post, January 11, 2007

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While the Senate began debating stricter ethics rules for its members this week, a fancy dinner planned for some Senate press secretaries tomorrow night in New York, paid for with corporate money, has raised a few eyebrows.

Two dozen flacks will arrive in Manhattan today for an annual excursion to meet with media outlets, a trip sanctioned by the Senate ethics committee as "official" business. This means that the aides pay for costs out of pocket -- Amtrak, W Hotel, chartered bus -- and later request reimbursement from official funds. The itinerary shows the members of the bipartisan Senate Press Secretaries Association with a full schedule of meetings with such organizations as the Wall Street Journal, CBS, NBC, the United Nations and others connected to their work.

But the "gasp" factor, as one corporate executive put it, centers on the $200-a-head closing dinner at the elite Rainbow Room, one of the country's best-known upscale restaurants, sponsored by seven high-profile corporations with business interests before Congress. They include the American Gas Association, Toyota, the Recording Industry Association of America and Microsoft. Because rules limit to $50 what an aide can accept for a meal, and because fried calamari alone costs $35 at the Rockefeller Plaza establishment, one might ask how these folks can justify accepting an invitation to the dinner.

Here's how: Their letter from the ethics committee explains that under the rules, they may accept a free meal if it is at a "widely attended event" -- at least 25 people from outside Congress. This rule, as it turns out, is a real boon to these sponsoring corporations that have each been asked by Dittus Communications, the organizer, to bring five guests to the dinner.

John Reid, president of the Press Secretaries Association and former spokesman for defeated senator George Allen (R-Va.), said the group was meticulous in its commitment to staying within the letter of the law.

But one lobbyist who is not attending the dinner noted that "given the [political] atmosphere right now, appearances matter. . . . Everyone is being very careful about this type of stuff."

As far as the ethics watchdogs are concerned, the dinner doesn't pass the smell test. "This is a kind of access and influence buying that concerns us," said Mary Boyle, a spokeswoman for Common Cause. "Why are these companies doing this? The only answer is for goodwill. They want to be remembered, they want to influence these communicators. Everyone knows press secretaries are very influential."Kerry Stepping Up?

As Ted Kennedy (D-Mass.) waits patiently for his Senate colleague John Kerry to get off the fence and reveal his presidential intentions, the 2004 Democratic standard-bearer is adding high-profile operatives who could easily slide into campaign mode. Kerry has brought on as a consultant Erik Smith, onetime communications strategist for former congressman Dick Gephardt (D-Mo.), and Vince Morris, most recently the spokesman for former D.C. mayor Anthony Williams, as his Senate press secretary.

Kennedy said that he would support Kerry in 2008 if he makes another presidential run but that he can't wait forever for his decision. No clue where Kennedy would turn should Kerry not run -- but his best pal is Sen. Chris Dodd (D-Conn.), who has ambitions of his own.The Limits of Power

Sources say that House Speaker Nancy Pelosi (D-Calif.) has told the Democratic committee chairmen who were angered by the six-year term limits imposed upon them last week that she would consider revisiting the issue -- but only if they muster the votes to abolish the rule. This raises the question: What ambitious legislator hoping to rise to chairman before being moved into a nursing home is going to oppose term limits? Among those who are sore after having waited 12 years for their turn at the helm: Appropriations Chairman David Obey (Wis.), Oversight and Government Reform Chairman Henry Waxman (Calif.), and Energy and Commerce Chairman John Dingell (Mich.).A Very Safe Landing

It can never be said that Conrad Burns (R-Mont.), whose ties to lobbyists cost him his Senate seat last November, is inconsistent. He'll be joining Gage, a Washington lobbying firm that was founded by his former aide, Leo Giacometto. While most Beltway insiders will recall the more than $150,000 that Burns accepted from now-imprisoned lobbyist Jack Abramoff and his clients, Burns was also excoriated for the tens of millions of dollars in earmarks he steered to Giacometto's clients, which sparked an audit by the Montana legislature. Now, rather than asking Burns for official earmark favors, Giacometto will get to boss around his old boss. Under Senate rules, Burns, hired as a senior adviser, will have to wait one year before he can directly lobby his former colleagues.Final Note

We heard a number of complaints last week because we used the word "catfight" to describe a disagreement between two distinguished members of Congress -- Pelosi and Rep. Jane Harman (D-Calif.). To those who civilly articulated reasons why the term is inappropriate, we say: Point taken.

OTHER NEWS:

Trade Deficit Drops For Third Consecutive Month (NYT)

By Jeremy W. Peters

DOJ_NMG_0115529

The New York Times, January 11, 2007

American companies sold more goods like airplanes, cars and precious metals overseas in November, helping to narrow the trade deficit for a third consecutive month.

Despite the improvement, the United States is still on track to end 2006 with a record trade imbalance, eclipsing the $716.7 billion deficit in 2005.

The Census Bureau reported yesterday that the trade deficit — the amount by which the value of America's imports of goods and services exceeded the value of its exports — fell to $58.2 billion in November, the smallest it has been since July 2005. In October, the deficit was $58.8 billion.

Yesterday's figures surprised many economists, most of whom expected the deficit to widen. Through November, the cumulative deficit for 2006 was $701.6 billion, well within reach of the previous record.

But some economists expect the trade outlook to improve this year as a weaker dollar combined with a slower domestic economy and stronger growth overseas help narrow the disparity between imports and exports.

"The factors that are causing the improvement are really in the case of exports and the strengths of the economies abroad," said Peter E. Kretzmer, senior economist with the Bank of America. "Japan continues to grow moderately, and emerging Asia is growing at a good clip, led by China. Then Europe also continues to at least outperform expectations. When you put all of that together, that's a boost to U.S. exports."

In November, exports grew to $124.8 billion, from $123.7 billion in October. The increase was fairly broad-based. Exports of consumer goods like jewelry and sporting goods rose, as did exports of heavy duty goods like parts for commercial aircraft.

At the same time, imports are slowing. American businesses imported $183 billion worth of goods and services in November, up $500 million from October. That brought the three-month moving average for imports down to $184.3 billion, the lowest level since June.

The gap narrowed in November in part because Americans bought fewer goods from China, one of the nation's main trading partners. The net deficit with China fell to $22.9 billion in November, down from $24.4 billion in October. Also, the trade gap shrank because of the third monthly decline in petroleum imports, a factor that economists expect to help improve the trade gap this year if oil prices continue falling.

The Chinese government reported its full-year trade figures yesterday as well, posting a record surplus of $177.5 billion with the world as a whole in 2006. China's exports, and its surplus, continue to grow rapidly; the 2006 surplus was 75 percent greater than 2005's. Imbalanced trade with China has become an issue straining relations with the United States.

Top American officials, including the Treasury secretary, Henry M. Paulson Jr., and the chairman of the Federal Reserve, Ben S. Bernanke, traveled to China last month to press for a shift in the country's trade and currency policies. China accounts for a larger portion of the deficit than any other country.

A reason that Washington says that trade with China remains one-sided is the exchange rate. China keeps its currency, the yuan, loosely pegged to the dollar and the euro at a level that many economists say is undervalued, making its exports affordable and imported goods more expensive.

But economists expect Chinese imports to have less appeal in the United States as a slowing housing market damps consumer appetites.

"I imagine as U.S. domestic demand growth slows," said Paul Ashworth, senior United States economist with Capital Economics, "the wider trade deficit with China will probably continue to grow, but probably at a slower pace."

Also yesterday, the Commerce Department reported that inventories at American wholesalers accumulated in November at the fastest pace in three months, a sign that imports could slow further.

Surplus Widens in Canada

OTTAWA, Jan. 10 (Bloomberg News) — Canada's trade surplus widened more than expected in November to the largest since March, as exports of cars and energy products rebounded.

The surplus widened to 4.67 billion Canadian dollars ($3.97 billion), from a revised 3.76 billion Canadian dollars in October, Statistics Canada said. Exports rose 2.8 percent, to 38.1 billion Canadian dollars ($32.4 billion).

Surging Exports Brighten Trade Picture (WSJ)

By Jeff Bater

The Wall Street Journal, January 11, 2007

For more than a decade, the rapidly widening trade deficit acted as a drag on U.S. economic growth. But surging exports are reversing that trend, buoying the economy at a critical time and starting to pare back the bloated deficit.

The U.S. deficit in trade in goods and services fell 1% in November to $58.23 billion, the third straight monthly decline and the lowest level in more than a year, the Commerce Department said yesterday. Even so, the overall trade gap for 2006

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remained on track to hit an annual record. Underscoring the long-term challenges posed by global trade imbalances, China yesterday said its already-huge trade surplus expanded sharply in 2006.

Economists React: See what some economists are saying1 about the data, and what their outlook is for trade and gross domestic product. · Wholesale Inventories Rise2

In the near term, the U.S. trade picture is brightening. The Commerce Department said imports rose only slightly in November to $183 billion, pushed up by holiday demand for foreign-made consumer goods, such as stereos, toys, and apparel. Meanwhile, American exports rose by $1.1 billion to a record $124.76 billion, thanks to increased shipments abroad of semiconductors, civilian aircraft, telecommunications equipment and other U.S.-made capital goods. Overall, the growth of U.S. exports outpaced that of imports in the month.

The data suggest trade has emerged as an important cushion for the economy, as it adjusts to a sizable contraction in housing activity. Trade has for years been a drag on U.S. growth, as weak economic growth abroad, strong consumption at home and a strong dollar held back the nation's exports and boosted imports.

That trend has begun to shift in the past year, as world growth has stayed strong, U.S. consumers and businesses have pulled back a bit, and the dollar's weakness begins to alter the flow of trade by making U.S. exports cheaper abroad and imported goods more expensive for Americans.

David Greenlaw, an economist at Morgan Stanley, estimated the economy expanded at a 2.8% annual rate in the fourth quarter and that a narrower trade deficit contributed 1.5 percentage points of that. He expects trade to contribute to growth in 2007, which would be the first year that has happened since 1995. "With each month of data, it's more and more suggestive that the tide has turned," he said.

In the past, U.S. companies and workers didn't get the full benefit of buoyant consumer spending, because so much of what consumers bought came from abroad. Conversely, the shrinking trade deficit now suggests the burden of cooling of U.S. demand will be borne in part by foreign suppliers -- lessening the impact on domestic businesses.

"It's a mirror image of prior years," said economist Stephen Stanley of RBS Greenwich Capital.

This year's brighter outlook comes against the backdrop of a dim performance overall in 2006. Through November, the trade gap was on pace to break the annual record of $716.73 billion set in 2005, and much of the weakness is due to imbalanced trade with China. The U.S. reported a $22.92 billion trade deficit with China in November, by far its largest with any country. The November gap pushed the year-to-date deficit with China to $213.55 billion, compared with 2005's full-year record of $201.62 billion, according to the Commerce Department.

The U.S. deficit with China for all of 2006 is expected to hit a record of at least $230 billion, heightening bilateral trade tensions. Last month, a delegation of U.S. officials led by Treasury Secretary Henry Paulson visited China to discuss the trade imbalance and other economic issues.

China yesterday reported a record trade surplus of $177.47 billion for 2006, up 74% from $101.88 billion in 2005, according to the official Xinhua news agency. China exported $969.08 billion of goods last year and imported $791.61 billion. (U.S. and Chinese estimates of trade don't match because of different methods of accounting for the ebb and flow of goods between the two countries.)

China's huge trade surplus has become a sore point with businesses and workers in other countries that have been displaced by the Chinese-export juggernaut, particularly in the U.S., China's biggest export market and a source for relatively few of its imports. But increasingly, China's surplus also is causing headaches at home and putting pressure on policy makers to respond.

The surpluses are flooding China's banking system with cash, leading to many undesirable effects: rising inflation, bubbles in stock and property markets, and questionable investments by corporations. Chinese policy makers are trying to find a way to contain those effects without harming the broader economy.

Chinese central-bank Gov. Zhou Xiaochuan, speaking this week in Basel, Switzerland, said China can further increase the flexibility of its exchange rate if trade surpluses continue.

The past two years of massive Chinese surpluses differ markedly from previous years. In the past two decades, China's trade balance typically ranged from about 1% to 3% of the economy. The trade surplus for 2006 is close to 7% of the forecast GDP for the year, up from 4.5% in 2005.

Home Prices Seen Rising In '07 (WSJ)

By Campion Walsh

The Wall Street Journal, January 11, 2007

U.S. home sales will decline less sharply this year than they did last year, while home-price appreciation is expected to gain steam, the National Association of Realtors said.

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In its latest forecast, the NAR said sales of existing homes are likely to decline about 1.2% this year to 6.42 million, following a sharp drop last year, while sales of new homes are seen falling about 9.7% to 957,000.

Because the market is starting this year at a relatively low point, even a gradual recovery of sales during the year would mean that annual totals for 2007 are likely to show no substantial improvement, according to NAR Chief Economist David Lereah.

"The good news is that the steady improvement in sales will support price appreciation moving forward," Mr. Lereah says.

The Realtors' group, which is running a $40 million ad campaign designed to encourage consumers to contact their local realtors, expects moderate price increases this year. The group forecasts the median sales price for existing homes to grow 1.5% nationally to $225,300, following last year's estimated 1.1% rise. The national median price for new homes will increase 3% this year to $248,900, according to the NAR, after estimated growth of 0.3% last year.

As builders rein in new projects to support prices, housing starts are expected to drop 16.6% this year to 1.51 million, their lowest level in a decade, the NAR said.

Mortgage Bankers Association chief economist Doug Duncan expects home prices to rise 1% to 2% annually for the next couple of years. But some markets could see price declines of 10% to 20% this year, he says, a shift from the last four to five years, when there were "almost no markets where prices were declining."

Home sales will decline 7% to 8% this year, with most of the decline in the first half, adds Mr. Duncan, who expects the market to bottom out in mid- to late 2007.

Meanwhile, the volume of mortgage applications filed with major U.S. banks rose 16.6% on a seasonally adjusted basis last week, compared with the week before, the MBA reported yesterday.

The number of applications -- for both purchases and refinancings -- increased 12%, compared with the same period a year earlier. Application volumes, on a seasonally adjusted basis, fell about 14% just before the holidays.

Applications for loans to buy homes stood at the highest level in nearly a year, according to the MBA. Applications to refinance rose about 28% from a year ago.

The average rate for a 30-year fixed-rate loan fell to 6.13% from 6.22% the previous week, which was the highest rate seen in eight weeks. The average rate for a 15-year fixed-rate mortgage dropped to 5.85% from 5.93% the previous week. The rate for a one-year adjustable-rate mortgage, or ARM, averaged 5.79%, down from 5.84% the previous week, the MBA's data showed.

Why Economists Are Still Grasping For Cure To Global Poverty (WSJ)

By David Wessel

The Wall Street Journal, January 11, 2007

With intellectual humility, Mr. Johnson, a professor at Massachusetts Institute of Technology's Sloan School of Management, faced a roomful of peers at the annual meeting of the American Economics Association last weekend and said, "Public health had the germ theory of disease. Economics has made great progress, but it's still waiting for its 'germ theory of disease.'" That probably overstates the challenges remaining to public-health warriors -- avian flu, AIDS/HIV, malaria and all -- but not the shortcomings of economic understanding of what poor countries should do to achieve sustained growth.

The U.S. and Europe pulled ahead of the rest of the world in the 19th century, the result of the Industrial Revolution, the evolution of financial markets and the discovery of new drugs and chemicals. With a few remarkable exceptions -- South Korea, for one -- the gap between rich and poor nations persists. The notion that there was something special about "development economics" dates to post-World War II years when mostly poor, mostly rural colonies gained their independence. Says Anne Krueger, an economist who recently finished a stint as No. 2 at the International Monetary Fund: "It was natural that a major objective of...the 'modernizing elite' was to achieve economies and living standards similar to those in the 'developed,' as they were then called, economies." Poor countries had rice patties or coffee plantations; rich ones had factories. The trick, it was believed, was to hasten the industrialization of poor countries, and government had to lead the way.

The prescriptions didn't work out as well as optimistic postwar poverty fighters hoped. Poor countries have had growth spurts punctuated by crises. Rich countries have crises, too, but they bounce back much more quickly, while poor countries often stagnate for years after a crisis, observes Sebastian Edwards, an economist at the University of California at Los Angeles.

Why is that? Why aren't more poor countries catching up faster?

One view, articulated by Ms. Krueger, is that so-called Third World governments and their First World advisers applied sound economic principles incorrectly or without sufficient attention to the reality. Policies to encourage exports and shield embryonic industries from imports until they got rolling sounded good, for instance, but bred corruption, infantilized industries and created politically powerful vested interests that blocked needed change.

Another view is that poor countries got bad advice and paid the price, but that today's experts know much more than their predecessors. "We don't have recipes, or a checklist," Mr. Edwards says. But, he says, we do know the ingredients: educating

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workers, accumulating capital and investing it widely, improving productivity. Even he concedes economists are better at dissecting success stories -- China, for one -- and identifying particular reasons for each one's success than generalizing to advise struggling countries what steps to take to boost living standards for the masses.

A third view is that earlier economists focused on the wrong thing. Mr. Johnson, among others, argues that what really matters is having solid political, legal and economic institutions -- courts, central banks, honest bureaucrats, private-property rights -- that allow entrepreneurs to flourish. Imposing what seem to be sound economic policies on corrupt, incompetent or myopic governments is doomed. Building strong institutions is a necessary prerequisite. In this camp, there is a running side argument about which comes first: the institutions or the educated people who create them. Was the Constitution key to U.S. success, or was it Jefferson, Madison and Hamilton?

Technological advances and the spread of markets likely will boost the overall income of the world significantly over the next 25 to 50 years. "But," Mr. Johnson warns, "at least half the world's population will likely not participate fully" -- unless his crowd finds better ways to spread prosperity along with better health to poor countries.

· Mr. Wessel responds to reader comments at WSJ.com/CapitalExchange5. Or email him at capital@wsj.com6.

Justices Express Support For Limiting Use Of Union Fees (USAT)

By Joan Biskupic

USA Today, January 11, 2007

WASHINGTON — The Supreme Court appeared ready Wednesday to uphold a Washington state law that restricts when unions can use fees collected from non-members for political purposes.

The dispute is being watched closely by the National Right to Work Legal Defense Foundation and other anti-union groups, as well as the AFL-CIO.

The case revolves around the Washington Education Association, which bargains for the state's 70,000 teachers. About 3,500 of the teachers have refused to join the union. They are required by state law to pay "agency shop" fees to cover their share of the union's bargaining on behalf of all workers.

Under state law, the fees unions get from a non-member cannot be used for political advocacy — such as the union's lobbying the state Legislature for more school funds — unless that person consents to having his fees used for such purposes.

The teachers union opposes the policy on non-members' fees, saying it is an administrative burden that restricts the union's right to engage in political advocacy. The state's highest court agreed last year. It struck down the law as a violation of the union's speech rights.

Wednesday, many of the justices' queries focused on the rights of teachers who are not in the union.

Most of the high court, including Chief Justice John Roberts and Justices Antonin Scalia, Anthony Kennedy, David Souter and Samuel Alito, expressed some support for the law limiting how non-member fees are used. "It seems to me that Washington acted quite properly in saying we will use this to protect our workers' First Amendment … rights," Kennedy said.

Washington state Attorney General Robert McKenna said the law "serves the state's interest in election integrity" by ensuring that union political activity is funded voluntarily.

John West, representing the teachers union, countered that the law wrongly assumed that non-members would not back the union's lobbying.

Alito responded, "These are teachers who have chosen not to join the (union). Isn't it overwhelmingly likely that they, if you spoke to them and said, 'Would you like to give money to the union to spend on elections,' would say no?"

West said the union believes teachers support its political efforts, including those aimed at increasing teachers' cost-of-living raises and reducing class sizes.

Court Unlikely To Grant 1st Amendment Rights To Union Political Activity (MCT)

By Stephen Henderson

McClatchy Newspapers, January 11, 2007

WASHINGTON - The Supreme Court appeared ready Wednesday to reject claims that the First Amendment prohibits Washington state from forcing unions to get permission before spending some of the money they collect on political causes.

Most oral arguments at the high court end ambiguously, with the justices leaving small hints about how they'll resolve tricky legal dilemmas.

But once in a while, there are arguments where the only lingering question seems to be who'll write an opinion that reaches an obvious conclusion.

Wednesday's arguments, in Davenport v. Washington Education Association and Washington v. Washington Education Association, fell into that category.

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At issue is how the state's largest teachers union handles the so-called agency fees it collects from school employees who choose not to be union members.

Those fees, under state law, are paid to cover collective bargaining activity that benefits everyone, whether they're union members or not.

But a 1992 law, adopted by voters, prohibited unions in the state from using that money for political activity without first getting permission from the non-members.

The hourlong session Wednesday turned largely on whose First Amendment rights were at stake. Lawyers for the state - backed by the Bush administration - argued that the most important rights in the case belong to employees, who shouldn't be forced to support causes with which they disagree. The state also says the "opt-in" system best protects those rights.

Lawyers for the union say its rights to lobby are being infringed by the Washington restrictions.

The Supreme Court already has said non-members must be able to "opt out" of paying for political activity; the Washington law went further, saying unions must get them to "opt in" before pursuing political causes with their money.

Both the state attorney general and several teachers sued the Washington Education Association, accusing them of violating the 1992 law. The state's highest court ultimately concluded that the law violated the First Amendment to the U.S. Constitution, essentially because it placed undue burdens on the unions' political speech.

The court agreed that the "opt-in" requirement would create an administrative nightmare for the union in its effort to collect the fees, and that the "opt-out" requirement was a less burdensome alternative that the state should have chosen.

That reasoning clearly fell flat with Chief Justice John G. Roberts and with justices Antonin Scalia, Anthony Kennedy and Samuel Alito.

Justices John Paul Stevens, David Souter and Ruth Bader Ginsburg also hammered the union's lawyer with questions that reflected serious doubt about his arguments.

Justice Stephen Breyer seemed similarly inclined, but less certain. Justice Clarence Thomas, as is his custom, said nothing during arguments.

The justices' response to the union's arguments was best summed by Kennedy.

"States have considerable discretion in determining how to protect federal constitutional rights," he said at one point. "It seems to me that Washington acted quite properly in saying we will use this mechanism in order to protect our workers' First Amendment constitutional rights."

Later in the arguments, he accused union lawyer John M. West of disregarding employees' rights altogether.

"You want us to consider this case as if the First Amendment rights of non-union members were not involved," he said. "That's been your whole argument."

West responded by saying he recognized the employees' rights, but that the state infringed the union's rights by going too far to protect non-members.

"The non-members have the absolute right to prevent the use of their funds not only for . . . any kind of political ideological speech . . . with which they disagree simply by sending in a letter," West said.

Justices Hear Case On Right Of Unions To Use Nonmembers' Dues (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, January 11, 2007

First Amendment rights are threatened in the state of Washington, the Supreme Court was told yesterday, but it will be up to the justices to decide who needs protection.

The Washington Education Association, the state's largest teachers union, said its freedoms would be endangered by a state law that would increase restrictions on the union's ability to use workers' money for political causes.

On the other side are workers who do not join the union but under state law must pay dues anyway. They say their money should not be used for the union's election causes without their explicit approval.

The issue could be boiled down to a somewhat straightforward question: Is it enough that nonmembers have the chance to opt out of having a portion of their money spent on political activism, or may states put the onus on the unions, forcing them to get explicit approval from each worker?

The issue is somewhat narrow, but the case has drawn special attention from the politically influential AFL-CIO on one side, and from conservative legal groups and national right-to-work organizations that want to limit the power of unions on the other.

The Washington Supreme Court ruled last year that the state's law requiring the union to get affirmative authorization from nonmembers was unconstitutionally burdensome.

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"This has the practical effect of inhibiting one group's political speech (the union and supporting nonmembers) for the improper purpose of increasing the speech of another group (the dissenting nonmembers)," the state court ruled.

Justice Anthony M. Kennedy seemed to see it just the opposite way yesterday, saying it appeared to him that Washington had acted properly to protect the rights of nonmembers. He told union attorney John West: "You want us to consider the case as if the First Amendment rights of nonunion members were not involved."

West said that was not true, and that the Supreme Court in the past had found that those workers were properly protected by giving them the right to opt out of having their dues spent for political purposes. Those workers can object "simply by sending in a letter," West said.

"So it's a First Amendment right that is waived by failing to make a timely objection," Justice John Paul Stevens responded.

Justice Samuel A. Alito Jr. and Washington Attorney General Robert McKenna (R), who was defending the state law, seemed to agree that nonmembers have already made a statement about the union's political activities when they decided not to join. "They shouldn't be required to say no twice," McKenna said.

The Bush administration also joined the case in opposition to the union's position.

In practice, only about 5 percent of the teachers and other educational personnel eligible to join the Washington Education Association choose not to become members. The state nevertheless requires them to pay dues, and about 75 percent of that money is spent on collective-bargaining efforts. West said the other share spent on political purposes is used to support or oppose ballot issues rather than being used for candidate campaigns.

The consolidated cases the court heard yesterday are Davenport v. Washington Education Association, 05-1589, and Washington v. Washington Education Association, 05-1657.

Rights Of Unions And Nonmembers Vie At Court (NYT)

By Linda Greenhouse

The New York Times, January 11, 2007

WASHINGTON, Jan. 10 — A case argued before the Supreme Court on Wednesday about how labor unions must handle the fees paid by nonmembers could turn out to be little more than a footnote to a long line of decisions about the respective rights of labor unions and dissident employees.

Or the case might turn out to be a good deal more consequential, the first step toward a recalibration by the court of the constitutional balance between the two.

Each of these contrasting outcomes appeared plausible during an argument that had a bit of something for everyone: First Amendment law, labor law, election law and an animated performance by the court's newest justice, Samuel A. Alito Jr.

Justice Alito appeared particularly energized by the case, a defense by the state of Washington of a provision of its campaign law that bars unions from spending nonmembers' fees on political activity without first receiving permission.

This "opt-in" provision of the Washington law, adopted by referendum in 1992 as part of a broad campaign finance measure, goes a step beyond the protection for nonmembers that the Supreme Court has found to be constitutionally required. The court has required unions to permit nonmembers to "opt out" of having their fees used for any purpose that is not "germane" to the union's collective bargaining responsibilities.

Under federal labor law, states may authorize "union shop" provisions under which employees who choose not to join the union must pay fees to support the union's collective bargaining.

The Washington Supreme Court held in this case that requiring the union to receive affirmative permission before spending nonmembers' money on election-related activity imposed an unconstitutional burden on a union's right of free speech and association.

The state teachers' union is defending that judgment, while the state and a group of teachers, represented by the National Right to Work Legal Defense Foundation, challenged it in separate appeals. The justices consolidated the cases, Davenport v. Washington Education Association, No. 05-1589, and Washington v. Washington Education Association, No. 05-1657, for a single argument.

The Bush administration entered the case on the state's side. Solicitor General Paul D. Clement said the Washington Supreme Court had "rigidly constitutionalized an area of labor law" that should be left to the "substantial discretion" of the states and the federal government.

Mr. Clement said that just because "as a minimum constitutional matter, the workers have to have an opt-out right" did not mean that a state could not go further and provide that the union could not spend nonmembers' money on politics unless those workers affirmatively agreed.

That argument seemed to appeal to Justice Alito. "Why should the First Amendment permit anything other than an opt-in scheme?" he asked.

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That was a "fair question," the solicitor general replied, while at the same time carefully avoiding a full embrace of Justice Alito's suggestion. The opt-in right should be an option but was not constitutionally required, he said.

Later in the argument, addressing the union's lawyer, John M. West, Justice Alito suggested that it seemed only common sense to presume that employees who had chosen not to join the union were likely not to support the union's political activities.

The presumption built into the court's precedents is that nonmembers do support the union's outside activities unless they declare otherwise. "Dissent is not to be presumed" is the phrase the precedents use. So it would be a substantial change in labor law if the presumption were reversed.

"Isn't it overwhelmingly likely," Justice Alito asked Mr. West, that if nonmembers were asked whether they wanted to "give money to the union to spend on elections, they would say no?"

Mr. West said he "absolutely" disagreed, explaining that the union used its political money to campaign for higher taxes to support local school districts and other purposes "that it has every reason to believe is in the interest of the vast majority of teachers."

Chief Justice John G. Roberts Jr. sounded unpersuaded. "Well, surely," he said, "you don't get to say, well, this is in your interest, whether you want to spend the money or not."

Justice Anthony M. Kennedy was also critical of the union's position. "You want us to consider this case as if the First Amendment rights of non-union members were not involved," he told Mr. West on two occasions.

Washington is the only state with a campaign finance law that singles out labor unions for special treatment. Mr. West's basic argument was that the law violated the First Amendment by discriminating against speech based on its content. The union is permitted to engage in legislative lobbying, for example, without first getting the nonmembers' permission to use their money, but is barred from campaigning for or against ballot measures.

About 5 percent of Washington's 80,000 teachers have declined to join the union.

Ballot Firm Hits House Democrats (RC)

By Matthew Murray

Roll Call, January 11, 2007

The Nebraska-based electronic voting machine manufacturer at the center of the still-contested Congressional race in Florida's 13th district demanded Tuesday that a court throw out what the company characterized as a threatening letter from House Democrats.

Lawyers for Election Systems & Software filed the motion with Florida appellate Judge Jon Wheeler in response to a letter that House Administration Chairwoman Juanita Millender-McDonald (D-Calif.) sent the court last week.

Millender-McDonald wrote that Christine Jennings, the Democratic candidate in the Nov. 7 race to replace former Rep. Katherine Harris (R), has preserved her right to contest the election before Millender-McDonald's committee. So the court, she said, has an obligation to consider all the facts of the case, an apparent reference to a Dec. 29 lower court ruling not to require Election Systems & Software to disclose how its electronic voting machines work.

The machine's "source code," Jennings contends, may reveal why 18,000 individuals in Sarasota County did not cast votes in the Congressional race on Nov. 7. The company contends that such information is proprietary and that releasing it could damage the company financially.

But in court papers, the company claims that the chairwoman is an unrelated party to the case and "has no standing to participate in the review of the trial court's order." Even more, it states, Millender-McDonald's action is little more than a political ploy and an abuse by one branch of government against another.

"The response is a thinly veiled attempt by one member of Congress to intimidate this court and unduly influence its deliberations in order to give [Christine Jennings], a member of Millender-McDonald's political party, an unwarranted advantage in this election contest," wrote Harry Thomas and Jeffrey Frehn, lawyers for Election Systems & Software.

The motion closed: "The fairness of this election will be assured by the due process of law, not by tactics or threats that are intended to interfere with the independence of the judiciary."

Romney Says He Was Wrong On 1994 Issues (AP)

By Glen Johnson

AP, January 11, 2007

A 1994 videotape mysteriously posted on YouTube.com prompted Republican Mitt Romney to declare Wednesday, "I was wrong on some issues back then," while also insisting to social conservatives key to his presidential campaign that he is one of them.

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The tape of a Senate debate between Romney and Sen. Edward M. Kennedy showed Romney defending a woman's right to abortion, saying he supported allowing gays in the Boy Scouts and distancing himself from former President Reagan by noting he was a registered independent during the period the conservative icon was leading the nation.

All of the material has been previously published, but its presentation in video form — and on the easily shared YouTube medium — prompted an immediate response from Romney, who formed a presidential exploratory committee last week.

"If you want to know where I stand by the way, you don't just have to listen to my words, you can go to look at my record as governor," Romney said during a late-day appearance on the "Glenn and Helen Show," a radio program featuring Tennessee psychologist Helen Smith and her husband, Glenn Reynolds.

"Frankly, in the bluest of states, facing the most liberal media in the country, I've led the fight to preserve traditional marriage. I've taken every legal step I could conceive of, to prevent same-sex marriage."

A tape of Romney's call was immediately posted on YouTube. Asked whom the campaign suspected of posting the tape, Romney spokesman Kevin Madden said: "It doesn't matter. We used the very same mediums made available to those seeking to attack Governor Romney to set the record straight in his own words with the facts."

In the 1994 tape, Romney is asked about abortion rights and responds: "One of the great things about our nation is we're each entitled to have strong personal beliefs — and we encourage other people to do the same. ... I believe that abortion should be safe and legal in this country."

Kennedy retorted that while he was "pro-choice," Romney was "multiple choice."

At another point, Romney was asked if he ever publicly opposed the Boy Scouts' exclusion of gay members while he served on its executive board.

"I feel that all people should be allowed to participate in the Boy Scouts regardless of their sexual orientation," Romney replied.

On a third point, Kennedy accused Romney of harboring the same economic philosophy as Reagan and former President George H.W. Bush.

Romney replied: "I was an independent during the time of Reagan-Bush; I'm not trying to return to Reagan-Bush. My positions don't talk about the things you suggest they talk about; this isn't a political issue."

In recent speeches, however, Romney has wrapped himself in Reagan's mantle.

"Now, I wasn't always a Ronald Reagan conservative. Neither was Ronald Reagan, by the way," Romney told conservative activists last weekend.

Jim Gilmore For President? It's Not An Easy Sell (RC)

By Stuart Rothenberg

Roll Call, January 11, 2007

Article II of the Constitution says that the President of the United States must be a "natural born Citizen" who is at least 35 years old. So far, so good for former Virginia Gov. Jim Gilmore (R), who announced this week that he is forming an exploratory committee for a possible 2008 presidential campaign.

Having watched former Vermont Gov. Howard Dean run a stunningly effective early campaign in his bid to win the Democratic presidential nomination in 2004, I am trying to remain open-minded early on when considering long-shot candidates for president.

Sen. Sam Brownback (R-Kan.)? Sure, he's a 10-year Senate veteran who might be able to take advantage of a vacuum on the right in the GOP race. Democratic Sens. Chris Dodd (Conn.) and Joseph Biden (Del.)? They've been Senators for 26 and 36 years, respectively, so they have earned the right to be treated seriously as Democratic contenders.

Former Arkansas Gov. Mike Huckabee (R), outgoing Iowa Gov. Tom Vilsack (D) and New Mexico Gov. Bill Richardson (D)? They are or were reasonably popular two-term governors, which means they aren't stuck on Capitol Hill and can run as successful chief executives. Give them a chance to see what they can do.

But Gilmore? I don't think he fits in the same category. Still, let's look at his pluses and minuses before jumping to a conclusion.

Gilmore, 57, holds undergraduate and law degrees from the University of Virginia. He was elected Commonwealth's Attorney in Henrico County — suburban Richmond — in 1987. Six years later he was elected Virginia Attorney General, serving one term in that office before winning the governorship in 1997. He left four years later having successfully divided the state GOP into warring factions during a budget crisis that he helped create — and alienated enough voters that Democrat Mark Warner was elected to succeed him.

Gilmore then served briefly — from January 2001 to January 2002 — as Republican National Committee chairman. Gilmore widely was assumed to have been installed at the RNC because Bush political strategist Karl Rove assumed that the

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former governor would be little more than a figurehead, while Rove really ran the committee. But Gilmore didn't see things that way. As a former governor, he was accustomed to making decisions and having others defer to him. When Rove realized that he and Gilmore had different views of how the committee should be run, the former governor had to go. "It was a disaster from the start," says one GOP insider familiar with the situation.

Gilmore chairs a commission created by Congress called the Congressional Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction. He also formed a nonprofit, the National Council on Readiness and Preparedness.

Shortly before Christmas, Gilmore indicated his interest in a 2008 run. He told The Associated Press, "There is not a committed conservative in the field who can put together a national campaign. I am and I can. I have people on the ground right now in Iowa and South Carolina." Veteran Virginia political operative Boyd Marcus and New York political strategist Kieran Mahoney are involved in Gilmore's early planning.

Gilmore's tax-cutting record would be a plus for Republican caucus and primary voters, and the opening on the right in the battle for the GOP nomination could be a lure: The two early Republican favorites, Sen. John McCain (Ariz.) and former Massachusetts Gov. Mitt Romney, aren't exactly movement conservatives.

But caucuses and primaries aren't only about ideology. They also are about candidates, organization and money.

Maybe time has distorted my memory, but I don't remember him as being a dynamic, inspiring conservative speaker. Others I have spoken with remember him much as I do.

Sympathetic Republicans, however, say Gilmore is "very disciplined" and "plain-spoken," and one media professional recently argued that Gilmore has been "terrific" as a "junkyard dog" on TV. That, combined with his ability to play to a partisan crowd, would be a strong asset for Gilmore.

Gilmore never has demonstrated the fundraising muscle that McCain or Romney have, and he also is far, far behind those rivals in lining up activists in the key early states. And there are other obstacles: Despite his service on the weapons of mass destruction commission, Gilmore, like most governors, has no direct foreign policy experience. And few outside of Virginia have ever heard of him.

In other words, Jim Gilmore begins with no name identification, no money and no organization. And that army of vaunted Virginia GOP operatives that once was mentioned as an asset for former Sen. George Allen (R-Va.)? Well, they don't look quite so intimidating now.

Gilmore's chance of winning the GOP nomination would be based on a single scenario: Romney doesn't sell to conservatives, while McCain, for one reason or another, doesn't make it to Minneapolis, Minn. Under those circumstances, lightning could strike anyone who is (or was) a candidate, even Jim Gilmore.

I find it awfully difficult to take seriously a presidential wannabe who left office having divided his own party and alienated voters, and who begins with no major assets except his alleged strategic positioning on the right. Jim Gilmore surely has a better chance of becoming a nominee than Rep. Dennis Kucinich (D-Ohio), but that doesn't make him a major player for '08 in my book.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Democrats' Litmus: Electability (WSJ)

By Jackie Calmes

The Wall Street Journal, January 11, 2007

WASHINGTON -- For a party long known for subjecting presidential wannabes to a battery of litmus tests, on issues from abortion to trade, Democrats are uniting in raising one big issue for 2008: electability.

Who can win? That question is paramount for many activists, donors and voters, desperate to reclaim the White House. And it's one that poses a big hurdle for both Democratic front-runners, Sens. Hillary Clinton of New York and Barack Obama of Illinois.

Widespread concerns about whether either could get elected -- Mrs. Clinton because she is a woman, and a polarizing figure; Mr. Obama for being African-American, and relatively inexperienced -- potentially prevent either from running away with the Democratic nomination. That, in turn, is what keeps hope alive for about a half-dozen rivals maneuvering for advantage should the leaders stumble. Of that pack, polls and early organization suggest the best-positioned is former North Carolina Sen. John Edwards, the 2004 vice-presidential nominee. Today Sen. Chris Dodd of Connecticut officially joins the race with his announcement on the syndicated radio show "Imus in the Morning."

The three Republican front-runners -- Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani -- have the opposite problem of their Democratic counterparts. Each of them is considered

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electable. The question is whether they can get nominated in a party in which the conservative base demands that the nominee oppose abortion, same-sex marriage and taxes, but believes that each of these men is suspect.

For their part, Democratic activists and voters alike have become more pragmatic than any time in decades, which many in the party attribute to the chastening effect of recent years out of power in Washington and many statehouses. As for the liberals who make up Democrats' base, for all their passion about jobs and global trade, health care, the environment, abortion and gay rights and especially the war, these days the left cares "big time" about whether a candidate can get elected, says Robert Borosage, co-director of the union-supported advocacy group Campaign for America's Future.

Likewise, feminist leader Kate Michelman says that in her travels, "I hear people talking about 'electability' all the time, and Democrats are going to continue talking about it." Even among audiences eager to see a female president, she says, skeptics ask, "Do you think the country is really ready for a woman?" Ms. Michelman is supporting former North Carolina Sen. John Edwards -- not, she says, because she considers the front-runners unelectable but because Mr. Edwards is the best candidate for women's issues, and electable.

Last year's midterm elections, which gave Democrats a majority in Congress for the first time in 12 years, offered a preview of their party's pragmatic bent. Primary voters chose a number of moderate-to-conservative Democrats over liberal stalwarts for the party's nominations, to increase the chances of winning Republican-held suburban and Western seats.

"Primary voters vote with their heads, not their hearts," says Democratic consultant Stephanie Cutter, an adviser to John Kerry's 2004 presidential campaign. She and some other strategists cite that year for early evidence of Democrats' emphasis on electability, when Mr. Kerry won the nomination over Howard Dean, then the darling of antiwar liberals. "They dated Dean but married Kerry because he was the best positioned to beat President Bush with his military record and proven experience," Ms. Cutter says.

Yet Mr. Kerry wasn't elected. And that has other Democrats, in particular Clinton and Obama advocates, warning against taking the electability test too far. Neither Mrs. Clinton nor Mr. Obama has announced for president, though both are expected to create exploratory committees this month.

"I think both are electable," says Illinois Rep. Rahm Emanuel, who has ties to both -- as Mr. Obama's friend and fellow Chicagoan, and as a former top adviser to Mrs. Clinton's husband. "Bill Clinton had an electability problem until the primaries were over" in 1992, Mr. Emanuel recalls, but his strong performance in the primary campaign overrode controversies about his political stands, avoidance of the Vietnam draft and alleged philandering.

Much like her husband 15 years ago, Mrs. Clinton is often seen as too cautious and calculating, leaving many questioning what she stands for. Unlike him, she lacks a compensating charisma. Despite bipartisan praise for her Senate record on issues from education to national security, even admirers lament that she would draw Republican attacks like no other Democrat given conservative activists' loathing for both Clintons. Then there is the fact Americans have never elected a woman -- complicated in Mrs. Clinton's case by her spouse being a former president, suggesting a co-presidency of sorts.

"Anybody who has questions about her electability should look at what she's done in New York," says spokesman Howard Wolfson. He notes that she defied skeptics in 2000 by winning election to the Senate with 55% of the vote, and last year was re-elected in a landslide thanks to greater support from independents and Republicans.

Mr. Obama exudes the charisma, authenticity and optimism that many Democrats find lacking in Mrs. Clinton. Yet while he was raised in Hawaii by his white mother and grandparents from Kansas, his public identity is defined by the African skin and Muslim name inherited from his late father, Barack Hussein Obama, of Kenya. Inevitably Democrats ask: Would Americans elect an African-American, and one whose name rhymes with the terrorist they most revile?

Skeptics also cite the 45-year-old Mr. Obama's inexperience after just two years in the Senate. Days after his return last week from a holiday visit to hometown Honolulu, Hawaii's longtime Democratic Sen. Daniel Inouye was quoted in the city's paper saying Mr. Obama should wait: "He has been in the Senate for, what, two years?"

For eight years previously, Mr. Obama was an Illinois state senator. As a youth, he lived for a time in Indonesia, was the first African-American president of the Harvard Law Review, then a community organizer in Chicago and a constitutional law professor. "People measure experience in different ways," says adviser David Axelrod. "I think we're all an amalgam of all our experiences. And his are extremely varied and rich."

That is chronicled in Mr. Obama's best-selling memoir of struggling with his mixed-race, multicultural background, "Dreams from My Father." Written in 1995 before his political career, the book includes what would be another first for a presidential candidate: Mr. Obama's acknowledged use of "blow" -- cocaine -- as a young man. Strategists in both parties suggest the admission wouldn't be fatal. "I think Americans are at a moment when candor counts for more than the original sin," Democratic pollster Geoff Garin says.

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For all the scrutiny of the front-runners, other aspirants face electability questions as well should they attract more attention. Steve Elmendorf, a veteran of several Democratic campaigns, says such judgments are premature a year before the first primary. By then, he says, performances on the stump and in debates will give voters a better sense of each candidate.

And ultimately, Mr. Elmendorf notes, "how electable you are depends on who you are running against."

Dodd To Enter 2008 Presidential Race (AP)

By Beth Fouhy And Holly Ramer

AP, January 11, 2007

Democratic Sen. Christopher Dodd, a veteran lawmaker who entered Congress in the post-Watergate class of 1974, will announce his bid for the presidency, Democratic officials said Wednesday.

Dodd, 62, will make the formal announcement in an interview Thursday morning on the "Imus in the Morning" radio show — a curious bit of timing since he'll be forced to compete with heavy coverage of President Bush's speech on the Iraq war.

Dodd will travel late Thursday to Iowa, which will host the first presidential nominating caucus next January. He heads to South Carolina, an early primary state, on Sunday.

Kathy Sullivan, the chairwoman of the Democratic Party in New Hampshire, said in an interview that she had spoken to Dodd and he said, "'I'm not going to do the exploratory thing, I'm going to plunge right in.'"

The 26-year Senate veteran enters a growing Democratic field overshadowed by two likely candidates — Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois. Outgoing Iowa Gov. Tom Vilsack has already announced his candidacy, as have former North Carolina Sen. John Edwards and Ohio Rep. Dennis Kucinich.

Throughout his decades-long career in Washington, the Connecticut senator has forged strong ties with labor unions, championed fiscal accountability for corporations and championed education and other children's issues. This month, he became chairman of the influential Senate Banking Committee and is a senior member of the Foreign Relations Committee.

Sullivan said Dodd had other attributes that would make him appealing to voters.

"People really like him. He's very smart. He's also very articulate. And I think he might have the sharpest wit of anyone in the field," Sullivan said.

Dodd voted in 2002 to authorize military intervention in Iraq, but has become an outspoken critic of the war and now calls his vote a mistake. He has said he would oppose an escalation of U.S. forces in Iraq and has said Congress should consider withholding funding for such a troop increase.

Dodd has been politically active on behalf of other Democrats, raising money and campaigning for candidates across the country and chaired the Democratic National Committee from 1995-96.

In 1974, he was elected to the House at the age of 30, part of a Democratic tide after the Watergate scandal and President Nixon's resignation. His father, Thomas Dodd, served as a senator for two terms.

Dodd and his wife, Jackie Marie Clegg, have two daughters, ages 5 and 22 months.

Senator Dodd May Be Joining Democratic Race For President (NYT)

By Jennifer Medina

The New York Times, January 11, 2007

HARTFORD, Jan 10 — Senator Christopher J. Dodd, Democrat of Connecticut, is to announce on Thursday morning that he is running for president, some of his friends say.

He plans to outline his intentions on Don Imus's nationally syndicated radio and cable television shows, followed by a series of media interviews, they say.

Mr. Dodd was set to file paperwork with the Federal Election Commission this week establishing a campaign committee, his friends said, which would allow him to raise money to compete in what is expected to be a crowded primary field.

Beneva Schulte, a spokeswoman for Mr. Dodd, would not comment on his plans Wednesday evening.

Coverage of Mr. Dodd's announcement would be competing with that of President Bush's Wednesday night speech on Iraq.

Mr. Dodd, although well-known in Washington and his home state, does not have the kind of national name recognition of some other Democrats who are strongly considering entering the race, most prominently Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois.

John Edwards, the former senator from North Carolina and vice-presidential nominee, has spent the last two years building support for his bid and is widely viewed as a strong candidate. And Senator Joseph R. Biden Jr. of Delaware, Representative Dennis J. Kucinich of Ohio and Gov. Tom Vilsack of Iowa have announced their candidacies. Senator John Kerry of Massachusetts, the party's candidate in 2004, is also considering joining the race.

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Mr. Dodd, 62, who is serving his fifth term in the Senate, is chairman of the Banking Committee and has spent much of the past several months shoring up support in states with early primaries, like New Hampshire, Iowa and South Carolina. From 1995 to 1997, he served as the general chairman of the Democratic party, which could prove helpful in fund-raising.

Some of the most recent presidential polls have left Mr. Dodd off the list, but his supporters say that his experience in the Senate could be a boost and that his personality would be an asset.

Mr. Dodd, who is also a senior member of the Senate Foreign Relations committee, has become a vocal critic of the war in Iraq, saying that his vote to authorize military action in 2002 was a mistake.

He was one of the leading opponents of the appointment of John R. Bolton as ambassador to the United Nations.

Hillary's Status As Front-runner Slipping In Key States (WT)

By Donald Lambro

The Washington Times, January 11, 2007

Sen. Hillary Rodham Clinton's popularity in Democratic presidential-preference polls has fallen in the nation's first caucus and primary states in the face of increasing support for her chief rivals for the 2008 nomination.

Pollsters said her weaknesses in Iowa and New Hampshire were the result of the growing popularity of two major opponents -- former North Carolina Sen. John Edwards and Illinois Sen. Barack Obama -- and their populist economic messages, as well as a deepening antipathy toward her among Democratic-leaning independents who dislike her support for the war in Iraq and who question her electability.

"I think Hillary strikes these voters the same way Senator John Kerry did in 2004. They would really like to vote for someone they really like this time. Hillary doesn't fit that characterization right now," said pollster Del Ali of Research 2000, who conducted polls in both Iowa and New Hampshire.

His findings mirror more recent polling showing a similar national decline in support. "There's been erosion," said pollster John Zogby. "She's polling in the low- to mid-40s nationally."

The New York Democrat, who has been her party's clear front-runner, came in a distant fourth in an Iowa presidential poll of 600 likely voters conducted Dec. 18 to 20, drawing 10 percent in a crowded field of contenders. Mr. Edwards, the Democrats' 2004 vice-presidential nominee, and Mr. Obama were tied in first place with 22 percent each, followed by outgoing Iowa Gov. Tom Vilsack with 12 percent.

In New Hampshire, whose first-in-the-nation primary follows the Iowa caucuses, polls showed Mrs. Clinton in a dead heat with Mr. Obama, who was greeted like a rock star in a whirlwind of standing-room-only appearances across the state last month and has since seen his political support skyrocket nationally.

Mrs. Clinton and Mr. Obama drew 22 percent and 21 percent respectively late last month, while Mr. Edwards took third place with 16 percent. One month before, Mr. Obama was trailing Mrs. Clinton by 23 points.

Mr. Ali, who interviewed 600 likely voters in New Hampshire, said its electorate was made up of "a lot of independents. These are the same people who loathe [President] Bush, loathe the Iraq war. But deep down, they don't like Hillary Clinton," he told the Concord Monitor.

In a telephone interview with The Washington Times, he said, "Her chief rivals are very much against the Iraq war and prefer that we begin withdrawal. I don't think they trust her, to be honest with you.

"Part of the reason is that among the candidates, she seems the most supportive of the war in Iraq and appears less critical of President Bush than the other candidates," he said.

Mrs. Clinton, who is reportedly planning to announce her 2008 candidacy sometime this month, has yet to campaign in New Hampshire. Democrats in the state say they expect her approval numbers to improve once she begins active campaigning.

"You cannot underestimate Senator Clinton. She has a unique attribute no one else has. She is extremely well-known, has a very good war chest, the ability to raise a lot of money and has a great spouse, Bill Clinton, who will be supporting her," said Jim Demers, a veteran party strategist in the state.

However, Mr. Demers, who intends to support Mr. Obama if he decides to run, said most of the party's activists were "uncommitted and waiting for Senator Clinton to come in before they start making up their minds."

2008 Destination Unknown (WT)

By Valerie Richardson

The Washington Times, January 11, 2007

DENVER -- There's a reason Denver hasn't hosted the Democratic National Convention in almost 100 years: It's just not a union-friendly town.

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That much became evident after the Democratic National Committee (DNC) again postponed its decision on whether Denver or New York will be the venue for its 2008 convention, thanks to a recent labor uprising in the Mile High City.

With all the labor trouble in Denver, Democrats might be tempted to scrap the whole idea and head for New York, but there's trouble in the Big Apple, too. Mayor Michael R. Bloomberg hinted that he doesn't want to host the event, saying that the city was tapped out after hosting the Republican National Convention in 2004.

"The city can't go on the hook for a convention unless they're reasonably sure they can raise the money," he told the Associated Press.

DNC Chairman Howard Dean now says the announcement will be made by the end of January, but nobody's holding his breath. The committee already has missed deadlines calling for a decision in early December, then mid-December, then early January.

It could be worse. A DNC spokesman yesterday rebutted a report on MSNBC that said a decision would be announced in February.

The delay puts Democrats months behind Republicans, who announced in September that their convention would be held in Minneapolis-St. Paul and have even sent out press kits.

It looked as if Denver had clinched the convention bid last fall, when the host committee finally persuaded a local hotel to sign a union agreement. Until then, Denver had no union hotels, a deal-breaker for the Democrats, who count organized labor as a key component of their political coalition.

Enter Jim Taylor, president of the International Alliance of Theatrical Stage Employees Local No. 7, who threatened to strike during the convention unless organizers pulled out of the Pepsi Center, the proposed site for most of the convention meetings.

Mr. Taylor says the Pepsi Center is "anti-union," noting that it doesn't contract with organized labor. The Pepsi Center, home to both the Colorado Avalanche hockey team and Denver Nuggets basketball team, is owned by Stan Kroenke, who's married to Wal-Mart heiress Anne Walton.

Although Democrats may be willing to overlook the irony of holding their convention at a facility owned by the Wal-Mart family, widely regarded as the chief scourge of the modern labor movement, it appears that Mr. Taylor isn't.

John Sweeney, president of the AFL-CIO, reportedly has entered the negotiations in hopes of persuading Mr. Taylor to sign a no-strike agreement.

Mr. Taylor has proposed holding the convention a few blocks away at the unionized Colorado Convention Center, but tourism officials say the center is too small for the Democrats' needs. The DNC specifically requested a basketball arena as its main facility.

Raising the money won't be a problem in Denver, say organizers, who are eager to host the city's first national party convention since 1908.

"As much as New York may not want the convention is as much we do want it," said Irene Kamsler, a member of the Denver host committee. "They'll all be welcome here with open arms."

Think Big, Plan Ahead (RC)

By David M. Drucker

Roll Call, January 11, 2007

Rep. Loretta Sanchez (D-Calif.) continues to give serious consideration to running for governor in 2010, as well as for the Senate, should Sen. Barbara Boxer (D-Calif.) choose not to seek a fourth term.

In preparation for a statewide run, Sanchez — who has had a gubernatorial campaign account open for several months — plans to spend the next few years traveling up and down California to meet with constituent groups. Given the hefty fundraising

requirements of running statewide in California, Sanchez anticipates her decision would come no later than November 2009.

In a recent interview, Sanchez said she is “absolutely serious” about running for governor in 2010, when Gov. Arnold Schwarzenegger (R) will be termed out of office and the seat will open.

“I wouldn’t discount that, or the Senate seat, if it should open up,” Sanchez said.

The Congresswoman conceded that Speaker Nancy Pelosi’s (D-Calif.) decision to keep the House in session five days a week will crimp her in-state travel plans somewhat, particularly considering her need to pay close attention to her Orange County district, which preferred President Bush over Sen. John Kerry (D-Mass.), 50 percent to 49 percent in 2004.

But she is optimistic her increased Congressional workload, which includes responsibilities as the No. 2 Democrat on the Homeland Security Committee, will not derail her from laying the groundwork for a statewide run. Sanchez said polling has

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consistently shown her with the name identification and favorability ratings necessary to launch a campaign in vast, multiple-media market California.

"We've been looking for a long time at the statewide level," Sanchez said. "Polls usually show us to be pretty high in most parts of the state."

Sanchez's gubernatorial campaign account, People for Loretta 2010, had only $1,904 on hand as of the last reporting period ending June 30, after contributions of $27,105 and $43,734 in expenditures. But California law allows any federal campaign funds she raises between now and a prospective gubernatorial run to be transferred into her state account.

Because California's fundraising limits for gubernatorial candidates are $24,100 per primary campaign and $24,100 per general election campaign — for both individual contributors and political action committees — Sanchez would not have to worry about any contribution conflicts if and when she transfers money from her federal account to her state account.

In her post-Nov. 7, 2006, Federal Election Commission report, Sanchez reported banking nearly $650,000 in her Congressional campaign account, after spending $1.86 million on her 24-point victory over stockbroker Tan Nguyen (R).

Some California Democrats have serious questions regarding Sanchez's ability to win a major statewide contest. To get the backing of major party figures — both donors and political operatives — for either a Senate or gubernatorial run, she would have to do some convincing.

But Sanchez also is seen as having some of the innate qualities that breed success, particularly the fact that she is both a woman and a Latina. Roger Salazar, a Democratic operative based in Sacramento, said women tend to do well when they run statewide, in part because not many of them do.

In last year's race for secretary of state, then- state Sen. Debra Bowen (D) beat Bruce McPherson, the moderate Republican incumbent who had been appointed to the position by Schwarzenegger, despite the fact that the governor won his re-election handily over then-state Treasurer Phil Angelides (D). Salazar said Bowen's victory was aided by the fact that she is a woman, which is good news for Sanchez.

"She's done a fantastic job as a Congresswoman. But whether that translates, I don't know," Salazar said. "One luxury we have as Democrats in California is a plethora of talent."

The Republican bench for gubernatorial and Senate candidates in the Golden State is not seen as very deep.

Steve Poizner, a wealthy moderate Republican who won his race for insurance commissioner over then-Lt. Gov. Cruz Bustamante (D) — he was the only Republican to win a statewide contest in California last cycle other than Schwarzenegger — has to be seen as an early favorite to run for governor.

On the Democratic side, other than Sanchez, potential candidates for governor include Bowen, state Treasurer and former state Attorney General Bill Lockyer, and Attorney General Jerry Brown, who previously occupied the governor's office from 1975 to 1983 and served as mayor of Oakland for the past eight years.

Meanwhile, in the 2010 Senate contest, Schwarzenegger himself is the only Republican being speculated about to run for Boxer's seat regardless of what she does — although most California Republicans believe it is unlikely that he will seek a job in which he would have to share the political stage with 99 other lawmakers.

In addition to being seen as potential gubernatorial candidates, Bowen, Lockyer and Brown could also run for Senate in 2010, although Boxer, who will be 69 that year, could well seek another term. Brown, a three-time presidential contender, unsuccessfully ran for a Senate seat in 1982.

As Johnson Mends, Dakota GOPers Focus On Ending 20-year Drought (HILL)

By Aaron Blake

The Hill, January 11, 2007

There's a saying in North and South Dakota politics: The voters send Republicans to the state capitol to be conservative with their money, and they send Democrats to Washington to bring back other people's money.

Whatever their motivations, Dakota voters have indeed split their elections along those lines for many years.

The illness of Sen. Tim Johnson (D-S.D.) could open things up again in 2008 for Dakota Republicans, who have long struggled for a breakthrough in their congressional representation. If recent history is any indication, however, it will be hard-fought and expensive to make a dent in Democrats' stranglehold on the Washington delegations.

Democrats have held at least five of the states' six congressional seats for the last 20 years.

"It's a phenomenon that has been going on for years and years and years," said Max Wetz, executive director of the South Dakota Republican Party. "It seems to confound a lot of people."

Republican former state Sen. Larry Diedrich knows what it is like to be on the short end of that tradition. He lost twice in 2004 to Rep. Stephanie Herseth (D-S.D.), first by 3,000 votes in a special election and then in the general.

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"I've always thought that perhaps people see the money that they have in the state as more their own money," Diedrich said. "Whereas, when you look at the federal level — maybe part of it's the fact that we're typically a recipient state — I think people perceive that that issue is more of other people's money. It's always a little more difficult for Republicans with a conservative message to win that argument."

Sen. John Thune (R-S.D.) was able to convince voters of his ability to bring home the bacon in his razor-thin, multimillion-dollar victory over then-Sen. Tom Daschle (D-S.D.) in 2004, said Steve Hildebrand, who managed Daschle's campaign and Johnson's narrow win over Thune two years earlier.

Analysts are largely undecided about how true the adage is, but Hildebrand said there is "some credence to it."

State-level Republicans in South Dakota have been very successful at attaching all Democrats to the efforts of some to enact an income tax, but on the federal level it's a different frame of reference, he said.

"They believe Democrats are most successful at getting pork back to the states," Hildebrand said. "So they want Democrats in Washington fighting for their pet projects, whether it's disaster relief, farm aid, Medicaid."

Thune was also able to tie Daschle to the Democratic Party that Daschle led in the Senate — a strategy that's been tough to replicate, despite the states' overwhelmingly conservative politics.

His win gave Dakota Republicans their lone standard-bearer in Washington. While Republicans dominate both state legislatures, both governorships and presidential politics, Democrats have occupied at least five of the six congressional seats in the Dakotas since 1987.

The last time the Dakotas voted for a Democrat for president was 1964, when both states voted for Lyndon Johnson. Both gave President Bush at least 60 percent in each of the last two elections.

North Dakota has had an all-Democratic congressional delegation since 1987 and has had a Democrat represent it in the House since 1981. South Dakota last had two Republicans in its delegation in the mid-1980s. Before that, both Washington contingents were dominated by Republicans.

Republicans could have an opportunity to win back three of those seats in 2008 if Johnson is unable to run for reelection.

Herseth is widely considered the frontrunner for the Democratic nomination to replace him, and her candidacy would also create an opening in the state's at-large House seat. North Dakota Republicans are also moving to give Democratic Rep. Earl Pomeroy his first difficult race since 2002 for that state's at-large House seat.

The future of Johnson's seat is in a holding pattern as he recuperates from a brain hemorrhage in December. He was upgraded to "fair" condition this week. State Republicans are moving forward as before in seeking candidates to run for those seats, whatever situation might ultimately arise, Wetz said.

Gov. Mike Rounds (R-S.D.) was reelected in November with 62 percent of the vote and is considered the top contender for the Senate seat. Other possibilities for federal office include attorney Jim Seward and Barb Everist, a former state Senate majority leader.

Herseth was just reelected with 69 percent of the vote, and unless she leaves the seat — she is also mentioned as a possible gubernatorial candidate when Rounds is term-limited in 2010 — that seat will likely prove difficult for Republicans.

Pomeroy breezed to reelection with 66 percent of the vote. But despite a longer tenure, he appears less ensconced than Herseth. He endured several difficult reelection bids in the 1990s and won by four points in 2002.

As in 2002, Pomeroy won't have North Dakota's veteran Democratic Sens. Kent Conrad or Byron Dorgan at the top of the ticket, and a Pomeroy challenger could be bolstered by the presidential race.

Nick Bauroth, a political science professor at North Dakota State University, said the inability to beat the well-liked and scandal-free senators is easier to understand than the fact the Republicans haven't been able to assemble strong challenges to Pomeroy in the last two elections.

"When you have more of a quality challenger, Pomeroy is actually pretty vulnerable," Bauroth said.

Pomeroy will also, for the first time since his first term, be in the majority party, and Republicans say efforts to tie him to national Democrats could prove more fruitful. They are already issuing press releases tying Pomeroy to the actions of the new Democratic majority.

Pomeroy spokeswoman Sandra Salstrom said voters have recognized Pomeroy's effectiveness in eight straight elections: "Through his hard work and influential committee assignments, he will continue to deliver for our state."

Possible challengers include: Attorney General Wayne Stenehjem, Public Service Commissioner Tony Clark, Tax Commissioner Cory Fong, Secretary of State Al Jaeger, and Doug Goehring, who fell to the incumbent Democratic agriculture commissioner. Pomeroy's 2006 challenger, 38-year-old Matt Mechtel, is also considered to have a bright future.

State Republican Party Chairman Ken Karls said efforts to take out Pomeroy have proven frustrating and that convincing the national party to help out in 2008 will be vital to finally cracking back into the state's congressional delegation.

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"North Dakota is suffering because we do not have a Republican in Washington representing us," Karls said. "We have to get at least one Republican into Washington. It behooves us to do that as soon as possible."

How Secular Donors Move Church Agenda (WT)

By Eric Pfeiffer

The Washington Times, January 11, 2007

The National Council of Churches is becoming financially beholden to secular groups with liberal political leanings, according to a report by a religious watchdog organization.

The Institute on Religion and Democracy, a group formed by members of the NCC, says the group accepted the majority of its charitable donations last year from nonreligious organizations and has been pursuing an agenda that does not mesh with the majority of its church members, including support for abortion and homosexual "marriage."

"We found numerous common themes among the dozens of nonchurch entities from which the church council has recently sought or received funding," said John Lomperis, a research associate with IRD who co-wrote the group's report on the NCC.

"These groups have very little demonstrated interest in religion beyond recruiting faith communities to support their favored social and political causes."

Politically affiliated groups who donated to the NCC between 2004 and 2005 include the Sierra Club; the Ford Foundation, which advocated for "reproductive rights"; the United Nations Foundation, which is funded by billionaire media mogul and philanthropist Ted Turner; and the Connect US Network, which has ties to George Soros' Open Society Institute, Mr. Lomperis said.

Mr. Lomperis says the NCC also applied for a $100,000 grant from MoveOn.org, a liberal political-advocacy group that worked to defeat President Bush in the 2004 election, but has not yet received any grant money from the organization.

IRD Vice President Alan F.H. Wisdom says the problem lies not with the NCC accepting such money, but that the groups who are donating it do not reflect the views of the member churches.

"The religious left simply does not have 45 million people in the pews on any given Sunday," he said. "We're very clear that it's not wrong for Christian groups to accept money from foundations and non-Christian organizations."

The NCC was formed in 1950 with its stated goal being to serve as a bridge between Christian faiths and communities. The group claims to represent 45 million American believers through its member churches, which includes 35 Protestant, Anglican, Orthodox, black and historic Christian denominations.

NCC staff member Lindsey Thune showed up at the IRD press conference yesterday to contest some of the group's claims and to question their own fundraising records.

"Not all of us on staff support abortion or gay marriage," Miss Thune said.

Mr. Wisdom acknowledged that the IRD receives about 40 percent of its funding from private foundations, including some that are considered conservative, including the Adolph Coors Foundation and the John M. Olin Foundation.

The IRD says it is less concerned with where the financial support for the NCC is coming from than in how it is influencing the organization's political agenda.

"The considerable financial support now running into the coffers of the NCC from such organizations ... is not being given merely as a form of charity," said the Rev. John M. Reeves, an Orthodox priest.

Christian Groups Trade Barbs On Their Sources Of Funding (WP)

By Alan Cooperman

The Washington Post, January 11, 2007

Two influential Christian nonprofit organizations questioned each other's finances yesterday, each suggesting that the other is beholden to big donors with partisan political motives.

The clash between the National Council of Churches and the Institute on Religion and Democracy was a rarity in Washington, where liberal and conservative advocacy groups fight fiercely over issues but seldom dig deeply into each other's funding.

Both groups call themselves nonpartisan and are incorporated as tax-exempt charitable organizations. But the council, a New York-based alliance of 35 Christian denominations, is deeply involved in liberal social causes, such as reducing poverty and making peace; it achieved a long-standing legislative goal yesterday when the House voted to increase the minimum wage.

The institute, a Washington-based think tank, is allied with conservative groups on issues such as same-sex marriage. From its founding in 1981, its primary effort has been to challenge what it calls the "leftist" political positions of mainline Protestant denominations, such as the United Methodist Church and the Presbyterian Church (U.S.A.). It has worked closely with

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conservatives in those denominations, including Episcopalians who have broken away from their church since it consecrated a gay bishop in 2003.

Yesterday, the institute released a 90-page report, titled "Strange Yokefellows: The National Council of Churches and Its Growing Non-Church Constituency." It argued that the council in recent years has faced diminishing contributions from its member churches and has made up the shortfall with grants from such "left-leaning" groups as the National Religious Partnership for the Environment, the Ford Foundation and the Sierra Club.

In the fiscal year ending June 2005, the council received $1.76 million from secular foundations and non-church groups, surpassing the $1.75 million it received from member churches and "signaling a radical new development in the council's history," the report said. Noting that the enrolled membership in mainline Protestant denominations has fallen from 17 percent of the U.S. population in 1950 to 7 percent, it said that only six of the council's top 16 funders today are church groups.

"Several of these [non-church] groups that the NCC has turned to for financial and other forms of support are so blatantly partisan that they can be accurately described as . . . the shadow Democratic Party," the report's main researcher, John Lomperis, told reporters.

His co-author, Alan Wisdom, added that the council has abandoned the goal for which it was founded in 1950 -- fostering "Christian unity" -- and does not represent the true views of the 45 million Christians in its member churches, which include several historically black denominations and Orthodox churches.

The first question at the institute's news conference on the report came from the Rev. Leslie Tune, a staff member of the council, who asked where the institute gets its own funds.

James Tonkowich, the institute's president, said that about 60 percent of its roughly $1 million in annual revenue comes from individual donors and about 40 percent from conservative foundations, such as the Scaife, Bradley, Coors and Smith Richardson family charities.

Tonkowich also acknowledged that his organization has made public less information about its funders than the NCC has.

In separate interviews, Lomperis and Wisdom said they wrote the report largely in response to earlier criticism of the institute's funding from the council's general secretary, the Rev. Bob Edgar, a former Democratic congressman from Pennsylvania who is also a Methodist minister. In his 2006 book, "Middle Church," Edgar wrote that the institute's fundraising list "reads like a Who's Who of contemporary conservatism."

Edgar's book was the latest of several articles and books by liberal Protestants accusing the institute of fomenting divisions in their churches. In an article posted last year on the Web site of the Episcopal Diocese of Washington, the diocese's spokesman, Jim Naughton, said the IRD has received at least $4.6 million from conservative foundations since 1985, allowing the institute and a "small network" of fellow conservatives "to mount a global campaign that has destabilized the Episcopal Church."

Edgar, 63, who is stepping down as head of the NCC at the end of the year, did not speak at the institute's news conference. But he stayed afterward to shake hands with the report's authors and to thank them for recognizing that he has turned around the finances of the council, which was running a $5.9 million deficit when he took over in 2000 and has now balanced its budget for five years in a row.

"I was brought in to do three things: raise money, raise money and raise money," he said. "Thank you for highlighting that secular as well as religious organizations now recognize the importance of the National Council of Churches."

Gov. Releases Austere Spending Plan (LAT)

By Jordan Rau And Evan Halper

The Los Angeles Times, January 11, 2007

Gov. Arnold Schwarzenegger today unveiled a restrained $143-billion state spending plan that eases some of California's chronic fiscal problems in part by restricting welfare payments and denying public transit systems $1.1 billion they were anticipating.

The plan's spending from the state's general fund-where most California taxes go-would be $103 billion, an increase of less than 1% from the current fiscal year, which ends June 1.

Schwarzenegger hailed his plan that would eliminate a multibillion-dollar deficit anticipated for this year and pay off early some of the state's debt incurred during its economic crisis at the turn of the century.

"Our net operating deficit has been reduced to zero," Schwarzenegger said. "It was not easy and our hard work is by no means finished."

Much of the fiscal picture was achieved because the state projected that its revenues will increase by 7.2%, despite the slowing housing market. The plan also leans on a more recent raft of borrowing to pay for long-needed maintenance to state parks and California's levees — spending that in the past had come out of the state's yearly budget.

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The budget also anticipates $506 million from five Indian gambling compacts the administration has negotiated but that so far have not passed the Legislature. Some fiscal experts doubt whether the new gambling venues would bring in that much money if they were permitted.

Republican legislators, who have been trashing Schwarzenegger's healthcare proposal and decrying his general turn to the left, were heartened by the relatively austere budget.

"The governor's budget reflects his commitment to fiscal responsibility," said Senate GOP Leader Dick Ackerman of Irvine. "No new taxes and debt reduction are welcomed by Republicans."

Schwarzenegger's budget is balanced partly with the help of gas tax revenue that now is supposed to go to local bus routes, light rail lines and other public transportation projects.

Transportation officials had anticipated that additional money would come their way because high gas prices had helped fill the state's coffers. Instead, that money would go to pay for school transportation and to pay off some of the state's transportation bonds.

While Schwarzenegger has said he would provide schools with the $56.8 billion required under Proposition 98, teachers would once again not be able to take advantage of a $200-million tax credit intended to offset out-of-pocket expenses teachers incur for classroom supplies.

The administration also shifted into education spending $269 million in child care costs that used to come out of the state's general fund.

The credit has not been available to teachers for three years. Schwarzenegger and lawmakers have suspended it to help balance the budget. Now the governor is proposing to eliminate it.

Schwarzenegger's budget also would reduce the state's welfare budget by $465 million. The savings would come by eliminating a cost-of-living adjustment that was to take effect in July for Cal-Works recipients and by cutting off aid to children whose parents do not meet minimum work requirements or are in the state illegally and have been receiving such assistance for more than five years.

Some of these proposals met strong resistance from Democrats. They have said they will oppose the welfare reduction.

"Cal-Works cuts are unacceptable at a time when our state is enjoying unprecedented prosperity," said Assembly Speaker Fabian Nunez (D-Los Angeles).

He called the budget a mix of good and bad news. "If you ride a bus or a subway, want to take your kids to a state park, or have to pay for your kid's tuition and fees, then this budget will hit you hard," he said. "But it could be worse. Much worse."

Schwarzenegger's budget presentation, with its blunt details about running the basic functions of government, comes after days of lofty inaugural rhetoric about "post-partisan" leadership and plans to fix California's healthcare morass with $43 billion in borrowing, in addition to a continuing, ambitious — and expensive — effort to rebuild the state's foundations. Voters approved $43 billion in bonds in November to pay for school, transportation, affordable housing and levee improvements and building.

The governor's second round of borrowing could be harder to pass because its key components — money for more water storage, courts and jails — were rejected by Democrats when he proposed them last year. Republican legislators support the purposes of much of the package, especially the water storage, but many of those lawmakers are deeply troubled by the notion of putting the state further into debt. Also part of the new round of borrowing would be money for school expansion, prisons and college facilities.

The plan offers a few expansions, such as $2.1 million more for public health safety programs to respond to food-borne bacteria such as E. coli. Outbreaks last year hobbled the state's spinach industry.

The governor's $12-billion healthcare plan — which would require all Californians to purchase insurance — does not directly affect the state budget, administration officials have said, but it is sure to become part of a contentious debate over the state's financial direction. The budget includes $36 million for healthcare expansions.

Schwarzenegger took a few questions from the press this afternoon, the first time he has fielded inquiries this year. Asked about his skiing accident just before Christmas, which resulted in a broken leg, Schwarzenegger said: "It was one of those very unfortunate accidents. The reason I said it was unfortunate is because it happened at a very slow speed."

He said that his ski boot did not pop off and as he fell it put pressure on his artificial hip, breaking his femur. "If I were to have that accident at 50 mph, and many times I've crashed at that speed, nothing happens," he said.

He said he had been very frustrated by the unyielding pain and is "very angry" a lot of the time.

"I don't think I can remember ever having had pain — ongoing pain, 24 hours a day — like after this operation," he said. "So it's really annoying to me, and believe me, there's nothing I hate more than having an obstacle like this. So this is very frustrating to me. It's very tough on my wife."

Schwarzenegger's Bond Sequel (WSJ)

DOJ_NMG_0115547

By Jim Carlton

The Wall Street Journal, January 11, 2007

SACRAMENTO, Calif. -- At this rate, Gov. Arnold Schwarzenegger may become known as the Bond-inator.

Last year, the former "Terminator" star persuaded California voters to pass a record bond package totaling $42.7 billion to help rebuild the state's aging infrastructure. This year, he is proposing that California go back to the well for an additional $43.3 billion in bonds, to help expand the rebuilding work -- and that is making even Democratic allies of the Republican governor a tad nervous.

"I'm a little taken aback that the governor would go back to the voters before we have even spent the bonds we just got," said Don Perata, the president of the Democratic-controlled state Senate after Mr. Schwarzenegger made the surprise proposal in his State of the State speech here Tuesday night.

'We Must Be Ambitious'

The governor offered up an ambitious agenda for his second term, vowing to take on the problems of health care, climate change, crumbling roads and a host of other difficult issues.

"We must be ambitious to get California to the future," the governor told legislators gathered in the State Assembly chamber. "We are addressing needs that have been ignored for decades."

Mr. Schwarzenegger's office says more borrowing is prudent, because the state is in much better financial shape than when the governor took office in 2003.

Indeed, Mr. Schwarzenegger released a budget proposal for 2007-2008 yesterday that would enable the state to repay 14 years ahead of schedule the billions in bonds it borrowed in 2003 after the collapse of the Internet boom.

The governor's spending plan of $143.4 billion also holds general spending to a relatively tight 1% increase, although as a whole it is up 9.1% over the same time.

It isn't just the size of the proposed bond package, but also the mix of it that concerns some. The governor would ask voters to sign off on $29.4 billion of the bonds, which would be spent on such things as rebuilding and expanding schools and colleges and providing for new dams to store water in the arid state.

But the other $13.9 billion -- much of which would go toward expanding the overcrowded prison system -- would come from lease-revenue and self-liquidating revenue bonds.

State Sen. Denise Ducheny said the lease bonds are more expensive than general obligation bonds, and so wonders if they would be prudent.

Also, added the Democrat -- who Mr. Schwarzenegger will need to work with as she is the incoming Senate budget chair -- voters may become bond weary.

"We have to be a little cautious," said Ms. Ducheny, who represents a district in San Diego.

Still, the governor has regained enough political capital since clashing with Democrats on several fronts in 2005 that even his detractors say they are willing to give him the benefit of the doubt, and work to find common ground.

Conservative Republicans may prove among the toughest to get to sign off another bond deal, since they have complained in the past about excessive spending and borrowing in Sacramento.

Political strategists say that's partly why Mr. Schwarzenegger opted to include a highly controversial plan to build new dams in California that the Republicans generally support while the Democrats don't.

Five-Receiver Set

Indeed, Fabian Nuñez, the powerful speaker of the Democratic-controlled state Assembly, already calls provisions for more water storage a nonstarter, saying those supplies could fall into the hands of profiteers.

The governor probably knows he isn't going to get everything he wants, though, added Mr. Perata, who along with Mr. Nuñez was instrumental in selling the governor's bond package last year.

"His strategy here seems to be, you send five receivers down the field and you throw to one," Mr. Perata said.

Grimacing And Barely Bearing It (NYT)

By Jennifer Steinhauer

The New York Times, January 11, 2007

SACRAMENTO, Jan. 10 — Gov. Arnold Schwarzenegger said Wednesday that he was in pain. A lot of pain.

And, he conceded, he has passed on his woes to his wife, Maria Shriver.

The governor, who rolled out his annual budget to the state house press corps here, broke his right leg skiing just before Christmas. He has hobbled on crutches, meandering rather than his more accustomed strutting, through the daily business of government.

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“I don’t think I can remember having this much pain,” Mr. Schwarzenegger said at a budget presentation that in contrast to his physical condition seemed strong.

Mr. Schwarzenegger, a Republican, said that California, which has experienced treacherous budget shortfalls in recent years, faced a gross operating deficit of $1.8 billion this year, but that prepaying state debt and some complex fiscal maneuvers would allow it to enjoy a modest surplus in the next fiscal year.

“You heard me right,” he said, panting slightly after making his way to the lectern in the auditorium of the building housing the office of the secretary of state. The governor has proposed cuts for agencies and restructuring the welfare-to-work system, to save more than an estimated $300 million.

Mr. Schwarzenegger conceded that he chafed at his hampered mobility. He chose to present his health care address, the centerpiece of his second-term agenda, by satellite from Los Angeles on Monday rather than before a live audience here.

“There is nothing I hate more than having an obstacle,” he said.

His injury occurred at “a very slow speed,” Mr. Schwarzenegger said, meaning that his ski did not pop off. As a result, the break occurred where the femur meets the hip, which he said was an artificial one.

California Plans Major Carbon Cut In Its Gasoline (CSM)

By Daniel B. Wood

Christian Science Monitor, January 11, 2007

LOS ANGELES

Now that California is on record as mandating a 25 percent cut in the state's greenhouse-gas emissions by 2020 - a move that made headlines worldwide four months ago - leaders here are starting to lay out how they intend to hit that ambitious mark. First up: requiring transportation fuels sold in California to contain less carbon, a major greenhouse gas.

Gov. Arnold Schwarzenegger (R) announced Tuesday that he will issue, within weeks, an executive order that sets a new "low carbon fuel standard" in the state. Aimed at petroleum refiners and filling stations, the new standard will give them 13 years, until 2020, to cut the carbon content of the fuels they sell for passenger vehicles by 10 percent.

The intent is twofold: to stimulate investment in alternative low-carbon fuels, and to curtail actual carbon emissions from tailpipes, which the governor said account for about 40 percent of the state's total.

"This is going to stir billions in investment - inviting technology companies of all kinds to come up with innovative ideas to reduce carbon emissions," says Eric Heitz, president of the Energy Foundation, a partnership of seven foundations dedicated to advancing energy efficiency and renewable energy. "It puts market forces to work to find the lowest costs and the best methods with a clear environmental goal.... It [also] eases US vulnerability to volatile price fluctuations driven by foreign political events." The entire world community, he predicts, will be watching California's efforts to curb greenhouse-gas emissions, which many scientists say are responsible for global warming.

California is the world's ninth largest emitter of the greenhouse gases that trap heat in the atmosphere. In unveiling the new standard for fuel content, Governor Schwarzenegger said a year-in-the-making white paper showed the importance of addressing the transportation sector.

"Transportation accounts for 40 percent of California's annual greenhouse-gas emissions, and we rely on petroleum-based fuels for 96 percent of our transportation needs," he said. "This dependency contributes to climate change and leaves workers, businesses, and consumers vulnerable to price shocks from an unstable global energy market." Higher prices for consumers?

As California moves to implement the new standard, its effect on consumers and the state economy will be closely watched. Several Republican lawmakers and business leaders have expressed early concern that the state crackdown on emissions will encourage businesses to locate outside California, or will increase their overall costs. Consumers worry that new fuels or fuel additives will raise prices at the corner gas station.

Advocates of the move, though, say California businesses and consumers stand to reap the windfall of technological investment. They say the new standard is expected to replace 20 percent of the state's on-road gasoline consumption with lower-carbon fuels, lead to a tripling of the size of the in-state renewable fuels market, and place more than 7 million alternative-fuel or hybrid vehicles on California roads - a 20-fold increase.

"The impact of this policy on consumers and the economy will likely be positive," says James Winebrake, chairman of the Public Policy Program at the Rochester Institute of Technology (RIT) in New York. "Although these low-carbon fuels may cost a bit more than conventional fuels, they may have a greater domestic content.... Therefore, money spent on low-carbon fuels is less likely to end up overseas and more likely to generate greater economic activity locally. This could have significant benefits to state and regional economies."

Schwarzenegger's announcement included appearances by environmental leaders, scholars, and energy and transportation consultants - all generally supportive of his plan. Industry's view

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Conspicuously absent were representatives of oil producers and carmakers. Conoco Phillips, in a written statement, said it "is supportive of and invests in technology development to produce and enable the use of low-carbon fuels and recognizes this [plan] is one component in a suite of actions necessary to reduce CO2 in the atmosphere."

BMW spokesman Andreas Klugesheid, reached at the auto show in Detroit, says his company is pushing a hydrogen car "whose emission pipe will eventually emit nothing but water vapor.

"We understand the limitation of fossil fuels is basically something that, in the long run, endangers our business.... We share the governor's approach to reduce CO2."

Some observers say oil and car companies will eventually warm to the idea of alternative fuels.

"Oil and car companies generally don't like to be told what to do, so their knee-jerk reaction is not to like it," says Dan Sperling of the Institute for Transportation at the University of California at Davis. "Once they look at this, they will think it is palatable because it gives them a lot of flexibility and comes with a market-based approach. No one of them will be at a disadvantage."

Others, such as RIT's Mr. Winebrake, say the question remains whether the action is "too little, too late."

And environmentalists worry that the state's rule on fuel content may not prevent ways of creating alternative fuels that are themselves polluting. Some ethanol plants in Texas, for instance, burn coal - a big carbon source - in the distilling process, says Sara Hessenflow Harper of the Natural Resources Defense Council (NRDC). Some methods of growing and harvesting corn for ethanol can be far more polluting than others, environmentalists note.

Supporters and detractors of the new standards agree that the rulemaking and implementation phases are complex - and fraught with political and economic pitfalls.

"In general, we are very excited about the prospect of simultaneously transforming the whole energy economy, lessening dependence on foreign oil, and reducing global warming all at once," says NRDC's Jennifer Witherspoon. "We just hope they don't inadvertently overlook any of the great solutions that are out there."

Former Sen. Burns Hired At Lobbying Firm (AP)

By Mary Clare Jalonick

AP, January 11, 2007

Former Sen. Conrad Burns, whose ties to lobbyists helped sink his re-election bid, has landed at a new workplace: a Washington lobbying firm.

Burns will work for his former chief of staff, Leo Giacometto, at the firm Gage, which has lobbied for Montana interests and several national technology companies, often making headlines for its connections to Burns and his staff.

In the Montana Senate race, Democratic challenger Jon Tester pounded Burns on his ties to Jack Abramoff, the lobbyist at the heart of an influence-peddling scandal. Burns had accepted about $150,000 in campaign contributions from Abramoff, his clients and associates. He later gave that money away, and denied any wrongdoing.

Burns won't be able to become a lobbyist just yet, as Senate rules prevent former members from lobbying their ex-colleagues for one year. The Senate is now considering ethics legislation — partly prompted by the Abramoff scandal — that would bump that period to two years.

A statement from Gage said Burns will be a senior adviser to the firm, focusing on "increasing the firm's visibility and presence domestically and internationally to provide a greater reach of opportunities for Gage clients."

Fairfax Vs. 'No Child' Standoff Heats Up (WP)

By Maria Glod

The Washington Post, January 11, 2007

Teenagers from Uzbekistan, Korea and Egypt huddled one recent morning in a Fairfax County classroom, studying English words on slips of paper. Dozens were familiar, but not "bitter," "nibble" or "wicked." Felobateer Hana, 13, held up another. An animated movie character came to mind: "Shrek?"

"That's a good guess, but Shrek doesn't have an 'i' in it," said teacher Karyn Niles at Liberty Middle School in Clifton. "This is 'shriek.' Shriek is kind of like yelling."

Students such as Felobateer and his eighth-grade classmates, all recent immigrants who are learning English as a second language, are at the center of an intensifying dispute between Virginia schools and the U.S. Department of Education over testing requirements under the federal No Child Left Behind law.

Fairfax County school officials are protesting a federal mandate to give most English learners reading tests that mirror those taken by their native-speaking peers. Tonight, the school system is taking a major step toward challenging that mandate and the federal law.

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School board member Phillip A. Niedzielski-Eichner (Providence), backed by other members and school administrators, plans to propose a resolution that would authorize officials to refuse to give immigrant students tests that they think most would fail.

The resolution could come to a vote as soon as Jan. 25. If it passes, several Fairfax schools probably will fall short of federal academic standards.

"When it comes between doing what's educationally sound for children and doing what's best for bureaucrats, I'm siding with children every day of the week," said school board Member Stuart D. Gibson (Hunter Mill).

School officials in Arlington and Harrisonburg are considering a similar step.

As Congress prepares to debate renewal of the five-year-old federal law, controversy has emerged over how to measure the progress of children learning English. The federal government objected last year to the way Virginia and 17 other states test limited-English students. Often, federal officials indicated, the state tests for such students were not demanding enough. They said that all students in a given state must be held to the same standards.

"It's important students enrolled in our schools are properly assessed, and that includes limited-English-proficient students," Chad Colby, an Education Department spokesman, said yesterday. "With testing, we have more data. So policymakers and educators at every level will have more information to make sure students who need more help get it."

One of the 17 states that drew a federal objection was Texas, home state of President Bush. Another was New York, which has asked federal officials to waive test scores for certain students who are recent immigrants.

Testing programs for English learners in Maryland and the District have withstood federal scrutiny.

Fairfax is well positioned to challenge the law because of its record of high academic achievement, said Wayne E. Wright, professor of bicultural and bilingual studies at the University of Texas in San Antonio.

"The feds are saying, 'If you say an English language learner cannot meet state standards, you have low expectations,' " Wright said. "The classroom teachers are saying, 'The federal government has completely unrealistic expectations.' "

Until now, Virginia has given English learners a specialized proficiency test to measure progress in reading. Many Virginia educators say that children who lack mastery of the language aren't prepared for grade-level exams that may include questions about similes, metaphors or analogies. They say it can take three or more years of school to reach that level.

Federal law requires testing every year in reading and math in grades 3 through 8 and once in high school. The government exempts students who have been in a U.S. school for less than a year from taking standard grade-level reading tests.

But after one year, the students are supposed to enter the testing mainstream. Federal officials say that students with limited English skills may be given special assistance, such as a bilingual dictionary or more time on a test.

But many local educators say the federal standard is too lofty for students just beginning to understand the nuances of English. The Virginia Board of Education has asked federal officials for permission to use the old, specialized test this spring, giving the state a year to design new tests aligned with state standards. Virginia's congressional delegation is lobbying Education Secretary Margaret Spellings to grant the request. Colby said Spellings has not made a decision. Fairfax officials support the one-year deferral, saying that it would be the best solution.

About 10,200 Virginia students are affected by the testing dispute, state officials said. About 4,000 are in Fairfax, which has the largest school system in the state and the Washington region.

At Liberty Middle School, Niles said her class shows why grade-level tests would stump many recent immigrants. She said that her students are making rapid progress but are still learning to decipher sounds and rules of English.

This week, the class was reading "The Enormous Crocodile," learning about character, plot and theme through a fourth-grade text. Other eighth-graders who are native English speakers were studying John Steinbeck's "The Pearl." Niles predicted that many of her students would be overwhelmed by passages in the standard state reading test.

"They'd shut down," she said. "They'll just put their heads down."

Under the resolution, English learners will continue to take proficiency tests, and the Fairfax district will report the results. Fairfax Superintendent Jack D. Dale is urging principals and teachers to focus on Virginia standards and county goals and not worry about the threat of federal sanctions.

"It's time for us to describe what are the quality parts about the law and what needs to be altered to make sense," Dale said.

Ethiopia 'holding Suspects' After US Air Strike (FT)

By Andrew England

Financial Times, January 11, 2007

DOJ_NMG_0115551

Meles Zenawi, Ethiopia's prime minister, said on Wednesday that a US air strike in southern Somalia on Monday had killed eight suspected militants and wounded five others, who had been captured by Ethiopian forces.

Ethiopia, a key US ally, led an offensive against a Somali Islamist movement and has thousands of troops deployed in its Horn of Africa neighbour, backing Somalia's transitional government. But reports of fresh air strikes in the south of Somalia on , where Islamist forces are holed up, were denied by US and Ethiopian officials, who said their aircraft had not launched new attacks.

Both Washington and Addis Ababa accuse the Islamic Courts Union, the coalition of Islamist groups that took control of Mogadishu, the Somali capital, last June, of sheltering alleged al-Qaeda members, including three suspects wanted in connection with the 1998 US embassy bombings in Nairobi and Dar es Salaam, as well as 2002 attacks in Kenya. The ICU denies any links with al-Qaeda.

On Tuesday the Pentagon confirmed that an AC130 aircraft was used to target "the principal al-Qaeda leadership in the region". The attack in southern Somalia marked the first overt US military intervention in the lawless nation since its doomed invasion in the 1990s.

The Arab League criticised the US military action, claiming it had killed "many innocent victims" and demanding that Washington refrain from further attacks.

Mr Meles disputed reports that civilians were killed in the US strikes and said he was waiting for DNA tests to confirm the identities of the suspects. It was not clear whether the Ethiopian leader was referring to ICU fighters or to suspected al-Qaeda members.

Abdirahman Dinari, a Somali government spokesman, said the area targeted was heavily wooded and that Somali security personnel were searching the area. The region is remote, communications are poor and the weak government is not an effective entity.

The ICU was forced to flee towards the Kenyan border by the Ethiopian offensive, which began on December 24. Diplomats say the US strikes could fuel a potential insurgency and increase the unpopularity of the government and the thousands of Ethiopian troops deployed in Somalia.

Some diplomats are more optimistic than others, suggesting that recent events had created a "window of opportunity" to establish a genuinely representative government. Others remain wary.

U.S. Reportedly Targeted 20 In Somalia (AP)

By Mohamed Olad Hassan

AP, January 11, 2007

Ethiopia's prime minister said Wednesday the U.S. military targeted 20 high-level members of an Islamic movement linked to al-Qaida in an airstrike this week in southern Somalia, attacking quickly before the Islamists could escape.

The chief of staff for the Somali president claimed that a senior al-Qaida figure was killed in Monday's airstrike, although U.S. officials did not confirm it.

The air assault has been criticized internationally, with the African Union, European Union and United Nations among those expressing concern. But British Prime Minister Tony Blair told lawmakers it was right to stand up to extremists who were using violence to "get their way" in Somalia.

Somali lawmaker Abdulrashid Hidig said the U.S. launched a new airstrike Wednesday around Ras Kamboni, a rugged coastal area a few miles from the Kenyan border where Monday's attack took place. He cited the Somali military as the source of the information.

Ethiopian Prime Minister Meles Zenawi told reporters in his country's capital, Addis Ababa, that eight suspected terrorists were killed in Monday's airstrike, five were wounded and taken into custody by Ethiopian forces, and seven escaped.

Meles said most of the victims were Somali, but the identities would not be confirmed until DNA testing is completed.

He said Ethiopia and the U.S. have been cooperating on intelligence, and that most of the information has come from the Americans. He also said the Ethiopians did not provide any intelligence that led to Monday's airstrike.

"I do not know how the Americans got the information, but they appeared to have some credible information," he said. "Apparently they felt if they did not strike quickly, the target would be missed."

However, a U.S. military official based in the region said the Ethiopian military had provided the intelligence that led to the strike. "We acted on time-sensitive intelligence and made the strike in cooperation with the Ethiopians," said the U.S. official, who spoke on condition of anonymity because of the sensitivity surrounding U.S. special operations missions.

In Washington, an intelligence official said the U.S. killed five to 10 people Monday in the attack on an al-Qaida target in southern Somalia. A Somali lawmaker said 31 civilians died Tuesday when helicopter gunships attacked suspected al-Qaida fighters in the south.

The U.S. military official said Tuesday's strike was probably carried out by Ethiopia since the aircraft were identified as Russian-made Hind helicopter gunships like those used by the Ethiopian military.

Abdirizak Hassan, the Somali president's chief of staff, said at least three U.S. airstrikes have been launched since Monday and that more were likely.

The al-Qaida suspect believed to have been killed Monday was Fazul Abdullah Mohammed, who allegedly planned the 1998 bombings of the U.S. embassies in Kenya and Tanzania, Hassan said. He cited a U.S. intelligence report that was given to Somali authorities.

If confirmed, it would mean the end of an eight-year hunt for one of the FBI's most-wanted terrorists. Fazul was believed to have been harbored by the Somali Islamic movement that had challenged the country's Ethiopian-backed government for power.

In Washington, U.S. government officials said they had no reason to believe that Fazul had been killed. The officials spoke on condition of anonymity because of the information's sensitivity.

Fazul, 32, joined al-Qaida in Afghanistan and trained with Osama bin Laden, according to FBI documents. The U.S. put a $5 million bounty on his head for allegedly planning the embassy bombings, which killed 225 people.

This week's air attacks were the first U.S. offensive in Somalia since 18 American soldiers were killed here in 1993. The military's aim is to capture al-Qaida members thought to be fleeing advancing Ethiopian-backed Somali troops.

Somalia's Deputy Prime Minister Hussein Aided said Wednesday that U.S. special forces were needed on the ground to help Somali and Ethiopian troops capture Muslim extremists. "They have the know-how and the right equipment to capture these people," said Aided, a former U.S. Marine.

A senior Somali government official, who spoke on condition of anonymity because of the sensitivity of the information, said a small U.S. operations team already was on the ground, providing military advice to Ethiopian and government forces.

In Washington, two senior Pentagon officials said Wednesday they had heard of no plans to put any sizable contingent of American ground troops in Somalia. Small teams of liaison officers — such as special forces advisers or trainers — were another matter, they said on condition of anonymity because they were not authorized to speak on the subject.

U.S. troops based in Djibouti have been training Ethiopian soldiers for years, mostly in small-unit tactics and border security. Ethiopia has the largest military and is America's closest ally in the region.

Meles said the success of the Ethiopian military intervention may have paved the way for the American airstrikes.

"No one expected the terrorists would be running around in groups of five or six without any protection," Meles said.

In the Somali capital, Mogadishu, some said the U.S. air attacks would increase anti-American sentiment in the largely Muslim country, where people are already upset by the presence of troops from Ethiopia, which has a large Christian population.

Weapons Raids In Somalia After Violent Night (NYT)

By Jeffrey Gettleman

The New York Times, January 11, 2007

MOGADISHU, Somalia, Jan. 10 — Mogadishu exploded in violence on Wednesday morning after unknown insurgents attacked a transitional government barracks during the night and soldiers responded by sealing off large swaths of the city, searching house to house for guns.

The weapons raids immediately provoked stiff resistance, and squads of Ethiopian soldiers and troops loyal to the transitional government poured into the streets, where they battled outraged residents and a handful of masked insurgents.

From dawn to afternoon, the pop of gunfire and the boom of explosives reverberated across Mogadishu, Somalia's reliably chaotic capital.

But it is difficult to tell how many people here actually support the growing insurgency against Somalia's transitional government and the Ethiopian troops backing it. On Wednesday, a group of masked men stood on the steps of a Mogadishu mosque and proclaimed themselves to be Somalia's new freedom fighters. They were met by jeers.

"Why can't you hit anything, then?" shouted one woman, referring to a botched grenade attack that missed the Ethiopians and demolished a house. "Were you scared? Were your fingers trembling?"

Regardless of the insurgents' popularity, or lack thereof, violence is increasing. And the transitional government, which entered the capital two weeks ago for the first time since it formed in 2004, now faces a critical test: how quickly, if at all, can it pacify a notoriously dangerous city, bristling with military-grade weaponry and split by deep clan divisions?

Most of the violence on Wednesday was concentrated in strongholds of the Ayr, a powerful clan-based group closely connected to the Islamist movement that had controlled much of the country until the Ethiopian military entered the fray last month. On the other hand, neighborhoods of the Darod clan, the clan of Abdullahi Yusuf Ahmed, the transitional president, were quiet. Many Darod members said they were happy about the weapons raids, especially the ones in Ayr neighborhoods.

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Clan rivalries have been the curse of Somalia ever since there was a Somalia. They are the cause of its civil wars, its famines and its state of suspended decay. It seems that this new chapter is no different.

The insurgents are still a mysterious bunch, but they are widely suspected to be members of the ousted Islamist movement. After being routed, the Islamists vowed to fight on as an underground army. As each night passes, more government troops are attacked. On Tuesday, insurgents launched one of their boldest strikes, firing rocket-propelled grenades at an army barracks downtown. Witnesses said at least two soldiers died, and the insurgents got away. But on Wednesday, residents said that Ethiopian soldiers were able to confiscate some guns and arrest several people suspected of being insurgents.

Doctors at Medina Hospital said Wednesday that in the past 24 hours 15 people had been admitted for gunshot wounds, including 3 government soldiers. The violence this past week has filled all of the hospital's 65 beds, leaving bleeding men and women curled up on the floor and under acacia trees in the courtyard.

"This is not something that is going to stop," said Dahir Muhammad, a hospital official. "Until the Ethiopians leave, people will be determined to kill them."

The Islamist leaders, meanwhile, have fled to southern Somalia along the Kenyan border where they are being hunted by Ethiopian troops, with the help of American forces.

Somali officials said Wednesday that Fazul Abdullah Mohammed, a main suspect in the bombings against American embassies in Kenya and Tanzania in 1998, had been killed in a recent American airstrike in southern Somalia.

But American officials quickly distanced themselves from that claim, saying they were not even sure Mr. Fazul was among the terrorism suspects hiding in the jungle with the Islamists. They did say Abu Taha al-Sudani, a top aide to Mr. Fazul, and Aden Hashi Ayrow, a Somali terrorism suspect, might have been killed.

An American AC-130 gunship pounded the area Sunday night, the first time American forces have been publicly deployed in Somalia since 1994. Since June, when the Islamist movement rose to power, American officials have complained that Islamist leaders were sheltering terrorists connected to the embassy bombings, which together killed more than 200 people.

On Wednesday, residents in southern Somalia said warplanes returned, though those reports could not be independently verified. The Ethiopian Air Force has also been pummeling the area.

Pentagon officials said Wednesday that small numbers of American special operations ground troops were in Somalia working with Ethiopian forces and gathering evidence from the site of the United States airstrike.

"One would assume that a U.S. ground presence would be required at the least to do the DNA confirmation," said Roger W. Cressey, a former National Security Council official. "It's not something you would leave to the Ethiopians, and certainly not the Somalis."

Thousands of Ethiopian troops are essentially occupying Somalia, and many Somalis are beginning to resent it. Barwaqho Muhammad Osman, a mother of two, stood in a downtown Mogadishu street Wednesday morning with bags of groceries in her hands and no way to get home.

Ethiopian soldiers told her that her neighborhood had been sealed off because of the raids. When Ms. Osman tried to plead with them, witnesses said, the soldiers clicked the safeties off their guns and told her to go.

"Why did our president bring in these people?" she fumed. "They are occupiers, and if they keep this up, they will fail at every step."

Somali Capital Awash In Anger At Ethiopia, U.S., Interim Leaders (WP)

By Stephanie Mccrummen

The Washington Post, January 11, 2007

NAIROBI, Jan. 10 -- A messy, low-level battle for control of the battered streets of Mogadishu continued Wednesday, as a fighter shot a rocket-propelled grenade at a convoy of Ethiopian trucks passing through the combustible Somali capital.

The situation is so confused and the city so fractured and armed that the attacks, recounted by witnesses, could have come from any number of groups frustrated with the presence of Ethiopian troops, who last month swept a popular Islamic movement from power on behalf of the weak, U.S.-backed transitional government that is now struggling to assert control.

Former fighters loyal to the ousted Islamic Courts movement are hiding in the city's byzantine tin-patch neighborhoods. Sub-clans and sub-sub-clans are angry with Prime Minister Ali Mohamed Gedi, who they say is favoring his own people as he doles out power and who has announced intentions to forcibly disarm an insecure city fortified with guns.

And many Somalis are enraged over the U.S. airstrike in the southern tip of the country early Monday, which was aimed at suspects in the 1998 U.S. embassy bombings in Kenya and Tanzania who are thought to be among the ousted Islamic leaders on the run along the marshy coast near the Kenyan border.

"We are afraid of a long war," said businessman Abdulahi Mohamed Mohamud, 31, speaking by telephone from Mogadishu. "And people are angry at the Ethiopian troops."

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The current spate of violence began Saturday, as hundreds of Somalis flooded the streets, shouting at Ethiopian troops to leave the city, smashing cars, burning tires and throwing stones in protests that were sparked in part by rumors that the Ethiopians were about to go door-to-door confiscating weapons.

After skirmishes between militias and Ethiopian troops Sunday and Monday, a full-fledged gun battle raged for several hours Tuesday amid battered buildings and shops in a busy part of the city called Kilometer Four.

A body, reportedly of a man who launched a rocket-propelled grenade at Ethiopian troops Tuesday, lay in the road all night and into Wednesday morning, when a Somali police officer dragged it off. Three Somali police officers were reported killed in Tuesday's fighting, and a dozen people were injured, though accounts of casualties differ.

Wednesday afternoon, another grenade was launched at a convoy of Ethiopian trucks, wounding one civilian and, according to a local news agency, killing at least one government soldier. It was unclear whether Ethiopians were hit.

Since the Islamic fighters were pushed out, the city has been slowly returning to the hands of militias and thieves. Most attacks since Sunday have occurred in areas considered strongholds of the Ayr, a powerful and well-armed sub-sub-clan and a former backer of the Islamic Courts.

The transitional government, with the help and handicap of the Ethiopians, is racing to establish its authority on the streets. On Wednesday, Somali police dismantled two roadblocks by force and arrested 11 militiamen, government officials said. And Somali President Abdullahi Yusuf, who only recently returned to Mogadishu after a 40-year exile, met with a key leader of the Ayr, Abdi Qasim, a move that some analysts said could pacify a portion of the city.

The meeting "will help if they understood each other," said Mohamed Haji, 38, a columnist for a local newspaper, speaking by phone from Mogadishu. "Qasim was an opponent of the Ethiopian intervention, and his clan was supporting the [Islamic Courts movement]. So it's very important to negotiate with him."

Haji and others remained concerned, however, that new U.S. airstrikes would further agitate the city.

The Pentagon and Ethiopian Prime Minister Meles Zenawi denied Wednesday that U.S. warplanes had conducted additional attacks after the one Monday. But a Somali government official said airstrikes -- whether American or Ethiopian -- were "ongoing." An air attack is "going on today, and probably it may go on tomorrow," Abdirizak Hassan, chief of staff to the Somali premier, said Wednesday.

Two witnesses in Kismaayo, a port city about 60 miles from the area hit Monday, said they saw two military aircraft overhead about 1:45 p.m. Wednesday.

On Tuesday, Hassan told The Washington Post that U.S. military officials had reported to him that Fazul Abdullah Mohammed, considered the chief organizer of the embassy bombings, was killed in the airstrike Monday. U.S. officials have cautioned against reports that Fazul was among the targets or was killed and said the main target was another al-Qaeda figure, Abu Talha al-Sudani.

In New York on Wednesday, the U.N. Security Council began debating the conflict. In a closed session, Ibrahim Gambari, the United Nations' undersecretary for political affairs, urged the interim government to begin talks with clan leaders, clerics and moderate elements of the Islamic Courts movement, saying the deployment of a peacekeeping force would be "problematic" without a political settlement in place, according to a copy of his statement.

He noted a pledge by Uganda to provide 1,000 troops for an East African peacekeeping mission and said Malawi, Nigeria and South Africa are considering participation.

Several envoys expressed concern that U.S. airstrikes could undercut international efforts to calm Somalia. But diplomats from China, Qatar and other countries suggested the United States may have a legal basis for intervention: a request for help from Somalia's interim leadership.

Away from the United Nations, diplomats from France, Italy, Egypt, the Arab League and African Union have criticized the U.S. air operation, saying it will destabilize Somalia further.

The Mess At State (WP)

By Robert D. Novak

The Washington Post, January 11, 2007

Members of the Senate intelligence committee, Republicans and Democrats alike, were alarmed last week that John Negroponte was leaving as director of national intelligence after less than two years to become deputy secretary of state. By way of explanation, he informed one Republican senator that he did not want to make the switch but that the White House had prevailed on him to do so.

Just how career diplomat Negroponte came to be the new intelligence czar in the first place is puzzling. But to pull him out just as his on-the-job training was completed reflects a panicky desire to fill the deputy secretary post, which had been unfilled for an unprecedented six months. Five other key State Department positions are either vacant or are soon to be vacant.

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Republicans in Congress who do not want to be quoted tell me that the State Department under Condoleezza Rice is a mess. This comes at a time when the U.S. global position is precarious. While attention is focused on Iraq, American diplomacy is being tested worldwide -- in Afghanistan, Iran, Israel, Korea and Sudan. The judgment by thoughtful Republicans is that Rice has failed to manage that endeavor.

Rice's previous government duties had been as an analyst and staffer rather than as a manager. That made it important for her to name a strong deputy secretary to run the building. John Bolton, an undersecretary in President Bush's first term and an experienced bureaucratic manager, volunteered. Rice instead picked him to be ambassador to the United Nations. The conservative Bolton ran afoul of a liberal Senate vendetta that blocked his confirmation for any post.

The deputy's post went to Robert Zoellick, one of the most talented national security administrators of the past generation who during Bush's first term was U.S. trade representative. He wanted to become president of the World Bank, but that job was filled by the embattled Paul Wolfowitz, who left the Defense Department as deputy secretary. Zoellick took a bullet for the team, dropping down a step to No. 2 at State.

Foreign Service officers saw in Zoellick a dominant deputy in the mold of Richard Armitage, who effectively managed the department during the first term. But Rice and Zoellick were not a marriage made in heaven. Nicholas Burns, No. 3 at State as undersecretary for political affairs, dominated the building. Burns surely would have been in the same post if John Kerry had been elected in 2004 and seemingly would be more at home in a Democratic administration.

Estranged from Zoellick, Rice relied on Burns and State Department Counselor Philip Zelikow for advice. A former Foreign Service officer and brilliant University of Virginia professor, Zelikow was near the top of the arrogance scale in a building where arrogance is the norm, uniting such disparate figures as Bolton and Burns. Zoellick busied himself by specializing in China and Sudan, unusual for a deputy secretary, but he finally had enough after 18 months and left in July.

That began a furtive, sporadic search for a deputy. Several prospects (including Marine Gen. James Jones, who just retired as NATO's supreme allied commander) said no, perhaps warned off by Zoellick's experience. Negroponte, named national intelligence director despite his lack of intelligence experience, was implored by fellow Foreign Service officers to bring order out of chaos. Retired Adm. Mike McConnell, though he had been out of the intelligence game for 10 years, was tapped to replace Negroponte.

Negroponte will find other empty offices at State. Zelikow, Counterterrorism Coordinator Hank Crumpton and John Hillen, assistant secretary for political-military affairs, have all resigned and have not been replaced. Robert Joseph, undersecretary for arms control, is reported to be going, and Josette Sheeran Shiner, undersecretary for economic affairs, is leaving to head the World Food Program.

With the State Department permanent bureaucracy traditionally hostile to Republican administrations, it is remarkable to see two Foreign Service officers, Negroponte and Burns, in the department's No. 2 and No. 3 slots. Insiders relish their confrontation. When Negroponte was flying high as Ronald Reagan's Communist-fighting ambassador to Honduras, Burns was a rookie staff assistant to the U.S. envoy in Cairo. That may turn out to be a good show, but it is not reassuring for a country facing myriad challenges worldwide.

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China, Russia Hit Sanctions As 'Wrong' (WT)

By Bill Gertz

The Washington Times, January 11, 2007

The governments of China and Russia have denounced sanctions imposed on their state-run companies by the Bush administration over missile and weapons of mass destruction sales to Iran and Syria.

"It is unreasonable for the American government to invoke its domestic law to sanction on Chinese companies without providing any evidence," Chinese Foreign Ministry spokesman Liu Jianchao said this week in Beijing.

"We express resolute opposition and strongly urge the U.S. to correct its wrong practice," he said.

The State Department last week imposed sanctions on 23 foreign companies and one Russian national under a U.S. law aimed at preventing the arming of Iran and Syria.

The companies included three Chinese state-run firms that have been the target of U.S. sanctions in the past over arms and missile sales, and three Russian firms, including the state-run arms exporter Rosoboronexport, whose subsidiaries will be barred under the sanctions from supplying material to U.S. aircraft manufacturers.

Sanctions against Rosoboronexport, along with the Kolomna Design Bureau of Machine-Building, and Tula Design Bureau of Instrument Building are "illegal," according to Russia's foreign ministry.

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"Russian companies have regularly been accused of alleged assistance to missile and WMD programs or alleged deliveries banned by the international export control regime to Syria and Iran on the basis of the U.S. Iran and Syria Non-proliferation Act," the statement said.

"The U.S. has tried to extrapolate its domestic laws to foreign companies, to make them work under U.S. rules," it said.

The ministry said sanctions imposed in August on Rosoboronexport and the Sukhoi aircraft company were altered based on Russian responses. Sanctions on Sukhoi were lifted, but those on Rosoboronexport remain in place.

"As a result of politicized actions, the U.S. deprives itself and U.S. companies of cooperation with Russia's most advanced companies," the statement said. "This is called the loss of opportunities in business."

The State Department declined to provide details on what triggered the sanctions last week. But Bush administration officials said they resulted from Russian anti-tank missile sales to Syria that ended up in the hands of Hezbollah terrorists and were used against Israel, as well as goods sent from China sold to Iran that were linked to Tehran's nuclear, chemical and biological weapons and missile systems.

In addition to the three Chinese firms and three Russian companies and one Russian national, the sanctions bar other international companies from doing business with the U.S. government or purchasing export-controlled goods from the United States.

The companies sanctioned include four Iranian state-run companies: Defense Industries Organization, Iran Electronics Industries, NAB Export Co. and Sanam Industrial Group, which has been linked in the past to illegal purchases of nuclear-related goods.

An Iraqi company, Abu Hamadi and Iraqi national Kal Al-Zuhiry also were sanctioned.

Russia Backs Syria In Probe Request (WT)

By Nicholas Kralev

The Washington Times, January 11, 2007

A rift has developed between Russia and the Western members of the U.N. Security Council over the probe into the assassination of former Lebanese Prime Minister Rafik Hariri nearly two years after he died in a car blast.

In an attempt to help its ally Syria, which so far has been singled out as refusing to cooperate with the U.N. investigation, Russia has asked that all countries not fully cooperating be publicly named.

"Let us face it," Moscow's U.N. ambassador, Vitaly Churkin, told the Security Council on Tuesday. "If we focus so hard on one country, why should we disregard completely or even not want to know what those countries are?"

Serge Brammertz, head of the U.N. probe into Mr. Hariri's 2005 assassination and 15 other apparently politically motivated attacks, said last month he had sent more than 60 requests to a "significant number of countries" and more than 20 of them had not been answered, which impedes the work of his commission.

Mr. Brammertz did not name the countries, but Mr. Churkin said the council should ask him "to be more specific next time he reports to the council in March."

The United States and France rejected the idea, saying it would distract from more important issues.

"Syria quite clearly falls into a category of its own, so I wouldn't try to lump them all together" with other countries, State Department spokesman Sean McCormack told reporters yesterday. "The fact that Syria has been cited as not being fully cooperative in the past with the investigation was important because, let's be frank, the signs pointed to some Syrian involvement [in the Hariri assassination] in some fashion."

Alejandro Wolff, the acting U.S. ambassador to the United Nations, said of the Russian initiative: "We don't think that this is the right way to go."

Still, Mr. McCormack said it should be Mr. Brammertz's decision whether to disclose the names of the countries in question.

"If he thinks it's useful, then we would support his decision to do so," Mr. McCormack said. "If he decides that it is not in the interest of the investigation to make this information public, then we support his decision not to release those names."

Damascus has denied involvement in the assassination, which took place soon after Mr. Hariri accused Syria of meddling in Lebanon's affairs. Syrian troops left Lebanon later in 2005 after nearly three decades of de facto occupation. Syria still refuses to open an embassy in Beirut.

According to wire service reports, Security Council diplomats said in New York that supporters of the Russian proposal, such as Qatar, South Africa and Indonesia, pointed out that the council would not be seen as fair if it just cited Syria as failing to cooperate with the investigation.

Syrian Ambassador Bashar Ja'afari named France, which joined the United States in getting the council to approve the Hariri probe, as blocking a letter to Mr. Brammertz asking him to disclose all countries that are not cooperating.

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"The Russian initiative is against singling out a country for political purposes," Mr. Ja'afari said. "It goes toward knowing precisely those countries that have cooperated and those that have not."

Bombs Kill 6 In Philippines As Summit Talks Near (NYT/AP)

By The Associated Press

The New York Times, January 11, 2007

MANILA, Jan. 10 — Three bombs within hours of each other rocked the southern Philippines on Wednesday, killing at least six people and wounding 27 others, officials said, amid warnings that Muslim militants may try to disrupt this weekend's Asian regional summit meetings.

Officials insisted that security was tight, with the police and troops on the highest alert.

The chief of the national police, Oscar C. Calderon, had warned that militants might try to embarrass the government, a staunch American ally in the effort to curb international terrorism, by staging attacks during the meetings.

Chief Calderon spoke to reporters in central Cebu City, where he was overseeing security for summit meetings of the Association of Southeast Asian Nations and East Asian leaders.

The first explosion ripped apart a stand selling lottery tickets across the street from a market in General Santos City, 620 miles southeast of Manila and about 310 miles south of the meeting site, said Senior Superintendent Alfredo Toroctocon, the city police chief.

Three people died instantly and two others later died from their injuries. Staff members at St. Elizabeth Hospital reported that another person had died on arrival, bringing the death toll to six. Among the dead were two boys, ages 8 and 12, the hospital staff said.

Chief Superintendent German Doria, the regional police chief, said the police had no suspects immediately, but he said the regional militant network of Jemaah Islamiyah and its ally, the local Abu Sayyaf group, "usually are the ones doing all these explosions in the region."

But he said the police were also looking into the possibility that the blast stemmed from the failure of the kiosk operator to pay winners of a lottery draw.

An army spokesman, Maj. Ernesto Torres, said the authorities were also looking at the possible involvement of people trying to sabotage peace negotiations between the Philippine government and the main Muslim separatist group, the Moro Islamic Liberation Front, which has waged a decades-old struggle for a homeland in the south.

He said the bombing occurred at the culmination of a two-day meeting between rebel and government representatives in General Santos City.

The second explosion occurred about two and a half hours later in Kidapawan, a city about 65 miles north of General Santos City. An improvised bomb placed near the fence of a police outpost along the national highway exploded just after officers on duty left to go on patrol, said a senior police official, Pascual Peroy. Two male passers-by were wounded.

The third blast, at a dump site along a major street in the city of Cotabato, appeared to be from an improvised bomb, although it could also have been from a grenade, said a city police spokesman, Senior Inspector Samson Obatay.

At least three garbage collectors were wounded.

Philippine Summit To Go Ahead Despite Fatal Bombs Blasts (AFP)

By Frederic Peugeot And Verna Yu

AFP, January 11, 2007

The Philippines insisted a closely-watched regional summit would go ahead later this week, despite three bomb explosions that left seven people dead.

"I have been told by my security people that everything is safe and secure here ... Therefore the show will go on," Foreign Minister Alberto Romulo said, referring to the resort isle of Cebu, where leaders from ASEAN and regional allies including Australia and China are due to meet.

Officials were quick to try and calm nerves, frayed after the abrupt cancellation of the summits in December in the wake of terror alerts for Cebu from Australia, Britain, the United States and other nations.

"I want to say categorically the incident must be treated as an isolated case," Cebu governor Gwendolyn Garcia said after the first blast, which happened in the city of General Santos almost 500 kilometers (200 miles) away.

"I am calling on all the people who are visiting to stay calm," she told AFP. "We are hundreds of miles away."

Military officials had previously warned that terror groups might stage attacks in other parts of the country to embarrass the government.

All three blasts occurred on Mindanao island, which has been menaced by Muslim extremists in the past.

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The third blast, which killed one and wounded six, exploded just hours after a bomb went off near a police station in Kidapawan city, injuring two.

An earlier explosion in General Santos city left six dead and 10 wounded.

Romulo said the attacks were payback for the Philippines success in clamping down on militants.

"This, they tell me, is part of the retaliation for the reversals they have experience," he added.

General Santos Mayor Pedro Acheron said after the first blast the likely suspects were Muslim groups that might have been seeking to disrupt the peace talks between the government and a leading Islamic militant group that ended Wednesday.

The head of the Philippine national police said earlier that Cebu was safe and that there were no specific threats against the summits, which will gather presidents, prime ministers and other top officials from 16 nations.

But he said they were on red alert across the country.

Marciano Paynor, of the summit organising committee, said: "It is not directed at ASEAN. Our assessment is that this is a reaction to the pressure brought upon them (the militants)."

Well before the bombing, Philippine President Gloria Arroyo began the day with a call for regional countries to join forces to fight terrorism as well as poverty. ASEAN is set to adopt an anti-terror convention during the summit.

"Great stakes are involved in the continuing integration of the entire East Asia," Arroyo said in a statement, urging the region to "close ranks for a safer and more secure community."

The anti-terrorism convention would improve intelligence sharing, provide for a regional extradition treaty and set out plans for the rehabilitation of convicted terrorists.

Leaders will also spell out proposals to prepare the bloc's first charter -- a mini-constitution to make ASEAN a legal entity along the lines of the European Union -- and pave the way for a single market by 2015.

Security during the first attempt at the summit in December was widely criticised in the press. Rain poured through the roof of the purpose-built convention centre, and soaked the only X-ray machine to check bags and parcels.

This time, a 6,000-strong summit security task force is in place and officials have been closing down Cebu to conduct regular test runs of transport and travel procedures across the city.

"The incident is not -- and I repeat -- not related to ASEAN," said Chief Superintendent Silverio Alarsio, head of police operations in Cebu, after the first blast.

Earlier, a military spokesman said soldiers had killed a bomb expert from a group linked to Al-Qaeda in a jungle clash elsewhere in the south of the country on Tuesday evening.

Postponing last December's meeting, the Philippines blamed an approaching typhoon rather than terror threats, even though weather officials said the storm should not be a disruption.

U.S. Governor Brokers Truce For Darfur (NYT)

By Lydia Polgreen

The New York Times, January 11, 2007

DAKAR, Senegal, Jan. 10 — President Omar Hassan al-Bashir of Sudan and leaders of several rebel factions in Darfur, the western Sudanese region, agreed Wednesday to a 60-day cease-fire in separate meetings with Gov. Bill Richardson of New Mexico, a former American ambassador to the United Nations, according to a statement by Mr. Richardson and Mr. Bashir.

Mr. Richardson went to Sudan on behalf of the Save Darfur Coalition of groups trying to stem the violence in Darfur, to try to break the deadlock over who will police the region.

A peace agreement signed last May between the government and one rebel faction has foundered, and the government has repeatedly rejected a United Nations peacekeeping force.

Mr. Bashir reiterated his opposition to such a force on Wednesday, telling The Associated Press that non-African peacekeepers would be seen as “colonialists.” But the Bashir-Richardson statement said he had agreed to halt military operations to allow time for a political settlement to the crisis to emerge.

“What is lacking is a political process that leads to a U.N. force,” Mr. Richardson said by telephone from Khartoum, the capital. “I think this 60-day cease-fire is at least a step.”

He said the leaders of two rebel factions that did not sign the May agreement, the Justice and Equality Movement and a splinter group of the Sudan Liberation Army, had also agreed to the new cease-fire. But it is not clear if they represent all dissident factions, because the rebel groups have fractured and realigned several times in the past year.

The Darfur crisis, a conflict over land, identity and self-determination that has killed at least 200,000 people and driven 2.5 million from their homes, has deepened in the past year despite the peace agreement. Recently, escalating violence in Sudan has forced aid agencies to curtail operations and has destabilized Chad and the Central African Republic.

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Mr. Richardson, who last year helped negotiate the release of an American journalist charged with espionage in Sudan, has known Mr. Bashir for a decade and has international contacts made as ambassador in the Clinton administration. He is expected to seek the Democratic nomination for president next year.

Sudan's Leader Agrees To 60-Day Cease-Fire In Darfur (WP)

By Craig Timberg

The Washington Post, January 11, 2007

JOHANNESBURG, Jan. 10 -- Sudanese President Omar Hassan al-Bashir agreed on Wednesday to a 60-day cease-fire in his nation's troubled Darfur region but again rejected calls for a U.N. force to help end one of Africa's bloodiest conflicts.

Bashir issued a joint statement with New Mexico Gov. Bill Richardson (D) agreeing to the temporary halt of military action while also expanding access for journalists and aid workers. Richardson, who had traveled to Sudan on behalf of the Save Darfur Coalition, a Washington-based advocacy group, said several rebel leaders had orally agreed to the cease-fire.

Successive cease-fires, including a May 2006 peace deal negotiated in Nigeria, have been broken both by Bashir and by the various rebel groups fighting for control of Darfur. But Richardson, who has negotiated with the Sudanese president on other occasions, said Bashir appeared sincere in seeking a diplomatic solution.

"He realizes he's isolated and has got to change," Richardson said by telephone from Khartoum, Sudan's capital. "He's boxed in."

Bashir, however, showed little evidence of relenting on his refusal to allow thousands of U.N. peacekeeping troops into Darfur, as the United States and international leaders have demanded. An underfunded and ineffective force fielded by the 53-country African Union has long operated in Darfur, but it has had little success in controlling a conflict that has killed hundreds of thousands of people, mostly civilians, and displaced millions of others.

"Our experience with U.N. operations in the world is not encouraging," Bashir told an Associated Press reporter Wednesday. "There are sufficient forces in the Sudan from African countries to maintain order, and they can provide order. All we need is funding for the African troops."

Bashir has agreed to allow a small number of U.N. advisers to assist with the African Union mission.

In the joint statement with Richardson, Bashir agreed to paint his white warplanes another color so they no longer resemble the aircraft of international aid groups. He also agreed on the importance of disarming the Janjaweed militias, echoing declarations made but not fulfilled in the past. These groups have carried out repeated armed attacks on civilians.

Analyst John Prendergast of the International Crisis Group held out little hope of the 60-day cease-fire being respected, but he said Richardson's diplomatic activity highlighted how little the Bush administration has achieved despite labeling the Darfur conflict genocide and repeatedly threatening tough action.

"Where is the administration on this stuff?" said Prendergast, speaking from Washington.

Amjad Atallah, an adviser to the Save Darfur Coalition who was traveling with Richardson's delegation, expressed skepticism that Bashir would end the violence in Darfur. "At the end of the day, President Bashir may not honor these terms," said Atallah, speaking from Khartoum. "We are not naive about it."

Unwitting Party To Genocide (WP)

By Stephen Rademaker

The Washington Post, January 11, 2007

Over the past three years, more than 400,000 people have perished in the Darfur genocide. Fighting has intensified in recent months as diplomatic efforts to end the conflict have faltered. The government in Khartoum bears principal responsibility for the continued killing, but recently an unexpected obstacle to ending the bloodshed has emerged: the International Criminal Court (ICC).

Critics of the ICC predicted early on that it would be more a hindrance than a help to ending most conflicts. The threat of prosecution would rarely motivate both parties to stop fighting, they argued, but in many cases it would be powerful enough to convince at least one side that it was better off continuing to fight. Yet even the ICC's critics have been surprised by the degree to which this is being borne out in Darfur.

Much of the world agrees that to end the genocide a highly capable U.N. peacekeeping force must immediately be deployed to Darfur. The only footnote to this consensus is China, which, eager for access to Sudan's oil and armed with a veto at the U.N. Security Council, forced the United Nations to accept a precondition to action in August: that the government in Khartoum must consent to the deployment of any U.N. force.

The Sudanese government has no history of objecting to U.N. peacekeeping forces on its territory. It agreed as recently as January 2005 to the deployment of a 10,000-member U.N. peacekeeping force in southern Sudan to monitor implementation of

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a peace agreement with rebels there, and that force remains in Sudan. So what has led Khartoum to reject today what it was willing to accept just two years ago? According to Sudanese government spokesmen, it's the involvement of the ICC.

Sudan is not a party to the treaty establishing the ICC, so the only way the court could obtain jurisdiction over crimes in Darfur was to be granted such jurisdiction by the Security Council. The council took that step in March 2005.

The Bush administration supported bringing in the ICC, not least because the perpetrators of the Darfur genocide are so richly deserving of prosecution. More fundamentally, the administration went along because this was the strongest action that other members of the Security Council were prepared to take at the time. The political situation mirrored that surrounding the Security Council's decision to create a war crimes tribunal for the former Yugoslavia in 1993. In both cases, the United States was pressing for resolute steps to end genocide, but other countries, particularly in Europe, were unwilling to agree to steps that might entail significant military, economic or political costs. The idea of deploying eager prosecutors rather than effective peacekeepers emerged as a low-risk compromise.

But war crimes prosecutors didn't stop genocide in Yugoslavia, and they haven't stopped it in Darfur either. To the contrary, the example of the Balkans, where U.N. peacekeepers in Bosnia and Kosovo have tracked down and arrested war crimes indictees, appears to have hardened the opposition of Sudanese officials to a U.N. force. Quite predictably, those officials are saying they're not interested in a U.N. peacekeeping force in Darfur if, as in the Balkans, it would offer them a one-way trip in handcuffs to The Hague.

Those seeking to end the genocide have naturally been seeking new ways to pressure Khartoum. Realistic options for tightening economic sanctions are few. So, having failed to recognize that it was a mistake to call in the ICC, many critics of the regime have compounded the error by trying to ratchet up the threat of ICC prosecution. This, of course, reinforces the regime's impulse to say no. Indeed, it would be hard to devise a policy better calculated to perpetuate Sudan's refusal to accept a U.N. peacekeeping force in Darfur.

If the Sudanese government ever begins to seriously consider agreeing to a U.N. force in Darfur, the first thing it is likely to seek is guarantees against the arrest and prosecution of Sudanese officials by the ICC. But it is not clear that the Security Council would be able to grant the government those guarantees should the international community be prepared to consider such a bargain. In an effort to insulate the ICC from political pressure, the treaty establishing the court seeks to make it impossible for the Security Council to permanently end ICC proceedings once they have commenced.

Should efforts to deploy a U.N. force fail and the genocide continue, options for ending the bloodshed may narrow to some sort of coalition military action. Given China's opposition, such action almost certainly would have to be carried out without Security Council authorization and would be vastly inferior to the deployment of an effective U.N. peacekeeping force.

In the analogous cases of Bosnia and Kosovo, coalition military action was in large measure U.S. military action, and the same would be true in Darfur. No matter how noble our objectives, U.S. military action without U.N. authorization against another Arab government would prove deeply unpopular in many parts of the world, and America would pay a steep political price. If this is where we end up in Darfur -- or if the genocide continues unabated because peacekeepers cannot be deployed -- there will be three culprits to blame: the bloodthirsty regime in Khartoum, the oil-thirsty government in Beijing and the U.N. Security Council's shortsighted decision to bring in the ICC.

The writer, vice president of a Washington-based government affairs and consulting firm, was an assistant secretary of state from 2002 to 2006, with responsibility for arms control, nonproliferation and international security.

EU Energy Strategy Aims To Curb Carbon Emissions (WSJ)

By Mary Jacoby and William Echikson

Wall Street Journal, January 11, 2007

BRUSSELS -- The European Union unveiled an ambitious blueprint for combating global warming and boosting energy efficiency, but key elements of the plan face strong opposition from business interests and could require major battles to get them implemented.

The European Commission yesterday published a long-awaited proposal for the bloc's first common energy strategy, a version of which will be discussed at a summit of the EU's 27 national leaders in March. "Europe must lead the world into a new -- or maybe one should say post-industrial -- revolution: the development of a low-carbon economy," said commission President José Manuel Barroso.

Parts of the draft face high hurdles, however. Business groups expressed alarm at the commission's proposals to cut emissions of carbon dioxide, which is believed to contribute to global warming, 20% from 1990 levels by 2020. The Continent's top business lobby, Unice, warned against any binding targets that would force European industries to pay more for energy than their U.S. and Asian rivals. At the same time, environmentalists said the 20% target is too low.

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Meanwhile, France and Germany are likely to block a proposal to boost competition by breaking up European energy companies that control both the supply and distribution networks for oil, gas or electricity -- such as Electricité de France and Germany's E.ON AG. Acknowledging that threat, the commission's proposals also suggest a less drastic option that would submit such vertically integrated companies to greater regulation.

Still, commission officials insisted any opposition won't derail efforts to shake up European energy markets. Energy security, and the need to reduce demand for fossil fuels, has risen to the top of the EU agenda in response to continuing concerns about its predominant supplier of gas and oil, Russia.

If governments don't accept the proposals for separating companies' energy supply and distribution arms, the commission has another weapon available to break up some incumbents: antitrust law. Competition Commissioner Neelie Kroes yesterday published the results of a long-running investigation into the energy sector. She accused the Continent's energy giants of raising consumer prices and undermining competition by restricting third-party energy companies' access to their pipelines, storage facilities and networks.

"New players need access to energy suppliers, the energy networks and customers," she said, adding that investigations she has already opened into energy companies in several European countries could lead to "far-reaching structural remedies."

Also under the commission's proposals, 10% of EU vehicles would be powered by biofuels by 2020, up from an existing 5.8% target for 2010. It envisions all new coal-fired power stations having facilities to capture and store the carbon dioxide they emit. In addition, renewable energy sources such as water, wind and solar power are expected by 2020 to provide 20% of the energy.

If the proposals are accepted by national leaders in March, Mr. Barroso said the commission would act quickly to make the targets legally binding.

The EU accounts for 14% of the world's emissions of carbon dioxide, the commission said. Mr. Barroso called on other developed nations to set their own carbon-cutting goals.

"We are not speaking about European warming, we are speaking about global warming," said Mr. Barroso, who this week discussed his plans with President Bush and leaders of Congress. "We need the United States with us; they are, after all, the biggest polluter in the world."

Belarus Yields To Moscow Over Oil Transit (FT)

By Arkady Ostrovsky

Financial Times, January 11, 2007

Belarus backed down in its trade conflict with Russia on Wednesday by abolishing an export duty on oil pipeline transits. The move allows Moscow to resume supplies to Europe via its neighbour.

Alexander Lukashenko, Belarus's leader, appears to have climbed down after a telephone conversation with President Vladimir Putin of Russia. Within hours the Belarus government said that a duty imposed on Russian oil shipments at the start of January had "lost its validity". Belarus gave in to Russia's key demand to drop the $45 (€35, £23) per tonne export duty before the countries could start negotiations on their trade relationship.

Transneft, the Russian oil pipeline monopoly, said on Wednesay night that it was about to resume supplies to Europe.

On Monday Russia halted oil supplies through the Druzhba (Friendship) pipeline, which crosses Belarus, claiming that Minsk was siphoning off oil destined for countries such as Germany and Poland as payment in kind for export duty. Moscow said the duty was illegal and refused to pay it.

While Wednesday's move bolstered Mr Putin's prestige at home and strengthened Moscow's hand in its stand-off with its neighbour, the dispute has dented Russia's reputation and its claim to be a reliable energy supplier.

Angela Merkel, Germany's chancellor, led European Union leaders in condemning the cut in supplies, calling it "unacceptable". Wednesday's deal is the latest step in a protracted stand-off. Russia has doubled gas prices for Belarus and made it agree to sell half its pipeline network to Gazprom, the Russian gas group.

Mr Putin told Russian oil companies this week to be prepared to cut their oil production and threatened to impose barriers to Belarus's exports of other goods to Russia. Russia accounts for half of all Belarus's exports, which are duty free. Any trade blockade or imposition of export duties would have hit Belarus hard.

Andrei Sharonov, the deputy head of Russia's ministry for trade and economic development, said entire sectors of the Belarusan economy, such as meat and milk production as well as electronics and furniture, are more than 90 per cent dependent on the Russian market. Belarus's oil reserves would not have lasted more than six weeks.

Mr Sharonov said Minsk's decision opened the way for negotiations between the two countries on a wide range of trade issues, including Russia's duty on oil exports to Belarus. In addition to doubling gas prices from January 1, Russia hit Belarus with a $180 per tonne export duty on the crude oil it sells to the country.

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Until then Belarus had obtained Russian crude oil duty free, refined it and sold petroleum products to western Europe, keeping the profit. Under a mid-1990s agreement, Belarus was supposed to give 85 per cent of that profit to Russia but stopped doing so several years ago.

Russia's export duty and the doubling of gas prices cuts down the subsidy that the Kremlin was, in effect, giving Mr Lukashenko.

A compromise solution could see Russia reducing or removing its export duty on crude oil if Belarus resumed payment to Russia of part of the profit gained on petroleum products.

Belarus, Russia Settle Oil Dispute (AP)

By Yuras Karmanau

AP, January 11, 2007

MINSK, Belarus -- Russian oil began flowing again through a Belarusian pipeline late Wednesday, a top Belarusian oil official said, resolving a dispute between the countries that had disrupted supplies to Eastern Europe as well to the former Soviet Republic.

Alexei Kostuchenko, general director of pipeline concern Gomeltransneft-Druzhba, said Russian oil entered the Belarusian system around 10:30 p.m. local time (2030GMT) Wednesday, and was being pumped to Poland, Germany, Ukraine, Slovakia, the Czech Republic and Hungary. He did not give any details about the volume being moved.

The spat between the two formerly close, ex-Soviet republics showcased the Belarus regime's reliance on cheap Russian energy imports, and stoked doubts in European capitals about Russia and its dependability as an energy supplier.

"The disruptions in oil supplies have yet again undermined Russia's efforts to establish itself as a reliable source of fuel supplies to Europe," Deutsche UFG analysts wrote in a note to investors.

The dispute, which had entered its third day, centered on Russia's decision last month to impose a hefty duty on oil exports to Belarus, with Moscow complaining that the previous duty-free regime cost the Russian budget up to $4 billion a year in lost revenues. Belarus reaped billions in revenues by refining cheap Russia oil products and selling them at hefty profit to European markets.

Minsk _ whose centrally controlled economy is heavily reliant on cheap Russian energy and duty-free trade with Russia _ responded last week by slapping a $45 per ton tax on Russian oil pumped across Belarus to Europe.

On Monday, Russia stopped pumping oil to Europe via the Druzhba pipeline _ whose name translates as "friendship" _ and accused its neighbor of siphoning off oil. By Tuesday, the stoppage had affected supplies to Ukraine, Germany, Poland, Hungary, the Czech Republic and Slovakia.

With the European Union voicing alarm and criticism and Russia threatening an all-out trade war against its former ally, the two countries' presidents _ Vladimir Putin and Alexander Lukashenko _ held talks by telephone Wednesday.

Soon after, Belarus' government announced the cancellation of the $45-per-ton duty, and Prime Minister Sergei Sidorsky announced he would fly to Moscow on Thursday for meetings with his Russian counterpart.

"I hope that within two days we will be able to overcome all disagreements _ on oil, oil products and other sensitive groups of commodities on the Russian and Belarusian markets," he said.

Putin's top economic adviser, meanwhile, reasserted that Russia was a dependable energy supplier. "We act as a reliable partner, and we would like to do so in the future," Igor Shuvalov said.

"We need to understand that that kind of behavior very close to blackmailing can't be accepted by the Russians. If we do accept it this time, than the future can't be secured," he said. "Now we need to act together, the Europeans and the Russians, to avoid this kind of situation in the future."

European Union leaders have strongly criticized the disruptions, which came one year after a price dispute between Russia and Ukraine led to a brief interruption of EU natural gas imports from Russia.

Putin took a harsh stance at a Cabinet meeting Tuesday, and told ministers to consider a possible reduction in oil output. Russia has a limited capacity for refining oil and would have to cut crude output if its exports decrease suddenly.

Analysts say that Putin has grown tired of supporting the Belarusian leader, who has been dubbed "Europe's last dictator" in the West for his authoritarian rule and crackdown on dissent. But the disruption of Russian oil to Europe one year after the Ukraine gas cutoff alarmed European officials and led to renewed calls for energy diversification.

Russia currently supplies a quarter of the EU's oil and over two-fifths of its natural gas.

Belarus Signals Resolution In Oil Dispute (NYT)

By Steven Lee Myers

New York Times, January 11, 2007

DOJ_NMG_0115563

MOSCOW, Jan. 10 — Belarus announced Wednesday that it had reached a compromise with Russia to end a dispute that had shut a Russian oil pipeline to Europe since Monday, but the Kremlin did not confirm any agreement.

The announcement, by President Aleksandr G. Lukashenko's office, was the first sign that the dispute might be ending after two days of increasingly hostile remarks and threats.

The Belarussian prime minister, Sergei S. Sidorsky, said later in televised remarks that his country would revoke a transit fee of $45 a ton on Russian oil that it imposed last week, provoking a dispute with swift repercussions in Europe.

Russia had declared the transit fee illegal and refused to pay it. When Belarus began siphoning oil headed to Europe as payment, Russia's pipeline monopoly, Transneft, shut the pipeline. As a result, Poland, Germany, the Czech Republic, Slovakia and Hungary had to tap into oil reserves this week.

The conflict with Belarus unfolded only days after Russia's giant energy company, Gazprom, negotiated a significantly higher price for supplies of natural gas to Belarus, Russia's smaller neighbor and one of its closest allies. The new price, $100 per thousand cubic meters, compared with $46 last year, infuriated Mr. Lukashenko, but a separate decision by Russia to impose a customs duty of $180 per metric ton on Russian oil prompted the Belarussian transit fee.

Mr. Sidorsky said he would fly to Moscow for more talks on Wednesday, an indication that a final resolution had not been found. "We hope to solve all other questions in the coming days," he said.

Russia had said that it would hold no talks until the transit fee was lifted. The statement by Mr. Lukashenko's office said the two governments would settle the dispute by Friday.

By Wednesday night, Semyon M. Vainshtok, the president of Transneft, said the company had reached an agreement to ship 79,000 tons of oil that Belarus had siphoned into its own storage facilities. He said the company could resume full operations by Thursday, though he suggested that outstanding issues remained.

The Kremlin announced only that President Vladimir V. Putin had discussed the issue by telephone with Mr. Lukashenko. Mr. Putin was steadfast on Tuesday, warning that Russia would divert oil intended for European markets around Belarus, though that could take time.

In the meantime, the pipeline, called Druzhba, or Friendship, remained closed for a third day, despite statements in Slovakia that some oil was set to resume flowing.

Druzhba stretches 2,500 miles and pumps 1.8 million barrels of oil a day in two trunks. It accounts for considerable amounts of the oil consumed in Germany, the Czech Republic and Poland, and almost all oil used by Hungary and Slovakia.

A swift resolution would ease jitters over the reliability of oil supplies in Europe. Russia has forced Belarus, for years a close ally, to back off. But the episode has done further damage to Russia's international image, already battered by a shut-off of natural gas to Ukraine last January and a threat to do so to Belarus this year.

"We consider it unacceptable, this kind of event," the European Commission president, José Manuel Barroso, said in Brussels, where the European Union announced a sweeping energy policy meant to address concerns like those Russia had raised.

Echoing remarks by Chancellor Angela Merkel of Germany on Tuesday, he criticized Russia for stopping the flow of oil without first notifying the customers paying for it farther along the pipeline.

The dispute grew from Russia's new strategy to increase energy prices for the other former republics of the Soviet Union. Now independent, but still tied into the Soviet-era network of gas and oil pipelines, those countries had long enjoyed subsidized prices.

Russia has recently negotiated higher prices for natural gas with Ukraine, Georgia, Azerbaijan and Moldova. Those deals have sometimes followed threats and cutoffs as deadlines, typically on New Year's Day, approached.

"For Russia, a small, victorious energy war is becoming a New Year's tradition," the newspaper Trud, or Labor, wrote Wednesday.

Stefan Czucz, the general director of Transpetrol, Slovakia's pipeline operator, said in a telephone interview that a resumption of oil shipments was scheduled for Wednesday, but officials in Russia said late Wednesday that the pipeline had not resumed operation.

William C. Ramsay, deputy executive director of the International Energy Agency in Paris, which maintains and improves systems for coping with oil supply disruptions, said that refineries and other companies dependent on Russian oil generally had 10 to 15 days worth of commercial stocks.

Once those reserves run out, the refineries would have to turn to strategic stocks built by governments. Those could last at least 90 days. "They have learned the need to take care, especially since they are dependent on Russia and have had some problems in the past," he said in a telephone interview.

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The duty Russia imposed on the oil exports to Belarus, the same Russia charges for exports to other countries, could cost the Belarussian government $3.5 billion, more than 10 percent of the country's gross domestic product. Belarus had long profited by refining the oil and exporting the products.

"It simply puts Belarus on the same footing as all the other countries of the world," Andrei V. Sharonov, a deputy economic development minister, said of the new charge in an interview published in the official state newspaper, Rossiskaya Gazeta.

Russia-Belarus Standoff Over Oil Ends, Clearing Way For Accord (WP)

By Peter Finn

Washington Post, January 11, 2007

MOSCOW, Jan. 10 -- A standoff between Russia and Belarus that led to the shutdown of a pipeline that delivers crude oil to European Union countries ended Wednesday, after Belarus backed down and lifted a duty it had imposed on Russian fuel transiting the country.

The breakthrough came after Russian President Vladimir Putin spoke by phone Wednesday afternoon to his Belarusan counterpart, Alexander Lukashenko. The Belarusan presidential press service said that the countries' prime ministers had been told "to propose ways of settling all problems and to submit them to the presidents by Friday."

Belarus's imposition of the duty led Russia to switch off the flow of oil, a move greeted with dismay in Western Europe. Leaders there wondered aloud about Russia's reliability as an energy supplier.

Oil began flowing again late Wednesday, the Associated Press reported from Minsk, the Belarusan capital, citing a senior pipeline official.

In Brussels, European Union officials on Wednesday unveiled a long-term energy plan to reduce the continent's dependence on oil and gas and limit the greenhouse gas emissions blamed for global warming.

"Europe must lead the world into a new . . . post-industrial revolution, the development of a low-carbon economy," said Jos? Manuel Barroso, president of the European Commission, the E.U.'s executive arm. "We need new policies to face a new reality."

The E.U. plan, which will be discussed by the 27 member states in February, calls for greenhouse gas emissions to be cut by at least 20 percent below 1990 levels by 2020. That goes beyond the Kyoto Protocol of 1997, which called for the E.U. overall to cut to 8 percent below 1990 levels by 2012.

The United States has refused to sign the accord, arguing that it would damage the American economy and, to be fair, should require countries such as China and India to meet similar goals.

"We are not speaking about European warming, we are speaking about global warming," Barroso said. "We need the United States with us -- they are, after all, the biggest polluter in the world."

It is uncertain if the E.U. plan will be accepted by the member governments and, if so, whether the targets can be met. A number of European countries, including Italy and Spain, are already having trouble meeting the Kyoto requirements. Environmentalists would like to see even more ambitious goals to reduce emissions.

The plan emphasizes the development of renewable energy, such as biofuels, and new low-pollution technologies, as well as the reduction of emissions from existing energy sources. It does not call for increased reliance on nuclear energy, which emits no carbon dioxide, the most significant of the gases that trap heat in Earth's atmosphere.

Barroso said nuclear energy would be a matter for individual states to decide.

He also said Europe should "actively develop a common external energy policy and speak with one voice to third countries" -- a clear reference to Russia.

The union has been divided in its approach to Russia, with Poland, for instance, objecting to a pipeline under the Baltic Sea that will directly connect Russia to Germany.

Belarus, which is heavily dependent on Russian energy subsidies, has been smarting from increases in the prices it pays for Russian natural gas and the crude oil that it profitably reprocessed before selling it to Western Europe. It imposed the duties on Russian oil transshipments in response; Russia asserts Belarus was also siphoning off oil for its own use.

Belarusan Prime Minister Sergei Sidorsky said he planned to fly to Moscow on Thursday for talks. "I hope that we will settle all mutual differences and claims relating to Russian oil deliveries in two days," Sidorsky told reporters in Minsk.

Russia had earlier insisted that lifting the oil duty, which it said was illegal, was a nonnegotiable precondition for any talks. It was unclear if Putin promised Belarus anything in return. The Kremlin issued a terse statement saying that Putin and Lukashenko had discussed "energy relations," among other issues.

Chávez Begins New Term Vowing Socialism (NYT)

By Simon Romero

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The New York Times, January 11, 2007

CARACAS, Venezuela, Jan. 10 — President Hugo Chávez was sworn in to a new six-year term at a ceremony here on Wednesday in which he described Jesus as "the greatest socialist in history" and pledged to speed Venezuela's metamorphosis into a Socialist country.

"Fatherland! Socialism or death, I swear it!" Mr. Chávez yelled as he was sworn in and given the presidential sash and a golden key to the tomb where the remains of Simón Bolívar, the South American liberator, are interred.

In his speech, the president defended his decision this week to nationalize companies in the telecommunications and electricity industries and promised to seek greater control over natural gas projects. He also renewed his request to Congress for decree powers, saying a "revolutionary law of laws" would allow him to hasten the construction of Socialism.

Since his re-election last month, Mr. Chávez has moved swiftly to group his varied supporters into a single Socialist party. In addition to his nationalization campaign, he has called for the end of the central bank's independence from politics and the rewriting of the commercial code.

Headlines in the afternoon newspapers here reflected continuing polarization over his ideas. "Socialism Has Arrived," proclaimed El Mundo, which, like most Venezuelan newspapers is friendly to Mr. Chávez's government. Tal Cual, a small opposition paper, titled its main editorial "The Monarch."

Teodoro Petkoff, editor of Tal Cual, said Mr. Chávez's "21st-century Socialism" had exhibited the same autocratic characteristics of Socialist movements of the 20th century.

Others pointed to the president's political instincts as an explanation for his sharp ideological turn.

Fernando Coronil, an authority on Venezuelan history at the University of Michigan, said Mr. Chávez was acutely aware of his supporters' high expectations of change. His effort to redefine the ideological and organization basis of his government, from the creation of a single party to the concentration of power in the presidency, are a response to that reading of popular sentiment, Mr. Coronil said.

"People voted for Chávez but didn't give him a blank check," he said. "Now he has to pay back."

In his speech on Wednesday, Mr. Chávez, who hinted at the possibility of seeking another term once this one ends in 2012, seemed to evoke Fidel Castro's leftward ideological evolution in the years after taking power in Cuba in 1959. Mr. Chávez, who has forged a tight economic alliance with Cuba, peppered his speech with references to the works of two Italian Marxist theorists, Antonio Gramsci and Antonio Negri.

He weaved in quotations from Napoleon and Trotsky, saying Trotsky had the right idea when he said, "The revolution never ends." He also quoted liberally from the writings of Bolívar and the Bible.

He railed against his domestic political opponents and dissidents in the Roman Catholic Church, singling out Archbishop Roberto Luckert of Coro, who recently criticized the president's decision not to renew the broadcast license of RCTV, one of Venezuela's oldest television stations.

"Monsignor Luckert is going to wait for me in hell," he said.

After his speech, Mr. Chávez traveled to Managua to attend a similar ceremony for Daniel Ortega, the former Sandinista guerrilla leader elected president of Nicaragua. Venezuela is preparing to sign a farreaching economic assistance agreement with Nicaragua.

Fidel Chavez? (LAT)

The Los Angeles Times, January 11, 2007

VENEZUELA'S presidential election last month might have been free and fair, but it's increasingly unlikely that its next one will be. President Hugo Chavez has apparently taken his landslide victory as a mandate to impose an authoritarian socialism on his nation that looks frighteningly like the model created by his idol, Cuba's Fidel Castro. If his drive to consolidate power over the media, the telecommunications industry and other sectors succeeds, by the time his term expires six years from now it may no longer be possible to hold a free election in Venezuela.

Chavez's plan to nationalize the country's biggest telecommunications and electricity companies, announced Monday and reiterated during his inauguration Wednesday, will exact a heavy toll in the coming years. Aside from the immediate damage from foreign investors fleeing the country, these enterprises almost certainly will be diminished and bled dry by government bureaucrats eager to dole out money and patronage. This is already happening in Venezuela's oil industry.

Chavez also seems intent on destroying Venezuela's civil society. He already controls all three branches of government, with all 167 seats of Congress held by lawmakers allied to Chavez and with the Supreme Court stacked with loyalists. After his reelection, he announced plans to merge his coalition of allied parties — effectively creating a one-party state — and to pursue a constitutional amendment ending presidential term limits, meaning he could run indefinitely.

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Now he's setting his sights on a critical barrier to totalitarianism: the independent media. Last month, Chavez announced that he wouldn't renew the license of Radio Caracas Television (RCTV), which has been highly critical of his regime. His justification was a law passed in 2004 that allows for non-renewal of a broadcast license if its holder is guilty of such things as promoting disruption of public order or endangering national security. RCTV's crime, apparently, was to celebrate the botched coup attempt against Chavez in 2002.

Any criticism of Chavez or his henchmen can now be interpreted as disrupting public order, and Venezuela also has passed harsh libel laws aimed at curbing "disrespect" of government officials. Though RCTV is just one of many opposition media outlets, Chavez has sent a chilling message to the rest that he can shut them down at any time.

A country without an independent media, judiciary or legislature is by nobody's definition a democracy. Venezuela's people may just have succeeded in voting themselves out of power.

U.N. Agency Chief Denies Getting Staff Complaints (WT)

By Betsy Pisik

The Washington Times, January 11, 2007

NEW YORK -- Jose Antonio Ocampo, the head of the U.N. Department of Economic and Social Affairs (DESA), yesterday defended his management of the scandal-laden "good governance" division, saying that he personally had initiated internal investigations and shut down a foundering office within his department.

In his first public remarks on DESA's scandal-plagued Division of Public Administration and Development Management unit, or DPADM, since the opening of a U.N. investigation prompted by a Washington Times article last month, Mr. Ocampo also denied having received complaints from staff about concerns that range from mismanagement of government funds to favoritism and intimidation in the hiring and disciplining of employees.

"We have a clear policy, anyone can come to me, or go to the ombudswoman and share their observations, and their privacy will be respected," Mr. Ocampo said in response to questions. "But nobody has so far."

That claim flies in the face of documents and accounts given to The Times showing that several staff members complained to Mr. Ocampo, both in person and in writing, about purported mismanagement, intimidation and favoritism in DPADM between 2003 and 2006. There are at least three cases pending before the U.N. Joint Appeals Board, which adjudicates personnel matters.

Several former DESA staffers said they had reported through official channels what they saw as the fraudulent use of contractors, favoritism toward Italians and management decisions that were redundant and senseless. Between 2003 and 2006, these staffers and their lawyer said, they clashed directly with their supervisor, DPADM Director Guido Bertucci, while others went to Mr. Ocampo with evidence.

In mid-December, the U.S. Mission to the United Nations wrote to the U.N. Office of Internal Oversight Services advising it of "reports alleging that the DPADM has threatened to retaliate against staff members who have brought this matter to light" and warning that evidence might be destroyed.

Additionally, correspondence obtained by The Times over the course of a two-month investigation shows that the Greek government requested an investigation into potential misuse of about $5 million.

Athens had contributed the money in 1999 to build a center in Thessaloniki that promoted "public service professionalism" among Mediterranean nations. But just three years later DPADM opened a duplicative center in Naples.

The findings of that investigation were to have been released in December, but the report was delayed while DPADM compiled a lengthy response to its contents. U.N. officials said yesterday it could be released within two weeks.

The second investigation was opened on Dec. 17 after a report in The Times uncovered evidence of favoritism and intimidation within DPADM, which is responsible for promoting transparency and accountability among member governments.

The article noted that tens of millions of dollars have been contributed by the government of Italy and spent on consultants and projects that directly benefited Italian nationals and the government itself.

The Department of Economic and Social Affairs is a sprawling U.N. office with more than 570 employees and an annual budget of $267 million, nearly half of that voluntarily contributed by governments. Its divisions gather statistics or promote policy on sustainable development, women's empowerment, good governance, accessibility and related issues.

"In the United Nations we have an internal control system," Mr. Ocampo said of the U.N. investigation. "What we're doing is to let the internal control system work."

He defended his decision not to remove Mr. Bertucci from his post as DPADM director, as is customary in other U.N. departments when there is a comprehensive investigation under way.

"If [the investigation] indicates that there were improprieties, we will take a measure," Mr. Ocampo said. "But any justice system, including the U.N. justice system, is based on the principle of presumption of innocence."

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Asked several times whether he trusted Mr. Bertucci, the undersecretary-general said only, "He is under investigation, and I will take into account whatever the investigation says."

Limited Menu Japan's 'Cancer Refugees' Demand More Options (WSJ)

By Peter Landers

The Wall Street Journal, January 11, 2007

TOKYO -- With the prime minister looking on, a legislator named Takashi Yamamoto stood before Japan's parliament last May and told his colleagues that he had cancer. Then he denounced the nation's standard of cancer care. "Even when there are treatments, people are being told they will never get better," he said. "These abandoned cancer refugees are roaming the Japanese archipelago."

The speech galvanized the parliament, which had been dawdling over a bill that called for more cancer specialists and a permanent role for patients in policy making. Within four weeks, the bill became law. (Read translated excerpts of Mr. Yamamoto's speech.1)

"Even when there are treatments, people are being told they will never get better. These abandoned cancer refugees are roaming the Japanese archipelago."

-- Read excerpts3 of the May 22, 2006, speech by Takashi Yamamoto

It was a signal victory for a spreading movement in Japan among patients who want American-style care and drugs for cancer. But the idea of becoming more like the U.S. raises alarms among policy makers. In Japan, the government guarantees that everyone has health-insurance coverage and it pays most of the bills.

Masaharu Nakajima, until recently director general of the Health Bureau at the Ministry of Health, Labor and Welfare, says Japan already offers excellent cancer care. With a huge national debt and corporations worried about higher taxes, Japan can't afford to throw money into treatments and training that offer little hope of significantly extending lifespans, he says.

"If we keep going like this, Japan is going to be crushed under medical expenses," says Dr. Nakajima, a surgeon who used to treat cancer patients before joining the ministry. Referring to the demand for more specialists, he says: "America did too much of this and that's why their medical costs have grown."

The debate in Japan raises the question of where nations should draw the line when modern medicine offers almost unlimited ways to spend money. In the U.S., both private insurers and public programs such as Medicare take a relatively generous view, usually paying for treatments that offer some hope of helping the patient. Japan is far more tightfisted. Spending on health in Japan each year is roughly half the level of U.S. spending, adjusting for the size of each country's economy.

Health spending in Japan is even lower than in most Western European countries and Canada. Yet if that's hurting people, it's hard to find evidence in the statistics. Japan has the world's highest life expectancy for women (men are No. 4) and one of the world's lowest infant-mortality rates.

Many countries are grappling with how to improve care while containing costs. In Japan, debate about the system has focused on cancer, by far the nation's leading killer. The Internet has helped break down patients' isolation from information about their disease and supplied data on foreign treatments. Cancer activists believe inadequate treatment on occasion cuts short the lives of Japanese. Some focus their ire on the very notion that mortality numbers can measure the value a health-care system delivers.

Hidesuke Hashimoto, who has been treated for lung cancer and leads a patients' group, says Japanese bureaucrats, unlike Americans, fail to recognize the value of pursuing all possible avenues of treatment when a person is seriously ill. "Our rights as individuals aren't being recognized," says Mr. Hashimoto, a 68-year-old retired math teacher. "We have the right to live." More government spending on health care, he suggests, would be a small price to pay for promoting democracy and the rights enshrined in Japan's U.S.-written constitution. Article 25 says all people are entitled to a minimum standard of "wholesome and cultured living."

Cancer accounted for 326,000 deaths among Japanese in 2005, or 30% of the total -- more than heart attacks and strokes combined. The rate of cancer deaths per 100,000 population continues to rise slightly, in contrast to a slight decline in the U.S. Whether poor care has something to do with that is a matter of debate. Demographics and lifestyles also may play a role: Japan is a rapidly aging nation where nearly half of men smoke, while obesity and heart disease are relatively uncommon. Those factors tend to increase the proportion of deaths caused by cancer.

Since Japan introduced universal health-insurance coverage in the late 1950s and early 1960s, its policy has focused on ensuring a minimum standard of care for all. People are required to pay a monthly health-insurance fee. Large companies must also pay health-insurance fees, but the rules of the game -- what is covered, how much doctors get paid -- are mainly set by the central government in Tokyo.

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After World War II, Japan achieved an improvement in life expectancy just as spectacular as its rise to become the world's second-largest economy. Japanese women have been the longest-lived in the world since 1985, according to the health ministry.

Meanwhile, the government's frugality has helped keep medical costs at a minimum. The restrictions aren't like those in England, where the government employs most of the doctors. Japan is the largest example of a "third way" medical system, also common in continental Europe, that combines universal health insurance with private doctors.

Japan saves by requiring less training of doctors and paying them less. Aspiring doctors typically go to medical school straight out of high school and become M.D.'s in just six years, compared with eight years of post-high-school education in the U.S. Until 2004, Japanese doctors could go straight into practice without any internship. (Now they must serve as interns for at least two years.) The average doctor's annual income is just over $100,000, compared with about $200,000 in the U.S.

Doctors say they have little time for patients. Because people in Japan are generally free to visit any doctor they like, the experience of going to a doctor who's popular is often summed up as "a three-hour wait for a three-minute visit." Health spending in Japan is about 9% of gross domestic product, versus 16% in the U.S.

The frugality has extended to cancer care. More than in the U.S., surgeons take a major role, including deciding on drug treatment -- typically the province of a specialized cancer doctor in the U.S. Through the late 1990s, the concept of a second opinion was virtually unknown. Today, Japanese people borrow the English words and talk about getting a "sekando opinion."

Until recently, cancer patients often did little to buck the system for a simple reason: Many weren't told they had the disease. It was common for patients to place complete trust in their doctor and refrain from asking why they were receiving an operation or medicine. Family members usually heard the true diagnosis, but they often felt it was cruel to burden the patient with that information.

Shintaro Abe, a politician and father of Japan's prime minister, Shinzo Abe, was widely known to have cancer for two years before his death in 1991. But the elder Mr. Abe was kept in the dark about his pancreatic tumor until his final two months, when he suspected the truth, according to his widow's memoirs.

Mr. Hashimoto, the former math teacher, says he was first diagnosed with liver cancer in 1990 and underwent surgery to remove a tumor, but his family kept the diagnosis from him. He says he was shocked when his son told him in 1999 that he had cancer and it had spread to his lungs. The son wanted Mr. Hashimoto, who lives near Kobe, to travel to Tokyo to get chemotherapy at the National Cancer Center and realized it was no longer possible to hide the diagnosis.

Unlike most Japanese patients, Mr. Hashimoto dived into studying his disease, scouring books and the Internet. "I was told twice that there were no more treatments for me," he says, but each time, he moved to a new hospital for experimental treatment, sometimes paying out of pocket for procedures not covered by the state. He joined and eventually led a patients' group.

With his activism, Mr. Hashimoto was joining a growing movement. Around the turn of the century, new chemotherapy drugs and the spread of the Internet spawned a class of activist cancer patients. The government was quick to approve a handful of drugs that clearly could extend lives -- in particular Novartis AG's Gleevec, which was approved in Japan the same year as the U.S. But other drugs with more marginal benefits languished for years. Sometimes foreign drug makers were slow to seek approval in Japan, fearing the government-set price would be too low to make it worth their while.

HOW MUCH FOR HEALTH?

The Issue: At a time when medicine offers countless ways to spend money, where should a nation draw the line?

The News: In Japan, which spends far less than the U.S. does on health care, some cancer patients demand access to more drugs and survival options.

What's at Stake: Patient choices and spending levels in Japan, as well as drug companies' market penetration.

To desperate patients, it was infuriating that the government didn't rush every potential life-saver to market, however slim its benefits might be. One example is Eloxatin, a drug that has been shown to extend lives by a few months, on average, in patients with recurring colorectal tumors. After patients held street rallies passing out fliers and repeatedly visited parliament, Japan approved the drug in 2005, nearly three years after the U.S.

Other drugs have yet to make it to Japan. The government is reviewing Avastin, approved in the U.S. in February 2004. The Genentech Inc. drug also can extend lives by several months on average but costs tens of thousands of dollars a year.

A movement for more drugs and better care culminated in May 2005 when 2,000 patients and family members packed a hall in Osaka for the first national convention of cancer patients. One of the organizers, Shoichi Miura, was a doctor and himself a cancer patient. In his speech, he summoned up a common image here: the "gan nanmin," or cancer refugee. "While Japan has become economically prosperous, cancer patients are in the same position as refugees who wander in search of food, water and someone who can help," said Dr. Miura, who died seven months later.

THE HEALTH OF NATIONS

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See data from the Organization for Economic Cooperation and Development comparing health spending and outcomes4 in the U.S., Western Europe, Japan and selected other countries. (Or read a Kaiser Family Foundation summary5.)

Also, the World Health Organization's World Health Report6 holds health data on the 192 U.N. member nations.

Japan's public-television network, NHK, added to the chorus with a two-night prime-time documentary that portrayed Japan as far behind the U.S. in cancer care. NHK introduced the nationwide audience to a hospital in Texarkana, Texas, and showed a meeting in which 25 doctors, nurses and other specialists discussed cancer patients' care. It contrasted that with Japan, where a single doctor, with minimal consultation, might make a diagnosis, decide treatment and carry it out.

The public pressure has had an impact. Last April, for the first time a medical society designated 47 doctors who had passed rigorous tests as certified oncologists, cancer specialists qualified to administer chemotherapy drugs. The U.S. has had a similar process since 1973, overseen by the American Board of Internal Medicine, and today thousands of oncologists are certified by the board.

The law passed by parliament last June doesn't call for immediate new spending, but it creates targets and committees that will force the health ministry to do more, says Mr. Yamamoto, the legislator whose speech spurred the law's passage. "Cancer patients are becoming informed and beginning to act. It is late compared to America," he says.

Mr. Yamamoto says Japan should be ready to raise taxes to finance more generous care for cancer patients and others. He himself has gone to a maverick doctor who charges patients $420 out of pocket for a consultation and believes in aggressive treatment.

But government leaders show little willingness to fund a big expansion in health care. The government is grappling with a huge budget deficit left over from the 1990s.

The health ministry has slashed doctor reimbursements and raised co-payments for patients. Many people must pay 30% of their doctor bills, in addition to their regular health-insurance fees, and the maximum monthly out-of-pocket cost went up on Oct. 1 to 80,100 yen ($670) from 72,300 yen. Meanwhile, the government cut doctors' average reimbursement by 1.36% last year following a similar cut in 2002.

That infuriates doctors. "It's been one cutback after another," says Toshio Nakagawa, a neurosurgeon who serves on the board of the Japan Medical Association. "This time I think they've gone too far."

Dr. Nakajima, the recently retired health ministry official, says policy makers must also worry about the competitiveness of Japanese companies. "Executives want to keep costs down," he says.

Dr. Nakajima says a diligent surgeon who bones up on the latest literature can do just as good a job as a licensed oncologist. He says cancer patients may feel reassured if they see a certificate on their doctor's wall, but that feeling alone isn't worth blowing the government's budget. Says Dr. Nakajima, "It's simply not the case that the survival rate goes up just because somebody got a certification."

DOJ_NMG_0115570

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From:	USDOJ- Office of Public Affairs
Sent:	Friday, January 12, 2007 8:15 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, January 12, 2007
Attachments:	agnb070112.pdf; agnb070112.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 12, 2007 7:45 AM EST

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TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal Martin Luther King holiday, the Attorney General's News Briefing will not be published on Monday, January 15. News from the holiday will be included in your Tuesday, January 16, briefing.

Gonzales Urges US Attorneys Help Guard Against Terrorist Threats. The State (SC) (1/12, Brundrett) reports from Columbia, SC, "U.S. Attorney General Alberto Gonzales gave a pep talk in Columbia on Thursday afternoon to U.S. attorneys from around the country attending a conference on combating terrorism. … 'For us in the law enforcement community, every day must be September 12th,' the nation's top prosecutor said, referring to the Sept. 11, 2001, terrorist attacks." The State continues, "Gonzales spoke to about 100 mainly U.S. attorneys at the National Advocacy Center — a training facility for state and federal prosecutors — on USC's campus. Reggie Lloyd, the U.S. attorney for South Carolina, attended. … Gonzales noted he spent earlier Thursday in Mexico City and met with senior Mexican officials to discuss organized crime and other issues." The State adds, "Gonzales told the U.S. attorneys that the 'single most important part' of their jobs is preventing terrorist attacks in the U.S. … 'Our success or failure in this one endeavor will define in the eyes of some President Bush and his legacy,' he said. 'It will be the legacy of every one of us who is serving in the administration.'" The State notes, "Although the country responded to the 9/11 attacks by invading Afghanistan, reorganizing government and passing new laws to combat terrorism, more needs to be done because terrorists 'change tactics in response to what we do,' he said. … He praised U.S. attorneys for combating 'crimes that can fuel terrorism,' such as identification and immigration fraud. He noted that seven of the 9/11 hijackers had fraudulent Virginia identification cards."

WLTX-TV, CBS 19, Columbia, SC (1/12) reports, "After a lengthy standing ovation from a crowd of US attorneys, Attorney General Alberto Gonzales quieted the crowd, 'Okay, I think you guys just want to play on my softball team. That's what all that's about.' … He began on a lighter note, 'Everything you do for the American people, I am really, really proud of you.' … But Gonzales' pep talk quickly got serious, 'I must speak bluntly and urgently about the single most important part of our jobs, which is preventing terrorist attacks on American soil.'" WLTX-TV continues, "He asked the men and women who filled a room at USC's National Advocacy Center to help stop terrorists from living, traveling and working freely in our communities. … 'And very often, the cells that are broken up are not in New York, they're not in LA,' said South Carolina U.S. Attorney Reggie Lloyd. 'You look at the case in Portland or the case in Buffalo. You have these individuals that are sleeping in communities all across the country.' … He said that's what puts our state on the map when it comes to protection and prevention. 'It's very important to us that we make sure we recognize any potential threat even if it's not a direct threat here in South Carolina,' said Lloyd."

WIS-TV, Columbia, SC (1/11, 7:00 p.m.) broadcasted, "US Attorney Alberto Gonzales is in Columbia. He arrived at Columbia metro airport this afternoon for the US Attorneys National Security Conference. Short time ago Gonzalez spoke to officials about efforts to combat terrorism and keep America safe. He also came to discuss how the Department of Justice is trying to combat terrorism and his remarks are part of the National Security Conference being held At National Advocacy Center." Other broadcasts in Columbia, SC were from the stations WLTX-TV (1/11, 11:00 p.m.) and WOLO-TV (1/11, 11:00 p.m.).

US Gearing Up For Prosecutions Of Top Al Qaeda Detainees. The New York Times (1/12, Johnston, Lewis) reports, "The Bush administration has set up a secret war room in a Virginia suburb where it is assembling evidence to prosecute high-ranking detainees from Al Qaeda including the man accused of being the mastermind of the September 2001 attacks, Khalid Shaikh Mohammed, government officials said this week." The Times continues, "The effort to sift the classified files of the Pentagon, F.B.I., C.I.A. and other intelligence agencies amounts to the first concrete steps that the government has taken to press ahead with war crimes trials of high-level terror suspects under a plan announced by President Bush in a speech last September. … At the time, Mr. Bush said that Mr. Mohammed and 13 other high-level terror suspects had been transferred from secret prisons around the world to the military detention center at Guantánamo Bay, Cuba, where

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they would be held pending trial." The Times adds, "The preparation of cases against the high-value operatives appears to rebut many who doubted that Qaeda suspects like Mr. Mohammed would ever be brought to trial. Critics in Congress and human rights groups had asserted that such trials would not be feasible because they would expose harsh interrogation techniques used by the Central Intelligence Agency. … The officials who discussed the preparations have been briefed on the effort in detail and represented several agencies. They declined to speak on the record about deliberations in advance of criminal prosecutions involving national security. … The prosecution team for the Qaeda defendants will be a mix of military and civilian prosecutors. Some officials said no decision had been made about who would lead each prosecution, but others said the trial of Mr. Mohammed would probably be undertaken principally by Justice Department lawyers, who would run the prosecution in a military courtroom in Guantánamo."

More Than 80 Arrested At Anti-Guantanamo Protest In Washington. The Washington Post (1/12, A3, Leonnig, 690K) reports, "More than 80 protesters were arrested inside the federal courthouse in Washington yesterday after a demonstration that called for closing the U.S. military prison in Guantanamo Bay." They were "commemorating the fifth anniversary of the opening of the Guantanamo detention facility. They targeted the courthouse where lawyers have challenged the legality of indefinitely imprisoning hundreds of suspected enemy fighters and terrorists at Guantanamo."

WPost Calls DOD Official's Comments On Detainee Lawyers "Repellent." The Washington Post (1/12, A18, 690K) editorializes, "Most understand that legal representation for the accused is one of the core principles of the American way. Not, it seems, Cully Stimson, deputy assistant secretary of defense for detainee affairs. In a repellent interview yesterday with Federal News Radio, Mr. Stimson brought up, unprompted, the number of major U.S. law firms that have helped represent detainees at Guantanamo Bay. ... It's offensive" that Stimson, "a lawyer, would argue that law firms are doing anything other than upholding the highest ethical traditions of the bar by taking on the most unpopular of defendants. It's shocking that he would seemingly encourage the firms' corporate clients to pressure them to drop this work. And it's shocking -- though perhaps not surprising -- that this is the person the administration has chosen to oversee detainee policy at Guantanamo."

Human Rights Watch Says US No Longer World's Top Defender Of Rights. The Washington Post (1/12, A10, Boustany, 690K) reports Human Rights Watch said the "once-powerful role" of the US "as a prime defender of human rights had effectively ended because of arbitrary detentions and reports of torture since the Sept. 11, 2001, terrorist attacks, and the group urged the European Union to step up as a leader of the cause." Executive Director Kenneth Roth released the group's World Report 2007 "by saying that the counterterrorism record of the United States over the past five years has tarnished its credibility as an influential moral voice. He listed several practices he said were being used by the Bush administration in its fight against terrorism, including torture, arbitrary detentions, allowing CIA interrogators to use coercive techniques and the unsupervised handling of so-called enemy combatants held in other countries."

Alleged Tamil Tiger Leader Extradited To Face US Charges. WNBC-TV New York (1/11, Valiquette) reported on its Web site from a broadcast story, "A key associate of a foreign terrorist organization has been captured in Indonesia and returned to New York to face federal charges including conspiracy to provide material support and resources to the Tamil Tigers. Thavarajah Pratheepan was arrested by Interpol and placed in FBI custody. At his arraignment Thursday afternoon in federal court in Brooklyn, he pleaded not guilty and was ordered held without bail." WNBC noted, "The Joint Terrorism Task Force based in Newark, N.J., arrested four of the men on Long Island last August in a sting operation after three of them traveled from Canada to purchase Russian-made SA-18 surface-to-air missiles, missile launchers and AK-47s from an undercover agent. Pratheepan is identified in the court papers as being the main liaison between the leadership of the Tamil Tigers and its supporters in North America, Europe and Asia, as well as being involved in procuring equipment for the group." The AP (1/11) also reported on Pratheepan's extradition.

Attack On US Embassy In Athens Called "Act Of Terrorism." In breaking news early Friday morning, the AP (1/12) reports "police cordoned off streets around the US Embassy in Athens early Friday after an explosion inside the embassy compound that a senior police

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official said was an 'act of terrorism.'" Greek police did not report any injuries, but embassy officials "could not immediately be reached for comment." Attica Police Chief Asimakis Golfis called the attack "an act of terrorism," but said authorities "don't know where from."

ASEAN Member States Considering Regional Antiterror Pact. The New York Times (1/12, Conde, 1.16M) reports 10 Southeast Asian nations "are hammering out a regional antiterrorism agreement, officials said Thursday, the day after a series of terrorist bombings in the southern Philippines underscored the need for such a measure." The 10 ASEAN states "will consider the measure, the Asean Convention on Counterterrorism, at their annual summit meeting here on Saturday. The agreement aims to improve information and intelligence sharing among the group's members and encourage them to adopt domestic antiterrorism laws, officials said."

HOMELAND RESPONSE:

Administration Moves To Ease Anti-Terrorism Restrictions For Refugees. The New York Times (1/12, Swarns, 1.16M) reports, "After months of pressure from lawmakers, conservative groups and advocates for immigrants, the Bush administration announced plans on Thursday to seek legislation that would provide relief to thousands of refugees and asylum seekers who have been inadvertently denied refuge because of antiterrorism laws." The proposal would affect those who have "provided material support to armed rebel groups, even if that support was coerced and even if the armed groups fought alongside American troops or opposed authoritarian governments criticized by the Bush administration." Paul Rosenzweig, acting assistant secretary for international affairs at the Department of Homeland Security, "told reporters that the administration expected to present legislation to Congress by the end of the month and to exercise most of its waivers within a day or so. … 'There isn't anybody in this room who doesn't wish we could have moved more quickly than we have,' Mr. Rosenzweig said. Advocacy groups hailed the decision as an important step forward, but warned that it would still leave many people vulnerable."

Registered Traveler Customers At Orlando International Can Start Leaving Shoes On. USA Today (1/12, 1A, Frank, 2.27M) reports on its front page on the introduction of the ShoeScanner this morning for members of the Registered Traveler program at Orlando International. "Those fee-paying travelers will soon find the machines at Indianapolis, San Jose and Cincinnati airports and in Terminal 7 at New York's Kennedy International. The ShoeScanner detects explosives in shoes when people stand on its platform for 20 to 25 seconds, allowing the machine to shoot radio waves at footwear to provide a molecular peek inside." USA Today adds, "The Transportation Security Administration approved ShoeScanners only for Registered Traveler and has no plans to expand it to regular checkpoints because of cost and time concerns."

Former Ohio Imam Transferred To Israeli Custody. Haaretz (1/12, Melman) reports, "Israeli authorities who arrested the former imam of Ohio's largest mosque who was deported from the United States have questioned him about his connections to Islamic Jihad, his attorney said Wednesday. Palestinian Fawaz Damra's American citizenship was revoked due to suspicions that he raised funds for Islamic Jihad 15 years ago," and he "was transferred to Israeli custody on a 'secret flight' coordinated by the FBI and Israeli security services." Haaretz notes, "Several days ago, he boarded a special plane destined for Jordan at New Jersey's Newark Airport, along with six drug dealers. Following a short interrogation, Jordanian authorities transferred him to the Shin Bet and Israel Police via Allenby Bridge."

The AP (1/12, Heller) notes, "Despite a campaign by his family and supporters to keep him in the U.S., Damra was deported after spending a year in a Michigan jail. His relatives in the U.S. said they hadn't been notified he had been deported, and found out only when his lawyer arrived at the jail and found him gone.

Suspicious Powders Cause Terror Scares At Two Florida Courthouses. The Miami Herald (1/12, Daniel, Lebovich, 286K) reports, "Authorities found mysterious powders in two South Florida courthouses -- one in Broward, the other in Palm Beach -- Thursday but neither substance proved a threat. .. It was not immediately known if the two scares were related, but investigators planned to look into the matter." The Herald notes, "In Palm Beach County a mail worker discovered the substance around 11:30 a.m. as she was delivering mail to the chambers of two judges…said

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Teri Barbera, a spokeswoman for the Palm Beach Sheriff's Office. … On the envelope, investigators found tellurium, a rare chemical element" which "is listed as a chemical hazard on the Centers for Disease Control and Prevention's website. … Since FBI agents found no serious threat in the envelope -- a letter from an attorney to a judge requesting a motion hearing -- local agencies will take over the investigation to see who's responsible for planting the substance, said Barbera."

The Palm Beach Post (1/12, Spencer-Wendel, Green) reports, "Investigators donned hazardous material suits Thursday evening to pore through 200 pieces of mail, looking for the source. Two judicial assistants left the letter with powder stuck to it down in the mailroom, but carried other mail which had the substance on it up to nine floors above to the judges' chambers, widely spreading exposure, officials said." The Post notes, "The FBI and Homeland Security joined the investigation." The South Florida Sun-Sentinel (1/12, Santana, Diaz, 237K) adds, "Preliminary indications are that the substance in Broward appears to be some sort of food additive, possibly a sugar substitute, a fire official said. In West Palm Beach, firefighters decontaminated five people who touched two envelopes tainted with traces of tellurium," and "none had an adverse reaction, Fire Rescue spokesman Phil Kaplan said. … FBI agents were called to both courthouses, but declined to launch an investigation in Palm Beach County. FBI spokeswoman Judy Orihuela said agents were looking into the Broward case." In a widely-distributed story, the AP (1/12) also reported on the incidents.

EU Says DHS Has Eased Privacy Concerns Over Security Program. The Washington Post (1/12, D2, Nakashima, 690K) reports, "European Union officials said yesterday that the US government had allayed their concerns about a homeland security program that creates and retains risk assessments on millions of air travelers to the United States." However, "in a letter to the chief privacy officials of 27 countries, the American Civil Liberties Union and London-based Privacy International said the Automated Targeting System violated" a European-US agreement on air-passenger data sharing, as well as US law and European data-protection laws. DHS spokesman Jarrod Agen "said the program did not violate the requirement that European passenger data be stored for 3 1/2 years at the most. He said the US-EU agreement stipulates that some information may be kept for less than 40 years."

NYTimes Urges Lieberman To Change Views On State Minimums For Security Funding. The New York Times (1/12, 1.16M) editorializes, "Making his umpteenth pitch to Congress to provide more security money for New York City, Mayor Michael Bloomberg stated the obvious when he said that money to defend against terrorism should be divvied up based on an assessment of risks, not 'spread across the country like peanut butter.' … Unfortunately, the committee's incoming chairman, Senator Joseph Lieberman, is partial to peanut butter." He "continues to believe that every state, regardless of the risks or threats it faces, should be getting antiterrorism money," and "is seeking a 'compromise' formula that preserves guaranteed minimums for relatively low-risk places like his home state of Connecticut." The Times states that Lieberman "fought the odds" to hold his seat and get his chairmanship, and "it's up to him to use the power responsibly."

Jury Awards $2.5 Million In Punitive Damages In Katrina Insurance Suit. The AP (1/12, Mitchell) reports, "A Mississippi jury on Thursday awarded $2.5 million in punitive damages to a couple who sued State Farm Fire & Casualty Co. for denying their claim after Hurricane Katrina, a decision that could benefit hundreds of other homeowners challenging insurers for refusing to cover billion of dollars in storm damage." The AP continues, "A federal judge only hours earlier had taken part of the case out of jurors' hands before they awarded punitive damages to State Farm policyholders Norman and Genevieve Broussard. … U.S. District Judge L.T. Senter Jr. ruled Thursday morning that State Farm is liable for $223,292 in damage Hurricane Katrina caused to the Broussards' home. Senter left it to a jury to decide whether to award punitive damages." The AP adds, "Senter's decision to make a directed verdict rather than let the jury decide the entire case appeared to surprise everyone in the courtroom. After he explained his ruling, Senter ordered a recess to give attorneys time "to get over the shock." … Some of Senter's earlier rulings in other Katrina cases have favored the insurance industry, but his decision Thursday calls into question the companies' refusal to cover billions of dollars in damage from Katrina's storm surge. … The Broussards sued State Farm for refusing to pay for any damage to their home, which Katrina reduced to a slab. The couple, who wanted State Farm to pay for the full insured value of their home plus $5 million in punitive damages, claimed that a tornado during the

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hurricane destroyed their home. State Farm blamed all the damage on Katrina's storm surge."

WAR NEWS:

Bush Defends Iraq Plan In Visit To Military Base. ABC World News (1/11, story 2, 2:25, Vargus, 8.78M) reported, "Last night the President presented his plan to the American people, today he took it to the people who will actually be carrying it out, the members of the military who would see their role in Iraq expand." ABC (Raddatz) added "the President was pushing his plan hard today to the people who will have to carry it out. In Ft. Benning, Georgia, today, before soldiers who will soon be part of the planned troop surge, the President assured the audience that this plan was different from the one he now admits was a failure." The CBS Evening News (1/11, lead story, :40, Couric, 7.66M) said the reaction "was not at all what the President has come to expect from a military audience." The CBS Evening News (1/11, story 4, 1:45, Couric, 7.66M) later reported on the "out of the ordinary is the response the President got today from a usually receptive audience, those soldiers we mentioned earlier." CBS (Axelrod) added, "Even rallying the troops is now a challenge. The mood here was polite but muted, more somber than usual for a President talking to soldiers."

NBC Nightly News (1/11, lead story, 3:05, Gregory, 9.87M) noted Bush "lunched with troops" and defended his plan, but offered no assessment of the audience's response. Neither did the AP (1/12, Riechmann), says "Fort Benning…offered Bush a patriotic backdrop and a friendly audience in which to sell his retooled plan for Iraq, which drew heavy fire on Capitol Hill from Democrats and some Republicans. Some 4,000 members of Fort Benning's 3rd Brigade Combat Team are being sent to Iraq earlier than planned because of the president's decision. … Bush had lunch with about 300 military personnel and their relatives, saw a paratrooper training exercise and met with relatives of 25 soldiers who died in Iraq and Afghanistan."

But the Washington Times (1/12, Curl, 88K) headlines its story "Bush Gets Cool Response From Troops Set For Iraq," and says the President "received only tepid applause at this Army base, where the commanding general forbade soldiers from talking to reporters." The Atlanta Journal-Constitution (1/12, Martz, Markiewicz, 379K) reports Bush's speech "was a virtual carbon copy of his national TV address Wednesday night, in which he laid out his plans for Iraq." His comments "were met with relatively polite but restrained applause on several occasions, but the soldiers broke into a spontaneous ovation when he said he was in favor of increasing the overall size of the military." Similarly, the Los Angeles Times (1/12, Gerstenzang, 850K) says Bush's audience "was friendly, but his sober address received a less enthusiastic reception than has been the case on his past visits to military bases to promote his Iraq policy. White House and Army officials prohibited reporters from interviewing soldiers before Bush spoke or immediately after his remarks." The Washington Post (1/12, A12, Baker, 690K) titles its report "At Fort Benning, A Quiet Response To A Presidential Visit," and says that "White House officials had promised reporters they could talk with soldiers." And the New York Times (1/12, Stolberg, 1.16M) says Bush's "lunchtime talk received a restrained response."

USA Today (1/12, 5A, Copeland, 2.27M) reports on Bush's Georgia visit, and added that reaction to the new Iraq plan "from some military families around the USA was mixed," quoting misgivings from three military spouses. In a front-page story titled "US Unit Patrolling Baghdad Sees Flaws In Bush Strategy," the Washington Post (1/12, A1, Raghavan, 690K), quotes US soldiers who challenged Bush's "decision to send 21,500 more troops to Iraq" because it "rests on a key assumption" that they believe flawed: that "the Iraqi government of Prime Minister Nouri al-Maliki can produce a well-disciplined, impartial army capable of taking the lead in securing Baghdad."

Along those lines, USA Today (1/12, 6A, Brook, 2.27M) says the Bush plan "rests on a shaky foundation: the Iraqi military. Recent reports by the Pentagon and the Government Accountability Office (GAO) say Iraqi security forces, primarily the military and police, suffer from a lack of training, supplies and availability." While "322,600 Iraqi security personnel had been trained and equipped by last month, 'the number of present-for-duty soldiers and police is much lower,' according to a Pentagon progress report released in December. That's because so many Iraqi troops are on scheduled leave, are absent without leave or have left the service entirely, the report says."

White House Campaign To "Sell" Strategy To Continue Over The Weekend. USA Today (1/12, 1A, Jackson, Nichols, 2.27M) reports, "The White House is embarking on a weekend campaign to sell President Bush's new Iraq strategy to the nation amid fierce criticism from Democrats and some Republicans on Capitol Hill." Bush

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"will appear Sunday on CBS' 60 Minutes, which airs after an NFL playoff game. Vice President Cheney will appear on Fox News Sunday to defend the plan to boost U.S. troop levels by 21,500." Secretary of State Condoleezza Rice "leaves today on a week-long trip to the Middle East and Europe to brief U.S. allies on the plan." White House spokesman Tony Snow, "who held interviews with radio and television hosts Thursday, said the communications plan will continue in coming weeks."

Yesterday, White House Press Secretary Tony Snow said on CNN's The Situation Room (1/11, Blitzer), "We're at the beginning of a process now where people are going to take a look at a comprehensive plan. What a lot of people have done is said, 'Okay, we don't want troops growing in.' And so they look at that one piece. What we're saying to the American public is, look at all of the pieces. See how it all works together."

White House Deputy Press Secretary Dana Perino said on CNN's Your World Today (1/11, Gorani), "The President was very plain-spoken yesterday, as he should be, when he was talking to the American people about his new way forward in Iraq. And one of the most important things that people need to understand is what we are finding there with Iran's meddlesomeness in the region. And of course we are supportive of the neighbors getting along there in the region. And Secretary Rice is headed to the region tomorrow to help further that. But no, the President is not going to do one-on-one talks with Iran and Syria at this time."

Polls Show Little Support For New Strategy. ABC World News (1/11, story 3, 2:05, Vargus, 8.78M) reported "an ABC News poll conducted after the speech found 61% of Americans reject the idea of sending more forces into Iraq. 36% support the proposal and our chief Washington correspondent George Stephanopoulos joins me now." This poll "shows the President has a long way to go to sell this." ABC (Stephanopoulos) added, "Those numbers you said are just the beginning of the tough news for the President. It also shows that two-thirds of Americans reject the idea that sending more troops now is going to bring a quicker end to the war. And 71% of Americans believe that the assistance of the United States to Iraq should be conditioned on Iraqis meeting benchmarks for bringing their country together and building up their military. This is an idea the President rejected even though it was endorsed by the bipartisan Baker-Hamilton commission. 53% want Congress to act to stop the plan to send more troops."

On the CBS Evening News (1/11, story 3, 1:55, 7.66M), Bob Schieffer said "it is a rare evening when an American President goes on prime time television and doesn't change some minds, so you have to say last night was a rare evening. Mr. Bush did no better winning support for his new Iraq policy from the public than he did trying to change the minds of people in Congress. A CBS News poll conducted after the speech showed 68% of the people polled are still uneasy about the President's ability to make the right decisions about Iraq. That is the same percentage as when we asked the same question during the first week in January. The poll did show some increase in public support for increasing troop levels since last week, but even so, only 30%, a third of those polled, believe a troop increase is a good idea. The fact that this speech seemed to change so few minds…is really unusual. I think it underlines just how unpopular this war is with the American people."

The AP (1/12, Benac) reports that an "Associated Press-Ipsos poll found widespread disagreement with the Bush administration over its proposed solution, and growing skepticism that the United States made the right decision in going to war in the first place. Just as 70 percent of Americans oppose sending more troops to Iraq, a like number don't think such an increase would help stabilize the situation there, the poll suggested. When asked to name the most important problem facing the U.S., 38 percent of those polled volunteered war, up significantly from 24 percent three months ago."

The New York Times (1/12, Urbina, 1.16M) runs a feature surveying the opinion of citizens of Clifton Heights, PA, where people "at the American Legion" were "sure of one thing: President Bush's plan to send some 20,000 more troops to Iraq would only make matters worse. … Frustrated by mounting deaths of United States soldiers in Iraq, voters in this former mill town wedged between more liberal Philadelphia and more conservative rural areas, responded to the president's plan with feelings ranging from outrage and resignation to guarded skepticism and qualified support."

White House Blames Networks For Audio Problems During Speech. The Wall Street Journal (1/12, Harwood, 2.04M) reports in its "Washington Wire" section, "Bush aides blame television networks for audio problems during president's Iraq speech. 'The feed went out of here clean,' a spokesman says. Bush will keep relatively low-profile on Iraq next week as he wraps up budget decisions and Jan. 23 State of the Union speech."

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Luntz Says Bush Word's "Too Little And Too Late" For Most Americans. In a Los Angeles Times (1/12, 850K) op-ed, Republican pollster Frank Luntz writes, "Americans tuned in Wednesday night to hear the president's plan for a 'new way forward' in Iraq. We also tuned in to be convinced and reassured that President Bush was the right man to execute that plan. The speech was a clear attempt to draw a distinct line between the past and the future. The president addressed head-on the most common attacks on him and his administration, countering 'inflexible,' 'unrealistic' and 'incompetent' -- three words pollsters like myself have heard from an angry electorate for more than a year -- with 'adjust' and 'change,' 'scrutiny,' 'responsibility' and, again and again, 'our new strategy.' Speaking from the White House library, a different setting befitting a different strategy, the president attempted to make the case that things in Iraq were going to be different from now on. The problem is, for most Americans it is too little and too late."

More Commentary. The Financial Times (1/12) editorializes the Bush plans "is certainly not a strategy for victory, whatever that word, which is used ever more desperately by the US president, now means. It may be one last heave. It may be a cover for US withdrawal. But two things are quite clear." First, the Times notes that "right now, Mr. Bush has the support of no more than one in four Americans for this so-called surge of an extra 20,000 or so troops." And second, "this policy will not succeed in fixing an Iraq traumatized by tyranny and war and then broken by invasion and occupation. But it may end with the US 'surging' into Iran -- and taking the Middle East to a new level of mayhem that will spill into nearby regions and western capitals."

Mackubin Thomas Owens, a professor of national security affairs at the Naval War College, writes in the Christian Science Monitor (1/12, 59K) that the success of Bush's plan "depends on at least three factors. The first is the adequacy of the force." The second factor, he says, is "the Iraqi government," which he says much include "the Shiite militias." The third factor is "Congress," where he says he hopes Democrats will "take the wise counsel of one of their own, Sen. Joe Lieberman of Connecticut, who reminded us the other day that the stark choice in Iraq is between victory and defeat."

In his Wall Street Journal (1/12, 2.04M) column, Daniel Henninger writes, "When Gen. David Petraeus takes command of U.S. forces in Iraq, it will mark the start of an historic turn in military strategy in Iraq and perhaps in U.S. war-fighting doctrine. The U.S.'s primary problem in Iraq, manifest across 2006, has been an urban insurgency in a 30-mile radius around Baghdad and in Anbar province. The Petraeus command is the overdue beginning of the counterinsurgency. This isn't a one-off effort as at Fallujah, but counterinsurgency as daily U.S. military policy. It is the product of an enormous amount of self-criticism and analysis done by military and civilian analysts in and out of government."

Anthony Cordesman, a senior fellow at the Center for Strategic and International Studies, writes in the New York Times (1/12, 1.16M) that "taken as a whole," the President's speech "raised more questions than it answered."

Former national security adviser Zbignew Brzezinski writes in the Washington Post (1/12, A19, 690K) that the President's plan "provided a more realistic analysis of the situation in Iraq than any previous presidential statement." Though it "acknowledged failure," it "dodged accountability for that failure by the standard device of assuming personal responsibility." Brzezinski calls the troop "surge" a "political gimmick of limited tactical significance and of no strategic benefit," noting that it is "insufficient to win the war militarily." He also criticized the plan for failing to "explore even the possibility of developing a framework for an eventual political solution." In conclusion, Brzezinski says the speech "reflects a profound misunderstanding of our era" that "waging a colonial war in the post-colonial age is self-defeating."

Former federal prosecutor Andrew C. McCarthy writes in USA Today (1/12, 10A, 2.27M) that for "those in Congress" there are "two logical responses" to the President's plan: "Propose a better way forward, or candidly call for the United States to accept defeat -- without trying to spin that as -redeployment' or some other transparent euphemism." Noting that "a defeat for the United States in Iraq would be a victory for our mortal enemies," McCarthy urges members of Congress to "give us a plan to win," saying the US "can accept nothing less."

New York Times (1/12, 1.16M) columnist Thomas Friedman asks President Bush to "stop insulting our intelligence by telling us that this is the 'decisive ideological struggle of our time,' but we're going to put the whole burden of victory on 150,000 US soldiers." Friedman says "the way" Bush has "fought this war -- with our pinky -- is contemptible." He says the "only way more US troops might bring stability is if you add two missing elements: a deadline and a floor." He

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urges the President to "tell Iraqis that by calling for a surge in troops you're giving them one last chance to reconcile, otherwise we're gone by Dec. 1." By not setting a hard date to leave Iraq, Friedman says "we are only putting a floor under bad behavior and allowing Iraqi leaders to pay wholesale, not retail, for their tribal politics."

Washington Post (1/12, A19, 690K) columnist E.J. Dionne Jr. writes, "If Iraq does not end well, our men and women in uniform will not get the blame. The fault will lie with leaders in Washington who failed to face the politics of the situation as squarely as this soldier has."

Washington Post (1/12, A19, 690K) columnist Eugene Robinson calls Bush's plan "fantasy-based," saying it "could only make sense in some parallel universe where pigs fly and fish commute on bicycles."

Bush Awards Fallen Corporal Posthumous Medal Of Honor. The CBS Evening News (1/11, story 10, :25, Couric, 7.66M) reported, "Early on in the Iraq war, we told you the story of a young man named Jason Dunham, a former high school star athlete from upstate New York who joined the Marines and saved the lives of two comrades by throwing himself on a hand grenade. Today, President Bush awarded this fallen hero America's highest military decoration, the Medal of Honor." ABC World News (1/11, story 6, :55, Vargus, 8.78M) reported Dunham "died after jumping on a grenade to protect members of his squad." President Bush: "This morning it's my privilege to recognize Corporal Dunham's devotion to the corps and country. And to present his family with the Medal of Honor."

NBC Nightly News (1/11, story 5, 1:10, Williams, 9.87M) reported, "President Bush has said more than once, the toughest part of his job is sending Americans into combat. Today there was a vivid reminder of the consequences. This morning before leaving for Fort Benning, the President awarded the nation's highest military honor to a young Marine who gave his life to save his squad."

The New York Times (1/12, Hernandez, 1.16M) reports, "In an interview on Tuesday, as she was preparing to make the six-hour trip to Washington for the ceremony, Corporal Dunham's mother, Debra, said she wished her son could 'receive it himself.' 'But we will receive it for him, and he will be watching us do that,' she said." President Bush "shed tears during the ceremony."

Bush Said To Have Led Commanders To Conclude More Troops Needed. The New York Times (1/12, Rutenberg, Sanger, Gordon, 1.16M) reports that "over the past two months" two "diametrically opposed options -- adding American troops, or pulling back to let the Iraqi factions fight it out -- marked the boundaries of a vigorous debate inside the Bush administration." At one point, President Bush "asked his deputies, in effect: 'Why can't we just pull out of Baghdad and let the factions fight it out themselves?' Ultimately, the president and his advisers came back to the idea of adding American troops -- the new approach they concluded was the best of a series of difficult choices, according to a senior administration official involved in the process. A narrative pieced together from interviews with participants and from public testimony suggests that through much of the process, generals who had been on the ground in Iraq during the past year had favored that the new strategy begin with a substantially smaller force than the one that President Bush announced to the nation on Wednesday night. In the end, it was Mr. Bush who appeared to drive his commanders along to the conclusion that more troops were needed."

New Strategy "Vindication" For Shinseki. The New York Times (1/12, Shanker, 1.16M) reports that Bush's "new strategy, with its explicit acknowledgment that not enough troops had been sent to Iraq to establish control, was a vindication" for Gen. Eric Shinseki, "who as Army chief of staff publicly told Congress as much just before the war began in 2003. First vilified, then marginalized by the Bush administration after those comments, General Shinseki retired and faded away, even as lawmakers, pundits and politicians increasingly cited his prescience."

Many Targeted Baghdad Areas Already Overrun By Militias. The Los Angeles Times (1/12, Moore, 850K) reports, "One of the chief rationales for sending five additional U.S. brigades to Baghdad is to secure the city's mixed neighborhoods, U.S. military planners say. If residents feel they are safe in their homes, they will no longer turn to sectarian militias to protect them, the strategists argue. But many of the districts that U.S. planners might have wanted to protect already have been taken over by sectarian gunmen and their allies."

Congress Blasts New Bush Iraq Plan. On Capitol Hill, President Bush's new Iraq strategy was the object of strong attacks yesterday from both sides of the aisle. Some

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reports suggest the President's support among Republicans may be quickly collapsing. The Financial Times (1/12, Luce) reports Bush yesterday "cut an increasingly lonely and embattled figure as opposition Democrats and fellow Republicans greeted his 'new way forward' in Iraq with a barrage of denunciation. … This show of Republican opposition prompted comparisons with Richard Nixon during the Vietnam era. 'Republican support for the president is draining rapidly,' said a party strategist. 'It is almost unheard of for Republicans to criticise a Republican president at war so soon after he has made an appeal for support.'"

The Washington Times (1/12, Hurt, Ward, 88K) reports "Republican leaders on Capitol Hill staunchly back…Bush's proposal…but support among the party's rank and file may be crumbling. 'At this late stage, interjecting more young American troops into the crossfire of an Iraqi civil war is simply not the right approach,' Rep. Ric Keller, a Florida Republican who has been steadfastly supportive of the war, said on the House floor yesterday. 'We are not going to solve an Iraqi political problem with an American military solution.'" And the Los Angeles Times (1/12, Neuman, 850K) notes GOP Sen. George Voinovich, "who until now has supported the war, said he no longer believes the civil war in Iraq can be tamed by sending more US troops to aid in the fight."

Nonetheless, says the Wall Street Journal (1/12, A4, Dreazen, King, 2.04M), "White House officials calculate that Democrats will be stymied by practical problems, legislative maneuvering and internal divisions in their attempt to prevent the administration from sending 21,500 more soldiers -- and more money -- to Iraq. 'There are a lot of divisions among the Democrats, and you see them tiptoeing around it because they understand the consequences of such a vote,' White House Counselor Dan Bartlett said during a trip with Mr. Bush, who was pushing his case for sending new forces to Iraq in a speech to hundreds of soldiers on this military base." In an analysis piece, the AP (1/12, Espo) says Democrats face "a delicate mission," but "for the first time since the war began" they "have public opinion on their side -- and know it for sure."

On ABC World News (1/11, story 3, 2:05, 8.78M), George Stephanopoulos said "it does look like Congress has the votes to pass" a symbolic resolution condemning Bush's new plan, and "they are likely to do that the week of the State of the Union. I asked a White House official about this, and he said they won't fight it, he seemed resigned. He said if they have the votes, they have the votes. But is also puts burden on the opponents, he said, to come up with a plan that will work. And the White House also sees a silver lining in what was a very tough day on Capitol Hill. They believe that the more pressure that comes from Capitol Hill, the more pressure that will put on the Iraqis to actually get their act together." Nonetheless, the Washington Times (1/12, Hurt, Ward, 88K) reports Senate Minority Leader Mitch McConnell yesterday "hinted that Senate Republicans would filibuster any resolution by Democrats expressing disapproval of the war in Iraq or Mr. Bush's plan to add more than 21,000 troops to the battlefield."

The Washington Post (1/12, A1, Abramowitz, Weisman, 690K) reports Democrats and Republicans "alike said they are concerned that Bush's plan…is too little and too late and does not appear very different from previous efforts to secure the capital." The "ferocity of the congressional condemnation dismayed the White House," in what the Post calls "further indication that the new Democratic Congress is headed toward a series of potentially epic clashes and floor votes over the conduct and funding of the nearly four-year-old war." Rice "appeared to be on the receiving end of the toughest grilling yesterday, before the Senate Foreign Relations Committee" where "not a single senator from either party expressed support for the president's plan, many posed hostile questions, and others expressed deep doubt about the Bush administration's premise of creating a viable democracy in the heart of the Middle East." However, Rice "maintained her composure throughout the hearing."

On NBC Nightly News (1/11, story 3, 2:00, 9.87M), Tim Russert said the hearing "took on the form of a revival meeting where Democrats who had voted for the war were seeking redemption with their Democratic base. About 90% of Democrats believed going into Iraq was the wrong thing to do. You couple that with Republicans. There are 21 Republican senators up for reelection in 2008. Four of them have already come out against the President's plan. They understand the perils of this war in terms of taking it to the voters."

ABC World News (1/11, lead story, Vargus, 8.78M) showed several US Senators' reactions to the President's plan. Sen. Joseph Biden called the plan "a tragic mistake." Sen. Christopher Dodd said: "A fool's paradise describes nothing as aptly as our Iraq policy today." However, ABC (Tapper) said, "Most notable, the disapproval of Republican Senators, including Vietnam veteran Chuck Hagel," who called the plan "the most dangerous foreign policy blunder in this country since Vietnam." But Secretary Rice "said the

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problem is not just the resolve of the Iraqi government to provide security, but its ability to do so, which is why more troops are needed." But Rice "found few supporters today. … She was challenged as to why she believes so many Americans are being killed in Iraq." Similarly, the CBS Evening News (1/11, story 2, Borger, 7.66M) said the President "may have been trying to reignite support for his Iraq strategy, but instead, he sparked a bipartisan rebellion on Capitol Hill." While Bush "no doubt expected a fight with Democrats over Iraq, but after his speech, some of the harshest criticism came from his own party" with "as many as a dozen Republican senators" that "could jump ship."

NBC Nightly News (1/11, story 2, Williams, 9.87M) reported, "Make no mistake…members of Congress…are clearly frustrated by the President's war policies and some who want his job for that matter, took direct aim at some of the President's top people." NBC (Reid) added, "Anger, there's plenty of that around here, especially among Democrats and as for ambition, one hearing here in the Senate felt like a run-up to the 2008 Presidential campaign. At times the Senate foreign relations hearing room was like a firing range for aspiring Presidential candidates."

The AP (1/12, Raum) says the President's plan "ran into a wall of criticism on Capitol Hill on Thursday as administration officials drew confrontational, sometimes mocking challenges from both Democrats and Republicans." During appearances on the Hill, Defense Secretary Robert Gates and Secretary Rice "found themselves embroiled in the first pitched exchanges in a battle that is likely to dominate Congress for months or longer and is already shaping the 2008 presidential election." In testimony before the Senate Foreign Relations Committee and in the afternoon before the House counterpart, Rice was "grilled sharply by members of both parties," with "not a single member of the Senate panel" expressing "outright support for the president's plan." For her part, Rice "acknowledged widespread skepticism among Americans" and engaged in "several tense exchanges with members, including with Hagel."

The Washington Times (1/12, Kralev, 88K) reports Senate Majority Leader Harry Reid "promised to give the new plan careful consideration, but he said on the Senate floor, 'In choosing to escalate the war, the president virtually stands alone.' Many of the Senate panel's Republicans also were critical, including Sens. Chuck Hagel of Nebraska, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska." USA Today (1/12, Slavin, 2.27M) runs a similar report.

In a separate report, the AP (1/12, Woodward) reports Secretary Rice "found herself at the intersection of anger and ambition" as "five presidential aspirants on the Senate Foreign Relations Committee, as well as other up-and-comers in the new Democratic majority…made sure their voices were heard." The AP notes that "even Rice's status as a single woman was fair game" as Sen. Barbara Boxer, D-Calif., "noted Rice has no children of her own to lose overseas." Sen. Boxer continued her criticism of Rice during an appearance on PBS' NewsHour (1/11, Warner), saying, "I can speak for the entire committee -- except for just a few -- she did not make the case."

Under the headline "Rice, A Uniter Of The Divided," the Washington Post (1/12, A1, 690K), Dana Milbank writes in a front-page "Washington Sketch" column that "within minutes" of Secretary Rice's arrival on Capitol Hill yesterday, "it became apparent that the Bush administration had, after four divisive years, finally succeeded in uniting Congress on the war in Iraq. Unfortunately for Rice, the lawmakers were unified in opposition to President Bush's new policy." The Post calls Rice's appearance "a bipartisan scolding of the sort rarely seen in the Bush presidency," but said Rice "endured it, for the most part, with quiet indignation," staring "expressionlessly at her tormentors or looked down at the table."

The New York Times (1/12, A1, Shanker, Cloud, 1.16M) says the reception Rice received on the Hill suggested that Bush's plan "had done little to build political support for sending additional troops to Baghdad." During their testimony, Gates and Rice "declined to specify a time limit on the troop increase and were cautious about predicting rapid improvements in security in Baghdad…saying progress is likely to come gradually."

The New York Times (1/12, Kornblut, 1.16M), under the headline "Devastating Criticism On Iraq By Both Parties," describes the tone on Capitol Hill yesterday as "courteous, serious -- and devastating." And "perhaps surprisingly, the language changed little when it was" Republicans who addressed the war issue. The Times adds, "On a committee renowned for its bipartisanship and restraint, the questioning on Thursday, the day after a major presidential address on Iraq, amounted to a powerful blast."

Sen. Barbara Boxer said on PBS' NewsHour (1/11, Warner), "I can speak for the entire committee -- except for just a few -- she did not make the case. And the committee view was skeptical, at best, and outright in opposition, I would

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say, if you really look at what everybody said. And when you have the second-most-senior Republican on the committee saying, and I quote, that the surge is 'the most dangerous foreign policy blunder in this country since Vietnam,' if it's carried out -- that's Senator Hagel -- that, to me, is the strongest of signals to this Administration to change course and not go forward with this."

Sen. Lindsay Graham said on PBS' NewsHour (1/11, Warner), "I think the Bush Administration has earned skepticism, to be honest with you. If anybody believes the war has gone well in the last couple years -- well, just no one believes that. ... Before we act in Congress condemning a new strategy designed to secure victory -- not in what I think is a Vietnam, but a battlefront in World War III of extremism versus moderation -- I'd just ask the Congress to listen to" Gen. Petraeus, "who's been assigned the mission, who believes in the mission, who's the architect of the new strategy, and give him a chance to articulate why he thinks he could be successful, what he needs, and ask him the hard questions before we act."

Sen. Gordon Smith said on MSNBC's Hardball (1/11, Matthews), "I didn't realize it at the time, but the speech that I gave really broke the dam of Republican frustration that many of my colleagues have been feeling. And I do think it is time for the Congress to reassert itself and try and more narrowly focus our efforts, the American efforts, in the war on terror. ... What we have to do as we fight the war on terror more intelligently is to keep the mechanisms of the state of Iraq from falling into the hands of al Qaeda or Iran -- and I'm not proposing an attack on Iran. But all of the nation-building that we have been doing, frankly, I have concluded that it is Iraq's nation to build. ... We need to focus on who the real enemy is and it's not the work of the street cop. It is our taking out jihadists who would bring chaos into Iraq or export it to neighbors or our country. What we did in Somalia the other day is the way we ought to be taking on terrorism, on our terms, with our technology, with our firepower. These are the real enemies but, frankly, we cannot want democracy for Iraq more than Iraqis want it for themselves."

Sen. John Kerry said on CNN's Your World Today (1/11, Clancy), "Last night, the President said mistakes had been made. He didn't say they were his. And he accepted responsibility for those mistakes. He didn't say, 'I made mistakes.' So there is a distinction. ... What was absent from the President's speech last night, regrettably, was the political solution, the diplomatic political solution that is critical to ending the violence. The President, the Secretary of State, the former Secretary of Defense, our generals, have all said that this can not be resolve military. And yet all you heard last night was really the military piece of this."

Dodd said on CNN's The Situation Room (1/11, Blitzer), "I'd certainly be willing to use the power of the purse to help us change direction and a different mission for our troops there. I would not be prepared to the cut off funding to our troops on the ground in Iraq, even though I disagree on the surge. I think we ought to be voting on that before they go rather then have them on the ground there and then cutting off the resources for them."

Sen. Jeff Sessions said on Fox News' Your World (1/11, Cavuto), "We are worried about the success in Iraq. Even this improvement -- I think it will be an improvement. I think it does enhance our ability to be successful. But there is no guarantee. This is a tough battle. ... And the Iraqis are going to have to step up."

House Homeland Security Chairman Bennie Thompson said on Fox News' Your World (1/11, Cavuto), "I'm not interested in stopping it. I want the President to do more than a 20-minute speech as to why we need to escalate this surge effort in Iraq."

Rep. Marsha Blackburn said on Fox News' Your World (1/11, Cavuto), "I was so pleased to hear the President say last night, and I was relieved to hear him say, we need to be listening to the commanders in the field and the troops on the ground. ... They know what we need to do in order to win."

Giuliani, Gingrich Say Iraqi Civil Society Must Be Established. In a Wall Street Journal (1/12, A13, 2.04M) op-ed, Rudy Giuliani and Newt Gingrich write, "The American mission in Iraq must succeed. Our goal -- promoting a stable, accountable democracy in the heart of the Middle East -- cannot be achieved by purely military means. Iraqis need to establish a civil society. Without the support of mediating civic and social associations -- the informal ties that bind us together -- no government can long remain stable and no cohesive nation can be maintained. To establish a civil society, Iraqis must rebuild their basic infrastructure. Iraqis must take control of their destiny by rebuilding houses, stores, schools, roads, highways, mosques and churches. ... A massive effort must be made to engage in a well organized plan to rebuild Iraq. The goal: an infrastructure to support and encourage a strong, stable civil society."

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Rice To Seek Support For Bush Plan In Mideast Trip. The Washington Post (1/12, A14, Kessler, 690K) reports with Bush's plan "facing blistering criticism at home," Secretary Rice departs today on "another difficult sales mission: winning the support of Arabs for the Iraq plan and seeking momentum for a renewed push on Middle East peace." Noting the "stakes could not be higher" for the trip, the Post notes that Rice "sees the turmoil as offering opportunity." Meanwhile, former Rice advisor Philip Zelikow "said the new effort has 'three big pillars,' including a comprehensive effort in the Middle East to win support for the Iraqi government and rallying the region to stand up to the extremism of Iran and al-Qaeda." But Rice's aides "have tried to lower expectations for this round of diplomacy, saying she was mainly hoping to listen to ideas." An administration official yesterday "denied a report in the upcoming issue of Time magazine that Rice had joined with Israeli Foreign Minister Tzipi Livni in a bid to put aside a previous peace plan known as the 'road map' and leap right to final-status talks to bolster Abbas."

In its "Washington Wire" online column, the Wall Street Journal (1/12, Harwood, 2.04M) reports Rice "may speak on Afghanistan on coming overseas trip, while State and Pentagon team up to seek $6 billion for added Afghan troop training, border protection, road building and other projects. But they face pushback from Bush budgeteers, who aim to cut those figures in half."

In an editorial, the Washington Post (1/12, A18, 690K) says Rice's tour of the region "is beginning today looks like a sideshow." Since her trip will not include "two of Iraq's neighbors, Iran and Syria, as well as the two countries that now stand in the way of progress in the Palestinian territories and in Lebanon -- again, Iran and Syria -- it's hard to see how her diplomacy can accomplish much." The Post notes that "there are ways in which the administration could step up its diplomatic efforts on Iraq." For example, the US "should support" and "join in" a "proposed a regional conference in Baghdad" put forth by the Iraqi government. The Post notes that "regional diplomacy will not solve Iraq's problems. An Israeli-Palestinian settlement will not cause sectarian warriors in Baghdad to disarm. But given the seriousness of the situation, the administration is foolish not to use every resource at its disposal. Mr. Bush is already pursuing strategies on the ground in Iraq that look like long shots; he should be willing to take more diplomatic chances, as well."

Plan Gets Tepid Welcome In Baghdad, Criticism Elsewhere In Mideast. The Los Angeles Times (1/12, Stack, Ellingwood, 850K) reports, "In ordering more American soldiers into Iraq," President Bush "said he was sending a message of hope to millions of Arabs and Afghans trapped in violence. But to many on the ground in the Mideast, the speech spoke volumes of a disconnect between US promises and a turbulent reality." The Bush Administration "has portrayed the invasion of Iraq as a boost, albeit painful, for Arab democracy and human rights. Victory in Baghdad would bring a brighter era to the entire region, U.S. officials have promised." But "after waves of outrage over torture in Abu Ghraib; the spectacle of Saddam Hussein's trial and execution; and religious slaughter in the streets of Baghdad, few people in the region can articulate what, exactly, the United States is trying to accomplish."

The AP (1/12, Karimi) notes Iran and Syria denounced the US plan. Another AP story (1/12, Mroue) says "the Iraqi government spokesman chided the United States, Iran and Syria on Thursday for using his country as a political battleground, saying "we pay the price for the tension" between the three rivals and urging them to improve their relations." The spokesman's comments "came as Iraq's government welcomed President Bush's new strategy and promised it was committed to making sure it succeeds. Ordinary Iraqis, however, gave it mixed reviews, with many expressing skepticism that an increase in US troops would quell the violence ransacking their country." The New York Times (1/12, Burns, Tavernise, 1.16M) runs a similar report titled "In Baghdad, Bush Policy Is Met With Resentment," in which it refers to a "grudging endorsement" of the plan from the Iraqi government. The Washington Times/AP (1/12, Abdul-Zahra) reports on Iraqi reaction in a story headlined "Bush Plan Receives Tepid Baghdad OK."

Blair Says Bush Plan "Makes Sense." AFP (1/12, Haddon) reports, "Prime Minister Tony Blair said that…Bush's policy switch in Iraq 'makes sense', while his foreign minister stressed it did not necessarily herald 'a change of direction' from London.

Gates Proposes Adding 92,000 To Army, Marine Active Forces. The Washington Post (1/12, A14, Tyson, White, 690K) reports Defense Secretary Robert Gates "proposed adding 92,000 troops to the Army and Marine Corps, initiating the biggest increase in U.S. ground forces since the 1960s to shore up a military that top officers

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warn is on the verge of breaking from prolonged fighting in Iraq and Afghanistan." The "permanent increase of 65,000 soldiers and 27,000 Marines would cost more than $10 billion annually and take five years to achieve, underscoring the Pentagon's conviction that today's wars and anti-terrorism operations will endure for many years. 'We call those 'long war' forces,' a senior military official said." The CBS Evening News (1/11, story 5, :20, Couric, 7.66M) reported, "Under his plan, the number of active-duty Army troops would jump from about 512,000 to 547,000. The Army is already adding recruiters to meet their goal. Active-duty Marines could increase from 180,000 to 202,000."

The Washington Times (1/12, Scarborough, 88K) says that while "an increase in 'end strength,' as the military's active force is called, is not directly related to President Bush's announced new Iraq strategy, it is an outgrowth of the nearly four-year-old war. The stress of deploying Marine and Army ground forces with little rest back home has begun to tear at the fabric of the 1.4 million active force, senior retired officers said."

Pentagon To Recall Army National Guard Units. The Los Angeles Times (1/12, Spiegel, 850K) reports the Defense Department announced plans "to recall Army National Guard units that have already fought in Iraq to serve second tours in the war, reversing a long-standing policy that allowed guardsmen to return home for five years before being redeployed. No new Guard units have been included in the first wave of forces going to Iraq" as part of President Bush's troop increase, and Defense Secretary Robert Gates "insisted the change in policy was made independently of the Iraq buildup. But other Pentagon officials have acknowledged that additional Guard and Army Reserve units are essential to sustaining Bush's increase in combat forces in Iraq over the course of the year." The New York Times (1/12, Cloud, 1.16M) says "the new rules mean that individual Guard members and entire units that have already been deployed in the last five years may be called up again for as long as 24 consecutive months, officials said." However, Joint Chiefs of Staff Chairman Gen. Peter Pace said the Pentagon "intends to try to limit future mobilizations to no more than a year."

Britain Plans To Proceed With Iraq Troop Cuts. The New York Times (1/12, Cowell, 1.16M) reports the UK, "which had been America's closest and most pliant ally in Iraq, said Thursday that it would not follow the United States in raising troop levels there and signaled that it would proceed with plans to hand over security responsibilities to Iraqi forces in the south." Britain "has about 7,000 troops in Iraq. ... Officials here dismissed as speculation, though, a report in The Daily Telegraph on Thursday that those numbers would be cut by 3,000 before the end of May."

Intelligence Officials Offer "Bleak Assessment" Of World Conflict Zones. The Washington Post (1/12, A12, Linzer, Pincus, 690K) reports Director of National Intelligence John Negroponte told Congress Thursday that Iraq "is at a violent and 'precarious juncture,' while al-Qaeda is significantly expanding its global reach, effectively immune to the loss of leaders in battle." Negroponte "also warned that the Taliban is mounting a vigorous insurgency in Afghanistan, that Pakistan has become a safe haven for top terrorists and that Iran's growing regional power is threatening Middle East stability. In their annual worldwide threat assessment before the Senate Select Committee on Intelligence, Negroponte and other top intelligence chiefs provided a bleak assessment of regions and conflicts at the center of President Bush's foreign policy agenda."

The New York Times (1/12, Mazzetti, 1.16M) reports Negroponte "spoke of the 'shadow' that Iran was casting across the Middle East and warned members of Congress that Iran could be emboldened to dispatch Hezbollah operatives to attack American targets. Intelligence officials have long assumed that Iran's primary goal in Iraq was establishing a weak, but viable, state dominated by Shiites." But Negroponte suggested Iran's "steady arms shipments into Iraq, which American military officials say they have documented, and the political manipulation of Iraqi Shiite politicians could signal that Iran is trying to worsen the sectarian war and anarchy there, rather than seeking relative stability." The Washington Times (1/12, Gertz, 88K) says Negroponte said in Iraq, "'sectarian divisions are widening,' despite efforts by the new government."

Rice Names Carney As New Iraq Reconstruction Chief. The New York Times (1/12, A1, Shanker, Cloud, 1.16M) notes briefly that Secretary of State Condoleezza Rice announced Thursday that Timothy Carney, "a retired Foreign Service officer who served as a senior civilian American authority in Iraq for three months in

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2003, is the new coordinator for Iraq reconstruction." In announcement Carney's appointment, AFP (1/12) reports Rice said, "Our military operations must be fully supported and integrated with our civilian and diplomatic efforts across the entire US Government to help Iraqis clear, hold and build throughout all of Iraq." Carney will oversee the "enhanced" so-called Provincial Reconstruction Teams (PRT) from Baghdad, she said, noting that the former diplomat has "experience in post-conflict stabilization and reconstruction and development" from his time in Haiti.

US-Led Forces Detain Six Iranians At Office In Northern Iraq. The AP (1/11, Abdul-Zahra) reports, "U.S.-led multinational forces detained six Iranians Thursday at an Iranian government office in the northern city of Irbil, Iraqi officials said, as President Bush accused Iran and Syria of aiding militants and promised to 'interrupt' the flow of support as part of his new war strategy." The New York Times (1/12, Glanz, 1.16M) says the raid "was the second surprise seizure of Iranians by the American military in Iraq in recent weeks and came a day after President Bush bluntly warned Iran to quit meddling in Iraqi affairs. There was a tense standoff later in the day between the American soldiers and about 100 Kurdish troops, who surrounded the American armored vehicles for about two hours in this northern Iraqi city."

ABC World News (1/11, story 5, :25, Vargus, 8.78M) reported, "The President vowed to interrupt what he called Iran's support of militants in Iraq. As he spoke US troops staged secret raids in the northern Iraqi city of Irbil, seizing at least five Iranians with computers and documents from an Iranian government outpost." McClatchy (1/12, Landay, Youssef) reports, "In Washington, several senior Democratic and Republic lawmakers expressed alarm that Bush's plan to interdict alleged support for Iraqi insurgents could lead to secret military strikes inside Iran and Syria." Sen. Joseph Biden "warned that such action would require congressional approval," while Sen. Chuck Hagel "called the policy 'very, very dangerous.'"

Pentagon "Intensifying Operations" Against Iranian Actions In Iraq. The Wall Street Journal (1/12, A4, Solomon, 2.04M) reports, "Even as President Bush seeks larger numbers of troops to stabilize Iraq, the Pentagon is intensifying operations there on another front: challenging Iran over its alleged role in destabilizing its Arab neighbor." The Pentagon "has significantly increased its intelligence activities targeting suspected Iranian agents and Shiite Muslim militants, U.S. intelligence officials said. Besides working with Iraqi security forces, the U.S. has intensified information-sharing with dissident Iranian groups such as Mujahedin-e Khalq." The Washington Post (1/12, A16, Wright, Trejos, 690K) also reports on the "new U.S. intelligence and military operation launched last month against Iran." The US "is trying to identify and detain top officials of the Iranian Revolutionary Guards' al-Quds Brigade operating in Iraq," which "is active in arming, training and funding militant movements, such as Lebanon's Hezbollah."

NBC Nightly News (1/11, story 4, 1:30, Williams, 9.87M) reported, "In last night's speech the President also put Iran and Syria on notice. Promising US military action to destroy their ability to arm and train the insurgents and the militias operating in Iraq." NBC (Miklaszewski) added, "One senior Administration official told us, when it comes to Iran, the US is taking off the gloves. In fact only two hours before the President's speech last night, American soldiers rounded up six Iranians in northern Iraq. Iran claims they're diplomats. The US says they're members of Iran's Revolutionary Guard, responsible for killing American soldiers. The new aggressive military strategy is aimed at stopping the flow of sophisticated IED's from Iran into Iraq. Now, those roadside bombs are the number-one killers of Americans in the war. And despite all that, US military officials insist there are still no active plans to launch military strikes inside Iran."

Snow Says "Nobody Here Is Talking About Attacks On Iran." White House Press Secretary Tony Snow said on MSNBC's Hardball (1/11, Matthews), "Nobody here is talking about attacks on Iran. ... Most Americans understand Iran is the foremost financier here of global terror. It's a problem. But you don't deal with everything militarily, as you know. The United States exhausted all diplomatic options before going into Iraq."

Kerry Would Oppose Strike Against Iran's Nuclear Facilities. Asked on CNN's Your World Today (1/11, Clancy) if he would "support a strike on Iran's nuclear facilities, knowing it could open up a new front with Iran," Sen. John Kerry said, "No, I think that that would be a very bad idea right now. That is not the first option of what we should engage in with respect to Iran. I certainly wouldn't be against a hot pursuit. If we catch people coming across the border, or they're firing on our troops, or they're engaging directly and unsettling Iraq, and we catch that, I think we have a right to respond to it. But I think a proactive effort that at this time,

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starts to think militarily, with respect to Iran, is wrong-headed and dangerous."

WSJournal Says "It's About Time" US Acted. The Wall Street Journal (1/12, 2.04M) editorializes that the US "has known for years that Syria and Iran are supporting Sunni insurgents and Shiite radicals in Iraq -- support that has taken a heavy toll in American lives. On Wednesday, President Bush finally suggested he'll do something about it. ... It's about time, and we hope the Administration keeps showing Tehran that it will pay a price for continued subversion in Iraq."

US, Iraqi Forces Find "Little Evidence" Of Massing Insurgents In Diyala. The Los Angeles Times (1/12, Zavis, 850K) reports US and Iraqi forces found "little evidence of the fighters they believed might be massing" in Diyala province "for a final stand as a joint offensive against a reputed safe haven and training ground for Sunni Arab insurgents entered its eighth day. U.S. forces said that in the last week, they had already killed at least 90 gunmen spotted maneuvering in the area or planting explosives in the road as nearly 1,000 U.S. and Iraqi government troops closed in and blocked escape routes. Seven more were reported killed Thursday as they advanced on U.S. and Iraqi forces on the outskirts of Turki, the main village in the area." US Capt. Stephen Dobbins said, "I think we killed the people that were going to fight."

"Chemical Ali" Tells Court He Ordered Kurdish Executions In 1988. The New York Times (1/12, Times, 1.16M) reports Ali Hassan al-Majid, the cousin of Saddam Hussein known as "Chemical Ali," testified in a Baghdad court that he "had ordered troops to execute all 'saboteurs' who defied government orders to abandon Kurdish villages in northern Iraq during a military operation in 1988. ... After listening to audio recordings that showed him issuing instructions in his role as overseer of the campaign against the Kurds, Mr. Majid rose to tell the judges that he was responsible for ordering executions in the villages. 'I gave orders to the troops to catch anyone they find there and execute them after investigating them,' he said."

Afghan Insurgent Says His Fighters Helped Bin Laden, Zawahiri Escape Tora Bora. The AP (1/11, Jan) reports former Afghan Prime Minister Gulbuddin Hekmatyar said in a television interview that his insurgent fighters helped Osama bin Laden "escape intense U.S. bombing in the Tora Bora mountains in 2001." Hekmatyar said "some of his fighters moved bin Laden, his deputy Ayman al-Zawahiri and other associates to 'a safe place' where he met them later. He did not say where they found the shelter. Bin Laden and al-Zawahiri are believed to be still hiding along the Afghan-Pakistan border after the heavy U.S. pounding failed to kill them or lead to their capture."

Afghan, NATO Troops Kill Up To 150 Insurgents Entering From Pakistan. The New York Times (1/12, Wafa, 1.16M) reports, "Afghan and NATO troops clashed with a large group of insurgents crossing from Pakistan into eastern Afghanistan in the early morning hours on Thursday. NATO said up to 150 insurgents might have been killed in the fighting. Two large groups of insurgents were spotted gathering on the Pakistan side of the border and were tracked as they crossed into Afghanistan," and Afghan and NATO troops "laid an ambush for the groups about half a mile inside Afghanistan, using air and ground forces, said Gen. Zahir Azimi, a spokesman for the Afghan Ministry of Defense."

The Washington Post (1/12, A10, Constable, 690K) says the "confrontation in Paktika province, described as the largest battle in Afghanistan since September, came as American and U.N. officials step up pressure on both Pakistani and Afghan leaders to stop their public bickering and do more to gain control of their respective border areas, where Islamic insurgents have been operating for months." The Christian Science Monitor (1/12, Montero, 59K) says the attack "is likely to bolster mounting international claims that Pakistan's tribal zone is a staging ground for attacks inside Afghanistan."

DOJ:

Congressional Budget Delays Hit DOJ Agencies With Hiring Freeze. The AP (1/12, Jordan) reports, "A hiring freeze has hit two federal crime fighting agencies and a third has slowed its recruitment efforts because of congressional budget delays that some officials say threaten efforts to combat terrorism and violent crime." The AP continues, "The hiring crunch is largely the result of Congress' failure to approve the Justice Department's 2007 spending request. Lawmakers who oversee spending

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bills are now negotiating how much -- if at all -- to increase government spending. In the meantime, the agencies are being funded according to last year's budget levels." The AP adds, "Justice Department agencies feeling the squeeze are: … The Drug Enforcement Agency. A hiring freeze is expected to last through 2007, said chief financial officer Frank Kalder. Although more than 400 agents and support staff are expected to quit or retire this year, Kalder said the DEA might have to furlough additional employees if Congress does not give it about $95 million more than it did in 2006. Layoffs are not being considered. … The Bureau of Alcohol, Tobacco, Firearms and Explosives. The agency is "not hiring and are not back-filling open positions," said spokeswoman Sheree Mixell. The ATF says it needs $71 million more than last year just to sustain its workforce of 4,900 employees. … The FBI. Recruiting and hiring has slowed since the budget year began on Oct. 1. The agency has stopped advertising for job openings on its Web site. Assistant Director John Miller said the bureau still is hiring agents, linguists, analysts and other high-priority employees."

San Diego US Attorney Asked To Resign. The San Diego Union-Tribune (1/12, Thornton, Soto) reports, "The Bush administration has quietly asked San Diego U.S. Attorney Carol Lam, best known for her high-profile prosecutions of politicians and corporate executives, to resign her post, a law enforcement official said." The Union-Tribune continues, "Lam, a Bush appointee who took the helm in 2002, was targeted because of job performance issues – in particular that she failed to make smuggling and gun cases a top priority, said the official, who declined to be identified because Lam has yet to step down." The Union-Tribune adds, "Lam has had high-profile successes during her tenure, such as the Randy 'Duke' Cunningham bribery case – but she alienated herself from bosses at the Justice Department because she is outspoken and independent, said local lawyers familiar with her policies. … When she took over, Lam made it clear that she planned to focus less on low-level smuggling cases in favor of public corruption and white collar crime, which would mean fewer but more significant prosecutions. … Lam declined to comment yesterday." The Union-Tribune notes, "Lam, 47, has been criticized by members of the Border Patrol agents union and by members of Congress, including Vista Republican Darrell Issa, who accused her office of 'an appalling record of refusal to prosecute even the worst criminal alien offenders.'"

CORPORATE SCANDALS:

US Probing Apple Stock Option Grant To Jobs. The Wall Street Journal (1/12, A3, Stecklow, Wingfield) reports, "Federal authorities are actively investigating a backdated stock-option grant awarded to Steve Jobs, Apple Inc.'s chief executive, that carried a false October 2001 date, people familiar with the matter say." The Journal continues, "Apple recently disclosed that records were 'improperly' created to claim that the grant was approved at a special board meeting that month. But no board meeting took place then. … Investigators are now focusing on the grant to Mr. Jobs for 7.5 million options that were finalized in December 2001, when Apple's share price was higher. The false dating increased the value of the grant to Mr. Jobs, and resulted in a retroactive $20 million charge to Apple's earnings when it was discovered by a special internal investigation." The Journal adds, "People familiar with the matter say the false documentation was created by an Apple attorney named Wendy Howell, whom the company quietly dismissed last month. Ms. Howell contends that Apple's general counsel at the time, Nancy Heinen, instructed her to create the false documentation, these people say. Thomas Carlucci, Ms. Howell's attorney, said that while at Apple 'Ms. Howell acted as instructed by Apple management and with the company's best interest being paramount.' … Ms. Heinen left Apple in May for reasons that were unrelated to backdated options, a person familiar with the matter says. Her attorney, Cristina C. Arguedas, says Ms. Heinen didn't knowingly engage in any wrongdoing and denies she instructed Ms. Howell to falsify documentation. Ms. Arguedas said in a statement that 'each of the option grants involving Ms. Heinen was authorized and approved by her superiors.'" The Journal notes, "Investigators with the Securities and Exchange Commission, working with federal prosecutors, are seeking to question Ms. Howell and Ms. Heinen, but neither has agreed to questioning so far, say people familiar with the matter. … Authorities want to speak to Fred Anderson, Apple's former chief financial officer. It also remains unclear whether Mr. Anderson, who resigned from Apple's board in October, will agree to talk."

Broadcom To Restate Financial Data To Include Misdated Stock Option Costs. Bloomberg (1/12, Brennan, Fishkin) reports, "Broadcom

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Corp., a maker of chips for consumer devices, will shortly issue financial restatements to include over $1.5 billion of costs for the misdating of stock options, Chief Executive Officer Scott McGregor said. … 'Hopefully that will put most of this behind us,' McGregor said during an interview yesterday at the Consumer Electronics Show in Las Vegas. He wasn't more specific on when the company would restate its results." Bloomberg continues, "The company is examining 6 million pages of documents to assess the impact of stock-option backdating, a practice that can enrich recipients by setting option dates to a time when the underlying stock traded lower. Broadcom Chief Financial Officer William Ruehl resigned in September, and the U.S. Securities and Exchange Commission opened a formal investigation last month." Bloomberg adds, "McGregor originally said the restatements would be ready by the end of 2006. On Dec. 18, the company said it would report amended results for 2005 and the first quarter of 2006 by this month. Broadcom also hasn't issued full results for the second and third quarters. The delays have put the company in danger of delisting by the Nasdaq Stock Market. … Broadcom last month said the SEC had opened a formal investigation into its stock options. That means the agency may subpoena current and former executives. McGregor said he and his executives haven't yet been summoned. … The U.S. Justice Department and the company are conducting their own probes into Broadcom's option grants."

Former Siemens CFO Named As Suspect In Bribery Probe. The Financial Times (1/12, Milne) reports, "The investigation into the €420m bribery scandal at Siemens reached the highest level yet on Thursday as the company's former chief financial officer was named as a suspect." The Times continues, "The investigation of Heinz-Joachim Neubürger, who stepped down in April after being passed over as chief executive of Europe's largest engineering group, came as the current head of Siemens, Klaus Kleinfeld, warned that the probe threatened the company's survival." The Times adds, "The scandal has shaken the German group to the core and raised questions about the competence of its management. It has led to calls for the resignation of its chairman, Heinrich von Pierer, and has disrupted one of its most important joint ventures, a €20bn (£13.3bn) telecommunications tie-up with Nokia. … Mr Neubürger is under suspicion of knowing about some of the bribery and doing nothing about it. He is also alleged to have tried to influence KPMG, Siemens' accountants, from investigating a payment irregularity that could have been a bribe."

NYSE Probing Former Merrill Brokers In Timing Case. The Wall Street Journal (1/12, C2, Juan) reports, "Regulators at the New York Stock Exchange are investigating three former Merrill Lynch & Co. brokers who were ousted by the company in 2003 for allegedly helping a hedge fund trade improperly in mutual funds." The Journal continues, "In its monthly listing of disciplinary actions, the exchange said it fined former UBS AG branch manager John Borgese $50,000 for failing to supervise three unnamed financial advisers involved in mutual-fund market timing in 2001. The document also said a disciplinary action had begun against the advisers." The Journal adds, "The three are Christopher Chung, Kevin Brunnock and William Savino, people close to the investigation said. The brokers worked at UBS's Paramus, N.J., office before joining Merrill Lynch in January 2002. … The New Jersey Bureau of Securities revoked the licenses of the trio, known as the CBS Group, in March 2005 for engaging in deceptive practices related to rapid buying and selling of mutual funds, known as market timing. … The practice, aimed at reaping fleeting gains, isn't necessarily illegal, but regulators claim the conduct is inconsistent with just and equitable principles of trading. Critics also have said the practice can hurt returns for long-term fund investors."

CRIMINAL LAW:

Fitzgerald Case Against Libby "Seemingly Weakened." The Wall Street Journal (1/12, Perez, 2.04M) reports Special Prosecutor Patrick Fitzgerald's "case against Lewis 'Scooter' Libby goes to trial next week seemingly weakened by revelations that Mr. Fitzgerald knew early in his CIA-leak probe that the ex-White House official wasn't the original source of news-media disclosures." Fitzgerald's "success will depend largely on how well he can keep the jury focused on his charge that Mr. Libby 'knowingly lied' to federal agents during his probe into the leak of former Central Intelligence Agency operative Valerie Plame's identity." Other "recent perjury cases, including the successful prosecution of Martha Stewart on charges of lying to investigators about a stock sale, offer a road map narrowly

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directing a case amid heavy media attention and myriad distractions."

Puerto Rico DOJ Asks Court To Order Release Of FBI Raid Documents. In a widely-distributed story, the AP (1/12, Vargas) reports, "Puerto Rico's Justice Department asked a U.S. appeals court on Thursday to force the FBI to release information about its two raids against militant independence advocates in the U.S. Caribbean territory. … Puerto Rico's Justice Secretary Roberto Sanchez Ramos alleged that bureau officials have stonewalled his investigations into the raids and he has asked Congress to pressure the agency to cooperate. He said the FBI has refused to disclose the identities of the agents who participated. In September, U.S. District Court Judge Jose Fuste ruled against the territory's Justice Department, saying the FBI did not have to share information it deemed sensitive." The AP notes, "The information on the raids could be shared under a confidentiality order if the agency was concerned about public disclosure, Antonetti said. If that was not possible, the panel must send the case back to Puerto Rico's district court, which should force the FBI to say why the information could not be released, he said."

Tennessee Waltz Trial Goes To Jury. WMC-TV Memphis (1/11) reported on its Web site from a broadcast story, "Both the government and the defense presented very strong closing arguments. Prosecutor Tim DiScenza told the jury that even if they believed what Calvin Williams said on the stand, he was still guilty of taking a bribe and extortion. Meanwhile, his defense attorney, Doris Randall-Holt, challenged the government's start witness, reminding jurors that Tim Willis was caught padding invoices at Shelby County Juvenile Court and that he cut a deal to stay out of jail. Now the jury must decide."

The Memphis Commercial Appeal (1/12, Buser, 163K) reports that before closing arguments yesterday, Williams "testified Thursday he had no influence over any commissioner, but in secretly recorded conversations played by prosecutors he boasted of working behind the scenes to help commissioners line up votes and arrange rewards. … The influence issue is expected to be a factor when a federal court jury begins deliberations at 9 this morning to determine whether a $1,500 payment Williams received in 2003 was a bribe for influencing passage of an urban renewal grant. Williams was recorded boasting that he would pay former commissioner Cleo Kirk to support the grant. Williams, who denied trying to influence Kirk or any other commissioner, contends the $1,500 he received in April 2003 was a legitimate business payment from former friend and political consultant Tim Willis, who was acting as an informant in the FBI's undercover public corruption investigation called the Tennessee Waltz."

Judge Delays Ford, Bowers Trials. The AP (1/12, Baird) reports, "A federal judge agreed Thursday to delay the public corruption trials of two former state senators charged with taking bribes during the FBI investigation called Tennessee Waltz. The trial of John Ford was rescheduled from Feb. 5 to April 9, and the trial of Kathryn Bowers was moved from April 16 to Sept. 10. Both are Democrats from Memphis. Judge J. Daniel Breen agreed that Ford's trial should be delayed to give defense lawyer Michael Scholl more time to review hundreds of hours of audio and video tapes secretly recorded by the FBI." The AP notes, "Ford is accused of taking $55,000 in bribes, while Bowers is charged with splitting $11,500 with an accomplice who has pleaded guilty to serving as a payoff bagman."

FBI Recovers Picasso Drawings Stolen From NYC Apartment. The AP (1/12, Long) reports New York City mover Nahum "Nino" Kohen "and his mother-in-law were arrested Thursday in the thefts of two Pablo Picasso drawings from an apartment after the owner died. The drawings, of a guitar and a mandolin, were worth more than $60,000 and were part of an extensive art collection owned by William Kingsland, who died in March, the city's Department of Investigation said." Manhattan public administrator's office investigators"traced the stolen drawings to Kohen after learning that his mother-in-law, Ori Lellouch, later tried to sell them, the DOI said. … The FBI had been investigating works of art from the collection that had been stolen years earlier and learned that an art broker had obtained one of the missing drawings from Lellouch, the DOI said." The AP adds, "Kohen's attorney said his client didn't steal the Picasso drawings, which were about 12 inches by 12 inches framed and have been recovered." Newsday (1/12, Dowdy) notes, "DOI investigators found out from the Federal Bureau of Investigation that FBI agents learned in November that Lellouch had tried to sell the drawings through a broker. FBI agents recovered the drawings from Lellouch."

The New York Sun (1/12, Shapiro) reports, "The Picassos add another layer of intrigue to an estate already

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under investigation. The FBI has been seeking leads on stolen works found in the estate, including a bust by Giacometti, two Fairfield Porter paintings, and at least two works belonging to Harvard, including a John Singleton Copley." The New York Times (1/12, Lueck, 1.16M) adds, "The apartment was 'chockablock with interesting treasures,' said Colin Stair of the Stair Galleries in Hudson, N.Y., who was hired by the public administrator to sell some of the lesser works in the apartment, including many watercolor-on-ivory miniature portraits. As it turned out, according to the F.B.I., many of the most important works had been stolen, although how Mr. Kohn obtained them remains unclear."

Three Detained In Killing Of Tennessee Couple. The AP (1/12) reports from Knoxville, TN, "Three men were detained by police Thursday in the killing of a young man whose burned corpse was found dumped along railroad tracks and the slaying of his date, who was kept alive for days and raped, authorities said." The AP continues, "Channon Christian, a 21-year-old University of Tennessee student, and Christopher Newsom, 23, may have been carjacked Saturday night, Chief Deputy U.S. Marshal Rich Knighten said. … Newsom had been shot to death, and his burned body was found Sunday, Knighten said. … Christian's kidnappers raped and assaulted her for days before killing her and dumping the body, Knighten said." The AP adds, "Authorities detained Letalvis Cobbins, 24, and his friend, George Thomas, after federal agents and Knox County officers raided a house 180 miles north in Lebanon, Ky. … Thomas was being questioned Thursday, while Cobbins faced federal charges of being a felon in possession of a weapon, Knighten said."

US Raids Porn Studios To Enforce Age Rules. The Los Angeles Times (1/12, Hoffman) reports, "The Federal Bureau of Investigation has recently stepped up raids of porn studios in the San Fernando Valley, saying it wants to ensure that children are not being sexually exploited." The Times continues, "About a dozen porn production facilities in pornography hot spots such as Van Nuys and Chatsworth have been taken by surprise in the last three months by a barrage of federal agents at their doors. … The probes come on the heels of a May 2005 change in the regulations that require producers to take two forms of government-issued identification from performers and keep them on file indefinitely. Those records must be referred to on the labels of all videos and DVDs sold. Violations are federal felonies and can carry a prison sentence." The Times adds, "The Justice Department has prosecuted only one company to date under the new law, said Bryan Sierra, a spokesman for the department. In September, the founder of the 'Girls Gone Wild' video empire, Joe Francis, pleaded guilty to two felonies, and his production company pleaded guilty to 10 additional felony counts. … Industry leaders doubt that the FBI will find many other violators. Jeffrey J. Douglas, a criminal defense attorney and the chairman of the Free Speech Coalition, an industry trade organization, estimates that there have been only about a dozen occurrences of minors working in the industry in the last 25 years. … Public policy experts wonder whether the raids are the best use of taxpayer money. 'The FBI has limited what they investigate since 9/11, so moving into this area does raise the question of resources,' said Athan G. Theoharis, a professor emeritus of history at Marquette University who has written extensively on the FBI. 'Is this at the expense of investigating the Enrons or the WorldComs that have far more effect on the lives of American citizens?' … Theoharis said the crackdown on pornography hearkened back to the bureau's early days, when J. Edgar Hoover boosted the FBI's reputation with a high-profile campaign of prosecution against pornographers and prostitutes."

Pennsylvania Man Sentenced To 30 Months In Prison For Appraisal Fraud. The Pittsburgh Post-Gazette (1/12, Ward, 230K) reports, "A man who used his dead father's state license to do real estate appraisals that were sometimes inflated by more than 80 percent was sentenced yesterday to 30 months in prison. The prosecutor in the case had asked Senior U.S. District Judge Alan N. Bloch to give Chester Underhill…a stiffer penalty, claiming that the potential for loss in the case ranged into the tens of millions of dollars. … But because the government only did thorough reviews of about 15 of the approximately 1,500 appraisals Mr. Underhill performed, the judge refused to grant the enhancement." Assistant US Attorney Brendan Conway "estimated that it would have taken the FBI agent on the case two full years to review all the files. 'I didn't say it would be easy, but that's your burden,' the judge responded."

The Pittsburgh Tribune-Review (1/12, Cato) adds, "'Every single reappraisal he'd done turned out to be significantly inflated,' FBI Special Agent Joseph Bieshelt testified." Conway "estimated that financial institutions could

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lose as much as $85 million because of Underhill's fraudulent appraisals." However, "Bloch did not agree with the government's figure. 'That might be so if the government had proof of the loss,' Bloch said, before determining the loss was about $560,000." The AP (1/12) also reports on Underhill's sentencing.

Jury Hears Confession Of Man Charged With Killing New York Doctor. The Buffalo News (1/11, Beebe) reports, "A day after they heard James C. Kopp apologize to the widow of the man he is accused of killing, federal court jurors heard Kopp's own words Wednesday that he shot Dr. Barnett A. Slepian." The News continues, "Philip Sterlace, a stenographer in U.S. District Court, read back selected portions of a statement that Kopp made after his March 19, 2003, conviction in Erie County Court for the murder of Slepian. … '"On Oct. 23, judge, in 1998 late at night, I shot Dr. Slepian,"' Sterlace read aloud from the transcript of Kopp's statement. … The jury was not told why Kopp was addressing a judge in that statement, just as they were not told that Kopp was earlier convicted of murder." The News adds, "Sterlace's testimony, combined with today's subpoenaed testimony of Buffalo News reporter Dan Herbeck, who will be asked about Kopp's more detailed November 2002 confession to The News, should remove any mystery in jurors' minds about whether Kopp shot Slepian. … 'The only issue left is why he did what he did,' Kopp's standby counsel, John F. Humann, said outside the courtroom Wednesday." The News notes, "Once Sterlace finished his direct testimony, Kopp, representing himself, tried to show why he shot Slepian. … But as Kopp asked Sterlace during cross-examination to read parts of his County Court statement in which Kopp said he was trying to protect the unborn from abortion, Assistant U.S. Attorney Kathleen M. Mehltretter objected. … Judge Richard J. Arcara, who earlier had ruled that part of Kopp's statement inadmissible, told Kopp to move on to another subject. … Finally, after Kopp's third attempt to have Sterlace read the prohibited testimony, and the third sustained objection from the prosecution, Arcara excused the jury from the courtroom."

Rhode Island Mob Capo Sentenced To Five Years In Prison. The Providence Journal (1/12, Malinowski, 167K) reports, "Anthony M. 'The Saint' St. Laurent Sr., an ailing capo regime in the Patriarca crime family, was sentenced to nearly five years in federal prison yesterday for conspiring to extort $100,000 from two Massachusetts men. U.S. District Judge William E. Smith said that he was sympathetic to the mobster's medical woes, but he was clearly disturbed that he has 17 convictions and a criminal history dating to 1961." St. Laurent "pleaded guilty in July to the extortion conspiracy charge. Federal prosecutors said that had the case gone to trial, the government could prove that in April 2006, St. Laurent directed Ricky Silva, of North Providence, and James Manning, of Cranston, to collect $100,000 from a pizza parlor owner and a bookmaker/drug dealer. And, if they did not pay, they were instructed to 'bash' the victims. On April 6, Silva, Manning and an unnamed FBI informant traveled to Massachusetts to search for the intended victims. … The FBI, Rhode Island State Police and Providence police arrested St. Laurent the next day."

Florida Woman Pleads Guilty To Medicare Fraud Scam. The Naples Daily News (1/12, Freeman) reports, "One of two people charged with stealing the personal and medical information of 1,130 patients at Cleveland Clinic Naples pleaded guilty Thursday and will be sentenced April 27, according to the U.S. Attorney's Office in Miami." Isis Machado "entered the guilty plea before U.S. District Court Judge James Cohn in Fort Lauderdale on one count of conspiracy to commit computer fraud, identify theft and wrongful disclosure of individual health information." Codefendant Fernando Ferrer Jr., "a registered owner of Advanced Medical Claims in Naples, is scheduled to stand trial Jan. 22 before Cohn in Fort Lauderdale." The Daily News notes, "Ferrer and Machado became the first individuals in South Florida to be prosecuted for violating the federal law protecting patients' privacy rights. Federal prosecutors filed a motion in October to protect evidence, four computer disks that contain personal and patient information, as confidential in the event the case goes to trial." The Miami Herald (1/11, Dorschner, 286K) also reported on Machado's plea on its Web site.

Marchers Demand Action On Surge In New Orleans Violence. The CBS Evening News (1/11, story 7, , Couric, 7.66M) reported, "More and more people are worried that New Orleans is becoming a war zone. In the past year, the homicide rate has been ten times higher than other cities its size. Today, thousands matched on city hall saying enough is enough." CBS (Pitts) added, "It took the

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recent murder of a local school teacher and documentary filmmaker for" resident Nora Natale "and her neighbors to say enough is enough … Add to the murder rate, unemployment for returning evacuees is 7%, and only half of the schools have reopened." FBI New Orleans SAC Jim Benazzani: "And when you add crack cocaine and the AK-47, you have New Orleans today." Pitts: "Most of the murders are drug related. While the criminals have come back after Katrina, many of the city's working class simply can't afford to," and "for many here, the fear remains -- when it comes to reducing the city's murder rate, is that mission impossible?"

ABC World News (1/11, story 8, 2:05, Vargus, 8.78M) reported, "More than 3,000 people marched in New Orleans today, demanding action against a surge in violence." ABC (Osunsami) added, "Last week, Helen Hill, a local filmmaker, was at home with her husband and young child when a street thug broke into their home, looking for cash. She was shot and killed. Her husband, Paul, who was holding the baby, was shot three times and is now hospitalized. The child survived, and is now in the care of the couple's family. … It took this highly-publicized murder to get the city to finally respond." Mayor Ray Nagin: "This city will focus on murders and we're drawing a line in the sand and saying 'we've had it.'" Osunsami: "There's a sense here in the neighborhoods that the solutions authorities have laid out are merely a band-aid and will do nothing to curb violent crime."

NBC Nightly News (1/11, story 9, 2:00, Williams, 9.87M) reported that "thousands of people there took to the streets to protest that violence and try to get control of their city once again." NBC (Mott) added, "Nine people have been killed so far in the new year. … The march ends at city hall where many believe the solution to this surge in violence begins. The city says it has a plan to fight the crime. Still, some say that may not be enough." Rev. John Raphael of New Hope Missionary Baptist Church "said years of apathy have finally caught up with the city. … Today, 5,000 seemed to agree, vowing to end their silence about violence."

FBI Investigating Craigslist NYC Apartment Fraud Case. The New York Daily News (1/12, Lite, 729K) reports NYC resident Beth Ann Bovino "discovered that someone pretending to be her had placed a real-estate ad on Craigslist using her name, address and even an accurate picture of her brownstone. The too-good-to-be true ad asked for $1,500 for the one bedroom with a fireplace - utilities included." After responding to the fake ad, "she alerted Craigslist to the fraudulent ad, and it was taken down. But each time the posting was removed, a new one, slightly reworded, would go back up." The Daily News adds, "She ultimately reported the scam to the FBI's Internet Crime Complaint Center, a clearinghouse for the rising number of Internet fraud complaints. In 2005, the center received 231,493 complaints, up 11.6% from the year before. The center hasn't cracked Bovino's case yet, said FBI spokesman Paul Bresson, but he added that Bovino wasn't a bad amateur detective."

Retired Arkansas State Trooper Pleads Guilty To Child Porn Charges. The AP (1/12) reports, "A retired Arkansas State Police trooper has pleaded guilty in Bentonville to child porn charges and was sentenced to five years in prison. Joe Hutchens, 60, of Bella Vista, who is also a former bailiff, must additionally register as a sex offender." The AP notes, "Hutchens retired in May 2004 after working 28 years as a state trooper. … Hutchens was caught by an FBI unit that targeted crimes against children."

Pennsylvania Man Pleads Guilty To Sex With Minor He Met On MySpace. The AP (1/12) reports, "A Pennsylvania man pleaded guilty Thursday to traveling across state lines to have sexual contact with a 14-year-old Connecticut girl he met through the social networking site MySpace.com. Stephen M. Letavec, 40, of Elrama, Pa., was charged last year in one of the first federal sex cases involving the popular site. Letavec, a volunteer firefighter, was accused of molesting an Oxford girl in his car. The FBI said Letavec made several visits to see the girl from the summer of 2005 and early last year." The AP notes, "The girl signed onto MySpace as an 18-year-old, but told Letavec she was 14 before he visited, the FBI said."

Former Federal Prosecutor Charged With Running New York Escort Service. The New York Law Journal (1/12, Wise) reports, "A criminal defense lawyer who worked as a federal and state prosecutor in New Jersey has been indicted for running a Manhattan-based escort service, Manhattan District Attorney Robert M. Morgenthau announced Wednesday." The Journal continues, "The lawyer, Paul Bergrin, who has defended soldiers charged with committing abuses while in Iraq, was arraigned Wednesday on a fugitive warrant in Newark, N.J., and bail was set at $500,000." The Journal adds, "No plea to

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the charges was entered, but Bergrin, 51, declined to waive extradition at the proceeding. John Tiffany, who represented Bergrin, said he expected his client to voluntarily surrender and contest the charges in New York. … Also named in a pair of indictments involving the NY Confidential escort agency were James Cortopassi, who had worked as a law clerk at Bergrin's four-lawyer criminal defense firm in Newark, and Hiram Ortiz, a former New Jersey state trooper. Bail for Ortiz was also set at $500,000. … Cortopassi, who is a second-year student at Michigan State Law School, is expected to surrender voluntarily, Morgenthau said at a press conference Wednesday. … If convicted of the top count in the two indictments, first-degree money laundering, Bergrin and Cortopassi would face a maximum sentence of 8 1/3 to 25 years in prison. … According to his Web site, Bergrin was born in Brooklyn and graduated from Brooklyn College. He received his law degree from the Nova University Law School in Fort Lauderdale, Fla., and served two tours in the Army. … He worked in the office of the Essex County Prosecutor and the Office of the U.S. Attorney for the District of New Jersey. He was a partner at Pope, Bergrin & Verdesco from 1990 to 2005, when he established the Law Office of Paul W. Bergrin in Newark."

CIVIL LAW:

Mississippi Psychiatrist Settles Medicare, Medicaid Fraud Allegations. The AP (1/11) reports from Jackson, MS, "A Jackson psychiatrist has agreed to pay $216,000 to settle allegations of Medicare and Medicaid fraud." The AP continues, "The U.S. Attorney's Office said Dr. Viacin Faeza Jones misused billing codes and billed Medicare and Medicaid for excessive numbers of patients. The Justice Department said Jones billed for treating up to 116 patients in a single day and was paid $30 to $125 for each claim. … 'If a health care provider raids public funds through fraudulent or reckless Medicare billing practices, then he or she needs to be prepared to face the consequences,' said U.S. Attorney Dunn Lampton. … The $216,000 is repayment for the wrongfully obtained funds, plus penalties of more than $100,000."

CIVIL RIGHTS:

Alabama To Appeal DOJ Ruling On County Commissioner. The Mobile Press-Register (AL) (1/11, Murtaugh) reports, "State officials said Wednesday they will appeal to the U.S. attorney general to keep Republican Juan Chastang on the Mobile County Commission." The Press-Register continues, "Meanwhile, Democrats filed a motion Wednesday in federal court in Montgomery requesting Chastang's seat be declared vacant and a special election set to fill it. … The developments mean that Chastang will retain his seat for the time being after the U.S. Department of Justice on Monday decided that his appointment to the County Commission was legally unenforceable." The Press-Register adds, "In November 2005, Republican Gov. Bob Riley appointed Chastang, who is black, to represent District 1, a majority-black district that has historically elected Democrats. … Chastang filled the vacancy that was created when Sam Jones was elected mayor of Mobile. .. Shortly afterward, local Democrats sued to try to oust Chastang and fill the seat by a special election. A panel of federal judges in Montgomery ruled in August that the question was up to the Justice Department, which sided with the plaintiffs Monday." The Press-Register notes, "On Wednesday, attorneys for the three local Democrats who sued -- state Reps. Yvonne Kennedy, James Buskey and Bill Clark -- filed a motion asking the judges to order Mobile County Probate Judge Don Davis to call a special election for Chastang's seat. .. The motion states that Chastang would continue to serve until a replacement is elected. … A ruling on that motion might have to wait until the state appeals the Justice Department's ruling. Alabama Attorney General Troy King said Wednesday that he will appeal directly to the Justice Department's top official, U.S. Attorney General Alberto Gonzalez. … 'We think the attorney general is a reasonable man,' King said 'There's a reasonable likelihood he'll see the issue like we do.' … Cecil Gardner, the attorney who filed the lawsuit on behalf of the Democrats, said he thinks the chances of the Justice Department's decision being overturned are 'very slim.'"

Probe Of Gunfire At Home Of Louisiana Mayor Urged. The Baton Rouge Advocate (1/12) reports from Greenwood, LA, "State Rep. Roy Burrell, worried that other public officials may be the targets of violence, has asked State Police to help investigate the recent gunfire at the

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home of the town's first black mayor." The Advocate continues, "Burrell's request came one day after the president of the Louisiana State Conference of the NAACP asked the U.S. Justice Department to investigate the Greenwood shooting and an incident in Westlake." The Advocate adds, "Burrell, D-Shreveport, made the request of Col. Henry Whitehorn, the head of the State Police, in a letter this week. Two shots were fired at Mayor Ernest Lampkins' home Monday while he, his wife and daughter were sleeping. No one was hurt. … 'I am deeply and gravely concerned about the incidents of violence which have recently occurred in our great state,' Burrell wrote. He mentioned, as examples, the shooting of Lampkins' house and the 'unusual circumstances' surrounding the death of the incoming mayor of Westlake, Gerald Washington. … Washington, who was to become the first black mayor of the predominantly white Westlake community, was found dead Dec. 30, with a gunshot wound to the chest. … His death was ruled a suicide, but family members have asked State Police to investigate further."

DC To Probe Death Of St Elizabeth's Patient. The Washington Post (1/11, B5, Cauvin) reports, "A senior adviser to the mayor said yesterday that the District is examining how a 39-year-old mental patient died after an altercation at the city-run St. Elizabeths Hospital." The Post continues, "Peter J. Nickles, the mayor's general counsel, said the psychiatric hospital's new chief, Patrick Canavan, is leading an investigation by hospital administrators into the events Tuesday afternoon. … The man became unresponsive after staff members tried to restrain him following a 'dangerous altercation,' according to a statement by the D.C. Department of Mental Health, which runs the Southeast Washington hospital. The statement said the man was pronounced dead at Greater Southeast Community Hospital after being brought by ambulance. … Mental health officials did not identify the man, citing privacy concerns." The Post adds, "The city will be open about the findings of its probe, Nickles said. … 'There's going to be complete transparency about this,' said Nickles, who before joining the administration of new Mayor Adrian M. Fenty (D) spent much of his career suing the D.C. government for the failings of many of its human services agencies, including the city's metal health agency." The Post notes, "A civil rights investigation by the Justice Department found the quality of care and supervision at the hospital lacking, and in a report released last year, the department demanded that the city take significant steps to improve operations at St. Elizabeths. The investigation was prompted, in part, by the deaths of two patients attacked by other patients in 2004 and three patients whose care was compromised in 2005."

LAPD Chief Wants Disciplinary Board Meetings Open To Public. The Los Angeles Times (1/12, McGreevy) reports, "Los Angeles Police Chief William J. Bratton said today he would support changing the City Charter and state law to ensure that police disciplinary board meetings and some records are reopened to the public, complaining that he feels 'muzzled' by current privacy law." The Times continues, "A day after his department came under criticism for holding a Board of Rights hearing in secret to clear the officer who fatally shot 13-year-old Devin Brown, the chief likened the process to a 'star chamber' in which the public is deprived of information important to holding the police accountable. … On Tuesday, The Times revealed that an LAPD board had secretly cleared Officer Steven Garcia in the Brown case after the Police Commission had held the shooting to be out of policy. … 'I am in support of change,' Bratton said. 'I am very frustrated by [the current process]. The public has no access to it. The media has no access to it. That's crazy, absolutely crazy. We have nothing to hide in the Los Angeles Police Department.'" The Times notes, "Although disciplinary hearings have historically been open in Los Angeles, police officials changed LAPD policy late last year in response to a state Supreme Court ruling that restricted access to law enforcement personnel records in a San Diego case. … Last year, the Police Commission also changed a decades-old policy and began issuing public reports without the names of officers involved in shootings. At that time, state Sen. Gloria Romero (D-Los Angeles) offered to sponsor legislation to ensure that names would not be struck from public police records if commission members had concerns about potential court restrictions."

More Commentary. The Los Angeles Times (1/12) editorializes, "An open, accountable and trustworthy Los Angeles Police Department seems perpetually just around the corner. Reforms are instituted, promises and progress made, but with every positive step forward, the pull of secrecy keeps yanking the LAPD ceaselessly backward. … And so, after Rodney King, Rampart and now Devin Brown, we are here: Hearings on officer-involved shootings that once were open are now conducted in secret. Reports that used to

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name the cop who pulled the trigger now do not. And a community that was finally learning to trust the LAPD is now clouded with suspicion." The Times adds, "On Wednesday, another LAPD officer shot and killed an unarmed man. Was the action warranted, was it a tragic mistake, or did the officer act unreasonably? Does the officer have a history of bad decisions? What exactly happened, and who was involved? Under rules in place until just over a year ago, we would probably find out, eventually. Under rules in place today, we may never get the answers. That in turn means we may never be able to determine whether we're getting the reformed LAPD we want." The Times notes, "Now Bratton has expressed frustration at the deleted names and closed proceedings, calling the board of rights hearings a 'star chamber.' He knows that no matter how perfectly his officers, his department and the various layers of review operate, the veil of secrecy opens them to suspicion and attack. … Bratton suggested that the Police Commission, already nominally in charge of the LAPD, could be further empowered to assure more openness in disciplinary proceedings. It's a good idea. Changing the City Charter is time-consuming and cumbersome. But if that's what it takes to reverse the LAPD's slide back into secrecy, it's worth it."

Accuser In Duke Lacrosse Case Contradicts Herself. The New York Times (1/12, Wilson) reports, "In an interview last month with a district attorney's investigator, the woman who has accused three Duke lacrosse players of sexual assault contradicted critical evidence and parts of her earlier accounts, dealing a new blow to a faltering case." The Times continues, "In her account, made public on Thursday in a motion by defense lawyers, the woman said two players attacked her in the bathroom at a team party in March. She also gave a new version of the timing and revised some of the men's descriptions. … The lawyers' motion said the latest account, from an interview on Dec. 21 with an investigator for District Attorney Michael B. Nifong, raised further questions about the credibility of the central witness in the case. … 'The accuser's most recent recollection of events demonstrates clearly that she cannot accurately recall and describe her attackers and that any identification made by her is necessarily unreliable,' the motion said." The Times adds, "Mr. Nifong is increasingly embattled. Last month, he dropped rape charges against the men after the accuser said she was no longer certain of some details of the incident. … The state bar has filed an ethics complaint against Mr. Nifong for what it said were prejudicial public statements. The executive committee of the North Carolina Conference of District Attorneys has called on him to drop out of the case. He has also been widely criticized for withholding exculpatory DNA evidence."

California Man Sues To Take Wife's Last Name. USA Today (1/12, 3A, Kasindorf) reports from Los Angeles, "Michael Buday is petitioning a federal judge for the right to take Diana Bijon's last name in marriage as easily as she could take his last name." USA continues, "Bijon, 28, an emergency room nurse, asked her fiancé to change his last name to preserve her father's family name because there are no sons. Buday, 29, a technical manager at an advertising firm, promised he would. … 'I had a rough childhood with my father,' he says. 'We never really got along. Diana's father stepped up, gave me career advice. He's family.'" USA adds, "Keeping his promise has been more onerous than Buday expected. A woman can choose her husband's name or her maiden name on a California marriage-license form after the couple pays a county application fee that ranges from $50 to $97. California and 43 other states provide no place on a marriage-license application for the groom to choose the bride's surname. … To officially change his name to hers — and for future Social Security benefits, Buday says — a man must pay a $320 court fee, advertise his intention in a newspaper for four weeks and get a judge's approval." USA notes, "The ACLU sued California and Los Angeles County on Dec. 15 to have the separate treatment of Buday and Bijon outlawed as gender discrimination and a denial of equal protection. The couple were married in August 2005 under their separate names after state and county agencies rebuffed them. … Six states — Georgia, Hawaii, Iowa, Massachusetts, New York and North Dakota — give either spouse the right to choose the other's last name."

Rights Groups Seek New Members From Younger Generation. USA Today (1/12, 3A, Koch) reports, "College freshman Simone Hall hasn't joined a civil rights group, although her mother belongs to three of them. She says she'd like to sign up and wishes they were more active on campus. … Kendra Clark, a sophomore, says she joined a campus chapter of the NAACP, the nation's oldest civil rights group, because racism still exists. Agbanyim Ugwuomo, a senior, teamed up with the Hip Hop Caucus, an activist group formed in 2004. He says he supports a fresh

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approach to racial problems." USA continues, "The three black students at Howard University are exactly the kind of new members sought by civil rights groups. The students say activism is as necessary today as it was 40 years ago when Martin Luther King Jr., whose birthday is Monday, led hundreds of thousands of people in marches for desegregation and blacks' right to vote. They say, however, that the focus now should be on issues such as inner-city school funding." USA adds, "Civil rights groups, beset by aging or stagnant membership, are recasting their messages to appeal to young people. They're putting up discussion boards on youth-oriented websites and talking about jobs, education, housing, entrepreneurship and financial literacy. … NAACP President Bruce Gordon says the group's membership, which had been aging, jumped considerably last year. He says it increased most among young people."

ANTITRUST:

Bristol-Myers Still In Search Of Suitor. The New York Times (1/12, Saul) reports, "The drug maker Bristol-Myers Squibb brings to mind that vacant colonial for sale down the street. In real estate parlance, both are expensive and might seem to need too much tender loving care." The Times continues, "The company's leaders all but announced it was for sale last September. Four months later, though, no potential suitor has emerged — at least not publicly. … Instead, Bristol-Myers has entered several comparatively small deals, including one yesterday in which it announced a partnership with the British company AstraZeneca to develop two diabetes compounds." The Times adds, "One industry executive said recently that every large pharmaceutical company had looked at Bristol-Myers as a potential acquisition. But there are major deterrents to a quick sale: its price; two pending Justice Department investigations; and a looming patent trial involving the company's blockbuster drug Plavix. That trial is set to begin Jan. 22 in Manhattan federal court. … Bristol-Myers declined to comment yesterday on speculation involving the company's possible takeover. A Bernstein analysis last fall discussed why other pharmaceutical companies were not rushing to buy Bristol-Myers, despite a research and development pipeline that is viewed as one of the most attractive in the industry." The Times notes, "Cost is a reason. The analysis by Bernstein in October estimated the intrinsic value of Bristol-Myers at $21.50 a share. But the company's shares closed up 34 cents yesterday, at $26.54. Judging by similar takeover deals in the past, shareholders would want a 20 to 30 percent premium — or about $30 a share — before they would be happy with a takeover. … And many companies that might be interested in Bristol have lower price-earnings multiples. Acquiring Bristol-Myers would be bucking the norm in which high multiple companies usually acquire lower multiple companies."

Judge Rules Antitrust Suit Against Bar Exam Preparer May Proceed. Bloomberg (1/12, Glovin) reports, "Thomson Corp., owner of Westlaw legal research, must defend an antitrust lawsuit claiming the company illegally required aspiring lawyers to enroll in a second program as a condition of taking the state bar-exam preparation course." Bloomberg continues, "A test-taker claimed in a lawsuit filed last year in Manhattan federal court that Thomson violated antitrust laws by illegally linking state-bar and multistate review courses. U.S. District Judge William Pauley ruled today that the antitrust suit against Toronto-based Thomson may go forward." Bloomberg adds, "Thomson sells about 40,000 BarBri courses in the U.S. with both state and multistate review elements, generating about $125 million in revenue and $60 million in profits, Pauley said. As much as 90 percent of students taking prep-courses for the state section of the test enroll in the BarBri program, he said. … 'The evidence suggests that BarBri used its substantial market share to control competition, boost prices and potentially force unwilling consumption of its' multistate product, Pauley wrote in a 20-page decision. … Bar exams in 48 states include a 'multistate' section, which consists of questions on contracts, criminal law and four other subjects, and a second section with questions about a state's particular laws." Bloomberg notes, "The proposed class-action, or group lawsuit, was filed on behalf of all people who purchased a BarBri course in 47 states since 2001. The suit, brought by test-taker Anthony Park, seeks unspecified money damages."

EU Delays Ruling On Universal-BMG Deal. The AP (1/11, White) reports, "European Union antitrust regulators on Thursday delayed until June 1 a deadline to rule on Universal Music Group's plans to buy BMG Music Publishing for about $2.09 billion. … They did not say why they needed more time to look at the takeover." The AP continues, "If approved, the deal would combine the No. 3

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and No. 4 music publishing catalogs, giving them a 22 percent market share and scraping ahead of current market leader EMI. … EU approval is the last hurdle for the deal, which was cleared in November by the Federal Trade Commission and the Justice Department in the United States." The AP adds, "Officials had said they would issue a final decision on whether to block or allow the deal by April 27 when they opened an in-depth investigation last month. … The European Commission is under pressure to look closely at the record industry after the EU's second-highest court overturned regulatory approval last July of a 2004 combination between the music units of Sony Corp. and Bertelsmann AG. … The court sharply criticized regulators, saying they had not done enough to show there was no monopoly in the recording industry before the deal or that there would not be one afterward. … The Sony-BMG deal must now be re-examined."

The Hollywood Reporter (1/12, Cendrowicz) reports, "The delay, which pushes the decision to June 1, came after Universal Music parent Vivendi, called for more time as it prepared to defend a merger that would create the world's biggest music publishing company. … In a statement, Universal said it requested the extension, 'to give the commission sufficient time to consider properly the merits of the merger in what would otherwise be an overly aggressive timetable.' … 'We remain confident that the merger will be approved,' the company added." The Reporter notes, "Industry sources said Universal was concerned about how soon it would be able to provide the vast quantity of data sought by the commission, the European Union's antitrust regulator. 'It's not a problem, but it is a huge amount to gather,' one source said. … The timeframe is unusually short. Universal won the auction to buy BMG Music Publishing in September and filed its bid with the EC in November, but it was only on Dec. 8 that the commission announced it would open an in-depth merger investigation, just as its officials were due to leave Brussels for their traditional two-week Christmas vacation. The probe itself also has seen a change, as the head of the EC unit investigating the merger has just been replaced."

Open Standards Seen As Crux Of Cisco's IPhone Suit. The Wall Street Journal (1/12, A9, Clark) reports, "Cisco Systems Inc.'s suit against Apple Inc. turns on a trademark. But the fight also reflects two fundamentally different approaches to technology, one based on open standards and the other on proprietary design." The Journal continues, "Cisco contends that it holds rights to the name iPhone. The Silicon Valley networking giant filed trademark-infringement charges Wednesday to stop Apple's use of the name on its new cellphone, after the companies failed to reach a licensing agreement before the product was announced Tuesday. … Cisco also disclosed that it had been asking Apple, in exchange for using the name, to help Cisco's product work together with Apple's. … The request fits Cisco's style. The San Jose, Calif., company makes networking devices that rely on published specifications to exchange data. … Apple, by contrast, has kept tight control over internally developed technology to be able to offer exclusive features. Many competitors, for instance, have asked Apple to make it possible for songs purchased from the company's iTunes music store to be loaded on their portable music players. But only Apple's hit iPod can do that." The Journal adds, "The new iPhone offers sophisticated cellphone features and many functions of the iPod. Opening up that product or other Apple devices in new ways could help Cisco's hardware sales, given the publicity Apple tends to generate. One person familiar with the situation said the negotiations focused on broad technical cooperation, rather than specific devices. … Other lawyers observing the battle predict Apple will try to show Cisco didn't adequately use or protect the iPhone trademark."

Solis Criticizes FCC's New Video Rules. In a Wall Street Journal letter to the editor (1/12), Rep. Hilda Solis says, "In response to your Jan. 2 editorial 'Franchise Freedom' about the FCC's recent order rewriting the nation's video franchising rules to permit broadband discrimination against low-income and rural communities: I want to stand up for competition, lower prices and innovation that is both speedy and equitable." Some of "our largest corporations have convinced the FCC that cities and towns are to blame for any perceived lack of competition in the market for video and broadband services. This is misguided and irresponsible. For Hispanic Americans, who continue to face obstacles to accessing broadband services, equitable deployment is critical to ensuring that corporate titans cannot erect a walled garden behind which the fastest broadband services are squirreled for only the rich. Having failed to get Congress to bless their business plan that leaves behind most communities from their fiber upgrades, corporate executives have turned instead to the FCC for the dictum they demand.

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The FCC's new video rules give a license to discriminate to companies who openly admit to Wall Street that local franchises have not posed a barrier."

FBI/DEA/ATF/USMS:

Gonzales Praises Calderon's Anti-Drug Efforts. The AP (1/12, Pacheco) reports from Mexico City, "U.S. Attorney General Alberto Gonzales said today that the two nations must broaden their cooperation in order to curb the brutal wave of drug violence rocking Mexico." The AP continues, "Gonzales, who met with Mexican Attorney General Eduardo Medina, applauded President Felipe Calderon's efforts to reduce drug violence, which killed more than 2,000 people in Mexico last year." The AP adds, "Since taking office in December, Calderon has sent 3,300 soldiers and federal agents to Tijuana and more than 7,000 troops to his native state of Michoacan. .. .More than 1,000 troops also have been sent to the Pacific resort of Acapulco and two other cities in the western state of Guerrero in a crackdown on drugs and crime there, state officials said." The AP notes, "Gonzales praised Medina for a record 63 criminals Mexico extradited to the U.S. in 2006. … The extradition of criminals shows progress, Gonzales said, 'but much work needs to be done.' … Gonzales said Medina 'and I both wholeheartedly agree that our law enforcement officials must be able to cooperate with one another on a broader scale and in an atmosphere of mutual trust if we are going to turn back the tide of recent violence and crime that so adversely affects us all.'"

The Houston Chronicle (1/12, Lloyd) reports, "The United States and Mexico must improve cooperation in the drug war or their efforts are doomed to fail, attorney generals from both countries said Thursday. … 'Clearly, Mexico and the United States have a shared responsibility to make our communities safer from the drug traffickers and criminals who are threatening our way of life,' U.S. Attorney General Alberto Gonzales told a joint news conference in Mexico." The Chronicle continues, "It was his first official meeting with his Mexican counter-part, Eduardo Medina Mora, who was appointed attorney general Dec. 1 at the end of a year of record drug violence. More than 2,000 Mexicans died in gangland-style killings in 2006, prompting the U.S. government to issue travel warnings for parts of Mexico. … 'Crime is not Mexico's problem alone or the United States' problem alone,' Gonzales read from a statement. 'It is our mutual challenge, and if we do not work together to meet that challenge, we will both fail. And the stakes are too high for failure.' … Medina Mora agreed. But he added that such a partnership must take place in 'an atmosphere of mutual confidence and profound respect for our sovereignty.'" The Chronicle notes, "Neither official said whether Mexico had accepted a petition by the U.S. Drug Enforcement Administration to open new offices in Nuevo Laredo, Matamoros and Nogales on the U.S. border. The requested expansion would bring the total number of Mexico offices to 11 and increase the number of DEA agents from 81 to nearly 100, officials from both countries have said."

The Laredo (TX) Morning Times (1/11, Reddick) reports, "U.S. Attorney General Alberto Gonzales toured the World Trade Bridge on Wednesday, announcing a new effort to fight drug traffickers on the border. 'We're concerned about violence in Mexico spilling into the U.S.,' Gonzales said." The Times continues, "Gonzales announced $300,000 would be spent on a new federal drug taskforce that would fight drug cartels. Cuellar said the money is a good start, but we need to do more, like adding federal prosecutors to handle the border's busy drug and immigration dockets. … U.S. Rep. Henry Cuellar, D-Laredo, said he asked Gonzales in September to visit because of recent increases in border violence, and he called the visit significant. 'It sends a strong message that he knows what's happening on the ground,' Cuellar said from Washington, D.C. … However, William Slemaker, who has become a spokesman for families of people missing in Mexico, said he didn't find any answers in Gonzales' visit. … 'I felt that he came to spit in our face,' Slemaker said. … Slemaker and other kidnapping victims' families held signs near the World Trade Bridge as Gonzales' motorcade arrived and left. … Slemaker said the proposal sounds like more of the same old thing, and he believes everyone keeps talking about border violence without thinking of the actual victims."

KVEA-TV, Los Angeles, CA, (1/11, 11:00 p.m., translated) broadcasted on Telemundo that officials Eduardo Medina, of Mexico, and Alberto Gonzales, of the United States agreed to "unite forces to fight against trafficking narcotics." Additionally, the (US) "asked the Mexican government to open three new offices in New Laredo, Matamores and Nogales."

KBNT-TV, San Diego, CA (1/11, 11:00 p.m., translated) broadcasted on Univision that during Gonzales' visit to Mexico, he said, "Organized crime is not a problem

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exclusively in Mexico or the United States, so it's required for both nations to fight it." Gonzales met with General Eduardo Medina and "compromised to improve the collaboration in the matter of information exchange, intelligence and experience that exists for the citizens of both countries." Gonzales "congratulated Mexico for it's operations against organized crime." The Univision broadcast also played in KTLE-TV, Odessa, Midland, TX (1/11, 5:00 p.m.). Other stations that ran this story are KTSM-TV, El Paso, TX (1/11, 10:00 p.m.), KRIS-TV, Corpus Christi, TX (1/11, 10:00 p.m.) and KMIR-TV, Palm Springs, CA (1/11, 11:00 p.m.).

US Charges Deputy Marshal With Leaking Information In Mob Case. The AP (1/11, Robinson) reports, "A federal deputy marshal was charged today with leaking information about a reputed mobster's cooperation with prosecutors as they investigated the top echelon of Chicago's organized crime family." The AP continues, "John Thomas Ambrose, 38, a former supervisory inspector of the U.S. Marshals Service's Great Lakes Regional Fugitive Task Force, surrendered voluntarily Thursday at the FBI's Chicago office, officials said. … He is accused of revealing information concerning the cooperation and travel plans of Nicholas Calabrese, who is expected to be a key witness in the government's Operation Family Secrets murder conspiracy case." The AP adds, "Prosecutors said Ambrose told them in a Sept. 6 interview that he passed the information to an associate of reputed mob boss John 'No Nose' DiFronzo in hopes of getting information on the whereabouts of then-fugitive organized crime figure Joseph 'Joey the Clown' Lombardo. … But prosecutors said that in later interviews Ambrose said he never believed the information would be passed to organized crime figures. … Lombardo, among those charged in the Operation Family Secrets indictment, was subsequently captured and is due to stand trial starting in May along with the others accused in the case."

The Chicago Sun-Times (1/11, Main, Korecki) reports, "Nick Calabrese is a key witness in the upcoming Family Secrets mob trial, scheduled to begin in May. Calabrese is the brother of Frank Calabrese Sr., a man charged in 13 mob hits and one of the top mobsters on trial in the case. … The Chicago Sun-Times reported in September that Ambrose was placed on administrative leave while federal authorities investigated the allegations." The Sun-Times adds, "The deputy, a member of the Great Lakes Regional Fugitive Task Force, was required to surrender his badge and gun, sources said. … In 2005, federal authorities charged 14 people in the sweeping mob indictment. The investigation, which is continuing, pinned 18 previously unsolved murders on the Chicago Outfit. … Ambrose has spearheaded several high-profile fugitive arrests, including the capture of an Italian mobster living in the west suburbs and a Chicago street gang member named as one of the country's 15 most-wanted fugitives."

WMAQ-TV, NBC 5, Chicago (1/11) reports, "According to the FBI's affidavit, witness Calabrese admitted to the government that he was a 'made' member of the Chicago mob (a.k.a. the 'Chicago Outfit') and provided federal agents with the most expansive overview ever of murders allegedly committed by its members. In 2002, Calabrese agreed to cooperate in the investigation of alleged Outfit members, including his brother, Frank Calabrese Sr. and two other men -- brothers James and Michael Marcello." WMAQ-TV continues, "Nicolas Calabrese was moved to a secure prison facility in August of 2002, based on his ability to testify in 38 murders -- 16 of which he admits he participated. An investigation ensued, resulting in the April 2005 indictment of 14 defendants in U.S. vs. Nicolas Calabrese et al., which alleges a 40-year racketeering conspiracy involving 18 previously unsolved Outfit murders of suspected government witnesses between 1970 and 1986. That's according to a release by the Chicago FBI. … The case against the remaining 12 defendants is scheduled for trial in May."

CBS 2 Chicago (1/12) reports, "Ambrose, 38, a deputy marshal since January 1998 and a supervisory inspector for the U.S. Marshals Service's Great Lakes Regional Fugitive Task Force, was placed on administrative leave last September. He is scheduled for an initial hearing this afternoon before a U.S. magistrate judge at the Dirksen Federal Building." CBS 2 continues, "Calabrese is still in protective custody, set to testify in Operation Family Secrets, the massive case involving several alleged mobsters including Calabrese's brother Frank, Sr. … The feds say despite the leak, Calabrese was never in any danger, but he and others could have been."

The Chicago Tribune (1/12, O'Connor) reports, "John T. Ambrose was barely a teenager when his dad, Thomas, was convicted in the 'Marquette 10' police corruption trial in the 1980s. … The father died after just a year in prison and never saw that Ambrose grew up to be a law-enforcement officer—a decorated supervisor in the U.S. marshal's office." The Tribune continues, "Federal prosecutors said he

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followed too closely in his father's footsteps. In a case that shows the long shadow of one of Chicago's most notorious police corruption scandals, Ambrose was accused Thursday of passing secrets to the mob. … With his own dad gone, Ambrose had come to look upon another one of the convicted Marquette 10 as a father figure, according to court papers." The Tribune adds, "Chicago attorney Thomas Royce, who defended Ambrose's dad at the Marquette 10 trial, recalled Thursday that Ambrose occasionally sat in the courtroom watching his father's trial. He turned 14 during the trial. … 'I am truly surprised John would ever have an evil motive,' said Royce, who has kept in contact with Ambrose. 'He was very aggressive, in my belief, in trying to overcome his father's image.'"

Atlanta Narcotics Team Member Tells FBI Officers Lied To Get Warrant. The New York Times (1/12, Dewan, 1.16M) reports, "A narcotics team that shot and killed an elderly woman while raiding her home lied to obtain the search warrant, one team member has told federal investigators, according to news reports confirmed by a person familiar with the investigation who requested anonymity. The officers falsely claimed that a confidential informant had bought $50 worth of crack at the house, the team member, Gregg Junnier, told the Federal Bureau of Investigation. Mr. Junnier retired from the Atlanta Police Department last week. The story backs up statements by Alex White, a police informant, who said that after the shooting the police had asked him to claim, falsely, that he had bought crack at the modest home of the woman, Kathryn Johnston." The Times adds, "Spokesmen with the F.B.I.'s Atlanta office and the United States attorney here declined to comment."

DOJ: Illinois Doctor Illegally Prescribed 62 Million Doses Of Drugs Over Internet. The IDG News Service (1/11) reported an Illinois doctor "was sentenced…to more than three years in prison for illegally prescribing drugs over the Internet. Michael Millette, 46, of Crystal Lake, Ill., is the ninth doctor to be sentenced in an Internet pharmacy investigation conducted by the U.S. Attorney's office for the Northern District of Iowa. U.S. District Judge Linda Reade sentenced Millette to 41 months in prison and a $1.6 million fine." During his plea hearing, Millette "said he prescribed more than 62 million doses of drugs illegally over the Internet, the DOJ said in a statement. Millette also said he laundered the money he received from the Internet companies that employed him." Computerworld published the IDG story.

Michigan Man Gets 7-Year Sentence For Role In Importing Thousands Of Ecstasy Pills. The Flint (MI) Journal (1/11) reported a Flushing business owner "will spend more than seven years in federal prison for his role in importing tens of thousands of Ecstasy pills between 2001 and 2004. Jared Petiprin…pleaded guilty in September to conspiracy to distribute a controlled substance. On Wednesday, he was sentenced to 87 months in prison by U.S. District Judge Paul V. Gadola." Petiprin "is the latest - but not necessarily the last - in a string of defendants involved in the large-scale distribution and sale of Ecstasy or cocaine who were charged in an investigation by the Drug Enforcement Administration and the Department of Homeland Security-Immigration Customs Enforcement over the past two years."

"Cocaine Cowboys" Indicted In New York. Albany, New York's Capital News 9 (1/11) reports on its Web site that the Cocaine Cowboys "are outlaws no more. Ten Members of the New York City-based gang have been indicted on felony charges of conspiracy to distribute a controlled substance." Authorities "said the drug gang was peddling between one and two kilos of crack and coke from the city into the Capital Region every two weeks, moving about $40,000 worth of the drugs each week." They "weren't selling on the streets. They sold to other drug dealers and made their headquarters in a house…in Colonie."

The Albany (NY) Times Union (1/11) reported, "The probe that began with street-level buys last summer uncovered a crew with a reverence for corporate culture and adherence to a strict code of conduct, prosecutors said. Workers who routinely ferried drugs were given cash bonuses for avoiding speeding tickets and contact with police. Others, overheard on wiretaps, lobbied for promotions to management positions, prosecutors said."

On its Web site, WTEN-TV, Albany (1/11) reports police "say what operated as a 'delivery service' for dealers around the area, is now out of business. That pipeline began down in New York City, and shipped drugs up the Thruway to Latham. Police say in order to distribute the goods, the dealers set up what they call a 'satellite base'…in Latham."

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Federal Fugitive Facing Meth Charges Found In Alabama Jail. The AP (1/11) reported a Morgan County sheriff's investigator "helped find a federal fugitive who was already jailed in the county under a false name. A federal grand jury indicted Ulises Torres Cruz, 31, in July on charges of conspiracy to traffic methamphetamine as part of a major drug-trafficking organization in North Alabama. But authorities could not find Cruz, and he was placed on the Drug Enforcement Administration's most wanted list. … The man had told police his name was Martin Contera Vera, but Huntsville DEA agents confirmed that Vera and Cruz were the same person." The Montgomery Advertiser used the AP story.

The Decatur (AL) Daily (1/11) wrote that the effort "brought down a drug trafficking ring allegedly run by Oscar Xicotencah Salomon, 34, of Decatur. Salomon's alleged organization brought drugs into the U.S. from Mexico through the Texas border."

Budget Cuts Said To Be Hindering Drug Enforcement. For Time, (1/11) Brian Bennett wrote, "Though the global drug trade is heating up, expect a lighter U.S. enforcement presence on the streets. The White House's Office of National Drug Control Policy estimates that opium production in Afghanistan, which not only provides 90% of the heroin consumed globally but also funds Taliban activities, rose 61% last year over 2005. … Yet the U.S. Drug Enforcement Agency (DEA), which annually loses some 3% of its 5,000 agents to attrition, has a two-year hiring freeze because of budget cuts to U.S. programs. DEA bean counters say they would need an additional $12 million to maintain current agent levels." DEA chief financial officer Frank Kalder "admits, 'there will be less drug enforcement going on. There's no getting around that.'"

In Detroit, Walters Praises Officials' Response To Fentanyl-Related Overdoses. The Detroit News (1/11) reported John Walters "commended Wayne County officials Thursday for their teamwork with others last year during a rash of drug overdoses from the powerful painkiller fentanyl. 'Your collaboration as a group was outstanding,'" said Walters. "'You saved lives, and you helped save lives in other places.' Fentanyl overdoses killed at least 179 people in Wayne County in the first 11 months last year, officials said." Walters "said it is unclear whether the continuing fentanyl deaths are attributable to a sizable production of the drug that is still in circulation or if others are manufacturing it."

The Detroit Free Press (1/11) reported 12 people died in May from fentanyl-related overdoses, and those deaths "punctuated a trend that began nine months earlier, when clandestinely produced fentanyl began showing up in combination with heroin and cocaine in some U.S. cites, including Detroit. Walters blamed the initial delay in recognizing the outbreak [in Detroit] and nationwide to the lack of a national reporting system for such drug epidemics." Walters "asked [a] work group for its advice on how to create standards for reporting and gathering of information that could spot emerging drug epidemics sooner."

Bonds Issues Statement Following Report Of Positive Amphetamines Test. The Los Angeles Times (1/12, Shaikin) reports the first player "to reportedly test positive under baseball's new amphetamine ban is Barry Bonds, the one most prominently associated with a federal investigation into steroid abuse. Bonds' test result from last season was first reported Thursday by the New York Daily News." Bonds "issued a statement Thursday in which he did not confirm, deny or address the positive test but did apologize to the Giants and their fans in general."

The AP (1/12) reports Bonds "said he did not get amphetamines from teammate Mark Sweeney, but did not deny a report Thursday saying he tested positive for the drugs last season. According to a story in the New York Daily News, the San Francisco slugger failed an amphetamines test in 2006. The newspaper reported that when first informed of the positive result, Bonds attributed it to a substance he had taken from Sweeney's locker."

USA Today (1/12, Nightengale) reports Sweeney "told USA Today earlier Thursday that he did not have amphetamines and confronted Bonds about it last summer. 'I asked him why my name would be out there,' Sweeney said. 'I told him that I didn't understand why my name was even being talked about. He told me it was a misunderstanding.' Sweeney said he has never tested positive for amphetamines."

Amphetamines Seen As Part Of Baseball's Culture. The New York Times (1/12, Schmidt) reports that if Bonds "did test positive for amphetamines, it was as one of approximately 3,000 tests that baseball conducted last season for the stimulant, which has long been part of baseball's culture. Last season was the first time that

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baseball tested for amphetamines, with each player on the 40-man rosters of the 30 major league teams tested at least twice, and others tested more than that because of the 580 additional random tests provided for in the agreement between baseball and the players association."

The AP (1/11) reported, "There's a long history of amphetamines -- or speed and more commonly called greenies in the baseball world -- fueling generations of baseball players. Many turned to the stimulants for a way to get pepped up when their bodies couldn't do so on their own during a long season. The pills, widely used even until recently, helped with energy for day games following night games and other times when players were short on sleep, such as after a long cross-country flight."

Ecuador, Colombia Make Deal On Coca Crop Fumigation. The AP (1/12) reports Ecuador's president-elect "said Thursday a diplomatic spat over Colombia's fumigation of coca has been resolved, a disagreement that had spurred debate over the U.S. drug policy and prompted Ecuador to withdraw its ambassador. Rafael Correa, a leftist economist who takes office Monday, told reporters in Quito that the agreement with Colombian President Alvaro Uribe marked 'a huge step forward' in cross-border ties." Uribe and Correa "met Wednesday in Nicaragua during the inauguration of President Daniel Ortega and reached an agreement under which Ecuador would be notified of any spraying along the border, Correa said. They also agreed to create a three-party commission, with representatives from both countries and a third from the Organization of American States, that would ensure that the spray does not enter Ecuadorean territory."

IMMIGRATION:

US Indicts Exiled Cuban Militant For Immigration Fraud. The Miami Herald (1/12, Chardy, Weaver) reports, "A federal grand jury in El Paso, Texas handed down a seven-count indictment today against Cuban exile militant Luis Posada Carriles, charging him with lying about how he sneaked into the United States in March 2005. It is the first time the CIA-trained Posada has been charged with a crime in the United States." The Herald continues, "His chief benefactor, Santiago Alvarez, and another supporter -- Osvaldo Mitat -- were also indicted after they refused to testify before the same grand jury today. They were charged with contempt of court when they invoked their Fifth Amendment right against self-incrimination." The Herald adds, "The indictment accused Posada, 78, of making false statements to immigration officials about how he arrived in the United States. Posada has insisted he came through the Mexican border, but the indictment asserted Posada entered the United States by sea aboard the shrimping vessel Santrina crewed by Alvarez, Mitat and others. … This is the first time Posada has been criminally charged in the United States, the country he viewed as an ally and safe haven because of his past connections to the CIA and the U.S. military. By indicting Posada, the federal government ensures his continued detention."

The San Antonio Express-News (1/12, Contreras) reports, "Posada claims he entered through the Texas-Mexican border, but U.S. authorities allege he sneaked into Florida in March 2005 aboard a shrimp boat co-owned by Santiago Alvarez, a prominent South Florida supporter and benefactor of Posada, according to court records and newspaper reports. … Alvarez and Osvaldo Mitat, who reportedly worked for Alvarez, also were indicted by the El Paso grand jury Thursday on charges of refusing to testify at the grand jury proceedings, their indictments show." The Express-News adds, "Posada remained Thursday in a federal immigration jail in El Paso, one of the more infamous inmates there because of his background, which includes involvement in the 1961 Bay of Pigs operation — a U.S.-backed attempt by Cuban exiles to overthrow Castro. … Alvarez and Mitat were sentenced to federal prison in November after pleading guilty to federal weapons charges in Florida over machine guns, a grenade launcher and other items stored in an apartment complex that Alvarez, a real estate developer in Miami, owns."

The Los Angeles Times (1/12, Williams) reports, "Posada's attorney, Eduardo Soto, filed a writ of habeas corpus in August challenging his client's continued detention. After U.S. Magistrate Norbert Garney recommended a month later that Posada be released, Department of Justice authorities urged U.S. District Judge Philip Martinez in El Paso to keep Posada jailed, claiming he is 'an admitted mastermind of terrorist plots and attacks.' … Thursday's grand jury indictment 'shows that the Justice Department is serious about pursuing Posada but still leaves his case in the immigration courts instead of addressing his terrorist background,' said Peter Kornbluh of the independent National Security Archive at George Washington University.

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… Kornbluh suspects the Bush administration is reluctant to put Posada on trial for sabotage or acts of terrorism because of his close ties to U.S. security and intelligence operations over the years. … Soto has also alluded to his client's knowledge of clandestine activities and their potential to embarrass past Republican administrations. … President George H.W. Bush, the current president's father, was CIA director during the Iran-Contra affair in which Posada played a key role."

The AP (1/12, Caldwell) reports, "Several countries have rejected U.S. requests for Posada to be sent there." The AP adds, "Posada, who was born in Cuba and is a naturalized citizen of Venezuela, is charged with one count of naturalization fraud and six counts of making false statements in a naturalization proceeding, according to the Justice Department. … The indictment alleges that Posada knowingly lied on his application and under oath when applying for naturalization to the United States in September 2005 and April 2006. .. He said he traveled from Honduras through Belize, ultimately reaching the United States near Brownsville, Texas, with the help of a human smuggler. But Posada actually entered the country by sea on a boat with four others, according to the indictment." The AP notes, "It is unclear what impact the indictment could have on the pending deportation order. If the indictment proceeds, Posada could ask to be set free on bond, Millan said, a move that would probably draw Justice Department opposition."

Bloomberg (1/12, Schmidt) reports, "If convicted, Posada Carriles would face a maximum of 10 years in prison on one charge of naturalization fraud and up to five years on each of six counts of lying in interviews with immigration officials."

AFP (1/12) reports, "Venezuela has demanded the United States extradite Posada Carriles to face terrorism charges. … US officials refuse to release him to Venezuela, where he holds citizenship, or Cuba, where he was born, saying he might be tortured. But they also have refused to free him, calling the former CIA operative a threat to national security." AFP adds, "Recently declassified US documents show that Posada Carriles had worked for the CIA at least from 1965 until June 1976, and he reportedly helped the US government ferry supplies to so-called Contra rebels, who waged a bloody campaign to topple the Marxist Sandinistas in Nicaragua in the 1980s."

Chicago Man Arrested For Impersonating FBI Agent To Scam Immigrants. Sun-Times News Group (1/11) reported, "A 40-year-old man was indicted Wednesday with allegedly impersonating an FBI agent so he could dupe immigrants out of money. Omar Abbas, who is currently in custody on a $100,000 bond, was indicted on two counts each of extortion and making false statements within the jurisdiction of the FBI, and one count each of impersonating a United States officer and bribery." STNG noted, "He usually preyed on immigrants caught in tough circumstances, authorities said. Law enforcement officials believe more immigrants have been scammed but haven't alerted authorities because they fear their legal status will be questioned, FBI spokesman Tom Simon sai"

TAX:

Another Plea In KPMG Case. The Wall Street Journal (1/12, C2) reports, "A Saipan man pleaded guilty to making false statements in connection with the government's probe into allegedly fraudulent tax shelters marketed by former executives of KPMG LLP. … The plea was the second in the government's tax-shelter investigation secured by prosecutors in as many days." The Journal continues, "Michael Grandinetti, a senior executive with the United Micronesia Development Association, entered his plea at a hearing before U.S. District Judge Thomas P. Griesa in Manhattan. … Mr. Grandinetti, 54 years old, said he lied to a prosecutor and an Internal Revenue Service agent when he told them in a March 2006 telephone call that he had disclosed to the UMDA's board that he received secret side payments from a group of tax-shelter promoters for UMDA engaging in certain tax-shelter transactions. … Mr. Grandinetti faces up to five years in prison on the charge. Bail was set at $10,000."

IRS Agents Criticize Prematurely Closed Audits. The New York Times (1/12, Johnston) reports, "Top officials at the Internal Revenue Service are pushing agents to prematurely close audits of big companies with agreements to have them pay only a fraction of the additional taxes that could be collected, according to dozens of I.R.S. employees who say that the policy is costing the government billions of dollars a year. … 'It's catch and release,' said Douglas R. Johnson, an I.R.S. auditor in Colorado for three decades who said he grew so frustrated at how large

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corporations were allowed to pay far less than what he thought they owed that he transferred to the agency's small-business division." The Times continues, "With one exception, other working agents would talk about the issue only on condition they not be identified because they feared being fired. They said a policy intended to avoid delays in auditing corporations was being pushed so rigidly that it prevented them from pursuing numerous examples of questionable corporate tax deductions." The Times adds, "I.R.S. officials said the complaints were misguided. In an interview yesterday, Debbie Nolan, the I.R.S. executive in charge of auditing large and medium-size businesses, denied that audits were being closed over the objections of agents who had evidence that significant additional taxes were owed. Ms. Nolan said she had not heard any such complaints from auditors. … She noted that the amount of additional tax recommended for each hour auditors spend on large and medium-size companies more than doubled, to $5,195 in 2006 from $2,394 in 2002. And she said that internal reviews of corporate tax audits showed that their quality had improved. … But auditors said they were told to limit questioning only to those specific issues that the I.R.S. and the companies had agreed in advance to examine. When other questionable deductions emerged in the course of the audit, they said, additional taxes were ignored."

New York Judge Blocks IRS From Role In Tax Case. The Buffalo News (1/11, Gryta) reports, "State Supreme Court Justice John A. Michalek on Wednesday refused to allow the Internal Revenue Service to intervene in state court proceedings aimed at closing the financial books and paying workers of the former St. Augustine human resource center." The News continues, "U.S. District Judge John V. Elfvin two weeks ago quashed an IRS effort to have the matter handled in federal court, when the case was returned to Michalek. … Lisa L. Bellamy, a U.S. Justice Department attorney who made the intervention request Friday, could not be reached to comment Wednesday." The News adds, "As the result of a state Labor Department suit, Michalek ordered the closing of the debt-plagued center 11 months ago. The nonprofit human services agency for decades served Buffalo's black community. … In court papers, Bellamy contended that the IRS has a $592,325.54 lien on the St. Augustine operations for unpaid federal taxes and penalties. … After Wednesday's court session, Adam W. Perry, the center's state court-appointed receiver, said he is preparing a report for Michalek on paying off center creditors and obtaining back pay for 85 employees who worked months without pay last year while transferring clients to other agencies."

IRS Adjusts Monthly Transit Subsidy, Mileage Deduction For Workers. The Washington Post's (1/12, D3, Barr) "Federal Diary" column reports, "The Internal Revenue Service has increased the maximum monthly transit subsidy to $110 for 2007 as part of its inflation-adjustment procedures. That's a $5 increase in the tax-free benefit, which was last adjusted in 2005." The Post adds, "Government agencies use the benefit to encourage their employees to take the subway and use van pools rather than drive to work in the city and increase congestion. In the Washington area, about 163,000 federal employees receive Metrocheks, a fare card voucher, a Metro spokesman said." The Post also notes that the "IRS also has increased the standard mileage rates used to calculate deductions for taxpayers who use cars for business, charitable, medical and moving purposes to 48.5 cents per mile, up by 4 cents from last year."

CONGRESS-ADMINISTRATION:

House Passes Stem Cell Bill, But Falls Short Of Veto-Threat Margin. The CBS Evening News (1/11, story 8, :20, Couric, 7.66M) reported, "On Capitol Hill, the Democratic controlled House of Representatives is running its first 100 hours legislative clock right on time. On today's agenda, embryonic stem cell research. The House passed a bill to expand Federal funding for it. The President has promised to veto it." The AP (1/12, Taylor) notes "the 253-174 vote fell short of the two-thirds margin required to overturn President Bush's promised veto, despite gains made by supporters in the November elections."

As the New York Times (1/12, Kirkpatrick, 1.16M) reports, "it would take 290 House votes to override a veto." But USA Today (1/12, 2.27M) reports that "supporters of research on embryonic stem cells say an end to restrictions on federal funding is inevitable after an overwhelming House vote Thursday." In the Senate, Sen. Tom Harkin "said he has 66 votes lined up in favor of the bill; he needs 67 to override Bush. 'We're working on everybody,' Harkin said." The Washington Post (1/12, A4, Weiss, 690K) reports "Senate leaders have said they plan to take up the bill next month."

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AFP (1/12, Griffith) reports House Speaker Nancy Pelosi "hailed Thursday's vote as a victory for the effort to find cures for a number of diseases, including diabetes and cancer." The Los Angeles Times (1/12, Gaouette, 850K) says "lawmakers spoke of parents, children and friends who they said could be helped by embryonic stem cells, while others warned that the legislation would involve the government in the destruction of life in the form of human embryos." ABC World News (1/11, story 9, :15, Vargus, 8.78M) also noted "the stem cell vote was part of the Democrats' agenda for the first 100 hours of this Congress."

The Washington Times (1/12, Bellantoni, 88K) reports "pro-life members from both parties oppose embryonic stem-cell research, arguing that it destroys life in the process of harvesting the cells. They also said the measure should have been put on hold because of recent research showing that amniotic fluid can be used to produce stem cells without destroying life." Minority Leader John A. Boehner "urged his colleagues to instead study those new methods, saying, 'We are going to find out that we are not going to need to destroy human embryos to get the kind of promise that we want. I've got 11 brothers and sisters. I'm sure it wasn't convenient for my mother to have twelve of us, but I'm sure glad that she did,' he said. ;Taxpayer funds shouldn't be used to destroy the human life, pure and simple.'"

The New York Times (1/12, Wade, 1.16M) reports, "It was a day of promised miracles in the House of Representatives. Almost every other lawmaker who spoke during the debate on the stem cell bill told of a close relative with a deadly affliction whose cure depended on generating new human embryonic stem cell lines." But the bill "would merely allow scientists supported by the federal government to derive new cultures of stem cells from the early embryos discarded by clinics using in-vitro fertilization. … The striking hopes that stem cell advocates have raised in order to overturn Mr. Bush's decision may generate public disenchantment with such research if its promise is not quickly fulfilled."

Charles Krauthammer writes in the Washington Post (1/12, A19, 690K), "I have long supported legal abortion. And I don't believe that life -- meaning the attributes and protections of personhood -- begins at conception. Yet many secularly inclined people such as myself have great trepidation about the inherent dangers of wanton and unrestricted manipulation -- to the point of dismemberment -- of human embryos." He adds, "You don't need religion to tremble at the thought of unrestricted embryo research. You simply have to have a healthy respect for the human capacity for doing evil in pursuit of the good."

In an editorial, the Los Angeles Times (1/12, 850K) says, "Research published this week shows that stem cells harvested from amniotic fluid -- easily accomplished through the common practice of amniocentesis -- can be used to create human tissues. … This could be an impressive new medical tool. But it also could be a convenient pretext for pushing embryonic stem cell research aside — and that shouldn't be allowed to happen. For all the potential uses of amniotic cells, they are likely to prove less adaptable than embryonic cells. Exclusive focus on amniotic stem cells would divert attention and time away from potentially more promising lines of research."

Bush Threatens To Veto Bill Requiring Medicare Drug Negotiation. The New York Times (1/12, Pear, 1.16M) reports President Bush "threatened on Thursday to veto legislation that would require the government to negotiate with pharmaceutical companies to obtain lower drug prices for Medicare beneficiaries." In Congress, the "chances for passage of some version of the legislation increased when a pivotal figure," Senate Finance Committee Chairman Max Baucus, "said Congress should repeal a provision of the 2003 Medicare law that prohibits such negotiations." Sen. Baucus said he "did not favor price controls, but did believe that Medicare should be able to negotiate prices in 'discrete areas where seniors need our help the most.'" The House plans to vote Friday on its version of the drug price negotiation bill; while the "Democratic bill is expected to pass, the White House announced the veto threat on Thursday in an effort to hold down the number of votes and to prevent the measure from gaining any more momentum."

The AP (1/12, Espo) reports that in a written statement of Administration policy, the White House said, "Government interference impedes competition, limits access to lifesaving drugs, reduces convenience for beneficiaries and ultimately increases costs to taxpayers, beneficiaries and all American citizens alike." The AP adds Bush "had already threatened to veto another of the top six bills Democrats are pushing across the House floor in the first two weeks of the new Congress. That's the measure, approved Thursday, to expand the extent to which federal funds could be used for embryonic stem cell research."

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House Democrats Scrapped Plan To Rewrite Prescription Drug Program. The Washington Post (1/12, A1, Smith, Birnbaum, 690K) reports on its front page that prior to "taking control of the House last week, Democratic leaders briefly considered proposing a new government-run prescription drug program as a way to reduce seniors' drug costs, according to Democratic aides and lawmakers involved in the deliberations." But House Speaker Nancy Pelosi (D-Calif.) "and her allies chose a far less ambitious plan -- to require the government to negotiate for lower Medicare drug prices -- that will come to a vote today. They stepped back largely out of concern that the pharmaceutical industry would stall a complex change, denying them a quick victory on a top consumer-oriented priority, aides say." The Post adds the Democrats "had reason to be wary: Despite years of lopsidedly favoring GOP lawmakers with campaign cash and other benefits, the drug lobby continues to wield tremendous power in the Democratic-controlled Congress" and "still has the backing of the White House."

McCrery Says Democratic Bill Would Have Undesirable Results. In a Washington Times op-ed (1/12), Rep. Jim McCrery, the ranking Republican on the House Ways and Means Committee, says, "The proposal to have the government negotiate Medicare drug costs that the Democratic leadership hopes to ram through the House of Representatives this week will either be largely ineffective, or it will cause undesirable results: it will restrict seniors' choices, devastate local pharmacies, raise prescription drug costs for veterans and stifle innovation." The Democratic plan "before the House offers nothing but the prospect of a diminished benefit due to heavy-handed government control of this important program."

NYTimes Praises House Bill. The New York Times (1/12, 1.16M) says in an editorial, "From all the ruckus raised by the administration and its patrons in the pharmaceutical industry, you would think that Congressional Democrats were out to destroy the free market system when they call for the government to negotiate the prices of prescription drugs for Medicare beneficiaries. Yet a bill scheduled for a vote in the House of Representatives today is sufficiently flexible to allow older Americans to benefit from the best efforts of both the government and the private drug plans." The secretary of Health and Human Services "should be able to exert his bargaining power with drug companies in those cases in which the private plans have failed to rein in unduly high prices — leaving the rest to the drug plans. The result could be lower costs for consumers and savings for the taxpayers who support Medicare."

Senate Democratic Leadership Dealt Setback On Ethics Bill. The New York Times (1/12, Kirkpatrick, 1.16M) reports, "After campaigning for months on a promise to tighten ethics rules, Senate Democratic leaders tried unsuccessfully Thursday to block a measure that would shine a light on the shadowy practice of earmarking federal money for lawmakers' pet projects." After House Democrats "passed an unexpectedly broad change to their chamber's rules that would disclose the size, purpose and sponsor of any earmark," on Thursday, when Sen. Jim DeMint "introduced the same thing in the Senate, Democratic leaders moved quickly to squash it, calling the House bill ill thought out." The Democratic leaders' "effort to block the DeMint proposal was defeated by a vote of 51 to 46, surprising almost everyone in the Senate. The outcome reflected the keen desire of many lawmakers to appear to be on the side of openness and reform after an election that turned in part on Congressional corruption scandals."

The Washington Times (1/12, Miller, 88K) reports Senate Democrats "backed off promises to reform pork spending yesterday, using procedural tactics similar to ones they attacked Republicans for employing in past Congresses." Thomas A. Schatz, president of Citizens Against Government Waste, said, "Democratic leaders are stalling in an attempt to strong-arm more Democrats into voting to table the amendment. This is not a promising beginning to the new Congress when the first effort to improve accountability and transparency is being shot down by the Democratic leadership." Republicans said "the episode smacked of hypocrisy by Democrats, who campaigned heavily on ethics reform and what they characterized as the Republicans' heavy-handed control of Congress."

The AP (1/12, Abrams) reports the Senate's "new Democratic leaders, the fragility of their thin majority on display for the first time, were set back Thursday when nine Democrats joined with Republicans in support of stricter House-passed rules on lawmakers' pet projects." Majority Leader Harry Reid "was forced to delay a final vote on a measure he opposes." The measure, "an amendment to an ethics and lobbying bill, would have adopted a wider definition of 'earmarks,' specific projects inserted in bills, to include Corps of Engineer water projects, Pentagon weapon systems and items from other federal entities." The language

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"favored by Reid and Senate Republican leader Mitch McConnell, R-Ky., would require disclosure of only targeted funds directed to nonfederal entities such as a city park, state universities or private contractors." Among the Democrats siding with GOP Sen. Jim DeMint "were possible presidential candidates Barack Obama, D-Ill., and John Kerry, D-Mass., freshmen Jim Webb of Virginia and Jon Tester of Montana, and Mary Landrieu of Louisiana, who faces a tough reelection bid in 2008."

WSJournal Says Senate Democrats Repudiated Pelosi's Bill. The Wall Street Journal (1/12, 2.04M) says in an editorial, "Yesterday on the Senate floor, Majority Leader Harry Reid was caught pulling out every stop to kill his own party's plan for earmark reform." The Journal says that "to Speaker Nancy Pelosi's credit," House Democrats "recently passed ethics legislation that included provisions making earmarks more transparent." But the "ethics reform offered by Senate Democrats contained none of these tougher earmark provisions. So Senate Republicans, led by South Carolina's Jim DeMint, cheekily took the identical language of the House earmark bill and offered it as an amendment to the Senate version. Numerous Democrats instantly denounced it, apparently unaware (or unconcerned) that the language had been sponsored by Ms. Pelosi." Of the "46 Senators who voted to banish Ms. Pelosi's reform, 38 of them were her fellow Democrats."

WSJournal Criticizes Boehner For Exacting Retribution Against Flake. In an editorial, the Wall Street Journal (1/12, 2.04M) criticizes Minority Leader John Boehner's decision to "to punish Arizona's Jeff Flake by tossing him off the Judiciary Committee. The offense? Porkbusting." Flake should be "getting a promotion to the leadership, given how prescient he was in warning his colleagues about the perils of their run-amok 'earmarking.' He and a few comrades sponsored more than 40 House floor amendments last year to strip pork projects from spending bills. The National Taxpayers Union ranked him the most fiscally conservative member of the House. None of that sits very well with his House colleagues, who blame Mr. Flake for shining public attention on their spendthrift ways." If Republicans "think that punishing their most principled Members is smart politics, their time in exile could be very long indeed."

Democrats Say Bush "Still Playing Hardball" On Judges. The Wall Street Journal (1/12, Harwood, 2.04M) reports in its "Washington Wire" section, "Despite withdrawal of four conservative nominees," Democrats say President Bush "is still playing hardball. California Sen. Feinstein fumes after Bush ignores her and Sen. Boxer in renominating Randy Smith of Idaho for a Ninth Circuit appeals-court seat traditionally held by a Californian. Conservative dominance on Virginia-based Fourth Circuit, which has three vacancies, is at risk. Freshman Democratic Sen. Webb objects to some candidates proposed by Republican Sen. Warner; the Virginia colleagues meet to discuss working together on judges." Democrats "seek records from Fifth District appointee Leslie Southwick's service in Reagan White House at time of Bork's Supreme Court nomination."

Democrats To Seek "Narrow" Tax Hikes. The Wall Street Journal (1/12, Harwood, 2.04M) reports in its "Washington Wire" section, "Democrats seek to isolate Republicans with narrow tax-increase targets. House Speaker Pelosi identifies $500,000 earners -- a more exclusive group than party leaders have previously targeted -- as source of revenue for cutting middle-class taxes. Imposing pre-Bush 39.6% rate on those with incomes over $500,000 would raise more than $85 billion over four years, Tax Policy Center estimates." But the White House "sees any tax increases heightening Democrats' vulnerability."

GOP Criticizes Minimum Wage Bill For Exempting Pelosi Constituent. The Washington Times (1/12, Hurt, 88K) reports House Republicans "declared 'something fishy' about the major tuna company in House Speaker Nancy Pelosi's San Francisco district being exempted from the minimum-wage increase that Democrats approved this week." GOP Rep. Eric Cantor said, "I am shocked." While Speaker Pelosi "campaigned heavily on promises of honest government," Cantor said, "Now we find out that she is exempting hometown companies from minimum wage. This is exactly the hypocrisy and double talk that we have come to expect from the Democrats." The Times adds the bill "extends for the first time the federal minimum wage to the U.S. territory of the Northern Mariana Islands. However, it exempts American Samoa, another Pacific island territory that would become the only U.S. territory not subject to federal minimum-wage laws." One of the "biggest opponents of the federal minimum wage in Samoa is StarKist Tuna, which owns one of the two packing

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plants that together employ more than 5,000 Samoans, or nearly 75 percent of the island's work force."

Some Republicans Worry Bush Will Cut Education Deal With Democrats. The Washington Times (1/12, Fagan, 88K) reports some congressional conservatives "are worried that President Bush will cut a deal with Democrats that would not only renew his education law, but also dramatically expand it, including perhaps more requirements for the high school level." Rep. Jeff Flake said, "I am concerned, and I think a lot of conservatives are." The Times adds Bush is "urging Congress this year to renew one of his biggest domestic accomplishments, the No Child Left Behind (NCLB) law of 2002, which aims to increase student achievement through more testing and by tracking results of schools and holding them accountable." Democrats "are demanding some changes to the law, most notably a significant boost in funding levels." Flake said he "sees a scenario in which Mr. Bush gives Democrats the increased funding they want in exchange for including more requirements for high school."

Democrats Plan Vote On Bill To Reduce College Loan Costs. USA Today (1/12, 1B, Block, 2.27M) reports the House "is scheduled to vote Wednesday on a Democratic plan to reduce the cost of borrowing for college. But easing student-loan interest rates won't provide much relief, critics say, unless lawmakers can somehow also slow the inexorable rise in the cost of college." In the "past five years, the average cost of in-state tuition and fees at public colleges has jumped 35% — after adjustment for inflation — according to the College Board. In the past 25 years, the average cost of tuition and fees has risen faster than personal income, consumer prices and even health insurance." Many conservatives "argue that increasing federal aid will just encourage colleges to raise tuition even more," but others "note, though, that in the past five years, college costs continued to rise faster than inflation, even though financial aid declined." USA also examines reasons for the increases in colleges costs.

Administration Scraps Risk Assessment Plan. The AP (1/12, Schmid) reports, "Federal agencies seeking to protect the public, the environment or setting rules in general often have to prepare risk assessments. A Bush administration attempt to standardize that process didn't work out, though, and will go back to the drawing board." The Office of Management and Budget "said it will not finalize its original proposal after the independent National Research Council called the plan 'fundamentally flawed.'"

The Wall Street Journal (1/12, A11, Fialka, 2.04M) says the move "could be a first for the Bush administration," and notes "OMB regulatory chief Steven Aitken said that the White House will modify its plan before making it final. He didn't say how it would be modified, however." Rep. John Dingell, chairman of the House Energy and Commerce Committee, "applauded the move and urged the OMB to abandon the effort altogether, saying it 'ignores the specific statutory directives' Congress gives federal agencies." The New York Times (1/12, Dean, 1.16M) runs a similar report.

Johnson Transferred Out Of Intensive Care, Has Begun Speaking. NBC Nightly News (1/11, story 7, :20, Williams, 9.87M) reported, "Good news tonight on the condition of South Dakota Democratic Senator Tim Johnson. He suffered a severe stroke about a month ago and today he was transferred out of intensive care and into a rehab facility. You may recall that in addition to concerns over his health, his stroke had many fellow Democrats fearing they would lose their slim majority in the US Senate."

The New York Times/AP (1/12) reports that Johnson's "neurosurgeon, Dr. Vivek Deshmukh, said a magnetic resonance imaging exam on Tuesday showed that the speech centers in his brain were spared injury in the hemorrhage on Dec. 13. 'This is confirmed by the fact that he is following commands and has started to say words,' Dr. Deshmukh said in a statement." Johnson "is to have 'aggressive therapy' in inpatient rehabilitation at George Washington University Hospital, the statement said. On Monday, Mr. Johnson's condition was upgraded to fair from critical, and his doctors said he no longer needed a ventilator. He was being weaned off the tracheotomy tube in his neck, his office said Wednesday."

Burns Defends Hughes In Foreign Service Journal. The Washington Post's (1/12, A17) Al Kamen writes in his "In the Loop" column that Undersecretary of State Nicholas Burns "has come to the defense of his colleague, undersecretary for public diplomacy -- and very close Bush friend -- Karen Hughes, in the latest issue of the Foreign Service Journal." Burns, in a "quite lengthy and impassioned rebuttal" to an October article in the journal, wrote "to express

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my strong disagreement with several assertions" in the piece, especially that she was "wary of the foreign service" and prefers "political appointees."

National Defense University Computers Hacked. The Washington Times (1/12, Gertz, Scarborough, 88K) reports, "Computers and information networks at the National Defense University (NDU), the Joint Chiefs military education school at Fort McNair in Washington, were hacked and damaged by unknown attackers, defense officials said. The attacks, described by officials only as 'malicious activity,' caused the university to shut down all its network servers and replace laptop computers after the activity was detected last month. The costs were high, officials said."

Radio Chips Found In Canadian Coins Passed To Pentagon Contractors. The Washington Times (1/12, Hudson, 88K) reports, "Foreign spies are literally following the money to keep a close eye on Pentagon contractors, who are reporting that Canadian coins with Radio Frequency Identification chips have been planted in their clothing." A US Defense Security Service report says, "On at least three separate occasions between October 2005 and January 2006, cleared defense contractors' employees traveling through Canada have discovered radio frequency transmitters embedded in Canadian coins placed on their persons." Spokeswoman Martha Deutscher "confirmed the report and said it was intended to notify security officials, defense contractors and Pentagon policy-makers of spy technology being used."

Government's Official Web Portal Changes Name From FirstGov.gov To USA.gov. The Washington Post's (1/12, D3, Barr) "Federal Diary" column reports, "The government's official Web portal has changed its name from FirstGov.gov to USA.gov in response to feedback from the public that suggests the old name never caught on." The Post adds "USA.gov officially launches Thursday, GSA officials said, though the new name was on display yesterday for Web surfers."

First Lady Tours Renovated Treasury Building. The AP (1/12, Crutsinger) reports First Lady Laura Bush "went next door to the Treasury Department Thursday and pronounced herself impressed with the remodeling at 1500 Pennsylvania Avenue." Mrs. Bush "joined Treasury Secretary Henry Paulson in a ribbon cutting ceremony to mark the completion of a 10-year renovation of the Treasury Building, which is the third oldest government structure in Washington behind the Capitol and the White House." The "current structure, begun in 1836, had not undergone a major renovation since the beginning of the last century. The 10-year project, finished at a cost of $247 million, restored the buildings' lost grandeur by uncovering painted ceilings and skylights that had not been seen for decades and by refurbishing the ornate Cash Room, site of Ulysses Grant's first inaugural ball in 1869."

The Washington Post (1/12, C1, Stepp, 690K) reports, "Like the wallflower who glams up before going to a party, hoping someone will pay attention, Treasury has just completed a $247 million renovation, and a hundred or so people were on hand to witness Laura Bush celebrate the moment. So, okay, maybe most of those people came to see the first lady, including the half-dozen reporters and photographers who accompanied her on a private tour of the building's most-prized rooms."

OTHER NEWS:

Fed Official Issues Warning About Threats To Economy. The Wall Street Journal (1/12, Ip, 2.04M) reports, "New York Fed President Timothy Geithner delivered one of his strongest warnings yet on threats facing the US economy, citing the budget deficit, fixed exchange rates and growing inequality. In his three years on the job, Mr. Geithner has taken on the New York Fed's traditional role as chief worry wart. But some of his past warnings have been muffled by opaque and wonky language." The official "was far clearer in a speech today to the Council on Foreign Relations in New York. He said some countries, to keep their currencies fixed to the dollar, are accumulating big reserves of dollar-denominated securities, thereby holding down long-term interest rates, which might be distorting US growth and investment. He didn't name the offenders, but China and some Persian Gulf oil exporters are probable candidates." He "also ventured into politically charged terrain that Fed Chairman Ben Bernanke has tried to avoid. (He will be tested on that when he appears before the Senate Budget Committee next Thursday.) Mr. Geithner warned that current year deficits are too high while Mr. Bernanke has generally limited his concerns to the threat of higher entitlement spending in later years."

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Jobless Claims Down. The Wall Street Journal (1/12, A2, Blackstone, 2.04M) reports, "The number of US workers filing new claims for unemployment benefits tumbled in the latest week, pushing below a key threshold and providing further evidence that labor market conditions remain quite strong. New claims for unemployment insurance decreased by 26,000 to 299,000 in the week ended Jan. 6, the Labor Department said Thursday, the lowest level since July 22, when claims were also 299,000."

Plunging Oil Prices Could Benefit Economy. The Wall Street Journal (1/12, A1, Whitehouse, Davis, Bahree, 2.04M) reports, "Oil prices fell sharply yesterday and are now hovering at their lowest levels since mid-2005, raising the prospect of significant changes in the outlook for corporate profits, consumer spending and the global economy. Crude oil fell another $2.14, or 4%, to $51.88 a barrel yesterday on the New York Mercantile Exchange. The price has plunged 15% since the year began." The "slide, which market participants said was fueled in part by speculative hedge-fund trading and a retreat by other investors, helped send stocks higher as investors bet lower energy prices would fatten corporate profits and strengthen economic growth, particularly in the U.S." If "sustained, the decline in prices would have a big impact on everything from the American consumer to the profits of giant energy companies. It also could dent the revenues -- and the political clout -- of major oil-producing nations like Russia, Iran and Venezuela."

The New York Times (1/12, Krauss, 1.16M) reports the fall in oil prices provides "potential relief to consumers. But investors in energy stocks may wish for a cold spell after they see the fourth-quarter earnings of their stocks in the next few weeks." The Times adds, "Declining oil prices helped drive up the broader stock market, raising hopes that with inflation fears abating somewhat, the Federal Reserve may even consider lowering interest rates in the coming months." OPEC President "Muhammad bin Dhaen al-Hamli of the United Arab Emirates, was said to have told the Emirates news agency that the group would move to prop up prices if necessary." But "few American analysts seemed to take his implied warning of possible future production cuts very seriously."

Stocks Rally, With Dow At Record High. NBC Nightly News (1/11, story 11, :10, Williams, 9.87M) reported, "Back here in New York today some gains on Wall Street. The Dow was more than 72 points today [to close at 12,524.98]. NASDAQ also up 25 and half points [to close at 2,484.85] on today's trading." The Washington Post/AP (1/12, D4) notes the Dow topped "the previous record close reached on Dec. 27 by 4.41 points. The Standard & Poor's 500-stock index rose 8.97, or 0.63 percent, to 1423.82." The Wall Street Journal (1/12, C1, Browning, 2.04M) and USA Today (1/12, 6B, Krantz, 2.27M) run similar stories.

Federal Judge Allows Sex Abuse Suit Against Vatican To Proceed. The Louisville (KY) Courier-Journal (1/12, Riley) reports, "A federal judge in Louisville issued a 'historic' decision yesterday by refusing to dismiss a lawsuit against the Vatican that alleges a cover-up to protect priests who molested American children. … 'This is the first and only case which has as its sole objective holding the Vatican financially accountable for all of the childhood sexual abuses committed in the U.S.,' said Louisville attorney William McMurry, who filed the suit in 2004 on behalf of three men who allege abuse dating as far back as 1928." The Courier-Journal continues, "If U.S. District Judge John Heyburn II's decision stands, it could open the door for attorneys to take depositions of Vatican officials -- including Pope Benedict XVI -- obtain copies of church records and documents and ultimately determine 'what prompted all of the bishops to keep quiet, hide these pedophiles and refuse to report child abusers,' McMurry said. He called the decision 'historic.' … But Jeffrey Lena of Berkeley, Calif., counsel for the Vatican, known legally as the Holy See, said Heyburn's decision rejected portions of McMurry's lawsuit and left the case hanging on a 'fairly weak linchpin' -- that U.S. Catholic clergy are employees of the Vatican. … 'The Holy See is just not responsible for this, and that's the bottom line,' Lena said." The Courier-Journal notes, "Regardless, the case could be entangled in appeals for years before eventually ending up at the U.S. Supreme Court, McMurry and Lena said. … One of the three plaintiffs is Michael Turner of Louisville, who also filed the first in a wave of roughly 250 sexual-abuse lawsuits against the Archdiocese of Louisville between 2002 and 2003. The litigation culminated in a $25.7 million settlement with most of the plaintiffs. McMurry and his legal team received 40 percent of most plaintiffs' payments. … The two other plaintiffs in the Vatican suit are James H. O'Bryan and Donald E. Poppe, both of whom live in California and say they were abused by priests while growing up in Louisville. All three are asking for unspecified monetary damages from the Vatican."

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Dodd Announces He Will Make '08 Bid For White House. The AP (1/12, Fouhy) reports that Connecticut Sen. Chris Dodd (D) "announced Thursday he will run for the Democratic presidential nomination in 2008, saying problems at home and abroad meant it was time for him to 'get out of the bleachers and onto the arena floor.'" Dodd, who announced his bid on MSNBC's "Imus in the Morning" show, said, "There's a heightened sense of urgency about the condition of the country. But it isn't just Iraq -- there are problems here at home that are huge." Dodd "said he planned to focus on issues like education, energy policy and health care in his campaign."

The Connecticut Post (1/12, Urban) reports that Dodd "filed a statement of candidacy with the Federal Election Commission on Thursday that will allow him to begin raising funds directly as a presidential candidate. He plans to transfer nearly $5 million sitting in his Senate campaign into the new effort. Imus praised Dodd's experience and intellect and said he would raise the level of debate but admitted he was backing Sen. John McCain, R-Ariz., for president in 2008. 'Wait a minute. Wait a minute. I come on the program. I blow everybody else off. I announce here. I mean, at least leave the door open for me a little here,' Dodd cajoled. 'A little quid pro quo, I mean I'm your pal.'"

USA Today (1/12, Lawrence, 2.27M) reports that Dodd "acknowledges his odds are long, calling himself 'not as well known' as other prospects. He said the first contests are a year away and lightning could strike. 'I wanted to get out of the bleachers and onto the arena floor and make my case,' he said. Dodd, 62, said he has been involved with 'every major foreign policy and domestic issue of the last quarter century.' He also said he's a 'fresh face.' Political analysts agree that he is not a household name, which is a problem after 30 years in politics. 'He has not staked out a national reputation or a national identity of any kind,' said Dan Carter, a political historian teaching at the University of Richmond."

In Seeking Presidency, Dodd Touts His Experience. Sen. Dodd said on MSNBC's Hardball (1/11, Matthews), "I think all of us understand things at home and abroad are very difficult and the country is desperate for leadership that will be honest with them that will ask them to get involved in solving some of the huge problems we face, in energy, health care, the environment, the like, foreign policy. I think people want to see a positive attitude about what needs to be done to get us back on track. I think experience matters. In almost every other cycle I could think about, if you said I've been in the Senate for 25 years you'd be disqualified from running. But I think this time around, in light of what we've been through for the past six years, I think experience matters, experience where you can demonstrate a capability to bring people together, to come up with big ideas, to solve problems in the country. I've had that experience, on the foreign relations committee, on domestic policy. And so I decided this time around I'm not going to sit in the bleachers."

Dodd Says He's Hopeful Lieberman Will Back His White House Bid. On CNN's The Situation Room (1/11, Blitzer), Sen. Christopher Dodd was asked if his Connecticut colleague Sen. Joseph Lieberman is supporting his presidential campaign. Dodd said, "He's not taking a position yet and look, we're great friends. We had a bit of a difficulty last summer and fall with his race as an independent, but I was the chairman of Joe's campaign nationally for president. I nominated him when he ran for vice president. ... I'm hopeful Joe will be supportive, but he's going to take his time. I didn't ask him for his support. I'm sure it will work out."

Senator Slams Bush's New Plan For Iraq As "Unsound Strategy." The New York Times (1/12, Medina, 1.16M) reports, "A senior Democrat on the Senate Foreign Relations Committee and a former Peace Corps volunteer, Mr. Dodd said he would spend much of his time concentrating on international affairs. 'People are asking a critical question -- what kind of experience do you need? -- especially after watching an administration that seems to have needed more on-the-job training instead of understanding as you go in. I have worked at this stuff for a long time." Mr. Dodd voted in favor of the 2002 Senate resolution supporting the administration plan to invade Iraq, but he has since said he regrets that vote. In a Senate hearing with Secretary of State Condoleezza Rice on Thursday, the day after President Bush's televised address calling for more troops in Iraq, Mr. Dodd said it would be 'unsound strategy' to add more troops and urged a greater effort at diplomatic contacts instead." In an interview, Dodd "also said he would vote in favor of withholding money for more troops. 'Everyone knows this is a failed policy,' Mr. Dodd said of the president's war leadership. 'This is hardly a change of policy; it is more of the same, which hasn't been working.'"

"New England Liberal" Label Seen As Potentially Problematic For Dodd. The AP (1/12, Miga) reports that "Dodd's image as a Northeast liberal could pose a hurdle in his longshot bid for the 2008 Democratic presidential

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nomination." Dodd "will be running in the turbulent wake of another prominent New England liberal, Sen. John Kerry, D-Mass. Kerry's losing 2004 campaign embittered some Democrats who contend he squandered a prime chance for his party to capture the White House. Those bad feelings have lingered as the 2008 contest begins to unfold. 'The party just nominated a New England liberal whose campaign was a failure,' said Dante Scala, an associate professor of politics at Saint Anselm College in New Hampshire. … 'That's going to be one strike against' Dodd." Dodd, meanwhile, dismissed "any suggestion that his Northeast liberal roots could hurt his candidacy. 'It's a false assumption,'" Dodd said in a telephone interview," adding, "People don't think in those terms. … Most Americans don't care about these labels we put on."

Denver To Host '08 Democratic Presidential Convention. NBC Nightly News (1/11, story 10, :25, Williams, 9.87M) reported, "After months of negotiation, the Democratic Party announced today it will hold its 2008 convention one mile above sea level, in Denver, Colorado. Like most things these days, there's politics behind it. Democrats have recently gained some ground in the West. Something the party is hoping to highlight and take advantage of. The Republicans have already announced they will gather in the Twin Cities."

The AP (1/12) reports that in a statement Thursday, DNC Chairman Howard Dean said, "There is no question that the West is important to the future of the Democratic Party. … The recent Democratic gains in the West exemplify the principle that when we show up and ask for people's votes and talk about what we stand for, we can win in any part of the country." The AP notes, "Denver mounted a spirited effort to win the convention, organizing a sophisticated public relations campaign and enlisting help from Democratic lawmakers throughout the West. But the bid was fraught with logistical problems, among them a lack of close-in hotel rooms, its ability to raise the necessary $55 million to run the convention and serious labor concerns." Denver's "bid was nearly scuttled last month when the influential stagehands union refused to agree not to strike if the convention was held at the nonunion Pepsi Center. In the end, Mr. Dean enlisted the help of labor leaders in Washington, including AFL-CIO President John Sweeney and Andy Stern, president of the Service Employees International Union. A compromise was reached to staff the Pepsi Center entirely with union labor for the duration of the convention, effectively taking the last major obstacle off the table."

Schwarzenegger Defies Conventional Political Categories. The New York Times (1/12, Steinhauer, 1.16M) notes California Gov. Arnold Schwarzenegger's diverse policy proposals, such as "proposing California be the first state to limit carbon dioxide emissions from cars" but also calling for "above-ground water storage, announced hours after his move to limit emissions." Schwarzenegger is "in many ways…sui generis, a celebrity-turned-politician hurled toward the center by California's Democratic majority. And since he can never run for president, his governorship is most likely the outlet for his more audacious ideas." But his "recent leadership is also the largest example of a growing movement in which state leaders are crossing party lines to get things done. While partisan polarization limits activity in Washington, D.C., state governments are addressing issues the federal government has not tackled."

Emissions Plan Leaves Means For Meeting Target Up To Industry. The Wall Street Journal (1/12, A2, Ball, 2.04M) reports, "California Gov. Arnold Schwarzenegger's plan to require a 10% cut in the carbon content of its transportation fuels embodies a strategy to combat global warming that is likely to become more common around the world. Instead of mandating the rollout of specific technologies, such as electric cars or ethanol pumps, California has set an emissions-related target and says it will leave it up to industry to figure out how to meet it." The state is gambling "that the hands-off approach will unleash fights of economic self-interest among various industries -- fights that will, in the end, force industry to support a broad, economywide cap on carbon emissions. The broader the effort, the cheaper it is likely to be for any given company to cut its carbon emissions."

Krugman Says Schwarzenegger Health Plan Flawed. In his New York Times column (1/12), Paul Krugman says he is "of two minds" about Gov. Schwarzenegger's "ambitious plan to bring universal health insurance to California." It is "very encouraging to see another Republican governor endorse the principle that all Americans are entitled to essential health care," and if "California — America's biggest state, with a higher-than-average percentage of uninsured residents — can achieve universal coverage, so can the nation as a whole." But

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Schwarzenegger's "plan has serious flaws. Maybe those flaws could be fixed once the principle of universal coverage was established — but there's also the chance that we would end up stuck with those flaws, the way we ended up stuck with a dysfunctional system of insurance tied to employment." Schwarzenegger "appears to sincerely want universal coverage, but he also wants to keep insurance companies in the loop. As a result, he came up with a plan that, like the failed Clinton health care plan of the early 1990s, is best described as a Rube Goldberg device — a complicated, indirect way of achieving what a single-payer system would accomplish simply and directly."

Bush Sr. Plans To Jump Out Of Airplane For 85th Birthday. The Houston Chronicle (1/12, Freemantle, 530K) reports, "A week after getting a new right hip, former President George H.W. Bush is recuperating at his Houston home, receiving visitors, worrying about his children, dutifully doing physical therapy and already thinking about jumping out of an airplane again. He's going to do it in June 2009 for his 85th birthday, he said. For sure. Even though his wife, Barbara, thinks it's crazy." In a "brief interview," Bush said "his hip is fine." The Washington Post (1/12, C3, Argetsinger, Roberts, 690K), in its "Reliable Source" column, quotes Bush chief of staff Jean Becker saying, "I almost fell off my chair when I heard him say this, but he is serious."

Professor Says Anna Nicole Smith Is Ultimate Forum-Shopper. In an op-ed for the Wall Street Journal (1/12, A13), Ronald A. Cass, chairman of the Center for the Rule of Law and dean emeritus of Boston University School of Law, writes, "Anna Nicole Smith makes for good copy. America's most gaudy litigant has spent the last few months dodging eviction notices in the Bahamas and paternity-test subpoenas in the U.S. … In the midst of all of this, she has kept up her long-running litigation over the estate of her late husband, J. Howard Marshall II. The litigation, which initially was filed more than a dozen years ago against heirs to the estate of her husband, has changed into a suit against the heirs of E. Pierce Marshall, her husband's son, who died unexpectedly last summer. … Ms. Smith, a Texan who married a Texan, still comes to court in California seeking a sizeable share of J. Howard Marshall's Texas-based estate. At the same time, she asserts that she is now a resident of the Bahamas, so California courts lack jurisdiction over her in the paternity litigation. Outlandish as this soap opera appears, her manipulation of our legal system could have significance to the law and to the rule of law. That is why devotees of serious news, as well as tabloid aficionados, should give heed." Cass continues, "Ms. Smith's story demonstrates that a determined litigant with resources can move litigation among legal forums, tailor legal claims to prolong litigation, tie up assets, and make life difficult enough that most opponents would pay substantial amounts merely to bring the matter to a close. A victory for her would encourage forum-shopping, multiply costs and undermine the predictability of legal rules, doing damage that would last well beyond her 15 minutes of fame. A defeat for her would show that the system can at long last bring such manipulation to an end. And if that is what comes from her extended venture into the American court system, it would be a better legacy than any other she is apt to leave behind."

US Airstrikes Missed Targets In Somalia. The Washington Post (1/12, A1, McCrummen, 690K) reports a "small team of American military personnel entered southern Somalia to try to determine exactly who was killed in a US airstrike Monday," US sources said Thursday. So far, "no one can confirm a high-value target" among the dead, said one US source.

The New York Times/AP (1/12) reports American and Somali officials "have acknowledged that a small team of American Special Operations forces are in Somalia hunting suspected Qaeda fighters and providing military advice to Ethiopian and Somali forces on the ground."

Separately, the AP (1/12, Tomlinson) reports Ethiopian and US forces "were in pursuit of three top al-Qaeda suspects Thursday, with a senior US official confirming that none of them were killed in a US airstrike and were believed to still be in Somalia." The official in Kenya "said US special operations forces were focused solely on tracking down the suspected terrorists and not members of the Somali Islamic movement." Abdirizak Hassan, the Somali president's chief of staff, had previously said US airstrikes had killed Fazul Abdullah Mohammed, but the US official "said he was confident none of the three top al-Qaeda suspects believed to be in Somalia was killed in the airstrike Monday." The Los Angeles Times (1/12, Sanders, 850K) identifies the source of the report as US Ambassador to Kenya Michael E. Ranneberger.

The Financial Times (1/12, England) notes Monday's strike was "criticised by the European Commission, as well as

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the Arab League which claimed it had killed 'many innocent victims' and demanded that Washington refrain from further attacks."

The Washington Times (1/12, Sands, 88K) reports Somalia and its neighbors "risk falling under the sway of al Qaeda and violent Islamist movements if the United States and its allies fail to back the transitional government in Mogadishu," a top Somali foreign ministry official said yesterday. In an interview with the Times, Daahir Mireh Jibreel, permanent secretary for international cooperation in Somalia's Ministry of Foreign Affairs, said, "If we fail in Somalia, you will have [al Qaeda second-in-command Ayman] al-Zawahri's men taking over Somalia, Ethiopia and Kenya, because he has the resources and determination if he is not stopped."

Echoing Jibreel's concerns, the Christian Science Monitor (1/12, Baldauf, Okeowo, 59K) says that "keeping the peace" in Somalia "in the midst of what some say is becoming an Iraq-style insurgency, could be a much more difficult job." While "Western money will help to foot the bill," a UN-backed African peacekeeping force "may please Western powers, but it doesn't go down well at home, where poor African countries like Uganda and Nigeria have myriad problems of their own, from unemployment and illiteracy to ongoing domestic conflicts. And, while many see the moment as an opportunity to provide African solutions to African problems, the failure of the African Union peacekeeping force to provide security in Darfur, Sudan, is not an promising sign."

Apparent Slowdown In Iran Nuclear Work Sparks Concern. The AP (1/12, Jahn) reports Iran's uranium enrichment program "appears stalled despite tough talk from the Tehran leadership, leaving intelligence services guessing about why it has not made good on plans to press ahead with activities that the West fears could be used to make nuclear arms," diplomats said Thursday. Tehran's "reluctance to crank up activities at its declared enrichment site at Natanz when it seems to have the technical know-how is puzzling the diplomatic and intelligence communities -- with some saying it was potentially worrisome." Diplomats linked to the International Atomic Energy Agency "said some intelligence services believed that the Natanz site was a front." While the world's attention is focused on Natanz, Iranian scientists and military personnel "could be working on a secret enrichment program at one or more unknown sites that are much more advanced than what is going on at the declared site," they said.

US Aid Package Seen As Expansion Of Role In Palestinian Crisis. In a 2,000-word front page article, the Wall Street Journal (1/12, A1, Simpson, King, 2.04M) reports, "In a move fraught with risk and historical ironies, the Bush administration is preparing to pour $86 million into strengthening security forces loyal to Palestinian President Mahmoud Abbas." The plan, "which has sparked a behind-the-scenes debate in Congress," is "just one example of how a new Bush administration focus on countering Iranian influence in the Middle East is quickly reshaping and regionalizing conflicts." The security program, which "was detailed recently in classified briefings for Congress by a US general who now serves as an adviser to Abbas," precedes Secretary Rice's weeklong to the region, where the administration is "promising Arab regimes political progress for the Palestinians in their attempts to establish a state next to Israel." The program drew some concern last week as the ranking Republican on the House Foreign Affairs Committee, Rep. Ileana Ros-Lehtinen of Florida, "asked the Democratic chairman, Rep. Tom Lantos, to put an 'informational hold' on the cash, according to senior Democratic and Republican House aides." Lantos has not placed a hold on the money, "but his staff says he is seeking more details from the administration."

Issue Of Succession Raises Stir In Egypt. The Wall Street Journal (1/12, A6, Fam, 2.04M) reports Egyptian journalist Ibrahim Essa "says the Mubarak regime wants to intimidate him for, among other things, harshly criticizing the current president and raising a stink about who Egypt's next president might be." President Hosni Mubarak "has recently asked parliament to amend some constitutional articles, in part to encourage more political participation by opposition parties, but the opposition is skeptical there will be real liberalization." With the Mubarak's son Gamal seen as his likely successor critics of the regime says the government "has been cracking down on opposition figures in part to eliminate possible challengers to the younger Mubarak." The Journal notes that while Mubarak "sees his regime as a stabilizing force in the Middle East, and Egypt remains a main US ally in the region, many feel Cairo's clout as a peacemaker and power broker has waned amid the rising influence of hard-liners such as Iran."

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Carter Center Board Members Resign Over Book Controversy. The Wall Street Journal (1/12, Brooks, McKay, 2.04M) reports fourteen members of an advisory board at the Carter Center resigned Thursday, saying they could "no longer in good conscience continue to serve" following publication of former President Jimmy Carter's controversial book, "Palestine Peace Not Apartheid." In a letter, the board members said, "It seems that you have turned to a world of advocacy, including even malicious advocacy. We can no longer endorse your strident and uncompromising position." The New York Times (1/12, Goodman, 1.16M) also reports on the resignations.

Bangladesh Elections Delayed As President Resigns. The AP (1/12, Hossain) reports Bangladesh's president, Iajuddin Ahmed, Thursday "declared a state of emergency, stepped down as interim leader of Bangladesh's caretaker government and postponed this month's elections following violent protests by a key political alliance that has said it would boycott the vote." President Ahmed said in a televised speech that the balloting would be delayed, and he did not give a new date. The Financial Times (1/12, Joehnk) notes the decision "follows weeks of violent protests and rioting between the opposition parties and police ahead of the planned parliamentary elections." The New York Times (1/12, A3, Sengupta, 1.16M) says the move "came a day after the United Nations suspended technical support for the coming elections," saying that they would not be "considered credible or legitimate." Two teams of American election observers, as well as one that was to be dispatched by the European Union, also pulled out.

Venezuela May Nationalize Orinoco Oil Projects. The AP (1/12) reports, "Venezuela could nationalize four projects in the oil-rich Orinoco River basin if the state is unable to negotiate a majority stake with the foreign oil companies that run them, the finance minister said yesterday. The state could nationalize the four projects in the Orinoco oil belt 'if the negotiations with the foreign oil companies that control them fail,' Finance Minister Rodrigo Cabezas said." His "remarks clarified that the government is still seeking to obtain majority control through talks with the companies after President Hugo Chavez announced plans this week to take control of 'strategic sectors' in telecommunications, power, oil and natural gas."

Human Rights Group Criticizes China's Abuses. The Washington Post (1/12, A10, Fan, 690K) reports human rights conditions in China "deteriorated significantly in 2006, with about 100 activists, lawyers, writers and academics subjected to police custody, house arrest, incommunicado confinement, pressure in their jobs and surveillance by plainclothes security forces," a new report by Human Rights Watch said. Several widely publicized cases involving journalists and rights lawyers were cited in the report "as evidence of a severe crackdown, prompted in large part by fears that individual cases of unrest might lead to regional instability."

Nigeria Considers Bill Banning Gay Marriage. In a front page article, the Wall Street Journal (1/12, A1, Schoofs, 2.04M) reports a proposed law in Nigeria that "would punish by up to five years in prison anyone who enters into a gay marriage." The Journal notes that "gay men and lesbians are becoming more visible" in Nigeria, "even as their society, which is hostile to homosexuality, threatens to become still less tolerant of them." The State Department has "denounced the bill, proposed in January last year, as a violation of basic freedoms."

UN Chief Seeks To Clarify Death Penalty Stance. The New York Times (1/12, A6, Hoge, 1.16M) reports UN Secretary-General Ban Ki-moon "sought Thursday to change the impression he left in his first public utterance as United Nations head last week about his position on the death penalty." In a statement, Ban said, "I recognize the growing trend in international law and in national practice towards a phasing out of the death penalty. I encourage that trend."

WPost Urges International Campaign Against Rights Abuses In Burma. In an editorial, the Washington Post (1/12, A18, 690K) says the Bush administration is "pressing the UN Security Council to vote, possibly as early as today, to condemn one of the world's worst human rights violators: the military regime of Burma," but notes that the resolution "doesn't call for sanctions or other punitive measures; it would simply make clear that the most august assembly of nations finds Burma's behavior unacceptable and will press for change." The Post says a UN resolution "by itself won't bring change. But a resolution as part of a concerted international campaign might," noting

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that "just this week, hoping to head off a vote, Burma released five political dissidents from prison (leaving about 1,100)."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"In Both Parties, Doubts Cloud Bush's Iraq Plan."
"A Pair Of Stars, an I.A. Sky, A Happy Galaxy."
"Beauty, But Only On Canvas."
"It May Be Too Late To Secure Baghdad's Mix."
"Mideast Shaking Its Head."
"Military Families Must Reset Clock."

USA Today:
"For A Fee, Fliers Won't Shed Shoes."
"Hanging Out With Junior."
"Sales Job Kicks Off For Bush Iraq Plan."

New York Times:
"Bush's Plan For Iraq Runs Into Opposition In Congress."
"A 2-Month White House Debate On Iraq, Capped By 'the Big Push'."
"G.I.'s In Iraq Raid Iranians' Offices."
"A Soccer Star Heads To U.S., Heeding Lure Of Hollywood."
"Duke Accuser Contradicts Herself."
"As States Innovate, Schwarzenegger Blurs Lines."
"In Traffic's Jam, Who's Driving May Be Surprising."

Washington Post:
"Bush to Add 20,000 Troops In An Effort To Stabilize Iraq."
"Bush to Add 20,000 Troops To Stabilize Iraq."
"For His First 100 Days, Fenty Outlines 200 Goals."
"Democrats Aim To Block Funds For Plan."
"Intensified Combat On Streets Likely."
"Kaine Presses GOP For Deal On Transportation Funding."
"In Ehrlich's 2-Party Test Run, A Rough Ride But Few Regrets."
"Fairfax VS. 'No Child' Standoff Heats Up."
"Apple Chief Benefited From Options Dating, Records Indicate."

Washington Times:
"Rice, Gates Face Hill heat Over Iraq Plan."
"Cow Season In Cambodia."
"House Expands Stem-Cell Research."
"Beckham To Spice Up L.A."
"Senate Democrats Stall Pork-Reform Vote."

Detroit Free Press:
"School Anger Boils Over."
"City-Owned Slum Awaits Wreckers."
"Cobo Plan A Reality In 6 Months?"
"War Plan: An 'Augmentation'."

Atlanta Journal-Constitution:
"Needy get Cost Break At Emory."
"Aquarium Whale Shark Dies."
"Selling The Plan."
"14 Carter Center Advisers Resign Because Of Book."

Houston Chronicle:
"Iraq Plans Ignites A Scatching Debate."
"State Judge Halts Illegal Immigrant Rental Ban."
"Spend It Like Beckham."
"A Bitter And Deepening Divide."
"Houston's Plan To Expand Parks Slow To Take Root."

Story Lineup From Last Night's Network News:
ABC: New Iraq Strategy-Hearings; Bush Speaks To Troops; ABC New Poll-Iraq War; Troops Securing Baghdad; Interrupting Iran's Support; Fallen Soldier Honored; US Troop Surge-Military Reaction; New Orleans March; Stem Cell Research Vote; Beckham Comes Too US; Pictures From The Womb.
CBS: Bush Speaks To Troops; New Iraq Strategy-Hearings; Bush Speech Poll Results; Bush Speaks To Troops; Military Personnel Increase; New Orleans March; Stem Cell Research Vote; Veterans' Disability Benefits; Fallen Soldier Honored; Beckham Now In The US.
NBC: New Iraq Strategy-Reaction; New Iraq Strategy-Hearings; New Iraq Strategy-Analysis; Anti Iran Strategy; Fallen Soldier Honored; New US Surge-Reaction; Sen. Johnson Recovery; Katrina Legal Victory; New Orleans March; Democratic Convention-Denver; Stock Market; Beckham Plays US Soccer.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Attack On U.S. Embassy In Athens, Greece; National Guard And Reserve Told They Could Be Called Back To Iraq; Iraq War Protests Across U.S.; Congress-Stem Cell Research Bill; CA-Cold Weather; Super Bowl Turf Preparations.
CBS: Attack On U.S. Embassy In Athens, Greece; Secretary Gates-Congress; Congress-Stem Cell Research Bill; Congress-Medicare Drug Price Negotiation Bill; New

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Orleans-Increased Violence; James Brown's Will; Dallas, TX-Peeping Tom Teacher.

NPR: Attack On U.S. Embassy In Athens, Greece; Trial For London Subway Bombers Underway; Guantanamo Bay Protests; Palm Beach County Courthouse-Letters Containing White Substance Found; Tokyo Stock Exchange; New Orleans-Demonstrations Against Increased Violence; Bush Administration-Safety Of Children's Toys.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Departs White House for Camp David.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on Iraq. Defense Secretary Gates, Joint Chiefs of Staff Chairman Gen. Peter Pace. Location: Room 216, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. FLOOR SCHEDULE _ Meets for legislative business. Highlights: Fifteen ``One Minutes Per Side. H.R. 4 - Requiring the Department of Health and Human Services to negotiate for lower prescription drug cost.

10 a.m. FLOOR SCHEDULE _ Meets for legislative business. Highlights: H.R. 4 - Democrat Drug Price Control.

Other: KING DAY-RELATED EVENTS _ Highlights: 11 a.m. Interior Secretary Dirk Kempthorne will speak at a Special Observance of the 78th Birthday of Dr. Martin Luther King Jr. US Department of the Interior Auditorium, 1849 C St. NW. 11 a.m. The National Park Service holds its Martin Luther King, Jr. Day ceremony. Yates Auditorium, main Interior. 11 a.m. Marriott International holds a ceremony honoring Dr. King. Headquarters, 10400 Fernwood Rd., Bethesda. 1 p.m. The Institute of the Black World 21st Century holds a roundtable discussion with inter-generational black leaders, including Julianne Malveaux, Ron Walters, Malia Lazu, others. Busboys and Poets, 14th and V Sts. NW. 1 p.m. The National Park Service lays a wreath at the Lincoln Memorial.

PENTAGON-IRAQ SECURITY _ 9 a.m. Marine Col. William B. Crowe, commander of 7th Regional Combat Team, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

IRAQ _ 9:30 a.m. The Congressional Progressive Caucus holds a forum on Iraq and disengagement, with former Sen. George McGovern and William Polk. Location: Cannon Caucus Room.

RUSSIA-DEMOCRACY _ 10 a.m. The National Endowment for Democracy holds a discussion on prospects for Russian democracy with Garry Kasparov, Leon Aron of AEI, and Stephan Sestanovich of the Council on Foreign Relations. Location: 8th floor, 1025 F St. NW.

SCHARIOTH-GERMANY _ 10 a.m. German Ambassador Dr. Klaus Scharioth addresses a National Press Club morning newsmaker. Topic: ``Priorities of Germany's EU and G8 Programs." Location: National Press Club, Conference Rooms.

SOCIAL SECURITY _ 10 a.m. The Cornell University Employment and Disability Institute holds a forum on the Social Security disability system for the 21st century, with Dorcas Hardy of the Social Security Advisory Board, others. Location: Room 333, Hall of States, 444 N. Capitol St.

ISLAMIC RADICALISM _ 10 a.m. - 12 p.m. The Jamestown Foundation hosts an address by Igor Rotar Forum 18 News Service, a war correspondent who has covered stories ranging from the Tajik Civil War to the activities of the Islamic Movement of Uzbekistan. Rotar will speak on ``The Future of Islamic Radicalism and Religious Freedom in Central Asia." Location: The Jamestown Foundation, 7th Floor Board Room, 1111 16th St. NW.

PELOSI-MAYORS _ 10:30 a.m. House Speaker Nancy Pelosi and the leadership of the United States Conference of Mayors, led by Conference President and Mayor of Trenton, New Jersey, Douglas H. Palmer, will hold a photo opportunity immediately following their meeting to discuss critical issues facing America's cities. Location: Room H-230, Capitol.

SCIENCE-POLICY _ 12 p.m. The American Association for the Advancement of Science, American Geophysical Union, others, hold a workshop for congressional staff members on the role of science in public policy, with Science magazine Editor-in-Chief Donald Kennedy, Andrew Dessler of Texas A&M University, others. Location: Room 2325, Rayburn.

MCGOVERN-IRAQ _ 12:30 p.m. George McGovern, former Senator and 1972 Democratic presidential nominee, will discuss his plans for withdrawing US troops from Iraq at a

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National Press Club luncheon. Location: National Press Club.

ARMY-NASCAR _ 2:30 p.m. The Army National Guard kicks off the 2007 NASCVAR NEXTELK Cup season with a ceremony marking its sponsorship of Hendrick Motorsports' No. 25 cars, with driver Casey Mears and Crew Chief Lance McGrew. Location: Army National Guard Readiness Center, 111 S. George Mason Dr., Arlington.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 12, 2007 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal Martin Luther King holiday, the Attorney General's News Briefing will not be published on Monday, January 15. News from the holiday will be included in your Tuesday, January 16, briefing.

Gonzales Urges US Attorneys Help Guard Against Terrorist Threats. The State (SC) (1/12, Brundrett) reports from Columbia, SC, "U.S. Attorney General Alberto Gonzales gave a pep talk in Columbia on Thursday afternoon to U.S. attorneys from around the country attending a conference on combating terrorism. … 'For us in the law enforcement community, every day must be September 12th,' the nation's top prosecutor said, referring to the Sept. 11, 2001, terrorist attacks." The State continues, "Gonzales spoke to about 100 mainly U.S. attorneys at the National Advocacy Center — a training facility for state and federal prosecutors — on USC's campus. Reggie Lloyd, the U.S. attorney for South Carolina, attended. … Gonzales noted he spent earlier Thursday in Mexico City and met with senior Mexican officials to discuss organized crime and other issues." The State adds, "Gonzales told the U.S. attorneys that the 'single most important part' of their jobs is preventing terrorist attacks in the U.S. … 'Our success or failure in this one endeavor will define in the eyes of some President Bush and his legacy,' he said. 'It will be the legacy of every one of us who is serving in the administration.'" The State notes, "Although the country responded to the 9/11 attacks by invading Afghanistan, reorganizing government and passing new laws to combat terrorism, more needs to be done because terrorists 'change tactics in response to what we do,' he said. … He praised U.S. attorneys for combating 'crimes that can fuel terrorism,' such as identification and immigration fraud. He noted that seven of the 9/11 hijackers had fraudulent Virginia identification cards."

WLTX-TV, CBS 19, Columbia, SC (1/12) reports, "After a lengthy standing ovation from a crowd of US attorneys, Attorney General Alberto Gonzales quieted the crowd, 'Okay, I think you guys just want to play on my softball team. That's what all that's about.' … He began on a lighter note, 'Everything you do for the American people, I am really, really proud of you.' … But Gonzales' pep talk quickly got serious, 'I must speak bluntly and urgently about the single most important part of our jobs, which is preventing terrorist attacks on American soil.'" WLTX-TV continues, "He asked the men and women who filled a room at USC's National Advocacy Center to help stop terrorists from living, traveling and working freely in our communities. … 'And very often, the cells that are broken up are not in New York, they're not in LA,' said South Carolina U.S. Attorney Reggie Lloyd. 'You look at the case in Portland or the case in Buffalo. You have these individuals that are sleeping in communities all across the country.' … He said that's what puts our state on the map when it comes to protection and prevention. 'It's very important to us that we make sure we recognize any potential threat even if it's not a direct threat here in South Carolina,' said Lloyd."

WIS-TV, Columbia, SC (1/11, 7:00 p.m.) broadcasted, "US Attorney Alberto Gonzales is in Columbia. He arrived at Columbia metro airport this afternoon for the US Attorneys National Security Conference. Short time ago Gonzalez spoke to officials about efforts to combat terrorism and keep America safe. He also came to discuss how the Department of Justice is trying to combat terrorism and his remarks are part of the National Security Conference being held At National Advocacy Center." Other broadcasts in Columbia, SC were from the stations WLTX-TV (1/11, 11:00 p.m.) and WOLO-TV (1/11, 11:00 p.m.).

US Gearing Up For Prosecutions Of Top Al Qaeda Detainees. The New York Times (1/12, Johnston, Lewis) reports, "The Bush administration has set up a secret war room in a Virginia suburb where it is assembling evidence to prosecute high-ranking detainees from Al Qaeda including the man accused of being the mastermind of the September 2001 attacks, Khalid Shaikh Mohammed, government officials said this week." The Times continues, "The effort to sift the classified files of the Pentagon, F.B.I., C.I.A. and other intelligence agencies amounts to the first concrete steps that the government has taken to press ahead with war crimes trials of high-level terror suspects under a plan announced by President Bush in a speech last September. … At the time, Mr. Bush said that Mr. Mohammed and 13 other high-level terror suspects had been transferred from secret prisons around the world to the military detention center at Guantánamo Bay, Cuba, where they would be held pending trial." The Times adds, "The preparation of cases against the high-value operatives appears to rebut many who doubted that Qaeda suspects like Mr. Mohammed would ever be brought to trial. Critics in Congress and human rights groups had asserted that such trials would not be feasible because they would expose harsh interrogation techniques used by the Central Intelligence Agency. … The officials who discussed the preparations have been briefed on the effort in detail and represented several agencies. They declined to speak on the record about deliberations in advance of criminal prosecutions involving national security. … The prosecution team for the Qaeda

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defendants will be a mix of military and civilian prosecutors. Some officials said no decision had been made about who would lead each prosecution, but others said the trial of Mr. Mohammed would probably be undertaken principally by Justice Department lawyers, who would run the prosecution in a military courtroom in Guantánamo."

More Than 80 Arrested At Anti-Guantanamo Protest In Washington. The Washington Post (1/12, A3, Leonnig, 690K) reports, "More than 80 protesters were arrested inside the federal courthouse in Washington yesterday after a demonstration that called for closing the U.S. military prison in Guantanamo Bay." They were "commemorating the fifth anniversary of the opening of the Guantanamo detention facility. They targeted the courthouse where lawyers have challenged the legality of indefinitely imprisoning hundreds of suspected enemy fighters and terrorists at Guantanamo."

WPost Calls DOD Official's Comments On Detainee Lawyers "Repellent." The Washington Post (1/12, A18, 690K) editorializes, "Most understand that legal representation for the accused is one of the core principles of the American way. Not, it seems, Cully Stimson, deputy assistant secretary of defense for detainee affairs. In a repellent interview yesterday with Federal News Radio, Mr. Stimson brought up, unprompted, the number of major U.S. law firms that have helped represent detainees at Guantanamo Bay. ... It's offensive" that Stimson, "a lawyer, would argue that law firms are doing anything other than upholding the highest ethical traditions of the bar by taking on the most unpopular of defendants. It's shocking that he would seemingly encourage the firms' corporate clients to pressure them to drop this work. And it's shocking -- though perhaps not surprising -- that this is the person the administration has chosen to oversee detainee policy at Guantanamo."

Human Rights Watch Says US No Longer World's Top Defender Of Rights. The Washington Post (1/12, A10, Boustany, 690K) reports Human Rights Watch said the "once-powerful role" of the US "as a prime defender of human rights had effectively ended because of arbitrary detentions and reports of torture since the Sept. 11, 2001, terrorist attacks, and the group urged the European Union to step up as a leader of the cause." Executive Director Kenneth Roth released the group's World Report 2007 "by saying that the counterterrorism record of the United States over the past five years has tarnished its credibility as an influential moral voice. He listed several practices he said were being used by the Bush administration in its fight against terrorism, including torture, arbitrary detentions, allowing CIA interrogators to use coercive techniques and the unsupervised handling of so-called enemy combatants held in other countries."

Alleged Tamil Tiger Leader Extradited To Face US Charges. WNBC-TV New York (1/11, Valiquette) reported on its Web site from a broadcast story, "A key associate of a foreign terrorist organization has been captured in Indonesia and returned to New York to face federal charges including conspiracy to provide material support and resources to the Tamil Tigers. Thavarajah Pratheepan was arrested by Interpol and placed in FBI custody. At his arraignment Thursday afternoon in federal court in Brooklyn, he pleaded not guilty and was ordered held without bail." WNBC noted, "The Joint Terrorism Task Force based in Newark, N.J., arrested four of the men on Long Island last August in a sting operation after three of them traveled from Canada to purchase Russian-made SA-18 surface-to-air missiles, missile launchers and AK-47s from an undercover agent. Pratheepan is identified in the court papers as being the main liaison between the leadership of the Tamil Tigers and its supporters in North America, Europe and Asia, as well as being involved in procuring equipment for the group." The AP (1/11) also reported on Pratheepan's extradition.

Attack On US Embassy In Athens Called "Act Of Terrorism." In breaking news early Friday morning, the AP (1/12) reports "police cordoned off streets around the US Embassy in Athens early Friday after an explosion inside the embassy compound that a senior police official said was an 'act of terrorism.'" Greek police did not report any injuries, but embassy officials "could not immediately be reached for comment." Attica Police Chief Asimakis Golfis called the attack "an act of terrorism," but said authorities "don't know where from."

ASEAN Member States Considering Regional Antiterror Pact. The New York Times (1/12, Conde, 1.16M) reports 10 Southeast Asian nations "are hammering out a regional antiterrorism agreement, officials said Thursday, the day after a series of terrorist bombings in the southern Philippines underscored the need for such a measure." The 10 ASEAN states "will consider the measure, the Asean Convention on Counterterrorism, at their annual summit meeting here on Saturday. The agreement aims to improve information and intelligence sharing among the group's members and encourage them to adopt domestic antiterrorism laws, officials said."

HOMELAND RESPONSE:

Administration Moves To Ease Anti-Terrorism Restrictions For Refugees. The New York Times (1/12, Swarns, 1.16M) reports, "After months of pressure from

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lawmakers, conservative groups and advocates for immigrants, the Bush administration announced plans on Thursday to seek legislation that would provide relief to thousands of refugees and asylum seekers who have been inadvertently denied refuge because of antiterrorism laws." The proposal would affect those who have "provided material support to armed rebel groups, even if that support was coerced and even if the armed groups fought alongside American troops or opposed authoritarian governments criticized by the Bush administration." Paul Rosenzweig, acting assistant secretary for international affairs at the Department of Homeland Security, "told reporters that the administration expected to present legislation to Congress by the end of the month and to exercise most of its waivers within a day or so. … 'There isn't anybody in this room who doesn't wish we could have moved more quickly than we have,' Mr. Rosenzweig said. Advocacy groups hailed the decision as an important step forward, but warned that it would still leave many people vulnerable."

Registered Traveler Customers At Orlando International Can Start Leaving Shoes On. USA Today (1/12, 1A, Frank, 2.27M) reports on its front page on the introduction of the ShoeScanner this morning for members of the Registered Traveler program at Orlando International. "Those fee-paying travelers will soon find the machines at Indianapolis, San Jose and Cincinnati airports and in Terminal 7 at New York's Kennedy International. The ShoeScanner detects explosives in shoes when people stand on its platform for 20 to 25 seconds, allowing the machine to shoot radio waves at footwear to provide a molecular peek inside." USA Today adds, "The Transportation Security Administration approved ShoeScanners only for Registered Traveler and has no plans to expand it to regular checkpoints because of cost and time concerns."

Former Ohio Imam Transferred To Israeli Custody. Haaretz (1/12, Melman) reports, "Israeli authorities who arrested the former imam of Ohio's largest mosque who was deported from the United States have questioned him about his connections to Islamic Jihad, his attorney said Wednesday. Palestinian Fawaz Damra's American citizenship was revoked due to suspicions that he raised funds for Islamic Jihad 15 years ago," and he "was transferred to Israeli custody on a 'secret flight' coordinated by the FBI and Israeli security services." Haaretz notes, "Several days ago, he boarded a special plane destined for Jordan at New Jersey's Newark Airport, along with six drug dealers. Following a short interrogation, Jordanian authorities transferred him to the Shin Bet and Israel Police via Allenby Bridge."

The AP (1/12, Heller) notes, "Despite a campaign by his family and supporters to keep him in the U.S., Damra was deported after spending a year in a Michigan jail. His relatives in the U.S. said they hadn't been notified he had been deported, and found out only when his lawyer arrived at the jail and found him gone.

Suspicious Powders Cause Terror Scares At Two Florida Courthouses. The Miami Herald (1/12, Daniel, Lebovich, 286K) reports, "Authorities found mysterious powders in two South Florida courthouses -- one in Broward, the other in Palm Beach -- Thursday but neither substance proved a threat. .. It was not immediately known if the two scares were related, but investigators planned to look into the matter." The Herald notes, "In Palm Beach County a mail worker discovered the substance around 11:30 a.m. as she was delivering mail to the chambers of two judges…said Teri Barbera, a spokeswoman for the Palm Beach Sheriff's Office. … On the envelope, investigators found tellurium, a rare chemical element" which "is listed as a chemical hazard on the Centers for Disease Control and Prevention's website. … Since FBI agents found no serious threat in the envelope -- a letter from an attorney to a judge requesting a motion hearing -- local agencies will take over the investigation to see who's responsible for planting the substance, said Barbera."

The Palm Beach Post (1/12, Spencer-Wendel, Green) reports, "Investigators donned hazardous material suits Thursday evening to pore through 200 pieces of mail, looking for the source. Two judicial assistants left the letter with powder stuck to it down in the mailroom, but carried other mail which had the substance on it up to nine floors above to the judges' chambers, widely spreading exposure, officials said." The Post notes, "The FBI and Homeland Security joined the investigation." The South Florida Sun-Sentinel (1/12, Santana, Diaz, 237K) adds, "Preliminary indications are that the substance in Broward appears to be some sort of food additive, possibly a sugar substitute, a fire official said. In West Palm Beach, firefighters decontaminated five people who touched two envelopes tainted with traces of tellurium," and "none had an adverse reaction, Fire Rescue spokesman Phil Kaplan said. … FBI agents were called to both courthouses, but declined to launch an investigation in Palm Beach County. FBI spokeswoman Judy Orihuela said agents were looking into the Broward case." In a widely-distributed story, the AP (1/12) also reported on the incidents.

EU Says DHS Has Eased Privacy Concerns Over Security Program. The Washington Post (1/12, D2, Nakashima, 690K) reports, "European Union officials said yesterday that the US government had allayed their concerns about a homeland security program that creates and retains

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risk assessments on millions of air travelers to the United States." However, "in a letter to the chief privacy officials of 27 countries, the American Civil Liberties Union and London-based Privacy International said the Automated Targeting System violated" a European-US agreement on air-passenger data sharing, as well as US law and European data-protection laws. DHS spokesman Jarrod Agen "said the program did not violate the requirement that European passenger data be stored for 3 1/2 years at the most. He said the US-EU agreement stipulates that some information may be kept for less than 40 years."

NYTimes Urges Lieberman To Change Views On State Minimums For Security Funding. The New York Times (1/12, 1.16M) editorializes, "Making his umpteenth pitch to Congress to provide more security money for New York City, Mayor Michael Bloomberg stated the obvious when he said that money to defend against terrorism should be divvied up based on an assessment of risks, not 'spread across the country like peanut butter.' … Unfortunately, the committee's incoming chairman, Senator Joseph Lieberman, is partial to peanut butter." He "continues to believe that every state, regardless of the risks or threats it faces, should be getting antiterrorism money," and "is seeking a 'compromise' formula that preserves guaranteed minimums for relatively low-risk places like his home state of Connecticut." The Times states that Lieberman "fought the odds" to hold his seat and get his chairmanship, and "it's up to him to use the power responsibly."

Jury Awards $2.5 Million In Punitive Damages In Katrina Insurance Suit. The AP (1/12, Mitchell) reports, "A Mississippi jury on Thursday awarded $2.5 million in punitive damages to a couple who sued State Farm Fire & Casualty Co. for denying their claim after Hurricane Katrina, a decision that could benefit hundreds of other homeowners challenging insurers for refusing to cover billion of dollars in storm damage." The AP continues, "A federal judge only hours earlier had taken part of the case out of jurors' hands before they awarded punitive damages to State Farm policyholders Norman and Genevieve Broussard. … U.S. District Judge L.T. Senter Jr. ruled Thursday morning that State Farm is liable for $223,292 in damage Hurricane Katrina caused to the Broussards' home. Senter left it to a jury to decide whether to award punitive damages." The AP adds, "Senter's decision to make a directed verdict rather than let the jury decide the entire case appeared to surprise everyone in the courtroom. After he explained his ruling, Senter ordered a recess to give attorneys time "to get over the shock." … Some of Senter's earlier rulings in other Katrina cases have favored the insurance industry, but his decision Thursday calls into question the companies' refusal to cover billions of dollars in damage from Katrina's storm surge. … The Broussards sued State Farm for refusing to pay for any damage to their home, which Katrina reduced to a slab. The couple, who wanted State Farm to pay for the full insured value of their home plus $5 million in punitive damages, claimed that a tornado during the hurricane destroyed their home. State Farm blamed all the damage on Katrina's storm surge."

WAR NEWS:

Bush Defends Iraq Plan In Visit To Military Base. ABC World News (1/11, story 2, 2:25, Vargus, 8.78M) reported, "Last night the President presented his plan to the American people, today he took it to the people who will actually be carrying it out, the members of the military who would see their role in Iraq expand." ABC (Raddatz) added "the President was pushing his plan hard today to the people who will have to carry it out. In Ft. Benning, Georgia, today, before soldiers who will soon be part of the planned troop surge, the President assured the audience that this plan was different from the one he now admits was a failure." The CBS Evening News (1/11, lead story, :40, Couric, 7.66M) said the reaction "was not at all what the President has come to expect from a military audience." The CBS Evening News (1/11, story 4, 1:45, Couric, 7.66M) later reported on the "out of the ordinary is the response the President got today from a usually receptive audience, those soldiers we mentioned earlier." CBS (Axelrod) added, "Even rallying the troops is now a challenge. The mood here was polite but muted, more somber than usual for a President talking to soldiers."

NBC Nightly News (1/11, lead story, 3:05, Gregory, 9.87M) noted Bush "lunched with troops" and defended his plan, but offered no assessment of the audience's response. Neither did the AP (1/12, Riechmann), says "Fort Benning…offered Bush a patriotic backdrop and a friendly audience in which to sell his retooled plan for Iraq, which drew heavy fire on Capitol Hill from Democrats and some Republicans. Some 4,000 members of Fort Benning's 3rd Brigade Combat Team are being sent to Iraq earlier than planned because of the president's decision. … Bush had lunch with about 300 military personnel and their relatives, saw a paratrooper training exercise and met with relatives of 25 soldiers who died in Iraq and Afghanistan."

But the Washington Times (1/12, Curl, 88K) headlines its story "Bush Gets Cool Response From Troops Set For Iraq," and says the President "received only tepid applause at this Army base, where the commanding general forbade soldiers from talking to reporters." The Atlanta Journal-Constitution (1/12, Martz, Markiewicz, 379K) reports Bush's speech "was a virtual carbon copy of his national TV address Wednesday night, in which he laid out his plans for Iraq." His

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comments "were met with relatively polite but restrained applause on several occasions, but the soldiers broke into a spontaneous ovation when he said he was in favor of increasing the overall size of the military." Similarly, the Los Angeles Times (1/12, Gerstenzang, 850K) says Bush's audience "was friendly, but his sober address received a less enthusiastic reception than has been the case on his past visits to military bases to promote his Iraq policy. White House and Army officials prohibited reporters from interviewing soldiers before Bush spoke or immediately after his remarks." The Washington Post (1/12, A12, Baker, 690K) titles its report "At Fort Benning, A Quiet Response To A Presidential Visit," and says that "White House officials had promised reporters they could talk with soldiers." And the New York Times (1/12, Stolberg, 1.16M) says Bush's "lunchtime talk received a restrained response."

USA Today (1/12, 5A, Copeland, 2.27M) reports on Bush's Georgia visit, and added that reaction to the new Iraq plan "from some military families around the USA was mixed," quoting misgivings from three military spouses. In a front-page story titled "US Unit Patrolling Baghdad Sees Flaws In Bush Strategy," the Washington Post (1/12, A1, Raghavan, 690K), quotes US soldiers who challenged Bush's "decision to send 21,500 more troops to Iraq" because it "rests on a key assumption" that they believe flawed: that "the Iraqi government of Prime Minister Nouri al-Maliki can produce a well-disciplined, impartial army capable of taking the lead in securing Baghdad."

Along those lines, USA Today (1/12, 6A, Brook, 2.27M) says the Bush plan "rests on a shaky foundation: the Iraqi military. Recent reports by the Pentagon and the Government Accountability Office (GAO) say Iraqi security forces, primarily the military and police, suffer from a lack of training, supplies and availability." While "322,600 Iraqi security personnel had been trained and equipped by last month, 'the number of present-for-duty soldiers and police is much lower,' according to a Pentagon progress report released in December. That's because so many Iraqi troops are on scheduled leave, are absent without leave or have left the service entirely, the report says."

White House Campaign To "Sell" Strategy To Continue Over The Weekend. USA Today (1/12, 1A, Jackson, Nichols, 2.27M) reports, "The White House is embarking on a weekend campaign to sell President Bush's new Iraq strategy to the nation amid fierce criticism from Democrats and some Republicans on Capitol Hill." Bush "will appear Sunday on CBS' 60 Minutes, which airs after an NFL playoff game. Vice President Cheney will appear on Fox News Sunday to defend the plan to boost U.S. troop levels by 21,500." Secretary of State Condoleezza Rice "leaves today on a week-long trip to the Middle East and Europe to brief U.S. allies on the plan." White House spokesman Tony Snow, "who held interviews with radio and television hosts Thursday, said the communications plan will continue in coming weeks."

Yesterday, White House Press Secretary Tony Snow said on CNN's The Situation Room (1/11, Blitzer), "We're at the beginning of a process now where people are going to take a look at a comprehensive plan. What a lot of people have done is said, 'Okay, we don't want troops growing in.' And so they look at that one piece. What we're saying to the American public is, look at all of the pieces. See how it all works together."

White House Deputy Press Secretary Dana Perino said on CNN's Your World Today (1/11, Gorani), "The President was very plain-spoken yesterday, as he should be, when he was talking to the American people about his new way forward in Iraq. And one of the most important things that people need to understand is what we are finding there with Iran's meddlesomeness in the region. And of course we are supportive of the neighbors getting along there in the region. And Secretary Rice is headed to the region tomorrow to help further that. But no, the President is not going to do one-on-one talks with Iran and Syria at this time."

Polls Show Little Support For New Strategy. ABC World News (1/11, story 3, 2:05, Vargus, 8.78M) reported "an ABC News poll conducted after the speech found 61% of Americans reject the idea of sending more forces into Iraq. 36% support the proposal and our chief Washington correspondent George Stephanopoulos joins me now." This poll "shows the President has a long way to go to sell this." ABC (Stephanopoulos) added, "Those numbers you said are just the beginning of the tough news for the President. It also shows that two-thirds of Americans reject the idea that sending more troops now is going to bring a quicker end to the war. And 71% of Americans believe that the assistance of the United States to Iraq should be conditioned on Iraqis meeting benchmarks for bringing their country together and building up their military. This is an idea the President rejected even though it was endorsed by the bipartisan Baker-Hamilton commission. 53% want Congress to act to stop the plan to send more troops."

On the CBS Evening News (1/11, story 3, 1:55, 7.66M), Bob Schieffer said "it is a rare evening when an American President goes on prime time television and doesn't change some minds, so you have to say last night was a rare evening. Mr. Bush did no better winning support for his new Iraq policy from the public than he did trying to change the minds of people in Congress. A CBS News poll conducted after the speech showed 68% of the people polled are still uneasy about the President's ability to make the right decisions about Iraq. That is the same percentage as when we asked the same question during the first week in January. The poll did show some increase in public support for increasing troop levels since last week, but even so, only 30%, a third of those polled, believe a troop increase is a

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good idea. The fact that this speech seemed to change so few minds…is really unusual. I think it underlines just how unpopular this war is with the American people."

The AP (1/12, Benac) reports that an "Associated Press-Ipsos poll found widespread disagreement with the Bush administration over its proposed solution, and growing skepticism that the United States made the right decision in going to war in the first place. Just as 70 percent of Americans oppose sending more troops to Iraq, a like number don't think such an increase would help stabilize the situation there, the poll suggested. When asked to name the most important problem facing the U.S., 38 percent of those polled volunteered war, up significantly from 24 percent three months ago."

The New York Times (1/12, Urbina, 1.16M) runs a feature surveying the opinion of citizens of Clifton Heights, PA, where people "at the American Legion" were "sure of one thing: President Bush's plan to send some 20,000 more troops to Iraq would only make matters worse. … Frustrated by mounting deaths of United States soldiers in Iraq, voters in this former mill town wedged between more liberal Philadelphia and more conservative rural areas, responded to the president's plan with feelings ranging from outrage and resignation to guarded skepticism and qualified support."

White House Blames Networks For Audio Problems During Speech. The Wall Street Journal (1/12, Harwood, 2.04M) reports in its "Washington Wire" section, "Bush aides blame television networks for audio problems during president's Iraq speech. 'The feed went out of here clean,' a spokesman says. Bush will keep relatively low-profile on Iraq next week as he wraps up budget decisions and Jan. 23 State of the Union speech."

Luntz Says Bush Word's "Too Little And Too Late" For Most Americans. In a Los Angeles Times (1/12, 850K) op-ed, Republican pollster Frank Luntz writes, "Americans tuned in Wednesday night to hear the president's plan for a 'new way forward' in Iraq. We also tuned in to be convinced and reassured that President Bush was the right man to execute that plan. The speech was a clear attempt to draw a distinct line between the past and the future. The president addressed head-on the most common attacks on him and his administration, countering 'inflexible,' 'unrealistic' and 'incompetent' -- three words pollsters like myself have heard from an angry electorate for more than a year -- with 'adjust' and 'change,' 'scrutiny,' 'responsibility' and, again and again, 'our new strategy.' Speaking from the White House library, a different setting befitting a different strategy, the president attempted to make the case that things in Iraq were going to be different from now on. The problem is, for most Americans it is too little and too late."

More Commentary. The Financial Times (1/12) editorializes the Bush plans "is certainly not a strategy for victory, whatever that word, which is used ever more desperately by the US president, now means. It may be one last heave. It may be a cover for US withdrawal. But two things are quite clear." First, the Times notes that "right now, Mr. Bush has the support of no more than one in four Americans for this so-called surge of an extra 20,000 or so troops." And second, "this policy will not succeed in fixing an Iraq traumatized by tyranny and war and then broken by invasion and occupation. But it may end with the US 'surging' into Iran -- and taking the Middle East to a new level of mayhem that will spill into nearby regions and western capitals."

Mackubin Thomas Owens, a professor of national security affairs at the Naval War College, writes in the Christian Science Monitor (1/12, 59K) that the success of Bush's plan "depends on at least three factors. The first is the adequacy of the force." The second factor, he says, is "the Iraqi government," which he says much include "the Shiite militias." The third factor is "Congress," where he says he hopes Democrats will "take the wise counsel of one of their own, Sen. Joe Lieberman of Connecticut, who reminded us the other day that the stark choice in Iraq is between victory and defeat."

In his Wall Street Journal (1/12, 2.04M) column, Daniel Henninger writes, "When Gen. David Petraeus takes command of U.S. forces in Iraq, it will mark the start of an historic turn in military strategy in Iraq and perhaps in U.S. war-fighting doctrine. The U.S.'s primary problem in Iraq, manifest across 2006, has been an urban insurgency in a 30-mile radius around Baghdad and in Anbar province. The Petraeus command is the overdue beginning of the counterinsurgency. This isn't a one-off effort as at Fallujah, but counterinsurgency as daily U.S. military policy. It is the product of an enormous amount of self-criticism and analysis done by military and civilian analysts in and out of government."

Anthony Cordesman, a senior fellow at the Center for Strategic and International Studies, writes in the New York Times (1/12, 1.16M) that "taken as a whole," the President's speech "raised more questions than it answered."

Former national security adviser Zbignew Brzezinski writes in the Washington Post (1/12, A19, 690K) that the President's plan "provided a more realistic analysis of the situation in Iraq than any previous presidential statement." Though it "acknowledged failure," it "dodged accountability for that failure by the standard device of assuming personal responsibility." Brzezinski calls the troop "surge" a "political gimmick of limited tactical significance and of no strategic benefit," noting that it is "insufficient to win the war militarily." He also criticized the plan for failing to "explore even the possibility of developing a framework for an eventual political solution." In conclusion, Brzezinski says the speech "reflects a profound misunderstanding of our era" that "waging a colonial war in the post-colonial age is self-defeating."

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Former federal prosecutor Andrew C. McCarthy writes in USA Today (1/12, 10A, 2.27M) that for "those in Congress" there are "two logical responses" to the President's plan: "Propose a better way forward, or candidly call for the United States to accept defeat -- without trying to spin that as -redeployment' or some other transparent euphemism." Noting that "a defeat for the United States in Iraq would be a victory for our mortal enemies," McCarthy urges members of Congress to "give us a plan to win," saying the US "can accept nothing less."

New York Times (1/12, 1.16M) columnist Thomas Friedman asks President Bush to "stop insulting our intelligence by telling us that this is the 'decisive ideological struggle of our time,' but we're going to put the whole burden of victory on 150,000 US soldiers." Friedman says "the way" Bush has "fought this war -- with our pinky -- is contemptible." He says the "only way more US troops might bring stability is if you add two missing elements: a deadline and a floor." He urges the President to "tell Iraqis that by calling for a surge in troops you're giving them one last chance to reconcile, otherwise we're gone by Dec. 1." By not setting a hard date to leave Iraq, Friedman says "we are only putting a floor under bad behavior and allowing Iraqi leaders to pay wholesale, not retail, for their tribal politics."

Washington Post (1/12, A19, 690K) columnist E.J. Dionne Jr. writes, "If Iraq does not end well, our men and women in uniform will not get the blame. The fault will lie with leaders in Washington who failed to face the politics of the situation as squarely as this soldier has."

Washington Post (1/12, A19, 690K) columnist Eugene Robinson calls Bush's plan "fantasy-based," saying it "could only make sense in some parallel universe where pigs fly and fish commute on bicycles."

Bush Awards Fallen Corporal Posthumous Medal Of Honor. The CBS Evening News (1/11, story 10, :25, Couric, 7.66M) reported, "Early on in the Iraq war, we told you the story of a young man named Jason Dunham, a former high school star athlete from upstate New York who joined the Marines and saved the lives of two comrades by throwing himself on a hand grenade. Today, President Bush awarded this fallen hero America's highest military decoration, the Medal of Honor." ABC World News (1/11, story 6, :55, Vargus, 8.78M) reported Dunham "died after jumping on a grenade to protect members of his squad." President Bush: "This morning it's my privilege to recognize Corporal Dunham's devotion to the corps and country. And to present his family with the Medal of Honor."

NBC Nightly News (1/11, story 5, 1:10, Williams, 9.87M) reported, "President Bush has said more than once, the toughest part of his job is sending Americans into combat. Today there was a vivid reminder of the consequences. This morning before leaving for Fort Benning, the President awarded the nation's highest military honor to a young Marine who gave his life to save his squad."

The New York Times (1/12, Hernandez, 1.16M) reports, "In an interview on Tuesday, as she was preparing to make the six-hour trip to Washington for the ceremony, Corporal Dunham's mother, Debra, said she wished her son could 'receive it himself.' 'But we will receive it for him, and he will be watching us do that,' she said." President Bush "shed tears during the ceremony."

Bush Said To Have Led Commanders To Conclude More Troops Needed. The New York Times (1/12, Rutenberg, Sanger, Gordon, 1.16M) reports that "over the past two months" two "diametrically opposed options -- adding American troops, or pulling back to let the Iraqi factions fight it out -- marked the boundaries of a vigorous debate inside the Bush administration." At one point, President Bush "asked his deputies, in effect: 'Why can't we just pull out of Baghdad and let the factions fight it out themselves?' Ultimately, the president and his advisers came back to the idea of adding American troops -- the new approach they concluded was the best of a series of difficult choices, according to a senior administration official involved in the process. A narrative pieced together from interviews with participants and from public testimony suggests that through much of the process, generals who had been on the ground in Iraq during the past year had favored that the new strategy begin with a substantially smaller force than the one that President Bush announced to the nation on Wednesday night. In the end, it was Mr. Bush who appeared to drive his commanders along to the conclusion that more troops were needed."

New Strategy "Vindication" For Shinseki. The New York Times (1/12, Shanker, 1.16M) reports that Bush's "new strategy, with its explicit acknowledgment that not enough troops had been sent to Iraq to establish control, was a vindication" for Gen. Eric Shinseki, "who as Army chief of staff publicly told Congress as much just before the war began in 2003. First vilified, then marginalized by the Bush administration after those comments, General Shinseki retired and faded away, even as lawmakers, pundits and politicians increasingly cited his prescience."

Many Targeted Baghdad Areas Already Overrun By Militias. The Los Angeles Times (1/12, Moore, 850K) reports, "One of the chief rationales for sending five additional U.S. brigades to Baghdad is to secure the city's mixed neighborhoods, U.S. military planners say. If residents feel they are safe in their homes, they will no longer turn to sectarian militias to protect them, the strategists argue. But many of the districts that U.S. planners might have wanted to

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protect already have been taken over by sectarian gunmen and their allies."

Congress Blasts New Bush Iraq Plan. On Capitol Hill, President Bush's new Iraq strategy was the object of strong attacks yesterday from both sides of the aisle. Some reports suggest the President's support among Republicans may be quickly collapsing. The Financial Times (1/12, Luce) reports Bush yesterday "cut an increasingly lonely and embattled figure as opposition Democrats and fellow Republicans greeted his 'new way forward' in Iraq with a barrage of denunciation. … This show of Republican opposition prompted comparisons with Richard Nixon during the Vietnam era. 'Republican support for the president is draining rapidly,' said a party strategist. 'It is almost unheard of for Republicans to criticise a Republican president at war so soon after he has made an appeal for support.'"

The Washington Times (1/12, Hurt, Ward, 88K) reports "Republican leaders on Capitol Hill staunchly back…Bush's proposal…but support among the party's rank and file may be crumbling. 'At this late stage, interjecting more young American troops into the crossfire of an Iraqi civil war is simply not the right approach,' Rep. Ric Keller, a Florida Republican who has been steadfastly supportive of the war, said on the House floor yesterday. 'We are not going to solve an Iraqi political problem with an American military solution.'" And the Los Angeles Times (1/12, Neuman, 850K) notes GOP Sen. George Voinovich, "who until now has supported the war, said he no longer believes the civil war in Iraq can be tamed by sending more US troops to aid in the fight."

Nonetheless, says the Wall Street Journal (1/12, A4, Dreazen, King, 2.04M), "White House officials calculate that Democrats will be stymied by practical problems, legislative maneuvering and internal divisions in their attempt to prevent the administration from sending 21,500 more soldiers -- and more money -- to Iraq. 'There are a lot of divisions among the Democrats, and you see them tiptoeing around it because they understand the consequences of such a vote,' White House Counselor Dan Bartlett said during a trip with Mr. Bush, who was pushing his case for sending new forces to Iraq in a speech to hundreds of soldiers on this military base." In an analysis piece, the AP (1/12, Espo) says Democrats face "a delicate mission," but "for the first time since the war began" they "have public opinion on their side -- and know it for sure."

On ABC World News (1/11, story 3, 2:05, 8.78M), George Stephanopoulos said "it does look like Congress has the votes to pass" a symbolic resolution condemning Bush's new plan, and "they are likely to do that the week of the State of the Union. I asked a White House official about this, and he said they won't fight it, he seemed resigned. He said if they have the votes, they have the votes. But is also puts burden on the opponents, he said, to come up with a plan that will work. And the White House also sees a silver lining in what was a very tough day on Capitol Hill. They believe that the more pressure that comes from Capitol Hill, the more pressure that will put on the Iraqis to actually get their act together." Nonetheless, the Washington Times (1/12, Hurt, Ward, 88K) reports Senate Minority Leader Mitch McConnell yesterday "hinted that Senate Republicans would filibuster any resolution by Democrats expressing disapproval of the war in Iraq or Mr. Bush's plan to add more than 21,000 troops to the battlefield."

The Washington Post (1/12, A1, Abramowitz, Weisman, 690K) reports Democrats and Republicans "alike said they are concerned that Bush's plan…is too little and too late and does not appear very different from previous efforts to secure the capital." The "ferocity of the congressional condemnation dismayed the White House," in what the Post calls "further indication that the new Democratic Congress is headed toward a series of potentially epic clashes and floor votes over the conduct and funding of the nearly four-year-old war." Rice "appeared to be on the receiving end of the toughest grilling yesterday, before the Senate Foreign Relations Committee" where "not a single senator from either party expressed support for the president's plan, many posed hostile questions, and others expressed deep doubt about the Bush administration's premise of creating a viable democracy in the heart of the Middle East." However, Rice "maintained her composure throughout the hearing."

On NBC Nightly News (1/11, story 3, 2:00, 9.87M), Tim Russert said the hearing "took on the form of a revival meeting where Democrats who had voted for the war were seeking redemption with their Democratic base. About 90% of Democrats believed going into Iraq was the wrong thing to do. You couple that with Republicans. There are 21 Republican senators up for reelection in 2008. Four of them have already come out against the President's plan. They understand the perils of this war in terms of taking it to the voters."

ABC World News (1/11, lead story, Vargus, 8.78M) showed several US Senators' reactions to the President's plan. Sen. Joseph Biden called the plan "a tragic mistake." Sen. Christopher Dodd said: "A fool's paradise describes nothing as aptly as our Iraq policy today." However, ABC (Tapper) said, "Most notable, the disapproval of Republican Senators, including Vietnam veteran Chuck Hagel," who called the plan "the most dangerous foreign policy blunder in this country since Vietnam." But Secretary Rice "said the problem is not just the resolve of the Iraqi government to provide security, but its ability to do so, which is why more troops are needed." But Rice "found few supporters today. … She was challenged as to why she believes so many Americans are being killed in Iraq." Similarly, the CBS Evening News (1/11, story 2, Borger, 7.66M) said the President "may have been trying to reignite support for his

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Iraq strategy, but instead, he sparked a bipartisan rebellion on Capitol Hill." While Bush "no doubt expected a fight with Democrats over Iraq, but after his speech, some of the harshest criticism came from his own party" with "as many as a dozen Republican senators" that "could jump ship."

NBC Nightly News (1/11, story 2, Williams, 9.87M) reported, "Make no mistake…members of Congress…are clearly frustrated by the President's war policies and some who want his job for that matter, took direct aim at some of the President's top people." NBC (Reid) added, "Anger, there's plenty of that around here, especially among Democrats and as for ambition, one hearing here in the Senate felt like a run-up to the 2008 Presidential campaign. At times the Senate foreign relations hearing room was like a firing range for aspiring Presidential candidates."

The AP (1/12, Raum) says the President's plan "ran into a wall of criticism on Capitol Hill on Thursday as administration officials drew confrontational, sometimes mocking challenges from both Democrats and Republicans." During appearances on the Hill, Defense Secretary Robert Gates and Secretary Rice "found themselves embroiled in the first pitched exchanges in a battle that is likely to dominate Congress for months or longer and is already shaping the 2008 presidential election." In testimony before the Senate Foreign Relations Committee and in the afternoon before the House counterpart, Rice was "grilled sharply by members of both parties," with "not a single member of the Senate panel" expressing "outright support for the president's plan." For her part, Rice "acknowledged widespread skepticism among Americans" and engaged in "several tense exchanges with members, including with Hagel."

The Washington Times (1/12, Kralev, 88K) reports Senate Majority Leader Harry Reid "promised to give the new plan careful consideration, but he said on the Senate floor, 'In choosing to escalate the war, the president virtually stands alone.' Many of the Senate panel's Republicans also were critical, including Sens. Chuck Hagel of Nebraska, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska." USA Today (1/12, Slavin, 2.27M) runs a similar report.

In a separate report, the AP (1/12, Woodward) reports Secretary Rice "found herself at the intersection of anger and ambition" as "five presidential aspirants on the Senate Foreign Relations Committee, as well as other up-and-comers in the new Democratic majority…made sure their voices were heard." The AP notes that "even Rice's status as a single woman was fair game" as Sen. Barbara Boxer, D-Calif., "noted Rice has no children of her own to lose overseas." Sen. Boxer continued her criticism of Rice during an appearance on PBS' NewsHour (1/11, Warner), saying, "I can speak for the entire committee -- except for just a few -- she did not make the case."

Under the headline "Rice, A Uniter Of The Divided," the Washington Post (1/12, A1, 690K), Dana Milbank writes in a front-page "Washington Sketch" column that "within minutes" of Secretary Rice's arrival on Capitol Hill yesterday, "it became apparent that the Bush administration had, after four divisive years, finally succeeded in uniting Congress on the war in Iraq. Unfortunately for Rice, the lawmakers were unified in opposition to President Bush's new policy." The Post calls Rice's appearance "a bipartisan scolding of the sort rarely seen in the Bush presidency," but said Rice "endured it, for the most part, with quiet indignation," staring "expressionlessly at her tormentors or looked down at the table."

The New York Times (1/12, A1, Shanker, Cloud, 1.16M) says the reception Rice received on the Hill suggested that Bush's plan "had done little to build political support for sending additional troops to Baghdad." During their testimony, Gates and Rice "declined to specify a time limit on the troop increase and were cautious about predicting rapid improvements in security in Baghdad…saying progress is likely to come gradually."

The New York Times (1/12, Kornblut, 1.16M), under the headline "Devastating Criticism On Iraq By Both Parties," describes the tone on Capitol Hill yesterday as "courteous, serious -- and devastating." And "perhaps surprisingly, the language changed little when it was" Republicans who addressed the war issue. The Times adds, "On a committee renowned for its bipartisanship and restraint, the questioning on Thursday, the day after a major presidential address on Iraq, amounted to a powerful blast."

Sen. Barbara Boxer said on PBS' NewsHour (1/11, Warner), "I can speak for the entire committee -- except for just a few -- she did not make the case. And the committee view was skeptical, at best, and outright in opposition, I would say, if you really look at what everybody said. And when you have the second-most-senior Republican on the committee saying, and I quote, that the surge is 'the most dangerous foreign policy blunder in this country since Vietnam,' if it's carried out -- that's Senator Hagel -- that, to me, is the strongest of signals to this Administration to change course and not go forward with this."

Sen. Lindsay Graham said on PBS' NewsHour (1/11, Warner), "I think the Bush Administration has earned skepticism, to be honest with you. If anybody believes the war has gone well in the last couple years -- well, just no one believes that. ... Before we act in Congress condemning a new strategy designed to secure victory -- not in what I think is a Vietnam, but a battlefront in World War III of extremism versus moderation -- I'd just ask the Congress to listen to" Gen. Petraeus, "who's been assigned the mission, who believes in the mission, who's the architect of the new strategy, and give him a chance to articulate why he thinks he could be successful, what he needs, and ask him the hard questions before we act."

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Sen. Gordon Smith said on MSNBC's Hardball (1/11, Matthews), "I didn't realize it at the time, but the speech that I gave really broke the dam of Republican frustration that many of my colleagues have been feeling. And I do think it is time for the Congress to reassert itself and try and more narrowly focus our efforts, the American efforts, in the war on terror. ... What we have to do as we fight the war on terror more intelligently is to keep the mechanisms of the state of Iraq from falling into the hands of al Qaeda or Iran -- and I'm not proposing an attack on Iran. But all of the nation-building that we have been doing, frankly, I have concluded that it is Iraq's nation to build. ... We need to focus on who the real enemy is and it's not the work of the street cop. It is our taking out jihadists who would bring chaos into Iraq or export it to neighbors or our country. What we did in Somalia the other day is the way we ought to be taking on terrorism, on our terms, with our technology, with our firepower. These are the real enemies but, frankly, we cannot want democracy for Iraq more than Iraqis want it for themselves."

Sen. John Kerry said on CNN's Your World Today (1/11, Clancy), "Last night, the President said mistakes had been made. He didn't say they were his. And he accepted responsibility for those mistakes. He didn't say, 'I made mistakes.' So there is a distinction. ... What was absent from the President's speech last night, regrettably, was the political solution, the diplomatic political solution that is critical to ending the violence. The President, the Secretary of State, the former Secretary of Defense, our generals, have all said that this can not be resolve military. And yet all you heard last night was really the military piece of this."

Dodd said on CNN's The Situation Room (1/11, Blitzer), "I'd certainly be willing to use the power of the purse to help us change direction and a different mission for our troops there. I would not be prepared to the cut off funding to our troops on the ground in Iraq, even though I disagree on the surge. I think we ought to be voting on that before they go rather then have them on the ground there and then cutting off the resources for them."

Sen. Jeff Sessions said on Fox News' Your World (1/11, Cavuto), "We are worried about the success in Iraq. Even this improvement -- I think it will be an improvement. I think it does enhance our ability to be successful. But there is no guarantee. This is a tough battle. ... And the Iraqis are going to have to step up."

House Homeland Security Chairman Bennie Thompson said on Fox News' Your World (1/11, Cavuto), "I'm not interested in stopping it. I want the President to do more than a 20-minute speech as to why we need to escalate this surge effort in Iraq."

Rep. Marsha Blackburn said on Fox News' Your World (1/11, Cavuto), "I was so pleased to hear the President say last night, and I was relieved to hear him say, we need to be listening to the commanders in the field and the troops on the ground. ... They know what we need to do in order to win."

Giuliani, Gingrich Say Iraqi Civil Society Must Be Established. In a Wall Street Journal (1/12, A13, 2.04M) op-ed, Rudy Giuliani and Newt Gingrich write, "The American mission in Iraq must succeed. Our goal -- promoting a stable, accountable democracy in the heart of the Middle East -- cannot be achieved by purely military means. Iraqis need to establish a civil society. Without the support of mediating civic and social associations -- the informal ties that bind us together -- no government can long remain stable and no cohesive nation can be maintained. To establish a civil society, Iraqis must rebuild their basic infrastructure. Iraqis must take control of their destiny by rebuilding houses, stores, schools, roads, highways, mosques and churches. ... A massive effort must be made to engage in a well organized plan to rebuild Iraq. The goal: an infrastructure to support and encourage a strong, stable civil society."

Rice To Seek Support For Bush Plan In Mideast Trip. The Washington Post (1/12, A14, Kessler, 690K) reports with Bush's plan "facing blistering criticism at home," Secretary Rice departs today on "another difficult sales mission: winning the support of Arabs for the Iraq plan and seeking momentum for a renewed push on Middle East peace." Noting the "stakes could not be higher" for the trip, the Post notes that Rice "sees the turmoil as offering opportunity." Meanwhile, former Rice advisor Philip Zelikow "said the new effort has 'three big pillars,' including a comprehensive effort in the Middle East to win support for the Iraqi government and rallying the region to stand up to the extremism of Iran and al-Qaeda." But Rice's aides "have tried to lower expectations for this round of diplomacy, saying she was mainly hoping to listen to ideas." An administration official yesterday "denied a report in the upcoming issue of Time magazine that Rice had joined with Israeli Foreign Minister Tzipi Livni in a bid to put aside a previous peace plan known as the 'road map' and leap right to final-status talks to bolster Abbas."

In its "Washington Wire" online column, the Wall Street Journal (1/12, Harwood, 2.04M) reports Rice "may speak on Afghanistan on coming overseas trip, while State and Pentagon team up to seek $6 billion for added Afghan troop training, border protection, road building and other projects. But they face pushback from Bush budgeteers, who aim to cut those figures in half."

In an editorial, the Washington Post (1/12, A18, 690K) says Rice's tour of the region "is beginning today looks like a sideshow." Since her trip will not include "two of Iraq's neighbors, Iran and Syria, as well as the two countries that now stand in the way of progress in the Palestinian territories and in Lebanon -- again, Iran and Syria -- it's hard to see how

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her diplomacy can accomplish much." The Post notes that "there are ways in which the administration could step up its diplomatic efforts on Iraq." For example, the US "should support" and "join in" a "proposed a regional conference in Baghdad" put forth by the Iraqi government. The Post notes that "regional diplomacy will not solve Iraq's problems. An Israeli-Palestinian settlement will not cause sectarian warriors in Baghdad to disarm. But given the seriousness of the situation, the administration is foolish not to use every resource at its disposal. Mr. Bush is already pursuing strategies on the ground in Iraq that look like long shots; he should be willing to take more diplomatic chances, as well."

Plan Gets Tepid Welcome In Baghdad, Criticism Elsewhere In Mideast. The Los Angeles Times (1/12, Stack, Ellingwood, 850K) reports, "In ordering more American soldiers into Iraq," President Bush "said he was sending a message of hope to millions of Arabs and Afghans trapped in violence. But to many on the ground in the Mideast, the speech spoke volumes of a disconnect between US promises and a turbulent reality." The Bush Administration "has portrayed the invasion of Iraq as a boost, albeit painful, for Arab democracy and human rights. Victory in Baghdad would bring a brighter era to the entire region, U.S. officials have promised." But "after waves of outrage over torture in Abu Ghraib; the spectacle of Saddam Hussein's trial and execution; and religious slaughter in the streets of Baghdad, few people in the region can articulate what, exactly, the United States is trying to accomplish."

The AP (1/12, Karimi) notes Iran and Syria denounced the US plan. Another AP story (1/12, Mroue) says "the Iraqi government spokesman chided the United States, Iran and Syria on Thursday for using his country as a political battleground, saying "we pay the price for the tension" between the three rivals and urging them to improve their relations." The spokesman's comments "came as Iraq's government welcomed President Bush's new strategy and promised it was committed to making sure it succeeds. Ordinary Iraqis, however, gave it mixed reviews, with many expressing skepticism that an increase in US troops would quell the violence ransacking their country." The New York Times (1/12, Burns, Tavernise, 1.16M) runs a similar report titled "In Baghdad, Bush Policy Is Met With Resentment," in which it refers to a "grudging endorsement" of the plan from the Iraqi government. The Washington Times/AP (1/12, Abdul-Zahra) reports on Iraqi reaction in a story headlined "Bush Plan Receives Tepid Baghdad OK."

Blair Says Bush Plan "Makes Sense." AFP (1/12, Haddon) reports, "Prime Minister Tony Blair said that…Bush's policy switch in Iraq 'makes sense', while his foreign minister stressed it did not necessarily herald 'a change of direction' from London.

Gates Proposes Adding 92,000 To Army, Marine Active Forces. The Washington Post (1/12, A14, Tyson, White, 690K) reports Defense Secretary Robert Gates "proposed adding 92,000 troops to the Army and Marine Corps, initiating the biggest increase in U.S. ground forces since the 1960s to shore up a military that top officers warn is on the verge of breaking from prolonged fighting in Iraq and Afghanistan." The "permanent increase of 65,000 soldiers and 27,000 Marines would cost more than $10 billion annually and take five years to achieve, underscoring the Pentagon's conviction that today's wars and anti-terrorism operations will endure for many years. 'We call those 'long war' forces,' a senior military official said." The CBS Evening News (1/11, story 5, :20, Couric, 7.66M) reported, "Under his plan, the number of active-duty Army troops would jump from about 512,000 to 547,000. The Army is already adding recruiters to meet their goal. Active-duty Marines could increase from 180,000 to 202,000."

The Washington Times (1/12, Scarborough, 88K) says that while "an increase in 'end strength,' as the military's active force is called, is not directly related to President Bush's announced new Iraq strategy, it is an outgrowth of the nearly four-year-old war. The stress of deploying Marine and Army ground forces with little rest back home has begun to tear at the fabric of the 1.4 million active force, senior retired officers said."

Pentagon To Recall Army National Guard Units. The Los Angeles Times (1/12, Spiegel, 850K) reports the Defense Department announced plans "to recall Army National Guard units that have already fought in Iraq to serve second tours in the war, reversing a long-standing policy that allowed guardsmen to return home for five years before being redeployed. No new Guard units have been included in the first wave of forces going to Iraq" as part of President Bush's troop increase, and Defense Secretary Robert Gates "insisted the change in policy was made independently of the Iraq buildup. But other Pentagon officials have acknowledged that additional Guard and Army Reserve units are essential to sustaining Bush's increase in combat forces in Iraq over the course of the year." The New York Times (1/12, Cloud, 1.16M) says "the new rules mean that individual Guard members and entire units that have already been deployed in the last five years may be called up again for as long as 24 consecutive months, officials said." However, Joint Chiefs of Staff Chairman Gen. Peter Pace said the Pentagon "intends to try to limit future mobilizations to no more than a year."

Britain Plans To Proceed With Iraq Troop Cuts. The New York Times (1/12, Cowell, 1.16M) reports the UK, "which had been America's closest and most pliant ally in

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Iraq, said Thursday that it would not follow the United States in raising troop levels there and signaled that it would proceed with plans to hand over security responsibilities to Iraqi forces in the south." Britain "has about 7,000 troops in Iraq. ... Officials here dismissed as speculation, though, a report in The Daily Telegraph on Thursday that those numbers would be cut by 3,000 before the end of May."

Intelligence Officials Offer "Bleak Assessment" Of World Conflict Zones. The Washington Post (1/12, A12, Linzer, Pincus, 690K) reports Director of National Intelligence John Negroponte told Congress Thursday that Iraq "is at a violent and 'precarious juncture,' while al-Qaeda is significantly expanding its global reach, effectively immune to the loss of leaders in battle." Negroponte "also warned that the Taliban is mounting a vigorous insurgency in Afghanistan, that Pakistan has become a safe haven for top terrorists and that Iran's growing regional power is threatening Middle East stability. In their annual worldwide threat assessment before the Senate Select Committee on Intelligence, Negroponte and other top intelligence chiefs provided a bleak assessment of regions and conflicts at the center of President Bush's foreign policy agenda."

The New York Times (1/12, Mazzetti, 1.16M) reports Negroponte "spoke of the 'shadow' that Iran was casting across the Middle East and warned members of Congress that Iran could be emboldened to dispatch Hezbollah operatives to attack American targets. Intelligence officials have long assumed that Iran's primary goal in Iraq was establishing a weak, but viable, state dominated by Shiites." But Negroponte suggested Iran's "steady arms shipments into Iraq, which American military officials say they have documented, and the political manipulation of Iraqi Shiite politicians could signal that Iran is trying to worsen the sectarian war and anarchy there, rather than seeking relative stability." The Washington Times (1/12, Gertz, 88K) says Negroponte said in Iraq, "'sectarian divisions are widening,' despite efforts by the new government."

Rice Names Carney As New Iraq Reconstruction Chief. The New York Times (1/12, A1, Shanker, Cloud, 1.16M) notes briefly that Secretary of State Condoleezza Rice announced Thursday that Timothy Carney, "a retired Foreign Service officer who served as a senior civilian American authority in Iraq for three months in 2003, is the new coordinator for Iraq reconstruction." In announcement Carney's appointment, AFP (1/12) reports Rice said, "Our military operations must be fully supported and integrated with our civilian and diplomatic efforts across the entire US Government to help Iraqis clear, hold and build throughout all of Iraq." Carney will oversee the "enhanced" so-called Provincial Reconstruction Teams (PRT) from Baghdad, she said, noting that the former diplomat has "experience in post-conflict stabilization and reconstruction and development" from his time in Haiti.

US-Led Forces Detain Six Iranians At Office In Northern Iraq. The AP (1/11, Abdul-Zahra) reports, "U.S.-led multinational forces detained six Iranians Thursday at an Iranian government office in the northern city of Irbil, Iraqi officials said, as President Bush accused Iran and Syria of aiding militants and promised to 'interrupt' the flow of support as part of his new war strategy." The New York Times (1/12, Glanz, 1.16M) says the raid "was the second surprise seizure of Iranians by the American military in Iraq in recent weeks and came a day after President Bush bluntly warned Iran to quit meddling in Iraqi affairs. There was a tense standoff later in the day between the American soldiers and about 100 Kurdish troops, who surrounded the American armored vehicles for about two hours in this northern Iraqi city."

ABC World News (1/11, story 5, :25, Vargus, 8.78M) reported, "The President vowed to interrupt what he called Iran's support of militants in Iraq. As he spoke US troops staged secret raids in the northern Iraqi city of Irbil, seizing at least five Iranians with computers and documents from an Iranian government outpost." McClatchy (1/12, Landay, Youssef) reports, "In Washington, several senior Democratic and Republic lawmakers expressed alarm that Bush's plan to interdict alleged support for Iraqi insurgents could lead to secret military strikes inside Iran and Syria." Sen. Joseph Biden "warned that such action would require congressional approval," while Sen. Chuck Hagel "called the policy 'very, very dangerous.'"

Pentagon "Intensifying Operations" Against Iranian Actions In Iraq. The Wall Street Journal (1/12, A4, Solomon, 2.04M) reports, "Even as President Bush seeks larger numbers of troops to stabilize Iraq, the Pentagon is intensifying operations there on another front: challenging Iran over its alleged role in destabilizing its Arab neighbor." The Pentagon "has significantly increased its intelligence activities targeting suspected Iranian agents and Shiite Muslim militants, U.S. intelligence officials said. Besides working with Iraqi security forces, the U.S. has intensified information-sharing with dissident Iranian groups such as Mujahedin-e Khalq." The Washington Post (1/12, A16, Wright, Trejos, 690K) also reports on the "new U.S. intelligence and military operation launched last month against Iran." The US "is trying to identify and detain top officials of the Iranian Revolutionary Guards' al-Quds Brigade operating in Iraq," which "is active in arming, training and funding militant movements, such as Lebanon's Hezbollah."

NBC Nightly News (1/11, story 4, 1:30, Williams, 9.87M) reported, "In last night's speech the President also put Iran and Syria on notice. Promising US military action to

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destroy their ability to arm and train the insurgents and the militias operating in Iraq." NBC (Miklaszewski) added, "One senior Administration official told us, when it comes to Iran, the US is taking off the gloves. In fact only two hours before the President's speech last night, American soldiers rounded up six Iranians in northern Iraq. Iran claims they're diplomats. The US says they're members of Iran's Revolutionary Guard, responsible for killing American soldiers. The new aggressive military strategy is aimed at stopping the flow of sophisticated IED's from Iran into Iraq. Now, those roadside bombs are the number-one killers of Americans in the war. And despite all that, US military officials insist there are still no active plans to launch military strikes inside Iran."

Snow Says "Nobody Here Is Talking About Attacks On Iran." White House Press Secretary Tony Snow said on MSNBC's Hardball (1/11, Matthews), "Nobody here is talking about attacks on Iran. ... Most Americans understand Iran is the foremost financier here of global terror. It's a problem. But you don't deal with everything militarily, as you know. The United States exhausted all diplomatic options before going into Iraq."

Kerry Would Oppose Strike Against Iran's Nuclear Facilities. Asked on CNN's Your World Today (1/11, Clancy) if he would "support a strike on Iran's nuclear facilities, knowing it could open up a new front with Iran," Sen. John Kerry said, "No, I think that that would be a very bad idea right now. That is not the first option of what we should engage in with respect to Iran. I certainly wouldn't be against a hot pursuit. If we catch people coming across the border, or they're firing on our troops, or they're engaging directly and unsettling Iraq, and we catch that, I think we have a right to respond to it. But I think a proactive effort that at this time, starts to think militarily, with respect to Iran, is wrong-headed and dangerous."

WSJournal Says "It's About Time" US Acted. The Wall Street Journal (1/12, 2.04M) editorializes that the US "has known for years that Syria and Iran are supporting Sunni insurgents and Shiite radicals in Iraq -- support that has taken a heavy toll in American lives. On Wednesday, President Bush finally suggested he'll do something about it. ... It's about time, and we hope the Administration keeps showing Tehran that it will pay a price for continued subversion in Iraq."

US, Iraqi Forces Find "Little Evidence" Of Massing Insurgents In Diyala. The Los Angeles Times (1/12, Zavis, 850K) reports US and Iraqi forces found "little evidence of the fighters they believed might be massing" in Diyala province "for a final stand as a joint offensive against a reputed safe haven and training ground for Sunni Arab insurgents entered its eighth day. U.S. forces said that in the last week, they had already killed at least 90 gunmen spotted maneuvering in the area or planting explosives in the road as nearly 1,000 U.S. and Iraqi government troops closed in and blocked escape routes. Seven more were reported killed Thursday as they advanced on U.S. and Iraqi forces on the outskirts of Turki, the main village in the area." US Capt. Stephen Dobbins said, "I think we killed the people that were going to fight."

"Chemical Ali" Tells Court He Ordered Kurdish Executions In 1988. The New York Times (1/12, Times, 1.16M) reports Ali Hassan al-Majid, the cousin of Saddam Hussein known as "Chemical Ali," testified in a Baghdad court that he "had ordered troops to execute all 'saboteurs' who defied government orders to abandon Kurdish villages in northern Iraq during a military operation in 1988. ... After listening to audio recordings that showed him issuing instructions in his role as overseer of the campaign against the Kurds, Mr. Majid rose to tell the judges that he was responsible for ordering executions in the villages. 'I gave orders to the troops to catch anyone they find there and execute them after investigating them,' he said."

Afghan Insurgent Says His Fighters Helped Bin Laden, Zawahiri Escape Tora Bora. The AP (1/11, Jan) reports former Afghan Prime Minister Gulbuddin Hekmatyar said in a television interview that his insurgent fighters helped Osama bin Laden "escape intense U.S. bombing in the Tora Bora mountains in 2001." Hekmatyar said "some of his fighters moved bin Laden, his deputy Ayman al-Zawahiri and other associates to 'a safe place' where he met them later. He did not say where they found the shelter. Bin Laden and al-Zawahiri are believed to be still hiding along the Afghan-Pakistan border after the heavy U.S. pounding failed to kill them or lead to their capture."

Afghan, NATO Troops Kill Up To 150 Insurgents Entering From Pakistan. The New York Times (1/12, Wafa, 1.16M) reports, "Afghan and NATO troops clashed with a large group of insurgents crossing from Pakistan into eastern Afghanistan in the early morning hours on Thursday. NATO said up to 150 insurgents might have been killed in the fighting. Two large groups of insurgents were spotted gathering on the Pakistan side of the border and were tracked as they crossed into Afghanistan," and Afghan and NATO troops "laid an ambush for the groups about half a mile inside Afghanistan, using air and ground forces, said Gen. Zahir Azimi, a spokesman for the Afghan Ministry of Defense."

The Washington Post (1/12, A10, Constable, 690K) says the "confrontation in Paktika province, described as the largest battle in Afghanistan since September, came as American and U.N. officials step up pressure on both Pakistani and Afghan leaders to stop their public bickering

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and do more to gain control of their respective border areas, where Islamic insurgents have been operating for months." The Christian Science Monitor (1/12, Montero, 59K) says the attack "is likely to bolster mounting international claims that Pakistan's tribal zone is a staging ground for attacks inside Afghanistan."

DOJ:

Congressional Budget Delays Hit DOJ Agencies With Hiring Freeze. The AP (1/12, Jordan) reports, "A hiring freeze has hit two federal crime fighting agencies and a third has slowed its recruitment efforts because of congressional budget delays that some officials say threaten efforts to combat terrorism and violent crime." The AP continues, "The hiring crunch is largely the result of Congress' failure to approve the Justice Department's 2007 spending request. Lawmakers who oversee spending bills are now negotiating how much -- if at all -- to increase government spending. In the meantime, the agencies are being funded according to last year's budget levels." The AP adds, "Justice Department agencies feeling the squeeze are: … The Drug Enforcement Agency. A hiring freeze is expected to last through 2007, said chief financial officer Frank Kalder. Although more than 400 agents and support staff are expected to quit or retire this year, Kalder said the DEA might have to furlough additional employees if Congress does not give it about $95 million more than it did in 2006. Layoffs are not being considered. … The Bureau of Alcohol, Tobacco, Firearms and Explosives. The agency is "not hiring and are not back-filling open positions," said spokeswoman Sheree Mixell. The ATF says it needs $71 million more than last year just to sustain its workforce of 4,900 employees. … The FBI. Recruiting and hiring has slowed since the budget year began on Oct. 1. The agency has stopped advertising for job openings on its Web site. Assistant Director John Miller said the bureau still is hiring agents, linguists, analysts and other high-priority employees."

San Diego US Attorney Asked To Resign. The San Diego Union-Tribune (1/12, Thornton, Soto) reports, "The Bush administration has quietly asked San Diego U.S. Attorney Carol Lam, best known for her high-profile prosecutions of politicians and corporate executives, to resign her post, a law enforcement official said." The Union-Tribune continues, "Lam, a Bush appointee who took the helm in 2002, was targeted because of job performance issues – in particular that she failed to make smuggling and gun cases a top priority, said the official, who declined to be identified because Lam has yet to step down." The Union-Tribune adds, "Lam has had high-profile successes during her tenure, such as the Randy 'Duke' Cunningham bribery case – but she alienated herself from bosses at the Justice Department because she is outspoken and independent, said local lawyers familiar with her policies. … When she took over, Lam made it clear that she planned to focus less on low-level smuggling cases in favor of public corruption and white collar crime, which would mean fewer but more significant prosecutions. … Lam declined to comment yesterday." The Union-Tribune notes, "Lam, 47, has been criticized by members of the Border Patrol agents union and by members of Congress, including Vista Republican Darrell Issa, who accused her office of 'an appalling record of refusal to prosecute even the worst criminal alien offenders.'"

CORPORATE SCANDALS:

US Probing Apple Stock Option Grant To Jobs. The Wall Street Journal (1/12, A3, Stecklow, Wingfield) reports, "Federal authorities are actively investigating a backdated stock-option grant awarded to Steve Jobs, Apple Inc.'s chief executive, that carried a false October 2001 date, people familiar with the matter say." The Journal continues, "Apple recently disclosed that records were 'improperly' created to claim that the grant was approved at a special board meeting that month. But no board meeting took place then. … Investigators are now focusing on the grant to Mr. Jobs for 7.5 million options that were finalized in December 2001, when Apple's share price was higher. The false dating increased the value of the grant to Mr. Jobs, and resulted in a retroactive $20 million charge to Apple's earnings when it was discovered by a special internal investigation." The Journal adds, "People familiar with the matter say the false documentation was created by an Apple attorney named Wendy Howell, whom the company quietly dismissed last month. Ms. Howell contends that Apple's general counsel at the time, Nancy Heinen, instructed her to create the false documentation, these people say. Thomas Carlucci, Ms. Howell's attorney, said that while at Apple 'Ms. Howell acted as instructed by Apple management and with the company's best interest being paramount.' … Ms. Heinen left Apple in May for reasons that were unrelated to backdated options, a person familiar with the matter says. Her attorney, Cristina C. Arguedas, says Ms. Heinen didn't knowingly engage in any wrongdoing and denies she instructed Ms. Howell to falsify documentation. Ms. Arguedas said in a statement that 'each of the option grants involving Ms. Heinen was authorized and approved by her superiors.'" The Journal notes, "Investigators with the Securities and Exchange Commission, working with federal prosecutors, are seeking to question Ms. Howell and Ms. Heinen, but neither has agreed to questioning so far, say people familiar with the matter. … Authorities want to speak to Fred Anderson, Apple's former chief financial officer. It also

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remains unclear whether Mr. Anderson, who resigned from Apple's board in October, will agree to talk."

Broadcom To Restate Financial Data To Include Misdated Stock Option Costs. Bloomberg (1/12, Brennan, Fishkin) reports, "Broadcom Corp., a maker of chips for consumer devices, will shortly issue financial restatements to include over $1.5 billion of costs for the misdating of stock options, Chief Executive Officer Scott McGregor said. … 'Hopefully that will put most of this behind us,' McGregor said during an interview yesterday at the Consumer Electronics Show in Las Vegas. He wasn't more specific on when the company would restate its results." Bloomberg continues, "The company is examining 6 million pages of documents to assess the impact of stock-option backdating, a practice that can enrich recipients by setting option dates to a time when the underlying stock traded lower. Broadcom Chief Financial Officer William Ruehl resigned in September, and the U.S. Securities and Exchange Commission opened a formal investigation last month." Bloomberg adds, "McGregor originally said the restatements would be ready by the end of 2006. On Dec. 18, the company said it would report amended results for 2005 and the first quarter of 2006 by this month. Broadcom also hasn't issued full results for the second and third quarters. The delays have put the company in danger of delisting by the Nasdaq Stock Market. … Broadcom last month said the SEC had opened a formal investigation into its stock options. That means the agency may subpoena current and former executives. McGregor said he and his executives haven't yet been summoned. … The U.S. Justice Department and the company are conducting their own probes into Broadcom's option grants."

Former Siemens CFO Named As Suspect In Bribery Probe. The Financial Times (1/12, Milne) reports, "The investigation into the €420m bribery scandal at Siemens reached the highest level yet on Thursday as the company's former chief financial officer was named as a suspect." The Times continues, "The investigation of Heinz-Joachim Neubürger, who stepped down in April after being passed over as chief executive of Europe's largest engineering group, came as the current head of Siemens, Klaus Kleinfeld, warned that the probe threatened the company's survival." The Times adds, "The scandal has shaken the German group to the core and raised questions about the competence of its management. It has led to calls for the resignation of its chairman, Heinrich von Pierer, and has disrupted one of its most important joint ventures, a €20bn (£13.3bn) telecommunications tie-up with Nokia. … Mr Neubürger is under suspicion of knowing about some of the bribery and doing nothing about it. He is also alleged to have tried to influence KPMG, Siemens' accountants, from investigating a payment irregularity that could have been a bribe."

NYSE Probing Former Merrill Brokers In Timing Case. The Wall Street Journal (1/12, C2, Juan) reports, "Regulators at the New York Stock Exchange are investigating three former Merrill Lynch & Co. brokers who were ousted by the company in 2003 for allegedly helping a hedge fund trade improperly in mutual funds." The Journal continues, "In its monthly listing of disciplinary actions, the exchange said it fined former UBS AG branch manager John Borgese $50,000 for failing to supervise three unnamed financial advisers involved in mutual-fund market timing in 2001. The document also said a disciplinary action had begun against the advisers." The Journal adds, "The three are Christopher Chung, Kevin Brunnock and William Savino, people close to the investigation said. The brokers worked at UBS's Paramus, N.J., office before joining Merrill Lynch in January 2002. … The New Jersey Bureau of Securities revoked the licenses of the trio, known as the CBS Group, in March 2005 for engaging in deceptive practices related to rapid buying and selling of mutual funds, known as market timing. … The practice, aimed at reaping fleeting gains, isn't necessarily illegal, but regulators claim the conduct is inconsistent with just and equitable principles of trading. Critics also have said the practice can hurt returns for long-term fund investors."

CRIMINAL LAW:

Fitzgerald Case Against Libby "Seemingly Weakened." The Wall Street Journal (1/12, Perez, 2.04M) reports Special Prosecutor Patrick Fitzgerald's "case against Lewis 'Scooter' Libby goes to trial next week seemingly weakened by revelations that Mr. Fitzgerald knew early in his CIA-leak probe that the ex-White House official wasn't the original source of news-media disclosures." Fitzgerald's "success will depend largely on how well he can keep the jury focused on his charge that Mr. Libby 'knowingly lied' to federal agents during his probe into the leak of former Central Intelligence Agency operative Valerie Plame's identity." Other "recent perjury cases, including the successful prosecution of Martha Stewart on charges of lying to investigators about a stock sale, offer a road map narrowly directing a case amid heavy media attention and myriad distractions."

Puerto Rico DOJ Asks Court To Order Release Of FBI Raid Documents. In a widely-distributed story, the AP (1/12, Vargas) reports, "Puerto Rico's Justice Department asked a U.S. appeals court on Thursday to force the FBI to release information about its two raids against

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militant independence advocates in the U.S. Caribbean territory. … Puerto Rico's Justice Secretary Roberto Sanchez Ramos alleged that bureau officials have stonewalled his investigations into the raids and he has asked Congress to pressure the agency to cooperate. He said the FBI has refused to disclose the identities of the agents who participated. In September, U.S. District Court Judge Jose Fuste ruled against the territory's Justice Department, saying the FBI did not have to share information it deemed sensitive." The AP notes, "The information on the raids could be shared under a confidentiality order if the agency was concerned about public disclosure, Antonetti said. If that was not possible, the panel must send the case back to Puerto Rico's district court, which should force the FBI to say why the information could not be released, he said."

Tennessee Waltz Trial Goes To Jury. WMC-TV Memphis (1/11) reported on its Web site from a broadcast story, "Both the government and the defense presented very strong closing arguments. Prosecutor Tim DiScenza told the jury that even if they believed what Calvin Williams said on the stand, he was still guilty of taking a bribe and extortion. Meanwhile, his defense attorney, Doris Randall-Holt, challenged the government's start witness, reminding jurors that Tim Willis was caught padding invoices at Shelby County Juvenile Court and that he cut a deal to stay out of jail. Now the jury must decide."

The Memphis Commercial Appeal (1/12, Buser, 163K) reports that before closing arguments yesterday, Williams "testified Thursday he had no influence over any commissioner, but in secretly recorded conversations played by prosecutors he boasted of working behind the scenes to help commissioners line up votes and arrange rewards. … The influence issue is expected to be a factor when a federal court jury begins deliberations at 9 this morning to determine whether a $1,500 payment Williams received in 2003 was a bribe for influencing passage of an urban renewal grant. Williams was recorded boasting that he would pay former commissioner Cleo Kirk to support the grant. Williams, who denied trying to influence Kirk or any other commissioner, contends the $1,500 he received in April 2003 was a legitimate business payment from former friend and political consultant Tim Willis, who was acting as an informant in the FBI's undercover public corruption investigation called the Tennessee Waltz."

Judge Delays Ford, Bowers Trials. The AP (1/12, Baird) reports, "A federal judge agreed Thursday to delay the public corruption trials of two former state senators charged with taking bribes during the FBI investigation called Tennessee Waltz. The trial of John Ford was rescheduled from Feb. 5 to April 9, and the trial of Kathryn Bowers was moved from April 16 to Sept. 10. Both are Democrats from Memphis. Judge J. Daniel Breen agreed that Ford's trial should be delayed to give defense lawyer Michael Scholl more time to review hundreds of hours of audio and video tapes secretly recorded by the FBI." The AP notes, "Ford is accused of taking $55,000 in bribes, while Bowers is charged with splitting $11,500 with an accomplice who has pleaded guilty to serving as a payoff bagman."

FBI Recovers Picasso Drawings Stolen From NYC Apartment. The AP (1/12, Long) reports New York City mover Nahum "Nino" Kohen "and his mother-in-law were arrested Thursday in the thefts of two Pablo Picasso drawings from an apartment after the owner died. The drawings, of a guitar and a mandolin, were worth more than $60,000 and were part of an extensive art collection owned by William Kingsland, who died in March, the city's Department of Investigation said." Manhattan public administrator's office investigators"traced the stolen drawings to Kohen after learning that his mother-in-law, Ori Lellouch, later tried to sell them, the DOI said. … The FBI had been investigating works of art from the collection that had been stolen years earlier and learned that an art broker had obtained one of the missing drawings from Lellouch, the DOI said." The AP adds, "Kohen's attorney said his client didn't steal the Picasso drawings, which were about 12 inches by 12 inches framed and have been recovered." Newsday (1/12, Dowdy) notes, "DOI investigators found out from the Federal Bureau of Investigation that FBI agents learned in November that Lellouch had tried to sell the drawings through a broker. FBI agents recovered the drawings from Lellouch."

The New York Sun (1/12, Shapiro) reports, "The Picassos add another layer of intrigue to an estate already under investigation. The FBI has been seeking leads on stolen works found in the estate, including a bust by Giacometti, two Fairfield Porter paintings, and at least two works belonging to Harvard, including a John Singleton Copley." The New York Times (1/12, Lueck, 1.16M) adds, "The apartment was 'chockablock with interesting treasures,' said Colin Stair of the Stair Galleries in Hudson, N.Y., who was hired by the public administrator to sell some of the lesser works in the apartment, including many watercolor-on-ivory miniature portraits. As it turned out, according to the F.B.I., many of the most important works had been stolen, although how Mr. Kohn obtained them remains unclear."

Three Detained In Killing Of Tennessee Couple. The AP (1/12) reports from Knoxville, TN, "Three men were detained by police Thursday in the killing of a young man whose burned corpse was found dumped along railroad tracks and the slaying of his date, who was kept alive for days and raped, authorities said." The AP continues, "Channon Christian, a 21-year-old University of Tennessee student, and Christopher Newsom, 23, may have been carjacked Saturday night, Chief Deputy U.S. Marshal Rich Knighten said. …

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Newsom had been shot to death, and his burned body was found Sunday, Knighten said. … Christian's kidnappers raped and assaulted her for days before killing her and dumping the body, Knighten said." The AP adds, "Authorities detained Letalvis Cobbins, 24, and his friend, George Thomas, after federal agents and Knox County officers raided a house 180 miles north in Lebanon, Ky. … Thomas was being questioned Thursday, while Cobbins faced federal charges of being a felon in possession of a weapon, Knighten said."

US Raids Porn Studios To Enforce Age Rules. The Los Angeles Times (1/12, Hoffman) reports, "The Federal Bureau of Investigation has recently stepped up raids of porn studios in the San Fernando Valley, saying it wants to ensure that children are not being sexually exploited." The Times continues, "About a dozen porn production facilities in pornography hot spots such as Van Nuys and Chatsworth have been taken by surprise in the last three months by a barrage of federal agents at their doors. … The probes come on the heels of a May 2005 change in the regulations that require producers to take two forms of government-issued identification from performers and keep them on file indefinitely. Those records must be referred to on the labels of all videos and DVDs sold. Violations are federal felonies and can carry a prison sentence." The Times adds, "The Justice Department has prosecuted only one company to date under the new law, said Bryan Sierra, a spokesman for the department. In September, the founder of the 'Girls Gone Wild' video empire, Joe Francis, pleaded guilty to two felonies, and his production company pleaded guilty to 10 additional felony counts. … Industry leaders doubt that the FBI will find many other violators. Jeffrey J. Douglas, a criminal defense attorney and the chairman of the Free Speech Coalition, an industry trade organization, estimates that there have been only about a dozen occurrences of minors working in the industry in the last 25 years. … Public policy experts wonder whether the raids are the best use of taxpayer money. 'The FBI has limited what they investigate since 9/11, so moving into this area does raise the question of resources,' said Athan G. Theoharis, a professor emeritus of history at Marquette University who has written extensively on the FBI. 'Is this at the expense of investigating the Enrons or the WorldComs that have far more effect on the lives of American citizens?' … Theoharis said the crackdown on pornography hearkened back to the bureau's early days, when J. Edgar Hoover boosted the FBI's reputation with a high-profile campaign of prosecution against pornographers and prostitutes."

Pennsylvania Man Sentenced To 30 Months In Prison For Appraisal Fraud. The Pittsburgh Post-Gazette (1/12, Ward, 230K) reports, "A man who used his dead father's state license to do real estate appraisals that were sometimes inflated by more than 80 percent was sentenced yesterday to 30 months in prison. The prosecutor in the case had asked Senior U.S. District Judge Alan N. Bloch to give Chester Underhill…a stiffer penalty, claiming that the potential for loss in the case ranged into the tens of millions of dollars. … But because the government only did thorough reviews of about 15 of the approximately 1,500 appraisals Mr. Underhill performed, the judge refused to grant the enhancement." Assistant US Attorney Brendan Conway "estimated that it would have taken the FBI agent on the case two full years to review all the files. 'I didn't say it would be easy, but that's your burden,' the judge responded."

The Pittsburgh Tribune-Review (1/12, Cato) adds, "'Every single reappraisal he'd done turned out to be significantly inflated,' FBI Special Agent Joseph Bieshelt testified." Conway "estimated that financial institutions could lose as much as $85 million because of Underhill's fraudulent appraisals." However, "Bloch did not agree with the government's figure. 'That might be so if the government had proof of the loss,' Bloch said, before determining the loss was about $560,000." The AP (1/12) also reports on Underhill's sentencing.

Jury Hears Confession Of Man Charged With Killing New York Doctor. The Buffalo News (1/11, Beebe) reports, "A day after they heard James C. Kopp apologize to the widow of the man he is accused of killing, federal court jurors heard Kopp's own words Wednesday that he shot Dr. Barnett A. Slepian." The News continues, "Philip Sterlace, a stenographer in U.S. District Court, read back selected portions of a statement that Kopp made after his March 19, 2003, conviction in Erie County Court for the murder of Slepian. … '"On Oct. 23, judge, in 1998 late at night, I shot Dr. Slepian,"' Sterlace read aloud from the transcript of Kopp's statement. … The jury was not told why Kopp was addressing a judge in that statement, just as they were not told that Kopp was earlier convicted of murder." The News adds, "Sterlace's testimony, combined with today's subpoenaed testimony of Buffalo News reporter Dan Herbeck, who will be asked about Kopp's more detailed November 2002 confession to The News, should remove any mystery in jurors' minds about whether Kopp shot Slepian. … 'The only issue left is why he did what he did,' Kopp's standby counsel, John F. Humann, said outside the courtroom Wednesday." The News notes, "Once Sterlace finished his direct testimony, Kopp, representing himself, tried to show why he shot Slepian. … But as Kopp asked Sterlace during cross-examination to read parts of his County Court statement in which Kopp said he was trying to protect the unborn from abortion, Assistant U.S. Attorney Kathleen M. Mehltretter objected. … Judge Richard J. Arcara, who earlier had ruled that part of Kopp's statement inadmissible, told

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Kopp to move on to another subject. … Finally, after Kopp's third attempt to have Sterlace read the prohibited testimony, and the third sustained objection from the prosecution, Arcara excused the jury from the courtroom."

Rhode Island Mob Capo Sentenced To Five Years In Prison. The Providence Journal (1/12, Malinowski, 167K) reports, "Anthony M. 'The Saint' St. Laurent Sr., an ailing capo regime in the Patriarca crime family, was sentenced to nearly five years in federal prison yesterday for conspiring to extort $100,000 from two Massachusetts men. U.S. District Judge William E. Smith said that he was sympathetic to the mobster's medical woes, but he was clearly disturbed that he has 17 convictions and a criminal history dating to 1961." St. Laurent "pleaded guilty in July to the extortion conspiracy charge. Federal prosecutors said that had the case gone to trial, the government could prove that in April 2006, St. Laurent directed Ricky Silva, of North Providence, and James Manning, of Cranston, to collect $100,000 from a pizza parlor owner and a bookmaker/drug dealer. And, if they did not pay, they were instructed to 'bash' the victims. On April 6, Silva, Manning and an unnamed FBI informant traveled to Massachusetts to search for the intended victims. … The FBI, Rhode Island State Police and Providence police arrested St. Laurent the next day."

Florida Woman Pleads Guilty To Medicare Fraud Scam. The Naples Daily News (1/12, Freeman) reports, "One of two people charged with stealing the personal and medical information of 1,130 patients at Cleveland Clinic Naples pleaded guilty Thursday and will be sentenced April 27, according to the U.S. Attorney's Office in Miami." Isis Machado "entered the guilty plea before U.S. District Court Judge James Cohn in Fort Lauderdale on one count of conspiracy to commit computer fraud, identify theft and wrongful disclosure of individual health information." Codefendant Fernando Ferrer Jr., "a registered owner of Advanced Medical Claims in Naples, is scheduled to stand trial Jan. 22 before Cohn in Fort Lauderdale." The Daily News notes, "Ferrer and Machado became the first individuals in South Florida to be prosecuted for violating the federal law protecting patients' privacy rights. Federal prosecutors filed a motion in October to protect evidence, four computer disks that contain personal and patient information, as confidential in the event the case goes to trial." The Miami Herald (1/11, Dorschner, 286K) also reported on Machado's plea on its Web site.

Marchers Demand Action On Surge In New Orleans Violence. The CBS Evening News (1/11, story 7, , Couric, 7.66M) reported, "More and more people are worried that New Orleans is becoming a war zone. In the past year, the homicide rate has been ten times higher than other cities its size. Today, thousands matched on city hall saying enough is enough." CBS (Pitts) added, "It took the recent murder of a local school teacher and documentary filmmaker for" resident Nora Natale "and her neighbors to say enough is enough … Add to the murder rate, unemployment for returning evacuees is 7%, and only half of the schools have reopened." FBI New Orleans SAC Jim Benazzani: "And when you add crack cocaine and the AK-47, you have New Orleans today." Pitts: "Most of the murders are drug related. While the criminals have come back after Katrina, many of the city's working class simply can't afford to," and "for many here, the fear remains -- when it comes to reducing the city's murder rate, is that mission impossible?"

ABC World News (1/11, story 8, 2:05, Vargus, 8.78M) reported, "More than 3,000 people marched in New Orleans today, demanding action against a surge in violence." ABC (Osunsami) added, "Last week, Helen Hill, a local filmmaker, was at home with her husband and young child when a street thug broke into their home, looking for cash. She was shot and killed. Her husband, Paul, who was holding the baby, was shot three times and is now hospitalized. The child survived, and is now in the care of the couple's family. … It took this highly-publicized murder to get the city to finally respond." Mayor Ray Nagin: "This city will focus on murders and we're drawing a line in the sand and saying 'we've had it.'" Osunsami: "There's a sense here in the neighborhoods that the solutions authorities have laid out are merely a band-aid and will do nothing to curb violent crime."

NBC Nightly News (1/11, story 9, 2:00, Williams, 9.87M) reported that "thousands of people there took to the streets to protest that violence and try to get control of their city once again." NBC (Mott) added, "Nine people have been killed so far in the new year. … The march ends at city hall where many believe the solution to this surge in violence begins. The city says it has a plan to fight the crime. Still, some say that may not be enough." Rev. John Raphael of New Hope Missionary Baptist Church "said years of apathy have finally caught up with the city. … Today, 5,000 seemed to agree, vowing to end their silence about violence."

FBI Investigating Craigslist NYC Apartment Fraud Case. The New York Daily News (1/12, Lite, 729K) reports NYC resident Beth Ann Bovino "discovered that someone pretending to be her had placed a real-estate ad on Craigslist using her name, address and even an accurate picture of her brownstone. The too-good-to-be true ad asked for $1,500 for the one bedroom with a fireplace - utilities included." After responding to the fake ad, "she alerted Craigslist to the fraudulent ad, and it was taken down. But each time the posting was removed, a new one, slightly

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reworded, would go back up." The Daily News adds, "She ultimately reported the scam to the FBI's Internet Crime Complaint Center, a clearinghouse for the rising number of Internet fraud complaints. In 2005, the center received 231,493 complaints, up 11.6% from the year before. The center hasn't cracked Bovino's case yet, said FBI spokesman Paul Bresson, but he added that Bovino wasn't a bad amateur detective."

Retired Arkansas State Trooper Pleads Guilty To Child Porn Charges. The AP (1/12) reports, "A retired Arkansas State Police trooper has pleaded guilty in Bentonville to child porn charges and was sentenced to five years in prison. Joe Hutchens, 60, of Bella Vista, who is also a former bailiff, must additionally register as a sex offender." The AP notes, "Hutchens retired in May 2004 after working 28 years as a state trooper. … Hutchens was caught by an FBI unit that targeted crimes against children."

Pennsylvania Man Pleads Guilty To Sex With Minor He Met On MySpace. The AP (1/12) reports, "A Pennsylvania man pleaded guilty Thursday to traveling across state lines to have sexual contact with a 14-year-old Connecticut girl he met through the social networking site MySpace.com. Stephen M. Letavec, 40, of Elrama, Pa., was charged last year in one of the first federal sex cases involving the popular site. Letavec, a volunteer firefighter, was accused of molesting an Oxford girl in his car. The FBI said Letavec made several visits to see the girl from the summer of 2005 and early last year." The AP notes, "The girl signed onto MySpace as an 18-year-old, but told Letavec she was 14 before he visited, the FBI said."

Former Federal Prosecutor Charged With Running New York Escort Service. The New York Law Journal (1/12, Wise) reports, "A criminal defense lawyer who worked as a federal and state prosecutor in New Jersey has been indicted for running a Manhattan-based escort service, Manhattan District Attorney Robert M. Morgenthau announced Wednesday." The Journal continues, "The lawyer, Paul Bergrin, who has defended soldiers charged with committing abuses while in Iraq, was arraigned Wednesday on a fugitive warrant in Newark, N.J., and bail was set at $500,000." The Journal adds, "No plea to the charges was entered, but Bergrin, 51, declined to waive extradition at the proceeding. John Tiffany, who represented Bergrin, said he expected his client to voluntarily surrender and contest the charges in New York. … Also named in a pair of indictments involving the NY Confidential escort agency were James Cortopassi, who had worked as a law clerk at Bergrin's four-lawyer criminal defense firm in Newark, and Hiram Ortiz, a former New Jersey state trooper. Bail for Ortiz was also set at $500,000. … Cortopassi, who is a second-year student at Michigan State Law School, is expected to surrender voluntarily, Morgenthau said at a press conference Wednesday. … If convicted of the top count in the two indictments, first-degree money laundering, Bergrin and Cortopassi would face a maximum sentence of 8 1/3 to 25 years in prison. … According to his Web site, Bergrin was born in Brooklyn and graduated from Brooklyn College. He received his law degree from the Nova University Law School in Fort Lauderdale, Fla., and served two tours in the Army. … He worked in the office of the Essex County Prosecutor and the Office of the U.S. Attorney for the District of New Jersey. He was a partner at Pope, Bergrin & Verdesco from 1990 to 2005, when he established the Law Office of Paul W. Bergrin in Newark."

CIVIL LAW:

Mississippi Psychiatrist Settles Medicare, Medicaid Fraud Allegations. The AP (1/11) reports from Jackson, MS, "A Jackson psychiatrist has agreed to pay $216,000 to settle allegations of Medicare and Medicaid fraud." The AP continues, "The U.S. Attorney's Office said Dr. Viacin Faeza Jones misused billing codes and billed Medicare and Medicaid for excessive numbers of patients. The Justice Department said Jones billed for treating up to 116 patients in a single day and was paid $30 to $125 for each claim. … 'If a health care provider raids public funds through fraudulent or reckless Medicare billing practices, then he or she needs to be prepared to face the consequences,' said U.S. Attorney Dunn Lampton. … The $216,000 is repayment for the wrongfully obtained funds, plus penalties of more than $100,000."

CIVIL RIGHTS:

Alabama To Appeal DOJ Ruling On County Commissioner. The Mobile Press-Register (AL) (1/11, Murtaugh) reports, "State officials said Wednesday they will appeal to the U.S. attorney general to keep Republican Juan Chastang on the Mobile County Commission." The Press-Register continues, "Meanwhile, Democrats filed a motion Wednesday in federal court in Montgomery requesting Chastang's seat be declared vacant and a special election set to fill it. … The developments mean that Chastang will retain his seat for the time being after the U.S. Department of Justice on Monday decided that his appointment to the County Commission was legally unenforceable." The Press-Register adds, "In November 2005, Republican Gov. Bob Riley appointed Chastang, who is black, to represent District 1, a majority-black district that has historically elected

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Democrats. … Chastang filled the vacancy that was created when Sam Jones was elected mayor of Mobile. .. Shortly afterward, local Democrats sued to try to oust Chastang and fill the seat by a special election. A panel of federal judges in Montgomery ruled in August that the question was up to the Justice Department, which sided with the plaintiffs Monday." The Press-Register notes, "On Wednesday, attorneys for the three local Democrats who sued -- state Reps. Yvonne Kennedy, James Buskey and Bill Clark -- filed a motion asking the judges to order Mobile County Probate Judge Don Davis to call a special election for Chastang's seat. .. The motion states that Chastang would continue to serve until a replacement is elected. … A ruling on that motion might have to wait until the state appeals the Justice Department's ruling. Alabama Attorney General Troy King said Wednesday that he will appeal directly to the Justice Department's top official, U.S. Attorney General Alberto Gonzalez. … 'We think the attorney general is a reasonable man,' King said 'There's a reasonable likelihood he'll see the issue like we do.' … Cecil Gardner, the attorney who filed the lawsuit on behalf of the Democrats, said he thinks the chances of the Justice Department's decision being overturned are 'very slim.'"

Probe Of Gunfire At Home Of Louisiana Mayor Urged. The Baton Rouge Advocate (1/12) reports from Greenwood, LA, "State Rep. Roy Burrell, worried that other public officials may be the targets of violence, has asked State Police to help investigate the recent gunfire at the home of the town's first black mayor." The Advocate continues, "Burrell's request came one day after the president of the Louisiana State Conference of the NAACP asked the U.S. Justice Department to investigate the Greenwood shooting and an incident in Westlake." The Advocate adds, "Burrell, D-Shreveport, made the request of Col. Henry Whitehorn, the head of the State Police, in a letter this week. Two shots were fired at Mayor Ernest Lampkins' home Monday while he, his wife and daughter were sleeping. No one was hurt. … 'I am deeply and gravely concerned about the incidents of violence which have recently occurred in our great state,' Burrell wrote. He mentioned, as examples, the shooting of Lampkins' house and the 'unusual circumstances' surrounding the death of the incoming mayor of Westlake, Gerald Washington. … Washington, who was to become the first black mayor of the predominantly white Westlake community, was found dead Dec. 30, with a gunshot wound to the chest. … His death was ruled a suicide, but family members have asked State Police to investigate further."

DC To Probe Death Of St Elizabeth's Patient. The Washington Post (1/11, B5, Cauvin) reports, "A senior adviser to the mayor said yesterday that the District is examining how a 39-year-old mental patient died after an altercation at the city-run St. Elizabeths Hospital." The Post continues, "Peter J. Nickles, the mayor's general counsel, said the psychiatric hospital's new chief, Patrick Canavan, is leading an investigation by hospital administrators into the events Tuesday afternoon. … The man became unresponsive after staff members tried to restrain him following a 'dangerous altercation,' according to a statement by the D.C. Department of Mental Health, which runs the Southeast Washington hospital. The statement said the man was pronounced dead at Greater Southeast Community Hospital after being brought by ambulance. … Mental health officials did not identify the man, citing privacy concerns." The Post adds, "The city will be open about the findings of its probe, Nickles said. … 'There's going to be complete transparency about this,' said Nickles, who before joining the administration of new Mayor Adrian M. Fenty (D) spent much of his career suing the D.C. government for the failings of many of its human services agencies, including the city's metal health agency." The Post notes, "A civil rights investigation by the Justice Department found the quality of care and supervision at the hospital lacking, and in a report released last year, the department demanded that the city take significant steps to improve operations at St. Elizabeths. The investigation was prompted, in part, by the deaths of two patients attacked by other patients in 2004 and three patients whose care was compromised in 2005."

LAPD Chief Wants Disciplinary Board Meetings Open To Public. The Los Angeles Times (1/12, McGreevy) reports, "Los Angeles Police Chief William J. Bratton said today he would support changing the City Charter and state law to ensure that police disciplinary board meetings and some records are reopened to the public, complaining that he feels 'muzzled' by current privacy law." The Times continues, "A day after his department came under criticism for holding a Board of Rights hearing in secret to clear the officer who fatally shot 13-year-old Devin Brown, the chief likened the process to a 'star chamber' in which the public is deprived of information important to holding the police accountable. … On Tuesday, The Times revealed that an LAPD board had secretly cleared Officer Steven Garcia in the Brown case after the Police Commission had held the shooting to be out of policy. … 'I am in support of change,' Bratton said. 'I am very frustrated by [the current process]. The public has no access to it. The media has no access to it. That's crazy, absolutely crazy. We have nothing to hide in the Los Angeles Police Department.'" The Times notes, "Although disciplinary hearings have historically been open in Los Angeles, police officials changed LAPD policy late last year in response to a state Supreme Court ruling that restricted access to law enforcement personnel records in a San Diego case. … Last year, the Police Commission also changed a decades-old policy and began issuing public

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reports without the names of officers involved in shootings. At that time, state Sen. Gloria Romero (D-Los Angeles) offered to sponsor legislation to ensure that names would not be struck from public police records if commission members had concerns about potential court restrictions."

More Commentary. The Los Angeles Times (1/12) editorializes, "An open, accountable and trustworthy Los Angeles Police Department seems perpetually just around the corner. Reforms are instituted, promises and progress made, but with every positive step forward, the pull of secrecy keeps yanking the LAPD ceaselessly backward. … And so, after Rodney King, Rampart and now Devin Brown, we are here: Hearings on officer-involved shootings that once were open are now conducted in secret. Reports that used to name the cop who pulled the trigger now do not. And a community that was finally learning to trust the LAPD is now clouded with suspicion." The Times adds, "On Wednesday, another LAPD officer shot and killed an unarmed man. Was the action warranted, was it a tragic mistake, or did the officer act unreasonably? Does the officer have a history of bad decisions? What exactly happened, and who was involved? Under rules in place until just over a year ago, we would probably find out, eventually. Under rules in place today, we may never get the answers. That in turn means we may never be able to determine whether we're getting the reformed LAPD we want." The Times notes, "Now Bratton has expressed frustration at the deleted names and closed proceedings, calling the board of rights hearings a 'star chamber.' He knows that no matter how perfectly his officers, his department and the various layers of review operate, the veil of secrecy opens them to suspicion and attack. … Bratton suggested that the Police Commission, already nominally in charge of the LAPD, could be further empowered to assure more openness in disciplinary proceedings. It's a good idea. Changing the City Charter is time-consuming and cumbersome. But if that's what it takes to reverse the LAPD's slide back into secrecy, it's worth it."

Accuser In Duke Lacrosse Case Contradicts Herself. The New York Times (1/12, Wilson) reports, "In an interview last month with a district attorney's investigator, the woman who has accused three Duke lacrosse players of sexual assault contradicted critical evidence and parts of her earlier accounts, dealing a new blow to a faltering case." The Times continues, "In her account, made public on Thursday in a motion by defense lawyers, the woman said two players attacked her in the bathroom at a team party in March. She also gave a new version of the timing and revised some of the men's descriptions. … The lawyers' motion said the latest account, from an interview on Dec. 21 with an investigator for District Attorney Michael B. Nifong, raised further questions about the credibility of the central witness in the case. … 'The accuser's most recent recollection of events demonstrates clearly that she cannot accurately recall and describe her attackers and that any identification made by her is necessarily unreliable,' the motion said." The Times adds, "Mr. Nifong is increasingly embattled. Last month, he dropped rape charges against the men after the accuser said she was no longer certain of some details of the incident. … The state bar has filed an ethics complaint against Mr. Nifong for what it said were prejudicial public statements. The executive committee of the North Carolina Conference of District Attorneys has called on him to drop out of the case. He has also been widely criticized for withholding exculpatory DNA evidence."

California Man Sues To Take Wife's Last Name. USA Today (1/12, 3A, Kasindorf) reports from Los Angeles, "Michael Buday is petitioning a federal judge for the right to take Diana Bijon's last name in marriage as easily as she could take his last name." USA continues, "Bijon, 28, an emergency room nurse, asked her fiancé to change his last name to preserve her father's family name because there are no sons. Buday, 29, a technical manager at an advertising firm, promised he would. … 'I had a rough childhood with my father,' he says. 'We never really got along. Diana's father stepped up, gave me career advice. He's family.'" USA adds, "Keeping his promise has been more onerous than Buday expected. A woman can choose her husband's name or her maiden name on a California marriage-license form after the couple pays a county application fee that ranges from $50 to $97. California and 43 other states provide no place on a marriage-license application for the groom to choose the bride's surname. … To officially change his name to hers — and for future Social Security benefits, Buday says — a man must pay a $320 court fee, advertise his intention in a newspaper for four weeks and get a judge's approval." USA notes, "The ACLU sued California and Los Angeles County on Dec. 15 to have the separate treatment of Buday and Bijon outlawed as gender discrimination and a denial of equal protection. The couple were married in August 2005 under their separate names after state and county agencies rebuffed them. … Six states — Georgia, Hawaii, Iowa, Massachusetts, New York and North Dakota — give either spouse the right to choose the other's last name."

Rights Groups Seek New Members From Younger Generation. USA Today (1/12, 3A, Koch) reports, "College freshman Simone Hall hasn't joined a civil rights group, although her mother belongs to three of them. She says she'd like to sign up and wishes they were more active on campus. … Kendra Clark, a sophomore, says she joined a campus chapter of the NAACP, the nation's oldest civil rights group, because racism still exists. Agbanyim Ugwuomo, a senior, teamed up with the Hip Hop Caucus, an

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activist group formed in 2004. He says he supports a fresh approach to racial problems." USA continues, "The three black students at Howard University are exactly the kind of new members sought by civil rights groups. The students say activism is as necessary today as it was 40 years ago when Martin Luther King Jr., whose birthday is Monday, led hundreds of thousands of people in marches for desegregation and blacks' right to vote. They say, however, that the focus now should be on issues such as inner-city school funding." USA adds, "Civil rights groups, beset by aging or stagnant membership, are recasting their messages to appeal to young people. They're putting up discussion boards on youth-oriented websites and talking about jobs, education, housing, entrepreneurship and financial literacy. … NAACP President Bruce Gordon says the group's membership, which had been aging, jumped considerably last year. He says it increased most among young people."

ANTITRUST:

Bristol-Myers Still In Search Of Suitor. The New York Times (1/12, Saul) reports, "The drug maker Bristol-Myers Squibb brings to mind that vacant colonial for sale down the street. In real estate parlance, both are expensive and might seem to need too much tender loving care." The Times continues, "The company's leaders all but announced it was for sale last September. Four months later, though, no potential suitor has emerged — at least not publicly. … Instead, Bristol-Myers has entered several comparatively small deals, including one yesterday in which it announced a partnership with the British company AstraZeneca to develop two diabetes compounds." The Times adds, "One industry executive said recently that every large pharmaceutical company had looked at Bristol-Myers as a potential acquisition. But there are major deterrents to a quick sale: its price; two pending Justice Department investigations; and a looming patent trial involving the company's blockbuster drug Plavix. That trial is set to begin Jan. 22 in Manhattan federal court. … Bristol-Myers declined to comment yesterday on speculation involving the company's possible takeover. A Bernstein analysis last fall discussed why other pharmaceutical companies were not rushing to buy Bristol-Myers, despite a research and development pipeline that is viewed as one of the most attractive in the industry." The Times notes, "Cost is a reason. The analysis by Bernstein in October estimated the intrinsic value of Bristol-Myers at $21.50 a share. But the company's shares closed up 34 cents yesterday, at $26.54. Judging by similar takeover deals in the past, shareholders would want a 20 to 30 percent premium — or about $30 a share — before they would be happy with a takeover. … And many companies that might be interested in Bristol have lower price-earnings multiples. Acquiring Bristol-Myers would be bucking the norm in which high multiple companies usually acquire lower multiple companies."

Judge Rules Antitrust Suit Against Bar Exam Preparer May Proceed. Bloomberg (1/12, Glovin) reports, "Thomson Corp., owner of Westlaw legal research, must defend an antitrust lawsuit claiming the company illegally required aspiring lawyers to enroll in a second program as a condition of taking the state bar-exam preparation course." Bloomberg continues, "A test-taker claimed in a lawsuit filed last year in Manhattan federal court that Thomson violated antitrust laws by illegally linking state-bar and multistate review courses. U.S. District Judge William Pauley ruled today that the antitrust suit against Toronto-based Thomson may go forward." Bloomberg adds, "Thomson sells about 40,000 BarBri courses in the U.S. with both state and multistate review elements, generating about $125 million in revenue and $60 million in profits, Pauley said. As much as 90 percent of students taking prep-courses for the state section of the test enroll in the BarBri program, he said. … 'The evidence suggests that BarBri used its substantial market share to control competition, boost prices and potentially force unwilling consumption of its' multistate product, Pauley wrote in a 20-page decision. … Bar exams in 48 states include a 'multistate' section, which consists of questions on contracts, criminal law and four other subjects, and a second section with questions about a state's particular laws." Bloomberg notes, "The proposed class-action, or group lawsuit, was filed on behalf of all people who purchased a BarBri course in 47 states since 2001. The suit, brought by test-taker Anthony Park, seeks unspecified money damages."

EU Delays Ruling On Universal-BMG Deal. The AP (1/11, White) reports, "European Union antitrust regulators on Thursday delayed until June 1 a deadline to rule on Universal Music Group's plans to buy BMG Music Publishing for about $2.09 billion. … They did not say why they needed more time to look at the takeover." The AP continues, "If approved, the deal would combine the No. 3 and No. 4 music publishing catalogs, giving them a 22 percent market share and scraping ahead of current market leader EMI. … EU approval is the last hurdle for the deal, which was cleared in November by the Federal Trade Commission and the Justice Department in the United States." The AP adds, "Officials had said they would issue a final decision on whether to block or allow the deal by April 27 when they opened an in-depth investigation last month. … The European Commission is under pressure to look closely at the record industry after the EU's second-highest court overturned regulatory approval last July of a 2004 combination between the music units of Sony Corp. and

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Bertelsmann AG. … The court sharply criticized regulators, saying they had not done enough to show there was no monopoly in the recording industry before the deal or that there would not be one afterward. … The Sony-BMG deal must now be re-examined."

The Hollywood Reporter (1/12, Cendrowicz) reports, "The delay, which pushes the decision to June 1, came after Universal Music parent Vivendi, called for more time as it prepared to defend a merger that would create the world's biggest music publishing company. … In a statement, Universal said it requested the extension, 'to give the commission sufficient time to consider properly the merits of the merger in what would otherwise be an overly aggressive timetable.' … 'We remain confident that the merger will be approved,' the company added." The Reporter notes, "Industry sources said Universal was concerned about how soon it would be able to provide the vast quantity of data sought by the commission, the European Union's antitrust regulator. 'It's not a problem, but it is a huge amount to gather,' one source said. … The timeframe is unusually short. Universal won the auction to buy BMG Music Publishing in September and filed its bid with the EC in November, but it was only on Dec. 8 that the commission announced it would open an in-depth merger investigation, just as its officials were due to leave Brussels for their traditional two-week Christmas vacation. The probe itself also has seen a change, as the head of the EC unit investigating the merger has just been replaced."

Open Standards Seen As Crux Of Cisco's IPhone Suit. The Wall Street Journal (1/12, A9, Clark) reports, "Cisco Systems Inc.'s suit against Apple Inc. turns on a trademark. But the fight also reflects two fundamentally different approaches to technology, one based on open standards and the other on proprietary design." The Journal continues, "Cisco contends that it holds rights to the name iPhone. The Silicon Valley networking giant filed trademark-infringement charges Wednesday to stop Apple's use of the name on its new cellphone, after the companies failed to reach a licensing agreement before the product was announced Tuesday. … Cisco also disclosed that it had been asking Apple, in exchange for using the name, to help Cisco's product work together with Apple's. … The request fits Cisco's style. The San Jose, Calif., company makes networking devices that rely on published specifications to exchange data. … Apple, by contrast, has kept tight control over internally developed technology to be able to offer exclusive features. Many competitors, for instance, have asked Apple to make it possible for songs purchased from the company's iTunes music store to be loaded on their portable music players. But only Apple's hit iPod can do that." The Journal adds, "The new iPhone offers sophisticated cellphone features and many functions of the iPod. Opening up that product or other Apple devices in new ways could help Cisco's hardware sales, given the publicity Apple tends to generate. One person familiar with the situation said the negotiations focused on broad technical cooperation, rather than specific devices. … Other lawyers observing the battle predict Apple will try to show Cisco didn't adequately use or protect the iPhone trademark."

Solis Criticizes FCC's New Video Rules. In a Wall Street Journal letter to the editor (1/12), Rep. Hilda Solis says, "In response to your Jan. 2 editorial 'Franchise Freedom' about the FCC's recent order rewriting the nation's video franchising rules to permit broadband discrimination against low-income and rural communities: I want to stand up for competition, lower prices and innovation that is both speedy and equitable." Some of "our largest corporations have convinced the FCC that cities and towns are to blame for any perceived lack of competition in the market for video and broadband services. This is misguided and irresponsible. For Hispanic Americans, who continue to face obstacles to accessing broadband services, equitable deployment is critical to ensuring that corporate titans cannot erect a walled garden behind which the fastest broadband services are squirreled for only the rich. Having failed to get Congress to bless their business plan that leaves behind most communities from their fiber upgrades, corporate executives have turned instead to the FCC for the dictum they demand. The FCC's new video rules give a license to discriminate to companies who openly admit to Wall Street that local franchises have not posed a barrier."

FBI/DEA/ATF/USMS:

Gonzales Praises Calderon's Anti-Drug Efforts. The AP (1/12, Pacheco) reports from Mexico City, "U.S. Attorney General Alberto Gonzales said today that the two nations must broaden their cooperation in order to curb the brutal wave of drug violence rocking Mexico." The AP continues, "Gonzales, who met with Mexican Attorney General Eduardo Medina, applauded President Felipe Calderon's efforts to reduce drug violence, which killed more than 2,000 people in Mexico last year." The AP adds, "Since taking office in December, Calderon has sent 3,300 soldiers and federal agents to Tijuana and more than 7,000 troops to his native state of Michoacan. .. .More than 1,000 troops also have been sent to the Pacific resort of Acapulco and two other cities in the western state of Guerrero in a crackdown on drugs and crime there, state officials said." The AP notes, "Gonzales praised Medina for a record 63 criminals Mexico extradited to the U.S. in 2006. … The extradition of criminals shows progress, Gonzales said, 'but much work needs to be

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done.' … Gonzales said Medina 'and I both wholeheartedly agree that our law enforcement officials must be able to cooperate with one another on a broader scale and in an atmosphere of mutual trust if we are going to turn back the tide of recent violence and crime that so adversely affects us all.'"

The Houston Chronicle (1/12, Lloyd) reports, "The United States and Mexico must improve cooperation in the drug war or their efforts are doomed to fail, attorney generals from both countries said Thursday. … 'Clearly, Mexico and the United States have a shared responsibility to make our communities safer from the drug traffickers and criminals who are threatening our way of life,' U.S. Attorney General Alberto Gonzales told a joint news conference in Mexico." The Chronicle continues, "It was his first official meeting with his Mexican counter-part, Eduardo Medina Mora, who was appointed attorney general Dec. 1 at the end of a year of record drug violence. More than 2,000 Mexicans died in gangland-style killings in 2006, prompting the U.S. government to issue travel warnings for parts of Mexico. … 'Crime is not Mexico's problem alone or the United States' problem alone,' Gonzales read from a statement. 'It is our mutual challenge, and if we do not work together to meet that challenge, we will both fail. And the stakes are too high for failure.' … Medina Mora agreed. But he added that such a partnership must take place in 'an atmosphere of mutual confidence and profound respect for our sovereignty.'" The Chronicle notes, "Neither official said whether Mexico had accepted a petition by the U.S. Drug Enforcement Administration to open new offices in Nuevo Laredo, Matamoros and Nogales on the U.S. border. The requested expansion would bring the total number of Mexico offices to 11 and increase the number of DEA agents from 81 to nearly 100, officials from both countries have said."

The Laredo (TX) Morning Times (1/11, Reddick) reports, "U.S. Attorney General Alberto Gonzales toured the World Trade Bridge on Wednesday, announcing a new effort to fight drug traffickers on the border. 'We're concerned about violence in Mexico spilling into the U.S.,' Gonzales said." The Times continues, "Gonzales announced $300,000 would be spent on a new federal drug taskforce that would fight drug cartels. Cuellar said the money is a good start, but we need to do more, like adding federal prosecutors to handle the border's busy drug and immigration dockets. … U.S. Rep. Henry Cuellar, D-Laredo, said he asked Gonzales in September to visit because of recent increases in border violence, and he called the visit significant. 'It sends a strong message that he knows what's happening on the ground,' Cuellar said from Washington, D.C. … However, William Slemaker, who has become a spokesman for families of people missing in Mexico, said he didn't find any answers in Gonzales' visit. … 'I felt that he came to spit in our face,' Slemaker said. … Slemaker and other kidnapping victims' families held signs near the World Trade Bridge as Gonzales' motorcade arrived and left. … Slemaker said the proposal sounds like more of the same old thing, and he believes everyone keeps talking about border violence without thinking of the actual victims."

KVEA-TV, Los Angeles, CA, (1/11, 11:00 p.m., translated) broadcasted on Telemundo that officials Eduardo Medina, of Mexico, and Alberto Gonzales, of the United States agreed to "unite forces to fight against trafficking narcotics." Additionally, the (US) "asked the Mexican government to open three new offices in New Laredo, Matamores and Nogales."

KBNT-TV, San Diego, CA (1/11, 11:00 p.m., translated) broadcasted on Univision that during Gonzales' visit to Mexico, he said, "Organized crime is not a problem exclusively in Mexico or the United States, so it's required for both nations to fight it." Gonzales met with General Eduardo Medina and "compromised to improve the collaboration in the matter of information exchange, intelligence and experience that exists for the citizens of both countries." Gonzales "congratulated Mexico for it's operations against organized crime." The Univision broadcast also played in KTLE-TV, Odessa, Midland, TX (1/11, 5:00 p.m.). Other stations that ran this story are KTSM-TV, El Paso, TX (1/11, 10:00 p.m.), KRIS-TV, Corpus Christi, TX (1/11, 10:00 p.m.) and KMIR-TV, Palm Springs, CA (1/11, 11:00 p.m.).

US Charges Deputy Marshal With Leaking Information In Mob Case. The AP (1/11, Robinson) reports, "A federal deputy marshal was charged today with leaking information about a reputed mobster's cooperation with prosecutors as they investigated the top echelon of Chicago's organized crime family." The AP continues, "John Thomas Ambrose, 38, a former supervisory inspector of the U.S. Marshals Service's Great Lakes Regional Fugitive Task Force, surrendered voluntarily Thursday at the FBI's Chicago office, officials said. … He is accused of revealing information concerning the cooperation and travel plans of Nicholas Calabrese, who is expected to be a key witness in the government's Operation Family Secrets murder conspiracy case." The AP adds, "Prosecutors said Ambrose told them in a Sept. 6 interview that he passed the information to an associate of reputed mob boss John 'No Nose' DiFronzo in hopes of getting information on the whereabouts of then-fugitive organized crime figure Joseph 'Joey the Clown' Lombardo. … But prosecutors said that in later interviews Ambrose said he never believed the information would be passed to organized crime figures. … Lombardo, among those charged in the Operation Family Secrets indictment, was subsequently captured and is due to stand trial starting in May along with the others accused in the case."

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The Chicago Sun-Times (1/11, Main, Korecki) reports, "Nick Calabrese is a key witness in the upcoming Family Secrets mob trial, scheduled to begin in May. Calabrese is the brother of Frank Calabrese Sr., a man charged in 13 mob hits and one of the top mobsters on trial in the case. … The Chicago Sun-Times reported in September that Ambrose was placed on administrative leave while federal authorities investigated the allegations." The Sun-Times adds, "The deputy, a member of the Great Lakes Regional Fugitive Task Force, was required to surrender his badge and gun, sources said. … In 2005, federal authorities charged 14 people in the sweeping mob indictment. The investigation, which is continuing, pinned 18 previously unsolved murders on the Chicago Outfit. … Ambrose has spearheaded several high-profile fugitive arrests, including the capture of an Italian mobster living in the west suburbs and a Chicago street gang member named as one of the country's 15 most-wanted fugitives."

WMAQ-TV, NBC 5, Chicago (1/11) reports, "According to the FBI's affidavit, witness Calabrese admitted to the government that he was a 'made' member of the Chicago mob (a.k.a. the 'Chicago Outfit') and provided federal agents with the most expansive overview ever of murders allegedly committed by its members. In 2002, Calabrese agreed to cooperate in the investigation of alleged Outfit members, including his brother, Frank Calabrese Sr. and two other men -- brothers James and Michael Marcello." WMAQ-TV continues, "Nicolas Calabrese was moved to a secure prison facility in August of 2002, based on his ability to testify in 38 murders -- 16 of which he admits he participated. An investigation ensued, resulting in the April 2005 indictment of 14 defendants in U.S. vs. Nicolas Calabrese et al., which alleges a 40-year racketeering conspiracy involving 18 previously unsolved Outfit murders of suspected government witnesses between 1970 and 1986. That's according to a release by the Chicago FBI. … The case against the remaining 12 defendants is scheduled for trial in May."

CBS 2 Chicago (1/12) reports, "Ambrose, 38, a deputy marshal since January 1998 and a supervisory inspector for the U.S. Marshals Service's Great Lakes Regional Fugitive Task Force, was placed on administrative leave last September. He is scheduled for an initial hearing this afternoon before a U.S. magistrate judge at the Dirksen Federal Building." CBS 2 continues, "Calabrese is still in protective custody, set to testify in Operation Family Secrets, the massive case involving several alleged mobsters including Calabrese's brother Frank, Sr. … The feds say despite the leak, Calabrese was never in any danger, but he and others could have been."

The Chicago Tribune (1/12, O'Connor) reports, "John T. Ambrose was barely a teenager when his dad, Thomas, was convicted in the 'Marquette 10' police corruption trial in the 1980s. … The father died after just a year in prison and never saw that Ambrose grew up to be a law-enforcement officer—a decorated supervisor in the U.S. marshal's office." The Tribune continues, "Federal prosecutors said he followed too closely in his father's footsteps. In a case that shows the long shadow of one of Chicago's most notorious police corruption scandals, Ambrose was accused Thursday of passing secrets to the mob. … With his own dad gone, Ambrose had come to look upon another one of the convicted Marquette 10 as a father figure, according to court papers." The Tribune adds, "Chicago attorney Thomas Royce, who defended Ambrose's dad at the Marquette 10 trial, recalled Thursday that Ambrose occasionally sat in the courtroom watching his father's trial. He turned 14 during the trial. … 'I am truly surprised John would ever have an evil motive,' said Royce, who has kept in contact with Ambrose. 'He was very aggressive, in my belief, in trying to overcome his father's image.'"

Atlanta Narcotics Team Member Tells FBI Officers Lied To Get Warrant. The New York Times (1/12, Dewan, 1.16M) reports, "A narcotics team that shot and killed an elderly woman while raiding her home lied to obtain the search warrant, one team member has told federal investigators, according to news reports confirmed by a person familiar with the investigation who requested anonymity. The officers falsely claimed that a confidential informant had bought $50 worth of crack at the house, the team member, Gregg Junnier, told the Federal Bureau of Investigation. Mr. Junnier retired from the Atlanta Police Department last week. The story backs up statements by Alex White, a police informant, who said that after the shooting the police had asked him to claim, falsely, that he had bought crack at the modest home of the woman, Kathryn Johnston." The Times adds, "Spokesmen with the F.B.I.'s Atlanta office and the United States attorney here declined to comment."

DOJ: Illinois Doctor Illegally Prescribed 62 Million Doses Of Drugs Over Internet. The IDG News Service (1/11) reported an Illinois doctor "was sentenced…to more than three years in prison for illegally prescribing drugs over the Internet. Michael Millette, 46, of Crystal Lake, Ill., is the ninth doctor to be sentenced in an Internet pharmacy investigation conducted by the U.S. Attorney's office for the Northern District of Iowa. U.S. District Judge Linda Reade sentenced Millette to 41 months in prison and a $1.6 million fine." During his plea hearing, Millette "said he prescribed more than 62 million doses of drugs illegally over the Internet, the DOJ said in a statement. Millette also said he laundered the money he received from the Internet companies that employed him." Computerworld published the IDG story.

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Michigan Man Gets 7-Year Sentence For Role In Importing Thousands Of Ecstasy Pills. The Flint (MI) Journal (1/11) reported a Flushing business owner "will spend more than seven years in federal prison for his role in importing tens of thousands of Ecstasy pills between 2001 and 2004. Jared Petiprin…pleaded guilty in September to conspiracy to distribute a controlled substance. On Wednesday, he was sentenced to 87 months in prison by U.S. District Judge Paul V. Gadola." Petiprin "is the latest - but not necessarily the last - in a string of defendants involved in the large-scale distribution and sale of Ecstasy or cocaine who were charged in an investigation by the Drug Enforcement Administration and the Department of Homeland Security-Immigration Customs Enforcement over the past two years."

"Cocaine Cowboys" Indicted In New York. Albany, New York's Capital News 9 (1/11) reports on its Web site that the Cocaine Cowboys "are outlaws no more. Ten Members of the New York City-based gang have been indicted on felony charges of conspiracy to distribute a controlled substance." Authorities "said the drug gang was peddling between one and two kilos of crack and coke from the city into the Capital Region every two weeks, moving about $40,000 worth of the drugs each week." They "weren't selling on the streets. They sold to other drug dealers and made their headquarters in a house…in Colonie."

The Albany (NY) Times Union (1/11) reported, "The probe that began with street-level buys last summer uncovered a crew with a reverence for corporate culture and adherence to a strict code of conduct, prosecutors said. Workers who routinely ferried drugs were given cash bonuses for avoiding speeding tickets and contact with police. Others, overheard on wiretaps, lobbied for promotions to management positions, prosecutors said."

On its Web site, WTEN-TV, Albany (1/11) reports police "say what operated as a 'delivery service' for dealers around the area, is now out of business. That pipeline began down in New York City, and shipped drugs up the Thruway to Latham. Police say in order to distribute the goods, the dealers set up what they call a 'satellite base'…in Latham."

Federal Fugitive Facing Meth Charges Found In Alabama Jail. The AP (1/11) reported a Morgan County sheriff's investigator "helped find a federal fugitive who was already jailed in the county under a false name. A federal grand jury indicted Ulises Torres Cruz, 31, in July on charges of conspiracy to traffic methamphetamine as part of a major drug-trafficking organization in North Alabama. But authorities could not find Cruz, and he was placed on the Drug Enforcement Administration's most wanted list. … The man had told police his name was Martin Contera Vera, but Huntsville DEA agents confirmed that Vera and Cruz were the same person." The Montgomery Advertiser used the AP story.

The Decatur (AL) Daily (1/11) wrote that the effort "brought down a drug trafficking ring allegedly run by Oscar Xicotencah Salomon, 34, of Decatur. Salomon's alleged organization brought drugs into the U.S. from Mexico through the Texas border."

Budget Cuts Said To Be Hindering Drug Enforcement. For Time, (1/11) Brian Bennett wrote, "Though the global drug trade is heating up, expect a lighter U.S. enforcement presence on the streets. The White House's Office of National Drug Control Policy estimates that opium production in Afghanistan, which not only provides 90% of the heroin consumed globally but also funds Taliban activities, rose 61% last year over 2005. … Yet the U.S. Drug Enforcement Agency (DEA), which annually loses some 3% of its 5,000 agents to attrition, has a two-year hiring freeze because of budget cuts to U.S. programs. DEA bean counters say they would need an additional $12 million to maintain current agent levels." DEA chief financial officer Frank Kalder "admits, 'there will be less drug enforcement going on. There's no getting around that.'"

In Detroit, Walters Praises Officials' Response To Fentanyl-Related Overdoses. The Detroit News (1/11) reported John Walters "commended Wayne County officials Thursday for their teamwork with others last year during a rash of drug overdoses from the powerful painkiller fentanyl. 'Your collaboration as a group was outstanding,'" said Walters. "'You saved lives, and you helped save lives in other places.' Fentanyl overdoses killed at least 179 people in Wayne County in the first 11 months last year, officials said." Walters "said it is unclear whether the continuing fentanyl deaths are attributable to a sizable production of the drug that is still in circulation or if others are manufacturing it."

The Detroit Free Press (1/11) reported 12 people died in May from fentanyl-related overdoses, and those deaths "punctuated a trend that began nine months earlier, when clandestinely produced fentanyl began showing up in combination with heroin and cocaine in some U.S. cites, including Detroit. Walters blamed the initial delay in recognizing the outbreak [in Detroit] and nationwide to the lack of a national reporting system for such drug epidemics." Walters "asked [a] work group for its advice on how to create standards for reporting and gathering of information that could spot emerging drug epidemics sooner."

Bonds Issues Statement Following Report Of Positive Amphetamines Test. The Los Angeles Times (1/12, Shaikin) reports the first player "to reportedly

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test positive under baseball's new amphetamine ban is Barry Bonds, the one most prominently associated with a federal investigation into steroid abuse. Bonds' test result from last season was first reported Thursday by the New York Daily News." Bonds "issued a statement Thursday in which he did not confirm, deny or address the positive test but did apologize to the Giants and their fans in general."

The AP (1/12) reports Bonds "said he did not get amphetamines from teammate Mark Sweeney, but did not deny a report Thursday saying he tested positive for the drugs last season. According to a story in the New York Daily News, the San Francisco slugger failed an amphetamines test in 2006. The newspaper reported that when first informed of the positive result, Bonds attributed it to a substance he had taken from Sweeney's locker."

USA Today (1/12, Nightengale) reports Sweeney "told USA Today earlier Thursday that he did not have amphetamines and confronted Bonds about it last summer. 'I asked him why my name would be out there,' Sweeney said. 'I told him that I didn't understand why my name was even being talked about. He told me it was a misunderstanding.' Sweeney said he has never tested positive for amphetamines."

Amphetamines Seen As Part Of Baseball's Culture. The New York Times (1/12, Schmidt) reports that if Bonds "did test positive for amphetamines, it was as one of approximately 3,000 tests that baseball conducted last season for the stimulant, which has long been part of baseball's culture. Last season was the first time that baseball tested for amphetamines, with each player on the 40-man rosters of the 30 major league teams tested at least twice, and others tested more than that because of the 580 additional random tests provided for in the agreement between baseball and the players association."

The AP (1/11) reported, "There's a long history of amphetamines -- or speed and more commonly called greenies in the baseball world -- fueling generations of baseball players. Many turned to the stimulants for a way to get pepped up when their bodies couldn't do so on their own during a long season. The pills, widely used even until recently, helped with energy for day games following night games and other times when players were short on sleep, such as after a long cross-country flight."

Ecuador, Colombia Make Deal On Coca Crop Fumigation. The AP (1/12) reports Ecuador's president-elect "said Thursday a diplomatic spat over Colombia's fumigation of coca has been resolved, a disagreement that had spurred debate over the U.S. drug policy and prompted Ecuador to withdraw its ambassador. Rafael Correa, a leftist economist who takes office Monday, told reporters in Quito that the agreement with Colombian President Alvaro Uribe marked 'a huge step forward' in cross-border ties." Uribe and Correa "met Wednesday in Nicaragua during the inauguration of President Daniel Ortega and reached an agreement under which Ecuador would be notified of any spraying along the border, Correa said. They also agreed to create a three-party commission, with representatives from both countries and a third from the Organization of American States, that would ensure that the spray does not enter Ecuadorean territory."

IMMIGRATION:

US Indicts Exiled Cuban Militant For Immigration Fraud. The Miami Herald (1/12, Chardy, Weaver) reports, "A federal grand jury in El Paso, Texas handed down a seven-count indictment today against Cuban exile militant Luis Posada Carriles, charging him with lying about how he sneaked into the United States in March 2005. It is the first time the CIA-trained Posada has been charged with a crime in the United States." The Herald continues, "His chief benefactor, Santiago Alvarez, and another supporter -- Osvaldo Mitat -- were also indicted after they refused to testify before the same grand jury today. They were charged with contempt of court when they invoked their Fifth Amendment right against self-incrimination." The Herald adds, "The indictment accused Posada, 78, of making false statements to immigration officials about how he arrived in the United States. Posada has insisted he came through the Mexican border, but the indictment asserted Posada entered the United States by sea aboard the shrimping vessel Santrina crewed by Alvarez, Mitat and others. … This is the first time Posada has been criminally charged in the United States, the country he viewed as an ally and safe haven because of his past connections to the CIA and the U.S. military. By indicting Posada, the federal government ensures his continued detention."

The San Antonio Express-News (1/12, Contreras) reports, "Posada claims he entered through the Texas-Mexican border, but U.S. authorities allege he sneaked into Florida in March 2005 aboard a shrimp boat co-owned by Santiago Alvarez, a prominent South Florida supporter and benefactor of Posada, according to court records and newspaper reports. … Alvarez and Osvaldo Mitat, who reportedly worked for Alvarez, also were indicted by the El Paso grand jury Thursday on charges of refusing to testify at the grand jury proceedings, their indictments show." The Express-News adds, "Posada remained Thursday in a federal immigration jail in El Paso, one of the more infamous inmates there because of his background, which includes involvement in the 1961 Bay of Pigs operation — a U.S.-backed attempt by Cuban exiles to overthrow Castro. … Alvarez and Mitat were sentenced to federal prison in November after pleading guilty to federal weapons charges in Florida over machine

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guns, a grenade launcher and other items stored in an apartment complex that Alvarez, a real estate developer in Miami, owns."

The Los Angeles Times (1/12, Williams) reports, "Posada's attorney, Eduardo Soto, filed a writ of habeas corpus in August challenging his client's continued detention. After U.S. Magistrate Norbert Garney recommended a month later that Posada be released, Department of Justice authorities urged U.S. District Judge Philip Martinez in El Paso to keep Posada jailed, claiming he is 'an admitted mastermind of terrorist plots and attacks.' … Thursday's grand jury indictment 'shows that the Justice Department is serious about pursuing Posada but still leaves his case in the immigration courts instead of addressing his terrorist background,' said Peter Kornbluh of the independent National Security Archive at George Washington University. … Kornbluh suspects the Bush administration is reluctant to put Posada on trial for sabotage or acts of terrorism because of his close ties to U.S. security and intelligence operations over the years. … Soto has also alluded to his client's knowledge of clandestine activities and their potential to embarrass past Republican administrations. … President George H.W. Bush, the current president's father, was CIA director during the Iran-Contra affair in which Posada played a key role."

The AP (1/12, Caldwell) reports, "Several countries have rejected U.S. requests for Posada to be sent there." The AP adds, "Posada, who was born in Cuba and is a naturalized citizen of Venezuela, is charged with one count of naturalization fraud and six counts of making false statements in a naturalization proceeding, according to the Justice Department. … The indictment alleges that Posada knowingly lied on his application and under oath when applying for naturalization to the United States in September 2005 and April 2006. .. He said he traveled from Honduras through Belize, ultimately reaching the United States near Brownsville, Texas, with the help of a human smuggler. But Posada actually entered the country by sea on a boat with four others, according to the indictment." The AP notes, "It is unclear what impact the indictment could have on the pending deportation order. If the indictment proceeds, Posada could ask to be set free on bond, Millan said, a move that would probably draw Justice Department opposition."

Bloomberg (1/12, Schmidt) reports, "If convicted, Posada Carriles would face a maximum of 10 years in prison on one charge of naturalization fraud and up to five years on each of six counts of lying in interviews with immigration officials."

AFP (1/12) reports, "Venezuela has demanded the United States extradite Posada Carriles to face terrorism charges. … US officials refuse to release him to Venezuela, where he holds citizenship, or Cuba, where he was born, saying he might be tortured. But they also have refused to free him, calling the former CIA operative a threat to national security." AFP adds, "Recently declassified US documents show that Posada Carriles had worked for the CIA at least from 1965 until June 1976, and he reportedly helped the US government ferry supplies to so-called Contra rebels, who waged a bloody campaign to topple the Marxist Sandinistas in Nicaragua in the 1980s."

Chicago Man Arrested For Impersonating FBI Agent To Scam Immigrants. Sun-Times News Group (1/11) reported, "A 40-year-old man was indicted Wednesday with allegedly impersonating an FBI agent so he could dupe immigrants out of money. Omar Abbas, who is currently in custody on a $100,000 bond, was indicted on two counts each of extortion and making false statements within the jurisdiction of the FBI, and one count each of impersonating a United States officer and bribery." STNG noted, "He usually preyed on immigrants caught in tough circumstances, authorities said. Law enforcement officials believe more immigrants have been scammed but haven't alerted authorities because they fear their legal status will be questioned, FBI spokesman Tom Simon sai"

TAX:

Another Plea In KPMG Case. The Wall Street Journal (1/12, C2) reports, "A Saipan man pleaded guilty to making false statements in connection with the government's probe into allegedly fraudulent tax shelters marketed by former executives of KPMG LLP. … The plea was the second in the government's tax-shelter investigation secured by prosecutors in as many days." The Journal continues, "Michael Grandinetti, a senior executive with the United Micronesia Development Association, entered his plea at a hearing before U.S. District Judge Thomas P. Griesa in Manhattan. … Mr. Grandinetti, 54 years old, said he lied to a prosecutor and an Internal Revenue Service agent when he told them in a March 2006 telephone call that he had disclosed to the UMDA's board that he received secret side payments from a group of tax-shelter promoters for UMDA engaging in certain tax-shelter transactions. … Mr. Grandinetti faces up to five years in prison on the charge. Bail was set at $10,000."

IRS Agents Criticize Prematurely Closed Audits. The New York Times (1/12, Johnston) reports, "Top officials at the Internal Revenue Service are pushing agents to prematurely close audits of big companies with agreements to have them pay only a fraction of the additional taxes that could be collected, according to dozens of I.R.S. employees who say that the policy is costing the government billions of dollars a year. … 'It's catch and release,' said Douglas R. Johnson, an I.R.S. auditor in Colorado for three

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decades who said he grew so frustrated at how large corporations were allowed to pay far less than what he thought they owed that he transferred to the agency's small-business division." The Times continues, "With one exception, other working agents would talk about the issue only on condition they not be identified because they feared being fired. They said a policy intended to avoid delays in auditing corporations was being pushed so rigidly that it prevented them from pursuing numerous examples of questionable corporate tax deductions." The Times adds, "I.R.S. officials said the complaints were misguided. In an interview yesterday, Debbie Nolan, the I.R.S. executive in charge of auditing large and medium-size businesses, denied that audits were being closed over the objections of agents who had evidence that significant additional taxes were owed. Ms. Nolan said she had not heard any such complaints from auditors. … She noted that the amount of additional tax recommended for each hour auditors spend on large and medium-size companies more than doubled, to $5,195 in 2006 from $2,394 in 2002. And she said that internal reviews of corporate tax audits showed that their quality had improved. … But auditors said they were told to limit questioning only to those specific issues that the I.R.S. and the companies had agreed in advance to examine. When other questionable deductions emerged in the course of the audit, they said, additional taxes were ignored."

New York Judge Blocks IRS From Role In Tax Case. The Buffalo News (1/11, Gryta) reports, "State Supreme Court Justice John A. Michalek on Wednesday refused to allow the Internal Revenue Service to intervene in state court proceedings aimed at closing the financial books and paying workers of the former St. Augustine human resource center." The News continues, "U.S. District Judge John V. Elfvin two weeks ago quashed an IRS effort to have the matter handled in federal court, when the case was returned to Michalek. … Lisa L. Bellamy, a U.S. Justice Department attorney who made the intervention request Friday, could not be reached to comment Wednesday." The News adds, "As the result of a state Labor Department suit, Michalek ordered the closing of the debt-plagued center 11 months ago. The nonprofit human services agency for decades served Buffalo's black community. … In court papers, Bellamy contended that the IRS has a $592,325.54 lien on the St. Augustine operations for unpaid federal taxes and penalties. … After Wednesday's court session, Adam W. Perry, the center's state court-appointed receiver, said he is preparing a report for Michalek on paying off center creditors and obtaining back pay for 85 employees who worked months without pay last year while transferring clients to other agencies."

IRS Adjusts Monthly Transit Subsidy, Mileage Deduction For Workers. The Washington Post's (1/12, D3, Barr) "Federal Diary" column reports, "The Internal Revenue Service has increased the maximum monthly transit subsidy to $110 for 2007 as part of its inflation-adjustment procedures. That's a $5 increase in the tax-free benefit, which was last adjusted in 2005." The Post adds, "Government agencies use the benefit to encourage their employees to take the subway and use van pools rather than drive to work in the city and increase congestion. In the Washington area, about 163,000 federal employees receive Metrocheks, a fare card voucher, a Metro spokesman said." The Post also notes that the "IRS also has increased the standard mileage rates used to calculate deductions for taxpayers who use cars for business, charitable, medical and moving purposes to 48.5 cents per mile, up by 4 cents from last year."

CONGRESS-ADMINISTRATION:

House Passes Stem Cell Bill, But Falls Short Of Veto-Threat Margin. The CBS Evening News (1/11, story 8, :20, Couric, 7.66M) reported, "On Capitol Hill, the Democratic controlled House of Representatives is running its first 100 hours legislative clock right on time. On today's agenda, embryonic stem cell research. The House passed a bill to expand Federal funding for it. The President has promised to veto it." The AP (1/12, Taylor) notes "the 253-174 vote fell short of the two-thirds margin required to overturn President Bush's promised veto, despite gains made by supporters in the November elections."

As the New York Times (1/12, Kirkpatrick, 1.16M) reports, "it would take 290 House votes to override a veto." But USA Today (1/12, 2.27M) reports that "supporters of research on embryonic stem cells say an end to restrictions on federal funding is inevitable after an overwhelming House vote Thursday." In the Senate, Sen. Tom Harkin "said he has 66 votes lined up in favor of the bill; he needs 67 to override Bush. 'We're working on everybody,' Harkin said." The Washington Post (1/12, A4, Weiss, 690K) reports "Senate leaders have said they plan to take up the bill next month."

AFP (1/12, Griffith) reports House Speaker Nancy Pelosi "hailed Thursday's vote as a victory for the effort to find cures for a number of diseases, including diabetes and cancer." The Los Angeles Times (1/12, Gaouette, 850K) says "lawmakers spoke of parents, children and friends who they said could be helped by embryonic stem cells, while others warned that the legislation would involve the government in the destruction of life in the form of human embryos." ABC World News (1/11, story 9, :15, Vargus,

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8.78M) also noted "the stem cell vote was part of the Democrats' agenda for the first 100 hours of this Congress."

The Washington Times (1/12, Bellantoni, 88K) reports "pro-life members from both parties oppose embryonic stem-cell research, arguing that it destroys life in the process of harvesting the cells. They also said the measure should have been put on hold because of recent research showing that amniotic fluid can be used to produce stem cells without destroying life." Minority Leader John A. Boehner "urged his colleagues to instead study those new methods, saying, 'We are going to find out that we are not going to need to destroy human embryos to get the kind of promise that we want. I've got 11 brothers and sisters. I'm sure it wasn't convenient for my mother to have twelve of us, but I'm sure glad that she did,' he said. ;Taxpayer funds shouldn't be used to destroy the human life, pure and simple.'"

The New York Times (1/12, Wade, 1.16M) reports, "It was a day of promised miracles in the House of Representatives. Almost every other lawmaker who spoke during the debate on the stem cell bill told of a close relative with a deadly affliction whose cure depended on generating new human embryonic stem cell lines." But the bill "would merely allow scientists supported by the federal government to derive new cultures of stem cells from the early embryos discarded by clinics using in-vitro fertilization. … The striking hopes that stem cell advocates have raised in order to overturn Mr. Bush's decision may generate public disenchantment with such research if its promise is not quickly fulfilled."

Charles Krauthammer writes in the Washington Post (1/12, A19, 690K), "I have long supported legal abortion. And I don't believe that life -- meaning the attributes and protections of personhood -- begins at conception. Yet many secularly inclined people such as myself have great trepidation about the inherent dangers of wanton and unrestricted manipulation -- to the point of dismemberment -- of human embryos." He adds, "You don't need religion to tremble at the thought of unrestricted embryo research. You simply have to have a healthy respect for the human capacity for doing evil in pursuit of the good."

In an editorial, the Los Angeles Times (1/12, 850K) says, "Research published this week shows that stem cells harvested from amniotic fluid -- easily accomplished through the common practice of amniocentesis -- can be used to create human tissues. … This could be an impressive new medical tool. But it also could be a convenient pretext for pushing embryonic stem cell research aside — and that shouldn't be allowed to happen. For all the potential uses of amniotic cells, they are likely to prove less adaptable than embryonic cells. Exclusive focus on amniotic stem cells would divert attention and time away from potentially more promising lines of research."

Bush Threatens To Veto Bill Requiring Medicare Drug Negotiation. The New York Times (1/12, Pear, 1.16M) reports President Bush "threatened on Thursday to veto legislation that would require the government to negotiate with pharmaceutical companies to obtain lower drug prices for Medicare beneficiaries." In Congress, the "chances for passage of some version of the legislation increased when a pivotal figure," Senate Finance Committee Chairman Max Baucus, "said Congress should repeal a provision of the 2003 Medicare law that prohibits such negotiations." Sen. Baucus said he "did not favor price controls, but did believe that Medicare should be able to negotiate prices in 'discrete areas where seniors need our help the most.'" The House plans to vote Friday on its version of the drug price negotiation bill; while the "Democratic bill is expected to pass, the White House announced the veto threat on Thursday in an effort to hold down the number of votes and to prevent the measure from gaining any more momentum."

The AP (1/12, Espo) reports that in a written statement of Administration policy, the White House said, "Government interference impedes competition, limits access to lifesaving drugs, reduces convenience for beneficiaries and ultimately increases costs to taxpayers, beneficiaries and all American citizens alike." The AP adds Bush "had already threatened to veto another of the top six bills Democrats are pushing across the House floor in the first two weeks of the new Congress. That's the measure, approved Thursday, to expand the extent to which federal funds could be used for embryonic stem cell research."

House Democrats Scrapped Plan To Rewrite Prescription Drug Program. The Washington Post (1/12, A1, Smith, Birnbaum, 690K) reports on its front page that prior to "taking control of the House last week, Democratic leaders briefly considered proposing a new government-run prescription drug program as a way to reduce seniors' drug costs, according to Democratic aides and lawmakers involved in the deliberations." But House Speaker Nancy Pelosi (D-Calif.) "and her allies chose a far less ambitious plan -- to require the government to negotiate for lower Medicare drug prices -- that will come to a vote today. They stepped back largely out of concern that the pharmaceutical industry would stall a complex change, denying them a quick victory on a top consumer-oriented priority, aides say." The Post adds the Democrats "had reason to be wary: Despite years of lopsidedly favoring GOP lawmakers with campaign cash and other benefits, the drug lobby continues to wield tremendous power in the Democratic-controlled Congress" and "still has the backing of the White House."

McCrery Says Democratic Bill Would Have Undesirable Results. In a Washington Times op-ed (1/12), Rep. Jim McCrery, the ranking Republican on the House

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Ways and Means Committee, says, "The proposal to have the government negotiate Medicare drug costs that the Democratic leadership hopes to ram through the House of Representatives this week will either be largely ineffective, or it will cause undesirable results: it will restrict seniors' choices, devastate local pharmacies, raise prescription drug costs for veterans and stifle innovation." The Democratic plan "before the House offers nothing but the prospect of a diminished benefit due to heavy-handed government control of this important program."

NYTimes Praises House Bill. The New York Times (1/12, 1.16M) says in an editorial, "From all the ruckus raised by the administration and its patrons in the pharmaceutical industry, you would think that Congressional Democrats were out to destroy the free market system when they call for the government to negotiate the prices of prescription drugs for Medicare beneficiaries. Yet a bill scheduled for a vote in the House of Representatives today is sufficiently flexible to allow older Americans to benefit from the best efforts of both the government and the private drug plans." The secretary of Health and Human Services "should be able to exert his bargaining power with drug companies in those cases in which the private plans have failed to rein in unduly high prices — leaving the rest to the drug plans. The result could be lower costs for consumers and savings for the taxpayers who support Medicare."

Senate Democratic Leadership Dealt Setback On Ethics Bill. The New York Times (1/12, Kirkpatrick, 1.16M) reports, "After campaigning for months on a promise to tighten ethics rules, Senate Democratic leaders tried unsuccessfully Thursday to block a measure that would shine a light on the shadowy practice of earmarking federal money for lawmakers' pet projects." After House Democrats "passed an unexpectedly broad change to their chamber's rules that would disclose the size, purpose and sponsor of any earmark," on Thursday, when Sen. Jim DeMint "introduced the same thing in the Senate, Democratic leaders moved quickly to squash it, calling the House bill ill thought out." The Democratic leaders' "effort to block the DeMint proposal was defeated by a vote of 51 to 46, surprising almost everyone in the Senate. The outcome reflected the keen desire of many lawmakers to appear to be on the side of openness and reform after an election that turned in part on Congressional corruption scandals."

The Washington Times (1/12, Miller, 88K) reports Senate Democrats "backed off promises to reform pork spending yesterday, using procedural tactics similar to ones they attacked Republicans for employing in past Congresses." Thomas A. Schatz, president of Citizens Against Government Waste, said, "Democratic leaders are stalling in an attempt to strong-arm more Democrats into voting to table the amendment. This is not a promising beginning to the new Congress when the first effort to improve accountability and transparency is being shot down by the Democratic leadership." Republicans said "the episode smacked of hypocrisy by Democrats, who campaigned heavily on ethics reform and what they characterized as the Republicans' heavy-handed control of Congress."

The AP (1/12, Abrams) reports the Senate's "new Democratic leaders, the fragility of their thin majority on display for the first time, were set back Thursday when nine Democrats joined with Republicans in support of stricter House-passed rules on lawmakers' pet projects." Majority Leader Harry Reid "was forced to delay a final vote on a measure he opposes." The measure, "an amendment to an ethics and lobbying bill, would have adopted a wider definition of 'earmarks,' specific projects inserted in bills, to include Corps of Engineer water projects, Pentagon weapon systems and items from other federal entities." The language "favored by Reid and Senate Republican leader Mitch McConnell, R-Ky., would require disclosure of only targeted funds directed to nonfederal entities such as a city park, state universities or private contractors." Among the Democrats siding with GOP Sen. Jim DeMint "were possible presidential candidates Barack Obama, D-Ill., and John Kerry, D-Mass., freshmen Jim Webb of Virginia and Jon Tester of Montana, and Mary Landrieu of Louisiana, who faces a tough reelection bid in 2008."

WSJournal Says Senate Democrats Repudiated Pelosi's Bill. The Wall Street Journal (1/12, 2.04M) says in an editorial, "Yesterday on the Senate floor, Majority Leader Harry Reid was caught pulling out every stop to kill his own party's plan for earmark reform." The Journal says that "to Speaker Nancy Pelosi's credit," House Democrats "recently passed ethics legislation that included provisions making earmarks more transparent." But the "ethics reform offered by Senate Democrats contained none of these tougher earmark provisions. So Senate Republicans, led by South Carolina's Jim DeMint, cheekily took the identical language of the House earmark bill and offered it as an amendment to the Senate version. Numerous Democrats instantly denounced it, apparently unaware (or unconcerned) that the language had been sponsored by Ms. Pelosi." Of the "46 Senators who voted to banish Ms. Pelosi's reform, 38 of them were her fellow Democrats."

WSJournal Criticizes Boehner For Exacting Retribution Against Flake. In an editorial, the Wall Street Journal (1/12, 2.04M) criticizes Minority Leader John Boehner's decision to "to punish Arizona's Jeff Flake by tossing him off the Judiciary Committee. The offense? Porkbusting." Flake should be "getting a promotion to the leadership, given how prescient he was in warning his colleagues about the perils of their run-amok 'earmarking.'

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He and a few comrades sponsored more than 40 House floor amendments last year to strip pork projects from spending bills. The National Taxpayers Union ranked him the most fiscally conservative member of the House. None of that sits very well with his House colleagues, who blame Mr. Flake for shining public attention on their spendthrift ways." If Republicans "think that punishing their most principled Members is smart politics, their time in exile could be very long indeed."

Democrats Say Bush "Still Playing Hardball" On Judges. The Wall Street Journal (1/12, Harwood, 2.04M) reports in its "Washington Wire" section, "Despite withdrawal of four conservative nominees," Democrats say President Bush "is still playing hardball. California Sen. Feinstein fumes after Bush ignores her and Sen. Boxer in renominating Randy Smith of Idaho for a Ninth Circuit appeals-court seat traditionally held by a Californian. Conservative dominance on Virginia-based Fourth Circuit, which has three vacancies, is at risk. Freshman Democratic Sen. Webb objects to some candidates proposed by Republican Sen. Warner; the Virginia colleagues meet to discuss working together on judges." Democrats "seek records from Fifth District appointee Leslie Southwick's service in Reagan White House at time of Bork's Supreme Court nomination."

Democrats To Seek "Narrow" Tax Hikes. The Wall Street Journal (1/12, Harwood, 2.04M) reports in its "Washington Wire" section, "Democrats seek to isolate Republicans with narrow tax-increase targets. House Speaker Pelosi identifies $500,000 earners -- a more exclusive group than party leaders have previously targeted -- as source of revenue for cutting middle-class taxes. Imposing pre-Bush 39.6% rate on those with incomes over $500,000 would raise more than $85 billion over four years, Tax Policy Center estimates." But the White House "sees any tax increases heightening Democrats' vulnerability."

GOP Criticizes Minimum Wage Bill For Exempting Pelosi Constituent. The Washington Times (1/12, Hurt, 88K) reports House Republicans "declared 'something fishy' about the major tuna company in House Speaker Nancy Pelosi's San Francisco district being exempted from the minimum-wage increase that Democrats approved this week." GOP Rep. Eric Cantor said, "I am shocked." While Speaker Pelosi "campaigned heavily on promises of honest government," Cantor said, "Now we find out that she is exempting hometown companies from minimum wage. This is exactly the hypocrisy and double talk that we have come to expect from the Democrats." The Times adds the bill "extends for the first time the federal minimum wage to the U.S. territory of the Northern Mariana Islands. However, it exempts American Samoa, another Pacific island territory that would become the only U.S. territory not subject to federal minimum-wage laws." One of the "biggest opponents of the federal minimum wage in Samoa is StarKist Tuna, which owns one of the two packing plants that together employ more than 5,000 Samoans, or nearly 75 percent of the island's work force."

Some Republicans Worry Bush Will Cut Education Deal With Democrats. The Washington Times (1/12, Fagan, 88K) reports some congressional conservatives "are worried that President Bush will cut a deal with Democrats that would not only renew his education law, but also dramatically expand it, including perhaps more requirements for the high school level." Rep. Jeff Flake said, "I am concerned, and I think a lot of conservatives are." The Times adds Bush is "urging Congress this year to renew one of his biggest domestic accomplishments, the No Child Left Behind (NCLB) law of 2002, which aims to increase student achievement through more testing and by tracking results of schools and holding them accountable." Democrats "are demanding some changes to the law, most notably a significant boost in funding levels." Flake said he "sees a scenario in which Mr. Bush gives Democrats the increased funding they want in exchange for including more requirements for high school."

Democrats Plan Vote On Bill To Reduce College Loan Costs. USA Today (1/12, 1B, Block, 2.27M) reports the House "is scheduled to vote Wednesday on a Democratic plan to reduce the cost of borrowing for college. But easing student-loan interest rates won't provide much relief, critics say, unless lawmakers can somehow also slow the inexorable rise in the cost of college." In the "past five years, the average cost of in-state tuition and fees at public colleges has jumped 35% — after adjustment for inflation — according to the College Board. In the past 25 years, the average cost of tuition and fees has risen faster than personal income, consumer prices and even health insurance." Many conservatives "argue that increasing federal aid will just encourage colleges to raise tuition even more," but others "note, though, that in the past five years, college costs continued to rise faster than inflation, even though financial aid declined." USA also examines reasons for the increases in colleges costs.

Administration Scraps Risk Assessment Plan. The AP (1/12, Schmid) reports, "Federal agencies seeking to protect the public, the environment or setting rules in general often have to prepare risk assessments. A Bush administration attempt to standardize that process didn't work out, though, and will go back to the drawing board." The Office of Management and Budget "said it will not finalize its

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original proposal after the independent National Research Council called the plan 'fundamentally flawed.'"

The Wall Street Journal (1/12, A11, Fialka, 2.04M) says the move "could be a first for the Bush administration," and notes "OMB regulatory chief Steven Aitken said that the White House will modify its plan before making it final. He didn't say how it would be modified, however." Rep. John Dingell, chairman of the House Energy and Commerce Committee, "applauded the move and urged the OMB to abandon the effort altogether, saying it 'ignores the specific statutory directives' Congress gives federal agencies." The New York Times (1/12, Dean, 1.16M) runs a similar report.

Johnson Transferred Out Of Intensive Care, Has Begun Speaking. NBC Nightly News (1/11, story 7, :20, Williams, 9.87M) reported, "Good news tonight on the condition of South Dakota Democratic Senator Tim Johnson. He suffered a severe stroke about a month ago and today he was transferred out of intensive care and into a rehab facility. You may recall that in addition to concerns over his health, his stroke had many fellow Democrats fearing they would lose their slim majority in the US Senate."

The New York Times/AP (1/12) reports that Johnson's "neurosurgeon, Dr. Vivek Deshmukh, said a magnetic resonance imaging exam on Tuesday showed that the speech centers in his brain were spared injury in the hemorrhage on Dec. 13. 'This is confirmed by the fact that he is following commands and has started to say words,' Dr. Deshmukh said in a statement." Johnson "is to have 'aggressive therapy' in inpatient rehabilitation at George Washington University Hospital, the statement said. On Monday, Mr. Johnson's condition was upgraded to fair from critical, and his doctors said he no longer needed a ventilator. He was being weaned off the tracheotomy tube in his neck, his office said Wednesday."

Burns Defends Hughes In Foreign Service Journal. The Washington Post's (1/12, A17) Al Kamen writes in his "In the Loop" column that Undersecretary of State Nicholas Burns "has come to the defense of his colleague, undersecretary for public diplomacy -- and very close Bush friend -- Karen Hughes, in the latest issue of the Foreign Service Journal." Burns, in a "quite lengthy and impassioned rebuttal" to an October article in the journal, wrote "to express my strong disagreement with several assertions" in the piece, especially that she was "wary of the foreign service" and prefers "political appointees."

National Defense University Computers Hacked. The Washington Times (1/12, Gertz, Scarborough, 88K) reports, "Computers and information networks at the National Defense University (NDU), the Joint Chiefs military education school at Fort McNair in Washington, were hacked and damaged by unknown attackers, defense officials said. The attacks, described by officials only as 'malicious activity,' caused the university to shut down all its network servers and replace laptop computers after the activity was detected last month. The costs were high, officials said."

Radio Chips Found In Canadian Coins Passed To Pentagon Contractors. The Washington Times (1/12, Hudson, 88K) reports, "Foreign spies are literally following the money to keep a close eye on Pentagon contractors, who are reporting that Canadian coins with Radio Frequency Identification chips have been planted in their clothing." A US Defense Security Service report says, "On at least three separate occasions between October 2005 and January 2006, cleared defense contractors' employees traveling through Canada have discovered radio frequency transmitters embedded in Canadian coins placed on their persons." Spokeswoman Martha Deutscher "confirmed the report and said it was intended to notify security officials, defense contractors and Pentagon policy-makers of spy technology being used."

Government's Official Web Portal Changes Name From FirstGov.gov To USA.gov. The Washington Post's (1/12, D3, Barr) "Federal Diary" column reports, "The government's official Web portal has changed its name from FirstGov.gov to USA.gov in response to feedback from the public that suggests the old name never caught on." The Post adds "USA.gov officially launches Thursday, GSA officials said, though the new name was on display yesterday for Web surfers."

First Lady Tours Renovated Treasury Building. The AP (1/12, Crutsinger) reports First Lady Laura Bush "went next door to the Treasury Department Thursday and pronounced herself impressed with the remodeling at 1500 Pennsylvania Avenue." Mrs. Bush "joined Treasury Secretary Henry Paulson in a ribbon cutting ceremony to mark the completion of a 10-year renovation of the Treasury Building, which is the third oldest government structure in Washington behind the Capitol and the White House." The "current structure, begun in 1836, had not undergone a major renovation since the beginning of the last century. The 10-year project, finished at a cost of $247 million, restored the buildings' lost grandeur by uncovering painted ceilings and skylights that had not been seen for decades and by refurbishing the ornate Cash Room, site of Ulysses Grant's first inaugural ball in 1869."

The Washington Post (1/12, C1, Stepp, 690K) reports, "Like the wallflower who glams up before going to a party, hoping someone will pay attention, Treasury has just

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completed a $247 million renovation, and a hundred or so people were on hand to witness Laura Bush celebrate the moment. So, okay, maybe most of those people came to see the first lady, including the half-dozen reporters and photographers who accompanied her on a private tour of the building's most-prized rooms."

OTHER NEWS:

Fed Official Issues Warning About Threats To Economy. The Wall Street Journal (1/12, Ip, 2.04M) reports, "New York Fed President Timothy Geithner delivered one of his strongest warnings yet on threats facing the US economy, citing the budget deficit, fixed exchange rates and growing inequality. In his three years on the job, Mr. Geithner has taken on the New York Fed's traditional role as chief worry wart. But some of his past warnings have been muffled by opaque and wonky language." The official "was far clearer in a speech today to the Council on Foreign Relations in New York. He said some countries, to keep their currencies fixed to the dollar, are accumulating big reserves of dollar-denominated securities, thereby holding down long-term interest rates, which might be distorting US growth and investment. He didn't name the offenders, but China and some Persian Gulf oil exporters are probable candidates." He "also ventured into politically charged terrain that Fed Chairman Ben Bernanke has tried to avoid. (He will be tested on that when he appears before the Senate Budget Committee next Thursday.) Mr. Geithner warned that current year deficits are too high while Mr. Bernanke has generally limited his concerns to the threat of higher entitlement spending in later years."

Jobless Claims Down. The Wall Street Journal (1/12, A2, Blackstone, 2.04M) reports, "The number of US workers filing new claims for unemployment benefits tumbled in the latest week, pushing below a key threshold and providing further evidence that labor market conditions remain quite strong. New claims for unemployment insurance decreased by 26,000 to 299,000 in the week ended Jan. 6, the Labor Department said Thursday, the lowest level since July 22, when claims were also 299,000."

Plunging Oil Prices Could Benefit Economy. The Wall Street Journal (1/12, A1, Whitehouse, Davis, Bahree, 2.04M) reports, "Oil prices fell sharply yesterday and are now hovering at their lowest levels since mid-2005, raising the prospect of significant changes in the outlook for corporate profits, consumer spending and the global economy. Crude oil fell another $2.14, or 4%, to $51.88 a barrel yesterday on the New York Mercantile Exchange. The price has plunged 15% since the year began." The "slide, which market participants said was fueled in part by speculative hedge-fund trading and a retreat by other investors, helped send stocks higher as investors bet lower energy prices would fatten corporate profits and strengthen economic growth, particularly in the U.S." If "sustained, the decline in prices would have a big impact on everything from the American consumer to the profits of giant energy companies. It also could dent the revenues -- and the political clout -- of major oil-producing nations like Russia, Iran and Venezuela."

The New York Times (1/12, Krauss, 1.16M) reports the fall in oil prices provides "potential relief to consumers. But investors in energy stocks may wish for a cold spell after they see the fourth-quarter earnings of their stocks in the next few weeks." The Times adds, "Declining oil prices helped drive up the broader stock market, raising hopes that with inflation fears abating somewhat, the Federal Reserve may even consider lowering interest rates in the coming months." OPEC President "Muhammad bin Dhaen al-Hamli of the United Arab Emirates, was said to have told the Emirates news agency that the group would move to prop up prices if necessary." But "few American analysts seemed to take his implied warning of possible future production cuts very seriously."

Stocks Rally, With Dow At Record High. NBC Nightly News (1/11, story 11, :10, Williams, 9.87M) reported, "Back here in New York today some gains on Wall Street. The Dow was more than 72 points today [to close at 12,524.98]. NASDAQ also up 25 and half points [to close at 2,484.85] on today's trading." The Washington Post/AP (1/12, D4) notes the Dow topped "the previous record close reached on Dec. 27 by 4.41 points. The Standard & Poor's 500-stock index rose 8.97, or 0.63 percent, to 1423.82." The Wall Street Journal (1/12, C1, Browning, 2.04M) and USA Today (1/12, 6B, Krantz, 2.27M) run similar stories.

Federal Judge Allows Sex Abuse Suit Against Vatican To Proceed. The Louisville (KY) Courier-Journal (1/12, Riley) reports, "A federal judge in Louisville issued a 'historic' decision yesterday by refusing to dismiss a lawsuit against the Vatican that alleges a cover-up to protect priests who molested American children. … 'This is the first and only case which has as its sole objective holding the Vatican financially accountable for all of the childhood sexual abuses committed in the U.S.,' said Louisville attorney William McMurry, who filed the suit in 2004 on behalf of three men who allege abuse dating as far back as 1928." The Courier-Journal continues, "If U.S. District Judge John Heyburn II's decision stands, it could open the door for attorneys to take depositions of Vatican officials -- including Pope Benedict XVI -- obtain copies of church records and documents and ultimately determine 'what prompted all of the bishops to keep quiet, hide these pedophiles and refuse to report child abusers,' McMurry said. He called the decision 'historic.' … But Jeffrey Lena of Berkeley, Calif., counsel for

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the Vatican, known legally as the Holy See, said Heyburn's decision rejected portions of McMurry's lawsuit and left the case hanging on a 'fairly weak linchpin' -- that U.S. Catholic clergy are employees of the Vatican. … 'The Holy See is just not responsible for this, and that's the bottom line,' Lena said." The Courier-Journal notes, "Regardless, the case could be entangled in appeals for years before eventually ending up at the U.S. Supreme Court, McMurry and Lena said. … One of the three plaintiffs is Michael Turner of Louisville, who also filed the first in a wave of roughly 250 sexual-abuse lawsuits against the Archdiocese of Louisville between 2002 and 2003. The litigation culminated in a $25.7 million settlement with most of the plaintiffs. McMurry and his legal team received 40 percent of most plaintiffs' payments. … The two other plaintiffs in the Vatican suit are James H. O'Bryan and Donald E. Poppe, both of whom live in California and say they were abused by priests while growing up in Louisville. All three are asking for unspecified monetary damages from the Vatican."

Dodd Announces He Will Make '08 Bid For White House. The AP (1/12, Fouhy) reports that Connecticut Sen. Chris Dodd (D) "announced Thursday he will run for the Democratic presidential nomination in 2008, saying problems at home and abroad meant it was time for him to 'get out of the bleachers and onto the arena floor.'" Dodd, who announced his bid on MSNBC's "Imus in the Morning" show, said, "There's a heightened sense of urgency about the condition of the country. But it isn't just Iraq -- there are problems here at home that are huge." Dodd "said he planned to focus on issues like education, energy policy and health care in his campaign."

The Connecticut Post (1/12, Urban) reports that Dodd "filed a statement of candidacy with the Federal Election Commission on Thursday that will allow him to begin raising funds directly as a presidential candidate. He plans to transfer nearly $5 million sitting in his Senate campaign into the new effort. Imus praised Dodd's experience and intellect and said he would raise the level of debate but admitted he was backing Sen. John McCain, R-Ariz., for president in 2008. 'Wait a minute. Wait a minute. I come on the program. I blow everybody else off. I announce here. I mean, at least leave the door open for me a little here,' Dodd cajoled. 'A little quid pro quo, I mean I'm your pal.'"

USA Today (1/12, Lawrence, 2.27M) reports that Dodd "acknowledges his odds are long, calling himself 'not as well known' as other prospects. He said the first contests are a year away and lightning could strike. 'I wanted to get out of the bleachers and onto the arena floor and make my case,' he said. Dodd, 62, said he has been involved with 'every major foreign policy and domestic issue of the last quarter century.' He also said he's a 'fresh face.' Political analysts agree that he is not a household name, which is a problem after 30 years in politics. 'He has not staked out a national reputation or a national identity of any kind,' said Dan Carter, a political historian teaching at the University of Richmond."

In Seeking Presidency, Dodd Touts His Experience. Sen. Dodd said on MSNBC's Hardball (1/11, Matthews), "I think all of us understand things at home and abroad are very difficult and the country is desperate for leadership that will be honest with them that will ask them to get involved in solving some of the huge problems we face, in energy, health care, the environment, the like, foreign policy. I think people want to see a positive attitude about what needs to be done to get us back on track. I think experience matters. In almost every other cycle I could think about, if you said I've been in the Senate for 25 years you'd be disqualified from running. But I think this time around, in light of what we've been through for the past six years, I think experience matters, experience where you can demonstrate a capability to bring people together, to come up with big ideas, to solve problems in the country. I've had that experience, on the foreign relations committee, on domestic policy. And so I decided this time around I'm not going to sit in the bleachers."

Dodd Says He's Hopeful Lieberman Will Back His White House Bid. On CNN's The Situation Room (1/11, Blitzer), Sen. Christopher Dodd was asked if his Connecticut colleague Sen. Joseph Lieberman is supporting his presidential campaign. Dodd said, "He's not taking a position yet and look, we're great friends. We had a bit of a difficulty last summer and fall with his race as an independent, but I was the chairman of Joe's campaign nationally for president. I nominated him when he ran for vice president. ... I'm hopeful Joe will be supportive, but he's going to take his time. I didn't ask him for his support. I'm sure it will work out."

Senator Slams Bush's New Plan For Iraq As "Unsound Strategy." The New York Times (1/12, Medina, 1.16M) reports, "A senior Democrat on the Senate Foreign Relations Committee and a former Peace Corps volunteer, Mr. Dodd said he would spend much of his time concentrating on international affairs. 'People are asking a critical question -- what kind of experience do you need? -- especially after watching an administration that seems to have needed more on-the-job training instead of understanding as you go in. I have worked at this stuff for a long time." Mr. Dodd voted in favor of the 2002 Senate resolution supporting the administration plan to invade Iraq, but he has since said he regrets that vote. In a Senate hearing with Secretary of State Condoleezza Rice on Thursday, the day after President Bush's televised address calling for more troops in Iraq, Mr. Dodd said it would be 'unsound strategy' to add more troops and urged a greater effort at diplomatic contacts instead." In an interview, Dodd "also said he would vote in favor of withholding money for more troops. 'Everyone knows this is a failed policy,' Mr.

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Dodd said of the president's war leadership. 'This is hardly a change of policy; it is more of the same, which hasn't been working.'"

"New England Liberal" Label Seen As Potentially Problematic For Dodd. The AP (1/12, Miga) reports that "Dodd's image as a Northeast liberal could pose a hurdle in his longshot bid for the 2008 Democratic presidential nomination." Dodd "will be running in the turbulent wake of another prominent New England liberal, Sen. John Kerry, D-Mass. Kerry's losing 2004 campaign embittered some Democrats who contend he squandered a prime chance for his party to capture the White House. Those bad feelings have lingered as the 2008 contest begins to unfold. 'The party just nominated a New England liberal whose campaign was a failure,' said Dante Scala, an associate professor of politics at Saint Anselm College in New Hampshire. … 'That's going to be one strike against' Dodd." Dodd, meanwhile, dismissed "any suggestion that his Northeast liberal roots could hurt his candidacy. 'It's a false assumption,'" Dodd said in a telephone interview," adding, "People don't think in those terms. … Most Americans don't care about these labels we put on."

Denver To Host '08 Democratic Presidential Convention. NBC Nightly News (1/11, story 10, :25, Williams, 9.87M) reported, "After months of negotiation, the Democratic Party announced today it will hold its 2008 convention one mile above sea level, in Denver, Colorado. Like most things these days, there's politics behind it. Democrats have recently gained some ground in the West. Something the party is hoping to highlight and take advantage of. The Republicans have already announced they will gather in the Twin Cities."

The AP (1/12) reports that in a statement Thursday, DNC Chairman Howard Dean said, "There is no question that the West is important to the future of the Democratic Party. … The recent Democratic gains in the West exemplify the principle that when we show up and ask for people's votes and talk about what we stand for, we can win in any part of the country." The AP notes, "Denver mounted a spirited effort to win the convention, organizing a sophisticated public relations campaign and enlisting help from Democratic lawmakers throughout the West. But the bid was fraught with logistical problems, among them a lack of close-in hotel rooms, its ability to raise the necessary $55 million to run the convention and serious labor concerns." Denver's "bid was nearly scuttled last month when the influential stagehands union refused to agree not to strike if the convention was held at the nonunion Pepsi Center. In the end, Mr. Dean enlisted the help of labor leaders in Washington, including AFL-CIO President John Sweeney and Andy Stern, president of the Service Employees International Union. A compromise was reached to staff the Pepsi Center entirely with union labor for the duration of the convention, effectively taking the last major obstacle off the table."

Schwarzenegger Defies Conventional Political Categories. The New York Times (1/12, Steinhauer, 1.16M) notes California Gov. Arnold Schwarzenegger's diverse policy proposals, such as "proposing California be the first state to limit carbon dioxide emissions from cars" but also calling for "above-ground water storage, announced hours after his move to limit emissions." Schwarzenegger is "in many ways…sui generis, a celebrity-turned-politician hurled toward the center by California's Democratic majority. And since he can never run for president, his governorship is most likely the outlet for his more audacious ideas." But his "recent leadership is also the largest example of a growing movement in which state leaders are crossing party lines to get things done. While partisan polarization limits activity in Washington, D.C., state governments are addressing issues the federal government has not tackled."

Emissions Plan Leaves Means For Meeting Target Up To Industry. The Wall Street Journal (1/12, A2, Ball, 2.04M) reports, "California Gov. Arnold Schwarzenegger's plan to require a 10% cut in the carbon content of its transportation fuels embodies a strategy to combat global warming that is likely to become more common around the world. Instead of mandating the rollout of specific technologies, such as electric cars or ethanol pumps, California has set an emissions-related target and says it will leave it up to industry to figure out how to meet it." The state is gambling "that the hands-off approach will unleash fights of economic self-interest among various industries -- fights that will, in the end, force industry to support a broad, economywide cap on carbon emissions. The broader the effort, the cheaper it is likely to be for any given company to cut its carbon emissions."

Krugman Says Schwarzenegger Health Plan Flawed. In his New York Times column (1/12), Paul Krugman says he is "of two minds" about Gov. Schwarzenegger's "ambitious plan to bring universal health insurance to California." It is "very encouraging to see another Republican governor endorse the principle that all Americans are entitled to essential health care," and if "California — America's biggest state, with a higher-than-average percentage of uninsured residents — can achieve universal coverage, so can the nation as a whole." But Schwarzenegger's "plan has serious flaws. Maybe those flaws could be fixed once the principle of universal coverage was established — but there's also the chance that we would end up stuck with those flaws, the way we ended up stuck with a dysfunctional system of insurance tied to employment." Schwarzenegger "appears to sincerely want universal coverage, but he also wants to keep insurance companies in

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the loop. As a result, he came up with a plan that, like the failed Clinton health care plan of the early 1990s, is best described as a Rube Goldberg device — a complicated, indirect way of achieving what a single-payer system would accomplish simply and directly."

Bush Sr. Plans To Jump Out Of Airplane For 85th Birthday. The Houston Chronicle (1/12, Freemantle, 530K) reports, "A week after getting a new right hip, former President George H.W. Bush is recuperating at his Houston home, receiving visitors, worrying about his children, dutifully doing physical therapy and already thinking about jumping out of an airplane again. He's going to do it in June 2009 for his 85th birthday, he said. For sure. Even though his wife, Barbara, thinks it's crazy." In a "brief interview," Bush said "his hip is fine." The Washington Post (1/12, C3, Argetsinger, Roberts, 690K), in its "Reliable Source" column, quotes Bush chief of staff Jean Becker saying, "I almost fell off my chair when I heard him say this, but he is serious."

Professor Says Anna Nicole Smith Is Ultimate Forum-Shopper. In an op-ed for the Wall Street Journal (1/12, A13), Ronald A. Cass, chairman of the Center for the Rule of Law and dean emeritus of Boston University School of Law, writes, "Anna Nicole Smith makes for good copy. America's most gaudy litigant has spent the last few months dodging eviction notices in the Bahamas and paternity-test subpoenas in the U.S. … In the midst of all of this, she has kept up her long-running litigation over the estate of her late husband, J. Howard Marshall II. The litigation, which initially was filed more than a dozen years ago against heirs to the estate of her husband, has changed into a suit against the heirs of E. Pierce Marshall, her husband's son, who died unexpectedly last summer. … Ms. Smith, a Texan who married a Texan, still comes to court in California seeking a sizeable share of J. Howard Marshall's Texas-based estate. At the same time, she asserts that she is now a resident of the Bahamas, so California courts lack jurisdiction over her in the paternity litigation. Outlandish as this soap opera appears, her manipulation of our legal system could have significance to the law and to the rule of law. That is why devotees of serious news, as well as tabloid aficionados, should give heed." Cass continues, "Ms. Smith's story demonstrates that a determined litigant with resources can move litigation among legal forums, tailor legal claims to prolong litigation, tie up assets, and make life difficult enough that most opponents would pay substantial amounts merely to bring the matter to a close. A victory for her would encourage forum-shopping, multiply costs and undermine the predictability of legal rules, doing damage that would last well beyond her 15 minutes of fame. A defeat for her would show that the system can at long last bring such manipulation to an end. And if that is what comes from her extended venture into the American court system, it would be a better legacy than any other she is apt to leave behind."

US Airstrikes Missed Targets In Somalia. The Washington Post (1/12, A1, McCrummen, 690K) reports a "small team of American military personnel entered southern Somalia to try to determine exactly who was killed in a US airstrike Monday," US sources said Thursday. So far, "no one can confirm a high-value target" among the dead, said one US source.

The New York Times/AP (1/12) reports American and Somali officials "have acknowledged that a small team of American Special Operations forces are in Somalia hunting suspected Qaeda fighters and providing military advice to Ethiopian and Somali forces on the ground."

Separately, the AP (1/12, Tomlinson) reports Ethiopian and US forces "were in pursuit of three top al-Qaeda suspects Thursday, with a senior US official confirming that none of them were killed in a US airstrike and were believed to still be in Somalia." The official in Kenya "said US special operations forces were focused solely on tracking down the suspected terrorists and not members of the Somali Islamic movement." Abdirizak Hassan, the Somali president's chief of staff, had previously said US airstrikes had killed Fazul Abdullah Mohammed, but the US official "said he was confident none of the three top al-Qaeda suspects believed to be in Somalia was killed in the airstrike Monday." The Los Angeles Times (1/12, Sanders, 850K) identifies the source of the report as US Ambassador to Kenya Michael E. Ranneberger.

The Financial Times (1/12, England) notes Monday's strike was "criticised by the European Commission, as well as the Arab League which claimed it had killed 'many innocent victims' and demanded that Washington refrain from further attacks."

The Washington Times (1/12, Sands, 88K) reports Somalia and its neighbors "risk falling under the sway of al Qaeda and violent Islamist movements if the United States and its allies fail to back the transitional government in Mogadishu," a top Somali foreign ministry official said yesterday. In an interview with the Times, Daahir Mireh Jibreel, permanent secretary for international cooperation in Somalia's Ministry of Foreign Affairs, said, "If we fail in Somalia, you will have [al Qaeda second-in-command Ayman] al-Zawahri's men taking over Somalia, Ethiopia and Kenya, because he has the resources and determination if he is not stopped."

Echoing Jibreel's concerns, the Christian Science Monitor (1/12, Baldauf, Okeowo, 59K) says that "keeping the peace" in Somalia "in the midst of what some say is becoming an Iraq-style insurgency, could be a much more difficult job." While "Western money will help to foot the bill,"

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a UN-backed African peacekeeping force "may please Western powers, but it doesn't go down well at home, where poor African countries like Uganda and Nigeria have myriad problems of their own, from unemployment and illiteracy to ongoing domestic conflicts. And, while many see the moment as an opportunity to provide African solutions to African problems, the failure of the African Union peacekeeping force to provide security in Darfur, Sudan, is not an promising sign."

Apparent Slowdown In Iran Nuclear Work Sparks Concern. The AP (1/12, Jahn) reports Iran's uranium enrichment program "appears stalled despite tough talk from the Tehran leadership, leaving intelligence services guessing about why it has not made good on plans to press ahead with activities that the West fears could be used to make nuclear arms," diplomats said Thursday. Tehran's "reluctance to crank up activities at its declared enrichment site at Natanz when it seems to have the technical know-how is puzzling the diplomatic and intelligence communities -- with some saying it was potentially worrisome." Diplomats linked to the International Atomic Energy Agency "said some intelligence services believed that the Natanz site was a front." While the world's attention is focused on Natanz, Iranian scientists and military personnel "could be working on a secret enrichment program at one or more unknown sites that are much more advanced than what is going on at the declared site," they said.

US Aid Package Seen As Expansion Of Role In Palestinian Crisis. In a 2,000-word front page article, the Wall Street Journal (1/12, A1, Simpson, King, 2.04M) reports, "In a move fraught with risk and historical ironies, the Bush administration is preparing to pour $86 million into strengthening security forces loyal to Palestinian President Mahmoud Abbas." The plan, "which has sparked a behind-the-scenes debate in Congress," is "just one example of how a new Bush administration focus on countering Iranian influence in the Middle East is quickly reshaping and regionalizing conflicts." The security program, which "was detailed recently in classified briefings for Congress by a US general who now serves as an adviser to Abbas," precedes Secretary Rice's weeklong to the region, where the administration is "promising Arab regimes political progress for the Palestinians in their attempts to establish a state next to Israel." The program drew some concern last week as the ranking Republican on the House Foreign Affairs Committee, Rep. Ileana Ros-Lehtinen of Florida, "asked the Democratic chairman, Rep. Tom Lantos, to put an 'informational hold' on the cash, according to senior Democratic and Republican House aides." Lantos has not placed a hold on the money, "but his staff says he is seeking more details from the administration."

Issue Of Succession Raises Stir In Egypt. The Wall Street Journal (1/12, A6, Fam, 2.04M) reports Egyptian journalist Ibrahim Essa "says the Mubarak regime wants to intimidate him for, among other things, harshly criticizing the current president and raising a stink about who Egypt's next president might be." President Hosni Mubarak "has recently asked parliament to amend some constitutional articles, in part to encourage more political participation by opposition parties, but the opposition is skeptical there will be real liberalization." With the Mubarak's son Gamal seen as his likely successor critics of the regime says the government "has been cracking down on opposition figures in part to eliminate possible challengers to the younger Mubarak." The Journal notes that while Mubarak "sees his regime as a stabilizing force in the Middle East, and Egypt remains a main US ally in the region, many feel Cairo's clout as a peacemaker and power broker has waned amid the rising influence of hard-liners such as Iran."

Carter Center Board Members Resign Over Book Controversy. The Wall Street Journal (1/12, Brooks, McKay, 2.04M) reports fourteen members of an advisory board at the Carter Center resigned Thursday, saying they could "no longer in good conscience continue to serve" following publication of former President Jimmy Carter's controversial book, "Palestine Peace Not Apartheid." In a letter, the board members said, "It seems that you have turned to a world of advocacy, including even malicious advocacy. We can no longer endorse your strident and uncompromising position." The New York Times (1/12, Goodman, 1.16M) also reports on the resignations.

Bangladesh Elections Delayed As President Resigns. The AP (1/12, Hossain) reports Bangladesh's president, Iajuddin Ahmed, Thursday "declared a state of emergency, stepped down as interim leader of Bangladesh's caretaker government and postponed this month's elections following violent protests by a key political alliance that has said it would boycott the vote." President Ahmed said in a televised speech that the balloting would be delayed, and he did not give a new date. The Financial Times (1/12, Joehnk) notes the decision "follows weeks of violent protests and rioting between the opposition parties and police ahead of the planned parliamentary elections." The New York Times (1/12, A3, Sengupta, 1.16M) says the move "came a day after the United Nations suspended technical support for the coming elections," saying that they would not be "considered credible or legitimate." Two teams of American election observers, as well as one that was to be dispatched by the European Union, also pulled out.

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Venezuela May Nationalize Orinoco Oil Projects. The AP (1/12) reports, "Venezuela could nationalize four projects in the oil-rich Orinoco River basin if the state is unable to negotiate a majority stake with the foreign oil companies that run them, the finance minister said yesterday. The state could nationalize the four projects in the Orinoco oil belt 'if the negotiations with the foreign oil companies that control them fail,' Finance Minister Rodrigo Cabezas said." His "remarks clarified that the government is still seeking to obtain majority control through talks with the companies after President Hugo Chavez announced plans this week to take control of 'strategic sectors' in telecommunications, power, oil and natural gas."

Human Rights Group Criticizes China's Abuses. The Washington Post (1/12, A10, Fan, 690K) reports human rights conditions in China "deteriorated significantly in 2006, with about 100 activists, lawyers, writers and academics subjected to police custody, house arrest, incommunicado confinement, pressure in their jobs and surveillance by plainclothes security forces," a new report by Human Rights Watch said. Several widely publicized cases involving journalists and rights lawyers were cited in the report "as evidence of a severe crackdown, prompted in large part by fears that individual cases of unrest might lead to regional instability."

Nigeria Considers Bill Banning Gay Marriage. In a front page article, the Wall Street Journal (1/12, A1, Schoofs, 2.04M) reports a proposed law in Nigeria that "would punish by up to five years in prison anyone who enters into a gay marriage." The Journal notes that "gay men and lesbians are becoming more visible" in Nigeria, "even as their society, which is hostile to homosexuality, threatens to become still less tolerant of them." The State Department has "denounced the bill, proposed in January last year, as a violation of basic freedoms."

UN Chief Seeks To Clarify Death Penalty Stance. The New York Times (1/12, A6, Hoge, 1.16M) reports UN Secretary-General Ban Ki-moon "sought Thursday to change the impression he left in his first public utterance as United Nations head last week about his position on the death penalty." In a statement, Ban said, "I recognize the growing trend in international law and in national practice towards a phasing out of the death penalty. I encourage that trend."

WPost Urges International Campaign Against Rights Abuses In Burma. In an editorial, the Washington Post (1/12, A18, 690K) says the Bush administration is "pressing the UN Security Council to vote, possibly as early as today, to condemn one of the world's worst human rights violators: the military regime of Burma," but notes that the resolution "doesn't call for sanctions or other punitive measures; it would simply make clear that the most august assembly of nations finds Burma's behavior unacceptable and will press for change." The Post says a UN resolution "by itself won't bring change. But a resolution as part of a concerted international campaign might," noting that "just this week, hoping to head off a vote, Burma released five political dissidents from prison (leaving about 1,100)."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"In Both Parties, Doubts Cloud Bush's Iraq Plan."
"A Pair Of Stars, an I.A. Sky, A Happy Galaxy."
"Beauty, But Only On Canvas."
"It May Be Too Late To Secure Baghdad's Mix."
"Mideast Shaking Its Head."
"Military Families Must Reset Clock."

USA Today:
"For A Fee, Fliers Won't Shed Shoes."
"Hanging Out With Junior."
"Sales Job Kicks Off For Bush Iraq Plan."

New York Times:
"Bush's Plan For Iraq Runs Into Opposition In Congress."
"A 2-Month White House Debate On Iraq, Capped By 'the Big Push'."
"G.I.'s In Iraq Raid Iranians' Offices."
"A Soccer Star Heads To U.S., Heeding Lure Of Hollywood."
"Duke Accuser Contradicts Herself."
"As States Innovate, Schwarzenegger Blurs Lines."
"In Traffic's Jam, Who's Driving May Be Surprising."

Washington Post:
"Bush to Add 20,000 Troops In An Effort To Stabilize Iraq."
"Bush to Add 20,000 Troops To Stabilize Iraq."
"For His First 100 Days, Fenty Outlines 200 Goals."
"Democrats Aim To Block Funds For Plan."
"Intensified Combat On Streets Likely."
"Kaine Presses GOP For Deal On Transportation Funding."
"In Ehrlich's 2-Party Test Run, A Rough Ride But Few Regrets."
"Fairfax VS. 'No Child' Standoff Heats Up."
"Apple Chief Benefited From Options Dating, Records Indicate."

Washington Times:
"Rice, Gates Face Hill heat Over Iraq Plan."

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"Cow Season In Cambodia."
"House Expands Stem-Cell Research."
"Beckham To Spice Up L.A."
"Senate Democrats Stall Pork-Reform Vote."

Detroit Free Press:
"School Anger Boils Over."
"City-Owned Slum Awaits Wreckers."
"Cobo Plan A Reality In 6 Months?"
"War Plan: An 'Augmentation'."

Atlanta Journal-Constitution:
"Needy get Cost Break At Emory."
"Aquarium Whale Shark Dies."
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"14 Carter Center Advisers Resign Because Of Book."

Houston Chronicle:
"Iraq Plans Ignites A Scatching Debate."
"State Judge Halts Illegal Immigrant Rental Ban."
"Spend It Like Beckham."
"A Bitter And Deepening Divide."
"Houston's Plan To Expand Parks Slow To Take Root."

Story Lineup From Last Night's Network News:
ABC: New Iraq Strategy-Hearings; Bush Speaks To Troops; ABC New Poll-Iraq War; Troops Securing Baghdad; Interrupting Iran's Support; Fallen Soldier Honored; US Troop Surge-Military Reaction; New Orleans March; Stem Cell Research Vote; Beckham Comes Too US; Pictures From The Womb.
CBS: Bush Speaks To Troops; New Iraq Strategy-Hearings; Bush Speech Poll Results; Bush Speaks To Troops; Military Personnel Increase; New Orleans March; Stem Cell Research Vote; Veterans' Disability Benefits; Fallen Soldier Honored; Beckham Now In The US.
NBC: New Iraq Strategy-Reaction; New Iraq Strategy-Hearings; New Iraq Strategy-Analysis; Anti Iran Strategy; Fallen Soldier Honored; New US Surge-Reaction; Sen. Johnson Recovery; Katrina Legal Victory; New Orleans March; Democratic Convention-Denver; Stock Market; Beckham Plays US Soccer.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Attack On U.S. Embassy In Athens, Greece; National Guard And Reserve Told They Could Be Called Back To Iraq; Iraq War Protests Across U.S.; Congress-Stem Cell Research Bill; CA-Cold Weather; Super Bowl Turf Preparations.
CBS: Attack On U.S. Embassy In Athens, Greece; Secretary Gates-Congress; Congress-Stem Cell Research Bill; Congress-Medicare Drug Price Negotiation Bill; New Orleans-Increased Violence; James Brown's Will; Dallas, TX-Peeping Tom Teacher.
NPR: Attack On U.S. Embassy In Athens, Greece; Trial For London Subway Bombers Underway; Guantanamo Bay Protests; Palm Beach County Courthouse-Letters Containing White Substance Found; Tokyo Stock Exchange; New Orleans-Demonstrations Against Increased Violence; Bush Administration-Safety Of Children's Toys.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Departs White House for Camp David.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on Iraq. Defense Secretary Gates, Joint Chiefs of Staff Chairman Gen. Peter Pace. Location: Room 216, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. FLOOR SCHEDULE _ Meets for legislative business. Highlights: Fifteen ``One Minutes Per Side. H.R. 4 - Requiring the Department of Health and Human Services to negotiate for lower prescription drug cost.

10 a.m. FLOOR SCHEDULE _ Meets for legislative business. Highlights: H.R. 4 - Democrat Drug Price Control.

Other: KING DAY-RELATED EVENTS _ Highlights: 11 a.m. Interior Secretary Dirk Kempthorne will speak at a Special Observance of the 78th Birthday of Dr. Martin Luther King Jr. US Department of the Interior Auditorium, 1849 C St. NW. 11 a.m. The National Park Service holds its Martin Luther King, Jr. Day ceremony. Yates Auditorium, main Interior. 11 a.m. Marriott International holds a ceremony honoring Dr. King. Headquarters, 10400 Fernwood Rd., Bethesda. 1 p.m. The Institute of the Black World 21st Century holds a roundtable discussion with inter-generational black leaders, including Julianne Malveaux, Ron Walters, Malia Lazu, others. Busboys and Poets, 14th and V Sts. NW. 1 p.m. The National Park Service lays a wreath at the Lincoln Memorial.

PENTAGON-IRAQ SECURITY _ 9 a.m. Marine Col. William B. Crowe, commander of 7th Regional Combat Team, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

IRAQ _ 9:30 a.m. The Congressional Progressive Caucus holds a forum on Iraq and disengagement, with former Sen. George McGovern and William Polk. Location: Cannon Caucus Room.

RUSSIA-DEMOCRACY _ 10 a.m. The National Endowment for Democracy holds a discussion on prospects for Russian democracy with Garry Kasparov, Leon Aron of

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AEI, and Stephan Sestanovich of the Council on Foreign Relations. Location: 8th floor, 1025 F St. NW.

SCHARIOTH-GERMANY _ 10 a.m. German Ambassador Dr. Klaus Scharioth addresses a National Press Club morning newsmaker. Topic: ``Priorities of Germany's EU and G8 Programs." Location: National Press Club, Conference Rooms.

SOCIAL SECURITY _ 10 a.m. The Cornell University Employment and Disability Institute holds a forum on the Social Security disability system for the 21st century, with Dorcas Hardy of the Social Security Advisory Board, others. Location: Room 333, Hall of States, 444 N. Capitol St.

ISLAMIC RADICALISM _ 10 a.m. - 12 p.m. The Jamestown Foundation hosts an address by Igor Rotar Forum 18 News Service, a war correspondent who has covered stories ranging from the Tajik Civil War to the activities of the Islamic Movement of Uzbekistan. Rotar will speak on ``The Future of Islamic Radicalism and Religious Freedom in Central Asia." Location: The Jamestown Foundation, 7th Floor Board Room, 1111 16th St. NW.

PELOSI-MAYORS _ 10:30 a.m. House Speaker Nancy Pelosi and the leadership of the United States Conference of Mayors, led by Conference President and Mayor of Trenton, New Jersey, Douglas H. Palmer, will hold a photo opportunity immediately following their meeting to discuss critical issues facing America's cities. Location: Room H-230, Capitol.

SCIENCE-POLICY _ 12 p.m. The American Association for the Advancement of Science, American Geophysical Union, others, hold a workshop for congressional staff members on the role of science in public policy, with Science magazine Editor-in-Chief Donald Kennedy, Andrew Dessler of Texas A&M University, others. Location: Room 2325, Rayburn.

MCGOVERN-IRAQ _ 12:30 p.m. George McGovern, former Senator and 1972 Democratic presidential nominee, will discuss his plans for withdrawing US troops from Iraq at a National Press Club luncheon. Location: National Press Club.

ARMY-NASCAR _ 2:30 p.m. The Army National Guard kicks off the 2007 NASCVAR NEXTELK Cup season with a ceremony marking its sponsorship of Hendrick Motorsports' No. 25 cars, with driver Casey Mears and Crew Chief Lance McGrew. Location: Army National Guard Readiness Center, 111 S. George Mason Dr., Arlington.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Gonzales Talks Tough Against Terrorists (TSSC)

By Rick Brundrett

The State (SC), January 12, 2007

U.S. Attorney General Alberto Gonzales gave a pep talk in Columbia on Thursday afternoon to U.S. attorneys from around the country attending a conference on combating terrorism.

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"For us in the law enforcement community, every day must be September 12th," the nation's top prosecutor said, referring to the Sept. 11, 2001, terrorist attacks.

Gonzales spoke to about 100 mainly U.S. attorneys at the National Advocacy Center — a training facility for state and federal prosecutors — on USC's campus. Reggie Lloyd, the U.S. attorney for South Carolina, attended.

Gonzales noted he spent earlier Thursday in Mexico City and met with senior Mexican officials to discuss organized crime and other issues.

Gonzales told the U.S. attorneys that the "single most important part" of their jobs is preventing terrorist attacks in the U.S.

"Our success or failure in this one endeavor will define in the eyes of some President Bush and his legacy," he said. "It will be the legacy of every one of us who is serving in the administration."

Although the country responded to the 9/11 attacks by invading Afghanistan, reorganizing government and passing new laws to combat terrorism, more needs to be done because terrorists "change tactics in response to what we do," he said.

He praised U.S. attorneys for combating "crimes that can fuel terrorism," such as identification and immigration fraud. He noted that seven of the 9/11 hijackers had fraudulent Virginia identification cards.

Gonzales also said the federal government is "not engaged in a struggle against a faith or religion" and urged U.S. attorneys to improve communication with Muslim leaders in their districts.

"We very much need the partnership of the Muslim community," he said. "Discouraging radicalism is vital, and that cannot be done effectively without Muslim community leadership."

Reach Brundrett at (803) 771-8484.

"It's Very Important To Us That We Make Sure We Recognize Any Potential Threat" (WLTX)

WLTX-TV, CBS 19, Columbia, SC, January 12, 2007

US Attorney General Alberto Gonzales was in Columbia Thursday night to talk about preventing terrorist attacks - Ashley Yarchin reports

(Columbia) - After a lengthy standing ovation from a crowd of US attorneys, Attorney General Alberto Gonzales quieted the crowd, "Okay, I think you guys just want to play on my softball team. That's what all that's about."

He began on a lighter note, "Everything you do for the American people, I am really, really proud of you."

But Gonzales' pep talk quickly got serious, "I must speak bluntly and urgently about the single most important part of our jobs, which is preventing terrorist attacks on American soil."

He asked the men and women who filled a room at USC's National Advocacy Center to help stop terrorists from living, traveling and working freely in our communities.

"And very often, the cells that are broken up are not in New York, they're not in LA," said South Carolina U.S. Attorney Reggie Lloyd. "You look at the case in Portland or the case in Buffalo. You have these individuals that are sleeping in communities all across the country."

He said that's what puts our state on the map when it comes to protection and prevention. "It's very important to us that we make sure we recognize any potential threat even if it's not a direct threat here in South Carolina," said Lloyd.

Lloyd said the lecture inspired him to get back to work and back in our neighborhoods to ensure statewide and nationwide safety. "You know, you're always on pins and needles until he leaves," Lloyd said of Gonzales' visit, "but it's good to hear from him."

U.S. Preparing For Trials Of Top Qaeda Detainees (NYT)

By David Johnston And Neil A. Lewis

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — The Bush administration has set up a secret war room in a Virginia suburb where it is assembling evidence to prosecute high-ranking detainees from Al Qaeda including the man accused of being the mastermind of the September 2001 attacks, Khalid Shaikh Mohammed, government officials said this week.

The effort to sift the classified files of the Pentagon, F.B.I., C.I.A. and other intelligence agencies amounts to the first concrete steps that the government has taken to press ahead with war crimes trials of high-level terror suspects under a plan announced by President Bush in a speech last September.

At the time, Mr. Bush said that Mr. Mohammed and 13 other high-level terror suspects had been transferred from secret prisons around the world to the military detention center at Guantánamo Bay, Cuba, where they would be held pending trial.

The preparation of cases against the high-value operatives appears to rebut many who doubted that Qaeda suspects like Mr. Mohammed would ever be brought to trial. Critics in Congress and human rights groups had asserted that such trials would not be feasible because they would expose harsh interrogation techniques used by the Central Intelligence Agency.

The officials who discussed the preparations have been briefed on the effort in detail and represented several agencies. They declined to speak on the record about deliberations in advance of criminal prosecutions involving national security.

The prosecution team for the Qaeda defendants will be a mix of military and civilian prosecutors. Some officials said no decision had been made about who would lead each prosecution, but others said the trial of Mr. Mohammed would probably be undertaken principally by Justice Department lawyers, who would run the prosecution in a military courtroom in Guantánamo.

Mr. Mohammed, whose alleged role in the Sept. 11 attacks would make him the centerpiece of the government's effort to bring terrorists to justice in a court of law, could be held responsible for about 3,000 deaths in the attacks, officials have said.

The prosecution of high-value detainees is separate from the long planned trials of lower-level Qaeda figures, some of whom have been at Guantánamo since 2002 and who are expected to be tried before the more important terrorist suspects.

However, both high- and low-level suspects will be tried under the same rules, which are contained in legislation approved in October.

Officials said that they were hoping to bring the first charges against leaders of Al Qaeda this summer or fall and that trials could get under way in early 2008. The current plans are to use the new trial procedures first against some of the lesser Guantánamo defendants as kind of a test run beginning this summer.

Those trials would involve some of the detainees who had already been charged under the previous system of military commissions that was struck down by the Supreme Court.

The initial trials of detainees held at Guantánamo will not carry the possibility of a death penalty. But officials said that they expected to seek to have some of the senior Qaeda officials executed if convicted.

A team of lawyers from the Justice and Defense Departments, along with civilian and military investigators, has begun poring over intelligence files and interrogation reports, about Mr. Mohammed's role in the Sept. 11 attacks and other potentially prosecutable crimes, like the killing of a reporter for The Wall Street Journal, Daniel Pearl, and other terror plots, including an aborted plan in 2003 to use smuggled explosives to blow up gas stations, railroad tracks and a bridge in New York.

According to the final report of the independent commission that investigated the 2001 attacks, Mr. Mohammed acknowledged under interrogation that he was a major planner of the 9/11 plot. The report said that Mr. Mohammed first proposed the airliner attacks to Osama bin Laden and supervised the core group responsible for the hijackings.

Other prosecutions, like the cases related to the attack in 2000 on the Navy destroyer Cole in Yemen which killed 17 sailors, are likely to be led by military lawyers.

The Qaeda detainees at Guantánamo who the authorities have said were involved in planning the Cole attack include Abd al-Rahim al Nashiri, the accused mastermind, and Walid bin Attash, known as Khallad, who worked with Mr. Nashiri.

In preparation for the trials, the Justice Department has been quietly recruiting lawyers from the ranks of experienced terrorism prosecutors, mainly in New York and Virginia.

The new war crimes trials will operate according to rules modeled after the military justice system which were approved in legislation known at the Military Commission Act, which was signed into law last fall. The law has been criticized by some Democrats in Congress and human rights groups who say the procedures are flawed because they tilt in the government's favor.

Prosecutors could use hearsay evidence or second-hand testimony, but could not use information obtained under torture. Even so, that would mean virtually any information obtained by the C.I.A would appear to be admissible because, under Justice Department legal opinions, none of the harsh techniques amounted to torture.

At their trials, the accused would have the right not to testify and would have the opportunity to present evidence and cross-examine witnesses against them. The trials would be open unless a military judge determined that they should be closed to protect classified information. Defendants would have the right to review the evidence to be used against them.

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The C.I.A. indicated in court filings last November how it hopes to deal with efforts by defendants to bring up the issue of their interrogations. In a case involving one of the 14 high-level Qaeda detainees, the intelligence agency asked a federal judge to rule that the prisoner could not describe details of his confinement because of national security concerns. No ruling has yet been issued.

The case involves Majid Khan, a Pakistani who authorities have said was selected by Mr. Mohammed in 2002 to take part in a possible attack in the United States.

When civil liberties lawyers filed a petition on Mr. Khan's behalf in federal court in Washington, the C.I.A. submitted an affidavit saying that if specific interrogation techniques were disclosed, "It would permit terrorist organizations to adapt their training to counter the tactics that C.I.A. can employ in interrogations."

80 Arrested Protesting Guantanamo Detentions (WP)

By Carol D. Leonnig

The Washington Post, January 12, 2007

More than 80 protesters were arrested inside the federal courthouse in Washington yesterday after a demonstration that called for closing the U.S. military prison in Guantanamo Bay, Cuba.

The demonstrators were commemorating the fifth anniversary of the opening of the Guantanamo detention facility. They targeted the courthouse where lawyers have challenged the legality of indefinitely imprisoning hundreds of suspected enemy fighters and terrorists at Guantanamo.

Those arrested were part of a group of nearly 300 demonstrators -- a loose coalition of antiwar, civil liberty and religious organizations. The group had a permit to protest outside the courthouse at Third Street and Constitution Avenue NW.

But dozens of protesters filed through a side entrance and began to gather in the building's central atrium, chanting, "Stop torture" and wearing shirts reading "Shut Down Guantanamo." Others wearing orange jumpsuits -- similar to those worn by detainees at the prison that now houses 400 Muslim men from foreign countries -- were barred from entering the courthouse as a security risk, and marshals locked the court's front doors about noon.

U.S. District Chief Judge Thomas F. Hogan tried to reach an accommodation with the protesters inside, ordering that they be allowed to remain if they removed or covered their shirts and put away their signs so as not to disrupt trials underway. Court security officials said it was the first time in recent history that a protest had been allowed inside the federal court.

But, after a brief discussion with U.S. Marshal George Walsh, the group refused, and a team of deputy marshals arrested the praying, kneeling protesters one by one, putting them in flexible plastic handcuffs and taking them to a booking and holding cell in the court basement.

Many of the people prayed and repeatedly sang, "Peace, Salam, Shalom" as they were waiting to be cuffed and led away. They were charged with disorderly conduct on a federal property, a misdemeanor. All were expected to be released last night.

"If you accuse someone of a crime, you have evidence, you have a trial!" Maria Allwine, of the Baltimore group Iraq Pledge of Resistance, shouted as a marshal led her away. "Where is the evidence?"

Earlier in the day, Amnesty International, the Center for Constitutional Rights and defense attorneys for some detainees held a news conference and rally at the U.S. Supreme Court urging supporters worldwide to pressure the U.S. government to close the detention facility.

It was opened Jan. 11, 2002, to house alleged terrorists and Taliban fighters rounded up in Afghanistan and Pakistan during the U.S. war in Afghanistan. The prison has been plagued by allegations of detainee abuse, and the military has been embarrassed by revelations that FBI agents warned their bosses that they considered detainee treatment there cruel and inhumane.

Last week, FBI documents released as part of a lawsuit by the American Civil Liberties Union included new allegations of questionable treatment of Muslim prisoners at Guantanamo Bay. One interrogator allegedly infuriated a prisoner by squatting over a Koran, and two agents reported witnessing military personnel using vicious dogs to intimidate prisoners, the documents show.

Unveiled Threats (WP)

DOJ_NMG_0115672

The Washington Post, January 12, 2007

MOST AMERICANS understand that legal representation for the accused is one of the core principles of the American way. Not, it seems, Cully Stimson, deputy assistant secretary of defense for detainee affairs. In a repellent interview yesterday with Federal News Radio, Mr. Stimson brought up, unprompted, the number of major U.S. law firms that have helped represent detainees at Guantanamo Bay.

"Actually you know I think the news story that you're really going to start seeing in the next couple of weeks is this: As a result of a FOIA [Freedom of Information Act] request through a major news organization, somebody asked, 'Who are the lawyers around this country representing detainees down there,' and you know what, it's shocking," he said.

Mr. Stimson proceeded to reel off the names of these firms, adding, "I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms, and I think that is going to have major play in the next few weeks. And we want to watch that play out."

Asked who was paying the firms, Mr. Stimson hinted of dark doings. "It's not clear, is it?" he said. "Some will maintain that they are doing it out of the goodness of their heart, that they're doing it pro bono, and I suspect they are; others are receiving monies from who knows where, and I'd be curious to have them explain that."

It might be only laughable that Mr. Stimson, during the interview, called Guantanamo "certainly, probably, the most transparent and open location in the world."

But it's offensive -- shocking, to use his word -- that Mr. Stimson, a lawyer, would argue that law firms are doing anything other than upholding the highest ethical traditions of the bar by taking on the most unpopular of defendants. It's shocking that he would seemingly encourage the firms' corporate clients to pressure them to drop this work. And it's shocking -- though perhaps not surprising -- that this is the person the administration has chosen to oversee detainee policy at Guantanamo.

U.S. Has Lost Credibility On Rights, Group Asserts (WP)

By Nora Boustany

The Washington Post, January 12, 2007

The advocacy group Human Rights Watch said yesterday that Washington's once-powerful role as a prime defender of human rights had effectively ended because of arbitrary detentions and reports of torture since the Sept. 11, 2001, terrorist attacks, and the group urged the European Union to step up as a leader of the cause.

Kenneth Roth, executive director of Human Rights Watch, released the group's World Report 2007, an assessment of last year's global human rights practices, by saying that the counterterrorism record of the United States over the past five years has tarnished its credibility as an influential moral voice.

He listed several practices he said were being used by the Bush administration in its fight against terrorism, including torture, arbitrary detentions, allowing CIA interrogators to use coercive techniques and the unsupervised handling of so-called enemy combatants held in other countries.

"This catastrophic path has left the United States effectively incapable of defending some of the most basic rights," Roth said in the report, released on the fifth anniversary of the arrival of the first detainees at the U.S. prison at Guantanamo Bay, Cuba.

Roth said Sudan, where the people of the western Darfur region are subject to mass murder, rape and forcible displacement, finds it easier to resist an international protection force because of the U.S.-led invasion of Iraq.

"The trend is bleak, but not irreversible," Roth wrote in an introduction to the report, saying it was up to the new Democratic-led Congress to repudiate past abuses, press for policy change and seek accountability.

The report listed the governments of North Korea, Burma and Turkmenistan as "repressive" and as imposing "enormous cruelty" on their populations. Saudi Arabia, Syria and Vietnam remain closed dictatorships. Russia and Egypt are cracking down on nongovernmental organizations, while Peru and Venezuela are considering the same path. Iran and Ethiopia are silencing dissidents with impunity, the report said.

The report's introduction lamented the poor performance of the new U.N. Human Rights Council and called it hardly an improvement over its predecessor, the Commission on Human Rights. Though the council's central duty is to pressure highly

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abusive governments to change, it "has so far failed to criticize any government other than Israel," in "a mockery of the high principles of its founding."

With Washington's voice diminished, the E.U. should be the strongest and most potent defender of human rights, Roth said, but as the group seeks consensus among its enlarged membership, its impact on the world stage is much less than its potential.

"We are looking for a powerful actor. The Europeans say all the right things, but there is no sense of immersion, no sense of duty," Roth said in an interview Wednesday. "When you have 27 members, how do you decide on common policy?" He also criticized Europe's role in the rights council as being "too micro-tactical and one of a micromanager worried with changing words here and there rather than being effective."

Roth also said the E.U.'s current system of a six-month rotating presidency hampers the group's effectiveness.

"Human rights work is about sustained follow-up. You come back and you come back until you get someone or a country to change its behavior," Roth said. "When you have this rotating blur of presidencies . . . it is a recipe for failure. The most reluctant member determines E.U. policy, so the whole is less than the sum of its parts."

Man Captured, Returned To U.S. To Face Terror-Related Charges (WNBC)

By Joseph Valiquette

WNBC-TV, January 12, 2007

NEW YORK -- A key associate of a foreign terrorist organization has been captured in Indonesia and returned to New York to face federal charges including conspiracy to provide material support and resources to the Tamil Tigers.

Thavarajah Pratheepan was arrested by Interpol and placed in FBI custody. At his arraignment Thursday afternoon in federal court in Brooklyn, he pleaded not guilty and was ordered held without bail. His next court appearance will be on Jan. 18.

Pratheepan was named along with nine others in court papers unsealed in August accusing the defendants of being closely connected with the leaders of the Tamil Tigers in Sri Lanka.

Founded in 1976, the Tamil Tigers, also called the Liberation Tigers of Tamil Eelam, seek to establish an independent Tamil state in northern Sri Lanka. The group is accused of using terrorism to achieve its goal.

The group's campaign includes 200 suicide bombings and political assassinations, including the May 1991 assassination of former Indian Prime Minister Rajiv Ghandi and the 1993 assassination of the president of Sri Lanka, Ranasinghe Premadasa.

Since April, more than 1,700 people have been killed in the escalating conflict. The U.S. State Department designated the group a Foreign Terrorist Organization in 1997.

The Joint Terrorism Task Force based in Newark, N.J., arrested four of the men on Long Island last August in a sting operation after three of them traveled from Canada to purchase Russian-made SA-18 surface-to-air missiles, missile launchers and AK-47s from an undercover agent.

Pratheepan is identified in the court papers as being the main liaison between the leadership of the Tamil Tigers and its supporters in North America, Europe and Asia, as well as being involved in procuring equipment for the group.

Alleged Sri Lankan Rebel Extradited To America On Terrorism Charges (AP)

AP, January 12, 2007

JAKARTA, Indonesia: Indonesian authorities on Wednesday handed an alleged Sri Lankan Tamil Tiger rebel to the United States where he has been sentenced to 15 years in prison in absentia for trying to smuggle weapons to his homeland, a police spokesman said.

Tharajah Piratheeban, 32, was escorted by FBI agents on a flight to the United States from Jakarta's Sukarno-Hatta Airport, Col. Bambang Kuncoko said.

Kuncoko said Piratheeban was convicted on terrorism charges by a New York district court for purchasing weapons in the United States and trying to export them to Sri Lanka.

Indonesian officials could not confirm reports he was also suspected of plotting an attack in New York.

He was detained Jan. 4 in Indonesia trying to board a flight to Kuala Lumpur, Malaysia, Kuncoko said.

Today in Asia - Pacific

Bangladesh president steps down as government leader

DOJ_NMG_0115674

Missing passenger jet's debris found in Indonesian sea

150 insurgents killed in Afghanistan, NATO says

In Colombo, spokesman Keheliya Rambukwella said "the Sri Lankan government is happy that the world is getting united in fighting terrorism" and had approved the transfer with Indonesian officials.

U.S. officials could not be immediately reached for comment Wednesday.

The Liberation Tigers of Tamil Eelam, or LTTE, have fought the Sri Lankan government since 1983 for an independent homeland for the nation's ethnic Tamils. A cease-fire brokered by Norway in 2002 temporarily stopped the fighting, but renewed violence in the north and east has escalated since late 2005.

Blast At U.S. Embassy Called 'Terrorism' (AP)

By Nicholas Paphitis

AP, January 12, 2007

A rocket was fired at the U.S. embassy early Friday, striking the front of the building but causing no injuries. A senior police official said the blast was an act of terrorism.

Police cordoned off streets around the heavily guarded building after the explosion shortly before 6 a.m. The shell struck the third floor and smashed glass in nearby buildings.

Investigators found the device used to fire the rocket shell at a construction site near the embassy.

"This is an act of terrorism. We don't know where from," Attica Police Chief Asimakis Golfis said. "There was a shell that exploded in the toilets of the building ... It was fired from street level."

Embassy officials confirmed that an explosion had taken place and said that no one had been injured. U.S. ambassador Charles Reis said the damage was "not extensive."

"There can be no justification for such a senseless act of violence ... The embassy was occupied at the time (but) nobody was hurt, he said.

Authorities were searching apartment buildings near the U.S. Embassy and a nearby hospital for evidence.

"I heard a loud bang I didn't realize what was going on," said Giorgos Yiannoulis, who runs a kiosk near the embassy.

Traffic came to a standstill across parts of central Athens, as police and emergency services scrambled to the embassy building, which is a frequent destination for protest groups.

It was the first major attack against a U.S. target in more than a decade, following the arrest of members of Greece's far-left November 17 terrorist group. The group was blamed for killing 23 people — including U.S., British and Turkish officials — and dozens of bomb attacks.

In 2003, a special court gave multiple life sentences to November 17's leader, chief assassin and three other members. Lesser sentences were given to 10 others.

Southeast Asians Consider Pact Against Terrorism (NYT)

By Carlos H. Conde

The New York Times, January 12, 2007

CEBU, the Philippines, Jan. 11 — Ten Southeast Asian countries meeting here are hammering out a regional antiterrorism agreement, officials said Thursday, the day after a series of terrorist bombings in the southern Philippines underscored the need for such a measure.

“The terrorists merely accomplished the opposite of what they wanted,” said Victoriano Lecaros, a Philippine government spokesman. “The attacks only emphasized the need to address terrorism in Southeast Asia. There is now a renewed urgency to deal with terrorism.”

Leaders of the 10 members of the Association of Southeast Asian Nations, or Asean, will consider the measure, the Asean Convention on Counterterrorism, at their annual summit meeting here on Saturday. The agreement aims to improve information and intelligence sharing among the group’s members and encourage them to adopt domestic antiterrorism laws, officials said.

“Global terrorism has assumed new forms of virulence, and we will make sure that the community is more secure and resistant to the threat of terror,” said Alberto Romulo, the Philippine foreign minister.

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Bombs ripped through three southern cities here on Wednesday night, killing eight people and wounding dozens, the police said. No group claimed responsibility, but two radical Islamist groups, Abu Sayyaf and Jemaah Islamiyah, are suspected, an official said, because they were behind similar bombings in the past.

Foreign ministers meeting here before the summit meeting discussed the convention on Wednesday night. Opponents of the antiterrorism agreement fear that it could be used to suppress human rights.

One result of the discussions was that Indonesia invited several countries, including the Philippines, Malaysia, Thailand and Australia, to meet in March to discuss terrorism.

The attacks Wednesday in the southern region of Mindanao, where there is an active Islamist separatist movement, followed claims by President Gloria Macapagal Arroyo in recent weeks that her government had made progress fighting terrorists.

"They were trying to send a message," said Oscar Calderon, the chief of the national police, referring to the attackers. "They wanted to embarrass the government because of the meetings in Cebu."

The Philippine police and military have been receiving help from the United States and Australia in fighting Abu Sayyaf, which has been giving refuge to Jemaah Islamiyah members. Jemaah Islamiyah is a Southeast Asian terrorism network that originated in Indonesia and was said to be behind the 2002 Bali bombings that killed more than 200 people.

HOMELAND RESPONSE:

Administration Offers Plan To Ease Rules On Asylum (NYT)

By Rachel L. Swarns

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — After months of pressure from lawmakers, conservative groups and advocates for immigrants, the Bush administration announced plans on Thursday to seek legislation that would provide relief to thousands of refugees and asylum seekers who have been inadvertently denied refuge because of antiterrorism laws.

The laws, including the USA Patriot Act and the Real ID Act, deny entry to anyone who belongs to or has provided material support to armed rebel groups, even if that support was coerced and even if the armed groups fought alongside American troops or opposed authoritarian governments criticized by the Bush administration.

The new legislative proposal would allow the resettlement of combatants and members of those armed groups, including refugees fleeing the authoritarian government of Myanmar, formerly known as Burma; hundreds of refugees from Vietnam and Laos who fought alongside American troops in the Vietnam War; and dozens of Cubans who supported armed groups opposed to Fidel Castro in the 1960s.

The Bush administration would also exercise its authority to provide waivers to allow the resettlement of thousands of refugees from Myanmar, Vietnam, Tibet and Cuba who provided material support to rebel groups. It would also, for the first time, provide relief to the 5,600 people from those countries whose asylum claims have been placed on hold here or who have been admitted as refugees but prevented from becoming permanent residents here because of the antiterrorism laws.

The administration would also allow some individuals who were forced to provide support to groups deemed as terrorist to be resettled or granted asylum here. Many were barred because the statutes broadened the definition of terrorist groups to include any group of two or more people who take up arms against a state, even if the group supports the aims of American foreign policy and do not appear on the government's designated list of terrorist groups.

Refugee advocacy groups, including Human Rights First and Human Rights Watch, and conservative groups like Concerned Women for America and the National Association of Evangelicals, had pressed for such changes for months. And officials acknowledge that many refugees suffered from the "unintended consequences" of the antiterrorism laws, remaining stranded in bleak refugee camps or in American jails while immigration courts debated their fates.

But Paul Rosenzweig, acting assistant secretary for international affairs at the Department of Homeland Security, told reporters that the administration expected to present legislation to Congress by the end of the month and to exercise most of its

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waivers within a day or so. The waivers allowing for relief for Hmong and Montagnard refugees, who fought with American troops in Vietnam, are also being processed.

"There isn't anybody in this room who doesn't wish we could have moved more quickly than we have," Mr. Rosenzweig said.

Advocacy groups hailed the decision as an important step forward, but warned that it would still leave many people vulnerable.

Under the new plan, for instance, refugees and asylum seekers forced to cooperate with groups on the government's list of terrorist groups would be ineligible for resettlement or asylum here. That would affect Colombians forced to support their country's largest rebel group, the Revolutionary Armed Forces of Colombia, among others.

The process would also leave out individuals who do not belong to the ethnic groups named in the waivers.

"I think they have made some real progress, and as a result more people will be protected," said Jennifer Daskal of Human Rights Watch. "But many people will continue to be barred and put at real risk. There's a need to go further."

For A Fee, Fliers Won't Shed Shoes (USAT)

By Thomas Frank, Usa Today

USA Today, January 12, 2007

Footwear scanner now used at Orlando airport

A new machine will allow some air travelers to avoid a post-9/11 hassle starting today — taking off shoes at a checkpoint.

Orlando International starts using the ShoeScanner this morning but only for people who pay an annual fee and pass a background check. Those fee-paying travelers will soon find the machines at Indianapolis, San Jose and Cincinnati airports and in Terminal 7 at New York's Kennedy International.

The ShoeScanner detects explosives in shoes when people stand on its platform for 20 to 25 seconds, allowing the machine to shoot radio waves at footwear to provide a molecular peek inside.

This is "going to make it less of a hassle for passengers," said Indianapolis airport security director Reggie Baumgardner.

Travelers in the USA have been largely required to remove their shoes at checkpoints since December 2001, when al-Qaeda recruit Richard Reid unsuccessfully tried to blow up a trans-Atlantic jetliner with explosives in his sneakers.

ShoeScanners will be available only to people who join the Registered Traveler program, which allows faster security lines for passengers paying about $100 a year. The Transportation Security Administration approved ShoeScanners only for Registered Traveler and has no plans to expand it to regular checkpoints because of cost and time concerns.

The ShoeScanner's $200,000 per unit cost is being paid by Verified Identity Pass, a Manhattan company that several airports have hired to run Registered Traveler.

"This (machine) is what some airports have been waiting for," said Orlando security director Brigitte Goersch. Orlando runs a Registered Traveler program with 30,000 enrollees.

Tim Anderson, deputy operations director at Minneapolis-St. Paul International, said the ShoeScanner "is just a marginal improvement" that won't propel the airport to start Registered Traveler.

The machine is made by GE Security. Airport consultant Rich Roth said it's not infallible. Scanners may miss plastic knives or other non-explosives, he said, adding, "It would be far safer if we made everyone take their shoes off."

Shin Bet Questions Ex-American Suspected Of Aiding Islamic Jihad (HAARETZ)

By Yossi Melman

Haaretz, January 12, 2007

Israeli authorities who arrested the former imam of Ohio's largest mosque who was deported from the United States have questioned him about his connections to Islamic Jihad, his attorney said Wednesday.

Palestinian Fawaz Damra's American citizenship was revoked due to suspicions that he raised funds for Islamic Jihad 15 years ago. Damra has admitted to raising money for the Palestinian cause, said his attorney, Smadar Ben-Natan.

Damra was transferred to Israeli custody on a "secret flight" coordinated by the FBI and Israeli security services.

Ben-Natan met with Damra at the Kishon prison on Wednesday. She is representing him at his family's request.

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Damra told Ben-Natan that he had raised funds for the Palestinian cause in 1991. He also told U.S. judicial authorities that his sermons had included harsh words against Israel and the Jews, whom he described as "pigs and monkeys."

Nonetheless, Damra said he changed his worldviews after 1993, attended university and began working at organizations that promote interreligious dialogue.

Damra said his citizenship was revoked despite his change in opinion. Several days ago, he boarded a special plane destined for Jordan at New Jersey's Newark Airport, along with six drug dealers. Following a short interrogation, Jordanian authorities transferred him to the Shin Bet and Israel Police via Allenby Bridge.

Damra, a 46-year-old Palestinian whose family lives in Nablus, served as the imam of the Cleveland mosque for several years.

He was arrested in the United States about a year ago on suspicion of raising funds for Islamic Jihad in 1991, but not enough evidence was found to prosecute him. To avoid an acquittal, the U.S. ruled to revoke Damra's citizenship in a legal proceeding, arguing that Damra had violated immigration laws by not handing over information on the organizations with which he was involved prior to receiving citizenship.

Damra's situation is unique, as he is a U.S. citizen who was arrested on U.S. territory. Most suspects transferred via secret flights have been arrested in countries such as Afghanistan, Pakistan and Egypt.

Lawyer: Cleric Being Questioned; Arrest Will Be Appealed (ABJ)

By Aron Heller

Akron Beacon Journal, January 12, 2007

JERUSALEM - Israeli authorities who arrested the former imam of Ohio's largest mosque after he was deported from the United States have questioned him about the militant Palestinian group Islamic Jihad, his attorney said Thursday.

Fawaz Damra, 46, was arrested and accused of having ties with Islamic Jihad 15 years ago, said Smadar Ben-Natan, Damra's Israeli lawyer. Islamic Jihad, responsible for numerous suicide bombings and other attacks on Israelis, is classified by Israel and the U.S. as a terrorist organization.

Ben-Natan met her client for the first time on Wednesday at the Kishon prison in northern Israel and said he was being treated well. She said she would appeal his arrest later Thursday.

Damra, 46, a Palestinian from the West Bank city of Nablus, was deported by U.S. authorities last week because he was convicted of concealing his ties to terrorist groups when he applied for American citizenship in 1994.

During his trial in 2004, jurors were shown evidence that Damra raised money for the organization, along with footage of a 1991 speech in which he called Jews "the sons of monkeys and pigs." He later apologized for making anti-Semitic statements.

Relatives expecting him to enter the West Bank on Friday reported he never showed up. Ben-Natan said he was apprehended by Israeli authorities at the Allenby crossing with Jordan and taken into custody.

Israel's internal security service, the Shin Bet, confirmed Tuesday that Damra was arrested because of his ties to Islamic Jihad. It provided no other details.

On Wednesday, an Israeli judge extended Damra's detention by 15 days, Ben-Natan said.

Ben-Natan said the contact Damra is accused of having with Islamic Jihad took place in 1991 and that Damra was unaware the money was going to the militant organization.

Damra, whose wife and three daughters remain in the U.S., served as the imam, or religious leader, of the Islamic Center of Cleveland.

Despite a campaign by his family and supporters to keep him in the U.S., Damra was deported after spending a year in a Michigan jail. His relatives in the U.S. said they hadn't been notified he had been deported, and found out only when his lawyer arrived at the jail and found him gone.

White Powder Found At Two South Florida Courthouses (MH)

By Trenton Daniel And Jennifer Lebovich

The Miami Herald, January 12, 2007

DOJ_NMG_0115678

Authorities found mysterious powders in two South Florida courthouses -- one in Broward, the other in Palm Beach -- Thursday but neither substance proved a threat.

Fort Lauderdale officials received a call at 4:29 p.m. of an unknown powder in the first-floor mailroom of the downtown courthouse, said Assistant Fire Chief Stephen McInerny. The letter the powder was found in was addressed to the clerk of the courts.

Hazardous material teams from Fort Lauderdale responded to the call at 201 SE Sixth St. The area near the mailroom was evacuated, said McInerny.

Tests of the substance showed that it didn't appear to be hazardous, McInerny said.

"It appears to be some sort of a sugar substitute," McInerny said. ``We know we're dealing with a non-harmful product."

Three mailroom employees were exposed to the "brown granular powder" but no one was injured, he said.

The false alarm coincided with the discovery of a silvery-white powdery substance found earlier in the day at the Palm Beach County Courthouse. Five people were decontaminated but there were no injuries.

"There's no threat found associated with the powder that was there," said Judy Orihuela, a spokeswoman for the FBI, which responded.

It was not immediately known if the two scares were related, but investigators planned to look into the matter.

"It's coincidental," said McInerny.

In Palm Beach County a mail worker discovered the substance around 11:30 a.m. as she was delivering mail to the chambers of two judges on the building's ninth floor, said Teri Barbera, a spokeswoman for the Palm Beach Sheriff's Office. She had just visited the first-floor law library.

On the envelope, investigators found tellurium, a rare chemical element that can take the form of a silvery-white powdery substance. Tellurium is listed as a chemical hazard on the Centers for Disease Control and Prevention's website. Garlic breath and drowsiness are key symptoms of ingestion.

Fire-rescue units responded, and decontaminated five people who may have come in contact with the substance, said Barbera. The FBI also arrived, to assist with the investigation.

The mailroom, law library, and the judges' chambers were evacuated after the scare, but the courthouse resumed normal operations late in the afternoon.

Since FBI agents found no serious threat in the envelope -- a letter from an attorney to a judge requesting a motion hearing -- local agencies will take over the investigation to see who's responsible for planting the substance, said Barbera.

Poison Found On Envelopes At PBC Courthouse (PALMBEACHP)

By Susan Spencer-Wendel, Laura Green, Palm Beach Post Staff Writers

Palm Beach Post (FL), January 12, 2007

WEST PALM BEACH — A letter with a poisonous shiny powder stuck to the outside closed the Palm Beach County courthouse to entrants for hours Thursday afternoon and sent five court employees to an inflatable tent where a hazardous materials team stripped them naked and decontaminated them.

All five were given thorough health checks and reported no ill effects, a fire department spokesperson said.

More than two hours after the powderâ€™s discovery at about 11:30 a.m., fire officials identified the substance as tellurium, a poisonous alloying agent used for things like coloring glass or strengthening lead. If ingested, it can cause abdominal disruptions, and if inhaled, can cause drowsiness, headache, nausea and a garlic odor, according to the Centers for Disease Control.

The substance was stuck to the outside of an envelope addressed to Circuit Judge John Hoy from a local law firm, said court operations manager Rick Hussey. Hussey saw the envelope and said the powder looked like it had been transferred there from somewhere else, possibly postal equipment.

Investigators donned hazardous material suits Thursday evening to pore through 200 pieces of mail, looking for the source. Two judicial assistants left the letter with powder stuck to it down in the mailroom, but carried other mail which had the substance on it up to nine floors above to the judgesâ€™ chambers, widely spreading exposure, officials said.

Capt. Frank DeMario, who oversees courthouse security, called it an "expensive training exercise" and blamed a failure to follow protocol established for suspicious mail since the anthrax attack of 2001.

On Thursday, ambulances and fire-trucks lined the south side of the courthouse for hours, and the road was closed to traffic.

The FBI and Homeland Security joined the investigation. People could not enter the building for most of the afternoon, but court cases continued as usual.

The scene was similar to one in Fort Lauderdale where at about 4:30 p.m. officials received a call of an unknown powder discovery in the first-floor mailroom of the downtown courthouse. Hazardous material teams responded and the area near the mailroom was evacuated, said Fort Lauderdaleâ€™s Assistant Fire Chief Stephen McInerny.

The letter the powder was found in was addressed to the clerk of the courts. But tests of the substance showed that it didnâ€™t appear to be hazardous, but "some sort of sugar substitute," McInerny said.

In West Palm Beach, Hussey, the courthouseâ€™s emergency coordinator, said all mail is opened in the mailroom, to contain any such events there. Employees have received training to stay in the mailroom and contact authorities. "Iâ€™m disappointed. It never should have turned into this," Hussey said.

Hussey was one of the five employees who had to be stripped and showered following his exposure. Rescue workers in space suits and plastic masks placed every piece of clothing and jewelry on him in sealed bags, then showered him off twice. The substance tested negative for radioactivity, he said.

A batch of mail in the same area of the mailroom was taken to a lab to be analyzed hoping to find some answer to where it came from, he said.

Staff researcher Melanie Mena and the Miami Herald contributed to this story.

Powder Scare Hits Courthouses In West Palm Beach, Fort Lauderdale (FLSUNSEN)

By Sofia Santana And Missy Diaz, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 12, 2007

Suspicious powder found in the mail at the Broward and Palm Beach county courthouses Thursday caused firefighters to isolate several employees who came into contact with the substances, but no one was injured or appeared sick.

Officials did not know whether the two cases were related and are trying to determine where the letters came from. In Palm Beach County, the substance was tellurium, a rare chemical element, a Fire Rescue spokesman said. Prelimiary indications are that the substance in Broward appears to be some sort of food additive, possibly a sugar substitute, a fire official said.

In West Palm Beach, firefighters decontaminated five people who touched two envelopes tainted with traces of tellurium, a silvery white substance. None had an adverse reaction, Fire Rescue spokesman Phil Kaplan said.

A byproduct of electrolytic copper refining, tellurium can cause garlic-like odor to breath and sweat in small exposure. Heavy exposure may result in headache, drowsiness, metallic taste, loss of appetite, nausea, tremors, convulsions and respiratory arrest.

Three mailroom employees in the Broward courthouse were exposed to a light brown powder, said Stephen McInerny, Fort Lauderdale Fire-Rescue assistant chief. The Sheriff's Office crime lab will try to determine exactly what the powder is.

"We escorted the three in the mailroom to the bathroom, where they washed their hands up real good," McInerny said.

The three workers were examined by firefighters but declined medical treatment, he said.

About 11:45 a.m., assistants for Palm Beach Circuit Court Judges John Hoy and Karen Miller went to the first-floor mailroom to pick up mail and noticed a crystallized, powdery substance on the outside of an envelope addressed to Hoy, said courthouse spokesman Rick Hussey. The assistants left the letter in the mailroom and returned to their ninth-floor office with a bag of mail only to find that the substance was stuck on other mail inside the bag, said Hussey, who reported the suspicious find to authorities.

Hussey, who was among those who were decontaminated, said he had to strip,, bathe in a milky substance and then get hosed down by firefighters. "This could have been a minor thing and it turned out a lot worse because the procedures weren't followed," Hussey said.

Firefighters in Fort Lauderdale received a call about brown powder in a letter addressed to the clerk of courts at the courthouse at 201 SE Sixth St. just after 4:30 p.m. A mailroom employee had opened the letter, exposing two other co-workers. All three were isolated for several hours. Some firefighters donned white chemical suits fitted with breathing masks and oxygen tanks and collected samples of the suspicious substance, carrying small bags out in a green plastic grocery basket.

The courthouse remained open much of the evening, but sheriff's deputies had to block the main entrance at times so firefighters could enter and exit easily.

The incident turned out to be a good exercise for firefighters and courthouse employees, who following proper procedure, McInerny said. "They didn't leave the room, and they followed the exact plan they had in place," he said of the mailroom staff.

FBI agents were called to both courthouses, but declined to launch an investigation in Palm Beach County. FBI spokeswoman Judy Orihuela said agents were looking into the Broward case.

Powder Found At 2 S. Fla. Courthouses (BRAH)

The Bradenton Herald, January 12, 2007

WEST PALM BEACH, Fla. - Powdery substances were tested by authorities Thursday after being discovered at two south Florida courthouses.

A white substance found on the outside of two letters at the Palm Beach County Courthouse tested positive for tellurium, which can be hazardous if enough is ingested. But there was not enough present to be considered dangerous, Palm Beach County Sheriff's spokeswoman Teri Barbera said.

Five unidentified courthouse employees had to strip off their clothes and shower in a decontamination tent set up outside, Barbera said. Authorities were going through additional mail to determine if there was more of the substance.

A brown, granular powder found in the mailroom of the Broward County Courthouse in Fort Lauderdale also was being tested, but it did not appear to be hazardous, Assistant Fire Chief Stephen McInerny told The Miami Herald.

Three employees in the mail room there were exposed to the unknown substance, the South Florida Sun-Sentinel reported.

It was not clear whether the incidents were related.

Tellurium can cause liver damage and affect a person's central nervous system, according to U.S. Centers for Disease Control and Prevention.

In Palm Beach, the letters were carried by a mail clerk into the law library and two judges' chambers on the building's ninth floor. Barbera said those areas were sealed off and evacuated, but business went on elsewhere in the courthouse, including several trials.

E.U. Satisfied With Data Sharing (WP)

By Ellen Nakashima

The Washington Post, January 12, 2007

European Union officials said yesterday that the U.S. government had allayed their concerns about a homeland security program that creates and retains risk assessments on millions of air travelers to the United States.

But privacy advocates here and in Europe this week sent a letter to E.U. privacy commissioners charging that the Department of Homeland Security's Automated Targeting System "directly contravenes" a European-U.S. agreement on air-passenger data sharing.

The computerized screening program was designed to help U.S. Customs and Border Protection identify potential terrorists and prevent them from entering the United States. The system is used on about 90 million air passengers, cruise-ship passengers and some automobile drivers and passengers entering the country each year, Customs officials said. Those it flags are further scrutinized.

An E.U. spokesman in Washington, Telmo Baltazar, said Homeland Security officials assured the Europeans that the screening system observed privacy protections called for in the data-sharing agreement.

"A risk assessment is a normal law enforcement tool," Baltazar said yesterday. "The alternative to risk assessments is to consider everyone alike."

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But in a letter to the chief privacy officials of 27 countries, the American Civil Liberties Union and London-based Privacy International said the Automated Targeting System violated the October data-sharing accord, U.S. law and European data-protection laws.

The system's creation of terrorist risk assessments on all passengers, the storing of profiles for as long as 40 years, and the fact that passengers have no right to see, modify or correct the information violates the agreement, the groups said.

"The ATS is a clear threat to privacy and human rights," Simon Davies, the director of Privacy International and Barry Steinhardt, the ACLU's Technology and Liberty Project director, said in the letter.

Jarrod Agen, a Department of Homeland Security spokesman, said the program did not violate the requirement that European passenger data be stored for 3 1/2 years at the most. He said the U.S.-E.U. agreement stipulates that some information may be kept for less than 40 years.

The air-passenger profiling program has been operating for about 10 years, Customs officials said, but its existence was not widely known until November, when it was described in the Federal Register

Under the U.S.-E.U. agreement, up to 34 types of information can be collected, including names, credit card data and flight itineraries. Sharing and use of the information is restricted. The agreement is due to be renegotiated this summer.

Concerns also have been raised in Congress and by privacy advocates that information can be shared with a wide range of federal, state, and local government agencies for purposes other than border security and that the passenger assessments violated a congressional ban on developing such programs.

Pork, Peanut Butter And Security (NYT)

The New York Times, January 12, 2007

Making his umpteenth pitch to Congress to provide more security money for New York City, Mayor Michael Bloomberg stated the obvious when he said that money to defend against terrorism should be divvied up based on an assessment of risks, not “spread across the country like peanut butter.” After all, his testimony to the Senate Homeland Security and Governmental Affairs Committee echoed one of the key recommendations of the 9/11 Commission. The mayor estimated that more than $3 billion had been distributed in this lunatic way to date.

Unfortunately, the committee’s incoming chairman, Senator Joseph Lieberman, is partial to peanut butter. Mr. Lieberman, who won re-election last November as an independent with help from Mr. Bloomberg, continues to believe that every state, regardless of the risks or threats it faces, should be getting antiterrorism money. In negotiations with the House, Mr. Lieberman is seeking a “compromise” formula that preserves guaranteed minimums for relatively low-risk places like his home state of Connecticut. The minimums he wants well exceed the financing favored by the House, and cannot be justified on the basis of national security.

Mr. Lieberman also wants to increase the overall amount of money budgeted for state and local antiterrorism efforts. He is right about that. High-risk jurisdictions like New York have been unfairly burdened by the steep decrease in spending recently. But without a formula adjustment that minimizes the pork barreling that now sends antiterrorism money needed in New York City to places like Nebraska, it would also increase the waste.

Mr. Lieberman fought the odds, held his seat and got this chairmanship. Now it’s up to him to use the power responsibly.

Jury Awards $2.5M In Punitive Damages In Katrina Suit Against State Farm (AP)

By Garry Mitchell, The Associated Press

AP, January 12, 2007

A Mississippi jury on Thursday awarded $2.5 million in punitive damages to a couple who sued State Farm Fire & Casualty Co. for denying their claim after Hurricane Katrina, a decision that could benefit hundreds of other homeowners challenging insurers for refusing to cover billion of dollars in storm damage.

A federal judge only hours earlier had taken part of the case out of jurors' hands before they awarded punitive damages to State Farm policyholders Norman and Genevieve Broussard.

U.S. District Judge L.T. Senter Jr. ruled Thursday morning that State Farm is liable for $223,292 in damage Hurricane Katrina caused to the Broussards' home. Senter left it to a jury to decide whether to award punitive damages.

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Senter's decision to make a directed verdict rather than let the jury decide the entire case appeared to surprise everyone in the courtroom. After he explained his ruling, Senter ordered a recess to give attorneys time "to get over the shock."

Some of Senter's earlier rulings in other Katrina cases have favored the insurance industry, but his decision Thursday calls into question the companies' refusal to cover billions of dollars in damage from Katrina's storm surge.

The Broussards sued State Farm for refusing to pay for any damage to their home, which Katrina reduced to a slab. The couple, who wanted State Farm to pay for the full insured value of their home plus $5 million in punitive damages, claimed that a tornado during the hurricane destroyed their home. State Farm blamed all the damage on Katrina's storm surge.

State Farm and other insurers say their homeowner policies cover damage from wind but not from water, and that the policies exclude damage that could have been caused by a combination of both, even if hurricane-force winds preceded a storm's rising water.

Senter, however, ruled that State Farm couldn't prove that Katrina's storm surge was responsible for all of the damage to the Broussards' home. The judge also said the testimony failed to establish how much damage was caused by wind and how much resulted from storm surge.

"We are surprised and disappointed by the court's ruling," said State Farm spokesman Phil Supple. "The expert testimony supported a different result. After the conclusion of this case, we will evaluate our next steps in this lawsuit."

In his closing argument Thursday, one of the Broussards' attorneys, William Walker, said State Farm had breached their contract "in a bad way" by denying their claim. State Farm "acted like a chiseler," he said, adding, "The pocketbook is what they listen to."

State Farm attorney John Banahan urged jurors to "use your head and your heart" in deciding on punitive damages and to reject an attempt by the Broussards' attorney to demonize the company as an "evil empire."

Robert Hartwig, chief economist for the Insurance Information Institute in New York, said before the jury announced its decision that a punitive damage award would be "distressing" for insurers.

"It adds even more cost and more uncertainty to the other problems that already exist in the Mississippi homeowners insurance market," he said.

The Broussards' case isn't directly involved in recent settlement talks between State Farm Fire & Casualty Co., Mississippi Attorney General Jim Hood and policyholders' lawyers.

People with direct knowledge of the settlement talks told The Associated Press this week that State Farm, Mississippi's largest home insurer, is considering paying hundreds of millions of dollars to settle more than 600 lawsuits and resolve thousands of other disputed claims.

Richard "Dickie" Scruggs, an attorney who represents 639 State Farm policyholders in the settlement talks, said he doesn't know how the judge's ruling on Thursday will affect the negotiations.

Randy Maniloff, a Philadelphia-based lawyer who represents insurers and has closely followed the Katrina litigation, said Senter's ruling is a "huge verdict" for homeowners even if the jury didn't award punitive damages.

"That settlement is looking awfully good for State Farm now," he added.

Associated Press writer Michael Kunzelman contributed to this report.

WAR NEWS:

Bush Cheered At Fort Benning (AP)

By Deb Riechmann

AP, January 12, 2007

President Bush, surrounded on Thursday by cheering soldiers in camouflage, defended his decision to send 21,500 more U.S. troops to Iraq and cautioned that the buildup will not produce quick results. "It's going to take awhile," he said.

With Americans overwhelmingly opposed to the increase, Bush said the U.S. commitment to the war was not open-ended — although he put no timetable on how long it would last. While more bloodshed can be expected, Bush said, Americans should give the Iraqi government time to prove its resolve to stop violence and unify the nation.

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Fort Benning, south of Columbus, Ga., offered Bush a patriotic backdrop and a friendly audience in which to sell his retooled plan for Iraq, which drew heavy fire on Capitol Hill from Democrats and some Republicans. Some 4,000 members of Fort Benning's 3rd Brigade Combat Team are being sent to Iraq earlier than planned because of the president's decision.

"The new strategy is not going to yield immediate results. It's going to take awhile," Bush said. "The American people have got to understand that suicide bombings won't stop immediately."

The increase in soldiers is a hard sell. An Associated Press-Ipsos poll released Thursday said 70 percent of Americans oppose sending more troops. Bush's overall job approval slumped to 32 percent, a new low in AP-Ipsos polling. Sixty percent think it is unlikely that a stable, democratic Iraqi government will be established.

Outside the gates of the military base, dozens of demonstrators protested the war.

"Insanity is doing the same thing and expecting different results," said Jim Steen, an 81-year-old veteran who held a sign that read, "Surge for Peace."

Some lawmakers have threatened to withhold financial support for an escalating the war. White House counselor Dan Bartlett said that the White House was closely monitoring sentiment in Congress, but he said those who reject the president's plan before it has a chance to work have the burden of proposing an alternative.

Bush said his new plan has a well-defined mission — something that military leaders have insisted upon if more troops were sent.

"The mission is to help Iraqis clear and secure neighborhoods, to help Iraqis protect the local population, and to ensure that the Iraqi forces that are left behind will be capable of providing the security necessary in the capital city of Iraq. That's the mission," he said.

Bush had lunch with about 300 military personnel and their relatives, saw a paratrooper training exercise and met with relatives of 25 soldiers who died in Iraq and Afghanistan.

He met Dave Tainsh, a retired Marine sergeant-major, and his wife, Deb, whose son, 33-year-old Army Sgt. Patrick Tainsh, was killed by a roadside bomb near the Baghdad Airport on Feb. 11, 2004. Deb Tainsh has at least 100 e-mails from parents of fallen soldiers or parents of soldiers who are about to depart for Iraq — all pledging support for Bush.

"Every one of these letters says, 'Mr. President, we support you,'" she said. "The consensus is that they ... want him to do everything he can to win this war and that our prayers are with him."

Before visiting Georgia, Bush awarded the Medal of Honor, posthumously, to Marine Cpl. Jason Dunham of Scio, N.Y. He was only the second recipient of the nation's highest military honor from the Iraq war.

"I've lost my son, but he became a part of history," Dunham's mother, Deb, said after the ceremony. "It still hurts as a parent, but the pride that you have from knowing he did the right thing makes it easier."

Bush Gets Cool Response From Troops Set For Iraq (WT)

By Joseph Curl

The Washington Times, January 12, 2007

FORT BENNING, Ga. -- President Bush sought a friendly audience and a patriotic backdrop yesterday to continue to make his case for sending 21,000 more troops to Iraq, but he received only tepid applause at this Army base, where the commanding general forbade soldiers from talking to reporters.

The president's speech was similar to the national address he delivered Wednesday night, but he used firm language when speaking about what is coming for insurgents in Iraq. He also hailed efforts by Prime Minister Nouri al-Maliki against militias responsible for continual waves of sectarian killings in Iraq.

"Yesterday, the resolve was seen when Prime Minister Maliki made it clear that illegal militias, including the Mahdi Army, have a choice to make: either lay down your arms or face justice," Mr. Bush said. "That's the kind of leadership that the Iraqi people expect, and that's the kind of leadership I expect, and the American people expect."

He added, "Our support is not open-ended. If the Iraqis demonstrate a willingness to fight for a better future, we'll help them. It's in our interests that we do so. Not only do we expect to see action militarily, as I mentioned, we expect to see them fulfill the benchmarks that they laid out for their people."

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Mr. Bush visited Fort Benning because the base will send a combat brigade to Iraq earlier than planned, by March instead of late May or early June. The brigade has done two tours in Iraq, and on its last yearlong deployment, in 2005, 34 soldiers from the 4,000-member unit were killed.

In his speech, Mr. Bush also reiterated the warning he gave in his prime-time address: His planned troop surge would not be a quick fix.

"The new strategy is not going to yield immediate results. It's going to take awhile," he said. "The American people have got to understand that suicide bombings won't stop immediately."

Before meeting with families, Mr. Bush watched as five members of a parachute team floated to the ground in a demonstration of base training.

"We're proud of you," he told the men.

Earlier in the day, the president awarded the Medal of Honor to the late Marine Cpl. Jason Dunham of Scio, N.Y., who covered a hand grenade in Iraq two years ago, saving the lives of his comrades. He is the second Iraq war soldier to receive the prestigious award.

"I've lost my son, but he became a part of history," Cpl. Dunham's mother, Deb, said after the ceremony, which drew tears from Mr. Bush. "It still hurts as a parent, but the pride that you have from knowing he did the right thing makes it easier."

The 300 soldiers who, with their families, heard the afternoon speech were banned by Maj. Gen. Walter Wojdakowski, commandant of the 32,000-soldier base, from talking to reporters. Journalists were barred from re-entering Freedom Hall, where Mr. Bush delivered the speech, or from approaching soldiers outside the hall.

While the president met with family members of 25 soldiers from the base who were killed in the Iraq and Afghanistan wars, several reporters waited for word from the base on whether the ban would be lifted. A senior administration official said, "We have no control over that."

Bush Meets With Fort Benning Troops Army Soldiers Scheduled To Join Iraq Buildup (AJC)

By Ron Martz, David A. Markiewicz

The Atlanta Journal-Constitution, January 12, 2007

Columbus — A day after President George Bush outlined his new plan for Iraq, he came to Fort Benning, an Army training base, to sell it to the soldiers who will have to implement it.

"Everywhere soldiers from this base serve, you leave you mark and I hope it will be a legacy of peace and freedom," Bush told an audience of 210 soldiers and 90 civilian family members.

Bush spoke to the group following a lunch in a makeshift cafeteria in the reception area where troops leave for and return from Iraq. A contingent of about 4,000 soldiers from the 3rd Brigade of the 3rd Infantry Division who are based here are scheduled to go to Iraq later this year. Their departure, originally scheduled for late spring or early summer, is now expected to be moved up to late February or early March.

Bush's speech here was a virtual carbon copy of his national TV address Wednesday night, in which he laid out his plans for Iraq.

Bush's comments were met with relatively polite but restrained applause on several occasions, but the soldiers broke into a spontaneous ovation when he said he was in favor of increasing the overall size of the military.

Bush also reiterated his concern of what would happen in Iraq if support to the fledgling Iraqi government was withdrawn.

"I understand the consequences of failure [in Iraq] are unacceptable," Bush said. But he said that he has made it clear to Iraqi officials that they will have to meet certain benchmarks in their progress toward defending their own country.

"I have made it clear that the patience of the American people is not unlimited and now is the time to act," the president said.

Soldiers at the luncheon were prohibited from speaking to members of the media after Bush's speech by Maj. Gen. Walter Wojdakowski, commander of Ft. Benning and the infantry center here.

Following lunch, Bush attended a demonstration that included a jump by paratroopers and later was to meet with family members of soldiers who have died in Iraq. He was scheduled to depart around 4:45.

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Protesters, supporters await Bush

As a town that is a gatepost for the Army Infantry prepared for a visit from President Bush, many residents appeared to back the president's plan to send 21,500 additional U.S. troops into the Iraq war, but dozens of protesters outside the base decried it.

The president is due to have lunch here Thursday at Fort Benning, meet with troops and watch an Infantry demonstration, all the while selling the plan for more troop deployments that he announced Wednesday night on national television announced.

Today, on Victory Drive just outside the Army base, about 50 protesters made their opinion clear. Many waved signs, beat drums and shouted at passing motorists who occasionally honked their support.

One protester, dressed as the devil, adorned with horns, a red cape billowing in the breeze and a rubber Bush mask, held a sign that said: "Bush: Lord of the Lies," a reference to the popular William Golding novel.

Gloria Tatum, 63, of Decatur, said she travelled to Columbus because Bush "lied us into war. He was wrong then and he's wrong now."

"We voted [in November] and the vote was that [the war in Iraq] was a mistake."

Her sign read: "Bush, Lord of the Lies."

Local organizers said there are about 200 similar protests planned across the country, all organized within the last few days.

Other examples of signs included "Pull every American - Cancel escalation" and "Iraq is Arabic for Vietnam."

Jim Allen, 71, of Lanett, Ala., a Navy veteran, said the most unusual thing about the protest was that he was seeing more and more people from Columbus, a military town, speaking out against the war.

But residents of Columbus said the town still backs Bush.

Larry Love, who owns Diamond Exchange, a jewelry and pawn shop on Victory Road, which leads to the fort's gate, summed up the sentiment of many.

"I think we should give him all the assistance he needs to let him clean the mess up over there. If we don't take care of terrorists now, we are going to be fighting in our own backyard," said Love.

The thousand of soldiers who move through this western Georgia town while receiving basic or advance Infantry training tell Love they strongly support the war and the president's efforts.

"I hear from the troops that they are happy to go over there and fight because it is a great cause. And they say we are winning. The people over there are so glad we're there. They are changing their whole way of life. The troops are eager and really committed," Love said.

Protestors are scheduled to demonstrate outside the fort about noon.

Love wrote them off, sounding like the bored resident who sees thousands of protestors every November at the annual demonstration against the School of the Americas, which trains combat troops, mostly from Latin America.

"Most of the time, when the protestors come, someone is paying for their room and their meals. They are almost paid to do what they do," said Love.

Bush Pitches Iraq Plan To Ft. Benning Soldiers (LAT)

By James Gerstenzang

The Los Angeles Times, January 12, 2007

FT. BENNING, GA. — President Bush argued the case for his new Iraq strategy Thursday at an Army post where a combat brigade will be hurried to Baghdad as part of the revised effort to establish peace in the war-torn capital.

The plan calls for the brigade, which includes soldiers who will be making a third tour in Iraq, to be deployed in March, a couple of months earlier than planned.

Bush reprised the key points from his nationally televised Wednesday night speech, acknowledging that the administration's policies have failed to quell sectarian violence raging in Iraq — especially in Baghdad. The president conceded the situation had "turned out differently than I had anticipated."

But to a greater degree than he did Wednesday, Bush focused on the potentially dire effects of diminishing the U.S. commitment in Iraq and beginning a withdrawal of American troops.

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Such moves would cause Islamic extremists to "grow in strength," he warned. "They would be emboldened. It would make it easier" for them to recruit followers and threaten other governments throughout the Middle East.

With polls showing strong public opposition to his new plan and with sharp criticism of it coming even from some fellow Republicans, Bush also sought to spell out the possible consequences for Americans of a failure to stabilize Iraq.

"Imagine what would happen if [Islamic] extremists who hate America and our way of life gained control of energy reserves," he said. "You can bet they would use those reserves to blackmail economies in order to achieve their objective."

Under his redrawn blueprint for Iraq, 21,500 soldiers and Marines will be added in the coming months to the 132,000 U.S. troops now in the country.

Working in closer concert with Iraqi army and police forces — which the government of Prime Minister Nouri Maliki has pledged to bolster — the American troops will launch more intense and sustained efforts to stem the violence in Baghdad and Al Anbar province.

Bush said that "what's new about this plan is that there will be enough troops to clear, build and hold" neighborhoods in those areas, "and that our troops will be able to move alongside the Iraqis without political interference. And that's very important."

The president and his aides have stressed that they expect — and have been promised — greater cooperation and commitment by Maliki's government to reining in Iraq's warring elements. Bush reiterated that point Thursday.

"The prime minister and I have had some plain talking," he said. "I have made it clear that the patience of the American people is not unlimited."

But Bush also asked for patience as the plan is put into effect, cautioning that it "is not going to yield immediate results.… The American people have got to understand that suicide bombings won't stop immediately."

Bush spoke to about 300 soldiers and family members at Ft. Benning. His audience was friendly, but his sober address received a less enthusiastic reception than has been the case on his past visits to military bases to promote his Iraq policy.

White House and Army officials prohibited reporters from interviewing soldiers before Bush spoke or immediately after his remarks.

For most of his five hours at the post, Bush was surrounded by troops in pale green camouflage uniforms — first at a lunch, then watching a demonstration of paratrooper training, then shaking the hands of hundreds of young soldiers before Air Force One departed.

With the exception of recruits undergoing basic training, nearly all the soldiers at Ft. Benning have served in Iraq.

One of the few times Bush's speech was interrupted by applause came when he repeated his goal of seeking overall increases in Army and Marine Corps personnel.

He also told the soldiers he would try to get them "all the resources you need in this war on terror, and that means good equipment and training, good housing."

"I understand full well, if your family is happy, you're happy," he said, sparking laughter by adding, "The same thing in my house, by the way."

At Fort Benning, A Quiet Response To A Presidential Visit (WP)

By Peter Baker

The Washington Post, January 12, 2007

FORT BENNING, Ga., Jan. 11 -- The pictures were just what the White House wanted: A teary-eyed President Bush presenting the Medal of Honor posthumously to a slain war hero in the East Room, then flying here to join the chow line with camouflage-clad soldiers as some of them prepare to return to Iraq.

There are few places the president could go for an unreservedly enthusiastic reception the day after unveiling his decision to order 21,500 more troops to Iraq. A military base has usually been a reliable backdrop for the White House, and so Bush aides chose this venerable Army installation in western Georgia to promote his revised strategy to the nation while his Cabinet secretaries tried to sell it on Capitol Hill.

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To ensure that there would be no discordant notes here, Maj. Gen. Walter Wojdakowski, the base commander, prohibited the 300 soldiers who had lunch with the president from talking with reporters. If any of them harbored doubts about heading back to Iraq, many for the third time, they were kept silent.

"It's going to require sacrifice, and I appreciate the sacrifices our troops are willing to make," Bush told the troops. "Some units are going to have to deploy earlier than scheduled as a result of the decision I made. Some will remain deployed longer than originally anticipated."

Among those going early will be members of the 3rd Brigade Combat Team from the 3rd Infantry Division based here. Theirs was the division that spearheaded the invasion into Iraq in March 2003 and captured Baghdad. They returned in 2005 and lost 34 troops. Now, instead of heading back in May or June, they will return to Iraq in March.

Soldiers being soldiers, those who met the commander in chief Thursday saluted smartly and applauded politely. But it was hardly the boisterous, rock-star reception Bush typically gets at military bases. During his lunchtime speech, the soldiers were attentive but quiet. Not counting the introduction of dignitaries, Bush was interrupted by applause just three times in 30 minutes -- once when he talked about a previous Medal of Honor winner from Fort Benning, again when he pledged to win in Iraq and finally when he repeated his intention to expand the Army.

Bush's speech essentially repeated his address to the nation the night before, and he appeared a little listless as he talked. Aides said he was deliberately low-key to reflect the serious situation. Whether the audience was sobered by the new mission or responding to Bush's subdued tone was unclear, because reporters were ushered out as soon as his talk ended.

White House officials had promised reporters they could talk with soldiers. But that was not good enough for Wojdakowski. "The commanding general said he does not want media talking to soldiers today," spokeswoman Tracy Bailey said. "He wants the focus to be on the president's speech." Only hours later, after reporters complained, did the base offer to make selected soldiers available, but the White House plane was nearing departure.

For Bush, it was a day of military events and images. He began at the White House, presenting the Medal of Honor to the parents of a Marine slain in Iraq. Cpl. Jason Dunham, who died after falling on a grenade to save colleagues two years ago, became the second service member in Iraq to receive the nation's highest military decoration.

After flying here, Bush attended a U.S. Army Airborne School training demonstration as troops parachuted out of a helicopter. He also met privately with the families of 25 soldiers killed in Iraq or Afghanistan.

White House counselor Dan Bartlett said Bush was impressed by the "warm reception." "The perception is he's coming here to motivate the troops," Bartlett said, "but it has as much of an impact on him."

Bush Speaks And Base Is Subdued (NYT)

By Sheryl Gay Stolberg

The New York Times, January 12, 2007

FORT BENNING, Ga., Jan. 11 — President Bush came to this Georgia military base looking for a friendly audience to sell his new Iraq strategy. But his lunchtime talk received a restrained response from soldiers who clapped politely but showed little of the wild enthusiasm that they ordinarily shower on the commander in chief.

Under the new plan, more than 20,000 additional troops will be sent to Iraq, some from Fort Benning who learned Thursday that they would go earlier than expected. But instead of centering his address on the soldiers' situation, Mr. Bush seemed to be aiming his talk at ordinary Americans and members of Congress who are skeptical of his proposal.

Mr. Bush acknowledged, as he did in his televised address to the nation on Wednesday night, that he had miscalculated the number of troops necessary to execute the military's "clear, hold and build" strategy of securing Baghdad neighborhoods and tamping down sectarian violence.

"What's new about this plan is there will be enough troops to clear, build and hold, and that our troops will be able to move alongside the Iraqis without political interference, and that's very important," the president said. He added, "This is something different that enables the military folks to predict that we will succeed in helping quell sectarian violence in Baghdad."

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Mr. Bush pledged that the strategy would produce a return to peaceful society in Baghdad, but said it would take time. "The new strategy is not going to yield immediate results, it's going to take a while," he said, adding, "Yet over time, we can expect to see positive results."

The president was not specific about how long he meant. But a senior official at the National Security Council who helped develop the policy said the administration's target is significant improvement in a year.

"By the end of this year," this official said, "Baghdad's got to look significantly different. Decisive change in Baghdad is the focus."

Senior aides to Mr. Bush acknowledge that he is taking a risk in putting his faith in the government of Iraq's prime minister, Nuri Kamal al-Maliki. Mr. Bush said Thursday that he had been heartened this week by Iraqi and American forces fighting together to root out terrorists on Haifa Street in Baghdad, and that he also was encouraged by Mr. Maliki's recent statements that sectarian violence would not be tolerated.

"The prime minister and I have had some plain talking," the president said. "I have made it clear that the patience of the American people is not unlimited."

As Mr. Bush spoke here, two members of his cabinet, Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, were testifying about the plan on Capitol Hill, where Democrats are promising a vote on the plan and may go so far as to place limits on financing for the war. Traveling with Mr. Bush to Fort Benning, Dan Bartlett, counselor to the president, warned that if Democrats were going to criticize, they must come up with something better.

"Those who have decided to judge this plan before it has a chance to work have a greater responsibility to propose something that will work," Mr. Bartlett said. "We've yet to see that from the Democrats."

Soldiers from Fort Benning have already contributed heavily to the Iraq war effort. Members of the Third Infantry Division, Third Brigade, have served two tours in Iraq, and some were notified Thursday that they would serve a third starting in mid-March, about two months ahead of schedule, as a result of the president's plan.

In his speech, Mr. Bush took note of that, saying, "I appreciate the sacrifices our troops are willing to make." But he did not dwell on sacrifice; a senior White House official said the president did not want that to be the major theme of his talk.

It was difficult to know how the soldiers felt about returning to the war zone, or the president's new Iraq plan. Though Mr. Bush's lunch was open to the press, the base commander, Maj. Gen. Walter Wojdakowski, would not let the troops in attendance talk to reporters. His spokeswoman said the commander wanted "the focus to be on the president."

At A Post In Georgia, A Job To Do (USAT)

By Larry Copeland

USA Today, January 12, 2007

COLUMBUS, Ga. — U.S. Army Staff Sgt. Bobby Dorsey has been deployed to the Middle East three times since 2003, but he's ready to go again.

Dorsey, 26, serves with the 3rd Brigade Combat Team at the Army's sprawling Fort Benning training complex near here. He's been to Iraq twice and Kuwait once. He figures that the increase of 21,500 troops that President Bush ordered for Baghdad and the rest of Iraq this week will make a difference.

"The more boots you have on the ground, the better you can control an area without having to stretch troops so far," said Dorsey, a six-year veteran who expects to return to Iraq soon. "You'll be able to recycle some troops, get them a little down time."

Soldiers from the Fort Benning-based 3rd Brigade of the 3rd Infantry Division are among the combat troops scheduled to go to Iraq.

In 2005, the 3rd Brigade Combat Team conducted 24,000 combat patrols and 3,500 joint operations with Iraqi army and police forces, said Gordon Johndroe, spokesman for the National Security Council. About 4,000 members of the unit will deploy to Iraq soon.

On Thursday, a day after Bush announced his new strategy in a prime-time address, there was a sense of a quickening at some of the businesses that cater to soldiers here. At Ranger Joe's, a military supply store on Victory Drive, soldiers bustled in and out all afternoon, picking up uniforms and other items.

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Bush visited Fort Benning, ate lunch with soldiers and watched training exercises. "On September the 11th, our nation saw firsthand the destructive vision of a new kind of enemy, and once again the men and women of Fort Benning answered the call to protect our country from that enemy," Bush said. "The fortunate thing for this country is that those who wear the uniform have never forgotten the threat. You understand the stakes."

Outside Ranger Joe's, Army 1st Sgt. Mecko Johnson said he agrees with the president's strategy — up to a point. "The more soldiers you get on the ground, it always helps," said Johnson, 39, a 19-year veteran awaiting orders to ship out. "As far as (the troop increase) changing the whole situation in Iraq, I'll be up for questioning on that. I'm not sure that's what we need right now. We need the Iraqi people to take more control of their own country."

Johnson will be going to Iraq for the third time. He was there for Operation Desert Storm in 1991 and for the Army's initial entry into Baghdad during the 2003 invasion.

"I think it'll be different this time," he said. "Then, we were there to liberate Iraq. Now, we're there as a training force and peacekeeping presence."

Reaction from some military families around the USA was mixed:

•Lynne Stamm of Wickliffe, Ohio, whose son did three tours in Iraq, said in an e-mail that the United States has done enough: "We deposed Saddam Hussein, Iraq drafted their own constitution, they held free elections and established their own government. We have done what was promised and so much more at a steep cost: over 3,000 American dead and billions upon billions of dollars spent. George Bush needs to face the reality in front of him: Iraq is in a civil war and just like any unhappy marriage, if you step in between the warring parties often the rage gets turned on you."

•Stormie Thompson, 21, whose husband, Matthew, is an Army sergeant serving in Iraq, said in an e-mail that "only time will tell if he is required to be extended as a result of the president's new plan." She lives in Germany, where her husband is stationed, but is visiting family in Oklahoma.

"I miss him terribly and can't wait to be reunited … but this is his job," she said. "Of course, we want our troops to be home and for there to be peace in the world, but that is not a reality now. People seem to forget that we have military forces for exactly this purpose — for them to fight when called upon by our nation's leaders. "

The impact of the new deployments was being felt strongly Thursday both inside and outside Fort Benning.

At Rose's Caribbean Restaurant (lunch special, $5.50, 10% military discount) on Fort Benning Road a half-mile from the post, owner Rose Collins said the deployment will have a devastating impact on her business, which is already down sharply.

"Our business, 90% is military," said Collins, who's had a restaurant here for 14 years, including three years at the current location. "People don't understand that when the soldiers are gone, we have no business."

Alek Ansley, co-owner and general manager of JudyBug's Books in nearby Columbus, said the comings and goings from Fort Benning affect businesses in town, but merchants no longer are wholly dependent on the troops.

"My biggest concern is for the families of the soldiers themselves," said Ansley, 39. "I know people who have been over there many times. I feel like it's another Vietnam, because I just think it's a war that can't be won. I think we'll win some battles, but I think even with these soldiers, we're not going to win the war."

Dorsey, who expects to return to Iraq in early spring, said he sees it differently. "We got a lot of good things accomplished," he said. "We got schools up and running. We built water-treatment plants. The guys over there are really helping the people learn how to sustain themselves. I think the additional troops will really help."

U.S. Unit Patrolling Baghdad Sees Flaws In Bush Strategy (WP)

By Sudarsan Raghavan

The Washington Post, January 12, 2007

BAGHDAD, Jan. 11 -- A few hours before another mission into the cauldron of Baghdad, Spec. Daniel Caldwell's wife instant-messaged him Thursday morning. President Bush, Kelly wrote, wanted to send more than 20,000 U.S. troops and extend deployments in Iraq. Eight weeks pregnant, she was worried.

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Caldwell, a tall, lean 20-year-old from Montesano, Wash., wondered whether he would miss the birth of his child. He walked outside and joined his comrades of Apache Company, 1st Battalion, 23rd Infantry Regiment, Stryker Brigade. They, too, had heard the news.

Moments before he stepped into his squad's Stryker -- a large, bathtub-shaped vehicle encased in a cage -- Caldwell echoed a sentiment shared by many in his squad: "They're kicking a dead horse here. The Iraqi army can't stand up on their own."

Bush's decision to send 21,500 more troops to Iraq rests on a key assumption: that the Iraqi government of Prime Minister Nouri al-Maliki can produce a well-disciplined, impartial army capable of taking the lead in securing Baghdad. U.S. troops, the president said, would now play more of a background role.

The day after his speech, the soldiers of Apache Company went on a mission to the volatile neighborhood of Hurriyah that underscored the challenges confronting U.S. troops as they attempt to clear neighborhoods of sectarian fighters and keep them that way under Iraqi control.

Across Baghdad, Iraq's mostly Shiite security forces have proved unable to keep neighborhoods secure on their own. Sunni Arabs deeply mistrust the army and police, viewing them as a sectarian weapon of the Shiite-led government. Iraqi army commanders say their soldiers lack training and equipment, while some U.S. officials worry that Iraq's troops are too dependent on their American counterparts and will become even more so with the expected surge.

The Stryker rolled through the mud of Camp Liberty and made its way to Hurriyah, a mostly Shiite area nestled west of the Tigris River. Apache Company's mission: to search a few houses for weapons caches based on intelligence reports. Caldwell and his soldiers worried about the intelligence they had been given. It had come from an Iraqi army -- or "IA," in U.S. soldier lingo -- officer a week ago. They wondered whether they were being set up for an ambush.

"It's a joke," said Pfc. Drew Merrell, 22, of Jefferson City, Mo., shaking his head and flashing a smile as the Stryker rolled through Baghdad.

"They feed us what they want," said Spec. Josh Lake, 26, of Ventura, Calif., referring to the intelligence. "I guarantee that everyone in the city knows where we're going. Because the IA told them. The only thing they don't know is how big a force we're coming with."

On this morning, 22 U.S. soldiers were in the Stryker convoy along with one Iraqi interpreter, whom the soldiers called Joey. He didn't want his real name used for security reasons.

"Pretty soon the Shiites will be tired of our presence, just like the Sunnis," said Lake, noting that the squad now makes almost daily trips to Hurriyah.

"The general feeling among us is we're not really doing anything here," Caldwell said. "We clear one neighborhood, then another one fires up. It's an ongoing battle. It never ends."

"We're constantly being told that it's not our fight. It is their fight," said Sgt. Jose Reynoso, 24, of Yuma, Ariz., speaking of the Iraqi army. "But that's not the case. Whenever we go and ask them for guys, they almost always say no, and we have to do the job ourselves."

"You do have corruption problems among the ranks," said Sgt. Justin Hill, 24, of Abilene Tex., the squad leader. "I don't know what they can do about that. They have militias inside them. They are pretty much everywhere."

"The intel they give us and the intel we get are two different things," Lake said.

Caldwell, as he listened to the conversation, leaned his head back and said:

"I want to go back and play my PlayStation.'"We Need the Americans'

In Hurriyah, the convoy pulled up outside the Muheaman Mosque, a tan Sunni house of worship overlooking a dirt field with junked cars. Last month, militiamen from the Mahdi Army, the force of radical Shiite cleric Moqtada al-Sadr, killed several mosque workers. Now, an Iraqi army unit, with all Shiites, was stationed inside the mosque. The area, they said, was controlled by the Mahdi force.

Lt. Dan Futrell, 23, of Santa Clara, Calif., walked into the mosque, flanked by his comrades. Unarmed, bleary-eyed Iraqi soldiers greeted him and called for their commander, Maj. Saad Khalid Fetlawi, who wore a red beret.

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Futrell asked him for 10 Iraqi soldiers to help search the targeted houses. Fetlawi immediately agreed and ordered his men to report for duty. As he waited, Fetlawi said he had heard that the United States was sending thousands of extra troops.

"This is good news. We have a weak government and a weak army. We need training, we need more equipment," Fetlawi said. "We need the Americans to help us go forward. Iraqi army soldiers are not ready to do all this themselves. At the moment, 20,000 is a good number to help us to bring security."

His soldiers came out with old, rusting AK-47 assault rifles and mismatched uniforms. One soldier wore baby blue running shoes with his beige camouflage gear. Some wore black masks so they wouldn't be recognized in the community. Another soldier tucked silver shears into his chest strap.

"This is one of the more squared-away units," Hill said.

"That's something," quipped Merrell, looking at the soldier with the shears. "The Iraqis are always ready to prune a good hedge."

"Okay," barked Hill, looking at the Iraqis. "You guys will lead out."

They walked around the corner, onto a narrow, unpaved street with two-story houses. Residents watched from their walled yards as the Iraqi soldiers politely knocked on the doors of the targeted houses. They went in, followed by the Apache Company troops.

Inside one house, an Iraqi soldier walked up to Reynoso. He had found two AK-47 magazine clips. By law, the family can own only one. The Iraqi soldier asked Reynoso what he should do.

"I am not going to tell you what to do," Reynoso said, clearly trying to wean the soldier from depending on him. "It is against the law, but it is up to you to decide."

The Iraqi soldier smiled. Then, he handed back the magazine clip to a member of the family.

In another house, an Iraqi soldier asked whom he should take orders from, the Americans or his Iraqi squad leader.

"I'll tell your squad leader what to do, and he will tell his squad what to do," replied Sgt. Justin Mongol, 25, of New Market, Va., as Joey translated.

After nearly a half-hour, the soldiers had not unearthed a single weapon. Futrell asked Joey to see whether they were near Mahanara School, as the informant had told them. They weren't. They were near Imam Ali School.

The houses they were meant to search were in another section of Hurriyah.

Some of the American soldiers were angry. They had wasted their time and put their lives at risk.

"Are we even in Hurriyah?" Mongol demanded.

"We're chasing a ghost," Hill said.

They returned to the mosque and asked Fetlawi for a map of Hurriyah.

"I have no map of the place. I came here two days ago," he said.

Still, Fetlawi made a call and was able to find the correct school. He dispatched a pickup truck with his men to guide the U.S. soldiers.

Inside the Stryker, Lake fumed: "A debacle," he declared.

"Same old bull. . . ," Caldwell said, using an expletive.No Help Without Orders

The Stryker stopped along a main street in Hurriyah.

The soldiers walked into a compound, the base of the Iraqi army unit in charge of a nearby checkpoint. The targeted house was across the street. And Futrell needed the help of Sgt. Ahmed Faisal. He needed some of his men to help raid the house.

Faisal refused.

"Our duty is only at this checkpoint, not inside the sector," Faisal said. "We can't send any men with you. I can't work without orders."

So the Americans crossed the street and searched the two-story house. They examined a red trunk on the roof and dug through a pile of sand. No weapons. "I think it's a dry hole," Mongol said, with disappointment.

Inside the Stryker, as it headed back to the base, the soldiers of Apache Company wondered whether they had been given false information by their Iraqi army contact. "They know things we don't," Lake said, repeating what he had said on the way to Hurriyah.

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"That's why we're still here. That's why we will be here for years."

U.S. Expects New Reliability From Iraqi Forces (USAT)

By Tom Vanden Brook

USA Today, January 12, 2007

WASHINGTON — President Bush's plan to secure Iraq by committing 21,500 more U.S. troops rests on a shaky foundation: the Iraqi military.

Recent reports by the Pentagon and the Government Accountability Office (GAO) say Iraqi security forces, primarily the military and police, suffer from a lack of training, supplies and availability.

Though 322,600 Iraqi security personnel had been trained and equipped by last month, "the number of present-for-duty soldiers and police is much lower," according to a Pentagon progress report released in December. That's because so many Iraqi troops are on scheduled leave, are absent without leave or have left the service entirely, the report says.

Things will change under the new plan, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said Thursday. Two Iraqi troops will join each U.S. soldier under the plan to secure Baghdad, he said.

How much the Iraqi military can be relied upon to provide the manpower, however, is uncertain. The Iraqi government promised six battalions last summer to help secure Baghdad; only two showed up.

The United States has had to adjust its plans to reduce troop levels in Iraq at least three times since 2004 because of the Iraqis' inability to provide security, a GAO study released Tuesday says.

Although U.S. forces transferred security responsibilities to the Iraqis, "overall security conditions in Iraq have continued to deteriorate and have grown more complex," says the report by GAO, Congress' investigative arm.

The Iraqis must follow through this time, Defense Secretary Robert Gates said Thursday. "American patience is limited," he said. The United States will revisit its strategy if the Iraqis don't deliver on their new promises, he said.

Among key elements of the Baghdad plan, according to Pace:

•An Iraqi commander will oversee security of all of Baghdad, which will be divided into nine districts. Each district will have an Iraqi brigade supported by a U.S. battalion. U.S. brigades have 3,500 to 5,000 troops; a battalion has about 700 to 1,000 troops.

•All allied forces in Baghdad — the Iraqi army and police, and U.S. and coalition troops — will be based at three or four police stations in each sector. They'll mount daily patrols, perform door-to-door work and provide a presence to help develop security.

•Quick-reaction forces based at the police stations will aid Iraqi forces that encounter trouble.

The recent reports questioned the Iraqi forces' ability to handle their assigned roles.

The Pentagon report said the Iraqi army's inability to plan and deliver supplies to its troops means it will continue to "rely heavily" on U.S. quick-reaction forces.

The Pentagon report also said sectarian militias had infiltrated the Iraqi police units that the plan counts on for security.

The militias often dominate large sections of Baghdad. In the past, the Iraqi government has prevented U.S. troops from operating in those neighborhoods, such as the Shiite area called Sadr City. Gates told the House Armed Services Committee that Iraq's government will now allow coalition forces to operate in all neighborhoods.

There are about 42,000 Iraqi security forces and 24,000 U.S. troops now in Baghdad, Pace said. The president's plan would add 17,500 U.S. troops in the capital. Four thousand Marines will be added in Anbar province west of Baghdad, the heart of a Sunni-based insurgency.

The boost is coming too late, Armed Services Chairman Ike Skelton, D-Mo., told Gates. "The time for a so-called surge in troop numbers was back in 2003," he said.

Earlier Thursday, Gates told a White House briefing that the troop increase is considered "temporary," but "I think no one has a really clear idea of how long that might be."

Gates told the committee he favored adding 65,000 soldiers and 27,000 Marines to the military. Over five years, the Army would grow to 547,000 soldiers and the Marine Corps to 202,000 troops.

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Sales Job Kicks Off For Bush Iraq Plan (USAT)

By David Jackson And Bill Nichols

USA Today, January 12, 2007

WASHINGTON — The White House is embarking on a weekend campaign to sell President Bush's new Iraq strategy to the nation amid fierce criticism from Democrats and some Republicans on Capitol Hill.

President Bush will appear Sunday on CBS' 60 Minutes, which airs after an NFL playoff game. Vice President Cheney will appear on Fox News Sunday to defend the plan to boost U.S. troop levels by 21,500.

Secretary of State Condoleezza Rice leaves today on a week-long trip to the Middle East and Europe to brief U.S. allies on the plan.

White House spokesman Tony Snow, who held interviews with radio and television hosts Thursday, said the communications plan will continue in coming weeks.

Snow and others said the strategy is aimed at several distinct audiences, including Congress, servicemembers, Iraqis and other Middle Eastern countries, as well as the American public. "This is something the president will do on an ongoing basis," White House communications director Kevin Sullivan said. "We'll do it in a lot of different ways."

Bush told about 300 soldiers and family members at Fort Benning in Georgia on Thursday that Americans must brace for more violence in the short term as insurgents resist the additional troops.

"The American people have got to understand that suicide bombings won't stop immediately," Bush said. "Yet over time, we can expect to see positive results."

In Congress, Bush's plan, which he unveiled in a prime-time speech Wednesday, found few supporters in a day of combative appearances by Rice and Defense Secretary Robert Gates. As Rice briefed the Senate Foreign Relations Committee, Nebraska Republican Chuck Hagel, a Vietnam War veteran, said Bush's strategy was "the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out."

Senate Majority Leader Harry Reid, D-Nev., plans to introduce a resolution next week expressing disapproval of Bush's plan and possibly force senators to make a non-binding vote for or against it.

"In choosing to escalate the war, the president stands virtually alone," Reid said.

Senate Minority Leader Mitch McConnell, R-Ky., and other Republicans defended the plan. McConnell threatened to block the resolution.

Democratic leaders in the House remain undecided on when a vote might be held on the new policy. Hearings in the House are set for next Wednesday.

Poll: Americans Oppose Iraq Troop Surge (AP)

By Nancy Benac

AP, January 12, 2007

Seventy percent of Americans oppose sending more troops to Iraq, according to a new poll that provides a devastatingly blunt response to President Bush's plan to bolster military forces there.

All sides in the Iraq debate are keenly aware of mounting public dissatisfaction with the situation: Secretary of State Condoleezza Rice said Thursday it's one thing on which all Americans — including administration officials — are united.

Yet the Associated Press-Ipsos poll found widespread disagreement with the Bush administration over its proposed solution, and growing skepticism that the United States made the right decision in going to war in the first place.

Just as 70 percent of Americans oppose sending more troops to Iraq, a like number don't think such an increase would help stabilize the situation there, the poll suggested. When asked to name the most important problem facing the U.S., 38 percent of those polled volunteered war, up significantly from 24 percent three months ago.

The AP-Ipsos telephone survey of 1,002 adults was conducted Monday through Wednesday night, when the president made his speech calling for an increase in troops. News had already surfaced before the polling period that Bush planned to boost U.S. forces in Iraq.

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The public's concern over Iraq was a prominent topic on Capitol Hill on Thursday as legislators reacted to the president's plan to increase troop levels by 21,500.

Senate Foreign Relations Committee Chairman Joseph Biden, D-Del., harked back to the Vietnam War as he warned Rice that any solution to the Iraq problem must have public support. "They've got to sign on," he told her.

Sen. Barbara Boxer, D-Calif., told Rice: "You are not listening to the American people. ... And you wonder why there is a dark cloud of skepticism and pessimism over this nation."

But Republican Sen. John McCain of Arizona said it would be an oversimplification to think that people just want the United States out of Iraq.

"They're understandably frustrated, they're understandably saddened," he said. "But if you can show the American people that there is a way forward to success, and also describe to them the consequences of failure, I believe this policy can be supported."

Iraq is a drag on Bush's overall job approval rating, too. That rating is at 32 percent in the latest survey, a new low in AP-Ipsos polling.

Just 35 percent of Americans think it was right for the United States to go to war, another record low in AP polling and a reversal from two years ago when two-thirds of Americans thought it was the correct move. Sixty percent, meanwhile, think it is unlikely that a stable, democratic Iraqi government will be established.

Democrats are far more inclined to oppose an increase of troops, with 87 percent against the idea, compared with 42 percent of Republicans.

Opposition to boosting troop levels is highest in the Northeast, where 79 percent of those surveyed were against the idea. That compares with 68 percent in the South and 67 percent in the Midwest and West.

The survey had a margin of sampling error of plus or minus 3 percentage points.

In Pennsylvania, President's Plan Draws Mixed Responses And Hardens Opinions (NYT)

By Ian Urbina

The New York Times, January 12, 2007

CLIFTON HEIGHTS, Pa., Jan. 11 — Hunched over a beer with a crowd of other veterans at the American Legion here Thursday, Rocco Polidoro was sure of one thing: President Bush's plan to send some 20,000 more troops to Iraq would only make matters worse.

"What I don't understand is who the president is listening to," said Mr. Polidoro, a lifelong Republican who, like a majority in this Republican district, voted for an antiwar Democrat in the last election. "If vets, military brass, the Baker committee, the international community and now most voters say it's time to get out, then in my view it's time to get out."

Frustrated by mounting deaths of United States soldiers in Iraq, voters in this former mill town wedged between more liberal Philadelphia and more conservative rural areas, responded to the president's plan with feelings ranging from outrage and resignation to guarded skepticism and qualified support.

In warning Americans of the risks of withdrawing too early, Mr. Bush, in his speech on Wednesday night, seemed to harden opinions rather than change minds here just two months after a resounding Democratic election victory was seen as a rejection of his Iraq policy.

"It's one thing to be steadfast and another to be stubborn," said Rick Lacey, another Republican at the Legion hall who voted for a Democrat in the last election. "A guy like McCain, I don't agree with him on this troop increase issue, but he is steadfast because he bases his decisions on experience. Our president, he bases it on ideology and being stubborn."

Carlos Figueroa, a chef and Vietnam veteran from Villanova, said he would prefer to see an even larger increase in troop numbers. "The biggest concern I have is about morale of the troops over there," Mr. Figueroa said, "and I think that by sending even larger numbers we would get the place under control and help boost spirits of our folks and Iraqis."

But other supporters of the president's decision said they were left with an unsettling sense that the troop increase was part of a broader approach lacking in clear goals and a concrete exit plan.

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"I do think increasing troops may make sense because if you go to war, you go to win," said John Carson, 71, a Democrat and Korean War veteran who was getting a trim at the A Cut barbershop in Bensalem, a Bucks County town in another conservative Congressional district that swung to an antiwar Democrat in November. Were he on the front lines, Mr. Carson said, he, too, would hope to get all the help available. "But the terms have to be clear," he added. "What milestones? When will we get out? What is our limit?"

Standing near a statue of Uncle Sam riding a bicycle, Hugh Morrow, 64, a Republican who served in Vietnam and who owns the barbershop, intervened.

"Now, wait a minute," Mr. Morrow said, turning off his clippers. "The guy keeps digging us deeper and deeper into this mess — why not start pulling us out now?"

At Mary Jeffery's house, also in Bensalem, the conversation among 10 Democrats who had gathered to watch Mr. Bush's speech erupted into a heated free-for-all when one asked whether Democrats in Congress actually had the authority and the spine to block the president's plan.

"Of course they do," said Ms. Jeffery, a Democrat whose son is stationed in Cyprus.

"It's not too late for impeachment," someone yelled from the back of the room.

"Congressional hearings will apply pressure, we have to apply pressure," another person said, adding that the long-term solution was to reinstate the draft. Others suggested staging street protests and encouraging soldiers to refuse to serve.

"Look," interrupted John Daily, 46, a Navy veteran. "If the president wants to send troops, he has the constitutional power to do it."

"I don't know that cutting off funding is a fair thing to do to the troops," he added, as the room fell silent.

In Washington, while Senate Democrats condemned Mr. Bush's proposal and promised a nonbinding vote on it, and House Democrats threatened to limit financing for the president's plan, Republican lawmakers faced either breaking with Mr. Bush or embracing an unpopular policy just as the 2008 race for the White House picks up.

Virtually everywhere across these districts, talk of what Mr. Bush's plan means in relation to the last election quickly moved to speculation about the next.

"The pressure is actually on the Democrats now to prove that when given the chance to make a difference they take the opportunity," said Bill Lewis, 66, a Vietnam veteran, at a shopping mall in Springfield. "We had a 70 percent turnout for the first time in years here in Delaware County with a lot of independents and Republicans voting Democratic. But those folks won't do that again if the Democrats fail to act."

In national polling by The New York Times and CBS News, the percentage of Americans who say the United States did the right thing in taking military action in Iraq dropped to 38 percent last week from a high of 64 percent in December 2003.

And many voters here said the war was playing an increasingly important role in how they voted, even beyond party affiliation.

"I'm as devout a Democrat as they come," Mr. Daily said. "But if we are still in the war in two years and a Republican candidate for president like Hagel or Brownback is more antiwar than the Democrat, then I will vote Republican." He was referring to Senator Sam Brownback of Kansas, who has formed a presidential exploratory committee, a step that allows him to raise money as he gauges support, and Senator Chuck Hagel of Nebraska, widely mentioned as a possible candidate in 2008.

Some Democrats said the real reason for their anger at the president's decision was that it implied a larger misunderstanding of the problem in Iraq.

"He keeps trying to solve a political problem with a military solution," said Jim Bodnar, 61, who served in the Vietnam War. He said he thought the toppling of Saddam Hussein had inflamed ethnic, regional and religious rivalries that would not be mended by military force. But when he asked what Democrats should do to better address these political problems, Mr. Bodnar paused.

"I'm frustrated," he said, "but I'm not saying there are any easy answers here."

String Of Hopefuls For 2008 Choose Sides In Iraq Plan (WSJ)

By John Harwood

DOJ_NMG_0115696

The Wall Street Journal, January 12, 2007

Iraq Debate Clouds 2008 picture.

McCain braces for fallout from troop surge that's smaller than he favored. His Republican presidential rival Romney, hurt by social-issue flip-flops, takes cautious approach with low-key endorsement of more troops.

Dark-horse Brownback gambles by opposing surge, targeting the one-third of Republicans who disapprove of Bush's policy. As liberal groups prepare ads opposing "escalation," new Democratic candidate Dodd pressures Obama and Clinton by praising Kennedy's call to block Bush. "She's worried about the left," says one Democratic Senate colleague of Clinton.

War critic Hagel, saying he may yet enter the Republican race, predicts mounting public protests.

Drug industry aims to hold down score on today's Medicare vote.

While House approval of requiring government negotiations over Medicare prices isn't in doubt, large-scale Republican defections would damp industry hopes of prevailing in Senate. Pharmaceutical lobbyists hope for just 20 Republican renegades; Democrats predict fewer, but Republican leaders warn the number could top 30.

Democratic leaders credit White House for promoting the message that Medicare's benefit has cost less than forecast, though they blame low enrollment. Opponents of negotiation say slowdown in drug spending argues against change; Medicare actuaries join Congressional Budget Office in saying House bill won't save taxpayer money.

Democrats seek to isolate Republicans with narrow tax-increase targets.

House Speaker Pelosi identifies $500,000 earners -- a more exclusive group than party leaders have previously targeted -- as source of revenue for cutting middle-class taxes. Imposing pre-Bush 39.6% rate on those with incomes over $500,000 would raise more than $85 billion over four years, Tax Policy Center estimates.

White House sees any tax increases heightening Democrats' vulnerability. Crediting Bush cuts with fueling growth, ranking Senate Finance Committee Republican Grassley asks, "Why would they want to kill the goose that laid the golden egg?"

"The upper-class squeeze -- now that's an issue Republicans can run on," taunts former Bill Clinton aide Bruce Reed.

PRESIDENTIAL PRIORITY? Former Clinton aide Dan Tarullo says Bush must "become personally involved" to restart Doha trade talks. Though Bush's negotiating authority expires in June, trade representative Schwab says "content will dictate over chronology" in talks with Europe, Brazil and India.

PENNY-WISE? Rice may speak on Afghanistan on coming overseas trip, while State and Pentagon team up to seek $6 billion for added Afghan troop training, border protection, road building and other projects. But they face pushback from Bush budgeteers, who aim to cut those figures in half.

BUSH AIDES BLAME television networks for audio problems during president's Iraq speech. "The feed went out of here clean," a spokesman says. Bush will keep relatively low-profile on Iraq next week as he wraps up budget decisions and Jan. 23 State of the Union speech.

JUDICIAL POLARIZATION? Memory of late U.S. Supreme Court Chief Justice Rehnquist divides Middlebury College in Vermont after professorship is named for him. "Rehnquist had the opportunity to grant civil rights to African-Americans and gays and lesbians, and he consistently used that power to deny them," Kevin Moss, professor of Russian, tells the student newspaper. Faculty votes 52-43 for resolution affirming commitment to diversity.

WHITE HOUSE BATTLES Democratic resistance on judges.

Despite withdrawal of four conservative nominees, Democrats say Bush is still playing hardball. California Sen. Feinstein fumes after Bush ignores her and Sen. Boxer in renominating Randy Smith of Idaho for a Ninth Circuit appeals-court seat traditionally held by a Californian.

Conservative dominance on Virginia-based Fourth Circuit, which has three vacancies, is at risk. Freshman Democratic Sen. Webb objects to some candidates proposed by Republican Sen. Warner; the Virginia colleagues meet to discuss working together on judges.

Democrats seek records from Fifth District appointee Leslie Southwick's service in Reagan White House at time of Bork's Supreme Court nomination.

MINOR MEMOS: Democratic Congress makes Rep. Oberstar chairman of House transportation panel and burnishes memory of his late boss and predecessor John Blatnik; Mr. Oberstar takes Blatnik's portrait from storage to hang in committee

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hearing room. ... Cheering union allies, Democrats rename House Education and the Workforce Committee to Education and Labor.

Wartime Linguistics (LAT)

By Frank Luntz

The Los Angeles Times, January 12, 2007

NOT SINCE THE frigid days of the Cold War have so many people parsed the lexicon of a world leader. Americans tuned in Wednesday night to hear the president's plan for a "new way forward" in Iraq. We also tuned in to be convinced and reassured that President Bush was the right man to execute that plan.

The speech was a clear attempt to draw a distinct line between the past and the future. The president addressed head-on the most common attacks on him and his administration, countering "inflexible," "unrealistic" and "incompetent" — three words pollsters like myself have heard from an angry electorate for more than a year — with "adjust" and "change," "scrutiny," "responsibility" and, again and again, "our new strategy." Speaking from the White House library, a different setting befitting a different strategy, the president attempted to make the case that things in Iraq were going to be different from now on.

The problem is, for most Americans it is too little and too late.

In the president's own words:

"Our past efforts to secure Baghdad failed…. "

True enough, but Americans had already figured that out. Now they are asking themselves why it took him so long. The rising troop death toll, the increasingly cruel and inhumane violence by Iraqis against Iraqis and the steady stream of graphic videos belie this attempt at linguistic minimization.

"There were not enough Iraqi and American troops…. And there were too many restrictions on the troops we did have."

These two sentences, while seemingly straightforward, may well become the most important of the entire speech. Americans have been told repeatedly that the commanders and troops would be given everything they need to win the war. Apparently, even the president now admits that wasn't the case.

"We will give our commanders and civilians greater flexibility to spend funds for economic assistance."

Given the unemployment in our own Rust Belt, Bush's jobs program for Iraq forces deficit-conscious Americans to choose between U.S. security and Iraqi security, between American economic development and Iraqi economic development. For most Americans, that choice is a no-brainer.

"We will double the number of provincial reconstruction teams … to help local Iraqi communities pursue reconciliation."

Reconciliation? It surely is an admirable long-term goal, but before you can break bread together, you first have to stop killing each other. For two years, we've been treated to horrific videos of mass sectarian violence. The picture conjured by "reconciliation" doesn't match anything that is in our visual databank.

"To empower local leaders, Iraqis plan to hold provincial elections…. "

We all remember with pride the purple fingers defiantly waving in the air last year. But if you asked Americans (and probably Iraqis as well) which is a higher priority, they'd wish for peace and calm ahead of another trip to the ballot box.

Not all of the speech was miscast. There were several examples of credibility-building passages and real-life references that will be well received by the American masses.

"A democratic Iraq will not be perfect. But it will be a country that fights terrorists instead of harboring them."

This is the most tangible reference to a genuine benefit that Americans can appreciate and share, regardless of ideological persuasion. It is a fact that we haven't had a successful terrorist attack on American soil since 9/11. Although many Democrats would deny him any credit, the president does still earn positive marks for the aggressive prosecution of the war on terror.

"If we increase our support at this crucial moment … we can hasten the day our troops begin coming home." Finally, a nod to an end to the conflict. What has been missing from the Bush rhetoric for more than a year is the proverbial light at the end of the tunnel — a chance for Americans to put the war behind them and focus on a more hopeful future.

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If the president had his verbal ups and downs, the Democrats' response wasn't brilliant rhetoric either. They should probably consider themselves fortunate that the networks didn't want to delay or preempt even a minute of fare such as "Deal or No Deal." Their stringent rhetoric and unwillingness to compromise highlights their continued inability to put forward a comprehensive, credible alternative.

House Speaker Nancy Pelosi's spokesperson told USA Today that her boss would subject Bush's proposal to "harsh scrutiny." Words like "examination" or "accountability" would have been a more objective and less political approach for a party desperate to demonstrate that it isn't too partisan or too negative.

Similarly, "We're not going to baby-sit a civil war" — Sen. Barack Obama's sound bite — ignores widespread American concern that a civil war today could spin into a regional war tomorrow, with worldwide consequences. The image of "baby-sitting" lacks the gravitas that a conflict that has taken thousands of American lives, and tens of thousands of Iraqi lives, deserves.

In times of war, the American people have the right to expect a president who is straight with them linguistically, whether he's delivering good news or bad news, and an opposition party that uses words to unite and explain rather than divide and attack. Too bad we haven't had enough of either.

Surge Towards Debacle In Iraq And MidEast (FT)

Financial Times, January 12, 2007

George W. Bush's new direction in Iraq is certainly not a strategy for victory, whatever that word, which is used ever more desperately by the US president, now means. It may be one last heave. It may be a cover for US withdrawal. But two things are quite clear.

Right now, Mr Bush has the support of no more than one in four Americans for this so-called surge of an extra 20,000 or so troops. Very soon, as the already indecipherable ethnic and sectarian patchwork of Iraq is pulled further and even more bloodily to pieces, he will have none.

Second, this policy will not succeed in fixing an Iraq traumatised by tyranny and war and then broken by invasion and occupation. But it may end with the US "surging" into Iran – and taking the Middle East to a new level of mayhem that will spill into nearby regions and western capitals.

Mr Bush's body language in the speech bespoke a chastened man. Yet, caught in a wilfully spun web of delusion and denial, he seems still unable to comprehend the depths of the debacle he has caused in Iraq.

Iraq has reached advanced societal breakdown, with ethnic cleansing on a regional, neighbourhood and even street-by-street basis. There has been a mass exodus of its professionals and managers, civil servants and entrepreneurs, a haemorrhage of its future. The time for the occupying authorities to have surged was 2003, after the fall of Baghdad; like everything they have tried since, this is far too little, much too late. The US deployed a similar number of troops last summer to "lock down" Baghdad, since when the number of killed in the capital alone has rocketed to more than 100 a day, while on average an attack occurs against Anglo-American forces every 10 minutes, and this in a fight now mainly between the minority Sunni deposed from power and the hitherto dispossessed Shia majority drunk with it.

It is hard, even for ardent democrats, to see this Iraq as a young democracy fighting for its life, as Mr Bush's discourse of good guys against bad guys would have it. The invasion has solidified a system divided into sects and operating on the basis of patronage and intimidation. The composition of parliament is nearly two thirds Islamist. There are no institutions. Ministries are sectarian booty and factional bastions. The one institution that did more or less survive Saddam Hussein, the national army, was disbanded by the occupation and current attempts to reconstitute it have failed to move beyond rebadged militia. The three brigades the Shia-dominated government of Nuri al-Maliki has promised to add to the five extra US brigades are mostly Peshmerga – Kurdish militiamen – adding another account to be settled once the Americans withdraw.

What is still, in spite of Mr Bush's attempts to dress it up, an essentially military strategy is just not credible. The US army is not designed to deal with insurgency and, in any case, does not have the troops to master one on this scale – especially if its own masters are planning to open a new front.

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It has failed to control the insurgency in the Sunni triangle – a rebellion by a minority of the minority. Now it aims to confront Moqtada al-Sadr, the Shia radical, and his 60,000-strong Mahdi army, in a fight that could set fire to east Baghdad and south Iraq, where British troops could easily be enveloped in the flames.

The contradiction at the heart of the US approach, however, is this: after casually overturning the Sunni order in Iraq and empowering the Shia in an Arab heartland country for the first time in nearly a millennium, Washington took fright at the way this had enlarged the power of the Shia Islamist regime in Iran. Now, while dependent on Tehran-aligned forces in Baghdad, and unable to dismantle the Sunni Jihadistan it has created in western Iraq, the US is trying to put together an Arab Sunni alliance against Iran. This is a fiasco with the fuel to combust into a region-wide conflagration.

The only feasible way forward is the approach of the bipartisan Baker-Hamilton commission – which the new US Congress should embrace and insist on.

This would make support for the Iraqi government and army conditional on their real effort to promote national reconciliation, which would in turn, as it progressed, be rewarded with billions of dollars in long-term aid from the US and Iraq's neighbours. This external support – from Turkey to Saudi Arabia and Iran to Syria – would be built up within a wide-ranging diplomatic offensive in the region that would include Tehran and Damascus. Mr Bush is instead threatening to expand the war.

"Iran is providing material support for attacks on American troops" he said on Wednesday. "We will disrupt the attacks on our forces. We will interrupt the flow of support from Iran and Syria." The Iraq surge is beginning to look like the Vietnam escalation, spilling over into Iran and Syria the way that one did into Cambodia and Laos.

Mr Bush is right to argue that defeat in Iraq would be very serious. He is wrong in failing to recognise defeat is what he is staring at – and that this approach will help guarantee it.

Why Bush's War Plan Can Work (CSM)

By Mackubin Thomas Owens

The Christian Science Monitor, January 12, 2007

NEWPORT, R.I.

The strategy that the president outlined Wednesday night does not represent an altogether new approach to Iraq, but a necessary adaptation of the previous strategy to changed circumstances. It is, in effect, an updating of the National Strategy for Victory in Iraq he issued in November 2005.

President Bush's prime-time address acknowledged the shortcomings of past efforts to secure Baghdad. And he implied that this new effort to do so represents a final opportunity to salvage victory in Iraq. Failure in Iraq, he warned, would be a disaster. But Mr. Bush's plan can work.

Strategy is the interplay of ends, ways, and means. Strategic thinking implies limited means. There are never enough resources to achieve all goals, so choices must be made concerning how best to apply limited resources.

In the case of Iraq, America's strategic goal is a "unified democratic federal Iraq that can govern itself, defend itself, sustain itself, and is an ally in the war on terror." The key to achieving this strategic goal is to provide security for the Iraqi people. This, in turn, requires defeating the insurgents.

Until February of last year, the key to victory was the defeat of the Sunni insurgency centered in Anbar Province. This took the form of a campaign to destroy the Sunni insurgency by depriving it of its base in the Sunni Triangle and its "ratlines" - the infiltration routes that run from the Syrian border into the heart of Iraq. The operational concept was "clear and hold."

No force can continue to fight if it is deprived of sanctuary and logistics support. Accordingly, the central goal of the US strategy before February 2006 was to destroy the ratlines following the Euphrates and Tigris rivers.

This campaign began in November 2004 with the takedown of Fallujah. Wresting Fallujah from the jihadis was critically important: Control of the town had given them crucial infrastructure to attack Iraqi and coalition targets.

The loss of Fallujah didn't cause the insurgency to collapse, but it did deprive the rebels of an indispensable sanctuary.

The coalition continued a high tempo of offensive operations. Although successful in many respects, these operations seemed like the "Whac-A-Mole" arcade game: towns were cleared of insurgents, but because of limited manpower, they could not be held. Insurgents returned once coalition forces moved on.

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In February 2006, when Sunni extremists destroyed the Shiite mosque in Samarra, sectarian violence exploded, especially in Baghdad. American and Iraqi troops had to redeploy to confront the new threat, and in doing so, the gains that had been achieved against the Sunni insurgents were lost.

The new plan is a response to these changing conditions. The main reason for the so-called surge is to provide enough troops to provide security for Baghdad while regaining the initiative against the Sunni fighters in Anbar. It also recognizes that the Shiite militias causing most of the deaths in Baghdad must be neutralized.

It includes not only a military component but political and economic elements, as well. The adage - to defeat an insurgency, "win the hearts and minds" of the people - is true. But to do that, the people must have security. And to achieve security, it is often necessary to kill and capture the insurgents. Thus, military success is a necessary, if not sufficient, cause for defeating an insurgency.

This point is illustrated by an objective analysis of the Vietnam War. As Mark Moyar demonstrates in his remarkable new book, "Triumph Forsaken," the government of Ngo Dinh Diem had broken the communist insurgency in South Vietnam by 1960 by killing and capturing communist cadres in unprecedented number, leading many survivors to defect to the government's side. And in his book, "A Better War," Lewis Sorley shows how the US did the same in the late 1960s and 1970s.

Will Bush's approach work? This depends on at least three factors. The first is the adequacy of the force. Many commentators have called for troop increases of 40,000 to 50,000, but 20,000, which Bush called for, is the maximum number that can be culled from the current force. In any case, the key to success is not the number of troops but how they are used.

The second factor is the Iraqi government. Until now, the Shiite militias have been off limits. That has to change, and Bush put Iraqi Prime Minister Nouri al-Maliki on notice that this is the case.

The third factor is Congress. Would the Democrats rather see Bush lose or the US win? Let us hope that the Demo-crats take the wise counsel of one of their own, Sen. Joe Lieberman of Connecticut, who reminded us the other day that the stark choice in Iraq is between victory and defeat.

'Unity Of Effort' (WSJ)

By Daniel Henninger

The Wall Street Journal, January 12, 2007

Immediately after the president's speech, House Majority Leader Steny Hoyer said, "I heard nothing new." Nothing? When Gen. David Petraeus takes command of U.S. forces in Iraq, it will mark the start of an historic turn in military strategy in Iraq and perhaps in U.S. war-fighting doctrine.

The U.S.'s primary problem in Iraq, manifest across 2006, has been an urban insurgency in a 30-mile radius around Baghdad and in Anbar province. The Petraeus command is the overdue beginning of the counterinsurgency.

This isn't a one-off effort as at Fallujah, but counterinsurgency as daily U.S. military policy. It is the product of an enormous amount of self-criticism and analysis done by military and civilian analysts in and out of government. It does not mean, as often suggested the past 24 hours, that 20,000 U.S. troops are now going to run out and look for gun battles with insurgents in back alleys.

In broadest outline, the plan divides Baghdad into nine districts, essentially neighborhoods. The job of providing daily security in each district will be undertaken by an Iraqi army brigade of several thousand soldiers, a U.S. support battalion of up to 1,000 troops, and most importantly, about 20 U.S. military "embeds" or advisers.

Some of us predicted late last year that advisory embeds would be part of the new Bush strategy on reading National Security Adviser Stephen Hadley's November memo of advice to the president in the New York Times. After a late November trip to Iraq, Mr. Hadley said four times in the memo that the U.S. should embed coalition forces with Iraq's army and dysfunctional police.

The source of this idea, in part, was a successful Marine experiment in Anbar province. Rather than attach just a single U.S. military adviser to an Iraqi commander at the division level, the Marines put advisers alongside Iraqi units down to the NCO level. They stayed with and fought with their Iraqi counterparts 24/7. And the Marines reported that the Iraqis fought with more confidence and effect, aka spine-stiffening.

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In 2004, a similar but broader effort at integration between U.S. and Iraqi forces was planned in Anbar province by Marine Maj. Gen. James Mattis. The Mattis plan is summarized in the middle of the Army's new Counterinsurgency Manual, released just last month. The manual's drafting was overseen by Gen. David Petraeus, who will now direct the U.S. military effort in the neighborhoods of Baghdad. It's not a coincidence. The manual describes in detail the purpose, theory, tactics and problems (including spikes in violence and casualties) likely to emerge during the new counterinsurgency strategy.

At the end of the manual there is a bibliography of books, studies and articles on fighting insurgency. It includes classics, such as Alistair Horne's "A Savage War of Peace," but what's interesting is how many of them were published since 2003, amid the Iraq war. Out of this effort has emerged a "best practices" for the U.S. when fighting an insurgency, as now.

Whether the U.S. should have done this back when Abu Musab al-Zarqawi and his foreign suicide bombers emerged is a legitimate question. The point is this: The Iraq violence has not been running like an untended open hydrant. Some of our best and brightest have been thinking hard about how to shut the valve. Last month AEI released a plan reflecting similar counterinsurgency ideas by military specialist Fred Kagan and the Army's former vice chief of staff, Gen. Jack Keane.

In November, the Bush administration joined the rethinking. The participants in that process looked at the whole range of criticisms and formal critiques of what the U.S. had been doing in Iraq to that point. They concluded the one thing that wouldn't change is the goal, mainly establishing a democratic government in Iraq. What would change, heretofore a nonsubject, were the strategic concept and the level of resources.

Some of this came out of Gen. Petraeus's Counterinsurgency Manual, some from U.S. commanders in the field and some from the military think tanks. Suggestions that had gotten a "no" before, now got a "yes."

Is it all a day late and a dollar short? Maybe. Some 20,000 more troops may be insufficient. The inevitable front-page casualty reports and blood-soaked photos may still drain the will of domestic pundits. But what we are seeing in the Petraeus command is the kind of step back that the military sometimes excels at. This the U.S. military at its potential best -- remaking itself, as it did with the transition to training a volunteer army after Vietnam.

It is not the least bit obvious that this counterinsurgency plan will fail, and only the most churlishly neurotic Bush hater would want it to. The stakes for the region and the war on terror have been described many times. There is another reason: How this ends will have an important effect on the morale of our officer corps, the people who must summon the gumption to protect us. They deserve a final chance to succeed. This is the chance.

An idea one finds in the counterinsurgency literature, crucial to the success of any such strategy, is known as "unity of effort." Basically, it means all oars pulling in the same direction. The Iraqi government, for instance, has told the U.S. it will stop interfering in the military's rules of engagement. Tuesday's victorious 10-hour battle on Baghdad's Haifa Street, by a combined U.S.-Iraqi force, looked like a successful test of unified effort. It remains to discover whether anything resembling unity of effort can be achieved along Constitution Avenue.

Nothing would more raise the tenor of this debate than if some member of the Democratic Party would take ownership of the subject of military doctrine in Iraq. On the evidence of their statements the past 24 hours, barely a Democrat exists with has a clue of what Gen. Petraeus is about to do or why.

Sen. Barack Obama, presidential second-runner, said, "We are not going to babysit a civil war." Democrats will get a chance soon at Senate confirmation hearings to question Gen. Petraeus. Babysitter is not the word he brings to mind. His appointment is the result of a ferment in American military thinking on Iraq that goes well past George Bush "alone." They should hear him out before deciding whether to support this effort, or remain in the opposition.

Bush's Iraq Plan, Between The Lines (NYT)

By Anthony H. Cordesman

The New York Times, January 12, 2007

PRESIDENT BUSH has presented a new strategy for the war in Iraq that he feels can reverse the country's drift toward large-scale civil war. The new plan focuses on stabilizing Baghdad by adding thousands of American troops with newly expanded powers to take on Shiite as well as Sunni rebels. It also includes a limited increase in United States forces in Anbar

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Province, and calls for Iraqi forces to take formal control of the security mission in November. The president was refreshingly candid, saying that "where mistakes have been made, the responsibility rests with me."

But taken as a whole, the speech raised more questions than it answered. I've selected a number of important phrases from the address that beg for more detailed discussion, and included my own analysis of the validity and practicality of what the president seems to have in mind.

Anthony H. Cordesman is a senior fellow at the Center for Strategic and International Studies in Washington.

Five Flaws In The President's Plan (WP)

By Zbigniew Brzezinski

The Washington Post, January 12, 2007

The president's speech gives rise to five broad observations:

Â· It provided a more realistic analysis of the situation in Iraq than any previous presidential statement. It acknowledged failure, though it dodged accountability for that failure by the standard device of assuming personal responsibility. Its language was less Islamophobic than has been customary with President Bush's rhetoric since Sept. 11, though the president still could not resist the temptation to engage in a demagogic oversimplification of the challenge the United States faces in Iraq, calling it a struggle to safeguard "a young democracy" against extremists and an effort to protect American society from terrorists. Both propositions are more than dubious.

Â· The commitment of 21,500 more troops is a political gimmick of limited tactical significance and of no strategic benefit. It is insufficient to win the war militarily. It will engage U.S. forces in bloody street fighting that will not resolve with finality the ongoing turmoil and the sectarian and ethnic strife, not to mention the anti-American insurgency.

Â· The decision to escalate the level of the U.S. military involvement while imposing "benchmarks" on the "sovereign" Iraqi regime, and to emphasize the external threat posed by Syria and Iran, leaves the administration with two options once it becomes clear -- as it almost certainly will -- that the benchmarks are not being met. One option is to adopt the policy of "blame and run": i.e., to withdraw because the Iraqi government failed to deliver. That would not provide a remedy for the dubious "falling dominoes" scenario, which the president so often has outlined as the inevitable, horrific consequence of U.S. withdrawal. The other alternative, perhaps already lurking in the back of Bush's mind, is to widen the conflict by taking military action against Syria or Iran. It is a safe bet that some of the neocons around the president and outside the White House will be pushing for that. Others, such as Sen. Joseph Lieberman, may also favor it.

Â· The speech did not explore even the possibility of developing a framework for an eventual political solution. The search for a political solution would require a serious dialogue about a joint American-Iraqi decision regarding the eventual date of a U.S. withdrawal with all genuine Iraqi political leaders who command respect and wield physical power. The majority of the Iraqi people, opinion polls show, favor such a withdrawal within a relatively short period. A jointly set date would facilitate an effort to engage all of Iraq's neighbors in a serious discussion about regional security and stability. The U.S. refusal to explore the possibility of talks with Iran and Syria is a policy of self-ostracism that fits well into the administration's diplomatic style of relying on sloganeering as a substitute for strategizing.

Â· The speech reflects a profound misunderstanding of our era. America is acting like a colonial power in Iraq. But the age of colonialism is over. Waging a colonial war in the post-colonial age is self-defeating. That is the fatal flaw of Bush's policy.

The writer, who was national security adviser to President Jimmy Carter, is the author of the forthcoming book "Second Chance: Three Presidents and the Crisis of American Superpower."

Criticism Comforts Enemy (USAT)

By Andrew C. Mccarthy And Clifford D. May

USA Today, January 12, 2007

Opponents of President Bush's plan for salvaging the dire situation in Iraq have every right to speak out. And those in Congress who believe it pointless to do anything other than accept defeat have the power to cut off funds.

But the President of the United States has rights and powers as well. He is the commander in chief, and his war-fighting abilities cannot be micro-managed. The president's critics also should consider how their words sound to those dispatching

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suicide bombers, planting roadside bombs and looking forward to the day they can burn down the U.S. Embassy in Baghdad on CNN and al-Jazeera.

Skepticism about the new approach is widespread — and not just among Democrats. There are those who fear Bush is not committing enough troops to get the job done. Others worry that the administration's actions won't match Bush's rhetoric. Some say the plan relies too much on Iraqi officials and forces that have proven unreliable.

There are two logical responses: Propose a better way forward, or candidly call for the United States to accept defeat — without trying to spin that as "redeployment" or some other transparent euphemism.

In the end, we don't think most Democrats will want to be in the position of saying they support the troops in Iraq even as they hold back the reinforcements needed to complete their mission.

After the swift toppling of Saddam Hussein's regime, things got tougher. Some leading Democrats have tried to draw a distinction between the war in Iraq (a war they overwhelming favored at the start) and the wider war on terrorism. The distinction was never valid, and today it is less so than ever. Osama bin Laden himself regards Iraq as the central front in al-Qaeda's jihad.

There's no sugarcoating it: A defeat for the United States in Iraq would be a victory for our mortal enemies. It would lead to other defeats for U.S. forces on other battlefields. It would guarantee more terrorism and more dead American citizens.

So scrutinize and criticize, if you must. But then give us a plan to win. Our nation can accept nothing less.

Andrew C. McCarthy is a former federal prosecutor and director of the Foundation for Defense of Democracies' Center for Law & Counterterrorism. Clifford D. May is president of the FDD.

Make Them Fight All Of Us (NYT)

By Thomas L. Friedman

The New York Times, January 12, 2007

I've heard the president's surge speech, and I have a reaction, an observation and some advice.

My reaction to the president's speech was to recall a line from Bill Maher's book about the war against terrorists: "Make them fight all of us."

Mr. President, you want a surge? I'll surge. I'll surge on the condition that you once and for all enlist the entire American people in this war effort, and stop putting it all on the shoulders of 130,000 military families, and now 20,000 more. I'll surge on the condition that you make them fight all of us — and that means a real energy policy, with a real gasoline tax, that ends our addiction to oil, shrinks the flow of petro-dollars to bad actors and makes America the world's leader in conservation.

But please, Mr. President, stop insulting our intelligence by telling us that this is the "decisive ideological struggle of our time," but we're going to put the whole burden of victory on 150,000 U.S. soldiers. Yes, you're right, confronting violent Islamic radicalism by trying to tilt Iraq and the Arab-Muslim world onto a more progressive track is indeed hugely important. But the way you have fought this war — with our pinky — is contemptible. For three years you would not summon the military means to back your lofty ends.

That led to a vacuum. The Sunnis, who refused to accept majority rule by Shiites, went on a murderous rampage, and that rampage has now metastasized into five different wars in Iraq: Sunnis against Shiites; Sunnis and Shiites against the U.S. "occupiers"; Al Qaeda against the U.S.; Shiite theocratic thugs against ordinary Shiites; and Iran, Syria and all the Arab autocrats against any kind of democratic, Shiite-led Iraq that could be a model for their own people.

Hence my observation: The notion that the only war in Iraq now is good guys versus terrorists is ludicrous. There is no center in Iraq. And when there is no center and you put in more troops, you end up supporting a side. (See Lebanon: 1982)

And now for the advice. At this 11th hour, with Iraq's sectarian fires raging, the only way more U.S. troops might bring stability is if you add two missing elements: a deadline and a floor.

You need to tell Iraqis that by calling for a surge in troops you're giving them one last chance to reconcile, otherwise we're gone by Dec. 1. And you need to tell Americans that you're creating a $45-a-barrel floor price for imported oil, so investors can safely finance alternatives without worrying that they'll be undercut by OPEC.

By not setting a hard date to leave Iraq, we are only putting a floor under bad behavior and allowing Iraqi leaders to pay wholesale, not retail, for their tribal politics. If Sunnis or Shiites want it "all" in Iraq, they have to pay for it all.

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Of course, just leaving would be bad for us and terrible for those Iraqis who have worked with us. We need to give them all U.S. passports. We have a moral responsibility to them. But it would also be bad for a lot of bad people. They would be left to fight it out with each other. And yes, Syria and Iran would "win" Iraq — meaning they'd win the responsibility of managing the mess there or have it spill over on them. Have a nice day.

And by not setting a hard floor price for oil to promote alternative energy, we are only helping to subsidize bad governance by Arab leaders toward their people and bad behavior by Americans toward the climate.

Make them fight all of us, Mr. President, or don't do it at all! If we made ourselves energy independent, we would bring down global oil prices, which would not only shrink the resources for mischief by our enemies and limit Saudi Arabia's ability to transform Islam all over the world into its most intolerant Wahhabi form, but also, more important, would force the Arab world to reform. It would force Arab leaders, including Iraqis, to organize their societies in ways that would tap their people, not just their oil wells — whether our troops were there or not. Also, if the rest of the world saw all of us sacrificing to win this war, we might actually be able to enlist them to help a little.

More troops alone will not suffice. The only tiny hope left of transforming Iraq is if its leaders have to pay the full retail price of their passions and we have to pay the full retail price of our oil. And if even that won't work, then setting a date and setting an oil price will extract us from this disaster and make us less vulnerable to the madness we leave behind.

If we fail in Iraq, at least let America be stronger — by being energy independent — the morning after.

Wisdom From Down The Chain Of Command (WP)

By E. J. Dionne Jr.

The Washington Post, January 12, 2007

Rep. Chet Edwards, a middle-of-the-road Texas Democrat who numbers President Bush among his constituents, did not judge the commander in chief's words about Iraq on Wednesday night through the lens of his party affiliation or personal predispositions.

His standard was set by an Army officer who sent the congressman a powerfully honest, thoughtful and sophisticated 3,800-word memo based on the soldier's experiences in Iraq.

With eloquence and urgency, the officer -- Edwards said he agreed not to disclose his identity -- showed how the most important battles in Iraq are not military but political. The officer worries that, despite the heroic efforts of our troops, this aspect of the mission is not going well.

After receiving the soldier's permission, Edwards shared the memo with me on the day of the president's speech. The congressman was not trying to score political points, especially since his informant accepts the goals of the war and writes not a critical word about the president.

Rather, Edwards, who chairs the appropriations subcommittee that deals with military construction and veterans affairs and who represented Fort Hood for 13 years, believes that "younger soldiers, both commissioned and non-commissioned," can often provide more candid testimony than higher-ups constrained in their ability to present "bad news."

For this officer, winning entails getting the politics right in Iraq at both the local and national levels. Locally, he says, our military has enjoyed considerable success. But he's worried about the will and capacity of Iraqi Prime Minister Nouri al-Maliki to take on the Shiite militias.

"Our real goal," he wrote, "was to persuade our Iraqi friends and allies to actively and publicly support us . . . to help us tip the balance of public opinion in our favor." That meant helping them with security and "civil works projects" and giving them "prestige by showing publicly that our commander listened to their advice."

Then these shrewd words: "We discovered that we were not fighting a military campaign, but a political campaign -- not too different from what a small town mayor might do to win reelection back in the U.S. . . . Fighting terrorists was only something we did when needed, because it interfered with our political objectives. If we could ignore the terrorists, we were winning. If we had to stop our economic and political activities in order to fight terrorists, they were winning."

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The core problem, the officer said, lay in the unwillingness of Shiites in the Iraqi security forces to confront their own side. "Most officers did a great job when facing Sunni-based insurgents," he wrote. "In fact, we had to keep a close eye on most units to make sure they were not too heavy-handed against the Sunnis."

On the other hand: "When we dealt with the Shia, especially the Mahdi militia, things got a lot more complicated. Many officers were reluctant to fight the Shia militias because they had a well-justified fear for the security of their family. I have seen senior Iraqi officers flat refuse to follow American soldiers in pursuit of Shia insurgents -- even when those insurgents just killed their own soldiers."

The trouble goes all the way to the top. "We will never reach any kind of acceptable political settlement as long as the Coalition and the Iraqi government allow legitimate political parties to hold seats in the National Assembly while they finance and maintain military auxiliary wings that attack and kill Iraqi and American soldiers. These parties have enough clout in PM Maliki's administration to effectively block any major military operation against the militias. This is an impossible situation.

"I don't have the expertise to comment on whether or not a temporary 'troop surge' is necessary," he said. "I can say, however, that a troop surge is pointless if we cannot set the political conditions beforehand that allow us to act freely against the militia."

In other words, the success of Bush's new plan hangs on whether he is right in putting our troops behind the idea that Maliki heads a "unity government" and not an administration actually dedicated to Shiite dominance.

The officer concluded that he has "no idea how the American expedition in Iraq will end."

"I doubt it will end well," he wrote. "But I do hope that the courage and civility of the American soldiers who fought there will not be forgotten both here and in Iraq." Amen.

If Iraq does not end well, our men and women in uniform will not get the blame. The fault will lie with leaders in Washington who failed to face the politics of the situation as squarely as this soldier has.

postchat@aol.com

Thinking War-War Again (WP)

By Eugene Robinson

The Washington Post, January 12, 2007

Listening to George W. Bush announce his fantasy-based escalation of the war in Iraq, which could only make sense in some parallel universe where pigs fly and fish commute on bicycles, I flashed on something Bush's hero Winston Churchill once said: "A fanatic is one who can't change his mind and won't change the subject." By that standard, President Bush is no fanatic.

True, he scores off the charts on the part about inflexibility of mind. But the Decider changes the subject all the time. First, the way to fight the "war on terror" was to invade Afghanistan, where the Taliban regime was sheltering Osama bin Laden and al-Qaeda. Before finishing that job, Bush decided to invade Iraq, which had nothing to do with al-Qaeda or the Sept. 11, 2001, attacks. And now, with Iraq mired in bloody chaos, he seems to be changing the subject yet again -- to Iran.

I won't spend much time on the president's new "strategy" for Iraq, because at best it's a modest change in tactics -- tragically, one that further plunges U.S. forces into the kind of urban warfare in which insurgents and guerrillas always have the advantage. The battle of Baghdad promises to look like the battle of Fallujah writ large, and it promises to solve nothing. In the end, Bush still has to depend on the Iraqi "unity" government to end the sectarian civil war, but it's clear that the Shiite-dominated regime will do no such thing as long as the Shiites are winning.

On the shift to Iran, I hope I'm wrong but fear I'm right. In his speech Wednesday night, Bush went out of his way to lay out the goal of "stabilizing the region in the face of extremist challenges," specifying that this new task "begins with addressing Iran and Syria."

Of course, he doesn't mean addressing them with tough-minded diplomacy, which is what the Iraq Study Group suggested. Bush decided long ago that talking to regimes he doesn't like amounts to rewarding bad people for bad behavior. However dangerous a world this reckless president leaves behind for his successor, at least we can be thankful that he wasn't anywhere near the White House during the Cold War. He probably would have disconnected the hotline to the Kremlin, or at least kept Leonid Brezhnev on permanent hold.

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"Iran is providing material support for attacks on American troops," Bush said. "We will disrupt the attacks on our forces."

Those words had hardly escaped his lips when U.S. forces stormed an Iranian government office in Irbil, a city in the Kurdish region of Iraq, and hauled away five Iranian staff members regardless of their diplomatic status. Local Kurdish officials apparently were not told in advance of the raid, which looked as if it were meant to underscore the president's point -- or even provoke an intemperate reaction from Tehran.

Bush also mentioned that he has sent a second aircraft carrier group to the Persian Gulf region. The USS John C. Stennis, with its attendant mini-fleet, is on its way to join the USS Dwight D. Eisenhower. That's generally known as gunboat diplomacy.

All this comes shortly after someone leaked to the Sunday Times of London that Israeli pilots are busy training for a mission to destroy Iran's key nuclear facilities with "bunker-busting" low-yield nuclear weapons. The Israeli government promptly denied the story, but not without adding that somebody had better bring an end to Iran's nuclear program, and soon. That somebody could only be the United States.

Meanwhile, much about Iran's nuclear program -- and about the country's intentions -- remains unknown. Experts disagree on how much success the Iranians are having in their uranium enrichment program and on how close they are to actually being able to build a nuclear bomb -- estimates range from two to 10 years. We're not even sure where all the key nuclear facilities are or how hardened they are against attack.

As cynical as I am about this administration, it's hard for me to imagine that at this point, with all the push-back he's getting from Congress and the public about escalating American involvement in Iraq, George W. Bush would even think about launching a new military adventure in Iran. But you have to worry about a president who talks so much about the judgment of history and who has such a Manichaean view of the world.

I have the sinking feeling that he's never heard another famous Churchill quote: "To jaw-jaw is always better than to war-war."

Tears Are Shed At The White House For A Marine's Bravery In Iraq (NYT)

By Raymond Hernandez

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — In April 2004, Cpl. Jason L. Dunham, an ordinary recruit from a small town in upstate New York, did something extraordinary: he threw himself on a grenade to shield two men in his unit as they battled insurgents on a road in Iraq.

On Thursday, President Bush gave Corporal Dunham, who was 22 when he died, the Medal of Honor, the nation's highest military award, presenting it to his mother and father in a somber East Room ceremony attended by his relatives and friends.

In an interview on Tuesday, as she was preparing to make the six-hour trip to Washington for the ceremony, Corporal Dunham's mother, Debra, said she wished her son could "receive it himself." "But we will receive it for him, and he will be watching us do that," she said.

Corporal Dunham, who was a rifle squad leader in the Marines, is the second soldier to receive the medal for service in the current war in Iraq. Prior to that, the 1993 conflict in Mogadishu, Somalia, was the last to produce Medal of Honor recipients; two Delta Army Force soldiers died protecting a downed helicopter pilot there in actions later depicted in the movie "Black Hawk Down."

In presenting the award to the Dunhams, President Bush, who on Wednesday night told the nation he would send 20,000 additional troops to Iraq, cited Corporal Dunham's uncommon valor and said that he "gave his own life so that the men under his command might live."

The president shed tears during the ceremony.

"He was the guy who signed on for an extra two months in Iraq so he could stay with his squad," President Bush said. "As he explained it, he wanted to make sure that everyone makes it home alive. Corporal Dunham took that promise seriously and would give his own life to make it good."

Corporal Dunham's story is of a young man from a little-known town called Scio, about 80 miles southeast of Buffalo, who saw the military not just as a way to serve the country but also as an opportunity to pay for college.

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He had just enrolled at a college near his battalion's base in Twentynine Palms, Calif., before being deployed to Iraq, where his actions placed him in a "select group" of the nation's military heroes, as President Bush put it on Thursday.

Mr. Bush approved Corporal Dunham's nomination for the medal in November, ending a two-year process that required his commanding officers to investigate his actions in battle.

Since the medal was created during the Civil War, it has been bestowed on more than 3,400 soldiers, sailors, airmen, marines and coast guardsmen, according to the Congressional Medal of Honor Society in Mount Pleasant, S.C.

While recipients include the likes of Theodore Roosevelt (for his charge up San Juan Hill in the Spanish-American War), it was not entirely an elite medal at first. But the requirements were tightened and only slightly more than 840 medals have been awarded since World War II.

In his hometown of Scio, with a population of about 2,000, Corporal Dunham was considered an accomplished athlete in high school. His batting average in a single season, .414, still stands as a local league record.

His mother, a teacher, said that he was quietly generous and that she learned of one of his acts of kindness only after he had died. In a letter, a childhood friend described how Corporal Dunham went out of his way to console her when other children taunted her on a bus ride home.

"All he did was sit with her on the bus," his mother recalled. "He had a quiet way about doing the right thing."

After joining the Marines, he was chosen at 22 to become a squad leader with Kilo Company, Third Battalion, Seventh Marine Regiment in September 2003. His mother said he had wanted to continue his college education and also to take the New York State Police entrance exam once he returned from Iraq.

But the events of April 14, 2004, changed everything. That day, Corporal Dunham and his men were in the town of Karabilah, near the Syrian border, when they received reports that insurgents had ambushed a marine convoy. Corporal Dunham and his men boarded Humvees and headed toward the area, where they spotted a convoy of cars filled with Iraqis fleeing, according to various accounts.

The patrol led by Corporal Dunham stopped the Iraqi convoy and began inspecting the vehicles for weapons. As Corporal Dunham inspected one vehicle, a man jumped out and grabbed him by the throat. Two other marines ran over to subdue the attacker, who dropped a grenade, according to the accounts. It was then that Corporal Dunham made a fateful decision: he threw his Kevlar helmet and held it down over the grenade. He died a few days later from his wounds .

In addition to his mother and his father, Daniel, Corporal Dunham is survived by two brothers and a sister: Justin, 23, Kyle, 18, and Katelyn, 14. For a family still deeply in grief, the award presented on Thursday seemed to bring some measure of relief.

"He will be recognized and memorialized in history," his mother said. "He is in the company of remarkable men."

A 2-Month White House Debate On Iraq, Capped By 'the Big Push' (NYT)

By Jim Rutenberg, David E. Sanger And Michael R. Gordon

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — Even before the November elections, President Bush and his national security adviser, Stephen J. Hadley, were informally discussing what Mr. Hadley was calling "the big push" — whether it made sense to make a show of increased American force in Baghdad to take back the city.

But when Mr. Hadley traveled to Iraq in late October, the commander there, Gen. George W. Casey Jr., repeated his frequent warning that to send more troops to Iraq could be counterproductive, because it might make the Iraqi government less likely to defend itself. By the time Mr. Bush met Prime Minister Nuri Kamal al-Maliki in Jordan on Nov. 30, Mr. Maliki was insisting upon taking control over all Iraqi troops and urging the Americans to withdraw to the outskirts of his capital.

Over the past two months those diametrically opposed options — adding American troops, or pulling back to let the Iraqi factions fight it out — marked the boundaries of a vigorous debate inside the Bush administration. At one point, as Mr. Bush, Mr. Hadley, Secretary of State Condoleezza Rice and the newly appointed secretary of defense, Robert M. Gates, weighed their options, the president asked his deputies, in effect: "Why can't we just pull out of Baghdad and let the factions fight it out themselves?"

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Ultimately, the president and his advisers came back to the idea of adding American troops — the new approach they concluded was the best of a series of difficult choices, according to a senior administration official involved in the process.

A narrative pieced together from interviews with participants and from public testimony suggests that through much of the process, generals who had been on the ground in Iraq during the past year had favored that the new strategy begin with a substantially smaller force than the one that President Bush announced to the nation on Wednesday night. In the end, it was Mr. Bush who appeared to drive his commanders along to the conclusion that more troops were needed.

In an appearance before Congress on Thursday, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, confirmed that General Casey had requested only two new American brigades, about 9,000 troops, for Baghdad, along with three Iraqi brigades. The White House gave him five brigades. Gen. John P. Abizaid, who heads the Central Command, was opposed to any increase in American troop levels until mid-November, when he became convinced that the economic commitments by both Iraq and the United States made it worth adding troops.

White House officials were clearly sensitive on Thursday about any suggestions that the president countermanded his generals, and said his new plan had their full support. They said the generals sought and received assurances that the Iraqis would undertake political initiatives and end the practice of releasing militia figures who were friends of the government and captured by American or Iraqi forces.

In public comments before the elections, Mr. Bush resisted calls for troop increases from some of his own supporters, saying his generals saw no such need. During an interview session with conservative columnists in September, Mr. Bush said: "If General Casey feels like he needs more troops, we'll send them," according to a transcript posted by The National Review. Asked by an interviewer, "What if he's wrong?" Mr. Bush shot back, "Then I picked the wrong general."

Still far ahead of Election Day, Mr. Bush had decided to oust Secretary of Defense Donald H. Rumsfeld. Mr. Rumsfeld was seen by people inside and outside the administration as opposed to a major change. "It was clear Rumsfeld was committed to the strategy that he had employed from the beginning," Senator John McCain, Republican of Arizona, said. Several officials inside and outside the administration said Mr. Rumsfeld's departure on Nov. 8 helped to empower Mr. Hadley, along with his deputy at the National Security Council, Jack D. Crouch, as they ran the review process inside the White House. Both said they considered many options. But Mr. Hadley was clearly focused on troop levels early on, suggesting in a Nov. 8 memorandum that the president should ask the Pentagon and General Casey to recommend whether more forces were needed in Baghdad.

Mr. Hadley believed from the start of the review that the administration's approach through much of 2006 — that political reconciliation would lead to stability — was not working. "You have this Catch-22 element," Mr. Hadley said in a conversation in his office before he took his late-October trip to Baghdad. "You can't have security without political and economic progress, but it's hard to have political and economic progress without security."

One senior official involved in the discussions said that Mr. Bush's instinct toward the start of the review process — and that of others — was to consider a withdrawal from Baghdad, allow Iraqi-vs.-Iraqi fighting to settle itself, and dedicate United States forces to focus on pursuing Qaeda fighters. "As you peel that back and look at it, it just doesn't war-game out for you," said the official. "You're supposed to go flying through Baghdad looking for Al Qaeda, and when you see ethnic cleansing going on look the other way?"

In the end, the official said, Mr. Hadley's teams concluded that an American withdrawal from Baghdad would "crater the government."

Another option discussed was to try to steer the Iraqi government toward a political realignment that would essentially depose Mr. Maliki, and put a stronger figure in place. By elimination, those discussions led Mr. Bush's top advisers back to the idea of a troop increase. According to an account by one senior official, General Pace traveled to Crawford, Tex., to meet with Mr. Bush after Christmas and took with him a recommendation calling for two more American brigades in Baghdad, with three more American brigades on call, along with two additional American battalions for Anbar.

According to a senior administration official, Vice President Dick Cheney was among those who wanted a bigger force. Ultimately, Mr. Bush concluded that General Pace's initial request was too small and should be augmented by three more American brigades for Baghdad. General Pace said that General Abizaid, who is retiring this year, had opposed the idea of a

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troop increase. But General Abizaid came around, General Pace said, when he saw that the additional American combat forces would be accompanied by a "political and economic surge."

New Strategy Vindicates Ex-Army Chief Shinseki (NYT)

By Thom Shanker

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — After President Bush told the nation on Wednesday night that he was ordering a rapid increase of American forces in Iraq, Gen. Eric K. Shinseki was not among the retired officers to offer instant analysis on television.

But the president's new strategy, with its explicit acknowledgment that not enough troops had been sent to Iraq to establish control, was a vindication for General Shinseki, who as Army chief of staff publicly told Congress as much just before the war began in 2003.

First vilified, then marginalized by the Bush administration after those comments, General Shinseki retired and faded away, even as lawmakers, pundits and politicians increasingly cited his prescience.

"We never had enough troops to begin with," Senator Lindsey Graham, a South Carolina Republican, said just before the president's televised address. "A month or two ago we found out the Army is broken, and they agreed that General Shinseki was right."

Gen. John P. Abizaid, the departing commander of American forces in the Middle East, told Congress late last year, "General Shinseki was right that a greater international force contribution, U.S. force contribution and Iraqi force contribution should have been available immediately after major combat operations."

In his prime-time address on Wednesday, even President Bush said the main reason past efforts to stabilize Baghdad had failed was that "there were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents."

The acknowledgment was far different from the harsh administration rebuttals after General Shinseki electrified Washington with his blunt warning that victory in Iraq would require more troops than were being deployed for the invasion.

He was the target of immediate rebuke from the Pentagon leadership, in particular from Donald H. Rumsfeld, then secretary of defense, and his deputy, Paul D. Wolfowitz. Mr. Wolfowitz dismissed the testimony as "wildly off the mark."

Some civilians in government and military officers say General Shinseki's treatment intimidated other top officers.

"It sent a very clear signal to the military leadership about how that kind of military judgment was going to be valued," said Kori Schake, the director for defense strategy on the National Security Council staff from 2002 to 2005, now a fellow at the Hoover Institution and a professor at West Point. "So it served to silence critics just at the point in time when, internal to the process, you most wanted critical judgment."

General Shinseki has kept a strict public silence since retiring in June 2003 and would often say to his associates, "I do not want to criticize while my soldiers are still bleeding and dying in Iraq."

He now splits his time between his suburban Washington home and his native Hawaii, consulting with academic organizations, private companies and military support groups. He declined to comment for this article.

"This is a man who is totally loyal to the Army, which was his life," said David R. Gergen, director of the Center for Public Leadership at Harvard's Kennedy School of Government. Mr. Gergen works with General Shinseki on the center's advisory board, and the general regularly meets with students there.

"General Shinseki draws an enormous crowd, especially of former and active-duty military," said Mr. Gergen, who was an adviser to Presidents Nixon, Ford, Reagan and Clinton. "They hold General Shinseki in awe."

"He has been very discreet in his comments about what happened," Mr. Gergen added. "Just as he has been in public, he is reluctant in private to say anything that would disparage the commander in chief."

The general, who throughout his career was known for his selfless, or at least self-effacing, bearing, did not go before Congress on that day in February 2003 planning to stir things up. But he is also not one who backs down easily; he had risen to the top of the Army after surviving grievous injury in Vietnam, and under withering cross-examination by Senator Carl Levin, Democrat of Michigan, he spoke matter-of-factly.

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"Something on the order of several hundred thousand soldiers are probably, you know, a figure that would be required" to stabilize Iraq after an invasion, he said.

"We're talking about post-hostilities control over a piece of geography that's fairly significant, with the kinds of ethnic tensions that could lead to other problems," he added. "And so it takes a significant ground force presence to maintain a safe and secure environment, to ensure that people are fed, that water is distributed, all the normal responsibilities that go along with administering a situation like this."

His comments brought to a boil long-simmering tensions with Mr. Rumsfeld, who had been scrubbing the war plans to reduce the number of invading troops. And they were politically explosive, coming less than a month before the start of the war, which proponents were saying confidently would be anything but a quagmire.

Former aides to the general said his estimate summarized back-of-the-envelope calculations but had been based on experiences as a commander in postwar Bosnia, where the United States sent 50,000 troops to quiet five million people, a population one-fifth that of Iraq. American troops in Iraq reached a peak of more than 160,000 in December 2005. There are now about 132,000.

General Shinseki was not fired for his comments, but his influence as a member of the Joint Chiefs of Staff certainly was never the same. He retired as scheduled.

During a House Armed Services Committee hearing on Thursday, Gen. Peter Pace, chairman of the Joint Chiefs, was asked specifically why General Shinseki's recommendation of more troops had not been adopted, and he replied: "General Shinseki was not advocating for that number as an answer. He gave that as a guesstimate of what it might take. So I just want to put that in historical context."

Some critics say General Shinseki should have spoken out more after his Senate testimony, and others ask why he did not resign to protest the war plan if he thought it would not assure victory. Even in retirement he declined to join the so-called generals' revolt of retired officers calling for Mr. Rumsfeld to resign last year.

These days, Army officers are pointing to another instance of his impolitic remarks coming true years later.

In his retirement speech, General Shinseki warned against trying to carry out a "12-division strategy" with a "10-division army," counsel that the Pentagon's leaders rejected.

In his speech on Wednesday night, Mr. Bush vowed "to increase the size of the active Army and Marine Corps, so that America has the armed forces we need for the 21st century." That, too, could be heard as an affirmation of the general's long-held view.

It May Be Too Late To Secure Baghdad's Mix (LAT)

By Solomon Moore

The Los Angeles Times, January 12, 2007

BAGHDAD — Mohammed Rubaie, 28, is the sort of person President Bush's new Baghdad security plan was designed to protect. But for him and his neighbors and many like them across this city, the plan comes months too late.

One of the chief rationales for sending five additional U.S. brigades to Baghdad is to secure the city's mixed neighborhoods, U.S. military planners say. If residents feel they are safe in their homes, they will no longer turn to sectarian militias to protect them, the strategists argue.

But many of the districts that U.S. planners might have wanted to protect already have been taken over by sectarian gunmen and their allies. Formerly mixed areas, including Rubaie's Hurriya neighborhood, have been transformed by fear and violence. Standing in their place are militantly sectarian communities, their borders hardened by concrete barriers and vigilante-run checkpoints.

Hurriya, where Rubaie was born and grew up, was one of those mixed neighborhoods — a place in Baghdad's northwestern corner where Sunni Arabs and Shiite Muslims lived in relative peace.

But this fall, the militias saw to it that Hurriya would no longer be mixed. One harrowing October night, "there were two gunmen dressed in black, with the police backing them up. They were saying, 'Sunnis, you should leave now. It's the last warning to you all. We're going to burn your houses one by one,' " Rubaie said.

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"When our neighbor's house was burned, I felt it was time for us to leave," he added.

Rubaie's family joined a widening flood of Baghdad residents who have abandoned their home districts as the violence between Shiite militiamen and Sunni insurgents has reshaped Baghdad's neighborhoods. In many cases, U.S. officials say, violent sectarian "cleansing" has been abetted by elements of the Iraqi security forces.

The violence has tilted the demographics of some neighborhoods from one sect to the other. In other neighborhoods, it has consolidated sectarian populations and hardened religious boundaries.

Lines are shifting

The United Nations estimates that at least 300,000 Baghdad residents have fled the country since 2003, when the capital's population was approximately 6 million people.

In the last 11 months, since the February bombing of a Shiite shrine in Samarra triggered Iraq's plunge into civil war, about 60,000 Baghdad residents have left their homes for other neighborhoods within the city, according to the Iraqi Ministry of Migration and Displacement.

In the last year, the lines dividing Sunnis from Shiites in Baghdad have shifted steadily to the west — deep into what was formerly the center of the city's Sunni population.

As recently as last summer, many people here considered the Tigris River, which snakes through the center of the capital, a rough boundary between the predominantly Sunni west bank and the largely Shiite east side. But Shiite militias, who are widely believed to have seized the advantage in Baghdad, have pushed the battle lines across the river into places such as Hurriya. By contrast, Sunni fighters have been unable to sustain advances into east Baghdad.

"They're both taking territory from each other, but the Shiites have the upper hand in Baghdad because of Sadr's movement," said a U.S. advisor, referring to radical Shiite cleric Muqtada Sadr's Al Mahdi army, a powerful militia. "They're very aggressively taking over areas and putting Shiite families into Sunni homes," said the advisor, who spoke on condition of anonymity because he was not authorized to discuss the matter publicly.

The militias are often backed up by sectarian elements within Iraq's security forces. U.S. officials said they hoped that the infusion of new troops would halt sectarian sweeps, but acknowledged that in the meantime, the fighting was likely to get worse.

"Both sides are solidifying their ground right now," the advisor said.

The list of neighborhoods that have been subjected to sectarian cleansing is long. In recent months, Sunnis have pushed Shiite families out of some neighborhoods west of the Tigris, including Yarmouk and Mansour.

Shiites have pushed Sunnis out of a longer list of neighborhoods in central Baghdad, including Babil and Riyadh. They also now dominate the Karada district, which was once heavily Christian.

Shiite militiamen have also struck deep into west Baghdad, taking over neighborhoods such as Jihad, which was recently a majority Sunni area.

U.S. advisors say the best they can hope for with Bush's new plan is to stop future sectarian cleansing campaigns and hold Baghdad's skewed demographics as they are, leaving restoration of abandoned, plundered and commandeered homes and neighborhoods for another day.

The balkanization of Baghdad's neighborhoods also raises the specter of future clashes if residents who have been cast out decide to return and retake their domiciles.

A domino effect

The Sunni exodus from Hurriya illustrates the dynamics of sectarian cleansing. When Shiite fighters pushed out the Sunni residents, the residents fled south into the nearby community of Adil, where Sunnis already were in the majority, and drove out that neighborhood's Shiites.

"The displaced from Hurriya tried to create problems and displace Shiites in Adil," said Adnan Dulaimi, a Sunni Arab member of parliament. When Dulaimi played host to peace negotiations with local Shiites at a mosque, five mortar rounds struck the building and derailed the talks.

Sheik Mahmoud abu Abdullah, a spokesman for the Muslim Scholars Assn., a hard-line Sunni clerical group, said the Shiites have been so successful in their assaults because they constitute the majority in Baghdad and have the backing of Iraqi security forces.

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"First the militias raid a Sunni area, conduct assassinations, kidnappings," he said. "Then when the people resist, they distribute threatening pamphlets in the area. If pamphlets don't work, the Iraqi security forces come in."

Baghdad City Councilman Siyyid Yacoub Bukhati said commandos in one predominantly Shiite neighborhood in west Baghdad removed checkpoints recently to allow sectarian fighters into the district.

"A few days ago, six to seven cars full of gunmen came in and started shooting and told six houses of Sunnis to leave the area," Bukhati said. "The main reason this happens is because the security forces are weak and unwilling to apply the law."

U.S. military officials have also complained that Iraqi security forces at times appear to be assisting sectarian militias. In a recent news briefing, Army Lt. Gen. Raymond T. Odierno, the day-to-day commander for operations in Iraq, said that an earlier Baghdad security plan called Operation Together Forward failed because sectarian elements within Iraq's security forces allowed abuses to occur.

The perceived complicity of Iraqi police and soldiers poses yet another problem for Bush's plan because the U.S. strategy calls for Iraqi security forces to supply 20,000 troops to assist in protecting Baghdad neighborhoods.

Many here say they have little faith in those forces.

"In our neighborhood, the militias try to kidnap Sunnis from their houses," said Abu Abdullah Maslawi, a resident of the Mansour neighborhood. "If the militias fail, the police come and arrest the people who fired at the militias. Now families are even resisting the police, because they believe they are the same as the militias."

Bush Stands Alone With 'new Way Forward' (FT)

By Ed Luce In Washington

Financial Times, January 12, 2007

President George W. Bush on Thursday cut an increasingly lonely and embattled figure as opposition Democrats and fellow Republicans greeted his "new way forward" in Iraq with a barrage of denunciation.

Although Tony Blair, the UK prime minister, said that Mr Bush's plan to send a further 21,500 troops to Iraq "made sense", the US president appeared more isolated than ever before. Republicans pointed to the fact that Mr Bush's address came as the UK plans to announce by the end of next month the withdrawal of about 2,600 troops from Iraq.

"Why is it just the United States that is shouldering this?" said Lisa Murkowski, a Republican senator. "Why is Great Britain withdrawing? Why are we the only ones that are moving forward with this new plan?"

Republican senators who publicly opposed Mr Bush's plan included Norm Coleman of Minnesota and Sam Brownback – both of whom have traditionally backed the White House – in addition to a growing list of Republicans facing 2008 election campaigns.

This show of Republican opposition prompted comparisons with Richard Nixon during the Vietnam era.

"Republican support for the president is draining rapidly," said a party strategist. "It is almost unheard of for Republicans to criticise a Republican president at war so soon after he has made an appeal for support."

Democrat leaders were scathing in their response, accusing Mr Bush of having betrayed his promise of bipartisanship following the Republican defeat in midterm elections last November.

Chris Dodd, a Democrat presidential hopeful, accused the Bush administration of living in a "fool's paradise". Joe Biden, another Democrat presidential candidate, called Mr Bush's troop "surge" a "big mistake".

There is little Congress can do to prevent the president from conducting the war in the manner he wishes but Democrats are considering symbolic legislation that would rebuke Mr Bush's Iraq strategy.

"The president could find himself so isolated so quickly that he would be forced to fundamentally revise his strategy in Iraq, which he has not done," said Zbigniew Brzezinski, a national security adviser under former president Jimmy Carter. "My real fear is that a president who is backed into a corner and prone to demagoguery will listen to the neoconservatives and expand this war to Iran or Syria."

Polls on Thursday showed an overwhelming majority of Americans opposing Mr Bush's troop "surge".

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"This administration took a gamble [by going to war in Iraq]," said Barack Obama, a potential Democrat presidential candidate. "It staked American prestige on the premise that it could overthrow a dictator and bring democracy to Iraq. It appears that gamble has failed."

Stephen Hess, a former Nixon administration official, said Mr Bush was unlikely to be derailed from his chosen course in Iraq.

Several In GOP Hit Bush 'Blunder' (WT)

By Charles Hurt And Jon Ward

The Washington Times, January 12, 2007

Republican leaders on Capitol Hill staunchly back President Bush's proposal to boost troop levels in Iraq but support among the party's rank and file may be crumbling.

"At this late stage, interjecting more young American troops into the crossfire of an Iraqi civil war is simply not the right approach," Rep. Ric Keller, a Florida Republican who has been steadfastly supportive of the war, said on the House floor yesterday. "We are not going to solve an Iraqi political problem with an American military solution."

Sen. Chuck Hagel, Nebraska Republican, predicted that the plan would be "the most dangerous foreign policy blunder in the country since Vietnam -- if it is carried out."

"I think what [Mr. Bush has] decided to do is both courageous and correct," Senate Minority Leader Mitch McConnell, Kentucky Republican, told reporters yesterday. "It strikes me, in listening to the critics emerging already, that the president can't win either way. Before he changed directions, he was being criticized. And now that he's changing directions, he's being criticized."

Mr. McConnell yesterday hinted that Senate Republicans would filibuster any resolution by Democrats expressing disapproval of the war in Iraq or Mr. Bush's plan to add more than 21,000 troops to the battlefield.

"Congress is completely incapable of dictating the tactics in a war," he said, adding that if Democrats are so unhappy, they should cut off funding.

"What they want to do, apparently, is to leave," Mr. McConnell said. "And there is only one effective device of Congress that can be employed to bring about that result, and that opportunity will be provided when the supplemental appropriation comes up in February. If they want to cut off money for the troops, that's the time to do it."

Opposition to their commander in chief appears to be considerable, especially for a conference that has been overwhelmingly supportive of the Bush administration for the past six years. However, it is unlikely that there is much Republican congressional critics can or will do to alter the president's military plans in Iraq.

An informal survey by The Washington Times yesterday, for instance, found nine Senate Republicans who have "doubts" about Mr. Bush's proposal, and seven who reject it. Eleven other senators expressed conditional support.

Twenty-one Republican senators offered unqualified support. Only Sen. Wayne Allard, Colorado Republican, did not respond to requests for comment.

Mr. Bush went into his Wednesday speech with opinion polls showing strong disapproval of his handling of Iraq, and initial reaction suggests he didn't sway many voters.

"When you've got a 30 percent overall rating, you've got a credibility problem," said pollster John Zogby, who said Mr. Bush needed to "hit a grand slam home run" Wednesday to earn back public confidence, and didn't.

"At best, he presented a solution that was one of several bad alternatives, and the one that polls at least, and I'm just a public opinion guy, that polls show was the worst."

However, an ABC-Washington Post poll taken after the speech and released yesterday found Mr. Bush had gained some ground with Americans on his handling of Iraq overall, to reach 34 percent, or 7 percent higher than last month's survey. But asked about Mr. Bush's new plan, 61 percent said they oppose it.

Even among his strongest supporters in the Senate, Mr. Bush faces new scrutiny. "That's why you're seeing tougher and tougher questions being asked by us," said Sen. Saxby Chambliss, Georgia Republican.

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Sen. Pat Roberts, Kansas Republican, called Mr. Bush's proposal "the only realistic choice given the regional instability and danger we face. But this support is not without limits."

Other Republicans were more critical of the president's proposal. Sen. Gordon H. Smith of Oregon called it Mr. Bush's "Hail Mary pass."

Sen. Norm Coleman, Minnesota Republican, said that "to put the lives of [more] Americans soldiers" into the Iraq conflict, "without first having something that's substantial, something we can point to, other than this sense of trust, other than looking someone in the eye, having a conversation. I'm not prepared, at this time, to support that. The cost is too great."

Many of the Republican senators criticizing the president yesterday are up for re-election in 2008, such as Mr. Hagel, Mr. Smith and Mr. Coleman. Mr. Hagel has hinted he may run for president.

Senate Majority Leader Harry Reid, at a briefing with other Senate Democratic leaders, boasted that he could win over 12 Republicans to sign a nonbinding resolution opposing a troop increase.

Democrats say they hope to bring the resolution to a vote next week and confront Mr. Bush with official opposition from senators in his own party. "That will be the beginning of the end of the war in Iraq," Mr. Reid said.

The seven Republican senators who are openly opposed to sending more troops are Mr. Hagel, Mr. Smith, Mr. Coleman, Sen. Susan Collins of Maine, Sen. Sam Brownback of Kansas, Sen. Olympia J. Snowe of Maine and Sen. Arlen Specter of Pennsylvania.

The nine Republican senators who appear to be undecided, if not opposed, are Sen. Judd Gregg of New Hampshire, Sen. George V. Voinovich of Ohio, Sen. Bob Corker of Tennessee, Sen. Michael D. Crapo of Idaho, Sen. Richard G. Lugar of Indiana, Sen. Lisa Murkowski of Alaska, Sen. John E. Sununu of New Hampshire, Sen. John W. Warner of Virginia and Sen. David Vitter of Louisiana.

Convincing Still Required For Bush Iraq Plan (LAT)

By Johanna Neuman

The Los Angeles Times, January 12, 2007

WASHINGTON — One day after President Bush unveiled his plan to send 21,500 additional U.S. troops to Iraq, administration officials today sought to convince a skeptical public and Congress that the strategy can work.

But Democratic leaders stood firmly opposed to the president's plan, lashing out at what they called "a tragic mistake" and talking about cutting off funds for the war.

"In choosing to escalate the war, the president virtually stands alone," Senate Majority Leader Harry Reid (D-Nev.) said in a statement today.

Skepticism to the plan is so widespread — Sen. Barak Obama (D-Ill.) likened the president's strategy to a gambler increasing the size of his bet to cover his previous losses — that even Republicans railed about the war.

Sen. George Voinovich (R-Ohio), who until now has supported the war, said he no longer believes the civil war in Iraq can be tamed by sending more U.S. troops to aid in the fight.

"We don't want any more American soldiers killed … in the name of civil war," he said, noting that the letter he sends to families of fallen soldiers now has to be rewritten, not to praise them for dying in a grand cause but in the name of security. "I've gone along with the president's dream," he said. "I just don't think it's going to happen."

Sen. Norm Coleman (R-Minn.), questioning the Iraqi government's resolve to crack down on sectarian violence, asked, "Why put more Americans on the line now in hopes that this time they will make the right decision? Fooled twice, shame on me."

Secretary of State Condoleezza Rice, testifying before the Senate Foreign Relations Committee today, said the administration is "clear-eyed, too, about the fact that the Iraqi government has to perform, and the fact that they haven't in the past."

She noted that stability in Iraq will take both resolve and capability.

"The president sees this as an effort to help the Iraqis with an urgent task so that sectarian violence does not outrun the political process," she said.

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The president began the day by hailing the heroism of individual soldiers. Bush awarded the Medal of Honor posthumously to Marine Corps Cpl. Jason Dunham for falling on a grenade hurled by an Iraqi during an attack near the Syrian border.

"By his selflessness, Cpl. Dunham saved the lives of two of his men and showed the world what it means to be a Marine," Bush said in a White House ceremony attended by Dunham's family.

Defense Secretary Robert Gates, in an early morning news conference, said the number of American troops will be gradually raised in Iraq. "There will be no D-Day," Gates said. "It won't look like the Gulf War."

With Iraq putting increased stress on the U.S. military, Gates said he will recommend that Bush increase U.S. armed forces by 92,000 over the next five years — with 27,000 more Marines and 65,000 more soldiers.

Rice said that even as the Pentagon sends additional troops to the battlefield, diplomats will step up political and economic reconstruction efforts in Iraq. Naming Tim Carney, a former ambassador to Sudan and Haiti, to oversee the nonmilitary effort in the field, Rice told the Senate committee today that civilian reconstruction efforts in the Al Anbar province, a stronghold of insurgents, were having an effect.

"We in the State Department recognize the need for a diplomatic surge," she said. "We need to get diplomats out of the Green Zone, into Iraq."

Reaction to Rice's testimony in the committee room showed the administration's tough task in selling the plan for additional troops to the public and to Congress.

At one point during her testimony, a protester yelled out, "More lies…all lies…stop the lies!"

Sen. Chuck Hagel (R-Neb.) told Rice that adding troops is "the most dangerous foreign policy blunder in this country since Vietnam" and challenged her assessment that the strategy was "an augmentation" rather than "an escalation" and that sectarian violence does not yet constitute a full-scale civil war.

Insisting that "not all of Baghdad has fallen into civil war," Rice said that Iraqi Prime Minister Nouri Maliki understands he must gain control of extremists from both the Shia and Sunni sects.

Some in Congress defended the policy. Sen. John McCain (R-Ariz.) said today that the Bush plan may not guarantee success, but it's worth trying because the consequences of failure are greater.

"If we do fail," McCain said, "there is going to be chaos in the region and we will pay an even heavier price in American blood and treasure."

House Democratic leaders are considering bringing the issue of funding the war to a vote on the House floor.

McCain, a GOP presidential candidate, said Congress had the right to cut off funding but that "if the vote is successful, those who are proponents of it (must) assume responsibility for the consequences of failures."

During committee hearings and morning broadcast news shows, Democrats made clear they remain furious about the war and the president's attempt to expand the U.S. commitment to Iraq.

"We're not going to baby-sit a civil war," said Obama on NBC's "Today Show." On CBS' "Early Show," Sen. Dick Durbin (D-Ill.) said that with Democrats now in charge of both houses of Congress, "questions are now being asked of this administration that haven't been asked for almost four years."

At the start of a Senate committee meeting, Chairman Joseph Biden (D-Del.) said Bush's strategy is "not a solution," adding that he believed the idea of sending more troops is "a tragic mistake."

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Sen. George Voinovich (R-Ohio), who until now has supported the war, said he no longer believes the civil war in Iraq can be tamed by sending more U.S. troops to aid in the fight.

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"We don't want any more American soldiers killed … in the name of civil war," he said, noting that the letter he sends to families of fallen soldiers now has to be rewritten, not to praise them for dying in a grand cause but in the name of security. "I've gone along with the president's dream," he said. "I just don't think it's going to happen."

Sen. Norm Coleman (R-Minn.), questioning the Iraqi government's resolve to crack down on sectarian violence, asked, "Why put more Americans on the line now in hopes that this time they will make the right decision? Fooled twice, shame on me."

Bush, speaking to troops today at Ft. Benning, Ga., defended his strategy, saying that the new plan will help Iraqis secure troubled neighborhoods and quell the sectarian violence that has crippled the nation.

What's more, Bush said, is that Prime Minister Nouri Maliki has promised to end "political interference," and that Bush in turn has promised "enough troops to clear, build and hold."

Saying "there is no doubt in my mind we will prevail," Bush added, "The purpose really is to crush these insurrections now, so that the democracy in Iraq can develop, has a chance to make it."

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The president began the day by hailing the heroism of individual soldiers. Bush awarded the Medal of Honor posthumously to Marine Corps Cpl. Jason Dunham for falling on a grenade hurled by an Iraqi during an attack near the Syrian border.

"By his selflessness, Cpl. Dunham saved the lives of two of his men and showed the world what it means to be a Marine," Bush said in a White House ceremony attended by Dunham's family.

Defense Secretary Robert Gates, in an early morning news conference, said the number of American troops will be gradually raised in Iraq. "There will be no D-Day," Gates said. "It won't look like the Gulf War."

With Iraq putting increased stress on the U.S. military, Gates said he will recommend that Bush increase U.S. armed forces by 92,000 over the next five years — with 27,000 more Marines and 65,000 more soldiers.

Rice said that even as the Pentagon sends additional troops to the battlefield, diplomats will step up political and economic reconstruction efforts in Iraq. Naming Tim Carney, a former ambassador to Sudan and Haiti, to oversee the nonmilitary effort in the field, Rice told the Senate committee today that civilian reconstruction efforts in the Al Anbar province, a stronghold of insurgents, were having an effect.

"We in the State Department recognize the need for a diplomatic surge," she said. "We need to get diplomats out of the Green Zone, into Iraq."

Reaction to Rice's testimony in the committee room showed the administration's tough task in selling the plan for additional troops to the public and to Congress.

At one point during her testimony, a protester yelled out, "More lies…all lies…stop the lies!"

Sen. Chuck Hagel (R-Neb.) told Rice that adding troops is "the most dangerous foreign policy blunder in this country since Vietnam" and challenged her assessment that the strategy was "an augmentation" rather than "an escalation" and that sectarian violence does not yet constitute a full-scale civil war.

Insisting that "not all of Baghdad has fallen into civil war," Rice said that Iraqi Prime Minister Nouri Maliki understands he must gain control of extremists from both the Shia and Sunni sects.

Some in Congress defended the policy. Sen. John McCain (R-Ariz.) said today that the Bush plan may not guarantee success, but it's worth trying because the consequences of failure are greater.

"If we do fail," McCain said, "there is going to be chaos in the region and we will pay an even heavier price in American blood and treasure."

House Democratic leaders are considering bringing the issue of funding the war to a vote on the House floor.

McCain, a GOP presidential candidate, said Congress had the right to cut off funding but that "if the vote is successful, those who are proponents of it (must) assume responsibility for the consequences of failures."

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During committee hearings and morning broadcast news shows, Democrats made clear they remain furious about the war and the president's attempt to expand the U.S. commitment to Iraq.

"We're not going to baby-sit a civil war," said Obama on NBC's "Today Show." On CBS' "Early Show," Sen. Dick Durbin (D-Ill.) said that with Democrats now in charge of both houses of Congress, "questions are now being asked of this administration that haven't been asked for almost four years."

At the start of a Senate committee meeting, Chairman Joseph Biden (D-Del.) said Bush's strategy is "not a solution," adding that he believed the idea of sending more troops is "a tragic mistake."

That theme resonated throughout the morning as senators from both parties criticized the Bush administration for its failures in Iraq.

Sen. Barbara Boxer (D-Calif.) berated Rice for "not listening to the American people." Reminding Rice that she will bear the personal agony of lost family members in Iraq, Boxer also noted that the British are withdrawing their troops from Iraq.

"We are all alone," Boxer said. "There is no other country standing with us in this escalation."

Obama, saying that Bush "took a gamble" and then kept "doubling down," argued that the administration should fix a date at which it would walk away.

"It seems as if the solution is always six months away," he said. "What leverage do we have to provide assurance that six months from now you will not be saying it didn't work … and we can't afford to fail?"

Rice replied that the administration is "not going to stay married to a plan that's not working in Baghdad if the Iraqis are not living up to" their end of the bargain.

Bush Bets Congress Will Have To Back Plan (WSJ)

By Yochi J. Dreazen And Neil King Jr.

The Wall Street Journal, January 12, 2007

FORT BENNING, Ga. -- As President Bush presses his latest Iraq strategy, he is gambling that the new Democratic Congress will give him the same broad discretion to prosecute the war that he has had for the past four years.

Yesterday, a wide number of Democrats and Republicans blasted the approach. White House officials calculate that Democrats will be stymied by practical problems, legislative maneuvering and internal divisions in their attempt to prevent the administration from sending 21,500 more soldiers -- and more money -- to Iraq.

"There are a lot of divisions among the Democrats, and you see them tiptoeing around it because they understand the consequences of such a vote," White House Counselor Dan Bartlett said during a trip with Mr. Bush, who was pushing his case for sending new forces to Iraq in a speech to hundreds of soldiers on this military base.

Mr. Bush's call to send more troops to Baghdad and restive Anbar province moved the White House closer to open confrontation with Congress, where lawmakers have been denouncing the proposal while considering whether to impose conditions on the White House's plans.

Speaking to a roomful of troops, Mr. Bush said he planned to work with "the Congress to provide all the resources you need in this war on terror." He gave no indication of willingness to accommodate congressional criticism.

Democratic leaders hope to pass a nonbinding measure opposing the troop escalation in the Senate as early as this week and are openly discussing ways to block funding for it, or otherwise tying the president's hands. White House officials downplayed the possibility of Congress blocking troop escalation, noting that the administration has enough money to send most of the additional "surge" forces to Iraq. That means any Democratic move to limit funding would effectively impact money used for sustaining troops already in the field.

The nonbinding measures criticizing the war may also face a rockier-than-expected path. The Senate's top Republican, Sen. Mitch McConnell of Kentucky, has threatened to filibuster the surge resolution, which could force Democrats to soften their language or delay bringing it to a vote.

With polls showing the U.S. public highly skeptical of the new Iraq approach -- and even many congressional Republicans raising criticism -- Democratic leaders in Congress are trying to calibrate their own strategy, figuring out whether to condemn the new approach or try to take firmer steps, such as limiting funding or other restrictions.

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During previous similarly unpopular conflicts, lawmakers regularly passed measures dictating the way administrations should conduct military operations. During the Vietnam era, for instance, lawmakers passed measures requiring President Nixon to set a timetable for withdrawing American forces from the country and barring them from being deployed into Cambodia. Lawmakers later passed measures barring the CIA from operating in Angola and Nicaragua. In the early 1990s, Congress approved legislation setting a firm timetable for the withdrawal of military personnel from Somalia.

Congress gave Mr. Bush broad authority to wage the Iraq war in 2002, and when the Capitol was under Republican leadership, lawmakers did little to challenge the president on his handling of the conflict. The new Congress has said it would push to rein in the White House. Sen. Edward Kennedy (D., Mass.) has written an amendment that would require congressional approval for any Iraq troop increase, and the number of Democrats supporting the measure has increased.

For the moment, though, Democrats seem to be focusing on laying down a public marker opposing the troop escalation rather than trying to direct the conduct of military operations in Iraq. Senate Majority Leader Harry Reid of Nevada says he hopes to introduce a nonbinding resolution against the troop increase by the end of next week, and Democrats claim that as many as 12 Republican senators could support it. The House plans to consider an identical measure as early as next week. The administration's talk of escalating confrontation with Iran and Syria within Iraq stirred similarly sharp concerns, leading senior Democrats like Senate Foreign Relations Committee Chairman Joseph Biden of Delaware to say he was prepared to limit Mr. Bush's authority to carry any fight outside Iraq's borders.

"We can do just about anything, given our constitutional powers of the purse," said one Senate Democratic leader's chief of staff. "But right now, politically, we don't want to do anything that could be seen as shortchanging the troops in the field."

Indeed, several newly elected Democrats who had made the war a central part of their campaigns stopped short of restrictions on troop levels. Rep. John Murtha (D., Pa.), chairman of the House Appropriations defense subcommittee, said such language could be part of future spending legislation, but some Democrats said they were not yet prepared to back such a measure.

"We're not at that point yet," said Rep. Patrick Murphy, a Pennsylvania Democrat and Iraq veteran.

Analysis: Democrats' Delicate Strategy (AP)

By David Espo

AP, January 12, 2007

Majority Democrats face a delicate mission in their first foreign policy clash with President Bush, determined to force an end to the Iraq war but eager to support the troops who are doing the fighting.

No strangers to political combat, Republicans don't intend to make it easy on them.

"What they really want is to cut off funding for the troops," Senate GOP Leader Mitch McConnell of Kentucky, said Thursday.

It was a claim that Democrats rebutted in advance.

"The Congress and the American people will continue to support them and provide them with every resource they need," the top four Democrats in Congress pledged Wednesday night as they attacked President Bush's plans to deploy an additional 21,500 troops.

"Our military forces deserve a policy commensurate with the sacrifices they have been asked to make. Regrettably, the president has not provided that tonight," added Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, as well as Reps. Steny Hoyer of Maryland and Sen. Dick Durbin of Illinois.

For the first time since the war began, Democrats have public opinion on their side — and know it for sure.

The midterm elections that swept Republicans from power in both the House and Senate demonstrated that, and comments by one-time Republican supporters of the president's war policy confirm it daily.

Sen. Gordon Smith, an Oregon Republican who faces the voters in 2008, checked out in December. He called the war effort absurd and said he would never have voted to authorize combat if he had known that prewar intelligence was wrong.

Other Republicans are following.

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Eight members of the House rank-and-file wrote Bush on Jan. 4, urging him "to reject any recommendation for either a short or long term increase in the number of U.S. troops. We are persuaded by all available evidence that an escalation of U.S. troop levels is not the way forward in Iraq."

Bush was persuaded otherwise, and suffered further political erosion within hours.

"At this late stage, interjecting more young American troops into the crossfire of an Iraqi civil war is simply not the right approach," Republican Rep. Ric Keller said on the morning after the president's speech.

Across the Capitol complex, Republican Sen. George Voinovich of Ohio addressed Secretary of State Condoleezza Rice: "I've gone along with the president on this and I've bought into his dream, and at this stage of the game I just don't think it's going to happen."

Both Pelosi and Reid intend to hold votes in Congress within a few weeks on Bush's revised Iraq policy. It would be the equivalent of a congressional referendum, advisory in nature, and give Democrats a way to show their opposition and force Republicans to make a choice.

Many Democrats in both houses prefer a stronger approach. — Sen. Edward M. Kennedy pre-empted Reid this week by unveiling a bill to block the use of funds for Bush's plans to increase the size of the force in the war zone.

In private sessions, House Democrats have prodded Pelosi to be more forceful, and Democratic presidential contenders are likely to compete for the support of anti-war voters, as well. As a result, it seems inevitable that there will be efforts to limit funding for the war later in the year.

For now, though, according to several officials, the leadership in both houses would prefer a more cautious approach when it comes to legislation, building additional pressure on the president through extensive hearings into the war.

Their hope is that will leave the public focus on Bush as steward of a war that has claimed the lives of more than 3,000 U.S. troops and eroded his standing with the electorate.

Reid, in particular, has said he favors a bipartisan repudiation of Bush's new policy. "The president's going to have to take note of that. I think that's the beginning of the end, as far as I'm concerned," he said.

Bush's Iraq Plan Meets Skepticism On Capitol Hill (WP)

By Michael Abramowitz And Jonathan Weisman

The Washington Post, January 12, 2007

President Bush's proposal to send 21,500 additional troops to Iraq encountered strong bipartisan opposition on Capitol Hill yesterday, and his top national security advisers, dispatched to defend the strategy, were greeted with a skepticism not seen from Congress over the past six years.

Lawmakers said they have little confidencethat the Iraqi government has the capacity to deliver on promises to take the lead in cracking down on violent militias and providing security in Baghdad, as the president's plan contemplates. Democrats and Republicans alike said they are concerned that Bush's plan, announced Wednesday night in a nationally televised prime-time address, is too little and too late and does not appear very different from previous efforts to secure the capital.

Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates sought to assure lawmakers that the plan can work if given time. Gates said he detected a much greater determination from Iraqi Prime Minister Nouri al-Maliki to go after "all lawbreakers" with "no exceptions." He suggested that the prime minister will confront the militias fueling sectarian violence, including insurgents controlled by radical Shiite cleric Moqtada al-Sadr.

Still, the ferocity of the congressional condemnation dismayed the White House, which had hoped to rebuild an element of bipartisan consensus around Bush's plan. It was further indication that the new Democratic Congress is headed toward a series of potentially epic clashes and floor votes over the conduct and funding of the nearly four-year-old war.

Congressional skepticism is being fueled by the public: A majority of Americans oppose Bush's decision to send more troops, and only one in three said the plan will probably make victory in Iraq more likely, according to a new Washington Post-ABC News poll.

Rice appeared to be on the receiving end of the toughest grilling yesterday, before the Senate Foreign Relations Committee. Not a single senator from either party expressed support for the president's plan, many posed hostile questions, and

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others expressed deep doubt about the Bush administration's premise of creating a viable democracy in the heart of the Middle East.

"I've gone along with the president on this, and I bought into his dream," Sen. George V. Voinovich (R-Ohio) told Rice bluntly. "And at this stage of the game, I don't think it's going to happen."

Sen. Bill Nelson (D-Fla.) offered a similar assessment. "I have supported you and the administration on the war, and I cannot continue to support the administration's position," he said. "I have not been told the truth over and over again by administration witnesses, and the American people have not been told the truth."

Rice maintained her composure throughout the hearing, which lasted more than three hours, conceding that doubts are warranted but pleading for patience. "I want you to understand that I, personally, too, understand and know the skepticism that is felt about Iraq and indeed the pessimism that some feel," Rice said.

Asked if she has confidence in the Maliki government, Rice said she did, adding: "I think he knows that his government is on borrowed time."

Appearing at Fort Benning, Ga., Bush told soldiers that daily life in Iraq will eventually improve but that his new strategy will not yield immediate results. "The American people have got to understand that suicide bombings won't stop immediately," Bush said. "The IED attacks won't stop immediately."

Administration officials said nothing to suggest that the troops will be coming home any time soon. At a morning news conference, Gates said the increase in troops is being viewed as a "temporary surge" but added: "No one has a really clear idea of how long that might be."

Gates also announced that he is recommending an increase in the size of the Marine Corps and Army by 92,000 troops over the next five years, and he joined other administration officials in offering new warnings about the power of Iran. He said one consequence of a failed U.S. effort in Iraq would be "an emboldened and strengthened Iran."

Former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), co-chairmen of the Iraq Study Group, issued a statement last night in which they raised questions about the "nature of the surge" and urged the president to further consider other recommendations in the group's report, including conditioning support for the Iraqi government on its meeting of benchmarks, creating an international support group for Iraq and beginning a transition that could enable U.S. forces to begin to leave.

In addition to the new security plan, Bush also called Wednesday for additional funds for economic reconstruction, and like the Iraq Study Group, for political benchmarks for the Iraqi government -- such as a new oil law and provincial elections. But unlike the study group, Bush would impose no penalties on the Iraqis for lack of compliance.

The White House is running the risk that the widespread discontent on Capitol Hill will mushroom into an embarrassing resolution disapproving the president's plan or, worse, the imposition of limitations on funding for the war. White House aides said they fully expected criticism from many quarters, but they expressed disappointment that, as they saw it, many lawmakers do not appear to be giving the new strategy more than a cursory review. More than 130 lawmakers trooped to the White House for personal briefings from the president in recent days -- but to little apparent effect.

Still, White House counselor Dan Bartlett expressed optimism that a showdown with Congress over funding can be avoided, despite a vow by some House Democratic leaders to try to derail funding for the additional troops. "It appears the Democrats are divided on that issue themselves," he said. "We obviously hope it doesn't get to that point -- and my personal opinion is I don't think it will."

Bartlett added that critics should do more than take shots at Bush's plan. "We do believe that those who have decided to reject this plan before it has an opportunity to work have a greater responsibility to propose something that will work," he said. "We have yet to see that from Democrats."

Senate Minority Leader Mitch McConnell (R-Ky.) vowed to filibuster Democratic efforts to bring to a vote a resolution disapproving the policy, but opponents of the plan may be able to muster the 60 votes needed to break his parliamentary obstacle. Half a dozen Senate Republicans have come out against sending more troops to Iraq, with at least four others expressing skepticism. Senate Majority Leader Harry M. Reid (D-Nev.) predicted that the resolution would pick up 12 GOP votes, a count McConnell did not dispute.

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Across Capitol Hill yesterday, the administration also found the going rough. At the House Armed Services Committee, Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, were questioned extensively about the timing of the "surge" in troops, with several committee members from both parties questioning the level of commitment from the Iraqi government.

A House Republican letter to Bush opposing any increase in troop strength garnered nine signatures. Meanwhile, Democratic leaders said they will push a resolution on support for the president's proposal, and House Republicans said Bush risks a major defeat. For Republicans who narrowly escaped defeat in November, the coming vote could be a nightmare, they said.

"The White House will have to work 24 hours a day to find people on our side who aren't going to jump ship," said Rep. Ray LaHood (R-Ill.). "This is a real serious dilemma for members in difficult seats. The next election will be about the White House, not the House. We will rise or fall on our nominee and how this war is going."

Rep. Thomas M. Davis III (R-Va.) said he "would not say there are a lot of enthusiastic members over here" in support of the president. "I have zero comfort level with escalating this," he said.

Bush War Plan Draws Fire On Capitol Hill (AP)

By Tom Raum

AP, January 12, 2007

President Bush's plan to send more troops to Iraq ran into a wall of criticism on Capitol Hill on Thursday as administration officials drew confrontational, sometimes mocking challenges from both Democrats and Republicans.

Defense Secretary Robert Gates said in response that the administration might abandon the increase if the Iraqi government doesn't do its part, but he provided no timetable. "I think most of us, in our minds, are thinking of it as a matter of months, not 18 months or two years," he told the House Armed Services Committee.

Bush and top members of his national security team sought to rally support for the troop buildup a day after he unveiled his plan for turning around a conflict that has lasted nearly four years and cost more than 3,000 American military lives.

Instead, Gates and Secretary of State Condoleezza Rice found themselves embroiled in the first pitched exchanges in a battle that is likely to dominate Congress for months or longer and is already shaping the 2008 presidential election.

"I think this speech given last night by this president represents the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out," Sen. Chuck Hagel of Nebraska, a potential 2008 presidential contender, told Rice. While he is a Republican, administration officials were defending the plan for the first time to the Democratic-controlled Congress.

Bill Nelson, D-Fla., noted his own past support for the administration on the war but said he could not continue. He declared, "I have not been told the truth over and over again by administration witnesses, and the American people have not been told the truth."

A new AP-Ipsos poll found approval for Bush's handling of Iraq hovering near a record low — 29 percent of Americans approve and 68 percent disapprove.

Bush, visiting with troops at Fort Benning, Ga., cautioned that the troop increase "is not going to yield immediate results. It's going to take awhile."

His plan, outlined in a prime-time address to the nation on Wednesday, would raise troop levels in Iraq by 21,500 — from 132,000 to 153,500 — at a cost of $5.6 billion. It also calls for the Iraqi government to increase its own forces and to do more to quell sectarian violence

"American patience is limited, and obviously if the Iraqis fail to maintain their commitments we'll have to revisit our strategy," said Gates.

At one point Gates, just three weeks on the job, told lawmakers, "I would confess I'm no expert on Iraq." Later, asked about reaching the right balance between American and Iraqi forces, he told the panel he was "no expert on military matters."

Committee members pressed Gates, who replaced Donald H. Rumsfeld at the Pentagon, on an exit strategy for the U.S.

"At the outset of the strategy, it's a mistake to talk about an exit strategy," he said.

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Gates, in testimony to the committee and earlier at a news conference, said he was requesting increasing the size of the Army and Marine Corps by 92,000 troops over the next five years.

He also said the Pentagon would recall to duty sooner than planned some National Guard and Reserve troops who have served yearlong tours in Iraq or Afghanistan.

As Rice testified to the House Foreign Affairs Committee, Rep. Howard Berman, D-Calif., likened Bush's plan to a "hail Maliki pass" — jokingly combining Iraqi Prime Minister Nouri al-Maliki's name with the football "Hail Mary" desperation pass.

The U.S. led a coalition that invaded Iraq in March 2003, despite failing to win U.N. Security Council support. The government of Saddam Hussein quickly crumbled and Bush declared major combat operations over two months later.

Bush's war effort initially had strong support, both in Congress and among other Americans. Yet that support has eroded as violence has continued.

Senate Majority Leader Harry Reid, D-Nev., said he hoped to bring up a nonbinding resolution next week expressing opposition to any troop buildup. A similar move is expected in the House.

Reid, in a Senate speech, said Bush ignored the results of November's midterm elections that ended 12 years of GOP control of Congress, the advice of the bipartisan Iraq Study Group and that of his own top generals. "In choosing to escalate the war, the president virtually stands alone," Reid said.

The Senate's top Republican, Mitch McConnell of Kentucky, threatened a filibuster — a delaying tactic — to block any legislation expressing disapproval of the buildup plan.

McConnell conceded that GOP lawmakers as well as Democrats are troubled by Bush's new policy, but he said, "Congress is completely incapable of dictating the tactics of the war."

Options for critics of the war to try forcing its end are limited, given the slim margin of Democratic control, especially in the Senate. But votes stating symbolic opposition to the troop buildup could embarrass many Republicans leery of supporting Bush's plan.

Rice appeared in the morning before the Senate Foreign Relations Committee and in the afternoon before the House counterpart. She was grilled sharply by members of both parties.

Not a single member of the Senate panel expressed outright support for the president's plan. One after another offered skepticism on various points — from the rationale for the war to al-Maliki's sincerity and resolve, from the need for additional troops to the administration's ruling out talking to Iran and Syria.

"You're going to have to do a much better job" explaining the rationale for the war, "and so is the president," said Sen. George Voinovich, R-Ohio. He said Bush could no longer count on his support for the war.

Rice acknowledged widespread skepticism among Americans. "I want you to know that I understand and indeed feel the heartbreak that Americans feel at the continued sacrifice of American lives," she said.

Rice engaged several tense exchanges with members, including with Hagel, a Vietnam veteran and longtime critic of Bush's Iraq policy. She disputed his characterization of Bush's buildup as an "escalation."

"Putting in 22,000 more troops is not an escalation?" Hagel asked. Responded Rice: "I think, senator, escalation is not just a matter of how many numbers you put in."

"Would you call it a decrease?" Hagel asked.

"I would call it, senator, an augmentation that allows the Iraqis to deal with this very serious problem that they have in Baghdad," she said.

When Rice disputed Hagel's contention that Iraq was in the throes of civil war, Hagel shot back: "To sit there and say that, that's just not true."

Said Committee Chairman Joe Biden of Delaware: "I believe the president's strategy is not a solution, Secretary Rice. I believe it's a tragic mistake"

Rice told senators there was a "national imperative not to fail."

The Senate panel was flush with 2008 presidential hopefuls and possible contenders, including Hagel, Biden and Democrats John Kerry of Massachusetts, Christopher Dodd of Connecticut and Barack Obama of Illinois.

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Meanwhile, Sen. John McCain, R-Ariz., another presidential hopeful, said after a meeting at the White House that he was concerned about al-Maliki's capabilities as well as "whether these are sufficient number of troops.

But, he said, "I do think we can succeed." McCain is among a handful of lawmakers who have called for more — not fewer — U.S. troops in Iraq.

Rice, Gates Face Hill Heat Over Iraq Plan (WT)

By Nicholas Kralev

The Washington Times, January 12, 2007

Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates met hostility yesterday on Capitol Hill when they tried to defend President Bush's decision to send about 21,500 more combat troops to Iraq.

"I believe it's a tragic mistake," said Sen. Joseph R. Biden Jr., chairman of the Senate Foreign Relations Committee and one of five presidential aspirants on the panel that questioned Miss Rice.

Sen. Barbara Boxer, California Democrat, noted Miss Rice has no children of her own to lose overseas, as Democrats flexed their new majority to force debate on Mr. Bush's Iraq policy -- something they said has been missing under Republican control.

"Who pays the price?" Mrs. Boxer repeatedly demanded. "You're not going to pay a particular price," she told Miss Rice, because the secretary has no "immediate family" at risk.

The comments came after Miss Rice opened the hearing by acknowledging widespread concerns about the war and called for "a national imperative not to fail in Iraq."

"Americans broadly agree -- and we in the administration count ourselves among them -- that the situation in Iraq is unacceptable," said Miss Rice.

Neither Miss Rice nor Mr. Gates guaranteed that the troop surge announced by Mr. Bush on Wednesday night will succeed in stabilizing Baghdad, but they said there were indications that it would. They said it will be clear within a couple of months whether the Iraqis will fulfill their commitment to crack down on militias and death squads.

"I don't think anybody has a definite idea of how long a surge would last," Mr. Gates told the House Armed Services Committee. "I think for most of us, in our minds, we are thinking of it as a matter of months, not 18 months or two years."

The secretary, who took charge of the Pentagon from Donald H. Rumsfeld last month and was joined by Joint Chiefs Chairman Gen. Peter Pace, said the additional troops would arrive in Iraq in waves and suggested that some may be held back if the Iraqi government does not keep its end of the bargain.

"American patience is limited, and obviously if the Iraqis fail to maintain their commitments we'll have to revisit our strategy," Mr. Gates said.

The administration pleaded for Congress to study the proposal rather than ruling it out immediately, as Mr. Bush and top members of his national security team began their first push for support.

While his secretaries were taking the heat, Mr. Bush traveled to the friendlier environs of Fort Benning, Ga., where he cautioned that the troop increase "is not going to yield immediate results. It's going to take awhile."

Mr. Bush's plan, outlined in a prime-time address to the nation, would raise troop levels in Iraq by 21,500 -- from 132,000 to 153,500 -- at a cost of $5.6 billion. It also calls for the Iraqi government to increase its own forces and to do more to quell sectarian violence.

Senate Majority Leader Harry Reid, Nevada Democrat, promised to give the new plan careful consideration, but he said on the Senate floor, "In choosing to escalate the war, the president virtually stands alone."

Many of the Senate panel's Republicans also were critical, including Sens. Chuck Hagel of Nebraska, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska.

"I think this speech given last night by this president represents the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out," Mr. Hagel said.

Miss Rice engaged in a tense exchange with Mr. Hagel, a Vietnam veteran and longtime critic of Mr. Bush's Iraq policy, disputing his characterization of Mr. Bush's buildup as an "escalation."

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"Putting in 22,000 more troops is not an escalation?" Mr. Hagel asked. "Would you call it a decrease?"

Miss Rice replied: "I would call it, Senator, an augmentation that allows the Iraqis to deal with this very serious problem that they have in Baghdad."

Mr. Hagel told Miss Rice, "Madame Secretary, Iraqis are killing Iraqis. We are in a civil war. This is sectarian violence out of control."

She disputed that Iraq was in the throes of a civil war. To that, Mr. Hagel said, "To sit there and say that, that's just not true."

Meanwhile, after a meeting at the White House, Sen. John McCain, Arizona Republican, expressed both doubts and optimism about the strategy.

"I do not guarantee victory or success," Mr. McCain told reporters. "If we do fail, there is going to be chaos in the region, and I believe that we would pay an even heavier price in American blood and treasure."

Miss Rice, in comments overheard on an open microphone between TV interviews, said she did not plan to "descend" on Baghdad during a Middle East trip beginning today, because it is not the time to "beat their brains out."

The government of Iraqi Prime Minister Nouri al-Maliki should be given some "breathing space" after listening to Mr. Bush describe the situation in Iraq as unacceptable, she said.

The secretary yesterday appointed a retired career diplomat, Timothy Carney, to coordinate economic aid and reconstruction efforts in Baghdad. Mr. Carney, a former ambassador to Haiti, served as an adviser to the U.S. occupation authority in Iraq in 2003.

"In order to better deliver on the governance and economic side, the United States is further decentralizing and diversifying our civilian presence," Miss Rice said at the Senate hearing. "We need to get civilians out of our embassy, out of the Green Zone, into the field across Iraq."

Senate Panel Scraps With Rice Over Iraq Strategy (USAT)

By Barbara Slavin

USA Today, January 12, 2007

WASHINGTON — Congressional critics of President Bush's new Iraq strategy say it includes bellicose threats that might provoke Iran and lead to a wider regional conflict.

In his speech Wednesday, Bush said he was sending a second aircraft-carrier battle group to the region and Patriot missiles to U.S. Arab allies. He promised to "seek out and destroy" Iranian and Syrian networks providing arms and training to Iraqi insurgents and militias.

The U.S. arrest of six Iranians on Thursday in the northern Iraqi region of Kurdistan added to the level of congressional anxiety about U.S. policy. The Pentagon denied the Iranians were diplomats.

On Thursday, Senate Foreign Relations Committee Chairman Joseph Biden of Delaware asked Secretary of State Condoleezza Rice whether Bush thought he had authority to send U.S. forces into Iran in pursuit of those supporting attacks on U.S. troops.

"We believe we can do what we need to do inside Iraq," Rice said.

Biden warned that Congress had not authorized an expanded war and that the administration would face a "constitutional confrontation in the Senate" if it tried to broaden the conflict without congressional approval.

The incident in the Kurdish city of Irbil followed a similar one last month in Baghdad where U.S. troops detained two Iranians in the compound of a pro-Iranian Iraqi leader, Abdul-Aziz al-Hakim. The two were subsequently released.

"When you set in motion the kind of policy the president is talking about here, it's very, very dangerous," Sen. Chuck Hagel, R-Neb., said in reference to Bush's policy on Iran. "To ask our young men and women to sacrifice their lives to be put in the middle of a civil war is wrong," he added.

Hagel and Biden have urged the administration to start talks with Iran and Syria, a proposal that Rice rejected. Efforts to talk to Syria during the first Bush term failed, she said, and Iran must end its efforts to enrich uranium before the United States would begin a dialogue with Iran. The United States says Iran is trying to make a nuclear bomb.

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Before a skeptical bipartisan audience at the Foreign Relations Committee, Rice defended Bush's plan to increase the number of troops in Iraq by more than 21,000. There are currently about 132,000 U.S. troops in Iraq.

Rice and new Defense Secretary Robert Gates said the strategy would change, although they did not say how, if Iraqi Prime Minister Nouri al-Maliki did not live up to his commitments to promote political reconciliation. Rice would not put a time limit on the escalation. Gates said it would last for "months, not 18 months or two years."

Some of the criticism was predictable from a body that includes several presidential aspirants, but some of the critics were new, such as Sens. Norm Coleman, R-Minn., and George Voinovich, R-Ohio.

Coleman said he was not prepared to support the administration's new policy because he had not seen a sufficient "level of commitment and resolve" from the al-Maliki government and "the cost (to American families) is too high."

"You're going to have to do a much better job, and so is the president, in explaining this to us," Voinovich told Rice. "I've gone along with the president and bought into his dream" of an Iraqi democracy, but no longer, he said.

Lawmakers Grill Rice Over The Iraq War (AP)

By Calvin Woodward

AP, January 12, 2007

Secretary of State Condoleezza Rice found herself at the intersection of anger and ambition when senators called her to account Thursday for a deeply unpopular war.

Five presidential aspirants on the Senate Foreign Relations Committee, as well as other up-and-comers in the new Democratic majority, made sure their voices were heard. And these voices — Republican ones included — were full of frustration and mistrust about how President Bush has prosecuted and pitched the Iraq war.

Even Rice's status as a single woman was fair game.

Sen. Barbara Boxer, D-Calif., noted Rice has no children of her own to lose overseas. "Who pays the price?" Boxer repeatedly demanded. "You're not going to pay a particular price," she told Rice, because the secretary has no "immediate family" at risk.

On the other side of the Capitol, Defense Secretary Robert Gates, a new face on the years-old Iraq policy, largely got a pass when he testified before the House Armed Service Committee about Bush's Iraq strategy.

Rice is notably unflappable. Her face was tight, her voice even, occasionally and briefly speeding up to meet the jabs coming her way. She did not give much away or lose her temper.

But she might find her trip to the volatile Middle East starting Friday a vacation compared with her time before the committee.

Rice calmly walked the committee through the revamped war plan while acknowledging that what has been done until now has not succeeded. "I ask that you give it a chance to work," she said.

"There have been other critical times for America, when we have united as one nation to meet great challenges. Now must be such a time, for it is a national desire and a national imperative not to fail in Iraq."

Years of pent-up frustration in both parties spilled over.

A "fool's paradise," was how Connecticut Sen. Chris Dodd, who had just announced his Democratic presidential candidacy hours earlier, described Iraq policy.

"A tragic mistake," was how Delaware Sen. Joe Biden, the committee chairman and White House hopeful, put it.

And this, from a Republican who also has presidential aspirations: "The most dangerous foreign policy blunder in this country since Vietnam." Sen. Chuck Hagel of Nebraska was talking about Bush's speech on Wednesday night, when the president announced his plan to increase U.S. troops in Iraq.

Hagel has opposed the Bush policy for some time. But Sen. Bill Nelson, a moderate Democrat from Florida, has supported it. No more.

"I have not been told the truth," Nelson said. "I have not been told the truth over and over again."

Two more presidential aspirants weighed in. "Unbelievably off the mark," Democratic Sen. John Kerry of Massachusetts said of Bush's approach. Democratic Sen. Barack Obama of Illinois picked through the Iraq policy in a restrained fashion.

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Boxer made it personal.

"I'm not going to pay a personal price," she said. "My kids are too old and my grandchild is too young. You're not going to pay a particular price, as I understand it, with an immediate family."

Boxer talked about families losing loved ones and soldiers in hospital burn units. "These are the people who pay the price."

Rice said evenly that she understands the sacrifice of service members and families.

"I visit them. I know what they're going through. I talk to their families. I see it. I could never and I can never do anything to replace any of those lost men and women in uniform, or the diplomats, some of whom. ..."

Boxer cut her off.

"Madam Secretary, please," she said. "I know you feel terrible about it. That's not the point. I was making the case as to who pays the price for your decisions."

In the House, lawmakers appeared mindful of Gates' status as the newcomer on the Bush administration's Iraq team and largely avoided the kind of tough questions and pointed comments that senators heaved at Rice.

"We are blessed to have you, Mr. Secretary," the committee chairman, Rep. Ike Skelton, D-Mo., said at the outset.

Gates, sworn in Dec. 18, noted that his testimony came on "the anniversary of the conclusion of my third week in the job."

Some of the toughest comments were directed toward Peter Pace, chairman of the Joint Chiefs of Staff.

"This is the craziest, dumbest plan I've ever seen or heard of in my life," Rep. Neil Abercrombie, D-Hawaii, told Pace.

Rice, A Uniter Of The Divided (WP)

By Dana Milbank

The Washington Post, January 12, 2007

Within minutes of Secretary of State Condoleezza Rice's arrival on Capitol Hill yesterday, it became apparent that the Bush administration had, after four divisive years, finally succeeded in uniting Congress on the war in Iraq.

Unfortunately for Rice, the lawmakers were unified in opposition to President Bush's new policy.

"I have to say, Madam Secretary," a seething Sen. Chuck Hagel (R-Neb.) told Rice, "that I think this speech given last night by this president represents the most dangerous foreign policy blunder in this country since Vietnam."

"Madam Secretary," added Sen. Bill Nelson of Florida, a moderate Democrat, "I have supported you and the administration on the war, and I cannot continue to support the administration's position. . . . I have not been told the truth over and over again."

"You're going to have to do a much better job," lectured Sen. George Voinovich, an Ohio Republican. "I've gone along with the president on this, and I bought into his dream, and at this stage of the game, I don't think it's going to happen."

It was a bipartisan scolding of the sort rarely seen in the Bush presidency, and Rice endured it, for the most part, with quiet indignation. She stared expressionlessly at her tormentors or looked down at the table, occasionally noting their complaints on a memo pad with her No. 2 pencil: "Crisis in the region . . . Iraqis killing Iraqis . . . Withdrawal." The oversized yellow leather chair at the witness table made Rice look small, and for much of the hearing she sat hunched, her hands clasped tightly in her lap. Only once did she betray her agitation by pounding her clasped hands to her thigh, out of the senators' view.

Rice tried not to be baited. A ferocious Sen. Barbara Boxer (D-Calif.), noting that the childless Rice is not at risk of losing her own offspring in Iraq, displayed a 2005 quote from the secretary saying she had "no doubt" about a troop reduction in Iraq. "You had absolutely no doubt about how great it was going," Boxer said.

"Senator, let's not overstate the case," Rice soothed. "I don't think I said it was going great."

But ultimately, Rice could not avoid quarrels. Hagel, a Vietnam veteran, angrily condemned the "escalation" of the war. "To ask our young men and women to sacrifice their lives to be put in the middle of a civil war is . . . morally wrong. It's tactically, strategically, militarily wrong."

"I don't see it, and the president doesn't see it, as an escalation," Rice replied.

Hagel looked stunned. "Putting 22,000 new troops, more troops in, is not an escalation?"

"Escalation is not just a matter of how many numbers you put in," Rice ventured.

"Would you call it a decrease?" Hagel pressed.

"I would call it, Senator, an augmentation."

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Rice rejected lawmakers' pleas to consider talks with Iran and Syria ("That's not diplomacy; that's extortion") and refused to promise that Bush would seek permission from Congress before attacking either country.

The senators reacted with a palpable fury. "I send letters out to the families and tell them about how brave their sons were and that the work they're doing there and the deaths were as important as what we had in the Second World War," Voinovich told Rice. "But I have to rewrite the letter today."

Rice had little with which to answer him. "I think that we don't have an option to fail in Iraq," she replied.

Voinovich glared from the dais.

The Foreign Relations panel is a murderers' row of political egos, with seven members who have contemplated 2008 presidential runs. But the frustration with Rice's answers had the salutary effect of breaking down party divisions. Democrat Chris Dodd (Conn.), who had just announced his presidential candidacy on "Imus in the Morning," gave a hug to Republican Hagel. Democrat Nelson praised Republican Norm Coleman (Minn.). Republican Lisa Murkowski (Alaska) concurred with Democrat Boxer. And Democrat Russ Feingold (Wis.) had only the warmest words for Hagel.

Some lawmakers wanted withdrawal from Iraq, others favored a bigger U.S. commitment, but most everybody saw Bush's plan as inadequate. "I hope you'll convey to the president," Chairman Joseph Biden (D-Del.) urged Rice, "that you heard 21 members, with one or two notable exceptions, expressing outright hostility, disagreement and/or overwhelming concern with the president's proposal."

Indeed, the lone lawmaker showing some sympathy was Republican Johnny Isakson of Georgia, who muddied his defense with an extended metaphor about gambling. He said Bush's speech Wednesday night made clear "this one is for all the marbles," and he advised Iraqis to heed "Kenny Rogers' old song, 'You got to know when to hold 'em and know when to fold 'em.' It's time for them to deliver on the hand that they've dealt."

But Barack Obama, for one, wasn't playing at Isakson's table. "This administration took a gamble," the Illinois Democrat said. "It appears that it has failed, and essentially the administration repeatedly has said we're doubling down."

There were demonstrators in the room: a woman from a left-wing group who applauded when Dodd labeled the Iraq policy "a fool's paradise," and a man who was led off by police shouting, "Lies! It's all lies!" But such heckling was redundant at a hearing in which more than a dozen senators vied for time to berate the witness. "Quite possibly the greatest foreign policy mistake in the history of our nation," Feingold proclaimed.

Less shrill but more powerful were the words of Bush's loyal supporters, who wore queasy looks as they challenged the new Iraq policy. Coleman rested his forehead on his hand, then asked Rice: "Why wouldn't it be wiser to hold the Iraqis to certain benchmarks?" John Sununu (R-N.H.) complained of a "refusal to share information." David Vitter (R-La.) judged: "Too little, maybe too late."

Even Murkowski, a junior senator who rarely breaks with the administration, joined in the denunciations. "You've clearly heard the skepticism that has been expressed this morning -- so many of my colleagues, and for good reason, skepticism about a lot of things," she said. The Alaskan spoke of her "great concern" that the United States is now in "a situation that I had hoped we would not be in."

Murkowski pleaded with Rice for assurances "that this is going to yield us a better result, a different result than what we have seen in the past."

Rice could offer none. "Senator," she said, "there aren't any guarantees."

Bush's Plan For Iraq Runs Into Opposition In Congress (NYT)

By Thom Shanker And David S. Cloud

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 President Bush's call to increase the American military commitment in Iraq ran into intense Congressional opposition Thursday from Democrats and from moderate Republicans who expressed profound skepticism.

A day after the president set out a new strategy for bringing stability to Iraq, the White House found few allies on either side of the aisle when Secretary of State Condoleezza Rice appeared before the Senate Foreign Relations Committee. The reception

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she received suggested that Mr. Bush's prime-time address to the nation on Wednesday had done little to build political support for sending additional troops to Baghdad.

"I think what occurred here today was fairly profound, in the sense that you heard 21 members, with one or two notable exceptions, expressing outright hostility, disagreement and or overwhelming concern with the president's proposal," the committee's new Democratic chairman, Senator Joseph R. Biden Jr. of Delaware, said at the conclusion of Ms. Rice's testimony.

Republicans were more supportive in the House, where the new defense secretary, Robert M. Gates, and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified before the Armed Services Committee. But Democrats were scathing in their criticism, and in both the House and the Senate, Democratic leaders moved ahead with plans to oppose Mr. Bush's plan through nonbinding resolutions.

While saying they do not plan any immediate effort to try to thwart the Bush plan by cutting off funds, some Democrats said they would continue to consider placing limitations on the administration when Congress considers a war spending measure later in the year.

Despite the decision by many members of his party to break with the White House over the troop increase, the Republican leader in the Senate, Mitch McConnell of Kentucky, said he would use parliamentary tactics to try to thwart the Democratic effort to adopt the Senate resolution opposing the plan.

In Baghdad, Iraq's Shiite-led government responded tepidly to Mr. Bush's announcement that he would send more than 20,000 additional troops to Iraq to bolster the effort to curb rampant sectarian violence.

Prime Minister Nuri Kamal al-Maliki failed to appear as scheduled at a news conference and did not make any public comment.

Meanwhile, President Bush and his top cabinet officials spent Thursday traveling and testifying in support of his new Iraq strategy.

Early in the day, in an emotional ceremony at the White House, Mr. Bush awarded the Medal of Honor to the family of Cpl. Jason Dunham, a marine from Scio, N.Y., who was killed in Iraq in 2004 when he threw himself on a grenade to save the rest of his unit. The president began crying during the ceremony. It was the second Medal of Honor proceeding to come out of the Iraq war.

Afterward, he traveled to Fort Benning, Ga., where he spoke to Army soldiers about the Iraq plan. He said his approach would not produce an immediate reduction in violence but represented "our best chance for success." Some of the troops based at Fort Benning have already served twice in Iraq and are scheduled for a third deployment.

Ms. Rice appeared on morning news programs before joining Mr. Gates at a news conference in the White House. Both then moved to Capitol Hill for a first substantive showdown with the new Democratic majority and an encounter with the shifting politics of the war.

At the House Armed Services Committee hearing, it was standing-room-only, with some spectators sprawled on the floor and others spilling out the door.

In the Senate Foreign Relations Committee hearing room, Senator Chuck Hagel of Nebraska, a Republican who has been critical of the administration's handling of the war, drew applause when he described the president's proposals as a "dangerous foreign policy blunder," and vowed to oppose them. Senator Russell D. Feingold, a Wisconsin Democrat and a vigorous opponent of the war, spoke of it as "quite possibly the greatest foreign policy mistake in the history of our nation."

Expressing doubt about whether Iraqis "are done killing each other," Senator Norm Coleman, Republican of Minnesota, said, "Why put more American lives on the line now in the hope that this time they'll make the difficult choice?"

Several Republicans questioned the Bush plan without rejecting it outright, but their call for greater detail made it clear they remained unconvinced. Senator John Sununu of New Hampshire agreed that approving new legislation in Iraq on sharing oil revenue would be central to weaving estranged Sunni Arabs into the political process, but he said no United States government official could describe the law to him.

"It's the most remarkable law that no one has ever seen," he said.

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Away from the Congressional hearings, White House and Pentagon officials held a series of private meetings with lawmakers on Thursday in an attempt to blunt the criticism, especially from Republicans.

Lt. Gen. David H. Petraeus, the new American commander in Iraq, waved off reporters as he shuttled between the offices of Republican Senators John W. Warner of Virginia and Jeff Sessions of Alabama. "Please, guys. Can I just make the rounds up here?" he said, declining to answer further questions.

During their testimony, Mr. Gates and Ms. Rice declined to specify a time limit on the troop increase and were cautious about predicting rapid improvements in security in Baghdad, where most of the additional troops will be positioned, saying progress is likely to come gradually.

"I think that we all know that the stakes in Iraq are enormous and that the consequences of failure would also be enormous not just for America and for Iraq, but for the entire region of the Middle East and indeed for the world," Ms. Rice said.

The deployment schedule, in which more than 20,000 fresh soldiers and marines would roll into Iraq over several months, was intended to give the president time to reconsider the increase should the Iraqi government fail to provide its share of security forces as promised, Ms. Rice said.

"I have met Prime Minister Maliki," she said. "I was with him in Amman. I saw his resolve. I think he knows that his government is, in a sense, on borrowed time, not just in terms of the American people, but in terms of the Iraqi people."

Still, she spoke directly about Mr. Maliki's failure to come through on his past promises to bring additional Iraqi troops into Baghdad. "They haven't performed in the past and so the president is absolutely right, and we have all been saying to them, 'You have to perform,'" she said.

Mr. Gates would not say when asked whether the planned American troop increases over the next few months could be withheld if additional Iraqi units promised for Baghdad failed to materialize.

"We are going to have a number of opportunities to go back to the Iraqis and point out where they have failed to meet their commitments," he said, adding, "I think our assumption going forward is that they have every intention of making this work."

Pressed repeatedly by members of both parties about what steps the Bush administration would take if Iraq continued to balk, he added, "We would clearly have to relook at the strategy."

Mr. Gates said the Pentagon was revising rules governing mobilization of Army National Guard and Reserve members so troops who had already done a tour in Iraq in the past five years could now be sent back to Iraq if their units was remobilized. But the new policy would aim to shorten the time Guard members were mobilized to a maximum of a year.

He also announced a large permanent increase in the active duty Army and Marine Corps, a repudiation of the approach of former Defense Secretary Donald H. Rumsfeld, who argued for keeping ground force levels low and insisted that authorization for any additional troops be done temporarily.

Under Mr. Bush's plan, the active duty Army total manpower over the next five years would grow to 547,000, an increase of 39,000 over the current level. In addition, the Marine Corps would grow to 202,000, an increase of 23,000. The expansions would have to be approved by Congress.

Democrats in both the House and Senate would not rule out eventually putting limitations on financing for the war if Mr. Bush continued on a course they contended defied the will of Congress and the American public. But they say that possibility, which could open them to Republican attacks, will have to be faced later when an emergency spending request and Pentagon spending are considered in the spring and summer.

Representative John P. Murtha of Pennsylvania, the Democratic chairman of the appropriations subcommittee that sets military spending and a leading party critic of the war, is exploring ways to attach conditions to a Pentagon measure.

Representative David R. Obey, Democrat of Wisconsin and chairman of the Appropriations Committee, said "a wide variety of ideas are bubbling forth," for how the party should respond to the president. But beyond voting on a resolution to symbolically oppose the Iraq plan, he said it remained unlikely that Democrats could block the troop increase to Baghdad.

"If you were going to have a so-called surge, part of that is supposedly by keeping people there longer," Mr. Obey said. "It's pretty hard to shut off funds for troops who are already there, so it gets very, very complicated."

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Late Thursday, James A. Baker III and Lee Hamilton, the co-chairmen of the Iraq Study Group, whose report in November the Bush administration largely spurned, said in a statement that some of its recommendations were reflected in Mr. Bush's plan and urged the White House to give "further consideration" to the panel's remaining ideas.

At the Senate Foreign Relations Committee hearing, Mr. Biden issued a sharp warning to the administration after Mr. Gates discussed recent raids against Iranians in Iraq, including one in Erbil early Thursday, and described them as part of a new effort "to root out the networks" involved in bringing Iranian-supplied explosive devices into Iraq.

Mr. Biden responded by saying that the vote to authorize the president to order the use of force to topple Saddam Hussein should not be used as a vehicle for mounting attacks inside Iran, even in pursuit of cells or networks assisting insurgents or sectarian militias.

"I just want the record to show and I would like to have a legal response from the State Department if they think they have authority to pursue networks or anything else across the border into Iran and Iraq that will generate a constitutional confrontation here in the Senate, I predict to you," Mr. Biden said.

Also, the State Department announced on Thursday that Timothy Carney, a retired Foreign Service officer who served as a senior civilian American authority in Iraq for three months in 2003, is the new coordinator for Iraq reconstruction.

Devastating Criticism On Iraq By Both Parties (NYT)

By Anne E. Kornblut

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — From the very first remarks, the tone was set: courteous, serious — and devastating.

When Secretary of State Condoleezza Rice appeared before the Senate Foreign Relations Committee on Thursday, the Democrats, newly ascendant in Congress and frustrated by the war in Iraq, controlled the microphone.

Senator Christopher J. Dodd of Connecticut accused the administration of letting American soldiers be used as "cannon fodder." Senator Joseph R. Biden Jr., the chairman, called the president's new strategy "a tragic mistake" and said the plan "is more likely to make things worse." Senator Bill Nelson, of Florida, and a former supporter of administration policy, said he could no longer back the president.

"I have not been told the truth," Mr. Nelson said. "I have not been told the truth over and over again by administration witnesses, and the American people have not been told the truth."

Perhaps surprisingly, the language changed little when it was the Republicans' turn. "You've clearly heard the skepticism that has been expressed this morning by so many of my colleagues, and for good reason," said Senator Lisa Murkowski of Alaska. Senator George V. Voinovich of Ohio, noting that he previously went along with the president and "bought into his dream," demanded the administration "do a much better job" of explaining its strategy. A smattering of applause erupted when Senator Chuck Hagel of Nebraska warned that Mr. Bush's new plan would be "the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out."

On a committee renowned for its bipartisanship and restraint, the questioning on Thursday, the day after a major presidential address on Iraq, amounted to a powerful blast. Though the mood was somber and the tone remained polite, members of the committee pressed Ms. Rice with extraordinary sharpness. And on a panel with at least five lawmakers considering running for president, members kept reminding the secretary — and one another — that the stakes were extraordinarily high.

"The fundamental question that the American people — and, I think, every senator on this panel, Republican and Democrat — are having to face now is, at what point do we say, 'Enough'?" said Senator Barack Obama of Illinois, a likely Democratic presidential contender.

Administration officials fanned out across Capitol Hill to answer that question, over and over, on Thursday, facing a hostile Congress and varying degrees of partisanship.

Defense Secretary Robert M. Gates, who inherited the war in Iraq just three weeks ago, appeared before members of the House Armed Services Committee to discuss the increase in troop levels. Members thanked him for his candor, seemingly grateful to have a new witness before them, rather than former Defense Secretary Donald H. Rumsfeld, who was often combative.

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The soft-spoken Mr. Gates, making his first appearance as defense secretary before the committee that oversees the military, admitted that "mistakes have certainly been made by the United States in Iraq, just like in virtually every war in human history."

"That is the nature of war," Mr. Gates said. "But however we got to this moment, the stakes now are incalculable."

The party lines were clearer in the House hearing before the Armed Services committee, where Representative Duncan Hunter of California, the most senior Republican and other Republicans offered their support for the administration and Democrats pressed for an exact calendar in Iraq. "At what point do we say, 'Enough is enough'?" said Representative Martin T. Meehan, Democrat of Massachusetts.

But it was left to Ms. Rice, an important fixture — and survivor — in an administration now in its seventh year, to defend against the tough condemnations in the Senate, where a vote on a resolution about the war could take place as early as next week.

Seated alone at a large table in front of the committee in a chilly Senate hearing room, where the front rows were filled with protesters, Ms. Rice appeared frustrated at times, as committee members variously interrupted her, challenged her or all but accused her of representing a dishonest administration.

Lawmakers argued with Ms. Rice over what to call the latest plan — she corrected critics who referred to it as an "escalation," describing it as an "augmentation" — and over whether a civil war is underway.

When Ms. Rice asserted that insurgents, not warring Shiite and Sunni factions, were mainly responsible for American casualties, Mr. Hagel shot back, "Madame Secretary, your intelligence and mine is a lot different."

He added, "To sit there and say that, Madame Secretary, that's just not true."

"Well, Senator, if you'll — ," Ms. Rice began.

"That is not true," Mr. Hagel repeated.

"Senator, if you'll allow me to finish," Ms. Rice said, visibly exasperated, finally conceding that Iraqi attacks on other Iraqis are taking place in the form of death squads.

Even with at least five members of the committee preparing to run against one another for president, their themes were unified. Mr. Biden, who has said he will run, deftly called on his potential rivals, including Mr. Dodd, who had announced his candidacy hours earlier on the Don Imus radio show, and Senator John Kerry of Massachusetts, the former Democratic presidential nominee.

Mr. Biden and Mr. Hagel, another possible contender, exchanged whispers at various points; Mr. Obama stopped to chat with Mr. Biden before leaving the hearing early.

Perhaps the most aggressive questioner of Ms. Rice was the Democrat who has announced he will not run: Senator Russell D. Feingold of Wisconsin, who has consistently opposed the war and demanded Thursday that Congress "use the power of the purse" to cut off financing and take American troops out of Iraq.

In an especially contentious exchange, Mr. Feingold asked Ms. Rice: "Is the United States more secure now as a result of our military incursion into Iraq than we were before we entered Iraq?" Dissatisfied with her responses, Mr. Feingold repeated the same line three more times.

The only moment of levity came as a protester was dragged from the room; Mr. Hagel joked that the man must have been from Delaware, Mr. Biden's home state.

Getting Iraq To Work (WSJ)

By Rudy Giuliani And Newt Gingrich

The Wall Street Journal, January 12, 2007

The American mission in Iraq must succeed. Our goal -- promoting a stable, accountable democracy in the heart of the Middle East -- cannot be achieved by purely military means.

Iraqis need to establish a civil society. Without the support of mediating civic and social associations -- the informal ties that bind us together -- no government can long remain stable and no cohesive nation can be maintained. To establish a civil society,

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Iraqis must rebuild their basic infrastructure. Iraqis must take control of their destiny by rebuilding houses, stores, schools, roads, highways, mosques and churches.

But the constant threat of violence, combined with a high unemployment rate estimated between 30% and 50%, fundamentally undermines that effort. This not only sustains the fertile breeding ground for terrorist recruiters but has the same corrosive effect as it would in any city -- raising the likelihood of further violence, civic decay and a crippling sense of powerlessness.

A massive effort must be made to engage in a well organized plan to rebuild Iraq. The goal: an infrastructure to support and encourage a strong, stable civil society.

The week before Christmas, the Pentagon asked Congress to approve a supplemental $100 billion for military operations in Iraq and Afghanistan, on top of the estimated $500 billion spent to date. The administration should direct a small percent of that amount to create an Iraqi Citizen Job Corps, along the lines of FDR's civilian conservation corps during the Great Depression. The Job Corps can operate under the supervision of our military and with its protection. The Army Corps of Engineers might be particularly helpful in directing this effort. It will place our military in a constructive relationship with the Iraqis -- both literally and figuratively.

Today, Iraq has almost 200 state-owned factories that have been abandoned by the governing authorities since the outbreak of war in 2003. Deputy Undersecretary of Defense Paul A. Brinkley has led a team to 26 of those facilities, traveling far beyond the Green Zone to idled plants from Fallujah to Ramadi. Mr. Brinkley believes that under Department of Defense leadership, at least 10 of these facilities could be re-opened almost immediately, putting more than 10,000 Iraqis to work within weeks. This should be done without delay -- and it is only the beginning.

The wages that these thousands of gainfully employed workers receive will be used to purchase goods and services that will employ other Iraqis. Those goods and services must be produced by still other Iraqis. These are the first steps in creating the requisite conditions of a stable functioning economy and the best hope of displacing retribution and violence with hope and opportunity.

We must try to achieve constructive and compassionate goals through conservative means -- jump starting civic improvement and the individual work ethic in Iraq, without creating permanent subsidies. The goal is to get more Iraqis working, especially young males, who are most susceptible to the terrorist and warlord recruiters.

There are many lessons from the successful welfare reforms in New York City that can be readily applied in Iraq. In the early 1990s, New York City suffered an average of 2,000 murders a year while more than 1.1 million people -- one out of every seven New Yorkers -- were unemployed and on welfare. Too many neighborhoods were pervaded by a sense of hopelessness that came from a combination of high crime, high unemployment and despair. "Workfare" proved an excellent method to change this destructive decades-long paradigm. It required able-bodied welfare recipients to work 20 hours a week in exchange for their benefits. In the process, we reasserted the value of the social contract, which says that for every right there is a responsibility, for every benefit an obligation.

As many as 37,000 people participated at a single time, working in the neighborhoods that most needed their help, cleaning up streets with the Sanitation Department, removing graffiti from schools and government buildings, or helping to beautify public spaces in the Parks Department.

More than 250,000 individuals went through our Workfare program between 1994 and 2001, and their effort helped to visibly improve the quality of life in New York City. Many of them moved on to permanent employment. This change from welfare to work did as much as the New York Police Department Compstat program to keep reducing crime. A similar model can work in Iraq.

There is an opportunity not only to increase employment by rebuilding roads, houses, schools and government buildings, but also to engage the Iraqi people to participate in laying the foundation for a civil and prosperous society.

The population of Iraq is roughly 30 million with a pre-war median annual income equivalent to $700. Subsidizing unemployed Iraqis with a meaningful wage in exchange for meaningful work rebuilding their society is well within the means of the U.S. and its allies.

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The entire effort will help stabilize and grow the Iraqi economy. It should be open to all willing Iraqis -- Sunnis, Shiites and Kurds -- as a means of helping to create a common culture through shared participation in work projects to rebuild and take ownership of their nation.

One word of caution: The program should be overseen by the U.S. military, not private contractors, to avoid unnecessary delays in deployment or accusations of cronyism in the bidding process. Our military will still be devoted to its primary role of hunting down terrorists and patrolling the streets, but administering a jobs program would be a direct extension of their effort to secure law and order. After the program has been started and becomes successful, it can be transferred to a civilian authority within the Iraqi government.

The creation of an Iraqi Citizen Job Corps will help expedite the establishment of a more stable civil society and improve the growing Iraqi economy through the transforming power of an honest day's work.

Mr. Giuliani is the former mayor of New York City. Mr. Gingrich is a former speaker of the U.S. House of Representatives.

Rice Seeks Backing Abroad For Iraq Plan (WP)

By Glenn Kessler

The Washington Post, January 12, 2007

With President Bush's plan to boost troops in Iraq facing blistering criticism at home, Secretary of State Condoleezza Rice departs today on another difficult sales mission: winning the support of Arabs for the Iraq plan and seeking momentum for a renewed push on Middle East peace.

Rice endured hours of tough questions in both the Senate and House foreign policy panels yesterday over the administration's strategy for Iraq and its diplomacy toward Iraq's neighbors, particularly Iran and Syria. She had prepared for the hearings carefully, anticipating some of the toughest questions at several practice sessions known as "murder boards," and so remained unruffled when lawmakers pummeled her with complaints.

The stakes could not be higher on Rice's week-long trip to Israel, Egypt, Jordan, Saudi Arabia, Kuwait, Germany and Britain. She is trying to knit together her vision of a "new Middle East" from the turmoil and conflict spawned in part by the Iraq war and the rising influence of radical Islamic groups, such as Hezbollah and Hamas. Iran has emerged as a more powerful regional power partly because of U.S. missteps in Iraq. Administration officials say the rise of Iran has to some extent given such historic antagonists as Israel and Saudi Arabia common strategic interests.

Rice has said she sees the turmoil as offering opportunity. "This is a different Middle East," she told the Senate Foreign Relations Committee yesterday. "This Middle East is a Middle East in which there really is a new alignment of forces," pitting "reformers and responsible leaders" in Israel, Jordan, Egypt, Saudi Arabia, Iraq and the Palestinian territories against "extremists of every sect and ethnicity who use violence to spread chaos, to undermine democratic governments and to impose agendas of hatred and intolerance."

The glue that is supposed to help link the positive forces is a sustained personal effort by Rice to make progress on the Israeli-Palestinian conflict, administration officials and diplomats said. Bush has called repeatedly for a "two-state solution" to the conflict, but Arabs and outside analysts have complained that in the past six years the administration has frequently disengaged when the obstacles seemed too great.

Philip D. Zelikow, until earlier this month Rice's counselor at the State Department, said the new effort has "three big pillars," including a comprehensive effort in the Middle East to win support for the Iraqi government and rallying the region to stand up to the extremism of Iran and al-Qaeda.

"Undergirding the rest is an intensified effort on the next phase of the Israeli-Palestinian peace process," Zelikow said, adding that it would include winning greater public backing for Palestinian Authority President Mahmoud Abbas from Arab countries such as Saudi Arabia.

U.S. officials quietly encouraged Israeli Prime Minister Ehud Olmert recently to say something positive about a 2002 Saudi peace plan that included recognition of Israel as a way of breaking the ice between the Jewish state and the kingdom with Islam's holiest sites. Olmert's predecessor, Ariel Sharon, had shunned the Saudi plan.

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In recent months, Rice has initiated a new forum known as the "GCC plus two," which brings together the six nations in the Gulf Cooperation Council with Egypt and Jordan. Arab sources say the participants have agreed to the meetings with great reluctance, believing they could not afford to cross Rice. Another meeting is scheduled for Rice's stop in Kuwait.

A senior administration official acknowledged yesterday there is concern that the forum will be seen as an anti-Iranian alliance but said it has proved to be "quite productive for consultations."

Rice's aides have tried to lower expectations for this round of diplomacy, saying she was mainly hoping to listen to ideas. The official yesterday denied a report in the upcoming issue of Time magazine that Rice had joined with Israeli Foreign Minister Tzipi Livni in a bid to put aside a previous peace plan known as the "road map" and leap right to final-status talks to bolster Abbas. An Israeli official also denied the report.

Still, diplomats who have met with Rice say they have been impressed with her sense of personal commitment to trying to make a breakthrough this year.

Dennis Ross, a former Middle East envoy who has known Rice since they were both young Soviet specialists in Northern California, said: "I think that Condi is seriously contemplating what she can do. I am not saying she will do it. There is a big difference between contemplating something and doing it."

Indeed, analysts and administration officials acknowledged that the moment is not auspicious for any sort of breakthrough. Abbas is battling against Hamas, which won legislative elections a year ago and refuses to renounce its goal of eliminating Israel. Abbas has suggested he will call elections to end the political crisis, but there is no guarantee that he will win. Meanwhile, Olmert has low approval ratings because of public disapproval of his handling of last summer's war with Hezbollah.

"The moon, the sun and stars are not in auspicious alignment," said Aaron David Miller, a fellow at the Woodrow Wilson Center and longtime peace negotiator through successive administrations. "With due respect to anyone who wants to deal with this, it has 'loser' written all over it."

The Women's Channel (TIME)

By Walter Isaacson

Time, January 22, 2007

Condoleezza Rice has a lot in common with her secret new soul mate, Israeli Foreign Minister Tzipi Livni. Both are women with razor-sharp intellects, center-right convictions and an odd blend of rigid righteousness and pragmatism. Both work under men whose popularity has plummeted because of the bungled conduct of a war (Iraq for George Bush, Lebanon for Ehud Olmert). And both realize that this vulnerability, combined with the even greater weakness of Palestinian President Mahmoud Abbas, has made the timing ripe for a new strategy for an Israeli-Palestinian peace.

Up until now, Rice has not spearheaded any ambitious new diplomatic initiatives in the manner of the predecessors she admires, such as George Marshall, Dean Acheson and Henry Kissinger. But a Palestinian-Israeli peace could transform her legacy. Rice has told friends in Washington that she sees her latest trip to the region as the beginning of a prolonged, personal effort to achieve a breakthrough.

Rice and Livni discussed their new approach in Washington in early December, and since then they have had frequent phone conversations. Their strategy is to put aside the step-by-step road map, which requires that the Palestinians dismantle their terrorist infrastructure before any new phase of negotiations begins, and instead leap right to final-status talks with moderate Palestinians about what a two-state solution would look like. If a suitable framework for a Palestinian state is reached, Abbas would then go to his people with a referendum: Do you want it or not? He is convinced that more than 70% would vote yes, thus marginalizing the Hamas resisters. Olmert would do the same, and probably get close to the same support.

The outlines of a two-state framework are clear. Everyone knows, within a few hundred yards or so, where the borders would be, and a variety of land swaps could be worked out so that Israel could keep some of its major settlements that are on its side of its new security barrier. Perhaps some Israeli land containing Arab communities could be swapped to the Palestinians, but Bush would go along with that only if the affected Arab-Israelis agree. The issue of Jerusalem and the rights of refugees could be compromised along the lines almost agreed to in 2000, with an international fund providing incentives for Palestinian

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refugees to return to the new Palestinian state. Livni has quietly been meeting with Palestinian moderates, and they support this approach.

Both Rice and Livni face hard-liners in their governments who want to stick to the road map and make any movement on the peace process contingent on the Palestinians halting terrorism and cease-fire violations. But that gives Hamas veto power over all progress and could require Israel to occupy the West Bank indefinitely. "The principle of two nation-states is not only an Israeli gift to the Palestinians but a promotion of Israel's interests," Livni says.

Bush has come down on the side of pursuing a two-state framework now. To White House visitors he has provided his own savvy analysis of Olmert's precarious political situation and how both Olmert and Abbas need a breakthrough. Left unspoken is that Bush could use one as well. That is why he is sending Rice to make such an effort.

A Palestinian-Israeli peace will not solve America's woes in Iraq, of course. But Rice and Livni believe it could serve a broader strategic goal. They see the primary divide in the Middle East as being between the forces of moderation and those of extremism. The rise of Iran and its extremist clients has created a potential alliance among moderate Palestinians, Israelis and the leaders of Saudi Arabia, Egypt, Jordan and the gulf states. "There is a growing understanding among the Israelis, Palestinians and the moderate Arab nations that the real threat is Iran and the radicalism it supports, so it's in all of their interest to work now for a comprehensive solution," says Israel's just-departed ambassador to the U.S., Daniel Ayalon, who is now working on ideas for achieving such a peace.

In order to create this concert of moderate forces in the Middle East, Rice wants her new Israeli-Palestinian peace process to be done under the auspices of the Saudi proposals of 2002, which suggested that moderate Arab nations would establish relations with Israel as part of a two-state solution. Those countries could also serve as guarantors, custodians and funders if a peace agreement is reached.

Olmert is slightly uneasy about his Foreign Minister's new joint venture. Livni has made it known that she wants to follow in the footsteps of Israel's only other female Foreign Minister, Golda Meir, by becoming Prime Minister someday. Bush, on the other hand, has no such competitive worries about Rice. If she succeeds in creating a Middle East legacy other than the morass in Iraq, so does he.

Fight And Talk (WP)

The Washington Post, January 12, 2007

PRESIDENT BUSH promised in his speech Wednesday night to "use America's full diplomatic resources" in support of his new plan to stabilize Iraq. But the tour of the region that Secretary of State Condoleezza Rice is beginning today looks like a sideshow. Ms. Rice will talk with Israelis and Palestinians and meet with ministers from Egypt, Jordan and the Gulf states; her idea, she told the Senate Foreign Relations Committee yesterday, is "to work with those governments that share our idea of where the Middle East should be going." Since that excludes two of Iraq's neighbors, Iran and Syria, as well as the two countries that now stand in the way of progress in the Palestinian territories and in Lebanon -- again, Iran and Syria -- it's hard to see how her diplomacy can accomplish much.

Indeed, President Bush's speech gave the impression that military steps have priority in the administration's regional policy. The president said he had ordered another carrier group to the area; that Patriot air defense systems would be deployed "to reassure our friends and allies"; and that the United States "will seek out and destroy the networks" supported by Iran and Syria that provide "advanced weaponry and training to our enemies in Iraq." Hours after he spoke, U.S. forces raided an Iranian government office in Irbil, northern Iraq.

Some of this makes sense. Iran and Syria are engaged in their own offensive across the Middle East: In addition to supporting attacks on Americans in Iraq, they are trying to overthrow the pro-Western Lebanese government and are supporting terrorism carried out by the Palestinian Islamic groups Hamas and Islamic Jihad. The first response to that cannot be offers of "engagement"; some pushing back is also needed. Ms. Rice argued yesterday, as she has before, that a Bush administration offer of bilateral talks with Iran before it freezes uranium enrichment would undermine the multilateral effort to stop its nuclear program, while Syria could be expected to make unacceptable demands about Lebanon.

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It is nevertheless the case, as former secretary of state James A. Baker III has pointed out, that diplomacy consists of talking to enemies as well as friends. It's even possible to talk to enemies while using sanctions or force against them; certainly the Iranians and Syrians do it.

There are ways in which the administration could step up its diplomatic efforts on Iraq without falling into the traps that Ms. Rice described. The Iraqi government has proposed a regional conference in Baghdad, hoping to include all of its neighbors; the United States should support that idea and join in. Both Ms. Rice and Mr. Bush mentioned the Iraq International Compact, an ongoing U.N.-brokered initiative under which the Iraqi government is to commit itself to economic reforms in exchange for international aid. Iran and Syria already have participated in meetings on the compact, along with the United States. It wouldn't be hard to beef up and expand that process to cover more issues, such as guarantees for Iraq's minority groups and steps to prevent violence from spreading outside the country -- or deterring outside intervention.

Regional diplomacy will not solve Iraq's problems. An Israeli-Palestinian settlement will not cause sectarian warriors in Baghdad to disarm. But given the seriousness of the situation, the administration is foolish not to use every resource at its disposal. Mr. Bush is already pursuing strategies on the ground in Iraq that look like long shots; he should be willing to take more diplomatic chances, as well.

In Arab World, U.S. Approaches Falling Short (LAT)

By Megan K. Stack And Ken Ellingwood

The Los Angeles Times, January 12, 2007

CAIRO, Egypt — In ordering more American soldiers into Iraq, President Bush said he was sending a message of hope to millions of Arabs and Afghans trapped in violence. But to many on the ground in the Mideast, the speech spoke volumes of a disconnect between U.S. promises and a turbulent reality.

After years of war and political disillusionment, Bush would have been hard-pressed to come up with any message to please the Arab world. Many here, long mired in bloodshed and sinking deeper into sectarian tensions, hold America squarely to blame for the bloodletting in Iraq and the Palestinian territories.

They say the U.S. presence in Iraq has poisoned the mood so thoroughly that secular and moderate activists stay silent for fear of being tarred as American agents.

"What the United States did for the region is destruction for the forces who believe in democracy, rule of law and human rights," said Raji Sourani, director of the Palestinian Center for Human Rights in Gaza City. "We are the real victims."

The Bush administration has portrayed the invasion of Iraq as a boost, albeit painful, for Arab democracy and human rights. Victory in Baghdad would bring a brighter era to the entire region, U.S. officials have promised.

But after waves of outrage over torture in Abu Ghraib; the spectacle of Saddam Hussein's trial and execution; and religious slaughter in the streets of Baghdad, few people in the region can articulate what, exactly, the United States is trying to accomplish.

"The U.S. should pull out its troops from Iraq because innocent people are dying every day, including U.S. soldiers," said Karim Salhab, a 25-year-old accountant in Beirut. "I don't think it's fair for the families of these soldiers that their kids die for nothing."

Conventional wisdom here holds that, since the U.S. invasion pitched Iraq into civil war, only a U.S. withdrawal could set the nation back on the road toward stability.

"(Bush) mismanaged and brutalized Iraq too long to even hope for stability while the troops stay," said Mohammed el-Sayed Said, an analyst at Cairo's al-Ahram Center for Political and Strategic Studies. "The reservoir of violence and bitterness and agonies is so huge that hoping for stability in the immediate future is self-deception at best."

If the United States wanted to boost stability, many Arabs say, the Bush administration would aggressively seek a cure for the regional sore spot of Israeli-Palestinian violence.

Bush's announcement comes at a particularly sensitive moment. The region is still reeling with indignation over the images that emerged of Saddam's execution, in which the toppled Sunni Arab president was forced to endure the sectarian taunts of Shiite guards while in the hangman's noose.

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Besides rubbing raw nerves by degrading a onetime Sunni leader on the dawn of a sacred Islamic holiday, Saddam's hanging also tapped directly into deep popular fears that the war in Iraq left the country in the hands of Shiites -- shifting the power balance in a way that threatens many Sunnis.

Sunni governments such as Saudi Arabia, Egypt and Jordan are longtime allies to the United States, while Shiite-ruled Iran has long been an American nemesis. But the rise of Shiite political power in post-Saddam Iraq, along with the growing regional influence of Iran, have left many Sunnis feeling insecure.

Foremost among the causes of bloodshed in Iraq, according to an editorial in Thursday's pan-Arab Al-Quds Al-Arabi newspaper, "is the U.S. occupation's bias in favor of one sect at the expense of the other, and its humiliation of the members of the latter in a manner that reveals a strong desire for revenge."

Some Sunnis have fretted quietly about the possibility of a U.S. withdrawal. They fear that Iraq's minority Sunni Arab population, already under attack by Shiite militias, would face even harsher retribution from Shiites after the departure of U.S. soldiers.

But Thursday, those voices were all but silent.

Meanwhile, neighboring Iran also warned against boosting the number of American troops in Iraq.

"The increase in the number of American military forces can escalate insecurity and tension in Iraq and work against solving that country's problems," Foreign Ministry spokesman Mohammad Ali Hosseini told reporters in Tehran. "America is trying to accuse and blame other countries for interference in Iraq to cover its policy-making mistakes in that country."

Palestinians said Bush's emphasis on Iraq was backward. Only by making peace between Palestinians and Israelis, they said, would stability come to the region as a whole.

"If there is peace here, there will be peace in Iraq," said Badar Salem, a 26-year-old office worker shopping in the West Bank city of Ramallah. "If Bush solves the Palestinian question first, then he will put an end to extremists, mainly the Islamic extremists, because they will not use the Palestinian question as a pretext for their activities everywhere."

Those sentiments echo the report issued in Washington last month by the Iraq Study Group, which linked stability in Iraq to progress in settling the Israeli-Palestinian conflict.

In Afghanistan, people were too focused on "survival and getting through the winter" to pay much heed to Bush's plans for Iraq, said George Varughese, the acting country representative in Afghanistan for the Asia Foundation.

"What happens in Iraq is just not something that's front and center for them," he said.

---------- Stack reported from Cairo and Ellingwood from Jerusalem. Times staff writers Kim Murphy in London, Laura King in Dubai and special correspondents Raed el Rafei in Beirut, Lebanon, Maher Abukhater in Ramallah and Rushdi abu Alouf in Gaza City contributed to this report.

Iran, Syria Denounce Bush's Iraq Plan (AP)

By Nasser Karimi

AP, January 12, 2007

Iran and Syria on Thursday denounced President Bush's new Iraq strategy that blames them for fueling violence in the war-torn country, and they said the plan to send more U.S. troops would only increase bloodshed. Bush's speech Wednesday night underlined his staunch rejection of recommendations that Washington reach out to Syria and Iran in an attempt to calm Iraq.

Instead, Bush set out plans to isolate the two countries, calling on help from Arab allies and vowing to cut off Syrian and Iranian aid to militants in Iraq. He announced the deployment of an additional aircraft carrier battle group and Patriot air defense missiles to the region — seen as muscle-flexing toward Iran.

In Tehran, Foreign Ministry spokesman Mohammad Ali Hosseini said Bush's plan to send 21,000 more troops to Iraq was a "continuation of occupation" that will only "extend insecurity, danger and tension in the country. This will not help to solve Iraq's problems."

Syrian Vice President Farouk al-Sharaa said Wednesday prior to Bush's speech that the American troop surge was "not a positive step" and would only "pour oil on the fire."

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Iran has close ties to Shiite militias blamed in Iraq's wave of sectarian killings, and Washington accuses it of providing the fighters with weapons and money. The United States also accuses Syria — Iran's ally — of providing refuge for some leaders of the Sunni-led insurgency and allowing militants to cross its border into Iraq.

As Bush spoke in Washington, U.S.-led multinational forces detained five Iranians in an overnight raid on Tehran's diplomatic mission in the northern Iraqi city of Irbil, local officials said. Iranian Foreign Ministry spokesman Mohammad Ali Hosseini denounced the raid, saying it reflected a "continuation of pressure" on Iran, aiming to "create tension" between Iraq and its neighbors.

The bipartisan Iraqi Study Group said last month the U.S. should put aside misgivings and engage Syria, Iran and the leaders of insurgent forces in negotiations on Iraq's future.

However, Bush has said he would not deal with countries that fund terrorism. He vowed in his speech Wednesday that U.S. troops will "interrupt the flow of support from Iran and Syria."

Iran and Syria both denied supporting fighters in Iraq. Hosseini said the U.S. was trying to "cover up its wrong policies" by accusing other countries of meddling in Iraq.

The new offensive by U.S. forces, along with Iraqi troops, aims to put down both Sunni insurgents and Shiite militiamen in Baghdad. But there was widespread skepticism in the Arab world that the Shiite-led Iraqi government of Prime Minister Nouri al-Maliki will act against the militias, even though it has said it will.

Iran depicted the U.S. plan as an attempt to control Iraq for the benefit of Israel. Hosseini said the deployment of Patriot missiles in the region "is part of the U.S. policy direction to create a support umbrella for the Zionist regime through an Islamic country."

Commentators in Iran and Syria predicted the new Bush strategy would fail. The plan's "failure will register the name of Bush as a vanquished president in the political history of the U.S.," Iranian state television said in a commentary.

In Damascus, there were signs of disappointment that Washington had rejected the idea of opening a dialogue with the country. Syrian analyst Imad Shueibi, who often reflects the government's view, called Bush's accusations of Syrian and Iranian support for militants "a worthless broken record."

"If Bush wants to ignore Syria, he would thereby ignore the possibility of finding a solution to the situation in Iraq and to stability in the region," he said.

The state-run Syrian newspaper Tishrin predicted "Bush's strategy will be another catastrophe and the Iraqi people will be the only loser."

In the streets of Tehran, there was dismay at the prospect of the U.S. increasing its military presence in neighboring Iraq.

"Sending more troops more means more casualties. Any simple military personnel know it," said Hossein Rahimi, a veteran of Iran's war with Iraq in the 1980s.

"The U.S has already spent a lot for military purposes in Iraq. If it had spend it for reconstruction and development, then Iraq could have been a role model for the whole region," said Reza Mahmoudi, a 50-year-old engineer.

Iraqi Government Welcomes Bush Strategy (AP)

By Bassem Mroue

AP, January 12, 2007

The Iraqi government spokesman chided the United States, Iran and Syria on Thursday for using his country as a political battleground, saying "we pay the price for the tension" between the three rivals and urging them to improve their relations.

Ali al-Dabbagh also called on Syria and Iran not to interfere in Baghdad's internal affairs. Both have been accused by the United States and Iraq of supporting insurgents and militias that are ravaging Iraq with sectarian war.

"Sometimes we pay the price for the tension in relations between Iran and the United States and Syria and the United States, therefore it is in our interest as Iraqis that these relations improve," al-Dabbagh said. "For that reason, we hope, encourage and are playing a role in bringing closer together their points of view."

The spokesman's comments came as Iraq's government welcomed President Bush's new strategy and promised it was committed to making sure it succeeds.

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Ordinary Iraqis, however, gave it mixed reviews, with many expressing skepticism that an increase in U.S. troops would quell the violence ransacking their country.

In a speech broadcast live on Iraqi state television, Bush said he was increasing U.S. troops by 21,500 — including 17,500 in Baghdad, where much of the sectarian violence has been blamed on predominantly Shiite militias.

Sunni lawmaker Hussein al-Falluji rejected Bush's plan to send more troops, calling instead for a timetable for them to withdraw and for direct negotiations with insurgents.

"Bush's plan could be the last attempt to fix the chaos created after the invasion of Iraq. Yet, sending more troops will not end the problem. On the contrary, there will be more bloodshed," al-Falluji said.

Sadiq al-Rikabi, an adviser to Iraqi Prime Minister Nouri al-Maliki, warned "failure in Iraq will not only affect this country but the rest of the region and the world, including the United States."

"The current situation is not acceptable — not only for the American people but also for the Iraqis and their government. As Iraqis and as an elected government, we welcome the American commitment for success," he said. "The Iraqi government also is committed to succeed."

Al-Rikabi stressed the importance of the Iraqis taking the lead in military operations.

"The American plan cannot succeed without us because we work in the same field in order to defeat violence and terrorism and boost the democratic system," al-Rikabi said.

Baghdad residents from both sects, however, said they were not optimistic Bush's new strategy would end the Sunni-Shiite attacks that have spiraled in the capital and elsewhere since the bombing last February of a revered Shiite shrine in Samarra. Others offered a weary acceptance of any effort to curb the violence after several failed attempts.

"More U.S. troops will mean more wasted blood and more people killed," said Osama Ahmed who works in the Ministry of Higher Education and said he got up early to watch the speech, which aired at 5 a.m. in Iraq. "The violence will surge unless the U.S. administration decides to curb militiamen who are part of the Iraqi government."

He accused the Shiite-dominated government of backing the militias in attacking Sunnis, saying, "There is no point of giving more security responsibilities to the Iraqi government because it is a sectarian government and it is responsible for the violence hitting the country."

Abdel-Karim Jassim, a 44-year-old Shiite trader, said he had hoped Bush would come up with something other than a troop increase.

"Sending more troops will not solve the problem," he said, while acknowledging that Iraq cannot handle security on its own because of "sectarian divisions and the strong militias and insurgents."

Rahim al-Waeli, a 40-year-old Shiite Health Ministry employee, expressed hope the Bush plan would succeed because it included efforts to boost economic aid and job creation.

"I am relatively optimistic because this time the plan is not only about using force, it has some economic and service aspects," he said.

Shiite politician Mariam al-Rayes also welcomed the new effort, but noted opposition from Democrats to the troop increase.

"Some consider President Bush an adventurer," she told the state-run Iraqiya station. "But he has found that his role now is to support this government."

In the past, the Iraqi government has tried to prevent American military operations against the Mahdi Army, the militia loyal to radical Shiite cleric Muqtada al-Sadr, while giving U.S. forces a free hand against Sunni militants. The Bush administration has pushed al-Maliki to curb his militia allies or allow U.S. troops to do the job.

University professor Hafidh Issam, 49, said the United States had made many mistakes in Iraq and accused it of contributing to the chaos to serve its own interests in the Middle East.

"They built a constant base in Iraq that would be able to threaten the neighboring countries, especially Iran and the gulf countries," he said.

Awad Mukhtar, a 35-year-old technician, said Bush's new proposals could be Iraq's "last chance" for peace.

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"The security situation in Iraq is very bad, we are facing death at any moment daily," Mukhtar said. "I see the new Bush strategy as the last chance for Iraqis to save their lives ... we have no other choice, only to wait and see the results."

In Baghdad, Bush Policy Is Met With Resentment (NYT)

By John F. Burns And Sabrina Tavernise

The New York Times, January 12, 2007

BAGHDAD, Jan. 11 — Iraq's Shiite-led government offered only a grudging endorsement on Thursday of President Bush's proposal to deploy more than 20,000 additional troops in an effort to curb sectarian violence and regain control of Baghdad. The tepid response immediately raised questions about whether the government would make a good-faith effort to prosecute the new war plan.

The Iraqi leader, Prime Minister Nuri Kamal al-Maliki, failed to appear at a news conference and avoided any public comment. He left the government's response to an official spokesman, Ali al-Dabbagh, who gave what amounted to a backhanded approval of the troop increase and emphasized that Iraqis, not Americans, would set the future course in the war.

Mr. Dabbagh said that the government's objective was to secure the eventual withdrawal of American troops, and that for that to be possible there had to be security for Iraqis. "If this can be achieved by increasing either Iraqi or multinational forces," he added, "the government, for sure, will not stand against it."

Mr. Dabbagh suggested that much about the Bush plan depended on how circumstances in Iraq would evolve over the coming months — an echo, in its way, of senior Bush administration officials. They have implied that they might halt the month-by-month inflow of additional troops if they think Mr. Maliki is failing to meet the political and military benchmarks Mr. Bush identified as the Iraqi government's part in making the new war plan work.

"The plan can be developed according to the needs," Mr. Dabbagh said. Then he added tartly, "What is suitable for our conditions in Iraq is what we decide, not what others decide for us."

The spokesman's remarks, and a similarly dyspeptic tone that was adopted by Shiite politicians with close ties to Mr. Maliki, pointed to the double-bind Mr. Bush finds himself in. Faced with low levels of public support for his new military push and a Democratic leadership in Congress that has said it will fight him over it, he also confronts the uncomfortable prospect of foot-dragging in Baghdad over the troop increases and the benchmarks he has set for the Iraqis.

While senior officials in Washington have presented the new war plan as an American adaptation of proposals that were first put to Mr. Bush by Mr. Maliki when the two men met in the Jordanian capital of Amman in November, the picture that is emerging in Baghdad is quite different. What Mr. Maliki wanted, his officials say, was in at least one crucial respect the opposite of what Mr. Bush decided: a lowering of the American profile in the war, not the increase Mr. Bush has ordered.

These Iraqi officials say Mr. Maliki, in the wake of Mr. Bush's setback in the Democratic sweep in November's midterm elections, demanded that American troops be pulled back to the periphery of Baghdad and that the war in the capital, at least, be handed to Iraqi troops. The demand was part of a broader impatience among the ruling Shiites to be relieved from American oversight so as to be able to fight and govern according to the dictates of Shiite politics, not according to strictures from Washington.

What transpired, in Mr. Bush's speech on Wednesday night, appears to have been a hybrid: a plan that aims at marrying the Maliki government's urgency for a broader license to act with Mr. Bush's determination to make what American officials here see as a last-chance push for success in Iraq on American terms. And that, as Mr. Bush made clear on Wednesday, implies objectives that will be difficult — many Iraqis say impossible — to square with Mr. Maliki's goals.

The differences seemed clear on Thursday as Iraqis responded to Mr. Bush's speech. In the streets of Baghdad, reactions followed, broadly, the familiar pattern in a city that is more and more divided on sectarian lines. Many Shiites said Iraq's own security forces, which are predominantly Shiite, should be left to do the job of stabilizing the city, while many Sunnis, shocked by the violence of Shiite death squads in recent months, said they would welcome the Americans if they could rein the sectarian killing in.

Mr. Dabbagh, the government spokesman, emphasized the parts of the Bush plan that best suited the Maliki government's political ambitions. He said the "good thing in this plan is that it determines that responsibility should be transferred from the

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Americans to the Iraqis." This was a prime point with Mr. Bush, too, when he said that the role of American troops under the new plan would be to "help the Iraqis" secure neighborhoods in Baghdad, protect the local population and maintain security in areas that American and Iraqi forces have cleared.

Within hours of Mr. Bush's speech, American commanders were meeting with their Iraqi counterparts in Baghdad to work out the details of a new command arrangement that would give Mr. Maliki a direct role in overseeing the new crackdown. The Iraqis named a commander for the operation, Lt. Gen. Aboud Gambar, a Shiite from southern Iraq who was a top general in Saddam Hussein's army until the American-led invasion in 2003.

General Gambar will report directly to Mr. Maliki, outside the chain of command that runs through the Defense Ministry, which the Maliki government has long viewed as a bastion of American influence, and, because the defense minister is a Sunni, of resistance to Shiite control. General Gambar will have two deputies, one for the heavily Shiite east part of Baghdad, another for the mostly Sunni west part, and they will oversee nine new military districts, each assigned an Iraqi brigade.

As details of the Bush plan became known on Wednesday, Iraqi officials said that the new arrangements would give Iraqis operational control of the new push in Baghdad. But Mr. Dabbagh and others were quick to pull back on Thursday, acknowledging that Baghdad would remain under American operational control at least until later this year. American officials noted that American officers would be assigned to General Gambar's headquarters, that an American battalion would be twinned with each Iraqi brigade and that every Iraqi unit, down to the company level, would have American military advisers.

If this fell a long way short of the plan for full Iraqi control in Baghdad that Mr. Maliki set out in November, his officials were at pains to say that the prime minister would decide the issue of most concern to the Iraqi leader: whether, and when, Iraqi and American forces would be allowed to move in force into Sadr City. That Shiite working-class district in northeast Baghdad is the stronghold of the Mahdi Army, the most powerful of the Shiite militias, and the main power base of Moktada al-Sadr, the Mahdi Army leader, whose parliamentary bloc sustains Mr. Maliki in office.

"It's been agreed that in order to succeed they have to consult," Mr. Dabbagh said — a bland requirement as he stated it — but some distance from the formula put forward at Washington briefings on the new plan. Secretary of Defense Robert M. Gates, at a news conference on Wednesday, said that American and Iraqi troops would be free to go into "all parts of Baghdad, including Sadr City" and that one benchmark in the plan was that there would be no "political interference" with military operations or attempts to protect death squad leaders.

That appeared to be an allusion to the past American experience with Mr. Maliki, who has consistently refused to sanction major offensives in Sadr City. On at least one occasion, he intervened to secure the release of a man captured by American troops and identified by American commanders as a death squad leader with links to Mr. Sadr. Mr. Maliki's argument has been that the solution to the problem of militias, including Mr. Sadr's, must be political, not military, but he has simultaneously postponed any action on a new law to disarm and demobilize the militias.

One of Mr. Maliki's political allies, Sheik Khalid al-Attiya, who is deputy speaker of the Iraqi Parliament, said Thursday that he expected the benchmarks set by Mr. Bush to take 6 to 12 months to be met. With American commanders in Baghdad saying they hope to have the main parts of the city stabilized by late summer — allowing American troops to be pulled back to bases outside the city as Mr. Maliki has demanded — the Americans seem likely to run out of patience with Mr. Maliki long before Mr. Attiya's timetable plays out.

A Shiite political leader who has worked closely with the Americans in the past said the Bush benchmarks appeared to have been drawn up in the expectation that Mr. Maliki would not meet them. "He cannot deliver the disarming of the militias," the politician said, asking that he not be named because he did not want to be seen as publicly criticizing the prime minister. "He cannot deliver a good program for the economy and reconstruction. He cannot deliver on services. This is a matter of fact. There is a common understanding on the American side and the Iraqi side."

Views such as these — increasingly common among the political class in Baghdad — are often accompanied by predictions that Mr. Maliki will be forced out as the crisis over the militias builds. The Shiite politician who described him as incapable of disarming militias suggested he might resign; others have pointed to an American effort in recent weeks to line up a "moderate front" of Shiite, Sunni and Kurdish political leaders outside the government, and said that the front might be a vehicle for mounting a parliamentary coup against Mr. Maliki, with behind-the-scenes American support.

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Hussein's Will Sought No Mercy

CAIRO, Egypt, Jan. 11 (AP) — Hours before Saddam Hussein's execution, the ousted Iraqi dictator asked his lawyers not to appeal for his life and accused the United States and Iran of collaborating to hang him, according to a copy of his will.

Mr. Hussein gave his chief lawyer, Khalil al-Dulaimi, the right to "decide whatever is related to me except appealing for the life of Saddam Hussein to any of the presidents, kings, Arabs or foreigners," reads a copy of the will obtained by The Associated Press.

He also asked to be buried in either Ouja, his birthplace, or in Ramadi, the capital of Anbar Province, where many of the country's Sunni Arab insurgents are fighting, depending on his daughter Raghad's decision. He was buried in Ouja.

Bush Plan Receives Tepid Baghdad OK (WT/AP)

By Qassim Abdul-zahra

The Washington Times, January 12, 2007

BAGHDAD -- Iraq's government gave a tepid endorsement yesterday of President Bush's plan to boost U.S. troops, amid condemnation from Sunni and Kurdish lawmakers, ordinary Iraqis and criticism throughout the Muslim world.

"As Iraqis and as an elected government, we welcome the American commitment for success," said Sadiq al-Rikabi, an aide to Prime Minister Nouri al-Maliki.

"The Iraqi government also is committed to succeed," he said.

Mr. al-Rikabi said that the Iraqi government must take the lead in the military action. The plan envisions a "surge" of about 10,000 to 12,000 Iraqi troops to secure Baghdad neighborhoods, along with about 16,000 extra U.S. troops in the capital.

Sunni lawmaker Hussein al-Falluji said the additional U.S. presence will only boost the death toll.

"Bush's plan could be the last attempt to fix the chaos created after the invasion of Iraq. Yet, sending more troops will not end the problem; on the contrary, there will be more bloodshed," he said.

Kurdish lawmaker Mahmoud Othman said the "plan will fail. Sending more troops and financial support will not help if there is no sectarian and political solution."

Abdel-Karim Jassim, a 44-year-old Shi'ite trader, said he had hoped Mr. Bush would come up with something other than the troop increase.

"Sending more troops will not solve the problem," he said.

Iran and Syria denounced the U.S. troop surge and also condemned the plan, a predictable response given Mr. Bush's vow during his Wednesday speech to cut off Syrian and Iranian aid to militants and insurgents.

But there was widespread skepticism in the Arab world that the Shi'ite-led Iraqi government of Mr. al-Maliki will act against Shi'ite militias and death squads.

Mr. Bush "is drowning and trying to get out of the Iraqi trap, but he's submerging deeper," said Salem al-Falahat, head of Jordan's hard-line Muslim Brotherhood Movement, warning that the plan "aims to plunge the region into more destruction and bloodshed and leave Iraq with sectarian hatred for many decades to come."

Mustafa al-Ani, a military analyst with the Gulf Research Center in Dubai, said the American military has to take down the Shi'ite militias -- particularly the feared Mahdi Army, loyal to anti-U.S. cleric Muqtada al-Sadr, an ally of Mr. al-Maliki. Otherwise, the United States will lose any support among Iraq's Sunnis.

"They need to use the same force against the Mahdi Army as they do against al Qaeda. They need to establish new credibility and they must be evenhanded," Mr. al-Ani said.

Mr. al-Maliki has resisted U.S. pressure to move against Sheik al-Sadr's militia, but Iraqi officials said Wednesday the prime minister agreed to crack down, warning his ally that "there will be no escape from attack."

But many in the Arab world profoundly distrust Mr. al-Maliki's government, believing it is serving the interests of Iran, which is predominantly Shi'ite,

"Al-Maliki's government is part of the problem, not the solution," Areeb el-Rentawi, head of the Al-Quds Center for Political Studies, in Amman, Jordan, told Al Jazeera satellite TV.

Mr. Bush said he planned to send 21,500 more U.S. troops to Iraq, with about 16,000 deployed in and around Baghdad.

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"Whatever the size of the troops, as long as this is a war between a regular army, in the face of gang-style militant groups, Americans will fail," said Galal Nassar, a fellow with the Nasser Military Academy in Egypt.

"Twenty-one thousand soldiers are a drop in a sea," said Ayed al-Manna, a political science teacher at the Arab Open University in Kuwait. "More U.S. troops would only mean more soldiers to be hunted by insurgents in the absence of a defined plan by Americans and Iraqis."

Bush's New Iraq Strategy 'Makes Sense': Blair (AFP)

By Katherine Haddon

AFP, January 12, 2007

Prime Minister Tony Blair said that US President George W. Bush's policy switch in Iraq "makes sense", while his foreign minister stressed it did not necessarily herald "a change of direction" from London.

"Given the conditions in Baghdad at the moment, I think it makes sense for them to increase the number of their forces, provided it's to back up an increasing Iraqi capability," Blair said in a television interview.

Bush is sending 21,500 extra US troops to Iraq, while Britain's policy is to pull back troops and hand areas including the second city of Basra over to Iraqi control.

But Blair insisted that troops from the two different countries faced different situations.

Meanwhile, Foreign Secretary Margaret Beckett seemed to leave the door open for a possible change in British policy, saying it was not the government's intention "at the present time" to send more troops.

"Obviously it's an issue that people will look at but I would say that it's a change of direction, as the president says, for the United States and doesn't necessarily imply a change of direction for us," she said.

Speaking at a joint session of parliament's defence and foreign affairs select committees, she added that the implications of the US change in policy for Britain would be "somewhat limited".

Blair emphasised that Britain's situation in Basra, southern Iraq, was not comparable to the one faced by the US in the Iraqi capital and said it would be a "misunderstanding" to say that the two countries' policies were diverging.

"The truth is the conditions in Baghdad are different from those in Basra.

"The reason why the Americans are having to surge forces in Baghdad is because the security condition there is completely different," Blair told Westcountry Television during a visit to southwest England.

Britain has to grapple with rival Shiite power blocs while US troops face not only a Sunni Muslim insurgency backed at times by foreign Islamist fighters but also spiraling Shiite-Sunni violence.

Blair said that in Basra, "we don't have the same type of sectarian fighting, we don't have Al-Qaeda operating in the same way" as in Baghdad.

Asked about a report in the Daily Telegraph newspaper that Britain would pull out around 2,700 troops from southern Iraq by the end of May, he would only say it was right that Britain moved to a "support role" once the Iraqi authorities could handle their own security.

The broadsheet said Blair, who is facing growing political and popular opposition to the war in Iraq, will announce the decision within the next two weeks.

It said that after Basra comes under Iraqi control in a few months, the British Army will redeploy to a major base being expanded at Basra air station, while a 200-strong force will remain in central Basra.

Maysan province, currently patrolled by 600 Queen's Royal Lancers, will be handed over by the end of February, according to the report.

Blair's official spokesman said it was premature to talk of withdrawal dates.

With the second-largest troop deployment in Iraq, Britain has been the United States' staunchest ally since the March 2003 invasion of Iraq which toppled the dictator Saddam Hussein.

In a televised address Wednesday, Bush took the blame for strategic blunders in Iraq, ordered 21,500 more US troops into battle, and warned Baghdad's leaders to do more to shore up ebbing US support.

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Bush said he aimed to crush terrorists, insurgents and rogue militias and help Iraq's security forces take control of the country by November.

Gates Urges Increase In Army, Marines (WP)

By Ann Scott Tyson And Josh White

The Washington Post, January 12, 2007

Defense Secretary Robert M. Gates yesterday proposed adding 92,000 troops to the Army and Marine Corps, initiating the biggest increase in U.S. ground forces since the 1960s to shore up a military that top officers warn is on the verge of breaking from prolonged fighting in Iraq and Afghanistan.

The permanent increase of 65,000 soldiers and 27,000 Marines would cost more than $10 billion annually and take five years to achieve, underscoring the Pentagon's conviction that today's wars and anti-terrorism operations will endure for many years. "We call those 'long war' forces," a senior military official said.

The growth also reflects mounting concern among Army leaders over a deepening readiness crisis, as repeated war-zone rotations have worn out troops and equipment, leaving two-thirds of Army combat units in the United States unprepared to deploy. The active-duty Army would increase to 547,000 troops and the Marine Corps to 202,000.

"It will take some time for these new troops to become available for deployment, but it is important that our men and women in uniform know that additional manpower and resources are on the way," Gates told a packed House Armed Services Committee hearing yesterday. Lawmakers have expressed bipartisan support for permanent growth of the military over the past few years and applauded the proposal.

Gates also announced a politically sensitive policy change to allow the remobilization of National Guard and reserve units, in which thousands of reservists who have already served in Iraq could be involuntarily called up for another tour. The major changes -- both sharp reversals from the direction taken by former defense secretary Donald H. Rumsfeld -- show that Gates is moving on issues that had festered for years at the Pentagon.

Taken together, the decisions mark an acknowledgment of the degree to which the all-volunteer force has been overextended since 2001, despite dire warnings during the 2000 presidential election by Republican candidates George W. Bush and Richard B. Cheney that the U.S. military was "overused," "under-resourced" and "in decline."

Yesterday, tens of thousands of soldiers and Marines and their families learned that President Bush's call for additional troops in Iraq means their units will be ordered to stay in Iraq longer than planned, or may leave home early for combat.

To help achieve the surge of 21,500 troops, the Pentagon will extend the service of several units already in Iraq. A Minnesota National Guard Brigade with about 4,000 troops in Iraq will stay an extra four months, until August, and two Marine Corps battalions and a Marine Expeditionary Unit with a total of about 4,000 troops in the country will remain there for two or three extra months, the officials said.

In addition, three Army brigades -- two from the Third Infantry Division at forts Stewart and Benning, Ga., and a Stryker Brigade from Fort Lewis, Wash. -- were placed on orders to deploy to Iraq, and Army officials said they could deploy one to two months earlier than scheduled.

Still, Gates and other senior officials strongly suggested that they could withhold these additional forces if Iraqi leaders do not fulfill their pledges for the surge: to provide nine brigades of Iraqi troops to secure Baghdad and lift restrictions on targeting areas such as Sadr City, as well as some individual extremists.

"The timetable for the introduction of additional U.S. forces will provide ample opportunity early on, and before many of the additional U.S. troops actually arrive in Iraq, to evaluate the progress of this endeavor and whether the Iraqis are fulfilling their commitments to us," Gates said earlier yesterday at a news conference in the Old Executive Office Building.

Both Gates and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said yesterday that the Iraqi government has agreed to lift political restrictions on U.S. operations and that U.S. forces will be allowed to move freely into some areas they have had to avoid. Pace said operations will begin in mixed Sunni-Shiite neighborhoods, with Iraqi forces and U.S. troops working together to clear, hold and build areas throughout Baghdad. A combined U.S. and Iraqi command cell would oversee and coordinate the operations, the senior military official said.

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Gates and Pace acknowledged, under sharp questioning from members of Congress, that similar efforts failed because there were not enough troops to hold certain areas, then build them back up.

"The analogy that I've used is that the tide came in and the tide went out, and . . . at the end, you couldn't tell there was a difference," Gates said. "The difference is, this time, to try and get some time under the hold phase for the build to actually take place."

Pace said he is confident the strategy will work, but only if political and economic efforts are pursued in earnest alongside the military approach. He said there initially will be an additional 8,000 Iraqi troops in Baghdad -- bringing the total to 50,000 -- and then 7,000 more U.S. troops in Baghdad, bringing the total to 31,000.

Another 10,500 U.S. troops will be "in the pipeline" to go to Iraq if the strategy looks as if it is working, he said.

Still, other officials expressed uncertainty about whether the Iraqis would come through with the required nine brigades. "We're watching them down to the finite details . . . [such as] how many got on the bus?" the senior military official said.

The permanent troop increase and the recalling of Guard and reserve units will not have an immediate impact on the addition of U.S. ground troops in Iraq, which Gates said yesterday would last only several months. But they would be vital to sustaining an escalation -- or even the regular rotation -- over the long term. By January 2008, National Guard combat brigades are expected to be called up for the rotation to provide relief for active-duty combat brigades, including those involved in the current surge, Gates and other senior officials said.

Under the policy change, National Guard and reserve forces will be called up as units, rather than as individuals, meaning that some reservists who have already served in Iraq or Afghanistan will be remobilized without having the planned five years at home. The duration of the call-ups will be shortened, however, from 18 months to one year.

Both active-duty and reserve personnel will be compensated if required to deploy faster than the usual turnaround time.

The total growth in the Army and Marine Corps would cost more than $10 billion a year for payroll and individual gear alone, according to Army data.

The Army has permanent active-duty personnel -- its congressionally authorized "endstrength" -- of 482,000, but in recent years it was allowed to grow temporarily by 30,000, and this year it expects to reach 512,000. Under Gates's plan, the Army would add 7,000 soldiers a year, to reach a total of 547,000 by 2012.

The Marine Corps has a permanent active-duty "endstrength" of 175,000 and has been allowed to increase temporarily to 180,000. It would grow by 5,000 Marines a year to attain a total of 202,000.

Gates Requests 92,000 Increase In Active Forces (WT)

By Rowan Scarborough

The Washington Times, January 12, 2007

Defense Secretary Robert M. Gates announced yesterday that he is asking Congress to expand the active armed forces by 92,000 members to meet the demands of what the administration says will be a "long war" against terrorism.

"We should recognize that while it may take some time for these new troops to become available for deployment, it is important that our men and women in uniform know that additional manpower and resources are on the way," Mr. Gates said at a White House press conference to announce a new Iraq war strategy.

Although an increase in "end strength," as the military's active force is called, is not directly related to President Bush's announced new Iraq strategy, it is an outgrowth of the nearly four-year-old war. The stress of deploying Marine and Army ground forces with little rest back home has begun to tear at the fabric of the 1.4 million active force, senior retired officers said.

The 92,000-troop spike is for ground forces, the busiest combatants in the war on terror.

Mr. Gates said he will achieve a 65,000 Army increase over time. First, the 30,000 temporary increase under which the Army has operated will be made permanent. Another 35,000 soldiers will be added at a rate of 7,000 annually for five years. The Army will boost end strength by bolstering recruitment and retention. At the end, the Army will stand at 547,000 soldiers.

The Marine Corps will acquire 27,000 more troops to reach 202,000. It will keep its allotment of 5,000 temporary troops and add 5,000 a year for four years.

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Gen. Peter Schoomaker, Army chief of staff, had pressed in recent months for more soldiers, saying the Army was in danger of breaking. His argument did not seem to sway Donald H. Rumsfeld, who as defense secretary approved the temporary increase.

Mr. Gates was more receptive, as was Mr. Bush, after hearing last month from three retired four-star generals who pushed for more soldiers.

Congressional Democrats who criticized Mr. Bush's plan to increase troops in Iraq nonetheless praised the policy of more soldiers and Marines.

"Every time I had a chance to say we need more Army troops, more Marines, I said it," House Armed Services Committee Chairman Ike Skelton, Missouri Democrat, said yesterday at a hearing on Iraq. "And I'm delighted to have the president and you, Mr. Secretary, chiming in this chorus. Our soldiers particularly, I feel, are worn out. This increase is a smart policy. I'm more than pleased to say, 'Better late than never.' "

The reason the Army may be "worn out" is that soldiers typically have spent only one year, instead of the usual two years, back in the States before deploying again to war.

Pentagon To Recall Army National Guard Units (LAT)

By Peter Spiegel

The Los Angeles Times, January 12, 2007

WASHINGTON — Confronted with the increasing demands of the Iraq war, the Pentagon announced plans Thursday to recall Army National Guard units that have already fought in Iraq to serve second tours in the war, reversing a long-standing policy that allowed guardsmen to return home for five years before being redeployed.

No new Guard units have been included in the first wave of forces going to Iraq as part of President Bush's 21,500-troop increase announced Wednesday night and Defense Secretary Robert M. Gates insisted the change in policy was made independently of the Iraq buildup.

But other Pentagon officials have acknowledged that additional Guard and Army Reserve units are essential to sustaining Bush's increase in combat forces in Iraq over the course of the year. The military likely will need to tap into the pool of previously deployed Guard units this fall to keep 20 combat brigades in Iraq, the level of the surge. Army Reserve units also are affected by the policy change.

"The reserve component are going to have to help bear the burden on the backside of this (build) up," said a senior military official, discussing internal Pentagon decision making on condition of anonymity. "I would presume by this time next year, we would be calling on our reserve component brigades to contribute in Iraq."

Gates also announced he has asked the president to expand the Army and Marine Corps by 92,000 troops, arguing the military's land forces must be increased to meet ongoing threats even beyond the Iraq campaign.

Under the plans, the Army will grow by 65,000 to 547,000 soldiers, the biggest it has been since the end of the Cold War, and the Marines will grow by 27,000 to 202,000. Like the new Guard policy, the decision to enlarge the size of the U.S. military's ground forces is a reversal for the Bush administration.

Former Defense Secretary Donald H. Rumsfeld objected to expanding the Army and Marines, arguing it would be too costly. The administration's delay in making the decision means the expansion will not help alleviate the strain on the Army and Marines for several years, the amount of time it will take to reach the new limits.

"It will take some time for these new troops to become available for deployment," Gates said Thursday at a congressional hearing. "But it is important that our men and women in uniform know that additional manpower and resources are on the way."

The changes in policy came as the Army and Marine Corps formally notified five Army combat brigades that they were being rushed to Baghdad as part of Bush's plan to increase American forces in Iraq. One of the units, the 2nd Brigade of the 82nd Airborne Division, was already en route to Kuwait to serve as a backup unit, and now will be redirected to the Iraqi capital.

For each of the next four months, additional Army brigades scheduled to deploy to Iraq this year will head toward Baghdad ahead of schedule.

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In February, the 4th Brigade of the 1st Infantry Division will arrive earlier than planned; in March, the 3rd Brigade of the 3rd Infantry Division will be sent; followed in April by the 4th Brigade of the 2nd Infantry Division and in May by the 2nd Briga de of the 3rd Infantry Division.

In addition, two Marine battalions that were scheduled to go home next month -- the 3rd Battalion of the 4th Marine Regiment, and the 1st Battalion of the 6th Marine Regiment -- will have their return postponed by two to three months to provide the extra 4,000 troops needed for western Anbar province.

And a combat brigade from the Minnesota National Guard is being extended by four months to provide extra soldiers for the expanded effort while other units are arriving.

These units will allow U.S. forces levels in Iraq to grow to about 153,000 by the summer. But military planners will have to make another round of decisions starting in July about how they will sustain those troop levels. Several Army brigades are scheduled to return home from July through September, and officials would have to extend their tours to maintain the 20 brigades Bush has ordered.

More than 200,000 guardsmen and reservists have left civilian life over the past five years to serve in Iraq and Afghanistan, and stand to be summoned back into active duty under the policy change. Of 3,018 U.S. military deaths in Iraq, 383 have been soldiers from the Army National Guard, according to icasulaties.com, a research group that tracks military deaths. Another 214 were Army and Marine reservists.

Pentagon officials have said that Guard units most likely to be called up in the next round of deployments are those which were among the first regiments sent to Iraq in 2003 and early 2004.

In an attempt to head off opposition to remobilizing Guard brigades, the Pentagon said it would reduce the length of time Guard units must serve if they are called up again. In previous deployments to Iraq, guardsmen frequently found themselves activated for as long as 18 months, including several months to organize and train and at least a year in the war zone.

Under the new policy, Guard units would only be mobilized for a year, meaning that they would likely spend nine or 10 months in Iraq once sent overseas. In addition, Pentagon officials said guardsmen would receive extra pay if forced to deploy a second time before they have spent five years at home.

Meanwhile, the Pentagon is reviewing its "hardship waiver program," in which both Guard and active-duty Army soldiers can escape deployment if their families would encounter exceptional difficulties related to a repeat tour in Iraq. The review could lead to more such waivers.

Military Eases Its Rules For Mobilizing Reserves (NYT)

By David S. Cloud

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — The Pentagon announced steps Thursday to make more reservists available for duty in Iraq and Afghanistan by changing the policies that govern how often members of the Army National Guard and Reserve can be mobilized.

The new rules mean that individual Guard members and entire units that have already been deployed in the last five years may be called up again for as long as 24 consecutive months, officials said. In practice, the Pentagon intends to try to limit future mobilizations to no more than a year, once every five years, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, told reporters.

The policy change was brought on by the prolonged American troop commitments in Iraq and Afghanistan, and military officials said it would have been necessary even if President Bush had not decided to send more than 20,000 additional troops to Iraq.

The change, announced by Defense Secretary Robert M. Gates at a White House news conference, will enable the Bush administration to call up tens of thousands of Guard members who were off limits under the previous rules, without having to issue another politically delicate mobilization order.

The decision to send five active-duty combat brigades to Iraq in the next few months means the Army will need to call up National Guard combat brigades that have already done one-year tours in Iraq, and to do so sooner, officials said.

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A senior military official said that by "this time next year," the Pentagon "probably will be calling again on Guard units that have previously done combat tours."

General Pace told reporters that some of the Guard units "that will be mobilized in the coming period will not have had five years since their last mobilization." Some, he said, will have been home for four years and some for only three.

Until now, the Defense Department's policy on employing Guard and Reserve units was that soldiers' time on active duty could not exceed a cumulative total of 24 months in any five-year period. Under the new rules, the cumulative limit is removed.

The result, officials said, is that soldiers who have already done a tour in Iraq in the last five years can now be sent back to Iraq if their entire unit is remobilized. The goal of limiting deployments to a year is meant to offset the burden on Guard members, who must leave civilian jobs to serve.

Until now, many members of the Army National Guard, which has an authorized total strength of 350,000 soldiers, have been deployed to Iraq or Afghanistan as individuals, sometimes for 18 months or longer. Mr. Gates said the Pentagon would now mobilize units, not individuals. Any soldiers who have already done tours will again be eligible, regardless of previous deployments, if their units are called into service.

Britain Signals Plans To Reduce, Not Increase, Troop Levels In Iraq (NYT)

By Alan Cowell

The New York Times, January 12, 2007

LONDON, Jan. 11 — Britain, which had been America's closest and most pliant ally in Iraq, said Thursday that it would not follow the United States in raising troop levels there and signaled that it would proceed with plans to hand over security responsibilities to Iraqi forces in the south.

Britain has about 7,000 troops in Iraq, most in the southern city of Basra, and says the situation there is far less dire than in Baghdad.

Officials here dismissed as speculation, though, a report in The Daily Telegraph on Thursday that those numbers would be cut by 3,000 before the end of May.

British officials offered a cautious welcome for President Bush's announcement but made clear that it would not distract them from trying to reduce British forces. In recent months, senior British commanders have voiced increasing concern that, with thousands of troops also fighting on a second front in Afghanistan, the British Army is overstretched.

The announcement by Mr. Bush of an increase in the American troop level in Iraq spread unease among some opposition politicians here who expressed concern that an American crackdown in Baghdad could provoke fighting in Basra.

"Many of us do not accept the apparent belief of the prime minister that U.S. action in Baghdad can have no conceivable effect on the security position in southern Iraq," said David Heath, a spokesman for the small antiwar Liberal Democrat opposition.

Prime Minister Tony Blair's spokesman, who customarily speaks on condition of anonymity, was asked Thursday whether Mr. Blair supported Mr. Bush's announcement. "What the prime minister fully supports is the efforts of the U.S., as announced, the efforts of the Iraqi government, and our own efforts to create the space and time to allow the Iraqi government to establish its authority and make Iraq a more prosperous country," the spokesman said. He said Britain would not decide on troop reductions until its forces had completed a drive to purge the local police in the areas where they are stationed of what it calls rogue elements.

Margaret Beckett, the foreign secretary, acknowledged that Britain had not marched in lock step with the White House on the current troop issue, as it has been accused of doing in the past by its critics in Europe and at home. Mr. Blair has announced that he will step down this year, and some political analysts say that he wants a significant troop withdrawal from Iraq to offset the damage to his legacy caused by the war there.

Speaking to a parliamentary panel on Thursday, Ms. Beckett said the impact of the change in American strategy would be "somewhat limited" for Britain. "Obviously it's an issue that people will look at, but I would say that it's a change of direction, as the president says, for the United States and doesn't necessarily imply a change of direction for us," she said.

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Earlier, she told reporters: “We are dealing with the security situation in Basra. It is not our intention at the present time to send more troops.”

She added: “We are under way with the process of handover as the security situation improves. We will make our judgments and our decisions depending on the progress of those events.”

Some Britons were openly critical of Mr. Bush’s decision. “I do not think that he has put his finger on a solution for the problem,” said Sir Jeremy Greenstock, a former senior British envoy to Baghdad. He said he agreed that Baghdad should be the focus and that more American troops were needed.

But, he said, that alone would not solve the problem. “Other things also have to be brought into this to fill the gap,” he said, “which is represented by the failure of the government in the Green Zone in Baghdad to have any real effect on the sectarian politics.”

Intelligence Chiefs Pessimistic In Assessing Worldwide Threats (WP)

By Dafna Linzer And Walter Pincus

The Washington Post, January 12, 2007

Iraq is at a violent and "precarious juncture," while al-Qaeda is significantly expanding its global reach, effectively immune to the loss of leaders in battle, Director of National Intelligence John D. Negroponte told Congress yesterday. He also warned that the Taliban is mounting a vigorous insurgency in Afghanistan, that Pakistan has become a safe haven for top terrorists and that Iran's growing regional power is threatening Middle East stability.

In their annual worldwide threat assessment before the Senate Select Committee on Intelligence, Negroponte and other top intelligence chiefs provided a bleak assessment of regions and conflicts at the center of President Bush's foreign policy agenda.

One day after Bush unveiled a plan to send more than 21,000 additional troops to work alongside Iraqi troops in an increasingly violent war, the head of the Pentagon's Defense Intelligence Agency said Iraqi forces could not combat the insurgency there.

Lt. Gen. Michael D. Maples said Iraqi security forces have been thoroughly infiltrated by Shiite militias and "are presently unable to stand alone against Sunni insurgents, al-Qaeda in Iraq" or the militias themselves. Negroponte, who was ambassador to Iraq in 2004-05, said sectarian violence had become the greatest problem inside the country.

"The struggle among and within Iraqi communities over national identity and the distribution of power has eclipsed attacks by Iraqis against the coalition forces as the greatest impediment to Iraq's future as a peaceful, democratic and unified state," he said.

The assessments, and Bush's plan for additional troops, drew fierce criticism from the intelligence panel's Democratic chairman, John D. Rockefeller IV (W.Va.). Rockefeller said he is "extremely concerned that well-intentioned but misguided policies of the administration have increased the threats facing our nation, and hampered our ability to isolate and defeat al-Qaeda and other terrorists that seek to strike against the United States."

As they have for several years, the intelligence chiefs said al-Qaeda remains the greatest threat to the U.S. homeland. Negroponte claimed four U.S. successes in 2006 in what Bush has called the global war on terrorism, one being the U.S. military's killing of Abu Musab al-Zarqawi, leader of al-Qaeda in Iraq. Despite Zarqawi's death in June, violence in Iraq has increased substantially.

Maples said that al-Qaeda "has consistently recovered from losses of senior leadership," and that its "increasing cooperation with like-minded groups has improved its ability to facilitate, support and direct its objectives." Negroponte said the group's leaders have found a haven in secure locations in Pakistan.

He said a second major threat stemmed from nuclear weapons in the hands of U.S. enemies, with Iran and North Korea of greatest concern. But, he said, "Iran's influence is rising in ways that go beyond the menace of its nuclear program."

He said Hezbollah in Lebanon, which receives considerable logistical and financial support from Iran, also poses a significant threat in the region. Despite its 34-day war with Israel last summer, "Hezbollah's leadership remains unscathed and probably has already replenished its weapons stockpiles with Iranian and Syrian assistance," Maples said.

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Negroponte said stability in Iraq will depend in part on persuading Iran and Syria "to stop the flow of militants and munitions across their borders." For the first time, he said, "forty to 70 foreign fighters every month come over the Syrian border." Maples said foreign fighters account for less than 10 percent of insurgents and usually are recruited as suicide bombers.

The officials said Iran is providing Shiite militias with sophisticated anti-armor projectiles capable of penetrating U.S. armored vehicles. Negroponte added that Iran, in the past, supported the idea of a Shiite-dominated stable Iraq. But he now believes Tehran may be shifting to a more aggressive posture.

Shiite Radicalism Could Fuel Wider Violence, Official Warns (NYT)

By Mark Mazzetti

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — The nation's top intelligence official said Thursday that the spiraling violence in Iraq, along with Iran's ascendancy in the Middle East, had led to a rebirth of Shiite Islamic radicalism that could fuel sectarian violence and destabilize nations across the region.

In his annual presentation on the global threats facing the United States, the departing director of national intelligence, John D. Negroponte, spoke of the "shadow" that Iran was casting across the Middle East and warned members of Congress that Iran could be emboldened to dispatch Hezbollah operatives to attack American targets.

Intelligence officials have long assumed that Iran's primary goal in Iraq was establishing a weak, but viable, state dominated by Shiites. But Mr. Negroponte suggested Thursday that Iran's steady arms shipments into Iraq, which American military officials say they have documented, and the political manipulation of Iraqi Shiite politicians could signal that Iran is trying to worsen the sectarian war and anarchy there, rather than seeking relative stability.

In a Senate Intelligence Committee hearing, Mr. Negroponte also testified that Al Qaeda's "resilient" senior leadership continues to play a central planning role from remote hideouts in Pakistan. This conclusion about Al Qaeda reflects a shift in thinking among intelligence officials, who as recently as last summer had assessed that terrorist leaders like Osama bin Laden and Ayman al-Zawahri had become largely isolated from their network of supporters, reducing their role to being more inspirational than operational.

As have previous years' assessments, Mr. Negroponte said Al Qaeda remained the organization most capable of carrying out another devastating attack on American soil. But Thursday's testimony from Mr. Negroponte and other top intelligence officials showed a mounting concern about the threat of militant Shiite groups.

Mr. Negroponte cited Iran's burgeoning nuclear weapons program, its flood of oil revenue and Hezbollah's perceived victories against the Israeli Army last summer as signs that both Iran and its client terrorist organization could be interested in moving more aggressively around the globe.

"As a result of last summer's hostilities, Hezbollah's self-confidence and hostility toward the United States as a supporter of Israel could cause the group to increase its contingency planning against United States' interests," Mr. Negroponte said.

He offered no evidence to lawmakers that Hezbollah was planning any attacks.

But committee Democrats, along with some of the Republican minority, chose to spend most of their time with the intelligence officials asking pointed questions about the new strategy for Iraq laid out by President Bush on Wednesday night.

Echoing their colleagues at other hearings throughout the day, the lawmakers expressed deep skepticism that increasing the American troop presence in Iraq could halt the steadily escalating violence there.

"I don't get the feasibility, I don't get the achievability, I don't get the sustainability," said Senator Barbara A. Mikulski, Democrat of Maryland.

The intelligence officials defended the new Iraq strategy, and Mr. Negroponte said it had a good chance of succeeding despite Iraq's "precarious" state.

The Central Intelligence Agency director, Gen. Michael V. Hayden, said that so far the Iraqi government had fallen short in its efforts to halt sectarian violence. "The track record of this government isn't one that would give you great confidence," General Hayden said.

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The other intelligence officials who testified at the hearing were Lt. Gen. Michael D. Maples of the Defense Intelligence Agency, Robert S. Mueller III of the Federal Bureau of Investigation and Randall M. Fort, who leads the Bureau of Intelligence and Research at the State Department.

The officials agreed that the Iraq war had helped fuel Islamic radicalism around the globe and had most likely bolstered the recruiting efforts of Al Qaeda.

The takeover of the American Embassy in Tehran in 1979 and the bombing of the Marine barracks in Beirut in 1983 made Shiite radicalism a primary concern of American officials during the 1980s and much of the 1990s. It was not until the rise of Osama bin Laden's Al Qaeda network in the mid-1990s that parallel concerns about Sunni extremism grew among intelligence officials and terrorism experts.

But intelligence officials point to last February's bombing of the Golden Mosque in Samarra, a sacred Shiite shrine, as a watershed moment that stoked Shiite anger throughout the Middle East and set off a wave of reprisals against Sunnis inside Iraq.

Mr. Negroponte said Thursday that governments across the region were concerned that the violence in Iraq could spill across the country's borders and embolden ethnic minorities to carry out attacks against majority sects.

He also warned of the successes that a resurgent Taliban is having in Afghanistan in its attempts to destabilize the government of President Hamid Karzai.

The intelligence chief said the Taliban "probably" does not directly threaten the viability of Mr. Karzai's government. At the same time, he said the Taliban is achieving more limited goals of impeding economic development in southern and eastern Afghanistan and undermining popular support for the government in Kabul.

Intelligence Officials See Growing Sectarian Split In Iraq (WT)

By Bill Gertz

The Washington Times, January 12, 2007

Sectarian divisions and related violence in Iraq are growing, as al Qaeda remains the most serious national-security threat facing the United States, senior U.S. intelligence officials told Congress yesterday.

Director of National Intelligence John D. Negroponte said during the annual threat briefing for the Senate intelligence committee that "sectarian divisions are widening," despite efforts by the new government.

Defense Intelligence Agency Director Lt. Gen. Michael D. Maples told the hearing that "violence in Iraq, as measured over the past year, continued to increase in scope, complexity and lethality.'

The intelligence officials painted a dire picture of the insurgency in Iraq and spoke a day after President Bush announced a new plan to stabilize Baghdad with an additional 21,500 troops.

Mr. Negroponte said Iraq is "at a precarious juncture."

"Communal violence accelerated by the attack on the Samarra mosque in February 2006 -- and scant common ground between Shi'as, Sunnis and Kurds have polarized politics," Mr. Negroponte said.

Additionally, political factions are unable to compromise on key issues and public services are inadequate, including a decline in the daily hours of electrical power, while oil output remains below prewar levels, he said.

"With political reconciliation stalled, Iraqis increasingly resort to violence," Mr. Negroponte said.

The government's most senior intelligence official said stabilizing Iraq in the next year will depend on the Iraqi government's ability to create national instead of sectarian-ruled institutions.

Additionally, Mr. Negroponte warned that the terrorist threat from the Iranian-backed terror group Hezbollah is increasing. He noted that recent fighting by Hezbollah against Israel in Lebanon, "could cause the group to increase its contingency planning against U.S. interests."

On China, Mr. Negroponte said Beijing is continuing its rapid military buildup, including placing large numbers of missiles opposite Taiwan, but despite this, "prospects of a cross-strait conflict with Taiwan have diminished."

FBI Director Robert S. Mueller III told the hearing that al Qaeda is planning attacks in the United States through "infiltrating operatives" from overseas and that the group is seeking to use some form of chemical, biological, radiological or nuclear material in weapons.

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"Al Qaeda's choice of targets and attack methods will most likely continue to focus on economic targets such as aviation, the energy sector and mass transit; soft targets such as large public gatherings; and symbolic targets such as monuments and government buildings," Mr. Mueller said.

Gen. Maples,, said some developments in Iraq "give hope for progress," although "the Sunni Arab-based insurgency continues to gain strength and capacity."

The three-star general also warned that Iraq is in danger of a breakdown of central authority that would pose a threat to the Iraq, the region and U.S. strategic interests.

"DIA judges that continued coalition presence is the primary counter to a breakdown of central authority," Gen. Maples said.

"The conflict remains a sectarian struggle for power and the right to define Iraq's future identity," Gen. Maples said, noting that attacks averaged 160 per day in December, down slightly from 180 a day in October.

Ten percent of the insurgents in Iraq are foreign terrorists, many of whom are dispatched to the country to conduct suicide car bombings, Gen. Maples said.

US Names Retired Diplomat At Iraq Reconstruction Chief (AFP)

AFP, January 12, 2007

US Secretary of State Condoleezza Rice announced the appointment of a retired diplomat, Timothy Carney, to head a US push to boost Iraq's moribund economy.

Carney, a former ambassador to Haiti and Sudan, will be the Coordinator for Iraq Transitional Assistance under President George W. Bush's just announced new plan for stabilizing Iraq, she said.

"Our military operations must be fully supported and integrated with our civilian and diplomatic efforts across the entire US Government to help Iraqis clear, hold and build throughout all of Iraq," she said.

Rice said a key element of the new strategy will involve increasing the number of so-called Provincial Reconstruction Teams (PRT) tasked with helping develop economic projects and provide jobs.

"We are ready to strengthen, indeed, to surge our civilian efforts," she said, saying the number of PRT's around Iraq will be increase from 10 to 18, including five new units for Baghdad and a tripling of the teams in Anbar province, a center of anti-US insurgency, from one to three.

In his speech Wednesday night, Bush announced that Washington would spend an additional one billion dollars on Iraq reconstruction and that the Iraqi government of Prime Minister Nuri al-Maliki had pledged to devote 10 billion dollars to rebuilding and economic development.

The Bush administration has already sent 21 billion dollars to Iraq for reconstruction and job creation projects, including efforts to rebuild key infrastructure like electricity production and water treatment.

But many of the projects were destroyed by anti-US insurgents and significant sums were lost to corruption.

Carney will oversee the enhanced PRTs operations from Baghdad she said, noting that the former diplomat has "experience in post-conflict stabilization and reconstruction and development" from his time in Haiti.

Carney, a 32-year foreign service veteran, was the US ambassador to Haiti in 1998 and 1999 after holding the top US post in Khartoum from 1995 to 1997.

He served briefly with the US occupation authority in Iraq immediately after the March 2003 invasion which toppled Saddam Hussein.

Earlier in his career, Carney served in Vietnam and Cambodia during the Vietnam War, and Lesotho and South Africa before the end of apartheid and worked with UN peacekeeping operations, including in Somalia, the State Department said.

U.S. Detains 6 Iranians In Irbil Raid (AP)

By Qassim Abdul-zahra

AP, January 12, 2007

DOJ_NMG_0115753

U.S.-led multinational forces detained six Iranians Thursday at an Iranian government office in the northern city of Irbil, Iraqi officials said, as President Bush accused Iran and Syria of aiding militants and promised to "interrupt" the flow of support as part of his new war strategy.

The U.S. military said it had taken six people into custody in the Irbil region but made no mention of a raid on the Iranian government office.

The forces entered the building about 3 a.m., detaining the Iranians and confiscating computers and documents, two senior local Kurdish officials said, speaking on condition of anonymity because of the sensitivity of the information. Irbil is a city in the Kurdish-controlled northern part of Iraq, 220 miles from Baghdad.

A resident living near the building said the troops used stun bombs and brought down an Iranian flag from the roof. As the operation went on, two helicopters flew overhead, the resident said on condition of anonymity for fear of reprisals.

At the Pentagon, a senior U.S. military official said the building was not a consulate and did not have any diplomatic status. The six Iranians were taken in a "cordon-and-knock" operation, said the official who spoke on condition of anonymity because he was not authorized to release the information.

Iraqi government spokesman Ali al-Dabbagh said Baghdad was seeking clarification from the U.S. and Iran "about these people and what they were doing there and whether they were employees."

The regional Kurdish government condemned the arrests and called for the immediate release of the Iranians. It added that the government "was not aware in advance of the raid."

Iran's Foreign Ministry summoned the Iraqi and Swiss ambassadors in Tehran and "demanded an explanation" about the incident. Switzerland represents American interests in Iran, where there is no U.S. embassy.

Foreign Ministry spokesman Mohammad Ali Hosseini told state-run radio the raid was "against a diplomatic mission" since the "presence of Iranian staffers in Irbil was legal." Hosseini claimed the action by coalition forces reflected a "continuation of pressure" on Iran, aiming to "create tension" between Iraq and its neighbors.

Late last month, the White House said U.S. troops elsewhere in Iraq detained two Iranians during a raid on suspected insurgents and released two others who had diplomatic immunity. A Pentagon official said U.S. forces had found "indications and evidence" that two of the Iranians were involved in the transfer from Iran to Iraq of technology to make small bombs.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the U.S. military would continue to target networks of individuals, regardless of their nationality, that are providing weapons designed to kill American troops in Iraq.

"I think it's instructive that in the last couple of weeks two of those raids that we conducted to go after these folks that are providing these kinds of weapons — two of those raids had policed up Iranians. So it is clear that the Iranians are complicit in providing weapons," he said.

The arrests come as tensions are high between Iran and the United States. The Bush administration has accused Iran of seeking to develop nuclear weapons and of helping fuel violence in Iraq. Iranian President Mahmoud Ahmadinejad, meanwhile, is trying to expand Tehran's role in Iraq as a counter to U.S. influence in the Persian Gulf region.

Al-Dabbagh, the Iraqi government spokesman, said any improvement in relations between the United States, Syria and Iran would only help Iraq.

"Sometimes we pay the price for the tension in relations between Iran and the United States and Syria, therefore it is in our interest ... that these relations improve, but not at the expense of Iraq," he said.

Bush's new strategy, however, ignores key recommendations of the Iraq Study Group, which in December called for a new diplomatic offensive and an outreach to Syria and Iran. Instead, the president accused both countries of aiding terrorists and insurgents in Iraq.

"We will disrupt the attacks on our forces," Bush said. "We will interrupt the flow of support from Iran and Syria."

Politicians and ordinary Iraqis, meanwhile, expressed skepticism Thursday that Bush's plan to send 21,500 more troops to Iraq will quell the violence in their country, but some offered weary acceptance of any effort to stop the carnage after several failed past attempts.

The varied reactions underscore the challenges facing the Shiite-dominated Iraqi government, which is under pressure to rein in predominantly Shiite militias as well as Sunni insurgents as both sides have killed thousands in spiraling sectarian attacks.

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An aide to Prime Minister Nouri al-Maliki welcomed the new strategy but stressed that the government must take the lead in the military action. The plan also envisions 10,000 to 12,000 Iraqi troops to secure Baghdad neighborhoods, and al-Maliki has announced plans for a new Iraqi security operation, although similar past efforts have been unsuccessful.

"The failure in Iraq will not only affect this country only but the rest of the region and the world, including the United States," al-Maliki aide Sadiq al-Rikabi said.

"The current situation is not acceptable — not only for the American people but also for the Iraqis and their government. As Iraqis and as an elected government we welcome the American commitment for success," he added. "The Iraqi government also is committed to succeed."

A Sunni lawmaker rejected the plan to send more U.S. troops and called instead for a timetable for them to withdraw, while other critics from both sects said it wouldn't succeed because of the power of mostly Shiite militias that have been blamed for much of the recent sectarian violence.

"Bush's plan could be the last attempt to fix the chaos created after the invasion of Iraq. Yet, sending more troops will not end the problem, on the contrary, there will be more bloodshed," said Sunni lawmaker Hussein al-Falluji.

Kurdish lawmaker Mahmoud Othman said the "plan will fail. Sending more troops and financial support will not help if there is no sectarian and political solution."

Osama Ahmed, a 50-year-old Sunni who works in the Ministry of Higher Education, said he got up early to watch the speech, which was broadcast live at 5 a.m. Thursday on Iraqi state television.

"More U.S. troops will mean more wasted blood and more people killed," Ahmed said. "The violence will surge unless U.S. administration decides to curb militiamen who are part of the Iraqi government."

Abdel-Karim Jassim, a 44-year-old Shiite trader, said he had hoped Bush would come up with something other than the troop increase.

"Sending more troops will not solve the problem," he said, although he acknowledged that "Iraqis cannot handle security issue on their own because of the sectarian divisions and the strong militias and insurgents."

Awad Mukhtar, a 35-year-old technician, said Bush's new proposals could be Iraq's "last chance" for peace.

"The security situation in Iraq is very bad, we are facing death at any moment daily," Mukhtar said. "I see the new Bush strategy as the last chance for Iraqis to save their lives ... we have no other choice, only to wait and see the results."

G.I.'s In Iraq Raid Iranians' Offices (NYT)

By James Glanz

The New York Times, January 12, 2007

ERBIL, Iraq, Jan. 11 — American troops backed by attack helicopters and armored vehicles raided an Iranian diplomatic office in the dead of night early Thursday and detained as many as six of the Iranians working inside.

The raid was the second surprise seizure of Iranians by the American military in Iraq in recent weeks and came a day after President Bush bluntly warned Iran to quit meddling in Iraqi affairs.

There was a tense standoff later in the day between the American soldiers and about 100 Kurdish troops, who surrounded the American armored vehicles for about two hours in this northern Iraqi city.

The attack was denounced by senior Kurdish officials, who are normally America's closest allies in Iraq but regarded the action as an affront to their sovereignty in this highly tribal swath of the country. Iran's Foreign Ministry reacted in Tehran with a harsh denunciation that threatened to escalate tensions with the Bush administration.

The American military said that it had been "conducting routine security operations in Erbil Jan. 11 and detained six individuals suspected of being closely tied to activities targeting Iraqi and coalition forces. One individual was released and five remain in custody."

American officials have long accused Iran of sending weapons and money into Iraq. In late December the American military detained a number of Iranians in Baghdad, including two diplomats and two who turned out to be senior Iranian military officials. The diplomats were released but the others were forced to leave Iraq under suspicion that they had been working with

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Shiite militias. The incident also comes at a time when tensions are high between the United States and Iran over its nuclear program.

The incident was a major embarrassment for the Iraqi government, which has been trying to foster initiatives with its neighbor for improving regional security and trade, as well as other issues, and it calls into question the extent of Iraqi control over its own affairs.

In Thursday's raid, attack helicopters roared above the normally placid neighborhood here, as American troops backed by armored vehicles broke into the office at around 3:30 a.m., carrying away documents and computer equipment.

American Black Hawk helicopters also swooped over the confrontation with the Kurdish troops, and at least two landed, said an American witness. But there were no reports of shots being fired, and the incident ended peacefully.

Witnesses said the attack was directed at a building that an American official described as a liaison office that was properly accredited with Iraq as an Iranian government facility. It was unclear whether the Iranians who were arrested carried diplomatic passports and whether the office was supposed to share some of the immunities enjoyed by embassies and consulates.

Local residents said the main function of the office was to process papers for people who want to go to Iran for visits or medical treatment.

Muhammad Ahmad, who lives near the neighborhood, known as Old Korea, said that he was awakened by shooting and helicopters. "These kinds of actions are totally unacceptable and the Kurdish leadership is very angry," said Fuad Hussein, the spokesman for the president of the semiautonomous territory, Massoud Barzani. Mr. Hussein called the raid an "abduction."

The Iranian government said the raid violated international law and demanded the detainees' release.

"This is a provocative action by the United States and is against all international laws and regulations," said the Foreign Ministry spokesman, Mohammad Ali Hosseini, the state-run radio reported.

"The Americans are following two aims," he said. "They want to continue their pressure against Iran and, secondly, to create tension among Iraq's neighbors."

He added: "The provocative and mischievous actions cannot damage the friendly relations with Iraq."

A senior State Department official said that the Iranian office in Erbil was not technically a consulate, but rather a liaison office which also provided some consular services.

He said that American officials believed that the Iranians intended to turn the office into a consulate at some point, but that had not yet happened. Therefore, he said, the State Department does not consider the office to be Iranian territory.

Thursday afternoon, the Kurdish interior minister, Karim Sinjari, appeared surprised when an American reporter asked him during a meeting with American businessmen to confirm the raid on the liaison.

"Yes," Mr. Sinjari said tightly. "It was American-led." Asked for further details, he said: "We have no information. They did it by themselves." He then cut off questions.

The standoff began around 11 a.m. in Einkawa, a pleasant and predominantly Christian suburb of Erbil where many Western officials live and keep offices. Possibly angered by the earlier raid, the Kurdish forces refused to let several American Humvees through a checkpoint.

"It was the Americans' fault," said a Kurdish guard from the checkpoint, who refused to give his name. "We asked them to stop but they did not stop. That is why we pointed our guns at each other."

The standoff, while tense, was carefully controlled by the Kurds. The American who witnessed it said that as the lines of traffic lengthened on the blocked road, the Kurds began waving cars through and they drove directly past the stopped Humvees.

The Iranian Foreign Ministry summoned the Iraqi and Swiss ambassadors in Tehran in protest, and demanded the immediate release of what it called diplomats, the state-run television reported.

The Swiss represent American interests in Tehran. The United States has had no embassy in Iran since 1979, when radical students attacked the American Embassy in Tehran and took 44 diplomats hostage.

Mr. Hosseini told state-run television on Thursday that the consulate in Erbil was set up after coordination with Iraqi officials and that "it was involved in consulate work."

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A measured statement late in the day from Mr. Barzani's office expressed "its sadness over these actions," indicating that it believed the building had diplomatic immunity. "It is better to inform the Kurdistan government before taking actions against anybody," the office said.

The American military said in a statement that "the documents and equipment that were removed will be examined to determine the extent of the alleged illegal or terrorist activity. Based on the outcome of that investigation, appropriate action will be taken regarding the detainees."

U.S. Raids In Northern Iraq Nab Several Iranians (MERCN)

By Jonathan S. Landay And Nancy A. Youssef

The San Jose Mercury News, January 12, 2007

BAGHDAD, Iraq - U.S. troops detained at least five Iranians in two raids in northern Iraq just hours before President Bush vowed in a nationally televised speech to clamp down on support that Iran allegedly is providing to militants in Iraq, Iraqi officials said Thursday.

Iraqi Foreign Minister Hoshayr Zebari called the U.S. raids "very, very embarrassing." One resulted in the arrest of legitimate Iranian diplomats and the second nearly triggered a gunfight between American and local Iraqi security forces, he said.

In Washington, several senior Democratic and Republic lawmakers expressed alarm that Bush's plan to interdict alleged support for Iraqi insurgents could lead to secret military strikes inside Iran and Syria. Sen. Joseph Biden, D-Del., warned that such action would require congressional approval, while Sen. Chuck Hagel, R-Nebraska, called the policy "very, very dangerous."

Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, said operations will take place only inside Iraq and that there were no plans for cross-border strikes. But Secretary of State Condoleezza Rice said that President Bush "isn't going to rule anything out to protect our troops."

The Pentagon announced Thursday that as part of the new strategy, the USS John C. Stennis, an aircraft carrier, and its strike group - five surface ships, a submarine, a support vessel and about 80 aircraft - and an Army battalion of four Patriot air defense missile batteries were being ordered to the region to boost security.

A senior defense official, speaking on condition of anonymity because of the sensitivity of the issue, said that the ships were being sent in part to signal to Iran and Syria and "anyone else who thinks the United States is cutting and running (from Iraq) that it is not."

In unveiling his new Iraq policy, Bush laid out a tougher policy toward Iran, which he accused of supplying arms to Iraqi militants, and toward Syria, which he said allows terrorists to cross into Iraq.

He repeated a long-standing U.S. charge that Iran is secretly developing nuclear weapons and vowed the United States would work to prevent Tehran from "dominating" the Middle East.

Senators grilling Rice warned that an overly aggressive U.S. response would risk escalating frictions throughout the already tension-fraught region.

Both Tehran and Damascus have supporters in Iraq who could retaliate against U.S. forces or the Iraqi government. Both countries could also sponsor attacks by Islamic extremists on American targets in the Middle East or other parts of the world.

Bush has spurned bipartisan calls to negotiate with Iran and Syria.

The U.S. raids in Irbil, the main city of the semi-autonomous Kurdistan region, came just hours before Bush's speech.

At around 2 a.m. local time, U.S. troops stormed a building that functioned as an Iranian consulate, arrested five men and seized computers and files, Iraqi officials said.

A U.S. military statement confirmed the raid and said six persons closely tied to attacks on U.S. and Iraqi forces had been arrested.

It did not disclose the names or nationalities of the detainees.

The regional Kurdish government called the arrests unacceptable, complaining that local authorities had not been forewarned of the operation.

Mithal Alusi, a member of the national Parliament, charged that the detainees were Iranian intelligence officers involved in terrorist activities in northern Iraq. He insisted that they did not have diplomatic status.

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Iraqi Foreign Minister Zebari, however, told McClatchy Newspapers that the Iranian office had operated in Irbil for more than 10 years and the Iranians were in Iraq legally. "This is very, very embarrassing," he said. "The Iraqi government was aware of who was in that office."

Later Thursday, U.S. forces staged a second raid, attempting to enter Irbil airport and abduct a group of unidentified individuals, he said.

Members of a Kurdish paramilitary force known as peshmerga confronted the Americans when they refused to identify themselves, and a gun battle was narrowly averted "at the 11th hour," said Zebari.

He said U.S. Ambassador Zalmay Khalilzad told him that the first raid was aimed at people who were trying to harm U.S. troops. Khalilzad said he was unaware of the operation at the airport.

Zebari said the raids were part of a pattern of stepped up U.S. operations against Iranian operatives. "That is in line with their approach, yes."

U.S. troops detained several Iranian diplomats and officials last month in Baghdad.

The issue dominated the opening of Rice's Senate hearing yesterday.

Biden, chairman of the Foreign Relations Committee, pressed Rice on whether operations against alleged Iranian and Syrian support networks would include cross-border strikes against "persons . . . or governments."

"Obviously the president isn't going to rule anything out to protect our troops, but the plan is to take down these networks in Iraq," she replied.

She sidestepped a question about whether Bush could mount cross-border operations without Congress' approval.

"I believe . . . he does need congressional authority to do that," replied Biden.

Biden later wrote to Bush asking him to state whether he believed he had the constitutional authority to order cross-border strikes without congressional authorization.

Rice's answers also failed to satisfy Hagel, an Army veteran of the Vietnam war, who said that former President Nixon "lied" in denying that he had ordered U.S. forces to invade Cambodia in 1970.

"No one in our government can sit here today and tell Americans that we won't engage the Iranians and the Syrians cross-border," said Hagel. "When you set in motion the kind of policy that the president is talking about here, it's very, very dangerous."

Pentagon Intensifies Pressure On Iran (WSJ)

By Jay Solomon

The Wall Street Journal, January 12, 2007

WASHINGTON -- Even as President Bush seeks larger numbers of troops to stabilize Iraq, the Pentagon is intensifying operations there on another front: challenging Iran over its alleged role in destabilizing its Arab neighbor.

Yesterday, multinational forces including U.S. troops detained six Iranian officials in Iraqi Kurdistan suspected of aiding Shiite Muslim militants in Iraq. It was the second detainment by U.S.-led forces of Iranian officials in Iraq in less than a month. The U.S. and its allies have also sought to seal off Iran's ability to penetrate Iraq and ship arms there, with British forces stepping up patrols along the Iran-Iraq border and U.S. warships and aircraft carriers increasing patrols in the Persian Gulf. Mr. Bush, in his speech to the nation Wednesday, announced the deployment of a second aircraft-carrier battle group to patrol the Gulf.

And the Pentagon has significantly increased its intelligence activities targeting suspected Iranian agents and Shiite Muslim militants, U.S. intelligence officials said. Besides working with Iraqi security forces, the U.S. has intensified information-sharing with dissident Iranian groups such as Mujahedin-e Khalq, according to officials associated with the group.

U.S. officials say the intensifying actions targeting Iran are central to the new White House push to underpin the shaky government of Iraqi Prime Minister Nouri al-Maliki. They come against a backdrop of growing, broader tensions between Washington and Tehran, over Iran's suspected pursuit of nuclear weapons, U.S. efforts to curb Iran's financial transactions and Tehran's moves to increase its influence throughout the Middle East.

Nicholas Burns, undersecretary of state for political affairs, said the administration is seeking to counter Iranian provocations across the region as part of a broader strategy. "Iran needs to learn to respect us," he said. "And Iran certainly needs to respect American power in the Middle East."

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Some U.S. lawmakers and many Arab officials fear the U.S.'s latest tactics could stoke a broader regional conflict.

A number of Democratic and Republican lawmakers yesterday drew analogies to the Vietnam War, when American military activities secretly moved into neighboring Cambodia and Laos from Vietnam. These lawmakers said U.S. efforts to target insurgents and alleged Iranian agents in Iraq could spill over into Iran and Syria, and potentially spark wider, sectarian conflicts between Sunni and Shiite Muslims around the region.

"When you set in motion the kind of policy that the president is talking about here, it's very, very dangerous," said Sen. Chuck Hagel, a Republican from Nebraska and a Vietnam veteran.

Mr. Bush Wednesday hinted at a significant hardening of policy toward Iran and Syria, saying the U.S. "will seek out and destroy the networks providing advanced training and weaponry to our enemies in Iraq." Mr. Bush and other U.S. officials have regularly accused Iran and Syria of arming and funding militants fighting in Iraq, charges both countries deny.

Secretary of State Condoleezza Rice pushed an even-harder line toward Tehran yesterday. Washington "will continue to work with the Iraqis and use all our power to limit and counter activities of Iranian agents who are attacking our people and innocent civilians in Iraq," she said.

The White House's emerging policy on Iran's role in Iraq directly counters recommendations made last month by the bipartisan Iraq Study Group. The congressionally funded group, headed by former U.S. Secretary of State James Baker and former Democratic Rep. Lee Hamilton, had recommended that the U.S. directly engage Tehran and Damascus to build a regional consensus on how to stabilize Iraq.

Bush administration officials working on Middle East policy said the White House's moves to confront Tehran directly in Iraq predates the ISG study, having been in development for nearly six months. From the earliest days of the U.S. invasion of Iraq in 2003, Pentagon officials have voiced fears that Iran was using the fall of Saddam Hussein to increase its influence among Iraqi Shiites, who constitute a majority in the country but had lived under Sunni Muslim rule for decades prior to Mr. Hussein's fall.

And U.S. intelligence officials said that during the past year, they have noticed a significant increase of munitions and designs for the construction of improvised explosive devices, or IEDs, coming across the Iranian border. IEDs are the largest killers of U.S. soldiers in Iraq, according to the Pentagon.

Of particular concern to Pentagon planners is the alleged role of Qods Force, the international arm of Tehran's Iranian Revolutionary Guard Corps, in trafficking IEDs into Iraq, intelligence officials said. The guard corps is believed to have developed close ties to both the Mahdi Army, a Shiite militia headed by the Shiite cleric Muqtada al-Sadr, and the Badr Brigade, the militant arm of Iraq's largest Shiite political party, the Supreme Council for Islamic Revolution in Iraq.

The Pentagon moves in Iraq to arrest Iranian diplomats in both Irbil and Baghdad over the past month were directly aimed at trying to stanch the flow of IEDs and other armaments into Iraq, U.S. officials involved in the program said. The U.S. has alleged that the Revolutionary Guard corps has used front companies and religious foundations to move some of these armaments over the Iran-Iraq border. And U.S. officials said they have extensive intelligence showing many of the diplomats detained were senior members of the corps.

The Iranian government immediately protested the U.S. moves, while Iraqi and Kurdish officials asked the U.S. to show restraint in confronting Iran. Baghdad views Tehran as an increasingly important economic partner and crucial to its internal stability. "Sometimes we pay the price for the tension in relations between Iran and the U.S. and Syria," said Iraqi government spokesman Ali al-Dabbagh, according to the Associated Press.

Aside from escalating strains between the U.S. and Iran, Middle East analysts said Mr. Bush's new Iraq strategy -- such as adding more than 10,000 troops in Baghdad -- will inevitably increase tensions between American forces and the Mahdi Army, which controls much of the Iraqi capital, and that an escalation in fighting could turn Iraq's Shiite majority even further against the U.S.

Of more concern to U.S. lawmakers is the potential that these U.S. actions against Iran could escalate. Under one possible scenario, U.S. forces could cross into Iran or Syria in pursuit of suspected insurgents or their allies, or use alleged Iranian activities inside Iraq as a pretext for a wider assault on Iran. The fear is that any such military activities could ignite a wider conflict.

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"The potential for sparking a wider conflict is great," said Trita Parsi, an Iran analyst and president of the National Iranian American Council in Washington. "I think that if we're going for a confrontation with Iran, the pretext will be Iraq."

U.S. Troops Raid 2 Iranian Targets In Iraq, Detain 5 People (WP)

By Robin Wright And Nancy Trejos

The Washington Post, January 12, 2007

U.S. troops launched two raids on Iranian targets in Iraq yesterday, following through on President Bush's vow to confront and break up Tehran's networks inside Iraq. Five Iranians were detained, and vast amounts of documents and computer data were confiscated, according to U.S., Iraqi and Iranian officials.

The two raids are part of a new U.S. intelligence and military operation launched last month against Iran, U.S. officials said. The United States is trying to identify and detain top officials of the Iranian Revolutionary Guards' al-Quds Brigade operating in Iraq. The al-Quds Brigade is active in arming, training and funding militant movements, such as Lebanon's Hezbollah, throughout the Middle East.

"Throughout Iraq, operations are currently ongoing against individuals suspected of being closely tied to activities targeting Iraqi and Coalition forces," the headquarters of the U.S.-led Multi-National Force-Iraq said in a statement yesterday.

While the public focus is on Iraq, the administration is now spending as much time on plans to contain Iran as on a strategy to end Iraq's violence, U.S. officials said.

Last month, U.S. forces seized two senior Iranians -- Brig. Gen. Mohsen Chirazi and Col. Abu Amad Davari -- in the first round of raids. Chirazi is the No. 3 official in the al-Quds Brigade and the highest ranking Iranian ever held by the United States.

Yesterday's raids were both in Irbil, a Kurdish city in northern Iraq. One was carried out at 3 a.m. on the Iranian Liaison Office, which is used by the Iranian Revolutionary Guards as a local headquarters, U.S. officials said. Kurdish officials said U.S. troops came in helicopters. They disarmed the security guards, broke through the gate, entered the building and detained six men, Iranian officials told the Iranian news agency. One was later released.

The other raid was at the Irbil airport, where U.S. forces tried to detain people until Kurdish troops intervened -- and almost ended up in a confrontation with U.S. troops, said Iraqi Foreign Minister Hoshyar Zebari. "A massacre was avoided at the last minute," he said. A U.S. official confirmed that the incident nearly resulted in U.S. and Kurdish allies firing at one another.

The action in Irbil is one of the genuinely new additions to the U.S. strategy in Iraq. Bush said Wednesday that the United States will now "seek out and destroy the networks" arming and training U.S. enemies. He also announced that he is ordering another aircraft carrier and supporting ships to the Persian Gulf area near Iran in a show of force.

Marine Gen. Peter Pace, the Joint Chiefs of Staff chairman, charged yesterday that Iran is "complicit" in providing weapons designed to kill American troops. "We will do all we need to do to defend our troops in Iraq by going after the entire network regardless of where those people come from," he said at a news conference with Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates.

Rice outlined a carrot-and-stick strategy, offering to meet with her Iranian counterpart "anytime, anywhere" to discuss "every facet" of U.S.-Iranian relations -- with the condition that Tehran suspend its program for enriching uranium, which can be used for nuclear weapons as well as for generating energy. Until that time, she said, the United States will "use all our power to limit and counter the activities of Iranian agents who are attacking our people and innocent civilians in Iraq."

Rice effectively dismissed a key recommendation of the Iraq Study Group, the bipartisan panel that last month urged the administration to launch a dialogue with Iran and Syria to help stabilize Iraq. She told reporters that Tehran and Damascus should not "be paid" to end their "destabilizing behavior," and that such a move would both demoralize friends and embolden enemies across the Middle East.

But the new U.S. policy to confront Iranians in Iraq has already sparked divisions within the administration. The Pentagon wanted to hold the two top al-Quds officials for questioning, but the State Department backed an Iraqi request to deport them. They were sent home a week after their capture.

The Kurdish government had approved the opening of the Iranian Liaison Office, which provided consular services and which Iran wants to upgrade to a formal consulate, the Iraqi foreign minister said. Before the raids, U.S. forces did not consult

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with the Iraqi government, which is now trying to establish procedures and agreements for future operations, he said. "This is a very, very dangerous thing," he said.

Iran's foreign ministry summoned Iraqi and Swiss diplomats to protest and demand an explanation, according to Iran's mission to the United Nations. Switzerland represents U.S. interests in Iran. Tehran contends that the five men detained are all diplomats, an assertion that Iraq's foreign minister and U.S. officials reject.

Squeezing Iran (WSJ)

The Wall Street Journal, January 12, 2007

The United States has known for years that Syria and Iran are supporting Sunni insurgents and Shiite radicals in Iraq -- support that has taken a heavy toll in American lives. On Wednesday, President Bush finally suggested he'll do something about it.

"We will disrupt the attacks on our forces," Mr. Bush said. "We will interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Those sound like fighting words, and even before he spoke U.S. forces raided the Iranian "office of relations" in the Kurdish city of Irbil, arresting five of its employees and seizing documents and other property. That raid follows the arrest of two Iranian diplomatic officers in Baghdad last month; they were expelled to Tehran, but they were found with incriminating documents that probably led to yesterday's raid in Irbil.

It's about time, and we hope the Administration keeps showing Tehran that it will pay a price for continued subversion in Iraq. There's certainly much more coalition forces can do.

Consider the problem of Iranian-manufactured improvised explosive devices, or IEDs, some of which are capable of penetrating M-1 tank armor. According to information provided by an Iranian opposition group with a track record for accuracy, many of those IEDs arrive in Iraq via the southern Shalamche and central Mehran-Badreh border crossings with the connivance of Iraqi officials friendly to the Iranian regime. At a minimum, coalition forces can police and seal those crossings.

The U.S. can also shut down the network of charities and "cultural institutions" that serve as front groups for Iranian terrorist activities. Iran's so-called Qods (Jerusalem) Force, the terrorist arm of its elite Revolutionary Guards, operates in Iraq under the aegis of the Al-Najaf Al-Ashraf Al-Saqafieh Establishment, based in the city of Najaf and run by Iranian mullah Hamid Hosseini.

Arms deliveries are organized by the innocuously named "Headquarters for Reconstruction of Iraq's Holy Sites," which is supposed to work at rebuilding and preserving Shiite shrines but is said to be under the control of a Qods Force general. Money for these groups arrives in Iraq through a number of Iranian-controlled currency exchanges. Iran is also attempting to establish a branch of Hezbollah in Iraq even as it trains Iraqi Shiite militants at bases in Iran.

Less information is publicly available on Syria's current support for the insurgency, but what we do know is damning. After the battle for Fallujah in November 2004, U.S. troops seized GPS systems "with waypoints originating in western Syria," according to the Washington Post, while captured fedayeen reported receiving small arms and explosives training in Syrian camps. Syria is also suspected of harboring former Saddam loyalists such as Izzat Ibrahim Al Douri, King of Clubs on the card deck of Iraq's most-wanted and now the self-declared successor to Saddam as President of Iraq.

We wouldn't rule out incursions into either country, if military circumstances warrant. This does not mean another invasion, but Predator strikes or special forces raids against terror camps in either country are surely justified to protect American lives and help the new Iraqi government succeed. Syria's Assad family has a long history of meddling in the affairs of its neighbors -- not just Iraq but also Israel, Turkey and Lebanon. But the Assads also understand the language of force, as when they swiftly shut down the anti-Turkish terrorist PKK operations after Turkey threatened to invade in 1998.

Iran is also susceptible to U.S. pressure, both military and non-military. The President's decision to deploy another carrier battle group to the Persian Gulf suggests he is prepared to counter any Iranian moves to interfere with maritime traffic in the area, as it did in the late 1980s. We are also heartened by signals from the Administration that it has all but given up on its mostly fruitless attempt to sanction Iran's nuclear transgressions at the United Nations. On Tuesday, the Treasury Department designated state-owned Bank Sepah for its role in Iran's missile procurement network; more can be done to freeze or seize the assets of key Iranian officials whose personal assets are usually parked abroad.

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One failure of Mr. Bush's war leadership has been to clearly define the enemy in Iraq, which for a long time has included Syria and Iran. The more we have shown forbearance, the nastier their actions have become. We hope Mr. Bush's remarks Wednesday, and the actions in recent days, signal a new determination to take the battle to that enemy.

Diyala Sweep Finds No Evidence Of Insurgent Force (LAT)

By Alexandra Zavis

The Los Angeles Times, January 12, 2007

Turki, Iraq — As a heavy fog lifted Thursday in Diyala province, U.S. and Iraqi soldiers pressed into a warren of reed-choked canals and found secret tunnels, weapons caches and a roadside bomb.

But there was little evidence of the fighters they believed might be massing there for a final stand as a joint offensive against a reputed safe haven and training ground for Sunni Arab insurgents entered its eighth day.

U.S. forces said that in the last week, they had already killed at least 90 gunmen spotted maneuvering in the area or planting explosives in the road as nearly 1,000 U.S. and Iraqi government troops closed in and blocked escape routes.

Seven more were reported killed Thursday as they advanced on U.S. and Iraqi forces on the outskirts of Turki, the main village in the area.

"I think we killed the people that were going to fight," said Capt. Stephen Dobbins, a troop commander in the 5th Squadron, 73rd Cavalry. "Anybody else potentially thought that was a bad idea and melted back into the civilian population."

But he said U.S. and Iraqi forces could still meet resistance as they press forward.

Commanders have said success will ultimately depend on building a patrol station and establishing a permanent presence in the isolated region east of Baghdad, where until recently Iraqi security forces had refused to venture without U.S. backup.

The crackle of heavy guns punctuated by grenade blasts echoed through desolate farmland as soldiers in armored trucks fired into the canals before climbing down to search them on foot. Attack helicopters circled overhead.

When U.S. forces last swept through the area in November, they encountered fierce resistance from well-trained bands of insurgents, who used the canal network in a battle of the trenches that left two American soldiers and many more insurgents dead.

The region is a stronghold of the powerful Al Daini tribe, which includes many disaffected former officers in Saddam Hussein's army.

U.S. officers believe tribe members have established links with al-Qaida in Iraq and other militant groups, offering important logistics and training support from this rural region. They are also accused of kidnappings and killings in a bid to purge area villages of Shiite Muslims and other rival tribesmen.

Bad weather forced a two-day pause in the offensive, during which U.S. and Iraqi forces kept the area surrounded. Small groups of men armed with Kalashnikovs, some of them with their faces covered in black scarves, were repeatedly spotted moving through the canals. But in most cases U.S. soldiers called in air or artillery strikes against them before any shots were fired.

As the weather cleared Thursday, Lt. Col. Andrew Poppas, who commands the 5th Squadron, 73rd Cavalry, addressed his troops over a crackling radio.

"The juggernaut is moving," he said. "Go ahead and execute."

The offensive, which has involved tanks, Bradley fighting vehicles, Humvees and attack helicopters, has uncovered numerous weapons caches, including one that has yielded 1,172 Katyusha rockets, 1,039 rocket-propelled grenades and 171 TOW missiles.

Minutes after plunging among the reeds along one stretch of canal, an Iraqi soldier identified a disk protruding from the mud that appeared to be an anti-tank mine. When an ordnance disposal team blew it away, a plastic container was revealed below holding machine guns, rocket propelled grenades and an anti-tank mine.

Numerous spider holes, some containing food and water, were found linked to the canals. U.S. soldiers said they were likely used as hide-outs and fighting positions. Motorcycles were also found buried in straw.

Shrapnel from one controlled detonation injured four American soldiers, one Iraqi and an interpreter. Most of the injuries were minor.

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Groups of seven and nine military-aged men were found at two farm compounds searched Friday, in contrast to previous days when only women and children were left at most homes. But U.S. forces found no evidence against them.

In Turki village, 15 men were detained Thursday for illegal weapons possession, including Kalashnikovs and an Iranian machine gun. Fake identification cards and cash also were found.

Hussein Cousin Says He Ordered Executions (NYT)

By The New York Times

The New York Times, January 12, 2007

BAGHDAD, Jan. 11 — In the Baghdad courtroom where Saddam Hussein was sentenced to die in November, new testimony on Thursday featured a startling admission by his cousin Ali Hassan al-Majid, known to Iraqis as Chemical Ali.

He said he had ordered troops to execute all "saboteurs" who defied government orders to abandon Kurdish villages in northern Iraq during a military operation in 1988.

Evidence at the trial has centered on the Hussein government's use of chemical weapons and mass executions against the Kurds. Mr. Majid made an immediate impression by occupying the seat left vacant by Mr. Hussein, who was hanged midway in the so-called Anfal trial for the killing of as many as 180,000 Kurds.

After listening to audio recordings that showed him issuing instructions in his role as overseer of the campaign against the Kurds, Mr. Majid rose to tell the judges that he was responsible for ordering executions in the villages. "I gave orders to the troops to catch anyone they find there and execute them after investigating them," he said.

Insurgents Play Role In Bin Laden Escape (AP)

By Sadaqat Jan

AP, January 12, 2007

Afghan insurgent leader Gulbuddin Hekmatyar said in a television interview broadcast Thursday that his fighters helped al-Qaida leader Osama bin Laden escape intense U.S. bombing in the Tora Bora mountains in 2001.

Hekmatyar, a former Afghan prime minister and leader of the Hezb-e-Islami militant group, told Pakistan's private Geo TV network that when the United States began its assault on the rugged Afghan mountains five years ago, some of his fighters moved bin Laden, his deputy Ayman al-Zawahiri and other associates to "a safe place" where he met them later.

He did not say where they found the shelter. Bin Laden and al-Zawahiri are believed to be still hiding along the Afghan-Pakistan border after the heavy U.S. pounding failed to kill them or lead to their capture.

Hekmatyar was a leader of the mujahedeen that fought the Soviet occupation of the 1980s and was briefly Afghan prime minister during the civil war of the early 1990s that cost tens of thousands of lives.

In the interview, Hekmatyar insisted he has not maintained links with al-Qaida.

"We have no organizational link with al-Qaida," he said. "We have no military operations outside of Afghanistan."

Hekmatyar was speaking in Pashto language. Only fragments from Hekmatyar's comments were audible under a voiceover translated into Urdu, Pakistan's main language. Geo did not disclose when or where the interview was made.

Hekmatyar wore a black turban, a brown coat and a white shirt. He was seen sitting in front of a backdrop with a painting of a mountain.

He also said that he had offered the Taliban that the two militant groups should unite in a joint fight against U.S.-led forces in Afghanistan, but he added that the Taliban leaders did not support the idea.

"A series of negotiations (with the Taliban) have broken down," Hekmatyar said. "If they realize the need (for negotiations), we are ready."

Hekmatyar's militia are active in eastern Afghanistan along the Pakistan border. His whereabouts are unknown.

In the TV interview, Hekmatyar said that foreign troops must first leave the country before the conflict can be solved politically.

NATO Says Afghan Clash May Have Killed Scores Of Rebels (NYT)

By Abdul Waheed Wafa

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The New York Times, January 12, 2007

KABUL, Afghanistan, Jan. 11 — Afghan and NATO troops clashed with a large group of insurgents crossing from Pakistan into eastern Afghanistan in the early morning hours on Thursday. NATO said up to 150 insurgents might have been killed in the fighting.

Two large groups of insurgents were spotted gathering on the Pakistan side of the border and were tracked as they crossed into Afghanistan, NATO said in a statement released in Kabul.

Afghan Army soldiers and NATO troops laid an ambush for the groups about half a mile inside Afghanistan, using air and ground forces, said Gen. Zahir Azimi, a spokesman for the Afghan Ministry of Defense.

The insurgents were in trucks loaded with men and weapons and crossed the border about 2 a.m., General Azimi said. Afghan and NATO forces set up an ambush in a deserted area near the border, he said. He reported no Afghan or NATO casualties, but estimated that about 80 insurgents were killed. The clash occurred in the Barmal district of Paktika Province, which borders the Pakistani tribal area of Waziristan, one of the most lawless areas of the frontier between Afghanistan and Pakistan.

Militants from both countries, along with hundreds of foreign fighters, operate Taliban training camps there and mount frequent attacks across the border into Afghanistan.

The Pakistani military guards the border but has failed to stem cross-border attacks; NATO officials say there has been a marked increase in infiltration at the border since September compared with last year.

"Pakistani military liaison officers were kept fully informed throughout the operation," NATO said in its statement.

Scores Of Insurgents Killed In Afghan Border Area (WP)

By Pamela Constable

The Washington Post, January 12, 2007

KABUL, Jan. 11 -- NATO and Afghan military forces killed between 80 and 150 insurgents in battles near the Pakistani border Wednesday night after the fighters crossed into Afghanistan from Pakistan, NATO and Afghan officials said Thursday.

The confrontation in Paktika province, described as the largest battle in Afghanistan since September, came as American and U.N. officials step up pressure on both Pakistani and Afghan leaders to stop their public bickering and do more to gain control of their respective border areas, where Islamic insurgents have been operating for months.

NATO officials said their forces had observed two large groups of insurgents infiltrating from Pakistan, tracked them and then attacked them by ground and air. According to NATO's initial count, as many as 150 insurgents were killed, but Afghan defense officials said they believed the toll was about 80. No Afghan or NATO casualties were reported.

There was no immediate explanation for the discrepancy in the figures. Because the battle area was so remote, it was not possible for journalists to gather information directly.

Pakistan's military spokesman, Maj. Gen. Shaukat Sultan, said soldiers from his country's army fired artillery at trucks being driven by the fighters on the Pakistani side of the border, the Associated Press reported.

The AP also quoted a man claiming to speak for the Taliban, Muhammad Hanif, as saying in a text message that NATO's casualty figure was "a complete lie."

The battle highlighted the continuing military importance of the extremely porous and poorly guarded border, especially the sections that include a string of semiautonomous tribal districts in Pakistan. Afghan officials have repeatedly accused Pakistan of allowing Islamic insurgents to find safe haven there, while Pakistan has said it is doing everything possible to rein them in.

In the past week, controversy has mounted over a proposal by Pakistan to place land mines and barbed-wire fencing along stretches of the border, including the area where NATO said the groups of insurgents slipped across this week. Critics here say the plan could harm civilians and divide tribes that live on both sides.

Richard A. Boucher, the senior State Department official for South and Central Asia, told journalists in Kabul on Thursday that both Afghanistan and Pakistan needed to do more to bring security and effective government to the border areas. He is to hold talks with officials from the two countries during a visit to the region this week.

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"It is clear to me that none of us will be safe unless we do deal with both sides of the border," Boucher said. He said that he believed Pakistan's commitment to fighting terrorism and the Taliban insurgency was "real" but that the Bush administration wanted to help make it "more effective."

Boucher did not directly criticize the border mining plan but said it was generating "serious discussion" in Pakistan. A senior U.N. representative to Afghanistan said this week that the United Nations "regretted" Pakistan's move and viewed land mines as a "very serious threat to human security."

The official, Christopher Alexander, strongly chided Pakistan for inflammatory rhetoric and misleading statements that he said had not helped ease tensions with Afghanistan. He cited recent assertions by Pakistani officials that key Taliban leaders had never been in Pakistan and that the Taliban insurgency was part of a domestic uprising inside Afghanistan by the Pashtun ethnic group.

"The truth is that these networks operate in both countries, and their leaders spend time in both countries," Alexander said. "More law enforcement and military action are needed" in both places, he added, calling on the leaders of the two countries to "focus more on facts and less on rhetorical point-scoring."

In recent months, Afghan President Hamid Karzai and Pakistan's president, Gen. Pervez Musharraf, have engaged in an escalating war of words. Karzai accuses Pakistan of allowing Islamic extremists to seek safe haven inside its borders, while Musharraf criticizes the Kabul government as weak and unable to quash a domestic rebellion.

Boucher, asked which of the two governments he believed, said he did not want to choose sides but cited similar "challenges" in both countries. "The issue on both sides is to extend the authority and benefits of government to people right up to the edges of the frontier," he said.

He suggested that the two governments have cooperated far more "than one would think from the rhetoric." Pakistan and Afghanistan share military intelligence, and their senior security officials have met regularly with NATO alliance leaders as part of a three-way commission, which met again Thursday.

A sustained offensive by Taliban insurgents in Afghanistan caused about 4,000 violent deaths in 2006. The revived Islamic militia, which ruled most of Afghanistan from 1996 to 2001, has launched hundreds of attacks and dozens of deadly suicide bombings.

Attacks Heat Up Afghan-Pakistani Border (CSM)

By David Montero

The Christian Science Monitor, January 12, 2007

ISLAMABAD, PAKISTAN

NATO-led forces Thursday killed up to 150 militants who were discovered infiltrating Afghanistan from Pakistan, providing what appears to be fresh proof that Taliban militants are staging their attacks from inside Pakistan's tribal zone.

The militants were seen gathering in Pakistan, and were subsequently tracked and targeted in the Margha Hills in Paktika, an Afghan province bordering Pakistan's restive tribal belt, according to NATO's International Security Assistance Force (ISAF).

Thursday's attack is likely to bolster mounting international claims that Pakistan's tribal zone is a staging ground for attacks inside Afghanistan. Analysts in Pakistan cautioned against jumping to conclusions, saying the reports would have to be verified and the identities of the militants established. But, if true, they added, the attack offers singular proof of cross-border infiltration.

"If [Thursday's attacks are] true, Pakistan will have to take cognizance of it. Pakistan cannot just wash its hands of this," says Talat Masood, a retired Army general who is now a political analyst in Islamabad.

Those critiques have risen to a crescendo since September, when the Pakistan government signed a deal with Taliban militants in North Waziristan to return their weapons, vehicles, and fighters in return for guarantees of peace.

NATO and Afghan officials argue that the deal has failed, and has essentially carved out a sanctuary for militants inside Pakistan to plan and launch their attacks. The number of attacks inside Afghanistan, they point out, has spiked dramatically since the September truce, particularly in areas bordering the tribal zone. Pakistan lends a hand

"As soon as [the militants killed Thursday] infiltrated Afghanistan from Pakistan, we engaged them," says Lt. Col. Angela Billings, a spokesperson for ISAF speaking by telephone from Kabul, Afghanistan. "They were tracked over a long enough period

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of time where we were certain of their status [as insurgents]," says Colonel Billings, adding that the size of the group coming from Pakistan was unusually large.

Billings would not divulge what area of Pakistan the militants were seen coming from, but added that Pakistani military liaison officers were continually informed of Thursday's operation. ISAF officials were also quick to point out that the Pakistani Army's cooperation was crucial to Thursday's attack.

"Insurgents are certainly coming across from Pakistan, but the Pakistan Army engaged with its colleagues across the border - ISAF and the Afghan Army - to do something about it," says Maj. Dominic Whyte, an ISAF spokesman speaking from Kabul.

Hours after the NATO strike, Pakistani helicopter gunships attacked supply trucks used by suspected insurgents for cross-border attacks in neighboring Afghanistan, a military spokesman said Thursday. The Pakistani Army attacked in North Waziristan Province, across the border from Thursday's NATO air assault.

The strike marks the Pakistani Army's first reported attack in the North Waziristan tribal region since a controversial September peace deal between the government and pro- Taliban militants that critics say has provided a sanctuary for insurgents.

The Army, acting on intelligence provided by the US-led coalition in Afghanistan, also used mortars and artillery in the attack Wednesday night in Gurvek, in North Waziristan, spokesman Maj. Gen. Shaukat Sultan told The Associated Press.

He said it was not clear if any militants were killed in the assault.

The Taliban rejected the NATO report as "baseless and false" and said that no fighters had been killed. "Only civilians were targeted," a Taliban spokesman, Mohammad Hanif, said by telephone. Human rights groups have heightened their criticism of NATO forces as civilian casualties have mounted over the past several months.

If confirmed, the death toll would be the highest since September, when NATO troops forced the Taliban out of a district near the southern city of Kandahar, killing at least 500 insurgents.

Thursday's attack comes only weeks after Pakistan announced it would begin fencing and mining its 1,500-mile border with Afghanistan. On Wednesday, Pakistan implemented the first of several checkpoints using computerized fingerprint checking and identification cards at Chaman, the main border crossing into Kandahar.

The plan is highly unpopular with Pashtun tribes, who straddle both sides of the border and who turned out by the thousands in Afghanistan to protest the new check posts. Pakistani officials insist that the fencing is a preplanned mechanism to control border traffic, but critics have dismissed it as an ill-advised attempt to stave off rising criticism that the Taliban are operating from its borders. Cooperation without borders

Chris Alexander, deputy special representative of the secretary-general for the United Nations Assistance Mission in Afghanistan, was the latest voice to criticize Pakistan's deal-making with the Islamist militants inside its own borders. Referring to a UN sanctions list detailing 142 Taliban leaders, Mr. Alexander said in Kabul on Monday that some of those leaders "were in Pakistan for at least a part of 2006."

Pakistan immediately rejected his statement.

Thursday's attack puts in sharp relief that Pakistan's many proposed solutions - from stationing 80,000 troops on the border to cutting peace deals with militants - have so far failed, say analysts. Fencing is unlikely to prove any more effective, bitterly opposed as it is by tribal people and the Afghan government alike.

If there is a short-term solution, observers say, it lies in a smarter use of resources and greater interborder cooperation.

"It will take greater technology, and greater intelligence. Satellite imagery, drones, reconnaissance," says Mr. Masood, adding that cultivating the support of local tribes is the keystone to such an effort.

The urgency of better solutions seems to be growing. The scale of the attack in Paktika surprised some analysts, who say militants have rarely been seen infiltrating Afghanistan in such large numbers. The incident might point to a winter surge in preparation for attacks in spring, when snow in mountain passes will melt and heavy fighting is expected to resume.

"If true, it's significant. It shows that they are putting people in place now for the spring offensive. I didn't expect the Taliban to launch such attacks in the winter," says Ramiyullah Yusufzai, a journalist and political analyst in Peshawar, a provincial capital near the Afghan border.

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In recent weeks, Paktika has emerged as a flashpoint of cross-border violence. On Dec. 31, militants based in Pakistan fired a succession of some 20 rockets into Paktika, although the ordinance caused no casualties, Pahjwok Afghan News reported.

DOJ:

Justice Dept. Hit With Hiring Freeze (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 12, 2007

A hiring freeze has hit two federal crime fighting agencies and a third has slowed its recruitment efforts because of congressional budget delays that some officials say threaten efforts to combat terrorism and violent crime.

The hiring crunch is largely the result of Congress' failure to approve the Justice Department's 2007 spending request. Lawmakers who oversee spending bills are now negotiating how much — if at all — to increase government spending. In the meantime, the agencies are being funded according to last year's budget levels.

Justice Department agencies feeling the squeeze are:

_The Drug Enforcement Agency. A hiring freeze is expected to last through 2007, said chief financial officer Frank Kalder. Although more than 400 agents and support staff are expected to quit or retire this year, Kalder said the DEA might have to furlough additional employees if Congress does not give it about $95 million more than it did in 2006. Layoffs are not being considered.

"I don't think we're the only ones in this situation," Kalder said.

_The Bureau of Alcohol, Tobacco, Firearms and Explosives. The agency is "not hiring and are not back-filling open positions," said spokeswoman Sheree Mixell. The ATF says it needs $71 million more than last year just to sustain its workforce of 4,900 employees.

_The FBI. Recruiting and hiring has slowed since the budget year began on Oct. 1. The agency has stopped advertising for job openings on its Web site. Assistant Director John Miller said the bureau still is hiring agents, linguists, analysts and other high-priority employees.

"We're not in a hiring freeze, but for the time being, we are only filling those jobs that are essential to operations," Miller said. The FBI employs about 12,600 agents and 18,000 support staff.

Nationally, violent crime rates are on the rise after a three-year lull that began in 2001, according to FBI officials. In 2005, the latest annual statistics available, the number of murders, robberies, rapes and other violent crimes rose by 2.2 percent.

Following the Sept. 11, 2001, attacks, the FBI shifted more than 500 agents from its traditional criminal investigations — including drug cases, bank robberies and white-collar crimes — to counterterrorism and counterintelligence programs that became the bureau's top priority. In response, the DEA hired about 500 additional agents between 2001 and 2006 to maintain the government's focus on drug investigations.

Without a budget in place, "the FBI and DOJ will not be able to maintain the operations tempo they've achieved since Sept. 11," said Sen. Barbara Mikulski, D-Md., said who chairs the Senate Appropriations panel that oversees Justice Department spending. She blamed Republicans for the funding delays.

"It means that they will not be able to hire and keep the agents that they have," Mikulski said. "This is an outrageous thing."

A spokeswoman for Sen. Richard Shelby, an Alabama Republican who last year chaired that panel, declined to comment.

Peter Moskos, a professor at John Jay College of Criminal Justice in New York, said "it's hard for things to get better if you have fewer agents" pursuing crime.

"From a public safety standpoint, a hiring freeze is the same as a layoff, because it's fewer people not working," he said. "Ultimately, it matters."

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On the Net:

Bureau of Alcohol, Tobacco, Firearms and Explosives: http://www.atf.treas.gov/

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Federal Bureau of Investigation: http://www.fbi.gov/
Drug Enforcement Agency: http://www.dea.gov/
Justice Department: http://www.usdoj.gov/

Lam Is Asked To Step Down (SDUT)

By Kelly Thornton And Onell R. Soto, Union-tribune Staff Writers
The San Diego Union-Tribune, January 12, 2007
Job performance said to be behind White House firing

The Bush administration has quietly asked San Diego U.S. Attorney Carol Lam, best known for her high-profile prosecutions of politicians and corporate executives, to resign her post, a law enforcement official said.

Lam, a Bush appointee who took the helm in 2002, was targeted because of job performance issues – in particular that she failed to make smuggling and gun cases a top priority, said the official, who declined to be identified because Lam has yet to step down.

Lam has had high-profile successes during her tenure, such as the Randy "Duke" Cunningham bribery case – but she alienated herself from bosses at the Justice Department because she is outspoken and independent, said local lawyers familiar with her policies.

When she took over, Lam made it clear that she planned to focus less on low-level smuggling cases in favor of public corruption and white collar crime, which would mean fewer but more significant prosecutions.

Lam declined to comment yesterday.

Several prosecutors in Lam's office and many defense lawyers said yesterday that they were unaware of her impending dismissal, and were universally shocked by it.

"It's virtually unprecedented to fire a U.S. Attorney absent some misconduct in office," said criminal defense attorney Michael Attanasio, a former federal prosecutor.

"This office has clearly made a priority of investigating and prosecuting white collar offenses and has had occasional success doing so," he said. "One would think that would be valued by any administration, even if it meant fewer resources were devoted to routine and repetitive border crimes."

Lam, 47, has been criticized by members of the Border Patrol agents union and by members of Congress, including Vista Republican Darrell Issa, who accused her office of "an appalling record of refusal to prosecute even the worst criminal alien offenders."

But even some of Lam's legal opponents said the supposed reasons she is being forced out are perplexing.

"What do they want her to do, lock up Mexico?" said Mario Conte, former chief of Federal Defenders of San Diego Inc. Conte, now a professor at California Western School of Law in downtown San Diego, said every prosecutor walks a tightrope.

"I'm sure that Carol, in her role, is simply not able to accommodate everybody's desires of what they think the U.S. Attorney should be doing in this district."

Her most prominent case involved Cunningham. The former Rancho Santa Fe congressman is in federal prison, and indictments of others connected to the case may be forthcoming. Her office is also prosecuting Francisco Javier Arellano-Félix, a suspected Mexican drug kingpin, who is in federal custody in San Diego facing charges that could lead to the death penalty. Two San Diego city councilmen were convicted of corruption charges by Lam's office, but a judge reversed the jury's verdict for one of the men.

Lam spent almost a year personally prosecuting a national hospital chain that she said used complex agreements to pay off local doctors in return for referrals. That case ended in a mistrial.

But under Lam, the overall number of prosecutions has plummeted.

In 2001, the year before she took over, federal prosecutors in San Diego and Imperial counties filed 5,266 cases, while in 2005, the office prosecuted 3,261 cases, according to statistics compiled by the Transactional Records Access Clearinghouse at Syracuse University from federal reports.

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Of the 2001 cases, 2,419 were related to immigration, while that number stood at 1,641 in 2005. Although the number of cases dropped significantly in 2005, a higher percentage were immigration-related – 50 percent in 2005 compared with 46 percent in 2001.

Most of the other prosecutions were drug cases, with 2,294 filed in 2001 and 1,290 in 2005. There were 14 weapons cases in 2001, and eight in 2005.

Some in the defense community were glad to hear there may be change at the U.S. Attorney's Office.

"She has shown a certain tunnel vision in her prosecutions and has exercised an appalling lack of discretion in terms of the individuals she has targeted for prosecution and the classes of crimes that she has chosen to direct her resources at," said criminal defense attorney Geoffrey C. Morrison, who represented a defendant in the City Hall corruption case prosecuted by Lam's office.

"Having somebody with a more broad-minded approach and a greater sense of fairness and justice will do the legal community a tremendous justice," he said.

Lam, a career prosecutor, former Superior Court judge and political in dependent, sent an e-mail to her staff late in the afternoon in which she neither confirmed nor denied that she was asked to step down. She told attorneys not to let speculation interfere with their work.

She also told them not to speak to reporters about the subject, but to refer calls to her spokeswoman, according to a recipient of the e-mail who asked not to be identified for fear of reprisal.

U.S. attorneys are usually appointed by the president and require Senate approval. They typically serve the same term as the president that appointed them, and are replaced when a new president is elected.

However, a provision in the Patriot Act that was revised last year allows the Attorney General to appoint interim U.S. Attorneys for indefinite terms when vacancies arise, without Senate confirmation. Filling interim vacancies had been the responsibility of the district court.

Sen. Dianne Feinstein, D-Calif., criticized the Bush administration yesterday for "pushing out U.S. Attorneys from across the country under the cloak of secrecy."

"We don't know how many U.S. Attorneys have been asked to resign – it could be two, it could be ten, it could be more. No one knows," she said in a statement.

Feinstein said the administration was abusing its executive power by trying to circumvent the Senate confirmation process. She and two colleagues proposed legislation yesterday to restore appointment authority to the district court when a vacancy occurs and an interim leader is needed.

Lam is one of several prosecutors who have either resigned under pressure or been told to leave in recent months.

New Mexico U.S. Attorney David Iglesias is among those who have announced they are stepping down.

"I was asked to resign," he said. "I asked (why) and wasn't given any answers. I ultimately am OK with that. We all take these jobs knowing we serve at the pleasure of the president."

H.E. "Bud" Cummins, who left the post of U.S. Attorney in Little Rock, Ark., wouldn't say whether he was asked. His replacement, J. Timothy Griffin, was an Army prosecutor who worked in the White House and for the Republican National Committee. Arkansas' senators, both Democrats, have criticized the way in which he was selected because it did not require Senate approval.

It's not the intent of the Justice Department to avoid the confirmation process, and the department is committed to working with senators when making a nomination, a department spokesman said.

Of 11 U.S. Attorney vacancies since the Attorney General gained the authority to make the appointments in March 2006, the Bush administration has nominated four people and interviewed seven others, all of whom are expected to complete the confirmation process, said Justice Department spokesman Brian Roehrkasse.

"In every case, it is a goal of this administration to have a U.S. Attorney that is confirmed by the Senate," Roehrkasse said. "It is wrong for a member of Congress to believe that this is in any way an attempt to circumvent the confirmation process."

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CORPORATE SCANDALS:

U.S. Scrutinizes Grant To Jobs (WSJ)

By Steve Stecklow And Nick Wingfield

The Wall Street Journal, January 12, 2007

Focus in Apple Case Is Cast on the Roles Of 3 Ex-Officials

Federal authorities are actively investigating a backdated stock-option grant awarded to Steve Jobs, Apple Inc.'s chief executive, that carried a false October 2001 date, people familiar with the matter say.

Apple recently disclosed that records were "improperly" created to claim that the grant was approved at a special board meeting that month. But no board meeting took place then.

Investigators are now focusing on the grant to Mr. Jobs for 7.5 million options that were finalized in December 2001, when Apple's share price was higher. The false dating increased the value of the grant to Mr. Jobs, and resulted in a retroactive $20 million charge to Apple's earnings when it was discovered by a special internal investigation.

People familiar with the matter say the false documentation was created by an Apple attorney named Wendy Howell, whom the company quietly dismissed last month. Ms. Howell contends that Apple's general counsel at the time, Nancy Heinen, instructed her to create the false documentation, these people say. Thomas Carlucci, Ms. Howell's attorney, said that while at Apple "Ms. Howell acted as instructed by Apple management and with the company's best interest being paramount."

Ms. Heinen left Apple in May for reasons that were unrelated to backdated options, a person familiar with the matter says. Her attorney, Cristina C. Arguedas, says Ms. Heinen didn't knowingly engage in any wrongdoing and denies she instructed Ms. Howell to falsify documentation. Ms. Arguedas said in a statement that "each of the option grants involving Ms. Heinen was authorized and approved by her superiors."

Investigators with the Securities and Exchange Commission, working with federal prosecutors, are seeking to question Ms. Howell and Ms. Heinen, but neither has agreed to questioning so far, say people familiar with the matter.

Authorities want to speak to Fred Anderson, Apple's former chief financial officer. It also remains unclear whether Mr. Anderson, who resigned from Apple's board in October, will agree to talk. An attorney for Mr. Anderson has said, "As CFO, Fred did not play any day-to-day role in the granting, reporting and accounting of stock options and he was not involved in any knowing manipulation of the process."

Apple's backdated stock options are the subject of criminal and civil probes by the U.S. attorney's office in San Francisco and the SEC. A decision on whether to bring criminal charges in the Apple case isn't expected for months.

Apple spokesman Steve Dowling declined to comment, except to repeat that the company has provided results of an internal options investigation to the SEC and U.S. attorney and that the investigation cleared Mr. Jobs of misconduct.

An option gives its holder the right to buy a stock at a fixed, or exercise price, usually for up to 10 years after the date of the grant. By backdating the grant -- or pretending it was made earlier than it really was -- the employee gets an instant boost to the potential profits from the award. The practice can violate securities laws and accounting rules.

In a March 2002 proxy statement, Apple told its shareholders -- wrongly -- that the 2001 grant to Mr. Jobs was made at fair market value on the date of grant. On Aug. 8, 2002, Mr. Jobs personally signed a routine disclosure statement to the SEC bearing the false price, and false date of Oct. 19, 2001, for the grant. Apple has said the grant wasn't finalized until December of that year, when Apple's share price was higher. An Apple spokesman declined to comment on the matter.

• The News: Federal authorities are actively investigating a backdated stock-option grant awarded to Apple's chief executive, Steve Jobs.

• The Issue: Whether Mr. Jobs or or present or former Apple officials violated federal criminal or civil securities laws.

• What's Next: Investigators are seeking to question Apple's former general counsel and another former company lawyer, as well as its former chief financial officer.

Apple has said it found no evidence that Mr. Jobs or any other current executives were aware of the false records surrounding the October 2001 grant. It also says Mr. Jobs didn't understand the accounting implications of backdated grants, and

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didn't financially benefit from them because he never exercised his options. He did later exchange all of the options for restricted stock eventually worth hundreds of millions of dollars.

Apple has disclosed that Mr. Jobs recommended "favorable" dates for some options awards, although people familiar with the matter say he didn't pick any dates for grants that he received. Apple also has said that 6,428 grants of options on 42 dates between 1997 and 2002 were improperly dated. Last month, it restated its financial results between 1998 and 2006, taking $84 million in charges for the improperly dated options, including $20 million connected to the 2001 grant to Mr. Jobs.

Under accounting rules, no grant is actually made until final terms, including price, are settled and final approval is given by a company. Apple has said that its board "originally approved" the grant dated in October 2001 on Aug. 29 of that year when the stock was trading at $17.83. But according to a person familiar with the situation, Mr. Jobs wasn't satisfied with the terms of the grant in August and negotiations continued for months. Apple has said the grant was finally authorized by the board on Dec. 18, 2001.

On that date, the stock was trading for $21.01. The grant, however, was backdated to Oct. 19, when the share price was $18.30. Apple hasn't disclosed any details surrounding the decision to backdate the grant. Two people familiar with the matter say the October date coincided with a meeting of the board's compensation committee. The committee, however, didn't ISSUE the grant at the meeting, they say. According to Apple's practice, the full board was required to approve stock-option grants to the chief executive.

Apple's compensation committee had been formed in August 2001. Since April 2000, the entire Apple board handled compensation-related chores, including stock-option grants. The new committee was composed of Intuit Inc. Chairman William Campbell, former International Business Machines Corp. Chief Financial Officer Jerome York and Genentech Inc. CEO Arthur Levinson.

Ms. Howell, who joined Apple fresh out of law school around 1997, was in charge of stock-options administration. Ms. Heinen, as general counsel, oversaw Apple's legal department and also served as the board's secretary.

Ms. Howell's role in the October 2001 grant was reported by the Recorder, a San Francisco-based legal publication.

--Charles Forelle contributed to this article.

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Broadcom Chief Says Restatements Will Be Made Shortly (Update2) (BLOOM)

By Peter J. Brennan And Fred Fishkin

Bloomberg, January 12, 2007

Jan. 11 (Bloomberg) -- Broadcom Corp., a maker of chips for consumer devices, will shortly issue financial restatements to include over $1.5 billion of costs for the misdating of stock options, Chief Executive Officer Scott McGregor said.

``Hopefully that will put most of this behind us," McGregor said during an interview yesterday at the Consumer Electronics Show in Las Vegas. He wasn't more specific on when the company would restate its results.

The company is examining 6 million pages of documents to assess the impact of stock-option backdating, a practice that can enrich recipients by setting option dates to a time when the underlying stock traded lower. Broadcom Chief Financial Officer William Ruehl resigned in September, and the U.S. Securities and Exchange Commission opened a formal investigation last month.

McGregor originally said the restatements would be ready by the end of 2006. On Dec. 18, the company said it would report amended results for 2005 and the first quarter of 2006 by this month. Broadcom also hasn't issued full results for the second and third quarters. The delays have put the company in danger of delisting by the Nasdaq Stock Market.

``It really has been hard to model" Broadcom's future profits, said Cody Acree, a Dallas-based analyst for Stifel Nicolaus & Co. He has a ``hold" rating on the shares and doesn't own them. ``At the same time, Broadcom has been dealing with an industrywide inventory correction that hit Broadcom harder."

Shares of Broadcom fell 34 cents to $32.85 at 4 p.m. in Nasdaq composite trading. The shares rose 2.8 percent last year, while the S&P 500 semiconductor index fell 10 percent.

New Technology

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At the Consumer Electronics Show, Broadcom demonstrated technology for speeding up wireless connections and a digital- television system-on-a-chip, a semiconductor that handles the duties of several chips.

McGregor is counting on such products to boost this year's sales growth, which analysts predict will be the slowest since 2001. Broadcom sales are expected to rise an average of 9 percent this year, according to 25 analysts surveyed by Bloomberg.

Broadcom makes chips for a range of consumer electronics, including television set-top boxes, Apple Inc.'s video iPod and Nintendo Co.'s Wii game console. McGregor declined to say whether his company's chips are inside Apple's new iPhone.

Sales of the Wii have exceeded expectations, Acree said, which may lift Broadcom's revenue. There are three Broadcom chips in each Wii.

``It's a nice catalyst," Acree said.

Nintendo yesterday reaffirmed its forecast for sales of 6 million Wii consoles in the fiscal year ending in March.

Formal Probe

Broadcom last month said the SEC had opened a formal investigation into its stock options. That means the agency may subpoena current and former executives. McGregor said he and his executives haven't yet been summoned.

The U.S. Justice Department and the company are conducting their own probes into Broadcom's option grants.

``It's a bit of a distraction, but we keep focused on the business," McGregor said. ``We spend most of our time on products and with customers, and that's as it should be."

Siemens Ex-CFO Named In Bribery Probe (FT)

By Richard Milne In Frankfurt

Financial Times, January 12, 2007

The investigation into the €420m bribery scandal at Siemens reached the highest level yet on Thursday as the company's former chief financial officer was named as a suspect.

The investigation of Heinz-Joachim Neubürger, who stepped down in April after being passed over as chief executive of Europe's largest engineering group, came as the current head of Siemens, Klaus Kleinfeld, warned that the probe threatened the company's survival.

The scandal has shaken the German group to the core and raised questions about the competence of its management. It has led to calls for the resignation of its chairman, Heinrich von Pierer, and has disrupted one of its most important joint ventures, a €20bn (£13.3bn) telecommunications tie-up with Nokia.

Mr Neubürger is under suspicion of knowing about some of the bribery and doing nothing about it. He is also alleged to have tried to influence KPMG, Siemens' accountants, from investigating a payment irregularity that could have been a bribe.

He was unavailable for comment last night but has previously denied the allegations, saying: "I have nothing to reproach myself for and have also not concealed anything." Over the KPMG incident, he said: "I cannot remember such a case, but if there was one then I would have handed it over to the compliance department immediately."

Associates of Mr Neubürger and Siemens' officials confirmed he was a suspect.

Mr Neubürger was told he was a suspect on Tuesday after voluntarily going to Munich prosecutors for questioning after he was implicated by Michael Kutschenreuter, the former finance director of the telecoms division.

This division is at the heart of the scandal, under which sham consultancy contracts were allegedly set up and money used for bribes in countries such as Nigeria.

Mr Kleinfeld, Siemens' chief executive since January 2005, on Thursday staked his reputation on a thorough clean-up of the scandal, telling a town-hall meeting of Munich workers: "A company can only survive when it stands for integrity, respect for the law and transparency. We should take [the current situation] as an opportunity."

Mr Kleinfeld and other senior Siemens' directors have denied any knowledge of the bribery and allege it was a criminal enterprise by a group of rogue employees.

Prosecutors have already previously detained – but not charged – a former member of Siemens' management board, Thomas Ganswindt.

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Siemens has appointed an external law firm, auditors and anti-corruption experts to help it in its attempt to improve its battered image.

Ex-Merrill Brokers Probed By NYSE In Timing Case (WSJ)

By Evelyn Juan

The Wall Street Journal, January 12, 2007

Regulators at the New York Stock Exchange are investigating three former Merrill Lynch & Co. brokers who were ousted by the company in 2003 for allegedly helping a hedge fund trade improperly in mutual funds.

In its monthly listing of disciplinary actions, the exchange said it fined former UBS AG branch manager John Borgese $50,000 for failing to supervise three unnamed financial advisers involved in mutual-fund market timing in 2001. The document also said a disciplinary action had begun against the advisers.

The three are Christopher Chung, Kevin Brunnock and William Savino, people close to the investigation said. The brokers worked at UBS's Paramus, N.J., office before joining Merrill Lynch in January 2002.

The New Jersey Bureau of Securities revoked the licenses of the trio, known as the CBS Group, in March 2005 for engaging in deceptive practices related to rapid buying and selling of mutual funds, known as market timing.

The practice, aimed at reaping fleeting gains, isn't necessarily illegal, but regulators claim the conduct is inconsistent with just and equitable principles of trading. Critics also have said the practice can hurt returns for long-term fund investors.

"We have turned our attention to investigating and bringing charges against individuals who are responsible for the market timing," said Susan Merrill, head of enforcement at NYSE Regulation, a unit of NYSE Group Inc. "There may be further charges or further settlements coming out."

Susan Necheles, a lawyer for the three financial advisers, didn't return calls for comment. A UBS spokeswoman declined to comment on the case of Mr. Borgese, the first manager to be sanctioned by the NYSE in its continuing market-timing investigation.

Merrill Lynch was fined $13.5 million by the NYSE in 2005 for failure to stop the CBS group's improper trading of mutual funds, while UBS was charged $49.5 million by the NYSE and the New Jersey Bureau of Securities.

The NYSE's arbitration panel asked Merrill Lynch in 2005 to pay the three brokers $15 million for defaming them. The decision is under appeal by the securities company at a New York state court. The NYSE regulatory action is separate from that of the arbitration panel.

CRIMINAL LAW:

As Libby Goes To Trial, Case Appears Weakened (WSJ)

By Evan Perez

The Wall Street Journal, January 12, 2007

WASHINGTON -- Special Prosecutor Patrick Fitzgerald's case against Lewis "Scooter" Libby goes to trial next week seemingly weakened by revelations that Mr. Fitzgerald knew early in his CIA-leak probe that the ex-White House official wasn't the original source of news-media disclosures.

Those disclosures, and the search for their source, were the reason Mr. Fitzgerald was ordered to launch an investigation in the first place.

As a result, Mr. Fitzgerald's success will depend largely on how well he can keep the jury focused on his charge that Mr. Libby "knowingly lied" to federal agents during his probe into the leak of former Central Intelligence Agency operative Valerie Plame's identity.

Other recent perjury cases, including the successful prosecution of Martha Stewart on charges of lying to investigators about a stock sale, offer a road map narrowly directing a case amid heavy media attention and myriad distractions.

Mr. Libby's high-profile attorneys -- Theodore V. Wells Jr. of Paul, Weiss, Rifkind, Wharton & Garrison LLP and William H. Jeffress Jr. of Baker Botts LLP -- will have vigorous and savvy public-relations backing. A private legal trust has raised more than

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$3 million for his defense, thanks to fund raising and donations from prominent conservatives, such as Mary Matalin and Bill Bennett, who regularly appear as media commentators. Meanwhile, the defense plans to call Vice President Dick Cheney as a witness, while prosecutors plan to call several reporters to the stand.

Perjury prosecutions are notably difficult with a high rate of failure. In this case, prosecutors have the added challenge of navigating a minefield of extraneous issues while asking jurors to interpret Mr. Libby's state of mind when he talked to investigators.

"At the end of the day, you try to get your jury to focus on elements of the offense," says Karen Patton Seymour, the lead prosecutor in the Martha Stewart case who now heads the criminal defense and investigations practice at Sullivan & Cromwell LLP, a New York law firm. "You have to send the message that lying under oath matters or our criminal justice system suffers."

A spokesman for Mr. Fitzgerald said he declined to comment. Messrs. Wells and Jeffress cited an order by the judge barring comments to the media.

Prosecutors suggest Mr. Libby, then Mr. Cheney's chief of staff, lied to investigators to conceal a White House campaign to leak Ms. Plame's identity in retaliation for her husband's criticism of the administration's war plans. Prosecutors say Mr. Cheney urged Mr. Libby to "get out 'all' the facts," about a CIA fact-finding trip to Niger made by Ms. Plame's husband, former diplomat Joseph Wilson, to investigate alleged ties to an Iraqi weapon program. This included, according to prosecutors, spreading a story that the trip was a junket arranged by his wife.

But allegations of a cover-up motivation appear to be undercut by recent news that former Deputy Secretary of State Richard Armitage, not Mr. Libby, was the source of the leak of Ms. Plame's name to reporters. Mr. Libby's attorneys haven't said what importance they plan to place on the Armitage disclosures, but they have sought to subpoena a tape made by Washington Post reporter Bob Woodward of an interview with Mr. Armitage.

The challenge for prosecutors will be to train jurors' attention on whether Mr. Libby committed perjury when he made statements to the Federal Bureau of Investigation.

"Certainly the defense would like to point out the Armitage revelations, but that's not the point," says Dan Richman, Fordham University law professor and former federal prosecutor in New York's southern district. "The point here is whether he lied in this setting, and it's a setting that an average jury, especially in D.C., would expect a high government official to be truthful in."

Another problem for Mr. Fitzgerald: At the end of his two-year investigation, during which he fought high-profile battles to get reporters to reveal their secret sources, he didn't bring charges on the leak itself and instead brought the Libby perjury case.

The defense has its own issues. Court filings suggest Mr. Libby's attorneys will argue he was so consumed with national security and political matters that he simply misspoke when he talked to FBI agents and that any misstatements were due to faulty memory or confusion amid weightier matters.

To support their defense, attorneys requested dozens of pages of classified documents dealing with issues as varied as unrest in Liberia, the Israeli-Palestinian conflict and threatened attacks by al Qaeda.

Says Mr. Richman: "The 'I'm too busy, I'm too important' defense has the potential to rankle a lot of jurors."

Puerto Rico Seeks FBI Raid Documents (WP/AP)

By Yaisha Vargas, The Associated Press

The Washington Post, January 12, 2007

SAN JUAN, Puerto Rico -- Puerto Rico's Justice Department asked a U.S. appeals court on Thursday to force the FBI to release information about its two raids against militant independence advocates in the U.S. Caribbean territory.

Puerto Rico's solicitor general, Salvador Antonetti Stutts, said the three-judge panel in Boston should order the release of all documents requested about the September 2005 shooting death of militant independence leader Filiberto Ojeda Rios and a February 2006 raid against independence activists in suburban San Juan.

Puerto Rico's Justice Secretary Roberto Sanchez Ramos alleged that bureau officials have stonewalled his investigations into the raids and he has asked Congress to pressure the agency to cooperate. He said the FBI has refused to disclose the identities of the agents who participated.

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In September, U.S. District Court Judge Jose Fuste ruled against the territory's Justice Department, saying the FBI did not have to share information it deemed sensitive.

A U.S. Justice Department investigation concluded that agents were justified in shooting to death Ojeda Rios after he initially opened fire during an attempt to arrest the activist at his home in the island's west, the department's Office of the Inspector General said in an August 2006 report.

Witnesses and his widow allege that the FBI shot Ojeda Rios and let him bleed to death.

During a February raid targeting independence militants just outside the island's capital, agents used pepper spray on reporters and protesters.

The information on the raids could be shared under a confidentiality order if the agency was concerned about public disclosure, Antonetti said. If that was not possible, the panel must send the case back to Puerto Rico's district court, which should force the FBI to say why the information could not be released, he said.

"The commonwealth strongly believes that these are the only courses of action which can serve to adequately protect the commonwealth's interests," Antonetti wrote in his brief.

The FBI and the U.S. Justice Department's civil division in Washington declined to comment on the case.

Jury Charged In Calvin Williams Trial (WMC)

WMC-TV, January 12, 2007

Both the government and the defense presented very strong closing arguments.

Prosecutor Tim DiScenza told the jury that even if they believed what Calvin Williams said on the stand, he was still guilty of taking a bribe and extortion.

Meanwhile, his defense attorney, Doris Randall-Holt, challenged the government's start witness, reminding jurors that Tim Willis was caught padding invoices at Shelby County Juvenile Court and that he cut a deal to stay out of jail.

Now the jury must decide. But before deliberating, they heard from Calvin Williams.

"This is make or break for me," he said, on his way into federal court. Williams was characteristically up-beat and confident.

"Either I can explain what's on the tape or I can't," he said.

What's on the tape is Calvin Williams getting $1500 from goverment informant Tim Willis. Williams told the jury the money was owed to him as a part owner of a business called Strategic Solutions. Williams even produced bank receipts and payroll stubs to establish that he and Willis were business partners hoping this would prove the money was not part of a bribe.

"I want this town to know that this didn't take place. So I'm not going to duck and hide behind the govenment, [which] has not proven its case," he told reporters.

But testifying was no cake-walk. On cross examination, Federal Prosecutor Tim DiScenza challenged Williams' earlier claims, pointing out that Willaims admitted several times during tape recorded conversations that he had no stake in Strategic Solutions.

And Discenza produced evidence, a transcript from a deposition in November 2002, when Williams admitted to an independent investigator that he was not a part owner of Strategic Solution.

"Four years, four years. I've waited four years. I was indicted in criminal court. I was indicted in federal court. I'm not going to risk them not proving their case," said Williams.

The question now is did he help or hurt himself by taking the stand.

The trial was expected last five days and the jury has now recieved instructions. The group will begin deliberating Friday morning at 9 a.m..

The maximum sentence Williams can get if convicted is 30 years on both counts.

Federal Jury To Deliberate Williams' Fate Today (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 12, 2007

DOJ_NMG_0115775

The Shelby County Commission's former top aide testified Thursday he had no influence over any commissioner, but in secretly recorded conversations played by prosecutors he boasted of working behind the scenes to help commissioners line up votes and arrange rewards.

Calvin Williams said on tape that an unidentified developer told him he had saved him nearly $1 million because of how a commission vote turned out.

Advertisement

Williams also said he once created a job for the secretary of a commissioner for supporting former commissioner Shep Wilbun's 2000 appointment as Juvenile Court Clerk.

The influence issue is expected to be a factor when a federal court jury begins deliberations at 9 this morning to determine whether a $1,500 payment Williams received in 2003 was a bribe for influencing passage of an urban renewal grant.

Williams was recorded boasting that he would pay former commissioner Cleo Kirk to support the grant.

Williams, who denied trying to influence Kirk or any other commissioner, contends the $1,500 he received in April 2003 was a legitimate business payment from former friend and political consultant Tim Willis, who was acting as an informant in the FBI's undercover public corruption investigation called the Tennessee Waltz.

"We were in business together," said Williams, who had a side business called T&T Temporary Services. "Tim had a 10 percent share of T&T and I was going to get 30 percent of anything that came in for Strategic Solutions. I did not tell him I would get anyone to support (the urban renewal grant.)"

He admitted under cross examination that he told an attorney and an investigator in 2002 and 2003 that he had no business interest in Strategic Solutions.

Prosecutors allege Williams encouraged Willis to help the Glenview Community Development Partners with a $100,000 grant proposal and that Williams, for a fee, would encourage commissioners to approve the grant.

"These public officials just don't get it," federal prosecutor Tim DiScenza told jurors in closing arguments. "Even if you believe every word he said on the stand, he's still guilty. He still violated the law."

Public defender Doris Randle-Holt told the jury, "Extortion, bribery or just another conflict of interest? We submit the proof does not show a crime."

Williams resigned under pressure in January 2003 amid conflict-of-interest allegations for using his private temp service to do business with the county.

In an audiotape made a month later during lunch with Willis, Williams boasted of his influence with the county commissioners, saying he had advised Wilbun to agree to a demand by then-commissioner Michael Hooks Sr. to give his son -- Michael Hooks Jr. -- a $75,000 job at Juvenile Court in return for Hooks Sr.'s vote for the clerk's appointment.

Williams also said he helped get then-commissioner Walter Bailey's vote for Wilbun by creating a job for Bailey's secretary.

Reached Thursday evening for comment, Bailey said: "That's nonsense. That's pure unadulterated nonsense in terms of a swap. No tradeoff."

When DiScenza asked if a builder who later became a commissioner had saved Williams some $100,000 by building his Cordova home at cost, Williams replied, "I accepted it and I'm still trying to pay for it."

Queens Mover, Mother-in-law Charged In Thefts Of Picasso Drawings (NSDY/AP)

By Colleen Long, Associated Press Writer

Long Island Newsday, January 12, 2007

NEW YORK -- A mover and his mother-in-law were arrested Thursday in the thefts of two Pablo Picasso drawings from an apartment after the owner died.

The drawings, of a guitar and a mandolin, were worth more than $60,000 and were part of an extensive art collection owned by William Kingsland, who died in March, the city's Department of Investigation said.

The Manhattan public administrator's office, which handles the estates of dead people who have no wills or relatives, hired a consulting firm to sift through Kingsland's collection at his Upper East Side apartment. The consultant photographed the two

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black and white cubist sketches on April 26 and included them in a catalog of the collection shown to representatives of art galleries and auction houses for possible sale.

The mover, Nahum "Nino" Kohen, was hired in May to cart Kingsland's household furnishings and other items of lesser value to a warehouse for auction. The public administrator's office noticed the drawings were missing in June.

Investigators traced the stolen drawings to Kohen after learning that his mother-in-law, Ori Lellouch, later tried to sell them, the DOI said. The sale was never completed.

The FBI had been investigating works of art from the collection that had been stolen years earlier and learned that an art broker had obtained one of the missing drawings from Lellouch, the DOI said.

"Not only are these defendants charged with stealing from their own customers but from the dead," DOI Commissioner Rose Gill Hearn said in a statement. "Stealing on the job is not a fringe benefit."

Kohen, 38, of Fresh Meadows, Queens, was charged with second-degree grand larceny and second-degree criminal possession of stolen property. If convicted, he could face up to 15 years in prison. Lellouch, 56, of Kew Gardens Hills, Queens, was charged with criminal possession of stolen property and could face a year in prison if convicted.

Kohen's attorney said his client didn't steal the Picasso drawings, which were about 12 inches by 12 inches framed and have been recovered.

"Nahum Kohen is absolutely innocent of these charges, and we hope that this grave injustice can be undone as soon as possible," attorney Roger Stavis said.

Stavis said he didn't know who was representing his client's mother-in-law, and there was no home telephone listing for her.

Thieves Steal Two Picassos (NSDY)

By Zachary R. Dowdy, Newsday Staff Writer

Long Island Newsday, January 12, 2007

Officials: Man from Fresh Meadows and mom-in-law stole art worth $60K from collector after he died

The lure of two Pablo Picasso drawings was too great for a Fresh Meadows man and his mother-in-law, according to city officials, who said the pair stole the famous Spanish artist's drawings out of an art collector's home last year after he died.

Drawings of a mandolin and a guitar were removed last spring from William Kingsland's Upper East Side apartment allegedly by Nahum "Nino" Kohen, 38, a moving contractor, said Diane Struzzi, a spokeswoman for the Department of Investigation.

DOI Commissioner Rose Gill Hearn said that Kohen's mother-in-law, Ori Lellouch, 57, of Kew Gardens Hills, tried to sell the pieces, which were part of Kingsland's large collection.

The drawings, which are about 12 inches by 12 inches, are worth an estimated $60,000.

"Not only are these defendants charged with stealing from their own customers, but from the dead," Hearn said in a statement. "Stealing on the job is not a fringe benefit."

Kohen is charged with second-degree grand larceny and second-degree criminal possession of stolen property. He faces up to 15 years in prison.

Lellouch is charged with criminal possession of stolen property and faces up to a year in jail.

Neither Kohen nor Lellouch could be reached for comment.

The New York County Public Administrator hired a consulting firm to collect the valuable items of Kingsland's estate and assist with marketing them to galleries, auction houses and other potential purchasers.

Kohen was hired by the public administrator to transport items to a warehouse in lower Manhattan. But the drawings were discovered missing when officials compared the collection to a set of photographs that a consulting firm had made of each item in the collection, officials said.

DOI investigators found out from the Federal Bureau of Investigation that FBI agents learned in November that Lellouch had tried to sell the drawings through a broker. FBI agents recovered the drawings from Lellouch.

Arrests Made In Case Of Picasso Robbery (NYS)

By Gary Shapiro, Staff Reporter of the Sun

New York Sun, January 12, 2007

Call it the case of the purloined Picassos. A moving contractor, Nahum Kohen, and his mother-inlaw, Ori Lellouch, have been arrested on charges relating to the alleged theft of two Picasso drawings from the Upper East Side apartment of enigmatic collector William Kingsland.

The New York City Department of Investigation, which announced the arrests yesterday, began an investigation in June after it was told by the New York County public administrator that the drawings were missing from Kingsland's apartment and presumed stolen.

Mr. Kohen, a resident of Fresh Meadows, was charged with two class C felonies, grand larceny in the second degree and criminal possession of stolen property in the second degree. Ms. Lellouch, a resident of Kew Gardens Hills, was charged with a class A misdemeanor, criminal possession of stolen property. Mr. Kohen and Ms. Lellouch could not be reached by press time.

The commissioner of DOI, Rose Gill Hearn, told The New York Sun that the drawings would be held as evidence in the case. They are about 12 inches by 12 inches, and have a combined value of about $60,000.

The Picassos add another layer of intrigue to an estate already under investigation. The FBI has been seeking leads on stolen works found in the estate, including a bust by Giacometti, two Fairfield Porter paintings, and at least two works belonging to Harvard, including a John Singleton Copley.

"It's quite a tale," proprietor of Stair Galleries, Colin Stair, told the Sun. He recalled that by the time he visited Kingsland's "chock a block full" apartment this summer, authorities were already looking into the missing Picassos. Paintings lay six deep against the wall, he said, and this was after the apartment had been neatened and organized.

Kingsland, born Melvyn Kohn, died intestate last March.

The public administrator had hired a consultant to photograph Kingsland's estate to help market the works for sale. Ms. Hearn said that when an auction house subsequently inquired about the Picassos that had been photographed, "Lo and behold, they weren't there."

Ms. Hearn said Mr. Kohen was in Kingsland's apartment several times in May. As a subcontractor for Liberty Movers, Mr. Kohen was hired to move Kingsland's less valuable works to a warehouse where they would later be offered for sale at public auction.

FBI agents learned in November that a Manhattan-based art broker had attempted to sell one of the Picasso drawings to auction houses. The agents found that the broker had gotten the drawing from Ms. Lellouch, and subsequently retrieved both Picassos from her.

DOI investigators ascertained that Ms. Lellouch's adult daughter is married to Mr. Kohen. The office of the New York County district attorney, which is prosecuting the case, did not respond to the Sun by press time.

Mr. Stair said Kingsland definitely had a good eye. "He knew how to pick quality works, however he picked them."

Author Barnaby Conrad, who said Kingsland acted slightly annoyed that the 20th century had ever happened, said he was a bit surprised Kingsland had 20th-century art at all. "I sort of thought he would have stopped at the Luminists," 19th-century landscape painters, he said.

Picassos' Theft Contributes To Mystery Of Eccentric Collector's Art Trove (NYT)

By Thomas J. Lueck

The New York Times, January 12, 2007

When the colorful Manhattan gadfly known as William M. V. Kingsland died in March, leaving an unexpected trove of important art in his Upper East Side apartment, a mystifying art world caper began to unfold.

Much of the artwork, it turned out, was stolen.

In the latest twist, the authorities said yesterday that a moving contractor from Queens whom public officials had hired to help clean out that apartment had been charged with making off with two precious works: drawings by Pablo Picasso. The mover's mother-in-law has also been charged.

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"Not only are these defendants charged with stealing from their own customers, but from the dead," said Rose Gill Hearn, the chief of the city's Department of Investigation, which announced the arrests yesterday of Nahum Kohen, the mover, and Ori Lellouch, his mother-in-law.

Ms. Gill Hearn said the arrests were made after her office was told by the Office of the Public Administrator for Manhattan and the F.B.I. that the Picasso drawings were missing, and that one was being offered for sale to several auction houses. The drawings, worth an estimated $60,000, were not thought to have been in Mr. Kingsland's possession illegally.

Mr. Kohen, 38, of Fresh Meadows, was charged with taking the drawings, each about 12 inches square, of a guitar and of a mandolin. He will face up to 15 years in prison if convicted, the authorities said.

Ms. Lellouch, 56, of Kew Gardens Hills, who investigators said had tried to sell one of the drawings through a broker, is charged with possession of stolen property and could face one year in prison.

A lawyer for Mr. Kohen, Roger L. Stavis, said: "My client is absolutely innocent. There is no evidence against him whatsoever, and we hope that this grave injustice will be rectified immediately."

The authorities said they did not know who was representing Ms. Lellouch.

Although their lives seemed far removed from each other, the stories of the recently deceased and the newly arrested are bound in a web of intrigue.

Mr. Kingsland, who died without a will, had lived a life shrouded in mystery. His real name, unbeknownst to many of his Upper East Side acquaintances, was Melvyn Kohn. His age was unclear; he was perhaps 58 or 62.

Mr. Kohn was an occasional art dealer who seemed to have boundless knowledge of the buildings in his neighborhood and their residents, and he cultivated an aura of someone rooted in Upper East Side aristocracy. But he was a recluse who lived alone and welcomed few people into his unkempt, dusty one-bedroom apartment.

After Mr. Kohn died, the contents of that apartment came as a shock to those who thought they knew him. Among the trove of art, besides the two Picasso drawings, were works by Giacometti, John Singleton Copley, Odilon Redon, Kurt Schwitters and others.

The apartment was "chockablock with interesting treasures," said Colin Stair of the Stair Galleries in Hudson, N.Y., who was hired by the public administrator to sell some of the lesser works in the apartment, including many watercolor-on-ivory miniature portraits.

As it turned out, according to the F.B.I., many of the most important works had been stolen, although how Mr. Kohn obtained them remains unclear.

Ms. Gill Hearn said yesterday that the public administrator had hired a consulting firm to examine the collection and to help sell the most valuable items. The consultants photographed the two Picassos, which later disappeared.

When the public administrator informed Ms. Gill Hearn's investigators that the drawings could not be found, they compiled a list of everyone who had entered the apartment on East 72nd Street after the consultants took their photographs.

Mr. Kohen's name was on the list. Meanwhile, according to Ms. Gill Hearn, the F.B.I., which was investigating reports that other works in Mr. Kohn's apartment had previously been stolen, was tipped off that a Manhattan broker was trying to sell one of the missing Picassos, and that he had obtained the drawing from Ms. Lellouch.

The broker, whose identity was not disclosed, is not being charged and did not know that the drawing presented by Ms. Lellouch was stolen, said an official directly involved in the case who insisted on anonymity because the case remains under investigation.

"Stealing on the job is not a fringe benefit," Ms. Gill Hearn said in announcing the arrests yesterday. "Most realize that it could lead to jail and a criminal record."

3 Detained In Tenn. Couple's Killing (AP)

AP, January 12, 2007

KNOXVILLE, Tenn. - Three men were detained by police Thursday in the killing of a young man whose burned corpse was found dumped along railroad tracks and the slaying of his date, who was kept alive for days and raped, authorities said.

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Channon Christian, a 21-year-old University of Tennessee student, and Christopher Newsom, 23, may have been carjacked Saturday night, Chief Deputy U.S. Marshal Rich Knighten said.

Newsom had been shot to death, and his burned body was found Sunday, Knighten said.

Christian's kidnappers raped and assaulted her for days before killing her and dumping the body, Knighten said.

Authorities detained Letalvis Cobbins, 24, and his friend, George Thomas, after federal agents and Knox County officers raided a house 180 miles north in Lebanon, Ky.

Thomas was being questioned Thursday, while Cobbins faced federal charges of being a felon in possession of a weapon, Knighten said.

Cobbins was a "person of interest" in the deaths and he had a gun authorities believe may have been used in the crime, Knighten said.

Cobbins' brother, Lemaricus Davidson, 25, also was detained Thursday as a person of interest, Knoxville police spokesman Darrell DeBusk said.

Christian's body was found Tuesday in a house rented by Davidson, authorities said.

It wasn't immediately clear whether the three men had lawyers. A message left late Thursday with the Marshals Service office wasn't immediately returned.

Porn Studios Raided To Ensure Adult-only Casts (LAT)

By Claire Hoffman, Times Staff Writer

The Los Angeles Times, January 12, 2007

The FBI seeks records to make sure minors haven't been hired. The industry and public policy experts question the probes' effectiveness.

The Federal Bureau of Investigation has recently stepped up raids of porn studios in the San Fernando Valley, saying it wants to ensure that children are not being sexually exploited.

About a dozen porn production facilities in pornography hot spots such as Van Nuys and Chatsworth have been taken by surprise in the last three months by a barrage of federal agents at their doors.

The probes come on the heels of a May 2005 change in the regulations that require producers to take two forms of government-issued identification from performers and keep them on file indefinitely. Those records must be referred to on the labels of all videos and DVDs sold. Violations are federal felonies and can carry a prison sentence.

The Justice Department has prosecuted only one company to date under the new law, said Bryan Sierra, a spokesman for the department. In September, the founder of the "Girls Gone Wild" video empire, Joe Francis, pleaded guilty to two felonies, and his production company pleaded guilty to 10 additional felony counts.

Industry leaders doubt that the FBI will find many other violators. Jeffrey J. Douglas, a criminal defense attorney and the chairman of the Free Speech Coalition, an industry trade organization, estimates that there have been only about a dozen occurrences of minors working in the industry in the last 25 years.

Public policy experts wonder whether the raids are the best use of taxpayer money. "The FBI has limited what they investigate since 9/11, so moving into this area does raise the question of resources," said Athan G. Theoharis, a professor emeritus of history at Marquette University who has written extensively on the FBI. "Is this at the expense of investigating the Enrons or the WorldComs that have far more effect on the lives of American citizens?"

Theoharis said the crackdown on pornography hearkened back to the bureau's early days, when J. Edgar Hoover boosted the FBI's reputation with a high-profile campaign of prosecution against pornographers and prostitutes.

"It was sort of a PR move at the time to burnish their image and it reflected American sensitivities," he said.

The current crackdown may not unearth the biggest violators, according to industry executives. The worst offenders of child pornography, they say, are not the well-established producers the FBI has targeted but the underground, fly-by-night operations that by all accounts escape examination.

"Why would I jeopardize $10 million a year to shoot an underage girl?" said Kevin Beechum, owner of K-Beech Inc., a longtime producer and distributor of X-rated movies based in Chatsworth that was raided in December. "We're not stupid."

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Early one morning, computers in hand, the agents knocked on K-Beech's door, demanding to see government-issued identification certifying that the performers in 10 sexually explicit films dating to 1995 were not minors. The company was found to be in compliance.

The FBI would not comment on the scope of its probe or the facilities it has visited. But the agency takes issue with questions about the effectiveness of the raids.

"If their feeling is there's nothing to worry about, then complying with the inspections shouldn't be a problem," Sierra said.

He said to his knowledge the inspections had taken place only in California. He would not elaborate on whether any inspections had led to criminal investigations.

He said those instances had all been the result of fraud — fake identification presented by performers with the intention of deceiving producers.

"If you were so incredibly crazy to film a minor, you surely would not get a copy of their junior high school ID," Douglas said.

Although the public perception of porn producers often tends to be that of a wild and unseemly underworld, many of the Valley's X-rated entities are tightly run multimillion-dollar companies. Douglas said that complying with the rules had buried X-rated producers in paperwork. He said one of his clients employed a staff of eight who worked full time to maintain and organize federally required records.

The surprise visits from federal agents began in earnest after an October meeting between the FBI and the Free Speech Coalition, along with representatives from six of the Valley's largest porn companies — including mega-producers Vivid Entertainment, Larry Flynt Publications and Digital Playground, along with three porn industry lawyers, according to a person who was there who asked not to be named because the meeting was confidential.

The agents gave a slick presentation on what to expect, warning the producers that they would be visiting facilities at random, with a minimum of five agents, the person said. They were told that the inspectors would be equipped with images assembled by a group of agents who were reviewing tapes pulled from adult book and video stores, culling material in search of performers with a suspiciously youthful glow.

Steven Hirsch, founder of Vivid Entertainment, the world's largest adult entertainment company, said that large porn purveyors such as his had been militant about record keeping and age verification for years, dating to the scandal surrounding Traci Lords, a 15-year-old girl who lied about her age during the 1980s, shot dozens of porn films and rose to become a celebrated porn star before she turned 18.

After word of her real age leaked out, federal authorities cracked down on the industry and prosecuted production companies and others involved in her career — all of which denied any knowledge of her deception. Hirsch said the scandal cost the industry millions and put the fear in producers throughout the Valley.

"The FBI is being decent and fair about it," Hirsch said. "But I don't think it's an issue. There's plenty of girls of age who are willing to do this."

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False Property Appraisals Get Man 30 Months In Prison (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 12, 2007

A man who used his dead father's state license to do real estate appraisals that were sometimes inflated by more than 80 percent was sentenced yesterday to 30 months in prison.

The prosecutor in the case had asked Senior U.S. District Judge Alan N. Bloch to give Chester Underhill, 47, of Upper St. Clair, a stiffer penalty, claiming that the potential for loss in the case ranged into the tens of millions of dollars.

"Clearly, the incremental exposure to the financial institutions is enormous," said Assistant U.S. Attorney Brendan Conway. "The sentence ought to reflect the entire iceberg, and not just the tip."

But because the government only did thorough reviews of about 15 of the approximately 1,500 appraisals Mr. Underhill performed, the judge refused to grant the enhancement.

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"It's your burden to prove the loss," Judge Bloch said.

Mr. Conway estimated that it would have taken the FBI agent on the case two full years to review all the files.

"I didn't say it would be easy, but that's your burden," the judge responded.

Though the judge deferred the hearing on restitution until March, he said it appeared to be $562,696.75 -- a number Mr. Conway disputed.

He hoped to set the loss between $1 million and $2.5 million.

Mr. Underhill was initially indicted on six counts of mail fraud. He pleaded guilty to just one charge in July.

Defense attorney James J. Brink asked the judge to sentence Mr. Underhill to home confinement or a halfway house instead of prison.

"He's lost everything," he said. "He now lives with his mother."

Mr. Brink also claimed that Mr. Underhill is under psychological stress because of the criminal case.

Judge Bloch was in no mood for the sad story.

When Mr. Underhill's sister began her statement to the judge with: "Chester's a good man," Judge Bloch immediately cut her off.

"He's not such a good man, or he wouldn't have done what he did," he said.

Later, when Mr. Underhill spoke about the 3-year-old son he is raising, the judge again interrupted.

"You should have thought about your child before you did what you did," he said.

The recommended sentencing range for Mr. Underhill was 24 to 30 months in prison.

Mr. Conway called for a sentence of 37 to 46 months.

"People like Mr. Underhill have made it difficult for legitimate appraisers to do their job," he said.

Mr. Brink argued that his client didn't make any money from the appraisals -- though he was paid $300 each.

"Other people profited from the wrongdoings of Mr. Underhill," he said. "The people that made the money here aren't before the court."

Man Gets 30 Months For Bogus Appraisals (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, January 12, 2007

An Upper St. Clair man was sentenced to 30 months in federal prison for using his dead father's real estate appraisal license to perform inflated appraisals for three years.

Chester Underhill, 47, pleaded guilty in July to one count of mail fraud, related to sending the fraudulent appraisals through the U.S. Postal Service.

Prosecutors claim Underhill conducted more than 1,000 fraudulent appraisals from 2000 to 2003, many of them inflated by as much as 80 percent.

"Every single reappraisal he'd done turned out to be significantly inflated," FBI Special Agent Joseph Bieshelt testified.

Assistant U.S. Attorney Brendan Conway estimated that financial institutions could lose as much as $85 million because of Underhill's fraudulent appraisals. Banks lend money for home purchases based on appraisals, and lend more money than necessary when properties are over-appraised. Lenders stand to lose money if those properties go into foreclosure.

Conway hoped to convince Senior U.S. District Judge Alan N. Bloch that the potential loss faced by lenders was at least $1 million to $2.5 million, which would have increased the sentence to as much as 48 months in prison.

Bloch did not agree with the government's figure.

"That might be so if the government had proof of the loss," Bloch said, before determining the loss was about $560,000.

Defense attorney James J. Brink lobbied the judge for house arrest or time in a halfway house, so Underhill could help care for his 3-year-old son and his elderly mother.

"Mr. Underhill got none of that money," Brink said of the inflated appraisals he conducted for $300 each.

"He did profit by it," the judge retorted. "He provided a service he was not legally allowed to provide, and he got paid for it."

Bloch will determine the amount of restitution Underhill owes in March.

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

Pa. Man Sentenced To Prison For Fraudulent Property Appraisals (TLPA)

Times Leader (NE PA), January 12, 2007

PITTSBURGH - A man was sentenced Thursday to 2 1/2 years in a federal prison for working as an unlicensed real estate appraiser.

Senior U.S. District Judge Alan Bloch also sentenced Chester Underhill, 47, of McDonald, to three years' probation. Underhill pleaded guilty in July to one count of mail fraud.

Prosecutors accused Underhill of using his late father's license number to perform more than 1,000 appraisals for five years at the request of mortgage brokers.

Lenders relied on these appraisals in lending money, prosecutors said.

Investigators confiscated 30 boxes containing about 50 appraisals each from Underhill's home and business, FBI Special Agent Joseph Bieshelt testified Thursday.

He said Underhill "significantly overappraised" properties.

The court had calculated the loss at $562,000, but prosecutor Brendan Conway said the losses were between $1 million and $2.5 million.

Investigators had not contacted every single financial institution involved in the case to see if any properties had foreclosed because that would take too long, Conway said.

"I didn't say it would be easy, but that's your burden," Bloch said. "I'm not going to depart (from the sentencing guidelines) that there might be losses in the future."

Brink and Underhill's mother and sister urged Bloch to sentence Underhill to house arrest and probation.

"Mr. Underhill got none of that money," Brink said. "Other people profited from the wrongdoings of Mr. Underhill."

Underhill was paid $300 per appraisal, Brink said.

Brink also said Underhill was trying to gain custody of his 3-year-old son and living with his mother.

"He's lost everything," Brink said. "At this point, he has no prospects of doing property appraisals. He's done."

"Well, he shouldn't be doing appraisals," Bloch replied.

A hearing to determine restitution was scheduled for March 29.

Jury Hears Kopp Saying He Killed Slepian (BUFFNEWS)

By Michael Beebe, News Staff Reporter

Buffalo News, January 11, 2007

A day after they heard James C. Kopp apologize to the widow of the man he is accused of killing, federal court jurors heard Kopp's own words Wednesday that he shot Dr. Barnett A. Slepian.

Philip Sterlace, a stenographer in U.S. District Court, read back selected portions of a statement that Kopp made after his March 19, 2003, conviction in Erie County Court for the murder of Slepian.

" "On Oct. 23, judge, in 1998 late at night, I shot Dr. Slepian,' " Sterlace read aloud from the transcript of Kopp's statement.

The jury was not told why Kopp was addressing a judge in that statement, just as they were not told that Kopp was earlier convicted of murder.

Sterlace's testimony, combined with today's subpoenaed testimony of Buffalo News reporter Dan Herbeck, who will be asked about Kopp's more detailed November 2002 confession to The News, should remove any mystery in jurors' minds about whether Kopp shot Slepian.

"The only issue left is why he did what he did," Kopp's standby counsel, John F. Humann, said outside the courtroom Wednesday.

Once Sterlace finished his direct testimony, Kopp, representing himself, tried to show why he shot Slepian.

But as Kopp asked Sterlace during cross-examination to read parts of his County Court statement in which Kopp said he was trying to protect the unborn from abortion, Assistant U.S. Attorney Kathleen M. Mehltretter objected.

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Judge Richard J. Arcara, who earlier had ruled that part of Kopp's statement inadmissible, told Kopp to move on to another subject.

Finally, after Kopp's third attempt to have Sterlace read the prohibited testimony, and the third sustained objection from the prosecution, Arcara excused the jury from the courtroom.

Rather than scolding Kopp for repeatedly going where he had been told not to, Arcara told Kopp to put on the record what he what was trying to do.

"I object. There is no context to the statement," Kopp said of the prosecution's reading selected portions. "This case is about intent. Everything I've done is to protect the life of a child."

As Kopp continued to thumb through the statement and pick out other things he wanted to say, Arcara reminded him that what he was saying was irrelevant.

"Irrelevant?" a slight, bearded man dressed in a suit and running shoes shouted out from the courtroom audience, two rows behind the Slepian family.

"Judge, what are they irrelevant to?" the man shouted as marshals escorted him out of the courtroom and the federal courthouse.

Anti-abortion supporters of Kopp, who are attending the trial, said they did not know the man.

Kopp, already sentenced to 25 years to life in prison on the state murder conviction, faces a life sentence if convicted of the federal charges: interfering with reproductive services and using a firearm to commit a crime of violence.

The trial, once expected to last three weeks, is moving much more quickly, mainly because Kopp rarely questions a witness and has not objected to the introduction of any of the physical evidence collected against him.

At times, Kopp tries to make the prosecution's job easier.

He simply stood at the defense table as retired Amherst police Detective Lt. Donald Wright testified Wednesday about the search of the woods behind Slepian's home April 8, 1999, a search that led to the discovery of the murder weapon, a Soviet-made SKS assault rifle.

"I will concede they found a gun in the hole, if that would help anything," Kopp told Arcara.

Mehltretter, just as she did when Kopp agreed earlier to stipulate to the testimony of Lynne Slepian about her husband's death, declined the stipulation and continued questioning Wright.

Amherst detectives, FBI agents and Erie County ballistics experts are being called to testify about three key areas in the rear of what was then the Slepians' home in East Amherst.

They testified about finding what they've termed the "hat hole" - a shallow trench containing a green baseball hat, a pair of binoculars, an empty rifle cartridge box, earplugs, a flashlight, a wristwatch and other items tied to Kopp - and the gun hole, containing the SKS rifle.

They used laser sighting devices to find the tree where Kopp said he stood and fired the single shot that killed Slepian.

Wright, the retired detective, said that after the "hat hole" was found in the aftermath of the Slepian shooting, a team of 15 to 20 officers returned to the woods in spring, after the winter snows had melted.

Using metal detectors, police discovered another trench containing the assault rifle inside a cardboard box, Wright said.

In Kopp's County Court statement, he described at length how he designed a vinyl holster for the weapon, so he could leave it there in between the evenings he was scouting the Slepian home from the woods.

"It was not just to avoid frightening people," he said about not wanting to walk through the Slepian neighborhood with the rifle. "It was to avoid getting caught."

Mob Figure Sentenced To Five Years In Prison For Extortion (PROJO)

By W. Zachary Malinowski, Journal Staff Writer

The Providence Journal, January 12, 2007

PROVIDENCE — Anthony M. “The Saint” St. Laurent Sr., an ailing capo regime in the Patriarca crime family, was sentenced to nearly five years in federal prison yesterday for conspiring to extort $100,000 from two Massachusetts men.

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U.S. District Judge William E. Smith said that he was sympathetic to the mobster's medical woes, but he was clearly disturbed that he has 17 convictions and a criminal history dating to 1961.

Smith said that St. Laurent's life of crime trumped his failing health. "The problem is, nothing seems to get through to you that you have to stop doing this type of thing," he said. "You intend to keep doing what you have been doing for as long as you live."

St. Laurent, 65, who was brought to court handcuffed and in a wheelchair, addressed the court before the sentence was imposed. In a rambling address that lasted about 10 minutes, St. Laurent railed against the poor health care he has received in the federal prison system. He said he spent six days in a hospital intensive care unit after officials at the federal prison in Fort Devens, Mass., failed to take care of a kidney stone. Another time, he said, he had excruciating stomach pain for years, but prison officials refused to do anything. St. Laurent, who at one time took as many as 40 enemas a day, said, that upon his release from prison, a Rhode Island doctor performed bowel surgery and "took cement out of my rectum."

"It's not right," St. Laurent said. "They don't take care of you. I've been there your honor, I know."

At one point, St. Laurent's lawyer, John F. Cicilline, wanted his client to finish up. He leaned over to St. Laurent and said, "I'm the lawyer. You're the gangster."

St. Laurent, of 2 Rotary Drive in Johnston, pleaded guilty in July to the extortion conspiracy charge. Federal prosecutors said that had the case gone to trial, the government could prove that in April 2006, St. Laurent directed Ricky Silva, of North Providence, and James Manning, of Cranston, to collect $100,000 from a pizza parlor owner and a bookmaker/drug dealer. And, if they did not pay, they were instructed to "bash" the victims.

On April 6, Silva, Manning and an unnamed FBI informant traveled to Massachusetts to search for the intended victims. Once there, they teamed up with Lawrence Crites, of Taunton, Mass., who was supposed to help them find the extortion targets.

The informant wore a hidden microphone and recorded conversations involving St. Laurent, Silva, Manning and Crites.

The FBI, Rhode Island State Police and Providence police arrested St. Laurent the next day.

Silva, Manning and Crites were charged with extortion last week.

In seeking a lesser sentence yesterday, Cicilline told the court that St. Laurent's "illness is extraordinary." He also said that in April 2001, St. Laurent may have saved the life of a corrections officer. At the time, St. Laurent was serving another federal prison sentence for extortion when two inmates were engaged in a fight with weapons in a room at the prison. Cicilline said that St. Laurent stopped a female guard from entering the room — possibly saving her from a fatal encounter or serious injury.

"She could have been one dead correctional officer," Cicilline said.

Assistant U.S. Attorney James H. Leavey said that St. Laurent's actions were "laudable … but it is not grounds," for a lesser sentence.

In the spectator section of the courtroom, St. Laurent's daughter sobbed uncontrollably. She sat next to her mother, Dot, and in front of her brother, Anthony M. St. Laurent Jr., also a convicted felon.

Ex-Cleveland Clinic Employee Pleads Guity To Stealing Patient Information (NAPLESDN)

By Liz Freeman

Naples Daily News, January 12, 2007

Naples co-defendant set for trial later this month

One of two people charged with stealing the personal and medical information of 1,130 patients at Cleveland Clinic Naples pleaded guilty Thursday and will be sentenced April 27, according to the U.S. Attorney's Office in Miami.

Isis Machado, 23, of Miami Lakes, entered the guilty plea before U.S. District Court Judge James Cohn in Fort Lauderdale on one count of conspiracy to commit computer fraud, identify theft and wrongful disclosure of individual health information. She faces a maximum penalty of five years in prison and a $250,000 fine and could be ordered to pay restitution, according to federal authorities.

A second defendant, Naples resident Fernando Ferrer Jr., 29, a registered owner of Advanced Medical Claims in Naples, is scheduled to stand trial Jan. 22 before Cohn in Fort Lauderdale.

Machado and Ferrer were indicted in September on a charge of conspiracy to commit health-care fraud and faced five more counts of aggravated identify theft, potentially carrying a maximum of 25 years in prison and $500,000 in fines.

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Ferrer and Machado became the first individuals in South Florida to be prosecuted for violating the federal law protecting patients' privacy rights. Federal prosecutors filed a motion in October to protect evidence, four computer disks that contain personal and patient information, as confidential in the event the case goes to trial.

Machado was a front desk office coordinator at Cleveland Clinic in Weston from May 23, 2005, to June 26, 2006, and had authorized access to the hospital's computerized patient files. She copied Medicare numbers and personal information of 1,130 Naples patients and sold the information to Ferrer, her cousin, for $5 to $10 for each patient's information, according to federal authorities.

Ferrer used the Medicare numbers to bill medical providers in Miami for services that were not rendered, resulting in $7 million fraudulently billed to Medicare, federal investigators say.

According to Cleveland Clinic officials, a co-worker learned of what Machado was doing on June 26, 2006, and told supervisors. Hospital officials reported the events to federal authorities. Machado was fired.

Cleveland Clinic Naples was sold to Naples-based Health Management Associates effective May 1, 2006. The indictment said HMA used the same computer system for a time and so Machado had access to the Naples information after the hospital was renamed Physicians Regional Medical Center. HMA officials said they changed the computer system and that Machado did not have access to patient information after the ownership change.

Following the indictment, Cleveland Clinic officials in Cleveland, Ohio, wrote the 1,130 Naples patients informing them of what happened and established a toll-free number for help with credit monitoring. Within days, more than 500 patients called.

A total of 831 calls from Naples patients were logged, said Eileen Sheil, spokeswoman for Cleveland Clinic in Ohio. The theft of patient information seems to have focused on false billings to Medicare and not on selling Social Security numbers or other personal information, Sheil said.

"So far it's been solely a Medicare billing issue, and some of the patients' secondary insurers were billed," Sheil said.

Hospital Receptionist Pleads Guilty To Fraud Charges (MH)

By John Dorschner

The Miami Herald, January 12, 2007

Isis Machado, a front desk receptionist at the Cleveland Clinic in Weston pleaded guilty today to conspiracy to commit computer fraud, conspiracy to commit identity theft and conspiracy to wrongfully disclose patients' health information.

Machado had been accused of improperly obtaining Medicare information about Cleveland Clinic patients in Naples, and selling that information to her cousin, co-defendant Fernando Ferrer of Naples for $5 to $10 each. Machado improperly obtained the patient information of approximately 1,130 patients, prosecutors charged.

The investigation revealed that many of the Medicare numbers that Machado obtained were later used by providers to fraudulently bill Medicare for $7 million in services not rendered and equipment not supplied.

For more information, go to the Miami Herald healthcare fraud blog.

Apartment Is A Real Steal (NYDN)

By Jordan Lite, Daily News Staff Writer

New York Daily News, January 12, 2007

The phone calls kept coming, all from people interested in renting her upper West Side apartment.

The only problem: Beth Ann Bovino wasn't renting it out.

She discovered that someone pretending to be her had placed a real-estate ad on Craigslist using her name, address and even an accurate picture of her brownstone.

The too-good-to-be true ad asked for $1,500 for the one bedroom with a fireplace - utilities included.

So the real Beth Ann Bovino responded to the ad, hoping to put an end to the sham.

"I probably should have gone straight to the cops but I thought I would be Nancy Drew," said Bovino, 41, an economist at Standard & Poor's. "That didn't quite work out."

Communicating via e-mail, Bovino was told she could get the keys as soon as she fronted the first month's rent.

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When she asked to speak to "Beth," she got a written reply: "I would love to speak with you by phone but I can't because I'm a deaf-mute person and I am teaching in CA for a deaf-mute school."

She alerted Craigslist to the fraudulent ad, and it was taken down. But each time the posting was removed, a new one, slightly reworded, would go back up.

"After they started stopping by my apartment, I got more nervous - this isn't a joke anymore," Bovino said.

She ultimately reported the scam to the FBI's Internet Crime Complaint Center, a clearinghouse for the rising number of Internet fraud complaints.

In 2005, the center received 231,493 complaints, up 11.6% from the year before.

The center hasn't cracked Bovino's case yet, said FBI spokesman Paul Bresson, but he added that Bovino wasn't a bad amateur detective.

Before the scammer stole her identity, Bovino had put her apartment up for sale. She correctly suspected that the con artist exploited that real ad to create the fake rental classified. It's an example of Net scammers' growing sophistication, Bresson said.

"They saw it as an opportunity to perpetrate a crime using real information as opposed to fabricated information, and the real information helps legitimize their crime," he said.

In the meantime, Bovino has gotten 30 calls and unexpected visits from eager New Yorkers hoping to land her apartment.

A spokeswoman for Craigslist founder Craig Newmark didn't respond to requests for comment. But at a meeting in New York earlier yesterday, Newmark said he's working with government officials "to help go after the bad guys."

Bovino is still hearing from people interested in the apartment, even though she's since sold it. And like a true New Yorker, she's wondering whether she got the best possible deal: The scammer is "renting" her old place again.

"They're having bargainbasement sales. Last week, I think it was $1,000. That's why I thought, 'Why don't I apply?'" she joked.

With Michael Saul

Former Ark. Trooper Sentenced On Child Porn Charges (AP)

AP, January 12, 2007

BENTONVILLE, Ark. - A retired Arkansas State Police trooper has pleaded guilty in Bentonville to child porn charges and was sentenced to five years in prison.

Joe Hutchens, 60, of Bella Vista, who is also a former bailiff, must additionally register as a sex offender.

Hutchens told Circuit Judge Tom Keith on Wednesday that he felt "humbled, embarrassed and ashamed."

Hutchens retired in May 2004 after working 28 years as a state trooper. Most recently, Hutchens was the bailiff for Circuit Judge David Clinger in Benton County.

Hutchens was caught by an FBI unit that targeted crimes against children.

"I apologize to this court, Division Two court, and the men and women in law enforcement that I served with for over 35 years," said Hutchens, who was a bailiff in Division Two.

His wife and two daughters were present for Wednesday's sentencing.

While working for Circuit Judge David Clinger, Hutchens used an Internet profile, "dadsluv2002," and listed his favorite quote as "Everything I enjoy is illegal, immoral or fattening," authorities said.

Investigators seized a county-owned computer from Hutchens' office as well as his home computer. They found more than 100 sexually explicit photos involving children, most prepubescent. He was arrested Sept. 7, 2005, and was free on a $10,000 bond. He is free on his own recognizance pending space opening for him in the state prison system, by Keith's order.

Hutchens will first be eligible for parole after 10 months.

Keith said he believes Hutchens can change his behavior.

"I know this is an aberration. I am satisfied he will again be the man we always knew him to be," Keith said.

Man Pleads Guilty To Assaulting Girl He Met On MySpace.com (AP)

AP, January 12, 2007

DOJ_NMG_0115787

BRIDGEPORT, Conn. -- A Pennsylvania man pleaded guilty Thursday to traveling across state lines to have sexual contact with a 14-year-old Connecticut girl he met through the social networking site MySpace.com.

Stephen M. Letavec, 40, of Elrama, Pa., was charged last year in one of the first federal sex cases involving the popular site.

Letavec, a volunteer firefighter, was accused of molesting an Oxford girl in his car. The FBI said Letavec made several visits to see the girl from the summer of 2005 and early last year.

"I showed you what love is and how it feels," Letavec wrote in an e-mail found in the girl's school locker, according to an FBI report. "I want to show you how making love feels too, not just sex because there is a difference."

The girl signed onto MySpace as an 18-year-old, but told Letavec she was 14 before he visited, the FBI said.

He pleaded guilty in U.S. District Court in Bridgeport to one count of using the Internet to persuade a minor to engage in sexual activity and one count of traveling in interstate commerce for the purpose of attempting to have and having illicit sexual conduct with a minor.

U.S. District Judge Stefan R. Underhill scheduled sentencing for April 9. Letavec faces a mandatory minimum term of imprisonment of five years, a maximum term of 60 years and a fine of up to $500,000, U.S. Attorney Kevin O'Connor said.

MySpace, a division of NewsCorp., offers a free way for users to meet any of more than 60 million members. The site prohibits minors 13 and under from joining, discourages users from posting personal information and provides special protections for those 14 and 15.

While Internet safety advocates have said the site has a good reputation for working to prevent illegal activity, they say children often lie about their age to get around those restrictions. Many profiles include suggestive photographs and lots of personal information.

MySpace.com was planning new restrictions on how adults may contact its younger users in response to growing concerns about the safety of teenagers who frequent the site.

Ex-Prosecutor Is Accused Of Running Escort Service (LAW)

By Daniel Wise, New York Law Journal

New York Law Journal, January 12, 2007

A criminal defense lawyer who worked as a federal and state prosecutor in New Jersey has been indicted for running a Manhattan-based escort service, Manhattan District Attorney Robert M. Morgenthau announced Wednesday.

The lawyer, Paul Bergrin, who has defended soldiers charged with committing abuses while in Iraq, was arraigned Wednesday on a fugitive warrant in Newark, N.J., and bail was set at $500,000.

No plea to the charges was entered, but Bergrin, 51, declined to waive extradition at the proceeding. John Tiffany, who represented Bergrin, said he expected his client to voluntarily surrender and contest the charges in New York.

Tiffany, a solo practitioner in Newark, N.J., said he had not seen the indictment and could not comment on the substance of the charges. But he described Bergrin, with whom he had handled many cases, as "about as stand-up a guy as you could get."

Also named in a pair of indictments involving the NY Confidential escort agency were James Cortopassi, who had worked as a law clerk at Bergrin's four-lawyer criminal defense firm in Newark, and Hiram Ortiz, a former New Jersey state trooper. Bail for Ortiz was also set at $500,000.

Cortopassi, who is a second-year student at Michigan State Law School, is expected to surrender voluntarily, Morgenthau said at a press conference Wednesday.

If convicted of the top count in the two indictments, first-degree money laundering, Bergrin and Cortopassi would face a maximum sentence of 8 1/3 to 25 years in prison.

Only Bergrin and Cortopassi were accused of the most serious charges, having an ownership interest in NY Confidential.

The indictment accused them of involvement with the agency for six months in the latter part of 2004, a period during which prosecutors said the company took in $1.2 million worth of business.

But in January 2005, Jason Itzler, who had been the service's manager, was arrested. He subsequently pleaded guilty to money laundering and promoting prostitution, and was expected to be sentenced to 1 1/2 to 3 years during an appearance Thursday in Manhattan Supreme Court.

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A second indictment alleges that Bergrin, Cortopassi, Oritz and a former escort continued to operate the business for another three months, from Jan. 12, 2005, to March 2, 2005.

During that time, the agency charged $1,000 an hour for its escorts' time, but apparently did not fare well.

In January 2005, Bergrin filed incorporation papers for the service, listing himself as the person upon whom process could be served, but on March 2, 2005, he filed dissolution papers, prosecutors said.

Bergrin initially represented Itzler after his arrest. The indictment accuses Bergrin of falsely stating during Itzler's arraignment that Itzler had been working in his law office 12 to 14 hours a day for months.

ADDITIONAL CHARGES

Prosecutors also accuse Bergrin of misconduct as a lawyer for lying to the New Jersey Parole Board in an effort to relax restrictions on Itzler so he could manage the escort service at night.

Before Itzler was arrested in connection with the escort service, he had been on parole after pleading guilty to smuggling ecstasy into Newark Liberty International Airport. To get more lenient treatment, prosecutors said, Bergrin told the parole board that Itzler had worked for him as a paralegal in a case involving a soldier who was being prosecuted for his conduct at the Abu Ghraib prison in Iraq. Bergrin submitted false paychecks to substantiate the claim, according to prosecutors.

In addition to having a partial ownership interest in NY Confidential, Bergrin and his friends used the services of prostitutes working for the agency without paying for them. Instead, the costs were covered by the company, prosecutors said.

Bergrin has a law practice consisting of 300 to 500 clients, said his lawyer, Tiffany. He made four trips to Iraq to defend soldiers, Tiffany added.

Among his military clients were Sergeant Javal Davis, who was accused of committing abuses at Abu Ghraib, the case prosecutors said involved the false claim regarding Itzler to the New Jersey Parole Board. He also represents a soldier accused of criminally negligent homicide and dereliction of duty as a tank commander assigned to Mosul, Iraq.

He is also representing Private First Class Corey Claggett, who is accused with other soldiers of staging an escape of three unarmed detainees in Iraq and killing them as they supposedly fled.

According to his Web site, Bergrin was born in Brooklyn and graduated from Brooklyn College. He received his law degree from the Nova University Law School in Fort Lauderdale, Fla., and served two tours in the Army.

He worked in the office of the Essex County Prosecutor and the Office of the U.S. Attorney for the District of New Jersey. He was a partner at Pope, Bergrin & Verdesco from 1990 to 2005, when he established the Law Office of Paul W. Bergrin in Newark.

CIVIL LAW:

Jackson Psychiatrist Pays $216,000 To Settle Fraud Case (BSH)

Biloxi Sun Herald, January 12, 2007

JACKSON - A Jackson psychiatrist has agreed to pay $216,000 to settle allegations of Medicare and Medicaid fraud.

The U.S. Attorney's Office said Dr. Viacin Faeza Jones misused billing codes and billed Medicare and Medicaid for excessive numbers of patients. The Justice Department said Jones billed for treating up to 116 patients in a single day and was paid $30 to $125 for each claim.

"If a health care provider raids public funds through fraudulent or reckless Medicare billing practices, then he or she needs to be prepared to face the consequences," said U.S. Attorney Dunn Lampton.

The $216,000 is repayment for the wrongfully obtained funds, plus penalties of more than $100,000.

CIVIL RIGHTS:

State To Appeal Chastang Ruling (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), January 12, 2007

DOJ_NMG_0115789

State officials said Wednesday they will appeal to the U.S. attorney general to keep Republican Juan Chastang on the Mobile County Commission.

Meanwhile, Democrats filed a motion Wednesday in federal court in Montgomery requesting Chastang's seat be declared vacant and a special election set to fill it.

The developments mean that Chastang will retain his seat for the time being after the U.S. Department of Justice on Monday decided that his appointment to the County Commission was legally unenforceable.

In November 2005, Republican Gov. Bob Riley appointed Chastang, who is black, to represent District 1, a majority-black district that has historically elected Democrats.

Chastang filled the vacancy that was created when Sam Jones was elected mayor of Mobile.

Shortly afterward, local Democrats sued to try to oust Chastang and fill the seat by a special election. A panel of federal judges in Montgomery ruled in August that the question was up to the Justice Department, which sided with the plaintiffs Monday.

On Wednesday, attorneys for the three local Democrats who sued -- state Reps. Yvonne Kennedy, James Buskey and Bill Clark -- filed a motion asking the judges to order Mobile County Probate Judge Don Davis to call a special election for Chastang's seat.

The motion states that Chastang would continue to serve until a replacement is elected.

A ruling on that motion might have to wait until the state appeals the Justice Department's ruling. Alabama Attorney General Troy King said Wednesday that he will appeal directly to the Justice Department's top official, U.S. Attorney General Alberto Gonzalez.

"We think the attorney general is a reasonable man," King said "There's a reasonable likelihood he'll see the issue like we do."

Cecil Gardner, the attorney who filed the lawsuit on behalf of the Democrats, said he thinks the chances of the Justice Department's decision being overturned are "very slim."

The Justice Department objected to Chastang's nomination on the grounds that it violated the Voting Rights Act, under which several states, including Alabama, must get the Justice Department to pre-clear any changes in election procedures to protect minority voters.

In 1985, the Justice Department pre-cleared a state law that called for vacancies on the Mobile County Commission to be filled by special election.

The Alabama Supreme Court ruled that law unconstitutional in 1988, saying it conflicted with a general law calling for vacancies to be filled by gubernatorial appointment.

But the change back to gubernatorial appointments was never pre-cleared by the Justice Department.

King said he wants to meet with Gonzalez to argue that even though the 1985 law was the last one cleared by the Justice Department, the state could not have followed it because it was ruled unconstitutional.

"Justice has to give some deference to the state constitution and state law," King said.

He also pointed out that the ruling did not take into consideration that Chastang is black. "It's hard to understand how the appointment of a minority has a negative impact on minorities," he said.

King said Wednesday that he hopes to meet with Gonzalez alone. Plaintiffs attorneys will be able to respond after that meeting, Gardner said.

If King cannot persuade Gonzalez to change the department's decision, the state can still appeal to the U.S. District Court for the District of Columbia.

Gardner said he will ask the federal judges in Montgomery to rule on his motion calling for a special election as soon as possible, perhaps even before the state's appeal process is finished.

If a special election is called, Chastang has said he will run for the seat.

Brad Warren, the chairman of the Mobile County Democratic Executive Committee, said no Democrats have told him they are interested in the seat but that he is actively searching for candidates. "That's a Democratic seat," he said. "It belongs to the Democrats, and we certainly plan on taking it back."

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Legislator Asks Probe Of Gunfire At House (BRADV)

Baton Rouge Advocate, January 12, 2007

GREENWOOD — State Rep. Roy Burrell, worried that other public officials may be the targets of violence, has asked State Police to help investigate the recent gunfire at the home of the town's first black mayor.

Burrell's request came one day after the president of the Louisiana State Conference of the NAACP asked the U.S. Justice Department to investigate the Greenwood shooting and an incident in Westlake.

Burrell, D-Shreveport, made the request of Col. Henry Whitehorn, the head of the State Police, in a letter this week. Two shots were fired at Mayor Ernest Lampkins' home Monday while he, his wife and daughter were sleeping. No one was hurt.

"I am deeply and gravely concerned about the incidents of violence which have recently occurred in our great state," Burrell wrote. He mentioned, as examples, the shooting of Lampkins' house and the "unusual circumstances" surrounding the death of the incoming mayor of Westlake, Gerald Washington.

Washington, who was to become the first black mayor of the predominantly white Westlake community, was found dead Dec. 30, with a gunshot wound to the chest.

His death was ruled a suicide, but family members have asked State Police to investigate further.

The Greenwood shooting wasn't the first incident targeted at Lampkins' house. In December, he found a "for sale" sign in his front yard.

Earlier this week, the Shreveport chapter of the National Association for the Advancement of Colored People asked the FBI to investigate the incident at Lampkins' home.

On Wednesday, NAACP State President Ernest L. Johnson asked the Justice Department to investigate incidents in Greenwood and Westlake.

Johnson said in a news release that he has been conferring with NAACP leaders from various parishes.

In making his request, Johnson said: "It appears that these incidents are on the rise either because of copy cat or some other reason. The more I think about these matters I am inclined to believe that these situations could be viewed as voter intimidation after the elections are over.

"From the telephone calls we have been receiving at the Louisiana State NAACP Office it is apparent that black voters are alarmed over these incidents.

"In other words, there are no incidents of this nature involving white mayors. African-American mayors and their families are voters and obviously are being intimidated. These incidents are very similar to the intimidation created by church burnings."

Johnson's news release also said that Bruce Gordon, president and CEO of the NAACP, is asking U.S. Attorney General Alberto Gonzales to expedite the requests.

Johnson also questioned why local governments have not set up reward funds for information leading to the arrests and conviction of the individuals involved.

D.C. Will Investigate Patient's Death (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 11, 2007

Man Restrained After Altercation

A senior adviser to the mayor said yesterday that the District is examining how a 39-year-old mental patient died after an altercation at the city-run St. Elizabeths Hospital.

Peter J. Nickles, the mayor's general counsel, said the psychiatric hospital's new chief, Patrick Canavan, is leading an investigation by hospital administrators into the events Tuesday afternoon.

The man became unresponsive after staff members tried to restrain him following a "dangerous altercation," according to a statement by the D.C. Department of Mental Health, which runs the Southeast Washington hospital. The statement said the man was pronounced dead at Greater Southeast Community Hospital after being brought by ambulance.

Mental health officials did not identify the man, citing privacy concerns.

The city will be open about the findings of its probe, Nickles said.

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"There's going to be complete transparency about this," said Nickles, who before joining the administration of new Mayor Adrian M. Fenty (D) spent much of his career suing the D.C. government for the failings of many of its human services agencies, including the city's metal health agency.

The Department of Mental Health has begun an investigation as well, led by its Office of Accountability, said a spokeswoman, Linda Grant, in the statement released hours after the man died.

Grant said yesterday that the department had little additional information to provide about the circumstances of the altercation. Nickles said the District will provide facts as investigators learn them but will not engage in speculation about the death.

Whatever happened, Nickles said, he is troubled by another death at a hospital with a record of poor care, inadequate staffing and lax management.

"These things happen, but they've happened too often at St. Elizabeths," Nickles said.

A civil rights investigation by the Justice Department found the quality of care and supervision at the hospital lacking, and in a report released last year, the department demanded that the city take significant steps to improve operations at St. Elizabeths. The investigation was prompted, in part, by the deaths of two patients attacked by other patients in 2004 and three patients whose care was compromised in 2005.

Lawyers from the legal services organization responsible for advocating on behalf of patients at St. Elizabeths have sued the District, claiming that many patients do not receive proper treatment and live in abysmal conditions.

Yesterday, after learning of the latest incident, lawyers from the organization went to St. Elizabeths to begin an inquiry.

Mary Nell Clark, managing director of University Legal Services, said she learned that the trouble occurred in what is known as the treatment mall, a common area where patients are bought for classes and other therapeutic activities.

The man who died was restrained facedown, Clark said. She contended that should not have happened. "Prone restraint is very dangerous, for obvious reasons," Clark said.

The D.C. medical examiner's office has been asked to conduct an autopsy, but the chief of staff for the office did not return a call seeking information about the results of the examination.

Clark said she did not know what led the staff to restrain the man. And what preceded that is fuzzy as well, she said. Some patients were arguing in the treatment mall shortly before the incident, she was told. But by the time of the altercation, the room was cleared of patients except for the one who died, Clark said.

LAPD Chief Would Open Meetings To Public (LAT)

By Patrick Mcgreevy

The Los Angeles Times, January 12, 2007

Los Angeles Police Chief William J. Bratton said today he would support changing the City Charter and state law to ensure that police disciplinary board meetings and some records are reopened to the public, complaining that he feels "muzzled" by current privacy law.

A day after his department came under criticism for holding a Board of Rights hearing in secret to clear the officer who fatally shot 13-year-old Devin Brown, the chief likened the process to a "star chamber" in which the public is deprived of information important to holding the police accountable.

On Tuesday, The Times revealed that an LAPD board had secretly cleared Officer Steven Garcia in the Brown case after the Police Commission had held the shooting to be out of policy.

"I am in support of change," Bratton said. "I am very frustrated by [the current process]. The public has no access to it. The media has no access to it. That's crazy, absolutely crazy. We have nothing to hide in the Los Angeles Police Department."

Although disciplinary hearings have historically been open in Los Angeles, police officials changed LAPD policy late last year in response to a state Supreme Court ruling that restricted access to law enforcement personnel records in a San Diego case.

Last year, the Police Commission also changed a decades-old policy and began issuing public reports without the names of officers involved in shootings. At that time, state Sen. Gloria Romero (D-Los Angeles) offered to sponsor legislation to ensure

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that names would not be struck from public police records if commission members had concerns about potential court restrictions.

Bratton said that he plans to meet with Romero on Friday and offer his support for a change in state law. State lawmakers could amend the Police Officers Bill of Rights to loosen restrictions on records. At the same time, an amendment to the City Charter could expand the role of the civilian Police Commission in the process for disciplining officers, the chief said.

"The political leadership in this community needs to focus on meaningful change," Bratton said. "They have been spinning their wheels for 30 years out here. What they need to do is focus on charter change, state law change."

Bratton said the LAPD has a thorough and fair disciplinary process. "However, oftentimes it leads to great frustration, and particularly now with the craziness of us not being able to talk about, with any specificity, what went on, we effectively have a star chamber here in Los Angeles."

Speaking to reporters at the Federal Building in downtown Los Angeles after a news conference on human trafficking, Bratton said he is "frustrated" that the process is interfering with efforts to improve police-community relations.

"We are quite proud of the investigative capabilities of the department, and the more that we show those off, the better the public would have an understanding of what we do," he said. "I come from the East Coast, where by and large I could have a lot more freedom to talk about what we are doing. Out here I feel like I am running around with a muzzle on all the time."

Yet, Bratton expressed serious doubt about whether the laws could be changed. He said opening police disciplinary records would be an "uphill battle" because of the clout wielded by police unions in Sacramento and Los Angeles.

"I am not going to hold my breath waiting for the state Legislature to change the Police Bill of Rights in this state," the chief said. "It's not going to happen."

Indeed, police union officials have said that they would defend the current laws.

The Blue Fog (LAT)

The Los Angeles Times, January 12, 2007

If lifting the LAPD's veil of secrecy means changing the City Charter and passing new state laws, then do it.

AN OPEN, accountable and trustworthy Los Angeles Police Department seems perpetually just around the corner. Reforms are instituted, promises and progress made, but with every positive step forward, the pull of secrecy keeps yanking the LAPD ceaselessly backward.

And so, after Rodney King, Rampart and now Devin Brown, we are here: Hearings on officer-involved shootings that once were open are now conducted in secret. Reports that used to name the cop who pulled the trigger now do not. And a community that was finally learning to trust the LAPD is now clouded with suspicion.

The Times reported Wednesday that an LAPD board secretly concluded that no punishment was due an officer who shot and killed the unarmed, 13-year-old Brown in 2005, despite a determination a year ago by the civilian Police Commission that the officer violated LAPD policy and should be disciplined. What was the basis of the reversal? It's a secret. All we know is that Police Chief William J. Bratton and the LAPD's union, the Police Protective League, agree the move was the right one. You just have to trust them.

On Wednesday, another LAPD officer shot and killed an unarmed man. Was the action warranted, was it a tragic mistake, or did the officer act unreasonably? Does the officer have a history of bad decisions? What exactly happened, and who was involved? Under rules in place until just over a year ago, we would probably find out, eventually. Under rules in place today, we may never get the answers. That in turn means we may never be able to determine whether we're getting the reformed LAPD we want.

It's the Police Commission itself that, despite its stated stance in favor of openness and accountability, decided to delete the names of officers from use-of-force reports, based on the city attorney's interpretation of a California Supreme Court privacy ruling. At the time, state Sen. Gloria Romero (D-Los Angeles) stood ready to introduce legislation to clarify privacy law and allow the publishing of those names. But Romero found little support among her colleagues, and the commission didn't ask her to follow through.

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Now Bratton has expressed frustration at the deleted names and closed proceedings, calling the board of rights hearings a "star chamber." He knows that no matter how perfectly his officers, his department and the various layers of review operate, the veil of secrecy opens them to suspicion and attack.

Mayor Antonio Villaraigosa also supports new efforts to restore openness, as do members of the Police Commission. So if everyone wants it, why don't we have it?

Romero should move forward with her legislation, but that's not enough. Bratton suggested that the Police Commission, already nominally in charge of the LAPD, could be further empowered to assure more openness in disciplinary proceedings. It's a good idea. Changing the City Charter is time-consuming and cumbersome. But if that's what it takes to reverse the LAPD's slide back into secrecy, it's worth it.

Duke Accuser Contradicts Herself (NYT)

By Duff Wilson

The New York Times, January 12, 2007

DURHAM, N.C., Jan. 11 — In an interview last month with a district attorney's investigator, the woman who has accused three Duke lacrosse players of sexual assault contradicted critical evidence and parts of her earlier accounts, dealing a new blow to a faltering case.

In her account, made public on Thursday in a motion by defense lawyers, the woman said two players attacked her in the bathroom at a team party in March. She also gave a new version of the timing and revised some of the men's descriptions.

The lawyers' motion said the latest account, from an interview on Dec. 21 with an investigator for District Attorney Michael B. Nifong, raised further questions about the credibility of the central witness in the case.

"The accuser's most recent recollection of events demonstrates clearly that she cannot accurately recall and describe her attackers and that any identification made by her is necessarily unreliable," the motion said.

Mr. Nifong is increasingly embattled. Last month, he dropped rape charges against the men after the accuser said she was no longer certain of some details of the incident.

The state bar has filed an ethics complaint against Mr. Nifong for what it said were prejudicial public statements. The executive committee of the North Carolina Conference of District Attorneys has called on him to drop out of the case. He has also been widely criticized for withholding exculpatory DNA evidence.

In the interview, the woman, 28, a stripper and the mother of three children, said she was attacked after she and another woman had danced at the party. She said the assault occurred between 11:40 p.m. and midnight on March 13.

That contradicts time-stamped photographs of her dancing at the party after midnight, as well as a next-door neighbor's report of seeing the two women entering the house at midnight.

Although the woman had told the authorities that all three men sexually assaulted her, she now said two had. The third, whom she identified as Reade Seligmann, was only present in the room, she said.

She also revised her statement at a photo lineup that another defendant, David Evans, looked just like an attacker "without the mustache." The statement was widely used to discount her identification because Mr. Evans has never had a mustache. The woman said in her new statement that she meant stubble or a 5 o'clock shadow.

The woman also said she could not be certain what had penetrated her. It was that statement of uncertainty that led Mr. Nifong to drop the rape charges on Dec. 22, a day after the investigator, Linwood E. Wilson, interviewed her. The defendants, who have strenuously denied the charges, continue to face charges of sexual offense and kidnapping, carrying equally serious penalties.

The five-page typed interview was released in a motion adding arguments to suppress the woman's identifications of defendants. The motion is scheduled for a hearing on Feb. 5 and could, if granted, end the case.

Mr. Nifong did not respond on Thursday to requests for comment.

The interview is the first time anyone from the prosecutor's office talked with the woman about the case. She has made five comprehensive statements, interviews with a sexual assault nurse and detectives, recorded remarks at the photo lineup with the police, a statement in her handwriting and the interview with Mr. Wilson. Each statement contradicts parts of the others.

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In the newest statement, the woman said she arrived at the house about 11:10 p.m., joining the other stripper and dancing briefly before they stopped when a man threatened them with a broomstick. She said that the two women retreated to a car, received apologies from three men, were enticed back inside and separated and that she was sexually assaulted starting about 11:40 p.m.

Defense lawyers have released time-stamped photos of the women dancing between midnight and 12:04 a.m. The prosecutor has questioned the stamps' authenticity.

The neighbor, Jason Bissey, gave the police a statement that he saw the accuser talking calmly with the second dancer in the yard outside the house shortly before midnight and then going inside, apparently for the first time. That version is consistent with the time-stamped photos.

"I'm absolutely certain," Mr. Bissey said in a telephone interview Thursday. "I had looked at my cellphone, and I was sure they had gone into the house at 12. I had assumed that's when they first got there. But I can't say for sure that was the first time they showed up. It seemed to me that it was."

The defense motion said the woman's cellphone records contradicted her version because she was speaking with someone at the time she now says the attack started. She was on the phone from 11:25 p.m. to 11:32 and 11:36 to 11:39.

The latest account leaves a gap of more than 50 minutes. The second dancer called 911 at 12:53 and reported that racial slurs had been shouted at them. She later told the police that she had made the call as they were driving from the party.

In previous statements, the accuser said three men calling themselves Adam, Matt and Brett had held her in a bathroom, raped and assaulted her. She had given different versions about what each had done, but had said three people attacked her.

The statement on Dec. 21 represented the first time that she said the same man, Mr. Evans, had used multiple names and that she did not remember any name being used for Collin Finnerty, the third defendant. Defense lawyers wrote, "In fact, nowhere was this said — or even hinted at — before Dec. 21, 2006."

The lawyers added, "In short, by claiming that any one of the defendants could be any or all of her attackers, the accuser has now created the equivalent of a 'do over' in an attempt to try to make sense of her prior conflicting statements."

Based on the earlier timeline, Mr. Seligmann had a strong alibi. Cellphone records, a time-stamped photo from an A.T.M. and a cabby's account showed that he was on the telephone or had left the party when the attack was said to have occurred.

The information on Thursday raised new doubts about his role. On April 4, when the woman identified Mr. Seligmann in a photo lineup, she said, "He was the one that was standing in front of me ... um ... that made me perform oral sex on him."

In the new statement, she said Mr. Seligmann stood in front of her while someone else sexually assaulted her from behind, but she did not say he made her perform oral sex. Instead, according to the statement, Mr. Seligmann stood there and refused to go back behind her "because he was getting married."

The report says, "Both Finnerty and Evans were trying to get Seligmann to 'do it' but he kept saying NO."

Irving Joyner, a law professor monitoring the case for the N.A.A.C.P., said someone who acted in concert with others could be charged with sexual offense even without personally assaulting the victim.

The woman also said in the statement for the first time that the men had used a white towel to wipe her face, Mr. Evans's penis and the floor where she said she had spit. Defense lawyers wrote that the new account of the white towel was an effort to explain why none of the defendants' DNA was found on or in the woman.

L.A. Man Sues To Take Wife's Last Name (USAT)

By Martin Kasindorf

USA Today, January 12, 2007

LOS ANGELES — Michael Buday is petitioning a federal judge for the right to take Diana Bijon's last name in marriage as easily as she could take his last name.

Bijon, 28, an emergency room nurse, asked her fiancé to change his last name to preserve her father's family name because there are no sons. Buday, 29, a technical manager at an advertising firm, promised he would.

"I had a rough childhood with my father," he says. "We never really got along. Diana's father stepped up, gave me career advice. He's family."

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Keeping his promise has been more onerous than Buday expected. A woman can choose her husband's name or her maiden name on a California marriage-license form after the couple pays a county application fee that ranges from $50 to $97. California and 43 other states provide no place on a marriage-license application for the groom to choose the bride's surname.

To officially change his name to hers — and for future Social Security benefits, Buday says — a man must pay a $320 court fee, advertise his intention in a newspaper for four weeks and get a judge's approval.

"The law makes it burdensome, if not close to impossible, to adopt the wife's name," says Mark Rosenbaum, legal director for the American Civil Liberties Union of Southern California. "It reflects the archaic notion of a woman's subordinate place in the partnership."

The ACLU sued California and Los Angeles County on Dec. 15 to have the separate treatment of Buday and Bijon outlawed as gender discrimination and a denial of equal protection. The couple were married in August 2005 under their separate names after state and county agencies rebuffed them.

Six states — Georgia, Hawaii, Iowa, Massachusetts, New York and North Dakota — give either spouse the right to choose the other's last name.

A marrying couple that wants a combined or hyphenated name in California and most other states must go through the red tape of a court petition. That's the route Antonio Villar of Los Angeles took in 1987 when he and his wife, Corina Raigosa, combined their names as Villaraigosa. He's now mayor of the city.

A groom seldom asks to adopt his bride's name, says Myleta Miller, a clerk at Atlanta's Probate Court. No national statistics are kept, but Miller says she's seen "no more than five" such applications in six years on the job.

Los Angeles County Registrar-Recorder/County Clerk Conny McCormack, named in the lawsuit, says her office uses a state-dictated form and will comply with any change judges or legislators might order.

"I certainly am in favor of the law … being clarified," McCormack says.

Civil Rights For A New Generation (USAT)

By Wendy Koch

USA Today, January 12, 2007

WASHINGTON — College freshman Simone Hall hasn't joined a civil rights group, although her mother belongs to three of them. She says she'd like to sign up and wishes they were more active on campus.

Kendra Clark, a sophomore, says she joined a campus chapter of the NAACP, the nation's oldest civil rights group, because racism still exists. Agbanyim Ugwuomo, a senior, teamed up with the Hip Hop Caucus, an activist group formed in 2004. He says he supports a fresh approach to racial problems.

The three black students at Howard University are exactly the kind of new members sought by civil rights groups. The students say activism is as necessary today as it was 40 years ago when Martin Luther King Jr., whose birthday is Monday, led hundreds of thousands of people in marches for desegregation and blacks' right to vote. They say, however, that the focus now should be on issues such as inner-city school funding.

Civil rights groups, beset by aging or stagnant membership, are recasting their messages to appeal to young people. They're putting up discussion boards on youth-oriented websites and talking about jobs, education, housing, entrepreneurship and financial literacy.

"The role of civil rights organizations has evolved," says Marc Morial, president of the National Urban League. He says their priorities in the 1950s and 1960s reflected a lack of black officeholders. Today, with more such elected leaders and victories that include the right to vote, he says the civil rights movement needs to focus on persistent racial disparities in income and education. "Now we're at the stage of closing the economic divide," he says.

Young people often don't grasp "civil rights" but they understand "equal rights," says Stephanie Brown, 25, national director of the youth and college division at the NAACP. "We try to put it in terms they understand," she says, because students, unlike their parents or grandparents, may not fully comprehend what it means not to have equal access to education and jobs.

Still, "there are a lot of 'a-ha!' moments," Brown says, such as when Michigan voters last fall approved a ban on affirmative action at public universities.

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Brown has started a weekly blog hoping to attract students and help revive the NAACP's membership, which exceeded 600,000 in 1945 but fell to 259,000 by 2000.

NAACP President Bruce Gordon says the group's membership, which had been aging, jumped considerably last year. He says it increased most among young people.

Civil rights groups are trying different approaches to attract younger members:

•Partnerships. Next month, the NAACP will join with the Hip Hop Caucus to promote a legislative agenda that includes job training, school funding and Hurricane Katrina relief, says the Rev. Lennox Yearwood, 37, the caucus' president. He says they'll send e-mail alerts about pending bills to members of both groups. The caucus has 700,000 e-mail members.

•Web networking. The NAACP, which has been starting more high school councils and college chapters, has posted discussion boards on Facebook and MySpace, websites popular with students.

•Financial literacy. The Congress of Racial Equality, founded in 1942, is advertising in college newspapers, has a page on MySpace and is launching a campaign to teach young people how to manage money. "It's not as sexy as police brutality or affirmative action," but it may have more impact on their daily lives, says spokesman Niger Innis.

•Young professionals. The National Urban League, established in 1920, is expanding special chapters for people in their 20s to tutor and mentor the disadvantaged. Morial says membership in the 50 chapters, begun in the late 1990s, has doubled in three years.

•Conflict resolution. The Southern Christian Leadership Conference, which King founded in 1957 and led until his assassination in 1968, is training high school and college students in how to resolve conflicts peacefully.

"We're developing a curriculum where we'll go into schools all over the world," says Charles Steele Jr., the group's president. He aims to open 50 domestic and 10 international centers by 2010 to offer conflict resolution training.

Civil rights groups know they face obstacles.

"Sometimes success can be your biggest enemy, because it can breed complacency," says the NAACP's Gordon. He says many people think the civil rights struggle is over because basic rights have been won.

Some young people question whether the groups are still relevant, says Samuel Roberts, who teaches modern African-American history at Columbia University. He says many young blacks do not relate to the NAACP and turn instead to student groups for political action.

At Howard, one of the nation's premier historically black universities, some students think the NAACP is for older people, says Sable Nelson, president of the college chapter, which has 123 members.

Yearwood says many older groups have become "institutionalized" and lack the flexibility of his Hip Hop Caucus.

Morial says young people, connected by cellphones and the Internet, may feel less need to join a group. "Young people aren't joiners as much as their parents," he says.

Gordon hopes to expand the NAACP's membership to 1 million by 2009, its 100th anniversary.

That goal is lofty but possible, says Ron Walters, director of the University of Maryland's African American Leadership Institute. "The organization still has quite a presence in our community." He says the NAACP and the Urban League, both of which mobilized quickly to help survivors of Hurricane Katrina, have done the most to appeal to youth.

At Howard, students say they believe in King's dream of racial equality and his call to action.

Christina Griffin, a sophomore from San Diego, says she has yet to join any groups on Howard's storied campus. But she knows she wants to give something back to the black community. "Just being on this campus fills you with such an obligation," she says. "We're so much a part of what people in the '60s fought for."

ANTITRUST:

Bristol Finds Alliances, And Perhaps A Suitor (NYT)

By Stephanie Saul

The New York Times, January 12, 2007

DOJ_NMG_0115797

THE drug maker Bristol-Myers Squibb brings to mind that vacant colonial for sale down the street. In real estate parlance, both are expensive and might seem to need too much tender loving care.

The company's leaders all but announced it was for sale last September. Four months later, though, no potential suitor has emerged — at least not publicly.

Instead, Bristol-Myers has entered several comparatively small deals, including one yesterday in which it announced a partnership with the British company AstraZeneca to develop two diabetes compounds.

One industry executive said recently that every large pharmaceutical company had looked at Bristol-Myers as a potential acquisition. But there are major deterrents to a quick sale: its price; two pending Justice Department investigations; and a looming patent trial involving the company's blockbuster drug Plavix. That trial is set to begin Jan. 22 in Manhattan federal court.

"C.E.O.'s rarely buy big companies with big patent issues," said Dr. Gbola Amusa, European pharmaceutical analyst for Sanford C. Bernstein & Company. "The easiest way to lose your job as a C.E.O. is to buy a drug that isn't there once you pay for it."

Bristol-Myers declined to comment yesterday on speculation involving the company's possible takeover. A Bernstein analysis last fall discussed why other pharmaceutical companies were not rushing to buy Bristol-Myers, despite a research and development pipeline that is viewed as one of the most attractive in the industry.

Cost is a reason. The analysis by Bernstein in October estimated the intrinsic value of Bristol-Myers at $21.50 a share. But the company's shares closed up 34 cents yesterday, at $26.54. Judging by similar takeover deals in the past, shareholders would want a 20 to 30 percent premium — or about $30 a share — before they would be happy with a takeover.

And many companies that might be interested in Bristol have lower price-earnings multiples. Acquiring Bristol-Myers would be bucking the norm in which high multiple companies usually acquire lower multiple companies.

Investors also shy away from uncertainties like the big patent case. In that dispute the Canadian company Apotex is challenging the validity of the Bristol-Myers patent on the anticoagulant Plavix, a drug with an estimated United States market of nearly $4 billion.

Sales of Plavix took a big hit last year after efforts to settle the patent case broke down. Apotex briefly flooded the market with its cheaper generic version of the drug, before a judge ordered a halt.

That debacle led to the ouster of Bristol's chief executive, Peter R. Dolan last September. Since then, the company has been run by an interim chief, the former Guidant chairman James M. Cornelius.

The company's moves in trying to settle the Plavix litigation are also the subject of an investigation by the Justice Department, which wants to know whether Bristol entered an anticompetitive agreement and hid it from the Federal Trade Commission.

While the impact of that investigation might not be as big as a loss of Plavix, the uncertainty of a Justice Department inquiry diminishes Bristol's appeal as a takeover candidate.

"I don't think anybody would put a multibillion-dollar potential liability there," said Richard T. Evans, an industry consultant. "It's more of a qualitative issue. Do you really want to be in the cross-hairs of the Justice Department?"

Mr. Evans also said it was not clear whether the product development partnerships Bristol-Myers had recently entered were conducive to a sale of the company.

In the announcement yesterday, the company said it had reached an agreement with AstraZeneca to develop and commercialize two experimental diabetes drugs that were discovered by Bristol-Myers. The agreement was valued at as much as $1.35 billion for Bristol-Myers, with $100 million in upfront payments, and as much as $1.25 billion in milestone payments as the products are brought to market.

The deal, the largest of three alliances the company has announced recently, appeared to be a favorable one for Bristol-Myers, according to Dr. Amusa, particularly since both products face uncertainties. AstraZeneca rose 83 cents, to $55.08.

Andrew Bonfield, chief financial officer for Bristol-Myers, said in a telephone conference yesterday that the company, which does not have a large sales force for primary-care doctors, hopes to take advantage of AstraZeneca's sales staff if the products come to market. Bristol-Myers also wants to reduce its financial risk in developing the products, Mr. Bonfield said.

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One big individual shareholder in Bristol-Myers, Dundas I. Flaherty of Los Angeles, had an optimistic take on yesterday's deal. He saw it as a possible sign that AstraZeneca might wind up being the suitor Bristol has been waiting for — even though AstraZeneca's chief executive several months ago said the company had little interest in mergers or acquisitions.

"If Cornelius is testing the water on deals," Mr. Flaherty said, "this is one way to get to know each other before we consummate something."

Thomson Must Defend Antitrust Suit Over Its Bar-Exam Courses (BLOOM)

By David Glovin

Bloomberg, January 12, 2007

Jan. 11 (Bloomberg) -- Thomson Corp., owner of Westlaw legal research, must defend an antitrust lawsuit claiming the company illegally required aspiring lawyers to enroll in a second program as a condition of taking the state bar-exam preparation course.

A test-taker claimed in a lawsuit filed last year in Manhattan federal court that Thomson violated antitrust laws by illegally linking state-bar and multistate review courses. U.S. District Judge William Pauley ruled today that the antitrust suit against Toronto-based Thomson may go forward.

Thomson sells about 40,000 BarBri courses in the U.S. with both state and multistate review elements, generating about $125 million in revenue and $60 million in profits, Pauley said. As much as 90 percent of students taking prep-courses for the state section of the test enroll in the BarBri program, he said.

``The evidence suggests that BarBri used its substantial market share to control competition, boost prices and potentially force unwilling consumption of its'' multistate product, Pauley wrote in a 20-page decision.

Bar exams in 48 states include a ``multistate'' section, which consists of questions on contracts, criminal law and four other subjects, and a second section with questions about a state's particular laws.

The proposed class-action, or group lawsuit, was filed on behalf of all people who purchased a BarBri course in 47 states since 2001. The suit, brought by test-taker Anthony Park, seeks unspecified money damages.

Thomson spokesman Jason Stewart declined to comment. Brian Murray, a lawyer for the plaintiffs, didn't immediately return a call. Bloomberg LP, the parent of Bloomberg News, competes with Thomson in selling financial and legal news and information.

The suit is Park v. Thomson, 05-cv-2931, Southern District of New York (Manhattan).

EU Delays Universal-BMG Ruling (AP)

By Aoife White

AP, January 11, 2007

BRUSSELS, Belgium -- European Union antitrust regulators on Thursday delayed until June 1 a deadline to rule on Universal Music Group's plans to buy BMG Music Publishing for about $2.09 billion.

They did not say why they needed more time to look at the takeover.

If approved, the deal would combine the No. 3 and No. 4 music publishing catalogs, giving them a 22 percent market share and scraping ahead of current market leader EMI.

EU approval is the last hurdle for the deal, which was cleared in November by the Federal Trade Commission and the Justice Department in the United States.

Officials had said they would issue a final decision on whether to block or allow the deal by April 27 when they opened an in-depth investigation last month.

The European Commission is under pressure to look closely at the record industry after the EU's second-highest court overturned regulatory approval last July of a 2004 combination between the music units of Sony Corp. and Bertelsmann AG.

The court sharply criticized regulators, saying they had not done enough to show there was no monopoly in the recording industry before the deal or that there would not be one afterward.

The Sony-BMG deal must now be re-examined.

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Regulators have said their probe into Universal-BMG will focus on whether Universal's leading position and a shrinking number of players in the market would have "a negative impact" on fees for publishing rights or conditions for European song writers.

BMG -- owned by German media company Bertelsmann AG -- has the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Coldplay, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers.

Paris-based Vivendi SA's Universal Music Group is the world's largest music company. Its publishing arm controls the rights to songs by artists such as 50 Cent, Mary J. Blige and Chamillionaire.

The EU rarely blocks deals -- but it can, and often does, demand that companies under investigation sell off units or make binding promises to change the way they do business.

Five companies -- Universal, BMG, EMI Group PLC, Warner Music Group Corp. and Sony Corp. -- control most of recorded music and music publishing in Europe.

EC Delays Ruling On Publishing Deal (HOLLYREP)

By Leo Cendrowicz

Hollywood Reporter, January 12, 2007

BRUSSELS -- The European Commission has pushed back by five weeks the deadline for its ruling on Universal Music's $2.1 billion bid for Bertelsmann's BMG Music Publishing.

The delay, which pushes the decision to June 1, came after Universal Music parent Vivendi, called for more time as it prepared to defend a merger that would create the world's biggest music publishing company.

In a statement, Universal said it requested the extension, "to give the commission sufficient time to consider properly the merits of the merger in what would otherwise be an overly aggressive timetable."

"We remain confident that the merger will be approved," the company added.

Industry sources said Universal was concerned about how soon it would be able to provide the vast quantity of data sought by the commission, the European Union's antitrust regulator. "It's not a problem, but it is a huge amount to gather," one source said.

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The timeframe is unusually short. Universal won the auction to buy BMG Music Publishing in September and filed its bid with the EC in November, but it was only on Dec. 8 that the commission announced it would open an in-depth merger investigation, just as its officials were due to leave Brussels for their traditional two-week Christmas vacation. The probe itself also has seen a change, as the head of the EC unit investigating the merger has just been replaced.

BMG and Universal each have about 11% of the market and have the world's third- and fourth-largest music publishing catalogs. If approved, they will have a 22% combined market share, about two points more than market leader EMI.

European Union clearance is the last regulatory hurdle for the takeover, which was cleared in November by the Federal Trade Commission and the Justice Department in the U.S. EC officials say their investigation is concentrating on whether cutting the number of major publishers would push down fees for publishing rights or hurt conditions for European song writers.

Vivendi beat off rivals EMI Music Publishing and Warner/Chappell Music to purchase BMG Music Publishing, whose archive of more than a million songs includes Coldplay, Britney Spears and Robbie Williams. BMG is expected to complement rather than overlap the Universal catalog that includes such artists as U2 and Elton John.

The delay comes just seven months after the Court of First Instance, the EU's second-highest court, annulled the BMG merger with Sony, saying the EC had been wrong to approve it. However, the music publishing purchase should face fewer problems as it does not deal directly with consumers and, therefore, prices.

At Heart Of Cisco's IPhone Trademark Lawsuit: A Desire For Open Standards (WSJ)

By Don Clark

The Wall Street Journal, January 12, 2007

Cisco Systems Inc.'s suit against Apple Inc. turns on a trademark. But the fight also reflects two fundamentally different approaches to technology, one based on open standards and the other on proprietary design.

Cisco contends that it holds rights to the name iPhone. The Silicon Valley networking giant filed trademark-infringement charges Wednesday to stop Apple's use of the name on its new cellphone, after the companies failed to reach a licensing agreement before the product was announced Tuesday.

Cisco also disclosed that it had been asking Apple, in exchange for using the name, to help Cisco's product work together with Apple's. Mark Chandler, Cisco's general counsel, summed up its account of what happened in a blog posting1 Wednesday night: "What were the issues at the table that kept us from an agreement? Was it money? No. Was it a royalty on every Apple phone? No. Was it an exchange for Cisco products or services? No.

"Fundamentally we wanted an open approach. We hoped our products could interoperate in the future."

The request fits Cisco's style. The San Jose, Calif., company makes networking devices that rely on published specifications to exchange data.

Apple, by contrast, has kept tight control over internally developed technology to be able to offer exclusive features. Many competitors, for instance, have asked Apple to make it possible for songs purchased from the company's iTunes music store to be loaded on their portable music players. But only Apple's hit iPod can do that.

The new iPhone offers sophisticated cellphone features and many functions of the iPod. Opening up that product or other Apple devices in new ways could help Cisco's hardware sales, given the publicity Apple tends to generate. One person familiar with the situation said the negotiations focused on broad technical cooperation, rather than specific devices.

Douglas Masters, an intellectual-property lawyer at the firm Loeb & Loeb LLP in New York, said Cisco's negotiating strategy was far more sophisticated than seeking royalty payments from Apple. "There is no amount of money that is going to be worth more than to have the interoperability," argued Mr. Masters, who is not involved in the case.

Other lawyers observing the battle predict Apple will try to show Cisco didn't adequately use or protect the iPhone trademark.

Cisco said it has owned the trademark since 2000, when it bought a company called InfoGear Technology Corp. that first sought a trademark on the iPhone name in 1996. InfoGear used it on a telephone that offered Web access, which Mr. Chambers wrote that Cisco has "shipped and/or supported" for years. Cisco's Linksys unit added iPhone-branded products last spring and formally announced them in late 2006, he said.

If Cisco didn't offer iPhone-branded products for a lengthy period -- or didn't try to block other companies from using the name -- Apple could argue that Cisco didn't live up to a legal obligation to defend the trademark, said Robert Andris, an intellectual-property lawyer at the firm Ropers Majeski Kohn & Bentley LLP. Apple could also argue that the letter "i" has evolved into a generic term indicating the Internet, not a brand deserving trademark protection.

An Apple spokesman said several companies besides Cisco also use the name iPhone for Internet-based phones, characterizing Cisco's U.S. trademark protection as "tenuous." He said Apple is the first to use the name on cellphones.

But Nate Garhart, another intellectual-property lawyer at Coblentz Patch Duffy & Bass LLP, questioned whether Apple can show its phones wouldn't be confused with Cisco's, a key issue in trademark law.

Cisco is likely to try to persuade a judge to issue a preliminary injunction blocking Apple's use of the trademark while the merits of the case are decided, which could be difficult, Mr. Andris said. Yet pressure on Apple to resolve the matter could increase by spring, when it needs to build phones in advance of kicking off sales in June, Mr. Masters added.

Letters (WSJ)

The Wall Street Joural, January 12, 2007

Ford Looks at the Future Through Green-Colored Glasses

Daniel Esty's Dec. 29 editorial-page commentary "Greener Pastures," on the challenges presented to the business community by environmental issues, made several excellent points. However, his use of Ford as an example of a company that has missed this important development is inaccurate.

A strong commitment to environmental stewardship is a key element in Ford's strategic plans, and has been for some time. Our goal is to make all our vehicles and facilities around the world sustainable and environmentally friendly.

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We were the first automaker to certify all its plants under ISO 14001, the international environmental management standard. Around the world, we are using solar power, geothermal cooling, hydroelectricity, wind, landfill gases and even recycled paint fumes to power our plants. Our facilities now use substantially less energy and water than they did in 2000, resulting in significant cost savings. Most include wildlife habitats on the grounds.

However, as Prof. Esty correctly points out, our greatest environmental "footprint" is made by our vehicles, which is why we are investing billions to improve the fuel economy and lower emissions of all our products. In the U.S. alone we offer 13 vehicles that get 30 mpg or higher on the highway. We were the first automaker in the world to offer a hybrid-electric powered SUV, Ford Escape, and we now have two hybrid vehicles for sale with more on the way.

We are proud of what we've accomplished, but won't be satisfied until we can offer truly sustainable transportation. We're working on developing clean diesels, gasoline-electric hybrids, biofuels, hydrogen-powered internal combustion engines and fuel cell vehicles. So far, no single technology has emerged as the answer, but we plan to be a leader of the low carbon future.

Environmental

& Safety Engineering

Ford Motor Co.

Detroit

Air Force Truly Needs Everything It Requests

As with all things related to military and foreign affairs, context is everything ("Pentagon Redefines 'Emergency'," Politics & Economics, Jan. 3). Without strategic context, the Air Force's funding requests under the emergency supplemental budget can be portrayed as a borderline-sleazy, bureaucratic maneuver intended to secure resources for "pet rocks" not funded in the regular process. Seen in context, though, the Air Force's request is an entirely appropriate response to the requirements levied on it by the president and the secretary of defense and is fully consistent with the letter and the spirit of Deputy Defense Secretary Gordon England's directive.

Given our focus on Iraq, it is easy to forget that the Air Force is also fighting in Afghanistan and in the larger global war on terrorism. By their nature, these operations have imposed particular stresses on the Air Force, especially its airlift assets. Further, the Air Force still must maintain the capability to undertake more conventional major combat operations, should such unfortunate contingencies arise.

The Defense Department wants the Air Force to have 86 ready, modern combat wings. It now has the equivalent of 81. More importantly, many of the aircraft are at risk of becoming obsolescent. Two F-16s were lost in combat, and they need to be replaced. But it makes no sense to buy F-16s, which were designed in the late 1970s and procured in the 1980s. That would be to "reset," not transform, the Air Force, as our leadership seeks. Demands on strategic and theater-lift aircraft have been especially high, and C-130s have been lost in combat and accidents. Therefore, we have requested 17 C-130Js and 10 C-17s. Finally, the article noted requests for ICBM funding, money to upgrade the security of the missile sites and the missiles themselves. In light of this context, it should be obvious that the Air Force act responsibly to assure the safety of the nation's nuclear weapons.

Kenneth Watman

Associate Director

Air Force Strategic Planning

Washington

A Tailored Response

Dan Henninger, in his Jan. 5 Wonder Land, writes, "When Nancy Pelosi saw the Republicans had developed a compulsion to flagrantly throw their weight around, she grabbed them by the lapels of their Hickey Freeman suits, hoisted them into the air and slammed them onto the House floor . . ."

After 107 years of catering to discriminating gentlemen of all political stripes (no pun intended), we are too discreet to name names. However, suffice it to say, we are proud to count among our many loyal customers not only Republican but also Democratic governors, House speakers and senators, including both Democratic majority and minority leaders. Besides, this is the first time we have heard of anyone being so aggressive toward a fine Hickey Freeman suit.

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Homi B. Patel
Chairman and CEO
Hartmarx Corp.
Chicago

Nixon's Successors Left Holding the Bag

Ben Stein's Jan. 2 Letter to the Editor argues that Nixon should not be on the "worst presidents of the century for economic policy" list. He asserts that Nixon was "the last Republican president to have a budget surplus." The only surplus I can find in the Nixon administration is for fiscal year 1969, which ended just five months after Nixon was inaugurated. That budget was driven by decisions made during the Johnson administration, particularly the Vietnam tax surcharge.

Mr. Stein excuses the wage-price controls, but the greater economic scandal of the Nixon administration was the monetary policy pursued by Fed Chairman Arthur Burns and encouraged by Nixon that got the economy pumped up by November 1972, with its inflationary effects temporarily held down by the controls. The inflationary legacy of the pumped-up economy and the failed controls was left for Presidents Ford and Carter to deal with -- and it was Mr. Carter's appointment of Paul Volcker to the Federal Reserve chairmanship that finally got the solution under way.

Cornelia Strawser
Washington

The Sweet Life

I was appalled by "In New Senate, the 'Candy Desk' Gets a Kiss-Off" (page one, Jan. 5). In our office, we collectively provide candy for our jars. Are senators so base as to rely on handouts for everything, even candy? They should reach into their own pockets and not try to bend the rules to shake down companies to do it for them. How can they have empathy for us common folk when they expect everything for free?

Carmen Davis
St. Louis

It's time the senators stop acting like pampered royalty and get busy on becoming true statesmen.

Bill Fox
Blythewood, S.C.

Only the Senate would make the idea of candy in the office complicated.

Scott Simmonds
Saco, Maine

Video Franchise Rules Foster Discrimination

In response to your Jan. 2 editorial "Franchise Freedom" about the FCC's recent order rewriting the nation's video franchising rules to permit broadband discrimination against low-income and rural communities: I want to stand up for competition, lower prices and innovation that is both speedy and equitable.

Some of our largest corporations have convinced the FCC that cities and towns are to blame for any perceived lack of competition in the market for video and broadband services. This is misguided and irresponsible. For Hispanic Americans, who continue to face obstacles to accessing broadband services, equitable deployment is critical to ensuring that corporate titans cannot erect a walled garden behind which the fastest broadband services are squirreled for only the rich. Having failed to get Congress to bless their business plan that leaves behind most communities from their fiber upgrades, corporate executives have turned instead to the FCC for the dictum they demand.

The FCC's new video rules give a license to discriminate to companies who openly admit to Wall Street that local franchises have not posed a barrier. They curry favor with companies that analysts predict won't serve more than 10% of their customers with or without franchise reform. And the rules force Americans to take a step backward in our quest to narrow the digital divide in all corners of the country.

Rep. Hilda L. Solis
(D., Calif.)
Washington

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Basic Rights Savaged

William R. Maurer's horror story ("Let There Be Blight," Cross Country, Jan. 11) is no surprise to those of us who live in the socialist republic of Washington, whose politicians at all levels who put their perception of "the public good" above the constitutional rights of any individual. That the judiciary should be a willing party to such assaults on these rights is an outrage. I have it in writing from my state representative, that there would be no way that Kelo could happen here. But it can and has happened here, because of the way the state constitution has been circumvented by political subterfuge and legalistic semantics.

The Wall Street Journal
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FBI/DEA/ATF/USMS:

U.S. Attorney General Lauds Calderon's Anti-drug Moves (AP)

By Istra Pacheco, Associated Press

AP, January 12, 2007

MEXICO CITY — U.S. Attorney General Alberto Gonzales said today that the two nations must broaden their cooperation in order to curb the brutal wave of drug violence rocking Mexico.

Gonzales, who met with Mexican Attorney General Eduardo Medina, applauded President Felipe Calderon's efforts to reduce drug violence, which killed more than 2,000 people in Mexico last year.

Since taking office in December, Calderon has sent 3,300 soldiers and federal agents to Tijuana and more than 7,000 troops to his native state of Michoacan.

More than 1,000 troops also have been sent to the Pacific resort of Acapulco and two other cities in the western state of Guerrero in a crackdown on drugs and crime there, state officials said.

Gonzales praised Medina for a record 63 criminals Mexico extradited to the U.S. in 2006.

The extradition of criminals shows progress, Gonzales said, "but much work needs to be done."

In the past year, Mexican drug gangs have carried out a number of gruesome killings, including several beheadings, in their fight for lucrative drug routes.

Gonzales said Medina "and I both wholeheartedly agree that our law enforcement officials must be able to cooperate with one another on a broader scale and in an atmosphere of mutual trust if we are going to turn back the tide of recent violence and crime that so adversely affects us all."

Gonzales vowed to work closer with Mexico on gathering intelligence, exchanging information and experiences.

"Crime is not Mexico's problem alone or the United States' problem alone," Gonzales said in a statement. "It is our mutual challenge, and if we do not work together to meet that challenge, we will both fail. ... And the stakes are too high for failure."

Attorneys General Cite Shared Responsibility (HC)

By Marion Lloyd, Houston Chronicle Foreign Service

Houston Chronicle, January 12, 2007

They say U.S., Mexico must fight drugs together or both will lose

MEXICO CITY — The United States and Mexico must improve cooperation in the drug war or their efforts are doomed to fail, attorney generals from both countries said Thursday.

"Clearly, Mexico and the United States have a shared responsibility to make our communities safer from the drug traffickers and criminals who are threatening our way of life," U.S. Attorney General Alberto Gonzales told a joint news conference in Mexico.

It was his first official meeting with his Mexican counter-part, Eduardo Medina Mora, who was appointed attorney general Dec. 1 at the end of a year of record drug violence. More than 2,000 Mexicans died in gangland-style killings in 2006, prompting the U.S. government to issue travel warnings for parts of Mexico.

"Crime is not Mexico's problem alone or the United States' problem alone," Gonzales read froma statement. "It is our mutual challenge, and if we do not work together to meet that challenge, we will both fail. And the stakes are too high for failure."

Medina Mora agreed. But he added that such a partnership must take place in "an atmosphere of mutual confidence and profound respect for our sovereignty."

Neither official said whether Mexico had accepted a petition by the U.S. Drug Enforcement Administration to open new offices in Nuevo Laredo, Matamoros and Nogales on the U.S. border. The requested expansion would bring the total number of Mexico offices to 11 and increase the number of DEA agents from 81 to nearly 100, officials from both countries have said.

It would also give U.S. anti-drug agents a key foothold in the crime-ridden border region.

The U.S. ambassador to Mexico, Tony Garza, has harshly criticized Mexico's failure to stem the violence along the border. But on Thursday, he urged both countries to cooperate "in an atmosphere of mutual respect and trust."

"The Mexican people and the American people are simply unwilling to continue to hand their communities and their safety over to criminals and drug traffickers," Garza said.

Cooperation between U.S. and Mexican law enforcement has increased in recent years, with Mexico extraditing to the United States a record 63 accused criminals last year.

But those efforts are not enough, said Gonzales, a Houston native and former Texas Supreme Court justice.

"Our law enforcement officials must be able to cooperate with one another on a broader scale and in an atmosphere of mutual trust," he said, "if we are going to be able to turn back the tide of recent violence and crime that so adversely affects us all."

Drug Battle: Gonzales Afraid Mexican Violence Will 'spill Into U.S.' (LAREDOMT)

By Clay Reddick, LAREDO MORNING TIMES

Laredo (TX) Morning Times, January 11, 2007

U.S. Attorney General Alberto Gonzales toured the World Trade Bridge on Wednesday, announcing a new effort to fight drug traffickers on the border."We're concerned about violence in Mexico spilling into the U.S.," Gonzales said.

Gonzales announced $300,000 would be spent on a new federal drug taskforce that would fight drug cartels. Cuellar said the money is a good start, but we need to do more, like adding federal prosecutors to handle the border's busy drug and immigration dockets.

U.S. Rep. Henry Cuellar, D-Laredo, said he asked Gonzales in September to visit because of recent increases in border violence, and he called the visit significant. "It sends a strong message that he knows what's happening on the ground," Cuellar said from Washington, D.C.

However, William Slemaker, who has become a spokesman for families of people missing in Mexico, said he didn't find any answers in Gonzales' visit.

"I felt that he came to spit in our face," Slemaker said.

Slemaker and other kidnapping victims' families held signs near the World Trade Bridge as Gonzales' motorcade arrived and left.

Slemaker said the proposal sounds like more of the same old thing, and he believes everyone keeps talking about border violence without thinking of the actual victims.

Gonzales announced the new law enforcement task force would consist of a number of federal and state agencies, including the FBI, IRS and Texas Department of Public Safety. The "strike force" would target drug cartels, smugglers and money launderers.

He was scheduled to meet with his Mexican counterpart later Wednesday. Gonzales said Mexico's new government presents an opportunity for progress and early signs indicate that the country is moving in a positive direction. Cuellar also said he is optimistic that President Felipe Calderón is headed the right way.

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Gonzales touted the success of existing task forces, such as the Organized Crime Drug Enforcement Task Force (OCDETF) based out of Houston and the Laredo-based Violent Crime Impact Team (VCIT).

According to the Department of Justice, the OCDETF stopped over 30 tons of cocaine from entering the country and seized over $32 million from traffickers since the program's inception in Oct. 2005.

The VCIT boasts the capture of over 200 firearms in 2006 as well as the arrests of over 69 fugitives, according to the DOJ.

The task force was responsible for nabbing accused kidnappers Jose A. Garza-Robles and Hector Herrera-Sifuentes plus Jesus Alberto De Leon, who is accused of trying to kidnap a man by chasing him with a shotgun into a Target store in north Laredo on Sept. 25.

Gonzales said he wants to secure the border in a way that allows trade between Mexico and the U.S., and he also said the DOJ is focusing on workplace enforcement of immigration laws in the interior of the country.

Although he didn't meet with Slemaker's group, Gonzales said the issue of Americans missing in Mexico is important to President Bush.

(Clay Reddick may be reached at (956) 728-2582 or by e-mail at clay@lmtonline.com)

Deputy Marshal Accused Of Leaking In Mob Case (AP)

By Mike Robinson, The Associated Press

AP, January 11, 2007

A federal deputy marshal was charged today with leaking information about a reputed mobster's cooperation with prosecutors as they investigated the top echelon of Chicago's organized crime family.

John Thomas Ambrose, 38, a former supervisory inspector of the U.S. Marshals Service's Great Lakes Regional Fugitive Task Force, surrendered voluntarily Thursday at the FBI's Chicago office, officials said.

He is accused of revealing information concerning the cooperation and travel plans of Nicholas Calabrese, who is expected to be a key witness in the government's Operation Family Secrets murder conspiracy case.

Prosecutors said Ambrose told them in a Sept. 6 interview that he passed the information to an associate of reputed mob boss John "No Nose" DiFronzo in hopes of getting information on the whereabouts of then-fugitive organized crime figure Joseph "Joey the Clown" Lombardo.

But prosecutors said that in later interviews Ambrose said he never believed the information would be passed to organized crime figures.

Lombardo, among those charged in the Operation Family Secrets indictment, was subsequently captured and is due to stand trial starting in May along with the others accused in the case.

Calabrese, 63, of Chicago, and his brother, Frank Calabrese, 68, of Oak Brook, are among 14 defendants charged in a sweeping indictment alleging a long-term conspiracy by Chicago mobsters to commit at least 18 murders.

The murders include that of Tony "The Ant" Spilotro, the mob's one-time man in Las Vegas, who was beaten to death and buried in a corn field.

Prosecutors said Ambrose leaked information concerning Nicholas Calabrese while Calabrese was in the witness security program operated by the Marshals Service. They said in court papers that the information Ambrose leaked was given to members of the Chicago Outfit.

Gary Shapiro, the first assistant U.S. attorney in Chicago, said Ambrose's action "constitutes an egregious breach of his law enforcement duties."

"The investigation so far has not uncovered any evidence that either this witness or another was ever in danger and there is no evidence that any attempt was made to harm any protected witness," Shapiro said.

Prosecutors said that between January and June 2003 they intercepted 11 conversations that took place when reputed mob boss Michael Marcello visited his brother, James, at the federal prison in Milan, Mich. Both Marcello brothers are charged in the Family Secrets indictment.

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Prosecutors said the conversations showed that Michael Marcello had an inside source of information concerning Nicholas Calabrese. They said the conversations also indicated that the source was a federal lawman with access to the files of the Marshals Service witness program.

Michael Marcello himself may have given federal officials their best hint when he said that the source, who he described as "the Babysitter," was the son of a defendant in the so-called "Marquette 10" police corruption case.

Ambrose's father, Thomas Ambrose, died in prison while serving his bribery sentence stemming from the Marquette 10 case, prosecutors said. They said that the conduit who received the Calabrese information also had been a defendant in the police corruption case.

John Thomas Ambrose was a member of the Marshals Service's so-called Calabrese detail and would have had access to the information, they said. They said Ambrose's fingerprints were then found on Calabrese documents.

Ambrose has been on leave since September. He is charged with theft of government property, which carries a maximum penalty of 10 years in federal prison and a $250,000 fine.

U.S. Marshal Charged With Information Leak (CHIST)

By Frank Main And Natasha Korecki, Staff Reporters

Chicago Sun-Times, January 11, 2007

A deputy U.S. marshal was charged today with leaking information about the whereabouts of a Chicago Outfit mobster in witness protection.

John Ambrose is charged with using his official position to obtain and disseminate information relating to the status, substance of cooperation and travel of Nick Calabrese, who was in the U.S. Marshals Service's witness security program.

Nick Calabrese is a key witness in the upcoming Family Secrets mob trial, scheduled to begin in May. Calabrese is the brother of Frank Calabrese Sr., a man charged in 13 mob hits and one of the top mobsters on trial in the case.

The Chicago Sun-Times reported in September that Ambrose was placed on administrative leave while federal authorities investigated the allegations.

The deputy, a member of the Great Lakes Regional Fugitive Task Force, was required to surrender his badge and gun, sources said.

In 2005, federal authorities charged 14 people in the sweeping mob indictment. The investigation, which is continuing, pinned 18 previously unsolved murders on the Chicago Outfit.

Ambrose has spearheaded several high-profile fugitive arrests, including the capture of an Italian mobster living in the west suburbs and a Chicago street gang member named as one of the country's 15 most-wanted fugitives.

Feds: Marshal Double-Crossed Protected Mobster (WMAQ)

WMAQ-TV, NBC 5, Chicago, January 11, 2007

Agent Hired To Protect Calabrese Suspected Of Giving Up His Identity

CHICAGO -- A long and twisted look into the innerworkings of embattled Chicago mobsters, an investigation culminated Thursday when a U.S. marshal was charged in Chicago for revealing sensitive information about a protected, organized crime witness.

Related Content: Video | U.S. Marshal Accused Of Revealing Info On Witness | Images: A Century Of Chicago Mob Bosses

John Thomas Ambrose, 38, was charged in a criminal complaint filed Thursday, which states that Ambrose revealed information relating to the status of cooperating witness Nicholas Calabrese while Calabrese was in the Witness Security Program.

According to the FBI's affidavit, witness Calabrese admitted to the government that he was a "made" member of the Chicago mob (a.k.a. the "Chicago Outfit") and provided federal agents with the most expansive overview ever of murders allegedly committed by its members. In 2002, Calabrese agreed to cooperate in the investigation of alleged Outfit members, including his brother, Frank Calabrese Sr. and two other men -- brothers James and Michael Marcello.

Nicolas Calabrese was moved to a secure prison facility in August of 2002, based on his ability to testify in 38 murders -- 16 of which he admits he participated. An investigation ensued, resulting in the April 2005 indictment of 14 defendants in U.S. vs.

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Nicolas Calabrese et al., which alleges a 40-year racketeering conspiracy involving 18 previously unsolved Outfit murders of suspected government witnesses between 1970 and 1986. That's according to a release by the Chicago FBI.

The case against the remaining 12 defendants is scheduled for trial in May.

As part of his promise to the government, Calabrese was brought back to Chicago two times in fall of 2002 and spring of 2003, when he assisted the FBI in locating murder scenes. Both of these trips involved highly secret travel details to which only a handful of government personnel were privvy -- and that included Ambrose. In fact, during both stays, Ambrose worked night duty to protect Calabrese.

During the first half of 2003, the feds intercepted 11 prison conversations between the brothers Marcello which led them to suspect Ambrose of being corrupt. In five of those conversations -- which were coded and whispered -- Michael Marcello reported to incarcerated James that he had an inside source he called "the Babysitter".

"In a recorded conversation on March 24, 2003, Michael Marcello indentified his source of information ... not by name, but by a description that could fit no other law enforcement officer (but Ambrose)," stated an FBI release Thursday.

In a twist, Marcello revealed that "The Babysitter" was the son of embattled Chicago officer Thomas Ambrose, who died in prison serving time for being convicted of bribery in a high-profile corruption case called "Marquette 10."

The FBI also claims that in additon to other evidence, John Ambrose's fingerprints were found on highly sensitive documents regarding Calabrese.

Ambrose, who joined the marshals in 1998, was placed on administrative leave last September when he was questioned by federal agents regarding the case. He surrendered voluntarily at the FBI's Chicago office, according to First Assistant U.S. Attorney for the Northern District of Illinois Gary Shapiro.

"While this defendant's conduct in revealing closely guarded and highly sensitive information regarding a protective witness constitutes an egregious breach of his law enforcement duties, the investigation so far has not uncovered any evidence that either this witness or any other was ever in danger," said Shapiro. "There is no evidence that any attempt was made to harm (the) protected witness."

If convicted, Ambrose could search 10 years on each charge and a $250,000 fine.

"I hope that the fact that John's father was convicted by this office many years ago has had on this," said Frank Lipuma, Ambrose's attorney. "I would be shocked if it did. I expect the U.S. Attorney's Office to take a higher road, and I'm sure they took a higher road."

Marshal Accused Of Leaking Info On Mob Witness (CBS2CHI)

CBS 2 Chicago, January 12, 2007

Deputy Allegedly Told Targets Of Mob Murder Probe About A Cooperating Witness

(CBS) CHICAGO A deputy U.S. Marshal was in federal custody Thursday morning for allegedly disclosing confidential, highly sensitive information about an organized crime witness who was under federal protection.

John Thomas Ambrose is charged in a criminal complaint with theft of government property, accused of illegally using his position to obtain information about Nicholas Calabrese while Calabrese was in the U.S. Marshal's Witness Security Program, according to the U.S. Attorney's office. That information was later transmitted to the Chicago Outfit.

Calabrese is expected to be a key witness in the government's Operation Family Secrets murder conspiracy case.

Ambrose, 38, a deputy marshal since January 1998 and a supervisory inspector for the U.S. Marshals Service's Great Lakes Regional Fugitive Task Force, was placed on administrative leave last September. He is scheduled for an initial hearing this afternoon before a U.S. magistrate judge at the Dirksen Federal Building.

Prosecutors said Ambrose told them in a Sept. 6 interview that he passed the information to an associate of reputed mob boss John "No Nose" DiFronzo in hopes of getting information on the whereabouts of then-fugitive organized crime figure Joseph "Joey the Clown" Lombardo.

Gary Shapiro, the first assistant U.S. attorney in Chicago, said Ambrose's action "constitutes an egregious breach of his law enforcement duties."

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Calabrese is still in protective custody, set to testify in Operation Family Secrets, the massive case involving several alleged mobsters including Calabrese's brother Frank, Sr.

The feds say despite the leak, Calabrese was never in any danger, but he and others could have been.

"The investigation so far has not uncovered any evidence that either this witness or another was ever in danger and there is no evidence that any attempt was made to harm any protected witness," Shapiro said.

"As a federal prosecutor, this is the sort of case we never hope to see," Shapiro said.

"He is surprised he's been connected to the mob. He's not tied to the mob in any way," said Ambrose's attorney, Francis Lipuma.

Lombardo, among those charged in the Operation Family Secrets indictment, was subsequently captured and is due to stand trial starting in May along with the others accused in the case.

Calabrese, 63, of Chicago and his brother, Frank Calabrese, 68, of Oak Brook are among 14 defendants charged in a sweeping indictment alleging a long-term conspiracy by Chicago mobsters to commit at least 18 murders.

The murders include that of Tony "The Ant" Spilotro, the mob's one-time man in Las Vegas, who was beaten to death and buried in a corn field.

Federal prosecutors say Calabrese has been cooperating with their investigation of Chicago Outfit members and, as an admitted "made" man in the Outfit, he has provided authorities "with the most expansive overview ever of Chicago Outfit murders," including testimony about 16 murders in which he participated and 22 others about which he had second-hand knowledge.

In 2002, he agreed to cooperate in the investigation of alleged Outfit members, including his brother Frank Calabrese, Sr., and brothers James and Michael Marcello. He was formally admitted into witness protection in 2002 and moved to a secure federal prison facility.

The first official disclosure of Calabrese's cooperation in the Outfit murder investigation was in 2005 at a detention hearing for James and Michael Marcello, who were indicted in connection to the murders.

In a number of secretly recorded conversations between the Marcello brothers in 2003, while James was incarcerated in Michigan, authorities learned Michael Marcello had an inside source with information about Nicholas Calabrese's cooperation with the feds, according to an affidavit.

In a recorded conversation in March 2003, Michael Marcello identified his source, whom he called "the Babysitter," as Ambrose, not by name, but by a description that could fit no other law enforcement officer, according to the affidavit.

"We eventually determined the reference to the Babysitter was to James Ambrose," Shapiro said.

The feds also found Ambrose's fingerprints on confidential documents about Nick Calabrese.

The Marcellos allegedly discussed those documents in a recorded conversation.

But Ambrose's lawyer contends the Marcellos' leak may not be his client.

"The Marcellos referred to, for instance, other attorneys, some criminal defense attorneys, guards at the Metropolitan Correctional Center, other law enforcement personnel and even made a reference to the U.S. Attorney office, and an individual in U.S. Attorney's office," Lipuma said.

However, on those tapes, the Marcellos also indicate their sources' father was a member of the Marquette Ten, a group of Chicago cops convicted of corruption in the 1980s.

John Ambrose's father, Thomas, was one of the lead defendants in that case. He died in prison.

The feds charge that John Ambrose was leaking the information on Nick Calabrese to an unnamed "Individual A," another member of the Marquette Ten.

Ambrose lives in a quiet Tinley Park neighborhood. Officials say he was a respected marshal.

If convicted, Ambrose faces up to 10 years in prison and a $250,000 fine.

CBS 2's Dana Kozlov and Derrick Blakley and the Associated Press contributed to this report.

Feds: Marshal Aided Mob (CHIT)

By Matt O'Connor, Tribune Staff Reporter

Chicago Tribune, January 12, 2007

Officer charged with leaking crucial information about Outfit

John T. Ambrose was barely a teenager when his dad, Thomas, was convicted in the "Marquette 10" police corruption trial in the 1980s.

The father died after just a year in prison and never saw that Ambrose grew up to be a law-enforcement officer—a decorated supervisor in the U.S. marshal's office.

Federal prosecutors said he followed too closely in his father's footsteps. In a case that shows the long shadow of one of Chicago's most notorious police corruption scandals, Ambrose was accused Thursday of passing secrets to the mob.

With his own dad gone, Ambrose had come to look upon another one of the convicted Marquette 10 as a father figure, according to court papers.

Ambrose is charged with passing highly confidential information about Nicholas Calabrese's cooperation in dozens of gangland slayings to that man, who allegedly in turn fed everything to the mob.

Chicago attorney Thomas Royce, who defended Ambrose's dad at the Marquette 10 trial, recalled Thursday that Ambrose occasionally sat in the courtroom watching his father's trial. He turned 14 during the trial.

"I am truly surprised John would ever have an evil motive," said Royce, who has kept in contact with Ambrose. "He was very aggressive, in my belief, in trying to overcome his father's image."

Confronted about the allegations in September, Ambrose allegedly told authorities he passed the information on to a person identified by authorities as Individual A because he wanted to impress this father figure with his involvement in a high-profile case.

Individual A has been identified by sources as William Guide, who was convicted in the 1980s in the Marquette 10 trial.

Ambrose had worked a security detail when Calabrese, who was in the Witness Security Program while in federal prison, was brought to Chicago in 2002 and 2003 to show investigators where some of the mob murders had occurred.

Ambrose allegedly passed the information to Guide, who knew mob boss John "No Nose" DiFronzo. The two had met while in the Marion federal prison in the '80s and '90s.

Ambrose's alleged role as the inside source came to light in cryptic conversations between imprisoned Outfit boss James Marcello and his brother, Michael. Federal authorities secretly videotaped and audiotaped their conversations in a federal prison in Michigan during 2003, the charges alleged.

The conversations indicated that the source of the inside information, nicknamed "the Baby-sitter" by the Marcellos, was someone within federal law enforcement who had access to protectees under the Witness Security Program, authorities said.

In one conversation, Michael Marcello referred to the source as the son of one of the Marquette 10 officers convicted in 1982, authorities said.

"That's pretty singular information that in our view points to only one person," First Assistant U.S. Atty. Gary Shapiro said at a news conference.

In addition, two latent fingerprints of Ambrose's were found in sensitive records about Calabrese's cooperation contained in a file cabinet off-limits to anyone but Witness Security Program deputies, authorities said.

Shapiro said the most damaging revelation by Ambrose was his disclosure to Individual A that the imprisoned Calabrese had returned to Chicago twice, including to lead investigators to the sites of several of the gangland murders.

Within hours of completing his last security shift, Ambrose made a 14-minute call to Individual A's work phone, authorities said telephone records show.

Only a handful of law-enforcement officials should have known about the trips, but the Marcellos were caught in the recorded conversations discussing both after the fact, Shapiro said.

A case 'we hope to never see'

"For a federal prosecutor, this case is the sort that we hope to never see," said Shapiro, the No. 2 official in the U.S. attorney's office.

Ambrose's lawyer blasted the government's evidence as weak and vowed to fight the case to trial.

The lawyer, Francis Lipuma, denied that Ambrose disclosed anything sensitive to Individual A, saying there had already been press accounts about Calabrese's cooperation at the time.

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Lipuma also noted that nowhere on the recordings did the Marcellos name Ambrose as the inside source.

Lipuma said the government omitted "many material facts" in the charges, chief among them that in the recorded conversations the Marcellos claimed to have multiple sources of information, including criminal-defense attorneys, correctional officers at a federal Loop jail, other law-enforcement personnel and an individual in the U.S. attorney's office.

"The U.S. attorney's office should take a look at its own house and in other areas instead of pinning this on John Ambrose," Lipuma told reporters after Ambrose had been freed on his own recognizance following a brief appearance in the Dirksen U.S. Courthouse. He was charged with theft of government property.

Shapiro and Kim Widup, the U.S. marshal in Chicago, said the Marshals Service will closely examine what went wrong with the security breach and make any necessary changes.

"A day like today is a tough day for everybody in law enforcement," Widup said.

Shapiro said no evidence was uncovered that Calabrese was ever in danger or that the mob plotted against him.

Calabrese, described by Shapiro as the only "made" member of the Chicago Outfit ever to become a government informant, provided unprecedented cooperation, detailing 16 gangland murders in which he took part and another 22 homicides that he knew about.

His cooperation led to charges against himself and 13 others, including the Marcello brothers, in connection with 18 Outfit murders dating to the 1970s and 1980s, as well as illegal gambling and loan sharking.

Shapiro acknowledged that the investigation was made more difficult by the cryptic nature of the Marcellos' conversations at the prison.

"They were often whispered, they used hand signals, they leaned close together when talking and routinely spoke ... in code," Shapiro said. The audio quality was often poor, and portions were unintelligible, he added.

Deputy marshal won praise

Ambrose, 38, a 10-year veteran of the Marshals Service, had been deputy commander of the Great Lakes Regional Fugitive Task Force for more than two years when he was placed on paid leave in September amid the investigation.

Federal authorities even conceded that Ambrose had a stellar law-enforcement career until the allegations surfaced.

A front-page story in the Tribune in 2000 detailed how Ambrose had led the eight-month manhunt that ended in the capture of a high-ranking Gangster Disciple who was working in a cheese factory in Wisconsin.

"He used to find people no one else could find really," said U.S. District Judge Charles Kocoras. "There was no question about his ability."

Tom Ptak, Ambrose's father-in-law and a retired Chicago police detective, said, "He's a very, very good man, and he does a very good job, and he loves his family." Ambrose is married and has four children.

mo'connor@tribune.com

Fatal Raid Linked To Lies For Warrant In Drug Case (NYT)

By Shaila Dewan

The New York Times, January 12, 2007

ATLANTA, Jan. 11 — A narcotics team that shot and killed an elderly woman while raiding her home lied to obtain the search warrant, one team member has told federal investigators, according to news reports confirmed by a person familiar with the investigation who requested anonymity.

The officers falsely claimed that a confidential informant had bought $50 worth of crack at the house, the team member, Gregg Junnier, told the Federal Bureau of Investigation. Mr. Junnier retired from the Atlanta Police Department last week.

The story backs up statements by Alex White, a police informant, who said that after the shooting the police had asked him to claim, falsely, that he had bought crack at the modest home of the woman, Kathryn Johnston, whose age has been reported as both 88 and 92.

Ms. Johnston, pictured wearing a birthday crown in a widely used photograph, quickly became Exhibit A for complaints of excessive force by the police, prompting packed, angry town-hall-style meetings, accusations of systematic civil rights violations and calls for civilian review of police shootings in Atlanta.

The incident has also demoralized a police force where the number of narcotics officers has dwindled while, some critics say, pressure to make arrests has increased.

"The rest of the world is now hearing from the mouths of the police officers involved what we knew all along," said the Rev. Markel Hutchins, a spokesman for Ms. Johnston's relatives, who have maintained that she had nothing to do with illegal drugs and that neither her house nor her basement, which had a separate entrance, was used by dealers.

Spokesmen with the F.B.I.'s Atlanta office and the United States attorney here declined to comment. The shooting occurred on Nov. 21, after three members of the narcotics team arrested a suspected street marijuana dealer, Fabian Sheats, who said he could help the officers hook a bigger fish.

Mr. Sheats pointed out Ms. Johnston's house on Neal Street, near a high-crime area, saying a dealer there had a kilogram of cocaine. The officers, according to the reports of Mr. Junnier's account, tried to get an informant to the house to make a drug buy. But when that effort hit a snag, a request for a search warrant was drawn up anyway.

The paper, signed by Officer J. R. Smith, one of the three officers who made the arrest, claimed that a buy had been made from a dealer named Sam, and that a "no-knock" warrant was needed because Sam had security cameras outside the house — another detail that was fabricated, according to the accounts of what Mr. Junnier told the F.B.I.

Mr. Smith's lawyer, JohnGarland, declined to comment.

After a judge signed the warrant, the officers pried open Ms. Johnston's burglar bars and broke down her door. She responded with gunshots from a handgun that neighbors said she kept for defense. The officers, three of whom were injured, returned fire and killed her. No cocaine was found.

Mr. Junnier's lawyer, Rand Csehy, confirmed that his client was cooperating with investigators. William McKenney, a lawyer for Arthur Tesler, the third officer involved in the arrest, said his client would also cooperate.

Illinois Doctor Sentenced For Illegal Prescribing Over Net (IDG)

By Grant Gross

IDG News Service, January 12, 2007

He prescribed more than 62 million doses of drugs, the DOJ says

January 11, 2007 (IDG News Service) -- An Illinois doctor was sentenced today to more than three years in prison for illegally prescribing drugs over the Internet, the U.S. Department of Justice (DOJ) said.

Michael Millette, 46, of Crystal Lake, Ill., is the ninth doctor to be sentenced in an Internet pharmacy investigation conducted by the U.S. Attorney's office for the Northern District of Iowa. U.S. District Judge Linda Reade sentenced Millette to 41 months in prison and a $1.6 million fine.

Millette pleaded guilty in July to conspiring to dispense Schedule III and Schedule IV controlled substances without a legitimate medical purpose and outside the usual course of medical practice. He also pleaded guilty to laundering proceeds of the illegal prescriptions.

Schedule III drugs are classified in the U.S. as those with potential for moderate physical dependence and include anabolic steroids, codeine and some barbiturates. Schedule IV drugs have the potential for limited physical dependence and include Valium and Xanax, according to the U.S. Drug Enforcement Administration.

During his plea hearing, Millette said he prescribed more than 62 million doses of drugs illegally over the Internet, the DOJ said in a statement. Millette also said he laundered the money he received from the Internet companies that employed him.

Millette has also pleaded guilty to charges from the Middle District of Florida, where he was charged with a separate drug conspiracy related to the Internet distribution of Schedule III and Schedule IV controlled substances, the DOJ said. The Florida charges were transferred to the Northern District of Iowa for a consolidated sentencing.

It is illegal for a doctor to prescribe controlled substances unless the prescription is based on a legitimate doctor/patient relationship, the DOJ said. Many of the drugs Millette prescribed online are "addictive and dangerous if abused," the DOJ said.

The DOJ said it has made it a priority to crack down on Internet pharmacies because of the potential for death or serious injury if the drugs are not monitored by doctors.

Doctors from Connecticut, Florida, Louisiana and New York have also been sentenced to probation or prison terms in the investigation. Three doctors have pleaded guilty to related charges and are awaiting sentencing.

Among the doctors already sentenced, Millette faces the longest prison sentence and the largest forfeiture of prescription profits.

'Ecstasy' Dealer Sent To Prison (FLJOURNAL)

By Kim Crawford

Flint Journal (MI), January 12, 2007

A Flushing business owner will spend more than seven years in federal prison for his role in importing tens of thousands of "ecstasy" pills between 2001 and 2004.

Jared Petiprin, 31, owner of Five Star Auto and Jeep Outfitters, a used car dealership and customizing business, pleaded guilty in September to conspiracy to distribute a controlled substance. On Wednesday, he was sentenced to 87 months in prison by U.S. District Judge Paul V. Gadola.

Petiprin sobbed as he apologized to his family and customers.

"I feel as though they will be punished more than I am," he said before he was sentenced.

Petiprin is the latest - but not necessarily the last - in a string of defendants involved in the large-scale distribution and sale of "ecstasy" or cocaine who were charged in an investigation by the Drug Enforcement Administration and the Department of Homeland Security-Immigration Customs Enforcement over the past two years.

Michael P. Manley, Petiprin's attorney, said his client had voluntarily gotten out of the drug business to start legitimate businesses, while others who were charged in the case stayed involved in drugs. Manley also noted Petiprin was losing "everything" he had - his wife, his infant son and the businesses he built.

Gadola said he was impressed that Petiprin had good track records as a worker and a businessman, and that he had no prior criminal involvement. But Petiprin's involvement in drugs was "a despicable course of conduct," the judge said.

Court records show that the cases against Petiprin and nine other defendants who were indicted in 2004 began when Hugh V. Poteat III of Flint was stopped at the border in Detroit, coming back from Canada in June of 2001. He was arrested and charged when drugs were found in his vehicle, and he was ultimately sentenced to 18 months in prison.

Manley said Poteat and Petiprin were roommates when Poteat was arrested. Court documents show that U.S. authorities moved to have Poteat's prison sentenced reduced because of his cooperation with investigators.

An investigation showed that a group of men imported and distributed thousands of ecstasy pills from Canada around southeastern Michigan over the past few years.

Since Poteat's arrest - and before Petiprin pleaded guilty in the fall - nine other men were indicted in 2004. Manley noted that the other suspects, all of whom pleaded guilty over the past two years, received less prison time than federal sentencing guidelines suggested for Petiprin. Those men and their sentences were:

Stuart Waitman, 75 months; Matthew Kachman, 84 months; Michael Kuhlman, 37 months; Jason Minteer, 12 months; Dustin Wells, 60 months; Eric Bootz, 24 months; Shawn Gleason, 12 months; Mark Hoffman, 36 months; and Jordan Vandesteene, 23 months.

Petiprin's sentence is the heaviest given so far, but Manley said he could serve less than the full 87 months if he completes drug treatment and maintains good behavior while incarcerated.

Petiprin's family reacted emotionally to his sentence, with some crying and at least one man cursing.

In May 2005, federal agents raided Petiprin's businesses at 1519 E. Pierson Road. At that time, Petiprin told reporters the ICE agents were investigating one of his former employees, while agents declined to comment.

Cocaine Cowboys Corralled (CAPN9)

By Ken Jubie

Capital News 9, January 12, 2007

The Cocaine Cowboys are outlaws no more. Ten Members of the New York City based gang have been indicted on felony charges of conspiracy to distribute a controlled substance.

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"We were able to attack and take down an entire organization that were distributing cocaine in this particular area," said Albany County Assistant District Attorney Francisco Calderone.

They said the drug gang was peddling between one and two kilos of crack and coke from the city into the Capital Region every two weeks, moving about $40,000 worth of the drugs each week.

But, they weren't selling on the streets. They sold to other drug dealers and made their headquarters in a house on Utica Avenue in Colonie.

"The idea behind the business is, would be just like a pizzeria if you called and ordered product. They would solicit orders and then agree on making deliveries," Calderone said.

People living on Utica Avenue said it's pretty quiet and safe.

That's why it's surprising to find out a drug gang set up shop just down the street.

"When I heard about it, I was just absolutely shocked. I was surprised. I did not even know that that was going on, and I only live a couple houses away," said Antoinette Randall.

"There was not a lot of traffic. It wasn't like there were different cars parked there all the time or that kind of thing. So, it didn't draw a lot of attention," said Mary D'Ambrosio.

But, D'Ambrosio did notice lots of different people coming and going, and neighbors said, in hindsight, there were some unusual things happening.

Still, investigators said the Cocaine Cowboys ran a sophisticated operation.

"These people were embedded in our suburban community. They were well-disciplined. They did nothing to draw attention to themselves," said Albany County District Attorney David Soares.

That low profile is why Soares said it took the collaborative efforts of state and local law enforcers and the DEA during the past six months to corral the Cocaine Cowboys.

10 Charged In Narcotics Raids (ALBANYTU)

By Jordan Carleo-evangelist, Staff Writer

Albany Times Union, January 12, 2007

Latham rental home allegedly was outpost for well-organized operation

ALBANY -- A Bronx-based drug syndicate with the trappings of a corporate empire -- rewarding hard work with end-of-year bonuses and punishing poor performance with fines -- was upended by police raids over the last week, authorities said.

Ten alleged members, who prosecutors say moved as much as $100,000 in crack and cocaine through the region every two weeks, were indicted Wednesday in federal court.

The probe that began with street-level buys last summer uncovered a crew with a reverence for corporate culture and adherence to a strict code of conduct, prosecutors said.

Workers who routinely ferried drugs were given cash bonuses for avoiding speeding tickets and contact with police. Others, overheard on wiretaps, lobbied for promotions to management positions, prosecutors said.

"If you took a business trip on behalf of the organization, you could get reimbursed," said Francisco Calderon, an assistant Albany County prosecutor. He and colleague Eric Galarneau, both members of the street crimes unit, steered the far-reaching investigation from the Albany district attorney's office.

Shunning the competition and prying police eyes in the region's cities, the group set up a branch office in a bland, white rental house in suburban Latham, near the hamlet's trademark checkered water tower.

Authorities said they targeted the Albany area in part to capitalize on the price markup available far from saturated downstate drug markets.

"It was only getting more sophisticated and larger," said Galarneau, adding that the group appeared to idolize the so-called Cocaine Cowboys: Colombian drug rings that infiltrated Miami in the 1980s and are said to have inspired the movie "Scarface." A copy of a new documentary on the drug rings was found in their safe house, authorities said.

Since late August, the case swelled from a series of street-level buys around the Capital Region, leading investigators up the group's so-called corporate ladder.

By 10 p.m. Friday, authorities were lying in wait, knowing that a significant shipment was scheduled to head north. That night, on the I-90 ramp to I-787, police intercepted a van with three alleged workers and more than two pounds of crack and cocaine stashed in a customized dashboard hideaway.

Almost simultaneously, police and federal agents raided the Latham house, at 6 Utica Ave., where they arrested another alleged member and seized what they describe as business records, digital scales and other tools of the drug trade.

From that house, workers rotating from downstate would field orders from what prosecutors describe as independent contractors: sellers who would purchase relatively large amounts for re-sale across the region.

The crew's most active days were early in the work week, prosecutors said. On others, they offered specials on certain drugs, "part of that business mentality," Calderon said.

The integrity of the safe house was paramount, he said. No buyers were allowed near it, and workers returning from deliveries were required to make several random stops. An open garage door would be waiting at the home.

Just hours before the shipment was overtaken Friday, the crew's alleged ringleader, Juan P. "China" Montalvo, 24, was arrested on an unrelated gun charge in the Bronx, Calderon said.

Apparently fearing search warrants might follow, several of Montalvo's downstate confederates went to his apartment to clear it of evidence, authorities said.

Agents from the federal Drug Enforcement Administration were waiting for them outside, seizing, among other things, two guns and a large amount of cash, Calderon said. He credited the DEA, troopers, and police from Albany, Watervliet and Colonie with making the coordinated arrests work.

State Police Investigator Christopher Gilroy and DEA Special Agent Terrance Dunlap played a large role in building the case, which spanned months and 140 miles of Thruway, he said.

Wiretaps and surveillance had tipped authorities to the shipment allegedly arranged by Omar Astacio, the 26-year-old man authorities say kept a tight watch on the ring's finances. The rental property, its cable television service and several vehicles were in his name.

Authorities first thought the shipment was headed toward Albany's downtown bus terminal, but the carrier instead took a train to Rensselaer. He and two others were the ones stopped on I-90.

Jonathan "Smoke" Gordon, the group's local leader, was arrested the same night in Watervliet, prosecutors said.

Prosecutors said the group has not been linked to any specific acts of violence, but Calderon said the two guns seized from Montalvo's Bronx home show they were willing to defend the business.

At least in the short term, the arrests "put a major stranglehold" on the flow of cocaine here, he said. Once the group's hierarchy was revealed, "it was a matter of figuring out who's who," he added.

Targeting the organizations that supply Albany's drug markets has increasingly become a priority, Calderon said. "David Soares' objective has been to have us work on larger, long-term investigations."

The case has been handed over to the U.S. Attorney's Office. All 10 defendants, all of whom are being held in Albany County jail without bail, are expected to be arraigned today in U.S. District Court.

Jordan Carleo-Evangelist can be reached at 454-5445 or by e-mail at jcarleo-evangelist@ timesunion.com.

The suspects

Addresses for the 10 people charged were not immediately available. All were indicted Wednesday in federal court for allegedly conspiring to distribute crack and cocaine.

Juan P. ``China" Montalvo, 24, the alleged leader, based in the Bronx. Arrested early Friday on a gun charge authorities say was unrelated to the drug sweep.

Omar Astacio, 26; authorities say he was a manager who tightly controlled the group's finances. The van stopped Friday was registered to him at an address on Third Street in Albany.

Jonathan ``Smoke" Gordon, 25, was arrested in Watervliet. Authorities say he was the local manager for the drug operation, overseeing activity at the Latham safe house.

Joey ``Crack" Corretjer Jr., 23, was arrested at the group's Latham stash house. He is alleged to have been one of the workers who made deliveries ``like ordering a pizza."

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Morris S. Alvarez, 23, was arrested Friday night in the van stopped on Interstate 90. He gave police an address in the Bronx.

Sean Torres, 26, was also arrested in the traffic stop in Albany. He gave police an address in the Griswold Heights Apartments in Troy.

Jean C. Gonzalez, 25, was arrested with Sean Torres and Alvarez. He gave police a Bronx address and was one of five of the defendants arraigned Saturday in Albany City Court.

Anthony Torres, age not immediately available, was arrested in the Bronx with several others. Authorities said they were trying to clear evidence from a Bronx apartment.

Joan Ogando-Ramirez, age not immediately available, was also arrested in the Bronx by agents from the federal Drug Enforcement Administration.

Yadira Polanco, age not immediately available. Authorities said she is Montalvo's girlfriend and was among those arrested while trying to clear out the Bronx apartment.

Source: court records and prosecutors

Operation Cocaine Cowboys: Massive Drug Pipeline Busted (WTEN)

WTEN-TV,, January 12, 2007

Major Drug Pipeline from NYC to Latham Busted

Police say what operated as a "delivery service" for dealers around the area, is now out of business.

That pipeline began down in New York City, and shipped drugs up the Thruway to Latham. Police say in order to distribute the goods, the dealers set up what they call a "satellite base" right here in the Capital Region, on Utica Avenue in Latham.

It was from that home that police say the dealers did so much business, they managed to take in more than 30-grand in just four days. NEWS10's Latricia Thomas explains how police busted the business.

It is a quiet street in Latham - in fact, a quiet house.

"I never saw any activity there, never...in the daytime anyway," says neighbor, Beatrice Vinciguerra.

But authorities say what was going on inside, was elaborate and planned out, allegedly by 10 suspects - operated exactly like a well-oiled business.

"They were a very organized and structured group, in that they wanted to follow a business model," says Francisco Calderone, with the Albany County District Attorney's Office.

A business model that investigators say cycled one to two-kilos every two weeks.

"The idea behind the business would be just like a pizzeria...if you ordered, called and ordered product, they would solicit deliveries, and then go to that specific address," Calderone says.

It was a smooth operation, until last Friday, when police say the group brought cocaine up from the city by train, and got busted at a traffic stop.

"It is not just a simple individual or a simple drug courier who was arrested in connection with this case, but an entire organization," says Eric Galerneau, with the Albany County D.A.'s Office.

All 10 suspects were arraigned in Federal Court Thursday. Their case is now being handled by the U.S. Attorney's Office.

Federal Fugitive Found In Morgan County Jail (AP)

AP, January 12, 2007

DECATUR, Ala. (AP) — A Morgan County sheriff's investigator helped find a federal fugitive who was already jailed in the county under a false name.

A federal grand jury indicted Ulises Torres Cruz, 31, in July on charges of conspiracy to traffic methamphetamine as part of a major drug trafficking organization in North Alabama.

But authorities could not find Cruz and he was placed on the Drug Enforcement Administration's most wanted list.

Investigator Jim England saw a picture of Cruz on the list and thought he looked like a man who had been arrested by Decatur police in February on charges of trafficking methamphetamine.

The man had told police his name was Martin Contera Vera, but Huntsville DEA agents confirmed that Vera and Cruz were the same person.

Jill Ellis, a spokeswoman for the U.S. attorney's office, said Cruz will be arraigned in U.S. District Court and will be put in line for the regular court schedule.

Cruz had been in the Morgan County Jail on June 27 when authorities seized tons of drugs throughout North Alabama and made 29 arrests.

U.S. Attorney Alice Martin said the investigation brought down a ring allegedly run by Oscar Xicotencah Salomon, 34, of Decatur.

Ellis didn't believe the federal charges would supersede felony charges filed locally, but said that the matter could depend on whether the county arrested Cruz as a result of a connection with the Salomon ring.

Federal Fugitive Found In Jail Here (DECDAILY)

By Seth Burkett

The Decatur Daily, January 12, 2007

A Morgan County sheriff's investigator exposed a man arrested locally under an assumed name as a fugitive on the Drug Enforcement Administration's most wanted list this week.

When a federal grand jury indicted Ulises Torres Cruz, 31, in July on charges of conspiracy to traffic in methamphetamine as part of a major drug trafficking organization in North Alabama, authorities apparently were unaware that Cruz had already been jailed by local authorities months earlier under the alias Martin Contera Vera.

Decatur police had arrested Vera on charges of trafficking in methamphetamine in February.

He was in the Morgan County Jail on June 27 while teams of federal and local authorities descended on homes and safe houses in Decatur, Hartselle, Huntsville, Madison, Limestone County and Cullman County, seizing tons of drugs and making 29 arrests in the course of the day.

The effort brought down a drug trafficking ring allegedly run by Oscar Xicotencah Salomon, 34, of Decatur, U.S. Attorney Alice H. Martin said. Martin said Salomon's alleged organization brought drugs into the U.S. from Mexico through the Texas border.

Investigator's discovery

The diligence of an investigator on the county drug task force helped federal agents finally locate Cruz, who was considered a fugitive.

Investigator Jim England occasionally digs back through cases to check arrests against federal wanted lists, said Chief Deputy Mike Corley.

"From time to time, he has a guy that is on the most wanted list by the feds. In checking that, just as he randomly does, he saw a picture of a subject on there that he thought he recognized," Corley said.

Corley said England forwarded the Sheriff's Department's information on Vera to DEA agents in Huntsville, who confirmed that Vera and Cruz were the same person.

"They will place a hold on him, and he will be brought over for arraignment in U.S. District Court. He'll be put in line for the regular court schedule," said Jill Ellis, a spokeswoman for the U.S. attorney's office.

Ellis said she didn't believe the federal charges would supercede felony charges filed locally, but said that the matter could depend upon whether Cruz was arrested by Morgan County as a result of a connection with the Salomon ring.

"It depends on when they picked him up and what he was doing. What the genesis of their charges was," she said.

More Drugs, Fewer Narcs (TIME)

By Brian Bennett

Time, January 12, 2007

Though the global drugÂ trade is heating up, expect a lighter U.S. enforcement presence on the streets. The White House's Office of National Drug Control Policy estimates that opium production in Afghanistan, which not only provides 90% of the heroin consumed globally but also funds Taliban activities, rose 61% last year over 2005. Some 670 tons of heroin are expected to flood the market, and that should slash the street price of a kilo of Southwest Asian heroin, now about $90,000 in Los Angeles. Yet the U.S. Drug Enforcement Agency (DEA), which annually loses some 3% of its 5,000 agents to attrition, has a two-

year hiring freeze because of budget cuts to U.S. programs. DEA bean counters say they would need an additional $12 million to maintain current agent levels. The DEA's overseas funding has increased, but overall, DEA chief financial officer Frank Kalder admits, "there will be less drug enforcement going on. There's no getting around that."

General James Jones, who worked in Afghanistan, calls the cuts "astounding." But other experts think it's wasteful to crack down on drug dealers without reducing drug use. In other words, manage both sides of the problem. Narcs or not, the new crop hits streets this spring.

Nation's Drug Czar Lauds Wayne County's Handling Of Fentanyl Cases (DEN)

By Ronald J. Hansen

Detroit News, January 12, 2007

DETROIT -- The nation's drug czar commended Wayne County officials Thursday for their teamwork with others last year during a rash of drug overdoses from the powerful painkiller fentanyl.

"Your collaboration as a group was outstanding," said John P. Walters, Director of the White House Office of National Drug Policy. "You saved lives and you helped save lives in other places."

Fentanyl overdoses killed at least 179 people in Wayne County in the first 11 months last year, officials said. The problem here became apparent after county officials had 12 overdoses in a 24-hour period. Officials across the country later realized fentanyl overdoses surged across the Midwest, from Pennsylvania to Chicago beginning in the fall of 2005.

The death toll in Wayne County peaked in May and June, prompting county authorities to work with health and law enforcement to raise awareness of the problem.

The Fentanyl Substance Abuse Work Group, as it is known, still meets in an effort to rein in fentanyl-related overdoses. Fentanyl overdoses dropped to as little as eight in August, but rose again in October and November to 18 and 16, respectively.

Walters said it is unclear whether the continuing fentanyl deaths are attributable to a sizable production of the drug that is still in circulation or if others are manufacturing it.

Those killed last year typically overdosed by unwittingly taking heroin or cocaine laced with fentanyl. The drug is considered 80 times more powerful than morphine and can cause instant death.

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U.S. Drug Czar Praises Detroit's Fentanyl Battle (FREEP)

By Jim Schaefer, Free Press Staff Writer

Detroit Free Press, January 12, 2007

U.S. drug czar John Walters met with and praised Wayne County officials Thursday who have battled a deadly epidemic of fentanyl deaths that hit the area over the past 15 months, but warned there is more work to do amid a continuing string of deaths.

“You helped save lives and you helped save lives in other places,” Walters told the gathering of county and state public health and law enforcement officials. The fentanyl work group, as it is called, comes together once a month to compare notes about fentanyl’s status in Wayne County, which has had the largest number of identified fentanyl-related deaths in Michigan.

The group came together after 12 people died in overdoses involving the powerful painkiller during a 24-hour period in May. The deaths punctuated a trend that began nine months earlier, when clandestinely produced fentanyl began showing up in combination with heroin and cocaine in some U.S. cites, including Detroit.

Walters blamed the initial delay in recognizing the outbreak here and nationwide to the lack of a national reporting system for such drug epidemics.

At today's gathering, at the Wayne County Medical Examiner’s Office in Detroit, Walters asked the work group for its advice on how to create standards for reporting and gathering of information that could spot emerging drug epidemics sooner.

From September 2005 through November 2006, about 218 drug overdoses in Wayne County were linked to fentanyl, according to the medical examiner’s office.

Oakland County, which also handles Genessee County cases, counted 75 such deaths for the same time period, with most occurring in Oakland. In Macomb County, about 20 deaths were identified over that period.

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Bonds Named In Test Reports (LAT)

By Bill Shaikin, Times Staff Writer

The Los Angeles Times, January 12, 2007

He doesn't admit or deny positive results last season for amphetamine but apologizes to Giants and teammate allegedly blamed by slugger.

The first player to reportedly test positive under baseball's new amphetamine ban is Barry Bonds, the one most prominently associated with a federal investigation into steroid abuse — and the one on the verge of breaking one of the sport's most cherished records.

Bonds' test result from last season was first reported Thursday by the New York Daily News. Although the disclosure revived concern about whether players could trust promises of confidentiality in drug testing, the San Francisco Chronicle reported Thursday that Bonds himself shared news of the test result within the San Francisco Giants' clubhouse.

"Barry is the guy who went around telling everybody he tested positive," a baseball source told the Chronicle.

Bonds initially blamed the positive test on a substance he took from the locker of teammate Mark Sweeney, the papers reported.

Bonds issued a statement Thursday in which he did not confirm, deny or address the positive test but did apologize to the Giants and their fans in general and Sweeney in particular.

"He is both my teammate and my friend," Bonds said. "He did not give me anything whatsoever and has nothing to do with this matter, contrary to recent reports."

Under baseball's current drug policy, players testing positive for amphetamines are not publicly identified after a first offense but are subject to counseling and additional testing. Players are suspended 25 games upon a second positive test and 80 games upon a third.

Players testing positive for steroids are suspended 50 games for a first offense and 100 games for a second offense.

Sweeney often stood up for Bonds in interviews last season; he paid for engraved champagne glasses to toast Bonds in May, after the slugger passed Babe Ruth and moved into second place on the all-time home run list, according to MLB.com.

"He did not give anything to anybody and he doesn't have anything illegal," the agent for Sweeney, Barry Axelrod, told the Associated Press.

The disclosure thrusts more turbulence into Bonds' flight toward the record. He needs 22 home runs to pass Hank Aaron atop the all-time list.

But he went virtually unwanted as a free agent this winter, and with the Giants finally agreeing Dec. 7 to bring him back for one year, at $16 million. However, the contract has yet to be finalized because of reported disputes over whether the team would continue to provide clubhouse access to Bonds' associates and could penalize him if legal issues force him to miss games.

A San Francisco grand jury is investigating whether Bonds committed perjury in 2003 when he testified he had not knowingly used steroids. In December, an appellate court ruled prosecutors in the case could have access to the names of about 100 players who tested positive for steroids in 2003, a year in which players were promised test results would remain confidential. The players' union vowed to challenge the ruling.

One union official on Thursday called the disclosure of Bonds' positive amphetamine test "disconcerting" but wouldn't confirm or deny the result.

Baseball began testing for amphetamines last season, with 30 stimulants on the banned list. Gary Wadler, a New York physician and advisor to the World Anti-Doping Agency, said baseball officials could best attack amphetamine use by releasing which stimulants resulted in positive tests — and how many — without violating the confidentiality of first offenders.

"The Bonds thing is really a metaphor for a much bigger problem," Wadler said. "You need to quantify the problem. That kind of information is very helpful if you're going to seriously address this."

Rob Manfred, baseball's executive vice president in charge of labor relations, said the drug policy prevented him from disclosing how many players tested positive, and for which stimulants.

That information is shared, he added, with medical advisors selected jointly by the commissioner's office and the union.

"There's no real need to make that information public," he said.

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Barry Bonds Comes To Teammate's Defense (AP)

By The Associated Press

AP, January 12, 2007

SAN FRANCISCO (AP) -- Barry Bonds said he did not get amphetamines from teammate Mark Sweeney, but did not deny a report Thursday saying he tested positive for the drugs last season. According to a story in the New York Daily News, the San Francisco slugger failed an amphetamines test in 2006. The newspaper reported that when first informed of the positive result, Bonds attributed it to a substance he had taken from Sweeney's locker.

Thursday, Bonds did not deny that but did apologize to Sweeney.

"He is both my teammate and my friend," Bonds said in a statement. "He did not give me anything whatsoever and has nothing to do with this matter, contrary to recent reports.

"I want to express my deepest apologies especially to Mark and his family as well as my other teammates, the San Francisco Giants organization and the fans," he said.

That's all the Giants star, shadowed by steroids allegations and only 22 home runs from breaking Hank Aaron's career home run record, said about the alleged positive drug test. Bonds has steadfastly denied used performance-enhancing drugs.

"Obviously, we're pleased that Barry has straightened this out," said Sweeney's agent, Barry Axelrod.

Bonds' reported positive test could be another snag in contract negotiations with the Giants. The sides reached a preliminary agreement on a $16 million, one-year contract Dec. 7, but the seven-time NL MVP still hasn't signed the deal or taken the mandatory physical that is part of the process.

The sides have been working to finalize complicated language in the contract that concerns the left fielder's compliance with team rules, as well as what would happen if he were to be indicted or have other legal troubles.

"Last night was the first time we heard of this recent accusation against Barry Bonds," the Giants said in the statement. "Under Major League Baseball's collective bargaining agreement with the Major League Baseball Players Association, clubs are not notified after a player receives a first positive test for amphetamines."

Rob Manfred, baseball's executive vice president for labor relations, refused comment, according to spokesman Rich Levin.

"I don't comment on the drug program, and I've never heard Barry Bonds blame anybody for anything," Gene Orza, the union's chief operating officer, said in an e-mail to The Associated Press.

San Francisco's front office and fan base long have stood by Bonds through his off-the-field problems and injuries. So have his teammates, deciding in spring training last year to support him every step of the way.

"There are so many substances out there right now you don't know what you should take or what you should not," Giants shortstop Omar Vizquel said Thursday. "Right now, I'm afraid to take vitamins for the same reason. You don't know what's going to be positive or what's going to be negative. The best way for players is to stay natural. Anything with chemicals in it can be bad. I know what I do. I don't know what the other guys do, and I don't really care.

"I tell the younger guys, but you don't need to be telling Barry Bonds and Mark Sweeney what they should take or what they should not."

There's a long history of amphetamines -- or speed and more commonly called "greenies" in the baseball world -- fueling generations of baseball players. Many turned to the stimulants for a way to get pepped up when their bodies couldn't do so on their own during a long season.

The pills, widely used even until recently, helped with energy for day games following night games and other times when players were short on sleep, such as after a long cross-country flight.

Baseball banned the uppers for the first time starting last season. A player is not identified until after failing two amphetamines tests, which also results in a 25-game suspension. The first failed steroids test, by comparison, is a 50-game suspension.

A first amphetamines offense, however, does require six additional drug tests over the following six months.

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Baseball commissioner Bud Selig wouldn't address the report directly.

"Amphetamines have been around for seven or eight decades and this is the first time on the advice of doctors, trainers and everybody else that we dealt with it," he said. "We banned amphetamines and that's very significant and we're going to continue to monitor it all very closely."

Selig did say management and the union discussed the report Thursday."

"I think maybe they have some suspicion on how it leaked out," he said.

Bonds did not appeal the positive test, according to the Daily News, which said Sweeney learned of Bonds' positive test from Orza. The newspaper reported Orza told Sweeney he should remove any troublesome substances from his locker and should not share said substances. Sweeney then said there was nothing of concern in his locker.

Before Bonds' statement, Axelrod told the AP that his client received a call informing him that his name had come up in regard to the testing.

"He responded at that time ... he did not give anything to anybody and he doesn't have anything illegal," Axelrod said. "That was the end of it, as far as we were concerned, until yesterday. We thought it was just a sort of procedural thing."

A federal grand jury is investigating whether Bonds perjured himself when he testified in 2003 in the Bay Area Laboratory Co-Operative steroid distribution case that he hadn't knowingly taken any performance-enhancing drugs. He told that 2003 grand jury he believed his trainer, Greg Anderson, had given him flaxseed oil and arthritic balm, not steroids.

Bonds, who's coming off October surgery on his troublesome left elbow, played regularly in 2006.

After missing all but 14 games in 2005 following three operations on his right knee, Bonds batted .270 with 26 homers and 77 RBIs in 130 games last year. He passed Babe Ruth to move into second place on the career home run list May 28.

Bonds has spent 14 of his 21 big league seasons with San Francisco and helped the Giants draw 3 million fans in all seven seasons in their waterfront ballpark. The team is counting on him to be part of the hype leading up to its hosting of the All-Star game in July.

Bonds said he noticed an improved vibe in the clubhouse last season with the additions of Steve Finley, Sweeney and Todd Greene. The slugger was more sociable too, playing cards or chess with his teammates or trainers before games -- and even making a rare appearance in the team photo.

Bonds and Sweeney appeared to be good friends, with Sweeney speaking to the slugger by phone recently this offseason.

"This year we had the best chemistry on the team. I felt like the team was clicking," Vizquel said. "It's sad a stupid instance like this might rupture something that was going pretty good. I don't think the players will turn on each other. We are a veteran team. We should know what (substance) is good and what is bad."

AP Baseball Writer Ronald Blum in New York and AP Sports Writer Colin Fly in Milwaukee contributed to this report.

Bonds: No Amphetamines From Teammate (USAT)

By Bob Nightengale, Usa Today

USA Today, January 12, 2007

Barry Bonds said he did not get amphetamines from teammate Mark Sweeney, but the San Francisco Giants slugger did not deny a report Thursday saying he tested positive for the drugs last season.

COMMENTARY: Lopresti on the continuing Bonds saga

Earlier Thursday, four people with knowledge of the test results told USA TODAY that Bonds, who already is under investigation by the federal government for perjury, tested positive for the use of amphetamines last summer.

In a statement reported by the Associated Press, Bonds said that Sweeney, "is both my teammate and my friend. He did not give me anything whatsoever and has nothing to do with this matter, contrary to recent reports.

"I want to express my deepest apologies especially to Mark and his family as well as my other teammates, the San Francisco Giants organization and the fans," Bonds said.

Bonds was told of the test result last August, according to a person close to Bonds.

SPORTS SCOPE: Readers react.

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The four people with knowledge of the test results requested anonymity because players who test positive for amphetamines the first time under Major League Baseball's policy are not publicly identified.

Jeff Borris, Bonds' agent, declined comment Thursday. When asked in August by USA TODAY whether he could confirm an anonymous person's rumor that Bonds tested positive, he said: "Are you asking me whether Barry tested positive? Sorry, I can't answer that. I'm not going to confirm or deny that."

Bonds, who had a private meeting Thursday afternoon with Borris in Beverly Hills, Calif., also did not comment.

Bonds, according to Thursday's New York Daily News, never denied taking amphetamines but when informed of his positive test told baseball authorities he took the amphetamines out of Sweeney's locker. Sweeney denied the accusation, and told USA TODAY he confronted Bonds about it.

"I asked him why my name would be out there," Sweeney said. "I told him that I didn't understand why my name was even being talked about. He told me it was a misunderstanding."

Sweeney said Gene Orza, chief operating officer of the players association, informed him his name had surfaced in reference to Bonds' drug test.

"If you have anything like that in your locker, get rid of it," Orza told Sweeney, according to Barry Axelrod, Sweeney's agent. "Mark said, 'I don't know what you're talking about. I don't have anything or (haven't) given anything to anybody.'

"Mark has never tested positive, ever. What's unfortunate is that what is supposed to be confidential information somehow gets public. But Mark has never provided anything to Barry Bonds or anybody else. He's never had anything illegal in his locker or in his possession."

Orza declined comment on the conversation with Sweeney and said Bonds didn't implicate his teammate.

"Barry Bonds has never blamed anybody for anything as far as I know," Orza said. "I don't comment on the drug program at all. You know that. It's confidential."

Sweeney said he has never tested positive for amphetamines. He declined to divulge details of his conversation with Bonds.

"I think everything else has to come from his side," Sweeney said. "Barry's going to have to deal with all of that. I just don't understand why I'm even thrown into this. My mom, my dad and all my friends have to hear about this. It sucks. People don't know the true story. That's what bothers me.

"But the simple fact is that I'm perfectly comfortable what I've done and haven't done. I have nothing to be ashamed about. This isn't an issue of a guilty conscious. I've never done anything wrong. I respect the game. I have nothing to hide from."

Commissioner Bud Selig declined comment, and the Giants said they first learned of allegations against Bonds from the Daily News story on Wednesday night. Yet, at least two members of the Giants' front office were told of allegations last summer by USA TODAY.

"Last night was the first time we heard of this recent accusation against Barry Bonds," the Giants said in a statement. "Under Major League Baseball's collective bargaining agreement with Major League Baseball Players Association, clubs are not notified after a player receives a first positive test for amphetamines. ... Consistent with requirements of the basic agreement, the club will have no further comment on allegations with respect to any player's testing history."

Players are not publicly identified for a first positive test for amphetamines. They are subject to an additional six drug tests over a six-month period and receive treatment and counseling. Players who test positive a second time are subject to a 25-game suspension and an 80-game suspension for a third time.

For a positive test on steroids or other illegal performance-enhancing drugs, players receive a 50-game suspension.

The Giants and Borris refused to address whether the failed drug test will have a bearing on Bonds' contract. He agreed to a one-year, $16 million contract in December to return to the Giants, but it remains unsigned. The two sides had been working on details to determine whether Bonds would receive any compensation loss for games missed because of possible legal hearings, according to The Associated Press.

Contributing: Hal Bodley, Mel Antonen, Associated Press

3,000 Tests For Amphetamines, But Only Bonds Is In The Spotlight (NYT)

DOJ_NMG_0115822

By Michael S. Schmidt

The New York Times, January 12, 2007

The statement was not a direct admission of guilt. But the 64 words attached to Barry Bonds's name last night will probably be viewed as an acknowledgment by the embattled 42-year-old outfielder that he indeed tested positive for amphetamines at some point in 2006, thus raising questions about his status for 2007.

In his statement, Bonds did not dispute an assertion in yesterday's Daily News that he had tested positive for the first time last season, an infraction that calls for follow-up tests but does not provide for a suspension or the disclosure of his name.

But now Bonds's name is out, along with a separate assertion in The Daily News that when he was first notified of the positive test he tried to pass the blame to a Giants teammate, the utility player Mark Sweeney, saying he had taken a substance from Sweeney's locker.

It was Sweeney who was the focus of Bonds's statement last night, with Bonds calling him "both my teammate and my friend."

"He did not give me anything whatsoever and has nothing to do with this matter, contrary to recent reports," the statement said. "I want to express my deepest apologies, especially to Mark and his family as well as my other teammates, the San Francisco Giants organization and the fans."

The statement does not directly deny that Bonds might have originally pointed to Sweeney as the source of his problem. That could create continuing problems for Bonds within a Giants clubhouse in which he has long operated by his own rules.

Bonds's criminal lawyer, Michael Rains, said his client was in Los Angeles yesterday, meeting with his agent, Jeff Borris, to discuss security issues surrounding the 2007 season, one in which Bonds will need 22 more home runs to pass Hank Aaron for the career home run mark.

Bonds is already a highly controversial figure, currently under investigation by a federal grand jury in connection with the Bay Area Laboratory Co-Operative steroid-distribution case. Although Bonds has reached a $16 million preliminary contract agreement with the Giants for 2007, it has not been completed, and it is conceivable that the Giants may attempt to walk away from the deal.

Barry Axelrod, the agent for Sweeney, confirmed yesterday in a telephone interview that Sweeney had been contacted last season and advised that his name had been brought up in connection "with something involving Bonds."

Who contacted Sweeney? "I wasn't privy to the conversation," Axelrod said. "He was contacted. I don't know if it was baseball or the union. We didn't get into the nature of the call. It was, 'Your name came up, hopefully, you don't have anything that would cause you problems.' He said he didn't.

If Bonds did test positive for amphetamines, it was as one of approximately 3,000 tests that baseball conducted last season for the stimulant, which has long been part of baseball's culture. Last season was the first time that baseball tested for amphetamines, with each player on the 40-man rosters of the 30 major league teams tested at least twice, and others tested more than that because of the 580 additional random tests provided for in the agreement between baseball and the players' association. Under the agreement, players who tested positive a first time would receive counseling and six follow-up tests over the next 12 months. Any player who tested positive twice would be publicly identified and suspended for 25 games.

In 2006, no player tested positive twice, so no one was punished. But if Bonds tested positive once, how many other players did, too? That answer is not publicly known because the testing agreement for amphetamines does not allow baseball to report the total number of first-time positive tests even though no players' names would be attached to the overall number.

Why? The reason apparently has to do with concern within baseball, and particularly in the union, that amphetamine use would not disappear quickly and that first-year testing might produce an embarrassing, number of first-time positive tests.

So what the number actually was for 2006 remains undisclosed. In contrast, there are no shields for players who test positive for steroids, whether they are first-time or repeat violators. They are identified and suspended, under guidelines that have been toughened several times. In all, 15 major leaguers and 119 minor leaguers tested positive for steroids over the past two seasons, with the number declining in 2006.

Under the amphetamine testing guidelines, when a player tests positive for the first time, only the player, the union, baseball's vice president for labor relations and a committee that oversees the testing program are to be informed.

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Even the player's team is supposed to be kept in the dark, which may be why the Giants issued a statement yesterday saying that "last night was the first time we heard of this recent accusation against Barry Bonds."

But now they know, and the question is what they intend to do.

Report Of Bonds' Failed Test Might Hinder Negotiations (AP)

Associated Press

AP, January 12, 2007

SAN FRANCISCO (AP) -- Barry Bonds' reported positive test for amphetamines last season could be another snag in contract negotiations with the San Francisco Giants.

News of the failed test, reported Thursday in the Daily News, is the latest in a long list of allegations surrounding the slugger, who will face more questions this season about whether he used performance-enhancing drugs in his pursuit of Hank Aaron's home run record.

According to the report, Bonds failed an amphetamines test in 2006, then blamed it on a teammate. The New York City newspaper reported that when first informed of the positive result, Bonds attributed it to a substance he had taken from utilityman Mark Sweeney's locker.

Just when everybody thought the Giants were getting along well for a change.

Bonds is set to begin his 15th season with the Giants only 22 home runs shy of passing Aaron's career record of 755.

San Francisco and Bonds reached a preliminary agreement on a $16 million, one-year contract Dec. 7, the final day of baseball's winter meetings. But the seven-time NL MVP still hasn't signed the deal or taken the mandatory physical that is part of the process.

The sides have been working to finalize complicated language in the contract that concerns the left fielder's compliance with team rules, as well as what would happen if he were to be indicted or have other legal troubles.

Giants owner Peter Magowan and executive vice president Larry Baer did not immediately return calls for comment Thursday. Neither did Bonds' agent, Jeff Borris, Sweeney or his agent, Barry Axelrod. Borris repeatedly has declined to comment on specifics of the negotiations.

San Francisco's brass and fan base long have stood by Bonds through his off-the-field problems and injuries. So have his teammates, deciding in spring training last year to support him every step of the way.

"There are so many substances out there right now you don't know what you should take or what you should not," Giants shortstop Omar Vizquel said Thursday. "Right now, I'm afraid to take vitamins for the same reason. You don't know what's going to be positive or what's going to be negative. The best way for players is to stay natural. Anything with chemicals in it can be bad. I know what I do. I don't know what the other guys do, and I don't really care.

"I tell the younger guys, but you don't need to be telling Barry Bonds and Mark Sweeney what they should take or what they should not."

There's a long history of amphetamines -- or speed and more commonly called greenies in the baseball world -- fueling generations of baseball players. Many turned to the stimulants for a way to get pepped up when their bodies couldn't do so on their own during a long season. The pills, widely used even until recently, helped with energy for day games following night games and other times when players were short on sleep, such as after a long cross-country flight.

Baseball banned the uppers for the first time starting last season. A player is not identified until after failing two amphetamines tests, which also results in a 25-game suspension. The first failed steroids test, by comparison, is a 50-game suspension.

A first amphetamines offense, however, does require six additional drug tests over the following six months.

Bonds did not appeal the positive test, according to the Daily News, which said Sweeney learned of Bonds' positive test from players association chief Gene Orza. He told Sweeney, the paper said, that he should remove any troublesome substances from his locker and should not share said substances. Sweeney then said there was nothing of concern in his locker.

Bonds, who has denied using steroids and other performance-enhancing drugs, long has been under the microscope. A federal grand jury is investigating whether he perjured himself when he testified in 2003 in the Bay Area Laboratory Co-Operative

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steroid distribution case that he hadn't knowingly taken any performance-enhancing drugs. He told that 2003 grand jury he believed his trainer, Greg Anderson, had given him flaxseed oil and arthritic balm, not steroids.

Bonds, who's coming off October surgery on his troublesome left elbow, played regularly in 2006 -- 130 games -- even appearing in day games that followed night games, which he typically used to sit out. He trimmed up after carrying extra weight early in the year and seemed to bounce back well from minor injuries.

After missing all but 14 games in 2005 following three operations on his right knee, Bonds batted .270 with 26 homers and 77 RBIs in 367 at-bats in 2006. He passed Babe Ruth to move into second place on the career home run list May 28.

Bonds has spent 14 of his 21 big league seasons with San Francisco and helped the Giants draw 3 million fans in all seven seasons at their waterfront ballpark. The club is counting on him to be part of the hype leading up to its hosting of the All-Star game in July.

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Bonds and Sweeney appeared to be good friends, with Sweeney speaking to the slugger by phone recently this offseason.

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Ecuador, Colombia OK Deal On Fumigation (AP)

By The Associated Press

AP, January 12, 2007

QUITO, Ecuador (AP)-- Ecuador's president-elect said Thursday a diplomatic spat over Colombia's fumigation of coca has been resolved, a disagreement that had spurred debate over the U.S. drug policy and prompted Ecuador to withdraw its ambassador.

Rafael Correa, a leftist economist who takes office Monday, told reporters in Quito that the agreement with Colombian President Alvaro Uribe marked "a huge step forward" in cross-border ties.

Ecuador withdrew its ambassador from Bogota after Colombia renewed spraying in December to eradicate fields of coca, the raw material for cocaine, within 350 feet of their shared border.

Colombian officials, under the protection of U.S.-supplied Black Hawk helicopters, have been spraying to eradicate the plant as part of a U.S.-supported effort to fight drug trafficking.

Correa recently canceled a trip to Bogota to protest the spraying, reflecting opposition among some Latin nation to the U.S.-led anti-narcotics strategy. Peru and Bolivia cooperate with U.S. counter-drug policies, but have long resisted Colombia's aerial fumigation policy.

Correa's decision to cancel came at the end of talks in Venezuela with President Hugo Chavez, who has described the U.S. drug war "the imperialists excuse to penetrate our countries, run roughshod over our people and justify their military presence in Latin America."

But Uribe and Correa met Wednesday in Nicaragua during the inauguration of President Daniel Ortega and reached an agreement under which Ecuador would be notified of any spraying along the border, Correa said.

They also agreed to create a three-party commission, with representatives from both countries and a third from the Organization of American States, that would ensure that the spray does not enter Ecuadorean territory.

But Ecuador's outgoing Foreign Minister Francisco Carrion criticized the pact and said Ecuador would not reinstate its ambassador in Bogota until the spraying was halted entirely. It was not immediately clear how Correa's deal with Uribe would affect that position.

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Grand Jury Indicts Cuban Exile Militant Luis Posada Carriles And Two Associates (MH)

By Alfonso Chardy And Jay Weaver

The Miami Herald, January 12, 2007

A federal grand jury in El Paso, Texas handed down a seven-count indictment today against Cuban exile militant Luis Posada Carriles, charging him with lying about how he sneaked into the United States in March 2005. It is the first time the CIA-trained Posada has been charged with a crime in the United States.

His chief benefactor, Santiago Alvarez, and another supporter -- Osvaldo Mitat -- were also indicted after they refused to testify before the same grand jury today. They were charged with contempt of court when they invoked their Fifth Amendment right against self-incrimination.

The indictment accused Posada, 78, of making false statements to immigration officials about how he arrived in the United States. Posada has insisted he came through the Mexican border, but the indictment asserted Posada entered the United States by sea aboard the shrimping vessel Santrina crewed by Alvarez, Mitat and others.

This is the first time Posada has been criminally charged in the United States, the country he viewed as an ally and safe haven because of his past connections to the CIA and the U.S. military. By indicting Posada, the federal government ensures his continued detention.

The possibility of Posada's release loomed closer after a federal judge in El Paso, in a separate case, set a Feb. 1 deadline for the U.S. government to justify the militant's continued detention. The judge's action came after a federal magistrate recommended that Posada be released. The U.S. government objected on the ground that releasing Posada -- who Cuba and Venezuela consider a "terrorist" -- could pose adverse foreign policy consequences.

Posada has been in the custody of U.S. Immigration and Customs Enforcement since he was detained in Miami-Dade County on May 17, 2005. He was then flown to El Paso where he has been held at an immigration facility.

Posada is wanted in Venezuela for his alleged role in the bombing of a Cuban airliner in 1976 that killed 73 people and in Cuba for his alleged role in the bombing of several tourist sites in 1997 that killed one Italian tourist.

The indictment alleged Posada made the false statements on his application for naturalization "on or about Sept. 10, 2005," the Justice Department said.

The indictment also alleges that he knowingly made false statements under oath during his naturalization interview with Department of Homeland Security officials on April 25 and 26, 2006.

In his naturalization interview, the Justice Department said, Posada allegedly made several false statements regarding his March 2005 entry into the United States, ``including statements about the transportation routes and methods used, as well as individuals who accompanied him."

For example, the indictment charges that Posada said he "traveled from Honduras through Belize and entered the United States over land near Matamoros, Mexico, and Brownsville, Texas," with the assistance of an unidentified alien smuggler.

In fact, the indictment said, Posada entered the United States aboard the Santrina accompanied by Alvarez and Mitat among others.

Cuban Militant Indicted, Accused Of Lying About Entering U.S. (SAEN)

By Guillermo Contreras, Express-News

San Antonio Express-News, January 12, 2007

A former CIA operative who was linked to plots to assassinate Cuban leader Fidel Castro is now facing charges in Texas.

A federal grand jury in El Paso indicted Luis Posada Carriles on Thursday on one count of naturalization fraud and six counts of making false statements in a naturalization proceeding, the Justice Department said in a news release.

A hero to the anti-Castro establishment, Posada, 78, is accused of lying to immigration agents about how he entered the United States in 2005, when he sought political asylum, according to the indictment.

Posada claims he entered through the Texas-Mexican border, but U.S. authorities allege he sneaked into Florida in March 2005 aboard a shrimp boat co-owned by Santiago Alvarez, a prominent South Florida supporter and benefactor of Posada, according to court records and newspaper reports.

Alvarez and Osvaldo Mitat, who reportedly worked for Alvarez, also were indicted by the El Paso grand jury Thursday on charges of refusing to testify at the grand jury proceedings, their indictments show.

Posada remained Thursday in a federal immigration jail in El Paso, one of the more infamous inmates there because of his background, which includes involvement in the 1961 Bay of Pigs operation — a U.S.-backed attempt by Cuban exiles to overthrow Castro.

Alvarez and Mitat were sentenced to federal prison in November after pleading guilty to federal weapons charges in Florida over machine guns, a grenade launcher and other items stored in an apartment complex that Alvarez, a real estate developer in Miami, owns.

In September 2005, an immigration judge ordered Posada deported to any country other than Cuba or Venezuela that will take him. That judge wrote that Posada's "case reads like one of Robert Ludlum's espionage thrillers, with all the plots and twists and turns Ludlum is known for."

For example, Posada was admitted to the United States as a permanent resident in 1962 and received military training in this country, serving as a second lieutenant in the Army. He later became a CIA operative, delivering guns to the Cuban coast until he was dropped by the CIA in 1967, his immigration file says. He later gave up his U.S. residency when he moved to Venezuela and became a citizen there, according to the file.

His file also contains many alleged links to militant acts, such as the Oct. 6, 1976, bombing of a Cubana Airlines jet off the coast of Barbados that killed all 73 occupants. Posada was charged, tried and acquitted in a military court in Venezuela. He escaped from a Venezuelan prison in 1985 while awaiting retrial in a civilian court. Venezuela has an extradition request for his return, and Cuba also wants him tried. Posada denies involvement in the bombing.

The Posada file also says he went to El Salvador and re-established ties with the CIA. There, he supplied arms and materials for the U.S.-backed Contras fighting the Sandinistas in Nicaragua, in an effort known as the Iran-Contra affair, the file said.

He later moved to Guatemala and was shot several times in the face in an assassination attempt in February 1990, according to his file. In the late 1990s, he was suspected of being involved in a series of bombings in Cuba, one of which killed an Italian tourist.

Cuba also accuses him of plotting to kill Castro in Panama in 2000.

As Alvarez and Mitat were being prosecuted in Florida, the Fort Lauderdale Sun-Sentinel reported, Posada refused to testify on their behalf despite a court order, opting instead for his Fifth Amendment right to remain silent. gcontreras@express-news.net

Suspected Bomber Of Cuban Airliner Indicted (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, January 12, 2007

The anti-Castro exile is charged with violating U.S. immigration law, but another court has scheduled his release.

MIAMI — A federal grand jury on Thursday indicted militant Cuban exile Luis Posada Carriles on immigration violations that could send the 79-year-old to prison for at least 10 years.

But those charges may not be enough to keep him locked up beyond another federal court's Feb. 1 release order.

Posada is wanted in Cuba and Venezuela for his alleged role in the 1976 bombing of a Cuban airliner in which all 73 aboard perished, as well as for a string of hotel bombings on the Communist-ruled island in the late 1990s that killed an Italian tourist.

The indictment by a West Texas grand jury alleges Posada lied on his application for U.S. naturalization and during subsequent immigration proceedings. A New Jersey grand jury is investigating the terrorism issues and has yet to issue any action.

A former CIA operative and veteran of the failed Bay of Pigs invasion, Posada made a career of trying to bring down the regime of Cuban President Fidel Castro, allegedly with the help of U.S. intelligence forces also opposed to the Communist leader.

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Posada served four years in a Panamanian prison for a 2000 assassination plot against Castro. He was freed in a gesture of support to President Bush during his 2004 reelection battle, when Miami's powerful exile community was lobbying the White House to help fellow anti-Castro fighters.

Posada has been in a federal immigration lockup in El Paso since his May 2005 arrest on charges of illegally entering the U.S. He told an immigration court in September of that year that he had made his way into Texas in March 2005 with the help of a smuggler.

But Cuban media alleged as soon as he surfaced in Miami later that month that Posada had been picked up from Mexico's Yucatan peninsula by four fellow exiles on a shrimp boat owned by influential Cuban American developer Santiago Alvarez and brought to a Florida Gulf Coast marina.

Alvarez and another Cuban militant, Oswaldo Mitat, pleaded guilty last year to reduced charges of amassing weapons for a strike on Castro. Both were summoned to testify before the West Texas grand jury last week and are believed to have supplied information incriminating Posada on one count of naturalization fraud and six of making false statements to immigration authorities.

Posada was convicted in late 2005 of immigration violations and was ordered deported. But a federal judge ruled that he couldn't be extradited to Cuba or Venezuela because of the possibility he would be tortured or abused in the custody of those governments.

U.S. efforts to deport him to other countries failed.

Posada's attorney, Eduardo Soto, filed a writ of habeas corpus in August challenging his client's continued detention. After U.S. Magistrate Norbert Garney recommended a month later that Posada be released, Department of Justice authorities urged U.S. District Judge Philip Martinez in El Paso to keep Posada jailed, claiming he is "an admitted mastermind of terrorist plots and attacks."

Thursday's grand jury indictment "shows that the Justice Department is serious about pursuing Posada but still leaves his case in the immigration courts instead of addressing his terrorist background," said Peter Kornbluh of the independent National Security Archive at George Washington University.

Kornbluh suspects the Bush administration is reluctant to put Posada on trial for sabotage or acts of terrorism because of his close ties to U.S. security and intelligence operations over the years.

Soto has also alluded to his client's knowledge of clandestine activities and their potential to embarrass past Republican administrations.

President George H.W. Bush, the current president's father, was CIA director during the Iran-Contra affair in which Posada played a key role.

Whether the immigration charges will be sufficient to keep Posada in jail beyond Feb. 1 depends on the outcome of his first court appearance, expected next week, when bail and other pre-trial conditions are determined.

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Immigration Charges For Cuban Militant (AP)

By Alicia A. Caldwell, Associated Press Writer

AP, January 12, 2007

A Cuban exile suspected of plotting the bombing of a jetliner 30 years ago in Venezuela was indicted Thursday on charges of lying during naturalization proceedings, the Justice Department said.

The presence of Luis Posada Carriles on American soil has put federal officials in a difficult position — critics accuse the U.S. of harboring a terrorist, yet federal policy has typically protected anti-Castro Cuban exiles.

Posada, 78, a former CIA operative with ties to the failed Bay of Pigs invasion in the 1960s, is wanted by the governments of Cuba and Venezuela to face trial in the 1976 Cuban jetliner bombing. But a federal immigration judge who ordered Posada out of the United States ruled he could not be sent to either country.

Several countries have rejected U.S. requests for Posada to be sent there.

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Posada, who was born in Cuba and is a naturalized citizen of Venezuela, is charged with one count of naturalization fraud and six counts of making false statements in a naturalization proceeding, according to the Justice Department.

The indictment alleges that Posada knowingly lied on his application and under oath when applying for naturalization to the United States in September 2005 and April 2006.

He said he traveled from Honduras through Belize, ultimately reaching the United States near Brownsville, Texas, with the help of a human smuggler. But Posada actually entered the country by sea on a boat with four others, according to the indictment.

Santiago Alvarez, a key Posada benefactor, and Osvaldo Mitat, one of Alvarez's employees, were indicted in El Paso on a charge of failing to appear before the grand jury. Both pleaded guilty to a weapons charge in Florida last year and are in prison there.

The indictment also says Posada had a fake Guatemalan passport bearing his photograph and the name Manuel Enrique Castillo Lopez.

Posada attorney Felipe Millan said he believes Posada told the truth during the naturalization interview and in documents.

If convicted, Posada faces a maximum of 10 years in prison on the naturalization fraud count and five years in prison on each of the false statement counts.

Posada is expected to appear in court next week on the charges, Millan said.

The indictment beats a Feb. 1 deadline set by a judge that forced the U.S. government to provide evidence justifying Posada's detention pending deportation.

It is unclear what impact the indictment could have on the pending deportation order. If the indictment proceeds, Posada could ask to be set free on bond, Millan said, a move that would probably draw Justice Department opposition.

Posada, who Millan has said is in poor health, has denied any wrongdoing in the jetliner bombing or any other attacks against Cuban interests.

Peter Kornbluh, of George Washington University's National Security Archive, said the indictment does not address Posada's perceived role in the bombing in Venezuela.

"The administration has to get into his terrorist crimes before it is clear that it is serious about bringing Posada to justice," Kornbluh said.

Posada's lawyers contend the United States is violating a 2001 Supreme Court ruling that foreign nationals who can't be deported could not be held indefinitely. The high court set a six-month maximum, and Posada has been in U.S. custody in El Paso since May 2005.

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Associated Press writer Jeff Carlton in Dallas contributed to this report.

Cuban Terror Suspect Indicted By U.S. On Immigration Charges (BLOOM)

By Robert Schmidt

Bloomberg, January 12, 2007

Jan. 11 (Bloomberg) -- A Cuban terrorist suspect was indicted by a U.S. grand jury in Texas on charges that he unlawfully tried to become a naturalized American citizen.

Luis Posada Carriles, 78, was charged with knowingly making false statements on his citizenship application in September 2005 and later in interviews with U.S. immigration officials. He is currently in custody and is expected to appear in court in El Paso, Texas, early next week, the U.S. Justice Department said in a statement.

Posada Carriles is wanted by Venezuela for allegedly planning the 1976 bombing of a Cuban airliner that killed 73 people. An immigration judge in 2005 barred Posada Carriles's extradition to Cuba or Venezuela, saying there was no guarantee he wouldn't be tortured if returned to those countries.

Last September, Venezuela asked the United Nations to force the U.S. to turn Posada Carriles over.

If convicted, Posada Carriles would face a maximum of 10 years in prison on one charge of naturalization fraud and up to five years on each of six counts of lying in interviews with immigration officials.

Anti-Castro Militant Indicted In US On Immigration Charges (AFP)

AFP, January 12, 2007

A US federal grand jury has indicted anti-Castro militant Luis Posada Carriles for lying in naturalization proceedings, the Department of Justice said.

Posada Carriles is wanted by Venezuela and Cuba in the 1976 bombing of a Cuban airliner that killed 73 people.

The indictment handed down by a federal jury in Texas accuses Posada Carriles of making false statements on his application for naturalization as a US citizen in September 2005 and of lying under oath during an interview with US officials in April 2006, the Justice Department said in a statement.

Posada Carriles, 78, told authorities he had travelled from Honduras through Belize and entered the US state of Texas over land from Mexico with help from a smuggler. But the indictment states Posada Carriles entered the United States by sea aboard the motor vessel "Santrina" accompanied by four individuals.

Venezuela has demanded the United States extradite Posada Carriles to face terrorism charges.

US officials refuse to release him to Venezuela, where he holds citizenship, or Cuba, where he was born, saying he might be tortured. But they also have refused to free him, calling the former CIA operative a threat to national security.

Posada Carriles was detained by immigration officials in May 2005 for entering the United States illegally.

Posada Carriles was jailed for eight years in Panama in a bomb plot to assassinate Cuban leader Fidel Castro during an Ibero-American summit in Panama in 2000. He was pardoned by outgoing president Mireya Moscoso.

Cuban and Venezuelan authorities accuse the US government of harboring a known terrorist.

Recently declassified US documents show that Posada Carriles had worked for the CIA at least from 1965 until June 1976, and he reportedly helped the US government ferry supplies to so-called Contra rebels, who waged a bloody campaign to topple the Marxist Sandinistas in Nicaragua in the 1980s.

Alleged FBI Impersonator Indicted (CBS2CHI)

CBS 2 Chicago, January 12, 2007

(STNG) A 40-year-old man was indicted Wednesday with allegedly impersonating an FBI agent so he could dupe immigrants out of money.

Omar Abbas, who is currently in custody on a $100,000 bond, was indicted on two counts each of extortion and making false statements within the jurisdiction of the FBI, and one count each of impersonating a United States officer and bribery.

Court records show he is slated for arraignment at 9 a.m. on Tuesday, Jan. 16, before U.S. District Judge Amy St. Eve.

Abbas went by many aliases as he made several unkept promises to help immigrants in exchange for bribes, the indictment, obtained Thursday in federal court, alleges.

One man gave Abbas $8,500 because Abbas allegedly said he was an FBI agent. Another trusted Abbas to be a high-level attorney and paid him $5,500, charges allege. But Abbas was nothing but an extortionist, the FBI said.

Abbas made promises he didn't keep as he collected $25,000 from three people, according to charges originally filed against Abbas on Oct. 13, 2006.

He usually preyed on immigrants caught in tough circumstances, authorities said. Law enforcement officials believe more immigrants have been scammed but haven't alerted authorities because they fear their legal status will be questioned, FBI spokesman Tom Simon said.

In one case, a man asked Abbas for help in getting his son out of jail pending his trial. Abbas said he was connected to assistant state's attorneys, who would get the man's son out of jail immediately for the right price, the indictment alleges.

The two met at the Daley Center downtown where the man handed cash to Abbas, then never saw him again, according to the indictment. The man's son wasn't released until months later.

The indictment also accuses Abbas of representing himself as an FBI agent to a man facing deportation and said he would fix the problem. Abbas allegedly took payments from the man and did nothing else.

Anyone with information regarding the alleged scheme is asked to call the FBI at (312) 421-6700.

TAX:

Plea In Tax-Shelter Probe (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, January 12, 2007

A Saipan man pleaded guilty to making false statements in connection with the government's probe into allegedly fraudulent tax shelters marketed by former executives of KPMG LLP.

The plea was the second in the government's tax-shelter investigation secured by prosecutors in as many days.

Michael Grandinetti, a senior executive with the United Micronesia Development Association, entered his plea at a hearing before U.S. District Judge Thomas P. Griesa in Manhattan.

Mr. Grandinetti, 54 years old, said he lied to a prosecutor and an Internal Revenue Service agent when he told them in a March 2006 telephone call that he had disclosed to the UMDA's board that he received secret side payments from a group of tax-shelter promoters for UMDA engaging in certain tax-shelter transactions.

Mr. Grandinetti faces up to five years in prison on the charge. Bail was set at $10,000.

Agents Say Fast Audits Hurt I.R.S. (NYT)

By David Cay Johnston

The New York Times, January 12, 2007

Top officials at the Internal Revenue Service are pushing agents to prematurely close audits of big companies with agreements to have them pay only a fraction of the additional taxes that could be collected, according to dozens of I.R.S. employees who say that the policy is costing the government billions of dollars a year.

"It's catch and release," said Douglas R. Johnson, an I.R.S. auditor in Colorado for three decades who said he grew so frustrated at how large corporations were allowed to pay far less than what he thought they owed that he transferred to the agency's small-business division.

With one exception, other working agents would talk about the issue only on condition they not be identified because they feared being fired. They said a policy intended to avoid delays in auditing corporations was being pushed so rigidly that it prevented them from pursuing numerous examples of questionable corporate tax deductions.

I.R.S. officials said the complaints were misguided. In an interview yesterday, Debbie Nolan, the I.R.S. executive in charge of auditing large and medium-size businesses, denied that audits were being closed over the objections of agents who had evidence that significant additional taxes were owed. Ms. Nolan said she had not heard any such complaints from auditors.

She noted that the amount of additional tax recommended for each hour auditors spend on large and medium-size companies more than doubled, to $5,195 in 2006 from $2,394 in 2002. And she said that internal reviews of corporate tax audits showed that their quality had improved.

"On the whole, we are moving in the right direction," she said. "All of our indicators tell me that we are doing the right thing."

But auditors said they were told to limit questioning only to those specific issues that the I.R.S. and the companies had agreed in advance to examine. When other questionable deductions emerged in the course of the audit, they said, additional taxes were ignored.

Rank-and-file auditors said that the sharp rise in tax dollars collected per hour of audit was not a sign of an improved auditing system but simply reflected the fact that abusive and illegal tax shelters had become so common that it was easy to find additional taxes due.

James Lynch, who retired 18 months ago after two decades auditing large corporations in the San Diego area, said that "of course dollars per hour are up, because they put in smaller teams and you just grab what you can and get out."

Of roughly 50 auditors interviewed, only one said he agreed with the new policy, arguing that it was better to audit more companies lightly than a few thoroughly as a strategy to improve compliance with the tax laws. But even this agent agreed with the others that large companies were being allowed to pay far less than they owed.

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Mr. Johnson and some of these agents also said that I.R.S. management reports indicate that the quality of audits was improving only because the agency did not accurately record these actions.

One longtime auditor in New York said that when ordered not to pursue an issue "you just write 'closed per case manager' to cover yourself."

The auditor was asked why she did not file an official memo indicating that she disagreed and that she believed it was premature or improper to close the audit.

"Why would I do that?" the auditor replied. "So my manager will give me a bad performance review?" Others gave similar explanations.

Ms. Nolan said agents who believed that an important issue should have been pursued should report the matter to higher-level supervisors or go to the inspector general's office. She said she was not aware of any such complaints.

But Coleen M. Kelley, president of the National Treasury Employees Union, said that Ms. Nolan should not be surprised that there was widespread unhappiness in the ranks about the quality of audits.

"We have been hearing complaints since they started the policies of short cycle time and limited-scope audits," Ms. Kelley said. "These are policy decisions the I.R.S. has the right to make, whether they are right or wrong."

She said any agent who went up the chain of command would have the complaint rejected out of hand.

"The agents are told that this is the scope of the audit and this is the time you have to deliver," Ms. Kelley said. "Their professional judgment is being ignored."

Ron McGinley said it was clear when the new policies went into effect in 2003, shortly before he retired as an I.R.S. economist in Southern California, that tax law enforcement was being weakened.

Mr. McGinley drew an analogy contrasting the I.R.S. approach to the way the government investigated John Gotti, the organized crime boss known as the Teflon Don.

"The way they limit audits," he said, "is like the FBI going to the Teflon Don and saying, 'We'd like to look around, so what are you willing to let us see?' "

Across the country, several presidents of local I.R.S. union chapters said there had been a steady flow of complaints from auditors, specialists and others who examine tax returns that they are not being allowed to do their jobs. They said some of the most highly trained and respected auditors had quit or plan to leave the moment they were eligible to retire.

"Agents in the large- and mid-sized business division complain to me constantly that what are supposed to be estimated dates to complete audits are hard deadlines," said Frank Heffler, president of the local in Manhattan, which has the largest contingent of I.R.S. corporate tax auditors.

The auditors said that many companies were cooperative, but others took advantage of the shortened time periods to delay turning over crucial documents until the end of the audit.

Two auditors told of corporations that when asked for a specific document, produced thousands of pages of ill-organized material in an apparent effort to waste their time and limit the issues that would be fully examined. Both auditors said they complained to supervisors, but to no avail.

Kay Rogers, the union president in Orange County, Calif., said that official I.R.S. policy calls upon auditors to "do the right thing" and pursue an audit beyond the deadline if the issues warrant it. But in practice, Ms. Rogers said, that does not happen.

The reason, she explained, is because supervisors receive cash bonuses, promotions and other benefits based on closing cases within the time allowed, not on the quality of audits or the dollars collected.

"When a person is rewarded monetarily for keeping to the cycle time," she said, they are going to close audits to get their reward.

Individual auditors in eight states, interviewed over the last seven months, told of case managers and higher supervisors ordering them to drop issues because it would prevent closing the audit by a predetermined date.

Many of these agents said they were troubled most when the sums involved pre-negotiated agreements with the I.R.S. on how much profit multinational companies could take overseas in tax havens and how much must be taken inside the United States.

"They are giving away the store," one agent in New Jersey said.

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Agents told of being refused access to specialists, including economists, engineers and historians, because if these specialists developed an issue the audit would have to continue past the deadline.

"They are not letting us do our job, which is to enforce the law," said one I.R.S. auditor who handles the most complicated international cases.

Ms. Nolan, the official in charge of the division, said that such comments reflected the difficulty many I.R.S. veterans were having in adapting to new policies, not any flaws in those policies.

Mr. Lynch, the auditor who retired in California, and many others complained that the effect of the policy was to allow the Bush administration to achieve administratively a further easing of the corporate income tax burden far beyond what Congress has approved legislatively.

According to Melanie Fox, the only current auditor besides Mr. Johnson who agreed to be quoted by name, a large number of the most experienced corporate auditors plan to retire as quickly as they can because they feel their efforts are not respected.

"A lot of audit experience is about to walk out the door," Ms. Fox said. "And then what will happen?"

Judge Blocks IRS From Role In Case (BUFFNEWS)

By Matt Gryta, News Staff Reporter

Buffalo News, January 12, 2007

State Supreme Court Justice John A. Michalek on Wednesday refused to allow the Internal Revenue Service to intervene in state court proceedings aimed at closing the financial books and paying workers of the former St. Augustine human resource center.

U.S. District Judge John V. Elfvin two weeks ago quashed an IRS effort to have the matter handled in federal court, when the case was returned to Michalek.

Lisa L. Bellamy, a U.S. Justice Department attorney who made the intervention request Friday, could not be reached to comment Wednesday.

As the result of a state Labor Department suit, Michalek ordered the closing of the debt-plagued center 11 months ago. The nonprofit human services agency for decades served Buffalo's black community.

In court papers, Bellamy contended that the IRS has a $592,325.54 lien on the St. Augustine operations for unpaid federal taxes and penalties.

After Wednesday's court session, Adam W. Perry, the center's state court-appointed receiver, said he is preparing a report for Michalek on paying off center creditors and obtaining back pay for 85 employees who worked months without pay last year while transferring clients to other agencies.

In court papers, Bellamy contended that the IRS has a right to intervene in the case to assist in the final disbursement of the center's funds.

Bellamy says that at least $178,262.82 of the center's assets have been accumulated by Perry for distribution to creditors and former employees.

FEDERAL DIARY: $5 More To Cure Rider's Block (WP)

By Stephen Barr

Washington Post, January 12, 2007

The Internal Revenue Service has increased the maximum monthly transit subsidy to $110 for 2007 as part of its inflation-adjustment procedures.

That's a $5 increase in the tax-free benefit, which was last adjusted in 2005.

The transit benefit is especially popular in Washington-area government offices, where workers in the executive, legislative and judicial branches are eligible to receive the payments.

Government agencies use the benefit to encourage their employees to take the subway and use van pools rather than drive to work in the city and increase congestion. In the Washington area, about 163,000 federal employees receive Metrocheks, a fare card voucher, a Metro spokesman said.

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Washington-area federal employees began receiving the benefit as an addition to their salaries under a presidential order issued in 2000. It directed agencies in the national capital region to offer a transit benefit equal to commuting costs but not to exceed the IRS limit.

Agencies outside the D.C. area also may offer the benefit as a pretax payroll deduction. But many have chosen instead to pay for the transit benefit to ensure their employees are treated on par with those in Washington.

For information on transit benefits, go to http://www.publictransportation.org, sponsored by the American Public Transportation Association, and http://www.bwc.gov, the Best Workplaces for Commuters Web site, sponsored by the Environmental Protection Agency and the Transportation Department.

The IRS also has increased the standard mileage rates used to calculate deductions for taxpayers who use cars for business, charitable, medical and moving purposes to 48.5 cents per mile, up by 4 cents from last year.

The General Services Administration sets the reimbursement rate for federal employees who use their cars for official business and typically raises the rate to the level allowed by the IRS. GSA officials hope to have a new rate ready by mid-February.

Yesterday , Colleen M. Kelley, president of the National Treasury Employees Union, urged the GSA to move quickly and approve an increase in the reimbursement rate.

"Federal employees face the same costs as those in the private sector, including rising gas prices, and they deserve the same rate increase," she said.FirstGov.gov Goodbye

The government's official Web portal has changed its name from FirstGov.gov to USA.gov in response to feedback from the public that suggests the old name never caught on.

According to a notice posted yesterday at the portal, 79 percent of respondents to a telephone survey last year preferred the name USA.gov.

The notice also suggested that the public finds the new name to be more intuitive. More than 600,000 people last year typed "usa.gov" into their Web browsers when looking for government information, the notice said.

USA.gov officially launches Thursday, GSA officials said, though the new name was on display yesterday for Web surfers.

Federal officials created the portal about six years ago to provide one-stop shopping for people seeking information from federal, state and local agencies and tribal governments. The database contains more than 50 million documents and images.

The Web site's basic look remained unchanged yesterday, but two new features have been added. They are a "chat with government" box that permits users to message back and forth with a contract employee hired to field questions, and a special page designed for people who live overseas and plan to visit the United States or come here for business.

To get the word out about the name change, the Web site plans to promote USA.gov on the back of about 17 million federal tax refund checks mailed between February and April, the notice said.Talk Shows

Kathryn Turman, program director of the FBI's Victims Assistance Unit, will be the guest on "FedTalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

R. David Paulison, director of the Federal Emergency Management Agency, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

CONGRESS-ADMINISTRATION:

House Passes Bill For Stem Cell Research (AP)

By Andrew Taylor

AP, January 12, 2007

The Democratic-controlled House Thursday passed a bill bolstering embryonic stem cell research that advocates say shows promise for numerous medical cures.

But the 253-174 vote fell short of the two-thirds margin required to overturn President Bush's promised veto, despite gains made by supporters in the November elections. Bush vetoed identical legislation last year and the White House on Thursday promised he would veto it again.

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The White House said the bill — the third bill of the Democrats' first 100 hours agenda to pass the House — "would use federal taxpayer dollars to support and encourage the destruction of human life for research."

At stake was whether research on cells taken from human embryos — considered by scientists to be the most promising approach to developing potential treatments or cures for dozens of diseases — should be underwritten with taxpayer funds.

The debate raises passions because the research typically involves the destruction of frozen embryos created for in vitro fertilization. It draws fierce opposition from anti-abortion lawmakers and like-minded constituents who believe their taxes should not fund such research. Proponents of the research said it is done on embryos that would otherwise be discarded from fertility clinics anyway.

"I support stem cell research with only one exception — research that requires killing human life," said Minority Leader John Boehner, R-Ohio. "Taxpayer-funded stem cell research must be carried out in an ethical manner in a way that respects the sanctity of human life. Fortunately, ethical stem cell alternatives continue to flourish in the scientific community."

Democrats countered with Rep. James Langevin, D-R.I., an anti-abortion lawmaker who is paralyzed from the chest down from a handgun accident that occurred when he was a teenager. The research, Langevin said, offers "tremendous hope that not only stem cell research might lead one day to a cure for spinal cord injuries but one day a child with diabetes will no longer have to endure a lifetime of painful shots and tests."

Dr. Robert Lanza, a top stem cell researcher at Advanced Cell Technology, Inc., said that stem cell-based treatments could be just a few years away for eye and spinal cord injuries, but that a decade or more of research is needed before treatments might become available for diseases such as diabetes and Alzheimer's.

Polls show most Americans support embryonic stem cell research, and Democrats say the issue played a big role in the Nov. 7 elections that returned their party to the majority in the House and Senate.

But in the House, Democratic gains of 30 seats don't translate into anywhere near that number of new votes for the embryonic stem cell research bill, sponsored by Reps. Diana DeGette, D-Colo., and Mike Castle, R-Del.

For starters, many Democratic freshmen defeated more moderate Republicans who voted for the bill when it originally passed in 2005 and on an unsuccessful veto override attempt last year. And some Republicans who supported the bill have been replaced with opponents of the measure.

As a result, House embryonic stem cell research proponents have gained only 15 votes over the high-water mark of 238 in the prior GOP-controlled House.

If every House member votes, it takes 290 votes to override a veto, and both the House and Senate must override a veto for a bill to become law without a president's signature.

Scientists still say, however, that embryonic stem cells so far are backed by the most promising evidence that one day they might be used to grow replacements for damaged tissue, such as new insulin-producing cells for diabetics or new nerve connections to restore movement after spinal injury.

The legislation would lift Bush's 2001 ban on federal dollars spent on deriving new stem cells from fertilized embryos. Bush's veto of the bill last year was the first veto of his presidency.

Embryonic stem cells are able to morph into any of the more than 220 cell types that make up the human body. Bush on Aug. 9, 2001, restricted government funding to research using only the embryonic stem cell lines then in existence, groups of stem cells kept alive and propagating in lab dishes.

But those 21 stem cell lines have many problems, and researchers say 300 newer lines, culled from fertility clinic leftovers otherwise destined to be thrown away, are considered better suited for implantation into sick Americans.

Scientists take those cells from a 5-day-old embryo, when it's bigger than the period at the end of this sentence.

Stem Cell Bill Sails Through The House (NYT)

By David D. Kirkpatrick

The New York Times, January 12, 2007

DOJ_NMG_0115835

WASHINGTON, Jan. 11 — The House voted overwhelmingly on Thursday to broaden federal support for embryonic stem cell research, stepping up a confrontation with President Bush over a thorny scientific and ethical issue that Democrats hope to capitalize on in the next election.

The vote, 253 to 174, was not enough to overturn a likely presidential veto of the measure, which would authorize federal support for research using stem cells derived from excess embryos that fertility clinics would otherwise discard.

The White House said Thursday that the president would veto the bill, just as he did last year. "The bill would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos," the White House statement said.

It would take 290 House votes to override a veto.

But the vote fulfilled a Democratic promise from the November elections, when about a dozen winning House candidates and at least two winning Senate candidates campaigned heavily on the issue. And with 37 Republicans joining 216 Democrats to support the measure, Democrats said the vote also ensured that the issue would remain alive for the 2008 election. The measure's passage in the Senate is almost certain.

"We can do this the easy way or the hard way," said Representative Diana DeGette, a Colorado Democrat who was a sponsor of the bill.

"By January 2009, we will have a president who favors embryonic stem cell research," Ms. DeGette added, noting that at the moment the leading presidential candidates in both parties support it.

Of the three most emotional social issues of the day — abortion rights, same-sex marriage and embryonic stem cell research — the last is the only one on which the public, by a growing majority, clearly favors the liberal position, said Michael Dimock, a pollster at the Pew Forum on People and the Press.

Proponents say research on embryonic stem cells could lead to treatments for cancer, heart disease, diabetes, Alzheimer's disease, Parkinson's disease and other illnesses.

In the weeks before the Nov. 7 election, the actor Michael J. Fox campaigned for several Democrats on the issue. Mr. Fox has Parkinson's disease and presented himself as living evidence of the need to support stem cell research.

After the vote on Thursday, Representative Debbie Wasserman Schultz, Democrat of Florida, said, "This is a matter of life and death."

Social conservatives argue that destroying any human embryo means taking a life. Some compare the bill's stipulations about using leftover embryos to financing deadly research experiments on death row inmates.

Supporting research in leftover embryos "will create a market for creating and cloning more human embryos for the express purpose of killing them," said Tony Perkins, president of the Family Research Council, a group of conservative Christians.

Echoing arguments by the White House, House Republicans opposed to the measure noted that some studies suggested that stem cells taken either from adults or from amniotic fluid might provide alternatives to using those from human embryos.

"I support ethical stem cell research that does not spend public dollars to fund studies that many Americans find morally reprehensible," said Representative Jeb Hensarling of Texas, recently named head of the House conservatives' Republican Study Committee.

But the distinction between embryonic and other stem cells has not sunk in with the public, Mr. Dimock of the Pew Forum said, adding, "We don't find much of a difference in the responses if you add or subtract the word 'embryonic.' "

He said that in polls posing a choice between saving an embryo and pursuing the potential treatments from stem cell research, 56 percent of respondents favored research and 32 percent favored the protection of embryos.

In 2001, Mr. Bush issued an order prohibiting the use of federal money for research on any new stem cells derived from embryos. His order limited federal financing to the handful of lines of embryonic stem cells then in existence. But researchers have complained that most of those cells were damaged or inadequate.

The White House said that under the guidelines the government had spent $130 million on embryonic stem cell research using existing lines. Including other sources of financing, researchers had spent a total of $3 billion on stem cell research of all kinds, the White House said.

DOJ_NMG_0115836

Bill's Backers Predict End To Stem Cell Limits (USAT)

USA Today, January 12, 2007

WASHINGTON — Despite threats of a presidential veto, supporters of research on embryonic stem cells say an end to restrictions on federal funding is inevitable after an overwhelming House vote Thursday.

The House of Representatives voted 253-174 on a stem cell research bill identical to one President Bush vetoed last year. Supporters were 37 votes shy of the 290 needed to override a veto but got 14 more votes than last year.

White House spokesman Tony Fratto said Bush remains opposed to the legislation. "We believe we should not be using tax dollars to provide incentives for the continued destruction of embryos," Fratto said.

In the Senate, Tom Harkin, D-Iowa, said he has 66 votes lined up in favor of the bill; he needs 67 to override Bush. "We're working on everybody," Harkin said.

Harkin and other proponents of research with embryonic stem cells — basic building blocks that can be coaxed into developing into a wide range of cells — say the work holds the promise of curing a number of diseases.

Opponents such as Rep. Dave Weldon, R-Fla., say it's an unproven field of study that involves the destruction of human life, because embryos are used to obtain the stem cells. "This is not necessary, and it's morally wrong," said Weldon, a doctor. He and others argued that medical breakthroughs can be achieved by using adult stem cells, such as those derived from a pregnant woman's uterus.

At issue is whether to lift restrictions on funding for embryonic stem cell research that Bush established early in his first term. In an Aug. 9, 2001, order, Bush approved federal funding for research on stem cells but limited it to lines created before that date. Of the $600 million the National Institutes of Health provides for stem cell research, $39 million went to human embryonic stem cells last year. The rest went for studies on animal and adult stem cells.

"None offer as much promise as human embryonic stem cells," said Rep. Louise Slaughter, D-N.Y., a microbiologist.

Rep. Diana DeGette, D-Colo., and other bill supporters said the measure would provide a positive use for leftover embryos kept at fertility clinics and destined for destruction. That was the reason Rep. Dale Kildee, D-Mich., switched his vote this year to support the bill. "He felt that since the embryos were going to be destroyed anyway, it was better that some good come out of it," said Christopher Mansour, Kildee's chief of staff. Rep. Rob Bishop, R-Utah, said federal funding for the research would amount to endorsing "a policy that innocent life can be destroyed for utilitarian purposes."

Some lawmakers cited friends and family members they said might be aided by embryonic stem cell research. Freshman Rep. Phil Hare, D-Ill., said the research could help his predecessor, Lane Evans, an Illinois Democrat who retired last year because of Parkinson's disease. Rep. Joe Sestak, D-Pa., told members about his 5-year-old daughter's battle with brain cancer.

In all, 38 freshmen lawmakers voted for the bill. "I'm a pro-life Democrat," said Rep. Jason Altmire of Pennsylvania. "This is a pro-life vote."

DeGette and Rep. Mike Castle, R-Del., the bill's sponsors, said the growing support in the House of Representatives is a sign that political momentum is shifting. "This will be the law of the land in 2009 no matter what," said Rep. Mark Kirk, R-Ill., referring to the year Bush's term ends. "Our job is to get the inevitable to happen as early as possible."

DeGette said she's eager to discuss a compromise with the White House, but she said Bush has rejected offers to meet with her and GOP bill supporters.

House Passes Bill Relaxing Limits On Stem Cell Research (WP)

By Rick Weiss

The Washington Post, January 12, 2007

The House yesterday overwhelmingly approved a bill that would loosen the restrictions on human embryonic stem cell research imposed by President Bush in 2001, inaugurating the second such assault on the administration's stem cell policy in as many years.

Thirty-seven Republicans joined 216 Democrats to pass the Stem Cell Research Enhancement Act, which would allow federal funding of research on stem cells from embryos slated for destruction at fertility clinics.

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The 253 to 174 vote fell 37 votes short of what it would take to override the veto that Bush yesterday promised would be forthcoming, assuming the Senate passes the same bill, as expected. Bush vetoed the legislation after it passed last year.

But buoyant research proponents said they still have several options and promised to persevere until the legislation becomes law.

"While it's not enough to override a veto, it's enough to show we have tremendous momentum," said Rep. Diana DeGette (D-Colo.), who led the House effort with Rep. Michael N. Castle (R-Del.).

With the Senate already within one vote of having the two-thirds majority it needs for an override, and with the Democrats now in a majority position that will allow them to use procedural rules in their favor, DeGette suggested that it is time for the president to begin negotiating with Congress over compromise language.

"The vote today shows that productive discussions might be a very, very good idea for all concerned," she said.

Under the existing policy, federal funds may be used to study only those stem cells taken from embryos destroyed by Aug. 9, 2001 -- or about 21 of the nearly 400 stem cell colonies created since 1998.

The House-based bill would expand that pool of available cells to include those from any of the thousands of embryos that are discarded by fertility clinics each year, as long as those cells were freely donated for research by the parents. It would also impose some of the country's first ethics rules on embryo research.

The vote came after about three hours of impassioned speeches by lawmakers on both sides of the issue.

Rep. Roger Wicker (R-Miss.) warned that passage would lead to a "slippery slope." Before long, he said, scientists would routinely be creating human embryos "for the express purpose of killing that embryo" for research.

Rep. Roscoe G. Bartlett (R-Md.), touting his credentials as a former research scientist who studied human embryology, spoke up for alternative methods of getting stem cells -- methods that virtually all leading stem cells scientists have discounted as having uncertain value.

"The assumption by many people that you have to kill human embryos to get embryonic stem cells just isn't true," Bartlett said.

On the other side, Rep. Edward J. Markey (D-Mass.) warned that if Congress does not override a Bush veto this time, "this will be remembered as a Luddite Moment in American history, where fear triumphed over hope and ideology triumphed over science."

Rep. Rahm Emanuel (D-Ill.) wondered aloud -- not seriously, he assured -- whether those voting against the bill would be willing to waive their right to access the cures that would come from the work.

When the final vote was tallied, Speaker Nancy Pelosi (D-Calif.) took to the podium and announced with apparent glee: "The bill is passed!"

Passage came into question only briefly when Rep. Michael C. Burgess (R-Tex.) introduced a motion that would have amended the bill to include broad new limits on scientists' ability to clone human embryos for research.

Scientists have said that cloned human embryos offer a unique opportunity to create stem cells with particular genetic defects, giving researchers an unprecedented window into the underpinnings of birth defects and a wide range of diseases.

Current federal policy already precludes the use of federal funds for such studies. But Burgess's motion would have cut off all federal embryonic stem cell grant money for any laboratory where embryo cloning research was underway, even with private money.

The motion was defeated 238 to 189 after a frantic effort by leaders in both parties.

Senate leaders have said they plan to take up the bill next month.

US Democratic-led House Challenges Bush On Stem-cell Research (AFP)

By Stephanie Griffith

AFP, January 12, 2007

In a first major challenge to President George W. Bush, the Democratic-controlled US House of Representatives voted to lift his limits on federal funding for embryonic stem-cell research.

The White House said Bush would veto the legislation if it came to his desk.

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The bill was approved on a 253-174 vote, short of the two-thirds majority needed to override an expected veto by Bush. The US Senate was due to vote on an identical measure in the coming weeks.

The Democrats chose the hot-button issue of stem-cell research to launch their first direct legislative assault on the Republican president since they swept to power in Congress in the November elections.

Bush, who opposes the harvesting of stem cells from discarded embryos as "anti-life," has sharply limited federal financing for the process seen by advocates as vital to advanced medical research.

"The president will certainly veto the legislation if it comes to his desk because it would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos for the derivation of stem cells," said Tony Fratto, a Bush spokesman.

"The bill passed today is seriously flawed and would undo essential ethical protections, and slow the development of new techniques that avoid bio-ethical concerns," Fratto said.

House Speaker Nancy Pelosi hailed Thursday's vote as a victory for the effort to find cures for a number of diseases, including diabetes and cancer.

"Today, by passing legislation to expand stem-cell research, the House gave voice to the hopes of more than 100 million Americans and their families," Pelosi said.

"With today's strong bipartisan vote, we now challenge President Bush to join members from both sides of the aisle in supporting the hope of stem-cell research," she said.

Despite their strong majority, the Democrats do not have enough Republican allies backing the measure to muster the two-thirds majority need to override a presidential veto in both chambers of Congress.

Pelosi said the Stem Cell Research Enhancement Act would expand federal funding for the research that uses stem cell lines generated from embryos that would have otherwise been discarded by fertility clinics.

"Unlike President Bush's current policy, this legislation includes strong ethical guidelines for conducting stem-cell research," she said.

The text of the House bill approved Thursday was similar to one approved by the then-Republican-controlled Congress last year and vetoed by Bush, the only time he used the executive power in his six years in office.

House Republicans said they would offer a proposal to instead boost federal funding for new research in amniotic non-embryonic stem cells.

Opponents of stem cell research -- which many researchers say holds great promise in treating now-incurable diseases -- welcomed a US study published Sunday that showed stem cells derived from amniotic fluid could offer much the same potential as those taken from embryos.

Researchers from Wake Forest and Harvard Medical School were able to manipulate the cells to create muscle, bone, fat, blood vessel, nerve and liver cells. Tested in mice, the stem cells repaired damage and grew replacement tissue.

"We don't have to split the nation on this if we have got an alternative," Phil Gingrey, a Republican congressman, gynecologist and adamant opponent of embryonic stem-cell research, said in response to the study findings.

Bush decided in August 2001 to ban federal financing of research with new lines of stem cells from human embryos, limiting it to existing lines, which numbered about 60.

These stem cells come from multiple embryos generated by couples trying to produce a pregnancy using in vitro fertilization.

Bush and his allies on the religious right believe the use of embryonic stem cells leads to the destruction of embryos, which they consider a human life, even though embryos are routinely destroyed by clinics.

House Revisits Stem Cell Research (LAT)

By Nicole Gaouette

The Los Angeles Times, January 12, 2007

WASHINGTON — The House plunged back into the emotional debate over embryonic stem cells Thursday, overwhelmingly passing a bill to expand federal funding for the controversial research.

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The bill, part of Speaker Nancy Pelosi's 100-hour agenda, has broad support in both chambers, but is likely to face opposition from President Bush, who imposed strict limits on federal funding for embryonic stem-cell research in 2001 and used his veto power for the only time in 2006 to reject an identical bill.

"It is time for President Bush to allow this groundbreaking research to move forward," said Rep. Diana DeGette, D-Colo., the main author of the bill, which had 218 co-sponsors. "This is a victory for ethical science as well as true bipartisanship. The American people clearly support scientific funding and the use of embryonic stem cells to address some of our most debilitating diseases."

The bill passed 253 to 174, with 37 Republicans joining most Democrats in favor, and 16 Democrats opposing it.

In three hours of often charged debate, lawmakers spoke of parents, children and friends who they said could be helped by embryonic stem cells, while others warned that the legislation would involve the government in the destruction of life in the form of human embryos.

Rep. Joe Sestak, D-Pa., rose to speak about his young daughter's malignant brain tumor and his hopes that the promising research would not be ignored. "Why would we preclude options for potential treatment?" he asked.

But Georgia Republican John Linder warned of a hidden agenda. "Are we seeking a way of getting the government's imprimatur on ending a life that is not useful?" he asked. Referring to Adolf Hitler, he told his colleagues, "The first in the gas chamber were retarded children . . . . We are moving in that direction today."

Embryonic stem cells are valuable to researchers because they can be coaxed to grow into any kind of tissue. Scientists see in them an opportunity for medical advances on diseases like Alzheimer's, Parkinson's and diabetes, as well as spinal cord injuries, but the field is still in its infancy -- the cells were discovered in 1998 -- and researchers are years away from producing results.

The House legislation would allow federal funding for research on stem cells drawn from embryos that would otherwise be discarded by fertility clinics. They can only be used if the donors give their written consent and receive no money or inducement for the embryos.

Only a limited number of cell lines are currently available to researchers. On Aug. 9, 2001, Bush issued an executive order that limited federal funding for embryonic stem-cell research to cell lines that existed before that date. At the time there were 78. Today, 22 cell lines are still available to researchers, but many of them have been contaminated and are of questionable value.

There are 400,000 embryos currently stored at in vitro clinics across the U.S., according to Rep. Michael Castle, R-Del., a co-sponsor of the legislation.

The federal government currently spends $25 billion a year on scientific research, while funding for embryonic stem cells is about $15 million a year, according to Lawrence Stoler, vice president for government relations at the Juvenile Diabetes Research Foundation, which lobbies for greater use of embryonic stem cells.

In Thursday's debate, social conservatives spoke about the embryonic stem-cell issue as an extension of the abortion debate, while the bill's supporters framed it as a matter of medical research.

Conservatives also cited recent research showing that amniotic fluid stem cells could be used to produce several different kinds of tissue without the destruction of embryos.

"This research offers the potential for a new consensus approach to the difficult issue of stem cell research, and I am disappointed the Democratic majority was not willing to allow time for this new development to be thoroughly examined," said Minority Leader John Boehner, R-Ohio.

DeGette urged research- on all kinds of stem cells and cited polls that show over 71 percent of the public backs embryonic stem-cell research, a 20 percentage point increase since the House passed an identical bill in 2005.

The Senate is expected to pass similar legislation later this year and, although lawmakers hold out the hope for compromise with the White House, Bush has refused to meet with DeGette or Castle on the issue. If the president vetoes another stem-cell bill, Congress can try to vote to override him. This would take 67 votes in the Senate and 290 votes in the House, which is seen as unlikely.

House Expands Stem-cell Research (WT)

DOJ_NMG_0115840

By Christina Bellantoni

The Washington Times, January 12, 2007

The House yesterday passed a bipartisan bill expanding federal funding of embryonic stem-cell research, although not with enough support to override a likely presidential veto.

The Stem Cell Research Enhancement Act of 2007, which passed by a vote of 253-174, is identical to legislation that President Bush vetoed last summer -- an act that the White House yesterday vowed to repeat.

The measure, which Democrats expect to be approved by the Senate, increases the limited number of embryonic stem-cell lines eligible for federal funding from the 78 the White House allows under an August 2001 executive order.

Despite the promise of a veto, the new Democratic majority says expanding stem-cell research is a winning issue that paints Mr. Bush as extreme.

Backers of the bill say embryonic stem-cell research can be used to develop treatments for diseases, such as Parkinson's. Supporters also said yesterday that they have other options of expanding stem-cell research, including attaching the issue to a "must-pass" bill such as a spending measure.

"We have a moral obligation to provide our scientific community with the tools it needs to save lives," said Majority Leader Steny H. Hoyer of Maryland.

The bill states that the research would be done under "strict ethical guidelines" and that funding would only apply to stem-cell lines from embryos that "would otherwise be discarded by fertility clinics."

But pro-life members from both parties oppose embryonic stem-cell research, arguing that it destroys life in the process of harvesting the cells. They also said the measure should have been put on hold because of recent research showing that amniotic fluid can be used to produce stem cells without destroying life.

Minority Leader John A. Boehner of Ohio urged his colleagues to instead study those new methods, saying, "We are going to find out that we are not going to need to destroy human embryos to get the kind of promise that we want.

"I've got 11 brothers and sisters. I'm sure it wasn't convenient for my mother to have twelve of us, but I'm sure glad that she did," he said. "Taxpayer funds shouldn't be used to destroy the human life, pure and simple."

Researchers at the Wake Forest and Harvard medical schools concluded that stem cells found in amniotic fluid are versatile and available and could have equal benefits to embryonic cells.

However, the measure's sponsors, Democratic Rep. Diana DeGette of Colorado and Republican Rep. Michael N. Castle of Delaware, said the lead scientist wrote a letter, saying the study should not slow down embryonic research.

Stem-cell-research supporters have gained votes since failing to override Mr. Bush's July veto, the first of his presidency. That vote was 235-193, 55 votes shy of the needed majority.

The Democrats campaigned on a pledge to fund stem-cell research, an issue that resonated with the American people in part because of the advocacy work of celebrities, including actor Michael J. Fox, who has Parkinson's disease and appeared in ads for candidates who supported the research.

Mrs. DeGette cited a poll showing 71 percent of Americans support embryonic research and said U.S. researchers are "tethered" by Mr. Bush's six-year-old policy.

Yesterday's debate allowed freshmen Democrats to give floor speeches and refer to constituents with diseases who could benefit from the research.

Freshman Rep. Harry Mitchell of Arizona called the bill "the best hope for a cure," and Rep. Patrick J. Murphy of Pennsylvania said embryonic research is a "medical miracle."

All but three of the Democratic freshmen supported the bill.

Mrs. DeGette said Mr. Bush has refused to meet with her or Mr. Castle, but they hope to convince him that opinion -- and votes -- are on their side.

"While that is not enough to overcome a veto threat, it is enough to show that we've got tremendous momentum," Mrs. DeGette said.

Rep. Mark Steven Kirk said the measure's passage is symbolic.

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"In my view, this policy will become the law of the land [in] January 2009 no matter what," the Illinois Republican said. "Senator McCain, right now the leading Republican candidate for president, is pro-stem-cell research, as is Senator Clinton, so our job here is to get the inevitable to happen as early as possible."

He was referring to Sen. John McCain of Arizona and Democratic Sen. Hillary Rodham Clinton of New York -- both of whom are considered front-runners for their party's nomination.

Many praised the measure as helping the United States remain globally competitive.

Rep. Christopher Shays, Connecticut Republican, said the measure also helps encourage scientists to be patient and not to leave the country for places such as Britain, which allows such research.

"This is not a matter of pro-life versus pro-choice but rather a matter of humanity," Mr. Shays said, later declaring, "The dark ages are over. ... God gave us the intellect to differentiate between dogma and science."

But Rep. Roscoe G. Bartlett, Maryland Republican and a scientist, said, "It is unnecessary to harm or destroy embryos to obtain cell lines for research."

Concerns Of Dashed Hopes From Promised Miracles (NYT)

By Nicholas Wade

The New York Times, January 12, 2007

It was a day of promised miracles in the House of Representatives. Almost every other lawmaker who spoke during the debate on the stem cell bill told of a close relative with a deadly affliction whose cure depended on generating new human embryonic stem cell lines.

But the bill that was passed, on a 253-to-174 vote, had a more modest goal than the oratory implied. It would merely allow scientists supported by the federal government to derive new cultures of stem cells from the early embryos discarded by clinics using in-vitro fertilization.

That would overturn President Bush's decision of Aug. 9, 2001, which restricted the scientists' research to the cell lines already derived by that date. But even with the faster pace of research and discovery that new cell lines might allow, many scientists believe it will be years before any cures for disease could be developed.

The striking hopes that stem cell advocates have raised in order to overturn Mr. Bush's decision may generate public disenchantment with such research if its promise is not quickly fulfilled.

"In those places like California where the public has been sold the Golden Gate Bridge for stem cell research and it doesn't pay off, there might be some difficulty," said Dr. Leon Kass, former chairman of the President's Council on Bioethics.

Even scientists who believe that the restrictions on embryonic stem cell research have been harmful are concerned about the overstatements.

"We don't know yet how valuable this technology is going to be," said Thomas Cech, president of the Howard Hughes Medical Institute. "All of a sudden, the content increases in value just because you can't have it," Dr. Cech said.

Wild overpromise was not confined to supporters of the House bill, which was identical to one passed by the House and Senate last year and then vetoed by President Bush.

Opponents of the measure, and a White House report issued on Wednesday, made much of the idea that alternatives to embryonic stem cells were close at hand. Several House members on Thursday cited a report published last week by Anthony Atala of the Wake Forest University School of Medicine that said embryoniclike stem cells could be obtained from amniotic fluid.

But scientific literature is several stages removed from accepted truth. It is more like an arena in which most novel claims are shot down by fellow scientists, making it rash to bet on the longevity of any new claim.

Dr. Atala reported that amniotic stem cells could generate six kinds of mature cells, implying they were versatile enough to substitute for embryonic stem cells. But leading scientists were skeptical.

"The evidence that they can make neurons is extremely poor," said Dr. Arnold Kriegstein of the University of California, San Francisco, an expert on neural stem cells.

John Gearhart, an embryonic stem cell specialist at Johns Hopkins University, said that the amniotic cells were "certainly not in the category of embryonic stem cells."

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Many biologists believe that the most promising immediate use of embryonic stem cells is in the study of disease-specific cells, an idea long advocated by Dr. Irving Weissman of Stanford University. If scientists could generate embryonic cells from patients' adult cells, they could study Parkinson's or diabetes, for example, from its earliest moments, laying the groundwork for rebuilding a patient's diseased tissues.

But this approach requires generating stem cell lines to order, from adult cells, and the House bill does not address this issue. It only permits the creation of more lines from surplus fertility clinic embryos, similar to those already available.

For that reason Dr. Kass, who opposes the generation of new embryonic stem cell lines, sees the House bill as lacking in substance.

"From the point of view of science, I don't see the current legislation as being terribly important," he said. "I see it as being symbolically important to the scientists who wish to say, 'Get your moral views off our backs.' "

The president's August 2001 decision can be seen as an artful compromise. It appeased opponents of research, but removed the roadblocks that existed in the Clinton administration, and at least allowed scientists to get started. Had they produced dramatic results in the last five years, they would have provided the president political ground to shift his position. But research, as is often the case, has been slow, and dramatic therapies with embryonic stem cells have not yet emerged.

But Dr. Kass believes Mr. Bush's decision was made more on moral than political grounds.

"He's not going to change his mind," Dr. Kass said. "This was fundamentally decided as a matter of complicated moral principle: not to incentivize or reward any future destruction of nascent human life. And if you understood that, you wouldn't expect anything different from him."

Thus Congress's expected passage of the bill, and Mr. Bush's probable veto, will not address the looming issue of whether to permit generations of disease-specific lines.

As before, it is legal for privately financed researchers to do so. But if the vast body of federally financed researchers is sidelined, the pace of advance will be much slower.

Stem Cell Miracle? (WP)

By Charles Krauthammer

The Washington Post, January 12, 2007

When President Bush announced in August 2001 his restrictive funding decision for federal embryonic stem cell research, he was widely attacked for an unwarranted intrusion of religion into scientific research. His solicitousness for a 200-cell organism -- the early embryo that Bush declared should not be destroyed to produce a harvest of stem cells -- was roundly denounced as reactionary and anti-scientific. And cruel to boot. It was preventing a cure for thousands of people with hopeless and terrible diseases, from diabetes to spinal cord injury. As John Edwards put it most starkly and egregiously in 2004: If John Kerry becomes president, Christopher Reeve will walk again.

This kind of stem cell advocacy did not just shamefully inflate its promise. It tended to misrepresent the basis for putting restrictions on embryonic research, insisting that it was nothing more than political enforcement of the religious fundamentalist belief that life begins at conception.

This has always been a tendentious characterization of the argument for restricting stem cell research that relies on the destruction of embryos. I have long supported legal abortion. And I don't believe that life -- meaning the attributes and protections of personhood -- begins at conception. Yet many secularly inclined people such as myself have great trepidation about the inherent dangers of wanton and unrestricted manipulation -- to the point of dismemberment -- of human embryos.

You don't need religion to tremble at the thought of unrestricted embryo research. You simply have to have a healthy respect for the human capacity for doing evil in pursuit of the good. Once we have taken the position of many stem cell research advocates that embryos are discardable tissue with no more intrinsic value than a hangnail or an appendix, then all barriers are down. What is to prevent us from producing not just tissues and organs but humanlike organisms for preservation as a source of future body parts on demand?

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South Korea enthusiastically embraced unrestricted stem cell research. The subsequent greatly heralded breakthroughs -- accompanied by lamentations that America was falling behind -- were eventually exposed as a swamp of deception, fraud and coercion.

The slope is very slippery. Which is why, even though I disagreed with where the president drew the line -- I would have permitted the use of fertility-clinic embryos that are discarded and are going to die anyway -- I applauded his insistence that some line must be drawn, that human embryos are not nothing and that societal values, not just the scientific imperative, should determine how they are treated.

The House voted yesterday to erase Bush's line. But future generations may nonetheless thank Bush for standing athwart history, if only for a few years. It gave technology enough time to catch up and rescue us from the moral dilemmas of embryonic destruction. It has just been demonstrated that stem cells with enormous potential can be harvested from amniotic fluid.

This is a revolutionary finding. Amniotic fluid surrounds the baby in the womb during pregnancy. It is routinely drawn out by needle in amniocentesis. The procedure carries little risk and is done for legitimate medical purposes that have nothing to do with stem cells. If it nonetheless yields a harvest of stem cells, we have just stumbled upon an endless supply.

And not just endless, but uncontroversial. No embryos are destroyed. The cells are just floating there, as if waiting for science to discover them.

Even better, amniotic fluid might prove to yield an ideal stem cell -- not as primitive as embryonic stem cells and therefore less likely to grow uncontrollably into tumors, but also not as developed as adult stem cells and therefore with more "pluripotential" in the kinds of tissues it can produce.

If it is proved that these are the Goldilocks of stem cells, history will record the amniotic breakthrough as the turning point in the evolution of stem cell research from a narrow, difficult, delicate and morally dubious enterprise into an uncontroversial one with raw material produced unproblematically every day.

It will have turned out that Bush's unpopular policy held the line, however arbitrary and temporary, against the wanton trampling of the human embryo just long enough for a morally neutral alternative to emerge. And it did force the country to at least ponder the moral cost of turning one potential human being into replacement parts for another. Who will be holding the line next time, when another Faustus promises medical nirvana if he is permitted to transgress just one moral boundary?

Stem Cell Games (LAT)

The Los Angeles Times, January 12, 2007

TO SCIENTISTS, amniotic stem cells are tools that could help make life-saving treatments for human ailments. To religiously conservative politicians, they are an excuse to disregard embryonic stem cell research altogether. And to the House of Representatives, they provide a useful reminder of the importance of overturning the federal ban on embryonic stem cell research.

Research published this week shows that stem cells harvested from amniotic fluid — easily accomplished through the common practice of amniocentesis — can be used to create human tissues. Unlike embryonic stem cells, they do not appear to form tumors when implanted in animals. And they do not raise the same religious or ethical objections as embryonic stem cells because no embryos are destroyed in the process.

This could be an impressive new medical tool. But it also could be a convenient pretext for pushing embryonic stem cell research aside — and that shouldn't be allowed to happen. For all the potential uses of amniotic cells, they are likely to prove less adaptable than embryonic cells. Exclusive focus on amniotic stem cells would divert attention and time away from potentially more promising lines of research.

All new science in the stem cell field is welcome. But because of President Bush's adamant refusal to fund most embryonic stem cell research, too much scientific effort is being pressed into finding ways around religious opposition to the field instead of furthering the search for treatments.

Less than six months ago, another scientific research team announced that it had found a way to use a single cell from early stage embryos to create stem cells, which would quell some opposition because the method does not destroy an embryo.

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The House came up with a better solution Thursday, passing a bill that would extend federal funding of stem cell research to embryos that would have been discarded by fertility clinics anyway. Although the bill passed 253 to 174 — a clear and commanding margin — it falls short of the two-thirds needed to override the president's promised veto. That's a shame, but at least it vividly illustrates to the public — which largely favors stem cell research — exactly who is responsible for halting progress.

Bush Threatens Veto Of Medicare Drug Bill, But A Senator Is Seeking A Middle Ground (NYT)

By Robert Pear

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — President Bush threatened on Thursday to veto legislation that would require the government to negotiate with pharmaceutical companies to obtain lower drug prices for Medicare beneficiaries.

But chances for passage of some version of the legislation increased when a pivotal figure, the chairman of the Senate Finance Committee, said Congress should repeal a provision of the 2003 Medicare law that prohibits such negotiations.

The chairman, Senator Max Baucus, Democrat of Montana, said he did not favor price controls, but did believe that Medicare should be able to negotiate prices in "discrete areas where seniors need our help the most."

House Democrats would go further, requiring the secretary of health and human services to negotiate the prices that may be charged for most drugs covered by Medicare.

The House is scheduled to vote Friday on that proposal. While the Democratic bill is expected to pass, the White House announced the veto threat on Thursday in an effort to hold down the number of votes and to prevent the measure from gaining any more momentum.

"Government interference impedes competition, limits access to lifesaving drugs, reduces convenience for beneficiaries and ultimately increases costs to taxpayers, beneficiaries and all American citizens alike," the White House said in a written statement on the House bill.

Mr. Baucus said he was seeking a middle ground between Republicans, who strongly support the existing ban on federal price negotiations, and House Democratic leaders, who want to require the secretary to negotiate.

"The total prohibition on negotiation should be eliminated," Mr. Baucus said after listening to two and a half hours of testimony from experts at a Finance Committee hearing. Mr. Baucus is acutely sensitive to public concern about drug prices because he is up for re-election in 2008.

The debate over Medicare drug prices epitomizes the profound differences between the parties over the proper role of government in the nation's health care system. Democrats would prefer that government play a stronger role in guaranteeing access to care at lower prices. Many Republicans, on the other hand, say the market would work better if government got out of the way.

Senator Charles E. Grassley, Republican of Iowa, said the Democratic proposals were "a stalking horse for price controls." In seeking a larger federal role, he said, they remind him of the Clinton administration's ill-fated plan for universal insurance coverage.

"We have enough votes to sustain a veto," Mr. Grassley said.

Mr. Baucus and other Senate Democrats said the government should negotiate drug prices in a few, carefully selected areas where competition had not driven down prices.

Senator Olympia J. Snowe, Republican of Maine, said Mr. Baucus's position was highly significant. "It paves the way for the possibility" of giving the government the authority to negotiate, she said.

On Wednesday, Ms. Snowe and Senator Ron Wyden, Democrat of Oregon, introduced a bill that would repeal the ban on drug price negotiations. The bill would require Medicare to help negotiate contracts for a drug if the federal government had invested a substantial amount of money in its development.

It would also require Medicare to negotiate contracts when a brand-name drug was available from only one manufacturer and no substitute or "therapeutic equivalent" was available.

Mr. Baucus said, "For certain unique drugs, it seems that the prices are way too high."

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But Richard G. Frank, a professor of health economics at Harvard, said that some of these drugs "really make a difference in people's lives." The drugs may be expensive, Dr. Frank said, but imposing cost controls may pose "particular risks to precisely the research and development that should be most encouraged."

The Congressional Research Service said that if the government negotiated lower drug prices for Medicare, pharmaceutical companies might respond by increasing prices for other buyers.

"While drug prices paid by Medicare beneficiaries may fall, overall drug prices may increase for other consumers, specifically for the under-65 population," the research agency said.

The White House and drug manufacturers say Medicare is such a large buyer of prescription drugs that it could, in many cases, dictate prices.

Ms. Snowe and Mr. Wyden rejected that argument. Their bill says the secretary cannot set prices or establish a uniform list of covered drugs, known as a formulary.

Representative John D. Dingell, Democrat of Michigan, the chief sponsor of the bill requiring federal price negotiations, said Thursday, "The purchasing power of more than 40 million Medicare beneficiaries will allow the secretary to achieve lower prescription drug prices."

But the Congressional Budget Office said the bill would have only "a negligible effect on federal spending." Under the bill, it said, the government could not encourage Medicare beneficiaries to use particular drugs and therefore "would lack the leverage to obtain significant discounts in negotiations with drug manufacturers."

GOP: Bush Would Veto Medicare Reforms (AP)

By David Espo

AP, January 12, 2007

President Bush promised on Thursday to veto Democratic-drafted legislation requiring the government to negotiate with drug companies for lower prices under Medicare.

The House is to debate and vote Friday on the bill, which is one of a handful of priority items for Democrats who gained control of Congress in last fall's elections.

"Government interference impedes competition, limits access to lifesaving drugs, reduces convenience for beneficiaries and ultimately increases costs to taxpayers, beneficiaries and all American citizens alike," the administration said in a written statement.

Further, it said, competition already "is reducing prices to seniors, providing a wide range of choices and leading to a more productive environment for the development of new drugs."

Bush had already threatened to veto another of the top six bills Democrats are pushing across the House floor in the first two weeks of the new Congress. That's the measure, approved Thursday, to expand the extent to which federal funds could be used for embryonic stem cell research.

Several Democrats campaigned last fall as critics of the one-year-old program that offers prescription drug coverage under Medicare, saying it tilted too heavily toward profits for the pharmaceutical and insurance industries.

Currently, private drug plans negotiate how much they'll pay for the medicine their customers take. But the legislation under consideration Friday would require the secretary of the Department of Health and Human Services to do so.

"It is clear Medicare can do better and we are insisting that they do so," said Rep. John Dingell, R-Mich., the bill's author.

Democrats have said they would use the savings produced by the negotiations to reduce a coverage gap that is common in many plans.

Republicans argue that individual insurance companies already negotiate lower prices on behalf of their customers, and that the Democratic approach was tantamount to calling for federal price controls.

They note that the program is coming in under budget and seniors are expressing support for the benefit.

"What we set out to do, we accomplished," said Sen. Jim Bunning, R-Ky., during a hearing Thursday about the drug benefit. "We had a success, a very big success."

Also, the nonpartisan Congressional Budget Office said the legislation was unlikely to result in lower prices.

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"The secretary would be unable to negotiate prices across the broad range of covered Part D drugs that are more favorable than those obtained by (the plans) under current law," Donald B. Marron, the CBO's acting director, has written.

Actuaries for the Centers for Medicare and Medicaid Services came to the same conclusion Thursday.

Dingell, a leading supporter of the legislation, dismissed the CBO's letter.

"This isn't the first time the Congress and CBO differed on the amount of savings a particular bill would achieve," he said. "Common sense tells you that negotiating with the purchasing power of 43 million Medicare beneficiaries behind you would result in lower drug prices."

The legislation, expected on the House floor on Friday, also would ban any attempt to limit the array of drugs available to Medicare beneficiaries by creating formularies. That stands in contrast to the Veterans Administration, which has lower prices for its beneficiaries but uses formularies that limit patient choice.

Under the Medicare prescription drug program, insurance companies offer competing coverage plans, and seniors may enroll in the one they like best. The administration announced on Wednesday that 23.5 million seniors had enrolled in stand-alone plans as of Jan. 1.

While a majority of seniors are expressing satisfaction with the program, surveys also indicate that they overwhelmingly want the government to have the power to negotiate drug prices.

A survey of seniors for the Kaiser Family Foundation showed that about 81 percent of seniors want to let the government use its buying power to negotiate drug prices, including 67 percent who said they strongly favor such negotiations. Democrats say that another survey showed that requiring government negotiations polled more favorably than any other issue that Democrats included for their first 100 hours of the new Congress.

The issue is expected to have a tougher time in the Senate. However, Sen. Max Baucus, D-Mont., gave supporters of the measure a lift on Thursday when he said the total prohibition on government negotiations for Medicare beneficiaries should be eliminated.

"I do not buy the argument that the sky will fall on the prescription drug market if we remove this clause," said Baucus, chairman of the Senate Finance Committee, which has jurisdiction over Medicare.

Drug Bill Demonstrates Lobby's Pull (WP)

By R. Jeffrey Smith And Jeffrey H. Birnbaum

The Washington Post, January 12, 2007

Before taking control of the House last week, Democratic leaders briefly considered proposing a new government-run prescription drug program as a way to reduce seniors' drug costs, according to Democratic aides and lawmakers involved in the deliberations.

But House Speaker Nancy Pelosi (D-Calif.) and her allies chose a far less ambitious plan -- to require the government to negotiate for lower Medicare drug prices -- that will come to a vote today. They stepped back largely out of concern that the pharmaceutical industry would stall a complex change, denying them a quick victory on a top consumer-oriented priority, aides say.

They had reason to be wary: Despite years of lopsidedly favoring GOP lawmakers with campaign cash and other benefits, the drug lobby continues to wield tremendous power in the Democratic-controlled Congress. It also still has the backing of the White House: President Bush said yesterday that he will veto the Democratic proposal if it lands on his desk.

To strengthen their position, drug firms and their trade groups have been transforming their Washington operations by hiring top Democratic lobbyists to gain access to new committee chairmen, bolstering Democratic political donations and spending millions on public relations campaigns to overcome an image, indicated in recent surveys, that the industry puts profits ahead of patients.

Even longtime industry nemeses like Rep. Fortney "Pete" Stark (D-Calif.), chairman of a House health panel, are impressed. "They're pretty potent," he said this week. "They're not bush-leaguers when it comes to spending money and lobbying."

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This month alone, the Pharmaceutical Research and Manufacturers of America spent more than $1 million on full-page newspaper ads touting the success of the existing Medicare drug system.

Drug companies spent more on lobbying than any other industry between 1998 and 2005 -- $900 million, according to the nonpartisan Center for Responsive Politics. They donated a total of $89.9 million in the same period to federal candidates and party committees, nearly three-quarters of it to Republicans.

"You can hardly swing a cat by the tail in Washington without hitting a pharmaceutical lobbyist," said Sen. Charles E. Grassley (R-Iowa), a key sponsor of the 2003 legislation that created the current program.

The industry worked closely with the Republican Congress to shape the Medicare prescription drug program, which included a provision barring the government from negotiating with the pharmaceutical industry for lower prices. In the three-year run-up to passage, industry lobbyists poured more than $6 million into both Republican and Democratic campaign coffers, dispatched an army of more than 800 lobbyists to Capitol Hill and quietly funded seniors organizations and patient advocacy groups that opposed Democratic alternatives.

Democrats opposed the legislation, but now that they have a chance to rewrite the law, they are pressing for what party leaders concede is only a minor alteration. "This is a first step," said Rep. Charles B. Rangel (D-N.Y.), chairman of the House Ways and Means Committee.

The House proposal would require the government to negotiate with the pharmaceutical industry for lower prices on behalf of the private insurers that run the drug benefit program. The impact on prices could be small, however, since the government does not buy drugs directly for Medicare and manufacturers could ignore federal pressure to lower prices without consequence.

The Bush administration has long opposed the idea of direct government negotiation with drug companies for Medicare, asserting that it would impede competition among the private drug plans. Mike Leavitt, the secretary of health and human services, has said he does not want to implement such a measure.

The bill leaves intact three provisions of the 2003 law that industry analysts agree played a more direct role in boosting pharmaceutical profits. These include a controversial ban on the importation of cheaper medicines from Canada, a provision that forces roughly 7 million Medicaid patients to buy drugs that are not subject to price limitations, and provisions requiring private insurance plans to remain small and numerous, which dilutes their leverage in price negotiations with drugmakers.

Rep. Marion Berry (D-Ark.), a registered pharmacist, lined up more than 170 House Democrats last year to support a Medicare-run drug plan meant to force sharply lower prices, and he said the House leadership considered seeking it now but set it aside. "It was primarily a judgment call from the speaker, to keep everybody on board," Berry said. Pelosi aides confirmed the account.

The drug industry lobbying effort started to tilt Democratic as soon as it was clear that Democrats were headed for victory in the midterm elections. The industry is working "to expand areas of contact, develop relationships with those who are in charge," said former senator John Breaux (D-La.), a lobbyist for the industry.

The political action committee of the drug company Amgen gave Rep. John Conyers Jr. (D-Mich.), the new chairman of the House Judiciary Committee, $8,500 during the 2006 election cycle, amounting to three-quarters of all its donations to him over the past decade. In the Senate, GlaxoSmithKline's PAC contributed $8,000 during the cycle to Sen. Kent Conrad (D-N.D.), the new Budget Committee chairman. That is more than the $6,000 total that the PAC had given to Conrad since 1997.

Helping lead the industry's charge is Breaux, the former senator, who is one of only two Democrats who played a role in drafting the 2003 bill. He said he plans to hopscotch the country holding public seminars on solving health-care problems, often in the states and districts of members of Congress who are pivotal to drug legislation. It is part of a program, called Ceasefire on Health Care, that is bankrolled by the drug company Pfizer and has featured speakers such as Sen. Blanche Lincoln (D-Ark.) and Sen. Gordon Smith (R-Ore.), who both sit on the Finance Committee.

"We need to get access to key Democrats now," said former representative James C. Greenwood (R-Pa.), president of the Biotechnology Industry Organization, a prominent industry group.

In an effort to bolster its image, Pharmaceutical Research and Manufacturers of America is also sponsoring a program that distributes low- and no-cost drugs to poor people, called the Partnership for Prescription Assistance. A few of the program's

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beneficiaries have been brought to Washington and given media training so they can promote the program in local news outlets and in television ads.

While the association has told House members that it has "issues" with today's measure, most of its focus will be on the Senate, where lobbyists say they have a better chance of blocking the bill. Democrats control that chamber, 51 to 49, and 60 votes are needed to pass such controversial bills.

Even if the House bill passes both chambers of Congress, supporters take seriously the veto threat by Bush, who got $1.17 million from the industry for his 2004 reelection campaign.

Staff writer Christopher Lee, research database editor Derek Willis and staff researcher Richard S. Drezen contributed to this report.

Price Negotiating's Hidden Costs (WT)

By Jim Mccrery

The Washington Times, January 12, 2007

Everyone wants to make sure that America's seniors get the prescription drugs they need at the best possible price. But the proposal to have the government negotiate Medicare drug costs that the Democratic leadership hopes to ram through the House of Representatives this week will either be largely ineffective, or it will cause undesirable results: it will restrict seniors' choices, devastate local pharmacies, raise prescription drug costs for veterans and stifle innovation.

The Democratic proposal that was introduced last Friday would require the secretary of Health and Human Services to negotiate to reduce Medicare prescription-drug prices without limiting the prescription medications seniors can have access to. But allowing the HHS secretary to negotiate without being able to reduce the list of medications would be largely ineffective. As the nonpartisan Congressional Budget Office has found, government-negotiated prices for prescription drugs will not produce significant savings. Because the plans that Medicare already uses are successfully negotiating discounts for drugs, CBO found that "the Secretary would not be able to negotiate prices that further reduce federal spending to a significant degree."

It is clear, based on experience with other programs in which the government tries to negotiate discounts, that if there are savings, they will come from reduced choice for seniors and other Medicare beneficiaries. For example, the Veterans Administration -- frequently cited by supporters of Medicare negotiation as a model -- offers less than one-third of the medications that seniors can currently receive under Medicare plans. Similarly, several state Medicaid programs limit the number of prescriptions beneficiaries can get, and often make beneficiaries and their physicians go through difficult administrative procedures to get the drugs they need. The United Kingdom's National Health Service -- another example Democrats cite -- frequently denies patients access to new life-saving medicines, including, in one well-known recent case, the revolutionary new breast cancer drug Herceptin.

One other way that the government can hold down prices is by limiting patients' access to community pharmacies. The Veterans Administration distributes most of its medications through its network of VA hospitals and clinics, or by mail. As many as 80 percent of veterans currently get their drugs through mail order, compared with only 2 percent of Medicare beneficiaries. Since veterans are a relatively small part of the drug market, that doesn't have too much impact on our pharmacies. But shifting the 42 million Medicare beneficiaries to the VA model would destroy local pharmacies -- often the center of small-town life in America, and a valuable resource for seniors to receive counseling from a local pharmacist.

There are a number of reasons that the Veterans Administration can now offer lower prescription drug prices than Medicare, but simple economics shows that if the VA model is expanded to include all Medicare beneficiaries, America's veterans will face higher prescription drug costs. Under current law, the Veterans Administration is guaranteed a substantial discount (24 percent) off the market price of brand-name medications, and then negotiates from there. Pharmaceutical manufacturers can offer the VA such discounts because veterans represent only about 2 percent of the market for prescription drugs.

If the tens of millions of Americans who receive Medicare -- who are responsible for over 40 percent of all spending on prescription drugs -- are added to the government-negotiated-price drug market, that arrangement will be untenable. Prices for

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our veterans -- the elderly survivors of the Greatest Generation who served in Europe and the Pacific, as well as young men and women returning from Afghanistan and Iraq, and everyone in between -- will rise substantially.

What does the Democratic government-price-control legislation mean for innovative treatments just being developed? Will Medicare beneficiaries be denied groundbreaking new medications in the future? According to one recent study, it costs over $800 million to develop and get government approval for one new prescription drug. It is important to recognize that the modern American pharmaceutical industry is not organized like a Thomas Nast cartoon. It is not a gang of old men in pinstriped suits smoking cigars and plotting to exploit older Americans.

The profits that drug companies make on successful drugs pay for the research that creates new medicines. For each drug that successfully reaches the market, more than 500 don't pan out. If the government squeezes these companies by arbitrarily cutting payments, the sure and certain result will be less research and fewer new cures.

Changes in the system for Medicare prescription drugs affect practically every American -- those in the Medicare system, those who receive their medication from the Veterans Administration, and every American who hopes to benefit from new medications that could hold the key to curing or treating Alzheimer's, breast cancer, or Parkinson's disease. These changes are far too important to be rushed through the House for political gain or a soundbite about the "100 Hours." The plan that is in place under Medicare Part D is working, and working well, for the benefit of seniors. The Democratic plan before the House offers nothing but the prospect of a diminished benefit due to heavy-handed government control of this important program.

Rep. Jim McCrery of Louisiana is the ranking Republican on the House Ways and Means Committee.

Negotiating Lower Drug Prices (NYT)

The New York Times, January 12, 2007

From all the ruckus raised by the administration and its patrons in the pharmaceutical industry, you would think that Congressional Democrats were out to destroy the free market system when they call for the government to negotiate the prices of prescription drugs for Medicare beneficiaries. Yet a bill scheduled for a vote in the House of Representatives today is sufficiently flexible to allow older Americans to benefit from the best efforts of both the government and the private drug plans.

The secretary of health and human services should be able to exert his bargaining power with drug companies in those cases in which the private plans have failed to rein in unduly high prices — leaving the rest to the drug plans. The result could be lower costs for consumers and savings for the taxpayers who support Medicare.

Under current law, written to appease the pharmaceutical industry, the government is explicitly forbidden from using its huge purchasing power to negotiate lower drug prices for Medicare beneficiaries. That job is left to the private health plans that provide drug coverage under Medicare and compete for customers in part on the basis of cost.

The Democrats' bill would end the prohibition and require — not just authorize — the secretary of health and human services to negotiate prices with the manufacturers. That language is important since the current secretary, Michael Leavitt, has said he does not want the power to negotiate.

No data is publicly available to indicate what prices the private health plans actually pay the manufacturers. But judging from what they charge their beneficiaries, it looks like they pay significantly more for many drugs than do the Department of Veterans Affairs — which by law gets big discounts — the Medicaid programs for the poor, or foreign countries.

The administration argues, correctly, that the private plans have held costs down and that there is no guarantee the government will do any better. The bill, for example, prohibits the secretary from limiting which drugs are covered by Medicare, thus depriving him of a tool used by private plans and the V.A. to win big discounts from companies eager to get their drugs on the list. The secretary does have the bully pulpit, which he can use to try to bring down the cost of overpriced drugs.

The bill also does not require the secretary to negotiate prices for all 4,400 drugs used by beneficiaries. A smart secretary could simply determine which prices paid by the plans seemed most out of line with the prices paid by other purchasers and then negotiate only on those drugs. The private plans are explicitly allowed to negotiate even lower prices if they can. This sort of flexibility should pose no threat to the free market. It is time for the Medicare drug program to work harder for its beneficiaries without worrying so much about the pharmaceutical companies.

Democrats In Senate Fail To Block Bill On Ethics (NYT)

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By David D. Kirkpatrick

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — After campaigning for months on a promise to tighten ethics rules, Senate Democratic leaders tried unsuccessfully Thursday to block a measure that would shine a light on the shadowy practice of earmarking federal money for lawmakers' pet projects.

Last week the House Democrats passed an unexpectedly broad change to their chamber's rules that would disclose the size, purpose and sponsor of any earmark.

But on Thursday, when Senator Jim DeMint, Republican of South Carolina, introduced the same thing in the Senate, Democratic leaders moved quickly to squash it, calling the House bill ill thought out.

Senator Harry Reid of Nevada, the Democratic leader, said he was happy to see the House "moving things along very quickly." But, Mr. Reid said, "frankly, I don't think they spent the time on this that we have."

The Democratic leaders' effort to block the DeMint proposal was defeated by a vote of 51 to 46, surprising almost everyone in the Senate. The outcome reflected the keen desire of many lawmakers to appear to be on the side of openness and reform after an election that turned in part on Congressional corruption scandals.

The reputation of earmarks, which are pet projects individual lawmakers tuck into complicated bills behind the scenes, was tarnished because they figured in several of the scandals. But lawmakers cherished them as a tool of political power used to reward supporters and gain favor with constituents.

On Thursday night, Jim Manley, a spokesman for Mr. Reid, said, "We are continuing to negotiate with Republicans on how to deal with earmark reform."

Mr. Reid started the week by introducing a bipartisan ethics and lobbying proposal negotiated with the Republican leader, Senator Mitch McConnell of Kentucky. It contained a comparatively weak measure on earmarks that would require disclosure of the individual lawmakers sponsoring only a small fraction of them.

The bill excluded all earmarks dispensed through the federal government, including military contracts and civil engineering projects, two of the largest pools of earmarks. It also excluded all earmarks written in the explanatory reports accompanying spending bills rather than in the bills themselves, another broad category.

Mr. Reid offered his own amendment that would ban gifts or trips from lobbyists and the discounted use of corporate jets, but he left the weak earmark provision intact.

Mr. DeMint's amendment to the ethics bill would have eliminated the loopholes and would apparently apply to all earmarks, just as the new House rules do.

After the move to block it failed, Mr. Reid and Senator Richard J. Durbin of Illinois, the second-ranking Democrat, argued vigorously against the measure, saying it could have unintended effects.

"Earmark disclosure will be a major change in the way the Senate works," Mr. Reid said. "We should adopt the Reid-McConnell version rather than the House version in the DeMint amendment. If we need to revisit the issue later, we can do that."

Mr. DeMint argued that if the original bill was not strengthened, "the public's going to know from Day 1 that the idea of being open and transparent is just a scam."

Senate Democrats Stall Pork-reform Vote (WT)

By S.a. Miller

The Washington Times, January 12, 2007

Senate Democrats backed off promises to reform pork spending yesterday, using procedural tactics similar to ones they attacked Republicans for employing in past Congresses.

Majority Leader Harry Reid, Nevada Democrat, stalled a vote on a Republican amendment that would require full disclosure of the spending provisions, also known as earmarks. The maneuver -- which continued through last night and into today -- gives Mr. Reid time to turn Democrats against the measure, which is similar to the ethics rules adopted with much fanfare last week by the new Democrat-led House.

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Immediately before Mr. Reid stopped the amendment to the Legislative Transparency and Accountability Act of 2007, the Senate expressed its support for it, rejecting a bid to kill it on a 51-46 vote. The measure would require that members of Congress disclose all earmarks they request.

"Democratic leaders are stalling in an attempt to strong-arm more Democrats into voting to table the amendment," said Thomas A. Schatz, president of Citizens Against Government Waste. "This is not a promising beginning to the new Congress when the first effort to improve accountability and transparency is being shot down by the Democratic leadership."

In addition to stopping the provision, Mr. Reid also criticized the first accomplishments by the new Democrat-led House.

"This is exactly like the House provision," he said on the Senate floor. "That's one of the problems I have. I frankly don't think that they spent the time on this that we have."

House Speaker Nancy Pelosi, California Democrat, through a spokesman, defended the House earmarks rule as part of the "most sweeping" ethics reforms in congressional history.

"From our perspective, that's what we felt we needed," spokesman Drew Hammill said. "The Senate and the House are different bodies. They can't operate the same way. The Senate is always going to move slower."

The delaying tactic, which caused a brief uproar on the Senate floor, was reminiscent of House Republicans in the 2003 vote on the new Medicare prescription drug benefit extending the time for voting to allow leaders to persuade members to change their votes -- a maneuver roundly criticized by Democrats at the time.

"I'd hoped the Senate would be different," Sen. Jim DeMint, South Carolina Republican, told the chamber. "We're doing exactly the same thing."

Reid spokesman Jim Manley said yesterday's drawn-out vote bore "absolutely no comparison to the strong-arm tactics" of former House Speaker Tom DeLay, Texas Republican, in 2003.

Republicans said the episode smacked of hypocrisy by Democrats, who campaigned heavily on ethics reform and what they characterized as the Republicans' heavy-handed control of Congress.

"Senator Reid's actions today embodied the attitude voters rejected in November," said John Hart, spokesman for Sen. Tom Coburn, Oklahoma Republican and a fierce opponent of pork. "While his behavior may pass muster with the parliamentarian, it won't with taxpayers in Peoria."

The amendment by Mr. DeMint adopted the House's wider definition of "earmarks," to include Army Corps of Engineers water projects, Pentagon weapon systems, and items from other federal entities. Mr. Reid wants only to require disclosure of earmarks for nonfederal entities such as city parks, state universities and private contractors.

Mr. DeMint criticized the unamended ethics bill for revealing a mere 5 percent of earmarks lawmakers bury in complex legislation.

"If we take this bill as it is now," he said, "the public is going to know from Day One that this idea of being open and transparent is just a scam."

Democrats Stumble On Special Projects (AP)

By Jim Abrams

AP, January 12, 2007

The Senate's new Democratic leaders, the fragility of their thin majority on display for the first time, were set back Thursday when nine Democrats joined with Republicans in support of stricter House-passed rules on lawmakers' pet projects

Majority Leader Harry Reid, D-Nev., was forced to delay a final vote on a measure he opposes after losing 51-46 a parliamentary attempt to kill it.

The measure, an amendment to an ethics and lobbying bill, would have adopted a wider definition of "earmarks," specific projects inserted in bills, to include Corps of Engineer water projects, Pentagon weapon systems and items from other federal entities.

The language favored by Reid and Senate Republican leader Mitch McConnell, R-Ky., would require disclosure of only targeted funds directed to nonfederal entities such as a city park, state universities or private contractors.

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"If we're going to go through all this process, if we're going to change the laws and try to tell the American people that now you can see what we're doing, let's don't try to pull the wool over their eyes," said Sen. Jim DeMint, R-S.C., sponsor of the amendment.

Among the Democrats siding with DeMint were possible presidential candidates Barack Obama, D-Ill., and John Kerry, D-Mass., freshmen Jim Webb of Virginia and Jon Tester of Montana, and Mary Landrieu of Louisiana, who faces a tough reelection bid in 2008.

DeMint insisted that the Senate definition would catch only about 5 percent of earmarks, saying that in most instances lawmakers insert their pet projects not into the bill itself but into the explanatory report language that accompanies the bill and is not subject to a vote.

Rep. Tom Coburn, R-Okla., said that of some 12,852 earmarks found in bills last year, only 534 would be subject to Senate disclosure rules.

The conservative DeMint praised new House Speaker Nancy Pelosi, D-Calif., for backing the more comprehensive earmark rules that the House approved last week. "I'm here to defend her language on behalf of the Democrat colleagues on the House side."

After the move to kill the DeMint language failed, Democrats refused to allow the amendment to be approved by voice, a normal procedure, and an hour later Reid called the entire Senate to the floor to beseech them to reconsider. He did not set a time for a final vote.

"It's important that the Senate rules be amended slowly and with careful bipartisan deliberation," Reid said, stressing that the House didn't spend much time on their version and the Senate approach was "so much better."

Reid argued that his version was stronger than DeMint's in disclosing lawmakers seeking special tax benefits for a small group of people or an industry, and included language requiring lawmakers to certify that they had no personal stake in earmarks they support.

Democratic Whip Dick Durbin, D-Ill., also said the DeMint provision was "unworkable" because it was so broad that it could be applied to thousands of projects included in federal spending bills.

Nine Democrats and independent Joe Lieberman of Connecticut voted against killing the DeMint amendment. Seven Republicans voted against DeMint. The Democrats hold a majority with 49 Democrats and two independents who support the party. Republicans hold 49 seats.

The ethics and lobbying bill, which toughens laws barring lobbyists from providing gifts, meals and free travel to lawmakers, is expected to be on the Senate floor through next week.

Earmark Entertainment (WSJ)

The Wall Street Journal, January 12, 2007

Speaking of earmarks (see related Review & Outlook1), Democrats are having their own problems cleaning up bad spending habits, and that's after only a few days in power. Yesterday on the Senate floor, Majority Leader Harry Reid was caught pulling out every stop to kill his own party's plan for earmark reform.

To Speaker Nancy Pelosi's credit, House Democrats recently passed ethics legislation that included provisions making earmarks more transparent. The House bill included a broad definition of earmarks, thereby making it harder to hide them in, say, last-minute conference reports. It also requires Members to file a public disclosure form when they request an earmark, and to state that neither they nor their spouses will financially benefit. It's hard to argue that this is anything but elementary good government.

Unless you are Harry Reid. The ethics reform offered by Senate Democrats contained none of these tougher earmark provisions. So Senate Republicans, led by South Carolina's Jim DeMint, cheekily took the identical language of the House earmark bill and offered it as an amendment to the Senate version. Numerous Democrats instantly denounced it, apparently unaware (or unconcerned) that the language had been sponsored by Ms. Pelosi.

Democrat Dick Durbin then moved to table the amendment, though he lost by 51 to 46. Of the 46 Senators who voted to banish Ms. Pelosi's reform, 38 of them were her fellow Democrats. The seven Republicans who went along with Mr. Reid

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included some of the GOP's biggest spenders (Trent Lott) and Members of the Appropriations Committee, aka Earmark Central Station. When Senator DeMint then moved to have his amendment accepted by voice vote -- which is customary -- Mr. Durbin objected. The effect of these procedural run-arounds was to give Mr. Reid more time to twist a few more Democratic arms into killing earmark reform.

By our deadline last night, he still hadn't succeeded, though Senate sources told us that Mr. Reid was considering filing for cloture on the entire ethics bill, thereby foreclosing a vote on the current DeMint amendment. If he prevails, voters will know just much "fiscal discipline" to expect from the new majority.

GOP Flake Out (WSJ)

The Wall Street Journal, January 12, 2007

One big test of a new minority is to draw the right lesson from its drubbing at the polls. House Republicans have a long way to go, judging by House Minority Leader John Boehner's decision this week to punish Arizona's Jeff Flake by tossing him off the Judiciary Committee. The offense? Porkbusting.

Mr. Flake should be getting a promotion to the leadership, given how prescient he was in warning his colleagues about the perils of their run-amok "earmarking." He and a few comrades sponsored more than 40 House floor amendments last year to strip pork projects from spending bills. The National Taxpayers Union ranked him the most fiscally conservative member of the House. None of that sits very well with his House colleagues, who blame Mr. Flake for shining public attention on their spend thrift ways. They're especially angry that he talked about this with CBS's "60 Minutes," which chose to run the program on election eve weekend.

A spokesman for Mr. Boehner says Mr. Flake's Judiciary ejection isn't punitive, and is merely the bad luck of the draw now that the GOP has fewer seats in the minority. However, that is hard to credit given that Mr. Flake had more seniority on Judiciary than six other Republicans who didn't lose their seats. Mr. Flake retains seats on two lesser committees.

Meanwhile, Mr. Boehner has asked California's Jerry Lewis to remain the ranking Republican on the Appropriations Committee. As Chairman, Mr. Lewis allowed 13,997 earmarks in the 2005 budget. He is also under investigation for relationships with lobbyists amid allegations of "pay to play" earmarking. The Duke Cunningham payments-for-pork crimes happened on his watch. If Republicans truly believed in limited government, Mr. Flake would be running Appropriations and Mr. Lewis would be a back-bencher.

Only last year, while making his move to replace Tom DeLay as Republican Majority Leader, Mr. Boehner ran as a budget reformer. He declared that "My Republican colleague, Jeff Flake of Arizona, has bold ideas to solve this problem. . . . I support his efforts." Well, never mind. If Republicans think that punishing their most principled Members is smart politics, their time in exile could be very long indeed.

GOP Hits Pelosi's 'Hypocrisy' On Wage Bill (WT)

By Charles Hurt

The Washington Times, January 12, 2007

House Republicans yesterday declared "something fishy" about the major tuna company in House Speaker Nancy Pelosi's San Francisco district being exempted from the minimum-wage increase that Democrats approved this week.

"I am shocked," said Rep. Eric Cantor, Virginia Republican and his party's chief deputy whip, noting that Mrs. Pelosi campaigned heavily on promises of honest government. "Now we find out that she is exempting hometown companies from minimum wage. This is exactly the hypocrisy and double talk that we have come to expect from the Democrats."

On Wednesday, the House voted to raise the minimum wage from $5.15 to $7.25 per hour.

The bill also extends for the first time the federal minimum wage to the U.S. territory of the Northern Mariana Islands. However, it exempts American Samoa, another Pacific island territory that would become the only U.S. territory not subject to federal minimum-wage laws.

One of the biggest opponents of the federal minimum wage in Samoa is StarKist Tuna, which owns one of the two packing plants that together employ more than 5,000 Samoans, or nearly 75 percent of the island's work force. StarKist's parent company,

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Del Monte Corp., has headquarters in San Francisco, which is represented by Mrs. Pelosi. The other plant belongs to California-based Chicken of the Sea.

"There's something fishy going on here," said Rep. Patrick T. McHenry, North Carolina Republican.

During the House debate yesterday on stem-cell research, Mr. McHenry raised a parliamentary inquiry as to whether an amendment could be offered that would exempt American Samoa from stem-cell research, "just as it was for the minimum-wage bill."

A clearly perturbed Rep. Barney Frank, the Massachusetts Democrat who was presiding, cut off Mr. McHenry and shouted, "No, it would not be."

"So, the chair is saying I may not offer an amendment exempting American Samoa?" Mr. McHenry pressed.

"The gentleman is making a speech and will sustain," Mr. Frank shouted as he slammed his large wooden gavel against the rostrum.

Some Republicans who voted in favor of the minimum-wage bill were particularly irritated to learn yesterday -- after their vote -- that the legislation did not include American Samoa.

"I was troubled to learn of this exemption," said Rep. Mark Steven Kirk, Illinois Republican. "My intention was to raise the minimum wage for everyone. We shouldn't permit any special favors or exemptions that are not widely discussed in Congress. This is the problem with rushing legislation through without full debate."

A spokeswoman for Mrs. Pelosi said Wednesday that the speaker has not been lobbied in any way by StarKist or Del Monte.

Bush-Democrat Alliance On Education Law Feared (WT)

By Amy Fagan

The Washington Times, January 12, 2007

Some conservatives on Capitol Hill are worried that President Bush will cut a deal with Democrats that would not only renew his education law, but also dramatically expand it, including perhaps more requirements for the high school level.

"I am concerned, and I think a lot of conservatives are," said Rep. Jeff Flake, Arizona Republican.

Mr. Bush is urging Congress this year to renew one of his biggest domestic accomplishments, the No Child Left Behind (NCLB) law of 2002, which aims to increase student achievement through more testing and by tracking results of schools and holding them accountable. Democrats, who now control the House and Senate, are demanding some changes to the law, most notably a significant boost in funding levels.

The option of adding high school reform to this year's "to-do" list hasn't been publicly discussed lately, but Mr. Bush included the makings of such a plan in his budget proposal last year. The NCLB law focuses on grade school and requires testing just once in reading and math from grades 10 to 12. His plan from last year would have expanded high school testing to all three years.

All these factors could add up to the perfect storm of more funding and more school requirements, some Republicans worry. Mr. Flake said he sees a scenario in which Mr. Bush gives Democrats the increased funding they want in exchange for including more requirements for high school.

"Conservatives don't fear the president will work with Democrats to expand No Child Left Behind, we expect it," said Rep. Mike Pence, Indiana Republican. "It's going to be more red tape and more resources."

"It's a legitimate concern," agreed Rep. Dan Lungren, California Republican.

Republicans are basing much of their fear on what happened in 2001, when Mr. Bush teamed up with Democrats such as Sen. Edward M. Kennedy of Massachusetts to win overwhelming approval in Congress. But conservatives -- several of whom voted against the legislation as a federal intrusion into the classroom -- said the good administration ideas, such as increased funding flexibility for states, were watered down by the time the measure reached the president's desk.

Rep. Steve King, Iowa Republican, said education policy seems to be an issue on which Mr. Bush thinks he can work with Democrats to accomplish his goals, especially in these last two years of his presidency.

"My rationale is that the president's agenda is not going to keep him from working with the Democrats at the expense of the Republicans," Mr. King said. "The president is concerned about his legacy."

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So far, Mr. Bush has praised the NCLB law and urged Congress to renew it. He has agreed to work with Congress on some changes to it, but he hasn't indicated his position on the Democrats' funding demands. The high school reform issue didn't come up in a Monday meeting between Mr. Bush and top education lawmakers -- Mr. Kennedy, the new chairman of the Senate education, panel; House education panel Chairman George Miller, California Democrat; and their Republican counterparts, Sen. Michael B. Enzi of Wyoming and Rep. Howard P. "Buck" McKeon of California.

Mr. McKeon, who says it's too soon to fully expand the law in high schools, said: "I hope that it's not something they push for."

Mr. Kennedy supports working on high school reform as part of the NCLB renewal, a spokeswoman said. Mr. Miller doesn't want to simply overlay the NCLB framework onto the high school level, but he thinks high school reform is "critically important," a spokesman said.

White House spokesman Chad Colby said this week, "The administration still believes NCLB should be expanded in high schools as part of broader high school reform."

The administration will submit its 2008 budget request to Congress next month.

Mr. Lungren said conservatives should bend Mr. Bush's ear before he starts negotiating education policy with liberals such as Mr. Kennedy. But this negotiating "dance" will be a challenge, Mr. Lungren acknowledged, especially because many Republicans have spent their entire Capitol Hill careers as members of the majority party.

"We've got to be on our toes," he said.

Rising Costs Make Climb To Higher Education Steeper (USAT)

By Sandra Block

USA Today, January 12, 2007

At a time when even entry-level jobs often require a bachelor's degree, hardly anyone disputes the importance of a college education. Even so, many parents and students struggle to understand why college costs so much.

There's no easy answer.

The House is scheduled to vote Wednesday on a Democratic plan to reduce the cost of borrowing for college. But easing student-loan interest rates won't provide much relief, critics say, unless lawmakers can somehow also slow the inexorable rise in the cost of college.

Laurel Hinshaw of Anchorage says her daughter, Marissa, is attending Bemidji State University in Bemidji, Minn., because she couldn't afford a school closer to home. Marissa, a freshman, looked into several West Coast schools, Hinshaw says.

But "even with the scholarships they were offering, tuition was way out of reach for us," she says.

In the past five years, the average cost of in-state tuition and fees at public colleges has jumped 35% — after adjustment for inflation — according to the College Board. In the past 25 years, the average cost of tuition and fees has risen faster than personal income, consumer prices and even health insurance.

For academic year 2006-07, the average cost of tuition, room and board at a public university was $12,796; for a private school, the total averaged $30,367.

During the same period, the amount of federal direct aid — money that doesn't have to be repaid — has declined, forcing more students to borrow. Nearly two-thirds of college graduates leave school with debt, up from less than half in 1993, according to the non-profit Project on Student Debt. And among those with loans, the average debt has jumped from $9,250 in 1993 to $19,200, a 58% increase after adjustment for inflation.

Many conservatives argue that increasing federal aid will just encourage colleges to raise tuition even more.

"When colleges know if they keep raising tuition, the government is going to keep sending them more aid, they don't have a reason to stop raising it," says Leslie Carbone, an adjunct scholar at the Lexington Institute in Arlington, Va.

Others note, though, that in the past five years, college costs continued to rise faster than inflation, even though financial aid declined.

"Financial aid over the years has had a very minimal effect on increased college costs," says Michael Dannenberg, director of education policy for the New America Foundation and former aide to Sen. Edward Kennedy, D-Mass.

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Pamela Hrovoski says her daughter, Sarah, a junior at the Maryland Institute College of Art in Baltimore, received scholarships that cover only about a fifth of her costs. The Hrovoskis, who live in a suburb of Pittsburgh, also cleaned out their emergency savings account and their college savings fund and borrowed from Pamela's 401(k) plan. Still, Sarah will graduate with about $45,000 in loans.

Complicating matters, Sarah's tuition has risen every year she's been in school, usually by $1,500 to $2,000.

"How do you budget for that?" Hrovoski says. "They make it harder and harder every year."

While conservatives and liberals disagree on the solution to the problem, there's surprising consensus on the reasons for the sharp rise in college costs. Among them:

•Declining state support. At state colleges and universities, which enroll about 75% of all college students, tuition covers only about a third of the cost of educating an in-state student, according to the College Board. The rest of the cost is covered by state subsidies.

But state funding hasn't kept pace with inflation or rising enrollment. State funding is at its lowest in three decades, according to a report released last summer by a commission on higher education created by Education Secretary Margaret Spellings. When state subsidies shrink, colleges and universities have to make up the difference by increasing tuition, cutting programs, or both.

Dannenberg predicts that public college costs won't increase as sharply in 2007 because economic growth has boosted state tax revenue. Still, a return to the days of generous state subsidies for higher education seems unlikely. State budgets are already being squeezed by health care costs for state employees and low-income residents. And those costs are expected to increase as millions of public employees retire.

•An educational arms race. In an effort to reach the top of ranking surveys, such as the popular annual list put out by U.S. News and World Report, many schools spend heavily on state-of-the-art dorms, athletic facilities and well-known professors, analysts say.

While the most excessive spending occurs at elite private schools, it tends to create a Darwinian culture that filters down to smaller and state schools, too, says James Duderstadt, former president of the University of Michigan and a member of the Spellings commission.

"As a university becomes richer and richer, it's able to pick off the best faculty," Duderstadt says. "Institutions that are trying to compete for their own reputations are finding they have to invest enormous resources to build a new lab for a chemistry professor because he's getting offers from other institutions."

Edward Elmendorf, senior vice president for government relations at the American Association of State Colleges and Universities, contends that arms-race spending by public colleges and universities is rare.

"You don't find many state colleges and universities that have their own (funding) sources to build buildings that haven't been approved by the state legislature," he says. "They're public entities and have to respond and be accountable to the state."

•Uneven financial aid. College officials argue that the "sticker price" of college is misleading because most students receive financial aid — in effect, a discount. Yet, critics counter that the system forces students to rely too heavily on loans and fails to provide direct aid to students who need it most.

The Free Application for Federal Student Aid, used by the federal government, states and individual schools to determine financial need, is so complicated "that a lot of people just get discouraged and don't bother to fill it out," Duderstadt says.

Even if parents soldier through the application, they usually don't learn how much aid they'll receive until the spring of their child's senior year in high school. That makes it difficult for families to compare financial aid packages from different schools. In many cases, students don't know how much aid they'll get until they've selected the school they'll attend.

Early-admission programs make it even harder for students and their parents to comparison-shop, Dannenberg says. Harvard and Princeton announced last year that they're abandoning early admission, which forces students to decide as early as December where they'll go to college, but the majority of elite private schools still offer it. Early admission, Dannenberg says, "discriminates against students who need a financial aid package."

Laurel Hinshaw believes her daughter could have qualified for scholarships if she had applied earlier.

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"By the time she figured out what school she wanted to go to, it was too late to apply for academic scholarships, which nobody really tells you," Hinshaw says. "Being first-time college parents, we didn't get it all together in time."

Marissa received a $2,000 volleyball scholarship to attend Bemidji State University, where tuition, room and board cost $12,300 a year. But the family didn't qualify for federal financial aid, so Marissa had to borrow to pay the balance of her college costs.

In many cases, financial aid goes to families who understand the process, not those with the greatest need.

Three-quarters of full-time, dependent students at private schools receive direct aid, and those aid packages average $9,400 a year, according to the National Association of Independent Colleges and Universities. Of that, an average of $8,000 is awarded by the college or university, the association says.

But unless a family knows that, they might not even bother to apply to a private school, says James Boyle, president of College Parents of America, an advocacy group. "Many families dismiss higher education in general or particular colleges because they believe, sometimes erroneously, that they can't afford a school, or can't afford college, period."

An even more troubling trend, some analysts say, is a shift toward merit-based aid and tax credits. This type of aid tends to go to students from more affluent families, Duderstadt says.

"You now have this horrible dilemma in which students from prosperous backgrounds are getting more financial aid than students from impoverished backgrounds," he says.

•Economics 101. Finally, colleges and universities raise tuition because they can. The high school graduating class of 2008-09 is expected to be the largest in history, even as the number of seats at traditional four-year colleges has remained about the same. Meanwhile, the income gap between workers with only a high school diploma and those with a college degree continues to widen.

The rising demand means "schools can continue to keep their prices elevated," says Boyle of College Parents of America. "Despite their concerns, people are voting with their feet, and they're willing to pay."

Paul Middendorf, 54, of Richmond, Texas, agrees. The youngest of his three sons will graduate from Texas Christian University in May. When his first son, now 26, applied for college, the Middendorfs applied for dozens of scholarships but were told they earned too much money to qualify for financial aid. They had to finance their children's college education with a mix of savings and federal parent loans.

"My wife and I feel the same way: It's very important to go to college," Middendorf says. "I think that even though we've had our share of soup instead of going out for steak, it's definitely worth it."

OMB Risk Assessment Plan Called Flawed (AP)

By Randolph E. Schmid

AP, January 12, 2007

Federal agencies seeking to protect the public, the environment or setting rules in general often have to prepare risk assessments. A Bush administration attempt to standardize that process didn't work out, though, and will go back to the drawing board.

The Office of Management and Budget said it will not finalize its original proposal after the independent National Research Council called the plan "fundamentally flawed."

Steven Aitken, acting administrator for OMB's office of information and regulatory affairs, said his agency will study the report as well as comments from the public and other government offices and will "seek to develop improved guidance for risk assessment."

Aitken said OMB is pleased that the Research Council agreed on the need to improve the quality of risk assessments, and takes very seriously the panel's criticism of the original plan. OMB had asked the council to review the proposed standards, which it issued last January.

Many federal agencies conduct risk assessments as part of their regulatory activities, ranging from such topics as exposure to chemicals to the safety of construction projects.

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But the Council said OMB's definition of risk assessment was too broad and said the proposed standards move into "territory beyond what previous reports have recommended and beyond the current state of the science."

"We began our review of the draft bulletin thinking we would only be recommending changes, but the more we dug into it, the more we realized that from a scientific and technical standpoint, it should be withdrawn altogether," John F. Ahearne, chair of the committee that wrote the report, said in a statement.

Ahearne is director of the ethics program at Sigma Xi, the scientific research society, based in Research Triangle Park, N.C.

The report said many of the standards are unclear and several topics are omitted.

The report also questioned OMB's definition of an adverse health effect as something than is clinically diagnosed. That ignores a basic public health goal to control exposures before they cause physical damage, the report said.

The NRC report urged OMB to issue a new standards outlining goals and general principles for risk assessments, but directing federal agencies to develop their own technical guidelines.

The National Research Council is an arm of the National Academy of Sciences, an independent organization chartered by Congress to advise the government on scientific matters.

White House, In Rare Move, Yields To Scientific Panel On Policy Plan (WSJ)

By John J. Fialka

The Wall Street Journal, January 12, 2007

WASHINGTON -- In what could be a first for the Bush administration, a panel of outside scientists has prompted the White House to overturn a policy initiative, as officials withdrew proposed changes in the way federal agencies conduct risk assessments.

The Office of Management and Budget said it will back off from a proposal to overhaul how the government weighs the wisdom of adopting new health, environmental and safety rules. The National Research Council, in an unusual critique, had derided the administration plan as "too simplistic" and "fundamentally flawed."

The controversy involves an analytical tool called "risk assessment," essentially a written synthesis of scientific evidence and statistical analysis to project whether a rule may be justified by the potential of a hazard or danger to human health, safety or the environment. Consumer groups had complained that the change would set an imprudently high bar to new regulations.

The NRC, a branch of the nonprofit, federally chartered National Academy of Sciences, reviewed the proposal at OMB's request and said the White House should defer more to the rule-making agency's experts, rather than setting guidelines that the council's experts found "too simplistic" and that might "create confusion" in individual agencies.

Following the council's criticism, OMB regulatory chief Steven Aitken said that the White House will modify its plan before making it final. He didn't say how it would be modified, however.

Rep. John Dingell of Michigan, chairman of the House Energy and Commerce Committee, applauded the move and urged the OMB to abandon the effort altogether, saying it "ignores the specific statutory directives" Congress gives federal agencies.

The American Chemistry Council called for the OMB to try another version of the proposal. "OMB has a necessary and important role in advancing the technical quality and objectivity of risk assessments by providing appropriate guidance across the federal government," said the group, which represents the chemical industry.

John Ahearne, who headed the National Research Council panel, said the group's initial intention was to recommend a few changes. "But the more we dug into [the proposal] the more we realized that from a scientific and technical standpoint, it should be withdrawn altogether," he said.

The panel found that the OMB had erred in calling for evidence of adverse health effects, when public-health needs might be better served by regulations that reduce risks before they cause human impairment.

Mr. Ahearne heads the ethics program at Sigma Xi, a scientific-research society based in Research Triangle Park, N.C. Neither Mr. Ahearne nor Mr. Aitken could recall an earlier instance where a panel of outside scientists had prompted the withdrawal of a White House policy initiative.

Risk-Assessment Plan Is Withdrawn (NYT)

By Cornelia Dean

The New York Times, January 12, 2007

The Bush administration yesterday withdrew a proposal to change the way federal agencies assess environmental hazards, health threats and other risks, after an expert panel declared that it was so scientifically flawed that it "could not be rescued."

The panel, appointed by an arm of the National Academy of Sciences, had been convened to evaluate a proposal by the White House Office of Management and Budget to standardize evaluation procedures. The budget office, which proposed the changes a year ago, said they would improve the quality of risk assessments by the Environmental Protection Agency, the Department of Transportation and other agencies.

Critics said the proposed changes were an effort to weaken government regulatory protections against environmental and other hazards.

In sharp contrast to the academy's normally staid language, the panel called the proposal simplistic and said it was "fundamentally flawed" and lacked "information for gauging the benefits to be achieved" by putting it into effect.

The panel said that the agency's standards were unclear, incomplete and unbalanced. The budget office's definition of risk assessment itself "conflicts with long-established concepts and practices," the panel said, and, as a result, "could cause great confusion."

Although the panel endorsed the idea of improving risk assessment in the federal government, it recommended that the development of technical standards "be left to the agencies" conducting the assessments.

Steven Aitkin, a spokesman for the budget office, said the agency was glad that the academy panel supported the idea of improving the evaluation of risk but, given its concerns, would not make the proposal final "in its present form."

Mr. Aitkin said agency officials would decide what to do next after reviewing the report along with comments from the public and the results of an interagency review of the proposal.

"It would still be our plan to develop improved guidance," he said.

Ailing Senator Is Moved From Intensive Care (NYT/AP)

By The Associated Press

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 (AP) — Senator Tim Johnson has been transferred out of intensive care and has started to speak, nearly a month after suffering a brain hemorrhage, his doctor said Thursday.

The senator's neurosurgeon, Dr. Vivek Deshmukh, said a magnetic resonance imaging exam on Tuesday showed that the speech centers in his brain were spared injury in the hemorrhage on Dec. 13

"This is confirmed by the fact that he is following commands and has started to say words," Dr. Deshmukh said in a statement from the office of the senator, a South Dakota Democrat.

The senator is to have "aggressive therapy" in inpatient rehabilitation at George Washington University Hospital, the statement said.

On Monday, Mr. Johnson's condition was upgraded to fair from critical, and his doctors said he no longer needed a ventilator. He was being weaned off the tracheotomy tube in his neck, his office said Wednesday.

Mr. Johnson's office has said that recovery is expected to take several months.

Doctors determined that the senator had arteriovenous malformation, a condition that causes arteries and veins to grow abnormally large, become tangled and sometimes burst.

Mr. Johnson's sudden illness raised questions about the Democrats' 51-to-49 majority in the Senate. South Dakota's governor, Mike Rounds, a Republican, would appoint a replacement if Mr. Johnson's seat became vacant because of death or resignation. A Republican appointee would could give Republicans control because of Vice President Dick Cheney's tie-breaking vote.

Tomlinson May Be Going, But He's Staying (WP)

By Al Kamen

DOJ_NMG_0115860

The Washington Post, January 12, 2007

Broadcasting Board of Governors Chairman Kenneth Y. Tomlinson has asked President Bush not to nominate him for another term -- probably a good idea, because there was no chance he was going to get confirmed anyway.

But Tomlinson, who got some bad publicity recently when the State Department's inspector general criticized him for overbilling the government and for giving a friend a job, may be around for many months, since he told Bush he would stay until a successor is confirmed.

As it turns out, everyone on the eight-member BBG (there's one opening) is serving on an expired four-year term: Their terms expired in the past few years, but the law lets them continue until replaced. On Tuesday, Bush nominated for new terms his former media adviser, Mark McKinnon, and Washington lawyer D. Jeffrey Hirschberg, but neither is to replace Tomlinson.

Tomlinson told Bush it had been an honor. "However, I have concluded that it would be far more constructive to write a book about my experiences rather than to seek to continue government service," he said in his letter to the president.

Given the critical need for U.S. image improvement abroad, and the BBG's role in overseeing the Voice of America, Radio Free Europe, Radio Free Asia, the Middle East Broadcasting Networks and the Cuba broadcasting operation, that must be one juicy book he's thinking about writing.

Well, maybe not. It'll be a rebuttal of the inspector general's allegations, he said yesterday, and about "the criminalization of politics" in Washington, covering his 28-year career here, going back to his days with Reader's Digest, then to running the VOA and other jobs.

So get those rÃ©sumÃ©s in to White House personnel. The broadcasting board's chairmanship is only half-time, with a nice office, and is paid at the rate of $143,000 a year. We are assured the Senate will immediately confirm almost anyone picked to replace Tomlinson. Forty-eight hours, tops.The Greens Are Seeing Red

Meanwhile, the White House has gotten kudos this week from libs for dropping four especially controversial judicial nominees. But enviros are ripping over some nominees to key environmental posts, zeroing in on Susan E. Dudley, director of the anti-regulatory Mercatus Center at George Mason University. Her nomination to be regulatory chief at the Office of Management and Budget, a pivotal post for enviro issues, died last year in the Republican-controlled Congress.

Even Republicans distanced themselves. Sen. John Warner (Va.), who introduced Dudley at her Senate confirmation hearing, quickly went over her rÃ©sumÃ©, noted she'd been controversial, told her to stand up for her views and said, "I wish you luck, and you're on your own."

Dudley doesn't stand a prayer of confirmation with the Democrats in charge. Enviros say the plan is to put her on the payroll as an adviser and then, at the first opportunity, give her a recess appointment. Such appointments would now be good until the end of 2008, or nearly the end of the administration.

Enviros are also keying on the nomination of William Wehrum, who has been acting head of the air-pollution program at the Environmental Protection Agency since 2005. Wehrum, according to Frank O'Donnell of Clean Air Watch, has been "a principal architect" of administration efforts to weaken standards for smog, soot and mercury. Wehrum is also reported to be likely to get a recess appointment.

Another top recess-appointment prospect is John Correll, who's been renominated as director of the Office of Surface Mining Reclamation and Enforcement at the Interior Department. Enviros and the United Mine Workers don't like his views on environmental and safety standards, O'Donnell noted in an article for TomPaine.com.Burns for the Defense

Who says chivalry is dead? Undersecretary of State Nicholas Burns has come to the defense of his colleague, undersecretary for public diplomacy -- and very close Bush friend -- Karen Hughes, in the latest issue of the Foreign Service Journal, which is put out by the career diplomat association.

Burns, in a quite lengthy and impassioned rebuttal to an October article in the journal, wrote "to express my strong disagreement with several assertions" in the piece, especially that she was "wary of the foreign service" and prefers "political appointees."

Arrant balderdash! "Karen is an inclusive leader who has shown great respect for the Foreign and Civil Service," wrote Burns, and career folks "in her office feel a great sense of loyalty to her."

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Yes, indeed. "Karen Hughes is a compassionate and generous person who has bent over backward to rely" on the career people, Burns said.

She's also, as the purportedly offensive October article noted, "really smart, flexible and adaptable, and willing to change her tactics to accommodate the facts." And she's quite capable of defending herself.The Internet Has Many Fathers

Puffery alert! We all know that Al Gore invented the Internet. Now we learn he was hardly the only one. In a news release announcing his new job working for his former chief of staff, former senator Conrad Burns (R-Mont.) has been "praised as 'one of the fathers of the modern Internet.' "

And on the Hill, a news release tells us that Rep. Juanita Millender-McDonald (D-Calif.) is taking over "the reins of the Committee on House Administration, a mammoth organization [and] prestigious Committee."

You mean the one former representative Bob Ney (R-Ohio) used to run?

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, January 12, 2007

NDU hacked

Computers and information networks at the National Defense University (NDU), the Joint Chiefs military education school at Fort McNair in Washington, were hacked and damaged by unknown attackers, defense officials said.

The attacks, described by officials only as "malicious activity," caused the university to shut down all its network servers and replace laptop computers after the activity was detected last month. The costs were high, officials said.

Officials close to the situation said the computer intrusions were identified during routine maintenance and led to suspicions that the hackers had planted clandestine "trap doors" into the system that would allow them future access, or would facilitate computer attacks.

The only way to ensure the security of the systems was to replace them, we are told.

The shutdown forced the university's faculty and students to rely on personal e-mail and laptops, limiting work at the school.

NDU spokesman Dave Thomas declined to comment when asked about the hacking but said some laptops were replaced for faculty members.

Officials would not say where the attacks originated, but the shutdown of the entire computer network at NDU lasted from Dec. 18 until earlier this week. Official suspicions are focused on Chinese hackers, based on similar attacks on Pentagon and military computer networks.

Chinese-origin computer attacks, most likely government-sponsored action by hackers, crippled information systems at the Naval War College in Rhode Island in November and forced a similar collegewide shutdown.

Chinese hackers also were involved in the electronic theft in 2005 of hundreds of evaluation reports on Air Force officers, ranging from generals to captains. The information in the reports would be valuable to Chinese intelligence for its targeted agent recruitment efforts.

The U.S. Strategic Command, which is in charge of Defense Department computer security, issued an alert Nov. 17, calling for raising the security alert level for about 12,000 Pentagon computer networks and 5 million computers.

Somalian suspect

The United States thinks an air strike Monday in southern Somalia may have wounded an al Qaeda-trained leader of the most violent militia that helped seize the capital, Mogadishu, earlier this year.

Defenses sources said Aden Hashi Ayro, who led the Hizbul Shabaab, a violent army of young Islamists within the Somalian Islamic Courts Union, "is thought to have been wounded." The Islamic Courts Union captured the capital last year, but a combined Ethiopian-Somalian government force routed the Islamists last month and regained Mogadishu.

The sources said the United States obtained bloody clothes at the scene where five to 10 al Qaeda-linked suspects were killed.

The sources declined to say how the clothing was obtained, but one source said U.S. commandos were operating in Somalia.

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Ayro is no small fish. He was trained in one of Osama bin Laden's terror camps in Afghanistan before the 2001 U.S.-led invasion to topple the hard-line Taliban regime. He operated with al Qaeda members in Somalia and was thought to have associated with the three main targets of Monday's attack: Fazul Abdullah Mohammed, Saleh Ali Saleh Nabhan and Abu Taha al-Sudani.

Mohammed and Nabhan are wanted by the United States on suspicion of planning and carrying out the 1998 bombings of two U.S. embassies in East Africa. Al-Sudani is an explosives specialist suspected of ties to al Qaeda.

Ayro was quickly moving up the chain of command among Islamists in Somalia. The United States viewed him as perhaps the future leader of al Qaeda in the region, a post held by Mohammed.

A U.S. official in Nairobi told reporters yesterday that none of the top three targets was killed.

Intelligence backlog

Army Lt. Gen. Keith B. Alexander, the director of the National Security Agency, told Congress recently that the NSA is struggling to deal with a large volume of foreign language intercepts on terrorism.

Gen. Alexander said there is a backlog of untranslated electronic intelligence leads on terrorists that has grown since 2001.

"Unfortunately, it is a very labor intensive exercise to sift through large volumes of foreign language data and painstakingly attempt to separate the wheat from the chaff," he said in written answers to questions from senators.

"This dilemma is compounded by the fact that the target set has expanded exponentially since 2001 in terms of geographic reach and languages used," he said. "Today's backlog is no longer confined to Arabic and its multiple dialects, but also includes a variety of other less commonly taught languages, where linguists eligible for security clearances are in short supply."

Gen. Alexander said spying on "vague and fragmentary" terrorist communications is only one step in foiling attacks. "It is more likely that a combination of intelligence sources will be necessary to prevent a terrorist attack," he said, warning that al Qaeda is still plotting "catastrophic" attacks.

"What [signals intelligence] can do is work hand-in-glove with other intelligence agencies, the military and law enforcement to enable key takedowns, so that the details of a plot can be uncovered through interrogation and forensics exploitation," he said.

"That being said, the translation backlog can prevent the timely delivery of key information to NSA's customers and stall development efforts against new targets."

NSA currently is hiring linguists capable of translating "GWOT languages," he said, using the Pentagon acronym for the global war on terrorism.

Lots of laughs

Soldiers in Iraq haven't lost their sense of humor. A few of them created a cartoon strip that pokes fun at colleagues and allies.

Of the many Army officers who come to Baghdad to write "lessons learned" reports, a cartoon shows a soldier flying in on one plane and quickly leaving on another.

"You see them at the end of every month," the caption says. "Teams from the CTCs, Center for Army Lessons Learned, and the Pentagon. They are here to help with advice while collecting combat pay and combat patches. They land in one plane and leave for home on the next one leaving. They slap on a combat patch and make up some war stories on the way to the next bird. You know who you are."

Another cartoon pokes fun at Air Force personnel on the tarmac.

"Don't let the cool glasses and baggy clothes confuse you. These guys are not dancing. They are communicating through sign language. They have cool names like Stabs, Chum, Snapper and Radar. They fly through the sky with the greatest of ease and talk about it later at Al Udeid over three beers."

Al Udeid is the vast U.S. air base in Qatar in the Persian Gulf.

Coins Used To Spy On Pentagon Contractors (WT)

By Audrey Hudson

DOJ_NMG_0115863

The Washington Times, January 12, 2007

Foreign spies are literally following the money to keep a close eye on Pentagon contractors, who are reporting that Canadian coins with Radio Frequency Identification chips have been planted in their clothing.

"On at least three separate occasions between October 2005 and January 2006, cleared defense contractors' employees traveling through Canada have discovered radio frequency transmitters embedded in Canadian coins placed on their persons," according to a report by the U.S. Defense Security Service titled "Technology Collections Trends in the U.S. Defense Industry."

Martha Deutscher, a spokeswoman for the security service, confirmed the report and said it was intended to notify security officials, defense contractors and Pentagon policy-makers of spy technology being used.

"We want people to be aware of new technology and that there are all kinds of ways to collect information," Miss Deutscher said.

The Washington Times reported last week that officials think China, Russia and Iran are leaders in using the technology to spy. The security service report said recent cases of spies targeting contractors include a foreign national attempting to hack a computer system and a woman who tried to seduce a contractor into giving up a password.

Radio Frequency Identification (RFID) chips transmit information to a portable device and are used for tracking. They often are implanted in pets so the animals can be tracked if they are stolen or lost.

The Times reported in December 2004 that badges worn by high-level attendees of the World Summit on the Information Society were affixed with the chips without their knowledge.

Gary Fowlie, a spokesman for the International Telecommunication Union, which hosted the Geneva event, scoffed at concerns by privacy advocates that the technology could be used to monitor a person's movement.

The revelation of the chips in the badges "sent off a shot heard around the world," said Katherine Albrecht, director of Consumers Against Supermarket Privacy Invasion and Numbering, a leading opponent of RFID technology.

The Canadian Security Intelligence Service told the Associated Press it has no knowledge of who is distributing the coins or planting the objects on U.S. officials, and rejected any assertion that Canada's government is spying on Americans.

"It would seem unthinkable," said David Harris, former chief of strategic planning for the Canadian service. "I wouldn't expect to see any offensive operation against the Americans."

The CIA has developed a U.S. silver-dollar coin in which film or other tiny objects can be hidden. Canada's largest coin is more than an inch wide.

"I'm surprised this is getting so much attention. We fell into the middle of a hot technology debate," Miss Deutscher said.

Mrs. Bush Praises Treasury Renovation (AP)

By Martin Crutsinger

AP, January 12, 2007

First lady Laura Bush went next door to the Treasury Department Thursday and pronounced herself impressed with the remodeling at 1500 Pennsylvania Avenue.

Mrs. Bush joined Treasury Secretary Henry Paulson in a ribbon cutting ceremony to mark the completion of a 10-year renovation of the Treasury Building, which is the third oldest government structure in Washington behind the Capitol and the White House.

"All Americans will benefit by having this historic landmark preserved for future generations," Mrs. Bush told the crowd.

Paulson said that a building housing the U.S. Treasury had been on the same spot next to the White House since 1800. But Paulson said at times it would have been "helpful to be a little farther away," such as in 1814 when British troops, after setting fire to the White House, decided to torch the Treasury building for good measure.

The current structure, begun in 1836, had not undergone a major renovation since the beginning of the last century.

The 10-year project, finished at a cost of $247 million, restored the buildings' lost grandeur by uncovering painted ceilings and skylights that had not been seen for decades and by refurbishing the ornate Cash Room, site of Ulysses Grant's first inaugural ball in 1869.

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The renovation also included a major upgrade of heating, plumbing and electrical systems to bring the building into the computer age.

Mrs. Bush, who has been a big supporter of historic preservation, was given a tour of some of the restored rooms including the Salmon P. Chase suite, where Abraham Lincoln's Treasury secretary had his offices, and the Andrew Johnson suite, where Lincoln's successor worked for eight weeks in 1865 after the assassination.

In her remarks, Mrs. Bush praised Chase, who went on to become chief justice of the Supreme Court, for being the first official to introduce women into the federal work force by hiring them to replace men who had left to fight in the Civil War.

The Treasury Department is open during the week only to visitors with appointments, but the public can take guided tours on Saturday by making advance reservations through their congressional offices.

No Small Change At The Treasury (WP)

By Laura Sessions Stepp

The Washington Post, January 12, 2007

Poor Treasury Building. We hardly pay it any attention, except yesterday when the first lady took a tour.

More than 500,000 gross square feet, made of magnificent granite, it sits on Pennsylvania Avenue NW adjacent to its famous first cousin, the White House. It houses 760 people who tax us, manage our money and fight money-laundering schemes here and abroad.

It has been described as among the country's first office buildings when it was occupied in 1839, and its picture adorns the back of every $10 bill.

Yet few stop by. No crowds huddle on the plaza on the Pennsylvania Avenue side, no lines snake past the statue of Alexander Hamilton, the first Treasury secretary. Perhaps that's because it takes a call to a member of Congress to arrange a tour. But when was the last time you saw tourists anywhere near it clicking their disposable cameras? Or a broadcast reporter doing a stand-up?

Official tours take place every Saturday, but only half of those who sign up show up, according to Treasury spokeswoman Eileen Gilligan.

Yesterday, for a few minutes, more than a few people took notice. Sort of. Like the wallflower who glams up before going to a party, hoping someone will pay attention, Treasury has just completed a $247 million renovation, and a hundred or so people were on hand to witness Laura Bush celebrate the moment.

So, okay, maybe most of those people came to see the first lady, including the half-dozen reporters and photographers who accompanied her on a private tour of the building's most-prized rooms. Gilligan seemed thrilled to see so much media attention.

One of them offered that the Treasury doesn't exactly draw throngs.

"You're going to change that, aren't you?" she asked.

The restoration was for more than looks, apparently. According to Treasury officials, the old lady was downright feeble. Her plumbing was falling apart, her heating system was inefficient, her elevators stalled between floors, and her building and safety codes were out of date.

Nineteenth-century history buffs and fans of America's Gilded Age will rejoice that in the process of remedying those deficiencies, several rooms were returned to their luxurious past state.

The Andrew Johnson Suite, overlooking the White House, is decorated in the ornamental style of the 19th-century New York firm Pottier & Stymus. Gold leaf is everywhere; think Manhattan's Plaza Hotel in its heyday. It is in these rooms that upon Lincoln's death, Andrew Johnson took up residence for six weeks while Mary Todd Lincoln recovered from her husband's death and planned her departure. He held his first Cabinet meeting here.

The Chase Room, named for Salmon Chase, who was Treasury secretary under Lincoln and later a Supreme Court chief justice, displays some of the department's 5,000 art objects collected by Andrew Mellon when he was Treasury secretary.

The Cash Room and the West Dome, actually three small glass domes modeled on the originals of 1867-69, are regarded as the department's most important architectural spaces. The two-story Cash Room, called that because in the early days,

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anyone could walk in and cash a government check, is the most ornate of all the rooms, built of seven kinds of marble and featuring a gilded ceiling.

It is also a room with a story, told yesterday by Treasury Secretary Henry Paulson. It seems that prior to opening as a bank, the room was chosen to host the inaugural reception for President Ulysses S. Grant on March 4, 1869. Two thousand invitations were sold, each admitting one man and two women.

March can be mighty chilly in Washington. No one had anticipated 6,000 guests turning up in coats, but they did. The coats were piled in the fourth-floor cloakroom, with no regard for a numbering system. According to a report the next day in the Evening Star, a "wild hunt for overcoats" ensued, with some guests waiting for hours for their garments, and others leaving without wraps and returning the next day to try again.

Six thousand guests. Those were the days.

OTHER NEWS:

Fed Official Outlines Threats To Economy (WSJ)

By Greg Ip

The Wall Street Journal, January 12, 2007

New York Fed President Timothy Geithner delivered one of his strongest warnings yet on threats facing the U.S. economy, citing the budget deficit, fixed exchange rates and growing inequality.

In his three years on the job, Mr. Geithner has taken on the New York Fed's traditional role as chief worry wart. But some of his past warnings have been muffled by opaque and wonky language. (Read the full speech.1)

He was far clearer in a speech today to the Council on Foreign Relations in New York. He said some countries, to keep their currencies fixed to the dollar, are accumulating big reserves of dollar-denominated securities, thereby holding down long-term interest rates, which might be distorting U.S. growth and investment. He didn't name the offenders, but China and some Persian Gulf oil exporters are probable candidates.

He also ventured into politically charged terrain that Fed Chairman Ben Bernanke has tried to avoid. (He will be tested on that when he appears before the Senate Budget Committee next Thursday.) Mr. Geithner warned that current year deficits are too high while Mr. Bernanke has generally limited his concerns to the threat of higher entitlement spending in later years.

Mr. Geithner said, "Even … before the increase in number of retirees starts to have a major impact on Social Security and Medicare expenditures, we are running an unsustainably large fiscal deficit."

Mr. Bernanke has refused to comment on the budget process, but Mr. Geithner explicitly endorsed the new Democratic majority's move to restore "pay-go" rules that require new tax cuts or spending programs to be funded with offsetting revenues or spending cuts. But "they need to be complemented by a consensus on policy changes that will produce smaller future deficits."

WSJ's Greg Ip, economist David Resler3 of Nomura Securities and CNBC's Rick Santelli discuss recent comments from Federal Reserve Bank of New York President Timothy Geithner regarding financial markets.

He also echoed San Francisco Fed President Janet Yellen on the threat of growing inequality. And paraphrasing his former boss, former Treasury Secretary Lawrence Summers, he said it's "not enough" to say globalization is inevitable and protectionism will only hurt. Nor, he suggested, is it enough to call for more education and a better safety net: they "have a long fuse and they may not yield the hoped-for increase in support." He didn't, however, say what steps should be taken.

After the speech he said he took little comfort in the lack of broader fallout from the demise of the hedge fund Amaranth. "It was very interesting but very special" episode that may not have broader lessons on the impact of hedge funds, he said.

While Mr. Geithner has yet to state a view on whether the Fed should adopt an inflation target, he said such a target was compatible with the Fed's existing mandate to aim for both stable prices and full employment.

Separately, Boston Federal Reserve President Cathy Minehan is set to retire in 2007, according to a statement from the Boston Fed published Thursday. Ms. Minehan, who will be a voting member of the Federal Open Market Committee this year, has headed the Boston Fed since 1994. She had joined the New York Fed in 1968.

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"I am proud of my service at the Federal Reserve Bank of Boston, and earlier at the New York Fed," Ms. Minehan said in a statement. However, she added that "at this point in my life, I have decided that the time is right to move on in the interests of broadening and diversifying my career."

According to the press release, Ms. Minehan doesn't have any specific future plans, and will continue as president of the Boston Fed until her successor is in place. "I look forward to actively leading the excellent staff of the Bank and service on the Federal Open Market Committee until the selection process is complete," she said in the press release.

A search committee will be formed and headed by Lisa Lynch, chairwoman of the Boston Fed's board of directors. The committee will be made up of bank directors, the statement said. Lynch is Professor of International Economic Affairs at Tufts University's Fletcher School of Law and Diplomacy.

--Madeleine Lim contributed to this article.

Jobless Claims Tumble In Latest Week (WSJ)

By Brian Blackstone

The Wall Street Journal, January 12, 2007

WASHINGTON -- The number of U.S. workers filing new claims for unemployment benefits tumbled in the latest week, pushing below a key threshold and providing further evidence that labor market conditions remain quite strong.

New claims for unemployment insurance decreased by 26,000 to 299,000 in the week ended Jan. 6, the Labor Department said Thursday, the lowest level since July 22, when claims were also 299,000. Economists consider claims levels consistently below 300,000 as consistent with very tight labor markets. The prior week's reading was revised to 325,000 from a previously reported level of 329,000.

There were no special factors in the latest week, the Labor Department said, though an official pointed out that seasonal volatility related to the holidays is pronounced this time of year. The official said weekly readings should stabilize by mid-January.

The claims data were well below Wall Street expectations. The median forecast of economists surveyed by Dow Jones Newswires was for claims to fall by just 9,000 to 320,000. The four-week average, which smooths out weekly fluctuations, fell by 1,750 to 314,750.

The claims data for early January come on the heels of a surprisingly strong December employment report, suggesting that labor markets remain tight. Payrolls expanded by 167,000 in December, and the unemployment rate sits at just 4.5%. Last week's robust December jobs report dashed hopes for any near-term reduction in official interest rates by the Federal Reserve, which remains on guard for heightened inflation pressures.

In the Labor Department report Thursday, continuing claims for workers drawing unemployment benefits for more than a week decreased by 3,000 to 2,428,000 in the week ended Dec. 30, the latest week for which such data are available.

The jobless rate for workers with unemployment insurance was 1.9% in the week ended Dec. 30, unchanged from the previous week.

The Labor Department said 28 states and territories reported an increase in jobless claims during the Dec. 30 week, while 25 reported a decrease. Wisconsin reported the biggest increase in claims, 17,462, because of layoffs in construction, trade, service, transportation and manufacturing industries. California reported the biggest decrease, 9,084, due to fewer layoffs in trade and service industries.

Rapid Plunge In Price Of Oil May Fuel Growth (WSJ)

By Mark Whitehouse, Ann Davis And Bhushan Bahree

Wall Street Journal, January 12, 2007

Oil prices fell sharply yesterday and are now hovering at their lowest levels since mid-2005, raising the prospect of significant changes in the outlook for corporate profits, consumer spending and the global economy.

Crude oil fell another $2.14, or 4%, to $51.88 a barrel yesterday on the New York Mercantile Exchange. The price has plunged 15% since the year began, and hasn't closed as low since May 27, 2005. Oil is now down 33% from its record finish of $77.03 on July 14.

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The slide, which market participants said was fueled in part by speculative hedge-fund trading and a retreat by other investors, helped send stocks higher as investors bet lower energy prices would fatten corporate profits and strengthen economic growth, particularly in the U.S., the world's leading oil consumer. The Dow Jones Industrial Average jumped 72.82 points, or 0.59%, to a record close of 12514.98. (See related article1).

The price of oil tends to be volatile, and it could bounce back quickly. But if sustained, the decline in prices would have a big impact on everything from the American consumer to the profits of giant energy companies. It also could dent the revenues -- and the political clout -- of major oil-producing nations like Russia, Iran and Venezuela.

A senior official of the Organization of Petroleum Exporting Countries said yesterday that OPEC will consider the need for an emergency meeting to weigh what it should do to halt the price slide. OPEC already was cutting back its production sharply, the official said. He didn't specify whether the cartel would consider cuts beyond the 1.7 million barrels a day it has already pledged to remove from the market.

If lower oil prices lead to a reduction in what American consumers spend on gasoline, it would leave them with more money for all kinds of discretionary purchases, such as restaurant meals, movies and vacations. That spending could provide a welcome cushion for the U.S. economy, which is grappling with a sharp downturn in the housing sector. It could also give a boost to airlines and auto makers, which have been hurt by high fuel prices.

As yet, the drop in oil prices hasn't produced much relief at the gas pump. Regular gasoline is selling at a nationwide average of $2.28 a gallon -- down from more than $3 this summer in many parts of the country -- but just a penny less than in December, according to auto club AAA.

Nonetheless, oil's pullback "is coming at a great moment for the U.S. economy," says Ethan Harris, chief U.S. economist at Lehman Brothers in New York, who estimates that each $10 reduction in oil prices adds about a half percentage point to annualized growth in inflation-adjusted gross domestic product -- a broad measure of economic activity.

"You're worried about this one-two punch from housing -- first construction collapses, and then the consumer collapses. Lower energy prices are acting as a sort of smelling salt," Mr. Harris said.

Indeed, many economists credit the retreat of energy prices from their summer peaks for a recent bout of stronger-than-expected economic performance. Nonfarm payrolls in the U.S. grew by a seasonally adjusted 167,000 jobs in December, and economists expect inflation-adjusted consumer spending to have grown more than 4% in the fourth quarter of 2006. That has led some to raise their estimates of inflation-adjusted GDP growth in the fourth quarter to an annual rate of more than 3%, compared with forecasts of about 2% just a month ago.

The added impetus for the U.S. economy could change the picture for the Federal Reserve, which is trying to keep short-term interest rates high enough to keep inflation under control, but not so high as to cripple the economy. In recent months, prices in bond and futures markets have suggested that investors expect a slowing economy and receding inflation pressures to allow the Fed to lower interest rates in 2007. As oil prices have fallen, though, those expectations have changed.

"If this acts like a tax cut and consumers spend a lot of it, then it just makes the Fed more and more likely to stay on hold and to watch carefully what happens to inflation," said Richard Berner, chief U.S. economist at Morgan Stanley in New York. In futures markets yesterday, investors placed a 30% probability on the Fed lowering short-term interest rates to 5% by July from the current 5.25%. That was down from 44% Wednesday.

The strength of the U.S. and global economies is one reason many doubt oil prices will remain weak for long. "I would expect to see the market bounce back," said Nariman Behravesh, chief economist at consulting firm Global Insight. "The fundamental in terms of the oil market is demand growth, which comes from economic growth. From that perspective, we don't see any further weakening."

Analysts attribute lower oil prices in part to the fact that, with the start of the new year, many large institutional investors, such as pension funds, have been pulling back from energy investments. Also, unseasonably warm weather in many parts of the U.S. spilled into January, temporarily reducing oil demand.

If it continues, however, the current drop in oil prices would create a number of winners and losers. Companies whose fortunes depend on heavy oil consumption, from auto makers to airlines, could see their profits grow. On the other hand, oil companies would see their earnings fall, and investors that bet big on rising oil prices could find themselves in trouble.

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Lower oil prices are "a plus for us," said Paul Ballew, top sales analyst at General Motors Corp., noting that higher oil prices significantly crimped auto demand last year. GM is a top producer of gas-guzzling sport-utility vehicles and pickup trucks and is counting on big sales of its new Chevrolet Silverado; the auto maker has blitzed the airwaves with ads for the pickup during football games.

Auto makers suffered as sales of profitable trucks and SUVs plummeted during the second half of 2006. Gasoline prices that hovered around $3 a gallon pushed consumers away from those vehicles, especially SUVs. Light-truck sales dropped nearly 6% in 2006, according to Autodata Corp.

Even lower prices at the pump, however, wouldn't be a panacea for GM, Ford Motor Co. or DaimlerChrysler AG's Chrysler Group. GM and Ford, which have reported billion-dollar losses, are in the midst of restructuring plans that include worker buyouts. And Chrysler, which reported a $1.5 billion loss in last year's third quarter, is set to announce a restructuring plan next month.

Rising oil prices over the past several years have transformed the cost structure of the U.S. airline industry, causing jet fuel to displace labor costs as the industry's No. 1 expense. For every penny decrease in the price of a gallon of jet fuel, the U.S. airline industry saves as much as $195 million in costs annually. At AMR Corp.'s American Airlines, the world's largest carrier by passenger traffic, that amounts to a saving of $30 million a year, or $80 million each time crude oil prices drop by $1 per barrel.

"A drop of any amount is clearly good for the industry, but it's still really high," said John Heimlich, chief economist of the Air Transport Association, a trade group for U.S. airlines.

Cheaper oil would sharply lower earnings of major oil-producing nations, including those in OPEC. Leo Drollas, deputy director of London's International Centre for Global Energy Studies, estimates that OPEC's 11 members earned $518 billion in 2006, up from $437 billion in 2005.

Assuming a fall of about $4 a barrel in oil prices on average this year, and lower output to shore up prices, Mr. Drollas estimates that OPEC export revenues would fall to $488 billion this year. But if prices average about what they are now for all of 2007, the export earnings of OPEC countries -- leaving out Angola, which just joined Jan. 1 -- would fall to 2005 levels, or less if the exporters group slashed output further to support prices.

Major oil companies are also likely to see shrinking earnings from their oil-production operations, the largest source of income for integrated oil companies like Exxon Mobil Corp. BP PLC, Royal Dutch Shell, Chevron Corp. and others. Yesterday, the New York Stock Exchange index of energy shares was down 11% from a recent peak on Dec. 14. Over that period, Exxon Mobil shares have fallen 9.8%, BP shares have shed 9.5%, and Chevron is down 9.6%.

Crude Oil Falls Further, Gratifying Consumers More Than Investors (NYT)

By Clifford Krauss

New York Times, January 12, 2007

HOUSTON, Jan. 11 — Oil prices sank on Thursday to the lowest level in 19 months, providing potential relief to consumers. But investors in energy stocks may wish for a cold spell after they see the fourth-quarter earnings of their stocks in the next few weeks.

The prices of big energy companies have mostly been on a charge up the charts the last few years, as oil prices more than tripled since the beginning of the decade, to about $77 a barrel at one point in July.

But with oil prices sliding in recent weeks — on the New York Mercantile Exchange yesterday, crude oil for February delivery fell $2.14 a barrel, to $51.88 — several Wall Street analysts are predicting that the large integrated companies, refiners and smaller independents will all report significant declines in profit. “It’s not going to be very pretty,” said Fadel Gheit, senior energy analyst at Oppenheimer & Company. “There will be no more record earnings.”

Declining oil prices helped drive up the broader stock market, raising hopes that with inflation fears abating somewhat, the Federal Reserve may even consider lowering interest rates in the coming months. It was a turbulent day for energy traders, with the price of a barrel of oil opening just over $53, climbing at one point beyond $54, and then falling as low as $51.80. Traders who held large positions in oil futures dumped them, while speculators joined in short selling to take advantage of sliding prices.

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"Everyone is looking for the bottom," said Michael Rose, director of the energy trading desk at Angus Jackson in Fort Lauderdale, Fla. "But where is the bottom? Is it $50 a barrel, 40, 30? Nobody knows."

The president of the Organization of the Petroleum Exporting Countries, Muhammad bin Dhaen al-Hamli of the United Arab Emirates, was said to have told the Emirates news agency that the group would move to prop up prices if necessary. "OPEC will act to stabilize the market if needed," he was quoted as saying.

But few American analysts seemed to take his implied warning of possible future production cuts very seriously. "We're looking at inventories that are very full," Mr. Rose said. "Even if we have a cold snap, we have the reserves."

As for the major oil companies, predictions of disappointing earnings are based on a fall in the average spot price for benchmark crude oil to $60.06 a barrel last quarter from $70.56 the quarter before. And that slide came as OPEC announced two production cuts in two months at the end of last year.

The price dropped below $52 on Thursday for the first time since May 2005, a move all the more remarkable because it comes as Venezuela gains attention with talk of nationalizing energy and other industries, oil production in Nigeria is threatened by increasing violence, Iranian production is slipping and Russia sporadically cuts the flow to energy to other European nations.

Elsewhere, natural gas futures fell more than 6 percent amid an easing of demand and ample supplies.

Most analysts say oil prices have declined in part because of the uncommonly warm weather until recently in much of the United States and Europe, and amid conservation efforts by business and consumers.

Although retail gasoline prices have dropped considerably since the summer, to a nationwide average just under $2.30 a gallon from just over $3, they have barely moved since the beginning of the year as crude oil fell further. Several energy companies have alerted investors that for the time being at least, their feast of riches is over.

ConocoPhillips announced last week that its refining and marketing margins for the fourth quarter might be down as much as 25 percent. Chevron, the second-largest American energy company, warned this week that it "expects results in the fourth quarter to be adversely affected by lower commodity prices, lower downstream margins and lower refinery utilization attributable to planned maintenance and construction activities worldwide."

BP has reported that its daily oil production declined in the recent quarter to 3.82 million barrels from 4.02 million barrels. Part of BP's problems come from its inability so far to restart production at its giant Thunder Horse platform in the Gulf of Mexico, which was damaged by hurricanes in 2005.

Most of the big producers have been hurt by increased labor and service costs and by declines in oil and gas output in mature fields in North America and the North Sea. Many companies urgently need to modernize and otherwise reinvest in pipeline networks and refineries, and their increasing dependence on finding reserves in unstable areas like Venezuela and Nigeria creates higher security costs.

In recent years, many of those problems were negated by the rising commodity prices of oil and gas, and by share buybacks which increased the value of their stock.

Analysts are divided whether the expected tail-off in energy earnings is temporary or longer-lasting. And while they acknowledge that future oil prices cannot be predicted, they say there is little sign of an immediate rebound, given that American inventories of crude oil are 7 percent higher than the five-year average of 315 million barrels reported by the Energy Department.

"I think this is a seasonal pullback," said Nicole Decker of Bear Stearns, who predicts a rebound in the spring. She said the current drop has pushed oil prices down to levels roughly equivalent to those at this time last year.

Mr. Gheit of Oppenheimer said he expected further pressure on oil prices. "I see prices drifting lower, barring international crises," he said, but then quickly adding, "I would not rule out $80 oil if we invade Iran."

On Wall Street Thursday, ConocoPhillips fell $2.71, or 4.2 percent, to $61.82; Chevron lost 72 cents, or just over 1 percent, ending at $68.69; and BP edged up 12 cents, to $61.59.

Dow Sets Another Record High As Oil Prices, Jobless Claims Decline (WP/AP)

The Washington Post, January 12, 2007

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NEW YORK, Jan. 11 -- Investors regained some of their swagger Thursday, sending stocks higher and the Dow Jones industrial average to another record close after oil prices plunged and a drop in unemployment claims indicated that the economy was not slowing too quickly.

The Dow Jones industrial average rose 72.82, or 0.59 percent, to 12,514.98, topping the previous record close reached on Dec. 27 by 4.41 points. The Standard & Poor's 500-stock index rose 8.97, or 0.63 percent, to 1423.82. The Nasdaq composite index advanced 25.52, or 1.04 percent, to 2484.85.

Strength in employment indicates that the economy is holding up well as it slows, and a number of strong profit forecasts lent support to that notion Thursday. However, investors want the economy to give off some signs of gradual slowdown so the Federal Reserve will cut interest rates.

Light, sweet crude, which has already declined 15 percent in 2007, fell to its lowest level since May 2005, settling down $2.14 to $51.88 a barrel on the New York Mercantile Exchange. A pullback by investment funds and an unusually warm winter has unnerved some investors and in recent days suggested that a period of enormous profits at energy companies might be nearing an end.

The Labor Department said the number of newly laid off workers seeking unemployment benefits fell to a six-month low last week, dropping by 26,000, to 299,000 on a seasonally adjusted basis. It was the first time jobless claims have moved below 300,000 since July.

Comments from a handful of companies on profits added to the upbeat mood on Wall Street and suggested earnings remained strong in the final quarter of 2006.

Movers

Genentech rose $3.66, to $87.40, after reporting that demand for its cancer drugs helped push fourth-quarter profit up 75 percent.

AirTran Holdings rose 48 cents, to $12.40, after sweetening its cash-and-stock offer for rival Midwest Air Group, increasing its bid by about 18 percent.

Midwest gained 50 cents, to $13.40.

Amdocs, a maker of customer-service software, lost $3.63, to $35.70, after lowering its revenue forecast for 2007.

Dow Hits High As Oil Drop Loosens Up Investors (WSJ)

By E.s. Browning

The Wall Street Journal, January 12, 2007

With oil futures falling below $52 for the first time since 2005, the Dow Jones Industrial Average jumped to 12514.98, its first record finish of the new year.

Stock investors are showing signs of shaking off the grumpiness with which they began the year, and more than twice as many stocks were up on the New York Stock Exchange as were down. The Dow industrials put in their strongest gain of 2007, rising 72.82 points, or 0.59%. After dipping into the red for the year last week, they have edged back into the black, up 0.4%.

"Oil was the real driver," said Robert Harrington, head of U.S. stock trading at UBS's U.S. brokerage arm. "Lower energy prices are like a tax cut for the consumer."

It was the Dow's 23rd record finish since the start of October, when it first surpassed the record that dated from January 2000. Since moving past that mark, 11722.98, the blue-chip average has risen almost 800 points.

On top of the optimism that cheaper gasoline and other energy costs would help most businesses and consumers, investors are coming to terms with the idea that the Federal Reserve may be slower to cut interest rates than some had hoped.

Signs of economic strength, including positive profit news and last week's report of robust December payrolls, initially worried people who feared it would prevent the Fed from cutting rates in the spring or summer. One reason for last year's rally was the expectation of those cuts, which would reduce borrowing costs for businesses and consumers.

Now, investors seem to be concluding that sustained economic growth and good profits may be enough to keep stocks rising, even if the Fed is slow to cut rates.

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"Perhaps what the market is now saying is, 'OK, we don't get a rate cut, but the economy is fine,' " said Gordon Fowler, chief investment officer at Philadelphia money-management firm Glenmede Trust.

Crude-oil futures, whose decline has accelerated this year, fell $2.14, or 3.96%, to $51.88, the lowest New York finish since May 2005.

Investors reacted to reports that, despite threats from the Organization of Petroleum Exporting Countries to cut production, OPEC exports have remained strong. That, together with warm weather, suggested supplies will more than cover demand.

Some investors began buying oil stocks again, figuring that the heavy selling was dying down and that the shares were due for a bounce. But at day's end the group sagged. Exxon Mobil, up most of the day, finished slightly lower.

Some people began to hope that the stock-market softness early this year was simply a hangover from last year's big gains. According to that reasoning, investors in the autumn piled into the year's winners in hopes of boosting 2006 performance, and didn't take profits until 2007. Among other things, that permitted them to put off paying capital-gains taxes until 2008.

Treasury-bond prices continued to fall, pushing yields higher. The bond market had widely expected a Fed rate cut by summer. If those prospects are diminished, it means future interest rates will be higher than anticipated, making existing bonds less attractive compared with future ones. The yield of the 10-year Treasury note, 4.737%, was the highest since October.

Apple fell following news that Cisco Systems was suing it over use of the iPhone name, but that didn't prevent resurgent technology stocks from continuing to rise.

Traders said some money managers appeared to be shifting to tech stocks, which trailed the market last year, from once-strong oil stocks. Some analysts forecast that tech stocks would catch up with the broader market this year.

The Nasdaq Composite Index, replete with tech stocks, hit a six-year high, rising 1.04%, or 25.52 points, to 2484.85. It is up 2.9% in 2007.

The broad Standard & Poor's 500-stock index advanced 0.63%, or 8.97 points, to 1423.82, up 0.4% this year.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.61%, or 1.44 points, to 238.39.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 2.94 billion shares, with 2,325 stocks rising and 997 falling.

Bond prices declined2. The 10-year Treasury note fell 14/32, or $4.38 for each $1,000 invested. The 30-year bond was down 26/32 to yield 4.823%.

The dollar strengthened3. Late in New York, it traded at 120.50 yen, up from 119.62, while the euro fell against the dollar to $1.2894 from $1.2939.

Falling Oil Prices, Jobs Report Spark Stocks (USAT)

By Matt Krantz

USA Today, January 12, 2007

Investors considered the positive side of falling oil prices Thursday as jobless data indicated the economy's growth is slowing at a moderate pace.

The price of a barrel of oil fell sharply again Thursday by $2.14 to $51.88. Crude is now down 15% this year. Stock investors applauded the decline because it was accompanied by news showing the number of workers seeking new unemployment benefits last week dropped to a six-month low.

Those pieces of news together prompted the Dow Jones industrials to gain 72.82 points to 12,514.98. That's a new record, and pushes the Dow into the black for the year (story, 1B).

The benchmark Standard & Poor's 500 index gained 8.97 points to 1423.82, largely due to strong performances by stocks in the automotive retail, general merchandise stores and information technology services industries. The S&P is up 0.4% this year.

But the biggest winners have been technology stocks. The Nasdaq composite index leapt 25.52 points to 2484.85, pushing it up 2.9% this year and to its highest close since Feb. 15, 2001.

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Some are hoping the Nasdaq's rally could be a start of better performance from growth companies, says John Carey, portfolio manager at Pioneer Investments. "Maybe we're finally seeing the resurgence in the growth sector of the market."

Investors, though, above all celebrated Thursday's evidence of the increasing possibility that the economy's slowdown is "not going to be a hard landing, but a soft landing," says Hugh Johnson of Johnson Illington Advisors. Falling oil prices help consumers, explaining why retail stocks have done so well this year. "Consumers have more money to spend," he says.

Highlights:

Genentech, a biotech firm, jumped $3.66 to $87.40. The company late Wednesday reported 77% higher fourth-quarter profit of $594 million or 55 cents a share.

•Hornbeck Offshore Services, an oil services firm, tanked $7.37 to $26.14 after cutting its outlook for fourth-quarter earnings due to volatile demand for equipment in the Gulf of Mexico.

•Google jumped $10.26 to $499.72 as investors scrambled to increase their exposure to technology stocks.

•ICT Group, a business outsourcing company, fell $2.46 to $26.58. The company cut its fourth-quarter earnings estimates because snowstorms in Colorado hurt its call-center profitability.

Suit Against Vatican Can Proceed (LCJ)

By Jason Riley, The Courier-Journal

Louisville (KY) Courier-Journal, January 12, 2007

Child sex abuse cover-up is alleged

A federal judge in Louisville issued a "historic" decision yesterday by refusing to dismiss a lawsuit against the Vatican that alleges a cover-up to protect priests who molested American children.

"This is the first and only case which has as its sole objective holding the Vatican financially accountable for all of the childhood sexual abuses committed in the U.S.," said Louisville attorney William McMurry, who filed the suit in 2004 on behalf of three men who allege abuse dating as far back as 1928.

If U.S. District Judge John Heyburn II's decision stands, it could open the door for attorneys to take depositions of Vatican officials -- including Pope Benedict XVI -- obtain copies of church records and documents and ultimately determine "what prompted all of the bishops to keep quiet, hide these pedophiles and refuse to report child abusers," McMurry said. He called the decision "historic."

But Jeffrey Lena of Berkeley, Calif., counsel for the Vatican, known legally as the Holy See, said Heyburn's decision rejected portions of McMurry's lawsuit and left the case hanging on a "fairly weak linchpin" -- that U.S. Catholic clergy are employees of the Vatican.

"The Holy See is just not responsible for this, and that's the bottom line," Lena said.

Regardless, the case could be entangled in appeals for years before eventually ending up at the U.S. Supreme Court, McMurry and Lena said.

One of the three plaintiffs is Michael Turner of Louisville, who also filed the first in a wave of roughly 250 sexual-abuse lawsuits against the Archdiocese of Louisville between 2002 and 2003. The litigation culminated in a $25.7 million settlement with most of the plaintiffs. McMurry and his legal team received 40 percent of most plaintiffs' payments.

The two other plaintiffs in the Vatican suit are James H. O'Bryan and Donald E. Poppe, both of whom live in California and say they were abused by priests while growing up in Louisville. All three are asking for unspecified monetary damages from the Vatican.

McMurry also is requesting injunctions requiring the Vatican to "cease its violations of the internationally recognized human rights of children" and "to report all allegations of childhood sexual abuse" in the United States. And he is asking a federal judge to supervise the Vatican's conduct for 10 years.

Legal scholars contacted yesterday said they hadn't thought the lawsuit -- the only sexual-abuse suit naming the Vatican as the sole defendant -- would make it this far, and they still doubt it will survive.

"The Holy See is not responsible for the day-to-day supervision, appointments and discipline of individual clerics," said Mark Chopko, general counsel for the U.S. Conference of Catholic Bishops.

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Other legal experts say that no matter the result, it may be impossible to win damages from the Vatican, which is a sovereign state with many legal protections.

"The question is whether you can get a judgment against the Vatican and have them actually pay," said Carl Tobias, a law professor at the University of Richmond. "I'm surprised you can get jurisdiction in a U.S. court over the Vatican."

But Jeff Anderson, a Minnesota-based attorney who filed a similar suit against the Vatican in 2003 that also has been allowed to go forward, said since the Vatican does business in this country, it submits itself to U.S. laws and legal obligations.

In his ruling, Heyburn refused to dismiss allegations that the Vatican failed to report incidents of child abuse and failed to warn parishioners that their children would be under the care of known or suspected pedophiles. The other claims that remain against the Vatican, according to the ruling, are outrage and emotional distress and violations of the customary law of human rights.

Heyburn, however, did dismiss a negligence claim that the Vatican failed to provide safe care of children entrusted to the clergy. The judge also dismissed deceit and misrepresentation claims.

Lena said the Vatican did not present any evidence before the decision. He said the ruling is based on a preliminary legal challenge in which the judge must treat the facts stated in the complaint as if they were true.

David Clohessy, national director of Survivors Network of those Abused by Priests, said the ruling is a step "towards the truth."

"This is part of a slow but clear trend by judges everywhere to hold wrongdoers responsible for child sex crimes, even if they wear clerical garb."

McMurry is basing a large part of his claim on a secret 1962 Vatican document.

Leaked to the public last year, the document, approved by then-Pope John XXIII, calling for strict secrecy in handling priests accused of soliciting sex in the confessional, he said.

McMurry called it a "smoking gun" that also requires Catholic Church leaders to keep secret other allegations of sexual misconduct.

Some experts in church law have downplayed the significance of the document. They say it only required secrecy in the church disciplinary process and did not prevent a bishop from reporting crimes to police.

McMurry is seeking to have the Vatican suit certified as a class-action case, saying he believes there are "at least several thousand" victims nationwide.

Given Pope Benedict XVI's age, 79, McMurry said he will request that attorneys be able to depose the pope now.

McMurry said that is important because the pope was a bishop on a commission that dealt with priests accused of sexual abuse. "He knows where all the bones are buried," McMurry said.

Reporter Jason Riley can be reached at (502) 582-4727.

Dodd Declares '08 Presidential Candidacy (AP)

By Beth Fouhy

AP, January 12, 2007

Connecticut Sen. Chris Dodd announced Thursday he will run for the Democratic presidential nomination in 2008, saying problems at home and abroad meant it was time for him to "get out of the bleachers and onto the arena floor."

Dodd, a 26-year Senate veteran, told the "Imus in the Morning" radio show he will file paperwork to establish a campaign committee later in the day.

"I know how to do this. I know what has to be done. I'm going to get out and make my case," Dodd said. He described himself as a dark horse in a Democratic field dominated by Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois — neither of whom have yet entered the race.

"There's a heightened sense of urgency about the condition of the country. But it isn't just Iraq — there are problems here at home that are huge," Dodd said. He said he planned to focus on issues like education, energy policy and health care in his campaign.

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Dodd planned to travel late Thursday to Iowa, home to the first nominating caucus in January 2008. On Sunday, Dodd intended to visit South Carolina, an early primary state.

Several other Democrats have already entered the race or are expected to do so soon.

Iowa Gov. Tom Vilsack, who leaves office Friday, has announced his presidential candidacy, as have former North Carolina Sen. John Edwards, Ohio Rep. Dennis Kucinich and Delaware Sen. Joe Biden. New Mexico Gov. Bill Richardson also probably will run.

Dodd's career in Washington began in 1974 when he was elected to the House in the wake of the Watergate scandal. His father, Thomas J. Dodd, served two terms in the Senate; the younger Dodd won a Senate seat in 1980.

Dodd has forged strong ties with labor unions, advocated fiscal accountability for corporations and championed education and other children's issues. This month, he became chairman of the influential Senate Banking, Housing and Urban Affairs Committee and is a senior member of the Senate Foreign Relations Committee.

Dodd voted in 2002 to authorize military intervention in Iraq, but has become an outspoken critic of the war and now calls his vote a mistake. He has said he would oppose an escalation of U.S. forces in Iraq and has said Congress should consider withholding funding for such a troop increase.

Dodd was the chief Senate sponsor of the 1993 Family and Medical Leave Act, which allows workers up to 12 weeks of unpaid leave for the birth or adoption of a child, or to tend to a personal or family illness. He also helped rewrite the Elementary and Secondary Education Act, worked to create after-school initiatives and has introduced legislation to reform the 2002 No Child Left Behind law.

Dodd was a driving force behind the 2002 law that toughened disclosure and conflict-of-interest rules for accounting firms in the wake of securities fraud scandals. He also helped write a terrorism insurance bill, an issue important to his state's insurance industry.

A fluent speaker of Spanish, Dodd served in the Peace Corps in a rural village in Dominican Republic from 1966-68 and has had a strong interest in Latin American affairs throughout his career. As the ranking Democrat on the Senate Foreign Relations Committee's western hemisphere subcommittee, he's been able to wield a heavy influence on U.S. involvement in the region.

Although he is firmly positioned in his party's liberal wing, Dodd is noted for a willingness to compromise that has made him capable for forging coalitions with members of both parties.

His role as chairman of the Banking Committee — which oversees the nation's banking, financial services and insurance industries — creates new fundraising opportunities, a potential boost for a long-shot prospect like Dodd who must prove he can raise the tens of million of dollars needed to stay competitive in the 2008 presidential campaign.

Dodd has been politically active on behalf of other Democrats, raising money and campaigning for candidates across the country and headed the Democratic National Committee from 1995-96.

Dodd and his wife, Jackie Marie Clegg, have two daughters, age 5 and 22 months.

The difficulty Dodd faces trying to breakthrough the public consciousness in a race that starts off dominated by political celebrities was underscored in a good-natured exchange with radio host Don Imus.

"I'll tell you who I saw last night who was very impressive was Barack Obama," Imus told Dodd.

"I'm not one of those Hollywood phonies jumping on the Barack Obama bandwagon — I'm going to vote for McCain at this point," Imus added, referring to Arizona Sen. John McCain, the front-runner for the Republican presidential nomination.

"Now wait a minute, wait a minute," Dodd interjected. "I come on the program, I blow everybody else off, I announce here — at least leave the door open a little bit for me here. ... And I'm your pal — 14 years — you can't just walk away from me. You leave that door open a little bit."

Chuckling, Imus responded: "I'm not walking away ... I'm not closing the door, senator."

Dodd Touts Presidential Bid On 'Imus' (CP)

By Peter Urban

Connecticut Post, January 12, 2007

DOJ_NMG_0115875

WASHINGTON — After six months of testing the waters, Connecticut Sen. Chris Dodd dove headfirst into the 2008 presidential contest Thursday, saying he has the experience and vision to lead the nation in a time of urgency.

"People are crying out for leadership. They want people who can come up with bold solutions on health care, energy policy, environmental questions, education," Dodd said. "I know how to do this. On every major foreign policy and domestic issue for the last quarter century, I've been deeply involved."

Dodd filed a statement of candidacy with the Federal Election Commission on Thursday that will allow him to begin raising funds directly as a presidential candidate. He plans to transfer nearly $5 million sitting in his Senate campaign into the new effort.

He announced his intentions publicly on "Imus in the Morning," a radio show based in New York City. Imus praised Dodd's experience and intellect and said he would raise the level of debate but admitted he was backing Sen. John McCain, R-Ariz., for president in 2008.

"Wait a minute. Wait a minute. I come on the program. I blow everybody else off. I announce here. I mean, at least leave the door open for me a little here," Dodd cajoled. "A little quid pro quo, I mean I'm your pal."

Dodd later made a round of telephone calls to reporters from his townhouse here.

In a 10-minute conversation with the Connecticut Post, Dodd acknowledged that winning the Democratic nomination would be difficult

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but is possible.

He stressed that he will run a positive campaign that focuses on his attributes and ideas. Dodd, 62, has served 26 years in the Senate. He is chairman of the Banking Committee, second in rank on the Health, Education and Labor Committee, and a long-standing member of the Foreign Relations Committee.

"I think experience does matter. I think it matters more this time around as well as the ability to connect with people and bring people together on issues. I have a proven ability to do those things," Dodd said.

Dodd has strong backing for his candidacy from Connecticut Democratic leaders.

Rosa DeLauro, who served as Dodd's chief of staff before being elected to the House, was absolutely enthused by Dodd's decision to run, saying he has the experience and interest to work on behalf of American families.

"This is a time where we are looking for people who can lead, who have both the intellectual and personal makeup to really connect," she said. "Chris Dodd has that vision."

State Party Chairwoman Nancy DiNardo expects Connecticut Democrats will flock to his campaign.

"I think it is exciting for Democrats and for Connecticut," she said.

DiNardo said that Dodd also has a national base of support from his days as general chairman of the Democratic National Committee in the mid-'90s. Sen. Joe Lieberman wished Dodd well in his presidential race but said that he is focusing on his Senate work and not involving himself in any campaigns at this time. Lieberman made a brief, unsuccessful run for the Democratic presidential nod in 2004 and was Al Gore's vice presidential candidate in 2000. Gary Rose, a professor of politics at Sacred Heart University in Fairfield, said that Dodd could easily appeal to voters who are looking for experience — particularly on foreign policy issues.

"He is probably the most substantive on domestic and foreign policy issues among the candidates who are considered viable," Rose said. "It is a very volatile world, and people may be looking for someone who really is experienced."

Larry Sabato, a professor of politics at the University of Virginia, said Dodd should not be written off as a second-tier candidate given the fact that there is no president or vice president in the field.

At the same time, he acknowledged that Dodd would need to raise his name recognition and increase his fundraising to compete with the early frontrunners — Sen. Hillary Clinton, D-N.Y.; Sen. Barack Obama, D-Ill., and former Sen. John Edwards, D-S.C.

Sabato estimated that candidates would need more than $30 million during the primary campaign.

"He is a long shot but there are plenty of long shots who either win the nomination or do very well," Sabato said. "Lightning could strike — everyone else."

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While Dodd has experience on domestic and foreign relations issues, he also has a long voting record as a liberal and will have to overcome what will likely be resistance from many voters to having another Northeast Democratic senator at the top of the ticket, Sabato said.

Dodd said he would advocate a 10-year plan to wean America from its dependence on Middle Eastern oil. He also opposes a military escalation in Iraq and would instead intensify diplomatic efforts in the region — particularly with Syria and Iran.

Dodd described the sectarian strife, insurgent fighting and terrorist threats in Iraq as a "Rubik's Cube" that cannot be resolved with military might alone.

Dodd acknowledged he is a dark horse but is hopeful that voters — particularly those in early primary and caucus states — will give him a chance.

Dodd Says He'll Run For White House (USAT)

By Jill Lawrence

USA Today, January 12, 2007

WASHINGTON — Connecticut Sen. Chris Dodd, a 30-year Capitol Hill veteran who once headed the national Democratic Party, pitched himself as a voice of experience and a new face in declaring his presidential candidacy Thursday on a radio and cable show.

Normally, Dodd told MSNBC talk-show host Don Imus, 25 years in the Senate (preceded by six in the House) would "exclude you from even considering higher office. But I think people this time around believe experience matters."

Dodd is the latest Democrat to join an expanding field. Outgoing Iowa Gov. Tom Vilsack, Ohio Rep. Dennis Kucinich and former North Carolina senator John Edwards, the 2004 vice presidential nominee, are among those already running. Other possible contenders include New York Sen. Hillary Rodham Clinton, Illinois Sen. Barack Obama, Delaware Sen. Joseph Biden, Massachusetts Sen. John Kerry and New Mexico Gov. Bill Richardson.

Dodd acknowledges his odds are long, calling himself "not as well known" as other prospects. He said the first contests are a year away and lightning could strike. "I wanted to get out of the bleachers and onto the arena floor and make my case," he said.

Dodd, 62, said he has been involved with "every major foreign policy and domestic issue of the last quarter century." He also said he's a "fresh face."

Political analysts agree that he is not a household name, which is a problem after 30 years in politics. "He has not staked out a national reputation or a national identity of any kind," said Dan Carter, a political historian teaching at the University of Richmond.

In a statement Thursday, Dodd highlighted his stewardship of the Family and Medical Leave Act "long before children's issues were a priority in Washington." The law allows workers to take unpaid leave to care for newborns or relatives.

This week Dodd, the new chairman of the Banking Committee, told a New York audience he wants to bring financial services to lower income people who pay huge amounts to cash paychecks, pay bills and borrow money.

Dodd recently visited the Middle East and has criticized U.S. policy in Iraq. At a Senate hearing Thursday, he told Secretary of State Condoleezza Rice the United States could not "bludgeon" its way to victory with more troops.

Yet the hearing underscored how hard it will be for Dodd or any Democrat to stand out on Iraq. The participants included Dodd, Kerry, Obama and Biden. All of them oppose President Bush's plan; all asked Rice tough questions.

Dodd does have one notable characteristic that won't be helpful: his New England roots. Ken Dautrich, a public policy professor at the University of Connecticut, said Democrats may associate Dodd with losses by Kerry in 2004 and Michael Dukakis in 1988. "They understand that a Northeastern Democrat probably is not the best person to take back the presidency," he said.

Senator Dodd Of Connecticut Announces Bid For Presidency (NYT)

By Jennifer Medina

The New York Times, January 12, 2007

DOJ_NMG_0115877

HARTFORD, Jan. 11 — As he formally announced his candidacy for president on Thursday, Senator Christopher J. Dodd of Connecticut said he saw himself as the "dark horse" in the expanding Democratic field, an "unknown quantity with experience."

He made his announcement on "Imus in the Morning," a nationally syndicated radio and cable television show featuring Don Imus, and later, in an interview, he said this would be a one-time shot at the White House.

"I am not going to run again — this is not a warm-up," Mr. Dodd said. "I realize I am not a household name, but in 12 months we'll still be talking about primaries. It is a long way away, and there are plenty of chances to break through."

Mr. Dodd will have stiff competition in the Democratic field. The announced candidates include John Edwards, the former senator from North Carolina; Senator Joseph R. Biden of Delaware, an ally of Mr. Dodd's in Washington; and Tom Vilsack, who stepped down as Iowa governor on Thursday. The potential Democratic candidates include Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Mr. Dodd was first elected to the House in 1974, in a Democratic wave after Watergate. He was elected to the Senate six years later, taking the office once held by his father, Thomas J. Dodd.

He has about $5 million on hand for his run, and his advisers say they hope his fund-raising ability will be bolstered by his position as chairman of the Senate Banking Committee. He is also a former chairman of the national Democratic Party.

A senior Democrat on the Senate Foreign Relations Committee and a former Peace Corps volunteer, Mr. Dodd said he would spend much of his time concentrating on international affairs.

"People are asking a critical question — what kind of experience do you need? — especially after watching an administration that seems to have needed more on-the-job training instead of understanding as you go in. I have worked at this stuff for a long time."

Mr. Dodd voted in favor of the 2002 Senate resolution supporting the administration plan to invade Iraq, but he has since said he regrets that vote.

In a Senate hearing with Secretary of State Condoleezza Rice on Thursday, the day after President Bush's televised address calling for more troops in Iraq, Mr. Dodd said it would be "unsound strategy" to add more troops and urged a greater effort at diplomatic contacts instead.

In the interview, he also said he would vote in favor of withholding money for more troops. "Everyone knows this is a failed policy," Mr. Dodd said of the president's war leadership. "This is hardly a change of policy; it is more of the same, which hasn't been working."

Mr. Dodd traveled to Iowa on Thursday afternoon and is to spend part of the weekend in South Carolina, to rally support in two states that are critical in early campaigning.

Even as he cited his decades in Congress, Mr. Dodd joked that he is a "fresh face" in the presidential field. During the radio and cable show, Mr. Imus needled Mr. Dodd by saying he was particularly impressed with Mr. Obama and planned to vote for Senator John McCain of Arizona, a Republican.

"Now wait a minute, wait a minute," Mr. Dodd said with a chuckle and a bit of indignation. "I come on the program, I blow everyone else off, I announce here — at least leave the door open a little bit for me."

Mr. Dodd, 62, is married to Jackie Marie Clegg, a consultant, and they have two young daughters.

He plans to name the Connecticut attorney general, Richard Blumenthal, as his state campaign chairman, and Representative Rosa DeLauro of Connecticut, who was once Mr. Dodd's chief of staff, as a national chairwoman.

Dodd Carries Northeast Liberal Tag Into 2008 Race (NSDY/AP)

By Andrew Miga

Long Island Newsday, January 12, 2007

WASHINGTON -- Sen. Christopher Dodd's image as a Northeast liberal could pose a hurdle in his longshot bid for the 2008 Democratic presidential nomination.

The Connecticut senator will be running in the turbulent wake of another prominent New England liberal, Sen. John Kerry, D-Mass.

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Kerry's losing 2004 campaign embittered some Democrats who contend he squandered a prime chance for his party to capture the White House. Those bad feelings have lingered as the 2008 contest begins to unfold.

"The party just nominated a New England liberal whose campaign was a failure," said Dante Scala, an associate professor of politics at Saint Anselm College in New Hampshire who wrote "Stormy Weather," a book about the state's primary. "That's going to be one strike against" Dodd.

Dodd brushed aside any suggestion that his Northeast liberal roots could hurt his candidacy.

"It's a false assumption," Dodd said in a telephone interview Thursday with The Associated Press. "People don't think in those terms... Most Americans don't care about these labels we put on."

Most voters are more concerned about bread-and-butter issues such as health care and jobs, not political labels, said Dodd, a five-term senator.

"The overwhelming number of people want to know what you can do to put the country back on track," Dodd said. "They don't care about labels."

Another Northeast liberal, New York Sen. Hillary Rodham Clinton, could also pose problems for Dodd if, as expected, she joins the expanding Democratic field.

"If Hillary Clinton gets in, she casts a long shadow _ especially over fellow Northeastern senators like Dodd," said Scala.

Clinton, with her star power and her ability to raise large amounts of campaign cash, ranks as one of the race's prospective heavyweights. Illinois Sen. Barack Obama cuts a similar high-voltage profile.

Kerry, meanwhile, is also considering running again in 2008. His candidacy would add yet another Northeast liberal to the crowded Democratic pack, crowding Dodd.

Several Democrats have already entered the race or are expected to do so soon.

Iowa Gov. Tom Vilsack, who leaves office Friday, former North Carolina Sen. John Edwards, Ohio Rep. Dennis Kucinich and Delaware Sen. Joe Biden have joined the field. New Mexico Gov. Bill Richardson also probably will run.

Dodd is little-known in key primary and caucus states, which will make it hard for him to break through.

"He's one of many senators with presidential ambitions," said Earl Black, a Rice University political scientist. "Nothing leaps to the mind that would make a unique case for Dodd."

Scala sees a two-tier race unfolding with the "haves" against the "have nots."

The upper tier includes Clinton, Edwards and Obama. The lower tier is pretty much everyone else.

"Chris Dodd is among everybody else right now," said Scala, noting that despite his New England roots, his name recognition in New Hampshire is low.

Dodd, 62, has begun building a national campaign in earnest. He's hiring staff, expanding his fundraising base and planning more trips to early-voting states.

But in key presidential primary and caucus states like Iowa and New Hampshire, where the jockeying for the party nomination is already intense, Dodd's footprint is light. Other Democratic hopefuls boast higher profiles and more commitments from the local party activists who are the lifeblood of primary campaigns.

Dodd, however, hopes to spotlight his work on health care and children's issues to win over liberal voters who dominate Democratic primaries. He's also confident his quarter-century of foreign policy experience in the Senate will strike a chord with voters worried about national security and America's place in the world.

Dodd said he has raised "just shy" of $5 million for his White House bid. Dodd's numbers are eclipsed by rivals such as Clinton and Kerry, who each have about $14 million in campaign funds.

"It gives us a good start," he said. "We're getting a good start." ___P>

Democratic Party Selects Denver For '08 Presidential Convention (WSJ/AP)

The Wall Sreet Journal/AP, January 12, 2007

NEW YORK -- Democrats selected Denver to host their 2008 presidential convention, turning down New York in favor of a problematic but enthusiastic bid from a city in the increasingly Democratic Rocky Mountain West.

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"There is no question that the West is important to the future of the Democratic Party," Democratic Chairman Howard Dean said in a statement Thursday. "The recent Democratic gains in the West exemplify the principle that when we show up and ask for people's votes and talk about what we stand for, we can win in any part of the country."

Denver mounted a spirited effort to win the convention, organizing a sophisticated public relations campaign and enlisting help from Democratic lawmakers throughout the West. But the bid was fraught with logistical problems, among them a lack of close-in hotel rooms, its ability to raise the necessary $55 million to run the convention and serious labor concerns.

The city's bid was nearly scuttled last month when the influential stagehands union refused to agree not to strike if the convention was held at the nonunion Pepsi Center.

In the end, Mr. Dean enlisted the help of labor leaders in Washington, including AFL-CIO President John Sweeney and Andy Stern, president of the Service Employees International Union. A compromise was reached to staff the Pepsi Center entirely with union labor for the duration of the convention, effectively taking the last major obstacle off the table.

"We are very, very excited -- it's a tremendous team effort by everybody in Denver. And we're going to put on the best convention the Democrats have ever had," said Debbie Willhite, director of Denver's Host Committee.

New York, for its part, had eagerly sought the convention for months, but its mayor, Michael Bloomberg, said in recent weeks he would not commit the city to underwrite the convention's costs. "We are disappointed, but as I had pointed out a number of times, these conventions have gotten very expensive," Mr. Bloomberg told reporters at an event in Brooklyn.

Several members of Congress urged Mr. Dean to choose Denver to help cement recent Democratic victories in the Republican-leaning West. Since 2002, Democrats have won GOP-held governorships in Colorado and six other Western states, and in November, Democrats picked up a Republican-held Senate seat in Montana and GOP-held House seats in Colorado and Arizona.

Democrats in other Western states have pledged to help with fundraising.

The convention -- which is expected to attract 35,000, including 4,950 delegates and alternates -- will be held from Aug. 25-28 after the Summer Olympics in Beijing.

The Republican National Convention will start just four days later, on Sept. 1 in Minneapolis-St. Paul, Minn.

In November 2005, the Democratic National Committee invited 35 cities to apply to host the convention. Eleven cities eventually submitted applications, but only three were selected as finalists -- Denver, New York and Minneapolis-St. Paul, which withdrew its bid this fall after it was selected to host the GOP convention.

Denver last hosted the Democratic National Convention in 1908, when Democrats nominated William Jennings Bryan of Nebraska in his third unsuccessful effort as the party's standard-bearer.

As States Innovate, Schwarzenegger Blurs Lines (NYT)

By Jennifer Steinhauer

The New York Times, January 12, 2007

LOS ANGELES, Jan. 11 — So, who is Arnold Schwarzenegger anyway?

Is he an extreme environmentalist, proposing California be the first state to limit carbon dioxide emissions from cars? Or a foe of wildlife, with his desire for above-ground water storage, announced hours after his move to limit emissions?

Does his heart bleed for the disadvantaged, as suggested by his call for universal health care? Or does he turn a hard eye toward entitlements, as his plan to cut welfare benefits for children seems to indicate?

In many ways, Mr. Schwarzenegger is sui generis, a celebrity-turned-politician hurled toward the center by California's Democratic majority. And since he can never run for president, his governorship is most likely the outlet for his more audacious ideas.

But Mr. Schwarzenegger's recent leadership is also the largest example of a growing movement in which state leaders are crossing party lines to get things done. While partisan polarization limits activity in Washington, D.C., state governments are addressing issues the federal government has not tackled.

Massachusetts was first, with a Republican governor and a Democratic-led legislature compromising on an expansive health care law. Colorado — with bipartisanship — and Georgia both passed restrictive immigration bills last year after Congress

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could not. Indeed, 32 states approved 84 immigration laws in 2006, out of a record 570 immigration bills introduced, according to the National Conference of State Legislatures.

Nearly 30 states have passed bills raising the minimum wage, many through ballot initiatives, but many others via legislatures. And last year alone, more than a half-dozen states tightened restrictions on relations between lawmakers and lobbyists.

"In recent years as we have seen gridlock in Washington," said William Pound, the conference's executive director, "you have seen the pressure building on states to do something. I think you are going to see even more of it in the next couple of years, because we are on a wave right now with the states being innovative on policy. And frankly the Congress and the federal government have financial problems."

Often, the most effective approaches fly in the face of core political party values. Mr. Schwarzenegger is promoting ideas that offer something for everyone in Sacramento to love, and to despise.

"There is method to the madness," said Bruce Cain, director of the Institute of Governmental Studies at the University of California, Berkeley. "The middle is a place of much inconsistency. The fact that no one knows exactly where Arnold is on the political spectrum means that everyone can imagine that he is closer to them."

The challenges Mr. Schwarzenegger faces for being, as he calls himself, "post-partisan," and pushing the legislation he craves, were evident Tuesday night in Sacramento when he addressed the Legislature.

His plans for spending money — on new bond issues, on health care, on the environment — were met with grimaces from many Republican colleagues, who were buoyed by his promises to build more prisons and increase college tuition, ideas that offend more liberal lawmakers.

Right before the speech, State Senator Abel Maldonado, a Republican, cornered Mr. Schwarzenegger's communications director, Adam Mendelsohn, to complain about part of the governor's health care plan that would charge businesses that have more than 10 workers but do not provide health insurance.

"Your district has a lot of E.R.'s full of" illegal immigrants, Mr. Mendelsohn said, pointing out that those patients cost taxpayers money.

"I've got a lot of family businesses in my district," Mr. Maldonado countered.

At the same time, the State Democratic Party was attacking the governor's budget as stingy and unfair.

Yet partisan cross-dressing is in vogue in many states.

"Arnold wants to cut emissions, cover everyone's health insurance, possibly reduce prison crowding by sentencing reform," said William T. Cunningham, who helped run both of Michael R. Bloomberg's campaigns for mayor of New York on themes of social liberalism and fiscal restraint.

"Eliot Spitzer wants to cut property taxes and reform the Medicaid system due to its costs," Mr. Cunningham added, referring to New York's new Democratic governor. "Republicans domestically used to be the law and order guys and the Dems were the education and social service guys. All that has changed."

In his spate of policy and budget announcements this week, Mr. Schwarzenegger showed many sides to his political form, proposing to insure all citizens, but also to end welfare grants for children whose parents do not participate in return-to-work programs. He called for helping criminals reform, but cut drug treatment programs.

He also said he would ask state regulators to require petroleum refiners and gasoline sellers doing business in California to cut by 10 percent the emissions of heat-trapping gases, even as he pushed for the water storage methods opposed by groups that argue that above-ground storage disrupts the surrounding environment. "We are not waiting for the federal government to act," Mr. Schwarzenegger said. "We are not waiting, period."

Other states have reached the same conclusion. Last summer, Georgia and Colorado enacted extensive laws intended to curb the effects of illegal immigration. "Immigration is the best example of where the feds bear the lion's share of the responsibility and have done almost nothing to fulfill that responsibility," said the speaker of the Colorado House, Andrew Romanoff.

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Georgia's omnibus law, which goes into effect in July, makes many requirements of employers and workers. "People were frustrated that federal government was not acting swiftly enough," the State Senate spokeswoman, Merri Brantley, said. "We are among the fastest-growing immigration states in the nation."

In the interest of protecting residents from identity theft and privacy invasion, 35 states have enacted legislation in recent years requiring companies or state agencies to disclose security breaches involving personal information. The federal government has yet to pass comprehensive legislation on the issue.

Other states have also passed or are seriously considering emissions standards, renewable energy requirements, education overhauls and comprehensive health care packages. On some of these issues, California — led by its governor — may simply be furthering its role as the nation's policy petri dish.

Mr. Schwarzenegger "is showing what leadership can be when it is nonpartisan," said Mr. Mendelsohn, his communications director. "It is where the country is."

California Emissions Target Hands Task To Industry (WSJ)

By Jeffrey Ball

Wall Street Journal, January 12, 2007

California Gov. Arnold Schwarzenegger's plan to require a 10% cut in the carbon content of its transportation fuels embodies a strategy to combat global warming that is likely to become more common around the world.

Instead of mandating the rollout of specific technologies, such as electric cars or ethanol pumps, California has set an emissions-related target and says it will leave it up to industry to figure out how to meet it.

In doing so, it is taking a political gamble: that the hands-off approach will unleash fights of economic self-interest among various industries -- fights that will, in the end, force industry to support a broad, economywide cap on carbon emissions. The broader the effort, the cheaper it is likely to be for any given company to cut its carbon emissions.

Gov. Schwarzenegger this week said he plans to issue an executive order calling for the state to reduce the carbon intensity of passenger-vehicle fuels 10% by 2020. The state expects that will translate into replacing 20% of California's on-road gasoline consumption with lower-carbon fuels. That would more than triple the amount of alternative fuels consumed on California roads today, the state says. Today, the vast majority of alternative transportation fuel in California, as across the U.S., is corn-based ethanol that is blended with conventional gasoline.

Central to California's plan is the creation of a market in which fuel producers can reduce their cost of compliance by buying and selling carbon "credits." Under the plan, transportation fuel sold in California will be subject to a ceiling on the amount of carbon it can emit per unit of energy it contains. The limit will take into account the carbon produced throughout the fuel's entire "life cycle": from the making of the fuel to its consumption in a car or truck.

That means California is pushing not just for any alternative fuels, but for those that are the most energy-efficient. That makes certain types of ethanol, for instance, more attractive than others.

Though the details have yet to be worked out, producers whose fuel has a lower carbon content than the standard will have excess emission credits they can sell on a market. Those whose fuel is too high in carbon will have to buy extra credits.

Oil producers Chevron Corp. and ConocoPhillips expressed support for the broad intent of the new California rule. The industry increasingly has concluded it will get slapped with some sort of carbon cap, and, based on the broad outlines it has seen so far, it thinks California's approach is as flexible an offer as the industry's likely to get. "The good news is it's not picking winners and losers," says Joe Sparano, president of the Western States Petroleum Association, the oil industry's Sacramento-based trade group. The group itself hasn't taken a position.

Because it faces its own carbon rule, the oil industry in California is likelier to support such policies throughout the country. While stressing his organization doesn't endorse a national global-warming-emission cap, Mr. Sparano said a national emissions-trading market would be beneficial "so that California companies are not unfairly disadvantaged."

For its own competitive reasons, the auto industry is talking even more bullishly about California's push for lower-carbon fuels. Auto makers already face a California mandate to reduce global-warming emissions from the cars and trucks they sell in

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the state by roughly 30% by 2016 -- a law the industry has sued to block, arguing it amounts to a state effort to regulate automotive fuel economy, which is barred by federal law.

Yet the auto industry is under mounting pressure to reduce the oil consumption of its fleet. So, over the past year, it has promised to ramp up its production of versions of its conventional vehicles that have been tweaked so they can run mostly on ethanol. For auto makers, the California low-carbon-fuels rule is a welcome way to ensure an increased supply of ethanol for those vehicles.

General Motors Corp. hasn't taken an official position on the California low-carbon-fuel rule, said David Barthmuss, a GM spokesman. But, he noted, when Gov. Schwarzenegger's office asked GM what the auto maker thought about the fuels rule, "we told them we think fuels like this are very important to the vehicles and technologies we're putting on the road right now."

The fact that the oil and auto industries, each for their own reasons, are endorsing the notion of applying emissions regulations broadly across the economy highlights the divide-and-conquer strategy at the heart of California's approach. Said Hal Harvey, director of the environment program at the William and Flora Hewlett Foundation, and a close adviser to California officials in coming up with the fuels plan: "When you have two giant, politically powerful industries aiming their arrows at each other, it's possible to get things done."

Golden State Gamble (NYT)

By Paul Krugman

The New York Times, January 12, 2007

A few days ago. Gov. Arnold Schwarzenegger unveiled an ambitious plan to bring universal health insurance to California. And I'm of two minds about it.

On one side, it's very encouraging to see another Republican governor endorse the principle that all Americans are entitled to essential health care. Not long ago we were wondering whether the Bush administration would succeed in dismantling Social Security. Now we're discussing proposals for universal health care. What a difference two years makes!

And if California — America's biggest state, with a higher-than-average percentage of uninsured residents — can achieve universal coverage, so can the nation as a whole.

On the other side, Mr. Schwarzenegger's plan has serious flaws. Maybe those flaws could be fixed once the principle of universal coverage was established — but there's also the chance that we would end up stuck with those flaws, the way we ended up stuck with a dysfunctional system of insurance tied to employment.

Furthermore, in the end health care should be a federal responsibility. State-level plans should be seen as pilot projects, not substitutes for a national system. Otherwise, some states just won't do the right thing. Remember, almost 25 percent of Texans are uninsured.

To understand both what's right and what's wrong with Mr. Schwarzenegger's plan, let's compare what he's proposing with the plan he rejected. Last summer, the California Legislature passed a bill that would have created a single-payer health insurance system for the state — that is, a system similar to Medicare, under which residents would have paid fees into a state fund, which would then have provided insurance to everyone.

But the governor vetoed that bill, which would have bypassed private insurance companies. He appears to sincerely want universal coverage, but he also wants to keep insurance companies in the loop. As a result, he came up with a plan that, like the failed Clinton health care plan of the early 1990s, is best described as a Rube Goldberg device — a complicated, indirect way of achieving what a single-payer system would accomplish simply and directly.

There are three main reasons why many Americans lack health insurance. Some healthy people decide to save money and take their chances (and end up being treated in emergency rooms, at the public's expense, if their luck runs out); some people are too poor to afford coverage; some people can't get coverage, at least without paying exorbitant rates, because of pre-existing conditions.

Single-payer insurance solves all three problems at a stroke. The Schwarzenegger plan, by contrast, is a series of patches. It forces everyone to buy health insurance, whether they think they need it or not; it provides financial aid to low-income families,

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to help them bear the cost; and it imposes “community rating” on insurance companies, basically requiring them to sell insurance to everyone at the same price.

As a result, the plan requires a much more intrusive government role than a single-payer system. Instead of reducing paperwork, the plan adds three new bureaucracies: one to police individuals to make sure they buy insurance, one to determine if they’re poor enough to receive aid, and one to police insurers to make sure they don’t discriminate against the unwell.

The plan’s supporters say that it would save money all the same. Those who are currently uninsured would receive preventive care, which is often cheaper than waiting until they show up in emergency rooms. Insurers would spend less money trying to weed out high-risk clients and more money actually paying for health care: the plan would require that insurers spend at least 85 percent of premiums on health care, considerably more than most insurers do now.

Still, why all the complexity? The smart, well-intentioned economists who devised the plan think they’re being more politically realistic than single-payer advocates — that it’s necessary to placate the insurers. But that’s what Bill and Hillary Clinton thought, too — only to find that their plan’s complexity confused the public, while the insurance industry went all-out to defeat it anyway.

So am I for or against the Schwarzenegger plan? That’s a tough question. As a practical matter, however, I suspect that the real question is what to do after the plan founders from its own complexity. And the answer is, damn the insurers — full speed ahead.

Ex-President Bush May Put Hip To Test In '09 (HC)

By Tony Freemantle

Houston Chronicle, January 12, 2007

A week after getting a new right hip, former President George H.W. Bush is recuperating at his Houston home, receiving visitors, worrying about his children, dutifully doing physical therapy and already thinking about jumping out of an airplane again.

He's going to do it in June 2009 for his 85th birthday, he said. For sure. Even though his wife, Barbara, thinks it's crazy.

His hip is fine, Bush said in a brief interview Wednesday. He's in and out of bed, he's walking and he's managing to follow his doctors' instructions.

The 82-year-old former president was released Saturday from the Mayo Clinic in Minnesota where surgeons replaced his hip. He checked in to the hospital immediately after attending the funeral of former President Gerald Ford in Washington, D.C., on Jan. 2.

It was Bush's second hip replacement — his left hip was replaced at the Mayo Clinic in 2000.

Bush keeps a busy schedule. He's looking forward to the commissioning in November of a nuclear-powered aircraft carrier that bears his name.

"I can't tell you how exciting that is to look forward to," he said.

In February, he travels to Qatar for the opening of a new engineering building at Texas A&M University's campus there.

Bush said he still occasionally works with former President Bill Clinton on fundraising efforts for the victims of the 2004 Southeast Asian tsunami and of Hurricane Katrina.

His skydiving career began during World War II when the torpedo bomber he was flying was shot down in the Pacific. In June 2004, to mark his 80th birthday, Bush jumped from 13,500 feet and landed on a field near his library on the A&M campus.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 12, 2007

The Next Guv May Have a Gig Still Left in Him

Fear not, Free State music fans: Rumors that Maryland's guv-to-be is breaking up the band are somewhat exaggerated.

But when exactly Martin O'Malley will next take the concert stage -- with or without O'Malley's March-- remains unclear.

An Associated Press story this week about O'Malley's transition plans stated that his band will not perform at Wednesday's inaugural ball in Baltimore because it "has broken up," a newsflash that sent waves of harp-throwing hysteria throughout the region's Celtic-rock community. (Okay, we're making that last part up -- but it did catch our attention.)

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Almost two years ago, the Baltimore mayor declared an official end to the band he formed 20 years ago (while working as a young Gary Hart campaign aide), citing the need to devote himself to his gubernatorial campaign. But groupies and political analysts were quick to parse his farewell -- saying "this will be my last St. Patrick's season" left a lot of potential concert dates open. And indeed, O'Malley's March continued to reunite during the campaign, at a handful of Irish festivals and fundraisers.

O'Malley spokesman Rick Abbruzzese clarified for us yesterday that there has been no final breakup. And yet, "no plans for a reunion tour either."

A better-known Irish band called the Saw Doctors will play at the inaugural ball. Earlier this week in Annapolis, O'Malley hinted that he might -- just might-- take the stage with the group. Uh-oh -- would that mean the end of O'Malley's March?

"We're all good friends, and it's not like those friendships or the music ever disintegrated," he told our colleague John Wagner last night. "It can be reignited by a single spark."GET THIS

George H.W. Bush is going to jump out of yet another airplane, despite objections from his wife. The former president, who is recovering from hip replacement surgery, told the Houston Chronicle he'll mark his 85th birthday in 2009 with another parachute jump. "I almost fell off my chair when I heard him say this, but he is serious," said chief of staff Jean Becker.

Bush took the plunge for his 75th birthday, and again for his 80th -- when Barbara Bush told him, "One way or another, George, this will be your final jump." Guess not. Says Becker: "She's just given up. She's decided he's 82 and he can make his own decision."

LOVE, ETC.

Â· Split: Cameron Diaz and Justin Timberlake, after a four-year romance. According to a statement the couple released yesterday: "We have, in fact, ended our romantic relationship, and have done so mutually and as friends, with continued love and respect for one another." The 34-year-old actress and 25-year-old former boy band singer, despite all naysayers, lasted longer than most Hollywood marriages. Hey, Justin: Ya hear your old flame Britney is available?

Â· Stiffed: Singer James Brown left his longtime companion, Tomi Rae Hynie, and their 5-year-old son, James Jr., out of his will, reports the Associated Press. The will, which was read yesterday but has not been filed, splits the Brown's estate among his six adult children. Hynie was locked out of Brown's home shortly after the Godfather of Soul died on Christmas Day but was present for the reading of the will. Sounds like a pending lawsuit . . .HEY, ISN'T THAT . . . ?

Â· Plain ol' Rep. Dennis Hastert (R-Ill.) at Peking Gourmet on Wednesday night. The former speaker had dinner with a couple of other members, then raced off to comment on the president's speech. And those burly guys who left with him? Turns out he didn't lose all his security, after all, but has a smaller detail for an unspecified period of time.

Â· Sen. Hillary Rodham Clinton breakfasting yesterday morning with Andy Stern, president of the Service Employees International Union, and another union rep at Bistro Bis yesterday morning. Probably never hurts for a presidential hopeful to break bread with the man who reps for a couple million union members.

Forum-Shopper Of The Year (WSJ)

By Ronald A. Cass

The Wall Street Journal, January 12, 2007

Anna Nicole Smith makes for good copy. America's most gaudy litigant has spent the last few months dodging eviction notices in the Bahamas and paternity-test subpoenas in the U.S. A few days after the death of her son, she donned a wedding dress for a "commitment ceremony" with her attorney, then made almost a million dollars selling photos of her late son's last hours, her new baby and her "wedding" to tabloid magazines. In the midst of all of this, she has kept up her long-running litigation over the estate of her late husband, J. Howard Marshall II. The litigation, which initially was filed more than a dozen years ago against heirs to the estate of her husband, has changed into a suit against the heirs of E. Pierce Marshall, her husband's son, who died unexpectedly last summer.

Ms. Smith, a Texan who married a Texan, still comes to court in California seeking a sizeable share of J. Howard Marshall's Texas-based estate. At the same time, she asserts that she is now a resident of the Bahamas, so California courts lack jurisdiction over her in the paternity litigation. Outlandish as this soap opera appears, her manipulation of our legal system could

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have significance to the law and to the rule of law. That is why devotees of serious news, as well as tabloid aficionados, should give heed. * * *

Ms. Smith's litigation begins with her brief marriage to J. Howard Marshall, when she was 26 and he nearly 90. Mr. Marshall formally memorialized their marriage with a $6 million gift to Ms. Smith but chose not to put her in his estate plan. Ms. Smith sued in Texas probate court seeking half his fortune, estimated at $1 billion, alleging that he had promised this to her only to have his son frustrate those wishes. The Texas court rejected her claims after a lengthy trial, but that didn't end matters because Ms. Smith, after suing in Texas as a Texas resident, had instituted an action in federal bankruptcy court in California as a California resident. She sought asset protection following a default judgment against her (on a sexual harassment claim by her personal assistant). That judgment later was compromised for a smaller sum, but by then she had imported the essence of her Texas claims into the California proceeding.

The federal judge in California drew conclusions directly opposite those reached in Texas, a decision overturned by the Federal Court of Appeals for the Ninth Circuit, primarily on the ground that, under the "probate exception," federal courts lack jurisdiction to hear matters within the competence of state probate courts. That conclusion was in turn reversed by the Supreme Court, which sent the case back to the appeals court to consider other reasons for overturning the lower court decision.

Proceedings in California between the parties have resumed, and the Ninth Circuit will likely take this matter up again in the spring. When it does, it will look at alternative doctrines that could avoid conflict between state and federal decisions. For example, "claim preclusion" prevents a second court (federal or state) from deciding a legal claim that was asserted in another court and "issue preclusion" prevents decision on a particular issue that was disposed of by another court. These doctrines are broader than the "probate exception" to federal jurisdiction addressed by the Supreme Court but do not have the same tension with federal court supremacy.

The legal system generally arrives at predictable outcomes in logical venues based on reasonably foreseeable legal rules. But litigants can frame claims to induce application of less foreseeable rules in less logical venues. However much judges in California federal courts might endeavor to interpret Texas state law the way they believe Texas state judges would, the interpretations inevitably diverge -- and the effort to engage a more remote forum often looks intended to take advantage of the divergence. The difference between determinations in two different court systems was the difference between an $88 million award and nothing.

The case is likely to come to an end with a decision on one of the preclusion doctrines. The decision of the state probate court, based on the more extensive proceeding in the more logical venue, will then stand as the final word on the claims Ms. Smith has asserted. That does not, however, make this a story of the legal system working well; it is a story of the system working eventually.

If litigation were costless and decision makers consistent, forum shopping would present little problem. But litigation can be costly. A study estimates legal and administrative costs in tort suits (just a portion of the litigation landscape) at $140 billion per year and overall costs at $250 billion. And decisions on some questions, such as punitive damages, vary enough that the process has been compared to a "lawsuit lottery."

The problem is particularly acute for businesses, which fear that threats of costly litigation will be leverage for settlements. Such strategic use of litigation can occur because the litigation costs and risks are not symmetrical -- some litigants have more to lose than others. Some law firms specializing in suing businesses, and some state attorneys general, rely on strategies that exploit risk sensitivity to extract settlements, at times very substantial ones. The behavior of former AG Eliot Spitzer and indictments of key partners at the plaintiffs' law firm Milberg Weiss highlight the problem. Risks associated with ordinary litigation are magnified by opportunities to choose favorable venues for litigation, and even more by the prospect that litigants can engage in a repeat-play game, trying successive venues in search of a sympathetic forum. Forum shopping smacks of manipulation to reduce predictability and to secure biased decision makers.

Of course, some risks associated with conflicting decisions in parallel litigation are unavoidable in a complex system with overlapping competences in different jurisdictions. Attempting to minimize those risks, courts and lawmakers have developed rules that harmonize and prioritize conflicting legal commands and jurisdictions, that allow courts to stay their hand to avoid conflicts, and that provide for recognition of earlier decisions on the same issue or claim. But the degree to which those rules

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work efficiently -- the degree to which they effectively limit the ability of determined litigants to exploit slack in the system and craft claims in creative ways that give them strategic advantage -- is open to question.

And problems in the U.S. legal system are only one part of the picture. Once a strictly domestic game, forum-shopping has gone international. Not only can a growing roster of foreign enterprises and authorities enter the game, American businesses keen to restrain more successful competitors have a world of opportunities for doing so. If they cannot succeed with litigation at home, they can seek friendlier venues in many parts of the world. Thus, Microsoft, Intel and other market leaders now face proceedings in Europe, South Korea and elsewhere at the urging of American rivals such as IBM, Adobe and AMD.

Ms. Smith's story demonstrates that a determined litigant with resources can move litigation among legal forums, tailor legal claims to prolong litigation, tie up assets, and make life difficult enough that most opponents would pay substantial amounts merely to bring the matter to a close. A victory for her would encourage forum-shopping, multiply costs and undermine the predictability of legal rules, doing damage that would last well beyond her 15 minutes of fame. A defeat for her would show that the system can at long last bring such manipulation to an end. And if that is what comes from her extended venture into the American court system, it would be a better legacy than any other she is apt to leave behind.

Mr. Cass is chairman of the Center for the Rule of Law and dean emeritus of Boston University School of Law.

U.S. Troops Went Into Somalia After Raid (WP)

By Stephanie McCrummen

The Washington Post, January 12, 2007

NAIROBI, Jan. 11 -- A small team of American military personnel entered southern Somalia to try to determine exactly who was killed in a U.S. airstrike Monday that targeted suspected al-Qaeda figures thought to be hiding in swampy mangrove forests along the Indian Ocean, U.S. sources said Thursday.

So far, "no one can confirm a high-value target" among the dead, said one U.S. source, who spoke on condition of anonymity. But items recovered at the strike site -- a piece of bloody clothing and a document -- indicated that Aden Ayrow, head of the military arm of the deposed Islamic Courts movement, had been at the scene.

The strike killed eight to 10 people suspected of terrorist links, according to another source, a high-ranking U.S. official in the region who spoke Thursday and declined to be identified. The people were fleeing with remnants of the Courts movement, which was swept from power last month by invading Ethiopian forces who installed in its place the country's U.S.-backed transitional government.

The search team marks the first known case of U.S. military boots hitting Somalian soil since a disastrous mission to stabilize the country ended in 1994 after Somali militiamen downed two Black Hawk helicopters and killed 18 U.S. soldiers in the capital, Mogadishu. It was unclear Thursday if the search team remained inside Somalia.

The air attack was carried out early Monday by a U.S. Air Force AC-130 gunship flying from a base in Djibouti, a tiny Horn of Africa country, as U.S. Navy ships patrolled offshore. By one official's account, the strike was triggered by a cellphone intercept and targeted a convoy of vehicles.

The U.S. military has worked closely with Ethiopian ground and air forces operating in Somalia and has shared intelligence and target lists. But American decision-makers have been cautious about sending U.S. personnel into Somalian territory. In the aftermath of the AC-130 attack, it was seen as a necessary risk in the effort to positively identify the casualties.

After past airstrikes against suspects in other countries, U.S. intelligence officials have often been frustrated at the inability to ascertain the identities of people killed. In many cases, the sites have been off-limits to detailed inspection.

U.S. officials have long said they wanted to kill or capture three al-Qaeda figures they say took shelter in Somalia after organizing the bombings of the U.S. embassies in Kenya and Tanzania in 1998. But officials emphasized Thursday that the U.S. government and Ethiopia have a far longer list of targets that includes Ayrow and other members of the Islamic Courts leadership.

Hassan Dahir Aweys, chairman of the Courts, was put on the U.S. terrorist list in 2001 as the head of a radical group accused of having links to al-Qaeda in the 1990s.

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Regional analysts have said, however, that the connections between al-Qaeda and the Courts movement are tenuous and hinge on one or two leaders. Other leaders within the Islamic movement were considered moderates, and it is unclear what their fate will be.

Meanwhile, reports from the area surrounding Ras Kamboni, where Monday's strike hit, suggest that 20 civilians may have been killed. The human rights group Amnesty International questioned whether the airstrike violated international law against indiscriminate attacks.

One U.S. official said Thursday that no civilians were killed.

U.S. officials repeatedly emphasized close coordination with the Ethiopian military, saying that continuing air attacks by the Ethiopians in the south were motivated by intelligence reports that one of the three embassy suspects, Abu Talha al-Sudani, a Sudanese, was in the area.

The U.S. military action in the southernmost tip of Somalia has been widely criticized by European diplomats, the U.N. secretary general and the chairman of the 53-member African Union, who are concerned that it will work against efforts to stabilize a country that has been without a central government since 1991.

In the chaotic capital, Mogadishu, the weak transitional government, backed by the United States and Ethiopia, is struggling to assert control in a city still full of Islamic Courts fighters, as well as militias of clans and sub-clans who feel marginalized by the new government and resentful of the presence of Ethiopian soldiers in the city.

Several skirmishes between militiamen and Ethiopian troops have broken out in recent days. Thursday night, a grenade was fired from a truck full of militiamen at a hotel full of government officials, according to reports from the city. There was a brief exchange of gunfire and one hotel security guard was injured.

Raid Killed Somali Allies Of Al Qaeda, U.S. Says (NYT/AP)

By The Associated Press

The New York Times, January 12, 2007

MOGADISHU, Somalia, Jan. 11 (AP) — A top American official in the Horn of Africa said Thursday that none of the suspected members of Al Qaeda believed to be hiding in Somalia died in the American airstrike this week, but added that Somalis with close ties to the terrorist group were killed.

Somali officials said Wednesday that Fazul Abdullah Mohammed, a main suspect in the bombings of the American Embassies in Kenya and Tanzania in 1998, had been killed in the American attack.

United States officials immediately distanced themselves from the Somali claim, saying that they were not even sure Mr. Fazul was among the terrorism suspects hiding in southern Somalia with Islamist fighters. They did say then that Abu Taha al-Sudani, a top aide to Mr. Fazul, and Aden Hashi Ayrow, a Somali terrorism suspect, might have been killed.

But on Thursday, the American official, based in Kenya, speaking on condition of anonymity because he was not authorized to speak to the news media, said American special forces and Ethiopian troops — who are in the country to battle the Islamists and support Somalia's transitional government — were still pursuing Al Qaeda suspects in southern Somalia.

American and Somali officials have acknowledged that a small team of American Special Operations forces are in Somalia hunting suspected Qaeda fighters and providing military advice to Ethiopian and Somali forces on the ground.

The American forces entered Somalia with Ethiopian forces late last month when Ethiopians launched their attack against the Islamic movement, one official said on condition of anonymity.

Mr. Fazul, one of the F.B.I.'s most wanted terrorism suspects, has evaded capture for eight years. The Somali president's chief of staff said Wednesday that he had been killed in an American airstrike in southern Somalia.

The American official in the region said 8 to 10 individuals had been killed in the attack, most of whom were Somalis with close ties to Al Qaeda.

Meanwhile, Somali and Ethiopian forces skirmished with Islamic militiamen near Ras Kamboni in Somalia's southernmost tip early Thursday, part of mop-up operations that Mr. Meles said his troops were carrying out against the fighters that were driven from Somalia's capital weeks ago.

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The Ethiopian Information Ministry said Thursday that its military was also launching helicopter and troop attacks around Dobley, about four miles from the Kenyan border.

A rights group in Fanole, in the south, said Thursday that thousands of Somalis fleeing the fighting were now stranded on the Kenyan border, which has been largely closed.

"Thousands are in a bad condition and they do not have food and water," said Ali Bashi, chairman of the Fanole Human Rights Center. "They are stranded at the border after Kenya closed it and they cannot go back to their houses for two reasons: the ongoing airstrikes and lack of transportation."

Ethiopian, U.S. Pursue Somalia Al-Qaida (AP)

By Chris Tomlinson

AP, January 12, 2007

Ethiopian and U.S. forces were in pursuit of three top al-Qaida suspects Thursday, with a senior U.S. official confirming that none of them were killed in a U.S. airstrike and were believed to still be in Somalia.

The official in Kenya, who spoke on condition of anonymity because he was not authorized to address the media, said U.S. special operations forces were focused solely on tracking down the suspected terrorists and not members of the Somali Islamic movement that had challenged the country's government for power.

A day earlier, Abdirizak Hassan, the Somali president's chief of staff, said a U.S. intelligence report had referred to the death of Fazul Abdullah Mohammed, one of the three senior al-Qaida members blamed for the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

But the U.S. official said he was confident none of the three top al-Qaida suspects believed to be in Somalia was killed in the airstrike Monday.

"The three high-value targets are still of intense interest to us," the official said. "What we're doing is still ongoing, we're still in pursuit, us and the Ethiopians."

The official also contradicted numerous statements by Somali government officials in recent days, saying the U.S. had carried out just one airstrike and only eight to 10 militants with ties to al-Qaida were killed. He said subsequent reports of more airstrikes and civilian casualties were rumors and disinformation spread by the Islamic extremists.

Michael E. Ranneberger, the U.S. ambassador to Kenya, also told the British Broadcasting Corp. on Thursday that Fazul had not been killed.

U.S. and Somali officials said Wednesday that U.S. special forces were in Somalia hunting al-Qaida fighters and providing military advice to Ethiopian and Somali forces. The U.S. forces entered the country last month when Ethiopia launched its attack against the Islamic movement, one of the officials said on condition of anonymity because of the sensitivity of the information.

Most of the Islamic militiamen have since dispersed, but a few hardcore members have fled to Somalia's southernmost point between the Kenyan border and the Indian Ocean.

The U.S. has repeatedly accused the group of harboring three top terror suspects wanted in connection with the 1998 embassy bombings: Fazul, Abu Talha al-Sudani and Saleh Ali Saleh Nabhan.

The U.S. Navy has moved additional forces into waters off the Somali coast, where they have monitored maritime traffic and interrogated crews on suspicious ships in international waters.

The U.S. official in Kenya said Kenyan naval forces had set up a blockade along the sea border to make sure no suspected terrorists could infiltrate the country. The Kenyan army is also intercepting suspects trying to sneak across the land border, which is closed, he added.

Earlier this week, police at the Kenyan coastal border town of Kiunga arrested the wives and children of two of the embassy bombing suspects after they managed to slip across the frontier, according to an internal police report seen by The Associated Press on Wednesday.

Meanwhile, Somali and Ethiopian forces skirmished with Islamic militiamen in the far south of Somalia on Thursday as part of mop-up operations against the fighters.

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One resident in the area, Mosa Aden Hersi, said there were numerous militant and civilian casualties in the fighting. "We saw the dead bodies of 17 men in military uniform under a small hill, but we do not know their identity," he said by two-way radio.

The remote, forested area has few residents and high-frequency radio is the only reliable form of communications.

The Ethiopian Information Ministry said its military had also launched helicopter and troop attacks around the town of Dhobley, about four miles from the Kenyan border.

A Somali human rights group said Thursday that thousands of Somalis fleeing the fighting were now stranded on the Kenyan border, which has been closed.

"Thousands are in a bad condition and they do not have food and water. They are stranded at the border after Kenya closed it and they cannot go back to their houses for two reasons: the ongoing airstrikes and lack of transportation," said Ali Bashi, chairman of the Fanole group.

The Red Cross said more than 850 wounded people, both civilians and soldiers, have been treated at medical facilities since fighting began last month.

Somalia has not had an effective central government since clan-based warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other. The interim government was established with the help of the United Nations in 2004.

Somalia Targets Survived, U.S. Says (LAT)

By Edmund Sanders

The Los Angeles Times, January 12, 2007

NAIROBI, KENYA — None of the three most-wanted Al Qaeda suspects believed to be hiding in southern Somalia were killed by a U.S. airstrike this week, a senior U.S. official here said Thursday.

"The three high-value targets are still of intense interest to us," said the official, who requested anonymity because he was not authorized to speak on the record.

The attack Sunday night by a U.S. Air Force AC-130 gunship killed eight to 10 people believed to be linked to the Al Qaeda terrorist network, the official said.

Previous reports from other U.S. and Somalian sources suggested that the dead might include suspects in the 1998 bombings of U.S. embassies in Kenya and Tanzania, or the 2002 bombing of a Kenyan seaside resort and a subsequent missile attack against an Israeli airliner.

In an interview Thursday with the BBC's Somalian-language news service, U.S. Ambassador to Kenya Michael E. Ranneberger confirmed that Fazul Abdullah Mohammed, who is wanted by the FBI for his alleged role in the 1998 attack, had not been captured or killed.

The senior official said the other two Al Qaeda suspects also remained at large, probably hiding in Somalia.

They are Abu Taha al Sudani of Sudan, who is accused of planning the 2002 Paradise Hotel bombing in Kenya, and Saleh Ali Saleh Nabhan of Kenya, also wanted in connection with the hotel attack.

The official said that the three men were not the primary targets of Sunday's attack, which instead was aimed at a separate but significant Al Qaeda operative who was moving with a group of about 20 individuals.

According to some reports, a small number of U.S. special forces were pursuing the suspects in Somalia, but the official denied those reports.

Amid mounting criticism over reports of ongoing U.S. airstrikes and claims that scores of civilians have died, Ranneberger launched a public-relations offensive Thursday, insisting that the U.S. launched only one strike and that there were no civilian casualties.

"It's been troubling to see these reports about bombing and all these activities killing civilians," the ambassador told the BBC. "I can tell you categorically that no civilians were killed or injured as a result of that action."

U.S. involvement in Somalia, its first overt military intervention in the country since 1994, has set off a flurry of criticism and anti-American sentiment throughout East Africa. The banner headline Tuesday in one of Kenya's largest daily newspapers read: "U.S. Warplane Rains Death on Somalia."

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Somalian government officials and witnesses claim scores of civilians have been killed by ongoing airstrikes in more than half a dozen villages in southern Somalia, with reports of new strikes as late as Wednesday. Officials suspect Ethiopia, which sent 4,000 troops to Somalia last month, may be involved in some of the strikes. The Ethiopian government has not commented.

Watira Suldan Farah, a mother of five, said Thursday that she fled her home village of Butiya shortly before it was attacked Wednesday by a "large white plane with a black tail. I don't know what kind of plane it was. People were saying it was an AC-130. All I know is that it was doing a terrible bombing."

Another report said five clan elders trying to reach the port city of Kismayo on Wednesday were shot to death by a gunship.

"We are victims," said Hussein Tarabi, who said he lost 30 cattle in an airstrike against his village Wednesday. "We ask the U.S. government to stop the genocide and give us compensation. This is against humanity."

On Wednesday, Amnesty International said the reports of heavy civilian casualties raised questions about whether the U.S. military had violated international law.

But U.S. officials insist they have not carried out any additional airstrikes since Sunday. The senior official said it was possible that Ethiopia was engaged in air attacks in pursuit of fighters with Somalia's Islamic Courts Union.

Ethiopia helped Somalia's transitional government crush the once-powerful alliance of religious leaders and continues to launch operations to capture or kill remnants of the Islamist movement.

Somalian politician Abdirashid Mohamed Hidig said he witnessed airstrikes Tuesday, which he said were conducted by the U.S. and Ethiopia. He told reporters that at least 50 civilians were killed.

Abdirahman Dinari, spokesman for the transitional government, dismissed such reports. Though Dinari previously told local reporters that the U.S. attacks were continuing through Tuesday, he said Thursday that there had been only one U.S. strike.

"The only casualties we know about are the eight people," he said. "The rest is propaganda intended to mislead the people." Dinari denied that Ethiopia had conducted any airstrikes in Somalia.

U.S. officials said operations to capture or kill the three Al Qaeda suspects would continue. Five ships have been dispatched to the region, including the aircraft carrier Dwight D. Eisenhower and the guided missile cruiser Anzio.

Somalia Strike 'missed Al-Qaeda Targets' (FT)

By Andrew England

Financial Times, January 12, 2007

The controversial US air strike in southern Somalia missed all three top al-Qaeda members Washington alleges are hiding out in the country, a senior US official said on Thursday.

The official, who spoke on condition of anonymity, said eight to 10 "al-Qaeda affiliated terrorists" were killed in Monday's attack, but gave no details.

On Tuesday the Pentagon confirmed that an AC130 aircraft was used to target "the principal al-Qaeda leadership in the region". The attack marked the first overt US military intervention in the Horn of Africa nation since its doomed invasion in the 1990s.

The strike was criticised by the European Commission, as well as the Arab League which claimed it had killed "many innocent victims" and demanded that Washington refrain from further attacks. There were no accurate casualty figures.

Washington's main accusation against a Somali Islamist movement was that it was sheltering three al-Qaeda members wanted in connection with the 1998 US embassy attacks in Nairobi and Dar es Salaam and 2002 attacks in Kenya.

The air strike was launched after an Ethiopian-led offensive forced the Islamists to abandon their major strongholds and flee south towards Somalia's border with Kenya. Ethiopia, an important US ally in the region, deployed thousands of troops into its Muslim neighbour and backs the weak Somali transitional government.

The Islamists alliance, which had controlled much of southern Somalia before Ethiopia's offensive, denied having any links to terrorism

Observers say the US strike and the presence of Ethiopian forces in Somalia could increase the unpopularity of the Somali administration and help stoke a potential insurgency.

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But a more immediate concern is attempting to ensure that the transitional administration, which has little legitimacy or credibility among many Somalis, begins a process of genuine reconciliation. If not, the country is likely to remain in chaos and violence, observers say.

The 15 years of lawlessness was a key reason for the US to consider Somalia a potential haven for terrorists.

Faction leaders defeated by the Islamists have already begun moving back to Mogadishu, and the government was forced to abandon a plan to disarm clan militias.

"Ethiopia has to withdraw, the US has to stop its engagement and the government's leadership has to offer real reconciliation which it is extremely reluctant to do and is very difficult to achieve," said one western diplomat. "What is hindering this is the presence of Ethiopian troops and, more importantly, the arrogance of the government."

Since it was formed two years ago at an UN-backed conference, divisions have racked the government, which is led by Abdullahi Yusuf, the president and a veteran warlord. Before Ethiopia launched its offensive, it had little influence outside of the central town of Baidoa and it is deeply unpopular among the important Hawiye clan that dominates Mogadishu, the capital.

The 275-member parliament and the government are supposed to represent Somalia's complex clan system, but Hawiye claim that Ethiopia and its allied Somali faction leaders handpicked its representatives, including the prime minister.

The administration's security is dependent on the presence of Ethiopian forces and it has few means of generating revenue – the European Commission, the UK, Sweden and Norway fund MPs monthly sitting allowances ranging from $1,000 to $1,500. Donors also provide financing in other areas, including establishing a new police force, transport and refurbishing buildings.

The debate among donors is whether to pour more funds into the administration in the hope that it produces benefits and encourages the government to broaden its base or whether its support should be dependent on conditions.

Days before its air strike, the US announced it would provide $40m to Somalia in political, humanitarian and peacekeeping assistance. Other diplomats want to see a more cautious approach.

"We want to say you must address the political situation or we will not stand by you, we must use the stick and carrot," said one western diplomat.

Another diplomat said it was time the international community took risks in a bid to make the transitional institutions effective.

"We have no option but to give the transitional government our support and take a leap of faith that it will deliver," he said.

Al Qaeda Threat Seen Looming If Government Fails (WT)

By David R. Sands

The Washington Times, January 12, 2007

Somalia and its neighbors in the Horn of Africa risk falling under the sway of al Qaeda and violent Islamist movements if the United States and its allies fail to back the transitional government in Mogadishu, a top Somalian foreign ministry official said in an interview yesterday.

"If we fail in Somalia, you will have [al Qaeda second-in-command Ayman] al-Zawahri's men taking over Somalia, Ethiopia and Kenya, because he has the resources and determination if he is not stopped," Daahir Mireh Jibreel, permanent secretary for international cooperation in Somalia's Ministry of Foreign Affairs, told The Washington Times.

Mr. Jibreel made his appeal on a day when U.S. officials in the region said that an air strike Monday in southern Somalia had failed to kill suspected senior al Qaeda leaders, including Fazul Abdullah Mohammed, the terrorist suspected of plotting the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

Disputing earlier Somalian claims, a U.S. official in Kenya, speaking on background, told the Associated Press that eight to 10 Somalis with ties to al Qaeda had been killed, but not the top leaders targeted in the strike.

The official revealed that a small team of U.S. special operations troops has entered Somalia and is working with Somalian and Ethiopian forces to hunt down suspected al Qaeda operatives.

In New York, U.N. Secretary-General Ban Ki-moon expressed concern about Monday's air strike, but called on the international community to step up efforts to stabilize the country.

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"I believe we must make every effort to protect civilians and be cautious of other unintended consequences in this situation," Mr. Ban told reporters.

Mr. Jibreel said the transitional government supported the U.S. strikes.

"We have full intelligence coordination with the United States on these individuals," he said. "We want them taken out of Somalia, either dead or alive."

Ethiopian troops in a Christmas Eve invasion routed the fundamentalist Islamic Courts Union, which had seized control of Mogadishu and much of the country's south. The Bush administration and countries in the region had worried openly about the Islamists' ties to al Qaeda and other jihadist movements.

Mr. Jibreel said he was not surprised by the Islamists' sudden collapse and dismissed fears of an Iraq- or Afghan-type insurgency against the federal government.

"They had no popular support, either from religious groups or from the clans," he said.

"Their leaders could not hide among the people, not in Mogadishu and not in the countryside, because the people would not let them. The idea that this is another Iraq or Afghanistan situation is wrong," he said.

But Mr. Jibreel noted that al Qaeda's al-Zawahri has explicitly called on Islamist fighters to target the Somalian government, which is struggling to re-establish effective central control for the first time since dictator Mohamed Siad Barre was ousted by the country's warlords 16 years ago.

Mr. Jibreel said the transitional government had support from all of the country's major clans, but needed Ethiopian military support because the Somalian Islamists had seized heavy weaponry from the country's warlords. He said the government wants to see the Ethiopian forces leave, but not if their departure creates a "security vacuum."

The State Department said this week it would consider a U.N. peacekeeping force for Somalia. Uganda so far is the only country to offer troops for a stabilization force, although other African Union countries may contribute as well.

Mr. Jibreel, who is meeting with lawmakers and State Department officials during his Washington visit, outlined an extensive program of U.S. public and private support for Somalia. The list included full diplomatic recognition of the government in Mogadishu, private investment, and technical and financial aid to build up the country's civil service, security forces, and tax and legal systems.

The transitional government has been criticized for factionalism and corruption, but analysts say rising regional and international awareness of the dangers of a failed state could help Somalia.

"The coming months will determine whether Somalia emerges as a functioning state or follows the Iraqi and Afghan route back into anarchy," wrote Nick Grono, vice president of the International Crisis Group, a Brussels-based think tank, in a recent analysis.

Can African Peacekeepers Tame Somalia? (CSM)

By Scott Baldauf And Alexis Okeowo

The Christian Science Monitor, January 12, 2007

JOHANNESBURG, SOUTH AFRICA AND KAMPALA, UGANDA

Pushing Somalia's Islamists out of power in Mogadishu took less than two weeks for Somali government and Ethiopian forces. Keeping them out, and keeping the peace in the midst of what some say is becoming an Iraq-style insurgency, could be a much more difficult job.

Western money will help to foot the bill, but it will be African peacekeepers, from countries like Uganda, Nigeria, and South Africa, who risk their lives in Somali towns that haven't known peace for more than 15 years. The United Nations Security Council on Wednesday backed the speedy deployment of an African peacekeeping force.

Sending African troops may please Western powers, but it doesn't go down well at home, where poor African countries like Uganda and Nigeria have myriad problems of their own, from unemployment and illiteracy to ongoing domestic conflicts. And, while many see the moment as an opportunity to provide African solutions to African problems, the failure of the African Union peacekeeping force to provide security in Darfur, Sudan, is not an promising sign.

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"What we've learned over the years is that if you want peacekeeping, you have to have peace, and you don't have it in Somalia," says Alex de Waal, an Africa expert at the Social Science Research Council in New York. "That's the reason the African Union mission has failed in Darfur, and it's the main reason the proposed UN mission for Chad is also problematic."

"The African Union has a lot of ongoing peacekeeping missions that are extremely risky," says Mr. De Waal. "The powers that be are beating their heads against the wall trying to get the AU to move, but everything we know about peacekeeping says that this is not how we do it. What we would see in the future is a very difficult set of problems arising, trying to fight an urban confrontation like the one in 1993, when the US took on General Aideed and you had 'Black Hawk Down'." Somali anger after US airstrike

The situation in Mogadishu now is growing worse, with reports of Somali and Ethiopian soldiers skirmishing with Islamic militiamen.

The increased violence comes days after the US launched at least one airstrike aimed at killing suspected Al Qaeda terrorists in southern Somalia. Reports earlier this week that the strike killed Fazul Abdullah Mohammed, one of the three senior Al Qaeda members blamed for the 1998 bombings of the US embassies in Kenya and Tanzania, proved to be false.

In Uganda, President Yoweri Museveni unveiled plans to send a battalion of at least 700 Ugandan troops specially trained and equipped for the job. So far, he is the only African leader who has committed to sending troops.

Ethiopia, which sent thousands of troops into Somalia to fight alongside Somali government forces, has indicated that its troops will be withdrawn within weeks. Other East African member-nations in the Intergovernmental Authority on Development (IGAD) gave their support to Ethiopia's intervention on condition that Ethiopia would quickly withdraw. Amid Western pressure, Africans concerned

Despite Mr. Museveni's enthusiasm, many Ugandan leaders have repeatedly expressed concerns about sending soldiers to Somalia.

"We want to know, what is our objective? How long are we going to stay? And how will we be able to pull out?" says Oryem Okello, the state minister for Foreign Affairs in Museveni's own government.

Many Ugandans say their country should not participate until it resolves its own conflicts.

"Is 20 years and more of war in Uganda not enough to let us build and consolidate peace first in Uganda?" asks Vincent Abura, a Ugandan resident.

Yet a quiet but feverish round of diplomacy by Washington has sweetened the deal. The US has agreed to donate $16 million for the proposed African force, which was endorsed by the UN before the war. Secretary of State Condoleezza Rice told Uganda's foreign minister, Sam Kutesa, in Washington last month that she believes Al Qaeda elements are backing the Somali Islamists.

Uganda Presidential Press Secretary Tamale Mirundi confirmed a recent phone conversation between President George Bush and Museveni in which Uganda was asked to intervene in Somalia.

"The motivation of Uganda is political, partly to keep in America's good books," says de Waal. "Museveni's record on democracy leaves a lot to be desired, and closer to home he's fearful of a resurgence in militant Islam. So the Ugandans want to make sure they are part of some regional coalition with Nigeria and Ethiopia to keep it at bay."

Nigeria, too, has practical reasons for joining the peacekeeping mission in Somalia, says de Waal. "The US could cut a lot of slack for Nigeria. If they stay on side, they can get away with fiddling with elections, get away with corruption. Being a friendly nation is very helpful."

Yet John Prendergast, a senior adviser for the International Crisis Group in Washington, says that the new strategy of forcing peacekeeping onto the backs of poorer nations is a moral failure of the UN and the richer nations of the West.

"This should be a UN responsibility," says Mr. Prendergast. "We are placing all of the burdens of responding to African conflicts on Africa, while the UN deals with the rest of the world, because we want to keep these crises at arm's length. This is a perverse trend that will be reversed years from now only through failure, resulting from too few troops with too little support from donor nations. In the meantime, people from Darfur and Somalia will be left to suffer the consequences."

Iran Nuke Work Seems Slow, Puzzling West (AP)

DOJ_NMG_0115894

By George Jahn

AP, January 12, 2007

Iran's uranium enrichment program appears stalled despite tough talk from the Tehran leadership, leaving intelligence services guessing about why it has not made good on plans to press ahead with activities that the West fears could be used to make nuclear arms, diplomats said Thursday.

Outside monitoring of Iran's nuclear endeavors is restricted to International Atomic Energy Agency inspections of declared sites leaving significant blind spots for both the agency and intelligence agencies of member countries trying to come up with the full picture.

Still, Tehran's reluctance to crank up activities at its declared enrichment site at Natanz when it seems to have the technical know-how is puzzling the diplomatic and intelligence communities — with some saying it was potentially worrisome.

Diplomats accredited or otherwise linked to the Vienna-based IAEA, speaking on condition of anonymity in exchange for discussing restricted information on the Iranian program, said some intelligence services believed that the Natanz site was a front.

While the world's attention is focused on Natanz, Iranian scientists and military personnel could be working on a secret enrichment program at one or more unknown sites that are much more advanced than what is going on at the declared site, they said.

At the same time, they said the lack of new activity at the two pilot enrichment plants set up at Natanz could be good news.

The diplomats said they could suggest Iranian hesitancy to provoke U.N. Security Council sanctions harsher than the relatively mild penalties agreed last month in response to Tehran's refusal to heed an August deadline to suspend enrichment. Or, they said, the hesitation is a sign of headway by relative moderates in the leadership unhappy with the confrontational nuclear antics of Iranian President Mahmoud Ahmadinejad.

Anthony Cordesman, an Iran expert at the Center for Strategic and International Studies, suggested an additional possibility linked to theories that Tehran was forging ahead with its enrichment program and undisclosed locations: fear that any major progress at Natanz could provoke military action by Israel or the United States.

"It's a known facility and more and more of the subject of discussion as a possible Israeli or U.S. target," Cordesman said from Washington. "So, do you use this facility now or wait to see what threat ... you face?"

IAEA inspectors arrived at Natanz on Wednesday for a routine round of monitoring. But one of the diplomats said they were unlikely to find anything but the status quo — two small pilot plants assembled in 164-centrifuge "cascades" but working only sporadically to produce small quantities of non-weapons grade enriched uranium and other individual centrifuges undergoing mechanical testing. That has essentially been the situation at Natanz since late November, he said.

There have been no signs of any activity linked to Iranian plans to assemble 3,000 centrifuges at Natanz and move them into an underground facility as the start of an ambitious program foreseeing 50,000 centrifuges producing enriched material, said the diplomats.

Enrichment can result in either low-level nuclear fuel or the highly processed fissile core for nuclear weapons. Tehran insists it is interested only in generating power with the program.

Dangerous Territory With Aid, U.S. Widens Role In Palestinian Crisis (WSJ)

By Cam Simpson And Neil King Jr.

The Wall Street Journal, January 12, 2007

JERUSALEM -- In a move fraught with risk and historical ironies, the Bush administration is preparing to pour $86 million into strengthening security forces loyal to Palestinian President Mahmoud Abbas.

The plan, which has sparked a behind-the-scenes debate in Congress, is intended to fortify Mr. Abbas against armed assaults from Hamas, a militant, Iran-backed Islamist group committed to the destruction of Israel. It is just one example of how a new Bush administration focus on countering Iranian influence in the Middle East is quickly reshaping and regionalizing conflicts.

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Critics say that Mr. Abbas's Fatah party is hardly a reliable ally. Under Mr. Abbas's predecessor, Yasser Arafat, Fatah was widely reviled for corruption. And its members in the past have launched terrorist attacks against Israelis and Americans. Some analysts worry the new effort could backfire on the U.S., inflaming Palestinian strife and supplying guns that could be turned against Israel some day.

"I think we are playing with fire," says Robert Malley, Middle East director for the International Crisis Group, a Brussels-based think tank focused on conflict resolution. He sees a "classic arms-race dynamic" taking shape.

The security program, which would provide more than the combined total of all money the U.S. has given to the Palestinian Authority since its formation in 1994, was detailed recently in classified briefings for Congress by a U.S. general who now serves as an adviser to Mr. Abbas, the primary U.S. ally in the Palestinian territories.

The initiative precedes a weeklong swing through the Middle East by Secretary of State Condoleezza Rice, which kicks off in Jerusalem tomorrow. In exchange for support countering Iran across the region, Ms. Rice and the White House are promising Arab regimes political progress for the Palestinians in their attempts to establish a state next to Israel. Because Israel and the U.S. won't deal with Hamas, progress on that front means trying to bolster Mr. Abbas's position against the group. Israeli officials back the plan.

Mr. Abbas was voted president before Hamas won parliamentary elections last year. In essence, the Bush administration, which pushed for the Palestinian elections under its emphasis on promoting democracy across the Middle East, now wants to strengthen the armed forces of those who lost at the ballot box.

At a minimum, U.S. officials want to keep Mr. Abbas's forces strong enough to maintain a military stalemate with Hamas. Mr. Abbas is widely viewed by U.S. and other Western leaders as an earnest partner, although he has yet to achieve significant reforms within Fatah. U.S. officials say they don't intend for the money to go directly for weapons, although it is unclear how that aim would be enforced. Israeli officials have said in interviews and public statements that the U.S. approved two major arms shipments to Mr. Abbas's forces in the past seven months from U.S. allies in the region as part of the new approach.

Mr. Abbas's forces were originally formed to serve his predecessor, Mr. Arafat. They have a history of alleged human-rights violations and have long been accused of fostering a culture of corruption when Fatah dominated the Palestinian Authority. Those sorts of problems led many regular Palestinians, even some who don't accept an Islamist vision of governance, to support Hamas in the elections it won last year.

Dennis Ross, a former top Middle East adviser to both Democratic and Republican administrations, says the Bush strategy is based on flawed assumptions. "The $86 million reflects the basic sense in the [Bush] administration that the only way to change things is through confrontation," he says.

Last week the ranking Republican on the House Foreign Affairs Committee, Rep. Ileana Ros-Lehtinen of Florida, asked the Democratic chairman, Rep. Tom Lantos, to put an "informational hold" on the cash, according to senior Democratic and Republican House aides. Mr. Lantos has not placed a hold on the money, but his staff says he is seeking more details from the administration. The White House gave Congress a legally required notice Dec. 28 that it planned to move ahead with the program, but the president still hasn't taken the next and final step, sending a waiver to Capitol Hill. His signature on such a waiver is mandated by a law that bans most aid to the Palestinian Authority.

One key reason Bush administration officials are anxious to move fast: They say they see Hamas as better-equipped, better-armed and better-trained, and argue that's due to help from Iran. Because of this, they contend the new support is aimed at halting confrontation, not fueling it, by evening the balance. Nimer Hamad, a senior political adviser to Mr. Abbas, says a Palestinian civil war is not the goal. Ultimately, he says, Mr. Abbas needs to be strong enough to press for a political solution. A balance of power "will oblige [Hamas] to the field of negotiations and dialogue."

Last Chance

Israeli security officials, who strongly back the American program and have quietly assisted Washington, relay their own sense of desperation. Many of them believe this is the last chance to keep Islamists from consolidating a long-term hold on power next door. "If I have to choose between confrontation [among Palestinians] or the dominance of Hamas, I choose confrontation," said a senior Israeli defense official, speaking on condition of anonymity. Another senior Israeli security official also said time is short for Mr. Abbas to regain momentum.

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No matter whom they support politically -- Hamas, Fatah or any of the smaller Palestinian political groups and armed militias -- Palestinians have a deep distrust in American involvement with Palestinian Authority security forces. A European-funded poll conducted in May found only 16% of the 1,800 Palestinians surveyed in East Jerusalem, the West Bank and Gaza Strip trusted U.S. and Canadian assistance and counsel in security matters.

From the inception of the Palestinian Authority under the 1993 Oslo agreement, the U.S. and Israel pressed Mr. Arafat for security services willing and able to disarm militants such as Hamas who reject peace with Israel. Almost from the start, this placed Palestinian security men in a precarious position within their own society. Rather than crack down on Palestinian militants at the behest of Israel, some members of the groups looked the other way or even participated in attacks against the Jewish state.

Palestinian and international groups complained of deeply rooted, Mafia-style corruption within these forces during Mr. Arafat's reign, in addition to alleged human-rights abuses. Some of these abuses are confirmed by former members of the security services. During Mike Canawati's service in Mr. Arafat's presidential guard in the 1990s, Mr. Canawati says he was deployed to collect personal debts, extort businessmen and arrest fellow Palestinians who wouldn't cooperate. He says shame forced him into early retirement. "It's not the job of presidential security to do the job of the Mafia," says Mr. Canawati, a member of a prominent Bethlehem family who quit the presidential guard in 1999, blaming Mr. Arafat's lieutenants.

Mr. Hamad, the Palestinian presidential adviser, says: "I don't want to defend the past. There were so many problems." But he adds Mr. Abbas should be credited for his courage in publicly acknowledging the widespread nature of graft and other problems within the ranks of his own Fatah movement. "Since he was elected as president of the Palestinian mission and authority, at least there is no new corruption," Mr. Hamad says.

Like many Palestinians, Mr. Hamad also blames the Israeli Defense Forces for targeted attacks against the Palestinian security infrastructure during the so-called second intifada, the bloody Palestinian-Israeli conflict that began in 2000.

With Israeli encouragement, the U.S. gave up on the security forces under Mr. Arafat, accusing them of involvement in terrorism during that period.

After Mr. Arafat's death, and Mr. Abbas's election to succeed him, the U.S. began working with Palestinian forces again. Ms. Rice announced the move in February 2005 on her first mission as America's top diplomat, appointing Lt. Gen. William Ward as the U.S. security adviser. She emphasized Gen. Ward would be "responsible for helping the Palestinians in reform of their security forces" and for coordinating security with Israel. She also declared it "the most promising moment for progress between Palestinians and Israelis" in recent memory.

After just a few months on the job, Gen. Ward pointed to problems beyond corruption. The forces were dysfunctional and ill-prepared, he told the U.S. Senate Foreign Relations Committee on June 30, 2005. He added that as many as 38,000 men on the payrolls never showed up for work. The security services were long used as a patronage base for Fatah, giving the Palestinian territories last year the world's highest ratio of security-service personnel to civilians, according to the Geneva Centre for the Democratic Control of Armed Forces, a think tank.

Insecure Citizens

Yet Palestinians themselves remained among the world's most insecure citizens. One reform considered crucial by Gen. Ward, enacted in the first year of renewed U.S. efforts on the security front, was the consolidation of the security forces under the Palestinian Authority's Ministry of Interior. Before that the roughly 60,000 security personnel were scattered among more than a dozen different services, often with overlapping responsibilities, few clear command lines and sometimes-fierce rivalries. That state of affairs, critics say, was fostered by Mr. Arafat and other Fatah bosses in order to maintain rule. Gen. Ward and other international advisers reported finding services organized more along clan loyalties rather than transparent institutions.

But the Ministry of Interior, where at least a semblance of command was being organized, has been in the control of Hamas since the Islamist group took over the government last March. Now the American advisers who saw the move as a crucial first step toward reform can't even speak with beat cops, let alone commanders, under the ministry. American officials are forbidden from dealing with anyone inside an entity controlled by Hamas, because it's designated as a terrorist group under U.S. law.

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As tensions with Hamas have escalated, Mr. Abbas has responded by issuing presidential orders pulling Ministry of Interior forces under the command of the president's office. Gen. Ward left before Hamas won the election, and has since been replaced by Lt. Gen. Keith Dayton, the official who recently briefed Congress.

Bassam Eid, head of the Palestinian Human Rights Monitoring Group in East Jerusalem, believes little has changed within the security services since the time of Mr. Arafat's reign. Mr. Eid's organization has tracked about 550 Palestinian murders in the territories since 2000. Of these, an estimated 120 were killings of suspected "collaborators" with Israel. But the other roughly 430 remain unsolved. He said his group has amassed detailed evidence that the vast majority of open cases are linked to Fatah.

"Don't tell me Fatah can be considered a moderate movement," Mr. Eid said, adding, "What Mr. Bush will do with this money is double the number of thugs." Palestinian murders aren't the only ones that remain unsolved. Ms. Rice herself, in announcing Gen. Ward's appointment, said she had been assured by Mr. Abbas that he would "bring to justice those who murdered" three American security contractors in a 2003 terrorist attack in Gaza. That case, too, remains open.

A senior American official involved in the effort said the U.S. would screen everyone receiving assistance under the new program to weed out suspected terrorists and human-rights abusers.

Meanwhile, much of Mr. Abbas's security force remains deeply opposed to Israel. Indeed, Israeli security services say members have carried out terrorist attacks against Israelis in recent years. Some worry the guns being funneled to Fatah now will ultimately be aimed at Israelis or even Americans, regardless of background checks. Many commanders and foot soldiers maintain dual loyalties, overlapping their official employment with membership in militias and terrorist groups loyal to Fatah, most notably the Al Aqsa Martyrs' Brigades. Both the U.S. and European Union designate it as a terrorist organization.

Mahmoud Damra, the senior commander in the West Bank for one of Mr. Abbas's most elite forces, was arrested by the Israelis in September. Mr. Damra, more commonly known by his nom de guerre, Abu Awad, is accused of planning and ordering a spate of attacks, including one at a Jerusalem social security office in which an American citizen was killed. Mr. Damra was arrested by Israeli border police as he rolled into Israel at a border crossing just north of Ramallah.

Succession Issue Stirs Dissent In Egypt (WSJ)

By Mariam Fam

The Wall Street Journal, January 12, 2007

CAIRO, Egypt -- Egyptian journalist Ibrahim Essa believes his phone lines are tapped, and says he has been advised by some friends and foes alike to tone down his writings. As it stands, he faces a one-year prison sentence.

The reason? Mr. Essa says the Mubarak regime wants to intimidate him for, among other things, harshly criticizing the current president and raising a stink about who Egypt's next president might be. Mr. Essa worries it could be Gamal Mubarak, son of President Hosni Mubarak -- a prospect Mr. Essa loathes. "The issue of succession will be a watershed in Egypt," says Mr. Essa. "Continuing with Hosni Mubarak in office is a disaster, but passing power on to Gamal Mubarak is an even bigger disaster."

Detractors blame the Mubarak regime for the unemployment, poverty and corruption afflicting Egypt -- and claim it has no intention of loosening its grip on power. The president has recently asked parliament to amend some constitutional articles, in part to encourage more political participation by opposition parties, but the opposition is skeptical there will be real liberalization. And while President Mubarak sees his regime as a stabilizing force in the Middle East, and Egypt remains a main U.S. ally in the region, many feel Cairo's clout as a peacemaker and power broker has waned amid the rising influence of hard-liners such as Iran.

Mr. Essa is part of a growing group of Egyptian activists talking publicly about a topic the regime would probably like to see left alone -- even as private discussion and speculation over what has become known as the "inheritance scenario" have burgeoned. The 78-year-old President Mubarak won a fifth six-year term in office in 2005 elections. As he grew older, his long-standing refusal to name a vice president fueled speculation that he was leaving the way clear for his 43-year-old son to succeed him.

It only fed the rumor mill further when the younger Mr. Mubarak, the second son of the president, began taking on higher-profile public roles, rising rapidly through the ranks of the ruling National Democratic Party until he became its deputy secretary general. Last year, he visited the White House for talks that were unannounced until an Arab station broke the news.

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Meanwhile, critics say, the regime has been cracking down on opposition figures in part to eliminate possible challengers to the younger Mubarak. They say the regime wants to bill him as the only alternative to the Islamist Muslim Brotherhood, its strongest opponent. Secular and liberal opposition parties here pose little threat, as they enjoy little popularity, weakened by government restrictions and their own divisions and inability to win constituents' confidence.

The succession issue -- troubling for many who hope that the end of the quarter-century Mubarak reign will help usher in more democracy -- has taken on new significance as parliament prepares to amend a constitutional article that the opposition says is tailored to filter out opponents of the ruling party's presidential candidate.

Both Mubaraks have previously denied there are plans for the son to succeed the father.

To his supporters, Gamal Mubarak is a champion of political and economic overhaul and a force for change within the ruling party. Party members say the possibility of him becoming president isn't officially discussed, but add that many of them expect it might happen. Gehad Auda, a member of the NDP's policy committee, says he supports having Gamal Mubarak at the helm. He credits him with attracting fresh blood and talent to the party and with working toward establishing a popular base of support for it. "He's a very good leader. ... He's a good listener and he recognizes challenges," Mr. Auda said.

Critics such as Mr. Essa say the younger Mr. Mubarak has led a sheltered life and is too close to Egypt's elite business circles, both problematic in a country where the gap between rich and poor is a major source of tension.

"He has never taken a bus ... never hailed a cab or haggled with a cab driver," Mr. Essa wrote in a front-page editorial that ran recently in Al-Dustour newspaper, of which he is the editor in chief. "His only encounters with poor people are those with the state security informants." In another piece, Mr. Essa wrote of the political apathy gripping many here: "It is difficult to persuade the people that they're the only ones capable of changing Mubarak and of stopping his son from sitting on his father's throne for another quarter-century that will see Egypt waste away."

Mr. Auda sees Mr. Essa's writings on the issue as proof the regime is opening up and allowing more freedoms. But the 41-year-old journalist sees the shift as a cosmetic modification of the regime's tactics rather than strategy. Opposition journalists say that instead of directly silencing them, the regime tries to intimidate some critics and co-opt others, going after outspoken ones through libel suits usually filed by regime supporters.

Others voice similar views and run into the same challenges. The pro-reform movement Kifaya, or "Enough" in English, helped break taboos with slogans that singled out Mr. Mubarak and his son. "Oh, Gamal, forget about inheriting [office]. Tell your father to have some shame," a group of Kifaya supporters yelled in a recent protest in downtown Cairo.

But catchy as they are, Kifaya protests don't usually boast a high turnout. Other activists have resorted to the Internet, dissecting Mr. Gamal's perceived ambitions on blogs or launching cyber initiatives to block the prospect. Other Egyptians have used comedy to express their opposition. All this is a far cry from the Egypt in which the president and his family long were immune from public criticism. In recent years, the push for democracy and some regional changes -- as well as a clique of new satellite channels, independent newspapers and Internet blogs providing opponents with a podium -- have helped push the envelope.

When Mr. Essa's Al-Dustour newspaper opened in 1995, it had to tiptoe around sensitive issues. "It was known in all of Egypt that the president constituted a red line," he said, "so to get around this we would write a story, for instance, about the people surrounding the president instead."

In 1998, Al-Dustour was ordered shut. Out of work, Mr. Essa wrote a novel in 1999 about a ruler who was killed in his sleep and who had wanted to install his son after him. "I set up this story in Egypt with all its details," Mr. Essa said. "But of course I didn't say so in writing for reasons you know." Still, more than 2,500 copies of the novel were confiscated, he said. But some were leaked, and he managed to privately sell a few hundred more.

Since Al-Dustour has been closed, nine papers that Mr. Essa attempted to launch or was involved with were blocked or banned one way or another, he said. A television show he presented on a private Egyptian channel was pulled off the air after the owner was subjected to "economic pressure" by the government, Mr. Essa added.

But with the country abuzz with talk of liberalization, Al-Dustour was allowed to publish again in 2005. Mr. Essa's novel, "The Assassination of the Big Man," was also reprinted and distributed. Then, in June 2006, a court sentenced Mr. Essa and a journalist at his newspaper to a year in prison on charges of libeling President Mubarak. Mr. Essa has appealed the sentence.

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Mr. Essa says he has little illusion that his writings can rouse ordinary Egyptians from the helplessness he feels is gripping many, but adds that he won't stop exposing issues such as the succession.

"Egypt is going through a historical situation and it's my job as an intellectual to help change this situation," he said. "We talk, and the government talks. I may go to jail because I talk."

Carter Center Board Members Resign Over Palestine Book (WSJ)

By Rick Brooks And Betsy Mckay

The Wall Street Journal, January 12, 2007

ATLANTA -- Fourteen members of an advisory board at the Carter Center resigned today, concluding they could "no longer in good conscience continue to serve" following publication of former President Jimmy Carter's controversial book, "Palestine Peace Not Apartheid."

"It seems that you have turned to a world of advocacy, including even malicious advocacy," the board members wrote in a letter, a copy of which was reviewed by The Wall Street Journal. "We can no longer endorse your strident and uncompromising position. This is not the Carter Center or Jimmy Carter we came to respect and support. Therefore it is with sadness and regret that we hereby tender our resignation from the Board of Councilors of the Carter Center effective immediately."

RESIGNATION LETTERS

Read the text of two letters1 sent Thursday, Jan. 11, by members of the Carter Center Board of Councilors.

The advisory board is comprised of more than 200 members, including representatives from leading businesses and other groups in the Atlanta area.

Some of the Carter Center board members who quit in protest have known Mr. Carter for decades. William B. Schwartz Jr., whose name is on the list of those resigning today, was U.S. ambassador to the Bahamas during the Carter administration. S. Stephen Selig III, chairman and president of Atlanta real-estate developer Selig Enterprises Inc., was a top White House aide to Mr. Carter who led outreach to the business community. Mr. Selig was chairman of the host committee for the 1988 Democratic National Convention in Atlanta.

Steve Berman, 51 years old and one of the board members who quit, said in an interview that the departing members "were greatly concerned that the book was not steeped in fact. It departed radically from his role and went to one-sided advocacy." Recent media comments by Mr. Carter "have been most disturbing," he added.

The resigning board members also include: Michael J. Coles, chairman and chief executive of Caribou Coffee Co., Minneapolis; Barbara Babbit Kaufman, founder of Chapter 11 Discount Bookstores, a bookstore chain based in Atlanta; and Liane Levetan, former DeKalb County, Ga., chief executive. That is the top elected position in a county that includes a sliver of Atlanta.

Ms. Levetan, who is Jewish and served on the Carter Center board for several years, told The Wall Street Journal in an interview that she decided to quit because "you can't sit back and know something isn't the truth." While she hasn't read President Carter's controversial book, Ms. Levetan said her background is a factor in her criticism of the book's contents. Ms. Levetan was born in Vienna and fled to London with her parents in 1939, moving to the U.S. in 1951.

Ambassador Schwartz said the letter speaks for itself, declining further comment.

In a written statement, John Hardman, executive director of the Carter Center, said the organization is "grateful to these Board of Councilors members for their years of service and support for The Carter Center in advancing peace and health around the world. The Carter Center's Board of Councilors is an advisory body of community leaders and business people who are briefed quarterly on the Center's work and serve as emissaries of the Center to the greater community. They are not engaged in implementing work of the Center and are not a governing board. There are more than 200 members of the Board of Councilors. The Center's governing board is the Board of Trustees."

Mr. Carter couldn't be reached to comment. Deanna Congileo, head of public information at the Carter Center, responded to an interview request with the written statement from Mr. Hardman, adding that it is "the only response I anticipate," according to an email.

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"Palestine" has sparked outrage among some critics who claim it is unfairly harsh toward Israel and contains historical inaccuracies. Mr. Carter's use of the word "apartheid" has been particularly controversial, with critics saying it evokes unjust comparisons with South Africa's former system of racial segregation.

Mr. Carter's book was published Nov. 14 by CBS Corp.'s Simon & Schuster imprint. It has gone back to press five times, and now has 450,000 hardcovers in print. The book debuted at No. 11 on the New York Times best-seller list and reached as high as No. 5. By means of comparison, Mr. Carter's last book, "Our Endangered Values," published Nov. 1, 2005, debuted at No. 1 and now has 760,000 hardcovers in print. There are also 200,000 copies of the paperback edition of that title in print.

The Carter Center was founded in 1982 by Mr. Carter and his wife Rosalynn. The nonprofit organization, closely associated with Emory University in Atlanta, has a staff of about 150 and has worked on human rights, disease control and prevention, antipoverty and democracy-related projects in more than 65 countries. In November, Carter Center representatives monitored the presidential election in Nicaragua that was won by former Sandinista leader Daniel Ortega.

The Carter Center had revenue of $149.9 million and expenses of $121.4 million in the year ended August 31, 2005. It received contributions of $41.4 million during fiscal 2005, the latest year for which financial figures were immediately available.

According to a Carter Center annual report, the advisory board was founded in 1987 and is a "leadership group that promotes understanding of and support for the Carter Center in advancing peace and health around the world." Members meet quarterly and "act as advocates" for the organization.

The Carter Center's governing board of trustees currently is comprised of 21 members and two trustees emeritus, and is led by John Moores, owner of the San Diego Padres. Mr. and Mrs. Carter hold seats on the board, and 10 of the slots are filled through appointments by Mr. Carter and trustees not affiliated with Emory's board.

Carter Center Advisers Quit To Protest Book (NYT)

By Brenda Goodman

The New York Times, January 12, 2007

ATLANTA, Jan. 11 — Fourteen of the city's business and civic leaders resigned from the Carter Center's advisory board on Thursday to protest former President Jimmy Carter's recent criticisms of Israel and American Jewish political power.

Their joint letter of resignation denounced Mr. Carter's best-selling book, "Palestine: Peace Not Apartheid," for its criticisms of Israel's treatment of Palestinians. The letter also took issue with comments Mr. Carter has made suggesting that Israel's supporters in the United States are using their power to stifle debate on the issue.

"It seems you have turned to a world of advocacy, even malicious advocacy," the letter said. "We can no longer endorse your strident and uncompromising position. This is not the Carter Center or the Jimmy Carter we came to respect and support."

The 14 who resigned were members of the center's board of councilors, a group of more than 200 local leaders who act as ambassadors and fund-raisers for the center but do not determine its policy or direct its operations.

Among the letter signers were Michael Coles, the chief executive of the Caribou Coffee Company; William B. Schwartz Jr., the ambassador to the Bahamas during Mr. Carter's presidency; Liane Levetan, a former chief executive of DeKalb County, Ga.; and S. Stephen Selig III, who served as national finance chairman for the Carter-Mondale Presidential Committee.

"I felt very passionate about this," Ms. Levetan said. "You can't, when something is not correct, sit back. You have to stand up for what you believe."

Several members said they had admired Mr. Carter for years and found it difficult to resign, but could not remain associated with his recent statements.

"I was very offended with the views that he espoused in that book," said Jonathan Golden, a board member for 10 years and chairman of the Arnall Golden Gregory law firm in Atlanta.

In an e-mailed statement responding to the resignations, John Hardman, executive director of the Carter Center, thanked the resigning members for their "years of service and support," but also played down the significance of their departure. Mr. Hardman pointed out that those who resigned were just a fraction of the overall board and were not "engaged in implementing the work of the center."

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The resignations are the latest in a recent string of public defections from Mr. Carter and the ideas he espouses in his book, which has been on The New York Times best-seller list for the last five weeks.

In December, Kenneth W. Stein, a professor at Emory University who was the first executive director at the Carter Center, resigned his most recent position as a fellow there. Days later, Dennis Ross, a former envoy to the Middle East who is now a news analyst, accused Mr. Carter of using maps that Mr. Ross created without his permission, and mislabeling them in the book.

The Anti-Defamation League of B'nai B'rith recently placed advertisements criticizing Mr. Carter in several major newspapers, and the Central Conference of American Rabbis, representing Reform Judaism, announced that its members would not visit the Carter Center, as planned, during a coming conference in Atlanta.

Mr. Carter has defended his views, along with his use of the word "apartheid" in the book's title, saying he intended the book to spark discussion.

The letter from resigning board members accuses Mr. Carter of having abandoned his role as a peace broker in the Middle East, and said his statements had proven useful to white supremacists and other anti-Semites.

"In its work in conflict resolution, the Carter Center has always played the useful and constructive role of honest broker and mediator between warring parties," the letter says. "In your book, which portrays the conflict between Israel and her neighbors as a purely one-sided affair with Israel holding all of the responsibility for resolving the conflict, you have clearly abandoned your historic role of broker in favor of becoming an advocate for one side."

Bangladesh President Steps Down (AP)

By Farid Hossain

AP, January 12, 2007

The president Thursday declared a state of emergency, stepped down as interim leader of Bangladesh's caretaker government and postponed this month's elections following violent protests by a key political alliance that has said it would boycott the vote.

President Iajuddin Ahmed said in a televised speech that the balloting, which had been scheduled for Jan. 22, would be delayed, and he did not give a new date.

"It's not possible to hold the elections on schedule. We need a flawless voter list to ensure that the elections are free, fair and credible," Ahmed said.

A new voter list had been among the key demands of a major political alliance that has orchestrated paralyzing protests and strikes in recent months, alleging Ahmed's administration favored its rivals and saying it would boycott the vote. Ahmed's removal as head of the caretaker government was the alliance's other main demand.

"I've decided to step down as the chief adviser of the caretaker government and I will, in a couple of days, appoint a new interim leader to hold an election in which all parties will be able to participate," Ahmed said in a televised speech.

In the meantime, one of his advisers, Fazlul Haque, would serve as the head of the caretaker government, he said.

Ahmed said he would remain Bangladesh's president, a largely ceremonial role.

The state of emergency raised concern in a country with a history of military rule. Two presidents had been slain and 19 other coup attempts failed in Bangladesh since it gained independence from Pakistan in 1971.

Under the constitution, the state of emergency suspends the fundamental rights of citizens.

The country's eight private television stations were told by the information ministry to suspend news programming and relay bulletins from state-run television, according to the stations' broadcasts.

"The restriction will be effective until further order from the ministry," Khairul Alam Mukul, a news editor at the private NTV television center told The Associated Press.

Indefinite night curfew was imposed for the capital, Dhaka, and more than 60 other cities and towns, state-run TV reported. The curfew will remain in force each night from 11 p.m. until dawn, the station reported, quoting an announcement from the president's office.

Troops had already been deployed for election duties.

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The South Asian nation has been crippled by strikes and blockades orchestrated by former Prime Minister Sheikh Hasina and her 19-party alliance that opposes the election. The alliance plans a series of strikes and blockades starting Sunday.

Hasina's alliance alleged that Ahmed's interim government, charged with holding the polls, favors her arch rival, former Prime Minister Khaleda Zia. The alliance demands Ahmed's resignation and a delay in the election to allow for reforms.

It has claimed that the voters' list for the election has flaws, including fake names. Other demands include the use of transparent ballot boxes and the removal of about 345 field-level election officials allegedly biased toward Zia.

Last month, the U.S.-based National Democratic Institute's Dhaka office said in a report that 10 million names on the current voting list were "errors" or duplications — representing 13 percent of the country's 93 million voters.

The United Nations and the European Union election observation mission in Bangladesh have suspended election-related activities and support for the South Asian nation, citing lack of legitimacy of the balloting.

The European Union on Thursday recalled election observers from Bangladesh while the U.N. suspended all technical support for Bangladesh's polls, including its International Coordination Office in Dhaka.

"The political crisis in Bangladesh has severely jeopardized the legitimacy of the electoral process," U.N. spokeswoman Michele Montas said Wednesday in New York.

Bangladesh Postpones Elections (FT)

By Tom Joehnk

Financial Times, January 12, 2007

Bangladesh postponed controversial elections set for January 22 after the president quit as head of the interm government and declared a state of emergency on Thursday.

The decision follows weeks of violent protests and rioting between the opposition parties and police ahead of the planned parliamentary elections.

Iajuddin Ahmed, the president, said in a televised address to the nation that he would step down as chief adviser to the unelected interim government in favour of Justice Fazlul Haque, one of the most influential figures on the government's panel of advisers. Mr Ahmed will remain as president.

The declared aim of the move is to form a new interim government that will oversee fresh and credible elections under a new election commission within 120 days, the maximum duration of a state of emergency under the constitution.

The announcement came within hours of the European Union suspending its election observation mission, following a pull-out by US and other monitoring missions a day earlier.

Graham Elson, the EU deputy chief observer, said it was "not the business of observer teams to scrutinise elections whose credibility clearly falls short of international standards" and said the decision was a "logical consequence" of conditions on the ground.

A curfew will start from 11pm until 5am every day until further notice and fundamental rights have been suspended. The government has banned private media, and news bulletins on private channels have been taken off the air. Private TV channels would carry only the state-run Bangladesh Television, said the Information Ministry.

Pressure on Mr Ahmed intensified on Thursday when his 10 advisers said they would not support a decision to go ahead with the planned election.

Earlier in the day, Renata Lok Dessallien, the UN resident co-ordinator in Dhaka, said an election "under current circumstances without participation of major political parties would not be considered credible or legitimate".

Last hopes that the opposition might participate in the polls were dashed on Wednesday when Sheikh Hasina, leader of the opposition Awami League, told a rally of 100,000 supporters it would continue its agitation programme which has cut transport links, crippling the economy. Ms Hasina alleged that the BNP-Jamaat alliance was controlling Mr Ahmed by "remote control".

Diplomats said they hoped the army would continue to play a neutral role. But an outright military takeover cannot be ruled out. "The political class still hopes that Bangladesh can still avoid a Pakistan solution," Hossain Zillur Rahman, a Dhaka-based political commentator, told the FT earlier in the week.

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But Mr Rahman said then that this confidence might be misplaced. “In the political party’s respective demands there is no solution to the political crisis,“ he said.

In Bangladesh, State Of Emergency And Election Delay (NYT)

By Somini Sengupta

The New York Times, January 12, 2007

NEW DELHI, Jan. 11 — The president of Bangladesh declared a state of emergency on Thursday evening, suspending certain fundamental rights, imposing a nighttime curfew, and effectively postponing elections that were scheduled to be held in less than two weeks. He then resigned as the chief of the caretaker government entrusted to run the vote.

An alliance of political parties had promised to boycott the elections, scheduled for Jan. 22. And in the past couple of days, as the nation of 140 million people sank deeper into political violence, virtually all international backing for the vote fell away.

The president, Iajuddin Ahmed, said in a televised address in Dhaka on Thursday night that it would be impossible to hold elections that would be acceptable to all parties by the scheduled date. He referred specifically to the contention that the voters' list had been stuffed with 14 million fake names, one of the main grounds for the boycott.

“It’s not possible to hold the elections on schedule,” Mr. Ahmed said, according to The Associated Press. “We need a flawless voter list to ensure that the elections are free, fair and credible.”

Mr. Ahmed, who will retain the largely ceremonial presidency, said he would appoint an advisory council to conduct the elections at an unspecified date. The state news agency reported that he saw his resignation as being “essential to keep the economy going and maintain law and order.”

He had earlier insisted that the Constitution permitted no postponement of the elections.

Emergency rule paves the way for the army to take control of law and order and imposes new restrictions on the news media, measures that have not been applied in Bangladesh since the restoration of democracy 16 years ago.

The emergency declaration came a day after the United Nations suspended technical support for the coming elections, saying that they would not be “considered credible or legitimate.” Two teams of American election observers, as well as one that was to be dispatched by the European Union, also pulled out.

This week, an alliance of political parties, led by the former opposition Awami League, which had already said it would boycott the elections, announced that they would “resist,” which most Bangladeshis understood to be a barely concealed threat of violence.

The British Foreign Office issued a statement on Thursday urging both parties to compromise in an effort to produce elections that could be seen as “credible, peaceful and universally accepted.” Clashes between the police and political activists in recent days presaged further violence in the days before the elections.

The United Nations said in a statement on Wednesday, “The United Nations is concerned that Bangladesh’s democratic advances and international standing will be affected if the current crisis continues.”

The country’s two main leaders, Sheik Hasina Wazed, leader of the Awami League, and Khaleda Zia, both former prime ministers, have been battling each other for power since 1991, when they and their supporters restored democracy after nine years of military rule. Since then, they have fought bitterly for control of the government and together they have given their country a singular reputation for political violence.

Mrs. Zia’s Bangladesh Nationalist Party stepped down from power last October, when an interim caretaker government took over, with responsibility for running the elections.

The election process then became the heart of the controversy. Sheik Hasina’s party accused Mrs. Zia’s party of having stacked the election commission with partisans and stuffed the voter list with fake names. It also accused President Ahmed of being biased in favor of Mrs. Zia’s alliance. Mrs. Zia’s party, in turn, insisted that the elections could not be postponed, because the Constitution stipulated that they be held within 90 days of an interim government taking over.

Before the emergency order on Thursday, some of Mr. Ahmed’s critics pressed him to be flexible and, for the sake of neutrality, to refer the matter to the Supreme Court. “The Constitution is not the Koran in that it can’t be changed,” Syed Manzur

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Elahi, a prominent businessman and a member of two previous caretaker governments, said by telephone Thursday afternoon from Dhaka, the capital.

He said he feared for his country's standing in the world. "As it is, we have an image problem," he added. "This will multiply the problem."

The most dire warning came from the United Nations, which said Wednesday that any moves toward military rule could cost Bangladesh its handsome earnings from participation in United Nations peacekeeping operations. Bangladesh regularly contributes hefty numbers of troops.

The statement read: "Should the 22 January parliamentary elections proceed without participation of all major political parties, deployment of the armed forces in support of the election process raises questions. This may have implications for Bangladesh's future role in U.N. peacekeeping operations."

Venezuela May Nationalize Oil Belt Projects (AP)

AP, January 12, 2007

CARACAS, Venezuela (AP) -- Venezuela could nationalize four projects in the oil-rich Orinoco River basin if the state is unable to negotiate a majority stake with the foreign oil companies that run them, the finance minister said yesterday.

The state could nationalize the four projects in the Orinoco oil belt "if the negotiations with the foreign oil companies that control them fail," Finance Minister Rodrigo Cabezas said in an interview on state television.

His remarks clarified that the government is still seeking to obtain majority control through talks with the companies after President Hugo Chavez announced plans this week to take control of "strategic sectors" in telecommunications, power, oil and natural gas.

Separately, Mr. Cabezas told the Venezuelan newspaper El Universal that as the state nationalizes C.A. Nacional Telefonos de Venezuela, or CANTV, "shareholders will receive the fair price of their value of their shares."

Asked whether the call for nationalization includes top power company La Electricidad de Caracas, owned by the Arlington, Va., company AES Corp., Mr. Cabezas said, "It includes the entire electricity sector."

Venezuela's government has been in talks since last year with foreign oil companies that operate heavy crude upgrading projects in the eastern Orinoco area, seeking a government-controlling stake through the formation of new "mixed companies." Such joint ventures have already been formed in other parts of the South American country, and most companies have shown a willingness to continue investing under new terms.

The six firms that currently control the Orinoco projects include British Petroleum PLC, Exxon Mobil Corp., Chevron Corp., ConocoPhillips Co., Total SA and Statoil ASA.

Mr. Chavez is seeking special powers from the National Assembly to allow him to enact "revolutionary laws" by decree, and Mr. Cabezas told state TV they would likely include reworking the country's banking laws and reforms for insurance companies.

"Next week we will decide for sure what laws fall under the president's special powers," he said.

Venezuela has strict controls in place that limit currency trading, and Mr. Cabezas noted that the price of the dollar in the black market has risen to historic levels but said there are no plans to devalue the Venezuelan currency, the bolivar.

He said in Mr. Chavez's new six-year term, the government will seek to raise taxes on companies with hefty profits but will allow private companies to continue to operate freely.

China's Rights Record Criticized (WP)

By Maureen Fan

The Washington Post, January 12, 2007

BEIJING, Jan. 11 -- Human rights conditions in China deteriorated significantly in 2006, with about 100 activists, lawyers, writers and academics subjected to police custody, house arrest, incommunicado confinement, pressure in their jobs and surveillance by plainclothes security forces, a new report by Human Rights Watch said.

Several widely publicized cases involving journalists and rights lawyers were cited in the report as evidence of a severe crackdown, prompted in large part by fears that individual cases of unrest might lead to regional instability. There were 39,000

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cases of "public order disruptions," or large protests, in the first half of 2006, four times as many as 10 years ago, according to data from the Public Security Ministry.

Authorities fired and jailed journalists, shut down more than 700 online forums and ordered eight Internet search engines to filter "subversive and sensitive content" based on 10,000 key words, according to the report, which was released Thursday by the New York-based watchdog group. Lawyers who represented peasants protesting mistreatment were badly beaten, detained and arrested. In March, new restrictions were announced requiring protesters' attorneys to report to local judges in cases involving 10 or more plaintiffs.

In an indication of official attention being paid to perceived agitators, China's top security chief last weekend toured Shandong province, where a blind legal activist was jailed after revealing abuses stemming from China's one-child-only policy. Luo Gan, a member of the Communist Party's Politburo Standing Committee, ordered judicial departments to deal with "discordant elements" at their source.

"Last year, the environment for rights defenders worsened," said Liu Shaobo, a leading intellectual and writer. "The government increased its crackdown on lawyers and also its controls on the Internet and the media. I saw more wronged cases last year than in previous years under President Hu Jintao's governance. And dissidents were under closer surveillance."

Contributing factors include China's growing economic power and Washington's diminished clout with regard to human rights, Kenneth Roth, executive director of Human Rights Watch, said in an introduction to the report. China's leaders remain at best indifferent to human rights abuses in China and elsewhere because they consider the issue an internal matter, Roth said.

Liu said there were some examples of increased openness last year. Newspapers in China's south were allowed to push the envelope more often than the mainstream state-run media. "Though government enforced controls most of the time, it really wanted to show its open-minded side, especially at the end of the year," said Liu, whose home is often monitored by police.

Analysts have noted that as preparations for the 2008 Olympics continue, officials appear eager to demonstrate that China is modernizing. The government recently announced that journalists can now travel freely without first obtaining permission from local officials, although they stressed that many local officials might not yet be aware of the new rules.

"On the one hand, they consider rights defenders a challenge to authority and a threat to stability, but on the other hand, they want to build up a good international image for the Olympics," Liu said.

In Nigeria, A Bill To Punish Gays Divides A Family (WSJ)

By Mark Schoofs

The Wall Street Journal, January 12, 2007

LAGOS, Nigeria -- Augustus Olakunle Macaulay founded the Bible university that trained his son in theology. He founded the evangelical ministry that ordained his son as a minister. And he is president of Nigeria's Association of Christian Theologians, which counts his son as a member.

But now Prof. Macaulay supports a proposed law that could criminalize his son's new Christian church and put him behind bars. That's because his son, the Rev. Rowland Jide Macaulay, has founded House of Rainbow, a church that caters to Nigeria's gay men and lesbians -- a first for Africa's most populous country.

The relationship between Prof. Macaulay and his son mirrors some of the conflicting forces buffeting homosexuals in Nigeria. Gay men and lesbians are becoming more visible, even as their society, which is hostile to homosexuality, threatens to become still less tolerant of them.

In his New Year's Eve sermon, Rev. Jide, as he is called by his small but growing flock, declared himself a "happy, holy homosexual." He said, "We are all God's children, no matter what some people tell us." The more than 100 attendees, all male, clapped and sang out their approval.

After the service, the church sponsored a party. In keeping with a church function, no alcohol was served. But the event featured exuberant drag queens lip-synching disco hits. The party's highlight: a "Mr. Bloke" beauty contest with contenders strutting their stuff in traditional African garb, corporate wear and swimwear.

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House of Rainbow -- a member of a gay-affirming U.S. umbrella church organization -- would almost certainly run afoul of Nigeria's proposed law. Homosexual sex is already punishable by up to 14 years in prison -- or death by stoning in the Muslim north, though that Shariah sentence is rarely meted out.

The sweeping new bill would punish by up to five years in prison anyone who enters into a gay marriage, "performs, witnesses, aids or abets the ceremony of same-sex marriage" or is "involved in the registration of gay clubs, societies and organizations, sustenance, procession or meetings." The U.S. State Department has denounced the bill, proposed in January last year, as a violation of basic freedoms.

But the bill is widely expected to pass. It is supported by most mainstream Christian and Muslim clergy in Nigeria, including Peter Akinola, the Anglican archbishop who is leading an international revolt of conservative Episcopalians angry about the ordination of gay priests and the consecration of gay unions.

Archbishop Akinola, who also opposes the ordination of women priests, has become the spiritual leader of more than 20 American conservative churches that have broken away from the world-wide Anglican Communion.

Anglican Christianity was brought to Nigeria in 1842 by a particularly conservative group of British missionaries, and "there has been a hardening of attitudes as the West has liberalized," says Philip Jenkins, professor of history and religious studies at Pennsylvania State University and author of "The New Faces of Christianity: Believing the Bible in the Global South."

Prof. Jenkins notes that many African societies still derive their norms from agrarian life and that animal sacrifice and polygamy are common in many parts of Africa. "The Bible carries a lot more weight among ordinary Africans, partly because people can identify with the society it describes," he says. "They recognize it as their world." This leads Africans to a more literal interpretation of Scripture, he believes. The rise of fundamentalist Islam also puts pressure on African Christians to draw a hard line against homosexuals, he says.

Advance of Rights

But urban Nigerians are increasingly aware of the advance of gay rights not only in the U.S. but also in South Africa, which enshrines equal rights for homosexuals in its constitution and recently legalized marriage for same-sex couples. The fact that Nigeria's legislature is considering the new bill testifies to the growing visibility of gay men and lesbians in Nigeria.

As for the Macaulays, the father and son are both polite, well-educated and well-traveled. The elder Macaulay is 69 but looks so young that he and his 41-year-old son are sometimes mistaken for brothers. And they were close even as the younger Macaulay was struggling in secret.

Born in London, Rev. Jide says he had his first homosexual experience in Nigeria, where he spent his teenage years. Ashamed of his attraction to men, he married a Nigerian woman in London in 1991 and had a son with her. About three years later, increasingly depressed, he told his wife the truth. They divorced and he was expelled from their church. He says he and his wife now speak only to discuss their son, with whom Rev. Jide remains close.

Rev. Jide says that for many years he wanted to tell his father, but, he says, "I couldn't find the courage." Then, during a visit Prof. Macaulay made to his son's London home in 2003, he noticed some books on homosexuality. He confronted his son, admonishing him that homosexuality was against God's will and urging him to change.

Rev. Jide remained silent, both men recall. "In truth, I felt for him, because I am a father too," the younger man says. "I have two generations on either side of me bearing the brunt of my being gay."

Indeed, last September after Rev. Jide discussed his sexuality on a BBC television show, his 14-year-old son sent him a cellphone text message that read in part "i HATE u" and "ur not my dad nemore." The two reconciled a few days later, but Rev. Jide believes his son's emotional turmoil is stoked in part by relatives telling him the Bible condemns homosexuality.

Many Nigerians say they would disown a gay child. But Prof. Macaulay, who comes from a family so prominent that a street in Lagos is named after one of his uncles, tries to take a love-the-sinner-hate-the-sin approach. In a letter to his son shortly after discovering his son's homosexuality, he wrote, "People in Nigeria here love you and rate you high in their lives." But in that same letter he warned that his son's homosexuality "is not only ABOMINABLE but a great DISGRACE to our family."

To the extent that his son's church affirms homosexuality, it is "of Satan," the father says.

So, despite protests from his wife, Prof. Macaulay supports the anti-gay legislation. He says he "won't feel very bad" if his son winds up in prison, which he even sees as a possible means of turning his son straight.

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Family Struggle

At House of Rainbow, Rev. Jide repeatedly encounters his own family struggle in members of his flock. "The biggest issue," he says, "is people have been wounded in their family by being rejected, by being totally unloved."

Another key issue, he says, is nurturing healthy relationships in "a society that is very, very brutal" toward gay people. Gay men tend to meet in the relative safety of the Internet, but relationships often founder because the men can't build a life together, says Adebisi Alimi, a member of House of Rainbow and one of Nigeria's very few openly gay activists.

Fearing gay bashers -- always a threat in Nigeria, where homosexuals can't count on police to protect them -- Rev. Jide arranged for the New Year's Eve service and party to be held on the far outskirts of Lagos. The event was held under the moon in an open-air courtyard with a dirt floor. Electricity, always sporadic in Lagos, kept cutting out as the backup generator sputtered. But as midnight approached, the congregation counted down the seconds with gusto, then hugged and danced before resuming the service to take communion.

When Rev Jide announced he would offer a blessing for gay singles, dozens rushed to him, some kneeling. "May you find a fine boyfriend," Rev. Jide prayed.

Revisiting Issue, U.N. Chief Clarifies Death-Penalty Stance (NYT)

By Warren Hoge

The New York Times, January 12, 2007

UNITED NATIONS, Jan. 11 — Ban Ki-moon, the new secretary general, sought Thursday to change the impression he left in his first public utterance as United Nations head last week about his position on the death penalty.

“I recognize the growing trend in international law and in national practice towards a phasing out of the death penalty,” Mr. Ban said in a statement at a news conference on Thursday, his first since taking office Jan. 1. “I encourage that trend.”

Mr. Ban, the mild-spoken former foreign minister of South Korea, made unaccustomed waves last Tuesday when he declined to criticize the death penalty applied to Saddam Hussein.

His comment appeared to contradict the longtime United Nations stance against the death penalty and put him at unwanted odds with his predecessor, Kofi Annan, who frequently cited his opposition to capital punishment on human rights grounds.

After clarifying his position on Thursday, Mr. Ban told reporters, “Ladies and gentlemen, thank you for letting me get that off my chest.”

But in another instance of his early actions raising doubts, Mr. Ban was asked about reports that he had not conducted formal job interviews with some of his appointees to high-ranking management positions. He has said that tightening the United Nations’ much criticized management would be a priority of his administration.

He said that these were “unsubstantiated misperceptions,” and that he had relied on his own associations and conversations with the candidates and on discussions about their qualifications with others.

“I sincerely hope that instead of judging by what you heard from different sources that you will judge my appointments on the basis of merit and on the basis of their performance,” he said.

The three people mentioned were Asha-Rose Mtengeti-Migiro, the foreign minister of Tanzania, whom Mr. Ban chose as deputy secretary general; Alicia Bárcena Ibarra of Mexico, Mr. Annan’s chief of staff, who becomes under secretary general for management; and John Holmes, the British ambassador to France, who becomes under secretary for humanitarian affairs.

Mr. Ban said he would be demanding “performance targets” of senior officials, which would be reviewed at the end of the year to measure their achievement.

Asked if he would use a scheduled visit to the White House next week to ask President Bush to close the United States detention center at Guantánamo Bay, Cuba, he said he agreed with his predecessor, Mr. Annan, that it should be shut down.

He added that he believed Mr. Bush himself shared that objective. Mr. Ban declined to give his reaction to President Bush’s announcement of new troop levels in Iraq.

“Broadly speaking, however,” he said, “the United Nations would welcome genuine efforts to improve security for ordinary Iraqis as well as to stabilize the country through a combination of security, political and economic means.”

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The United Nations presence in Iraq was sharply cut back in 2003 after the bombing of its headquarters in Baghdad, which killed 22 people, including the mission chief, Sergio Vieira de Mello.

Since then, the United Nations has provided assistance in drafting a constitution and organizing elections, two functions Mr. Ban referred to in answering a question about whether he planned to expand the current mission.

"We will continue to participate in that process as much as we can, but our participation and contribution at this time is largely dictated by the security situations on the ground," he said.

A Test On Burma (WP)

The Washington Post, January 12, 2007

THE BUSH administration is pressing the U.N. Security Council to vote, possibly as early as today, to condemn one of the world's worst human rights violators: the military regime of Burma. The resolution doesn't call for sanctions or other punitive measures; it would simply make clear that the most august assembly of nations finds Burma's behavior unacceptable and will press for change. Nonetheless, China and Russia are threatening a veto. How it turns out should provide, at least, a moment of clarity in global affairs.

Burma's government is not only one of the world's most repressive; it's also a rare case of a dictatorship that can't even pretend to legitimacy. That's because in 1990 the generals permitted a reasonably free election. The overwhelming winner was Aung San Suu Kyi, daughter of Burma's independence hero, and her National League for Democracy. The junta refused to cede power; it has kept Aung San Suu Kyi, a Nobel Peace Prize winner, under house arrest for most of the years since the election while locking up many of her colleagues. The generals have waged terrible war against various nationalities in the hills of their lush Southeast Asian nation, displacing more than 1 million people; led the world in the use of rape and forced labor as military weapons; and draped a blanket of fear over their 50 million subjects.

The U.N. resolution stems from a 2005 report commissioned by retired archbishop Desmond Tutu of South Africa and former president Vaclav Havel of the Czech Republic that made the case that Burma's internal failures end up threatening neighboring states, by means of refugee flows, drug trafficking and the spread of HIV, among a number of factors. But Burma is also, as Undersecretary of State Nicholas R. Burns argues, "a classic case of a country about which the Security Council needs to speak out" -- especially since the newly created U.N. human rights committee has proven to be such a disappointment. "The onus is going to be on China or Russia, if they do veto," Mr. Burns said. "It will be very clear that they have no regard for what is really a deplorable situation within that country."

A U.N. resolution by itself won't bring change. But a resolution as part of a concerted international campaign might. Just this week, hoping to head off a vote, Burma released five political dissidents from prison (leaving about 1,100). From deep in her enforced isolation, Aung San Suu Kyi has gotten word out that she and other courageous democrats are aware of, and strengthened by, efforts to stand by them. Those efforts include first lady Laura Bush's drawing attention to her plight. A vote for human decency in her country shouldn't be a hard call.

DOJ_NMG_0115909

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 12, 2007 7:45 AM EST

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TERRORISM NEWS:

Gonzales Talks Tough Against Terrorists (TSSC)

By Rick Brundrett

The State (SC), January 12, 2007

U.S. Attorney General Alberto Gonzales gave a pep talk in Columbia on Thursday afternoon to U.S. attorneys from around the country attending a conference on combating terrorism.

"For us in the law enforcement community, every day must be September 12th," the nation's top prosecutor said, referring to the Sept. 11, 2001, terrorist attacks.

Gonzales spoke to about 100 mainly U.S. attorneys at the National Advocacy Center — a training facility for state and federal prosecutors — on USC's campus. Reggie Lloyd, the U.S. attorney for South Carolina, attended.

Gonzales noted he spent earlier Thursday in Mexico City and met with senior Mexican officials to discuss organized crime and other issues.

Gonzales told the U.S. attorneys that the "single most important part" of their jobs is preventing terrorist attacks in the U.S.

"Our success or failure in this one endeavor will define in the eyes of some President Bush and his legacy," he said. "It will be the legacy of every one of us who is serving in the administration."

Although the country responded to the 9/11 attacks by invading Afghanistan, reorganizing government and passing new laws to combat terrorism, more needs to be done because terrorists "change tactics in response to what we do," he said.

He praised U.S. attorneys for combating "crimes that can fuel terrorism," such as identification and immigration fraud. He noted that seven of the 9/11 hijackers had fraudulent Virginia identification cards.

Gonzales also said the federal government is "not engaged in a struggle against a faith or religion" and urged U.S. attorneys to improve communication with Muslim leaders in their districts.

"We very much need the partnership of the Muslim community," he said. "Discouraging radicalism is vital, and that cannot be done effectively without Muslim community leadership."

Reach Brundrett at (803) 771-8484.

"It's Very Important To Us That We Make Sure We Recognize Any Potential Threat" (WLTX)

WLTX-TV, CBS 19, Columbia, SC, January 12, 2007

US Attorney General Alberto Gonzales was in Columbia Thursday night to talk about preventing terrorist attacks - Ashley Yarchin reports

(Columbia) - After a lengthy standing ovation from a crowd of US attorneys, Attorney General Alberto Gonzales quieted the crowd, "Okay, I think you guys just want to play on my softball team. That's what all that's about."

He began on a lighter note, "Everything you do for the American people, I am really, really proud of you."

But Gonzales' pep talk quickly got serious, "I must speak bluntly and urgently about the single most important part of our jobs, which is preventing terrorist attacks on American soil."

He asked the men and women who filled a room at USC's National Advocacy Center to help stop terrorists from living, traveling and working freely in our communities.

"And very often, the cells that are broken up are not in New York, they're not in LA," said South Carolina U.S. Attorney Reggie Lloyd. "You look at the case in Portland or the case in Buffalo. You have these individuals that are sleeping in communities all across the country."

He said that's what puts our state on the map when it comes to protection and prevention. "It's very important to us that we make sure we recognize any potential threat even if it's not a direct threat here in South Carolina," said Lloyd.

Lloyd said the lecture inspired him to get back to work and back in our neighborhoods to ensure statewide and nationwide safety. "You know, you're always on pins and needles until he leaves," Lloyd said of Gonzales' visit, "but it's good to hear from him."

DOJ_NMG_0115913

U.S. Preparing For Trials Of Top Qaeda Detainees (NYT)

By David Johnston And Neil A. Lewis

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — The Bush administration has set up a secret war room in a Virginia suburb where it is assembling evidence to prosecute high-ranking detainees from Al Qaeda including the man accused of being the mastermind of the September 2001 attacks, Khalid Shaikh Mohammed, government officials said this week.

The effort to sift the classified files of the Pentagon, F.B.I., C.I.A. and other intelligence agencies amounts to the first concrete steps that the government has taken to press ahead with war crimes trials of high-level terror suspects under a plan announced by President Bush in a speech last September.

At the time, Mr. Bush said that Mr. Mohammed and 13 other high-level terror suspects had been transferred from secret prisons around the world to the military detention center at Guantánamo Bay, Cuba, where they would be held pending trial.

The preparation of cases against the high-value operatives appears to rebut many who doubted that Qaeda suspects like Mr. Mohammed would ever be brought to trial. Critics in Congress and human rights groups had asserted that such trials would not be feasible because they would expose harsh interrogation techniques used by the Central Intelligence Agency.

The officials who discussed the preparations have been briefed on the effort in detail and represented several agencies. They declined to speak on the record about deliberations in advance of criminal prosecutions involving national security.

The prosecution team for the Qaeda defendants will be a mix of military and civilian prosecutors. Some officials said no decision had been made about who would lead each prosecution, but others said the trial of Mr. Mohammed would probably be undertaken principally by Justice Department lawyers, who would run the prosecution in a military courtroom in Guantánamo.

Mr. Mohammed, whose alleged role in the Sept. 11 attacks would make him the centerpiece of the government's effort to bring terrorists to justice in a court of law, could be held responsible for about 3,000 deaths in the attacks, officials have said.

The prosecution of high-value detainees is separate from the long planned trials of lower-level Qaeda figures, some of whom have been at Guantánamo since 2002 and who are expected to be tried before the more important terrorist suspects.

However, both high- and low-level suspects will be tried under the same rules, which are contained in legislation approved in October.

Officials said that they were hoping to bring the first charges against leaders of Al Qaeda this summer or fall and that trials could get under way in early 2008. The current plans are to use the new trial procedures first against some of the lesser Guantánamo defendants as kind of a test run beginning this summer.

Those trials would involve some of the detainees who had already been charged under the previous system of military commissions that was struck down by the Supreme Court.

The initial trials of detainees held at Guantánamo will not carry the possibility of a death penalty. But officials said that they expected to seek to have some of the senior Qaeda officials executed if convicted.

A team of lawyers from the Justice and Defense Departments, along with civilian and military investigators, has begun poring over intelligence files and interrogation reports, about Mr. Mohammed's role in the Sept. 11 attacks and other potentially prosecutable crimes, like the killing of a reporter for The Wall Street Journal, Daniel Pearl, and other terror plots, including an aborted plan in 2003 to use smuggled explosives to blow up gas stations, railroad tracks and a bridge in New York.

According to the final report of the independent commission that investigated the 2001 attacks, Mr. Mohammed acknowledged under interrogation that he was a major planner of the 9/11 plot. The report said that Mr. Mohammed first proposed the airliner attacks to Osama bin Laden and supervised the core group responsible for the hijackings.

Other prosecutions, like the cases related to the attack in 2000 on the Navy destroyer Cole in Yemen which killed 17 sailors, are likely to be led by military lawyers.

The Qaeda detainees at Guantánamo who the authorities have said were involved in planning the Cole attack include Abd al-Rahim al Nashiri, the accused mastermind, and Walid bin Attash, known as Khallad, who worked with Mr. Nashiri.

In preparation for the trials, the Justice Department has been quietly recruiting lawyers from the ranks of experienced terrorism prosecutors, mainly in New York and Virginia.

The new war crimes trials will operate according to rules modeled after the military justice system which were approved in legislation known at the Military Commission Act, which was signed into law last fall. The law has been criticized by some Democrats in Congress and human rights groups who say the procedures are flawed because they tilt in the government's favor.

Prosecutors could use hearsay evidence or second-hand testimony, but could not use information obtained under torture. Even so, that would mean virtually any information obtained by the C.I.A would appear to be admissible because, under Justice Department legal opinions, none of the harsh techniques amounted to torture.

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At their trials, the accused would have the right not to testify and would have the opportunity to present evidence and cross-examine witnesses against them. The trials would be open unless a military judge determined that they should be closed to protect classified information. Defendants would have the right to review the evidence to be used against them.

The C.I.A. indicated in court filings last November how it hopes to deal with efforts by defendants to bring up the issue of their interrogations. In a case involving one of the 14 high-level Qaeda detainees, the intelligence agency asked a federal judge to rule that the prisoner could not describe details of his confinement because of national security concerns. No ruling has yet been issued.

The case involves Majid Khan, a Pakistani who authorities have said was selected by Mr. Mohammed in 2002 to take part in a possible attack in the United States.

When civil liberties lawyers filed a petition on Mr. Khan's behalf in federal court in Washington, the C.I.A. submitted an affidavit saying that if specific interrogation techniques were disclosed, "It would permit terrorist organizations to adapt their training to counter the tactics that C.I.A. can employ in interrogations."

80 Arrested Protesting Guantanamo Detentions (WP)

By Carol D. Leonnig

The Washington Post, January 12, 2007

More than 80 protesters were arrested inside the federal courthouse in Washington yesterday after a demonstration that called for closing the U.S. military prison in Guantanamo Bay, Cuba.

The demonstrators were commemorating the fifth anniversary of the opening of the Guantanamo detention facility. They targeted the courthouse where lawyers have challenged the legality of indefinitely imprisoning hundreds of suspected enemy fighters and terrorists at Guantanamo.

Those arrested were part of a group of nearly 300 demonstrators -- a loose coalition of antiwar, civil liberty and religious organizations. The group had a permit to protest outside the courthouse at Third Street and Constitution Avenue NW.

But dozens of protesters filed through a side entrance and began to gather in the building's central atrium, chanting, "Stop torture" and wearing shirts reading "Shut Down Guantanamo." Others wearing orange jumpsuits -- similar to those worn by detainees at the prison that now houses 400 Muslim men from foreign countries -- were barred from entering the courthouse as a security risk, and marshals locked the court's front doors about noon.

U.S. District Chief Judge Thomas F. Hogan tried to reach an accommodation with the protesters inside, ordering that they be allowed to remain if they removed or covered their shirts and put away their signs so as not to disrupt trials underway. Court security officials said it was the first time in recent history that a protest had been allowed inside the federal court.

But, after a brief discussion with U.S. Marshal George Walsh, the group refused, and a team of deputy marshals arrested the praying, kneeling protesters one by one, putting them in flexible plastic handcuffs and taking them to a booking and holding cell in the court basement.

Many of the people prayed and repeatedly sang, "Peace, Salam, Shalom" as they were waiting to be cuffed and led away. They were charged with disorderly conduct on a federal property, a misdemeanor. All were expected to be released last night.

"If you accuse someone of a crime, you have evidence, you have a trial!" Maria Allwine, of the Baltimore group Iraq Pledge of Resistance, shouted as a marshal led her away. "Where is the evidence?"

Earlier in the day, Amnesty International, the Center for Constitutional Rights and defense attorneys for some detainees held a news conference and rally at the U.S. Supreme Court urging supporters worldwide to pressure the U.S. government to close the detention facility.

It was opened Jan. 11, 2002, to house alleged terrorists and Taliban fighters rounded up in Afghanistan and Pakistan during the U.S. war in Afghanistan. The prison has been plagued by allegations of detainee abuse, and the military has been embarrassed by revelations that FBI agents warned their bosses that they considered detainee treatment there cruel and inhumane.

Last week, FBI documents released as part of a lawsuit by the American Civil Liberties Union included new allegations of questionable treatment of Muslim prisoners at Guantanamo Bay. One interrogator allegedly infuriated a prisoner by squatting over a Koran, and two agents reported witnessing military personnel using vicious dogs to intimidate prisoners, the documents show.

Unveiled Threats (WP)

The Washington Post, January 12, 2007

MOST AMERICANS understand that legal representation for the accused is one of the core principles of the American way. Not, it seems, Cully Stimson, deputy assistant secretary of defense for detainee affairs. In a repellent interview yesterday

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with Federal News Radio, Mr. Stimson brought up, unprompted, the number of major U.S. law firms that have helped represent detainees at Guantanamo Bay.

"Actually you know I think the news story that you're really going to start seeing in the next couple of weeks is this: As a result of a FOIA [Freedom of Information Act] request through a major news organization, somebody asked, 'Who are the lawyers around this country representing detainees down there,' and you know what, it's shocking," he said.

Mr. Stimson proceeded to reel off the names of these firms, adding, "I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms, and I think that is going to have major play in the next few weeks. And we want to watch that play out."

Asked who was paying the firms, Mr. Stimson hinted of dark doings. "It's not clear, is it?" he said. "Some will maintain that they are doing it out of the goodness of their heart, that they're doing it pro bono, and I suspect they are; others are receiving monies from who knows where, and I'd be curious to have them explain that."

It might be only laughable that Mr. Stimson, during the interview, called Guantanamo "certainly, probably, the most transparent and open location in the world."

But it's offensive -- shocking, to use his word -- that Mr. Stimson, a lawyer, would argue that law firms are doing anything other than upholding the highest ethical traditions of the bar by taking on the most unpopular of defendants. It's shocking that he would seemingly encourage the firms' corporate clients to pressure them to drop this work. And it's shocking -- though perhaps not surprising -- that this is the person the administration has chosen to oversee detainee policy at Guantanamo.

U.S. Has Lost Credibility On Rights, Group Asserts (WP)

By Nora Boustany

The Washington Post, January 12, 2007

The advocacy group Human Rights Watch said yesterday that Washington's once-powerful role as a prime defender of human rights had effectively ended because of arbitrary detentions and reports of torture since the Sept. 11, 2001, terrorist attacks, and the group urged the European Union to step up as a leader of the cause.

Kenneth Roth, executive director of Human Rights Watch, released the group's World Report 2007, an assessment of last year's global human rights practices, by saying that the counterterrorism record of the United States over the past five years has tarnished its credibility as an influential moral voice.

He listed several practices he said were being used by the Bush administration in its fight against terrorism, including torture, arbitrary detentions, allowing CIA interrogators to use coercive techniques and the unsupervised handling of so-called enemy combatants held in other countries.

"This catastrophic path has left the United States effectively incapable of defending some of the most basic rights," Roth said in the report, released on the fifth anniversary of the arrival of the first detainees at the U.S. prison at Guantanamo Bay, Cuba.

Roth said Sudan, where the people of the western Darfur region are subject to mass murder, rape and forcible displacement, finds it easier to resist an international protection force because of the U.S.-led invasion of Iraq.

"The trend is bleak, but not irreversible," Roth wrote in an introduction to the report, saying it was up to the new Democratic-led Congress to repudiate past abuses, press for policy change and seek accountability.

The report listed the governments of North Korea, Burma and Turkmenistan as "repressive" and as imposing "enormous cruelty" on their populations. Saudi Arabia, Syria and Vietnam remain closed dictatorships. Russia and Egypt are cracking down on nongovernmental organizations, while Peru and Venezuela are considering the same path. Iran and Ethiopia are silencing dissidents with impunity, the report said.

The report's introduction lamented the poor performance of the new U.N. Human Rights Council and called it hardly an improvement over its predecessor, the Commission on Human Rights. Though the council's central duty is to pressure highly abusive governments to change, it "has so far failed to criticize any government other than Israel," in "a mockery of the high principles of its founding."

With Washington's voice diminished, the E.U. should be the strongest and most potent defender of human rights, Roth said, but as the group seeks consensus among its enlarged membership, its impact on the world stage is much less than its potential.

"We are looking for a powerful actor. The Europeans say all the right things, but there is no sense of immersion, no sense of duty," Roth said in an interview Wednesday. "When you have 27 members, how do you decide on common policy?" He also criticized Europe's role in the rights council as being "too micro-tactical and one of a micromanager worried with changing words here and there rather than being effective."

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Roth also said the E.U.'s current system of a six-month rotating presidency hampers the group's effectiveness.

"Human rights work is about sustained follow-up. You come back and you come back until you get someone or a country to change its behavior," Roth said. "When you have this rotating blur of presidencies . . . it is a recipe for failure. The most reluctant member determines E.U. policy, so the whole is less than the sum of its parts."

Man Captured, Returned To U.S. To Face Terror-Related Charges (WNBC)

By Joseph Valiquette

WNBC-TV, January 12, 2007

NEW YORK -- A key associate of a foreign terrorist organization has been captured in Indonesia and returned to New York to face federal charges including conspiracy to provide material support and resources to the Tamil Tigers.

Thavarajah Pratheepan was arrested by Interpol and placed in FBI custody. At his arraignment Thursday afternoon in federal court in Brooklyn, he pleaded not guilty and was ordered held without bail. His next court appearance will be on Jan. 18.

Pratheepan was named along with nine others in court papers unsealed in August accusing the defendants of being closely connected with the leaders of the Tamil Tigers in Sri Lanka.

Founded in 1976, the Tamil Tigers, also called the Liberation Tigers of Tamil Eelam, seek to establish an independent Tamil state in northern Sri Lanka. The group is accused of using terrorism to achieve its goal.

The group's campaign includes 200 suicide bombings and political assassinations, including the May 1991 assassination of former Indian Prime Minister Rajiv Ghandi and the 1993 assassination of the president of Sri Lanka, Ranasinghe Premadasa.

Since April, more than 1,700 people have been killed in the escalating conflict. The U.S. State Department designated the group a Foreign Terrorist Organization in 1997.

The Joint Terrorism Task Force based in Newark, N.J., arrested four of the men on Long Island last August in a sting operation after three of them traveled from Canada to purchase Russian-made SA-18 surface-to-air missiles, missile launchers and AK-47s from an undercover agent.

Pratheepan is identified in the court papers as being the main liaison between the leadership of the Tamil Tigers and its supporters in North America, Europe and Asia, as well as being involved in procuring equipment for the group.

Alleged Sri Lankan Rebel Extradited To America On Terrorism Charges (AP)

AP, January 12, 2007

JAKARTA, Indonesia: Indonesian authorities on Wednesday handed an alleged Sri Lankan Tamil Tiger rebel to the United States where he has been sentenced to 15 years in prison in absentia for trying to smuggle weapons to his homeland, a police spokesman said.

Tharajah Piratheeban, 32, was escorted by FBI agents on a flight to the United States from Jakarta's Sukarno-Hatta Airport, Col. Bambang Kuncoko said.

Kuncoko said Piratheeban was convicted on terrorism charges by a New York district court for purchasing weapons in the United States and trying to export them to Sri Lanka.

Indonesian officials could not confirm reports he was also suspected of plotting an attack in New York.

He was detained Jan. 4 in Indonesia trying to board a flight to Kuala Lumpur, Malaysia, Kuncoko said.

Today in Asia - Pacific

Bangladesh president steps down as government leader

Missing passenger jet's debris found in Indonesian sea

150 insurgents killed in Afghanistan, NATO says

In Colombo, spokesman Keheliya Rambukwella said "the Sri Lankan government is happy that the world is getting united in fighting terrorism" and had approved the transfer with Indonesian officials.

U.S. officials could not be immediately reached for comment Wednesday.

The Liberation Tigers of Tamil Eelam, or LTTE, have fought the Sri Lankan government since 1983 for an independent homeland for the nation's ethnic Tamils. A cease-fire brokered by Norway in 2002 temporarily stopped the fighting, but renewed violence in the north and east has escalated since late 2005.

Blast At U.S. Embassy Called 'Terrorism' (AP)

By Nicholas Paphitis

AP, January 12, 2007

A rocket was fired at the U.S. embassy early Friday, striking the front of the building but causing no injuries. A senior police official said the blast was an act of terrorism.

Police cordoned off streets around the heavily guarded building after the explosion shortly before 6 a.m. The shell struck the third floor and smashed glass in nearby buildings.

Investigators found the device used to fire the rocket shell at a construction site near the embassy.

"This is an act of terrorism. We don't know where from," Attica Police Chief Asimakis Golfis said. "There was a shell that exploded in the toilets of the building ... It was fired from street level."

Embassy officials confirmed that an explosion had taken place and said that no one had been injured. U.S. ambassador Charles Reis said the damage was "not extensive."

"There can be no justification for such a senseless act of violence ... The embassy was occupied at the time (but) nobody was hurt, he said.

Authorities were searching apartment buildings near the U.S. Embassy and a nearby hospital for evidence.

"I heard a loud bang I didn't realize what was going on," said Giorgos Yiannoulis, who runs a kiosk near the embassy.

Traffic came to a standstill across parts of central Athens, as police and emergency services scrambled to the embassy building, which is a frequent destination for protest groups.

It was the first major attack against a U.S. target in more than a decade, following the arrest of members of Greece's far-left November 17 terrorist group. The group was blamed for killing 23 people — including U.S., British and Turkish officials — and dozens of bomb attacks.

In 2003, a special court gave multiple life sentences to November 17's leader, chief assassin and three other members. Lesser sentences were given to 10 others.

Southeast Asians Consider Pact Against Terrorism (NYT)

By Carlos H. Conde

The New York Times, January 12, 2007

CEBU, the Philippines, Jan. 11 — Ten Southeast Asian countries meeting here are hammering out a regional antiterrorism agreement, officials said Thursday, the day after a series of terrorist bombings in the southern Philippines underscored the need for such a measure.

“The terrorists merely accomplished the opposite of what they wanted,” said Victoriano Lecaros, a Philippine government spokesman. “The attacks only emphasized the need to address terrorism in Southeast Asia. There is now a renewed urgency to deal with terrorism.”

Leaders of the 10 members of the Association of Southeast Asian Nations, or Asean, will consider the measure, the Asean Convention on Counterterrorism, at their annual summit meeting here on Saturday. The agreement aims to improve information and intelligence sharing among the group’s members and encourage them to adopt domestic antiterrorism laws, officials said.

“Global terrorism has assumed new forms of virulence, and we will make sure that the community is more secure and resistant to the threat of terror,” said Alberto Romulo, the Philippine foreign minister.

Bombs ripped through three southern cities here on Wednesday night, killing eight people and wounding dozens, the police said. No group claimed responsibility, but two radical Islamist groups, Abu Sayyaf and Jemaah Islamiyah, are suspected, an official said, because they were behind similar bombings in the past.

Foreign ministers meeting here before the summit meeting discussed the convention on Wednesday night. Opponents of the antiterrorism agreement fear that it could be used to suppress human rights.

One result of the discussions was that Indonesia invited several countries, including the Philippines, Malaysia, Thailand and Australia, to meet in March to discuss terrorism.

The attacks Wednesday in the southern region of Mindanao, where there is an active Islamist separatist movement, followed claims by President Gloria Macapagal Arroyo in recent weeks that her government had made progress fighting terrorists.

“They were trying to send a message,” said Oscar Calderon, the chief of the national police, referring to the attackers. “They wanted to embarrass the government because of the meetings in Cebu.”

The Philippine police and military have been receiving help from the United States and Australia in fighting Abu Sayyaf, which has been giving refuge to Jemaah Islamiyah members. Jemaah Islamiyah is a Southeast Asian terrorism network that originated in Indonesia and was said to be behind the 2002 Bali bombings that killed more than 200 people.

HOMELAND RESPONSE:

Administration Offers Plan To Ease Rules On Asylum (NYT)

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By Rachel L. Swarns

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — After months of pressure from lawmakers, conservative groups and advocates for immigrants, the Bush administration announced plans on Thursday to seek legislation that would provide relief to thousands of refugees and asylum seekers who have been inadvertently denied refuge because of antiterrorism laws.

The laws, including the USA Patriot Act and the Real ID Act, deny entry to anyone who belongs to or has provided material support to armed rebel groups, even if that support was coerced and even if the armed groups fought alongside American troops or opposed authoritarian governments criticized by the Bush administration.

The new legislative proposal would allow the resettlement of combatants and members of those armed groups, including refugees fleeing the authoritarian government of Myanmar, formerly known as Burma; hundreds of refugees from Vietnam and Laos who fought alongside American troops in the Vietnam War; and dozens of Cubans who supported armed groups opposed to Fidel Castro in the 1960s.

The Bush administration would also exercise its authority to provide waivers to allow the resettlement of thousands of refugees from Myanmar, Vietnam, Tibet and Cuba who provided material support to rebel groups. It would also, for the first time, provide relief to the 5,600 people from those countries whose asylum claims have been placed on hold here or who have been admitted as refugees but prevented from becoming permanent residents here because of the antiterrorism laws.

The administration would also allow some individuals who were forced to provide support to groups deemed as terrorist to be resettled or granted asylum here. Many were barred because the statutes broadened the definition of terrorist groups to include any group of two or more people who take up arms against a state, even if the group supports the aims of American foreign policy and do not appear on the government's designated list of terrorist groups.

Refugee advocacy groups, including Human Rights First and Human Rights Watch, and conservative groups like Concerned Women for America and the National Association of Evangelicals, had pressed for such changes for months. And officials acknowledge that many refugees suffered from the "unintended consequences" of the antiterrorism laws, remaining stranded in bleak refugee camps or in American jails while immigration courts debated their fates.

But Paul Rosenzweig, acting assistant secretary for international affairs at the Department of Homeland Security, told reporters that the administration expected to present legislation to Congress by the end of the month and to exercise most of its waivers within a day or so. The waivers allowing for relief for Hmong and Montagnard refugees, who fought with American troops in Vietnam, are also being processed.

"There isn't anybody in this room who doesn't wish we could have moved more quickly than we have," Mr. Rosenzweig said.

Advocacy groups hailed the decision as an important step forward, but warned that it would still leave many people vulnerable.

Under the new plan, for instance, refugees and asylum seekers forced to cooperate with groups on the government's list of terrorist groups would be ineligible for resettlement or asylum here. That would affect Colombians forced to support their country's largest rebel group, the Revolutionary Armed Forces of Colombia, among others.

The process would also leave out individuals who do not belong to the ethnic groups named in the waivers.

"I think they have made some real progress, and as a result more people will be protected," said Jennifer Daskal of Human Rights Watch. "But many people will continue to be barred and put at real risk. There's a need to go further."

For A Fee, Fliers Won't Shed Shoes (USAT)

By Thomas Frank, Usa Today

USA Today, January 12, 2007

Footwear scanner now used at Orlando airport

A new machine will allow some air travelers to avoid a post-9/11 hassle starting today — taking off shoes at a checkpoint.

Orlando International starts using the ShoeScanner this morning but only for people who pay an annual fee and pass a background check. Those fee-paying travelers will soon find the machines at Indianapolis, San Jose and Cincinnati airports and in Terminal 7 at New York's Kennedy International.

The ShoeScanner detects explosives in shoes when people stand on its platform for 20 to 25 seconds, allowing the machine to shoot radio waves at footwear to provide a molecular peek inside.

This is "going to make it less of a hassle for passengers," said Indianapolis airport security director Reggie Baumgardner.

Travelers in the USA have been largely required to remove their shoes at checkpoints since December 2001, when al-Qaeda recruit Richard Reid unsuccessfully tried to blow up a trans-Atlantic jetliner with explosives in his sneakers.

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ShoeScanners will be available only to people who join the Registered Traveler program, which allows faster security lines for passengers paying about $100 a year. The Transportation Security Administration approved ShoeScanners only for Registered Traveler and has no plans to expand it to regular checkpoints because of cost and time concerns.

The ShoeScanner's $200,000 per unit cost is being paid by Verified Identity Pass, a Manhattan company that several airports have hired to run Registered Traveler.

"This (machine) is what some airports have been waiting for," said Orlando security director Brigitte Goersch. Orlando runs a Registered Traveler program with 30,000 enrollees.

Tim Anderson, deputy operations director at Minneapolis-St. Paul International, said the ShoeScanner "is just a marginal improvement" that won't propel the airport to start Registered Traveler.

The machine is made by GE Security. Airport consultant Rich Roth said it's not infallible. Scanners may miss plastic knives or other non-explosives, he said, adding, "It would be far safer if we made everyone take their shoes off."

Shin Bet Questions Ex-American Suspected Of Aiding Islamic Jihad (HAARETZ)

By Yossi Melman

Haaretz, January 12, 2007

Israeli authorities who arrested the former imam of Ohio's largest mosque who was deported from the United States have questioned him about his connections to Islamic Jihad, his attorney said Wednesday.

Palestinian Fawaz Damra's American citizenship was revoked due to suspicions that he raised funds for Islamic Jihad 15 years ago. Damra has admitted to raising money for the Palestinian cause, said his attorney, Smadar Ben-Natan.

Damra was transferred to Israeli custody on a "secret flight" coordinated by the FBI and Israeli security services.

Ben-Natan met with Damra at the Kishon prison on Wednesday. She is representing him at his family's request.

Damra told Ben-Natan that he had raised funds for the Palestinian cause in 1991. He also told U.S. judicial authorities that his sermons had included harsh words against Israel and the Jews, whom he described as "pigs and monkeys."

Nonetheless, Damra said he changed his worldviews after 1993, attended university and began working at organizations that promote interreligious dialogue.

Damra said his citizenship was revoked despite his change in opinion. Several days ago, he boarded a special plane destined for Jordan at New Jersey's Newark Airport, along with six drug dealers. Following a short interrogation, Jordanian authorities transferred him to the Shin Bet and Israel Police via Allenby Bridge.

Damra, a 46-year-old Palestinian whose family lives in Nablus, served as the imam of the Cleveland mosque for several years.

He was arrested in the United States about a year ago on suspicion of raising funds for Islamic Jihad in 1991, but not enough evidence was found to prosecute him. To avoid an acquittal, the U.S. ruled to revoke Damra's citizenship in a legal proceeding, arguing that Damra had violated immigration laws by not handing over information on the organizations with which he was involved prior to receiving citizenship.

Damra's situation is unique, as he is a U.S. citizen who was arrested on U.S. territory. Most suspects transferred via secret flights have been arrested in countries such as Afghanistan, Pakistan and Egypt.

Lawyer: Cleric Being Questioned; Arrest Will Be Appealed (ABJ)

By Aron Heller

Akron Beacon Journal, January 12, 2007

JERUSALEM - Israeli authorities who arrested the former imam of Ohio's largest mosque after he was deported from the United States have questioned him about the militant Palestinian group Islamic Jihad, his attorney said Thursday.

Fawaz Damra, 46, was arrested and accused of having ties with Islamic Jihad 15 years ago, said Smadar Ben-Natan, Damra's Israeli lawyer. Islamic Jihad, responsible for numerous suicide bombings and other attacks on Israelis, is classified by Israel and the U.S. as a terrorist organization.

Ben-Natan met her client for the first time on Wednesday at the Kishon prison in northern Israel and said he was being treated well. She said she would appeal his arrest later Thursday.

Damra, 46, a Palestinian from the West Bank city of Nablus, was deported by U.S. authorities last week because he was convicted of concealing his ties to terrorist groups when he applied for American citizenship in 1994.

During his trial in 2004, jurors were shown evidence that Damra raised money for the organization, along with footage of a 1991 speech in which he called Jews "the sons of monkeys and pigs." He later apologized for making anti-Semitic statements.

Relatives expecting him to enter the West Bank on Friday reported he never showed up. Ben-Natan said he was apprehended by Israeli authorities at the Allenby crossing with Jordan and taken into custody.

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Israel's internal security service, the Shin Bet, confirmed Tuesday that Damra was arrested because of his ties to Islamic Jihad. It provided no other details.

On Wednesday, an Israeli judge extended Damra's detention by 15 days, Ben-Natan said.

Ben-Natan said the contact Damra is accused of having with Islamic Jihad took place in 1991 and that Damra was unaware the money was going to the militant organization.

Damra, whose wife and three daughters remain in the U.S., served as the imam, or religious leader, of the Islamic Center of Cleveland.

Despite a campaign by his family and supporters to keep him in the U.S., Damra was deported after spending a year in a Michigan jail. His relatives in the U.S. said they hadn't been notified he had been deported, and found out only when his lawyer arrived at the jail and found him gone.

White Powder Found At Two South Florida Courthouses (MH)

By Trenton Daniel And Jennifer Lebovich

The Miami Herald, January 12, 2007

Authorities found mysterious powders in two South Florida courthouses -- one in Broward, the other in Palm Beach -- Thursday but neither substance proved a threat.

Fort Lauderdale officials received a call at 4:29 p.m. of an unknown powder in the first-floor mailroom of the downtown courthouse, said Assistant Fire Chief Stephen McInerny. The letter the powder was found in was addressed to the clerk of the courts.

Hazardous material teams from Fort Lauderdale responded to the call at 201 SE Sixth St. The area near the mailroom was evacuated, said McInerny.

Tests of the substance showed that it didn't appear to be hazardous, McInerny said.

"It appears to be some sort of a sugar substitute," McInerny said. ``We know we're dealing with a non-harmful product."

Three mailroom employees were exposed to the "brown granular powder" but no one was injured, he said.

The false alarm coincided with the discovery of a silvery-white powdery substance found earlier in the day at the Palm Beach County Courthouse. Five people were decontaminated but there were no injuries.

"There's no threat found associated with the powder that was there," said Judy Orihuela, a spokeswoman for the FBI, which responded.

It was not immediately known if the two scares were related, but investigators planned to look into the matter.

"It's coincidental," said McInerny.

In Palm Beach County a mail worker discovered the substance around 11:30 a.m. as she was delivering mail to the chambers of two judges on the building's ninth floor, said Teri Barbera, a spokeswoman for the Palm Beach Sheriff's Office. She had just visited the first-floor law library.

On the envelope, investigators found tellurium, a rare chemical element that can take the form of a silvery-white powdery substance. Tellurium is listed as a chemical hazard on the Centers for Disease Control and Prevention's website. Garlic breath and drowsiness are key symptoms of ingestion.

Fire-rescue units responded, and decontaminated five people who may have come in contact with the substance, said Barbera. The FBI also arrived, to assist with the investigation.

The mailroom, law library, and the judges' chambers were evacuated after the scare, but the courthouse resumed normal operations late in the afternoon.

Since FBI agents found no serious threat in the envelope -- a letter from an attorney to a judge requesting a motion hearing -- local agencies will take over the investigation to see who's responsible for planting the substance, said Barbera.

Poison Found On Envelopes At PBC Courthouse (PALMBEACHP)

By Susan Spencer-Wendel, Laura Green, Palm Beach Post Staff Writers

Palm Beach Post (FL), January 12, 2007

WEST PALM BEACH — A letter with a poisonous shiny powder stuck to the outside closed the Palm Beach County courthouse to entrants for hours Thursday afternoon and sent five court employees to an inflatable tent where a hazardous materials team stripped them naked and decontaminated them.

All five were given thorough health checks and reported no ill effects, a fire department spokesperson said.

More than two hours after the powderâ€™s discovery at about 11:30 a.m., fire officials identified the substance as tellurium, a poisonous alloying agent used for things like coloring glass or strengthening lead. If ingested, it can cause abdominal

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disruptions, and if inhaled, can cause drowsiness, headache, nausea and a garlic odor, according to the Centers for Disease Control.

The substance was stuck to the outside of an envelope addressed to Circuit Judge John Hoy from a local law firm, said court operations manager Rick Hussey. Hussey saw the envelope and said the powder looked like it had been transferred there from somewhere else, possibly postal equipment.

Investigators donned hazardous material suits Thursday evening to pore through 200 pieces of mail, looking for the source. Two judicial assistants left the letter with powder stuck to it down in the mailroom, but carried other mail which had the substance on it up to nine floors above to the judgesâ€™ chambers, widely spreading exposure, officials said.

Capt. Frank DeMario, who oversees courthouse security, called it an "expensive training exercise" and blamed a failure to follow protocol established for suspicious mail since the anthrax attack of 2001.

On Thursday, ambulances and fire-trucks lined the south side of the courthouse for hours, and the road was closed to traffic.

The FBI and Homeland Security joined the investigation. People could not enter the building for most of the afternoon, but court cases continued as usual.

The scene was similar to one in Fort Lauderdale where at about 4:30 p.m. officials received a call of an unknown powder discovery in the first-floor mailroom of the downtown courthouse. Hazardous material teams responded and the area near the mailroom was evacuated, said Fort Lauderdaleâ€™s Assistant Fire Chief Stephen McInerny.

The letter the powder was found in was addressed to the clerk of the courts. But tests of the substance showed that it didnâ€™t appear to be hazardous, but "some sort of sugar substitute," McInerny said.

In West Palm Beach, Hussey, the courthouseâ€™s emergency coordinator, said all mail is opened in the mailroom, to contain any such events there. Employees have received training to stay in the mailroom and contact authorities. "Iâ€™m disappointed. It never should have turned into this," Hussey said.

Hussey was one of the five employees who had to be stripped and showered following his exposure. Rescue workers in space suits and plastic masks placed every piece of clothing and jewelry on him in sealed bags, then showered him off twice. The substance tested negative for radioactivity, he said.

A batch of mail in the same area of the mailroom was taken to a lab to be analyzed hoping to find some answer to where it came from, he said.

Staff researcher Melanie Mena and the Miami Herald contributed to this story.

Powder Scare Hits Courthouses In West Palm Beach, Fort Lauderdale (FLSUNSEN)

By Sofia Santana And Missy Diaz, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 12, 2007

Suspicious powder found in the mail at the Broward and Palm Beach county courthouses Thursday caused firefighters to isolate several employees who came into contact with the substances, but no one was injured or appeared sick.

Officials did not know whether the two cases were related and are trying to determine where the letters came from. In Palm Beach County, the substance was tellurium, a rare chemical element, a Fire Rescue spokesman said. Prelimiary indications are that the substance in Broward appears to be some sort of food additive, possibly a sugar substitute, a fire official said.

In West Palm Beach, firefighters decontaminated five people who touched two envelopes tainted with traces of tellurium, a silvery white substance. None had an adverse reaction, Fire Rescue spokesman Phil Kaplan said.

A byproduct of electrolytic copper refining, tellurium can cause garlic-like odor to breath and sweat in small exposure. Heavy exposure may result in headache, drowsiness, metallic taste, loss of appetite, nausea, tremors, convulsions and respiratory arrest.

Three mailroom employees in the Broward courthouse were exposed to a light brown powder, said Stephen McInerny, Fort Lauderdale Fire-Rescue assistant chief. The Sheriff's Office crime lab will try to determine exactly what the powder is.

"We escorted the three in the mailroom to the bathroom, where they washed their hands up real good," McInerny said.

The three workers were examined by firefighters but declined medical treatment, he said.

About 11:45 a.m., assistants for Palm Beach Circuit Court Judges John Hoy and Karen Miller went to the first-floor mailroom to pick up mail and noticed a crystallized, powdery substance on the outside of an envelope addressed to Hoy, said courthouse spokesman Rick Hussey. The assistants left the letter in the mailroom and returned to their ninth-floor office with a bag of mail only to find that the substance was stuck on other mail inside the bag, said Hussey, who reported the suspicious find to authorities.

Hussey, who was among those who were decontaminated, said he had to strip,, bathe in a milky substance and then get hosed down by firefighters. "This could have been a minor thing and it turned out a lot worse because the procedures weren't followed," Hussey said.

Firefighters in Fort Lauderdale received a call about brown powder in a letter addressed to the clerk of courts at the courthouse at 201 SE Sixth St. just after 4:30 p.m. A mailroom employee had opened the letter, exposing two other co-workers. All three were isolated for several hours. Some firefighters donned white chemical suits fitted with breathing masks and oxygen tanks and collected samples of the suspicious substance, carrying small bags out in a green plastic grocery basket.

The courthouse remained open much of the evening, but sheriff's deputies had to block the main entrance at times so firefighters could enter and exit easily.

The incident turned out to be a good exercise for firefighters and courthouse employees, who following proper procedure, McInerny said. "They didn't leave the room, and they followed the exact plan they had in place," he said of the mailroom staff.

FBI agents were called to both courthouses, but declined to launch an investigation in Palm Beach County. FBI spokeswoman Judy Orihuela said agents were looking into the Broward case.

Powder Found At 2 S. Fla. Courthouses (BRAH)

The Bradenton Herald, January 12, 2007

WEST PALM BEACH, Fla. - Powdery substances were tested by authorities Thursday after being discovered at two south Florida courthouses.

A white substance found on the outside of two letters at the Palm Beach County Courthouse tested positive for tellurium, which can be hazardous if enough is ingested. But there was not enough present to be considered dangerous, Palm Beach County Sheriff's spokeswoman Teri Barbera said.

Five unidentified courthouse employees had to strip off their clothes and shower in a decontamination tent set up outside, Barbera said. Authorities were going through additional mail to determine if there was more of the substance.

A brown, granular powder found in the mailroom of the Broward County Courthouse in Fort Lauderdale also was being tested, but it did not appear to be hazardous, Assistant Fire Chief Stephen McInerny told The Miami Herald.

Three employees in the mail room there were exposed to the unknown substance, the South Florida Sun-Sentinel reported.

It was not clear whether the incidents were related.

Tellurium can cause liver damage and affect a person's central nervous system, according to U.S. Centers for Disease Control and Prevention.

In Palm Beach, the letters were carried by a mail clerk into the law library and two judges' chambers on the building's ninth floor. Barbera said those areas were sealed off and evacuated, but business went on elsewhere in the courthouse, including several trials.

E.U. Satisfied With Data Sharing (WP)

By Ellen Nakashima

The Washington Post, January 12, 2007

European Union officials said yesterday that the U.S. government had allayed their concerns about a homeland security program that creates and retains risk assessments on millions of air travelers to the United States.

But privacy advocates here and in Europe this week sent a letter to E.U. privacy commissioners charging that the Department of Homeland Security's Automated Targeting System "directly contravenes" a European-U.S. agreement on air-passenger data sharing.

The computerized screening program was designed to help U.S. Customs and Border Protection identify potential terrorists and prevent them from entering the United States. The system is used on about 90 million air passengers, cruise-ship passengers and some automobile drivers and passengers entering the country each year, Customs officials said. Those it flags are further scrutinized.

An E.U. spokesman in Washington, Telmo Baltazar, said Homeland Security officials assured the Europeans that the screening system observed privacy protections called for in the data-sharing agreement.

"A risk assessment is a normal law enforcement tool," Baltazar said yesterday. "The alternative to risk assessments is to consider everyone alike."

But in a letter to the chief privacy officials of 27 countries, the American Civil Liberties Union and London-based Privacy International said the Automated Targeting System violated the October data-sharing accord, U.S. law and European data-protection laws.

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The system's creation of terrorist risk assessments on all passengers, the storing of profiles for as long as 40 years, and the fact that passengers have no right to see, modify or correct the information violates the agreement, the groups said.

"The ATS is a clear threat to privacy and human rights," Simon Davies, the director of Privacy International and Barry Steinhardt, the ACLU's Technology and Liberty Project director, said in the letter.

Jarrod Agen, a Department of Homeland Security spokesman, said the program did not violate the requirement that European passenger data be stored for 3 1/2 years at the most. He said the U.S.-E.U. agreement stipulates that some information may be kept for less than 40 years.

The air-passenger profiling program has been operating for about 10 years, Customs officials said, but its existence was not widely known until November, when it was described in the Federal Register

Under the U.S.-E.U. agreement, up to 34 types of information can be collected, including names, credit card data and flight itineraries. Sharing and use of the information is restricted. The agreement is due to be renegotiated this summer.

Concerns also have been raised in Congress and by privacy advocates that information can be shared with a wide range of federal, state, and local government agencies for purposes other than border security and that the passenger assessments violated a congressional ban on developing such programs.

Pork, Peanut Butter And Security (NYT)

The New York Times, January 12, 2007

Making his umpteenth pitch to Congress to provide more security money for New York City, Mayor Michael Bloomberg stated the obvious when he said that money to defend against terrorism should be divvied up based on an assessment of risks, not “spread across the country like peanut butter.” After all, his testimony to the Senate Homeland Security and Governmental Affairs Committee echoed one of the key recommendations of the 9/11 Commission. The mayor estimated that more than $3 billion had been distributed in this lunatic way to date.

Unfortunately, the committee’s incoming chairman, Senator Joseph Lieberman, is partial to peanut butter. Mr. Lieberman, who won re-election last November as an independent with help from Mr. Bloomberg, continues to believe that every state, regardless of the risks or threats it faces, should be getting antiterrorism money. In negotiations with the House, Mr. Lieberman is seeking a “compromise” formula that preserves guaranteed minimums for relatively low-risk places like his home state of Connecticut. The minimums he wants well exceed the financing favored by the House, and cannot be justified on the basis of national security.

Mr. Lieberman also wants to increase the overall amount of money budgeted for state and local antiterrorism efforts. He is right about that. High-risk jurisdictions like New York have been unfairly burdened by the steep decrease in spending recently. But without a formula adjustment that minimizes the pork barreling that now sends antiterrorism money needed in New York City to places like Nebraska, it would also increase the waste.

Mr. Lieberman fought the odds, held his seat and got this chairmanship. Now it’s up to him to use the power responsibly.

Jury Awards $2.5M In Punitive Damages In Katrina Suit Against State Farm (AP)

By Garry Mitchell, The Associated Press

AP, January 12, 2007

A Mississippi jury on Thursday awarded $2.5 million in punitive damages to a couple who sued State Farm Fire & Casualty Co. for denying their claim after Hurricane Katrina, a decision that could benefit hundreds of other homeowners challenging insurers for refusing to cover billion of dollars in storm damage.

A federal judge only hours earlier had taken part of the case out of jurors' hands before they awarded punitive damages to State Farm policyholders Norman and Genevieve Broussard.

U.S. District Judge L.T. Senter Jr. ruled Thursday morning that State Farm is liable for $223,292 in damage Hurricane Katrina caused to the Broussards' home. Senter left it to a jury to decide whether to award punitive damages.

Senter's decision to make a directed verdict rather than let the jury decide the entire case appeared to surprise everyone in the courtroom. After he explained his ruling, Senter ordered a recess to give attorneys time "to get over the shock."

Some of Senter's earlier rulings in other Katrina cases have favored the insurance industry, but his decision Thursday calls into question the companies' refusal to cover billions of dollars in damage from Katrina's storm surge.

The Broussards sued State Farm for refusing to pay for any damage to their home, which Katrina reduced to a slab. The couple, who wanted State Farm to pay for the full insured value of their home plus $5 million in punitive damages, claimed that a tornado during the hurricane destroyed their home. State Farm blamed all the damage on Katrina's storm surge.

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State Farm and other insurers say their homeowner policies cover damage from wind but not from water, and that the policies exclude damage that could have been caused by a combination of both, even if hurricane-force winds preceded a storm's rising water.

Senter, however, ruled that State Farm couldn't prove that Katrina's storm surge was responsible for all of the damage to the Broussards' home. The judge also said the testimony failed to establish how much damage was caused by wind and how much resulted from storm surge.

"We are surprised and disappointed by the court's ruling," said State Farm spokesman Phil Supple. "The expert testimony supported a different result. After the conclusion of this case, we will evaluate our next steps in this lawsuit."

In his closing argument Thursday, one of the Broussards' attorneys, William Walker, said State Farm had breached their contract "in a bad way" by denying their claim. State Farm "acted like a chiseler," he said, adding, "The pocketbook is what they listen to."

State Farm attorney John Banahan urged jurors to "use your head and your heart" in deciding on punitive damages and to reject an attempt by the Broussards' attorney to demonize the company as an "evil empire."

Robert Hartwig, chief economist for the Insurance Information Institute in New York, said before the jury announced its decision that a punitive damage award would be "distressing" for insurers.

"It adds even more cost and more uncertainty to the other problems that already exist in the Mississippi homeowners insurance market," he said.

The Broussards' case isn't directly involved in recent settlement talks between State Farm Fire & Casualty Co., Mississippi Attorney General Jim Hood and policyholders' lawyers.

People with direct knowledge of the settlement talks told The Associated Press this week that State Farm, Mississippi's largest home insurer, is considering paying hundreds of millions of dollars to settle more than 600 lawsuits and resolve thousands of other disputed claims.

Richard "Dickie" Scruggs, an attorney who represents 639 State Farm policyholders in the settlement talks, said he doesn't know how the judge's ruling on Thursday will affect the negotiations.

Randy Maniloff, a Philadelphia-based lawyer who represents insurers and has closely followed the Katrina litigation, said Senter's ruling is a "huge verdict" for homeowners even if the jury didn't award punitive damages.

"That settlement is looking awfully good for State Farm now," he added.

Associated Press writer Michael Kunzelman contributed to this report.

WAR NEWS:

Bush Cheered At Fort Benning (AP)

By Deb Riechmann

AP, January 12, 2007

President Bush, surrounded on Thursday by cheering soldiers in camouflage, defended his decision to send 21,500 more U.S. troops to Iraq and cautioned that the buildup will not produce quick results. "It's going to take awhile," he said.

With Americans overwhelmingly opposed to the increase, Bush said the U.S. commitment to the war was not open-ended — although he put no timetable on how long it would last. While more bloodshed can be expected, Bush said, Americans should give the Iraqi government time to prove its resolve to stop violence and unify the nation.

Fort Benning, south of Columbus, Ga., offered Bush a patriotic backdrop and a friendly audience in which to sell his retooled plan for Iraq, which drew heavy fire on Capitol Hill from Democrats and some Republicans. Some 4,000 members of Fort Benning's 3rd Brigade Combat Team are being sent to Iraq earlier than planned because of the president's decision.

"The new strategy is not going to yield immediate results. It's going to take awhile," Bush said. "The American people have got to understand that suicide bombings won't stop immediately."

The increase in soldiers is a hard sell. An Associated Press-Ipsos poll released Thursday said 70 percent of Americans oppose sending more troops. Bush's overall job approval slumped to 32 percent, a new low in AP-Ipsos polling. Sixty percent think it is unlikely that a stable, democratic Iraqi government will be established.

Outside the gates of the military base, dozens of demonstrators protested the war.

"Insanity is doing the same thing and expecting different results," said Jim Steen, an 81-year-old veteran who held a sign that read, "Surge for Peace."

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Some lawmakers have threatened to withhold financial support for an escalating the war. White House counselor Dan Bartlett said that the White House was closely monitoring sentiment in Congress, but he said those who reject the president's plan before it has a chance to work have the burden of proposing an alternative.

Bush said his new plan has a well-defined mission — something that military leaders have insisted upon if more troops were sent.

"The mission is to help Iraqis clear and secure neighborhoods, to help Iraqis protect the local population, and to ensure that the Iraqi forces that are left behind will be capable of providing the security necessary in the capital city of Iraq. That's the mission," he said.

Bush had lunch with about 300 military personnel and their relatives, saw a paratrooper training exercise and met with relatives of 25 soldiers who died in Iraq and Afghanistan.

He met Dave Tainsh, a retired Marine sergeant-major, and his wife, Deb, whose son, 33-year-old Army Sgt. Patrick Tainsh, was killed by a roadside bomb near the Baghdad Airport on Feb. 11, 2004. Deb Tainsh has at least 100 e-mails from parents of fallen soldiers or parents of soldiers who are about to depart for Iraq — all pledging support for Bush.

"Every one of these letters says, 'Mr. President, we support you,'" she said. "The consensus is that they ... want him to do everything he can to win this war and that our prayers are with him."

Before visiting Georgia, Bush awarded the Medal of Honor, posthumously, to Marine Cpl. Jason Dunham of Scio, N.Y. He was only the second recipient of the nation's highest military honor from the Iraq war.

"I've lost my son, but he became a part of history," Dunham's mother, Deb, said after the ceremony. "It still hurts as a parent, but the pride that you have from knowing he did the right thing makes it easier."

Bush Gets Cool Response From Troops Set For Iraq (WT)

By Joseph Curl

The Washington Times, January 12, 2007

FORT BENNING, Ga. -- President Bush sought a friendly audience and a patriotic backdrop yesterday to continue to make his case for sending 21,000 more troops to Iraq, but he received only tepid applause at this Army base, where the commanding general forbade soldiers from talking to reporters.

The president's speech was similar to the national address he delivered Wednesday night, but he used firm language when speaking about what is coming for insurgents in Iraq. He also hailed efforts by Prime Minister Nouri al-Maliki against militias responsible for continual waves of sectarian killings in Iraq.

"Yesterday, the resolve was seen when Prime Minister Maliki made it clear that illegal militias, including the Mahdi Army, have a choice to make: either lay down your arms or face justice," Mr. Bush said. "That's the kind of leadership that the Iraqi people expect, and that's the kind of leadership I expect, and the American people expect."

He added, "Our support is not open-ended. If the Iraqis demonstrate a willingness to fight for a better future, we'll help them. It's in our interests that we do so. Not only do we expect to see action militarily, as I mentioned, we expect to see them fulfill the benchmarks that they laid out for their people."

Mr. Bush visited Fort Benning because the base will send a combat brigade to Iraq earlier than planned, by March instead of late May or early June. The brigade has done two tours in Iraq, and on its last yearlong deployment, in 2005, 34 soldiers from the 4,000-member unit were killed.

In his speech, Mr. Bush also reiterated the warning he gave in his prime-time address: His planned troop surge would not be a quick fix.

"The new strategy is not going to yield immediate results. It's going to take awhile," he said. "The American people have got to understand that suicide bombings won't stop immediately."

Before meeting with families, Mr. Bush watched as five members of a parachute team floated to the ground in a demonstration of base training.

"We're proud of you," he told the men.

Earlier in the day, the president awarded the Medal of Honor to the late Marine Cpl. Jason Dunham of Scio, N.Y., who covered a hand grenade in Iraq two years ago, saving the lives of his comrades. He is the second Iraq war soldier to receive the prestigious award.

"I've lost my son, but he became a part of history," Cpl. Dunham's mother, Deb, said after the ceremony, which drew tears from Mr. Bush. "It still hurts as a parent, but the pride that you have from knowing he did the right thing makes it easier."

The 300 soldiers who, with their families, heard the afternoon speech were banned by Maj. Gen. Walter Wojdakowski, commandant of the 32,000-soldier base, from talking to reporters. Journalists were barred from re-entering Freedom Hall, where Mr. Bush delivered the speech, or from approaching soldiers outside the hall.

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While the president met with family members of 25 soldiers from the base who were killed in the Iraq and Afghanistan wars, several reporters waited for word from the base on whether the ban would be lifted. A senior administration official said, "We have no control over that."

Bush Meets With Fort Benning Troops Army Soldiers Scheduled To Join Iraq Buildup (AJC)

By Ron Martz, David A. Markiewicz

The Atlanta Journal-Constitution, January 12, 2007

Columbus — A day after President George Bush outlined his new plan for Iraq, he came to Fort Benning, an Army training base, to sell it to the soldiers who will have to implement it.

"Everywhere soldiers from this base serve, you leave you mark and I hope it will be a legacy of peace and freedom," Bush told an audience of 210 soldiers and 90 civilian family members.

Bush spoke to the group following a lunch in a makeshift cafeteria in the reception area where troops leave for and return from Iraq. A contingent of about 4,000 soldiers from the 3rd Brigade of the 3rd Infantry Division who are based here are scheduled to go to Iraq later this year. Their departure, originally scheduled for late spring or early summer, is now expected to be moved up to late February or early March.

Bush's speech here was a virtual carbon copy of his national TV address Wednesday night, in which he laid out his plans for Iraq.

Bush's comments were met with relatively polite but restrained applause on several occasions, but the soldiers broke into a spontaneous ovation when he said he was in favor of increasing the overall size of the military.

Bush also reiterated his concern of what would happen in Iraq if support to the fledgling Iraqi government was withdrawn.

"I understand the consequences of failure [in Iraq] are unacceptable," Bush said. But he said that he has made it clear to Iraqi officials that they will have to meet certain benchmarks in their progress toward defending their own country.

"I have made it clear that the patience of the American people is not unlimited and now is the time to act," the president said.

Soldiers at the luncheon were prohibited from speaking to members of the media after Bush's speech by Maj. Gen. Walter Wojdakowski, commander of Ft. Benning and the infantry center here.

Following lunch, Bush attended a demonstration that included a jump by paratroopers and later was to meet with family members of soldiers who have died in Iraq. He was scheduled to depart around 4:45.

Protesters, supporters await Bush

As a town that is a gatepost for the Army Infantry prepared for a visit from President Bush, many residents appeared to back the president's plan to send 21,500 additional U.S. troops into the Iraq war, but dozens of protesters outside the base decried it.

The president is due to have lunch here Thursday at Fort Benning, meet with troops and watch an Infantry demonstration, all the while selling the plan for more troop deployments that he announced Wednesday night on national television announced.

Today, on Victory Drive just outside the Army base, about 50 protesters made their opinion clear. Many waved signs, beat drums and shouted at passing motorists who occasionally honked their support.

One protester, dressed as the devil, adorned with horns, a red cape billowing in the breeze and a rubber Bush mask, held a sign that said: "Bush: Lord of the Lies," a reference to the popular William Golding novel.

Gloria Tatum, 63, of Decatur, said she travelled to Columbus because Bush "lied us into war. He was wrong then and he's wrong now."

"We voted [in November] and the vote was that [the war in Iraq] was a mistake."

Her sign read: "Bush, Lord of the Lies."

Local organizers said there are about 200 similar protests planned across the country, all organized within the last few days.

Other examples of signs included "Pull every American - Cancel escalation" and "Iraq is Arabic for Vietnam."

Jim Allen, 71, of Lanett, Ala., a Navy veteran, said the most unusual thing about the protest was that he was seeing more and more people from Columbus, a military town, speaking out against the war.

But residents of Columbus said the town still backs Bush.

Larry Love, who owns Diamond Exchange, a jewelry and pawn shop on Victory Road, which leads to the fort's gate, summed up the sentiment of many.

"I think we should give him all the assistance he needs to let him clean the mess up over there. If we don't take care of terrorists now, we are going to be fighting in our own backyard," said Love.

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The thousand of soldiers who move through this western Georgia town while receiving basic or advance Infantry training tell Love they strongly support the war and the president's efforts.

"I hear from the troops that they are happy to go over there and fight because it is a great cause. And they say we are winning. The people over there are so glad we're there. They are changing their whole way of life. The troops are eager and really committed," Love said.

Protestors are scheduled to demonstrate outside the fort about noon.

Love wrote them off, sounding like the bored resident who sees thousands of protestors every November at the annual demonstration against the School of the Americas, which trains combat troops, mostly from Latin America.

"Most of the time, when the protestors come, someone is paying for their room and their meals. They are almost paid to do what they do," said Love.

Bush Pitches Iraq Plan To Ft. Benning Soldiers (LAT)

By James Gerstenzang

The Los Angeles Times, January 12, 2007

FT. BENNING, GA. — President Bush argued the case for his new Iraq strategy Thursday at an Army post where a combat brigade will be hurried to Baghdad as part of the revised effort to establish peace in the war-torn capital.

The plan calls for the brigade, which includes soldiers who will be making a third tour in Iraq, to be deployed in March, a couple of months earlier than planned.

Bush reprised the key points from his nationally televised Wednesday night speech, acknowledging that the administration's policies have failed to quell sectarian violence raging in Iraq — especially in Baghdad. The president conceded the situation had "turned out differently than I had anticipated."

But to a greater degree than he did Wednesday, Bush focused on the potentially dire effects of diminishing the U.S. commitment in Iraq and beginning a withdrawal of American troops.

Such moves would cause Islamic extremists to "grow in strength," he warned. "They would be emboldened. It would make it easier" for them to recruit followers and threaten other governments throughout the Middle East.

With polls showing strong public opposition to his new plan and with sharp criticism of it coming even from some fellow Republicans, Bush also sought to spell out the possible consequences for Americans of a failure to stabilize Iraq.

"Imagine what would happen if [Islamic] extremists who hate America and our way of life gained control of energy reserves," he said. "You can bet they would use those reserves to blackmail economies in order to achieve their objective."

Under his redrawn blueprint for Iraq, 21,500 soldiers and Marines will be added in the coming months to the 132,000 U.S. troops now in the country.

Working in closer concert with Iraqi army and police forces — which the government of Prime Minister Nouri Maliki has pledged to bolster — the American troops will launch more intense and sustained efforts to stem the violence in Baghdad and Al Anbar province.

Bush said that "what's new about this plan is that there will be enough troops to clear, build and hold" neighborhoods in those areas, "and that our troops will be able to move alongside the Iraqis without political interference. And that's very important."

The president and his aides have stressed that they expect — and have been promised — greater cooperation and commitment by Maliki's government to reining in Iraq's warring elements. Bush reiterated that point Thursday.

"The prime minister and I have had some plain talking," he said. "I have made it clear that the patience of the American people is not unlimited."

But Bush also asked for patience as the plan is put into effect, cautioning that it "is not going to yield immediate results…. The American people have got to understand that suicide bombings won't stop immediately."

Bush spoke to about 300 soldiers and family members at Ft. Benning. His audience was friendly, but his sober address received a less enthusiastic reception than has been the case on his past visits to military bases to promote his Iraq policy.

White House and Army officials prohibited reporters from interviewing soldiers before Bush spoke or immediately after his remarks.

For most of his five hours at the post, Bush was surrounded by troops in pale green camouflage uniforms — first at a lunch, then watching a demonstration of paratrooper training, then shaking the hands of hundreds of young soldiers before Air Force One departed.

With the exception of recruits undergoing basic training, nearly all the soldiers at Ft. Benning have served in Iraq.

One of the few times Bush's speech was interrupted by applause came when he repeated his goal of seeking overall increases in Army and Marine Corps personnel.

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He also told the soldiers he would try to get them "all the resources you need in this war on terror, and that means good equipment and training, good housing."

"I understand full well, if your family is happy, you're happy," he said, sparking laughter by adding, "The same thing in my house, by the way."

At Fort Benning, A Quiet Response To A Presidential Visit (WP)

By Peter Baker

The Washington Post, January 12, 2007

FORT BENNING, Ga., Jan. 11 -- The pictures were just what the White House wanted: A teary-eyed President Bush presenting the Medal of Honor posthumously to a slain war hero in the East Room, then flying here to join the chow line with camouflage-clad soldiers as some of them prepare to return to Iraq.

There are few places the president could go for an unreservedly enthusiastic reception the day after unveiling his decision to order 21,500 more troops to Iraq. A military base has usually been a reliable backdrop for the White House, and so Bush aides chose this venerable Army installation in western Georgia to promote his revised strategy to the nation while his Cabinet secretaries tried to sell it on Capitol Hill.

To ensure that there would be no discordant notes here, Maj. Gen. Walter Wojdakowski, the base commander, prohibited the 300 soldiers who had lunch with the president from talking with reporters. If any of them harbored doubts about heading back to Iraq, many for the third time, they were kept silent.

"It's going to require sacrifice, and I appreciate the sacrifices our troops are willing to make," Bush told the troops. "Some units are going to have to deploy earlier than scheduled as a result of the decision I made. Some will remain deployed longer than originally anticipated."

Among those going early will be members of the 3rd Brigade Combat Team from the 3rd Infantry Division based here. Theirs was the division that spearheaded the invasion into Iraq in March 2003 and captured Baghdad. They returned in 2005 and lost 34 troops. Now, instead of heading back in May or June, they will return to Iraq in March.

Soldiers being soldiers, those who met the commander in chief Thursday saluted smartly and applauded politely. But it was hardly the boisterous, rock-star reception Bush typically gets at military bases. During his lunchtime speech, the soldiers were attentive but quiet. Not counting the introduction of dignitaries, Bush was interrupted by applause just three times in 30 minutes -- once when he talked about a previous Medal of Honor winner from Fort Benning, again when he pledged to win in Iraq and finally when he repeated his intention to expand the Army.

Bush's speech essentially repeated his address to the nation the night before, and he appeared a little listless as he talked. Aides said he was deliberately low-key to reflect the serious situation. Whether the audience was sobered by the new mission or responding to Bush's subdued tone was unclear, because reporters were ushered out as soon as his talk ended.

White House officials had promised reporters they could talk with soldiers. But that was not good enough for Wojdakowski. "The commanding general said he does not want media talking to soldiers today," spokeswoman Tracy Bailey said. "He wants the focus to be on the president's speech." Only hours later, after reporters complained, did the base offer to make selected soldiers available, but the White House plane was nearing departure.

For Bush, it was a day of military events and images. He began at the White House, presenting the Medal of Honor to the parents of a Marine slain in Iraq. Cpl. Jason Dunham, who died after falling on a grenade to save colleagues two years ago, became the second service member in Iraq to receive the nation's highest military decoration.

After flying here, Bush attended a U.S. Army Airborne School training demonstration as troops parachuted out of a helicopter. He also met privately with the families of 25 soldiers killed in Iraq or Afghanistan.

White House counselor Dan Bartlett said Bush was impressed by the "warm reception." "The perception is he's coming here to motivate the troops," Bartlett said, "but it has as much of an impact on him."

Bush Speaks And Base Is Subdued (NYT)

By Sheryl Gay Stolberg

The New York Times, January 12, 2007

FORT BENNING, Ga., Jan. 11 — President Bush came to this Georgia military base looking for a friendly audience to sell his new Iraq strategy. But his lunchtime talk received a restrained response from soldiers who clapped politely but showed little of the wild enthusiasm that they ordinarily shower on the commander in chief.

Under the new plan, more than 20,000 additional troops will be sent to Iraq, some from Fort Benning who learned Thursday that they would go earlier than expected. But instead of centering his address on the soldiers' situation, Mr. Bush seemed to be aiming his talk at ordinary Americans and members of Congress who are skeptical of his proposal.

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Mr. Bush acknowledged, as he did in his televised address to the nation on Wednesday night, that he had miscalculated the number of troops necessary to execute the military's "clear, hold and build" strategy of securing Baghdad neighborhoods and tamping down sectarian violence.

"What's new about this plan is there will be enough troops to clear, build and hold, and that our troops will be able to move alongside the Iraqis without political interference, and that's very important," the president said. He added, "This is something different that enables the military folks to predict that we will succeed in helping quell sectarian violence in Baghdad."

Mr. Bush pledged that the strategy would produce a return to peaceful society in Baghdad, but said it would take time. "The new strategy is not going to yield immediate results, it's going to take a while," he said, adding, "Yet over time, we can expect to see positive results."

The president was not specific about how long he meant. But a senior official at the National Security Council who helped develop the policy said the administration's target is significant improvement in a year.

"By the end of this year," this official said, "Baghdad's got to look significantly different. Decisive change in Baghdad is the focus."

Senior aides to Mr. Bush acknowledge that he is taking a risk in putting his faith in the government of Iraq's prime minister, Nuri Kamal al-Maliki. Mr. Bush said Thursday that he had been heartened this week by Iraqi and American forces fighting together to root out terrorists on Haifa Street in Baghdad, and that he also was encouraged by Mr. Maliki's recent statements that sectarian violence would not be tolerated.

"The prime minister and I have had some plain talking," the president said. "I have made it clear that the patience of the American people is not unlimited."

As Mr. Bush spoke here, two members of his cabinet, Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, were testifying about the plan on Capitol Hill, where Democrats are promising a vote on the plan and may go so far as to place limits on financing for the war. Traveling with Mr. Bush to Fort Benning, Dan Bartlett, counselor to the president, warned that if Democrats were going to criticize, they must come up with something better.

"Those who have decided to judge this plan before it has a chance to work have a greater responsibility to propose something that will work," Mr. Bartlett said. "We've yet to see that from the Democrats."

Soldiers from Fort Benning have already contributed heavily to the Iraq war effort. Members of the Third Infantry Division, Third Brigade, have served two tours in Iraq, and some were notified Thursday that they would serve a third starting in mid-March, about two months ahead of schedule, as a result of the president's plan.

In his speech, Mr. Bush took note of that, saying, "I appreciate the sacrifices our troops are willing to make." But he did not dwell on sacrifice; a senior White House official said the president did not want that to be the major theme of his talk.

It was difficult to know how the soldiers felt about returning to the war zone, or the president's new Iraq plan. Though Mr. Bush's lunch was open to the press, the base commander, Maj. Gen. Walter Wojdakowski, would not let the troops in attendance talk to reporters. His spokeswoman said the commander wanted "the focus to be on the president."

At A Post In Georgia, A Job To Do (USAT)

By Larry Copeland

USA Today, January 12, 2007

COLUMBUS, Ga. — U.S. Army Staff Sgt. Bobby Dorsey has been deployed to the Middle East three times since 2003, but he's ready to go again.

Dorsey, 26, serves with the 3rd Brigade Combat Team at the Army's sprawling Fort Benning training complex near here. He's been to Iraq twice and Kuwait once. He figures that the increase of 21,500 troops that President Bush ordered for Baghdad and the rest of Iraq this week will make a difference.

"The more boots you have on the ground, the better you can control an area without having to stretch troops so far," said Dorsey, a six-year veteran who expects to return to Iraq soon. "You'll be able to recycle some troops, get them a little down time."

Soldiers from the Fort Benning-based 3rd Brigade of the 3rd Infantry Division are among the combat troops scheduled to go to Iraq.

In 2005, the 3rd Brigade Combat Team conducted 24,000 combat patrols and 3,500 joint operations with Iraqi army and police forces, said Gordon Johndroe, spokesman for the National Security Council. About 4,000 members of the unit will deploy to Iraq soon.

On Thursday, a day after Bush announced his new strategy in a prime-time address, there was a sense of a quickening at some of the businesses that cater to soldiers here. At Ranger Joe's, a military supply store on Victory Drive, soldiers bustled in and out all afternoon, picking up uniforms and other items.

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Bush visited Fort Benning, ate lunch with soldiers and watched training exercises. "On September the 11th, our nation saw firsthand the destructive vision of a new kind of enemy, and once again the men and women of Fort Benning answered the call to protect our country from that enemy," Bush said. "The fortunate thing for this country is that those who wear the uniform have never forgotten the threat. You understand the stakes."

Outside Ranger Joe's, Army 1st Sgt. Mecko Johnson said he agrees with the president's strategy — up to a point. "The more soldiers you get on the ground, it always helps," said Johnson, 39, a 19-year veteran awaiting orders to ship out. "As far as (the troop increase) changing the whole situation in Iraq, I'll be up for questioning on that. I'm not sure that's what we need right now. We need the Iraqi people to take more control of their own country."

Johnson will be going to Iraq for the third time. He was there for Operation Desert Storm in 1991 and for the Army's initial entry into Baghdad during the 2003 invasion.

"I think it'll be different this time," he said. "Then, we were there to liberate Iraq. Now, we're there as a training force and peacekeeping presence."

Reaction from some military families around the USA was mixed:

·Lynne Stamm of Wickliffe, Ohio, whose son did three tours in Iraq, said in an e-mail that the United States has done enough: "We deposed Saddam Hussein, Iraq drafted their own constitution, they held free elections and established their own government. We have done what was promised and so much more at a steep cost: over 3,000 American dead and billions upon billions of dollars spent. George Bush needs to face the reality in front of him: Iraq is in a civil war and just like any unhappy marriage, if you step in between the warring parties often the rage gets turned on you."

·Stormie Thompson, 21, whose husband, Matthew, is an Army sergeant serving in Iraq, said in an e-mail that "only time will tell if he is required to be extended as a result of the president's new plan." She lives in Germany, where her husband is stationed, but is visiting family in Oklahoma.

"I miss him terribly and can't wait to be reunited … but this is his job," she said. "Of course, we want our troops to be home and for there to be peace in the world, but that is not a reality now. People seem to forget that we have military forces for exactly this purpose — for them to fight when called upon by our nation's leaders. "

The impact of the new deployments was being felt strongly Thursday both inside and outside Fort Benning.

At Rose's Caribbean Restaurant (lunch special, $5.50, 10% military discount) on Fort Benning Road a half-mile from the post, owner Rose Collins said the deployment will have a devastating impact on her business, which is already down sharply.

"Our business, 90% is military," said Collins, who's had a restaurant here for 14 years, including three years at the current location. "People don't understand that when the soldiers are gone, we have no business."

Alek Ansley, co-owner and general manager of JudyBug's Books in nearby Columbus, said the comings and goings from Fort Benning affect businesses in town, but merchants no longer are wholly dependent on the troops.

"My biggest concern is for the families of the soldiers themselves," said Ansley, 39. "I know people who have been over there many times. I feel like it's another Vietnam, because I just think it's a war that can't be won. I think we'll win some battles, but I think even with these soldiers, we're not going to win the war."

Dorsey, who expects to return to Iraq in early spring, said he sees it differently. "We got a lot of good things accomplished," he said. "We got schools up and running. We built water-treatment plants. The guys over there are really helping the people learn how to sustain themselves. I think the additional troops will really help."

U.S. Unit Patrolling Baghdad Sees Flaws In Bush Strategy (WP)

By Sudarsan Raghavan

The Washington Post, January 12, 2007

BAGHDAD, Jan. 11 -- A few hours before another mission into the cauldron of Baghdad, Spec. Daniel Caldwell's wife instant-messaged him Thursday morning. President Bush, Kelly wrote, wanted to send more than 20,000 U.S. troops and extend deployments in Iraq. Eight weeks pregnant, she was worried.

Caldwell, a tall, lean 20-year-old from Montesano, Wash., wondered whether he would miss the birth of his child. He walked outside and joined his comrades of Apache Company, 1st Battalion, 23rd Infantry Regiment, Stryker Brigade. They, too, had heard the news.

Moments before he stepped into his squad's Stryker -- a large, bathtub-shaped vehicle encased in a cage -- Caldwell echoed a sentiment shared by many in his squad: "They're kicking a dead horse here. The Iraqi army can't stand up on their own."

Bush's decision to send 21,500 more troops to Iraq rests on a key assumption: that the Iraqi government of Prime Minister Nouri al-Maliki can produce a well-disciplined, impartial army capable of taking the lead in securing Baghdad. U.S. troops, the president said, would now play more of a background role.

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The day after his speech, the soldiers of Apache Company went on a mission to the volatile neighborhood of Hurriyah that underscored the challenges confronting U.S. troops as they attempt to clear neighborhoods of sectarian fighters and keep them that way under Iraqi control.

Across Baghdad, Iraq's mostly Shiite security forces have proved unable to keep neighborhoods secure on their own. Sunni Arabs deeply mistrust the army and police, viewing them as a sectarian weapon of the Shiite-led government. Iraqi army commanders say their soldiers lack training and equipment, while some U.S. officials worry that Iraq's troops are too dependent on their American counterparts and will become even more so with the expected surge.

The Stryker rolled through the mud of Camp Liberty and made its way to Hurriyah, a mostly Shiite area nestled west of the Tigris River. Apache Company's mission: to search a few houses for weapons caches based on intelligence reports. Caldwell and his soldiers worried about the intelligence they had been given. It had come from an Iraqi army -- or "IA," in U.S. soldier lingo -- officer a week ago. They wondered whether they were being set up for an ambush.

"It's a joke," said Pfc. Drew Merrell, 22, of Jefferson City, Mo., shaking his head and flashing a smile as the Stryker rolled through Baghdad.

"They feed us what they want," said Spec. Josh Lake, 26, of Ventura, Calif., referring to the intelligence. "I guarantee that everyone in the city knows where we're going. Because the IA told them. The only thing they don't know is how big a force we're coming with."

On this morning, 22 U.S. soldiers were in the Stryker convoy along with one Iraqi interpreter, whom the soldiers called Joey. He didn't want his real name used for security reasons.

"Pretty soon the Shiites will be tired of our presence, just like the Sunnis," said Lake, noting that the squad now makes almost daily trips to Hurriyah.

"The general feeling among us is we're not really doing anything here," Caldwell said. "We clear one neighborhood, then another one fires up. It's an ongoing battle. It never ends."

"We're constantly being told that it's not our fight. It is their fight," said Sgt. Jose Reynoso, 24, of Yuma, Ariz., speaking of the Iraqi army. "But that's not the case. Whenever we go and ask them for guys, they almost always say no, and we have to do the job ourselves."

"You do have corruption problems among the ranks," said Sgt. Justin Hill, 24, of Abilene Tex., the squad leader. "I don't know what they can do about that. They have militias inside them. They are pretty much everywhere."

"The intel they give us and the intel we get are two different things," Lake said.

Caldwell, as he listened to the conversation, leaned his head back and said:

"I want to go back and play my PlayStation.'"'We Need the Americans'

In Hurriyah, the convoy pulled up outside the Muheaman Mosque, a tan Sunni house of worship overlooking a dirt field with junked cars. Last month, militiamen from the Mahdi Army, the force of radical Shiite cleric Moqtada al-Sadr, killed several mosque workers. Now, an Iraqi army unit, with all Shiites, was stationed inside the mosque. The area, they said, was controlled by the Mahdi force.

Lt. Dan Futrell, 23, of Santa Clara, Calif., walked into the mosque, flanked by his comrades. Unarmed, bleary-eyed Iraqi soldiers greeted him and called for their commander, Maj. Saad Khalid Fetlawi, who wore a red beret.

Futrell asked him for 10 Iraqi soldiers to help search the targeted houses. Fetlawi immediately agreed and ordered his men to report for duty. As he waited, Fetlawi said he had heard that the United States was sending thousands of extra troops.

"This is good news. We have a weak government and a weak army. We need training, we need more equipment," Fetlawi said. "We need the Americans to help us go forward. Iraqi army soldiers are not ready to do all this themselves. At the moment, 20,000 is a good number to help us to bring security."

His soldiers came out with old, rusting AK-47 assault rifles and mismatched uniforms. One soldier wore baby blue running shoes with his beige camouflage gear. Some wore black masks so they wouldn't be recognized in the community. Another soldier tucked silver shears into his chest strap.

"This is one of the more squared-away units," Hill said.

"That's something," quipped Merrell, looking at the soldier with the shears. "The Iraqis are always ready to prune a good hedge."

"Okay," barked Hill, looking at the Iraqis. "You guys will lead out."

They walked around the corner, onto a narrow, unpaved street with two-story houses. Residents watched from their walled yards as the Iraqi soldiers politely knocked on the doors of the targeted houses. They went in, followed by the Apache Company troops.

Inside one house, an Iraqi soldier walked up to Reynoso. He had found two AK-47 magazine clips. By law, the family can own only one. The Iraqi soldier asked Reynoso what he should do.

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"I am not going to tell you what to do," Reynoso said, clearly trying to wean the soldier from depending on him. "It is against the law, but it is up to you to decide."

The Iraqi soldier smiled. Then, he handed back the magazine clip to a member of the family.

In another house, an Iraqi soldier asked whom he should take orders from, the Americans or his Iraqi squad leader.

"I'll tell your squad leader what to do, and he will tell his squad what to do," replied Sgt. Justin Mongol, 25, of New Market, Va., as Joey translated.

After nearly a half-hour, the soldiers had not unearthed a single weapon. Futrell asked Joey to see whether they were near Mahanara School, as the informant had told them. They weren't. They were near Imam Ali School.

The houses they were meant to search were in another section of Hurriyah.

Some of the American soldiers were angry. They had wasted their time and put their lives at risk.

"Are we even in Hurriyah?" Mongol demanded.

"We're chasing a ghost," Hill said.

They returned to the mosque and asked Fetlawi for a map of Hurriyah.

"I have no map of the place. I came here two days ago," he said.

Still, Fetlawi made a call and was able to find the correct school. He dispatched a pickup truck with his men to guide the U.S. soldiers.

Inside the Stryker, Lake fumed: "A debacle," he declared.

"Same old bull. . . ," Caldwell said, using an expletive.No Help Without Orders

The Stryker stopped along a main street in Hurriyah.

The soldiers walked into a compound, the base of the Iraqi army unit in charge of a nearby checkpoint. The targeted house was across the street. And Futrell needed the help of Sgt. Ahmed Faisal. He needed some of his men to help raid the house.

Faisal refused.

"Our duty is only at this checkpoint, not inside the sector," Faisal said. "We can't send any men with you. I can't work without orders."

So the Americans crossed the street and searched the two-story house. They examined a red trunk on the roof and dug through a pile of sand. No weapons. "I think it's a dry hole," Mongol said, with disappointment.

Inside the Stryker, as it headed back to the base, the soldiers of Apache Company wondered whether they had been given false information by their Iraqi army contact. "They know things we don't," Lake said, repeating what he had said on the way to Hurriyah.

"That's why we're still here. That's why we will be here for years."

U.S. Expects New Reliability From Iraqi Forces (USAT)

By Tom Vanden Brook

USA Today, January 12, 2007

WASHINGTON — President Bush's plan to secure Iraq by committing 21,500 more U.S. troops rests on a shaky foundation: the Iraqi military.

Recent reports by the Pentagon and the Government Accountability Office (GAO) say Iraqi security forces, primarily the military and police, suffer from a lack of training, supplies and availability.

Though 322,600 Iraqi security personnel had been trained and equipped by last month, "the number of present-for-duty soldiers and police is much lower," according to a Pentagon progress report released in December. That's because so many Iraqi troops are on scheduled leave, are absent without leave or have left the service entirely, the report says.

Things will change under the new plan, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said Thursday. Two Iraqi troops will join each U.S. soldier under the plan to secure Baghdad, he said.

How much the Iraqi military can be relied upon to provide the manpower, however, is uncertain. The Iraqi government promised six battalions last summer to help secure Baghdad; only two showed up.

The United States has had to adjust its plans to reduce troop levels in Iraq at least three times since 2004 because of the Iraqis' inability to provide security, a GAO study released Tuesday says.

Although U.S. forces transferred security responsibilities to the Iraqis, "overall security conditions in Iraq have continued to deteriorate and have grown more complex," says the report by GAO, Congress' investigative arm.

The Iraqis must follow through this time, Defense Secretary Robert Gates said Thursday. "American patience is limited," he said. The United States will revisit its strategy if the Iraqis don't deliver on their new promises, he said.

Among key elements of the Baghdad plan, according to Pace:

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·An Iraqi commander will oversee security of all of Baghdad, which will be divided into nine districts. Each district will have an Iraqi brigade supported by a U.S. battalion. U.S. brigades have 3,500 to 5,000 troops; a battalion has about 700 to 1,000 troops.

·All allied forces in Baghdad — the Iraqi army and police, and U.S. and coalition troops — will be based at three or four police stations in each sector. They'll mount daily patrols, perform door-to-door work and provide a presence to help develop security.

·Quick-reaction forces based at the police stations will aid Iraqi forces that encounter trouble.

The recent reports questioned the Iraqi forces' ability to handle their assigned roles.

The Pentagon report said the Iraqi army's inability to plan and deliver supplies to its troops means it will continue to "rely heavily" on U.S. quick-reaction forces.

The Pentagon report also said sectarian militias had infiltrated the Iraqi police units that the plan counts on for security.

The militias often dominate large sections of Baghdad. In the past, the Iraqi government has prevented U.S. troops from operating in those neighborhoods, such as the Shiite area called Sadr City. Gates told the House Armed Services Committee that Iraq's government will now allow coalition forces to operate in all neighborhoods.

There are about 42,000 Iraqi security forces and 24,000 U.S. troops now in Baghdad, Pace said. The president's plan would add 17,500 U.S. troops in the capital. Four thousand Marines will be added in Anbar province west of Baghdad, the heart of a Sunni-based insurgency.

The boost is coming too late, Armed Services Chairman Ike Skelton, D-Mo., told Gates. "The time for a so-called surge in troop numbers was back in 2003," he said.

Earlier Thursday, Gates told a White House briefing that the troop increase is considered "temporary," but "I think no one has a really clear idea of how long that might be."

Gates told the committee he favored adding 65,000 soldiers and 27,000 Marines to the military. Over five years, the Army would grow to 547,000 soldiers and the Marine Corps to 202,000 troops.

Sales Job Kicks Off For Bush Iraq Plan (USAT)

By David Jackson And Bill Nichols

USA Today, January 12, 2007

WASHINGTON — The White House is embarking on a weekend campaign to sell President Bush's new Iraq strategy to the nation amid fierce criticism from Democrats and some Republicans on Capitol Hill.

President Bush will appear Sunday on CBS' 60 Minutes, which airs after an NFL playoff game. Vice President Cheney will appear on Fox News Sunday to defend the plan to boost U.S. troop levels by 21,500.

Secretary of State Condoleezza Rice leaves today on a week-long trip to the Middle East and Europe to brief U.S. allies on the plan.

White House spokesman Tony Snow, who held interviews with radio and television hosts Thursday, said the communications plan will continue in coming weeks.

Snow and others said the strategy is aimed at several distinct audiences, including Congress, servicemembers, Iraqis and other Middle Eastern countries, as well as the American public. "This is something the president will do on an ongoing basis," White House communications director Kevin Sullivan said. "We'll do it in a lot of different ways."

Bush told about 300 soldiers and family members at Fort Benning in Georgia on Thursday that Americans must brace for more violence in the short term as insurgents resist the additional troops.

"The American people have got to understand that suicide bombings won't stop immediately," Bush said. "Yet over time, we can expect to see positive results."

In Congress, Bush's plan, which he unveiled in a prime-time speech Wednesday, found few supporters in a day of combative appearances by Rice and Defense Secretary Robert Gates. As Rice briefed the Senate Foreign Relations Committee, Nebraska Republican Chuck Hagel, a Vietnam War veteran, said Bush's strategy was "the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out."

Senate Majority Leader Harry Reid, D-Nev., plans to introduce a resolution next week expressing disapproval of Bush's plan and possibly force senators to make a non-binding vote for or against it.

"In choosing to escalate the war, the president stands virtually alone," Reid said.

Senate Minority Leader Mitch McConnell, R-Ky., and other Republicans defended the plan. McConnell threatened to block the resolution.

Democratic leaders in the House remain undecided on when a vote might be held on the new policy. Hearings in the House are set for next Wednesday.

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Poll: Americans Oppose Iraq Troop Surge (AP)

By Nancy Benac

AP, January 12, 2007

Seventy percent of Americans oppose sending more troops to Iraq, according to a new poll that provides a devastatingly blunt response to President Bush's plan to bolster military forces there.

All sides in the Iraq debate are keenly aware of mounting public dissatisfaction with the situation: Secretary of State Condoleezza Rice said Thursday it's one thing on which all Americans — including administration officials — are united.

Yet the Associated Press-Ipsos poll found widespread disagreement with the Bush administration over its proposed solution, and growing skepticism that the United States made the right decision in going to war in the first place.

Just as 70 percent of Americans oppose sending more troops to Iraq, a like number don't think such an increase would help stabilize the situation there, the poll suggested. When asked to name the most important problem facing the U.S., 38 percent of those polled volunteered war, up significantly from 24 percent three months ago.

The AP-Ipsos telephone survey of 1,002 adults was conducted Monday through Wednesday night, when the president made his speech calling for an increase in troops. News had already surfaced before the polling period that Bush planned to boost U.S. forces in Iraq.

The public's concern over Iraq was a prominent topic on Capitol Hill on Thursday as legislators reacted to the president's plan to increase troop levels by 21,500.

Senate Foreign Relations Committee Chairman Joseph Biden, D-Del., harked back to the Vietnam War as he warned Rice that any solution to the Iraq problem must have public support. "They've got to sign on," he told her.

Sen. Barbara Boxer, D-Calif., told Rice: "You are not listening to the American people. ... And you wonder why there is a dark cloud of skepticism and pessimism over this nation."

But Republican Sen. John McCain of Arizona said it would be an oversimplification to think that people just want the United States out of Iraq.

"They're understandably frustrated, they're understandably saddened," he said. "But if you can show the American people that there is a way forward to success, and also describe to them the consequences of failure, I believe this policy can be supported."

Iraq is a drag on Bush's overall job approval rating, too. That rating is at 32 percent in the latest survey, a new low in AP-Ipsos polling.

Just 35 percent of Americans think it was right for the United States to go to war, another record low in AP polling and a reversal from two years ago when two-thirds of Americans thought it was the correct move. Sixty percent, meanwhile, think it is unlikely that a stable, democratic Iraqi government will be established.

Democrats are far more inclined to oppose an increase of troops, with 87 percent against the idea, compared with 42 percent of Republicans.

Opposition to boosting troop levels is highest in the Northeast, where 79 percent of those surveyed were against the idea. That compares with 68 percent in the South and 67 percent in the Midwest and West.

The survey had a margin of sampling error of plus or minus 3 percentage points.

In Pennsylvania, President's Plan Draws Mixed Responses And Hardens Opinions (NYT)

By Ian Urbina

The New York Times, January 12, 2007

CLIFTON HEIGHTS, Pa., Jan. 11 — Hunched over a beer with a crowd of other veterans at the American Legion here Thursday, Rocco Polidoro was sure of one thing: President Bush's plan to send some 20,000 more troops to Iraq would only make matters worse.

"What I don't understand is who the president is listening to," said Mr. Polidoro, a lifelong Republican who, like a majority in this Republican district, voted for an antiwar Democrat in the last election. "If vets, military brass, the Baker committee, the international community and now most voters say it's time to get out, then in my view it's time to get out."

Frustrated by mounting deaths of United States soldiers in Iraq, voters in this former mill town wedged between more liberal Philadelphia and more conservative rural areas, responded to the president's plan with feelings ranging from outrage and resignation to guarded skepticism and qualified support.

In warning Americans of the risks of withdrawing too early, Mr. Bush, in his speech on Wednesday night, seemed to harden opinions rather than change minds here just two months after a resounding Democratic election victory was seen as a rejection of his Iraq policy.

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"It's one thing to be steadfast and another to be stubborn," said Rick Lacey, another Republican at the Legion hall who voted for a Democrat in the last election. "A guy like McCain, I don't agree with him on this troop increase issue, but he is steadfast because he bases his decisions on experience. Our president, he bases it on ideology and being stubborn."

Carlos Figueroa, a chef and Vietnam veteran from Villanova, said he would prefer to see an even larger increase in troop numbers. "The biggest concern I have is about morale of the troops over there," Mr. Figueroa said, "and I think that by sending even larger numbers we would get the place under control and help boost spirits of our folks and Iraqis."

But other supporters of the president's decision said they were left with an unsettling sense that the troop increase was part of a broader approach lacking in clear goals and a concrete exit plan.

"I do think increasing troops may make sense because if you go to war, you go to win," said John Carson, 71, a Democrat and Korean War veteran who was getting a trim at the A Cut barbershop in Bensalem, a Bucks County town in another conservative Congressional district that swung to an antiwar Democrat in November. Were he on the front lines, Mr. Carson said, he, too, would hope to get all the help available. "But the terms have to be clear," he added. "What milestones? When will we get out? What is our limit?"

Standing near a statue of Uncle Sam riding a bicycle, Hugh Morrow, 64, a Republican who served in Vietnam and who owns the barbershop, intervened.

"Now, wait a minute," Mr. Morrow said, turning off his clippers. "The guy keeps digging us deeper and deeper into this mess — why not start pulling us out now?"

At Mary Jeffery's house, also in Bensalem, the conversation among 10 Democrats who had gathered to watch Mr. Bush's speech erupted into a heated free-for-all when one asked whether Democrats in Congress actually had the authority and the spine to block the president's plan.

"Of course they do," said Ms. Jeffery, a Democrat whose son is stationed in Cyprus.

"It's not too late for impeachment," someone yelled from the back of the room.

"Congressional hearings will apply pressure, we have to apply pressure," another person said, adding that the long-term solution was to reinstate the draft. Others suggested staging street protests and encouraging soldiers to refuse to serve.

"Look," interrupted John Daily, 46, a Navy veteran. "If the president wants to send troops, he has the constitutional power to do it."

"I don't know that cutting off funding is a fair thing to do to the troops," he added, as the room fell silent.

In Washington, while Senate Democrats condemned Mr. Bush's proposal and promised a nonbinding vote on it, and House Democrats threatened to limit financing for the president's plan, Republican lawmakers faced either breaking with Mr. Bush or embracing an unpopular policy just as the 2008 race for the White House picks up.

Virtually everywhere across these districts, talk of what Mr. Bush's plan means in relation to the last election quickly moved to speculation about the next.

"The pressure is actually on the Democrats now to prove that when given the chance to make a difference they take the opportunity," said Bill Lewis, 66, a Vietnam veteran, at a shopping mall in Springfield. "We had a 70 percent turnout for the first time in years here in Delaware County with a lot of independents and Republicans voting Democratic. But those folks won't do that again if the Democrats fail to act."

In national polling by The New York Times and CBS News, the percentage of Americans who say the United States did the right thing in taking military action in Iraq dropped to 38 percent last week from a high of 64 percent in December 2003.

And many voters here said the war was playing an increasingly important role in how they voted, even beyond party affiliation.

"I'm as devout a Democrat as they come," Mr. Daily said. "But if we are still in the war in two years and a Republican candidate for president like Hagel or Brownback is more antiwar than the Democrat, then I will vote Republican." He was referring to Senator Sam Brownback of Kansas, who has formed a presidential exploratory committee, a step that allows him to raise money as he gauges support, and Senator Chuck Hagel of Nebraska, widely mentioned as a possible candidate in 2008.

Some Democrats said the real reason for their anger at the president's decision was that it implied a larger misunderstanding of the problem in Iraq.

"He keeps trying to solve a political problem with a military solution," said Jim Bodnar, 61, who served in the Vietnam War. He said he thought the toppling of Saddam Hussein had inflamed ethnic, regional and religious rivalries that would not be mended by military force. But when he asked what Democrats should do to better address these political problems, Mr. Bodnar paused.

"I'm frustrated," he said, "but I'm not saying there are any easy answers here."

String Of Hopefuls For 2008 Choose Sides In Iraq Plan (WSJ)

DOJ_NMG_0115936

By John Harwood

The Wall Street Journal, January 12, 2007

Iraq Debate Clouds 2008 picture.

McCain braces for fallout from troop surge that's smaller than he favored. His Republican presidential rival Romney, hurt by social-issue flip-flops, takes cautious approach with low-key endorsement of more troops.

Dark-horse Brownback gambles by opposing surge, targeting the one-third of Republicans who disapprove of Bush's policy. As liberal groups prepare ads opposing "escalation," new Democratic candidate Dodd pressures Obama and Clinton by praising Kennedy's call to block Bush. "She's worried about the left," says one Democratic Senate colleague of Clinton.

War critic Hagel, saying he may yet enter the Republican race, predicts mounting public protests.

Drug industry aims to hold down score on today's Medicare vote.

While House approval of requiring government negotiations over Medicare prices isn't in doubt, large-scale Republican defections would damp industry hopes of prevailing in Senate. Pharmaceutical lobbyists hope for just 20 Republican renegades; Democrats predict fewer, but Republican leaders warn the number could top 30.

Democratic leaders credit White House for promoting the message that Medicare's benefit has cost less than forecast, though they blame low enrollment. Opponents of negotiation say slowdown in drug spending argues against change; Medicare actuaries join Congressional Budget Office in saying House bill won't save taxpayer money.

Democrats seek to isolate Republicans with narrow tax-increase targets.

House Speaker Pelosi identifies $500,000 earners -- a more exclusive group than party leaders have previously targeted -- as source of revenue for cutting middle-class taxes. Imposing pre-Bush 39.6% rate on those with incomes over $500,000 would raise more than $85 billion over four years, Tax Policy Center estimates.

White House sees any tax increases heightening Democrats' vulnerability. Crediting Bush cuts with fueling growth, ranking Senate Finance Committee Republican Grassley asks, "Why would they want to kill the goose that laid the golden egg?"

"The upper-class squeeze -- now that's an issue Republicans can run on," taunts former Bill Clinton aide Bruce Reed.

PRESIDENTIAL PRIORITY? Former Clinton aide Dan Tarullo says Bush must "become personally involved" to restart Doha trade talks. Though Bush's negotiating authority expires in June, trade representative Schwab says "content will dictate over chronology" in talks with Europe, Brazil and India.

PENNY-WISE? Rice may speak on Afghanistan on coming overseas trip, while State and Pentagon team up to seek $6 billion for added Afghan troop training, border protection, road building and other projects. But they face pushback from Bush budgeteers, who aim to cut those figures in half.

BUSH AIDES BLAME television networks for audio problems during president's Iraq speech. "The feed went out of here clean," a spokesman says. Bush will keep relatively low-profile on Iraq next week as he wraps up budget decisions and Jan. 23 State of the Union speech.

JUDICIAL POLARIZATION? Memory of late U.S. Supreme Court Chief Justice Rehnquist divides Middlebury College in Vermont after professorship is named for him. "Rehnquist had the opportunity to grant civil rights to African-Americans and gays and lesbians, and he consistently used that power to deny them," Kevin Moss, professor of Russian, tells the student newspaper. Faculty votes 52-43 for resolution affirming commitment to diversity.

WHITE HOUSE BATTLES Democratic resistance on judges.

Despite withdrawal of four conservative nominees, Democrats say Bush is still playing hardball. California Sen. Feinstein fumes after Bush ignores her and Sen. Boxer in renominating Randy Smith of Idaho for a Ninth Circuit appeals-court seat traditionally held by a Californian.

Conservative dominance on Virginia-based Fourth Circuit, which has three vacancies, is at risk. Freshman Democratic Sen. Webb objects to some candidates proposed by Republican Sen. Warner; the Virginia colleagues meet to discuss working together on judges.

Democrats seek records from Fifth District appointee Leslie Southwick's service in Reagan White House at time of Bork's Supreme Court nomination.

MINOR MEMOS: Democratic Congress makes Rep. Oberstar chairman of House transportation panel and burnishes memory of his late boss and predecessor John Blatnik; Mr. Oberstar takes Blatnik's portrait from storage to hang in committee hearing room. ... Cheering union allies, Democrats rename House Education and the Workforce Committee to Education and Labor.

Wartime Linguistics (LAT)

By Frank Luntz

The Los Angeles Times, January 12, 2007

DOJ_NMG_0115937

NOT SINCE THE frigid days of the Cold War have so many people parsed the lexicon of a world leader. Americans tuned in Wednesday night to hear the president's plan for a "new way forward" in Iraq. We also tuned in to be convinced and reassured that President Bush was the right man to execute that plan.

The speech was a clear attempt to draw a distinct line between the past and the future. The president addressed head-on the most common attacks on him and his administration, countering "inflexible," "unrealistic" and "incompetent" — three words pollsters like myself have heard from an angry electorate for more than a year — with "adjust" and "change," "scrutiny," "responsibility" and, again and again, "our new strategy." Speaking from the White House library, a different setting befitting a different strategy, the president attempted to make the case that things in Iraq were going to be different from now on.

The problem is, for most Americans it is too little and too late.

In the president's own words:

"Our past efforts to secure Baghdad failed…. "

True enough, but Americans had already figured that out. Now they are asking themselves why it took him so long. The rising troop death toll, the increasingly cruel and inhumane violence by Iraqis against Iraqis and the steady stream of graphic videos belie this attempt at linguistic minimization.

"There were not enough Iraqi and American troops…. And there were too many restrictions on the troops we did have."

These two sentences, while seemingly straightforward, may well become the most important of the entire speech. Americans have been told repeatedly that the commanders and troops would be given everything they need to win the war. Apparently, even the president now admits that wasn't the case.

"We will give our commanders and civilians greater flexibility to spend funds for economic assistance."

Given the unemployment in our own Rust Belt, Bush's jobs program for Iraq forces deficit-conscious Americans to choose between U.S. security and Iraqi security, between American economic development and Iraqi economic development. For most Americans, that choice is a no-brainer.

"We will double the number of provincial reconstruction teams … to help local Iraqi communities pursue reconciliation."

Reconciliation? It surely is an admirable long-term goal, but before you can break bread together, you first have to stop killing each other. For two years, we've been treated to horrific videos of mass sectarian violence. The picture conjured by "reconciliation" doesn't match anything that is in our visual databank.

"To empower local leaders, Iraqis plan to hold provincial elections…. "

We all remember with pride the purple fingers defiantly waving in the air last year. But if you asked Americans (and probably Iraqis as well) which is a higher priority, they'd wish for peace and calm ahead of another trip to the ballot box.

Not all of the speech was miscast. There were several examples of credibility-building passages and real-life references that will be well received by the American masses.

"A democratic Iraq will not be perfect. But it will be a country that fights terrorists instead of harboring them."

This is the most tangible reference to a genuine benefit that Americans can appreciate and share, regardless of ideological persuasion. It is a fact that we haven't had a successful terrorist attack on American soil since 9/11. Although many Democrats would deny him any credit, the president does still earn positive marks for the aggressive prosecution of the war on terror.

"If we increase our support at this crucial moment … we can hasten the day our troops begin coming home." Finally, a nod to an end to the conflict. What has been missing from the Bush rhetoric for more than a year is the proverbial light at the end of the tunnel — a chance for Americans to put the war behind them and focus on a more hopeful future.

If the president had his verbal ups and downs, the Democrats' response wasn't brilliant rhetoric either. They should probably consider themselves fortunate that the networks didn't want to delay or preempt even a minute of fare such as "Deal or No Deal." Their stringent rhetoric and unwillingness to compromise highlights their continued inability to put forward a comprehensive, credible alternative.

House Speaker Nancy Pelosi's spokesperson told USA Today that her boss would subject Bush's proposal to "harsh scrutiny." Words like "examination" or "accountability" would have been a more objective and less political approach for a party desperate to demonstrate that it isn't too partisan or too negative.

Similarly, "We're not going to baby-sit a civil war" — Sen. Barack Obama's sound bite — ignores widespread American concern that a civil war today could spin into a regional war tomorrow, with worldwide consequences. The image of "baby-sitting" lacks the gravitas that a conflict that has taken thousands of American lives, and tens of thousands of Iraqi lives, deserves.

In times of war, the American people have the right to expect a president who is straight with them linguistically, whether he's delivering good news or bad news, and an opposition party that uses words to unite and explain rather than divide and attack. Too bad we haven't had enough of either.

Surge Towards Debacle In Iraq And MidEast (FT)

DOJ_NMG_0115938

Financial Times, January 12, 2007

George W. Bush's new direction in Iraq is certainly not a strategy for victory, whatever that word, which is used ever more desperately by the US president, now means. It may be one last heave. It may be a cover for US withdrawal. But two things are quite clear.

Right now, Mr Bush has the support of no more than one in four Americans for this so-called surge of an extra 20,000 or so troops. Very soon, as the already indecipherable ethnic and sectarian patchwork of Iraq is pulled further and even more bloodily to pieces, he will have none.

Second, this policy will not succeed in fixing an Iraq traumatised by tyranny and war and then broken by invasion and occupation. But it may end with the US "surging" into Iran – and taking the Middle East to a new level of mayhem that will spill into nearby regions and western capitals.

Mr Bush's body language in the speech bespoke a chastened man. Yet, caught in a wilfully spun web of delusion and denial, he seems still unable to comprehend the depths of the debacle he has caused in Iraq.

Iraq has reached advanced societal breakdown, with ethnic cleansing on a regional, neighbourhood and even street-by-street basis. There has been a mass exodus of its professionals and managers, civil servants and entrepreneurs, a haemorrhage of its future. The time for the occupying authorities to have surged was 2003, after the fall of Baghdad; like everything they have tried since, this is far too little, much too late. The US deployed a similar number of troops last summer to "lock down" Baghdad, since when the number of killed in the capital alone has rocketed to more than 100 a day, while on average an attack occurs against Anglo-American forces every 10 minutes, and this in a fight now mainly between the minority Sunni deposed from power and the hitherto dispossessed Shia majority drunk with it.

It is hard, even for ardent democrats, to see this Iraq as a young democracy fighting for its life, as Mr Bush's discourse of good guys against bad guys would have it. The invasion has solidified a system divided into sects and operating on the basis of patronage and intimidation. The composition of parliament is nearly two thirds Islamist. There are no institutions. Ministries are sectarian booty and factional bastions. The one institution that did more or less survive Saddam Hussein, the national army, was disbanded by the occupation and current attempts to reconstitute it have failed to move beyond rebadged militia. The three brigades the Shia-dominated government of Nuri al-Maliki has promised to add to the five extra US brigades are mostly Peshmerga – Kurdish militiamen – adding another account to be settled once the Americans withdraw.

What is still, in spite of Mr Bush's attempts to dress it up, an essentially military strategy is just not credible. The US army is not designed to deal with insurgency and, in any case, does not have the troops to master one on this scale – especially if its own masters are planning to open a new front.

It has failed to control the insurgency in the Sunni triangle – a rebellion by a minority of the minority. Now it aims to confront Moqtada al-Sadr, the Shia radical, and his 60,000-strong Mahdi army, in a fight that could set fire to east Baghdad and south Iraq, where British troops could easily be enveloped in the flames.

The contradiction at the heart of the US approach, however, is this: after casually overturning the Sunni order in Iraq and empowering the Shia in an Arab heartland country for the first time in nearly a millennium, Washington took fright at the way this had enlarged the power of the Shia Islamist regime in Iran. Now, while dependent on Tehran-aligned forces in Baghdad, and unable to dismantle the Sunni Jihadistan it has created in western Iraq, the US is trying to put together an Arab Sunni alliance against Iran. This is a fiasco with the fuel to combust into a region-wide conflagration.

The only feasible way forward is the approach of the bipartisan Baker-Hamilton commission – which the new US Congress should embrace and insist on.

This would make support for the Iraqi government and army conditional on their real effort to promote national reconciliation, which would in turn, as it progressed, be rewarded with billions of dollars in long-term aid from the US and Iraq's neighbours. This external support – from Turkey to Saudi Arabia and Iran to Syria – would be built up within a wide-ranging diplomatic offensive in the region that would include Tehran and Damascus. Mr Bush is instead threatening to expand the war.

"Iran is providing material support for attacks on American troops" he said on Wednesday. "We will disrupt the attacks on our forces. We will interrupt the flow of support from Iran and Syria." The Iraq surge is beginning to look like the Vietnam escalation, spilling over into Iran and Syria the way that one did into Cambodia and Laos.

Mr Bush is right to argue that defeat in Iraq would be very serious. He is wrong in failing to recognise defeat is what he is staring at – and that this approach will help guarantee it.

Why Bush's War Plan Can Work (CSM)

By Mackubin Thomas Owens

The Christian Science Monitor, January 12, 2007

NEWPORT, R.I.

DOJ_NMG_0115939

The strategy that the president outlined Wednesday night does not represent an altogether new approach to Iraq, but a necessary adaptation of the previous strategy to changed circumstances. It is, in effect, an updating of the National Strategy for Victory in Iraq he issued in November 2005.

President Bush's prime-time address acknowledged the shortcomings of past efforts to secure Baghdad. And he implied that this new effort to do so represents a final opportunity to salvage victory in Iraq. Failure in Iraq, he warned, would be a disaster. But Mr. Bush's plan can work.

Strategy is the interplay of ends, ways, and means. Strategic thinking implies limited means. There are never enough resources to achieve all goals, so choices must be made concerning how best to apply limited resources.

In the case of Iraq, America's strategic goal is a "unified democratic federal Iraq that can govern itself, defend itself, sustain itself, and is an ally in the war on terror." The key to achieving this strategic goal is to provide security for the Iraqi people. This, in turn, requires defeating the insurgents.

Until February of last year, the key to victory was the defeat of the Sunni insurgency centered in Anbar Province. This took the form of a campaign to destroy the Sunni insurgency by depriving it of its base in the Sunni Triangle and its "ratlines" - the infiltration routes that run from the Syrian border into the heart of Iraq. The operational concept was "clear and hold."

No force can continue to fight if it is deprived of sanctuary and logistics support. Accordingly, the central goal of the US strategy before February 2006 was to destroy the ratlines following the Euphrates and Tigris rivers.

This campaign began in November 2004 with the takedown of Fallujah. Wresting Fallujah from the jihadis was critically important: Control of the town had given them crucial infrastructure to attack Iraqi and coalition targets.

The loss of Fallujah didn't cause the insurgency to collapse, but it did deprive the rebels of an indispensable sanctuary.

The coalition continued a high tempo of offensive operations. Although successful in many respects, these operations seemed like the "Whac-A-Mole" arcade game: towns were cleared of insurgents, but because of limited manpower, they could not be held. Insurgents returned once coalition forces moved on.

In February 2006, when Sunni extremists destroyed the Shiite mosque in Samarra, sectarian violence exploded, especially in Baghdad. American and Iraqi troops had to redeploy to confront the new threat, and in doing so, the gains that had been achieved against the Sunni insurgents were lost.

The new plan is a response to these changing conditions. The main reason for the so-called surge is to provide enough troops to provide security for Baghdad while regaining the initiative against the Sunni fighters in Anbar. It also recognizes that the Shiite militias causing most of the deaths in Baghdad must be neutralized.

It includes not only a military component but political and economic elements, as well. The adage - to defeat an insurgency, "win the hearts and minds" of the people - is true. But to do that, the people must have security. And to achieve security, it is often necessary to kill and capture the insurgents. Thus, military success is a necessary, if not sufficient, cause for defeating an insurgency.

This point is illustrated by an objective analysis of the Vietnam War. As Mark Moyar demonstrates in his remarkable new book, "Triumph Forsaken," the government of Ngo Dinh Diem had broken the communist insurgency in South Vietnam by 1960 by killing and capturing communist cadres in unprecedented number, leading many survivors to defect to the government's side. And in his book, "A Better War," Lewis Sorley shows how the US did the same in the late 1960s and 1970s.

Will Bush's approach work? This depends on at least three factors. The first is the adequacy of the force. Many commentators have called for troop increases of 40,000 to 50,000, but 20,000, which Bush called for, is the maximum number that can be culled from the current force. In any case, the key to success is not the number of troops but how they are used.

The second factor is the Iraqi government. Until now, the Shiite militias have been off limits. That has to change, and Bush put Iraqi Prime Minister Nouri al-Maliki on notice that this is the case.

The third factor is Congress. Would the Democrats rather see Bush lose or the US win? Let us hope that the Demo-crats take the wise counsel of one of their own, Sen. Joe Lieberman of Connecticut, who reminded us the other day that the stark choice in Iraq is between victory and defeat.

'Unity Of Effort' (WSJ)

By Daniel Henninger

The Wall Street Journal, January 12, 2007

Immediately after the president's speech, House Majority Leader Steny Hoyer said, "I heard nothing new." Nothing? When Gen. David Petraeus takes command of U.S. forces in Iraq, it will mark the start of an historic turn in military strategy in Iraq and perhaps in U.S. war-fighting doctrine.

The U.S.'s primary problem in Iraq, manifest across 2006, has been an urban insurgency in a 30-mile radius around Baghdad and in Anbar province. The Petraeus command is the overdue beginning of the counterinsurgency.

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This isn't a one-off effort as at Fallujah, but counterinsurgency as daily U.S. military policy. It is the product of an enormous amount of self-criticism and analysis done by military and civilian analysts in and out of government. It does not mean, as often suggested the past 24 hours, that 20,000 U.S. troops are now going to run out and look for gun battles with insurgents in back alleys.

In broadest outline, the plan divides Baghdad into nine districts, essentially neighborhoods. The job of providing daily security in each district will be undertaken by an Iraqi army brigade of several thousand soldiers, a U.S. support battalion of up to 1,000 troops, and most importantly, about 20 U.S. military "embeds" or advisers.

Some of us predicted late last year that advisory embeds would be part of the new Bush strategy on reading National Security Adviser Stephen Hadley's November memo of advice to the president in the New York Times. After a late November trip to Iraq, Mr. Hadley said four times in the memo that the U.S. should embed coalition forces with Iraq's army and dysfunctional police.

The source of this idea, in part, was a successful Marine experiment in Anbar province. Rather than attach just a single U.S. military adviser to an Iraqi commander at the division level, the Marines put advisers alongside Iraqi units down to the NCO level. They stayed with and fought with their Iraqi counterparts 24/7. And the Marines reported that the Iraqis fought with more confidence and effect, aka spine-stiffening.

In 2004, a similar but broader effort at integration between U.S. and Iraqi forces was planned in Anbar province by Marine Maj. Gen. James Mattis. The Mattis plan is summarized in the middle of the Army's new Counterinsurgency Manual, released just last month. The manual's drafting was overseen by Gen. David Petraeus, who will now direct the U.S. military effort in the neighborhoods of Baghdad. It's not a coincidence. The manual describes in detail the purpose, theory, tactics and problems (including spikes in violence and casualties) likely to emerge during the new counterinsurgency strategy.

At the end of the manual there is a bibliography of books, studies and articles on fighting insurgency. It includes classics, such as Alistair Horne's "A Savage War of Peace," but what's interesting is how many of them were published since 2003, amid the Iraq war. Out of this effort has emerged a "best practices" for the U.S. when fighting an insurgency, as now.

Whether the U.S. should have done this back when Abu Musab al-Zarqawi and his foreign suicide bombers emerged is a legitimate question. The point is this: The Iraq violence has not been running like an untended open hydrant. Some of our best and brightest have been thinking hard about how to shut the valve. Last month AEI released a plan reflecting similar counterinsurgency ideas by military specialist Fred Kagan and the Army's former vice chief of staff, Gen. Jack Keane.

In November, the Bush administration joined the rethinking. The participants in that process looked at the whole range of criticisms and formal critiques of what the U.S. had been doing in Iraq to that point. They concluded the one thing that wouldn't change is the goal, mainly establishing a democratic government in Iraq. What would change, heretofore a nonsubject, were the strategic concept and the level of resources.

Some of this came out of Gen. Petraeus's Counterinsurgency Manual, some from U.S. commanders in the field and some from the military think tanks. Suggestions that had gotten a "no" before, now got a "yes."

Is it all a day late and a dollar short? Maybe. Some 20,000 more troops may be insufficient. The inevitable front-page casualty reports and blood-soaked photos may still drain the will of domestic pundits. But what we are seeing in the Petraeus command is the kind of step back that the military sometimes excels at. This the U.S. military at its potential best -- remaking itself, as it did with the transition to training a volunteer army after Vietnam.

It is not the least bit obvious that this counterinsurgency plan will fail, and only the most churlishly neurotic Bush hater would want it to. The stakes for the region and the war on terror have been described many times. There is another reason: How this ends will have an important effect on the morale of our officer corps, the people who must summon the gumption to protect us. They deserve a final chance to succeed. This is the chance.

An idea one finds in the counterinsurgency literature, crucial to the success of any such strategy, is known as "unity of effort." Basically, it means all oars pulling in the same direction. The Iraqi government, for instance, has told the U.S. it will stop interfering in the military's rules of engagement. Tuesday's victorious 10-hour battle on Baghdad's Haifa Street, by a combined U.S.-Iraqi force, looked like a successful test of unified effort. It remains to discover whether anything resembling unity of effort can be achieved along Constitution Avenue.

Nothing would more raise the tenor of this debate than if some member of the Democratic Party would take ownership of the subject of military doctrine in Iraq. On the evidence of their statements the past 24 hours, barely a Democrat exists with has a clue of what Gen. Petraeus is about to do or why.

Sen. Barack Obama, presidential second-runner, said, "We are not going to babysit a civil war." Democrats will get a chance soon at Senate confirmation hearings to question Gen. Petraeus. Babysitter is not the word he brings to mind. His appointment is the result of a ferment in American military thinking on Iraq that goes well past George Bush "alone." They should hear him out before deciding whether to support this effort, or remain in the opposition.

DOJ_NMG_0115941

Bush's Iraq Plan, Between The Lines (NYT)

By Anthony H. Cordesman

The New York Times, January 12, 2007

PRESIDENT BUSH has presented a new strategy for the war in Iraq that he feels can reverse the country's drift toward large-scale civil war. The new plan focuses on stabilizing Baghdad by adding thousands of American troops with newly expanded powers to take on Shiite as well as Sunni rebels. It also includes a limited increase in United States forces in Anbar Province, and calls for Iraqi forces to take formal control of the security mission in November. The president was refreshingly candid, saying that "where mistakes have been made, the responsibility rests with me."

But taken as a whole, the speech raised more questions than it answered. I've selected a number of important phrases from the address that beg for more detailed discussion, and included my own analysis of the validity and practicality of what the president seems to have in mind.

Anthony H. Cordesman is a senior fellow at the Center for Strategic and International Studies in Washington.

Five Flaws In The President's Plan (WP)

By Zbigniew Brzezinski

The Washington Post, January 12, 2007

The president's speech gives rise to five broad observations:

Â· It provided a more realistic analysis of the situation in Iraq than any previous presidential statement. It acknowledged failure, though it dodged accountability for that failure by the standard device of assuming personal responsibility. Its language was less Islamophobic than has been customary with President Bush's rhetoric since Sept. 11, though the president still could not resist the temptation to engage in a demagogic oversimplification of the challenge the United States faces in Iraq, calling it a struggle to safeguard "a young democracy" against extremists and an effort to protect American society from terrorists. Both propositions are more than dubious.

Â· The commitment of 21,500 more troops is a political gimmick of limited tactical significance and of no strategic benefit. It is insufficient to win the war militarily. It will engage U.S. forces in bloody street fighting that will not resolve with finality the ongoing turmoil and the sectarian and ethnic strife, not to mention the anti-American insurgency.

Â· The decision to escalate the level of the U.S. military involvement while imposing "benchmarks" on the "sovereign" Iraqi regime, and to emphasize the external threat posed by Syria and Iran, leaves the administration with two options once it becomes clear -- as it almost certainly will -- that the benchmarks are not being met. One option is to adopt the policy of "blame and run": i.e., to withdraw because the Iraqi government failed to deliver. That would not provide a remedy for the dubious "falling dominoes" scenario, which the president so often has outlined as the inevitable, horrific consequence of U.S. withdrawal. The other alternative, perhaps already lurking in the back of Bush's mind, is to widen the conflict by taking military action against Syria or Iran. It is a safe bet that some of the neocons around the president and outside the White House will be pushing for that. Others, such as Sen. Joseph Lieberman, may also favor it.

Â· The speech did not explore even the possibility of developing a framework for an eventual political solution. The search for a political solution would require a serious dialogue about a joint American-Iraqi decision regarding the eventual date of a U.S. withdrawal with all genuine Iraqi political leaders who command respect and wield physical power. The majority of the Iraqi people, opinion polls show, favor such a withdrawal within a relatively short period. A jointly set date would facilitate an effort to engage all of Iraq's neighbors in a serious discussion about regional security and stability. The U.S. refusal to explore the possibility of talks with Iran and Syria is a policy of self-ostracism that fits well into the administration's diplomatic style of relying on sloganeering as a substitute for strategizing.

Â· The speech reflects a profound misunderstanding of our era. America is acting like a colonial power in Iraq. But the age of colonialism is over. Waging a colonial war in the post-colonial age is self-defeating. That is the fatal flaw of Bush's policy.

The writer, who was national security adviser to President Jimmy Carter, is the author of the forthcoming book "Second Chance: Three Presidents and the Crisis of American Superpower."

Criticism Comforts Enemy (USAT)

By Andrew C. Mccarthy And Clifford D. May

USA Today, January 12, 2007

Opponents of President Bush's plan for salvaging the dire situation in Iraq have every right to speak out. And those in Congress who believe it pointless to do anything other than accept defeat have the power to cut off funds.

But the President of the United States has rights and powers as well. He is the commander in chief, and his war-fighting abilities cannot be micro-managed. The president's critics also should consider how their words sound to those dispatching

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suicide bombers, planting roadside bombs and looking forward to the day they can burn down the U.S. Embassy in Baghdad on CNN and al-Jazeera.

Skepticism about the new approach is widespread — and not just among Democrats. There are those who fear Bush is not committing enough troops to get the job done. Others worry that the administration's actions won't match Bush's rhetoric. Some say the plan relies too much on Iraqi officials and forces that have proven unreliable.

There are two logical responses: Propose a better way forward, or candidly call for the United States to accept defeat — without trying to spin that as "redeployment" or some other transparent euphemism.

In the end, we don't think most Democrats will want to be in the position of saying they support the troops in Iraq even as they hold back the reinforcements needed to complete their mission.

After the swift toppling of Saddam Hussein's regime, things got tougher. Some leading Democrats have tried to draw a distinction between the war in Iraq (a war they overwhelming favored at the start) and the wider war on terrorism. The distinction was never valid, and today it is less so than ever. Osama bin Laden himself regards Iraq as the central front in al-Qaeda's jihad.

There's no sugarcoating it: A defeat for the United States in Iraq would be a victory for our mortal enemies. It would lead to other defeats for U.S. forces on other battlefields. It would guarantee more terrorism and more dead American citizens.

So scrutinize and criticize, if you must. But then give us a plan to win. Our nation can accept nothing less.

Andrew C. McCarthy is a former federal prosecutor and director of the Foundation for Defense of Democracies' Center for Law & Counterterrorism. Clifford D. May is president of the FDD.

Make Them Fight All Of Us (NYT)

By Thomas L. Friedman

The New York Times, January 12, 2007

I've heard the president's surge speech, and I have a reaction, an observation and some advice.

My reaction to the president's speech was to recall a line from Bill Maher's book about the war against terrorists: "Make them fight all of us."

Mr. President, you want a surge? I'll surge. I'll surge on the condition that you once and for all enlist the entire American people in this war effort, and stop putting it all on the shoulders of 130,000 military families, and now 20,000 more. I'll surge on the condition that you make them fight all of us — and that means a real energy policy, with a real gasoline tax, that ends our addiction to oil, shrinks the flow of petro-dollars to bad actors and makes America the world's leader in conservation.

But please, Mr. President, stop insulting our intelligence by telling us that this is the "decisive ideological struggle of our time," but we're going to put the whole burden of victory on 150,000 U.S. soldiers. Yes, you're right, confronting violent Islamic radicalism by trying to tilt Iraq and the Arab-Muslim world onto a more progressive track is indeed hugely important. But the way you have fought this war — with our pinky — is contemptible. For three years you would not summon the military means to back your lofty ends.

That led to a vacuum. The Sunnis, who refused to accept majority rule by Shiites, went on a murderous rampage, and that rampage has now metastasized into five different wars in Iraq: Sunnis against Shiites; Sunnis and Shiites against the U.S. "occupiers"; Al Qaeda against the U.S.; Shiite theocratic thugs against ordinary Shiites; and Iran, Syria and all the Arab autocrats against any kind of democratic, Shiite-led Iraq that could be a model for their own people.

Hence my observation: The notion that the only war in Iraq now is good guys versus terrorists is ludicrous. There is no center in Iraq. And when there is no center and you put in more troops, you end up supporting a side. (See Lebanon: 1982)

And now for the advice. At this 11th hour, with Iraq's sectarian fires raging, the only way more U.S. troops might bring stability is if you add two missing elements: a deadline and a floor.

You need to tell Iraqis that by calling for a surge in troops you're giving them one last chance to reconcile, otherwise we're gone by Dec. 1. And you need to tell Americans that you're creating a $45-a-barrel floor price for imported oil, so investors can safely finance alternatives without worrying that they'll be undercut by OPEC.

By not setting a hard date to leave Iraq, we are only putting a floor under bad behavior and allowing Iraqi leaders to pay wholesale, not retail, for their tribal politics. If Sunnis or Shiites want it "all" in Iraq, they have to pay for it all.

Of course, just leaving would be bad for us and terrible for those Iraqis who have worked with us. We need to give them all U.S. passports. We have a moral responsibility to them. But it would also be bad for a lot of bad people. They would be left to fight it out with each other. And yes, Syria and Iran would "win" Iraq — meaning they'd win the responsibility of managing the mess there or have it spill over on them. Have a nice day.

And by not setting a hard floor price for oil to promote alternative energy, we are only helping to subsidize bad governance by Arab leaders toward their people and bad behavior by Americans toward the climate.

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Make them fight all of us, Mr. President, or don't do it at all! If we made ourselves energy independent, we would bring down global oil prices, which would not only shrink the resources for mischief by our enemies and limit Saudi Arabia's ability to transform Islam all over the world into its most intolerant Wahhabi form, but also, more important, would force the Arab world to reform. It would force Arab leaders, including Iraqis, to organize their societies in ways that would tap their people, not just their oil wells — whether our troops were there or not. Also, if the rest of the world saw all of us sacrificing to win this war, we might actually be able to enlist them to help a little.

More troops alone will not suffice. The only tiny hope left of transforming Iraq is if its leaders have to pay the full retail price of their passions and we have to pay the full retail price of our oil. And if even that won't work, then setting a date and setting an oil price will extract us from this disaster and make us less vulnerable to the madness we leave behind.

If we fail in Iraq, at least let America be stronger — by being energy independent — the morning after.

Wisdom From Down The Chain Of Command (WP)

By E. J. Dionne Jr.

The Washington Post, January 12, 2007

Rep. Chet Edwards, a middle-of-the-road Texas Democrat who numbers President Bush among his constituents, did not judge the commander in chief's words about Iraq on Wednesday night through the lens of his party affiliation or personal predispositions.

His standard was set by an Army officer who sent the congressman a powerfully honest, thoughtful and sophisticated 3,800-word memo based on the soldier's experiences in Iraq.

With eloquence and urgency, the officer -- Edwards said he agreed not to disclose his identity -- showed how the most important battles in Iraq are not military but political. The officer worries that, despite the heroic efforts of our troops, this aspect of the mission is not going well.

After receiving the soldier's permission, Edwards shared the memo with me on the day of the president's speech. The congressman was not trying to score political points, especially since his informant accepts the goals of the war and writes not a critical word about the president.

Rather, Edwards, who chairs the appropriations subcommittee that deals with military construction and veterans affairs and who represented Fort Hood for 13 years, believes that "younger soldiers, both commissioned and non-commissioned," can often provide more candid testimony than higher-ups constrained in their ability to present "bad news."

For this officer, winning entails getting the politics right in Iraq at both the local and national levels. Locally, he says, our military has enjoyed considerable success. But he's worried about the will and capacity of Iraqi Prime Minister Nouri al-Maliki to take on the Shiite militias.

"Our real goal," he wrote, "was to persuade our Iraqi friends and allies to actively and publicly support us . . . to help us tip the balance of public opinion in our favor." That meant helping them with security and "civil works projects" and giving them "prestige by showing publicly that our commander listened to their advice."

Then these shrewd words: "We discovered that we were not fighting a military campaign, but a political campaign -- not too different from what a small town mayor might do to win reelection back in the U.S. . . . Fighting terrorists was only something we did when needed, because it interfered with our political objectives. If we could ignore the terrorists, we were winning. If we had to stop our economic and political activities in order to fight terrorists, they were winning."

The core problem, the officer said, lay in the unwillingness of Shiites in the Iraqi security forces to confront their own side. "Most officers did a great job when facing Sunni-based insurgents," he wrote. "In fact, we had to keep a close eye on most units to make sure they were not too heavy-handed against the Sunnis."

On the other hand: "When we dealt with the Shia, especially the Mahdi militia, things got a lot more complicated. Many officers were reluctant to fight the Shia militias because they had a well-justified fear for the security of their family. I have seen senior Iraqi officers flat refuse to follow American soldiers in pursuit of Shia insurgents -- even when those insurgents just killed their own soldiers."

The trouble goes all the way to the top. "We will never reach any kind of acceptable political settlement as long as the Coalition and the Iraqi government allow legitimate political parties to hold seats in the National Assembly while they finance and maintain military auxiliary wings that attack and kill Iraqi and American soldiers. These parties have enough clout in PM Maliki's administration to effectively block any major military operation against the militias. This is an impossible situation.

"I don't have the expertise to comment on whether or not a temporary 'troop surge' is necessary," he said. "I can say, however, that a troop surge is pointless if we cannot set the political conditions beforehand that allow us to act freely against the militia."

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In other words, the success of Bush's new plan hangs on whether he is right in putting our troops behind the idea that Maliki heads a "unity government" and not an administration actually dedicated to Shiite dominance.

The officer concluded that he has "no idea how the American expedition in Iraq will end."

"I doubt it will end well," he wrote. "But I do hope that the courage and civility of the American soldiers who fought there will not be forgotten both here and in Iraq." Amen.

If Iraq does not end well, our men and women in uniform will not get the blame. The fault will lie with leaders in Washington who failed to face the politics of the situation as squarely as this soldier has.

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Thinking War-War Again (WP)

By Eugene Robinson

The Washington Post, January 12, 2007

Listening to George W. Bush announce his fantasy-based escalation of the war in Iraq, which could only make sense in some parallel universe where pigs fly and fish commute on bicycles, I flashed on something Bush's hero Winston Churchill once said: "A fanatic is one who can't change his mind and won't change the subject." By that standard, President Bush is no fanatic.

True, he scores off the charts on the part about inflexibility of mind. But the Decider changes the subject all the time. First, the way to fight the "war on terror" was to invade Afghanistan, where the Taliban regime was sheltering Osama bin Laden and al-Qaeda. Before finishing that job, Bush decided to invade Iraq, which had nothing to do with al-Qaeda or the Sept. 11, 2001, attacks. And now, with Iraq mired in bloody chaos, he seems to be changing the subject yet again -- to Iran.

I won't spend much time on the president's new "strategy" for Iraq, because at best it's a modest change in tactics -- tragically, one that further plunges U.S. forces into the kind of urban warfare in which insurgents and guerrillas always have the advantage. The battle of Baghdad promises to look like the battle of Fallujah writ large, and it promises to solve nothing. In the end, Bush still has to depend on the Iraqi "unity" government to end the sectarian civil war, but it's clear that the Shiite-dominated regime will do no such thing as long as the Shiites are winning.

On the shift to Iran, I hope I'm wrong but fear I'm right. In his speech Wednesday night, Bush went out of his way to lay out the goal of "stabilizing the region in the face of extremist challenges," specifying that this new task "begins with addressing Iran and Syria."

Of course, he doesn't mean addressing them with tough-minded diplomacy, which is what the Iraq Study Group suggested. Bush decided long ago that talking to regimes he doesn't like amounts to rewarding bad people for bad behavior. However dangerous a world this reckless president leaves behind for his successor, at least we can be thankful that he wasn't anywhere near the White House during the Cold War. He probably would have disconnected the hotline to the Kremlin, or at least kept Leonid Brezhnev on permanent hold.

"Iran is providing material support for attacks on American troops," Bush said. "We will disrupt the attacks on our forces."

Those words had hardly escaped his lips when U.S. forces stormed an Iranian government office in Irbil, a city in the Kurdish region of Iraq, and hauled away five Iranian staff members regardless of their diplomatic status. Local Kurdish officials apparently were not told in advance of the raid, which looked as if it were meant to underscore the president's point -- or even provoke an intemperate reaction from Tehran.

Bush also mentioned that he has sent a second aircraft carrier group to the Persian Gulf region. The USS John C. Stennis, with its attendant mini-fleet, is on its way to join the USS Dwight D. Eisenhower. That's generally known as gunboat diplomacy.

All this comes shortly after someone leaked to the Sunday Times of London that Israeli pilots are busy training for a mission to destroy Iran's key nuclear facilities with "bunker-busting" low-yield nuclear weapons. The Israeli government promptly denied the story, but not without adding that somebody had better bring an end to Iran's nuclear program, and soon. That somebody could only be the United States.

Meanwhile, much about Iran's nuclear program -- and about the country's intentions -- remains unknown. Experts disagree on how much success the Iranians are having in their uranium enrichment program and on how close they are to actually being able to build a nuclear bomb -- estimates range from two to 10 years. We're not even sure where all the key nuclear facilities are or how hardened they are against attack.

As cynical as I am about this administration, it's hard for me to imagine that at this point, with all the push-back he's getting from Congress and the public about escalating American involvement in Iraq, George W. Bush would even think about launching a new military adventure in Iran. But you have to worry about a president who talks so much about the judgment of history and who has such a Manichaean view of the world.

I have the sinking feeling that he's never heard another famous Churchill quote: "To jaw-jaw is always better than to war-war."

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Tears Are Shed At The White House For A Marine's Bravery In Iraq (NYT)

By Raymond Hernandez

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — In April 2004, Cpl. Jason L. Dunham, an ordinary recruit from a small town in upstate New York, did something extraordinary: he threw himself on a grenade to shield two men in his unit as they battled insurgents on a road in Iraq.

On Thursday, President Bush gave Corporal Dunham, who was 22 when he died, the Medal of Honor, the nation's highest military award, presenting it to his mother and father in a somber East Room ceremony attended by his relatives and friends.

In an interview on Tuesday, as she was preparing to make the six-hour trip to Washington for the ceremony, Corporal Dunham's mother, Debra, said she wished her son could "receive it himself." "But we will receive it for him, and he will be watching us do that," she said.

Corporal Dunham, who was a rifle squad leader in the Marines, is the second soldier to receive the medal for service in the current war in Iraq. Prior to that, the 1993 conflict in Mogadishu, Somalia, was the last to produce Medal of Honor recipients; two Delta Army Force soldiers died protecting a downed helicopter pilot there in actions later depicted in the movie "Black Hawk Down."

In presenting the award to the Dunhams, President Bush, who on Wednesday night told the nation he would send 20,000 additional troops to Iraq, cited Corporal Dunham's uncommon valor and said that he "gave his own life so that the men under his command might live."

The president shed tears during the ceremony.

"He was the guy who signed on for an extra two months in Iraq so he could stay with his squad," President Bush said. "As he explained it, he wanted to make sure that everyone makes it home alive. Corporal Dunham took that promise seriously and would give his own life to make it good."

Corporal Dunham's story is of a young man from a little-known town called Scio, about 80 miles southeast of Buffalo, who saw the military not just as a way to serve the country but also as an opportunity to pay for college.

He had just enrolled at a college near his battalion's base in Twentynine Palms, Calif., before being deployed to Iraq, where his actions placed him in a "select group" of the nation's military heroes, as President Bush put it on Thursday.

Mr. Bush approved Corporal Dunham's nomination for the medal in November, ending a two-year process that required his commanding officers to investigate his actions in battle.

Since the medal was created during the Civil War, it has been bestowed on more than 3,400 soldiers, sailors, airmen, marines and coast guardsmen, according to the Congressional Medal of Honor Society in Mount Pleasant, S.C.

While recipients include the likes of Theodore Roosevelt (for his charge up San Juan Hill in the Spanish-American War), it was not entirely an elite medal at first. But the requirements were tightened and only slightly more than 840 medals have been awarded since World War II.

In his hometown of Scio, with a population of about 2,000, Corporal Dunham was considered an accomplished athlete in high school. His batting average in a single season, .414, still stands as a local league record.

His mother, a teacher, said that he was quietly generous and that she learned of one of his acts of kindness only after he had died. In a letter, a childhood friend described how Corporal Dunham went out of his way to console her when other children taunted her on a bus ride home.

"All he did was sit with her on the bus," his mother recalled. "He had a quiet way about doing the right thing."

After joining the Marines, he was chosen at 22 to become a squad leader with Kilo Company, Third Battalion, Seventh Marine Regiment in September 2003. His mother said he had wanted to continue his college education and also to take the New York State Police entrance exam once he returned from Iraq.

But the events of April 14, 2004, changed everything. That day, Corporal Dunham and his men were in the town of Karabilah, near the Syrian border, when they received reports that insurgents had ambushed a marine convoy. Corporal Dunham and his men boarded Humvees and headed toward the area, where they spotted a convoy of cars filled with Iraqis fleeing, according to various accounts.

The patrol led by Corporal Dunham stopped the Iraqi convoy and began inspecting the vehicles for weapons. As Corporal Dunham inspected one vehicle, a man jumped out and grabbed him by the throat. Two other marines ran over to subdue the attacker, who dropped a grenade, according to the accounts. It was then that Corporal Dunham made a fateful decision: he threw his Kevlar helmet and held it down over the grenade. He died a few days later from his wounds .

In addition to his mother and his father, Daniel, Corporal Dunham is survived by two brothers and a sister: Justin, 23, Kyle, 18, and Katelyn, 14. For a family still deeply in grief, the award presented on Thursday seemed to bring some measure of relief.

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"He will be recognized and memorialized in history," his mother said. "He is in the company of remarkable men."

A 2-Month White House Debate On Iraq, Capped By 'the Big Push' (NYT)

By Jim Rutenberg, David E. Sanger And Michael R. Gordon

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — Even before the November elections, President Bush and his national security adviser, Stephen J. Hadley, were informally discussing what Mr. Hadley was calling "the big push" — whether it made sense to make a show of increased American force in Baghdad to take back the city.

But when Mr. Hadley traveled to Iraq in late October, the commander there, Gen. George W. Casey Jr., repeated his frequent warning that to send more troops to Iraq could be counterproductive, because it might make the Iraqi government less likely to defend itself. By the time Mr. Bush met Prime Minister Nuri Kamal al-Maliki in Jordan on Nov. 30, Mr. Maliki was insisting upon taking control over all Iraqi troops and urging the Americans to withdraw to the outskirts of his capital.

Over the past two months those diametrically opposed options — adding American troops, or pulling back to let the Iraqi factions fight it out — marked the boundaries of a vigorous debate inside the Bush administration. At one point, as Mr. Bush, Mr. Hadley, Secretary of State Condoleezza Rice and the newly appointed secretary of defense, Robert M. Gates, weighed their options, the president asked his deputies, in effect: "Why can't we just pull out of Baghdad and let the factions fight it out themselves?"

Ultimately, the president and his advisers came back to the idea of adding American troops — the new approach they concluded was the best of a series of difficult choices, according to a senior administration official involved in the process.

A narrative pieced together from interviews with participants and from public testimony suggests that through much of the process, generals who had been on the ground in Iraq during the past year had favored that the new strategy begin with a substantially smaller force than the one that President Bush announced to the nation on Wednesday night. In the end, it was Mr. Bush who appeared to drive his commanders along to the conclusion that more troops were needed.

In an appearance before Congress on Thursday, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, confirmed that General Casey had requested only two new American brigades, about 9,000 troops, for Baghdad, along with three Iraqi brigades. The White House gave him five brigades. Gen. John P. Abizaid, who heads the Central Command, was opposed to any increase in American troop levels until mid-November, when he became convinced that the economic commitments by both Iraq and the United States made it worth adding troops.

White House officials were clearly sensitive on Thursday about any suggestions that the president countermanded his generals, and said his new plan had their full support. They said the generals sought and received assurances that the Iraqis would undertake political initiatives and end the practice of releasing militia figures who were friends of the government and captured by American or Iraqi forces.

In public comments before the elections, Mr. Bush resisted calls for troop increases from some of his own supporters, saying his generals saw no such need. During an interview session with conservative columnists in September, Mr. Bush said: "If General Casey feels like he needs more troops, we'll send them," according to a transcript posted by The National Review. Asked by an interviewer, "What if he's wrong?" Mr. Bush shot back, "Then I picked the wrong general."

Still far ahead of Election Day, Mr. Bush had decided to oust Secretary of Defense Donald H. Rumsfeld. Mr. Rumsfeld was seen by people inside and outside the administration as opposed to a major change. "It was clear Rumsfeld was committed to the strategy that he had employed from the beginning," Senator John McCain, Republican of Arizona, said. Several officials inside and outside the administration said Mr. Rumsfeld's departure on Nov. 8 helped to empower Mr. Hadley, along with his deputy at the National Security Council, Jack D. Crouch, as they ran the review process inside the White House. Both said they considered many options. But Mr. Hadley was clearly focused on troop levels early on, suggesting in a Nov. 8 memorandum that the president should ask the Pentagon and General Casey to recommend whether more forces were needed in Baghdad.

Mr. Hadley believed from the start of the review that the administration's approach through much of 2006 — that political reconciliation would lead to stability — was not working. "You have this Catch-22 element," Mr. Hadley said in a conversation in his office before he took his late-October trip to Baghdad. "You can't have security without political and economic progress, but it's hard to have political and economic progress without security."

One senior official involved in the discussions said that Mr. Bush's instinct toward the start of the review process — and that of others — was to consider a withdrawal from Baghdad, allow Iraqi-vs.-Iraqi fighting to settle itself, and dedicate United States forces to focus on pursuing Qaeda fighters. "As you peel that back and look at it, it just doesn't war-game out for you," said the official. "You're supposed to go flying through Baghdad looking for Al Qaeda, and when you see ethnic cleansing going on look the other way?"

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In the end, the official said, Mr. Hadley's teams concluded that an American withdrawal from Baghdad would "crater the government."

Another option discussed was to try to steer the Iraqi government toward a political realignment that would essentially depose Mr. Maliki, and put a stronger figure in place. By elimination, those discussions led Mr. Bush's top advisers back to the idea of a troop increase. According to an account by one senior official, General Pace traveled to Crawford, Tex., to meet with Mr. Bush after Christmas and took with him a recommendation calling for two more American brigades in Baghdad, with three more American brigades on call, along with two additional American battalions for Anbar.

According to a senior administration official, Vice President Dick Cheney was among those who wanted a bigger force. Ultimately, Mr. Bush concluded that General Pace's initial request was too small and should be augmented by three more American brigades for Baghdad. General Pace said that General Abizaid, who is retiring this year, had opposed the idea of a troop increase. But General Abizaid came around, General Pace said, when he saw that the additional American combat forces would be accompanied by a "political and economic surge."

New Strategy Vindicates Ex-Army Chief Shinseki (NYT)

By Thom Shanker

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — After President Bush told the nation on Wednesday night that he was ordering a rapid increase of American forces in Iraq, Gen. Eric K. Shinseki was not among the retired officers to offer instant analysis on television.

But the president's new strategy, with its explicit acknowledgment that not enough troops had been sent to Iraq to establish control, was a vindication for General Shinseki, who as Army chief of staff publicly told Congress as much just before the war began in 2003.

First vilified, then marginalized by the Bush administration after those comments, General Shinseki retired and faded away, even as lawmakers, pundits and politicians increasingly cited his prescience.

"We never had enough troops to begin with," Senator Lindsey Graham, a South Carolina Republican, said just before the president's televised address. "A month or two ago we found out the Army is broken, and they agreed that General Shinseki was right."

Gen. John P. Abizaid, the departing commander of American forces in the Middle East, told Congress late last year, "General Shinseki was right that a greater international force contribution, U.S. force contribution and Iraqi force contribution should have been available immediately after major combat operations."

In his prime-time address on Wednesday, even President Bush said the main reason past efforts to stabilize Baghdad had failed was that "there were not enough Iraqi and American troops to secure neighborhoods that had been cleared of terrorists and insurgents."

The acknowledgment was far different from the harsh administration rebuttals after General Shinseki electrified Washington with his blunt warning that victory in Iraq would require more troops than were being deployed for the invasion.

He was the target of immediate rebuke from the Pentagon leadership, in particular from Donald H. Rumsfeld, then secretary of defense, and his deputy, Paul D. Wolfowitz. Mr. Wolfowitz dismissed the testimony as "wildly off the mark."

Some civilians in government and military officers say General Shinseki's treatment intimidated other top officers.

"It sent a very clear signal to the military leadership about how that kind of military judgment was going to be valued," said Kori Schake, the director for defense strategy on the National Security Council staff from 2002 to 2005, now a fellow at the Hoover Institution and a professor at West Point. "So it served to silence critics just at the point in time when, internal to the process, you most wanted critical judgment."

General Shinseki has kept a strict public silence since retiring in June 2003 and would often say to his associates, "I do not want to criticize while my soldiers are still bleeding and dying in Iraq."

He now splits his time between his suburban Washington home and his native Hawaii, consulting with academic organizations, private companies and military support groups. He declined to comment for this article.

"This is a man who is totally loyal to the Army, which was his life," said David R. Gergen, director of the Center for Public Leadership at Harvard's Kennedy School of Government. Mr. Gergen works with General Shinseki on the center's advisory board, and the general regularly meets with students there.

"General Shinseki draws an enormous crowd, especially of former and active-duty military," said Mr. Gergen, who was an adviser to Presidents Nixon, Ford, Reagan and Clinton. "They hold General Shinseki in awe."

"He has been very discreet in his comments about what happened," Mr. Gergen added. "Just as he has been in public, he is reluctant in private to say anything that would disparage the commander in chief."

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The general, who throughout his career was known for his selfless, or at least self-effacing, bearing, did not go before Congress on that day in February 2003 planning to stir things up. But he is also not one who backs down easily; he had risen to the top of the Army after surviving grievous injury in Vietnam, and under withering cross-examination by Senator Carl Levin, Democrat of Michigan, he spoke matter-of-factly.

"Something on the order of several hundred thousand soldiers are probably, you know, a figure that would be required" to stabilize Iraq after an invasion, he said.

"We're talking about post-hostilities control over a piece of geography that's fairly significant, with the kinds of ethnic tensions that could lead to other problems," he added. "And so it takes a significant ground force presence to maintain a safe and secure environment, to ensure that people are fed, that water is distributed, all the normal responsibilities that go along with administering a situation like this."

His comments brought to a boil long-simmering tensions with Mr. Rumsfeld, who had been scrubbing the war plans to reduce the number of invading troops. And they were politically explosive, coming less than a month before the start of the war, which proponents were saying confidently would be anything but a quagmire.

Former aides to the general said his estimate summarized back-of-the-envelope calculations but had been based on experiences as a commander in postwar Bosnia, where the United States sent 50,000 troops to quiet five million people, a population one-fifth that of Iraq. American troops in Iraq reached a peak of more than 160,000 in December 2005. There are now about 132,000.

General Shinseki was not fired for his comments, but his influence as a member of the Joint Chiefs of Staff certainly was never the same. He retired as scheduled.

During a House Armed Services Committee hearing on Thursday, Gen. Peter Pace, chairman of the Joint Chiefs, was asked specifically why General Shinseki's recommendation of more troops had not been adopted, and he replied: "General Shinseki was not advocating for that number as an answer. He gave that as a guesstimate of what it might take. So I just want to put that in historical context."

Some critics say General Shinseki should have spoken out more after his Senate testimony, and others ask why he did not resign to protest the war plan if he thought it would not assure victory. Even in retirement he declined to join the so-called generals' revolt of retired officers calling for Mr. Rumsfeld to resign last year.

These days, Army officers are pointing to another instance of his impolitic remarks coming true years later.

In his retirement speech, General Shinseki warned against trying to carry out a "12-division strategy" with a "10-division army," counsel that the Pentagon's leaders rejected.

In his speech on Wednesday night, Mr. Bush vowed "to increase the size of the active Army and Marine Corps, so that America has the armed forces we need for the 21st century." That, too, could be heard as an affirmation of the general's long-held view.

It May Be Too Late To Secure Baghdad's Mix (LAT)

By Solomon Moore

The Los Angeles Times, January 12, 2007

BAGHDAD — Mohammed Rubaie, 28, is the sort of person President Bush's new Baghdad security plan was designed to protect. But for him and his neighbors and many like them across this city, the plan comes months too late.

One of the chief rationales for sending five additional U.S. brigades to Baghdad is to secure the city's mixed neighborhoods, U.S. military planners say. If residents feel they are safe in their homes, they will no longer turn to sectarian militias to protect them, the strategists argue.

But many of the districts that U.S. planners might have wanted to protect already have been taken over by sectarian gunmen and their allies. Formerly mixed areas, including Rubaie's Hurriya neighborhood, have been transformed by fear and violence. Standing in their place are militantly sectarian communities, their borders hardened by concrete barriers and vigilante-run checkpoints.

Hurriya, where Rubaie was born and grew up, was one of those mixed neighborhoods — a place in Baghdad's northwestern corner where Sunni Arabs and Shiite Muslims lived in relative peace.

But this fall, the militias saw to it that Hurriya would no longer be mixed. One harrowing October night, "there were two gunmen dressed in black, with the police backing them up. They were saying, 'Sunnis, you should leave now. It's the last warning to you all. We're going to burn your houses one by one,' " Rubaie said.

"When our neighbor's house was burned, I felt it was time for us to leave," he added.

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Rubaie's family joined a widening flood of Baghdad residents who have abandoned their home districts as the violence between Shiite militiamen and Sunni insurgents has reshaped Baghdad's neighborhoods. In many cases, U.S. officials say, violent sectarian "cleansing" has been abetted by elements of the Iraqi security forces.

The violence has tilted the demographics of some neighborhoods from one sect to the other. In other neighborhoods, it has consolidated sectarian populations and hardened religious boundaries.

Lines are shifting

The United Nations estimates that at least 300,000 Baghdad residents have fled the country since 2003, when the capital's population was approximately 6 million people.

In the last 11 months, since the February bombing of a Shiite shrine in Samarra triggered Iraq's plunge into civil war, about 60,000 Baghdad residents have left their homes for other neighborhoods within the city, according to the Iraqi Ministry of Migration and Displacement.

In the last year, the lines dividing Sunnis from Shiites in Baghdad have shifted steadily to the west — deep into what was formerly the center of the city's Sunni population.

As recently as last summer, many people here considered the Tigris River, which snakes through the center of the capital, a rough boundary between the predominantly Sunni west bank and the largely Shiite east side. But Shiite militias, who are widely believed to have seized the advantage in Baghdad, have pushed the battle lines across the river into places such as Hurriya. By contrast, Sunni fighters have been unable to sustain advances into east Baghdad.

"They're both taking territory from each other, but the Shiites have the upper hand in Baghdad because of Sadr's movement," said a U.S. advisor, referring to radical Shiite cleric Muqtada Sadr's Al Mahdi army, a powerful militia. "They're very aggressively taking over areas and putting Shiite families into Sunni homes," said the advisor, who spoke on condition of anonymity because he was not authorized to discuss the matter publicly.

The militias are often backed up by sectarian elements within Iraq's security forces. U.S. officials said they hoped that the infusion of new troops would halt sectarian sweeps, but acknowledged that in the meantime, the fighting was likely to get worse.

"Both sides are solidifying their ground right now," the advisor said.

The list of neighborhoods that have been subjected to sectarian cleansing is long. In recent months, Sunnis have pushed Shiite families out of some neighborhoods west of the Tigris, including Yarmouk and Mansour.

Shiites have pushed Sunnis out of a longer list of neighborhoods in central Baghdad, including Babil and Riyadh. They also now dominate the Karada district, which was once heavily Christian.

Shiite militiamen have also struck deep into west Baghdad, taking over neighborhoods such as Jihad, which was recently a majority Sunni area.

U.S. advisors say the best they can hope for with Bush's new plan is to stop future sectarian cleansing campaigns and hold Baghdad's skewed demographics as they are, leaving restoration of abandoned, plundered and commandeered homes and neighborhoods for another day.

The balkanization of Baghdad's neighborhoods also raises the specter of future clashes if residents who have been cast out decide to return and retake their domiciles.

A domino effect

The Sunni exodus from Hurriya illustrates the dynamics of sectarian cleansing. When Shiite fighters pushed out the Sunni residents, the residents fled south into the nearby community of Adil, where Sunnis already were in the majority, and drove out that neighborhood's Shiites.

"The displaced from Hurriya tried to create problems and displace Shiites in Adil," said Adnan Dulaimi, a Sunni Arab member of parliament. When Dulaimi played host to peace negotiations with local Shiites at a mosque, five mortar rounds struck the building and derailed the talks.

Sheik Mahmoud abu Abdullah, a spokesman for the Muslim Scholars Assn., a hard-line Sunni clerical group, said the Shiites have been so successful in their assaults because they constitute the majority in Baghdad and have the backing of Iraqi security forces.

"First the militias raid a Sunni area, conduct assassinations, kidnappings," he said. "Then when the people resist, they distribute threatening pamphlets in the area. If pamphlets don't work, the Iraqi security forces come in."

Baghdad City Councilman Siyyid Yacoub Bukhati said commandos in one predominantly Shiite neighborhood in west Baghdad removed checkpoints recently to allow sectarian fighters into the district.

"A few days ago, six to seven cars full of gunmen came in and started shooting and told six houses of Sunnis to leave the area," Bukhati said. "The main reason this happens is because the security forces are weak and unwilling to apply the law."

U.S. military officials have also complained that Iraqi security forces at times appear to be assisting sectarian militias. In a recent news briefing, Army Lt. Gen. Raymond T. Odierno, the day-to-day commander for operations in Iraq, said that an earlier

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Baghdad security plan called Operation Together Forward failed because sectarian elements within Iraq's security forces allowed abuses to occur.

The perceived complicity of Iraqi police and soldiers poses yet another problem for Bush's plan because the U.S. strategy calls for Iraqi security forces to supply 20,000 troops to assist in protecting Baghdad neighborhoods.

Many here say they have little faith in those forces.

"In our neighborhood, the militias try to kidnap Sunnis from their houses," said Abu Abdullah Maslawi, a resident of the Mansour neighborhood. "If the militias fail, the police come and arrest the people who fired at the militias. Now families are even resisting the police, because they believe they are the same as the militias."

Bush Stands Alone With 'new Way Forward' (FT)

By Ed Luce In Washington

Financial Times, January 12, 2007

President George W. Bush on Thursday cut an increasingly lonely and embattled figure as opposition Democrats and fellow Republicans greeted his "new way forward" in Iraq with a barrage of denunciation.

Although Tony Blair, the UK prime minister, said that Mr Bush's plan to send a further 21,500 troops to Iraq "made sense", the US president appeared more isolated than ever before. Republicans pointed to the fact that Mr Bush's address came as the UK plans to announce by the end of next month the withdrawal of about 2,600 troops from Iraq.

"Why is it just the United States that is shouldering this?" said Lisa Murkowski, a Republican senator. "Why is Great Britain withdrawing? Why are we the only ones that are moving forward with this new plan?"

Republican senators who publicly opposed Mr Bush's plan included Norm Coleman of Minnesota and Sam Brownback – both of whom have traditionally backed the White House – in addition to a growing list of Republicans facing 2008 election campaigns.

This show of Republican opposition prompted comparisons with Richard Nixon during the Vietnam era.

"Republican support for the president is draining rapidly," said a party strategist. "It is almost unheard of for Republicans to criticise a Republican president at war so soon after he has made an appeal for support."

Democrat leaders were scathing in their response, accusing Mr Bush of having betrayed his promise of bipartisanship following the Republican defeat in midterm elections last November.

Chris Dodd, a Democrat presidential hopeful, accused the Bush administration of living in a "fool's paradise". Joe Biden, another Democrat presidential candidate, called Mr Bush's troop "surge" a "big mistake".

There is little Congress can do to prevent the president from conducting the war in the manner he wishes but Democrats are considering symbolic legislation that would rebuke Mr Bush's Iraq strategy.

"The president could find himself so isolated so quickly that he would be forced to fundamentally revise his strategy in Iraq, which he has not done," said Zbigniew Brzezinski, a national security adviser under former president Jimmy Carter. "My real fear is that a president who is backed into a corner and prone to demagoguery will listen to the neoconservatives and expand this war to Iran or Syria."

Polls on Thursday showed an overwhelming majority of Americans opposing Mr Bush's troop "surge".

"This administration took a gamble [by going to war in Iraq]," said Barack Obama, a potential Democrat presidential candidate. "It staked American prestige on the premise that it could overthrow a dictator and bring democracy to Iraq. It appears that gamble has failed."

Stephen Hess, a former Nixon administration official, said Mr Bush was unlikely to be derailed from his chosen course in Iraq.

Several In GOP Hit Bush 'Blunder' (WT)

By Charles Hurt And Jon Ward

The Washington Times, January 12, 2007

Republican leaders on Capitol Hill staunchly back President Bush's proposal to boost troop levels in Iraq but support among the party's rank and file may be crumbling.

"At this late stage, interjecting more young American troops into the crossfire of an Iraqi civil war is simply not the right approach," Rep. Ric Keller, a Florida Republican who has been steadfastly supportive of the war, said on the House floor yesterday. "We are not going to solve an Iraqi political problem with an American military solution."

Sen. Chuck Hagel, Nebraska Republican, predicted that the plan would be "the most dangerous foreign policy blunder in the country since Vietnam -- if it is carried out."

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"I think what [Mr. Bush has] decided to do is both courageous and correct," Senate Minority Leader Mitch McConnell, Kentucky Republican, told reporters yesterday. "It strikes me, in listening to the critics emerging already, that the president can't win either way. Before he changed directions, he was being criticized. And now that he's changing directions, he's being criticized."

Mr. McConnell yesterday hinted that Senate Republicans would filibuster any resolution by Democrats expressing disapproval of the war in Iraq or Mr. Bush's plan to add more than 21,000 troops to the battlefield.

"Congress is completely incapable of dictating the tactics in a war," he said, adding that if Democrats are so unhappy, they should cut off funding.

"What they want to do, apparently, is to leave," Mr. McConnell said. "And there is only one effective device of Congress that can be employed to bring about that result, and that opportunity will be provided when the supplemental appropriation comes up in February. If they want to cut off money for the troops, that's the time to do it."

Opposition to their commander in chief appears to be considerable, especially for a conference that has been overwhelmingly supportive of the Bush administration for the past six years. However, it is unlikely that there is much Republican congressional critics can or will do to alter the president's military plans in Iraq.

An informal survey by The Washington Times yesterday, for instance, found nine Senate Republicans who have "doubts" about Mr. Bush's proposal, and seven who reject it. Eleven other senators expressed conditional support.

Twenty-one Republican senators offered unqualified support. Only Sen. Wayne Allard, Colorado Republican, did not respond to requests for comment.

Mr. Bush went into his Wednesday speech with opinion polls showing strong disapproval of his handling of Iraq, and initial reaction suggests he didn't sway many voters.

"When you've got a 30 percent overall rating, you've got a credibility problem," said pollster John Zogby, who said Mr. Bush needed to "hit a grand slam home run" Wednesday to earn back public confidence, and didn't.

"At best, he presented a solution that was one of several bad alternatives, and the one that polls at least, and I'm just a public opinion guy, that polls show was the worst."

However, an ABC-Washington Post poll taken after the speech and released yesterday found Mr. Bush had gained some ground with Americans on his handling of Iraq overall, to reach 34 percent, or 7 percent higher than last month's survey. But asked about Mr. Bush's new plan, 61 percent said they oppose it.

Even among his strongest supporters in the Senate, Mr. Bush faces new scrutiny. "That's why you're seeing tougher and tougher questions being asked by us," said Sen. Saxby Chambliss, Georgia Republican.

Sen. Pat Roberts, Kansas Republican, called Mr. Bush's proposal "the only realistic choice given the regional instability and danger we face. But this support is not without limits."

Other Republicans were more critical of the president's proposal. Sen. Gordon H. Smith of Oregon called it Mr. Bush's "Hail Mary pass."

Sen. Norm Coleman, Minnesota Republican, said that "to put the lives of [more] Americans soldiers" into the Iraq conflict, "without first having something that's substantial, something we can point to, other than this sense of trust, other than looking someone in the eye, having a conversation. I'm not prepared, at this time, to support that. The cost is too great."

Many of the Republican senators criticizing the president yesterday are up for re-election in 2008, such as Mr. Hagel, Mr. Smith and Mr. Coleman. Mr. Hagel has hinted he may run for president.

Senate Majority Leader Harry Reid, at a briefing with other Senate Democratic leaders, boasted that he could win over 12 Republicans to sign a nonbinding resolution opposing a troop increase.

Democrats say they hope to bring the resolution to a vote next week and confront Mr. Bush with official opposition from senators in his own party. "That will be the beginning of the end of the war in Iraq," Mr. Reid said.

The seven Republican senators who are openly opposed to sending more troops are Mr. Hagel, Mr. Smith, Mr. Coleman, Sen. Susan Collins of Maine, Sen. Sam Brownback of Kansas, Sen. Olympia J. Snowe of Maine and Sen. Arlen Specter of Pennsylvania.

The nine Republican senators who appear to be undecided, if not opposed, are Sen. Judd Gregg of New Hampshire, Sen. George V. Voinovich of Ohio, Sen. Bob Corker of Tennessee, Sen. Michael D. Crapo of Idaho, Sen. Richard G. Lugar of Indiana, Sen. Lisa Murkowski of Alaska, Sen. John E. Sununu of New Hampshire, Sen. John W. Warner of Virginia and Sen. David Vitter of Louisiana.

Convincing Still Required For Bush Iraq Plan (LAT)

By Johanna Neuman

The Los Angeles Times, January 12, 2007

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WASHINGTON — One day after President Bush unveiled his plan to send 21,500 additional U.S. troops to Iraq, administration officials today sought to convince a skeptical public and Congress that the strategy can work.

But Democratic leaders stood firmly opposed to the president's plan, lashing out at what they called "a tragic mistake" and talking about cutting off funds for the war.

"In choosing to escalate the war, the president virtually stands alone," Senate Majority Leader Harry Reid (D-Nev.) said in a statement today.

Skepticism to the plan is so widespread — Sen. Barak Obama (D-Ill.) likened the president's strategy to a gambler increasing the size of his bet to cover his previous losses — that even Republicans railed about the war.

Sen. George Voinovich (R-Ohio), who until now has supported the war, said he no longer believes the civil war in Iraq can be tamed by sending more U.S. troops to aid in the fight.

"We don't want any more American soldiers killed … in the name of civil war," he said, noting that the letter he sends to families of fallen soldiers now has to be rewritten, not to praise them for dying in a grand cause but in the name of security. "I've gone along with the president's dream," he said. "I just don't think it's going to happen."

Sen. Norm Coleman (R-Minn.), questioning the Iraqi government's resolve to crack down on sectarian violence, asked, "Why put more Americans on the line now in hopes that this time they will make the right decision? Fooled twice, shame on me."

Secretary of State Condoleezza Rice, testifying before the Senate Foreign Relations Committee today, said the administration is "clear-eyed, too, about the fact that the Iraqi government has to perform, and the fact that they haven't in the past."

She noted that stability in Iraq will take both resolve and capability.

"The president sees this as an effort to help the Iraqis with an urgent task so that sectarian violence does not outrun the political process," she said.

The president began the day by hailing the heroism of individual soldiers. Bush awarded the Medal of Honor posthumously to Marine Corps Cpl. Jason Dunham for falling on a grenade hurled by an Iraqi during an attack near the Syrian border.

"By his selflessness, Cpl. Dunham saved the lives of two of his men and showed the world what it means to be a Marine," Bush said in a White House ceremony attended by Dunham's family.

Defense Secretary Robert Gates, in an early morning news conference, said the number of American troops will be gradually raised in Iraq. "There will be no D-Day," Gates said. "It won't look like the Gulf War."

With Iraq putting increased stress on the U.S. military, Gates said he will recommend that Bush increase U.S. armed forces by 92,000 over the next five years — with 27,000 more Marines and 65,000 more soldiers.

Rice said that even as the Pentagon sends additional troops to the battlefield, diplomats will step up political and economic reconstruction efforts in Iraq. Naming Tim Carney, a former ambassador to Sudan and Haiti, to oversee the nonmilitary effort in the field, Rice told the Senate committee today that civilian reconstruction efforts in the Al Anbar province, a stronghold of insurgents, were having an effect.

"We in the State Department recognize the need for a diplomatic surge," she said. "We need to get diplomats out of the Green Zone, into Iraq."

Reaction to Rice's testimony in the committee room showed the administration's tough task in selling the plan for additional troops to the public and to Congress.

At one point during her testimony, a protester yelled out, "More lies…all lies…stop the lies!"

Sen. Chuck Hagel (R-Neb.) told Rice that adding troops is "the most dangerous foreign policy blunder in this country since Vietnam" and challenged her assessment that the strategy was "an augmentation" rather than "an escalation" and that sectarian violence does not yet constitute a full-scale civil war.

Insisting that "not all of Baghdad has fallen into civil war," Rice said that Iraqi Prime Minister Nouri Maliki understands he must gain control of extremists from both the Shia and Sunni sects.

Some in Congress defended the policy. Sen. John McCain (R-Ariz.) said today that the Bush plan may not guarantee success, but it's worth trying because the consequences of failure are greater.

"If we do fail," McCain said, "there is going to be chaos in the region and we will pay an even heavier price in American blood and treasure."

House Democratic leaders are considering bringing the issue of funding the war to a vote on the House floor.

McCain, a GOP presidential candidate, said Congress had the right to cut off funding but that "if the vote is successful, those who are proponents of it (must) assume responsibility for the consequences of failures."

During committee hearings and morning broadcast news shows, Democrats made clear they remain furious about the war and the president's attempt to expand the U.S. commitment to Iraq.

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"We're not going to baby-sit a civil war," said Obama on NBC's "Today Show." On CBS' "Early Show," Sen. Dick Durbin (D-Ill.) said that with Democrats now in charge of both houses of Congress, "questions are now being asked of this administration that haven't been asked for almost four years."

At the start of a Senate committee meeting, Chairman Joseph Biden (D-Del.) said Bush's strategy is "not a solution," adding that he believed the idea of sending more troops is "a tragic mistake."

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Bush, speaking to troops today at Ft. Benning, Ga., defended his strategy, saying that the new plan will help Iraqis secure troubled neighborhoods and quell the sectarian violence that has crippled the nation.

What's more, Bush said, is that Prime Minister Nouri Maliki has promised to end "political interference," and that Bush in turn has promised "enough troops to clear, build and hold."

Saying "there is no doubt in my mind we will prevail," Bush added, "The purpose really is to crush these insurrections now, so that the democracy in Iraq can develop, has a chance to make it."

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At the start of a Senate committee meeting, Chairman Joseph Biden (D-Del.) said Bush's strategy is "not a solution," adding that he believed the idea of sending more troops is "a tragic mistake."

That theme resonated throughout the morning as senators from both parties criticized the Bush administration for its failures in Iraq.

Sen. Barbara Boxer (D-Calif.) berated Rice for "not listening to the American people." Reminding Rice that she will bear the personal agony of lost family members in Iraq, Boxer also noted that the British are withdrawing their troops from Iraq.

"We are all alone," Boxer said. "There is no other country standing with us in this escalation."

Obama, saying that Bush "took a gamble" and then kept "doubling down," argued that the administration should fix a date at which it would walk away.

"It seems as if the solution is always six months away," he said. "What leverage do we have to provide assurance that six months from now you will not be saying it didn't work … and we can't afford to fail?"

Rice replied that the administration is "not going to stay married to a plan that's not working in Baghdad if the Iraqis are not living up to" their end of the bargain.

Bush Bets Congress Will Have To Back Plan (WSJ)

By Yochi J. Dreazen And Neil King Jr.

The Wall Street Journal, January 12, 2007

FORT BENNING, Ga. -- As President Bush presses his latest Iraq strategy, he is gambling that the new Democratic Congress will give him the same broad discretion to prosecute the war that he has had for the past four years.

Yesterday, a wide number of Democrats and Republicans blasted the approach. White House officials calculate that Democrats will be stymied by practical problems, legislative maneuvering and internal divisions in their attempt to prevent the administration from sending 21,500 more soldiers -- and more money -- to Iraq.

"There are a lot of divisions among the Democrats, and you see them tiptoeing around it because they understand the consequences of such a vote," White House Counselor Dan Bartlett said during a trip with Mr. Bush, who was pushing his case for sending new forces to Iraq in a speech to hundreds of soldiers on this military base.

Mr. Bush's call to send more troops to Baghdad and restive Anbar province moved the White House closer to open confrontation with Congress, where lawmakers have been denouncing the proposal while considering whether to impose conditions on the White House's plans.

Speaking to a roomful of troops, Mr. Bush said he planned to work with "the Congress to provide all the resources you need in this war on terror." He gave no indication of willingness to accommodate congressional criticism.

Democratic leaders hope to pass a nonbinding measure opposing the troop escalation in the Senate as early as this week and are openly discussing ways to block funding for it, or otherwise tying the president's hands. White House officials downplayed the possibility of Congress blocking troop escalation, noting that the administration has enough money to send most of the additional "surge" forces to Iraq. That means any Democratic move to limit funding would effectively impact money used for sustaining troops already in the field.

The nonbinding measures criticizing the war may also face a rockier-than-expected path. The Senate's top Republican, Sen. Mitch McConnell of Kentucky, has threatened to filibuster the surge resolution, which could force Democrats to soften their language or delay bringing it to a vote.

With polls showing the U.S. public highly skeptical of the new Iraq approach -- and even many congressional Republicans raising criticism -- Democratic leaders in Congress are trying to calibrate their own strategy, figuring out whether to condemn the new approach or try to take firmer steps, such as limiting funding or other restrictions.

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During previous similarly unpopular conflicts, lawmakers regularly passed measures dictating the way administrations should conduct military operations. During the Vietnam era, for instance, lawmakers passed measures requiring President Nixon to set a timetable for withdrawing American forces from the country and barring them from being deployed into Cambodia. Lawmakers later passed measures barring the CIA from operating in Angola and Nicaragua. In the early 1990s, Congress approved legislation setting a firm timetable for the withdrawal of military personnel from Somalia.

Congress gave Mr. Bush broad authority to wage the Iraq war in 2002, and when the Capitol was under Republican leadership, lawmakers did little to challenge the president on his handling of the conflict. The new Congress has said it would push to rein in the White House. Sen. Edward Kennedy (D., Mass.) has written an amendment that would require congressional approval for any Iraq troop increase, and the number of Democrats supporting the measure has increased.

For the moment, though, Democrats seem to be focusing on laying down a public marker opposing the troop escalation rather than trying to direct the conduct of military operations in Iraq. Senate Majority Leader Harry Reid of Nevada says he hopes to introduce a nonbinding resolution against the troop increase by the end of next week, and Democrats claim that as many as 12 Republican senators could support it. The House plans to consider an identical measure as early as next week. The administration's talk of escalating confrontation with Iran and Syria within Iraq stirred similarly sharp concerns, leading senior Democrats like Senate Foreign Relations Committee Chairman Joseph Biden of Delaware to say he was prepared to limit Mr. Bush's authority to carry any fight outside Iraq's borders.

"We can do just about anything, given our constitutional powers of the purse," said one Senate Democratic leader's chief of staff. "But right now, politically, we don't want to do anything that could be seen as shortchanging the troops in the field."

Indeed, several newly elected Democrats who had made the war a central part of their campaigns stopped short of restrictions on troop levels. Rep. John Murtha (D., Pa.), chairman of the House Appropriations defense subcommittee, said such language could be part of future spending legislation, but some Democrats said they were not yet prepared to back such a measure.

"We're not at that point yet," said Rep. Patrick Murphy, a Pennsylvania Democrat and Iraq veteran.

Analysis: Democrats' Delicate Strategy (AP)

By David Espo

AP, January 12, 2007

Majority Democrats face a delicate mission in their first foreign policy clash with President Bush, determined to force an end to the Iraq war but eager to support the troops who are doing the fighting.

No strangers to political combat, Republicans don't intend to make it easy on them.

"What they really want is to cut off funding for the troops," Senate GOP Leader Mitch McConnell of Kentucky, said Thursday.

It was a claim that Democrats rebutted in advance.

"The Congress and the American people will continue to support them and provide them with every resource they need," the top four Democrats in Congress pledged Wednesday night as they attacked President Bush's plans to deploy an additional 21,500 troops.

"Our military forces deserve a policy commensurate with the sacrifices they have been asked to make. Regrettably, the president has not provided that tonight," added Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, as well as Reps. Steny Hoyer of Maryland and Sen. Dick Durbin of Illinois.

For the first time since the war began, Democrats have public opinion on their side — and know it for sure.

The midterm elections that swept Republicans from power in both the House and Senate demonstrated that, and comments by one-time Republican supporters of the president's war policy confirm it daily.

Sen. Gordon Smith, an Oregon Republican who faces the voters in 2008, checked out in December. He called the war effort absurd and said he would never have voted to authorize combat if he had known that prewar intelligence was wrong.

Other Republicans are following.

Eight members of the House rank-and-file wrote Bush on Jan. 4, urging him "to reject any recommendation for either a short or long term increase in the number of U.S. troops. We are persuaded by all available evidence that an escalation of U.S. troop levels is not the way forward in Iraq."

Bush was persuaded otherwise, and suffered further political erosion within hours.

"At this late stage, interjecting more young American troops into the crossfire of an Iraqi civil war is simply not the right approach," Republican Rep. Ric Keller said on the morning after the president's speech.

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Across the Capitol complex, Republican Sen. George Voinovich of Ohio addressed Secretary of State Condoleezza Rice: "I've gone along with the president on this and I've bought into his dream, and at this stage of the game I just don't think it's going to happen."

Both Pelosi and Reid intend to hold votes in Congress within a few weeks on Bush's revised Iraq policy. It would be the equivalent of a congressional referendum, advisory in nature, and give Democrats a way to show their opposition and force Republicans to make a choice.

Many Democrats in both houses prefer a stronger approach. — Sen. Edward M. Kennedy pre-empted Reid this week by unveiling a bill to block the use of funds for Bush's plans to increase the size of the force in the war zone.

In private sessions, House Democrats have prodded Pelosi to be more forceful, and Democratic presidential contenders are likely to compete for the support of anti-war voters, as well. As a result, it seems inevitable that there will be efforts to limit funding for the war later in the year.

For now, though, according to several officials, the leadership in both houses would prefer a more cautious approach when it comes to legislation, building additional pressure on the president through extensive hearings into the war.

Their hope is that will leave the public focus on Bush as steward of a war that has claimed the lives of more than 3,000 U.S. troops and eroded his standing with the electorate.

Reid, in particular, has said he favors a bipartisan repudiation of Bush's new policy. "The president's going to have to take note of that. I think that's the beginning of the end, as far as I'm concerned," he said.

Bush's Iraq Plan Meets Skepticism On Capitol Hill (WP)

By Michael Abramowitz And Jonathan Weisman

The Washington Post, January 12, 2007

President Bush's proposal to send 21,500 additional troops to Iraq encountered strong bipartisan opposition on Capitol Hill yesterday, and his top national security advisers, dispatched to defend the strategy, were greeted with a skepticism not seen from Congress over the past six years.

Lawmakers said they have little confidencethat the Iraqi government has the capacity to deliver on promises to take the lead in cracking down on violent militias and providing security in Baghdad, as the president's plan contemplates. Democrats and Republicans alike said they are concerned that Bush's plan, announced Wednesday night in a nationally televised prime-time address, is too little and too late and does not appear very different from previous efforts to secure the capital.

Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates sought to assure lawmakers that the plan can work if given time. Gates said he detected a much greater determination from Iraqi Prime Minister Nouri al-Maliki to go after "all lawbreakers" with "no exceptions." He suggested that the prime minister will confront the militias fueling sectarian violence, including insurgents controlled by radical Shiite cleric Moqtada al-Sadr.

Still, the ferocity of the congressional condemnation dismayed the White House, which had hoped to rebuild an element of bipartisan consensus around Bush's plan. It was further indication that the new Democratic Congress is headed toward a series of potentially epic clashes and floor votes over the conduct and funding of the nearly four-year-old war.

Congressional skepticism is being fueled by the public: A majority of Americans oppose Bush's decision to send more troops, and only one in three said the plan will probably make victory in Iraq more likely, according to a new Washington Post-ABC News poll.

Rice appeared to be on the receiving end of the toughest grilling yesterday, before the Senate Foreign Relations Committee. Not a single senator from either party expressed support for the president's plan, many posed hostile questions, and others expressed deep doubt about the Bush administration's premise of creating a viable democracy in the heart of the Middle East.

"I've gone along with the president on this, and I bought into his dream," Sen. George V. Voinovich (R-Ohio) told Rice bluntly. "And at this stage of the game, I don't think it's going to happen."

Sen. Bill Nelson (D-Fla.) offered a similar assessment. "I have supported you and the administration on the war, and I cannot continue to support the administration's position," he said. "I have not been told the truth over and over again by administration witnesses, and the American people have not been told the truth."

Rice maintained her composure throughout the hearing, which lasted more than three hours, conceding that doubts are warranted but pleading for patience. "I want you to understand that I, personally, too, understand and know the skepticism that is felt about Iraq and indeed the pessimism that some feel," Rice said.

Asked if she has confidence in the Maliki government, Rice said she did, adding: "I think he knows that his government is on borrowed time."

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Appearing at Fort Benning, Ga., Bush told soldiers that daily life in Iraq will eventually improve but that his new strategy will not yield immediate results. "The American people have got to understand that suicide bombings won't stop immediately," Bush said. "The IED attacks won't stop immediately."

Administration officials said nothing to suggest that the troops will be coming home any time soon. At a morning news conference, Gates said the increase in troops is being viewed as a "temporary surge" but added: "No one has a really clear idea of how long that might be."

Gates also announced that he is recommending an increase in the size of the Marine Corps and Army by 92,000 troops over the next five years, and he joined other administration officials in offering new warnings about the power of Iran. He said one consequence of a failed U.S. effort in Iraq would be "an emboldened and strengthened Iran."

Former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), co-chairmen of the Iraq Study Group, issued a statement last night in which they raised questions about the "nature of the surge" and urged the president to further consider other recommendations in the group's report, including conditioning support for the Iraqi government on its meeting of benchmarks, creating an international support group for Iraq and beginning a transition that could enable U.S. forces to begin to leave.

In addition to the new security plan, Bush also called Wednesday for additional funds for economic reconstruction, and like the Iraq Study Group, for political benchmarks for the Iraqi government -- such as a new oil law and provincial elections. But unlike the study group, Bush would impose no penalties on the Iraqis for lack of compliance.

The White House is running the risk that the widespread discontent on Capitol Hill will mushroom into an embarrassing resolution disapproving the president's plan or, worse, the imposition of limitations on funding for the war. White House aides said they fully expected criticism from many quarters, but they expressed disappointment that, as they saw it, many lawmakers do not appear to be giving the new strategy more than a cursory review. More than 130 lawmakers trooped to the White House for personal briefings from the president in recent days -- but to little apparent effect.

Still, White House counselor Dan Bartlett expressed optimism that a showdown with Congress over funding can be avoided, despite a vow by some House Democratic leaders to try to derail funding for the additional troops. "It appears the Democrats are divided on that issue themselves," he said. "We obviously hope it doesn't get to that point -- and my personal opinion is I don't think it will."

Bartlett added that critics should do more than take shots at Bush's plan. "We do believe that those who have decided to reject this plan before it has an opportunity to work have a greater responsibility to propose something that will work," he said. "We have yet to see that from Democrats."

Senate Minority Leader Mitch McConnell (R-Ky.) vowed to filibuster Democratic efforts to bring to a vote a resolution disapproving the policy, but opponents of the plan may be able to muster the 60 votes needed to break his parliamentary obstacle. Half a dozen Senate Republicans have come out against sending more troops to Iraq, with at least four others expressing skepticism. Senate Majority Leader Harry M. Reid (D-Nev.) predicted that the resolution would pick up 12 GOP votes, a count McConnell did not dispute.

Across Capitol Hill yesterday, the administration also found the going rough. At the House Armed Services Committee, Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, were questioned extensively about the timing of the "surge" in troops, with several committee members from both parties questioning the level of commitment from the Iraqi government.

A House Republican letter to Bush opposing any increase in troop strength garnered nine signatures. Meanwhile, Democratic leaders said they will push a resolution on support for the president's proposal, and House Republicans said Bush risks a major defeat. For Republicans who narrowly escaped defeat in November, the coming vote could be a nightmare, they said.

"The White House will have to work 24 hours a day to find people on our side who aren't going to jump ship," said Rep. Ray LaHood (R-Ill.). "This is a real serious dilemma for members in difficult seats. The next election will be about the White House, not the House. We will rise or fall on our nominee and how this war is going."

Rep. Thomas M. Davis III (R-Va.) said he "would not say there are a lot of enthusiastic members over here" in support of the president. "I have zero comfort level with escalating this," he said.

Bush War Plan Draws Fire On Capitol Hill (AP)

By Tom Raum

AP, January 12, 2007

President Bush's plan to send more troops to Iraq ran into a wall of criticism on Capitol Hill on Thursday as administration officials drew confrontational, sometimes mocking challenges from both Democrats and Republicans.

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Defense Secretary Robert Gates said in response that the administration might abandon the increase if the Iraqi government doesn't do its part, but he provided no timetable. "I think most of us, in our minds, are thinking of it as a matter of months, not 18 months or two years," he told the House Armed Services Committee.

Bush and top members of his national security team sought to rally support for the troop buildup a day after he unveiled his plan for turning around a conflict that has lasted nearly four years and cost more than 3,000 American military lives.

Instead, Gates and Secretary of State Condoleezza Rice found themselves embroiled in the first pitched exchanges in a battle that is likely to dominate Congress for months or longer and is already shaping the 2008 presidential election.

"I think this speech given last night by this president represents the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out," Sen. Chuck Hagel of Nebraska, a potential 2008 presidential contender, told Rice. While he is a Republican, administration officials were defending the plan for the first time to the Democratic-controlled Congress.

Bill Nelson, D-Fla., noted his own past support for the administration on the war but said he could not continue. He declared, "I have not been told the truth over and over again by administration witnesses, and the American people have not been told the truth."

A new AP-Ipsos poll found approval for Bush's handling of Iraq hovering near a record low — 29 percent of Americans approve and 68 percent disapprove.

Bush, visiting with troops at Fort Benning, Ga., cautioned that the troop increase "is not going to yield immediate results. It's going to take awhile."

His plan, outlined in a prime-time address to the nation on Wednesday, would raise troop levels in Iraq by 21,500 — from 132,000 to 153,500 — at a cost of $5.6 billion. It also calls for the Iraqi government to increase its own forces and to do more to quell sectarian violence

"American patience is limited, and obviously if the Iraqis fail to maintain their commitments we'll have to revisit our strategy," said Gates.

At one point Gates, just three weeks on the job, told lawmakers, "I would confess I'm no expert on Iraq." Later, asked about reaching the right balance between American and Iraqi forces, he told the panel he was "no expert on military matters."

Committee members pressed Gates, who replaced Donald H. Rumsfeld at the Pentagon, on an exit strategy for the U.S.

"At the outset of the strategy, it's a mistake to talk about an exit strategy," he said.

Gates, in testimony to the committee and earlier at a news conference, said he was requesting increasing the size of the Army and Marine Corps by 92,000 troops over the next five years.

He also said the Pentagon would recall to duty sooner than planned some National Guard and Reserve troops who have served yearlong tours in Iraq or Afghanistan.

As Rice testified to the House Foreign Affairs Committee, Rep. Howard Berman, D-Calif., likened Bush's plan to a "hail Maliki pass" — jokingly combining Iraqi Prime Minister Nouri al-Maliki's name with the football "Hail Mary" desperation pass.

The U.S. led a coalition that invaded Iraq in March 2003, despite failing to win U.N. Security Council support. The government of Saddam Hussein quickly crumbled and Bush declared major combat operations over two months later.

Bush's war effort initially had strong support, both in Congress and among other Americans. Yet that support has eroded as violence has continued.

Senate Majority Leader Harry Reid, D-Nev., said he hoped to bring up a nonbinding resolution next week expressing opposition to any troop buildup. A similar move is expected in the House.

Reid, in a Senate speech, said Bush ignored the results of November's midterm elections that ended 12 years of GOP control of Congress, the advice of the bipartisan Iraq Study Group and that of his own top generals. "In choosing to escalate the war, the president virtually stands alone," Reid said.

The Senate's top Republican, Mitch McConnell of Kentucky, threatened a filibuster — a delaying tactic — to block any legislation expressing disapproval of the buildup plan.

McConnell conceded that GOP lawmakers as well as Democrats are troubled by Bush's new policy, but he said, "Congress is completely incapable of dictating the tactics of the war."

Options for critics of the war to try forcing its end are limited, given the slim margin of Democratic control, especially in the Senate. But votes stating symbolic opposition to the troop buildup could embarrass many Republicans leery of supporting Bush's plan.

Rice appeared in the morning before the Senate Foreign Relations Committee and in the afternoon before the House counterpart. She was grilled sharply by members of both parties.

Not a single member of the Senate panel expressed outright support for the president's plan. One after another offered skepticism on various points — from the rationale for the war to al-Maliki's sincerity and resolve, from the need for additional troops to the administration's ruling out talking to Iran and Syria.

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"You're going to have to do a much better job" explaining the rationale for the war, "and so is the president," said Sen. George Voinovich, R-Ohio. He said Bush could no longer count on his support for the war.

Rice acknowledged widespread skepticism among Americans. "I want you to know that I understand and indeed feel the heartbreak that Americans feel at the continued sacrifice of American lives," she said.

Rice engaged several tense exchanges with members, including with Hagel, a Vietnam veteran and longtime critic of Bush's Iraq policy. She disputed his characterization of Bush's buildup as an "escalation."

"Putting in 22,000 more troops is not an escalation?" Hagel asked. Responded Rice: "I think, senator, escalation is not just a matter of how many numbers you put in."

"Would you call it a decrease?" Hagel asked.

"I would call it, senator, an augmentation that allows the Iraqis to deal with this very serious problem that they have in Baghdad," she said.

When Rice disputed Hagel's contention that Iraq was in the throes of civil war, Hagel shot back: "To sit there and say that, that's just not true."

Said Committee Chairman Joe Biden of Delaware: "I believe the president's strategy is not a solution, Secretary Rice. I believe it's a tragic mistake"

Rice told senators there was a "national imperative not to fail."

The Senate panel was flush with 2008 presidential hopefuls and possible contenders, including Hagel, Biden and Democrats John Kerry of Massachusetts, Christopher Dodd of Connecticut and Barack Obama of Illinois.

Meanwhile, Sen. John McCain, R-Ariz., another presidential hopeful, said after a meeting at the White House that he was concerned about al-Maliki's capabilities as well as "whether these are sufficient number of troops.

But, he said, "I do think we can succeed." McCain is among a handful of lawmakers who have called for more — not fewer — U.S. troops in Iraq.

Rice, Gates Face Hill Heat Over Iraq Plan (WT)

By Nicholas Kralev

The Washington Times, January 12, 2007

Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates met hostility yesterday on Capitol Hill when they tried to defend President Bush's decision to send about 21,500 more combat troops to Iraq.

"I believe it's a tragic mistake," said Sen. Joseph R. Biden Jr., chairman of the Senate Foreign Relations Committee and one of five presidential aspirants on the panel that questioned Miss Rice.

Sen. Barbara Boxer, California Democrat, noted Miss Rice has no children of her own to lose overseas, as Democrats flexed their new majority to force debate on Mr. Bush's Iraq policy -- something they said has been missing under Republican control.

"Who pays the price?" Mrs. Boxer repeatedly demanded. "You're not going to pay a particular price," she told Miss Rice, because the secretary has no "immediate family" at risk.

The comments came after Miss Rice opened the hearing by acknowledging widespread concerns about the war and called for "a national imperative not to fail in Iraq."

"Americans broadly agree -- and we in the administration count ourselves among them -- that the situation in Iraq is unacceptable," said Miss Rice.

Neither Miss Rice nor Mr. Gates guaranteed that the troop surge announced by Mr. Bush on Wednesday night will succeed in stabilizing Baghdad, but they said there were indications that it would. They said it will be clear within a couple of months whether the Iraqis will fulfill their commitment to crack down on militias and death squads.

"I don't think anybody has a definite idea of how long a surge would last," Mr. Gates told the House Armed Services Committee. "I think for most of us, in our minds, we are thinking of it as a matter of months, not 18 months or two years."

The secretary, who took charge of the Pentagon from Donald H. Rumsfeld last month and was joined by Joint Chiefs Chairman Gen. Peter Pace, said the additional troops would arrive in Iraq in waves and suggested that some may be held back if the Iraqi government does not keep its end of the bargain.

"American patience is limited, and obviously if the Iraqis fail to maintain their commitments we'll have to revisit our strategy," Mr. Gates said.

The administration pleaded for Congress to study the proposal rather than ruling it out immediately, as Mr. Bush and top members of his national security team began their first push for support.

While his secretaries were taking the heat, Mr. Bush traveled to the friendlier environs of Fort Benning, Ga., where he cautioned that the troop increase "is not going to yield immediate results. It's going to take awhile."

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Mr. Bush's plan, outlined in a prime-time address to the nation, would raise troop levels in Iraq by 21,500 -- from 132,000 to 153,500 -- at a cost of $5.6 billion. It also calls for the Iraqi government to increase its own forces and to do more to quell sectarian violence.

Senate Majority Leader Harry Reid, Nevada Democrat, promised to give the new plan careful consideration, but he said on the Senate floor, "In choosing to escalate the war, the president virtually stands alone."

Many of the Senate panel's Republicans also were critical, including Sens. Chuck Hagel of Nebraska, John E. Sununu of New Hampshire and Lisa Murkowski of Alaska.

"I think this speech given last night by this president represents the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out," Mr. Hagel said.

Miss Rice engaged in a tense exchange with Mr. Hagel, a Vietnam veteran and longtime critic of Mr. Bush's Iraq policy, disputing his characterization of Mr. Bush's buildup as an "escalation."

"Putting in 22,000 more troops is not an escalation?" Mr. Hagel asked. "Would you call it a decrease?"

Miss Rice replied: "I would call it, Senator, an augmentation that allows the Iraqis to deal with this very serious problem that they have in Baghdad."

Mr. Hagel told Miss Rice, "Madame Secretary, Iraqis are killing Iraqis. We are in a civil war. This is sectarian violence out of control."

She disputed that Iraq was in the throes of a civil war. To that, Mr. Hagel said, "To sit there and say that, that's just not true."

Meanwhile, after a meeting at the White House, Sen. John McCain, Arizona Republican, expressed both doubts and optimism about the strategy.

"I do not guarantee victory or success," Mr. McCain told reporters. "If we do fail, there is going to be chaos in the region, and I believe that we would pay an even heavier price in American blood and treasure."

Miss Rice, in comments overheard on an open microphone between TV interviews, said she did not plan to "descend" on Baghdad during a Middle East trip beginning today, because it is not the time to "beat their brains out."

The government of Iraqi Prime Minister Nouri al-Maliki should be given some "breathing space" after listening to Mr. Bush describe the situation in Iraq as unacceptable, she said.

The secretary yesterday appointed a retired career diplomat, Timothy Carney, to coordinate economic aid and reconstruction efforts in Baghdad. Mr. Carney, a former ambassador to Haiti, served as an adviser to the U.S. occupation authority in Iraq in 2003.

"In order to better deliver on the governance and economic side, the United States is further decentralizing and diversifying our civilian presence," Miss Rice said at the Senate hearing. "We need to get civilians out of our embassy, out of the Green Zone, into the field across Iraq."

Senate Panel Scraps With Rice Over Iraq Strategy (USAT)

By Barbara Slavin

USA Today, January 12, 2007

WASHINGTON — Congressional critics of President Bush's new Iraq strategy say it includes bellicose threats that might provoke Iran and lead to a wider regional conflict.

In his speech Wednesday, Bush said he was sending a second aircraft-carrier battle group to the region and Patriot missiles to U.S. Arab allies. He promised to "seek out and destroy" Iranian and Syrian networks providing arms and training to Iraqi insurgents and militias.

The U.S. arrest of six Iranians on Thursday in the northern Iraqi region of Kurdistan added to the level of congressional anxiety about U.S. policy. The Pentagon denied the Iranians were diplomats.

On Thursday, Senate Foreign Relations Committee Chairman Joseph Biden of Delaware asked Secretary of State Condoleezza Rice whether Bush thought he had authority to send U.S. forces into Iran in pursuit of those supporting attacks on U.S. troops.

"We believe we can do what we need to do inside Iraq," Rice said.

Biden warned that Congress had not authorized an expanded war and that the administration would face a "constitutional confrontation in the Senate" if it tried to broaden the conflict without congressional approval.

The incident in the Kurdish city of Irbil followed a similar one last month in Baghdad where U.S. troops detained two Iranians in the compound of a pro-Iranian Iraqi leader, Abdul-Aziz al-Hakim. The two were subsequently released.

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"When you set in motion the kind of policy the president is talking about here, it's very, very dangerous," Sen. Chuck Hagel, R-Neb., said in reference to Bush's policy on Iran. "To ask our young men and women to sacrifice their lives to be put in the middle of a civil war is wrong," he added.

Hagel and Biden have urged the administration to start talks with Iran and Syria, a proposal that Rice rejected. Efforts to talk to Syria during the first Bush term failed, she said, and Iran must end its efforts to enrich uranium before the United States would begin a dialogue with Iran. The United States says Iran is trying to make a nuclear bomb.

Before a skeptical bipartisan audience at the Foreign Relations Committee, Rice defended Bush's plan to increase the number of troops in Iraq by more than 21,000. There are currently about 132,000 U.S. troops in Iraq.

Rice and new Defense Secretary Robert Gates said the strategy would change, although they did not say how, if Iraqi Prime Minister Nouri al-Maliki did not live up to his commitments to promote political reconciliation. Rice would not put a time limit on the escalation. Gates said it would last for "months, not 18 months or two years."

Some of the criticism was predictable from a body that includes several presidential aspirants, but some of the critics were new, such as Sens. Norm Coleman, R-Minn., and George Voinovich, R-Ohio.

Coleman said he was not prepared to support the administration's new policy because he had not seen a sufficient "level of commitment and resolve" from the al-Maliki government and "the cost (to American families) is too high."

"You're going to have to do a much better job, and so is the president, in explaining this to us," Voinovich told Rice. "I've gone along with the president and bought into his dream" of an Iraqi democracy, but no longer, he said.

Lawmakers Grill Rice Over The Iraq War (AP)

By Calvin Woodward

AP, January 12, 2007

Secretary of State Condoleezza Rice found herself at the intersection of anger and ambition when senators called her to account Thursday for a deeply unpopular war.

Five presidential aspirants on the Senate Foreign Relations Committee, as well as other up-and-comers in the new Democratic majority, made sure their voices were heard. And these voices — Republican ones included — were full of frustration and mistrust about how President Bush has prosecuted and pitched the Iraq war.

Even Rice's status as a single woman was fair game.

Sen. Barbara Boxer, D-Calif., noted Rice has no children of her own to lose overseas. "Who pays the price?" Boxer repeatedly demanded. "You're not going to pay a particular price," she told Rice, because the secretary has no "immediate family" at risk.

On the other side of the Capitol, Defense Secretary Robert Gates, a new face on the years-old Iraq policy, largely got a pass when he testified before the House Armed Service Committee about Bush's Iraq strategy.

Rice is notably unflappable. Her face was tight, her voice even, occasionally and briefly speeding up to meet the jabs coming her way. She did not give much away or lose her temper.

But she might find her trip to the volatile Middle East starting Friday a vacation compared with her time before the committee.

Rice calmly walked the committee through the revamped war plan while acknowledging that what has been done until now has not succeeded. "I ask that you give it a chance to work," she said.

"There have been other critical times for America, when we have united as one nation to meet great challenges. Now must be such a time, for it is a national desire and a national imperative not to fail in Iraq."

Years of pent-up frustration in both parties spilled over.

A "fool's paradise," was how Connecticut Sen. Chris Dodd, who had just announced his Democratic presidential candidacy hours earlier, described Iraq policy.

"A tragic mistake," was how Delaware Sen. Joe Biden, the committee chairman and White House hopeful, put it.

And this, from a Republican who also has presidential aspirations: "The most dangerous foreign policy blunder in this country since Vietnam." Sen. Chuck Hagel of Nebraska was talking about Bush's speech on Wednesday night, when the president announced his plan to increase U.S. troops in Iraq.

Hagel has opposed the Bush policy for some time. But Sen. Bill Nelson, a moderate Democrat from Florida, has supported it. No more.

"I have not been told the truth," Nelson said. "I have not been told the truth over and over again."

Two more presidential aspirants weighed in. "Unbelievably off the mark," Democratic Sen. John Kerry of Massachusetts said of Bush's approach. Democratic Sen. Barack Obama of Illinois picked through the Iraq policy in a restrained fashion.

Boxer made it personal.

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"I'm not going to pay a personal price," she said. "My kids are too old and my grandchild is too young. You're not going to pay a particular price, as I understand it, with an immediate family."

Boxer talked about families losing loved ones and soldiers in hospital burn units. "These are the people who pay the price."

Rice said evenly that she understands the sacrifice of service members and families.

"I visit them. I know what they're going through. I talk to their families. I see it. I could never and I can never do anything to replace any of those lost men and women in uniform, or the diplomats, some of whom. ..."

Boxer cut her off.

"Madam Secretary, please," she said. "I know you feel terrible about it. That's not the point. I was making the case as to who pays the price for your decisions."

In the House, lawmakers appeared mindful of Gates' status as the newcomer on the Bush administration's Iraq team and largely avoided the kind of tough questions and pointed comments that senators heaved at Rice.

"We are blessed to have you, Mr. Secretary," the committee chairman, Rep. Ike Skelton, D-Mo., said at the outset.

Gates, sworn in Dec. 18, noted that his testimony came on "the anniversary of the conclusion of my third week in the job."

Some of the toughest comments were directed toward Peter Pace, chairman of the Joint Chiefs of Staff.

"This is the craziest, dumbest plan I've ever seen or heard of in my life," Rep. Neil Abercrombie, D-Hawaii, told Pace.

Rice, A Uniter Of The Divided (WP)

By Dana Milbank

The Washington Post, January 12, 2007

Within minutes of Secretary of State Condoleezza Rice's arrival on Capitol Hill yesterday, it became apparent that the Bush administration had, after four divisive years, finally succeeded in uniting Congress on the war in Iraq.

Unfortunately for Rice, the lawmakers were unified in opposition to President Bush's new policy.

"I have to say, Madam Secretary," a seething Sen. Chuck Hagel (R-Neb.) told Rice, "that I think this speech given last night by this president represents the most dangerous foreign policy blunder in this country since Vietnam."

"Madam Secretary," added Sen. Bill Nelson of Florida, a moderate Democrat, "I have supported you and the administration on the war, and I cannot continue to support the administration's position. . . . I have not been told the truth over and over again."

"You're going to have to do a much better job," lectured Sen. George Voinovich, an Ohio Republican. "I've gone along with the president on this, and I bought into his dream, and at this stage of the game, I don't think it's going to happen."

It was a bipartisan scolding of the sort rarely seen in the Bush presidency, and Rice endured it, for the most part, with quiet indignation. She stared expressionlessly at her tormentors or looked down at the table, occasionally noting their complaints on a memo pad with her No. 2 pencil: "Crisis in the region . . . Iraqis killing Iraqis . . . Withdrawal." The oversized yellow leather chair at the witness table made Rice look small, and for much of the hearing she sat hunched, her hands clasped tightly in her lap. Only once did she betray her agitation by pounding her clasped hands to her thigh, out of the senators' view.

Rice tried not to be baited. A ferocious Sen. Barbara Boxer (D-Calif.), noting that the childless Rice is not at risk of losing her own offspring in Iraq, displayed a 2005 quote from the secretary saying she had "no doubt" about a troop reduction in Iraq. "You had absolutely no doubt about how great it was going," Boxer said.

"Senator, let's not overstate the case," Rice soothed. "I don't think I said it was going great."

But ultimately, Rice could not avoid quarrels. Hagel, a Vietnam veteran, angrily condemned the "escalation" of the war. "To ask our young men and women to sacrifice their lives to be put in the middle of a civil war is . . . morally wrong. It's tactically, strategically, militarily wrong."

"I don't see it, and the president doesn't see it, as an escalation," Rice replied.

Hagel looked stunned. "Putting 22,000 new troops, more troops in, is not an escalation?"

"Escalation is not just a matter of how many numbers you put in," Rice ventured.

"Would you call it a decrease?" Hagel pressed.

"I would call it, Senator, an augmentation."

Rice rejected lawmakers' pleas to consider talks with Iran and Syria ("That's not diplomacy; that's extortion") and refused to promise that Bush would seek permission from Congress before attacking either country.

The senators reacted with a palpable fury. "I send letters out to the families and tell them about how brave their sons were and that the work they're doing there and the deaths were as important as what we had in the Second World War," Voinovich told Rice. "But I have to rewrite the letter today."

Rice had little with which to answer him. "I think that we don't have an option to fail in Iraq," she replied.

Voinovich glared from the dais.

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The Foreign Relations panel is a murderers' row of political egos, with seven members who have contemplated 2008 presidential runs. But the frustration with Rice's answers had the salutary effect of breaking down party divisions. Democrat Chris Dodd (Conn.), who had just announced his presidential candidacy on "Imus in the Morning," gave a hug to Republican Hagel. Democrat Nelson praised Republican Norm Coleman (Minn.). Republican Lisa Murkowski (Alaska) concurred with Democrat Boxer. And Democrat Russ Feingold (Wis.) had only the warmest words for Hagel.

Some lawmakers wanted withdrawal from Iraq, others favored a bigger U.S. commitment, but most everybody saw Bush's plan as inadequate. "I hope you'll convey to the president," Chairman Joseph Biden (D-Del.) urged Rice, "that you heard 21 members, with one or two notable exceptions, expressing outright hostility, disagreement and/or overwhelming concern with the president's proposal."

Indeed, the lone lawmaker showing some sympathy was Republican Johnny Isakson of Georgia, who muddied his defense with an extended metaphor about gambling. He said Bush's speech Wednesday night made clear "this one is for all the marbles," and he advised Iraqis to heed "Kenny Rogers' old song, 'You got to know when to hold 'em and know when to fold 'em.' It's time for them to deliver on the hand that they've dealt."

But Barack Obama, for one, wasn't playing at Isakson's table. "This administration took a gamble," the Illinois Democrat said. "It appears that it has failed, and essentially the administration repeatedly has said we're doubling down."

There were demonstrators in the room: a woman from a left-wing group who applauded when Dodd labeled the Iraq policy "a fool's paradise," and a man who was led off by police shouting, "Lies! It's all lies!" But such heckling was redundant at a hearing in which more than a dozen senators vied for time to berate the witness. "Quite possibly the greatest foreign policy mistake in the history of our nation," Feingold proclaimed.

Less shrill but more powerful were the words of Bush's loyal supporters, who wore queasy looks as they challenged the new Iraq policy. Coleman rested his forehead on his hand, then asked Rice: "Why wouldn't it be wiser to hold the Iraqis to certain benchmarks?" John Sununu (R-N.H.) complained of a "refusal to share information." David Vitter (R-La.) judged: "Too little, maybe too late."

Even Murkowski, a junior senator who rarely breaks with the administration, joined in the denunciations. "You've clearly heard the skepticism that has been expressed this morning -- so many of my colleagues, and for good reason, skepticism about a lot of things," she said. The Alaskan spoke of her "great concern" that the United States is now in "a situation that I had hoped we would not be in."

Murkowski pleaded with Rice for assurances "that this is going to yield us a better result, a different result than what we have seen in the past."

Rice could offer none. "Senator," she said, "there aren't any guarantees."

Bush's Plan For Iraq Runs Into Opposition In Congress (NYT)

By Thom Shanker And David S. Cloud

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 President Bush's call to increase the American military commitment in Iraq ran into intense Congressional opposition Thursday from Democrats and from moderate Republicans who expressed profound skepticism.

A day after the president set out a new strategy for bringing stability to Iraq, the White House found few allies on either side of the aisle when Secretary of State Condoleezza Rice appeared before the Senate Foreign Relations Committee. The reception she received suggested that Mr. Bush's prime-time address to the nation on Wednesday had done little to build political support for sending additional troops to Baghdad.

"I think what occurred here today was fairly profound, in the sense that you heard 21 members, with one or two notable exceptions, expressing outright hostility, disagreement and or overwhelming concern with the president's proposal," the committee's new Democratic chairman, Senator Joseph R. Biden Jr. of Delaware, said at the conclusion of Ms. Rice's testimony.

Republicans were more supportive in the House, where the new defense secretary, Robert M. Gates, and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified before the Armed Services Committee. But Democrats were scathing in their criticism, and in both the House and the Senate, Democratic leaders moved ahead with plans to oppose Mr. Bush's plan through nonbinding resolutions.

While saying they do not plan any immediate effort to try to thwart the Bush plan by cutting off funds, some Democrats said they would continue to consider placing limitations on the administration when Congress considers a war spending measure later in the year.

Despite the decision by many members of his party to break with the White House over the troop increase, the Republican leader in the Senate, Mitch McConnell of Kentucky, said he would use parliamentary tactics to try to thwart the Democratic effort to adopt the Senate resolution opposing the plan.

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In Baghdad, Iraq's Shiite-led government responded tepidly to Mr. Bush's announcement that he would send more than 20,000 additional troops to Iraq to bolster the effort to curb rampant sectarian violence.

Prime Minister Nuri Kamal al-Maliki failed to appear as scheduled at a news conference and did not make any public comment.

Meanwhile, President Bush and his top cabinet officials spent Thursday traveling and testifying in support of his new Iraq strategy.

Early in the day, in an emotional ceremony at the White House, Mr. Bush awarded the Medal of Honor to the family of Cpl. Jason Dunham, a marine from Scio, N.Y., who was killed in Iraq in 2004 when he threw himself on a grenade to save the rest of his unit. The president began crying during the ceremony. It was the second Medal of Honor proceeding to come out of the Iraq war.

Afterward, he traveled to Fort Benning, Ga., where he spoke to Army soldiers about the Iraq plan. He said his approach would not produce an immediate reduction in violence but represented "our best chance for success." Some of the troops based at Fort Benning have already served twice in Iraq and are scheduled for a third deployment.

Ms. Rice appeared on morning news programs before joining Mr. Gates at a news conference in the White House. Both then moved to Capitol Hill for a first substantive showdown with the new Democratic majority and an encounter with the shifting politics of the war.

At the House Armed Services Committee hearing, it was standing-room-only, with some spectators sprawled on the floor and others spilling out the door.

In the Senate Foreign Relations Committee hearing room, Senator Chuck Hagel of Nebraska, a Republican who has been critical of the administration's handling of the war, drew applause when he described the president's proposals as a "dangerous foreign policy blunder," and vowed to oppose them. Senator Russell D. Feingold, a Wisconsin Democrat and a vigorous opponent of the war, spoke of it as "quite possibly the greatest foreign policy mistake in the history of our nation."

Expressing doubt about whether Iraqis "are done killing each other," Senator Norm Coleman, Republican of Minnesota, said, "Why put more American lives on the line now in the hope that this time they'll make the difficult choice?"

Several Republicans questioned the Bush plan without rejecting it outright, but their call for greater detail made it clear they remained unconvinced. Senator John Sununu of New Hampshire agreed that approving new legislation in Iraq on sharing oil revenue would be central to weaving estranged Sunni Arabs into the political process, but he said no United States government official could describe the law to him.

"It's the most remarkable law that no one has ever seen," he said.

Away from the Congressional hearings, White House and Pentagon officials held a series of private meetings with lawmakers on Thursday in an attempt to blunt the criticism, especially from Republicans.

Lt. Gen. David H. Petraeus, the new American commander in Iraq, waved off reporters as he shuttled between the offices of Republican Senators John W. Warner of Virginia and Jeff Sessions of Alabama. "Please, guys. Can I just make the rounds up here?" he said, declining to answer further questions.

During their testimony, Mr. Gates and Ms. Rice declined to specify a time limit on the troop increase and were cautious about predicting rapid improvements in security in Baghdad, where most of the additional troops will be positioned, saying progress is likely to come gradually.

"I think that we all know that the stakes in Iraq are enormous and that the consequences of failure would also be enormous not just for America and for Iraq, but for the entire region of the Middle East and indeed for the world," Ms. Rice said.

The deployment schedule, in which more than 20,000 fresh soldiers and marines would roll into Iraq over several months, was intended to give the president time to reconsider the increase should the Iraqi government fail to provide its share of security forces as promised, Ms. Rice said.

"I have met Prime Minister Maliki," she said. "I was with him in Amman. I saw his resolve. I think he knows that his government is, in a sense, on borrowed time, not just in terms of the American people, but in terms of the Iraqi people."

Still, she spoke directly about Mr. Maliki's failure to come through on his past promises to bring additional Iraqi troops into Baghdad. "They haven't performed in the past and so the president is absolutely right, and we have all been saying to them, 'You have to perform,'" she said.

Mr. Gates would not say when asked whether the planned American troop increases over the next few months could be withheld if additional Iraqi units promised for Baghdad failed to materialize.

"We are going to have a number of opportunities to go back to the Iraqis and point out where they have failed to meet their commitments," he said, adding, "I think our assumption going forward is that they have every intention of making this work."

Pressed repeatedly by members of both parties about what steps the Bush administration would take if Iraq continued to balk, he added, "We would clearly have to relook at the strategy."

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Mr. Gates said the Pentagon was revising rules governing mobilization of Army National Guard and Reserve members so troops who had already done a tour in Iraq in the past five years could now be sent back to Iraq if their units was remobilized. But the new policy would aim to shorten the time Guard members were mobilized to a maximum of a year.

He also announced a large permanent increase in the active duty Army and Marine Corps, a repudiation of the approach of former Defense Secretary Donald H. Rumsfeld, who argued for keeping ground force levels low and insisted that authorization for any additional troops be done temporarily.

Under Mr. Bush's plan, the active duty Army total manpower over the next five years would grow to 547,000, an increase of 39,000 over the current level. In addition, the Marine Corps would grow to 202,000, an increase of 23,000. The expansions would have to be approved by Congress.

Democrats in both the House and Senate would not rule out eventually putting limitations on financing for the war if Mr. Bush continued on a course they contended defied the will of Congress and the American public. But they say that possibility, which could open them to Republican attacks, will have to be faced later when an emergency spending request and Pentagon spending are considered in the spring and summer.

Representative John P. Murtha of Pennsylvania, the Democratic chairman of the appropriations subcommittee that sets military spending and a leading party critic of the war, is exploring ways to attach conditions to a Pentagon measure.

Representative David R. Obey, Democrat of Wisconsin and chairman of the Appropriations Committee, said "a wide variety of ideas are bubbling forth," for how the party should respond to the president. But beyond voting on a resolution to symbolically oppose the Iraq plan, he said it remained unlikely that Democrats could block the troop increase to Baghdad.

"If you were going to have a so-called surge, part of that is supposedly by keeping people there longer," Mr. Obey said. "It's pretty hard to shut off funds for troops who are already there, so it gets very, very complicated."

Late Thursday, James A. Baker III and Lee Hamilton, the co-chairmen of the Iraq Study Group, whose report in November the Bush administration largely spurned, said in a statement that some of its recommendations were reflected in Mr. Bush's plan and urged the White House to give "further consideration" to the panel's remaining ideas.

At the Senate Foreign Relations Committee hearing, Mr. Biden issued a sharp warning to the administration after Mr. Gates discussed recent raids against Iranians in Iraq, including one in Erbil early Thursday, and described them as part of a new effort "to root out the networks" involved in bringing Iranian-supplied explosive devices into Iraq.

Mr. Biden responded by saying that the vote to authorize the president to order the use of force to topple Saddam Hussein should not be used as a vehicle for mounting attacks inside Iran, even in pursuit of cells or networks assisting insurgents or sectarian militias.

"I just want the record to show and I would like to have a legal response from the State Department if they think they have authority to pursue networks or anything else across the border into Iran and Iraq that will generate a constitutional confrontation here in the Senate, I predict to you," Mr. Biden said.

Also, the State Department announced on Thursday that Timothy Carney, a retired Foreign Service officer who served as a senior civilian American authority in Iraq for three months in 2003, is the new coordinator for Iraq reconstruction.

Devastating Criticism On Iraq By Both Parties (NYT)

By Anne E. Kornblut

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — From the very first remarks, the tone was set: courteous, serious — and devastating.

When Secretary of State Condoleezza Rice appeared before the Senate Foreign Relations Committee on Thursday, the Democrats, newly ascendant in Congress and frustrated by the war in Iraq, controlled the microphone.

Senator Christopher J. Dodd of Connecticut accused the administration of letting American soldiers be used as "cannon fodder." Senator Joseph R. Biden Jr., the chairman, called the president's new strategy "a tragic mistake" and said the plan "is more likely to make things worse." Senator Bill Nelson, of Florida, and a former supporter of administration policy, said he could no longer back the president.

"I have not been told the truth," Mr. Nelson said. "I have not been told the truth over and over again by administration witnesses, and the American people have not been told the truth."

Perhaps surprisingly, the language changed little when it was the Republicans' turn. "You've clearly heard the skepticism that has been expressed this morning by so many of my colleagues, and for good reason," said Senator Lisa Murkowski of Alaska. Senator George V. Voinovich of Ohio, noting that he previously went along with the president and "bought into his dream," demanded the administration "do a much better job" of explaining its strategy. A smattering of applause erupted when Senator Chuck Hagel of Nebraska warned that Mr. Bush's new plan would be "the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out."

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On a committee renowned for its bipartisanship and restraint, the questioning on Thursday, the day after a major presidential address on Iraq, amounted to a powerful blast. Though the mood was somber and the tone remained polite, members of the committee pressed Ms. Rice with extraordinary sharpness. And on a panel with at least five lawmakers considering running for president, members kept reminding the secretary — and one another — that the stakes were extraordinarily high.

"The fundamental question that the American people — and, I think, every senator on this panel, Republican and Democrat — are having to face now is, at what point do we say, 'Enough'?" said Senator Barack Obama of Illinois, a likely Democratic presidential contender.

Administration officials fanned out across Capitol Hill to answer that question, over and over, on Thursday, facing a hostile Congress and varying degrees of partisanship.

Defense Secretary Robert M. Gates, who inherited the war in Iraq just three weeks ago, appeared before members of the House Armed Services Committee to discuss the increase in troop levels. Members thanked him for his candor, seemingly grateful to have a new witness before them, rather than former Defense Secretary Donald H. Rumsfeld, who was often combative.

The soft-spoken Mr. Gates, making his first appearance as defense secretary before the committee that oversees the military, admitted that "mistakes have certainly been made by the United States in Iraq, just like in virtually every war in human history."

"That is the nature of war," Mr. Gates said. "But however we got to this moment, the stakes now are incalculable."

The party lines were clearer in the House hearing before the Armed Services committee, where Representative Duncan Hunter of California, the most senior Republican and other Republicans offered their support for the administration and Democrats pressed for an exact calendar in Iraq. "At what point do we say, 'Enough is enough'?" said Representative Martin T. Meehan, Democrat of Massachusetts.

But it was left to Ms. Rice, an important fixture — and survivor — in an administration now in its seventh year, to defend against the tough condemnations in the Senate, where a vote on a resolution about the war could take place as early as next week.

Seated alone at a large table in front of the committee in a chilly Senate hearing room, where the front rows were filled with protesters, Ms. Rice appeared frustrated at times, as committee members variously interrupted her, challenged her or all but accused her of representing a dishonest administration.

Lawmakers argued with Ms. Rice over what to call the latest plan — she corrected critics who referred to it as an "escalation," describing it as an "augmentation" — and over whether a civil war is underway.

When Ms. Rice asserted that insurgents, not warring Shiite and Sunni factions, were mainly responsible for American casualties, Mr. Hagel shot back, "Madame Secretary, your intelligence and mine is a lot different."

He added, "To sit there and say that, Madame Secretary, that's just not true."

"Well, Senator, if you'll — ," Ms. Rice began.

"That is not true," Mr. Hagel repeated.

"Senator, if you'll allow me to finish," Ms. Rice said, visibly exasperated, finally conceding that Iraqi attacks on other Iraqis are taking place in the form of death squads.

Even with at least five members of the committee preparing to run against one another for president, their themes were unified. Mr. Biden, who has said he will run, deftly called on his potential rivals, including Mr. Dodd, who had announced his candidacy hours earlier on the Don Imus radio show, and Senator John Kerry of Massachusetts, the former Democratic presidential nominee.

Mr. Biden and Mr. Hagel, another possible contender, exchanged whispers at various points; Mr. Obama stopped to chat with Mr. Biden before leaving the hearing early.

Perhaps the most aggressive questioner of Ms. Rice was the Democrat who has announced he will not run: Senator Russell D. Feingold of Wisconsin, who has consistently opposed the war and demanded Thursday that Congress "use the power of the purse" to cut off financing and take American troops out of Iraq.

In an especially contentious exchange, Mr. Feingold asked Ms. Rice: "Is the United States more secure now as a result of our military incursion into Iraq than we were before we entered Iraq?" Dissatisfied with her responses, Mr. Feingold repeated the same line three more times.

The only moment of levity came as a protester was dragged from the room; Mr. Hagel joked that the man must have been from Delaware, Mr. Biden's home state.

Getting Iraq To Work (WSJ)

By Rudy Giuliani And Newt Gingrich

The Wall Street Journal, January 12, 2007

The American mission in Iraq must succeed. Our goal -- promoting a stable, accountable democracy in the heart of the Middle East -- cannot be achieved by purely military means.

Iraqis need to establish a civil society. Without the support of mediating civic and social associations -- the informal ties that bind us together -- no government can long remain stable and no cohesive nation can be maintained. To establish a civil society, Iraqis must rebuild their basic infrastructure. Iraqis must take control of their destiny by rebuilding houses, stores, schools, roads, highways, mosques and churches.

But the constant threat of violence, combined with a high unemployment rate estimated between 30% and 50%, fundamentally undermines that effort. This not only sustains the fertile breeding ground for terrorist recruiters but has the same corrosive effect as it would in any city -- raising the likelihood of further violence, civic decay and a crippling sense of powerlessness.

A massive effort must be made to engage in a well organized plan to rebuild Iraq. The goal: an infrastructure to support and encourage a strong, stable civil society.

The week before Christmas, the Pentagon asked Congress to approve a supplemental $100 billion for military operations in Iraq and Afghanistan, on top of the estimated $500 billion spent to date. The administration should direct a small percent of that amount to create an Iraqi Citizen Job Corps, along the lines of FDR's civilian conservation corps during the Great Depression. The Job Corps can operate under the supervision of our military and with its protection. The Army Corps of Engineers might be particularly helpful in directing this effort. It will place our military in a constructive relationship with the Iraqis -- both literally and figuratively.

Today, Iraq has almost 200 state-owned factories that have been abandoned by the governing authorities since the outbreak of war in 2003. Deputy Undersecretary of Defense Paul A. Brinkley has led a team to 26 of those facilities, traveling far beyond the Green Zone to idled plants from Fallujah to Ramadi. Mr. Brinkley believes that under Department of Defense leadership, at least 10 of these facilities could be re-opened almost immediately, putting more than 10,000 Iraqis to work within weeks. This should be done without delay -- and it is only the beginning.

The wages that these thousands of gainfully employed workers receive will be used to purchase goods and services that will employ other Iraqis. Those goods and services must be produced by still other Iraqis. These are the first steps in creating the requisite conditions of a stable functioning economy and the best hope of displacing retribution and violence with hope and opportunity.

We must try to achieve constructive and compassionate goals through conservative means -- jump starting civic improvement and the individual work ethic in Iraq, without creating permanent subsidies. The goal is to get more Iraqis working, especially young males, who are most susceptible to the terrorist and warlord recruiters.

There are many lessons from the successful welfare reforms in New York City that can be readily applied in Iraq. In the early 1990s, New York City suffered an average of 2,000 murders a year while more than 1.1 million people -- one out of every seven New Yorkers -- were unemployed and on welfare. Too many neighborhoods were pervaded by a sense of hopelessness that came from a combination of high crime, high unemployment and despair. "Workfare" proved an excellent method to change this destructive decades-long paradigm. It required able-bodied welfare recipients to work 20 hours a week in exchange for their benefits. In the process, we reasserted the value of the social contract, which says that for every right there is a responsibility, for every benefit an obligation.

As many as 37,000 people participated at a single time, working in the neighborhoods that most needed their help, cleaning up streets with the Sanitation Department, removing graffiti from schools and government buildings, or helping to beautify public spaces in the Parks Department.

More than 250,000 individuals went through our Workfare program between 1994 and 2001, and their effort helped to visibly improve the quality of life in New York City. Many of them moved on to permanent employment. This change from welfare to work did as much as the New York Police Department Compstat program to keep reducing crime. A similar model can work in Iraq.

There is an opportunity not only to increase employment by rebuilding roads, houses, schools and government buildings, but also to engage the Iraqi people to participate in laying the foundation for a civil and prosperous society.

The population of Iraq is roughly 30 million with a pre-war median annual income equivalent to $700. Subsidizing unemployed Iraqis with a meaningful wage in exchange for meaningful work rebuilding their society is well within the means of the U.S. and its allies.

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The entire effort will help stabilize and grow the Iraqi economy. It should be open to all willing Iraqis -- Sunnis, Shiites and Kurds -- as a means of helping to create a common culture through shared participation in work projects to rebuild and take ownership of their nation.

One word of caution: The program should be overseen by the U.S. military, not private contractors, to avoid unnecessary delays in deployment or accusations of cronyism in the bidding process. Our military will still be devoted to its primary role of hunting down terrorists and patrolling the streets, but administering a jobs program would be a direct extension of their effort to secure law and order. After the program has been started and becomes successful, it can be transferred to a civilian authority within the Iraqi government.

The creation of an Iraqi Citizen Job Corps will help expedite the establishment of a more stable civil society and improve the growing Iraqi economy through the transforming power of an honest day's work.

Mr. Giuliani is the former mayor of New York City. Mr. Gingrich is a former speaker of the U.S. House of Representatives.

Rice Seeks Backing Abroad For Iraq Plan (WP)

By Glenn Kessler

The Washington Post, January 12, 2007

With President Bush's plan to boost troops in Iraq facing blistering criticism at home, Secretary of State Condoleezza Rice departs today on another difficult sales mission: winning the support of Arabs for the Iraq plan and seeking momentum for a renewed push on Middle East peace.

Rice endured hours of tough questions in both the Senate and House foreign policy panels yesterday over the administration's strategy for Iraq and its diplomacy toward Iraq's neighbors, particularly Iran and Syria. She had prepared for the hearings carefully, anticipating some of the toughest questions at several practice sessions known as "murder boards," and so remained unruffled when lawmakers pummeled her with complaints.

The stakes could not be higher on Rice's week-long trip to Israel, Egypt, Jordan, Saudi Arabia, Kuwait, Germany and Britain. She is trying to knit together her vision of a "new Middle East" from the turmoil and conflict spawned in part by the Iraq war and the rising influence of radical Islamic groups, such as Hezbollah and Hamas. Iran has emerged as a more powerful regional power partly because of U.S. missteps in Iraq. Administration officials say the rise of Iran has to some extent given such historic antagonists as Israel and Saudi Arabia common strategic interests.

Rice has said she sees the turmoil as offering opportunity. "This is a different Middle East," she told the Senate Foreign Relations Committee yesterday. "This Middle East is a Middle East in which there really is a new alignment of forces," pitting "reformers and responsible leaders" in Israel, Jordan, Egypt, Saudi Arabia, Iraq and the Palestinian territories against "extremists of every sect and ethnicity who use violence to spread chaos, to undermine democratic governments and to impose agendas of hatred and intolerance."

The glue that is supposed to help link the positive forces is a sustained personal effort by Rice to make progress on the Israeli-Palestinian conflict, administration officials and diplomats said. Bush has called repeatedly for a "two-state solution" to the conflict, but Arabs and outside analysts have complained that in the past six years the administration has frequently disengaged when the obstacles seemed too great.

Philip D. Zelikow, until earlier this month Rice's counselor at the State Department, said the new effort has "three big pillars," including a comprehensive effort in the Middle East to win support for the Iraqi government and rallying the region to stand up to the extremism of Iran and al-Qaeda.

"Undergirding the rest is an intensified effort on the next phase of the Israeli-Palestinian peace process," Zelikow said, adding that it would include winning greater public backing for Palestinian Authority President Mahmoud Abbas from Arab countries such as Saudi Arabia.

U.S. officials quietly encouraged Israeli Prime Minister Ehud Olmert recently to say something positive about a 2002 Saudi peace plan that included recognition of Israel as a way of breaking the ice between the Jewish state and the kingdom with Islam's holiest sites. Olmert's predecessor, Ariel Sharon, had shunned the Saudi plan.

In recent months, Rice has initiated a new forum known as the "GCC plus two," which brings together the six nations in the Gulf Cooperation Council with Egypt and Jordan. Arab sources say the participants have agreed to the meetings with great reluctance, believing they could not afford to cross Rice. Another meeting is scheduled for Rice's stop in Kuwait.

A senior administration official acknowledged yesterday there is concern that the forum will be seen as an anti-Iranian alliance but said it has proved to be "quite productive for consultations."

Rice's aides have tried to lower expectations for this round of diplomacy, saying she was mainly hoping to listen to ideas. The official yesterday denied a report in the upcoming issue of Time magazine that Rice had joined with Israeli Foreign Minister

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Tzipi Livni in a bid to put aside a previous peace plan known as the "road map" and leap right to final-status talks to bolster Abbas. An Israeli official also denied the report.

Still, diplomats who have met with Rice say they have been impressed with her sense of personal commitment to trying to make a breakthrough this year.

Dennis Ross, a former Middle East envoy who has known Rice since they were both young Soviet specialists in Northern California, said: "I think that Condi is seriously contemplating what she can do. I am not saying she will do it. There is a big difference between contemplating something and doing it."

Indeed, analysts and administration officials acknowledged that the moment is not auspicious for any sort of breakthrough. Abbas is battling against Hamas, which won legislative elections a year ago and refuses to renounce its goal of eliminating Israel. Abbas has suggested he will call elections to end the political crisis, but there is no guarantee that he will win. Meanwhile, Olmert has low approval ratings because of public disapproval of his handling of last summer's war with Hezbollah.

"The moon, the sun and stars are not in auspicious alignment," said Aaron David Miller, a fellow at the Woodrow Wilson Center and longtime peace negotiator through successive administrations. "With due respect to anyone who wants to deal with this, it has 'loser' written all over it."

The Women's Channel (TIME)

By Walter Isaacson

Time, January 22, 2007

Condoleezza Rice has a lot in common with her secret new soul mate, Israeli Foreign Minister Tzipi Livni. Both are women with razor-sharp intellects, center-right convictions and an odd blend of rigid righteousness and pragmatism. Both work under men whose popularity has plummeted because of the bungled conduct of a war (Iraq for George Bush, Lebanon for Ehud Olmert). And both realize that this vulnerability, combined with the even greater weakness of Palestinian President Mahmoud Abbas, has made the timing ripe for a new strategy for an Israeli-Palestinian peace.

Up until now, Rice has not spearheaded any ambitious new diplomatic initiatives in the manner of the predecessors she admires, such as George Marshall, Dean Acheson and Henry Kissinger. But a Palestinian-Israeli peace could transform her legacy. Rice has told friends in Washington that she sees her latest trip to the region as the beginning of a prolonged, personal effort to achieve a breakthrough.

Rice and Livni discussed their new approach in Washington in early December, and since then they have had frequent phone conversations. Their strategy is to put aside the step-by-step road map, which requires that the Palestinians dismantle their terrorist infrastructure before any new phase of negotiations begins, and instead leap right to final-status talks with moderate Palestinians about what a two-state solution would look like. If a suitable framework for a Palestinian state is reached, Abbas would then go to his people with a referendum: Do you want it or not? He is convinced that more than 70% would vote yes, thus marginalizing the Hamas resisters. Olmert would do the same, and probably get close to the same support.

The outlines of a two-state framework are clear. Everyone knows, within a few hundred yards or so, where the borders would be, and a variety of land swaps could be worked out so that Israel could keep some of its major settlements that are on its side of its new security barrier. Perhaps some Israeli land containing Arab communities could be swapped to the Palestinians, but Bush would go along with that only if the affected Arab-Israelis agree. The issue of Jerusalem and the rights of refugees could be compromised along the lines almost agreed to in 2000, with an international fund providing incentives for Palestinian refugees to return to the new Palestinian state. Livni has quietly been meeting with Palestinian moderates, and they support this approach.

Both Rice and Livni face hard-liners in their governments who want to stick to the road map and make any movement on the peace process contingent on the Palestinians halting terrorism and cease-fire violations. But that gives Hamas veto power over all progress and could require Israel to occupy the West Bank indefinitely. "The principle of two nation-states is not only an Israeli gift to the Palestinians but a promotion of Israel's interests," Livni says.

Bush has come down on the side of pursuing a two-state framework now. To White House visitors he has provided his own savvy analysis of Olmert's precarious political situation and how both Olmert and Abbas need a breakthrough. Left unspoken is that Bush could use one as well. That is why he is sending Rice to make such an effort.

A Palestinian-Israeli peace will not solve America's woes in Iraq, of course. But Rice and Livni believe it could serve a broader strategic goal. They see the primary divide in the Middle East as being between the forces of moderation and those of extremism. The rise of Iran and its extremist clients has created a potential alliance among moderate Palestinians, Israelis and the leaders of Saudi Arabia, Egypt, Jordan and the gulf states. "There is a growing understanding among the Israelis, Palestinians and the moderate Arab nations that the real threat is Iran and the radicalism it supports, so it's in all of their interest

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to work now for a comprehensive solution," says Israel's just-departed ambassador to the U.S., Daniel Ayalon, who is now working on ideas for achieving such a peace.

In order to create this concert of moderate forces in the Middle East, Rice wants her new Israeli-Palestinian peace process to be done under the auspices of the Saudi proposals of 2002, which suggested that moderate Arab nations would establish relations with Israel as part of a two-state solution. Those countries could also serve as guarantors, custodians and funders if a peace agreement is reached.

Olmert is slightly uneasy about his Foreign Minister's new joint venture. Livni has made it known that she wants to follow in the footsteps of Israel's only other female Foreign Minister, Golda Meir, by becoming Prime Minister someday. Bush, on the other hand, has no such competitive worries about Rice. If she succeeds in creating a Middle East legacy other than the morass in Iraq, so does he.

Fight And Talk (WP)

The Washington Post, January 12, 2007

PRESIDENT BUSH promised in his speech Wednesday night to "use America's full diplomatic resources" in support of his new plan to stabilize Iraq. But the tour of the region that Secretary of State Condoleezza Rice is beginning today looks like a sideshow. Ms. Rice will talk with Israelis and Palestinians and meet with ministers from Egypt, Jordan and the Gulf states; her idea, she told the Senate Foreign Relations Committee yesterday, is "to work with those governments that share our idea of where the Middle East should be going." Since that excludes two of Iraq's neighbors, Iran and Syria, as well as the two countries that now stand in the way of progress in the Palestinian territories and in Lebanon -- again, Iran and Syria -- it's hard to see how her diplomacy can accomplish much.

Indeed, President Bush's speech gave the impression that military steps have priority in the administration's regional policy. The president said he had ordered another carrier group to the area; that Patriot air defense systems would be deployed "to reassure our friends and allies"; and that the United States "will seek out and destroy the networks" supported by Iran and Syria that provide "advanced weaponry and training to our enemies in Iraq." Hours after he spoke, U.S. forces raided an Iranian government office in Irbil, northern Iraq.

Some of this makes sense. Iran and Syria are engaged in their own offensive across the Middle East: In addition to supporting attacks on Americans in Iraq, they are trying to overthrow the pro-Western Lebanese government and are supporting terrorism carried out by the Palestinian Islamic groups Hamas and Islamic Jihad. The first response to that cannot be offers of "engagement"; some pushing back is also needed. Ms. Rice argued yesterday, as she has before, that a Bush administration offer of bilateral talks with Iran before it freezes uranium enrichment would undermine the multilateral effort to stop its nuclear program, while Syria could be expected to make unacceptable demands about Lebanon.

It is nevertheless the case, as former secretary of state James A. Baker III has pointed out, that diplomacy consists of talking to enemies as well as friends. It's even possible to talk to enemies while using sanctions or force against them; certainly the Iranians and Syrians do it.

There are ways in which the administration could step up its diplomatic efforts on Iraq without falling into the traps that Ms. Rice described. The Iraqi government has proposed a regional conference in Baghdad, hoping to include all of its neighbors; the United States should support that idea and join in. Both Ms. Rice and Mr. Bush mentioned the Iraq International Compact, an ongoing U.N.-brokered initiative under which the Iraqi government is to commit itself to economic reforms in exchange for international aid. Iran and Syria already have participated in meetings on the compact, along with the United States. It wouldn't be hard to beef up and expand that process to cover more issues, such as guarantees for Iraq's minority groups and steps to prevent violence from spreading outside the country -- or deterring outside intervention.

Regional diplomacy will not solve Iraq's problems. An Israeli-Palestinian settlement will not cause sectarian warriors in Baghdad to disarm. But given the seriousness of the situation, the administration is foolish not to use every resource at its disposal. Mr. Bush is already pursuing strategies on the ground in Iraq that look like long shots; he should be willing to take more diplomatic chances, as well.

In Arab World, U.S. Approaches Falling Short (LAT)

By Megan K. Stack And Ken Ellingwood

The Los Angeles Times, January 12, 2007

CAIRO, Egypt — In ordering more American soldiers into Iraq, President Bush said he was sending a message of hope to millions of Arabs and Afghans trapped in violence. But to many on the ground in the Mideast, the speech spoke volumes of a disconnect between U.S. promises and a turbulent reality.

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After years of war and political disillusionment, Bush would have been hard-pressed to come up with any message to please the Arab world. Many here, long mired in bloodshed and sinking deeper into sectarian tensions, hold America squarely to blame for the bloodletting in Iraq and the Palestinian territories.

They say the U.S. presence in Iraq has poisoned the mood so thoroughly that secular and moderate activists stay silent for fear of being tarred as American agents.

"What the United States did for the region is destruction for the forces who believe in democracy, rule of law and human rights," said Raji Sourani, director of the Palestinian Center for Human Rights in Gaza City. "We are the real victims."

The Bush administration has portrayed the invasion of Iraq as a boost, albeit painful, for Arab democracy and human rights. Victory in Baghdad would bring a brighter era to the entire region, U.S. officials have promised.

But after waves of outrage over torture in Abu Ghraib; the spectacle of Saddam Hussein's trial and execution; and religious slaughter in the streets of Baghdad, few people in the region can articulate what, exactly, the United States is trying to accomplish.

"The U.S. should pull out its troops from Iraq because innocent people are dying every day, including U.S. soldiers," said Karim Salhab, a 25-year-old accountant in Beirut. "I don't think it's fair for the families of these soldiers that their kids die for nothing."

Conventional wisdom here holds that, since the U.S. invasion pitched Iraq into civil war, only a U.S. withdrawal could set the nation back on the road toward stability.

"(Bush) mismanaged and brutalized Iraq too long to even hope for stability while the troops stay," said Mohammed el-Sayed Said, an analyst at Cairo's al-Ahram Center for Political and Strategic Studies. "The reservoir of violence and bitterness and agonies is so huge that hoping for stability in the immediate future is self-deception at best."

If the United States wanted to boost stability, many Arabs say, the Bush administration would aggressively seek a cure for the regional sore spot of Israeli-Palestinian violence.

Bush's announcement comes at a particularly sensitive moment. The region is still reeling with indignation over the images that emerged of Saddam's execution, in which the toppled Sunni Arab president was forced to endure the sectarian taunts of Shiite guards while in the hangman's noose.

Besides rubbing raw nerves by degrading a onetime Sunni leader on the dawn of a sacred Islamic holiday, Saddam's hanging also tapped directly into deep popular fears that the war in Iraq left the country in the hands of Shiites -- shifting the power balance in a way that threatens many Sunnis.

Sunni governments such as Saudi Arabia, Egypt and Jordan are longtime allies to the United States, while Shiite-ruled Iran has long been an American nemesis. But the rise of Shiite political power in post-Saddam Iraq, along with the growing regional influence of Iran, have left many Sunnis feeling insecure.

Foremost among the causes of bloodshed in Iraq, according to an editorial in Thursday's pan-Arab Al-Quds Al-Arabi newspaper, "is the U.S. occupation's bias in favor of one sect at the expense of the other, and its humiliation of the members of the latter in a manner that reveals a strong desire for revenge."

Some Sunnis have fretted quietly about the possibility of a U.S. withdrawal. They fear that Iraq's minority Sunni Arab population, already under attack by Shiite militias, would face even harsher retribution from Shiites after the departure of U.S. soldiers.

But Thursday, those voices were all but silent.

Meanwhile, neighboring Iran also warned against boosting the number of American troops in Iraq.

"The increase in the number of American military forces can escalate insecurity and tension in Iraq and work against solving that country's problems," Foreign Ministry spokesman Mohammad Ali Hosseini told reporters in Tehran. "America is trying to accuse and blame other countries for interference in Iraq to cover its policy-making mistakes in that country."

Palestinians said Bush's emphasis on Iraq was backward. Only by making peace between Palestinians and Israelis, they said, would stability come to the region as a whole.

"If there is peace here, there will be peace in Iraq," said Badar Salem, a 26-year-old office worker shopping in the West Bank city of Ramallah. "If Bush solves the Palestinian question first, then he will put an end to extremists, mainly the Islamic extremists, because they will not use the Palestinian question as a pretext for their activities everywhere."

Those sentiments echo the report issued in Washington last month by the Iraq Study Group, which linked stability in Iraq to progress in settling the Israeli-Palestinian conflict.

In Afghanistan, people were too focused on "survival and getting through the winter" to pay much heed to Bush's plans for Iraq, said George Varughese, the acting country representative in Afghanistan for the Asia Foundation.

"What happens in Iraq is just not something that's front and center for them," he said.

DOJ_NMG_0115972

---------- Stack reported from Cairo and Ellingwood from Jerusalem. Times staff writers Kim Murphy in London, Laura King in Dubai and special correspondents Raed el Rafei in Beirut, Lebanon, Maher Abukhater in Ramallah and Rushdi abu Alouf in Gaza City contributed to this report.

Iran, Syria Denounce Bush's Iraq Plan (AP)

By Nasser Karimi

AP, January 12, 2007

Iran and Syria on Thursday denounced President Bush's new Iraq strategy that blames them for fueling violence in the war-torn country, and they said the plan to send more U.S. troops would only increase bloodshed. Bush's speech Wednesday night underlined his staunch rejection of recommendations that Washington reach out to Syria and Iran in an attempt to calm Iraq.

Instead, Bush set out plans to isolate the two countries, calling on help from Arab allies and vowing to cut off Syrian and Iranian aid to militants in Iraq. He announced the deployment of an additional aircraft carrier battle group and Patriot air defense missiles to the region — seen as muscle-flexing toward Iran.

In Tehran, Foreign Ministry spokesman Mohammad Ali Hosseini said Bush's plan to send 21,000 more troops to Iraq was a "continuation of occupation" that will only "extend insecurity, danger and tension in the country. This will not help to solve Iraq's problems."

Syrian Vice President Farouk al-Sharaa said Wednesday prior to Bush's speech that the American troop surge was "not a positive step" and would only "pour oil on the fire."

Iran has close ties to Shiite militias blamed in Iraq's wave of sectarian killings, and Washington accuses it of providing the fighters with weapons and money. The United States also accuses Syria — Iran's ally — of providing refuge for some leaders of the Sunni-led insurgency and allowing militants to cross its border into Iraq.

As Bush spoke in Washington, U.S.-led multinational forces detained five Iranians in an overnight raid on Tehran's diplomatic mission in the northern Iraqi city of Irbil, local officials said. Iranian Foreign Ministry spokesman Mohammad Ali Hosseini denounced the raid, saying it reflected a "continuation of pressure" on Iran, aiming to "create tension" between Iraq and its neighbors.

The bipartisan Iraqi Study Group said last month the U.S. should put aside misgivings and engage Syria, Iran and the leaders of insurgent forces in negotiations on Iraq's future.

However, Bush has said he would not deal with countries that fund terrorism. He vowed in his speech Wednesday that U.S. troops will "interrupt the flow of support from Iran and Syria."

Iran and Syria both denied supporting fighters in Iraq. Hosseini said the U.S. was trying to "cover up its wrong policies" by accusing other countries of meddling in Iraq.

The new offensive by U.S. forces, along with Iraqi troops, aims to put down both Sunni insurgents and Shiite militiamen in Baghdad. But there was widespread skepticism in the Arab world that the Shiite-led Iraqi government of Prime Minister Nouri al-Maliki will act against the militias, even though it has said it will.

Iran depicted the U.S. plan as an attempt to control Iraq for the benefit of Israel. Hosseini said the deployment of Patriot missiles in the region "is part of the U.S. policy direction to create a support umbrella for the Zionist regime through an Islamic country."

Commentators in Iran and Syria predicted the new Bush strategy would fail. The plan's "failure will register the name of Bush as a vanquished president in the political history of the U.S.," Iranian state television said in a commentary.

In Damascus, there were signs of disappointment that Washington had rejected the idea of opening a dialogue with the country. Syrian analyst Imad Shueibi, who often reflects the government's view, called Bush's accusations of Syrian and Iranian support for militants "a worthless broken record."

"If Bush wants to ignore Syria, he would thereby ignore the possibility of finding a solution to the situation in Iraq and to stability in the region," he said.

The state-run Syrian newspaper Tishrin predicted "Bush's strategy will be another catastrophe and the Iraqi people will be the only loser."

In the streets of Tehran, there was dismay at the prospect of the U.S. increasing its military presence in neighboring Iraq.

"Sending more troops more means more casualties. Any simple military personnel know it," said Hossein Rahimi, a veteran of Iran's war with Iraq in the 1980s.

"The U.S has already spent a lot for military purposes in Iraq. If it had spend it for reconstruction and development, then Iraq could have been a role model for the whole region," said Reza Mahmoudi, a 50-year-old engineer.

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Iraqi Government Welcomes Bush Strategy (AP)

By Bassem Mroue

AP, January 12, 2007

The Iraqi government spokesman chided the United States, Iran and Syria on Thursday for using his country as a political battleground, saying "we pay the price for the tension" between the three rivals and urging them to improve their relations.

Ali al-Dabbagh also called on Syria and Iran not to interfere in Baghdad's internal affairs. Both have been accused by the United States and Iraq of supporting insurgents and militias that are ravaging Iraq with sectarian war.

"Sometimes we pay the price for the tension in relations between Iran and the United States and Syria and the United States, therefore it is in our interest as Iraqis that these relations improve," al-Dabbagh said. "For that reason, we hope, encourage and are playing a role in bringing closer together their points of view."

The spokesman's comments came as Iraq's government welcomed President Bush's new strategy and promised it was committed to making sure it succeeds.

Ordinary Iraqis, however, gave it mixed reviews, with many expressing skepticism that an increase in U.S. troops would quell the violence ransacking their country.

In a speech broadcast live on Iraqi state television, Bush said he was increasing U.S. troops by 21,500 — including 17,500 in Baghdad, where much of the sectarian violence has been blamed on predominantly Shiite militias.

Sunni lawmaker Hussein al-Falluji rejected Bush's plan to send more troops, calling instead for a timetable for them to withdraw and for direct negotiations with insurgents.

"Bush's plan could be the last attempt to fix the chaos created after the invasion of Iraq. Yet, sending more troops will not end the problem. On the contrary, there will be more bloodshed," al-Falluji said.

Sadiq al-Rikabi, an adviser to Iraqi Prime Minister Nouri al-Maliki, warned "failure in Iraq will not only affect this country but the rest of the region and the world, including the United States."

"The current situation is not acceptable — not only for the American people but also for the Iraqis and their government. As Iraqis and as an elected government, we welcome the American commitment for success," he said. "The Iraqi government also is committed to succeed."

Al-Rikabi stressed the importance of the Iraqis taking the lead in military operations.

"The American plan cannot succeed without us because we work in the same field in order to defeat violence and terrorism and boost the democratic system," al-Rikabi said.

Baghdad residents from both sects, however, said they were not optimistic Bush's new strategy would end the Sunni-Shiite attacks that have spiraled in the capital and elsewhere since the bombing last February of a revered Shiite shrine in Samarra. Others offered a weary acceptance of any effort to curb the violence after several failed attempts.

"More U.S. troops will mean more wasted blood and more people killed," said Osama Ahmed who works in the Ministry of Higher Education and said he got up early to watch the speech, which aired at 5 a.m. in Iraq. "The violence will surge unless the U.S. administration decides to curb militiamen who are part of the Iraqi government."

He accused the Shiite-dominated government of backing the militias in attacking Sunnis, saying, "There is no point of giving more security responsibilities to the Iraqi government because it is a sectarian government and it is responsible for the violence hitting the country."

Abdel-Karim Jassim, a 44-year-old Shiite trader, said he had hoped Bush would come up with something other than a troop increase.

"Sending more troops will not solve the problem," he said, while acknowledging that Iraq cannot handle security on its own because of "sectarian divisions and the strong militias and insurgents."

Rahim al-Waeli, a 40-year-old Shiite Health Ministry employee, expressed hope the Bush plan would succeed because it included efforts to boost economic aid and job creation.

"I am relatively optimistic because this time the plan is not only about using force, it has some economic and service aspects," he said.

Shiite politician Mariam al-Rayes also welcomed the new effort, but noted opposition from Democrats to the troop increase.

"Some consider President Bush an adventurer," she told the state-run Iraqiya station. "But he has found that his role now is to support this government."

In the past, the Iraqi government has tried to prevent American military operations against the Mahdi Army, the militia loyal to radical Shiite cleric Muqtada al-Sadr, while giving U.S. forces a free hand against Sunni militants. The Bush administration has pushed al-Maliki to curb his militia allies or allow U.S. troops to do the job.

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University professor Hafidh Issam, 49, said the United States had made many mistakes in Iraq and accused it of contributing to the chaos to serve its own interests in the Middle East.

"They built a constant base in Iraq that would be able to threaten the neighboring countries, especially Iran and the gulf countries," he said.

Awad Mukhtar, a 35-year-old technician, said Bush's new proposals could be Iraq's "last chance" for peace.

"The security situation in Iraq is very bad, we are facing death at any moment daily," Mukhtar said. "I see the new Bush strategy as the last chance for Iraqis to save their lives ... we have no other choice, only to wait and see the results."

In Baghdad, Bush Policy Is Met With Resentment (NYT)

By John F. Burns And Sabrina Tavernise

The New York Times, January 12, 2007

BAGHDAD, Jan. 11 — Iraq's Shiite-led government offered only a grudging endorsement on Thursday of President Bush's proposal to deploy more than 20,000 additional troops in an effort to curb sectarian violence and regain control of Baghdad. The tepid response immediately raised questions about whether the government would make a good-faith effort to prosecute the new war plan.

The Iraqi leader, Prime Minister Nuri Kamal al-Maliki, failed to appear at a news conference and avoided any public comment. He left the government's response to an official spokesman, Ali al-Dabbagh, who gave what amounted to a backhanded approval of the troop increase and emphasized that Iraqis, not Americans, would set the future course in the war.

Mr. Dabbagh said that the government's objective was to secure the eventual withdrawal of American troops, and that for that to be possible there had to be security for Iraqis. "If this can be achieved by increasing either Iraqi or multinational forces," he added, "the government, for sure, will not stand against it."

Mr. Dabbagh suggested that much about the Bush plan depended on how circumstances in Iraq would evolve over the coming months — an echo, in its way, of senior Bush administration officials. They have implied that they might halt the month-by-month inflow of additional troops if they think Mr. Maliki is failing to meet the political and military benchmarks Mr. Bush identified as the Iraqi government's part in making the new war plan work.

"The plan can be developed according to the needs," Mr. Dabbagh said. Then he added tartly, "What is suitable for our conditions in Iraq is what we decide, not what others decide for us."

The spokesman's remarks, and a similarly dyspeptic tone that was adopted by Shiite politicians with close ties to Mr. Maliki, pointed to the double-bind Mr. Bush finds himself in. Faced with low levels of public support for his new military push and a Democratic leadership in Congress that has said it will fight him over it, he also confronts the uncomfortable prospect of foot-dragging in Baghdad over the troop increases and the benchmarks he has set for the Iraqis.

While senior officials in Washington have presented the new war plan as an American adaptation of proposals that were first put to Mr. Bush by Mr. Maliki when the two men met in the Jordanian capital of Amman in November, the picture that is emerging in Baghdad is quite different. What Mr. Maliki wanted, his officials say, was in at least one crucial respect the opposite of what Mr. Bush decided: a lowering of the American profile in the war, not the increase Mr. Bush has ordered.

These Iraqi officials say Mr. Maliki, in the wake of Mr. Bush's setback in the Democratic sweep in November's midterm elections, demanded that American troops be pulled back to the periphery of Baghdad and that the war in the capital, at least, be handed to Iraqi troops. The demand was part of a broader impatience among the ruling Shiites to be relieved from American oversight so as to be able to fight and govern according to the dictates of Shiite politics, not according to strictures from Washington.

What transpired, in Mr. Bush's speech on Wednesday night, appears to have been a hybrid: a plan that aims at marrying the Maliki government's urgency for a broader license to act with Mr. Bush's determination to make what American officials here see as a last-chance push for success in Iraq on American terms. And that, as Mr. Bush made clear on Wednesday, implies objectives that will be difficult — many Iraqis say impossible — to square with Mr. Maliki's goals.

The differences seemed clear on Thursday as Iraqis responded to Mr. Bush's speech. In the streets of Baghdad, reactions followed, broadly, the familiar pattern in a city that is more and more divided on sectarian lines. Many Shiites said Iraq's own security forces, which are predominantly Shiite, should be left to do the job of stabilizing the city, while many Sunnis, shocked by the violence of Shiite death squads in recent months, said they would welcome the Americans if they could rein the sectarian killing in.

Mr. Dabbagh, the government spokesman, emphasized the parts of the Bush plan that best suited the Maliki government's political ambitions. He said the "good thing in this plan is that it determines that responsibility should be transferred from the Americans to the Iraqis." This was a prime point with Mr. Bush, too, when he said that the role of American troops under the new

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plan would be to "help the Iraqis" secure neighborhoods in Baghdad, protect the local population and maintain security in areas that American and Iraqi forces have cleared.

Within hours of Mr. Bush's speech, American commanders were meeting with their Iraqi counterparts in Baghdad to work out the details of a new command arrangement that would give Mr. Maliki a direct role in overseeing the new crackdown. The Iraqis named a commander for the operation, Lt. Gen. Aboud Gambar, a Shiite from southern Iraq who was a top general in Saddam Hussein's army until the American-led invasion in 2003.

General Gambar will report directly to Mr. Maliki, outside the chain of command that runs through the Defense Ministry, which the Maliki government has long viewed as a bastion of American influence, and, because the defense minister is a Sunni, of resistance to Shiite control. General Gambar will have two deputies, one for the heavily Shiite east part of Baghdad, another for the mostly Sunni west part, and they will oversee nine new military districts, each assigned an Iraqi brigade.

As details of the Bush plan became known on Wednesday, Iraqi officials said that the new arrangements would give Iraqis operational control of the new push in Baghdad. But Mr. Dabbagh and others were quick to pull back on Thursday, acknowledging that Baghdad would remain under American operational control at least until later this year. American officials noted that American officers would be assigned to General Gambar's headquarters, that an American battalion would be twinned with each Iraqi brigade and that every Iraqi unit, down to the company level, would have American military advisers.

If this fell a long way short of the plan for full Iraqi control in Baghdad that Mr. Maliki set out in November, his officials were at pains to say that the prime minister would decide the issue of most concern to the Iraqi leader: whether, and when, Iraqi and American forces would be allowed to move in force into Sadr City. That Shiite working-class district in northeast Baghdad is the stronghold of the Mahdi Army, the most powerful of the Shiite militias, and the main power base of Moktada al-Sadr, the Mahdi Army leader, whose parliamentary bloc sustains Mr. Maliki in office.

"It's been agreed that in order to succeed they have to consult," Mr. Dabbagh said — a bland requirement as he stated it — but some distance from the formula put forward at Washington briefings on the new plan. Secretary of Defense Robert M. Gates, at a news conference on Wednesday, said that American and Iraqi troops would be free to go into "all parts of Baghdad, including Sadr City" and that one benchmark in the plan was that there would be no "political interference" with military operations or attempts to protect death squad leaders.

That appeared to be an allusion to the past American experience with Mr. Maliki, who has consistently refused to sanction major offensives in Sadr City. On at least one occasion, he intervened to secure the release of a man captured by American troops and identified by American commanders as a death squad leader with links to Mr. Sadr. Mr. Maliki's argument has been that the solution to the problem of militias, including Mr. Sadr's, must be political, not military, but he has simultaneously postponed any action on a new law to disarm and demobilize the militias.

One of Mr. Maliki's political allies, Sheik Khalid al-Attiya, who is deputy speaker of the Iraqi Parliament, said Thursday that he expected the benchmarks set by Mr. Bush to take 6 to 12 months to be met. With American commanders in Baghdad saying they hope to have the main parts of the city stabilized by late summer — allowing American troops to be pulled back to bases outside the city as Mr. Maliki has demanded — the Americans seem likely to run out of patience with Mr. Maliki long before Mr. Attiya's timetable plays out.

A Shiite political leader who has worked closely with the Americans in the past said the Bush benchmarks appeared to have been drawn up in the expectation that Mr. Maliki would not meet them. "He cannot deliver the disarming of the militias," the politician said, asking that he not be named because he did not want to be seen as publicly criticizing the prime minister. "He cannot deliver a good program for the economy and reconstruction. He cannot deliver on services. This is a matter of fact. There is a common understanding on the American side and the Iraqi side."

Views such as these — increasingly common among the political class in Baghdad — are often accompanied by predictions that Mr. Maliki will be forced out as the crisis over the militias builds. The Shiite politician who described him as incapable of disarming militias suggested he might resign; others have pointed to an American effort in recent weeks to line up a "moderate front" of Shiite, Sunni and Kurdish political leaders outside the government, and said that the front might be a vehicle for mounting a parliamentary coup against Mr. Maliki, with behind-the-scenes American support.

Hussein's Will Sought No Mercy

CAIRO, Egypt, Jan. 11 (AP) — Hours before Saddam Hussein's execution, the ousted Iraqi dictator asked his lawyers not to appeal for his life and accused the United States and Iran of collaborating to hang him, according to a copy of his will.

Mr. Hussein gave his chief lawyer, Khalil al-Dulaimi, the right to "decide whatever is related to me except appealing for the life of Saddam Hussein to any of the presidents, kings, Arabs or foreigners," reads a copy of the will obtained by The Associated Press.

He also asked to be buried in either Ouja, his birthplace, or in Ramadi, the capital of Anbar Province, where many of the country's Sunni Arab insurgents are fighting, depending on his daughter Raghad's decision. He was buried in Ouja.

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Bush Plan Receives Tepid Baghdad OK (WT/AP)

By Qassim Abdul-zahra

The Washington Times, January 12, 2007

BAGHDAD -- Iraq's government gave a tepid endorsement yesterday of President Bush's plan to boost U.S. troops, amid condemnation from Sunni and Kurdish lawmakers, ordinary Iraqis and criticism throughout the Muslim world.

"As Iraqis and as an elected government, we welcome the American commitment for success," said Sadiq al-Rikabi, an aide to Prime Minister Nouri al-Maliki.

"The Iraqi government also is committed to succeed," he said.

Mr. al-Rikabi said that the Iraqi government must take the lead in the military action. The plan envisions a "surge" of about 10,000 to 12,000 Iraqi troops to secure Baghdad neighborhoods, along with about 16,000 extra U.S. troops in the capital.

Sunni lawmaker Hussein al-Falluji said the additional U.S. presence will only boost the death toll.

"Bush's plan could be the last attempt to fix the chaos created after the invasion of Iraq. Yet, sending more troops will not end the problem; on the contrary, there will be more bloodshed," he said.

Kurdish lawmaker Mahmoud Othman said the "plan will fail. Sending more troops and financial support will not help if there is no sectarian and political solution."

Abdel-Karim Jassim, a 44-year-old Shi'ite trader, said he had hoped Mr. Bush would come up with something other than the troop increase.

"Sending more troops will not solve the problem," he said.

Iran and Syria denounced the U.S. troop surge and also condemned the plan, a predictable response given Mr. Bush's vow during his Wednesday speech to cut off Syrian and Iranian aid to militants and insurgents.

But there was widespread skepticism in the Arab world that the Shi'ite-led Iraqi government of Mr. al-Maliki will act against Shi'ite militias and death squads.

Mr. Bush "is drowning and trying to get out of the Iraqi trap, but he's submerging deeper," said Salem al-Falahat, head of Jordan's hard-line Muslim Brotherhood Movement, warning that the plan "aims to plunge the region into more destruction and bloodshed and leave Iraq with sectarian hatred for many decades to come."

Mustafa al-Ani, a military analyst with the Gulf Research Center in Dubai, said the American military has to take down the Shi'ite militias -- particularly the feared Mahdi Army, loyal to anti-U.S. cleric Muqtada al-Sadr, an ally of Mr. al-Maliki. Otherwise, the United States will lose any support among Iraq's Sunnis.

"They need to use the same force against the Mahdi Army as they do against al Qaeda. They need to establish new credibility and they must be evenhanded," Mr. al-Ani said.

Mr. al-Maliki has resisted U.S. pressure to move against Sheik al-Sadr's militia, but Iraqi officials said Wednesday the prime minister agreed to crack down, warning his ally that "there will be no escape from attack."

But many in the Arab world profoundly distrust Mr. al-Maliki's government, believing it is serving the interests of Iran, which is predominantly Shi'ite,

"Al-Maliki's government is part of the problem, not the solution," Areeb el-Rentawi, head of the Al-Quds Center for Political Studies, in Amman, Jordan, told Al Jazeera satellite TV.

Mr. Bush said he planned to send 21,500 more U.S. troops to Iraq, with about 16,000 deployed in and around Baghdad.

"Whatever the size of the troops, as long as this is a war between a regular army, in the face of gang-style militant groups, Americans will fail," said Galal Nassar, a fellow with the Nasser Military Academy in Egypt.

"Twenty-one thousand soldiers are a drop in a sea," said Ayed al-Manna, a political science teacher at the Arab Open University in Kuwait. "More U.S. troops would only mean more soldiers to be hunted by insurgents in the absence of a defined plan by Americans and Iraqis."

Bush's New Iraq Strategy 'Makes Sense': Blair (AFP)

By Katherine Haddon

AFP, January 12, 2007

Prime Minister Tony Blair said that US President George W. Bush's policy switch in Iraq "makes sense", while his foreign minister stressed it did not necessarily herald "a change of direction" from London.

"Given the conditions in Baghdad at the moment, I think it makes sense for them to increase the number of their forces, provided it's to back up an increasing Iraqi capability," Blair said in a television interview.

Bush is sending 21,500 extra US troops to Iraq, while Britain's policy is to pull back troops and hand areas including the second city of Basra over to Iraqi control.

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But Blair insisted that troops from the two different countries faced different situations.

Meanwhile, Foreign Secretary Margaret Beckett seemed to leave the door open for a possible change in British policy, saying it was not the government's intention "at the present time" to send more troops.

"Obviously it's an issue that people will look at but I would say that it's a change of direction, as the president says, for the United States and doesn't necessarily imply a change of direction for us," she said.

Speaking at a joint session of parliament's defence and foreign affairs select committees, she added that the implications of the US change in policy for Britain would be "somewhat limited".

Blair emphasised that Britain's situation in Basra, southern Iraq, was not comparable to the one faced by the US in the Iraqi capital and said it would be a "misunderstanding" to say that the two countries' policies were diverging.

"The truth is the conditions in Baghdad are different from those in Basra.

"The reason why the Americans are having to surge forces in Baghdad is because the security condition there is completely different," Blair told Westcountry Television during a visit to southwest England.

Britain has to grapple with rival Shiite power blocs while US troops face not only a Sunni Muslim insurgency backed at times by foreign Islamist fighters but also spiraling Shiite-Sunni violence.

Blair said that in Basra, "we don't have the same type of sectarian fighting, we don't have Al-Qaeda operating in the same way" as in Baghdad.

Asked about a report in the Daily Telegraph newspaper that Britain would pull out around 2,700 troops from southern Iraq by the end of May, he would only say it was right that Britain moved to a "support role" once the Iraqi authorities could handle their own security.

The broadsheet said Blair, who is facing growing political and popular opposition to the war in Iraq, will announce the decision within the next two weeks.

It said that after Basra comes under Iraqi control in a few months, the British Army will redeploy to a major base being expanded at Basra air station, while a 200-strong force will remain in central Basra.

Maysan province, currently patrolled by 600 Queen's Royal Lancers, will be handed over by the end of February, according to the report.

Blair's official spokesman said it was premature to talk of withdrawal dates.

With the second-largest troop deployment in Iraq, Britain has been the United States' staunchest ally since the March 2003 invasion of Iraq which toppled the dictator Saddam Hussein.

In a televised address Wednesday, Bush took the blame for strategic blunders in Iraq, ordered 21,500 more US troops into battle, and warned Baghdad's leaders to do more to shore up ebbing US support.

Bush said he aimed to crush terrorists, insurgents and rogue militias and help Iraq's security forces take control of the country by November.

Gates Urges Increase In Army, Marines (WP)

By Ann Scott Tyson And Josh White

The Washington Post, January 12, 2007

Defense Secretary Robert M. Gates yesterday proposed adding 92,000 troops to the Army and Marine Corps, initiating the biggest increase in U.S. ground forces since the 1960s to shore up a military that top officers warn is on the verge of breaking from prolonged fighting in Iraq and Afghanistan.

The permanent increase of 65,000 soldiers and 27,000 Marines would cost more than $10 billion annually and take five years to achieve, underscoring the Pentagon's conviction that today's wars and anti-terrorism operations will endure for many years. "We call those 'long war' forces," a senior military official said.

The growth also reflects mounting concern among Army leaders over a deepening readiness crisis, as repeated war-zone rotations have worn out troops and equipment, leaving two-thirds of Army combat units in the United States unprepared to deploy. The active-duty Army would increase to 547,000 troops and the Marine Corps to 202,000.

"It will take some time for these new troops to become available for deployment, but it is important that our men and women in uniform know that additional manpower and resources are on the way," Gates told a packed House Armed Services Committee hearing yesterday. Lawmakers have expressed bipartisan support for permanent growth of the military over the past few years and applauded the proposal.

Gates also announced a politically sensitive policy change to allow the remobilization of National Guard and reserve units, in which thousands of reservists who have already served in Iraq could be involuntarily called up for another tour. The major changes -- both sharp reversals from the direction taken by former defense secretary Donald H. Rumsfeld -- show that Gates is moving on issues that had festered for years at the Pentagon.

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Taken together, the decisions mark an acknowledgment of the degree to which the all-volunteer force has been overextended since 2001, despite dire warnings during the 2000 presidential election by Republican candidates George W. Bush and Richard B. Cheney that the U.S. military was "overused," "under-resourced" and "in decline."

Yesterday, tens of thousands of soldiers and Marines and their families learned that President Bush's call for additional troops in Iraq means their units will be ordered to stay in Iraq longer than planned, or may leave home early for combat.

To help achieve the surge of 21,500 troops, the Pentagon will extend the service of several units already in Iraq. A Minnesota National Guard Brigade with about 4,000 troops in Iraq will stay an extra four months, until August, and two Marine Corps battalions and a Marine Expeditionary Unit with a total of about 4,000 troops in the country will remain there for two or three extra months, the officials said.

In addition, three Army brigades -- two from the Third Infantry Division at forts Stewart and Benning, Ga., and a Stryker Brigade from Fort Lewis, Wash. -- were placed on orders to deploy to Iraq, and Army officials said they could deploy one to two months earlier than scheduled.

Still, Gates and other senior officials strongly suggested that they could withhold these additional forces if Iraqi leaders do not fulfill their pledges for the surge: to provide nine brigades of Iraqi troops to secure Baghdad and lift restrictions on targeting areas such as Sadr City, as well as some individual extremists.

"The timetable for the introduction of additional U.S. forces will provide ample opportunity early on, and before many of the additional U.S. troops actually arrive in Iraq, to evaluate the progress of this endeavor and whether the Iraqis are fulfilling their commitments to us," Gates said earlier yesterday at a news conference in the Old Executive Office Building.

Both Gates and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said yesterday that the Iraqi government has agreed to lift political restrictions on U.S. operations and that U.S. forces will be allowed to move freely into some areas they have had to avoid. Pace said operations will begin in mixed Sunni-Shiite neighborhoods, with Iraqi forces and U.S. troops working together to clear, hold and build areas throughout Baghdad. A combined U.S. and Iraqi command cell would oversee and coordinate the operations, the senior military official said.

Gates and Pace acknowledged, under sharp questioning from members of Congress, that similar efforts failed because there were not enough troops to hold certain areas, then build them back up.

"The analogy that I've used is that the tide came in and the tide went out, and . . . at the end, you couldn't tell there was a difference," Gates said. "The difference is, this time, to try and get some time under the hold phase for the build to actually take place."

Pace said he is confident the strategy will work, but only if political and economic efforts are pursued in earnest alongside the military approach. He said there initially will be an additional 8,000 Iraqi troops in Baghdad -- bringing the total to 50,000 -- and then 7,000 more U.S. troops in Baghdad, bringing the total to 31,000.

Another 10,500 U.S. troops will be "in the pipeline" to go to Iraq if the strategy looks as if it is working, he said.

Still, other officials expressed uncertainty about whether the Iraqis would come through with the required nine brigades. "We're watching them down to the finite details . . . [such as] how many got on the bus?" the senior military official said.

The permanent troop increase and the recalling of Guard and reserve units will not have an immediate impact on the addition of U.S. ground troops in Iraq, which Gates said yesterday would last only several months. But they would be vital to sustaining an escalation -- or even the regular rotation -- over the long term. By January 2008, National Guard combat brigades are expected to be called up for the rotation to provide relief for active-duty combat brigades, including those involved in the current surge, Gates and other senior officials said.

Under the policy change, National Guard and reserve forces will be called up as units, rather than as individuals, meaning that some reservists who have already served in Iraq or Afghanistan will be remobilized without having the planned five years at home. The duration of the call-ups will be shortened, however, from 18 months to one year.

Both active-duty and reserve personnel will be compensated if required to deploy faster than the usual turnaround time.

The total growth in the Army and Marine Corps would cost more than $10 billion a year for payroll and individual gear alone, according to Army data.

The Army has permanent active-duty personnel -- its congressionally authorized "endstrength" -- of 482,000, but in recent years it was allowed to grow temporarily by 30,000, and this year it expects to reach 512,000. Under Gates's plan, the Army would add 7,000 soldiers a year, to reach a total of 547,000 by 2012.

The Marine Corps has a permanent active-duty "endstrength" of 175,000 and has been allowed to increase temporarily to 180,000. It would grow by 5,000 Marines a year to attain a total of 202,000.

Gates Requests 92,000 Increase In Active Forces (WT)

By Rowan Scarborough

DOJ_NMG_0115979

The Washington Times, January 12, 2007

Defense Secretary Robert M. Gates announced yesterday that he is asking Congress to expand the active armed forces by 92,000 members to meet the demands of what the administration says will be a "long war" against terrorism.

"We should recognize that while it may take some time for these new troops to become available for deployment, it is important that our men and women in uniform know that additional manpower and resources are on the way," Mr. Gates said at a White House press conference to announce a new Iraq war strategy.

Although an increase in "end strength," as the military's active force is called, is not directly related to President Bush's announced new Iraq strategy, it is an outgrowth of the nearly four-year-old war. The stress of deploying Marine and Army ground forces with little rest back home has begun to tear at the fabric of the 1.4 million active force, senior retired officers said.

The 92,000-troop spike is for ground forces, the busiest combatants in the war on terror.

Mr. Gates said he will achieve a 65,000 Army increase over time. First, the 30,000 temporary increase under which the Army has operated will be made permanent. Another 35,000 soldiers will be added at a rate of 7,000 annually for five years. The Army will boost end strength by bolstering recruitment and retention. At the end, the Army will stand at 547,000 soldiers.

The Marine Corps will acquire 27,000 more troops to reach 202,000. It will keep its allotment of 5,000 temporary troops and add 5,000 a year for four years.

Gen. Peter Schoomaker, Army chief of staff, had pressed in recent months for more soldiers, saying the Army was in danger of breaking. His argument did not seem to sway Donald H. Rumsfeld, who as defense secretary approved the temporary increase.

Mr. Gates was more receptive, as was Mr. Bush, after hearing last month from three retired four-star generals who pushed for more soldiers.

Congressional Democrats who criticized Mr. Bush's plan to increase troops in Iraq nonetheless praised the policy of more soldiers and Marines.

"Every time I had a chance to say we need more Army troops, more Marines, I said it," House Armed Services Committee Chairman Ike Skelton, Missouri Democrat, said yesterday at a hearing on Iraq. "And I'm delighted to have the president and you, Mr. Secretary, chiming in this chorus. Our soldiers particularly, I feel, are worn out. This increase is a smart policy. I'm more than pleased to say, 'Better late than never.' "

The reason the Army may be "worn out" is that soldiers typically have spent only one year, instead of the usual two years, back in the States before deploying again to war.

Pentagon To Recall Army National Guard Units (LAT)

By Peter Spiegel

The Los Angeles Times, January 12, 2007

WASHINGTON — Confronted with the increasing demands of the Iraq war, the Pentagon announced plans Thursday to recall Army National Guard units that have already fought in Iraq to serve second tours in the war, reversing a long-standing policy that allowed guardsmen to return home for five years before being redeployed.

No new Guard units have been included in the first wave of forces going to Iraq as part of President Bush's 21,500-troop increase announced Wednesday night and Defense Secretary Robert M. Gates insisted the change in policy was made independently of the Iraq buildup.

But other Pentagon officials have acknowledged that additional Guard and Army Reserve units are essential to sustaining Bush's increase in combat forces in Iraq over the course of the year. The military likely will need to tap into the pool of previously deployed Guard units this fall to keep 20 combat brigades in Iraq, the level of the surge. Army Reserve units also are affected by the policy change.

"The reserve component are going to have to help bear the burden on the backside of this (build) up," said a senior military official, discussing internal Pentagon decision making on condition of anonymity. "I would presume by this time next year, we would be calling on our reserve component brigades to contribute in Iraq."

Gates also announced he has asked the president to expand the Army and Marine Corps by 92,000 troops, arguing the military's land forces must be increased to meet ongoing threats even beyond the Iraq campaign.

Under the plans, the Army will grow by 65,000 to 547,000 soldiers, the biggest it has been since the end of the Cold War, and the Marines will grow by 27,000 to 202,000. Like the new Guard policy, the decision to enlarge the size of the U.S. military's ground forces is a reversal for the Bush administration.

Former Defense Secretary Donald H. Rumsfeld objected to expanding the Army and Marines, arguing it would be too costly. The administration's delay in making the decision means the expansion will not help alleviate the strain on the Army and Marines for several years, the amount of time it will take to reach the new limits.

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"It will take some time for these new troops to become available for deployment," Gates said Thursday at a congressional hearing. "But it is important that our men and women in uniform know that additional manpower and resources are on the way."

The changes in policy came as the Army and Marine Corps formally notified five Army combat brigades that they were being rushed to Baghdad as part of Bush's plan to increase American forces in Iraq. One of the units, the 2nd Brigade of the 82nd Airborne Division, was already en route to Kuwait to serve as a backup unit, and now will be redirected to the Iraqi capital.

For each of the next four months, additional Army brigades scheduled to deploy to Iraq this year will head toward Baghdad ahead of schedule.

In February, the 4th Brigade of the 1st Infantry Division will arrive earlier than planned; in March, the 3rd Brigade of the 3rd Infantry Division will be sent; followed in April by the 4th Brigade of the 2nd Infantry Division and in May by the 2nd Brigade of the 3rd Infantry Division.

In addition, two Marine battalions that were scheduled to go home next month -- the 3rd Battalion of the 4th Marine Regiment, and the 1st Battalion of the 6th Marine Regiment -- will have their return postponed by two to three months to provide the extra 4,000 troops needed for western Anbar province.

And a combat brigade from the Minnesota National Guard is being extended by four months to provide extra soldiers for the expanded effort while other units are arriving.

These units will allow U.S. forces levels in Iraq to grow to about 153,000 by the summer. But military planners will have to make another round of decisions starting in July about how they will sustain those troop levels. Several Army brigades are scheduled to return home from July through September, and officials would have to extend their tours to maintain the 20 brigades Bush has ordered.

More than 200,000 guardsmen and reservists have left civilian life over the past five years to serve in Iraq and Afghanistan, and stand to be summoned back into active duty under the policy change. Of 3,018 U.S. military deaths in Iraq, 383 have been soldiers from the Army National Guard, according to icasulaties.com, a research group that tracks military deaths. Another 214 were Army and Marine reservists.

Pentagon officials have said that Guard units most likely to be called up in the next round of deployments are those which were among the first regiments sent to Iraq in 2003 and early 2004.

In an attempt to head off opposition to remobilizing Guard brigades, the Pentagon said it would reduce the length of time Guard units must serve if they are called up again. In previous deployments to Iraq, guardsmen frequently found themselves activated for as long as 18 months, including several months to organize and train and at least a year in the war zone.

Under the new policy, Guard units would only be mobilized for a year, meaning that they would likely spend nine or 10 months in Iraq once sent overseas. In addition, Pentagon officials said guardsmen would receive extra pay if forced to deploy a second time before they have spent five years at home.

Meanwhile, the Pentagon is reviewing its "hardship waiver program," in which both Guard and active-duty Army soldiers can escape deployment if their families would encounter exceptional difficulties related to a repeat tour in Iraq. The review could lead to more such waivers.

Military Eases Its Rules For Mobilizing Reserves (NYT)

By David S. Cloud

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — The Pentagon announced steps Thursday to make more reservists available for duty in Iraq and Afghanistan by changing the policies that govern how often members of the Army National Guard and Reserve can be mobilized.

The new rules mean that individual Guard members and entire units that have already been deployed in the last five years may be called up again for as long as 24 consecutive months, officials said. In practice, the Pentagon intends to try to limit future mobilizations to no more than a year, once every five years, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, told reporters.

The policy change was brought on by the prolonged American troop commitments in Iraq and Afghanistan, and military officials said it would have been necessary even if President Bush had not decided to send more than 20,000 additional troops to Iraq.

The change, announced by Defense Secretary Robert M. Gates at a White House news conference, will enable the Bush administration to call up tens of thousands of Guard members who were off limits under the previous rules, without having to issue another politically delicate mobilization order.

The decision to send five active-duty combat brigades to Iraq in the next few months means the Army will need to call up National Guard combat brigades that have already done one-year tours in Iraq, and to do so sooner, officials said.

A senior military official said that by "this time next year," the Pentagon "probably will be calling again on Guard units that have previously done combat tours."

General Pace told reporters that some of the Guard units "that will be mobilized in the coming period will not have had five years since their last mobilization." Some, he said, will have been home for four years and some for only three.

Until now, the Defense Department's policy on employing Guard and Reserve units was that soldiers' time on active duty could not exceed a cumulative total of 24 months in any five-year period. Under the new rules, the cumulative limit is removed.

The result, officials said, is that soldiers who have already done a tour in Iraq in the last five years can now be sent back to Iraq if their entire unit is remobilized. The goal of limiting deployments to a year is meant to offset the burden on Guard members, who must leave civilian jobs to serve.

Until now, many members of the Army National Guard, which has an authorized total strength of 350,000 soldiers, have been deployed to Iraq or Afghanistan as individuals, sometimes for 18 months or longer. Mr. Gates said the Pentagon would now mobilize units, not individuals. Any soldiers who have already done tours will again be eligible, regardless of previous deployments, if their units are called into service.

Britain Signals Plans To Reduce, Not Increase, Troop Levels In Iraq (NYT)

By Alan Cowell

The New York Times, January 12, 2007

LONDON, Jan. 11 — Britain, which had been America's closest and most pliant ally in Iraq, said Thursday that it would not follow the United States in raising troop levels there and signaled that it would proceed with plans to hand over security responsibilities to Iraqi forces in the south.

Britain has about 7,000 troops in Iraq, most in the southern city of Basra, and says the situation there is far less dire than in Baghdad.

Officials here dismissed as speculation, though, a report in The Daily Telegraph on Thursday that those numbers would be cut by 3,000 before the end of May.

British officials offered a cautious welcome for President Bush's announcement but made clear that it would not distract them from trying to reduce British forces. In recent months, senior British commanders have voiced increasing concern that, with thousands of troops also fighting on a second front in Afghanistan, the British Army is overstretched.

The announcement by Mr. Bush of an increase in the American troop level in Iraq spread unease among some opposition politicians here who expressed concern that an American crackdown in Baghdad could provoke fighting in Basra.

"Many of us do not accept the apparent belief of the prime minister that U.S. action in Baghdad can have no conceivable effect on the security position in southern Iraq," said David Heath, a spokesman for the small antiwar Liberal Democrat opposition.

Prime Minister Tony Blair's spokesman, who customarily speaks on condition of anonymity, was asked Thursday whether Mr. Blair supported Mr. Bush's announcement. "What the prime minister fully supports is the efforts of the U.S., as announced, the efforts of the Iraqi government, and our own efforts to create the space and time to allow the Iraqi government to establish its authority and make Iraq a more prosperous country," the spokesman said. He said Britain would not decide on troop reductions until its forces had completed a drive to purge the local police in the areas where they are stationed of what it calls rogue elements.

Margaret Beckett, the foreign secretary, acknowledged that Britain had not marched in lock step with the White House on the current troop issue, as it has been accused of doing in the past by its critics in Europe and at home. Mr. Blair has announced that he will step down this year, and some political analysts say that he wants a significant troop withdrawal from Iraq to offset the damage to his legacy caused by the war there.

Speaking to a parliamentary panel on Thursday, Ms. Beckett said the impact of the change in American strategy would be "somewhat limited" for Britain. "Obviously it's an issue that people will look at, but I would say that it's a change of direction, as the president says, for the United States and doesn't necessarily imply a change of direction for us," she said.

Earlier, she told reporters: "We are dealing with the security situation in Basra. It is not our intention at the present time to send more troops."

She added: "We are under way with the process of handover as the security situation improves. We will make our judgments and our decisions depending on the progress of those events."

Some Britons were openly critical of Mr. Bush's decision. "I do not think that he has put his finger on a solution for the problem," said Sir Jeremy Greenstock, a former senior British envoy to Baghdad. He said he agreed that Baghdad should be the focus and that more American troops were needed.

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But, he said, that alone would not solve the problem. “Other things also have to be brought into this to fill the gap,” he said, “which is represented by the failure of the government in the Green Zone in Baghdad to have any real effect on the sectarian politics.”

Intelligence Chiefs Pessimistic In Assessing Worldwide Threats (WP)

By Dafna Linzer And Walter Pincus

The Washington Post, January 12, 2007

Iraq is at a violent and "precarious juncture," while al-Qaeda is significantly expanding its global reach, effectively immune to the loss of leaders in battle, Director of National Intelligence John D. Negroponte told Congress yesterday. He also warned that the Taliban is mounting a vigorous insurgency in Afghanistan, that Pakistan has become a safe haven for top terrorists and that Iran's growing regional power is threatening Middle East stability.

In their annual worldwide threat assessment before the Senate Select Committee on Intelligence, Negroponte and other top intelligence chiefs provided a bleak assessment of regions and conflicts at the center of President Bush's foreign policy agenda.

One day after Bush unveiled a plan to send more than 21,000 additional troops to work alongside Iraqi troops in an increasingly violent war, the head of the Pentagon's Defense Intelligence Agency said Iraqi forces could not combat the insurgency there.

Lt. Gen. Michael D. Maples said Iraqi security forces have been thoroughly infiltrated by Shiite militias and "are presently unable to stand alone against Sunni insurgents, al-Qaeda in Iraq" or the militias themselves. Negroponte, who was ambassador to Iraq in 2004-05, said sectarian violence had become the greatest problem inside the country.

"The struggle among and within Iraqi communities over national identity and the distribution of power has eclipsed attacks by Iraqis against the coalition forces as the greatest impediment to Iraq's future as a peaceful, democratic and unified state," he said.

The assessments, and Bush's plan for additional troops, drew fierce criticism from the intelligence panel's Democratic chairman, John D. Rockefeller IV (W.Va.). Rockefeller said he is "extremely concerned that well-intentioned but misguided policies of the administration have increased the threats facing our nation, and hampered our ability to isolate and defeat al-Qaeda and other terrorists that seek to strike against the United States."

As they have for several years, the intelligence chiefs said al-Qaeda remains the greatest threat to the U.S. homeland. Negroponte claimed four U.S. successes in 2006 in what Bush has called the global war on terrorism, one being the U.S. military's killing of Abu Musab al-Zarqawi, leader of al-Qaeda in Iraq. Despite Zarqawi's death in June, violence in Iraq has increased substantially.

Maples said that al-Qaeda "has consistently recovered from losses of senior leadership," and that its "increasing cooperation with like-minded groups has improved its ability to facilitate, support and direct its objectives." Negroponte said the group's leaders have found a haven in secure locations in Pakistan.

He said a second major threat stemmed from nuclear weapons in the hands of U.S. enemies, with Iran and North Korea of greatest concern. But, he said, "Iran's influence is rising in ways that go beyond the menace of its nuclear program."

He said Hezbollah in Lebanon, which receives considerable logistical and financial support from Iran, also poses a significant threat in the region. Despite its 34-day war with Israel last summer, "Hezbollah's leadership remains unscathed and probably has already replenished its weapons stockpiles with Iranian and Syrian assistance," Maples said.

Negroponte said stability in Iraq will depend in part on persuading Iran and Syria "to stop the flow of militants and munitions across their borders." For the first time, he said, "forty to 70 foreign fighters every month come over the Syrian border." Maples said foreign fighters account for less than 10 percent of insurgents and usually are recruited as suicide bombers.

The officials said Iran is providing Shiite militias with sophisticated anti-armor projectiles capable of penetrating U.S. armored vehicles. Negroponte added that Iran, in the past, supported the idea of a Shiite-dominated stable Iraq. But he now believes Tehran may be shifting to a more aggressive posture.

Shiite Radicalism Could Fuel Wider Violence, Official Warns (NYT)

By Mark Mazzetti

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — The nation’s top intelligence official said Thursday that the spiraling violence in Iraq, along with Iran’s ascendancy in the Middle East, had led to a rebirth of Shiite Islamic radicalism that could fuel sectarian violence and destabilize nations across the region.

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In his annual presentation on the global threats facing the United States, the departing director of national intelligence, John D. Negroponte, spoke of the "shadow" that Iran was casting across the Middle East and warned members of Congress that Iran could be emboldened to dispatch Hezbollah operatives to attack American targets.

Intelligence officials have long assumed that Iran's primary goal in Iraq was establishing a weak, but viable, state dominated by Shiites. But Mr. Negroponte suggested Thursday that Iran's steady arms shipments into Iraq, which American military officials say they have documented, and the political manipulation of Iraqi Shiite politicians could signal that Iran is trying to worsen the sectarian war and anarchy there, rather than seeking relative stability.

In a Senate Intelligence Committee hearing, Mr. Negroponte also testified that Al Qaeda's "resilient" senior leadership continues to play a central planning role from remote hideouts in Pakistan. This conclusion about Al Qaeda reflects a shift in thinking among intelligence officials, who as recently as last summer had assessed that terrorist leaders like Osama bin Laden and Ayman al-Zawahri had become largely isolated from their network of supporters, reducing their role to being more inspirational than operational.

As have previous years' assessments, Mr. Negroponte said Al Qaeda remained the organization most capable of carrying out another devastating attack on American soil. But Thursday's testimony from Mr. Negroponte and other top intelligence officials showed a mounting concern about the threat of militant Shiite groups.

Mr. Negroponte cited Iran's burgeoning nuclear weapons program, its flood of oil revenue and Hezbollah's perceived victories against the Israeli Army last summer as signs that both Iran and its client terrorist organization could be interested in moving more aggressively around the globe.

"As a result of last summer's hostilities, Hezbollah's self-confidence and hostility toward the United States as a supporter of Israel could cause the group to increase its contingency planning against United States' interests," Mr. Negroponte said.

He offered no evidence to lawmakers that Hezbollah was planning any attacks.

But committee Democrats, along with some of the Republican minority, chose to spend most of their time with the intelligence officials asking pointed questions about the new strategy for Iraq laid out by President Bush on Wednesday night.

Echoing their colleagues at other hearings throughout the day, the lawmakers expressed deep skepticism that increasing the American troop presence in Iraq could halt the steadily escalating violence there.

"I don't get the feasibility, I don't get the achievability, I don't get the sustainability," said Senator Barbara A. Mikulski, Democrat of Maryland.

The intelligence officials defended the new Iraq strategy, and Mr. Negroponte said it had a good chance of succeeding despite Iraq's "precarious" state.

The Central Intelligence Agency director, Gen. Michael V. Hayden, said that so far the Iraqi government had fallen short in its efforts to halt sectarian violence. "The track record of this government isn't one that would give you great confidence," General Hayden said.

The other intelligence officials who testified at the hearing were Lt. Gen. Michael D. Maples of the Defense Intelligence Agency, Robert S. Mueller III of the Federal Bureau of Investigation and Randall M. Fort, who leads the Bureau of Intelligence and Research at the State Department.

The officials agreed that the Iraq war had helped fuel Islamic radicalism around the globe and had most likely bolstered the recruiting efforts of Al Qaeda.

The takeover of the American Embassy in Tehran in 1979 and the bombing of the Marine barracks in Beirut in 1983 made Shiite radicalism a primary concern of American officials during the 1980s and much of the 1990s. It was not until the rise of Osama bin Laden's Al Qaeda network in the mid-1990s that parallel concerns about Sunni extremism grew among intelligence officials and terrorism experts.

But intelligence officials point to last February's bombing of the Golden Mosque in Samarra, a sacred Shiite shrine, as a watershed moment that stoked Shiite anger throughout the Middle East and set off a wave of reprisals against Sunnis inside Iraq.

Mr. Negroponte said Thursday that governments across the region were concerned that the violence in Iraq could spill across the country's borders and embolden ethnic minorities to carry out attacks against majority sects.

He also warned of the successes that a resurgent Taliban is having in Afghanistan in its attempts to destabilize the government of President Hamid Karzai.

The intelligence chief said the Taliban "probably" does not directly threaten the viability of Mr. Karzai's government. At the same time, he said the Taliban is achieving more limited goals of impeding economic development in southern and eastern Afghanistan and undermining popular support for the government in Kabul.

Intelligence Officials See Growing Sectarian Split In Iraq (WT)

By Bill Gertz

The Washington Times, January 12, 2007

Sectarian divisions and related violence in Iraq are growing, as al Qaeda remains the most serious national-security threat facing the United States, senior U.S. intelligence officials told Congress yesterday.

Director of National Intelligence John D. Negroponte said during the annual threat briefing for the Senate intelligence committee that "sectarian divisions are widening," despite efforts by the new government.

Defense Intelligence Agency Director Lt. Gen. Michael D. Maples told the hearing that "violence in Iraq, as measured over the past year, continued to increase in scope, complexity and lethality.'

The intelligence officials painted a dire picture of the insurgency in Iraq and spoke a day after President Bush announced a new plan to stabilize Baghdad with an additional 21,500 troops.

Mr. Negroponte said Iraq is "at a precarious juncture."

"Communal violence accelerated by the attack on the Samarra mosque in February 2006 -- and scant common ground between Shi'as, Sunnis and Kurds have polarized politics," Mr. Negroponte said.

Additionally, political factions are unable to compromise on key issues and public services are inadequate, including a decline in the daily hours of electrical power, while oil output remains below prewar levels, he said.

"With political reconciliation stalled, Iraqis increasingly resort to violence," Mr. Negroponte said.

The government's most senior intelligence official said stabilizing Iraq in the next year will depend on the Iraqi government's ability to create national instead of sectarian-ruled institutions.

Additionally, Mr. Negroponte warned that the terrorist threat from the Iranian-backed terror group Hezbollah is increasing. He noted that recent fighting by Hezbollah against Israel in Lebanon, "could cause the group to increase its contingency planning against U.S. interests."

On China, Mr. Negroponte said Beijing is continuing its rapid military buildup, including placing large numbers of missiles opposite Taiwan, but despite this, "prospects of a cross-strait conflict with Taiwan have diminished."

FBI Director Robert S. Mueller III told the hearing that al Qaeda is planning attacks in the United States through "infiltrating operatives" from overseas and that the group is seeking to use some form of chemical, biological, radiological or nuclear material in weapons.

"Al Qaeda's choice of targets and attack methods will most likely continue to focus on economic targets such as aviation, the energy sector and mass transit; soft targets such as large public gatherings; and symbolic targets such as monuments and government buildings," Mr. Mueller said.

Gen. Maples,, said some developments in Iraq "give hope for progress," although "the Sunni Arab-based insurgency continues to gain strength and capacity."

The three-star general also warned that Iraq is in danger of a breakdown of central authority that would pose a threat to the Iraq, the region and U.S. strategic interests.

"DIA judges that continued coalition presence is the primary counter to a breakdown of central authority," Gen. Maples said.

"The conflict remains a sectarian struggle for power and the right to define Iraq's future identity," Gen. Maples said, noting that attacks averaged 160 per day in December, down slightly from 180 a day in October.

Ten percent of the insurgents in Iraq are foreign terrorists, many of whom are dispatched to the country to conduct suicide car bombings, Gen. Maples said.

US Names Retired Diplomat At Iraq Reconstruction Chief (AFP)

AFP, January 12, 2007

US Secretary of State Condoleezza Rice announced the appointment of a retired diplomat, Timothy Carney, to head a US push to boost Iraq's moribund economy.

Carney, a former ambassador to Haiti and Sudan, will be the Coordinator for Iraq Transitional Assistance under President George W. Bush's just announced new plan for stabilizing Iraq, she said.

"Our military operations must be fully supported and integrated with our civilian and diplomatic efforts across the entire US Government to help Iraqis clear, hold and build throughout all of Iraq," she said.

Rice said a key element of the new strategy will involve increasing the number of so-called Provincial Reconstruction Teams (PRT) tasked with helping develop economic projects and provide jobs.

"We are ready to strengthen, indeed, to surge our civilian efforts," she said, saying the number of PRT's around Iraq will be increase from 10 to 18, including five new units for Baghdad and a tripling of the teams in Anbar province, a center of anti-US insurgency, from one to three.

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In his speech Wednesday night, Bush announced that Washington would spend an additional one billion dollars on Iraq reconstruction and that the Iraqi government of Prime Minister Nuri al-Maliki had pledged to devote 10 billion dollars to rebuilding and economic development.

The Bush administration has already sent 21 billion dollars to Iraq for reconstruction and job creation projects, including efforts to rebuild key infrastructure like electricity production and water treatment.

But many of the projects were destroyed by anti-US insurgents and significant sums were lost to corruption.

Carney will oversee the enhanced PRTs operations from Baghdad she said, noting that the former diplomat has "experience in post-conflict stabilization and reconstruction and development" from his time in Haiti.

Carney, a 32-year foreign service veteran, was the US ambassador to Haiti in 1998 and 1999 after holding the top US post in Khartoum from 1995 to 1997.

He served briefly with the US occupation authority in Iraq immediately after the March 2003 invasion which toppled Saddam Hussein.

Earlier in his career, Carney served in Vietnam and Cambodia during the Vietnam War, and Lesotho and South Africa before the end of apartheid and worked with UN peacekeeping operations, including in Somalia, the State Department said.

U.S. Detains 6 Iranians In Irbil Raid (AP)

By Qassim Abdul-zahra

AP, January 12, 2007

U.S.-led multinational forces detained six Iranians Thursday at an Iranian government office in the northern city of Irbil, Iraqi officials said, as President Bush accused Iran and Syria of aiding militants and promised to "interrupt" the flow of support as part of his new war strategy.

The U.S. military said it had taken six people into custody in the Irbil region but made no mention of a raid on the Iranian government office.

The forces entered the building about 3 a.m., detaining the Iranians and confiscating computers and documents, two senior local Kurdish officials said, speaking on condition of anonymity because of the sensitivity of the information. Irbil is a city in the Kurdish-controlled northern part of Iraq, 220 miles from Baghdad.

A resident living near the building said the troops used stun bombs and brought down an Iranian flag from the roof. As the operation went on, two helicopters flew overhead, the resident said on condition of anonymity for fear of reprisals.

At the Pentagon, a senior U.S. military official said the building was not a consulate and did not have any diplomatic status. The six Iranians were taken in a "cordon-and-knock" operation, said the official who spoke on condition of anonymity because he was not authorized to release the information.

Iraqi government spokesman Ali al-Dabbagh said Baghdad was seeking clarification from the U.S. and Iran "about these people and what they were doing there and whether they were employees."

The regional Kurdish government condemned the arrests and called for the immediate release of the Iranians. It added that the government "was not aware in advance of the raid."

Iran's Foreign Ministry summoned the Iraqi and Swiss ambassadors in Tehran and "demanded an explanation" about the incident. Switzerland represents American interests in Iran, where there is no U.S. embassy.

Foreign Ministry spokesman Mohammad Ali Hosseini told state-run radio the raid was "against a diplomatic mission" since the "presence of Iranian staffers in Irbil was legal." Hosseini claimed the action by coalition forces reflected a "continuation of pressure" on Iran, aiming to "create tension" between Iraq and its neighbors.

Late last month, the White House said U.S. troops elsewhere in Iraq detained two Iranians during a raid on suspected insurgents and released two others who had diplomatic immunity. A Pentagon official said U.S. forces had found "indications and evidence" that two of the Iranians were involved in the transfer from Iran to Iraq of technology to make small bombs.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the U.S. military would continue to target networks of individuals, regardless of their nationality, that are providing weapons designed to kill American troops in Iraq.

"I think it's instructive that in the last couple of weeks two of those raids that we conducted to go after these folks that are providing these kinds of weapons — two of those raids had policed up Iranians. So it is clear that the Iranians are complicit in providing weapons," he said.

The arrests come as tensions are high between Iran and the United States. The Bush administration has accused Iran of seeking to develop nuclear weapons and of helping fuel violence in Iraq. Iranian President Mahmoud Ahmadinejad, meanwhile, is trying to expand Tehran's role in Iraq as a counter to U.S. influence in the Persian Gulf region.

Al-Dabbagh, the Iraqi government spokesman, said any improvement in relations between the United States, Syria and Iran would only help Iraq.

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"Sometimes we pay the price for the tension in relations between Iran and the United States and Syria, therefore it is in our interest ... that these relations improve, but not at the expense of Iraq," he said.

Bush's new strategy, however, ignores key recommendations of the Iraq Study Group, which in December called for a new diplomatic offensive and an outreach to Syria and Iran. Instead, the president accused both countries of aiding terrorists and insurgents in Iraq.

"We will disrupt the attacks on our forces," Bush said. "We will interrupt the flow of support from Iran and Syria."

Politicians and ordinary Iraqis, meanwhile, expressed skepticism Thursday that Bush's plan to send 21,500 more troops to Iraq will quell the violence in their country, but some offered weary acceptance of any effort to stop the carnage after several failed past attempts.

The varied reactions underscore the challenges facing the Shiite-dominated Iraqi government, which is under pressure to rein in predominantly Shiite militias as well as Sunni insurgents as both sides have killed thousands in spiraling sectarian attacks.

An aide to Prime Minister Nouri al-Maliki welcomed the new strategy but stressed that the government must take the lead in the military action. The plan also envisions 10,000 to 12,000 Iraqi troops to secure Baghdad neighborhoods, and al-Maliki has announced plans for a new Iraqi security operation, although similar past efforts have been unsuccessful.

"The failure in Iraq will not only affect this country only but the rest of the region and the world, including the United States," al-Maliki aide Sadiq al-Rikabi said.

"The current situation is not acceptable — not only for the American people but also for the Iraqis and their government. As Iraqis and as an elected government we welcome the American commitment for success," he added. "The Iraqi government also is committed to succeed."

A Sunni lawmaker rejected the plan to send more U.S. troops and called instead for a timetable for them to withdraw, while other critics from both sects said it wouldn't succeed because of the power of mostly Shiite militias that have been blamed for much of the recent sectarian violence.

"Bush's plan could be the last attempt to fix the chaos created after the invasion of Iraq. Yet, sending more troops will not end the problem, on the contrary, there will be more bloodshed," said Sunni lawmaker Hussein al-Falluji.

Kurdish lawmaker Mahmoud Othman said the "plan will fail. Sending more troops and financial support will not help if there is no sectarian and political solution."

Osama Ahmed, a 50-year-old Sunni who works in the Ministry of Higher Education, said he got up early to watch the speech, which was broadcast live at 5 a.m. Thursday on Iraqi state television.

"More U.S. troops will mean more wasted blood and more people killed," Ahmed said. "The violence will surge unless U.S. administration decides to curb militiamen who are part of the Iraqi government."

Abdel-Karim Jassim, a 44-year-old Shiite trader, said he had hoped Bush would come up with something other than the troop increase.

"Sending more troops will not solve the problem," he said, although he acknowledged that "Iraqis cannot handle security issue on their own because of the sectarian divisions and the strong militias and insurgents."

Awad Mukhtar, a 35-year-old technician, said Bush's new proposals could be Iraq's "last chance" for peace.

"The security situation in Iraq is very bad, we are facing death at any moment daily," Mukhtar said. "I see the new Bush strategy as the last chance for Iraqis to save their lives ... we have no other choice, only to wait and see the results."

G.I.'s In Iraq Raid Iranians' Offices (NYT)

By James Glanz

The New York Times, January 12, 2007

ERBIL, Iraq, Jan. 11 — American troops backed by attack helicopters and armored vehicles raided an Iranian diplomatic office in the dead of night early Thursday and detained as many as six of the Iranians working inside.

The raid was the second surprise seizure of Iranians by the American military in Iraq in recent weeks and came a day after President Bush bluntly warned Iran to quit meddling in Iraqi affairs.

There was a tense standoff later in the day between the American soldiers and about 100 Kurdish troops, who surrounded the American armored vehicles for about two hours in this northern Iraqi city.

The attack was denounced by senior Kurdish officials, who are normally America's closest allies in Iraq but regarded the action as an affront to their sovereignty in this highly tribal swath of the country. Iran's Foreign Ministry reacted in Tehran with a harsh denunciation that threatened to escalate tensions with the Bush administration.

The American military said that it had been "conducting routine security operations in Erbil Jan. 11 and detained six individuals suspected of being closely tied to activities targeting Iraqi and coalition forces. One individual was released and five remain in custody."

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American officials have long accused Iran of sending weapons and money into Iraq. In late December the American military detained a number of Iranians in Baghdad, including two diplomats and two who turned out to be senior Iranian military officials. The diplomats were released but the others were forced to leave Iraq under suspicion that they had been working with Shiite militias. The incident also comes at a time when tensions are high between the United States and Iran over its nuclear program.

The incident was a major embarrassment for the Iraqi government, which has been trying to foster initiatives with its neighbor for improving regional security and trade, as well as other issues, and it calls into question the extent of Iraqi control over its own affairs.

In Thursday's raid, attack helicopters roared above the normally placid neighborhood here, as American troops backed by armored vehicles broke into the office at around 3:30 a.m., carrying away documents and computer equipment.

American Black Hawk helicopters also swooped over the confrontation with the Kurdish troops, and at least two landed, said an American witness. But there were no reports of shots being fired, and the incident ended peacefully.

Witnesses said the attack was directed at a building that an American official described as a liaison office that was properly accredited with Iraq as an Iranian government facility. It was unclear whether the Iranians who were arrested carried diplomatic passports and whether the office was supposed to share some of the immunities enjoyed by embassies and consulates.

Local residents said the main function of the office was to process papers for people who want to go to Iran for visits or medical treatment.

Muhammad Ahmad, who lives near the neighborhood, known as Old Korea, said that he was awakened by shooting and helicopters. "These kinds of actions are totally unacceptable and the Kurdish leadership is very angry," said Fuad Hussein, the spokesman for the president of the semiautonomous territory, Massoud Barzani. Mr. Hussein called the raid an "abduction."

The Iranian government said the raid violated international law and demanded the detainees' release.

"This is a provocative action by the United States and is against all international laws and regulations," said the Foreign Ministry spokesman, Mohammad Ali Hosseini, the state-run radio reported.

"The Americans are following two aims," he said. "They want to continue their pressure against Iran and, secondly, to create tension among Iraq's neighbors."

He added: "The provocative and mischievous actions cannot damage the friendly relations with Iraq."

A senior State Department official said that the Iranian office in Erbil was not technically a consulate, but rather a liaison office which also provided some consular services.

He said that American officials believed that the Iranians intended to turn the office into a consulate at some point, but that had not yet happened. Therefore, he said, the State Department does not consider the office to be Iranian territory.

Thursday afternoon, the Kurdish interior minister, Karim Sinjari, appeared surprised when an American reporter asked him during a meeting with American businessmen to confirm the raid on the liaison.

"Yes," Mr. Sinjari said tightly. "It was American-led." Asked for further details, he said: "We have no information. They did it by themselves." He then cut off questions.

The standoff began around 11 a.m. in Einkawa, a pleasant and predominantly Christian suburb of Erbil where many Western officials live and keep offices. Possibly angered by the earlier raid, the Kurdish forces refused to let several American Humvees through a checkpoint.

"It was the Americans' fault," said a Kurdish guard from the checkpoint, who refused to give his name. "We asked them to stop but they did not stop. That is why we pointed our guns at each other."

The standoff, while tense, was carefully controlled by the Kurds. The American who witnessed it said that as the lines of traffic lengthened on the blocked road, the Kurds began waving cars through and they drove directly past the stopped Humvees.

The Iranian Foreign Ministry summoned the Iraqi and Swiss ambassadors in Tehran in protest, and demanded the immediate release of what it called diplomats, the state-run television reported.

The Swiss represent American interests in Tehran. The United States has had no embassy in Iran since 1979, when radical students attacked the American Embassy in Tehran and took 44 diplomats hostage.

Mr. Hosseini told state-run television on Thursday that the consulate in Erbil was set up after coordination with Iraqi officials and that "it was involved in consulate work."

A measured statement late in the day from Mr. Barzani's office expressed "its sadness over these actions," indicating that it believed the building had diplomatic immunity. "It is better to inform the Kurdistan government before taking actions against anybody," the office said.

The American military said in a statement that "the documents and equipment that were removed will be examined to determine the extent of the alleged illegal or terrorist activity. Based on the outcome of that investigation, appropriate action will be taken regarding the detainees."

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U.S. Raids In Northern Iraq Nab Several Iranians (MERCN)

By Jonathan S. Landay And Nancy A. Youssef

The San Jose Mercury News, January 12, 2007

BAGHDAD, Iraq - U.S. troops detained at least five Iranians in two raids in northern Iraq just hours before President Bush vowed in a nationally televised speech to clamp down on support that Iran allegedly is providing to militants in Iraq, Iraqi officials said Thursday.

Iraqi Foreign Minister Hoshayr Zebari called the U.S. raids "very, very embarrassing." One resulted in the arrest of legitimate Iranian diplomats and the second nearly triggered a gunfight between American and local Iraqi security forces, he said.

In Washington, several senior Democratic and Republic lawmakers expressed alarm that Bush's plan to interdict alleged support for Iraqi insurgents could lead to secret military strikes inside Iran and Syria. Sen. Joseph Biden, D-Del., warned that such action would require congressional approval, while Sen. Chuck Hagel, R-Nebraska, called the policy "very, very dangerous."

Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, said operations will take place only inside Iraq and that there were no plans for cross-border strikes. But Secretary of State Condoleezza Rice said that President Bush "isn't going to rule anything out to protect our troops."

The Pentagon announced Thursday that as part of the new strategy, the USS John C. Stennis, an aircraft carrier, and its strike group - five surface ships, a submarine, a support vessel and about 80 aircraft - and an Army battalion of four Patriot air defense missile batteries were being ordered to the region to boost security.

A senior defense official, speaking on condition of anonymity because of the sensitivity of the issue, said that the ships were being sent in part to signal to Iran and Syria and "anyone else who thinks the United States is cutting and running (from Iraq) that it is not."

In unveiling his new Iraq policy, Bush laid out a tougher policy toward Iran, which he accused of supplying arms to Iraqi militants, and toward Syria, which he said allows terrorists to cross into Iraq.

He repeated a long-standing U.S. charge that Iran is secretly developing nuclear weapons and vowed the United States would work to prevent Tehran from "dominating" the Middle East.

Senators grilling Rice warned that an overly aggressive U.S. response would risk escalating frictions throughout the already tension-fraught region.

Both Tehran and Damascus have supporters in Iraq who could retaliate against U.S. forces or the Iraqi government. Both countries could also sponsor attacks by Islamic extremists on American targets in the Middle East or other parts of the world.

Bush has spurned bipartisan calls to negotiate with Iran and Syria.

The U.S. raids in Irbil, the main city of the semi-autonomous Kurdistan region, came just hours before Bush's speech.

At around 2 a.m. local time, U.S. troops stormed a building that functioned as an Iranian consulate, arrested five men and seized computers and files, Iraqi officials said.

A U.S. military statement confirmed the raid and said six persons closely tied to attacks on U.S. and Iraqi forces had been arrested.

It did not disclose the names or nationalities of the detainees.

The regional Kurdish government called the arrests unacceptable, complaining that local authorities had not been forewarned of the operation.

Mithal Alusi, a member of the national Parliament, charged that the detainees were Iranian intelligence officers involved in terrorist activities in northern Iraq. He insisted that they did not have diplomatic status.

Iraqi Foreign Minister Zebari, however, told McClatchy Newspapers that the Iranian office had operated in Irbil for more than 10 years and the Iranians were in Iraq legally. "This is very, very embarrassing," he said. "The Iraqi government was aware of who was in that office."

Later Thursday, U.S. forces staged a second raid, attempting to enter Irbil airport and abduct a group of unidentified individuals, he said.

Members of a Kurdish paramilitary force known as peshmerga confronted the Americans when they refused to identify themselves, and a gun battle was narrowly averted "at the 11th hour," said Zebari.

He said U.S. Ambassador Zalmay Khalilzad told him that the first raid was aimed at people who were trying to harm U.S. troops. Khalilzad said he was unaware of the operation at the airport.

Zebari said the raids were part of a pattern of stepped up U.S. operations against Iranian operatives. "That is in line with their approach, yes."

U.S. troops detained several Iranian diplomats and officials last month in Baghdad.

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The issue dominated the opening of Rice's Senate hearing yesterday.

Biden, chairman of the Foreign Relations Committee, pressed Rice on whether operations against alleged Iranian and Syrian support networks would include cross-border strikes against "persons . . . or governments."

"Obviously the president isn't going to rule anything out to protect our troops, but the plan is to take down these networks in Iraq," she replied.

She sidestepped a question about whether Bush could mount cross-border operations without Congress' approval.

"I believe . . . he does need congressional authority to do that," replied Biden.

Biden later wrote to Bush asking him to state whether he believed he had the constitutional authority to order cross-border strikes without congressional authorization.

Rice's answers also failed to satisfy Hagel, an Army veteran of the Vietnam war, who said that former President Nixon "lied" in denying that he had ordered U.S. forces to invade Cambodia in 1970.

"No one in our government can sit here today and tell Americans that we won't engage the Iranians and the Syrians cross-border," said Hagel. "When you set in motion the kind of policy that the president is talking about here, it's very, very dangerous."

Pentagon Intensifies Pressure On Iran (WSJ)

By Jay Solomon

The Wall Street Journal, January 12, 2007

WASHINGTON -- Even as President Bush seeks larger numbers of troops to stabilize Iraq, the Pentagon is intensifying operations there on another front: challenging Iran over its alleged role in destabilizing its Arab neighbor.

Yesterday, multinational forces including U.S. troops detained six Iranian officials in Iraqi Kurdistan suspected of aiding Shiite Muslim militants in Iraq. It was the second detainment by U.S.-led forces of Iranian officials in Iraq in less than a month. The U.S. and its allies have also sought to seal off Iran's ability to penetrate Iraq and ship arms there, with British forces stepping up patrols along the Iran-Iraq border and U.S. warships and aircraft carriers increasing patrols in the Persian Gulf. Mr. Bush, in his speech to the nation Wednesday, announced the deployment of a second aircraft-carrier battle group to patrol the Gulf.

And the Pentagon has significantly increased its intelligence activities targeting suspected Iranian agents and Shiite Muslim militants, U.S. intelligence officials said. Besides working with Iraqi security forces, the U.S. has intensified information-sharing with dissident Iranian groups such as Mujahedin-e Khalq, according to officials associated with the group.

U.S. officials say the intensifying actions targeting Iran are central to the new White House push to underpin the shaky government of Iraqi Prime Minister Nouri al-Maliki. They come against a backdrop of growing, broader tensions between Washington and Tehran, over Iran's suspected pursuit of nuclear weapons, U.S. efforts to curb Iran's financial transactions and Tehran's moves to increase its influence throughout the Middle East.

Nicholas Burns, undersecretary of state for political affairs, said the administration is seeking to counter Iranian provocations across the region as part of a broader strategy. "Iran needs to learn to respect us," he said. "And Iran certainly needs to respect American power in the Middle East."

Some U.S. lawmakers and many Arab officials fear the U.S.'s latest tactics could stoke a broader regional conflict.

A number of Democratic and Republican lawmakers yesterday drew analogies to the Vietnam War, when American military activities secretly moved into neighboring Cambodia and Laos from Vietnam. These lawmakers said U.S. efforts to target insurgents and alleged Iranian agents in Iraq could spill over into Iran and Syria, and potentially spark wider, sectarian conflicts between Sunni and Shiite Muslims around the region.

"When you set in motion the kind of policy that the president is talking about here, it's very, very dangerous," said Sen. Chuck Hagel, a Republican from Nebraska and a Vietnam veteran.

Mr. Bush Wednesday hinted at a significant hardening of policy toward Iran and Syria, saying the U.S. "will seek out and destroy the networks providing advanced training and weaponry to our enemies in Iraq." Mr. Bush and other U.S. officials have regularly accused Iran and Syria of arming and funding militants fighting in Iraq, charges both countries deny.

Secretary of State Condoleezza Rice pushed an even-harder line toward Tehran yesterday. Washington "will continue to work with the Iraqis and use all our power to limit and counter activities of Iranian agents who are attacking our people and innocent civilians in Iraq," she said.

The White House's emerging policy on Iran's role in Iraq directly counters recommendations made last month by the bipartisan Iraq Study Group. The congressionally funded group, headed by former U.S. Secretary of State James Baker and former Democratic Rep. Lee Hamilton, had recommended that the U.S. directly engage Tehran and Damascus to build a regional consensus on how to stabilize Iraq.

Bush administration officials working on Middle East policy said the White House's moves to confront Tehran directly in Iraq predates the ISG study, having been in development for nearly six months. From the earliest days of the U.S. invasion of Iraq in

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2003, Pentagon officials have voiced fears that Iran was using the fall of Saddam Hussein to increase its influence among Iraqi Shiites, who constitute a majority in the country but had lived under Sunni Muslim rule for decades prior to Mr. Hussein's fall.

And U.S. intelligence officials said that during the past year, they have noticed a significant increase of munitions and designs for the construction of improvised explosive devices, or IEDs, coming across the Iranian border. IEDs are the largest killers of U.S. soldiers in Iraq, according to the Pentagon.

Of particular concern to Pentagon planners is the alleged role of Qods Force, the international arm of Tehran's Iranian Revolutionary Guard Corps, in trafficking IEDs into Iraq, intelligence officials said. The guard corps is believed to have developed close ties to both the Mahdi Army, a Shiite militia headed by the Shiite cleric Muqtada al-Sadr, and the Badr Brigade, the militant arm of Iraq's largest Shiite political party, the Supreme Council for Islamic Revolution in Iraq.

The Pentagon moves in Iraq to arrest Iranian diplomats in both Irbil and Baghdad over the past month were directly aimed at trying to stanch the flow of IEDs and other armaments into Iraq, U.S. officials involved in the program said. The U.S. has alleged that the Revolutionary Guard corps has used front companies and religious foundations to move some of these armaments over the Iran-Iraq border. And U.S. officials said they have extensive intelligence showing many of the diplomats detained were senior members of the corps.

The Iranian government immediately protested the U.S. moves, while Iraqi and Kurdish officials asked the U.S. to show restraint in confronting Iran. Baghdad views Tehran as an increasingly important economic partner and crucial to its internal stability. "Sometimes we pay the price for the tension in relations between Iran and the U.S. and Syria," said Iraqi government spokesman Ali al-Dabbagh, according to the Associated Press.

Aside from escalating strains between the U.S. and Iran, Middle East analysts said Mr. Bush's new Iraq strategy -- such as adding more than 10,000 troops in Baghdad -- will inevitably increase tensions between American forces and the Mahdi Army, which controls much of the Iraqi capital, and that an escalation in fighting could turn Iraq's Shiite majority even further against the U.S.

Of more concern to U.S. lawmakers is the potential that these U.S. actions against Iran could escalate. Under one possible scenario, U.S. forces could cross into Iran or Syria in pursuit of suspected insurgents or their allies, or use alleged Iranian activities inside Iraq as a pretext for a wider assault on Iran. The fear is that any such military activities could ignite a wider conflict.

"The potential for sparking a wider conflict is great," said Trita Parsi, an Iran analyst and president of the National Iranian American Council in Washington. "I think that if we're going for a confrontation with Iran, the pretext will be Iraq."

U.S. Troops Raid 2 Iranian Targets In Iraq, Detain 5 People (WP)

By Robin Wright And Nancy Trejos

The Washington Post, January 12, 2007

U.S. troops launched two raids on Iranian targets in Iraq yesterday, following through on President Bush's vow to confront and break up Tehran's networks inside Iraq. Five Iranians were detained, and vast amounts of documents and computer data were confiscated, according to U.S., Iraqi and Iranian officials.

The two raids are part of a new U.S. intelligence and military operation launched last month against Iran, U.S. officials said. The United States is trying to identify and detain top officials of the Iranian Revolutionary Guards' al-Quds Brigade operating in Iraq. The al-Quds Brigade is active in arming, training and funding militant movements, such as Lebanon's Hezbollah, throughout the Middle East.

"Throughout Iraq, operations are currently ongoing against individuals suspected of being closely tied to activities targeting Iraqi and Coalition forces," the headquarters of the U.S.-led Multi-National Force-Iraq said in a statement yesterday.

While the public focus is on Iraq, the administration is now spending as much time on plans to contain Iran as on a strategy to end Iraq's violence, U.S. officials said.

Last month, U.S. forces seized two senior Iranians -- Brig. Gen. Mohsen Chirazi and Col. Abu Amad Davari -- in the first round of raids. Chirazi is the No. 3 official in the al-Quds Brigade and the highest ranking Iranian ever held by the United States.

Yesterday's raids were both in Irbil, a Kurdish city in northern Iraq. One was carried out at 3 a.m. on the Iranian Liaison Office, which is used by the Iranian Revolutionary Guards as a local headquarters, U.S. officials said. Kurdish officials said U.S. troops came in helicopters. They disarmed the security guards, broke through the gate, entered the building and detained six men, Iranian officials told the Iranian news agency. One was later released.

The other raid was at the Irbil airport, where U.S. forces tried to detain people until Kurdish troops intervened -- and almost ended up in a confrontation with U.S. troops, said Iraqi Foreign Minister Hoshyar Zebari. "A massacre was avoided at the last minute," he said. A U.S. official confirmed that the incident nearly resulted in U.S. and Kurdish allies firing at one another.

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The action in Irbil is one of the genuinely new additions to the U.S. strategy in Iraq. Bush said Wednesday that the United States will now "seek out and destroy the networks" arming and training U.S. enemies. He also announced that he is ordering another aircraft carrier and supporting ships to the Persian Gulf area near Iran in a show of force.

Marine Gen. Peter Pace, the Joint Chiefs of Staff chairman, charged yesterday that Iran is "complicit" in providing weapons designed to kill American troops. "We will do all we need to do to defend our troops in Iraq by going after the entire network regardless of where those people come from," he said at a news conference with Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates.

Rice outlined a carrot-and-stick strategy, offering to meet with her Iranian counterpart "anytime, anywhere" to discuss "every facet" of U.S.-Iranian relations -- with the condition that Tehran suspend its program for enriching uranium, which can be used for nuclear weapons as well as for generating energy. Until that time, she said, the United States will "use all our power to limit and counter the activities of Iranian agents who are attacking our people and innocent civilians in Iraq."

Rice effectively dismissed a key recommendation of the Iraq Study Group, the bipartisan panel that last month urged the administration to launch a dialogue with Iran and Syria to help stabilize Iraq. She told reporters that Tehran and Damascus should not "be paid" to end their "destabilizing behavior," and that such a move would both demoralize friends and embolden enemies across the Middle East.

But the new U.S. policy to confront Iranians in Iraq has already sparked divisions within the administration. The Pentagon wanted to hold the two top al-Quds officials for questioning, but the State Department backed an Iraqi request to deport them. They were sent home a week after their capture.

The Kurdish government had approved the opening of the Iranian Liaison Office, which provided consular services and which Iran wants to upgrade to a formal consulate, the Iraqi foreign minister said. Before the raids, U.S. forces did not consult with the Iraqi government, which is now trying to establish procedures and agreements for future operations, he said. "This is a very, very dangerous thing," he said.

Iran's foreign ministry summoned Iraqi and Swiss diplomats to protest and demand an explanation, according to Iran's mission to the United Nations. Switzerland represents U.S. interests in Iran. Tehran contends that the five men detained are all diplomats, an assertion that Iraq's foreign minister and U.S. officials reject.

Squeezing Iran (WSJ)

The Wall Street Journal, January 12, 2007

The United States has known for years that Syria and Iran are supporting Sunni insurgents and Shiite radicals in Iraq -- support that has taken a heavy toll in American lives. On Wednesday, President Bush finally suggested he'll do something about it.

"We will disrupt the attacks on our forces," Mr. Bush said. "We will interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Those sound like fighting words, and even before he spoke U.S. forces raided the Iranian "office of relations" in the Kurdish city of Irbil, arresting five of its employees and seizing documents and other property. That raid follows the arrest of two Iranian diplomatic officers in Baghdad last month; they were expelled to Tehran, but they were found with incriminating documents that probably led to yesterday's raid in Irbil.

It's about time, and we hope the Administration keeps showing Tehran that it will pay a price for continued subversion in Iraq. There's certainly much more coalition forces can do.

Consider the problem of Iranian-manufactured improvised explosive devices, or IEDs, some of which are capable of penetrating M-1 tank armor. According to information provided by an Iranian opposition group with a track record for accuracy, many of those IEDs arrive in Iraq via the southern Shalamche and central Mehran-Badreh border crossings with the connivance of Iraqi officials friendly to the Iranian regime. At a minimum, coalition forces can police and seal those crossings.

The U.S. can also shut down the network of charities and "cultural institutions" that serve as front groups for Iranian terrorist activities. Iran's so-called Qods (Jerusalem) Force, the terrorist arm of its elite Revolutionary Guards, operates in Iraq under the aegis of the Al-Najaf Al-Ashraf Al-Saqafieh Establishment, based in the city of Najaf and run by Iranian mullah Hamid Hosseini.

Arms deliveries are organized by the innocuously named "Headquarters for Reconstruction of Iraq's Holy Sites," which is supposed to work at rebuilding and preserving Shiite shrines but is said to be under the control of a Qods Force general. Money for these groups arrives in Iraq through a number of Iranian-controlled currency exchanges. Iran is also attempting to establish a branch of Hezbollah in Iraq even as it trains Iraqi Shiite militants at bases in Iran.

Less information is publicly available on Syria's current support for the insurgency, but what we do know is damning. After the battle for Fallujah in November 2004, U.S. troops seized GPS systems "with waypoints originating in western Syria,"

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according to the Washington Post, while captured fedayeen reported receiving small arms and explosives training in Syrian camps. Syria is also suspected of harboring former Saddam loyalists such as Izzat Ibrahim Al Douri, King of Clubs on the card deck of Iraq's most-wanted and now the self-declared successor to Saddam as President of Iraq.

We wouldn't rule out incursions into either country, if military circumstances warrant. This does not mean another invasion, but Predator strikes or special forces raids against terror camps in either country are surely justified to protect American lives and help the new Iraqi government succeed. Syria's Assad family has a long history of meddling in the affairs of its neighbors -- not just Iraq but also Israel, Turkey and Lebanon. But the Assads also understand the language of force, as when they swiftly shut down the anti-Turkish terrorist PKK operations after Turkey threatened to invade in 1998.

Iran is also susceptible to U.S. pressure, both military and non-military. The President's decision to deploy another carrier battle group to the Persian Gulf suggests he is prepared to counter any Iranian moves to interfere with maritime traffic in the area, as it did in the late 1980s. We are also heartened by signals from the Administration that it has all but given up on its mostly fruitless attempt to sanction Iran's nuclear transgressions at the United Nations. On Tuesday, the Treasury Department designated state-owned Bank Sepah for its role in Iran's missile procurement network; more can be done to freeze or seize the assets of key Iranian officials whose personal assets are usually parked abroad.

One failure of Mr. Bush's war leadership has been to clearly define the enemy in Iraq, which for a long time has included Syria and Iran. The more we have shown forbearance, the nastier their actions have become. We hope Mr. Bush's remarks Wednesday, and the actions in recent days, signal a new determination to take the battle to that enemy.

Diyala Sweep Finds No Evidence Of Insurgent Force (LAT)

By Alexandra Zavis

The Los Angeles Times, January 12, 2007

Turki, Iraq — As a heavy fog lifted Thursday in Diyala province, U.S. and Iraqi soldiers pressed into a warren of reed-choked canals and found secret tunnels, weapons caches and a roadside bomb.

But there was little evidence of the fighters they believed might be massing there for a final stand as a joint offensive against a reputed safe haven and training ground for Sunni Arab insurgents entered its eighth day.

U.S. forces said that in the last week, they had already killed at least 90 gunmen spotted maneuvering in the area or planting explosives in the road as nearly 1,000 U.S. and Iraqi government troops closed in and blocked escape routes.

Seven more were reported killed Thursday as they advanced on U.S. and Iraqi forces on the outskirts of Turki, the main village in the area.

"I think we killed the people that were going to fight," said Capt. Stephen Dobbins, a troop commander in the 5th Squadron, 73rd Cavalry. "Anybody else potentially thought that was a bad idea and melted back into the civilian population."

But he said U.S. and Iraqi forces could still meet resistance as they press forward.

Commanders have said success will ultimately depend on building a patrol station and establishing a permanent presence in the isolated region east of Baghdad, where until recently Iraqi security forces had refused to venture without U.S. backup.

The crackle of heavy guns punctuated by grenade blasts echoed through desolate farmland as soldiers in armored trucks fired into the canals before climbing down to search them on foot. Attack helicopters circled overhead.

When U.S. forces last swept through the area in November, they encountered fierce resistance from well-trained bands of insurgents, who used the canal network in a battle of the trenches that left two American soldiers and many more insurgents dead.

The region is a stronghold of the powerful Al Daini tribe, which includes many disaffected former officers in Saddam Hussein's army.

U.S. officers believe tribe members have established links with al-Qaida in Iraq and other militant groups, offering important logistics and training support from this rural region. They are also accused of kidnappings and killings in a bid to purge area villages of Shiite Muslims and other rival tribesmen.

Bad weather forced a two-day pause in the offensive, during which U.S. and Iraqi forces kept the area surrounded. Small groups of men armed with Kalashnikovs, some of them with their faces covered in black scarves, were repeatedly spotted moving through the canals. But in most cases U.S. soldiers called in air or artillery strikes against them before any shots were fired.

As the weather cleared Thursday, Lt. Col. Andrew Poppas, who commands the 5th Squadron, 73rd Cavalry, addressed his troops over a crackling radio.

"The juggernaut is moving," he said. "Go ahead and execute."

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The offensive, which has involved tanks, Bradley fighting vehicles, Humvees and attack helicopters, has uncovered numerous weapons caches, including one that has yielded 1,172 Katyusha rockets, 1,039 rocket-propelled grenades and 171 TOW missiles.

Minutes after plunging among the reeds along one stretch of canal, an Iraqi soldier identified a disk protruding from the mud that appeared to be an anti-tank mine. When an ordnance disposal team blew it away, a plastic container was revealed below holding machine guns, rocket propelled grenades and an anti-tank mine.

Numerous spider holes, some containing food and water, were found linked to the canals. U.S. soldiers said they were likely used as hide-outs and fighting positions. Motorcycles were also found buried in straw.

Shrapnel from one controlled detonation injured four American soldiers, one Iraqi and an interpreter. Most of the injuries were minor.

Groups of seven and nine military-aged men were found at two farm compounds searched Friday, in contrast to previous days when only women and children were left at most homes. But U.S. forces found no evidence against them.

In Turki village, 15 men were detained Thursday for illegal weapons possession, including Kalashnikovs and an Iranian machine gun. Fake identification cards and cash also were found.

Hussein Cousin Says He Ordered Executions (NYT)

By The New York Times

The New York Times, January 12, 2007

BAGHDAD, Jan. 11 — In the Baghdad courtroom where Saddam Hussein was sentenced to die in November, new testimony on Thursday featured a startling admission by his cousin Ali Hassan al-Majid, known to Iraqis as Chemical Ali.

He said he had ordered troops to execute all “saboteurs” who defied government orders to abandon Kurdish villages in northern Iraq during a military operation in 1988.

Evidence at the trial has centered on the Hussein government’s use of chemical weapons and mass executions against the Kurds. Mr. Majid made an immediate impression by occupying the seat left vacant by Mr. Hussein, who was hanged midway in the so-called Anfal trial for the killing of as many as 180,000 Kurds.

After listening to audio recordings that showed him issuing instructions in his role as overseer of the campaign against the Kurds, Mr. Majid rose to tell the judges that he was responsible for ordering executions in the villages. “I gave orders to the troops to catch anyone they find there and execute them after investigating them,” he said.

Insurgents Play Role In Bin Laden Escape (AP)

By Sadaqat Jan

AP, January 12, 2007

Afghan insurgent leader Gulbuddin Hekmatyar said in a television interview broadcast Thursday that his fighters helped al-Qaida leader Osama bin Laden escape intense U.S. bombing in the Tora Bora mountains in 2001.

Hekmatyar, a former Afghan prime minister and leader of the Hezb-e-Islami militant group, told Pakistan's private Geo TV network that when the United States began its assault on the rugged Afghan mountains five years ago, some of his fighters moved bin Laden, his deputy Ayman al-Zawahiri and other associates to "a safe place" where he met them later.

He did not say where they found the shelter. Bin Laden and al-Zawahiri are believed to be still hiding along the Afghan-Pakistan border after the heavy U.S. pounding failed to kill them or lead to their capture.

Hekmatyar was a leader of the mujahedeen that fought the Soviet occupation of the 1980s and was briefly Afghan prime minister during the civil war of the early 1990s that cost tens of thousands of lives.

In the interview, Hekmatyar insisted he has not maintained links with al-Qaida.

"We have no organizational link with al-Qaida," he said. "We have no military operations outside of Afghanistan."

Hekmatyar was speaking in Pashto language. Only fragments from Hekmatyar's comments were audible under a voiceover translated into Urdu, Pakistan's main language. Geo did not disclose when or where the interview was made.

Hekmatyar wore a black turban, a brown coat and a white shirt. He was seen sitting in front of a backdrop with a painting of a mountain.

He also said that he had offered the Taliban that the two militant groups should unite in a joint fight against U.S.-led forces in Afghanistan, but he added that the Taliban leaders did not support the idea.

"A series of negotiations (with the Taliban) have broken down," Hekmatyar said. "If they realize the need (for negotiations), we are ready."

Hekmatyar's militia are active in eastern Afghanistan along the Pakistan border. His whereabouts are unknown.

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In the TV interview, Hekmatyar said that foreign troops must first leave the country before the conflict can be solved politically.

NATO Says Afghan Clash May Have Killed Scores Of Rebels (NYT)

By Abdul Waheed Wafa

The New York Times, January 12, 2007

KABUL, Afghanistan, Jan. 11 — Afghan and NATO troops clashed with a large group of insurgents crossing from Pakistan into eastern Afghanistan in the early morning hours on Thursday. NATO said up to 150 insurgents might have been killed in the fighting.

Two large groups of insurgents were spotted gathering on the Pakistan side of the border and were tracked as they crossed into Afghanistan, NATO said in a statement released in Kabul.

Afghan Army soldiers and NATO troops laid an ambush for the groups about half a mile inside Afghanistan, using air and ground forces, said Gen. Zahir Azimi, a spokesman for the Afghan Ministry of Defense.

The insurgents were in trucks loaded with men and weapons and crossed the border about 2 a.m., General Azimi said. Afghan and NATO forces set up an ambush in a deserted area near the border, he said. He reported no Afghan or NATO casualties, but estimated that about 80 insurgents were killed. The clash occurred in the Barmal district of Paktika Province, which borders the Pakistani tribal area of Waziristan, one of the most lawless areas of the frontier between Afghanistan and Pakistan.

Militants from both countries, along with hundreds of foreign fighters, operate Taliban training camps there and mount frequent attacks across the border into Afghanistan.

The Pakistani military guards the border but has failed to stem cross-border attacks; NATO officials say there has been a marked increase in infiltration at the border since September compared with last year.

“Pakistani military liaison officers were kept fully informed throughout the operation,” NATO said in its statement.

Scores Of Insurgents Killed In Afghan Border Area (WP)

By Pamela Constable

The Washington Post, January 12, 2007

KABUL, Jan. 11 -- NATO and Afghan military forces killed between 80 and 150 insurgents in battles near the Pakistani border Wednesday night after the fighters crossed into Afghanistan from Pakistan, NATO and Afghan officials said Thursday.

The confrontation in Paktika province, described as the largest battle in Afghanistan since September, came as American and U.N. officials step up pressure on both Pakistani and Afghan leaders to stop their public bickering and do more to gain control of their respective border areas, where Islamic insurgents have been operating for months.

NATO officials said their forces had observed two large groups of insurgents infiltrating from Pakistan, tracked them and then attacked them by ground and air. According to NATO's initial count, as many as 150 insurgents were killed, but Afghan defense officials said they believed the toll was about 80. No Afghan or NATO casualties were reported.

There was no immediate explanation for the discrepancy in the figures. Because the battle area was so remote, it was not possible for journalists to gather information directly.

Pakistan's military spokesman, Maj. Gen. Shaukat Sultan, said soldiers from his country's army fired artillery at trucks being driven by the fighters on the Pakistani side of the border, the Associated Press reported.

The AP also quoted a man claiming to speak for the Taliban, Muhammad Hanif, as saying in a text message that NATO's casualty figure was "a complete lie."

The battle highlighted the continuing military importance of the extremely porous and poorly guarded border, especially the sections that include a string of semiautonomous tribal districts in Pakistan. Afghan officials have repeatedly accused Pakistan of allowing Islamic insurgents to find safe haven there, while Pakistan has said it is doing everything possible to rein them in.

In the past week, controversy has mounted over a proposal by Pakistan to place land mines and barbed-wire fencing along stretches of the border, including the area where NATO said the groups of insurgents slipped across this week. Critics here say the plan could harm civilians and divide tribes that live on both sides.

Richard A. Boucher, the senior State Department official for South and Central Asia, told journalists in Kabul on Thursday that both Afghanistan and Pakistan needed to do more to bring security and effective government to the border areas. He is to hold talks with officials from the two countries during a visit to the region this week.

"It is clear to me that none of us will be safe unless we do deal with both sides of the border," Boucher said. He said that he believed Pakistan's commitment to fighting terrorism and the Taliban insurgency was "real" but that the Bush administration wanted to help make it "more effective."

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Boucher did not directly criticize the border mining plan but said it was generating "serious discussion" in Pakistan. A senior U.N. representative to Afghanistan said this week that the United Nations "regretted" Pakistan's move and viewed land mines as a "very serious threat to human security."

The official, Christopher Alexander, strongly chided Pakistan for inflammatory rhetoric and misleading statements that he said had not helped ease tensions with Afghanistan. He cited recent assertions by Pakistani officials that key Taliban leaders had never been in Pakistan and that the Taliban insurgency was part of a domestic uprising inside Afghanistan by the Pashtun ethnic group.

"The truth is that these networks operate in both countries, and their leaders spend time in both countries," Alexander said. "More law enforcement and military action are needed" in both places, he added, calling on the leaders of the two countries to "focus more on facts and less on rhetorical point-scoring."

In recent months, Afghan President Hamid Karzai and Pakistan's president, Gen. Pervez Musharraf, have engaged in an escalating war of words. Karzai accuses Pakistan of allowing Islamic extremists to seek safe haven inside its borders, while Musharraf criticizes the Kabul government as weak and unable to quash a domestic rebellion.

Boucher, asked which of the two governments he believed, said he did not want to choose sides but cited similar "challenges" in both countries. "The issue on both sides is to extend the authority and benefits of government to people right up to the edges of the frontier," he said.

He suggested that the two governments have cooperated far more "than one would think from the rhetoric." Pakistan and Afghanistan share military intelligence, and their senior security officials have met regularly with NATO alliance leaders as part of a three-way commission, which met again Thursday.

A sustained offensive by Taliban insurgents in Afghanistan caused about 4,000 violent deaths in 2006. The revived Islamic militia, which ruled most of Afghanistan from 1996 to 2001, has launched hundreds of attacks and dozens of deadly suicide bombings.

Attacks Heat Up Afghan-Pakistani Border (CSM)

By David Montero

The Christian Science Monitor, January 12, 2007

ISLAMABAD, PAKISTAN

NATO-led forces Thursday killed up to 150 militants who were discovered infiltrating Afghanistan from Pakistan, providing what appears to be fresh proof that Taliban militants are staging their attacks from inside Pakistan's tribal zone.

The militants were seen gathering in Pakistan, and were subsequently tracked and targeted in the Margha Hills in Paktika, an Afghan province bordering Pakistan's restive tribal belt, according to NATO's International Security Assistance Force (ISAF).

Thursday's attack is likely to bolster mounting international claims that Pakistan's tribal zone is a staging ground for attacks inside Afghanistan. Analysts in Pakistan cautioned against jumping to conclusions, saying the reports would have to be verified and the identities of the militants established. But, if true, they added, the attack offers singular proof of cross-border infiltration.

"If [Thursday's attacks are] true, Pakistan will have to take cognizance of it. Pakistan cannot just wash its hands of this," says Talat Masood, a retired Army general who is now a political analyst in Islamabad.

Those critiques have risen to a crescendo since September, when the Pakistan government signed a deal with Taliban militants in North Waziristan to return their weapons, vehicles, and fighters in return for guarantees of peace.

NATO and Afghan officials argue that the deal has failed, and has essentially carved out a sanctuary for militants inside Pakistan to plan and launch their attacks. The number of attacks inside Afghanistan, they point out, has spiked dramatically since the September truce, particularly in areas bordering the tribal zone. Pakistan lends a hand

"As soon as [the militants killed Thursday] infiltrated Afghanistan from Pakistan, we engaged them," says Lt. Col. Angela Billings, a spokesperson for ISAF speaking by telephone from Kabul, Afghanistan. "They were tracked over a long enough period of time where we were certain of their status [as insurgents]," says Colonel Billings, adding that the size of the group coming from Pakistan was unusually large.

Billings would not divulge what area of Pakistan the militants were seen coming from, but added that Pakistani military liaison officers were continually informed of Thursday's operation. ISAF officials were also quick to point out that the Pakistani Army's cooperation was crucial to Thursday's attack.

"Insurgents are certainly coming across from Pakistan, but the Pakistan Army engaged with its colleagues across the border - ISAF and the Afghan Army - to do something about it," says Maj. Dominic Whyte, an ISAF spokesman speaking from Kabul.

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Hours after the NATO strike, Pakistani helicopter gunships attacked supply trucks used by suspected insurgents for cross-border attacks in neighboring Afghanistan, a military spokesman said Thursday. The Pakistani Army attacked in North Waziristan Province, across the border from Thursday's NATO air assault.

The strike marks the Pakistani Army's first reported attack in the North Waziristan tribal region since a controversial September peace deal between the government and pro- Taliban militants that critics say has provided a sanctuary for insurgents.

The Army, acting on intelligence provided by the US-led coalition in Afghanistan, also used mortars and artillery in the attack Wednesday night in Gurvek, in North Waziristan, spokesman Maj. Gen. Shaukat Sultan told The Associated Press.

He said it was not clear if any militants were killed in the assault.

The Taliban rejected the NATO report as "baseless and false" and said that no fighters had been killed. "Only civilians were targeted," a Taliban spokesman, Mohammad Hanif, said by telephone. Human rights groups have heightened their criticism of NATO forces as civilian casualties have mounted over the past several months.

If confirmed, the death toll would be the highest since September, when NATO troops forced the Taliban out of a district near the southern city of Kandahar, killing at least 500 insurgents.

Thursday's attack comes only weeks after Pakistan announced it would begin fencing and mining its 1,500-mile border with Afghanistan. On Wednesday, Pakistan implemented the first of several checkpoints using computerized fingerprint checking and identification cards at Chaman, the main border crossing into Kandahar.

The plan is highly unpopular with Pashtun tribes, who straddle both sides of the border and who turned out by the thousands in Afghanistan to protest the new check posts. Pakistani officials insist that the fencing is a preplanned mechanism to control border traffic, but critics have dismissed it as an ill-advised attempt to stave off rising criticism that the Taliban are operating from its borders. Cooperation without borders

Chris Alexander, deputy special representative of the secretary-general for the United Nations Assistance Mission in Afghanistan, was the latest voice to criticize Pakistan's deal-making with the Islamist militants inside its own borders. Referring to a UN sanctions list detailing 142 Taliban leaders, Mr. Alexander said in Kabul on Monday that some of those leaders "were in Pakistan for at least a part of 2006."

Pakistan immediately rejected his statement.

Thursday's attack puts in sharp relief that Pakistan's many proposed solutions - from stationing 80,000 troops on the border to cutting peace deals with militants - have so far failed, say analysts. Fencing is unlikely to prove any more effective, bitterly opposed as it is by tribal people and the Afghan government alike.

If there is a short-term solution, observers say, it lies in a smarter use of resources and greater interborder cooperation.

"It will take greater technology, and greater intelligence. Satellite imagery, drones, reconnaissance," says Mr. Masood, adding that cultivating the support of local tribes is the keystone to such an effort.

The urgency of better solutions seems to be growing. The scale of the attack in Paktika surprised some analysts, who say militants have rarely been seen infiltrating Afghanistan in such large numbers. The incident might point to a winter surge in preparation for attacks in spring, when snow in mountain passes will melt and heavy fighting is expected to resume.

"If true, it's significant. It shows that they are putting people in place now for the spring offensive. I didn't expect the Taliban to launch such attacks in the winter," says Ramiyullah Yusufzai, a journalist and political analyst in Peshawar, a provincial capital near the Afghan border.

In recent weeks, Paktika has emerged as a flashpoint of cross-border violence. On Dec. 31, militants based in Pakistan fired a succession of some 20 rockets into Paktika, although the ordinance caused no casualties, Pahjwok Afghan News reported.

DOJ:

Justice Dept. Hit With Hiring Freeze (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 12, 2007

A hiring freeze has hit two federal crime fighting agencies and a third has slowed its recruitment efforts because of congressional budget delays that some officials say threaten efforts to combat terrorism and violent crime.

The hiring crunch is largely the result of Congress' failure to approve the Justice Department's 2007 spending request. Lawmakers who oversee spending bills are now negotiating how much — if at all — to increase government spending. In the meantime, the agencies are being funded according to last year's budget levels.

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Justice Department agencies feeling the squeeze are:

_The Drug Enforcement Agency. A hiring freeze is expected to last through 2007, said chief financial officer Frank Kalder. Although more than 400 agents and support staff are expected to quit or retire this year, Kalder said the DEA might have to furlough additional employees if Congress does not give it about $95 million more than it did in 2006. Layoffs are not being considered.

"I don't think we're the only ones in this situation," Kalder said.

_The Bureau of Alcohol, Tobacco, Firearms and Explosives. The agency is "not hiring and are not back-filling open positions," said spokeswoman Sheree Mixell. The ATF says it needs $71 million more than last year just to sustain its workforce of 4,900 employees.

_The FBI. Recruiting and hiring has slowed since the budget year began on Oct. 1. The agency has stopped advertising for job openings on its Web site. Assistant Director John Miller said the bureau still is hiring agents, linguists, analysts and other high-priority employees.

"We're not in a hiring freeze, but for the time being, we are only filling those jobs that are essential to operations," Miller said. The FBI employs about 12,600 agents and 18,000 support staff.

Nationally, violent crime rates are on the rise after a three-year lull that began in 2001, according to FBI officials. In 2005, the latest annual statistics available, the number of murders, robberies, rapes and other violent crimes rose by 2.2 percent.

Following the Sept. 11, 2001, attacks, the FBI shifted more than 500 agents from its traditional criminal investigations — including drug cases, bank robberies and white-collar crimes — to counterterrorism and counterintelligence programs that became the bureau's top priority. In response, the DEA hired about 500 additional agents between 2001 and 2006 to maintain the government's focus on drug investigations.

Without a budget in place, "the FBI and DOJ will not be able to maintain the operations tempo they've achieved since Sept. 11," said Sen. Barbara Mikulski, D-Md., said who chairs the Senate Appropriations panel that oversees Justice Department spending. She blamed Republicans for the funding delays.

"It means that they will not be able to hire and keep the agents that they have," Mikulski said. "This is an outrageous thing."

A spokeswoman for Sen. Richard Shelby, an Alabama Republican who last year chaired that panel, declined to comment.

Peter Moskos, a professor at John Jay College of Criminal Justice in New York, said "it's hard for things to get better if you have fewer agents" pursuing crime.

"From a public safety standpoint, a hiring freeze is the same as a layoff, because it's fewer people not working," he said. "Ultimately, it matters."

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On the Net:

Bureau of Alcohol, Tobacco, Firearms and Explosives: http://www.atf.treas.gov/

Federal Bureau of Investigation: http://www.fbi.gov/

Drug Enforcement Agency: http://www.dea.gov/

Justice Department: http://www.usdoj.gov/

Lam Is Asked To Step Down (SDUT)

By Kelly Thornton And Onell R. Soto, Union-tribune Staff Writers

The San Diego Union-Tribune, January 12, 2007

Job performance said to be behind White House firing

The Bush administration has quietly asked San Diego U.S. Attorney Carol Lam, best known for her high-profile prosecutions of politicians and corporate executives, to resign her post, a law enforcement official said.

Lam, a Bush appointee who took the helm in 2002, was targeted because of job performance issues – in particular that she failed to make smuggling and gun cases a top priority, said the official, who declined to be identified because Lam has yet to step down.

Lam has had high-profile successes during her tenure, such as the Randy “Duke” Cunningham bribery case – but she alienated herself from bosses at the Justice Department because she is outspoken and independent, said local lawyers familiar with her policies.

When she took over, Lam made it clear that she planned to focus less on low-level smuggling cases in favor of public corruption and white collar crime, which would mean fewer but more significant prosecutions.

Lam declined to comment yesterday.

Several prosecutors in Lam's office and many defense lawyers said yesterday that they were unaware of her impending dismissal, and were universally shocked by it.

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"It's virtually unprecedented to fire a U.S. Attorney absent some misconduct in office," said criminal defense attorney Michael Attanasio, a former federal prosecutor.

"This office has clearly made a priority of investigating and prosecuting white collar offenses and has had occasional success doing so," he said. "One would think that would be valued by any administration, even if it meant fewer resources were devoted to routine and repetitive border crimes."

Lam, 47, has been criticized by members of the Border Patrol agents union and by members of Congress, including Vista Republican Darrell Issa, who accused her office of "an appalling record of refusal to prosecute even the worst criminal alien offenders."

But even some of Lam's legal opponents said the supposed reasons she is being forced out are perplexing.

"What do they want her to do, lock up Mexico?" said Mario Conte, former chief of Federal Defenders of San Diego Inc. Conte, now a professor at California Western School of Law in downtown San Diego, said every prosecutor walks a tightrope.

"I'm sure that Carol, in her role, is simply not able to accommodate everybody's desires of what they think the U.S. Attorney should be doing in this district."

Her most prominent case involved Cunningham. The former Rancho Santa Fe congressman is in federal prison, and indictments of others connected to the case may be forthcoming. Her office is also prosecuting Francisco Javier Arellano-Félix, a suspected Mexican drug kingpin, who is in federal custody in San Diego facing charges that could lead to the death penalty. Two San Diego city councilmen were convicted of corruption charges by Lam's office, but a judge reversed the jury's verdict for one of the men.

Lam spent almost a year personally prosecuting a national hospital chain that she said used complex agreements to pay off local doctors in return for referrals. That case ended in a mistrial.

But under Lam, the overall number of prosecutions has plummeted.

In 2001, the year before she took over, federal prosecutors in San Diego and Imperial counties filed 5,266 cases, while in 2005, the office prosecuted 3,261 cases, according to statistics compiled by the Transactional Records Access Clearinghouse at Syracuse University from federal reports.

Of the 2001 cases, 2,419 were related to immigration, while that number stood at 1,641 in 2005. Although the number of cases dropped significantly in 2005, a higher percentage were immigration-related – 50 percent in 2005 compared with 46 percent in 2001.

Most of the other prosecutions were drug cases, with 2,294 filed in 2001 and 1,290 in 2005. There were 14 weapons cases in 2001, and eight in 2005.

Some in the defense community were glad to hear there may be change at the U.S. Attorney's Office.

"She has shown a certain tunnel vision in her prosecutions and has exercised an appalling lack of discretion in terms of the individuals she has targeted for prosecution and the classes of crimes that she has chosen to direct her resources at," said criminal defense attorney Geoffrey C. Morrison, who represented a defendant in the City Hall corruption case prosecuted by Lam's office.

"Having somebody with a more broad-minded approach and a greater sense of fairness and justice will do the legal community a tremendous justice," he said.

Lam, a career prosecutor, former Superior Court judge and political in dependent, sent an e-mail to her staff late in the afternoon in which she neither confirmed nor denied that she was asked to step down. She told attorneys not to let speculation interfere with their work.

She also told them not to speak to reporters about the subject, but to refer calls to her spokeswoman, according to a recipient of the e-mail who asked not to be identified for fear of reprisal.

U.S. attorneys are usually appointed by the president and require Senate approval. They typically serve the same term as the president that appointed them, and are replaced when a new president is elected.

However, a provision in the Patriot Act that was revised last year allows the Attorney General to appoint interim U.S. Attorneys for indefinite terms when vacancies arise, without Senate confirmation. Filling interim vacancies had been the responsibility of the district court.

Sen. Dianne Feinstein, D-Calif., criticized the Bush administration yesterday for "pushing out U.S. Attorneys from across the country under the cloak of secrecy."

"We don't know how many U.S. Attorneys have been asked to resign – it could be two, it could be ten, it could be more. No one knows," she said in a statement.

Feinstein said the administration was abusing its executive power by trying to circumvent the Senate confirmation process. She and two colleagues proposed legislation yesterday to restore appointment authority to the district court when a vacancy occurs and an interim leader is needed.

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Lam is one of several prosecutors who have either resigned under pressure or been told to leave in recent months.

New Mexico U.S. Attorney David Iglesias is among those who have announced they are stepping down.

"I was asked to resign," he said. "I asked (why) and wasn't given any answers. I ultimately am OK with that. We all take these jobs knowing we serve at the pleasure of the president."

H.E. "Bud" Cummins, who left the post of U.S. Attorney in Little Rock, Ark., wouldn't say whether he was asked. His replacement, J. Timothy Griffin, was an Army prosecutor who worked in the White House and for the Republican National Committee. Arkansas' senators, both Democrats, have criticized the way in which he was selected because it did not require Senate approval.

It's not the intent of the Justice Department to avoid the confirmation process, and the department is committed to working with senators when making a nomination, a department spokesman said.

Of 11 U.S. Attorney vacancies since the Attorney General gained the authority to make the appointments in March 2006, the Bush administration has nominated four people and interviewed seven others, all of whom are expected to complete the confirmation process, said Justice Department spokesman Brian Roehrkasse.

"In every case, it is a goal of this administration to have a U.S. Attorney that is confirmed by the Senate," Roehrkasse said. "It is wrong for a member of Congress to believe that this is in any way an attempt to circumvent the confirmation process."

CORPORATE SCANDALS:

U.S. Scrutinizes Grant To Jobs (WSJ)

By Steve Stecklow And Nick Wingfield

The Wall Street Journal, January 12, 2007

Focus in Apple Case Is Cast on the Roles Of 3 Ex-Officials

Federal authorities are actively investigating a backdated stock-option grant awarded to Steve Jobs, Apple Inc.'s chief executive, that carried a false October 2001 date, people familiar with the matter say.

Apple recently disclosed that records were "improperly" created to claim that the grant was approved at a special board meeting that month. But no board meeting took place then.

Investigators are now focusing on the grant to Mr. Jobs for 7.5 million options that were finalized in December 2001, when Apple's share price was higher. The false dating increased the value of the grant to Mr. Jobs, and resulted in a retroactive $20 million charge to Apple's earnings when it was discovered by a special internal investigation.

People familiar with the matter say the false documentation was created by an Apple attorney named Wendy Howell, whom the company quietly dismissed last month. Ms. Howell contends that Apple's general counsel at the time, Nancy Heinen, instructed her to create the false documentation, these people say. Thomas Carlucci, Ms. Howell's attorney, said that while at Apple "Ms. Howell acted as instructed by Apple management and with the company's best interest being paramount."

Ms. Heinen left Apple in May for reasons that were unrelated to backdated options, a person familiar with the matter says. Her attorney, Cristina C. Arguedas, says Ms. Heinen didn't knowingly engage in any wrongdoing and denies she instructed Ms. Howell to falsify documentation. Ms. Arguedas said in a statement that "each of the option grants involving Ms. Heinen was authorized and approved by her superiors."

Investigators with the Securities and Exchange Commission, working with federal prosecutors, are seeking to question Ms. Howell and Ms. Heinen, but neither has agreed to questioning so far, say people familiar with the matter.

Authorities want to speak to Fred Anderson, Apple's former chief financial officer. It also remains unclear whether Mr. Anderson, who resigned from Apple's board in October, will agree to talk. An attorney for Mr. Anderson has said, "As CFO, Fred did not play any day-to-day role in the granting, reporting and accounting of stock options and he was not involved in any knowing manipulation of the process."

Apple's backdated stock options are the subject of criminal and civil probes by the U.S. attorney's office in San Francisco and the SEC. A decision on whether to bring criminal charges in the Apple case isn't expected for months.

Apple spokesman Steve Dowling declined to comment, except to repeat that the company has provided results of an internal options investigation to the SEC and U.S. attorney and that the investigation cleared Mr. Jobs of misconduct.

An option gives its holder the right to buy a stock at a fixed, or exercise price, usually for up to 10 years after the date of the grant. By backdating the grant -- or pretending it was made earlier than it really was -- the employee gets an instant boost to the potential profits from the award. The practice can violate securities laws and accounting rules.

In a March 2002 proxy statement, Apple told its shareholders -- wrongly -- that the 2001 grant to Mr. Jobs was made at fair market value on the date of grant. On Aug. 8, 2002, Mr. Jobs personally signed a routine disclosure statement to the SEC

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bearing the false price, and false date of Oct. 19, 2001, for the grant. Apple has said the grant wasn't finalized until December of that year, when Apple's share price was higher. An Apple spokesman declined to comment on the matter.

· The News: Federal authorities are actively investigating a backdated stock-option grant awarded to Apple's chief executive, Steve Jobs.

· The Issue: Whether Mr. Jobs or or present or former Apple officials violated federal criminal or civil securities laws.

· What's Next: Investigators are seeking to question Apple's former general counsel and another former company lawyer, as well as its former chief financial officer.

Apple has said it found no evidence that Mr. Jobs or any other current executives were aware of the false records surrounding the October 2001 grant. It also says Mr. Jobs didn't understand the accounting implications of backdated grants, and didn't financially benefit from them because he never exercised his options. He did later exchange all of the options for restricted stock eventually worth hundreds of millions of dollars.

Apple has disclosed that Mr. Jobs recommended "favorable" dates for some options awards, although people familiar with the matter say he didn't pick any dates for grants that he received. Apple also has said that 6,428 grants of options on 42 dates between 1997 and 2002 were improperly dated. Last month, it restated its financial results between 1998 and 2006, taking $84 million in charges for the improperly dated options, including $20 million connected to the 2001 grant to Mr. Jobs.

Under accounting rules, no grant is actually made until final terms, including price, are settled and final approval is given by a company. Apple has said that its board "originally approved" the grant dated in October 2001 on Aug. 29 of that year when the stock was trading at $17.83. But according to a person familiar with the situation, Mr. Jobs wasn't satisfied with the terms of the grant in August and negotiations continued for months. Apple has said the grant was finally authorized by the board on Dec. 18, 2001.

On that date, the stock was trading for $21.01. The grant, however, was backdated to Oct. 19, when the share price was $18.30. Apple hasn't disclosed any details surrounding the decision to backdate the grant. Two people familiar with the matter say the October date coincided with a meeting of the board's compensation committee. The committee, however, didn't ISSUE the grant at the meeting, they say. According to Apple's practice, the full board was required to approve stock-option grants to the chief executive.

Apple's compensation committee had been formed in August 2001. Since April 2000, the entire Apple board handled compensation-related chores, including stock-option grants. The new committee was composed of Intuit Inc. Chairman William Campbell, former International Business Machines Corp. Chief Financial Officer Jerome York and Genentech Inc. CEO Arthur Levinson.

Ms. Howell, who joined Apple fresh out of law school around 1997, was in charge of stock-options administration. Ms. Heinen, as general counsel, oversaw Apple's legal department and also served as the board's secretary.

Ms. Howell's role in the October 2001 grant was reported by the Recorder, a San Francisco-based legal publication.

--Charles Forelle contributed to this article.

Write to Steve Stecklow at steve.stecklow@wsj.com7 and Nick Wingfield at nick.wingfield@wsj.com8

Broadcom Chief Says Restatements Will Be Made Shortly (Update2) (BLOOM)

By Peter J. Brennan And Fred Fishkin

Bloomberg, January 12, 2007

Jan. 11 (Bloomberg) -- Broadcom Corp., a maker of chips for consumer devices, will shortly issue financial restatements to include over $1.5 billion of costs for the misdating of stock options, Chief Executive Officer Scott McGregor said.

``Hopefully that will put most of this behind us," McGregor said during an interview yesterday at the Consumer Electronics Show in Las Vegas. He wasn't more specific on when the company would restate its results.

The company is examining 6 million pages of documents to assess the impact of stock-option backdating, a practice that can enrich recipients by setting option dates to a time when the underlying stock traded lower. Broadcom Chief Financial Officer William Ruehl resigned in September, and the U.S. Securities and Exchange Commission opened a formal investigation last month.

McGregor originally said the restatements would be ready by the end of 2006. On Dec. 18, the company said it would report amended results for 2005 and the first quarter of 2006 by this month. Broadcom also hasn't issued full results for the second and third quarters. The delays have put the company in danger of delisting by the Nasdaq Stock Market.

``It really has been hard to model" Broadcom's future profits, said Cody Acree, a Dallas-based analyst for Stifel Nicolaus & Co. He has a ``hold" rating on the shares and doesn't own them. ``At the same time, Broadcom has been dealing with an industrywide inventory correction that hit Broadcom harder."

Shares of Broadcom fell 34 cents to $32.85 at 4 p.m. in Nasdaq composite trading. The shares rose 2.8 percent last year, while the S&P 500 semiconductor index fell 10 percent.

New Technology

At the Consumer Electronics Show, Broadcom demonstrated technology for speeding up wireless connections and a digital- television system-on-a-chip, a semiconductor that handles the duties of several chips.

McGregor is counting on such products to boost this year's sales growth, which analysts predict will be the slowest since 2001. Broadcom sales are expected to rise an average of 9 percent this year, according to 25 analysts surveyed by Bloomberg.

Broadcom makes chips for a range of consumer electronics, including television set-top boxes, Apple Inc.'s video iPod and Nintendo Co.'s Wii game console. McGregor declined to say whether his company's chips are inside Apple's new iPhone.

Sales of the Wii have exceeded expectations, Acree said, which may lift Broadcom's revenue. There are three Broadcom chips in each Wii.

``It's a nice catalyst," Acree said.

Nintendo yesterday reaffirmed its forecast for sales of 6 million Wii consoles in the fiscal year ending in March.

Formal Probe

Broadcom last month said the SEC had opened a formal investigation into its stock options. That means the agency may subpoena current and former executives. McGregor said he and his executives haven't yet been summoned.

The U.S. Justice Department and the company are conducting their own probes into Broadcom's option grants.

``It's a bit of a distraction, but we keep focused on the business," McGregor said. ``We spend most of our time on products and with customers, and that's as it should be."

Siemens Ex-CFO Named In Bribery Probe (FT)

By Richard Milne In Frankfurt

Financial Times, January 12, 2007

The investigation into the €420m bribery scandal at Siemens reached the highest level yet on Thursday as the company's former chief financial officer was named as a suspect.

The investigation of Heinz-Joachim Neubürger, who stepped down in April after being passed over as chief executive of Europe's largest engineering group, came as the current head of Siemens, Klaus Kleinfeld, warned that the probe threatened the company's survival.

The scandal has shaken the German group to the core and raised questions about the competence of its management. It has led to calls for the resignation of its chairman, Heinrich von Pierer, and has disrupted one of its most important joint ventures, a €20bn (£13.3bn) telecommunications tie-up with Nokia.

Mr Neubürger is under suspicion of knowing about some of the bribery and doing nothing about it. He is also alleged to have tried to influence KPMG, Siemens' accountants, from investigating a payment irregularity that could have been a bribe.

He was unavailable for comment last night but has previously denied the allegations, saying: "I have nothing to reproach myself for and have also not concealed anything." Over the KPMG incident, he said: "I cannot remember such a case, but if there was one then I would have handed it over to the compliance department immediately."

Associates of Mr Neubürger and Siemens' officials confirmed he was a suspect.

Mr Neubürger was told he was a suspect on Tuesday after voluntarily going to Munich prosecutors for questioning after he was implicated by Michael Kutschenreuter, the former finance director of the telecoms division.

This division is at the heart of the scandal, under which sham consultancy contracts were allegedly set up and money used for bribes in countries such as Nigeria.

Mr Kleinfeld, Siemens' chief executive since January 2005, on Thursday staked his reputation on a thorough clean-up of the scandal, telling a town-hall meeting of Munich workers: "A company can only survive when it stands for integrity, respect for the law and transparency. We should take [the current situation] as an opportunity."

Mr Kleinfeld and other senior Siemens' directors have denied any knowledge of the bribery and allege it was a criminal enterprise by a group of rogue employees.

Prosecutors have already previously detained – but not charged – a former member of Siemens' management board, Thomas Ganswindt.

Siemens has appointed an external law firm, auditors and anti-corruption experts to help it in its attempt to improve its battered image.

Ex-Merrill Brokers Probed By NYSE In Timing Case (WSJ)

By Evelyn Juan

The Wall Street Journal, January 12, 2007

Regulators at the New York Stock Exchange are investigating three former Merrill Lynch & Co. brokers who were ousted by the company in 2003 for allegedly helping a hedge fund trade improperly in mutual funds.

In its monthly listing of disciplinary actions, the exchange said it fined former UBS AG branch manager John Borgese $50,000 for failing to supervise three unnamed financial advisers involved in mutual-fund market timing in 2001. The document also said a disciplinary action had begun against the advisers.

The three are Christopher Chung, Kevin Brunnock and William Savino, people close to the investigation said. The brokers worked at UBS's Paramus, N.J., office before joining Merrill Lynch in January 2002.

The New Jersey Bureau of Securities revoked the licenses of the trio, known as the CBS Group, in March 2005 for engaging in deceptive practices related to rapid buying and selling of mutual funds, known as market timing.

The practice, aimed at reaping fleeting gains, isn't necessarily illegal, but regulators claim the conduct is inconsistent with just and equitable principles of trading. Critics also have said the practice can hurt returns for long-term fund investors.

"We have turned our attention to investigating and bringing charges against individuals who are responsible for the market timing," said Susan Merrill, head of enforcement at NYSE Regulation, a unit of NYSE Group Inc. "There may be further charges or further settlements coming out."

Susan Necheles, a lawyer for the three financial advisers, didn't return calls for comment. A UBS spokeswoman declined to comment on the case of Mr. Borgese, the first manager to be sanctioned by the NYSE in its continuing market-timing investigation.

Merrill Lynch was fined $13.5 million by the NYSE in 2005 for failure to stop the CBS group's improper trading of mutual funds, while UBS was charged $49.5 million by the NYSE and the New Jersey Bureau of Securities.

The NYSE's arbitration panel asked Merrill Lynch in 2005 to pay the three brokers $15 million for defaming them. The decision is under appeal by the securities company at a New York state court. The NYSE regulatory action is separate from that of the arbitration panel.

CRIMINAL LAW:

As Libby Goes To Trial, Case Appears Weakened (WSJ)

By Evan Perez

The Wall Street Journal, January 12, 2007

WASHINGTON -- Special Prosecutor Patrick Fitzgerald's case against Lewis "Scooter" Libby goes to trial next week seemingly weakened by revelations that Mr. Fitzgerald knew early in his CIA-leak probe that the ex-White House official wasn't the original source of news-media disclosures.

Those disclosures, and the search for their source, were the reason Mr. Fitzgerald was ordered to launch an investigation in the first place.

As a result, Mr. Fitzgerald's success will depend largely on how well he can keep the jury focused on his charge that Mr. Libby "knowingly lied" to federal agents during his probe into the leak of former Central Intelligence Agency operative Valerie Plame's identity.

Other recent perjury cases, including the successful prosecution of Martha Stewart on charges of lying to investigators about a stock sale, offer a road map narrowly directing a case amid heavy media attention and myriad distractions.

Mr. Libby's high-profile attorneys -- Theodore V. Wells Jr. of Paul, Weiss, Rifkind, Wharton & Garrison LLP and William H. Jeffress Jr. of Baker Botts LLP -- will have vigorous and savvy public-relations backing. A private legal trust has raised more than $3 million for his defense, thanks to fund raising and donations from prominent conservatives, such as Mary Matalin and Bill Bennett, who regularly appear as media commentators. Meanwhile, the defense plans to call Vice President Dick Cheney as a witness, while prosecutors plan to call several reporters to the stand.

Perjury prosecutions are notably difficult with a high rate of failure. In this case, prosecutors have the added challenge of navigating a minefield of extraneous issues while asking jurors to interpret Mr. Libby's state of mind when he talked to investigators.

"At the end of the day, you try to get your jury to focus on elements of the offense," says Karen Patton Seymour, the lead prosecutor in the Martha Stewart case who now heads the criminal defense and investigations practice at Sullivan & Cromwell LLP, a New York law firm. "You have to send the message that lying under oath matters or our criminal justice system suffers."

A spokesman for Mr. Fitzgerald said he declined to comment. Messrs. Wells and Jeffress cited an order by the judge barring comments to the media.

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Prosecutors suggest Mr. Libby, then Mr. Cheney's chief of staff, lied to investigators to conceal a White House campaign to leak Ms. Plame's identity in retaliation for her husband's criticism of the administration's war plans. Prosecutors say Mr. Cheney urged Mr. Libby to "get out 'all' the facts," about a CIA fact-finding trip to Niger made by Ms. Plame's husband, former diplomat Joseph Wilson, to investigate alleged ties to an Iraqi weapon program. This included, according to prosecutors, spreading a story that the trip was a junket arranged by his wife.

But allegations of a cover-up motivation appear to be undercut by recent news that former Deputy Secretary of State Richard Armitage, not Mr. Libby, was the source of the leak of Ms. Plame's name to reporters. Mr. Libby's attorneys haven't said what importance they plan to place on the Armitage disclosures, but they have sought to subpoena a tape made by Washington Post reporter Bob Woodward of an interview with Mr. Armitage.

The challenge for prosecutors will be to train jurors' attention on whether Mr. Libby committed perjury when he made statements to the Federal Bureau of Investigation.

"Certainly the defense would like to point out the Armitage revelations, but that's not the point," says Dan Richman, Fordham University law professor and former federal prosecutor in New York's southern district. "The point here is whether he lied in this setting, and it's a setting that an average jury, especially in D.C., would expect a high government official to be truthful in."

Another problem for Mr. Fitzgerald: At the end of his two-year investigation, during which he fought high-profile battles to get reporters to reveal their secret sources, he didn't bring charges on the leak itself and instead brought the Libby perjury case.

The defense has its own issues. Court filings suggest Mr. Libby's attorneys will argue he was so consumed with national security and political matters that he simply misspoke when he talked to FBI agents and that any misstatements were due to faulty memory or confusion amid weightier matters.

To support their defense, attorneys requested dozens of pages of classified documents dealing with issues as varied as unrest in Liberia, the Israeli-Palestinian conflict and threatened attacks by al Qaeda.

Says Mr. Richman: "The 'I'm too busy, I'm too important' defense has the potential to rankle a lot of jurors."

Puerto Rico Seeks FBI Raid Documents (WP/AP)

By Yaisha Vargas, The Associated Press

The Washington Post, January 12, 2007

SAN JUAN, Puerto Rico -- Puerto Rico's Justice Department asked a U.S. appeals court on Thursday to force the FBI to release information about its two raids against militant independence advocates in the U.S. Caribbean territory.

Puerto Rico's solicitor general, Salvador Antonetti Stutts, said the three-judge panel in Boston should order the release of all documents requested about the September 2005 shooting death of militant independence leader Filiberto Ojeda Rios and a February 2006 raid against independence activists in suburban San Juan.

Puerto Rico's Justice Secretary Roberto Sanchez Ramos alleged that bureau officials have stonewalled his investigations into the raids and he has asked Congress to pressure the agency to cooperate. He said the FBI has refused to disclose the identities of the agents who participated.

In September, U.S. District Court Judge Jose Fuste ruled against the territory's Justice Department, saying the FBI did not have to share information it deemed sensitive.

A U.S. Justice Department investigation concluded that agents were justified in shooting to death Ojeda Rios after he initially opened fire during an attempt to arrest the activist at his home in the island's west, the department's Office of the Inspector General said in an August 2006 report.

Witnesses and his widow allege that the FBI shot Ojeda Rios and let him bleed to death.

During a February raid targeting independence militants just outside the island's capital, agents used pepper spray on reporters and protesters.

The information on the raids could be shared under a confidentiality order if the agency was concerned about public disclosure, Antonetti said. If that was not possible, the panel must send the case back to Puerto Rico's district court, which should force the FBI to say why the information could not be released, he said.

"The commonwealth strongly believes that these are the only courses of action which can serve to adequately protect the commonwealth's interests," Antonetti wrote in his brief.

The FBI and the U.S. Justice Department's civil division in Washington declined to comment on the case.

Jury Charged In Calvin Williams Trial (WMC)

WMC-TV, January 12, 2007

Both the government and the defense presented very strong closing arguments.

Prosecutor Tim DiScenza told the jury that even if they believed what Calvin Williams said on the stand, he was still guilty of taking a bribe and extortion.

Meanwhile, his defense attorney, Doris Randall-Holt, challenged the government's start witness, reminding jurors that Tim Willis was caught padding invoices at Shelby County Juvenile Court and that he cut a deal to stay out of jail.

Now the jury must decide. But before deliberating, they heard from Calvin Williams.

"This is make or break for me," he said, on his way into federal court. Williams was characteristically up-beat and confident.

"Either I can explain what's on the tape or I can't," he said.

What's on the tape is Calvin Williams getting $1500 from goverment informant Tim Willis. Williams told the jury the money was owed to him as a part owner of a business called Strategic Solutions. Williams even produced bank receipts and payroll stubs to establish that he and Willis were business partners hoping this would prove the money was not part of a bribe.

"I want this town to know that this didn't take place. So I'm not going to duck and hide behind the govenment, [which] has not proven its case," he told reporters.

But testifying was no cake-walk. On cross examination, Federal Prosecutor Tim DiScenza challenged Williams' earlier claims, pointing out that Willaims admitted several times during tape recorded conversations that he had no stake in Strategic Solutions.

And Discenza produced evidence, a transcript from a deposition in November 2002, when Williams admitted to an independent investigator that he was not a part owner of Strategic Solution.

"Four years, four years. I've waited four years. I was indicted in criminal court. I was indicted in federal court. I'm not going to risk them not proving their case," said Williams.

The question now is did he help or hurt himself by taking the stand.

The trial was expected last five days and the jury has now recieved instructions. The group will begin deliberating Friday morning at 9 a.m..

The maximum sentence Williams can get if convicted is 30 years on both counts.

Federal Jury To Deliberate Williams' Fate Today (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 12, 2007

The Shelby County Commission's former top aide testified Thursday he had no influence over any commissioner, but in secretly recorded conversations played by prosecutors he boasted of working behind the scenes to help commissioners line up votes and arrange rewards.

Calvin Williams said on tape that an unidentified developer told him he had saved him nearly $1 million because of how a commission vote turned out.

Advertisement

Williams also said he once created a job for the secretary of a commissioner for supporting former commissioner Shep Wilbun's 2000 appointment as Juvenile Court Clerk.

The influence issue is expected to be a factor when a federal court jury begins deliberations at 9 this morning to determine whether a $1,500 payment Williams received in 2003 was a bribe for influencing passage of an urban renewal grant.

Williams was recorded boasting that he would pay former commissioner Cleo Kirk to support the grant.

Williams, who denied trying to influence Kirk or any other commissioner, contends the $1,500 he received in April 2003 was a legitimate business payment from former friend and political consultant Tim Willis, who was acting as an informant in the FBI's undercover public corruption investigation called the Tennessee Waltz.

"We were in business together," said Williams, who had a side business called T&T Temporary Services. "Tim had a 10 percent share of T&T and I was going to get 30 percent of anything that came in for Strategic Solutions. I did not tell him I would get anyone to support (the urban renewal grant.)"

He admitted under cross examination that he told an attorney and an investigator in 2002 and 2003 that he had no business interest in Strategic Solutions.

Prosecutors allege Williams encouraged Willis to help the Glenview Community Development Partners with a $100,000 grant proposal and that Williams, for a fee, would encourage commissioners to approve the grant.

"These public officials just don't get it," federal prosecutor Tim DiScenza told jurors in closing arguments. "Even if you believe every word he said on the stand, he's still guilty. He still violated the law."

Public defender Doris Randle-Holt told the jury, "Extortion, bribery or just another conflict of interest? We submit the proof does not show a crime."

Williams resigned under pressure in January 2003 amid conflict-of-interest allegations for using his private temp service to do business with the county.

In an audiotape made a month later during lunch with Willis, Williams boasted of his influence with the county commissioners, saying he had advised Wilbun to agree to a demand by then-commissioner Michael Hooks Sr. to give his son -- Michael Hooks Jr. -- a $75,000 job at Juvenile Court in return for Hooks Sr.'s vote for the clerk's appointment.

Williams also said he helped get then-commissioner Walter Bailey's vote for Wilbun by creating a job for Bailey's secretary.

Reached Thursday evening for comment, Bailey said: "That's nonsense. That's pure unadulterated nonsense in terms of a swap. No tradeoff."

When DiScenza asked if a builder who later became a commissioner had saved Williams some $100,000 by building his Cordova home at cost, Williams replied, "I accepted it and I'm still trying to pay for it."

Queens Mover, Mother-in-law Charged In Thefts Of Picasso Drawings (NSDY/AP)

By Colleen Long, Associated Press Writer

Long Island Newsday, January 12, 2007

NEW YORK -- A mover and his mother-in-law were arrested Thursday in the thefts of two Pablo Picasso drawings from an apartment after the owner died.

The drawings, of a guitar and a mandolin, were worth more than $60,000 and were part of an extensive art collection owned by William Kingsland, who died in March, the city's Department of Investigation said.

The Manhattan public administrator's office, which handles the estates of dead people who have no wills or relatives, hired a consulting firm to sift through Kingsland's collection at his Upper East Side apartment. The consultant photographed the two black and white cubist sketches on April 26 and included them in a catalog of the collection shown to representatives of art galleries and auction houses for possible sale.

The mover, Nahum "Nino" Kohen, was hired in May to cart Kingsland's household furnishings and other items of lesser value to a warehouse for auction. The public administrator's office noticed the drawings were missing in June.

Investigators traced the stolen drawings to Kohen after learning that his mother-in-law, Ori Lellouch, later tried to sell them, the DOI said. The sale was never completed.

The FBI had been investigating works of art from the collection that had been stolen years earlier and learned that an art broker had obtained one of the missing drawings from Lellouch, the DOI said.

"Not only are these defendants charged with stealing from their own customers but from the dead," DOI Commissioner Rose Gill Hearn said in a statement. "Stealing on the job is not a fringe benefit."

Kohen, 38, of Fresh Meadows, Queens, was charged with second-degree grand larceny and second-degree criminal possession of stolen property. If convicted, he could face up to 15 years in prison. Lellouch, 56, of Kew Gardens Hills, Queens, was charged with criminal possession of stolen property and could face a year in prison if convicted.

Kohen's attorney said his client didn't steal the Picasso drawings, which were about 12 inches by 12 inches framed and have been recovered.

"Nahum Kohen is absolutely innocent of these charges, and we hope that this grave injustice can be undone as soon as possible," attorney Roger Stavis said.

Stavis said he didn't know who was representing his client's mother-in-law, and there was no home telephone listing for her.

Thieves Steal Two Picassos (NSDY)

By Zachary R. Dowdy, Newsday Staff Writer

Long Island Newsday, January 12, 2007

Officials: Man from Fresh Meadows and mom-in-law stole art worth $60K from collector after he died

The lure of two Pablo Picasso drawings was too great for a Fresh Meadows man and his mother-in-law, according to city officials, who said the pair stole the famous Spanish artist's drawings out of an art collector's home last year after he died.

Drawings of a mandolin and a guitar were removed last spring from William Kingsland's Upper East Side apartment allegedly by Nahum "Nino" Kohen, 38, a moving contractor, said Diane Struzzi, a spokeswoman for the Department of Investigation.

DOI Commissioner Rose Gill Hearn said that Kohen's mother-in-law, Ori Lellouch, 57, of Kew Gardens Hills, tried to sell the pieces, which were part of Kingsland's large collection.

The drawings, which are about 12 inches by 12 inches, are worth an estimated $60,000.

"Not only are these defendants charged with stealing from their own customers, but from the dead," Hearn said in a statement. "Stealing on the job is not a fringe benefit."

Kohen is charged with second-degree grand larceny and second-degree criminal possession of stolen property. He faces up to 15 years in prison.

Lellouch is charged with criminal possession of stolen property and faces up to a year in jail.

Neither Kohen nor Lellouch could be reached for comment.

The New York County Public Administrator hired a consulting firm to collect the valuable items of Kingsland's estate and assist with marketing them to galleries, auction houses and other potential purchasers.

Kohen was hired by the public administrator to transport items to a warehouse in lower Manhattan. But the drawings were discovered missing when officials compared the collection to a set of photographs that a consulting firm had made of each item in the collection, officials said.

DOI investigators found out from the Federal Bureau of Investigation that FBI agents learned in November that Lellouch had tried to sell the drawings through a broker. FBI agents recovered the drawings from Lellouch.

Arrests Made In Case Of Picasso Robbery (NYS)

By Gary Shapiro, Staff Reporter of the Sun

New York Sun, January 12, 2007

Call it the case of the purloined Picassos. A moving contractor, Nahum Kohen, and his mother-inlaw, Ori Lellouch, have been arrested on charges relating to the alleged theft of two Picasso drawings from the Upper East Side apartment of enigmatic collector William Kingsland.

The New York City Department of Investigation, which announced the arrests yesterday, began an investigation in June after it was told by the New York County public administrator that the drawings were missing from Kingsland's apartment and presumed stolen.

Mr. Kohen, a resident of Fresh Meadows, was charged with two class C felonies, grand larceny in the second degree and criminal possession of stolen property in the second degree. Ms. Lellouch, a resident of Kew Gardens Hills, was charged with a class A misdemeanor, criminal possession of stolen property. Mr. Kohen and Ms. Lellouch could not be reached by press time.

The commissioner of DOI, Rose Gill Hearn, told The New York Sun that the drawings would be held as evidence in the case. They are about 12 inches by 12 inches, and have a combined value of about $60,000.

The Picassos add another layer of intrigue to an estate already under investigation. The FBI has been seeking leads on stolen works found in the estate, including a bust by Giacometti, two Fairfield Porter paintings, and at least two works belonging to Harvard, including a John Singleton Copley.

"It's quite a tale," proprietor of Stair Galleries, Colin Stair, told the Sun. He recalled that by the time he visited Kingsland's "chock a block full" apartment this summer, authorities were already looking into the missing Picassos. Paintings lay six deep against the wall, he said, and this was after the apartment had been neatened and organized.

Kingsland, born Melvyn Kohn, died intestate last March.

The public administrator had hired a consultant to photograph Kingsland's estate to help market the works for sale. Ms. Hearn said that when an auction house subsequently inquired about the Picassos that had been photographed, "Lo and behold, they weren't there."

Ms. Hearn said Mr. Kohen was in Kingsland's apartment several times in May. As a subcontractor for Liberty Movers, Mr. Kohen was hired to move Kingsland's less valuable works to a warehouse where they would later be offered for sale at public auction.

FBI agents learned in November that a Manhattan-based art broker had attempted to sell one of the Picasso drawings to auction houses. The agents found that the broker had gotten the drawing from Ms. Lellouch, and subsequently retrieved both Picassos from her.

DOI investigators ascertained that Ms. Lellouch's adult daughter is married to Mr. Kohen. The office of the New York County district attorney, which is prosecuting the case, did not respond to the Sun by press time.

Mr. Stair said Kingsland definitely had a good eye. "He knew how to pick quality works, however he picked them."

Author Barnaby Conrad, who said Kingsland acted slightly annoyed that the 20th century had ever happened, said he was a bit surprised Kingsland had 20th-century art at all. "I sort of thought he would have stopped at the Luminists," 19th-century landscape painters, he said.

Picassos' Theft Contributes To Mystery Of Eccentric Collector's Art Trove (NYT)

By Thomas J. Lueck

The New York Times, January 12, 2007

When the colorful Manhattan gadfly known as William M. V. Kingsland died in March, leaving an unexpected trove of important art in his Upper East Side apartment, a mystifying art world caper began to unfold.

Much of the artwork, it turned out, was stolen.

In the latest twist, the authorities said yesterday that a moving contractor from Queens whom public officials had hired to help clean out that apartment had been charged with making off with two precious works: drawings by Pablo Picasso. The mover's mother-in-law has also been charged.

"Not only are these defendants charged with stealing from their own customers, but from the dead," said Rose Gill Hearn, the chief of the city's Department of Investigation, which announced the arrests yesterday of Nahum Kohen, the mover, and Ori Lellouch, his mother-in-law.

Ms. Gill Hearn said the arrests were made after her office was told by the Office of the Public Administrator for Manhattan and the F.B.I. that the Picasso drawings were missing, and that one was being offered for sale to several auction houses. The drawings, worth an estimated $60,000, were not thought to have been in Mr. Kingsland's possession illegally.

Mr. Kohen, 38, of Fresh Meadows, was charged with taking the drawings, each about 12 inches square, of a guitar and of a mandolin. He will face up to 15 years in prison if convicted, the authorities said.

Ms. Lellouch, 56, of Kew Gardens Hills, who investigators said had tried to sell one of the drawings through a broker, is charged with possession of stolen property and could face one year in prison.

A lawyer for Mr. Kohen, Roger L. Stavis, said: "My client is absolutely innocent. There is no evidence against him whatsoever, and we hope that this grave injustice will be rectified immediately."

The authorities said they did not know who was representing Ms. Lellouch.

Although their lives seemed far removed from each other, the stories of the recently deceased and the newly arrested are bound in a web of intrigue.

Mr. Kingsland, who died without a will, had lived a life shrouded in mystery. His real name, unbeknownst to many of his Upper East Side acquaintances, was Melvyn Kohn. His age was unclear; he was perhaps 58 or 62.

Mr. Kohn was an occasional art dealer who seemed to have boundless knowledge of the buildings in his neighborhood and their residents, and he cultivated an aura of someone rooted in Upper East Side aristocracy. But he was a recluse who lived alone and welcomed few people into his unkempt, dusty one-bedroom apartment.

After Mr. Kohn died, the contents of that apartment came as a shock to those who thought they knew him. Among the trove of art, besides the two Picasso drawings, were works by Giacometti, John Singleton Copley, Odilon Redon, Kurt Schwitters and others.

The apartment was "chockablock with interesting treasures," said Colin Stair of the Stair Galleries in Hudson, N.Y., who was hired by the public administrator to sell some of the lesser works in the apartment, including many watercolor-on-ivory miniature portraits.

As it turned out, according to the F.B.I., many of the most important works had been stolen, although how Mr. Kohn obtained them remains unclear.

Ms. Gill Hearn said yesterday that the public administrator had hired a consulting firm to examine the collection and to help sell the most valuable items. The consultants photographed the two Picassos, which later disappeared.

When the public administrator informed Ms. Gill Hearn's investigators that the drawings could not be found, they compiled a list of everyone who had entered the apartment on East 72nd Street after the consultants took their photographs.

Mr. Kohen's name was on the list. Meanwhile, according to Ms. Gill Hearn, the F.B.I., which was investigating reports that other works in Mr. Kohn's apartment had previously been stolen, was tipped off that a Manhattan broker was trying to sell one of the missing Picassos, and that he had obtained the drawing from Ms. Lellouch.

The broker, whose identity was not disclosed, is not being charged and did not know that the drawing presented by Ms. Lellouch was stolen, said an official directly involved in the case who insisted on anonymity because the case remains under investigation.

"Stealing on the job is not a fringe benefit," Ms. Gill Hearn said in announcing the arrests yesterday. "Most realize that it could lead to jail and a criminal record."

3 Detained In Tenn. Couple's Killing (AP)

AP, January 12, 2007

KNOXVILLE, Tenn. - Three men were detained by police Thursday in the killing of a young man whose burned corpse was found dumped along railroad tracks and the slaying of his date, who was kept alive for days and raped, authorities said.

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Channon Christian, a 21-year-old University of Tennessee student, and Christopher Newsom, 23, may have been carjacked Saturday night, Chief Deputy U.S. Marshal Rich Knighten said.

Newsom had been shot to death, and his burned body was found Sunday, Knighten said.

Christian's kidnappers raped and assaulted her for days before killing her and dumping the body, Knighten said.

Authorities detained Letalvis Cobbins, 24, and his friend, George Thomas, after federal agents and Knox County officers raided a house 180 miles north in Lebanon, Ky.

Thomas was being questioned Thursday, while Cobbins faced federal charges of being a felon in possession of a weapon, Knighten said.

Cobbins was a "person of interest" in the deaths and he had a gun authorities believe may have been used in the crime, Knighten said.

Cobbins' brother, Lemaricus Davidson, 25, also was detained Thursday as a person of interest, Knoxville police spokesman Darrell DeBusk said.

Christian's body was found Tuesday in a house rented by Davidson, authorities said.

It wasn't immediately clear whether the three men had lawyers. A message left late Thursday with the Marshals Service office wasn't immediately returned.

Porn Studios Raided To Ensure Adult-only Casts (LAT)

By Claire Hoffman, Times Staff Writer

The Los Angeles Times, January 12, 2007

The FBI seeks records to make sure minors haven't been hired. The industry and public policy experts question the probes' effectiveness.

The Federal Bureau of Investigation has recently stepped up raids of porn studios in the San Fernando Valley, saying it wants to ensure that children are not being sexually exploited.

About a dozen porn production facilities in pornography hot spots such as Van Nuys and Chatsworth have been taken by surprise in the last three months by a barrage of federal agents at their doors.

The probes come on the heels of a May 2005 change in the regulations that require producers to take two forms of government-issued identification from performers and keep them on file indefinitely. Those records must be referred to on the labels of all videos and DVDs sold. Violations are federal felonies and can carry a prison sentence.

The Justice Department has prosecuted only one company to date under the new law, said Bryan Sierra, a spokesman for the department. In September, the founder of the "Girls Gone Wild" video empire, Joe Francis, pleaded guilty to two felonies, and his production company pleaded guilty to 10 additional felony counts.

Industry leaders doubt that the FBI will find many other violators. Jeffrey J. Douglas, a criminal defense attorney and the chairman of the Free Speech Coalition, an industry trade organization, estimates that there have been only about a dozen occurrences of minors working in the industry in the last 25 years.

Public policy experts wonder whether the raids are the best use of taxpayer money. "The FBI has limited what they investigate since 9/11, so moving into this area does raise the question of resources," said Athan G. Theoharis, a professor emeritus of history at Marquette University who has written extensively on the FBI. "Is this at the expense of investigating the Enrons or the WorldComs that have far more effect on the lives of American citizens?"

Theoharis said the crackdown on pornography hearkened back to the bureau's early days, when J. Edgar Hoover boosted the FBI's reputation with a high-profile campaign of prosecution against pornographers and prostitutes.

"It was sort of a PR move at the time to burnish their image and it reflected American sensitivities," he said.

The current crackdown may not unearth the biggest violators, according to industry executives. The worst offenders of child pornography, they say, are not the well-established producers the FBI has targeted but the underground, fly-by-night operations that by all accounts escape examination.

"Why would I jeopardize $10 million a year to shoot an underage girl?" said Kevin Beechum, owner of K-Beech Inc., a longtime producer and distributor of X-rated movies based in Chatsworth that was raided in December. "We're not stupid."

Early one morning, computers in hand, the agents knocked on K-Beech's door, demanding to see government-issued identification certifying that the performers in 10 sexually explicit films dating to 1995 were not minors. The company was found to be in compliance.

The FBI would not comment on the scope of its probe or the facilities it has visited. But the agency takes issue with questions about the effectiveness of the raids.

"If their feeling is there's nothing to worry about, then complying with the inspections shouldn't be a problem," Sierra said.

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He said to his knowledge the inspections had taken place only in California. He would not elaborate on whether any inspections had led to criminal investigations.

He said those instances had all been the result of fraud — fake identification presented by performers with the intention of deceiving producers.

"If you were so incredibly crazy to film a minor, you surely would not get a copy of their junior high school ID," Douglas said.

Although the public perception of porn producers often tends to be that of a wild and unseemly underworld, many of the Valley's X-rated entities are tightly run multimillion-dollar companies. Douglas said that complying with the rules had buried X-rated producers in paperwork. He said one of his clients employed a staff of eight who worked full time to maintain and organize federally required records.

The surprise visits from federal agents began in earnest after an October meeting between the FBI and the Free Speech Coalition, along with representatives from six of the Valley's largest porn companies — including mega-producers Vivid Entertainment, Larry Flynt Publications and Digital Playground, along with three porn industry lawyers, according to a person who was there who asked not to be named because the meeting was confidential.

The agents gave a slick presentation on what to expect, warning the producers that they would be visiting facilities at random, with a minimum of five agents, the person said. They were told that the inspectors would be equipped with images assembled by a group of agents who were reviewing tapes pulled from adult book and video stores, culling material in search of performers with a suspiciously youthful glow.

Steven Hirsch, founder of Vivid Entertainment, the world's largest adult entertainment company, said that large porn purveyors such as his had been militant about record keeping and age verification for years, dating to the scandal surrounding Traci Lords, a 15-year-old girl who lied about her age during the 1980s, shot dozens of porn films and rose to become a celebrated porn star before she turned 18.

After word of her real age leaked out, federal authorities cracked down on the industry and prosecuted production companies and others involved in her career — all of which denied any knowledge of her deception. Hirsch said the scandal cost the industry millions and put the fear in producers throughout the Valley.

"The FBI is being decent and fair about it," Hirsch said. "But I don't think it's an issue. There's plenty of girls of age who are willing to do this."

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False Property Appraisals Get Man 30 Months In Prison (PPG)

By Paula Reed Ward, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 12, 2007

A man who used his dead father's state license to do real estate appraisals that were sometimes inflated by more than 80 percent was sentenced yesterday to 30 months in prison.

The prosecutor in the case had asked Senior U.S. District Judge Alan N. Bloch to give Chester Underhill, 47, of Upper St. Clair, a stiffer penalty, claiming that the potential for loss in the case ranged into the tens of millions of dollars.

"Clearly, the incremental exposure to the financial institutions is enormous," said Assistant U.S. Attorney Brendan Conway. "The sentence ought to reflect the entire iceberg, and not just the tip."

But because the government only did thorough reviews of about 15 of the approximately 1,500 appraisals Mr. Underhill performed, the judge refused to grant the enhancement.

"It's your burden to prove the loss," Judge Bloch said.

Mr. Conway estimated that it would have taken the FBI agent on the case two full years to review all the files.

"I didn't say it would be easy, but that's your burden," the judge responded.

Though the judge deferred the hearing on restitution until March, he said it appeared to be $562,696.75 -- a number Mr. Conway disputed.

He hoped to set the loss between $1 million and $2.5 million.

Mr. Underhill was initially indicted on six counts of mail fraud. He pleaded guilty to just one charge in July.

Defense attorney James J. Brink asked the judge to sentence Mr. Underhill to home confinement or a halfway house instead of prison.

"He's lost everything," he said. "He now lives with his mother."

Mr. Brink also claimed that Mr. Underhill is under psychological stress because of the criminal case.

Judge Bloch was in no mood for the sad story.

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When Mr. Underhill's sister began her statement to the judge with: "Chester's a good man," Judge Bloch immediately cut her off.

"He's not such a good man, or he wouldn't have done what he did," he said.

Later, when Mr. Underhill spoke about the 3-year-old son he is raising, the judge again interrupted.

"You should have thought about your child before you did what you did," he said.

The recommended sentencing range for Mr. Underhill was 24 to 30 months in prison.

Mr. Conway called for a sentence of 37 to 46 months.

"People like Mr. Underhill have made it difficult for legitimate appraisers to do their job," he said.

Mr. Brink argued that his client didn't make any money from the appraisals -- though he was paid $300 each.

"Other people profited from the wrongdoings of Mr. Underhill," he said. "The people that made the money here aren't before the court."

Man Gets 30 Months For Bogus Appraisals (PTR)

By Jason Cato, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, January 12, 2007

An Upper St. Clair man was sentenced to 30 months in federal prison for using his dead father's real estate appraisal license to perform inflated appraisals for three years.

Chester Underhill, 47, pleaded guilty in July to one count of mail fraud, related to sending the fraudulent appraisals through the U.S. Postal Service.

Prosecutors claim Underhill conducted more than 1,000 fraudulent appraisals from 2000 to 2003, many of them inflated by as much as 80 percent.

"Every single reappraisal he'd done turned out to be significantly inflated," FBI Special Agent Joseph Bieshelt testified.

Assistant U.S. Attorney Brendan Conway estimated that financial institutions could lose as much as $85 million because of Underhill's fraudulent appraisals. Banks lend money for home purchases based on appraisals, and lend more money than necessary when properties are over-appraised. Lenders stand to lose money if those properties go into foreclosure.

Conway hoped to convince Senior U.S. District Judge Alan N. Bloch that the potential loss faced by lenders was at least $1 million to $2.5 million, which would have increased the sentence to as much as 48 months in prison.

Bloch did not agree with the government's figure.

"That might be so if the government had proof of the loss," Bloch said, before determining the loss was about $560,000.

Defense attorney James J. Brink lobbied the judge for house arrest or time in a halfway house, so Underhill could help care for his 3-year-old son and his elderly mother.

"Mr. Underhill got none of that money," Brink said of the inflated appraisals he conducted for $300 each.

"He did profit by it," the judge retorted. "He provided a service he was not legally allowed to provide, and he got paid for it."

Bloch will determine the amount of restitution Underhill owes in March.

Jason Cato can be reached at jcato@tribweb.com or 412-320-7840.

Pa. Man Sentenced To Prison For Fraudulent Property Appraisals (TLPA)

Times Leader (NE PA), January 12, 2007

PITTSBURGH - A man was sentenced Thursday to 2 1/2 years in a federal prison for working as an unlicensed real estate appraiser.

Senior U.S. District Judge Alan Bloch also sentenced Chester Underhill, 47, of McDonald, to three years' probation. Underhill pleaded guilty in July to one count of mail fraud.

Prosecutors accused Underhill of using his late father's license number to perform more than 1,000 appraisals for five years at the request of mortgage brokers.

Lenders relied on these appraisals in lending money, prosecutors said.

Investigators confiscated 30 boxes containing about 50 appraisals each from Underhill's home and business, FBI Special Agent Joseph Bieshelt testified Thursday.

He said Underhill "significantly overappraised" properties.

The court had calculated the loss at $562,000, but prosecutor Brendan Conway said the losses were between $1 million and $2.5 million.

Investigators had not contacted every single financial institution involved in the case to see if any properties had foreclosed because that would take too long, Conway said.

"I didn't say it would be easy, but that's your burden," Bloch said. "I'm not going to depart (from the sentencing guidelines) that there might be losses in the future."

Brink and Underhill's mother and sister urged Bloch to sentence Underhill to house arrest and probation.

"Mr. Underhill got none of that money," Brink said. "Other people profited from the wrongdoings of Mr. Underhill."

Underhill was paid $300 per appraisal, Brink said.

Brink also said Underhill was trying to gain custody of his 3-year-old son and living with his mother.

"He's lost everything," Brink said. "At this point, he has no prospects of doing property appraisals. He's done."

"Well, he shouldn't be doing appraisals," Bloch replied.

A hearing to determine restitution was scheduled for March 29.

Jury Hears Kopp Saying He Killed Slepian (BUFFNEWS)

By Michael Beebe, News Staff Reporter

Buffalo News, January 11, 2007

A day after they heard James C. Kopp apologize to the widow of the man he is accused of killing, federal court jurors heard Kopp's own words Wednesday that he shot Dr. Barnett A. Slepian.

Philip Sterlace, a stenographer in U.S. District Court, read back selected portions of a statement that Kopp made after his March 19, 2003, conviction in Erie County Court for the murder of Slepian.

" "On Oct. 23, judge, in 1998 late at night, I shot Dr. Slepian,' " Sterlace read aloud from the transcript of Kopp's statement.

The jury was not told why Kopp was addressing a judge in that statement, just as they were not told that Kopp was earlier convicted of murder.

Sterlace's testimony, combined with today's subpoenaed testimony of Buffalo News reporter Dan Herbeck, who will be asked about Kopp's more detailed November 2002 confession to The News, should remove any mystery in jurors' minds about whether Kopp shot Slepian.

"The only issue left is why he did what he did," Kopp's standby counsel, John F. Humann, said outside the courtroom Wednesday.

Once Sterlace finished his direct testimony, Kopp, representing himself, tried to show why he shot Slepian.

But as Kopp asked Sterlace during cross-examination to read parts of his County Court statement in which Kopp said he was trying to protect the unborn from abortion, Assistant U.S. Attorney Kathleen M. Mehltretter objected.

Judge Richard J. Arcara, who earlier had ruled that part of Kopp's statement inadmissible, told Kopp to move on to another subject.

Finally, after Kopp's third attempt to have Sterlace read the prohibited testimony, and the third sustained objection from the prosecution, Arcara excused the jury from the courtroom.

Rather than scolding Kopp for repeatedly going where he had been told not to, Arcara told Kopp to put on the record what he what was trying to do.

"I object. There is no context to the statement," Kopp said of the prosecution's reading selected portions. "This case is about intent. Everything I've done is to protect the life of a child."

As Kopp continued to thumb through the statement and pick out other things he wanted to say, Arcara reminded him that what he was saying was irrelevant.

"Irrelevant?" a slight, bearded man dressed in a suit and running shoes shouted out from the courtroom audience, two rows behind the Slepian family.

"Judge, what are they irrelevant to?" the man shouted as marshals escorted him out of the courtroom and the federal courthouse.

Anti-abortion supporters of Kopp, who are attending the trial, said they did not know the man.

Kopp, already sentenced to 25 years to life in prison on the state murder conviction, faces a life sentence if convicted of the federal charges: interfering with reproductive services and using a firearm to commit a crime of violence.

The trial, once expected to last three weeks, is moving much more quickly, mainly because Kopp rarely questions a witness and has not objected to the introduction of any of the physical evidence collected against him.

At times, Kopp tries to make the prosecution's job easier.

He simply stood at the defense table as retired Amherst police Detective Lt. Donald Wright testified Wednesday about the search of the woods behind Slepian's home April 8, 1999, a search that led to the discovery of the murder weapon, a Soviet-made SKS assault rifle.

"I will concede they found a gun in the hole, if that would help anything," Kopp told Arcara.

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Mehltretter, just as she did when Kopp agreed earlier to stipulate to the testimony of Lynne Slepian about her husband's death, declined the stipulation and continued questioning Wright.

Amherst detectives, FBI agents and Erie County ballistics experts are being called to testify about three key areas in the rear of what was then the Slepians' home in East Amherst.

They testified about finding what they've termed the "hat hole" - a shallow trench containing a green baseball hat, a pair of binoculars, an empty rifle cartridge box, earplugs, a flashlight, a wristwatch and other items tied to Kopp - and the gun hole, containing the SKS rifle.

They used laser sighting devices to find the tree where Kopp said he stood and fired the single shot that killed Slepian.

Wright, the retired detective, said that after the "hat hole" was found in the aftermath of the Slepian shooting, a team of 15 to 20 officers returned to the woods in spring, after the winter snows had melted.

Using metal detectors, police discovered another trench containing the assault rifle inside a cardboard box, Wright said.

In Kopp's County Court statement, he described at length how he designed a vinyl holster for the weapon, so he could leave it there in between the evenings he was scouting the Slepian home from the woods.

"It was not just to avoid frightening people," he said about not wanting to walk through the Slepian neighborhood with the rifle. "It was to avoid getting caught."

Mob Figure Sentenced To Five Years In Prison For Extortion (PROJO)

By W. Zachary Malinowski, Journal Staff Writer

The Providence Journal, January 12, 2007

PROVIDENCE — Anthony M. "The Saint" St. Laurent Sr., an ailing capo regime in the Patriarca crime family, was sentenced to nearly five years in federal prison yesterday for conspiring to extort $100,000 from two Massachusetts men.

U.S. District Judge William E. Smith said that he was sympathetic to the mobster's medical woes, but he was clearly disturbed that he has 17 convictions and a criminal history dating to 1961.

Smith said that St. Laurent's life of crime trumped his failing health. "The problem is, nothing seems to get through to you that you have to stop doing this type of thing," he said. "You intend to keep doing what you have been doing for as long as you live."

St. Laurent, 65, who was brought to court handcuffed and in a wheelchair, addressed the court before the sentence was imposed. In a rambling address that lasted about 10 minutes, St. Laurent railed against the poor health care he has received in the federal prison system. He said he spent six days in a hospital intensive care unit after officials at the federal prison in Fort Devens, Mass., failed to take care of a kidney stone. Another time, he said, he had excruciating stomach pain for years, but prison officials refused to do anything. St. Laurent, who at one time took as many as 40 enemas a day, said, that upon his release from prison, a Rhode Island doctor performed bowel surgery and "took cement out of my rectum."

"It's not right," St. Laurent said. "They don't take care of you. I've been there your honor, I know."

At one point, St. Laurent's lawyer, John F. Cicilline, wanted his client to finish up. He leaned over to St. Laurent and said, "I'm the lawyer. You're the gangster."

St. Laurent, of 2 Rotary Drive in Johnston, pleaded guilty in July to the extortion conspiracy charge. Federal prosecutors said that had the case gone to trial, the government could prove that in April 2006, St. Laurent directed Ricky Silva, of North Providence, and James Manning, of Cranston, to collect $100,000 from a pizza parlor owner and a bookmaker/drug dealer. And, if they did not pay, they were instructed to "bash" the victims.

On April 6, Silva, Manning and an unnamed FBI informant traveled to Massachusetts to search for the intended victims. Once there, they teamed up with Lawrence Crites, of Taunton, Mass., who was supposed to help them find the extortion targets.

The informant wore a hidden microphone and recorded conversations involving St. Laurent, Silva, Manning and Crites.

The FBI, Rhode Island State Police and Providence police arrested St. Laurent the next day.

Silva, Manning and Crites were charged with extortion last week.

In seeking a lesser sentence yesterday, Cicilline told the court that St. Laurent's "illness is extraordinary." He also said that in April 2001, St. Laurent may have saved the life of a corrections officer. At the time, St. Laurent was serving another federal prison sentence for extortion when two inmates were engaged in a fight with weapons in a room at the prison. Cicilline said that St. Laurent stopped a female guard from entering the room — possibly saving her from a fatal encounter or serious injury.

"She could have been one dead correctional officer," Cicilline said.

Assistant U.S. Attorney James H. Leavey said that St. Laurent's actions were "laudable … but it is not grounds," for a lesser sentence.

In the spectator section of the courtroom, St. Laurent's daughter sobbed uncontrollably. She sat next to her mother, Dot, and in front of her brother, Anthony M. St. Laurent Jr., also a convicted felon.

DOJ_NMG_0116013

Ex-Cleveland Clinic Employee Pleads Guity To Stealing Patient Information (NAPLESDN)

By Liz Freeman

Naples Daily News, January 12, 2007

Naples co-defendant set for trial later this month

One of two people charged with stealing the personal and medical information of 1,130 patients at Cleveland Clinic Naples pleaded guilty Thursday and will be sentenced April 27, according to the U.S. Attorney's Office in Miami.

Isis Machado, 23, of Miami Lakes, entered the guilty plea before U.S. District Court Judge James Cohn in Fort Lauderdale on one count of conspiracy to commit computer fraud, identify theft and wrongful disclosure of individual health information. She faces a maximum penalty of five years in prison and a $250,000 fine and could be ordered to pay restitution, according to federal authorities.

A second defendant, Naples resident Fernando Ferrer Jr., 29, a registered owner of Advanced Medical Claims in Naples, is scheduled to stand trial Jan. 22 before Cohn in Fort Lauderdale.

Machado and Ferrer were indicted in September on a charge of conspiracy to commit health-care fraud and faced five more counts of aggravated identify theft, potentially carrying a maximum of 25 years in prison and $500,000 in fines.

Ferrer and Machado became the first individuals in South Florida to be prosecuted for violating the federal law protecting patients' privacy rights. Federal prosecutors filed a motion in October to protect evidence, four computer disks that contain personal and patient information, as confidential in the event the case goes to trial.

Machado was a front desk office coordinator at Cleveland Clinic in Weston from May 23, 2005, to June 26, 2006, and had authorized access to the hospital's computerized patient files. She copied Medicare numbers and personal information of 1,130 Naples patients and sold the information to Ferrer, her cousin, for $5 to $10 for each patient's information, according to federal authorities.

Ferrer used the Medicare numbers to bill medical providers in Miami for services that were not rendered, resulting in $7 million fraudulently billed to Medicare, federal investigators say.

According to Cleveland Clinic officials, a co-worker learned of what Machado was doing on June 26, 2006, and told supervisors. Hospital officials reported the events to federal authorities. Machado was fired.

Cleveland Clinic Naples was sold to Naples-based Health Management Associates effective May 1, 2006. The indictment said HMA used the same computer system for a time and so Machado had access to the Naples information after the hospital was renamed Physicians Regional Medical Center. HMA officials said they changed the computer system and that Machado did not have access to patient information after the ownership change.

Following the indictment, Cleveland Clinic officials in Cleveland, Ohio, wrote the 1,130 Naples patients informing them of what happened and established a toll-free number for help with credit monitoring. Within days, more than 500 patients called.

A total of 831 calls from Naples patients were logged, said Eileen Sheil, spokeswoman for Cleveland Clinic in Ohio. The theft of patient information seems to have focused on false billings to Medicare and not on selling Social Security numbers or other personal information, Sheil said.

"So far it's been solely a Medicare billing issue, and some of the patients' secondary insurers were billed," Sheil said.

Hospital Receptionist Pleads Guilty To Fraud Charges (MH)

By John Dorschner

The Miami Herald, January 12, 2007

Isis Machado, a front desk receptionist at the Cleveland Clinic in Weston pleaded guilty today to conspiracy to commit computer fraud, conspiracy to commit identity theft and conspiracy to wrongfully disclose patients' health information.

Machado had been accused of improperly obtaining Medicare information about Cleveland Clinic patients in Naples, and selling that information to her cousin, co-defendant Fernando Ferrer of Naples for $5 to $10 each. Machado improperly obtained the patient information of approximately 1,130 patients, prosecutors charged.

The investigation revealed that many of the Medicare numbers that Machado obtained were later used by providers to fraudulently bill Medicare for $7 million in services not rendered and equipment not supplied.

For more information, go to the Miami Herald healthcare fraud blog.

Apartment Is A Real Steal (NYDN)

By Jordan Lite, Daily News Staff Writer

New York Daily News, January 12, 2007

The phone calls kept coming, all from people interested in renting her upper West Side apartment.

The only problem: Beth Ann Bovino wasn't renting it out.

DOJ_NMG_0116014

She discovered that someone pretending to be her had placed a real-estate ad on Craigslist using her name, address and even an accurate picture of her brownstone.

The too-good-to-be true ad asked for $1,500 for the one bedroom with a fireplace - utilities included.

So the real Beth Ann Bovino responded to the ad, hoping to put an end to the sham.

"I probably should have gone straight to the cops but I thought I would be Nancy Drew," said Bovino, 41, an economist at Standard & Poor's. "That didn't quite work out."

Communicating via e-mail, Bovino was told she could get the keys as soon as she fronted the first month's rent.

When she asked to speak to "Beth," she got a written reply: "I would love to speak with you by phone but I can't because I'm a deaf-mute person and I am teaching in CA for a deaf-mute school."

She alerted Craigslist to the fraudulent ad, and it was taken down. But each time the posting was removed, a new one, slightly reworded, would go back up.

"After they started stopping by my apartment, I got more nervous - this isn't a joke anymore," Bovino said.

She ultimately reported the scam to the FBI's Internet Crime Complaint Center, a clearinghouse for the rising number of Internet fraud complaints.

In 2005, the center received 231,493 complaints, up 11.6% from the year before.

The center hasn't cracked Bovino's case yet, said FBI spokesman Paul Bresson, but he added that Bovino wasn't a bad amateur detective.

Before the scammer stole her identity, Bovino had put her apartment up for sale. She correctly suspected that the con artist exploited that real ad to create the fake rental classified. It's an example of Net scammers' growing sophistication, Bresson said.

"They saw it as an opportunity to perpetrate a crime using real information as opposed to fabricated information, and the real information helps legitimize their crime," he said.

In the meantime, Bovino has gotten 30 calls and unexpected visits from eager New Yorkers hoping to land her apartment.

A spokeswoman for Craigslist founder Craig Newmark didn't respond to requests for comment. But at a meeting in New York earlier yesterday, Newmark said he's working with government officials "to help go after the bad guys."

Bovino is still hearing from people interested in the apartment, even though she's since sold it. And like a true New Yorker, she's wondering whether she got the best possible deal: The scammer is "renting" her old place again.

"They're having bargainbasement sales. Last week, I think it was $1,000. That's why I thought, 'Why don't I apply?'" she joked.

With Michael Saul

Former Ark. Trooper Sentenced On Child Porn Charges (AP)

AP, January 12, 2007

BENTONVILLE, Ark. - A retired Arkansas State Police trooper has pleaded guilty in Bentonville to child porn charges and was sentenced to five years in prison.

Joe Hutchens, 60, of Bella Vista, who is also a former bailiff, must additionally register as a sex offender.

Hutchens told Circuit Judge Tom Keith on Wednesday that he felt "humbled, embarrassed and ashamed."

Hutchens retired in May 2004 after working 28 years as a state trooper. Most recently, Hutchens was the bailiff for Circuit Judge David Clinger in Benton County.

Hutchens was caught by an FBI unit that targeted crimes against children.

"I apologize to this court, Division Two court, and the men and women in law enforcement that I served with for over 35 years," said Hutchens, who was a bailiff in Division Two.

His wife and two daughters were present for Wednesday's sentencing.

While working for Circuit Judge David Clinger, Hutchens used an Internet profile, "dadsluv2002," and listed his favorite quote as "Everything I enjoy is illegal, immoral or fattening," authorities said.

Investigators seized a county-owned computer from Hutchens' office as well as his home computer. They found more than 100 sexually explicit photos involving children, most prepubescent. He was arrested Sept. 7, 2005, and was free on a $10,000 bond. He is free on his own recognizance pending space opening for him in the state prison system, by Keith's order.

Hutchens will first be eligible for parole after 10 months.

Keith said he believes Hutchens can change his behavior.

"I know this is an aberration. I am satisfied he will again be the man we always knew him to be," Keith said.

Man Pleads Guilty To Assaulting Girl He Met On MySpace.com (AP)

AP, January 12, 2007

DOJ_NMG_0116015

BRIDGEPORT, Conn. -- A Pennsylvania man pleaded guilty Thursday to traveling across state lines to have sexual contact with a 14-year-old Connecticut girl he met through the social networking site MySpace.com.

Stephen M. Letavec, 40, of Elrama, Pa., was charged last year in one of the first federal sex cases involving the popular site.

Letavec, a volunteer firefighter, was accused of molesting an Oxford girl in his car. The FBI said Letavec made several visits to see the girl from the summer of 2005 and early last year.

"I showed you what love is and how it feels," Letavec wrote in an e-mail found in the girl's school locker, according to an FBI report. "I want to show you how making love feels too, not just sex because there is a difference."

The girl signed onto MySpace as an 18-year-old, but told Letavec she was 14 before he visited, the FBI said.

He pleaded guilty in U.S. District Court in Bridgeport to one count of using the Internet to persuade a minor to engage in sexual activity and one count of traveling in interstate commerce for the purpose of attempting to have and having illicit sexual conduct with a minor.

U.S. District Judge Stefan R. Underhill scheduled sentencing for April 9. Letavec faces a mandatory minimum term of imprisonment of five years, a maximum term of 60 years and a fine of up to $500,000, U.S. Attorney Kevin O'Connor said.

MySpace, a division of NewsCorp., offers a free way for users to meet any of more than 60 million members. The site prohibits minors 13 and under from joining, discourages users from posting personal information and provides special protections for those 14 and 15.

While Internet safety advocates have said the site has a good reputation for working to prevent illegal activity, they say children often lie about their age to get around those restrictions. Many profiles include suggestive photographs and lots of personal information.

MySpace.com was planning new restrictions on how adults may contact its younger users in response to growing concerns about the safety of teenagers who frequent the site.

Ex-Prosecutor Is Accused Of Running Escort Service (LAW)

By Daniel Wise, New York Law Journal

New York Law Journal, January 12, 2007

A criminal defense lawyer who worked as a federal and state prosecutor in New Jersey has been indicted for running a Manhattan-based escort service, Manhattan District Attorney Robert M. Morgenthau announced Wednesday.

The lawyer, Paul Bergrin, who has defended soldiers charged with committing abuses while in Iraq, was arraigned Wednesday on a fugitive warrant in Newark, N.J., and bail was set at $500,000.

No plea to the charges was entered, but Bergrin, 51, declined to waive extradition at the proceeding. John Tiffany, who represented Bergrin, said he expected his client to voluntarily surrender and contest the charges in New York.

Tiffany, a solo practitioner in Newark, N.J., said he had not seen the indictment and could not comment on the substance of the charges. But he described Bergrin, with whom he had handled many cases, as "about as stand-up a guy as you could get."

Also named in a pair of indictments involving the NY Confidential escort agency were James Cortopassi, who had worked as a law clerk at Bergrin's four-lawyer criminal defense firm in Newark, and Hiram Ortiz, a former New Jersey state trooper. Bail for Ortiz was also set at $500,000.

Cortopassi, who is a second-year student at Michigan State Law School, is expected to surrender voluntarily, Morgenthau said at a press conference Wednesday.

If convicted of the top count in the two indictments, first-degree money laundering, Bergrin and Cortopassi would face a maximum sentence of 8 1/3 to 25 years in prison.

Only Bergrin and Cortopassi were accused of the most serious charges, having an ownership interest in NY Confidential.

The indictment accused them of involvement with the agency for six months in the latter part of 2004, a period during which prosecutors said the company took in $1.2 million worth of business.

But in January 2005, Jason Itzler, who had been the service's manager, was arrested. He subsequently pleaded guilty to money laundering and promoting prostitution, and was expected to be sentenced to 1 1/2 to 3 years during an appearance Thursday in Manhattan Supreme Court.

A second indictment alleges that Bergrin, Cortopassi, Oritz and a former escort continued to operate the business for another three months, from Jan. 12, 2005, to March 2, 2005.

During that time, the agency charged $1,000 an hour for its escorts' time, but apparently did not fare well.

In January 2005, Bergrin filed incorporation papers for the service, listing himself as the person upon whom process could be served, but on March 2, 2005, he filed dissolution papers, prosecutors said.

DOJ_NMG_0116016

Bergrin initially represented Itzler after his arrest. The indictment accuses Bergrin of falsely stating during Itzler's arraignment that Itzler had been working in his law office 12 to 14 hours a day for months.

ADDITIONAL CHARGES

Prosecutors also accuse Bergrin of misconduct as a lawyer for lying to the New Jersey Parole Board in an effort to relax restrictions on Itzler so he could manage the escort service at night.

Before Itzler was arrested in connection with the escort service, he had been on parole after pleading guilty to smuggling ecstasy into Newark Liberty International Airport. To get more lenient treatment, prosecutors said, Bergrin told the parole board that Itzler had worked for him as a paralegal in a case involving a soldier who was being prosecuted for his conduct at the Abu Ghraib prison in Iraq. Bergrin submitted false paychecks to substantiate the claim, according to prosecutors.

In addition to having a partial ownership interest in NY Confidential, Bergrin and his friends used the services of prostitutes working for the agency without paying for them. Instead, the costs were covered by the company, prosecutors said.

Bergrin has a law practice consisting of 300 to 500 clients, said his lawyer, Tiffany. He made four trips to Iraq to defend soldiers, Tiffany added.

Among his military clients were Sergeant Javal Davis, who was accused of committing abuses at Abu Ghraib, the case prosecutors said involved the false claim regarding Itzler to the New Jersey Parole Board. He also represents a soldier accused of criminally negligent homicide and dereliction of duty as a tank commander assigned to Mosul, Iraq.

He is also representing Private First Class Corey Claggett, who is accused with other soldiers of staging an escape of three unarmed detainees in Iraq and killing them as they supposedly fled.

According to his Web site, Bergrin was born in Brooklyn and graduated from Brooklyn College. He received his law degree from the Nova University Law School in Fort Lauderdale, Fla., and served two tours in the Army.

He worked in the office of the Essex County Prosecutor and the Office of the U.S. Attorney for the District of New Jersey. He was a partner at Pope, Bergrin & Verdesco from 1990 to 2005, when he established the Law Office of Paul W. Bergrin in Newark.

CIVIL LAW:

Jackson Psychiatrist Pays $216,000 To Settle Fraud Case (BSH)

Biloxi Sun Herald, January 12, 2007

JACKSON - A Jackson psychiatrist has agreed to pay $216,000 to settle allegations of Medicare and Medicaid fraud.

The U.S. Attorney's Office said Dr. Viacin Faeza Jones misused billing codes and billed Medicare and Medicaid for excessive numbers of patients. The Justice Department said Jones billed for treating up to 116 patients in a single day and was paid $30 to $125 for each claim.

"If a health care provider raids public funds through fraudulent or reckless Medicare billing practices, then he or she needs to be prepared to face the consequences," said U.S. Attorney Dunn Lampton.

The $216,000 is repayment for the wrongfully obtained funds, plus penalties of more than $100,000.

CIVIL RIGHTS:

State To Appeal Chastang Ruling (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), January 12, 2007

State officials said Wednesday they will appeal to the U.S. attorney general to keep Republican Juan Chastang on the Mobile County Commission.

Meanwhile, Democrats filed a motion Wednesday in federal court in Montgomery requesting Chastang's seat be declared vacant and a special election set to fill it.

The developments mean that Chastang will retain his seat for the time being after the U.S. Department of Justice on Monday decided that his appointment to the County Commission was legally unenforceable.

In November 2005, Republican Gov. Bob Riley appointed Chastang, who is black, to represent District 1, a majority-black district that has historically elected Democrats.

Chastang filled the vacancy that was created when Sam Jones was elected mayor of Mobile.

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Shortly afterward, local Democrats sued to try to oust Chastang and fill the seat by a special election. A panel of federal judges in Montgomery ruled in August that the question was up to the Justice Department, which sided with the plaintiffs Monday.

On Wednesday, attorneys for the three local Democrats who sued -- state Reps. Yvonne Kennedy, James Buskey and Bill Clark -- filed a motion asking the judges to order Mobile County Probate Judge Don Davis to call a special election for Chastang's seat.

The motion states that Chastang would continue to serve until a replacement is elected.

A ruling on that motion might have to wait until the state appeals the Justice Department's ruling. Alabama Attorney General Troy King said Wednesday that he will appeal directly to the Justice Department's top official, U.S. Attorney General Alberto Gonzalez.

"We think the attorney general is a reasonable man," King said "There's a reasonable likelihood he'll see the issue like we do."

Cecil Gardner, the attorney who filed the lawsuit on behalf of the Democrats, said he thinks the chances of the Justice Department's decision being overturned are "very slim."

The Justice Department objected to Chastang's nomination on the grounds that it violated the Voting Rights Act, under which several states, including Alabama, must get the Justice Department to pre-clear any changes in election procedures to protect minority voters.

In 1985, the Justice Department pre-cleared a state law that called for vacancies on the Mobile County Commission to be filled by special election.

The Alabama Supreme Court ruled that law unconstitutional in 1988, saying it conflicted with a general law calling for vacancies to be filled by gubernatorial appointment.

But the change back to gubernatorial appointments was never pre-cleared by the Justice Department.

King said he wants to meet with Gonzalez to argue that even though the 1985 law was the last one cleared by the Justice Department, the state could not have followed it because it was ruled unconstitutional.

"Justice has to give some deference to the state constitution and state law," King said.

He also pointed out that the ruling did not take into consideration that Chastang is black. "It's hard to understand how the appointment of a minority has a negative impact on minorities," he said.

King said Wednesday that he hopes to meet with Gonzalez alone. Plaintiffs attorneys will be able to respond after that meeting, Gardner said.

If King cannot persuade Gonzalez to change the department's decision, the state can still appeal to the U.S. District Court for the District of Columbia.

Gardner said he will ask the federal judges in Montgomery to rule on his motion calling for a special election as soon as possible, perhaps even before the state's appeal process is finished.

If a special election is called, Chastang has said he will run for the seat.

Brad Warren, the chairman of the Mobile County Democratic Executive Committee, said no Democrats have told him they are interested in the seat but that he is actively searching for candidates. "That's a Democratic seat," he said. "It belongs to the Democrats, and we certainly plan on taking it back."

Legislator Asks Probe Of Gunfire At House (BRADV)

Baton Rouge Advocate, January 12, 2007

GREENWOOD — State Rep. Roy Burrell, worried that other public officials may be the targets of violence, has asked State Police to help investigate the recent gunfire at the home of the town's first black mayor.

Burrell's request came one day after the president of the Louisiana State Conference of the NAACP asked the U.S. Justice Department to investigate the Greenwood shooting and an incident in Westlake.

Burrell, D-Shreveport, made the request of Col. Henry Whitehorn, the head of the State Police, in a letter this week. Two shots were fired at Mayor Ernest Lampkins' home Monday while he, his wife and daughter were sleeping. No one was hurt.

"I am deeply and gravely concerned about the incidents of violence which have recently occurred in our great state," Burrell wrote. He mentioned, as examples, the shooting of Lampkins' house and the "unusual circumstances" surrounding the death of the incoming mayor of Westlake, Gerald Washington.

Washington, who was to become the first black mayor of the predominantly white Westlake community, was found dead Dec. 30, with a gunshot wound to the chest.

His death was ruled a suicide, but family members have asked State Police to investigate further.

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The Greenwood shooting wasn't the first incident targeted at Lampkins' house. In December, he found a "for sale" sign in his front yard.

Earlier this week, the Shreveport chapter of the National Association for the Advancement of Colored People asked the FBI to investigate the incident at Lampkins' home.

On Wednesday, NAACP State President Ernest L. Johnson asked the Justice Department to investigate incidents in Greenwood and Westlake.

Johnson said in a news release that he has been conferring with NAACP leaders from various parishes.

In making his request, Johnson said: "It appears that these incidents are on the rise either because of copy cat or some other reason. The more I think about these matters I am inclined to believe that these situations could be viewed as voter intimidation after the elections are over.

"From the telephone calls we have been receiving at the Louisiana State NAACP Office it is apparent that black voters are alarmed over these incidents.

"In other words, there are no incidents of this nature involving white mayors. African-American mayors and their families are voters and obviously are being intimidated. These incidents are very similar to the intimidation created by church burnings."

Johnson's news release also said that Bruce Gordon, president and CEO of the NAACP, is asking U.S. Attorney General Alberto Gonzales to expedite the requests.

Johnson also questioned why local governments have not set up reward funds for information leading to the arrests and conviction of the individuals involved.

D.C. Will Investigate Patient's Death (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 11, 2007

Man Restrained After Altercation

A senior adviser to the mayor said yesterday that the District is examining how a 39-year-old mental patient died after an altercation at the city-run St. Elizabeths Hospital.

Peter J. Nickles, the mayor's general counsel, said the psychiatric hospital's new chief, Patrick Canavan, is leading an investigation by hospital administrators into the events Tuesday afternoon.

The man became unresponsive after staff members tried to restrain him following a "dangerous altercation," according to a statement by the D.C. Department of Mental Health, which runs the Southeast Washington hospital. The statement said the man was pronounced dead at Greater Southeast Community Hospital after being brought by ambulance.

Mental health officials did not identify the man, citing privacy concerns.

The city will be open about the findings of its probe, Nickles said.

"There's going to be complete transparency about this," said Nickles, who before joining the administration of new Mayor Adrian M. Fenty (D) spent much of his career suing the D.C. government for the failings of many of its human services agencies, including the city's metal health agency.

The Department of Mental Health has begun an investigation as well, led by its Office of Accountability, said a spokeswoman, Linda Grant, in the statement released hours after the man died.

Grant said yesterday that the department had little additional information to provide about the circumstances of the altercation. Nickles said the District will provide facts as investigators learn them but will not engage in speculation about the death.

Whatever happened, Nickles said, he is troubled by another death at a hospital with a record of poor care, inadequate staffing and lax management.

"These things happen, but they've happened too often at St. Elizabeths," Nickles said.

A civil rights investigation by the Justice Department found the quality of care and supervision at the hospital lacking, and in a report released last year, the department demanded that the city take significant steps to improve operations at St. Elizabeths. The investigation was prompted, in part, by the deaths of two patients attacked by other patients in 2004 and three patients whose care was compromised in 2005.

Lawyers from the legal services organization responsible for advocating on behalf of patients at St. Elizabeths have sued the District, claiming that many patients do not receive proper treatment and live in abysmal conditions.

Yesterday, after learning of the latest incident, lawyers from the organization went to St. Elizabeths to begin an inquiry.

Mary Nell Clark, managing director of University Legal Services, said she learned that the trouble occurred in what is known as the treatment mall, a common area where patients are bought for classes and other therapeutic activities.

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The man who died was restrained facedown, Clark said. She contended that should not have happened. "Prone restraint is very dangerous, for obvious reasons," Clark said.

The D.C. medical examiner's office has been asked to conduct an autopsy, but the chief of staff for the office did not return a call seeking information about the results of the examination.

Clark said she did not know what led the staff to restrain the man. And what preceded that is fuzzy as well, she said. Some patients were arguing in the treatment mall shortly before the incident, she was told. But by the time of the altercation, the room was cleared of patients except for the one who died, Clark said.

LAPD Chief Would Open Meetings To Public (LAT)

By Patrick Mcgreevy

The Los Angeles Times, January 12, 2007

Los Angeles Police Chief William J. Bratton said today he would support changing the City Charter and state law to ensure that police disciplinary board meetings and some records are reopened to the public, complaining that he feels "muzzled" by current privacy law.

A day after his department came under criticism for holding a Board of Rights hearing in secret to clear the officer who fatally shot 13-year-old Devin Brown, the chief likened the process to a "star chamber" in which the public is deprived of information important to holding the police accountable.

On Tuesday, The Times revealed that an LAPD board had secretly cleared Officer Steven Garcia in the Brown case after the Police Commission had held the shooting to be out of policy.

"I am in support of change," Bratton said. "I am very frustrated by [the current process]. The public has no access to it. The media has no access to it. That's crazy, absolutely crazy. We have nothing to hide in the Los Angeles Police Department."

Although disciplinary hearings have historically been open in Los Angeles, police officials changed LAPD policy late last year in response to a state Supreme Court ruling that restricted access to law enforcement personnel records in a San Diego case.

Last year, the Police Commission also changed a decades-old policy and began issuing public reports without the names of officers involved in shootings. At that time, state Sen. Gloria Romero (D-Los Angeles) offered to sponsor legislation to ensure that names would not be struck from public police records if commission members had concerns about potential court restrictions.

Bratton said that he plans to meet with Romero on Friday and offer his support for a change in state law. State lawmakers could amend the Police Officers Bill of Rights to loosen restrictions on records. At the same time, an amendment to the City Charter could expand the role of the civilian Police Commission in the process for disciplining officers, the chief said.

"The political leadership in this community needs to focus on meaningful change," Bratton said. "They have been spinning their wheels for 30 years out here. What they need to do is focus on charter change, state law change."

Bratton said the LAPD has a thorough and fair disciplinary process. "However, oftentimes it leads to great frustration, and particularly now with the craziness of us not being able to talk about, with any specificity, what went on, we effectively have a star chamber here in Los Angeles."

Speaking to reporters at the Federal Building in downtown Los Angeles after a news conference on human trafficking, Bratton said he is "frustrated" that the process is interfering with efforts to improve police-community relations.

"We are quite proud of the investigative capabilities of the department, and the more that we show those off, the better the public would have an understanding of what we do," he said. "I come from the East Coast, where by and large I could have a lot more freedom to talk about what we are doing. Out here I feel like I am running around with a muzzle on all the time."

Yet, Bratton expressed serious doubt about whether the laws could be changed. He said opening police disciplinary records would be an "uphill battle" because of the clout wielded by police unions in Sacramento and Los Angeles.

"I am not going to hold my breath waiting for the state Legislature to change the Police Bill of Rights in this state," the chief said. "It's not going to happen."

Indeed, police union officials have said that they would defend the current laws.

The Blue Fog (LAT)

The Los Angeles Times, January 12, 2007

If lifting the LAPD's veil of secrecy means changing the City Charter and passing new state laws, then do it.

AN OPEN, accountable and trustworthy Los Angeles Police Department seems perpetually just around the corner. Reforms are instituted, promises and progress made, but with every positive step forward, the pull of secrecy keeps yanking the LAPD ceaselessly backward.

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And so, after Rodney King, Rampart and now Devin Brown, we are here: Hearings on officer-involved shootings that once were open are now conducted in secret. Reports that used to name the cop who pulled the trigger now do not. And a community that was finally learning to trust the LAPD is now clouded with suspicion.

The Times reported Wednesday that an LAPD board secretly concluded that no punishment was due an officer who shot and killed the unarmed, 13-year-old Brown in 2005, despite a determination a year ago by the civilian Police Commission that the officer violated LAPD policy and should be disciplined. What was the basis of the reversal? It's a secret. All we know is that Police Chief William J. Bratton and the LAPD's union, the Police Protective League, agree the move was the right one. You just have to trust them.

On Wednesday, another LAPD officer shot and killed an unarmed man. Was the action warranted, was it a tragic mistake, or did the officer act unreasonably? Does the officer have a history of bad decisions? What exactly happened, and who was involved? Under rules in place until just over a year ago, we would probably find out, eventually. Under rules in place today, we may never get the answers. That in turn means we may never be able to determine whether we're getting the reformed LAPD we want.

It's the Police Commission itself that, despite its stated stance in favor of openness and accountability, decided to delete the names of officers from use-of-force reports, based on the city attorney's interpretation of a California Supreme Court privacy ruling. At the time, state Sen. Gloria Romero (D-Los Angeles) stood ready to introduce legislation to clarify privacy law and allow the publishing of those names. But Romero found little support among her colleagues, and the commission didn't ask her to follow through.

Now Bratton has expressed frustration at the deleted names and closed proceedings, calling the board of rights hearings a "star chamber." He knows that no matter how perfectly his officers, his department and the various layers of review operate, the veil of secrecy opens them to suspicion and attack.

Mayor Antonio Villaraigosa also supports new efforts to restore openness, as do members of the Police Commission. So if everyone wants it, why don't we have it?

Romero should move forward with her legislation, but that's not enough. Bratton suggested that the Police Commission, already nominally in charge of the LAPD, could be further empowered to assure more openness in disciplinary proceedings. It's a good idea. Changing the City Charter is time-consuming and cumbersome. But if that's what it takes to reverse the LAPD's slide back into secrecy, it's worth it.

Duke Accuser Contradicts Herself (NYT)

By Duff Wilson

The New York Times, January 12, 2007

DURHAM, N.C., Jan. 11 — In an interview last month with a district attorney's investigator, the woman who has accused three Duke lacrosse players of sexual assault contradicted critical evidence and parts of her earlier accounts, dealing a new blow to a faltering case.

In her account, made public on Thursday in a motion by defense lawyers, the woman said two players attacked her in the bathroom at a team party in March. She also gave a new version of the timing and revised some of the men's descriptions.

The lawyers' motion said the latest account, from an interview on Dec. 21 with an investigator for District Attorney Michael B. Nifong, raised further questions about the credibility of the central witness in the case.

"The accuser's most recent recollection of events demonstrates clearly that she cannot accurately recall and describe her attackers and that any identification made by her is necessarily unreliable," the motion said.

Mr. Nifong is increasingly embattled. Last month, he dropped rape charges against the men after the accuser said she was no longer certain of some details of the incident.

The state bar has filed an ethics complaint against Mr. Nifong for what it said were prejudicial public statements. The executive committee of the North Carolina Conference of District Attorneys has called on him to drop out of the case. He has also been widely criticized for withholding exculpatory DNA evidence.

In the interview, the woman, 28, a stripper and the mother of three children, said she was attacked after she and another woman had danced at the party. She said the assault occurred between 11:40 p.m. and midnight on March 13.

That contradicts time-stamped photographs of her dancing at the party after midnight, as well as a next-door neighbor's report of seeing the two women entering the house at midnight.

Although the woman had told the authorities that all three men sexually assaulted her, she now said two had. The third, whom she identified as Reade Seligmann, was only present in the room, she said.

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She also revised her statement at a photo lineup that another defendant, David Evans, looked just like an attacker "without the mustache." The statement was widely used to discount her identification because Mr. Evans has never had a mustache. The woman said in her new statement that she meant stubble or a 5 o'clock shadow.

The woman also said she could not be certain what had penetrated her. It was that statement of uncertainty that led Mr. Nifong to drop the rape charges on Dec. 22, a day after the investigator, Linwood E. Wilson, interviewed her. The defendants, who have strenuously denied the charges, continue to face charges of sexual offense and kidnapping, carrying equally serious penalties.

The five-page typed interview was released in a motion adding arguments to suppress the woman's identifications of defendants. The motion is scheduled for a hearing on Feb. 5 and could, if granted, end the case.

Mr. Nifong did not respond on Thursday to requests for comment.

The interview is the first time anyone from the prosecutor's office talked with the woman about the case. She has made five comprehensive statements, interviews with a sexual assault nurse and detectives, recorded remarks at the photo lineup with the police, a statement in her handwriting and the interview with Mr. Wilson. Each statement contradicts parts of the others.

In the newest statement, the woman said she arrived at the house about 11:10 p.m., joining the other stripper and dancing briefly before they stopped when a man threatened them with a broomstick. She said that the two women retreated to a car, received apologies from three men, were enticed back inside and separated and that she was sexually assaulted starting about 11:40 p.m.

Defense lawyers have released time-stamped photos of the women dancing between midnight and 12:04 a.m. The prosecutor has questioned the stamps' authenticity.

The neighbor, Jason Bissey, gave the police a statement that he saw the accuser talking calmly with the second dancer in the yard outside the house shortly before midnight and then going inside, apparently for the first time. That version is consistent with the time-stamped photos.

"I'm absolutely certain," Mr. Bissey said in a telephone interview Thursday. "I had looked at my cellphone, and I was sure they had gone into the house at 12. I had assumed that's when they first got there. But I can't say for sure that was the first time they showed up. It seemed to me that it was."

The defense motion said the woman's cellphone records contradicted her version because she was speaking with someone at the time she now says the attack started. She was on the phone from 11:25 p.m. to 11:32 and 11:36 to 11:39.

The latest account leaves a gap of more than 50 minutes. The second dancer called 911 at 12:53 and reported that racial slurs had been shouted at them. She later told the police that she had made the call as they were driving from the party.

In previous statements, the accuser said three men calling themselves Adam, Matt and Brett had held her in a bathroom, raped and assaulted her. She had given different versions about what each had done, but had said three people attacked her.

The statement on Dec. 21 represented the first time that she said the same man, Mr. Evans, had used multiple names and that she did not remember any name being used for Collin Finnerty, the third defendant. Defense lawyers wrote, "In fact, nowhere was this said — or even hinted at — before Dec. 21, 2006."

The lawyers added, "In short, by claiming that any one of the defendants could be any or all of her attackers, the accuser has now created the equivalent of a 'do over' in an attempt to try to make sense of her prior conflicting statements."

Based on the earlier timeline, Mr. Seligmann had a strong alibi. Cellphone records, a time-stamped photo from an A.T.M. and a cabby's account showed that he was on the telephone or had left the party when the attack was said to have occurred.

The information on Thursday raised new doubts about his role. On April 4, when the woman identified Mr. Seligmann in a photo lineup, she said, "He was the one that was standing in front of me ... um ... that made me perform oral sex on him."

In the new statement, she said Mr. Seligmann stood in front of her while someone else sexually assaulted her from behind, but she did not say he made her perform oral sex. Instead, according to the statement, Mr. Seligmann stood there and refused to go back behind her "because he was getting married."

The report says, "Both Finnerty and Evans were trying to get Seligmann to 'do it' but he kept saying NO."

Irving Joyner, a law professor monitoring the case for the N.A.A.C.P., said someone who acted in concert with others could be charged with sexual offense even without personally assaulting the victim.

The woman also said in the statement for the first time that the men had used a white towel to wipe her face, Mr. Evans's penis and the floor where she said she had spit. Defense lawyers wrote that the new account of the white towel was an effort to explain why none of the defendants' DNA was found on or in the woman.

L.A. Man Sues To Take Wife's Last Name (USAT)

By Martin Kasindorf

USA Today, January 12, 2007

DOJ_NMG_0116022

LOS ANGELES — Michael Buday is petitioning a federal judge for the right to take Diana Bijon's last name in marriage as easily as she could take his last name.

Bijon, 28, an emergency room nurse, asked her fiancé to change his last name to preserve her father's family name because there are no sons. Buday, 29, a technical manager at an advertising firm, promised he would.

"I had a rough childhood with my father," he says. "We never really got along. Diana's father stepped up, gave me career advice. He's family."

Keeping his promise has been more onerous than Buday expected. A woman can choose her husband's name or her maiden name on a California marriage-license form after the couple pays a county application fee that ranges from $50 to $97. California and 43 other states provide no place on a marriage-license application for the groom to choose the bride's surname.

To officially change his name to hers — and for future Social Security benefits, Buday says — a man must pay a $320 court fee, advertise his intention in a newspaper for four weeks and get a judge's approval.

"The law makes it burdensome, if not close to impossible, to adopt the wife's name," says Mark Rosenbaum, legal director for the American Civil Liberties Union of Southern California. "It reflects the archaic notion of a woman's subordinate place in the partnership."

The ACLU sued California and Los Angeles County on Dec. 15 to have the separate treatment of Buday and Bijon outlawed as gender discrimination and a denial of equal protection. The couple were married in August 2005 under their separate names after state and county agencies rebuffed them.

Six states — Georgia, Hawaii, Iowa, Massachusetts, New York and North Dakota — give either spouse the right to choose the other's last name.

A marrying couple that wants a combined or hyphenated name in California and most other states must go through the red tape of a court petition. That's the route Antonio Villar of Los Angeles took in 1987 when he and his wife, Corina Raigosa, combined their names as Villaraigosa. He's now mayor of the city.

A groom seldom asks to adopt his bride's name, says Myleta Miller, a clerk at Atlanta's Probate Court. No national statistics are kept, but Miller says she's seen "no more than five" such applications in six years on the job.

Los Angeles County Registrar-Recorder/County Clerk Conny McCormack, named in the lawsuit, says her office uses a state-dictated form and will comply with any change judges or legislators might order.

"I certainly am in favor of the law … being clarified," McCormack says.

Civil Rights For A New Generation (USAT)

By Wendy Koch

USA Today, January 12, 2007

WASHINGTON — College freshman Simone Hall hasn't joined a civil rights group, although her mother belongs to three of them. She says she'd like to sign up and wishes they were more active on campus.

Kendra Clark, a sophomore, says she joined a campus chapter of the NAACP, the nation's oldest civil rights group, because racism still exists. Agbanyim Ugwuomo, a senior, teamed up with the Hip Hop Caucus, an activist group formed in 2004. He says he supports a fresh approach to racial problems.

The three black students at Howard University are exactly the kind of new members sought by civil rights groups. The students say activism is as necessary today as it was 40 years ago when Martin Luther King Jr., whose birthday is Monday, led hundreds of thousands of people in marches for desegregation and blacks' right to vote. They say, however, that the focus now should be on issues such as inner-city school funding.

Civil rights groups, beset by aging or stagnant membership, are recasting their messages to appeal to young people. They're putting up discussion boards on youth-oriented websites and talking about jobs, education, housing, entrepreneurship and financial literacy.

"The role of civil rights organizations has evolved," says Marc Morial, president of the National Urban League. He says their priorities in the 1950s and 1960s reflected a lack of black officeholders. Today, with more such elected leaders and victories that include the right to vote, he says the civil rights movement needs to focus on persistent racial disparities in income and education. "Now we're at the stage of closing the economic divide," he says.

Young people often don't grasp "civil rights" but they understand "equal rights," says Stephanie Brown, 25, national director of the youth and college division at the NAACP. "We try to put it in terms they understand," she says, because students, unlike their parents or grandparents, may not fully comprehend what it means not to have equal access to education and jobs.

Still, "there are a lot of 'a-ha!' moments," Brown says, such as when Michigan voters last fall approved a ban on affirmative action at public universities.

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Brown has started a weekly blog hoping to attract students and help revive the NAACP's membership, which exceeded 600,000 in 1945 but fell to 259,000 by 2000.

NAACP President Bruce Gordon says the group's membership, which had been aging, jumped considerably last year. He says it increased most among young people.

Civil rights groups are trying different approaches to attract younger members:

·Partnerships. Next month, the NAACP will join with the Hip Hop Caucus to promote a legislative agenda that includes job training, school funding and Hurricane Katrina relief, says the Rev. Lennox Yearwood, 37, the caucus' president. He says they'll send e-mail alerts about pending bills to members of both groups. The caucus has 700,000 e-mail members.

·Web networking. The NAACP, which has been starting more high school councils and college chapters, has posted discussion boards on Facebook and MySpace, websites popular with students.

·Financial literacy. The Congress of Racial Equality, founded in 1942, is advertising in college newspapers, has a page on MySpace and is launching a campaign to teach young people how to manage money. "It's not as sexy as police brutality or affirmative action," but it may have more impact on their daily lives, says spokesman Niger Innis.

·Young professionals. The National Urban League, established in 1920, is expanding special chapters for people in their 20s to tutor and mentor the disadvantaged. Morial says membership in the 50 chapters, begun in the late 1990s, has doubled in three years.

·Conflict resolution. The Southern Christian Leadership Conference, which King founded in 1957 and led until his assassination in 1968, is training high school and college students in how to resolve conflicts peacefully.

"We're developing a curriculum where we'll go into schools all over the world," says Charles Steele Jr., the group's president. He aims to open 50 domestic and 10 international centers by 2010 to offer conflict resolution training.

Civil rights groups know they face obstacles.

"Sometimes success can be your biggest enemy, because it can breed complacency," says the NAACP's Gordon. He says many people think the civil rights struggle is over because basic rights have been won.

Some young people question whether the groups are still relevant, says Samuel Roberts, who teaches modern African-American history at Columbia University. He says many young blacks do not relate to the NAACP and turn instead to student groups for political action.

At Howard, one of the nation's premier historically black universities, some students think the NAACP is for older people, says Sable Nelson, president of the college chapter, which has 123 members.

Yearwood says many older groups have become "institutionalized" and lack the flexibility of his Hip Hop Caucus.

Morial says young people, connected by cellphones and the Internet, may feel less need to join a group. "Young people aren't joiners as much as their parents," he says.

Gordon hopes to expand the NAACP's membership to 1 million by 2009, its 100th anniversary.

That goal is lofty but possible, says Ron Walters, director of the University of Maryland's African American Leadership Institute. "The organization still has quite a presence in our community." He says the NAACP and the Urban League, both of which mobilized quickly to help survivors of Hurricane Katrina, have done the most to appeal to youth.

At Howard, students say they believe in King's dream of racial equality and his call to action.

Christina Griffin, a sophomore from San Diego, says she has yet to join any groups on Howard's storied campus. But she knows she wants to give something back to the black community. "Just being on this campus fills you with such an obligation," she says. "We're so much a part of what people in the '60s fought for."

ANTITRUST:

Bristol Finds Alliances, And Perhaps A Suitor (NYT)

By Stephanie Saul

The New York Times, January 12, 2007

THE drug maker Bristol-Myers Squibb brings to mind that vacant colonial for sale down the street. In real estate parlance, both are expensive and might seem to need too much tender loving care.

The company's leaders all but announced it was for sale last September. Four months later, though, no potential suitor has emerged — at least not publicly.

Instead, Bristol-Myers has entered several comparatively small deals, including one yesterday in which it announced a partnership with the British company AstraZeneca to develop two diabetes compounds.

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One industry executive said recently that every large pharmaceutical company had looked at Bristol-Myers as a potential acquisition. But there are major deterrents to a quick sale: its price; two pending Justice Department investigations; and a looming patent trial involving the company's blockbuster drug Plavix. That trial is set to begin Jan. 22 in Manhattan federal court.

"C.E.O.'s rarely buy big companies with big patent issues," said Dr. Gbola Amusa, European pharmaceutical analyst for Sanford C. Bernstein & Company. "The easiest way to lose your job as a C.E.O. is to buy a drug that isn't there once you pay for it."

Bristol-Myers declined to comment yesterday on speculation involving the company's possible takeover. A Bernstein analysis last fall discussed why other pharmaceutical companies were not rushing to buy Bristol-Myers, despite a research and development pipeline that is viewed as one of the most attractive in the industry.

Cost is a reason. The analysis by Bernstein in October estimated the intrinsic value of Bristol-Myers at $21.50 a share. But the company's shares closed up 34 cents yesterday, at $26.54. Judging by similar takeover deals in the past, shareholders would want a 20 to 30 percent premium — or about $30 a share — before they would be happy with a takeover.

And many companies that might be interested in Bristol have lower price-earnings multiples. Acquiring Bristol-Myers would be bucking the norm in which high multiple companies usually acquire lower multiple companies.

Investors also shy away from uncertainties like the big patent case. In that dispute the Canadian company Apotex is challenging the validity of the Bristol-Myers patent on the anticoagulant Plavix, a drug with an estimated United States market of nearly $4 billion.

Sales of Plavix took a big hit last year after efforts to settle the patent case broke down. Apotex briefly flooded the market with its cheaper generic version of the drug, before a judge ordered a halt.

That debacle led to the ouster of Bristol's chief executive, Peter R. Dolan last September. Since then, the company has been run by an interim chief, the former Guidant chairman James M. Cornelius.

The company's moves in trying to settle the Plavix litigation are also the subject of an investigation by the Justice Department, which wants to know whether Bristol entered an anticompetitive agreement and hid it from the Federal Trade Commission.

While the impact of that investigation might not be as big as a loss of Plavix, the uncertainty of a Justice Department inquiry diminishes Bristol's appeal as a takeover candidate.

"I don't think anybody would put a multibillion-dollar potential liability there," said Richard T. Evans, an industry consultant. "It's more of a qualitative issue. Do you really want to be in the cross-hairs of the Justice Department?"

Mr. Evans also said it was not clear whether the product development partnerships Bristol-Myers had recently entered were conducive to a sale of the company.

In the announcement yesterday, the company said it had reached an agreement with AstraZeneca to develop and commercialize two experimental diabetes drugs that were discovered by Bristol-Myers. The agreement was valued at as much as $1.35 billion for Bristol-Myers, with $100 million in upfront payments, and as much as $1.25 billion in milestone payments as the products are brought to market.

The deal, the largest of three alliances the company has announced recently, appeared to be a favorable one for Bristol-Myers, according to Dr. Amusa, particularly since both products face uncertainties. AstraZeneca rose 83 cents, to $55.08.

Andrew Bonfield, chief financial officer for Bristol-Myers, said in a telephone conference yesterday that the company, which does not have a large sales force for primary-care doctors, hopes to take advantage of AstraZeneca's sales staff if the products come to market. Bristol-Myers also wants to reduce its financial risk in developing the products, Mr. Bonfield said.

One big individual shareholder in Bristol-Myers, Dundas I. Flaherty of Los Angeles, had an optimistic take on yesterday's deal. He saw it as a possible sign that AstraZeneca might wind up being the suitor Bristol has been waiting for — even though AstraZeneca's chief executive several months ago said the company had little interest in mergers or acquisitions.

"If Cornelius is testing the water on deals," Mr. Flaherty said, "this is one way to get to know each other before we consummate something."

Thomson Must Defend Antitrust Suit Over Its Bar-Exam Courses (BLOOM)

By David Glovin

Bloomberg, January 12, 2007

Jan. 11 (Bloomberg) -- Thomson Corp., owner of Westlaw legal research, must defend an antitrust lawsuit claiming the company illegally required aspiring lawyers to enroll in a second program as a condition of taking the state bar-exam preparation course.

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A test-taker claimed in a lawsuit filed last year in Manhattan federal court that Thomson violated antitrust laws by illegally linking state-bar and multistate review courses. U.S. District Judge William Pauley ruled today that the antitrust suit against Toronto-based Thomson may go forward.

Thomson sells about 40,000 BarBri courses in the U.S. with both state and multistate review elements, generating about $125 million in revenue and $60 million in profits, Pauley said. As much as 90 percent of students taking prep-courses for the state section of the test enroll in the BarBri program, he said.

``The evidence suggests that BarBri used its substantial market share to control competition, boost prices and potentially force unwilling consumption of its'' multistate product, Pauley wrote in a 20-page decision.

Bar exams in 48 states include a ``multistate'' section, which consists of questions on contracts, criminal law and four other subjects, and a second section with questions about a state's particular laws.

The proposed class-action, or group lawsuit, was filed on behalf of all people who purchased a BarBri course in 47 states since 2001. The suit, brought by test-taker Anthony Park, seeks unspecified money damages.

Thomson spokesman Jason Stewart declined to comment. Brian Murray, a lawyer for the plaintiffs, didn't immediately return a call. Bloomberg LP, the parent of Bloomberg News, competes with Thomson in selling financial and legal news and information.

The suit is Park v. Thomson, 05-cv-2931, Southern District of New York (Manhattan).

EU Delays Universal-BMG Ruling (AP)

By Aoife White

AP, January 11, 2007

BRUSSELS, Belgium -- European Union antitrust regulators on Thursday delayed until June 1 a deadline to rule on Universal Music Group's plans to buy BMG Music Publishing for about $2.09 billion.

They did not say why they needed more time to look at the takeover.

If approved, the deal would combine the No. 3 and No. 4 music publishing catalogs, giving them a 22 percent market share and scraping ahead of current market leader EMI.

EU approval is the last hurdle for the deal, which was cleared in November by the Federal Trade Commission and the Justice Department in the United States.

Officials had said they would issue a final decision on whether to block or allow the deal by April 27 when they opened an in-depth investigation last month.

The European Commission is under pressure to look closely at the record industry after the EU's second-highest court overturned regulatory approval last July of a 2004 combination between the music units of Sony Corp. and Bertelsmann AG.

The court sharply criticized regulators, saying they had not done enough to show there was no monopoly in the recording industry before the deal or that there would not be one afterward.

The Sony-BMG deal must now be re-examined.

Regulators have said their probe into Universal-BMG will focus on whether Universal's leading position and a shrinking number of players in the market would have "a negative impact" on fees for publishing rights or conditions for European song writers.

BMG -- owned by German media company Bertelsmann AG -- has the rights to more than a million songs by recording artists such as Nelly, Maroon 5 and Coldplay, as well as classic hits by the Beach Boys, Barry Manilow and other entertainers.

Paris-based Vivendi SA's Universal Music Group is the world's largest music company. Its publishing arm controls the rights to songs by artists such as 50 Cent, Mary J. Blige and Chamillionaire.

The EU rarely blocks deals -- but it can, and often does, demand that companies under investigation sell off units or make binding promises to change the way they do business.

Five companies -- Universal, BMG, EMI Group PLC, Warner Music Group Corp. and Sony Corp. -- control most of recorded music and music publishing in Europe.

EC Delays Ruling On Publishing Deal (HOLLYREP)

By Leo Cendrowicz

Hollywood Reporter, January 12, 2007

BRUSSELS -- The European Commission has pushed back by five weeks the deadline for its ruling on Universal Music's $2.1 billion bid for Bertelsmann's BMG Music Publishing.

The delay, which pushes the decision to June 1, came after Universal Music parent Vivendi, called for more time as it prepared to defend a merger that would create the world's biggest music publishing company.

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In a statement, Universal said it requested the extension, "to give the commission sufficient time to consider properly the merits of the merger in what would otherwise be an overly aggressive timetable."

"We remain confident that the merger will be approved," the company added.

Industry sources said Universal was concerned about how soon it would be able to provide the vast quantity of data sought by the commission, the European Union's antitrust regulator. "It's not a problem, but it is a huge amount to gather," one source said.

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The timeframe is unusually short. Universal won the auction to buy BMG Music Publishing in September and filed its bid with the EC in November, but it was only on Dec. 8 that the commission announced it would open an in-depth merger investigation, just as its officials were due to leave Brussels for their traditional two-week Christmas vacation. The probe itself also has seen a change, as the head of the EC unit investigating the merger has just been replaced.

BMG and Universal each have about 11% of the market and have the world's third- and fourth-largest music publishing catalogs. If approved, they will have a 22% combined market share, about two points more than market leader EMI.

European Union clearance is the last regulatory hurdle for the takeover, which was cleared in November by the Federal Trade Commission and the Justice Department in the U.S. EC officials say their investigation is concentrating on whether cutting the number of major publishers would push down fees for publishing rights or hurt conditions for European song writers.

Vivendi beat off rivals EMI Music Publishing and Warner/Chappell Music to purchase BMG Music Publishing, whose archive of more than a million songs includes Coldplay, Britney Spears and Robbie Williams. BMG is expected to complement rather than overlap the Universal catalog that includes such artists as U2 and Elton John.

The delay comes just seven months after the Court of First Instance, the EU's second-highest court, annulled the BMG merger with Sony, saying the EC had been wrong to approve it. However, the music publishing purchase should face fewer problems as it does not deal directly with consumers and, therefore, prices.

At Heart Of Cisco's IPhone Trademark Lawsuit: A Desire For Open Standards (WSJ)

By Don Clark

The Wall Street Journal, January 12, 2007

Cisco Systems Inc.'s suit against Apple Inc. turns on a trademark. But the fight also reflects two fundamentally different approaches to technology, one based on open standards and the other on proprietary design.

Cisco contends that it holds rights to the name iPhone. The Silicon Valley networking giant filed trademark-infringement charges Wednesday to stop Apple's use of the name on its new cellphone, after the companies failed to reach a licensing agreement before the product was announced Tuesday.

Cisco also disclosed that it had been asking Apple, in exchange for using the name, to help Cisco's product work together with Apple's. Mark Chandler, Cisco's general counsel, summed up its account of what happened in a blog posting1 Wednesday night: "What were the issues at the table that kept us from an agreement? Was it money? No. Was it a royalty on every Apple phone? No. Was it an exchange for Cisco products or services? No.

"Fundamentally we wanted an open approach. We hoped our products could interoperate in the future."

The request fits Cisco's style. The San Jose, Calif., company makes networking devices that rely on published specifications to exchange data.

Apple, by contrast, has kept tight control over internally developed technology to be able to offer exclusive features. Many competitors, for instance, have asked Apple to make it possible for songs purchased from the company's iTunes music store to be loaded on their portable music players. But only Apple's hit iPod can do that.

The new iPhone offers sophisticated cellphone features and many functions of the iPod. Opening up that product or other Apple devices in new ways could help Cisco's hardware sales, given the publicity Apple tends to generate. One person familiar with the situation said the negotiations focused on broad technical cooperation, rather than specific devices.

Douglas Masters, an intellectual-property lawyer at the firm Loeb & Loeb LLP in New York, said Cisco's negotiating strategy was far more sophisticated than seeking royalty payments from Apple. "There is no amount of money that is going to be worth more than to have the interoperability," argued Mr. Masters, who is not involved in the case.

Other lawyers observing the battle predict Apple will try to show Cisco didn't adequately use or protect the iPhone trademark.

Cisco said it has owned the trademark since 2000, when it bought a company called InfoGear Technology Corp. that first sought a trademark on the iPhone name in 1996. InfoGear used it on a telephone that offered Web access, which Mr. Chambers wrote that Cisco has "shipped and/or supported" for years. Cisco's Linksys unit added iPhone-branded products last spring and formally announced them in late 2006, he said.

If Cisco didn't offer iPhone-branded products for a lengthy period -- or didn't try to block other companies from using the name -- Apple could argue that Cisco didn't live up to a legal obligation to defend the trademark, said Robert Andris, an intellectual-property lawyer at the firm Ropers Majeski Kohn & Bentley LLP. Apple could also argue that the letter "i" has evolved into a generic term indicating the Internet, not a brand deserving trademark protection.

An Apple spokesman said several companies besides Cisco also use the name iPhone for Internet-based phones, characterizing Cisco's U.S. trademark protection as "tenuous." He said Apple is the first to use the name on cellphones.

But Nate Garhart, another intellectual-property lawyer at Coblentz Patch Duffy & Bass LLP, questioned whether Apple can show its phones wouldn't be confused with Cisco's, a key issue in trademark law.

Cisco is likely to try to persuade a judge to issue a preliminary injunction blocking Apple's use of the trademark while the merits of the case are decided, which could be difficult, Mr. Andris said. Yet pressure on Apple to resolve the matter could increase by spring, when it needs to build phones in advance of kicking off sales in June, Mr. Masters added.

Letters (WSJ)

The Wall Street Joural, January 12, 2007

Ford Looks at the Future Through Green-Colored Glasses

Daniel Esty's Dec. 29 editorial-page commentary "Greener Pastures," on the challenges presented to the business community by environmental issues, made several excellent points. However, his use of Ford as an example of a company that has missed this important development is inaccurate.

A strong commitment to environmental stewardship is a key element in Ford's strategic plans, and has been for some time. Our goal is to make all our vehicles and facilities around the world sustainable and environmentally friendly.

We were the first automaker to certify all its plants under ISO 14001, the international environmental management standard. Around the world, we are using solar power, geothermal cooling, hydroelectricity, wind, landfill gases and even recycled paint fumes to power our plants. Our facilities now use substantially less energy and water than they did in 2000, resulting in significant cost savings. Most include wildlife habitats on the grounds.

However, as Prof. Esty correctly points out, our greatest environmental "footprint" is made by our vehicles, which is why we are investing billions to improve the fuel economy and lower emissions of all our products. In the U.S. alone we offer 13 vehicles that get 30 mpg or higher on the highway. We were the first automaker in the world to offer a hybrid-electric powered SUV, Ford Escape, and we now have two hybrid vehicles for sale with more on the way.

We are proud of what we've accomplished, but won't be satisfied until we can offer truly sustainable transportation. We're working on developing clean diesels, gasoline-electric hybrids, biofuels, hydrogen-powered internal combustion engines and fuel cell vehicles. So far, no single technology has emerged as the answer, but we plan to be a leader of the low carbon future.

Environmental
& Safety Engineering
Ford Motor Co.
Detroit

Air Force Truly Needs Everything It Requests

As with all things related to military and foreign affairs, context is everything ("Pentagon Redefines 'Emergency'," Politics & Economics, Jan. 3). Without strategic context, the Air Force's funding requests under the emergency supplemental budget can be portrayed as a borderline-sleazy, bureaucratic maneuver intended to secure resources for "pet rocks" not funded in the regular process. Seen in context, though, the Air Force's request is an entirely appropriate response to the requirements levied on it by the president and the secretary of defense and is fully consistent with the letter and the spirit of Deputy Defense Secretary Gordon England's directive.

Given our focus on Iraq, it is easy to forget that the Air Force is also fighting in Afghanistan and in the larger global war on terrorism. By their nature, these operations have imposed particular stresses on the Air Force, especially its airlift assets. Further, the Air Force still must maintain the capability to undertake more conventional major combat operations, should such unfortunate contingencies arise.

The Defense Department wants the Air Force to have 86 ready, modern combat wings. It now has the equivalent of 81. More importantly, many of the aircraft are at risk of becoming obsolescent. Two F-16s were lost in combat, and they need to be replaced. But it makes no sense to buy F-16s, which were designed in the late 1970s and procured in the 1980s. That would be to "reset," not transform, the Air Force, as our leadership seeks. Demands on strategic and theater-lift aircraft have been especially high, and C-130s have been lost in combat and accidents. Therefore, we have requested 17 C-130Js and 10 C-17s. Finally, the article noted requests for ICBM funding, money to upgrade the security of the missile sites and the missiles

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themselves. In light of this context, it should be obvious that the Air Force act responsibly to assure the safety of the nation's nuclear weapons.

Kenneth Watman
Associate Director
Air Force Strategic Planning
Washington

A Tailored Response

Dan Henninger, in his Jan. 5 Wonder Land, writes, "When Nancy Pelosi saw the Republicans had developed a compulsion to flagrantly throw their weight around, she grabbed them by the lapels of their Hickey Freeman suits, hoisted them into the air and slammed them onto the House floor . . ."

After 107 years of catering to discriminating gentlemen of all political stripes (no pun intended), we are too discreet to name names. However, suffice it to say, we are proud to count among our many loyal customers not only Republican but also Democratic governors, House speakers and senators, including both Democratic majority and minority leaders. Besides, this is the first time we have heard of anyone being so aggressive toward a fine Hickey Freeman suit.

Homi B. Patel
Chairman and CEO
Hartmarx Corp.
Chicago

Nixon's Successors Left Holding the Bag

Ben Stein's Jan. 2 Letter to the Editor argues that Nixon should not be on the "worst presidents of the century for economic policy" list. He asserts that Nixon was "the last Republican president to have a budget surplus." The only surplus I can find in the Nixon administration is for fiscal year 1969, which ended just five months after Nixon was inaugurated. That budget was driven by decisions made during the Johnson administration, particularly the Vietnam tax surcharge.

Mr. Stein excuses the wage-price controls, but the greater economic scandal of the Nixon administration was the monetary policy pursued by Fed Chairman Arthur Burns and encouraged by Nixon that got the economy pumped up by November 1972, with its inflationary effects temporarily held down by the controls. The inflationary legacy of the pumped-up economy and the failed controls was left for Presidents Ford and Carter to deal with -- and it was Mr. Carter's appointment of Paul Volcker to the Federal Reserve chairmanship that finally got the solution under way.

Cornelia Strawser
Washington

The Sweet Life

I was appalled by "In New Senate, the 'Candy Desk' Gets a Kiss-Off" (page one, Jan. 5). In our office, we collectively provide candy for our jars. Are senators so base as to rely on handouts for everything, even candy? They should reach into their own pockets and not try to bend the rules to shake down companies to do it for them. How can they have empathy for us common folk when they expect everything for free?

Carmen Davis
St. Louis

It's time the senators stop acting like pampered royalty and get busy on becoming true statesmen.

Bill Fox
Blythewood, S.C.

Only the Senate would make the idea of candy in the office complicated.

Scott Simmonds
Saco, Maine

Video Franchise Rules Foster Discrimination

In response to your Jan. 2 editorial "Franchise Freedom" about the FCC's recent order rewriting the nation's video franchising rules to permit broadband discrimination against low-income and rural communities: I want to stand up for competition, lower prices and innovation that is both speedy and equitable.

Some of our largest corporations have convinced the FCC that cities and towns are to blame for any perceived lack of competition in the market for video and broadband services. This is misguided and irresponsible. For Hispanic Americans, who continue to face obstacles to accessing broadband services, equitable deployment is critical to ensuring that corporate titans cannot erect a walled garden behind which the fastest broadband services are squirreled for only the rich. Having failed to get Congress to bless their business plan that leaves behind most communities from their fiber upgrades, corporate executives have turned instead to the FCC for the dictum they demand.

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The FCC's new video rules give a license to discriminate to companies who openly admit to Wall Street that local franchises have not posed a barrier. They curry favor with companies that analysts predict won't serve more than 10% of their customers with or without franchise reform. And the rules force Americans to take a step backward in our quest to narrow the digital divide in all corners of the country.

Rep. Hilda L. Solis
(D., Calif.)
Washington

Basic Rights Savaged

William R. Maurer's horror story ("Let There Be Blight," Cross Country, Jan. 11) is no surprise to those of us who live in the socialist republic of Washington, whose politicians at all levels who put their perception of "the public good" above the constitutional rights of any individual. That the judiciary should be a willing party to such assaults on these rights is an outrage. I have it in writing from my state representative, that there would be no way that Kelo could happen here. But it can and has happened here, because of the way the state constitution has been circumvented by political subterfuge and legalistic semantics.

The Wall Street Journal
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FBI/DEA/ATF/USMS:

U.S. Attorney General Lauds Calderon's Anti-drug Moves (AP)

By Istra Pacheco, Associated Press
AP, January 12, 2007

MEXICO CITY — U.S. Attorney General Alberto Gonzales said today that the two nations must broaden their cooperation in order to curb the brutal wave of drug violence rocking Mexico.

Gonzales, who met with Mexican Attorney General Eduardo Medina, applauded President Felipe Calderon's efforts to reduce drug violence, which killed more than 2,000 people in Mexico last year.

Since taking office in December, Calderon has sent 3,300 soldiers and federal agents to Tijuana and more than 7,000 troops to his native state of Michoacan.

More than 1,000 troops also have been sent to the Pacific resort of Acapulco and two other cities in the western state of Guerrero in a crackdown on drugs and crime there, state officials said.

Gonzales praised Medina for a record 63 criminals Mexico extradited to the U.S. in 2006.

The extradition of criminals shows progress, Gonzales said, "but much work needs to be done."

In the past year, Mexican drug gangs have carried out a number of gruesome killings, including several beheadings, in their fight for lucrative drug routes.

Gonzales said Medina "and I both wholeheartedly agree that our law enforcement officials must be able to cooperate with one another on a broader scale and in an atmosphere of mutual trust if we are going to turn back the tide of recent violence and crime that so adversely affects us all."

Gonzales vowed to work closer with Mexico on gathering intelligence, exchanging information and experiences.

"Crime is not Mexico's problem alone or the United States' problem alone," Gonzales said in a statement. "It is our mutual challenge, and if we do not work together to meet that challenge, we will both fail. ... And the stakes are too high for failure."

Attorneys General Cite Shared Responsibility (HC)

By Marion Lloyd, Houston Chronicle Foreign Service
Houston Chronicle, January 12, 2007

They say U.S., Mexico must fight drugs together or both will lose

MEXICO CITY — The United States and Mexico must improve cooperation in the drug war or their efforts are doomed to fail, attorney generals from both countries said Thursday.

"Clearly, Mexico and the United States have a shared responsibility to make our communities safer from the drug traffickers and criminals who are threatening our way of life," U.S. Attorney General Alberto Gonzales told a joint news conference in Mexico.

It was his first official meeting with his Mexican counter-part, Eduardo Medina Mora, who was appointed attorney general Dec. 1 at the end of a year of record drug violence. More than 2,000 Mexicans died in gangland-style killings in 2006, prompting the U.S. government to issue travel warnings for parts of Mexico.

"Crime is not Mexico's problem alone or the United States' problem alone," Gonzales read froma statement. "It is our mutual challenge, and if we do not work together to meet that challenge, we will both fail. And the stakes are too high for failure."

Medina Mora agreed. But he added that such a partnership must take place in "an atmosphere of mutual confidence and profound respect for our sovereignty."

Neither official said whether Mexico had accepted a petition by the U.S. Drug Enforcement Administration to open new offices in Nuevo Laredo, Matamoros and Nogales on the U.S. border. The requested expansion would bring the total number of Mexico offices to 11 and increase the number of DEA agents from 81 to nearly 100, officials from both countries have said.

It would also give U.S. anti-drug agents a key foothold in the crime-ridden border region.

The U.S. ambassador to Mexico, Tony Garza, has harshly criticized Mexico's failure to stem the violence along the border. But on Thursday, he urged both countries to cooperate "in an atmosphere of mutual respect and trust."

"The Mexican people and the American people are simply unwilling to continue to hand their communities and their safety over to criminals and drug traffickers," Garza said.

Cooperation between U.S. and Mexican law enforcement has increased in recent years, with Mexico extraditing to the United States a record 63 accused criminals last year.

But those efforts are not enough, said Gonzales, a Houston native and former Texas Supreme Court justice.

"Our law enforcement officials must be able to cooperate with one another on a broader scale and in an atmosphere of mutual trust," he said, "if we are going to be able to turn back the tide of recent violence and crime that so adversely affects us all."

Drug Battle: Gonzales Afraid Mexican Violence Will 'spill Into U.S.' (LAREDOMT)

By Clay Reddick, LAREDO MORNING TIMES

Laredo (TX) Morning Times, January 11, 2007

U.S. Attorney General Alberto Gonzales toured the World Trade Bridge on Wednesday, announcing a new effort to fight drug traffickers on the border."We're concerned about violence in Mexico spilling into the U.S.," Gonzales said.

Gonzales announced $300,000 would be spent on a new federal drug taskforce that would fight drug cartels. Cuellar said the money is a good start, but we need to do more, like adding federal prosecutors to handle the border's busy drug and immigration dockets.

U.S. Rep. Henry Cuellar, D-Laredo, said he asked Gonzales in September to visit because of recent increases in border violence, and he called the visit significant. "It sends a strong message that he knows what's happening on the ground," Cuellar said from Washington, D.C.

However, William Slemaker, who has become a spokesman for families of people missing in Mexico, said he didn't find any answers in Gonzales' visit.

"I felt that he came to spit in our face," Slemaker said.

Slemaker and other kidnapping victims' families held signs near the World Trade Bridge as Gonzales' motorcade arrived and left.

Slemaker said the proposal sounds like more of the same old thing, and he believes everyone keeps talking about border violence without thinking of the actual victims.

Gonzales announced the new law enforcement task force would consist of a number of federal and state agencies, including the FBI, IRS and Texas Department of Public Safety. The "strike force" would target drug cartels, smugglers and money launderers.

He was scheduled to meet with his Mexican counterpart later Wednesday. Gonzales said Mexico's new government presents an opportunity for progress and early signs indicate that the country is moving in a positive direction. Cuellar also said he is optimistic that President Felipe Calderón is headed the right way.

Gonzales touted the success of existing task forces, such as the Organized Crime Drug Enforcement Task Force (OCDETF) based out of Houston and the Laredo-based Violent Crime Impact Team (VCIT).

According to the Department of Justice, the OCDETF stopped over 30 tons of cocaine from entering the country and seized over $32 million from traffickers since the program's inception in Oct. 2005.

The VCIT boasts the capture of over 200 firearms in 2006 as well as the arrests of over 69 fugitives, according to the DOJ.

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The task force was responsible for nabbing accused kidnappers Jose A. Garza-Robles and Hector Herrera-Sifuentes plus Jesus Alberto De Leon, who is accused of trying to kidnap a man by chasing him with a shotgun into a Target store in north Laredo on Sept. 25.

Gonzales said he wants to secure the border in a way that allows trade between Mexico and the U.S., and he also said the DOJ is focusing on workplace enforcement of immigration laws in the interior of the country.

Although he didn't meet with Slemaker's group, Gonzales said the issue of Americans missing in Mexico is important to President Bush.

(Clay Reddick may be reached at (956) 728-2582 or by e-mail at clay@lmtonline.com)

Deputy Marshal Accused Of Leaking In Mob Case (AP)

By Mike Robinson, The Associated Press

AP, January 11, 2007

A federal deputy marshal was charged today with leaking information about a reputed mobster's cooperation with prosecutors as they investigated the top echelon of Chicago's organized crime family.

John Thomas Ambrose, 38, a former supervisory inspector of the U.S. Marshals Service's Great Lakes Regional Fugitive Task Force, surrendered voluntarily Thursday at the FBI's Chicago office, officials said.

He is accused of revealing information concerning the cooperation and travel plans of Nicholas Calabrese, who is expected to be a key witness in the government's Operation Family Secrets murder conspiracy case.

Prosecutors said Ambrose told them in a Sept. 6 interview that he passed the information to an associate of reputed mob boss John "No Nose" DiFronzo in hopes of getting information on the whereabouts of then-fugitive organized crime figure Joseph "Joey the Clown" Lombardo.

But prosecutors said that in later interviews Ambrose said he never believed the information would be passed to organized crime figures.

Lombardo, among those charged in the Operation Family Secrets indictment, was subsequently captured and is due to stand trial starting in May along with the others accused in the case.

Calabrese, 63, of Chicago, and his brother, Frank Calabrese, 68, of Oak Brook, are among 14 defendants charged in a sweeping indictment alleging a long-term conspiracy by Chicago mobsters to commit at least 18 murders.

The murders include that of Tony "The Ant" Spilotro, the mob's one-time man in Las Vegas, who was beaten to death and buried in a corn field.

Prosecutors said Ambrose leaked information concerning Nicholas Calabrese while Calabrese was in the witness security program operated by the Marshals Service. They said in court papers that the information Ambrose leaked was given to members of the Chicago Outfit.

Gary Shapiro, the first assistant U.S. attorney in Chicago, said Ambrose's action "constitutes an egregious breach of his law enforcement duties."

"The investigation so far has not uncovered any evidence that either this witness or another was ever in danger and there is no evidence that any attempt was made to harm any protected witness," Shapiro said.

Prosecutors said that between January and June 2003 they intercepted 11 conversations that took place when reputed mob boss Michael Marcello visited his brother, James, at the federal prison in Milan, Mich. Both Marcello brothers are charged in the Family Secrets indictment.

Prosecutors said the conversations showed that Michael Marcello had an inside source of information concerning Nicholas Calabrese. They said the conversations also indicated that the source was a federal lawman with access to the files of the Marshals Service witness program.

Michael Marcello himself may have given federal officials their best hint when he said that the source, who he described as "the Babysitter," was the son of a defendant in the so-called "Marquette 10" police corruption case.

Ambrose's father, Thomas Ambrose, died in prison while serving his bribery sentence stemming from the Marquette 10 case, prosecutors said. They said that the conduit who received the Calabrese information also had been a defendant in the police corruption case.

John Thomas Ambrose was a member of the Marshals Service's so-called Calabrese detail and would have had access to the information, they said. They said Ambrose's fingerprints were then found on Calabrese documents.

Ambrose has been on leave since September. He is charged with theft of government property, which carries a maximum penalty of 10 years in federal prison and a $250,000 fine.

U.S. Marshal Charged With Information Leak (CHIST)

By Frank Main And Natasha Korecki, Staff Reporters

Chicago Sun-Times, January 11, 2007

A deputy U.S. marshal was charged today with leaking information about the whereabouts of a Chicago Outfit mobster in witness protection.

John Ambrose is charged with using his official position to obtain and disseminate information relating to the status, substance of cooperation and travel of Nick Calabrese, who was in the U.S. Marshals Service's witness security program.

Nick Calabrese is a key witness in the upcoming Family Secrets mob trial, scheduled to begin in May. Calabrese is the brother of Frank Calabrese Sr., a man charged in 13 mob hits and one of the top mobsters on trial in the case.

The Chicago Sun-Times reported in September that Ambrose was placed on administrative leave while federal authorities investigated the allegations.

The deputy, a member of the Great Lakes Regional Fugitive Task Force, was required to surrender his badge and gun, sources said.

In 2005, federal authorities charged 14 people in the sweeping mob indictment. The investigation, which is continuing, pinned 18 previously unsolved murders on the Chicago Outfit.

Ambrose has spearheaded several high-profile fugitive arrests, including the capture of an Italian mobster living in the west suburbs and a Chicago street gang member named as one of the country's 15 most-wanted fugitives.

Feds: Marshal Double-Crossed Protected Mobster (WMAQ)

WMAQ-TV, NBC 5, Chicago, January 11, 2007

Agent Hired To Protect Calabrese Suspected Of Giving Up His Identity

CHICAGO -- A long and twisted look into the innerworkings of embattled Chicago mobsters, an investigation culminated Thursday when a U.S. marshal was charged in Chicago for revealing sensitive information about a protected, organized crime witness.

Related Content: Video | U.S. Marshal Accused Of Revealing Info On Witness | Images: A Century Of Chicago Mob Bosses

John Thomas Ambrose, 38, was charged in a criminal complaint filed Thursday, which states that Ambrose revealed information relating to the status of cooperating witness Nicholas Calabrese while Calabrese was in the Witness Security Program.

According to the FBI's affidavit, witness Calabrese admitted to the government that he was a "made" member of the Chicago mob (a.k.a. the "Chicago Outfit") and provided federal agents with the most expansive overview ever of murders allegedly committed by its members. In 2002, Calabrese agreed to cooperate in the investigation of alleged Outfit members, including his brother, Frank Calabrese Sr. and two other men -- brothers James and Michael Marcello.

Nicolas Calabrese was moved to a secure prison facility in August of 2002, based on his ability to testify in 38 murders -- 16 of which he admits he participated. An investigation ensued, resulting in the April 2005 indictment of 14 defendants in U.S. vs. Nicolas Calabrese et al., which alleges a 40-year racketeering conspiracy involving 18 previously unsolved Outfit murders of suspected government witnesses between 1970 and 1986. That's according to a release by the Chicago FBI.

The case against the remaining 12 defendants is scheduled for trial in May.

As part of his promise to the government, Calabrese was brought back to Chicago two times in fall of 2002 and spring of 2003, when he assisted the FBI in locating murder scenes. Both of these trips involved highly secret travel details to which only a handful of government personnel were privvy -- and that included Ambrose. In fact, during both stays, Ambrose worked night duty to protect Calabrese.

During the first half of 2003, the feds intercepted 11 prison conversations between the brothers Marcello which led them to suspect Ambrose of being corrupt. In five of those conversations -- which were coded and whispered -- Michael Marcello reported to incarcerated James that he had an inside source he called "the Babysitter".

"In a recorded conversation on March 24, 2003, Michael Marcello indentified his source of information ... not by name, but by a description that could fit no other law enforcement officer (but Ambrose)," stated an FBI release Thursday.

In a twist, Marcello revealed that "The Babysitter" was the son of embattled Chicago officer Thomas Ambrose, who died in prison serving time for being convicted of bribery in a high-profile corruption case called "Marquette 10."

The FBI also claims that in additon to other evidence, John Ambrose's fingerprints were found on highly sensitive documents regarding Calabrese.

Ambrose, who joined the marshals in 1998, was placed on administrative leave last September when he was questioned by federal agents regarding the case. He surrendered voluntarily at the FBI's Chicago office, according to First Assistant U.S. Attorney for the Northern District of Illinois Gary Shapiro.

"While this defendant's conduct in revealing closely guarded and highly sensitive information regarding a protective witness constitutes an egregious breach of his law enforcement duties, the investigation so far has not uncovered any evidence that either this witness or any other was ever in danger," said Shapiro. "There is no evidence that any attempt was made to harm (the) protected witness."

If convicted, Ambrose could search 10 years on each charge and a $250,000 fine.

"I hope that the fact that John's father was convicted by this office many years ago has had on this," said Frank Lipuma, Ambrose's attorney. "I would be shocked if it did. I expect the U.S. Attorney's Office to take a higher road, and I'm sure they took a higher road."

Marshal Accused Of Leaking Info On Mob Witness (CBS2CHI)

CBS 2 Chicago, January 12, 2007

Deputy Allegedly Told Targets Of Mob Murder Probe About A Cooperating Witness

(CBS) CHICAGO A deputy U.S. Marshal was in federal custody Thursday morning for allegedly disclosing confidential, highly sensitive information about an organized crime witness who was under federal protection.

John Thomas Ambrose is charged in a criminal complaint with theft of government property, accused of illegally using his position to obtain information about Nicholas Calabrese while Calabrese was in the U.S. Marshal's Witness Security Program, according to the U.S. Attorney's office. That information was later transmitted to the Chicago Outfit.

Calabrese is expected to be a key witness in the government's Operation Family Secrets murder conspiracy case.

Ambrose, 38, a deputy marshal since January 1998 and a supervisory inspector for the U.S. Marshals Service's Great Lakes Regional Fugitive Task Force, was placed on administrative leave last September. He is scheduled for an initial hearing this afternoon before a U.S. magistrate judge at the Dirksen Federal Building.

Prosecutors said Ambrose told them in a Sept. 6 interview that he passed the information to an associate of reputed mob boss John "No Nose" DiFronzo in hopes of getting information on the whereabouts of then-fugitive organized crime figure Joseph "Joey the Clown" Lombardo.

Gary Shapiro, the first assistant U.S. attorney in Chicago, said Ambrose's action "constitutes an egregious breach of his law enforcement duties."

Calabrese is still in protective custody, set to testify in Operation Family Secrets, the massive case involving several alleged mobsters including Calabrese's brother Frank, Sr.

The feds say despite the leak, Calabrese was never in any danger, but he and others could have been.

"The investigation so far has not uncovered any evidence that either this witness or another was ever in danger and there is no evidence that any attempt was made to harm any protected witness," Shapiro said.

"As a federal prosecutor, this is the sort of case we never hope to see," Shapiro said.

"He is surprised he's been connected to the mob. He's not tied to the mob in any way," said Ambrose's attorney, Francis Lipuma.

Lombardo, among those charged in the Operation Family Secrets indictment, was subsequently captured and is due to stand trial starting in May along with the others accused in the case.

Calabrese, 63, of Chicago and his brother, Frank Calabrese, 68, of Oak Brook are among 14 defendants charged in a sweeping indictment alleging a long-term conspiracy by Chicago mobsters to commit at least 18 murders.

The murders include that of Tony "The Ant" Spilotro, the mob's one-time man in Las Vegas, who was beaten to death and buried in a corn field.

Federal prosecutors say Calabrese has been cooperating with their investigation of Chicago Outfit members and, as an admitted "made" man in the Outfit, he has provided authorities "with the most expansive overview ever of Chicago Outfit murders," including testimony about 16 murders in which he participated and 22 others about which he had second-hand knowledge.

In 2002, he agreed to cooperate in the investigation of alleged Outfit members, including his brother Frank Calabrese, Sr., and brothers James and Michael Marcello. He was formally admitted into witness protection in 2002 and moved to a secure federal prison facility.

The first official disclosure of Calabrese's cooperation in the Outfit murder investigation was in 2005 at a detention hearing for James and Michael Marcello, who were indicted in connection to the murders.

In a number of secretly recorded conversations between the Marcello brothers in 2003, while James was incarcerated in Michigan, authorities learned Michael Marcello had an inside source with information about Nicholas Calabrese's cooperation with the feds, according to an affidavit.

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In a recorded conversation in March 2003, Michael Marcello identified his source, whom he called "the Babysitter," as Ambrose, not by name, but by a description that could fit no other law enforcement officer, according to the affidavit.

"We eventually determined the reference to the Babysitter was to James Ambrose," Shapiro said.

The feds also found Ambrose's fingerprints on confidential documents about Nick Calabrese.

The Marcellos allegedly discussed those documents in a recorded conversation.

But Ambrose's lawyer contends the Marcellos' leak may not be his client.

"The Marcellos referred to, for instance, other attorneys, some criminal defense attorneys, guards at the Metropolitan Correctional Center, other law enforcement personnel and even made a reference to the U.S. Attorney office, and an individual in U.S. Attorney's office," Lipuma said.

However, on those tapes, the Marcellos also indicate their sources' father was a member of the Marquette Ten, a group of Chicago cops convicted of corruption in the 1980s.

John Ambrose's father, Thomas, was one of the lead defendants in that case. He died in prison.

The feds charge that John Ambrose was leaking the information on Nick Calabrese to an unnamed "Individual A," another member of the Marquette Ten.

Ambrose lives in a quiet Tinley Park neighborhood. Officials say he was a respected marshal.

If convicted, Ambrose faces up to 10 years in prison and a $250,000 fine.

CBS 2's Dana Kozlov and Derrick Blakley and the Associated Press contributed to this report.

Feds: Marshal Aided Mob (CHIT)

By Matt O'Connor, Tribune Staff Reporter

Chicago Tribune, January 12, 2007

Officer charged with leaking crucial information about Outfit

John T. Ambrose was barely a teenager when his dad, Thomas, was convicted in the "Marquette 10" police corruption trial in the 1980s.

The father died after just a year in prison and never saw that Ambrose grew up to be a law-enforcement officer—a decorated supervisor in the U.S. marshal's office.

Federal prosecutors said he followed too closely in his father's footsteps. In a case that shows the long shadow of one of Chicago's most notorious police corruption scandals, Ambrose was accused Thursday of passing secrets to the mob.

With his own dad gone, Ambrose had come to look upon another one of the convicted Marquette 10 as a father figure, according to court papers.

Ambrose is charged with passing highly confidential information about Nicholas Calabrese's cooperation in dozens of gangland slayings to that man, who allegedly in turn fed everything to the mob.

Chicago attorney Thomas Royce, who defended Ambrose's dad at the Marquette 10 trial, recalled Thursday that Ambrose occasionally sat in the courtroom watching his father's trial. He turned 14 during the trial.

"I am truly surprised John would ever have an evil motive," said Royce, who has kept in contact with Ambrose. "He was very aggressive, in my belief, in trying to overcome his father's image."

Confronted about the allegations in September, Ambrose allegedly told authorities he passed the information on to a person identified by authorities as Individual A because he wanted to impress this father figure with his involvement in a high-profile case.

Individual A has been identified by sources as William Guide, who was convicted in the 1980s in the Marquette 10 trial.

Ambrose had worked a security detail when Calabrese, who was in the Witness Security Program while in federal prison, was brought to Chicago in 2002 and 2003 to show investigators where some of the mob murders had occurred.

Ambrose allegedly passed the information to Guide, who knew mob boss John "No Nose" DiFronzo. The two had met while in the Marion federal prison in the '80s and '90s.

Ambrose's alleged role as the inside source came to light in cryptic conversations between imprisoned Outfit boss James Marcello and his brother, Michael. Federal authorities secretly videotaped and audiotaped their conversations in a federal prison in Michigan during 2003, the charges alleged.

The conversations indicated that the source of the inside information, nicknamed "the Baby-sitter" by the Marcellos, was someone within federal law enforcement who had access to protectees under the Witness Security Program, authorities said.

In one conversation, Michael Marcello referred to the source as the son of one of the Marquette 10 officers convicted in 1982, authorities said.

"That's pretty singular information that in our view points to only one person," First Assistant U.S. Atty. Gary Shapiro said at a news conference.

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In addition, two latent fingerprints of Ambrose's were found in sensitive records about Calabrese's cooperation contained in a file cabinet off-limits to anyone but Witness Security Program deputies, authorities said.

Shapiro said the most damaging revelation by Ambrose was his disclosure to Individual A that the imprisoned Calabrese had returned to Chicago twice, including to lead investigators to the sites of several of the gangland murders.

Within hours of completing his last security shift, Ambrose made a 14-minute call to Individual A's work phone, authorities said telephone records show.

Only a handful of law-enforcement officials should have known about the trips, but the Marcellos were caught in the recorded conversations discussing both after the fact, Shapiro said.

A case 'we hope to never see'

"For a federal prosecutor, this case is the sort that we hope to never see," said Shapiro, the No. 2 official in the U.S. attorney's office.

Ambrose's lawyer blasted the government's evidence as weak and vowed to fight the case to trial.

The lawyer, Francis Lipuma, denied that Ambrose disclosed anything sensitive to Individual A, saying there had already been press accounts about Calabrese's cooperation at the time.

Lipuma also noted that nowhere on the recordings did the Marcellos name Ambrose as the inside source.

Lipuma said the government omitted "many material facts" in the charges, chief among them that in the recorded conversations the Marcellos claimed to have multiple sources of information, including criminal-defense attorneys, correctional officers at a federal Loop jail, other law-enforcement personnel and an individual in the U.S. attorney's office.

"The U.S. attorney's office should take a look at its own house and in other areas instead of pinning this on John Ambrose," Lipuma told reporters after Ambrose had been freed on his own recognizance following a brief appearance in the Dirksen U.S. Courthouse. He was charged with theft of government property.

Shapiro and Kim Widup, the U.S. marshal in Chicago, said the Marshals Service will closely examine what went wrong with the security breach and make any necessary changes.

"A day like today is a tough day for everybody in law enforcement," Widup said.

Shapiro said no evidence was uncovered that Calabrese was ever in danger or that the mob plotted against him.

Calabrese, described by Shapiro as the only "made" member of the Chicago Outfit ever to become a government informant, provided unprecedented cooperation, detailing 16 gangland murders in which he took part and another 22 homicides that he knew about.

His cooperation led to charges against himself and 13 others, including the Marcello brothers, in connection with 18 Outfit murders dating to the 1970s and 1980s, as well as illegal gambling and loan sharking.

Shapiro acknowledged that the investigation was made more difficult by the cryptic nature of the Marcellos' conversations at the prison.

"They were often whispered, they used hand signals, they leaned close together when talking and routinely spoke ... in code," Shapiro said. The audio quality was often poor, and portions were unintelligible, he added.

Deputy marshal won praise

Ambrose, 38, a 10-year veteran of the Marshals Service, had been deputy commander of the Great Lakes Regional Fugitive Task Force for more than two years when he was placed on paid leave in September amid the investigation.

Federal authorities even conceded that Ambrose had a stellar law-enforcement career until the allegations surfaced.

A front-page story in the Tribune in 2000 detailed how Ambrose had led the eight-month manhunt that ended in the capture of a high-ranking Gangster Disciple who was working in a cheese factory in Wisconsin.

"He used to find people no one else could find really," said U.S. District Judge Charles Kocoras. "There was no question about his ability."

Tom Ptak, Ambrose's father-in-law and a retired Chicago police detective, said, "He's a very, very good man, and he does a very good job, and he loves his family." Ambrose is married and has four children.

mo'connor@tribune.com

Fatal Raid Linked To Lies For Warrant In Drug Case (NYT)

By Shaila Dewan

The New York Times, January 12, 2007

ATLANTA, Jan. 11 — A narcotics team that shot and killed an elderly woman while raiding her home lied to obtain the search warrant, one team member has told federal investigators, according to news reports confirmed by a person familiar with the investigation who requested anonymity.

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The officers falsely claimed that a confidential informant had bought $50 worth of crack at the house, the team member, Gregg Junnier, told the Federal Bureau of Investigation. Mr. Junnier retired from the Atlanta Police Department last week.

The story backs up statements by Alex White, a police informant, who said that after the shooting the police had asked him to claim, falsely, that he had bought crack at the modest home of the woman, Kathryn Johnston, whose age has been reported as both 88 and 92.

Ms. Johnston, pictured wearing a birthday crown in a widely used photograph, quickly became Exhibit A for complaints of excessive force by the police, prompting packed, angry town-hall-style meetings, accusations of systematic civil rights violations and calls for civilian review of police shootings in Atlanta.

The incident has also demoralized a police force where the number of narcotics officers has dwindled while, some critics say, pressure to make arrests has increased.

"The rest of the world is now hearing from the mouths of the police officers involved what we knew all along," said the Rev. Markel Hutchins, a spokesman for Ms. Johnston's relatives, who have maintained that she had nothing to do with illegal drugs and that neither her house nor her basement, which had a separate entrance, was used by dealers.

Spokesmen with the F.B.I.'s Atlanta office and the United States attorney here declined to comment. The shooting occurred on Nov. 21, after three members of the narcotics team arrested a suspected street marijuana dealer, Fabian Sheats, who said he could help the officers hook a bigger fish.

Mr. Sheats pointed out Ms. Johnston's house on Neal Street, near a high-crime area, saying a dealer there had a kilogram of cocaine. The officers, according to the reports of Mr. Junnier's account, tried to get an informant to the house to make a drug buy. But when that effort hit a snag, a request for a search warrant was drawn up anyway.

The paper, signed by Officer J. R. Smith, one of the three officers who made the arrest, claimed that a buy had been made from a dealer named Sam, and that a "no-knock" warrant was needed because Sam had security cameras outside the house — another detail that was fabricated, according to the accounts of what Mr. Junnier told the F.B.I.

Mr. Smith's lawyer, JohnGarland, declined to comment.

After a judge signed the warrant, the officers pried open Ms. Johnston's burglar bars and broke down her door. She responded with gunshots from a handgun that neighbors said she kept for defense. The officers, three of whom were injured, returned fire and killed her. No cocaine was found.

Mr. Junnier's lawyer, Rand Csehy, confirmed that his client was cooperating with investigators. William McKenney, a lawyer for Arthur Tesler, the third officer involved in the arrest, said his client would also cooperate.

Illinois Doctor Sentenced For Illegal Prescribing Over Net (IDG)

By Grant Gross

IDG News Service, January 12, 2007

He prescribed more than 62 million doses of drugs, the DOJ says

January 11, 2007 (IDG News Service) -- An Illinois doctor was sentenced today to more than three years in prison for illegally prescribing drugs over the Internet, the U.S. Department of Justice (DOJ) said.

Michael Millette, 46, of Crystal Lake, Ill., is the ninth doctor to be sentenced in an Internet pharmacy investigation conducted by the U.S. Attorney's office for the Northern District of Iowa. U.S. District Judge Linda Reade sentenced Millette to 41 months in prison and a $1.6 million fine.

Millette pleaded guilty in July to conspiring to dispense Schedule III and Schedule IV controlled substances without a legitimate medical purpose and outside the usual course of medical practice. He also pleaded guilty to laundering proceeds of the illegal prescriptions.

Schedule III drugs are classified in the U.S. as those with potential for moderate physical dependence and include anabolic steroids, codeine and some barbiturates. Schedule IV drugs have the potential for limited physical dependence and include Valium and Xanax, according to the U.S. Drug Enforcement Administration.

During his plea hearing, Millette said he prescribed more than 62 million doses of drugs illegally over the Internet, the DOJ said in a statement. Millette also said he laundered the money he received from the Internet companies that employed him.

Millette has also pleaded guilty to charges from the Middle District of Florida, where he was charged with a separate drug conspiracy related to the Internet distribution of Schedule III and Schedule IV controlled substances, the DOJ said. The Florida charges were transferred to the Northern District of Iowa for a consolidated sentencing.

It is illegal for a doctor to prescribe controlled substances unless the prescription is based on a legitimate doctor/patient relationship, the DOJ said. Many of the drugs Millette prescribed online are "addictive and dangerous if abused," the DOJ said.

The DOJ said it has made it a priority to crack down on Internet pharmacies because of the potential for death or serious injury if the drugs are not monitored by doctors.

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Doctors from Connecticut, Florida, Louisiana and New York have also been sentenced to probation or prison terms in the investigation. Three doctors have pleaded guilty to related charges and are awaiting sentencing.

Among the doctors already sentenced, Millette faces the longest prison sentence and the largest forfeiture of prescription profits.

'Ecstasy' Dealer Sent To Prison (FLJOURNAL)

By Kim Crawford

Flint Journal (MI), January 12, 2007

A Flushing business owner will spend more than seven years in federal prison for his role in importing tens of thousands of "ecstasy" pills between 2001 and 2004.

Jared Petiprin, 31, owner of Five Star Auto and Jeep Outfitters, a used car dealership and customizing business, pleaded guilty in September to conspiracy to distribute a controlled substance. On Wednesday, he was sentenced to 87 months in prison by U.S. District Judge Paul V. Gadola.

Petiprin sobbed as he apologized to his family and customers.

"I feel as though they will be punished more than I am," he said before he was sentenced.

Petiprin is the latest - but not necessarily the last - in a string of defendants involved in the large-scale distribution and sale of "ecstasy" or cocaine who were charged in an investigation by the Drug Enforcement Administration and the Department of Homeland Security-Immigration Customs Enforcement over the past two years.

Michael P. Manley, Petiprin's attorney, said his client had voluntarily gotten out of the drug business to start legitimate businesses, while others who were charged in the case stayed involved in drugs. Manley also noted Petiprin was losing "everything" he had - his wife, his infant son and the businesses he built.

Gadola said he was impressed that Petiprin had good track records as a worker and a businessman, and that he had no prior criminal involvement. But Petiprin's involvement in drugs was "a despicable course of conduct," the judge said.

Court records show that the cases against Petiprin and nine other defendants who were indicted in 2004 began when Hugh V. Poteat III of Flint was stopped at the border in Detroit, coming back from Canada in June of 2001. He was arrested and charged when drugs were found in his vehicle, and he was ultimately sentenced to 18 months in prison.

Manley said Poteat and Petiprin were roommates when Poteat was arrested. Court documents show that U.S. authorities moved to have Poteat's prison sentenced reduced because of his cooperation with investigators.

An investigation showed that a group of men imported and distributed thousands of ecstasy pills from Canada around southeastern Michigan over the past few years.

Since Poteat's arrest - and before Petiprin pleaded guilty in the fall - nine other men were indicted in 2004. Manley noted that the other suspects, all of whom pleaded guilty over the past two years, received less prison time than federal sentencing guidelines suggested for Petiprin. Those men and their sentences were:

Stuart Waitman, 75 months; Matthew Kachman, 84 months; Michael Kuhlman, 37 months; Jason Minteer, 12 months; Dustin Wells, 60 months; Eric Bootz, 24 months; Shawn Gleason, 12 months; Mark Hoffman, 36 months; and Jordan Vandesteene, 23 months.

Petiprin's sentence is the heaviest given so far, but Manley said he could serve less than the full 87 months if he completes drug treatment and maintains good behavior while incarcerated.

Petiprin's family reacted emotionally to his sentence, with some crying and at least one man cursing.

In May 2005, federal agents raided Petiprin's businesses at 1519 E. Pierson Road. At that time, Petiprin told reporters the ICE agents were investigating one of his former employees, while agents declined to comment.

Cocaine Cowboys Corralled (CAPN9)

By Ken Jubie

Capital News 9, January 12, 2007

The Cocaine Cowboys are outlaws no more. Ten Members of the New York City based gang have been indicted on felony charges of conspiracy to distribute a controlled substance.

"We were able to attack and take down an entire organization that were distributing cocaine in this particular area," said Albany County Assistant District Attorney Francisco Calderone.

They said the drug gang was peddling between one and two kilos of crack and coke from the city into the Capital Region every two weeks, moving about $40,000 worth of the drugs each week.

But, they weren't selling on the streets. They sold to other drug dealers and made their headquarters in a house on Utica Avenue in Colonie.

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"The idea behind the business is, would be just like a pizzeria if you called and ordered product. They would solicit orders and then agree on making deliveries," Calderone said.

People living on Utica Avenue said it's pretty quiet and safe.

That's why it's surprising to find out a drug gang set up shop just down the street.

"When I heard about it, I was just absolutely shocked. I was surprised. I did not even know that that was going on, and I only live a couple houses away," said Antoinette Randall.

"There was not a lot of traffic. It wasn't like there were different cars parked there all the time or that kind of thing. So, it didn't draw a lot of attention," said Mary D'Ambrosio.

But, D'Ambrosio did notice lots of different people coming and going, and neighbors said, in hindsight, there were some unusual things happening.

Still, investigators said the Cocaine Cowboys ran a sophisticated operation.

"These people were embedded in our suburban community. They were well-disciplined. They did nothing to draw attention to themselves," said Albany County District Attorney David Soares.

That low profile is why Soares said it took the collaborative efforts of state and local law enforcers and the DEA during the past six months to corral the Cocaine Cowboys.

10 Charged In Narcotics Raids (ALBANYTU)

By Jordan Carleo-evangelist, Staff Writer

Albany Times Union, January 12, 2007

Latham rental home allegedly was outpost for well-organized operation

ALBANY -- A Bronx-based drug syndicate with the trappings of a corporate empire -- rewarding hard work with end-of-year bonuses and punishing poor performance with fines -- was upended by police raids over the last week, authorities said.

Ten alleged members, who prosecutors say moved as much as $100,000 in crack and cocaine through the region every two weeks, were indicted Wednesday in federal court.

The probe that began with street-level buys last summer uncovered a crew with a reverence for corporate culture and adherence to a strict code of conduct, prosecutors said.

Workers who routinely ferried drugs were given cash bonuses for avoiding speeding tickets and contact with police. Others, overheard on wiretaps, lobbied for promotions to management positions, prosecutors said.

"If you took a business trip on behalf of the organization, you could get reimbursed," said Francisco Calderon, an assistant Albany County prosecutor. He and colleague Eric Galarneau, both members of the street crimes unit, steered the far-reaching investigation from the Albany district attorney's office.

Shunning the competition and prying police eyes in the region's cities, the group set up a branch office in a bland, white rental house in suburban Latham, near the hamlet's trademark checkered water tower.

Authorities said they targeted the Albany area in part to capitalize on the price markup available far from saturated downstate drug markets.

"It was only getting more sophisticated and larger," said Galarneau, adding that the group appeared to idolize the so-called Cocaine Cowboys: Colombian drug rings that infiltrated Miami in the 1980s and are said to have inspired the movie "Scarface." A copy of a new documentary on the drug rings was found in their safe house, authorities said.

Since late August, the case swelled from a series of street-level buys around the Capital Region, leading investigators up the group's so-called corporate ladder.

By 10 p.m. Friday, authorities were lying in wait, knowing that a significant shipment was scheduled to head north. That night, on the I-90 ramp to I-787, police intercepted a van with three alleged workers and more than two pounds of crack and cocaine stashed in a customized dashboard hideaway.

Almost simultaneously, police and federal agents raided the Latham house, at 6 Utica Ave., where they arrested another alleged member and seized what they describe as business records, digital scales and other tools of the drug trade.

From that house, workers rotating from downstate would field orders from what prosecutors describe as independent contractors: sellers who would purchase relatively large amounts for re-sale across the region.

The crew's most active days were early in the work week, prosecutors said. On others, they offered specials on certain drugs, "part of that business mentality," Calderon said.

The integrity of the safe house was paramount, he said. No buyers were allowed near it, and workers returning from deliveries were required to make several random stops. An open garage door would be waiting at the home.

Just hours before the shipment was overtaken Friday, the crew's alleged ringleader, Juan P. "China" Montalvo, 24, was arrested on an unrelated gun charge in the Bronx, Calderon said.

Apparently fearing search warrants might follow, several of Montalvo's downstate confederates went to his apartment to clear it of evidence, authorities said.

Agents from the federal Drug Enforcement Administration were waiting for them outside, seizing, among other things, two guns and a large amount of cash, Calderon said. He credited the DEA, troopers, and police from Albany, Watervliet and Colonie with making the coordinated arrests work.

State Police Investigator Christopher Gilroy and DEA Special Agent Terrance Dunlap played a large role in building the case, which spanned months and 140 miles of Thruway, he said.

Wiretaps and surveillance had tipped authorities to the shipment allegedly arranged by Omar Astacio, the 26-year-old man authorities say kept a tight watch on the ring's finances. The rental property, its cable television service and several vehicles were in his name.

Authorities first thought the shipment was headed toward Albany's downtown bus terminal, but the carrier instead took a train to Rensselaer. He and two others were the ones stopped on I-90.

Jonathan "Smoke" Gordon, the group's local leader, was arrested the same night in Watervliet, prosecutors said.

Prosecutors said the group has not been linked to any specific acts of violence, but Calderon said the two guns seized from Montalvo's Bronx home show they were willing to defend the business.

At least in the short term, the arrests "put a major stranglehold" on the flow of cocaine here, he said. Once the group's hierarchy was revealed, "it was a matter of figuring out who's who," he added.

Targeting the organizations that supply Albany's drug markets has increasingly become a priority, Calderon said. "David Soares' objective has been to have us work on larger, long-term investigations."

The case has been handed over to the U.S. Attorney's Office. All 10 defendants, all of whom are being held in Albany County jail without bail, are expected to be arraigned today in U.S. District Court.

Jordan Carleo-Evangelist can be reached at 454-5445 or by e-mail at jcarleo-evangelist@ timesunion.com.

The suspects

Addresses for the 10 people charged were not immediately available. All were indicted Wednesday in federal court for allegedly conspiring to distribute crack and cocaine.

Juan P. ``China" Montalvo, 24, the alleged leader, based in the Bronx. Arrested early Friday on a gun charge authorities say was unrelated to the drug sweep.

Omar Astacio, 26; authorities say he was a manager who tightly controlled the group's finances. The van stopped Friday was registered to him at an address on Third Street in Albany.

Jonathan ``Smoke" Gordon, 25, was arrested in Watervliet. Authorities say he was the local manager for the drug operation, overseeing activity at the Latham safe house.

Joey ``Crack" Corretjer Jr., 23, was arrested at the group's Latham stash house. He is alleged to have been one of the workers who made deliveries ``like ordering a pizza."

Morris S. Alvarez, 23, was arrested Friday night in the van stopped on Interstate 90. He gave police an address in the Bronx.

Sean Torres, 26, was also arrested in the traffic stop in Albany. He gave police an address in the Griswold Heights Apartments in Troy.

Jean C. Gonzalez, 25, was arrested with Sean Torres and Alvarez. He gave police a Bronx address and was one of five of the defendants arraigned Saturday in Albany City Court.

Anthony Torres, age not immediately available, was arrested in the Bronx with several others. Authorities said they were trying to clear evidence from a Bronx apartment.

Joan Ogando-Ramirez, age not immediately available, was also arrested in the Bronx by agents from the federal Drug Enforcement Administration.

Yadira Polanco, age not immediately available. Authorities said she is Montalvo's girlfriend and was among those arrested while trying to clear out the Bronx apartment.

Source: court records and prosecutors

Operation Cocaine Cowboys: Massive Drug Pipeline Busted (WTEN)

WTEN-TV,, January 12, 2007

Major Drug Pipeline from NYC to Latham Busted

Police say what operated as a "delivery service" for dealers around the area, is now out of business.

That pipeline began down in New York City, and shipped drugs up the Thruway to Latham. Police say in order to distribute the goods, the dealers set up what they call a "satellite base" right here in the Capital Region, on Utica Avenue in Latham.

It was from that home that police say the dealers did so much business, they managed to take in more than 30-grand in just four days. NEWS10's Latricia Thomas explains how police busted the business.

It is a quiet street in Latham - in fact, a quiet house.

"I never saw any activity there, never...in the daytime anyway," says neighbor, Beatrice Vinciguerra.

But authorities say what was going on inside, was elaborate and planned out, allegedly by 10 suspects - operated exactly like a well-oiled business.

"They were a very organized and structured group, in that they wanted to follow a business model," says Francisco Calderone, with the Albany County District Attorney's Office.

A business model that investigators say cycled one to two-kilos every two weeks.

"The idea behind the business would be just like a pizzeria...if you ordered, called and ordered product, they would solicit deliveries, and then go to that specific address," Calderone says.

It was a smooth operation, until last Friday, when police say the group brought cocaine up from the city by train, and got busted at a traffic stop.

"It is not just a simple individual or a simple drug courier who was arrested in connection with this case, but an entire organization," says Eric Galerneau, with the Albany County D.A.'s Office.

All 10 suspects were arraigned in Federal Court Thursday. Their case is now being handled by the U.S. Attorney's Office.

Federal Fugitive Found In Morgan County Jail (AP)

AP, January 12, 2007

DECATUR, Ala. (AP) — A Morgan County sheriff's investigator helped find a federal fugitive who was already jailed in the county under a false name.

A federal grand jury indicted Ulises Torres Cruz, 31, in July on charges of conspiracy to traffic methamphetamine as part of a major drug trafficking organization in North Alabama.

But authorities could not find Cruz and he was placed on the Drug Enforcement Administration's most wanted list.

Investigator Jim England saw a picture of Cruz on the list and thought he looked like a man who had been arrested by Decatur police in February on charges of trafficking methamphetamine.

The man had told police his name was Martin Contera Vera, but Huntsville DEA agents confirmed that Vera and Cruz were the same person.

Jill Ellis, a spokeswoman for the U.S. attorney's office, said Cruz will be arraigned in U.S. District Court and will be put in line for the regular court schedule.

Cruz had been in the Morgan County Jail on June 27 when authorities seized tons of drugs throughout North Alabama and made 29 arrests.

U.S. Attorney Alice Martin said the investigation brought down a ring allegedly run by Oscar Xicotencah Salomon, 34, of Decatur.

Ellis didn't believe the federal charges would supersede felony charges filed locally, but said that the matter could depend on whether the county arrested Cruz as a result of a connection with the Salomon ring.

Federal Fugitive Found In Jail Here (DECDAILY)

By Seth Burkett

The Decatur Daily, January 12, 2007

A Morgan County sheriff's investigator exposed a man arrested locally under an assumed name as a fugitive on the Drug Enforcement Administration's most wanted list this week.

When a federal grand jury indicted Ulises Torres Cruz, 31, in July on charges of conspiracy to traffic in methamphetamine as part of a major drug trafficking organization in North Alabama, authorities apparently were unaware that Cruz had already been jailed by local authorities months earlier under the alias Martin Contera Vera.

Decatur police had arrested Vera on charges of trafficking in methamphetamine in February.

He was in the Morgan County Jail on June 27 while teams of federal and local authorities descended on homes and safe houses in Decatur, Hartselle, Huntsville, Madison, Limestone County and Cullman County, seizing tons of drugs and making 29 arrests in the course of the day.

The effort brought down a drug trafficking ring allegedly run by Oscar Xicotencah Salomon, 34, of Decatur, U.S. Attorney Alice H. Martin said. Martin said Salomon's alleged organization brought drugs into the U.S. from Mexico through the Texas border.

Investigator's discovery

The diligence of an investigator on the county drug task force helped federal agents finally locate Cruz, who was considered a fugitive.

Investigator Jim England occasionally digs back through cases to check arrests against federal wanted lists, said Chief Deputy Mike Corley.

"From time to time, he has a guy that is on the most wanted list by the feds. In checking that, just as he randomly does, he saw a picture of a subject on there that he thought he recognized," Corley said.

Corley said England forwarded the Sheriff's Department's information on Vera to DEA agents in Huntsville, who confirmed that Vera and Cruz were the same person.

"They will place a hold on him, and he will be brought over for arraignment in U.S. District Court. He'll be put in line for the regular court schedule," said Jill Ellis, a spokeswoman for the U.S. attorney's office.

Ellis said she didn't believe the federal charges would supercede felony charges filed locally, but said that the matter could depend upon whether Cruz was arrested by Morgan County as a result of a connection with the Salomon ring.

"It depends on when they picked him up and what he was doing. What the genesis of their charges was," she said.

More Drugs, Fewer Narcs (TIME)

By Brian Bennett

Time, January 12, 2007

Though the global drugÂ trade is heating up, expect a lighter U.S. enforcement presence on the streets. The White House's Office of National Drug Control Policy estimates that opium production in Afghanistan, which not only provides 90% of the heroin consumed globally but also funds Taliban activities, rose 61% last year over 2005. Some 670 tons of heroin are expected to flood the market, and that should slash the street price of a kilo of Southwest Asian heroin, now about $90,000 in Los Angeles. Yet the U.S. Drug Enforcement Agency (DEA), which annually loses some 3% of its 5,000 agents to attrition, has a two-year hiring freeze because of budget cuts to U.S. programs. DEA bean counters say they would need an additional $12 million to maintain current agent levels. The DEA's overseas funding has increased, but overall, DEA chief financial officer Frank Kalder admits, "there will be less drug enforcement going on. There's no getting around that."

General James Jones, who worked in Afghanistan, calls the cuts "astounding." But other experts think it's wasteful to crack down on drug dealers without reducing drug use. In other words, manage both sides of the problem. Narcs or not, the new crop hits streets this spring.

Nation's Drug Czar Lauds Wayne County's Handling Of Fentanyl Cases (DEN)

By Ronald J. Hansen

Detroit News, January 12, 2007

DETROIT -- The nation's drug czar commended Wayne County officials Thursday for their teamwork with others last year during a rash of drug overdoses from the powerful painkiller fentanyl.

"Your collaboration as a group was outstanding," said John P. Walters, Director of the White House Office of National Drug Policy. "You saved lives and you helped save lives in other places."

Fentanyl overdoses killed at least 179 people in Wayne County in the first 11 months last year, officials said. The problem here became apparent after county officials had 12 overdoses in a 24-hour period. Officials across the country later realized fentanyl overdoses surged across the Midwest, from Pennsylvania to Chicago beginning in the fall of 2005.

The death toll in Wayne County peaked in May and June, prompting county authorities to work with health and law enforcement to raise awareness of the problem.

The Fentanyl Substance Abuse Work Group, as it is known, still meets in an effort to rein in fentanyl-related overdoses. Fentanyl overdoses dropped to as little as eight in August, but rose again in October and November to 18 and 16, respectively.

Walters said it is unclear whether the continuing fentanyl deaths are attributable to a sizable production of the drug that is still in circulation or if others are manufacturing it.

Those killed last year typically overdosed by unwittingly taking heroin or cocaine laced with fentanyl. The drug is considered 80 times more powerful than morphine and can cause instant death.

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U.S. Drug Czar Praises Detroit's Fentanyl Battle (FREEP)

By Jim Schaefer, Free Press Staff Writer

Detroit Free Press, January 12, 2007

DOJ_NMG_0116042

U.S. drug czar John Walters met with and praised Wayne County officials Thursday who have battled a deadly epidemic of fentanyl deaths that hit the area over the past 15 months, but warned there is more work to do amid a continuing string of deaths.

"You helped save lives and you helped save lives in other places," Walters told the gathering of county and state public health and law enforcement officials. The fentanyl work group, as it is called, comes together once a month to compare notes about fentanyl's status in Wayne County, which has had the largest number of identified fentanyl-related deaths in Michigan.

The group came together after 12 people died in overdoses involving the powerful painkiller during a 24-hour period in May. The deaths punctuated a trend that began nine months earlier, when clandestinely produced fentanyl began showing up in combination with heroin and cocaine in some U.S. cites, including Detroit.

Walters blamed the initial delay in recognizing the outbreak here and nationwide to the lack of a national reporting system for such drug epidemics.

At today's gathering, at the Wayne County Medical Examiner's Office in Detroit, Walters asked the work group for its advice on how to create standards for reporting and gathering of information that could spot emerging drug epidemics sooner.

From September 2005 through November 2006, about 218 drug overdoses in Wayne County were linked to fentanyl, according to the medical examiner's office.

Oakland County, which also handles Genessee County cases, counted 75 such deaths for the same time period, with most occurring in Oakland. In Macomb County, about 20 deaths were identified over that period.

Contact Jim Schaefer at 313-223-4542 or jschaefer@freepress.com.

Bonds Named In Test Reports (LAT)

By Bill Shaikin, Times Staff Writer

The Los Angeles Times, January 12, 2007

He doesn't admit or deny positive results last season for amphetamine but apologizes to Giants and teammate allegedly blamed by slugger.

The first player to reportedly test positive under baseball's new amphetamine ban is Barry Bonds, the one most prominently associated with a federal investigation into steroid abuse — and the one on the verge of breaking one of the sport's most cherished records.

Bonds' test result from last season was first reported Thursday by the New York Daily News. Although the disclosure revived concern about whether players could trust promises of confidentiality in drug testing, the San Francisco Chronicle reported Thursday that Bonds himself shared news of the test result within the San Francisco Giants' clubhouse.

"Barry is the guy who went around telling everybody he tested positive," a baseball source told the Chronicle.

Bonds initially blamed the positive test on a substance he took from the locker of teammate Mark Sweeney, the papers reported.

Bonds issued a statement Thursday in which he did not confirm, deny or address the positive test but did apologize to the Giants and their fans in general and Sweeney in particular.

"He is both my teammate and my friend," Bonds said. "He did not give me anything whatsoever and has nothing to do with this matter, contrary to recent reports."

Under baseball's current drug policy, players testing positive for amphetamines are not publicly identified after a first offense but are subject to counseling and additional testing. Players are suspended 25 games upon a second positive test and 80 games upon a third.

Players testing positive for steroids are suspended 50 games for a first offense and 100 games for a second offense.

Sweeney often stood up for Bonds in interviews last season; he paid for engraved champagne glasses to toast Bonds in May, after the slugger passed Babe Ruth and moved into second place on the all-time home run list, according to MLB.com.

"He did not give anything to anybody and he doesn't have anything illegal," the agent for Sweeney, Barry Axelrod, told the Associated Press.

The disclosure thrusts more turbulence into Bonds' flight toward the record. He needs 22 home runs to pass Hank Aaron atop the all-time list.

But he went virtually unwanted as a free agent this winter, and with the Giants finally agreeing Dec. 7 to bring him back for one year, at $16 million. However, the contract has yet to be finalized because of reported disputes over whether the team would continue to provide clubhouse access to Bonds' associates and could penalize him if legal issues force him to miss games.

A San Francisco grand jury is investigating whether Bonds committed perjury in 2003 when he testified he had not knowingly used steroids. In December, an appellate court ruled prosecutors in the case could have access to the names of about 100 players who tested positive for steroids in 2003, a year in which players were promised test results would remain confidential. The players' union vowed to challenge the ruling.

One union official on Thursday called the disclosure of Bonds' positive amphetamine test "disconcerting" but wouldn't confirm or deny the result.

Baseball began testing for amphetamines last season, with 30 stimulants on the banned list. Gary Wadler, a New York physician and advisor to the World Anti-Doping Agency, said baseball officials could best attack amphetamine use by releasing which stimulants resulted in positive tests — and how many — without violating the confidentiality of first offenders.

"The Bonds thing is really a metaphor for a much bigger problem," Wadler said. "You need to quantify the problem. That kind of information is very helpful if you're going to seriously address this."

Rob Manfred, baseball's executive vice president in charge of labor relations, said the drug policy prevented him from disclosing how many players tested positive, and for which stimulants.

That information is shared, he added, with medical advisors selected jointly by the commissioner's office and the union.

"There's no real need to make that information public," he said.

bill.shaikin@latimes.com

Barry Bonds Comes To Teammate's Defense (AP)

By The Associated Press

AP, January 12, 2007

SAN FRANCISCO (AP) -- Barry Bonds said he did not get amphetamines from teammate Mark Sweeney, but did not deny a report Thursday saying he tested positive for the drugs last season. According to a story in the New York Daily News, the San Francisco slugger failed an amphetamines test in 2006. The newspaper reported that when first informed of the positive result, Bonds attributed it to a substance he had taken from Sweeney's locker.

Thursday, Bonds did not deny that but did apologize to Sweeney.

"He is both my teammate and my friend," Bonds said in a statement. "He did not give me anything whatsoever and has nothing to do with this matter, contrary to recent reports.

"I want to express my deepest apologies especially to Mark and his family as well as my other teammates, the San Francisco Giants organization and the fans," he said.

That's all the Giants star, shadowed by steroids allegations and only 22 home runs from breaking Hank Aaron's career home run record, said about the alleged positive drug test. Bonds has steadfastly denied used performance-enhancing drugs.

"Obviously, we're pleased that Barry has straightened this out," said Sweeney's agent, Barry Axelrod.

Bonds' reported positive test could be another snag in contract negotiations with the Giants. The sides reached a preliminary agreement on a $16 million, one-year contract Dec. 7, but the seven-time NL MVP still hasn't signed the deal or taken the mandatory physical that is part of the process.

The sides have been working to finalize complicated language in the contract that concerns the left fielder's compliance with team rules, as well as what would happen if he were to be indicted or have other legal troubles.

"Last night was the first time we heard of this recent accusation against Barry Bonds," the Giants said in the statement. "Under Major League Baseball's collective bargaining agreement with the Major League Baseball Players Association, clubs are not notified after a player receives a first positive test for amphetamines."

Rob Manfred, baseball's executive vice president for labor relations, refused comment, according to spokesman Rich Levin.

"I don't comment on the drug program, and I've never heard Barry Bonds blame anybody for anything," Gene Orza, the union's chief operating officer, said in an e-mail to The Associated Press.

San Francisco's front office and fan base long have stood by Bonds through his off-the-field problems and injuries. So have his teammates, deciding in spring training last year to support him every step of the way.

"There are so many substances out there right now you don't know what you should take or what you should not," Giants shortstop Omar Vizquel said Thursday. "Right now, I'm afraid to take vitamins for the same reason. You don't know what's going to be positive or what's going to be negative. The best way for players is to stay natural. Anything with chemicals in it can be bad. I know what I do. I don't know what the other guys do, and I don't really care.

"I tell the younger guys, but you don't need to be telling Barry Bonds and Mark Sweeney what they should take or what they should not."

There's a long history of amphetamines -- or speed and more commonly called "greenies" in the baseball world -- fueling generations of baseball players. Many turned to the stimulants for a way to get pepped up when their bodies couldn't do so on their own during a long season.

The pills, widely used even until recently, helped with energy for day games following night games and other times when players were short on sleep, such as after a long cross-country flight.

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Baseball banned the uppers for the first time starting last season. A player is not identified until after failing two amphetamines tests, which also results in a 25-game suspension. The first failed steroids test, by comparison, is a 50-game suspension.

A first amphetamines offense, however, does require six additional drug tests over the following six months.

Baseball commissioner Bud Selig wouldn't address the report directly.

"Amphetamines have been around for seven or eight decades and this is the first time on the advice of doctors, trainers and everybody else that we dealt with it," he said. "We banned amphetamines and that's very significant and we're going to continue to monitor it all very closely."

Selig did say management and the union discussed the report Thursday."

"I think maybe they have some suspicion on how it leaked out," he said.

Bonds did not appeal the positive test, according to the Daily News, which said Sweeney learned of Bonds' positive test from Orza. The newspaper reported Orza told Sweeney he should remove any troublesome substances from his locker and should not share said substances. Sweeney then said there was nothing of concern in his locker.

Before Bonds' statement, Axelrod told the AP that his client received a call informing him that his name had come up in regard to the testing.

"He responded at that time ... he did not give anything to anybody and he doesn't have anything illegal," Axelrod said. "That was the end of it, as far as we were concerned, until yesterday. We thought it was just a sort of procedural thing."

A federal grand jury is investigating whether Bonds perjured himself when he testified in 2003 in the Bay Area Laboratory Co-Operative steroid distribution case that he hadn't knowingly taken any performance-enhancing drugs. He told that 2003 grand jury he believed his trainer, Greg Anderson, had given him flaxseed oil and arthritic balm, not steroids.

Bonds, who's coming off October surgery on his troublesome left elbow, played regularly in 2006.

After missing all but 14 games in 2005 following three operations on his right knee, Bonds batted .270 with 26 homers and 77 RBIs in 130 games last year. He passed Babe Ruth to move into second place on the career home run list May 28.

Bonds has spent 14 of his 21 big league seasons with San Francisco and helped the Giants draw 3 million fans in all seven seasons in their waterfront ballpark. The team is counting on him to be part of the hype leading up to its hosting of the All-Star game in July.

Bonds said he noticed an improved vibe in the clubhouse last season with the additions of Steve Finley, Sweeney and Todd Greene. The slugger was more sociable too, playing cards or chess with his teammates or trainers before games -- and even making a rare appearance in the team photo.

Bonds and Sweeney appeared to be good friends, with Sweeney speaking to the slugger by phone recently this offseason.

"This year we had the best chemistry on the team. I felt like the team was clicking," Vizquel said. "It's sad a stupid instance like this might rupture something that was going pretty good. I don't think the players will turn on each other. We are a veteran team. We should know what (substance) is good and what is bad."

AP Baseball Writer Ronald Blum in New York and AP Sports Writer Colin Fly in Milwaukee contributed to this report.

Bonds: No Amphetamines From Teammate (USAT)

By Bob Nightengale, Usa Today

USA Today, January 12, 2007

Barry Bonds said he did not get amphetamines from teammate Mark Sweeney, but the San Francisco Giants slugger did not deny a report Thursday saying he tested positive for the drugs last season.

COMMENTARY: Lopresti on the continuing Bonds saga

Earlier Thursday, four people with knowledge of the test results told USA TODAY that Bonds, who already is under investigation by the federal government for perjury, tested positive for the use of amphetamines last summer.

In a statement reported by the Associated Press, Bonds said that Sweeney, "is both my teammate and my friend. He did not give me anything whatsoever and has nothing to do with this matter, contrary to recent reports.

"I want to express my deepest apologies especially to Mark and his family as well as my other teammates, the San Francisco Giants organization and the fans," Bonds said.

Bonds was told of the test result last August, according to a person close to Bonds.

SPORTS SCOPE: Readers react.

The four people with knowledge of the test results requested anonymity because players who test positive for amphetamines the first time under Major League Baseball's policy are not publicly identified.

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Jeff Borris, Bonds' agent, declined comment Thursday. When asked in August by USA TODAY whether he could confirm an anonymous person's rumor that Bonds tested positive, he said: "Are you asking me whether Barry tested positive? Sorry, I can't answer that. I'm not going to confirm or deny that."

Bonds, who had a private meeting Thursday afternoon with Borris in Beverly Hills, Calif., also did not comment.

Bonds, according to Thursday's New York Daily News, never denied taking amphetamines but when informed of his positive test told baseball authorities he took the amphetamines out of Sweeney's locker. Sweeney denied the accusation, and told USA TODAY he confronted Bonds about it.

"I asked him why my name would be out there," Sweeney said. "I told him that I didn't understand why my name was even being talked about. He told me it was a misunderstanding."

Sweeney said Gene Orza, chief operating officer of the players association, informed him his name had surfaced in reference to Bonds' drug test.

"If you have anything like that in your locker, get rid of it," Orza told Sweeney, according to Barry Axelrod, Sweeney's agent. "Mark said, 'I don't know what you're talking about. I don't have anything or (haven't) given anything to anybody.'

"Mark has never tested positive, ever. What's unfortunate is that what is supposed to be confidential information somehow gets public. But Mark has never provided anything to Barry Bonds or anybody else. He's never had anything illegal in his locker or in his possession."

Orza declined comment on the conversation with Sweeney and said Bonds didn't implicate his teammate.

"Barry Bonds has never blamed anybody for anything as far as I know," Orza said. "I don't comment on the drug program at all. You know that. It's confidential."

Sweeney said he has never tested positive for amphetamines. He declined to divulge details of his conversation with Bonds.

"I think everything else has to come from his side," Sweeney said. "Barry's going to have to deal with all of that. I just don't understand why I'm even thrown into this. My mom, my dad and all my friends have to hear about this. It sucks. People don't know the true story. That's what bothers me.

"But the simple fact is that I'm perfectly comfortable what I've done and haven't done. I have nothing to be ashamed about. This isn't an issue of a guilty conscious. I've never done anything wrong. I respect the game. I have nothing to hide from."

Commissioner Bud Selig declined comment, and the Giants said they first learned of allegations against Bonds from the Daily News story on Wednesday night. Yet, at least two members of the Giants' front office were told of allegations last summer by USA TODAY.

"Last night was the first time we heard of this recent accusation against Barry Bonds," the Giants said in a statement. "Under Major League Baseball's collective bargaining agreement with Major League Baseball Players Association, clubs are not notified after a player receives a first positive test for amphetamines. ... Consistent with requirements of the basic agreement, the club will have no further comment on allegations with respect to any player's testing history."

Players are not publicly identified for a first positive test for amphetamines. They are subject to an additional six drug tests over a six-month period and receive treatment and counseling. Players who test positive a second time are subject to a 25-game suspension and an 80-game suspension for a third time.

For a positive test on steroids or other illegal performance-enhancing drugs, players receive a 50-game suspension.

The Giants and Borris refused to address whether the failed drug test will have a bearing on Bonds' contract. He agreed to a one-year, $16 million contract in December to return to the Giants, but it remains unsigned. The two sides had been working on details to determine whether Bonds would receive any compensation loss for games missed because of possible legal hearings, according to The Associated Press.

Contributing: Hal Bodley, Mel Antonen, Associated Press

3,000 Tests For Amphetamines, But Only Bonds Is In The Spotlight (NYT)

By Michael S. Schmidt

The New York Times, January 12, 2007

The statement was not a direct admission of guilt. But the 64 words attached to Barry Bonds's name last night will probably be viewed as an acknowledgment by the embattled 42-year-old outfielder that he indeed tested positive for amphetamines at some point in 2006, thus raising questions about his status for 2007.

In his statement, Bonds did not dispute an assertion in yesterday's Daily News that he had tested positive for the first time last season, an infraction that calls for follow-up tests but does not provide for a suspension or the disclosure of his name.

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But now Bonds's name is out, along with a separate assertion in The Daily News that when he was first notified of the positive test he tried to pass the blame to a Giants teammate, the utility player Mark Sweeney, saying he had taken a substance from Sweeney's locker.

It was Sweeney who was the focus of Bonds's statement last night, with Bonds calling him "both my teammate and my friend."

"He did not give me anything whatsoever and has nothing to do with this matter, contrary to recent reports," the statement said. "I want to express my deepest apologies, especially to Mark and his family as well as my other teammates, the San Francisco Giants organization and the fans."

The statement does not directly deny that Bonds might have originally pointed to Sweeney as the source of his problem. That could create continuing problems for Bonds within a Giants clubhouse in which he has long operated by his own rules.

Bonds's criminal lawyer, Michael Rains, said his client was in Los Angeles yesterday, meeting with his agent, Jeff Borris, to discuss security issues surrounding the 2007 season, one in which Bonds will need 22 more home runs to pass Hank Aaron for the career home run mark.

Bonds is already a highly controversial figure, currently under investigation by a federal grand jury in connection with the Bay Area Laboratory Co-Operative steroid-distribution case. Although Bonds has reached a $16 million preliminary contract agreement with the Giants for 2007, it has not been completed, and it is conceivable that the Giants may attempt to walk away from the deal.

Barry Axelrod, the agent for Sweeney, confirmed yesterday in a telephone interview that Sweeney had been contacted last season and advised that his name had been brought up in connection "with something involving Bonds."

Who contacted Sweeney? "I wasn't privy to the conversation," Axelrod said. "He was contacted. I don't know if it was baseball or the union. We didn't get into the nature of the call. It was, 'Your name came up, hopefully, you don't have anything that would cause you problems.' He said he didn't.

If Bonds did test positive for amphetamines, it was as one of approximately 3,000 tests that baseball conducted last season for the stimulant, which has long been part of baseball's culture. Last season was the first time that baseball tested for amphetamines, with each player on the 40-man rosters of the 30 major league teams tested at least twice, and others tested more than that because of the 580 additional random tests provided for in the agreement between baseball and the players' association. Under the agreement, players who tested positive a first time would receive counseling and six follow-up tests over the next 12 months. Any player who tested positive twice would be publicly identified and suspended for 25 games.

In 2006, no player tested positive twice, so no one was punished. But if Bonds tested positive once, how many other players did, too? That answer is not publicly known because the testing agreement for amphetamines does not allow baseball to report the total number of first-time positive tests even though no players' names would be attached to the overall number.

Why? The reason apparently has to do with concern within baseball, and particularly in the union, that amphetamine use would not disappear quickly and that first-year testing might produce an embarrassing, number of first-time positive tests.

So what the number actually was for 2006 remains undisclosed. In contrast, there are no shields for players who test positive for steroids, whether they are first-time or repeat violators. They are identified and suspended, under guidelines that have been toughened several times. In all, 15 major leaguers and 119 minor leaguers tested positive for steroids over the past two seasons, with the number declining in 2006.

Under the amphetamine testing guidelines, when a player tests positive for the first time, only the player, the union, baseball's vice president for labor relations and a committee that oversees the testing program are to be informed.

Even the player's team is supposed to be kept in the dark, which may be why the Giants issued a statement yesterday saying that "last night was the first time we heard of this recent accusation against Barry Bonds."

But now they know, and the question is what they intend to do.

Report Of Bonds' Failed Test Might Hinder Negotiations (AP)

Associated Press

AP, January 12, 2007

SAN FRANCISCO (AP) -- Barry Bonds' reported positive test for amphetamines last season could be another snag in contract negotiations with the San Francisco Giants.

News of the failed test, reported Thursday in the Daily News, is the latest in a long list of allegations surrounding the slugger, who will face more questions this season about whether he used performance-enhancing drugs in his pursuit of Hank Aaron's home run record.

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According to the report, Bonds failed an amphetamines test in 2006, then blamed it on a teammate. The New York City newspaper reported that when first informed of the positive result, Bonds attributed it to a substance he had taken from utilityman Mark Sweeney's locker.

Just when everybody thought the Giants were getting along well for a change.

Bonds is set to begin his 15th season with the Giants only 22 home runs shy of passing Aaron's career record of 755.

San Francisco and Bonds reached a preliminary agreement on a $16 million, one-year contract Dec. 7, the final day of baseball's winter meetings. But the seven-time NL MVP still hasn't signed the deal or taken the mandatory physical that is part of the process.

The sides have been working to finalize complicated language in the contract that concerns the left fielder's compliance with team rules, as well as what would happen if he were to be indicted or have other legal troubles.

Giants owner Peter Magowan and executive vice president Larry Baer did not immediately return calls for comment Thursday. Neither did Bonds' agent, Jeff Borris, Sweeney or his agent, Barry Axelrod. Borris repeatedly has declined to comment on specifics of the negotiations.

San Francisco's brass and fan base long have stood by Bonds through his off-the-field problems and injuries. So have his teammates, deciding in spring training last year to support him every step of the way.

"There are so many substances out there right now you don't know what you should take or what you should not," Giants shortstop Omar Vizquel said Thursday. "Right now, I'm afraid to take vitamins for the same reason. You don't know what's going to be positive or what's going to be negative. The best way for players is to stay natural. Anything with chemicals in it can be bad. I know what I do. I don't know what the other guys do, and I don't really care.

"I tell the younger guys, but you don't need to be telling Barry Bonds and Mark Sweeney what they should take or what they should not."

There's a long history of amphetamines -- or speed and more commonly called greenies in the baseball world -- fueling generations of baseball players. Many turned to the stimulants for a way to get pepped up when their bodies couldn't do so on their own during a long season. The pills, widely used even until recently, helped with energy for day games following night games and other times when players were short on sleep, such as after a long cross-country flight.

Baseball banned the uppers for the first time starting last season. A player is not identified until after failing two amphetamines tests, which also results in a 25-game suspension. The first failed steroids test, by comparison, is a 50-game suspension.

A first amphetamines offense, however, does require six additional drug tests over the following six months.

Bonds did not appeal the positive test, according to the Daily News, which said Sweeney learned of Bonds' positive test from players association chief Gene Orza. He told Sweeney, the paper said, that he should remove any troublesome substances from his locker and should not share said substances. Sweeney then said there was nothing of concern in his locker.

Bonds, who has denied using steroids and other performance-enhancing drugs, long has been under the microscope. A federal grand jury is investigating whether he perjured himself when he testified in 2003 in the Bay Area Laboratory Co-Operative steroid distribution case that he hadn't knowingly taken any performance-enhancing drugs. He told that 2003 grand jury he believed his trainer, Greg Anderson, had given him flaxseed oil and arthritic balm, not steroids.

Bonds, who's coming off October surgery on his troublesome left elbow, played regularly in 2006 -- 130 games -- even appearing in day games that followed night games, which he typically used to sit out. He trimmed up after carrying extra weight early in the year and seemed to bounce back well from minor injuries.

After missing all but 14 games in 2005 following three operations on his right knee, Bonds batted .270 with 26 homers and 77 RBIs in 367 at-bats in 2006. He passed Babe Ruth to move into second place on the career home run list May 28.

Bonds has spent 14 of his 21 big league seasons with San Francisco and helped the Giants draw 3 million fans in all seven seasons at their waterfront ballpark. The club is counting on him to be part of the hype leading up to its hosting of the All-Star game in July.

Bonds said he noticed an improved vibe in the clubhouse last season with the additions of Steve Finley, Sweeney and Todd Greene. The slugger was more sociable too, playing cards or chess with his teammates or trainers before games -- and even making a rare appearance in the team photo.

Bonds and Sweeney appeared to be good friends, with Sweeney speaking to the slugger by phone recently this offseason.

"This year we had the best chemistry on the team. I felt like the team was clicking," Vizquel said. "It's sad a stupid instance like this might rupture something that was going pretty good. I don't think the players will turn on each other. We are a veteran team. We should know what (substance) is good and what is bad."

Ecuador, Colombia OK Deal On Fumigation (AP)

DOJ_NMG_0116048

By The Associated Press
AP, January 12, 2007

QUITO, Ecuador (AP)-- Ecuador's president-elect said Thursday a diplomatic spat over Colombia's fumigation of coca has been resolved, a disagreement that had spurred debate over the U.S. drug policy and prompted Ecuador to withdraw its ambassador.

Rafael Correa, a leftist economist who takes office Monday, told reporters in Quito that the agreement with Colombian President Alvaro Uribe marked "a huge step forward" in cross-border ties.

Ecuador withdrew its ambassador from Bogota after Colombia renewed spraying in December to eradicate fields of coca, the raw material for cocaine, within 350 feet of their shared border.

Colombian officials, under the protection of U.S.-supplied Black Hawk helicopters, have been spraying to eradicate the plant as part of a U.S.-supported effort to fight drug trafficking.

Correa recently canceled a trip to Bogota to protest the spraying, reflecting opposition among some Latin nation to the U.S.-led anti-narcotics strategy. Peru and Bolivia cooperate with U.S. counter-drug policies, but have long resisted Colombia's aerial fumigation policy.

Correa's decision to cancel came at the end of talks in Venezuela with President Hugo Chavez, who has described the U.S. drug war "the imperialists excuse to penetrate our countries, run roughshod over our people and justify their military presence in Latin America."

But Uribe and Correa met Wednesday in Nicaragua during the inauguration of President Daniel Ortega and reached an agreement under which Ecuador would be notified of any spraying along the border, Correa said.

They also agreed to create a three-party commission, with representatives from both countries and a third from the Organization of American States, that would ensure that the spray does not enter Ecuadorean territory.

But Ecuador's outgoing Foreign Minister Francisco Carrion criticized the pact and said Ecuador would not reinstate its ambassador in Bogota until the spraying was halted entirely. It was not immediately clear how Correa's deal with Uribe would affect that position.

IMMIGRATION:

Grand Jury Indicts Cuban Exile Militant Luis Posada Carriles And Two Associates (MH)

By Alfonso Chardy And Jay Weaver
The Miami Herald, January 12, 2007

A federal grand jury in El Paso, Texas handed down a seven-count indictment today against Cuban exile militant Luis Posada Carriles, charging him with lying about how he sneaked into the United States in March 2005. It is the first time the CIA-trained Posada has been charged with a crime in the United States.

His chief benefactor, Santiago Alvarez, and another supporter -- Osvaldo Mitat -- were also indicted after they refused to testify before the same grand jury today. They were charged with contempt of court when they invoked their Fifth Amendment right against self-incrimination.

The indictment accused Posada, 78, of making false statements to immigration officials about how he arrived in the United States. Posada has insisted he came through the Mexican border, but the indictment asserted Posada entered the United States by sea aboard the shrimping vessel Santrina crewed by Alvarez, Mitat and others.

This is the first time Posada has been criminally charged in the United States, the country he viewed as an ally and safe haven because of his past connections to the CIA and the U.S. military. By indicting Posada, the federal government ensures his continued detention.

The possibility of Posada's release loomed closer after a federal judge in El Paso, in a separate case, set a Feb. 1 deadline for the U.S. government to justify the militant's continued detention. The judge's action came after a federal magistrate recommended that Posada be released. The U.S. government objected on the ground that releasing Posada -- who Cuba and Venezuela consider a "terrorist" -- could pose adverse foreign policy consequences.

Posada has been in the custody of U.S. Immigration and Customs Enforcement since he was detained in Miami-Dade County on May 17, 2005. He was then flown to El Paso where he has been held at an immigration facility.

Posada is wanted in Venezuela for his alleged role in the bombing of a Cuban airliner in 1976 that killed 73 people and in Cuba for his alleged role in the bombing of several tourist sites in 1997 that killed one Italian tourist.

The indictment alleged Posada made the false statements on his application for naturalization "on or about Sept. 10, 2005," the Justice Department said.

DOJ_NMG_0116049

The indictment also alleges that he knowingly made false statements under oath during his naturalization interview with Department of Homeland Security officials on April 25 and 26, 2006.

In his naturalization interview, the Justice Department said, Posada allegedly made several false statements regarding his March 2005 entry into the United States, ``including statements about the transportation routes and methods used, as well as individuals who accompanied him."

For example, the indictment charges that Posada said he "traveled from Honduras through Belize and entered the United States over land near Matamoros, Mexico, and Brownsville, Texas," with the assistance of an unidentified alien smuggler.

In fact, the indictment said, Posada entered the United States aboard the Santrina accompanied by Alvarez and Mitat among others.

Cuban Militant Indicted, Accused Of Lying About Entering U.S. (SAEN)

By Guillermo Contreras, Express-News

San Antonio Express-News, January 12, 2007

A former CIA operative who was linked to plots to assassinate Cuban leader Fidel Castro is now facing charges in Texas.

A federal grand jury in El Paso indicted Luis Posada Carriles on Thursday on one count of naturalization fraud and six counts of making false statements in a naturalization proceeding, the Justice Department said in a news release.

A hero to the anti-Castro establishment, Posada, 78, is accused of lying to immigration agents about how he entered the United States in 2005, when he sought political asylum, according to the indictment.

Posada claims he entered through the Texas-Mexican border, but U.S. authorities allege he sneaked into Florida in March 2005 aboard a shrimp boat co-owned by Santiago Alvarez, a prominent South Florida supporter and benefactor of Posada, according to court records and newspaper reports.

Alvarez and Osvaldo Mitat, who reportedly worked for Alvarez, also were indicted by the El Paso grand jury Thursday on charges of refusing to testify at the grand jury proceedings, their indictments show.

Posada remained Thursday in a federal immigration jail in El Paso, one of the more infamous inmates there because of his background, which includes involvement in the 1961 Bay of Pigs operation — a U.S.-backed attempt by Cuban exiles to overthrow Castro.

Alvarez and Mitat were sentenced to federal prison in November after pleading guilty to federal weapons charges in Florida over machine guns, a grenade launcher and other items stored in an apartment complex that Alvarez, a real estate developer in Miami, owns.

In September 2005, an immigration judge ordered Posada deported to any country other than Cuba or Venezuela that will take him. That judge wrote that Posada's "case reads like one of Robert Ludlum's espionage thrillers, with all the plots and twists and turns Ludlum is known for."

For example, Posada was admitted to the United States as a permanent resident in 1962 and received military training in this country, serving as a second lieutenant in the Army. He later became a CIA operative, delivering guns to the Cuban coast until he was dropped by the CIA in 1967, his immigration file says. He later gave up his U.S. residency when he moved to Venezuela and became a citizen there, according to the file.

His file also contains many alleged links to militant acts, such as the Oct. 6, 1976, bombing of a Cubana Airlines jet off the coast of Barbados that killed all 73 occupants. Posada was charged, tried and acquitted in a military court in Venezuela. He escaped from a Venezuelan prison in 1985 while awaiting retrial in a civilian court. Venezuela has an extradition request for his return, and Cuba also wants him tried. Posada denies involvement in the bombing.

The Posada file also says he went to El Salvador and re-established ties with the CIA. There, he supplied arms and materials for the U.S.-backed Contras fighting the Sandinistas in Nicaragua, in an effort known as the Iran-Contra affair, the file said.

He later moved to Guatemala and was shot several times in the face in an assassination attempt in February 1990, according to his file. In the late 1990s, he was suspected of being involved in a series of bombings in Cuba, one of which killed an Italian tourist.

Cuba also accuses him of plotting to kill Castro in Panama in 2000.

As Alvarez and Mitat were being prosecuted in Florida, the Fort Lauderdale Sun-Sentinel reported, Posada refused to testify on their behalf despite a court order, opting instead for his Fifth Amendment right to remain silent. gcontreras@express-news.net

Suspected Bomber Of Cuban Airliner Indicted (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, January 12, 2007

The anti-Castro exile is charged with violating U.S. immigration law, but another court has scheduled his release.

MIAMI — A federal grand jury on Thursday indicted militant Cuban exile Luis Posada Carriles on immigration violations that could send the 79-year-old to prison for at least 10 years.

But those charges may not be enough to keep him locked up beyond another federal court's Feb. 1 release order.

Posada is wanted in Cuba and Venezuela for his alleged role in the 1976 bombing of a Cuban airliner in which all 73 aboard perished, as well as for a string of hotel bombings on the Communist-ruled island in the late 1990s that killed an Italian tourist.

The indictment by a West Texas grand jury alleges Posada lied on his application for U.S. naturalization and during subsequent immigration proceedings. A New Jersey grand jury is investigating the terrorism issues and has yet to issue any action.

A former CIA operative and veteran of the failed Bay of Pigs invasion, Posada made a career of trying to bring down the regime of Cuban President Fidel Castro, allegedly with the help of U.S. intelligence forces also opposed to the Communist leader.

Posada served four years in a Panamanian prison for a 2000 assassination plot against Castro. He was freed in a gesture of support to President Bush during his 2004 reelection battle, when Miami's powerful exile community was lobbying the White House to help fellow anti-Castro fighters.

Posada has been in a federal immigration lockup in El Paso since his May 2005 arrest on charges of illegally entering the U.S. He told an immigration court in September of that year that he had made his way into Texas in March 2005 with the help of a smuggler.

But Cuban media alleged as soon as he surfaced in Miami later that month that Posada had been picked up from Mexico's Yucatan peninsula by four fellow exiles on a shrimp boat owned by influential Cuban American developer Santiago Alvarez and brought to a Florida Gulf Coast marina.

Alvarez and another Cuban militant, Oswaldo Mitat, pleaded guilty last year to reduced charges of amassing weapons for a strike on Castro. Both were summoned to testify before the West Texas grand jury last week and are believed to have supplied information incriminating Posada on one count of naturalization fraud and six of making false statements to immigration authorities.

Posada was convicted in late 2005 of immigration violations and was ordered deported. But a federal judge ruled that he couldn't be extradited to Cuba or Venezuela because of the possibility he would be tortured or abused in the custody of those governments.

U.S. efforts to deport him to other countries failed.

Posada's attorney, Eduardo Soto, filed a writ of habeas corpus in August challenging his client's continued detention. After U.S. Magistrate Norbert Garney recommended a month later that Posada be released, Department of Justice authorities urged U.S. District Judge Philip Martinez in El Paso to keep Posada jailed, claiming he is "an admitted mastermind of terrorist plots and attacks."

Thursday's grand jury indictment "shows that the Justice Department is serious about pursuing Posada but still leaves his case in the immigration courts instead of addressing his terrorist background," said Peter Kornbluh of the independent National Security Archive at George Washington University.

Kornbluh suspects the Bush administration is reluctant to put Posada on trial for sabotage or acts of terrorism because of his close ties to U.S. security and intelligence operations over the years.

Soto has also alluded to his client's knowledge of clandestine activities and their potential to embarrass past Republican administrations.

President George H.W. Bush, the current president's father, was CIA director during the Iran-Contra affair in which Posada played a key role.

Whether the immigration charges will be sufficient to keep Posada in jail beyond Feb. 1 depends on the outcome of his first court appearance, expected next week, when bail and other pre-trial conditions are determined.

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Immigration Charges For Cuban Militant (AP)

By Alicia A. Caldwell, Associated Press Writer

AP, January 12, 2007

A Cuban exile suspected of plotting the bombing of a jetliner 30 years ago in Venezuela was indicted Thursday on charges of lying during naturalization proceedings, the Justice Department said.

The presence of Luis Posada Carriles on American soil has put federal officials in a difficult position — critics accuse the U.S. of harboring a terrorist, yet federal policy has typically protected anti-Castro Cuban exiles.

Posada, 78, a former CIA operative with ties to the failed Bay of Pigs invasion in the 1960s, is wanted by the governments of Cuba and Venezuela to face trial in the 1976 Cuban jetliner bombing. But a federal immigration judge who ordered Posada out of the United States ruled he could not be sent to either country.

Several countries have rejected U.S. requests for Posada to be sent there.

Posada, who was born in Cuba and is a naturalized citizen of Venezuela, is charged with one count of naturalization fraud and six counts of making false statements in a naturalization proceeding, according to the Justice Department.

The indictment alleges that Posada knowingly lied on his application and under oath when applying for naturalization to the United States in September 2005 and April 2006.

He said he traveled from Honduras through Belize, ultimately reaching the United States near Brownsville, Texas, with the help of a human smuggler. But Posada actually entered the country by sea on a boat with four others, according to the indictment.

Santiago Alvarez, a key Posada benefactor, and Osvaldo Mitat, one of Alvarez's employees, were indicted in El Paso on a charge of failing to appear before the grand jury. Both pleaded guilty to a weapons charge in Florida last year and are in prison there.

The indictment also says Posada had a fake Guatemalan passport bearing his photograph and the name Manuel Enrique Castillo Lopez.

Posada attorney Felipe Millan said he believes Posada told the truth during the naturalization interview and in documents.

If convicted, Posada faces a maximum of 10 years in prison on the naturalization fraud count and five years in prison on each of the false statement counts.

Posada is expected to appear in court next week on the charges, Millan said.

The indictment beats a Feb. 1 deadline set by a judge that forced the U.S. government to provide evidence justifying Posada's detention pending deportation.

It is unclear what impact the indictment could have on the pending deportation order. If the indictment proceeds, Posada could ask to be set free on bond, Millan said, a move that would probably draw Justice Department opposition.

Posada, who Millan has said is in poor health, has denied any wrongdoing in the jetliner bombing or any other attacks against Cuban interests.

Peter Kornbluh, of George Washington University's National Security Archive, said the indictment does not address Posada's perceived role in the bombing in Venezuela.

"The administration has to get into his terrorist crimes before it is clear that it is serious about bringing Posada to justice," Kornbluh said.

Posada's lawyers contend the United States is violating a 2001 Supreme Court ruling that foreign nationals who can't be deported could not be held indefinitely. The high court set a six-month maximum, and Posada has been in U.S. custody in El Paso since May 2005.

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Associated Press writer Jeff Carlton in Dallas contributed to this report.

Cuban Terror Suspect Indicted By U.S. On Immigration Charges (BLOOM)

By Robert Schmidt

Bloomberg, January 12, 2007

Jan. 11 (Bloomberg) -- A Cuban terrorist suspect was indicted by a U.S. grand jury in Texas on charges that he unlawfully tried to become a naturalized American citizen.

Luis Posada Carriles, 78, was charged with knowingly making false statements on his citizenship application in September 2005 and later in interviews with U.S. immigration officials. He is currently in custody and is expected to appear in court in El Paso, Texas, early next week, the U.S. Justice Department said in a statement.

Posada Carriles is wanted by Venezuela for allegedly planning the 1976 bombing of a Cuban airliner that killed 73 people. An immigration judge in 2005 barred Posada Carriles's extradition to Cuba or Venezuela, saying there was no guarantee he wouldn't be tortured if returned to those countries.

Last September, Venezuela asked the United Nations to force the U.S. to turn Posada Carriles over.

If convicted, Posada Carriles would face a maximum of 10 years in prison on one charge of naturalization fraud and up to five years on each of six counts of lying in interviews with immigration officials.

Anti-Castro Militant Indicted In US On Immigration Charges (AFP)

AFP, January 12, 2007

A US federal grand jury has indicted anti-Castro militant Luis Posada Carriles for lying in naturalization proceedings, the Department of Justice said.

Posada Carriles is wanted by Venezuela and Cuba in the 1976 bombing of a Cuban airliner that killed 73 people.

The indictment handed down by a federal jury in Texas accuses Posada Carriles of making false statements on his application for naturalization as a US citizen in September 2005 and of lying under oath during an interview with US officials in April 2006, the Justice Department said in a statement.

Posada Carriles, 78, told authorities he had travelled from Honduras through Belize and entered the US state of Texas over land from Mexico with help from a smuggler. But the indictment states Posada Carriles entered the United States by sea aboard the motor vessel "Santrina" accompanied by four individuals.

Venezuela has demanded the United States extradite Posada Carriles to face terrorism charges.

US officials refuse to release him to Venezuela, where he holds citizenship, or Cuba, where he was born, saying he might be tortured. But they also have refused to free him, calling the former CIA operative a threat to national security.

Posada Carriles was detained by immigration officials in May 2005 for entering the United States illegally.

Posada Carriles was jailed for eight years in Panama in a bomb plot to assassinate Cuban leader Fidel Castro during an Ibero-American summit in Panama in 2000. He was pardoned by outgoing president Mireya Moscoso.

Cuban and Venezuelan authorities accuse the US government of harboring a known terrorist.

Recently declassified US documents show that Posada Carriles had worked for the CIA at least from 1965 until June 1976, and he reportedly helped the US government ferry supplies to so-called Contra rebels, who waged a bloody campaign to topple the Marxist Sandinistas in Nicaragua in the 1980s.

Alleged FBI Impersonator Indicted (CBS2CHI)

CBS 2 Chicago, January 12, 2007

(STNG) A 40-year-old man was indicted Wednesday with allegedly impersonating an FBI agent so he could dupe immigrants out of money.

Omar Abbas, who is currently in custody on a $100,000 bond, was indicted on two counts each of extortion and making false statements within the jurisdiction of the FBI, and one count each of impersonating a United States officer and bribery.

Court records show he is slated for arraignment at 9 a.m. on Tuesday, Jan. 16, before U.S. District Judge Amy St. Eve.

Abbas went by many aliases as he made several unkept promises to help immigrants in exchange for bribes, the indictment, obtained Thursday in federal court, alleges.

One man gave Abbas $8,500 because Abbas allegedly said he was an FBI agent. Another trusted Abbas to be a high-level attorney and paid him $5,500, charges allege. But Abbas was nothing but an extortionist, the FBI said.

Abbas made promises he didn't keep as he collected $25,000 from three people, according to charges originally filed against Abbas on Oct. 13, 2006.

He usually preyed on immigrants caught in tough circumstances, authorities said. Law enforcement officials believe more immigrants have been scammed but haven't alerted authorities because they fear their legal status will be questioned, FBI spokesman Tom Simon said.

In one case, a man asked Abbas for help in getting his son out of jail pending his trial. Abbas said he was connected to assistant state's attorneys, who would get the man's son out of jail immediately for the right price, the indictment alleges.

The two met at the Daley Center downtown where the man handed cash to Abbas, then never saw him again, according to the indictment. The man's son wasn't released until months later.

The indictment also accuses Abbas of representing himself as an FBI agent to a man facing deportation and said he would fix the problem. Abbas allegedly took payments from the man and did nothing else.

Anyone with information regarding the alleged scheme is asked to call the FBI at (312) 421-6700.

TAX:

Plea In Tax-Shelter Probe (WSJ)

By A Wall Street Journal Staff Reporter

The Wall Street Journal, January 12, 2007

DOJ_NMG_0116053

A Saipan man pleaded guilty to making false statements in connection with the government's probe into allegedly fraudulent tax shelters marketed by former executives of KPMG LLP.

The plea was the second in the government's tax-shelter investigation secured by prosecutors in as many days.

Michael Grandinetti, a senior executive with the United Micronesia Development Association, entered his plea at a hearing before U.S. District Judge Thomas P. Griesa in Manhattan.

Mr. Grandinetti, 54 years old, said he lied to a prosecutor and an Internal Revenue Service agent when he told them in a March 2006 telephone call that he had disclosed to the UMDA's board that he received secret side payments from a group of tax-shelter promoters for UMDA engaging in certain tax-shelter transactions.

Mr. Grandinetti faces up to five years in prison on the charge. Bail was set at $10,000.

Agents Say Fast Audits Hurt I.R.S. (NYT)

By David Cay Johnston

The New York Times, January 12, 2007

Top officials at the Internal Revenue Service are pushing agents to prematurely close audits of big companies with agreements to have them pay only a fraction of the additional taxes that could be collected, according to dozens of I.R.S. employees who say that the policy is costing the government billions of dollars a year.

"It's catch and release," said Douglas R. Johnson, an I.R.S. auditor in Colorado for three decades who said he grew so frustrated at how large corporations were allowed to pay far less than what he thought they owed that he transferred to the agency's small-business division.

With one exception, other working agents would talk about the issue only on condition they not be identified because they feared being fired. They said a policy intended to avoid delays in auditing corporations was being pushed so rigidly that it prevented them from pursuing numerous examples of questionable corporate tax deductions.

I.R.S. officials said the complaints were misguided. In an interview yesterday, Debbie Nolan, the I.R.S. executive in charge of auditing large and medium-size businesses, denied that audits were being closed over the objections of agents who had evidence that significant additional taxes were owed. Ms. Nolan said she had not heard any such complaints from auditors.

She noted that the amount of additional tax recommended for each hour auditors spend on large and medium-size companies more than doubled, to $5,195 in 2006 from $2,394 in 2002. And she said that internal reviews of corporate tax audits showed that their quality had improved.

"On the whole, we are moving in the right direction," she said. "All of our indicators tell me that we are doing the right thing."

But auditors said they were told to limit questioning only to those specific issues that the I.R.S. and the companies had agreed in advance to examine. When other questionable deductions emerged in the course of the audit, they said, additional taxes were ignored.

Rank-and-file auditors said that the sharp rise in tax dollars collected per hour of audit was not a sign of an improved auditing system but simply reflected the fact that abusive and illegal tax shelters had become so common that it was easy to find additional taxes due.

James Lynch, who retired 18 months ago after two decades auditing large corporations in the San Diego area, said that "of course dollars per hour are up, because they put in smaller teams and you just grab what you can and get out."

Of roughly 50 auditors interviewed, only one said he agreed with the new policy, arguing that it was better to audit more companies lightly than a few thoroughly as a strategy to improve compliance with the tax laws. But even this agent agreed with the others that large companies were being allowed to pay far less than they owed.

Mr. Johnson and some of these agents also said that I.R.S. management reports indicate that the quality of audits was improving only because the agency did not accurately record these actions.

One longtime auditor in New York said that when ordered not to pursue an issue "you just write 'closed per case manager' to cover yourself."

The auditor was asked why she did not file an official memo indicating that she disagreed and that she believed it was premature or improper to close the audit.

"Why would I do that?" the auditor replied. "So my manager will give me a bad performance review?" Others gave similar explanations.

Ms. Nolan said agents who believed that an important issue should have been pursued should report the matter to higher-level supervisors or go to the inspector general's office. She said she was not aware of any such complaints.

But Coleen M. Kelley, president of the National Treasury Employees Union, said that Ms. Nolan should not be surprised that there was widespread unhappiness in the ranks about the quality of audits.

DOJ_NMG_0116054

"We have been hearing complaints since they started the policies of short cycle time and limited-scope audits," Ms. Kelley said. "These are policy decisions the I.R.S. has the right to make, whether they are right or wrong."

She said any agent who went up the chain of command would have the complaint rejected out of hand.

"The agents are told that this is the scope of the audit and this is the time you have to deliver," Ms. Kelley said. "Their professional judgment is being ignored."

Ron McGinley said it was clear when the new policies went into effect in 2003, shortly before he retired as an I.R.S. economist in Southern California, that tax law enforcement was being weakened.

Mr. McGinley drew an analogy contrasting the I.R.S. approach to the way the government investigated John Gotti, the organized crime boss known as the Teflon Don.

"The way they limit audits," he said, "is like the FBI going to the Teflon Don and saying, 'We'd like to look around, so what are you willing to let us see?' "

Across the country, several presidents of local I.R.S. union chapters said there had been a steady flow of complaints from auditors, specialists and others who examine tax returns that they are not being allowed to do their jobs. They said some of the most highly trained and respected auditors had quit or plan to leave the moment they were eligible to retire.

"Agents in the large- and mid-sized business division complain to me constantly that what are supposed to be estimated dates to complete audits are hard deadlines," said Frank Heffler, president of the local in Manhattan, which has the largest contingent of I.R.S. corporate tax auditors.

The auditors said that many companies were cooperative, but others took advantage of the shortened time periods to delay turning over crucial documents until the end of the audit.

Two auditors told of corporations that when asked for a specific document, produced thousands of pages of ill-organized material in an apparent effort to waste their time and limit the issues that would be fully examined. Both auditors said they complained to supervisors, but to no avail.

Kay Rogers, the union president in Orange County, Calif., said that official I.R.S. policy calls upon auditors to "do the right thing" and pursue an audit beyond the deadline if the issues warrant it. But in practice, Ms. Rogers said, that does not happen.

The reason, she explained, is because supervisors receive cash bonuses, promotions and other benefits based on closing cases within the time allowed, not on the quality of audits or the dollars collected.

"When a person is rewarded monetarily for keeping to the cycle time," she said, they are going to close audits to get their reward.

Individual auditors in eight states, interviewed over the last seven months, told of case managers and higher supervisors ordering them to drop issues because it would prevent closing the audit by a predetermined date.

Many of these agents said they were troubled most when the sums involved pre-negotiated agreements with the I.R.S. on how much profit multinational companies could take overseas in tax havens and how much must be taken inside the United States.

"They are giving away the store," one agent in New Jersey said.

Agents told of being refused access to specialists, including economists, engineers and historians, because if these specialists developed an issue the audit would have to continue past the deadline.

"They are not letting us do our job, which is to enforce the law," said one I.R.S. auditor who handles the most complicated international cases.

Ms. Nolan, the official in charge of the division, said that such comments reflected the difficulty many I.R.S. veterans were having in adapting to new policies, not any flaws in those policies.

Mr. Lynch, the auditor who retired in California, and many others complained that the effect of the policy was to allow the Bush administration to achieve administratively a further easing of the corporate income tax burden far beyond what Congress has approved legislatively.

According to Melanie Fox, the only current auditor besides Mr. Johnson who agreed to be quoted by name, a large number of the most experienced corporate auditors plan to retire as quickly as they can because they feel their efforts are not respected.

"A lot of audit experience is about to walk out the door," Ms. Fox said. "And then what will happen?"

Judge Blocks IRS From Role In Case (BUFFNEWS)

By Matt Gryta, News Staff Reporter

Buffalo News, January 12, 2007

State Supreme Court Justice John A. Michalek on Wednesday refused to allow the Internal Revenue Service to intervene in state court proceedings aimed at closing the financial books and paying workers of the former St. Augustine human resource center.

U.S. District Judge John V. Elfvin two weeks ago quashed an IRS effort to have the matter handled in federal court, when the case was returned to Michalek.

Lisa L. Bellamy, a U.S. Justice Department attorney who made the intervention request Friday, could not be reached to comment Wednesday.

As the result of a state Labor Department suit, Michalek ordered the closing of the debt-plagued center 11 months ago. The nonprofit human services agency for decades served Buffalo's black community.

In court papers, Bellamy contended that the IRS has a $592,325.54 lien on the St. Augustine operations for unpaid federal taxes and penalties.

After Wednesday's court session, Adam W. Perry, the center's state court-appointed receiver, said he is preparing a report for Michalek on paying off center creditors and obtaining back pay for 85 employees who worked months without pay last year while transferring clients to other agencies.

In court papers, Bellamy contended that the IRS has a right to intervene in the case to assist in the final disbursement of the center's funds.

Bellamy says that at least $178,262.82 of the center's assets have been accumulated by Perry for distribution to creditors and former employees.

FEDERAL DIARY: $5 More To Cure Rider's Block (WP)

By Stephen Barr

Washington Post, January 12, 2007

The Internal Revenue Service has increased the maximum monthly transit subsidy to $110 for 2007 as part of its inflation-adjustment procedures.

That's a $5 increase in the tax-free benefit, which was last adjusted in 2005.

The transit benefit is especially popular in Washington-area government offices, where workers in the executive, legislative and judicial branches are eligible to receive the payments.

Government agencies use the benefit to encourage their employees to take the subway and use van pools rather than drive to work in the city and increase congestion. In the Washington area, about 163,000 federal employees receive Metrocheks, a fare card voucher, a Metro spokesman said.

Washington-area federal employees began receiving the benefit as an addition to their salaries under a presidential order issued in 2000. It directed agencies in the national capital region to offer a transit benefit equal to commuting costs but not to exceed the IRS limit.

Agencies outside the D.C. area also may offer the benefit as a pretax payroll deduction. But many have chosen instead to pay for the transit benefit to ensure their employees are treated on par with those in Washington.

For information on transit benefits, go to http://www.publictransportation.org, sponsored by the American Public Transportation Association, and http://www.bwc.gov, the Best Workplaces for Commuters Web site, sponsored by the Environmental Protection Agency and the Transportation Department.

The IRS also has increased the standard mileage rates used to calculate deductions for taxpayers who use cars for business, charitable, medical and moving purposes to 48.5 cents per mile, up by 4 cents from last year.

The General Services Administration sets the reimbursement rate for federal employees who use their cars for official business and typically raises the rate to the level allowed by the IRS. GSA officials hope to have a new rate ready by mid-February.

Yesterday , Colleen M. Kelley, president of the National Treasury Employees Union, urged the GSA to move quickly and approve an increase in the reimbursement rate.

"Federal employees face the same costs as those in the private sector, including rising gas prices, and they deserve the same rate increase," she said.FirstGov.gov Goodbye

The government's official Web portal has changed its name from FirstGov.gov to USA.gov in response to feedback from the public that suggests the old name never caught on.

According to a notice posted yesterday at the portal, 79 percent of respondents to a telephone survey last year preferred the name USA.gov.

The notice also suggested that the public finds the new name to be more intuitive. More than 600,000 people last year typed "usa.gov" into their Web browsers when looking for government information, the notice said.

USA.gov officially launches Thursday, GSA officials said, though the new name was on display yesterday for Web surfers.

Federal officials created the portal about six years ago to provide one-stop shopping for people seeking information from federal, state and local agencies and tribal governments. The database contains more than 50 million documents and images.

The Web site's basic look remained unchanged yesterday, but two new features have been added. They are a "chat with government" box that permits users to message back and forth with a contract employee hired to field questions, and a special page designed for people who live overseas and plan to visit the United States or come here for business.

To get the word out about the name change, the Web site plans to promote USA.gov on the back of about 17 million federal tax refund checks mailed between February and April, the notice said.Talk Shows

Kathryn Turman, program director of the FBI's Victims Assistance Unit, will be the guest on "FedTalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

R. David Paulison, director of the Federal Emergency Management Agency, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

CONGRESS-ADMINISTRATION:

House Passes Bill For Stem Cell Research (AP)

By Andrew Taylor

AP, January 12, 2007

The Democratic-controlled House Thursday passed a bill bolstering embryonic stem cell research that advocates say shows promise for numerous medical cures.

But the 253-174 vote fell short of the two-thirds margin required to overturn President Bush's promised veto, despite gains made by supporters in the November elections. Bush vetoed identical legislation last year and the White House on Thursday promised he would veto it again.

The White House said the bill — the third bill of the Democrats' first 100 hours agenda to pass the House — "would use federal taxpayer dollars to support and encourage the destruction of human life for research."

At stake was whether research on cells taken from human embryos — considered by scientists to be the most promising approach to developing potential treatments or cures for dozens of diseases — should be underwritten with taxpayer funds.

The debate raises passions because the research typically involves the destruction of frozen embryos created for in vitro fertilization. It draws fierce opposition from anti-abortion lawmakers and like-minded constituents who believe their taxes should not fund such research. Proponents of the research said it is done on embryos that would otherwise be discarded from fertility clinics anyway.

"I support stem cell research with only one exception — research that requires killing human life," said Minority Leader John Boehner, R-Ohio. "Taxpayer-funded stem cell research must be carried out in an ethical manner in a way that respects the sanctity of human life. Fortunately, ethical stem cell alternatives continue to flourish in the scientific community."

Democrats countered with Rep. James Langevin, D-R.I., an anti-abortion lawmaker who is paralyzed from the chest down from a handgun accident that occurred when he was a teenager. The research, Langevin said, offers "tremendous hope that not only stem cell research might lead one day to a cure for spinal cord injuries but one day a child with diabetes will no longer have to endure a lifetime of painful shots and tests."

Dr. Robert Lanza, a top stem cell researcher at Advanced Cell Technology, Inc., said that stem cell-based treatments could be just a few years away for eye and spinal cord injuries, but that a decade or more of research is needed before treatments might become available for diseases such as diabetes and Alzheimer's.

Polls show most Americans support embryonic stem cell research, and Democrats say the issue played a big role in the Nov. 7 elections that returned their party to the majority in the House and Senate.

But in the House, Democratic gains of 30 seats don't translate into anywhere near that number of new votes for the embryonic stem cell research bill, sponsored by Reps. Diana DeGette, D-Colo., and Mike Castle, R-Del.

For starters, many Democratic freshmen defeated more moderate Republicans who voted for the bill when it originally passed in 2005 and on an unsuccessful veto override attempt last year. And some Republicans who supported the bill have been replaced with opponents of the measure.

As a result, House embryonic stem cell research proponents have gained only 15 votes over the high-water mark of 238 in the prior GOP-controlled House.

If every House member votes, it takes 290 votes to override a veto, and both the House and Senate must override a veto for a bill to become law without a president's signature.

Scientists still say, however, that embryonic stem cells so far are backed by the most promising evidence that one day they might be used to grow replacements for damaged tissue, such as new insulin-producing cells for diabetics or new nerve connections to restore movement after spinal injury.

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The legislation would lift Bush's 2001 ban on federal dollars spent on deriving new stem cells from fertilized embryos. Bush's veto of the bill last year was the first veto of his presidency.

Embryonic stem cells are able to morph into any of the more than 220 cell types that make up the human body. Bush on Aug. 9, 2001, restricted government funding to research using only the embryonic stem cell lines then in existence, groups of stem cells kept alive and propagating in lab dishes.

But those 21 stem cell lines have many problems, and researchers say 300 newer lines, culled from fertility clinic leftovers otherwise destined to be thrown away, are considered better suited for implantation into sick Americans.

Scientists take those cells from a 5-day-old embryo, when it's bigger than the period at the end of this sentence.

Stem Cell Bill Sails Through The House (NYT)

By David D. Kirkpatrick

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — The House voted overwhelmingly on Thursday to broaden federal support for embryonic stem cell research, stepping up a confrontation with President Bush over a thorny scientific and ethical issue that Democrats hope to capitalize on in the next election.

The vote, 253 to 174, was not enough to overturn a likely presidential veto of the measure, which would authorize federal support for research using stem cells derived from excess embryos that fertility clinics would otherwise discard.

The White House said Thursday that the president would veto the bill, just as he did last year. “The bill would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos,” the White House statement said.

It would take 290 House votes to override a veto.

But the vote fulfilled a Democratic promise from the November elections, when about a dozen winning House candidates and at least two winning Senate candidates campaigned heavily on the issue. And with 37 Republicans joining 216 Democrats to support the measure, Democrats said the vote also ensured that the issue would remain alive for the 2008 election. The measure’s passage in the Senate is almost certain.

“We can do this the easy way or the hard way,” said Representative Diana DeGette, a Colorado Democrat who was a sponsor of the bill.

“By January 2009, we will have a president who favors embryonic stem cell research,” Ms. DeGette added, noting that at the moment the leading presidential candidates in both parties support it.

Of the three most emotional social issues of the day — abortion rights, same-sex marriage and embryonic stem cell research — the last is the only one on which the public, by a growing majority, clearly favors the liberal position, said Michael Dimock, a pollster at the Pew Forum on People and the Press.

Proponents say research on embryonic stem cells could lead to treatments for cancer, heart disease, diabetes, Alzheimer’s disease, Parkinson’s disease and other illnesses.

In the weeks before the Nov. 7 election, the actor Michael J. Fox campaigned for several Democrats on the issue. Mr. Fox has Parkinson’s disease and presented himself as living evidence of the need to support stem cell research.

After the vote on Thursday, Representative Debbie Wasserman Schultz, Democrat of Florida, said, “This is a matter of life and death.”

Social conservatives argue that destroying any human embryo means taking a life. Some compare the bill’s stipulations about using leftover embryos to financing deadly research experiments on death row inmates.

Supporting research in leftover embryos “will create a market for creating and cloning more human embryos for the express purpose of killing them,” said Tony Perkins, president of the Family Research Council, a group of conservative Christians.

Echoing arguments by the White House, House Republicans opposed to the measure noted that some studies suggested that stem cells taken either from adults or from amniotic fluid might provide alternatives to using those from human embryos.

“I support ethical stem cell research that does not spend public dollars to fund studies that many Americans find morally reprehensible,” said Representative Jeb Hensarling of Texas, recently named head of the House conservatives’ Republican Study Committee.

But the distinction between embryonic and other stem cells has not sunk in with the public, Mr. Dimock of the Pew Forum said, adding, “We don’t find much of a difference in the responses if you add or subtract the word ‘embryonic.’ ”

He said that in polls posing a choice between saving an embryo and pursuing the potential treatments from stem cell research, 56 percent of respondents favored research and 32 percent favored the protection of embryos.

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In 2001, Mr. Bush issued an order prohibiting the use of federal money for research on any new stem cells derived from embryos. His order limited federal financing to the handful of lines of embryonic stem cells then in existence. But researchers have complained that most of those cells were damaged or inadequate.

The White House said that under the guidelines the government had spent $130 million on embryonic stem cell research using existing lines. Including other sources of financing, researchers had spent a total of $3 billion on stem cell research of all kinds, the White House said.

Bill's Backers Predict End To Stem Cell Limits (USAT)

USA Today, January 12, 2007

WASHINGTON — Despite threats of a presidential veto, supporters of research on embryonic stem cells say an end to restrictions on federal funding is inevitable after an overwhelming House vote Thursday.

The House of Representatives voted 253-174 on a stem cell research bill identical to one President Bush vetoed last year. Supporters were 37 votes shy of the 290 needed to override a veto but got 14 more votes than last year.

White House spokesman Tony Fratto said Bush remains opposed to the legislation. "We believe we should not be using tax dollars to provide incentives for the continued destruction of embryos," Fratto said.

In the Senate, Tom Harkin, D-Iowa, said he has 66 votes lined up in favor of the bill; he needs 67 to override Bush. "We're working on everybody," Harkin said.

Harkin and other proponents of research with embryonic stem cells — basic building blocks that can be coaxed into developing into a wide range of cells — say the work holds the promise of curing a number of diseases.

Opponents such as Rep. Dave Weldon, R-Fla., say it's an unproven field of study that involves the destruction of human life, because embryos are used to obtain the stem cells. "This is not necessary, and it's morally wrong," said Weldon, a doctor. He and others argued that medical breakthroughs can be achieved by using adult stem cells, such as those derived from a pregnant woman's uterus.

At issue is whether to lift restrictions on funding for embryonic stem cell research that Bush established early in his first term. In an Aug. 9, 2001, order, Bush approved federal funding for research on stem cells but limited it to lines created before that date. Of the $600 million the National Institutes of Health provides for stem cell research, $39 million went to human embryonic stem cells last year. The rest went for studies on animal and adult stem cells.

"None offer as much promise as human embryonic stem cells," said Rep. Louise Slaughter, D-N.Y., a microbiologist.

Rep. Diana DeGette, D-Colo., and other bill supporters said the measure would provide a positive use for leftover embryos kept at fertility clinics and destined for destruction. That was the reason Rep. Dale Kildee, D-Mich., switched his vote this year to support the bill. "He felt that since the embryos were going to be destroyed anyway, it was better that some good come out of it," said Christopher Mansour, Kildee's chief of staff. Rep. Rob Bishop, R-Utah, said federal funding for the research would amount to endorsing "a policy that innocent life can be destroyed for utilitarian purposes."

Some lawmakers cited friends and family members they said might be aided by embryonic stem cell research. Freshman Rep. Phil Hare, D-Ill., said the research could help his predecessor, Lane Evans, an Illinois Democrat who retired last year because of Parkinson's disease. Rep. Joe Sestak, D-Pa., told members about his 5-year-old daughter's battle with brain cancer.

In all, 38 freshmen lawmakers voted for the bill. "I'm a pro-life Democrat," said Rep. Jason Altmire of Pennsylvania. "This is a pro-life vote."

DeGette and Rep. Mike Castle, R-Del., the bill's sponsors, said the growing support in the House of Representatives is a sign that political momentum is shifting. "This will be the law of the land in 2009 no matter what," said Rep. Mark Kirk, R-Ill., referring to the year Bush's term ends. "Our job is to get the inevitable to happen as early as possible."

DeGette said she's eager to discuss a compromise with the White House, but she said Bush has rejected offers to meet with her and GOP bill supporters.

House Passes Bill Relaxing Limits On Stem Cell Research (WP)

By Rick Weiss

The Washington Post, January 12, 2007

The House yesterday overwhelmingly approved a bill that would loosen the restrictions on human embryonic stem cell research imposed by President Bush in 2001, inaugurating the second such assault on the administration's stem cell policy in as many years.

Thirty-seven Republicans joined 216 Democrats to pass the Stem Cell Research Enhancement Act, which would allow federal funding of research on stem cells from embryos slated for destruction at fertility clinics.

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The 253 to 174 vote fell 37 votes short of what it would take to override the veto that Bush yesterday promised would be forthcoming, assuming the Senate passes the same bill, as expected. Bush vetoed the legislation after it passed last year.

But buoyant research proponents said they still have several options and promised to persevere until the legislation becomes law.

"While it's not enough to override a veto, it's enough to show we have tremendous momentum," said Rep. Diana DeGette (D-Colo.), who led the House effort with Rep. Michael N. Castle (R-Del.).

With the Senate already within one vote of having the two-thirds majority it needs for an override, and with the Democrats now in a majority position that will allow them to use procedural rules in their favor, DeGette suggested that it is time for the president to begin negotiating with Congress over compromise language.

"The vote today shows that productive discussions might be a very, very good idea for all concerned," she said.

Under the existing policy, federal funds may be used to study only those stem cells taken from embryos destroyed by Aug. 9, 2001 -- or about 21 of the nearly 400 stem cell colonies created since 1998.

The House-based bill would expand that pool of available cells to include those from any of the thousands of embryos that are discarded by fertility clinics each year, as long as those cells were freely donated for research by the parents. It would also impose some of the country's first ethics rules on embryo research.

The vote came after about three hours of impassioned speeches by lawmakers on both sides of the issue.

Rep. Roger Wicker (R-Miss.) warned that passage would lead to a "slippery slope." Before long, he said, scientists would routinely be creating human embryos "for the express purpose of killing that embryo" for research.

Rep. Roscoe G. Bartlett (R-Md.), touting his credentials as a former research scientist who studied human embryology, spoke up for alternative methods of getting stem cells -- methods that virtually all leading stem cells scientists have discounted as having uncertain value.

"The assumption by many people that you have to kill human embryos to get embryonic stem cells just isn't true," Bartlett said.

On the other side, Rep. Edward J. Markey (D-Mass.) warned that if Congress does not override a Bush veto this time, "this will be remembered as a Luddite Moment in American history, where fear triumphed over hope and ideology triumphed over science."

Rep. Rahm Emanuel (D-Ill.) wondered aloud -- not seriously, he assured -- whether those voting against the bill would be willing to waive their right to access the cures that would come from the work.

When the final vote was tallied, Speaker Nancy Pelosi (D-Calif.) took to the podium and announced with apparent glee: "The bill is passed!"

Passage came into question only briefly when Rep. Michael C. Burgess (R-Tex.) introduced a motion that would have amended the bill to include broad new limits on scientists' ability to clone human embryos for research.

Scientists have said that cloned human embryos offer a unique opportunity to create stem cells with particular genetic defects, giving researchers an unprecedented window into the underpinnings of birth defects and a wide range of diseases.

Current federal policy already precludes the use of federal funds for such studies. But Burgess's motion would have cut off all federal embryonic stem cell grant money for any laboratory where embryo cloning research was underway, even with private money.

The motion was defeated 238 to 189 after a frantic effort by leaders in both parties.

Senate leaders have said they plan to take up the bill next month.

US Democratic-led House Challenges Bush On Stem-cell Research (AFP)

By Stephanie Griffith

AFP, January 12, 2007

In a first major challenge to President George W. Bush, the Democratic-controlled US House of Representatives voted to lift his limits on federal funding for embryonic stem-cell research.

The White House said Bush would veto the legislation if it came to his desk.

The bill was approved on a 253-174 vote, short of the two-thirds majority needed to override an expected veto by Bush. The US Senate was due to vote on an identical measure in the coming weeks.

The Democrats chose the hot-button issue of stem-cell research to launch their first direct legislative assault on the Republican president since they swept to power in Congress in the November elections.

Bush, who opposes the harvesting of stem cells from discarded embryos as "anti-life," has sharply limited federal financing for the process seen by advocates as vital to advanced medical research.

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"The president will certainly veto the legislation if it comes to his desk because it would compel all American taxpayers to pay for research that relies on the intentional destruction of human embryos for the derivation of stem cells," said Tony Fratto, a Bush spokesman.

"The bill passed today is seriously flawed and would undo essential ethical protections, and slow the development of new techniques that avoid bio-ethical concerns," Fratto said.

House Speaker Nancy Pelosi hailed Thursday's vote as a victory for the effort to find cures for a number of diseases, including diabetes and cancer.

"Today, by passing legislation to expand stem-cell research, the House gave voice to the hopes of more than 100 million Americans and their families," Pelosi said.

"With today's strong bipartisan vote, we now challenge President Bush to join members from both sides of the aisle in supporting the hope of stem-cell research," she said.

Despite their strong majority, the Democrats do not have enough Republican allies backing the measure to muster the two-thirds majority need to override a presidential veto in both chambers of Congress.

Pelosi said the Stem Cell Research Enhancement Act would expand federal funding for the research that uses stem cell lines generated from embryos that would have otherwise been discarded by fertility clinics.

"Unlike President Bush's current policy, this legislation includes strong ethical guidelines for conducting stem-cell research," she said.

The text of the House bill approved Thursday was similar to one approved by the then-Republican-controlled Congress last year and vetoed by Bush, the only time he used the executive power in his six years in office.

House Republicans said they would offer a proposal to instead boost federal funding for new research in amniotic non-embryonic stem cells.

Opponents of stem cell research -- which many researchers say holds great promise in treating now-incurable diseases -- welcomed a US study published Sunday that showed stem cells derived from amniotic fluid could offer much the same potential as those taken from embryos.

Researchers from Wake Forest and Harvard Medical School were able to manipulate the cells to create muscle, bone, fat, blood vessel, nerve and liver cells. Tested in mice, the stem cells repaired damage and grew replacement tissue.

"We don't have to split the nation on this if we have got an alternative," Phil Gingrey, a Republican congressman, gynecologist and adamant opponent of embryonic stem-cell research, said in response to the study findings.

Bush decided in August 2001 to ban federal financing of research with new lines of stem cells from human embryos, limiting it to existing lines, which numbered about 60.

These stem cells come from multiple embryos generated by couples trying to produce a pregnancy using in vitro fertilization.

Bush and his allies on the religious right believe the use of embryonic stem cells leads to the destruction of embryos, which they consider a human life, even though embryos are routinely destroyed by clinics.

House Revisits Stem Cell Research (LAT)

By Nicole Gaouette

The Los Angeles Times, January 12, 2007

WASHINGTON — The House plunged back into the emotional debate over embryonic stem cells Thursday, overwhelmingly passing a bill to expand federal funding for the controversial research.

The bill, part of Speaker Nancy Pelosi's 100-hour agenda, has broad support in both chambers, but is likely to face opposition from President Bush, who imposed strict limits on federal funding for embryonic stem-cell research in 2001 and used his veto power for the only time in 2006 to reject an identical bill.

"It is time for President Bush to allow this groundbreaking research to move forward," said Rep. Diana DeGette, D-Colo., the main author of the bill, which had 218 co-sponsors. "This is a victory for ethical science as well as true bipartisanship. The American people clearly support scientific funding and the use of embryonic stem cells to address some of our most debilitating diseases."

The bill passed 253 to 174, with 37 Republicans joining most Democrats in favor, and 16 Democrats opposing it.

In three hours of often charged debate, lawmakers spoke of parents, children and friends who they said could be helped by embryonic stem cells, while others warned that the legislation would involve the government in the destruction of life in the form of human embryos.

Rep. Joe Sestak, D-Pa., rose to speak about his young daughter's malignant brain tumor and his hopes that the promising research would not be ignored. "Why would we preclude options for potential treatment?" he asked.

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But Georgia Republican John Linder warned of a hidden agenda. "Are we seeking a way of getting the government's imprimatur on ending a life that is not useful?" he asked. Referring to Adolf Hitler, he told his colleagues, "The first in the gas chamber were retarded children . . . . We are moving in that direction today."

Embryonic stem cells are valuable to researchers because they can be coaxed to grow into any kind of tissue. Scientists see in them an opportunity for medical advances on diseases like Alzheimer's, Parkinson's and diabetes, as well as spinal cord injuries, but the field is still in its infancy -- the cells were discovered in 1998 -- and researchers are years away from producing results.

The House legislation would allow federal funding for research on stem cells drawn from embryos that would otherwise be discarded by fertility clinics. They can only be used if the donors give their written consent and receive no money or inducement for the embryos.

Only a limited number of cell lines are currently available to researchers. On Aug. 9, 2001, Bush issued an executive order that limited federal funding for embryonic stem-cell research to cell lines that existed before that date. At the time there were 78. Today, 22 cell lines are still available to researchers, but many of them have been contaminated and are of questionable value.

There are 400,000 embryos currently stored at in vitro clinics across the U.S., according to Rep. Michael Castle, R-Del., a co-sponsor of the legislation.

The federal government currently spends $25 billion a year on scientific research, while funding for embryonic stem cells is about $15 million a year, according to Lawrence Stoler, vice president for government relations at the Juvenile Diabetes Research Foundation, which lobbies for greater use of embryonic stem cells.

In Thursday's debate, social conservatives spoke about the embryonic stem-cell issue as an extension of the abortion debate, while the bill's supporters framed it as a matter of medical research.

Conservatives also cited recent research showing that amniotic fluid stem cells could be used to produce several different kinds of tissue without the destruction of embryos.

"This research offers the potential for a new consensus approach to the difficult issue of stem cell research, and I am disappointed the Democratic majority was not willing to allow time for this new development to be thoroughly examined," said Minority Leader John Boehner, R-Ohio.

DeGette urged research- on all kinds of stem cells and cited polls that show over 71 percent of the public backs embryonic stem-cell research, a 20 percentage point increase since the House passed an identical bill in 2005.

The Senate is expected to pass similar legislation later this year and, although lawmakers hold out the hope for compromise with the White House, Bush has refused to meet with DeGette or Castle on the issue. If the president vetoes another stem-cell bill, Congress can try to vote to override him. This would take 67 votes in the Senate and 290 votes in the House, which is seen as unlikely.

House Expands Stem-cell Research (WT)

By Christina Bellantoni

The Washington Times, January 12, 2007

The House yesterday passed a bipartisan bill expanding federal funding of embryonic stem-cell research, although not with enough support to override a likely presidential veto.

The Stem Cell Research Enhancement Act of 2007, which passed by a vote of 253-174, is identical to legislation that President Bush vetoed last summer -- an act that the White House yesterday vowed to repeat.

The measure, which Democrats expect to be approved by the Senate, increases the limited number of embryonic stem-cell lines eligible for federal funding from the 78 the White House allows under an August 2001 executive order.

Despite the promise of a veto, the new Democratic majority says expanding stem-cell research is a winning issue that paints Mr. Bush as extreme.

Backers of the bill say embryonic stem-cell research can be used to develop treatments for diseases, such as Parkinson's. Supporters also said yesterday that they have other options of expanding stem-cell research, including attaching the issue to a "must-pass" bill such as a spending measure.

"We have a moral obligation to provide our scientific community with the tools it needs to save lives," said Majority Leader Steny H. Hoyer of Maryland.

The bill states that the research would be done under "strict ethical guidelines" and that funding would only apply to stem-cell lines from embryos that "would otherwise be discarded by fertility clinics."

But pro-life members from both parties oppose embryonic stem-cell research, arguing that it destroys life in the process of harvesting the cells. They also said the measure should have been put on hold because of recent research showing that amniotic fluid can be used to produce stem cells without destroying life.

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Minority Leader John A. Boehner of Ohio urged his colleagues to instead study those new methods, saying, "We are going to find out that we are not going to need to destroy human embryos to get the kind of promise that we want.

"I've got 11 brothers and sisters. I'm sure it wasn't convenient for my mother to have twelve of us, but I'm sure glad that she did," he said. "Taxpayer funds shouldn't be used to destroy the human life, pure and simple."

Researchers at the Wake Forest and Harvard medical schools concluded that stem cells found in amniotic fluid are versatile and available and could have equal benefits to embryonic cells.

However, the measure's sponsors, Democratic Rep. Diana DeGette of Colorado and Republican Rep. Michael N. Castle of Delaware, said the lead scientist wrote a letter, saying the study should not slow down embryonic research.

Stem-cell-research supporters have gained votes since failing to override Mr. Bush's July veto, the first of his presidency. That vote was 235-193, 55 votes shy of the needed majority.

The Democrats campaigned on a pledge to fund stem-cell research, an issue that resonated with the American people in part because of the advocacy work of celebrities, including actor Michael J. Fox, who has Parkinson's disease and appeared in ads for candidates who supported the research.

Mrs. DeGette cited a poll showing 71 percent of Americans support embryonic research and said U.S. researchers are "tethered" by Mr. Bush's six-year-old policy.

Yesterday's debate allowed freshmen Democrats to give floor speeches and refer to constituents with diseases who could benefit from the research.

Freshman Rep. Harry Mitchell of Arizona called the bill "the best hope for a cure," and Rep. Patrick J. Murphy of Pennsylvania said embryonic research is a "medical miracle."

All but three of the Democratic freshmen supported the bill.

Mrs. DeGette said Mr. Bush has refused to meet with her or Mr. Castle, but they hope to convince him that opinion -- and votes -- are on their side.

"While that is not enough to overcome a veto threat, it is enough to show that we've got tremendous momentum," Mrs. DeGette said.

Rep. Mark Steven Kirk said the measure's passage is symbolic.

"In my view, this policy will become the law of the land [in] January 2009 no matter what," the Illinois Republican said. "Senator McCain, right now the leading Republican candidate for president, is pro-stem-cell research, as is Senator Clinton, so our job here is to get the inevitable to happen as early as possible."

He was referring to Sen. John McCain of Arizona and Democratic Sen. Hillary Rodham Clinton of New York -- both of whom are considered front-runners for their party's nomination.

Many praised the measure as helping the United States remain globally competitive.

Rep. Christopher Shays, Connecticut Republican, said the measure also helps encourage scientists to be patient and not to leave the country for places such as Britain, which allows such research.

"This is not a matter of pro-life versus pro-choice but rather a matter of humanity," Mr. Shays said, later declaring, "The dark ages are over. ... God gave us the intellect to differentiate between dogma and science."

But Rep. Roscoe G. Bartlett, Maryland Republican and a scientist, said, "It is unnecessary to harm or destroy embryos to obtain cell lines for research."

Concerns Of Dashed Hopes From Promised Miracles (NYT)

By Nicholas Wade

The New York Times, January 12, 2007

It was a day of promised miracles in the House of Representatives. Almost every other lawmaker who spoke during the debate on the stem cell bill told of a close relative with a deadly affliction whose cure depended on generating new human embryonic stem cell lines.

But the bill that was passed, on a 253-to-174 vote, had a more modest goal than the oratory implied. It would merely allow scientists supported by the federal government to derive new cultures of stem cells from the early embryos discarded by clinics using in-vitro fertilization.

That would overturn President Bush's decision of Aug. 9, 2001, which restricted the scientists' research to the cell lines already derived by that date. But even with the faster pace of research and discovery that new cell lines might allow, many scientists believe it will be years before any cures for disease could be developed.

The striking hopes that stem cell advocates have raised in order to overturn Mr. Bush's decision may generate public disenchantment with such research if its promise is not quickly fulfilled.

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"In those places like California where the public has been sold the Golden Gate Bridge for stem cell research and it doesn't pay off, there might be some difficulty," said Dr. Leon Kass, former chairman of the President's Council on Bioethics.

Even scientists who believe that the restrictions on embryonic stem cell research have been harmful are concerned about the overstatements.

"We don't know yet how valuable this technology is going to be," said Thomas Cech, president of the Howard Hughes Medical Institute. "All of a sudden, the content increases in value just because you can't have it," Dr. Cech said.

Wild overpromise was not confined to supporters of the House bill, which was identical to one passed by the House and Senate last year and then vetoed by President Bush.

Opponents of the measure, and a White House report issued on Wednesday, made much of the idea that alternatives to embryonic stem cells were close at hand. Several House members on Thursday cited a report published last week by Anthony Atala of the Wake Forest University School of Medicine that said embryoniclike stem cells could be obtained from amniotic fluid.

But scientific literature is several stages removed from accepted truth. It is more like an arena in which most novel claims are shot down by fellow scientists, making it rash to bet on the longevity of any new claim.

Dr. Atala reported that amniotic stem cells could generate six kinds of mature cells, implying they were versatile enough to substitute for embryonic stem cells. But leading scientists were skeptical.

"The evidence that they can make neurons is extremely poor," said Dr. Arnold Kriegstein of the University of California, San Francisco, an expert on neural stem cells.

John Gearhart, an embryonic stem cell specialist at Johns Hopkins University, said that the amniotic cells were "certainly not in the category of embryonic stem cells."

Many biologists believe that the most promising immediate use of embryonic stem cells is in the study of disease-specific cells, an idea long advocated by Dr. Irving Weissman of Stanford University. If scientists could generate embryonic cells from patients' adult cells, they could study Parkinson's or diabetes, for example, from its earliest moments, laying the groundwork for rebuilding a patient's diseased tissues.

But this approach requires generating stem cell lines to order, from adult cells, and the House bill does not address this issue. It only permits the creation of more lines from surplus fertility clinic embryos, similar to those already available.

For that reason Dr. Kass, who opposes the generation of new embryonic stem cell lines, sees the House bill as lacking in substance.

"From the point of view of science, I don't see the current legislation as being terribly important," he said. "I see it as being symbolically important to the scientists who wish to say, 'Get your moral views off our backs.' "

The president's August 2001 decision can be seen as an artful compromise. It appeased opponents of research, but removed the roadblocks that existed in the Clinton administration, and at least allowed scientists to get started. Had they produced dramatic results in the last five years, they would have provided the president political ground to shift his position. But research, as is often the case, has been slow, and dramatic therapies with embryonic stem cells have not yet emerged.

But Dr. Kass believes Mr. Bush's decision was made more on moral than political grounds.

"He's not going to change his mind," Dr. Kass said. "This was fundamentally decided as a matter of complicated moral principle: not to incentivize or reward any future destruction of nascent human life. And if you understood that, you wouldn't expect anything different from him."

Thus Congress's expected passage of the bill, and Mr. Bush's probable veto, will not address the looming issue of whether to permit generations of disease-specific lines.

As before, it is legal for privately financed researchers to do so. But if the vast body of federally financed researchers is sidelined, the pace of advance will be much slower.

Stem Cell Miracle? (WP)

By Charles Krauthammer

The Washington Post, January 12, 2007

When President Bush announced in August 2001 his restrictive funding decision for federal embryonic stem cell research, he was widely attacked for an unwarranted intrusion of religion into scientific research. His solicitousness for a 200-cell organism -- the early embryo that Bush declared should not be destroyed to produce a harvest of stem cells -- was roundly denounced as reactionary and anti-scientific. And cruel to boot. It was preventing a cure for thousands of people with hopeless and terrible diseases, from diabetes to spinal cord injury. As John Edwards put it most starkly and egregiously in 2004: If John Kerry becomes president, Christopher Reeve will walk again.

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This kind of stem cell advocacy did not just shamefully inflate its promise. It tended to misrepresent the basis for putting restrictions on embryonic research, insisting that it was nothing more than political enforcement of the religious fundamentalist belief that life begins at conception.

This has always been a tendentious characterization of the argument for restricting stem cell research that relies on the destruction of embryos. I have long supported legal abortion. And I don't believe that life -- meaning the attributes and protections of personhood -- begins at conception. Yet many secularly inclined people such as myself have great trepidation about the inherent dangers of wanton and unrestricted manipulation -- to the point of dismemberment -- of human embryos.

You don't need religion to tremble at the thought of unrestricted embryo research. You simply have to have a healthy respect for the human capacity for doing evil in pursuit of the good. Once we have taken the position of many stem cell research advocates that embryos are discardable tissue with no more intrinsic value than a hangnail or an appendix, then all barriers are down. What is to prevent us from producing not just tissues and organs but humanlike organisms for preservation as a source of future body parts on demand?

South Korea enthusiastically embraced unrestricted stem cell research. The subsequent greatly heralded breakthroughs -- accompanied by lamentations that America was falling behind -- were eventually exposed as a swamp of deception, fraud and coercion.

The slope is very slippery. Which is why, even though I disagreed with where the president drew the line -- I would have permitted the use of fertility-clinic embryos that are discarded and are going to die anyway -- I applauded his insistence that some line must be drawn, that human embryos are not nothing and that societal values, not just the scientific imperative, should determine how they are treated.

The House voted yesterday to erase Bush's line. But future generations may nonetheless thank Bush for standing athwart history, if only for a few years. It gave technology enough time to catch up and rescue us from the moral dilemmas of embryonic destruction. It has just been demonstrated that stem cells with enormous potential can be harvested from amniotic fluid.

This is a revolutionary finding. Amniotic fluid surrounds the baby in the womb during pregnancy. It is routinely drawn out by needle in amniocentesis. The procedure carries little risk and is done for legitimate medical purposes that have nothing to do with stem cells. If it nonetheless yields a harvest of stem cells, we have just stumbled upon an endless supply.

And not just endless, but uncontroversial. No embryos are destroyed. The cells are just floating there, as if waiting for science to discover them.

Even better, amniotic fluid might prove to yield an ideal stem cell -- not as primitive as embryonic stem cells and therefore less likely to grow uncontrollably into tumors, but also not as developed as adult stem cells and therefore with more "pluripotential" in the kinds of tissues it can produce.

If it is proved that these are the Goldilocks of stem cells, history will record the amniotic breakthrough as the turning point in the evolution of stem cell research from a narrow, difficult, delicate and morally dubious enterprise into an uncontroversial one with raw material produced unproblematically every day.

It will have turned out that Bush's unpopular policy held the line, however arbitrary and temporary, against the wanton trampling of the human embryo just long enough for a morally neutral alternative to emerge. And it did force the country to at least ponder the moral cost of turning one potential human being into replacement parts for another. Who will be holding the line next time, when another Faustus promises medical nirvana if he is permitted to transgress just one moral boundary?

Stem Cell Games (LAT)

The Los Angeles Times, January 12, 2007

TO SCIENTISTS, amniotic stem cells are tools that could help make life-saving treatments for human ailments. To religiously conservative politicians, they are an excuse to disregard embryonic stem cell research altogether. And to the House of Representatives, they provide a useful reminder of the importance of overturning the federal ban on embryonic stem cell research.

Research published this week shows that stem cells harvested from amniotic fluid — easily accomplished through the common practice of amniocentesis — can be used to create human tissues. Unlike embryonic stem cells, they do not appear to form tumors when implanted in animals. And they do not raise the same religious or ethical objections as embryonic stem cells because no embryos are destroyed in the process.

This could be an impressive new medical tool. But it also could be a convenient pretext for pushing embryonic stem cell research aside — and that shouldn't be allowed to happen. For all the potential uses of amniotic cells, they are likely to prove less adaptable than embryonic cells. Exclusive focus on amniotic stem cells would divert attention and time away from potentially more promising lines of research.

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All new science in the stem cell field is welcome. But because of President Bush's adamant refusal to fund most embryonic stem cell research, too much scientific effort is being pressed into finding ways around religious opposition to the field instead of furthering the search for treatments.

Less than six months ago, another scientific research team announced that it had found a way to use a single cell from early stage embryos to create stem cells, which would quell some opposition because the method does not destroy an embryo.

The House came up with a better solution Thursday, passing a bill that would extend federal funding of stem cell research to embryos that would have been discarded by fertility clinics anyway. Although the bill passed 253 to 174 — a clear and commanding margin — it falls short of the two-thirds needed to override the president's promised veto. That's a shame, but at least it vividly illustrates to the public — which largely favors stem cell research — exactly who is responsible for halting progress.

Bush Threatens Veto Of Medicare Drug Bill, But A Senator Is Seeking A Middle Ground (NYT)

By Robert Pear

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — President Bush threatened on Thursday to veto legislation that would require the government to negotiate with pharmaceutical companies to obtain lower drug prices for Medicare beneficiaries.

But chances for passage of some version of the legislation increased when a pivotal figure, the chairman of the Senate Finance Committee, said Congress should repeal a provision of the 2003 Medicare law that prohibits such negotiations.

The chairman, Senator Max Baucus, Democrat of Montana, said he did not favor price controls, but did believe that Medicare should be able to negotiate prices in "discrete areas where seniors need our help the most."

House Democrats would go further, requiring the secretary of health and human services to negotiate the prices that may be charged for most drugs covered by Medicare.

The House is scheduled to vote Friday on that proposal. While the Democratic bill is expected to pass, the White House announced the veto threat on Thursday in an effort to hold down the number of votes and to prevent the measure from gaining any more momentum.

"Government interference impedes competition, limits access to lifesaving drugs, reduces convenience for beneficiaries and ultimately increases costs to taxpayers, beneficiaries and all American citizens alike," the White House said in a written statement on the House bill.

Mr. Baucus said he was seeking a middle ground between Republicans, who strongly support the existing ban on federal price negotiations, and House Democratic leaders, who want to require the secretary to negotiate.

"The total prohibition on negotiation should be eliminated," Mr. Baucus said after listening to two and a half hours of testimony from experts at a Finance Committee hearing. Mr. Baucus is acutely sensitive to public concern about drug prices because he is up for re-election in 2008.

The debate over Medicare drug prices epitomizes the profound differences between the parties over the proper role of government in the nation's health care system. Democrats would prefer that government play a stronger role in guaranteeing access to care at lower prices. Many Republicans, on the other hand, say the market would work better if government got out of the way.

Senator Charles E. Grassley, Republican of Iowa, said the Democratic proposals were "a stalking horse for price controls." In seeking a larger federal role, he said, they remind him of the Clinton administration's ill-fated plan for universal insurance coverage.

"We have enough votes to sustain a veto," Mr. Grassley said.

Mr. Baucus and other Senate Democrats said the government should negotiate drug prices in a few, carefully selected areas where competition had not driven down prices.

Senator Olympia J. Snowe, Republican of Maine, said Mr. Baucus's position was highly significant. "It paves the way for the possibility" of giving the government the authority to negotiate, she said.

On Wednesday, Ms. Snowe and Senator Ron Wyden, Democrat of Oregon, introduced a bill that would repeal the ban on drug price negotiations. The bill would require Medicare to help negotiate contracts for a drug if the federal government had invested a substantial amount of money in its development.

It would also require Medicare to negotiate contracts when a brand-name drug was available from only one manufacturer and no substitute or "therapeutic equivalent" was available.

Mr. Baucus said, "For certain unique drugs, it seems that the prices are way too high."

But Richard G. Frank, a professor of health economics at Harvard, said that some of these drugs "really make a difference in people's lives." The drugs may be expensive, Dr. Frank said, but imposing cost controls may pose "particular risks to precisely the research and development that should be most encouraged."

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The Congressional Research Service said that if the government negotiated lower drug prices for Medicare, pharmaceutical companies might respond by increasing prices for other buyers.

"While drug prices paid by Medicare beneficiaries may fall, overall drug prices may increase for other consumers, specifically for the under-65 population," the research agency said.

The White House and drug manufacturers say Medicare is such a large buyer of prescription drugs that it could, in many cases, dictate prices.

Ms. Snowe and Mr. Wyden rejected that argument. Their bill says the secretary cannot set prices or establish a uniform list of covered drugs, known as a formulary.

Representative John D. Dingell, Democrat of Michigan, the chief sponsor of the bill requiring federal price negotiations, said Thursday, "The purchasing power of more than 40 million Medicare beneficiaries will allow the secretary to achieve lower prescription drug prices."

But the Congressional Budget Office said the bill would have only "a negligible effect on federal spending." Under the bill, it said, the government could not encourage Medicare beneficiaries to use particular drugs and therefore "would lack the leverage to obtain significant discounts in negotiations with drug manufacturers."

GOP: Bush Would Veto Medicare Reforms (AP)

By David Espo

AP, January 12, 2007

President Bush promised on Thursday to veto Democratic-drafted legislation requiring the government to negotiate with drug companies for lower prices under Medicare.

The House is to debate and vote Friday on the bill, which is one of a handful of priority items for Democrats who gained control of Congress in last fall's elections.

"Government interference impedes competition, limits access to lifesaving drugs, reduces convenience for beneficiaries and ultimately increases costs to taxpayers, beneficiaries and all American citizens alike," the administration said in a written statement.

Further, it said, competition already "is reducing prices to seniors, providing a wide range of choices and leading to a more productive environment for the development of new drugs."

Bush had already threatened to veto another of the top six bills Democrats are pushing across the House floor in the first two weeks of the new Congress. That's the measure, approved Thursday, to expand the extent to which federal funds could be used for embryonic stem cell research.

Several Democrats campaigned last fall as critics of the one-year-old program that offers prescription drug coverage under Medicare, saying it tilted too heavily toward profits for the pharmaceutical and insurance industries.

Currently, private drug plans negotiate how much they'll pay for the medicine their customers take. But the legislation under consideration Friday would require the secretary of the Department of Health and Human Services to do so.

"It is clear Medicare can do better and we are insisting that they do so," said Rep. John Dingell, R-Mich., the bill's author.

Democrats have said they would use the savings produced by the negotiations to reduce a coverage gap that is common in many plans.

Republicans argue that individual insurance companies already negotiate lower prices on behalf of their customers, and that the Democratic approach was tantamount to calling for federal price controls.

They note that the program is coming in under budget and seniors are expressing support for the benefit.

"What we set out to do, we accomplished," said Sen. Jim Bunning, R-Ky., during a hearing Thursday about the drug benefit. "We had a success, a very big success."

Also, the nonpartisan Congressional Budget Office said the legislation was unlikely to result in lower prices.

"The secretary would be unable to negotiate prices across the broad range of covered Part D drugs that are more favorable than those obtained by (the plans) under current law," Donald B. Marron, the CBO's acting director, has written.

Actuaries for the Centers for Medicare and Medicaid Services came to the same conclusion Thursday.

Dingell, a leading supporter of the legislation, dismissed the CBO's letter.

"This isn't the first time the Congress and CBO differed on the amount of savings a particular bill would achieve," he said. "Common sense tells you that negotiating with the purchasing power of 43 million Medicare beneficiaries behind you would result in lower drug prices."

The legislation, expected on the House floor on Friday, also would ban any attempt to limit the array of drugs available to Medicare beneficiaries by creating formularies. That stands in contrast to the Veterans Administration, which has lower prices for its beneficiaries but uses formularies that limit patient choice.

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Under the Medicare prescription drug program, insurance companies offer competing coverage plans, and seniors may enroll in the one they like best. The administration announced on Wednesday that 23.5 million seniors had enrolled in stand-alone plans as of Jan. 1.

While a majority of seniors are expressing satisfaction with the program, surveys also indicate that they overwhelmingly want the government to have the power to negotiate drug prices.

A survey of seniors for the Kaiser Family Foundation showed that about 81 percent of seniors want to let the government use its buying power to negotiate drug prices, including 67 percent who said they strongly favor such negotiations. Democrats say that another survey showed that requiring government negotiations polled more favorably than any other issue that Democrats included for their first 100 hours of the new Congress.

The issue is expected to have a tougher time in the Senate. However, Sen. Max Baucus, D-Mont., gave supporters of the measure a lift on Thursday when he said the total prohibition on government negotiations for Medicare beneficiaries should be eliminated.

"I do not buy the argument that the sky will fall on the prescription drug market if we remove this clause," said Baucus, chairman of the Senate Finance Committee, which has jurisdiction over Medicare.

Drug Bill Demonstrates Lobby's Pull (WP)

By R. Jeffrey Smith And Jeffrey H. Birnbaum

The Washington Post, January 12, 2007

Before taking control of the House last week, Democratic leaders briefly considered proposing a new government-run prescription drug program as a way to reduce seniors' drug costs, according to Democratic aides and lawmakers involved in the deliberations.

But House Speaker Nancy Pelosi (D-Calif.) and her allies chose a far less ambitious plan -- to require the government to negotiate for lower Medicare drug prices -- that will come to a vote today. They stepped back largely out of concern that the pharmaceutical industry would stall a complex change, denying them a quick victory on a top consumer-oriented priority, aides say.

They had reason to be wary: Despite years of lopsidedly favoring GOP lawmakers with campaign cash and other benefits, the drug lobby continues to wield tremendous power in the Democratic-controlled Congress. It also still has the backing of the White House: President Bush said yesterday that he will veto the Democratic proposal if it lands on his desk.

To strengthen their position, drug firms and their trade groups have been transforming their Washington operations by hiring top Democratic lobbyists to gain access to new committee chairmen, bolstering Democratic political donations and spending millions on public relations campaigns to overcome an image, indicated in recent surveys, that the industry puts profits ahead of patients.

Even longtime industry nemeses like Rep. Fortney "Pete" Stark (D-Calif.), chairman of a House health panel, are impressed. "They're pretty potent," he said this week. "They're not bush-leaguers when it comes to spending money and lobbying."

This month alone, the Pharmaceutical Research and Manufacturers of America spent more than $1 million on full-page newspaper ads touting the success of the existing Medicare drug system.

Drug companies spent more on lobbying than any other industry between 1998 and 2005 -- $900 million, according to the nonpartisan Center for Responsive Politics. They donated a total of $89.9 million in the same period to federal candidates and party committees, nearly three-quarters of it to Republicans.

"You can hardly swing a cat by the tail in Washington without hitting a pharmaceutical lobbyist," said Sen. Charles E. Grassley (R-Iowa), a key sponsor of the 2003 legislation that created the current program.

The industry worked closely with the Republican Congress to shape the Medicare prescription drug program, which included a provision barring the government from negotiating with the pharmaceutical industry for lower prices. In the three-year run-up to passage, industry lobbyists poured more than $6 million into both Republican and Democratic campaign coffers, dispatched an army of more than 800 lobbyists to Capitol Hill and quietly funded seniors organizations and patient advocacy groups that opposed Democratic alternatives.

Democrats opposed the legislation, but now that they have a chance to rewrite the law, they are pressing for what party leaders concede is only a minor alteration. "This is a first step," said Rep. Charles B. Rangel (D-N.Y.), chairman of the House Ways and Means Committee.

The House proposal would require the government to negotiate with the pharmaceutical industry for lower prices on behalf of the private insurers that run the drug benefit program. The impact on prices could be small, however, since the government does not buy drugs directly for Medicare and manufacturers could ignore federal pressure to lower prices without consequence.

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The Bush administration has long opposed the idea of direct government negotiation with drug companies for Medicare, asserting that it would impede competition among the private drug plans. Mike Leavitt, the secretary of health and human services, has said he does not want to implement such a measure.

The bill leaves intact three provisions of the 2003 law that industry analysts agree played a more direct role in boosting pharmaceutical profits. These include a controversial ban on the importation of cheaper medicines from Canada, a provision that forces roughly 7 million Medicaid patients to buy drugs that are not subject to price limitations, and provisions requiring private insurance plans to remain small and numerous, which dilutes their leverage in price negotiations with drugmakers.

Rep. Marion Berry (D-Ark.), a registered pharmacist, lined up more than 170 House Democrats last year to support a Medicare-run drug plan meant to force sharply lower prices, and he said the House leadership considered seeking it now but set it aside. "It was primarily a judgment call from the speaker, to keep everybody on board," Berry said. Pelosi aides confirmed the account.

The drug industry lobbying effort started to tilt Democratic as soon as it was clear that Democrats were headed for victory in the midterm elections. The industry is working "to expand areas of contact, develop relationships with those who are in charge," said former senator John Breaux (D-La.), a lobbyist for the industry.

The political action committee of the drug company Amgen gave Rep. John Conyers Jr. (D-Mich.), the new chairman of the House Judiciary Committee, $8,500 during the 2006 election cycle, amounting to three-quarters of all its donations to him over the past decade. In the Senate, GlaxoSmithKline's PAC contributed $8,000 during the cycle to Sen. Kent Conrad (D-N.D.), the new Budget Committee chairman. That is more than the $6,000 total that the PAC had given to Conrad since 1997.

Helping lead the industry's charge is Breaux, the former senator, who is one of only two Democrats who played a role in drafting the 2003 bill. He said he plans to hopscotch the country holding public seminars on solving health-care problems, often in the states and districts of members of Congress who are pivotal to drug legislation. It is part of a program, called Ceasefire on Health Care, that is bankrolled by the drug company Pfizer and has featured speakers such as Sen. Blanche Lincoln (D-Ark.) and Sen. Gordon Smith (R-Ore.), who both sit on the Finance Committee.

"We need to get access to key Democrats now," said former representative James C. Greenwood (R-Pa.), president of the Biotechnology Industry Organization, a prominent industry group.

In an effort to bolster its image, Pharmaceutical Research and Manufacturers of America is also sponsoring a program that distributes low- and no-cost drugs to poor people, called the Partnership for Prescription Assistance. A few of the program's beneficiaries have been brought to Washington and given media training so they can promote the program in local news outlets and in television ads.

While the association has told House members that it has "issues" with today's measure, most of its focus will be on the Senate, where lobbyists say they have a better chance of blocking the bill. Democrats control that chamber, 51 to 49, and 60 votes are needed to pass such controversial bills.

Even if the House bill passes both chambers of Congress, supporters take seriously the veto threat by Bush, who got $1.17 million from the industry for his 2004 reelection campaign.

Staff writer Christopher Lee, research database editor Derek Willis and staff researcher Richard S. Drezen contributed to this report.

Price Negotiating's Hidden Costs (WT)

By Jim Mccrery

The Washington Times, January 12, 2007

Everyone wants to make sure that America's seniors get the prescription drugs they need at the best possible price. But the proposal to have the government negotiate Medicare drug costs that the Democratic leadership hopes to ram through the House of Representatives this week will either be largely ineffective, or it will cause undesirable results: it will restrict seniors' choices, devastate local pharmacies, raise prescription drug costs for veterans and stifle innovation.

The Democratic proposal that was introduced last Friday would require the secretary of Health and Human Services to negotiate to reduce Medicare prescription-drug prices without limiting the prescription medications seniors can have access to. But allowing the HHS secretary to negotiate without being able to reduce the list of medications would be largely ineffective. As the nonpartisan Congressional Budget Office has found, government-negotiated prices for prescription drugs will not produce significant savings. Because the plans that Medicare already uses are successfully negotiating discounts for drugs, CBO found that "the Secretary would not be able to negotiate prices that further reduce federal spending to a significant degree."

It is clear, based on experience with other programs in which the government tries to negotiate discounts, that if there are savings, they will come from reduced choice for seniors and other Medicare beneficiaries. For example, the Veterans Administration -- frequently cited by supporters of Medicare negotiation as a model -- offers less than one-third of the

medications that seniors can currently receive under Medicare plans. Similarly, several state Medicaid programs limit the number of prescriptions beneficiaries can get, and often make beneficiaries and their physicians go through difficult administrative procedures to get the drugs they need. The United Kingdom's National Health Service -- another example Democrats cite -- frequently denies patients access to new life-saving medicines, including, in one well-known recent case, the revolutionary new breast cancer drug Herceptin.

One other way that the government can hold down prices is by limiting patients' access to community pharmacies. The Veterans Administration distributes most of its medications through its network of VA hospitals and clinics, or by mail. As many as 80 percent of veterans currently get their drugs through mail order, compared with only 2 percent of Medicare beneficiaries. Since veterans are a relatively small part of the drug market, that doesn't have too much impact on our pharmacies. But shifting the 42 million Medicare beneficiaries to the VA model would destroy local pharmacies -- often the center of small-town life in America, and a valuable resource for seniors to receive counseling from a local pharmacist.

There are a number of reasons that the Veterans Administration can now offer lower prescription drug prices than Medicare, but simple economics shows that if the VA model is expanded to include all Medicare beneficiaries, America's veterans will face higher prescription drug costs. Under current law, the Veterans Administration is guaranteed a substantial discount (24 percent) off the market price of brand-name medications, and then negotiates from there. Pharmaceutical manufacturers can offer the VA such discounts because veterans represent only about 2 percent of the market for prescription drugs.

If the tens of millions of Americans who receive Medicare -- who are responsible for over 40 percent of all spending on prescription drugs -- are added to the government-negotiated-price drug market, that arrangement will be untenable. Prices for our veterans -- the elderly survivors of the Greatest Generation who served in Europe and the Pacific, as well as young men and women returning from Afghanistan and Iraq, and everyone in between -- will rise substantially.

What does the Democratic government-price-control legislation mean for innovative treatments just being developed? Will Medicare beneficiaries be denied groundbreaking new medications in the future? According to one recent study, it costs over $800 million to develop and get government approval for one new prescription drug. It is important to recognize that the modern American pharmaceutical industry is not organized like a Thomas Nast cartoon. It is not a gang of old men in pinstriped suits smoking cigars and plotting to exploit older Americans.

The profits that drug companies make on successful drugs pay for the research that creates new medicines. For each drug that successfully reaches the market, more than 500 don't pan out. If the government squeezes these companies by arbitrarily cutting payments, the sure and certain result will be less research and fewer new cures.

Changes in the system for Medicare prescription drugs affect practically every American -- those in the Medicare system, those who receive their medication from the Veterans Administration, and every American who hopes to benefit from new medications that could hold the key to curing or treating Alzheimer's, breast cancer, or Parkinson's disease. These changes are far too important to be rushed through the House for political gain or a soundbite about the "100 Hours." The plan that is in place under Medicare Part D is working, and working well, for the benefit of seniors. The Democratic plan before the House offers nothing but the prospect of a diminished benefit due to heavy-handed government control of this important program.

Rep. Jim McCrery of Louisiana is the ranking Republican on the House Ways and Means Committee.

Negotiating Lower Drug Prices (NYT)

The New York Times, January 12, 2007

From all the ruckus raised by the administration and its patrons in the pharmaceutical industry, you would think that Congressional Democrats were out to destroy the free market system when they call for the government to negotiate the prices of prescription drugs for Medicare beneficiaries. Yet a bill scheduled for a vote in the House of Representatives today is sufficiently flexible to allow older Americans to benefit from the best efforts of both the government and the private drug plans.

The secretary of health and human services should be able to exert his bargaining power with drug companies in those cases in which the private plans have failed to rein in unduly high prices — leaving the rest to the drug plans. The result could be lower costs for consumers and savings for the taxpayers who support Medicare.

Under current law, written to appease the pharmaceutical industry, the government is explicitly forbidden from using its huge purchasing power to negotiate lower drug prices for Medicare beneficiaries. That job is left to the private health plans that provide drug coverage under Medicare and compete for customers in part on the basis of cost.

The Democrats' bill would end the prohibition and require — not just authorize — the secretary of health and human services to negotiate prices with the manufacturers. That language is important since the current secretary, Michael Leavitt, has said he does not want the power to negotiate.

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No data is publicly available to indicate what prices the private health plans actually pay the manufacturers. But judging from what they charge their beneficiaries, it looks like they pay significantly more for many drugs than do the Department of Veterans Affairs — which by law gets big discounts — the Medicaid programs for the poor, or foreign countries.

The administration argues, correctly, that the private plans have held costs down and that there is no guarantee the government will do any better. The bill, for example, prohibits the secretary from limiting which drugs are covered by Medicare, thus depriving him of a tool used by private plans and the V.A. to win big discounts from companies eager to get their drugs on the list. The secretary does have the bully pulpit, which he can use to try to bring down the cost of overpriced drugs.

The bill also does not require the secretary to negotiate prices for all 4,400 drugs used by beneficiaries. A smart secretary could simply determine which prices paid by the plans seemed most out of line with the prices paid by other purchasers and then negotiate only on those drugs. The private plans are explicitly allowed to negotiate even lower prices if they can. This sort of flexibility should pose no threat to the free market. It is time for the Medicare drug program to work harder for its beneficiaries without worrying so much about the pharmaceutical companies.

Democrats In Senate Fail To Block Bill On Ethics (NYT)

By David D. Kirkpatrick

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 — After campaigning for months on a promise to tighten ethics rules, Senate Democratic leaders tried unsuccessfully Thursday to block a measure that would shine a light on the shadowy practice of earmarking federal money for lawmakers' pet projects.

Last week the House Democrats passed an unexpectedly broad change to their chamber's rules that would disclose the size, purpose and sponsor of any earmark.

But on Thursday, when Senator Jim DeMint, Republican of South Carolina, introduced the same thing in the Senate, Democratic leaders moved quickly to squash it, calling the House bill ill thought out.

Senator Harry Reid of Nevada, the Democratic leader, said he was happy to see the House "moving things along very quickly." But, Mr. Reid said, "frankly, I don't think they spent the time on this that we have."

The Democratic leaders' effort to block the DeMint proposal was defeated by a vote of 51 to 46, surprising almost everyone in the Senate. The outcome reflected the keen desire of many lawmakers to appear to be on the side of openness and reform after an election that turned in part on Congressional corruption scandals.

The reputation of earmarks, which are pet projects individual lawmakers tuck into complicated bills behind the scenes, was tarnished because they figured in several of the scandals. But lawmakers cherished them as a tool of political power used to reward supporters and gain favor with constituents.

On Thursday night, Jim Manley, a spokesman for Mr. Reid, said, "We are continuing to negotiate with Republicans on how to deal with earmark reform."

Mr. Reid started the week by introducing a bipartisan ethics and lobbying proposal negotiated with the Republican leader, Senator Mitch McConnell of Kentucky. It contained a comparatively weak measure on earmarks that would require disclosure of the individual lawmakers sponsoring only a small fraction of them.

The bill excluded all earmarks dispensed through the federal government, including military contracts and civil engineering projects, two of the largest pools of earmarks. It also excluded all earmarks written in the explanatory reports accompanying spending bills rather than in the bills themselves, another broad category.

Mr. Reid offered his own amendment that would ban gifts or trips from lobbyists and the discounted use of corporate jets, but he left the weak earmark provision intact.

Mr. DeMint's amendment to the ethics bill would have eliminated the loopholes and would apparently apply to all earmarks, just as the new House rules do.

After the move to block it failed, Mr. Reid and Senator Richard J. Durbin of Illinois, the second-ranking Democrat, argued vigorously against the measure, saying it could have unintended effects.

"Earmark disclosure will be a major change in the way the Senate works," Mr. Reid said. "We should adopt the Reid-McConnell version rather than the House version in the DeMint amendment. If we need to revisit the issue later, we can do that."

Mr. DeMint argued that if the original bill was not strengthened, "the public's going to know from Day 1 that the idea of being open and transparent is just a scam."

Senate Democrats Stall Pork-reform Vote (WT)

By S.a. Miller

The Washington Times, January 12, 2007

DOJ_NMG_0116071

Senate Democrats backed off promises to reform pork spending yesterday, using procedural tactics similar to ones they attacked Republicans for employing in past Congresses.

Majority Leader Harry Reid, Nevada Democrat, stalled a vote on a Republican amendment that would require full disclosure of the spending provisions, also known as earmarks. The maneuver -- which continued through last night and into today -- gives Mr. Reid time to turn Democrats against the measure, which is similar to the ethics rules adopted with much fanfare last week by the new Democrat-led House.

Immediately before Mr. Reid stopped the amendment to the Legislative Transparency and Accountability Act of 2007, the Senate expressed its support for it, rejecting a bid to kill it on a 51-46 vote. The measure would require that members of Congress disclose all earmarks they request.

"Democratic leaders are stalling in an attempt to strong-arm more Democrats into voting to table the amendment," said Thomas A. Schatz, president of Citizens Against Government Waste. "This is not a promising beginning to the new Congress when the first effort to improve accountability and transparency is being shot down by the Democratic leadership."

In addition to stopping the provision, Mr. Reid also criticized the first accomplishments by the new Democrat-led House.

"This is exactly like the House provision," he said on the Senate floor. "That's one of the problems I have. I frankly don't think that they spent the time on this that we have."

House Speaker Nancy Pelosi, California Democrat, through a spokesman, defended the House earmarks rule as part of the "most sweeping" ethics reforms in congressional history.

"From our perspective, that's what we felt we needed," spokesman Drew Hammill said. "The Senate and the House are different bodies. They can't operate the same way. The Senate is always going to move slower."

The delaying tactic, which caused a brief uproar on the Senate floor, was reminiscent of House Republicans in the 2003 vote on the new Medicare prescription drug benefit extending the time for voting to allow leaders to persuade members to change their votes -- a maneuver roundly criticized by Democrats at the time.

"I'd hoped the Senate would be different," Sen. Jim DeMint, South Carolina Republican, told the chamber. "We're doing exactly the same thing."

Reid spokesman Jim Manley said yesterday's drawn-out vote bore "absolutely no comparison to the strong-arm tactics" of former House Speaker Tom DeLay, Texas Republican, in 2003.

Republicans said the episode smacked of hypocrisy by Democrats, who campaigned heavily on ethics reform and what they characterized as the Republicans' heavy-handed control of Congress.

"Senator Reid's actions today embodied the attitude voters rejected in November," said John Hart, spokesman for Sen. Tom Coburn, Oklahoma Republican and a fierce opponent of pork. "While his behavior may pass muster with the parliamentarian, it won't with taxpayers in Peoria."

The amendment by Mr. DeMint adopted the House's wider definition of "earmarks," to include Army Corps of Engineers water projects, Pentagon weapon systems, and items from other federal entities. Mr. Reid wants only to require disclosure of earmarks for nonfederal entities such as city parks, state universities and private contractors.

Mr. DeMint criticized the unamended ethics bill for revealing a mere 5 percent of earmarks lawmakers bury in complex legislation.

"If we take this bill as it is now," he said, "the public is going to know from Day One that this idea of being open and transparent is just a scam."

Democrats Stumble On Special Projects (AP)

By Jim Abrams

AP, January 12, 2007

The Senate's new Democratic leaders, the fragility of their thin majority on display for the first time, were set back Thursday when nine Democrats joined with Republicans in support of stricter House-passed rules on lawmakers' pet projects

Majority Leader Harry Reid, D-Nev., was forced to delay a final vote on a measure he opposes after losing 51-46 a parliamentary attempt to kill it.

The measure, an amendment to an ethics and lobbying bill, would have adopted a wider definition of "earmarks," specific projects inserted in bills, to include Corps of Engineer water projects, Pentagon weapon systems and items from other federal entities.

The language favored by Reid and Senate Republican leader Mitch McConnell, R-Ky., would require disclosure of only targeted funds directed to nonfederal entities such as a city park, state universities or private contractors.

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"If we're going to go through all this process, if we're going to change the laws and try to tell the American people that now you can see what we're doing, let's don't try to pull the wool over their eyes," said Sen. Jim DeMint, R-S.C., sponsor of the amendment.

Among the Democrats siding with DeMint were possible presidential candidates Barack Obama, D-Ill., and John Kerry, D-Mass., freshmen Jim Webb of Virginia and Jon Tester of Montana, and Mary Landrieu of Louisiana, who faces a tough reelection bid in 2008.

DeMint insisted that the Senate definition would catch only about 5 percent of earmarks, saying that in most instances lawmakers insert their pet projects not into the bill itself but into the explanatory report language that accompanies the bill and is not subject to a vote.

Rep. Tom Coburn, R-Okla., said that of some 12,852 earmarks found in bills last year, only 534 would be subject to Senate disclosure rules.

The conservative DeMint praised new House Speaker Nancy Pelosi, D-Calif., for backing the more comprehensive earmark rules that the House approved last week. "I'm here to defend her language on behalf of the Democrat colleagues on the House side."

After the move to kill the DeMint language failed, Democrats refused to allow the amendment to be approved by voice, a normal procedure, and an hour later Reid called the entire Senate to the floor to beseech them to reconsider. He did not set a time for a final vote.

"It's important that the Senate rules be amended slowly and with careful bipartisan deliberation," Reid said, stressing that the House didn't spend much time on their version and the Senate approach was "so much better."

Reid argued that his version was stronger than DeMint's in disclosing lawmakers seeking special tax benefits for a small group of people or an industry, and included language requiring lawmakers to certify that they had no personal stake in earmarks they support.

Democratic Whip Dick Durbin, D-Ill., also said the DeMint provision was "unworkable" because it was so broad that it could be applied to thousands of projects included in federal spending bills.

Nine Democrats and independent Joe Lieberman of Connecticut voted against killing the DeMint amendment. Seven Republicans voted against DeMint. The Democrats hold a majority with 49 Democrats and two independents who support the party. Republicans hold 49 seats.

The ethics and lobbying bill, which toughens laws barring lobbyists from providing gifts, meals and free travel to lawmakers, is expected to be on the Senate floor through next week.

Earmark Entertainment (WSJ)

The Wall Street Journal, January 12, 2007

Speaking of earmarks (see related Review & Outlook1), Democrats are having their own problems cleaning up bad spending habits, and that's after only a few days in power. Yesterday on the Senate floor, Majority Leader Harry Reid was caught pulling out every stop to kill his own party's plan for earmark reform.

To Speaker Nancy Pelosi's credit, House Democrats recently passed ethics legislation that included provisions making earmarks more transparent. The House bill included a broad definition of earmarks, thereby making it harder to hide them in, say, last-minute conference reports. It also requires Members to file a public disclosure form when they request an earmark, and to state that neither they nor their spouses will financially benefit. It's hard to argue that this is anything but elementary good government.

Unless you are Harry Reid. The ethics reform offered by Senate Democrats contained none of these tougher earmark provisions. So Senate Republicans, led by South Carolina's Jim DeMint, cheekily took the identical language of the House earmark bill and offered it as an amendment to the Senate version. Numerous Democrats instantly denounced it, apparently unaware (or unconcerned) that the language had been sponsored by Ms. Pelosi.

Democrat Dick Durbin then moved to table the amendment, though he lost by 51 to 46. Of the 46 Senators who voted to banish Ms. Pelosi's reform, 38 of them were her fellow Democrats. The seven Republicans who went along with Mr. Reid included some of the GOP's biggest spenders (Trent Lott) and Members of the Appropriations Committee, aka Earmark Central Station. When Senator DeMint then moved to have his amendment accepted by voice vote -- which is customary -- Mr. Durbin objected. The effect of these procedural run-arounds was to give Mr. Reid more time to twist a few more Democratic arms into killing earmark reform.

By our deadline last night, he still hadn't succeeded, though Senate sources told us that Mr. Reid was considering filing for cloture on the entire ethics bill, thereby foreclosing a vote on the current DeMint amendment. If he prevails, voters will know just much "fiscal discipline" to expect from the new majority.

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GOP Flake Out (WSJ)

The Wall Street Journal, January 12, 2007

One big test of a new minority is to draw the right lesson from its drubbing at the polls. House Republicans have a long way to go, judging by House Minority Leader John Boehner's decision this week to punish Arizona's Jeff Flake by tossing him off the Judiciary Committee. The offense? Porkbusting.

Mr. Flake should be getting a promotion to the leadership, given how prescient he was in warning his colleagues about the perils of their run-amok "earmarking." He and a few comrades sponsored more than 40 House floor amendments last year to strip pork projects from spending bills. The National Taxpayers Union ranked him the most fiscally conservative member of the House. None of that sits very well with his House colleagues, who blame Mr. Flake for shining public attention on their spendthrift ways. They're especially angry that he talked about this with CBS's "60 Minutes," which chose to run the program on election eve weekend.

A spokesman for Mr. Boehner says Mr. Flake's Judiciary ejection isn't punitive, and is merely the bad luck of the draw now that the GOP has fewer seats in the minority. However, that is hard to credit given that Mr. Flake had more seniority on Judiciary than six other Republicans who didn't lose their seats. Mr. Flake retains seats on two lesser committees.

Meanwhile, Mr. Boehner has asked California's Jerry Lewis to remain the ranking Republican on the Appropriations Committee. As Chairman, Mr. Lewis allowed 13,997 earmarks in the 2005 budget. He is also under investigation for relationships with lobbyists amid allegations of "pay to play" earmarking. The Duke Cunningham payments-for-pork crimes happened on his watch. If Republicans truly believed in limited government, Mr. Flake would be running Appropriations and Mr. Lewis would be a back-bencher.

Only last year, while making his move to replace Tom DeLay as Republican Majority Leader, Mr. Boehner ran as a budget reformer. He declared that "My Republican colleague, Jeff Flake of Arizona, has bold ideas to solve this problem. . . . I support his efforts." Well, never mind. If Republicans think that punishing their most principled Members is smart politics, their time in exile could be very long indeed.

GOP Hits Pelosi's 'Hypocrisy' On Wage Bill (WT)

By Charles Hurt

The Washington Times, January 12, 2007

House Republicans yesterday declared "something fishy" about the major tuna company in House Speaker Nancy Pelosi's San Francisco district being exempted from the minimum-wage increase that Democrats approved this week.

"I am shocked," said Rep. Eric Cantor, Virginia Republican and his party's chief deputy whip, noting that Mrs. Pelosi campaigned heavily on promises of honest government. "Now we find out that she is exempting hometown companies from minimum wage. This is exactly the hypocrisy and double talk that we have come to expect from the Democrats."

On Wednesday, the House voted to raise the minimum wage from $5.15 to $7.25 per hour.

The bill also extends for the first time the federal minimum wage to the U.S. territory of the Northern Mariana Islands. However, it exempts American Samoa, another Pacific island territory that would become the only U.S. territory not subject to federal minimum-wage laws.

One of the biggest opponents of the federal minimum wage in Samoa is StarKist Tuna, which owns one of the two packing plants that together employ more than 5,000 Samoans, or nearly 75 percent of the island's work force. StarKist's parent company, Del Monte Corp., has headquarters in San Francisco, which is represented by Mrs. Pelosi. The other plant belongs to California-based Chicken of the Sea.

"There's something fishy going on here," said Rep. Patrick T. McHenry, North Carolina Republican.

During the House debate yesterday on stem-cell research, Mr. McHenry raised a parliamentary inquiry as to whether an amendment could be offered that would exempt American Samoa from stem-cell research, "just as it was for the minimum-wage bill."

A clearly perturbed Rep. Barney Frank, the Massachusetts Democrat who was presiding, cut off Mr. McHenry and shouted, "No, it would not be."

"So, the chair is saying I may not offer an amendment exempting American Samoa?" Mr. McHenry pressed.

"The gentleman is making a speech and will sustain," Mr. Frank shouted as he slammed his large wooden gavel against the rostrum.

Some Republicans who voted in favor of the minimum-wage bill were particularly irritated to learn yesterday -- after their vote -- that the legislation did not include American Samoa.

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"I was troubled to learn of this exemption," said Rep. Mark Steven Kirk, Illinois Republican. "My intention was to raise the minimum wage for everyone. We shouldn't permit any special favors or exemptions that are not widely discussed in Congress. This is the problem with rushing legislation through without full debate."

A spokeswoman for Mrs. Pelosi said Wednesday that the speaker has not been lobbied in any way by StarKist or Del Monte.

Bush-Democrat Alliance On Education Law Feared (WT)

By Amy Fagan

The Washington Times, January 12, 2007

Some conservatives on Capitol Hill are worried that President Bush will cut a deal with Democrats that would not only renew his education law, but also dramatically expand it, including perhaps more requirements for the high school level.

"I am concerned, and I think a lot of conservatives are," said Rep. Jeff Flake, Arizona Republican.

Mr. Bush is urging Congress this year to renew one of his biggest domestic accomplishments, the No Child Left Behind (NCLB) law of 2002, which aims to increase student achievement through more testing and by tracking results of schools and holding them accountable. Democrats, who now control the House and Senate, are demanding some changes to the law, most notably a significant boost in funding levels.

The option of adding high school reform to this year's "to-do" list hasn't been publicly discussed lately, but Mr. Bush included the makings of such a plan in his budget proposal last year. The NCLB law focuses on grade school and requires testing just once in reading and math from grades 10 to 12. His plan from last year would have expanded high school testing to all three years.

All these factors could add up to the perfect storm of more funding and more school requirements, some Republicans worry. Mr. Flake said he sees a scenario in which Mr. Bush gives Democrats the increased funding they want in exchange for including more requirements for high school.

"Conservatives don't fear the president will work with Democrats to expand No Child Left Behind, we expect it," said Rep. Mike Pence, Indiana Republican. "It's going to be more red tape and more resources."

"It's a legitimate concern," agreed Rep. Dan Lungren, California Republican.

Republicans are basing much of their fear on what happened in 2001, when Mr. Bush teamed up with Democrats such as Sen. Edward M. Kennedy of Massachusetts to win overwhelming approval in Congress. But conservatives -- several of whom voted against the legislation as a federal intrusion into the classroom -- said the good administration ideas, such as increased funding flexibility for states, were watered down by the time the measure reached the president's desk.

Rep. Steve King, Iowa Republican, said education policy seems to be an issue on which Mr. Bush thinks he can work with Democrats to accomplish his goals, especially in these last two years of his presidency.

"My rationale is that the president's agenda is not going to keep him from working with the Democrats at the expense of the Republicans," Mr. King said. "The president is concerned about his legacy."

So far, Mr. Bush has praised the NCLB law and urged Congress to renew it. He has agreed to work with Congress on some changes to it, but he hasn't indicated his position on the Democrats' funding demands. The high school reform issue didn't come up in a Monday meeting between Mr. Bush and top education lawmakers -- Mr. Kennedy, the new chairman of the Senate education, panel; House education panel Chairman George Miller, California Democrat; and their Republican counterparts, Sen. Michael B. Enzi of Wyoming and Rep. Howard P. "Buck" McKeon of California.

Mr. McKeon, who says it's too soon to fully expand the law in high schools, said: "I hope that it's not something they push for."

Mr. Kennedy supports working on high school reform as part of the NCLB renewal, a spokeswoman said. Mr. Miller doesn't want to simply overlay the NCLB framework onto the high school level, but he thinks high school reform is "critically important," a spokesman said.

White House spokesman Chad Colby said this week, "The administration still believes NCLB should be expanded in high schools as part of broader high school reform."

The administration will submit its 2008 budget request to Congress next month.

Mr. Lungren said conservatives should bend Mr. Bush's ear before he starts negotiating education policy with liberals such as Mr. Kennedy. But this negotiating "dance" will be a challenge, Mr. Lungren acknowledged, especially because many Republicans have spent their entire Capitol Hill careers as members of the majority party.

"We've got to be on our toes," he said.

Rising Costs Make Climb To Higher Education Steeper (USAT)

DOJ_NMG_0116075

By Sandra Block

USA Today, January 12, 2007

At a time when even entry-level jobs often require a bachelor's degree, hardly anyone disputes the importance of a college education. Even so, many parents and students struggle to understand why college costs so much.

There's no easy answer.

The House is scheduled to vote Wednesday on a Democratic plan to reduce the cost of borrowing for college. But easing student-loan interest rates won't provide much relief, critics say, unless lawmakers can somehow also slow the inexorable rise in the cost of college.

Laurel Hinshaw of Anchorage says her daughter, Marissa, is attending Bemidji State University in Bemidji, Minn., because she couldn't afford a school closer to home. Marissa, a freshman, looked into several West Coast schools, Hinshaw says.

But "even with the scholarships they were offering, tuition was way out of reach for us," she says.

In the past five years, the average cost of in-state tuition and fees at public colleges has jumped 35% — after adjustment for inflation — according to the College Board. In the past 25 years, the average cost of tuition and fees has risen faster than personal income, consumer prices and even health insurance.

For academic year 2006-07, the average cost of tuition, room and board at a public university was $12,796; for a private school, the total averaged $30,367.

During the same period, the amount of federal direct aid — money that doesn't have to be repaid — has declined, forcing more students to borrow. Nearly two-thirds of college graduates leave school with debt, up from less than half in 1993, according to the non-profit Project on Student Debt. And among those with loans, the average debt has jumped from $9,250 in 1993 to $19,200, a 58% increase after adjustment for inflation.

Many conservatives argue that increasing federal aid will just encourage colleges to raise tuition even more.

"When colleges know if they keep raising tuition, the government is going to keep sending them more aid, they don't have a reason to stop raising it," says Leslie Carbone, an adjunct scholar at the Lexington Institute in Arlington, Va.

Others note, though, that in the past five years, college costs continued to rise faster than inflation, even though financial aid declined.

"Financial aid over the years has had a very minimal effect on increased college costs," says Michael Dannenberg, director of education policy for the New America Foundation and former aide to Sen. Edward Kennedy, D-Mass.

Pamela Hrovoski says her daughter, Sarah, a junior at the Maryland Institute College of Art in Baltimore, received scholarships that cover only about a fifth of her costs. The Hrovoskis, who live in a suburb of Pittsburgh, also cleaned out their emergency savings account and their college savings fund and borrowed from Pamela's 401(k) plan. Still, Sarah will graduate with about $45,000 in loans.

Complicating matters, Sarah's tuition has risen every year she's been in school, usually by $1,500 to $2,000.

"How do you budget for that?" Hrovoski says. "They make it harder and harder every year."

While conservatives and liberals disagree on the solution to the problem, there's surprising consensus on the reasons for the sharp rise in college costs. Among them:

·Declining state support. At state colleges and universities, which enroll about 75% of all college students, tuition covers only about a third of the cost of educating an in-state student, according to the College Board. The rest of the cost is covered by state subsidies.

But state funding hasn't kept pace with inflation or rising enrollment. State funding is at its lowest in three decades, according to a report released last summer by a commission on higher education created by Education Secretary Margaret Spellings. When state subsidies shrink, colleges and universities have to make up the difference by increasing tuition, cutting programs, or both.

Dannenberg predicts that public college costs won't increase as sharply in 2007 because economic growth has boosted state tax revenue. Still, a return to the days of generous state subsidies for higher education seems unlikely. State budgets are already being squeezed by health care costs for state employees and low-income residents. And those costs are expected to increase as millions of public employees retire.

·An educational arms race. In an effort to reach the top of ranking surveys, such as the popular annual list put out by U.S. News and World Report, many schools spend heavily on state-of-the-art dorms, athletic facilities and well-known professors, analysts say.

While the most excessive spending occurs at elite private schools, it tends to create a Darwinian culture that filters down to smaller and state schools, too, says James Duderstadt, former president of the University of Michigan and a member of the Spellings commission.

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"As a university becomes richer and richer, it's able to pick off the best faculty," Duderstadt says. "Institutions that are trying to compete for their own reputations are finding they have to invest enormous resources to build a new lab for a chemistry professor because he's getting offers from other institutions."

Edward Elmendorf, senior vice president for government relations at the American Association of State Colleges and Universities, contends that arms-race spending by public colleges and universities is rare.

"You don't find many state colleges and universities that have their own (funding) sources to build buildings that haven't been approved by the state legislature," he says. "They're public entities and have to respond and be accountable to the state."

·Uneven financial aid. College officials argue that the "sticker price" of college is misleading because most students receive financial aid — in effect, a discount. Yet, critics counter that the system forces students to rely too heavily on loans and fails to provide direct aid to students who need it most.

The Free Application for Federal Student Aid, used by the federal government, states and individual schools to determine financial need, is so complicated "that a lot of people just get discouraged and don't bother to fill it out," Duderstadt says.

Even if parents soldier through the application, they usually don't learn how much aid they'll receive until the spring of their child's senior year in high school. That makes it difficult for families to compare financial aid packages from different schools. In many cases, students don't know how much aid they'll get until they've selected the school they'll attend.

Early-admission programs make it even harder for students and their parents to comparison-shop, Dannenberg says. Harvard and Princeton announced last year that they're abandoning early admission, which forces students to decide as early as December where they'll go to college, but the majority of elite private schools still offer it. Early admission, Dannenberg says, "discriminates against students who need a financial aid package."

Laurel Hinshaw believes her daughter could have qualified for scholarships if she had applied earlier.

"By the time she figured out what school she wanted to go to, it was too late to apply for academic scholarships, which nobody really tells you," Hinshaw says. "Being first-time college parents, we didn't get it all together in time."

Marissa received a $2,000 volleyball scholarship to attend Bemidji State University, where tuition, room and board cost $12,300 a year. But the family didn't qualify for federal financial aid, so Marissa had to borrow to pay the balance of her college costs.

In many cases, financial aid goes to families who understand the process, not those with the greatest need.

Three-quarters of full-time, dependent students at private schools receive direct aid, and those aid packages average $9,400 a year, according to the National Association of Independent Colleges and Universities. Of that, an average of $8,000 is awarded by the college or university, the association says.

But unless a family knows that, they might not even bother to apply to a private school, says James Boyle, president of College Parents of America, an advocacy group. "Many families dismiss higher education in general or particular colleges because they believe, sometimes erroneously, that they can't afford a school, or can't afford college, period."

An even more troubling trend, some analysts say, is a shift toward merit-based aid and tax credits. This type of aid tends to go to students from more affluent families, Duderstadt says.

"You now have this horrible dilemma in which students from prosperous backgrounds are getting more financial aid than students from impoverished backgrounds," he says.

·Economics 101. Finally, colleges and universities raise tuition because they can. The high school graduating class of 2008-09 is expected to be the largest in history, even as the number of seats at traditional four-year colleges has remained about the same. Meanwhile, the income gap between workers with only a high school diploma and those with a college degree continues to widen.

The rising demand means "schools can continue to keep their prices elevated," says Boyle of College Parents of America. "Despite their concerns, people are voting with their feet, and they're willing to pay."

Paul Middendorf, 54, of Richmond, Texas, agrees. The youngest of his three sons will graduate from Texas Christian University in May. When his first son, now 26, applied for college, the Middendorfs applied for dozens of scholarships but were told they earned too much money to qualify for financial aid. They had to finance their children's college education with a mix of savings and federal parent loans.

"My wife and I feel the same way: It's very important to go to college," Middendorf says. "I think that even though we've had our share of soup instead of going out for steak, it's definitely worth it."

OMB Risk Assessment Plan Called Flawed (AP)

By Randolph E. Schmid
AP, January 12, 2007

DOJ_NMG_0116077

Federal agencies seeking to protect the public, the environment or setting rules in general often have to prepare risk assessments. A Bush administration attempt to standardize that process didn't work out, though, and will go back to the drawing board.

The Office of Management and Budget said it will not finalize its original proposal after the independent National Research Council called the plan "fundamentally flawed."

Steven Aitken, acting administrator for OMB's office of information and regulatory affairs, said his agency will study the report as well as comments from the public and other government offices and will "seek to develop improved guidance for risk assessment."

Aitken said OMB is pleased that the Research Council agreed on the need to improve the quality of risk assessments, and takes very seriously the panel's criticism of the original plan. OMB had asked the council to review the proposed standards, which it issued last January.

Many federal agencies conduct risk assessments as part of their regulatory activities, ranging from such topics as exposure to chemicals to the safety of construction projects.

But the Council said OMB's definition of risk assessment was too broad and said the proposed standards move into "territory beyond what previous reports have recommended and beyond the current state of the science."

"We began our review of the draft bulletin thinking we would only be recommending changes, but the more we dug into it, the more we realized that from a scientific and technical standpoint, it should be withdrawn altogether," John F. Ahearne, chair of the committee that wrote the report, said in a statement.

Ahearne is director of the ethics program at Sigma Xi, the scientific research society, based in Research Triangle Park, N.C.

The report said many of the standards are unclear and several topics are omitted.

The report also questioned OMB's definition of an adverse health effect as something than is clinically diagnosed. That ignores a basic public health goal to control exposures before they cause physical damage, the report said.

The NRC report urged OMB to issue a new standards outlining goals and general principles for risk assessments, but directing federal agencies to develop their own technical guidelines.

The National Research Council is an arm of the National Academy of Sciences, an independent organization chartered by Congress to advise the government on scientific matters.

White House, In Rare Move, Yields To Scientific Panel On Policy Plan (WSJ)

By John J. Fialka

The Wall Street Journal, January 12, 2007

WASHINGTON -- In what could be a first for the Bush administration, a panel of outside scientists has prompted the White House to overturn a policy initiative, as officials withdrew proposed changes in the way federal agencies conduct risk assessments.

The Office of Management and Budget said it will back off from a proposal to overhaul how the government weighs the wisdom of adopting new health, environmental and safety rules. The National Research Council, in an unusual critique, had derided the administration plan as "too simplistic" and "fundamentally flawed."

The controversy involves an analytical tool called "risk assessment," essentially a written synthesis of scientific evidence and statistical analysis to project whether a rule may be justified by the potential of a hazard or danger to human health, safety or the environment. Consumer groups had complained that the change would set an imprudently high bar to new regulations.

The NRC, a branch of the nonprofit, federally chartered National Academy of Sciences, reviewed the proposal at OMB's request and said the White House should defer more to the rule-making agency's experts, rather than setting guidelines that the council's experts found "too simplistic" and that might "create confusion" in individual agencies.

Following the council's criticism, OMB regulatory chief Steven Aitken said that the White House will modify its plan before making it final. He didn't say how it would be modified, however.

Rep. John Dingell of Michigan, chairman of the House Energy and Commerce Committee, applauded the move and urged the OMB to abandon the effort altogether, saying it "ignores the specific statutory directives" Congress gives federal agencies.

The American Chemistry Council called for the OMB to try another version of the proposal. "OMB has a necessary and important role in advancing the technical quality and objectivity of risk assessments by providing appropriate guidance across the federal government," said the group, which represents the chemical industry.

John Ahearne, who headed the National Research Council panel, said the group's initial intention was to recommend a few changes. "But the more we dug into [the proposal] the more we realized that from a scientific and technical standpoint, it should be withdrawn altogether," he said.

DOJ_NMG_0116078

The panel found that the OMB had erred in calling for evidence of adverse health effects, when public-health needs might be better served by regulations that reduce risks before they cause human impairment.

Mr. Ahearne heads the ethics program at Sigma Xi, a scientific-research society based in Research Triangle Park, N.C. Neither Mr. Ahearne nor Mr. Aitken could recall an earlier instance where a panel of outside scientists had prompted the withdrawal of a White House policy initiative.

Risk-Assessment Plan Is Withdrawn (NYT)

By Cornelia Dean

The New York Times, January 12, 2007

The Bush administration yesterday withdrew a proposal to change the way federal agencies assess environmental hazards, health threats and other risks, after an expert panel declared that it was so scientifically flawed that it "could not be rescued."

The panel, appointed by an arm of the National Academy of Sciences, had been convened to evaluate a proposal by the White House Office of Management and Budget to standardize evaluation procedures. The budget office, which proposed the changes a year ago, said they would improve the quality of risk assessments by the Environmental Protection Agency, the Department of Transportation and other agencies.

Critics said the proposed changes were an effort to weaken government regulatory protections against environmental and other hazards.

In sharp contrast to the academy's normally staid language, the panel called the proposal simplistic and said it was "fundamentally flawed" and lacked "information for gauging the benefits to be achieved" by putting it into effect.

The panel said that the agency's standards were unclear, incomplete and unbalanced. The budget office's definition of risk assessment itself "conflicts with long-established concepts and practices," the panel said, and, as a result, "could cause great confusion."

Although the panel endorsed the idea of improving risk assessment in the federal government, it recommended that the development of technical standards "be left to the agencies" conducting the assessments.

Steven Aitkin, a spokesman for the budget office, said the agency was glad that the academy panel supported the idea of improving the evaluation of risk but, given its concerns, would not make the proposal final "in its present form."

Mr. Aitkin said agency officials would decide what to do next after reviewing the report along with comments from the public and the results of an interagency review of the proposal.

"It would still be our plan to develop improved guidance," he said.

Ailing Senator Is Moved From Intensive Care (NYT/AP)

By The Associated Press

The New York Times, January 12, 2007

WASHINGTON, Jan. 11 (AP) — Senator Tim Johnson has been transferred out of intensive care and has started to speak, nearly a month after suffering a brain hemorrhage, his doctor said Thursday.

The senator's neurosurgeon, Dr. Vivek Deshmukh, said a magnetic resonance imaging exam on Tuesday showed that the speech centers in his brain were spared injury in the hemorrhage on Dec. 13

"This is confirmed by the fact that he is following commands and has started to say words," Dr. Deshmukh said in a statement from the office of the senator, a South Dakota Democrat.

The senator is to have "aggressive therapy" in inpatient rehabilitation at George Washington University Hospital, the statement said.

On Monday, Mr. Johnson's condition was upgraded to fair from critical, and his doctors said he no longer needed a ventilator. He was being weaned off the tracheotomy tube in his neck, his office said Wednesday.

Mr. Johnson's office has said that recovery is expected to take several months.

Doctors determined that the senator had arteriovenous malformation, a condition that causes arteries and veins to grow abnormally large, become tangled and sometimes burst.

Mr. Johnson's sudden illness raised questions about the Democrats' 51-to-49 majority in the Senate. South Dakota's governor, Mike Rounds, a Republican, would appoint a replacement if Mr. Johnson's seat became vacant because of death or resignation. A Republican appointee would could give Republicans control because of Vice President Dick Cheney's tie-breaking vote.

Tomlinson May Be Going, But He's Staying (WP)

DOJ_NMG_0116079

By Al Kamen

The Washington Post, January 12, 2007

Broadcasting Board of Governors Chairman Kenneth Y. Tomlinson has asked President Bush not to nominate him for another term -- probably a good idea, because there was no chance he was going to get confirmed anyway.

But Tomlinson, who got some bad publicity recently when the State Department's inspector general criticized him for overbilling the government and for giving a friend a job, may be around for many months, since he told Bush he would stay until a successor is confirmed.

As it turns out, everyone on the eight-member BBG (there's one opening) is serving on an expired four-year term: Their terms expired in the past few years, but the law lets them continue until replaced. On Tuesday, Bush nominated for new terms his former media adviser, Mark McKinnon, and Washington lawyer D. Jeffrey Hirschberg, but neither is to replace Tomlinson.

Tomlinson told Bush it had been an honor. "However, I have concluded that it would be far more constructive to write a book about my experiences rather than to seek to continue government service," he said in his letter to the president.

Given the critical need for U.S. image improvement abroad, and the BBG's role in overseeing the Voice of America, Radio Free Europe, Radio Free Asia, the Middle East Broadcasting Networks and the Cuba broadcasting operation, that must be one juicy book he's thinking about writing.

Well, maybe not. It'll be a rebuttal of the inspector general's allegations, he said yesterday, and about "the criminalization of politics" in Washington, covering his 28-year career here, going back to his days with Reader's Digest, then to running the VOA and other jobs.

So get those rÃ©sumÃ©s in to White House personnel. The broadcasting board's chairmanship is only half-time, with a nice office, and is paid at the rate of $143,000 a year. We are assured the Senate will immediately confirm almost anyone picked to replace Tomlinson. Forty-eight hours, tops.The Greens Are Seeing Red

Meanwhile, the White House has gotten kudos this week from libs for dropping four especially controversial judicial nominees. But enviros are ripping over some nominees to key environmental posts, zeroing in on Susan E. Dudley, director of the anti-regulatory Mercatus Center at George Mason University. Her nomination to be regulatory chief at the Office of Management and Budget, a pivotal post for enviro issues, died last year in the Republican-controlled Congress.

Even Republicans distanced themselves. Sen. John Warner (Va.), who introduced Dudley at her Senate confirmation hearing, quickly went over her rÃ©sumÃ©, noted she'd been controversial, told her to stand up for her views and said, "I wish you luck, and you're on your own."

Dudley doesn't stand a prayer of confirmation with the Democrats in charge. Enviros say the plan is to put her on the payroll as an adviser and then, at the first opportunity, give her a recess appointment. Such appointments would now be good until the end of 2008, or nearly the end of the administration.

Enviros are also keying on the nomination of William Wehrum, who has been acting head of the air-pollution program at the Environmental Protection Agency since 2005. Wehrum, according to Frank O'Donnell of Clean Air Watch, has been "a principal architect" of administration efforts to weaken standards for smog, soot and mercury. Wehrum is also reported to be likely to get a recess appointment.

Another top recess-appointment prospect is John Correll, who's been renominated as director of the Office of Surface Mining Reclamation and Enforcement at the Interior Department. Enviros and the United Mine Workers don't like his views on environmental and safety standards, O'Donnell noted in an article for TomPaine.com.Burns for the Defense

Who says chivalry is dead? Undersecretary of State Nicholas Burns has come to the defense of his colleague, undersecretary for public diplomacy -- and very close Bush friend -- Karen Hughes, in the latest issue of the Foreign Service Journal, which is put out by the career diplomat association.

Burns, in a quite lengthy and impassioned rebuttal to an October article in the journal, wrote "to express my strong disagreement with several assertions" in the piece, especially that she was "wary of the foreign service" and prefers "political appointees."

Arrant balderdash! "Karen is an inclusive leader who has shown great respect for the Foreign and Civil Service," wrote Burns, and career folks "in her office feel a great sense of loyalty to her."

Yes, indeed. "Karen Hughes is a compassionate and generous person who has bent over backward to rely" on the career people, Burns said.

She's also, as the purportedly offensive October article noted, "really smart, flexible and adaptable, and willing to change her tactics to accommodate the facts." And she's quite capable of defending herself.The Internet Has Many Fathers

Puffery alert! We all know that Al Gore invented the Internet. Now we learn he was hardly the only one. In a news release announcing his new job working for his former chief of staff, former senator Conrad Burns (R-Mont.) has been "praised as 'one of the fathers of the modern Internet.' "

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And on the Hill, a news release tells us that Rep. Juanita Millender-McDonald (D-Calif.) is taking over "the reins of the Committee on House Administration, a mammoth organization [and] prestigious Committee."

You mean the one former representative Bob Ney (R-Ohio) used to run?

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, January 12, 2007

NDU hacked

Computers and information networks at the National Defense University (NDU), the Joint Chiefs military education school at Fort McNair in Washington, were hacked and damaged by unknown attackers, defense officials said.

The attacks, described by officials only as "malicious activity," caused the university to shut down all its network servers and replace laptop computers after the activity was detected last month. The costs were high, officials said.

Officials close to the situation said the computer intrusions were identified during routine maintenance and led to suspicions that the hackers had planted clandestine "trap doors" into the system that would allow them future access, or would facilitate computer attacks.

The only way to ensure the security of the systems was to replace them, we are told.

The shutdown forced the university's faculty and students to rely on personal e-mail and laptops, limiting work at the school.

NDU spokesman Dave Thomas declined to comment when asked about the hacking but said some laptops were replaced for faculty members.

Officials would not say where the attacks originated, but the shutdown of the entire computer network at NDU lasted from Dec. 18 until earlier this week. Official suspicions are focused on Chinese hackers, based on similar attacks on Pentagon and military computer networks.

Chinese-origin computer attacks, most likely government-sponsored action by hackers, crippled information systems at the Naval War College in Rhode Island in November and forced a similar collegewide shutdown.

Chinese hackers also were involved in the electronic theft in 2005 of hundreds of evaluation reports on Air Force officers, ranging from generals to captains. The information in the reports would be valuable to Chinese intelligence for its targeted agent recruitment efforts.

The U.S. Strategic Command, which is in charge of Defense Department computer security, issued an alert Nov. 17, calling for raising the security alert level for about 12,000 Pentagon computer networks and 5 million computers.

Somalian suspect

The United States thinks an air strike Monday in southern Somalia may have wounded an al Qaeda-trained leader of the most violent militia that helped seize the capital, Mogadishu, earlier this year.

Defenses sources said Aden Hashi Ayro, who led the Hizbul Shabaab, a violent army of young Islamists within the Somalian Islamic Courts Union, "is thought to have been wounded." The Islamic Courts Union captured the capital last year, but a combined Ethiopian-Somalian government force routed the Islamists last month and regained Mogadishu.

The sources said the United States obtained bloody clothes at the scene where five to 10 al Qaeda-linked suspects were killed.

The sources declined to say how the clothing was obtained, but one source said U.S. commandos were operating in Somalia.

Ayro is no small fish. He was trained in one of Osama bin Laden's terror camps in Afghanistan before the 2001 U.S.-led invasion to topple the hard-line Taliban regime. He operated with al Qaeda members in Somalia and was thought to have associated with the three main targets of Monday's attack: Fazul Abdullah Mohammed, Saleh Ali Saleh Nabhan and Abu Taha al-Sudani.

Mohammed and Nabhan are wanted by the United States on suspicion of planning and carrying out the 1998 bombings of two U.S. embassies in East Africa. Al-Sudani is an explosives specialist suspected of ties to al Qaeda.

Ayro was quickly moving up the chain of command among Islamists in Somalia. The United States viewed him as perhaps the future leader of al Qaeda in the region, a post held by Mohammed.

A U.S. official in Nairobi told reporters yesterday that none of the top three targets was killed.

Intelligence backlog

Army Lt. Gen. Keith B. Alexander, the director of the National Security Agency, told Congress recently that the NSA is struggling to deal with a large volume of foreign language intercepts on terrorism.

Gen. Alexander said there is a backlog of untranslated electronic intelligence leads on terrorists that has grown since 2001.

"Unfortunately, it is a very labor intensive exercise to sift through large volumes of foreign language data and painstakingly attempt to separate the wheat from the chaff," he said in written answers to questions from senators.

"This dilemma is compounded by the fact that the target set has expanded exponentially since 2001 in terms of geographic reach and languages used," he said. "Today's backlog is no longer confined to Arabic and its multiple dialects, but also includes a variety of other less commonly taught languages, where linguists eligible for security clearances are in short supply."

Gen. Alexander said spying on "vague and fragmentary" terrorist communications is only one step in foiling attacks. "It is more likely that a combination of intelligence sources will be necessary to prevent a terrorist attack," he said, warning that al Qaeda is still plotting "catastrophic" attacks.

"What [signals intelligence] can do is work hand-in-glove with other intelligence agencies, the military and law enforcement to enable key takedowns, so that the details of a plot can be uncovered through interrogation and forensics exploitation," he said.

"That being said, the translation backlog can prevent the timely delivery of key information to NSA's customers and stall development efforts against new targets."

NSA currently is hiring linguists capable of translating "GWOT languages," he said, using the Pentagon acronym for the global war on terrorism.

Lots of laughs

Soldiers in Iraq haven't lost their sense of humor. A few of them created a cartoon strip that pokes fun at colleagues and allies.

Of the many Army officers who come to Baghdad to write "lessons learned" reports, a cartoon shows a soldier flying in on one plane and quickly leaving on another.

"You see them at the end of every month," the caption says. "Teams from the CTCs, Center for Army Lessons Learned, and the Pentagon. They are here to help with advice while collecting combat pay and combat patches. They land in one plane and leave for home on the next one leaving. They slap on a combat patch and make up some war stories on the way to the next bird. You know who you are."

Another cartoon pokes fun at Air Force personnel on the tarmac.

"Don't let the cool glasses and baggy clothes confuse you. These guys are not dancing. They are communicating through sign language. They have cool names like Stabs, Chum, Snapper and Radar. They fly through the sky with the greatest of ease and talk about it later at Al Udeid over three beers."

Al Udeid is the vast U.S. air base in Qatar in the Persian Gulf.

Coins Used To Spy On Pentagon Contractors (WT)

By Audrey Hudson

The Washington Times, January 12, 2007

Foreign spies are literally following the money to keep a close eye on Pentagon contractors, who are reporting that Canadian coins with Radio Frequency Identification chips have been planted in their clothing.

"On at least three separate occasions between October 2005 and January 2006, cleared defense contractors' employees traveling through Canada have discovered radio frequency transmitters embedded in Canadian coins placed on their persons," according to a report by the U.S. Defense Security Service titled "Technology Collections Trends in the U.S. Defense Industry."

Martha Deutscher, a spokeswoman for the security service, confirmed the report and said it was intended to notify security officials, defense contractors and Pentagon policy-makers of spy technology being used.

"We want people to be aware of new technology and that there are all kinds of ways to collect information," Miss Deutscher said.

The Washington Times reported last week that officials think China, Russia and Iran are leaders in using the technology to spy. The security service report said recent cases of spies targeting contractors include a foreign national attempting to hack a computer system and a woman who tried to seduce a contractor into giving up a password.

Radio Frequency Identification (RFID) chips transmit information to a portable device and are used for tracking. They often are implanted in pets so the animals can be tracked if they are stolen or lost.

The Times reported in December 2004 that badges worn by high-level attendees of the World Summit on the Information Society were affixed with the chips without their knowledge.

Gary Fowlie, a spokesman for the International Telecommunication Union, which hosted the Geneva event, scoffed at concerns by privacy advocates that the technology could be used to monitor a person's movement.

The revelation of the chips in the badges "sent off a shot heard around the world," said Katherine Albrecht, director of Consumers Against Supermarket Privacy Invasion and Numbering, a leading opponent of RFID technology.

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The Canadian Security Intelligence Service told the Associated Press it has no knowledge of who is distributing the coins or planting the objects on U.S. officials, and rejected any assertion that Canada's government is spying on Americans.

"It would seem unthinkable," said David Harris, former chief of strategic planning for the Canadian service. "I wouldn't expect to see any offensive operation against the Americans."

The CIA has developed a U.S. silver-dollar coin in which film or other tiny objects can be hidden. Canada's largest coin is more than an inch wide.

"I'm surprised this is getting so much attention. We fell into the middle of a hot technology debate," Miss Deutscher said.

Mrs. Bush Praises Treasury Renovation (AP)

By Martin Crutsinger

AP, January 12, 2007

First lady Laura Bush went next door to the Treasury Department Thursday and pronounced herself impressed with the remodeling at 1500 Pennsylvania Avenue.

Mrs. Bush joined Treasury Secretary Henry Paulson in a ribbon cutting ceremony to mark the completion of a 10-year renovation of the Treasury Building, which is the third oldest government structure in Washington behind the Capitol and the White House.

"All Americans will benefit by having this historic landmark preserved for future generations," Mrs. Bush told the crowd.

Paulson said that a building housing the U.S. Treasury had been on the same spot next to the White House since 1800. But Paulson said at times it would have been "helpful to be a little farther away," such as in 1814 when British troops, after setting fire to the White House, decided to torch the Treasury building for good measure.

The current structure, begun in 1836, had not undergone a major renovation since the beginning of the last century.

The 10-year project, finished at a cost of $247 million, restored the buildings' lost grandeur by uncovering painted ceilings and skylights that had not been seen for decades and by refurbishing the ornate Cash Room, site of Ulysses Grant's first inaugural ball in 1869.

The renovation also included a major upgrade of heating, plumbing and electrical systems to bring the building into the computer age.

Mrs. Bush, who has been a big supporter of historic preservation, was given a tour of some of the restored rooms including the Salmon P. Chase suite, where Abraham Lincoln's Treasury secretary had his offices, and the Andrew Johnson suite, where Lincoln's successor worked for eight weeks in 1865 after the assassination.

In her remarks, Mrs. Bush praised Chase, who went on to become chief justice of the Supreme Court, for being the first official to introduce women into the federal work force by hiring them to replace men who had left to fight in the Civil War.

The Treasury Department is open during the week only to visitors with appointments, but the public can take guided tours on Saturday by making advance reservations through their congressional offices.

No Small Change At The Treasury (WP)

By Laura Sessions Stepp

The Washington Post, January 12, 2007

Poor Treasury Building. We hardly pay it any attention, except yesterday when the first lady took a tour.

More than 500,000 gross square feet, made of magnificent granite, it sits on Pennsylvania Avenue NW adjacent to its famous first cousin, the White House. It houses 760 people who tax us, manage our money and fight money-laundering schemes here and abroad.

It has been described as among the country's first office buildings when it was occupied in 1839, and its picture adorns the back of every $10 bill.

Yet few stop by. No crowds huddle on the plaza on the Pennsylvania Avenue side, no lines snake past the statue of Alexander Hamilton, the first Treasury secretary. Perhaps that's because it takes a call to a member of Congress to arrange a tour. But when was the last time you saw tourists anywhere near it clicking their disposable cameras? Or a broadcast reporter doing a stand-up?

Official tours take place every Saturday, but only half of those who sign up show up, according to Treasury spokeswoman Eileen Gilligan.

Yesterday, for a few minutes, more than a few people took notice. Sort of. Like the wallflower who glams up before going to a party, hoping someone will pay attention, Treasury has just completed a $247 million renovation, and a hundred or so people were on hand to witness Laura Bush celebrate the moment.

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So, okay, maybe most of those people came to see the first lady, including the half-dozen reporters and photographers who accompanied her on a private tour of the building's most-prized rooms. Gilligan seemed thrilled to see so much media attention.

One of them offered that the Treasury doesn't exactly draw throngs.

"You're going to change that, aren't you?" she asked.

The restoration was for more than looks, apparently. According to Treasury officials, the old lady was downright feeble. Her plumbing was falling apart, her heating system was inefficient, her elevators stalled between floors, and her building and safety codes were out of date.

Nineteenth-century history buffs and fans of America's Gilded Age will rejoice that in the process of remedying those deficiencies, several rooms were returned to their luxurious past state.

The Andrew Johnson Suite, overlooking the White House, is decorated in the ornamental style of the 19th-century New York firm Pottier & Stymus. Gold leaf is everywhere; think Manhattan's Plaza Hotel in its heyday. It is in these rooms that upon Lincoln's death, Andrew Johnson took up residence for six weeks while Mary Todd Lincoln recovered from her husband's death and planned her departure. He held his first Cabinet meeting here.

The Chase Room, named for Salmon Chase, who was Treasury secretary under Lincoln and later a Supreme Court chief justice, displays some of the department's 5,000 art objects collected by Andrew Mellon when he was Treasury secretary.

The Cash Room and the West Dome, actually three small glass domes modeled on the originals of 1867-69, are regarded as the department's most important architectural spaces. The two-story Cash Room, called that because in the early days, anyone could walk in and cash a government check, is the most ornate of all the rooms, built of seven kinds of marble and featuring a gilded ceiling.

It is also a room with a story, told yesterday by Treasury Secretary Henry Paulson. It seems that prior to opening as a bank, the room was chosen to host the inaugural reception for President Ulysses S. Grant on March 4, 1869. Two thousand invitations were sold, each admitting one man and two women.

March can be mighty chilly in Washington. No one had anticipated 6,000 guests turning up in coats, but they did. The coats were piled in the fourth-floor cloakroom, with no regard for a numbering system. According to a report the next day in the Evening Star, a "wild hunt for overcoats" ensued, with some guests waiting for hours for their garments, and others leaving without wraps and returning the next day to try again.

Six thousand guests. Those were the days.

OTHER NEWS:

Fed Official Outlines Threats To Economy (WSJ)

By Greg Ip

The Wall Street Journal, January 12, 2007

New York Fed President Timothy Geithner delivered one of his strongest warnings yet on threats facing the U.S. economy, citing the budget deficit, fixed exchange rates and growing inequality.

In his three years on the job, Mr. Geithner has taken on the New York Fed's traditional role as chief worry wart. But some of his past warnings have been muffled by opaque and wonky language. (Read the full speech.1)

He was far clearer in a speech today to the Council on Foreign Relations in New York. He said some countries, to keep their currencies fixed to the dollar, are accumulating big reserves of dollar-denominated securities, thereby holding down long-term interest rates, which might be distorting U.S. growth and investment. He didn't name the offenders, but China and some Persian Gulf oil exporters are probable candidates.

He also ventured into politically charged terrain that Fed Chairman Ben Bernanke has tried to avoid. (He will be tested on that when he appears before the Senate Budget Committee next Thursday.) Mr. Geithner warned that current year deficits are too high while Mr. Bernanke has generally limited his concerns to the threat of higher entitlement spending in later years.

Mr. Geithner said, "Even … before the increase in number of retirees starts to have a major impact on Social Security and Medicare expenditures, we are running an unsustainably large fiscal deficit."

Mr. Bernanke has refused to comment on the budget process, but Mr. Geithner explicitly endorsed the new Democratic majority's move to restore "pay-go" rules that require new tax cuts or spending programs to be funded with offsetting revenues or spending cuts. But "they need to be complemented by a consensus on policy changes that will produce smaller future deficits."

WSJ's Greg Ip, economist David Resler3 of Nomura Securities and CNBC's Rick Santelli discuss recent comments from Federal Reserve Bank of New York President Timothy Geithner regarding financial markets.

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He also echoed San Francisco Fed President Janet Yellen on the threat of growing inequality. And paraphrasing his former boss, former Treasury Secretary Lawrence Summers, he said it's "not enough" to say globalization is inevitable and protectionism will only hurt. Nor, he suggested, is it enough to call for more education and a better safety net: they "have a long fuse and they may not yield the hoped-for increase in support." He didn't, however, say what steps should be taken.

After the speech he said he took little comfort in the lack of broader fallout from the demise of the hedge fund Amaranth. "It was very interesting but very special" episode that may not have broader lessons on the impact of hedge funds, he said.

While Mr. Geithner has yet to state a view on whether the Fed should adopt an inflation target, he said such a target was compatible with the Fed's existing mandate to aim for both stable prices and full employment.

Separately, Boston Federal Reserve President Cathy Minehan is set to retire in 2007, according to a statement from the Boston Fed published Thursday. Ms. Minehan, who will be a voting member of the Federal Open Market Committee this year, has headed the Boston Fed since 1994. She had joined the New York Fed in 1968.

"I am proud of my service at the Federal Reserve Bank of Boston, and earlier at the New York Fed," Ms. Minehan said in a statement. However, she added that "at this point in my life, I have decided that the time is right to move on in the interests of broadening and diversifying my career."

According to the press release, Ms. Minehan doesn't have any specific future plans, and will continue as president of the Boston Fed until her successor is in place. "I look forward to actively leading the excellent staff of the Bank and service on the Federal Open Market Committee until the selection process is complete," she said in the press release.

A search committee will be formed and headed by Lisa Lynch, chairwoman of the Boston Fed's board of directors. The committee will be made up of bank directors, the statement said. Lynch is Professor of International Economic Affairs at Tufts University's Fletcher School of Law and Diplomacy.

--Madeleine Lim contributed to this article.

Jobless Claims Tumble In Latest Week (WSJ)

By Brian Blackstone

The Wall Street Journal, January 12, 2007

WASHINGTON -- The number of U.S. workers filing new claims for unemployment benefits tumbled in the latest week, pushing below a key threshold and providing further evidence that labor market conditions remain quite strong.

New claims for unemployment insurance decreased by 26,000 to 299,000 in the week ended Jan. 6, the Labor Department said Thursday, the lowest level since July 22, when claims were also 299,000. Economists consider claims levels consistently below 300,000 as consistent with very tight labor markets. The prior week's reading was revised to 325,000 from a previously reported level of 329,000.

There were no special factors in the latest week, the Labor Department said, though an official pointed out that seasonal volatility related to the holidays is pronounced this time of year. The official said weekly readings should stabilize by mid-January.

The claims data were well below Wall Street expectations. The median forecast of economists surveyed by Dow Jones Newswires was for claims to fall by just 9,000 to 320,000. The four-week average, which smooths out weekly fluctuations, fell by 1,750 to 314,750.

The claims data for early January come on the heels of a surprisingly strong December employment report, suggesting that labor markets remain tight. Payrolls expanded by 167,000 in December, and the unemployment rate sits at just 4.5%. Last week's robust December jobs report dashed hopes for any near-term reduction in official interest rates by the Federal Reserve, which remains on guard for heightened inflation pressures.

In the Labor Department report Thursday, continuing claims for workers drawing unemployment benefits for more than a week decreased by 3,000 to 2,428,000 in the week ended Dec. 30, the latest week for which such data are available.

The jobless rate for workers with unemployment insurance was 1.9% in the week ended Dec. 30, unchanged from the previous week.

The Labor Department said 28 states and territories reported an increase in jobless claims during the Dec. 30 week, while 25 reported a decrease. Wisconsin reported the biggest increase in claims, 17,462, because of layoffs in construction, trade, service, transportation and manufacturing industries. California reported the biggest decrease, 9,084, due to fewer layoffs in trade and service industries.

Rapid Plunge In Price Of Oil May Fuel Growth (WSJ)

By Mark Whitehouse, Ann Davis And Bhushan Bahree

Wall Street Journal, January 12, 2007

DOJ_NMG_0116085

Oil prices fell sharply yesterday and are now hovering at their lowest levels since mid-2005, raising the prospect of significant changes in the outlook for corporate profits, consumer spending and the global economy.

Crude oil fell another $2.14, or 4%, to $51.88 a barrel yesterday on the New York Mercantile Exchange. The price has plunged 15% since the year began, and hasn't closed as low since May 27, 2005. Oil is now down 33% from its record finish of $77.03 on July 14.

The slide, which market participants said was fueled in part by speculative hedge-fund trading and a retreat by other investors, helped send stocks higher as investors bet lower energy prices would fatten corporate profits and strengthen economic growth, particularly in the U.S., the world's leading oil consumer. The Dow Jones Industrial Average jumped 72.82 points, or 0.59%, to a record close of 12514.98. (See related article1).

The price of oil tends to be volatile, and it could bounce back quickly. But if sustained, the decline in prices would have a big impact on everything from the American consumer to the profits of giant energy companies. It also could dent the revenues -- and the political clout -- of major oil-producing nations like Russia, Iran and Venezuela.

A senior official of the Organization of Petroleum Exporting Countries said yesterday that OPEC will consider the need for an emergency meeting to weigh what it should do to halt the price slide. OPEC already was cutting back its production sharply, the official said. He didn't specify whether the cartel would consider cuts beyond the 1.7 million barrels a day it has already pledged to remove from the market.

If lower oil prices lead to a reduction in what American consumers spend on gasoline, it would leave them with more money for all kinds of discretionary purchases, such as restaurant meals, movies and vacations. That spending could provide a welcome cushion for the U.S. economy, which is grappling with a sharp downturn in the housing sector. It could also give a boost to airlines and auto makers, which have been hurt by high fuel prices.

As yet, the drop in oil prices hasn't produced much relief at the gas pump. Regular gasoline is selling at a nationwide average of $2.28 a gallon -- down from more than $3 this summer in many parts of the country -- but just a penny less than in December, according to auto club AAA.

Nonetheless, oil's pullback "is coming at a great moment for the U.S. economy," says Ethan Harris, chief U.S. economist at Lehman Brothers in New York, who estimates that each $10 reduction in oil prices adds about a half percentage point to annualized growth in inflation-adjusted gross domestic product -- a broad measure of economic activity.

"You're worried about this one-two punch from housing -- first construction collapses, and then the consumer collapses. Lower energy prices are acting as a sort of smelling salt," Mr. Harris said.

Indeed, many economists credit the retreat of energy prices from their summer peaks for a recent bout of stronger-than-expected economic performance. Nonfarm payrolls in the U.S. grew by a seasonally adjusted 167,000 jobs in December, and economists expect inflation-adjusted consumer spending to have grown more than 4% in the fourth quarter of 2006. That has led some to raise their estimates of inflation-adjusted GDP growth in the fourth quarter to an annual rate of more than 3%, compared with forecasts of about 2% just a month ago.

The added impetus for the U.S. economy could change the picture for the Federal Reserve, which is trying to keep short-term interest rates high enough to keep inflation under control, but not so high as to cripple the economy. In recent months, prices in bond and futures markets have suggested that investors expect a slowing economy and receding inflation pressures to allow the Fed to lower interest rates in 2007. As oil prices have fallen, though, those expectations have changed.

"If this acts like a tax cut and consumers spend a lot of it, then it just makes the Fed more and more likely to stay on hold and to watch carefully what happens to inflation," said Richard Berner, chief U.S. economist at Morgan Stanley in New York. In futures markets yesterday, investors placed a 30% probability on the Fed lowering short-term interest rates to 5% by July from the current 5.25%. That was down from 44% Wednesday.

The strength of the U.S. and global economies is one reason many doubt oil prices will remain weak for long. "I would expect to see the market bounce back," said Nariman Behravesh, chief economist at consulting firm Global Insight. "The fundamental in terms of the oil market is demand growth, which comes from economic growth. From that perspective, we don't see any further weakening."

Analysts attribute lower oil prices in part to the fact that, with the start of the new year, many large institutional investors, such as pension funds, have been pulling back from energy investments. Also, unseasonably warm weather in many parts of the U.S. spilled into January, temporarily reducing oil demand.

If it continues, however, the current drop in oil prices would create a number of winners and losers. Companies whose fortunes depend on heavy oil consumption, from auto makers to airlines, could see their profits grow. On the other hand, oil companies would see their earnings fall, and investors that bet big on rising oil prices could find themselves in trouble.

Lower oil prices are "a plus for us," said Paul Ballew, top sales analyst at General Motors Corp., noting that higher oil prices significantly crimped auto demand last year. GM is a top producer of gas-guzzling sport-utility vehicles and pickup trucks and is

counting on big sales of its new Chevrolet Silverado; the auto maker has blitzed the airwaves with ads for the pickup during football games.

Auto makers suffered as sales of profitable trucks and SUVs plummeted during the second half of 2006. Gasoline prices that hovered around $3 a gallon pushed consumers away from those vehicles, especially SUVs. Light-truck sales dropped nearly 6% in 2006, according to Autodata Corp.

Even lower prices at the pump, however, wouldn't be a panacea for GM, Ford Motor Co. or DaimlerChrysler AG's Chrysler Group. GM and Ford, which have reported billion-dollar losses, are in the midst of restructuring plans that include worker buyouts. And Chrysler, which reported a $1.5 billion loss in last year's third quarter, is set to announce a restructuring plan next month.

Rising oil prices over the past several years have transformed the cost structure of the U.S. airline industry, causing jet fuel to displace labor costs as the industry's No. 1 expense. For every penny decrease in the price of a gallon of jet fuel, the U.S. airline industry saves as much as $195 million in costs annually. At AMR Corp.'s American Airlines, the world's largest carrier by passenger traffic, that amounts to a saving of $30 million a year, or $80 million each time crude oil prices drop by $1 per barrel.

"A drop of any amount is clearly good for the industry, but it's still really high," said John Heimlich, chief economist of the Air Transport Association, a trade group for U.S. airlines.

Cheaper oil would sharply lower earnings of major oil-producing nations, including those in OPEC. Leo Drollas, deputy director of London's International Centre for Global Energy Studies, estimates that OPEC's 11 members earned $518 billion in 2006, up from $437 billion in 2005.

Assuming a fall of about $4 a barrel in oil prices on average this year, and lower output to shore up prices, Mr. Drollas estimates that OPEC export revenues would fall to $488 billion this year. But if prices average about what they are now for all of 2007, the export earnings of OPEC countries -- leaving out Angola, which just joined Jan. 1 -- would fall to 2005 levels, or less if the exporters group slashed output further to support prices.

Major oil companies are also likely to see shrinking earnings from their oil-production operations, the largest source of income for integrated oil companies like Exxon Mobil Corp. BP PLC, Royal Dutch Shell, Chevron Corp. and others. Yesterday, the New York Stock Exchange index of energy shares was down 11% from a recent peak on Dec. 14. Over that period, Exxon Mobil shares have fallen 9.8%, BP shares have shed 9.5%, and Chevron is down 9.6%.

Crude Oil Falls Further, Gratifying Consumers More Than Investors (NYT)

By Clifford Krauss

New York Times, January 12, 2007

HOUSTON, Jan. 11 — Oil prices sank on Thursday to the lowest level in 19 months, providing potential relief to consumers. But investors in energy stocks may wish for a cold spell after they see the fourth-quarter earnings of their stocks in the next few weeks.

The prices of big energy companies have mostly been on a charge up the charts the last few years, as oil prices more than tripled since the beginning of the decade, to about $77 a barrel at one point in July.

But with oil prices sliding in recent weeks — on the New York Mercantile Exchange yesterday, crude oil for February delivery fell $2.14 a barrel, to $51.88 — several Wall Street analysts are predicting that the large integrated companies, refiners and smaller independents will all report significant declines in profit. “It’s not going to be very pretty,” said Fadel Gheit, senior energy analyst at Oppenheimer & Company. “There will be no more record earnings.”

Declining oil prices helped drive up the broader stock market, raising hopes that with inflation fears abating somewhat, the Federal Reserve may even consider lowering interest rates in the coming months. It was a turbulent day for energy traders, with the price of a barrel of oil opening just over $53, climbing at one point beyond $54, and then falling as low as $51.80. Traders who held large positions in oil futures dumped them, while speculators joined in short selling to take advantage of sliding prices.

“Everyone is looking for the bottom,” said Michael Rose, director of the energy trading desk at Angus Jackson in Fort Lauderdale, Fla. “But where is the bottom? Is it $50 a barrel, 40, 30? Nobody knows.”

The president of the Organization of the Petroleum Exporting Countries, Muhammad bin Dhaen al-Hamli of the United Arab Emirates, was said to have told the Emirates news agency that the group would move to prop up prices if necessary. “OPEC will act to stabilize the market if needed,” he was quoted as saying.

But few American analysts seemed to take his implied warning of possible future production cuts very seriously. “We’re looking at inventories that are very full,” Mr. Rose said. “Even if we have a cold snap, we have the reserves.”

As for the major oil companies, predictions of disappointing earnings are based on a fall in the average spot price for benchmark crude oil to $60.06 a barrel last quarter from $70.56 the quarter before. And that slide came as OPEC announced two production cuts in two months at the end of last year.

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The price dropped below $52 on Thursday for the first time since May 2005, a move all the more remarkable because it comes as Venezuela gains attention with talk of nationalizing energy and other industries, oil production in Nigeria is threatened by increasing violence, Iranian production is slipping and Russia sporadically cuts the flow to energy to other European nations.

Elsewhere, natural gas futures fell more than 6 percent amid an easing of demand and ample supplies.

Most analysts say oil prices have declined in part because of the uncommonly warm weather until recently in much of the United States and Europe, and amid conservation efforts by business and consumers.

Although retail gasoline prices have dropped considerably since the summer, to a nationwide average just under $2.30 a gallon from just over $3, they have barely moved since the beginning of the year as crude oil fell further. Several energy companies have alerted investors that for the time being at least, their feast of riches is over.

ConocoPhillips announced last week that its refining and marketing margins for the fourth quarter might be down as much as 25 percent. Chevron, the second-largest American energy company, warned this week that it "expects results in the fourth quarter to be adversely affected by lower commodity prices, lower downstream margins and lower refinery utilization attributable to planned maintenance and construction activities worldwide."

BP has reported that its daily oil production declined in the recent quarter to 3.82 million barrels from 4.02 million barrels. Part of BP's problems come from its inability so far to restart production at its giant Thunder Horse platform in the Gulf of Mexico, which was damaged by hurricanes in 2005.

Most of the big producers have been hurt by increased labor and service costs and by declines in oil and gas output in mature fields in North America and the North Sea. Many companies urgently need to modernize and otherwise reinvest in pipeline networks and refineries, and their increasing dependence on finding reserves in unstable areas like Venezuela and Nigeria creates higher security costs.

In recent years, many of those problems were negated by the rising commodity prices of oil and gas, and by share buybacks which increased the value of their stock.

Analysts are divided whether the expected tail-off in energy earnings is temporary or longer-lasting. And while they acknowledge that future oil prices cannot be predicted, they say there is little sign of an immediate rebound, given that American inventories of crude oil are 7 percent higher than the five-year average of 315 million barrels reported by the Energy Department.

"I think this is a seasonal pullback," said Nicole Decker of Bear Stearns, who predicts a rebound in the spring. She said the current drop has pushed oil prices down to levels roughly equivalent to those at this time last year.

Mr. Gheit of Oppenheimer said he expected further pressure on oil prices. "I see prices drifting lower, barring international crises," he said, but then quickly adding, "I would not rule out $80 oil if we invade Iran."

On Wall Street Thursday, ConocoPhillips fell $2.71, or 4.2 percent, to $61.82; Chevron lost 72 cents, or just over 1 percent, ending at $68.69; and BP edged up 12 cents, to $61.59.

Dow Sets Another Record High As Oil Prices, Jobless Claims Decline (WP/AP)

The Washington Post, January 12, 2007

NEW YORK, Jan. 11 -- Investors regained some of their swagger Thursday, sending stocks higher and the Dow Jones industrial average to another record close after oil prices plunged and a drop in unemployment claims indicated that the economy was not slowing too quickly.

The Dow Jones industrial average rose 72.82, or 0.59 percent, to 12,514.98, topping the previous record close reached on Dec. 27 by 4.41 points. The Standard & Poor's 500-stock index rose 8.97, or 0.63 percent, to 1423.82. The Nasdaq composite index advanced 25.52, or 1.04 percent, to 2484.85.

Strength in employment indicates that the economy is holding up well as it slows, and a number of strong profit forecasts lent support to that notion Thursday. However, investors want the economy to give off some signs of gradual slowdown so the Federal Reserve will cut interest rates.

Light, sweet crude, which has already declined 15 percent in 2007, fell to its lowest level since May 2005, settling down $2.14 to $51.88 a barrel on the New York Mercantile Exchange. A pullback by investment funds and an unusually warm winter has unnerved some investors and in recent days suggested that a period of enormous profits at energy companies might be nearing an end.

The Labor Department said the number of newly laid off workers seeking unemployment benefits fell to a six-month low last week, dropping by 26,000, to 299,000 on a seasonally adjusted basis. It was the first time jobless claims have moved below 300,000 since July.

Comments from a handful of companies on profits added to the upbeat mood on Wall Street and suggested earnings remained strong in the final quarter of 2006.

Movers

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Genentech rose $3.66, to $87.40, after reporting that demand for its cancer drugs helped push fourth-quarter profit up 75 percent.

AirTran Holdings rose 48 cents, to $12.40, after sweetening its cash-and-stock offer for rival Midwest Air Group, increasing its bid by about 18 percent.

Midwest gained 50 cents, to $13.40.

Amdocs, a maker of customer-service software, lost $3.63, to $35.70, after lowering its revenue forecast for 2007.

Dow Hits High As Oil Drop Loosens Up Investors (WSJ)

By E.s. Browning

The Wall Street Journal, January 12, 2007

With oil futures falling below $52 for the first time since 2005, the Dow Jones Industrial Average jumped to 12514.98, its first record finish of the new year.

Stock investors are showing signs of shaking off the grumpiness with which they began the year, and more than twice as many stocks were up on the New York Stock Exchange as were down. The Dow industrials put in their strongest gain of 2007, rising 72.82 points, or 0.59%. After dipping into the red for the year last week, they have edged back into the black, up 0.4%.

"Oil was the real driver," said Robert Harrington, head of U.S. stock trading at UBS's U.S. brokerage arm. "Lower energy prices are like a tax cut for the consumer."

It was the Dow's 23rd record finish since the start of October, when it first surpassed the record that dated from January 2000. Since moving past that mark, 11722.98, the blue-chip average has risen almost 800 points.

On top of the optimism that cheaper gasoline and other energy costs would help most businesses and consumers, investors are coming to terms with the idea that the Federal Reserve may be slower to cut interest rates than some had hoped.

Signs of economic strength, including positive profit news and last week's report of robust December payrolls, initially worried people who feared it would prevent the Fed from cutting rates in the spring or summer. One reason for last year's rally was the expectation of those cuts, which would reduce borrowing costs for businesses and consumers.

Now, investors seem to be concluding that sustained economic growth and good profits may be enough to keep stocks rising, even if the Fed is slow to cut rates.

"Perhaps what the market is now saying is, 'OK, we don't get a rate cut, but the economy is fine,' " said Gordon Fowler, chief investment officer at Philadelphia money-management firm Glenmede Trust.

Crude-oil futures, whose decline has accelerated this year, fell $2.14, or 3.96%, to $51.88, the lowest New York finish since May 2005.

Investors reacted to reports that, despite threats from the Organization of Petroleum Exporting Countries to cut production, OPEC exports have remained strong. That, together with warm weather, suggested supplies will more than cover demand.

Some investors began buying oil stocks again, figuring that the heavy selling was dying down and that the shares were due for a bounce. But at day's end the group sagged. Exxon Mobil, up most of the day, finished slightly lower.

Some people began to hope that the stock-market softness early this year was simply a hangover from last year's big gains. According to that reasoning, investors in the autumn piled into the year's winners in hopes of boosting 2006 performance, and didn't take profits until 2007. Among other things, that permitted them to put off paying capital-gains taxes until 2008.

Treasury-bond prices continued to fall, pushing yields higher. The bond market had widely expected a Fed rate cut by summer. If those prospects are diminished, it means future interest rates will be higher than anticipated, making existing bonds less attractive compared with future ones. The yield of the 10-year Treasury note, 4.737%, was the highest since October.

Apple fell following news that Cisco Systems was suing it over use of the iPhone name, but that didn't prevent resurgent technology stocks from continuing to rise.

Traders said some money managers appeared to be shifting to tech stocks, which trailed the market last year, from once-strong oil stocks. Some analysts forecast that tech stocks would catch up with the broader market this year.

The Nasdaq Composite Index, replete with tech stocks, hit a six-year high, rising 1.04%, or 25.52 points, to 2484.85. It is up 2.9% in 2007.

The broad Standard & Poor's 500-stock index advanced 0.63%, or 8.97 points, to 1423.82, up 0.4% this year.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.61%, or 1.44 points, to 238.39.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 2.94 billion shares, with 2,325 stocks rising and 997 falling.

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Bond prices declined2. The 10-year Treasury note fell 14/32, or $4.38 for each $1,000 invested. The 30-year bond was down 26/32 to yield 4.823%.

The dollar strengthened3. Late in New York, it traded at 120.50 yen, up from 119.62, while the euro fell against the dollar to $1.2894 from $1.2939.

Falling Oil Prices, Jobs Report Spark Stocks (USAT)

By Matt Krantz

USA Today, January 12, 2007

Investors considered the positive side of falling oil prices Thursday as jobless data indicated the economy's growth is slowing at a moderate pace.

The price of a barrel of oil fell sharply again Thursday by $2.14 to $51.88. Crude is now down 15% this year. Stock investors applauded the decline because it was accompanied by news showing the number of workers seeking new unemployment benefits last week dropped to a six-month low.

Those pieces of news together prompted the Dow Jones industrials to gain 72.82 points to 12,514.98. That's a new record, and pushes the Dow into the black for the year (story, 1B).

The benchmark Standard & Poor's 500 index gained 8.97 points to 1423.82, largely due to strong performances by stocks in the automotive retail, general merchandise stores and information technology services industries. The S&P is up 0.4% this year.

But the biggest winners have been technology stocks. The Nasdaq composite index leapt 25.52 points to 2484.85, pushing it up 2.9% this year and to its highest close since Feb. 15, 2001.

Some are hoping the Nasdaq's rally could be a start of better performance from growth companies, says John Carey, portfolio manager at Pioneer Investments. "Maybe we're finally seeing the resurgence in the growth sector of the market."

Investors, though, above all celebrated Thursday's evidence of the increasing possibility that the economy's slowdown is "not going to be a hard landing, but a soft landing," says Hugh Johnson of Johnson Illington Advisors. Falling oil prices help consumers, explaining why retail stocks have done so well this year. "Consumers have more money to spend," he says.

Highlights:

Genentech, a biotech firm, jumped $3.66 to $87.40. The company late Wednesday reported 77% higher fourth-quarter profit of $594 million or 55 cents a share.

·Hornbeck Offshore Services, an oil services firm, tanked $7.37 to $26.14 after cutting its outlook for fourth-quarter earnings due to volatile demand for equipment in the Gulf of Mexico.

·Google jumped $10.26 to $499.72 as investors scrambled to increase their exposure to technology stocks.

·ICT Group, a business outsourcing company, fell $2.46 to $26.58. The company cut its fourth-quarter earnings estimates because snowstorms in Colorado hurt its call-center profitability.

Suit Against Vatican Can Proceed (LCJ)

By Jason Riley, The Courier-Journal

Louisville (KY) Courier-Journal, January 12, 2007

Child sex abuse cover-up is alleged

A federal judge in Louisville issued a "historic" decision yesterday by refusing to dismiss a lawsuit against the Vatican that alleges a cover-up to protect priests who molested American children.

"This is the first and only case which has as its sole objective holding the Vatican financially accountable for all of the childhood sexual abuses committed in the U.S.," said Louisville attorney William McMurry, who filed the suit in 2004 on behalf of three men who allege abuse dating as far back as 1928.

If U.S. District Judge John Heyburn II's decision stands, it could open the door for attorneys to take depositions of Vatican officials -- including Pope Benedict XVI -- obtain copies of church records and documents and ultimately determine "what prompted all of the bishops to keep quiet, hide these pedophiles and refuse to report child abusers," McMurry said. He called the decision "historic."

But Jeffrey Lena of Berkeley, Calif., counsel for the Vatican, known legally as the Holy See, said Heyburn's decision rejected portions of McMurry's lawsuit and left the case hanging on a "fairly weak linchpin" -- that U.S. Catholic clergy are employees of the Vatican.

"The Holy See is just not responsible for this, and that's the bottom line," Lena said.

Regardless, the case could be entangled in appeals for years before eventually ending up at the U.S. Supreme Court, McMurry and Lena said.

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One of the three plaintiffs is Michael Turner of Louisville, who also filed the first in a wave of roughly 250 sexual-abuse lawsuits against the Archdiocese of Louisville between 2002 and 2003. The litigation culminated in a $25.7 million settlement with most of the plaintiffs. McMurry and his legal team received 40 percent of most plaintiffs' payments.

The two other plaintiffs in the Vatican suit are James H. O'Bryan and Donald E. Poppe, both of whom live in California and say they were abused by priests while growing up in Louisville. All three are asking for unspecified monetary damages from the Vatican.

McMurry also is requesting injunctions requiring the Vatican to "cease its violations of the internationally recognized human rights of children" and "to report all allegations of childhood sexual abuse" in the United States. And he is asking a federal judge to supervise the Vatican's conduct for 10 years.

Legal scholars contacted yesterday said they hadn't thought the lawsuit -- the only sexual-abuse suit naming the Vatican as the sole defendant -- would make it this far, and they still doubt it will survive.

"The Holy See is not responsible for the day-to-day supervision, appointments and discipline of individual clerics," said Mark Chopko, general counsel for the U.S. Conference of Catholic Bishops.

Other legal experts say that no matter the result, it may be impossible to win damages from the Vatican, which is a sovereign state with many legal protections.

"The question is whether you can get a judgment against the Vatican and have them actually pay," said Carl Tobias, a law professor at the University of Richmond. "I'm surprised you can get jurisdiction in a U.S. court over the Vatican."

But Jeff Anderson, a Minnesota-based attorney who filed a similar suit against the Vatican in 2003 that also has been allowed to go forward, said since the Vatican does business in this country, it submits itself to U.S. laws and legal obligations.

In his ruling, Heyburn refused to dismiss allegations that the Vatican failed to report incidents of child abuse and failed to warn parishioners that their children would be under the care of known or suspected pedophiles. The other claims that remain against the Vatican, according to the ruling, are outrage and emotional distress and violations of the customary law of human rights.

Heyburn, however, did dismiss a negligence claim that the Vatican failed to provide safe care of children entrusted to the clergy. The judge also dismissed deceit and misrepresentation claims.

Lena said the Vatican did not present any evidence before the decision. He said the ruling is based on a preliminary legal challenge in which the judge must treat the facts stated in the complaint as if they were true.

David Clohessy, national director of Survivors Network of those Abused by Priests, said the ruling is a step "towards the truth."

"This is part of a slow but clear trend by judges everywhere to hold wrongdoers responsible for child sex crimes, even if they wear clerical garb."

McMurry is basing a large part of his claim on a secret 1962 Vatican document.

Leaked to the public last year, the document, approved by then-Pope John XXIII, calling for strict secrecy in handling priests accused of soliciting sex in the confessional, he said.

McMurry called it a "smoking gun" that also requires Catholic Church leaders to keep secret other allegations of sexual misconduct.

Some experts in church law have downplayed the significance of the document. They say it only required secrecy in the church disciplinary process and did not prevent a bishop from reporting crimes to police.

McMurry is seeking to have the Vatican suit certified as a class-action case, saying he believes there are "at least several thousand" victims nationwide.

Given Pope Benedict XVI's age, 79, McMurry said he will request that attorneys be able to depose the pope now.

McMurry said that is important because the pope was a bishop on a commission that dealt with priests accused of sexual abuse. "He knows where all the bones are buried," McMurry said.

Reporter Jason Riley can be reached at (502) 582-4727.

Dodd Declares '08 Presidential Candidacy (AP)

By Beth Fouhy

AP, January 12, 2007

Connecticut Sen. Chris Dodd announced Thursday he will run for the Democratic presidential nomination in 2008, saying problems at home and abroad meant it was time for him to "get out of the bleachers and onto the arena floor."

Dodd, a 26-year Senate veteran, told the "Imus in the Morning" radio show he will file paperwork to establish a campaign committee later in the day.

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"I know how to do this. I know what has to be done. I'm going to get out and make my case," Dodd said. He described himself as a dark horse in a Democratic field dominated by Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois — neither of whom have yet entered the race.

"There's a heightened sense of urgency about the condition of the country. But it isn't just Iraq — there are problems here at home that are huge," Dodd said. He said he planned to focus on issues like education, energy policy and health care in his campaign.

Dodd planned to travel late Thursday to Iowa, home to the first nominating caucus in January 2008. On Sunday, Dodd intended to visit South Carolina, an early primary state.

Several other Democrats have already entered the race or are expected to do so soon.

Iowa Gov. Tom Vilsack, who leaves office Friday, has announced his presidential candidacy, as have former North Carolina Sen. John Edwards, Ohio Rep. Dennis Kucinich and Delaware Sen. Joe Biden. New Mexico Gov. Bill Richardson also probably will run.

Dodd's career in Washington began in 1974 when he was elected to the House in the wake of the Watergate scandal. His father, Thomas J. Dodd, served two terms in the Senate; the younger Dodd won a Senate seat in 1980.

Dodd has forged strong ties with labor unions, advocated fiscal accountability for corporations and championed education and other children's issues. This month, he became chairman of the influential Senate Banking, Housing and Urban Affairs Committee and is a senior member of the Senate Foreign Relations Committee.

Dodd voted in 2002 to authorize military intervention in Iraq, but has become an outspoken critic of the war and now calls his vote a mistake. He has said he would oppose an escalation of U.S. forces in Iraq and has said Congress should consider withholding funding for such a troop increase.

Dodd was the chief Senate sponsor of the 1993 Family and Medical Leave Act, which allows workers up to 12 weeks of unpaid leave for the birth or adoption of a child, or to tend to a personal or family illness. He also helped rewrite the Elementary and Secondary Education Act, worked to create after-school initiatives and has introduced legislation to reform the 2002 No Child Left Behind law.

Dodd was a driving force behind the 2002 law that toughened disclosure and conflict-of-interest rules for accounting firms in the wake of securities fraud scandals. He also helped write a terrorism insurance bill, an issue important to his state's insurance industry.

A fluent speaker of Spanish, Dodd served in the Peace Corps in a rural village in Dominican Republic from 1966-68 and has had a strong interest in Latin American affairs throughout his career. As the ranking Democrat on the Senate Foreign Relations Committee's western hemisphere subcommittee, he's been able to wield a heavy influence on U.S. involvement in the region.

Although he is firmly positioned in his party's liberal wing, Dodd is noted for a willingness to compromise that has made him capable for forging coalitions with members of both parties.

His role as chairman of the Banking Committee — which oversees the nation's banking, financial services and insurance industries — creates new fundraising opportunities, a potential boost for a long-shot prospect like Dodd who must prove he can raise the tens of million of dollars needed to stay competitive in the 2008 presidential campaign.

Dodd has been politically active on behalf of other Democrats, raising money and campaigning for candidates across the country and headed the Democratic National Committee from 1995-96.

Dodd and his wife, Jackie Marie Clegg, have two daughters, age 5 and 22 months.

The difficulty Dodd faces trying to breakthrough the public consciousness in a race that starts off dominated by political celebrities was underscored in a good-natured exchange with radio host Don Imus.

"I'll tell you who I saw last night who was very impressive was Barack Obama," Imus told Dodd.

"I'm not one of those Hollywood phonies jumping on the Barack Obama bandwagon — I'm going to vote for McCain at this point," Imus added, referring to Arizona Sen. John McCain, the front-runner for the Republican presidential nomination.

"Now wait a minute, wait a minute," Dodd interjected. "I come on the program, I blow everybody else off, I announce here — at least leave the door open a little bit for me here. ... And I'm your pal — 14 years — you can't just walk away from me. You leave that door open a little bit."

Chuckling, Imus responded: "I'm not walking away ... I'm not closing the door, senator."

Dodd Touts Presidential Bid On 'Imus' (CP)

By Peter Urban

Connecticut Post, January 12, 2007

DOJ_NMG_0116092

WASHINGTON — After six months of testing the waters, Connecticut Sen. Chris Dodd dove headfirst into the 2008 presidential contest Thursday, saying he has the experience and vision to lead the nation in a time of urgency.

"People are crying out for leadership. They want people who can come up with bold solutions on health care, energy policy, environmental questions, education," Dodd said. "I know how to do this. On every major foreign policy and domestic issue for the last quarter century, I've been deeply involved."

Dodd filed a statement of candidacy with the Federal Election Commission on Thursday that will allow him to begin raising funds directly as a presidential candidate. He plans to transfer nearly $5 million sitting in his Senate campaign into the new effort.

He announced his intentions publicly on "Imus in the Morning," a radio show based in New York City. Imus praised Dodd's experience and intellect and said he would raise the level of debate but admitted he was backing Sen. John McCain, R-Ariz., for president in 2008.

"Wait a minute. Wait a minute. I come on the program. I blow everybody else off. I announce here. I mean, at least leave the door open for me a little here," Dodd cajoled. "A little quid pro quo, I mean I'm your pal."

Dodd later made a round of telephone calls to reporters from his townhouse here.

In a 10-minute conversation with the Connecticut Post, Dodd acknowledged that winning the Democratic nomination would be difficult

Advertisement

but is possible.

He stressed that he will run a positive campaign that focuses on his attributes and ideas. Dodd, 62, has served 26 years in the Senate. He is chairman of the Banking Committee, second in rank on the Health, Education and Labor Committee, and a long-standing member of the Foreign Relations Committee.

"I think experience does matter. I think it matters more this time around as well as the ability to connect with people and bring people together on issues. I have a proven ability to do those things," Dodd said.

Dodd has strong backing for his candidacy from Connecticut Democratic leaders.

Rosa DeLauro, who served as Dodd's chief of staff before being elected to the House, was absolutely enthused by Dodd's decision to run, saying he has the experience and interest to work on behalf of American families.

"This is a time where we are looking for people who can lead, who have both the intellectual and personal makeup to really connect," she said. "Chris Dodd has that vision."

State Party Chairwoman Nancy DiNardo expects Connecticut Democrats will flock to his campaign.

"I think it is exciting for Democrats and for Connecticut," she said.

DiNardo said that Dodd also has a national base of support from his days as general chairman of the Democratic National Committee in the mid-'90s. Sen. Joe Lieberman wished Dodd well in his presidential race but said that he is focusing on his Senate work and not involving himself in any campaigns at this time. Lieberman made a brief, unsuccessful run for the Democratic presidential nod in 2004 and was Al Gore's vice presidential candidate in 2000. Gary Rose, a professor of politics at Sacred Heart University in Fairfield, said that Dodd could easily appeal to voters who are looking for experience — particularly on foreign policy issues.

"He is probably the most substantive on domestic and foreign policy issues among the candidates who are considered viable," Rose said. "It is a very volatile world, and people may be looking for someone who really is experienced."

Larry Sabato, a professor of politics at the University of Virginia, said Dodd should not be written off as a second-tier candidate given the fact that there is no president or vice president in the field.

At the same time, he acknowledged that Dodd would need to raise his name recognition and increase his fundraising to compete with the early frontrunners — Sen. Hillary Clinton, D-N.Y.; Sen. Barack Obama, D-Ill., and former Sen. John Edwards, D-S.C.

Sabato estimated that candidates would need more than $30 million during the primary campaign.

"He is a long shot but there are plenty of long shots who either win the nomination or do very well," Sabato said. "Lightning could strike — everyone else."

While Dodd has experience on domestic and foreign relations issues, he also has a long voting record as a liberal and will have to overcome what will likely be resistance from many voters to having another Northeast Democratic senator at the top of the ticket, Sabato said.

Dodd said he would advocate a 10-year plan to wean America from its dependence on Middle Eastern oil. He also opposes a military escalation in Iraq and would instead intensify diplomatic efforts in the region — particularly with Syria and Iran.

Dodd described the sectarian strife, insurgent fighting and terrorist threats in Iraq as a "Rubik's Cube" that cannot be resolved with military might alone.

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Dodd acknowledged he is a dark horse but is hopeful that voters — particularly those in early primary and caucus states — will give him a chance.

Dodd Says He'll Run For White House (USAT)

By Jill Lawrence

USA Today, January 12, 2007

WASHINGTON — Connecticut Sen. Chris Dodd, a 30-year Capitol Hill veteran who once headed the national Democratic Party, pitched himself as a voice of experience and a new face in declaring his presidential candidacy Thursday on a radio and cable show.

Normally, Dodd told MSNBC talk-show host Don Imus, 25 years in the Senate (preceded by six in the House) would "exclude you from even considering higher office. But I think people this time around believe experience matters."

Dodd is the latest Democrat to join an expanding field. Outgoing Iowa Gov. Tom Vilsack, Ohio Rep. Dennis Kucinich and former North Carolina senator John Edwards, the 2004 vice presidential nominee, are among those already running. Other possible contenders include New York Sen. Hillary Rodham Clinton, Illinois Sen. Barack Obama, Delaware Sen. Joseph Biden, Massachusetts Sen. John Kerry and New Mexico Gov. Bill Richardson.

Dodd acknowledges his odds are long, calling himself "not as well known" as other prospects. He said the first contests are a year away and lightning could strike. "I wanted to get out of the bleachers and onto the arena floor and make my case," he said.

Dodd, 62, said he has been involved with "every major foreign policy and domestic issue of the last quarter century." He also said he's a "fresh face."

Political analysts agree that he is not a household name, which is a problem after 30 years in politics. "He has not staked out a national reputation or a national identity of any kind," said Dan Carter, a political historian teaching at the University of Richmond.

In a statement Thursday, Dodd highlighted his stewardship of the Family and Medical Leave Act "long before children's issues were a priority in Washington." The law allows workers to take unpaid leave to care for newborns or relatives.

This week Dodd, the new chairman of the Banking Committee, told a New York audience he wants to bring financial services to lower income people who pay huge amounts to cash paychecks, pay bills and borrow money.

Dodd recently visited the Middle East and has criticized U.S. policy in Iraq. At a Senate hearing Thursday, he told Secretary of State Condoleezza Rice the United States could not "bludgeon" its way to victory with more troops.

Yet the hearing underscored how hard it will be for Dodd or any Democrat to stand out on Iraq. The participants included Dodd, Kerry, Obama and Biden. All of them oppose President Bush's plan; all asked Rice tough questions.

Dodd does have one notable characteristic that won't be helpful: his New England roots. Ken Dautrich, a public policy professor at the University of Connecticut, said Democrats may associate Dodd with losses by Kerry in 2004 and Michael Dukakis in 1988. "They understand that a Northeastern Democrat probably is not the best person to take back the presidency," he said.

Senator Dodd Of Connecticut Announces Bid For Presidency (NYT)

By Jennifer Medina

The New York Times, January 12, 2007

HARTFORD, Jan. 11 — As he formally announced his candidacy for president on Thursday, Senator Christopher J. Dodd of Connecticut said he saw himself as the “dark horse” in the expanding Democratic field, an “unknown quantity with experience.”

He made his announcement on “Imus in the Morning,” a nationally syndicated radio and cable television show featuring Don Imus, and later, in an interview, he said this would be a one-time shot at the White House.

“I am not going to run again — this is not a warm-up,” Mr. Dodd said. “I realize I am not a household name, but in 12 months we’ll still be talking about primaries. It is a long way away, and there are plenty of chances to break through.”

Mr. Dodd will have stiff competition in the Democratic field. The announced candidates include John Edwards, the former senator from North Carolina; Senator Joseph R. Biden of Delaware, an ally of Mr. Dodd’s in Washington; and Tom Vilsack, who stepped down as Iowa governor on Thursday. The potential Democratic candidates include Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Mr. Dodd was first elected to the House in 1974, in a Democratic wave after Watergate. He was elected to the Senate six years later, taking the office once held by his father, Thomas J. Dodd.

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He has about $5 million on hand for his run, and his advisers say they hope his fund-raising ability will be bolstered by his position as chairman of the Senate Banking Committee. He is also a former chairman of the national Democratic Party.

A senior Democrat on the Senate Foreign Relations Committee and a former Peace Corps volunteer, Mr. Dodd said he would spend much of his time concentrating on international affairs.

“People are asking a critical question — what kind of experience do you need? — especially after watching an administration that seems to have needed more on-the-job training instead of understanding as you go in. I have worked at this stuff for a long time.”

Mr. Dodd voted in favor of the 2002 Senate resolution supporting the administration plan to invade Iraq, but he has since said he regrets that vote.

In a Senate hearing with Secretary of State Condoleezza Rice on Thursday, the day after President Bush’s televised address calling for more troops in Iraq, Mr. Dodd said it would be “unsound strategy” to add more troops and urged a greater effort at diplomatic contacts instead.

In the interview, he also said he would vote in favor of withholding money for more troops. “Everyone knows this is a failed policy,” Mr. Dodd said of the president’s war leadership. “This is hardly a change of policy; it is more of the same, which hasn’t been working.”

Mr. Dodd traveled to Iowa on Thursday afternoon and is to spend part of the weekend in South Carolina, to rally support in two states that are critical in early campaigning.

Even as he cited his decades in Congress, Mr. Dodd joked that he is a “fresh face” in the presidential field. During the radio and cable show, Mr. Imus needled Mr. Dodd by saying he was particularly impressed with Mr. Obama and planned to vote for Senator John McCain of Arizona, a Republican.

“Now wait a minute, wait a minute,” Mr. Dodd said with a chuckle and a bit of indignation. “I come on the program, I blow everyone else off, I announce here — at least leave the door open a little bit for me.”

Mr. Dodd, 62, is married to Jackie Marie Clegg, a consultant, and they have two young daughters.

He plans to name the Connecticut attorney general, Richard Blumenthal, as his state campaign chairman, and Representative Rosa DeLauro of Connecticut, who was once Mr. Dodd’s chief of staff, as a national chairwoman.

Dodd Carries Northeast Liberal Tag Into 2008 Race (NSDY/AP)

By Andrew Miga

Long Island Newsday, January 12, 2007

WASHINGTON -- Sen. Christopher Dodd's image as a Northeast liberal could pose a hurdle in his longshot bid for the 2008 Democratic presidential nomination.

The Connecticut senator will be running in the turbulent wake of another prominent New England liberal, Sen. John Kerry, D-Mass.

Kerry's losing 2004 campaign embittered some Democrats who contend he squandered a prime chance for his party to capture the White House. Those bad feelings have lingered as the 2008 contest begins to unfold.

"The party just nominated a New England liberal whose campaign was a failure," said Dante Scala, an associate professor of politics at Saint Anselm College in New Hampshire who wrote "Stormy Weather," a book about the state's primary. "That's going to be one strike against" Dodd.

Dodd brushed aside any suggestion that his Northeast liberal roots could hurt his candidacy.

"It's a false assumption," Dodd said in a telephone interview Thursday with The Associated Press. "People don't think in those terms... Most Americans don't care about these labels we put on."

Most voters are more concerned about bread-and-butter issues such as health care and jobs, not political labels, said Dodd, a five-term senator.

"The overwhelming number of people want to know what you can do to put the country back on track," Dodd said. "They don't care about labels."

Another Northeast liberal, New York Sen. Hillary Rodham Clinton, could also pose problems for Dodd if, as expected, she joins the expanding Democratic field.

"If Hillary Clinton gets in, she casts a long shadow _ especially over fellow Northeastern senators like Dodd," said Scala.

Clinton, with her star power and her ability to raise large amounts of campaign cash, ranks as one of the race's prospective heavyweights. Illinois Sen. Barack Obama cuts a similar high-voltage profile.

Kerry, meanwhile, is also considering running again in 2008. His candidacy would add yet another Northeast liberal to the crowded Democratic pack, crowding Dodd.

Several Democrats have already entered the race or are expected to do so soon.

Iowa Gov. Tom Vilsack, who leaves office Friday, former North Carolina Sen. John Edwards, Ohio Rep. Dennis Kucinich and Delaware Sen. Joe Biden have joined the field. New Mexico Gov. Bill Richardson also probably will run.

Dodd is little-known in key primary and caucus states, which will make it hard for him to break through.

"He's one of many senators with presidential ambitions," said Earl Black, a Rice University political scientist. "Nothing leaps to the mind that would make a unique case for Dodd."

Scala sees a two-tier race unfolding with the "haves" against the "have nots."

The upper tier includes Clinton, Edwards and Obama. The lower tier is pretty much everyone else.

"Chris Dodd is among everybody else right now," said Scala, noting that despite his New England roots, his name recognition in New Hampshire is low.

Dodd, 62, has begun building a national campaign in earnest. He's hiring staff, expanding his fundraising base and planning more trips to early-voting states.

But in key presidential primary and caucus states like Iowa and New Hampshire, where the jockeying for the party nomination is already intense, Dodd's footprint is light. Other Democratic hopefuls boast higher profiles and more commitments from the local party activists who are the lifeblood of primary campaigns.

Dodd, however, hopes to spotlight his work on health care and children's issues to win over liberal voters who dominate Democratic primaries. He's also confident his quarter-century of foreign policy experience in the Senate will strike a chord with voters worried about national security and America's place in the world.

Dodd said he has raised "just shy" of $5 million for his White House bid. Dodd's numbers are eclipsed by rivals such as Clinton and Kerry, who each have about $14 million in campaign funds.

"It gives us a good start," he said. "We're getting a good start." ___P>

Democratic Party Selects Denver For '08 Presidential Convention (WSJ/AP)

The Wall Sreet Journal/AP, January 12, 2007

NEW YORK -- Democrats selected Denver to host their 2008 presidential convention, turning down New York in favor of a problematic but enthusiastic bid from a city in the increasingly Democratic Rocky Mountain West.

"There is no question that the West is important to the future of the Democratic Party," Democratic Chairman Howard Dean said in a statement Thursday. "The recent Democratic gains in the West exemplify the principle that when we show up and ask for people's votes and talk about what we stand for, we can win in any part of the country."

Denver mounted a spirited effort to win the convention, organizing a sophisticated public relations campaign and enlisting help from Democratic lawmakers throughout the West. But the bid was fraught with logistical problems, among them a lack of close-in hotel rooms, its ability to raise the necessary $55 million to run the convention and serious labor concerns.

The city's bid was nearly scuttled last month when the influential stagehands union refused to agree not to strike if the convention was held at the nonunion Pepsi Center.

In the end, Mr. Dean enlisted the help of labor leaders in Washington, including AFL-CIO President John Sweeney and Andy Stern, president of the Service Employees International Union. A compromise was reached to staff the Pepsi Center entirely with union labor for the duration of the convention, effectively taking the last major obstacle off the table.

"We are very, very excited -- it's a tremendous team effort by everybody in Denver. And we're going to put on the best convention the Democrats have ever had," said Debbie Willhite, director of Denver's Host Committee.

New York, for its part, had eagerly sought the convention for months, but its mayor, Michael Bloomberg, said in recent weeks he would not commit the city to underwrite the convention's costs. "We are disappointed, but as I had pointed out a number of times, these conventions have gotten very expensive," Mr. Bloomberg told reporters at an event in Brooklyn.

Several members of Congress urged Mr. Dean to choose Denver to help cement recent Democratic victories in the Republican-leaning West. Since 2002, Democrats have won GOP-held governorships in Colorado and six other Western states, and in November, Democrats picked up a Republican-held Senate seat in Montana and GOP-held House seats in Colorado and Arizona.

Democrats in other Western states have pledged to help with fundraising.

The convention -- which is expected to attract 35,000, including 4,950 delegates and alternates -- will be held from Aug. 25-28 after the Summer Olympics in Beijing.

The Republican National Convention will start just four days later, on Sept. 1 in Minneapolis-St. Paul, Minn.

In November 2005, the Democratic National Committee invited 35 cities to apply to host the convention. Eleven cities eventually submitted applications, but only three were selected as finalists -- Denver, New York and Minneapolis-St. Paul, which withdrew its bid this fall after it was selected to host the GOP convention.

Denver last hosted the Democratic National Convention in 1908, when Democrats nominated William Jennings Bryan of Nebraska in his third unsuccessful effort as the party's standard-bearer.

As States Innovate, Schwarzenegger Blurs Lines (NYT)

By Jennifer Steinhauer

The New York Times, January 12, 2007

LOS ANGELES, Jan. 11 — So, who is Arnold Schwarzenegger anyway?

Is he an extreme environmentalist, proposing California be the first state to limit carbon dioxide emissions from cars? Or a foe of wildlife, with his desire for above-ground water storage, announced hours after his move to limit emissions?

Does his heart bleed for the disadvantaged, as suggested by his call for universal health care? Or does he turn a hard eye toward entitlements, as his plan to cut welfare benefits for children seems to indicate?

In many ways, Mr. Schwarzenegger is sui generis, a celebrity-turned-politician hurled toward the center by California's Democratic majority. And since he can never run for president, his governorship is most likely the outlet for his more audacious ideas.

But Mr. Schwarzenegger's recent leadership is also the largest example of a growing movement in which state leaders are crossing party lines to get things done. While partisan polarization limits activity in Washington, D.C., state governments are addressing issues the federal government has not tackled.

Massachusetts was first, with a Republican governor and a Democratic-led legislature compromising on an expansive health care law. Colorado — with bipartisanship — and Georgia both passed restrictive immigration bills last year after Congress could not. Indeed, 32 states approved 84 immigration laws in 2006, out of a record 570 immigration bills introduced, according to the National Conference of State Legislatures.

Nearly 30 states have passed bills raising the minimum wage, many through ballot initiatives, but many others via legislatures. And last year alone, more than a half-dozen states tightened restrictions on relations between lawmakers and lobbyists.

"In recent years as we have seen gridlock in Washington," said William Pound, the conference's executive director, "you have seen the pressure building on states to do something. I think you are going to see even more of it in the next couple of years, because we are on a wave right now with the states being innovative on policy. And frankly the Congress and the federal government have financial problems."

Often, the most effective approaches fly in the face of core political party values. Mr. Schwarzenegger is promoting ideas that offer something for everyone in Sacramento to love, and to despise.

"There is method to the madness," said Bruce Cain, director of the Institute of Governmental Studies at the University of California, Berkeley. "The middle is a place of much inconsistency. The fact that no one knows exactly where Arnold is on the political spectrum means that everyone can imagine that he is closer to them."

The challenges Mr. Schwarzenegger faces for being, as he calls himself, "post-partisan," and pushing the legislation he craves, were evident Tuesday night in Sacramento when he addressed the Legislature.

His plans for spending money — on new bond issues, on health care, on the environment — were met with grimaces from many Republican colleagues, who were buoyed by his promises to build more prisons and increase college tuition, ideas that offend more liberal lawmakers.

Right before the speech, State Senator Abel Maldonado, a Republican, cornered Mr. Schwarzenegger's communications director, Adam Mendelsohn, to complain about part of the governor's health care plan that would charge businesses that have more than 10 workers but do not provide health insurance.

"Your district has a lot of E.R.'s full of" illegal immigrants, Mr. Mendelsohn said, pointing out that those patients cost taxpayers money.

"I've got a lot of family businesses in my district," Mr. Maldonado countered.

At the same time, the State Democratic Party was attacking the governor's budget as stingy and unfair.

Yet partisan cross-dressing is in vogue in many states.

"Arnold wants to cut emissions, cover everyone's health insurance, possibly reduce prison crowding by sentencing reform," said William T. Cunningham, who helped run both of Michael R. Bloomberg's campaigns for mayor of New York on themes of social liberalism and fiscal restraint.

"Eliot Spitzer wants to cut property taxes and reform the Medicaid system due to its costs," Mr. Cunningham added, referring to New York's new Democratic governor. "Republicans domestically used to be the law and order guys and the Dems were the education and social service guys. All that has changed."

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In his spate of policy and budget announcements this week, Mr. Schwarzenegger showed many sides to his political form, proposing to insure all citizens, but also to end welfare grants for children whose parents do not participate in return-to-work programs. He called for helping criminals reform, but cut drug treatment programs.

He also said he would ask state regulators to require petroleum refiners and gasoline sellers doing business in California to cut by 10 percent the emissions of heat-trapping gases, even as he pushed for the water storage methods opposed by groups that argue that above-ground storage disrupts the surrounding environment. “We are not waiting for the federal government to act,” Mr. Schwarzenegger said. “We are not waiting, period.”

Other states have reached the same conclusion. Last summer, Georgia and Colorado enacted extensive laws intended to curb the effects of illegal immigration. “Immigration is the best example of where the feds bear the lion’s share of the responsibility and have done almost nothing to fulfill that responsibility,” said the speaker of the Colorado House, Andrew Romanoff.

Georgia’s omnibus law, which goes into effect in July, makes many requirements of employers and workers. “People were frustrated that federal government was not acting swiftly enough,” the State Senate spokeswoman, Merri Brantley, said. “We are among the fastest-growing immigration states in the nation.”

In the interest of protecting residents from identity theft and privacy invasion, 35 states have enacted legislation in recent years requiring companies or state agencies to disclose security breaches involving personal information. The federal government has yet to pass comprehensive legislation on the issue.

Other states have also passed or are seriously considering emissions standards, renewable energy requirements, education overhauls and comprehensive health care packages. On some of these issues, California — led by its governor — may simply be furthering its role as the nation’s policy petri dish.

Mr. Schwarzenegger “is showing what leadership can be when it is nonpartisan,” said Mr. Mendelsohn, his communications director. “It is where the country is.”

California Emissions Target Hands Task To Industry (WSJ)

By Jeffrey Ball

Wall Street Journal, January 12, 2007

California Gov. Arnold Schwarzenegger's plan to require a 10% cut in the carbon content of its transportation fuels embodies a strategy to combat global warming that is likely to become more common around the world.

Instead of mandating the rollout of specific technologies, such as electric cars or ethanol pumps, California has set an emissions-related target and says it will leave it up to industry to figure out how to meet it.

In doing so, it is taking a political gamble: that the hands-off approach will unleash fights of economic self-interest among various industries -- fights that will, in the end, force industry to support a broad, economywide cap on carbon emissions. The broader the effort, the cheaper it is likely to be for any given company to cut its carbon emissions.

Gov. Schwarzenegger this week said he plans to issue an executive order calling for the state to reduce the carbon intensity of passenger-vehicle fuels 10% by 2020. The state expects that will translate into replacing 20% of California's on-road gasoline consumption with lower-carbon fuels. That would more than triple the amount of alternative fuels consumed on California roads today, the state says. Today, the vast majority of alternative transportation fuel in California, as across the U.S., is corn-based ethanol that is blended with conventional gasoline.

Central to California's plan is the creation of a market in which fuel producers can reduce their cost of compliance by buying and selling carbon "credits." Under the plan, transportation fuel sold in California will be subject to a ceiling on the amount of carbon it can emit per unit of energy it contains. The limit will take into account the carbon produced throughout the fuel's entire "life cycle": from the making of the fuel to its consumption in a car or truck.

That means California is pushing not just for any alternative fuels, but for those that are the most energy-efficient. That makes certain types of ethanol, for instance, more attractive than others.

Though the details have yet to be worked out, producers whose fuel has a lower carbon content than the standard will have excess emission credits they can sell on a market. Those whose fuel is too high in carbon will have to buy extra credits.

Oil producers Chevron Corp. and ConocoPhillips expressed support for the broad intent of the new California rule. The industry increasingly has concluded it will get slapped with some sort of carbon cap, and, based on the broad outlines it has seen so far, it thinks California's approach is as flexible an offer as the industry's likely to get. "The good news is it's not picking winners and losers," says Joe Sparano, president of the Western States Petroleum Association, the oil industry's Sacramento-based trade group. The group itself hasn't taken a position.

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Because it faces its own carbon rule, the oil industry in California is likelier to support such policies throughout the country. While stressing his organization doesn't endorse a national global-warming-emission cap, Mr. Sparano said a national emissions-trading market would be beneficial "so that California companies are not unfairly disadvantaged."

For its own competitive reasons, the auto industry is talking even more bullishly about California's push for lower-carbon fuels. Auto makers already face a California mandate to reduce global-warming emissions from the cars and trucks they sell in the state by roughly 30% by 2016 -- a law the industry has sued to block, arguing it amounts to a state effort to regulate automotive fuel economy, which is barred by federal law.

Yet the auto industry is under mounting pressure to reduce the oil consumption of its fleet. So, over the past year, it has promised to ramp up its production of versions of its conventional vehicles that have been tweaked so they can run mostly on ethanol. For auto makers, the California low-carbon-fuels rule is a welcome way to ensure an increased supply of ethanol for those vehicles.

General Motors Corp. hasn't taken an official position on the California low-carbon-fuel rule, said David Barthmuss, a GM spokesman. But, he noted, when Gov. Schwarzenegger's office asked GM what the auto maker thought about the fuels rule, "we told them we think fuels like this are very important to the vehicles and technologies we're putting on the road right now."

The fact that the oil and auto industries, each for their own reasons, are endorsing the notion of applying emissions regulations broadly across the economy highlights the divide-and-conquer strategy at the heart of California's approach. Said Hal Harvey, director of the environment program at the William and Flora Hewlett Foundation, and a close adviser to California officials in coming up with the fuels plan: "When you have two giant, politically powerful industries aiming their arrows at each other, it's possible to get things done."

Golden State Gamble (NYT)

By Paul Krugman

The New York Times, January 12, 2007

A few days ago. Gov. Arnold Schwarzenegger unveiled an ambitious plan to bring universal health insurance to California. And I'm of two minds about it.

On one side, it's very encouraging to see another Republican governor endorse the principle that all Americans are entitled to essential health care. Not long ago we were wondering whether the Bush administration would succeed in dismantling Social Security. Now we're discussing proposals for universal health care. What a difference two years makes!

And if California — America's biggest state, with a higher-than-average percentage of uninsured residents — can achieve universal coverage, so can the nation as a whole.

On the other side, Mr. Schwarzenegger's plan has serious flaws. Maybe those flaws could be fixed once the principle of universal coverage was established — but there's also the chance that we would end up stuck with those flaws, the way we ended up stuck with a dysfunctional system of insurance tied to employment.

Furthermore, in the end health care should be a federal responsibility. State-level plans should be seen as pilot projects, not substitutes for a national system. Otherwise, some states just won't do the right thing. Remember, almost 25 percent of Texans are uninsured.

To understand both what's right and what's wrong with Mr. Schwarzenegger's plan, let's compare what he's proposing with the plan he rejected. Last summer, the California Legislature passed a bill that would have created a single-payer health insurance system for the state — that is, a system similar to Medicare, under which residents would have paid fees into a state fund, which would then have provided insurance to everyone.

But the governor vetoed that bill, which would have bypassed private insurance companies. He appears to sincerely want universal coverage, but he also wants to keep insurance companies in the loop. As a result, he came up with a plan that, like the failed Clinton health care plan of the early 1990s, is best described as a Rube Goldberg device — a complicated, indirect way of achieving what a single-payer system would accomplish simply and directly.

There are three main reasons why many Americans lack health insurance. Some healthy people decide to save money and take their chances (and end up being treated in emergency rooms, at the public's expense, if their luck runs out); some people are too poor to afford coverage; some people can't get coverage, at least without paying exorbitant rates, because of pre-existing conditions.

Single-payer insurance solves all three problems at a stroke. The Schwarzenegger plan, by contrast, is a series of patches. It forces everyone to buy health insurance, whether they think they need it or not; it provides financial aid to low-income families, to help them bear the cost; and it imposes "community rating" on insurance companies, basically requiring them to sell insurance to everyone at the same price.

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As a result, the plan requires a much more intrusive government role than a single-payer system. Instead of reducing paperwork, the plan adds three new bureaucracies: one to police individuals to make sure they buy insurance, one to determine if they're poor enough to receive aid, and one to police insurers to make sure they don't discriminate against the unwell.

The plan's supporters say that it would save money all the same. Those who are currently uninsured would receive preventive care, which is often cheaper than waiting until they show up in emergency rooms. Insurers would spend less money trying to weed out high-risk clients and more money actually paying for health care: the plan would require that insurers spend at least 85 percent of premiums on health care, considerably more than most insurers do now.

Still, why all the complexity? The smart, well-intentioned economists who devised the plan think they're being more politically realistic than single-payer advocates — that it's necessary to placate the insurers. But that's what Bill and Hillary Clinton thought, too — only to find that their plan's complexity confused the public, while the insurance industry went all-out to defeat it anyway.

So am I for or against the Schwarzenegger plan? That's a tough question. As a practical matter, however, I suspect that the real question is what to do after the plan founders from its own complexity. And the answer is, damn the insurers — full speed ahead.

Ex-President Bush May Put Hip To Test In '09 (HC)

By Tony Freemantle

Houston Chronicle, January 12, 2007

A week after getting a new right hip, former President George H.W. Bush is recuperating at his Houston home, receiving visitors, worrying about his children, dutifully doing physical therapy and already thinking about jumping out of an airplane again.

He's going to do it in June 2009 for his 85th birthday, he said. For sure. Even though his wife, Barbara, thinks it's crazy.

His hip is fine, Bush said in a brief interview Wednesday. He's in and out of bed, he's walking and he's managing to follow his doctors' instructions.

The 82-year-old former president was released Saturday from the Mayo Clinic in Minnesota where surgeons replaced his hip. He checked in to the hospital immediately after attending the funeral of former President Gerald Ford in Washington, D.C., on Jan. 2.

It was Bush's second hip replacement — his left hip was replaced at the Mayo Clinic in 2000.

Bush keeps a busy schedule. He's looking forward to the commissioning in November of a nuclear-powered aircraft carrier that bears his name.

"I can't tell you how exciting that is to look forward to," he said.

In February, he travels to Qatar for the opening of a new engineering building at Texas A&M University's campus there.

Bush said he still occasionally works with former President Bill Clinton on fundraising efforts for the victims of the 2004 Southeast Asian tsunami and of Hurricane Katrina.

His skydiving career began during World War II when the torpedo bomber he was flying was shot down in the Pacific. In June 2004, to mark his 80th birthday, Bush jumped from 13,500 feet and landed on a field near his library on the A&M campus.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 12, 2007

The Next Guv May Have a Gig Still Left in Him

Fear not, Free State music fans: Rumors that Maryland's guv-to-be is breaking up the band are somewhat exaggerated.

But when exactly Martin O'Malley will next take the concert stage -- with or without O'Malley's March-- remains unclear.

An Associated Press story this week about O'Malley's transition plans stated that his band will not perform at Wednesday's inaugural ball in Baltimore because it "has broken up," a newsflash that sent waves of harp-throwing hysteria throughout the region's Celtic-rock community. (Okay, we're making that last part up -- but it did catch our attention.)

Almost two years ago, the Baltimore mayor declared an official end to the band he formed 20 years ago (while working as a young Gary Hart campaign aide), citing the need to devote himself to his gubernatorial campaign. But groupies and political analysts were quick to parse his farewell -- saying "this will be my last St. Patrick's season" left a lot of potential concert dates open. And indeed, O'Malley's March continued to reunite during the campaign, at a handful of Irish festivals and fundraisers.

O'Malley spokesman Rick Abbruzzese clarified for us yesterday that there has been no final breakup. And yet, "no plans for a reunion tour either."

A better-known Irish band called the Saw Doctors will play at the inaugural ball. Earlier this week in Annapolis, O'Malley hinted that he might -- just might-- take the stage with the group. Uh-oh -- would that mean the end of O'Malley's March?

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"We're all good friends, and it's not like those friendships or the music ever disintegrated," he told our colleague John Wagner last night. "It can be reignited by a single spark."GET THIS

George H.W. Bush is going to jump out of yet another airplane, despite objections from his wife. The former president, who is recovering from hip replacement surgery, told the Houston Chronicle he'll mark his 85th birthday in 2009 with another parachute jump. "I almost fell off my chair when I heard him say this, but he is serious," said chief of staff Jean Becker.

Bush took the plunge for his 75th birthday, and again for his 80th -- when Barbara Bush told him, "One way or another, George, this will be your final jump." Guess not. Says Becker: "She's just given up. She's decided he's 82 and he can make his own decision."

LOVE, ETC.

Â· Split: Cameron Diaz and Justin Timberlake, after a four-year romance. According to a statement the couple released yesterday: "We have, in fact, ended our romantic relationship, and have done so mutually and as friends, with continued love and respect for one another." The 34-year-old actress and 25-year-old former boy band singer, despite all naysayers, lasted longer than most Hollywood marriages. Hey, Justin: Ya hear your old flame Britney is available?

Â· Stiffed: Singer James Brown left his longtime companion, Tomi Rae Hynie, and their 5-year-old son, James Jr., out of his will, reports the Associated Press. The will, which was read yesterday but has not been filed, splits the Brown's estate among his six adult children. Hynie was locked out of Brown's home shortly after the Godfather of Soul died on Christmas Day but was present for the reading of the will. Sounds like a pending lawsuit . . .HEY, ISN'T THAT . . . ?

Â· Plain ol' Rep. Dennis Hastert (R-Ill.) at Peking Gourmet on Wednesday night. The former speaker had dinner with a couple of other members, then raced off to comment on the president's speech. And those burly guys who left with him? Turns out he didn't lose all his security, after all, but has a smaller detail for an unspecified period of time.

Â· Sen. Hillary Rodham Clinton breakfasting yesterday morning with Andy Stern, president of the Service Employees International Union, and another union rep at Bistro Bis yesterday morning. Probably never hurts for a presidential hopeful to break bread with the man who reps for a couple million union members.

Forum-Shopper Of The Year (WSJ)

By Ronald A. Cass

The Wall Street Journal, January 12, 2007

Anna Nicole Smith makes for good copy. America's most gaudy litigant has spent the last few months dodging eviction notices in the Bahamas and paternity-test subpoenas in the U.S. A few days after the death of her son, she donned a wedding dress for a "commitment ceremony" with her attorney, then made almost a million dollars selling photos of her late son's last hours, her new baby and her "wedding" to tabloid magazines. In the midst of all of this, she has kept up her long-running litigation over the estate of her late husband, J. Howard Marshall II. The litigation, which initially was filed more than a dozen years ago against heirs to the estate of her husband, has changed into a suit against the heirs of E. Pierce Marshall, her husband's son, who died unexpectedly last summer.

Ms. Smith, a Texan who married a Texan, still comes to court in California seeking a sizeable share of J. Howard Marshall's Texas-based estate. At the same time, she asserts that she is now a resident of the Bahamas, so California courts lack jurisdiction over her in the paternity litigation. Outlandish as this soap opera appears, her manipulation of our legal system could have significance to the law and to the rule of law. That is why devotees of serious news, as well as tabloid aficionados, should give heed. * * *

Ms. Smith's litigation begins with her brief marriage to J. Howard Marshall, when she was 26 and he nearly 90. Mr. Marshall formally memorialized their marriage with a $6 million gift to Ms. Smith but chose not to put her in his estate plan. Ms. Smith sued in Texas probate court seeking half his fortune, estimated at $1 billion, alleging that he had promised this to her only to have his son frustrate those wishes. The Texas court rejected her claims after a lengthy trial, but that didn't end matters because Ms. Smith, after suing in Texas as a Texas resident, had instituted an action in federal bankruptcy court in California as a California resident. She sought asset protection following a default judgment against her (on a sexual harassment claim by her personal assistant). That judgment later was compromised for a smaller sum, but by then she had imported the essence of her Texas claims into the California proceeding.

The federal judge in California drew conclusions directly opposite those reached in Texas, a decision overturned by the Federal Court of Appeals for the Ninth Circuit, primarily on the ground that, under the "probate exception," federal courts lack jurisdiction to hear matters within the competence of state probate courts. That conclusion was in turn reversed by the Supreme Court, which sent the case back to the appeals court to consider other reasons for overturning the lower court decision.

Proceedings in California between the parties have resumed, and the Ninth Circuit will likely take this matter up again in the spring. When it does, it will look at alternative doctrines that could avoid conflict between state and federal decisions. For

example, "claim preclusion" prevents a second court (federal or state) from deciding a legal claim that was asserted in another court and "issue preclusion" prevents decision on a particular issue that was disposed of by another court. These doctrines are broader than the "probate exception" to federal jurisdiction addressed by the Supreme Court but do not have the same tension with federal court supremacy.

The legal system generally arrives at predictable outcomes in logical venues based on reasonably foreseeable legal rules. But litigants can frame claims to induce application of less foreseeable rules in less logical venues. However much judges in California federal courts might endeavor to interpret Texas state law the way they believe Texas state judges would, the interpretations inevitably diverge -- and the effort to engage a more remote forum often looks intended to take advantage of the divergence. The difference between determinations in two different court systems was the difference between an $88 million award and nothing.

The case is likely to come to an end with a decision on one of the preclusion doctrines. The decision of the state probate court, based on the more extensive proceeding in the more logical venue, will then stand as the final word on the claims Ms. Smith has asserted. That does not, however, make this a story of the legal system working well; it is a story of the system working eventually.

If litigation were costless and decision makers consistent, forum shopping would present little problem. But litigation can be costly. A study estimates legal and administrative costs in tort suits (just a portion of the litigation landscape) at $140 billion per year and overall costs at $250 billion. And decisions on some questions, such as punitive damages, vary enough that the process has been compared to a "lawsuit lottery."

The problem is particularly acute for businesses, which fear that threats of costly litigation will be leverage for settlements. Such strategic use of litigation can occur because the litigation costs and risks are not symmetrical -- some litigants have more to lose than others. Some law firms specializing in suing businesses, and some state attorneys general, rely on strategies that exploit risk sensitivity to extract settlements, at times very substantial ones. The behavior of former AG Eliot Spitzer and indictments of key partners at the plaintiffs' law firm Milberg Weiss highlight the problem. Risks associated with ordinary litigation are magnified by opportunities to choose favorable venues for litigation, and even more by the prospect that litigants can engage in a repeat-play game, trying successive venues in search of a sympathetic forum. Forum shopping smacks of manipulation to reduce predictability and to secure biased decision makers.

Of course, some risks associated with conflicting decisions in parallel litigation are unavoidable in a complex system with overlapping competences in different jurisdictions. Attempting to minimize those risks, courts and lawmakers have developed rules that harmonize and prioritize conflicting legal commands and jurisdictions, that allow courts to stay their hand to avoid conflicts, and that provide for recognition of earlier decisions on the same issue or claim. But the degree to which those rules work efficiently -- the degree to which they effectively limit the ability of determined litigants to exploit slack in the system and craft claims in creative ways that give them strategic advantage -- is open to question.

And problems in the U.S. legal system are only one part of the picture. Once a strictly domestic game, forum-shopping has gone international. Not only can a growing roster of foreign enterprises and authorities enter the game, American businesses keen to restrain more successful competitors have a world of opportunities for doing so. If they cannot succeed with litigation at home, they can seek friendlier venues in many parts of the world. Thus, Microsoft, Intel and other market leaders now face proceedings in Europe, South Korea and elsewhere at the urging of American rivals such as IBM, Adobe and AMD.

Ms. Smith's story demonstrates that a determined litigant with resources can move litigation among legal forums, tailor legal claims to prolong litigation, tie up assets, and make life difficult enough that most opponents would pay substantial amounts merely to bring the matter to a close. A victory for her would encourage forum-shopping, multiply costs and undermine the predictability of legal rules, doing damage that would last well beyond her 15 minutes of fame. A defeat for her would show that the system can at long last bring such manipulation to an end. And if that is what comes from her extended venture into the American court system, it would be a better legacy than any other she is apt to leave behind.

Mr. Cass is chairman of the Center for the Rule of Law and dean emeritus of Boston University School of Law.

U.S. Troops Went Into Somalia After Raid (WP)

By Stephanie McCrummen

The Washington Post, January 12, 2007

NAIROBI, Jan. 11 -- A small team of American military personnel entered southern Somalia to try to determine exactly who was killed in a U.S. airstrike Monday that targeted suspected al-Qaeda figures thought to be hiding in swampy mangrove forests along the Indian Ocean, U.S. sources said Thursday.

DOJ_NMG_0116102

So far, "no one can confirm a high-value target" among the dead, said one U.S. source, who spoke on condition of anonymity. But items recovered at the strike site -- a piece of bloody clothing and a document -- indicated that Aden Ayrow, head of the military arm of the deposed Islamic Courts movement, had been at the scene.

The strike killed eight to 10 people suspected of terrorist links, according to another source, a high-ranking U.S. official in the region who spoke Thursday and declined to be identified. The people were fleeing with remnants of the Courts movement, which was swept from power last month by invading Ethiopian forces who installed in its place the country's U.S.-backed transitional government.

The search team marks the first known case of U.S. military boots hitting Somalian soil since a disastrous mission to stabilize the country ended in 1994 after Somali militiamen downed two Black Hawk helicopters and killed 18 U.S. soldiers in the capital, Mogadishu. It was unclear Thursday if the search team remained inside Somalia.

The air attack was carried out early Monday by a U.S. Air Force AC-130 gunship flying from a base in Djibouti, a tiny Horn of Africa country, as U.S. Navy ships patrolled offshore. By one official's account, the strike was triggered by a cellphone intercept and targeted a convoy of vehicles.

The U.S. military has worked closely with Ethiopian ground and air forces operating in Somalia and has shared intelligence and target lists. But American decision-makers have been cautious about sending U.S. personnel into Somalian territory. In the aftermath of the AC-130 attack, it was seen as a necessary risk in the effort to positively identify the casualties.

After past airstrikes against suspects in other countries, U.S. intelligence officials have often been frustrated at the inability to ascertain the identities of people killed. In many cases, the sites have been off-limits to detailed inspection.

U.S. officials have long said they wanted to kill or capture three al-Qaeda figures they say took shelter in Somalia after organizing the bombings of the U.S. embassies in Kenya and Tanzania in 1998. But officials emphasized Thursday that the U.S. government and Ethiopia have a far longer list of targets that includes Ayrow and other members of the Islamic Courts leadership.

Hassan Dahir Aweys, chairman of the Courts, was put on the U.S. terrorist list in 2001 as the head of a radical group accused of having links to al-Qaeda in the 1990s.

Regional analysts have said, however, that the connections between al-Qaeda and the Courts movement are tenuous and hinge on one or two leaders. Other leaders within the Islamic movement were considered moderates, and it is unclear what their fate will be.

Meanwhile, reports from the area surrounding Ras Kamboni, where Monday's strike hit, suggest that 20 civilians may have been killed. The human rights group Amnesty International questioned whether the airstrike violated international law against indiscriminate attacks.

One U.S. official said Thursday that no civilians were killed.

U.S. officials repeatedly emphasized close coordination with the Ethiopian military, saying that continuing air attacks by the Ethiopians in the south were motivated by intelligence reports that one of the three embassy suspects, Abu Talha al-Sudani, a Sudanese, was in the area.

The U.S. military action in the southernmost tip of Somalia has been widely criticized by European diplomats, the U.N. secretary general and the chairman of the 53-member African Union, who are concerned that it will work against efforts to stabilize a country that has been without a central government since 1991.

In the chaotic capital, Mogadishu, the weak transitional government, backed by the United States and Ethiopia, is struggling to assert control in a city still full of Islamic Courts fighters, as well as militias of clans and sub-clans who feel marginalized by the new government and resentful of the presence of Ethiopian soldiers in the city.

Several skirmishes between militiamen and Ethiopian troops have broken out in recent days. Thursday night, a grenade was fired from a truck full of militiamen at a hotel full of government officials, according to reports from the city. There was a brief exchange of gunfire and one hotel security guard was injured.

Raid Killed Somali Allies Of Al Qaeda, U.S. Says (NYT/AP)

By The Associated Press

The New York Times, January 12, 2007

MOGADISHU, Somalia, Jan. 11 (AP) — A top American official in the Horn of Africa said Thursday that none of the suspected members of Al Qaeda believed to be hiding in Somalia died in the American airstrike this week, but added that Somalis with close ties to the terrorist group were killed.

Somali officials said Wednesday that Fazul Abdullah Mohammed, a main suspect in the bombings of the American Embassies in Kenya and Tanzania in 1998, had been killed in the American attack.

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United States officials immediately distanced themselves from the Somali claim, saying that they were not even sure Mr. Fazul was among the terrorism suspects hiding in southern Somalia with Islamist fighters. They did say then that Abu Taha al-Sudani, a top aide to Mr. Fazul, and Aden Hashi Ayrow, a Somali terrorism suspect, might have been killed.

But on Thursday, the American official, based in Kenya, speaking on condition of anonymity because he was not authorized to speak to the news media, said American special forces and Ethiopian troops — who are in the country to battle the Islamists and support Somalia's transitional government — were still pursuing Al Qaeda suspects in southern Somalia.

American and Somali officials have acknowledged that a small team of American Special Operations forces are in Somalia hunting suspected Qaeda fighters and providing military advice to Ethiopian and Somali forces on the ground.

The American forces entered Somalia with Ethiopian forces late last month when Ethiopians launched their attack against the Islamic movement, one official said on condition of anonymity.

Mr. Fazul, one of the F.B.I.'s most wanted terrorism suspects, has evaded capture for eight years. The Somali president's chief of staff said Wednesday that he had been killed in an American airstrike in southern Somalia.

The American official in the region said 8 to 10 individuals had been killed in the attack, most of whom were Somalis with close ties to Al Qaeda.

Meanwhile, Somali and Ethiopian forces skirmished with Islamic militiamen near Ras Kamboni in Somalia's southernmost tip early Thursday, part of mop-up operations that Mr. Meles said his troops were carrying out against the fighters that were driven from Somalia's capital weeks ago.

The Ethiopian Information Ministry said Thursday that its military was also launching helicopter and troop attacks around Dobley, about four miles from the Kenyan border.

A rights group in Fanole, in the south, said Thursday that thousands of Somalis fleeing the fighting were now stranded on the Kenyan border, which has been largely closed.

"Thousands are in a bad condition and they do not have food and water," said Ali Bashi, chairman of the Fanole Human Rights Center. "They are stranded at the border after Kenya closed it and they cannot go back to their houses for two reasons: the ongoing airstrikes and lack of transportation."

Ethiopian, U.S. Pursue Somalia Al-Qaida (AP)

By Chris Tomlinson

AP, January 12, 2007

Ethiopian and U.S. forces were in pursuit of three top al-Qaida suspects Thursday, with a senior U.S. official confirming that none of them were killed in a U.S. airstrike and were believed to still be in Somalia.

The official in Kenya, who spoke on condition of anonymity because he was not authorized to address the media, said U.S. special operations forces were focused solely on tracking down the suspected terrorists and not members of the Somali Islamic movement that had challenged the country's government for power.

A day earlier, Abdirizak Hassan, the Somali president's chief of staff, said a U.S. intelligence report had referred to the death of Fazul Abdullah Mohammed, one of the three senior al-Qaida members blamed for the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

But the U.S. official said he was confident none of the three top al-Qaida suspects believed to be in Somalia was killed in the airstrike Monday.

"The three high-value targets are still of intense interest to us," the official said. "What we're doing is still ongoing, we're still in pursuit, us and the Ethiopians."

The official also contradicted numerous statements by Somali government officials in recent days, saying the U.S. had carried out just one airstrike and only eight to 10 militants with ties to al-Qaida were killed. He said subsequent reports of more airstrikes and civilian casualties were rumors and disinformation spread by the Islamic extremists.

Michael E. Ranneberger, the U.S. ambassador to Kenya, also told the British Broadcasting Corp. on Thursday that Fazul had not been killed.

U.S. and Somali officials said Wednesday that U.S. special forces were in Somalia hunting al-Qaida fighters and providing military advice to Ethiopian and Somali forces. The U.S. forces entered the country last month when Ethiopia launched its attack against the Islamic movement, one of the officials said on condition of anonymity because of the sensitivity of the information.

Most of the Islamic militiamen have since dispersed, but a few hardcore members have fled to Somalia's southernmost point between the Kenyan border and the Indian Ocean.

The U.S. has repeatedly accused the group of harboring three top terror suspects wanted in connection with the 1998 embassy bombings: Fazul, Abu Talha al-Sudani and Saleh Ali Saleh Nabhan.

The U.S. Navy has moved additional forces into waters off the Somali coast, where they have monitored maritime traffic and interrogated crews on suspicious ships in international waters.

The U.S. official in Kenya said Kenyan naval forces had set up a blockade along the sea border to make sure no suspected terrorists could infiltrate the country. The Kenyan army is also intercepting suspects trying to sneak across the land border, which is closed, he added.

Earlier this week, police at the Kenyan coastal border town of Kiunga arrested the wives and children of two of the embassy bombing suspects after they managed to slip across the frontier, according to an internal police report seen by The Associated Press on Wednesday.

Meanwhile, Somali and Ethiopian forces skirmished with Islamic militiamen in the far south of Somalia on Thursday as part of mop-up operations against the fighters.

One resident in the area, Mosa Aden Hersi, said there were numerous militant and civilian casualties in the fighting. "We saw the dead bodies of 17 men in military uniform under a small hill, but we do not know their identity," he said by two-way radio.

The remote, forested area has few residents and high-frequency radio is the only reliable form of communications.

The Ethiopian Information Ministry said its military had also launched helicopter and troop attacks around the town of Dhobley, about four miles from the Kenyan border.

A Somali human rights group said Thursday that thousands of Somalis fleeing the fighting were now stranded on the Kenyan border, which has been closed.

"Thousands are in a bad condition and they do not have food and water. They are stranded at the border after Kenya closed it and they cannot go back to their houses for two reasons: the ongoing airstrikes and lack of transportation," said Ali Bashi, chairman of the Fanole group.

The Red Cross said more than 850 wounded people, both civilians and soldiers, have been treated at medical facilities since fighting began last month.

Somalia has not had an effective central government since clan-based warlords toppled dictator Mohamed Siad Barre in 1991 and then turned on each other. The interim government was established with the help of the United Nations in 2004.

Somalia Targets Survived, U.S. Says (LAT)

By Edmund Sanders

The Los Angeles Times, January 12, 2007

NAIROBI, KENYA — None of the three most-wanted Al Qaeda suspects believed to be hiding in southern Somalia were killed by a U.S. airstrike this week, a senior U.S. official here said Thursday.

"The three high-value targets are still of intense interest to us," said the official, who requested anonymity because he was not authorized to speak on the record.

The attack Sunday night by a U.S. Air Force AC-130 gunship killed eight to 10 people believed to be linked to the Al Qaeda terrorist network, the official said.

Previous reports from other U.S. and Somalian sources suggested that the dead might include suspects in the 1998 bombings of U.S. embassies in Kenya and Tanzania, or the 2002 bombing of a Kenyan seaside resort and a subsequent missile attack against an Israeli airliner.

In an interview Thursday with the BBC's Somalian-language news service, U.S. Ambassador to Kenya Michael E. Ranneberger confirmed that Fazul Abdullah Mohammed, who is wanted by the FBI for his alleged role in the 1998 attack, had not been captured or killed.

The senior official said the other two Al Qaeda suspects also remained at large, probably hiding in Somalia.

They are Abu Taha al Sudani of Sudan, who is accused of planning the 2002 Paradise Hotel bombing in Kenya, and Saleh Ali Saleh Nabhan of Kenya, also wanted in connection with the hotel attack.

The official said that the three men were not the primary targets of Sunday's attack, which instead was aimed at a separate but significant Al Qaeda operative who was moving with a group of about 20 individuals.

According to some reports, a small number of U.S. special forces were pursuing the suspects in Somalia, but the official denied those reports.

Amid mounting criticism over reports of ongoing U.S. airstrikes and claims that scores of civilians have died, Ranneberger launched a public-relations offensive Thursday, insisting that the U.S. launched only one strike and that there were no civilian casualties.

"It's been troubling to see these reports about bombing and all these activities killing civilians," the ambassador told the BBC. "I can tell you categorically that no civilians were killed or injured as a result of that action."

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U.S. involvement in Somalia, its first overt military intervention in the country since 1994, has set off a flurry of criticism and anti-American sentiment throughout East Africa. The banner headline Tuesday in one of Kenya's largest daily newspapers read: "U.S. Warplane Rains Death on Somalia."

Somalian government officials and witnesses claim scores of civilians have been killed by ongoing airstrikes in more than half a dozen villages in southern Somalia, with reports of new strikes as late as Wednesday. Officials suspect Ethiopia, which sent 4,000 troops to Somalia last month, may be involved in some of the strikes. The Ethiopian government has not commented.

Watira Suldan Farah, a mother of five, said Thursday that she fled her home village of Butiya shortly before it was attacked Wednesday by a "large white plane with a black tail. I don't know what kind of plane it was. People were saying it was an AC-130. All I know is that it was doing a terrible bombing."

Another report said five clan elders trying to reach the port city of Kismayo on Wednesday were shot to death by a gunship.

"We are victims," said Hussein Tarabi, who said he lost 30 cattle in an airstrike against his village Wednesday. "We ask the U.S. government to stop the genocide and give us compensation. This is against humanity."

On Wednesday, Amnesty International said the reports of heavy civilian casualties raised questions about whether the U.S. military had violated international law.

But U.S. officials insist they have not carried out any additional airstrikes since Sunday. The senior official said it was possible that Ethiopia was engaged in air attacks in pursuit of fighters with Somalia's Islamic Courts Union.

Ethiopia helped Somalia's transitional government crush the once-powerful alliance of religious leaders and continues to launch operations to capture or kill remnants of the Islamist movement.

Somalian politician Abdirashid Mohamed Hidig said he witnessed airstrikes Tuesday, which he said were conducted by the U.S. and Ethiopia. He told reporters that at least 50 civilians were killed.

Abdirahman Dinari, spokesman for the transitional government, dismissed such reports. Though Dinari previously told local reporters that the U.S. attacks were continuing through Tuesday, he said Thursday that there had been only one U.S. strike.

"The only casualties we know about are the eight people," he said. "The rest is propaganda intended to mislead the people." Dinari denied that Ethiopia had conducted any airstrikes in Somalia.

U.S. officials said operations to capture or kill the three Al Qaeda suspects would continue. Five ships have been dispatched to the region, including the aircraft carrier Dwight D. Eisenhower and the guided missile cruiser Anzio.

Somalia Strike 'missed Al-Qaeda Targets' (FT)

By Andrew England

Financial Times, January 12, 2007

The controversial US air strike in southern Somalia missed all three top al-Qaeda members Washington alleges are hiding out in the country, a senior US official said on Thursday.

The official, who spoke on condition of anonymity, said eight to 10 "al-Qaeda affiliated terrorists" were killed in Monday's attack, but gave no details.

On Tuesday the Pentagon confirmed that an AC130 aircraft was used to target "the principal al-Qaeda leadership in the region". The attack marked the first overt US military intervention in the Horn of Africa nation since its doomed invasion in the 1990s.

The strike was criticised by the European Commission, as well as the Arab League which claimed it had killed "many innocent victims" and demanded that Washington refrain from further attacks. There were no accurate casualty figures.

Washington's main accusation against a Somali Islamist movement was that it was sheltering three al-Qaeda members wanted in connection with the 1998 US embassy attacks in Nairobi and Dar es Salaam and 2002 attacks in Kenya.

The air strike was launched after an Ethiopian-led offensive forced the Islamists to abandon their major strongholds and flee south towards Somalia's border with Kenya. Ethiopia, an important US ally in the region, deployed thousands of troops into its Muslim neighbour and backs the weak Somali transitional government.

The Islamists alliance, which had controlled much of southern Somalia before Ethiopia's offensive, denied having any links to terrorism

Observers say the US strike and the presence of Ethiopian forces in Somalia could increase the unpopularity of the Somali administration and help stoke a potential insurgency.

But a more immediate concern is attempting to ensure that the transitional administration, which has little legitimacy or credibility among many Somalis, begins a process of genuine reconciliation. If not, the country is likely to remain in chaos and violence, observers say.

The 15 years of lawlessness was a key reason for the US to consider Somalia a potential haven for terrorists.

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Faction leaders defeated by the Islamists have already begun moving back to Mogadishu, and the government was forced to abandon a plan to disarm clan militias.

"Ethiopia has to withdraw, the US has to stop its engagement and the government's leadership has to offer real reconciliation which it is extremely reluctant to do and is very difficult to achieve," said one western diplomat. "What is hindering this is the presence of Ethiopian troops and, more importantly, the arrogance of the government."

Since it was formed two years ago at an UN-backed conference, divisions have racked the government, which is led by Abdullahi Yusuf, the president and a veteran warlord. Before Ethiopia launched its offensive, it had little influence outside of the central town of Baidoa and it is deeply unpopular among the important Hawiye clan that dominates Mogadishu, the capital.

The 275-member parliament and the government are supposed to represent Somalia's complex clan system, but Hawiye claim that Ethiopia and its allied Somali faction leaders handpicked its representatives, including the prime minister.

The administration's security is dependent on the presence of Ethiopian forces and it has few means of generating revenue – the European Commission, the UK, Sweden and Norway fund MPs monthly sitting allowances ranging from $1,000 to $1,500. Donors also provide financing in other areas, including establishing a new police force, transport and refurbishing buildings.

The debate among donors is whether to pour more funds into the administration in the hope that it produces benefits and encourages the government to broaden its base or whether its support should be dependent on conditions.

Days before its air strike, the US announced it would provide $40m to Somalia in political, humanitarian and peacekeeping assistance. Other diplomats want to see a more cautious approach.

"We want to say you must address the political situation or we will not stand by you, we must use the stick and carrot," said one western diplomat.

Another diplomat said it was time the international community took risks in a bid to make the transitional institutions effective.

"We have no option but to give the transitional government our support and take a leap of faith that it will deliver," he said.

Al Qaeda Threat Seen Looming If Government Fails (WT)

By David R. Sands

The Washington Times, January 12, 2007

Somalia and its neighbors in the Horn of Africa risk falling under the sway of al Qaeda and violent Islamist movements if the United States and its allies fail to back the transitional government in Mogadishu, a top Somalian foreign ministry official said in an interview yesterday.

"If we fail in Somalia, you will have [al Qaeda second-in-command Ayman] al-Zawahri's men taking over Somalia, Ethiopia and Kenya, because he has the resources and determination if he is not stopped," Daahir Mireh Jibreel, permanent secretary for international cooperation in Somalia's Ministry of Foreign Affairs, told The Washington Times.

Mr. Jibreel made his appeal on a day when U.S. officials in the region said that an air strike Monday in southern Somalia had failed to kill suspected senior al Qaeda leaders, including Fazul Abdullah Mohammed, the terrorist suspected of plotting the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

Disputing earlier Somalian claims, a U.S. official in Kenya, speaking on background, told the Associated Press that eight to 10 Somalis with ties to al Qaeda had been killed, but not the top leaders targeted in the strike.

The official revealed that a small team of U.S. special operations troops has entered Somalia and is working with Somalian and Ethiopian forces to hunt down suspected al Qaeda operatives.

In New York, U.N. Secretary-General Ban Ki-moon expressed concern about Monday's air strike, but called on the international community to step up efforts to stabilize the country.

"I believe we must make every effort to protect civilians and be cautious of other unintended consequences in this situation," Mr. Ban told reporters.

Mr. Jibreel said the transitional government supported the U.S. strikes.

"We have full intelligence coordination with the United States on these individuals," he said. "We want them taken out of Somalia, either dead or alive."

Ethiopian troops in a Christmas Eve invasion routed the fundamentalist Islamic Courts Union, which had seized control of Mogadishu and much of the country's south. The Bush administration and countries in the region had worried openly about the Islamists' ties to al Qaeda and other jihadist movements.

Mr. Jibreel said he was not surprised by the Islamists' sudden collapse and dismissed fears of an Iraq- or Afghan-type insurgency against the federal government.

"They had no popular support, either from religious groups or from the clans," he said.

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"Their leaders could not hide among the people, not in Mogadishu and not in the countryside, because the people would not let them. The idea that this is another Iraq or Afghanistan situation is wrong," he said.

But Mr. Jibreel noted that al Qaeda's al-Zawahri has explicitly called on Islamist fighters to target the Somalian government, which is struggling to re-establish effective central control for the first time since dictator Mohamed Siad Barre was ousted by the country's warlords 16 years ago.

Mr. Jibreel said the transitional government had support from all of the country's major clans, but needed Ethiopian military support because the Somalian Islamists had seized heavy weaponry from the country's warlords. He said the government wants to see the Ethiopian forces leave, but not if their departure creates a "security vacuum."

The State Department said this week it would consider a U.N. peacekeeping force for Somalia. Uganda so far is the only country to offer troops for a stabilization force, although other African Union countries may contribute as well.

Mr. Jibreel, who is meeting with lawmakers and State Department officials during his Washington visit, outlined an extensive program of U.S. public and private support for Somalia. The list included full diplomatic recognition of the government in Mogadishu, private investment, and technical and financial aid to build up the country's civil service, security forces, and tax and legal systems.

The transitional government has been criticized for factionalism and corruption, but analysts say rising regional and international awareness of the dangers of a failed state could help Somalia.

"The coming months will determine whether Somalia emerges as a functioning state or follows the Iraqi and Afghan route back into anarchy," wrote Nick Grono, vice president of the International Crisis Group, a Brussels-based think tank, in a recent analysis.

Can African Peacekeepers Tame Somalia? (CSM)

By Scott Baldauf And Alexis Okeowo

The Christian Science Monitor, January 12, 2007

JOHANNESBURG, SOUTH AFRICA AND KAMPALA, UGANDA

Pushing Somalia's Islamists out of power in Mogadishu took less than two weeks for Somali government and Ethiopian forces. Keeping them out, and keeping the peace in the midst of what some say is becoming an Iraq-style insurgency, could be a much more difficult job.

Western money will help to foot the bill, but it will be African peacekeepers, from countries like Uganda, Nigeria, and South Africa, who risk their lives in Somali towns that haven't known peace for more than 15 years. The United Nations Security Council on Wednesday backed the speedy deployment of an African peacekeeping force.

Sending African troops may please Western powers, but it doesn't go down well at home, where poor African countries like Uganda and Nigeria have myriad problems of their own, from unemployment and illiteracy to ongoing domestic conflicts. And, while many see the moment as an opportunity to provide African solutions to African problems, the failure of the African Union peacekeeping force to provide security in Darfur, Sudan, is not an promising sign.

"What we've learned over the years is that if you want peacekeeping, you have to have peace, and you don't have it in Somalia," says Alex de Waal, an Africa expert at the Social Science Research Council in New York. "That's the reason the African Union mission has failed in Darfur, and it's the main reason the proposed UN mission for Chad is also problematic."

"The African Union has a lot of ongoing peacekeeping missions that are extremely risky," says Mr. De Waal. "The powers that be are beating their heads against the wall trying to get the AU to move, but everything we know about peacekeeping says that this is not how we do it. What we would see in the future is a very difficult set of problems arising, trying to fight an urban confrontation like the one in 1993, when the US took on General Aideed and you had 'Black Hawk Down'." Somali anger after US airstrike

The situation in Mogadishu now is growing worse, with reports of Somali and Ethiopian soldiers skirmishing with Islamic militiamen.

The increased violence comes days after the US launched at least one airstrike aimed at killing suspected Al Qaeda terrorists in southern Somalia. Reports earlier this week that the strike killed Fazul Abdullah Mohammed, one of the three senior Al Qaeda members blamed for the 1998 bombings of the US embassies in Kenya and Tanzania, proved to be false.

In Uganda, President Yoweri Museveni unveiled plans to send a battalion of at least 700 Ugandan troops specially trained and equipped for the job. So far, he is the only African leader who has committed to sending troops.

Ethiopia, which sent thousands of troops into Somalia to fight alongside Somali government forces, has indicated that its troops will be withdrawn within weeks. Other East African member-nations in the Intergovernmental Authority on Development (IGAD) gave their support to Ethiopia's intervention on condition that Ethiopia would quickly withdraw. Amid Western pressure, Africans concerned

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Despite Mr. Museveni's enthusiasm, many Ugandan leaders have repeatedly expressed concerns about sending soldiers to Somalia.

"We want to know, what is our objective? How long are we going to stay? And how will we be able to pull out?" says Oryem Okello, the state minister for Foreign Affairs in Museveni's own government.

Many Ugandans say their country should not participate until it resolves its own conflicts.

"Is 20 years and more of war in Uganda not enough to let us build and consolidate peace first in Uganda?" asks Vincent Abura, a Ugandan resident.

Yet a quiet but feverish round of diplomacy by Washington has sweetened the deal. The US has agreed to donate $16 million for the proposed African force, which was endorsed by the UN before the war. Secretary of State Condoleezza Rice told Uganda's foreign minister, Sam Kutesa, in Washington last month that she believes Al Qaeda elements are backing the Somali Islamists.

Uganda Presidential Press Secretary Tamale Mirundi confirmed a recent phone conversation between President George Bush and Museveni in which Uganda was asked to intervene in Somalia.

"The motivation of Uganda is political, partly to keep in America's good books," says de Waal. "Museveni's record on democracy leaves a lot to be desired, and closer to home he's fearful of a resurgence in militant Islam. So the Ugandans want to make sure they are part of some regional coalition with Nigeria and Ethiopia to keep it at bay."

Nigeria, too, has practical reasons for joining the peacekeeping mission in Somalia, says de Waal. "The US could cut a lot of slack for Nigeria. If they stay on side, they can get away with fiddling with elections, get away with corruption. Being a friendly nation is very helpful."

Yet John Prendergast, a senior adviser for the International Crisis Group in Washington, says that the new strategy of forcing peacekeeping onto the backs of poorer nations is a moral failure of the UN and the richer nations of the West.

"This should be a UN responsibility," says Mr. Prendergast. "We are placing all of the burdens of responding to African conflicts on Africa, while the UN deals with the rest of the world, because we want to keep these crises at arm's length. This is a perverse trend that will be reversed years from now only through failure, resulting from too few troops with too little support from donor nations. In the meantime, people from Darfur and Somalia will be left to suffer the consequences."

Iran Nuke Work Seems Slow, Puzzling West (AP)

By George Jahn

AP, January 12, 2007

Iran's uranium enrichment program appears stalled despite tough talk from the Tehran leadership, leaving intelligence services guessing about why it has not made good on plans to press ahead with activities that the West fears could be used to make nuclear arms, diplomats said Thursday.

Outside monitoring of Iran's nuclear endeavors is restricted to International Atomic Energy Agency inspections of declared sites leaving significant blind spots for both the agency and intelligence agencies of member countries trying to come up with the full picture.

Still, Tehran's reluctance to crank up activities at its declared enrichment site at Natanz when it seems to have the technical know-how is puzzling the diplomatic and intelligence communities — with some saying it was potentially worrisome.

Diplomats accredited or otherwise linked to the Vienna-based IAEA, speaking on condition of anonymity in exchange for discussing restricted information on the Iranian program, said some intelligence services believed that the Natanz site was a front.

While the world's attention is focused on Natanz, Iranian scientists and military personnel could be working on a secret enrichment program at one or more unknown sites that are much more advanced than what is going on at the declared site, they said.

At the same time, they said the lack of new activity at the two pilot enrichment plants set up at Natanz could be good news.

The diplomats said they could suggest Iranian hesitancy to provoke U.N. Security Council sanctions harsher than the relatively mild penalties agreed last month in response to Tehran's refusal to heed an August deadline to suspend enrichment. Or, they said, the hesitation is a sign of headway by relative moderates in the leadership unhappy with the confrontational nuclear antics of Iranian President Mahmoud Ahmadinejad.

Anthony Cordesman, an Iran expert at the Center for Strategic and International Studies, suggested an additional possibility linked to theories that Tehran was forging ahead with its enrichment program and undisclosed locations: fear that any major progress at Natanz could provoke military action by Israel or the United States.

"It's a known facility and more and more of the subject of discussion as a possible Israeli or U.S. target," Cordesman said from Washington. "So, do you use this facility now or wait to see what threat ... you face?"

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IAEA inspectors arrived at Natanz on Wednesday for a routine round of monitoring. But one of the diplomats said they were unlikely to find anything but the status quo — two small pilot plants assembled in 164-centrifuge "cascades" but working only sporadically to produce small quantities of non-weapons grade enriched uranium and other individual centrifuges undergoing mechanical testing. That has essentially been the situation at Natanz since late November, he said.

There have been no signs of any activity linked to Iranian plans to assemble 3,000 centrifuges at Natanz and move them into an underground facility as the start of an ambitious program foreseeing 50,000 centrifuges producing enriched material, said the diplomats.

Enrichment can result in either low-level nuclear fuel or the highly processed fissile core for nuclear weapons. Tehran insists it is interested only in generating power with the program.

Dangerous Territory With Aid, U.S. Widens Role In Palestinian Crisis (WSJ)

By Cam Simpson And Neil King Jr.

The Wall Street Journal, January 12, 2007

JERUSALEM -- In a move fraught with risk and historical ironies, the Bush administration is preparing to pour $86 million into strengthening security forces loyal to Palestinian President Mahmoud Abbas.

The plan, which has sparked a behind-the-scenes debate in Congress, is intended to fortify Mr. Abbas against armed assaults from Hamas, a militant, Iran-backed Islamist group committed to the destruction of Israel. It is just one example of how a new Bush administration focus on countering Iranian influence in the Middle East is quickly reshaping and regionalizing conflicts.

Critics say that Mr. Abbas's Fatah party is hardly a reliable ally. Under Mr. Abbas's predecessor, Yasser Arafat, Fatah was widely reviled for corruption. And its members in the past have launched terrorist attacks against Israelis and Americans. Some analysts worry the new effort could backfire on the U.S., inflaming Palestinian strife and supplying guns that could be turned against Israel some day.

"I think we are playing with fire," says Robert Malley, Middle East director for the International Crisis Group, a Brussels-based think tank focused on conflict resolution. He sees a "classic arms-race dynamic" taking shape.

The security program, which would provide more than the combined total of all money the U.S. has given to the Palestinian Authority since its formation in 1994, was detailed recently in classified briefings for Congress by a U.S. general who now serves as an adviser to Mr. Abbas, the primary U.S. ally in the Palestinian territories.

The initiative precedes a weeklong swing through the Middle East by Secretary of State Condoleezza Rice, which kicks off in Jerusalem tomorrow. In exchange for support countering Iran across the region, Ms. Rice and the White House are promising Arab regimes political progress for the Palestinians in their attempts to establish a state next to Israel. Because Israel and the U.S. won't deal with Hamas, progress on that front means trying to bolster Mr. Abbas's position against the group. Israeli officials back the plan.

Mr. Abbas was voted president before Hamas won parliamentary elections last year. In essence, the Bush administration, which pushed for the Palestinian elections under its emphasis on promoting democracy across the Middle East, now wants to strengthen the armed forces of those who lost at the ballot box.

At a minimum, U.S. officials want to keep Mr. Abbas's forces strong enough to maintain a military stalemate with Hamas. Mr. Abbas is widely viewed by U.S. and other Western leaders as an earnest partner, although he has yet to achieve significant reforms within Fatah. U.S. officials say they don't intend for the money to go directly for weapons, although it is unclear how that aim would be enforced. Israeli officials have said in interviews and public statements that the U.S. approved two major arms shipments to Mr. Abbas's forces in the past seven months from U.S. allies in the region as part of the new approach.

Mr. Abbas's forces were originally formed to serve his predecessor, Mr. Arafat. They have a history of alleged human-rights violations and have long been accused of fostering a culture of corruption when Fatah dominated the Palestinian Authority. Those sorts of problems led many regular Palestinians, even some who don't accept an Islamist vision of governance, to support Hamas in the elections it won last year.

Dennis Ross, a former top Middle East adviser to both Democratic and Republican administrations, says the Bush strategy is based on flawed assumptions. "The $86 million reflects the basic sense in the [Bush] administration that the only way to change things is through confrontation," he says.

Last week the ranking Republican on the House Foreign Affairs Committee, Rep. Ileana Ros-Lehtinen of Florida, asked the Democratic chairman, Rep. Tom Lantos, to put an "informational hold" on the cash, according to senior Democratic and Republican House aides. Mr. Lantos has not placed a hold on the money, but his staff says he is seeking more details from the administration. The White House gave Congress a legally required notice Dec. 28 that it planned to move ahead with the program, but the president still hasn't taken the next and final step, sending a waiver to Capitol Hill. His signature on such a waiver is mandated by a law that bans most aid to the Palestinian Authority.

One key reason Bush administration officials are anxious to move fast: They say they see Hamas as better-equipped, better-armed and better-trained, and argue that's due to help from Iran. Because of this, they contend the new support is aimed at halting confrontation, not fueling it, by evening the balance. Nimer Hamad, a senior political adviser to Mr. Abbas, says a Palestinian civil war is not the goal. Ultimately, he says, Mr. Abbas needs to be strong enough to press for a political solution. A balance of power "will oblige [Hamas] to the field of negotiations and dialogue."

Last Chance

Israeli security officials, who strongly back the American program and have quietly assisted Washington, relay their own sense of desperation. Many of them believe this is the last chance to keep Islamists from consolidating a long-term hold on power next door. "If I have to choose between confrontation [among Palestinians] or the dominance of Hamas, I choose confrontation," said a senior Israeli defense official, speaking on condition of anonymity. Another senior Israeli security official also said time is short for Mr. Abbas to regain momentum.

No matter whom they support politically -- Hamas, Fatah or any of the smaller Palestinian political groups and armed militias -- Palestinians have a deep distrust in American involvement with Palestinian Authority security forces. A European-funded poll conducted in May found only 16% of the 1,800 Palestinians surveyed in East Jerusalem, the West Bank and Gaza Strip trusted U.S. and Canadian assistance and counsel in security matters.

From the inception of the Palestinian Authority under the 1993 Oslo agreement, the U.S. and Israel pressed Mr. Arafat for security services willing and able to disarm militants such as Hamas who reject peace with Israel. Almost from the start, this placed Palestinian security men in a precarious position within their own society. Rather than crack down on Palestinian militants at the behest of Israel, some members of the groups looked the other way or even participated in attacks against the Jewish state.

Palestinian and international groups complained of deeply rooted, Mafia-style corruption within these forces during Mr. Arafat's reign, in addition to alleged human-rights abuses. Some of these abuses are confirmed by former members of the security services. During Mike Canawati's service in Mr. Arafat's presidential guard in the 1990s, Mr. Canawati says he was deployed to collect personal debts, extort businessmen and arrest fellow Palestinians who wouldn't cooperate. He says shame forced him into early retirement. "It's not the job of presidential security to do the job of the Mafia," says Mr. Canawati, a member of a prominent Bethlehem family who quit the presidential guard in 1999, blaming Mr. Arafat's lieutenants.

Mr. Hamad, the Palestinian presidential adviser, says: "I don't want to defend the past. There were so many problems." But he adds Mr. Abbas should be credited for his courage in publicly acknowledging the widespread nature of graft and other problems within the ranks of his own Fatah movement. "Since he was elected as president of the Palestinian mission and authority, at least there is no new corruption," Mr. Hamad says.

Like many Palestinians, Mr. Hamad also blames the Israeli Defense Forces for targeted attacks against the Palestinian security infrastructure during the so-called second intifada, the bloody Palestinian-Israeli conflict that began in 2000.

With Israeli encouragement, the U.S. gave up on the security forces under Mr. Arafat, accusing them of involvement in terrorism during that period.

After Mr. Arafat's death, and Mr. Abbas's election to succeed him, the U.S. began working with Palestinian forces again. Ms. Rice announced the move in February 2005 on her first mission as America's top diplomat, appointing Lt. Gen. William Ward as the U.S. security adviser. She emphasized Gen. Ward would be "responsible for helping the Palestinians in reform of their security forces" and for coordinating security with Israel. She also declared it "the most promising moment for progress between Palestinians and Israelis" in recent memory.

After just a few months on the job, Gen. Ward pointed to problems beyond corruption. The forces were dysfunctional and ill-prepared, he told the U.S. Senate Foreign Relations Committee on June 30, 2005. He added that as many as 38,000 men on the payrolls never showed up for work. The security services were long used as a patronage base for Fatah, giving the Palestinian territories last year the world's highest ratio of security-service personnel to civilians, according to the Geneva Centre for the Democratic Control of Armed Forces, a think tank.

Insecure Citizens

Yet Palestinians themselves remained among the world's most insecure citizens. One reform considered crucial by Gen. Ward, enacted in the first year of renewed U.S. efforts on the security front, was the consolidation of the security forces under the Palestinian Authority's Ministry of Interior. Before that the roughly 60,000 security personnel were scattered among more than a dozen different services, often with overlapping responsibilities, few clear command lines and sometimes-fierce rivalries. That state of affairs, critics say, was fostered by Mr. Arafat and other Fatah bosses in order to maintain rule. Gen. Ward and other international advisers reported finding services organized more along clan loyalties rather than transparent institutions.

But the Ministry of Interior, where at least a semblance of command was being organized, has been in the control of Hamas since the Islamist group took over the government last March. Now the American advisers who saw the move as a

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crucial first step toward reform can't even speak with beat cops, let alone commanders, under the ministry. American officials are forbidden from dealing with anyone inside an entity controlled by Hamas, because it's designated as a terrorist group under U.S. law.

As tensions with Hamas have escalated, Mr. Abbas has responded by issuing presidential orders pulling Ministry of Interior forces under the command of the president's office. Gen. Ward left before Hamas won the election, and has since been replaced by Lt. Gen. Keith Dayton, the official who recently briefed Congress.

Bassam Eid, head of the Palestinian Human Rights Monitoring Group in East Jerusalem, believes little has changed within the security services since the time of Mr. Arafat's reign. Mr. Eid's organization has tracked about 550 Palestinian murders in the territories since 2000. Of these, an estimated 120 were killings of suspected "collaborators" with Israel. But the other roughly 430 remain unsolved. He said his group has amassed detailed evidence that the vast majority of open cases are linked to Fatah.

"Don't tell me Fatah can be considered a moderate movement," Mr. Eid said, adding, "What Mr. Bush will do with this money is double the number of thugs." Palestinian murders aren't the only ones that remain unsolved. Ms. Rice herself, in announcing Gen. Ward's appointment, said she had been assured by Mr. Abbas that he would "bring to justice those who murdered" three American security contractors in a 2003 terrorist attack in Gaza. That case, too, remains open.

A senior American official involved in the effort said the U.S. would screen everyone receiving assistance under the new program to weed out suspected terrorists and human-rights abusers.

Meanwhile, much of Mr. Abbas's security force remains deeply opposed to Israel. Indeed, Israeli security services say members have carried out terrorist attacks against Israelis in recent years. Some worry the guns being funneled to Fatah now will ultimately be aimed at Israelis or even Americans, regardless of background checks. Many commanders and foot soldiers maintain dual loyalties, overlapping their official employment with membership in militias and terrorist groups loyal to Fatah, most notably the Al Aqsa Martyrs' Brigades. Both the U.S. and European Union designate it as a terrorist organization.

Mahmoud Damra, the senior commander in the West Bank for one of Mr. Abbas's most elite forces, was arrested by the Israelis in September. Mr. Damra, more commonly known by his nom de guerre, Abu Awad, is accused of planning and ordering a spate of attacks, including one at a Jerusalem social security office in which an American citizen was killed. Mr. Damra was arrested by Israeli border police as he rolled into Israel at a border crossing just north of Ramallah.

Succession Issue Stirs Dissent In Egypt (WSJ)

By Mariam Fam

The Wall Street Journal, January 12, 2007

CAIRO, Egypt -- Egyptian journalist Ibrahim Essa believes his phone lines are tapped, and says he has been advised by some friends and foes alike to tone down his writings. As it stands, he faces a one-year prison sentence.

The reason? Mr. Essa says the Mubarak regime wants to intimidate him for, among other things, harshly criticizing the current president and raising a stink about who Egypt's next president might be. Mr. Essa worries it could be Gamal Mubarak, son of President Hosni Mubarak -- a prospect Mr. Essa loathes. "The issue of succession will be a watershed in Egypt," says Mr. Essa. "Continuing with Hosni Mubarak in office is a disaster, but passing power on to Gamal Mubarak is an even bigger disaster."

Detractors blame the Mubarak regime for the unemployment, poverty and corruption afflicting Egypt -- and claim it has no intention of loosening its grip on power. The president has recently asked parliament to amend some constitutional articles, in part to encourage more political participation by opposition parties, but the opposition is skeptical there will be real liberalization. And while President Mubarak sees his regime as a stabilizing force in the Middle East, and Egypt remains a main U.S. ally in the region, many feel Cairo's clout as a peacemaker and power broker has waned amid the rising influence of hard-liners such as Iran.

Mr. Essa is part of a growing group of Egyptian activists talking publicly about a topic the regime would probably like to see left alone -- even as private discussion and speculation over what has become known as the "inheritance scenario" have burgeoned. The 78-year-old President Mubarak won a fifth six-year term in office in 2005 elections. As he grew older, his long-standing refusal to name a vice president fueled speculation that he was leaving the way clear for his 43-year-old son to succeed him.

It only fed the rumor mill further when the younger Mr. Mubarak, the second son of the president, began taking on higher-profile public roles, rising rapidly through the ranks of the ruling National Democratic Party until he became its deputy secretary general. Last year, he visited the White House for talks that were unannounced until an Arab station broke the news.

Meanwhile, critics say, the regime has been cracking down on opposition figures in part to eliminate possible challengers to the younger Mubarak. They say the regime wants to bill him as the only alternative to the Islamist Muslim Brotherhood, its

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strongest opponent. Secular and liberal opposition parties here pose little threat, as they enjoy little popularity, weakened by government restrictions and their own divisions and inability to win constituents' confidence.

The succession issue -- troubling for many who hope that the end of the quarter-century Mubarak reign will help usher in more democracy -- has taken on new significance as parliament prepares to amend a constitutional article that the opposition says is tailored to filter out opponents of the ruling party's presidential candidate.

Both Mubaraks have previously denied there are plans for the son to succeed the father.

To his supporters, Gamal Mubarak is a champion of political and economic overhaul and a force for change within the ruling party. Party members say the possibility of him becoming president isn't officially discussed, but add that many of them expect it might happen. Gehad Auda, a member of the NDP's policy committee, says he supports having Gamal Mubarak at the helm. He credits him with attracting fresh blood and talent to the party and with working toward establishing a popular base of support for it. "He's a very good leader. ... He's a good listener and he recognizes challenges," Mr. Auda said.

Critics such as Mr. Essa say the younger Mr. Mubarak has led a sheltered life and is too close to Egypt's elite business circles, both problematic in a country where the gap between rich and poor is a major source of tension.

"He has never taken a bus ... never hailed a cab or haggled with a cab driver," Mr. Essa wrote in a front-page editorial that ran recently in Al-Dustour newspaper, of which he is the editor in chief. "His only encounters with poor people are those with the state security informants." In another piece, Mr. Essa wrote of the political apathy gripping many here: "It is difficult to persuade the people that they're the only ones capable of changing Mubarak and of stopping his son from sitting on his father's throne for another quarter-century that will see Egypt waste away."

Mr. Auda sees Mr. Essa's writings on the issue as proof the regime is opening up and allowing more freedoms. But the 41-year-old journalist sees the shift as a cosmetic modification of the regime's tactics rather than strategy. Opposition journalists say that instead of directly silencing them, the regime tries to intimidate some critics and co-opt others, going after outspoken ones through libel suits usually filed by regime supporters.

Others voice similar views and run into the same challenges. The pro-reform movement Kifaya, or "Enough" in English, helped break taboos with slogans that singled out Mr. Mubarak and his son. "Oh, Gamal, forget about inheriting [office]. Tell your father to have some shame," a group of Kifaya supporters yelled in a recent protest in downtown Cairo.

But catchy as they are, Kifaya protests don't usually boast a high turnout. Other activists have resorted to the Internet, dissecting Mr. Gamal's perceived ambitions on blogs or launching cyber initiatives to block the prospect. Other Egyptians have used comedy to express their opposition. All this is a far cry from the Egypt in which the president and his family long were immune from public criticism. In recent years, the push for democracy and some regional changes -- as well as a clique of new satellite channels, independent newspapers and Internet blogs providing opponents with a podium -- have helped push the envelope.

When Mr. Essa's Al-Dustour newspaper opened in 1995, it had to tiptoe around sensitive issues. "It was known in all of Egypt that the president constituted a red line," he said, "so to get around this we would write a story, for instance, about the people surrounding the president instead."

In 1998, Al-Dustour was ordered shut. Out of work, Mr. Essa wrote a novel in 1999 about a ruler who was killed in his sleep and who had wanted to install his son after him. "I set up this story in Egypt with all its details," Mr. Essa said. "But of course I didn't say so in writing for reasons you know." Still, more than 2,500 copies of the novel were confiscated, he said. But some were leaked, and he managed to privately sell a few hundred more.

Since Al-Dustour has been closed, nine papers that Mr. Essa attempted to launch or was involved with were blocked or banned one way or another, he said. A television show he presented on a private Egyptian channel was pulled off the air after the owner was subjected to "economic pressure" by the government, Mr. Essa added.

But with the country abuzz with talk of liberalization, Al-Dustour was allowed to publish again in 2005. Mr. Essa's novel, "The Assassination of the Big Man," was also reprinted and distributed. Then, in June 2006, a court sentenced Mr. Essa and a journalist at his newspaper to a year in prison on charges of libeling President Mubarak. Mr. Essa has appealed the sentence.

Mr. Essa says he has little illusion that his writings can rouse ordinary Egyptians from the helplessness he feels is gripping many, but adds that he won't stop exposing issues such as the succession.

"Egypt is going through a historical situation and it's my job as an intellectual to help change this situation," he said. "We talk, and the government talks. I may go to jail because I talk."

Carter Center Board Members Resign Over Palestine Book (WSJ)

By Rick Brooks And Betsy Mckay

The Wall Street Journal, January 12, 2007

DOJ_NMG_0116113

ATLANTA -- Fourteen members of an advisory board at the Carter Center resigned today, concluding they could "no longer in good conscience continue to serve" following publication of former President Jimmy Carter's controversial book, "Palestine Peace Not Apartheid."

"It seems that you have turned to a world of advocacy, including even malicious advocacy," the board members wrote in a letter, a copy of which was reviewed by The Wall Street Journal. "We can no longer endorse your strident and uncompromising position. This is not the Carter Center or Jimmy Carter we came to respect and support. Therefore it is with sadness and regret that we hereby tender our resignation from the Board of Councilors of the Carter Center effective immediately."

RESIGNATION LETTERS

Read the text of two letters1 sent Thursday, Jan. 11, by members of the Carter Center Board of Councilors.

The advisory board is comprised of more than 200 members, including representatives from leading businesses and other groups in the Atlanta area.

Some of the Carter Center board members who quit in protest have known Mr. Carter for decades. William B. Schwartz Jr., whose name is on the list of those resigning today, was U.S. ambassador to the Bahamas during the Carter administration. S. Stephen Selig III, chairman and president of Atlanta real-estate developer Selig Enterprises Inc., was a top White House aide to Mr. Carter who led outreach to the business community. Mr. Selig was chairman of the host committee for the 1988 Democratic National Convention in Atlanta.

Steve Berman, 51 years old and one of the board members who quit, said in an interview that the departing members "were greatly concerned that the book was not steeped in fact. It departed radically from his role and went to one-sided advocacy." Recent media comments by Mr. Carter "have been most disturbing," he added.

The resigning board members also include: Michael J. Coles, chairman and chief executive of Caribou Coffee Co., Minneapolis; Barbara Babbit Kaufman, founder of Chapter 11 Discount Bookstores, a bookstore chain based in Atlanta; and Liane Levetan, former DeKalb County, Ga., chief executive. That is the top elected position in a county that includes a sliver of Atlanta.

Ms. Levetan, who is Jewish and served on the Carter Center board for several years, told The Wall Street Journal in an interview that she decided to quit because "you can't sit back and know something isn't the truth." While she hasn't read President Carter's controversial book, Ms. Levetan said her background is a factor in her criticism of the book's contents. Ms. Levetan was born in Vienna and fled to London with her parents in 1939, moving to the U.S. in 1951.

Ambassador Schwartz said the letter speaks for itself, declining further comment.

In a written statement, John Hardman, executive director of the Carter Center, said the organization is "grateful to these Board of Councilors members for their years of service and support for The Carter Center in advancing peace and health around the world. The Carter Center's Board of Councilors is an advisory body of community leaders and business people who are briefed quarterly on the Center's work and serve as emissaries of the Center to the greater community. They are not engaged in implementing work of the Center and are not a governing board. There are more than 200 members of the Board of Councilors. The Center's governing board is the Board of Trustees."

Mr. Carter couldn't be reached to comment. Deanna Congileo, head of public information at the Carter Center, responded to an interview request with the written statement from Mr. Hardman, adding that it is "the only response I anticipate," according to an email.

"Palestine" has sparked outrage among some critics who claim it is unfairly harsh toward Israel and contains historical inaccuracies. Mr. Carter's use of the word "apartheid" has been particularly controversial, with critics saying it evokes unjust comparisons with South Africa's former system of racial segregation.

Mr. Carter's book was published Nov. 14 by CBS Corp.'s Simon & Schuster imprint. It has gone back to press five times, and now has 450,000 hardcovers in print. The book debuted at No. 11 on the New York Times best-seller list and reached as high as No. 5. By means of comparison, Mr. Carter's last book, "Our Endangered Values," published Nov. 1, 2005, debuted at No. 1 and now has 760,000 hardcovers in print. There are also 200,000 copies of the paperback edition of that title in print.

The Carter Center was founded in 1982 by Mr. Carter and his wife Rosalynn. The nonprofit organization, closely associated with Emory University in Atlanta, has a staff of about 150 and has worked on human rights, disease control and prevention, antipoverty and democracy-related projects in more than 65 countries. In November, Carter Center representatives monitored the presidential election in Nicaragua that was won by former Sandinista leader Daniel Ortega.

The Carter Center had revenue of $149.9 million and expenses of $121.4 million in the year ended August 31, 2005. It received contributions of $41.4 million during fiscal 2005, the latest year for which financial figures were immediately available.

According to a Carter Center annual report, the advisory board was founded in 1987 and is a "leadership group that promotes understanding of and support for the Carter Center in advancing peace and health around the world." Members meet quarterly and "act as advocates" for the organization.

The Carter Center's governing board of trustees currently is comprised of 21 members and two trustees emeritus, and is led by John Moores, owner of the San Diego Padres. Mr. and Mrs. Carter hold seats on the board, and 10 of the slots are filled through appointments by Mr. Carter and trustees not affiliated with Emory's board.

Carter Center Advisers Quit To Protest Book (NYT)

By Brenda Goodman

The New York Times, January 12, 2007

ATLANTA, Jan. 11 — Fourteen of the city's business and civic leaders resigned from the Carter Center's advisory board on Thursday to protest former President Jimmy Carter's recent criticisms of Israel and American Jewish political power.

Their joint letter of resignation denounced Mr. Carter's best-selling book, "Palestine: Peace Not Apartheid," for its criticisms of Israel's treatment of Palestinians. The letter also took issue with comments Mr. Carter has made suggesting that Israel's supporters in the United States are using their power to stifle debate on the issue.

"It seems you have turned to a world of advocacy, even malicious advocacy," the letter said. "We can no longer endorse your strident and uncompromising position. This is not the Carter Center or the Jimmy Carter we came to respect and support."

The 14 who resigned were members of the center's board of councilors, a group of more than 200 local leaders who act as ambassadors and fund-raisers for the center but do not determine its policy or direct its operations.

Among the letter signers were Michael Coles, the chief executive of the Caribou Coffee Company; William B. Schwartz Jr., the ambassador to the Bahamas during Mr. Carter's presidency; Liane Levetan, a former chief executive of DeKalb County, Ga.; and S. Stephen Selig III, who served as national finance chairman for the Carter-Mondale Presidential Committee.

"I felt very passionate about this," Ms. Levetan said. "You can't, when something is not correct, sit back. You have to stand up for what you believe."

Several members said they had admired Mr. Carter for years and found it difficult to resign, but could not remain associated with his recent statements.

"I was very offended with the views that he espoused in that book," said Jonathan Golden, a board member for 10 years and chairman of the Arnall Golden Gregory law firm in Atlanta.

In an e-mailed statement responding to the resignations, John Hardman, executive director of the Carter Center, thanked the resigning members for their "years of service and support," but also played down the significance of their departure. Mr. Hardman pointed out that those who resigned were just a fraction of the overall board and were not "engaged in implementing the work of the center."

The resignations are the latest in a recent string of public defections from Mr. Carter and the ideas he espouses in his book, which has been on The New York Times best-seller list for the last five weeks.

In December, Kenneth W. Stein, a professor at Emory University who was the first executive director at the Carter Center, resigned his most recent position as a fellow there. Days later, Dennis Ross, a former envoy to the Middle East who is now a news analyst, accused Mr. Carter of using maps that Mr. Ross created without his permission, and mislabeling them in the book.

The Anti-Defamation League of B'nai B'rith recently placed advertisements criticizing Mr. Carter in several major newspapers, and the Central Conference of American Rabbis, representing Reform Judaism, announced that its members would not visit the Carter Center, as planned, during a coming conference in Atlanta.

Mr. Carter has defended his views, along with his use of the word "apartheid" in the book's title, saying he intended the book to spark discussion.

The letter from resigning board members accuses Mr. Carter of having abandoned his role as a peace broker in the Middle East, and said his statements had proven useful to white supremacists and other anti-Semites.

"In its work in conflict resolution, the Carter Center has always played the useful and constructive role of honest broker and mediator between warring parties," the letter says. "In your book, which portrays the conflict between Israel and her neighbors as a purely one-sided affair with Israel holding all of the responsibility for resolving the conflict, you have clearly abandoned your historic role of broker in favor of becoming an advocate for one side."

Bangladesh President Steps Down (AP)

By Farid Hossain

AP, January 12, 2007

The president Thursday declared a state of emergency, stepped down as interim leader of Bangladesh's caretaker government and postponed this month's elections following violent protests by a key political alliance that has said it would boycott the vote.

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President Iajuddin Ahmed said in a televised speech that the balloting, which had been scheduled for Jan. 22, would be delayed, and he did not give a new date.

"It's not possible to hold the elections on schedule. We need a flawless voter list to ensure that the elections are free, fair and credible," Ahmed said.

A new voter list had been among the key demands of a major political alliance that has orchestrated paralyzing protests and strikes in recent months, alleging Ahmed's administration favored its rivals and saying it would boycott the vote. Ahmed's removal as head of the caretaker government was the alliance's other main demand.

"I've decided to step down as the chief adviser of the caretaker government and I will, in a couple of days, appoint a new interim leader to hold an election in which all parties will be able to participate," Ahmed said in a televised speech.

In the meantime, one of his advisers, Fazlul Haque, would serve as the head of the caretaker government, he said.

Ahmed said he would remain Bangladesh's president, a largely ceremonial role.

The state of emergency raised concern in a country with a history of military rule. Two presidents had been slain and 19 other coup attempts failed in Bangladesh since it gained independence from Pakistan in 1971.

Under the constitution, the state of emergency suspends the fundamental rights of citizens.

The country's eight private television stations were told by the information ministry to suspend news programming and relay bulletins from state-run television, according to the stations' broadcasts.

"The restriction will be effective until further order from the ministry," Khairul Alam Mukul, a news editor at the private NTV television center told The Associated Press.

Indefinite night curfew was imposed for the capital, Dhaka, and more than 60 other cities and towns, state-run TV reported. The curfew will remain in force each night from 11 p.m. until dawn, the station reported, quoting an announcement from the president's office.

Troops had already been deployed for election duties.

The South Asian nation has been crippled by strikes and blockades orchestrated by former Prime Minister Sheikh Hasina and her 19-party alliance that opposes the election. The alliance plans a series of strikes and blockades starting Sunday.

Hasina's alliance alleged that Ahmed's interim government, charged with holding the polls, favors her arch rival, former Prime Minister Khaleda Zia. The alliance demands Ahmed's resignation and a delay in the election to allow for reforms.

It has claimed that the voters' list for the election has flaws, including fake names. Other demands include the use of transparent ballot boxes and the removal of about 345 field-level election officials allegedly biased toward Zia.

Last month, the U.S.-based National Democratic Institute's Dhaka office said in a report that 10 million names on the current voting list were "errors" or duplications — representing 13 percent of the country's 93 million voters.

The United Nations and the European Union election observation mission in Bangladesh have suspended election-related activities and support for the South Asian nation, citing lack of legitimacy of the balloting.

The European Union on Thursday recalled election observers from Bangladesh while the U.N. suspended all technical support for Bangladesh's polls, including its International Coordination Office in Dhaka.

"The political crisis in Bangladesh has severely jeopardized the legitimacy of the electoral process," U.N. spokeswoman Michele Montas said Wednesday in New York.

Bangladesh Postpones Elections (FT)

By Tom Joehnk

Financial Times, January 12, 2007

Bangladesh postponed controversial elections set for January 22 after the president quit as head of the interm government and declared a state of emergency on Thursday.

The decision follows weeks of violent protests and rioting between the opposition parties and police ahead of the planned parliamentary elections.

Iajuddin Ahmed, the president, said in a televised address to the nation that he would step down as chief adviser to the unelected interim government in favour of Justice Fazlul Haque, one of the most influential figures on the government's panel of advisers. Mr Ahmed will remain as president.

The declared aim of the move is to form a new interim government that will oversee fresh and credible elections under a new election commission within 120 days, the maximum duration of a state of emergency under the constitution.

The announcement came within hours of the European Union suspending its election observation mission, following a pull-out by US and other monitoring missions a day earlier.

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Graham Elson, the EU deputy chief observer, said it was "not the business of observer teams to scrutinise elections whose credibility clearly falls short of international standards" and said the decision was a "logical consequence" of conditions on the ground.

A curfew will start from 11pm until 5am every day until further notice and fundamental rights have been suspended. The government has banned private media, and news bulletins on private channels have been taken off the air. Private TV channels would carry only the state-run Bangladesh Television, said the Information Ministry.

Pressure on Mr Ahmed intensified on Thursday when his 10 advisers said they would not support a decision to go ahead with the planned election.

Earlier in the day, Renata Lok Dessallien, the UN resident co-ordinator in Dhaka, said an election "under current circumstances without participation of major political parties would not be considered credible or legitimate".

Last hopes that the opposition might participate in the polls were dashed on Wednesday when Sheikh Hasina, leader of the opposition Awami League, told a rally of 100,000 supporters it would continue its agitation programme which has cut transport links, crippling the economy. Ms Hasina alleged that the BNP-Jamaat alliance was controlling Mr Ahmed by "remote control".

Diplomats said they hoped the army would continue to play a neutral role. But an outright military takeover cannot be ruled out. "The political class still hopes that Bangladesh can still avoid a Pakistan solution," Hossain Zillur Rahman, a Dhaka-based political commentator, told the FT earlier in the week.

But Mr Rahman said then that this confidence might be misplaced. "In the political party's respective demands there is no solution to the political crisis," he said.

In Bangladesh, State Of Emergency And Election Delay (NYT)

By Somini Sengupta

The New York Times, January 12, 2007

NEW DELHI, Jan. 11 — The president of Bangladesh declared a state of emergency on Thursday evening, suspending certain fundamental rights, imposing a nighttime curfew, and effectively postponing elections that were scheduled to be held in less than two weeks. He then resigned as the chief of the caretaker government entrusted to run the vote.

An alliance of political parties had promised to boycott the elections, scheduled for Jan. 22. And in the past couple of days, as the nation of 140 million people sank deeper into political violence, virtually all international backing for the vote fell away.

The president, Iajuddin Ahmed, said in a televised address in Dhaka on Thursday night that it would be impossible to hold elections that would be acceptable to all parties by the scheduled date. He referred specifically to the contention that the voters' list had been stuffed with 14 million fake names, one of the main grounds for the boycott.

"It's not possible to hold the elections on schedule," Mr. Ahmed said, according to The Associated Press. "We need a flawless voter list to ensure that the elections are free, fair and credible."

Mr. Ahmed, who will retain the largely ceremonial presidency, said he would appoint an advisory council to conduct the elections at an unspecified date. The state news agency reported that he saw his resignation as being "essential to keep the economy going and maintain law and order."

He had earlier insisted that the Constitution permitted no postponement of the elections.

Emergency rule paves the way for the army to take control of law and order and imposes new restrictions on the news media, measures that have not been applied in Bangladesh since the restoration of democracy 16 years ago.

The emergency declaration came a day after the United Nations suspended technical support for the coming elections, saying that they would not be "considered credible or legitimate." Two teams of American election observers, as well as one that was to be dispatched by the European Union, also pulled out.

This week, an alliance of political parties, led by the former opposition Awami League, which had already said it would boycott the elections, announced that they would "resist," which most Bangladeshis understood to be a barely concealed threat of violence.

The British Foreign Office issued a statement on Thursday urging both parties to compromise in an effort to produce elections that could be seen as "credible, peaceful and universally accepted." Clashes between the police and political activists in recent days presaged further violence in the days before the elections.

The United Nations said in a statement on Wednesday, "The United Nations is concerned that Bangladesh's democratic advances and international standing will be affected if the current crisis continues."

The country's two main leaders, Sheik Hasina Wazed, leader of the Awami League, and Khaleda Zia, both former prime ministers, have been battling each other for power since 1991, when they and their supporters restored democracy after nine

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years of military rule. Since then, they have fought bitterly for control of the government and together they have given their country a singular reputation for political violence.

Mrs. Zia's Bangladesh Nationalist Party stepped down from power last October, when an interim caretaker government took over, with responsibility for running the elections.

The election process then became the heart of the controversy. Sheik Hasina's party accused Mrs. Zia's party of having stacked the election commission with partisans and stuffed the voter list with fake names. It also accused President Ahmed of being biased in favor of Mrs. Zia's alliance. Mrs. Zia's party, in turn, insisted that the elections could not be postponed, because the Constitution stipulated that they be held within 90 days of an interim government taking over.

Before the emergency order on Thursday, some of Mr. Ahmed's critics pressed him to be flexible and, for the sake of neutrality, to refer the matter to the Supreme Court. "The Constitution is not the Koran in that it can't be changed," Syed Manzur Elahi, a prominent businessman and a member of two previous caretaker governments, said by telephone Thursday afternoon from Dhaka, the capital.

He said he feared for his country's standing in the world. "As it is, we have an image problem," he added. "This will multiply the problem."

The most dire warning came from the United Nations, which said Wednesday that any moves toward military rule could cost Bangladesh its handsome earnings from participation in United Nations peacekeeping operations. Bangladesh regularly contributes hefty numbers of troops.

The statement read: "Should the 22 January parliamentary elections proceed without participation of all major political parties, deployment of the armed forces in support of the election process raises questions. This may have implications for Bangladesh's future role in U.N. peacekeeping operations."

Venezuela May Nationalize Oil Belt Projects (AP)

AP, January 12, 2007

CARACAS, Venezuela (AP) -- Venezuela could nationalize four projects in the oil-rich Orinoco River basin if the state is unable to negotiate a majority stake with the foreign oil companies that run them, the finance minister said yesterday.

The state could nationalize the four projects in the Orinoco oil belt "if the negotiations with the foreign oil companies that control them fail," Finance Minister Rodrigo Cabezas said in an interview on state television.

His remarks clarified that the government is still seeking to obtain majority control through talks with the companies after President Hugo Chavez announced plans this week to take control of "strategic sectors" in telecommunications, power, oil and natural gas.

Separately, Mr. Cabezas told the Venezuelan newspaper El Universal that as the state nationalizes C.A. Nacional Telefonos de Venezuela, or CANTV, "shareholders will receive the fair price of their value of their shares."

Asked whether the call for nationalization includes top power company La Electricidad de Caracas, owned by the Arlington, Va., company AES Corp., Mr. Cabezas said, "It includes the entire electricity sector."

Venezuela's government has been in talks since last year with foreign oil companies that operate heavy crude upgrading projects in the eastern Orinoco area, seeking a government-controlling stake through the formation of new "mixed companies." Such joint ventures have already been formed in other parts of the South American country, and most companies have shown a willingness to continue investing under new terms.

The six firms that currently control the Orinoco projects include British Petroleum PLC, Exxon Mobil Corp., Chevron Corp., ConocoPhillips Co., Total SA and Statoil ASA.

Mr. Chavez is seeking special powers from the National Assembly to allow him to enact "revolutionary laws" by decree, and Mr. Cabezas told state TV they would likely include reworking the country's banking laws and reforms for insurance companies.

"Next week we will decide for sure what laws fall under the president's special powers," he said.

Venezuela has strict controls in place that limit currency trading, and Mr. Cabezas noted that the price of the dollar in the black market has risen to historic levels but said there are no plans to devalue the Venezuelan currency, the bolivar.

He said in Mr. Chavez's new six-year term, the government will seek to raise taxes on companies with hefty profits but will allow private companies to continue to operate freely.

China's Rights Record Criticized (WP)

By Maureen Fan

The Washington Post, January 12, 2007

DOJ_NMG_0116118

BEIJING, Jan. 11 -- Human rights conditions in China deteriorated significantly in 2006, with about 100 activists, lawyers, writers and academics subjected to police custody, house arrest, incommunicado confinement, pressure in their jobs and surveillance by plainclothes security forces, a new report by Human Rights Watch said.

Several widely publicized cases involving journalists and rights lawyers were cited in the report as evidence of a severe crackdown, prompted in large part by fears that individual cases of unrest might lead to regional instability. There were 39,000 cases of "public order disruptions," or large protests, in the first half of 2006, four times as many as 10 years ago, according to data from the Public Security Ministry.

Authorities fired and jailed journalists, shut down more than 700 online forums and ordered eight Internet search engines to filter "subversive and sensitive content" based on 10,000 key words, according to the report, which was released Thursday by the New York-based watchdog group. Lawyers who represented peasants protesting mistreatment were badly beaten, detained and arrested. In March, new restrictions were announced requiring protesters' attorneys to report to local judges in cases involving 10 or more plaintiffs.

In an indication of official attention being paid to perceived agitators, China's top security chief last weekend toured Shandong province, where a blind legal activist was jailed after revealing abuses stemming from China's one-child-only policy. Luo Gan, a member of the Communist Party's Politburo Standing Committee, ordered judicial departments to deal with "discordant elements" at their source.

"Last year, the environment for rights defenders worsened," said Liu Shaobo, a leading intellectual and writer. "The government increased its crackdown on lawyers and also its controls on the Internet and the media. I saw more wronged cases last year than in previous years under President Hu Jintao's governance. And dissidents were under closer surveillance."

Contributing factors include China's growing economic power and Washington's diminished clout with regard to human rights, Kenneth Roth, executive director of Human Rights Watch, said in an introduction to the report. China's leaders remain at best indifferent to human rights abuses in China and elsewhere because they consider the issue an internal matter, Roth said.

Liu said there were some examples of increased openness last year. Newspapers in China's south were allowed to push the envelope more often than the mainstream state-run media. "Though government enforced controls most of the time, it really wanted to show its open-minded side, especially at the end of the year," said Liu, whose home is often monitored by police.

Analysts have noted that as preparations for the 2008 Olympics continue, officials appear eager to demonstrate that China is modernizing. The government recently announced that journalists can now travel freely without first obtaining permission from local officials, although they stressed that many local officials might not yet be aware of the new rules.

"On the one hand, they consider rights defenders a challenge to authority and a threat to stability, but on the other hand, they want to build up a good international image for the Olympics," Liu said.

In Nigeria, A Bill To Punish Gays Divides A Family (WSJ)

By Mark Schoofs

The Wall Street Journal, January 12, 2007

LAGOS, Nigeria -- Augustus Olakunle Macaulay founded the Bible university that trained his son in theology. He founded the evangelical ministry that ordained his son as a minister. And he is president of Nigeria's Association of Christian Theologians, which counts his son as a member.

But now Prof. Macaulay supports a proposed law that could criminalize his son's new Christian church and put him behind bars. That's because his son, the Rev. Rowland Jide Macaulay, has founded House of Rainbow, a church that caters to Nigeria's gay men and lesbians -- a first for Africa's most populous country.

The relationship between Prof. Macaulay and his son mirrors some of the conflicting forces buffeting homosexuals in Nigeria. Gay men and lesbians are becoming more visible, even as their society, which is hostile to homosexuality, threatens to become still less tolerant of them.

In his New Year's Eve sermon, Rev. Jide, as he is called by his small but growing flock, declared himself a "happy, holy homosexual." He said, "We are all God's children, no matter what some people tell us." The more than 100 attendees, all male, clapped and sang out their approval.

After the service, the church sponsored a party. In keeping with a church function, no alcohol was served. But the event featured exuberant drag queens lip-synching disco hits. The party's highlight: a "Mr. Bloke" beauty contest with contenders strutting their stuff in traditional African garb, corporate wear and swimwear.

House of Rainbow -- a member of a gay-affirming U.S. umbrella church organization -- would almost certainly run afoul of Nigeria's proposed law. Homosexual sex is already punishable by up to 14 years in prison -- or death by stoning in the Muslim north, though that Shariah sentence is rarely meted out.

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The sweeping new bill would punish by up to five years in prison anyone who enters into a gay marriage, "performs, witnesses, aids or abets the ceremony of same-sex marriage" or is "involved in the registration of gay clubs, societies and organizations, sustenance, procession or meetings." The U.S. State Department has denounced the bill, proposed in January last year, as a violation of basic freedoms.

But the bill is widely expected to pass. It is supported by most mainstream Christian and Muslim clergy in Nigeria, including Peter Akinola, the Anglican archbishop who is leading an international revolt of conservative Episcopalians angry about the ordination of gay priests and the consecration of gay unions.

Archbishop Akinola, who also opposes the ordination of women priests, has become the spiritual leader of more than 20 American conservative churches that have broken away from the world-wide Anglican Communion.

Anglican Christianity was brought to Nigeria in 1842 by a particularly conservative group of British missionaries, and "there has been a hardening of attitudes as the West has liberalized," says Philip Jenkins, professor of history and religious studies at Pennsylvania State University and author of "The New Faces of Christianity: Believing the Bible in the Global South."

Prof. Jenkins notes that many African societies still derive their norms from agrarian life and that animal sacrifice and polygamy are common in many parts of Africa. "The Bible carries a lot more weight among ordinary Africans, partly because people can identify with the society it describes," he says. "They recognize it as their world." This leads Africans to a more literal interpretation of Scripture, he believes. The rise of fundamentalist Islam also puts pressure on African Christians to draw a hard line against homosexuals, he says.

Advance of Rights

But urban Nigerians are increasingly aware of the advance of gay rights not only in the U.S. but also in South Africa, which enshrines equal rights for homosexuals in its constitution and recently legalized marriage for same-sex couples. The fact that Nigeria's legislature is considering the new bill testifies to the growing visibility of gay men and lesbians in Nigeria.

As for the Macaulays, the father and son are both polite, well-educated and well-traveled. The elder Macaulay is 69 but looks so young that he and his 41-year-old son are sometimes mistaken for brothers. And they were close even as the younger Macaulay was struggling in secret.

Born in London, Rev. Jide says he had his first homosexual experience in Nigeria, where he spent his teenage years. Ashamed of his attraction to men, he married a Nigerian woman in London in 1991 and had a son with her. About three years later, increasingly depressed, he told his wife the truth. They divorced and he was expelled from their church. He says he and his wife now speak only to discuss their son, with whom Rev. Jide remains close.

Rev. Jide says that for many years he wanted to tell his father, but, he says, "I couldn't find the courage." Then, during a visit Prof. Macaulay made to his son's London home in 2003, he noticed some books on homosexuality. He confronted his son, admonishing him that homosexuality was against God's will and urging him to change.

Rev. Jide remained silent, both men recall. "In truth, I felt for him, because I am a father too," the younger man says. "I have two generations on either side of me bearing the brunt of my being gay."

Indeed, last September after Rev. Jide discussed his sexuality on a BBC television show, his 14-year-old son sent him a cellphone text message that read in part "i HATE u" and "ur not my dad nemore." The two reconciled a few days later, but Rev. Jide believes his son's emotional turmoil is stoked in part by relatives telling him the Bible condemns homosexuality.

Many Nigerians say they would disown a gay child. But Prof. Macaulay, who comes from a family so prominent that a street in Lagos is named after one of his uncles, tries to take a love-the-sinner-hate-the-sin approach. In a letter to his son shortly after discovering his son's homosexuality, he wrote, "People in Nigeria here love you and rate you high in their lives." But in that same letter he warned that his son's homosexuality "is not only ABOMINABLE but a great DISGRACE to our family."

To the extent that his son's church affirms homosexuality, it is "of Satan," the father says.

So, despite protests from his wife, Prof. Macaulay supports the anti-gay legislation. He says he "won't feel very bad" if his son winds up in prison, which he even sees as a possible means of turning his son straight.

Family Struggle

At House of Rainbow, Rev. Jide repeatedly encounters his own family struggle in members of his flock. "The biggest issue," he says, "is people have been wounded in their family by being rejected, by being totally unloved."

Another key issue, he says, is nurturing healthy relationships in "a society that is very, very brutal" toward gay people. Gay men tend to meet in the relative safety of the Internet, but relationships often founder because the men can't build a life together, says Adebisi Alimi, a member of House of Rainbow and one of Nigeria's very few openly gay activists.

Fearing gay bashers -- always a threat in Nigeria, where homosexuals can't count on police to protect them -- Rev. Jide arranged for the New Year's Eve service and party to be held on the far outskirts of Lagos. The event was held under the moon in an open-air courtyard with a dirt floor. Electricity, always sporadic in Lagos, kept cutting out as the backup generator sputtered.

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But as midnight approached, the congregation counted down the seconds with gusto, then hugged and danced before resuming the service to take communion.

When Rev Jide announced he would offer a blessing for gay singles, dozens rushed to him, some kneeling. "May you find a fine boyfriend," Rev. Jide prayed.

Revisiting Issue, U.N. Chief Clarifies Death-Penalty Stance (NYT)

By Warren Hoge

The New York Times, January 12, 2007

UNITED NATIONS, Jan. 11 — Ban Ki-moon, the new secretary general, sought Thursday to change the impression he left in his first public utterance as United Nations head last week about his position on the death penalty.

"I recognize the growing trend in international law and in national practice towards a phasing out of the death penalty," Mr. Ban said in a statement at a news conference on Thursday, his first since taking office Jan. 1. "I encourage that trend."

Mr. Ban, the mild-spoken former foreign minister of South Korea, made unaccustomed waves last Tuesday when he declined to criticize the death penalty applied to Saddam Hussein.

His comment appeared to contradict the longtime United Nations stance against the death penalty and put him at unwanted odds with his predecessor, Kofi Annan, who frequently cited his opposition to capital punishment on human rights grounds.

After clarifying his position on Thursday, Mr. Ban told reporters, "Ladies and gentlemen, thank you for letting me get that off my chest."

But in another instance of his early actions raising doubts, Mr. Ban was asked about reports that he had not conducted formal job interviews with some of his appointees to high-ranking management positions. He has said that tightening the United Nations' much criticized management would be a priority of his administration.

He said that these were "unsubstantiated misperceptions," and that he had relied on his own associations and conversations with the candidates and on discussions about their qualifications with others.

"I sincerely hope that instead of judging by what you heard from different sources that you will judge my appointments on the basis of merit and on the basis of their performance," he said.

The three people mentioned were Asha-Rose Mtengeti-Migiro, the foreign minister of Tanzania, whom Mr. Ban chose as deputy secretary general; Alicia Bárcena Ibarra of Mexico, Mr. Annan's chief of staff, who becomes under secretary general for management; and John Holmes, the British ambassador to France, who becomes under secretary for humanitarian affairs.

Mr. Ban said he would be demanding "performance targets" of senior officials, which would be reviewed at the end of the year to measure their achievement.

Asked if he would use a scheduled visit to the White House next week to ask President Bush to close the United States detention center at Guantánamo Bay, Cuba, he said he agreed with his predecessor, Mr. Annan, that it should be shut down.

He added that he believed Mr. Bush himself shared that objective. Mr. Ban declined to give his reaction to President Bush's announcement of new troop levels in Iraq.

"Broadly speaking, however," he said, "the United Nations would welcome genuine efforts to improve security for ordinary Iraqis as well as to stabilize the country through a combination of security, political and economic means."

The United Nations presence in Iraq was sharply cut back in 2003 after the bombing of its headquarters in Baghdad, which killed 22 people, including the mission chief, Sergio Vieira de Mello.

Since then, the United Nations has provided assistance in drafting a constitution and organizing elections, two functions Mr. Ban referred to in answering a question about whether he planned to expand the current mission.

"We will continue to participate in that process as much as we can, but our participation and contribution at this time is largely dictated by the security situations on the ground," he said.

A Test On Burma (WP)

The Washington Post, January 12, 2007

THE BUSH administration is pressing the U.N. Security Council to vote, possibly as early as today, to condemn one of the world's worst human rights violators: the military regime of Burma. The resolution doesn't call for sanctions or other punitive measures; it would simply make clear that the most august assembly of nations finds Burma's behavior unacceptable and will press for change. Nonetheless, China and Russia are threatening a veto. How it turns out should provide, at least, a moment of clarity in global affairs.

Burma's government is not only one of the world's most repressive; it's also a rare case of a dictatorship that can't even pretend to legitimacy. That's because in 1990 the generals permitted a reasonably free election. The overwhelming winner was

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Aung San Suu Kyi, daughter of Burma's independence hero, and her National League for Democracy. The junta refused to cede power; it has kept Aung San Suu Kyi, a Nobel Peace Prize winner, under house arrest for most of the years since the election while locking up many of her colleagues. The generals have waged terrible war against various nationalities in the hills of their lush Southeast Asian nation, displacing more than 1 million people; led the world in the use of rape and forced labor as military weapons; and draped a blanket of fear over their 50 million subjects.

The U.N. resolution stems from a 2005 report commissioned by retired archbishop Desmond Tutu of South Africa and former president Vaclav Havel of the Czech Republic that made the case that Burma's internal failures end up threatening neighboring states, by means of refugee flows, drug trafficking and the spread of HIV, among a number of factors. But Burma is also, as Undersecretary of State Nicholas R. Burns argues, "a classic case of a country about which the Security Council needs to speak out" -- especially since the newly created U.N. human rights committee has proven to be such a disappointment. "The onus is going to be on China or Russia, if they do veto," Mr. Burns said. "It will be very clear that they have no regard for what is really a deplorable situation within that country."

A U.N. resolution by itself won't bring change. But a resolution as part of a concerted international campaign might. Just this week, hoping to head off a vote, Burma released five political dissidents from prison (leaving about 1,100). From deep in her enforced isolation, Aung San Suu Kyi has gotten word out that she and other courageous democrats are aware of, and strengthened by, efforts to stand by them. Those efforts include first lady Laura Bush's drawing attention to her plight. A vote for human decency in her country shouldn't be a hard call.

DOJ_NMG_0116122

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 16, 2007 7:45 AM EST

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TERRORISM NEWS:

Cheney Defends Credit, Banking Checks For Terror Suspects. USA Today (1/15, 5A, 2.27M) reports, "Vice President Cheney said Sunday that the Pentagon and CIA are not violating anyone's rights by examining the banking and credit records of people suspected of terrorism or espionage in the USA." The Vice President "said that the Defense Department 'gets involved because we've got hundreds of bases inside the United States that are potential terrorist targets.'" Rep. Silvestre Reyes, chairman of the House Intelligence Committee, "said that 'any expansion by the department into intelligence collection' is something the committee will want to thoroughly review." The issue arose "after The New York Times reported Sunday that the Pentagon and CIA had issued up to 500 national security letters that permit the executive branch to seek records without a judge's approval or grand jury subpoena. Most are issued by the FBI, the lead agency in terrorism and espionage investigations."

The AP (1/15) reports, "In a statement Sunday, Reyes promised that his panel would take a careful look at those claims. … We want our intelligence professionals to have strong tools that will enable them to interrupt the planning process of our enemies and to stop attacks against our country,' he said. 'But in doing so, we also want those tools to comply fully with the law and the Constitution.'"

The New York Times (1/15, Mazzetti, 1.16M) reports, "Since the Sept. 11 attacks, the Pentagon has issued hundreds of letters to American banks and other financial institutions seeking information about suspects in counterterrorism or counterespionage investigations." Banks "are not required to hand over the information, but Pentagon officials said that financial institutions usually complied." The CIA also "uses the letters as an investigative tool, but issues them far less frequently than does the Pentagon, intelligence officials said." The Los Angeles Times (1/15, Savage, 850K) also reports the story.

DOD Disavows Officials' Comments About Firms Defending Detainees. The AP (1/15) reports, "The Pentagon disavowed a senior official's remarks suggesting companies boycott law firms that represent detainees at the US military prison at Guantanamo Bay, Cuba." Charles "Cully" Stimson, "the deputy assistant secretary of defense for detainee affairs, said in a radio interview last week that companies might want to consider taking their business to other firms that do not represent suspected terrorists." Stimson's remarks "were viewed by legal experts and advocacy groups as an attempt to intimidate law firms that provide legal help to all people, even unpopular defendants."

Study Finds Little Evidence Of Harsh Interrogations' Efficacy. The Washington Post (1/16, A15, White, 690K) reports, "There is almost no scientific evidence to back up the U.S. intelligence community's use of controversial interrogation techniques in the fight against terrorism, and experts believe some painful and coercive approaches could hinder the ability to get good information," according to an analysis by the Intelligence Science Board. In the report, "intelligence experts wrote that a lack of research could explain why abuse has been alleged at U.S. facilities in Afghanistan, Cuba and Iraq. … The study, sponsored by the Defense Intelligence Agency and the Pentagon's Counterintelligence Field Activity, was posted yesterday on the Federation of American Scientists' Web site, at http://www.fas.org/irp/dni/educing.pdf." The Post notes, "The Bush administration has long advocated the ability to use aggressive interrogation tactics on terrorism suspects."

Some Guantánamo Detainees In 5th Year Of Captivity. The Washington Post (1/16, Leonnig, Tate, 690K) reports in a critical front page article, "Shackled at the wrists and blinded by special goggles, the first captives from the U.S. war in Afghanistan were ushered to makeshift prison cells thousands of miles from the battle, at the U.S. naval station at Guantanamo Bay, Cuba, five years ago last week." Gholam Ruhani "is still at Guantanamo, marking the fifth anniversary of the prison and his own captivity. He remains as stunned about his fate, according to transcripts of his conversations with military officers, as he was when U.S. military police led him inside the razor wire on Jan. 11, 2002, and accused him of being America's enemy." Guantanamo did take "dozens of terrorism suspects and enemy fighters from the chaotic Afghan battlefield and elsewhere, administration officials and the prison's supporters say. But after five years and more than $600 million, it has failed to quickly and fairly handle the cases of hundreds of people such as Ruhani, against whom the government has no clear evidence of a role in attacks against the United States, according to current and former government officials and attorneys for detainees."

Tribunal Rules Criticized. In an op-ed for The Hill (1/16), National Institute of Military Justice officials Eugene Fidell and Katherine Duignan write, "Congress passed the MCA because the Supreme Court had ruled in the Hamdan case on June 29, 2006 that the Guantanamo military commissions, as originally created by the administration, were illegal. The bill, which is now law, authorized military

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commissions and gave President Bush wide latitude in fashioning rules to implement the statute. ... Because these rules were not developed in the open, confidence that the trials will be conducted in a fair and just manner is necessarily compromised. The rules were drafted and reviewed in secret, and are due to be finalized today ... Now that this opportunity is passing today, the 110th Congress must exercise its oversight power to review the new rules for consistency with American values of fairness and due process, or start over again and amend the MCA."

Stimson's Comments On Detainees' Lawyers Criticized. In an op-ed for the Wall Street Journal (1/16, A21, 2.04M), Harvard law professor Charles Fried writes, "Defense Department official Charles Stimson showed ignorance and malice in deploring the pro bono representation of Guantanamo detainees by lawyers in some of the nation's leading law firms, and in calling on their corporate clients to punish them for this work. ... The right to representation does not usually mean representation by the best, brightest and sleekest. That in this case it does is just an irony -- one to savor, not deplore."

The Los Angeles Times (1/16, 850K) editorializes that the Pentagon has "disavowed" deputy assistant secretary Cully Stimson's criticism of detainee defense counsel. But his comments "reflect a more pervasive reluctance by the Bush administration to acknowledge that injustices have occurred at Guantanamo. ... Before the U.S. Supreme Court ruled otherwise, the administration insisted that detainees at Guantanamo had no right to challenge their confinement in a U.S. court. The administration devised its own rules for military commissions to try them for alleged war crimes, until the high court ruled that Congress had to be involved."

Cuba Urges US To Charge Posada With Terrorism. The AP (1/16) reports, "Cuban militant Luis Posada Carriles must be charged with terrorism, not just with lying during U.S. naturalization proceedings, the Cuban government said today in criticizing a recent U.S. Justice Department decision. … 'The U.S. government knows very well -- and has all the proof -- of the innumerable acts of terrorism committed by Posada Carriles,' the Foreign Ministry said in the statement published on the front page of Granma, the Communist Party's daily newspaper." The AP continues, "Posada, a former CIA operative with ties to the failed Bay of Pigs invasion in the 1960s, is suspected of plotting the bombing of a Cuban jetliner 30 years ago in Venezuela. He was indicted last week in El Paso, Texas, on charges of lying on his application and under oath when applying for naturalization to the United States in September 2005 and April 2006. … The statement said the foreign ministry hopes the recent charges 'won't become a smoke screen to extend immunity for the serious crime of terrorism.' … Cuba and Venezuela say Posada, 78, should face trial in the 1976 Cuban jetliner bombing, either in Venezuela or before an international tribunal. But a federal immigration judge who ordered Posada out of the United States ruled he could not be sent to either country. … Several countries have rejected U.S. requests that Posada be sent there."

Accused In London Subway Plot Stand Trial. The Washington Times/AP reports, "Six men plotted to kill London subway and bus passengers with bombs made from hydrogen peroxide and flour, two weeks after suicide bombers killed 52 commuters in the city, a prosecutor told a jury Monday. No one was killed in the attempted bombings of three subway trains and a bus on July 21, 2005, because the devices failed to explode. 'We say that the failure of these bombs to explode owed nothing to the intentions of the defendants. It was simply the good fortune of the traveling public that this day they were spared,' prosecutor Nigel Sweeney said, in outlining the government's case." The men, who are "largely of East African descent," have pleaded "not guilty to charges of plotting to bomb London's transport network two weeks after suicide attackers killed 52 commuters in the city on July 7, 2005."

The New York Times (1/16, Cowell, 1.16M) reports Sweeney referred to "an extremist Muslim plot, the ultimate objective of which was to carry out a number of murders and suicide bombings." He "denied a claim by one of the men that the bombs had been meant as a politically motivated hoax, to frighten -- not kill." The bombs, adds the Times, "failed to explode because the concentration of one ingredient in the explosive, hydrogen peroxide, was too low, the prosecutor said, so the detonators went off but did not ignite the main charge." The Washington Post (1/16, A12, Sullivan, Adam, 690K) runs a similar report.

Europe Hopes To Fight Terror With High-Tech Plane. The Washington Post (1/16, A16, Moore, 690K) reports, "Imagine stepping aboard Europe's anti-terrorist plane of the future. ... a hidden microphone records questionable noises from the passenger in the rear toilet. ... The SAFEE project -- Security of Aircraft in the Future European Environment -- is the first coordinated international effort to create an airplane system capable of thwarting hijackings and terrorist attacks. It is under development in classified laboratories in 11 European countries and Israel. Much of the technology is in advanced stages of development, though systems for accurately analyzing facial expressions remain problematic. ... The project faces serious opposition. Human rights officials are concerned about passenger privacy, pilot groups are fearful of computers usurping their authority, and airline marketers wonder about the eventual price tag." Europeans particularly question "the

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use of potentially intrusive monitoring systems -- such as those that would record passenger movements and facial expressions and eavesdrop on private conversations and toilet visits."

HOMELAND RESPONSE:

Democrats Face Roadblocks Implementing 9/11 Commission Recommendations. U.S. News and World Report (1/22, Marek, 2.03M) reports, "last week the House passed the Implementing the 9/11 Commission Recommendations Act of 2007 as part of the Dems' blitz marking their first 100 working hours in power. But it won't be easy going from here. Although the 9/11 commissioners have praised the bill, it's been criticized for including several initiatives the 9/11 report didn't even address. There's opposition in the Senate, and the White House called it 'unconstitutional.' How much survives-and how much should-are still very open questions. … Supporters admit the bill was thrown together quickly-and critics say it shows. Although the measure creates three new grant programs-for items like better communications equipment and local intelligence centers for first responders-nowhere does it mention any specific costs or deal with how to pay for new programs. And Republican Rep. John Mica complained to U.S. News last week about a clause that gives aviation screeners collective bargaining rights, potentially restricting the ability of DHS to shift workers to busy airports during the holidays."

CIA's "New Strategic Intent" Emphasizes Flexibility. USA Today (1/16, Willing, 2.27M) reports, "The CIA plans to increase its use of 'open sources' such as newspapers and blogs and to outsource more software development to commercial contractors under a 22-point strategy being put in place. The CIA's 'Strategic Intent,' distributed to agency employees in December and posted on its public website this month, stresses improved flexibility and fewer barriers between departments." It also "contains several corporate-style flourishes, including ongoing employee input, an advisory board drawn from business and academia and "action teams" assigned to implement the plan." In a speech to CIA workers on "Jan. 4, CIA Director Michael Hayden said the plan aims to reassert the 60-year-old agency's primacy in the intelligence community."

Most Difficult Challenges For Project BioShield Said To Lie Ahead. The Washington Post (1/16, D1, Merle, 690K) reports this is the four year anniversary of the State of the Union address that launched Project BioShield, "an ambitious effort to counter bioterrorism attacks with vast new stockpiles of vaccines and treatments. Progress, however, has been slow. The $5.6 billion program is still struggling to define its priorities, and officials have spent less than a quarter of their budget." Though "Congress passed legislation late last year revamping BioShield," officials at HHS "acknowledge that tougher challenges lie ahead." The Post goes on to describe the program's "fitful progress on some of government's top priorities, those bioterror agents that have been labeled national security threats by the Department of Homeland Security," including anthrax, botulism, smallpox, radiation from a nuclear or dirty bomb attack, plague and Ebola.

TSA Says Missing Screener Uniforms, IDs Not A Security Threat. The Washington Times (1/16, Lengell, 88K) reports, "At least 426 uniforms and identification cards issued to security screeners at Baltimore-Washington International Thurgood Marshall Airport have been lost or stolen since late 2001," second only to "Los Angeles International Airport, whose security screeners lost at least 789," according to Transportation Security Administration records. "More than 3,600 TSA or Homeland Security Department airport security uniforms and credentials have disappeared from November 2001, when the TSA was created, through Sept. 30, records show." Some lawmakers worry the missing items may find their way into the hands of terrorists," but TSA spokeswoman Amy Kudwa said the situation is "not a security threat. One number of a combination of a bank vault won't get you access inside, and a TSA ID card or uniform will not allow you access at the airport either," Kudwa said.

New Passport Rules Will Affect Millions. The Baltimore Sun (1/16, Cohn, 257K) reports, "Travelers flying between the United States and the Caribbean, Mexico and Canada this month will need a passport -- the first of sweeping changes in documentation resulting from the terrorist attacks in 2001." The Sun adds that the new rules, which were "recommended by the Sept. 11 commission and mandated by Congress in 2004," will impact "millions of people, including the bulk of those traveling to and from Baltimore-Washington International Thurgood Marshall Airport. Seven of 10 international cities with direct routes to BWI are in regions where the changes apply. … Already, State Department officials say more than a quarter of Americans, or 72 million people, have a passport and new applications have been pouring in."

Outgoing State Department Official Warns Of Future Domestic Terror Attacks. Newsweek (1/22, Isikoff, 3.12M) reports, "Intel director John Negroponte gave Congress a sobering assessment last week of the continued threats from groups like Al Qaeda and Hizbullah. But even

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gloomier comments came from Henry Crumpton, the outgoing State Department terror coordinator. An ex-CIA operative, Crumpton told NEWSWEEK that a worldwide surge in Islamic radicalism has worsened recently, increasing the number of potential terrorists and setting back U.S. efforts in the terror war. … He cites Iraq as a factor; the war has fueled resentment against the United States." Crumpton "warned of future attacks. 'We don't want to acknowledge we're going to get hit again in the homeland, but we are,' he said. … Crumpton cited no specific intel, but said the most worrisome scenarios involve lone operatives who slip into the country and take directions through cyberspace."

DHS Official Tasked With Smoothing Personnel Practices. In his "Federal Diary" column the Washington Post's Stephen Barr (1/15, D1) writes, "At the Department of Homeland Security, Marta Brito Pérez works 12-hour days looking for ways to move the personnel practices of a mega-bureaucracy closer to those of a Fortune 500 company." Pérez, whose her title is "chief human capital officer…wants to improve recruitment, speed up hiring, rotate executives through the department to broaden their leadership potential, and get moving on a new pay-for-performance system that has stalled because of a court fight with unions and funding cuts on Capitol Hill." She "has to sell many of her policy changes to personnel directors in the 22 agencies that were merged to form Homeland Security. Creating a Team DHS also means turning around morale and reassuring 180,000 employees that they will have opportunities to advance their careers."

Author Denounces Poor Security At Newark Airport. In the New York Times (1/15, 1.16M), author Kathryn Harrison recounts how, looking for her lost wallet, she recently re-boarded a plane that had taken her from Puerto Rico to Newark International Airport without any security personnel stopping her. She concludes her account saying, "You set off a very loud security alarm. You wait a few minutes, and then take it upon yourself to enter the empty aircraft. You spend some time moving around its interior. No one sees you there. You leave of your own accord. You exit the way you came and you stop the alarm from ringing. And you confessed this, chapter and verse, to airline personnel and nothing happened? Yes, I say. Exactly so."

LATimes Calls Democrats' Port Security Measure "Political Grandstanding." The Los Angeles Times (1/15, 850K) editorializes, "The stated purpose of the 279-page anti-terrorism bill rammed through the House last week by the new Democratic majority was to implement the long-stalled recommendations of the 9/11 commission. But we're still thumbing through our copy of the 9/11 report to find exactly where it recommends political grandstanding. Because that's what the Democrats' efforts to protect US ports amount to." Democrats "are eager to prove that they, not Republicans, deserve to be considered the more muscular defenders of the homeland. But haste and over-reaching do not equal muscle. The House anti-terror bill has some worthwhile provisions, but we're counting on the Senate to strip out its worst elements, starting with the counterproductive mandate on foreign ports."

WAR NEWS:

White House Surprised By Lack Of GOP Support For Surge. Newsweek (1/22, Wolfe, Bailey, Clift, 3.12M), in an article titled, "Republicans Revolt Over Bush's Iraq Plan: How close is Bush to losing his own party?" reports President Bush "expected at least a handful of Republican senators -- critics like Chuck Hagel and George Voinovich -- to run from a troop increase. But the White House was surprised when even pro-war senators, including Sam Brownback and Lisa Murkowski, came out against the plan. Other prominent senators, including [Sen. Trent] Lott and John Warner, the senior Republican on the Armed Services Committee, have been quiet. They aren't bashing the idea, but they aren't promoting it either. Warner and Richard Lugar, the ranking Republican on the Foreign Relations Committee, are contemplating a resolution to draw bipartisan support for the recommendations of the Iraq Study Group report." According to Newsweek, "A former senior Bush aide who is still close to the White House says if things don't improve, a delegation of Republican senators could one day show up in the Oval Office to tell Bush that the party is no longer with him and the war must end."

U.S. News and World Report (1/22, Gilgoff, 2.03M) reports, "Washington's reaction to the president's speech marked an unmistakable turning point in the politics of the war. … A growing GOP contingent…expressed opposition to Bush's plan, with [Senate Majority Leader Harry] Reid saying he'd lined up as many as a dozen Republicans for a resolution opposing what he branded 'escalation.' Even with Republicans in a tough political spot, however, the way forward for Democrats is far from clear. As Hill Democrats worked on a nonbinding resolution, leaders in the House also wrestled with whether to pursue more muscular legislation to withhold funding for prospective troops or to attach serious restrictions on funding for the White House's next defense funding request."

Iraq Seen As Potentially Dividing GOP For Years To Come. Newsweek's Howard Fineman (1/22) writes, "A generation ago, a war – Vietnam -- launched a realignment of American politics. Now, it seems increasingly clear, Iraq is

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doing the same. In 1968 college students flocked to the New Hampshire primary to protest Lyndon Johnson's policies, sparking a civil war in the Democratic Party on foreign policy that lasted for a generation. By contrast, Vietnam united the GOP around an anti-communist crusade that endured for decades. … Now a mirror image is developing. Democrats seem to be uniting around a theme -- the primacy of global diplomacy and congressional review. Republicans, by contrast, have lost the unity that they had during the cold war and the early years of the war on terror."

Vermont Has Highest Per Capita Death Rate In Iraq. U.S. News and World Report (1/22, 2.03M) reports Vermont, "where nearly three quarters of residents oppose the Iraq war, has the nation's highest per capita death rate in the conflict. It's a statistic seemingly at odds with the state's reputation as a liberal utopia. … Many Vermonters are asking whether they've already sacrificed too much for a cause whose lofty aims they think may be unreachable."

Fate Of Bush's Plan Said To Rest In Iraqi Officials' Hands. A number of media reports last night and this morning analyze the role of the Iraqi government in the eventual success or failure of President Bush's latest Iraq plan. That reliance on the Iraqis to implement the plan successfully is being described as weakness in Bush's strategy. The Washington Times (1/16, Dinan, 88K) says this morning Bush's "legacy is now in the hands of Iraqi Prime Minister Nouri al-Maliki, the head of Iraq's government who is in a tenuous position in Baghdad and quickly losing the confidence of Congress and the Bush administration." GOP George V. Voinovich told the Times, "So much of our future in that place is in the hands of Maliki." And the Christian Science Monitor (1/16, 59K) reports Maliki's government "is supposed to move new Iraqi forces into Baghdad within weeks. If these Iraqi units don't materialize, the US may be forced to reevaluate its strategy, according to administration officials. Thus by early next month the political and military context for the US troop buildup could look very different than it does today. It is even possible that the White House could stop the surge of increased US forces before it gets fully under way."

The AP (1/16, Reid) says the "differences" between the Bush and Maliki "administrations could hamper efforts to forge a united strategy to deal with Iraq's sectarian violence, while adding pressure on the White House to end America's role there." At this "sensitive point, any policy divergence between the US and Iraq can fuel demands for the Bush administration to end the American military mission in Iraq."

On the issue of potential points of friction, the Washington Post (1/16, A15, Pincus, 690K) reports "the Kurdish makeup of two of the three Iraqi army brigades due to be sent to Baghdad under…Bush's new strategic plan is drawing concern from Iraqi and US experts." The Post adds, "Questions have been raised about whether the Kurds would fight Sunni insurgents in Baghdad at a time when some Sunni clerics and organizations have spoken out against aiding U.S. troops and the Iraqi government. But there is also concern that the soldiers would be heavy-handed if sent into heavily Shiite areas." Anthony H. Cordesman, "an analyst at the Center for Strategic and International Studies who has studied the Iraq war, described Bush's new strategy yesterday as 'an experiment based on high risks,' only one of which is the use of the Kurds. 'They were brought in because other Iraqi army units are too Shiite,' he said, 'and so are the lesser of two evils.'"

NBC Nightly News (1/15, story 4, 2:05, Williams, 9.87M) said the plan "has met with a lukewarm response by the Iraqi government. One big question, who will be in charge?" NBC (Engel) added, "Under the plan, Iraq's Prime Minister is in command, advised by a panel, including Iraqi ministers and General George Casey." Casey was shown saying, "American forces will remain under American command. Period. No issues. And our forces, frankly will not be at greater risk." However, added NBC, "the reality on patrol might be very different. Iraqi troops will often pick targets and routes, in effect leading Americans." Loren Thompson, military analyst: "This looks like a very confusing arrangement. We're not clear on who will be in charge. What if the Iraqi commander's incompetent? What if they have hidden loyalties?" In fact, yesterday, "Iraq's national security advisor said Iraq won't dismantle the main Shiite militia." Mowafaq al-Rubaie, Iraq National Security Adviser: "This is not a war on militia." But on ABC World News (1/15, story 4, 2:25, Karl, 8.78M), Lt. Gen. Ray Odierno "said the additional 20,000 US troops will help reduce the violence if the Iraqi government follows through on its promises to crack down on Shiite militias, to bring services to neglected Sunni communities." Said Odierno, "This is about dealing with extremists. And I think this government is ready to do that."

The New York Times (1/16, Santora, 1.16M) reports that at a press conference yesterday, Gen. Casey and the US ambassador to Iraq Zalmay Khalilzad "played down reports of tension between the American military command and the Iraqi government led by…al-Maliki, saying that any period of transition will have some 'friction.'" Maliki, adds the Times, "has offered only tepid public support for the new security plan, waiting a full 48 hours after…Bush announced the new strategy before commenting." But Casey and Khalilzad "said repeatedly that the new security plan was 'conceived' by the Iraqis and the Americans and Iraqi officials have been huddled for days trying to iron out the details of the new strategy. However, until recently, Mr. Maliki reportedly staunchly opposed having more American troops sent to Baghdad, and voiced his opposition to President Bush as

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recently as November in a meeting in Jordan." The Times adds, "The claim that the new strategy was an Iraqi plan was met by skepticism by both the Iraqi and foreign press. General Casey later elaborated, saying that American forces would remain firmly and completely under American control."

The Los Angeles Times (1/16, Daragahi, 850K) reports Khalilzad and Casey made their statements "despite widespread doubts about the efficacy and loyalties of Iraq's Shiite-dominated government and armed forces," and adds "US officials have voiced frustration over the failure of the Iraqi government…to confront Shiite militias that have ties to political parties in the government. US commanders say Iraqi officials forbid them from going after suspected gunmen in Shiite neighborhoods. Some voiced outrage when Maliki appointed a relative unknown, Lt. Gen. Abud Qanbar, to head the Baghdad security plan, passing over the Americans' choice for the post." The new plan, adds the Times, "follows two efforts last year to quell the violence in the capital, which U.S. and Iraqi officials acknowledge have been failures. The number of civilian deaths spiraled upward as Shiite militias rampaged through Sunni neighborhoods and Sunni insurgents bombed Shiite marketplaces, police patrols and US military convoys." USA Today (1/16, Jervis, 2.27M) runs a similar report on the US officials' statements.

Casey Says New Troops Could Improve Security By "Summer Or Fall." The AP (1/16, Gamel) reports the Gen. Casey told reporters yesterday "he did not expect significant results" from the boost in US troop levels "until the summer and fall, for the first time putting a timeframe around the plan." US Ambassador Zalmay Khalilzad, "who joined Casey at the podium, declared there were no deadlines being imposed on the Iraqis to take action against gunmen, but the pressure was a perception that existed because of the Shiite-dominated government's failure in the past to weed out Shiite militia fighters." The CBS Evening News (1/15, story 6, :10, Couric, 7.66M) also noted Casey's comments, reporting he "predicted today the US troop buildup won't make things safer until summer or fall." ABC World News (1/15, story 4, 2:25, Karl, 8.78M) noted Casey said that "as with any plan there are no guarantees of success, and it's not going to happen overnight." But he added that "success is possible." Or as Fox News' Special Report (1/15, Hume) put it, Casey "predicted a 'gradual evolution' of the security plan over the next two or three months with more noticeable results soon after that. Ambassador Khalilzad said that the US is not imposing deadlines on the Maliki government, but Khalilzad says he is convinced Maliki has his own sense of urgency."

Iraq's Sunni Vice President Blasts Maliki. The Financial Times (1/16, Dombey, Negus) reports, "Iraq's most senior Sunni politician on Monday launched a bitter personal attack on the country's prime minister, warning Nouri al-Maliki that the Iraqi government had only limited time to break with sectarian groups and start delivering to ordinary citizens." Iraqi Vice President Tariq al-Hashimi "said US officials believed Mr Maliki was 'behind schedule' and only had limited time to try for national reconciliation." The vice president also "said, 200-300 Sunni were leaving Baghdad every day for Jordan and Syria and that the west of Baghdad was at risk of becoming a 'no man's land' for the Sunni community."

Warner Undecided On Plan's Wisdom, Wouldn't "Hesitate" To Confront Bush. In a Newsweek "Web Exclusive"(1/16), Eleanor Clift interviews GOP Sen. John Warner, whose opinion on the President's Iraq plan is believed to carry significant weight in the GOP caucus. Said Warner, "At the current time I've indicated that [the president's plan] deserves very serious consideration by the Congress. I'm studying that report in the context of the Baker-Hamilton commission and I made a request of the chairman of the Joint Chiefs [of Staff] to look at some of the A-team, B-team -- red team, blue team -- type of analysis that's done in the Pentagon. … I also expressed to [Joint Chiefs chairman Peter] Pace my great concern about getting the American G.I. in the crossfire of hatred between Sunni and Shia." Cliff said, "There is speculation that if the initial reports of this new strategy are grim that it would fall to you as a senior Republican to go to the White House with the bad news, or to broker some sort of compromise." Warner replied, "I don't want to appoint myself to any position. I just stepped down as [committee] chairman after six years under our rules. But you can be sure that I think my past actions have indicated my willingness to do what I think is in the best interest of the nation -- and if that necessitated visiting the president as I've done twice [in the last two weeks] -- I wouldn't hesitate."

Democrats' Divisions On Iraq Could Stall Response To Bush Plan. ABC World News (1/15, story 5, 2:40, Raddatz, 8.78M) reported, "The Democrats are walking a very fine line. They want to voice opposition to the war, but they do not want to oppose the troops. The 20,000 troops the President has now ordered into Baghdad have already started to arrive." The President "says he is determined not to let Democrats halt the flow of forces." Bush: "I believe if they start trying to cut off funds, they better explain to the American people and the soldiers why their plan will succeed. They could try to stop me from doing it, but I have made my decision and we're going forward." ABC asked, "But will the Democrats try to stop him? Depends who you ask. Democratic presidential candidate John Edwards told ABC News today he supports measures to halt the President's plan. … Likely presidential contender Hillary Clinton was not so definitive on a trip to Iraq this past weekend." ABC continued, "That is the quandary. Congress could go after the $100 billion supplemental budget the White House will request next month and try to stop the second wave of troops, but the Democrats might pay a heavy political price."

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Norman Ornstein, American Enterprise Institute, was shown saying, "If Democrats end up doing something that looks like they're cutting off supplies for our troops at a moment when they are in battle, that won't be forgotten for generations." ABC also reported, "Not only are the Democrats at odds on how to take on the President, but there's no unanimity on an alternative to the President's plan. For example, John Edwards would like to pull out 40,000 troops right away. John Murtha would like to make that much sooner. There are many different plans…so what I think you will see is a symbolic resolution, just saying they're against the President's plan."

Poll Finds Support For Non-Binding Resolution, Split On Denying Funding For New Troops. USA Today (1/16, Page, 2.27M) reports Bush's "address to the nation last week failed to move public opinion in support of his plan to increase US troop levels in Iraq and left Americans more pessimistic about the likely outcome of the war." In a USA TODAY/Gallup Poll taken Friday through Sunday, "more than 6 of 10 people back the idea of a non-binding congressional resolution expressing opposition to Bush's plan to commit an additional 21,500 U.S. troops to Iraq." However, "those surveyed are split, 47%-50%, over whether Congress should deny funding for the additional troops." USA Today adds, "The central elements of Bush's 'new way forward' in Iraq command limited public support. Now, 38% support a significant increase in U.S. troop levels, up from 36% before the speech. … Americans feel more pessimistic about the war in the wake of Bush's speech. For the first time, a narrow plurality -- 49%-47% -- say the United States is likely to lose the war. Before the speech, they said by 50% to 46% that the United States was likely to win."

Limits On Congressional Action Against President's War Powers Noted. David B. Rivkin Jr. and Lee A. Casey, "Washington lawyers who served in the Justice Department during the administrations of Ronald Reagan and George H.W. Bush," write in the Washington Post (1/16, A19, 690K), "Congressional Democrats (and Republicans) who oppose…Bush's decision to send additional American troops to Iraq may frustrate his plan, but not -- as suggested by Democratic Whip Jim Clyburn -- by imposing 21,500 strings on the 21,500 new troops. Just as there are constraints on the president's constitutional authority as commander in chief, there are limits on Congress's ability to direct presidential action. In particular, Congress cannot use its power of the purse to micromanage the president's execution of his office." This "does not mean, of course, that Congress is powerless. It could -- if the leadership mustered veto-proof majorities -- immediately cut off funding for US operations in Iraq. Alternatively, Congress could refuse to pass new appropriations once the current ones expire."

Critics Question Whether Bush Is Planning "Secret War" On Iran. Newsweek (1/22, Hosenball, Hirsh, Dehghanpisheh and Wolffe, 3.12M) reports, "Has George W. Bush ordered up a 'secret war' against Iran and Syria? Some administration opponents on Capitol Hill began asking this question after U.S. forces in recent weeks arrested two groups of Iranian government representatives inside Iraq. Bush particularly alarmed critics when, in announcing his new Iraq policy, he pledged to 'interrupt the flow of support from Iran and Syria' and to 'seek out and destroy the networks.' Sen. Joseph Biden, now Senate Foreign Relations Committee chairman (and a Dem presidential contender), sent a letter to Bush after a question-and-answer confrontation with Secretary of State Condoleezza Rice. Biden said Rice had been evasive on whether Bush's statements meant that U.S. military personnel could cross into Iran or Syria in pursuit of insurgent support networks. He also asked whether the administration believes the president could order such action without first seeking explicit congressional approval -- as Biden thinks he must. … In fact, administration officials (anonymous due to diplomatic sensitivities) concede that Bush's Iran language may have been overly aggressive, raising unwarranted fears about military strikes on Tehran. Instead, they say, Bush was trying to warn Iran to keep its operatives out of Iraq, and to reassure Gulf allies…that the United States would protect them against Iranian aggression. A senior administration official, not authorized to speak on the record, says the policy is part of the new Iraq offensive."

Rice Receives "Tepid" Response From Saudis On Bush Plan. The AP (1/16, Gearn) reports Secretary Rice's appeal for support for President's Bush plan for Iraq "drew only a tepid endorsement Tuesday from the administration's strongest ally in the region," Saudi Arabia. Saudi Foreign Minister Saud al-Faisal "said Saudis hope President Bush's plans to turn around the situation in Iraq is a successful, but was plainly skeptical that the Iraqi government is up to the task of doing its part." For her part, Rice "thanked the Saudis for their past help in urging national reconciliation in Iraq," but "did not press specific new requests" for the kingdom's help.

Rice, Gates Tying Iraq Mission To Fears About Iran. The Wall Street Journal (1/16, A3, Jaffe, King, 2.04M) reports, "In hitting the road to sell the new US strategy for Iraq and other aims," Secretary Rice and Defense Secretary Robert Gates "are hammering the same message: that the cost of US failure would be a stronger and increasingly aggressive Iran." The "threat of Iran's rise" has become for the US "a sort of diplomatic glue, which the globetrotting" secretaries "are now using to patch together an alliance

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aimed at helping heal not only Iraq, but also Lebanon and the Palestinian conflict." In "one sign of the changing climate," Rice announced an agreement to hold three-way talks with Israeli and Palestinian leaders, which was seen "as evidence that the Arab world is increasingly keen to make peace with Israel so it can turn its attention toward containing Iran." However, the region's Sunni Arab states are "leery of the Shiite-dominated government of Iraqi Prime Minister Nouri al-Maliki," but "are also apprehensive about lining up too publicly alongside the US in a Cold War-style, anti-Iran bloc."

Meanwhile, the Financial Times (1/16, Smyth, Schmid, England) reports former Iranian President Akbar Hashemi Rafsanjani Monday "accused the US of 'seeking new adventurism' as Washington stepped up pressure on Tehran over its nuclear programme and Iraq." Separately, Ayatollah Ali Khamenei Monday "also expressed concern that the US was fostering sectarianism." Iranian "warnings" came as Ali Larijani, the country's top security official, held meetings in Riyadh, "in an apparent attempt to gauge the level of Saudi support for Washington's tougher policy towards Tehran."

In its report on Secretary Rice's visit to the region, NBC Nightly News (1/15, story 5, 2:00, Mitchell, 9.87M) broadcasted. "In another sign of how complicated the Middle East is, last night [Saudi] King [Abudllah]'s guest was a top Iranian diplomat, hand carrying a letter from Ahmadinejad wanting the Saudis to restrain American military moves toward Iran."

The New York Times (1/16, Cloud, 1.16M) reports Secretary Gates said Monday in Brussels that Iran was "acting in a very negative way" in the Middle East and that the United States was "building up its forces to demonstrate its resolve to remain in the Persian Gulf." The Iranians, he said, "clearly believe that we are tied down in Iraq, that they have the initiative, that they're in a position to press us in many ways. We are simply trying to communicate to the region that we are going to be there for a long time." The Washington Times (1/16, Sands, 88K) also reports on Gates' remarks.

Separately, the Washington Times (1/16, Scarborough, 88K) says the US military build up in the Gulf "was aimed not just at sending a message to Iranian President Mahmoud Ahmadinejad. More importantly, defense sources said, it was meant to calm jittery Gulf countries." At the same time, the sources "insisted that the Gulf escalation is not a first step toward war with Iran." The AP (1/16, Burns) reports Gates said the move is also meant to "undercut [Iran's] belief that American forces are overcommitted in Iraq."

Rice Says Talk Of Israeli Strikes On Iran Shows Gravity Of Situation. The Christian Science Monitor (1/16, Prusher, 59K) reports Secretary of State Condoleezza Rice's weekend visit to Israel "demonstrated, there is no issue dominating the agenda like the international standoff surrounding Iran's nuclear ambitions." Asked to comment on British media reports that Israel was making preparations to attack Iran to destroy its uranium enrichment facilities, Rice "gave a reply that didn't exactly douse the smoldering signals emanating from Israel and Iran. Rather, the fact that some kind of a confrontation is now talked about openly, she said, is an indication of how grave the situation has become."

Iraq Stepping Up Relations With Iran. The Los Angeles Times (1/16, Roug, Daragahi, 850K) reports the Iraqi government "is moving to solidify relations with Iran, even as the United States turns up the rhetorical heat and bolsters its military forces to confront Tehran's influence in Iraq." Iraqi Foreign Minister Hoshyar Zebari, responding to a US raid on an Iranian office in Irbil in northern Iraq last week, "said Monday that the government intended to transform similar Iranian agencies into consulates." The foreign minister "also said the government planned to negotiate more border entry points with Iran."

Saudi Arabia Asserting Role In Lebanon To Offset Iran's Influence. The Christian Science Monitor (1/16, Blanford, 59K) reports Saudi Arabia is "playing a more assertive diplomatic role in Lebanon, attempting to bridge rising tension between Lebanese Sunnis and Shiites while curbing Iran's influence in the tiny Mediterranean country," analysts say. Reportedly "wary of its own restless Shiite population," Riyadh is "deeply concerned at what it sees as a determined drive by Shiite Iran to expand its influence into the mainly Sunni Middle East." The "stepped-up diplomacy" by the Saudis over the past six months led to "an unprecedented meeting" in Riyadh on Dec. 26 between Saudi King Abdullah and two senior officials of Lebanon's Iran-backed Hezbollah, which "just six months ago…would have been almost unthinkable."

Bungled Hanging Sets Off New Waves Of Anger Among Sunnis. ABC World News (1/15, story 3, :20, Snow, 8.78M) reported that "at the same gallows used to hang Saddam Hussein, two of his top aides were executed today. His half brother, Barzan Ibrahim, was beheaded in the process. Also put to death, Awad Hamed al-Bandar, the one-time chief judge of Saddam's revolutionary court." The CBS Evening News (1/15, story 5, :15, Couric, 7.66M) said, "No taunting this time, but there was a gruesome development." NBC Nightly News (1/15, story 3, :35, Williams, 9.87M) noted "a mistake by the hangman resulted in decapitation."

On its front page, the Washington Post (1/16, A1, Partlow, Aldin, 690K) reports "many of the people who had gathered considered the decapitation of Barzan Ibrahim to be a calculated insult, another act by the Shiite-dominated government of Prime Minister Nouri al-Maliki to humiliate followers of the executed former president and all his fellow Sunni Arabs." In many parts of Iraq, the executions "set off new waves of anger and celebration along sectarian lines,

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though Maliki's government had gone to great pains to prevent the type of chaotic spectacle that accompanied Hussein's hanging two weeks ago." Fox News' Special Report (1/15, Hume), meanwhile, noted that in Sadr City "people took to the streets after the executions to celebrate with cheers." Meanwhile,

The New York Times (1/16, Burns, 1.16M) reports that Iraq's "turbulent effort to reckon with the violence of its past took another macabre turn on Monday" after the bungled execution of Saddam Hussein's half brother." Although American officials had urged a delay in the executions "for more than two weeks while the Maliki government drew up new guidelines for executions," the "events at the gallows in the predawn hours of Monday had something of the same surreal and freakish quality that enveloped the Hussein hanging."

The Financial Times (1/16, Negus) notes "the pair were convicted alongside the deposed Iraqi leader on November 5 on charges related to a campaign of reprisals against a Shia village where Saddam suffered a 1982 assassination attempt. Scores of villagers were executed and many more subjected to torture and lengthy imprisonment." The "official video of the executions has not been released, but was screened for reporters. It reportedly shows Mr Bandar's body dangling from a rope, and Mr Tikriti's lying on the floor with his severed head a short distance away." The Los Angeles Times (1/16, Daragahi, 850K), AP (1/16, Hurst), Washington Times/AP (1/16, Abdul-Zahra), Los Angeles Times (1/16, Daragahi, 850K) and McClatchy (1/16, Fadel) run similar reports.

Rice Condemns Handling Of Iraq Hangings. The AP (1/16, Gearan) reports Secretary Rice "said Monday that executions of Saddam Hussein and two others were mishandled and said she hoped that those responsible for making cell phone videos of Saddam's execution will be punished." Speaking to reporters in Egypt, Rice said, "We were disappointed there was not greater dignity given to the accused under these circumstances." She also said the events surrounding the executions "did not reflect well on the Iraqi government."

40% Of Iraqi Middle Class May Have Fled. The San Francisco Chronicle (1/16, Lochhead, 384K) reports, "Iraq is in the throes of the largest refugee crisis in the Middle East since the Palestinian exodus from Israel in 1948 ... The Bush administration and the governments of Jordan and Syria, the nations that accept the bulk of the refugees, have been reluctant to acknowledge the humanitarian crisis, experts said. ... Roughly 40 percent of Iraq's middle class is believed to have fled, the U.N. said. Most are fleeing systematic persecution and have no desire to return."

Ex-Translator Says US Visa Saved His Life. The AP (1/16, Margasak) reports, "A former Iraqi translator for the U.S. military says his life was saved when he was granted a special visa to live in the United States, a status made available to only 50 Afghan and Iraqi nationals annually who served in the same capacity." The 27-year-old "survived a car bombing and learned his name was listed on the doors of mosques calling for his death. ... Sen. Edward M. Kennedy, D-Mass., has argued for an increase in the number of translator visas. Only the translators themselves count toward the 50-visa limit, but their spouses and children may be able to join them in this country after the visa is issued."

Iraqi Refugees Find Sanctuary In Sweden. The New York Times (1/16, Ekman, 1.16M) reports in a sympathetic article, "Former residents of Baghdad living in this calm Swedish town know why they left. 'Iraq is finished,' said Taghreed Ewas, 34, a chemical engineer who fled last year." Iraqis are "increasingly coming to Europe, especially Sweden, one indication of how the war in Iraq is now beginning to have serious consequences for countries far beyond its borders. Last year, 8,951 Iraqis applied for asylum in Sweden, up from 2,330 in 2005. Of those, almost 3,000 arrived in November and December. Those choosing this relatively small country of nine million people represent nearly half of the Iraqi refugees arriving in Europe and surpass by far the number admitted to the United States each year." "Liberal asylum laws" and the "presence of more than 80,000" Iraqis make Sweden attractive to Iraqi refugees.

Besieged Baghdad Family Rescued After CBS Report. The CBS Evening News (1/15, story 7, 2:45, Couric, 7.66M) reported, "On Friday, Lara Logan reported on a doctor and his family pinned down in their Baghdad home by fierce street battles. They're safe now. In fact, the military learned of their plight from that report." CBS (Logan) added, "When Crazy Horse troops set off on a rescue mission down Haifa Street, the men of the 9th Cavalry knew little about the trapped Iraqis waiting in desperation to be saved. ... The famous surgeon, once a guest of President Bush at the White House, was now hiding in a dark bathroom with his wife and three children." Dr. al-Qasir: "I have saved so many people in surgery. I have done a lot for people here. Why I should be killed? Why? I don't know why?" Logan: "There was no time to waste. The soldiers rushed the family to the safety of a Bradley armored fighting vehicle knowing an attack could come at any moment. ... It took only minutes to reach the safety of a heavily fortified Green Zone, a short distance away. It will take the family much longer to recover after witnessing executions, neighbors and friends killed." Captain Gilliam: "I've seen a lot of people get hurt and it's good to see a family we could save and make sure they didn't get hurt while they were out here."

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Two Navy Men Create Website For War Protests. The Washington Post (1/16, C1, Weeks, 690K) reports from Norfolk on Jonathan Hutto and David Hutto, "two Navy men, comrades in arms, [who] have established AppealforRedress.org , a Web site that enables active-duty, reserve and National Guard troops to appeal directly to Congress to withdraw military personnel from Iraq." Their group announced on Monday "that more than 1,000 people have signed appeals. On Tuesday, the pleas will be presented to Rep. Dennis J. Kucinich (D-Ohio) on Capitol Hill. ... [They] say 60 percent of the signers have served in the war. The signers are not lawbreakers, deserters or conscientious objectors, Hutto says. They believe in obeying orders."

The Norfolk Virginian Pilot (1/16, Dorsey) reports on the same group, saying, "About 10 active-duty servicemen were joined for a rally by about 75 peace activists and disillusioned veterans at the Unitarian Church of Norfolk in Ghent. ... The group counts about 1,030 signatures from active-duty service members, ranging from the recently enlisted to veteran officers. The United States has 2.6 million active-duty service members." At the rally "echoes of 1960s protests resonated everywhere: in the Vietnam War patches worn by veterans, the long gray hair of the protesters, and the quotations from King's anti-war speeches."

Pakistan Closes Four Camps To Fight Afghan Terror. The Washington Times (1/16, Gertz, 88K) reports, "Pakistan's government will close four refugee camps near its border with Afghanistan to help prevent Afghan insurgents from gunrunning and seeking safe haven in the country, Islamabad's ambassador to the United States said yesterday. ... Agreement on the plan was reached Sunday with national and local leaders in what Pakistan calls the Federally Administered Tribal Areas and the Baluchistan section of the country, Mr. [Mahmud Ali] Durrani said at a meeting with editors and reporters at The Washington Times. ... In an earlier interview, Mr. Durrani said he was angered by reports from the United Nations and NATO that Pakistan was not doing enough to stop Islamic extremists." The Times adds, "Army Lt. Gen. Michael Maples, director of the Defense Intelligence Agency, said in written testimony to the Senate Select Committee on Intelligence last week, 'Afghanistan's relations with Pakistan are strained due to continued Taliban reliance on safe haven in Pakistan.'"

Applebaum Suggests Legalizing Afghan Poppy Production. Washington Post (1/16, A19, 690K) columnist Anne Applebaum writes, "Of course it isn't fashionable right now to argue for any legal form of opiate cultivation. But look at the evidence. At the moment, Afghanistan's opium exports account for somewhere between one-third and two-thirds of the country's gross domestic product, depending on whose statistics you believe. ... Every time a poppy field is destroyed, a poor person becomes poorer -- and more likely to support the Taliban against the Western forces who wrecked his crops. ... Just like in Afghanistan, a ban was tried [in Turkey], and it failed. As a result, in 1974 the Turks, with American and U.N. support, tried a different tactic. They began licensing poppy cultivation for the purpose of producing morphine, codeine and other legal opiates. Legal factories were built to replace the illegal ones. Farmers registered to grow poppies, and they paid taxes. ... the U.S. government still supports the Turkish program, even requiring U.S. drug companies to purchase 80 percent of what the legal documents euphemistically refer to as 'narcotic raw materials' from the two traditional producers, Turkey and India. Why not add Afghanistan to this list?"

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Lawmakers To Grill Gonzales Over US Attorneys' Departures. The San Diego Union-Tribune (1/16, Soto) reports, "A national political storm is brewing over the departures of several top prosecutors, including San Diego U.S. Attorney Carol Lam." The Union-Tribune continues, "Lam has not commented since reports surfaced last week that she was asked to resign as the chief federal law enforcement officer in San Diego. … Sources told The San Diego Union-Tribune that superiors in the Justice Department are unhappy with decreased prosecutions for gun and immigration violations. … Lam, a political independent, was appointed by President Bush in 2002." The Union-Tribune adds, "In recent months, at least four other U.S. attorneys have announced their departures, two of them confirming that they've been asked to resign. … With reports yesterday that the Department of Justice has demanded the resignation of another top prosecutor, in Las Vegas, Attorney General Alberto Gonzales is scheduled this week to answer questions from skeptical senators." The Union-Tribune notes, "Democratic lawmakers have criticized the recent departures from the ranks of top federal prosecutors as worrisome. … 'We have no idea why this is happening,' Sen. Dianne Feinstein, a California Democrat, said in a statement last week. 'The attorney general could have a legitimate reason for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations.' … Typically, the nation's 93 U.S. attorneys are appointed by the president and confirmed by the Senate, but a provision in last year's Patriot Act allows the attorney general to make interim appointments with indefinite terms. … Feinstein and other senators introduced legislation that would return the power to appoint interim U.S. attorneys to federal

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judges. … Gonzales is scheduled to testify Thursday before the Senate Judiciary Committee, of which Feinstein is a member."

The Wall Street Journal (1/16, Perez, Paltrow) reports, "As the Bush administration enters its last two years, a number of U.S. attorneys are departing, causing concern that some high-profile prosecutions may suffer." The Journal continues, "As many as seven U.S. attorneys, including prosecutor Kevin V. Ryan, whose San Francisco office is overseeing the investigation of backdating of stock options, are leaving or being pushed out. Others include Carol Lam of San Diego, Daniel Bogden of Nevada, David Iglesias of New Mexico, Paul Charlton of Arizona and John McKay of Seattle. Ms. Lam and Messrs. Ryan and Bogden haven't officially announced their departures." The Journal adds, "Democrats claim the administration is using a little-noticed clause in the Patriot Act to circumvent Senate confirmation for some of the interim replacements who otherwise might not be able to win confirmation. Senate Judiciary Committee Chairman Sen. Patrick Leahy (D., Vt.) and Sen. Dianne Feinstein (D., Calif.) are pushing legislation to undo a 2006 Patriot Act amendment that for the first time gave the attorney general, rather than local federal courts, authority to appoint interim U.S. attorneys. The administration said it needed to be able to do that to ensure no disruption in prosecuting terrorism suspects. … The proposed legislation would restore to the federal courts authority to make the interim appointments." The Journal notes, "There is no fixed term for U.S. attorneys. Instead, they typically are appointed at the beginning of a new president's term, and serve throughout that term. If the president is re-elected, they continue to serve, unless of course they decide for some reason that they want to leave. … Lawmakers plan to question Attorney General Alberto Gonzales about the turnover at a Judiciary Committee hearing Thursday. Justice officials say the U.S. attorney changes are normal and that at any one time it is common to have eight to 15 vacancies. Former Justice Department officials, however, say it is unusual for such a large number of U.S. attorneys to leave at one time. … Brian Roehrkasse, a Justice Department spokesman, said that interim appointments aren't 'in any way an attempt to circumvent the confirmation process.' He added that the administration's record since last year's Patriot Act amendment 'demonstrates we are committed to working with the Senate to nominate candidates for U.S. Attorney positions.'"

Senators Claim Nevada US Attorney Forced Out. The Las Vegas Review-Journal (1/16, McCabe) reports, "The Bush administration has forced Daniel Bogden out of his position as U.S. attorney for the District of Nevada, Nevada's two senators said Sunday." The Review-Journal continues, "It was unclear whether Bogden was fired or asked to resign and for what reason. Exactly when it all happened also was unknown Sunday. Repeated attempts to contact Bogden and his office were unsuccessful. The Review-Journal's phone calls to his spokeswoman, Natalie Collins, were not returned by Sunday night." The Review-Journal adds, "Sen. John Ensign, R-Nev., had recommended Bogden, a longtime prosecutor in Reno, to the Bush administration in April 2001. On Sunday, Ensign said Nevada owes a debt of gratitude to Bogden. 'His priorities, to prevent terrorism and prosecute violent and drug crimes, have made our communities and families safer,' Ensign said. … But a source inside the Nevada U.S. attorney's office said Bogden was seen as indecisive, secretive and insular. Morale in the Southern Nevada office was low and that was partly Bogden's fault and partly the result of inadequate staffing and funding from the Justice Department, the source said." The Review-Journal notes, "The Nevada U.S. attorney's office also had at least three major setbacks in Las Vegas last year. … But Bogden's office also has scored victories at the federal courthouse in downtown Las Vegas, including the convictions of former Clark County commissioners Mary Kincaid-Chauncey and Dario Herrera. They were indicted in 2003 on charges of accepting bribes from Michael Galardi, who was then the owner of strip clubs. Kincaid-Chauncey and Herrera were convicted in May and checked into federal prisons last week."

NYTimes Derides Appointment Of "Extreme Political Partisan" As US Attorney. The New York Times (1/15, 1.16M) editorializes, "The Bush administration has appointed an extreme political partisan as the new United States attorney for Arkansas. Normally, the Senate would have vetted him, and quite possibly blocked his appointment. But the White House took advantage of a little-noticed provision of the Patriot Act, which allows it to do an end run around the Senate." It is "particularly dangerous to put United States attorneys' offices in the hands of political operatives because federal prosecutors have extraordinary power to issue subpoenas and bring criminal charges. The Senate should fix the law and investigate whether such offices in Arkansas and elsewhere are being politicized." H. E. Bud Cummins, "the respected United States attorney in Little Rock, recently left office. He has been replaced on an interim basis by J. Timothy Griffin, who has a thin legal record but a résumé that includes working for Karl Rove and heading up opposition research for the Republican National Committee. Senator Mark Pryor, Democrat of Arkansas, wanted to raise concerns about Mr. Griffin's appointment as part of the confirmation process. But he couldn't because there was no confirmation process." Sens. Pryor, Dianne Feinstein and Patrick Leahy "have a bill to change the method for selecting interim United States attorneys back to what it once was: the federal district court in the jurisdiction would make the appointment. Congress should pass that bill."

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CORPORATE SCANDALS:

Guilty Plea In Hewlett-Packard Probe Gives Assistance To Federal Prosecutors. The Wall Street Journal (1/15, Crum, Waldman) reports, "An investigator linked to the Hewlett-Packard Co. boardroom-spying scandal has pleaded guilty to federal charges and is offering to cooperate with a U.S. investigation of the case." The Journal continues, "Bryan Wagner, 29 years old, of Littleton, Colorado, on Friday entered the plea before Judge Jeremy Fogel in the U.S. District Court for the Northern District of California, in San Jose. Mr. Wagner, the first to be targeted by the U.S. Justice Department in the scandal, admits being one of the outside investigators involved in the leak probe at Palo Alto, California-based H-P." The Journal adds, "The investigators obtained private phone records of company directors, reporters and others to help determine the source of boardroom leaks. Patricia Dunn resigned as H-P chairman because of her role in the probe, which was disclosed in September and has also prompted charges that participants violated California laws. … Steven Naralti, Mr. Wagner's attorney, said his client dealt with intermediaries and never communicated directly with H-P officials. But he said Mr. Wagner can provide important evidence for prosecutors. … Federal prosecutors said Mr. Wagner pleaded guilty to a charge alleging that conspirators, using email accounts, established online telephone service accounts that allowed them to access phone records. Specifically, Mr. Wagner admitted establishing an online account using the Social Security number of a Wall Street Journal reporter to fraudulently access the reporter's personal telephone records."

The Wall Street Journal (1/16, B5, Crum, Waldman) reports, "An investigator linked to the Hewlett-Packard Co. boardroom spying scandal has offered to cooperate with the Justice Department in its probe involving others in the case, the investigator's lawyer said." The Journal continues, "Bryan Wagner, of Littleton, Colo., who entered a guilty plea in connection with the H-P case last week, dealt with intermediaries while working as an investigator for the company and never communicated directly with H-P officials, according to his lawyer, Steven Naralti. Mr. Naralti said Mr. Wagner still can provide important evidence for federal prosecutors, who the attorney said are trying to prosecute other people involved in higher levels of the leak investigation." The Journal adds, "The outside investigators obtained private phone records of company directors, reporters and others to help determine the source of leaks from the H-P boardroom. Patricia Dunn resigned as H-P chairman because of her role in the probe, which was disclosed in September and has prompted charges that participants violated California laws. … Mr. Naralti said Mr. Wagner, the first to be targeted by federal prosecutors in the scandal, believes his client can help prove Social Security numbers that were used by investigators in obtaining phone records were provided by H-P employees. Mr. Wagner is accused of using a reporter's Social Security number to obtain private information about that reporter."

CRIMINAL LAW:

Libby Trial Opens This Week. USA Today (1/15, Nichols, 2.27M) reports, "The perjury and obstruction trial of former White House aide Lewis 'Scooter' Libby opens Tuesday amid diminished expectations for bombshells from a case that once dominated Washington headlines. Save for the expected testimony of Vice President Cheney -- a first for a sitting vice president in a criminal case, according to presidential historians -- the case against Cheney's former chief of staff has lost some of its appeal."

The New York Times (1/15, Lewis, 1.16M) reports, "The situation of Mr. Libby, who once worked at the highest reaches of government power in Washington and now faces the possibility of a long jail sentence, is a vivid example of what has become a contemporary capital cliché: 'It's not the crime but the cover-up' that often leads to legal problems for officials in high-profile investigations. The perjury and obstruction of justice charges against Mr. Libby stem not from the leak but from his behavior in the leak investigation." The trial "may serve as a stage for such intriguing issues as how the administration dealt with critics before going to war in Iraq, the changed relationship between journalists and senior government officials, and the always vexing question about the wisdom of using an independent prosecutor to investigate crimes in an administration."

The Washington Post (1/15, A1, Leonnig, 690K) says the case "will put on display the secret strategizing of an administration that cherry-picked information to justify war in Iraq and reporters who traded freely in gossip and protected their own interests as they worked on one of the big Washington stories of 2003." The Post adds, "Besides Cheney, the trial is likely to feature government and media luminaries including NBC's Tim Russert, former White House spokesman Ari Fleischer, columnist Robert D. Novak and Washington Post Assistant Managing Editor Bob Woodward."

Jurors To Be Quizzed On Politics. The AP (1/16, Apuzzo) reports, "Potential jurors in the perjury trial of former White House aide I. Lewis 'Scooter' Libby likely will be asked their opinions of the Bush administration, political scandals and the Iraq war Tuesday, foreshadowing the political tenor of a lengthy trial." Libby is "accused of lying to investigators about his conversations with reporters regarding outed CIA

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officer Valerie Plame." Attorneys "for both sides recognize the politics behind the case and have proposed questions for jurors about their views on government, politics and the media. The answers will be critical for Libby, a Republican who served as an adviser to President Bush and chief of staff to Vice President Dick Cheney. The jury is being drawn from a city where Democrats outnumber Republicans more than nine to one."

The Washington Times (1/16, Curl, 88K) reports, "Special prosecutor Patrick J. Fitzgerald has since spent more than $1.4 million on his investigation, which has not produced charges against anyone for exposing Mrs. Plame as a CIA employee." US District Judge Reggie Walton, "a Republican who was one of Mr. Bush's first judicial nominees in 2001 and who served as deputy drug czar under the first President Bush, has made clear that he will limit arguments to facts and will not allow the proceedings to turn into a circus trial."

The Los Angeles Times (1/16, Schmitt, 850K) reports Libby's "defense is a novel one: that he was so preoccupied with life-or-death affairs of state that it affected his ability to accurately recall events for federal investigators. Prosecutors have a simpler explanation: He lied." Expected to "last six weeks, the trial is likely to provide a glimpse into how the White House responded to critics of its Iraq war policies. It will also include testimony from Cheney, marking the first time that a vice president has appeared in a criminal trial." At a time "when most high-profile Washington criminal defendants cop pleas to avoid the glare of the courtroom, the case should provide a rare display of political theater, a throwback to the days of Watergate and the Iran-Contra arms-for-hostages scandal, which played out in the same federal courthouse where Libby's fate will be decided."

Cheney Defends Libby's Honesty. The AP (1/15) reports Cheney yesterday "called his former chief of staff, who goes on trial this week in the CIA leak case, 'one of the more honest men I know' and said Sunday he expects to testify for the defense." Cheney "would not say whether he would testify in open court or possibly via videotape. 'I have indicated from the very beginning my wholehearted cooperation with the investigation and with whatever legal proceedings emerge out of that. And this will all unfold here in the very near future,' he said."

New York City Features Three Capital Trials At Once. The AP (1/15, Hays) reports, "At one point last week, a cop killer, a notorious druglord and a defendant portrayed by prosecutors as a one-man crime wave were fighting for their lives in the same federal courthouse in Brooklyn in an unusual confluence of three death penalty trials under one roof. … A fourth capital trial involving a triple-murder defendant has opened in Manhattan federal court as well. … 'It's totally unprecedented to have two, let alone four cases going on at one time in one city,' said Kevin McNally, a death penalty expert." The AP continues, "Death penalty opponents have complained that starting with President Bush's first attorney general, John Ashcroft, officials in Washington began rubber-stamping the pursuit of the death penalty in federal cases, particularly in states with no capital punishment laws of their own. In New York, the state's highest court declared the state death penalty statute unconstitutional in 2004. … While the volume of state death penalty cases around the country has decreased in recent years, federal cases have multiplied, said Richard Dieter, executive director of the Death Penalty Information Center. … One result: There are now 46 inmates on the federal death row _ more than double the total in 2000; three, including Timothy McVeigh, have been put to death since 2001." The AP notes, "But the death penalty docket in Brooklyn is far from done: Two more capital trials are scheduled to begin in the spring. … Previously, only three capital cases had been tried in Brooklyn since 1994, when Congress dramatically broadened the federal death penalty statute. … Brooklyn U.S. Attorney Roslynn Mauskopf declined through a spokesman to discuss the cluster of cases. Justice Department spokesman Erik Ablin said only that the department has a vigorous, closed-door review process designed to apply the federal death penalty "fairly across the country.""

FBI Battling Rise In Bank Robberies In Major US Cities. The Washington Post (1/16, A5, Lydersen, 690K) reports, "The Chicago Bandit, responsible for at least eight heists, is known for his blue ball cap inscribed with the city's name. The Cubs Fan Bandit, wanted in three robberies, wears headgear celebrating a local baseball team. Metropolitan Chicago logged a record number of bank robberies in 2006, for the second year in a row. … And 2007 is off to a fast start, with six robberies by Jan. 9. No one really knows why, but the FBI speculates that multiplying storefront and grocery-store branches provide attractive targets." The Post adds, "Los Angeles – 'the bank robbery capital,' according to FBI spokesman Bill Carter -- led the country with 470 bank robberies, up from 455. ... New York's total of 290 was up from 229 the year before, but FBI spokesman Jim Margolin said the city's decline in armed heists with the potential for violence is more significant than the uptick in nonviolent 'note jobs.'" The Post notes, "Several high-profile Chicago suspects were caught in 2006," and FBI Chicago spokeswoman Cynthia Yates "said the FBI increasingly relies on the public's help to catch suspects, because improved surveillance camera technology makes it easier to circulate images of suspects, and FBI resources have been diverted to anti-terrorism duty."

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FBI Reports Continued Rise In Mortgage Fraud. The New York Times (1/14, Tedeschi, 1.16M) reported, "Mortgage fraud has continued its climb over the last year, according to new statistics from the Federal Bureau of Investigation, despite increased attention from the financial industry and law enforcement agencies. 'We recognize it's a growing problem, so we've redoubled our efforts to work with the industry and other law enforcement agencies to address it,' said William Stern, the F.B.I.'s mortgage fraud coordinator. 'We're seeing it spill over to things like organized crime and gangs, which concerns us, too.' Mr. Stern said that as of early January, the bureau had 938 pending mortgage-fraud investigations, compared with 818 at the end of September and 721 in September 2005. The F.B.I. estimated that the actual number of cases was closer to 36,000 for the year ended Sept. 30, compared with 22,000 the previous year." The Times added, "Mr. Stern said lenders and other victims were losing bigger amounts to mortgage fraud rings. … 'We've seen a steady rise in both the complexity of the cases and the loss amounts,' he said."

Meanwhile, the Kansas City Star (1/14, Morris, 271K) reported, "Mortgage fraud is being called the country's fastest-growing white-collar crime. It costs lenders more than $1 billion a year and has turned increasing numbers of federal agents into experts on real estate paperwork. These days, they quickly crack cases that once took years to work, experts say. Two Kansas City politicians recently learned just how quickly. The very day last fall when then-Jackson County Executive Katheryn Shields and her husband signed paperwork selling their home, an FBI agent notified them they were the targets of a criminal investigation involving the sale. … Agents also wrapped up an investigation of City Councilwoman Saundra McFadden-Weaver just months after she unsuccessfully tried to refinance a $400,000 Lee's Summit home." The Star noted, "Testifying before a Senate committee last month, FBI director Robert S. Mueller III estimated the loss to lending institutions at more than $1 billion a year. Others called this a conservative estimate because much of the mortgage industry was not required to report fraud."

Former Tennessee County Official Convicted Of Bribery. The Memphis Commercial Appeal (1/13, Buser, 163K) reported, "The FBI's Tennessee Waltz undercover sting operation netted its third guilty verdict in as many trials Friday with the bribery and extortion conviction of Calvin Williams, former top aide to the Shelby County Commission. … Federal prosecutor Tim Di-Scenza said this and two previous guilty verdicts show the strength of the Tennessee Waltz investigation. There also have been five guilty pleas. 'The significance is that we have a great team of FBI agents working on the case and they've developed extremely compelling evidence to show juries what's been going on out there,' DiScenza said. 'We're very gratified with the verdict.'" The Commercial Appeal notes that after the verdict, Williams said, "It is not what I wanted, but it is what it is. … Whatever it is, it's God's will. I still love Him and I'm sure He still loves me."

Bruno Invested Campaign Funds In Private Businesses. The New York Times (1/13, McIntire, 1.16M) reported, "Over the past six years, State Senator Joseph L. Bruno, the majority leader, has invested hundreds of thousands of dollars from two campaign accounts that he controls in at least four Albany-area companies, which have all had personal business dealings with him, a review of state campaign finance records shows. The investments, though legal, were unusual even for New York, whose election laws are considered relatively lax." Bruno "appears to be one of only a few lawmakers to use excess campaign funds to make loans to private companies or to buy individual stocks, according to a review of state records." The Times noted Bruno "has acknowledged that his consulting business has been under investigation by the Federal Bureau of Investigation since at least early last year." Bruno spokesman John McArdle said that the investments "were an attempt to get a better rate of return than what banks were offering. He said the fact that they lost money on some of the investments shows that no favoritism was involved, and he defended the unconventional investments as legitimate and 'not uncommon.'"

Prominent Morial Associates Plead Guilty To Contract Skimming Scheme. The New Orleans Times-Picayune (1/15, Russell) reported, "A yearslong federal probe into a conspiracy by key associates of former Mayor Marc Morial to skim more than $1 million from city contracts took a sudden and stunning turn Sunday with guilty pleas from the two most important remaining defendants. With the case set for trial on Tuesday, political operative Stan 'Pampy' Barré, a restaurateur, and Kerry DeCay, the city's former director of property management," on Sunday admitted "lead roles in a scheme to loot a massive energy-management contract awarded by Morial in the twilight of his eight years in office." The US Attorney Jim Letten "said the convictions 'laid bare . . . the type of corruption which has gutted this city and has kept this city from attracting and keeping industry and business and has made this city, I think, in large measure what it is today.' The convictions, Letten said, should also put the lie to allegations -- made most recently by Lemann, and in the past by Morial supporters, including a group of clergy -- that the federal investigation was rooted in racial or political bias."

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Federal Witness In Miami Targeted By Pipe Bomb. The Miami Herald (1/15, Benn, 286K) reported, "A potential plot to assassinate a federal witness was thwarted Sunday when police dismantled a pipe bomb strapped to the witness' pickup truck. The man, who was not identified, noticed the device while he was driving around Hialeah, FBI spokeswoman Judy Orihuela said. He drove to the Hialeah Police Department and alerted officers Sunday afternoon." In a widely-distributed story, the AP (1/15) noted, "The Miami-Dade bomb squad detonated the device, and the FBI's Joint Terrorism Task Force was investigating, Orihuela said."

Jury Selection Begins Today For Coke Formula Theft Trial. In a widely-distributed story, the AP (1/16, Weber) reports, "Prosecutors say a former Coca-Cola secretary took confidential documents from the beverage giant and samples of products that hadn't been launched with the aim of selling them to rival Pepsi. Her lawyer says she was duped by two ex-cons and didn't commit a crime. A jury will be asked to determine who is telling the truth. The process of selecting that jury starts today in Joya Williams' trial." The AP notes, "The alleged plans were foiled after Pepsi warned Coca-Cola in May, and an undercover FBI investigation was launched."

Continuing Federal Probe Of Niagara Falls Mayor Raises Concerns. The Buffalo News (1/15, Herbeck, Franklin) reports from Niagara Falls, NY, "More than three years ago, Mayor Vince Anello accepted a series of no-interest loans from Joseph 'Smokin' Joe' Anderson, a prominent cigarette merchant who was developing projects in the city. … FBI agents and the U.S. attorney's office began investigating the $40,000 in loans around May 2004, and Anello and Anderson hired high-profile defense lawyers to represent them. Since then, there have been no indictments or charges. There also have been no statements from law enforcement officials announcing that the investigation is over or that the government has decided against charging anyone." The News continues, "Now, like many other people in Niagara Falls, Anello still wonders where the investigation is heading. … 'I have cooperated with all requests for information. No additional information has been requested of me in 17 months,' Anello told The Buffalo News last week. 'I have discussed this matter publicly many times.'" The News adds, "The region's lead attorney for the Justice Department, U.S. Attorney Terrance P. Flynn, said the investigation is continuing. … No decision has been made yet on whether to file charges against Anello, Anderson or anyone else, Flynn said. … 'It's our job to take the time and make sure that we don't accuse somebody [of] a crime until we have all the sufficient, admissible information we need,' Flynn said. 'We're dealing with a public official who is well-known.' … According to several law enforcement officials, some members of the FBI-led Public Corruption Task Force have been upset with Flynn's office over what they see as exceedingly slow movement on the Anello case. … More than a month ago, the officials said, one of the lead FBI agents in the Anello probe resigned from the task force in disgust, requesting and receiving a new work assignment in the Buffalo area."

Privacy Law Said To Be Falling Behind Technological Advances. The Washington Post (1/16, A9, Nakashima, 690K) reports US law "requires that law enforcement officials obtain a warrant to tap someone's phone or intercept e-mail. But President Bush, drawing on decades-old precedent, asserts that he has 'inherent authority' to authorize agents to intercept electronic communications without a warrant in the interest of national security." That is "the rationale underpinning the National Security Agency's warrantless-wiretapping program. The new Democratic-run Congress has vowed to renew scrutiny of this program and others that involve collection and analysis of Americans' personal data." Privacy experts say "more and more personal data are being stored on the Internet and in databases over which individuals have little or no control. Increasingly, the government, the private sector and criminals are looking for ways to exploit those data."

Herbert Says New Orleans Sinking To "Tragic Depths." Writing from New Orleans, Bob Herbert says in the New York Times (1/15, 1.16M), "During the immediate post-Katrina period, there were essentially two visions of a resurgent New Orleans. One, widely decried as racist, saw the new, improved New Orleans as smaller, whiter and more prosperous. This was openly advocated. … An alternative (and more widely desired) model of the city coincided with the approach that President Bush seemed to be taking when he made his dramatic appearance in floodlit Jackson Square in mid-September 2005. Mr. Bush promised not just to help rebuild New Orleans, but to confront the long-simmering problems of race and poverty with 'bold action.'" But "what is actually happening is worse than anyone had imagined. New Orleans is a mess. It was brought to its knees by Katrina, and is being kept there by a toxic combination of federal neglect and colossal, mind-numbing ineptitude at the local level. … Without a creative new plan and energetic new leadership, New Orleans will be unable to save itself. Right now it's a city sinking to ever more tragic depths."

Authorities Urged To Rethink Links Between Prison Sentences, Mental Health. Bernard E. Harcourt, a professor of law and criminology at the University of Chicago, writes in the New York Times (1/15, 1.16M), "The effect on crime may not depend on whether the institution is a

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mental hospital or a prison. Even from a crime-fighting perspective, then, it is time to rethink our prison and mental health policies. A lot more work must be done before proposing answers to those troubling questions." But "the first step is to realize that we have been wildly erratic in our approach to deviance, mental health and the prison."

CIVIL LAW:

Unions Sue Labor Department Over Safety Equipment Rules. The Washington Post (1/16, D1, Skrzycki, 690K) reports that for "almost eight years, unions have been waiting for the Labor Department to finish writing rules that would make it clear that employers are supposed to pick up the tab for safety equipment for millions of workers." Many companies "already foot the bill for goggles, hard hats, ear plugs, mesh gloves, safety harnesses and other gear that they have been required to provide since 1994. But some industry sectors, including home building, poultry processing and construction, say a mandate requiring them to pay would be too open-ended." Unions "claim the Bush administration has stalled because it is looking out for corporate interests. So on Jan. 3, the AFL-CIO and the United Food and Commercial Workers Union filed suit in the U.S. Court of Appeals in the District to force the government to complete the long-postponed proposal."

Waxman Praised For Federal Contracting Oversight Plans. The New York Times (1/16, 1.16M) says in an editorial, "The new Congress is promising far tighter oversight of Bush administration spending programs, and few targets are more in need of scrutiny and daylight than the outsourcing of government programs to private contractors. This highly lucrative world quietly ballooned by 86 percent — to $377 billion annually — during the first five years of the Bush administration, according to Congressional estimates. Outsourced spending, on Iraq, Katrina and other bonanzas, has grown twice as fast as other discretionary spending, according to Representative Henry Waxman, the California Democrat who is chairman of the oversight and reform committee." Waxman is "fairly itching to finally map the waste, fraud and abuse in private contracting that went largely ignored by the previous Republican Congress. Taxpayers should wish him well."

In a Boston Globe (1/16, 413K) op-ed, Allan Burman, president of Jefferson Solutions, and Steven Kelman of the Kennedy School, say, "The new Congress will devote a great deal of time and energy to the problems surrounding federal contracting. As the seniormost procurement policy officials in the first Bush and the Clinton administrations, we both agree that this is a golden opportunity to ... improve a system that is responsible for spending 40 percent of the discretionary budget."

Democrats Warned Against Abuse Of Oversight. In a USA Today column (1/16), Ross Baker of Rutgers University says, "While the Republicans in the last Congress resembled the clueless Inspector Clouseau in their approach to supervising the executive branch, could there be a danger that in their zeal, the Democrats will emulate instead the implacable Inspector Javert? Even worse, could it be a combination of both fictional gumshoes? Whatever the eventual result, the oversight hearings got off to a flying start in both houses last week with hearings on topics as diverse as Medicare drug benefits and the plight of Iraqi refugees." Tempted as the Democrats "might be to launch numerous fishing expeditions as payback for years of GOP dominance and arrogance, Americans are sick of tit-for-tat politics."

CIVIL RIGHTS:

Nation Honors Martin Luther King Jr. The AP (1/16, Ben Feller) reports, "Paint brush in hand, President Bush helped spruce up a high school Monday and tried to draw attention to a broader point -- the value of community service on a day honoring the Rev. Martin Luther King Jr. 'I encourage people all around the country to seize any opportunity they can to help somebody in need,' Bush said from the library of Cardozo High, a predominantly poor, minority high school about 10 minutes from the White House." Added Bush, "By helping somebody in need, you're honoring the legacy of Martin Luther King. … And by helping somebody in need, you're really helping yourself; you're lifting your soul." In an unannounced visit, "the president joined a community clean up project at Cardozo, where classes were not in session. A few hundred children, parents and local volunteers were at the school, many of them painting murals in the hallways to give the place a livelier look. Bush, in rolled-up shirt sleeves, walked along a corridor and chatted up the volunteers, including Attorney General Alberto Gonzales."

The Washington Times (1/16, Altamirano, 88K) notes "Bush borrowed a paint brush dabbed in red ink, then carefully colored in the 'B' of a stenciled drawing of Ben's Chili Bowl. The local eatery is known for its chili dogs and its rich history, including surviving the riots after King's assassination. 'Getting the drift of this thing here?' a smiling Mr. Bush asked as he painted, seeking approval of his technique. Volunteers nodded." The Washington Post (1/16, B1, Ruane, Harris, 690K) also reports on the celebration under the headline "Walking Just Like King Did."

The AP (1/16, Haines), meanwhile, reports "the first Martin Luther King Jr. Day since the death of King's widow

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and the chief keeper of his civil rights dream was marked Monday with speeches, visits to the couple's tomb and the opening of a collection of his papers, including a draft of his 'I Have a Dream' speech." The AP adds, "Coretta Scott King's legacy loomed large over the 21st observance of the King holiday at the historic Ebenezer Baptist Church, where King preached. … As King condemned the war in Vietnam 40 years ago, Ebenezer's senior pastor, the Rev. Raphael G. Warnock, denounced the war in Iraq. 'The real danger is not that America may lose the war,' Warnock said. 'The real danger is that America may well lose its soul.'" The Atlanta Journal-Constitution (1/16, Fox, 379K) runs a similar story.

The New York Times (1/16, McIntyre, 1.16M) reports, "As New Yorkers gathered yesterday to pay tribute to the legacy of the Rev. Dr. Martin Luther King Jr., it was the memory of another man that asserted itself throughout the day, with political leaders demanding justice for Sean Bell, who was killed in a hail of police bullets last November." Gov. Eliot Spitzer "met with members of Mr. Bell's family before speaking at the Rev. Al Sharpton's annual celebration of Dr. King in Harlem, where a string of politicians followed Mr. Sharpton's cue and addressed the shooting. Mr. Bell, an unarmed black man, was killed by undercover officers outside a Queens nightclub. The case is being investigated by prosecutors."

US Capitol To Honor Robert E. Lee In April. The Washington Times (1/16, Bellantoni, Lively, 88K) reports, "Robert E. Lee's annual honors in the U.S. Capitol have been postponed from this week to April, as heritage buffs hope to expand the Confederate general's 200th birthday into a yearlong celebration. Members of the United Daughters of the Confederacy (UDC) for nearly a century have laid a wreath at Gen. Lee's statue in the Capitol's Statuary Hall on his birthday. It's a big soiree marked with dozens of heritage groups invited to offer wreaths of their own, and speeches by Civil War historians."

Mississippi Political Boss On Trial For Voting Rights Violations. The Washington Post (1/16, A2, Whoriskey, 690K) reports rural Mississippi political boss Ike Brown, "who is African American, is scheduled to go on trial in federal court in Jackson, where he will face charges from the Justice Department that he violated the political rights of Noxubee's white minority. It is the first time that the 1965 Voting Rights Act has been used to ensure white rights." About "two-thirds of the 8,700 adults in Noxubee County are black, and Brown, the local Democratic committee chief, has been criticized for urging people to 'vote black' while engaging in an array of electoral shenanigans." The issue is "whether Brown, 52, has directed 'relentless voting-related racial discrimination' against white voters and white candidates through fraudulent election tactics, as federal lawyers say, or whether he was merely operating aggressive political campaigns in a milieu that has long been split along racial lines."

Compass Settles Bias Claims With DOJ. The Birmingham Business Journal (1/15) reports, "Compass Bank has reached a settlement with the U.S. Department of Justice over allegations the bank discriminated against unmarried car-loan applicants." The Journal continues, "The Justice Department launched an investigation into Compass' automobile lending practices after the Federal Reserve Board, in a routine 2003 examination, found 'reason to believe that Compass Bank's loan pricing procedures and directives constituted a pattern or practice of discrimination,' according to a news release Friday." The Journal adds, "In its complaint, the Justice Department alleged the Birmingham-based bank had violated the Equal Credit Opportunity Act by charging car loan co-applicants who were not married to one another higher rates than married couples. … In a consent order filed in federal district court in Birmingham, Compass has agreed to pay as much as $1.75 million plus interest to unmarried co-applicants who were charged higher rates. It also will beef up its equal credit opportunity training for employees who set car loan rates. The bank also is required to maintain changes to its lending procedures already in place that explicitly ban distinctions based on marital status. … 'Under the law, marital status should have no effect on an individual's access to credit,' said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division, in a news release. 'We will continue to vigorously enforce the federal laws that prevent discrimination in credit and lending services. We commend Compass Bank for working cooperatively with the Justice Department in reaching an appropriate resolution of this case.'"

The Birmingham (AL) News (1/16, Williams) reports, "The Justice Department and Compass said the Birmingham bank will pay up to $1.75 million, plus interest, to non-married loan customers who were charged higher interest rates than married couples. … A consent decree, which still must be approved by a federal judge in Birmingham, says Compass promised it will not discriminate on the basis of marital status in any aspect of its automobile lending. … 'Under the law, marital status should have no effect on an individual's access to credit,' said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division." The News adds, "Ed Bilek, a Compass senior vice president, said the bank admitted no wrongdoing and noted that the loans in question occurred between May 2001 and May 2003. He declined to say how many loans were involved in the investigation, saying only 'it did not represent a significant amount of our business.' The probe looked at lending through the bank's operating territory. … The Justice Department said Compass

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has implemented changes to its lending procedures that bar distinctions based on marital status and will maintain those new policies. Compass said it will provide enhanced equal credit opportunity training to its officers and employees who set rates for automobile loans."

New Jersey Trooper Claims He Was Told To Lie To Federal Monitors. The Bergen County (NJ) Record (1/15, Bautista) reports, "A committee appointed by Governor Corzine to take a 'hard look' at state police reforms is investigating allegations by a veteran trooper that he was coached on how to mislead federal monitors." The Record continues, "Testifying in November before the Advisory Committee on Police Standards, Sgt. Scott Turner said commanders asked him to 'misrepresent' his findings as head of the research and innovation unit that the state police academy at Sea Girt was not complying with the mandates of a federal consent decree signed in 1999 as a result of a racial-profiling scandal. Turner said he refused. … He also testified that high-ranking commanders in the Office of Professional Standards 'manipulated and misrepresented' internal affairs data to show that the state police were complying with the consent decree. … 'I was instructed to keep my mouth [shut] when speaking with federal monitors, to omit information, and I was even coached on how I can mislead monitors [by] misrepresenting information and how I could limit my responses to their questions,' said Turner, who has a whistleblower lawsuit pending against the state police." The Record notes, "The committee's recommendations will help Corzine decide whether the state should join the U.S. Justice Department in filing a motion in U.S. District Court to lift the consent decree, which was signed in December 1999 and allowed federal observers to monitor state police efforts to end racial profiling. … After six years of overseeing state police operations, federal monitors said the reforms have 'far exceeded' the court-ordered requirements designed to end racial profiling. … Nevertheless, the committee is 'still looking' into Turner's allegations, said James E. Johnson, the committee chairman and a former federal prosecutor."

New Hampshire Bill Targets Human Trafficking. The Lawrence (MA) Eagle Tribune (1/16, Fraser) reports, "Three state legislators are joining forces to end the human trafficking problem in the Granite State. Which begs the question, is there a human trafficking problem in the Granite State? … 'There's no way to know, but common sense just tells you New Hampshire isn't immune,' said Assistant U.S. Attorney Mark Zuckerman. 'It's happening all around us. It's happening here, too.' … But the evidence is sketchy, Zuckerman said. Since a federal law passed prohibiting human trafficking in 2000, only one New Hampshire case has been prosecuted - the United States v. Timothy Bradley and Kathleen Mary O'Dell." The Tribune continues, "Bradley and O'Dell, of Litchfield, were convicted in 2003 of forcing four Jamaican men to work for their tree-cutting business. The men lived in unsanitary and unsafe conditions, and received no pay for their work, according to Zuckerman. Both Bradley and O'Dell were sentenced to five years, 10 months in prison." The Tribune adds, "Human trafficking essentially falls into two categories. The first is forced labor, when people are transported across national borders, often illegally, and forced to work for little or no wages to pay back those who brought them into the country. The Bradley and O'Dell case fell into this category, with one difference - the four Jamaican men were brought into the country legally, on workers' Visas. … The second category involves forced prostitution. Young women or children are transported into a country, and forced to pay back those who brought them in by working in the sex trade. … Just the possibility of a human trafficking problem in New Hampshire is shocking to Rep. Jordan Ulery, R-Hudson, the sponsor of two bills. One of the bills would establish a commission to study human trafficking. The other would make transporting illegal immigrants across the border, or from place to place within the border, a crime."

Texas Suit Challenges Santeria Practices. The Washington Times (1/16, Aynesworth) reports from Euless, TX, "Jose Merced said he is tired of Euless police knocking at his door and interrupting his church services. … Police have told Mr. Merced that his Santeria religious rites are against the law in this rapidly growing community because some of its ordination rituals involve the sacrifice of animals. One of his neighbors on the small cul-de-sac registered a complaint, but police did not tell him who. … He said fewer than 10 members of his group meet regularly in his Euless home." The Times continues, "After repeated visits and warnings, Mr. Merced, a 45-year-old airline employee, consulted Ernesto Pichardo, the church's president, and filed a lawsuit against the city claiming his religious freedom had been violated. … In 1993, the U.S. Supreme Court struck down an ordinance in Hialeah, Fla., as a violation of the First Amendment's "free exercise" of religion clause. Justices agreed with Mr. Pichardo, the lead plaintiff in the case, saying the city targeted its law to Santeria sacrificial rites. … The city of Euless refused to comment on the lawsuit, but Avery Jackson, who was waiting in line at City Hall last week, was not so circumspect. … 'Would you want children to watch chickens or goats being killed for their blood?' he said. 'Come on, get real. They might do that in Haiti or Cuba or somewhere, but in Euless, Texas?'"

Virginia General Assembly To Debate Abortion Bills. The Washington Post (1/15, B1, Craig, 690K) reports,

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"Abortion rights advocates are gearing up to fight more than a dozen bills before the General Assembly this year, including a measure that would outlaw nearly all abortions in Virginia should the US Supreme Court overturn Roe v. Wade." The debate over abortion "is a yearly ritual for the Republican-controlled General Assembly, but a pending Supreme Court decision on the Partial-Birth Abortion Ban Act and this fall's legislative races could heighten the discussion this year. … Many Supreme Court observers have said the court is one or two votes from reversing the 1973 decision that established a woman's right to an abortion." Abortion "has been a tumultuous political issue in Virginia, where polls show that about 40 percent of the electorate identify themselves as born-again Christians. The state is home to Pat Robertson's Christian Broadcasting Network as well as Jerry Falwell Ministries, both of which speak out against abortion."

WPost Urges Bipartisan System For State Redistricting. The Washington Post (1/15, A14, 690K) writes in an editorial, "Virginia remains in most ways a majority-Republican state. But after successive Democratic victories in races for governor and senator, plus Democratic pickups in the state legislature for most of this decade, the GOP majority is starting to look shaky. Hence the party's dilemma: If it insists on leaving redistricting in the hands of the majority, as it has in recent years, it may wake up after the 2010 Census startled to find the Democrats in charge of redrawing the political map. If, on the other hand, the Republicans agree now to create a bipartisan system, they may end up with an electoral map more to their liking than if they were left to the Democrats' mercies." The Post adds, "The result will be better government and better politics. It's better government because Virginia's current system has produced a quasi-democracy. Most incumbent lawmakers have districts so gerrymandered in their favor that they face no serious opponent or no opponent at all."

ANTITRUST:

US Undergoing Record-Setting Blitz Of Mergers, Buyouts. The Christian Science Monitor (1/16, Trumbull) reports, "Corporate merger and buyout activity is now surpassing the record levels reached in 2000 – a trend that holds some risk as well as promise for the global economy." The Monitor continues, "In the past week: … US Airways boosted its hostile bid for the struggling airline Delta, to about $10 billion. … General Electric Co. said it will buy Britain's third largest aerospace company for $4.8 billion. It also is looking to auction off its plastics division, which could be worth $10 billion. … Jockeying intensified among rivals to buy Hutchison Essar, one of India's biggest wireless phone companies." The Monitor adds, "With all the stock shares and assets flying back and forth in recent months, even stock exchanges are part of the story. European regulators have just stamped their approval on a proposed merger between the New York Stock Exchange and Euronext, an operator of European exchanges. And two venerable Chicago markets for futures and option contracts are in the process of pairing up. … This wave of dealmaking is generally a positive force, analysts say. Mergers or buyouts help many businesses become more competitive – and support their stock prices in the process. But the trend also gives cause for worry. The last time mergers and acquisitions (M&A) hit a peak like this was in 2000, just before a bear market and recession of 2001. The risk is that, once again, stock prices and M&A activity could fuel each other, only to collapse after a speculative frenzy."

FTC Faces Difficult Decision With Brocade-McData Deal. The Deal (1/16, Lindell) reports, "A merger between competitors might be a great deal for the companies' customers, lowering prices by focusing research and development on the most valuable projects and cutting production costs. Another deal joining competitors, however, could raise prices by decreasing competition, leaving fewer choices to consumers." The Deal continues, "The Federal Trade Commission is trying to decide which camp Brocade Communications Systems Inc.'s $735 million purchase of McData Corp. falls into. … Politics at the five-member commission and recent legal precedent are making this case a closer call than most for the agency. First, the agencies have lost several recent merger cases. Next, market entry barriers that aren't easy to assess and a dearth of customer complaints are complicating the FTC's job. Finally, the makeup of the FTC itself changed last year, and the dynamics of the commissioners are still evolving." The Deal adds, "The case comes at a time when both the FTC and its sister agency, the Department of Justice's antitrust division, have been losing challenges to mergers. FTC Chairman Deborah Platt Majoras has said she wants to bring a case, and she said, 'You can't win if you don't play,' but so far, 'the right case' has been elusive. … Staff lawyers, who are eager to challenge the deal, have reviewed the Brocade-McData deal, according to several sources following the matter. After that recommendation reached his desk, however, sources following the deal believe FTC Bureau of Competition Director Jeff Schmidt overruled staff and forwarded to the five commissioners a recommendation to let the deal go through. … Antitrust lawyers say the differing recommendations are understandable because the case is too close to call. … His reluctance to block the merger in court is due in part to a previous case, DOJ's unsuccessful challenge to Oracle Inc.'s purchase of PeopleSoft in 2004. The Justice Department's defeat in that proceeding was seen as a judicial mandate on the need for consumer testimony. In that case, Chief Judge

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Vaughn Walker of the Northern District of California seemed to say that the government could only block mergers where there is a clear story of imminent consumer harm, as expressed clearly and in unified terms, by the customers in the industry."

DOJ Previews Case Against Realtors. Inman News (1/16, Roberts) reports, "If the antitrust lawsuit filed by the U.S. Justice Department against the National Association of Realtors proceeds to trial, the United States plans to call the Realtor association's general counsel, ZipRealty's CFO, the former president and CEO for eRealty, and the CEO for Home Buyers Marketing II among its witnesses, according to court documents." Inman continues, "The federal government has also identified 20 multiple listing service areas from which it has requested or obtained detailed data and 16 additional MLS areas from which it has collected evidence or will draw evidence." Inman adds, "Lawyers representing the government and Realtor group met last week with a court magistrate for a routine conference in the antitrust lawsuit, which was filed in September 2005. The lawsuit, filed in U.S. District Court in Chicago, charges that the Realtor group approved overly restrictive policies for the online display and sharing of property information among real estate professionals, while the Realtor group has maintained that its policies are not illegal. … Laurie Janik, general counsel for the National Association of Realtors, said lawyers for the association expressed a worry about the possible number of depositions that the government may take to assist in building a case against the Realtor association. Depositions, which are recorded statements given under oath for use in court, can be time-consuming and costly, said Janik, noting the government had announced plans for 10 depositions in one small market area. That number has since been trimmed to three for that market area, she said."

GE Purchases Smiths Aerospace Unit For $4.8 Billion. The AP (1/16) reports, "General Electric Co., the world's largest aircraft engine maker, agreed Monday to buy the aerospace business of Smiths Group PLC, Britain's third-largest aerospace company, for $4.8 billion in cash." The AP continues, "Smiths will return $2.1 billion to shareholders, the London-based company said in a statement. GE and Smiths also announced plans for a joint venture called Smiths GE Detection." The AP adds, "The market reacted enthusiastically, pushing Smiths shares up more than 15 percent to 1,135 pence ($22.24) on the London Stock Exchange. The company has been under shareholder pressure to break itself up, but has resisted. … Fairfield, Connecticut-based GE said the purchases would broaden its aerospace portfolio by adding Smiths' flight management systems, electrical power management, mechanical actuation systems and airborne platform computing systems."

Japan Steel Firms' Deal Challenged By Investment Fund. The Wall Street Journal (1/16, Miyazaki) reports from Tokyo, "Activist investment fund Ichigo Asset Management International Pte said it has taken a 10.9% stake in steel maker Tokyo Kohtetsu Co. and is looking to challenge the terms of a merger with a larger rival that it says shortchanges shareholders." The Journal continues, "The development is the latest in a string of moves by activist investors attempting to force Japanese management, especially at small-to-midsize firms, into doing more to maximize shareholder value." The Journal adds, "Ichigo's move was triggered by Osaka Steel Co.'s announcement in October that it would be conducting a stock swap with Tokyo Kohtetsu to convert the electric-furnace steel maker into a wholly owned subsidiary by March 31. … Tokyo Kohtetsu shareholders are set to vote Feb. 22 on the terms of the swap, which would give them 0.228 share of Osaka Steel for each Tokyo Kohtetsu share. That values the company at 8.23 billion yen ($68.4 million), based on Osaka Steel's share price of 2,070 yen the day before the deal was announced, on Oct. 26. … Ichigo, however, says that ratio gives shareholders just a 0.3% premium relative to the company's average share price over the month prior to the merger announcement. The fund is seeking to have that renegotiated to a 30% premium, or 0.295 share of Osaka Steel for one Tokyo Kohtetsu share."

ENVIRONMENT:

Interior Official In Charge Of Oil And Gas Royalties Kept Out Of View. The New York Times (1/16, Andrews, 1.16M) reports, "Johnnie M. Burton, who runs the Interior Department's troubled program to collect royalties on oil and gas pumped on public lands, is under attack and out of sight. As director of the Minerals Management Service, Ms. Burton has faced widespread complaints from Congress for months that her agency is mismanaged, unaccountable and on the verge of losing billions of dollars owed by oil and gas companies that drill in the Gulf of Mexico." On Thursday, DOI's inspector general "is expected to tell the Senate Energy Committee that Ms. Burton either ignored or remained unacceptably blind to a leasing blunder that will, if left unchanged, let oil companies escape as much as $10 billion in royalties over the next five years." Yet Burton "will not be testifying. In her place will be an assistant secretary of the Interior, C. Stephen Allred, who joined the department less than four months ago." The Times adds, "Senior Interior officials have kept Ms. Burton out of

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public view, and many colleagues assume she will soon leave the agency."

House Democrats' Energy Package Could Be Costly For Oil Industry. The Hill (1/16, Snyder) reports, An "energy package House Democrats will bring to the floor Thursday" could "cost the oil industry $15 billion over 10 years. That money would be redirected into a renewable energy development fund." Under the package, "Democrats would exempt oil companies from a manufacturing tax credit Congress passed as part of a broad corporate tax package in 2004. ... Repealing another tax break for a type of oil exploration included in the Energy Policy Act of 2005 would add another $1 billion." A "much bigger chunk of revenue will come from trying to force oil companies to renegotiate contracts to drill in the Gulf of Mexico signed in 1998 and 1999."

WSJournal Says Democrats' Bill Will Aid OPEC, Hamper US Production. In an editorial, the Wall Street Journal (1/16, 2.04M) says the House Democrats' package "is said to promote America's energy independence, but the biggest winner may be OPEC." The legislation's "central idea is simple: Raise taxes on domestic oil producers and then spend the money to subsidize ethanol, solar energy, windmills (so long as they're not on Cape Cod), and so on. But if you increase the cost of domestic oil production by $10 billion, you are ensuring that U.S. imports of OPEC oil will rise and domestic production will fall." The bill "strong-arms" oil companies into renegotiating late-90s royalty contracts "or pay a $9 per barrel royalty fee from these leases. If the companies refuse, they lose their rights to bid for any future leases on federal property. So at the same time that the U.S. is trying to persuade Venezuela and other nations to honor property rights, Congress does its own Hugo Chávez imitation."

NYTimes Offers Congress "Guideposts" On Energy Bills. In an editorial, the New York Times (1/16, 1.16M) writes, "Al Hubbard, the economic adviser who's coordinating the administration's energy strategy, recently promised that President Bush would produce 'headlines above the fold that will knock your socks off in terms of our commitment to energy independence.' Every president since Richard Nixon has talked this way, while every year the country slides further into dependency." The Times adds, "Mr. Bush's overpromising has included a forecast that we would all be buying hydrogen-fueled cars in 20 years and his pledge a year ago to rid the country of its addiction to oil. Still, we must hope that Mr. Bush is serious this time, because we simply cannot continue to hold our national security and the health of the planet hostage to our appetite for fossil fuels." Congress "is churning out energy bills. But this is a recipe for paralysis unless it observes a few basic guideposts." First, "The last thing America needs is another multi-year debate leading to yet another giant bill that offers something for everyone without really changing the way this country produces and uses energy." Second, "Partisanship and posturing must be resisted." Finally, "Doing things right will take serious money."

Boxer, Sanders Push Sweeping Global Warming Bill. The Hill (1/16, Schor) reports, "Freshman Sen. Bernie Sanders (I-Vt.) will follow in his predecessor's footsteps today, joining 10 colleagues to reintroduce the sweeping bill reining in the spread of global warming that was championed by former Vermont Sen. Jim Jeffords (I). Senate Environment and Public Works Committee Chairwoman Barbara Boxer (D-Calif.) is a lead cosponsor of the measure, which would mandate a reduction of U.S. greenhouse gas emissions to their 1990 levels by the year 2020." The Hill adds, "The emissions cuts would be achieved through a complex system of benchmarks and milestones for businesses that burn carbon-based fuels."

Panel Finds Cutbacks Endanger Climate Studies. The Washington Post (1/16, A1, Kaufman, 690K) reports, "The government's ability to understand and predict hurricanes, drought and climate changes of all kinds is in danger because of deep cuts facing many Earth satellite programs and major delays in launching some of its most important new instruments, a panel of experts has concluded." The two-year study by the National Academy of Sciences "determined that NASA's earth science budget has declined 30 percent since 2000." And it "stands to fall further as funding shifts to plans for a manned mission to the moon and Mars. The National Oceanic and Atmospheric Administration, meanwhile, has experienced enormous cost overruns and schedule delays with its premier weather and climate mission."

Planting Zones Map Updated For Warming Trend. USA Today (1/16, O'Driscoll, 2.27M) reports, "Rising temperatures are allowing Southern trees to thrive farther north and stressing trees used to colder weather, according to new national guidelines issued by planting experts. The National Arbor Day Foundation last month updated the Agriculture Department's 'hardiness zones' map, which was last issued in 1990." The "map divides the nation into 11 planting zones tied to average low temperatures. It shows significant boundary changes as the continent has warmed."

Scientist Says Tree-Planting May Accelerate Global Warming. In a New York Times (1/16, 1.16M) op-ed, Carnegie Institution scientist Ken Caldeira writes, "We add carbon dioxide to the atmosphere every time we use energy from coal, oil or gas; but each tree can remove more than a ton of carbon dioxide from the atmosphere over its lifetime. Based on this logic, it might seem a good idea to go out and plant a tree to slow global heating." And projects "have

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sprung up throughout the world claiming to help cool the earth, ready to accept your money and plant a tree in your name." However, "new scientific studies are concluding that preservation and restoration of forests outside the tropics will do little or nothing to help slow climate change. And some projects intended to slow the heating of the planet may be accelerating it instead." Caldeira adds, "[T]he notion that we can save the planet just by planting trees is a dangerous illusion. To preserve our environment, we must drastically reduce carbon dioxide emissions, and this will require a major transformation of our energy system."

Park Police Said To Lack Funds To Carry Out Its Mission. The Washington Times (1/15, Seper, Cella, 88K) reports, "The lack of federal funding for the US Park Police has jeopardized the agency's mission and employees, including vehicles too broken and dangerous to drive, officers and supervisors say. Though no officer has been hurt or killed as a result of the shortfalls, 'it is just a matter of time' before such an episode occurs, said Fraternal Order of Police official James Austin." The Times adds, "Several veterans and supervisors also said the agency is having problems fulfilling its mission, which includes protecting the country's national treasures and preserving natural resources."

Park Service To Tap Philanthropists To Maintain Parks. The Washington Times/AP (1/16, Jalonick) reports the National Park Service's "new director said the agency will increasingly look to outside sources for money to help maintain parks." Mary A. Bomar, "a career employee who became director in October," said, "We're much more business-savvy than we used to be." The Times adds a Government Accountability Office report "last year said the Park Service is increasingly cutting back on visitor services, education programs and protections for natural and cultural resources because funding has failed to keep pace with operating costs. The agency also has a huge maintenance backlog." Bomar said "philanthropy will be a big part of a plan announced this year, called the 'centennial challenge,' to revitalize and restore parks for the agency's 100th anniversary in 2016."

Ethanol Demand Fuels Fears Of Corn Supply Squeeze. The Wall Street Journal (1/16, C3, Bhattacharya, 2.04M) reports, "Corn prices are likely to reach unprecedented highs in the next two to three years, as an ethanol boom in the U.S. is likely to limit corn's availability for food and feed use. This has fueled concerns that corn, a staple food ingredient in many countries and widely used as feed in the poultry and livestock sectors, might become out of reach for poorer consumers, boosting food prices in general." A report by Lester Brown, founder of the Earth Policy Institute, "said the ethanol distilleries being built in the U.S. will need 139 million metric tons of corn by the 2008 harvest, far more than a U.S. Department of Agriculture estimate of the requirement, pegged at around 60 million tons." Brown "isn't alone in warning that an ethanol boom might lead to sharp rise in corn prices by creating a supply squeeze."

Unions, Conservationists Ally To Increase Environmental Funding. The Washington Post (1/16, A4, Harden, 690K) reports that in a "first-of-its-kind alliance that could fundamentally reshape the environmental movement, 20 labor unions with nearly 5 million members are joining forces with a Republican-leaning umbrella group of conservationists -- the Theodore Roosevelt Conservation Partnership -- to put pressure on Congress and the Bush administration." The "Union Sportsman's Alliance, to be rolled out in Washington on Tuesday after nearly three years of quiet negotiations, is to be a dues-based organization ($25 a year). Its primary goal is to increase federal funding for protecting wildlife habitat while guaranteeing access for hunters and anglers." The "unlikely marriage of union and conservation interests comes at a time when the Bush administration, with its push for oil and gas drilling in the Rocky Mountain West, has limited public access to prime hunting and fishing areas on federal land."

Mallaby Hopeful White House Will Change Stance On Global Warming. Sebastian Mallaby writes in the Washington Post (1/15, A15, 690K), "George W. Bush has managed to isolate himself on Iraq: from world opinion, from domestic opinion and now finally from his own party. But just as Democrats have gained the upper hand on foreign policy, so Republicans have gained the upper hand on health policy. The parties are changing clothes faster than my 3-year-old changes princess dresses. … What other role reversals can we look forward to? … The grand prize for Nixon-to-China inversions will go to the administration if it tackles climate change. A fantasy, you say? On Saturday I put the case for a carbon tax or a cap-and-trade system to James Connaughton, the head of the Council on Environmental Quality at the White House. Far from denouncing these policies as eco-socialist nonsense, Connaughton sounded open to them. … Whoa! This may be spin, but it's certainly new spin."

FBI/DEA/ATF/USMS:

Home-Grown Marijuana Seized In California Raid Possibly Linked To Criminal Syndicate. The Tri-Valley Herald (1/13) reported agents "raided seven homes Friday, discovering millions of dollars in home-grown marijuana that may be linked to an organized criminal

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syndicate. The 4,931 marijuana plants uncovered in six homes in Lathrop and one in Tracy could have produced more than 4,900 pounds of marijuana annually and garnered about $19.7 million, said Gordon Taylor, an agent with the Drug Enforcement Administration. … Taylor said the seven homes raided Friday were connected to the 41 homes raided in Stockton, Elk Grove and Sacramento in August and September in which 18,000 plants worth an estimated $74 million were seized."

Reputed Norte Del Valle Cartel Leader Arrested In Colombia. The AP (1/16) reports a reputed drug kingpin "was captured Monday following a shootout, police said, ending a years-long hunt for a man wanted by American officials for allegedly smuggling tons of cocaine into the United States. Eugenio Montoya Sanchez is believed by authorities to be a leader of the Norte del Valle drug cartel, which the FBI lists on its Web site as the 'most powerful and violent drug-trafficking organization in Colombia.'" Authorities "have been closing in on the cartel since last year, when the army killed eight members of a private army believed to be protecting Diego Montoya, who sits alongside Osama bin Laden on the FBI's 10 most-wanted list." The Washington Post and Wall Street Journal used the AP story.

Government Search-And-Seizure Powers Scrutinized. In the Wall Street Journal (1/16, B1) Adam Thompson writes, "Major League Baseball has found itself embroiled in a federal investigation into whether some of its biggest stars used performance-enhancing drugs to smash home runs in record numbers. But civil-liberties advocates, as well as unions, worry that a recent legal ruling in the case will reach far beyond the diamond and give the government broad search-and-seizure powers in the digital age. At the heart of the case is how much freedom the government has to pursue crimes discovered in electronic files while searching for evidence against other people. It turns on just how much protection the Fourth Amendment, written in the 18th century to stop unreasonable searches, affords information in a 21st-century computer database about people other than those targeted by investigators."

Planes Said To Be Favored Over Boats For Smuggling US-Bound Cocaine. The AP (1/14, Jacobs) reported U.S. Sen. Bill Nelson said Saturday that drug traffickers "are increasingly favoring planes over boats to smuggle U.S.-bound cocaine from South America into Haiti and the Dominican Republic. … In a speech this past week, Haitian President Rene Preval said U.S. anti-drug aid has not significantly stopped the flow of illegal drugs into his impoverished Caribbean country. Nelson…said Washington's agreement with Haiti only allows U.S. authorities to stop drug traffickers at sea _ not by air _ 'because obviously we cannot interdict the plane unless we shoot it down.'"

Ecuador Seen As Being "Colombianized." The Los Angeles Times (1/15, Kraul) reported the United States "is battling a dangerous new front in its South American drug war — just as a protege of anti-American leader Hugo Chavez comes to power in Ecuador vowing to shut down a U.S. base dedicated to narcotics surveillance. Officials have expressed growing concern that this Andean nation is being 'Colombianized,' illustrated by record cocaine seizures in the last two years, the destruction of a major cocaine-processing lab and a recent gangland-style killing. … Ecuador has tried to keep its distance from its neighbor's 40-year civil war and Plan Colombia, a $4-billion antidrug and antiterrorism program funded by the United States, fearing the Andean nation could be drawn into the conflict."

Member Of Kuwait Ruling Family Gets Death Sentence In Drug Case. The AP (1/16) reported a court "has convicted a member of Kuwait's ruling family for drug trafficking, and it condemned him to death, according to a ruling obtained Monday. It is believed to be the first time that a member of a ruling family in one of the Gulf Arab states received the death sentence for a drug offense. The crimes of Sheik Talal Nasser Al Sabah 'threatened society ... especially young people,' who bought hashish and cocaine from him, Judge Humoud al-Mutawah said in his verdict Sunday."

Mandatory Gun Ownership Law Seen As Disincentive To Crime. In a New York Times op-ed (1/16), Instapundit blogger Glenn Reynolds says, "It's a phenomenon that gives the term 'gun control' a whole new meaning: community ordinances that encourage citizens to own guns." Last month, Greenleaf, Idaho, "adopted Ordinance 208, calling for its citizens to own guns and keep them ready in their homes in case of emergency." Greenleaf is "following in the footsteps of Kennesaw, Ga., which in 1982 passed a mandatory gun ownership law in response to a handgun ban passed in Morton Grove, Ill. Kennesaw's crime dropped sharply, while Morton Grove's did not. To some degree, this is rational. Criminals, unsurprisingly, would rather break into a house where they aren't at risk of being shot."

IMMIGRATION:

FBI Investigating Border Patrol Agent's Shooting Of Mexican Immigrant. In a widely-

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distributed story, the AP (1/16) reports, "The FBI said Monday it was investigating the shooting death of a Mexican immigrant by a U.S. Border Patrol agent that had been criticized by Mexican President Felipe Calderon. Francisco Javier Dominguez-Rivera, 22, of Puebla, Mexico, was killed Friday in a confrontation with the unidentified agent north of the U.S.-Mexico border between Bisbee and Douglas." The AP notes, A group of seven people were crossing the desert and the agent took six of them into custody without incident, authorities said. But the agent and Dominguez-Rivera began fighting, authorities said. The agent, who believed his life was in danger, shot and killed the man, the Border Patrol said previously."

TAX:

IRS To Revamp Free File Program. The Wall Street Journal (1/16, Matthews) reports, "The Internal Revenue Service today is expected to unveil its revamped Free File program, which allows taxpayers with adjusted incomes of less than $52,000 a year to file their tax returns online for free through privately run Web sites." The Journal continues, "IRS officials estimate about 95 million people will qualify to use the program. … About 20 companies, including two that will offer services in Spanish, are expected to join the program, created five years ago to promote online filing and cut paperwork." The Journal adds, "In recent years, the program has come under fire from Congress and the National Taxpayer Advocate, a quasi-independent government office that addresses various taxpayers' concerns. … Some critics have charged that the IRS gave the private companies too much leeway to market add-ons, and, in some cases, confused many consumers into thinking that paying for the extra services wasn't optional. .. .In congressional hearings last year, Nina Olson, chief of the National Taxpayer Advocate, said many taxpayers complained about the Free File program." The Journal notes, "One of the changes in this year's program includes elimination of refund-anticipation loans, in which companies lend money to filers -- sometimes at high interest rates -- who don't want to wait for the IRS to send expected refunds. … Taxpayers also will be able to use the Free File program to request refunds, usually ranging from $30 to $60, due to the end of the telephone excise tax."

NYTimes Urges IRS To Increase Audits Of Large Corporations. The New York Times (1/15, 1.16M) writes in an editorial, "With corporations posting record profits amid nonstop accounting scandals, one would assume that the Internal Revenue Service is looking long and hard at big companies' tax returns. Unfortunately, the opposite is true." As the NYTimes's David Cay Johnston "reported last week, IRS auditors are being pushed by the agency's top officials to prematurely close audits of large corporations with agreements that they pay only a fraction of the additional taxes that could be collected." Economists and tax experts who have looked at the IRS statistics have "raised the possibility that an increase in corporate noncompliance is behind the increased tax-due amounts, not more effective auditing." Congress "must ensure that the agency justifies its policy or changes it."

CONGRESS-ADMINISTRATION:

Bush Ponders Health-Insurance Tax Breaks. The Wall Street Journal (1/16, A6, McKinnon, Solomon, 2.04M) reports, "With health-care costs emerging as one of voters' biggest domestic concerns, President Bush is considering promoting a tax-code change making it easier for people to buy health insurance for themselves in the open market, rather than relying on employers." Bush's "coming State of the Union address and annual budget proposal are likely to include other ideas for easing the crunch, Republicans close to the White House said. Those would build on the administration's efforts to encourage states to create special insurance pools for lower-income individuals and small businesses. The administration also is likely to make another push for expanding health savings accounts. The accounts, first authorized in 2003, allow people to save tax-free for health-care needs provided they choose low-cost, high-deductible coverage." Bush's "emphasis on health issues comes as cost and coverage complaints are drawing attention in Washington -- and in state capitols throughout the country. As employers shift health coverage burdens to employees, state governors -- namely Republicans Mitt Romney of Massachusetts and Arnold Schwarzenegger of California -- as well as the new Democratic Congress have paid more attention to the issue, putting new pressure on the president to join the debate."

Business, Unions Seen As Coalescing On Need For Healthcare Reform. The Los Angeles Times (1/16, Hamburger, Alonso-Zaldivar, 850K) reports, "In a sign of how the political climate is shifting, powerful business interests that once teamed up to defeat Democratic healthcare plans are joining with labor unions and other unlikely allies to advocate extending medical insurance to millions of Americans. Among the champions of change is the trade group representing the nation's leading health insurance firms. That industry developed the 'Harry and Louise' television ad campaign, which helped turn public opinion against the universal healthcare plan proposed by President Clinton and then-First Lady Hillary Rodham Clinton in 1994." The Times adds, "Today, the president of the Service Employees

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International Union will stand with the director of the Business Roundtable, which represents the nation's leading corporations, to announce one campaign to overhaul healthcare. On Thursday, private health insurance companies will join with doctors' organizations and health-activist groups on the left to announce a plan for universal coverage."

The Hill (1/16, Young) also reports on the "unusual alliances of interest groups are coalescing to bring a unified front before Congress to spur federal action on healthcare costs and the uninsured. A series of separately planned announcements this week illustrates an emerging consensus among sectors, such as big business and organized labor, that long have been at loggerheads when it comes to health benefits that they must exert combined pressure on policymakers." This "recognition of common interests is rooted in the fact that employers, workers, retirees, health-insurance companies, healthcare providers and the government all are burdened by healthcare costs that rise faster than inflation and by the expense of providing medical care to people without coverage, representatives of the groups agreed."

State Healthcare Plans Criticized. In a USA Today op-ed (1/16), Don McCanne, a senior health policy fellow of Physicians for a National Health Program, says, "Americans need more than affordable insurance; they need affordable health care. California Gov. Arnold Schwarzenegger plans to copy the Massachusetts reform in shrinking the numbers of uninsured people by forcing them to buy stripped down, bare-bones policies." We already "are spending enough on health care to provide high-quality, comprehensive services for everyone. But our inefficient, private-sector insurance bureaucracies have failed and need to be replaced with single-payer national health insurance."

In another USA Today op-ed (1/16), Sally C. Pipes of the Pacific Research Institute says, "Forcing people to buy health insurance will not solve the problem of the uninsured, make America healthier or decrease the amount of money we spend on health care. Such schemes will increase taxes, kill jobs and destroy private health care markets. They are also the next logical step on the path to single-payer health care."

Bush's Balanced Budget Rhetoric Could Put Democrats In Tough Spot. The Washington Post (1/16, A1, Montgomery, Henderson, 690K) reports, "When he takes the House rostrum next week for the State of the Union address, President Bush will list among his goals a balanced federal budget, a shift for a president who has presided over record deficits while aggressively cutting taxes. Politically, analysts say, the president is calling the bluff of Democrats, who won control of Congress in part by accusing Bush of reckless fiscal policies. While Bush now shares the Democrats' goal to erase the deficit by 2012, the politically perilous work of making that happen -- cutting spending or raising taxes -- falls to the Democratic-run Congress." Bush has given two newcomers, Treasury Secretary Henry M. Paulson Jr. and White House Office of Management and Budget Director Rob Portman, the task of approaching congressional Democrats to look for potential compromises on entitlements." The Post adds, "By insisting that all of his tax cuts be extended, Bush is inviting a battle with Congress, not a deal, said Gene Sperling, one of President Bill Clinton's chief economic advisers. Sperling noted that Clinton won a balanced-budget deal with a Republican Congress in 1997 by offering to cut Medicare costs."

Roll Call (1/16, Pierce), meanwhile, reports "Democrats have made a lot of promises -- many of which they're trying to fulfill this week in the House by wrapping up their '100 hours' agenda." But "Democrats still are hunting for ways to cover the long-term costs of their policy objectives, and they already are finding these offsets hard to come by, especially if they want to avoid allegations that they are the same old 'tax and spend liberals' they've always been."

Democrats Seek Centrist Approach To Social Issues. The New York Times (1/16, Toner, 1.16M) reports, "The promise may not outlast their political honeymoon, but Democratic Congressional leaders say they are committed to governing from the center, and not just on bread-and-butter issues like raising the minimum wage or increasing aid for education. They also hope to bring that philosophy to bear on some of the most divisive social issues in politics, like abortion. In their first days in session, Senate Democratic leaders reintroduced a bill that they said was indicative of their new approach: the Prevention First Act, which seeks to reduce the number of abortions by expanding access to birth control, family planning and sex education." In the House last week, "Democrats showcased a vote on expanding federal financing for embryonic stem cell research, which, despite fierce opposition from many conservatives, has won bipartisan support among lawmakers -- and voters -- who are otherwise divided on abortion." The Times adds, "The mantra, for many Democrats, is the search for common ground. On gay rights, lawmakers and advocates said the most likely legislation in the new Congress would focus on hate crimes and employment discrimination, issues expected to be much less polarizing than the debate over same-sex marriage that was front and center in the Republican Congress." Conservatives "are skeptical that such a search for common ground is much more than a shift in tactics."

House GOP Split On Response To Democratic Agenda. The Washington Times (1/16, Bellantoni, 88K) reports the "power shift" that left the House GOP in the

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minority "has created its own internal struggle among Republicans. The younger pit bulls want to go after the Democrats quickly and without remorse. Some of the older Republican stalwarts prefer sitting back and allowing new Speaker Nancy Pelosi and her party members to have their moment in the sun and govern accordingly." Several Republicans "confirmed privately that more than two-thirds of House Republicans are favoring a slow approach, while a minority of members think the attacks on Democrats should come rapid-fire. Already, some say the opposition has been too quiet in allowing Democrats to pass key elements of their initial agenda."

Bill Would Ban Senators From Accepting Free Tickets To Sporting Events. USA Today (1/15, 1A, Schouten, Weisman, 2.27M) reports, "The Senate is moving this week to ban members from accepting free tickets to sporting events to cut ties between Congress and the special interests that provide the seats. Lawmakers have long enjoyed seats in luxury skyboxes paid for by lobbyists and corporations, despite a $50 limit on the gifts they can accept. That's because the tickets often bore no prices or were valued at below the gift limit." The House "adopted a ban on expensive sports tickets earlier this month." The House ban "took effect immediately," while the Senate measure "is part of a bill that includes other changes to lobbying rules."

GOP's "Reid Amendment" To Ethics Bill Could Put Leader In Tough Spot. In a syndicated column appearing in the Washington Post (1/15, A15, 690K), Bob Novak writes that Senate Majority Leader Harry Reid, "extravagantly praised…an exemplar of ethical reform," within "48 hours" of the new congressional session "was opposing full transparency of earmarks. This week, Republican reformers will target Reid with an amendment to the senate ethics package. Sponsored by Republican Sen. Tom Coburn of Oklahoma, the proposal is called the 'Reid amendment' because he inadvertently inspired it." Coburn "would tighten loose anti-earmark restrictions in the ethics bill by prohibiting senators from requesting earmarks that financially benefit a senator, an immediate family member of a senator or a family member of a senator's staffer. The proposal follows the revelation that Reid's four sons and his daughter's husband all have been lawyers or lobbyists for special interests. While Reid has declared that they are barred from lobbying for their clients in his office, there is little doubt that they have taken advantage of their close proximity to a powerful senator."

NYTimes Says Senate's Drive Toward Ethics Reform Shows "Signs Of Slippage." The New York Times (1/15, 1.16M) editorializes, "The Senate's promising start in reforming its ethical shortcomings is showing signs of slippage. Senators ducked a worthy amendment that would bar members from putting family members on campaign payrolls, or see kin become lobbyists. The proposal was ruled unrelated to the debate over lobbyist and ethics reforms, which is hardly the case." Sen. Dianne Feinstein "insisted that there's no such problem in the Senate. Critics instantly noted that her fellow Californian, Senator Barbara Boxer, paid $130,000 from her campaign funds to her son's political consultant firm. In the House, the campaign kitty of Representative John Doolittle, Republican of California, paid $200,000 to his wife as a designated campaign consultant working at home. Congress's reputation cannot afford more such embarrassments." The Times adds, "As the Senate debate continues, there are key proposals that will test how real all the talk is about reform," and this measures will give senators "a much-needed opportunity to prove they are on the side of the voter, not the lobbyist."

Congress' Progress Toward Five-Day Week Tracked. The AP (1/15, Abrams) reports, "The five-day workweek, an idea alien to congressional culture in recent years, is about to make a comeback. 'We are going to work longer hours, we are going to work full weeks, we are going to have votes on Mondays and Fridays,' new Senate Majority Leader Harry Reid, D-Nev., advised his colleagues at the opening of the new session on Jan. 4. Other Americans, from teachers to police officers to factory workers, put in five days a week on the job, Reid said. … Old habits, of course, are not that easy to kick. The Senate was off the next day, a Friday." The House "under new Speaker Nancy Pelosi, D-Calif., also is committed to working longer hours. But the chamber was not in session last Monday, when some members attended the national college football championship game in Arizona. This Monday, Congress is closed for the Martin Luther King Jr. holiday." Nonetheless, the recent "burst of activity is reminiscent of when House Republicans took over in 1995 after the GOP had spent 40 years in the minority. It is a radical break from the recent practice of convening a new session in early January and then immediately taking off until the president's State of the Union address at the end of the month."

White House Disagrees With Accounting Of Days Spent At Camp David. The Washington Post (1/15, A13, Kamen, 690K) reports in its "In the Loop" column, "A Happy Anniversary to President Bush and first lady Laura Bush, who have reached their first anniversary in terms of time spent at Camp David. Mark Knoller, CBS White House correspondent and the unofficial archivist for the White House press corps, reports on the CBS Web site that the Bushes took off Friday for their 116th visit to the beautiful presidential retreat and their 365th day there." The Post adds, "Both Bushes, Knoller told us, think he's being unfair in his counting method, because Knoller counts a partial day as a full one.

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So on Friday, Bush got to Camp David before noon, but it counted as a full day. Applying the same method, Knoller reported that Bush's time there 'isn't that much.' After all, 'President Jimmy Carter spent 376 days at Camp David during his single four-year term in office.' And Bush will have to ratchet up the pace a bit in the next two years to best President Reagan's record 517 days there."

Congress, Administration Far Apart On Farm Bill. The AP (1/15, Quaid) reports, "Lawmakers begin work on a new multibillion-dollar farm bill at odds with President Bush over whether big changes really are needed. The two sides are far apart. Just how far, farmers saw for themselves during the American Farm Bureau Federation's recent meeting in Salt Lake City." Democratic Rep. Collin Peterson is quoted saying, "I think the bill could look a lot like what we have now. What I think we're going to end up doing, you could say, is extending the farm bill." The AP adds, "Contrast that with Bush's agriculture secretary, Mike Johanns, who said at the meeting that farm programs need an overhaul. 'I will be the first to argue that the 2002 farm bill was good policy for its time,' Johanns said. 'But the agricultural and economic realities that influenced the development of the '02 farm bill — they simply don't exist.'" Congress and the Administration "disagree mightily on what the new farm bill should look like."

Kanjorski Plans Hearings On Shareholder Rights. The Financial Times (1/16, Grant) reports the "signs are emerging of a Democratic effort to boost shareholder rights in the US after a top lawmaker said he planned to hold 'informational hearings' on the harmonisation of regulatory systems between the US and Europe." Rep. Paul Kanjorski, "the new chairman of the House of Representatives sub-committee on capital markets, insurance and government sponsored entities said 'the time is ripe' to examine the issue." Kanjorski said, "It's something I want to pay attention to because one of the things that ties in very closely is investors' rights in corporations. I think Europe has shown that they have a greater investor right concept and it's working fairly well."

Congress Moves To Strip Pensions From Convicted Members. Roll Call (1/16, Newmyer) reports, "Lawmakers who commit crimes in office may no longer be able to rely on a federal pension to pad their fall from grace." The House this week "will take up a bill by freshman Rep. Nancy Boyda (D-Kan.) that would strip lawmakers convicted of ethics-related offenses of their federal retirement checks." The Senate last week "overwhelmingly agreed to add a similar proposal by Sen. John Kerry (D-Mass.) to that chamber's lobbying reform package."

Ethics Panels Beef Up Staff. The Hill (1/16, Bolton) reports the Senate and House ethics committees "plan to increase their staffs to police Congress better in the wake of lobbying and ethics reform legislation." The personnel moves come "as nongovernmental watchdog groups temporarily back off their demand that Congress create an office of public integrity to crack down on violations." The watchdogs' lobbyists "say opponents of a public-integrity office have long suggested strengthening the committee instead, but the watchdogs say that this would not address the problems plaguing Congress. Still, the tide is running for extra staff and against an outside panel, and good-government advocates are asking the Senate not to vote on the public-integrity office for fear that it would be rejected in a landslide."

Ethics Rule Bars Food, Gifts From Some Reporters. The New York Times (1/16, Kirkpatrick, 1.16M) reports, "Perhaps inadvertently, the new ethics rules passed by the House require lawmakers and aides to be very careful about letting reporters pick up the tab." The new rule "bars lawmakers and their aides from accepting meals paid for by employees of companies that also pay registered lobbyists. Among others, that includes journalists working for the major television networks, The Wall Street Journal and The Washington Post," but not the New York Times.

WPost Says Senate Needs To Pass Key Reforms. The Washington Post (1/16, A18, 690K) says in an editorial that as the Senate considers its version of ethics and lobbying reform, "it's important to ensure an opportunity for an up-or-down vote on critical amendments that would strengthen the reforms." The "first and most important of these is" Sen. Harry Reid's "amendment on gift and travel rules. Essentially matching a provision approved by the House, Mr. Reid offered an amendment that would require lawmakers to pay charter rates for flights on private planes; under current rules, they only have to ante up the equivalent of first-class fares." The Post adds the Senate should also "pass rules to require lobbyists to disclose campaign contributions they collect -- or 'bundle' -- for lawmakers, as Sen. Barack Obama (D-Ill.) has proposed."

DC's Shadow Delegation Profiled. The Washington Post (1/16, C1, Copeland, 690K) profiles Paul Strauss, one of the Washington, DC's "two shadow senators." He "doesn't get an office in the Senate, but he often hangs out there. If he tried to get onto the Senate floor he would be swiftly ushered away, so he grabs an edge where he can find it, trying to chat up senators in the reception area outside the Senate floor. After a decade in office, he is still like a butler trying to insinuate himself into a family party." The District's "three-member shadow delegation, made up of two senators and one representative, exists in a netherworld. They are sometimes confused with Eleanor Holmes Norton (D), the

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city's delegate to Congress, but unlike her, they're not sworn in at the federal level. They are elected by the people of the District, yet the District gives them no salary and no budget. A good number of D.C. residents don't even know that the District has an elected shadow delegation, or that their role is to lobby for the District's perennial pipe dream, statehood."

Rules Scarce For Lobbyists Taking Jobs On Hill. In his Washington Post column (1/16, A17), Jeffrey Birnbaum says the "rules are different for reverse migrations from K Street to Capitol Hill. In fact, there are no rules." Lots of "lobbyists have returned to Congress to work for the new Democratic majority," but the "most jaw-dropping hire from K Street, though, is Matt Gelman. Gelman is senior adviser to House Democratic Whip James E. Clyburn (S.C.) and is, in effect, on loan from Microsoft, where he is director of federal government affairs. He's on unpaid leave for a few months from the software giant and will return after he helps build Clyburn's vote-counting operation."

NTEU Criticizes Social Security IG. The Washington Post's (1/16, D4, Barr) "Federal Diary" column reports, "It's a generally accepted practice to follow orders from the boss. But a grievance filed by a federal union shows that allegedly doing what the boss says can lead to unexpected consequences. The grievance protests what the union calls 'extreme civil penalties' sought by the Social Security Administration inspector general to punish four employees at an office in Des Moines." The Post notes that "Colleen M. Kelley, the union president, said the inspector general's office alleges that the employees used misleading statements or omitted material when helping prepare decisions on whether certain people were eligible for Social Security disability benefits. According to the union, the employees, who are lawyers, followed the instructions of their boss, an administrative law judge, and took the 'general and hypothetical' testimony of a vocational expert in one case and applied it to about 700 other cases."

House Democrats Criticized On Minimum Wage Bill. The Wall Street Journal (1/16, 2.04M) say in an editorial, "The House last week whooped through an increase in the minimum wage to $7.25, by a vote of 315-116. But, lo, included as part of this boon to the working man was a loophole: The new, higher wage floor applied to all of these United States and its territories -- save for the Pacific outpost of American Samoa." It "turns out that American Samoa has a big fish and tuna canning industry, specifically operations run by StarKist and Chicken of the Sea. Both companies are headquartered in California, and StarKist's parent is located in none other than Ms. Pelosi's own San Francisco district. So faster than you can say 'middle class squeeze,' Democrats rediscovered the eternal economic truth that a higher minimum wage can cost jobs and granted Samoa its reprieve."

OTHER NEWS:

Gasoline Prices Likely To Continue Falling. USA Today (1/16, Hagenbaugh, 2.27M) reports, "Gasoline prices dropped over the holiday weekend and are likely headed lower. But drivers who expect gas prices to fall as sharply as oil prices in recent weeks will likely be disappointed. That's because gas stations aren't seeing their fuel costs drop as swiftly as oil prices." The "average retail price of a gallon of regular gasoline fell 4 cents from Friday to Monday to $2.233, according to auto club AAA and the Oil Price Information Service." USA Today adds, "More relief for drivers is likely on the way. Average retail gasoline prices are expected to drop a dime or more over the next few weeks, say a number of energy analysts." But "[t]he decline that analysts are predicting would not come close in magnitude to the falloff in prices seen in crude oil markets."

Virginia Ticket Challenge Leads To Rewriting Of Sticker Law. The Washington Post (1/16, A1, Miroff) reports, "The Great Virginia Parking Ticket Battle began with a burst of expletives one Saturday morning in October 2000, when Woodbridge resident Robert W. Eberth, a retired Navy captain, found a $35 citation on the windshield of his 1990 Ford Taurus. NO VALID STATE INSPECTION, it said." The Post continues, "Eberth had been ticketed under Prince William County Code 13-322, mandating up-to-date inspection stickers for vehicles parked on public roads. True, Eberth had allowed the Taurus's registration to lapse. But he was saving the car for his teenage son and had parked it in the private lot of his apartment complex. … Eberth examined the ticket. He cursed a little more. Then he looked up 13-322 on the Internet. … 'Something is very wrong with this picture,' he said to himself. He checked the box marked 'contest.' … Over the next six years, representing himself in multiple court battles, Eberth took his parking-ticket dispute all the way to the Virginia Court of Appeals. Last month, he won." The Post adds, "A three-judge panel in Alexandria went even further than Eberth had imagined, ruling that Prince William had no authority to ticket vehicles with expired inspection stickers parked on private -- or public -- property. The ruling by Judge Robert J. Humphreys said state law prohibits only the operation of a vehicle with an expired inspection sticker, casting doubt on whether police anywhere in Virginia can ticket parked vehicles with expired stickers. … Because Prince William's code dates to at least 1965, the ruling suggests that the county has been erroneously citing drivers

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for more than four decades. Since 2000 alone -- the year Eberth got his first of three tickets -- Prince William has written 29,871 citations under Code 13-322, for fines totaling more than $1 million."

RNC "Conservatives" Mull Rebellion Against Martinez. The Washington Times (1/16, Hallow, 88K) reports, "Rebellion is brewing among conservatives on the Republican National Committee over President's Bush's attempt to 'impose' Sen. Mel Martinez of Florida as 'general chairman' of the party, who favors 'amnesty' for illegal aliens. 'I will be voting against Senator Martinez if he is nominated for any chairmanship of the RNC,' Tina Benkiser, Texas Republican Party chairman, told The Washington Times yesterday." Bill Crocker, "the elected national committeeman from Texas, says that when the RNC convenes here tomorrow, 'Absolutely, I will vote against Martinez.'" The Times adds, "The conservatives -- one of whom accused the Bush White House of 'outsourcing' party leadership -- say the general-chairman post does not exist under RNC rules, which can be changed only at the party's presidential nominating convention." The Times also reports, "The rebels say that electing Mr. Martinez as head of the RNC would make raising money even more difficult because of resentment by the party's rank-and-file small donors over Mr. Martinez's co-sponsorship of legislation to allow millions of illegal aliens to become citizens."

Allard Won't Seek Reelection. In what's being described as a further challenge to GOP efforts to recapture the Senate, the AP (1/16, Paulson) reports Colorado Sen. Wayne Allard (R) "said Monday he will not run for re-election in 2008 but will honor a pledge he made in 1996 to serve only two terms. … The decision sets up a wide-open race. Allard's seat was once considered safe for the GOP, but Colorado voters have shown a penchant lately for replacing Republicans with Democrats." Democrats "see the race as a chance to pick up another vote in Congress after wresting two House seats and a Senate seat from Republicans the past two years." The AP adds, "Democratic Rep. Mark Udall, a popular five-term congressman and son of former Rep. Morris Udall of Arizona, has said he was going to run for the seat whether Allard did or not. Another Democrat who has been mentioned as a potential candidate is Denver Mayor John Hickenlooper. On the Republican side, former congressman Scott McInnis said he will run if Allard and former Gov. Bill Owens don't."

The Denver Post (1/16, Mulkern, Gallegos, 256K) reports that Rep. Tom Tancredo (R) "will not seek Allard's seat in 2008, Tancredo spokesman Carlos Espinosa said today. Tancredo encouraged…McInnis to run."

The Rocky Mountain News Allard (1/16, Sprengelmeyer) notes "Allard said today he will honor his term-limits pledge" by leaving in 2008. The "term limits pledge was a relic of the so-called 'Republican Revolution' of the 1994 election, when the GOP swept to power promising to change the ways of Washington. As time passed, some one-time leaders of the movement, including…Tancredo, and others who signed pledges, such as…McInnis, abandoned their promises in the name of continuing public service. Others, such as former Rep. Bob Schaffer, lived up to their pledge and went home."

The Washington Post (1/16, A4, Cillizza, 690K) says that in 2008, "Republicans must defend 21 seats and Democrats only 12. Other Republicans mentioned as possible retirees in 2008 include Thad Cochran (Miss.), Chuck Hagel (Neb.), Pete V. Domenici (N.M.) and John W. Warner (Va.). Tim Johnson (S.D.) and John F. Kerry (Mass.) are considered the most likely Democrats to retire." The Post adds, "Even before his announcement, Allard was regarded as one of the most vulnerable senators next year, in equal parts because of his low-key demeanor and because of Colorado's shifting political landscape. In the past two elections, Democrats have taken over the governor's mansion, a Senate seat and two House seats." The Washington Times (1/16, Richardson, 88K) also says "Allard was expected to face a tough re-election battle in 2008." The New York Times (1/16, Zeleny, 1.16M) runs a similar report titled "Task Gets Taller For GOP," in which it says "by the numbers, Republicans were already at a disadvantage."

Population Shifts Could Provide GOP More House Seats. The New York Times (1/16, Hulse, 1.16M) reports, "Census projections analyzed by the firm Election Data Services show that population losses in Louisiana after Hurricane Katrina could cost the state a Congressional seat after the 2010 census." In addition, "seven states in the Northeast and the Midwest would drop Congressional seats as residents migrate to the South and the West, where six states would gain seats. Texas, which has absorbed some Louisiana transplants, would gain two. The trend would seem to be good for Republicans."

Cole Optimistic For House GOP's Future. The Hill (1/16, Blake) reports, "Following his party's worst election performance in 30 years, House Republican campaign chairman Tom Cole makes clear that he intends to retake many of the seats swept up in the Democratic wave in November, and he's willing to effect the changes needed to do so." Cole "didn't say Republicans would retake the House in 22 months, but it's evident he would be among the last to project surprise if it happened. He repeats a pair of facts — that Republicans have their largest minority in the last half-century and that Democrats now hold 61 districts that

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President Bush carried twice — with the frequency of someone who has been delivering the same argument to donors helping to retire the committee's $15 million debt." Cole's "pitch is basically this: All variables equal, Republicans have the edge, and they will take the majority again." Cole said "the Republican strategy of localizing the election and, at the same time, trying to peg Democrats in conservative districts with the 'San Francisco values' of now-Speaker Nancy Pelosi (D-Calif.) was unsuccessful in 2006 and indicated it wouldn't work in 2008 either." Cole "envisions 2008 being more of an issues-based election — one not dominated by a few select issues as 2006 was by ethics and the Iraq war, but a return to the core principles of the two parties."

Democrats May Not Target King Again In NY3.

Roll Call (1/16, Kurtz) reports that among New York Democrats' "few disappointments was their inability to oust Republican Rep. Peter King on Long Island. Despite facing a young, appealing newcomer, Nassau County Legislator David Mejias (D), King cruised to re-election with 56 percent of the vote. It was the closest race he had had in a decade, but it may not have been close enough to guarantee Mejias a second shot in 2008 — or even ensure that Democratic leaders will target King again this cycle." Mejias' late entry in the '06 cycle "was due in part to the start-and-stop Congressional candidacy of a colleague on the Nassau County Legislature, David Denenberg (D)." Denenberg said "he once again is contemplating a Congressional run — as is Mejias. But neither is going to start organizing early, because both are up for re-election to their local offices this year, and both represent Republican-leaning districts, meaning neither will have an easy race in 2007."

Iraq Debate Shaping 2008 Presidential Race.

USA Today (1/15, Lawrence, 2.27M) reports, "President Bush's plan to increase the number of U.S. troops in Iraq is putting Republican presidential prospects in a bind as they look ahead to a nomination process dominated by party loyalists. A year before the primaries start, no one knows how Bush's gamble will play out. For now, polls show Republicans are much more likely than the general public to support Bush, the war and the troop increase." David Woodard, a GOP consultant and a political scientist at the University of South Carolina, "says presidential aspirants need to find a middle ground between the demands of the primaries and the general election." Two hopefuls, Sens. John McCain and Sam Brownback, "have clear-cut and directly opposing positions. McCain has long said more troops are needed to achieve U.S. goals in Iraq. Brownback says more troops are not the answer." Former New York City mayor Rudy Giuliani and former Massachusetts governor Mitt Romney "are offering muted support. Former Arkansas governor Mike Huckabee calls Bush's stance 'risky' and 'fairly unique to him' and says he doesn't have enough inside information to judge the plan on its merits." USA Today adds, "Though the public overall strongly opposes the Bush plan, 67% of Republicans in a USA TODAY/Gallup Poll this month said they favored committing more troops to Iraq."

The Chicago Tribune (1/15, Silva, 617K) reports Democratic Sen. Barack Obama, "pressing for a phased withdrawal of US forces from Iraq starting in four to six months, said Sunday that…Bush's announced deployment of 21,500 additional US troops amounts to a policy of 'stay-the-course-plus.'" McCain, meanwhile, "warned that withdrawing US forces will only lead to 'catastrophe.'" The Tribune adds, "While Democratic Senate leaders prepare for a non-binding vote opposing the new war strategy, Obama, the Illinois Democrat promising an announcement "pretty soon" about his plans for a 2008 presidential campaign, was careful Sunday to avoid committing to any vote blocking war funding."

ABC World News (1/14, story 5, 2:20, Harris, 8.78M) said Iraq "is dominating the conversation in an already-crowded race for President." ABC (Marquez) added, "It is becoming clear that no issue will drive the campaign for the White House like the war. Today, former Democratic Senator John Edwards threw down the gauntlet to his rivals in Congress." Sen. John Edwards: "You have the power, members of Congress, to prohibit the President from spending any money to escalate the war. Use that power." Marquez: "Edwards has called his original vote for the war a mistake, something New York Senator Hillary Clinton has not done. But yesterday, while on a fact-finding mission in Iraq, she expressed her doubts." Sen. Hilary Clinton: "But I don't know that the American people or the Congress, at this point, believe this mission can work." Marquez: "The top Republican contenders are also staking out their positions on the war. But no potential candidate has tied his political fortunes more closely to the war in Iraq than Senator John McCain, an outspoken supporter of the troop surge." Sen. John McCain: "I have presidential ambitions. And they pale in comparison to what I think is important for our nation's security." Marquez: "If the surge fails, many political analysts say so, too, will McCain's presidential bid." Stu Rothenberg: "Republicans and Democrats are referring to McCain's war. And if the war goes south, further south from now on, I think he will take more criticism." Marquez: "The surge has divided the other GOP candidates. Former Massachusetts Governor Mitt Romney and former New York Mayor Rudy Guiliani support it. Senators Chuck Hagel and Sam Brownback do not. The discourse will only grow louder as the war escalates and the race heats up." NBC Night News (1/14, story 8, 2:50, Corke) also said "the debate over the Bush plan for more

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troops for Iraq, now playing out against the backdrop of the 2008 presidential election with as many as six possible candidates speaking out."

The Christian Science Monitor (1/16, Feldman, 59K) reports on the impact of President Bush's announcement of a troop "surge" in Iraq on the 2008 presidential race. For now, "the biggest impact is on the nomination races within the parties, but if the Iraq war remains the top issue in November 2008, positions candidates take now could prove central to their chances of winning the Oval Office." On the Democratic side, "all eyes are on Sen. Hillary Rodham Clinton of New York, who is expected to announce her presidential intentions by the end of the month and who has remained cautious in her criticism of the Iraq war. With more overtly antiwar Democrats running against her, at least one of whom could prove strong in the early nomination battles (former Sen. John Edwards of North Carolina), the question is whether she will feel pressure to ratchet up her opposition to the war to win over the antiwar Democratic base." On the Republican side, "the safe position on Bush's troop escalation in Iraq is to support it – after all, a majority of Republicans still support the president – and the top-tier candidates have fallen in line. But if voters perceive that the US is mired in Iraq by the next election, that firm support could prove the death knell for the Republicans' chances of holding onto the presidency." Sen. John McCain's chances, "in particular, could live or die by his strong support for the Iraq war and for the addition of troops."

Cohen Says McCain Should Reconsider Stance On Troops Boost. In his Washington Post column (1/16, A19), Richard Cohen recalls a visit to Vietnam with Sen. John McCain. After McCain departed, Cohen visited the North's Cu Chi tunnels, but wished he had remained: "I would like to have seen his face, measured his reaction. He knows Vietnam far better than I do, but as a prisoner -- not as an insurgent in a tunnel. I would like him -- because I do like him -- to consider whether the remedy for Iraq is not more American troops, as he insists, but fewer and fewer . . . and then none at all. Iraq is not Vietnam, but America is still America -- and we still don't know what in the world we're doing."

Edwards Anti-War Speech Seen As Reminiscent Of Martin Luther King. The New York Times (1/15, Lueck, 1.16M) reports, "Edwards was greeted by thunderous applause in Manhattan yesterday when he called for an immediate pullback of troops from Iraq." Edwards "was the keynote speaker at a memorial service sponsored by Realizing the Dream, a group whose founders include Martin Luther King III." The Times adds, "For some of those who attended, Mr. Edwards's speech may have had added resonance because it was delivered 40 years after Dr. King appeared at Riverside Church to deliver his strongest condemnation of the Vietnam War."

The AP (1/15, Fouhy) says Edwards echoed "a plea by the Rev. Martin Luther King Jr. 40 years ago to end the Vietnam War." He "spoke from the same wooden pulpit King used and was introduced by King's son, Martin Luther King III. The younger King said his father would have admired Edwards' commitment to fighting poverty."

Clinton May Benefit From Husband's Iowa, New Hampshire Networks. The AP (1/16, Ramer, Glover) reports, "Six years after leaving office, President Clinton still has plenty of friends in New Hampshire and Iowa, the states that traditionally launch the presidential nominating process." Many of the "folks known as 'Friends of Bill' count themselves as 'Friends of Hill,' as well." Some, like Anita Freedman of New Hampshire, "a Democratic national committeewoman regarded by many as one of the matriarchs of the New Hampshire party, are eager to rekindle the flame." But others "remain undecided on the 2008 race or have gravitated toward other candidates. It remains to be seen how much of her husband's network of supporters Mrs. Clinton, now a New York senator, can resurrect or what role they would play if she decides to get into the race, as expected." While "nostalgia and personal ties may play to Sen. Clinton's advantage, Democrats stress that it's the quality of the candidate herself that's earned their support." Nancy Richards-Stower, "a New Hampshire attorney, said she'll work just as hard for Sen. Clinton as she did for Clinton's husband."

Obama Says '08 Decision Coming "Very Soon." The Chicago Tribune (1/16, Mendell, 617K) reports Sen. Barack Obama "inched closer to revealing his intentions about running for president on Monday, adding a 'very' to the 'soon' in his assessment about when an announcement will come." After "delivering an emotional keynote speech to celebrate Martin Luther King's birth," Obama said, "We will have an announcement very soon." The Tribune adds that in "recent weeks, Obama has sought advice from a widening circle of political advisers and has hired staff in key states."

The AP (1/16, Davenport) reports introducing Obama, "the Rev. Jesse Jackson told a crowd at the annual King scholarship breakfast, 'it's a long, nonstop line between the march in Selma in 1965 and the inauguration in Washington in 2009.'" The AP adds, "Screaming admirers managed to get Obama's autograph after he advocated removing troops from Iraq, rebuilding struggling areas such as the suburb of Harvey where he was speaking and increasing civic activism and calling on people, especially fathers, to be better parents."

McCain '08 Win Would Pose Dilemma For Napolitano. The Roll Call (1/16, Drucker) reports Sen. John McCain "could create a dilemma for Arizona Gov. Janet Napolitano (D) should he win the presidency in 2008 and

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leave her the task of appointing his Senate replacement." Arizona law "mandates that the governor replace a prematurely departed Senator -- but requires him or her to choose an individual who is a member of the same political party as the departing lawmaker." The vacancy would raise the question, "Which Grand Canyon State Republican does Napolitano enlist to replace McCain, particularly if she has designs on running for Senate herself in 2010, when McCain's seat is up and she will be termed out of office?" Arizona Democrats "speculate that Napolitano — whether for personal political reasons or in response to the pressure she likely would be under from Democrats nationally — would select a capable Republican from among her many high-profile GOP supporters to serve as a caretaker, ensuring that the seat is open in 2010."

Gingrich Criticizes "Base-Motivation" Party Strategy. The Washington Times (1/15, Hallow, 88K) reports, "Newt Gingrich, who is considering a bid for the 2008 Republican presidential nomination, says his party's biggest mistake is thinking that the way to a lasting majority is to emphasize its conservative voter base. … 'A base-motivation party inherently, in the long run, drives away the non-base,' Mr. Gingrich said. The better way, he says, is to define the opposition on specific issues so that the Democrats are exposed as espousing views shared by a small minority of voters."

Presidential Candidates Scramble For Key Endorsements. The Hill (1/16, Schor) reports that after a "week dominated by bipartisan criticism of President Bush's planned troop increase in Iraq, which Sen. John McCain (R-Ariz.) has supported, McCain changed the conversation yesterday by naming Minnesota Gov. Tim Pawlenty (R) the national co-chairman of his presidential exploratory committee." Snagging the "bona fides of a rising party star such as Pawlenty is one thing, but winning over lawmakers from states with early primaries in 2008 can provide an even bigger boost. Both senators from New Hampshire, where the latest polls show McCain and former New York City Mayor Rudolph Giuliani ahead among Republicans, are staying mum on their allegiances." South Carolina, "another early-primary state, has split its Republican senators, with rising freshman Jim DeMint going for Romney and senior Lindsey Graham supporting McCain." In Iowa, Sen. Chuck Grassley (R) "has said he will hold off on endorsing until later in the contest, while Democratic Sen. Tom Harkin almost certainly will link up with departing Gov. Tom Vilsack's (D) long-shot bid."

Huckabee Seen As Top GOP '08 Long Shot. In his Washington Post column (1/16, A19), E.J. Dionne says Gov. Mike Huckabee, "who just stepped down as Arkansas governor, is the brightest star among Republican presidential dark horses." While 'front-runners John McCain and Rudy Giuliani have placed large bets on the success of President Bush's Iraq policy, Huckabee has maintained what you might call loyal distance." Huckabee is "the Republican to watch, especially if former governor Mitt Romney of Massachusetts doesn't gain traction. Like Romney, Huckabee was a governor and can brag about expanding health coverage in his state (even if Romney's plan was bolder)."

Biden, Dodd Say South Carolina Shouldn't Fly Confederate Flag. The McClatchy Newspapers (1/16, Sheinin) reports, "The Confederate flag doesn't belong on the State House grounds in South Carolina, two presidential hopefuls said Monday at the King Day at the Dome march and rally." Sen. Chris Dodd "told the estimated 5,000 people crowded onto the Capitol's north lawn that the rebel banner is not what the country is fighting for." Sen. Joe Biden "also spoke at the rally, and said if he were a member of the S.C. General Assembly, 'I'd vote for it to move off the grounds, out of the state.'"

The AP (1/16, Davenport) reports that at an NAACP march and rally at the Statehouse, Biden said, "If I were a state legislator, I'd vote for it to move off the grounds — out of the state." Biden "expects legislators here will eventually move the flag. Pointing to his heart, he said, 'as people become more and more aware of what it means to African-Americans here, this is only a matter of time.'"

Brazile Says Biden In Position To Offer Democrats' Plan B For Iraq. In her Roll Call column (1/16), Democratic strategists Donna Brazile says that "at a time when Congress is preparing to debate the merits of this new (if you can call it different from what has been tried and proved unsuccessful before) strategy" for the war in Iraq, Senate Foreign Relations Chairman Joe Biden "appears ready to push for a 'Plan B' — if and when this current strategy fails to produce the outcome the president believes is necessary to declare victory and bring our troops home." As "fresh new troops arrive in Baghdad this week for a mission that remains in flux, the newly emboldened Congress must hold the Bush administration accountable and Biden must continue to press for a sound and effective policy shift. Still, the challenge is for the chairman to spend some quality time with his colleagues to help forge a consensus policy and a way forward."

Nevada Caucuses Could Recast 2008 Democratic Nomination Fight. The Los Angeles Times (1/15, Barabak, 850K) reports from Las Vegas, "Forget the jokes about caucusing in brothels, or trawling for votes amid the slot machines and blackjack tables along the neon-drenched Strip. When Democratic presidential hopefuls

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come calling on Nevada, the real challenge will be the party faithful they find in this independent-minded state, which in a little more than a year will host the West's first nominating contest." Democrats in Nevada "like guns, loathe taxes and see nature as a source of fun and profit, not a place that some Washington bureaucrat should lock away. And skip the Rust Belt rhetoric about all those manufacturing jobs fleeing to China and Mexico. Economic issues require a different approach in a state that has boomed for the last 40 years." Nevada "represents the leading edge in a political shift, as the Rocky Mountain West becomes the new battleground in presidential politics. Democrats, hoping to bring a fresh voice to their nominating process and give candidates a head start on the fall campaign, have set Nevada's caucuses for Jan. 19, 2008. It is the first time any Western state has had so much influence so early."

New Orleans Facing "Unprecedented Mental Health Crisis." USA Today (1/16, Eisler, 2.27M) reports on the "hidden" hurricane damage faced by New Orleans: "an unprecedented mental health crisis" that "the city has no way to deal with." USA Today continues, "For those who have come back, everything is hard, and the challenges seem endless: lining up contractors, getting basic services restored, even finding neighborhood places to buy groceries, clothes and gasoline. Now, many fear the situation could worsen. 'This couple of months is our most critical time period. … New Year's, Mardi Gras, Easter, and if people need (mental health) services right now, there really is almost no place to go,' says Kevin Stephens, director of the city Health Department. … In all of New Orleans, only a few dozen hospital beds remain available for inpatient psychiatric services, down from more than 300 before Katrina."

51% Of Women Live Without Husband. The New York Times (1/16, Roberts, 1.16M) reports, "For what experts say is probably the first time, more American women are living without a husband than with one, according to a New York Times analysis of census results." In 2005, "51 percent of women said they were living without a spouse, up from 35 percent in 1950 and 49 percent in 2000." The trend "could ultimately shape social and workplace policies, including the ways government and employers distribute benefits."

Students' Intelligence Said To Place Limits On Educational Policy. Charles Murray, W.H. Brady Scholar at the American Enterprise Institute, argues in the first in a three-part series in the Wall Street Journal (1/16, A21, 2.04M) that while, "education is becoming the preferred method for diagnosing and attacking a wide range problems in American life" and holds up the No Child Left Behind Act as "one prominent example." But, "our ability to improve the academic accomplishment of students in the lower half of the distribution of intelligence is severely limited." And "refusing to come to grips with that reality has produced policies that have been ineffectual at best and damaging at worst."

WPost Says Ehrlich Had Mixed Record. The Washington Post (1/16, A18, 690K) says in an editorial that outgoing Republican Gov. Robert Ehrlich of Maryland "compiled a mixed record, distinguished by a number of significant achievements but diminished by misjudgments and self-inflicted wounds." Ehrlich was "friendly to business interests -- too friendly for some tastes -- but hardly dogmatic in his Republicanism. That was evident in his innovative idea of imposing a broad-based fee on households, the so-called flush tax, to pay for upgrades in sewage plants that spill pollutants into the Chesapeake Bay." Still – "and we say this despite having endorsed him for reelection -- in other ways his is a disappointing legacy, tainted by the sense that he could have accomplished more. He was a poor manager of his relations with the legislature, and that sapped what modest political capital he brought to the job. Always ready to personalize political fights, he reveled in partisan conflict when sober dealmaking and restrained rhetoric would have better served his interests."

Rice Announces Summit With Olmert And Abbas. The AP (1/16, Gearan) reports Secretary of State Condoleezza Rice said Monday "she will bring together the Israeli and Palestinian leaders in the coming weeks for a summit dedicated to exploring ideas for an eventual Palestinian state. The announcement came after Rice met with President Hosni Mubarak in this southern Egyptian town following a three-day visit to Israel and the Palestinian territories." Rice said her talks during the visits dealt with laying the groundwork for "a political horizon that will lead to a Palestinian state." The Secretary said she will "soon meet with (Israeli Prime Minister Ehud) Olmert and President Abbas to have discussions on the broad issues of that horizon, so we can work on the road map and try to accelerate the road map to move to a Palestinian state." She said the summit would take place "relatively soon" but did not set a date.

The Washington Times (1/16, Kralev, 88K) reports a senior State Department official traveling with Rice said the meeting "would most likely take place within three or four weeks."

NBC Nightly News (1/15, story 5, 2:00, Williams, 9.87M) broadcasted, "Just about every problem on the planet is entwined in the Middle East, where discussion on Iraq will lead to talk of the Israel-Palestinian dispute." Rice "is dealing with both fronts today." NBC (Mitchell) said Rice "came to the Middle East seeking help for the President's plan and

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delivering exactly what Arab leaders wanted: a new US commitment to jump start talks on creating a Palestinian state." Noting Rice's announcement of the meeting with Olmert and Abbas, NBC warned that "even if the leaders reached a deal, they might not be able to sell it to their own people or rival factions in their governments."

The New York Times (1/16, Shanker, Myre, 1.16M) reports Rice described the meeting "as a high-level, yet informal," which the Times calls the "one tangible development to emerge from her visit to Israel and the Palestinian areas." While Rice and her senior aides "said there was no quid pro quo, Arab governments are eager to show their populations that some progress is being made in resolving Palestinian grievances before they endorse, let alone offer concrete support, to the new Bush administration effort to salvage victory in Iraq."

In its "Washington Wire" online column, the Wall Street Journal (1/16, King, 2.04M) reports that while the US "touts the deal, struck over breakfast with Olmert, as a breakthrough -- the first meeting of its kind in years," according to a Rice aide, "others are skeptical." McClatchy (1/16, Strobel, Nissenbaum) says the convening of "an unusual three-way meeting…marks an abrupt shift in US Middle East tactics." Until now, the Bush administration has been focusing "on one thing: stopping the violence in the Palestinian territories as a precondition for peace talks. Now Rice is essentially turning that approach on its head."

The Los Angeles Times (1/16, Richter, Boudreaux, 850K) reports US officials "believe that by shifting the focus to what the outcome would look like, they could galvanize a process that has been bogged down for four years in difficult preliminary issues."

AFP (1/16, Lanteaume) reports Rice said the summit "could herald the most serious Middle East peace effort in six years." Speaking after a meeting with Egyptian President Hosni Mubarak, Rice said the three-way summit would "focus on what would lead to the establishment of a Palestinian state." However, Rice's "diplomatic offensive suffered a blow earlier Monday when Israel invited bids for new Jewish settlement homes in the West Bank even as she was exploring solutions for the region in a meeting with Olmert in Israel." Asked to comment on the bids, Assistant Secretary McCormack said that there is "no change in our policy."

The Washington Post (1/16, A12, Kessler, 690K) notes that while "no date or location has been set for the gathering," it would "signal deepening involvement by the Bush administration in stalled Israeli-Palestinian peace talks at a time when Rice is seeking greater support from Arab leaders in helping to stabilize Iraq." In "a shift for the Bush administration, Rice is calculating that dialogue on the end result -- what she calls the 'political horizon' -- might loosen the logjam," aides said.

USA Today (1/16, 9A, Slavin, 2.27M) says Monday's announcement symbolizes Rice "making good on a pledge she made last year to intensify her involvement in trying to resolve the Arab-Israeli dispute," but there is "skepticism about how much the Bush administration could accomplish in its final two years in office, given its preoccupation with Iraq and the weakness of Israeli and Palestinian leaders."

Rice Avoids Domestic Concerns In Egypt To Woo Support For Iraq Plan. In a front page analysis, the New York Times (1/16, A1, Slackman, 1.16M) reports under the headline "Rice Speaks Softly In Egypt, Avoiding Democracy Push" that in the days before Secretary Rice met with officials in Egypt, "the news media here were filled with stories detailing charges of corruption, cronyism, torture and political repression." However, Rice, "who once lectured Egyptians on the need to respect the rule of law, did not address those domestic concerns. Instead, with Foreign Minister Ahmed Aboul Gheit by her side, she talked about her appreciation for Egypt's support in the region." The Times says the discussion made "clear that the United States -- facing chaos in Iraq, rising Iranian influence and the destabilizing Israeli-Palestinian conflict -- had decided that stability, not democracy, was its priority, Egyptian political commentators, political aides and human rights advocates said."

Hughes Says Improving US Image In Islamic World Her Most Important Task. The Financial Times (1/16, Luce) reports, "Lambasted by some as the US's chief propagandist -- or as head of its 'Muslim outreach' -- Karen Hughes has the unenviable task of improving her country's image in the world. But as a former senior White House counsellor and close friend of George W. Bush, the under-secretary for public diplomacy wields an influence few others possess in Washington." After getting "off to a bad start in mid-2005 when she was pilloried by the US media for having little knowledge of the Middle East," Hughes has "maintained a low domestic profile since then, tending to channel her public message to the media of countries she is visiting." In an interview with the Times, Hughes acknowledged that her most important task is in the Islamic world, saying, "The number one problem is that the West is seen as somehow being in conflict with Islam." The Times notes that "unlike many of her colleagues," Hughes is "happy to give interviews to al-Jazeera and has even visited its headquarters in Qatar." Although she says she "disputes some of the TV station's journalistic practices, ignoring it is not an option." However, critics say Hughes' efforts "are worse than doing nothing at all, since foreigners are as capable of seeing through spin as Americans. But Ms. Hughes' easy access to Mr. Bush…enables her to tell the president directly what the rest of the world thinks of the US."

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Somalia Stages Show Of Force Against Insurgency. The New York Times (1/16, Gettleman, 1.16M) reports Somalia's transitional government "shut three of the country's biggest radio stations on Monday, accusing them of broadcasting incendiary propaganda. Then, in a show of force, hundreds of government soldiers stormed into the streets of Mogadishu…as tanks from neighboring Ethiopia…chugged through downtown." Somalia's government "seems intent on using its newfound powers to crush the seeds of a growing insurgency."

LATimes Says Ethiopia Must Act Quickly To Broker Peace In Somalia. In an editorial, the Los Angeles Times (1/16, 850K) writes, "Ethiopia has done its fellow Africans a good turn by ousting the increasingly radical Islamic Courts Union regime in Somalia. And thankfully, Addis Ababa has the wisdom to admit what everyone knows: that the Ethiopians have about 3.3 nanoseconds to get their troops out of xenophobic Somalia before they will be even more hated than the thugs they ousted." However, the Times says the "only move as foolish as sending US troops to occupy Somalia would be for the international community to do nothing except watch it slip back into chaos."

Castro Reportedly In Grave Condition. The AP (1/16) reports Cuban President Fidel Castro is in "very grave" condition "after three failed operations and complications from an intestinal infection," Spain's El Pais newspaper said Tuesday. The newspaper cited two unnamed sources from Madrid's Gregorio Maranon hospital, which employs surgeon Jose Luis Garcia Sabrido, who flew to Cuba in December to treat Castro. In a report published on its Web site, El Pais said: "A grave infection in the large intestine, at least three failed operations and various complications have left the Cuban dictator, Fidel Castro, laid up with a very grave prognosis." The New York Times (1/16, Lacey, 1.16M) notes the newspaper's claims "could not be independently confirmed."

Venezuela To End Negotiations With Foreign Oil Firms. The New York Times/AP (1/16) reports, "Venezuela will end negotiations with foreign oil companies over how it will take a majority control of their operations along the Orinoco River, the country's oil minister, Rafael Ramírez, said on Monday." The AP adds, "Ramírez said that 'there's no possible negotiation' with the foreign companies, but he said that private companies would be allowed to own minority stakes in lucrative oil projects in the Orinoco River basin."

US, South Korea Renew Push For Free-Trade Deal. The New York Times (1/16, Sang-hun, 1.16M) reports the United States and South Korean officials resumed free-trade talks Monday "amid growing skepticism that the two governments can narrow their differences before President Bush's authority to move an agreement quickly through Congress expires." Success "would give Washington its biggest trade deal since the North American Free Trade Agreement a decade ago, while expanding market opportunities for exporters in both countries."

Beijing Seeks To Rein In Trade Surplus. The Wall Street Journal (1/16, Batson, 2.04M) reports China's leadership is "increasingly determined to bring its much-criticized trade surplus under control, as a consensus appears to be building that the imbalance is an economic problem for the country and not simply a political irritant." Minister of Commerce Bo Xilai, in his first public remarks since China last week reported that its trade surplus surged 74% to a record $177.47 billion in 2006, "said reducing that excess will be a top priority for 2007." According to the official Xinhua news agency, he said yesterday that "an excessively large surplus isn't beneficial to the economy and noted that China's disputes with the European Union and US, its two largest trading partners, have been increasing."

Zapatero Admits Mistakes In Talks With ETA. The New York Times/AP (1/16) reports Spanish Prime Minister José Luis Rodríguez Zapatero "apologized Monday for putting his faith in a Basque peace effort that collapsed in a deadly car bombing in December, but he insisted he was right to have sought negotiations with separatist militants and appealed to his political foes for unity at a time of crisis." In a speech to Parliament that was "often interrupted by jeers and grumbles from conservative lawmakers," Zapatero "did not announce any concrete new measures against the armed separatist group ETA." The Christian Science Monitor (1/16, Pingree, Abend, 59K) says Zapatero "is confronting political strife as vicious as any seen in Spain's three decades of democracy."

France Proposed Merger With Britain In '56. The New York Times/AP (1/16) reports France "proposed forming a union with Britain in 1956, and also discussed joining the Commonwealth," the British Broadcasting Corporation reported Monday. Citing documents in the National Archives, the BBC said Prime Minister Guy Mollet of France "had discussed the possibility of a merger between the countries with Sir Anthony Eden, the British prime minister at the time." The Washington Times/AP (1/16, Satter) also publishes the same report.

WSJournal Says Browne's Cost-Cutting Measures At BP Compromised Safety. In an editorial, the Wall Street Journal (1/16, A20, 2.04M) writes, "Don't expect much sympathy for John Browne now that his

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tenure as chief executive of BP has been cut short by 17 months. Sorrow certainly wasn't the sentiment expressed by investors, who have sent BP shares up more than 2.2% in London and nearly 5% on Wall Street since Friday's announcement that Lord Browne would leave the oil giant this summer rather than at the end of next year." At "about the same time BP embarked on a plan to cut costs at all of its refineries by 25%, "according to investigators with the US Chemical Safety Board who are looking into the 2005 Texas City refinery accident, .routine maintenance suffered. BP has "denied the link between cost-cutting and safety, including oil leaks from corroded pipelines. But a report due to be released today by former Secretary of State James Baker is expected to echo these concerns."

Kristof Welcomes "Freelance Diplomacy" In Darfur. New York Times (1/16, 1.16M) columnist Nicholas Kristof writes, "President Bush and other world leaders have dropped the ball on Darfur. But that vacuum of moral leadership has been filled by university students, churches and temples, celebrities like George Clooney and Mia Farrow, and armies of schoolchildren." Admitting "it's a little weird when a private advocacy group undertakes freelance diplomacy," Kristof says "if George W. Bush, Tony Blair, Jacques Chirac and Hu Jintao twiddle their thumbs, then more power to the freelancers."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Chorus Of Protests Seeks To Free Singer Locked Up For 1993 Killing."
"Coaches' Pay Puts Colleges To The Test."
"A Vigil For The Living."
"$1.1-Billion Orange Crop Is Severely Damaged."
"Unlikely Allies Advocate Healthcare Overhaul."
"Iraq Edges Closer To Iran, With Or Without The U.S.."

USA Today:
"Warming Trend Visible In The Trees."
"New Orleans Feels Pain Of Mental Health Crisis."
"Prices At Pump Likely To Fall More."

New York Times:
"Second Hanging Also Went Awry, Iraq Tape Shows."
"Rice Speaks Softly in Egypt, Avoiding Democracy Push."
"51% of Women Are Now Living Without Spouse."
"Democrats Seek the Middle on Social Issues."
"A Church's Challenge: Holding On to Its Young."
"Buyers Scarce, Many Condos Are for Rent."

Washington Post:
"Burden Set To Shift On Balanced Budget."
"Iraqi Hangings Bring More Denunciations."
"Cutbacks Impede Climate Studies."
"Some At Guantanamo Mark 5 Years In Limbo."
"A Ticket On A Taurus Grows Into Much More."
"Enjoying Technology's Conveniences But Not Escaping Its Watchful Eyes."

Washington Times:
"Choice OF Martinez Sparks GOP Rebellion."
"Saddam Kin Beheaded By Hanging."
"Volunteers Take 'Day On' King."
"BWI Second In Loses Of Uniforms, ID Cards."
"This Queen Of France Had A Very Short Reign."

Detroit Free Press:
"Your Winter Woes Likely To get Worse."
"Webber Home Again, To Join Pistons Today."
"Michigan Can Hit The Road With $2 Gas Again."
"Packzki From Starbucks?

Atlanta Journal-Constitution:
"King's Words Retain Allure."
"Top Departing General: Iraq Plan Needs Time."
""Dollars Give Land Hardwoods chance To Survive."

Houston Chronicle:
"More HPD Paychecks Top $50,000 In Overtime."
"*DreamGirls* Comes Up Golden."
"Panel Criticizes BP Safety Efforts."
"Botched Hanging Rekindles Iraqi Fury."
"Majority Of Women Now Living Without A Husband."
"Drivers Get Frigid Reminder To Slow Down, Stay Home."

Story Lineup From Last Night's Network News:
ABC: Severe Winter Weather; Winter Weather-California Oranges; Hussein Aids Executed; Hussein Aids Executed; New Iraq Strategy-Iraq; New Iraq Strategy-Democratic Response; Kidnapped Children Found-Missouri; Alzheimer's Medical Breakthrough; Omega Three Foods; MLK Tribute-Atlanta.
CBS: Severe Winter Weather-Oklahoma City; Winter Weather-California Oranges; Kidnapped Children Found-Missouri; Finding Missing Children; Hussein's Aids Executed; New Iraq Strategy; New Iraq Strategy; Iraqi Family Rescued; Herbal Supplements-Safety; MLK Tribute.
NBC: Severe Winter Weather-Oklahoma; Winter Weather-California Oranges; Hussein Aides Executed; New Iraq Strategy-Iraq's Lead; A Palestinian State; Kidnapped Children Found; MLK Tribute; Ruby Bridges Story; Countries Merging; Toyota VS US Automakers; Museum of National History.

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Story Lineup From This Morning's Radio News Broadcasts:

CBS: U.S. Ice Storm; CA-Cold Temperatures; Golden Globe Winners; Missouri-Kidnapping Case.

NPR: U.S. Ice Storm; CA-Cold Temperatures, Citrus Crop Damage; Pakistan Air Strike On Militant Camp Located On Border With Afghanistan; Tokyo Stock Exchange; Iraq Violence; Wall Street-Several Companies Reporting Earnings This Week.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with UN Secretary General Ban Ki-moon, Oval Office, The White House; participates in photo opportunity and remarks to the St. Louis Cardinals, East Room, The White House.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Visits the American Hospital of Paris; tours and lays wreath, Suresnes Cemetery, Suresnes, France; visits Chateau de la Grange, Thionville, France; dinner with women leaders, US Ambassador's residence, Paris.

US Senate: FLOOR SCHEDULE _ 10 a.m. Meets for morning business, followed by resumption of debate on S.1, the Legislative Transparency and Accountability Act, at 1 p.m.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Hearing on economic opportunity and security for working families. Eileen Appelbaum, Rutgers, University; Jacob Hacker, Yale University; Rev. James Alexander Forbes, Jr., Riverside Church, New York; anna Cablik, ANATEK, Marietta, Ga. Location: Room 430, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on the problems of Iraqi refugees. Assistant Secretary of STate El;len Sauerbrey; a former translater for the U.S. military; a former truck driver for the U.S. military; Marine Capt. Zachary Iscol; Lisa Ramaci-Vincent of the Stevent Vincent Foundation; Ken Bacon of Refugees International; Michel Gabaudan of the UN High Commissioner for Refugees Office. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning hour and will turn to legislative business at 2 p.m. Highlights: Suspensions (6 bills): 1) H.Res.61 -Observing and celebrating the Birthday of Martin Luther King, Jr., and encouraging the people of the United States to celebrate the Birthday of Martin Luther King Jr., and his life and legacy. 2) H.R. 188- To provide a new effective date for the applicability of certain provisions of law to Public Law 105-331. 3) H.R. 391- To authorize the Secretary of Housing and Community Development to continue to insure and enter into commitments to insure home equity conversion mortgages under section 255 of the National Housing Act. 4) H.Res.39 - Commending the University of Florida Gators for their victory in the 2006 Bowl Championship Series (BCS) and for winning the national college football championship. 5) H.Con.Res.___- Honoring the Mare Island Original 21ers for their efforts to increase equal employment opportunities in the military. 6) H.Res.___ -Commending the Boise State University Broncos football team for winning the 2007 Fiesta Bowl and completing an undefeated season.

3 p.m. ARMED SERVICES _ Seapower and Expeditionary Forces Subcommittee. Hearing on Marine Corps force and protection equipment for Operation Iraqi Freedom and Operation Enduring Freedom. Location: Room 2212, Rayburn.

4 p.m. RULES _ Full Committee. Hearing on H.R. 5 - The College Student Relief Act and H.R. 6 - Creating Long-Term Energy Alternatives for the Nation. Location: Room H-313, Capitol.

Other: UN SECRETARY GENERAL BAN KI-MOON _ Highlights: Meets with President Bush. White House.

E-PRESCRIPTIONS _ 9:30 a.m. The National E-Prescribing Patient Safety Initiative holds a news conference on its program to provide free electronic prescribing to every physician In America. The Initiative is a new coalition of technology companies, healthcare payers and physician groups dedicated to improving patient safety and eliminating medication errors. Location: National Press Club, First Amendment Lounge.

LIBBY TRIAL _ 9:30 a.m. Scheduled start of jury selection in the trial of I. Lewis ``Scooter'' Libby, former chief of staff to Vice President Cheney, who is accused of perjury, obstruction and lying to the FBI about his conversations with journalists regarding CIA officer Valerie Plame. Location: Courtroom 16, U.S. District Court, 3rd Street and Constitution Avenue NW.

OIL SUBSIDIES _ 10 a.m. Environmental groups hold a news conference on a bill to repeal billions of dollars in subsidies for oil companies. Location: Rayburn 2168.

SERVICE-REDRESS _ 11 a.m. Rep. Dennis Kucinich receives an Appeal for Redress from active duty service members and veterans, urging an end to the U.S. military action in Iraq. Location: Steps of the Cannon building.

STALKING _ 12 p.m. The Justice Department holds a project marking National Stalking Awareness Month. Location: National Press Club.

TURKMENISTAN _ 12 p.m. The Heritage Foundation holds a discussion on the future of Turkmenistan and Central Asia, with Frederick Starr of SAIS, Julia Nanay of PFC Energy, and Stephen Blank of the Army War College.

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Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

LEAVITT-WORKPLACE WELLNESS _ 12 p.m. - 2 p.m. Health and Human Services Secretary Michael Leavitt delivers a major address on transparency in healthcare and will unveil a publication on workplace wellness efforts. Location: U.S. Chamber of Commerce headquarters, 1615 H St. NW.

AMTRAK _ 12:15 p.m. Sens. Trent Lott and Frank Lautenberg hold a news conference to announce a bill to authorize full funding for Amtrak for the next 6 years. Location: Gate D entrance, Union Station.

ENTITLEMENTS _ 12:30 p.m. Sen. George Voinovich and Rep. Frank Wolf hold a news conference to introduce a bill to reform tax and entitlement systems. Location: Senate Radio-TV Gallery.

WOMEN IN GOVERNMENT _ 12:30 p.m. - 2:30 p.m. The Initiative for Inclusive Security hosts the Eighth Annual Policy Forum luncheon, ``Women in Government: Securing the Future," which will be attended by nearly 500 key decision makers from the United States Government, the United Nations, foreign governments, international financial institutions, regional security organizations, and non-governmental organizations. Ambassador Swanee Hunt, chair of The Initiative for Inclusive Security and director of the Women and Public Policy Program will moderate the luncheon. Nicholas Burns, Under Secretary for Political Affairs at the State Department deliver give the keynote address. Location: JW Marriott Hotel, 1331 Pennsylvania Ave. NW.

ACTIVIST-IRAQ _ 1 p.m. Activist Bert Sacks of Seattle holds a news conference to discuss his petition to the Supreme Court, seeking to overturn a $10,000 fine levided against him for taking medicines to needy Iraqi children. Denis Halliday, a former assistant secretary general of the United Nations and head of the UN ``oil-for-food" program until resigning in protest over the continued sanctions on Iraq, will introduce Sacks. Also at the event and available for interviews will be Ed Peck, a former U.S. chief of mission in Iraq and ambassador to Mauritania, was deputy director of the White House Task Force on Terrorism in the Reagan administration. Location: National Press Club.

CHERTOFF-INFRASTRUCTURE _ 1:30 p.m. Department of Homeland Secretary Michael Chertoff will participate in the National Infrastructure Advisory Council Business Meeting, and Under Secretary for Preparedness George Foresman will deliver remarks. Location: National Press Club Ballroom.

CONGRESS-TROOPS VISIT _ 2 p.m. Sens. Evan Bayh, D-Ind., and Hillary Rodham Clinton, D-N.Y., and Rep. John M. McHugh, R-N.Y., will hold a press conference to discuss their Congressional Delegation visit to U.S. Forces serving in the Central ommand Area of Responsibility, including Iraq. Location: Senate Radio/TV Gallery.

DOMESTIC ISSUES _ 2 p.m. AARP CEO Bill Novelli, Business Roundtable President John Casatellani and SEIU President Andy Stern hold a news conference to announce a partnership to influence the political debate on domestic issues. Location: National Press Club.

PASSPORT REQUIREMENTS _ 2 p.m. Bob Jaksta of CBP and Frank Moss of the State Department hold an on-the-record briefing for foreign media only on the Western Hemisphere Travel Initiative. Location: Foreign Press Center, National Press Building.

SOCIAL SECURITY _ 2 p.m. - 4 p.m. The Free Enterprise Fund and the National Taxpayers Union co-sponsor a forum, ``Entitlement Reform without Tax Increases," which will focus on the state of Social Security, reform proposals, and the recent news of a possible compromise. Guest speaker: Rep. Patrick McHenry, R-N.C. Host and moderator: Mallory Factor, chairman, Free Enterprise Fund. Panelists: John Berthoud, president, National Taxpayers Union; Peter Ferrara, senior fellow, Free Enterprise Fund and director of entitlement reform, Institute for Policy Innovation; Tom Giovanetti, president, Institute for Policy Innovation; Stephen Moore, editorial board member, The Wall Street Journal; and Grover Norquist, president, Americans for Tax Reform. Location: Room 121, Cannon House Office Building.

SLOVENIA-EU _ 3 p.m. Washington representatives of the European Union and four EU member countries address a National Press Club afternoon newsmaker. ``The Enlargement of the EU & Slovenia's Joining the Euro Zone." Participants are Ambassadors: John Bruton of the Europena Union; Klaus Scharioth of Germany; Elena Poptodorova of Bulgaria; and Samuel Zbogar of Slevenia; and Charge d'Affaires Daniela Gitman of Romania. Location: National Press Club, Zenger Room.

CONGRESSIONAL ETHICS _ 3 p.m. - 5 p.m. The Woodrow Wilson International Center Seminar hosts a forum, ``Congressional Ethics Enforcement: Is Congress Fulfilling Its Constitutional Role? Participants include former Reps. Robert L. Livingston, Jr., R-La., and Louis Stokes, D-Ohio; and Dennis Thompson, Alfred North Whitehead Professor of Political Philosophy and Director of the Edmond J. Safra Foundation Center for Ethics, Kennedy School of Government, Harvard University. Location: Woodrow Wilson International Center for Scholars, 5th Floor Conference Room, Reagan Building, 1300 Pennsylvania Ave. NW.

DOJ_NMG_0116163

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 16, 2007 7:45 AM EST

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TERRORISM NEWS:

Cheney Defends Credit, Banking Checks For Terror Suspects. USA Today (1/15, 5A, 2.27M) reports, "Vice President Cheney said Sunday that the Pentagon and CIA are not violating anyone's rights by examining the banking and credit records of people suspected of terrorism or espionage in the USA." The Vice President "said that the Defense Department 'gets involved because we've got hundreds of bases inside the United States that are potential terrorist targets.'" Rep. Silvestre Reyes, chairman of the House Intelligence Committee, "said that 'any expansion by the department into intelligence collection' is something the committee will want to thoroughly review." The issue arose "after The New York Times reported Sunday that the Pentagon and CIA had issued up to 500 national security letters that permit the executive branch to seek records without a judge's approval or grand jury subpoena. Most are issued by the FBI, the lead agency in terrorism and espionage investigations."

The AP (1/15) reports, "In a statement Sunday, Reyes promised that his panel would take a careful look at those claims. … We want our intelligence professionals to have strong tools that will enable them to interrupt the planning process of our enemies and to stop attacks against our country,' he said. 'But in doing so, we also want those tools to comply fully with the law and the Constitution.'"

The New York Times (1/15, Mazzetti, 1.16M) reports, "Since the Sept. 11 attacks, the Pentagon has issued hundreds of letters to American banks and other financial institutions seeking information about suspects in counterterrorism or counterespionage investigations." Banks "are not required to hand over the information, but Pentagon officials said that financial institutions usually complied." The CIA also "uses the letters as an investigative tool, but issues them far less frequently than does the Pentagon, intelligence officials said." The Los Angeles Times (1/15, Savage, 850K) also reports the story.

DOD Disavows Officials' Comments About Firms Defending Detainees. The AP (1/15) reports, "The Pentagon disavowed a senior official's remarks suggesting companies boycott law firms that represent detainees at the US military prison at Guantanamo Bay, Cuba." Charles "Cully" Stimson, "the deputy assistant secretary of defense for detainee affairs, said in a radio interview last week that companies might want to consider taking their business to other firms that do not represent suspected terrorists." Stimson's remarks "were viewed by legal experts and advocacy groups as an attempt to intimidate law firms that provide legal help to all people, even unpopular defendants."

Study Finds Little Evidence Of Harsh Interrogations' Efficacy. The Washington Post (1/16, A15, White, 690K) reports, "There is almost no scientific evidence to back up the U.S. intelligence community's use of controversial interrogation techniques in the fight against terrorism, and experts believe some painful and coercive approaches could hinder the ability to get good information," according to an analysis by the Intelligence Science Board. In the report, "intelligence experts wrote that a lack of research could explain why abuse has been alleged at U.S. facilities in Afghanistan, Cuba and Iraq. … The study, sponsored by the Defense Intelligence Agency and the Pentagon's Counterintelligence Field Activity, was posted yesterday on the Federation of American Scientists' Web site, at http://www.fas.org/irp/dni/educing.pdf." The Post notes, "The Bush administration has long advocated the ability to use aggressive interrogation tactics on terrorism suspects."

Some Guantánamo Detainees In 5th Year Of Captivity. The Washington Post (1/16, Leonnig, Tate, 690K) reports in a critical front page article, "Shackled at the wrists and blinded by special goggles, the first captives from the U.S. war in Afghanistan were ushered to makeshift prison cells thousands of miles from the battle, at the U.S. naval station at Guantanamo Bay, Cuba, five years ago last week." Gholam Ruhani "is still at Guantanamo, marking the fifth anniversary of the prison and his own captivity. He remains as stunned about his fate, according to transcripts of his conversations with military officers, as he was when U.S. military police led him inside the razor wire on Jan. 11, 2002, and accused him of being America's enemy." Guantanamo did take "dozens of terrorism suspects and enemy fighters from the chaotic Afghan battlefield and elsewhere, administration officials and the prison's supporters say. But after five years and more than $600 million, it has failed to quickly and fairly handle the cases of hundreds of people such as Ruhani, against whom the government has no clear evidence of a role in attacks against the United States, according to current and former government officials and attorneys for detainees."

Tribunal Rules Criticized. In an op-ed for The Hill (1/16), National Institute of Military Justice officials Eugene Fidell and Katherine Duignan write, "Congress passed the MCA because the Supreme Court had ruled in the Hamdan case on June 29, 2006 that the Guantanamo military commissions, as originally created by the administration, were illegal. The bill, which is now law, authorized military

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commissions and gave President Bush wide latitude in fashioning rules to implement the statute. ... Because these rules were not developed in the open, confidence that the trials will be conducted in a fair and just manner is necessarily compromised. The rules were drafted and reviewed in secret, and are due to be finalized today ... Now that this opportunity is passing today, the 110th Congress must exercise its oversight power to review the new rules for consistency with American values of fairness and due process, or start over again and amend the MCA."

Stimson's Comments On Detainees' Lawyers Criticized. In an op-ed for the Wall Street Journal (1/16, A21, 2.04M), Harvard law professor Charles Fried writes, "Defense Department official Charles Stimson showed ignorance and malice in deploring the pro bono representation of Guantanamo detainees by lawyers in some of the nation's leading law firms, and in calling on their corporate clients to punish them for this work. ... The right to representation does not usually mean representation by the best, brightest and sleekest. That in this case it does is just an irony -- one to savor, not deplore."

The Los Angeles Times (1/16, 850K) editorializes that the Pentagon has "disavowed" deputy assistant secretary Cully Stimson's criticism of detainee defense counsel. But his comments "reflect a more pervasive reluctance by the Bush administration to acknowledge that injustices have occurred at Guantanamo. ... Before the U.S. Supreme Court ruled otherwise, the administration insisted that detainees at Guantanamo had no right to challenge their confinement in a U.S. court. The administration devised its own rules for military commissions to try them for alleged war crimes, until the high court ruled that Congress had to be involved."

Cuba Urges US To Charge Posada With Terrorism. The AP (1/16) reports, "Cuban militant Luis Posada Carriles must be charged with terrorism, not just with lying during U.S. naturalization proceedings, the Cuban government said today in criticizing a recent U.S. Justice Department decision. … 'The U.S. government knows very well -- and has all the proof -- of the innumerable acts of terrorism committed by Posada Carriles,' the Foreign Ministry said in the statement published on the front page of Granma, the Communist Party's daily newspaper." The AP continues, "Posada, a former CIA operative with ties to the failed Bay of Pigs invasion in the 1960s, is suspected of plotting the bombing of a Cuban jetliner 30 years ago in Venezuela. He was indicted last week in El Paso, Texas, on charges of lying on his application and under oath when applying for naturalization to the United States in September 2005 and April 2006. … The statement said the foreign ministry hopes the recent charges 'won't become a smoke screen to extend immunity for the serious crime of terrorism.' … Cuba and Venezuela say Posada, 78, should face trial in the 1976 Cuban jetliner bombing, either in Venezuela or before an international tribunal. But a federal immigration judge who ordered Posada out of the United States ruled he could not be sent to either country. … Several countries have rejected U.S. requests that Posada be sent there."

Accused In London Subway Plot Stand Trial. The Washington Times/AP reports, "Six men plotted to kill London subway and bus passengers with bombs made from hydrogen peroxide and flour, two weeks after suicide bombers killed 52 commuters in the city, a prosecutor told a jury Monday. No one was killed in the attempted bombings of three subway trains and a bus on July 21, 2005, because the devices failed to explode. 'We say that the failure of these bombs to explode owed nothing to the intentions of the defendants. It was simply the good fortune of the traveling public that this day they were spared,' prosecutor Nigel Sweeney said, in outlining the government's case." The men, who are "largely of East African descent," have pleaded "not guilty to charges of plotting to bomb London's transport network two weeks after suicide attackers killed 52 commuters in the city on July 7, 2005."

The New York Times (1/16, Cowell, 1.16M) reports Sweeney referred to "an extremist Muslim plot, the ultimate objective of which was to carry out a number of murders and suicide bombings." He "denied a claim by one of the men that the bombs had been meant as a politically motivated hoax, to frighten -- not kill." The bombs, adds the Times, "failed to explode because the concentration of one ingredient in the explosive, hydrogen peroxide, was too low, the prosecutor said, so the detonators went off but did not ignite the main charge." The Washington Post (1/16, A12, Sullivan, Adam, 690K) runs a similar report.

Europe Hopes To Fight Terror With High-Tech Plane. The Washington Post (1/16, A16, Moore, 690K) reports, "Imagine stepping aboard Europe's anti-terrorist plane of the future. ... a hidden microphone records questionable noises from the passenger in the rear toilet. ... The SAFEE project -- Security of Aircraft in the Future European Environment -- is the first coordinated international effort to create an airplane system capable of thwarting hijackings and terrorist attacks. It is under development in classified laboratories in 11 European countries and Israel. Much of the technology is in advanced stages of development, though systems for accurately analyzing facial expressions remain problematic. ... The project faces serious opposition. Human rights officials are concerned about passenger privacy, pilot groups are fearful of computers usurping their authority, and airline marketers wonder about the eventual price tag." Europeans particularly question "the use of potentially intrusive monitoring systems -- such as

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those that would record passenger movements and facial expressions and eavesdrop on private conversations and toilet visits."

HOMELAND RESPONSE:

Democrats Face Roadblocks Implementing 9/11 Commission Recommendations. U.S. News and World Report (1/22, Marek, 2.03M) reports, "last week the House passed the Implementing the 9/11 Commission Recommendations Act of 2007 as part of the Dems' blitz marking their first 100 working hours in power. But it won't be easy going from here. Although the 9/11 commissioners have praised the bill, it's been criticized for including several initiatives the 9/11 report didn't even address. There's opposition in the Senate, and the White House called it 'unconstitutional.' How much survives-and how much should-are still very open questions. … Supporters admit the bill was thrown together quickly-and critics say it shows. Although the measure creates three new grant programs-for items like better communications equipment and local intelligence centers for first responders-nowhere does it mention any specific costs or deal with how to pay for new programs. And Republican Rep. John Mica complained to U.S. News last week about a clause that gives aviation screeners collective bargaining rights, potentially restricting the ability of DHS to shift workers to busy airports during the holidays."

CIA's "New Strategic Intent" Emphasizes Flexibility. USA Today (1/16, Willing, 2.27M) reports, "The CIA plans to increase its use of 'open sources' such as newspapers and blogs and to outsource more software development to commercial contractors under a 22-point strategy being put in place. The CIA's 'Strategic Intent,' distributed to agency employees in December and posted on its public website this month, stresses improved flexibility and fewer barriers between departments." It also "contains several corporate-style flourishes, including ongoing employee input, an advisory board drawn from business and academia and "action teams" assigned to implement the plan." In a speech to CIA workers on "Jan. 4, CIA Director Michael Hayden said the plan aims to reassert the 60-year-old agency's primacy in the intelligence community."

Most Difficult Challenges For Project BioShield Said To Lie Ahead. The Washington Post (1/16, D1, Merle, 690K) reports this is the four year anniversary of the State of the Union address that launched Project BioShield, "an ambitious effort to counter bioterrorism attacks with vast new stockpiles of vaccines and treatments. Progress, however, has been slow. The $5.6 billion program is still struggling to define its priorities, and officials have spent less than a quarter of their budget." Though "Congress passed legislation late last year revamping BioShield," officials at HHS "acknowledge that tougher challenges lie ahead." The Post goes on to describe the program's "fitful progress on some of government's top priorities, those bioterror agents that have been labeled national security threats by the Department of Homeland Security," including anthrax, botulism, smallpox, radiation from a nuclear or dirty bomb attack, plague and Ebola.

TSA Says Missing Screener Uniforms, IDs Not A Security Threat. The Washington Times (1/16, Lengell, 88K) reports, "At least 426 uniforms and identification cards issued to security screeners at Baltimore-Washington International Thurgood Marshall Airport have been lost or stolen since late 2001," second only to "Los Angeles International Airport, whose security screeners lost at least 789," according to Transportation Security Administration records. "More than 3,600 TSA or Homeland Security Department airport security uniforms and credentials have disappeared from November 2001, when the TSA was created, through Sept. 30, records show." Some lawmakers worry the missing items may find their way into the hands of terrorists," but TSA spokeswoman Amy Kudwa said the situation is "not a security threat. One number of a combination of a bank vault won't get you access inside, and a TSA ID card or uniform will not allow you access at the airport either," Kudwa said.

New Passport Rules Will Affect Millions. The Baltimore Sun (1/16, Cohn, 257K) reports, "Travelers flying between the United States and the Caribbean, Mexico and Canada this month will need a passport -- the first of sweeping changes in documentation resulting from the terrorist attacks in 2001." The Sun adds that the new rules, which were "recommended by the Sept. 11 commission and mandated by Congress in 2004," will impact "millions of people, including the bulk of those traveling to and from Baltimore-Washington International Thurgood Marshall Airport. Seven of 10 international cities with direct routes to BWI are in regions where the changes apply. … Already, State Department officials say more than a quarter of Americans, or 72 million people, have a passport and new applications have been pouring in."

Outgoing State Department Official Warns Of Future Domestic Terror Attacks. Newsweek (1/22, Isikoff, 3.12M) reports, "Intel director John Negroponte gave Congress a sobering assessment last week of the continued threats from groups like Al Qaeda and Hizbullah. But even gloomier comments came from Henry Crumpton, the outgoing State Department terror coordinator. An ex-CIA

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operative, Crumpton told NEWSWEEK that a worldwide surge in Islamic radicalism has worsened recently, increasing the number of potential terrorists and setting back U.S. efforts in the terror war. … He cites Iraq as a factor; the war has fueled resentment against the United States." Crumpton "warned of future attacks. 'We don't want to acknowledge we're going to get hit again in the homeland, but we are,' he said. … Crumpton cited no specific intel, but said the most worrisome scenarios involve lone operatives who slip into the country and take directions through cyberspace."

DHS Official Tasked With Smoothing Personnel Practices. In his "Federal Diary" column the Washington Post's Stephen Barr (1/15, D1) writes, "At the Department of Homeland Security, Marta Brito Pérez works 12-hour days looking for ways to move the personnel practices of a mega-bureaucracy closer to those of a Fortune 500 company." Pérez, whose her title is "chief human capital officer…wants to improve recruitment, speed up hiring, rotate executives through the department to broaden their leadership potential, and get moving on a new pay-for-performance system that has stalled because of a court fight with unions and funding cuts on Capitol Hill." She "has to sell many of her policy changes to personnel directors in the 22 agencies that were merged to form Homeland Security. Creating a Team DHS also means turning around morale and reassuring 180,000 employees that they will have opportunities to advance their careers."

Author Denounces Poor Security At Newark Airport. In the New York Times (1/15, 1.16M), author Kathryn Harrison recounts how, looking for her lost wallet, she recently re-boarded a plane that had taken her from Puerto Rico to Newark International Airport without any security personnel stopping her. She concludes her account saying, "You set off a very loud security alarm. You wait a few minutes, and then take it upon yourself to enter the empty aircraft. You spend some time moving around its interior. No one sees you there. You leave of your own accord. You exit the way you came and you stop the alarm from ringing. And you confessed this, chapter and verse, to airline personnel and nothing happened? Yes, I say. Exactly so."

LATimes Calls Democrats' Port Security Measure "Political Grandstanding." The Los Angeles Times (1/15, 850K) editorializes, "The stated purpose of the 279-page anti-terrorism bill rammed through the House last week by the new Democratic majority was to implement the long-stalled recommendations of the 9/11 commission. But we're still thumbing through our copy of the 9/11 report to find exactly where it recommends political grandstanding. Because that's what the Democrats' efforts to protect US ports amount to." Democrats "are eager to prove that they, not Republicans, deserve to be considered the more muscular defenders of the homeland. But haste and over-reaching do not equal muscle. The House anti-terror bill has some worthwhile provisions, but we're counting on the Senate to strip out its worst elements, starting with the counterproductive mandate on foreign ports."

WAR NEWS:

White House Surprised By Lack Of GOP Support For Surge. Newsweek (1/22, Wolfe, Bailey, Clift, 3.12M), in an article titled, "Republicans Revolt Over Bush's Iraq Plan: How close is Bush to losing his own party?" reports President Bush "expected at least a handful of Republican senators -- critics like Chuck Hagel and George Voinovich -- to run from a troop increase. But the White House was surprised when even pro-war senators, including Sam Brownback and Lisa Murkowski, came out against the plan. Other prominent senators, including [Sen. Trent] Lott and John Warner, the senior Republican on the Armed Services Committee, have been quiet. They aren't bashing the idea, but they aren't promoting it either. Warner and Richard Lugar, the ranking Republican on the Foreign Relations Committee, are contemplating a resolution to draw bipartisan support for the recommendations of the Iraq Study Group report." According to Newsweek, "A former senior Bush aide who is still close to the White House says if things don't improve, a delegation of Republican senators could one day show up in the Oval Office to tell Bush that the party is no longer with him and the war must end."

U.S. News and World Report (1/22, Gilgoff, 2.03M) reports, "Washington's reaction to the president's speech marked an unmistakable turning point in the politics of the war. … A growing GOP contingent…expressed opposition to Bush's plan, with [Senate Majority Leader Harry] Reid saying he'd lined up as many as a dozen Republicans for a resolution opposing what he branded 'escalation.' Even with Republicans in a tough political spot, however, the way forward for Democrats is far from clear. As Hill Democrats worked on a nonbinding resolution, leaders in the House also wrestled with whether to pursue more muscular legislation to withhold funding for prospective troops or to attach serious restrictions on funding for the White House's next defense funding request."

Iraq Seen As Potentially Dividing GOP For Years To Come. Newsweek's Howard Fineman (1/22) writes, "A generation ago, a war – Vietnam -- launched a realignment of American politics. Now, it seems increasingly clear, Iraq is doing the same. In 1968 college students flocked to the New Hampshire primary to protest Lyndon Johnson's policies, sparking a civil war in the Democratic Party on foreign policy

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that lasted for a generation. By contrast, Vietnam united the GOP around an anti-communist crusade that endured for decades. … Now a mirror image is developing. Democrats seem to be uniting around a theme -- the primacy of global diplomacy and congressional review. Republicans, by contrast, have lost the unity that they had during the cold war and the early years of the war on terror."

Vermont Has Highest Per Capita Death Rate In Iraq. U.S. News and World Report (1/22, 2.03M) reports Vermont, "where nearly three quarters of residents oppose the Iraq war, has the nation's highest per capita death rate in the conflict. It's a statistic seemingly at odds with the state's reputation as a liberal utopia. … Many Vermonters are asking whether they've already sacrificed too much for a cause whose lofty aims they think may be unreachable."

Fate Of Bush's Plan Said To Rest In Iraqi Officials' Hands. A number of media reports last night and this morning analyze the role of the Iraqi government in the eventual success or failure of President Bush's latest Iraq plan. That reliance on the Iraqis to implement the plan successfully is being described as weakness in Bush's strategy. The Washington Times (1/16, Dinan, 88K) says this morning Bush's "legacy is now in the hands of Iraqi Prime Minister Nouri al-Maliki, the head of Iraq's government who is in a tenuous position in Baghdad and quickly losing the confidence of Congress and the Bush administration." GOP George V. Voinovich told the Times, "So much of our future in that place is in the hands of Maliki." And the Christian Science Monitor (1/16, 59K) reports Maliki's government "is supposed to move new Iraqi forces into Baghdad within weeks. If these Iraqi units don't materialize, the US may be forced to reevaluate its strategy, according to administration officials. Thus by early next month the political and military context for the US troop buildup could look very different than it does today. It is even possible that the White House could stop the surge of increased US forces before it gets fully under way."

The AP (1/16, Reid) says the "differences" between the Bush and Maliki "administrations could hamper efforts to forge a united strategy to deal with Iraq's sectarian violence, while adding pressure on the White House to end America's role there." At this "sensitive point, any policy divergence between the US and Iraq can fuel demands for the Bush administration to end the American military mission in Iraq."

On the issue of potential points of friction, the Washington Post (1/16, A15, Pincus, 690K) reports "the Kurdish makeup of two of the three Iraqi army brigades due to be sent to Baghdad under…Bush's new strategic plan is drawing concern from Iraqi and US experts." The Post adds, "Questions have been raised about whether the Kurds would fight Sunni insurgents in Baghdad at a time when some Sunni clerics and organizations have spoken out against aiding U.S. troops and the Iraqi government. But there is also concern that the soldiers would be heavy-handed if sent into heavily Shiite areas." Anthony H. Cordesman, "an analyst at the Center for Strategic and International Studies who has studied the Iraq war, described Bush's new strategy yesterday as 'an experiment based on high risks,' only one of which is the use of the Kurds. 'They were brought in because other Iraqi army units are too Shiite,' he said, 'and so are the lesser of two evils.'"

NBC Nightly News (1/15, story 4, 2:05, Williams, 9.87M) said the plan "has met with a lukewarm response by the Iraqi government. One big question, who will be in charge?" NBC (Engel) added, "Under the plan, Iraq's Prime Minister is in command, advised by a panel, including Iraqi ministers and General George Casey." Casey was shown saying, "American forces will remain under American command. Period. No issues. And our forces, frankly will not be at greater risk." However, added NBC, "the reality on patrol might be very different. Iraqi troops will often pick targets and routes, in effect leading Americans." Loren Thompson, military analyst: "This looks like a very confusing arrangement. We're not clear on who will be in charge. What if the Iraqi commander's incompetent? What if they have hidden loyalties?" In fact, yesterday, "Iraq's national security advisor said Iraq won't dismantle the main Shiite militia." Mowafaq al-Rubaie, Iraq National Security Adviser: "This is not a war on militia." But on ABC World News (1/15, story 4, 2:25, Karl, 8.78M), Lt. Gen. Ray Odierno "said the additional 20,000 US troops will help reduce the violence if the Iraqi government follows through on its promises to crack down on Shiite militias, to bring services to neglected Sunni communities." Said Odierno, "This is about dealing with extremists. And I think this government is ready to do that."

The New York Times (1/16, Santora, 1.16M) reports that at a press conference yesterday, Gen. Casey and the US ambassador to Iraq Zalmay Khalilzad "played down reports of tension between the American military command and the Iraqi government led by…al-Maliki, saying that any period of transition will have some 'friction.'" Maliki, adds the Times, "has offered only tepid public support for the new security plan, waiting a full 48 hours after…Bush announced the new strategy before commenting." But Casey and Khalilzad "said repeatedly that the new security plan was 'conceived' by the Iraqis and the Americans and Iraqi officials have been huddled for days trying to iron out the details of the new strategy. However, until recently, Mr. Maliki reportedly staunchly opposed having more American troops sent to Baghdad, and voiced his opposition to President Bush as recently as November in a meeting in Jordan." The Times adds, "The claim that the new strategy was an Iraqi plan was met by skepticism by both the Iraqi and foreign press.

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General Casey later elaborated, saying that American forces would remain firmly and completely under American control."

The Los Angeles Times (1/16, Daragahi, 850K) reports Khalilzad and Casey made their statements "despite widespread doubts about the efficacy and loyalties of Iraq's Shiite-dominated government and armed forces," and adds "US officials have voiced frustration over the failure of the Iraqi government…to confront Shiite militias that have ties to political parties in the government. US commanders say Iraqi officials forbid them from going after suspected gunmen in Shiite neighborhoods. Some voiced outrage when Maliki appointed a relative unknown, Lt. Gen. Abud Qanbar, to head the Baghdad security plan, passing over the Americans' choice for the post." The new plan, adds the Times, "follows two efforts last year to quell the violence in the capital, which U.S. and Iraqi officials acknowledge have been failures. The number of civilian deaths spiraled upward as Shiite militias rampaged through Sunni neighborhoods and Sunni insurgents bombed Shiite marketplaces, police patrols and US military convoys." USA Today (1/16, Jervis, 2.27M) runs a similar report on the US officials' statements.

Casey Says New Troops Could Improve Security By "Summer Or Fall." The AP (1/16, Gamel) reports the Gen. Casey told reporters yesterday "he did not expect significant results" from the boost in US troop levels "until the summer and fall, for the first time putting a timeframe around the plan." US Ambassador Zalmay Khalilzad, "who joined Casey at the podium, declared there were no deadlines being imposed on the Iraqis to take action against gunmen, but the pressure was a perception that existed because of the Shiite-dominated government's failure in the past to weed out Shiite militia fighters." The CBS Evening News (1/15, story 6, :10, Couric, 7.66M) also noted Casey's comments, reporting he "predicted today the US troop buildup won't make things safer until summer or fall." ABC World News (1/15, story 4, 2:25, Karl, 8.78M) noted Casey said that "as with any plan there are no guarantees of success, and it's not going to happen overnight." But he added that "success is possible." Or as Fox News' Special Report (1/15, Hume) put it, Casey "predicted a 'gradual evolution' of the security plan over the next two or three months with more noticeable results soon after that. Ambassador Khalilzad said that the US is not imposing deadlines on the Maliki government, but Khalilzad says he is convinced Maliki has his own sense of urgency."

Iraq's Sunni Vice President Blasts Maliki. The Financial Times (1/16, Dombey, Negus) reports, "Iraq's most senior Sunni politician on Monday launched a bitter personal attack on the country's prime minister, warning Nouri al-Maliki that the Iraqi government had only limited time to break with sectarian groups and start delivering to ordinary citizens." Iraqi Vice President Tariq al-Hashimi "said US officials believed Mr Maliki was 'behind schedule' and only had limited time to try for national reconciliation." The vice president also "said, 200-300 Sunni were leaving Baghdad every day for Jordan and Syria and that the west of Baghdad was at risk of becoming a 'no man's land' for the Sunni community."

Warner Undecided On Plan's Wisdom, Wouldn't "Hesitate" To Confront Bush. In a Newsweek "Web Exclusive"(1/16), Eleanor Clift interviews GOP Sen. John Warner, whose opinion on the President's Iraq plan is believed to carry significant weight in the GOP caucus. Said Warner, "At the current time I've indicated that [the president's plan] deserves very serious consideration by the Congress. I'm studying that report in the context of the Baker-Hamilton commission and I made a request of the chairman of the Joint Chiefs [of Staff] to look at some of the A-team, B-team -- red team, blue team -- type of analysis that's done in the Pentagon. … I also expressed to [Joint Chiefs chairman Peter] Pace my great concern about getting the American G.I. in the crossfire of hatred between Sunni and Shia." Cliff said, "There is speculation that if the initial reports of this new strategy are grim that it would fall to you as a senior Republican to go to the White House with the bad news, or to broker some sort of compromise." Warner replied, "I don't want to appoint myself to any position. I just stepped down as [committee] chairman after six years under our rules. But you can be sure that I think my past actions have indicated my willingness to do what I think is in the best interest of the nation -- and if that necessitated visiting the president as I've done twice [in the last two weeks] -- I wouldn't hesitate."

Democrats' Divisions On Iraq Could Stall Response To Bush Plan. ABC World News (1/15, story 5, 2:40, Raddatz, 8.78M) reported, "The Democrats are walking a very fine line. They want to voice opposition to the war, but they do not want to oppose the troops. The 20,000 troops the President has now ordered into Baghdad have already started to arrive." The President "says he is determined not to let Democrats halt the flow of forces." Bush: "I believe if they start trying to cut off funds, they better explain to the American people and the soldiers why their plan will succeed. They could try to stop me from doing it, but I have made my decision and we're going forward." ABC asked, "But will the Democrats try to stop him? Depends who you ask. Democratic presidential candidate John Edwards told ABC News today he supports measures to halt the President's plan. … Likely presidential contender Hillary Clinton was not so definitive on a trip to Iraq this past weekend." ABC continued, "That is the quandary. Congress could go after the $100 billion supplemental budget the White House will request next month and try to stop the second wave of troops, but the Democrats might pay a heavy political price." Norman Ornstein, American Enterprise Institute, was shown saying, "If Democrats end up doing something that looks like they're cutting off supplies for our troops at a moment when they are in battle, that won't be forgotten for generations."

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ABC also reported, "Not only are the Democrats at odds on how to take on the President, but there's no unanimity on an alternative to the President's plan. For example, John Edwards would like to pull out 40,000 troops right away. John Murtha would like to make that much sooner. There are many different plans…so what I think you will see is a symbolic resolution, just saying they're against the President's plan."

Poll Finds Support For Non-Binding Resolution, Split On Denying Funding For New Troops. USA Today (1/16, Page, 2.27M) reports Bush's "address to the nation last week failed to move public opinion in support of his plan to increase US troop levels in Iraq and left Americans more pessimistic about the likely outcome of the war." In a USA TODAY/Gallup Poll taken Friday through Sunday, "more than 6 of 10 people back the idea of a non-binding congressional resolution expressing opposition to Bush's plan to commit an additional 21,500 U.S. troops to Iraq." However, "those surveyed are split, 47%-50%, over whether Congress should deny funding for the additional troops." USA Today adds, "The central elements of Bush's 'new way forward' in Iraq command limited public support. Now, 38% support a significant increase in U.S. troop levels, up from 36% before the speech. … Americans feel more pessimistic about the war in the wake of Bush's speech. For the first time, a narrow plurality -- 49%-47% -- say the United States is likely to lose the war. Before the speech, they said by 50% to 46% that the United States was likely to win."

Limits On Congressional Action Against President's War Powers Noted. David B. Rivkin Jr. and Lee A. Casey, "Washington lawyers who served in the Justice Department during the administrations of Ronald Reagan and George H.W. Bush," write in the Washington Post (1/16, A19, 690K), "Congressional Democrats (and Republicans) who oppose…Bush's decision to send additional American troops to Iraq may frustrate his plan, but not -- as suggested by Democratic Whip Jim Clyburn -- by imposing 21,500 strings on the 21,500 new troops. Just as there are constraints on the president's constitutional authority as commander in chief, there are limits on Congress's ability to direct presidential action. In particular, Congress cannot use its power of the purse to micromanage the president's execution of his office." This "does not mean, of course, that Congress is powerless. It could -- if the leadership mustered veto-proof majorities -- immediately cut off funding for US operations in Iraq. Alternatively, Congress could refuse to pass new appropriations once the current ones expire."

Critics Question Whether Bush Is Planning "Secret War" On Iran. Newsweek (1/22, Hosenball, Hirsh, Dehghanpisheh and Wolffe, 3.12M) reports, "Has George W. Bush ordered up a 'secret war' against Iran and Syria? Some administration opponents on Capitol Hill began asking this question after U.S. forces in recent weeks arrested two groups of Iranian government representatives inside Iraq. Bush particularly alarmed critics when, in announcing his new Iraq policy, he pledged to 'interrupt the flow of support from Iran and Syria' and to 'seek out and destroy the networks.' Sen. Joseph Biden, now Senate Foreign Relations Committee chairman (and a Dem presidential contender), sent a letter to Bush after a question-and-answer confrontation with Secretary of State Condoleezza Rice. Biden said Rice had been evasive on whether Bush's statements meant that U.S. military personnel could cross into Iran or Syria in pursuit of insurgent support networks. He also asked whether the administration believes the president could order such action without first seeking explicit congressional approval -- as Biden thinks he must. … In fact, administration officials (anonymous due to diplomatic sensitivities) concede that Bush's Iran language may have been overly aggressive, raising unwarranted fears about military strikes on Tehran. Instead, they say, Bush was trying to warn Iran to keep its operatives out of Iraq, and to reassure Gulf allies…that the United States would protect them against Iranian aggression. A senior administration official, not authorized to speak on the record, says the policy is part of the new Iraq offensive."

Rice Receives "Tepid" Response From Saudis On Bush Plan. The AP (1/16, Gearn) reports Secretary Rice's appeal for support for President's Bush plan for Iraq "drew only a tepid endorsement Tuesday from the administration's strongest ally in the region," Saudi Arabia. Saudi Foreign Minister Saud al-Faisal "said Saudis hope President Bush's plans to turn around the situation in Iraq is a successful, but was plainly skeptical that the Iraqi government is up to the task of doing its part." For her part, Rice "thanked the Saudis for their past help in urging national reconciliation in Iraq," but "did not press specific new requests" for the kingdom's help.

Rice, Gates Tying Iraq Mission To Fears About Iran. The Wall Street Journal (1/16, A3, Jaffe, King, 2.04M) reports, "In hitting the road to sell the new US strategy for Iraq and other aims," Secretary Rice and Defense Secretary Robert Gates "are hammering the same message: that the cost of US failure would be a stronger and increasingly aggressive Iran." The "threat of Iran's rise" has become for the US "a sort of diplomatic glue, which the globetrotting" secretaries "are now using to patch together an alliance aimed at helping heal not only Iraq, but also Lebanon and the Palestinian conflict." In "one sign of the changing climate," Rice announced an agreement to hold three-way talks with Israeli and Palestinian leaders, which was seen "as evidence

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that the Arab world is increasingly keen to make peace with Israel so it can turn its attention toward containing Iran." However, the region's Sunni Arab states are "leery of the Shiite-dominated government of Iraqi Prime Minister Nouri al-Maliki," but "are also apprehensive about lining up too publicly alongside the US in a Cold War-style, anti-Iran bloc."

Meanwhile, the Financial Times (1/16, Smyth, Schmid, England) reports former Iranian President Akbar Hashemi Rafsanjani Monday "accused the US of 'seeking new adventurism' as Washington stepped up pressure on Tehran over its nuclear programme and Iraq." Separately, Ayatollah Ali Khamenei Monday "also expressed concern that the US was fostering sectarianism." Iranian "warnings" came as Ali Larijani, the country's top security official, held meetings in Riyadh, "in an apparent attempt to gauge the level of Saudi support for Washington's tougher policy towards Tehran."

In its report on Secretary Rice's visit to the region, NBC Nightly News (1/15, story 5, 2:00, Mitchell, 9.87M) broadcasted. "In another sign of how complicated the Middle East is, last night [Saudi] King [Abudllah]'s guest was a top Iranian diplomat, hand carrying a letter from Ahmadinejad wanting the Saudis to restrain American military moves toward Iran."

The New York Times (1/16, Cloud, 1.16M) reports Secretary Gates said Monday in Brussels that Iran was "acting in a very negative way" in the Middle East and that the United States was "building up its forces to demonstrate its resolve to remain in the Persian Gulf." The Iranians, he said, "clearly believe that we are tied down in Iraq, that they have the initiative, that they're in a position to press us in many ways. We are simply trying to communicate to the region that we are going to be there for a long time." The Washington Times (1/16, Sands, 88K) also reports on Gates' remarks.

Separately, the Washington Times (1/16, Scarborough, 88K) says the US military build up in the Gulf "was aimed not just at sending a message to Iranian President Mahmoud Ahmadinejad. More importantly, defense sources said, it was meant to calm jittery Gulf countries." At the same time, the sources "insisted that the Gulf escalation is not a first step toward war with Iran." The AP (1/16, Burns) reports Gates said the move is also meant to "undercut [Iran's] belief that American forces are overcommitted in Iraq."

Rice Says Talk Of Israeli Strikes On Iran Shows Gravity Of Situation. The Christian Science Monitor (1/16, Prusher, 59K) reports Secretary of State Condoleezza Rice's weekend visit to Israel "demonstrated, there is no issue dominating the agenda like the international standoff surrounding Iran's nuclear ambitions." Asked to comment on British media reports that Israel was making preparations to attack Iran to destroy its uranium enrichment facilities, Rice "gave a reply that didn't exactly douse the smoldering signals emanating from Israel and Iran. Rather, the fact that some kind of a confrontation is now talked about openly, she said, is an indication of how grave the situation has become."

Iraq Stepping Up Relations With Iran. The Los Angeles Times (1/16, Roug, Daragahi, 850K) reports the Iraqi government "is moving to solidify relations with Iran, even as the United States turns up the rhetorical heat and bolsters its military forces to confront Tehran's influence in Iraq." Iraqi Foreign Minister Hoshyar Zebari, responding to a US raid on an Iranian office in Irbil in northern Iraq last week, "said Monday that the government intended to transform similar Iranian agencies into consulates." The foreign minister "also said the government planned to negotiate more border entry points with Iran."

Saudi Arabia Asserting Role In Lebanon To Offset Iran's Influence. The Christian Science Monitor (1/16, Blanford, 59K) reports Saudi Arabia is "playing a more assertive diplomatic role in Lebanon, attempting to bridge rising tension between Lebanese Sunnis and Shiites while curbing Iran's influence in the tiny Mediterranean country," analysts say. Reportedly "wary of its own restless Shiite population," Riyadh is "deeply concerned at what it sees as a determined drive by Shiite Iran to expand its influence into the mainly Sunni Middle East." The "stepped-up diplomacy" by the Saudis over the past six months led to "an unprecedented meeting" in Riyadh on Dec. 26 between Saudi King Abdullah and two senior officials of Lebanon's Iran-backed Hezbollah, which "just six months ago…would have been almost unthinkable."

Bungled Hanging Sets Off New Waves Of Anger Among Sunnis. ABC World News (1/15, story 3, :20, Snow, 8.78M) reported that "at the same gallows used to hang Saddam Hussein, two of his top aides were executed today. His half brother, Barzan Ibrahim, was beheaded in the process. Also put to death, Awad Hamed al-Bandar, the one-time chief judge of Saddam's revolutionary court." The CBS Evening News (1/15, story 5, :15, Couric, 7.66M) said, "No taunting this time, but there was a gruesome development." NBC Nightly News (1/15, story 3, :35, Williams, 9.87M) noted "a mistake by the hangman resulted in decapitation."

On its front page, the Washington Post (1/16, A1, Partlow, Aldin, 690K) reports "many of the people who had gathered considered the decapitation of Barzan Ibrahim to be a calculated insult, another act by the Shiite-dominated government of Prime Minister Nouri al-Maliki to humiliate followers of the executed former president and all his fellow Sunni Arabs." In many parts of Iraq, the executions "set off new waves of anger and celebration along sectarian lines, though Maliki's government had gone to great pains to prevent the type of chaotic spectacle that accompanied Hussein's hanging two weeks ago." Fox News' Special Report (1/15, Hume), meanwhile, noted that in Sadr City

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"people took to the streets after the executions to celebrate with cheers." Meanwhile,

The New York Times (1/16, Burns, 1.16M) reports that Iraq's "turbulent effort to reckon with the violence of its past took another macabre turn on Monday" after the bungled execution of Saddam Hussein's half brother." Although American officials had urged a delay in the executions "for more than two weeks while the Maliki government drew up new guidelines for executions," the "events at the gallows in the predawn hours of Monday had something of the same surreal and freakish quality that enveloped the Hussein hanging."

The Financial Times (1/16, Negus) notes "the pair were convicted alongside the deposed Iraqi leader on November 5 on charges related to a campaign of reprisals against a Shia village where Saddam suffered a 1982 assassination attempt. Scores of villagers were executed and many more subjected to torture and lengthy imprisonment." The "official video of the executions has not been released, but was screened for reporters. It reportedly shows Mr Bandar's body dangling from a rope, and Mr Tikriti's lying on the floor with his severed head a short distance away." The Los Angeles Times (1/16, Daragahi, 850K), AP (1/16, Hurst), Washington Times/AP (1/16, Abdul-Zahra), Los Angeles Times (1/16, Daragahi, 850K) and McClatchy (1/16, Fadel) run similar reports.

Rice Condemns Handling Of Iraq Hangings. The AP (1/16, Gearan) reports Secretary Rice "said Monday that executions of Saddam Hussein and two others were mishandled and said she hoped that those responsible for making cell phone videos of Saddam's execution will be punished." Speaking to reporters in Egypt, Rice said, "We were disappointed there was not greater dignity given to the accused under these circumstances." She also said the events surrounding the executions "did not reflect well on the Iraqi government."

40% Of Iraqi Middle Class May Have Fled. The San Francisco Chronicle (1/16, Lochhead, 384K) reports, "Iraq is in the throes of the largest refugee crisis in the Middle East since the Palestinian exodus from Israel in 1948 ... The Bush administration and the governments of Jordan and Syria, the nations that accept the bulk of the refugees, have been reluctant to acknowledge the humanitarian crisis, experts said. ... Roughly 40 percent of Iraq's middle class is believed to have fled, the U.N. said. Most are fleeing systematic persecution and have no desire to return."

Ex-Translator Says US Visa Saved His Life. The AP (1/16, Margasak) reports, "A former Iraqi translator for the U.S. military says his life was saved when he was granted a special visa to live in the United States, a status made available to only 50 Afghan and Iraqi nationals annually who served in the same capacity." The 27-year-old "survived a car bombing and learned his name was listed on the doors of mosques calling for his death. ... Sen. Edward M. Kennedy, D-Mass., has argued for an increase in the number of translator visas. Only the translators themselves count toward the 50-visa limit, but their spouses and children may be able to join them in this country after the visa is issued."

Iraqi Refugees Find Sanctuary In Sweden. The New York Times (1/16, Ekman, 1.16M) reports in a sympathetic article, "Former residents of Baghdad living in this calm Swedish town know why they left. 'Iraq is finished,' said Taghreed Ewas, 34, a chemical engineer who fled last year." Iraqis are "increasingly coming to Europe, especially Sweden, one indication of how the war in Iraq is now beginning to have serious consequences for countries far beyond its borders. Last year, 8,951 Iraqis applied for asylum in Sweden, up from 2,330 in 2005. Of those, almost 3,000 arrived in November and December. Those choosing this relatively small country of nine million people represent nearly half of the Iraqi refugees arriving in Europe and surpass by far the number admitted to the United States each year." "Liberal asylum laws" and the "presence of more than 80,000" Iraqis make Sweden attractive to Iraqi refugees.

Besieged Baghdad Family Rescued After CBS Report. The CBS Evening News (1/15, story 7, 2:45, Couric, 7.66M) reported, "On Friday, Lara Logan reported on a doctor and his family pinned down in their Baghdad home by fierce street battles. They're safe now. In fact, the military learned of their plight from that report." CBS (Logan) added, "When Crazy Horse troops set off on a rescue mission down Haifa Street, the men of the 9th Cavalry knew little about the trapped Iraqis waiting in desperation to be saved. ... The famous surgeon, once a guest of President Bush at the White House, was now hiding in a dark bathroom with his wife and three children." Dr. al-Qasir: "I have saved so many people in surgery. I have done a lot for people here. Why I should be killed? Why? I don't know why?" Logan: "There was no time to waste. The soldiers rushed the family to the safety of a Bradley armored fighting vehicle knowing an attack could come at any moment. ... It took only minutes to reach the safety of a heavily fortified Green Zone, a short distance away. It will take the family much longer to recover after witnessing executions, neighbors and friends killed." Captain Gilliam: "I've seen a lot of people get hurt and it's good to see a family we could save and make sure they didn't get hurt while they were out here."

Two Navy Men Create Website For War Protests. The Washington Post (1/16, C1, Weeks, 690K) reports from Norfolk on Jonathan Hutto and David Hutto, "two Navy men, comrades in arms, [who] have established AppealforRedress.org , a Web site that enables active-duty, reserve and National Guard troops to appeal directly to

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Congress to withdraw military personnel from Iraq." Their group announced on Monday "that more than 1,000 people have signed appeals. On Tuesday, the pleas will be presented to Rep. Dennis J. Kucinich (D-Ohio) on Capitol Hill. ... [They] say 60 percent of the signers have served in the war. The signers are not lawbreakers, deserters or conscientious objectors, Hutto says. They believe in obeying orders."

The Norfolk Virginian Pilot (1/16, Dorsey) reports on the same group, saying, "About 10 active-duty servicemen were joined for a rally by about 75 peace activists and disillusioned veterans at the Unitarian Church of Norfolk in Ghent. ... The group counts about 1,030 signatures from active-duty service members, ranging from the recently enlisted to veteran officers. The United States has 2.6 million active-duty service members." At the rally "echoes of 1960s protests resonated everywhere: in the Vietnam War patches worn by veterans, the long gray hair of the protesters, and the quotations from King's anti-war speeches."

Pakistan Closes Four Camps To Fight Afghan Terror. The Washington Times (1/16, Gertz, 88K) reports, "Pakistan's government will close four refugee camps near its border with Afghanistan to help prevent Afghan insurgents from gunrunning and seeking safe haven in the country, Islamabad's ambassador to the United States said yesterday. ... Agreement on the plan was reached Sunday with national and local leaders in what Pakistan calls the Federally Administered Tribal Areas and the Baluchistan section of the country, Mr. [Mahmud Ali] Durrani said at a meeting with editors and reporters at The Washington Times. ... In an earlier interview, Mr. Durrani said he was angered by reports from the United Nations and NATO that Pakistan was not doing enough to stop Islamic extremists." The Times adds, "Army Lt. Gen. Michael Maples, director of the Defense Intelligence Agency, said in written testimony to the Senate Select Committee on Intelligence last week, 'Afghanistan's relations with Pakistan are strained due to continued Taliban reliance on safe haven in Pakistan.'"

Applebaum Suggests Legalizing Afghan Poppy Production. Washington Post (1/16, A19, 690K) columnist Anne Applebaum writes, "Of course it isn't fashionable right now to argue for any legal form of opiate cultivation. But look at the evidence. At the moment, Afghanistan's opium exports account for somewhere between one-third and two-thirds of the country's gross domestic product, depending on whose statistics you believe. ... Every time a poppy field is destroyed, a poor person becomes poorer -- and more likely to support the Taliban against the Western forces who wrecked his crops. ... Just like in Afghanistan, a ban was tried [in Turkey], and it failed. As a result, in 1974 the Turks, with American and U.N. support, tried a different tactic. They began licensing poppy cultivation for the purpose of producing morphine, codeine and other legal opiates. Legal factories were built to replace the illegal ones. Farmers registered to grow poppies, and they paid taxes. ... the U.S. government still supports the Turkish program, even requiring U.S. drug companies to purchase 80 percent of what the legal documents euphemistically refer to as 'narcotic raw materials' from the two traditional producers, Turkey and India. Why not add Afghanistan to this list?"

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Lawmakers To Grill Gonzales Over US Attorneys' Departures. The San Diego Union-Tribune (1/16, Soto) reports, "A national political storm is brewing over the departures of several top prosecutors, including San Diego U.S. Attorney Carol Lam." The Union-Tribune continues, "Lam has not commented since reports surfaced last week that she was asked to resign as the chief federal law enforcement officer in San Diego. … Sources told The San Diego Union-Tribune that superiors in the Justice Department are unhappy with decreased prosecutions for gun and immigration violations. … Lam, a political independent, was appointed by President Bush in 2002." The Union-Tribune adds, "In recent months, at least four other U.S. attorneys have announced their departures, two of them confirming that they've been asked to resign. … With reports yesterday that the Department of Justice has demanded the resignation of another top prosecutor, in Las Vegas, Attorney General Alberto Gonzales is scheduled this week to answer questions from skeptical senators." The Union-Tribune notes, "Democratic lawmakers have criticized the recent departures from the ranks of top federal prosecutors as worrisome. … 'We have no idea why this is happening,' Sen. Dianne Feinstein, a California Democrat, said in a statement last week. 'The attorney general could have a legitimate reason for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations.' … Typically, the nation's 93 U.S. attorneys are appointed by the president and confirmed by the Senate, but a provision in last year's Patriot Act allows the attorney general to make interim appointments with indefinite terms. … Feinstein and other senators introduced legislation that would return the power to appoint interim U.S. attorneys to federal judges. … Gonzales is scheduled to testify Thursday before the Senate Judiciary Committee, of which Feinstein is a member."

The Wall Street Journal (1/16, Perez, Paltrow) reports, "As the Bush administration enters its last two years, a number of U.S. attorneys are departing, causing concern that some high-profile prosecutions may suffer." The Journal

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continues, "As many as seven U.S. attorneys, including prosecutor Kevin V. Ryan, whose San Francisco office is overseeing the investigation of backdating of stock options, are leaving or being pushed out. Others include Carol Lam of San Diego, Daniel Bogden of Nevada, David Iglesias of New Mexico, Paul Charlton of Arizona and John McKay of Seattle. Ms. Lam and Messrs. Ryan and Bogden haven't officially announced their departures." The Journal adds, "Democrats claim the administration is using a little-noticed clause in the Patriot Act to circumvent Senate confirmation for some of the interim replacements who otherwise might not be able to win confirmation. Senate Judiciary Committee Chairman Sen. Patrick Leahy (D., Vt.) and Sen. Dianne Feinstein (D., Calif.) are pushing legislation to undo a 2006 Patriot Act amendment that for the first time gave the attorney general, rather than local federal courts, authority to appoint interim U.S. attorneys. The administration said it needed to be able to do that to ensure no disruption in prosecuting terrorism suspects. … The proposed legislation would restore to the federal courts authority to make the interim appointments." The Journal notes, "There is no fixed term for U.S. attorneys. Instead, they typically are appointed at the beginning of a new president's term, and serve throughout that term. If the president is re-elected, they continue to serve, unless of course they decide for some reason that they want to leave. … Lawmakers plan to question Attorney General Alberto Gonzales about the turnover at a Judiciary Committee hearing Thursday. Justice officials say the U.S. attorney changes are normal and that at any one time it is common to have eight to 15 vacancies. Former Justice Department officials, however, say it is unusual for such a large number of U.S. attorneys to leave at one time. … Brian Roehrkasse, a Justice Department spokesman, said that interim appointments aren't 'in any way an attempt to circumvent the confirmation process.' He added that the administration's record since last year's Patriot Act amendment 'demonstrates we are committed to working with the Senate to nominate candidates for U.S. Attorney positions.'"

Senators Claim Nevada US Attorney Forced Out. The Las Vegas Review-Journal (1/16, McCabe) reports, "The Bush administration has forced Daniel Bogden out of his position as U.S. attorney for the District of Nevada, Nevada's two senators said Sunday." The Review-Journal continues, "It was unclear whether Bogden was fired or asked to resign and for what reason. Exactly when it all happened also was unknown Sunday. Repeated attempts to contact Bogden and his office were unsuccessful. The Review-Journal's phone calls to his spokeswoman, Natalie Collins, were not returned by Sunday night." The Review-Journal adds, "Sen. John Ensign, R-Nev., had recommended Bogden, a longtime prosecutor in Reno, to the Bush administration in April 2001. On Sunday, Ensign said Nevada owes a debt of gratitude to Bogden. 'His priorities, to prevent terrorism and prosecute violent and drug crimes, have made our communities and families safer,' Ensign said. … But a source inside the Nevada U.S. attorney's office said Bogden was seen as indecisive, secretive and insular. Morale in the Southern Nevada office was low and that was partly Bogden's fault and partly the result of inadequate staffing and funding from the Justice Department, the source said." The Review-Journal notes, "The Nevada U.S. attorney's office also had at least three major setbacks in Las Vegas last year. … But Bogden's office also has scored victories at the federal courthouse in downtown Las Vegas, including the convictions of former Clark County commissioners Mary Kincaid-Chauncey and Dario Herrera. They were indicted in 2003 on charges of accepting bribes from Michael Galardi, who was then the owner of strip clubs. Kincaid-Chauncey and Herrera were convicted in May and checked into federal prisons last week."

NYTimes Derides Appointment Of "Extreme Political Partisan" As US Attorney. The New York Times (1/15, 1.16M) editorializes, "The Bush administration has appointed an extreme political partisan as the new United States attorney for Arkansas. Normally, the Senate would have vetted him, and quite possibly blocked his appointment. But the White House took advantage of a little-noticed provision of the Patriot Act, which allows it to do an end run around the Senate." It is "particularly dangerous to put United States attorneys' offices in the hands of political operatives because federal prosecutors have extraordinary power to issue subpoenas and bring criminal charges. The Senate should fix the law and investigate whether such offices in Arkansas and elsewhere are being politicized." H. E. Bud Cummins, "the respected United States attorney in Little Rock, recently left office. He has been replaced on an interim basis by J. Timothy Griffin, who has a thin legal record but a résumé that includes working for Karl Rove and heading up opposition research for the Republican National Committee. Senator Mark Pryor, Democrat of Arkansas, wanted to raise concerns about Mr. Griffin's appointment as part of the confirmation process. But he couldn't because there was no confirmation process." Sens. Pryor, Dianne Feinstein and Patrick Leahy "have a bill to change the method for selecting interim United States attorneys back to what it once was: the federal district court in the jurisdiction would make the appointment. Congress should pass that bill."

CORPORATE SCANDALS:

Guilty Plea In Hewlett-Packard Probe Gives Assistance To Federal Prosecutors. The Wall Street Journal (1/15, Crum, Waldman) reports, "An investigator linked to the Hewlett-Packard Co. boardroom-spying scandal has pleaded guilty to federal charges and is offering to cooperate with a U.S. investigation of the case."

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The Journal continues, "Bryan Wagner, 29 years old, of Littleton, Colorado, on Friday entered the plea before Judge Jeremy Fogel in the U.S. District Court for the Northern District of California, in San Jose. Mr. Wagner, the first to be targeted by the U.S. Justice Department in the scandal, admits being one of the outside investigators involved in the leak probe at Palo Alto, California-based H-P." The Journal adds, "The investigators obtained private phone records of company directors, reporters and others to help determine the source of boardroom leaks. Patricia Dunn resigned as H-P chairman because of her role in the probe, which was disclosed in September and has also prompted charges that participants violated California laws. … Steven Naralti, Mr. Wagner's attorney, said his client dealt with intermediaries and never communicated directly with H-P officials. But he said Mr. Wagner can provide important evidence for prosecutors. … Federal prosecutors said Mr. Wagner pleaded guilty to a charge alleging that conspirators, using email accounts, established online telephone service accounts that allowed them to access phone records. Specifically, Mr. Wagner admitted establishing an online account using the Social Security number of a Wall Street Journal reporter to fraudulently access the reporter's personal telephone records."

The Wall Street Journal (1/16, B5, Crum, Waldman) reports, "An investigator linked to the Hewlett-Packard Co. boardroom spying scandal has offered to cooperate with the Justice Department in its probe involving others in the case, the investigator's lawyer said." The Journal continues, "Bryan Wagner, of Littleton, Colo., who entered a guilty plea in connection with the H-P case last week, dealt with intermediaries while working as an investigator for the company and never communicated directly with H-P officials, according to his lawyer, Steven Naralti. Mr. Naralti said Mr. Wagner still can provide important evidence for federal prosecutors, who the attorney said are trying to prosecute other people involved in higher levels of the leak investigation." The Journal adds, "The outside investigators obtained private phone records of company directors, reporters and others to help determine the source of leaks from the H-P boardroom. Patricia Dunn resigned as H-P chairman because of her role in the probe, which was disclosed in September and has prompted charges that participants violated California laws. … Mr. Naralti said Mr. Wagner, the first to be targeted by federal prosecutors in the scandal, believes his client can help prove Social Security numbers that were used by investigators in obtaining phone records were provided by H-P employees. Mr. Wagner is accused of using a reporter's Social Security number to obtain private information about that reporter."

CRIMINAL LAW:

Libby Trial Opens This Week. USA Today (1/15, Nichols, 2.27M) reports, "The perjury and obstruction trial of former White House aide Lewis 'Scooter' Libby opens Tuesday amid diminished expectations for bombshells from a case that once dominated Washington headlines. Save for the expected testimony of Vice President Cheney -- a first for a sitting vice president in a criminal case, according to presidential historians -- the case against Cheney's former chief of staff has lost some of its appeal."

The New York Times (1/15, Lewis, 1.16M) reports, "The situation of Mr. Libby, who once worked at the highest reaches of government power in Washington and now faces the possibility of a long jail sentence, is a vivid example of what has become a contemporary capital cliché: 'It's not the crime but the cover-up' that often leads to legal problems for officials in high-profile investigations. The perjury and obstruction of justice charges against Mr. Libby stem not from the leak but from his behavior in the leak investigation." The trial "may serve as a stage for such intriguing issues as how the administration dealt with critics before going to war in Iraq, the changed relationship between journalists and senior government officials, and the always vexing question about the wisdom of using an independent prosecutor to investigate crimes in an administration."

The Washington Post (1/15, A1, Leonnig, 690K) says the case "will put on display the secret strategizing of an administration that cherry-picked information to justify war in Iraq and reporters who traded freely in gossip and protected their own interests as they worked on one of the big Washington stories of 2003." The Post adds, "Besides Cheney, the trial is likely to feature government and media luminaries including NBC's Tim Russert, former White House spokesman Ari Fleischer, columnist Robert D. Novak and Washington Post Assistant Managing Editor Bob Woodward."

Jurors To Be Quizzed On Politics. The AP (1/16, Apuzzo) reports, "Potential jurors in the perjury trial of former White House aide I. Lewis 'Scooter' Libby likely will be asked their opinions of the Bush administration, political scandals and the Iraq war Tuesday, foreshadowing the political tenor of a lengthy trial." Libby is "accused of lying to investigators about his conversations with reporters regarding outed CIA officer Valerie Plame." Attorneys "for both sides recognize the politics behind the case and have proposed questions for jurors about their views on government, politics and the media. The answers will be critical for Libby, a Republican who served as an adviser to President Bush and chief of staff to Vice President Dick Cheney. The jury is being drawn from a city where Democrats outnumber Republicans more than nine to one."

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The Washington Times (1/16, Curl, 88K) reports, "Special prosecutor Patrick J. Fitzgerald has since spent more than $1.4 million on his investigation, which has not produced charges against anyone for exposing Mrs. Plame as a CIA employee." US District Judge Reggie Walton, "a Republican who was one of Mr. Bush's first judicial nominees in 2001 and who served as deputy drug czar under the first President Bush, has made clear that he will limit arguments to facts and will not allow the proceedings to turn into a circus trial."

The Los Angeles Times (1/16, Schmitt, 850K) reports Libby's "defense is a novel one: that he was so preoccupied with life-or-death affairs of state that it affected his ability to accurately recall events for federal investigators. Prosecutors have a simpler explanation: He lied." Expected to "last six weeks, the trial is likely to provide a glimpse into how the White House responded to critics of its Iraq war policies. It will also include testimony from Cheney, marking the first time that a vice president has appeared in a criminal trial." At a time "when most high-profile Washington criminal defendants cop pleas to avoid the glare of the courtroom, the case should provide a rare display of political theater, a throwback to the days of Watergate and the Iran-Contra arms-for-hostages scandal, which played out in the same federal courthouse where Libby's fate will be decided."

Cheney Defends Libby's Honesty. The AP (1/15) reports Cheney yesterday "called his former chief of staff, who goes on trial this week in the CIA leak case, 'one of the more honest men I know' and said Sunday he expects to testify for the defense." Cheney "would not say whether he would testify in open court or possibly via videotape. 'I have indicated from the very beginning my wholehearted cooperation with the investigation and with whatever legal proceedings emerge out of that. And this will all unfold here in the very near future,' he said."

New York City Features Three Capital Trials At Once. The AP (1/15, Hays) reports, "At one point last week, a cop killer, a notorious druglord and a defendant portrayed by prosecutors as a one-man crime wave were fighting for their lives in the same federal courthouse in Brooklyn in an unusual confluence of three death penalty trials under one roof. … A fourth capital trial involving a triple-murder defendant has opened in Manhattan federal court as well. … 'It's totally unprecedented to have two, let alone four cases going on at one time in one city,' said Kevin McNally, a death penalty expert." The AP continues, "Death penalty opponents have complained that starting with President Bush's first attorney general, John Ashcroft, officials in Washington began rubber-stamping the pursuit of the death penalty in federal cases, particularly in states with no capital punishment laws of their own. In New York, the state's highest court declared the state death penalty statute unconstitutional in 2004. … While the volume of state death penalty cases around the country has decreased in recent years, federal cases have multiplied, said Richard Dieter, executive director of the Death Penalty Information Center. … One result: There are now 46 inmates on the federal death row _ more than double the total in 2000; three, including Timothy McVeigh, have been put to death since 2001." The AP notes, "But the death penalty docket in Brooklyn is far from done: Two more capital trials are scheduled to begin in the spring. … Previously, only three capital cases had been tried in Brooklyn since 1994, when Congress dramatically broadened the federal death penalty statute. … Brooklyn U.S. Attorney Roslynn Mauskopf declined through a spokesman to discuss the cluster of cases. Justice Department spokesman Erik Ablin said only that the department has a vigorous, closed-door review process designed to apply the federal death penalty "fairly across the country.""

FBI Battling Rise In Bank Robberies In Major US Cities. The Washington Post (1/16, A5, Lydersen, 690K) reports, "The Chicago Bandit, responsible for at least eight heists, is known for his blue ball cap inscribed with the city's name. The Cubs Fan Bandit, wanted in three robberies, wears headgear celebrating a local baseball team. Metropolitan Chicago logged a record number of bank robberies in 2006, for the second year in a row. … And 2007 is off to a fast start, with six robberies by Jan. 9. No one really knows why, but the FBI speculates that multiplying storefront and grocery-store branches provide attractive targets." The Post adds, "Los Angeles – 'the bank robbery capital,' according to FBI spokesman Bill Carter -- led the country with 470 bank robberies, up from 455. ... New York's total of 290 was up from 229 the year before, but FBI spokesman Jim Margolin said the city's decline in armed heists with the potential for violence is more significant than the uptick in nonviolent 'note jobs.'" The Post notes, "Several high-profile Chicago suspects were caught in 2006," and FBI Chicago spokeswoman Cynthia Yates "said the FBI increasingly relies on the public's help to catch suspects, because improved surveillance camera technology makes it easier to circulate images of suspects, and FBI resources have been diverted to anti-terrorism duty."

FBI Reports Continued Rise In Mortgage Fraud. The New York Times (1/14, Tedeschi, 1.16M) reported, "Mortgage fraud has continued its climb over the last year, according to new statistics from the Federal Bureau of Investigation, despite increased attention from the financial industry and law enforcement agencies. 'We recognize it's a growing problem, so we've redoubled our efforts to work with the industry and other law enforcement agencies to address it,' said William Stern, the F.B.I.'s mortgage fraud coordinator.

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'We're seeing it spill over to things like organized crime and gangs, which concerns us, too.' Mr. Stern said that as of early January, the bureau had 938 pending mortgage-fraud investigations, compared with 818 at the end of September and 721 in September 2005. The F.B.I. estimated that the actual number of cases was closer to 36,000 for the year ended Sept. 30, compared with 22,000 the previous year." The Times added, "Mr. Stern said lenders and other victims were losing bigger amounts to mortgage fraud rings. … 'We've seen a steady rise in both the complexity of the cases and the loss amounts,' he said."

Meanwhile, the Kansas City Star (1/14, Morris, 271K) reported, "Mortgage fraud is being called the country's fastest-growing white-collar crime. It costs lenders more than $1 billion a year and has turned increasing numbers of federal agents into experts on real estate paperwork. These days, they quickly crack cases that once took years to work, experts say. Two Kansas City politicians recently learned just how quickly. The very day last fall when then-Jackson County Executive Katheryn Shields and her husband signed paperwork selling their home, an FBI agent notified them they were the targets of a criminal investigation involving the sale. … Agents also wrapped up an investigation of City Councilwoman Saundra McFadden-Weaver just months after she unsuccessfully tried to refinance a $400,000 Lee's Summit home." The Star noted, "Testifying before a Senate committee last month, FBI director Robert S. Mueller III estimated the loss to lending institutions at more than $1 billion a year. Others called this a conservative estimate because much of the mortgage industry was not required to report fraud."

Former Tennessee County Official Convicted Of Bribery. The Memphis Commercial Appeal (1/13, Buser, 163K) reported, "The FBI's Tennessee Waltz undercover sting operation netted its third guilty verdict in as many trials Friday with the bribery and extortion conviction of Calvin Williams, former top aide to the Shelby County Commission. … Federal prosecutor Tim Di-Scenza said this and two previous guilty verdicts show the strength of the Tennessee Waltz investigation. There also have been five guilty pleas. 'The significance is that we have a great team of FBI agents working on the case and they've developed extremely compelling evidence to show juries what's been going on out there,' DiScenza said. 'We're very gratified with the verdict.'" The Commercial Appeal notes that after the verdict, Williams said, "It is not what I wanted, but it is what it is. … Whatever it is, it's God's will. I still love Him and I'm sure He still loves me."

Bruno Invested Campaign Funds In Private Businesses. The New York Times (1/13, McIntire, 1.16M) reported, "Over the past six years, State Senator Joseph L. Bruno, the majority leader, has invested hundreds of thousands of dollars from two campaign accounts that he controls in at least four Albany-area companies, which have all had personal business dealings with him, a review of state campaign finance records shows. The investments, though legal, were unusual even for New York, whose election laws are considered relatively lax." Bruno "appears to be one of only a few lawmakers to use excess campaign funds to make loans to private companies or to buy individual stocks, according to a review of state records." The Times noted Bruno "has acknowledged that his consulting business has been under investigation by the Federal Bureau of Investigation since at least early last year." Bruno spokesman John McArdle said that the investments "were an attempt to get a better rate of return than what banks were offering. He said the fact that they lost money on some of the investments shows that no favoritism was involved, and he defended the unconventional investments as legitimate and 'not uncommon.'"

Prominent Morial Associates Plead Guilty To Contract Skimming Scheme. The New Orleans Times-Picayune (1/15, Russell) reported, "A yearslong federal probe into a conspiracy by key associates of former Mayor Marc Morial to skim more than $1 million from city contracts took a sudden and stunning turn Sunday with guilty pleas from the two most important remaining defendants. With the case set for trial on Tuesday, political operative Stan 'Pampy' Barré, a restaurateur, and Kerry DeCay, the city's former director of property management," on Sunday admitted "lead roles in a scheme to loot a massive energy-management contract awarded by Morial in the twilight of his eight years in office." The US Attorney Jim Letten "said the convictions 'laid bare . . . the type of corruption which has gutted this city and has kept this city from attracting and keeping industry and business and has made this city, I think, in large measure what it is today.' The convictions, Letten said, should also put the lie to allegations -- made most recently by Lemann, and in the past by Morial supporters, including a group of clergy -- that the federal investigation was rooted in racial or political bias."

Federal Witness In Miami Targeted By Pipe Bomb. The Miami Herald (1/15, Benn, 286K) reported, "A potential plot to assassinate a federal witness was thwarted Sunday when police dismantled a pipe bomb strapped to the witness' pickup truck. The man, who was not identified, noticed the device while he was driving around Hialeah, FBI spokeswoman Judy Orihuela said. He drove to the Hialeah Police Department and alerted officers Sunday afternoon." In a widely-distributed story, the AP (1/15) noted, "The Miami-

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Dade bomb squad detonated the device, and the FBI's Joint Terrorism Task Force was investigating, Orihuela said."

Jury Selection Begins Today For Coke Formula Theft Trial. In a widely-distributed story, the AP (1/16, Weber) reports, "Prosecutors say a former Coca-Cola secretary took confidential documents from the beverage giant and samples of products that hadn't been launched with the aim of selling them to rival Pepsi. Her lawyer says she was duped by two ex-cons and didn't commit a crime. A jury will be asked to determine who is telling the truth. The process of selecting that jury starts today in Joya Williams' trial." The AP notes, "The alleged plans were foiled after Pepsi warned Coca-Cola in May, and an undercover FBI investigation was launched."

Continuing Federal Probe Of Niagara Falls Mayor Raises Concerns. The Buffalo News (1/15, Herbeck, Franklin) reports from Niagara Falls, NY, "More than three years ago, Mayor Vince Anello accepted a series of no-interest loans from Joseph 'Smokin' Joe' Anderson, a prominent cigarette merchant who was developing projects in the city. … FBI agents and the U.S. attorney's office began investigating the $40,000 in loans around May 2004, and Anello and Anderson hired high-profile defense lawyers to represent them. Since then, there have been no indictments or charges. There also have been no statements from law enforcement officials announcing that the investigation is over or that the government has decided against charging anyone." The News continues, "Now, like many other people in Niagara Falls, Anello still wonders where the investigation is heading. … 'I have cooperated with all requests for information. No additional information has been requested of me in 17 months,' Anello told The Buffalo News last week. 'I have discussed this matter publicly many times.'" The News adds, "The region's lead attorney for the Justice Department, U.S. Attorney Terrance P. Flynn, said the investigation is continuing. … No decision has been made yet on whether to file charges against Anello, Anderson or anyone else, Flynn said. … 'It's our job to take the time and make sure that we don't accuse somebody [of] a crime until we have all the sufficient, admissible information we need,' Flynn said. 'We're dealing with a public official who is well-known.' … According to several law enforcement officials, some members of the FBI-led Public Corruption Task Force have been upset with Flynn's office over what they see as exceedingly slow movement on the Anello case. … More than a month ago, the officials said, one of the lead FBI agents in the Anello probe resigned from the task force in disgust, requesting and receiving a new work assignment in the Buffalo area."

Privacy Law Said To Be Falling Behind Technological Advances. The Washington Post (1/16, A9, Nakashima, 690K) reports US law "requires that law enforcement officials obtain a warrant to tap someone's phone or intercept e-mail. But President Bush, drawing on decades-old precedent, asserts that he has 'inherent authority' to authorize agents to intercept electronic communications without a warrant in the interest of national security." That is "the rationale underpinning the National Security Agency's warrantless-wiretapping program. The new Democratic-run Congress has vowed to renew scrutiny of this program and others that involve collection and analysis of Americans' personal data." Privacy experts say "more and more personal data are being stored on the Internet and in databases over which individuals have little or no control. Increasingly, the government, the private sector and criminals are looking for ways to exploit those data."

Herbert Says New Orleans Sinking To "Tragic Depths." Writing from New Orleans, Bob Herbert says in the New York Times (1/15, 1.16M), "During the immediate post-Katrina period, there were essentially two visions of a resurgent New Orleans. One, widely decried as racist, saw the new, improved New Orleans as smaller, whiter and more prosperous. This was openly advocated. … An alternative (and more widely desired) model of the city coincided with the approach that President Bush seemed to be taking when he made his dramatic appearance in floodlit Jackson Square in mid-September 2005. Mr. Bush promised not just to help rebuild New Orleans, but to confront the long-simmering problems of race and poverty with 'bold action.'" But "what is actually happening is worse than anyone had imagined. New Orleans is a mess. It was brought to its knees by Katrina, and is being kept there by a toxic combination of federal neglect and colossal, mind-numbing ineptitude at the local level. … Without a creative new plan and energetic new leadership, New Orleans will be unable to save itself. Right now it's a city sinking to ever more tragic depths."

Authorities Urged To Rethink Links Between Prison Sentences, Mental Health. Bernard E. Harcourt, a professor of law and criminology at the University of Chicago, writes in the New York Times (1/15, 1.16M), "The effect on crime may not depend on whether the institution is a mental hospital or a prison. Even from a crime-fighting perspective, then, it is time to rethink our prison and mental health policies. A lot more work must be done before proposing answers to those troubling questions." But "the first step is to realize that we have been wildly erratic in our approach to deviance, mental health and the prison."

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CIVIL LAW:

Unions Sue Labor Department Over Safety Equipment Rules. The Washington Post (1/16, D1, Skrzycki, 690K) reports that for "almost eight years, unions have been waiting for the Labor Department to finish writing rules that would make it clear that employers are supposed to pick up the tab for safety equipment for millions of workers." Many companies "already foot the bill for goggles, hard hats, ear plugs, mesh gloves, safety harnesses and other gear that they have been required to provide since 1994. But some industry sectors, including home building, poultry processing and construction, say a mandate requiring them to pay would be too open-ended." Unions "claim the Bush administration has stalled because it is looking out for corporate interests. So on Jan. 3, the AFL-CIO and the United Food and Commercial Workers Union filed suit in the U.S. Court of Appeals in the District to force the government to complete the long-postponed proposal."

Waxman Praised For Federal Contracting Oversight Plans. The New York Times (1/16, 1.16M) says in an editorial, "The new Congress is promising far tighter oversight of Bush administration spending programs, and few targets are more in need of scrutiny and daylight than the outsourcing of government programs to private contractors. This highly lucrative world quietly ballooned by 86 percent — to $377 billion annually — during the first five years of the Bush administration, according to Congressional estimates. Outsourced spending, on Iraq, Katrina and other bonanzas, has grown twice as fast as other discretionary spending, according to Representative Henry Waxman, the California Democrat who is chairman of the oversight and reform committee." Waxman is "fairly itching to finally map the waste, fraud and abuse in private contracting that went largely ignored by the previous Republican Congress. Taxpayers should wish him well."

In a Boston Globe (1/16, 413K) op-ed, Allan Burman, president of Jefferson Solutions, and Steven Kelman of the Kennedy School, say, "The new Congress will devote a great deal of time and energy to the problems surrounding federal contracting. As the seniormost procurement policy officials in the first Bush and the Clinton administrations, we both agree that this is a golden opportunity to ... improve a system that is responsible for spending 40 percent of the discretionary budget."

Democrats Warned Against Abuse Of Oversight. In a USA Today column (1/16), Ross Baker of Rutgers University says, "While the Republicans in the last Congress resembled the clueless Inspector Clouseau in their approach to supervising the executive branch, could there be a danger that in their zeal, the Democrats will emulate instead the implacable Inspector Javert? Even worse, could it be a combination of both fictional gumshoes? Whatever the eventual result, the oversight hearings got off to a flying start in both houses last week with hearings on topics as diverse as Medicare drug benefits and the plight of Iraqi refugees." Tempted as the Democrats "might be to launch numerous fishing expeditions as payback for years of GOP dominance and arrogance, Americans are sick of tit-for-tat politics."

CIVIL RIGHTS:

Nation Honors Martin Luther King Jr. The AP (1/16, Ben Feller) reports, "Paint brush in hand, President Bush helped spruce up a high school Monday and tried to draw attention to a broader point -- the value of community service on a day honoring the Rev. Martin Luther King Jr. 'I encourage people all around the country to seize any opportunity they can to help somebody in need,' Bush said from the library of Cardozo High, a predominantly poor, minority high school about 10 minutes from the White House." Added Bush, "By helping somebody in need, you're honoring the legacy of Martin Luther King. … And by helping somebody in need, you're really helping yourself; you're lifting your soul." In an unannounced visit, "the president joined a community clean up project at Cardozo, where classes were not in session. A few hundred children, parents and local volunteers were at the school, many of them painting murals in the hallways to give the place a livelier look. Bush, in rolled-up shirt sleeves, walked along a corridor and chatted up the volunteers, including Attorney General Alberto Gonzales."

The Washington Times (1/16, Altamirano, 88K) notes "Bush borrowed a paint brush dabbed in red ink, then carefully colored in the 'B' of a stenciled drawing of Ben's Chili Bowl. The local eatery is known for its chili dogs and its rich history, including surviving the riots after King's assassination. 'Getting the drift of this thing here?' a smiling Mr. Bush asked as he painted, seeking approval of his technique. Volunteers nodded." The Washington Post (1/16, B1, Ruane, Harris, 690K) also reports on the celebration under the headline "Walking Just Like King Did."

The AP (1/16, Haines), meanwhile, reports "the first Martin Luther King Jr. Day since the death of King's widow and the chief keeper of his civil rights dream was marked Monday with speeches, visits to the couple's tomb and the opening of a collection of his papers, including a draft of his 'I Have a Dream' speech." The AP adds, "Coretta Scott King's legacy loomed large over the 21st observance of the King holiday at the historic Ebenezer Baptist Church, where King preached. … As King condemned the war in Vietnam 40 years ago, Ebenezer's senior pastor, the Rev. Raphael G.

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Warnock, denounced the war in Iraq. 'The real danger is not that America may lose the war,' Warnock said. 'The real danger is that America may well lose its soul.'" The Atlanta Journal-Constitution (1/16, Fox, 379K) runs a similar story.

The New York Times (1/16, McIntyre, 1.16M) reports, "As New Yorkers gathered yesterday to pay tribute to the legacy of the Rev. Dr. Martin Luther King Jr., it was the memory of another man that asserted itself throughout the day, with political leaders demanding justice for Sean Bell, who was killed in a hail of police bullets last November." Gov. Eliot Spitzer "met with members of Mr. Bell's family before speaking at the Rev. Al Sharpton's annual celebration of Dr. King in Harlem, where a string of politicians followed Mr. Sharpton's cue and addressed the shooting. Mr. Bell, an unarmed black man, was killed by undercover officers outside a Queens nightclub. The case is being investigated by prosecutors."

US Capitol To Honor Robert E. Lee In April. The Washington Times (1/16, Bellantoni, Lively, 88K) reports, "Robert E. Lee's annual honors in the U.S. Capitol have been postponed from this week to April, as heritage buffs hope to expand the Confederate general's 200th birthday into a yearlong celebration. Members of the United Daughters of the Confederacy (UDC) for nearly a century have laid a wreath at Gen. Lee's statue in the Capitol's Statuary Hall on his birthday. It's a big soiree marked with dozens of heritage groups invited to offer wreaths of their own, and speeches by Civil War historians."

Mississippi Political Boss On Trial For Voting Rights Violations. The Washington Post (1/16, A2, Whoriskey, 690K) reports rural Mississippi political boss Ike Brown, "who is African American, is scheduled to go on trial in federal court in Jackson, where he will face charges from the Justice Department that he violated the political rights of Noxubee's white minority. It is the first time that the 1965 Voting Rights Act has been used to ensure white rights." About "two-thirds of the 8,700 adults in Noxubee County are black, and Brown, the local Democratic committee chief, has been criticized for urging people to 'vote black' while engaging in an array of electoral shenanigans." The issue is "whether Brown, 52, has directed 'relentless voting-related racial discrimination' against white voters and white candidates through fraudulent election tactics, as federal lawyers say, or whether he was merely operating aggressive political campaigns in a milieu that has long been split along racial lines."

Compass Settles Bias Claims With DOJ. The Birmingham Business Journal (1/15) reports, "Compass Bank has reached a settlement with the U.S. Department of Justice over allegations the bank discriminated against unmarried car-loan applicants." The Journal continues, "The Justice Department launched an investigation into Compass' automobile lending practices after the Federal Reserve Board, in a routine 2003 examination, found 'reason to believe that Compass Bank's loan pricing procedures and directives constituted a pattern or practice of discrimination,' according to a news release Friday." The Journal adds, "In its complaint, the Justice Department alleged the Birmingham-based bank had violated the Equal Credit Opportunity Act by charging car loan co-applicants who were not married to one another higher rates than married couples. … In a consent order filed in federal district court in Birmingham, Compass has agreed to pay as much as $1.75 million plus interest to unmarried co-applicants who were charged higher rates. It also will beef up its equal credit opportunity training for employees who set car loan rates. The bank also is required to maintain changes to its lending procedures already in place that explicitly ban distinctions based on marital status. … 'Under the law, marital status should have no effect on an individual's access to credit,' said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division, in a news release. 'We will continue to vigorously enforce the federal laws that prevent discrimination in credit and lending services. We commend Compass Bank for working cooperatively with the Justice Department in reaching an appropriate resolution of this case.'"

The Birmingham (AL) News (1/16, Williams) reports, "The Justice Department and Compass said the Birmingham bank will pay up to $1.75 million, plus interest, to non-married loan customers who were charged higher interest rates than married couples. … A consent decree, which still must be approved by a federal judge in Birmingham, says Compass promised it will not discriminate on the basis of marital status in any aspect of its automobile lending. … 'Under the law, marital status should have no effect on an individual's access to credit,' said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division." The News adds, "Ed Bilek, a Compass senior vice president, said the bank admitted no wrongdoing and noted that the loans in question occurred between May 2001 and May 2003. He declined to say how many loans were involved in the investigation, saying only 'it did not represent a significant amount of our business.' The probe looked at lending through the bank's operating territory. … The Justice Department said Compass has implemented changes to its lending procedures that bar distinctions based on marital status and will maintain those new policies. Compass said it will provide enhanced equal credit opportunity training to its officers and employees who set rates for automobile loans."

New Jersey Trooper Claims He Was Told To Lie To Federal Monitors. The Bergen County (NJ) Record (1/15, Bautista) reports, "A committee appointed by Governor

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Corzine to take a 'hard look' at state police reforms is investigating allegations by a veteran trooper that he was coached on how to mislead federal monitors." The Record continues, "Testifying in November before the Advisory Committee on Police Standards, Sgt. Scott Turner said commanders asked him to 'misrepresent' his findings as head of the research and innovation unit that the state police academy at Sea Girt was not complying with the mandates of a federal consent decree signed in 1999 as a result of a racial-profiling scandal. Turner said he refused. … He also testified that high-ranking commanders in the Office of Professional Standards 'manipulated and misrepresented' internal affairs data to show that the state police were complying with the consent decree. … 'I was instructed to keep my mouth [shut] when speaking with federal monitors, to omit information, and I was even coached on how I can mislead monitors [by] misrepresenting information and how I could limit my responses to their questions,' said Turner, who has a whistleblower lawsuit pending against the state police." The Record notes, "The committee's recommendations will help Corzine decide whether the state should join the U.S. Justice Department in filing a motion in U.S. District Court to lift the consent decree, which was signed in December 1999 and allowed federal observers to monitor state police efforts to end racial profiling. … After six years of overseeing state police operations, federal monitors said the reforms have 'far exceeded' the court-ordered requirements designed to end racial profiling. … Nevertheless, the committee is 'still looking' into Turner's allegations, said James E. Johnson, the committee chairman and a former federal prosecutor."

New Hampshire Bill Targets Human Trafficking. The Lawrence (MA) Eagle Tribune (1/16, Fraser) reports, "Three state legislators are joining forces to end the human trafficking problem in the Granite State. Which begs the question, is there a human trafficking problem in the Granite State? … 'There's no way to know, but common sense just tells you New Hampshire isn't immune,' said Assistant U.S. Attorney Mark Zuckerman. 'It's happening all around us. It's happening here, too.' … But the evidence is sketchy, Zuckerman said. Since a federal law passed prohibiting human trafficking in 2000, only one New Hampshire case has been prosecuted - the United States v. Timothy Bradley and Kathleen Mary O'Dell." The Tribune continues, "Bradley and O'Dell, of Litchfield, were convicted in 2003 of forcing four Jamaican men to work for their tree-cutting business. The men lived in unsanitary and unsafe conditions, and received no pay for their work, according to Zuckerman. Both Bradley and O'Dell were sentenced to five years, 10 months in prison." The Tribune adds, "Human trafficking essentially falls into two categories. The first is forced labor, when people are transported across national borders, often illegally, and forced to work for little or no wages to pay back those who brought them into the country. The Bradley and O'Dell case fell into this category, with one difference - the four Jamaican men were brought into the country legally, on workers' Visas. … The second category involves forced prostitution. Young women or children are transported into a country, and forced to pay back those who brought them in by working in the sex trade. … Just the possibility of a human trafficking problem in New Hampshire is shocking to Rep. Jordan Ulery, R-Hudson, the sponsor of two bills. One of the bills would establish a commission to study human trafficking. The other would make transporting illegal immigrants across the border, or from place to place within the border, a crime."

Texas Suit Challenges Santeria Practices. The Washington Times (1/16, Aynesworth) reports from Euless, TX, "Jose Merced said he is tired of Euless police knocking at his door and interrupting his church services. … Police have told Mr. Merced that his Santeria religious rites are against the law in this rapidly growing community because some of its ordination rituals involve the sacrifice of animals. One of his neighbors on the small cul-de-sac registered a complaint, but police did not tell him who. … He said fewer than 10 members of his group meet regularly in his Euless home." The Times continues, "After repeated visits and warnings, Mr. Merced, a 45-year-old airline employee, consulted Ernesto Pichardo, the church's president, and filed a lawsuit against the city claiming his religious freedom had been violated. … In 1993, the U.S. Supreme Court struck down an ordinance in Hialeah, Fla., as a violation of the First Amendment's "free exercise" of religion clause. Justices agreed with Mr. Pichardo, the lead plaintiff in the case, saying the city targeted its law to Santeria sacrificial rites. … The city of Euless refused to comment on the lawsuit, but Avery Jackson, who was waiting in line at City Hall last week, was not so circumspect. … 'Would you want children to watch chickens or goats being killed for their blood?' he said. 'Come on, get real. They might do that in Haiti or Cuba or somewhere, but in Euless, Texas?'"

Virginia General Assembly To Debate Abortion Bills. The Washington Post (1/15, B1, Craig, 690K) reports, "Abortion rights advocates are gearing up to fight more than a dozen bills before the General Assembly this year, including a measure that would outlaw nearly all abortions in Virginia should the US Supreme Court overturn Roe v. Wade." The debate over abortion "is a yearly ritual for the Republican-controlled General Assembly, but a pending Supreme Court decision on the Partial-Birth Abortion Ban Act and this fall's legislative races could heighten the discussion this year. … Many Supreme Court observers have said the court is one or two votes from reversing the 1973 decision that established a woman's right to an abortion." Abortion "has been a tumultuous political issue in Virginia, where polls show that

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about 40 percent of the electorate identify themselves as born-again Christians. The state is home to Pat Robertson's Christian Broadcasting Network as well as Jerry Falwell Ministries, both of which speak out against abortion."

WPost Urges Bipartisan System For State Redistricting. The Washington Post (1/15, A14, 690K) writes in an editorial, "Virginia remains in most ways a majority-Republican state. But after successive Democratic victories in races for governor and senator, plus Democratic pickups in the state legislature for most of this decade, the GOP majority is starting to look shaky. Hence the party's dilemma: If it insists on leaving redistricting in the hands of the majority, as it has in recent years, it may wake up after the 2010 Census startled to find the Democrats in charge of redrawing the political map. If, on the other hand, the Republicans agree now to create a bipartisan system, they may end up with an electoral map more to their liking than if they were left to the Democrats' mercies." The Post adds, "The result will be better government and better politics. It's better government because Virginia's current system has produced a quasi-democracy. Most incumbent lawmakers have districts so gerrymandered in their favor that they face no serious opponent or no opponent at all."

ANTITRUST:

US Undergoing Record-Setting Blitz Of Mergers, Buyouts. The Christian Science Monitor (1/16, Trumbull) reports, "Corporate merger and buyout activity is now surpassing the record levels reached in 2000 – a trend that holds some risk as well as promise for the global economy." The Monitor continues, "In the past week: … US Airways boosted its hostile bid for the struggling airline Delta, to about $10 billion. … General Electric Co. said it will buy Britain's third largest aerospace company for $4.8 billion. It also is looking to auction off its plastics division, which could be worth $10 billion. … Jockeying intensified among rivals to buy Hutchison Essar, one of India's biggest wireless phone companies." The Monitor adds, "With all the stock shares and assets flying back and forth in recent months, even stock exchanges are part of the story. European regulators have just stamped their approval on a proposed merger between the New York Stock Exchange and Euronext, an operator of European exchanges. And two venerable Chicago markets for futures and option contracts are in the process of pairing up. … This wave of dealmaking is generally a positive force, analysts say. Mergers or buyouts help many businesses become more competitive – and support their stock prices in the process. But the trend also gives cause for worry. The last time mergers and acquisitions (M&A) hit a peak like this was in 2000, just before a bear market and recession of 2001. The risk is that, once again, stock prices and M&A activity could fuel each other, only to collapse after a speculative frenzy."

FTC Faces Difficult Decision With Brocade-McData Deal. The Deal (1/16, Lindell) reports, "A merger between competitors might be a great deal for the companies' customers, lowering prices by focusing research and development on the most valuable projects and cutting production costs. Another deal joining competitors, however, could raise prices by decreasing competition, leaving fewer choices to consumers." The Deal continues, "The Federal Trade Commission is trying to decide which camp Brocade Communications Systems Inc.'s $735 million purchase of McData Corp. falls into. … Politics at the five-member commission and recent legal precedent are making this case a closer call than most for the agency. First, the agencies have lost several recent merger cases. Next, market entry barriers that aren't easy to assess and a dearth of customer complaints are complicating the FTC's job. Finally, the makeup of the FTC itself changed last year, and the dynamics of the commissioners are still evolving." The Deal adds, "The case comes at a time when both the FTC and its sister agency, the Department of Justice's antitrust division, have been losing challenges to mergers. FTC Chairman Deborah Platt Majoras has said she wants to bring a case, and she said, 'You can't win if you don't play,' but so far, 'the right case' has been elusive. … Staff lawyers, who are eager to challenge the deal, have reviewed the Brocade-McData deal, according to several sources following the matter. After that recommendation reached his desk, however, sources following the deal believe FTC Bureau of Competition Director Jeff Schmidt overruled staff and forwarded to the five commissioners a recommendation to let the deal go through. … Antitrust lawyers say the differing recommendations are understandable because the case is too close to call. … His reluctance to block the merger in court is due in part to a previous case, DOJ's unsuccessful challenge to Oracle Inc.'s purchase of PeopleSoft in 2004. The Justice Department's defeat in that proceeding was seen as a judicial mandate on the need for consumer testimony. In that case, Chief Judge Vaughn Walker of the Northern District of California seemed to say that the government could only block mergers where there is a clear story of imminent consumer harm, as expressed clearly and in unified terms, by the customers in the industry."

DOJ Previews Case Against Realtors. Inman News (1/16, Roberts) reports, "If the antitrust lawsuit filed by the U.S. Justice Department against the National Association of Realtors proceeds to trial, the United States plans to call the Realtor association's general counsel, ZipRealty's CFO, the former president and CEO for eRealty, and the CEO for Home Buyers Marketing II among its witnesses, according to

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court documents." Inman continues, "The federal government has also identified 20 multiple listing service areas from which it has requested or obtained detailed data and 16 additional MLS areas from which it has collected evidence or will draw evidence." Inman adds, "Lawyers representing the government and Realtor group met last week with a court magistrate for a routine conference in the antitrust lawsuit, which was filed in September 2005. The lawsuit, filed in U.S. District Court in Chicago, charges that the Realtor group approved overly restrictive policies for the online display and sharing of property information among real estate professionals, while the Realtor group has maintained that its policies are not illegal. … Laurie Janik, general counsel for the National Association of Realtors, said lawyers for the association expressed a worry about the possible number of depositions that the government may take to assist in building a case against the Realtor association. Depositions, which are recorded statements given under oath for use in court, can be time-consuming and costly, said Janik, noting the government had announced plans for 10 depositions in one small market area. That number has since been trimmed to three for that market area, she said."

GE Purchases Smiths Aerospace Unit For $4.8 Billion. The AP (1/16) reports, "General Electric Co., the world's largest aircraft engine maker, agreed Monday to buy the aerospace business of Smiths Group PLC, Britain's third-largest aerospace company, for $4.8 billion in cash." The AP continues, "Smiths will return $2.1 billion to shareholders, the London-based company said in a statement. GE and Smiths also announced plans for a joint venture called Smiths GE Detection." The AP adds, "The market reacted enthusiastically, pushing Smiths shares up more than 15 percent to 1,135 pence ($22.24) on the London Stock Exchange. The company has been under shareholder pressure to break itself up, but has resisted. … Fairfield, Connecticut-based GE said the purchases would broaden its aerospace portfolio by adding Smiths' flight management systems, electrical power management, mechanical actuation systems and airborne platform computing systems."

Japan Steel Firms' Deal Challenged By Investment Fund. The Wall Street Journal (1/16, Miyazaki) reports from Tokyo, "Activist investment fund Ichigo Asset Management International Pte said it has taken a 10.9% stake in steel maker Tokyo Kohtetsu Co. and is looking to challenge the terms of a merger with a larger rival that it says shortchanges shareholders." The Journal continues, "The development is the latest in a string of moves by activist investors attempting to force Japanese management, especially at small-to-midsize firms, into doing more to maximize shareholder value." The Journal adds, "Ichigo's move was triggered by Osaka Steel Co.'s announcement in October that it would be conducting a stock swap with Tokyo Kohtetsu to convert the electric-furnace steel maker into a wholly owned subsidiary by March 31. … Tokyo Kohtetsu shareholders are set to vote Feb. 22 on the terms of the swap, which would give them 0.228 share of Osaka Steel for each Tokyo Kohtetsu share. That values the company at 8.23 billion yen ($68.4 million), based on Osaka Steel's share price of 2,070 yen the day before the deal was announced, on Oct. 26. … Ichigo, however, says that ratio gives shareholders just a 0.3% premium relative to the company's average share price over the month prior to the merger announcement. The fund is seeking to have that renegotiated to a 30% premium, or 0.295 share of Osaka Steel for one Tokyo Kohtetsu share."

ENVIRONMENT:

Interior Official In Charge Of Oil And Gas Royalties Kept Out Of View. The New York Times (1/16, Andrews, 1.16M) reports, "Johnnie M. Burton, who runs the Interior Department's troubled program to collect royalties on oil and gas pumped on public lands, is under attack and out of sight. As director of the Minerals Management Service, Ms. Burton has faced widespread complaints from Congress for months that her agency is mismanaged, unaccountable and on the verge of losing billions of dollars owed by oil and gas companies that drill in the Gulf of Mexico." On Thursday, DOI's inspector general "is expected to tell the Senate Energy Committee that Ms. Burton either ignored or remained unacceptably blind to a leasing blunder that will, if left unchanged, let oil companies escape as much as $10 billion in royalties over the next five years." Yet Burton "will not be testifying. In her place will be an assistant secretary of the Interior, C. Stephen Allred, who joined the department less than four months ago." The Times adds, "Senior Interior officials have kept Ms. Burton out of public view, and many colleagues assume she will soon leave the agency."

House Democrats' Energy Package Could Be Costly For Oil Industry. The Hill (1/16, Snyder) reports, An "energy package House Democrats will bring to the floor Thursday" could "cost the oil industry $15 billion over 10 years. That money would be redirected into a renewable energy development fund." Under the package, "Democrats would exempt oil companies from a manufacturing tax credit Congress passed as part of a broad corporate tax package in 2004. ... Repealing another tax break for a type of oil exploration included in the Energy Policy Act of 2005 would add another $1 billion." A "much bigger chunk of revenue will come from trying to force oil companies to renegotiate

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contracts to drill in the Gulf of Mexico signed in 1998 and 1999."

WSJournal Says Democrats' Bill Will Aid OPEC, Hamper US Production. In an editorial, the Wall Street Journal (1/16, 2.04M) says the House Democrats' package "is said to promote America's energy independence, but the biggest winner may be OPEC." The legislation's "central idea is simple: Raise taxes on domestic oil producers and then spend the money to subsidize ethanol, solar energy, windmills (so long as they're not on Cape Cod), and so on. But if you increase the cost of domestic oil production by $10 billion, you are ensuring that U.S. imports of OPEC oil will rise and domestic production will fall." The bill "strong-arms" oil companies into renegotiating late-90s royalty contracts "or pay a $9 per barrel royalty fee from these leases. If the companies refuse, they lose their rights to bid for any future leases on federal property. So at the same time that the U.S. is trying to persuade Venezuela and other nations to honor property rights, Congress does its own Hugo Chávez imitation."

NYTimes Offers Congress "Guideposts" On Energy Bills. In an editorial, the New York Times (1/16, 1.16M) writes, "Al Hubbard, the economic adviser who's coordinating the administration's energy strategy, recently promised that President Bush would produce 'headlines above the fold that will knock your socks off in terms of our commitment to energy independence.' Every president since Richard Nixon has talked this way, while every year the country slides further into dependency." The Times adds, "Mr. Bush's overpromising has included a forecast that we would all be buying hydrogen-fueled cars in 20 years and his pledge a year ago to rid the country of its addiction to oil. Still, we must hope that Mr. Bush is serious this time, because we simply cannot continue to hold our national security and the health of the planet hostage to our appetite for fossil fuels." Congress "is churning out energy bills. But this is a recipe for paralysis unless it observes a few basic guideposts." First, "The last thing America needs is another multi-year debate leading to yet another giant bill that offers something for everyone without really changing the way this country produces and uses energy." Second, "Partisanship and posturing must be resisted." Finally, "Doing things right will take serious money."

Boxer, Sanders Push Sweeping Global Warming Bill. The Hill (1/16, Schor) reports, "Freshman Sen. Bernie Sanders (I-Vt.) will follow in his predecessor's footsteps today, joining 10 colleagues to reintroduce the sweeping bill reining in the spread of global warming that was championed by former Vermont Sen. Jim Jeffords (I). Senate Environment and Public Works Committee Chairwoman Barbara Boxer (D-Calif.) is a lead cosponsor of the measure, which would mandate a reduction of U.S. greenhouse gas emissions to their 1990 levels by the year 2020." The Hill adds, "The emissions cuts would be achieved through a complex system of benchmarks and milestones for businesses that burn carbon-based fuels."

Panel Finds Cutbacks Endanger Climate Studies. The Washington Post (1/16, A1, Kaufman, 690K) reports, "The government's ability to understand and predict hurricanes, drought and climate changes of all kinds is in danger because of deep cuts facing many Earth satellite programs and major delays in launching some of its most important new instruments, a panel of experts has concluded." The two-year study by the National Academy of Sciences "determined that NASA's earth science budget has declined 30 percent since 2000." And it "stands to fall further as funding shifts to plans for a manned mission to the moon and Mars. The National Oceanic and Atmospheric Administration, meanwhile, has experienced enormous cost overruns and schedule delays with its premier weather and climate mission."

Planting Zones Map Updated For Warming Trend. USA Today (1/16, O'Driscoll, 2.27M) reports, "Rising temperatures are allowing Southern trees to thrive farther north and stressing trees used to colder weather, according to new national guidelines issued by planting experts. The National Arbor Day Foundation last month updated the Agriculture Department's 'hardiness zones' map, which was last issued in 1990." The "map divides the nation into 11 planting zones tied to average low temperatures. It shows significant boundary changes as the continent has warmed."

Scientist Says Tree-Planting May Accelerate Global Warming. In a New York Times (1/16, 1.16M) op-ed, Carnegie Institution scientist Ken Caldeira writes, "We add carbon dioxide to the atmosphere every time we use energy from coal, oil or gas; but each tree can remove more than a ton of carbon dioxide from the atmosphere over its lifetime. Based on this logic, it might seem a good idea to go out and plant a tree to slow global heating." And projects "have sprung up throughout the world claiming to help cool the earth, ready to accept your money and plant a tree in your name." However, "new scientific studies are concluding that preservation and restoration of forests outside the tropics will do little or nothing to help slow climate change. And some projects intended to slow the heating of the planet may be accelerating it instead." Caldeira adds, "[T]he notion that we can save the planet just by planting trees is a dangerous illusion. To preserve our environment, we must drastically reduce carbon dioxide emissions, and this will require a major transformation of our energy system."

Park Police Said To Lack Funds To Carry Out Its Mission. The Washington Times (1/15, Seper, Cella, 88K) reports, "The lack of federal funding for the US Park Police has jeopardized the agency's mission and employees,

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including vehicles too broken and dangerous to drive, officers and supervisors say. Though no officer has been hurt or killed as a result of the shortfalls, 'it is just a matter of time' before such an episode occurs, said Fraternal Order of Police official James Austin." The Times adds, "Several veterans and supervisors also said the agency is having problems fulfilling its mission, which includes protecting the country's national treasures and preserving natural resources."

Park Service To Tap Philanthropists To Maintain Parks. The Washington Times/AP (1/16, Jalonick) reports the National Park Service's "new director said the agency will increasingly look to outside sources for money to help maintain parks." Mary A. Bomar, "a career employee who became director in October," said, "We're much more business-savvy than we used to be." The Times adds a Government Accountability Office report "last year said the Park Service is increasingly cutting back on visitor services, education programs and protections for natural and cultural resources because funding has failed to keep pace with operating costs. The agency also has a huge maintenance backlog." Bomar said "philanthropy will be a big part of a plan announced this year, called the 'centennial challenge,' to revitalize and restore parks for the agency's 100th anniversary in 2016."

Ethanol Demand Fuels Fears Of Corn Supply Squeeze. The Wall Street Journal (1/16, C3, Bhattacharya, 2.04M) reports, "Corn prices are likely to reach unprecedented highs in the next two to three years, as an ethanol boom in the U.S. is likely to limit corn's availability for food and feed use. This has fueled concerns that corn, a staple food ingredient in many countries and widely used as feed in the poultry and livestock sectors, might become out of reach for poorer consumers, boosting food prices in general." A report by Lester Brown, founder of the Earth Policy Institute, "said the ethanol distilleries being built in the U.S. will need 139 million metric tons of corn by the 2008 harvest, far more than a U.S. Department of Agriculture estimate of the requirement, pegged at around 60 million tons." Brown "isn't alone in warning that an ethanol boom might lead to sharp rise in corn prices by creating a supply squeeze."

Unions, Conservationists Ally To Increase Environmental Funding. The Washington Post (1/16, A4, Harden, 690K) reports that in a "first-of-its-kind alliance that could fundamentally reshape the environmental movement, 20 labor unions with nearly 5 million members are joining forces with a Republican-leaning umbrella group of conservationists -- the Theodore Roosevelt Conservation Partnership -- to put pressure on Congress and the Bush administration." The "Union Sportsman's Alliance, to be rolled out in Washington on Tuesday after nearly three years of quiet negotiations, is to be a dues-based organization ($25 a year). Its primary goal is to increase federal funding for protecting wildlife habitat while guaranteeing access for hunters and anglers." The "unlikely marriage of union and conservation interests comes at a time when the Bush administration, with its push for oil and gas drilling in the Rocky Mountain West, has limited public access to prime hunting and fishing areas on federal land."

Mallaby Hopeful White House Will Change Stance On Global Warming. Sebastian Mallaby writes in the Washington Post (1/15, A15, 690K), "George W. Bush has managed to isolate himself on Iraq: from world opinion, from domestic opinion and now finally from his own party. But just as Democrats have gained the upper hand on foreign policy, so Republicans have gained the upper hand on health policy. The parties are changing clothes faster than my 3-year-old changes princess dresses. … What other role reversals can we look forward to? … The grand prize for Nixon-to-China inversions will go to the administration if it tackles climate change. A fantasy, you say? On Saturday I put the case for a carbon tax or a cap-and-trade system to James Connaughton, the head of the Council on Environmental Quality at the White House. Far from denouncing these policies as eco-socialist nonsense, Connaughton sounded open to them. … Whoa! This may be spin, but it's certainly new spin."

FBI/DEA/ATF/USMS:

Home-Grown Marijuana Seized In California Raid Possibly Linked To Criminal Syndicate. The Tri-Valley Herald (1/13) reported agents "raided seven homes Friday, discovering millions of dollars in home-grown marijuana that may be linked to an organized criminal syndicate. The 4,931 marijuana plants uncovered in six homes in Lathrop and one in Tracy could have produced more than 4,900 pounds of marijuana annually and garnered about $19.7 million, said Gordon Taylor, an agent with the Drug Enforcement Administration. … Taylor said the seven homes raided Friday were connected to the 41 homes raided in Stockton, Elk Grove and Sacramento in August and September in which 18,000 plants worth an estimated $74 million were seized."

Reputed Norte Del Valle Cartel Leader Arrested In Colombia. The AP (1/16) reports a reputed drug kingpin "was captured Monday following a shootout, police said, ending a years-long hunt for a man wanted by American officials for allegedly smuggling tons of cocaine into the United States. Eugenio Montoya Sanchez is believed by

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authorities to be a leader of the Norte del Valle drug cartel, which the FBI lists on its Web site as the 'most powerful and violent drug-trafficking organization in Colombia.'" Authorities "have been closing in on the cartel since last year, when the army killed eight members of a private army believed to be protecting Diego Montoya, who sits alongside Osama bin Laden on the FBI's 10 most-wanted list." The Washington Post and Wall Street Journal used the AP story.

Government Search-And-Seizure Powers Scrutinized. In the Wall Street Journal (1/16, B1) Adam Thompson writes, "Major League Baseball has found itself embroiled in a federal investigation into whether some of its biggest stars used performance-enhancing drugs to smash home runs in record numbers. But civil-liberties advocates, as well as unions, worry that a recent legal ruling in the case will reach far beyond the diamond and give the government broad search-and-seizure powers in the digital age. At the heart of the case is how much freedom the government has to pursue crimes discovered in electronic files while searching for evidence against other people. It turns on just how much protection the Fourth Amendment, written in the 18th century to stop unreasonable searches, affords information in a 21st-century computer database about people other than those targeted by investigators."

Planes Said To Be Favored Over Boats For Smuggling US-Bound Cocaine. The AP (1/14, Jacobs) reported U.S. Sen. Bill Nelson said Saturday that drug traffickers "are increasingly favoring planes over boats to smuggle U.S.-bound cocaine from South America into Haiti and the Dominican Republic. … In a speech this past week, Haitian President Rene Preval said U.S. anti-drug aid has not significantly stopped the flow of illegal drugs into his impoverished Caribbean country. Nelson…said Washington's agreement with Haiti only allows U.S. authorities to stop drug traffickers at sea _ not by air _ 'because obviously we cannot interdict the plane unless we shoot it down.'"

Ecuador Seen As Being "Colombianized." The Los Angeles Times (1/15, Kraul) reported the United States "is battling a dangerous new front in its South American drug war — just as a protege of anti-American leader Hugo Chavez comes to power in Ecuador vowing to shut down a U.S. base dedicated to narcotics surveillance. Officials have expressed growing concern that this Andean nation is being 'Colombianized,' illustrated by record cocaine seizures in the last two years, the destruction of a major cocaine-processing lab and a recent gangland-style killing. … Ecuador has tried to keep its distance from its neighbor's 40-year civil war and Plan Colombia, a $4-billion antidrug and antiterrorism program funded by the United States, fearing the Andean nation could be drawn into the conflict."

Member Of Kuwait Ruling Family Gets Death Sentence In Drug Case. The AP (1/16) reported a court "has convicted a member of Kuwait's ruling family for drug trafficking, and it condemned him to death, according to a ruling obtained Monday. It is believed to be the first time that a member of a ruling family in one of the Gulf Arab states received the death sentence for a drug offense. The crimes of Sheik Talal Nasser Al Sabah 'threatened society ... especially young people,' who bought hashish and cocaine from him, Judge Humoud al-Mutawah said in his verdict Sunday."

Mandatory Gun Ownership Law Seen As Disincentive To Crime. In a New York Times op-ed (1/16), Instapundit blogger Glenn Reynolds says, "It's a phenomenon that gives the term 'gun control' a whole new meaning: community ordinances that encourage citizens to own guns." Last month, Greenleaf, Idaho, "adopted Ordinance 208, calling for its citizens to own guns and keep them ready in their homes in case of emergency." Greenleaf is "following in the footsteps of Kennesaw, Ga., which in 1982 passed a mandatory gun ownership law in response to a handgun ban passed in Morton Grove, Ill. Kennesaw's crime dropped sharply, while Morton Grove's did not. To some degree, this is rational. Criminals, unsurprisingly, would rather break into a house where they aren't at risk of being shot."

IMMIGRATION:

FBI Investigating Border Patrol Agent's Shooting Of Mexican Immigrant. In a widely-distributed story, the AP (1/16) reports, "The FBI said Monday it was investigating the shooting death of a Mexican immigrant by a U.S. Border Patrol agent that had been criticized by Mexican President Felipe Calderon. Francisco Javier Dominguez-Rivera, 22, of Puebla, Mexico, was killed Friday in a confrontation with the unidentified agent north of the U.S.-Mexico border between Bisbee and Douglas." The AP notes, A group of seven people were crossing the desert and the agent took six of them into custody without incident, authorities said. But the agent and Dominguez-Rivera began fighting, authorities said. The agent, who believed his life was in danger, shot and killed the man, the Border Patrol said previously."

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TAX:

IRS To Revamp Free File Program. The Wall Street Journal (1/16, Matthews) reports, "The Internal Revenue Service today is expected to unveil its revamped Free File program, which allows taxpayers with adjusted incomes of less than $52,000 a year to file their tax returns online for free through privately run Web sites." The Journal continues, "IRS officials estimate about 95 million people will qualify to use the program. … About 20 companies, including two that will offer services in Spanish, are expected to join the program, created five years ago to promote online filing and cut paperwork." The Journal adds, "In recent years, the program has come under fire from Congress and the National Taxpayer Advocate, a quasi-independent government office that addresses various taxpayers' concerns. … Some critics have charged that the IRS gave the private companies too much leeway to market add-ons, and, in some cases, confused many consumers into thinking that paying for the extra services wasn't optional. .. .In congressional hearings last year, Nina Olson, chief of the National Taxpayer Advocate, said many taxpayers complained about the Free File program." The Journal notes, "One of the changes in this year's program includes elimination of refund-anticipation loans, in which companies lend money to filers -- sometimes at high interest rates -- who don't want to wait for the IRS to send expected refunds. … Taxpayers also will be able to use the Free File program to request refunds, usually ranging from $30 to $60, due to the end of the telephone excise tax."

NYTimes Urges IRS To Increase Audits Of Large Corporations. The New York Times (1/15, 1.16M) writes in an editorial, "With corporations posting record profits amid nonstop accounting scandals, one would assume that the Internal Revenue Service is looking long and hard at big companies' tax returns. Unfortunately, the opposite is true." As the NYTimes's David Cay Johnston "reported last week, IRS auditors are being pushed by the agency's top officials to prematurely close audits of large corporations with agreements that they pay only a fraction of the additional taxes that could be collected." Economists and tax experts who have looked at the IRS statistics have "raised the possibility that an increase in corporate noncompliance is behind the increased tax-due amounts, not more effective auditing." Congress "must ensure that the agency justifies its policy or changes it."

CONGRESS-ADMINISTRATION:

Bush Ponders Health-Insurance Tax Breaks. The Wall Street Journal (1/16, A6, McKinnon, Solomon, 2.04M) reports, "With health-care costs emerging as one of voters' biggest domestic concerns, President Bush is considering promoting a tax-code change making it easier for people to buy health insurance for themselves in the open market, rather than relying on employers." Bush's "coming State of the Union address and annual budget proposal are likely to include other ideas for easing the crunch, Republicans close to the White House said. Those would build on the administration's efforts to encourage states to create special insurance pools for lower-income individuals and small businesses. The administration also is likely to make another push for expanding health savings accounts. The accounts, first authorized in 2003, allow people to save tax-free for health-care needs provided they choose low-cost, high-deductible coverage." Bush's "emphasis on health issues comes as cost and coverage complaints are drawing attention in Washington -- and in state capitols throughout the country. As employers shift health coverage burdens to employees, state governors -- namely Republicans Mitt Romney of Massachusetts and Arnold Schwarzenegger of California -- as well as the new Democratic Congress have paid more attention to the issue, putting new pressure on the president to join the debate."

Business, Unions Seen As Coalescing On Need For Healthcare Reform. The Los Angeles Times (1/16, Hamburger, Alonso-Zaldivar, 850K) reports, "In a sign of how the political climate is shifting, powerful business interests that once teamed up to defeat Democratic healthcare plans are joining with labor unions and other unlikely allies to advocate extending medical insurance to millions of Americans. Among the champions of change is the trade group representing the nation's leading health insurance firms. That industry developed the 'Harry and Louise' television ad campaign, which helped turn public opinion against the universal healthcare plan proposed by President Clinton and then-First Lady Hillary Rodham Clinton in 1994." The Times adds, "Today, the president of the Service Employees International Union will stand with the director of the Business Roundtable, which represents the nation's leading corporations, to announce one campaign to overhaul healthcare. On Thursday, private health insurance companies will join with doctors' organizations and health-activist groups on the left to announce a plan for universal coverage."

The Hill (1/16, Young) also reports on the "unusual alliances of interest groups are coalescing to bring a unified front before Congress to spur federal action on healthcare costs and the uninsured. A series of separately planned announcements this week illustrates an emerging consensus among sectors, such as big business and organized labor, that long have been at loggerheads when it comes to health benefits that they must exert combined pressure on policymakers." This "recognition of common interests is

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rooted in the fact that employers, workers, retirees, health-insurance companies, healthcare providers and the government all are burdened by healthcare costs that rise faster than inflation and by the expense of providing medical care to people without coverage, representatives of the groups agreed."

State Healthcare Plans Criticized. In a USA Today op-ed (1/16), Don McCanne, a senior health policy fellow of Physicians for a National Health Program, says, "Americans need more than affordable insurance; they need affordable health care. California Gov. Arnold Schwarzenegger plans to copy the Massachusetts reform in shrinking the numbers of uninsured people by forcing them to buy stripped down, bare-bones policies." We already "are spending enough on health care to provide high-quality, comprehensive services for everyone. But our inefficient, private-sector insurance bureaucracies have failed and need to be replaced with single-payer national health insurance."

In another USA Today op-ed (1/16), Sally C. Pipes of the Pacific Research Institute says, "Forcing people to buy health insurance will not solve the problem of the uninsured, make America healthier or decrease the amount of money we spend on health care. Such schemes will increase taxes, kill jobs and destroy private health care markets. They are also the next logical step on the path to single-payer health care."

Bush's Balanced Budget Rhetoric Could Put Democrats In Tough Spot. The Washington Post (1/16, A1, Montgomery, Henderson, 690K) reports, "When he takes the House rostrum next week for the State of the Union address, President Bush will list among his goals a balanced federal budget, a shift for a president who has presided over record deficits while aggressively cutting taxes. Politically, analysts say, the president is calling the bluff of Democrats, who won control of Congress in part by accusing Bush of reckless fiscal policies. While Bush now shares the Democrats' goal to erase the deficit by 2012, the politically perilous work of making that happen -- cutting spending or raising taxes -- falls to the Democratic-run Congress." Bush has given two newcomers, Treasury Secretary Henry M. Paulson Jr. and White House Office of Management and Budget Director Rob Portman, the task of approaching congressional Democrats to look for potential compromises on entitlements." The Post adds, "By insisting that all of his tax cuts be extended, Bush is inviting a battle with Congress, not a deal, said Gene Sperling, one of President Bill Clinton's chief economic advisers. Sperling noted that Clinton won a balanced-budget deal with a Republican Congress in 1997 by offering to cut Medicare costs."

Roll Call (1/16, Pierce), meanwhile, reports "Democrats have made a lot of promises -- many of which they're trying to fulfill this week in the House by wrapping up their '100 hours' agenda." But "Democrats still are hunting for ways to cover the long-term costs of their policy objectives, and they already are finding these offsets hard to come by, especially if they want to avoid allegations that they are the same old 'tax and spend liberals' they've always been."

Democrats Seek Centrist Approach To Social Issues. The New York Times (1/16, Toner, 1.16M) reports, "The promise may not outlast their political honeymoon, but Democratic Congressional leaders say they are committed to governing from the center, and not just on bread-and-butter issues like raising the minimum wage or increasing aid for education. They also hope to bring that philosophy to bear on some of the most divisive social issues in politics, like abortion. In their first days in session, Senate Democratic leaders reintroduced a bill that they said was indicative of their new approach: the Prevention First Act, which seeks to reduce the number of abortions by expanding access to birth control, family planning and sex education." In the House last week, "Democrats showcased a vote on expanding federal financing for embryonic stem cell research, which, despite fierce opposition from many conservatives, has won bipartisan support among lawmakers -- and voters -- who are otherwise divided on abortion." The Times adds, "The mantra, for many Democrats, is the search for common ground. On gay rights, lawmakers and advocates said the most likely legislation in the new Congress would focus on hate crimes and employment discrimination, issues expected to be much less polarizing than the debate over same-sex marriage that was front and center in the Republican Congress." Conservatives "are skeptical that such a search for common ground is much more than a shift in tactics."

House GOP Split On Response To Democratic Agenda. The Washington Times (1/16, Bellantoni, 88K) reports the "power shift" that left the House GOP in the minority "has created its own internal struggle among Republicans. The younger pit bulls want to go after the Democrats quickly and without remorse. Some of the older Republican stalwarts prefer sitting back and allowing new Speaker Nancy Pelosi and her party members to have their moment in the sun and govern accordingly." Several Republicans "confirmed privately that more than two-thirds of House Republicans are favoring a slow approach, while a minority of members think the attacks on Democrats should come rapid-fire. Already, some say the opposition has been too quiet in allowing Democrats to pass key elements of their initial agenda."

Bill Would Ban Senators From Accepting Free Tickets To Sporting Events. USA Today (1/15, 1A, Schouten, Weisman, 2.27M) reports, "The Senate is moving

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this week to ban members from accepting free tickets to sporting events to cut ties between Congress and the special interests that provide the seats. Lawmakers have long enjoyed seats in luxury skyboxes paid for by lobbyists and corporations, despite a $50 limit on the gifts they can accept. That's because the tickets often bore no prices or were valued at below the gift limit." The House "adopted a ban on expensive sports tickets earlier this month." The House ban "took effect immediately," while the Senate measure "is part of a bill that includes other changes to lobbying rules."

GOP's "Reid Amendment" To Ethics Bill Could Put Leader In Tough Spot. In a syndicated column appearing in the Washington Post (1/15, A15, 690K), Bob Novak writes that Senate Majority Leader Harry Reid, "extravagantly praised…an exemplar of ethical reform," within "48 hours" of the new congressional session "was opposing full transparency of earmarks. This week, Republican reformers will target Reid with an amendment to the senate ethics package. Sponsored by Republican Sen. Tom Coburn of Oklahoma, the proposal is called the 'Reid amendment' because he inadvertently inspired it." Coburn "would tighten loose anti-earmark restrictions in the ethics bill by prohibiting senators from requesting earmarks that financially benefit a senator, an immediate family member of a senator or a family member of a senator's staffer. The proposal follows the revelation that Reid's four sons and his daughter's husband all have been lawyers or lobbyists for special interests. While Reid has declared that they are barred from lobbying for their clients in his office, there is little doubt that they have taken advantage of their close proximity to a powerful senator."

NYTimes Says Senate's Drive Toward Ethics Reform Shows "Signs Of Slippage." The New York Times (1/15, 1.16M) editorializes, "The Senate's promising start in reforming its ethical shortcomings is showing signs of slippage. Senators ducked a worthy amendment that would bar members from putting family members on campaign payrolls, or see kin become lobbyists. The proposal was ruled unrelated to the debate over lobbyist and ethics reforms, which is hardly the case." Sen. Dianne Feinstein "insisted that there's no such problem in the Senate. Critics instantly noted that her fellow Californian, Senator Barbara Boxer, paid $130,000 from her campaign funds to her son's political consultant firm. In the House, the campaign kitty of Representative John Doolittle, Republican of California, paid $200,000 to his wife as a designated campaign consultant working at home. Congress's reputation cannot afford more such embarrassments." The Times adds, "As the Senate debate continues, there are key proposals that will test how real all the talk is about reform," and this measures will give senators "a much-needed opportunity to prove they are on the side of the voter, not the lobbyist."

Congress' Progress Toward Five-Day Week Tracked. The AP (1/15, Abrams) reports, "The five-day workweek, an idea alien to congressional culture in recent years, is about to make a comeback. 'We are going to work longer hours, we are going to work full weeks, we are going to have votes on Mondays and Fridays,' new Senate Majority Leader Harry Reid, D-Nev., advised his colleagues at the opening of the new session on Jan. 4. Other Americans, from teachers to police officers to factory workers, put in five days a week on the job, Reid said. … Old habits, of course, are not that easy to kick. The Senate was off the next day, a Friday." The House "under new Speaker Nancy Pelosi, D-Calif., also is committed to working longer hours. But the chamber was not in session last Monday, when some members attended the national college football championship game in Arizona. This Monday, Congress is closed for the Martin Luther King Jr. holiday." Nonetheless, the recent "burst of activity is reminiscent of when House Republicans took over in 1995 after the GOP had spent 40 years in the minority. It is a radical break from the recent practice of convening a new session in early January and then immediately taking off until the president's State of the Union address at the end of the month."

White House Disagrees With Accounting Of Days Spent At Camp David. The Washington Post (1/15, A13, Kamen, 690K) reports in its "In the Loop" column, "A Happy Anniversary to President Bush and first lady Laura Bush, who have reached their first anniversary in terms of time spent at Camp David. Mark Knoller, CBS White House correspondent and the unofficial archivist for the White House press corps, reports on the CBS Web site that the Bushes took off Friday for their 116th visit to the beautiful presidential retreat and their 365th day there." The Post adds, "Both Bushes, Knoller told us, think he's being unfair in his counting method, because Knoller counts a partial day as a full one. So on Friday, Bush got to Camp David before noon, but it counted as a full day. Applying the same method, Knoller reported that Bush's time there 'isn't that much.' After all, 'President Jimmy Carter spent 376 days at Camp David during his single four-year term in office.' And Bush will have to ratchet up the pace a bit in the next two years to best President Reagan's record 517 days there."

Congress, Administration Far Apart On Farm Bill. The AP (1/15, Quaid) reports, "Lawmakers begin work on a new multibillion-dollar farm bill at odds with President Bush over whether big changes really are needed. The two sides are far apart. Just how far, farmers saw for themselves during the American Farm Bureau Federation's recent meeting in Salt Lake City." Democratic Rep. Collin Peterson is quoted saying, "I think the bill could look a lot like what we

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have now. What I think we're going to end up doing, you could say, is extending the farm bill." The AP adds, "Contrast that with Bush's agriculture secretary, Mike Johanns, who said at the meeting that farm programs need an overhaul. 'I will be the first to argue that the 2002 farm bill was good policy for its time,' Johanns said. 'But the agricultural and economic realities that influenced the development of the '02 farm bill — they simply don't exist.'" Congress and the Administration "disagree mightily on what the new farm bill should look like."

Kanjorski Plans Hearings On Shareholder Rights. The Financial Times (1/16, Grant) reports the "signs are emerging of a Democratic effort to boost shareholder rights in the US after a top lawmaker said he planned to hold 'informational hearings' on the harmonisation of regulatory systems between the US and Europe." Rep. Paul Kanjorski, "the new chairman of the House of Representatives sub-committee on capital markets, insurance and government sponsored entities said 'the time is ripe' to examine the issue." Kanjorski said, "It's something I want to pay attention to because one of the things that ties in very closely is investors' rights in corporations. I think Europe has shown that they have a greater investor right concept and it's working fairly well."

Congress Moves To Strip Pensions From Convicted Members. Roll Call (1/16, Newmyer) reports, "Lawmakers who commit crimes in office may no longer be able to rely on a federal pension to pad their fall from grace." The House this week "will take up a bill by freshman Rep. Nancy Boyda (D-Kan.) that would strip lawmakers convicted of ethics-related offenses of their federal retirement checks." The Senate last week "overwhelmingly agreed to add a similar proposal by Sen. John Kerry (D-Mass.) to that chamber's lobbying reform package."

Ethics Panels Beef Up Staff. The Hill (1/16, Bolton) reports the Senate and House ethics committees "plan to increase their staffs to police Congress better in the wake of lobbying and ethics reform legislation." The personnel moves come "as nongovernmental watchdog groups temporarily back off their demand that Congress create an office of public integrity to crack down on violations." The watchdogs' lobbyists "say opponents of a public-integrity office have long suggested strengthening the committee instead, but the watchdogs say that this would not address the problems plaguing Congress. Still, the tide is running for extra staff and against an outside panel, and good-government advocates are asking the Senate not to vote on the public-integrity office for fear that it would be rejected in a landslide."

Ethics Rule Bars Food, Gifts From Some Reporters. The New York Times (1/16, Kirkpatrick, 1.16M) reports, "Perhaps inadvertently, the new ethics rules passed by the House require lawmakers and aides to be very careful about letting reporters pick up the tab." The new rule "bars lawmakers and their aides from accepting meals paid for by employees of companies that also pay registered lobbyists. Among others, that includes journalists working for the major television networks, The Wall Street Journal and The Washington Post," but not the New York Times.

WPost Says Senate Needs To Pass Key Reforms. The Washington Post (1/16, A18, 690K) says in an editorial that as the Senate considers its version of ethics and lobbying reform, "it's important to ensure an opportunity for an up-or-down vote on critical amendments that would strengthen the reforms." The "first and most important of these is" Sen. Harry Reid's "amendment on gift and travel rules. Essentially matching a provision approved by the House, Mr. Reid offered an amendment that would require lawmakers to pay charter rates for flights on private planes; under current rules, they only have to ante up the equivalent of first-class fares." The Post adds the Senate should also "pass rules to require lobbyists to disclose campaign contributions they collect -- or 'bundle' -- for lawmakers, as Sen. Barack Obama (D-Ill.) has proposed."

DC's Shadow Delegation Profiled. The Washington Post (1/16, C1, Copeland, 690K) profiles Paul Strauss, one of the Washington, DC's "two shadow senators." He "doesn't get an office in the Senate, but he often hangs out there. If he tried to get onto the Senate floor he would be swiftly ushered away, so he grabs an edge where he can find it, trying to chat up senators in the reception area outside the Senate floor. After a decade in office, he is still like a butler trying to insinuate himself into a family party." The District's "three-member shadow delegation, made up of two senators and one representative, exists in a netherworld. They are sometimes confused with Eleanor Holmes Norton (D), the city's delegate to Congress, but unlike her, they're not sworn in at the federal level. They are elected by the people of the District, yet the District gives them no salary and no budget. A good number of D.C. residents don't even know that the District has an elected shadow delegation, or that their role is to lobby for the District's perennial pipe dream, statehood."

Rules Scarce For Lobbyists Taking Jobs On Hill. In his Washington Post column (1/16, A17), Jeffrey Birnbaum says the "rules are different for reverse migrations from K Street to Capitol Hill. In fact, there are no rules." Lots of "lobbyists have returned to Congress to work for the new Democratic majority," but the "most jaw-dropping hire from K Street, though, is Matt Gelman. Gelman is senior adviser to House Democratic Whip James E. Clyburn (S.C.) and is, in

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effect, on loan from Microsoft, where he is director of federal government affairs. He's on unpaid leave for a few months from the software giant and will return after he helps build Clyburn's vote-counting operation."

NTEU Criticizes Social Security IG. The Washington Post's (1/16, D4, Barr) "Federal Diary" column reports, "It's a generally accepted practice to follow orders from the boss. But a grievance filed by a federal union shows that allegedly doing what the boss says can lead to unexpected consequences. The grievance protests what the union calls 'extreme civil penalties' sought by the Social Security Administration inspector general to punish four employees at an office in Des Moines." The Post notes that "Colleen M. Kelley, the union president, said the inspector general's office alleges that the employees used misleading statements or omitted material when helping prepare decisions on whether certain people were eligible for Social Security disability benefits. According to the union, the employees, who are lawyers, followed the instructions of their boss, an administrative law judge, and took the 'general and hypothetical' testimony of a vocational expert in one case and applied it to about 700 other cases."

House Democrats Criticized On Minimum Wage Bill. The Wall Street Journal (1/16, 2.04M) say in an editorial, "The House last week whooped through an increase in the minimum wage to $7.25, by a vote of 315-116. But, lo, included as part of this boon to the working man was a loophole: The new, higher wage floor applied to all of these United States and its territories -- save for the Pacific outpost of American Samoa." It "turns out that American Samoa has a big fish and tuna canning industry, specifically operations run by StarKist and Chicken of the Sea. Both companies are headquartered in California, and StarKist's parent is located in none other than Ms. Pelosi's own San Francisco district. So faster than you can say 'middle class squeeze,' Democrats rediscovered the eternal economic truth that a higher minimum wage can cost jobs and granted Samoa its reprieve."

OTHER NEWS:

Gasoline Prices Likely To Continue Falling. USA Today (1/16, Hagenbaugh, 2.27M) reports, "Gasoline prices dropped over the holiday weekend and are likely headed lower. But drivers who expect gas prices to fall as sharply as oil prices in recent weeks will likely be disappointed. That's because gas stations aren't seeing their fuel costs drop as swiftly as oil prices." The "average retail price of a gallon of regular gasoline fell 4 cents from Friday to Monday to $2.233, according to auto club AAA and the Oil Price Information Service." USA Today adds, "More relief for drivers is likely on the way. Average retail gasoline prices are expected to drop a dime or more over the next few weeks, say a number of energy analysts." But "[t]he decline that analysts are predicting would not come close in magnitude to the falloff in prices seen in crude oil markets."

Virginia Ticket Challenge Leads To Rewriting Of Sticker Law. The Washington Post (1/16, A1, Miroff) reports, "The Great Virginia Parking Ticket Battle began with a burst of expletives one Saturday morning in October 2000, when Woodbridge resident Robert W. Eberth, a retired Navy captain, found a $35 citation on the windshield of his 1990 Ford Taurus. NO VALID STATE INSPECTION, it said." The Post continues, "Eberth had been ticketed under Prince William County Code 13-322, mandating up-to-date inspection stickers for vehicles parked on public roads. True, Eberth had allowed the Taurus's registration to lapse. But he was saving the car for his teenage son and had parked it in the private lot of his apartment complex. … Eberth examined the ticket. He cursed a little more. Then he looked up 13-322 on the Internet. … 'Something is very wrong with this picture,' he said to himself. He checked the box marked 'contest.' … Over the next six years, representing himself in multiple court battles, Eberth took his parking-ticket dispute all the way to the Virginia Court of Appeals. Last month, he won." The Post adds, "A three-judge panel in Alexandria went even further than Eberth had imagined, ruling that Prince William had no authority to ticket vehicles with expired inspection stickers parked on private -- or public -- property. The ruling by Judge Robert J. Humphreys said state law prohibits only the operation of a vehicle with an expired inspection sticker, casting doubt on whether police anywhere in Virginia can ticket parked vehicles with expired stickers. … Because Prince William's code dates to at least 1965, the ruling suggests that the county has been erroneously citing drivers for more than four decades. Since 2000 alone -- the year Eberth got his first of three tickets -- Prince William has written 29,871 citations under Code 13-322, for fines totaling more than $1 million."

RNC "Conservatives" Mull Rebellion Against Martinez. The Washington Times (1/16, Hallow, 88K) reports, "Rebellion is brewing among conservatives on the Republican National Committee over President's Bush's attempt to 'impose' Sen. Mel Martinez of Florida as 'general chairman' of the party, who favors 'amnesty' for illegal aliens. 'I will be voting against Senator Martinez if he is nominated for any chairmanship of the RNC,' Tina Benkiser, Texas Republican Party chairman, told The Washington Times yesterday." Bill Crocker, "the elected national committeeman from Texas, says that when the RNC convenes here

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tomorrow, 'Absolutely, I will vote against Martinez.'" The Times adds, "The conservatives -- one of whom accused the Bush White House of 'outsourcing' party leadership -- say the general-chairman post does not exist under RNC rules, which can be changed only at the party's presidential nominating convention." The Times also reports, "The rebels say that electing Mr. Martinez as head of the RNC would make raising money even more difficult because of resentment by the party's rank-and-file small donors over Mr. Martinez's co-sponsorship of legislation to allow millions of illegal aliens to become citizens."

Allard Won't Seek Reelection. In what's being described as a further challenge to GOP efforts to recapture the Senate, the AP (1/16, Paulson) reports Colorado Sen. Wayne Allard (R) "said Monday he will not run for re-election in 2008 but will honor a pledge he made in 1996 to serve only two terms. … The decision sets up a wide-open race. Allard's seat was once considered safe for the GOP, but Colorado voters have shown a penchant lately for replacing Republicans with Democrats." Democrats "see the race as a chance to pick up another vote in Congress after wresting two House seats and a Senate seat from Republicans the past two years." The AP adds, "Democratic Rep. Mark Udall, a popular five-term congressman and son of former Rep. Morris Udall of Arizona, has said he was going to run for the seat whether Allard did or not. Another Democrat who has been mentioned as a potential candidate is Denver Mayor John Hickenlooper. On the Republican side, former congressman Scott McInnis said he will run if Allard and former Gov. Bill Owens don't."

The Denver Post (1/16, Mulkern, Gallegos, 256K) reports that Rep. Tom Tancredo (R) "will not seek Allard's seat in 2008, Tancredo spokesman Carlos Espinosa said today. Tancredo encouraged…McInnis to run."

The Rocky Mountain News Allard (1/16, Sprengelmeyer) notes "Allard said today he will honor his term-limits pledge" by leaving in 2008. The "term limits pledge was a relic of the so-called 'Republican Revolution' of the 1994 election, when the GOP swept to power promising to change the ways of Washington. As time passed, some one-time leaders of the movement, including…Tancredo, and others who signed pledges, such as…McInnis, abandoned their promises in the name of continuing public service. Others, such as former Rep. Bob Schaffer, lived up to their pledge and went home."

The Washington Post (1/16, A4, Cillizza, 690K) says that in 2008, "Republicans must defend 21 seats and Democrats only 12. Other Republicans mentioned as possible retirees in 2008 include Thad Cochran (Miss.), Chuck Hagel (Neb.), Pete V. Domenici (N.M.) and John W. Warner (Va.). Tim Johnson (S.D.) and John F. Kerry (Mass.) are considered the most likely Democrats to retire." The Post adds, "Even before his announcement, Allard was regarded as one of the most vulnerable senators next year, in equal parts because of his low-key demeanor and because of Colorado's shifting political landscape. In the past two elections, Democrats have taken over the governor's mansion, a Senate seat and two House seats." The Washington Times (1/16, Richardson, 88K) also says "Allard was expected to face a tough re-election battle in 2008." The New York Times (1/16, Zeleny, 1.16M) runs a similar report titled "Task Gets Taller For GOP," in which it says "by the numbers, Republicans were already at a disadvantage."

Population Shifts Could Provide GOP More House Seats. The New York Times (1/16, Hulse, 1.16M) reports, "Census projections analyzed by the firm Election Data Services show that population losses in Louisiana after Hurricane Katrina could cost the state a Congressional seat after the 2010 census." In addition, "seven states in the Northeast and the Midwest would drop Congressional seats as residents migrate to the South and the West, where six states would gain seats. Texas, which has absorbed some Louisiana transplants, would gain two. The trend would seem to be good for Republicans."

Cole Optimistic For House GOP's Future. The Hill (1/16, Blake) reports, "Following his party's worst election performance in 30 years, House Republican campaign chairman Tom Cole makes clear that he intends to retake many of the seats swept up in the Democratic wave in November, and he's willing to effect the changes needed to do so." Cole "didn't say Republicans would retake the House in 22 months, but it's evident he would be among the last to project surprise if it happened. He repeats a pair of facts — that Republicans have their largest minority in the last half-century and that Democrats now hold 61 districts that President Bush carried twice — with the frequency of someone who has been delivering the same argument to donors helping to retire the committee's $15 million debt." Cole's "pitch is basically this: All variables equal, Republicans have the edge, and they will take the majority again." Cole said "the Republican strategy of localizing the election and, at the same time, trying to peg Democrats in conservative districts with the 'San Francisco values' of now-Speaker Nancy Pelosi (D-Calif.) was unsuccessful in 2006 and indicated it wouldn't work in 2008 either." Cole "envisions 2008 being more of an issues-based election — one not dominated by a few select issues as 2006 was by ethics and the Iraq war, but a return to the core principles of the two parties."

Democrats May Not Target King Again In NY3. Roll Call (1/16, Kurtz) reports that among New York Democrats' "few disappointments was their inability to oust Republican Rep. Peter King on Long Island. Despite facing a

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young, appealing newcomer, Nassau County Legislator David Mejias (D), King cruised to re-election with 56 percent of the vote. It was the closest race he had had in a decade, but it may not have been close enough to guarantee Mejias a second shot in 2008 — or even ensure that Democratic leaders will target King again this cycle." Mejias' late entry in the '06 cycle "was due in part to the start-and-stop Congressional candidacy of a colleague on the Nassau County Legislature, David Denenberg (D)." Denenberg said "he once again is contemplating a Congressional run — as is Mejias. But neither is going to start organizing early, because both are up for re-election to their local offices this year, and both represent Republican-leaning districts, meaning neither will have an easy race in 2007."

Iraq Debate Shaping 2008 Presidential Race. USA Today (1/15, Lawrence, 2.27M) reports, "President Bush's plan to increase the number of U.S. troops in Iraq is putting Republican presidential prospects in a bind as they look ahead to a nomination process dominated by party loyalists. A year before the primaries start, no one knows how Bush's gamble will play out. For now, polls show Republicans are much more likely than the general public to support Bush, the war and the troop increase." David Woodard, a GOP consultant and a political scientist at the University of South Carolina, "says presidential aspirants need to find a middle ground between the demands of the primaries and the general election." Two hopefuls, Sens. John McCain and Sam Brownback, "have clear-cut and directly opposing positions. McCain has long said more troops are needed to achieve U.S. goals in Iraq. Brownback says more troops are not the answer." Former New York City mayor Rudy Giuliani and former Massachusetts governor Mitt Romney "are offering muted support. Former Arkansas governor Mike Huckabee calls Bush's stance 'risky' and 'fairly unique to him' and says he doesn't have enough inside information to judge the plan on its merits." USA Today adds, "Though the public overall strongly opposes the Bush plan, 67% of Republicans in a USA TODAY/Gallup Poll this month said they favored committing more troops to Iraq."

The Chicago Tribune (1/15, Silva, 617K) reports Democratic Sen. Barack Obama, "pressing for a phased withdrawal of US forces from Iraq starting in four to six months, said Sunday that…Bush's announced deployment of 21,500 additional US troops amounts to a policy of 'stay-the-course-plus.'" McCain, meanwhile, "warned that withdrawing US forces will only lead to 'catastrophe.'" The Tribune adds, "While Democratic Senate leaders prepare for a non-binding vote opposing the new war strategy, Obama, the Illinois Democrat promising an announcement "pretty soon" about his plans for a 2008 presidential campaign, was careful Sunday to avoid committing to any vote blocking war funding."

ABC World News (1/14, story 5, 2:20, Harris, 8.78M) said Iraq "is dominating the conversation in an already-crowded race for President." ABC (Marquez) added, "It is becoming clear that no issue will drive the campaign for the White House like the war. Today, former Democratic Senator John Edwards threw down the gauntlet to his rivals in Congress." Sen. John Edwards: "You have the power, members of Congress, to prohibit the President from spending any money to escalate the war. Use that power." Marquez: "Edwards has called his original vote for the war a mistake, something New York Senator Hillary Clinton has not done. But yesterday, while on a fact-finding mission in Iraq, she expressed her doubts." Sen. Hilary Clinton: "But I don't know that the American people or the Congress, at this point, believe this mission can work." Marquez: "The top Republican contenders are also staking out their positions on the war. But no potential candidate has tied his political fortunes more closely to the war in Iraq than Senator John McCain, an outspoken supporter of the troop surge." Sen. John McCain: "I have presidential ambitions. And they pale in comparison to what I think is important for our nation's security." Marquez: "If the surge fails, many political analysts say so, too, will McCain's presidential bid." Stu Rothenberg: "Republicans and Democrats are referring to McCain's war. And if the war goes south, further south from now on, I think he will take more criticism." Marquez: "The surge has divided the other GOP candidates. Former Massachusetts Governor Mitt Romney and former New York Mayor Rudy Guiliani support it. Senators Chuck Hagel and Sam Brownback do not. The discourse will only grow louder as the war escalates and the race heats up." NBC Night News (1/14, story 8, 2:50, Corke) also said "the debate over the Bush plan for more troops for Iraq, now playing out against the backdrop of the 2008 presidential election with as many as six possible candidates speaking out."

The Christian Science Monitor (1/16, Feldman, 59K) reports on the impact of President Bush's announcement of a troop "surge" in Iraq on the 2008 presidential race. For now, "the biggest impact is on the nomination races within the parties, but if the Iraq war remains the top issue in November 2008, positions candidates take now could prove central to their chances of winning the Oval Office." On the Democratic side, "all eyes are on Sen. Hillary Rodham Clinton of New York, who is expected to announce her presidential intentions by the end of the month and who has remained cautious in her criticism of the Iraq war. With more overtly antiwar Democrats running against her, at least one of whom could prove strong in the early nomination battles (former Sen. John Edwards of North Carolina), the question is whether she will feel pressure to ratchet up her opposition to the war to win over the antiwar Democratic base." On the Republican side, "the safe position on Bush's troop escalation in Iraq is to support it – after all, a majority of Republicans still support the

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president – and the top-tier candidates have fallen in line. But if voters perceive that the US is mired in Iraq by the next election, that firm support could prove the death knell for the Republicans' chances of holding onto the presidency." Sen. John McCain's chances, "in particular, could live or die by his strong support for the Iraq war and for the addition of troops."

Cohen Says McCain Should Reconsider Stance On Troops Boost. In his Washington Post column (1/16, A19), Richard Cohen recalls a visit to Vietnam with Sen. John McCain. After McCain departed, Cohen visited the North's Cu Chi tunnels, but wished he had remained: "I would like to have seen his face, measured his reaction. He knows Vietnam far better than I do, but as a prisoner -- not as an insurgent in a tunnel. I would like him -- because I do like him -- to consider whether the remedy for Iraq is not more American troops, as he insists, but fewer and fewer . . . and then none at all. Iraq is not Vietnam, but America is still America -- and we still don't know what in the world we're doing."

Edwards Anti-War Speech Seen As Reminiscent Of Martin Luther King. The New York Times (1/15, Lueck, 1.16M) reports, "Edwards was greeted by thunderous applause in Manhattan yesterday when he called for an immediate pullback of troops from Iraq." Edwards "was the keynote speaker at a memorial service sponsored by Realizing the Dream, a group whose founders include Martin Luther King III." The Times adds, "For some of those who attended, Mr. Edwards's speech may have had added resonance because it was delivered 40 years after Dr. King appeared at Riverside Church to deliver his strongest condemnation of the Vietnam War."

The AP (1/15, Fouhy) says Edwards echoed "a plea by the Rev. Martin Luther King Jr. 40 years ago to end the Vietnam War." He "spoke from the same wooden pulpit King used and was introduced by King's son, Martin Luther King III. The younger King said his father would have admired Edwards' commitment to fighting poverty."

Clinton May Benefit From Husband's Iowa, New Hampshire Networks. The AP (1/16, Ramer, Glover) reports, "Six years after leaving office, President Clinton still has plenty of friends in New Hampshire and Iowa, the states that traditionally launch the presidential nominating process." Many of the "folks known as 'Friends of Bill' count themselves as 'Friends of Hill,' as well." Some, like Anita Freedman of New Hampshire, "a Democratic national committeewoman regarded by many as one of the matriarchs of the New Hampshire party, are eager to rekindle the flame." But others "remain undecided on the 2008 race or have gravitated toward other candidates. It remains to be seen how much of her husband's network of supporters Mrs. Clinton, now a New York senator, can resurrect or what role they would play if she decides to get into the race, as expected." While "nostalgia and personal ties may play to Sen. Clinton's advantage, Democrats stress that it's the quality of the candidate herself that's earned their support." Nancy Richards-Stower, "a New Hampshire attorney, said she'll work just as hard for Sen. Clinton as she did for Clinton's husband."

Obama Says '08 Decision Coming "Very Soon." The Chicago Tribune (1/16, Mendell, 617K) reports Sen. Barack Obama "inched closer to revealing his intentions about running for president on Monday, adding a 'very' to the 'soon' in his assessment about when an announcement will come." After "delivering an emotional keynote speech to celebrate Martin Luther King's birth," Obama said, "We will have an announcement very soon." The Tribune adds that in "recent weeks, Obama has sought advice from a widening circle of political advisers and has hired staff in key states."

The AP (1/16, Davenport) reports introducing Obama, "the Rev. Jesse Jackson told a crowd at the annual King scholarship breakfast, 'it's a long, nonstop line between the march in Selma in 1965 and the inauguration in Washington in 2009.'" The AP adds, "Screaming admirers managed to get Obama's autograph after he advocated removing troops from Iraq, rebuilding struggling areas such as the suburb of Harvey where he was speaking and increasing civic activism and calling on people, especially fathers, to be better parents."

McCain '08 Win Would Pose Dilemma For Napolitano. The Roll Call (1/16, Drucker) reports Sen. John McCain "could create a dilemma for Arizona Gov. Janet Napolitano (D) should he win the presidency in 2008 and leave her the task of appointing his Senate replacement." Arizona law "mandates that the governor replace a prematurely departed Senator -- but requires him or her to choose an individual who is a member of the same political party as the departing lawmaker." The vacancy would raise the question, "Which Grand Canyon State Republican does Napolitano enlist to replace McCain, particularly if she has designs on running for Senate herself in 2010, when McCain's seat is up and she will be termed out of office?" Arizona Democrats "speculate that Napolitano — whether for personal political reasons or in response to the pressure she likely would be under from Democrats nationally — would select a capable Republican from among her many high-profile GOP supporters to serve as a caretaker, ensuring that the seat is open in 2010."

Gingrich Criticizes "Base-Motivation" Party Strategy. The Washington Times (1/15, Hallow, 88K) reports, "Newt Gingrich, who is considering a bid for the 2008 Republican presidential nomination, says his party's biggest mistake is thinking that the way to a lasting majority is to emphasize its conservative voter base. … 'A base-motivation

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party inherently, in the long run, drives away the non-base,' Mr. Gingrich said. The better way, he says, is to define the opposition on specific issues so that the Democrats are exposed as espousing views shared by a small minority of voters."

Presidential Candidates Scramble For Key Endorsements. The Hill (1/16, Schor) reports that after a "week dominated by bipartisan criticism of President Bush's planned troop increase in Iraq, which Sen. John McCain (R-Ariz.) has supported, McCain changed the conversation yesterday by naming Minnesota Gov. Tim Pawlenty (R) the national co-chairman of his presidential exploratory committee." Snagging the "bona fides of a rising party star such as Pawlenty is one thing, but winning over lawmakers from states with early primaries in 2008 can provide an even bigger boost. Both senators from New Hampshire, where the latest polls show McCain and former New York City Mayor Rudolph Giuliani ahead among Republicans, are staying mum on their allegiances." South Carolina, "another early-primary state, has split its Republican senators, with rising freshman Jim DeMint going for Romney and senior Lindsey Graham supporting McCain." In Iowa, Sen. Chuck Grassley (R) "has said he will hold off on endorsing until later in the contest, while Democratic Sen. Tom Harkin almost certainly will link up with departing Gov. Tom Vilsack's (D) long-shot bid."

Huckabee Seen As Top GOP '08 Long Shot. In his Washington Post column (1/16, A19), E.J. Dionne says Gov. Mike Huckabee, "who just stepped down as Arkansas governor, is the brightest star among Republican presidential dark horses." While 'front-runners John McCain and Rudy Giuliani have placed large bets on the success of President Bush's Iraq policy, Huckabee has maintained what you might call loyal distance." Huckabee is "the Republican to watch, especially if former governor Mitt Romney of Massachusetts doesn't gain traction. Like Romney, Huckabee was a governor and can brag about expanding health coverage in his state (even if Romney's plan was bolder)."

Biden, Dodd Say South Carolina Shouldn't Fly Confederate Flag. The McClatchy Newspapers (1/16, Sheinin) reports, "The Confederate flag doesn't belong on the State House grounds in South Carolina, two presidential hopefuls said Monday at the King Day at the Dome march and rally." Sen. Chris Dodd "told the estimated 5,000 people crowded onto the Capitol's north lawn that the rebel banner is not what the country is fighting for." Sen. Joe Biden "also spoke at the rally, and said if he were a member of the S.C. General Assembly, 'I'd vote for it to move off the grounds, out of the state.'"

The AP (1/16, Davenport) reports that at an NAACP march and rally at the Statehouse, Biden said, "If I were a state legislator, I'd vote for it to move off the grounds — out of the state." Biden "expects legislators here will eventually move the flag. Pointing to his heart, he said, 'as people become more and more aware of what it means to African-Americans here, this is only a matter of time.'"

Brazile Says Biden In Position To Offer Democrats' Plan B For Iraq. In her Roll Call column (1/16), Democratic strategists Donna Brazile says that "at a time when Congress is preparing to debate the merits of this new (if you can call it different from what has been tried and proved unsuccessful before) strategy" for the war in Iraq, Senate Foreign Relations Chairman Joe Biden "appears ready to push for a 'Plan B' — if and when this current strategy fails to produce the outcome the president believes is necessary to declare victory and bring our troops home." As "fresh new troops arrive in Baghdad this week for a mission that remains in flux, the newly emboldened Congress must hold the Bush administration accountable and Biden must continue to press for a sound and effective policy shift. Still, the challenge is for the chairman to spend some quality time with his colleagues to help forge a consensus policy and a way forward."

Nevada Caucuses Could Recast 2008 Democratic Nomination Fight. The Los Angeles Times (1/15, Barabak, 850K) reports from Las Vegas, "Forget the jokes about caucusing in brothels, or trawling for votes amid the slot machines and blackjack tables along the neon-drenched Strip. When Democratic presidential hopefuls come calling on Nevada, the real challenge will be the party faithful they find in this independent-minded state, which in a little more than a year will host the West's first nominating contest." Democrats in Nevada "like guns, loathe taxes and see nature as a source of fun and profit, not a place that some Washington bureaucrat should lock away. And skip the Rust Belt rhetoric about all those manufacturing jobs fleeing to China and Mexico. Economic issues require a different approach in a state that has boomed for the last 40 years." Nevada "represents the leading edge in a political shift, as the Rocky Mountain West becomes the new battleground in presidential politics. Democrats, hoping to bring a fresh voice to their nominating process and give candidates a head start on the fall campaign, have set Nevada's caucuses for Jan. 19, 2008. It is the first time any Western state has had so much influence so early."

New Orleans Facing "Unprecedented Mental Health Crisis." USA Today (1/16, Eisler, 2.27M) reports on the "hidden" hurricane damage faced by New Orleans: "an unprecedented mental health crisis" that "the city has no way to deal with." USA Today continues, "For those who

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have come back, everything is hard, and the challenges seem endless: lining up contractors, getting basic services restored, even finding neighborhood places to buy groceries, clothes and gasoline. Now, many fear the situation could worsen. 'This couple of months is our most critical time period. … New Year's, Mardi Gras, Easter, and if people need (mental health) services right now, there really is almost no place to go,' says Kevin Stephens, director of the city Health Department. … In all of New Orleans, only a few dozen hospital beds remain available for inpatient psychiatric services, down from more than 300 before Katrina."

51% Of Women Live Without Husband. The New York Times (1/16, Roberts, 1.16M) reports, "For what experts say is probably the first time, more American women are living without a husband than with one, according to a New York Times analysis of census results." In 2005, "51 percent of women said they were living without a spouse, up from 35 percent in 1950 and 49 percent in 2000." The trend "could ultimately shape social and workplace policies, including the ways government and employers distribute benefits."

Students' Intelligence Said To Place Limits On Educational Policy. Charles Murray, W.H. Brady Scholar at the American Enterprise Institute, argues in the first in a three-part series in the Wall Street Journal (1/16, A21, 2.04M) that while, "education is becoming the preferred method for diagnosing and attacking a wide range problems in American life" and holds up the No Child Left Behind Act as "one prominent example." But, "our ability to improve the academic accomplishment of students in the lower half of the distribution of intelligence is severely limited." And "refusing to come to grips with that reality has produced policies that have been ineffectual at best and damaging at worst."

WPost Says Ehrlich Had Mixed Record. The Washington Post (1/16, A18, 690K) says in an editorial that outgoing Republican Gov. Robert Ehrlich of Maryland "compiled a mixed record, distinguished by a number of significant achievements but diminished by misjudgments and self-inflicted wounds." Ehrlich was "friendly to business interests -- too friendly for some tastes -- but hardly dogmatic in his Republicanism. That was evident in his innovative idea of imposing a broad-based fee on households, the so-called flush tax, to pay for upgrades in sewage plants that spill pollutants into the Chesapeake Bay." Still – "and we say this despite having endorsed him for reelection -- in other ways his is a disappointing legacy, tainted by the sense that he could have accomplished more. He was a poor manager of his relations with the legislature, and that sapped what modest political capital he brought to the job. Always ready to personalize political fights, he reveled in partisan conflict when sober dealmaking and restrained rhetoric would have better served his interests."

Rice Announces Summit With Olmert And Abbas. The AP (1/16, Gearan) reports Secretary of State Condoleezza Rice said Monday "she will bring together the Israeli and Palestinian leaders in the coming weeks for a summit dedicated to exploring ideas for an eventual Palestinian state. The announcement came after Rice met with President Hosni Mubarak in this southern Egyptian town following a three-day visit to Israel and the Palestinian territories." Rice said her talks during the visits dealt with laying the groundwork for "a political horizon that will lead to a Palestinian state." The Secretary said she will "soon meet with (Israeli Prime Minister Ehud) Olmert and President Abbas to have discussions on the broad issues of that horizon, so we can work on the road map and try to accelerate the road map to move to a Palestinian state." She said the summit would take place "relatively soon" but did not set a date.

The Washington Times (1/16, Kralev, 88K) reports a senior State Department official traveling with Rice said the meeting "would most likely take place within three or four weeks."

NBC Nightly News (1/15, story 5, 2:00, Williams, 9.87M) broadcasted, "Just about every problem on the planet is entwined in the Middle East, where discussion on Iraq will lead to talk of the Israel-Palestinian dispute." Rice "is dealing with both fronts today." NBC (Mitchell) said Rice "came to the Middle East seeking help for the President's plan and delivering exactly what Arab leaders wanted: a new US commitment to jump start talks on creating a Palestinian state." Noting Rice's announcement of the meeting with Olmert and Abbas, NBC warned that "even if the leaders reached a deal, they might not be able to sell it to their own people or rival factions in their governments."

The New York Times (1/16, Shanker, Myre, 1.16M) reports Rice described the meeting "as a high-level, yet informal," which the Times calls the "one tangible development to emerge from her visit to Israel and the Palestinian areas." While Rice and her senior aides "said there was no quid pro quo, Arab governments are eager to show their populations that some progress is being made in resolving Palestinian grievances before they endorse, let alone offer concrete support, to the new Bush administration effort to salvage victory in Iraq."

In its "Washington Wire" online column, the Wall Street Journal (1/16, King, 2.04M) reports that while the US "touts the deal, struck over breakfast with Olmert, as a breakthrough -- the first meeting of its kind in years," according to a Rice aide, "others are skeptical." McClatchy (1/16, Strobel, Nissenbaum) says the convening of "an unusual three-way

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meeting…marks an abrupt shift in US Middle East tactics." Until now, the Bush administration has been focusing "on one thing: stopping the violence in the Palestinian territories as a precondition for peace talks. Now Rice is essentially turning that approach on its head."

The Los Angeles Times (1/16, Richter, Boudreaux, 850K) reports US officials "believe that by shifting the focus to what the outcome would look like, they could galvanize a process that has been bogged down for four years in difficult preliminary issues."

AFP (1/16, Lanteaume) reports Rice said the summit "could herald the most serious Middle East peace effort in six years." Speaking after a meeting with Egyptian President Hosni Mubarak, Rice said the three-way summit would "focus on what would lead to the establishment of a Palestinian state." However, Rice's "diplomatic offensive suffered a blow earlier Monday when Israel invited bids for new Jewish settlement homes in the West Bank even as she was exploring solutions for the region in a meeting with Olmert in Israel." Asked to comment on the bids, Assistant Secretary McCormack said that there is "no change in our policy."

The Washington Post (1/16, A12, Kessler, 690K) notes that while "no date or location has been set for the gathering," it would "signal deepening involvement by the Bush administration in stalled Israeli-Palestinian peace talks at a time when Rice is seeking greater support from Arab leaders in helping to stabilize Iraq." In "a shift for the Bush administration, Rice is calculating that dialogue on the end result -- what she calls the 'political horizon' -- might loosen the logjam," aides said.

USA Today (1/16, 9A, Slavin, 2.27M) says Monday's announcement symbolizes Rice "making good on a pledge she made last year to intensify her involvement in trying to resolve the Arab-Israeli dispute," but there is "skepticism about how much the Bush administration could accomplish in its final two years in office, given its preoccupation with Iraq and the weakness of Israeli and Palestinian leaders."

Rice Avoids Domestic Concerns In Egypt To Woo Support For Iraq Plan. In a front page analysis, the New York Times (1/16, A1, Slackman, 1.16M) reports under the headline "Rice Speaks Softly In Egypt, Avoiding Democracy Push" that in the days before Secretary Rice met with officials in Egypt, "the news media here were filled with stories detailing charges of corruption, cronyism, torture and political repression." However, Rice, "who once lectured Egyptians on the need to respect the rule of law, did not address those domestic concerns. Instead, with Foreign Minister Ahmed Aboul Gheit by her side, she talked about her appreciation for Egypt's support in the region." The Times says the discussion made "clear that the United States -- facing chaos in Iraq, rising Iranian influence and the destabilizing Israeli-Palestinian conflict -- had decided that stability, not democracy, was its priority, Egyptian political commentators, political aides and human rights advocates said."

Hughes Says Improving US Image In Islamic World Her Most Important Task. The Financial Times (1/16, Luce) reports, "Lambasted by some as the US's chief propagandist -- or as head of its 'Muslim outreach' -- Karen Hughes has the unenviable task of improving her country's image in the world. But as a former senior White House counsellor and close friend of George W. Bush, the under-secretary for public diplomacy wields an influence few others possess in Washington." After getting "off to a bad start in mid-2005 when she was pilloried by the US media for having little knowledge of the Middle East," Hughes has "maintained a low domestic profile since then, tending to channel her public message to the media of countries she is visiting." In an interview with the Times, Hughes acknowledged that her most important task is in the Islamic world, saying, "The number one problem is that the West is seen as somehow being in conflict with Islam." The Times notes that "unlike many of her colleagues," Hughes is "happy to give interviews to al-Jazeera and has even visited its headquarters in Qatar." Although she says she "disputes some of the TV station's journalistic practices, ignoring it is not an option." However, critics say Hughes' efforts "are worse than doing nothing at all, since foreigners are as capable of seeing through spin as Americans. But Ms. Hughes' easy access to Mr. Bush…enables her to tell the president directly what the rest of the world thinks of the US."

Somalia Stages Show Of Force Against Insurgency. The New York Times (1/16, Gettleman, 1.16M) reports Somalia's transitional government "shut three of the country's biggest radio stations on Monday, accusing them of broadcasting incendiary propaganda. Then, in a show of force, hundreds of government soldiers stormed into the streets of Mogadishu…as tanks from neighboring Ethiopia…chugged through downtown." Somalia's government "seems intent on using its newfound powers to crush the seeds of a growing insurgency."

LATimes Says Ethiopia Must Act Quickly To Broker Peace In Somalia. In an editorial, the Los Angeles Times (1/16, 850K) writes, "Ethiopia has done its fellow Africans a good turn by ousting the increasingly radical Islamic Courts Union regime in Somalia. And thankfully, Addis Ababa has the wisdom to admit what everyone knows: that the Ethiopians have about 3.3 nanoseconds to get their troops out of xenophobic Somalia before they will be even more hated than the thugs they ousted." However, the Times says the "only move as foolish as sending US troops to occupy Somalia would be for the international community to do nothing except watch it slip back into chaos."

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Castro Reportedly In Grave Condition. The AP (1/16) reports Cuban President Fidel Castro is in "very grave" condition "after three failed operations and complications from an intestinal infection," Spain's El Pais newspaper said Tuesday. The newspaper cited two unnamed sources from Madrid's Gregorio Maranon hospital, which employs surgeon Jose Luis Garcia Sabrido, who flew to Cuba in December to treat Castro. In a report published on its Web site, El Pais said: "A grave infection in the large intestine, at least three failed operations and various complications have left the Cuban dictator, Fidel Castro, laid up with a very grave prognosis." The New York Times (1/16, Lacey, 1.16M) notes the newspaper's claims "could not be independently confirmed."

Venezuela To End Negotiations With Foreign Oil Firms. The New York Times/AP (1/16) reports, "Venezuela will end negotiations with foreign oil companies over how it will take a majority control of their operations along the Orinoco River, the country's oil minister, Rafael Ramírez, said on Monday." The AP adds, "Ramírez said that 'there's no possible negotiation' with the foreign companies, but he said that private companies would be allowed to own minority stakes in lucrative oil projects in the Orinoco River basin."

US, South Korea Renew Push For Free-Trade Deal. The New York Times (1/16, Sang-hun, 1.16M) reports the United States and South Korean officials resumed free-trade talks Monday "amid growing skepticism that the two governments can narrow their differences before President Bush's authority to move an agreement quickly through Congress expires." Success "would give Washington its biggest trade deal since the North American Free Trade Agreement a decade ago, while expanding market opportunities for exporters in both countries."

Beijing Seeks To Rein In Trade Surplus. The Wall Street Journal (1/16, Batson, 2.04M) reports China's leadership is "increasingly determined to bring its much-criticized trade surplus under control, as a consensus appears to be building that the imbalance is an economic problem for the country and not simply a political irritant." Minister of Commerce Bo Xilai, in his first public remarks since China last week reported that its trade surplus surged 74% to a record $177.47 billion in 2006, "said reducing that excess will be a top priority for 2007." According to the official Xinhua news agency, he said yesterday that "an excessively large surplus isn't beneficial to the economy and noted that China's disputes with the European Union and US, its two largest trading partners, have been increasing."

Zapatero Admits Mistakes In Talks With ETA. The New York Times/AP (1/16) reports Spanish Prime Minister José Luis Rodríguez Zapatero "apologized Monday for putting his faith in a Basque peace effort that collapsed in a deadly car bombing in December, but he insisted he was right to have sought negotiations with separatist militants and appealed to his political foes for unity at a time of crisis." In a speech to Parliament that was "often interrupted by jeers and grumbles from conservative lawmakers," Zapatero "did not announce any concrete new measures against the armed separatist group ETA." The Christian Science Monitor (1/16, Pingree, Abend, 59K) says Zapatero "is confronting political strife as vicious as any seen in Spain's three decades of democracy."

France Proposed Merger With Britain In '56. The New York Times/AP (1/16) reports France "proposed forming a union with Britain in 1956, and also discussed joining the Commonwealth," the British Broadcasting Corporation reported Monday. Citing documents in the National Archives, the BBC said Prime Minister Guy Mollet of France "had discussed the possibility of a merger between the countries with Sir Anthony Eden, the British prime minister at the time." The Washington Times/AP (1/16, Satter) also publishes the same report.

WSJournal Says Browne's Cost-Cutting Measures At BP Compromised Safety. In an editorial, the Wall Street Journal (1/16, A20, 2.04M) writes, "Don't expect much sympathy for John Browne now that his tenure as chief executive of BP has been cut short by 17 months. Sorrow certainly wasn't the sentiment expressed by investors, who have sent BP shares up more than 2.2% in London and nearly 5% on Wall Street since Friday's announcement that Lord Browne would leave the oil giant this summer rather than at the end of next year." At "about the same time BP embarked on a plan to cut costs at all of its refineries by 25%, "according to investigators with the US Chemical Safety Board who are looking into the 2005 Texas City refinery accident, .routine maintenance suffered. BP has "denied the link between cost-cutting and safety, including oil leaks from corroded pipelines. But a report due to be released today by former Secretary of State James Baker is expected to echo these concerns."

Kristof Welcomes "Freelance Diplomacy" In Darfur. New York Times (1/16, 1.16M) columnist Nicholas Kristof writes, "President Bush and other world leaders have dropped the ball on Darfur. But that vacuum of moral leadership has been filled by university students, churches and temples, celebrities like George Clooney and Mia Farrow, and armies of schoolchildren." Admitting "it's a little weird

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when a private advocacy group undertakes freelance diplomacy," Kristof says "if George W. Bush, Tony Blair, Jacques Chirac and Hu Jintao twiddle their thumbs, then more power to the freelancers."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Chorus Of Protests Seeks To Free Singer Locked Up For 1993 Killing."
"Coaches' Pay Puts Colleges To The Test."
"A Vigil For The Living."
"$1.1-Billion Orange Crop Is Severely Damaged."
"Unlikely Allies Advocate Healthcare Overhaul."
"Iraq Edges Closer To Iran, With Or Without The U.S.."

USA Today:
"Warming Trend Visible In The Trees."
"New Orleans Feels Pain Of Mental Health Crisis."
"Prices At Pump Likely To Fall More."

New York Times:
"Second Hanging Also Went Awry, Iraq Tape Shows."
"Rice Speaks Softly in Egypt, Avoiding Democracy Push."
"51% of Women Are Now Living Without Spouse."
"Democrats Seek the Middle on Social Issues."
"A Church's Challenge: Holding On to Its Young."
"Buyers Scarce, Many Condos Are for Rent."

Washington Post:
"Burden Set To Shift On Balanced Budget."
"Iraqi Hangings Bring More Denunciations."
"Cutbacks Impede Climate Studies."
"Some At Guantanamo Mark 5 Years In Limbo."
"A Ticket On A Taurus Grows Into Much More."
"Enjoying Technology's Conveniences But Not Escaping Its Watchful Eyes."

Washington Times:
"Choice OF Martinez Sparks GOP Rebellion."
"Saddam Kin Beheaded By Hanging."
"Volunteers Take 'Day On' King."
"BWI Second In Loses Of Uniforms, ID Cards."
"This Queen Of France Had A Very Short Reign."

Detroit Free Press:
"Your Winter Woes Likely To get Worse."
"Webber Home Again, To Join Pistons Today."
"Michigan Can Hit The Road With $2 Gas Again."
"Packzki From Starbucks?

Atlanta Journal-Constitution:
"King's Words Retain Allure."
"Top Departing General: Iraq Plan Needs Time."
""Dollars Give Land Hardwoods chance To Survive."

Houston Chronicle:
"More HPD Paychecks Top $50,000 In Overtime."
"*DreamGirls* Comes Up Golden."
"Panel Criticizes BP Safety Efforts."
"Botched Hanging Rekindles Iraqi Fury."
"Majority Of Women Now Living Without A Husband."
"Drivers Get Frigid Reminder To Slow Down, Stay Home."

Story Lineup From Last Night's Network News:
ABC: Severe Winter Weather; Winter Weather-California Oranges; Hussein Aids Executed; Hussein Aids Executed; New Iraq Strategy-Iraq; New Iraq Strategy-Democratic Response; Kidnapped Children Found-Missouri; Alzheimer's Medical Breakthrough; Omega Three Foods; MLK Tribute-Atlanta.
CBS: Severe Winter Weather-Oklahoma City; Winter Weather-California Oranges; Kidnapped Children Found-Missouri; Finding Missing Children; Hussein's Aids Executed; New Iraq Strategy; New Iraq Strategy; Iraqi Family Rescued; Herbal Supplements-Safety; MLK Tribute.
NBC: Severe Winter Weather-Oklahoma; Winter Weather-California Oranges; Hussein Aides Executed; New Iraq Strategy-Iraq's Lead; A Palestinian State; Kidnapped Children Found; MLK Tribute; Ruby Bridges Story; Countries Merging; Toyota VS US Automakers; Museum of National History.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: U.S. Ice Storm; CA-Cold Temperatures; Golden Globe Winners; Missouri-Kidnapping Case.
NPR: U.S. Ice Storm; CA-Cold Temperatures, Citrus Crop Damage; Pakistan Air Strike On Militant Camp Located On Border With Afghanistan; Tokyo Stock Exchange; Iraq Violence; Wall Street-Several Companies Reporting Earnings This Week.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with UN Secretary General Ban Ki-moon, Oval Office, The White House; participates in photo opportunity and remarks to the St. Louis Cardinals, East Room, The White House.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Visits the American Hospital of Paris; tours and lays wreath, Suresnes Cemetery, Suresnes, France; visits Chateau de la Grange, Thionville, France; dinner with women leaders, US Ambassador's residence, Paris.

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US Senate: FLOOR SCHEDULE _ 10 a.m. Meets for morning business, followed by resumption of debate on S.1, the Legislative Transparency and Accountability Act, at 1 p.m.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Hearing on economic opportunity and security for working families. Eileen Appelbaum, Rutgers, University; Jacob Hacker, Yale University; Rev. James Alexander Forbes, Jr., Riverside Church, New York; anna Cablik, ANATEK, Marietta, Ga. Location: Room 430, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on the problems of Iraqi refugees. Assistant Secretary of STate El;len Sauerbrey; a former translater for the U.S. military; a former truck driver for the U.S. military; Marine Capt. Zachary Iscol; Lisa Ramaci-Vincent of the Stevent Vincent Foundation; Ken Bacon of Refugees International; Michel Gabaudan of the UN High Commissioner for Refugees Office. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning hour and will turn to legislative business at 2 p.m. Highlights: Suspensions (6 bills): 1) H.Res.61 -Observing and celebrating the Birthday of Martin Luther King, Jr., and encouraging the people of the United States to celebrate the Birthday of Martin Luther King Jr., and his life and legacy. 2) H.R. 188- To provide a new effective date for the applicability of certain provisions of law to Public Law 105-331. 3) H.R. 391- To authorize the Secretary of Housing and Community Development to continue to insure and enter into commitments to insure home equity conversion mortgages under section 255 of the National Housing Act. 4) H.Res.39 - Commending the University of Florida Gators for their victory in the 2006 Bowl Championship Series (BCS) and for winning the national college football championship. 5) H.Con.Res.___- Honoring the Mare Island Original 21ers for their efforts to increase equal employment opportunities in the military. 6) H.Res.___ -Commending the Boise State University Broncos football team for winning the 2007 Fiesta Bowl and completing an undefeated season.

3 p.m. ARMED SERVICES _ Seapower and Expeditionary Forces Subcommittee. Hearing on Marine Corps force and protection equipment for Operation Iraqi Freedom and Operation Enduring Freedom. Location: Room 2212, Rayburn.

4 p.m. RULES _ Full Committee. Hearing on H.R. 5 - The College Student Relief Act and H.R. 6 - Creating Long-Term Energy Alternatives for the Nation. Location: Room H-313, Capitol.

Other: UN SECRETARY GENERAL BAN KI-MOON _ Highlights: Meets with President Bush. White House.

E-PRESCRIPTIONS _ 9:30 a.m. The National E-Prescribing Patient Safety Initiative holds a news conference on its program to provide free electronic prescribing to every physician In America. The Initiative is a new coalition of technology companies, healthcare payers and physician groups dedicated to improving patient safety and eliminating medication errors. Location: National Press Club, First Amendment Lounge.

LIBBY TRIAL _ 9:30 a.m. Scheduled start of jury selection in the trial of I. Lewis ``Scooter'' Libby, former chief of staff to Vice President Cheney, who is accused of perjury, obstruction and lying to the FBI about his conversations with journalists regarding CIA officer Valerie Plame. Location: Courtroom 16, U.S. District Court, 3rd Street and Constitution Avenue NW.

OIL SUBSIDIES _ 10 a.m. Environmental groups hold a news conference on a bill to repeal billions of dollars in subsidies for oil companies. Location: Rayburn 2168.

SERVICE-REDRESS _ 11 a.m. Rep. Dennis Kucinich receives an Appeal for Redress from active duty service members and veterans, urging an end to the U.S. military action in Iraq. Location: Steps of the Cannon building.

STALKING _ 12 p.m. The Justice Department holds a project marking National Stalking Awareness Month. Location: National Press Club.

TURKMENISTAN _ 12 p.m. The Heritage Foundation holds a discussion on the future of Turkmenistan and Central Asia, with Frederick Starr of SAIS, Julia Nanay of PFC Energy, and Stephen Blank of the Army War College. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

LEAVITT-WORKPLACE WELLNESS _ 12 p.m. - 2 p.m. Health and Human Services Secretary Michael Leavitt delivers a major address on transparency in healthcare and will unveil a publication on workplace wellness efforts. Location: U.S. Chamber of Commerce headquarters, 1615 H St. NW.

AMTRAK _ 12:15 p.m. Sens. Trent Lott and Frank Lautenberg hold a news conference to announce a bill to authorize full funding for Amtrak for the next 6 years. Location: Gate D entrance, Union Station.

ENTITLEMENTS _ 12:30 p.m. Sen. George Voinovich and Rep. Frank Wolf hold a news conference to introduce a bill to reform tax and entitlement systems. Location: Senate Radio-TV Gallery.

WOMEN IN GOVERNMENT _ 12:30 p.m. - 2:30 p.m. The Initiative for Inclusive Security hosts the Eighth Annual Policy Forum luncheon, ``Women in Government: Securing the Future,'' which will be attended by nearly 500 key decision makers from the United States Government, the United Nations, foreign governments, international financial institutions, regional security organizations, and non-governmental organizations. Ambassador Swanee Hunt, chair of The Initiative for Inclusive Security and director of the Women and Public Policy Program will moderate the luncheon. Nicholas Burns, Under Secretary for Political

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Affairs at the State Department deliver give the keynote address. Location: JW Marriott Hotel, 1331 Pennsylvania Ave. NW.

ACTIVIST-IRAQ _ 1 p.m. Activist Bert Sacks of Seattle holds a news conference to discuss his petition to the Supreme Court, seeking to overturn a $10,000 fine levided against him for taking medicines to needy Iraqi children. Denis Halliday, a former assistant secretary general of the United Nations and head of the UN ``oil-for-food'' program until resigning in protest over the continued sanctions on Iraq, will introduce Sacks. Also at the event and available for interviews will be Ed Peck, a former U.S. chief of mission in Iraq and ambassador to Mauritania, was deputy director of the White House Task Force on Terrorism in the Reagan administration. Location: National Press Club.

CHERTOFF-INFRASTRUCTURE _ 1:30 p.m. Department of Homeland Secretary Michael Chertoff will participate in the National Infrastructure Advisory Council Business Meeting, and Under Secretary for Preparedness George Foresman will deliver remarks. Location: National Press Club Ballroom.

CONGRESS-TROOPS VISIT _ 2 p.m. Sens. Evan Bayh, D-Ind., and Hillary Rodham Clinton, D-N.Y., and Rep. John M. McHugh, R-N.Y., will hold a press conference to discuss their Congressional Delegation visit to U.S. Forces serving in the Central ommand Area of Responsibility, including Iraq. Location: Senate Radio/TV Gallery.

DOMESTIC ISSUES _ 2 p.m. AARP CEO Bill Novelli, Business Roundtable President John Casatellani and SEIU President Andy Stern hold a news conference to announce a partnership to influence the political debate on domestic issues. Location: National Press Club.

PASSPORT REQUIREMENTS _ 2 p.m. Bob Jaksta of CBP and Frank Moss of the State Department hold an on-the-record briefing for foreign media only on the Western Hemisphere Travel Initiative. Location: Foreign Press Center, National Press Building.

SOCIAL SECURITY _ 2 p.m. - 4 p.m. The Free Enterprise Fund and the National Taxpayers Union co-sponsor a forum, ``Entitlement Reform without Tax Increases,'' which will focus on the state of Social Security, reform proposals, and the recent news of a possible compromise. Guest speaker: Rep. Patrick McHenry, R-N.C. Host and moderator: Mallory Factor, chairman, Free Enterprise Fund. Panelists: John Berthoud, president, National Taxpayers Union; Peter Ferrara, senior fellow, Free Enterprise Fund and director of entitlement reform, Institute for Policy Innovation; Tom Giovanetti, president, Institute for Policy Innovation; Stephen Moore, editorial board member, The Wall Street Journal; and Grover Norquist, president, Americans for Tax Reform. Location: Room 121, Cannon House Office Building.

SLOVENIA-EU _ 3 p.m. Washington representatives of the European Union and four EU member countries address a National Press Club afternoon newsmaker. ``The Enlargement of the EU & Slovenia's Joining the Euro Zone.'' Participants are Ambassadors: John Bruton of the Europena Union; Klaus Scharioth of Germany; Elena Poptodorova of Bulgaria; and Samuel Zbogar of Slevenia; and Charge d'Affaires Daniela Gitman of Romania. Location: National Press Club, Zenger Room.

CONGRESSIONAL ETHICS _ 3 p.m. - 5 p.m. The Woodrow Wilson International Center Seminar hosts a forum, ``Congressional Ethics Enforcement: Is Congress Fulfilling Its Constitutional Role? Participants include former Reps. Robert L. Livingston, Jr., R-La., and Louis Stokes, D-Ohio; and Dennis Thompson, Alfred North Whitehead Professor of Political Philosophy and Director of the Edmond J. Safra Foundation Center for Ethics, Kennedy School of Government, Harvard University. Location: Woodrow Wilson International Center for Scholars, 5th Floor Conference Room, Reagan Building, 1300 Pennsylvania Ave. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 16, 2007 7:45 AM EST

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TERRORISM NEWS:

Cheney: Feds' Review Of Credit Records Legal (USAT)

USA Today, January 15, 2007

Vice President Cheney said Sunday that the Pentagon and CIA are not violating anyone's rights by examining the banking and credit records of people suspected of terrorism or espionage in the USA. "This is an authority that goes back three or four decades. It was reaffirmed in the Patriot Act," Cheney said on Fox News Sunday. "It's a perfectly legitimate activity. There's nothing wrong with it or illegal."

The vice president said that the Defense Department "gets involved because we've got hundreds of bases inside the United States that are potential terrorist targets."

Rep. Silvestre Reyes, D-Texas, chairman of the House Intelligence Committee, said that "any expansion by the department into intelligence collection" is something the committee will want to thoroughly review.

The issue arose after The New York Times reported Sunday that the Pentagon and CIA had issued up to 500 national security letters that permit the executive branch to seek records without a judge's approval or grand jury subpoena. Most are issued by the FBI, the lead agency in terrorism and espionage investigations.

The letters have generated criticism and court challenges from the American Civil Liberties Union and other privacy advocates.

Obama to announce decision soon

Sen. Barack Obama, D-Ill., said he will "be making an announcement fairly soon" about whether he will seek his party's nomination for president. "Obviously, there's been a lot of talk. It's something that I've been considering," Obama said on CBS' Face the Nation.

Among Democrats running or considering a campaign are Sen. Chris Dodd of Connecticut, former Iowa governor Tom Vilsack, former North Carolina senator John Edwards, New Mexico Gov. Bill Richardson, New York Sen. Hillary Rodham Clinton, Delaware Sen. Joseph Biden and Massachusetts Sen. John Kerry.

Cheney: Credit Checks Aren't Illegal (AP)

AP, January 15, 2007

Vice President Dick Cheney said Sunday the Pentagon and CIA are not violating people's rights by examining the banking and credit records of hundreds of Americans and others suspected of terrorism or espionage in the United States.

Rep. Silvestre Reyes, D-Texas, the new chairman of the House Intelligence Committee, said his panel will be the judge of that.

National security letters permit the executive branch to seek records about people in terrorism and spy investigations without a judge's approval or grand jury subpoena.

"The Defense Department gets involved because we've got hundreds of bases inside the United States that are potential terrorist targets," Cheney said.

"The Department of Defense has legitimate authority in this area. This is an authority that goes back three or four decades. It was reaffirmed in the Patriot Act," he said. "It's perfectly legitimate activity. There's nothing wrong with it or illegal. It doesn't violate people's civil rights."

In a statement Sunday, Reyes promised that his panel would take a careful look at those claims.

"Any expansion by the department into intelligence collection, particularly on U.S. soil, is something our committee will thoroughly review," Reyes said.

"We want our intelligence professionals to have strong tools that will enable them to interrupt the planning process of our enemies and to stop attacks against our country," he said. "But in doing so, we also want those tools to comply fully with the law and the Constitution."

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The Pentagon and the CIA, to a lesser extent, have used this little-known power, officials said. The FBI, the lead agency on domestic counterterrorism and espionage, has issued thousands of such letters since the attacks of Sept. 11, 2001.

The letters have generated criticism and court challenges from civil liberties advocates who claim they invade the privacy of Americans' lives, even though banks and other financial institutions typically turn over the financial records voluntarily.

The vast majority of national security letters are issued by the FBI, but in rare circumstances they have been used by the CIA before and after Sept. 11, according to a U.S. intelligence official. The CIA has used these noncompulsory letters in espionage investigations and other circumstances, the official said.

The New York Times, which reported Sunday on the expanded use of the technique by the Pentagon and CIA, said military intelligence officers have sent the letters in up to 500 investigations.

"This is a dramatic story, but I think it's important for people to understand here this is a legitimate security effort that's been under way for a long time, and it does not represent a new departure from the standpoint of our efforts to protect ourselves against terrorist attacks," the vice president said.

Cheney Defends Efforts To Obtain Records (NYT)

By Mark Mazzetti

The New York Times, January 15, 2007

Vice President Dick Cheney yesterday defended efforts by the Pentagon and the Central Intelligence Agency to obtain financial records of Americans suspected of terrorism or espionage, calling the practice a "perfectly legitimate activity" used partly to protect troops stationed on military bases in the United States.

But the chairman of the House Intelligence Committee expressed concern over the expansion of the military's domestic intelligence collection efforts and said his committee would investigate how the Pentagon was using its authority.

Appearing on "Fox News Sunday," Mr. Cheney said "national security letters" issued to banks and credit agencies were an essential tool for investigating terrorism cases in the United States.

He said the Pentagon had crossed no legal boundaries in issuing the letters independent of the Federal Bureau of Investigation.

"There's nothing wrong with it or illegal," Mr. Cheney said. "It doesn't violate people's civil rights. And if an institution that receives one of these national security letters disagrees with it, they're free to go to court to try to stop its execution."

Representative Silvestre Reyes, a Texas Democrat who is the new chairman of the House Intelligence Committee, said his panel would examine the matter. Mr. Reyes also indicated that he might renew efforts to pass a law requiring various agencies to get court approval before issuing national security letters.

"Any expansion by the department into intelligence collection, particularly on U.S. soil, is something our committee will thoroughly review," he said in a statement issued to the news media.

Since the Sept. 11 attacks, the Pentagon has issued hundreds of letters to American banks and other financial institutions seeking information about suspects in counterterrorism or counterespionage investigations.

Banks are not required to hand over the information, but Pentagon officials said that financial institutions usually complied.

The C.I.A. also uses the letters as an investigative tool, but issues them far less frequently than does the Pentagon, intelligence officials said.

The use of the national security letters by the Pentagon and the C.I.A. was first reported in The New York Times yesterday.

By law, the Pentagon and the C.I.A. are barred from any domestic law enforcement activities. But government officials said that their authority to issue the letters dated back several decades and was strengthened by the USA Patriot Act, an antiterrorism law passed in 2001.

Mr. Cheney said yesterday that the letters were valuable for protecting American forces stationed at hundreds of bases in the United States.

Since Sept. 11, the Pentagon has increased its domestic intelligence collection efforts to help ensure that American bases are protected from potential terrorist attacks.

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The efforts have been criticized by civil liberties organizations, who say the Pentagon is using “force protection” to spy on Americans and collect information on groups like war protesters.

The American Civil Liberties Union said yesterday that it had “serious concerns” about the use of the letters by the Pentagon and the C.I.A., and it called for a Congressional investigation to examine the frequency and legal basis for the records demands, along with civil liberties safeguards in place.

“This country has a long tradition of rejecting the use of the C.I.A. and the Pentagon to spy on Americans, and rightfully so,” said Caroline Fredrickson, director of the A.C.L.U.’s Washington office. “Today’s published report that the Pentagon and C.I.A. have been relying on ‘national security letters’ to collect the financial records of Americans without judicial supervision or Congressional oversight raises a host of questions that need to be answered.”

Pentagon officials said the financial documents obtained through the national security letters usually did not establish an individual’s links to terrorism or espionage and had rarely led to criminal charges.

But officials said the records still had intelligence value, and the Pentagon plans within the next year to incorporate the records into a database at its Counterintelligence Field Activity office.

With the Democrats now in charge of both houses of Congress, the House and the Senate Intelligence Committees are planning hearings on various intelligence programs conducted by the Bush administration since Sept. 11, 2001.

At the top of the agenda are hearings on the National Security Agency’s domestic surveillance program and the C.I.A.’s detention and interrogation of terrorism suspects.

Mr. Reyes indicated yesterday that the military’s domestic collection efforts could also be a priority for his committee.

“We want our intelligence professionals to have strong tools that will enable them to interrupt the planning process of our enemies and to stop attacks against our country,” his statement said.

“But in doing so, we also want those tools to comply fully with the law and the Constitution.”

Cheney Defends Pentagon (LAT)

By David G. Savage

The Los Angeles Times, January 15, 2007

WASHINGTON — The Pentagon is not violating privacy rights by requesting information from financial institutions, telephone companies or credit bureaus in suspected espionage and terrorism cases, Vice President Dick Cheney said Sunday.

He defended the requests as a "perfectly legitimate activity" that serves in part to protect personnel on hundreds of military bases within the United States — "potential terrorist targets," in Cheney's words.

The issuance of "national security letters," he told "Fox News Sunday," is a critical investigative tool that allows "us to collect financial information, for example, on … people we have reason to suspect."

But new House Intelligence Committee Chairman Silvestre Reyes (D-Texas) said Sunday that he would hold hearings on the Defense Department requests. The law bars the agency from domestic espionage activities.

"Any expansion by the department into intelligence collection, particularly on U.S. soil, is something our committee will thoroughly review," he said in a statement issued by his office.

Unlike the controversial national security letters issued by the FBI, which compel institutions to turn over information, these letters merely request data. Companies that receive letters are not obligated to provide the information, officials said.

In the last five years, the Pentagon has issued requests in as many as 500 investigations, according to a report Saturday by the New York Times.

Intelligence officials contacted by the Los Angeles Times said the CIA — which also is prohibited from domestic activity — had made similar requests, though far less frequently.

Cheney told "Fox News Sunday": "This is an authority that goes back three or four decades. It was reaffirmed in the Patriot Act that was renewed here about a year or so ago.

"It's a perfectly legitimate activity. There's nothing wrong with it or illegal. It doesn't violate people's civil rights. And if an institution that receives one of these national security letters disagrees with it, they're free to go to court to try to stop its execution."

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According to a privacy-law expert, a person's bank records are not deemed private in national security investigations, so government agencies, including the Pentagon, can request these records without a warrant.

"This is almost surely legal. It is not like warrantless wiretapping," said James X. Dempsey, policy director at the Center for Democracy & Technology, a Washington policy center that studies civil liberties in the digital age.

Bank privacy laws make an exception for government requests in investigations related to "intelligence or counterintelligence or international terrorism," and the Pentagon says it can gather intelligence to protect its bases from spies and saboteurs.

But just because the activity is legal "doesn't mean it's a good idea," Dempsey said. "The Defense Department is exploiting a gray zone in the law."

In the past, the Supreme Court has drawn a distinction between what is truly private and what may be searched by the government.

For example, homes and phone conversations are deemed private, and the government cannot enter a home or listen to a phone call without a search warrant from a judge.

However, in the 1970s, the court said that bank records and lists of phone numbers called were not truly private, and that officials could obtain these records if they had a good reason.

Afterward, Congress passed laws requiring banks and phone companies to keep customers' records private, but these measures included exceptions for national security investigations.

Though the FBI has the legal authority to require banks and other institutions to turn over records, the Pentagon is simply asking to see the records, officials emphasize.

"This puts the bank between a rock and hard place," Dempsey said. "They want to be a good citizen, especially if there is a terrorism threat. They also want to stay within the letter of the law."

And because the request is secret, it is not likely that the person whose records are being sought will complain: Under bank privacy laws, "no financial institution, or officer or employee shall disclose to any person that a government authority [conducting an intelligence investigation] has sought or obtained access to a customer's financial records."

Dempsey questioned why the Pentagon, and not the FBI, was conducting these investigations.

"This concept of 'force protection' is elastic. There is no firm definition in the law," he said.

"I don't see why [the Defense Department] is going it alone and not involving the FBI. This suggests they are still not connecting the dots."

Pentagon Disavows Official's Comments About Firms Defending Gitmo Detainees (WSJ/AP)

The Wall Street Journal, January 15, 2007

WASHINGTON -- The Pentagon disavowed a senior official's remarks suggesting companies boycott law firms that represent detainees at the U.S. military prison at Guantanamo Bay, Cuba.

Charles "Cully" Stimson, the deputy assistant secretary of defense for detainee affairs, said in a radio interview last week that companies might want to consider taking their business to other firms that do not represent suspected terrorists.

Mr. Stimson's remarks were viewed by legal experts and advocacy groups as an attempt to intimidate law firms that provide legal help to all people, even unpopular defendants.

A Pentagon spokesman, Lt. Col. Brian Maka, said Saturday Mr. Stimson wasn't speaking for the Bush administration. Mr. Stimson's comments "do not represent the views of the Department of Defense or the thinking of its leadership," Mr. Maka said.

Mr. Stimson's "shameful and irresponsible" remarks deserve condemnation, said Neal Sonnett, a Miami lawyer and president of the American Judicature Society, a nonpartisan group of judges, lawyers and others.

Mr. Sonnett said in a statement that Mr. Stimson had made a "blatant attempt to intimidate lawyers and their firms who are rendering important public service in upholding the rule of law and our democratic ideals." Mr. Stimson on Thursday told Federal News Radio, a local commercial station that covers the government, that he found it "shocking" that lawyers at many of the U.S.' top law firms represent detainees. (See related article1.)

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Mr. Stimson listed the names of more than a dozen major firms he suggested should be boycotted. "And I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," Mr. Stimson said.

Asked who might be paying the law firms to represent Guantanamo detainees, Mr. Stimson hinted at wrongdoing for which some explaining should be done. "It's not clear, is it? Some will maintain that they're doing it out of the goodness of their heart -- that they're doing it pro bono, and I suspect they are," he said.

"Others are receiving monies from who knows where and I'd be curious to have them explain that." Mr. Stimson also described Guantanamo as "certainly, probably the most transparent and open location in the world" because of visits from more than 2,000 journalists since it opened five years ago.

However, journalists aren't allowed to talk to detainees on those visits, their photos are censored and their access to the base has at times been shut off entirely." He discounted international outrage over the detention center as "small little protests around the world" that were "drummed up by Amnesty International" and inflated in importance by liberal news media outlets.

Interrogation Research Is Lacking, Report Says (WP)

By Josh White

The Washington Post, January 16, 2007

There is almost no scientific evidence to back up the U.S. intelligence community's use of controversial interrogation techniques in the fight against terrorism, and experts believe some painful and coercive approaches could hinder the ability to get good information, according to a new report from an intelligence advisory group.

The 374-page report from the Intelligence Science Board examines several aspects of broad interrogation methods and approaches, and it finds that no significant scientific research has been conducted in more than four decades about the effectiveness of many techniques the U.S. military and intelligence groups use regularly. Intelligence experts wrote that a lack of research could explain why abuse has been alleged at U.S. facilities in Afghanistan, Cuba and Iraq.

"Since there had been little or no development of sustained capacity for interrogation practice, training, or research within intelligence or military communities in the post-Soviet period, many interrogators were forced to 'make it up' on the fly," wrote Robert A. Fein, chairman of the study, published by the National Defense Intelligence College. "This shortfall in advanced, research-based interrogation methods at a time of intense pressure from operational commanders to produce actionable intelligence from high-value targets may have contributed significantly to the unfortunate cases of abuse that have recently come to light."

The report explores scientific knowledge on interrogation in the wake of reported abuse around the globe. The study, sponsored by the Defense Intelligence Agency and the Pentagon's Counterintelligence Field Activity, was posted yesterday on the Federation of American Scientists' Web site, at http://www.fas.org/irp/dni/educing.pdf.

In it, experts find that popular culture and ad hoc experimentation have fueled the use of aggressive and sometimes physical interrogation techniques to get those captured on the battlefields to talk, even if there is no evidence to support the tactics' effectiveness. The board, which advises the director of national intelligence, recommends studying the matter.

"There is little systematic knowledge available to tell us 'what works' in interrogation," wrote Robert Coulam, a research professor at the Simmons School for Health Studies in Boston. Coulam also wrote that interrogation practices that offend ethical concerns and "skirt the rule of law" may be narrowly useful, if at all, because such practices could undermine the legitimacy of government action and support for the fight against terrorism.

The Bush administration has long advocated the ability to use aggressive interrogation tactics on terrorism suspects. After abuse came to light at Iraq's Abu Ghraib prison and the Navy's prison at Guantanamo Bay, Cuba, Congress forced the government to limit its approaches to long-standing military doctrine but allowed a loophole that lets the CIA continue such techniques.

The Army's new field manual on intelligence, approved in September, specifically bans some of the most aggressive techniques -- such as "waterboarding," beatings, sensory deprivation and depriving a detainee of food -- and draws clear

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boundaries for all military personnel who participate in interrogations. Army officials abandoned more coercive techniques because of the abuse scandals and evidence that Army and contract interrogators had developed approaches in the field based on vague guidance.

The new study finds that there may be no value to coercive techniques.

"The scientific community has never established that coercive interrogation methods are an effective means of obtaining reliable intelligence information," wrote Col. Steven M. Kleinman, who has served as the Pentagon's senior intelligence officer for special survival training.

Kleinman wrote that intelligence gathered with coercion is sometimes inaccurate or false, noting that isolation, a tactic U.S. officials have used regularly, causes "profound emotional, psychological, and physical discomfort" and can "significantly and negatively impact the ability of the source to recall information accurately."

Some At Guantanamo Mark 5 Years In Limbo (WP)

By Carol D. Leonnig And Julie Tate

The Washington Post, January 16, 2007

Shackled at the wrists and blinded by special goggles, the first captives from the U.S. war in Afghanistan were ushered to makeshift prison cells thousands of miles from the battle, at the U.S. naval station at Guantanamo Bay, Cuba, five years ago last week.

Gholam Ruhani was among them, the prison's third official inmate, flown in by cargo plane with the first group of 20 men. The 23-year-old Afghan shopkeeper, who spoke a little English, was seized near his hometown of Ghazni when he agreed to translate for a Taliban government official seeking a meeting with a U.S. soldier.

Ruhani is still at Guantanamo, marking the fifth anniversary of the prison and his own captivity. He remains as stunned about his fate, according to transcripts of his conversations with military officers, as he was when U.S. military police led him inside the razor wire on Jan. 11, 2002, and accused him of being America's enemy.

"I never had a war against the United States, and I am surprised I'm here," Ruhani told his captors during his first chance to hear the military's reasons for holding him, three years after he arrived at Guantanamo. "I tried to cooperate with Americans. I am no enemy of yours."

Now prison and prisoner are forever linked, joined by hasty decisions made in war and trapped by that fateful beginning.

Guantanamo, which is struggling to rid itself of roughly 200 of its 393 remaining detainees, served its original purpose of taking dozens of terrorism suspects and enemy fighters from the chaotic Afghan battlefield and elsewhere, administration officials and the prison's supporters say.

But after five years and more than $600 million, it has failed to quickly and fairly handle the cases of hundreds of people such as Ruhani, against whom the government has no clear evidence of a role in attacks against the United States, according to current and former government officials and attorneys for detainees.

In the administration's effort to obtain raw intelligence, officials said, it was easier to ship hundreds of men with unclear allegiances to a naval base in Cuba in early 2002 and ask the hard questions later. But with a government focused on interrogations, a bureaucracy lacking tolerance for risk and a detention policy under legal attack, the United States has found it difficult to free many of the detainees, regardless of the information it has on the threat they pose.

"We of course had to make snap judgments in the battlefield," said one administration official involved in reviewing Guantanamo cases, who spoke anonymously to avoid angering superiors. "Where we had problems was that once we had individuals in custody, no one along the layers of review wanted to take a risk. So they would take a shred of evidence that a detainee was associated with another bad person and say that's a reason to keep them."

That policy, and persistent reports of detainee abuse inside Guantanamo's walls, have provided rallying points for Islamic radicals, undermined international support for U.S. efforts to track down terrorists and ignited a legal effort that has repeatedly embarrassed the administration.

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"Guantanamo took on a life of its own," said Pierre-Richard Prosper, a former U.S. ambassador at large for war crime issues. "What started as a solution to an immediate problem became both a more permanent place and a cause celebre internationally."

The White House and the Defense Department say the detention and interrogation facility they call Joint Task Force Guantanamo has been a success in protecting Americans and helping U.S. officials learn more about terrorist networks. Dangerous men are inside the prison, among them Khalid Sheik Mohammed, alleged mastermind of the Sept. 11, 2001, attacks, and Ramzi Binalshibh, who is accused of aiding him. They were among 14 detainees transferred there last year as the administration sought, and later won, a law that restricts detainees from challenging their imprisonment in U.S. courts.

So far, 10 detainees have been designated to stand trial before special military commissions, and the Defense Department expects that 80 more will face a similar fate.

"In Guantanamo, we have held the engine of al-Qaeda -- the recruiters, smugglers, trainers, facilitators, financiers, bombmakers and potential suicide bombers -- detained and out of the fight," said Lt. Cmdr. Chito Peppler, a Defense Department spokesman. "We have no desire to be the world's jailer and do not hold detainees for any longer than necessary. We have in place a rigorous process to ensure those held at Guantanamo Bay belong at Guantanamo."

The prison has changed dramatically since its inception, after a battlefield crisis in north-central Afghanistan over Thanksgiving weekend in 2001. For four days, U.S. and British forces fought a prisoner uprising in a fortress used by the CIA as an interrogation site in Mazar-e Sharif. By Nov. 28, hundreds of prisoners were dead and the U.S. military had taken custody of an estimated 200 survivors and suspects.

Army Gen. Tommy R. Franks, in charge of the assault on Afghanistan's al-Qaeda and Taliban strongholds, urged the military to find a site outside the country to hold and evaluate this expanding group of suspects. The job had also overwhelmed his detention facility, a converted machine shop at Bagram air base.

Back in Washington that December, someone floated an idea: What about taking the prisoners to the U.S. naval base at Guantanamo Bay? Then-Defense Secretary Donald H. Rumsfeld liked it. By the next month, military cargo planes were bringing Muslim men seized in Afghanistan and Pakistan to Cuba, 20 and 30 at a time.

President Bush, relying on advisers' untested legal theories, declared a week after the prison opened that the captives were not entitled to Geneva Conventions protections or prisoner-of-war status and could be held in Cuba, without charges, indefinitely.

Between its opening and Feb. 14, 2002, the number of prisoners at Guantanamo swelled to 300. In late January of that year, Vice President Cheney said the detainees were "the worst of a very bad lot" and added: "They are very dangerous. They are devoted to killing millions of Americans."

But of the 773 detainees who have spent time in Guantanamo, the government has released roughly half, most because they had no information and no role in any fighting. The majority were sent home after the evidence against each was formally reviewed at military hearings required in 2004 by the Supreme Court, which rejected the Bush administration's claim that it could detain foreign nationals indefinitely without such sessions.

Of the 393 prisoners who remain today, the military has determined that 85 pose so little threat, they should be transferred to their home countries. Officials, speaking on the condition of anonymity because some evidence about the prisoners is classified, estimate that about 200 pose a danger to Americans.

It is unknown what classified evidence exists to hold Ruhani, who said he was newly married and trying to help his elderly father run an electrical supply store when he was arrested on Dec. 9, 2001. The military tribunal that reviewed his case in 2004 publicly concluded that he was a danger because he was captured with a senior Taliban intelligence officer, was carrying rounds for his pistol and had worked as a part-time aide in a Taliban security office.

Ruhani told the three-officer tribunal that he had been waiting for three years to set the record straight, transcripts show. He contended that the Taliban required all young men to fight in its army but said he was able to avoid going to the front lines by agreeing to do menial cleaning and clerical jobs at a nearby police office.

"I was afraid I would be killed," he told them.

He had learned a little English to make some sense of the electronics manuals in his family's shop. And, he said, he was happy to help translate when asked by a fellow villager -- Abdul Haq Wasiq, a Taliban official who later became a prisoner with

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him at Guantanamo -- because he considered the Americans friendly. He said almost everyone in Afghanistan carries a weapon for protection but he handed his over to the Americans as he entered the meeting.

"I believed I was on the Americans' side. I expected to leave that meeting and return to my life, my shop and my family. Instead, I was arrested," he said, adding: "All I want to say is that I am not guilty. I am asking for your help."

The military decided to continue holding Ruhani. At a review hearing the next year, he seemed bewildered that the Americans had not yet determined that his detention was a mistake.

"If there is a misunderstanding, please don't hold that against me," Ruhani said. "When will they let me know that I'll be released?"

One major obstacle for Ruhani and dozens of others still at the prison is nationality. The U.S. government has determined that Afghanistan, and a few other countries, cannot keep track of released detainees who the United States believes are low-risk but need monitoring.

Afghans make up the largest group of current detainees. Yemenis and Saudis, whose countries either cannot handle released detainees or do not want them, also remain in large numbers.

The detainees in that first group of 20 are emblematic of Guantanamo's prisoners. Half have been released. Of the remaining 10, one is David Hicks -- prisoner No. 2 -- an Australian who fought in the Kosovo Liberation Army, then converted to Islam and was captured in Afghanistan. Two are admitted Taliban commanders.

Three others are more like Ruhani, with public files that appear to make them unlikely enemies of the United States.

One is Shakhrukh Hamiduva, an 18-year-old Uzbek refugee who fled his country after the government there killed one of his uncles and jailed other relatives. He tried to cross the border from Afghanistan when U.S. bombs started falling but was captured by a tribal leader and sold to U.S. forces for a bounty. He said soldiers told him he would be released, but instead he ended up in Cuba.

"We went after small fries at every turn," said Neal Katyal, a Georgetown University law professor who helped argue the Supreme Court case last June that struck down the government's original plan for military trials. "Gitmo blew our credibility. And it's going to take a long time to get it back."

Tribunal Rules Made Secretly (HILL)

By Eugene R. Fidell And Kathleen A. Duignan

The Hill, January 16, 2007

Last summer, the National Institute of Military Justice testified about the Military Commissions Act of 2006 (MCA), then under consideration on Capitol Hill. Congress passed the MCA because the Supreme Court had ruled in the Hamdan case on June 29, 2006 that the Guantanamo military commissions, as originally created by the administration, were illegal. The bill, which is now law, authorized military commissions and gave President Bush wide latitude in fashioning rules to implement the statute.

Once the MCA was enacted, the administration began working on the new rules that would be presented to Congress in mid-January. Given the importance of those rules and the flaws in the earlier rules they will replace, a number of organizations asked that the new rules be made available in draft so that the public could submit comments before they were promulgated in final form. That is the process used for other federal rulemaking, although it is not required by statute for military commission rules. NIMJ submitted the first request for notice-and-comment rulemaking on Sept. 28, 2006, followed soon after by the New York City Bar Association and the American Bar Association. The Pentagon never responded to any of these letters. Other organizations submitted letters to Congress and the Department of Defense, and urged their members to do so as well. At a dinner meeting of the ABA's Standing Committee on Law and National Security on Dec. 1, 2006, a Pentagon official revealed — in response to a question from the floor — that the Pentagon would not be providing an opportunity for public comment on the draft because the MCA set a deadline — which has arrived today — for submission of the final rules to Congress. The claim was there was no time to accommodate a public comment period.

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Because these rules were not developed in the open, confidence that the trials will be conducted in a fair and just manner is necessarily compromised. The rules were drafted and reviewed in secret, and are due to be finalized today, without the slightest recognition that transparency and public confidence in the administration of justice are inextricably linked.

In a society that claims to be open, free, and fair, lawmakers should have demanded that every step in the creation of the new generation of military commissions was conducted in public. It is certainly peculiar, in a country that prides itself on the constitutional right to a public trial, that the rules that will govern these important trials, under new legislation, were framed in secret. Public comment would not only have fostered public confidence in the end product, but also may have led to improvements in the rules. Whether you like the idea of military commissions, or dislike it, there was no reason to cut the public and the bar out of this process, and certainly no basis for claiming that the administration had no alternative. Congress often places reporting and submission deadlines on government agencies, but it also regularly relaxes such requirements. In this instance the Pentagon plunged ahead, did not seek any extension, and used the deadline as a shield. Congress should have put a stop to this and instructed the Pentagon that it need not — and should not — file the rules until the public had been afforded at least 60 days to comment on the draft. Instead it allowed another step toward unchecked executive-branch power in the implementation of military commissions.

It's bad enough that Congress engaged in midnight deal-making when it framed the MCA. It could have made amends, at least in part, by subjecting the implementing rules to the harsh disinfectant of sunlight before they took effect. Now that this opportunity is passing today, the 110th Congress must exercise its oversight power to review the new rules for consistency with American values of fairness and due process, or start over again and amend the MCA.

Mr. Stimson And The American Way (WSJ)

By Charles Fried

The Wall Street Journal, January 16, 2007

Defense Department official Charles Stimson showed ignorance and malice in deploring the pro bono representation of Guantanamo detainees by lawyers in some of the nation's leading law firms, and in calling on their corporate clients to punish them for this work.

That some of the law firms Mr. Stimson singles out represent large employers defending discrimination and disability suits, major corporations accused of price fixing, securities fraud and pollution is not because the right hand -- so to speak -- does not know what the left is doing, nor because these firms are major-league hypocrites. On the contrary, they act in the best traditions of the profession -- traditions that are ignored in today's China or Putin's Russia.

It is the pride of a nation built on the rule of law that it affords to every man a zealous advocate to defend his rights in court, and of a liberal profession in such a nation that not only is the representation of the dishonorable honorable (and any lawyer is free to represent any person he chooses), but that it is the duty of the profession to make sure that every man has that representation. So, for instance, it is only the ideologically blinded who would criticize the great John W. Davis for having presented the case for school segregation to the Supreme Court in Brown v. Board of Education, or the ignorant who did not know that he had denounced the Ku Klux Klan and, as Solicitor General, had defended the voting rights of African-Americans.

All that can be said in explanation, if not mitigation, of Mr. Stimson's egregious statements is that he may have been led on by the extravagant rhetoric of ideologues at the other end of the spectrum, who regularly inveigh against law firms which make their living by defending corporate interests accused of abusing employees, consumers and the environment. It was a regular event on law school campuses to see such ideologues picketing campus recruiters from these law firms, and to hear speeches by professors and even law school deans deploring the fact that graduates regularly took up employment in them.

And the hapless Mr. Stimson may also have fallen victim to that lawyers' occupational disease, Acquired Conviction Syndrome. It is too bad that lawyers in this country feel bound not only to submit the best possible arguments for their clients -- virtuous or deplorable -- but also to stump for them in the press, before legislative bodies and in professional organizations. Debate in the American Bar Association and American Law Institute, for instance, has been degraded in recent years by their members carrying their representation of their clients' interest into fora in which their best independent expert judgment is asked for. How unfortunate that in this country we have plaintiffs' lawyers and defendants' lawyers, lawyers who represent only unions

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and others who represent only management. One looks with nostalgia at the British bar, where barristers will prosecute one day and defend the next.

It may just be that Mr. Stimson is annoyed that his overstretched staff lawyers are opposed by highly trained and motivated elite lawyers working in fancy offices with art work in the corridors and free lunch laid on in sumptuous cafeterias. But it has ever been so; it is the American way. The right to representation does not usually mean representation by the best, brightest and sleekest. That in this case it does is just an irony -- one to savor, not deplore. * * *

It is no surprise that firms like Wilmer Hale (which represents both Big Pharma and Tobacco Free Kids), Covington and Burling (which represents both Big Tobacco and Guantanamo detainees), and the other firms on Mr. Stimson's hit list, are among the most sought-after by law school graduates, and retain the loyalty and enthusiasm of their partners. They offer their lawyers the profession at its best, and help assure that the rule of law is not just a slogan but a satisfying way of life.

Mr. Fried teaches at Harvard Law School.

Sliming The Defense (LAT)

The Los Angeles Times, January 16, 2007

A Pentagon official's overboard criticism of Gitmo lawyers is consistent with one bad strain of White House thought.

THE PENTAGON has disavowed some offensive criticism by one of its officials regarding American lawyers who have represented accused terrorists imprisoned at the U.S. naval base at Guantanamo Bay, Cuba. But the crankish comments of Charles "Cully" Stimson, the deputy assistant secretary of Defense for detainee affairs, reflect a more pervasive reluctance by the Bush administration to acknowledge that injustices have occurred at Guantanamo.

Sounding more like a first-time caller than a government official, Stimson told a radio interviewer last week that "when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms." Not content to float the idea of a boycott, Stimson, a lawyer too, speculated darkly that although some attorneys representing detainees may be doing so as a public service, "others are receiving monies from who knows where, and I'd be curious to have them explain that." In an earlier period in U.S. history, that sort of hit-and-run insinuation was called McCarthyism.

Amid condemnation of Stimson's remarks from the legal profession, a Pentagon spokesman said they "do not represent the views of the Department of Defense or the thinking of its leadership." (Apparently a deputy assistant secretary is not part of the leadership.) For good measure, Atty. Gen. Alberto R. Gonzales said that "good lawyers representing the detainees is the best way to ensure that justice is done in these cases."

But contradicting Stimson — or, even better, firing him — can't alter the fact that his comments in one sense reflect the administration's attitude. Stimson referred not to "accused terrorists" or "suspected terrorists" but to "terrorists." From President Bush on down, the administration has downplayed the possibility that some of the more than 700 people who have been confined at Guantanamo were imprisoned unjustly (not to mention treated inhumanely). Never mind that about half of the original detainees have been released.

Before the U.S. Supreme Court ruled otherwise, the administration insisted that detainees at Guantanamo had no right to challenge their confinement in a U.S. court. The administration devised its own rules for military commissions to try them for alleged war crimes, until the high court ruled that Congress had to be involved. (Even then, the administration was able to convince Congress that detainees shouldn't be allowed to file habeas corpus petitions.)

These policies bespoke an exaggerated understanding of executive power, even in wartime, but they also reflected a certitude bordering on smugness that has characterized too much of the administration's conduct of the war on terror.

Many of the lawyers involved in detainee issues on a pro bono basis are motivated by loyalty to the Constitution, which the administration has sometimes appeared eager to overlook. Advocacy on behalf of due process is a form of patriotism and public service. Criminal prosecutors aren't usually in the business of tarnishing defense attorneys, for good reason, and it's important that the government maintain the same professionalism when prosecuting the war on terror.

Cuba: Charge Posada With Terror, Not Lying (AP)

AP, January 16, 2007

DOJ_NMG_0116219

HAVANA - (AP) -- Cuban militant Luis Posada Carriles must be charged with terrorism, not just with lying during U.S. naturalization proceedings, the Cuban government said today in criticizing a recent U.S. Justice Department decision.

"The U.S. government knows very well -- and has all the proof -- of the innumerable acts of terrorism committed by Posada Carriles," the Foreign Ministry said in the statement published on the front page of Granma, the Communist Party's daily newspaper.

Posada, a former CIA operative with ties to the failed Bay of Pigs invasion in the 1960s, is suspected of plotting the bombing of a Cuban jetliner 30 years ago in Venezuela. He was indicted last week in El Paso, Texas, on charges of lying on his application and under oath when applying for naturalization to the United States in September 2005 and April 2006.

The statement said the foreign ministry hopes the recent charges ``won't become a smoke screen to extend immunity for the serious crime of terrorism."

Cuba and Venezuela say Posada, 78, should face trial in the 1976 Cuban jetliner bombing, either in Venezuela or before an international tribunal. But a federal immigration judge who ordered Posada out of the United States ruled he could not be sent to either country.

Several countries have rejected U.S. requests that Posada be sent there.

In last week's indictment, Posada was charged with one count of naturalization fraud and six counts of making false statements in a naturalization proceeding.

He said he traveled from Honduras through Belize, ultimately reaching the United States near Brownsville, Texas, with the help of a human smuggler. But the U.S. indictment alleges Posada actually entered the country by sea on a boat with four other people.

The trip by sea was mentioned by Cuban President Fidel Castro in a series of speeches about Posada in the spring of 2005. The indictment shows that "the U.S. government was forced to admit that our commander in chief was right," today's statement said.

The indictment also says Posada had a fake Guatemalan passport bearing his photograph and the name Manuel Enrique Castillo Lopez.

If convicted, Posada faces a maximum of 10 years in prison on the naturalization fraud count and five years in prison on each of the false statement counts.

Cuba called for a more serious punishment, saying ``the families of the victims demand justice."

Posada has denied any wrongdoing in the bombing, which killed 73 people, or any other attacks against Cuban interests.

Jury Told Botched Bombing Was Still Punishable Crime (WT/AP)

By Jill Lawless

The Washington Times, January 16, 2007

LONDON -- Six men plotted to kill London subway and bus passengers with bombs made from hydrogen peroxide and flour two weeks after suicide bombers killed 52 commuters in the city, a prosecutor told a jury yesterday.

No one was killed in the attempted bombings of three subway trains and a bus on July 21, 2005, because the devices failed to explode.

"We say that the failure of these bombs to explode owed nothing to the intentions of the defendants. It was simply the good fortune of the traveling public that this day they were spared," prosecutor Nigel Sweeney said in outlining the government's case.

"This case is concerned with an extremist Muslim plot, the ultimate objective of which was to carry out a number of murders and suicide bombings," Mr. Sweeney told jurors.

The men, who are largely of East African descent, have pleaded not guilty to charges of plotting to bomb London's transport network two weeks after suicide attackers killed 52 commuters in the city on July 7, 2005.

Muktar Said Ibrahim, 28; Ramzi Mohamed, 25; Yassin Omar, 26; Manfu Asiedu, 33; Adel Yahya, 24; and Hussain Osman, 28 -- all from London -- deny charges of conspiracy to murder and conspiracy to cause explosions.

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Mr. Sweeney said Mr. Osman had told police the bombs were "a deliberate hoax in order to make a political point" and were not intended to kill. But Mr. Sweeney said forensic scientists had tested the mixture, and "in every experiment this mixture has exploded."

The main explosive charge was 70 percent liquid hydrogen peroxide and 30 percent flour of the type used for chapatis, a type of Indian flat bread, Mr. Sweeney said.

The detonators contained triacetone triperoxide (TATP), an explosive used by Palestinian suicide bombers and by Richard Reid, who tried to detonate a shoe bomb on a U.S.-bound aircraft. The explosives were packed in plastic tubs, with screws, bolts and other pieces of metal taped on the outside as shrapnel, the prosecutor said.

Commercially available hydrogen peroxide is too diluted to be an effective explosive, Mr. Sweeney said, so the conspirators bought a total of 284 bottles and boiled down the substance to increase the concentration.

Traces of hydrogen peroxide and TATP were found in Mr. Omar's apartment, along with evidence that hydrogen peroxide had been boiled.

Mr. Sweeney said the components for the bombs were bought beginning in April 2005, proving the attacks were "not some hastily arranged copycat" of July 7.

Mr. Sweeney said the suspects -- most of whom were born in Ethiopia or Somalia -- were well known to one another long before the attacks, and five had been photographed by police on a camping trip in the Lake District of northern England in May 2004.

Most of the suspects were arrested in Britain a few days after the failed bombings. Mr. Osman fled to Italy and was detained in Rome a week after the attacks.

Eleven others -- including Mr. Osman's wife and sister-in-law -- have been charged with assisting the accused or failing to disclose information. Their trials are expected later this year.

Britain Tries 6 In Bomb Plot That Fizzled (NYT)

By Alan Cowell

The New York Times, January 16, 2007

LONDON, Jan. 15 — The city was still edgy, two weeks after the London bombings of July 2005, when suddenly on a summer's day the horror seemed to return. On three subway cars and a bus, young men boarded with backpacks stuffed full of explosives, but there was an all-important difference: this time the explosives failed to detonate.

On Monday, in a courthouse here close to the high-security Belmarsh prison, six men appeared on trial, charged with conspiracy to murder and cause explosions on July 21, 2005. They are accused of attempting an attack that seemed to mimic the one on July 7 in which four bombers killed themselves and 52 bus and subway travelers in London's bloodiest peacetime attack.

The men have pleaded not guilty to the charges against them.

The prosecution did not directly link the two events. But "it is our case that the events with which this case is concerned are plainly not some hastily arranged copycat," Nigel Sweeney, a prosecutor, said when the men's trial opened Monday. The evidence, he said, "shows that the conspiracy had been in existence long before the events of July 7."

In Monday's session, devoted entirely to the prosecution, all six men were accused of taking part in what Mr. Sweeney called "an extremist Muslim plot, the ultimate objective of which was to carry out a number of murders and suicide bombings."

His opening statement was the first comprehensive official account of the events by British authorities. The allegations offered a remarkable insight into the makings of an alleged jihadist conspiracy.

Mr. Sweeney denied a claim by one of the men that the bombs had been meant as a politically motivated hoax, to frighten — not kill. "We say that the failure of these bombs to explode has nothing to with the intentions of the defendants," he said. "It was simply the good fortune of the traveling public that this day they were spared."

The bombs failed to explode because the concentration of one ingredient in the explosive, hydrogen peroxide, was too low, the prosecutor said, so the detonators went off but did not ignite the main charge.

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Outlining the prosecution case, he painted a picture of young Muslims, one of them alleged to have been trained in Sudan and Pakistan, preparing homemade explosives in a bomb factory in a north London housing project and setting out to create carnage with bombs wrapped in shrapnel, hidden in backpacks.

He said two of the men had at one time prayed at the Finsbury Park mosque run by Abu Hamza al-Masri, a radical Egyptian-born cleric currently serving a prison term for incitement to murder.

Even after the failure of the alleged attack, the drama did not cease. One man fled north on a bus to Birmingham clad in a loose-fitting Muslim woman's gown called a burqa, which conceals the face and body. Another used a brother's passport to slip by the police and board a train to Paris before heading to Rome. Both were arrested soon after fleeing.

The defendants are Muktar Said Ibrahim, 28; Ramzi Mohamed, 25; Yassin Omar, 26; Manfu Asiedu, 33; Adel Yahya, 24; and Hussain Osman, 28. All were living in London. Some were born in the Horn of Africa.

In his statement to the court, Mr. Sweeney provided what he said was a detailed description of the six men's preparation for the attack, some of them attending fitness camps in Scotland and in the Lake District of England, where the police had kept a group of men under surveillance in May 2004, including five of the accused.

The prosecutor said that the role of Mr. Ibrahim, Mr. Asiedu, Mr. Osman, Mr. Omar and Mr. Mohamed was ultimately "that of would-be suicide bombers," and that Mr. Yahya had taken part in "some of the essential preparation done in furtherance of the conspiracy." Mr. Sweeney said Mr. Yahya left Britain six weeks before the attempt and was still out of the country when it failed. He was arrested when he returned.

The preparations began with the purchase of chemicals in April or May 2005, Mr. Sweeney said, adding that one of the men had told witnesses he had trained in Sudan in 2003 and Pakistan a year later.

Pakistan has frequently been accused in British terrorism cases of providing training bases in plots ascribed to descendants of Pakistani immigrants, including three of the four July 7 bombers.

Mr. Sweeney said Mr. Ibrahim "had been trained for jihad in Sudan in 2003 and had gone to Pakistan in December of 2004 in order to take part in jihad or to train for it."

"The evidence shows that events in this conspiracy began in earnest not long after Ibrahim had returned from Pakistan in mid-March 2005," the prosecutor said.

At that time, according to the prosecution, the suspects began assembling material to fashion an explosive made of hydrogen peroxide mixed with flour. The detonators were made of a high explosive called triacetone triperoxide, or TATP, and would be set off by an electrical current from a nine-volt battery.

The main explosives were to be packed in plastic containers surrounded with "screws, tacks, washers or nuts," Mr. Sweeney said, adding that when the attempts took place, one of the men, Mr. Asiedu, lost his nerve and "dumped his bomb in a wooded area."

But Mr. Ibrahim, Mr. Osman, Mr. Omar and Mr. Mohamed set off with bombs on July 21, three of them on subway trains and one on a bus, the prosecutor said, a configuration of targets similar to that of July 7.

Mr. Mohamed, he said, wore a "distinctive New York top, the words New York across his chest, no doubt connected with the events of 9/11."

In all four cases, the detonators exploded but the main charges did not, because the hydrogen peroxide was not sufficiently concentrated, Mr. Sweeney said. The men bought 284 bottles of hydrogen peroxide — sold in a diluted form — and sought to make it more concentrated by warming it or boiling it over a stove at Mr. Omar's apartment using two saucepans and a frying pan on an electric cooker, the prosecutor said.

The men purchased the peroxide using a cover story that they needed it for stripping wallpaper or bleaching wood, Mr. Sweeney said. He said they also made a suicide video at Mr. Mohamed's home in West London.

When the bombs failed, Mr. Osman fled to Italy while Mr. Omar left London disguised as a woman in a burqa, taking a bus to Birmingham on July 22, Mr. Sweeney said.

The trial is expected to last four months. Eleven more defendants, including Mr. Osman's wife and sisterin-law, are to be tried on charges of assisting the suspects or failing to give information about them to the authorities.

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At one point on Monday, the jury was shown a video of a similar explosive made by government scientists being detonated successfully. The video was shown in slow motion.

“It is going so slowly, it takes its time, but you can now see that the metal plate with the wooden surround in front of the bomb is starting to be affected by it,” Mr. Sweeney said. “Now imagine that on a tube train or a bus.”

Trial Opens In London Transit Bombing Plot (WP)

By Kevin Sullivan And Karla Adam

The Washington Post, January 16, 2007

LONDON, Jan. 15 -- The London transit system escaped a repeat of the devastating suicide bombings of July 7, 2005, only through "good fortune," possibly hot summer weather or the faulty mixing of an explosive compound, a London jury was told Monday at the start of the trial of six men accused in the follow-on plot.

Two weeks after the fatal attacks, three subway trains and a bus were boarded by four men carrying backpacks that concealed bombs made from hydrogen peroxide, flour and other chemicals in a one-bedroom apartment, prosecutors said. In each case, the detonators went off but failed to set off the bombs' main charges, they said.

Opening the long-awaited trial of the four men and two others accused in the plot, prosecutor Nigel Sweeney disclosed extensive findings of an intense investigation that has proceeded under strict secrecy for the last 18 months.

"It was simply the good fortune of the traveling public that this day they were spared," perhaps because the bombs were made improperly or the hot weather affected the chemicals, he said in the heavily guarded Woolwich Crown Court. He told jurors that the defendants were part of an "extremist Muslim plot" to carry out "murderous suicide bombings."

Five of the defendants had been under police surveillance during a camping trip 15 months before the attempted attack, according to Sweeney, who did not elaborate on why police were watching them. One attempted to escape wearing a Muslim woman's burqa.

The six men, all of them London residents originally from Africa, have pleaded not guilty to charges of conspiracy to commit murder. One of them reportedly said at the time of his arrest that the devices were not intended to explode, merely to make a political statement.

The bomb incidents in the summer of 2005 were the first major acts of religious extremist violence in Britain since the Sept. 11, 2001, attacks in the United States. Most of the July 7 bombers, who killed themselves and 52 passengers, and the July 21 suspects were British citizens or residents who had apparently been radicalized in Britain.

The July 21 incident roiled a city only just recovering from the loss of the 52. Adding to the horror was that the second attack seemed modeled precisely on the first, targeting three subway trains and a bus. Only this time, passengers heard only loud popping sounds as the detonators went off, then saw the would-be bombers dashing out the car doors.

Police staged a massive manhunt for the suspects, one of whom managed to slip out of the country but was captured in Rome.

In the courtroom Monday, five of the defendants wore dark business suits, while the sixth wore dark pants and a black sweater. They watched with little apparent emotion from behind plexiglas flanked by 10 police officers in the packed courtroom.

Because all four July 7 bombers died, the July 21 defendants are the first to face trial over incidents that continue to create public apprehension.

Swearing in the jury Friday, Judge Adrian Fulford cautioned the nine women and three men that they must consider only the evidence and remain "wholly unaffected by any feelings of apprehension that you might have had in 2005."

The defendants are Muktar Said Ibrahim, Manfo Asiedu, Hussain Osman, Yassin Hassan Omar, Ramzi Mohammed and Adel Yahya. Yahya allegedly was involved in the planning of attacks but was out of the country on July 21. He was arrested at London's Gatwick Airport on his return from Ethiopia in December 2005.

The trial is expected to last three or four months. Eleven other people charged with assisting them, or failing to notify police of their intentions, face trial later this year.

In court Monday, Sweeney said that Osman, who fled to Rome and was arrested a week later, told police that the plot was not a serious attempt to kill, but rather "a hoax in order to make a political point."

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"Given the weight of the evidence as to his involvement, what could he say?" Sweeney said, adding that the hoax defense was undermined by the fact that Mohammed had written a suicide note found by police. "This was no hoax," Sweeney said.

Sweeney told the jury that although the July 21 plot closely resembled the July 7 bombings, it was "plainly not some hastily arranged copycat." Sweeney said evidence collected by police shows that the defendants bought components for the bombs in April, well before the July 7 attack.

Police have never publicly said the two attacks were linked, and Sweeney did not suggest any link Monday.

Sweeny also said that Ibrahim had "been trained for jihad" in 2003 in Sudan, where he practiced firing rocket-propelled grenades, and in 2004 traveled to Pakistan "to take part in jihad or to train for it." Prosecutors will present evidence that most of the defendants "held extremist views" and had "spoken about carrying out jihad."

Police also discovered a wide variety of video footage, showing beheadings and other extremist violence, at apartments used by the defendants. Sweeney said Omar, Yahya and Ibrahim attended the Finsbury Park mosque in north London to hear sermons by Abu Hamza Masri, a radical cleric convicted last year of soliciting murder and inciting racial hatred. He said Omar and Ibrahim had tapes of Masri's speeches.

Sweeney devoted much of his opening statement to explaining the chemical makeup of the bombs. Omar's one-bedroom London apartment was used as a "bomb factory" where the defendants boiled at least 284 bottles of hydrogen peroxide to create a more concentrated mixture. He said that was then mixed with the flour in 1.6-gallon plastic tubs that were surrounded with nuts, screws, tacks and other metal taped to the package to act as shrapnel. He held up a replica for the jurors to see.

Sweeney said the detonator was several grams of triacetone triperoxide, or TATP, which can be mixed using commonly available ingredients. Richard C. Reid, the British citizen who tried to blow up an American jetliner in December 2001 with explosives hidden in his shoes, also had a TATP detonator.

Sweeney said the TATP was placed inside a modified flashlight bulb. He said the device was designed to explode when two small wires attached to the bulb were connected to a nine-volt battery. But while the detonators worked as planned, they failed to detonate the main charge.

Sweeney told the jurors that Mohammed, Omar and Osman carried bombs in backpacks onto three subway trains, while Ibrahim carried his onto a bus. He said Asiedu was supposed to be the fifth bomber but "lost his nerve at the last minute" and dumped his bomb in a London park, where it was found two days later.

Europe Hopes To Thwart Terrorists With A High-Tech Aircraft That Snoops (WP)

By Molly Moore

The Washington Post, January 16, 2007

PARIS -- Imagine stepping aboard Europe's anti-terrorist plane of the future.

At the door, a hand-held electronic nose reputedly 30 times more sensitive than a dog's snout sniffs passengers for dangerous chemicals and vapors.

After takeoff, computers monitoring cabin conversations pick up suspicious words in Seat 9B, fingernail-size video cameras detect nervous facial tics on the passenger in 21F, and a hidden microphone records questionable noises from the passenger in the rear toilet. Buzzers or flashing lights on a computer screen warn the crew and pilot of potential trouble in each spot.

If a hijacker manages to bypass the fingerprint-activated locks on the cockpit door and grabs the controls, an internal computer takes over and diverts the plane from high-rise buildings, a nuclear plant or any other pre-programmed no-fly zone.

The SAFEE project -- Security of Aircraft in the Future European Environment -- is the first coordinated international effort to create an airplane system capable of thwarting hijackings and terrorist attacks. It is under development in classified laboratories in 11 European countries and Israel. Much of the technology is in advanced stages of development, though systems for accurately analyzing facial expressions remain problematic.

The director of the $50 million program, Daniel Gaultier, works in a modernist, mirrored building overlooking the Seine River, where entry to his office is controlled by the same kind of fingerprint lock that the plane's cockpit would have. He describes the system -- being developed largely in secret by the European Commission (the European Union's executive arm) and 31

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aircraft, avionics, computer and security companies and university research centers -- as "a last defense against attack" in a post-9/11 world.

The project faces serious opposition. Human rights officials are concerned about passenger privacy, pilot groups are fearful of computers usurping their authority, and airline marketers wonder about the eventual price tag.

"The eavesdropping is incredible," Sophia in't Veld, a Dutch member of the European Parliament, said in a telephone interview from Washington, where she was meeting with members of Congress on anti-terrorism and privacy issues. "We have to sacrifice some privacy and some freedom, but people have to have the proper means of redress to defend themselves against unnecessary invasion of privacy or abuses of data by public authorities."

"The trade-off between technology and human rights is a tricky and tough area," Gaultier agreed. "When there's a crisis, everyone will accept it. Six months after the crisis, everyone will forget. You always have to be careful how you deal with passenger rights."

The use of potentially intrusive monitoring systems -- such as those that would record passenger movements and facial expressions and eavesdrop on private conversations and toilet visits -- is a particularly sensitive issue in Europe. Watchdog commissions here have engaged in transatlantic battles over U.S. rules requiring airlines to report personal data about incoming passengers to U.S. authorities.

Testing of most of the technologies in simulators is to begin this fall and continue through early next year, Gaultier said.

The package of systems found to work is unlikely to be available on commercial aircraft for as long as a decade because most would need to be incorporated into the airframes of planes under construction. The cost of retrofitting existing aircraft would be prohibitively high, according to Gaultier.

None of the systems is more controversial than the onboard video and audio sensors designed to detect erratic or suspicious behavior. Some critics argue that the systems could be prone to false alarms or prove unrealistic for commercial use.

Researchers at Britain's BAE Systems are attempting to compile a database of algorithms to allow computers to differentiate between the "micro-expressions" and facial tics of a person nervous about flying and a person nervous because he's about to detonate a bomb.

Researchers at the University of Reading in England, meanwhile, are working on the system that would quickly analyze such data and deliver it to the crew and the pilot. "Airlines are afraid of this product," Gaultier said. "They have to face marketing it to passengers."

As to whether this technology can be perfected to operate as envisioned, Gaultier said: "We're just getting started. It needs a lot more research."

Gaultier said crew members would not monitor actual videos but would respond to computer-generated signals warning of a potential problem in a specific seat or other location. He said the video images could be destroyed at the end of each flight.

As for other intrusions, "No video in the toilet," he said, "though they would have microphones in the toilet." The monitoring devices could also be used for detecting drunken or other unruly passengers, he said.

Gaultier's company, Sagem D?fense S?curit?, is developing technology to improve security in communications between pilots and control towers and to prevent cyber hacking into airplane systems, especially when commercial aircraft begin introducing onboard Internet services.

Another French company, Thales Avionics, is testing a new collision-avoidance system that would build on existing short-range systems that warn a pilot when a plane is in imminent danger of crashing. The new system could be programmed to avoid not only dangerous terrain such as mountains, but tall buildings or cities hosting vulnerable events such as the Olympics or political summits.

Gaultier refers to the system as "never again the twin towers." He added, however, that "pilots will think that's an intrusion" because the system would take control out of their hands in the event of a hijacking or other emergency and allow the aircraft's computer system to guide the plane.

Other pieces of the SAFEE system would detect gases from a bomb being assembled on a plane and use laser beams to detect potentially dangerous chemicals that had evaded airport security checks.

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But even with the new protections, Gaultier acknowledged, the system cannot guarantee an end to terrorist attacks. "Security level zero never exists," he said. "It's crazy to say, 'I have a system that provides 100 percent security.' "

HOMELAND RESPONSE:

Trying To Execute Reform (USNEWS)

By Angie C. Marek

U.S. News and World Report, January 15, 2007

Last fall, Harold Ford Jr., a charismatic Democratic Senate candidate from Tennessee, filmed a campaign ad in the cramped aisle of a passenger plane. "The bipartisan 9/11 commission says our airports fail on security five years after September 11," Ford said in the ad, holding a copy of the commission's report and a plastic bottle meant to evoke liquid explosives. "It's time to set aside politics [and] adopt the commission's 41 recommendations."

Ford was one of many Democratic candidates to use the pitch during the fall campaign. He lost, but his party took over Congress. And not surprisingly, last week the House passed the Implementing the 9/11 Commission Recommendations Act of 2007 as part of the Dems' blitz marking their first 100 working hours in power. But it won't be easy going from here. Although the 9/11 commissioners have praised the bill, it's been criticized for including several initiatives the 9/11 report didn't even address. There's opposition in the Senate, and the White House called it "unconstitutional." How much survives-and how much should-are still very open questions.

"Herculean." Since the commission released its report in 2004, a flurry of legislation has addressed at least some of its recommendations. A massive intelligence reform act-the result of what Republican Sen. Susan Collins calls a "herculean bipartisan effort" in late 2004-restructured the intelligence community the way the commission wanted, adding a director of national intelligence. A major port security bill and a measure giving the Department of Homeland Security power to regulate chemical plants followed this fall. Still, Lee Hamilton, the Democratic vice chair of the commission, said last week he thought "roughly half" the recommendations still needed to be addressed.

Clocking in at 279 pages, the new House bill aimed to fix that. One of the more significant measures would ensure that 90 percent of the roughly $2 billion handed out in homeland security grants each year would be divvied up according to risk calculations, instead of like political pork, a bit to each state. Another section mandates that 100 percent of sea cargo headed to the United States be scanned for explosives abroad within five years. All cargo carried on U.S. commercial flights would be scanned in just three years.

Supporters admit the bill was thrown together quickly-and critics say it shows. Although the measure creates three new grant programs-for items like better communications equipment and local intelligence centers for first responders-nowhere does it mention any specific costs or deal with how to pay for new programs. And Republican Rep. John Mica complained to U.S. News last week about a clause that gives aviation screeners collective bargaining rights, potentially restricting the ability of DHS to shift workers to busy airports during the holidays. "Nowhere in the 9/11 commission report," Mica said, "did it recommend [any of] that." Other commission recommendations are entirely unaddressed. For instance, commissioners said the maze of congressional panels overseeing pieces of DHS-79 by today's count-represents "the single largest obstacle impeding" success for the mammoth agency. The new bill doesn't deal with the problem.

All that controversy is clouding the bill's prospects. The Bush administration stopped short of a veto threat but said last week that it has "constitutional concerns" about portions of the measure-including a move to create a privacy and civil liberties board with subpoena power. As a result, the White House said, it "cannot support ... passage ... in its current form."

The Senate-where Democrats hold a 50-to-49 margin-will take up its own bill by late January. Passage is likely, but the Senate bill is expected to have "more compromises," says Stephen Flynn with the Council on Foreign Relations, "and less kinks."

Because rural members have more clout there, the Senate has rejected past efforts to allocate 90 percent of terrorism funds by risk alone. And staffers say they're more hesitant about the feasibility and multibillion-dollar costs of 100 percent sea cargo scanning; DHS is slated to test such an idea for the first time this year. Joe Lieberman, the new head of the Senate Homeland Security and Governmental Affairs Committee, said last week he'd try to implement the commission's

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recommendations "as much as we can, as quick as we can, and as fully as we can." Given what's happened so far, that could be a tall order.

CIA Emphasizes Flexibility In New Strategy (USAT)

By Richard Willing

USA Today, January 16, 2007

WASHINGTON — The CIA plans to increase its use of "open sources" such as newspapers and blogs and to outsource more software development to commercial contractors under a 22-point strategy being put in place.

The CIA's "Strategic Intent," distributed to agency employees in December and posted on its public website this month, stresses improved flexibility and fewer barriers between departments. It contains several corporate-style flourishes, including ongoing employee input, an advisory board drawn from business and academia and "action teams" assigned to implement the plan.

In a speech to CIA workers at the agency's Langley, Va., headquarters Jan. 4, CIA Director Michael Hayden said the plan aims to reassert the 60-year-old agency's primacy in the intelligence community.

"The operational demands of the recent past too often limited the time and energy CIA has to address the demands of the future," Hayden said. "We've gotten away with it for a few years — and for very good reasons — but no organization can thrive indefinitely without tending to strategic imperatives."

The changes come as President Bush has chosen retired vice admiral J. Michael McConnell as director of national intelligence. He would replace John Negroponte, who will become the top deputy to Secretary of State Condoleezza Rice. McConnell, like Hayden, is a former National Security Agency head.

Among the CIA plan's goals:

•Break down traditional barriers between spies who collect intelligence and analysts who use the data for reports. In the agency's operations center, a wall that divided representatives of the two disciplines was dismantled the last week in December.

•Make greater use of the Web to distribute intelligence reports and data. The CIA, which has its own intranet, will have its "brand" on intelligence it distributes on secure networks maintained by the departments of State and Defense, Hayden said.

•Install new hiring and promotion policies, including pay grades tied to performance rather than seniority, and a common training course that will require new analysts and clandestine officers to work together from their first days at the agency.

•Post more analysts overseas to improve their understanding of the areas they report on.

•Give specialists in "open source" intelligence equal standing with spies and intelligence analysts in the operations center and elsewhere.

Open source "isn't just the wave of the future, it's here right now," said Walid Phares, senior fellow and al-Qaeda specialist at the Foundation for the Defense of Democracies in Washington.

Phares said he does much of his research by monitoring Islamic websites and chat rooms.

Last year, a House Intelligence Committee review criticized intelligence agencies for failing to "embrace more fully" open source intelligence. The committee report said "it will take a dramatic change in cultural philosophy" before intelligence services rely on materials they did not gather through "secret means."

John McLaughlin, a former longtime CIA official and its acting director in 2004, said Hayden's plan "hits the right things" and is "very countercultural."

"It's kind of inside baseball," he said, "but things like knocking down the wall in the ops center are significant. It's been there forever."

The strategic plan also adds layers of bureaucracy that could prove hard to manage, said John Prados, fellow at the National Security Archive, a private research group that is sometimes critical of the CIA.

"Hayden is going to spend a lot of time at meetings … because of his desire to monitor and keep track of what's happening," said Prados, author of the book Safe For Democracy: The Secret Wars of the CIA.

Hayden established an oversight panel within the CIA that will resolve conflicts between civilian and military agencies that do "human intelligence collection"— spying. Hayden said he will chair the first meeting of the panel himself.

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Hayden took over as CIA director last June. He inherited an agency that has been buffeted by bad news.

Both the 9/11 Commission in 2004 and a panel in 2005 that explored intelligence on Iraq's biological, chemical and nuclear weapons programs faulted the agency, among others, for shortcomings in developing and sharing useful information.

Ted Gup, author of The Book of Honor, a study of heroism by covert CIA officers, said Hayden's plan "seems to make all the right sounds" but glosses over the agency's recent problems.

"They are too anxious to move forward without the deep soul searching that seems to be required," Gup said. "A sober-eyed analysis of what went wrong should be reflected (in the new plan), but it isn't."

In his six months on the job, Hayden has striven to improve morale by hosting a family day and reaching out to retirees through a series of e-mails.

About 40% of the agency's workforce has joined since the 9/11 terrorist attacks, Hayden said in an interview in November.

The agency receives about 130,000 job applications annually, Hayden said.

Before 9/11, about 65,000 job seekers applied each year, former director McLaughlin said.

Bioterror Antidote: Unfulfilled Prescription (WP)

By Renae Merle

The Washington Post, January 16, 2007

When President Bush goes before Congress later this month, it will mark four years since he used his State of the Union address to launch Project BioShield, an ambitious effort to counter bioterrorism attacks with vast new stockpiles of vaccines and treatments.

Progress, however, has been slow.

The $5.6 billion program is still struggling to define its priorities, and officials have spent less than a quarter of their budget. Last month, the project endured the collapse of its largest program, an effort to produce enough advanced anthrax vaccine for roughly the population of Washington and New York. And still unresolved is how the government will address threats like acute radiation sickness or treat the estimated 10 million people with impaired immune systems who cannot take advantage of current stockpiles of smallpox vaccines. In his speech, Bush listed the Ebola virus and plague as among the threats the program would address, but little significant action has been taken on those, either.

The government has yet to release a plan outlining what drugs it will buy and in what quantities, though it says it will do so in the next few months.

Congress passed legislation late last year revamping BioShield, allowing the Department of Health and Human Services to pour more money into the small companies spearheading the effort more quickly and reorganizing the program's management. But HHS officials acknowledge that tougher challenges lie ahead.

"BioShield is still a young program," said Gerald Parker, the principal deputy assistant secretary for preparedness and response at HHS.

The first phase of the program "was low-hanging fruit, taking things that were already in development" and putting them in the stockpile, Parker said. "Now we're getting into the harder phase of this."

Here is a look at BioShield's fitful progress on some of government's top priorities, those bioterror agents that have been labeled national security threats by the Department of Homeland Security:Anthrax

Anthrax is best known for the October 2001 attack in which envelopes containing anthrax spores were sent through the mail, killing five people and sickening others. The attack prompted worries that an antibiotic-restraint strain of anthrax could be developed, moving the threat to the top of federal health officials' priority list.

As the result of an effort that began before BioShield, there are enough antibiotics in the national stockpile to treat 40 million people for more than 60 days, HHS says. Stockpiles also include 9 million doses of an anthrax vaccine produced by Emergent BioSolutions of Gaithersburg, with another 1 million to be delivered by the first quarter of this year. In an emergency, the usual six doses of the vaccine necessary for immunity could be cut to three and used with an antibiotic, HHS says. That should be enough to treat 1.3 million patients.

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Rockville-based Human Genome Sciences and Cangene of Winnipeg, Canada, are scheduled to deliver 30,000 doses of an anthrax antitoxin. HGS is scheduled to begin delivery in 2009 and Cangene is scheduled to begin delivery later this year, according to HHS.

The agency is struggling to develop a more modern anthrax vaccine that could be administered in fewer doses and with fewer side effects. In 2004, the agency tapped a small California firm, VaxGen, for an $877 million contract to deliver 75 million doses of an anthrax vaccine. VaxGen encountered delays and technical problems, and HHS canceled the contract in December after the firm failed to begin human testing on time. HHS officials are examining ways to get the effort back on track.Botulism

Botulism is a concern because the natural toxin can be easily produced and transported, making it a major threat. The Japanese cult Aum Shinrikyo tried and failed to disperse the botulinum toxin in the 1990s in downtown Tokyo and at U.S. military installations.

A far more serious threat would be if someone managed to get the toxin in the food supply, said Gerald L. Epstein, a senior fellow at the Center for Strategic and International Studies. An attack using botulinum toxin could cause hundreds of thousands of causalities, according to DHS.

Cangene has begun delivering the first of 200,000 doses of an antitoxin, which would have to be delivered shortly after patients show symptoms to counteract the effects of the toxin. There are currently no plans to pursue a vaccine, according to HHS.Smallpox

Smallpox was eradicated in the 1970s, and there are only two official repositories of the disease, in the United States and Russia. But before the Soviet Union collapsed it adapted large quantities of smallpox for use in bombs and missiles, according to the Center for Biosecurity of the University of Pittsburgh Medical Center.

That has spurred concerns that stocks may fall into the hands of terrorists or countries considered rogue states by the United States. Since standard smallpox vaccination ended in the United States more than 30 years ago, the population could be vulnerable to attack, according to the biosecurity center.

There is a stockpile of more than 300 million doses of smallpox vaccine, enough for everyone in the United States, according to HHS. That effort began before BioShield.

The agency is also pursuing another version of the smallpox vaccine that could be used by people with impaired immune systems, a growing population of cancer survivors, organ transplant recipients and HIV-infected patients. A BioShield competition began in 2005, but no winner has been announced. HHS officials said a contract could come sometime this year.Radiation, 'Dirty Bomb'

Authorities worry that people could become exposed to radiation either through a direct nuclear attack or the use of a "dirty bomb," which would employ conventional explosives or other means to spread radioactive materials.

Enough potassium iodide to treat 1 million people is already in the national stockpile, according to HHS. Potassium iodide doesn't treat most aspects of radiation exposure, but scientists believe it can protect the thyroid gland from cancer in such an attack.

Fleming & Co. Pharmaceuticals received two BioShield contracts to deliver 4.8 million bottles of a liquid form of potassium iodide for children. It has delivered 1.9 million bottles so far. Akorn Inc. has begun delivering 450,000 doses of an anti-radiation drug therapy that would adhere to radioactive particles in the blood stream and flush them out of the body.

To address acute radiation sickness, HHS launched a competition in 2005 for 100,000 doses of a drug treatment that would address the infections and uncontrolled bleeding caused by exposure. After several delays, HHS officials said they expect to announce a contract this year.Plague, Ebola

Plague is blamed for killing a third of Europe's population in the 14th and 15th centuries. The pneumonic form of the disease could be caused by releasing plague bacteria in an aerosol attack. The disease is considered nearly always fatal unless antibiotic treatment is started with 24 hours of infection, according to HHS.

Another potential bioterror threat, Ebola, is a hemorrhagic fever caused by a virus that first appeared in Africa in the 1970s. The virus can spread from person to person and kills most of the people it infects, causing massive hemorrhaging that dissolves their insides and sends blood oozing from the orifices of their bodies. Experts believe Ebola is a threat in the hands of terrorists,

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and the Soviet Union is believed to have created Ebola weapons before it collapsed. Aum Shinrikyo, the Japanese religious cult that released sarin nerve gas in the Tokyo subway system in 1995, went to Zaire to learn more about Ebola.

Despite President Bush's mention of plague and Ebola in his State of the Union speech, the government has yet to contract with any company to produce a defense. HHS officials say the implementation plan to be issued in the next few months will include a roadmap to address both threats.

Meanwhile, the National Institutes of Health is pursuing research on vaccines for both. NIH has completed the first phase of human testing for the Ebola version and is seeking volunteers for the second, according to an NIH official, who said it would be several years before it could be stockpiled.

BWI Second In Losses Of Uniforms, ID Cards (WT)

By Sean Lengell

The Washington Times, January 16, 2007

At least 426 uniforms and identification cards issued to security screeners at Baltimore-Washington International Thurgood Marshall Airport have been lost or stolen since late 2001, according to Transportation Security Administration records.

The only other airport to report more missing uniforms and badges in the past five years is Los Angeles International Airport, whose security screeners lost at least 789.

More than 3,600 TSA or Homeland Security Department airport security uniforms and credentials have disappeared from November 2001, when the TSA was created, through Sept. 30, records show.

Some lawmakers worry the missing items may find their way into the hands of terrorists. The agency, however, denies the problem poses a national security risk.

Screeners at BWI reported 321 uniforms and 105 identity cards lost or stolen during the five-year period ending Sept. 30.

The number peaked during the 12 months ending Sept. 30, 2003, when 128 uniforms and 31 identity badges disappeared. Since then, the annual rate of missing items has dropped significantly.

BWI screeners reported seven uniforms and five badges missing for the 12 months ending Sept. 30, 2006.

The Linthicum, Md., airport, which is publicly owned and operated by the Maryland Aviation Authority, also issues identification credentials to TSA employees, but BWI spokesman Jonathan Dean said there has been "no unusual or suspicious level of missing airport-issued identification."

Security screeners at Ronald Reagan Washington National Airport reported 132 missing or stolen items -- 97 uniforms and 35 ID cards -- for the five-year period. It was the fifth-highest tally nationally.

Washington Dulles International Airport had among the fewest missing items: seven uniforms and no ID cards.

Reagan and Dulles airports are operated by the Metropolitan Washington Airports Authority, an independent agency created by Congress.

TSA officials said the missing uniforms and badges alone aren't enough to gain access to sensitive areas of any airport.

"This is not a security threat," agency spokeswoman Amy Kudwa said. "One number of a combination of a bank vault won't get you access inside, and a TSA ID card or uniform will not allow you access at the airport either."

The cards are used only for visual identification and are not programmed to be scanned or swiped.

Because TSA screeners work in teams, anyone who tries to pose as an agency employee would be identified immediately as an impostor, Ms. Kudwa said. "There are a number of [security] layers."

Where the uniforms and badges have gone is uncertain. Most of the items are thought to have been lost or misplaced, not stolen, Ms. Kudwa said.

Rep. Lamar Smith, Texas Republican and member of the House Homeland Security Committee, has proposed biometric badges that identify TSA workers through their fingerprints, eyes, facial patterns or other physical characteristics. He also wants to impose penalties for losing uniforms or credentials.

"TSA badges and uniforms can provide individuals with access to airport areas and equipment -- so the fact that they cannot be accounted for is a security threat," Mr. Smith wrote to Homeland Security Secretary Michael Chertoff on Dec. 13.

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TSA policy requires employees to report any loss of badges or uniform articles immediately to a supervisor. The supervisor is required to notify local law enforcement if theft is suspected. No disciplinary action is taken unless misconduct or malfeasance is found, the policy states.

Employees wear white shirts emblazoned with "TSA" on the back and navy blue pants. The agency also issues jackets, sweater vests, ties and other uniform items.

Ms. Kudwa said she wasn't sure how many missing items have been recovered, but a TSA jacket was found last month at a San Antonio thrift store and turned over to the agency.

U.S. Enacts New Air Travel Passport Rules (BSUN)

By Meredith Cohn

The Baltimore Sun, January 16, 2007

Travelers flying between the United States and the Caribbean, Mexico and Canada this month will need a passport -- the first of sweeping changes in documentation resulting from the terrorist attacks in 2001.

The new Department of Homeland Security rules for air travelers go into effect Jan. 23 and extend to land and sea travel next year. Most people enter or leave the United States by land. Requiring passports -- instead of commonly used birth certificates or drivers' licenses -- was recommended by the Sept. 11 commission and mandated by Congress in 2004. But the change was delayed and implementation staggered to ease fears of hurting tourism and to allay concerns of passengers and trading partners.

"There were concerns that applying this law might discourage travelers," said Steve Royster, a State Department spokesman. "But security is paramount."

Along with new passports this summer that will be embedded with computer chips holding passenger information, the rules are designed to reduce forgery and ease lines at the nation's borders. They will become part of an overall Homeland Security effort to shore up the borders with troops, terrorist watch lists, and cargo and passenger screening after years of criticism that security is lax.

The rules for air travel will affect millions of people, including the bulk of those traveling to and from Baltimore-Washington International Thurgood Marshall Airport. Seven of 10 international cities with direct routes to BWI are in regions where the changes apply.

Birth certificates and drivers licenses had long been used by those frequently crossing the borders with Mexico or Canada for work or leisure because they were convenient and cheaper than a $97 passport. But State Department officials say thousands of U.S. agencies issue the other documents, making authentication tough and time-consuming. In 2005, the U.S. government confiscated 75,000 fraudulent documents.

Already, State Department officials say more than a quarter of Americans, or 72 million people, have a passport and new applications have been pouring in. The State Department reports that in November, 1.1 million people applied for a passport, up about 60 percent from the year before.

"Officials will have much greater confidence in the documents," said Derwood Staeben, a senior adviser on passports at the State Department. "This is security. But we expect the lines to go faster."

Exceptions to the new passport rules will be those with special cards issued to those traveling between Canada and the United States for work, merchant mariners with Coast Guard documents and permanent residents with "green cards." Existing passports are good until their expiration date.

U.S. citizens already needed a passport to go to Central and South America, but for the first time will need a passport to return home.

The State Department also is developing a new passport card for frequent travelers who cross land and sea borders with neighboring countries. The documents will be the size of a credit card, cost less than a passport and won't have to be removed from a wallet or car to be read.

For many world travelers, the new rules shouldn't have too great an impact because passports already are required elsewhere, said Kevin Mitchell of the Business Travel Coalition, which represents corporate travel managers.

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"Most business travelers that travel globally obviously have them," he said. "Twenty percent of all travel by U.S. corporations is out of the country. Road warriors are taken care of."

The coalition and other travel groups did not oppose the new passport rules. Mitchell said the rules might confuse or annoy some frequent travelers and could dampen travel. But five years after the Sept. 11 terrorist attacks, he said the federal government needed to have a better idea of who was crossing the border.

The electronic passports have, however, caused some concern. Mitchell and privacy advocates lobbied for protection from outsiders trying to steal information with remote electronic readers. But he said the government has taken encouraging steps, such as adding metallic covers that prevent them from being read when closed.

The Air Transport Association, a trade group representing U.S. airlines, was more concerned with timing. It didn't want new rules implemented until after the busy holiday season.

At BWI, close to two dozen flights a day come and go from Toronto, Mexico City and Montego Bay, Jamaica, among others. It has a fraction of the international travelers of the country's biggest hubs, but has a mix that favors the Western Hemisphere. An airport spokesman said federal and airline officials are doing a good job of advertising the new rules.

It appears, however, that many people at BWI didn't need notice. Dawna Elias, a native of Canada who now lives in Baltimore, said she used to travel back and forth without a passport. But the Sept. 11 attacks gave her pause.

"I just got one recently," said Elias, who was seeing her mother, Edie, off on an afternoon flight from BWI to Toronto. "It seemed like a good idea to have one. I anticipated that they'd start requiring one."

Elias said she'd now have to get her 11-month-old daughter, Eva, her own passport.

On her mother's flight, a steady flow of passengers presented passports. About 58 percent of U.S. travelers to and from Mexico already have a passport. The number rises to 69 percent for Canada and 75 percent for the Caribbean, according to Homeland Security data.

Passports could be a bigger issue next year when those traveling by land or sea are subject to the new rule. More than 300 million people entered the country last year at land crossings. Of the 422 million visitors to the United States last year, 87 million came by air.

Terror Official: 'We're Going To Get Hit' (NSWK)

Newsweek, January 22, 2007

Jan. 22, 2007 issue - Intel director John Negroponte gave Congress a sobering assessment last week of the continued threats from groups like Al Qaeda and Hizbullah. But even gloomier comments came from Henry Crumpton, the outgoing State Department terror coordinator. An ex-CIA operative, Crumpton told NEWSWEEK that a worldwide surge in Islamic radicalism has worsened recently, increasing the number of potential terrorists and setting back U.S. efforts in the terror war. "Certainly, we haven't made any progress," said Crumpton. "In fact, we've lost ground." He cites Iraq as a factor; the war has fueled resentment against the United States.

Crumpton noted some successes, such as improved joint efforts with foreign governments and a weakening of Al Qaeda's leadership structure. But he warned of future attacks. "We don't want to acknowledge we're going to get hit again in the homeland, but we are," he said. "That's a hard, ugly fact. But it's going to happen." Crumpton cited no specific intel, but said the most worrisome scenarios involve lone operatives who slip into the country and take directions through cyberspace. "How do you penetrate that?" he asked. Citing family financial pressures, Crumpton leaves office in two weeks. A State official, anonymous when discussing personnel matters, said no one has been nominated to replace him, so it could be a while before the post—a top counterterror job—is filled.

A Personnel Challenge At DHS (WP)

By Stephen Barr

The Washington Post, January 15, 2007

At the Department of Homeland Security, Marta Brito Perez works 12-hour days looking for ways to move the personnel practices of a mega-bureaucracy closer to those of a Fortune 500 company.

"You want people to see things the way you see them," she said. "Is it easy all the time? No. Is it worth the challenge? Yes."

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Perez knows about challenges. She was born in Cuba and came to Rockville with her family in 1968, when she was 14. Her father had owned a printing shop, and her mother was a math professor. The family's move, which was four years in the making, was sponsored by a Methodist church in Rockville.

At Homeland Security, where her title is chief human capital officer, Perez wants to improve recruitment, speed up hiring, rotate executives through the department to broaden their leadership potential, and get moving on a new pay-for-performance system that has stalled because of a court fight with unions and funding cuts on Capitol Hill.

She has to sell many of her policy changes to personnel directors in the 22 agencies that were merged to form Homeland Security. Creating a Team DHS also means turning around morale and reassuring 180,000 employees that they will have opportunities to advance their careers.

In a survey released in 2005, employees gave the department low marks on leadership, innovation and fairness. The department's score was next to last among the 30 agencies surveyed.

Perez sees the department's employees as vital to the department's success -- a refrain often heard in federal personnel offices. "People pay lip service to that" she said. "I happen to believe it."

She also is counting on her experience with unions to soften workplace friction. She worked for eight years as director of human resources for the Montgomery County government, conducting labor negotiations, and implementing a pay system designed to help the county recruit and retain middle and senior managers.

When she took the county post, relations with unions were at a low point; Perez turned them around, said Douglas M. Duncan, who was county executive at the time. "She is very bright and a quick study, and she does work very well with others," he said.

John Sparks, president of the Montgomery County Career Fire Fighters Association, said Perez "seemed to have a true appreciation for working families, was very forthright and never misleading." Gino Renne, president of the public employee union UFCW Local 1994, said he "enjoyed a very productive, collaborative relationship" with Perez.

Before her stint in Montgomery County, Perez spent 17 years as a manager at the International Association of Chiefs of Police, a nonprofit group in Northern Virginia, where she led training programs.

Perez jumped from county government to the federal sector in 2002, when Bush administration officials recruited her to work at the Office of Personnel Management. She took a top policy job and helped create new standards for managing the government's 1.8 million civil service employees.

Last year, White House officials asked Perez to move to Homeland Security, an offer she said she could not resist because of her long interest in law enforcement. Perez earned a bachelor's degree in criminology at the University of Maryland and has a master's in organization development and human resources from Johns Hopkins.

Perez is the third person to serve as the department's personnel chief. Congress created the position in 2002 at large agencies in an attempt to improve personnel management.

Perez said she hoped to create a workplace in which "managers have the opportunity to communicate expectations and employees know exactly what is expected of them."

One of the most pressing issues Perez must deal with involves redrafting department rules that were intended to limit the number of issues that unions could negotiate, and to scale back other labor rights. Federal unions went to court and blocked the changes; the department must provide a status report on any next steps to a federal judge by mid-July.

Perez also wants to make the department more competitive in hiring and keeping talented young professionals. "The private sector invests in making their organizations attractive so that people want to work there," she said. "The government traditionally doesn't do that. They just assume people are going to flock and come and want to work. People may, but it may not be the right people."

Although her job requires long-term strategic planning skills, Perez acknowledged that she never really plotted a career path for herself. "My dad always said you work hard at what you are doing and the rest will work itself out," she said.

Stephen Barr's e-mail address isbarrs@washpost.com.

Once More Into The Security Breach (NYT)

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By Kathryn Harrison

The New York Times, January 15, 2007

SUNDAY, Jan. 7. Newark International Airport.

I disembark at Gate C85, with my two daughters, from Continental Flight 488 at 5:55 a.m. We've just arrived from Puerto Rico, our skin tight with sunburn and salt. I navigate the terminal at the minimal level of consciousness required to find the baggage claim, collect our suitcases, and get into the taxi line.

Tempted to buy coffee from the kiosk between Baggage Carousels 2 and 3, I discover I don't have my wallet. I must have left it on or around my seat, 23B, where I paused to rifle through my carry-on to be sure I wasn't leaving any of my younger daughter's toys or games behind.

Jolted by adrenaline, I instruct my daughters, ages 16 and 6, to remain at the baggage claim while I try to retrieve my wallet. Carrying only my passport, I run upstairs to find someone who can issue me a gate pass allowing my return through security to Concourse C.

Impressing the validity of my request on one distracted airline employee after another takes a discouragingly long time. I am referred to and from and back again to the agent at Desk 72. By the time I pass through the gantlet of uniformed security personnel busy separating travelers from their toothpaste and emollients, I've lost 30 minutes, more than long enough for a cleaning crew to straighten, vacuum and de-wallet the airplane. I run, my shoes in one hand, passport in the other, to Gate C85, at the end of the abandoned concourse. Gates 85, 84, 83 — all gates in sight — are bereft of both airline and airport personnel, but my plane's still there; I can see it through the window.

I stand at the closed metal door that separates Gate 85 from its jetway. Hello, I call, idiotically, and I knock, as loudly as possible, using the heel of my shoe. Surprisingly, when I turn the handle of the door to the jetway, I find it unlocked. Unsurprisingly, when I push it open, an alarm goes off. I stand there, holding the handle, waiting for someone official to come, expecting to be chastised and confident that, as I am holding a valid United States passport and making no attempt to flee, I can explain my predicament.

But no one answers the alarm, which is shatteringly loud and still ringing. The handful of travelers in the waiting area, rumpled middle-aged men, watch without expression as I prop the door open with my little black shoe — in case it's locked from the other side — and disappear down the jetway toward the plane. Am I a federal criminal now? Does anyone care?

The airplane's front hatch is open, and I enter, disappointed to see that each seat already holds a tidy white pillow and plastic-wrapped blanket. The cleaning crew has come and gone. I search under and around Seat 23B. My wallet is nowhere to be found. Back at the gate, my little black shoe still holds the door open, the alarm still rings, and the rumpled middle-aged men in the waiting area continue to read their Sunday papers. I retrieve my shoe; the door closes; the alarm stops.

You what! says the woman at Continental's customer service desk after I've told her what I've just done. You can't, you cannot, do that. You cannot. I know, I tell her, but my wallet is missing, I've left my children at the baggage claim, and there's no one at Gate 85 or any of the adjacent gates. Anyway, I say, I waited for security but no one came.

It's your own fault you lost your wallet, she says when I ask her to contact the cleaning crew. She gives me a sharp look I interpret as her judgment that violators of federal airline security regulations deserve no special courtesies.

Back at the baggage claim area, I file a lost item report, collect my children and our luggage, and use my cellphone to wake my husband. Does he have enough cash to pay our cab fare from Newark to Brooklyn? I'll explain when we get home, I tell him.

When I do, he shakes his head. Let me get this straight, he says. Unauthorized, you open the gate door to the airplane. You set off a very loud security alarm. You wait a few minutes, and then take it upon yourself to enter the empty aircraft. You spend some time moving around its interior. No one sees you there. You leave of your own accord. You exit the way you came and you stop the alarm from ringing. And you confessed this, chapter and verse, to airline personnel and nothing happened?

Yes, I say. Exactly so.

Port Security Goes Overboard (LAT)

The Los Angeles Times, January 15, 2007

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We need to ensure the safety of U.S. ports. We don't need political grandstanding on Capitol Hill.

THE STATED PURPOSE of the 279-page anti-terrorism bill rammed through the House last week by the new Democratic majority was to implement the long-stalled recommendations of the 9/11 commission. But we're still thumbing through our copy of the 9/11 report to find exactly where it recommends political grandstanding. Because that's what the Democrats' efforts to protect U.S. ports amount to.

The bill, passed Tuesday by a margin of 299 to 128, mandates that foreign ports scan each and every cargo container bound for the United States for nuclear material before it ships out. Large international ports would have three years to comply; smaller ones five. Each scanned container must then bear an electronic seal that, if broken, would send an automatic signal to U.S. authorities. Such seals don't yet exist, but the bill calls for their use when the technology becomes available.

Not covered in the bill is who's supposed to pay for all this or how much it would cost. But the implication is clear: Foreign ports and shippers would foot the bill, not the U.S. government. Thus, the U.S. would demand that all 700 worldwide ports buy, install and operate expensive and futuristic equipment if they want to keep doing business with the largest economy in the world. Yet the bill does not demand the same from U.S. ports for outbound cargo — this is strictly a one-way deal, aimed at foreigners and private industry.

Such aggressive unilateralism could seriously damage U.S. trade relationships. It would be highly disruptive to trade, on which the U.S. economy is deeply and increasingly reliant, and would disproportionately punish Los Angeles County, which operates the nation's biggest port complex.

The bill is not at all what the 9/11 commission had in mind. The government, the report recommended, should "identify and evaluate the transportation assets that need to be protected, set risk-based priorities for defending them, select the most practical and cost-effective ways of doing so and then develop a plan, budget and funding to implement the effort." In other words, be realistic. The House bill instead aims at the fantastical goal of inspecting 100% of cargo, while ignoring costs and setting aside no funding.

Much more work is needed to secure American ports against terrorist attacks, such as setting standards on cargo inspection records and coming up with detailed emergency plans. But these are not the kinds of measures that lend themselves to legislation. The technology for scanning containers for radiation is in its infancy and is capable of detecting only the most primitive of "dirty" bombs; it will probably take years to work out the technical and logistical bugs. Congress can help by setting aside funds to get the research done, not by political posturing.

Democrats are eager to prove that they, not Republicans, deserve to be considered the more muscular defenders of the homeland. But haste and over-reaching do not equal muscle. The House anti-terror bill has some worthwhile provisions, but we're counting on the Senate to strip out its worst elements, starting with the counterproductive mandate on foreign ports.

WAR NEWS:

Republicans Revolt Over Bush's Iraq Plan (NSWK)

By Richard Wolffe, Holly Bailey And Eleanor Clift

Newsweek, January 15, 2007

Jan. 22, 2007 issue - Last Tuesday afternoon, a day before President George W. Bush went on TV to explain his decision to send more troops to Iraq, Senate Minority Leader Mitch McConnell called his Republican colleagues together for a private talk. Several GOP senators had already come out against the plan. McConnell, Bush's closest Senate supporter on Iraq, hoped to keep others from defecting. He urged his colleagues to stand together at least until Bush had the chance to speak to the country. After the meeting, the senators went outside the room to display their unity to waiting reporters. McConnell said he thought more troops were just the thing to "give us a chance to succeed." He then stepped aside so the other senators could second his sentiments. No one came forward. McConnell's eye fell on Trent Lott. "Trent?" McConnell said, motioning him toward the microphone. "I don't think I have anything to add," said Lott.

Bush expected at least a handful of Republican senators—critics like Chuck Hagel and George Voinovich—to run from a troop increase. But the White House was surprised when even pro-war senators, including Sam Brownback and Lisa Murkowski,

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came out against the plan. Other prominent senators, including Lott and John Warner, the senior Republican on the Armed Services Committee, have been quiet. They aren't bashing the idea, but they aren't promoting it either. Warner and Richard Lugar, the ranking Republican on the Foreign Relations Committee, are contemplating a resolution to draw bipartisan support for the recommendations of the Iraq Study Group report.

Senior administration officials, who declined to speak on the record about private deliberations, say the president knows he has to show real improvements in Iraq within two or three months or risk losing even more GOP support. "All the talking points aren't going to make the difference," says a senior aide. "What matters is what happens ... on the streets and the neighborhoods of Baghdad."

A former senior Bush aide who is still close to the White House says if things don't improve, a delegation of Republican senators could one day show up in the Oval Office to tell Bush that the party is no longer with him and the war must end—much like Sen. William Fulbright's forcefully urging Lyndon Johnson to bring the Vietnam War to a close. (Last week Warner told NEWSWEEK he "wouldn't hesitate" to tell Bush if he came to believe Bush's policy was failing.) Bush's challenge isn't just to take control of Baghdad, but to win back control of his party. "Before this, the president's credibility was hanging by a thread," says the former aide. "After this, I don't know. It may be lost."

When A President Owns A War (USNEWS)

By Dan Gilgoff

U.S. News and World Report, January 15, 2007

'It's a brave new world for George Bush," New York Sen. Chuck Schumer told reporters a day after the president announced he was sending 21,500 more American troops to Iraq. "For the first time, people who have the ability to change course in Iraq are asking hard questions." And yet, for all the recent developments that would have seemed to usher in a pullback from Iraq-from the sweeping Democratic gains of November, to the Iraq Study Group's damning report in December, to poll numbers earlier this month showing public support for more troops hovering around 18 percent-last week's White House announcement delivered exactly the opposite news. Even Senate Majority Leader Harry Reid, seated next to Schumer at last week's briefing, suggested Capitol Hill might be powerless to stop the president's so-called surge: "I'm not the president, I'm not secretary of state, I'm not secretary of defense." In the short run, Congress cannot run a war.

At the same time, though, Washington's reaction to the president's speech marked an unmistakable turning point in the politics of the war. Stopping short of pursuing Massachusetts Sen. Ted Kennedy's bill-which would withhold funding for a troop increase and give Congress authority to cap troop levels-Senate and House Democratic leadership set to work crafting a nonbinding resolution that opposed a troop increase, expecting a vote as early as this week. In a handful of committee hearings, lawmakers unloaded their anger over the president's troop plan on officials like Defense Secretary Robert Gates and Secretary of State Condoleezza Rice. A growing GOP contingent, meanwhile, expressed opposition to Bush's plan, with Reid saying he'd lined up as many as a dozen Republicans for a resolution opposing what he branded "escalation."

Caution. Even with Republicans in a tough political spot, however, the way forward for Democrats is far from clear. As Hill Democrats worked on a nonbinding resolution, leaders in the House also wrestled with whether to pursue more muscular legislation to withhold funding for prospective troops or to attach serious restrictions on funding for the White House's next defense funding request for Iraq-expected in February or March. "After the commander in chief announces his strategy, it's Congress's responsibility to step back and say, 'Is this the best use of our resources?'" says Rep. Joe Sestak, a Navy vice admiral elected last year. But Democrats, wary of the decades-long political cost of voting to cut off funding for the Vietnam War, are proceeding cautiously. Rep. Bennie Thompson, though a member of the Out of Iraq Caucus, spoke for many Democrats in warning that a cut in funds for a prospective deployment "might send the message that we're not supporting the troops." And there are constitutional questions about how far Congress can go in shaping the war policies of the commander in chief. In the weeks ahead, the question of what Democrats are willing-and able-to do to shape the president's Iraq strategy may determine whether Reid is correct in saying that his nonbinding resolution "will be the beginning of the end of the Iraq war."

Many Democrats attacked Bush's surge plan as a willful rebuff of the electorate but played down their own ability to block it. "We have one commander in chief, not 535," says a top Democratic strategist. But in a memo to Democrats last week, the liberal

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Center for American Progress outlined a variety of congressional options that, apart from withholding funds for current or future deployments, included the ability to "cap the size of military deployments" and to "condition, limit, or shape the timing and nature of troop deployments." The document listed historical examples of congressional troop caps, from Lebanon in 1983, to U.S. military assistance to Colombia in 2000. "There's probably a lot of confusion," says the Center for American Progress's Larry Korb, who coauthored the memo. "I don't think [Democrats] realize they can do much."

But James Thurber, a congressional and presidential scholar at American University, says Democrats are being coy in claiming the most they can do to block a troop increase is pass a nonbinding resolution expressing disapproval. "They know full well what they can do, but they don't have the votes" for a bill to cut off funding, Thurber says. For now, Democratic congressional leaders say the nonbinding vote is the key first step to responding to the White House because it will force Republican lawmakers into the uncomfortable political position of having to vote for or against the president's plan. Says GOP strategist Tony Fabrizio: "The first rule of politics is never interrupt your enemy when he's making a mistake." Democrats also believe that voters cast ballots for bipartisanship and moderation in the last election, so they want to avoid being seen as wild-eyed zealots. "It's not enough-it's the first step," says newly elected Ohio Sen. Sherrod Brown of a nonbinding resolution. "We're building opposition to escalation of the war by talking to Republicans."

In the meantime, Hill Democrats will channel most of their Iraq war opposition into a blizzard of committee hearings scheduled over the next month or so. The House and Senate intelligence committees will examine issues from how well America's spy agencies are supporting the U.S. effort in Iraq to how the Bush administration used intelligence in the run-up to the invasion. Democrats have also resurrected the House Armed Services subcommittee on oversight, disbanded by Republicans in 1995. Subcommittee Chairman Martin Meehan of Massachusetts is hiring five investigators to look into issues like corruption among defense contractors and troop equipment shortfalls.

But oversight hearings will do little to placate the Democratic base, where pollster John Zogby says support for the war has dwindled to 7 percent. "The Democratic constituency is looking for a resolution to the war," says Zogby. Indeed, the president's Iraq speech unleashed a national wave of antiwar activism last week, with the liberal group MoveOn picking up 65,000 new members in just two days. MoveOn had planned to devote last week to applauding Democrats for passing its "first 100 hours" package of domestic legislation, but it is now E-mailing members daily-a pace typically reserved for the week before a national election-with entreaties to pressure Congress to pass legislation like Kennedy's. At the moment, however, officials at MoveOn and other liberal groups say they trust Democratic leaders on Capitol Hill who say that the endgame on funding and troop caps won't come for several weeks or even months, perhaps when the White House submits its request for supplemental war money.

The White House is betting that Democrats won't do anything in the short term. Which isn't to say the administration is resting easy. One concern is an expected spike in casualties following the troop increase. "Every time we've been more involved on the ground, casualties have gone up," says a Bush adviser. That's bound to make the antiwar drumbeat, in Congress and in the country, even louder..

Iraq Realigns American Politics (NSWK)

By Howard Fineman

Newsweek, January 15, 2007

Jan. 22, 2007 issue - Ted Kennedy speaks with the voice of history. White-maned and nearing 75, the brother of two assassinated heroes and a veteran of 44 Senate years, he is—in defiance of the odds—again in his prime: a chairman in good health with a doting wife and a packed legislative agenda.

No one tells Ted Kennedy what to do; in any case, the Senate's Democratic leaders were fine with his plan to give a big speech two days before President George W. Bush announced a troop "surge" in Iraq. They are generally glad to let Kennedy play the role he relishes: Irish-American Isaiah, calling his party to account even as legislative insiders keep their distance.

This time party brass got more than they bargained for. Summoning the authority of his years as an intimate witness to history, Kennedy made an eloquent case for a Senate vote on the surge and for a court test of its legitimacy under the War Powers Resolution. "Iraq is George Bush's Vietnam!" he thundered. "Echoes of that disaster are all around us today!"

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It was, in its own way, a defining moment. He got a standing ovation and, the next day, congratulations all around on the Hill. By the end of the week—in the aftermath of Bush's tepid speech and Condi Rice's evasive testimony—Kennedy looked prescient.

A generation ago, a war—Vietnam—launched a realignment of American politics. Now, it seems increasingly clear, Iraq is doing the same. In 1968 college students flocked to the New Hampshire primary to protest Lyndon Johnson's policies, sparking a civil war in the Democratic Party on foreign policy that lasted for a generation. By contrast, Vietnam united the GOP around an anti-communist crusade that endured for decades. "Ronald Reagan was gung-ho about Vietnam," says Craig Shirley, a GOP operative and Reagan biographer. "It solidified his world view, and the party's."

Now a mirror image is developing. Democrats seem to be uniting around a theme—the primacy of global diplomacy and congressional review. Republicans, by contrast, have lost the unity that they had during the cold war and the early years of the war on terror.

As Republican divisions grow, Democrats, pressed by their antiwar grass roots, are drawing together. Except for "Independent Democrat" Sen. Joe Lieberman, Dems are increasingly of one mind about Iraq in particular and antiterrorism strategy in general. A vote on surge spending—which Democratic Senate leaders had hoped to avoid and which is technically difficult to devise—now is likely at some point. In general, the party seems less fearful of the old "soft on defense" shibboleth, and ever more tolerant of groups such as Win Without War and Move On. One of the Senate's few other hawkish Democrats, Sen. Evan Bayh, told me that he opposes the surge, and agreed that Congress might have to face the question of funding at some point. The Senate's growing ranks of Democratic presidential contenders—Chris Dodd jumped in last week, Hillary Clinton and Barack Obama are expected to do so soon—are gravitating toward a bring-them-home-quickly stance. "We don't want to come off looking like wimps," said Terry McAuliffe, a Clinton supporter and former party chairman. But he added: "We're jumping all over ourselves now to see who can be the toughest on Bush and the war." It's a fateful competition—which Ted Kennedy already won.

Vermont Pays A Huge Toll In Iraq (USNEWS)

U.S. News and World Report, January 15, 2007

Vermont, where nearly three quarters of residents oppose the Iraq war, has the nation's highest per capita death rate in the conflict. It's a statistic seemingly at odds with the state's reputation as a liberal utopia, a low-stress playground for snowboarders and the escape-from-New York crowd. But with the tally of dead American servicemen and women now past 3,000, the situation in Iraq grim, and President Bush calling for more troops, many Vermonters are asking whether they've already sacrificed too much for a cause whose lofty aims they think may be unreachable.

Bush's Legacy Hinges On Al-Maliki's Actions (WT)

By Stephen Dinan

The Washington Times, January 16, 2007

President Bush's legacy is now in the hands of Iraqi Prime Minister Nouri al-Maliki, the head of Iraq's government who is in a tenuous position in Baghdad and quickly losing the confidence of Congress and the Bush administration.

"That is the biggest of potential weak links in the president's program because Maliki has, in a number of ways over a period of time, demonstrated he really can't be counted on for significant cooperation and assertive action," said James F. Hoge Jr., editor of Foreign Affairs magazine.

In November, Mr. Bush met with Mr. al-Maliki in Jordan and declared him "the right guy for Iraq." The prime minister received no such praise in the president's major prime-time speech last week. Senior White House officials have expressed "skepticism," and top lawmakers worry that Mr. Bush has placed too much confidence in Mr. al-Maliki.

"So much of our future in that place is in the hands of Maliki," said Sen. George V. Voinovich, Ohio Republican and a member of the Senate Foreign Relations Committee, who added that he doubts the prime minister is up to the challenge. "I don't think he is."

Mr. al-Maliki took office in May, three months after the bombing of the Shi'ites' Golden Mosque in Samarra, and has been dealing with sectarian violence from the start of his term.

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Mr. Bush last week announced a plan to send more than 21,000 additional troops -- 17,000 to Baghdad and 4,000 to Anbar province in the west -- in what may be the last major U.S. hope for leaving Iraq a stable nation.

The soldiers being sent to Baghdad are supposed to be coupled with more Iraqi units, who Mr. Bush has said will take the lead in fighting in and around the city. In addition, Mr. Bush said he secured an agreement from Mr. al-Maliki that the Iraqi and American forces will have the freedom to pursue anyone they see as a threat, which would include Shi'ite militias that have been considered off-limits.

The main question, Mr. Voinovich and Mr. Hoge said, is Mr. al-Maliki's relationship with Sheik Muqtada al-Sadr. They wonder whether the prime minister would confront the powerful Shi'ite religious leader, who many observers say is key to Mr. al-Maliki's power base.

"Too much of the evidence to date points to [the prime minister] as being a Shi'a advocate for Shi'a dominance and for a certain amount of payback to Sunnis for what they've done over many, many years. That, of course, is not a scenario we endorse," Mr. Hoge said.

Mr. Voinovich fears that Sheik al-Sadr has ambitions to turn Iraq into "a Shi'ite theocracy like they have in Iran, and he will be the new ayatollah."

Mr. al-Maliki has lost the confidence of his own countrymen. A September poll by Opinion Research Business, or ORB, based in Britain, found that 29 percent of Iraqi adults had a favorable opinion of the prime minister, down 50 percent from a June poll that put his approval at 58 percent.

American opinion is just as pessimistic. A CNN poll taken Jan. 11 found that just 38 percent were very or somewhat confident "in the ability of the Iraqi government to handle the situation in Iraq."

In the days since Mr. Bush's speech, Mr. al-Maliki has been silent.

"It's extremely important he gets out in a news conference and makes very clear that what the president is proposing, that he supports it," Mr. Voinovich said, adding that Iraqis must recognize the plan as a proposal from their own government rather than as a U.S. dictate.

The White House tried to counter those concerns. Spokesman Tony Snow said last week that Mr. al-Maliki has larger worries than U.S. perception.

"He's not responding to the U.S. press corps. What he's doing is, he's responding to the Iraqi public," Mr. Snow said. "What he's been talking about the last couple of days were what his constituents want to hear about."

The White House also has issued two memorandums to reporters detailing statements from other Iraqi leaders -- from the president to the deputy prime minister to Mr. al-Maliki's spokesman -- backing Mr. Bush's plan.

Mr. al-Maliki has hinted that he doesn't want the challenge. In an interview with the Wall Street Journal published two weeks ago, he lamented about his job: "I wish I could be done with it even before the end of this term."

Bush's Iraq Plan Races Against Two Clocks (CSM)

By Peter Grier

The Christian Science Monitor, January 16, 2007

posted January 16, 2007 - http://www.csmonitor.com/2007/0116/p25s02-uspo.html Bush's Iraq plan races against two clocks A troop 'surge' in Baghdad could falter if Congress balks or Iraqis don't meet their security commitments on time.

By Peter Grier | Staff writer of The Christian Science Monitor

WASHINGTON

For President Bush's new plan for Iraq, the clock is already ticking. It appears to face time pressure on at least two fronts.

On Capitol Hill, the patience of the Democratic-controlled Congress for the proposal to dispatch 21,500 more US troops to the country is clearly limited. It's possible that the antipathy of many lawmakers towards the plan could foreshadow a resolution of disapproval - or even attempts to limit funds for the war.

In Iraq, the government of Prime Minister Nouri al-Maliki is supposed to move new Iraqi forces into Baghdad within weeks. If these Iraqi units don't materialize, the US may be forced to reevaluate its strategy, according to administration officials.

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Thus by early next month the political and military context for the US troop buildup could look very different than it does today. It is even possible that the White House could stop the surge of increased US forces before it gets fully under way.

"I think we're going to know fairly early in this process whether the Iraqis are in fact prepared to fulfill the commitments they've made to us," said Secretary of Defense Robert Gates at a Senate Armed Services Committee hearing on Friday.

This is not to say that the White House is hedging on its strategy. Administration witnesses defended it vigorously in congressional testimony following President Bush's Wednesday speech to the nation.

"After a lot of thought and after looking at a lot of different options, the president very much decided that this is the best option for us going forward," said Secretary of State Condoleezza Rice in a Thursday appearance before the House Foreign Affairs Committee.

But the White House appeared somewhat taken aback by the vehemence of congressional reaction to the plan, which would raise US troop levels in Iraq by 21,500, while calling on the Iraqi government to increase its own forces in Baghdad and do more to quell sectarian violence.

For the administration, the nadir in Washington was perhaps Thursday's hearing of the Senate Foreign Relations Committee, a panel that includes at least seven lawmakers who have contemplated running for president themselves. Secretary of State Rice was hammered by committee members, Republicans as well as Democrats.

Sen. Chuck Hagel (R) of Nebraska went so far as to say that the president's new plan "represents the most dangerous foreign policy blunder in this country since Vietnam."

Democratic leaders say they intend within a few weeks to hold votes in both House and Senate on symbolic resolutions of disapproval of the Bush's strategy. Though nonbinding, such votes could be difficult ones for many Republicans, considering the extent of public disapproval of the Iraqi situation.

Whether Democrats would go further, and try to curb funding for the troop increase, remains unclear. Some party leaders, such as Sen. Joseph Biden (D) of Delaware, have cast doubt on the constitutional powers of Congress in this regard. But Senate Minority Leader Mitch McConnell has charged that this is what Democrats really want to do - and has vowed to try to block votes critical of administration policies.

"Congress is completely incapable of dictating the tactics of the war," Senator McConnell said this week.

The bigger influence on the course of the US troop buildup in Iraq, however, may be the Iraqis themselves.

Administration officials this week were careful to note that the Iraqis have specific tasks to accomplish within a short period of time. One new Iraqi brigade should be moved to Baghdad by Feb. 1, noted Secretary of Defense Gates before the Senate Armed Services Committee. Another should be in place two weeks later.

"The premise of this entire strategy is the Iraqis taking the lead and fulfilling those commitments," he said.

The Iraqis seem eager to take control of the security situation, and the US has received commitments of support from officials throughout the Iraqi government, not just Prime Minister Maliki, said Gates.

But the new defense chief readily admitted that the Iraqi government has made such promises before, and they have come to naught. "Their record of fulfilling promises is not an encouraging one," he said.

Administration officials did not directly say they would put the brakes on the troop buildup if the Iraqis do not move as intended. But they did say that such a situation would case a reevaluation of US strategy.

"Before we have sent in very many additional troops we will have a pretty good idea, at least on the military side, as to whether the Iraqis have stepped up to the plate to fulfill their commitments," said Gates.

On the other hand, if all works as planned and the new deployments tamp down Iraqi violence, a US drawdown might follow later this year, according to Gates.

Meanwhile, support for President Bush's policies continues to hover near record lows. An AP-Ipsos poll found 68 percent of respondents disapproving of Bush's handling of Iraq.

Analysis: Differences Snarl Iraq Plan (AP)

By Robert H. Reid

AP, January 16, 2007

DOJ_NMG_0116240

President Bush's plan to bring peace to Iraq, already facing resistance in Congress, also has highlighted differences between Washington and Baghdad over how to deal with Syria and Iran.

Bush and U.S. officials say Iraq's two large neighbors are supporting the insurgency, and American forces have twice detained Iranians in Iraq. Iraq, however, has recently been making overtures to Iran and Syria.

"We have to live in this part of the world," Iraqi Foreign Minister Hoshyar Zebari told CNN on Sunday. "We have to live with Iran. We have to live with Syria and Turkey and other countries."

It's not the first time Iraqi Prime Minister Nouri al-Maliki's government has taken a public stand at odds with Washington — despite the fact that the Iraqi leadership relies heavily on U.S. protection for its survival.

But the differences between the two administrations could hamper efforts to forge a united strategy to deal with Iraq's sectarian violence, while adding pressure on the White House to end America's role there.

The differences over Iran and Syria may seem insignificant compared with the huge U.S. political problems facing the Bush plan, including opposition in Congress and widespread skepticism from Americans. But they point to a deeper problem — a widening gulf between U.S. and Iraqi perceptions of each side's national interest at a time when Americans are growing weary of the conflict.

In announcing his new plan, Bush brushed aside recommendations by the bipartisan Iraq Study Group to seek Syrian and Iranian help in curbing the Iraqi violence.

Instead, he accused both countries of aiding Iraqi insurgents and pledged to "seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Administration officials insisted that would not include attacks against Iran or Syria. But Bush also said he was dispatching an additional carrier strike group and Patriot missile batteries to the region "to bolster the security of Iraq and protect American interests."

President Jalal Talabani, meanwhile, was making a landmark visit to Syria, the first by an Iraqi head of state in nearly three decades.

Iraqi authorities also were demanding the release of five Iranians arrested by U.S. troops in Iraq recently for allegedly supporting Iraqi insurgents. The Iraqis described the five as diplomats who should have enjoyed immunity from arrest.

The idea of engaging Iran and Syria does not sit well with influential conservative groups within the United States and was rejected by Bush.

Washington is deeply concerned about Iran's nuclear program and its growing influence throughout the entire Middle East.

The U.S. military accuses Iran of providing weapons to Iraqi insurgents and to Shiite militias blamed for sectarian violence around Baghdad. U.S. officials have likewise accused Syria of harboring leaders of the Sunni insurgency and of allowing foreign fighters to slip into Iraq.

"Iran and Syria have been very much part of the problem in Iraq, and cannot be trusted to be part of a genuine solution," wrote Middle East experts James Phillips and James Carafano in a study published last month by The Heritage Foundation, a conservative think-tank.

But there have been other points of tension between the U.S. and Iraqi administrations.

Last summer, for example, al-Maliki, a Shiite, spoke out strongly against Israel for its attack against Hezbollah in Lebanon.

Al-Maliki also so far has done little to crack down on Shiite militias, despite strong U.S. pressure to do so.

At such a sensitive point, any policy divergence between the U.S. and Iraq can fuel demands for the Bush administration to end the American military mission in Iraq.

Critics can point to comments like those made recently by Iraqi elder statesman Mahmoud Othman, who said recently: "Our interests differ from those of the United States. The enmity between the United States and Syria and Iran doesn't benefit the situation in Iraq."

Use Of Kurdish Troops In Baghdad Debated (WP)

By Walter Pincus

The Washington Post, January 16, 2007

DOJ_NMG_0116241

The Kurdish makeup of two of the three Iraqi army brigades due to be sent to Baghdad under President Bush's new strategic plan is drawing concern from Iraqi and U.S. experts.

Questions have been raised about whether the Kurds would fight Sunni insurgents in Baghdad at a time when some Sunni clerics and organizations have spoken out against aiding U.S. troops and the Iraqi government. But there is also concern that the soldiers would be heavy-handed if sent into heavily Shiite areas.

Recognized as being among the better-trained fighters in Iraq, the two brigades were formed out of Kurdistan's pesh merga militia. They received training from the U.S. military and were integrated into the Iraqi army. Some battalions were used successfully in the Mosul area in November 2004. Others fought in Fallujah, and some Kurds are part of the mixed Iraqi special operations forces brigade that has seen action in Baghdad.

Sunni Muslim in religion, the Kurds consider themselves ethnically distinct from Arabs, a group that includes most Shiite and Sunni Iraqis. While many of their officers speak some Arabic, most of the troops do not. Their government flies the Kurdish, not Iraqi, flag and desires independence.

North of Baghdad, in oil-rich Kirkuk, pesh merga troops have been fighting for more than a year against Shiite militiamen linked to Moqtada al-Sadr's Mahdi Army. Sadr's group is supporting Shiites being forced from the city by Kurds interested in their autonomous region annexing Kirkuk.

A former senior CIA operations officer who is familiar with Iraq said yesterday that sending the units into Baghdad "will not make many friends for the Kurds, depending on where they go." But, said the officer, who spoke on the condition of anonymity, "if you are going in to clear a majority-Sunni area, better to use Kurdish rather than Shia troops. . . . They are obviously better than Iraqi police and more professional."

Last week, Mahmoud Othman, a Kurdish lawmaker and a prominent member of the Iraqi Kurdish Coalition, declared his opposition to Kurds going into Baghdad.

"There are fears that a fight like this, pitting Kurds against the Arabs, is bound to add an ethnic touch to the conflict," Othman told the Iraqi newspaper Az-Zaman. "I am against the move . . . and there are many in the Iraqi parliament who are against it, too."

But the deployment holds appeal for the Kurdistan Regional Government, because in return, the Baghdad government would be ready to provide it an additional share of the national budget, a Kurdish official told the New Anatolian, a Kurdish newspaper, last week.

A senior U.S. military officer familiar with Iraq, who spoke on the condition of anonymity, said the Kurdish troops' "salaries, equipment and operating expenses are paid for by the Iraqi MOD [Ministry of Defense], so that's probably just the usual attempt to bargain for a little extra."

Former U.S. ambassador Peter W. Galbraith, who has helped Kurdish officials in the post-Saddam Hussein period, told the Senate Foreign Relations Committee last Thursday that the Kurdish fighters "are ultimately loyal not to the national chain of command or the nominal chain of command, but to their political party leaders" -- in this case, to the regional government.

At a hearing Friday of the Senate Armed Services Committee, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said that the deployment of the Kurds in Baghdad could bring "balance in that they are not either for Sunnis or for Shia but for Iraq." But Sen. Jack Reed (D-R.I.) countered, "I think they are for the Kurds."

Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies who has studied the Iraq war, described Bush's new strategy yesterday as "an experiment based on high risks," only one of which is the use of the Kurds.

"They were brought in because other Iraqi army units are too Shiite," he said, "and so are the lesser of two evils."

U.S. Commander Warns Of Long Struggle In Iraq (NYT)

By Marc Santora

The New York Times, January 16, 2007

BAGHDAD, Jan. 15 — With the first wave of additional soldiers already arriving in Iraq to bolster a new campaign to secure this beleaguered capital city, the top American military commander warned that it could take months before there are any real signs of progress.

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"As with any plan, there are no guarantees of success, and it's not going to happen overnight," said Gen. George Casey. "But with sustained political support and the concentrated efforts on all sides I believe that this plan can work."

General Casey made his remarks at a press conference here today, where he was joined by the United States ambassador to Iraq, Zalmay Khalilzad. President Bush recently announced that both men will soon be replaced.

The two officials played down reports of tension between the American military command and the Iraqi government led by Prime Minister Nuri Kamal al-Maliki, saying that any period of transition will have some "friction."

Over the past year, as the sectarian violence between Sunnis and Shiite intensified, American officers said that their efforts to bring order back to Baghdad's streets was repeatedly hampered by the interference of Mr. Maliki's Shiite-dominated government. They complained that Americans were kept out of Shiite militia strongholds and that the government offered protection to suspected militia members who had been arrested.

Mr. Maliki has offered only tepid public support for the new security plan, waiting a full 48 hours after President Bush announced the new strategy before commenting.

At the press conference today, General Casey and Ambassador Khalilzad said repeatedly that they believe that the Iraqi government was committed to working toward an even-handed policy that treated Sunni and Shiite neighborhoods equally. But they cautioned that only time will tell.

"I've discussed these issues with the prime minister and he's said they need to move, not because of what we say or what's said in Washington, but he has said, 'We have to move to secure the capital city because of Iraqi interests,'" said Ambassador Khalilzad.

General Casey and Ambassador Khalilzad said repeatedly that the new security plan was "conceived" by the Iraqis and the Americans and Iraqi officials have been huddled for days trying to iron out the details of the new strategy.

However, until recently, Mr. Maliki reportedly staunchly opposed having more American troops sent to Baghdad, and voiced his opposition to President Bush as recently as November in a meeting in Jordan.

The claim that the new strategy was an Iraqi plan was met by skepticism by both the Iraqi and foreign press. General Casey later elaborated, saying that American forces would remain firmly and completely under American control.

In fact, the plan, as outlined by American military officials familiar with the details, is very similar to the American approach in Tel Afar in 2005. In the new approach, American soldiers will establish a much greater physical presence in neighborhoods across Baghdad, operating hand-in-hand with the Iraqi Army and police at newly created joint security sites.

At every level of command, Americans and Iraqis would be closely paired in an attempt to establish trust between the Iraqi citizens and their security forces.

General Casey acknowledged systemic problems within the Iraqi security forces and said that is part of the reason the effort will take time to succeed.

"I think you'll see a gradual evolution over the next two to three months, and then you'll see things continue to get better up through the summer and fall. It'll take some time," he said.

American military officers believe that for the plan to have any chance of succeeding, it must be viewed as treating Sunni neighborhoods in the same way as Shiite neighborhoods.

In this regard, the cooperation of the prime minister's office will be critical. As it stands, according to military officers familiar with the planning, no decision has been made as to whether American troops would operate within the Shiite stronghold of Sadr City.

When asked about the plan for Sadr City, General Casey did not go into specifics, but repeated his pledge that all areas would be treated equally.

Ambassador Khalilzad concurred.

"No militia will be a replacement for the state or control local security," the ambassador said. "The military commanders will have freedom of action and the ability to do what's needed without political interference or micromanagement. They won't be told, `Don't do this. Don't go into this or that neighborhood.' Therefore, it will be fair."

Iraqi Army brigades from around the country are expected to join the effort, including soldiers from the Kurdish north.

DOJ_NMG_0116243

The government's security forces across the country have been repeatedly targeted. This evening, in the northern city of Mosul, a suicide bomber attacked the headquarters of the Kurdish forces, killing at least four people, including a woman, and wounding 24, according to a local health official.

Abdullah Museeb 25, a student, said that "the explosion was so huge that some houses were destroyed," collapsing right on top of the residents. "Operations to rescue the civilians and search for survivors are still going on," he said.

U.S. Puts Faith In Iraqi Politicians To Lead Security Effort (LAT)

By Borzou Daragahi

The Los Angeles Times, January 16, 2007

— U.S. officials here said Monday that the latest plan to calm war-addled Baghdad, where dozens more were killed or found dead in political violence during the day, will succeed because Iraqi politicians will come through this time.

Despite widespread doubts about the efficacy and loyalties of Iraq's Shiite-dominated government and armed forces, U.S. Ambassador Zalmay Khalilzad and Army Gen. George W. Casey Jr. said at a news briefing that American officials had put Iraqis at the helm of security operations. "We will support them, but the Iraqis will be in the lead," Khalilzad said.

U.S. officials have voiced frustration over the failure of the Iraqi government of Prime Minister Nouri Maliki to confront Shiite militias that have ties to political parties in the government. U.S. commanders say Iraqi officials forbid them from going after suspected gunmen in Shiite neighborhoods. Some voiced outrage when Maliki appointed a relative unknown, Lt. Gen. Abud Qanbar, to head the Baghdad security plan, passing over the Americans' choice for the post.

The new plan follows two efforts last year to quell the violence in the capital, which U.S. and Iraqi officials acknowledge have been failures. The number of civilian deaths spiraled upward as Shiite militias rampaged through Sunni neighborhoods and Sunni insurgents bombed Shiite marketplaces, police patrols and U.S. military convoys.

Khalilzad and Casey said the new plan had a greater chance of success because it was part of a broad strategy that includes billions in reconstruction spending, the controversial addition of 21,500 U.S. troops proposed by President Bush and confrontation with Iranian and Syrian elements that U.S. officials allege are sowing chaos in Iraq.

The plan also involves additional training of Iraqi security forces and a revamped command-and-control structure, which will have Qanbar at the helm. However, Casey said the American forces would take orders only from U.S. commanders.

"Our forces, frankly, will not be at greater risk, although the more forces you bring here, the greater the risk of casualties," he said. "But they won't be put at risk because of command relationships."

The plan is part of an effort by the White House to revamp its Iraq policy based on a new set of assumptions, according to public documents outlining the strategy. Though it long considered the Sunni insurgency the main threat in Iraq, it now acknowledges "violent extremists from all communities." Before, the Bush administration assumed political progress would calm violence. Now it acknowledges that little political or economic progress can be made without a minimum of security.

The new strategy also advocates paying attention to political actors outside Baghdad's high-security Green Zone. But political figures more hostile to the U.S., such as radical Shiite cleric Muqtada Sadr and the Sunni Muslim Scholars Assn., already vehemently reject Bush's proposal to increase the number of troops in the country.

Khalilzad and Casey, who will be replaced within weeks, said this plan has the support of Iraqi political figures.

"There's a strong political commitment from the government to the plan, including the will to act, and including the will not to impose constraints on coalition and Iraqi security forces," Casey said.

Some Iraqi officials said the new plan includes far more input by Iraqi leaders than did the previous ones.

"The last operations that were carried out were American operations, not Iraqi operations," said Hoshyar Zebari, Iraq's foreign minister. "They were doing their things, they blew it up and they blame us for it. This is an Iraqi plan."

Violence continued across much of Iraq on Monday. Authorities in the capital discovered the bullet-riddled bodies of at least 30 men, most of them in west Baghdad. Four homemade bombs targeting Iraqi security forces killed at least seven and injured eight in the capital. A suicide bomber struck an Iraqi army checkpoint in west Baghdad, killing four soldiers and injuring three.

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Two car bombs in downtown Kirkuk killed at least 12 civilians and injured 14, police said. A Katyusha rocket struck a house in the contested oil-rich northern city, killing one person. Farther north, in Mosul, a suicide car bomber targeting an Iraqi army patrol killed six and injured 28, a police spokesman said.

An Iraqi contractor supplying food to a U.S. base near the southern city of Kut was slain. Authorities there also discovered the bodies of three Iraqi soldiers killed with bullets to the head and chest.

More Troops In Iraq, But Success Will 'Take Time' (USAT)

By Rick Jervis, Usa Today

USA Today, January 16, 2007

First of extra 21,500 vowed by Bush arrive

BAGHDAD — The new security plan for Iraq will need time to take hold and may not yield significant results for several months, the outgoing U.S. commander there cautioned Monday.

Gen. George Casey told reporters that some of the 21,500 additional U.S. troops President Bush promised for Iraq last week have already begun arriving.

However, their success in calming sectarian violence will depend on better cooperation from Iraq's military and police and broad support from Iraqi politicians that has been lacking, Casey said.

"As with any plan, there are no guarantees of success, and it's not going to happen overnight. But with sustained political support, and the concentrated efforts on all sides, I believe that this plan can work," Casey said at a joint news conference with the U.S. ambassador to Iraq, Zalmay Khalilzad.

"I think you'll see a gradual evolution over the next two to three months, and then you'll see things continue to get better out through the spring, out through the summer and fall. But it will take some time," Casey said.

Both Casey and Khalilzad repeatedly said they had assurances that no areas of Baghdad would be allowed to serve as sanctuaries for gunmen. Prime Minister Nouri al-Maliki has until now been hesitant to enforce crackdowns on some militias, including the Mahdi Army of radical Shiite cleric Muqtada al-Sadr, one of al-Maliki's key political supporters.

The drive to secure Iraq is likely to fail without strong backing from al-Maliki, said Stephen Biddle, a military analyst at the New York-based Council on Foreign Relations.

"The issue is whether the different states' interests are aligned," Biddle said. "If they're not, it's a serious, serious problem. And it's not at all clear if the Maliki interests and the U.S. interests are aligned."

Casey said the new security plan will give al-Maliki unprecedented power at the top of the command structure, though U.S. troops will still be under control of American commanders.

"(The plan) is Iraqi-conceived and will be Iraqi-led — not only on the security side but on the political, economic and media/public affairs sides," Casey said.

Casey and Khalilzad also said that five Iranian citizens arrested by U.S. forces Thursday in Irbil, in Iraq's northern Kurdish region, were "intelligence agents" working to undermine the government and target coalition troops.

Iran has said the men were diplomats and demanded their release.

"These gentlemen were not diplomats," Khalilzad said, adding they had ties to the Iranian Revolutionary Guard, a paramilitary force that answers directly to Iran's Supreme Leader Ayatollah Ali Khamenei. "We have an understanding with the prime minister that we'll target these networks."

Casey said: "We have statements made by people in detention, and we have records that give us great confidence that these are, in fact, intelligence operatives."

At least 55 people were killed or found dead across Iraq on Monday, according to the Associated Press. The U.S. military announced the deaths of two more soldiers, both killed in Baghdad.

Casey Says Results In Iraq Won't Be Fast (AP)

By Kim Gamel

AP, January 16, 2007

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There are no guarantees of overall success or quick results in the new U.S.-Iraqi security drive in Baghdad, the U.S. commander in Iraq said Monday.

Gen. George Casey told reporters he did not expect significant results until the summer and fall, for the first time putting a timeframe around the plan announced Wednesday by President Bush.

"As with any plan, there are no guarantees of success, and it's not going to happen overnight but with sustained political support and the concentrated efforts on all sides I believe that this plan can work," Casey said at a news conference.

U.S. Ambassador Zalmay Khalilzad, who joined Casey at the podium, declared there were no deadlines being imposed on the Iraqis to take action against gunmen, but the pressure was a perception that existed because of the Shiite-dominated government's failure in the past to weed out Shiite militia fighters.

"The statements that have been made about the urgency for action reflects this doubt or concern that exists in many places about whether the Iraqis or the Iraqi leadership will decide to do what's necessary," Khalilzad said.

"I've discussed these issues with the prime minister and he's said they need to move, not because of what we say or what's said in Washington, but he has said 'we have to move to secure the capital city because of Iraqi interests,'" the U.S. envoy said.

Their responses simply mirrored what other U.S. officials have said in defense of Bush's plan against a wave of criticism given the failure of two previous drives to secure the capital.

Casey and Khalilzad — both set to leave their jobs soon — showed little emotion and did not offer much new information in the face of probing questions from reporters.

Asked how things would be different this time, Casey, who has expressed reservations about increasing U.S. troop strength in Iraq, said he couldn't offer any guarantees.

"But I do believe that with continued political reinforcement and political support, this plan can go forward," he said. "And it's an opportunity for the Iraqi people to get on board and support their security forces to move this whole country forward."

Casey dismissed reports about disagreements between Iraqi and U.S. officials over the command structure of the operation to curb sectarian violence in Baghdad, although Iraqi officials said many hotly disputed issues were unresolved.

"We have been here before ... but what's different is a stronger level of political commitment from the government and a better organization on the Iraqi side to help their own plan succeed. And I will tell you yes, there are still difficulties with the Iraqi security forces. That has been a challenge," said Casey, who will cede command of U.S. forces to Gen. David Petraeus.

Petraeus has served a total of nearly 29 months in Iraq.

Khalilzad also is leaving his post for the United Nations, where he will become the U.S. envoy if confirmed by the Senate. He is being replaced by Ryan Crocker, current ambassador to Pakistan.

Both Casey and Khalilzad also repeatedly said they had assurances that no areas of Baghdad would be allowed to serve as sanctuaries for gunmen, a direct reference to past interference on the part of Prime Minister Nouri al-Maliki to protect the Mahdi Army militia of radical Shiite cleric Muqtada al-Sadr, one of the Iraqi leader's key political backers.

"No militia will be a replacement for the state or control local security," the ambassador said. The military commanders will have freedom of action and the ability to do what's needed without political interference or micromanagement. They won't be told, `Don't do this. Don't go into this or that neighborhood.' Therefore, it will be fair."

Casey also said the security drive might take months to show results.

"I think you'll see a gradual evolution over the next two to three months, and then you'll see things continue to get better up through the summer and fall. It'll take some time," he said.

Casey said al-Maliki had approved the insertion of 21,500 new American troops into Iraq and would be consulted on all future U.S. troop additions or withdrawals.

The top U.S. commander said recent U.S. detentions of Iranians in Iraq were justified because the men taken captive were working for the Iranian government to supply weapons and other aid to insurgents and other anti-U.S. and Iraqi forces.

Five Iranians were taken in a raid on an Iranian facility in the northern Iraqi city of Irbil on Thursday

"These gentlemen were not diplomats that we're holding, and all (of them) by discussions that I've had with people ... they are Revolution Guard representatives up in a Kurdish area of Iraq. ...

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"These folks that we have captured are foreign intelligence agents in this country working with Iraqis to destabilize Iraq and target coalition forces that are here at Iraq's request. I don't think there is any disagreement on that," Casey said.

Maliki Attacked For Ties To Shia Militants (FT)

By Daniel Dombey And Steve Negus

Financial Times, January 16, 2007

Iraq's most senior Sunni politician on Monday launched a bitter personal attack on the country's prime minister, warning Nouri al-Maliki that the Iraqi government had only limited time to break with sectarian groups and start delivering to ordinary citizens.

In comments to the media in London, where he also met top British officials, Tariq al-Hashimi, Iraq's vice president, said Mr Maliki had failed to break his ties with Shia militias and that Washington would only give him a limited time to succeed.

Mr Hashimi's comments came on the day that Saddam Hussein's two co-defendants, his half brother Barzan al-Tikriti and revolutionary court judge Awadh al-Bandar, were executed in Iraq; Mr Tikriti's head was ripped from his body during the hanging.

Mr Hashimi said that Mr Maliki had to try to be a prime minister "for all the people" rather than maintaining his affiliation with the radical Shia cleric Moqtada al-Sadr. He said Mr Maliki had to be "encouraged" to break away from Mr Sadr and unite with other groups in Iraqi society, such as the Sunni and the Kurds. Mr Hashimi said US officials believed Mr Maliki was "behind schedule" and only had limited time to try for national reconciliation.

At present, he said, 200-300 Sunni were leaving Baghdad every day for Jordan and Syria and that the west of Baghdad was at risk of becoming a "no man's land" for the Sunni community.

Both Sunni and Shia members of Mr Maliki's national unity government regularly accuse each other of acting in bad faith and of providing political cover for armed groups rather than pursuing a policy of reconciliation.

US officials meanwhile have been walking a delicate line in their public statements, acknowledging the widespread perception that Mr Maliki's government was weak or indecisive, but praising the prime minister's resolve.

On Monday, the leading US military and civilian officials in Baghdad said they had confidence in his government. The outgoing US ambassador, Zalmay Khalilzad, said there were no deadlines imposed on Mr Maliki's government to neutralise militias, although he did say there were doubts about the Iraqi leadership's commitment to do so.

"The statements that have been made about the urgency for action reflects this doubt or concern that exists in many places about whether the Iraqis or the Iraqi leadership will decide to do what's necessary," Mr Khalilzad said.

"I've discussed these issues with the prime minister and he's said they need to move, not because of what we say or what's said in Washington, but he has said 'we have to move to secure the capital city because of Iraqi interests,'" the US envoy said.

The top US commander in Iraq General George Casey meanwhile said that Iraq's government was exerting a new level of commitment towards improving the security situation. He also said that he did not expect significant results from a new US-Iraqi push to contain insurgent and militia violence until the summer.

'Give Us A Chance' (NSWK)

By Eleanor Clift

Newsweek, January 16, 2007

Jan. 15, 2007 - Virginia Senator John Warner is the senior Republican on the Senate Armed Services Committee and a trusted voice on both sides of the aisle. He is withholding judgment for now on the president's new plan to send more troops to Iraq, but makes it clear in an interview with NEWSWEEK's Eleanor Clift that Congress is prepared to assert its rightful role as an equal partner in the war-making powers of the administration. Excerpts:

NEWSWEEK: As we look at this confrontation between Congress and the White House over this new policy towards Iraq, a lot of people are looking to you to either lead the way to support the president, or deliver the word to him that this can't be sustained. Please give me a sense of where you are.

Warner: When I got back from Iraq in October I made the statement that this situation is neither going forward or backward; it's going sideways…At the current time I've indicated that [the president's plan] deserves very serious consideration by the

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Congress. I'm studying that report in the context of the Baker-Hamilton commission and I made a request of the chairman of the Joint Chiefs [of Staff] to look at some of the A-team, B-team—red team, blue team—type of analysis that's done in the Pentagon.

That's like war games.

Yes, war games. I also expressed to [Joint Chiefs chairman Peter] Pace my great concern about getting the American G.I. in the crossfire of hatred between Sunni and Shia. Those hatreds go back over 1,000 years; they're predicated on strong religious differences. And that's not for the American G.I. to settle; it's for the Iraqi G.I. to settle. [Also,] three, four months ago in the Armed Services committee, together with [Michigan Democratic Sen.] Carl Levin, I put an amendment in requiring the executive branch to prepare a National Intelligence Estimate on Iraq…That document could bear on the decision making. There's a lot to be studied, and I just urge my colleagues not to jump to their [conclusions] until they've had a chance to do some studying.

In the meantime, the troops in the surge are already in Iraq.

While some of the first increments of troops have arrived, more will arrive in February, more in March, so it's the sequencing of this flow of troops—but a small percentage have arrived to date.

There is speculation that if the initial reports of this new strategy are grim that it would fall to you as a senior Republican to go to the White House with the bad news, or to broker some sort of compromise.

I don't want to appoint myself to any position. I just stepped down as [committee] chairman after six years under our rules. But you can be sure that I think my past actions have indicated my willingness to do what I think is in the best interest of the nation—and if that necessitated visiting the president as I've done twice [in the last two weeks]—I wouldn't hesitate.

Did you say visiting the president?

The president asked a group of us to come down [on Jan. 5] and we went down for a 20-minute meeting and stayed almost an hour. It was a very constructive give and take. I then returned at the invitation of the president [last] Monday accompanying nine or 10 other senators. I urged the president last fall that before he laid down his plan it would be wise to consult with the Congress—and a measure of consultation has taken place, and it's continuing. I also urged the president to be open-minded about some ideas to incorporate in the plan, and he specifically put that in his statement [in last week's speech.]

But if you came to believe his policy is not working, you wouldn't hesitate to tell him that.

No, I wouldn't hesitate to tell him privately. Privately.

What are your feelings about the Baker-Hamilton commission?

[The report] had some very good points in it. I think there's more substance in that than they're given credit for—I think they did a good job.

It seems to be you could easily have a bipartisan resolution that would get a lot of Democratic and Republican support.

To the extent that we could achieve a significant bipartisan position, I think it would be helpful to the president and to the country. But it's too early—we're barely in the formative stages. You've got to remember, the president started working on this [plan] in October. He worked intensely October, November, December—and the Senate has had this 48 hours. So give us a chance.

But meanwhile the war's been going on for [almost] four years, and you wish that a lot of this study had gone on two years ago, three years ago.

You are correct, but this is where we are.

You met with General [David] Petraeus [newly appointed as top U.S. military commander in Iraq]. Are you convinced that he's convinced that this surge can work?

The general is a very impressive military professional, and I've been dealing with these people ever since I was secretary of the Navy. He's a very exceptional person. I think it's premature to ask him that question.

The speculation is that the generals were strong-armed into supporting this plan—that they had reservations.

I'm going to withdraw from any observations on that at this time. I leave that to you.

So much of this rests on the willingness or ability of Iraqi Prime Minister Nuri al-Maliki. In your questions [during the committee hearing], you seemed less than convinced that the White House had a handle on his motivations, and ability.

I think the president and his team as well as the Congress have to deal with realities that there are question marks with regard to Maliki….He's not the Rock of Gibraltar but we've got to deal with the cards that we're dealt.

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And the speculation that the administration may widen the war to Iran?

I [asked] that specific question and [Defense Secretary Robert] Gates was very forthcoming, as was the chairman of the Joint Chiefs. [They said] that to the extent Iran and Syria have been infiltrating into Iraq, then all of those measures to curtail that be done within the sovereign territory of Iraq.

American troops stormed diplomatic ground [during a raid on an Iranian consulate in northern Iraq last week.] That seems to be crossing that line a bit.

I thought you were talking about whether we would—like in Vietnam—have incursions across sovereign territory of Iraq into either Syria or Iran. At the moment, Gates and the chairman said that was not being contemplated.

You lived through Vietnam. Are you getting a sense of deja vu here?

Well, it's an entirely different military operation and geography and the like. The only aspect of Vietnam we must watch now is the gradual withdrawal of the people and then the Congress from supporting the troops. And fortunately thus far both Republicans and Democrats—and I certainly strongly support this—have a great admiration for the troops and have no intentions in any way to restrict their funding.

Poll: Bush's New Iraq Strategy Fails To Rally Public Support (USAT)

By Susan Page

USA Today, January 16, 2007

WASHINGTON — President Bush's address to the nation last week failed to move public opinion in support of his plan to increase U.S. troop levels in Iraq and left Americans more pessimistic about the likely outcome of the war.

In a USA TODAY/Gallup Poll taken Friday through Sunday, more than 6 of 10 people back the idea of a non-binding congressional resolution expressing opposition to Bush's plan to commit an additional 21,500 U.S. troops to Iraq.

POLL RESULTS: New Iraq policy

However, those surveyed are split, 47%-50%, over whether Congress should deny funding for the additional troops.

The telephone poll of 1,003 adults nationwide has a margin of error of +/—3 percentage points. The results were compared with a survey taken before the speech, on Jan. 5-7, of a similar sample. The movement on several key questions was within the error margin and therefore not considered statistically significant.

That's not surprising, says Charles Franklin, a political scientist at the University of Wisconsin at Madison who studies polling.

"We've had four years to think about the war," Franklin says. "This is not him making a speech about a policy that the public hasn't been debating for a long time. … At this point, it's very hard for a speech to make much difference."

White House spokesman Jeanie Mamo agrees. "As we made clear, one speech will not change public opinion," she says. "But as conditions improve in Iraq, so will the public's approval of the plan."

Among key findings:

•The central elements of Bush's "new way forward" in Iraq command limited public support. Now, 38% support a significant increase in U.S. troop levels, up from 36% before the speech.

Six in 10 have little or no confidence the Iraqi government will be able to take responsibility for handling security there by November, as Bush suggested. And by more than 2-1, those surveyed oppose his plan to send an additional $1 billion in economic aid.

•Americans feel more pessimistic about the war in the wake of Bush's speech. For the first time, a narrow plurality — 49%-47% — say the United States is likely to lose the war. Before the speech, they said by 50% to 46% that the United States was likely to win.

•The proportion who predict that political stability around the world will improve this year dropped by 9 points, to 32%.

•Those who say Bush has a "clear plan" for Iraq rose a bit, to 29% from 25%. Those who say congressional Democrats have a clear plan dropped to 21% from 25%.

Even so, by 51% to 36%, those surveyed have more confidence in congressional Democrats to handle Iraq than in the president.

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•Optimism that the president and congressional Democrats would work together more closely this year plunged. Before the speech, Americans divided 50%-50% on that question. After the speech — and the almost uniform Democratic criticism of it — 62% of those surveyed say more cooperation isn't likely.

•Approval of Bush's handling of Iraq moved up a tick, from a low point of 26% before the speech to 28% now. His overall job-approval rating dipped 3 points, to 34%.

What Congress Can (And Can't) Do On Iraq (WP)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Post, January 16, 2007

Congressional Democrats (and Republicans) who oppose President Bush's decision to send additional American troops to Iraq may frustrate his plan, but not -- as suggested by Democratic Whip Jim Clyburn -- by imposing 21,500 strings on the 21,500 new troops. Just as there are constraints on the president's constitutional authority as commander in chief, there are limits on Congress's ability to direct presidential action. In particular, Congress cannot use its power of the purse to micromanage the president's execution of his office. Indeed, although the prosecution of the Iraq war looms large in today's political discourse, the consequences of substantive decisions related to the war are dwarfed by the imperatives of protecting the integrity of the core rules governing interactions between the executive and legislative branches, which are rooted in our distinctive constitutional fabric.

This constitutional fabric features two coordinate political branches, with unique responsibilities and independent legitimacies. Thus, even if one assumes that, as critics allege, the November election results were a call for disengaging from Iraq, efforts by some congressional Democrats to chastise the president through a resolution of "no confidence" in his Iraq policy have no place in our constitutional culture. The Framers did not establish a parliamentary system.

This does not mean, of course, that Congress is powerless. It could -- if the leadership mustered veto-proof majorities -- immediately cut off funding for U.S. operations in Iraq. Alternatively, Congress could refuse to pass new appropriations once the current ones expire. The refusal to pay for particular policies -- whether in war or peace -- has been the most important check on executive power in the Anglo-American political tradition, dating to the British Parliament's ancient insistence on the right to seek redress of grievances before voting supplies (i.e., money) to the monarch. Under our constitutional system, however, the power to cut off funding does not imply the authority to effect lesser restrictions, such as establishing benchmarks or other conditions on the president's direction of the war. Congress cannot, in other words, act as the president's puppet master, and so long as currently authorized and appropriated funding lasts, the president can dispatch additional troops to Iraq with or without Congress's blessing.

The precise line between congressional and presidential authority is sometimes unclear, and no court has jurisdiction to rule on the issue. The analysis, however, is straightforward. When the two political branches exercise their respective constitutional powers in a way that brings them into conflict -- a scenario clearly envisioned by the Framers -- the relevant constitutional principle is that neither branch can vitiate the ability of the other to discharge its core constitutional responsibilities. Just as the president cannot raise his own funds (by obtaining loans unauthorized by Congress, for example), the legislature cannot attach conditions to federal spending that would destroy the president's authority to direct the military's tactical and strategic operations. This balance makes perfect sense; if Congress could closely direct how the executive branch spends appropriated funds, it would vitiate the president's core responsibilities as chief executive and commander in chief, transforming him into a cipher. This outcome would fundamentally warp the Framers' entire constitutional fabric.

To maintain the integrity of this original design, the Supreme Court has long ruled, in such cases as United States v. Klein (1872) and United States v. Lovett (1946), that Congress cannot attach unconstitutional conditions to otherwise proper legislation, including spending bills. As explained by Professor Walter Dellinger -- President Bill Clinton's chief constitutional lawyer at the Justice Department -- "[b]road as Congress' spending power undoubtedly is, it is clear that Congress may not deploy it to accomplish unconstitutional ends." This includes restricting the president's authority as commander in chief to direct the movement of U.S. armed forces. In that regard, Dellinger quoted Justice Robert Jackson -- who said while serving as President Franklin Roosevelt's attorney general: "The President's responsibility as Commander-in-Chief embraces the authority to

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command and direct the armed forces in their immediate movements and operations, designed to protect the security and effectuate the defense of the United States."

Although this system may seem unsatisfactory to those who disagree with President Bush's Iraq policy, it has two great virtues. First, it bolsters the Constitution's fundamental design -- the separation of powers between the coequal branches of government. The Framers vested executive authority in a president for a reason. As Alexander Hamilton explained in the Federalist Papers: "Energy in the executive is a leading character in the definition of good government. It is essential to the protection of the community against foreign attacks." Second, requiring Congress to exercise its power in dramatic ways ensures political accountability. If Congress believes the war is lost, or not worth winning, it must take responsibility for the consequences of forcing a U.S. withdrawal. Otherwise, it must leave the president to direct the war and to bear responsibility for the decisions he has made and will make.

The writers are Washington lawyers who served in the Justice Department during the administrations of Ronald Reagan and George H.W. Bush.

Has Bush Ordered Secret War On Iran? (NSWK)

Newsweek, January 22, 2007

Jan. 22, 2007 issue - Has George W. Bush ordered up a "secret war" against Iran and Syria? Some administration opponents on Capitol Hill began asking this question after U.S. forces in recent weeks arrested two groups of Iranian government representatives inside Iraq. Bush particularly alarmed critics when, in announcing his new Iraq policy, he pledged to "interrupt the flow of support from Iran and Syria" and to "seek out and destroy the networks." Sen. Joseph Biden, now Senate Foreign Relations Committee chairman (and a Dem presidential contender), sent a letter to Bush after a question-and-answer confrontation with Secretary of State Condoleezza Rice. Biden said Rice had been evasive on whether Bush's statements meant that U.S. military personnel could cross into Iran or Syria in pursuit of insurgent support networks. He also asked whether the administration believes the president could order such action without first seeking explicit congressional approval—as Biden thinks he must. A White House aide declined to comment on Biden's letter. But the tough approach stunned even America's firmest Iraqi allies, the Kurds. Iraqi Foreign Minister Hoshyar Zebari, a Kurd, told NEWSWEEK that one of the U.S. Special Forces raids on Iranians working in Iraq "caught everyone by surprise. We should have been alerted and informed."

In fact, administration officials (anonymous due to diplomatic sensitivities) concede that Bush's Iran language may have been overly aggressive, raising unwarranted fears about military strikes on Tehran. Instead, they say, Bush was trying to warn Iran to keep its operatives out of Iraq, and to reassure Gulf allies—including Saudi Arabia—that the United States would protect them against Iranian aggression. A senior administration official, not authorized to speak on the record, says the policy is part of the new Iraq offensive. "All this comes out of our very detailed, lengthy review of strategy from last fall," he says. Recent intel indicates the government of Iran, or elements in it, have stepped up interference in Iraqi political affairs and the supply of weapons to Iraqi Shiite insurgents, say several U.S. intel and national-security officials, anonymous when discussing sensitive material. "The reason you keep hearing about Iran is we keep finding their stuff there," Joint Chiefs Chairman Peter Pace said Friday. Two of the officials, however, indicated Bush had not signed a secret order—known as an intel "finding"—authorizing the CIA or other undercover units to launch covert operations to undermine the governments of Iran and Syria.

—Mark Hosenball, Michael Hirsh, Babak Dehghanpisheh and Richard Wolffe

Rice Arranges Three-way Mideast Summit (AP)

By Anne Gearan

AP, January 16, 2007

Secretary of State Condoleezza Rice said Monday she will bring together the Israeli and Palestinian leaders in the coming weeks for a summit dedicated to exploring ideas for an eventual Palestinian state.

The announcement came after Rice met with President Hosni Mubarak in this southern Egyptian town following a three-day visit to Israel and the Palestinian territories.

Rice's talks were aimed at breathing new life into stalled Mideast efforts and bolstering the moderate Palestinian president, Mahmoud Abbas, in his standoff with the Islamic militant group Hamas.

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Rice said her talks during the visits dealt with laying the groundwork for "a political horizon that will lead to a Palestinian state."

"I will soon meet with (Israeli Prime Minister Ehud) Olmert and President Abbas to have discussions on the broad issues of that horizon, so we can work on the road map and try to accelerate the road map to move to a Palestinian state," she told reporters in Luxor.

She said the summit with Olmert and Abbas would take place "relatively soon" but did not set a date.

In Israel, Prime Minister Ehud Olmert told lawmakers of his Kadima party that he and the secretary of state had agreed on "a three-way meeting with Abbas" — also known as Abu Mazen — to be organized "in a short time."

"It was agreed upon by both of us that the road map will continue to form the basis of the process," Olmert said, referring to the stalled peace plan backed by the United States, Russia, the European Union and the United Nations. The plan calls for the establishment of an independent Palestinian state.

"My meeting with Abu Mazen caused a momentum and this momentum has to continue," Olmert said, referring to his talks with President Mahmoud Abbas on Dec. 23. "This meeting is not a replacement, and will not be a replacement, for the bilateral negotiations between us and the Palestinians," Olmert added.

Saeb Erekat, an aide to Abbas, could not confirm whether Abbas would attend, but said "in principle" the Palestinians are prepared to take part.

"The seriousness Dr. Rice reflected yesterday was genuine," he said. "She reflected seriousness, interest. She reflected an understanding of the bigger picture of what is going on in the region, and the need to put this thing behind us, the Arab-Israeli conflict."

Olmert and Abbas had held their first official meeting on Dec. 23. The Israeli leader promised a series of goodwill gestures to Abbas at that time, including the transfer of $100 million in frozen tax money and the easing of West Bank travel restrictions. But the Palestinians have complained about Israel not following through on its pledges.

Arab allies have been asking the Bush administration for some time to work harder for an Israeli-Palestinian peace settlement, arguing that the lingering conflict undermines efforts to make progress on other Mideast problems, including in Iraq and Iran.

Arab officials said they now will propose a broad bargain to Rice, dubbed "Iraq for Land."

The deal reflects widespread Arab feeling that a lasting Middle East peace is impossible unless Israel agrees to hand over lands it occupied during the 1967 Mideast war to the Palestinians, Syria and Lebanon.

On a related front Rice is asking Arab allies to help support the fragile government in Iraq, on whose success much of President Bush's new plan to turn the war around will depend.

Rice was meeting diplomats and leaders in Egypt and Saudi Arabia on Monday, a day after a similar session in Jordan.

Moderate Arab governments plan to tell Rice they will help Washington stabilize Iraq if the U.S. takes more active steps to revive a broad peace initiative between Israel and its neighbors, Arab officials and media said Sunday.

The scheduled meetings with Sunni Arab leaders fell on the same day that Saddam Hussein's half brother and the former head of Iraq's Revolutionary Court were hanged in Iraq. The Sunni former Iraqi dictator's chaotic execution two weeks ago incited Sunni anger and drew worldwide criticism.

The top U.S. diplomat is also meeting Tuesday with counterparts from eight Arab countries in Kuwait.

Jordanian King Abdullah II warned Rice that Iraqi political reconciliation would fail if Sunni Iraqis were not engaged in their country's decision-making.

"Any political process that doesn't ensure the participation of all segments of Iraqi society will fail and will lead to more violence," Abdullah told Rice, according to a statement by his press office.

"As a key component of the Iraqi social fabric, the Iraqi Sunni community must be included as partners in building Iraq's future," said the king, a leading U.S. ally in the Mideast.

Along with other U.S. allies like Egypt and Saudi Arabia, Jordan is concerned about the growing Shiite Muslim influence, stretching from Iran through Iraq, Syria and Lebanon. The fear is that the hardline Tehran government will dominate the Mideast and give rise to more extremism, jeopardizing a Mideast settlement and threatening those nations.

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Bush's new strategy to send thousands more troops to Iraq met with strong skepticism across the Mideast.

There were deep doubts that U.S. troops, or the Shiite-led Iraqi government, would tackle what many in the Sunni-dominated Arab world see as the chief threat to Iraq: Shiite militias, blamed for fueling the cycle of sectarian slayings.

Mustafa al-Ani, a military analyst with the Gulf Research Center in Dubai, said the American military has to take down the Shiite militias — particularly the most feared of them, the Mahdi Army, loyal to cleric Muqtada al-Sadr, an ally of Prime Minister Nouri al-Maliki. Otherwise, the U.S. will lose any support among Iraq's Sunnis, he said.

Al-Maliki has resisted U.S. pressure in the past to move against al-Sadr's militia, but last week the prime minister pledged to crack down on the Mahdi Army.

U.S. Courts Allies' Support On Iran (WSJ)

By Greg Jaffe And Neil King Jr.

The Wall Street Journal, January 16, 2007

In hitting the road to sell the new U.S. strategy for Iraq and other aims, two of President Bush's top aides are hammering the same message: that the cost of U.S. failure would be a stronger and increasingly aggressive Iran.

The threat of Iran's rise has become for the U.S. a sort of diplomatic glue, which the globetrotting Secretary of State Condoleezza Rice and Defense Secretary Robert Gates are now using to patch together an alliance aimed at helping heal not only Iraq, but also Lebanon and the Palestinian conflict.

In one sign of the changing climate, Ms. Rice yesterday announced in Luxor, Egypt, an agreement to hold three-way talks next month with Israeli and Palestinian leaders to try to start hashing out the possible dimensions of a Palestinian state. U.S. officials cited the talks -- the first of their kind in six years -- as evidence that the Arab world is increasingly keen to make peace with Israel so it can turn its attention toward containing Iran.

But winning broad support in the Persian Gulf region for the weak Iraqi government, or even for an overt campaign against Iran, won't be easy. The region's Sunni Arab states -- most of which either Mr. Gates or Ms. Rice are visiting this week -- are leery of the Shiite-dominated government of Iraqi Prime Minister Nouri al-Maliki. They are also apprehensive about lining up too publicly alongside the U.S. in a Cold War-style, anti-Iran bloc.

Mr. Gates, who in 2004 advocated engagement with Iran, sounded a tough tone yesterday after meeting with NATO officials in Brussels. "The Iranians believe that we are tied down in Iraq and they have the initiative," he said. "They are doing nothing constructive in Iraq" and "are acting in a very negative way in many respects."

Mr. Gates, who then flew to Afghanistan on a trip that will take him to the Gulf region and Iraq in coming days, wants to make sure that U.S. allies in the region "understand the consequences of sitting on the sidelines if they are concerned about Iran," said a senior defense official. The Sunni-dominated monarchies are increasingly concerned that Shia-dominated Iran will try to dominate the region by appealing to Shiites in such places as Bahrain, Lebanon and Saudi Arabia.

Ms. Rice's six-country swing has a similar purpose, but with an emphasis at the start on trying to revive the long-moribund Middle East peace effort. She hopes that by having Israeli and Palestinians leaders focus on the outlines of a future settlement in direct talks, the three parties might begin to overcome longstanding differences -- and at the same time marginalize the Iranian-backed militant group Hamas, which controls the Palestinian government.

The Bush administration is promising to step up actions against Iranian networks operating inside Iraq, and has bulked up its military presence in the Persian Gulf. It moved a second aircraft carrier into the Gulf and sent defensive Patriot antimissile batteries into the region to send a message that the U.S. remains committed to the region.

But U.S. officials say they also need help from America's Gulf allies to bring stability to the increasingly fragile Maliki government in Baghdad. U.S. officials say these Gulf allies can provide critical economic aid to get Iraq's shattered economy up and running. So far U.S. allies in the Persian Gulf have provided little real help to the fledgling Iraqi government over the past three years. The Gulf allies initially pledged billions of dollars of economic aid following the fall of Saddam Hussein in 2003, but have delivered on only a fraction of the promised money, said a senior defense official.

There is growing frustration among senior U.S. officials and Republican lawmakers that the Gulf nations, flush with oil profits, haven't done more to help Iraq. "Gulf states must not fiddle while Baghdad burns," Sen. John McCain (R-Ariz.) told Mr.

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Gates last week at a hearing of the Senate Armed Services Committee. "I'd like to see the Saudis, for example, fund a major jobs creation program in Iraq."

Ms. Rice will talk with senior Saudi officials before traveling on to Kuwait for a larger meeting of Gulf ministers, plus Egypt and Jordan.

Iranian Leaders Speak Out Against US (FT)

By Gareth Smyth, Fidelius Schmid And Andrew England

Financial Times, January 16, 2007

Akbar Hashemi Rafsanjani, the influential former Iranian president, on Monday accused the US of "seeking new adventurism" as Washington stepped up pressure on Tehran over its nuclear programme and Iraq.

Ayatollah Ali Khamenei, the supreme leader, also expressed concern that the US was fostering sectarianism. Meeting Sunni and Shia clerics he stressed that unity between Islam's two sects was needed to prevent "these governments" – a reference to Sunni Arab regimes – "taking refuge" with the US and Britain.

Iranian warnings came as Ali Larijani, the country's top security official, held meetings in Riyadh, in an apparent attempt to gauge the level of Saudi support for Washington's tougher policy towards Tehran.

The trip came a day before Condoleezza Rice, the US secretary of state, is due in Saudi Arabia - the most powerful Sunni country - for talks on President George W. Bush's new Iraq plan.

The so-called "way forward" for Iraq includes a surge of 20,000 extra troops to pacify Baghdad and increased pressure on Iran, which Washington accuses of fomenting unrest in Iraq through its support for Shia armed groups.

Ms Rice's regional tour seems partly designed to cement a regional front against Shia Iran at a time when Sunni Arab states are expressing rising alarm over Iranian influence in the region. Last month, Gulf Arab states ordered a study into a possible civilian nuclear programme, a move that was seen as a warning to western governments to deal with Iran's programme or face a regional arms race.

In Cairo on Monday Ms Rice appeared to have won backing for the Iraq strategy from Ahmed Aboul Gheit, the Egyptian foreign minister, who said Egypt "hopes it is put into force in order to achieve stability in Iraq". Referring to Iran, Mr Aboul Gheit said "regional forces should refrain from interfering within the Iraqi domestic front".

Robert Gates, the new US secretary of defence, said on Monday that the US was increasing military activity in the Gulf in response to what he called Tehran's "very negative behaviour".

"The Iranians clearly believe we are tied down in Iraq, that they have the initiative, that they're in a position to press us in many ways," he told reporters at Nato's Brussels headquarters. The US is planning to send Patriot missile units to the Gulf, to guard against possible Iranian rocket attacks, as well as a second aircraft carrier and support ships. "The Iranians are acting in a very negative way in many respects," Mr Gates said. "They are doing nothing to be constructive in Iraq at this point."

But he did not exclude the possibility of future negotiations with Tehran. "My view is that when the Iranians are prepared to play a constructive role in dealing with some of these problems, then there might be opportunities for engagement."

As part of its containment efforts, the US is tightening financial sanctions against Iran and asking its allies to go beyond the limited sanctions agreed in a UN resolution last month.

"We would encourage other countries – European countries, the EU, Japan – to consider stronger sanctions than were in the Security Council resolution," Nicholas Burns, US undersecretary of state, told [a news agency] at the weekend. "There are billions of euros of export credits available to European countries from their governments to encourage trade with Iran" that could be curtailed, he said.

Tehran, however, on Monday indicated it would not heed UN Security Council calls for a suspension by the end of February of its uranium enrichment programme, the most sensitive part of its nuclear experiments. Gholam-Hossein Elham, the Iranian government spokesman, claimed Iran would soon increase from 330 to 3,000 the number of centrifuges it uses to enrich uranium.

Tehran also rejected US claims that five nationals seized by US forces in northern Iraq last week were part of a Revolutionary Guard group providing weapons to Iraqi armed organisations.

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Hoshyar Zebari, the Iraq foreign minister, cast doubt on the US assertions. He said the individuals arrested were members of a liaison bureau and had been working from an office in Irbil, northern Iraq, for 10 years, providing consular services.

Defense Secretary, In Afghan Capital, Scolds Iran (NYT)

By David S. Cloud

The New York Times, January 16, 2007

KABUL, Afghanistan, Jan. 15 — Defense Secretary Robert M. Gates said Monday that Iran was "acting in a very negative way" in the Middle East and that the United States was building up its forces to demonstrate its resolve to remain in the Persian Gulf.

"The Iranians clearly believe that we are tied down in Iraq, that they have the initiative, that they're in a position to press us in many ways," Mr. Gates said, speaking to reporters at NATO headquarters in Brussels before flying here. "We are simply trying to communicate to the region that we are going to be there for a long time."

Delivering that message to Iran — and to allies in the region worried that Washington is consumed with stabilizing Iraq — is one of Mr. Gates's priorities on a trip to the region this week that will take him later to the Persian Gulf.

Senior Pentagon officials said they also planned to stress to the largely Sunni Arab governments worried about Iran that they must assist the United States in Iraq with reconstruction aid and with putting pressure on fellow Sunnis to reach political reconciliation.

President Bush announced last week, in his speech laying out his new Iraq strategy, that he was also sending a second aircraft carrier and several Patriot antimissile batteries to the Persian Gulf.

"The United States has had a strong presence in the Gulf for a long time," Mr. Gates said. "We are simply reaffirming that" with the buildup, he said.

In Afghanistan, which Mr. Gates is visiting for the first time as defense secretary, he is expected to meet with President Hamid Karzai and with American and NATO commanders. There are about 23,000 American troops in Afghanistan, 11,000 of them under NATO command. Other NATO countries are supplying 20,000 soldiers.

In a stop at NATO headquarters in Brussels before flying to Kabul, Mr. Gates said he had discussed the increase over the last year in Taliban attacks, especially in the south, with Jaap de Hoop Scheffer, NATO's secretary general. Mr. Gates said that there had been "indications that the Taliban were planning a large spring offensive," and that he and Mr. de Hoop Scheffer had talked about "how perhaps to avoid it."

Though Mr. Gates is largely concerned during his trip with explaining the White House plan to stabilize Iraq, he is also dealing with Iran, following a decision announced last week by President Bush.

As part of its review of Iraq strategy, concluded last week, the Bush administration rejected a proposal by the Iraq Study Group to resume diplomatic contacts with Iran.

Mr. Gates, who endorsed resuming diplomatic contacts with Iran in 2004, two years before he joined the Bush administration, said that Iran's behavior had worsened since then and that resuming diplomatic relations would be possible only when Iran was "prepared to play a constructive role in dealing with some of these problems."

He said Iran "was doing nothing to be helpful" in Iraq, where the American military conducted two recent operations that resulted in the arrest of Iranians who the United States said were suspected of involvement in providing bomb-making materials. He also criticized Iran for aiding Hezbollah in Lebanon.

Bush administration officials have sought to rally international pressure on Iran to halt its nuclear program, which the White House has said is aimed at producing nuclear weapons, which Iran denies.

Gates Sees Iran As 'Negative' (WT)

By David R. Sands

The Washington Times, January 16, 2007

BRUSSELS -- Secretary of Defense Robert M. Gates yesterday said Iran is "doing nothing to be constructive" in Iraq, insisting it was up to Tehran to change its policies in Iraq and across the region before it can hope for better ties with the United States.

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But Mr. Gates, meeting briefly with NATO Secretary-General Jaap de Hoop Scheffer here before making his first trip as Pentagon chief to Afghanistan, also said recent moves by President Bush to bulk up U.S. forces and military assets in the Persian Gulf should not be considered a prelude to possible action against Iran.

Part of the president's new strategy for Iraq outlined last week included the deployment of additional Patriot anti-missile systems to U.S. allies in the region.

The moves are meant to underscore the U.S. commitment to remain engaged throughout the Middle East, regardless of the state of progress in Iraq.

"I think what we are trying to communicate to all the countries of the Gulf area ... is that the stability of the Gulf is a long-term strategic interest of the United States," Mr. Gates said.

Iran, meanwhile, asked Saudi Arabia to help ease tensions between the Islamic republic and the United States in a letter delivered by Tehran's chief nuclear negotiator, Ali Larijani, to the Saudi king, [a] news agency reported yesterday.

The letter from Iranian Supreme Leader Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad wanted Saudi leaders to relay a goodwill message to Washington -- to "help bring opinions together" between the two countries.

Mr. Gates co-authored a 2004 Council on Foreign Relations study advocating a possible rapprochement with Iran, based on Tehran's growing concerns after U.S. military successes in Afghanistan and Iraq. But the defense secretary, who took office just last month, said Iran's attitudes and actions have changed dramatically as the U.S.-led military campaign in Iraq has bogged down.

"Iran is doing nothing to be constructive in Iraq at this point," Mr. Gates said. "It is acting in a very negative way, in my opinion." Only when there is a change of policy in Tehran "will there be room for engagement" with the United States, he said. "The initiative needs to rest with the Iranians."

U.S. military officials say Iran has close ties to Shi'ite Iraqi militia and has supplied explosives and logistical support for attacks on Americans.

On a separate issue, Mr. Gates said senior British military officials had confirmed to him during a Sunday night visit that they planned to begin reducing Britain's 7,000-troop deployment in southern Iraq this year, even as the United States plans to increase its troop deployment by more than 21,000 to combat a spike in violence in Baghdad and Anbar province.

After the United States, Britain is the largest contributor to the multinational force in Iraq and has had primary security responsibility in the Shi'ite southern heartland since 2003.

Mr. Gates and Mr. de Hoop Scheffer said much of their talk centered on bolstering the NATO mission in Afghanistan, which has faced resurgent attacks from Islamist fundamentalist forces.

The defense secretary arrived in Afghanistan last night and is slated to meet President Hamid Karzai and senior U.S. and NATO military commanders today.

U.S. Beefs Up Force To Calm Gulf Fears (WT)

By Rowan Scarborough

The Washington Times, January 16, 2007

The Pentagon began building up its military presence in the Persian Gulf, including defensive Patriot missiles, after friendly Arab states privately expressed alarm over Iran's increasingly bellicose pronouncements.

Some in the administration began to fear that unless Washington reassured the Gulf states, it would lose their support at a critical juncture in the Iraq war. Without the support of Jordan, Saudi Arabia, the United Arab Emirates and other predominately Sunni Muslim countries, achieving reconciliation in Iraq would be much more difficult, defense sources said.

"The threat Iran represents is growing. It's multidimensional. And it is, in fact, of concern to everybody in the region," Vice President Dick Cheney said Sunday on Fox News.

President Bush last week, in announcing a new strategy for Iraq, laid out what the administration considers a tough, two-pronged move against Tehran's radical regime. He said the U.S. would actively target Iranian saboteurs in Iraq. Hours later, American commandos raided an Iranian office in Irbil, north of Baghdad, and took five Iranians into custody.

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The second prong involves sending two aircraft carriers to the region, plus the anti-missile Patriots, military training and new equipment. This move was aimed not just at sending a message to Iranian President Mahmoud Ahmadinejad. More importantly, defense sources said, it was meant to calm jittery Gulf countries.

"This is all designed to deter Iran and assure our allies," one source said. "They are very worried about Iran and its nuclear program."

Mr. Ahmadinejad has threatened to destroy Israel, and his regime is widely perceived to be developing nuclear weapons.

But the sources insisted that the Gulf escalation is not a first step toward war with Iran. "That's nonsense," one source said. "No decision has been made about military programs."

A second source said that taking Iranian saboteurs captive in Iraq gives the U.S. "leverage" with Iran. Suddenly, the regime wants something from the U.S. -- the release of its people. But it is not a negotiating tool, the source said. Rather, it just shows the regime there is a cost for its meddling.

Some in the Pentagon think Iran is at war with the U.S., using Shi'ite militia proxies to attack American service members. Iran's al-Quds, a special-operations arm of the regime's Revolutionary Guards, is supplying the Iraqis with weapons, money and training, U.S. officials said.

Because war with Iran was not an option on the table, the sources said, the next best move was to begin capturing Iranians.

"I think the message that the president sent clearly is that we do not want them doing what they can to try to destabilize the situation inside Iraq," Mr. Cheney said. "We think it's very important that they keep their folks at home."

A defense source said the administration, after months of intelligence assessments, has concluded that Iran's intervention in Iraq was based on decisions made at the highest governmental levels in Tehran and not a rogue operation.

Gates: Time Is Not Right For Iran Talks (AP)

By Robert Burns

AP, January 16, 2007

Stepped up U.S. military activity in the Persian Gulf is to counter "very negative" behavior by Iran and undercut its belief that American forces are overcommitted in Iraq, Defense Secretary Robert Gates said Monday.

Gates said the time is not right for diplomatic talks with Iran, but left open that possibility for the future.

After meeting with senior officials at NATO headquarters, Gates was asked at a press conference what was behind the Bush administration's decision to deploy a Patriot missile battalion and a second aircraft carrier to the Gulf region — moves announced in connection with a further buildup of ground troops in Iraq.

He noted that the United States has taken a leading role in Gulf security for many decades.

"We are simply reaffirming that statement of the importance of the Gulf region to the United States and our determination to be an ongoing strong presence in that area for a long time into the future," he said.

Gates, who as recently as 2004 publicly called for diplomatic engagement with Iran, said the situation has changed. In 2004 Iran was concerned by the presence of U.S. forces on its eastern and western borders, in Iraq and Afghanistan. More recently, the Iranian government has come to see it differently, he said.

"The Iranians clearly believe that we are tied down in Iraq, that they have the initiative, that they are in position to press us in many ways," he said. "They are doing nothing to be constructive in Iraq at this point."

He added, "And so the Iranians are acting in a very negative way in many respects. My view is that when the Iranians are prepared to play a constructive role in dealing with some of these problems then there might be opportunities for engagement."

Gates spent a few hours at NATO headquarters for his initial meetings with allied officials and American military officials. He arrived in the Belgian capital from London, where he met with British officials on Sunday.

Israel Buzzes Over Notion Of Attacking Iran (CSM)

By Ilene Prusher

The Christian Science Monitor, January 16, 2007

DOJ_NMG_0116257

from the January 16, 2007 edition - http://www.csmonitor.com/2007/0116/p01s02-wome.html Israel buzzes over notion of attacking Iran The country promises intensified diplomatic actions if Iran fails to comply with a UN resolution on its nuclear activities.

By Ilene Prusher | Staff writer of The Christian Science Monitor

JERUSALEM

When a US secretary of State comes to town, all eyes are on the Israeli-Palestinian conflict.

But as Condoleezza Rice's weekend visit here demonstrated, there is no issue dominating the agenda like the international standoff surrounding Iran's nuclear ambitions.

A report last week in one of Britain's leading newspapers, The Sunday Times, claimed that Israel was making preparations for a conventional attack on Iran to destroy its uranium enrichment facilities. Ms. Rice, asked in an Israeli television interview during her visit if the US would support such an Israeli strike, gave a reply that didn't exactly douse the smoldering signals emanating from Israel and Iran. Rather, the fact that some kind of a confrontation is now talked about openly, she said, is an indication of how grave the situation has become.

"I still think there is room for diplomacy, but even talk of such action shows how serious it would be for Iran to continue its actions unabated," Rice told Israel's Channel 10.

Israeli officials denied The Sunday Times report, but said Israel expects to see more intense diplomatic action against Iran if Iran does not comply with a UN resolution, passed in December, which gives the country two months to suspend its "proliferation of sensitive nuclear activities."

"Israel," says Foreign Ministry spokesman Mark Regev, "is putting its entire support behind UN Security Council [Resolution] 1737. That gives the Iranians 60 days to act, and that's mid-February. If in February there's still more noncompliance, we'll need more robust diplomacy."

But Israel doesn't expect the issue to be solved by then, says Mr. Regev. "We think it's clear that other steps will be necessary," he adds. "It's important that the Iranian leadership be given a crystal-clear choice: either they cease their nuclear program, or they endanger their relationship with the rest of the world."

Rice's visit comes at a time in which nearly every think tank here is turning its spotlight on Iran, and asking rather publicly the questions that used to be asked only in the quiet of intelligence officials' chambers. Would Israel do a replay of its preemptive attack on Iraq's Osirak reactor a quarter-century ago, this time hitting Iran? Should it?

Talk of Israel's nukes no longer taboo

Israel has long treated its own nuclear program as a taboo topic. Last month, however, Prime Minister Ehud Olmert said in an interview with German television that Iran aspires to "possess nuclear weapons like US, France, Israel, and Russia." Israeli officials depicted it as a kind of a slip, as it was a divergence from Israel's longstanding policy of nuclear ambivalence.

Today, however, Israel's nuclear program is considered an unofficial fact. The country's stated policy is that it will not be the first to introduce weapons into the region.

It was the same newspaper, The Sunday Times, which published a controversial story on Israel's program in 1986, leading to an 18-year-long incarceration of Israeli technician Mordechai Vanunu, the main source for the story. Other publications have explored the possibility of a strike against Iran, including an April 2006 New Yorker article which revealed that the US was studying the option of hitting Iran's nuclear facilities.

Eldad Pardo, an expert on Iran at the Hebrew University of Jerusalem, says he sees reasons for a hint of optimism that diplomacy will work.

"In general, the world is worried and it should be worried," he says.

"If the world is united, and there is effective pressure, they might change course and [supporters of President Mahmoud Ahmedinejad] are going to lose," he says. "If not, I don't think there will be an Israeli attack, but there will be a violent clash, some major confrontation, down the road."

While the controversy over Iran's weapons program is international in scope, Israel finds itself on the front line of the issue: Mr. Ahmedinejad has called for Israel to be wiped out, and Israel blames Iran for keeping Islamic militant groups Hizbullah and Hamas in business. The more public part of Israel's reaction has been to lobby for tougher global sanctions against Iran. And

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several leading right-wing political figures here – including former prime minister Benjamin Netanyahu and Dore Gold, the head of the Jerusalem Center for Public Affairs – are now seeking legal proceedings in Europe against Ahmedinejad in attempt to get him charged with incitement to commit genocide.

But the option on the back burner remains the possibility of military action, in part out of concern that the progress of Iran's nuclear development will outpace diplomacy. In other words, if Iran's program isn't halted now, at what price will it be halted later, if at all?

That, says Dr. Zvi Shtauber, the director of the Institute for National Strategic Studies at Tel Aviv University, is keeping many minds here focused on whether Israel will find itself at war with Iran.

Will diplomacy prevail?

"At the end of the day, that will be the question: to use military means or not," Dr. Shtauber told reporters in Tel Aviv at a recent press briefing addressing the institute's Middle East outlook.

"Anything can happen," he said, "because we are not in any avenue for discussions."

Ephraim Kam, the deputy director of the institute, expressed concern over whether sanctions, given their rocky record with changing policy elsewhere in the world, would really lure Iran to a more agreeable place on its nuclear program.

"For the time being, priority should be given to the political channels. But a few years from now, Israel might have to make a decision on whether to launch a strike on Iranian military sites," Dr. Kam says. "I think just talking to Iranians is not going to help. Prolonged sanctions could help, but Iran could decide to sustain the losses and continue."

In a development US officials hope will improve Washington's image in the region, Ms. Rice left town with an Israeli-Palestinian nod for the renewed US efforts to revive the peace process, effectively deadlocked since 2000. Before departing Tuesday for Egypt, Rice won an agreement to sponsor a summit between the Israeli and Palestinian leaders in three to four weeks. The US push for the three-way meeting, senior US officials indicated, would stick to the principles of the 2003 road map outlined by the Bush administration.

However, summoning support for pressure against Iran, both on the nuclear issue and on what the US sees as a troubling Iranian role in the Iraqi turmoil, is expected to be on Rice's front burner on her next stops: Kuwait City, Riyadh, London, and Berlin.

Iraqi Government Cultivates Iranian Ties (LAT)

By Louise Roug And Borzou Daragahi

The Los Angeles Times, January 16, 2007

BAGHDAD, Iraq — The Iraqi government is moving to solidify relations with Iran, even as the United States turns up the rhetorical heat and bolsters its military forces to confront Tehran's influence in Iraq.

Iraq's foreign minister, responding to a U.S. raid on an Iranian office in Irbil in northern Iraq last week, said Monday that the government intended to transform similar Iranian agencies into consulates. The minister, Hoshyar Zebari, also said the government planned to negotiate more border entry points with Iran.

The U.S. military is still holding five Iranians detained in Thursday's raid. Army Gen. George W. Casey Jr., the commander of U.S. forces in Iraq, said records seized in the raid and statements made by the detainees showed that at least some of them worked for Iran's intelligence service.

"I don't think there is any disagreement on the fact that these folks that we have captured are foreign intelligence agents in this country, working with Iraqis to destabilize Iraq and target coalition forces that are here at Iraq's request," Casey said Monday.

Zalmay Khalilzad, the U.S. ambassador to Iraq, added, "We are going after their networks in Iraq."

Iraqis, who have echoed Tehran's calls for the U.S. to release the five men, say the three-way standoff that has ensued reveals more about American meddling in Iraqi affairs than about Iranian influence.

"We, as Iraqis, have our own interest," Zebari said in an interview with The Times. "We are bound by geographic destiny to live with" Iran, adding that the Iraqi government wanted "to engage them constructively."

Zebari's comments reinforced the growing differences between the Iraqi government's approach and that of the Bush administration, which has rejected calls by the nonpartisan Iraq Study Group to open talks with Iran and Syria.

Administration officials accuse Iran of sowing anarchy and violence in the region.

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Zebari's remarks came two days after Iraq and Iran announced a security agreement. "Terrorism threatens not only Iraq but all the regional countries," Iranian radio reported Sherwan Waili, Iraq's national security minister, as saying.

The overtures to Tehran also followed Iraqi Prime Minister Nouri Maliki's appointment last week of a security commander for Baghdad over the objections of U.S. officials, who favored another candidate.

American officials oppose the presence in Iraq of Iranian officials and members of the Revolutionary Guard, which is controlled by religious hard-liners in Iran. Washington and Tehran have been at odds for decades and are in a standoff over Iran's nuclear ambitions.

But to Iraq, Iran is its biggest trading partner and a source of tourist revenue, mainly from the thousands of Shiite Muslim pilgrims who travel to the holy cities of Najaf and Karbala every year.

In Iraq's semiautonomous Kurdish north, much of the economy is founded on trade with Iran and the smuggling of contraband into the Islamic Republic. Since the 1979 founding of Iran's theocracy, Kurdistan has been a transit point for banned alcohol, movies and satellite dishes.

The U.S. raid on the Iranian office, which handled visas and other paperwork for Iraqis traveling to Iran, struck at the heart of Kurdistan's economy, which depends on commercial ties with Iran facilitated through that office.

Doing business with Iran also means doing business with the Revolutionary Guard, an institution that controls Iran's borders. Hassan Kazemi-Qomi, Iran's ambassador to Iraq, is a former member of the guard. Any neighboring country that wants to do business with Iran has to deal with members of the force, which was created by Grand Ayatollah Ruhollah Khomeini to aid the Islamic revolution.

Iraq's Kurds share a storied history with the Revolutionary Guard, fighting side by side against former Iraqi leader Saddam Hussein in the 1980-88 Iran-Iraq war.

Iraqi President Jalal Talabani, a Kurd, once told The Times that he planned military operations against Hussein with Mahmoud Ahmadinejad, Iran's controversial president.

Khalilzad, the U.S. ambassador, acknowledged the past but said it was time for Iraqis to sever ties to such groups.

"Now Iraq is in a different place," he said. "There cannot be and there should not be relations with security institutions of neighboring states that work against the interests of this new Iraq."

Iraqis and Kurds who oppose the detention of the five Iranians say the U.S. raid made the Iraqi government appear weak or a puppet of the Americans.

"They should help the Iraqi government to demonstrate its independence [and] sovereignty in its dealing with other countries," said Zebari, the foreign minister, referring to U.S. officials. "Because of the simplest things, any country will question the basis of your sovereignty, and that weakens the position of the Iraqi government."

Iraqi officials want the U.S. to release the five Iranians. Zebari described them as "Iranian officials" working in a "liaison office" where Iraqis could go for "consular services like travel permits to Iran."

Kurdish regional authorities and the government in Baghdad knew about the Iranians in Irbil and were in the process of transforming the agency into a consulate, Zebari said.

"This is not a new discovery, this office," he said. The Iranians had been "working there publicly, openly. It was not a clandestine network. That's the thing we need to explain to our friends."

He said the Iraqi government had not been shown any of what Casey said was evidence that the Iranians were spies. He said Iraq had not been part of the interrogation.

While Iraq has been strengthening its ties with Iran, it has also made overtures to its western neighbor Syria. Talabani is on a state visit to Damascus, the first such high-level meeting in almost three decades.

"For some time, we've been working quietly with them to normalize relations, to start up security talks with them," Zebari said.

The Iraq Study Group recommended that the U.S. begin a dialogue with Iran and Syria. But administration officials, under the sway of neoconservative intellectuals who see Iran as a danger to Israel and the U.S., have resisted such calls, saying Tehran must give up its nuclear program and stop supporting militant groups in the Palestinian territories and Lebanon before there can be talks.

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Last year, Abdelaziz Hakim, a leading Shiite politician in Iraq who spent years in exile in Iran, tried to improve U.S.-Iran relations by proposing that Iraq act as a go-between or a host for talks between the two nations. Iran rejected the plan when it became public, Zebari said.

Instead, relations have worsened, creating diplomatic headaches in Iraq.

"This is not a clean war," Zebari said. "These complications, embarrassments happen. Through these last three, four years we've been through this many times."

Is Iran Driving New Saudi Diplomacy? (CSM)

By Nicholas Blanford

The Christian Science Monitor, January 16, 2007

BEIRUT, LEBANON

Saudi Arabia is playing a more assertive diplomatic role in Lebanon, attempting to bridge rising tension between Lebanese Sunnis and Shiites while curbing Iran's influence in the tiny Mediterranean country, analysts say.

Wary of its own restless Shiite population, Riyadh is deeply concerned at what it sees as a determined drive by Shiite Iran to expand its influence into the mainly Sunni Middle East.

"The Saudis are fighting Iran in Lebanon now because if they don't, they will be fighting them in their own land," says Sarkis Naoum, a Lebanese political commentator.

The stepped-up diplomacy by the Saudis over the past six months led to an unprecedented meeting in Riyadh on Dec. 26 between Saudi King Abdullah and two senior officials of Lebanon's Iran-backed Hizbullah.

Just six months ago an encounter between a Saudi monarch and the Shiite militants would have been almost unthinkable. When Hizbullah fighters kidnapped two Israeli soldiers in July, triggering a month-long war with Israel, the Saudis delivered an unusually frank statement, blaming Hizbullah and Iran for "uncalculated adventures."

Hizbullah's stubborn resistance against Israeli however, won it many admirers across the Arab world, making the Saudi leadership look out of step. But Hizbullah's regional popularity has dropped since it switched its attention from confronting Israel to seeking to bring down the government of Prime Minister Fouad Siniora, which is backed by the US and Saudi Arabia.

Many Sunnis who cheered on Hizbullah last summer now regard it as an agent of "Persian" Iran.

"Hizbullah knows that when it comes to Israel and the US – the common enemies – there is common ground between Sunni Salafis and Shiites. But when it comes to domestic politics and political power in these countries, there's much more fear and wariness by Sunnis," says Amal Saad-Ghorayeb of the Carnegie Endowment's Middle East Center in Beirut.

Saudi Arabia traditionally adopts a nonconfrontational approach to regional diplomacy, using its massive oil wealth to buy stability and preserve the status quo. Some Lebanese say that the situation in Lebanon could have been resolved sooner if the Saudis had displayed a more aggressive diplomacy.

"They always thought they could stay away from danger by bribing people, giving money to leaders and states so long as they don't interfere in their own affairs," Mr. Naoum says. "Some of them are seeing now that this policy is not good for their country."

The Saudis stepped up their involvement in Lebanese affairs in August in angry reaction to Syrian President Bashar al-Assad who caustically described in a speech some Arab leaders as "half men" for secretly hoping that Israel would smash Hizbullah.

"The Saudis started playing a serious role in Lebanon after Assad's 'half-men speech,' " says Mohammed Mashnouq, a Lebanese political analyst and former adviser to Rafik Hariri, the former prime minister who was assassinated two years ago. Mr Hariri's son, Saad, heads the anti-Syrian parliamentary majority in Lebanon and enjoys close ties to the Saudi leadership.

"We were always asking for [Saudi] help [to confront Iran in Lebanon]," Mr. Mashnouq says. "Not just military and financial help, but religious help too."

Still, both the Saudis and Hizbullah have good reason to sit down together. Riyadh is worried that Iran could stir up the kingdom's own Shiite minority, long feared as potential fifth columnists by Saudi leaders. Saudi Shiites represent 10 to 15 percent of the population and live in the oil-rich Eastern Province, adjacent to Kuwait and Bahrain, which both have sizable Shiite

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populations. Talking to the Iran-backed Hizbullah could help ease tensions in Lebanon, while also representing a potential back-door channel to Tehran.

In another sign that Saudi is taking on a larger regional role, Abdullah met with Iranian nuclear negotiator Ali Larijani over the weekend. Mr. Larijani delivered a letter to the monarch in which the Islamic Republic asked for help in easing tension between it and the US over Tehran's nuclear program.

[A news agency] reported yesterday that a Saudi official said Iran would like Saudi Arabia to "help bring opinions together" between Iran and the US, the official said, but gave no more details.

For Hizbullah's part, it has domestic and regional motivations for engaging with the Saudis. The Hizbullah-led opposition had gambled on the shock tactics of mass rallies and a sit-in in central Beirut in December bringing the government swiftly to its knees. But the government dug in its heels, creating a stalemate that has lasted six weeks.

The opposition has pledged further demonstrations around the country, but the campaign appears to be running out of steam, analysts say, with Hizbullah perhaps more willing to find an acceptable compromise.

Lebanon's As Safir newspaper reported Monday that Saudi Arabia is working on a new initiative to break the six-week impasse between the Siniora government and the Lebanese opposition. The new proposal, which the Saudi ambassador relayed to Hizbullah officials over the weekend, "set clear solutions to the current crisis," As Safir reported.

Crucially, the political deadlock has worsened Shiite-Sunni tensions in Lebanon. Hizbullah has long spoken out against intra-Muslim discord, believing that it distracts from the more important goal of confronting Israel.

"Hizbullah was playing two roles in meeting the Saudis," says Mr. Saad-Ghorayeb of the Carnegie Endowment. "It was serving a domestic agenda, but also having a positive impact on the wider strategic relations between Iran and Saudi Arabia."

Iraqi Hangings Bring More Denunciations (WP)

By Joshua Partlow And Muhanned Saif Aldin

The Washington Post, January 16, 2007

BAGHDAD, Jan. 15 -- By the time the corpses of Saddam Hussein's half brother and another top official, hanged before dawn Monday, arrived in the village of Auja for burial, the word had spread among the mourners: The head of Hussein's brother had been severed from his body.

Many of the people who had gathered considered the decapitation of Barzan Ibrahim to be a calculated insult, another act by the Shiite-dominated government of Prime Minister Nouri al-Maliki to humiliate followers of the executed former president and all his fellow Sunni Arabs. A doctor inspected the remains to assess the government's explanation that the noose inadvertently took off the head after Ibrahim dropped through the trapdoor of the scaffold.

"We knew that he would be executed and would join a parade of heroes, but Maliki, why did you behead him?" asked Salam al-Tikriti, 41, a relative of Ibrahim. "Why did you insult his body? Are you still afraid of him even after he is dead? We will cut your heads the same way that you are cutting the heads of the heroes of Iraq."

In many parts of Iraq, the executions set off new waves of anger and celebration along sectarian lines, though Maliki's government had gone to great pains to prevent the type of chaotic spectacle that accompanied Hussein's hanging two weeks ago, when Shiite witnesses in the execution chamber taunted Hussein.

Shiites celebrated the new executions, while Sunni politicians vented. Alaa Makki, a Sunni legislator, said that justice was done but the manner of the execution was disturbing. "Everybody knows that when you hang people, rarely the head will be decapitated from the body," he said, criticizing what he called a "revenge on the body."

"It denotes that people are very reactive and very extremist and they want revenge," he said.

Hussein al-Falluji, another Sunni legislator, called the executions "illegitimate and illegal."

The hangings drew criticism from abroad as well. The Moroccan Human Rights Association said they were a "criminal political assassination masterminded by American imperialism."

A U.N. spokesman expressed regret that Secretary General Ban Ki Moon's request to spare the two men's lives was not granted. Jos? Manuel Barroso, president of the European Commission, the European Union's executive arm, said after the hangings that he would back an Italian initiative for a worldwide moratorium on capital punishment under U.N. auspices.

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Secretary of State Condoleezza Rice, visiting Egypt, said she believed the hangings of Hussein and the two others were mishandled and should have been carried out with "greater dignity."

Ibrahim, who ran Hussein's intelligence service, or Mukhabarat, and Awad Haman Bander, leader of Hussein's Revolutionary Court, were put to death at 3 a.m. Monday, government spokesman Ali Dabbagh said. They had been sentenced to death for their role in the killings of 148 men and boys from the Shiite village of Dujail following an assassination attempt against Hussein in 1982.

Iraqi officials denied that the decapitation was intentional, saying that Ibrahim's neck had been unable to absorb the noose's force. Dabbagh described it as a "rare incident" in a hanging and said that the proceeding was marked by professionalism and restraint not shown during Hussein's execution.

For Monday's hangings, the Iraqi government restricted the witnesses to a judge, a prosecutor, a doctor, a prison warden and representatives of the Interior Ministry and the prime minister's office, Dabbagh said. They made the attendees sign documents pledging they would not misbehave, Dabbagh added.

"Everyone obeyed the instructions of the government; no violation, chant, slogans or words that would harm the execution of this verdict was registered," he said.

Iraqi officials showed silent video clips of the hangings to reporters at a news conference but did not release the footage to the public.

According to an Associated Press account of the video, the two defendants appeared side by side at the gallows wearing red prison jumpsuits. They were surrounded by five masked men, and black hoods were placed over their heads. After the trapdoors beneath them opened, Bander dangled from the rope, but the shock of the rope going taut severed Ibrahim's head from his body, both of which fell to the floor, the news service reported.

By 6 p.m., the bodies had arrived in Auja, about 100 miles north of Baghdad, and were greeted by more than 1,000 people. The crowd carried the corpses, wrapped in Iraqi flags, on their shoulders into a hall as chants rang out of "Allahu akbar" -- "God is great" -- and guns were fired into the air.

The bodies were washed and wrapped in white shrouds before being buried in a garden plot next to the hall that houses Hussein's grave. The crowd surrounded the bodies, and the sound of crying mixed with chanted praises to God.

"We are so proud that [Bander] died as a martyr defending his beliefs," said Abdulla al-Sadoon, 55, a relative of Bander from Basra. "It is a proud thing to die like this."

Top officials from Salahuddin province attended the burials, and the funerals for Bander and Ibrahim were expected to last three days.

The hangings occurred on a day when two top outgoing U.S. officials in Iraq, Gen. George W. Casey Jr. and U.S. Ambassador Zalmay Khalilzad, told reporters that they were optimistic about the new plan to secure Baghdad, saying they sensed a deeper commitment by the Iraqi government to combat Sunni and Shiite extremists who are fighting in the capital.

The Shiite-led Iraqi security forces have been widely accused of operating death squads that target Sunnis while allowing Shiite militias in the capital free rein. But Casey added that he did not expect to see significant improvement in Baghdad's security until the summer or fall.

"There is a strong political commitment from the government of Iraq to the plan, including the will to act, and including the will not to impose constraints on coalition and Iraqi security forces," Casey said, adding: "As with any plan, there are no guarantees of success, and it's not going to happen overnight. But with sustained political support and concentrated efforts on all sides, I believe that this plan can work."

President Bush has committed to send an additional 21,500 troops to Iraq in order to maintain a more visible presence in Baghdad's embattled neighborhoods and provide more support for Iraqi troops. The first of the reinforcements have arrived, Casey said.

"Yes, there are still difficulties with the Iraqi security forces; that has been a challenge," he said. "The increased deployment of coalition forces will enable us to increase the level of support we are providing to those forces, to strengthen them a little bit as we go forward with this plan."

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Also on Monday, the U.S. military announced that a U.S. soldier from the 89th Military Police Brigade died Sunday when a roadside bomb exploded near his vehicle north of Baghdad. The soldier's name was not released.

Second Hanging Also Went Awry, Iraq Tape Shows (NYT)

By John F. Burns

The New York Times, January 16, 2007

BAGHDAD, Jan. 15 — Iraq's turbulent effort to reckon with the violence of its past took another macabre turn on Monday when the execution of Saddam Hussein's half brother ended with the hangman's noose decapitating him after he dropped through the gallows trapdoor.

An official video played to a small group of Iraqi and Western reporters more than 13 hours after the hanging showed Barzan Ibrahim al-Tikriti, former head of Mr. Hussein's secret police, standing nervously on the trapdoor in a flame-orange jumpsuit of the kind used at the American detention center at Guantánamo Bay in Cuba, his head and mustache shaved. Beside him, praying feverishly in identical garb, stood the other condemned man, Awad Hamad al-Bandar, the former chief judge of Mr. Hussein's revolutionary court.

After executioners in full-face balaclavas pulled black hoods over the two men's heads, tightened nooses around their necks and pulled the lever opening the trapdoors, both fell like weights. But the hangmen's calculations of weight, gravity and the momentum needed to snap their necks — a grim science that has produced detailed "drop charts" used for decades in hangings around the world — appeared, in Mr. Ibrahim's case, to have gone seriously awry.

Iraqi officials said their execution procedures had been exhaustively reviewed after the Hussein execution on Dec. 30, which culminated with the former dictator facing a volley of verbal abuse from members of the execution party as he waited with the noose around his neck. The officials said that their goal was to prevent a recurrence of those scenes, which were sectarian in nature and set off a storm of protest around the world, and that they had consulted with Western "humanitarian organizations" to get the procedures right.

Under pressure from American officials, the hanging of Mr. Ibrahim and Mr. Bandar, who were sentenced in November for their roles in the torture and execution of scores of Shiites in the town of Dujail after an alleged assassination attempt against Mr. Hussein in 1982, had been delayed for more than two weeks while the Maliki government drew up new guidelines for executions.

American and Iraqi officials said the aim was to prevent a recurrence of the scenes that turned Mr. Hussein, a mass murderer in the eyes of many Iraqis, into something of a sympathetic figure at his death and, across the Arab world, into an icon of dignity and courage.

Prime Minister Nuri Kamal al-Maliki had assured the Americans that instead of having 25 witnesses, as at the Hussein hanging, only about half as many would attend. Moreover, he pledged to exclude any known loyalists of the Shiite militia leader Moktada al-Sadr, a polarizing figure whose name was invoked by guards to antagonize Mr. Hussein.

With those assurances, the Americans agreed to release the two men, and flew them by helicopter from the American detention center at Camp Cropper to the same execution spot used for Mr. Hussein, at the former headquarters of the Istikhbarat, the deposed government's military intelligence agency.

But events at the gallows in the predawn hours of Monday had something of the same surreal and freakish quality that enveloped the Hussein hanging.

Iraqi officials who attended the hanging said the calculation in the case of Mr. Ibrahim, a 55-year-old of medium height and build, had allowed for a "drop" of eight feet — too much, according to at least one United States Army manual — and about that amount of thick yellow rope could be seen coiled at Mr. Ibrahim's feet before the hanging.

The video showed his head being snapped off as the rope went taut, and ending up, still inside the hood, lying in the pit of the gallows about five feet from his headless body.

Mr. Bandar could be seen dangling from the rope above Mr. Ibrahim, whose body was lying on its chest on the floor of the dark, dank pit, blood pooling beside his severed neck. The silent, three-minute video then ended abruptly, with officials saying they would run it only once, and not show it in public again.

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To ensure no illicit copies of the video were made with cellphone cameras, as happened at the execution of Mr. Hussein, reporters attending the showing had their cellphones taken away by hawk-eyed Iraqi security men.

Ali al-Dabbagh, spokesman for Mr. Maliki who supervised the details of Mr. Hussein's execution, said officials wanted to ensure that Mr. Ibrahim and Mr. Bandar died instantly, and were not left dangling at the end of the hanging rope for 15 to 20 minutes before they were asphyxiated, which he said had been a deliberate tactic used in thousands of hangings under Mr. Hussein. That seemed to suggest that the executioners had deliberately allowed for a long "drop" for the two men hanged Monday, to be sure their necks were broken cleanly by their fall.

The Iraqis described the decapitation of Mr. Ibrahim as a "rare incident," but they acknowledged that a similar thing had happened at least once before in the score or more of hangings that have been carried out since the fall of Mr. Hussein. They cited the case of an Egyptian man hanged in the northern city of Mosul for offenses linked to the insurgency, who had also had his head separated as he fell. In Mr. Hussein's case, an illicit video taken after the hanging showed a bloody, egg-sized gouge in his neck, below his left ear, where the noose had cut into him as he dropped.

An Internet search for manuals on hanging suggested that Mr. Ibrahim was the victim of an overestimate by his executioners. One of the most authoritative manuals, the United States Army's "Procedure for Military Executions," issued under the authority of Gen. Dwight D. Eisenhower when he was Army chief of staff in 1947, gave a chart that recommended that a man of about Mr. Ibrahim's weight, about 185 pounds, would need a "drop" of five feet seven inches — nearly two and a half feet less than the drop for Mr. Ibrahim — to assure what the manual called "a proper execution."

The manual added: "A medical officer should be consulted to determine whether any factors, such as age, health or muscular condition, will affect the amount of drop necessary for a proper execution."

At his trial, Mr. Ibrahim, though second only to Mr. Hussein in his angry declamations against his Iraqi and American captors, mentioned his need for medication on a number of occasions, and complained bitterly about the "disgusting" American cigarettes he said he was given in lots of 10 a day.

Mr. Ibrahim's decapitation appeared to have badly unnerved the Maliki government. The Iraqis involved were so shaken that they waited more than seven hours after the 3 a.m. executions to formally announce them, and then read a statement that dwelled on the two men's "big crimes against humanity" while serving as acolytes to Mr. Hussein. The statement made only a passing reference to the severing of Mr. Ibrahim's head.

"In a rare incident, the head of the convict Barzan Ibrahim al-Hassan" — his name as it appeared on court documents — "was separated from his body during the execution," it said.

Further details were left to a news conference called six hours later, when rumors were circulating among Sunni Arab loyalists of the former government, and on Arabic-language television channels broadcasting across the Middle East, that Mr. Ibrahim had been deliberately decapitated in an act of revenge by the Maliki government and as an insult to the Sunni Muslim world.

The depth of suspicion, and the readiness among Sunni Arabs to blame the United States for everything grim in Iraq, was reflected in interviews conducted in neighboring countries after the hangings. "The U.S. is 100 percent guilty," said Turki al-Rasheed, who heads an organization promoting democracy in Saudi Arabia. "It means they cut Barzan's head in the execution chamber."

Secretary of State Condoleezza Rice, in Egypt on a Middle East tour, joined the recriminations. "I would be the first to say that we were disappointed that there was not greater dignity given to the accused under these circumstances," she said, referring to Mr. Hussein's execution and the two carried out Monday. "I think that passions run high after years of turmoil, under dictatorship, and that is apparently what happened. But it shouldn't have happened and I think that it did not reflect well on the Iraqi government that it came out that way."

When officials from Mr. Maliki's office appeared at the Baghdad Convention Center with the video of the hangings, they were at pains to offer a minutely detailed account of their procedures. Their accounts were about equally apologetic and assertive as they explained how Mr. Ibrahim had come to have his head severed, and how sympathy for the condemned man and his family should be attenuated in the light of the brutalities he had committed when serving his half brother.

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Perhaps significantly, the video was soundless, making it impossible to confirm the officials' assertions that the two condemned men had been spared the verbal abuse that was directed at Mr. Hussein.

Mr. Dabbagh, the official spokesman, said all attending the Monday executions — all Iraqis, as was the case with Mr. Hussein — had been required to sign documents saying they would behave with dignity and restraint. He held up a signed copy of one of the affidavits as another of Mr. Maliki's aides, Basam Ridha, summarized what he said was the air of restraint at the executions. Mr. Ridha is an Iraqi-American who lived for years in California before returning to Baghdad to a position on Mr. Maliki's staff that made him the point man for the hangings.

"The whole process was very transparent," Mr. Ridha said, comparing the hangings favorably with what happened to Mr. Hussein. "No ethnics, no chanting, everything a very smooth transaction, everyone very well behaved."

Others in the execution party seemed somewhat more taken aback. "When the trapdoor opened, I realized that I was looking at the rope swinging freely, and I asked myself, 'Where did Barzan go?' " said Jaafar al-Moussawi, who was chief prosecutor at the trial that ended with the death sentences for Mr. Hussein, Mr. Ibrahim and Mr. Bandar. He added: "I thought that somehow he had gotten loose. So I moved forward toward the pit and looked down, and saw the convict Barzan lying on the ground without his head."

After Mr. Hussein's hanging, his body was kept on the back of a police pickup truck in the parking lot of Mr. Maliki's office in Baghdad's Green Zone for 18 hours, while an argument raged over whether to hand it over to members of his Albu-Nasir tribe for burial. That dispute was resolved by the Americans, who insisted that the Iraqi leader hand over the body.

After Monday's hangings, the bodies of Mr. Ibrahim and Mr. Bandar were handed over more swiftly, and like Mr. Hussein's, flown by American military helicopter for burial at Mr. Hussein's — and Mr. Ibrahim's — home village of Awja, near the Tigris River city of Tikrit.

Officials in the office of the local governor said that Mr. Bandar's son, Bandar al-Bandar, a defense lawyer at his trial, had accompanied the bodies on the flight from Baghdad, and that Mr. Ibrahim's body had been delivered. Abdullah Jabara, the deputy governor, said that roads between Awja and the American airbase at Camp Speicher, outside Tikrit, had been sealed off by the police, and that the bodies would be buried under cover of darkness on Monday night, with a special grave for Mr. Bandar next to Mr. Hussein in a marbled reception hall at Awja. He made no mention of a grave for Mr. Ibrahim, who had a stormy relationship with Mr. Hussein.

Mr. Bandar's fealty to his old boss, Mr. Hussein, was reflected in his decision, said by Iraqi officials to have been written in his will, to be buried at Tikrit, in Iraq's Sunni heartland, and not in Basra, the predominantly Shiite southern city where Mr. Bandar, a Sunni Arab, was born. After the hangings were announced, Basra residents drove through the city honking car horns and waving Iraqi flags.

"Some people noted that Barzan's head was separated from his body during the execution, and said that this was God's punishment for his crimes," an Iraqi staff member reported from Basra. "They said this punishment was an expression of what a bad man he was during his life."

Sunni Anger Over Bungling Of Execution (FT)

By Steve Negus

Financial Times, January 16, 2007

Iraq executed Saddam Hussein's co-defendants on Monday, eliciting fresh controversy after it was revealed that one of the executions was bungled.

Barzan al-Tikriti, Saddam's half brother, and Awadh al-Bandar, a revolutionary court judge, were hanged before dawn.

The pair were convicted alongside the deposed Iraqi leader on November 5 on charges related to a campaign of reprisals against a Shia village where Saddam suffered a 1982 assassination attempt. Scores of villagers were executed and many more subjected to torture and lengthy imprisonment.

The official video of the executions has not been released, but was screened for reporters. It reportedly shows Mr Bandar's body dangling from a rope, and Mr Tikriti's lying on the floor with his severed head a short distance away.

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Iraqi government officials claimed there were no "violations" of procedure in Monday's executions, but admitted that Mr Tikriti's head was ripped from his body as he was hanged.

Such incidents can reportedly occur when a hangman misjudges the length of rope required, but Iraqi Sunnis have already accused the government of deliberately mutilating Mr Tikriti's body, considered to be a serious offence in Iraq and many other Muslim societies.

In an example of the potential sectarian backlash, Mr Tikriti's son-in-law said in an interview on pan-Arab al-Jazeera television that "ripping off his head [was] the grudge of the Safavids". He was referring to an Iranian dynasty that some Sunni use as a general insult for Shia, because it emphasises their Iran ties.

Condoleezza Rice, US secretary of state, issued a muted criticism of the execution. "I would be the first to say that we were disappointed that there was not greater dignity given to the accused under these circumstances.

"I think that passions run high after years of turmoil, under dictatorship, and that is apparently what happened. But it shouldn't have happened and I think that it did not reflect well on the Iraqi government that it came out that way."

The United Nations had urged Iraq last week to delay the executions. Monday's events came after widespread criticism of violations of due process in the execution of Saddam two weeks ago, and are likely to strain Iraq's relations with its neighbours and with its own Sunni Arab population.

The execution of the former president sparked accusations that the Iraqi government had ignored elements of due process in order to rush him to the gallows. Those criticisms were compounded by mobile phone footage showing executioners taunting Saddam.

Iraq's government may have calculated that it was not worth its while to placate Sunni sensibilities. Many Shia are convinced that Saddam's former ruling Ba'ath party was engineering a return to power. That fear was partially dispelled by executing the Baath's former leaders.

However, Iraq was hoping to win debt relief from Saudi Arabia and other Gulf states as part of the UN-sponsored Compact with Iraq initiative. That initiative, which was supposed to have been signed by the end of 2006, may be delayed by the -executions.

Additional reporting by Andrew England in Cairo

Anger Greets Bodies Of Executed In Tikrit (LAT)

By Borzou Daragahi

The Los Angeles Times, January 16, 2007

BAGHDAD — Angry crowds in the Sunni Arab town of Tikrit fired weapons into the air as they received the bodies of Barzan Ibrahim Hasan and Awad Hamed Bandar, two associates of Saddam Hussein who were hanged at the gallows this morning for their roles in killing scores of Shiite Muslim villagers in the 1980s.

Hasan, Hussein's half brother and a fellow native of Tikrit, oversaw Iraq's feared intelligence service. Bandar was the chief judge of the Revolutionary Court that sentenced 148 villagers to death.

Hasan's head came off during the hanging in what Iraqi officials described as a freak accident. "It is really rare," said Omer Abdul Sattar, a physician and Sunni member of Iraq's parliament. "I am a doctor and I would not believe such a thing could happen unless the rope is too short or the defendant weighs 400 or 500 pounds."

Despite angry chanting by some of the two defendants' fellow tribesmen, the hangings spurred little of the outrage that followed Hussein's Dec. 30 execution.

In the capital, U.S. Ambassador Zalmay Khalilzad and Army Gen. George W. Casey Jr. briefed reporters on the launch of a new plan aimed at stemming sectarian violence in Baghdad. The effort involves additional training for Iraqi security forces, a more robust U.S. troop presence and a revamped command and control structure.

"The plan is based on a key assumption," Khalilzad said. "Increased security for Baghdad is key for allowing political process and securing the rest of the country. The Iraqi government's commitments are all who break the law will be targeted. There will be no sanctuary for criminals or murderers."

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Khalilzad and Casey also said the plan is part of a broader strategy to confront what the U.S. sees as interference by Iran and Syria in Iraq and target alleged ringleaders of foreign operations who are supplying armed groups with weapons and training.

Both U.S. officials, slated to leave Baghdad in the coming months, oversaw failed efforts last year to secure Baghdad. But Khalilzad and Casey said the new plan would be different because of the support of Iraqi political figures in the capital.

"There's a strong political commitment from the government to the plan, including the will to act, and including the will not to impose constraints on coalition and Iraqi security forces," Casey said.

Iraq's sectarian civil war pits Sunni insurgents with ties to the country's western tribes against Shiite militiamen with ties to Iran, as well as to Iraq's dominant Shiite political parties and security organs.

Khalilzad declined to comment on the possibility that the Shiite-dominated government will target Sunni neighborhoods and civilians, which has long been a complaint of the Sunni population.

"That's not the premise of the plan," he said. "That's not the reciprocal understanding based on which this plan is being supported."

Outside Baghdad's high-security Green Zone, Iraq's violence continued apace. Three homemade bombs targeting Iraqi security forces killed at least six and injured eight in the capital today. A suicide bomber struck an Iraqi army checkpoint in western Baghdad, killing four soldiers and injuring three.

Two car bomb explosions in downtown Kirkuk killed at least 12 civilians and injured 14, police said. A Katyusha rocket also struck a house in the city, killing one.

Assassins killed an Iraqi contractor supplying food to a U.S. base near the southern city of Kut, where authorities discovered the bodies of three Iraqi soldiers killed with bullets to the head and chest.

A Basra intelligence officer was injured and his two guards were killed during an ambush in the southern Iraqi city home to rival Shiite militias and political parties. British forces killed a man during a raid in the city, the military said.

Sunnis Blast Hanging Of 2 Saddam Aides (AP)

By Steven R. Hurst

AP, January 16, 2007

The Iraqi government's attempt Monday to close a chapter on Saddam Hussein's repressive regime — by hanging two of his henchmen — only appeared to anger many of Saddam's fellow Sunni Muslims after the former leader's half brother was decapitated on the gallows.

A thickset Barzan Ibrahim plunged through the trap door and was beheaded by the jerk of the thick beige rope at the end of his fall, in the same the execution chamber where Saddam was hanged a little over two weeks earlier.

A government video of the hanging, played at a briefing for reporters, showed Ibrahim's body passing the camera in a blur. The body came to rest on its chest while the severed head lay a few yards away, still wearing the black hood pulled on moments before by one of Ibrahim's five masked executioners.

The decapitation appeared inadvertent, and Iraqi officials seemed anxious to prove they hadn't mutilated Ibrahim's remains.

The hangings came as a suicide car bomber slammed into an Iraqi army patrol in the northern city of Mosul Monday, killing seven people and wounding 40 others, police said. A total of at least 55 people were killed or found dead across Iraq, authorities said.

The U.S. military, meanwhile, announced the deaths of two more soldiers, both killed in Baghdad.

While Ibrahim's body was wrenched apart by the execution, his co-defendant, Awad Hamed al-Bandar, head of Saddam's Revolutionary court, died as expected — swinging at the end of a rope. Both men met death at 3 a.m. wearing reddish orange prison jumpsuits.

Prosecutor Jaafar al-Moussawi, who witnessed the hangings, said Ibrahim looked tense and protested his innocence as he was brought into the chamber. The condemned man had once ran Saddam's feared security agency, the Mukhabarat.

"I did not do anything," al-Moussawi quoted Ibrahim as saying. "It was all the work of Fadel al-Barrak." Al-Barrak ran two intelligence departments in Saddam's feared Mukhabarat.

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Saddam was hanged amid shouted taunts and insults from Shiite witnesses — a scene Iraqi officials said was not repeated Monday.

All three executions took place in Saddam-era military intelligence headquarters, located in the north Baghdad neighborhood of Kazimiyah, a Shiite area.

By day's end at least 3,000 angry Sunnis, many firing guns in the air, others weeping or cursing the government, assembled for the burials of Ibrahim and al-Bandar in Saddam's hometown of Ouja, near Tikrit, 80 miles north of Baghdad.

"Where are those who cry out in demands for human rights?" Marwan Mohammed, one of the mourners, asked in grief and frustration. "Where are the U.N. and the world's human rights organizations? Barzan had cancer. They treated him only to keep him alive long enough to kill him. We vow to take revenge, even if it takes years."

Ibrahim's son-in-law, Azzam Saleh Abdullah, said "we heard the news from the media. We were supposed to be informed a day earlier, but it seems that this government does not know the rules."

The execution, he said, reflected what he called the Shiite-led government hatred for Sunnis. "They still want more Iraqi bloodshed," he said. "To hell with this democracy."

The executed men, at their request, were buried in a garden outside a building Saddam had built for religious events. Saddam was buried there on New Year's eve in a grave chipped out of an interior floor.

Ouja, just outside Tikrit — about a 90-minute drive north of Baghdad on the Tigris River — is near the scene of Saddam's capture by American soldiers in December 2003.

Saddam was discovered hiding in a small underground bunker nine months after he fled the U.S.-led invasion that toppled his regime.

Saddam, Ibrahim and al-Bandar were all handed the death sentence after their conviction for crimes against humanity, in connection with the killings of 148 Shiites in Dujail, north of Baghdad, in 1982 — following a failed assassination attempt there against Saddam.

Saddam was executed last month, four days after an Iraqi appeals court upheld the verdicts in the Dujail case. Reportedly, the court was under pressure from Prime Minister Nouri al-Maliki, who wanted Saddam hanged before the end of 2006.

Iraqi Vice President Tariq al-Hashemi said Monday he should have been consulted before the executions were staged, because he and the two other members of Iraq's presidential council — President Jalal Talabani and Vice President Adil Abdul-Mahdi — had asked for the hangings to be delayed.

The execution video was shown to reporters Monday in an apparent attempt to prove that Ibrahim's corpse was not intentionally mutilated after death.

Video of Saddam's execution was broadcast worldwide. But Ali al-Dabbagh, the government spokesman, said there would be no similar public distribution of the video of Monday's hangings.

"We will not release the video, but we want to show the truth," he said. "The Iraqi government acted in a neutral way."

Monday's video was shown to reporters without sound — as was the official video of Saddam's execution in December. But al-Dabbagh said no taunts greeted Saddam's co-defendants.

"No one shouted slogans or said anything that would taint the execution," he said. "None of those charged were insulted."

The official video of Saddam's hanging was quickly pushed aside by a second one taken with a cell phone camera by a witnesses and leaked to the media. It showed the gallows floor opening, Saddam falling and swinging dead at the end of the rope.

Some of those in attendance could be heard taunting the former Sunni strongman with shouts of "Muqtada, Muqtada," an apparent reference to Muqtada al-Sadr, a radical Shiite cleric.

Al-Sadr's Mahdi Army militia is believed responsible for the deaths of thousands of Sunnis in the past year.

The unruly scene at Saddam's hanging drew worldwide protest and calls for Ibrahim and al-Bandar to be spared.

On Monday, Secretary of State Condoleezza Rice said Saddam's execution was mishandled and said she hoped that those who made cell phone videos of Saddam's execution would be punished.

"We were disappointed there was not greater dignity given to the accused under these circumstances," Rice said during a news conference with her Egyptian counterpart in Luxor, Egypt.

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A spokeswoman for U.N. Secretary-General Ban Ki-moon said Monday he "regrets that despite pleas from both himself and the high commissioner for human rights to spare the lives of the two defendants, they were both executed."

After Saddam's execution, Human Rights Watch released a report calling the speedy trial and subsequent hanging of Saddam proof of the new Iraqi government's disregard for human rights.

Saddam Kin Beheaded By Hanging (WT/AP)

By Qassim Abdul-zahra

The Washington Times, January 16, 2007

BAGHDAD -- The head of Saddam Hussein's half brother Barzan Ibrahim was ripped from his body when he and another top aide to the former Iraqi dictator were hanged before dawn yesterday, a government official said.

The accidental beheading prompted expressions of outrage and disgust just 16 days after Saddam was executed in an unruly scene that has drawn worldwide criticism.

Government spokesman Ali al-Dabbagh stressed that all laws and rules were respected during yesterday's hanging of Ibrahim, the former intelligence chief, and Awad Hamed al-Bandar, head of Iraq's Revolutionary Court.

"Those present signed documents pledging not to violate the rules or otherwise face legal penalties. All the people present abided by the government's rule, and there were no violations," he said. "No one shouted slogans or said anything that would taint the execution. None of those charged were insulted."

An official government video of the side-by-side hanging that was shown to a small group of reporters showed Ibrahim and al-Bandar wearing red prison jumpsuits. As they reached the gallows, black hoods were put on their heads and five masked men surrounded them.

The silent video showed the trap doors opening. Al-Bandar could be seen dangling from the rope, while Ibrahim's body in a blur fell to the floor, chest down, his still-hooded severed head resting several yards away.

The government played the video for the reporters apparently to allay any suspicions that Ibrahim's body was mutilated after death.

"We will not release the video, but we want to show the truth," Mr. al-Dabbagh said. "The Iraqi government acted in a neutral way."

Many Shi'ites celebrated the hangings but Sunnis denounced them as a partisan act of revenge and European governments expressed disgust at the beheading, the result of miscalculating the proper length of rope for a man of Ibrahim's weight.

Secretary of State Condoleezza Rice said at a press conference in Egypt that the executions had been mishandled, as was that of Saddam.

"We were disappointed there was not greater dignity given to the accused under these circumstances," she said.

The execution was conducted on the same gallows where Saddam was hanged Dec. 30 in a building located in the Shi'ite neighborhood of Kazimiyah.

Prosecutor Jaafar al-Moussawi said Ibrahim looked tense when he was brought into the room and said, "I did not do anything. It was all the work of Fadel al-Barrak." Ibrahim was referring to a former head of two intelligence departments.

The government came under widespread condemnation because of Saddam's chaotic execution, in which video of the hanging, recorded on a cell-phone camera, showed him being taunted on the gallows.

Ibrahim and al-Bandar had been found guilty along with Saddam in the killing of 148 Shi'ite Muslims after a 1982 assassination attempt on the former leader in the town of Dujail, north of Baghdad.

The bodies were taken after the 3 a.m. hanging to Saddam's hometown of Ouja, near Tikrit, 80 miles north of Baghdad, for burial, and residents fired their weapons into the air intensively, according to Iraqi tradition.

Mr. al-Dabbagh said the gallows were built to international standards and in accordance with human rights organizations.

But Param-Preet Singh, counsel for the international justice program at Human Rights Watch, said she was not aware of any internationally recognized standards for hanging.

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"Under no circumstances can an execution be in accordance with human rights standards," she said. "There's a move away from executions in general ... which shows there are no international standards."

Town Honors Executed Former Hussein Aides (LAT)

By Borzou Daragahi

The Los Angeles Times, January 16, 2007

BAGHDAD — Angry crowds in the Iraqi town of Tikrit fired weapons in the air and chanted "God is great!" on Monday as they received the flag-draped bodies of two former aides to Saddam Hussein who were hanged early in the day.

Barzan Ibrahim Hasan and Awad Hamed Bandar were executed for their roles in killing scores of Shiite Muslim villagers in the 1980s. The hanging ripped off the head of Hasan, Hussein's half brother and a fellow native of Tikrit.

Hasan had served as chief of Iraq's feared intelligence service, while Bandar was in charge of the Revolutionary Court that sentenced 148 villagers to death after a 1982 assassination attempt against Hussein.

The former Iraqi president was taunted by some of those present at his execution Dec. 30, a scene captured on an unauthorized cellphone camera and distributed. The images heightened sectarian tensions between Shiite Muslims and his fellow Sunni Arabs.

Some worried Hasan's beheading could ruffle sensibilities in a Muslim society that reveres the sanctity of corpses. But Iraqi officials described the separation of head and body as a freak accident. Government spokesman Ali Dabbagh told reporters that a doctor present at the executions signed an affidavit attesting to the unintended nature of the beheading.

Still, an official videotape of the hangings shown to Iraqi journalists did not depict the entire execution, and some voiced doubts.

"It is really rare," said Omar Abdul-Sattar, a physician and Sunni member of Iraq's parliament. "I am a doctor and I would not believe such a thing could happen unless the rope is too short or the defendant weighs 400 or 500 pounds."

*

'The head was not there'

Prosecutor Jaafar Mousawi, who witnessed Monday's executions, said the men were side by side and hooded when the executioner released a wooden platform and sent them to their deaths.

"I saw Barzan lying on his stomach, but the head was not there," he said during an interview with Al Arabiya, a satellite news channel. "Then I saw the head lying near a corner."

Shiites in Dujayl, the town targeted after the 1982 assassination attempt, rejoiced Monday at news of the hangings. The once-lush agricultural center with fruit orchards and canals was bulldozed and transformed into an impoverished backwater by Hussein's regime.

"People started distributing candies and visit each other for congratulations," said Mohammed Zubaidi, the town's mayor. "The happiness at the execution of Barzan was more than Saddam. He was directly in charge of what happened in the town at that time."

But many Sunnis denounced the executions as another provocation by the Shiite-dominated government against their community. In Tikrit, the two former aides were hailed as martyrs.

"God has honored them and made them heroes for us and for every honorable Iraqi and Muslim Arabs," said Sabah Khalil, a Tikrit resident attending the funeral of the two men, who were buried side by side near the site where Hussein was laid to rest. "They are being celebrated like grooms on their wedding nights."

Human rights activists said the death penalty rules of the Iraqi High Tribunal fell far short of worldwide norms.

"Under the international covenant of political rights, anyone sentenced to death has the right to seek commutation," said Richard Dicker of Human Rights Watch, a New York advocacy group. "The IHT statute explicitly prohibits commutation."

Little outrage

But despite angry chanting by some of the two defendants' fellow tribesmen, the hangings spurred little of the outrage that followed Hussein's execution.

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"The people convicted represented numbers in the file but the most important number is Saddam," said Abdul-Sattar, the Sunni physician. "No one else could be important after his execution."

U.S. Ambassador Zalmay Khalilzad, at the end of a news conference, brushed away a reporter's question about Monday's hangings. "It's an Iraqi process, Iraqi decision, an Iraqi execution," he said as he left the podium and exited the room.

Execution Of Saddam Accomplices Goes Awry (MCT)

By Leila Fadel

McClatchy Newspapers, January 16, 2007

BAGHDAD, Iraq - Two weeks after hooting Shiite Muslim guards marred the execution of Saddam Hussein, the Iraqi government's effort to execute two former officials of his regime with more dignity went awry on Monday when one of the men was decapitated by the noose.

Barzan Ibrahim al-Tikriti, Saddam's once terrifying leader of intelligence, and Awad Hamad al-Bandar, the head of Saddam's revolutionary court, were hanged shortly before dawn. The two men, like Saddam, had been convicted of murder in the deaths of 148 men from the Shiite town of Dujail. A videotape of their execution was later played for reporters.

Bandar shook with fear and wept as men in ski masks tightened the noose around his neck. He repeated the creed of Islam, "There is no god but God and Muhammad is his messenger," even from beneath the darkness of the black hood that was put over his head. Tikriti remained defiant, denying his guilt.

When the trapdoor fell from beneath them, Bandar's body dangled at the end of the twisting rope. But Tikriti's head was ripped from his body, which plunged unhindered to the floor, its head coming to rest a few feet away, still in its black execution hood.

"I came close and looked down and it was so strange," said Jaafar al-Moussawi, the chief prosecutor in the case and a witness to the execution. "We couldn't comprehend it. Barzan's body was lying on his stomach, his head was in the hood, and blood was everywhere."

Bassam Ridha, a spokesman for Prime Minister Nouri al-Maliki, said the decapitation was an "act of God." Ridha said officials hadn't weighed Tikriti to determine how much slack to leave in the rope, a standard practice in hanging to ensure that the neck is broken, but not severed.

Still, he defended the executions. "There were no mistakes this time," he said. "It was almost ideal."

The video wasn't released to the public, and no audio was available to reporters. Ridha said officials suppressed the sound to protect the identities of the people in the room.

Last month, the Iraqi government came under fire from human rights groups and Sunni Arabs across the region after a surreptitiously recorded cell-phone video revealed that witnesses to Saddam's execution had taunted him and chanted "Muqtada, Muqtada, Muqtada" moments before he was executed. The scene fueled charges that the Maliki government is loyal to anti-American Shiite cleric Muqtada al-Sadr, whose Mahdi Army militia is suspected of killing hundreds of Sunni men.

Secretary of State Condoleezza Rice, when asked about the executions during a stop in Luxor, Egypt, expressed dismay and said the hangings "shouldn't have happened" in the manner that they did.

"We were disappointed that there was not greater dignity given to the accused under these circumstances," she said. "It did not reflect well on the Iraqi government that it came out that way."

U.S. troops transferred the two men's bodies to officials in Salah ad Din province. The bodies, wrapped in Iraqi flags, were then taken to the town of Awja, where they were quickly buried, said Ridha Muthana, a spokesman for the Salah ad Din province. He said they were buried near Saddam at the request of Saddam's daughter Regah.

Hundreds of people gathered at the cemetery Monday evening as women sobbed and men fired guns into the air.

Some yelled out, "There is no need for shooting all these bullets. ... We need them to defeat our enemy in Iran and their hands in Iraq."

Women also cried, "The Shiites beheaded him, the Shiites beheaded him."

Government spokesmen said they would welcome neutral observers to future executions. "We would like that some human rights groups attend," government spokesman Ali al-Dabbagh said.

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Rice Vilifies Handling Of Iraq Hangings (AP)

By Anne Gearan

AP, January 16, 2007

Secretary of State Condoleezza Rice said Monday that executions of Saddam Hussein and two others were mishandled and said she hoped that those responsible for making cell phone videos of Saddam's execution will be punished.

Two top aides to the former Iraqi dictator were hanged before dawn Monday, and the head of one of them — Saddam's half brother Barzan Ibrahim — was severed from his body during the execution, a government official said.

"We were disappointed there was not greater dignity given to the accused under these circumstances," Rice said during a news conference with her Egyptian counterpart.

She said passions are running high in Iraq following the overthrow of Saddam's Sunni-led rule, but she did not excuse the Shiite-led, U.S.-backed government that has taken his place.

"That shouldn't have happened and it did not reflect well on the Iraqi government that it came out that way," Rice said.

Iraqi government spokesman Ali al-Dabbagh stressed that all laws and rules were respected during Monday's hangings.

Rice also said the executions were Iraqi government decisions, not those of the United States.

"Let me just say that the decision concerning the execution of Saddam Hussein and the two defendants today were made according to Iraqi process and Iraqi law," she said.

Barzan Ibrahim, Saddam's half brother and former intelligence chief, and Awad Hamed al-Bandar, head of Iraq's Revolutionary Court, had been found guilty along with Saddam in the killing of 148 Shiite Muslims after a 1982 assassination attempt on the former leader in the town of Dujail, north of Baghdad.

Saddam's Dec. 30 execution drew international outrage over the way his hanging was carried out after a clandestine video, recorded on a cell phone camera, was leaked, showing the former dictator being taunted on the gallows. A second leaked video showed Saddam's corpse, with a gaping neck wound.

"I hope that those who are responsible for the way that came out will be indeed punished," Rice said.

Iraqi Prime Minister Nouri al-Maliki has ordered his Interior Ministry to investigate the first video, and authorities have arrested the person believed to have made that recording.

President Bush said he saw part of the Internet-aired video of the execution and, like Rice, said he thought it could have been handled better.

In an interview on CBS's "60 Minutes," Bush said he got no particular satisfaction from seeing Saddam hang. "I'm not a revengeful person," he said.

CONFLICT IN IRAQ Iraq Refugee Crisis Exploding 40% Of Middle Class Believed To Have Fled Crumbling Nation (SFC)

By Carolyn Lochhead, Chronicle Washington Bureau

San Francisco Chronicle, January 16, 2007

(01-16) 04:00 PST Washington -- Iraq is in the throes of the largest refugee crisis in the Middle East since the Palestinian exodus from Israel in 1948, a mass flight out of and within the country that is ravaging basic services and commerce, swamping neighboring nations with nearly 2 million refugees and building intense pressure for emigration to Europe and the United States, according to the United Nations and refugee experts.

The U.N. High Commissioner for Refugees, which appealed for $60 million in emergency aid last week, believes 1.7 million Iraqis are displaced inside Iraq, whose prewar population was 21 million. About 50,000 Iraqis are fleeing inside Iraq each month, the United Nations said, and 500,000 have been displaced since last February's bombing of a Shiite shrine in Samarra. These figures are as of January 2007.

The Bush administration and the governments of Jordan and Syria, the nations that accept the bulk of the refugees, have been reluctant to acknowledge the humanitarian crisis, experts said.

"I think everyone at this point is in denial about the human consequences of the war," said Kathleen Newland, director of the Migration Policy Institute, who is familiar with the State Department's views.

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Sen. Edward Kennedy, D-Mass., has scheduled a hearing today to push for more aid and more U.S. admissions of refugees, especially those facing death threats for working for the U.S. military.

At Kennedy's hearing, the State Department is expected to call for a slight increase in Iraqi admissions to the United States. Just 220 Iraqis were admitted last year, most of them not from the war. The Department of Homeland Security worries that it would be difficult to screen out terrorists.

"I would suspect that the Department of Homeland Security would regard it as a complete security nightmare," Newland said.

Kristele Younes, an advocate at Refugees International, said the refugee problem is growing rapidly.

"At the moment, we're seeing up to 80,000 to 100,000 that are being displaced every month," inside and outside the country, she said. "In Syria alone, there are estimations that there's about 40,000 Iraqis that are coming every month."

Roughly 40 percent of Iraq's middle class is believed to have fled, the U.N. said. Most are fleeing systematic persecution and have no desire to return.

All kinds of people, from university professors to bakers, have been targeted by militias, insurgents and criminals. An estimated 331 school teachers were slain in the first four months of last year, according to Human Rights Watch, and at least 2,000 Iraqi doctors have been killed and 250 kidnapped since the 2003 U.S. invasion. Business owners are especially prone to extortion.

The flight has undermined basic services such as water and sanitation and disrupted commerce, making it increasingly difficult for Iraqi society to function, officials said.

Iraqi Christians were an early target after the 2003 invasion; after the February bombing, Shiite militias began taking revenge on Sunnis. Violence is rising in southern Iraq between rival Shiite factions. Refugees International said many people are targeted for "un-Islamic" dress or behavior.

Iraqis who work for the U.S. government or any Western group, such as nongovernmental organizations and the news media, are especially vulnerable.

"People are targeted in extremely direct ways -- kidnapping, killings, rapes," Younes said. "Every single family we interviewed had gone through such an ordeal, and the tribal system in Iraq is such that revenge is carried out generation to generation, so they feel ... return to Iraq would be tantamount to a death sentence."

While the Bush administration is hastily devising new reconstruction plans for Iraq, refugee advocates say the country most needs emergency humanitarian aid for the most vulnerable, including orphans and women.

U.S. officials have "wanted to keep the impression that they were being successful and that there were Iraqis who were committed to building democracy," said Bill Frelick, refugee policy director at Human Rights Watch and author of an extensive report on the situation. "As it turns out, many of the people who are fleeing are fleeing because of their associations with the United States."

Syria and Jordan, for their part, may want to avoid being formally saddled with refugees who have special international status.

Newland said Syria and Jordan consider the refugees tourists or illegal immigrants, "which sort of implies that the problem will go away or that they would be perfectly within their rights to kick people out."

Jordan, a U.S. ally, has long accepted Arab refugees, and so has Syria's pan-Arabist dictatorship. The fear now is that both may close their borders. Pressure on Jordan, a country of just 6 million, is intense, with Iraqi refugees now accounting for 10 percent of its population -- the equivalent of 30 million landing on U.S. shores. Jordan began restricting entry after Iraqis bombed three hotels in Amman in 2005.

Many Iraqis are also living in Egypt and Lebanon. Iran, Saudi Arabia and Kuwait have barred Iraqis.

"There's just no way a small country like Jordan can, unaided, absorb hundreds of thousands of Iraqi refugees," Newland said.

Despite terrorism concerns, some predict the United States eventually will admit several hundred thousand Iraqi refugees, as it has after most military conflicts.

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"Is it going to be one of the unintended consequences of our invasion and occupation of Iraq that we may end up taking hundreds of thousands of Iraqi refugees in this country?" said James Hollifield, an expert in international migration and director of the Tower Center for Political Studies at Southern Methodist University. "I think there's a high probability of that, which is what we saw after Vietnam."

When the South Vietnamese government collapsed, the United States initially accepted 130,000 Vietnamese, including 65,000 fearing their lives because of their collaboration with Americans. Many conferences later, 1.4 million Vietnamese, Cambodians and Laotians had been admitted, according to U.S. Citizenship and Immigration Services.

Smaller admissions of refugees and those claiming asylum followed the conflict in Nicaragua in the 1980s, two Cuban crises in the 1960s and 1980s, the 1979 Iranian revolution, the Gulf War in the 1990s and the failed 1956 Hungarian revolution. The United States is the largest refugee host in the world, admitting 2.66 million since 1976.

"The reality is that refuge flows are really tied to foreign policy," said David Reimers, a historian emeritus at New York University. "It's perfectly possible that we could wind up with a couple hundred thousand Iraqi refugees.

"The parallel to me would be after Vietnam War," Reimers said. "There was a frantic number of Vietnamese who wanted to get out, and we were caught unawares; 130,000 or so climbed aircraft and helicopters," some on their own, some evacuated by the U.S. military. Many more followed, and Thailand was soon swamped. Thailand said it could not handle the flows and was not responsible for them. The initial U.S. evacuation soon became, said Citizenship and Immigration Services, "one of the longest running migration and refugee resettlement programs in the modern era."

"Whether it was guilt feelings or a moral imperative, we began to resettle them," Reimers said.

U.S. refugee policy has long been an ad hoc affair, Hollifield said. "We sort of make it up as we go along ... The fact is, refugee policy is a function of foreign policy, but also a function of our humanitarian instincts. It is in fact a very messy business."

Most Iraqi refugees are determined to be resettled to Europe or North America, advocates say. Life in the host countries has become more difficult, they report. Resentment is growing, and most Iraqis are not legally permitted to work.

Resettlement abroad is considered a last resort on humanitarian and foreign policy grounds. Countries in conflict eventually need their people to take part in their own national struggles, some believe. "If we take all the most educated and bright people from Haiti, Haiti's going to sink into the abyss," Hollifield said the thinking goes.

For now, refugee organizations are calling for increased U.S. aid to Jordan and even, through back channels, to Syria.

Some contend large-scale resettlement to the United States is unlikely because of anti-immigration sentiment and fear of terrorism.

"Islamophobia may be too strong a word, but there is suspicion at least of Muslims from the Middle East, and at this stage -- though this could change -- I think people in this country don't see the United States as being the main cause of the refugee flows," Newland said. "I would guess they see it more as result of Iraqi-on-Iraqi violence."

Despite anti-war sentiment, Newland said, "we have not seen as much of an outpouring of sympathy for the innocent victims of this war from Americans, as we did in the aftermath of that terrible photograph of the little girl on fire with napalm (in Vietnam.) Nothing seems to have quite seized the imagination of the American public about Iraqi civilian victims of war in quite that way. Maybe we're just in the early stages. "

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Former Iraqi Translator Tells Of Threats (AP)

By Larry Margasak

AP, January 16, 2007

A former Iraqi translator for the U.S. military says his life was saved when he was granted a special visa to live in the United States, a status made available to only 50 Afghan and Iraqi nationals annually who served in the same capacity.

The 27-year-old Sunni Arab, set to appear before the Senate Judiciary Committee on Tuesday, says he was threatened by enraged fellow students at his college, survived a car bombing and learned his name was listed on the doors of mosques calling for his death.

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The former translator, who will not use his real name, and a second witness who held a similar job were to testify behind screens to protect their identities.

Sen. Edward M. Kennedy, D-Mass., has argued for an increase in the number of translator visas. Only the translators themselves count toward the 50-visa limit, but their spouses and children may be able to join them in this country after the visa is issued.

Kennedy, who will head the committee's subcommittee on refugees, said an estimated 1.8 million Iraqis have fled their country since the U.S.-led invasion. The hearing will focus on those who were affiliated with the U.S. government.

"The desperate situation in Iraq has created hundreds of thousands of refugees who are virtually unknown to the rest of the world," Kennedy said in a statement. "We can't continue to ignore their plight."

In his prepared testimony, the translator said that when he was attending Mosul University in October 2003, he escorted a U.S. soldier to the campus.

"I was assaulted and threatened with violence," the translator said. "After the incident, the dean with whom I had discussed the U.S. soldier's visit turned on me and threatened to expel me."

The Iraqi had to leave the school, but later returned for his degree. That incident, however, was only the beginning of the threats.

"My life was in jeopardy," he said, when he translated discussions between U.S. forces and the Mosul police chief, who later was arrested for working with terrorists.

Once his name was listed on the doors of mosques, the translator said, he could no longer attend prayer services.

He became an outcast in his Mosul neighborhood, where "some individuals I have known all my life branded me a traitor and made death threats against me."

The translator resigned his position in 2004, but returned to Iraq the next year to earn his degree. In November 2005, he was seriously injured in a car bombing that singed off his eyebrows. He believes he was targeted.

He arrived in the United States that month on a temporary visitor visa. By March of this year, he had free legal help from a major law firm.

The translator was advised in June that he had become the first to be granted the special visa, which was part of the National Defense Authorization Act for 2006.

Iraqi Refugees Find Sanctuary, And Fellow Iraqis, In Sweden (NYT)

By Ivar Ekman

The New York Times, January 16, 2007

SODERTALJE, Sweden — Former residents of Baghdad living in this calm Swedish town know why they left. “Iraq is finished,” said Taghreed Ewas, 34, a chemical engineer who fled last year after she received several death threats and narrowly escaped a kidnapping.

As they flee the mayhem of their homeland, Iraqis have swarmed into neighboring countries in the Middle East by the hundreds of thousands. But they are also increasingly coming to Europe, especially Sweden, one indication of how the war in Iraq is now beginning to have serious consequences for countries far beyond its borders.

Last year, 8,951 Iraqis applied for asylum in Sweden, up from 2,330 in 2005. Of those, almost 3,000 arrived in November and December. Those choosing this relatively small country of nine million people represent nearly half of the Iraqi refugees arriving in Europe and surpass by far the number admitted to the United States each year.

“We don’t use words like flood, but it’s clear that it’s a very large increase,” said Krister Isaksson, a forecast analyst at the Swedish Migration Board. “We see no reasons why it would slow down. Instead we believe it might continue to increase.”

Ms. Ewas, who fled with the help of smugglers through northern Iraq and Turkey, leaving much of her family behind, has little hope of returning to Iraq. “Every day there is worse than the day before,” she said at an immigrant reception center here.

The mass exodus of Iraqis spawned by the deteriorating security situation at home is having the most extreme effect on Iraq’s neighbors. The United Nations refugee agency estimates that 500,000 to 1 million displaced Iraqis are in Syria; up to 700,000 in Jordan; 20,000 to 80,000 in Egypt; and up to 40,000 in Lebanon.

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But the agency has begun warning that the crisis is spreading beyond the Middle East. In late December, it issued an advisory to governments recommending that asylum seekers from southern and central Iraq "be favorably considered as refugees under the 1951 Refugee Convention."

"People have been optimistic, hoping that the situation would get better," said Paal Aarsaether, the agency's spokesman for the Nordic countries. "But now the international community has realized that this has to be dealt with."

Sweden's relatively liberal asylum laws and immigration regulations have made it by far the most attractive destination in Europe for Iraqi refugees, Ms. Isaksson said. Of the 16,261 Iraqis who applied for asylum in Western Europe from January to November last year, about 45 percent came to Sweden. In November, when 1,413 arrived here, only 13 applied in France, 65 in Denmark and 230 in Germany.

"We give Iraqis residence permits to an extent that isn't done in the rest of Europe," Ms. Isaksson said. Unlike countries that require language knowledge or economic guarantees, she said, citing Denmark and the Netherlands, "we don't put many demands on immigrants."

Another factor is that more than 80,000 Iraqis already live in Sweden, forming the country's second largest immigrant group, after Finns. Many refugees come because they have relatives here.

Sodertalje, a scenic industrial town about 20 miles southwest of Stockholm, is home not just to the truckmaker Scania, which has its main factory here, but also to a thriving and growing population of Iraqis, most of them Christians. Ms. Ewas chose Sodertalje because her brother lives here.

The rapid increase in Iraqi immigrants is having an impact on the communities where they settle. At Sodertalje's immigrant reception center, a converted factory building where refugees and other immigrants come to register with the local authorities, the situation borders on chaotic, said Catharina Helling, the center's director.

"We are feeling the strain," Ms. Helling said, noting that the center's staff has increased to 25 from 8 a year ago. She said that the municipality is having problems recruiting Swedish-language teachers. In December, 131 new immigrants registered at the center, all of them Iraqis.

"This doesn't happen without pain," Ms. Helling said.

Those who arrive also increasingly bring memories of truly harrowing experiences from the chaos in Iraq. The center has hired two staff members to give the refugees counseling, but Ms. Helling admits that this is not enough given the help and understanding many Iraqi refugees need.

One woman who stopped in at the center this week was Nooralhuda, 63, who arrived in Sodertalje in late 2005. She declined to give her last name because, she said, she is still "living in fear." She left Baghdad after her daughter and three young granddaughters were kidnapped. A few days after their disappearance she was attacked in her home, but survived, and her neighbors persuaded her to flee. She now lives with her son and his family here in Sodertalje.

Nooralhuda said she had not given up hope that her daughter and granddaughters might turn up alive. She often calls her neighbors to ask if they have heard something, she said.

"For Iraq, there is no hope," she said. "For me, my wish is that I get word that my daughter and granddaughters are alive, and that I can help them to come here, to Sweden."

Why They Fight -- From Within (WP)

By Linton Weeks

The Washington Post, January 16, 2007

NORFOLK, Jan. 15 -- For Jonathan Hutto and David Rogers, life has become something of a surreality show. The two Navy men, comrades in arms, are waging a war against a war.

Working from within, Hutto, Rogers and others have established AppealforRedress.org , a Web site that enables active-duty, reserve and National Guard troops to appeal directly to Congress to withdraw military personnel from Iraq. On Monday, the group held its coming-out news conference in Norfolk, announcing that more than 1,000 people have signed appeals. On Tuesday, the pleas will be presented to Rep. Dennis J. Kucinich (D-Ohio) on Capitol Hill.

All of this comes at a time when President Bush is sending even more troops to war.

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"Just because you joined the military doesn't mean your constitutional rights are suspended," said Hutto, a petty officer third class and 1999 Howard University graduate. "True patriotism is having a questioning attitude about the government."

Redress in this situation means relief, he said. "Relief from this war."

Hutto, 29, works in communications on an aircraft carrier. Rogers, 34, is quartermaster on a frigate. They've been friends since boot camp three years ago. Neither has served in Iraq. But they say 60 percent of the signers have served in the war. The signers are not lawbreakers, deserters or conscientious objectors, Hutto says. They believe in obeying orders.

Some, however, are reticent to appear in public. Organizers estimated that about two dozen active-duty members showed up at the Norfolk event, in a church near the naval base here. They were expecting 50. Hutto pointed out that many of the signers do not live in the Norfolk area.

The Appeal for Redress group has its critics. "The military's job is to carry out and implement foreign policy, not influence it," said Wade Zirkle, the executive director of Vets for Freedom. "That's what separates our country from military dictatorships. That's why we don't have military coups and military people running our country."

For military folks to appeal for redress "is un-American in principle," Zirkle said, and he pointed out that some of the organizers haven't even been to Iraq. A first lieutenant in the Marines, Zirkle served two tours there and was injured by a car bomb.

In between fielding phone calls and hanging banners for the rally, Hutto and Rogers paused for a moment in a downtown park on Sunday. A memorial to Martin Luther King Jr. loomed in the sunny distance. Both men wore Martin Luther King Jr. pins.

The idea for the within-the-ranks antiwar group came after Hutto read "Soldiers in Revolt: GI Resistance During the Vietnam War" by David Cortright. Hutto showed the book to Rogers. They invited Cortright to come to Norfolk.

"I was so impressed by the seriousness of the discussion," said Cortright, who teaches peace studies at the University of Notre Dame. He said it takes guts for active military members to speak out. "But they do it respectfully."

A specialist 4 during Vietnam, Cortright said there were hundreds of active-military antiwar groups by 1970. "They published underground newspapers, ran coffeehouses, organized demonstrations and protests," he said. He recalled that in 1969, a petition signed by more than 1,300 active-duty military people -- calling for a national protest against the Vietnam War -- ran in the New York Times.

A widely circulated appeal for redress is a new wrinkle made possible by the Internet. The plea is simply stated. Here is the nut: I respectfully urge my political leaders in Congress to support the prompt withdrawal of all American military forces and bases from Iraq. Staying in Iraq will not work and is not worth the price. The site is also sponsored by Iraq Veterans Against the War, Veterans for Peace and Military Families Speak Out.

Hutto launched the Web site in October. Signers include:

Kevin Torres, 23, from Brooklyn, a sergeant in the 101st Airborne who has served two tours in Iraq. "I felt like with our being there, we were making more enemies," he said. "The people hated us. They wanted us out of the city."

And Liam Madden, 22, a Marine sergeant from Vermont. He spent seven months on the ground in Iraq. "I saw Iraq struggling to get on its feet and failing to do so -- despite the best efforts of American military," he said. "I have nothing against the military or my experience. It's the policy I oppose."

Though Madden was braced for some sort of retribution, formal or informal, after he went public with his opposition to the war, "it never came," he said. "I give credit to my chain of command. After all, the appeal for redress is legal."

Madden helped to launch the site last fall. A portion is devoted to the rights and responsibilities of people in military service. A Defense Department directive allows members of the military to send a protected communication to a member of Congress on any matter without blowback.

Kucinich will meet today with representatives of the group to receive the appeals for redress and present them to House Speaker Nancy Pelosi (D-Calif.).

"I think it's important for the troops to have a vehicle by which they can address Congress," Kucinich, a vociferous opponent of the war, said in a phone interview. "We need to hear from them."

He said warriors have the right to question their mission and not be like the cavalry in Alfred, Lord Tennyson's poem "The Charge of the Light Brigade": Theirs not to reason why /Theirs but to do and die.

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Hutto and Rogers are aware that the Navy could become more directly involved if the United States turns its attention toward Iran. "I would go, with serious questions," Hutto said. "And with a bit of sorrow."

And, he said, "I would go because I'm in solidarity with the men and women I serve with."

Rogers agreed, though he said the whole affair -- being an antiwar warrior -- reminds him of the novel "Catch-22."

Neither sailor will be in Washington on Tuesday for the presentation of the appeals. Following previous orders, they both are headed to sea.

On Day Honoring Pacifist, Troops Join In Dissent Of War (VAPILOT)

By Louis Hansen, The Virginian-pilot

Hampton Roads Virginian-Pilot, January 16, 2007

NORFOLK - On Monday morning, Seaman Javier Capella traded his blue jacket for blue jeans. He also traded his role as a Navy photojournalist to speak out against the Iraq war.

"Somehow this madness must cease. We must stop now," Capella recited from a speech given by the Rev. Martin Luther King Jr. in April 1967. "The initiative to stop it must be ours."

About 10 active-duty servicemen were joined for a rally by about 75 peace activists and disillusioned veterans at the Unitarian Church of Norfolk in Ghent.

The rally highlighted efforts by active-duty service members to persuade Congress to stop an unpopular war. The group counts about 1,030 signatures from active-duty service members, ranging from the recently enlisted to veteran officers.

The United States has 2.6 million active-duty service members.

The movement, called An Appeal for Redress, began in October and seeks to persuade Congress to support the prompt withdrawal of U.S. forces from Iraq.

"Staying in Iraq will not work and is not worth the price," the appeal reads. "It is time for U.S. troops to come home."

Federal law allows active-duty soldiers, sailors and Marines to express their opinions to their members of Congress. About 10 service members attended the event in civilian clothes.

Several service members are scheduled to travel to the Capitol today and meet with U.S. Rep. Dennis Kucinich, an Ohio Democrat. Service members will present the petition to the congressman. Kucinich is the only member of Congress to accept a meeting with the service members so far.

Other members of Congress will receive the names, ranks, and service branches of constituents who have signed the online petition.

Jonathan Hutto, a petty officer third class aboard the carrier Theodore Roosevelt, co-founded the movement. Hutto urged the audience to separate dissent from disloyalty. "The truth must be told," he said.

During the hour-long rally at the waterside chapel, echoes of 1960s protests resonated everywhere: in the Vietnam War patches worn by veterans, the long gray hair of the protesters, and the quotations from King's anti-war speeches.

David Cortright, a University of Notre Dame professor and author of the book "Soldiers in Revolt," told the audience that the efforts during the Vietnam and Iraq wars have strong connections.

"This is not an anti-military movement," he said. "It's a profoundly patriotic movement."

Petty Officer 2nd Class David Rogers, 34, joined the Navy three years ago, after the invasion of Iraq. Rogers disagreed with the invasion but did not believe it would interfere with his responsibilities as a sailor aboard the frigate Hawes.

"In any job you have, you have to make compromises," Rogers said. But as the war continued, he said, "It's hard to make this compromise."

Capella, 36, joined the Navy two years ago to forge a career as a photojournalist. He's proud of his service aboard the Roosevelt, but he opposes the war. He realizes his opinion may be unpopular in the service, and has kept it mostly to himself, he said.

During a six-month deployment, Capella read a book about the soldiers' protests in Vietnam.

"It kind of opened my eyes," he said. "History is repeating itself."

Pakistan Will Close Four Camps To Foil Afghan Terror (WT)

By Bill Gertz

The Washington Times, January 16, 2007

Pakistan's government will close four refugee camps near its border with Afghanistan to help prevent Afghan insurgents from gunrunning and seeking safe haven in the country, Islamabad's ambassador to the United States said yesterday.

Mahmud Ali Durrani said the residents of two of the camps will soon be sent back to Afghanistan as part of a new program to better control the 1,550-mile shared border.

Agreement on the plan was reached Sunday with national and local leaders in what Pakistan calls the Federally Administered Tribal Areas and the Baluchistan section of the country, Mr. Durrani said at a meeting with editors and reporters at The Washington Times.

"We had seen some level of activity [and so] we thought we need to strengthen our systems," he said. "It is a porous border; it is a very difficult border."

About 20,000 Pakistanis and Afghans cross the border in both directions every day, making it difficult to weed out insurgents who come to Pakistan for medical treatment or a respite from the fighting in Afghanistan.

The four refugee camps hold tens of thousands of the 3 million refugees in the country. Two will be closed around March and the other two later, the ambassador said, adding that arrangements would first be made to receive the refugees in Afghanistan.

In the meantime, Mr. Durrani said, his government will beef up security around the camps, a measure that he said was welcomed by most of the refugees.

Other security measures agreed to Sunday include adding to the 938 border posts strung out through the mountainous region, increasing intelligence activities and tightening central government control over parts of Baluchistan. The government will go ahead with previously announced plans to fence parts of the border.

"We have wanted to do this for a long time," Mr. Durrani said, noting that the refugee camp closure was delayed by the United Nations because of a lack of funds, and that many refugees opposed being returned.

"But after this recent spate of criticism that has come toward Pakistan, we got fed up. We said, 'If this is the problem, then let's remove it.' "

Pakistan has about 70,000 troops in the border region and says Afghanistan's weak central government is not doing enough to secure the border against terrorist activity. Kabul, however, accuses Pakistan of inadequate efforts to seal the border.

Army Lt. Gen. Michael Maples, director of the Defense Intelligence Agency, said in written testimony to the Senate Select Committee on Intelligence last week, "Afghanistan's relations with Pakistan are strained due to continued Taliban reliance on safe haven in Pakistan."

Gen. Maples also said an agreement reached in September between Pakistan's government and tribes in North Waziristan is not being honored. "Al Qaeda's network may exploit the agreement for increased freedom of movement and operation," the general said.

Early today, Pakistani troops destroyed three suspected al Qaeda hide-outs near the Afghan border, killing several fighters, the army said.

The military carried out the operation in the South Waziristan tribal region after receiving information that 25 to 30 al Qaeda members were hiding there, said army spokesman Maj. Gen. Shaukat Sultan.

Mr. Durrani said Pakistan's government has no sympathy for al Qaeda or the ousted Taliban regime. "They are our sworn enemy," he said.

He reiterated Islamabad's objection to statements made last week by Director of National Intelligence John D. Negroponte that Pakistan, while a key ally in the war on terrorism, was being used as a "secure hide-out" by al Qaeda leaders.

Mr. Negroponte's statements "grossly exaggerated" the level of al Qaeda activity in Pakistan, Mr. Durrani said.

Asked about the U.S. debate on pulling out troops from Iraq, Mr. Durrani said any "abrupt" pullout would be "dangerous."

"I think it would be devastating to pull out abruptly," he said. "I think it would be equivalent to having just exploded a little bomb in Iraq and then walked away. I don't think you can afford to do that."

He said U.S. forces should be withdrawn over several years.

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In an earlier interview, Mr. Durrani said he was angered by reports from the United Nations and NATO that Pakistan was not doing enough to stop Islamic extremists.

"I think Pakistan had done everything that is possible. If there is a genuine feeling that Pakistan has to do X, Y and Z, then we will talk it out," he said.

Chris Alexander, the deputy U.N. representative in Afghanistan, said recently that Taliban leaders identified by the United Nations in 1999 were still active in the region, including Pakistan.

The leaders, he said in Kabul, "continue to organize, plan and carry out terrorist activities in this country and in this region." Some of those key players "were in Pakistan for at least a part of 2006," Mr. Alexander said.

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Lam's Ouster Concerns Lawmakers (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 16, 2007

Senators to seek answers about U.S. attorneys' exits

A national political storm is brewing over the departures of several top prosecutors, including San Diego U.S. Attorney Carol Lam.

Lam has not commented since reports surfaced last week that she was asked to resign as the chief federal law enforcement officer in San Diego.

Sources told The San Diego Union-Tribune that superiors in the Justice Department are unhappy with decreased prosecutions for gun and immigration violations.

Lam, a political independent, was appointed by President Bush in 2002.

In recent months, at least four other U.S. attorneys have announced their departures, two of them confirming that they've been asked to resign.

With reports yesterday that the Department of Justice has demanded the resignation of another top prosecutor, in Las Vegas, Attorney General Alberto Gonzales is scheduled this week to answer questions from skeptical senators.

Democratic lawmakers have criticized the recent departures from the ranks of top federal prosecutors as worrisome.

“We have no idea why this is happening,” Sen. Dianne Feinstein, a California Democrat, said in a statement last week. “The attorney general could have a legitimate reason for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations.”

A Feinstein spokesman yesterday declined to comment on the situation in San Diego.

Typically, the nation's 93 U.S. attorneys are appointed by the president and confirmed by the Senate, but a provision in last year's Patriot Act allows the attorney general to make interim appointments with indefinite terms.

Feinstein and other senators introduced legislation that would return the power to appoint interim U.S. attorneys to federal judges.

Gonzales is scheduled to testify Thursday before the Senate Judiciary Committee, of which Feinstein is a member.

Both U.S. senators from Nevada said this weekend that U.S. Attorney Daniel Bogden had been asked to step down, according to a report published yesterday in the Las Vegas Review-Journal.

Bogden's spokeswoman wasn't available yesterday, a federal holiday. When asked about her boss' future last week, she told the Union-Tribune “I can't comment on that right now.”

Meanwhile, H.E. “Bud” Cummins, the former U.S. Attorney in Little Rock, Ark., said this weekend that he was, asked to leave his job so the Bush administration could fill it with a political appointee.

Cummins said he had planned to leave the post anyway, so was not troubled by the request.

Arkansas' senators, both Democrats, criticized the appointment of Tim Griffin, a former White House lawyer who also worked for the Republican National Committee, as Cummins' successor.

Outgoing New Mexico U.S. Attorney David Iglesias also said he was asked to resign, but without explanation.

Other U.S. Attorneys who recently announced they are leaving include John McKay in Seattle and Paul Charlton in Phoenix. Neither has said he was pushed out; McKay said he would "be returning to the private sector" while Charlton said he was leaving to join a law firm.

Lam's replacement will say a lot about why she was asked to leave, said former San Diego U.S. Attorney Peter Nuñez.

"If they drag in somebody nobody's ever heard of from D.C. or somebody's cousin or some rich guy's nephew, that will tell you more about what happened than anything else," he said.

U.S. Attorney Vacancies Spark Concerns (WSJ)

By EVAN PEREZ And SCOT J. PALTROW

Wall Street Journal, January 16, 2007

WASHINGTON -- As the Bush administration enters its last two years, a number of U.S. attorneys are departing, causing concern that some high-profile prosecutions may suffer.

As many as seven U.S. attorneys, including prosecutor Kevin V. Ryan, whose San Francisco office is overseeing the investigation of backdating of stock options, are leaving or being pushed out. Others include Carol Lam of San Diego, Daniel Bogden of Nevada, David Iglesias of New Mexico, Paul Charlton of Arizona and John McKay of Seattle. Ms. Lam and Messrs. Ryan and Bogden haven't officially announced their departures.

Democrats claim the administration is using a little-noticed clause in the Patriot Act to circumvent Senate confirmation for some of the interim replacements who otherwise might not be able to win confirmation. Senate Judiciary Committee Chairman Sen. Patrick Leahy (D., Vt.) and Sen. Dianne Feinstein (D., Calif.) are pushing legislation to undo a 2006 Patriot Act amendment that for the first time gave the attorney general, rather than local federal courts, authority to appoint interim U.S. attorneys. The administration said it needed to be able to do that to ensure no disruption in prosecuting terrorism suspects.

The proposed legislation would restore to the federal courts authority to make the interim appointments.

There is no fixed term for U.S. attorneys. Instead, they typically are appointed at the beginning of a new president's term, and serve throughout that term. If the president is re-elected, they continue to serve, unless of course they decide for some reason that they want to leave.

Lawmakers plan to question Attorney General Alberto Gonzales about the turnover at a Judiciary Committee hearing Thursday. Justice officials say the U.S. attorney changes are normal and that at any one time it is common to have eight to 15 vacancies. Former Justice Department officials, however, say it is unusual for such a large number of U.S. attorneys to leave at one time.

Brian Roehrkasse, a Justice Department spokesman, said that interim appointments aren't "in any way an attempt to circumvent the confirmation process." He added that the administration's record since last year's Patriot Act amendment "demonstrates we are committed to working with the Senate to nominate candidates for U.S. Attorney positions."

The Justice Department counts 11 vacancies since March 2006. The administration has nominated candidates to fill four of those and is interviewing candidates to fill seven others, officials said. Several departing prosecutors have left for new, and often higher-paying, private-sector jobs.

The departure that started the uproar is that of Bud Cummins in Little Rock, Ark., whose replacement, Timothy Griffin, is a former political official in the Bush White House and the Republican National Committee. Mr. Cummins, in an interview, said a top Justice official asked for his resignation in June, saying the White House wanted to give another person the opportunity to serve.

The departure of Mr. Ryan, who faced some internal criticism for his office operations, is less surprising. He gained a high profile because of the Balco steroids case and the options-backdating cases and in recent months began discussing stepping down.

The Justice Department's request that Ms. Lam step down was first reported last week by the San Diego Union-Tribune. A spokeswoman for Ms. Lam declined to comment on the matter. One possible reason cited for asking Ms. Lam to leave is a decline in her office's prosecutions of routine narcotics and smuggling cases. Ms. Lam instead has made white-collar criminal

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cases a priority and won the guilty plea in 2005 of former Republican Congressman Randy "Duke" Cunningham, who was sentenced to more than eight years in prison for soliciting $2.4 million in bribes.

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Nevada U.S. Attorney Given Walking Papers (LVRJ)

By Francis Mccabe, REVIEW-JOURNAL

Las Vegas Review-Journal, January 16, 2007

The Bush administration has forced Daniel Bogden out of his position as U.S. attorney for the District of Nevada, Nevada's two senators said Sunday.

It was unclear whether Bogden was fired or asked to resign and for what reason. Exactly when it all happened also was unknown Sunday. Repeated attempts to contact Bogden and his office were unsuccessful. The Review-Journal's phone calls to his spokeswoman, Natalie Collins, were not returned by Sunday night.

Advertisement

Sen. John Ensign, R-Nev., had recommended Bogden, a longtime prosecutor in Reno, to the Bush administration in April 2001. On Sunday, Ensign said Nevada owes a debt of gratitude to Bogden. "His priorities, to prevent terrorism and prosecute violent and drug crimes, have made our communities and families safer," Ensign said.

But a source inside the Nevada U.S. attorney's office said Bogden was seen as indecisive, secretive and insular. Morale in the Southern Nevada office was low and that was partly Bogden's fault and partly the result of inadequate staffing and funding from the Justice Department, the source said.

The Nevada U.S. attorney's office also had at least three major setbacks in Las Vegas last year.

In mid-October, the federal racketeering case against about 40 Hells Angels members unraveled. They had been charged in connection with the motorcycle group's deadly melee with their rivals, the Mongols, inside Harrah's casino in Laughlin during the 2002 Laughlin River Run. In the end, only six Hells Angels faced reduced charges, and charges against the remaining bikers were dismissed.

In February, U.S. District Judge James Mahan threw out a $14 million securities fraud case against Las Vegas attorneys Daniel Chapman and Sean Flanagan and New York attorney Herbert Jacobi after an assistant U.S. attorney failed to produce more than 600 pages of documents.

Also in February, U.S. District Judge Robert Jones dismissed charges against Dr. R.D. Prabhu, a politically active Las Vegas pulmonologist. Prosecutors had alleged that Prabhu had submitted false Medicare claims. He had faced a potential penalty of $22 million.

But Bogden's office also has scored victories at the federal courthouse in downtown Las Vegas, including the convictions of former Clark County commissioners Mary Kincaid-Chauncey and Dario Herrera. They were indicted in 2003 on charges of accepting bribes from Michael Galardi, who was then the owner of strip clubs. Kincaid-Chauncey and Herrera were convicted in May and checked into federal prisons last week.

Bogden is not the only U.S. attorney targeted by the Bush administration.

In San Diego, U.S. Attorney Carol Lam, who prosecuted a public corruption case involving Galardi and former Clark County commissioner Lance Malone in California, was asked to resign in recent weeks, according to the San Diego Union-Tribune. Lam, a 2002 Bush appointee, reportedly was targeted because she failed to make smuggling and gun cases a top priority, according to the Union-Tribune.

Another example is New Mexico U.S. Attorney David Iglesias, who was asked to resign near the end of 2006 and agreed to do so.

"I asked (why) and wasn't given any answers," Iglesias told the Union-Tribune. "I ultimately am OK with that. We all take these jobs knowing we serve at the pleasure of the president."

Some Democratic members of Congress are questioning the motives behind the moves because they have discovered, to their chagrin, that a provision of the Patriot Act allows the U.S. attorney general to make interim appointments that have no time limits and do not have to be confirmed by the Senate.

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"The attorney general could have legitimate reasons for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations," Sen. Dianne Feinstein, D-Calif., has said.

Feinstein, along with Sen. Patrick Leahy, D-Vt., and Sen. Mark Pryor, D-Ark., already have introduced legislation to change that portion of the Patriot Act.

A spokesman for Senate Majority Leader Harry Reid said the Nevada Democrat agrees that the law needs to be amended.

In December, Pryor and Sen. Blanche Lincoln, D-Ark., protested the appointment of Tim Griffin as interim U.S. attorney for the Eastern District of Arkansas. Griffin was White House deputy director of political affairs under Karl Rove and also served as head of opposition research for the Republican National Committee.

Pryor said Griffin should have to face a Senate confirmation vote.

"Arkansas has learned firsthand the unintended consequence of a little-known provision in the Patriot Act," Pryor said. "Unfortunately, the spirit and intent in which this provision was constructed has been abused and needs to be corrected."

During the 2006 reauthorization of the Patriot Act a provision was added that bolstered the attorney general's power regarding appointment of replacement U.S. attorneys. In the past, the attorney general had limited authority only to make interim appointments that were valid only for a limited time.

A Justice Department spokesman told the Union-Tribune that the department is not trying to avoid the Senate confirmation process.

"In every case, it is a goal of this administration to have a U.S. attorney that is confirmed by the Senate," spokesman Brian Roehrkasse said. "It is wrong for a member of Congress to believe that this is in any way an attempt to circumvent the confirmation process."

Of 11 U.S. attorney vacancies since the attorney general gained the authority to make the appointments in March, the Bush administration has nominated four people and interviewed seven others, all of whom are expected to complete the confirmation process, according to the Justice Department.

Review-Journal writer Molly Ball and the Stephens Washington Bureau contributed to this report.

Politicizing Prosecutors (NYT)

The New York Times, January 15, 2007

The Bush administration has appointed an extreme political partisan as the new United States attorney for Arkansas. Normally, the Senate would have vetted him, and quite possibly blocked his appointment. But the White House took advantage of a little-noticed provision of the Patriot Act, which allows it to do an end run around the Senate.

It is particularly dangerous to put United States attorneys' offices in the hands of political operatives because federal prosecutors have extraordinary power to issue subpoenas and bring criminal charges. The Senate should fix the law and investigate whether such offices in Arkansas and elsewhere are being politicized.

H. E. Bud Cummins, the respected United States attorney in Little Rock, recently left office. He has been replaced on an interim basis by J. Timothy Griffin, who has a thin legal record but a résumé that includes working for Karl Rove and heading up opposition research for the Republican National Committee. Senator Mark Pryor, Democrat of Arkansas, wanted to raise concerns about Mr. Griffin's appointment as part of the confirmation process. But he couldn't because there was no confirmation process.

Mr. Pryor, Senator Dianne Feinstein, Democrat of California, and Senator Patrick Leahy, Democrat of Vermont, have accused the Bush administration of "pushing out U.S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation." The San Diego Union-Tribune has reported that San Diego's United States attorney was asked to resign, and that even some of her opponents "said the supposed reasons she is being forced out are perplexing."

There could be unsavory political reasons for putting a party operative in charge of federal criminal investigations in Little Rock, which has been home to two possible presidential candidates, Hillary Clinton and former Gov. Mike Huckabee. But it is not necessary to leap to extravagant conclusions. United States attorneys are so powerful that their impartiality must be beyond question. One way to ensure that is to require them to submit to questions from the Senate, and face a confirmation vote.

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Senators Feinstein, Leahy and Pryor have a bill to change the method for selecting interim United States attorneys back to what it once was: the federal district court in the jurisdiction would make the appointment. Congress should pass that bill, and take a hard look at how vacancies are being filled. There might not be fire where the senators see smoke. But Congress should not take any chances.

CORPORATE SCANDALS:

H-P Leak Probe Brings Guilty Plea (WSJ)

By REX CRUM And PETER WALDMAN

Wall Street Journal, January 15, 2007

An investigator linked to the Hewlett-Packard Co. boardroom-spying scandal has pleaded guilty to federal charges and is offering to cooperate with a U.S. investigation of the case.

Bryan Wagner, 29 years old, of Littleton, Colorado, on Friday entered the plea before Judge Jeremy Fogel in the U.S. District Court for the Northern District of California, in San Jose. Mr. Wagner, the first to be targeted by the U.S. Justice Department in the scandal, admits being one of the outside investigators involved in the leak probe at Palo Alto, California-based H-P.

The investigators obtained private phone records of company directors, reporters and others to help determine the source of boardroom leaks. Patricia Dunn resigned as H-P chairman because of her role in the probe, which was disclosed in September and has also prompted charges that participants violated California laws.

Steven Naralti, Mr. Wagner's attorney, said his client dealt with intermediaries and never communicated directly with H-P officials. But he said Mr. Wagner can provide important evidence for prosecutors.

Federal prosecutors said Mr. Wagner pleaded guilty to a charge alleging that conspirators, using email accounts, established online telephone service accounts that allowed them to access phone records. Specifically, Mr. Wagner admitted establishing an online account using the Social Security number of a Wall Street Journal reporter to fraudulently access the reporter's personal telephone records.

The charges against Mr. Wagner include one count of conspiracy, which comes with a maximum penalty of five years in prison and a $250,000 fine, and one count of aiding and abetting aggravated identity theft, which comes with a mandatory minimum sentence of two years in prison and another $250,000 fine. He pleaded guilty to both counts in a plea agreement that was filed under seal, according to the U.S. Attorney's office in San Francisco.

Mr. Wagner worked as a subcontractor for Action Research Group of Melbourne, Florida, which itself was hired by Boston-based Security Outsourcing Solutions. Matthew Depante, of Action Research, and Security Outsourcing's Ronald DeLia face four felony charges related to the H-P scandal in California state superior court. Messrs. Depante and DeLia each have pleaded not guilty.

Also facing state charges are Ms. Dunn, and former H-P ethics officer Kevin Hunsaker. Ms. Dunn and Mr. Hunsaker each have pleaded not guilty.

Write to Rex Crum at rex.crum@dowjones.com and Peter Waldman at peter.waldman@wsj.com

U.S. Gets Aid Of Detective In H-P Case (WSJ)

By REX CRUM And PETER WALDMAN

Wall Street Journal, January 16, 2007

An investigator linked to the Hewlett-Packard Co. boardroom spying scandal has offered to cooperate with the Justice Department in its probe involving others in the case, the investigator's lawyer said.

Bryan Wagner, of Littleton, Colo., who entered a guilty plea in connection with the H-P case last week, dealt with intermediaries while working as an investigator for the company and never communicated directly with H-P officials, according to his lawyer, Steven Naralti. Mr. Naralti said Mr. Wagner still can provide important evidence for federal prosecutors, who the attorney said are trying to prosecute other people involved in higher levels of the leak investigation.

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The outside investigators obtained private phone records of company directors, reporters and others to help determine the source of leaks from the H-P boardroom. Patricia Dunn resigned as H-P chairman because of her role in the probe, which was disclosed in September and has prompted charges that participants violated California laws.

Mr. Naralti said Mr. Wagner, the first to be targeted by federal prosecutors in the scandal, believes his client can help prove Social Security numbers that were used by investigators in obtaining phone records were provided by H-P employees. Mr. Wagner is accused of using a reporter's Social Security number to obtain private information about that reporter.

The charges against Mr. Wagner include one count of conspiracy, which comes with a maximum penalty of five years in prison and a $250,000 fine, and one count of aiding and abetting aggravated identity theft, which comes with a mandatory minimum sentence of two years in prison and another $250,000 fine.

Write to Rex Crum at rex.crum@dowjones.com and Peter Waldman at peter.waldman@wsj.com

CRIMINAL LAW:

Libby Trial Starts This Week Under Dimmer Spotlight (USAT)

By Bill Nichols, Usa Today

USA Today, January 15, 2007

WASHINGTON — The perjury and obstruction trial of former White House aide Lewis "Scooter" Libby opens Tuesday amid diminished expectations for bombshells from a case that once dominated Washington headlines.

Save for the expected testimony of Vice President Cheney — a first for a sitting vice president in a criminal case, according to presidential historians — the case against Cheney's former chief of staff has lost some of its appeal. "It's going to disappear into the back pages of the newspaper, with the front pages devoted to Bush's new buildup in Iraq," says Paul Light, a presidential historian at New York University.

Libby, 56, is charged with lying to investigators and prosecutors about what he told reporters about former CIA operative Valerie Plame. Libby has pleaded not guilty.

Plame's identity was leaked to reporters around the same time her husband, former ambassador Joseph Wilson, publicly criticized intelligence used by the White House before the Iraq war.

Special prosecutor Patrick Fitzgerald launched an investigation in December 2003, months after Plame's name and covert status were first revealed in a syndicated newspaper column by conservative columnist Robert Novak.

Former secretary of State Richard Armitage subsequently acknowledged being Novak's source. He said naming Plame was inadvertent. White House deputy chief of staff Karl Rove also talked about Plame to reporters. Neither man was charged.

Libby is one of the highest-ranking Bush White House officials to be tried, and Cheney's expected testimony has become the case's centerpiece, vice presidential historian Timothy Walch says.

"This is unprecedented," said Walch, executive director of the Herbert Hoover Presidential Library. "I think that in part the case is enhanced by the authority and power and prestige that Vice President Cheney brings to his office."

In an interview on Fox News Sunday, Cheney would not say whether he would testify in open court or via videotape.

Cheney described Libby as "one of the finest individuals I've ever known."

Asked whether Libby is honest, the vice president replied, "I believe he's one of the more honest men I know. He's a good man. And I obviously appreciate very much his service on my staff over the years and have very high regard for him and his family."

Cheney's role is crucial for both the defense and prosecution.

Libby has contended he forgot details of his conversations with reporters about Plame because he was so busy with crucial national security matters.

"The defense will try to use (Cheney) to show that there was so much distraction at the time, that they were so busy that whatever (Libby) may have said to the grand jury was a lapse of memory," said Carl Tobias, a law professor at the University of Richmond.

The prosecution plans to show that Libby and the rest of Cheney's office were heavily involved in an effort to discredit Wilson, Tobias said.

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The defense's decision to call Cheney will open up possibilities for Fitzgerald in cross-examination. "Who knows where the questions will go," Tobias said.

Libby has long been one of Cheney's key advisers, having worked with him when Cheney was Defense secretary during the administration of the first President Bush. When Cheney became vice president, Libby served as his national security adviser and his chief of staff.

Lawyers for the defense and prosecution could not be reached for comment.

Jury selection is likely to last two or three days. Experts say that despite the publicity surrounding the case, U.S. District Judge Reggie Walton will be able to seat a jury with relative ease.

"News cascades in on you so quickly," said Frank Tuerkheimer, a former federal prosecutor and law professor at the University of Wisconsin. "Most people will remember very little, and what little they do remember will be eclipsed by what they hear at the trial."

Contributing: Wire reports

Trial Is Set To Begin For Former Cheney Adviser (NYT)

By Neil A. Lewis

The New York Times, January 16, 2007

WASHINGTON, Jan. 14 — I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, will go on trial on Tuesday, nearly three years after a C.I.A. operative's name appeared in a newspaper column, setting off a major investigation of who leaked the name and why.

But neither Mr. Libby nor anyone else has been charged with disclosing the name, which might have violated a federal law protecting the identities of Central Intelligence Agency officers. Instead, he faces five felony counts that he lied to a grand jury and the F.B.I. agents investigating the leak.

The situation of Mr. Libby, who once worked at the highest reaches of government power in Washington and now faces the possibility of a long jail sentence, is a vivid example of what has become a contemporary capital cliché: "It's not the crime but the cover-up" that often leads to legal problems for officials in high-profile investigations. The perjury and obstruction of justice charges against Mr. Libby stem not from the leak but from his behavior in the leak investigation.

The trial, expected to last at least a month, may serve as a stage for such intriguing issues as how the administration dealt with critics before going to war in Iraq, the changed relationship between journalists and senior government officials, and the always vexing question about the wisdom of using an independent prosecutor to investigate crimes in an administration.

Among the trial's highlights will be a likely appearance from Mr. Cheney, in what historians believe would be the first time a sitting vice president has testified in a criminal trial. Mr. Cheney would testify for the defense. He is expected to praise Mr. Libby as a public servant and attempt to clothe many of his actions in official vice presidential approval.

In an interview on "Fox News Sunday," Mr. Cheney called Mr. Libby "one of the finest individuals I've ever known." Pressed about his former aide's honesty, Mr. Cheney replied, "I believe he's one of the more honest men I know."

Whatever the nature of Mr. Cheney's remarks, if he testifies, the very fact of his appearance would underscore how the trial has created a deeply uncomfortable moment for the White House. It is a problem not only because a former official faces serious charges, but also because the subject is connected closely with how the administration may have used flawed intelligence about Iraq to justify going to war.

Mr. Libby is charged with lying to a grand jury and the F.B.I. agents investigating the leak of the name of the C.I.A. officer, Valerie Wilson, who was known by her maiden name, Valerie Plame. Her name first appeared in a July 14, 2003, column by Robert D. Novak, saying that she worked at the C.I.A. and was married to Joseph C. Wilson IV, a former ambassador. Only days earlier, Mr. Wilson had written an article that was published on the Op-Ed page of The New York Times, charging that the administration twisted intelligence to build a case to invade Iraq.

Patrick J. Fitzgerald, the top federal prosecutor in Chicago, was assigned to investigate whether anyone violated a federal law that prohibits the disclosure of the names of C.I.A. officers, and whether Ms. Wilson's name was leaked in an effort to discredit Mr. Wilson.

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Mr. Libby told the grand jury and the Federal Bureau of Investigation that he had not disclosed information about Ms. Wilson to any journalists. But Judith Miller, then a reporter for The New York Times, and Matthew Cooper of Time magazine told the grand jury that Mr. Libby had indeed spoken to them about Ms. Wilson.

Mr. Libby also testified that he learned of Ms. Wilson's identity from a third journalist, Tim Russert of NBC News, but Mr. Russert is expected to testify that that is false. Prosecutors have said that Mr. Libby learned of Ms. Wilson's identity from administration officials including Mr. Cheney.

Looming over the proceedings is speculation that Mr. Libby would be a plausible if not likely recipient of a presidential pardon if convicted.

Away from the wide-angle political drama, the trial will have its own legal script. Court filings and hearings leading to trial have built two views of the case.

The prosecution view goes something like this:

The only issue that should matter to the jury is whether Mr. Libby lied as charged. To avoid the possibility that he could be charged with violating the law that prohibits disclosing C.I.A. officers' names, he decided to lie about his conversations with reporters about Ms. Plame.

Mr. Libby "had strong reason to believe" that the reporters would successfully resist testifying and that the leak investigation would end inconclusively, as so many others had. He concocted the idea that he had learned of Ms. Wilson's identity from Mr. Russert because he thought Mr. Russert would not testify and contradict him.

The defense case goes like this:

Mr. Libby may never even have mentioned Ms. Wilson's name to Mr. Cooper and Ms. Miller, whose testimony to the contrary may be the result of their remembering their conversations incorrectly. But even if he did talk about her and later deny it, it was an innocent case of remembering inaccurately what was a trivial matter compared with his agenda in the summer of 2003.

In addition to his chief of staff duties, Mr. Libby dealt with issues of vast importance as Mr. Cheney's national security adviser. To demonstrate that, defense lawyers are hoping to present the jury with a picture of Mr. Libby's workaday world, a complicated, fast-moving place in which an issue like naming Ms. Wilson was relatively insignificant.

The judge in the case, Reggie M. Walton of Federal District Court in Washington, has so far weighed in on the side of the government in narrowing the issues to whether Mr. Libby's statements to investigators and the grand jury violated the law.

The trial is also notable for its roster of celebrity witnesses. In addition to Mr. Cheney and Mr. Russert, host of "Meet the Press," Bob Woodward of The Washington Post may testify.

Mr. Woodward has acknowledged that although he did not write about it, he learned the identity of Ms. Wilson in 2003 from the man who turned out to be the source for Mr. Novak.

That source was Richard L. Armitage, a former deputy secretary of state, who acknowledged publicly last August that he had told Mr. Fitzgerald he was the original source.

That disclosure raised questions among Mr. Libby's defenders and others about why Mr. Fitzgerald chose to prolong the investigation when he knew as early as October 2003 that Mr. Armitage was the leaker, and that he had not violated any laws because of the circumstances in which he disclosed Ms. Wilson's name.

To those critics, Mr. Fitzgerald's investigation demonstrated the same problems as those conducted by independent counsels in previous cases who, unchecked by normal constraints, often proceeded until they could charge someone with a "process" crime like perjury.

At Libby Trial, Power Players Face Uncomfortable Spotlight (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, January 15, 2007

When Vice President Cheney's former chief of staff goes on trial Tuesday on charges of lying about the disclosure of a CIA officer's identity, members of Washington's government and media elite will be answering some embarrassing questions as well.

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I. Lewis "Scooter" Libby's case will put on display the secret strategizing of an administration that cherry-picked information to justify war in Iraq and reporters who traded freely in gossip and protected their own interests as they worked on one of the big Washington stories of 2003.

The estimated six-week trial will pit current and former Bush administration officials against one another and, if Cheney is called as expected, will mark the first time that a sitting vice president has testified in a criminal case. It also will force the media into painful territory, with as many as 10 journalists called to testify for or against an official who was, for some of them, a confidential source.

Besides Cheney, the trial is likely to feature government and media luminaries including NBC's Tim Russert, former White House spokesman Ari Fleischer, columnist Robert D. Novak and Washington Post Assistant Managing Editor Bob Woodward.

Special Counsel Patrick J. Fitzgerald's investigation into the leak of CIA officer Valerie Plame's identity became a popular spectator sport in Washington in the summer of 2004, when reporters were first ordered under threat of jail to reveal their anonymous sources in the administration. In October 2005, Libby was indicted on charges of perjuring himself before a grand jury, making false statements to investigators and obstruction of justice (though he was not one of the leakers to Novak, who first disclosed Plame's identity).

U.S. v. Libby boils down to two drastically different versions of the same events in the spring and summer of 2003. The government alleges that Libby was involved in a concerted White House effort to discredit Plame's husband, former U.S. ambassador Joseph C. Wilson IV, who had publicly accused the Bush administration of twisting information he provided on Iraq's nuclear weapons program. Wilson led a CIA-sponsored mission to Niger a year earlier and found no grounds for claims that Iraq was trying to obtain uranium there.

Eight days after Wilson went public with his claims, Plame's identity as a CIA officer appeared in Novak's column.

The defense says that neither Libby nor the White House sought to retaliate against Wilson and that Libby misspoke to investigators looking into the disclosure because he was overwhelmed by a crush of national security and other matters. He has said he had no motive to lie about the details or timing of conversations he had with reporters.

The case has largely played out in below-the-radar court hearings as prosecutors and defense lawyers have mapped the boundaries of the trial. Despite speculation at cocktail parties and in law-firm lunchrooms that Bush would pardon Libby to avoid the spectacle of a trial, the date has arrived.

Presiding U.S. District Judge Reggie B. Walton and lawyers for both sides will begin selecting 12 jurors along with alternates Tuesday. It is not expected to be an easy task, given the heavy publicity and the involvement of two institutions -- the government and the news media -- low in the public's esteem. Preparing for strong feelings from some D.C. residents, Walton has assembled 100 prospective jurors and has a pool of 100 more standing by.

Walton has also girded for intense media coverage, last week issuing unusually strict orders that bar attorneys from commenting publicly during the trial.

Fitzgerald's probe focused on a tense time in Washington, starting in May 2003, when the administration sought to defend its invasion of Iraq even as U.S. troops failed to find weapons of mass destruction, which the administration had cited as one of the main reasons for deposing Saddam Hussein. That month, reporters began writing about anonymous accusations from Wilson that Bush had sold the war to the American public using intelligence Wilson had found to be groundless. Wilson went public with his accusations during the first week of July.

On July 14, Novak published a column identifying Wilson's wife, Plame, as a CIA employee who helped arrange her husband's trip to investigate the Iraq claim. He cited two administration sources.

The government alleges that before Novak's column appeared, Libby set out to discredit and silence Wilson after Cheney shared his irritation about Wilson's claims and Plame's role at the CIA. Libby asked State Department and CIA officials for more information about Wilson's mission and Plame, prosecutors say, then shared Plame's role with a New York Times reporter, Judith Miller. At the time, Miller was trying to defend her own reporting, which had asserted evidence that Iraq had weapons of mass destruction.

"It is hard to conceive of what evidence there could be that would disprove the existence of White House efforts to 'punish' Wilson," Fitzgerald wrote in a court filing last year.

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Later, when a leak investigation was opened, prosecutors allege that Libby lied to FBI agents, telling them that he had learned about Plame from Russert in a telephone call on July 10 or 11 and that he had passed along that information as unconfirmed gossip to two other reporters.

The plainspoken Russert will be a star government witness. He has told Fitzgerald that Libby fabricated parts of a conversation with him. He has said that when he spoke with Libby in mid-July, Plame never came up as Libby complained that MSNBC host Chris Matthews had an antiwar slant.

Russert has said he did not know about Plame until he read Novak's column. A source familiar with the case says his version will be corroborated by testimony from NBC News's former president, Neal Shapiro. Russert told Shapiro about Libby's complaint soon after the call, the source said, saying nothing about Plame.

Miller also will be a key, if hostile, government witness. She chose to go to jail for 85 days rather than reveal her conversations with Libby. After details of her reporting methods were revealed in Fitzgerald's probe, she was assailed by media critics and eventually left the Times.

Another crucial set of witnesses is the eight people who worked in the administration with Libby, who collectively describe him as meticulous about details and keen to obtain and spread information about Wilson and Plame before his July 10 call to Russert.

Randall D. Eliason, a former chief of public corruption cases in the U.S. Attorney's Office, said the evidence appears to make it difficult for Libby to claim forgetfulness. "You have the vice president cutting out a section of the newspaper, circling it and saying, 'Let's find out about this.' You don't rise to the level of being the vice president's chief of staff by letting that kind of thing slip your mind."

The defense contends that Libby forgot how he learned Plame's identity and misspoke when questioned twice by the FBI and twice by a grand jury about his conversations with reporters. He insists that there was no cabal to "get" Wilson and that Cheney wanted him only to rebut what he saw as inaccuracies by Wilson. That Novak first learned about Plame from Richard L. Armitage, then deputy secretary of state and a skeptic of the war, proves there was no conspiracy, the defense maintains.

"Mr. Libby will counter by showing that when he spoke to the FBI and the grand jury, he knew that he was not a source for the public disclosure of Ms. Wilson's employment," his defense lawyers wrote in a recent filing.

Libby's attorneys have said they plan to call Cheney as a witness, presumably to help establish that Libby was indeed engulfed by national security matters and had no motive to lie. It is a bold move, because Cheney would be questioned by prosecutors. Lawyers around town say they would pay for a seat in court when Fitzgerald, one of the best trial prosecutors in the country, cross-examines the vice president, a sharp-tongued debater.

Another key witness for the defense will be Woodward, who after the bulk of the probe was over told Fitzgerald that, a month before Novak's column appeared, he learned of Plame's CIA role from an offhand comment Armitage made while Woodward was interviewing him for a book. He has said he interviewed Libby soon thereafter and cannot rule out the possibility that he talked to Libby about Plame's identity.

That could buttress Libby's claim that Plame's identity was already known by reporters, so there was no reason for him to lie about discussing it with them.

Woodward apologized in November 2005 for not telling his editor about the crucial information, saying he did not want to be drawn into a case in which some colleagues had been threatened with jail for protecting their sources.

Charles Tobin, who heads the media law practice for Holland & Knight, said that the case already has had serious consequences for journalists by forcing them to reveal their sources and that it will continue to hurt newsgathering.

"There's certainly going to be a hesitation among sources as they see this trial unfold and watch what happens with Libby," Tobin said. "Will they have conversations with reporters if they think those conversations can be used to prosecute them?"

Politics At Forefront In Libby Trial (AP)

By Matt Apuzzo

AP, January 16, 2007

DOJ_NMG_0116290

Potential jurors in the perjury trial of former White House aide I. Lewis "Scooter" Libby likely will be asked their opinions of the Bush administration, political scandals and the Iraq war Tuesday, foreshadowing the political tenor of a lengthy trial.

Libby is accused of lying to investigators about his conversations with reporters regarding outed CIA officer Valerie Plame. Plame's identity was leaked to reporters in 2003 after her husband criticized the Bush administration's prewar intelligence on Iraq.

The leak touched off a political firestorm and an FBI investigation that Libby is accused of obstructing.

Attorneys for both sides recognize the politics behind the case and have proposed questions for jurors about their views on government, politics and the media.

The answers will be critical for Libby, a Republican who served as an adviser to President Bush and chief of staff to Vice President Dick Cheney. The jury is being drawn from a city where Democrats outnumber Republicans more than nine to one.

"What is your political party preference? Democrat, Republican, Independent or other?" defense attorneys wrote on their list of proposed jury questions.

"Please describe any feelings you have about Vice President Cheney," they also asked.

U.S. District Judge Reggie Walton has not released his final list of questions but has indicated that such political questions are needed to select a fair jury.

Walton will put those questions to a group of about 60 potential jurors Tuesday. Each juror will then take the stand for follow-up questions from defense attorneys, prosecutors and the judge.

Special Prosecutor Patrick Fitzgerald's proposed list includes questions about what newspapers and magazines jurors read and where they get their news. Fitzgerald also wants to know whether their opinion of Libby's former job would make it hard for them to be fair.

Defense attorneys are even more pointed in their proposed questions. Among those on their list:

• "Based on what you know at this time, do you believe that the Administration misled the American people to justify going to war?"

• "Have you been following any of the recent political scandals involving Jack Abramoff, William Jefferson, Tom DeLay, Cynthia McKinney, or Mark Foley?"

• Do you have particularly strong feelings about the war in Iraq?

• Based on what you know at this time, do you believe that the administration misled the American people to justify going to war?

All jurors are routinely asked whether they have criminal records. In the Libby case, Walton has said the jurors will also undergo criminal background checks. Fitzgerald requested the background checks because, during his prosecution of former Illinois Gov. George Ryan, two jurors were replaced because they had police records. Defense attorneys are using that to challenge Ryan's conviction and Fitzgerald doesn't want to face the same problem in the Libby case.

Walton expects jury selection to take two to three days and has scheduled opening arguments to begin Monday. The trial is expected to last four to six weeks.

The trial should give the public glimpses of how Bush administration insiders responded to a high-level critic — former ambassador Joseph Wilson — who claimed the president and his closest advisers distorted intelligence and lies to push the nation into war with Iraq.

The case won't assess blame for the leak itself, however. Former Deputy Secretary of State Richard Armitage, who has acknowledged being the original leaker, has not been charged.

Libby plans to be his own star witness. He says he didn't lie to investigators. During the Plame scandal and the FBI investigation, he says he was dealing with terrorist threats, the war in Iraq and emerging nuclear programs in Iran, North Korea and Pakistan. He says those overshadowed the Plame issue and clouded his memory about how and when he learned Plame's identity.

Libby Trial To Open With Eye On Cheney (WT)

By Joseph Curl

DOJ_NMG_0116291

The Washington Times, January 16, 2007

A Chicago prosecutor charged with investigating the leak of a CIA operative's identity targeted senior White House adviser Karl Rove, casting a net so wide that journalists and legal analysts speculated it might ensnare Vice President Dick Cheney.

But all he got was Mr. Cheney's chief of staff.

Today, jury selection begins in the case against I. Lewis "Scooter" Libby, who faces perjury and obstruction of justice charges in the investigation of the leak of Valerie Plame's identity to reporters.

The trial is expected to include testimony by several high-profile journalists and Mr. Cheney, marking the first time a sitting vice president has testified at a criminal trial.

Opening arguments are scheduled for Monday.

Mr. Cheney, who has steadfastly defended his former aide, says he likely will testify in the case, but he did not say whether it will be in open court or via television.

Attorneys for Mr. Libby, 56, who faces 30 years in prison if convicted, say the identity of Mrs. Plame was not leaked to reporters as part of a high-level White House conspiracy to retaliate against her husband, former U.S. Ambassador Joseph C. Wilson IV, a critic of the Iraq war.

During preliminary arguments, defense attorneys have laid out their strategy: Mr. Libby, in his sworn testimony to prosecutors, could not recall details of his conversations with reporters because of far more pressing matters, including the war in Iraq, worldwide terrorist threats, and nuclear ambitions of Iran, North Korea and Pakistan.

The trial is the culmination of a saga that stretches back to July 2003, when Mr. Wilson accused Mr. Rove of outing his wife to punish him for an opinion piece he wrote for the New York Times. Mr. Wilson, who wrote that the administration had exaggerated the threat posed by Iraq to justify military intervention, demanded that the president's top political adviser be "frog-marched out of the White House."

Special prosecutor Patrick J. Fitzgerald has since spent more than $1.4 million on his investigation, which has not produced charges against anyone for exposing Mrs. Plame as a CIA employee.

In September, former Deputy Secretary of State Richard L. Armitage, who openly criticized the war, acknowledged that he had inadvertently divulged Mrs. Plame's identity. Mr. Armitage has not been charged.

The identity of Mrs. Plame was first made public by conservative columnist Robert Novak. Years later, after the investigation was complete and indictments handed up, Washington Post reporter Bob Woodward said he also was told of her identity in the weeks before the Novak column was published. "Meet the Press" host Tim Russert was also in the loop, but he said he and Mr. Libby never spoke of Mrs. Plame.

All three newsmen are expected to be called during the trial, which is expected to run at least a month.

The makeup of the jury will be crucial to Mr. Libby, but his attorneys have a difficult task: In Washington, Democrats outnumber Republicans 9-to-1. Defense attorneys plan to ask prospective jurors about their political affiliations, as well as their sentiment of Mr. Cheney, according to their list of proposed jury questions.

Mr. Fitzgerald plans to ask about 60 potential jurors what newspapers and magazines they read, among other questions.

U.S. District Judge Reggie Walton, a Republican who was one of Mr. Bush's first judicial nominees in 2001 and who served as deputy drug czar under the first President Bush, has made clear that he will limit arguments to facts and will not allow the proceedings to turn into a circus trial.

Political Theater Awaited At Libby Trial (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 16, 2007

WASHINGTON — By his own account, I. Lewis "Scooter" Libby was a very busy man on July 10, 2003.

That day, according to his calendar, he had a senior staff meeting; an intelligence briefing with his boss, Vice President Dick Cheney; a CIA briefing; and lunch with Cheney and then-House Speaker J. Dennis Hastert (R-Ill.).

He was reviewing more than a dozen terrorist threats and checking up on trouble spots around the globe, such as the ouster of Liberian president Charles Taylor and North Korea's escalating plans for developing nuclear weapons.

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Libby also had been busy talking with reporters about a CIA operative who was married to an emerging critic of the Bush administration's march to war in Iraq. On that day in July, he said he had one such conversation, with Tim Russert of NBC News.

Libby goes on trial in U.S. District Court here today, charged with lying to a grand jury about the conversations he had with Russert and other reporters and, in the process, obstructing a federal investigation.

His defense is a novel one: that he was so preoccupied with life-or-death affairs of state that it affected his ability to accurately recall events for federal investigators.

Prosecutors have a simpler explanation: He lied.

The "faulty memory defense," as U.S. District Judge Reggie B. Walton has called it, is just one intriguing aspect of what promises to be one of the most remarkable trials in Washington in years.

Expected to last six weeks, the trial is likely to provide a glimpse into how the White House responded to critics of its Iraq war policies. It will also include testimony from Cheney, marking the first time that a vice president has appeared in a criminal trial.

At a time when most high-profile Washington criminal defendants cop pleas to avoid the glare of the courtroom, the case should provide a rare display of political theater, a throwback to the days of Watergate and the Iran-Contra arms-for-hostages scandal, which played out in the same federal courthouse where Libby's fate will be decided.

The politically charged case against Libby may be the closest thing that critics of the Bush administration ever get to a public trial dealing with the justifications for the Iraq war.

While Walton has made it clear that he intends to keep the case narrowly focused on questions of whether Libby lied, legal experts say it may be difficult for the jury to leave behind their feelings about the war.

Libby helped make the case for invading Iraq. Cheney is one of the most polarizing figures in the administration, even among Republicans. And the 12 jurors who will be selected starting today will be drawn from a city where registered Democrats outnumber Republicans 10 to 1.

"In most cases, politics are irrelevant. But this case is political," said Carolyn Koch, a Fairfax, Va., jury consultant. "People are so inflamed about the war in Iraq, and here they have a target in front of them. It is an opportunity to vent some anger.

"If I were Scooter Libby, I would be concerned. That does not mean you are guaranteed to be convicted. But it means you have an uphill battle."

The trial is the culmination of a three-year investigation that began with a July 14, 2003, article by syndicated columnist Robert Novak.

Novak took on former envoy Joseph C. Wilson IV, who had just written an op-ed piece in the New York Times that cast doubt over Bush's assertion in his 2003 State of the Union address that Saddam Hussein was seeking to acquire weapons-grade uranium from Niger. The CIA had sent Wilson to Niger in February 2002 to evaluate reports of sales of nuclear material. Novak suggested in his column that the trip was based on nepotism. Citing administration sources, he wrote that Wilson's wife, Valerie Plame, worked at the CIA on weapons of mass destruction issues.

In December 2003, the Justice Department appointed U.S. Atty. Patrick J. Fitzgerald in Chicago as special counsel to investigate whether laws making it a crime to divulge the status of a covert operative were broken.

Fitzgerald turned up evidence that the White House was greatly concerned about Wilson, to the point that Bush declassified a national intelligence document to rebut claims the former envoy was making about Africa. The prosecutor also obtained evidence that other officials, including White House political director Karl Rove, had discussed Plame with journalists before her name was published.

But Fitzgerald never charged anyone with breaking the law that protects covert agents. And he continued to investigate even after learning early on who had leaked Plame's identity to Novak. That person, former Deputy Secretary of State Richard L. Armitage, was not charged. Fitzgerald has not said why, although it could be because the law can be used only against someone who knowingly discloses the name of a covert agent whose identity officials are actively trying to protect.

Libby was indicted in October 2005 on charges that he lied under oath about conversations with three reporters about Plame. In testimony, he had acknowledged talking with the reporters about Plame, but said he was passing along tips he had heard from other reporters, including Russert.

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But Russert has testified that he was not the source, and the other journalists have said it was Libby who told them about Plame. And Fitzgerald turned up evidence that Libby was assiduously gathering information about Wilson and Plame and learned her identity through a number of sources, including Cheney.

Fitzgerald has said that Libby's testimony set the investigation back months.

The government is expected to call the reporters, then-Time magazine White House correspondent Matthew Cooper, former New York Times reporter Judith Miller, and Russert. Others expected to testify for the prosecution include former White House Press Secretary Ari Fleischer, who, according to court documents, had a conversation over lunch where Libby told him about Plame but stressed that the information was "on the q.t."

Libby, who is represented by three major law firms and backed by a legal defense fund that has raised millions, is expected to call other journalists with whom he spoke during that period to show that he did not disclose information about Plame to them or that her identity had become widely known.

He is also expected to challenge the testimony of Cooper and Miller. Each had initially resisted cooperating with Fitzgerald in talking about conversations they had with Libby because they considered him a confidential source they wanted to protect. Miller spent 85 days in jail for contempt before cooperating.

But mainly, Libby is betting on what one lawyer calls his "busy man defense." Walton has said that Libby plans to use "a dizzying panoply" of information to make the point, including CIA-scrubbed summaries of classified information.

"The defendant anticipates using 'dots' on a PowerPoint presentation to show that during the time period critical to the indictment he was presented with several hundred other pieces of classified information," the judge said in an order last month. The defense is unusual because Libby is in essence admitting that he may not have told the truth, which lawyers said is a risky gambit in perjury cases, where defendants usually argue that what they said was technically true or that they were confused by the questions posed to them.

They said they could not recall another case where it had been tried in court, although it has been tried in the court of public opinion. In the 1980s, President Reagan denied trading weapons for hostages in the Iran-Contra affair, but later recanted when confronted with evidence that he did, citing a memory lapse.

Some experts said Libby runs the risk of appearing to believe he's above the law.

"A D.C. jury is quite likely to have its share of people with lower-level government jobs who don't take kindly to self-important claims that the press of business makes it unnecessary to focus on precisely what one says to government investigators and in the grand jury," said Daniel Richman, a former federal prosecutor who teaches criminal law at Fordham Law School.

But others said they could sympathize with Libby's claim.

"I think that people who have been around government will regard this … as not being a frivolous defense," said Stephen Saltzburg, a George Washington University law professor and former Justice Department official. "I can remember myself, there were days in the Justice Department you would be dealing with a different issue every 15 minutes. If someone asked me a week later … who I talked to a week earlier … I could easily have been wrong just because there was so much going on."

Jeffrey Frederick, a Charlottesville, Va., jury consultant, said the test for Fitzgerald would be showing that the conversations with journalists dealt with a subject that was so important that a reasonable person would have remembered it. That could be tough for Libby to overcome because the subject matter was the war and Wilson — whom the White House clearly had concerns about.

"We are not talking about whether you had tuna or sirloin on a Friday night," Frederick said.

Cheney Calls Ex-Aide Libby 'Honest' (AP)

AP, January 15, 2007

Vice President Dick Cheney called his former chief of staff, who goes on trial this week in the CIA leak case, "one of the more honest men I know" and said Sunday he expects to testify for the defense.

I. Lewis "Scooter" Libby faces charges of perjury and obstruction of an investigation into the leak of a CIA officer's identity to reporters.

Cheney would not say whether he would testify in open court or possibly via videotape.

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"I have indicated from the very beginning my wholehearted cooperation with the investigation and with whatever legal proceedings emerge out of that. And this will all unfold here in the very near future," he said.

Jury selection is to begin in Washington on Tuesday in a trial that should give the public glimpses of how Bush administration insiders responded to one high-level critic — former ambassador Joseph Wilson — who claimed the president and his closest advisers distorted intelligence and lied to push the nation into war with Iraq.

It will be the first time a sitting vice president has testified at a criminal trial, historians say.

Cheney described Libby as "one of the finest individuals I've ever known." Asked in a broadcast interview if Libby is honest, the vice president replied: "I believe he's one of the more honest men I know. He's a good man. And I obviously appreciate very much his service on my staff over the years and have very high regard for him and his family."

Libby's lawyers say the public disclosure of the identity of Wilson's wife, Valerie Plame, resulted not because of a grand conspiracy, but rather because of political infighting among the CIA, the White House and the State Department over intelligence failures on Iraq.

Libby plans to testify about the other things he had on his mind when Plame was outed and when the FBI questioned him. He says terrorist threats, Middle East tensions, the war in Iraq and emerging nuclear programs in Iran, North Korea and Pakistan overshadowed the Plame issue and clouded his memory about how and when he learned Plame's identity.

Libby's lawyers say they plan to call Cheney, who can bolster claims that Libby had more pressing things on his mind than Plame.

Wilson says the information about his wife was leaked on purpose as retaliation and was part of an effort to silence other critics in the intelligence world.

The special prosecutor, Patrick Fitzgerald, spent three years investigating that claim but filed no charges based on the leak itself. He says his work is done except for trying Libby, who resigned after being indicted in October 2005.

Given that Libby probably will be the only official charged in the leak investigation, Cheney said, "I have strong views on the subject. I am likely to be a witness in this trial. It would be inappropriate for me, at this point, shortly before the trial begins, to enter into a public dialogue ... about my views on this issue."

The vice president replied, "That's correct," when asked if nothing he had heard or read would shake his confidence in Libby's integrity.

NYC Has Three Capital Trials All At Once (AP)

By Tom Hays, Associated Press Writer

AP, January 15, 2007

NEW YORK (AP) - At one point last week, a cop killer, a notorious druglord and a defendant portrayed by prosecutors as a one-man crime wave were fighting for their lives in the same federal courthouse in Brooklyn in an unusual confluence of three death penalty trials under one roof.

A fourth capital trial involving a triple-murder defendant has opened in Manhattan federal court as well.

"It's totally unprecedented to have two, let alone four cases going on at one time in one city," said Kevin McNally, a death penalty expert.

Death penalty opponents have complained that starting with President Bush's first attorney general, John Ashcroft, officials in Washington began rubber-stamping the pursuit of the death penalty in federal cases, particularly in states with no capital punishment laws of their own. In New York, the state's highest court declared the state death penalty statute unconstitutional in 2004.

While the volume of state death penalty cases around the country has decreased in recent years, federal cases have multiplied, said Richard Dieter, executive director of the Death Penalty Information Center.

One result: There are now 46 inmates on the federal death row _ more than double the total in 2000; three, including Timothy McVeigh, have been put to death since 2001.

One of the three men on trial in Brooklyn, Martin "Sassy" Aguilar _ who prosecutors say robbed drug dealers, shot at couples parked in cars for kicks and once killed a man by stabbing him with a screwdriver _ was spared Friday when a jury could

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not reach the required unanimous verdict on whether he should be executed. That means Aguilar, 33, will automatically get life in prison without parole.

But the death penalty docket in Brooklyn is far from done: Two more capital trials are scheduled to begin in the spring.

Previously, only three capital cases had been tried in Brooklyn since 1994, when Congress dramatically broadened the federal death penalty statute.

Brooklyn U.S. Attorney Roslynn Mauskopf declined through a spokesman to discuss the cluster of cases. Justice Department spokesman Erik Ablin said only that the department has a vigorous, closed-door review process designed to apply the federal death penalty "fairly across the country."

The other capital-case defendants in New York could take some solace in the fact that New York juries are reluctant to impose death. The last time a federal death sentence was imposed in the city was for a bank robber who killed an FBI agent _ in 1954. New York state has not executed anyone since 1963.

Defense attorneys in New York say a blatant example of the federal government's hunger for a death sentence was seen last March, when prosecutors announced they were pursuing capital cases against five defendants _ including a mother accused of being a lookout in a murder _ in the case against a notorious crack kingpin, Kenneth "Supreme" McGriff. Less than two weeks later, the prosecutors reversed themselves without explanation, saying McGriff alone would face death.

McGriff's lawyer, David Ruhnke, called the maneuvering "simply absurd."

Today, McGriff sits in a courtroom on the 10th floor of the Brooklyn courthouse, accused of paying $50,000 to have two rivals gunned down in 2001 in an alleged encore to his criminal career.

McGriff, 46, emerged from prison in the 1990s and sought to turn his life around by producing music and movies with the help of Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label, his lawyer said. But prosecutors allege the defendant laundered more than $1 million in drug money through the label.

If a jury convicts McGriff of murder conspiracy and other charges, the panel will be asked to decide whether he should be executed.

Another jury will begin the penalty phase this week in the trial of Ronell Wilson, 23, convicted last month in the execution-style slaying of two police officers during an undercover weapons buy.

A third jury convicted Aguilar, a drug-dealing member of the Latin Kings street gang, last month of shooting a man in the head to pay off a debt to a cocaine supplier. A gravedigger testified that he helped the defendant dump the body down a cemetery storm drain _ "We heard a splash" _ where it was found rotting a year later.

Aguilar also stabbed a fellow inmate before going to court for jury selection, said prosecutor Todd Harrison. "He's committed virtually every kind of crime known to our society," Harrison said.

Aguilar's lawyers sought to persuade jurors to spare his life with testimony from his mother about his rough upbringing. His mother testified that his father slaughtered his pet rabbit to discourage him from becoming a veterinarian and complained that his "Sassy" nickname was "too girly."

The defendant "has a kernel of good in him and if his life is spared, that kernel will grow," defense attorney Lou Freeman told the jury.

The anonymous jurors deliberated for six hours before voting 10-2 against death.

"As for taking a life, we don't have that right," a woman on the jury said afterward. "God put us here and God should take us."

'Cub Fan Bandit' Only The Latest In Long Line Of Chicago Robbers (WP)

By Kari Lydersen

The Washington Post, January 16, 2007

CHICAGO -- Maybe it's not surprising that, in a city famous for bank robbery, two brazen bandits practice their craft with a show of civic pride.

The Chicago Bandit, responsible for at least eight heists, is known for his blue ball cap inscribed with the city's name. The Cubs Fan Bandit, wanted in three robberies, wears headgear celebrating a local baseball team.

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Metropolitan Chicago logged a record number of bank robberies in 2006, for the second year in a row. The 284 holdups surpassed the 2005 record of 240. How busy was it? On Sept. 25, a downtown bank was hit twice.

And 2007 is off to a fast start, with six robberies by Jan. 9.

No one really knows why, but the FBI speculates that multiplying storefront and grocery-store branches provide attractive targets.

Chicago is not alone: Los Angeles, New York and Dallas also experienced more bank robberies last year. Dallas County had 145 bank robberies in 2006, up from 64 the year before.

"To have that many in this area is astronomical," said Dallas FBI spokeswoman Beverly Esselbach.

Los Angeles -- "the bank robbery capital," according to FBI spokesman Bill Carter -- led the country with 470 bank robberies, up from 455. L.A. robbers included the camera-toting Paparazzi Bandit, who was known for photographing tellers, and the Goofy Hat Bandit, who wore a black fedora. Washington's total jumped to 50, from 26 in 2005.

New York's total of 290 was up from 229 the year before, but FBI spokesman Jim Margolin said the city's decline in armed heists with the potential for violence is more significant than the uptick in nonviolent "note jobs."

The trend in armed bank robberies "has been down in recent years," he said, noting that there were 45 robberies with a clearly armed assailant in 2005 and 28 in 2006. "We hesitate to speculate why, but some think there's a correlation with the economy or demographics. The aging of the population means a decrease in the male 18- to 30-year-old population, which criminologists believe is responsible for most crimes."

Melvena Cooke certainly doesn't fit that profile. Cooke, 79, is charged with trying to rob a downtown Chicago bank in September with a toy gun. Cooke, who was wearing a visor saying "Princess," left without any money and was quickly arrested.

Several high-profile Chicago suspects were caught in 2006, including the Harry Caray Bandit, who dressed up like the beloved late Cubs announcer, and the Panama Jack Bandit, wanted in 10 robberies and known for wearing a straw hat.

Yates said the FBI increasingly relies on the public's help to catch suspects, because improved surveillance camera technology makes it easier to circulate images of suspects, and FBI resources have been diverted to anti-terrorism duty.

The Goatee Bandit, suspected of 13 robberies, was caught after being featured on a "Chicago's Most Wanted" segment on Fox News. In November, three witnesses caught a suspected bank robber, stained with an exploded dye pack, who was fleeing through an alley. They held him until police arrived.

But the FBI is still searching for a number of Chicago serial robbers. An armed, aggressive suspect nicknamed the Wheaton Bandit tops the list, with at least 16 robberies netting more than $100,000 in the past four years. The FBI is offering $25,000 for tips leading to his arrest. The robber, thought to have military or law enforcement training, enters suburban banks wearing a mask and carrying a gun, then orders everyone to the floor.

Chicago federal agents also want to nab the Carjack Bandit, who steals getaway cars from bank employees or customers; the Newspaper Bandit, who wraps stolen money in a local paper; and the Hardhat Bandit, who has worn a yellow construction helmet in at least five robberies. "Maybe he does it on his way home from work," Chicago FBI spokeswoman Cynthia Yates said.

Chase, the most-robbed bank company in Chicago, has tried to improve security, including adding more bulletproof glass to its facilities, spokeswoman Calmetta Coleman said.

But fatalities in bank robberies are rare; in Chicago last year, there were no deaths or serious injuries. It is not a particularly lucrative crime, with most robbers netting only a few thousand dollars and facing about 75 percent odds of getting caught, Yates said.

Chicago robbers are continuing a long tradition. The city was where Depression-era bandit John Dillinger, perhaps the nation's most famous bank robber, was gunned down in an alley in 1934 after being betrayed to federal agents by a companion.

Other notorious robbers included "Baby Face" Nelson and George "Machine Gun" Kelly. Even current City Council member Walter Burnett Jr. served two years in prison as a young man for his role as a getaway driver in a bank robbery. He was later granted clemency.

Fraud Cases Are Rising, F.B.I. Says (NYT)

By Bob Tedeschi

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The New York Times, January 16, 2007

MORTGAGE fraud has continued its climb over the last year, according to new statistics from the Federal Bureau of Investigation, despite increased attention from the financial industry and law enforcement agencies.

"We recognize it's a growing problem, so we've redoubled our efforts to work with the industry and other law enforcement agencies to address it," said William Stern, the F.B.I.'s mortgage fraud coordinator. "We're seeing it spill over to things like organized crime and gangs, which concerns us, too."

Mr. Stern said that as of early January, the bureau had 938 pending mortgage-fraud investigations, compared with 818 at the end of September and 721 in September 2005. The F.B.I. estimated that the actual number of cases was closer to 36,000 for the year ended Sept. 30, compared with 22,000 the previous year.

The bureau's cases typically involve so-called "fraud for profit," which happens when criminals seek to make off with the funds from a loan. Criminals will buy a house, often using a stolen identity, from a legitimate seller, then immediately put the house up for sale. Others in the crime ring will then pose as buyers and work with a corrupt appraiser to assign an inflated value to the house. After finding a mortgage at the inflated value, the buyers split the proceeds from the fraudulent mortgage with the sellers.

The other major category of mortgage fraud involves "fraud for property." In these cases, borrowers typically inflate their incomes on mortgage applications so that they can qualify for loans that would otherwise be outside their reach. Although borrowers can be held legally liable for misstatements, that rarely happens since the authorities say it is much more important for them to pursue "fraud for profit" cases.

Mr. Stern said lenders and other victims were losing bigger amounts to mortgage fraud rings. This year, the F.B.I. began closely tracking victims' losses and found that in 54 percent of the cases they lost more than $1 million. "We've seen a steady rise in both the complexity of the cases and the loss amounts," he said.

Borrowers not directly involved with mortgage fraud might not notice the effects of such crimes, since lending institutions can absorb the financial damage or compensate for the losses in subtle ways. But people who live in areas where mortgage fraud is a problem can be hit hard, said Ann Fulmer, the vice president for industry relations at Interthinx, a mortgage-fraud consultancy in Agoura Hills, Calif.

Before she entered the field, Ms. Fulmer helped uncover a mortgage-fraud ring in Stone Mountain, Ga., an Atlanta suburb, in 1996. The criminals bought 21 of the 2,200 houses in her subdivision — in fact, some who lived only three doors away had also committed violent crimes, she said.

Aside from safety concerns, Ms. Fulmer said, neighborhoods victimized by fraud suffer tax consequences. Assessors, she said, often do not recognize illegitimate transactions and assess neighborhoods at valuations similar to the inflated ones paid in the fraud schemes.

Jay H. Meadows, the chief executive of Rapid Reporting, a Fort Worth company that helps lenders identify potentially fraudulent mortgage applications, said lenders were now putting considerably more effort into preventing fraud than five years ago. But at the same time, Mr. Meadows said, lenders have more aggressively marketed products like stated-income loans that are more open to abuse.

With such mortgages, self-employed applicants and others who do not receive W-2 income statements can choose to estimate their annual income for lenders, who have limited means — or, critics say, willingness — to verify the estimates.

Mr. Meadows said criminals used such mortgages to qualify for loans they had no intention of repaying. "It's like putting $200 on your windshield," he said of lenders who fail to verify applicants' incomes. "I'd hardly call that theft. I'd call that charity."

Mortgage Fraud's New Super Sleuths (KCS)

By Mark Morris

The Kansas City Star, January 16, 2007

Mortgage fraud is being called the country's fastest-growing white-collar crime.

It costs lenders more than $1 billion a year and has turned increasing numbers of federal agents into experts on real estate paperwork. These days, they quickly crack cases that once took years to work, experts say.

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Two Kansas City politicians recently learned just how quickly.

The very day last fall when then-Jackson County Executive Katheryn Shields and her husband signed paperwork selling their home, an FBI agent notified them they were the targets of a criminal investigation involving the sale.

The documents purportedly showed that the $475,000 house they purchased in 1999 somehow was worth a $1.2 million mortgage in 2006.

Agents also wrapped up an investigation of City Councilwoman Saundra McFadden-Weaver just months after she unsuccessfully tried to refinance a $400,000 Lee's Summit home. According to prosecutors, McFadden-Weaver had purchased it even though she had no plans to live there or make payments.

By contrast, the largest previous high-profile case in this area, involving a Belton real estate investor, took years to develop.

Shields, who is campaigning to be Kansas City's mayor, and McFadden-Weaver have pleaded not guilty to conspiracy and wire fraud charges and have denied all wrongdoing. Shields, a Democrat, said she was the target of "political terrorism" by appointees in the Republican Bush administration. McFadden-Weaver said she innocently was trying to help a needy acquaintance in a real estate transaction.

Though these high-profile defendants cast new light on mortgage fraud, it already was a regular docket item in Kansas City and in federal courthouses throughout the country.

Mortgage fraud occurs when somebody lies or misrepresents a fact on a statement that a lender uses to make a loan. Banks and mortgage lenders generally are the prime victims when loans are not repaid, but the fallout from a large-scale scam also can devastate individual investors, who sometimes must file for bankruptcy.

Communities also suffer when swaths of properties sucked into a scheme go vacant and deteriorate as they fall into foreclosure.

Estimates of mortgage fraud losses vary widely, but experts said trend lines pointed up. Although schemes can prosper during good times — such as the recent mid-decade boom when as much as $2.5 trillion in mortgage loans were made each year — they also can flower as the market cools.

"Fraud is always most prevalent when the market is at its worst," said Shana Sowles, president of the Kansas Association of Mortgage Brokers and vice president of Person to Person Mortgage in Overland Park. "You have more desperate players."

Rachel Dollar, a West Coast lawyer whose mortgage fraud blog is widely read in the financial industry, has closely watched the Kansas City area the last few years. The charges against Shields and McFadden-Weaver reflect how agile federal investigators have become in pursuing cases, she said last week.

"I used to see indictments coming four or five years after the fraud," she said, "but now we're seeing them within a year."

A fraud 'hot spot'

Although mortgage fraud has interested investigators and prosecutors for some time, the crime's increasing prominence has focused their attention sharply in the past four years.

Mortgage fraud reports nearly doubled between 2003 and 2004, according to a Treasury Department study in November of "suspicious activity reports" filed by banks and other heavily regulated financial institutions.

That increase continued a longer-term trend that saw a 1,411 percent jump in reports between 1997 and 2005.

Testifying before a Senate committee last month, FBI director Robert S. Mueller III estimated the loss to lending institutions at more than $1 billion a year. Others called this a conservative estimate because much of the mortgage industry was not required to report fraud.

"We're in our infancy in being able to quantify the problem," said Corey Carlisle, senior director for government affairs at the Mortgage Bankers Association. "It's a big problem that we all need to take seriously."

Observers see the impact far beyond financial balance sheets.

Two years ago, fraud in Atlanta had gotten so bad that honest appraisers found it impossible to estimate what homes in some neighborhoods were worth. Real estate agents stopped listing homes in those areas.

Legislators finally made Georgia the first state to enact a law specifically criminalizing mortgage fraud and allowing scam artists to be charged with racketeering.

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In recent years, authorities nationally have ranked Missouri as one of the top 10 "hot spots" for mortgage fraud, per capita, in the country.

Federal prosecutors in Kansas City have alleged more than $50 million in fraudulent loans in cases filed since 2004. The FBI counts a Kansas City conviction as one of its most significant successes in the national fight against mortgage fraud.

Belton real estate investor Brent Barber purchased about 300 properties, bought inflated appraisals for them and obtained straw purchasers, who were paid $2,000 for participating. After the straw purchasers made no loan payments, the properties went into foreclosure. By then Barber had the mortgage proceeds.

In October, Barber was sentenced to more than 12 years in prison and ordered to pay $11.2 million in restitution. He had been indicted in 2004 for deals dating back to the late 1990s.

By contrast, charges in McFadden-Weaver's case came just months after the home she purchased went into foreclosure.

Dollar described Shields' case as a classic "closing table bust," in which investigators swoop in to kill the deal just minutes after the final paperwork has been signed.

Toward solutions

The surge in cases in recent years has led investigators, regulators, lawmakers and industry groups to consider a number of solutions.

Many think that existing fraud statutes are adequate, but four states — New Jersey, Utah, Oklahoma and Colorado — are considering laws that would make mortgage fraud a specific crime, in part to spur more local enforcement.

In Kansas City, FBI agents have become regular speakers at real estate seminars. Their appearances educate industry professionals about what law enforcement is looking for and also generate occasional leads for investigators to follow.

State regulators also are considering steps to take. Janet Carder, executive director of the Missouri Real Estate Commission, said she and other state officials were considering how to uncover the occasional bad actors who were industry insiders, all of whom had to report at some level to state regulators.

"We're trying to figure out how to connect the dots between the real estate licensees, the real estate appraisers and the financial institutions, and that's not easy," Carder said.

Ultimately, though, the real estate industry must work harder to weed out fraud, and consumers must become better educated about complicated, but legally critical, paperwork they are signing.

John Fougere, a spokesman for the Missouri attorney general's office, said if you don't understand what you're being asked to sign, ask more questions until you're comfortable.

"Take that extra step," Fougere said. "You would be amazed at the amount of grief you can save yourself."

How to avoid fraud

The Kansas Association of Mortgage Brokers offers these tips to consumers to avoid committing mortgage fraud inadvertently:

•Verify that the mortgage company is properly licensed in the state. For Kansas, go to www.osbckansas.org, the state banking commission. For Missouri, go to www.missouri-finance.org, the Missouri Division of Finance.

•Thoroughly read all documents provided by your mortgage company. Question anything that might appear out of order.

•Do not sign the loan application if you aren't comfortable with the information typed on it. Remember, any misrepresentation on the application could result in civil or criminal penalties.

•While the loan is being processed, question anything that appears out of the ordinary.

•At closing, read everything thoroughly. Don't sign if you're uncomfortable with any of the information represented. Review the final loan application to see if there is any incorrect information that might affect your approval, such as an investment property marked as your primary residence or your income is significantly incorrect.

Williams Is Third Guilty In 'Waltz' (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 13, 2007

Federal prosecutor is 'gratified' with verdict

The FBI's Tennessee Waltz undercover sting operation netted its third guilty verdict in as many trials Friday with the bribery and extortion conviction of Calvin Williams, former top aide to the Shelby County Commission.

A federal court jury of six men and six women deliberated 21/2 hours before delivering its decision to U.S. Dist. Court Judge Samuel H. Mays Jr. shortly before noon.

Federal prosecutor Tim Di-Scenza said this and two previous guilty verdicts show the strength of the Tennessee Waltz investigation. There also have been five guilty pleas.

"The significance is that we have a great team of FBI agents working on the case and they've developed extremely compelling evidence to show juries what's been going on out there," DiScenza said. "We're very gratified with the verdict."

Williams, 44, was convicted of soliciting a $1,500 bribe in 2002 to influence the commission's approval of a $100,000 urban renewal grant.

Before the jury returned, Williams shook hands with Di-Scenza and after the verdict said "Good job, guys" to Di-Scenza, prosecutor Lorraine Craig and FBI agents as they headed to an elevator.

"It is not what I wanted, but it is what it is," Williams said of the verdict moments later, still maintaining his innocence. "Whatever it is, it's God's will. I still love Him and I'm sure He still loves me."

Williams technically faces up to 30 years in prison on the two-count conviction when he is sentenced by Mays on April 13, but federal guidelines suggest a sentence far short of that. He said he's ready to face his punishment, however, including incarceration.

"If that's what the judge has for me, I'll have to do it," he said. "I'm a big boy."

The verdict was the third stemming from the FBI's Tennessee Waltz public corruption investigation, which began in 2002 and has resulted in the indictments of a dozen elected officials or aides.

A key player in the cases has been Williams' former friend and business associate, Tim Willis, a political consultant, aspiring movie-maker and convicted identity theft felon.

Caught in a Juvenile Court inflated-invoice scheme in 2001, Willis began cooperating with the FBI and has played a key role in the convictions of Williams, former state senator Roscoe Dixon and former Hamilton County Commissioner William Cotton of Chattanooga.

In Williams' case, Willis secretly recorded discussions with the defendant about obtaining a grant for the Glenview Community Development Partners and videotaped the $1,500 payment he made to Williams on April 24, 2003.

Williams insisted he exerted no influence over any commissioners, although the tapes presented to the jury showed him boasting of being a major behind-the-scenes political player. Williams insisted on the witness stand that the fee he received from Willis was his legitimate cut from their shared consulting business.

"Tim has managed to defeat Calvin Williams," he said to reporters outside the federal building. "I can't sugarcoat this."

Bruno Bought Stock With Campaign Funds (NYT)

By Mike Mcintire

The New York Times, January 16, 2007

Over the past six years, State Senator Joseph L. Bruno, the majority leader, has invested hundreds of thousands of dollars from two campaign accounts that he controls in at least four Albany-area companies, which have all had personal business dealings with him, a review of state campaign finance records shows.

The investments, though legal, were unusual even for New York, whose election laws are considered relatively lax. While some campaign committees have reported earning interest or dividends from mutual funds, Mr. Bruno, a Republican, appears to be one of only a few lawmakers to use excess campaign funds to make loans to private companies or to buy individual stocks, according to a review of state records.

Mr. Bruno’s purchase of stock in a start-up company with volatile prices led him to lose money contributed by supporters. And campaign finance experts say such investments pose the potential for abuse, because it is hard to monitor whether candidates are receiving beneficial treatment from companies.

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State campaign finance rules are vague about which details candidates must disclose about investments by their campaign committees. The State Board of Elections does not include investment records in the reports it makes public.

Complicating Mr. Bruno's case is the fact that he had personally invested in two of the companies that his campaign accounts bought stock in, and he had financial dealings with the chairman of two others. The accounts Mr. Bruno used in the investments were held by his re-election committee and the State Senate Republicans' campaign committee.

Last year, the senator's re-election committee reported losing almost $99,000 on an investment in 2000 in Plug Power Inc., a maker of fuel cells based in Latham, N.Y., in which he also personally owned stock, his financial disclosure reports show. In July 2001, a year after he and his committee bought their shares in Plug Power, Mr. Bruno helped secure $500,000 in state money for a research project involving Plug Power, which has also received state contracts and other government aid.

Also in 2001, Mr. Bruno's two committees loaned roughly $200,000 to the Capital Center Credit Corporation, a privately held financial services company in Albany whose chairman, Timothy M. McGinn, was a client of Mr. Bruno's consulting business, according to published reports. Mr. McGinn's firm repaid the loan at an interest rate of 9 percent to 10 percent over about three years.

Mr. Bruno has acknowledged that his consulting business has been under investigation by the Federal Bureau of Investigation since at least early last year. Mr. McGinn said in a recent interview that his firm is cooperating with investigators in that inquiry.

Mr. Bruno's use of campaign money as an investment tool adds a new dimension to a spate of recent reports that he and other lawmakers steered millions in public money to pet causes, including several profit-making companies. Mr. Bruno and other lawmakers have said the grants were economic development incentives intended to help small firms expand.

John McArdle, a spokesman for Mr. Bruno, offered a more pragmatic rationale for the campaign committees' investments, saying they were an attempt to get a better rate of return than what banks were offering. He said the fact that they lost money on some of the investments shows that no favoritism was involved, and he defended the unconventional investments as legitimate and "not uncommon."

But some campaign finance analysts say the practice is problematic. Because the law permits virtually all manner of investments and does not specify what information about them must be disclosed, they say, there is little to prevent a company from setting an exorbitant rate of return and using it to funnel cash into a campaign.

"You would have no way of knowing that unless there was a regulatory action, like an audit, because it's not required to be disclosed to the public," said Lawrence A. Mandelker, an election lawyer who was a campaign treasurer for former Mayor Edward I. Koch. "That's a shortcoming in the law."

Revelations about Mr. Bruno's campaign investments come as other aspects of his financial dealings are under investigation by a federal grand jury in Albany. The senator has said that federal authorities are examining his business relationships over the past five or six years.

Some of those relationships straddled his personal and public lives. The senator, for example, has held personal investments in, or did business with, companies and businessmen who have also received state assistance, sometimes with Mr. Bruno's help.

The two campaign accounts Mr. Bruno controls together had about $3 million on hand at the end of 2006, but the totals have fluctuated widely over the years. Mr. Bruno, who has been in office for 30 years, has not faced a serious opponent since the early 1990s. He has not spent heavily on his re-election campaigns in many years and has often had large amounts of campaign cash on hand.

Many state legislators, who face re-election every two years, keep their cash in bank accounts where it is readily accessible. It is less common for candidates to invest in mutual funds, and rarer still for them to become equity investors in companies by making loans or direct purchases of stock, according to an analysis of state campaign records. Interest income, dividends and losses are the only data about campaign committee investments that the State Board of Elections makes available to the public.

Lee Daghlian, a spokesman for the elections board, said that committees must also file a document explicitly identifying the investments they make, but that those documents are kept in paper files and are not included in the data available on the

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board's Web site. He said it was not possible yesterday to determine whether other candidates had made investments similar to Mr. Bruno's.

Mr. McArdle said Mr. Bruno decided in 2000 to have his re-election committee buy $107,000 of stock in Plug Power and $24,000 of stock in a related firm, Mechanical Technology Inc. That was about the same time Mr. Bruno made personal investments in both companies, according to his legislative financial disclosure statements.

After Plug Power went public in 1999 its stock skyrocketed, reaching $150 a share before beginning a long decline in 2000; today it trades at less than $4. Mechanical Technology's stock suffered a similarly steep decline in those years. Mr. Bruno personally lost $36,700 and his committee lost $117,800 in the two stocks when the shares were sold in 2005, Mr. McArdle said. Despite the dismal outcome, he asserted that the investments were viewed at the time as smart alternatives to the meager returns being offered by banks.

"Back then, there was a thought that these types of investments were worth making because the analysts were saying these would be good in the long run," he said. "Everybody was investing in them."

The $500,000 in public money that Mr. Bruno helped win in 2001 was for a fuel cell research project involving Plug Power and Rensselaer Polytechnic Institute in Troy, which is in Mr. Bruno's district. In an interview last month, Cynthia Mahoney White, a spokeswoman for Plug Power, said Mr. Bruno "has been very supportive of us," although she said the company knew nothing about his investments in Plug Power.

In 2001, Mr. Bruno arranged for both campaign committees to lend money to Capital Center Credit, which specialized in providing financing for the installation of security equipment sold by the Integrated Alarm Services Group, another company run by Mr. McGinn. Mr. McArdle said the loans were repaid on a monthly basis, at an interest rate of slightly more than 9 percent, until 2003, when Capital Center's debt was assumed by Integrated Alarm and was repaid at a new interest rate of 10 percent. The loans were paid in full in late 2004.

Mr. McGinn is a principal in McGinn, Smith & Company, an investment firm that recently received a subpoena from the grand jury investigating Mr. Bruno's business activities. The Village Voice reported in 1997 that McGinn, Smith was once a client of Mr. Bruno's private consulting business. In 1999, Mr. Bruno disclosed making a profit from the sale of stock he owned in the Pointe Financial Corporation, a Florida-based bank holding company for which Mr. McGinn was vice chairman and an investor.

Mr. McGinn did not return a call to his office seeking comment. Mr. McArdle said Mr. Bruno directed the investment in Mr. McGinn's company not out of any favoritism, but because "interest rates at that time were around 1 or 2 percent, and this promised a much better rate of return."

'Yes, I'm Guilty' Say Two Morial Cohorts (NOTP)

By Gordon Russell, And Frank Donze%%par%%staff Writers

New Orleans Times-Picayune, January 16, 2007

BARRÉ, DeCAY ADMIT TO CONSPIRACY, FRAUD CHARGES

A yearslong federal probe into a conspiracy by key associates of former Mayor Marc Morial to skim more than $1 million from city contracts took a sudden and stunning turn Sunday with guilty pleas from the two most important remaining defendants.

With the case set for trial on Tuesday, political operative Stan "Pampy" Barré, a restaurateur, and Kerry DeCay, the city's former director of property management, entered an all-but-vacant federal courthouse Sunday morning to admit lead roles in a scheme to loot a massive energy-management contract awarded by Morial in the twilight of his eight years in office.

The collapse of Barré's and DeCay's defense, two days before trial, followed the defection late Friday of fellow defendant Reginald Walker, a construction company owner. Earlier, eight other defendants had pleaded guilty and agreed to testify for the government, among them Terry Songy, an employee of Johnson Controls Inc., the Milwaukee-based company that Morial hired under the terms of a 20-year, $81 million contract to help the city save money on energy bills.

Barré and DeCay pleaded guilty to charges of conspiracy, mail fraud and obstruction of justice, which carry maximum cumulative sentences of 20 years in prison and restitution of up to twice the value of goods and money that they obtained in the scheme.

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Their acquiescence makes it unlikely that they will receive maximum penalties. Sentencing for the two, as well as Walker, is set for April 18 before U.S. Judge Carl Barbier. The trial of the remaining defendant, glass and door company owner Julius "Jay" Lips Jr., was postponed by Barbier at the request of prosecutors, who want to reassess the case in light of the guilty pleas.

The government believes a new trial centering on Lips -- who is accused of playing a minor role in the conspiracy, giving a $2,600 glass dining table to DeCay in exchange for a contract and then lying to investigators about it -- could be completed in a day.

Prosecutors made clear in their summaries of the proceedings against Barré and DeCay that the probe is not over, however. The documents say that Barré used his "connections or perceived connections" to Morial to demand contracts he didn't deserve. They also name other Morial insiders, including businessman Robert Tucker, lawyer Roy Rodney and financier Rafael "Ray" Valdes, claiming they were paid large sums of otherwise unearned money because of their relationships with Morial, now president of the National Urban League and living in New York City.

The probe, which at one point led to federal agents breaking down the door during a raid on the French Quarter home of Morial's brother, Jacques Morial, had spawned lively debate as to whether Morial was the ultimate target. The talk only increased when Morial's uncle, investment banker Glenn Haydel, who is now in prison, pleaded guilty to bilking the Regional Transit Authority of $540,000. Haydel's wife, Lillian Haydel Smith, is also awaiting sentencing for unrelated offenses in connection with her brokering of school system insurance.

While U.S. Attorney Jim Letten has tried to discourage the media from focusing on Morial and his possible exposure, he made clear Sunday that the former mayor looms large in the mind of federal prosecutors. For perhaps the first time, Letten took a public swipe at the former mayor, saying that the defendants in the Johnson Controls case drew their power to land or control public contracts from their association with Morial.

Still, he cautioned reporters not to read too much into the government's mention of Morial in its summary of the charges to which Barré and DeCay pleaded guilty.

"This should not suggest either that anything will be forthcoming or will not be forthcoming in the future," he said. "It simply states a fact that is critical to our case, and that is: These guys got their juice from trading on their associations with the former mayor. That was critical to the leverage that they influenced. Now, I'd ask you not to draw any further inferences from that. But simply stay tuned."

Star witness appears

Barré and DeCay had steadfastly maintained their innocence since their indictment in June 2005. As recently as a few days ago, Barré was expressing confidence in his odds of avoiding conviction.

But everything changed Friday, when Walker pleaded guilty and agreed to testify about his cohorts' roles in the scheme. With his plea deal, Walker was poised to become a second star witness for Letten's office, which already had wrung guilty pleas from Songy, the former Johnson Controls project manager, and a half-dozen more marginal players.

Attired in dark suits, Barré, 61, and DeCay, 47, maintained their composure as they stood before Barbier to offer their pleas and answer a series of questions establishing that they fully understood their rights and the potential penalties they face.

Barré, the longtime proprietor of Pampy's, the popular 7th Ward eatery on North Broad Street, maintained customary flair by winking at a familiar face as he walked into court and greeting another bystander with his trademark salutation, "Where y'at, baby?"

When Barbier asked Barré whether he fully understood the criminal charges he had agreed to plead to, Barre replied, "Yes, I'm guilty."

DeCay, who received a kidney transplant about a year ago, spent a portion of his time before the judge outlining the daily regimen of "44 pills" he is required to take, as well as the medical device he uses to manage sleep apnea.

Both DeCay and Barré left the commentary to their lawyers, who kept their remarks brief.

"Mr. Barré regrets that he has troubled other people and he will accept whatever punishment he gets," said Jack Martzell, Barré's lawyer.

Arthur "Buddy" Lemann, DeCay's normally colorful attorney, was subdued.

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"My client decided it was in his best interest and in the best interest of his wife and young daughter to end this ordeal by 'fessing up to his wrongdoing and asking the court for mercy," Lemann said.

Outside the courthouse, Letten and his first assistant, Jan Mann, said they thought the plea deals by DeCay and Barré reflected the overwhelming nature of the government's case.

They said they hoped the pleas would send a message about the price of dishonest government in a city whose moribund economy owes in part to its reputation for sleazy business dealings.

Letten said the convictions "laid bare . . . the type of corruption which has gutted this city and has kept this city from attracting and keeping industry and business and has made this city, I think, in large measure what it is today."

The convictions, Letten said, should also put the lie to allegations -- made most recently by Lemann, and in the past by Morial supporters, including a group of clergy -- that the federal investigation was rooted in racial or political bias. Letten, a Republican and a career federal prosecutor, was appointed to his post by President George Bush. Morial ran as a Democrat. The defendants who were to have faced trial on Tuesday were African-American, with the exception of Lips, who is white.

"I hope this puts to rest what were the ill-considered, inappropriate, unprofessional and inflammatory comments by defense counsel who, in order to get a few cheap points, claimed during the pendency of this case that this investigation, this prosecution was politically and racially motivated, which it was certainly not," Letten said. "The citizens can see now that this investigation was backed up by powerful evidence of abject corruption."

Mann, the lead prosecutor on the Johnson Controls case, said investigators hope to use the time saved by the cancellation of the trial -- and the cooperation promised by Barré, DeCay and Walker -- to pursue further leads in the case.

"There were some areas that we wanted to investigate after the trial was over," she said. "So, now we have some time on our hands when we thought we were going to be in court. And with their cooperation, we hope to go some other places with it."

She reserved some stinging words for DeCay and Morial, though she did not name either. Both, she suggested, had been derelict in their duties as public officials.

Of DeCay, Mann said: "We have a public official who was more concerned with what he was going to get out of the deals than getting the best deal for the city," which wound up costing the city millions.

Without saying how much involvement she thought Morial had in the deals, she said that "politicians ought to hire honest people, and they ought to refuse to reward their friends when they don't deserve contracts."

She added: "Companies ought to not have to come to New Orleans and pay off friends of politicians to get contracts. That's not the way it's supposed to work. And the politicians, if they find out their friends are doing it, they ought to say, 'I'm not going to hang with you any more if that's the way you're going to operate.' They ought to tell the contractors: 'No one has influence over me; it's who's the best person to get the job.' "

More indictments?

The summaries of the government's cases against DeCay and Barré offer some clues to the "other places" Mann said she hopes to take the investigation.

The only people mentioned in the summaries who have not been indicted are Morial, Rodney, Tucker and Valdes.

It was Valdes who brought the Johnson Controls deal to City Hall and also arranged financing for the city, netting about $2.1 million in fees.

Tucker served as chairman of the RTA during Morial's tenure in office, and also was one of the mayor's closest advisers.

Rodney functioned as the closest thing to an in-house lawyer for members of Morial's inner circle, helping to incorporate businesses for members of the group and serving as counsel for the Morial-led political organization, LIFE. City-related work included serving as a lawyer for the Housing Authority of New Orleans.

The case summary says that Rodney shared in the proceeds from a $10,000-per-month fee Barré received from Walker in exchange for helping Walker land a city recycling contract. The prosecution has characterized the fee as a kickback.

The summary says that Tucker and Valdes, meanwhile, each received fees from Johnson Controls worth $273,000 that were awarded strictly on the basis of their "influence and perceived influence" with Morial. Tucker also received a $90,000 contract for project management.

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Barré requested a similar contract, and received one, upon hearing about the deals landed by Valdes and Tucker, the summary says.

Tucker called the prosecution's assertion, which is signed by Barré, "totally false."

"I was not paid for my influence," Tucker said Sunday. "I was compensated for services rendered, as were other professionals."

Walter Becker, Valdes' lawyer, said he had no comment Sunday.

Eddie Castaing, Rodney's lawyer, said he did not want to comment until he had a chance to read the plea agreements and the case summaries filed by the government.

Barré seen as ringleader

In its summary of the case, and in previous court filings, prosecutors portrayed Barré, who held no official position in the Morial administration, as the ringleader of the scheme to loot the Johnson Controls contract, the largest let by Morial.

Barré took in more than $800,000 in fees and kickbacks but did little or no work, prosecutors have said. DeCay received about $100,000, according to a government news release.

DeCay, whose friendship with Barré dates to 1980s, when both began serving as deputies to another member of the extended Morial political family, Orleans Parish Civil Sheriff Paul Valteau, comes across in various court filings as a subordinate who took his instructions from Barré. "DeCay deferred to Barré on whatever Barré wanted done," the summary says.

For instance, while all of the work performed by Johnson Controls was supposed to reduce the city's energy costs, DeCay told the contractor that he wanted it to perform some nonenergy work, the case summary says. Those jobs -- improvements to the Municipal Auditorium and the Theatre of Performing Arts -- were done solely for the benefit of Barré, the exclusive food and beverage concessionaire for the two buildings, the document says.

Barré was able to steer the $2.5 million subcontract for that work to Moss Creek Development, the construction firm owned by Walker, a longtime friend. Not only did the work by Moss Creek benefit Barré directly, he and the others involved, including Songy, DeCay and Walker, conspired to inflate invoices to overstate the value of the work. Barré then directed Walker to pay him kickbacks, the summary says, some of which he split with DeCay and Songy.

"Barré told Walker that if they were ever questioned about the payments they would say they were consulting fees," the summary says. "The money was not for consulting but rather was paid because Reginald Walker was concerned that he would not get future business if he did not pay off Barré," according to the summary.

The case summary makes clear that the Johnson Controls contract isn't the only one investigators believe was abused by Morial's inner circle.

The summary notes that in a parallel case, Walker -- who had no experience in recycling or trash hauling -- was given a portion of the city's recycling contract through the primary vendor Browning-Ferris Industries. The deal was worth $20,000 per month, for which Walker initially "was performing no work," the summary says.

Barré told Walker he had gotten him the contract and requested that Walker share the money with him, the summary says. In turn, Barré split the $10,000 monthly fee with Rodney, a partner with Barré in numerous ventures, as laid out in an agreement between the two that prosecutors released in a court filing last week.

While the case summaries portray Barré's skimming of the Johnson Controls deal as limited to the Moss Creek subcontract, DeCay admits to having shaken down a number of other subcontractors, with Songy's help.

Songy and DeCay received kickbacks or gifts from Specialty Machine Service, Golden Hammer Construction, National Contractor Services and G&M Electric, the summary says. Those gifts ranged from the $600 pool pump G&M Electric gave DeCay to the $30,000 in cash that both received from National Contractor Services.

The owners of all four of those companies, along with two others, have already pleaded guilty to felony counts. They were expected to testify for the government in the trial of Barré and DeCay.

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Pipe Bomb Found On Truck Driven By Witness (MH)

By Evan S. Benn

The Miami Herald, January 16, 2007

A potential plot to assassinate a federal witness was thwarted Sunday when police dismantled a pipe bomb strapped to the witness' pickup truck.

The man, who was not identified, noticed the device while he was driving around Hialeah, FBI spokeswoman Judy Orihuela said. He drove to the Hialeah Police Department and alerted officers Sunday afternoon.

"He saw something on the car and went right to the police station," Orihuela said.

The Miami-Dade bomb squad, summoned to the site, detonated the device. Then officers combed the police station's parking lot, the pickup truck and surrounding areas for evidence.

The remnants of the bomb, with wires and what looked to be gun ammunition, were visible on the ground. The pickup truck was towed from the police station, at 5555 E. Eighth Ave., at about 6:30 p.m.

Orihuela would not disclose the witness' identity or details about the case.

Homemade pipe bombs have caused alarm before in South Florida.

• In June 2005, a 15-inch cylinder containing gunpowder was found underneath the car of James Kelly, the Palm Beach County School District police chief.

• In April 2003, a judge sentenced a Lake Placid man to 42 years in federal prison for planting a pipe bomb under the car of his ex-girlfriend in Marathon. Gene Hodler, now 71, was convicted after a pipe bomb detonated under Evon Leach's Saturn sedan, badly injuring her.

• In August 2001, an inmate used a recorded jailhouse telephone to try to set up a pipe bomb attack to kill Miami-Dade Circuit Judge Peter Lopez. Bryant Williams was convicted for his plot to have nail-filled bombs placed under Lopez's car.

FBI: Bomb Found Fixed To Federal Witness' Car (BRAH)

The Bradenton Herald, January 16, 2007

HIALEAH - A pipe bomb was found Sunday attached to the car of a federal witness and later detonated without incident, authorities said.

The witness drove his vehicle to the Hialeah police headquarters after noticing the device, FBI spokeswoman Judy Orihuela said.

"He was driving around," she said. "He somehow saw something on his car that was suspicious and drove it to the Hialeah Police Department."

The Miami-Dade bomb squad detonated the device, and the FBI's Joint Terrorism Task Force was investigating, Orihuela said.

No additional details about the witness or vehicle were released. It was unclear if the device was removed from the vehicle before being detonated.

Hialeah and Miami-Dade police referred calls to the FBI.

Selling Coca-Cola's Secrets To Pepsi? (AP)

By HARRY R. WEBER, THE ASSOCIATED PRESS

AP, January 16, 2007

That's what prosecutors say ex-secretary aimed to do

ATLANTA -- Prosecutors say a former Coca-Cola secretary took confidential documents from the beverage giant and samples of products that hadn't been launched with the aim of selling them to rival Pepsi. Her lawyer says she was duped by two ex-cons and didn't commit a crime.

A jury will be asked to determine who is telling the truth. The process of selecting that jury starts today in Joya Williams' trial.

Williams, who was fired as an administrative assistant to The Coca-Cola Co.'s global brand director after the alleged scheme came to light last summer, faces up to 10 years in prison if convicted of conspiracy.

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Williams, Edmund Duhaney and Ibrahim Dimson were indicted on the single federal charge, accused of stealing new product samples and confidential documents from Atlanta-based Coca-Cola and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Coca-Cola in May, and an undercover FBI investigation was launched.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney is expected to testify against Williams, though it is unclear if Dimson will.

The two men served prison terms at the same time at a federal penitentiary in Montgomery, Ala. Duhaney served nearly five years of a seven-year sentence on a cocaine charge before being released in 2005; Dimson served less than a year of a two-year sentence on a bank fraud charge before his release in 2004.

Williams' lawyer, Janice Singer, said she plans to make the two men's credibility a key issue in her client's defense. Williams does not have a criminal record, another attorney who previously represented her has said.

"The case is about two felons who manipulated and used my client without her knowledge," Singer said. "She did not take any documents she believed to be trade secrets to share with these people or to harm Coke and benefit Pepsi, nor did she intentionally, knowingly give them any documents."

Singer said that Williams was allowed to take home documents from her job. She suggested that Dimson and Duhaney stole the materials from her.

"We're not denying that she possessed them, but we are denying that she conspired with the other defendants to do anything nefarious or wrong," Singer said.

However, prosecutors say they have a strong case. That includes video surveillance showing Williams at her desk at Coke headquarters going through multiple files looking for documents and stuffing them into bags, according to court records. She also was observed holding a liquid container with a white label, which resembled the description of a new product sample, before placing it into her personal bag, prosecutors say.

The prosecution says a box containing two undisclosed product samples and other confidential company papers were found in Duhaney's home during a search on July 5, the day all three were arrested.

Questions Raised In Probe Of Anello That Began In 2004 (BUFFNEWS)

By DAN HERBECK And GAIL FRANKLIN, News Staff Reporters

Buffalo News, January 15, 2007

With no charges filed, mayor wonders about status of investigation

NIAGARA FALLS - More than three years ago, Mayor Vince Anello accepted a series of no-interest loans from Joseph "Smokin' Joe" Anderson, a prominent cigarette merchant who was developing projects in the city.

FBI agents and the U.S. attorney's office began investigating the $40,000 in loans around May 2004, and Anello and Anderson hired high-profile defense lawyers to represent them. Since then, there have been no indictments or charges. There also have been no statements from law enforcement officials announcing that the investigation is over or that the government has decided against charging anyone.

Now, like many other people in Niagara Falls, Anello still wonders where the investigation is heading.

"I have cooperated with all requests for information. No additional information has been requested of me in 17 months," Anello told The Buffalo News last week. "I have discussed this matter publicly many times."

The region's lead attorney for the Justice Department, U.S. Attorney Terrance P. Flynn, said the investigation is continuing.

No decision has been made yet on whether to file charges against Anello, Anderson or anyone else, Flynn said.

"It's our job to take the time and make sure that we don't accuse somebody [of] a crime until we have all the sufficient, admissible information we need," Flynn said. "We're dealing with a public official who is well-known."

According to several law enforcement officials, some members of the FBI-led Public Corruption Task Force have been upset with Flynn's office over what they see as exceedingly slow movement on the Anello case.

More than a month ago, the officials said, one of the lead FBI agents in the Anello probe resigned from the task force in disgust, requesting and receiving a new work assignment in the Buffalo area.

"[The agent] felt that he turned up some important information, but the U.S. attorney wasn't moving on it," said one source close to the case. "[The agent] felt like this and other cases involving politicians were dead in the water."

Flynn and Buffalo FBI spokesman Paul M. Moskal declined to comment, except in general terms.

"The decision on whether to prosecute rests with the U.S. attorney," Moskal said. "There is give and take in any relationship between investigators and prosecutors. Sometimes, there are disagreements on the best avenues to take, but that doesn't mean that the public isn't being served."

Flynn said any personnel changes among investigators should remain internal.

"That's [the FBI's] business as to why an agent comes or goes. I don't know anything about that," Flynn said. "If they have a case to present to us, our door is always open . . . There's not one bit of reluctance in this office to prosecute public corruption cases."

Flynn and the FBI say investigations into government corruption are a high priority in Western New York. But no significant government corruption indictments have been announced in Buffalo since November 2005, when the FBI held a news conference to announce the creation of its task force.

Debating the probe

Anello, 60, has been mayor since 2004, and his term runs to the end of this year. Many Falls residents wonder if he will seek re-election. Campaigning for the job is likely to begin in April, and Anello has not yet disclosed his plans.

At Gadawski's tavern on Falls Street, a popular watering hole for politicians and city workers, the 86-year-old proprietor, Edward Gadawski, said patrons often debate the FBI probe and Anello.

"I think Vince will run again, [but] I'm sure he's had some sleepless nights over this thing," said Art Garabedian, a businessman who has been a friend of Anello for nearly 40 years.

"A lot of people have been questioning why doesn't the FBI either step up to the plate or drop the issue altogether? If there's nothing there, clear the man," Garabedian said.

Garabedian said the loans Anderson gave Anello "might have just been loans between friends."

At the same time, he said, he understands how the arrangement could sound "kind of fishy" to the FBI.

Councilman Robert Anderson Jr. said he is concerned that publicity about the long-standing investigation - including a 2005 story in the New York Times - has hurt the image of Niagara Falls and its leaders.

"They stereotype Niagara Falls as being corrupt, and people mention that all the time," said Anderson, who was appointed the Council's new chairman this month. "They talk about Niagara Falls and say, "I'm not going to go up there to do any business.' They have fear."

Anderson said he and other Council members would have liked to have known all about Anello's private business dealings with Joseph Anderson when they voted on some of his development projects before the Anello investigation was made public.

The councilman is not related to Joseph Anderson.

"We were blindfolded when we first came in and when we voted the first three months [of 2004] on a lot of things that happened with Smokin' Joe Anderson and others," Robert Anderson said. "And then we find out that they were done underhanded or maybe during shady conditions."

Frank Smith, owner of Third Street Liquors, says he thinks the investigation has hurt downtown development.

He's surprised that recent improvements haven't brought in any chain restaurants or much new development over the last couple of years.

"When comments are made that developers are playing a wait-and-see game, I think that's true," said Smith.

Mary Jo Zacher, president of the Pine Avenue Business Association, paints a different picture of the business climate in another area of the city.

"I don't think the mayor being investigated has affected anyone's business, especially on Pine Avenue," she said. "In the beginning, maybe people were in an uproar about it, but people aren't talking about it anymore."

Denies special treatment

Anello has admitted that in 2003, Joseph Anderson gave him $40,000 in a series of interest-free loans. Anello said he needed cash to pay off some business debts for an electrical contracting company he ran.

But he also said Anderson stepped in to help as an old friend and never received any special treatment for his businesses in the city. Those businesses include two hotels, a bar, a pedestrian mall and an indoor playground known as Smokin' Joe's Family Fun Center.

"I haven't done anything wrong, and I haven't been charged with anything," the mayor said.

The mayor's critics say Anderson did receive benefits, including a 30-year, no-bid lease to operate the pedestrian mall on prime downtown land, a government grant to renovate his bar and a low-interest business loan.

But in building a criminal case against the mayor or Anderson, authorities said, prosecutors would have to prove that benefits given to Anderson were the paybacks from his loans to Anello. That kind of evidence can be difficult to obtain.

Joseph Anderson's attorney, Terrence M. Connors, said authorities have never told him Anderson is a target of their investigation.

"Early on, well over a year ago, [Anderson] was interviewed. He provided the information he had to the best of his knowledge," Connors said. "We haven't heard anything since."

Anello's attorney, Joel L. Daniels, could not be reached.

Has Anello repaid any of the $40,000 that Anderson lent him more than three years ago? The mayor declined to answer.

"It's a matter of my business," he said.

The Legal Tangles Of Data Collection (WP)

By Ellen Nakashima

The Washington Post, January 16, 2007

When it comes to data collection, federal laws often have been outpaced by technology, critics say. And sometimes, the executive branch carves out its own exception.

Take eavesdropping.

U.S. law requires that law enforcement officials obtain a warrant to tap someone's phone or intercept e-mail. But President Bush, drawing on decades-old precedent, asserts that he has "inherent authority" to authorize agents to intercept electronic communications without a warrant in the interest of national security.

That is the rationale underpinning the National Security Agency's warrantless-wiretapping program. The new Democratic-run Congress has vowed to renew scrutiny of this program and others that involve collection and analysis of Americans' personal data.

Under the 1978 Foreign Intelligence Surveillance Act and Title III of the 1968 Omnibus Crime Control & Safe Streets Act, if the government wants to listen in on phone calls, it must have a warrant or wiretap order showing probable cause that the target is involved in criminal activity or in foreign intelligence or terrorist activity. A later law extended that standard to electronic communications.

But months after the Sept. 11, 2001, attacks, Bush secretly issued an executive order authorizing warrantless electronic intercepts for national security purposes -- even on U.S. citizens, as long as one party is suspected to be outside the country. This action is at the heart of several lawsuits against the government and telecommunications companies alleged to be collaborating with the government, charging that such eavesdropping is unlawful.

E-mail is a slightly different matter. The law makes a distinction between intercepting e-mail in transit and obtaining stored e-mail from a service provider's servers. The distinction made sense in the 1980s and early 1990s when downloaded e-mail often sat only on the user's computer. If the government wanted the records, it had to go to the e-mail recipient.

These days, most e-mail is held and stored by third parties. So the government claims the authority to read someone's most intimate communications, including stored chat sessions, by serving a subpoena -- no probable cause required. A person may never even know that this has been done, as there is no legal requirement for an Internet service provider to provide notice. In most cases where the government subpoenas the e-mail, it demands that the third party keep that fact confidential, at least for a while.

The same holds true for virtually any information held by a third party: phone company records that indicate who called you, when they called and how long the call lasted; Internet service provider records on what Web sites you visited, when and for how

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long; tollbooth records; security camera footage; records of emergency calls made from a car; supermarket purchase records. All that and more can be requested by the government with a search warrant, or sometimes with an administrative subpoena or other demand, frequently without judicial review.

Since the Sept. 11 attacks, the government also has vastly increased its power to obtain Americans' private financial, phone-call and Internet-transaction data using national security letters, which do not need the imprimatur of a prosecutor, grand jury or judge. They receive no review after the fact by the Justice Department or Congress. The FBI issues more than 30,000 a year, The Washington Post reported in 2005. And the Pentagon issues its own version, the New York Times reported on Sunday.

Such data can be helpful to law enforcement agents, but sometimes mistakes are made. Last fall, an Internet provider mismatched a customer and an IP address, resulting in a guns-drawn raid by a child-porn squad on a farmer in rural Virginia.

The bottom line, privacy experts say, is that more and more personal data are being stored on the Internet and in databases over which individuals have little or no control. Increasingly, the government, the private sector and criminals are looking for ways to exploit those data. And the laws, the experts say, are not squarely on the citizens' side.

Descending To New Depths (column) (NYT)

By Bob Herbert

The New York Times, January 15, 2007

New Orleans

I was surprised recently by a sudden shift in the tone of a veteran cabdriver, Stanley Taylor, who had been kind enough to take me on a nearly four-hour tour of the flood-wrecked regions of the city.

For most of the afternoon, Mr. Taylor had been wonderfully informative and polite, and his comments had been filled with sympathy for those who had lost so much to Hurricane Katrina and its aftermath.

But as we headed back to my hotel, and darkness began to fall over the eerily still neighborhoods, his tone became unmistakably bitter. We had been talking casually about the thousands of extremely poor evacuees, most of them black, who were still stranded outside New Orleans, some of them scattered to the far reaches of the United States.

Mr. Taylor, who is black, snapped that maybe it would be better if some of them didn't come back. "The poor people that's gone," he said, "they're gonna have to stay gone. That's where all the crime was coming from, see? Folks here want people to come back, but they want people with money to come back. The criminals? Shame on 'em. Sorry for 'em."

During the immediate post-Katrina period, there were essentially two visions of a resurgent New Orleans. One, widely decried as racist, saw the new, improved New Orleans as smaller, whiter and more prosperous.

This was openly advocated. Just a few days after the storm, a wealthy member of the city's power elite, James Reiss, told The Wall Street Journal: "Those who want to see this city rebuilt want to see it done in a completely different way: demographically, geographically and politically."

Mr. Reiss, who is white and served in Mayor C. Ray Nagin's administration as chairman of the Regional Transit Authority (he has since left the government), said that he and many of his colleagues would leave town if New Orleans did not become a city with better services and fewer poor people.

An alternative (and more widely desired) model of the city coincided with the approach that President Bush seemed to be taking when he made his dramatic appearance in floodlit Jackson Square in mid-September 2005. Mr. Bush promised not just to help rebuild New Orleans, but to confront the long-simmering problems of race and poverty with "bold action."

Supporters of this approach envisioned an effort that would bring desperately needed assistance to the hurricane victims, helping to get them housed and back on their feet, while at the same time constructively engaging the contentious issues that have kept America's blacks and whites in a state of perpetual hostility, and much of the poor in an all-but-permanent morass of ignorance and deprivation.

What is actually happening is worse than anyone had imagined.

New Orleans is a mess. It was brought to its knees by Katrina, and is being kept there by a toxic combination of federal neglect and colossal, mind-numbing ineptitude at the local level.

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The police department here is a sour joke, and crime is out of control. More than 16 months after the storm, children roam the streets with impunity during school hours. Debris still covers much of the city. Doctors, hospitals and mental-health facilities are in woefully short supply. Thousands of residents are still living in trailers, and many thousands more are stuck more or less permanently out of town.

The result is that blacks and whites, feeling unsafe physically and frightened by the long-term prospect of dwindling opportunities, are eyeing the exits.

Lt. Gov. Mitch Landrieu, who lost the mayoral race last May to Mr. Nagin, offered a grim assessment. While the ethnic breakdown may remain roughly the same, he said, the city is on its way to becoming "smaller, poorer and worse than it was before."

Class, at the moment, is trumping race, which is how Mr. Reiss and Mr. Taylor, the cabdriver, came unwittingly to similar stereotyped conclusions. Unless the foundations of a livable city can be put in place — and they are not being put in place now — those with the ability to leave will do so. The poor, neglected as always, will be left behind.

"The same thing is moving African-Americans as is moving whites," Mr. Landrieu said. "Everyone is asking: 'Is it safe? What's the school situation? Can my kids play outside? What does the future hold for them?' "

Without a creative new plan and energetic new leadership, New Orleans will be unable to save itself. Right now it's a city sinking to ever more tragic depths.

The Mentally Ill, Behind Bars (NYT)

By Bernard E. Harcourt

The New York Times, January 15, 2007

Chicago

LAST August, a prison inmate in Jackson, Mich. — someone the authorities described as "floridly psychotic" — died in his segregation cell, naked, shackled to a concrete slab, lying in his own urine, scheduled for a mental health transfer that never happened. Last month in Florida, the head of the state's social services department resigned abruptly after having been fined $80,000 and is facing criminal contempt charges for failing to transfer severely mentally ill jail inmates to state hospitals.

Ten days ago, the Supreme Court agreed to determine when mentally ill death row inmates should be considered so deranged that their execution would be constitutionally impermissible. The case involves a 48-year-old Navy veteran who is a diagnosed schizophrenic. In the decade leading up to the crime he was hospitalized 14 times for severe mental illness.

According to a study released by the Justice Department in September, 56 percent of jail inmates in state prisons and 64 percent of inmates across the country reported mental health problems within the past year.

Though troubling, none of this should come as a surprise. Over the past 40 years, the United States dismantled a colossal mental health complex and rebuilt — bed by bed — an enormous prison. During the 20th century we exhibited a schizophrenic relationship to deviance.

After more than 50 years of stability, federal and state prison populations skyrocketed from under 200,000 persons in 1970 to more than 1.3 million in 2002. That year, our imprisonment rate rose above 600 inmates per 100,000 adults. With the inclusion of an additional 700,000 inmates in jail, we now incarcerate more than two million people — resulting in the highest incarceration number and rate in the world, five times that of Britain and 12 times that of Japan.

What few people realize, though, is that in the 1940s and '50s we institutionalized people at even higher rates — only it was in mental hospitals and asylums. Simply put, when the data on state and county mental hospitalization rates are combined with the data on prison rates for 1928 through 2000, the imprisonment revolution of the late 20th century barely reaches the level we experienced at mid-century. Our current culture of control is by no means new.

The graph on the left — based on statistics from the federal Census Bureau, Department of Health and Human Services and Bureau of Justice Statistics — shows the aggregate rate of institutionalization per 100,000 adults in the United States from 1928 to 2000, as well as the disaggregated trend lines for mental hospitalization on the one hand and state and federal prisons on the other.

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The numbers include only state and county mental hospitals. There were many more kinds of mental institutions at mid-century, ones for "mental defectives and epileptics" and the mentally retarded, psychiatric wards in veterans hospitals, as well as "psychopathic" and private mental hospitals. If we include residents of those facilities, from 1935 to 1963 the United States consistently institutionalized at rates well above 700 per 100,000 adults — with highs of 778 in 1939 and 786 in 1955. It should be clear why there is such a large proportion of mentally ill persons in our prisons: individuals who used to be tracked for mental health treatment are now getting a one-way ticket to jail.

Of course, there are important demographic differences between the two populations. In 1937, women represented 48 percent of residents in state mental hospitals. In contrast, new prison admissions have consistently been 95 percent male. Also, the mental health patients from the 1930s to the 1960s were older and whiter than prison inmates of the 1990s.

But the graph poses a number of troubling questions: Why did we diagnose deviance in such radically different ways over the course of the 20th century? Do we need to be imprisoning at such high rates, or were we right, 50 years ago, to hospitalize instead? Why were so many women hospitalized? Why have they been replaced by young black men? Have both prisons and mental hospitals included large numbers of unnecessarily incarcerated individuals?

Whatever the answers, the pendulum has swung too far — possibly off its hinges.

It would be naïve, today, to address any of these questions without also considering the impact of imprisonment on crime. One of the most reliable studies estimates that the increased prison population over the 1990s accounted for about a third of the overall drop in crime that decade.

However, prisons are not the only institutions that seem to have this effect. In a recent study, I demonstrated that the rate of institutionalization — including mental hospitals — was a far better predictor of serious violent crime from 1926 to 2000 than just prison populations. The data reveal a robust negative relationship between overall institutionalization (prisons and asylums) and homicide. Preliminary findings based on state-level panel data confirm these results.

The effect on crime may not depend on whether the institution is a mental hospital or a prison. Even from a crime-fighting perspective, then, it is time to rethink our prison and mental health policies. A lot more work must be done before proposing answers to those troubling questions. But the first step is to realize that we have been wildly erratic in our approach to deviance, mental health and the prison.

CIVIL LAW:

Who Pays For Protection? (WP)

By Cindy Skrzycki

The Washington Post, January 16, 2007

For almost eight years, unions have been waiting for the Labor Department to finish writing rules that would make it clear that employers are supposed to pick up the tab for safety equipment for millions of workers.

Many companies already foot the bill for goggles, hard hats, ear plugs, mesh gloves, safety harnesses and other gear that they have been required to provide since 1994. But some industry sectors, including home building, poultry processing and construction, say a mandate requiring them to pay would be too open-ended.

Labor officials say the complicated nature of the issue, both legal and practical, has caused the delay. The unions claim the Bush administration has stalled because it is looking out for corporate interests.

So on Jan. 3, the AFL-CIO and the United Food and Commercial Workers Union filed suit in the U.S. Court of Appeals in the District to force the government to complete the long-postponed proposal.

"This is an uncomplicated rulemaking on a straightforward, but significant, issue of importance to worker safety and health," the suit says. It asks that the Occupational Safety and Health Administration be directed to complete the regulation within two months of a court order.

The personal protective equipment industry includes manufacturers such as 3M and DuPont. It has sales of about $10 billion annually, according to the International Safety Equipment Association in Arlington. The government estimates the rule would cost businesses about $62 million a year.

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The dispute has a long history. After the initial protective equipment rule was issued in 1994, it said employers had to provide various pieces of safety gear. But unlike a series of health-related OSHA standards, it didn't say who should foot the bill, and not every company did.

Northrop Grumman's Newport News Shipbuilding in Newport News, Va., for example, provides and pays for protective equipment for its 19,000 employees.

"We like consistency," said James Thornton, director of environmental health and safety for the shipyard, which builds and maintains aircraft carriers and submarines. "We prefer that we purchase them, provide them and train employees on the equipment."

The unions believe that lower-paid workers in industries such as poultry processing do not get the same deal.

There is a great deal of debate by some companies over such issues as what items are considered "tools of the trade" and are expected to be owned and paid for by employees, how replacement equipment is covered, what labor agreements might stipulate and whether the rule should cover temporary workers.

"It's the low-wage worker in forgotten industries" who is most affected, said Jacqueline Nowell, director of the occupational, safety and health office for the United Food and Commercial Workers Union.

Nowell said unions have been trying to force completion of the rule since it was proposed in 1999 because these workers sometimes have to pay at least part of the bill for items like wire-mesh gloves, which are used to protect their hands from being cut while processing chickens.

She said workers often go without protection if a glove is lost or stolen, or worn out equipment is used because they are uneasy about asking for a replacement.

OSHA said that spelling out that businesses must pay the bill would prevent an estimated seven deaths and 47,000 injuries a year among the 20 million covered workers. Mishaps still occur because of the use of worn-out or defective equipment, the agency said.

Richard L. Lobb, spokesman for the National Chicken Council in the District, said industry policy is to pay for the original set of protective equipment. When an item wears out, the employee must turn it in to receive a new one. In cases where equipment disappears, Lobb said, employees might be charged for a replacement.

"Obviously, this gives the employee the incentive to take care of equipment and not lose it or wear it out by using it outside the plant," he said. Employees who cannot afford items like wire-mesh gloves, which can cost up to $65, can have the cost deducted from their paychecks, he said.

Over the years, OSHA has issued various interpretations of the protective equipment rule, saying employers had to pay for the gear, too, except for safety shoes, prescription eyewear and logging boots.

The agency lost a key administrative challenge by Union Tank Car of Chicago in 1997. The ruling said OSHA could not make the company pay for welding gloves and special equipment to prevent workers' feet from being crushed.

This led the agency in 1999 to issue the proposal stating explicitly that employers are the financially responsible party.

The unions' recent complaint calls the agency's inability to issue a final rule "an egregious instance of unreasonable delay." OSHA has missed seven of its own deadlines for finishing the rule, despite pressure from congressional appropriators and Hispanic members of Congress to finish the job.

Labor Department officials said in an interview that the issue is complicated and that it is not uncommon for rulemakings to take longer than expected. The scheduled date for a final rule now is May.

"This is not simple," said Bryan Little, deputy assistant secretary for occupational safety and health. "Safety standards aren't always slam-dunks. It's incumbent on us to carefully review the record and come up with the best standard."

OSHA has issued 18,000 citations on the equipment rule since 1999, with violations such as not providing the equipment or not keeping items clean. Cost has not been an issue.

The agency's 2004 response to a query about the issue of who pays may explain why businesses and workers are confused about the rule. It said, in part: ". . . at the present time, OSHA does not view this section as imposing an enforceable obligation on employers to pay for personal protective equipment. Therefore, employees must be afforded the protection of personal protective equipment, regardless of who pays."

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Tracking Outsourced Bonanzas (NYT)

The New York Times, January 16, 2007

The new Congress is promising far tighter oversight of Bush administration spending programs, and few targets are more in need of scrutiny and daylight than the outsourcing of government programs to private contractors. This highly lucrative world quietly ballooned by 86 percent — to $377 billion annually — during the first five years of the Bush administration, according to Congressional estimates. Outsourced spending, on Iraq, Katrina and other bonanzas, has grown twice as fast as other discretionary spending, according to Representative Henry Waxman, the California Democrat who is chairman of the oversight and reform committee.

Mr. Waxman is fairly itching to finally map the waste, fraud and abuse in private contracting that went largely ignored by the previous Republican Congress. Taxpayers should wish him well.

In a preliminary glimpse, 118 contracts worth $745 billion were found by government auditors to be rife with questionable award procedures, mismanagement, overcharging and skimpy to nonexistent oversight. Full inquiries and public hearings are vital if the rich and shadowy world of privatization is ever to be plumbed for the scandal it is nurturing. Taxpayers have only a vague notion of what's gone on, mainly through reporting on the fantastic good fortune of Halliburton, Vice President Dick Cheney's former company, whose contracts increased a whopping 600 percent across five years as the Iraq war costs cascaded. Not incidentally, privatization has been a cash cow in stirring campaign donations from successful contractors.

According to one recent audit reported in The Washington Post, among 49 privatized contracts, three out of five were awarded noncompetitively, lacked oversight, and raised questions of legality. What's been going on out there? This question cries out for an answer from the new Congress.

Better Oversight Of Contractors (BOS)

By Allan Burman And Steven Kelman

The Boston Globe, January 16, 2007

THE NEW Congress will devote a great deal of time and energy to the problems surrounding federal contracting. As the seniormost procurement policy officials in the first Bush and the Clinton administrations, we both agree that this is a golden opportunity to launch a bipartisan effort to go beyond sensationalistic hearings and work constructively to improve a system that is responsible for spending 40 percent of the discretionary budget.

The system's problems need to be kept in perspective. Yes, there is significant cost growth on some weapons systems -- but studies have shown that cost growth on these averages is no greater than for large developmental private-sector infrastructure projects. Yes, new government information technology systems run into problems distressingly often -- but this occurs in the private sector as well, though such problems often don't become public. And, no, contractors are not robbing government blind -- publicly traded firms that report returns separately for government and commercial divisions almost always show lower returns on government than commercial business; in the recent prospectus for its spin off from Halliburton, KBR reported that its Middle East operations for government (basically its Iraq contracts) earned half the return on sales of the KBR unit that builds infrastructure for commercial clients.

Nonetheless, contracting should work better than it does. Congress and the administration should work to address the genuine problems the system faces.

First, it needs to bite the bullet and accept that there are not enough contracting and program management people to develop sound strategies for major procurements and then manage these contracts after award so they produce results and stay within reasonable cost. The procurement workforce was downsized by about a quarter during the 1990s, but this was accompanied by business process changes that reduced the need for people. During the last six years, requirements have increased and spending has grown by over 80 percent while the government contracting workforce has remained basically the same size. Even adding in some contractor support, there is no way this represents a good match of people and money.

Ironically, in the context of procurement crises involving Iraq and Hurricane Katrina, Congress has been willing to appropriate additional funds for staff to identify and investigate mistakes after they have been made -- but not to appropriate funds

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to hire contracting officers to prevent mistakes from being made in the first place: Almost 500 Inspector-General, General Accounting Office, and auditing staff were assigned to post-Katrina oversight (much though not all regarding contracting), while FEMA's total contracting staff nationwide numbered a mere 40.

Hiring contracting officials is hardly the way to dress for political success -- who wants to bring in more "bureaucrats"? -- but there can't be well-managed contracts without people to manage them. The current situation creates a vicious circle: Overstretched people make mistakes, producing demands for more rules, creating additional burdens, giving people even less time to plan effective procurements and manage performance.

Second, there needs to be a boost in workforce training programs -- especially those geared for the new generation agencies are now hiring -- which provide the essential tools required for negotiating complex contracts and making sound business decisions. Many in the older generation were glorified clerks. Clerks can't run sophisticated efforts such as the Department of Homeland Security's Secure Border Initiative or computerizing case management at the FBI. Again, few political points are to be gained here -- training budgets are typically the first cut when budgets are constrained -- but such an attitude is penny-wise and pound-foolish. Congress should increase the percentage of revenues from General Service Administration sales that are used, according to statute, to fund training.

Third, the balance between competition and speed needs to be rejiggered. In the 1990s, legislation and regulatory changes made it possible to award contracts quickly but competitively. Unfortunately, many program managers, reacting against the earlier system where it often took two or three years to award contracts, embraced speed but ignored competition. We don't want to go back to the old system, but we need to realize the streamlined competition vision central to 1990s-era reforms.

Fourth, there need to be better incentives for good contractor performance. Congress last year unfortunately let lapse a pilot project promoting experiments with "share-in-savings" contracting, where contractors are paid only as a proportion of savings their efforts generate for government, so large savings produce big payouts but no savings mean no payment. This incentive should be restored, and others should be promoted.

Finally, there needs to be a better balance between punishment and reward for civil servants. In the heated political and media environment currently surrounding contracting, many are terrified, believing mistakes get them pilloried while accomplishments are ignored. How would a corporate CEO behave if earnings shortfalls received wide publicity, but performance above expected earnings was ignored? This is not an environment encouraging civil servants to develop better business solutions, nor one enticing young people to consider jobs in government.

If the new Congress wants to show its commitment to fix contracting, it should do something out of character -- amid hearings exposing waste, fraud, and abuse, maybe a lonely one could be held giving career officials occasions to present innovations they have developed to get better value from contracting.

Yes, the federal contracting system suffers from a range of problems -- fiscal, procedural, and programmatic -- but the system itself isn't broken and can be repaired given appropriate attention and bipartisan support.

Allan Burman is president of Jefferson Solutions. Steven Kelman is professor of public management at Harvard's Kennedy School of Government. Both are former administrators of the Office of Federal Procurement Policy at the US Office of Management and Budget.

Oversight And Democrats: Easy, Now. (But Not Too Easy.) (USAT)

By Ross K. Baker

USA Today, January 16, 2007

"Oversight" has become one of the most widely heard words to ricochet around the national political sphere since the congressional elections. It's one of those peculiar terms that has two definitions that are essentially contradictory. Check out the definition in Webster's New World Dictionary:

•"Supervision, esp. when careful or vigilant," and

•"An unintentional, careless mistake or omission."

In the previous Congress, the second definition fit very nicely the reluctance of the Republican members to hold the Bush administration accountable on such issues as the Iraq war and energy policy. The new Democratic-led Congress will certainly

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favor the first definition. But while the Republicans in the last Congress resembled the clueless Inspector Clouseau in their approach to supervising the executive branch, could there be a danger that in their zeal, the Democrats will emulate instead the implacable Inspector Javert? Even worse, could it be a combination of both fictional gumshoes? Whatever the eventual result, the oversight hearings got off to a flying start in both houses last week with hearings on topics as diverse as Medicare drug benefits and the plight of Iraqi refugees.

The principle that it is an essential function of a legislative body to oversee the operations of the executive is one that was established by at least the beginning of 17th century Britain where the Parliament functioned as the "grand inquest of the nation." Congress took this inheritance seriously and in 1792, investigated the Indian massacre in Ohio of more than 600 U.S. Army soldiers under Gen. Arthur St. Clair's command and scores of women and children.

Despite the fact that it was controlled by President Washington's own Federalist faction, Congress aggressively challenged Washington's refusal to provide materials on the military debacle. The episode seemed to establish that, irrespective of whether Congress was in the hands of the president's party or the political opposition, the bedrock principle of separation of powers required the House and Senate to ask tough questions of the executive branch. If the White House balked, Congress issued subpoenas to get those answers.

Unlike these earlier congresses, when principled commitment to checks and balances prompted legislators to challenge presidents of their own party, the outgoing Congress acted as a cat's-paw for the Bush administration. The role of "Congress Whisperer" went to Vice President Cheney, whose intimidating appearances on Capitol Hill underscored the president's wish to have Republicans in Congress ask few questions. Regarding Cheney's appearances at the Senate's Tuesday GOP policy lunches, Vermont Democrat Patrick Leahy said, "There is not a lot of dissent that goes on in that room. In 32 years in the Senate, I have never seen a Congress roll over and play dead like this one."

It is, however, the quality of oversight more than its quantity that is the test of a well-ordered Congress. Democrats are itching to begin ferreting out waste, inefficiency and misdeeds in the executive branch, but they may be less zealous when oversight requires them to change some of their own inefficiencies.

One test of congressional Democrats' sincerity will be to follow the recommendations of the 9/11 Commission and bring into some semblance of order the committees that have jurisdiction over national intelligence agencies.

The enforcement mechanism for oversight is Congress' constitutional power of the purse: Do your job right and you get your money; tolerate corruption or inefficiency, and your appropriation gets cut. But placing oversight responsibilities in one set of committees and spending power in another has been a recipe for confusion in a vital area of national security in which the lines of responsibility ought to be clear and straight. House Speaker Nancy Pelosi, D-Calif., has taken a partial step by creating a new intelligence subcommittee, but its power to make spending decisions is limited. In the Senate, no steps have been taken to align oversight and spending.

Another potential problem in oversight is excess zeal, and legitimate questions can be raised about overdoing oversight. Chris Carney, a Democrat, is a former active-duty military intelligence officer who was just elected as a House member from Pennsylvania. He has raised the warning about a congressional probe of pre-Iraq war intelligence failures, saying that such an investigation would burden the CIA and other agencies at the very time that their vigilance is crucial.

"Let's win the war first, then maybe look at how we got into it," Carney told The New York Times. It is true that past exercises of congressional oversight, such as the notorious Army-McCarthy hearings of the 1950s, damaged the institutions they probed, and Carney is correct in urging caution, especially in avoiding the peril of using oversight to settle political scores.

Tempted as the Democrats might be to launch numerous fishing expeditions as payback for years of GOP dominance and arrogance, Americans are sick of tit-for-tat politics.

Rep. Henry Waxman — whose House Committee on Government Reform has, in his own words, "jurisdiction over everything" — has promised to use oversight judiciously. "Doing oversight doesn't mean issuing subpoenas," he said. "It means trying to get information."

Waxman is a tough interrogator, but so much information over the past several years has been withheld that we can afford to tolerate some aggressive probing. The greater risk is the peril of being too passive.

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Ross K. Baker is a political science professor at Rutgers University and author of Strangers on a Hill. He also is a member of USA TODAY's board of contributors.

CIVIL RIGHTS:

Bush: Honor King's Legacy By Helping All (AP)

By Ben Feller

AP, January 16, 2007

Paint brush in hand, President Bush helped spruce up a high school Monday and tried to draw attention to a broader point — the value of community service on a day honoring the Rev. Martin Luther King Jr.

"I encourage people all around the country to seize any opportunity they can to help somebody in need," Bush said from the library of Cardozo High, a predominantly poor, minority high school about 10 minutes from the White House.

"By helping somebody in need, you're honoring the legacy of Martin Luther King," the president said. "And by helping somebody in need, you're really helping yourself; you're lifting your soul."

Monday was a federal holiday for King, the slain civil rights leader who built a life around racial equality, nonviolent protest and public service.

Bush said people should treat the day as King's late wife, Coretta Scott King, wanted it. "It is not a day off," Bush said. "It's a day on."

In an unannounced visit, the president joined a community clean up project at Cardozo, where classes were not in session. A few hundred children, parents and local volunteers were at the school, many of them painting murals in the hallways to give the place a livelier look.

Bush, in rolled-up shirt sleeves, walked along a corridor and chatted up the volunteers, including Attorney General Alberto Gonzales.

Bush borrowed a paint brush dabbed in red ink, then carefully colored in the "B" of a stenciled drawing of "Ben's Chili Bowl." The local eatery is a Washington institution, known for its famous chili dogs and its rich history, including surviving the riots after King's assassination.

"Getting the drift of this thing here?" a smiling Bush asked as he painted, seeking approval of his technique. Volunteers nodded yes.

Upstairs in the school's library, children wrote hopeful letters to people in New Orleans who lives were devastated by Hurricane Katrina. The kids seemed unfazed by the presidential visit until Bush entered, and many jumped on chairs to get a glimpse of him as he thanked them.

Volunteers Take 'Day On' For King (WT)

By Natasha Altamirano

The Washington Times, January 16, 2007

Martin Luther King envisioned a world in which people of all backgrounds could work side by side toward a common goal.

That's why Greater D.C. Cares yesterday, on the civil rights leader's birthday, organized a beautification project at Lemon G. Hine Junior High School in Southeast.

The nonprofit service organization enlisted volunteers throughout the area to brighten the learning environment for the school's 400 students.

The event was one of thousands of service projects across the country commemorating the life of the civil rights leader through the Martin Luther King Day of Service.

"I can't think of a better place than our nation's capital to live out Dr. King's vision for the country," D.C. Council member Tommy Wells, Ward 6 Democrat, said during opening remarks to about 350 volunteers.

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Siobhan Canty, president and chief executive officer of Greater D.C. Cares, said the goal of yesterday's event -- along with the organization's other service projects -- is twofold: to make a difference through hands-on labor and begin a dialogue among diverse volunteers.

"It's an opportunity to come together and learn about each other," Ms. Canty said. "We always have to remember that Dr. King's legacy is racial equality and social justice."

Yesterday's volunteers came from Target, Marriott International Inc., AmeriCorps, area schools and other service groups.

Washington Capitals players Bryan Muir and John Erskine, despite recent injuries, also helped out.

Some Hine students participated -- raking leaves and re-painting the school's red front doors.

"It's a good way to help out and do something with your time," freshman Alexus Burgess said.

The national service day's motto is, after all, "a day on, not a day off."

About 30 students from the Catholic University of America also volunteered.

The students, with Susan D. Pervi, the university's vice president for student life, cleaned up one of the school's stairwells, wiping down railings and putting a coat of white paint over the yellowing walls.

"Catholic students have a disposition to do service," Mrs. Pervi said.

Other groups painted classrooms and restrooms and cleaned windows.

A beautification project also was under way at Cardozo Senior High School in Northwest, which drew a surprise visit from President Bush.

Mr. Bush, in rolled-up shirt sleeves, walked along a corridor and chatted with the volunteers, including U.S. Attorney General Alberto R. Gonzales.

Mr. Bush borrowed a paint brush dabbed in red ink, then carefully colored in the "B" of a stenciled drawing of Ben's Chili Bowl. The local eatery is known for its chili dogs and its rich history, including surviving the riots after King's assassination.

"Getting the drift of this thing here?" a smiling Mr. Bush asked as he painted, seeking approval of his technique. Volunteers nodded.

Elsewhere in the District yesterday, hundreds participated in a "peace walk" honoring King.

The walk began at the "Big Chair" landmark in Anacostia and ended at Covenant Baptist Church in Southwest, which hosted a worship service.

D.C. Mayor Adrian M. Fenty attended the memorial march and hosted a musical tribute at the University of the District of Columbia in King's honor.

During the tribute, Mr. Fenty presented the "Living the Dream" awards to the D.C. Boys Choir and to Hal Jackson, a member of the Radio Hall of Fame who became the first black radio sports announcer when he began calling baseball games for Howard University and the Negro Baseball League.

Mr. Jackson also broke color barriers when he began hosting a nightly interview program on local station WINX in 1939.

Gary Emerling contributed to this article, which is based in part on wire service reports.

Walking Just Like King Did (WP)

By Michael E. Ruane And Hamil R. Harris

The Washington Post, January 16, 2007

The opening song was No. 540 in the hymnal, but most people at the Covenant Baptist Church tribute to the Rev. Martin Luther King Jr. yesterday already knew the words well.

Lift ev'ry voice and sing, Til earth and heaven ring. . . . Stony the road we trod, Bitter the chast'ning rod. . . .

Inside the venerable Washington church, which was the destination for hundreds participating in the city's Martin Luther King Peace Walk, the throng sang the verses to James Weldon Johnson's civil rights anthem with gusto.

Yet with a steady beat, Have not our weary feet come to the place for which our fathers sighed?

It seemed a fitting climax to the 18-block walk honoring King's birthday, which was led by D.C. Mayor Adrian M. Fenty and wound along Martin Luther King Jr. Avenue SE to the church on South Capitol Street.

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It was one of numerous tributes across the region to the slain civil rights leader, who would have turned 78 yes terday. King was assassinated in Memphis on April 4, 1968.

The peace walk began about 10 a.m. at V Street SE in Anacostia after speeches by the mayor and other officials, clergy members and civic leaders. Crowding the sidewalk for blocks, the marchers enjoyed balmy January weather as they strode south on the avenue, chanting slogans and carrying banners.

"Today we're blessed. The weather is not a problem," said Denise Rolark Barnes, one of the walk's organizers. Over the years, King birthday commemorations have been affected by harsh winter weather, she noted.

While an official King Day parade in the District is scheduled for April 7, Barnes said many people believed King's birthday needed to be observed, too. "Many of us who work and live along the avenue just felt as though there was something that we should do. . . . We said, 'Rain, snow, sleet or hail, we would be out here,' and fortunately it doesn't look like we're going to get any of that."

Fenty (D) said the walk would be a simple statement. "We're going to just go out and put one foot in front of the other, and tell people that, although we made a lot of progress, we've got a long way to go." He said it could be especially instructive for the children participating.

"It won't be hard to explain to the kids how Martin Luther King was able to make so much progress just by walking when they're going to do it themselves," Fenty said. "I think they'll appreciate the hours and hours and months and months [spent walking] in the South to get civil rights advancements if we do a little bit of walking here ourselves."

Residents watched from front porches and windows as the march proceeded and a recording of one of King's speeches drifted from a passing car, along with the thump of pop music from another.

Past the avenue's multitude of churches the marchers went, past the nail salons and convenience stores. One house on the route was adorned with the images of King and fellow civil rights champion Malcolm X arrayed on its front steps. There were black marchers and white marchers, people in sneakers and others wearing cuff links.

One marcher, Keith Day, 45, who works at a drug addiction prevention agency, said: "I came down here to keep the legacy of Dr. King alive. If it wasn't for him, none of this would be happening. It took a man like him to stand up for peace."

Elsewhere yesterday, more than 300 people gathered at the La Fontaine Bleu banquet facility in Lanham for the 13th Annual Martin Luther King memorial breakfast sponsored by the Ebony Scholarship Society. There, Bishop Adam Jefferson Richardson Jr. of the Second Episcopal District of the African Methodist Episcopal Church challenged those gathered to go beyond just remembering King.

"From memorial to movement, let the movement begin anew," Richardson said. "It is right for us to be told Dr. King's words, to hear what the words mean in the context of 2007. At a time when we are waging war like swatting flies, it would be refreshing to hear King's words that violence is a poor teacher."

Maryland Del. Carolyn J.B. Howard (D-Prince George's), who attended the event, said that although such programs have become common since King's death, "we still need to remember what he did."

"It is easy to stay away, but we need to come out," she said. "There needs to be a new sense of activism today."

Martin Luther King Papers Go On Display (AP)

By Errin Haines

AP, January 16, 2007

The first Martin Luther King Jr. Day since the death of King's widow and the chief keeper of his civil rights dream was marked Monday with speeches, visits to the couple's tomb and the opening of a collection of his papers, including a draft of his "I Have a Dream" speech.

Coretta Scott King's legacy loomed large over the 21st observance of the King holiday at the historic Ebenezer Baptist Church, where King preached.

"It is in her memory and her honor that we must carry this program on," said her sister in law, Christine King Farris. "This is as she would have it."

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Mayor Shirley Franklin urged the congregation not to pay tribute to King's message of peace and justice on his birthday and then contradict it the next.

"Millions can't find jobs, have no health insurance and struggle to make ends meet, working minimum-wage jobs. What's going on?" Franklin said, repeating a refrain from soul singer Marvin Gaye.

As King condemned the war in Vietnam 40 years ago, Ebenezer's senior pastor, the Rev. Raphael G. Warnock, denounced the war in Iraq.

"The real danger is not that America may lose the war," Warnock said. "The real danger is that America may well lose its soul."

Visitors also paid homage to the slain civil rights leader and his wife at their tomb, not far from the church.

"They're together at last," said Daphne Johnson, who was baptized by King at Ebenezer.

Coretta Scott King died last year on Jan. 31 at age 78. An activist in her own right, she also fought to shape and preserve her husband's legacy after his death, and founded what would become the Martin Luther King Jr. Center for Nonviolent Social Change.

Crowds lined up early at the Atlanta History Center to see the first exhibition of King's collected papers since they were returned to his hometown. The papers brought back difficult memories for some.

"I remember a lot that I don't care to say," said Bertis Post, 70, of Atlanta, who marched with King in Alabama and Atlanta. "I always wanted to see the papers in person — just to be here and be around what you believe."

The exhibit includes King's letter from the Birmingham jail, an early draft of his famous "I Have a Dream" speech, his acceptance speech for the Nobel Prize and more than 600 other personal documents.

In California, Stanford University released some of King's earliest sermons and other writings Monday, a decade after the documents were discovered in a moldy cardboard box in an Atlanta basement.

The texts include sermons written when King was a 19-year-old seminary student in 1948 until 1963.

In a 1949 sermon, King asked God to "help us work with renewed vigor for a warless world, a better distribution of wealth and a brotherhood that transcends race or color."

King also sought a peaceful coexistence between science and religion and rejected a literal reading of the Bible, an approach he said had been used to justify slavery and other racial injustices.

Elsewhere, thousands of volunteers observed the holiday by taking part in service projects. Organizers expected about 50,000 people to participate in about 600 projects, said Todd Bernstein of the group MLK Day of Service.

President Bush, in an unannounced stop at a high school near the White House, said people should honor King on the holiday by finding ways to give back to their communities. Classes were not in session but volunteers were sprucing up the school.

"I encourage people all around the country to seize any opportunity they can to help somebody in need," Bush said. "And by helping somebody in need you're honoring the legacy of Martin Luther King."

Several hundred people gathered in West Columbia, S.C., for a breakfast prayer service, where the Rev. Brenda Kneece said King set the standard for sacrifice and vision.

King's "vision became even more powerful because he understood the risks he was taking," said Kneece, executive minister of the South Carolina Christian Action Council. "It's very important for our children to know that his sacrifice didn't win the war. We still have to keep at it."

At Michigan State University, officials presented a one-day civil rights exhibit that displayed slave shackles, a document from King's voting rights march in Alabama and a fingerprint card for Rosa Parks made after her 1955 arrest for refusing to give up her bus seat to a white man.

Marchers commemorating King Day in Troy, Ohio, were heckled by a group of seven neo-Nazi protesters shouting white power slogans and carrying signs, police said. There were no arrests.

And in North Carolina, 400 workers walked off the job or refused to show up at a huge Smithfield Foods Inc. hog slaughtering plant in Tar Heel after managers refused to grant the King holiday as a paid day off.

The company said a union request last week for the day off came too late for a change of work plans.

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This year's holiday comes on the day King would have turned 78. King was assassinated April 4, 1968, while standing on the balcony of a hotel in Memphis, Tenn. His confessed killer, James Earl Ray, was arrested two months later in London.

MLK Exhibit Draws Record Opening Crowd King's Words Retain Allure (AJC)

By Catherine Fox

The Atlanta Journal-Constitution, January 16, 2007

They arrived by the hundreds. Sometimes three generations together. They came to a place many had never been, parked as much as a half-mile away and put up with long waits — all to be among the first to see "I Have a Dream: The Morehouse College Martin Luther King Jr. Collection" at the Atlanta History Center.

It was, as one awed visitor proclaimed to no one in particular, "a rendezvous with destiny."

In the first 30 minutes after the museum's 10 a.m. opening Monday, about 400 people were on hand to see the exhibit of 600 artifacts, a selection from the trove of 10,000 documents purchased for $32 million by a consortium of Atlanta interests last year.

And they kept on coming. The center, which had instituted a timed entry system because of the crowds, stayed open four hours past its 5 p.m. closing time to accommodate more than 3,500 visitors.

"This is a record opening for an exhibition at the history center," said communications director Hillary Hardwick. She said anecdotal evidence indicated that a majority of the visitors had never been there before.

Mothers with babies on their hips, dads with toddlers on their shoulders, teenage boys in baggy pants — they moved slowly through the exhibition, engrossed in reading King's words. The mood was respectful, almost solemn. Like Alvin and Ishmael Crouch, brothers from Tyrone, the visitors seemed moved. The teens had come at their mother's suggestion, and they were glad they had.

"We had read 'Letter from Birmingham Jail' in literature class," said Alvin, 16. "But to see the actual paper, it was pretty amazing. You read it, and it's 'OK, whatever.' To see it, it does something to you. ... He must have really, really wanted freedom, for him and his people."

The documents were just as affecting for Katie Jones, whose great-grandmother was 8 years old when she was emancipated from slavery. "Every person applying for citizenship should be required to see this show," said the Atlantan, 69. "They should see how this nation was built on the backs of our forefathers."

Crowds clustered around the video screens showing footage of some of King's most famous speeches. The Weatherspoon family of Hamilton Mill was among those watching the landmark "I Have a Dream" speech King delivered in front of the Lincoln Memorial in 1963.

"Every year on King Day we do something, so it's not just a day off, " said Johnny Weatherspoon, 42.

He said he and his wife, Renette, always have made it a point to talk with their two daughters about King and civil rights history, just as their parents had with them, and to take them to the historic sites. But the girls did not remember having watched the speech before.

"It like sent chills to your back to think how it feels to be discriminated against," said Joni, 12.

Justice, 9, was impressed by the quantity and fluidity of King's writing. Standing before a draft of King's last speech, which he wrote on loose-leaf paper with nary a crossed-out line, she observed, "It was like he is really into it. He just keeps on going."

The visit was also a family affair for Bryan Anthony Grant, who spent more than an hour looking at the exhibit with his parents, Bryan Sr. and Avis Franklin-Grant of Kennesaw. This was the family's first visit to the center, but not the last.

"I definitely want to see this again," said Franklin-Grant.

The younger Bryan couldn't yet read cursive, so his parents had to help with him some of the speeches.

But he got the message. When asked what he learned, the 7-year-old said:

"Dr. King fought for equal rights for white and black, and he made good speeches."

At King Events, Politicians Mount New Calls For Justice (NYT)

By Mike Mcintire

The New York Times, January 16, 2007

DOJ_NMG_0116322

As New Yorkers gathered yesterday to pay tribute to the legacy of the Rev. Dr. Martin Luther King Jr., it was the memory of another man that asserted itself throughout the day, with political leaders demanding justice for Sean Bell, who was killed in a hail of police bullets last November.

Gov. Eliot Spitzer met with members of Mr. Bell's family before speaking at the Rev. Al Sharpton's annual celebration of Dr. King in Harlem, where a string of politicians followed Mr. Sharpton's cue and addressed the shooting. Mr. Bell, an unarmed black man, was killed by undercover officers outside a Queens nightclub. The case is being investigated by prosecutors.

Mr. Spitzer said the Bell family "stressed to me with great eloquence their concern that it not happen again."

"I can tell you as the former attorney general and as the governor of the state," he said, "we will do everything we can to make sure that justice is done and to make sure that fairness will begin in the street. It's what we owe you. It is what is right."

Mr. Sharpton said he talked to Mr. Spitzer about holding a statewide forum of political and community leaders to discuss the Bell case and "deal with permanent, legal changes, including the discussion of a permanent special prosecutor on cases, and testing of police officers."

The governor stopped short of endorsing a forum, but pledged to "continue a dialogue and have communication to figure out what we can do better."

Mr. Sharpton, a veteran of police controversies, has emerged as an adviser to the fiancée and relatives of Mr. Bell, whose death on his wedding day has galvanized critics of Police Department policies on use of force and its training of officers. The King Day event at Mr. Sharpton's crowded storefront headquarters, always suffused with political theater, regularly serves as a reminder of his influence over public opinion, and votes, among African-Americans.

The subject of Mr. Bell's death was also raised by officials and pastors who spoke at black churches and at the Brooklyn Academy of Music's annual King Day commemoration, where Mayor Michael R. Bloomberg and City Council Speaker Christine Quinn each invoked Mr. Bell's memory.

Among the other elected officials at Mr. Sharpton's event was the state attorney general, Andrew M. Cuomo, who told the audience that he recently met with Mr. Bell's family. In a speech punctuated by frequent bursts of applause, he placed Mr. Bell in a litany of previous victims of police abuse and decried systemic faults in the criminal justice system.

"Minorities and poor people are disproportionately victims of criminal justice," Mr. Cuomo said. "Criminal justice is supposed to protect everyone, everywhere. And that includes Abner Louima and Amadou Diallo and Sean Bell."

Mr. Bloomberg, though introduced with warm remarks by Mr. Sharpton, faced a chilly reception from some members of the audience, who occasionally interrupted his remarks with loud comments or questions, particularly on the topic of Mr. Bell. The mayor called Mr. Bell's death "a terrible moment for New York," which demonstrated that "despite all the progress we have made in this city, we really do have a long ways to go."

Mr. Bloomberg, who made several public appearances yesterday, had more success connecting with audiences when he reminisced about enjoying the music of the late James Brown and suggested that Representative Charles B. Rangel, a favorite son of Harlem, should run for president. The mayor, a Republican who has deflected speculation about his own possible candidacy in 2008, made his comments about Mr. Rangel at the Convent Avenue Baptist Church in Harlem.

"You should know that Congressman Rangel was one of the first people that urged me to run for mayor," Mr. Bloomberg said. "And I'll never forget the time I called him and said, 'Charlie, I've got some good news and some bad news for you. The good news is I'm going to listen to you and run for mayor. The bad news is I'm not doing it as a Democrat.' "

Lee Honors Postponed To April (WT)

By Christina Bellantoni And Tarron Lively

The Washington Times, January 16, 2007

Robert E. Lee's annual honors in the U.S. Capitol have been postponed from this week to April, as heritage buffs hope to expand the Confederate general's 200th birthday into a yearlong celebration.

Members of the United Daughters of the Confederacy (UDC) for nearly a century have laid a wreath at Gen. Lee's statue in the Capitol's Statuary Hall on his birthday. It's a big soiree marked with dozens of heritage groups invited to offer wreaths of their own, and speeches by Civil War historians.

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This year, the UDC will host a smaller ceremony at the statue on Friday, Lee's birthday. The extensive festivities will be held April 7 at the statue.

The delay, caused by the transition from Republican power to a Democratic majority, has been welcomed by organizers who say it allows them to bring renewed and extended attention to Lee's historical significance.

"We're going to commemorate the birthday all year. We have things planned all over the country, so this fit in well with our plans do it up," said UDC member Vicki Heilig, of North Carolina.

The transfer of power from Republican Speaker J. Dennis Hastert to Democratic Speaker Nancy Pelosi slowed down the event-approval process.

Mrs. Pelosi's office was not legally allowed to consider requests until she was sworn in Jan. 4, just a few days before the group's notification deadline to send out invitations.

The new speaker's staff pored through "dozens and dozens" of pending requests, and ultimately approved the UDC event for Saturday, said Pelosi deputy press secretary Drew Hammill.

But that approval came too late to do a "bang-up" job and get 400 engraved invitations into the mail, Miss Heilig said.

"We didn't feel like we had time to do that," she said, adding, "Besides, April is better weather," for members traveling from all over the country.

The more subdued affair will be held at 11 a.m. Friday in Statuary Hall. Some UDC members plan to dress in period garb of hoop skirts and bonnets.

The Capitol ceremony celebrating Lee's birthday -- he was born Jan. 19, 1807, in Stratford, Va. -- has been held every year since 1911. The Lee statue arrived at the Capitol from Virginia in 1909.

A career officer in the U.S. Army, Lee became one of the most successful Confederate generals after the outbreak of the Civil War, eventually commanding all of the South's armies. After the war, he became president of Washington College (now Washington and Lee University) in Lexington, Va., and advocated reconciliation between North and South.

Some members of local heritage organizations were unhappy about the delayed celebration.

"I think it's outrageous," said Richard Hines, a Northern Virginia business owner and commander of a group called the Noble Order of the Sword of Lee, formed to honor the general's birthday.

Alleged Voting Rights Violation With Twist Goes To Trial (WP)

By Peter Whoriskey

The Washington Post, January 16, 2007

MACON, Miss. -- Over the years, Ike Brown has earned a reputation in rural Noxubee County as a wily political boss, and his election triumphs have time and again aroused suspicions of impropriety. But talk of his tactics never carried much farther than this small community of sawmills and catfish ponds.

Today, though, Brown, who is African American, is scheduled to go on trial in federal court in Jackson, where he will face charges from the Justice Department that he violated the political rights of Noxubee's white minority. It is the first time that the 1965 Voting Rights Act has been used to ensure white rights.

About two-thirds of the 8,700 adults in Noxubee County are black, and Brown, the local Democratic committee chief, has been criticized for urging people to "vote black" while engaging in an array of electoral shenanigans.

At issue is whether Brown, 52, has directed "relentless voting-related racial discrimination" against white voters and white candidates through fraudulent election tactics, as federal lawyers say, or whether he was merely operating aggressive political campaigns in a milieu that has long been split along racial lines.

The case is being closely watched, not only for its contrasts to the historic struggle for civil rights here, when the Voting Rights Act was a key legal weapon on behalf of blacks, but for signs of the Bush administration's commitment to minority issues.

Critics view the case as a symbol of the way that the administration has veered away from the traditional mission of the civil rights division at the Justice Department -- eliminating discrimination against African Americans -- in favor of reverse discrimination and religious discrimination matters.

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"I played tough, but I played fair," Brown said last week. Whites "stole elections from us for decades and nothing was done about it. Now the slightest inconvenience for the establishment is cause for the Justice Department to come down here."

Brown, a lanky single father, has been a figure of political controversy here for years, but not a flashy one. A former tax preparer, he served a prison sentence in the mid-1990s for preparing fraudulent returns. Now, aside from his political work, he also operates a one-man scrap metal business. He makes less than $30,000 annually all told, he says, and his Macon home, in a predominantly white neighborhood, is assessed for $127,000.

Wil Colom, the prominent black Republican lawyer who has taken Brown's case on a pro bono basis, describes his client and his aggressive tactics as a product of the long and sometimes bitter quest for black representation in Noxubee County.

Brown has run dozens of campaigns here, and Colom traces the fight for black representation in the county to 1971, when, despite the numerical superiority of blacks, no one on the board of supervisors was African American. It was not until the early '90s that African Americans won a majority of seats. Now, four of the five county supervisors are black.

"Majority rule came to South Africa before it came to Noxubee County," Colom said.

In the battle for political representation, he said, Brown fought like "a guerrilla" and his legal troubles stem now from the fact that he did not recognize that he was now in power and did not build coalitions with those he had vanquished. As a result, Colom said, "whites feel alienated."

Still, he said, "it's hard for a black person in Ike Brown's position to stomach somebody complaining about discrimination, considering what's happened to them."

The federal lawsuit enumerates an array of illegal maneuvers in Noxubee County elections engineered by Brown. They include recruiting ineligible black candidates, excluding whites from Democratic Party meetings, manipulating voter registration rolls and collecting improper absentee ballots, partly through teams of notaries who visit homes to help people vote.

In a 1999 Democratic primary for sheriff, for example, the margin of victory for Brown's preferred candidate was only five votes. A judge ruled that a new election should be held because 52 ballots, most of them from absentees, were found to be invalid.

Brown, as chairman of the Democratic Executive Committee in the county, did not fulfill the judge's order, telling the local paper, the Macon Beacon, that someone would have to file a lawsuit to compel him to do so. No one did.

In 2003, Brown recruited a black lawyer to run against the incumbent white county prosecutor, according to the government's court filings, even though the white lawyer is a Democrat and the black lawyer was ineligible to run in Noxubee because he lived in Jackson. Brown refused to hear the complaints of the prosecutor and dropped the campaign only after a judge ruled against him.

The same year, Brown delivered to the Macon Beacon a list of 170 or so white Republican voters whom he said he would challenge if they tried to vote in the Democratic primary. Critics say he singled out white voters, but Brown indicated that he was only trying to keep Republicans from voting.

Indeed, while federal lawyers link Brown to the racial polarization of county voting, locals on both sides of the divide say race is simply something that politicians in the area have to deal with, and if they choose to, can exploit to their advantage.

"I use rhetoric to try to win, and that may range from saying that, quote, they're not black enough or it may range to saying that they're too black to get anything done," Brown has admitted. "It's just whatever is convenient."

Phillip McGuire, a white jewelry store owner who has been asked to testify, said in a deposition: "You can't live here without couching some things in terms of race. It's just . . . you know, Mississippi."

Compass Settles Claim It Discriminated Against Unmarried Car Buyers (BIRMBIZ)

Birmingham Business Journal, January 15, 2007

Compass Bank has reached a settlement with the U.S. Department of Justice over allegations the bank discriminated against unmarried car-loan applicants.

The Justice Department launched an investigation into Compass' automobile lending practices after the Federal Reserve Board, in a routine 2003 examination, found "reason to believe that Compass Bank's loan pricing procedures and directives constituted a pattern or practice of discrimination," according to a news release Friday.

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In its complaint, the Justice Department alleged the Birmingham-based bank had violated the Equal Credit Opportunity Act by charging car loan co-applicants who were not married to one another higher rates than married couples.

In a consent order filed in federal district court in Birmingham, Compass has agreed to pay as much as $1.75 million plus interest to unmarried co-applicants who were charged higher rates. It also will beef up its equal credit opportunity training for employees who set car loan rates. The bank also is required to maintain changes to its lending procedures already in place that explicitly ban distinctions based on marital status.

"Under the law, marital status should have no effect on an individual's access to credit," said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division, in a news release. "We will continue to vigorously enforce the federal laws that prevent discrimination in credit and lending services. We commend Compass Bank for working cooperatively with the Justice Department in reaching an appropriate resolution of this case."

Since 2001, the Justice Department's Civil Rights Division has filed seven cases under the Equal Credit Opportunity Act.

Compass's agreement with the Justice Department remains subject to court approval.

Compass Settles Complaint (BN)

By Roy L. Williams, News Staff Writer

The Birmingham News (AL), January 16, 2007

Discrimination on car loans alleged

Compass Bank said Monday it settled federal complaints that it engaged in a pattern of lending discrimination against some applicants for car loans based on their marital status.

The Justice Department and Compass said the Birmingham bank will pay up to $1.75 million, plus interest, to non-married loan customers who were charged higher interest rates than married couples.

A consent decree, which still must be approved by a federal judge in Birmingham, says Compass promised it will not discriminate on the basis of marital status in any aspect of its automobile lending.

"Under the law, marital status should have no effect on an individual's access to credit," said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division.

Ed Bilek, a Compass senior vice president, said the bank admitted no wrongdoing and noted that the loans in question occurred between May 2001 and May 2003. He declined to say how many loans were involved in the investigation, saying only "it did not represent a significant amount of our business." The probe looked at lending through the bank's operating territory

"While Compass believes its lending practices comply with applicable laws and regulations, we worked closely with the Department of Justice and are happy to resolve this issue," Bilek said Monday,

Compass had revealed in a quarterly filing with the Securities and Exchange Commission last August that the Justice Department was investigating its auto lending practices. In the filing, Compass said the investigation concentrated on its "indirect auto lending" practices. Indirect loans originate at auto dealers and are forwarded to banks for approval.

The Justice Department said Compass has implemented changes to its lending procedures that bar distinctions based on marital status and will maintain those new policies. Compass said it will provide enhanced equal credit opportunity training to its officers and employees who set rates for automobile loans.

Bilek said Compass has reserves set aside for the settlement.

The government's complaint alleges that Compass violated the Equal Credit Opportunity Act, which makes it unlawful for creditors to discriminate against any applicant based on race, color, religion, national origin, sex, marital status or age.

The Federal Reserve Board referred the matter to the Justice Department after a 2003 examination gave the board reason to believe that the bank's loan pricing procedures constituted a pattern of discrimination.

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State Police Panel Reviewing Claim Trooper Was Told To Lie To Monitors (BERGENCR)

By Justo Bautista, STAFF WRITER

Bergen County (NJ) Record, January 15, 2007

DOJ_NMG_0116326

A committee appointed by Governor Corzine to take a "hard look" at state police reforms is investigating allegations by a veteran trooper that he was coached on how to mislead federal monitors.

Testifying in November before the Advisory Committee on Police Standards, Sgt. Scott Turner said commanders asked him to "misrepresent" his findings as head of the research and innovation unit that the state police academy at Sea Girt was not complying with the mandates of a federal consent decree signed in 1999 as a result of a racial-profiling scandal. Turner said he refused.

He also testified that high-ranking commanders in the Office of Professional Standards "manipulated and misrepresented" internal affairs data to show that the state police were complying with the consent decree.

"I was instructed to keep my mouth [shut] when speaking with federal monitors, to omit information, and I was even coached on how I can mislead monitors [by] misrepresenting information and how I could limit my responses to their questions," said Turner, who has a whistleblower lawsuit pending against the state police.

The committee's recommendations will help Corzine decide whether the state should join the U.S. Justice Department in filing a motion in U.S. District Court to lift the consent decree, which was signed in December 1999 and allowed federal observers to monitor state police efforts to end racial profiling.

After six years of overseeing state police operations, federal monitors said the reforms have "far exceeded" the court-ordered requirements designed to end racial profiling.

Nevertheless, the committee is "still looking" into Turner's allegations, said James E. Johnson, the committee chairman and a former federal prosecutor.

"He has raised some serious matters, and we intend to look at them carefully," Johnson said.

The deadline for the committee's final report, originally Dec. 31, has been extended to Jan. 31.

Asked about Turner's testimony, state police spokesman Capt. Al Della Fave, said: "We have cooperated fully with the independent monitors since Day One."

Turner said creating a "community police commission" in the Department of the Public Advocate was the "only real solution to provide independent oversight of the state police."

The 21-member advisory committee held four hearings around the state in the fall and "continues to gather data," Johnson said.

The consent decree was signed more than a year after two troopers fired on a van carrying four unarmed minority men on the New Jersey Turnpike. Three of the men were wounded in the shooting, sparking an outcry over racial profiling.

The state Attorney General's Office said in July 1999 that "the problem of racial profiling is real."

Troopers are now operating in a "climate of excellence," State Police Superintendent Rick Fuentes testified in October. He cited the federal monitors' report of 30 consecutive months of substantial compliance with decree requirements -- enough progress for the Justice Department to move for dismissal of the consent decree. The monitors found no indication of racial profiling in state police traffic stops.

"The prospect of achieving a 100 percent compliance rate with the decree in our line of work was thought by some to be impossible, but it has been attained," Fuentes said.

He added that he wanted the reforms codified by legislation, thus assuring state funding for them.

"What takes place on the road now is testimony to the most constitutional and unbiased policing in the country," David Jones, president of the State Troopers Fraternal Association, told the committee.

But Edward Barocas, legal director of the American Civil Liberties Union of New Jersey, testified that an ACLU study, based on the state's own statistics, showed profiling on the southern portion of the New Jersey Turnpike had not stopped.

"African-Americans now make up a higher percentage of stops than they did before the consent decree began," Barocas said.

While lauding state police progress, the Rev. Reginald T. Jackson, executive director of the Black Ministers Council of New Jersey, strongly urged the committee to keep the consent decree in place.

Jackson said he doubted that the state police "culture" had changed.

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"It was this culture which made racial profiling permissible, tolerable and OK," Jackson said. "It was this culture which led the New Jersey State Police to adopt a posture of denial. In fact, to my knowledge, to this date, Nov. 21, the organization has not publicly admitted it practiced racial profiling."

Della Fave contended the culture has changed.

"All of the troopers presently on patrol on the road were inducted during the consent-decree years," Della Fave said. "It's a completely different road from 1999."

To change the police agency's "insular and secretive culture," William H. Buckman, a Moorestown attorney, called in a landmark 1996 racial profiling case for the appointment of a civilian state police commissioner.

"We will not get a handle on profiling unless we get a handle on the culture," Buckman said. "If we can't rely on people within the agency to be able to tell us, without fear of their lives or careers, of wrongdoing, how are we going to know what's going on?"

A Gloucester County judge in that case agreed that troopers were racially profiling motorists on the southern portion of the turnpike.

Legislation Targets Human Trafficking In State (LAWET)

By Gordon Fraser

Lawrence (MA) Eagle Tribune, January 16, 2007

Three state legislators are joining forces to end the human trafficking problem in the Granite State. Which begs the question, is there a human trafficking problem in the Granite State?

"There's no way to know, but common sense just tells you New Hampshire isn't immune," said Assistant U.S. Attorney Mark Zuckerman. "It's happening all around us. It's happening here, too."

But the evidence is sketchy, Zuckerman said. Since a federal law passed prohibiting human trafficking in 2000, only one New Hampshire case has been prosecuted - the United States v. Timothy Bradley and Kathleen Mary O'Dell.

Bradley and O'Dell, of Litchfield, were convicted in 2003 of forcing four Jamaican men to work for their tree-cutting business. The men lived in unsanitary and unsafe conditions, and received no pay for their work, according to Zuckerman. Both Bradley and O'Dell were sentenced to five years, 10 months in prison.

Human trafficking essentially falls into two categories. The first is forced labor, when people are transported across national borders, often illegally, and forced to work for little or no wages to pay back those who brought them into the country. The Bradley and O'Dell case fell into this category, with one difference - the four Jamaican men were brought into the country legally, on workers' Visas.

The second category involves forced prostitution. Young women or children are transported into a country, and forced to pay back those who brought them in by working in the sex trade.

Just the possibility of a human trafficking problem in New Hampshire is shocking to Rep. Jordan Ulery, R-Hudson, the sponsor of two bills. One of the bills would establish a commission to study human trafficking. The other would make transporting illegal immigrants across the border, or from place to place within the border, a crime.

"One child, one woman, one laborer being abused is too many," he said.

Ulery, a private investigator, said he thinks the human trafficking problem in New Hampshire is worse than people realize.

"It is so easy to come across the Canadian border," he said, that the major north-south highways in the state have become a conduit for trafficking people to Boston and New York. He theorizes that people from Asia and Europe are trafficked into Canada, then brought down into the United States.

"At the same time," he said, "there are individuals within the state of New Hampshire who are attempting to take advantage of workers, take advantage of human beings."

The problem, thus far, seems to be finding hard evidence of that.

"I think there's no way to know," said Cynthia Magnuson, spokeswoman for the U.S. Department of Justice. "It's difficult to find these cases."

But Magnuson, as well as Zuckerman, thinks the state law would still be a good idea.

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According to Zuckerman, a state law against human trafficking would give local police more power to investigate such crimes. Today, they only assist federal authorities already doing investigations.

But not everyone thinks the bill is such a good idea. When Ulery proposed a similar bill last year, he said, he got opposition from groups that thought the basic human rights of illegal immigrants would be at risk.

Opponents of the bill said making the transportation of illegal immigrants within the state a crime would even put charity groups trying to help immigrants at risk.

Ulery wants to leave that to the discretion of prosecutors.

"I trust our attorney general," he said. "She's a pretty astute individual."

Suit Calls Sacrifice A Religious Right (WT)

By Hugh Aynesworth

The Washington Times, January 16, 2007

EULESS, Texas -- Jose Merced said he is tired of Euless police knocking at his door and interrupting his church services.

Police have told Mr. Merced that his Santeria religious rites are against the law in this rapidly growing community because some of its ordination rituals involve the sacrifice of animals. One of his neighbors on the small cul-de-sac registered a complaint, but police did not tell him who.

He said fewer than 10 members of his group meet regularly in his Euless home.

After repeated visits and warnings, Mr. Merced, a 45-year-old airline employee, consulted Ernesto Pichardo, the church's president, and filed a lawsuit against the city claiming his religious freedom had been violated.

"We've been down this road before," Mr. Pichardo told The Washington Times.

In 1993, the U.S. Supreme Court struck down an ordinance in Hialeah, Fla., as a violation of the First Amendment's "free exercise" of religion clause. Justices agreed with Mr. Pichardo, the lead plaintiff in the case, saying the city targeted its law to Santeria sacrificial rites.

The city of Euless refused to comment on the lawsuit, but Avery Jackson, who was waiting in line at City Hall last week, was not so circumspect.

"Would you want children to watch chickens or goats being killed for their blood?" he said. "Come on, get real. They might do that in Haiti or Cuba or somewhere, but in Euless, Texas?"

Mr. Pichardo, 52, a Cuban refugee who lives in Florida, compared the drawing of blood to the Eucharist in Catholicism.

"This is not drinking blood, and we don't sacrifice children," he said. "And we don't go around snatching pets."

Mr. Merced said authorities "just don't understand our religion" and that his group of followers might go as long as a year without such sacrifices.

"This doesn't happen very often," he said. "It's only on special occasions."

Some Santeria members pointed out that Tongans, who have a 4,000-strong community in this metro area, roast as many as 15 pigs at festivals in their United Methodist churches.

The Rev. Alex Latu, minister of the Tongan United Methodist Church, bristled at the comparison of pig roasts to blood sacrifice.

"When we cook pigs, it is not a religious thing. It's cultural," he said. "We simply like pork. It's similar to how Americans cook a turkey to celebrate Thanksgiving."

Mr. Latu said he did not have a strong feeling about the legal argument of Santeria followers, but a ruling "would only affect them, not other religions."

He noted that Mormons were forced to comply with laws against polygamy. "Though I do not want to see the government involved in all such instances, sometimes certain things help the community as a whole," he said.

Santeria originated among the Yoruba in southwestern Nigeria centuries ago and was introduced to Caribbean nations, Cuba primarily, via the slave trade.

Virginia Assembly To Tackle Abortion (WP)

By Tim Craig, Washington Post Staff Writer

DOJ_NMG_0116329

The Washington Post, January 15, 2007

One Measure Would Outlaw Most Procedures

RICHMOND -- Abortion rights advocates are gearing up to fight more than a dozen bills before the General Assembly this year, including a measure that would outlaw nearly all abortions in Virginia should the U.S. Supreme Court overturn Roe v. Wade.

The debate over abortion is a yearly ritual for the Republican-controlled General Assembly, but a pending Supreme Court decision on the Partial-Birth Abortion Ban Act and this fall's legislative races could heighten the discussion this year.

"I have no doubt if the Supreme Court overturns Roe that Virginia would be one of the states that makes it illegal to have an abortion," said Ann O'Hanlon, executive director of NARAL Pro-Choice Virginia.

Many Supreme Court observers have said the court is one or two votes from reversing the 1973 decision that established a woman's right to an abortion.

Abortion has been a tumultuous political issue in Virginia, where polls show that about 40 percent of the electorate identify themselves as born-again Christians. The state is home to Pat Robertson's Christian Broadcasting Network as well as Jerry Falwell Ministries, both of which speak out against abortion.

A Washington Post poll taken during the 2005 governor's race found that 61 percent of Virginia residents think abortion should be legal in all or most cases; 38 percent said they want to outlaw the practice.

A bill by Del. Robert G. Marshall (R-Prince William) causes abortion-rights supporters the greatest concern. The bill proposes that Virginia revert to pre-1973 abortion laws if the Supreme Court overturns Roe v. Wade. Under those laws, abortion would be illegal except if the life of the woman or fetus is endangered.

"The right-to-life folks have not seen their concern addressed in years, so this gives them hope there is still some interest in this issue," Marshall said. He added that abortion opponents are engaged in a long-term struggle to take "a couple of steps" each year to reduce abortions.

"It is our belief a reasonable Supreme Court will reverse most, if not all, of the Roe decisions, and any legislation that brings Virginia in line with that decision we would support," said Victoria Cobb, president of the Family Foundation, a socially conservative group. The foundation is advocating changes to the informed-consent law so abortion clinics would be required to perform an ultrasound before performing an abortion.

In February, the South Dakota legislature set the stage for a direct challenge to Roe v. Wade when it voted to make it a felony for doctors to perform abortions except to save the life of the woman. Voters overturned the law in a statewide referendum in November.

In Virginia, abortion foes have been more restrained, largely focusing on ways to limit access to abortion slowly. Last year, the House of Delegates approved a plan that would require clinics that perform abortions to meet the same standards as ambulatory surgery centers, but the measure died in a Senate committee.

The bill has been reintroduced this year. "Veterinary clinics are regulated to a higher degree than abortion clinics, and to me, abortion is an invasive procedure and ought to be regulated at least to the same degree," said Del. Phillip A. Hamilton (R-Newport News), chairman of the Health, Welfare and Institutions Committee.

Abortion rights supporters counter that the regulations are not needed because there have been few instances in which health or sanitary conditions have been an issue in one of the state's abortion clinics.

Other proposals under consideration this year include bills that would stiffen penalties for injuring a fetus as well as measures that require women to be given more information about a fetus before an abortion. The General Assembly will also consider a measure to require minors to get parental permission before obtaining birth control and one that would require a doctor to use anesthesia when performing an abortion on a fetus after 20 or more weeks.

Hamilton said he is not sure whether any abortion-related bills would pass the House this year but doubts that there will be much enthusiasm for taking up Marshall's plan for a total ban.

Gov. Timothy M. Kaine (D) has said he opposes abortion personally but would veto any bill that outlaws abortion. A different political landscape might present itself next year, however, when the Senate committee that has blocked most restrictions on abortion might have a new chairman.

DOJ_NMG_0116330

Even if some of the abortion bills pass the House this year, Sen. H. Russell Potts Jr. (R-Winchester), chairman of the Senate Education and Health Committee, said they would face a hostile reaction in his committee.

"It's absolutely outrageous stuff that is just totally out of the mainstream," Potts said. "They just don't get it. Women by the thousands are deserting the Republican Party."

Some of Potts's Republican colleagues say he's the one out of the mainstream because he's blocking restrictions that a majority of senators support. Sen. Ken Cuccinelli II (R-Fairfax) refers to the Education and Health Committee as the "committee of death."

But Potts, a Republican maverick who angered many party leaders in 2005 when he launched an independent bid for governor, might not be around next year to block abortion-related bills: He said he is considering retiring. If a new chairman takes over and allows antiabortion legislation to reach the full Senate, Potts said, "it has a very good chance to pass."

The Republicans' Gamble (WP)

The Washington Post, January 15, 2007

Change Virginia's redistricting system or roll the dice.

PARTIES THAT command the majority of state legislatures are loath to yield their right to draw district lines on the state's political map. And no wonder: Why voluntarily cede such a sweeping power? But Virginia Republicans, who control both houses of the state legislature, would do well to break the mold this year -- and not only because they would be exposed as bald-faced hypocrites for refusing.

Virginia remains in most ways a majority-Republican state. But after successive Democratic victories in races for governor and senator, plus Democratic pickups in the state legislature for most of this decade, the GOP majority is starting to look shaky. Hence the party's dilemma: If it insists on leaving redistricting in the hands of the majority, as it has in recent years, it may wake up after the 2010 Census startled to find the Democrats in charge of redrawing the political map. If, on the other hand, the Republicans agree now to create a bipartisan system, they may end up with an electoral map more to their liking than if they were left to the Democrats' mercies. The result will be better government and better politics.

It's better government because Virginia's current system has produced a quasi-democracy. Most incumbent lawmakers have districts so gerrymandered in their favor that they face no serious opponent or no opponent at all. In the last elections for the House of Delegates, in 2005, just 12 of the 100 races were competitive enough to end with a margin of victory of less than 10 percentage points; in the last state Senate elections, in 2003, just four of the 40 races were that close. Most of the real contests are in the primaries, which are decided by a tiny handful of the most partisan voters of each party. That produces winners who tend to be the most partisan candidates and the ones least interested in consensus and compromise. The result: polarization and gridlock of the sort that Virginia's legislature has been subjected to for the past several years on transportation and the budget.

Then there's the politics. Fifteen years ago, Virginia Republicans, then in the minority, introduced a constitutional amendment to establish a bipartisan redistricting commission. The commission would consist of four members named by the chief justice of the Virginia Supreme Court -- two from each party but none serving in any elective or official party capacity. The fifth member, the chairman, would be selected by the other four. The GOP's proposed amendment was killed without ado by the then-majority Democrats. The Republican sponsors, who included a certain Del. William J. Howell of Stafford County, cried foul.

Now an identical constitutional amendment, unearthed from the state archives, has been proposed by Virginia's House Democratic leader, Del. Brian Moran of Alexandria. Mr. Howell, whose Republican Party is now in the majority, is speaker of the House. Can he, with a straight face, oppose the amendment that he co-sponsored in 1992?

ANTITRUST:

Blitz Of Mergers, Buyouts Sets A Record (CSM)

By Mark Trumbull

The Christian Science Monitor, January 16, 2007

DOJ_NMG_0116331

Corporate merger and buyout activity is now surpassing the record levels reached in 2000 – a trend that holds some risk as well as promise for the global economy.

In the past week:

• US Airways boosted its hostile bid for the struggling airline Delta, to about $10 billion.

• General Electric Co. said it will buy Britain's third largest aerospace company for $4.8 billion. It also is looking to auction off its plastics division, which could be worth $10 billion.

• Jockeying intensified among rivals to buy Hutchison Essar, one of India's biggest wireless phone companies.

With all the stock shares and assets flying back and forth in recent months, even stock exchanges are part of the story. European regulators have just stamped their approval on a proposed merger between the New York Stock Exchange and Euronext, an operator of European exchanges. And two venerable Chicago markets for futures and option contracts are in the process of pairing up.

This wave of dealmaking is generally a positive force, analysts say. Mergers or buyouts help many businesses become more competitive – and support their stock prices in the process. But the trend also gives cause for worry. The last time mergers and acquisitions (M&A) hit a peak like this was in 2000, just before a bear market and recession of 2001. The risk is that, once again, stock prices and M&A activity could fuel each other, only to collapse after a speculative frenzy.

"Right now we're not seeing that," says Roger Aguinaldo, who publishes the M&A Advisor, a New York newsletter. "But it could happen."

What's certain is that dealmaking is back in full swing. In 2006, M&A volume worldwide reached $4 trillion, surpassing the previous record of $3.3 trillion set in 2000, according to Dealogic in New York, which analyzes global investment banking and systems. The year's final quarter, in fact, was the fastest-paced.

The trend is driven by a strong global economy, for one. Also, some CEOs feel an "eat or be eaten" pressure, knowing they could lose their jobs if their companies are bought out.

Other causes may be particular to a given company or industry. GE is buying and selling pieces to reposition itself for solid global growth. The US airline industry, analysts say, must consolidate to boost profitability.

Perhaps the biggest force behind the merger wave is the simplest: piles of money. Corporations have built up loads of cash. So have "private equity" funds, created by large investors to buy publicly traded firms, manage them privately for a time, and then relaunch them as public companies.

"We've got a good head of steam," says Joseph Quinlan, chief market strategist at Bank of America Securities in New York. "There's a lot of liquidity out there still."

This is true globally, not just in the US. In half of the 10 biggest transactions of 2006, neither the target nor the acquiring company was from the US, Dealogic reports. Meanwhile, M&A by developing nations nearly doubled in the past year, to half a trillion dollars in value, says Mr. Quinlan.

While some financial experts predict another record in 2007, he says merger activity will probably begin to trail off in the second half of the year. "My hope is it kind of rolls over gently, [that] it doesn't crash," Quinlan says. He expects that the world's central banks will withdraw easy credit conditions before the passion for mergers gets out of control.

The recent dealmaking hasn't generally aroused antitrust concerns. Most industries are competitive. But as the trend continues, consumer protection could become more important. In 2003, for example, an academic analysis of banking mergers found that consolidation has hindered small-business access to loans.

Still, deals in this current period tend to be, on balance, beneficial, many analysts say. The economy "seems to be less vulnerable to excess than, let's say, the late 1990s or 2000," says Pavel Savor, a finance expert at the University of Pennsylvania's Wharton School in Philadelphia.

One reason: Cash-only transactions are now the norm, accounting for three-fourths of the M&A volume last year, according to Dealogic. Dealmakers tend to be more disciplined when using cash than stock, analysts say. Also, corporate directors feel greater pressure to be alert on shareholders' behalf – at risk of being sued.

Brocade-McData Deal Forces FTC Juggling (DEAL)

DOJ_NMG_0116332

By Cecile Kohrs Lindell, The Deal

The Deal, January 16, 2007

A merger between competitors might be a great deal for the companies' customers, lowering prices by focusing research and development on the most valuable projects and cutting production costs. Another deal joining competitors, however, could raise prices by decreasing competition, leaving fewer choices to consumers.

The Federal Trade Commission is trying to decide which camp Brocade Communications Systems Inc.'s $735 million purchase of McData Corp. falls into.

Politics at the five-member commission and recent legal precedent are making this case a closer call than most for the agency. First, the agencies have lost several recent merger cases. Next, market entry barriers that aren't easy to assess and a dearth of customer complaints are complicating the FTC's job. Finally, the makeup of the FTC itself changed last year, and the dynamics of the commissioners are still evolving.

The case comes at a time when both the FTC and its sister agency, the Department of Justice's antitrust division, have been losing challenges to mergers. FTC Chairman Deborah Platt Majoras has said she wants to bring a case, and she said, "You can't win if you don't play," but so far, "the right case" has been elusive.

Staff lawyers, who are eager to challenge the deal, have reviewed the Brocade-McData deal, according to several sources following the matter. After that recommendation reached his desk, however, sources following the deal believe FTC Bureau of Competition Director Jeff Schmidt overruled staff and forwarded to the five commissioners a recommendation to let the deal go through.

Antitrust lawyers say the differing recommendations are understandable because the case is too close to call.

His reluctance to block the merger in court is due in part to a previous case, DOJ's unsuccessful challenge to Oracle Inc.'s purchase of PeopleSoft in 2004. The Justice Department's defeat in that proceeding was seen as a judicial mandate on the need for consumer testimony. In that case, Chief Judge Vaughn Walker of the Northern District of California seemed to say that the government could only block mergers where there is a clear story of imminent consumer harm, as expressed clearly and in unified terms, by the customers in the industry.

In the Brocade-McData case, arbitrators say the FTC has been unable to identify customers who say they will suffer if the merger is completed.

Still other lawyers, including the newest FTC commissioner, Tom Rosch, have publicly said Walker is not right and would like to see antitrust regulators challenge his dictate on consumer testimony before it becomes embedded in antitrust practice. The FTC blocked the merger of H.J. Heinz Co. and Beech-Nut Nutrition Corp. in 2000 when the U.S. Court of Appeals for the D.C. Circuit found that a three-to-two merger, sometimes called a merger to duopoly, was illegal. The district court in that case had allowed the deal, which had no adverse customer testimony, but was overturned by the appellate panel.

Indeed, other deals have been blocked in the past, even without customer testimony if there are few competitors in the industry and there are reasons why no new companies could get into the industry.

The Brocade-McData deal focuses on sophisticated switches, called director switches, for computers. Only the merging parties and Cisco Systems Inc. now manufacture the switches. But Cisco may have as much as 30 percent of the market, according to arbitrators, and Cisco is a relative newcomer. That suggests another competitor might enter the market and expand quickly, reducing the ability of the merging firm to create a stranglehold on the market. Cisco, however, is a large networking equipment and network management company that already has a reputation in the computer industry. It's not clear whether another company could replicate its success.

Finally, politics are sure to come into play. Historically, Republicans tend to bring fewer merger challenges, putting their faith in the free-market system, while Democrats tend to block more deals. While Rosch is part of the Republican majority, he's only been at the agency for about a year. He came from Latham & Watkins LLP, where the bulk of his experience was litigating antitrust cases. That experience could lead to a stronger desire to go to court than his fellow Republicans hold, according to some Washington antitrust lawyers. They also see in his recent speeches a desire to use the courts as a means to clarify merger law, suggesting he wants the agency to prove its mettle in court.

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But, lawyers note, it would be a bit ironic if Rosch votes with Democrats to challenge the Brocade-McData deal, since Rosch was on the Latham litigation team that won the Oracle-PeopleSoft case.

DOJ Details Plans In Lawsuit Against Realtors (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, January 16, 2007

ZipRealty, former eRealty officials expected to testify

If the antitrust lawsuit filed by the U.S. Justice Department against the National Association of Realtors proceeds to trial, the United States plans to call the Realtor association's general counsel, ZipRealty's CFO, the former president and CEO for eRealty, and the CEO for Home Buyers Marketing II among its witnesses, according to court documents.

The federal government has also identified 20 multiple listing service areas from which it has requested or obtained detailed data and 16 additional MLS areas from which it has collected evidence or will draw evidence.

Lawyers representing the government and Realtor group met last week with a court magistrate for a routine conference in the antitrust lawsuit, which was filed in September 2005. The lawsuit, filed in U.S. District Court in Chicago, charges that the Realtor group approved overly restrictive policies for the online display and sharing of property information among real estate professionals, while the Realtor group has maintained that its policies are not illegal.

Laurie Janik, general counsel for the National Association of Realtors, said lawyers for the association expressed a worry about the possible number of depositions that the government may take to assist in building a case against the Realtor association. Depositions, which are recorded statements given under oath for use in court, can be time-consuming and costly, said Janik, noting the government had announced plans for 10 depositions in one small market area. That number has since been trimmed to three for that market area, she said.

Janik suggested that there are numerous less costly methods for parties to gather information.

Laurie Janik, National Association of Realtors

"They're very expensive. We've got to send an attorney there (and there is) travel time and attorney time during the deposition. If they were to do 10 depositions I'd probably have an attorney out there for a week, which is unreasonable if we're going to duplicate that in 36 market areas," Janik said.

Prior to announcing the lawsuit, the government took about 10 depositions, Janik said, "including mine and several members of our work group." Lawyers for the National Association of Realtors, meanwhile, took a deposition from a broker in Kansas prior to the government's announced plan for more depositions in that state, Janik said. In a court filing, a U.S. Justice Department attorney stated that the government planned to call Janik as a witness if the case proceeds to trial.

Other witnesses that the government expects to call upon include: Gary Beasley, president and chief financial officer of ZipRealty Inc.; Russell Capper, former president and CEO of eRealty, a company that was acquired by Prudential Real Estate Services; and Steve Polston, CEO for Home Buyers Marketing II.

Janik said the magistrate did provide some assurance that there would not be hundreds of depositions allowed for the case, though no specific limit was set.

Michael Erdman, a Chicago lawyer who has been monitoring the lawsuit, said in a posting at his Web site that the government has said it expects to conduct 45-50 depositions, excluding experts. Also, Erdman stated that the government announced it "is aware of at least forty-eight brokers nationwide that have opted out" under a listings policy adopted by the Realtor group, and has plans to take depositions from a "significant number" of them.

According to the court documents filed by the Justice Department, Beasley of ZipRealty "is likely to testify about the services that ZipRealty offers, the market benefits that competition from ZipRealty offers, and the effects of NAR policies relating to VOWs." It was the Realtor group's approved Virtual Office Web site policy, or VOW policy, that triggered a two-year investigation preceding the lawsuit.

Association leaders reacted to the lawsuit with a public announcement that the group had adopted a new, modified policy to replace its approved VOW policy, though the association later urged Realtor-operated MLSs not to enact the modified policy and not to implement controversial aspects of the VOW policy. The modified policy, known as the Internet Listings Display or ILD

policy, and VOW policy provided for the online sharing or withholding (known as "opt-out" provisions) of property information at brokers' Web sites.

ZipRealty has provided "a substantial amount of documents" to the Justice Department, court documents state, and ZipRealty is now fighting in court to block an effort by the National Association of Realtors to obtain more documents that it seeks as evidence in defending against the Justice Department lawsuit. NAR had served ZipRealty with a subpoena "that essentially asks Zip to open its doors to NAR -- one of Zip's competitors -- and allow NAR access not only to the details of Zip's operations, but Zip's unique business model, its 'Coca-Cola formula,' as well," a ZipRealty lawyer stated in a court filing.

Capper, formerly with eRealty and currently with Prudential Real Estate Services, is likely to testify "about the services that eRealty offered prior to its acquisition ... the VOW-related services that Prudential offers now, the market benefits that competition from eRealty offered and that Prudential offers, and the effects of NAR policies relating to VOWs," according to court documents. Janik, meanwhile, "is likely to be asked to testify about the development of the VOW policies and the effects of NAR policies relating to VOWs."

And Polston is expected to testify "about the services that (Home Buyers Marketing II) offers, the market benefits that competition from HBMII offers, and the effects of NAR policies relating to VOWs," court documents state.

A July letter by a U.S. Department official noted, at that time, that the Justice Department was "currently aware of eleven MLS areas in which opt outs occurred," and the department plans to include evidence about those opt outs, or specific situations in which an MLS member opted to withhold property listings from an online broker-exchange system. Those markets, according to the letter, include: Jackson, Wyo.; Marathon, Fla.; Des Moines, Iowa; Hays, Kan.; York, Pa.; Cleveland, Ohio; Hudson, N.Y.; Emporia, Kan.; Detroit, Mich.; and Portland, Ore.

And a Dec. 8 letter from the Justice Department includes a list of 20 MLS areas from which the government "has requested or obtained detailed data," including: Atlanta, Ga.; Austin, Texas; Bakersfield, Calif.; Boston, Mass.; Chicago, Ill.; Dallas, Texas; Denver, Colo.; Detroit, Mich.; Emporia, Kan.; Fargo, N.D.; Hudson, N.Y.; Ithaca, N.Y.; Las Vegas, Nev.; Philadelphia, Pa.; Phoenix, Ariz.; Portland and statewide in Maine; San Diego, Calif.; Tampa and Orlando, Fla.; Washington, D.C., and Baltimore, Md.; and York, Pa.

Among the other MLS area from which the government has drawn evidence or plans to draw evidence: Cleveland, Ohio; Des Moines, Iowa; Hartford, Conn.; Hays, Kan.; Houston, Texas; Jackson, Wyo.; Los Angeles, Calif.; Marathon, Fla.; Miami, Fla.; Minneapolis, Minn.; Portland, Ore.; Sacramento, Calif.; Seattle, Wash.; St. Louis, Mo.; and Tulsa, Okla.

Justice Department officials said in court documents that they may draw upon evidence establishing that "a relatively small group of brokers controls a large share of the market" in some areas, and they may also use national surveys and other analyses of the brokerage industry in their lawsuit.

The next status conference for the lawsuit will be held Feb. 7.

GE Buys Aerospace Unit For $4.8 Billion (AP)

The Associated Press

AP, January 16, 2007

LONDON -- General Electric Co., the world's largest aircraft engine maker, agreed Monday to buy the aerospace business of Smiths Group PLC, Britain's third-largest aerospace company, for $4.8 billion in cash.

Smiths will return $2.1 billion to shareholders, the London-based company said in a statement. GE and Smiths also announced plans for a joint venture called Smiths GE Detection.

The market reacted enthusiastically, pushing Smiths shares up more than 15 percent to 1,135 pence ($22.24) on the London Stock Exchange. The company has been under shareholder pressure to break itself up, but has resisted.

Fairfield, Connecticut-based GE said the purchases would broaden its aerospace portfolio by adding Smiths' flight management systems, electrical power management, mechanical actuation systems and airborne platform computing systems.

"GE Aviation is growing about 10 percent a year and this acquisition gives us a technology growth platform that will be accretive to our net income and will deliver immediate and future value for our investors," GE Chairman and Chief Executive Jeff Immelt said in the statement.

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Smiths Aerospace has more than 11,000 employees and posted revenue of $2.4 billion in 2006. It has been working on projects like Boeing's 787 aircraft, the Airbus A380 as well as the Joint Strike Fighter military project.

Smiths will call an extraordinary shareholders meeting during the second quarter to approve the sale, which is also subject to regulatory approval.

Speaking on a conference call with reporters, Immelt said the acquisition complemented GE's existing business instead of being a consolidation, and he looked forward to "a constructive process" with EU antitrust regulators.

The European Union blocked GE's attempt to take over Honeywell in 2001, although the deal had been approved by U.S. regulators.

Smiths Chief Executive Keith Butler-Wheelhouse said the decision to sell the aerospace arm was made last autumn.

"The structure of the aerospace industry is changing _ in particular its increased capital requirements and the growing importance of supplier scale, especially as the next generation of large programs kicks in."

Butler-Wheelhouse said he had approached GE about buying its Homeland Protection unit during the aerospace negotiations, but was turned down.

The new Smiths GE Detection joint venture will combine Smiths' Detection operations with GE Homeland Protection. Smiths will own 64 percent and GE will have 36 percent, with the partners committed to holding those stakes for at least five years.

"Our combination of technologies will result in the development of more effective products and services to help make the world a safer place," Butler-Wheelhouse said.

The joint venture will have pro-forma annual revenue of about 600 million pounds ($1.2 billion).

Fortis Securities in London commented that the aerospace deal "comes close to a complete break-up" of Smiths.

"The aerospace division is extremely well-placed, having major contracts with Boeing, Lockheed Martin and others, but lacks scale for long-term independence," Fortis commented.

Butler-Wheelhouse said there are currently no talks to sell off the remaining Smiths units, but said "we reconsider these things continuously."

But Keith Bowman, equity analyst at Hargreaves Lansdown stockbrokers, said: "With the group's conglomerate mode now truly broken, the shares will now almost certainly continue to court further rumor and speculation as to the next divisional sale."

Steel Firms' Deal Challenged (WSJ)

By Jamie Miyazaki

The Wall Street Journal, January 16, 2007

Fund Argues Osaka Isn't Paying Enough For Tokyo Kohtetsu

TOKYO -- Activist investment fund Ichigo Asset Management International Pte said it has taken a 10.9% stake in steel maker Tokyo Kohtetsu Co. and is looking to challenge the terms of a merger with a larger rival that it says shortchanges shareholders.

The development is the latest in a string of moves by activist investors attempting to force Japanese management, especially at small-to-midsize firms, into doing more to maximize shareholder value.

Ichigo's move was triggered by Osaka Steel Co.'s announcement in October that it would be conducting a stock swap with Tokyo Kohtetsu to convert the electric-furnace steel maker into a wholly owned subsidiary by March 31.

"What's frustrating is that this is a very good transaction. It makes a lot of strategic sense, but shareholders are being left behind," said Scott Callon, chief executive officer for Ichigo Asset Management's Japanese unit.

Tokyo Kohtetsu shareholders are set to vote Feb. 22 on the terms of the swap, which would give them 0.228 share of Osaka Steel for each Tokyo Kohtetsu share. That values the company at 8.23 billion yen ($68.4 million), based on Osaka Steel's share price of 2,070 yen the day before the deal was announced, on Oct. 26.

Ichigo, however, says that ratio gives shareholders just a 0.3% premium relative to the company's average share price over the month prior to the merger announcement. The fund is seeking to have that renegotiated to a 30% premium, or 0.295 share of Osaka Steel for one Tokyo Kohtetsu share.

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"Ichigo seeks that the shareholders of Tokyo Kohtetsu...be offered an appropriate price which reflects the true value of Tokyo Kohtetsu," Mr. Callon said.

Ichigo, which has its headquarters in Singapore, joins a growing legion of foreign hedge funds that have sought to challenge Japanese management.

In November, the U.S.'s Steel Partners generated a blizzard of publicity after it launched a hostile takeover of noodle maker Myojo Foods Co. in a bid to force management to improve profitability and returns for shareholders. That bid ultimately failed when Myojo was rescued by noodle industry heavyweight Nissin Food Products Co. with a friendly tender offer.

Yesterday, Tokyo Kohtetsu shares ended up 1.8% and Osaka Steel rose 2.5%.

Write to Jamie Miyazaki at jamie.miyazaki@dowjones.com1

ENVIRONMENT:

Out Of Sight, Under Fire Over Leases (NYT)

By Edmund L. Andrews

New York Times, January 16, 2007

WASHINGTON, Jan. 15 — Johnnie M. Burton, who runs the Interior Department's troubled program to collect royalties on oil and gas pumped on public lands, is under attack and out of sight.

As director of the Minerals Management Service, Ms. Burton has faced widespread complaints from Congress for months that her agency is mismanaged, unaccountable and on the verge of losing billions of dollars owed by oil and gas companies that drill in the Gulf of Mexico.

On Thursday, the Interior Department's inspector general is expected to tell the Senate Energy Committee that Ms. Burton either ignored or remained unacceptably blind to a leasing blunder that will, if left unchanged, let oil companies escape as much as $10 billion in royalties over the next five years.

The Senate hearing comes amid rising bipartisan anger about potentially huge losses to taxpayers that have prompted an investigation by the Justice Department into the agency's multibillion dollar "royalty in kind" program.

Yet Ms. Burton — a diminutive Algerian-born former French teacher and state official from Wyoming — will not be testifying. In her place will be an assistant secretary of the Interior, C. Stephen Allred, who joined the department less than four months ago.

Ms. Burton declined requests for an interview. In response to questions, Lucy Querques Denett, associate director of Minerals Management Service, praised Ms. Burton's record in an e-mail statement.

"Her direction to staff has always been to perform our mission in conformance with the laws and regulations," Ms. Denett said. "She has also clearly impressed upon us that we are responsible for collecting every penny due and owed the American public."

Senior Interior officials have kept Ms. Burton out of public view, and many colleagues assume she will soon leave the agency.

It is quite a reversal of fortune for an official who won praise from Congress in her first three years for her expertise in arcane issues about oil and gas accounting.

Ms. Burton, 67, arrived in the United States as a refugee in 1962, after fleeing from Algeria during its war for independence from France. She moved to Wyoming after meeting and marrying a geologist from the state. After working initially as a French teacher, she teamed up with her husband in a small oil exploration business and later started an oil industry news service for the Rocky Mountain region.

A staunch Republican, Ms. Burton served six years in the Wyoming state legislature. When voters elected a Republican governor, Ms. Burton became director of the state's Department of Revenue for six years. Because Wyoming's state revenue comes almost entirely from energy and mining, Ms. Burton became well-versed in many of the same issues posed in collecting federal royalties on oil and gas.

"She always tried to be perfect at everything she did," said Thomas Strook, a retired oilman and Republican legislator in Wyoming who was close friends with Ms. Burton during her time there.

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Ms. Burton lost her job in Wyoming in 2002, after voters ousted the Republican governor, Jim Geringer. While she knew Vice President Dick Cheney, who also comes from Wyoming, acquaintances say it was her ties to state political leaders and her experience with energy taxation that won her the job at Interior.

In recent months, Republicans and Democrats alike have castigated Ms. Burton for only belatedly acknowledging a leasing blunder created by the Clinton administration in the 1990s that is likely to cost the government about $10 billion over the next five years and then insisting that there was little the government could do to fix the problem.

In July, Republicans the House Government Reform Committee accused her agency of stonewalling their investigation. In September, they accused Ms. Burton of going too far in making concessions to oil companies. That same month, the Interior Department's chief independent investigator declared that "short of crime, anything goes at the highest levels of the Department of the Interior."

Democratic lawmakers, now in control of Congressional oversight committees, have vowed to step up their own investigations and overhaul the entire program.

But Ms. Burton has hardly been acting on her own.

Under President Bush, the Interior Department's top ranks were filled with people with close ties to industry. Most prominent were Gale A. Norton, a strong advocate of domestic drilling who recently stepped down as Interior secretary and subsequently joined Shell Oil, and G. Steven Griles, a former industry lobbyist who became deputy secretary and now faces a possible indictment on charges of lying about his dealings with the disgraced lobbyist Jack Abramoff.

In November, Interior officials announced that a new task force of outside experts would evaluate the royalty program. Officials named David T. Deal, a longtime lawyer for the American Petroleum Institute, to head the panel.

"Since Bush was elected, there has been a clear agenda to promote oil and gas development wherever and however they can," said Erich Pica, a policy analyst at Friends of the Earth, an environmental policy group. "Time and again, you have seen the administration and its political appointees side with the oil and gas companies."

In 2004, when the Interior Department offered lucrative new royalty incentives to gas producers that drill very deep wells in shallow waters, the final arrangement was negotiated above Ms. Burton's level, in negotiations between top aides to Interior Secretary Norton and White House budget officials, according to current and former administration officials.

But if Ms. Burton has been less a decision maker than a loyal soldier, her responsibility for the leasing program has left her in the line of fire. Lawmakers express outrage over how Ms. Burton and other top officials glossed over the error that occurred when the Interior Department signed 1,100 offshore leases in 1998 and 1999 that let deepwater drillers escape royalties regardless of how high oil and gas prices might climb.

The incentives were supposed to stop if oil prices climbed above a "threshold price" of $34 a barrel, but leasing officials omitted the escape clause for two years.

Though midlevel officials spotted their mistake in 2000, Interior officials never mentioned the mistake in public and never tried to fix the leases until 2006.

Ms. Burton's first reaction was to blame the Clinton administration, saying she did not learn about the problem until early 2006. With anger boiling over in Congress, Ms. Burton announced in June that she would try to persuade oil companies to renegotiate voluntarily.

But the Interior Department's inspector general is expected to report this week that Ms. Burton either knew or should have known about the problem as early as 2004.

The timing is important, because energy prices were much lower in 2004 and many lawmakers contend that the government might have been able to renegotiate the leases without acrimony if it had moved earlier.

Ms. Burton told the House Government Reform Committee last September that she first learned about the problem in early 2006. But investigators say that Thomas Readinger, then associate director of the Minerals Management Service, confirmed to oil companies in 2004 that the escape clause was indeed missing.

Officials involved in the issue said that Earl E. Devaney, the Interior Department's inspector general, found no evidence that Ms. Burton lied in her testimony. But they note that Mr. Readinger was one of Ms. Burton's top deputies and contend that she had little excuse for not knowing about the issue.

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"If she didn't know about it, she should have known about it," said Representative Darrell Issa, a California Republican who headed several hearings on the matter.

In response to questions, the Minerals Management Service said in a statement on Friday that Mr. Readinger routinely discussed issues with oil companies without involving Ms. Burton.

"His contacts with industry were routine and in most instances did not rise to the level of the director," the agency said. "As associate director one of his functions was to provide industry with factual information, not decisions."

On Thursday, House Democrats hope to pass a bill that would pressure companies to change the leases. Companies that refuse to give up the loophole would either be prohibited from acquiring any additional federal leases or would have to pay a "conservation fee" of $9 for each barrel they produce.

Ms. Burton, and the Bush administration in general, have opposed the measure and said it undermined the "sanctity of contracts." But lawmakers in both parties say the measure is all but certain to pass with strong bipartisan support.

Ms. Burton faces other problems. On Tuesday, a federal jury in Denver will hear allegations by a top former auditor at the Minerals Management Service that the Kerr-McGee Corporation cheated the government out of at least $12 million in royalties — and that senior agency officials in Washington ordered him to drop the case.

The allegations are part of a lawsuit by Bobby L. Maxwell, a former auditing supervisor in Denver, who is now suing as a private citizen under a law that rewards whistle blowers for recovering money from companies that defraud the government.

Kerr-McGee has steadfastly denied any wrongdoing, and the Minerals Management Service has insisted that Mr. Maxwell's case has no merit.

But a federal judge has refused to dismiss the allegations, and a jury could reach a verdict by early February. If Mr. Maxwell wins, Kerr-McGee could be required to pay more than $50 million in back royalties and penalties. Ms. Burton would face pressure to explain why her agency swept aside Mr. Maxwell's findings.

Ms. Burton's agency is also the target of two criminal investigations by the Justice Department. One of them concerns allegations that the director and three other employees in the agency's "royalty in kind" program had consulting arrangements with companies seeking contracts to resell government oil.

Investigators hope to finish that inquiry by next spring. But that will hardly be the end. At least three separate House and Senate committees have investigations that are still in their infancy.

Oil Industry Braces For A Big Tax Hit (HILL)

By Jim Snyder

The Hill, January 16, 2007

Yesterday was a holiday, but this could be a long legislative week for Rep. Gene Green (D-Texas).

That's because it may end up being a costly one for oil companies, which are unpopular in the country at large but the source of thousands of jobs in Green's Houston district.

"I have Big Oil, Middle Oil, and Little Oil," said Green, a Democrat, of his district. All three, he fears, could be nicked by an energy package House Democrats will bring to the floor Thursday, the final piece of the Six in '06 agenda to kick-start their new majority.

The bill could cost the oil industry $15 billion over 10 years. That money would be redirected into a renewable energy development fund.

Last Wednesday, members of an informal oil patch caucus, which includes Green, Chet Edwards (D-Texas) and Charlie Melancon (D-La.), briefed energy lobbyists on the package.

It includes three components. Democrats would exempt oil companies from a manufacturing tax credit Congress passed as part of a broad corporate tax package in 2004. Referred to as Section 199, the tax cut is valued at around $4 billion over 10 years.

Repealing another tax break for a type of oil exploration included in the Energy Policy Act of 2005 would add another $1 billion. The repeal would only affect the six largest oil companies, an effort to distinguish between Big Oil and the rest of the industry.

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A much bigger chunk of revenue will come from trying to force oil companies to renegotiate contracts to drill in the Gulf of Mexico signed in 1998 and 1999. Companies could agree either to pay royalties, which kick in when oil prices pass a threshold, or a $9-per-barrel conservation fee. Combined, the provision could add as much $10 billion over the next decade, Green said.

Groups like the Independent Petroleum Association of America (IPAA), whose members drill 90 percent of the oil and gas wells in the United States, remain opposed.

"This measure is purely political with the goal of punishing an industry that has low favorability on Capitol Hill," said IPAA President Barry Russell.

Green, too, has misgivings. He thinks oil companies should get the same tax breaks manufacturing companies get, and doesn't think oil companies should pay a price for a mistake made by the Interior Department in the 1998 and 1999 oil leases.

Still, Democratic leaders were considering "a laundry list" of options that included proposals that would have cut deeper than the measures to be voted on this week.

"The Speaker brought us in and we worked on trying to make a bad situation better," Green said. "We have been a part of the process."

Green said he plans to vote for, if not wholeheartedly support, the Democratic energy package as a workable compromise.

"If you are a purist in Congress, you aren't going to be here very long," Green said.

Senate action on oil and gas measures this week will be limited to one panel: The Senate Energy and Natural Resources Committee is holding a hearing on the royalty issue on Thursday. Interior officials and a representative from the Government Accountability Office are expected to testify.

If oil companies are playing defense, another group of special interests, often at odds on issues, are joining forces in a lobbying offensive intended to draw attention to the ever-rising health care costs.

The effort, which is called Divided We Fail, is being supported by the Business Roundtable, the Service Employees International Union and the AARP (see story on page 8).

The three big groups plan a grassroots education campaign on healthcare in states with key presidential primaries.

"There is pain at all levels at this point," Mark Kitchens, an AARP spokesman, told The Hill.

Lobbying and ethics reform will again be the debate in the Senate this week. Several amendments are awaiting floor action, including one the Taxpayers for Common Sense, a spending watchdog group, urged senators to pass.

The amendment, offered by Sen. Jim DeMint (R-S.C.), relates to congressional earmarks and is broader than a measure supported by Senate Democratic leadership.

The DeMint bill would include provisions to non-federal and federal entities under the definition of an earmark. And all earmark requests would be posted on the relevant committee's website for the public to see.

"Sen. DeMint's amendment makes several key improvements that will produce a more effective piece of legislation and make it a bigger step forward for earmark transparency," a letter Taxpayers' President Ryan Alexander sent members on Friday states.

The OPEC Energy Security Act (WSJ)

The Wall Street Journal, January 16, 2007

House Democrats have finally released the details of their "Energy Security Bill," which will be voted on this week, and they must be cursing their rotten luck. Just when they want to stick it to Big Oil for alleged price gouging, oil and home heating costs are plunging. Never mind; this was a campaign theme amid $3 gasoline, and a detail like $2 gas isn't about to stop Democrats now.

This bill is said to promote America's energy independence, but the biggest winner may be OPEC. This is a lengthy, complicated bill, but the central idea is simple: Raise taxes on domestic oil producers and then spend the money to subsidize ethanol, solar energy, windmills (so long as they're not on Cape Cod), and so on. But if you increase the cost of domestic oil production by $10 billion, you are ensuring that U.S. imports of OPEC oil will rise and domestic production will fall.

The bill also includes a "Strategic Energy Efficiency and Renewables Reserve" fund for alternative fuels. That sounds a lot like the Carter-era Synthetic Fuels Corporation -- one of the more notorious Washington boondoggles of all time, having spent

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$2.1 billion of tax dollars on alternative fuels before declaring bankruptcy. Today there is no under-investment by the private sector in alternative energy. The research firm New Energy Finance has found that between 2004 and 2006 investment in alternative energy doubled to $63 billion. Venture capital funding of green-energy technologies has quadrupled since 1998.

The Democrats also insist that the big five oil companies have received sweetheart deals from the government that have ripped off taxpayers. So let's take a closer look. The most controversial issue involves $6 billion in royalty payments that oil companies are said to owe the government for oil pumped from federal waters. The facts suggest otherwise.

These were leases for drilling rights in the Gulf of Mexico signed between oil companies and the Clinton Administration's Interior Department in 1998-99. At that time the world oil price had fallen to as low as $10 a barrel and the contracts were signed without a requirement of royalty payments if the price of oil rose above $35 a barrel.

Interior's Inspector General investigated and found that this standard royalty clause was omitted not because of any conspiracy by big oil, but rather because of bureaucratic bungling in the Clinton Administration. The same report found that a year after these contracts were signed Chevron and other oil companies alerted Interior to the absence of royalty fees, and that Interior replied that the contracts should go forward nonetheless.

The companies have since invested billions of dollars in the Gulf on the basis of those lease agreements, and only when the price of oil surged to $70 a barrel did anyone start expressing outrage that Big Oil was "cheating" taxpayers out of royalties. Some oil companies have voluntarily offered to renegotiate these contracts. The Democrats are now demanding that all these firms do so -- even though the government signed binding contracts.

The Democratic bill strong-arms oil companies into renegotiating the contracts or pay a $9 per barrel royalty fee from these leases. If the companies refuse, they lose their rights to bid for any future leases on federal property. So at the same time that the U.S. is trying to persuade Venezuela and other nations to honor property rights, Congress does its own Hugo Chávez imitation.

Are American taxpayers worse off because of these leasing agreements? Hardly. It's fortunate these contracts were issued when oil prices were so low, because the oil discovered from those leases will do precisely what the Democratic energy bill will not: reduce U.S. dependence on foreign oil. One of the largest oil deposits in the Gulf was recently discovered as a result of these leases.

Democrats also want to raise about $5 to $6 billion by snatching away alleged tax breaks for Big Oil in the Republicans' 2005 energy bill. Sorry, that isn't true either. The Congressional Research Service reports that the net impact of the 2005 energy bill was to raise taxes on the oil and gas industry by $300 million. Nor does it make sense to repeal a domestic oil company's eligibility for a 2004 tax cut that reduced the effective corporate income tax rate to 32% from 35% on U.S. manufacturers. This tax cut increases the competitiveness of U.S. manufacturers that are now penalized by a U.S. corporate tax rate that is among the highest in the industrialized world. Our objection is that every U.S. company should pay the same, lower rate.

The House energy bill is nearly a carbon copy (if we can still use the word "carbon" in polite company) of California's Proposition 87. That 2006 ballot initiative would have taxed California's home-produced oil in order to subsidize "green technology" alternatives. California is a fairly liberal state, but even those voters understood that Prop 87 would have damaged the state's home oil and gas industry, increased foreign oil consumption, and raised the energy bills of state residents. It was clobbered at the polls. The House will plow ahead anyway, but let's hope the Senate has more wisdom.

Energy Time (NYT)

New York Times, January 16, 2007

Al Hubbard, the economic adviser who's coordinating the administration's energy strategy, recently promised that President Bush would produce "headlines above the fold that will knock your socks off in terms of our commitment to energy independence." Every president since Richard Nixon has talked this way, while every year the country slides further into dependency. Mr. Bush's overpromising has included a forecast that we would all be buying hydrogen-fueled cars in 20 years and his pledge a year ago to rid the country of its addiction to oil.

Still, we must hope that Mr. Bush is serious this time, because we simply cannot continue to hold our national security and the health of the planet hostage to our appetite for fossil fuels.

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America's closest allies, and increasingly its governors, know this. Last week, the European Union — shaken by Russia's threatened shutdown of oil passing through Belarus — announced a menu of initiatives aimed at reducing Europe's dependence on unreliable suppliers while cutting greenhouse gas emissions with cleaner fuels and new technologies.

Here at home, Gov. Arnold Schwarzenegger ordered his regulators in California to require fuel oil companies and refiners to start reducing emissions of carbon dioxide and other global-warming gases. The order is expected to help jump-start the production of biofuels and, over time, hydrogen for fuel cell cars. It follows an earlier California directive requiring more fuel-efficient vehicles, and represents an important element in the state's broad plan to cut global-warming emissions from all sources by 25 percent by 2020.

For its part, Congress is churning out energy bills. But this is a recipe for paralysis unless it observes a few basic guideposts.

¶The last thing America needs is another multi-year debate leading to yet another giant bill that offers something for everyone without really changing the way this country produces and uses energy. Senators Harry Reid and Jeff Bingaman have produced the outlines of a bill that could become the template for more specific action. It sets two basic goals: reducing the country's dependency on oil and reducing the risks of global warming. And it focuses on a handful of remedies, including more efficient automobiles, the rapid development of alternative fuels and cleaner ways of producing power.

¶Partisanship and posturing must be resisted. Right now, House Democrats are fixated on eliminating unnecessary tax breaks and closing loopholes that favor the oil and gas industry. Fair enough, but that's not an energy policy. The House has been notoriously unenlightened on energy issues, and Nancy Pelosi, the speaker, has some heavy educating to do to make her colleagues full partners in this essential national enterprise.

¶Doing things right will take serious money. In recent days, for instance, Gov. Brian Schweitzer of Montana and Senators Barack Obama of Illinois and Jim Bunning of Kentucky — any politician, that is, with coal to sell — have jumped aboard the coal-to-gasoline bandwagon as the answer to dependence on foreign oil.

The world has lots of coal, which can indeed be converted to gasoline. But the process releases enormous amounts of carbon, far more than refining oil into gasoline does. Unless we are willing to invest in technologies that can sequester carbon emissions and keep them out of the atmosphere, turning to coal could be a disaster for global warming.

So far, nobody — not the coal industry, Congress or the White House — has displayed much interest in making these investments, just as nobody except for a few states like New York and some plucky private investors has shown much interest in the investments necessary to produce biofuels on a commercial scale. Without them, we're just talking a good game, which is all Mr. Bush did last year.

Senators Poised To Reintroduce Global-warming Bill (HILL)

By Elana Schor

The Hill, January 16, 2007

Freshman Sen. Bernie Sanders (I-Vt.) will follow in his predecessor's footsteps today, joining 10 colleagues to reintroduce the sweeping bill reining in the spread of global warming that was championed by former Vermont Sen. Jim Jeffords (I).

Senate Environment and Public Works Committee Chairwoman Barbara Boxer (D-Calif.) is a lead cosponsor of the measure, which would mandate a reduction of U.S. greenhouse gas emissions to their 1990 levels by the year 2020. The emissions cuts would be achieved through a complex system of benchmarks and milestones for businesses that burn carbon-based fuels.

Boxer has said she will use the bill as a foundation for climate-change legislation to be crafted in committee. The initial draft has earned the backing of 13 leading environmental and government watchdog groups, which will send a joint letter of support to all Senate offices today.

The groups include the Natural Resources Defense Council, Greenpeace and the League of Conservation Voters.

Cutbacks Impede Climate Studies (WP)

By Marc Kaufman

Washington Post, January 16, 2007

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The government's ability to understand and predict hurricanes, drought and climate changes of all kinds is in danger because of deep cuts facing many Earth satellite programs and major delays in launching some of its most important new instruments, a panel of experts has concluded.

The two-year study by the National Academy of Sciences, released yesterday, determined that NASA's earth science budget has declined 30 percent since 2000. It stands to fall further as funding shifts to plans for a manned mission to the moon and Mars. The National Oceanic and Atmospheric Administration, meanwhile, has experienced enormous cost overruns and schedule delays with its premier weather and climate mission.

As a result, the panel said, the United States will not have the scientific information it needs in the years ahead to analyze severe storms and changes in Earth's climate unless programs are restored and funding made available.

"NASA's budget has taken a major hit at the same time that NOAA's program has fallen off the rails," said panel co-chairman Berrien Moore III of the University of New Hampshire. "This combination is very, very disturbing, and it's coming at the very time that we need the information most."

NOAA officials announced last week that 2006 was the warmest year on record in the United States -- part of a highly unusual warming trend over several decades that many scientists attribute to greenhouse gases. Some climate experts think that the atmospheric warming could bring more extreme weather -- longer droughts, reduced snowfall and more intense hurricanes such as the ones experienced along the Gulf Coast in 2005.

The budget for earth science programs for NASA and NOAA increased substantially in the 1990s, and that resulted in an unprecedented number of weather- and climate-monitoring missions in the past five years. But the report found that, as the current satellites deteriorate, the number of space-based Earth-observation missions will decline steadily through 2010, as will the number of instruments in space to gather weather, climate and environmental data.

"If things aren't reversed, we will have passed the high-water mark for our Earth observations," said co-chairman Richard Anthes of the University Corporation for Atmospheric Research in Boulder, Colo. "This country should not be headed in this direction. . . . We need to know more, not less, about long-term aspects of climate change, about trends in droughts and hurricanes, about what's happening in terms of fish stocks and deforestation."

Officials from NASA and NOAA said yesterday that they had just received the report, which was jointly commissioned by the two agencies to prioritize their efforts over the next 10 years.

"This first decadal report will be valuable in our strategic planning within our Science Mission Directorate," NASA said in a statement. "NASA supports the Administration's science policies and priorities, including the way forward on Earth observing systems."

NOAA's administrator, retired Navy Vice Adm. Conrad C. Lautenbacher Jr., added: "We will be working closely with NASA to assess how our two agencies can best address recommendations. . . . Input from the scientific community is critical and this report will help us."

According to the report, NASA invested about $2 billion annually in Earth-monitoring missions from 1996 to 2001, but that figure, when adjusted for inflation, started a decline in 2002 and is projected to be $1.5 billion annually from 2006 through 2010. Since President Bush announced plans in 2004 to return astronauts to the moon and later send them to Mars, many involved with the NASA science program have warned that their efforts are being curtailed, and will be restricted further in the future.

Moore and Anthes said that about $500 million a year is needed to restore NASA's earth science program to health -- essentially a return to the budgets during the Clinton administration.

The problem at NOAA is different, and involves continuing and costly complications with its National Polar-orbiting Operational Environmental Satellite System. Initially conceived in the 1990s as the next-generation weather forecasting satellite for NOAA and the Defense Department, it is now three years behind schedule and as much as $3 billion over budget, according to the Government Accountability Office. In addition, the NSC report says, many of the weather and climate instruments that the satellite was supposed to carry have been dropped to keep costs from further increasing.

Putting together a satellite that could serve the needs of NOAA, the Pentagon and to some extent NASA proved to be "a very severe technological challenge," Anthes said. "And when problems developed, there wasn't enough money to fix the problems."

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The review, written by the National Research Council of the congressionally chartered academy and released yesterday at the annual meeting of the American Meteorological Society, is the first major look at the government's long-term planning for space-based observation of Earth -- a reflection of the growing importance of the field. Almost 100 professionals participated in the priority-setting effort, which the report says was made difficult by "major shocks" regarding funding that came late in the study.

The panel offered many detailed recommendations that together sought to "restore U.S. leadership in earth science and applications and avert the potential collapse of the system of environmental satellites."

The recommendations, as outlined in a briefing document, call for increased spending on the study of ice-sheet and sea-level changes as well as extreme weather and "heat events" to better understand climate change, for restoring and expanding the "capability to observe natural hazards and environmental changes," and for making available promising new measurements that will improve weather forecasting.

The panel also recommends that NOAA restore to two satellite projects "key climate, environmental, and weather observation capabilities" that were dropped for financial reasons.

Warming Trend Visible In The Trees (USAT)

By Patrick O'Driscoll

USA Today, January 16, 2007

Rising temperatures are allowing Southern trees to thrive farther north and stressing trees used to colder weather, according to new national guidelines issued by planting experts.

The National Arbor Day Foundation last month updated the Agriculture Department's "hardiness zones" map, which was last issued in 1990. The group acted after noticing that some tree species were thriving where they had not before, while others were doing poorly in what had been a suitable region on previous maps.

The shift in zones may allow people in northern areas to experiment with flowering Southern trees such as apple and cherry where they used to plant only fir, spruce and pine, says group spokesman Woodrow Nelson.

The map divides the nation into 11 planting zones tied to average low temperatures. It shows significant boundary changes as the continent has warmed. For example, in southern Texas, the edge of one zone moved more than 200 miles north to the Panhandle. A few locations jumped two zones.

The map is based on 15 years of minimum temperatures from 5,000 observers used by the National Weather Service.

Last year was the warmest on record for the USA. Twelve of the top 25 warmest years have been since 1990.

The foundation cautions not to dig up gardens or cut down trees just because zones have shifted. The map is a guide for new plantings, especially for seedlings, which are more vulnerable to temperature change than mature trees.

The Agriculture Department has been reworking its map for several years using 30 years of data instead of 15 but has set no release date. The department's Kim Kaplan says the 1990s "were a very warm decade, but is that a weather cycle or is that a climate cycle? We think 30 years represents the best compromise, smoothing out the natural fluctuations of weather."

Nelson says the foundation will distribute 10 million seedlings this year. "Those need to be planted under the most up-to-date information."

When Being Green Raises The Heat (NYT)

By Ken Caldeira

New York Times, January 16, 2007

Stanford, Calif.

CARBON DIOXIDE is heating up the Earth. Ice caps are melting, ocean levels are rising, hurricanes are intensifying, tropical diseases are spreading and the threat of droughts, floods and famines looms large. Can planting a tree help stop all this from happening?

To some, it's a no-brainer: We add carbon dioxide to the atmosphere every time we use energy from coal, oil or gas; but each tree can remove more than a ton of carbon dioxide from the atmosphere over its lifetime. Based on this logic, it might seem a good idea to go out and plant a tree to slow global heating.

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And if you don't have the time, projects have sprung up throughout the world claiming to help cool the earth, ready to accept your money and plant a tree in your name. The computer company Dell will now donate $2 from every laptop sale to planting trees in an effort to offset the carbon dioxide emissions that result from powering their computers. For a 2 percent to 4 percent surcharge on bills, Pacific Gas and Electric will offer to offset its customers' carbon emissions by helping to preserve California's carbon-storing forests.

While preserving and restoring forests is unquestionably good for the natural environment, new scientific studies are concluding that preservation and restoration of forests outside the tropics will do little or nothing to help slow climate change. And some projects intended to slow the heating of the planet may be accelerating it instead.

Trees don't just absorb carbon dioxide — they soak up the sun's heating rays, too. Forests tend to be darker than farms and pastures and therefore tend to absorb more sunlight. This has a warming influence that appears to cancel, on average, the cooling influence of the forest's carbon storage. This effect is most pronounced in snowy areas — snow on bare ground reflects far more sunlight back to space than does a snowed-in forest — so forests in areas with seasonal snow cover can be strongly warming.

In contrast, tropical forests appear to be doubly valuable to the earth's climate system. Not only do they store copious amounts of carbon, the roots of tropical trees reach down deep, drawing up water that they evaporate through their leaves. In the atmosphere, this water may form clouds that reflect sunlight back to space, helping to cool the earth.

These findings have important policy implications. It has been suggested that agreements to limit climate change should consider carbon stored in forests. If so, they would need to consider the direct climate effects of forests so as to avoid perverse incentives to plant warming forests in places like the United States, Canada, Europe and the former Soviet Union. However, tropical forests, which are generally found in developing countries, may be due a double climate credit — one for their carbon storage and another for their cooling clouds.

What does this mean for local reforestation efforts? Consider Pacific Gas and Electric's surcharge plan. While the carbon soaked up by California's forests reduces atmospheric carbon dioxide concentrations everywhere, cooling Crete, Cancún and Calcutta, the sunlight they absorb warms the state and the surrounding region. So, it might even cool us if we were to cut down those dark forests. Lumber interests might look gleefully upon the prospect.

Clear-cutting mountains to slow climate change is, of course, nuts. The broadest goal is neither to slow the growth of carbon dioxide in the atmosphere nor to slow climate change, but rather to preserve the irreplaceable natural balance that sustains life as we know it on this planet. We want to avoid climate change so that we might pass these diverse natural riches on to future generations. In this light, preserving and restoring forests is a valuable activity, regardless of its impact on climate — we need more trees, not fewer.

But the notion that we can save the planet just by planting trees is a dangerous illusion. To preserve our environment, we must drastically reduce carbon dioxide emissions, and this will require a major transformation of our energy system. A primary goal for the next half-century should be to transform our energy system to one based on clean, safe and environmentally acceptable energy sources like wind, solar and perhaps nuclear. This means solving the real problems involved with storing and distributing power, providing energy for transportation, and using nuclear plants.

We cannot afford to indulge ourselves with well-intentioned activities that do little to solve the underlying problem. Instead, we must demand that our political leaders do more to revolutionize our energy system and preserve our environmental inheritance for future generations.

And then we can plant a tree.

Ken Caldeira is a scientist at the Carnegie Institution's department of global ecology.

Park Police Short On Funds (WT)

By Jerry Seper And Matthew Cella, The Washington Times

The Washington Times, January 15, 2007

The lack of federal funding for the U.S. Park Police has jeopardized the agency's mission and employees, including vehicles too broken and dangerous to drive, officers and supervisors say.

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Though no officer has been hurt or killed as a result of the shortfalls, "it is just a matter of time" before such an episode occurs, said Fraternal Order of Police official James Austin.

"While officers are held accountable for their performance, we expect the same accountability be held to those responsible for the deteriorating financial situation," Mr. Austin, chairman of the union's Park Police Labor Committee, said in a letter to Chief Dwight E. Pettiford.

Several veterans and supervisors also said the agency is having problems fulfilling its mission, which includes protecting the country's national treasures and preserving natural resources.

They said during interviews over the past three weeks that the agency needs more employees and money to meet expanded counterterrorism duties. The officers, who asked not to be identified for fear of losing their jobs, said the agency is about 20 percent understaffed.

"There is a lot of uncertainty among the officers, who know we cannot continue to operate until we get into a better position administratively," Mr. Austin told The Washington Times.

Delegate Eleanor Holmes Norton, the District's nonvoting congressional representative, said Congress should address the issues, not Chief Pettiford.

Mrs. Norton, a Democrat, said she would seek more money for the agency and called the letter "an astonishing story of congressional neglect."

"Capitol Police has been extravagantly funded since 9/11, [but] Park Police, with far greater territory and responsibility, is barely surviving," she said.

Lt. Scott Fear, a Park Police spokesman, would not comment on the letter or the problems it references. He said an internal letter from the union to the chief "isn't something we're going to play out in the media."

The agency officers and supervisors also pointed out again that former Chief Teresa C. Chambers warned in December 2003 about the lack of employees and resources. Mrs. Chambers' bosses at the Interior Department fired her for publicly discussing her concerns.

Some of the agency employees also said Chief Pettiford, who replaced Mrs. Chambers after she was fired in 2004, has not sought the necessary funding for additional employees and other resources, while others blamed the National Park Service, which oversees the Park Police.

The agency has 621 officers working foot, mounted, marine and air patrols. In addition to protecting the Mall, they have primary jurisdiction in Rock Creek and Anacostia parks and along the Baltimore-Washington and George Washington Memorial parkways. They also are responsible for the Statute of Liberty, the Golden Gate Bridge, dozens of D.C., Maryland and Virginia parks, and escorting Vice President Dick Cheney.

Mr. Austin said that while the Park Police has been struggling with personnel, equipment and training issues for years, members of Congress have "made it very clear" the agency is expected to be more accountable for its financial management.

He also said recruits who were given hiring dates last year and instructed to report for duty later were told their jobs were no longer available and that the agency has no plans for new hires this year. He said without an increase in the number of officers, the agency "is going to be hurting" because of pending retirements and the attrition rate.

Mr. Austin also said he expects that few, if any, new vehicles will replace older ones that need frequent and costly repairs.

"I am aware that the force cannot expend funds without approval of the National Park Service ... but the men and women of the U.S. Park Police deserve an explanation of how the system failed and when we can anticipate positive changes in the current condition," he said.

Park Service Seeks Outside Aid (WT/AP)

By Mary Clare Jalonick

The Washington Times, January 16, 2007

The National Park Service's new director said the agency will increasingly look to outside sources for money to help maintain parks.

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"We're much more business-savvy than we used to be," said Mary A. Bomar, a career employee who became director in October, in one of her first interviews as head of the agency.

A Government Accountability Office report last year said the Park Service is increasingly cutting back on visitor services, education programs and protections for natural and cultural resources because funding has failed to keep pace with operating costs. The agency also has a huge maintenance backlog.

Miss Bomar said the Park Service acknowledges it has challenges, including shrinking staff, aging facilities and a diminished visitor experience. Parks also have lost some of their relevance and connections to younger generations, she said.

She said philanthropy will be a big part of a plan announced this year, called the "centennial challenge," to revitalize and restore parks for the agency's 100th anniversary in 2016.

The agency wants to "look at projects where we could match and leverage funding," she said. "Why not?"

The agency is bringing in 12 percent of its budget from outside sources; a decade ago, almost the entire budget was federally appropriated. Officers have been holding meetings with private interests to increase awareness of the agency's fundraising efforts.

Much of the private support for national parks comes through the National Park Foundation, chartered by Congress in 1967. In past years, companies such as American Airlines Inc., Discovery Communications Inc., Eastman Kodak Co. and Ford Motor Co. have each donated millions to parks.

Some critics have been concerned that more private funding could cross a line. In 2004, the agency proposed letting some employees solicit donations, accepting contributions from alcohol and tobacco companies for the first time and giving donors the right to put their names on rooms, benches and bricks.

Those proposals were scuttled last year after criticism, and Miss Bomar said she has no plans to revisit them.

As part of the centennial challenge, the parks plan several "signature projects," including a new visitor center at Pearl Harbor in Hawaii and restoration of Ellis Island in New York Harbor.

The Park Service has acknowledged that the aging Ellis Island complex has been neglected, and the agency hopes to use some private dollars to restore the historical immigrant gateway.

Miss Bomar said she has no plans to reopen the Statue of Liberty's crown, which has been closed to visitors since the September 11 attacks.

She was less forthcoming about other park policies, saying it would be "inappropriate to discuss" the issue of snowmobiles in Yellowstone National Park.

A temporary plan caps the number of snowmobiles entering Yellowstone at 720 a day and allows 140 snowmobiles a day to enter Grand Teton National Park and the John D. Rockefeller Jr. Memorial Parkway, which connects the two parks.

Critics say the vehicles contribute to noise and air pollution in the parks.

Late last year, the agency issued a draft statement proposing to stick with the current plan. A final decision is expected by next winter.

Ethanol Could Fuel Rise In Corn (WSJ)

By Prasenjit Bhattacharya

The Wall Street Journal, January 16, 2007

Corn prices are likely to reach unprecedented highs in the next two to three years, as an ethanol boom in the U.S. is likely to limit corn's availability for food and feed use.

This has fueled concerns that corn, a staple food ingredient in many countries and widely used as feed in the poultry and livestock sectors, might become out of reach for poorer consumers, boosting food prices in general.

Soaring food prices could cause urban riots in scores of low-income countries that rely on grain imports, such as Indonesia, Egypt, Algeria, Nigeria and Mexico, said Lester Brown, founder of the Earth Policy Institute and author of a recent report about potential corn demand from the ethanol industry.

The report said the ethanol distilleries being built in the U.S. will need 139 million metric tons of corn by the 2008 harvest, far more than a U.S. Department of Agriculture estimate of the requirement, pegged at around 60 million tons.

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"If the Earth Policy Institute estimate is at all close to the mark, the emerging competition between cars and people for grain will likely drive grain prices to levels never seen before," Mr. Brown said.

Apart from being the biggest corn grower, the U.S. is also the leading corn exporter. Since 2006, corn-importing countries have became more dependent on U.S. corn as China cut back on exports amid increased domestic demand from its own ethanol industry and fears of a supply shortage.

Mr. Brown isn't alone in warning that an ethanol boom might lead to sharp rise in corn prices by creating a supply squeeze.

"If biofuels continue to expand globally, you can expect grain prices to move to their energy equivalent, until cellulose and other alternative-energy sources become commercially available," said Simon Bentley, analyst with LMC International, a commodities research firm based in the United Kingdom.

Mr. Bentley said that while sufficient land is available to expand corn output in the U.S. and Brazil, how such expansion will affect output of other crops, especially soybean, and corn prices, remains the key question.

According to a recent report by J.P. Morgan, average corn prices are expected to be about $4.03 a bushel in 2007, up 61% from $2.51 a bushel in 2006.

The most-active March contract on the Chicago Board of Trade closed at $3.9650 a bushel Friday, up 55% from the $2.5525 a bushel the contract traded at on the same day last year.

The J.P. Morgan report said the ethanol industry's growth calls for an additional 500 million to one billion bushels of corn every year.

While such a rapid rise in demand in itself will ensure high corn prices, the study added that any weather threat to the corn crop this year will be "met with record high prices."

China, a large producer and consumer of corn, is already taking measures to ensure domestic availability.

In December, the Chinese government stopped approving new corn-based ethanol plants. "As of now, it seems the government is reluctant to permit additional capacity for corn-based ethanol production, though existing corn-based ethanol plants are functioning normally," said Gu Lifeng, manager of the maize division at the state-run Cofco Maize Co., based in Beijing.

Meanwhile, Chinese corn processors are ramping up their alcohol-production capacity, which can be converted into ethanol plants if the government relaxes its stance.

Arthur Ragauskas, associate professor at the Georgia Institute of Technology, who recently co-wrote a paper on biofuels in the industry journal Science, said the key to a sustainable biofuels industry is cheaper feedstock, not expensive corn.

"As demand for corn increases, so too will its prices. This will drive the ethanol industry to look for lower-cost feedstock and as these alternatives develop, price and demand will stabilize," Mr. Ragauskas said.

He said the food-versus-fuel debate can generate new ideas if there is increased collaboration among academia, governments and the private sector to develop nonfood biomass -- such as switchgrass, recycled waste materials and corn stovers, which is the part of the corn plant that is left over after harvest -- into viable resources for biofuels.

The corn growers' lobby in the U.S., however, continues to argue that there will be enough corn in the long term to meet food, fuel and feed needs.

"All demand for corn -- food, feed, fuel and exports -- are being met. Farmers have always responded to price signals from the marketplace and historically we have had much more challenge with overproduction than shortage," said Rick Tolman, chief executive of the National Corn Growers Association.

"Market forces, not broad assumptions, are driving ethanol and corn markets....There is no conflict between [corn use for food and fuel], nor any pending crisis," Mr. Tolman said.

Conservation Group, Unions Joining Forces (WP)

By Blaine Harden

Washington Post, January 16, 2007

DOJ_NMG_0116348

SEATTLE -- In a first-of-its-kind alliance that could fundamentally reshape the environmental movement, 20 labor unions with nearly 5 million members are joining forces with a Republican-leaning umbrella group of conservationists -- the Theodore Roosevelt Conservation Partnership -- to put pressure on Congress and the Bush administration.

The Union Sportsman's Alliance, to be rolled out in Washington on Tuesday after nearly three years of quiet negotiations, is to be a dues-based organization ($25 a year). Its primary goal is to increase federal funding for protecting wildlife habitat while guaranteeing access for hunters and anglers.

The unlikely marriage of union and conservation interests comes at a time when the Bush administration, with its push for oil and gas drilling in the Rocky Mountain West, has limited public access to prime hunting and fishing areas on federal land. This has triggered a bipartisan backlash from sportsmen and conservation groups, as well as from Western politicians in both parties.

The strength of that backlash is making bedfellows of blue-collar workers and old-guard conservationists, who historically have shared little but suspicion and disdain.

"We can make the union movement and environmentalism compatible and not antagonistic," said Tom Buffenbarger, president of the International Association of Machinists. "As of late, an awareness has grown that our goals are the same. We want good air, clean water and access to the outdoors."

Jim Range, chairman of the board of the Theodore Roosevelt Conservation Partnership, which includes most of the nation's mainline hunting and fishing groups, said his organization forged an alliance with the unions in large measure because of their manpower, money and lobbying savvy.

"It opens up a tremendous amount of territory for us to work on the both sides of the aisle," Range said. He predicted that the alliance will create a sudden and historically unique influx of millions of new people to the cause of land conservation.

The American environmental movement, created and run by upper-middle-class professionals, has tended to look down its nose at blue-collar workers and their tastes in outdoor recreation, said Thomas R. Dunlap, a professor of history at Texas A&M University and an expert in the history of environmentalism.

"This alliance with unions is certainly something quite new," he said. "If it really takes off, it may have a major effect in reshaping the environmental movement for this decade."

Eric Smith, a professor of environmental politics at the University of California at Santa Barbara, describes the alliance as a "huge deal" and a "political breakthrough" that will put substantial pressure on Congress to protect large tracts of federal land, especially in the Rocky Mountain West.

"It is a real creative step in cutting across party lines," Smith said. "It is likely to be a very effective strategy."

Several senior union officials said they wanted to join forces with conservation interests because they are concerned about the declining percentage of unionized employees in the U.S. workforce. They see the alliance as a way to excite and involve blue-collar workers who are passionate about hunting and fishing.

Together with the Theodore Roosevelt Conservation Partnership, the 20 labor unions -- most of them in the building trades -- recently commissioned a poll that found that 70 percent of union members hunt or fish. As important, 72 percent of those polled said they are concerned about the loss of good places to do either. The poll also found that about a quarter of union members said they belonged to the National Rifle Association, an affiliation that displeases some Democratic union leaders.

The NRA in recent years has been strongly allied with the Republican Party and the Bush administration. Some union leaders say they want their new alliance with conservationists to lure the political allegiance of gun-owning union members away from the NRA and its political agenda.

"We know that the NRA is communicating to our members what clearly are anti-union positions and urging them to support anti-union candidates," said Harold Schaitberger, president of the International Association of Fire Fighters.

Schaitberger said the alliance with the Theodore Roosevelt Conservation Partnership "is about connecting with our members, doing good conservation work and offsetting some of these anti-union messages they are getting from the NRA."

Richard Trumka, secretary-treasurer of the AFL-CIO and an enthusiastic supporter of the new alliance, said an additional 33 labor unions in the AFL-CIO may soon join up.

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"This is a way for unions to reconnect with workers in another portion of their lives and meet a need that they have," Trumka said. "It is also going to give the conservation movement a lot more muscle."

The Other Team's Playbook (WP)

By Sebastian Mallaby

Washington Post, January 15, 2007

George W. Bush has managed to isolate himself on Iraq: from world opinion, from domestic opinion and now finally from his own party. But just as Democrats have gained the upper hand on foreign policy, so Republicans have gained the upper hand on health policy. The parties are changing clothes faster than my 3-year-old changes princess dresses.

The health-care inversion is not all about Washington. Last week Arnold Schwarzenegger became the third Republican governor (following Jim Douglas of Vermont and Mitt Romney of Massachusetts) to announce a plan for universal health care; only one Democratic governor (John Baldacci of Maine) has matched that. Meanwhile in Congress, the Pelosicrats have voted to make the federal government negotiate Medicare drug prices, asserting that this will save money. This claim has been analyzed by the Congressional Budget Office and judged wrong. So on this issue, unusually, the Democrats are advocating a faith-based delusion while Republicans represent the reality-based community.

What other role reversals can we look forward to? The Bush administration is already more Wilsonian than Wilson's party, but that's an old piece of cross-dressing dating back to Reagan. Bush's first Treasury secretary complained loudly that foreign aid was money down the drain, but the president has since championed foreign assistance. Stretching just a little bit, Bush may slough off fiscal vandalism and emerge as the lesser of two budgetary evils. Consider: The Democrats have already slammed the door on Social Security reform and are now sorely tempted to propose congressional initiatives that aren't paid for.

But all this may be eclipsed. The grand prize for Nixon-to-China inversions will go to the administration if it tackles climate change.

A fantasy, you say? On Saturday I put the case for a carbon tax or a cap-and-trade system to James Connaughton, the head of the Council on Environmental Quality at the White House. Far from denouncing these policies as eco-socialist nonsense, Connaughton sounded open to them. "In concept I can agree with you," he said. Something must be done to stem demand for climate-warming energy, and although there are several ways of getting there, a carbon tax or cap-and-trade system would be the most "elegant."

Whoa! This may be spin, but it's certainly new spin. Only a few months ago, Al Hubbard, director of Bush's National Economic Council, brushed aside the idea of a carbon tax: "The American people are not interested in paying more for gasoline," he told me, sounding like a frog in the path of a herd of elephants who says he's not interested in jumping.

Next week we'll see whether Connaughton's reasonable-sounding views are reflected in Bush's State of the Union speech. The key thing to watch is whether Bush talks only about energy security or whether he emphasizes climate. Energy security is mostly a dumb objective, but climate policy is crucial.

It's true that the United States imports 60 percent of its petroleum, about double the share of two decades ago. But cutting U.S. oil imports won't insulate the nation from instability in petro-states. There is a global price for oil, and Americans will feel the hit from a terrorist attack in Saudi Arabia or a rebellion in Nigeria whether they fill their trucks with gas that's foreign or domestic. Equally, cutting U.S. oil imports won't really punish the bad guys in Iran or Venezuela. The United States has shut out Iranian oil imports since 1979, but Iran gets the global price for its crude, no matter whom it sells to.

A mistaken focus on energy security can undermine good policy on climate. If you just want to cut imports, switching cars to corn-based ethanol sounds great: The United States will get its fuel from the Midwest rather than the Middle East, a politically irresistible promise. But corn-based ethanol is only marginally better than gasoline in terms of greenhouse emissions. Federal subsidies for this technology would be better spent elsewhere -- for example on next-generation cellulosic ethanol.

The same is still more clearly true for oil shale and coal-to-oil technology. Both sources of fuel are abundant in the United States; both promise "energy security"; and both are disastrous from a climate perspective. Oil derived from coal puts about 75 percent more greenhouse gases into the air than plain oil, according to Richard Newell of Resources for the Future.

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So it will be interesting to watch the administration's energy policy. Does it want to address climate change or merely the chimera of energy security? Is it ready to support the tripartisan cap-and-trade bill introduced last week by Sens. John McCain, Joe Lieberman and Barack Obama? But while you are watching the administration, keep a wary eye out for Democratic inversions, too. In a mistake he needs to disown fast, Obama recently co-sponsored a bill to subsidize coal-to-oil conversion.

FBI/DEA/ATF/USMS:

DEA Raids Sweep Valley (TVH)

By Cheryl Winkelman

Tri-Valley (CA) Herald, January 16, 2007

Lathrop, Tracy busts connected with prior ones in Stockton, Sacramento

LATHROP — Federal drug officials raided seven homes Friday, discovering millions of dollars in home-grown marijuana that may be linked to an organized criminal syndicate, agents said.

The 4,931 marijuana plants uncovered in six homes in Lathrop and one in Tracy could have produced more than 4,900 pounds of marijuana annually and garnered about $19.7 million, said Gordon Taylor, an agent with the Drug Enforcement Administration.

A concerned neighbor tipped off the DEA, Taylor said.

Marijuana plants — heated with overhead lighting — lined nearly every square inch from the front door to the back of a home in the 1700 block of McKee Boulevard in Lathrop.

Taylor said the seven homes raided Friday were connected to the 41 homes raided in Stockton, Elk Grove and Sacramento in August and September in which 18,000 plants worth an estimated $74 million were seized.

Those producing and selling the marijuana are Asian, sophisticated — plants were grown on timers — and based out of the Bay Area, Taylor said.

This organization, in our view, is like a weed, he said, spreading from Sacramento down to Lathrop and into Tracy.

Plants also were grown in unexpected places —in nicer, newer communities, such as the new developments on Lathrops west side, Taylor said.

Eight people were arrested — and nine indicted — as of a result of the late summer raids. One man, Rui Yao Yu, 53, of Sunnyvale was arrested Friday in Lathrop,

Advertisement

Taylor said.

The amount of indoor marijuana seized by the DEA in California has almost quadrupled in the last three years: In 2004, more than 50,000 plants were seized, and more than 195,000 plants were seized in 2006, according to DEA statistics.

Taylor said he attributed that to a permissive attitude to medical marijuana, the vast profits that can be made from selling the green herb and lax state penalties.

To contact Cheryl Winkelman, call (209) 832-6144 or cwinkelman@trivalleyherald.com.

Colombian Police Arrest Drug Kingpin (NYT/AP)

By The Associated Press

The New York Times, January 16, 2007

Filed at 10:16 p.m. ET

BOGOTA, Colombia (AP) -- A reputed drug kingpin was captured Monday following a shootout, police said, ending a years-long hunt for a man wanted by American officials for allegedly smuggling tons of cocaine into the United States.

Eugenio Montoya Sanchez is believed by authorities to be a leader of the Norte del Valle drug cartel, which the FBI lists on its Web site as the "most powerful and violent drug-trafficking organization in Colombia."

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Together with his brother Diego Montoya Sanchez -- the alleged mastermind of the cartel that operates out of the southern city of Cali -- he is wanted for extradition by a U.S. federal court in Miami for smuggling hundreds of tons of cocaine into the United States.

U.S. anti-narcotic authorities in Colombia had offered a $5 million reward for the capture of each of the brothers.

Eugenio Montoya Sanchez, who goes by the alias Don Hugo, was arrested in the town of El Dovio, 125 miles west of Bogota following a shootout, police said. There were no reports of any injuries.

The Norte del Valle cartel became Colombia's most powerful after the dismantling of the Medellin and Cali cartels in the 1980s and early 90s. Officials believe it is responsible for as much as 30 percent of the more than 550 tons of Colombian cocaine smuggled each year to the United States.

To protect its valuable drug routes, the cartel is believed to have worked closely with right-wing death squads whose umbrella organization, the United Self-Defense Forces of Colombia, is listed as a terrorist organization by Washington.

Authorities have been closing in on the cartel since last year, when the army killed eight members of a private army believed to be protecting Diego Montoya, who sits alongside Osama bin Laden on the FBI's 10 most-wanted list.

Since taking office in 2002, President Alvaro Uribe, a key U.S. ally in Latin America, has approved the extradition of nearly 500 Colombians to the United States, the majority on drug-trafficking charges. For his aggressive stance, the United States has awarded Colombia with more than $700 million in annual anti-narcotic aid.

Most of those extradited have been low or midlevel drug traffickers. High-profile extraditions have included Gilberto and Miguel Rodriguez Orejuela, brothers who helped found the Cali cartel.

Colombia is the source of 90 percent of the cocaine entering the United States. Supply has remained robust despite record extraditions and eradication of coca crops.

Is Baseball Drugs Ruling A Fourth-Amendment Foul? (WSJ)

By Adam Thompson

The Wall Street Journal, January 16, 2007

Major League Baseball has found itself embroiled in a federal investigation into whether some of its biggest stars used performance-enhancing drugs to smash home runs in record numbers. But civil-liberties advocates, as well as unions, worry that a recent legal ruling in the case will reach far beyond the diamond and give the government broad search-and-seizure powers in the digital age.

At the heart of the case is how much freedom the government has to pursue crimes discovered in electronic files while searching for evidence against other people. It turns on just how much protection the Fourth Amendment, written in the 18th century to stop unreasonable searches, affords information in a 21st-century computer database about people other than those targeted by investigators.

"The Supreme Court has never applied the Fourth Amendment to computers," says Orin Kerr, an associate law professor at George Washington University. "The federal courts of appeals are beginning to decide a bunch of cases: in 2006, there were 20 or 30 in the broad area of how the Fourth Amendment applies to computers. But each case is very fact-specific and narrow, so the law remains pretty murky."

A three-judge panel of the Ninth Circuit Court of Appeals in San Francisco late last month upheld the government's power to seize computer files from two laboratories that performed mandatory drug tests on major leaguers, including files of professional hockey players and other nonsports patients tested by the labs.

The seizures were part of a federal investigation that began in 2002 into the Bay Area Laboratory Cooperative, which supplied sports stars with performance-enhancing drugs meant to escape detection. The San Francisco Chronicle has reported that baseball superstar Barry Bonds, who has denied knowingly using such substances, is under investigation for perjury connected to his testimony in the Balco case.

Prompted by the investigation and congressional hearings, baseball team owners called for testing all players for steroid use. Baseball's players' union eventually agreed after initial resistance, on the condition that the results would remain secret and used only to determine the extent of the problem.

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Players submitted to tests in 2003 at two different laboratories, one in California and the other in Nevada. Later that year, federal investigators, who had zeroed in on 10 baseball players, began asking for the results. Armed with a search warrant for information on the 10, federal agents seized a large number of computer files containing the test results. Not only did they get test results for the 10 they were investigating, they found the names of more than 100 other baseball players who had positive tests for steroid use. A prosecutor told the Ninth Circuit the government would reserve the right to continue investigating those additional players.

CASE STUDY

• The Issue: A U.S. circuit court's decision on seizure of baseball players' drug tests extends past sports and into questions of constitutional law.

• The Debate: How much leeway should the government get in pursuing criminal cases involving the confiscation of computer files, without violating a citizen's privacy?

• What It Means: Without much word so far from the Supreme Court on Fourth Amendment computer issues, this case becomes one to watch.

"We were authorized specifically by the warrant to search every single file in all of their computers," Assistant U.S. Attorney Erika Frick said. "We took only one directory. We were authorized to search every one of those files."

The Major League Baseball Players Association and one of the labs have fought the government's actions, and three lower courts -- two in California and one in Nevada -- ruled in their favor, saying the government overstepped its authority in seizing more files than those pertaining to the 10 players it originally was investigating. A key question was whether the government could act on information it took from the labs against the players not named in the search warrant. One district court judge went so far as to ask, "What happened to the Fourth Amendment? Was it repealed somehow?"

The Fourth Amendment requires authorities prove to a judge that there is evidence that gives them probable cause to search a specific place, as well as list the persons or things to be seized.

"The reason for the warrant requirement is to make clear, before the police seize records, the purpose of the search and the scope of the search," says Marc Rotenberg, executive director of the Electronic Privacy Information Center in Washington, D.C., and an adjunct professor who teaches information privacy law at Georgetown University. "It should not be viewed as unbounded authority to gather all data that is available."

Courts have often struggled to define which searches and seizures are "unreasonable." For instance, authorities are allowed to seize evidence that lies in plain sight, even in if they lack a warrant. In a less complicated criminal case, the doctrine allows, for example, police with a search warrant for drugs to seize an illegal gun they might see on top of a table.

"Normally we all know agents can look in a closet," says Fordham University criminal law professor Dan Richman. "This is a really big and interesting closet."

The government argues it needed to cast a wide net, gathering large bunches of files to make sure to find all pertinent evidence, not merely believing the labels on files in a computer directory. If during that check prosecutors came across evidence of a crime, they could keep it and use it.

Attorneys for the players are in the process of petitioning for a hearing by a 15-judge panel of the Ninth Circuit, which can reverse the three-judge panel.

The MLB Players Association says the Ninth Circuit ruling will hand the government unprecedented entry to private information of large numbers of people accused of no crimes. The government seized files on National Hockey League players and employees of several other sports organizations and businesses unrelated to the investigation. The hockey players' union says it did not know of the governments' actions until Ninth Circuit judge Sidney Thomas issued his dissent. The NHL Players Association supports the baseball union's stance and is examining legal options.

Addressing concerns that the ruling could open the way for the government to prospectively rummage through the files of people against whom there is no hint of evidence, Judge Diarmuid O'Scannlain, writing for the majority, suggested a magistrate examine and separate pertinent computer evidence from unrelated material. New York-based white-collar defense attorney Andrew Hruska says he likes that idea in principle but questions its applicability in the real world. Pass on 20 gigabytes of data to sift through, he says, and "you will get a very frosty stare from a magistrate."

DOJ_NMG_0116353

Write to Adam Thompson at adam.thompson@wsj.com1

Sen.: Drugs Smuggled To Haiti By Plane (WP/AP)

By Stevenson Jacobs, The Associated Press

The Washington Post, January 16, 2007

PORT-AU-PRINCE, Haiti -- Drug traffickers are increasingly favoring planes over boats to smuggle U.S.-bound cocaine from South America into Haiti and the Dominican Republic, U.S. Sen. Bill Nelson said Saturday.

The Florida Democrat attributed the drop in sea smuggling to a 1998 agreement allowing U.S. drug agents to patrol Haitian waters for drug traffickers.

"It has been successful and the amount of drugs coming in by sea has been reduced," Nelson told reporters at the end of a two-day visit. "But the amount of drugs coming in by airplane has considerably increased."

Most of the small planes originate from southern and northwestern Venezuela, Nelson said. Venezuela is a major transit point for drugs _ primarily cocaine _ being smuggled out of Colombia for the United States and Europe.

In a speech this past week, Haitian President Rene Preval said U.S. anti-drug aid has not significantly stopped the flow of illegal drugs into his impoverished Caribbean country.

Nelson, who sits on the Senate Foreign Relations Committee, said Washington's agreement with Haiti only allows U.S. authorities to stop drug traffickers at sea _ not by air _ "because obviously we cannot interdict the plane unless we shoot it down."

The senator said he agreed with Preval's call for more help fighting drug traffickers but stressed that Haiti's national police is the main defense against cocaine-smuggling flights.

"The main way of solving the drug problem coming by air into Haiti is to get the Haitian national police to where they can arrest them when they land," Nelson said.

Haiti's police is among the region's most corrupt, with only a few thousand officers to patrol the nation of 8 million.

Ecuador's Divided Loyalties (LAT)

By Chris Kraul

The Los Angeles Times, January 15, 2007

MANTA, ECUADOR — The United States is battling a dangerous new front in its South American drug war — just as a protege of anti-American leader Hugo Chavez comes to power in Ecuador vowing to shut down a U.S. base dedicated to narcotics surveillance.

Officials have expressed growing concern that this Andean nation is being "Colombianized," illustrated by record cocaine seizures in the last two years, the destruction of a major cocaine-processing lab and a recent gangland-style killing.

In recent months, U.S. and Ecuadorean forces have collaborated in the drug fight. But with today's inauguration of leftist President Rafael Correa, some U.S. officials worry the cooperation might be greatly curtailed.

Correa has promised to pursue a socialist agenda similar to that of his political mentor, Chavez, the president of Venezuela. Correa is the fifth left-leaning leader elected in Latin America in a little more than a year.

During his campaign, Correa promised that he would not renew the U.S. military's lease on the Manta air base, where eight drug surveillance planes have been based since 2000.

He said the departure of the U.S. aircraft after the lease expired in 2009 would affirm national sovereignty and open the way for Manta to become an international airport.

The presence of the U.S. planes rankles many Ecuadoreans, who think America's main goal is not to fight drugs but to keep a close eye on leftist guerrillas in Colombia.

Ecuador has tried to keep its distance from its neighbor's 40-year civil war and Plan Colombia, a $4-billion antidrug and antiterrorism program funded by the United States, fearing the Andean nation could be drawn into the conflict.

"Our leaders never got approval to permit the planes in the first place from the National Assembly or the Supreme Court, which they were required to do by law," said Luis Saavedra, president of the Human Rights Advisory Foundation in Quito, the capital. "This could make Manta a military target."

Base plays an integral role

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U.S. officials said that the Manta base played a valuable role in efforts to control drug shipments and that ending the American military presence would make Ecuador more attractive to Colombian traffickers.

"There's concern for all the right reasons," one top U.S. law enforcement official said last month.

Ecuadorean police investigators, U.S. pilots and both countries' navies, working together, seized 33 tons of cocaine in Ecuadorean territory and on vessels in 2006, up from a "small fraction" of that amount in 2003, said a U.S. State Department official responsible for antidrug efforts in Ecuador.

No one knows how much of the estimated 750 tons of cocaine produced annually in Colombia is shipped through Ecuador. But applying one rule of thumb, the 33 tons seized last year could represent one-third of all the cocaine that passed through the country. That would work out to 100 tons, or about 13% of Colombia's cocaine.

The eight surveillance planes were key to the seizures, U.S. officials said, but their importance extends beyond Ecuador. Flights from the Manta air base played a part in 60% of drug interdictions by U.S. and allied fleets in the eastern Pacific last year, said the U.S. military's Southern Command in Miami.

Increased levels of drug trafficking in Ecuador are illustrated by the seizures in the eastern Pacific of Ecuadorean boats packed with cocaine.

They have outnumbered Colombian boats 4 to 1, said the State Department official, who spoke on condition of anonymity because she did not have permission to comment on the record. The amount of cocaine on the boats ranged from 2 to 7 tons, officials said.

"Seizure of Ecuadorean 'mother' boats were unheard of a few years ago," said the State Department official, referring to large boats.

Going through Ecuador

The increase is due to vigilance at Colombia's ports and in its airspace, also a result of the U.S. surveillance planes based in Ecuador, officials say.

The effort has forced drug traffickers to send an increasing share of Colombia's cocaine through Ecuador en route to the North American market.

Boats typically travel as far as 2,000 miles off Ecuador, past the Galapagos Islands, before transferring the cocaine to high-speed boats that complete the smuggling trips to Mexico and Central America, guided by global positioning systems and refueled by makeshift tankers.

"Boats are pushing farther and farther out," said U.S. Air Force Lt. Col. Javier Delucca, the ranking U.S. military officer in Ecuador.

Numerous Colombian drug traffickers have moved to Ecuador in recent years, easily fitting in with the estimated 300,000 Colombians who have sought refuge from the civil war in the last decade.

Antidrug officials say many of the smugglers have clustered around Santo Domingo de los Colorados, a town about 50 miles west of Quito that has become a sort of drug trafficking nerve center.

"There are colonies of refugee and undocumented Colombians in every corner of the country now, mostly dedicated to legal activities. But some are criminals who come here to break the law," Gen. Bolivar Cisneros Galarza, a top commander in Ecuador's anti-narcotics police, said in a telephone interview.

Correa has made no mention of ending U.S.-Ecuadorean cooperation in the drug fight, but some U.S. officials worry that he might follow Chavez's lead and do just that.

U.S. officials in Ecuador, including Ambassador Linda Jewell, have said they will try to persuade Correa to change his mind about the Manta base. The U.S. government is offering to help develop the base as a bigger commercial airport and pay for another runway — if Correa lets the U.S. planes stay.

The U.S. Embassy has encouraged officials and businesses in Manta to tout the base's economic importance, with its 450 local jobs and $7 million in annual spending.

But the chances of changing Correa's mind appear slim, largely because he campaigned so hard on the issue and because of the anti-U.S. tide in the region.

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But if he were to change his mind, the decision could be based on self-interest, and that's the tack U.S. officials are taking. Losing the drug surveillance flights, which moved to Ecuador in January 2000 from bases in the Panama Canal Zone, might make his country more vulnerable to traffickers and organized crime.

'That's a scary thing'

Those fears were sparked by the raid of a cocaine-processing lab in El Oro province near the city of Guayaquil last fall. U.S. and Ecuadorean officials said it was the biggest lab seized in that country and was capable of producing as much as 4 tons of cocaine a month.

"In the past, Ecuadorean cocaine-processing labs were Colombian border spillover situations or hidden somewhere deep in the jungle," said a U.S. anti-narcotics official.

"This one was located right along the coast and was big enough to process 4 tons of Peruvian and Colombia base a month. That's a scary thing."

Also worrisome to many was the gangland-style slaying in December of Blanca Cando, the secretary to Superior Court Judge Pavlova Guerra, who has presided over money-laundering cases involving suspected drug traffickers. Cando was gunned down while having coffee with friends.

For some, the killing was too reminiscent of the deadly efforts to intimidate judges in Colombia.

"Hit the low-level functionary so that the higher-level boss gets the message to back off," one U.S. government official here said.

Cisneros, the police commander, declined to comment on the Manta lease issue but said that U.S.-Ecuadorean cooperation was "excellent" and that the eight U.S. aircraft were a positive factor in the nation's drug fight.

U.S. officials said losing the lease on the base, apart from hurting Ecuador's antidrug efforts, would also be a strategic setback for the United States. Drug traffickers' routes already test the surveillance aircraft's range, and the planes' capabilities would probably be curtailed by their having to be relocated.

"The base here is a terribly important asset in the war on drugs," said Delucca, the U.S. Air Force officer. "The geographical position of Manta is invaluable."

Member Of Ruling Kuwait Family Condemned (NYT/AP)

By The Associated Press

The New York Times, January 16, 2007

Filed at 1:55 p.m. ET

KUWAIT CITY (AP) -- A court has convicted a member of Kuwait's ruling family for drug trafficking and it condemned him to death, according to a ruling obtained Monday.

It is believed to be the first time that a member of a ruling family in one of the Gulf Arab states received the death sentence for a drug offense.

The crimes of Sheik Talal Nasser Al Sabah "threatened society ... especially young people," who bought hashish and cocaine from him, Judge Humoud al-Mutawah said in his verdict Sunday.

Sheik Talal had "willingly walked the path of evil" and "deserved no mercy," al-Mutawah said.

It was not immediately clear how closely related Sheik Talal is to the head of the ruling family, which has hundreds of members.

Prominent criminal lawyer Najib al-Wugayyan hailed the verdict and sentence. "This is a magnificent indication to all that nobody is above the law," he said.

The judgment can be appealed.

The panel of three judges also found Sheik Talal guilty of laundering the money he made from trafficking, and illegal possession of two pistols and a shotgun.

The court said hashish and cocaine were found at his home, along with scales and a mixer used to prepare the drugs for sale.

In addition to the death sentence, the court fined Sheik Talal $35,000 for drug trafficking.

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For illegal possession of firearms, the court sentenced him to three years in jail. And for laundering about $3 million from the trafficking, the court sentenced him to seven years' imprisonment and ordered him to pay an identical sum as a fine.

The laundering was done by investing the money in real estate in Lebanon and the United Arab Emirates.

Sheik Talal's lawyer could not be reached for comment.

The court convicted three of Sheik Talal's associates -- Faisal al-Enezi, Amirulislam Ali and Abdullah Shignab -- of drug trafficking and sentenced them to life imprisonment.

Two other associates -- Tazhi Hamed and Fadi Habash -- were sentenced to seven years in jail each for money-laundering. The court also ordered them each to pay $3 million in fines -- the same amount as imposed on Sheik Talal.

A Rifle In Every Pot (NYT)

By Glenn Reynolds

The New York Times, January 16, 2007

Knoxville, Tenn.

IT'S a phenomenon that gives the term "gun control" a whole new meaning: community ordinances that encourage citizens to own guns.

Last month, Greenleaf, Idaho, adopted Ordinance 208, calling for its citizens to own guns and keep them ready in their homes in case of emergency. It's not a response to high crime rates. As The Associated Press reported, "Greenleaf doesn't really have crime ... the most violent offense reported in the past two years was a fist fight." Rather, it's a statement about preparedness in the event of an emergency, and an effort to promote a culture of self-reliance.

And it may not be a bad idea. While pro-gun laws like the one in Greenleaf are mostly symbolic, to the extent that they actually make a difference, it is likely to be a positive one.

Greenleaf is following in the footsteps of Kennesaw, Ga., which in 1982 passed a mandatory gun ownership law in response to a handgun ban passed in Morton Grove, Ill. Kennesaw's crime dropped sharply, while Morton Grove's did not.

To some degree, this is rational. Criminals, unsurprisingly, would rather break into a house where they aren't at risk of being shot. As David Kopel noted in a 2001 article in The Arizona Law Review, burglars report that they try to avoid homes where armed residents are likely to be present. We see this phenomenon internationally, too, with the United States having a lower proportion of "hot" burglaries — break-ins where the burglars know the home to be occupied — than countries with restrictive gun laws.

Likewise, in the event of disasters that leave law enforcement overwhelmed, armed citizens can play an important role in stanching crime. Armed neighborhood watches deterred looting in parts of Houston and New Orleans in the aftermath of Hurricanes Katrina and Rita.

Precisely because an armed populace can serve as an effective backup for law enforcement, the ownership of firearms was widely mandated during Colonial times, and the second Congress passed a statute in 1792 requiring adult male citizens to own guns.

The twin purposes of self and community defense may very well lie behind the Second Amendment's language encompassing both the importance of a well-regulated militia and the right of citizens to keep and bear arms. As the constitutional and criminal law scholar Don Kates has noted in the journal Constitutional Commentary, thinkers at the time when the Constitution was written drew no real distinction between resisting burglars, foreign invaders or domestic tyrants: All were wrongdoers that good citizens had the right, and the duty, to oppose with force.

Greenleaf's ordinance is consistent with this approach. But it may also serve another purpose.

Experts don't think the Kennesaw ordinance, which has never actually been enforced, did much to change gun ownership rates among Kennesaw residents. And, given that Greenleaf's mayor has estimated that 80 percent of the town's residents already own guns, the new ordinance can't make all that much of a difference. But criminals are likely to suspect that towns with laws like these on the books will be unsympathetic to malefactors in general, and to conclude that they will do better elsewhere.

To the extent that's true, we're likely to see other communities adopting similar laws so that criminals won't see them as attractive alternatives. The result may be a different kind of "gun control."

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IMMIGRATION:

FBI Probes Fatal Ariz. Border Shooting (NSDY/AP)

By Associated Press, January 15, 2007, 7:34 Pm Est

Long Island Newsday, January 16, 2007

Francisco Javier Dominguez-Rivera, 22, of Puebla, Mexico, was killed Friday in a confrontation with the unidentified agent north of the U.S.-Mexico border between Bisbee and Douglas.

On Sunday, Calderon expressed his "most energetic protest" against the shooting.

A group of seven people were crossing the desert and the agent took six of them into custody without incident, authorities said.

But the agent and Dominguez-Rivera began fighting, authorities said. The agent, who believed his life was in danger, shot and killed the man, the Border Patrol said previously. An autopsy was scheduled Wednesday.

The agent was put on paid administrative leave pending the investigation.

FBI spokeswoman Deborah McCarley and Gustavo Soto, a spokesman with the U.S. Border Patrol Tucson sector, both declined Monday to provide details of the case.

TAX:

IRS's Free File Gets A Revamp (WSJ)

By Robert Guy Matthews

The Wall Street Journal, January 16, 2007

WASHINGTON -- The Internal Revenue Service today is expected to unveil its revamped Free File program, which allows taxpayers with adjusted incomes of less than $52,000 a year to file their tax returns online for free through privately run Web sites.

IRS officials estimate about 95 million people will qualify to use the program.

About 20 companies, including two that will offer services in Spanish, are expected to join the program, created five years ago to promote online filing and cut paperwork.

In recent years, the program has come under fire from Congress and the National Taxpayer Advocate, a quasi-independent government office that addresses various taxpayers' concerns.

Some critics have charged that the IRS gave the private companies too much leeway to market add-ons, and, in some cases, confused many consumers into thinking that paying for the extra services wasn't optional.

In congressional hearings last year, Nina Olson, chief of the National Taxpayer Advocate, said many taxpayers complained about the Free File program.

One of the changes in this year's program includes elimination of refund-anticipation loans, in which companies lend money to filers -- sometimes at high interest rates -- who don't want to wait for the IRS to send expected refunds.

Taxpayers also will be able to use the Free File program to request refunds, usually ranging from $30 to $60, due to the end of the telephone excise tax.

Except for the cost of postage, filing is free, at least for those who do their own taxes.

Filing online does carry a cost because of the software program used to fill out forms, often in the $30 range.

The IRS doesn't want high fees to discourage online tax filing because it is easier and more accurate.

Write to Robert GuyMatthews at robertguy.matthews@wsj.com1

The Light-Touch Tax Audit (NYT)

The New York Times, January 15, 2007

With corporations posting record profits amid nonstop accounting scandals, one would assume that the Internal Revenue Service is looking long and hard at big companies' tax returns. Unfortunately, the opposite is true.

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Since 2003, I.R.S policy has called for spending less time on any one large corporate audit, with the purported aim of auditing more big businesses. But as The Times's David Cay Johnston reported last week, I.R.S. auditors are being pushed by the agency's top officials to prematurely close audits of large corporations with agreements that they pay only a fraction of the additional taxes that could be collected. Dozens of auditors said they were instructed to limit their examinations to issues that the I.R.S. and the companies agreed to in advance, even if suspicious deductions or other questionable tax tactics emerged during the audit.

Recently released I.R.S statistics — which the agency is required to disclose, but which it had long withheld — underscore Mr. Johnston's report. In 2006, the time devoted to each large-company audit was nearly 21 percent below what it was in 2002. From 2003 through 2005, an ever larger share of companies was audited; but in 2006, the share declined from a high of 44 percent in 2005, to 34 percent, about where it was in 2002.

The I.R.S. says its light-touch approach is successful because auditors are finding much more tax owed for each hour they work than they did in 2002. But auditors interviewed by Mr. Johnston dispute that claim. They say that abusive and illegal tax shelters have become so pervasive that it's easy to find additional taxes due. So the overall figure rises, even though companies are being allowed to pay far less than they owe. Economists and tax experts who have looked at the I.R.S. statistics have also raised the possibility that an increase in corporate noncompliance is behind the increased tax-due amounts, not more effective auditing.

Congress must ensure that the agency justifies its policy or changes it.

CONGRESS-ADMINISTRATION:

Bush Plots Health-Care Push (WSJ)

By John D. Mckinnon And Deborah Solomon

The Wall Street Journal, January 16, 2007

WASHINGTON -- With health-care costs emerging as one of voters' biggest domestic concerns, President Bush is considering promoting a tax-code change making it easier for people to buy health insurance for themselves in the open market, rather than relying on employers.

The president's coming State of the Union address and annual budget proposal are likely to include other ideas for easing the crunch, Republicans close to the White House said. Those would build on the administration's efforts to encourage states to create special insurance pools for lower-income individuals and small businesses. The administration also is likely to make another push for expanding health savings accounts. The accounts, first authorized in 2003, allow people to save tax-free for health-care needs provided they choose low-cost, high-deductible coverage.

QUESTION OF THE DAY

1 • Vote: Would you support a universal health-care plan?2

The ultimate idea is to expand health-care coverage while reducing cost pressures, in part by giving people more of a financial incentive to be smart shoppers.

Mr. Bush's emphasis on health issues comes as cost and coverage complaints are drawing attention in Washington -- and in state capitols throughout the country. As employers shift health coverage burdens to employees, state governors -- namely Republicans Mitt Romney of Massachusetts and Arnold Schwarzenegger of California -- as well as the new Democratic Congress have paid more attention to the issue, putting new pressure on the president to join the debate.

The examination of health care comes as Mr. Bush looks to define a domestic agenda in the final two years of a presidency that increasingly is being overshadowed by Iraq and hemmed in by newly empowered Democrats. In a recent op-ed in The Wall Street Journal, Mr. Bush listed "affordable health care" among "the biggest issues facing the American people" along with energy security and comprehensive immigration reform. He added "I look forward to working with Congress on these difficult issues." White House spokesman Tony Fratto declined to comment on specific proposals under consideration but said: "The President has said that for all Americans, we must confront the rising cost of care, strengthen the doctor-patient relationship, and help people afford the insurance coverage they need."

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While President Bush advocated some health-care changes last year -- an expansion of health savings accounts and computerization of patient records -- they were more modest than what is currently under consideration.

The big new idea this year could involve tax changes around employer-provided plans. While officials said major decisions are still being made, the White House tax proposal likely would cap some taxpayers' ability to exclude employer-provided health care from their income, as part of an effort to broaden availability of health-care insurance.

Currently, health-care benefits aren't subject to federal income tax, no matter how generous the benefit -- a factor many economists have said has contributed to health-care inflation. The Bush administration is considering a change that would tax some executives' "gold-plated" plans and possibly even affect some rank-and-file union members with particularly generous benefits. The savings would be used to pay for tax credits for lower-income people who buy their own health insurance or for state insurance pools, or both. The effect could be relatively small now but could grow over time.

The current policy of excluding employer-provided health insurance benefits from employees' tax returns costs the government more than any other tax policy -- about $900 billion between 2006 and 2010, counting all health-related breaks. That is more than either the mortgage-interest deduction or the various breaks for retirement savings. Thus, even tinkering around the edges of the exclusion could produce large amounts of revenue for subsidizing coverage for lower-income people.

Some of the administration's possible proposals, particularly the changes to the tax code, are likely to meet resistance from Democrats, who worry about further undermining the market for employer-provided coverage and driving up costs for those who remain in the system.

Helping states fix the problem of the uninsured could attract bipartisan support. Democrats said much depends on whether the Bush administration backs up its rhetoric with money. A few Democrats -- as with their Republican counterparts -- are willing to encourage a shift from employer-provided plans to state-sponsored ones.

State insurance pools have begun to appear in states such as Massachusetts in recent years, using funding from the federal government's insurance programs for low-income people, such as Medicaid. The trend has been fueled by looser federal restrictions on how funds from low-income health entitlement programs can be used. Experts have said they expect the administration to continue that in the coming reauthorization of one of the federal programs, the State Children's Health Insurance Program.

Mr. Bush's proposals likely will be the starting point for a Washington debate on health-care coverage plans.

Tomorrow, a bipartisan group including Sen. Jeff Bingaman (D., N.M.) and Sen. George Voinovich (R., Ohio) plans to introduce legislation that would provide grants to states to craft their own plans for helping the uninsured.

Last week, Massachusetts Sen. Edward Kennedy, who chairs the Health, Education, Labor and Pensions Committee, called for eventually expanding Medicare to all Americans, regardless of age, starting with people 55 to 65, and those younger than 20. Currently, Medicare generally guarantees health-care coverage to those age 65 and older.

Political experts have said the focus on health care reflects the effect that soaring costs are having on voters, particularly aging Baby Boomers, who are using more health care and worrying about costs. Polls show that, increasingly, people tend to rank health care among the biggest financial woes they face, says Karlyn Bowman, a polling expert at the American Enterprise Institute.

Unlikely Allies Advocate Healthcare Overhaul (LAT)

By Tom Hamburger And Ricardo Alonso-zaldivar

The Los Angeles Times, January 16, 2007

WASHINGTON — In a sign of how the political climate is shifting, powerful business interests that once teamed up to defeat Democratic healthcare plans are joining with labor unions and other unlikely allies to advocate extending medical insurance to millions of Americans.

Among the champions of change is the trade group representing the nation's leading health insurance firms. That industry developed the "Harry and Louise" television ad campaign, which helped turn public opinion against the universal healthcare plan proposed by President Clinton and then-First Lady Hillary Rodham Clinton in 1994.

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So devastating was the defeat that Washington politicians have hesitated to offer comprehensive proposals for change since then. Although Democrats talked of healthcare costs in the 2006 campaign, they have offered only modest proposals despite winning control of both chambers of Congress. Republican governors have offered some of the most ambitious plans recently, but GOP leadership in Washington has been muted.

Now, nongovernmental coalitions of seemingly strange bedfellows are stepping into the vacuum.

Today, the president of the Service Employees International Union will stand with the director of the Business Roundtable, which represents the nation's leading corporations, to announce one campaign to overhaul healthcare.

On Thursday, private health insurance companies will join with doctors' organizations and health-activist groups on the left to announce a plan for universal coverage.

"This week marks a kind of tipping point," said Karen Ignagni, who represents the health insurance industry in Washington. Members of the trade group she now leads — America's Health Insurance Plans — produced the Harry and Louise commercials, in which a middle-aged couple expressed alarm about the prospect of government meddling in their personal decisions about healthcare.

"The health insurance problem has been with us for decades," Ignagni said. "With all these different efforts, you are seeing a consensus emerge that the time for action is now."

Major questions remain about how a healthcare overhaul program would work — including how it would be financed and who would participate. But broad agreement on the need for action is important, because the groups involved might have the political clout and lobbying muscle to push a plan through Congress.

The two plans being announced this week — the details of which were not available — come in the wake of ambitious blueprints for universal health coverage put forward by two prominent Republicans: in California by Gov. Arnold Schwarzenegger and in Massachusetts under Gov. Mitt Romney, who has since left office and is a 2008 presidential candidate

The Massachusetts plan — the only comprehensive state proposal that has been enacted — relies primarily on a requirement that individuals get health insurance. The state redirected funding that had been used to cover hospital care for the uninsured to subsidize health insurance premiums. The plan also levies a token fee on employers that do not provide coverage.

California's plan would rely on a combination of requirements for individuals and new fees — essentially taxes — on businesses and healthcare providers.

Governors from a dozen other states are considering similar proposals.

Now, Democratic constituent groups, including labor and seniors' organizations, are joining with big business to demand a substantive response to the nation's healthcare problem, which has left 46 million people uninsured and has undermined American corporations' ability to compete internationally.

"You take these two events, and you take what's happening in the states, and what you are seeing is a real surge of interest in the issue of health reform, and the feeling that enough is enough about saying that the sky is falling: Let's start to do something to put some answers out there," said John Rother, director of policy and strategy for AARP, the seniors' lobby. AARP is part of both nongovernmental coalitions.

The proposals may embolden Democrats, but party leaders note caution within their ranks. "I think the Democrats are concerned lest they seem too radical," said Rep. Pete Stark of Fremont, chairman of the House health subcommittee. "We've got to win again in 2008, and I don't think we want to come out and talk about universal coverage or anything that sounds like socialized medicine." Stark is author of a plan that would use Medicare as a model to cover the uninsured.

Andrew Stern, the service employees union leader, has met in recent months with corporate chiefs around the country, urging a joint effort on a comprehensive overhaul.

His goal is to force action in Washington.

Stern said the traditional job-based medical insurance system "simply isn't working."

The broader coalition of insurance companies, doctors and activists on Thursday will present a detailed proposal to expand healthcare coverage to as many Americans as possible — starting with children. Coalition members range from generally conservative groups such as the U.S. Chamber of Commerce to Families USA, a liberal advocacy group that was one of the principal champions of the Clinton healthcare proposal.

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After the collapse of the Clinton plan, healthcare moved off center stage in Washington. President Bush has avoided sweeping proposals, focusing instead on tax credits to make insurance more affordable for individuals and small businesses.

Bush has been a strong advocate of health savings accounts, in which people pay out-of-pocket, usually routine medical bills from a tax-sheltered savings account while carrying lower-cost catastrophic insurance for major expenses.

Many businesses have started offering these accounts to employees, but it's not clear whether large numbers of previously uninsured people are signing up.

In the meantime, employer-sponsored coverage has continued to erode. The share of workers covered through their jobs fell from 81% in 2001 to 77% in 2005. Many small and midsize employers no longer offer coverage, and some new businesses deem their employees self-employed contractors responsible for their own benefits.

Government health programs have expanded, but not enough to take up the slack. About 16% of the population is uninsured. Healthcare spending is rising faster than inflation, although the rate of increase has eased in the last few years.

Congressional Democrats, traditionally the leading advocates of expanded coverage, largely have been left on the sidelines in the latest maneuvering. Although many stalwarts, including Sen. Edward M. Kennedy (D-Mass.) and Rep. John D. Dingell (D-Mich.), remain committed to covering all Americans, the party lacks a unified position.

"What we are building up to is a year, 2007, in which a lot of people are willing to discuss the benefits and costs of universal coverage, but I don't think we're going to make legislative headway," Stark said.

One Democratic senator, Ron Wyden of Oregon, is expected to introduce a healthcare bill this week. His proposal — which was unveiled in December and combines Republican and Democratic ideas — would mandate that individuals get their own coverage but require most employers to contribute to the cost.

Groups Unite On Healthcare (HILL)

By Jeffrey Young

The Hill, January 16, 2007

Unusual alliances of interest groups are coalescing to bring a unified front before Congress to spur federal action on healthcare costs and the uninsured.

A series of separately planned announcements this week illustrates an emerging consensus among sectors, such as big business and organized labor, that long have been at loggerheads when it comes to health benefits that they must exert combined pressure on policymakers.

This recognition of common interests is rooted in the fact that employers, workers, retirees, health-insurance companies, healthcare providers and the government all are burdened by healthcare costs that rise faster than inflation and by the expense of providing medical care to people without coverage, representatives of the groups agreed.

In addition, the enactment of a universal healthcare program in Massachusetts, the Democratic takeover of Congress and the march toward the presidential campaign season have emboldened advocates of healthcare reform to jumpstart the debate, said Diane Rowland, executive director of the nonpartisan Kaiser Commission on Medicaid and the Uninsured.

Today, the Business Roundtable, Service Employees International Union (SEIU) and the AARP will launch a campaign they are calling Divided We Fail. The groups intend to put a spotlight on healthcare costs and coverage through this initiative.

“There is pain at all levels at this point,” an AARP spokesman, Mark Kitchens, said. “That’s one of the things that’s different now.”

“There is enthusiasm that maybe now we can really roll up our sleeves and get things done,” the roundtable’s director of public policy, Maria Ghazal, said.

“There is clearly momentum building for fundamental changes to the healthcare system,” SEIU spokeswoman Sara Howard wrote in an e-mail. “For the first time, business, labor and consumers are standing together to address this problem.”

Since the Clinton administration’s effort to enact universal healthcare failed in the early 1990s, Congress has shied away from promoting broad federal actions to address the issues of costs and coverage. The Clinton and Bush administrations, the Republican-led Congress and the two parties’ leading presidential candidates instead focused on narrower initiatives.

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In the meantime, the private sector has continued to struggle with maintaining adequate health benefits in the face of escalating expenses.

"Business, labor and consumers are all feeling the same stress," Ghazal said. She also noted that surveys of her organization's CEO members have shown healthcare spending to be the No. 1 cost pressure facing large employers.

The three organizations hope to compel Congress and the 2008 presidential candidates to engage in a full debate about the future of the healthcare system. "This is really going to be an enduring effort for us," Kitchens said, one that will extend from this year through the presidential campaign and beyond.

The alliance plans coordinated activities such as town-hall meetings on healthcare issues in key presidential primary states and joint appearances and op-eds by representatives of the three groups, Kitchens said.

"We intend to hold our political leaders accountable for this," Kitchens said.

"Everyone is positioning themselves to try and promote this as an issue that will be a big player in the presidential elections," Rowland said.

A central theme of the Roundtable-SEIU-AARP initiative will be that all players, from employers to workers to the government, have a stake in the success of healthcare reform and that all of these players must do their part, Kitchens said. "We really are going to be stressing solutions and efforts from many different sectors," he said.

Ghazal emphasized that the alliance will not promote a government-managed universal healthcare program. "The foundation of our nation's healthcare system should still definitely lie in the private marketplace," she said.

The business community's belief that the government has to step up is not tantamount to an endorsement of government-run healthcare, Ghazal emphasized. "There's more of a recognition that the government is already paying for more than 50 percent of healthcare," she said.

The Roundtable-SEIU-AARP alliance does not plan to propose a specific set of policy recommendations, Kitchens said. "We don't always see eye-to-eye and we know that," he said.

Significant challenges await any legislative push on healthcare reform that efforts such as these would have to overcome. Strong philosophical disagreements persist between Democrats and Republicans about the appropriate role of government in providing healthcare coverage and resentment lingers from the heated fight over the Clinton plan.

In addition, the 2008 presidential candidates, especially those currently serving in the Senate, will want to highlight their own ideas, which could dampen their interest in making compromises.

Nevertheless, some lawmakers already have taken steps to move healthcare reform forward this year. Senate Health, Education, Labor and Pensions Committee Chairman Edward Kennedy (D-Mass.) held a hearing last week on healthcare coverage and costs that featured some of the same groups launching initiatives this week.

Sen. Ron Wyden (D-Ore.) will take to the Senate floor for an hour this morning "in search of [the] missing federal debate on healthcare reform," according to a media advisory, and to promote his own universal-coverage legislation.

Tomorrow, Sens. Jeff Bingaman (D-N.M.) and George Voinovich (R-Ohio) and Reps. Tammy Baldwin (D-Wis.), John Tierney (D-Mass.) and Tom Price (R-Ga.) will introduce their healthcare reform legislation.

On Thursday, a group of healthcare-industry organizations, business interests and consumer groups will launch their Health Coverage Coalition for the Uninsured.

The liberal advocacy group Families USA will stand with the U.S. Chamber of Commerce, the AARP and associations representing health insurers, doctors, hospitals and other healthcare providers at this event.

The aim of the coalition is "to build a consensus that can be presented to Congress and provide … a set of principles that can inform the national debate on healthcare coverage," a spokesman for AHIP, Mohit Ghose, said. AHIP offered its own plan for expanding healthcare coverage shortly after the November elections.

"It does show a coming-together of varied interests to push for a common goal, which is to increase access to health insurance coverage for millions of people," Ghose said.

State Plans Miss The Point (USAT)

By Don Mccanne

DOJ_NMG_0116363

USA Today, January 16, 2007

Americans need more than affordable insurance; they need affordable health care. California Gov. Arnold Schwarzenegger plans to copy the Massachusetts reform in shrinking the numbers of uninsured people by forcing them to buy stripped down, bare-bones policies.

With premiums for family coverage now averaging $10,000 a year, the only way that states can make premiums affordable is to strip down the plans, which then forces policyholders to pay out of pocket when they get sick. High deductibles, co-payments and benefit reductions are destroying the financial protection that insurance should provide.

Half of U.S. bankruptcies are a result, in part, of medical illness or medical bills. Three-quarters of Americans who are forced into medical bankruptcy had health insurance at the onset of the illness that bankrupted them. Worse, suffering and death can occur when patients cannot afford the care that their private insurance does not cover.

The big winners in the Schwarzenegger and Massachusetts health plans are private health insurance firms. The new insurance mandates will hand them billions in wasteful administrative fees that do not occur in government insurance programs such as Medicare. Private insurers will continue their cream-skimming, enrolling primarily the low cost, healthy workforce and their families, while leaving the costs of the unprofitable sick and elderly to the taxpayers.

State health programs are interdependent on federal programs such as Medicare, Medicaid and the Veterans Affairs' system, and are regulated by federal laws. The states alone cannot enact the structural changes that would be required to cover everyone and control costs. They are limited to building on the existing system by tweaking it to nominally expand coverage to the uninsured.

Money is not the problem. We already are spending enough on health care to provide high-quality, comprehensive services for everyone. But our inefficient, private-sector insurance bureaucracies have failed and need to be replaced with single-payer national health insurance. Every other developed nation has covered its citizens through some form of non-profit national health insurance.

Don McCanne, M.D., is a senior health policy fellow of Physicians for a National Health Program.

Both Plans Go Too Far. Government Meddling Can't Fix This. (USAT)

By Sally C. Pipes

USA Today, January 16, 2007

California Gov. Arnold Schwarzenegger has proposed a $12 billion health care package that he says should be the model for the rest of the country. Forcing people to buy health insurance will not solve the problem of the uninsured, make America healthier or decrease the amount of money we spend on health care. Such schemes will increase taxes, kill jobs and destroy private health care markets. They are also the next logical step on the path to single-payer health care.

"Everyone in California must have health insurance," Schwarzenegger declared. This is already true for automobile insurance, yet up to 25% of the state's residents leave home without it.

In Massachusetts, only four in 10 of those eligible for the totally free Commonwealth Care have signed up. Premiums for the subsidized plans are set as high as 6% of the insured's income, prompting talk of not enforcing the individual mandate.

Politicians justify these plans by alleging unfair cost shifts from the uninsured to the insured. Yet these plans rely on massive cost shifts. In Massachusetts, federal taxpayer money will be shifted to providers. In California, the governor calls for an increase in rates for providers from government insurance and then taxes some of this back with new taxes on physicians and hospitals. This is simply a way to increase taxes on private plans and send the money to government plans.

Schemes based on individual mandates will require new and extreme regulation of the private insurance market. Under California's plan, insurers won't be able to turn down anyone based on health status or age, a policy that causes premiums to skyrocket. In 1993, premiums jumped 500% when New Jersey passed a similar regulation.

Americans are highly conflicted when it comes to health care. We think the quality of the system is poor, yet we praise our individual care. We support universal coverage, but not if it entails any restrictions or costs more. Arnold and company better hope that these sentiments don't apply to California, because the move to universal coverage not only costs more, but will only come from mandates and will arrive with plenty of restrictions.

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Sally C. Pipes is president and CEO of the Pacific Research Institute, a health policy think tank.

Burden Set To Shift On Balanced Budget (WP)

By Lori Montgomery And Nell Henderson

The Washington Post, January 16, 2007

When he takes the House rostrum next week for the State of the Union address, President Bush will list among his goals a balanced federal budget, a shift for a president who has presided over record deficits while aggressively cutting taxes.

Politically, analysts say, the president is calling the bluff of Democrats, who won control of Congress in part by accusing Bush of reckless fiscal policies. While Bush now shares the Democrats' goal to erase the deficit by 2012, the politically perilous work of making that happen -- cutting spending or raising taxes -- falls to the Democratic-run Congress.

"The Democrats have assailed deficits under President Bush. The White House is telling Democrats to walk the walk," said Brian M. Riedl, a budget analyst at the conservative Heritage Foundation.

Budget experts and economists from across the political spectrum, including some who worked in the Bush White House, say that Bush is unlikely to offer real concessions toward a balanced budget in the plan he delivers to Congress next month.

Still, the administration appears to be stepping away from an economic argument that has worked well for Republicans throughout Bush's presidency: that federal deficits, though at record levels, are not especially large as a percentage of the economy and therefore offer little cause for concern, a view famously encapsulated in 2002 when Vice President Cheney told Paul H. O'Neill, then the Treasury secretary: "Deficits don't matter."

Historically, the deficit is not particularly large. During Bush's presidency, it peaked at $413 billion in 2004, the biggest ever in dollars. At 3.6 percent of economic output, however, it did not approach the historic high, in 1943 during World War II, when the deficit exceeded 30 percent of gross domestic product . Last year, the deficit dropped to $258 billion, or about 1.8 percent of the economy.

But that view ignores some important facts, U.S. comptroller general David Walker said. The government is living far beyond its means, he said, and if not for excess cash in the Social Security trust fund, it would be recording deficits on a magnitude not seen since the recession of the early 1990s. Take away the Social Security money, and the deficit would have been $434 billion last year, about 3.3 percent of GDP, which rose 6 percent in 2005, compared with 2004.

That point is critical, Walker told a Senate committee last week, because the Social Security surplus will begin to shrink in 2009, as the baby boomers start to retire. It is it estimated that the fund will dry up completely in 2017. At that point, the nation's rosy fiscal picture will darken rapidly. Costs for entitlement programs -- Social Security, Medicaid and Medicare -- will explode. Without radical changes in tax policy and retirement spending, the deficit will make up more than 24 percent of the economy by 2050, Walker said.

This month, Bush cited the "challenges" of entitlement spending as a factor in his decision to offer a balanced budget plan. Analysts said forcing the government to live within its means in the short term would lend credibility to the president's campaign to address the entitlement problem during his final years in office.

Bush has given two newcomers, Treasury Secretary Henry M. Paulson Jr. and White House Office of Management and Budget Director Rob Portman, the task of approaching congressional Democrats to look for potential compromises on entitlements. Paulson, a former chairman of Goldman Sachs, has identified the looming crisis as one of his top reasons for joining the administration. Portman, too, has a passion for the issue. Last week, he took part in the "Fiscal Wake-Up Tour" at Ohio State University organized by a variety of groups, including some strong critics of the administration.

Among them was Isabel V. Sawhill, a senior fellow at the Brookings Institution, who welcomed Portman's participation. Sawhill said she believed Portman and Paulson were responsible for the president's new enthusiasm for deficit reduction.

"I'm quite sure they want to get the word out about entitlements and educate the public. This could be a new way of putting Social Security and Medicare at the top of the agenda," Sawhill said. "I have this sense that these guys like Portman and Paulson have been unleashed."

In an interview, Portman said entitlements factored in to the administration's budget planning. But the primary reason Bush decided to offer a plan for erasing the deficit, Portman said, is "because we can."

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When Bush took office in 2001, he inherited a budget from the Clinton administration that was in surplus for the first time in three decades. But the stock market was falling and the economy was sliding into recession. Bush reacted by ushering in huge tax cuts even as the attacks of Sept. 11, 2001, prompted a wave of new spending on the military and homeland defense. The budget returned to deficit in 2002, and the deficit peaked two years later.

Since then, an unexpected gusher of tax revenue has flooded the Treasury, driven largely by stratospheric corporate profits. Bush credits his tax cuts with spurring the economy and producing more tax receipts, an argument that has been refuted by many conservative economists and Bush's own Treasury Department.

"We have managed to work our way through some tough budget and economic challenges over the past six years . . . which caused revenue to decline dramatically," Portman said. Now, he said, "the economy is back on its feet and has generated record levels of revenue in the last two years," making balancing the budget a realistic goal for the first time in Bush's presidency.

Budget analysts on the right and left are skeptical. In past years, Bush has proposed spending cuts that the GOP-controlled Congress refused to support. Also, any five-year plan could put off much of the hard work of cutting spending and raising revenue until after Bush leaves office in 2009.

"I get the impression they're trying to beef up his reputation for fiscal responsibility, not by doing heavy lifting and actually targeting programs like farm subsidies, but through rhetoric and projections and changes in rules and things that are easy for a president to propose," said Chris Edwards, tax director at the Cato Institute.

Portman declined to provide details of the budget request, which is scheduled for release Feb. 5, he said it relies on "very realistic projections" that are "reasonable in the context of both spending and revenues."

Whatever the political benefit of balancing the budget, it remains a difficult task economically and politically. The last time the budget achieved surplus, the economy was enjoying a boom and a wealth-boosting technology stock bubble, as well the "peace dividend" of reduced defense spending that accompanied the end of the Cold War.

Today, forecasts show the economy growing by a moderate 2.4 percent in 2007. War costs, which have topped $500 billion since 2001, are heading higher. In their most recent official projections, the White House and the nonpartisan Congressional Budget Office said they expected the deficit to rise in the fiscal year that ends in September.

Politically, the White House and Democratic leaders are far apart. Bush has said he would balance the budget without raising taxes. House Speaker Nancy Pelosi (D-Calif.) said Sunday on CBS's "Face the Nation" that though she wants to make permanent the Bush tax cuts that benefit the middle class, House leaders are considering repealing those that benefit "people making over half a million dollars a year."

By insisting that all of his tax cuts be extended, Bush is inviting a battle with Congress, not a deal, said Gene Sperling, one of President Bill Clinton's chief economic advisers. Sperling noted that Clinton won a balanced-budget deal with a Republican Congress in 1997 by offering to cut Medicare costs.

"When you want to do something serious, you don't change your rhetoric. You send a serious signal to the other side," Sperling said. "Simply insisting that even the most high-income tax cuts be made permanent then projecting vague but steep cuts in domestic programs is not sending that signal."

The Tough Part Is Up Next: How To Pay For Agenda (RC)

By Emily Pierce

Roll Call, January 16, 2007

Now that they're in power, it's time for the new Democratic Congressional majority to put its money where its mouth is.

And that's going to be tricky, given the austere budget situation under which even they acknowledge they're operating.

Democrats have made a lot of promises — many of which they're trying to fulfill this week in the House by wrapping up their "100 hours" agenda. But Democrats still are hunting for ways to cover the long-term costs of their policy objectives, and they already are finding these offsets hard to come by, especially if they want to avoid allegations that they are the same old "tax and spend liberals" they've always been.

"I don't think there's any question that it's going to be very difficult for Democrats to fulfill their campaign promises without raising taxes to a substantial degree," said House Ways and Means ranking member Jim McCrery (R-La.).

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McCrery pointed to this week's expected House vote on a Democratic plan to impose new offshore drilling royalty fees and roll back several tax breaks and subsidies for oil and natural gas companies. The bill is expected to increase revenues by $13 billion, but much of that will be used to pay for research into and incentives to use alternative energy sources.

Democrats say they are targeting the energy industry because of its record-breaking profits in recent years, even as consumers have felt the pinch at the gas pump. But McCrery said, "by increasing taxes on oil and gas companies, you're going to increase the costs for consumers."

The House also will vote this week on a nearly $6 billion plan to cut student loan interest rates in half and increase the amount available under the Pell Grant program. Part of the offsets — a requirement under new House "pay-as-you-go" rules which mandate that any new spending or tax cuts be paid for with cuts elsewhere — include an increase in the fees banks pay for loan consolidations as well as a reduction in some government subsidies collected by banks. It was unclear late last week what the GOP reaction to those proposals would be, but Republicans were scrutinizing the offsets "to see if they're real," noted one senior House GOP aide.

While it's been relatively easy so far for Democrats to find underused or unused pots of money from which to draw, that could end quickly once they start writing their fiscal 2008 budget this spring.

With calls on both sides of the aisle to include the $300 billion-plus cost of the Iraq War in the budget and a bipartisan push to spend upwards of $70 billion this year alone to relieve middle-income taxpayers from the higher rates of the alternative minimum tax, huge chunks of money — that otherwise might be available for, say, closing the "donut hole" in the Medicare prescription drug benefit — will start whittling away.

Even the best estimates for savings from giving Medicare officials the power to negotiate for lower drug prices — $61 billion to $96 billion, according to House Democrats — doesn't come close to the $450 billion projected cost of closing the donut hole — the gap between when beneficiaries get a discount on drugs and when they have to pay 100 percent of the costs out of pocket. Even if drug-negotiating authority creates such savings — a notion the nonpartisan Congressional Budget Office discounts — President Bush has threatened to veto the bill.

Meanwhile, Senate Finance Chairman Max Baucus (D-Mont.) and ranking member Chuck Grassley (R-Iowa) announced late Friday $8 billion in small business tax breaks that they want to attach to the minimum-wage increase.

But House Education and Labor Chairman George Miller (D-Calif.) reiterated that House leaders were reluctant to include the tax breaks largely because PAYGO rules require offsets.

Still, Democrats have a number of piecemeal plans for finding all the extra cash they need to deliver on all their election-year promises.

First and foremost, they hope to close the "tax gap" — the difference between what taxpayers actually owe and what actually comes into the Treasury. Some estimates have put the tax gap at nearly $350 billion, but even under the best of circumstances, no one thinks they'd be able to realize all of that money by having the IRS go after delinquent taxpayers.

Besides, closing the tax gap makes Democrats more reliant on the Bush administration's tax enforcement efforts than on the majority's ability to pass legislation. "You have to sell OMB on putting in more resources" to enforcement, Grassley said of the Office of Management and Budget.

Then, there's "tax pork" — not unlike the subsidies for oil and gas companies that Democrats are going after this week. But like all pork projects, every provision in current law has its backer, and fighting off myriad business interests with special provisions in the tax code will be an undeniably difficult task.

"I don't think there's enough tax pork out there, unless they do some really heavy lifting," noted the senior House GOP aide.

But hope springs eternal. As Baucus put it, "I'll put my creative tax team together to find more."

Democrats Seek The Middle On Social Issues (NYT)

By Robin Toner

The New York Times, January 16, 2007

WASHINGTON, Jan. 15 — The promise may not outlast their political honeymoon, but Democratic Congressional leaders say they are committed to governing from the center, and not just on bread-and-butter issues like raising the minimum wage or

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increasing aid for education. They also hope to bring that philosophy to bear on some of the most divisive social issues in politics, like abortion.

In their first days in session, Senate Democratic leaders reintroduced a bill that they said was indicative of their new approach: the Prevention First Act, which seeks to reduce the number of abortions by expanding access to birth control, family planning and sex education.

In the House last week, Democrats showcased a vote on expanding federal financing for embryonic stem cell research, which, despite fierce opposition from many conservatives, has won bipartisan support among lawmakers — and voters — who are otherwise divided on abortion.

The mantra, for many Democrats, is the search for common ground. On gay rights, lawmakers and advocates said the most likely legislation in the new Congress would focus on hate crimes and employment discrimination, issues expected to be much less polarizing than the debate over same-sex marriage that was front and center in the Republican Congress.

"I don't think the American people get mad if you say a woman shouldn't get fired from her job because she's a lesbian," said Representative Barney Frank, Democrat of Massachusetts.

Conservatives are skeptical that such a search for common ground is much more than a shift in tactics.

"I can tell you what I expect," said Douglas Johnson, legislative director of the National Right to Life Committee. "I think the Democratic leadership will seek to advance the policy agenda of the hardcore groups but do so under the cover of deceptive rhetorical campaigns."

Whatever the Democrats do, these issues retain their power to divide. Monday is the 34th anniversary of Roe v. Wade, the Supreme Court decision recognizing a constitutional right to abortion; it will highlight anew, with a day of marches and protests, the fundamental question of abortion's legality.

But the Democrats' moves toward consensus-building on issues that often resist consensus reflect their effort to adjust to a new political reality. Their majority is slimmer than it was the last time they were in power, especially in the Senate. The country, some pollsters say, has grown more conservative on abortion and other social issues.

And conservatives, by controlling which legislation came to the floor, succeeded in defining the debate over social issues for more than a decade, through votes on same-sex marriage and the procedure opponents call partial-birth abortion, in ways that highlighted the political limits of liberalism.

One measure of how the legislative debate has shifted is that the last time the Democrats were in power, one of the biggest abortion fights was over whether abortions should be covered in the benefit package guaranteed under the Clinton administration's national health insurance plan, which eventually collapsed. Abortion rights leaders focus on far more modest goals today.

In the past 12 years, Democratic strategists say they have learned some hard lessons. Many said they were dismayed to see the religion gap after the 2004 election, with the Republicans' overwhelming strength among churchgoers and the widespread perception that Democrats were a secular party insensitive to issues of values.

Since then, party leaders say, they have tried hard to connect with those voters, to convince them that, as Senator Charles E. Schumer of New York said, "We are not a bunch of libertines who want to see the superego of society disappear." Some of the new, prominent Democrats in Congress, like Senator Bob Casey of Pennsylvania, are social conservatives, recruited and cited by Democratic leaders as evidence of the party's diversity.

Over the past two years, Representative James E. Clyburn, Democrat of South Carolina, formerly the caucus chairman, now the majority whip, has led a "faith working group" in the House in an effort, Mr. Clyburn said, to get members "more comfortable with these issues and more connected with values voters."

Part of this effort involved broadening the definition of values-related issues, he said, to include economic issues like raising the minimum wage, assisting low-income children with health insurance and shoring up Social Security.

"That's Old Testament Bible, taking care of widows and orphans," Mr. Clyburn said.

Some House Democrats said they had also learned to be more open about their own religious life.

"We, for a very long time, left the definition of ourselves as Democrats to others," said Representative Rosa DeLauro of Connecticut, an abortion-rights supporter and one of 55 Catholic Democrats in the House who signed a Catholic Statement of

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Principles last year, essentially saying that their faith involved more than their position on abortion. “But I think people finally felt enough. Enough. It’s about who we are, where we come from, what our culture and environment has been.”

Ms. DeLauro is one of the leaders in the House on legislation that would try to reduce the need for abortion and provide economic support to new parents.

Representative Nancy Pelosi, the House speaker, highlighted her Catholicism in her first week in office, with two high-profile church services in Washington. There have been occasional protests from religious conservatives, challenging the rights of Democrats like Mrs. Pelosi to present themselves as both good Christians and supporters of abortion rights. But Democrats did do better among Catholic voters in last year’s elections, carrying 55 percent of their vote in House races, compared with 49 percent in 2004.

In large part, analysts say, that reflects voters responding to the Democrats on Iraq and the economic agenda, another element of the Democrats’ common ground strategy, keeping the debate focused on issues of greatest concern to the voters in the middle. “Our first focus is on the meat and potatoes issues that affect all Americans,” Mr. Schumer said.

Celinda Lake, a Democratic pollster who advises Congressional leaders, said, “Most swing voters think that these social issues are issues that both sides love to have fights over, but that they don’t really have a stake in.”

In fact, Democrats, like Republicans, have long had to fight the notion that they are in thrall to the advocacy groups because of these hot-button issues. Republicans clearly took a dip in the polls after their intervention in the right-to-die case of Terri Schiavo, and many strategists say their intense pursuit of a ban on same-sex marriage and other conservative causes ultimately backfired, making them seem out of touch.

Democrats, after 12 years in the wilderness, say they are not likely to repeat those mistakes. But as Mr. Johnson of the right to life committee and other skeptics note, the true test of the Democrats’ common ground campaign may not come until there is a major court fight, especially a vacancy on the Supreme Court. When the fundamental debate over the extent of abortion rights is front and center, common ground will be hard to find.

Pit Bulls Vs. Stalwarts In House GOP (WT)

By Christina Bellantoni

The Washington Times, January 16, 2007

At a recent meeting of the House Republican leadership, members of the new minority party looked around and realized they were entering unfamiliar territory: Only one of them -- Rep. John A. Boehner of Ohio -- had ever served as a member of the minority party on Capitol Hill.

"We're all still finding our way," said Rep. Kay Granger of Texas, the Republican Conference vice chairman.

The power shift has created its own internal struggle among Republicans.

The younger pit bulls want to go after the Democrats quickly and without remorse. Some of the older Republican stalwarts prefer sitting back and allowing new Speaker Nancy Pelosi and her party members to have their moment in the sun and govern accordingly.

"It's in flux right now as to kind of what direction we take and how we operate now that we're in the minority," said Rep. Patrick T. McHenry of North Carolina.

"There is a group of us who think we have to throw down the gauntlet and be on the offensive from the very beginning in battles from Day One," he said. "That's the only way we are going to get back in the majority. Then there are others who say we need to let them have their time."

Several Republicans confirmed privately that more than two-thirds of House Republicans are favoring a slow approach, while a minority of members think the attacks on Democrats should come rapid-fire.

Already, some say the opposition has been too quiet in allowing Democrats to pass key elements of their initial agenda.

There have been four major votes on Democratic bills since Congress convened under the new majority earlier this month. Of those, 24 Republicans crossed the line to support changes to Medicare, 37 voted with Democrats to expand funding for embryonic stem-cell research, 68 voted to implement more recommendations of the September 11 commission, and 82 Republicans voted for increasing the minimum wage.

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Some Republicans privately fumed at these votes and noted that Democrats in the last Congress were far more united against the Republican majority's bills.

"It's the beginning of a long process," said Rep. Tom Cole of Oklahoma, chairman of the National Republican Campaign Committee. "This is their majority, and they have the right, even though I think a lot of their policies have more political utility than practicability."

"We've shown we can work together with Democrats on some issues, but our differences will become progressively clearer," he said.

There is agreement among Republicans that they should focus on the promise of fiscal conservatism that brought them to power in 1994.

"We ought to draw the line in the sand on some of these policy issues," said Rep. Jeff Flake, Arizona Republican. "Some of us tried to do that last week, but it will really start when we have the ability to offer amendments and have a full debate."

Mr. Flake added he thinks "partisanship" has a bad reputation.

"There should be fierce partisan debate," he said. "We need a lot more of it."

Rep. Marsha Blackburn, Tennessee Republican, said a commitment to conservative ideals such as smaller government and low taxes can help her party win again, even if members aren't actually attacking the new Democratic majority.

"It's a matter of looking for the openings," she said. "As a member of the minority, you realize that there are opportunities to affect change. You learn how to go about affecting things when you have neither the gavel nor the megaphone."

But some Republicans are seizing that megaphone.

Mr. McHenry has already gone after the top Democrat in a series of press releases, floor speeches and public appearances. Last week, he pressed Mrs. Pelosi and the Democrats for what he said was hypocrisy in their bill increasing the minimum wage. The bill exempted American Samoa, whose largest employer StarKist Tuna is owned by Del Monte, a company based in Mrs. Pelosi's San Francisco district.

The speaker, who said neither StarKist nor Del Monte lobbied her, announced Friday that Democrats will now make sure the bill applies to all U.S. territories, including American Samoa.

Still, Mr. McHenry in a press release declared "something fishy" was going on and peppered Rep. Barney Frank, Massachusetts Democrat, with questions during a heated exchange on the House floor.

Mr. Frank, who was acting as speaker pro tempore at the time, ultimately refused to recognize Mr. McHenry at the podium, and later said the Republican was trying to "assault" House rules.

Mrs. Granger said Republicans are balancing the treatment of Democrats between holding their feet to the political fire and allowing them some time to bask in the sun.

"Last week was [Nancy] Pelosi's time. She's won the speakership, and it was a historic time that was wonderful to see a woman achieving," Mrs. Granger said last week of the opening session of Congress. "That's an excitement that transcends more than one election."

After the pomp and circumstance ended, she said, "We plan to get down to business."

Senators Will Have To Pay For Their Seats In Skyboxes If Ban Approved (USAT)

By Fredreka Schouten And Larry Weisman, Usa Today

USA Today, January 16, 2007

WASHINGTON — The Senate is moving this week to ban members from accepting free tickets to sporting events to cut ties between Congress and the special interests that provide the seats.

Lawmakers have long enjoyed seats in luxury skyboxes paid for by lobbyists and corporations, despite a $50 limit on the gifts they can accept. That's because the tickets often bore no prices or were valued at below the gift limit.

The House adopted a ban on expensive sports tickets earlier this month. Melanie Sloan of the liberal-leaning watchdog group Citizens for Responsibility and Ethics in Washington said it was "crazy" that lawmakers "could say a ticket worth thousands was worth $50."

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Abe Pollin, who owns the Washington Wizards basketball team and a majority stake in the arena where the Wizards and the Washington Capitals hockey team play, opposes the ban. "Our teams count business from lobbyists as a contributing factor to our bottom line," his spokesman Matt Williams said.

The proposed ban comes in the wake of congressional corruption scandals. Imprisoned lobbyist Jack Abramoff rented suites at several Washington-area arenas. Federal documents show his preferred venues included the Verizon Center, where the Wizards and the Capitals play; FedEx Field, home of the Redskins football team; and Camden Yards, home of the Baltimore Orioles baseball team.

Former congressman Bob Ney, R-Ohio, is to be sentenced Friday for his role in the Abramoff affair. He has admitted trading congressional favors for travel, campaign money and gifts, including the use of Abramoff's arena seats.

In a 2003 e-mail to clients, Abramoff said sports suites were useful. "Attention is captured and relationships are built through bonding that occurs at football games, hockey games or other events," he said.

Abramoff also offered a free trip to the 2001 Super Bowl in Tampa to at least one unidentified lawmaker, court records show.

A free ticket "is just a form of bribe," said Gary Roberts, who directs the sports law program at Tulane University's law school. "You take them to a luxury box at a football game, give them a few beers and chew their ear off. That is the access the public doesn't get."

The Senate's proposed ticket rules would effectively ban lawmakers from accepting expensive tickets to sporting and entertainment events by requiring that tickets reflect their market value. If the ticket lacks a price, it would be valued at the same cost as the highest-priced ticket at the event.

The provision has bipartisan support and is part of larger ethics changes, including restrictions on lawmakers' travel on corporate jets. The new rules for senators probably won't be in place before the Super Bowl in Miami on Feb. 4. The face value of tickets to this year's game is $600 and $700.

The House ban took effect immediately; the Senate measure is part of a bill that includes other changes to lobbying rules.

Some say the issue is overblown. Pittsburgh Steelers Chairman Dan Rooney said his team gives away tickets to local officials, but "there is no quid pro quo involved in it at all." Congress "ought to be worrying about more important things."

Testing Reid's Ethical Limits (WP)

By Robert D. Novak

The Washington Post, January 15, 2007

A beaming Harry Reid basked last week in the adoration of the Democratic Party's leading Senate reformers and its nine freshman senators. They extravagantly praised the new majority leader as an exemplar of ethical reform. But within 48 hours, Reid was opposing full transparency of earmarks. This week, Republican reformers will target Reid with an amendment to the senate ethics package.

Sponsored by Republican Sen. Tom Coburn of Oklahoma, the proposal is called the "Reid amendment" because he inadvertently inspired it. Coburn would tighten loose anti-earmark restrictions in the ethics bill by prohibiting senators from requesting earmarks that financially benefit a senator, an immediate family member of a senator or a family member of a senator's staffer.

The proposal follows the revelation that Reid's four sons and his daughter's husband all have been lawyers or lobbyists for special interests. While Reid has declared that they are barred from lobbying for their clients in his office, there is little doubt that they have taken advantage of their close proximity to a powerful senator.

An example is provided by earmarks that have sent millions of federal dollars to the University of Nevada at Reno. Reid's son-in-law, lawyer Steven Barringer, was a paid lobbyist for the university. In general, Republican reformers see Reid as illustrating the nexus between legislators and special interests, in his case mainly real estate, gambling and mining.

Reid is far from the only prominent member of Congress who would be violating Coburn's amendment if it passed. Republican Rep. Bill Young of Florida, a senior member and former chairman of the House Appropriations Committee, secured a $1 million earmark for the development of military body armor -- a project lobbied for by his daughter-in-law. Democratic Rep.

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Jim Clyburn of South Carolina, the new House majority whip, has been reported by USA Today as pushing through a $2.5 million airport earmark lobbied for by his cousin.

Sen. Ted Stevens, the senior Republican member of the Senate, has funneled $29 million in earmarks to the Alaska Fisheries Marketing Board, then headed by his son, state Sen. Ben Stevens. Sen. Mitch McConnell, the new minority leader, won a $1.5 million earmark for an underground financial storage depot in his home state of Kentucky that was lobbied for by the wife of the senator's chief of staff.

The "Reid amendment" is only part of a plan by Coburn and a fellow first-term Republican senator, Jim DeMint of South Carolina, to make sure earmark reform is included in new ethical standards. Democratic efforts, particularly in the Senate, have concentrated on the conduct of lobbyists and not members of Congress. Although the version the House passed last week is stronger, the final compromise coming out of a Senate-House conference may barely touch the surface of earmarks.

The Senate version mandates transparency only for the few projects listed in legislation and not those in accompanying reports. That would ignore up to 98 percent of the 12,852 earmarks in the last Congress. Reid launched his career as majority leader with a furious fight to preserve this condition.

Reid moved to table (that is, kill) DeMint's amendment, which would substitute in the Senate ethics package language covering all earmarks as contained in Speaker Nancy Pelosi's House bill. Reid was surprised to fail, 51 to 46, with nine Democrats abandoning their leader. The Senate routine is that when a tabling motion fails, the bill is passed by voice vote. But an obviously distressed Reid took the floor to hold open the vote on DeMint's bill indefinitely, contending that the Democratic-controlled House had acted in haste.

The two leading Senate Democratic reformers, Russell Feingold of Wisconsin and Barack Obama of Illinois, who two days earlier had lavished praise on Reid's ethical leadership, voted against him on the tabling motion. However, of the nine freshman Democrats who also had honored Reid, only two -- Jim Webb of Virginia and Jon Tester of Montana -- voted for transparency. The other seven toed Reid's party line. (Seven Republicans voted with Reid, including Minority Whip Trent Lott.)

Majority Whip Dick Durbin saved Reid further embarrassment Friday by proposing some minor technical change in the DeMint amendment and claiming victory. A tougher test for Democrats will come this week on efforts to remove family -- Reid's and everybody else's -- from the earmark game.

Ethics Fencing In The Senate (NYT)

The New York Times, January 15, 2007

The Senate's promising start in reforming its ethical shortcomings is showing signs of slippage. Senators ducked a worthy amendment that would bar members from putting family members on campaign payrolls, or see kin become lobbyists. The proposal was ruled unrelated to the debate over lobbyist and ethics reforms, which is hardly the case.

Senator Dianne Feinstein, Democrat of California, insisted that there's no such problem in the Senate. Critics instantly noted that her fellow Californian, Senator Barbara Boxer, paid $130,000 from her campaign funds to her son's political consultant firm. In the House, the campaign kitty of Representative John Doolittle, Republican of California, paid $200,000 to his wife as a designated campaign consultant working at home. Congress's reputation cannot afford more such embarrassments.

As the Senate debate continues, there are key proposals that will test how real all the talk is about reform. Some lawmakers are already trying to water down the proposal of majority leader Harry Reid, which would stop senators from accepting the nearly free use of corporate jets. Opponents on both sides of the aisle are also intent on blocking a measure from Senators Barack Obama and Russell Feingold, which would force lobbyists to disclose the vast campaign funds they routinely raise from corporate donors eager to grease access to lawmakers. The money would still flow, but special-interest bagmen would have to list the take on public record.

Equally vital is the proposal to make lobbyists and their employers regularly disclose their "earmarking" rounds, where lawmakers are induced to pepper money bills with small fortunes in favors without debate or public notice. Lobbyists would have to list the specific earmark they sought, their client and the lawmakers they approached.

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Another important measure would force disclosure of who is paying for media campaigns in the name of fake grass-roots politicking. Such shell games could still go on as free speech, but the public could find out who's paying the bill. These measures give senators a much-needed opportunity to prove they are on the side of the voter, not the lobbyist.

Democrats Vow 5-day Workweek... Sort Of (AP)

By Jim Abrams, Associated Press Writer

AP, January 15, 2007

The five-day workweek, an idea alien to congressional culture in recent years, is about to make a comeback. "We are going to work longer hours, we are going to work full weeks, we are going to have votes on Mondays and Fridays," new Senate Majority Leader Harry Reid, D-Nev., advised his colleagues at the opening of the new session on Jan. 4.

Other Americans, from teachers to police officers to factory workers, put in five days a week on the job, Reid said. "Shouldn't we here in Washington, where we do our business in this laboratory we call the Senate, do the same?"

Old habits, of course, are not that easy to kick. The Senate was off the next day, a Friday.

The House under new Speaker Nancy Pelosi, D-Calif., also is committed to working longer hours. But the chamber was not in session last Monday, when some members attended the national college football championship game in Arizona. This Monday, Congress is closed for the Martin Luther King Jr. holiday.

There also are the occasional interruptions, such as the Republican retreat that will shut down the House on a Thursday and Friday later this month. House Democrats hold their retreat the following week, making two three-day work weeks in a row.

First votes following a weekend are being scheduled late in the afternoon or evening, effectively making the first day of the work week a travel day for many lawmakers.

Nonetheless, the burst of activity is reminiscent of when House Republicans took over in 1995 after the GOP had spent 40 years in the minority. It is a radical break from the recent practice of convening a new session in early January and then immediately taking off until the president's State of the Union address at the end of the month.

Under GOP leadership, the House fell into a pattern where no votes were scheduled until 6:30 p.m. on Tuesday and the last votes were on Thursday afternoon. That way, lawmakers could leave the Capitol on Thursday evening and not return until the following Tuesday.

Republicans argued that their new breed of citizen legislators should spend more time with their families and constituents back home. The abbreviated schedule also made life easier for lawmakers living in California and Hawaii and gave lawmakers more time for fundraising.

The Senate has tended to work somewhat longer hours. But both chambers grew accustomed to lengthy "district work periods," when Congress is in recess.

In 2006, besides being off in January, lawmakers were off a week or more for President's Day in February, St. Patrick's Day in March, Easter in April, Memorial Day in May and Independence Day in July. Then they took off six weeks in August and a month off before the November elections.

According to the office of House Majority Leader Steny Hoyer, D-Md, the House was in session 102 days last year, fewer than the 110 days of the "do-nothing" Congress when Harry S. Truman was president in 1948.

Congress under Democratic-control still will not be punching the clock for a 9-to-5 schedule.

Hoyer said his plan for most weeks was to hold first votes at 6:30 p.m. on Mondays and work until about 2 p.m. on Fridays. Long holiday recesses may be shortened, he added, although "there is great value to House members being in their districts and talking to their people."

Former House Ways and Means Committee Chairman Bill Thomas, R-Calif., who retired at the end of the last session after 28 years in the House, said five-day workweeks could be particularly tough on West Coast lawmakers.

Democrats, he predicted, might have to come up with a more structured approach, such as two weeks or three weeks of work in Washington and then a week back in the district.

"I'm anxious to see if it can work," he said of the Democratic plan, noting that he had at times been frustrated by workweeks in which he had "36 hours to get things done."

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Fred Beuttler, deputy House historian, said today's lawmakers still put in a lot more time on Capitol Hill than did their predecessors. Until the 1930s, when Franklin D. Roosevelt needed Congress around to enact his New Deal legislation, a Congress elected in November frequently did not convene until December of the following year, 13 months after the election.

Abraham Lincoln had to call Congress into a special session in July 1861 to deal with the secession of the South and witness the routing of the Union Army at the first Battle of Bull Run.

In Six Years In Office, One Year At Camp David (WP)

By Al Kamen

The Washington Post, January 15, 2007

AHappy Anniversary to President Bush and first lady Laura Bush, who have reached their first anniversary in terms of time spent at Camp David. Mark Knoller, CBS White House correspondent and the unofficial archivist for the White House press corps, reports on the CBS Web site that the Bushes took off Friday for their 116th visit to the beautiful presidential retreat and their 365th day there.

Both Bushes, Knoller told us, think he's being unfair in his counting method, because Knoller counts a partial day as a full one. So on Friday, Bush got to Camp David before noon, but it counted as a full day.

Applying the same method, Knoller reported that Bush's time there "isn't that much." After all, "President Jimmy Carter spent 376 days at Camp David during his single four-year term in office." And Bush will have to ratchet up the pace a bit in the next two years to best President Reagan's record 517 days there.

As for the ranch at Crawford, Knoller tells us that, as of Jan. 1, Bush had spent 405 full or partial days there.Adhere to Party Lines, Or Else . . .

House Republicans may have lost the majority and have the Bush albatross around their ratings, but unlike the Democrats, they still place a priority on party discipline.

Last week, two prominent Republican outliers, Reps. Jeff Flake (Ariz.) and Walter B. Jones (N.C.), lost choice committee posts, apparently for defying their party's positions, according to reports in National Journal's CongressDaily.

Flake says he lost a seat on the House Judiciary Committee because his views on immigration reform -- which include a path to citizenship for illegal immigrants -- weren't in sync with the GOP's. House Minority Leader John A. Boehner (Ohio) said, "There is absolutely no truth to that."

Flake also said Republican colleagues were upset with him because he pushed to cut earmarks, saying his loss of the Judiciary seat was "DeLay-esque retribution for members who speak up."

Meanwhile, Jones, a longtime critic of the Iraq war, said Duncan Hunter (Calif.), ranking Republican on the House Armed Services Committee, passed him over for a key subcommittee leadership post and gave it to someone with less seniority. Jones waxed philosophical about the move: "We have to pay a price, from time to time."Intraparty 'Communication'

Fortunately for reporters -- and perhaps Republicans -- Democrats cannot resist sniping at one another. Senate Majority Leader Harry M. Reid (Nev.) took to the floor on Thursday to offer this about House Speaker Nancy Pelosi (Calif.) and her colleagues' 100-hour agenda:

"I am happy to see the House doing their 100 hours and moving things along very quickly. I admire and respect that. But having served in that body, I know how quickly they can move things and, frankly, sometimes how much thoughtful consideration goes into matters that are on that House floor."

Ouch!Kurdish Connection?

Former ambassador to Croatia Peter W. Galbraith, testifying last week at a Senate hearing about Iraq, noted that he'd been asked by committee staffers to "clarify my relationship with the Kurdistan Regional Government."

The query probably was sparked by rumors over the years that Galbraith was formally advising the Kurds. His biography is on the KRG's "Kurdistan, The Other Iraq" Web site, which lists him as an "adviser to the Kurdistan Regional Government."

In his testimony, Galbraith said he'd "been friends of the Kurdish leaders and for that matter, other Iraqis, for a very long period of time, but I am not in a paid relationship with the Kurdistan Regional Government."

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In an e-mail exchange Friday and Saturday, Galbraith wrote that he hadn't seen the Web site and "to the extent that it implies a formal relationship with the KRG, it is inaccurate." Galbraith wrote that he had been paid by "two Kurdish clients" for four months in late 2003-2004 for "either an educational program on negotiations or conducting a negotiation" -- all outside this country.

"I do not lobby or represent anyone in the U.S.," he wrote, adding that he specifically noted this in his recent book on Iraq and explained there that the KRG has "provided security, accommodation and in-country transportation" when he visits.FDA's Allergic Reaction

Barely sworn in and . . . the Food and Drug Administration has warned freshman Rep. Steven L. Kagen (D-Wis.), a physician, that his old Wisconsin allergy practice was in apparent violation of federal law for manufacturing and selling allergy shots without a valid license.

The FDA sent him a letter Dec. 18 but posted it on its Web site Thursday, saying that Kagen manufactured a variety of ragweed and grass allergen vaccines from commercially distributed pollen and sold the shots to patients at his clinic and in at least 24 other states, the Associated Press reported. Kagen, in a statement to the AP, said he and the FDA were "discussing" the process used by his clinic, "like other allergy clinics," for making customized medications for patients.As the Revolving Door Turns

Moving over . . . administration communications veteran Mark D. Pfeifle, who's worked at the White House, the Interior Department and the Pentagon and also headed the Social Security reform "war room" at the Treasury Department, is headed back to 1600 Pennsylvania Ave. He will be deputy national security adviser for strategic communications and global outreach.

Going private . . . longtime Democratic Hill staffer Paul Braithwaite, who's now executive director of the Congressional Black Caucus and before that was an assistant secretary of labor in the Clinton administration.

Major Farm Bill Divides Lawmakers, Bush (AP)

By Libby Quaid, Ap Food And Farm Writer

AP, January 15, 2007

Lawmakers begin work on a new multibillion-dollar farm bill at odds with President Bush over whether big changes really are needed.

The two sides are far apart. Just how far, farmers saw for themselves during the American Farm Bureau Federation's recent meeting in Salt Lake City.

"I think the bill could look a lot like what we have now. What I think we're going to end up doing, you could say, is extending the farm bill," Rep. Collin Peterson, D-Minn., chairman of the House Agriculture Committee, told farmers.

Contrast that with Bush's agriculture secretary, Mike Johanns, who said at the meeting that farm programs need an overhaul.

"I will be the first to argue that the 2002 farm bill was good policy for its time," Johanns said. "But the agricultural and economic realities that influenced the development of the '02 farm bill — they simply don't exist."

The farm bill — really a series of federal programs — gives farmers payments and other help to supplement their incomes, support crop prices and manage supplies.

Near $18 billion in public money was spent on these programs last year. The current farm bill, written in 2002, expires at the end of this year.

Congress and the administration disagree mightily on what the new farm bill should look like.

Which side is closer to the wishes of Farm Bureau, the biggest general-interest agriculture group?

Right now, probably the House Agriculture Committee chairman, said Bob Stallman, the organization's president. Johanns advocated massive changes, Stallman said.

"That, frankly, is not what our delegates are saying," he said.

Not that farmers are in lock step.

Illinois delegate Dale Hadden wants changes in farm programs and liked what Johanns said. With the Illinois River just a few miles from Hadden's corn and soybean fields, he ships most of his crop to the Gulf Coast to be exported.

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"If we're going to be a player in international trade markets, we need to be sure we don't run into a lot of problems," Hadden said.

Among the disagreements are:

_Trade. The U.S. and other rich countries are under pressure from around the world to reduce their farm subsidies. Conflict over the issue led to the collapse last summer of World Trade Organization talks.

Without an agreement, American farmers face high tariffs and other barriers when they sell crops abroad — and they export a big chunk of their products.

Against this backdrop, Johanns has pushed for change as U.S. farm programs themselves come under fire. The WTO, in a case brought by Brazil, has ruled that some cotton subsidies are illegal. Canada is pursing a complaint about U.S. corn subsidies.

"Now of course the temptation may be to say to the WTO, 'You know what, folks? Take a hike,'" Johanns told farmers.

"Now, surely there are people in this room who grow rice," he said. "Fifty percent of the rice that you grow goes into the international market. Do you want us to ignore the WTO and jeopardize that market?"

Some farmers do want to ignore the trade issue. Johanns drew a smattering of unexpected applause at the idea of telling the WTO to take a hike.

Peterson, too, is disinclined to worry too much about the WTO.

"I want to write a farm bill that's good for agriculture," he said. "If somebody wants to sue us, we've got a lot of lawyers in Washington."

_Cost: There probably will be fewer dollars for farm programs when Congress writes the latest bill. The Democratic-run Congress is insisting on budget cuts to pay for new spending, and Bush has pledged to balance the budget in five years.

Johanns seems to be preparing lawmakers to do more with less. High subsidies, he told Farm Bureau members, do not necessarily equal a strong farm economy.

At the same time, Peterson argues against reducing farm spending. That is a tough sell because the farm bill has cost billions of dollars less than lawmakers thought it would.

Peterson says agriculture somehow should be credited for wise spending. "We feel like we've done our part," Peterson said. "I'm not going to say this is going to be easy, but we feel like we're going to be able to get the resources."

Peterson also wants to include a permanent disaster aid program in the farm bill; Congress has considered drought and hurricane aid separately. But Farm Bureau delegates voted against such a program because they worried it could take money away from other farm spending.

_Payment limits: Johanns favors ending practices that allow some growers to collect millions of dollars annually above the $350,000 limit on payments.

He has broad support in Congress — except from Southerners, who would feel limits more keenly because their cotton and rice crops, cost more to grow and get higher subsidies.

Peterson said a farm bill cannot pass without support from Southern lawmakers.

"I'm not interested in putting our agriculture friends in the South in trouble. They've got enough problems," he said.

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On the Net:

Agriculture Department background on the 2002 farm bill: http://www.ers.usda.gov/Features/FarmBill/

Farm Bureau: http://www.fb.org

Democrats Look To Boost Investor Rights (FT)

By Jeremy Grant

Financial Times, January 16, 2007

Signs are emerging of a Democratic effort to boost shareholder rights in the US after a top lawmaker said he planned to hold “informational hearings” on the harmonisation of regulatory systems between the US and Europe.

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Paul Kanjorski, the new chairman of the House of Representatives sub-committee on capital markets, insurance and government sponsored entities said "the time is ripe" to examine the issue.

He said if global markets were to grow and mature, "we have to start recognising some international standards".

"It's something I want to pay attention to because one of the things that ties in very closely is investors' rights in corporations. I think Europe has shown that they have a greater investor right concept and it's working fairly well," he said in an interview with the Financial Times.

His call comes after Barney Frank, Democratic chair of the House financial services committee, said last week he planned to pass a bill by the summer that would "legislate greater shareholder involvement in setting CEO salaries". Mr Kanjorski's sub-committee operates under the financial services committee.

He said: "We've got some focus points now that [Mr Frank] is very much interested in executive salary. We're really going to have to look at what rights should the shareholders have, and what is being done in the UK and Europe. We may find out just by adopting some of their systems within our system, if we can create a better control or transparency factor."

European corporate governance experts have called for a better balance between shareholder rights and what they say is excessive use of litigation to settle corporate and boardroom disputes in the US.

The Securities and Exchange Commission is deadlocked over whether to proceed with a proposal allowing shareholder access to company proxies for the purpose of voting board directors – a move that would give shareholders more say in setting executive pay.

Mr Kanjorski, a 12-term Pennsylvania congressman, said his interest was broader than executive compensation. "Let's look fundamentally at whether we have enlarged or protected shareholder rights in this country relative to the rest of the world. There's a push to limit litigation. Maybe if we had better shareholder rights we wouldn't have as much litigation."

He said the US should examine the UK's "principles-based" regulatory regime because there were "certain things over there that they are doing fairly well that we haven't yet adopted in this country".

"From what I understand their regulation is a lot keener. We have a tendency to stovepipe regulatory authority in the United States and they cross lines much more flexibly. They are pre-emptive and we're 'gotcha'. That can be very expensive," said Mr Kanjorski.

Hill Moves To Pull Pensions (RC)

By Tory Newmyer

Roll Call, January 16, 2007

Lawmakers who commit crimes in office may no longer be able to rely on a federal pension to pad their fall from grace.

The House this week will take up a bill by freshman Rep. Nancy Boyda (D-Kan.) that would strip lawmakers convicted of ethics-related offenses of their federal retirement checks.

The Senate on Friday overwhelmingly agreed to add a similar proposal by Sen. John Kerry (D-Mass.) to that chamber's lobbying reform package.

Boyda spokeswoman Shanan Guinn said the details were still being finalized, but the language is based on a provision from last year's House-passed lobbying bill.

House Majority Leader Steny Hoyer (D-Md.) said Boyda's bill would reach the floor Friday.

Meanwhile, Senate Democratic leaders are letting the air out of a fight with Republicans over a GOP plan to tighten earmark disclosure rules that threatened to sabotage bipartisan cooperation on the reform package.

The two sides appeared headed for a showdown Thursday when Senate Democratic leaders tried to bury a proposal — offered by Sen. Jim DeMint (R-S.C.) — that would bring earmark transparency in the Senate up to the tough standard set in the House earlier this month.

The Democratic leaders tried to kill DeMint's bid with a tabling motion, failed and then objected to adopting it on a voice vote, as is standard in such circumstances. Republicans cried foul, and by Friday, Democratic leaders were trying to forge a compromise, offering a plan to make some technical changes to DeMint's amendment.

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The Democratic changes — put forward in an amendment by Senate Majority Whip Dick Durbin (Ill.) — broaden disclosure rules for tax-related earmarks and require earmarks to be publicly posted two days before, rather than two days after, they are voted on. The two sides agreed after negotiations to require all earmarks be logged in a searchable, online database.

Democratic aides said their package offered much-needed changes to sew up loopholes in DeMint's plan, but Republicans claimed victory. In a statement, DeMint thanked Senate Majority Leader Harry Reid (D-Nev.) for "agreeing to do the right thing and be completely transparent with Americans on how Congress spends their money."

Senators will vote on the Durbin and DeMint amendments this evening, but to ensure work on the bill is completed by Friday, Reid moved to cut off debate by filing a procedural motion to invoke cloture.

That move will heighten the urgency for Senators to secure votes on their proposed changes before cloture ripens this week. When the Senate invoked cloture on the ethics reform package last spring, it cut off consideration of some of the more contentious — and for reformers, high-priority — add-ons to the bill, including one aimed at corporate jets.

It was not clear Friday which proposed changes will be made in order this week, a Senate leadership aide said. A pile of amendments awaits Senators returning today from the long weekend. Among likely flashpoints is a proposal by Sen. Bob Bennett (R-Utah) to strip the bill of new transparency rules for lobbyists coordinating "Astroturf" campaigns.

Reform groups sent Senators a letter Friday urging them to reject the amendment — and to approve a raft of proposals designed to beef up the bill. They asked Senators to require lobbyists to disclose campaign checks they bundle for lawmakers, per an amendment from Democratic Sens. Barack Obama (Ill.) and Russ Feingold (Wis.). Lobbyists also should have to list earmarks they request, the groups said, and they should be banned from sponsoring lavish convention parties honoring lawmakers.

Another priority for public-interest groups — a Reid proposal requiring Senators to pay charter rates for flights on corporate jets — could meet resistance, especially from lawmakers from rural states. Reid on Friday announced modifications to the measure, clarifying that Senators still will be allowed to fly their own planes, requesting a study of the impact of the proposed policy on Congressional travel budgets, and requiring disclosure of flights Members make on the private planes. Sen. Ted Stevens (R-Alaska), a vocal opponent of the policy, is trying to carve out an exception that would allow Members from rural states to pay only first-class fare in certain instances.

Other changes on deck include a proposal by Sen. Joe Lieberman (ID-Conn.) to create an independent Office of Public Integrity to investigate ethics complaints. Feingold is pushing to broaden the scope of the bill's two-year cooling-off period for staffers and lawmakers-turned-lobbyists and to end access for Senators-turned-lobbyists to the House and Senate gyms and Members-only parking spaces.

And Sen. Tom Coburn (R-Okla.) wants to ban lawmakers from sponsoring earmarks that would provide a financial benefit to themselves or family and create a single form for lawmakers to use when requesting the targeted spending provisions.

In addition to OK'ing the Kerry amendment on pensions, Senators on Friday approved a proposal from Sen. David Vitter (R-La.) to increase penalties for lobbyists breaking disclosure rules from $100,000 to $200,000.

Ethics Panels Staffing Up (HILL)

By Alexander Bolton

The Hill, January 16, 2007

The Senate and House ethics committees plan to increase their staffs to police Congress better in the wake of lobbying and ethics reform legislation.

This comes as nongovernmental watchdog groups temporarily back off their demand that Congress create an office of public integrity to crack down on violations.

The watchdogs' lobbyists say opponents of a public-integrity office have long suggested strengthening the committee instead, but the watchdogs say that this would not address the problems plaguing Congress.

Still, the tide is running for extra staff and against an outside panel, and good-government advocates are asking the Senate not to vote on the public-integrity office for fear that it would be rejected in a landslide.

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"If the bill passes we're going to have to beef up the staff of the committee to fulfill the mandate," said Sen. John Cornyn (R-Texas), vice chairman of the Senate Select Committee on Ethics, referring to expectations that the chamber will pass an ethics and lobbying reform package this week. "There's going to have to be additional staff to do the required training of staff and members."

Cornyn said the panel chairwoman, Sen. Barbara Boxer (D-Calif.), shared his view that staff increases were needed. A spokeswoman for Boxer did not respond to a request for comment.

On the House side, Rep. Stephanie Tubbs Jones (D-Ohio), the new chairwoman of the Standards of Official Conduct Committee, said she would also hire new staff.

"We received additional dollars and I intend to hire more staff," she commented. "Our committee will hire additional staff to do the work required by the rules."

House Democrats passed ethics reforms as the new Congress opened, including a ban on gifts from lobbyists, restrictions on privately funded travel and a prohibition against influencing private companies — a practice which became known as the K Street Project.

The House mandated annual ethics training for lawmakers, House officers and aides. By Jan. 31 of each year, each House officer and employee is required to file a document certifying participation in ethics training.

The new hires could be used not just for training but also to monitor compliance, such as of a ban on junkets funded by any group that retains a congressional lobbyist.

House leaders boosted the ethics panel's budget from $3.1 million to $4.3 million, nearly 40 percent, at the beginning of the 109th Congress at the request of then-Chairman Doc Hastings (R-Wash.), a Democratic leadership aide said.

This was intended to hire more staff and expand operations, but Hastings and ranking committee Democrat Alan Mollohan (D-W.Va.) found themselves locked in a prolonged stalemate over panel rules and staffing as soon as the money was granted, and there is little evidence that the extra money was used, the Democratic aide said.

Tubbs Jones declined to say how much extra money her committee received and did not explain whether her mention of additional funds referred to the 2005 budget boost.

Nongovernmental watchdogs say expanding the ethics committees is a poor substitute for an office of public integrity.

"We think that's the single most important reform," said Gary Kalman, lobbyist for U.S. Public Interest Research Group, "The problem [with the ethics committee] is that you have the inherent conflict of colleagues judging colleagues."

Kalman noted that many companies have outside, independent auditors to ensure that their practices are ethical and legal. He cited Enron Corp. as an example of a lack of independent oversight leading to a major scandal.

"When you have people doing the judging being too close to the people they are judging, you have what you had last year," he said, alluding to the scandals surrounding former Reps. Randy "Duke" Cunningham (R-Calif.) and Bob Ney (R-Ohio). "You have a problem and it's not going to be fixed by throwing in a few additional investigators."

Meredith McGehee, policy director of the Campaign Legal Center, voiced similar concerns, saying bigger panel staffs would be a poor substitute for an office of public integrity.

"It's a Band-Aid and not a solution," said McGehee. "The problem here is a peer review process that has lost credibility with the American public. Just adding staff doesn't solve that part of the problem."

But proponents argue that there would be fewer ethics violations to prosecute if lawmakers and aides received more training. There is little support for an office of public integrity. The proposal is so unpopular that advocates such as Kalman and McGehee are hoping that the Senate puts off its consideration until later this year. They say the proposal will fail if it receives a vote this week. Last year only 30 senators voted for the public-integrity office.

Watchdog groups say that if they are given several more weeks, they would have enough time to meet lawmakers, educate them, re-craft the proposal to address concerns, and ultimately build more support.

"We have heard from a number of senators and there might be some changes that would pick up additional votes and ensure that we have a successful vote," said Kalman.

Rules Changes (NYT)

DOJ_NMG_0116379

By David D. Kirkpatrick

The New York Times, January 16, 2007

Lobbyists are not the only ones who wine and dine lawmakers and their staff members. Journalists hoping to lubricate sources sit elbow-to-elbow with lobbyists at the same Washington steakhouses and watering holes. And, perhaps inadvertently, the new ethics rules passed by the House require lawmakers and aides to be very careful about letting reporters pick up the tab.

The new rule bars lawmakers and their aides from accepting meals paid for by employees of companies that also pay registered lobbyists. Among others, that includes journalists working for the major television networks, The Wall Street Journal and The Washington Post. The New York Times Company, however, does not employ a registered lobbyist, so its reporters can still pick up the check.

Ethical Progress (WP)

The Washington Post, January 16, 2007

THE NEW SENATE majority leader, Harry M. Reid (D-Nev.), has moved to end debate this week on the ethics and lobbying reform legislation the Senate has taken up as its first order of business. This could be a sign of progress toward a good package, but there are numerous legislative land mines on the path to a successful conclusion. As the Senate resumes its consideration of the measure, it's important to ensure an opportunity for an up-or-down vote on critical amendments that would strengthen the reforms.

The first and most important of these is Mr. Reid's amendment on gift and travel rules. Essentially matching a provision approved by the House, Mr. Reid offered an amendment that would require lawmakers to pay charter rates for flights on private planes; under current rules, they only have to ante up the equivalent of first-class fares. Mr. Reid's amendment would also ban members of Congress from taking free meals, gifts and most travel from lobbyists and lobbying organizations, as the House has already voted to do. The Senate should ensure that this important change in Washington business-as-usual becomes part of the final legislation.

But it's not enough. Senators should also take up and pass rules to require lobbyists to disclose campaign contributions they collect -- or "bundle" -- for lawmakers, as Sen. Barack Obama (D-Ill.) has proposed. In addition, if senators are serious about banning gifts, they should include the high-priced parties thrown at conventions to "honor" lawmakers, as Sen. Russell Feingold (D-Wis.) has proposed. They should resist a push to strip from the package a requirement that groups disclose how much they spend on "Astroturf" lobbying, or efforts to get the folks back home to contact lawmakers.

Mr. Reid has wisely backtracked on his initial opposition to a requirement for disclosure of a wide array of earmarked pet projects. The earmark disclosure rule pushed by Sen. Jim DeMint (R-S.C.) should be part of the final package, but here, too, additional amendments could bolster the impact of the reform. Lobbyists should be required to disclose the earmarks they are pursuing, and for whom, as Sen. Joseph I. Lieberman (I-Conn.) is pushing. An amendment by Sen. Tom Coburn (R-Okla.) to prohibit lawmakers from inserting earmarks that benefit their relatives would end an especially pernicious practice. And senators could do the House one better by going beyond mere disclosure requirements to make it possible, as Mr. DeMint has also proposed, to strip out provisions slipped into conference reports without being approved by either chamber.

Shadow Delegation Toils In Obscurity For D.C.'s Day In The Sun (WP)

By Libby Copeland

The Washington Post, January 16, 2007

Among the few perks of being the District's shadow senator is that occasionally someone calls you "senator." Symbolism counts for a lot, since you don't get to vote, you don't get paid and just about nobody has ever heard of you.

Paul Strauss, one of the District's two shadow senators, doesn't get an office in the Senate, but he often hangs out there. If he tried to get onto the Senate floor he would be swiftly ushered away, so he grabs an edge where he can find it, trying to chat up senators in the reception area outside the Senate floor. After a decade in office, he is still like a butler trying to insinuate himself into a family party.

The shadow senator tends to fade into the background. His face isn't familiar from television. Unlike other senators, he doesn't attract knots of people. Strauss, 42, wears a Senate pin that is different from what U.S. senators get to wear but that

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contributes, he hopes, to a sense that he belongs in these marble halls. On a recent visit, when few people are around, he steps into a senators-only elevator.

Is that allowed?

"Let's see what happens," he says impishly.

The shadow senator takes what he can get. Once, Strauss saw a podium all set up for a news conference, with cameras at the ready, but the senator who'd booked the podium hadn't yet arrived. So he stepped up and began telling reporters about the District's disenfranchisement. Cameramen stopped filming when they realized who he wasn't.

A few years ago, Strauss, a lawyer, got sick of being labeled in the newspaper as an "unpaid" shadow senator. Symbolism again. Since he was paying most of his own expenses anyway, he decided to give himself a salary.

He gets $10 a year.

* * *

The District's three-member shadow delegation, made up of two senators and one representative, exists in a netherworld. They are sometimes confused with Eleanor Holmes Norton (D), the city's delegate to Congress, but unlike her, they're not sworn in at the federal level. They are elected by the people of the District, yet the District gives them no salary and no budget. A good number of D.C. residents don't even know that the District has an elected shadow delegation, or that their role is to lobby for the District's perennial pipe dream, statehood.

Go to the city's Web site and search for information about the shadow delegation. It's hard to find. When you get there, you'll see that one former shadow's name is misspelled.

The shadow delegation's offices are located in the John A. Wilson Building on Pennsylvania Avenue. On a recent afternoon, their offices were staffed with interns and volunteers recruited by Strauss. First elected in 1996, he became the District's senior shadow senator last fall after the defeat of 80-year-old Florence Pendleton, who served 16 years in relative obscurity.

The two new members of the delegation -- shadow senator Michael Brown (D) and shadow representative Mike Panetta (D) -- have been sworn in the week before and are still settling into their desks. Panetta's city-issued desk phone is not yet working. Brown is considering buying a new computer since he doesn't think the city will be giving him one.

Strauss leaves the Wilson Building and drives his green Chevy Malibu with D.C.-issued "U.S. Senate" license plates over to the Capitol, where he knows that as a courtesy, he will be permitted to park out front in the "Senator Parking Only" area. He stops at the security kiosk.

"What's your name?" asks the officer.

"Strauss. Senator Strauss."

Inside, the man who is a senator in name only goes into the reception area outside the Senate floor, where he tries to get face time with the folks who vote. Arlen Specter (R-Pa.), a cancer survivor, walks past.

"Senator Specter really looks better," Strauss says knowingly.

Strauss sees his buddy Myron Fleming, the superintendent of doorkeepers.

"The Democrats are in control now," Strauss reminds Fleming. Then, mostly joking: "If it's all right with you, can I maybe get on the floor and vote on some stuff?"

Fleming smiles and gently ushers Strauss to another part of the room, so he doesn't disturb Specter's conversation.

There are times when it seems as if Strauss might actually be a shadow, as if people might be looking through him. He represents more people than the senators of Wyoming, but when the Senate wants to make changes in the District, he is largely relegated to the role of bystander. He can try to influence legislation by talking to a senator. He can submit a statement.

If he wants to see what's happening on the floor, he has to sit upstairs in the gallery where senators' family members sit. That's where he was during the impeachment proceedings of President Clinton, and when Chief Justice William H. Rehnquist swore in the Senate as a jury, Strauss -- way up high in the gallery -- stood and raised his right hand. He was hoping they'd let him serve.

Now, he waves to Sen. Russ Feingold (D-Wis.), but Feingold doesn't see him. He tries to talk to Jay Rockefeller (D-W.Va.), who's on his way to the Senate floor, but the conversation is short. "He was distracted," Strauss explains.

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He sees Sen. Joe Biden (D-Del.) in a hallway.

"Senator Biden!"

"Hey, how are you, man, nice to see you," Biden says, stopping briefly, speaking with all the warmth of a politician who may or may not remember a guy's name.

* * *

There is fresh hope this year for proponents of "New Columbia," as the proposed 51st state is sometimes called. Mayor Adrian Fenty mentioned the goal of statehood in his inaugural address this month. And there is the more immediate possibility that Del. Norton could get a full vote in the House in coming months.

On the other hand, Strauss has been this hopeful before.

A good dose of humility helps in this gig, along with a knack for getting attention. Shadow Rep. Panetta, 35, has tried to drum up interest in the statehood cause by campaigning to get RFK Stadium renamed Taxation Without Representation Field and trying to create the District's own Olympic curling team. Shadow Sen. Brown, 53, got signatures for his election petition by approaching the line of cars at the city's vehicle inspection station. When he approached people, clipboard in hand, they thought him a DMV official and obediently rolled down their windows.

On his recent visit to the Capitol, Strauss takes a timeout for lunch in the exclusive Senate dining room. He is greeted warmly by a maitre d' who calls him "Senator Strauss." A member of the staff gives him a hug and he is promptly seated. A waitress automatically brings him his usual, coffee. He sends it back, preferring iced tea.

The dining room is almost completely empty. Strauss surmises that the senators are all at their regular Tuesday policy lunch, to which he does not get invited. But that's okay. He comes here often. He likes it here.

"These are my constituents," Strauss says, indicating the room full of dining room staff. He turns to the waiter. "Which ward do you live in?"

"Ward 7," answers Melvyn Jordan. "Waiting for the day when we're New Columbia."

Strauss studies the lineup on the the menu.

"They've made some changes," he says.

The Hill's Revolving-Door Rules Don't Work In Both Directions (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 16, 2007

In November, as a lobbyist and strategist for DaimlerChrysler, Dennis B. Fitzgibbons labored to block congressional proposals to mandate the production of more cars that use alternative fuels and to stop the most aggressive efforts to force auto companies to make their vehicles more energy-efficient.

Today, Fitzgibbons is chief of staff to the House Energy and Commerce Committee, the panel charged with deciding whether automakers should be compelled to do either of those things.

Fitzgibbons will be meeting with his old employers soon, and he sees no problem with that. "For anyone in government to say to a company or to individuals that I cannot meet with you is to deny them a constitutional right: the right to petition their government," he said.

That's a surprise. If Fitzgibbons had been in his congressional job and then went to DaimlerChrysler, he couldn't be hitting up his successor so soon. But the rules are different for reverse migrations from K Street to Capitol Hill.

In fact, there are no rules. "There really are no congressional ethics rules that bar a member or a staffer from influencing legislation in a way that would benefit their former client or employer," said Robert K. Kelner, an ethics expert at Covington & Burling, a law firm.

Lots of lobbyists have returned to Congress to work for the new Democratic majority. Former Verizon lobbyist Gregg Rothschild is chief counsel at Energy and Commerce. The chief of staff to the House Rules Committee is Daniel A. Turton, a former lobbyist for Timmons & Co., which represents the American Petroleum Institute and DaimlerChrysler. And two freshman Democratic senators have former lobbyists as chiefs of staff: Sherrod Brown (Ohio), whose CoS is James Heimbach, an ex-

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lobbyist with Ricchetti Inc. (whose clients include General Motors, Sanofi-Aventis and AT&T); and Claire McCaskill (Mo.), whose top aide, Sean Kennedy, worked for AT&T.

The most jaw-dropping hire from K Street, though, is Matt Gelman. Gelman is senior adviser to House Democratic Whip James E. Clyburn (S.C.) and is, in effect, on loan from Microsoft, where he is director of federal government affairs. He's on unpaid leave for a few months from the software giant and will return after he helps build Clyburn's vote-counting operation.

Government critics are appalled that lobbyists-turned-staffers can assist without restriction the industries that recently employed them. "The issue is whether loyalty to their former employers will impact the decisions they make in their new roles," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington.

Fitzgibbons, Turton and Kennedy, who discussed their situations, don't understand the controversy. They say their time as lobbyists will help them in their new jobs; they now know how Washington works. Besides, they work for their new bosses, not their old ones. "I'm no longer an AT&T person," Kennedy said. "I'm a Claire McCaskill person."

Gelman, on the other hand, has been reined in. According to his agreement with the House Ethics Committee, neither he nor Clyburn's offices can meet with Microsoft during his temporary posting. A Clyburn spokeswoman said the sanction makes sense at a moment when Democrats are holding themselves to high ethical standards.

So why not "Gelman-ize" newcomers and limit their contacts with recent clients? No one on the Hill has given that a thought.Close and Closer on Capitol Hill

If you were worried that your favorite interest group might be sidelined in today's hyper-ethical Congress, relax. Lawmakers are finding ways to stay comfy cozy.

Sen. Norm Coleman (R-Minn.) is offering a "Max out package" that allows political action committees to donate $10,000 to his coffers and be treated to special meetings that could include a Napa Valley wine tour, a "private event with up to five guests" or two visits to, well, Minnesota. (Sadly, last week, the Napa leg was canceled.) Rep. Greg Walden (R-Ore.) is selling eight intimate breakfasts with himself for a mere $1,000 per PAC per meal. The "8@8 breakfast series" will have "8 guests max each" and this year will begin at 8:30 a.m. rather than the traditional 8 a.m. "We're letting people sleep in this year," said Shelly Roy, Walden's professional fundraiser.

And the House Conservatives Fund, a PAC that works with the House's hundred-member Republican Study Committee, is planning a Super Bowl party in Miami. For $5,000, a donor gets to go to a "VIP photography session" and a reception the night before the big game.

Even better: Sen. Craig Thomas (R-Wyo.) is taking donors skiing in Jackson Hole, Rep. Fred Upton (R-Mich.) is offering an evening with rocker Bob Seger, and Sen. Mel Martinez (R-Fla.) is going with contributors to Disney World.Drug Company Hires of the Week

The drug industry, caught in the crosshairs of Congress's new majority, is hiring Democratic lobbyists at a furious pace. The Pharmaceutical Research and Manufacturers of America just retained former Bill Clinton aide Joel Johnson of the Glover Park Group. And in recent months, Amgen signed Steve Ricchetti, also a former Clinton aide, and George Crawford, former chief of staff to House Speaker Nancy Pelosi (D-Calif.). The Biotechnology Industry Organization (BIO) and Merck hired former Clinton staffer Charles M. Brain, and AstraZeneca retained David Castagnetti, an ex-top aide to Sen. Max Baucus (D-Mont.), chairman of the Senate Finance Committee. BIO has also added the law firm Foley Hoag, which has ex-aides to Sen. Edward M. Kennedy (D-Mass.) and Rep. Henry A. Waxman (D-Calif.).

FEDERAL DIARY: A Fight Over Fines For Social Security Workers (WP)

By Stephen Barr

Washington Post, January 16, 2007

It's a generally accepted practice to follow orders from the boss. But a grievance filed by a federal union shows that allegedly doing what the boss says can lead to unexpected consequences.

The grievance protests what the union calls "extreme civil penalties" sought by the Social Security Administration inspector general to punish four employees at an office in Des Moines.

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The office supervisor faces a potential fine of $3.5 million, another employee has been assessed a fine of $215,000 and two other employees have been notified that they may be fined more than $100,000 each, according to the National Treasury Employees Union.

Colleen M. Kelley, the union president, said the inspector general's office alleges that the employees used misleading statements or omitted material when helping prepare decisions on whether certain people were eligible for Social Security disability benefits.

According to the union, the employees, who are lawyers, followed the instructions of their boss, an administrative law judge, and took the "general and hypothetical" testimony of a vocational expert in one case and applied it to about 700 other cases.

In all the cases, the administrative law judge granted the disability benefits, the union said. The union does not have the case files but understands the cases involved individuals with conditions that made normal employment difficult, such as a need to alternate between sitting and standing every 15 minutes.

As far as the union knows, there has been no finding by authorities that the repeated use of the expert's testimony was improper or resulted in an inappropriate payment of taxpayer dollars.

Social Security officials have chosen not to respond to the union's allegation that the agency's inspector general has gone too far in targeting the Des Moines employees.

Jonathan L. Lasher, a deputy chief counsel to the Social Security inspector general, invoked privacy laws and said he would not confirm that charges against the employees existed. Mark Lassiter, the Social Security press officer, also declined to comment "since this is a matter involving ongoing litigation."

The Social Security Administration's disability insurance and supplemental security income programs are geared to help people with disabilities but require claimants to meet medical criteria.

Administrative law judges review disability claims and often call in vocational experts to assess whether jobs are available in the community that might accommodate an impaired worker. The judges decide whether to grant or deny a claim, and relay their decision to staff lawyers with instructions on how to write up a ruling and explain why the decision was reached.

In the Des Moines cases, the administrative law judge is deceased, making it difficult to know why he directed the staff lawyers to use the same expert testimony in the 700 cases.

The NTEU speculates that the judge viewed the practice as a way to reduce case-processing time and expenses by hiring one expert to give answers to hypothetical questions and apply those answers broadly rather than hiring a new expert for similar testimony in each of the 700 cases.

The union does not think that any officials in Social Security management viewed this practice as a systematic problem. Kelley noted that the agency had not taken other disciplinary steps against the lawyers in Des Moines.

But Kelley said she thinks the office of Social Security Inspector General Patrick P. O'Carroll Jr. should not be seeking civil monetary penalties under a law that provides a fine of $5,000 for each false statement used in the determination of benefits.

"We think the IG is inappropriately using its authority," Kelley said.

The union, which bargains on behalf of workers in the Social Security Office of Disability Adjudication and Review, has written Social Security Commissioner Jo Anne B. Barnhart, asking her to protect the employees "from being harassed by the IG for actions taken pursuant to their official duties."

In its grievance, the union said the inspector general had proposed financial penalties "on the theory that the decisions should have specified that the interrogatory responses were obtained in connection with a different case and that the VE [vocational expert] should have been informed that her responses would be used in subsequent cases. These charges are entirely without merit."

The union has not identified the administrative law judge or the employees out of a desire to protect their reputations, a NTEU spokeswoman said.

The issues raised in Des Moines, the union said, call into question the independence of administrative law judges, which is guaranteed in law.

The inspector general's probe creates a potential for conflict between the judges and the employees carrying out a judge's instructions, the union said. For example, the union said, the probe will encourage staff lawyers to second-guess judges and

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express their reservations in writing. Such second-guessing is likely to slow down the process for resolving disability claims, the union said.

A resolution of the dispute could take months, especially if the matter lands in federal court.

Pelosi's Tuna Surprise (WSJ)

The Wall Street Journal, January 16, 2007

Economists of every political stripe agree that a higher minimum wage will cost some low-skill workers their jobs. But don't believe us; just ask Democratic Speaker Nancy Pelosi.

The House last week whooped through an increase in the minimum wage to $7.25, by a vote of 315-116. But, lo, included as part of this boon to the working man was a loophole: The new, higher wage floor applied to all of these United States and its territories -- save for the Pacific outpost of American Samoa. In the immortal words of Congressman Patrick McHenry (R., N.C.), "There's something fishy going on here."

It turns out that American Samoa has a big fish and tuna canning industry, specifically operations run by StarKist and Chicken of the Sea. Both companies are headquartered in California, and StarKist's parent is located in none other than Ms. Pelosi's own San Francisco district. So faster than you can say "middle class squeeze," Democrats rediscovered the eternal economic truth that a higher minimum wage can cost jobs and granted Samoa its reprieve.

They have a good point. In 2004, according to the Department of Labor, Samoan canneries directly employed some 4,800 people, or nearly 40% of the work force. StarKist and Chicken of the Sea would have plenty of other low-wage locations to do their canning. The average hourly wage for the American Samoan canneries in 2004 was about $3.60. In contrast, the average cannery wage in Thailand was 67 cents an hour and in the Philippines 66 cents.

You don't have to go as far as American Samoa to discover other liberals who understand this -- at least when they do the hiring. In 1995, the union-financed lobby, Acorn, sued California seeking exemption from the state's then-$4.25 minimum wage. Acorn argued in its court brief that, "The more that Acorn must pay each individual outreach worker -- either because of minimum wage or overtime requirements -- the fewer outreach workers it will be able to hire." As liberal economist Joseph Stiglitz once wrote: "A higher minimum wage does not seem a particularly useful way to help the poor."

None of this insight will do American Samoa much good, however. Red-faced after her tuna surprise was discovered, Speaker Pelosi announced late last week that she was directing her cannery compadre, California's George Miller, to re-examine whether the bill also should apply to the Pacific island. Maybe the poor Samoan workers who lose their canning jobs can relocate to Thailand.

OTHER NEWS:

A Ticket On A Taurus Grows Into Much More (WP)

By Nick Miroff

The Washington Post, January 16, 2007

The Great Virginia Parking Ticket Battle began with a burst of expletives one Saturday morning in October 2000, when Woodbridge resident Robert W. Eberth, a retired Navy captain, found a $35 citation on the windshield of his 1990 Ford Taurus. NO VALID STATE INSPECTION, it said.

Eberth had been ticketed under Prince William County Code 13-322, mandating up-to-date inspection stickers for vehicles parked on public roads. True, Eberth had allowed the Taurus's registration to lapse. But he was saving the car for his teenage son and had parked it in the private lot of his apartment complex.

Eberth examined the ticket. He cursed a little more. Then he looked up 13-322 on the Internet.

"Something is very wrong with this picture," he said to himself. He checked the box marked "contest."

Over the next six years, representing himself in multiple court battles, Eberth took his parking-ticket dispute all the way to the Virginia Court of Appeals. Last month, he won.

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A three-judge panel in Alexandria went even further than Eberth had imagined, ruling that Prince William had no authority to ticket vehicles with expired inspection stickers parked on private -- or public -- property. The ruling by Judge Robert J. Humphreys said state law prohibits only the operation of a vehicle with an expired inspection sticker, casting doubt on whether police anywhere in Virginia can ticket parked vehicles with expired stickers.

Because Prince William's code dates to at least 1965, the ruling suggests that the county has been erroneously citing drivers for more than four decades. Since 2000 alone -- the year Eberth got his first of three tickets -- Prince William has written 29,871 citations under Code 13-322, for fines totaling more than $1 million.

In Prince William, parking enforcement officers have been instructed to stop issuing citations for expired inspection stickers on parked cars. But police in Fairfax and Loudoun counties, as well as other Northern Virginia localities, said they were unaware of the ruling and were still issuing such tickets.

In the meantime, county attorneys in Prince William are scrambling to draft legislation for the General Assembly that would authorize ticketing of parked cars with expired stickers. County residents who have paid such fines won't get their money back. "If they haven't contested, that's the end of it," said Paul B. Ebert, commonwealth's attorney for Prince William.

Eberth's long, tortuous journey from Taurus owner to parking-ticket avenger is a tale of dogged persistence, sheer outrage and crafty improvisation. A Vietnam veteran who is a research consultant with the U.S. Marine Corps, Eberth, 62, is the type of man who keeps military time and has little patience for the vagaries of petty bureaucracy.

"I've led people in combat. I've had guys killed in Vietnam under my command," he said.

Over the years, Eberth has come to see his parking-ticket dispute in the grandest legal terms. It wasn't about the $35. For him, at stake was a larger, constitutional fight against government excess, abuse and violations of the equal-protection clause of the 14th Amendment.

Before he was unjustly ticketed, Eberth's only formal legal training had been a three-hour Navy class on military law. Since then, he has spent hundreds of hours poring over law books, consulting lawyers and scouring the Internet.

"I didn't expect it to take six years," he said, "but I decided I was in it for the long haul."

What Eberth discovered early on was that his biggest challenge would not be getting the ticket dismissed; it would be to get himself convicted so he could appeal to a higher court.

Overturning Prince William's right to ticket uninspected vehicles was never Eberth's goal. His objection, rather, was that his Taurus had been cited while parked in a private lot -- equivalent, he thought, to ticketing a car in a residential driveway.

Through his research, Eberth learned that state law was written to give police access to private roads within developments containing 100 or more residential lots, such as a subdivision with at least 100 home sites. Prince William had enacted a law allowing tickets where there were 100 or more residential units, such as in an apartment building.

The result, Eberth thought, was that police were aggressively ticketing in apartment complexes where "people are least likely to have the resources or the will to get through the rigmarole I went through."

Eberth fought his first ticket from Prince William General District Court to Circuit Court, and then in a retrial. But a county prosecutor finally dismissed the case, saying, Eberth recalled, that he was doing so "out of gratitude" for Eberth's military service. Eberth found himself in the awkward position of objecting to his own acquittal. The judge overruled him; case dismissed.

But Eberth wouldn't quit. He had covered up the Taurus to avoid additional tickets, but after the first citation was dismissed, he removed the cover -- deliberately baiting parking-enforcement officers to cite him again.

He got another ticket Feb. 20, 2002, and, for his purposes, a new ticket to court. Once again, the judge dismissed the citation, Eberth said, out of sympathy for his situation.

"I'd blown a second opportunity," he said.

So Eberth went fishing a third time and was cited again Aug. 25, 2004. That time, he walked into court with a dismissal-proof plan. He plotted to make the case "a test of manhood." When Eberth arrived in Circuit Court, he got right in the prosecutor's face and dared him to proceed.

"I tend to spit a little when I'm animated, so I'm sure he got a full face, too," Eberth said. "I wanted to get him mad."

It worked. Eberth was found guilty, opening his path to the Court of Appeals. His first petition was denied, but on his second try, the court agreed to hear his case. Eberth finally got his day in court in September.

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The decision Dec. 5 by the Court of Appeals invalidated both county codes, drawing distinctions between "operating" a vehicle and "parking" one and distinguishing residential "lots" from "units."

To Eberth, it was anticlimactic. "I've been fighting this for so long," he said. "There's a sense of vindication, but I didn't do a dance or pop open the champagne."

Eberth was still thinking big, and the court didn't engage his constitutional argument, as he'd hoped. "I want to take it to the next step. I intend to pursue this as a violation of the Constitution," he said.

For Prince William, Eberth's quest raised the question of how an illegally enacted code could persist for so long.

"I'm sure people over the years have challenged it," said Ebert, the commonwealth's attorney. "But no one's gone to the trouble of appealing it to the Court of Appeals."

Corey A. Stewart (R-Occoquan), chairman of the Board of County Supervisors, said: "We thank him for pointing out this error. I've got to hand it to him -- he's got determination. I hope he'll get on with his life now."

As for the Taurus, it hasn't been moved in six years. Turned out, his son didn't want it.

"He wanted something that was more the 'in' thing with the crowd at the high school," he said. "He has an SUV."

Choice Of Martinez Sparks GOP Rebellion (WT)

By Ralph Z. Hallow

The Washington Times, January 16, 2007

Rebellion is brewing among conservatives on the Republican National Committee over President's Bush's attempt to "impose" Sen. Mel Martinez of Florida as "general chairman" of the party, who favors "amnesty" for illegal aliens.

"I will be voting against Senator Martinez if he is nominated for any chairmanship of the RNC," Tina Benkiser, Texas Republican Party chairman, told The Washington Times yesterday.

Bill Crocker, the elected national committeeman from Texas, says that when the RNC convenes here tomorrow, "Absolutely, I will vote against Martinez."

The conservatives -- one of whom accused the Bush White House of "outsourcing" party leadership -- say the general-chairman post does not exist under RNC rules, which can be changed only at the party's presidential nominating convention.

Unhappy committee members say that, in the past, Republican presidents and RNC leaders have successfully run roughshod over the rules, because the RNC officer presiding over votes at committee meetings have simply overruled points of order and other objections from the floor, with no accredited professional parliamentarians to exercise a check.

This time, the organizers of the rebellion say, their strategy will rely in part on having a parliamentarian present. And violations of Robert's Rules of Order and of the RNC's written rules -- adopted at the 2004 Republican National Convention in New York -- could result in legal challenges.

"I have also requested that the RNC employ the services of an independent certified parliamentarian to assure that breaches of the rules are avoided," North Dakota RNC member Curly Haugland said in a letter sent to all RNC members yesterday. "And I trust that my request will be honored due to the potential need for numerous interpretations of the rules."

Mr. Bush has said he hopes the RNC will elect Mr. Martinez as "honorary chairman" but that title has changed, in Republican Party press releases and conversations with RNC officials, to "general chairman."

Robert M. "Mike" Duncan, a Kentucky RNC member and RNC treasurer, is expected to be elected as the national chairman, with the responsibility of day-to-day management of the committee.

"Every president has the prerogative of naming who runs the national committee," Mr. Duncan told The Washington Times. "The choice is determined by the needs of the party at the time the selection is made."

Arguing precedent, proponents of the arrangement point out that the RNC members went along with President Reagan's desire in 1983 to have his friend, Nevada Sen. Paul Laxalt, voted in as general chairman, even though the rules provided for no such office. The RNC members at the same time elected Frank J. Fahrenkopf Jr. -- an RNC member and chairman of the Nevada Republican Party at the time -- as chairman.

But opponents say that 1983 precedent does not justify another violation of the party's rules.

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"I have a hard time understanding the logic," said RNC member Randy Pullen, who is running for Arizona Republican Party chairman in an election at the end of this month. "Just because the RNC did something wrong once before, somehow that justifies doing it again?"

Mr. Pullen pointed out that Mr. Martinez, who served as Mr. Bush's secretary of Housing and Urban Development before winning a Senate seat, is not an RNC member. RNC rebels say the rules are clear that the person who heads the committee must be a member of the committee.

"Outsourcing our leadership at this critical time is not an option," Mr. Haugland said.

Organizers of the rebellion against the White House domination of the RNC -- as well as other members who haven't decided yet to join the planned public showdown at the RNC's annual three-day winter meeting -- say even before Mr. Martinez became an issue, they expected difficulty in fundraising by the national committee for the 2008 election cycle.

"Martinez aside, the simple fact that the GOP no longer is in the majority in Congress is going to make it more difficult to raise money," said Louisiana RNC member Ross Little.

National committeemen willing to buck the White House on the RNC chairmanship also cite as fundraising obstacles the president's unpopularity, the conduct of the Iraq war, as well as disillusionment caused by the scandals, big spending and ineptitude of Republican leadership in Washington.

The rebels say that electing Mr. Martinez as head of the RNC would make raising money even more difficult because of resentment by the party's rank-and-file small donors over Mr. Martinez's co-sponsorship of legislation to allow millions of illegal aliens to become citizens.

"Martinez's support of [Arizona Sen. John] McCain's immigration bill on amnesty for illegal aliens is causing a lot of concern among our base," said Mr. Pullen. "I happen to know that people -- our $25 and $35 donors -- are writing on the back of our RNC solicitations for donations: 'When you close the border to illegal aliens, we'll open our checkbooks.' "

The Central Committee of the Republican Party in the president's own state of Texas has passed a resolution strongly urging the Texas Republican Party chairman, Mrs. Benkiser, and the two other Texas RNC members to vote against Mr. Martinez.

Report: Sen. Allard Won't Seek 3rd Term (AP)

By Steven K. Paulson

AP, January 16, 2007

Colorado Republican Sen. Wayne Allard said Monday he will not run for re-election in 2008 but will honor a pledge he made in 1996 to serve only two terms.

"Today, I'm announcing that I will honor my term limits pledge to the people of Colorado," he said.

The decision sets up a wide-open race. Allard's seat was once considered safe for the GOP, but Colorado voters have shown a penchant lately for replacing Republicans with Democrats.

Democrats see the race as a chance to pick up another vote in Congress after wresting two House seats and a Senate seat from Republicans the past two years. Republicans hope to stanch a long series of losses, including both houses of the state Legislature and the governor's office.

Democratic Rep. Mark Udall, a popular five-term congressman and son of former Rep. Morris Udall of Arizona, has said he was going to run for the seat whether Allard did or not. Another Democrat who has been mentioned as a potential candidate is Denver Mayor John Hickenlooper.

On the Republican side, former congressman Scott McInnis said he will run if Allard and former Gov. Bill Owens don't.

Owens, a Republican, left office last week after term limits prevented him from running again. McInnis did not immediately return calls Monday.

Another prominent Republican, anti-immigration firebrand Rep. Tom Tancredo, also has been mentioned as a possible candidate. So have Attorney General John Suthers, who said through a spokeswoman it was premature to make a decision about 2008, and John Elway, the former Denver Broncos quarterback.

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Allard's political strength came into question in 2006 when Time magazine ranked him as one of the five worst U.S. senators.

Allard's chief of staff, Sean Conway, criticized the Time ranking as "more like a popularity poll" and said it was based mostly on opinion.

Allard Bows Out, Setting Off Skirmish (DENP)

By Anne C. Mulkern And Demetria Gallegos

Denver Post, January 16, 2007

Colorado Republican Sen. Wayne Allard and his wife Joan at the state Capitol building on Monday, January 15, 2007, as Allard announced he would not run for re-election in 2008. (Post / Hyoung Chang)

U.S. Sen. Wayne Allard has announced that he will not seek re-election in 2008, retiring instead after completing his second term in office.

"Today, I'm announcing that I will honor my term limit pledge to the people of Colorado, and not seek reelection to the United States Senate in 2008...I believe a promise made, should be a promise kept," he said.

Allard's announcement today at the state Capitol touches off a political scramble -- particularly on the Republican side where several people are said to be contemplating a run or are being encouraged to seek the seat.

Among the likely contenders are former U.S. Reps. Scott McInnis and Bob Schaffer and just-departed Gov. Bill Owens, who had said as recently as two weeks ago that he hoped Allard would seek a third term.

On the Democratic side, U.S. Rep. Mark Udall of Eldorado Springs will seek the seat. While others, including Denver Mayor John Hickenlooper, are likely to be mentioned as possible contenders, so far Udall has the field to himself.

Rep. Tom Tancredo, R-Littleton, will not seek Allard's seat in 2008, Tancredo spokesman Carlos Espinosa said today. Tancredo encouraged former Rep. Scott McInnis to run.

Tancredo was flying back to Washington D.C. from a trip to Iowa when he learned about Allard's decision. Espinosa said he did not have an opportunity to ask Tancredo why he's decided not to seek the statewide seat. Tancredo has said several times over the last year that he would be interested if Allard decided to retire.

Other mentioned in connection with an open seat are Attorney General John Suthers, who said through a spokeswoman it was premature to make a decision about 2008, and John Elway, the former Denver Broncos quarterback.

Allard's political strength came into question in 2006 when Time magazine ranked him as one of the five worst U.S. senators.

"In a Senate full of ambitious members, Colorado Republican Wayne Allard is so bland that his critics have dubbed him 'Dullard,'" Time said.

The article criticized him for "almost never" playing a major role in legislation despite being a Republican on the powerful Budget and Appropriations committees.

Allard's chief of staff, Sean Conway, criticized the Time ranking as "more like a popularity poll" and said it was based mostly on opinion.

At today's press conference, Allard cited successes and goals accomplished during his time in office. He thanked his staff and supporters and said that his final two years in office will likely be his most productive.

"In an age when promises are cast away as quickly as yesterday's newspaper, I believe a promise made is a promise kept," said Allard. "The people of Colorado placed their trust in me based on my promise to them to serve no more than two terms, and it was very important to me to not dishonor that trust." The Associated Press contributed to this report.

Allard: No Third Term (RMNA)

By .E. Sprengelmeyer

Rocky Mountain News Allard, January 16, 2007

WASHINGTON — Sen. Wayne Allard said today he will honor his term-limits pledge and leave at the end of 2008, creating a replacement fight that should turn Colorado into one of the country's biggest electoral battlegrounds.

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"I just didn't think I could back away from the (term limits) commitment. It is a matter of integrity and keeping your commitments. I have never wavered on that," Allard told the Rocky Mountain News.

Appearing with his wife, Joan, at a press conference at the state Capitol, Allard said, "The people of Colorado placed their trust in me based on a promise I made to them and I am honoring that promise. In an age when promises are cast away as quickly as yesterday's newspaper, I believe a promise made should be a promise kept."

Allard, 63, faced friendly pressure from fellow Republicans who wanted him to run again. That's because open-seat contests can be vastly more difficult — and costly — for a party to defend.

But he also was tugged by the promise he made in 1996 to serve no more than two U.S. Senate terms.

The term limits pledge was a relic of the so-called "Republican Revolution" of the 1994 election, when the GOP swept to power promising to change the ways of Washington.

As time passed, some one-time leaders of the movement, including Rep. Tom Tancredo, and others who signed pledges, such as former Rep. Scott McInnis, abandoned their promises in the name of continuing public service. Others, such as former Rep. Bob Schaffer, lived up to their pledge and went home.

In October 2002, when Allard's re-match against Democrat Tom Strickland still was in doubt, it was suggested that the senator was hedging on his term-limits pledge.

"I'm term-limited," Allard said in reaction. "That has always been my position. I've always said I believe in limiting my term. I've stipulated in past campaigns that I believe in term limits, and I've never wavered on it."

He went on to beat Strickland, just as he had in 1996. But in later years, Allard avoided making definitive statements about the term limits pledge, especially after Sen. Ben Nighthorse Campbell's abrupt retirement led to a Republican seat falling into the hands of Democrat Ken Salazar.

"Whoever runs, whether it's me or some (other Republican) candidate who will be running, we'll be facing a tough race in Colorado," Allard said recently. "I've always faced tough races before. ... I'm used to being an underdog."

There's a long list of potential candidates for Allard's seat, including Rep. Mark Udall, D-Eldorado Springs, and various Republicans, such as outgoing Gov. Bill Owens, Tancredo, McInnis and Schaffer.

Even before Allard's decision, the Cook Political Report and the Washington Post political blog had called Colorado's 2008 Senate contest one of the top races to watch.

An anticipated retirement by Allard was one reason, but analysts also point to Democratic gains in Colorado and other Western states.

The 2008 contest will happen in a presidential election year, and some Democrats are urging their party to pick a presidential nominee who reflects Western values. If so, that could give the party's Senate candidate some coat-tails to ride.

Allard has been more folksy than flashy during his 24 years in elective office, starting with eight years in the state Senate, six years in the U.S. House of Representatives and so far 10 years in the U.S. Senate.

"Senator Allard's great political strength was that Coloradans could look at him and say, 'He is like me. He works hard every day.'

And I think there's a commonality between Coloradans and Sen. Allard that we haven't seen many times in elected officials," said Republican consultant Dick Wadhams, who managed Allard's Senate campaigns in 1996 and 2002.

Allard has been a champion of fiscal discipline and traditional social values. That included two unsuccessful bids to pass a proposed constitutional amendment banning same-sex marriage.

In recent years, Allard often cast predictable, party-line votes with fellow Republicans, and he was known as one of the more reliable allies of President Bush's White House.

Allies liked to say Allard has been a "work horse" rather than a "show horse" in Congress. Still, Time magazine in 2005 dubbed him "The Invisible Man" and one of the five "worst" U.S. Senators.

Longtime Allard chief of staff Sean Conway dismissed the ranking as "laughable," citing the senator's accomplishments, including cutting years off the schedule for cleaning the former nuclear weapons plant at Rocky Flats; defending the state's military installations from base closings and spearheading the investigation into sexual assaults at the U.S. Air Force Academy.

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Allard was the only one from the nine-member state delegation to sit on an Appropriations Committee, a strategic place for securing federal funds for the state. First-term Sen. Ken Salazar, D-Denver, already has expressed an interest in an appropriations seat, although the positions are hard to come by.

But Allard might be remembered just as much for his down-home appeal and affable manner than his legislative record.

Allard played up his roots as a veterinarian and small businessman. He bragged about being a member of the two-person Senate Veterinarian Caucus, and he sometimes examined colleagues dogs in his Senate office.

Meanwhile, he lightened up his policy speeches by lacing them with yarns about his experience running the Allard Animal Hospital back in Colorado.

For example, his appeal for reforming the nation's health care systems included his story about being stuck with a high out-of-pocket expense for surgery after he hurt his back lifting Great Danes and other heavy dogs onto his examination table.

Sen. Allard Says He Will Retire In 2008 (WP)

By Chris Cillizza

The Washington Post, January 16, 2007

Sen. Wayne Allard (R-Colo.) will not seek a third term in the Senate, a decision that creates a ripe pickup opportunity for Democrats in the 2008 election.

Allard has served in the Senate since 1996. He said at a news conference yesterday in Denver that his pledge to serve just two terms was the overriding factor in his decision.

"In an age when promises are cast away as quickly as yesterday's newspaper, I believe a promise made should be a promise kept," he said.

Allard is the first senator to announce he will not seek reelection next year, when Republicans must defend 21 seats and Democrats only 12.

Other Republicans mentioned as possible retirees in 2008 include Thad Cochran (Miss.), Chuck Hagel (Neb.), Pete V. Domenici (N.M.) and John W. Warner (Va.). Tim Johnson (S.D.) and John F. Kerry (Mass.) are considered the most likely Democrats to retire.

Even before his announcement, Allard was regarded as one of the most vulnerable senators next year, in equal parts because of his low-key demeanor and because of Colorado's shifting political landscape.

In the past two elections, Democrats have taken over the governor's mansion, a Senate seat and two House seats. In part to highlight their success in Colorado and the Mountain West, the Democratic National Committee picked Denver last week as host of its 2008 nominating convention.

Allard's retirement "improves the Democrats' chances significantly because the eventual Republican nominee will not be able to marshal as much resources or local goodwill as an incumbent senator" would, said Colorado-based pollster Paul Harstad, whose firm is handling the survey research for Rep. Mark Udall, the likely Democratic nominee.

Udall is not likely to face a serious challenge in the primary, according to several informed Democrats. The son of the late former congressman Morris Udall (D-Ariz.) has held a Boulder-area congressional seat since 1998, and he has made little secret of his desire to serve statewide.

In 2004, he announced for the seat of retiring Sen. Ben Nighthorse Campbell (R), only to step aside for state Attorney General Ken Salazar (D) less than 24 hours later. At that time, Udall announced he would run for the Senate in 2008, and he has been at it ever since. As of Dec. 31, he had $1.3 million in his House campaign account.

For Republicans, the picture is far less clear. Bill Owens, who left office last week after eight years as governor, is the first choice of many, but he seems disinclined to make the race. Former congressman Scott McInnis has repeatedly expressed interest in a Senate race but has said he would take a pass if Owens decided to run. Former congressman Bob Schaffer ran for the Senate in 2004, losing in the primary to beer baron Pete Coors.

Schaffer said he is interested in the race but is in "no hurry" to make up his mind. "I ran for the U.S. Senate in 2004, and so it isn't any secret that I want to be in the Senate," he added. McInnis did not return a call seeking comment.

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Rep. Tom Tancredo, former congressman Bob Beauprez and state Attorney General John W. Suthers have also been mentioned as possible candidates.

Sen. John Ensign (Nev.), chairman of the National Republican Senatorial Committee, called holding Allard's seat a "top priority."

Colorado Senator Won't Seek Re-election (WT)

By Valerie Richardson

The Washington Times, January 16, 2007

DENVER -- Sen. Wayne Allard, Colorado Republican, announced yesterday that he would retire from the Senate in 2008 rather than run for re-election, honoring his term-limits pledge, despite party pressure to seek a third term.

"The people of Colorado placed their trust in me based on a promise I made to them, and I am honoring that promise," said Mr. Allard at a press conference at the state Capitol. "In an age when promises are cast away as quickly as yesterday's newspaper, I believe a promise made should be a promise kept."

State and national Republicans had urged the senator to run again, citing the difficulty of defending an open seat, but the 63-year-old Mr. Allard, accompanied by his wife, Joan, said he wanted to uphold the ideal of the short-term "citizen legislator."

"We didn't ever hesitate to think we weren't going to keep that pledge," said Mr. Allard, who has championed proposals to restrict senators to two terms.

His announcement touched off a succession scramble that immediately pushed Colorado into the must-win category for both parties. Each has reason for optimism: state Democrats have enjoyed a winning streak of late that includes the governor's office and control of the legislature, but Republicans still hold the state voter-registration edge.

"One thing about Colorado politics is that the unexpected happens," said Republican political consultant Dick Wadhams, who guided Mr. Allard's 1996 Senate victory.

Mr. Wadhams, who is expected to take over as Colorado Republican Party chairman in March, advised would-be candidates to "get in soon." Democratic Rep. Mark Udall has already taken that advice, indicating that he would run for the seat whether or not Mr. Allard retired.

Other possible Democratic contenders are Denver Mayor John Hickenlooper and Rep. John Salazar, whose older brother, Ken, is the state's junior senator.

At the top of the Republican list would be former Gov. Bill Owens, who left office earlier this month after serving two terms. Mr. Owens had been encouraging Mr. Allard to run for re-election while indicating that he had no interest in the seat himself.

Also being mentioned are former Reps. Scott McInnis and Bob Schaffer, as well as Rep. Tom Tancredo -- although he is exploring a dark-horse presidential bid for 2008.

Mr. Allard served three terms in the House before running for Senate in 1996 after Republican Sen. Hank Brown's retirement. A large-animal veterinarian from rural Loveland, he was regarded as a long-shot even after he won the Republican primary.

His folksy manner and solidly conservative views struck a chord with voters, and he defeated former U.S. Attorney Tom Strickland 51 percent to 46 percent. Six years later, he defeated the same candidate by the same margin.

Mr. Allard was expected to face a tough re-election battle in 2008, but he insisted that had nothing to do with his decision to retire. "I've never backed away from a challenge," he said.

He cited among his proudest accomplishments the ahead-of-schedule cleanup of the Rocky Flats nuclear-weapons plant; the creation of Sand Dunes National Park and the nation's largest urban-wildlife refuge at the Rocky Mountain Arsenal; and returning to the taxpayers $4.2 million by cutting expenses from his personal office account.

Asked about his plans after leaving the Senate, Mr. Allard noted that he had kept up his veterinary license.

"Senator Allard never lost an election, and he ran as the underdog in every race," Mr. Wadhams said. "He was the most accessible senator I think we've ever had in Colorado. Anybody could show up and ask him anything. He has a special place in Colorado history."

Task Gets Taller For G.O.P. (NYT)

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By Jeff Zeleny

The New York Times, January 16, 2007

When Senator Wayne Allard, Republican of Colorado, announced Monday that he would not seek re-election, the uphill battle for his party to reclaim the Senate in 2008 became an even steeper climb.

By the numbers, Republicans were already at a disadvantage. Twenty-one Republican seats will be open, compared with 12 Democratic seats. And not having a Republican incumbent on the ballot in a competitive state like Colorado complicates matters for Republicans.

Already, campaign politics is infusing substantive debates on Capitol Hill. Many of the incumbent Republican senators who have stepped forward to oppose President Bush's Iraq policy face re-election. (Senator Gordon H. Smith of Oregon started the trend late last year, followed by others, including Senator Norm Coleman of Minnesota last week.) Even before Mr. Allard's announcement, Colorado was emerging as a gateway to the West for Democrats, who have won the governor's office, two House districts and a Senate seat in the last four years. Those successes helped seal the Democratic Party's decision to hold its 2008 national convention in Denver. And now, the state will be host to one of the most closely watched Senate races in the nation, too.

Population Shifts (NYT)

By Carl Hulse

The New York Times, January 16, 2007

Census projections analyzed by the firm Election Data Services show that population losses in Louisiana after Hurricane Katrina could cost the state a Congressional seat after the 2010 census. Louisiana is not the only projected loser: seven states in the Northeast and the Midwest would drop Congressional seats as residents migrate to the South and the West, where six states would gain seats. Texas, which has absorbed some Louisiana transplants, would gain two. The trend would seem to be good for Republicans, who have dominated those regions, though Democrats have made inroads. New districts will be drawn by state legislatures.

NRCC's Cole Optimistic About Lost GOP Majority (HILL)

By Aaron Blake

The Hill, January 16, 2007

Following his party's worst election performance in 30 years, House Republican campaign chairman Tom Cole makes clear that he intends to retake many of the seats swept up in the Democratic wave in November, and he's willing to effect the changes needed to do so.

With the benefit of hindsight and the optimism of someone in the valley of a political ebb and flow, Cole (R-Okla.) dismisses the strategies that failed his predecessors at the National Republican Congressional Committee (NRCC) and expects a different kind of election in 2008.

In an hour-long interview with The Hill, Cole didn't say Republicans would retake the House in 22 months, but it's evident he would be among the last to project surprise if it happened.

He repeats a pair of facts — that Republicans have their largest minority in the last half-century and that Democrats now hold 61 districts that President Bush carried twice — with the frequency of someone who has been delivering the same argument to donors helping to retire the committee's $15 million debt.

His pitch is basically this: All variables equal, Republicans have the edge, and they will take the majority again.

"Believe me, if we could carry every congressional district that the Republican [presidential] nominee carries … I would take it right now, sight unseen, end of the game," Cole said. "And I would bet you we would have the majority."

Cole said the Republican strategy of localizing the election and, at the same time, trying to peg Democrats in conservative districts with the "San Francisco values" of now-Speaker Nancy Pelosi (D-Calif.) was unsuccessful in 2006 and indicated it wouldn't work in 2008 either.

Sen. Hillary Rodham Clinton (D-N.Y.) was mentioned with Pelosi in some of the "San Francisco values" campaign ads and, as a polarizing figure, would seem ripe for a similar tactic if she wins her party's presidential nomination.

Asked about the Pelosi strategy, Cole laughed.

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"Sure worked, didn't it?" he said. "We were trying everything. 'All politics is local, except if Pelosi wins it'll be terrible.' … We were just in a fix."

The "all politics is local" mantra, coined by former House Speaker Tip O'Neill and cited frequently by outgoing NRCC Chairman Tom Reynolds (R-N.Y.), is clearly out the door along with Reynolds. Cole shies from maxims, but he also emphasizes that there are "435 Americas" and says that national issues interact with local factors in many different ways.

Cole envisions 2008 being more of an issues-based election — one not dominated by a few select issues as 2006 was by ethics and the Iraq war, but a return to the core principles of the two parties. That's a battle he thinks he can win, because while Democrats have 61 Bush districts, Republicans have only seven Kerry districts.

In fact, Cole ventured that Iraq wouldn't be nearly as big an issue in 2008. This represents a sea change for the party, which in each of the last two cycles touted the war effort and brought resolutions forcing Democratic critics to go on the record.

With President Bush's 21,000-troop surge now on the way, whether it succeeds or fails, the number of troops will likely be "substantially reduced" next year, Cole said.

"We are at the phase where the issue is going to come to a head, and we'll see what happens," he said. "But I'm not sure it will dominate the political landscape."

Amid all his planning for the future, though, Cole has a very important issue to deal with right now. The committee's current debt paralyzes other considerations until it's retired.

"The first year of this stuff is not brain surgery; it's raising money and recruiting candidates," said former NRCC Chairman Tom Davis (R-Va.), whom Cole hired to chair the NRCC's executive committee last week.

Cole reports more than $2 million in commitments so far and hopes to take care of the debt by late spring or early summer. Rep. Phil English (R-Pa.), whom Cole beat out to lead the committee, has been tapped to head the debt-reduction effort.

English said the conference has responded with near-unanimity to the needs of the campaign committee, and he credits Cole with creating that unity.

"So far, he's assembled a cracker-jack team of consultants who I think have the capacity to really revitalize the NRCC," English said. "I am extremely encouraged by the reaction I'm getting asking members to reach into their pockets one more time to reduce the debt."

Cole said members have, for the first time, prior knowledge of how much the committee is going to ask them to give and when it would like to have it, rather than constantly hitting members up for cash.

Among other changes, Cole said he and his top staffers will reevaluate the programs the NRCC has used and that they "are going to a do a lot of changing."

Though light on specifics at this point, Cole did say he would like to expand the Strategic Taskforce for Organizing and Mobilizing People program, or STOMP, which transplants Republican supporters from noncompetitive districts into more competitive, neighboring districts.

He also repeatedly emphasizes that the NRCC will no longer help members who aren't helping themselves. He said Republicans would have won two seats in redistricted Georgia if the party hadn't funded these "political welfare candidates." He wouldn't name names.

Cole said it now is apparent that the field of competitive races is much wider than Republicans previously thought. While Reynolds, to the bitter end, stuck by his assertion that there are about three dozen genuinely competitive races, Cole places the number at about double that amount, and as high as 85.

He mostly declined to talk about specific targets, but did mention repeatedly Kansas's 2nd district as a particularly painful loss and made it clear that the roughly half-dozen seats where Republican corruption led to defeat, including former Rep. Bob Ney's Ohio district and former Rep. Mark Foley's Florida district, will top the list.

He expressed confidence in all the incumbents who survived such a tough election and maintained that things will get better for House Republicans before they get worse.

"You get about one of these a generation," Cole said of the Democrats' 2006 win. "We got ours in '94; they just got theirs. I don't think any of us are due for another one of those very soon. But if so, it's our turn next."

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Two Davids Contemplate N.Y. Goliath (RC)

By Josh Kurtz

Roll Call, January 16, 2007

Good as the 2006 elections were for New York Democrats, one of their few disappointments was their inability to oust Republican Rep. Peter King on Long Island.

Despite facing a young, appealing newcomer, Nassau County Legislator David Mejias (D), King cruised to re-election with 56 percent of the vote. It was the closest race he had had in a decade, but it may not have been close enough to guarantee Mejias a second shot in 2008 — or even ensure that Democratic leaders will target King again this cycle.

"I don't know if the situation will be right for Democratic challengers there in 2008," said one high-ranking Long Island Democrat who did not want to be named.

Mejias — should he choose to run — may face some of the same obstacles in this cycle that he had in the previous one.

Still, the 3rd district is competitive in White House elections, and with 2008 being a presidential year, anything could happen. What's more, there is a spirited special state Senate election under way in Nassau County, and if Democrats capture the open GOP seat next month — even though the Senate district mostly lies within Rep. Gary Ackerman's (D-N.Y.) district — it could provide some momentum for King's challenger heading into 2008.

Joe Galante, a Democratic consultant and town chairman on Long Island, said Mejias has much the same profile as the Democratic nominee in the state Senate race, who also happens to be a Nassau County legislator.

Many Democrats believe that if Mejias had entered the 3rd district race earlier last cycle, he would have done better. A 36-year-old lawyer and son of Cuban immigrants, Mejias did not formally enter the race until mid-May 2006, though he managed to raise more than $900,000 in less than six months. King, who is not the most vigorous fundraiser, spent almost $2 million on his victory, though much of that money had been hoarded from his previous noncompetitive campaigns.

"Mejias certainly ran a respectable race, and if he had gotten in sooner, he would have run a whole lot stronger," said Evan Stavisky, a New York-based Democratic consultant.

Mejias' late entry was due in part to the start-and-stop Congressional candidacy of a colleague on the Nassau County Legislature, David Denenberg (D).

Earlier in the spring, Denenberg had announced his intention to challenge King, but he pulled out of the race just days later after discovering he had polyps on his vocal chords.

"You don't want to start a campaign when you're going to be prevented from talking for a month," he explained last week.

Some Long Island political insiders believe Denenberg actually dropped out because he was worried about being disciplined for prior campaign infractions — according to published reports, his law license recently was suspended for three months after a court determined that he had falsely claimed to have witnessed signatures on campaign petitions.

Whatever his reason for pulling out last year, Denenberg said he once again is contemplating a Congressional run — as is Mejias. But neither is going to start organizing early, because both are up for re-election to their local offices this year, and both represent Republican-leaning districts, meaning neither will have an easy race in 2007.

"To just open up a Congressional committee means you're assuming re-election, and I don't want to assume re-election in a district that's 2-to-1 Republican," Denenberg said.

Mejias said he would explore the 2008 race "down the road" but wants to determine what kind of resources national Democrats are willing to invest to defeat King. In 2006, the Democratic Congressional Campaign Committee touted Mejias' candidacy, but most of the committee's resources in New York were targeted upstate, where Democrats captured three Republican-held seats. Three other upstate GOP incumbents held on by the slimmest of margins.

"We'll see what happens," Mejias said. "A lot of it depends on the priority the national Democratic Party puts on the race."

But whatever tentative steps the two Democrats are taking, there exists a very real possibility that they could be on a collision course again in a 2008 Congressional primary. Denenberg said that the two had spoken before the 2006 campaign and that Mejias had agreed to defer to him. But they have had no such conversations about 2008, he said.

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Adding to the intrigue is the fact that the two come from opposing factions in the Democratic Party of Nassau County, which traditionally has been a Republican stronghold. Mejias is close to County Executive Tom Suozzi (D), who had an unsuccessful gubernatorial run last year. Denenberg is aligned with state Assemblyman Tom DiNapoli (D), Suozzi's longtime rival.

Denenberg did not discount the possibility of the two squaring off in a Congressional primary.

"There's good primaries and there's bloody primaries," he said.

He said Mejias' 2006 campaign was driven by Washington, D.C., consultants and fueled by hype from Newsday and The New York Times, both of which broke from tradition and endorsed the challenger over the veteran Congressman.

But Denenberg also credited Mejias for putting together a solid organization and said he was puzzled that his colleague didn't do better. He said King's surprisingly strong showing gave him pause as he contemplated his own political future.

If Mejias and Denenberg don't run against each other in 2008, they could in 2009, because they also are seen as potential rivals to run for Hempstead town supervisor — a powerful job once held by ex-Sen. Al D'Amato (R-N.Y.) — or even for county executive, if Suozzi chooses not to seek another term.

Despite the potential enmity between Mejias and Denenberg, Stavisky said the fact that two solid local officials are contemplating taking on King has to be seen as progress.

"It's certainly a refreshing change from two years ago, when I don't think anybody was talking about running against Peter King," he said.

"Either Dave is an excellent candidate," Galante agreed.

Still, the confusion on the Democratic side has to hearten the Congressman, who has consistently won despite the swing nature of his district.

"When he's gone," the top-ranking Long Island Democrat said, "that seat is ours."

Iraq Plan Tricky For '08 Aspirants (USAT)

By Jill Lawrence, Usa Today

USA Today, January 15, 2007

WASHINGTON — President Bush's plan to increase the number of U.S. troops in Iraq is putting Republican presidential prospects in a bind as they look ahead to a nomination process dominated by party loyalists.

A year before the primaries start, no one knows how Bush's gamble will play out. For now, polls show Republicans are much more likely than the general public to support Bush, the war and the troop increase.

David Woodard, a GOP consultant and a political scientist at the University of South Carolina, says presidential aspirants need to find a middle ground between the demands of the primaries and the general election. "You cannot cut and run on your two-term president," he says. At the same time, "you've got to position yourself away from Bush."

Two hopefuls, Arizona Sen. John McCain and Kansas Sen. Sam Brownback, have clear-cut and directly opposing positions. McCain has long said more troops are needed to achieve U.S. goals in Iraq. Brownback says more troops are not the answer.

Former New York City mayor Rudy Giuliani and former Massachusetts governor Mitt Romney are offering muted support. Former Arkansas governor Mike Huckabee calls Bush's stance "risky" and "fairly unique to him" and says he doesn't have enough inside information to judge the plan on its merits.

Bush shows no signs of reconsidering. "I fully understand they could try to stop me from doing it," Bush said of Congress in an interview Sunday on CBS' 60 Minutes. "But I've made my decision. And we're going forward."

Though the public overall strongly opposes the Bush plan, 67% of Republicans in a USA TODAY/Gallup Poll this month said they favored committing more troops to Iraq. Only 13% of Democrats and 34% of independents supported the idea. Nearly eight in 10 Republicans said it was not a mistake to send troops to Iraq in the first place; 82% of Democrats and 62% of independents said it was.

McCain has been a leading advocate for a troop increase. He is so identified with the issue that Democratic presidential candidate John Edwards calls Bush's plan to commit 21,500 more troops "the McCain Doctrine."

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On Sunday, McCain called Bush's plan "the last chance" for success in Iraq. "This has to work, and I believe it can succeed," he said on CBS' Face The Nation. Last week, asked on CNN about the difference between his views and those of the public, he replied: "I'd rather lose a campaign than lose a war."

Douglas Foyle, an expert on foreign policy and public opinion at Wesleyan University, said the McCain approach is similar to Bush's 2000 campaign refrain that he would do what's right rather than what's popular.

"Being principled and independent is potentially an advantage, politically speaking," Foyle says — but given the way Bush has put it into practice, "that sort of self-description could be a hard sell" for 2008.

Brownback's opposition to additional troops demonstrates independence from Bush but puts him on the same page as white evangelical Republicans, a subgroup that opposed the increase in an AP/Ipsos Poll this month..

Romney sought his middle ground by supporting Bush but stressing the need for measurable goals and his own consultations with generals and troops.

Giuliani said Bush's plan to "clear, hold and build" Baghdad neighborhoods resembled his plan for fighting crime in New York. "You had a low approval rating, but you stood firm," Sean Hannity told Giuliani last week on Fox News Channel. "The key was to analyze these areas correctly," Giuliani said. In Baghdad, as in New York, "you need measures. You need statistics. … If it doesn't work, you've got to put more people in."

There's a history of presidential candidates trying to hedge their bets on uncertain military actions. Two days after Congress authorized the Persian Gulf War in January 1991, then-Arkansas governor Bill Clinton offered this: "I guess I would have voted for the majority if it was a close vote. But I agree with the arguments the minority made" about giving United Nations sanctions against Iraq more time to work.

Obama, McCain: 2 War Views (CHIT)

By Mark Silva

Chicago Tribune, January 15, 2007

Democratic Sen. Barack Obama, pressing for a phased withdrawal of U.S. forces from Iraq starting in four to six months, said Sunday that President Bush's announced deployment of 21,500 additional U.S. troops amounts to a policy of "stay-the-course-plus."

Republican Sen. John McCain, supporting the president's new war plan while allowing that he cannot "guarantee success" with it, warned that withdrawing U.S. forces will only lead to "catastrophe."

And the president, facing vocal criticism for his troop deployment among influential members of both parties in Congress and public displeasure, vowed to press ahead regardless of congressional opposition to the increase of forces in Iraq.

"I fully understand they could try to stop me from doing it," Bush said in an interview aired Sunday on CBS News' "60 Minutes." "But I've made my decision, and we're going forward."

While Democratic Senate leaders prepare for a non-binding vote opposing the new war strategy, Obama, the Illinois Democrat promising an announcement "pretty soon" about his plans for a 2008 presidential campaign, was careful Sunday to avoid committing to any vote blocking war funding.

"Those of us who object to what I consider to be a disastrous policy on the part of President Bush have put forward a different approach," Obama said. "If we initiate a phased withdrawal, that provides us leverage to make sure the Iraqis are doing what needs to be done to arrive at a political solution."

The senator's reservations about blocking war spending, voiced during back-to-back Obama and McCain interviews on CBS' "Face the Nation," demonstrate the Democrats' intention to show support for those U.S. troops already in Iraq while opposing deployment of any additional forces.

`What is the option?'

McCain, saying, "I think we can make our case in this debate," added: "The opponents of doing this are obligated, in my view, to tell the American people what the option is if we do leave. ... What is the option? It's catastrophe. ... The bloodletting will increase."

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The unfolding war debate between Obama and McCain--two of the highest-profile potential candidates for president in 2008--offers a precursor of the terms of a political conflict that is likely to consume much of the campaign discourse for the long year ahead, particularly as the president pursues an escalation of force in a conflict he allows will require more sacrifice.

Some of the leading potential candidates for the Republican nomination, including former Massachusetts Gov. Mitt Romney and former New York Mayor Rudolph Giuliani, are backing Bush's deployment.

"I agree with the president," Romney has said. "Our military mission, for the first time, must include securing the civilian population from violence and terror."

"I believe this is necessary," Giuliani has declared. "The reality is that the strategy now, which we all hope and pray will be successful, is to try and bring about security."

A leading potential candidate for the Democratic nomination, Sen. Hillary Rodham Clinton of New York, and a declared candidate, former Sen. John Edwards of North Carolina, are slamming Bush's deployment.

"The president's Iraq policy has been marred by incompetence and arrogance," Clinton has said.

"The president is profoundly wrong," Edwards has said. "I think escalating the war is a huge mistake."

And while neither Obama nor McCain has made his intentions clear, both were introduced by CBS' Bob Schieffer on Sunday as "two possible presidential contenders in 2008."

Schieffer told them: "My guess is, gentlemen, this is not the last time the two of you will come together to talk about this subject."

With back-to-back interviews, this was not so much a debate between two candidates as it was a laying down of political markers.

"I think the case still needs to be made" for the president's new strategy, McCain said, calling Congress' debate superficial. "This is about a new strategy, of which an increase in troop strength is an integral part."

Asked about critics labeling an escalation the McCain Doctrine, in a bid to tag the leading Republican contender for the presidential nomination with the war, he said: "I think maybe I could call it the McCain principle--that when I vote to send young men and women into harm's way ... I am committed to seeing it through."

Asked about the looming non-binding vote against the president's war plan, McCain said: "If these people are serious ... then they should vote to cut off ... funding. ... Emotional disapproval I view as purely a political ploy to do further political damage to the president of the United States."

Obama suggested that the debate is not a question of deploying new troops or withdrawing troops today.

"The options are not either total withdrawal or a stay-the-course-plus, which is what the administration is proposing," Obama said. "The specific proposal that I have put forward, which is echoed in the Iraq Study Group, does not call for an immediate and total withdrawal. ... What we have suggested is that we begin a phased pullout."

`We are in the catastrophe'

Obama also said: "One of the things I strongly disagree with [is] this notion that we have future catastrophe to look forward to if we phase down troops," Obama said. "We are in the catastrophe that Sen. McCain talked about now."

Yet Obama, stressing the importance of supporting troops in Iraq, proved reluctant to commit to a vote on blocking funding for Bush's deployment, as Sen. Edward Kennedy (D-Mass.) has proposed.

Meanwhile, Vice President Dick Cheney joined Bush in declaring they were pushing forward with the deployment.

"You cannot run a war by committee," Cheney said on "Fox News Sunday."

When Bush was asked in the CBS interview whether he believed he had the authority to add troops in Iraq despite opposition from the new Democratic majority in Congress, he said: "In this situation, I do, yeah."

He also said he disapproved of how Saddam Hussein's hanging was handled. Afterward, he watched a video of the execution on the Internet, but stopped before the end because "I didn't want to watch the whole thing."

Bush's Troop 'surge' Shapes 2008 Race (CSM)

By Linda Feldmann

The Christian Science Monitor, January 16, 2007

DOJ_NMG_0116398

For most Americans, the nation is enjoying a welcome lull between elections – the '06 midterms just ended and the '08 presidential race is too far in the future to contemplate seriously.

But in reality, the jockeying among hopefuls, and potential hopefuls, is fierce, and no more so than over Iraq, as the Bush administration presses ahead with its plan to boost US troops levels there. For now, the biggest impact is on the nomination races within the parties, but if the Iraq war remains the top issue in November 2008, positions candidates take now could prove central to their chances of winning the Oval Office.

For the Democrats, all eyes are on Sen. Hillary Rodham Clinton of New York, who is expected to announce her presidential intentions by the end of the month and who has remained cautious in her criticism of the Iraq war. With more overtly antiwar Democrats running against her, at least one of whom could prove strong in the early nomination battles (former Sen. John Edwards of North Carolina), the question is whether she will feel pressure to ratchet up her opposition to the war to win over the antiwar Democratic base.

And if Sen. Barack Obama (D) of Illinois decides to run, his approach to the war – so far, like Senator Clinton, staying away from the forefront of antiwar opposition in Congress – could affect how Clinton positions herself. Senator Obama is considered potentially the most formidable threat to Clinton's nomination. Having taken his Senate seat in 2005, he did not take part in the October 2002 vote authorizing the war. Clinton voted yes in that vote, and has yet to repudiate her position clearly.

The danger for the former first lady is that a clear repudiation opens her to charges of flip-flopping and being weak on defense. In the short run, backing a planned nonbinding resolution opposing President Bush's escalation of US involvement in Iraq would be a safe position, analysts say. Beyond that, supporting any measures that would restrict funding for US troops would be riskier.

"That's really the critical point – the cutting off of funds – and that will be the dividing line of the candidates, if it comes to pass," says a Democratic Senate aide. "This is the ongoing Democratic dilemma, which they experienced in Vietnam. There was overwhelming sentiment against the war, however, Democrats became branded as an antiwar party and weak when it came to national security."

Another potential hurdle for Clinton could be the strength in Iowa of a Democratic candidate who has already declared – former Senator Edwards. He has repudiated his 2002 vote for the war, and now does not hesitate to talk about blocking funding for an escalation of troops. Mr. Edwards is well-organized in Iowa, where antiwar sentiment is strong among Democrats. If Edwards beats Clinton in the Iowa caucuses next January – the crucial first nominating contest – and then does well in South Carolina, another base of support for him, that would present a major wrinkle in Clinton's chances.

On the Republican side, the safe position on Bush's troop escalation in Iraq is to support it – after all, a majority of Republicans still support the president – and the top-tier candidates have fallen in line. But if voters perceive that the US is mired in Iraq by the next election, that firm support could prove the death knell for the Republicans' chances of holding onto the presidency.

The presidential aspirations of Sen. John McCain (R) of Arizona, in particular, could live or die by his strong support for the Iraq war and for the addition of troops. He has said as much. For the other top-tier Republican candidates, namely, former New York mayor Rudolph Giuliani and former Massachusetts governor Mitt Romney, both are on board with Bush's plan for now, but as time goes on, it's possible that it would be politically expedient for one or both to shift to a stance that focuses more on winding down US involvement in Iraq. Senator McCain, who has all along called for a larger US presence in Iraq, cannot make that move.

The politically problematic nature of the war for Republicans is reflected in the fact that one announced candidate – Sen. Sam Brownback of Kansas – has carved out a clear position opposing Bush's escalation. Another Republican thinking of running, Sen. Chuck Hagel of Nebraska, is also a leading voice in opposition to the escalation.

Senator Brownback's view presents the unusual scenario of a presidential candidate who is courting both the evangelical vote and the antiwar vote among Republicans. But even if Brownback is considered a long shot for the nomination, his voice in the mix could create pressure on Bush and other Republicans from the right.

"There is not much of an antiwar constituency among evangelicals, but like everyone else, there is a growing concern for how the war is being conducted," says John Green, a senior fellow at the Pew Forum on Religion and Public Life. "Thus, it will be

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tough for Brownback to premise his campaign on this issue, but it might be a useful ancillary position if the war's unpopularity grows."

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Our Tunnel Vision (WP)

By Richard Cohen

The Washington Post, January 16, 2007

Some years ago, I accompanied John McCain to Vietnam. For him, it was yet another trip to the place where he had been a prisoner of war, but for me it was a first. After we visited Hanoi and Ho Chi Minh City (the former Saigon), McCain and the rest of his party went home. A colleague and I stayed behind to visit the famous Cu Chi tunnels. To the Vietnamese, they are a monument to a lesson they taught us. To us, they are a monument to a lesson we never seem to learn.

Experience -- reporting, we call it in my business -- can be vastly overrated. I went to Bosnia and Croatia during the war there and came away convinced that NATO, which was to say the United States, should stay out of that conflict. I was intimidated by the terrain and horrified by the ethnic enmity. I came away with precisely the wrong lesson. NATO went in and ended the killing.

Ducking into the Cu Chi tunnels might be a similar sort of misleading experience, but I don't think so. Suddenly, I was underground, stooped, gasping for air and intolerably hot. I was experiencing -- just for a short while -- the conditions in which the Vietnamese communists lived for long stretches. The tunnels had sleeping quarters, meeting rooms, kitchens, clinics and even operating rooms where surgeons worked in what had to be miserable conditions.

Those tunnels explained to me why the United States lost the Vietnam War. We were fighting people who cared deeply enough about their cause to live underground, to live in ways that no American could even imagine. The Vietnamese communists would do for their cause what no American would do for ours. They won because they believed. We lost because we didn't. We didn't have to.

I keep those tunnels in mind when thinking about Iraq. Just as I could not imagine living in one of them, I could not imagine being a suicide bomber or a member of a death squad -- or killing someone because he was a Shiite or a Sunni. As there was in Vietnam, there is a piece of Iraq -- its culture, it religions, its history -- that we do not understand. This war has lasted longer than we expected not just because we were inept or understaffed or fired the Baathists or discharged the army -- but because we don't understand the country. For instance, an Iraqi government that reacts lethargically to American proposals moved with surprising alacrity to hang Saddam Hussein. Even late in the game, we didn't see it coming.

Similarly, we did not notice that in all the hoopla just before Hussein's statue in Baghdad's Firdaus Square came down in 2003, the crowd went silent after an American flag was draped over it. The crowd came to life only when the Iraqi flag replaced it. Had we noticed that, we might have learned something about Iraqi nationalism and the fleeting gratitude awarded to liberators. One minute you're a liberator, the next an occupier.

I have some questions. When politicians and commentators detail all that the Bush administration did wrong, I wonder whether any of it really matters. Would things have turned out differently if we had done everything right? Was Iraq so "broken" we never could have fixed it? Was Hussein's despotism an avoidable tragedy, or was it, instead, a tragic necessity? I wonder about all these things. I tend to think now we never could have made it work.

Now, of course, everyone looks like an idiot. Bremer was an idiot and Garner was an idiot and Rumsfeld and Wolfowitz and Cheney and all the generals, with the exception of Gen. Eric K. Shinseki, who called for lots and lots of troops and was sidelined.

But these men are not really idiots. They were merely wrong, sometimes on account of arrogance, but they were doing what they thought was the right thing. They simply didn't know what they didn't know. They didn't know a damned thing about Iraq.

I wish McCain had been at the Cu Chi tunnels with me and my colleague. (I'm sure he's been there at another time.) I would like to have seen his face, measured his reaction. He knows Vietnam far better than I do, but as a prisoner -- not as an insurgent in a tunnel. I would like him -- because I do like him -- to consider whether the remedy for Iraq is not more American troops, as he insists, but fewer and fewer . . . and then none at all. Iraq is not Vietnam, but America is still America -- and we still don't know what in the world we're doing.

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Echoing King In New York, Edwards Calls For War's End (NYT)

By Thomas J. Lueck

The New York Times, January 15, 2007

Former Senator John Edwards was greeted by thunderous applause in Manhattan yesterday when he called for an immediate pullback of troops from Iraq.

"If you are in Congress and you know this war is going in the wrong direction, it is no longer enough to study your options," Mr. Edwards said, addressing about 2,000 people who had filled the sanctuary of Riverside Church for a service honoring the Rev. Dr. Martin Luther King Jr. He said members of Congress "have the power to prohibit the president from spending money to escalate the war," adding, "Use that power."

Mr. Edwards, the Democratic nominee for vice president in 2004 and now a candidate for president, said yesterday that the government of Iraq must be pressured into taking responsibility for the country's own security.

"The best way for that to happen is for America to make it clear we are leaving Iraq," he said, "and the best way to make clear that we are leaving is to actually start leaving."

Mr. Edwards, who represented North Carolina in the Senate, was the keynote speaker at a memorial service sponsored by Realizing the Dream, a group whose founders include Martin Luther King III.

For some of those who attended, Mr. Edwards's speech may have had added resonance because it was delivered 40 years after Dr. King appeared at Riverside Church to deliver his strongest condemnation of the Vietnam War. In a speech on April 4, 1967, Dr. King described the administration of Lyndon B. Johnson as "the greatest purveyor of violence in the world today."

Mr. Edwards referred to an observation Dr. King made near the beginning of his 1967 address, when Dr. King said, "A time comes when silence is betrayal."

"I believe it is betrayal not to speak out against an escalation of the war in Iraq," Mr. Edwards said, to a standing ovation.

Edwards Echoes King's Anti-war Message (AP)

By Beth Fouhy, Associated Press Writer

AP, January 15, 2007

Democratic presidential candidate John Edwards called on Americans to resist President Bush's planned troop escalation in Iraq, echoing a plea by the Rev. Martin Luther King Jr. 40 years ago to end the Vietnam War.

Edwards addressed about 1,200 parishioners Sunday at Riverside Church, a multiracial, politically active Manhattan congregation where King delivered his famous "Beyond Vietnam" speech on April 4, 1967. King was assassinated exactly one year later.

Edwards spoke from the same wooden pulpit King used and was introduced by King's son, Martin Luther King III. The younger King said his father would have admired Edwards' commitment to fighting poverty.

The former North Carolina senator and 2004 Democratic vice presidential nominee touched on poverty issues in his speech, as well as AIDS in Africa, energy independence and a proposed boost in the minimum wage.

But he saved his strongest words for the troop increase in Iraq, invoking King's condemnation of the Vietnam War as a betrayal of American values.

"Silence is betrayal, and I believe it is a betrayal not to speak out against the escalation of the war in Iraq," Edwards said to a sustained standing ovation.

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It was a high-profile appearance for Edwards on the home turf of Sen. Hillary Rodham Clinton, the Democratic presidential front-runner who has been decidedly more cautious in speaking out against the war and the proposed troop escalation.

Several of Clinton's allies attended the Edwards speech, including fellow New York Democratic Sen. Chuck Schumer, who has already endorsed Clinton's likely presidential bid.

Clinton spent the Martin Luther King holiday weekend traveling to Iraq and Afghanistan.

Two other Democratic presidential hopefuls, Delaware Sen. Joe Biden and Connecticut Sen. Chris Dodd, attended King remembrances in South Carolina. Illinois Sen. Barack Obama, who could join the presidential field as early as this week, was observing the holiday weekend with low-key appearances in Chicago.

Underscoring his previous calls for a troop rollback in Iraq, Dodd said Sunday at a memorial service in Greenville, S.C., "It is time now that we say we have done enough."

Edwards, who declared his candidacy in late December, said Americans must not wait for a change in presidential leadership to demand that American forces be drawn down in Iraq. Bush announced last week he would send an additional 21,500 troops to Iraq in an effort to stabilize the war-torn country; Edwards has called for 40,000-50,000 to be removed.

"We need to show we are serious about leaving, and the best way to do that is to start leaving," he said to applause.

Edwards voted in 2002 to authorize military action in Iraq, as did Clinton, Biden, and Dodd. All but Clinton have forcefully recanted their votes.

Edwards also called on Congress to withhold funding for the troop increase, echoing a proposal announced last week by Massachusetts Sen. Edward Kennedy. Kennedy's plan has been embraced by some other Democrats, including Dodd, but viewed warily by others who see it as unworkable and potentially harmful to troops already serving in Iraq. Clinton and Obama are among those who have not yet indicated they would support Kennedy's approach.

Are Bill's Friends Hill's Friends, Too? (AP)

By Holly Ramer And Mike Glover

AP, January 16, 2007

Sen. Hillary Rodham Clinton didn't reveal whether she plans to run for president when she called Anita Freedman a few weeks ago. "I didn't give her a chance," said Freedman, 79, who displays pictures of the Clintons all over her Portsmouth, N.H., home. "As soon as she said, 'Hi, this is Hillary Clinton,' I said, 'Oh, great! Tell me what we need to do.'"

Six years after leaving office, President Clinton still has plenty of friends in New Hampshire and Iowa, the states that traditionally launch the presidential nominating process.

And, many of the folks known as "Friends of Bill" count themselves as "Friends of Hill," as well. Some, like Freedman, a Democratic national committeewoman regarded by many as one of the matriarchs of the New Hampshire party, are eager to rekindle the flame.

Others, though, remain undecided on the 2008 race or have gravitated toward other candidates. It remains to be seen how much of her husband's network of supporters Mrs. Clinton, now a New York senator, can resurrect or what role they would play if she decides to get into the race, as expected.

Over the years since then-Arkansas Gov. Bill Clinton dubbed himself "the comeback kid" for surviving a personal scandal to finish second in the 1992 New Hampshire primary, the Clintons have not forgotten local Democratic activists who helped them at that critical juncture.

Time and again they have reached out to those same activists and others in early voting states, inviting them to White House events, appointing them to administration posts, and generally remembering them on holidays, birthdays and at important moments in their lives.

When Freedman's husband was dying in 1995, a White House staffer called almost daily to check on him and President Clinton phoned the hospital.

And, when her daughter died two years ago, both Bill and Hillary Clinton called Freedman.

"They have been very nice to me," Freedman said. "I worked very hard for him, I liked everything he stood for, and still do."

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Surviving the close-quarters combat of a presidential campaign in early voting states like Iowa and New Hampshire, where one-on-one retail politics is the game, undoubtedly forges personal bonds. But maintaining and strengthening those bonds is also smart politics, and both Clintons are superb players.

Though Iowa Sen. Tom Harkin's bid for the 1992 nomination gave Bill Clinton and other Democrats an excuse to skip past the state, he later spent considerable time there as president and went well out of his way to build ties with key players.

Joe O'Hern, for example, was a veteran Democratic staffer comfortably ensconced as the Iowa Legislature's House clerk until Republicans seized control of the chamber in 1994, tossing him out of work. He landed on his feet as the Clinton administration's regional administrator for the Department of Housing and Urban Development in Kansas City.

"There are a lot of people in this state who have very fond memories of the Clinton presidency," said O'Hern, who now heads the Iowa Partnership Office for Fannie Mae. "When you have an eight-year term of a Democratic president the number of people who touch that activity is quite large."

There's little doubt that aura extends to Hillary Clinton, O'Hern said.

Bonnie Campbell is a former Iowa attorney general who was named to run the Violence Against Women office in the Department of Justice after losing a bid for governor in 1994, a post that allowed her to travel often with Hillary Clinton.

"I got a chance to watch her operate on both a national and international level," said Campbell. "She's pretty dazzling."

While nostalgia and personal ties may play to Sen. Clinton's advantage, Democrats stress that it's the quality of the candidate herself that's earned their support.

Nancy Richards-Stower, a New Hampshire attorney, said she'll work just as hard for Sen. Clinton as she did for Clinton's husband.

Richards-Stower recalled her first meeting with Mrs. Clinton at a restaurant where her husband was making his first campaign appearance in New Hampshire. As they climbed a staircase, Mrs. Clinton mentioned how eager she was to campaign for her husband.

"Mrs. Clinton, forgive me, but you've not done a New Hampshire campaign before," Richards-Stower told her. "The people you need to get aboard the campaign are going to want to spend time with your husband, not you."

Clinton responded by pinching a sizable section of her own hand.

"Nancy, my skin is this thick," she said. "If you think that I shouldn't do an event, I'd like you to tell me."

"Of course, the very first event she did was a sellout crowd," Richards-Stower said, laughing at how much she underestimated the wife who would like to become the nation's first female president.

"If Bill Clinton died tomorrow, would Hillary still win? Absolutely," she said. "That's how we were introduced to Hillary, but that's not why we're supporting her."

While not all the activists who labored for Bill Clinton will return for another Clinton campaign, many remain friendly and helpful.

Des Moines lawyer Jerry Crawford, for example, who headed both Bill Clinton's campaigns in Iowa, is backing Iowa Gov. Tom Vilsack this time, though he's spoken with Sen. Clinton's advisers to offer his thoughts.

"I have nothing but respect and admiration for Sen. Clinton and she is going to be a force in the Iowa caucuses," said Crawford. "It's a pretty interesting dynamic. You can go whole cycles without seeing a couple where both halves enjoy their own base."

New Hampshire Democratic Party Chairwoman Kathy Sullivan points out that her state has changed considerably since the Clintons first campaigned there.

The current top five Democrats in the state — governor, two members of Congress, the state Senate president and House speaker — were not politically active in 1992, Sullivan said.

"If I'm a presidential candidate, those are the five people I'd want to be talking to," she said. "So I think you can't rely on the old friendships, especially because among those old friends, a number of them have become removed over the years from politics."

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Former Keene, N.H., mayor Pat Russell now serves on the state Liquor Commission. Though she had the same first impression of both Clintons — bright, sophisticated and moving in the right direction — she hasn't made up her mind about 2008. And she worries about re-igniting the ethics and personal turbulence of the later years of the Clinton administration.

"From my gut, I just don't know," she said. "I don't want all that stuff to be brought up against her. I'm just afraid the press is going to nail her. I know that sounds like a mother, but I am a mother."

Obama Inches Closer To Announcing (CHIT)

By David Mendell

Chicago Tribune, January 16, 2007

U.S. Sen. Barack Obama inched closer to revealing his intentions about running for president on Monday, adding a "very" to the "soon" in his assessment about when an announcement will come.

"We will have an announcement very soon," Obama (D-Ill.) told reporters outside St. Mark Cathedral in Harvey after delivering an emotional keynote speech to celebrate Martin Luther King's birth.

Prefacing his address in the church, Obama turned to media crews and declared that he was "not making news today" about a run for the Oval Office.

In recent weeks, Obama has sought advice from a widening circle of political advisers and has hired staff in key states.

Even if many blacks view Obama as the premier political leader, he said that the day of celebration for King would have been the wrong moment to declare whether he will seek the presidency in 2008.

"I didn't want to use this day to indicate my plans because I am humbled by what Dr. King accomplished," he said. "I don't think that whatever my political plans are, [they] are comparable to the heroic struggles that he went through, and I don't want to draw false parallels."

Obama said that he is weighing issues such as his personal safety and loss of privacy but hinted that those matters would not affect his decision.

"Everybody in public life, at this point, has some concerns. The fact that my profile is higher at this point than certainly it was a couple of years ago raises those concerns," he said.

"Finding out that there was a photographer lurking in the bushes when I was playing on the beach with my kids is a source of concern. But that's not going to stop me from doing what I think is best for the country and how I can best serve."

Biden Wants Confederate Flag Off Grounds (AP)

By Jim Davenport

AP, January 16, 2007

Democratic presidential hopeful Joseph Biden said Monday he thinks the Confederate flag should be kept off South Carolina's Statehouse grounds.

The comments by the U.S. senator from Delaware on a day of events celebrating Dr. Martin Luther King Jr.'s legacy came as a potential Democratic presidential candidate, Sen. Barack Obama, evoked the memory of the slain civil rights leader.

"As I recall, Dr. King wasn't hanging out in Manhattan, Dr. King wasn't hanging out in Beverly Hills," Obama told a King remembrance service in an economically depressed south Chicago suburb.

Introducing Obama, an Illinois senator, the Rev. Jesse Jackson told a crowd at the annual King scholarship breakfast, "it's a long, nonstop line between the march in Selma in 1965 and the inauguration in Washington in 2009."

Screaming admirers managed to get Obama's autograph after he advocated removing troops from Iraq, rebuilding struggling areas such as the suburb of Harvey where he was speaking and increasing civic activism and calling on people, especially fathers, to be better parents.

In Columbia, S.C., more than six years after the Confederate flag was taken down from the Capitol dome, its location in front of the Statehouse remains an issue.

"If I were a state legislator, I'd vote for it to move off the grounds — out of the state," Biden said at an NAACP march and rally at the Statehouse.

Jim Hanks stood across from the South Carolina Statehouse with about 35 Confederate flag supporters.

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"We love this flag. We love our heritage," said Hanks, of Lexington.

Some carried signs saying: "South Carolina does not want Chris Dodd," referring to the Connecticut senator who, along with Biden, attended the National Association for the Advancement of Colored People rally at the Statehouse.

On Sunday, Dodd told The Associated Press at a King remembrance service in Greenville that the Confederate flag belongs in a museum.

"I don't think it belongs on the Capitol grounds," Dodd said.

In 2000, as the NAACP began a South Carolina tourism boycott, the flag was flying on the Capitol dome and in House and Senate chambers. Legislators agreed to take the flag down that year, but raised the banner outside the Statehouse beside a Confederate soldiers monument.

Biden expects legislators here will eventually move the flag. Pointing to his heart, he said, "as people become more and more aware of what it means to African-Americans here, this is only a matter of time."

Napolitano's Dilemma (RC)

By David M. Drucker

Roll Call, January 16, 2007

Sen. John McCain (R-Ariz.), a frontrunner for the Republican presidential nomination, could create a dilemma for Arizona Gov. Janet Napolitano (D) should he win the presidency in 2008 and leave her the task of appointing his Senate replacement.

Arizona law mandates that the governor replace a prematurely departed Senator — but requires him or her to choose an individual who is a member of the same political party as the departing lawmaker.

This begs the question: Which Grand Canyon State Republican does Napolitano enlist to replace McCain, particularly if she has designs on running for Senate herself in 2010, when McCain's seat is up and she will be termed out of office?

Arizona Democrats speculate that Napolitano — whether for personal political reasons or in response to the pressure she likely would be under from Democrats nationally — would select a capable Republican from among her many high-profile GOP supporters to serve as a caretaker, ensuring that the seat is open in 2010.

One Arizona Democrat who is a close observer of Napolitano said the governor definitely has ambitions not limited to her current job. This Democrat envisions Napolitano serving as a member of the president's Cabinet if a Democrat wins the 2008 election or running for Senate in 2010, when she will be termed out of office.

"I think she'll want to do something," this Democrat said about Napolitano, who is not married and is just 49 years old. "She's got the bug. This is her life."

Napolitano's chief spokeswoman Jeanine L'Ecuyer would say only that the governor is focused on the job at hand, with Democrats in Arizona noting that she has been particularly disciplined when it comes to keeping quiet about her future plans.

However, L'Ecuyer disputed the speculation that Napolitano would place politics above competence should McCain win the presidency next year and she be forced to appoint another Republican to replace him. L'Ecuyer noted that of Napolitano's 28 cabinet members, 13 are Republicans, 13 are Democrats and two are Independents.

"She picks who she thinks is best for the job," L'Ecuyer said. "I can't see any reason why she would approach this any differently."

Garrick Taylor, a spokesman for the Arizona Republican Party, disputed Napolitano's reputation for being a moderate Democrat who emphasizes getting things done over political expediency.

The governor's agenda, Taylor said, has been shaped by an Arizona Legislature controlled by conservative Republicans that has put the brakes on Napolitano's liberal priorities, more than it has by her desire for moderation.

Taylor also took issue with L'Ecuyer's contention that Napolitano would appoint the most qualified Republican to replace McCain in the Senate, should he win the presidency in 2008.

"She would make an appointment that would make the best sense for her political career," Taylor said.

According to Arizona law, whomever Napolitano appoints would have to stand for election in the next regularly scheduled general election contest, if that person wanted to maintain the seat past that point. The winner of that race then holds the seat until the election in which the departed Senator would have been up for re-election.

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Because the next general election after 2008 coincides with the end of McCain's current Senate term, the seat would be open in 2010, unless Napolitano's Republican appointee chooses to run for it outright.

If she chose an appointee from among her Republican supporters as some insiders speculate, it's possible this individual could be drafted from her cabinet, if not the group of well-known Republicans who endorsed her 2006 re-election bid.

Among them are former Arizona Attorney General Grant Woods (R) and Jack Jewett (R), a Tucson businessman and longtime member of the state Board of Regents. Current elected officials who backed Napolitano last year include Flagstaff Mayor Joe Donaldson (R) and Phoenix City Councilman Tom Simplot (R).

If Napolitano turned to her cabinet to replace McCain, she'd have 13 choices, including Bill Bell, director of the state administration department; Susan Gerard, director of the state Health Services Department; Don Butler, director of the state Agriculture Department; Pat Chorpenning, director of the state Veterans' Services Department; and Gale Garriott, director of the state Revenue Department.

If Napolitano decides to run for Senate in 2010, most big-name Democrats probably would defer to her. If she doesn't run, Democratic Reps. Gabrielle Giffords and Raúl Grijalva, and state Attorney General Terry Goddard (D) could be candidates.

Gingrich Sees Error In Pull Of Voter Base (WT)

By Ralph Z. Hallow, The Washington Times

The Washington Times, January 15, 2007

Newt Gingrich, who is considering a bid for the 2008 Republican presidential nomination, says his party's biggest mistake is thinking that the way to a lasting majority is to emphasize its conservative voter base.

Polls show the former House speaker trailing Sen. John McCain of Arizona and former New York Mayor Rudolph W. Giuliani among Republican voters nationwide, but well ahead of former Massachusetts Gov. Mitt Romney. Republicans seeking a strong conservative challenger to Mr. McCain are urging Mr. Gingrich to run.

Mr. Gingrich is still popular among Republican loyalists, although some say his bruising battles with the Clinton administration in the 1990s have damaged his presidential prospects.

At age 63, the Georgia Republican continues to look to the future. He was asked in an interview with The Washington Times last week about his most important contribution to the conservative movement. He replied: "It is a long way from being done, so I don't know that I can answer that."

Mr. Gingrich blames a flawed strategy for Republicans' loss of a congressional majority that Mr. Gingrich was credited with winning in 1994. He said his party can still build a durable governing majority, but first must abandon the strategy of Karl Rove, the White House political director who has emphasized direct appeals to the party's base.

"A base-motivation party inherently, in the long run, drives away the non-base,"Mr. Gingrich said.

The better way, he says, is to define the opposition on specific issues so that the Democrats are exposed as espousing views shared by a small minority of voters.

If in 2004 Republicans had "defined John Kerry on 53 issues" that Mr. Gingrich identified, only 17 out of every 100 voters would have sided with Massachusetts Democrat on those issues, he said.

Mr. Kerry still "would have gotten 40 percent of the total vote because of the ethnic patterns that you can't break, but he could have become a George McGovern," the Democrat who lost in a landslide to President Nixon in 1972.

Mr. Nixon's re-election margin over Mr. McGovern was 23.2 percentage points. Mr. Bush's 2.5 percentage point margin over Mr. Kerry was the smallest for a victorious incumbent president in U.S. history.

Mr. Gingrich said Republican strategist Lee Atwater helped Vice President George Bush advance to the presidency in 1988 by defining Democratic challenger Michael S. Dukakis as representing a minority of Americans on issues from abortion and flag burning to the death penalty and gun control.

It was Mr. Gingrich's relentless effort to define Democrats as proprietors of a corrupt welfare state that marked his long march to power. He was hailed as a political genius after the 1994 election that ended 40 years of Democratic control of the House. But after Republicans' unexpected losses in the 1998 midterm elections, Mr. Gingrich resigned from Congress.

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After another devastating midterm election last year, some Republicans have renewed appreciation for Mr. Gingrich's conservative style. A poll of Republican voters in North Carolina, for instance, shows the former speaker with 29 percent support, compared with 30 percent for Mr. Giuliani, 22 percent for Mr. McCain and 4 percent for Mr. Romney. Mr. Gingrich now talks optimistically about prospects for building a broader Republican base.

"Ronald Reagan understood that arguments should be made where we have huge advantages with virtually all Americans," Mr. Gingrich said. "He was brilliant at avoiding base-narrowing appeals and emphasizing base-broadening appeals."

Mr. Gingrich noted polls showing conservative advantages on values issues such as the Pledge of Allegiance -- "the right to say 'one nation under God' is supported by 91 percent of the American people" -- and "overwhelming" opposition to human cloning.

"Reagan taught us to have a banner of bold colors, not pale pastels," Mr. Gingrich said. "Now we have to propose bold solutions based on those bold colors."

In '08 Race, Hopefuls Bag Early Support (HILL)

By Elana Schor

The Hill, January 16, 2007

The first debates of the 2008 presidential campaign are fast approaching, leaving dark horses and favorites to take their marks and improve their odds with familiar handicappers: fellow politicians.

A single endorsement can hold a high value for candidates, whether formally declared or not, as they craft a strategy for the media and fundraising derby that is a White House bid. Following a week dominated by bipartisan criticism of President Bush's planned troop increase in Iraq, which Sen. John McCain (R-Ariz.) has supported, McCain changed the conversation yesterday by naming Minnesota Gov. Tim Pawlenty (R) the national co-chairman of his presidential exploratory committee.

"I think our country needs somebody who can bring this country back together — it's polarized — and do that without violating core principles or values," Pawlenty, whose reelection in November was a bright spot for the GOP, told Fox News yesterday.

Republicans will hold their 2008 nominating convention in Pawlenty's home state, fueling speculation that an alliance with the McCain camp would put the governor on the shortlist for a vice presidential or Cabinet nod. But Pawlenty said yesterday he would remain focused on Minnesota.

Snagging the bona fides of a rising party star such as Pawlenty is one thing, but winning over lawmakers from states with early primaries in 2008 can provide an even bigger boost. Both senators from New Hampshire, where the latest polls show McCain and former New York City Mayor Rudolph Giuliani ahead among Republicans, are staying mum on their allegiances.

"My focus in the 2008 election is on my race," said Sen. John Sununu (R-N.H.), a top target for Senate Democrats looking to build their majority. "I'm staying focused on my work here."

Still, Sununu said he has not stayed out of the early White House jockeying entirely, befitting New Hampshire's pride in its primary's longtime first-in-the-nation status. The senator — whose father, a former governor, endorsed President Bush in 2000 — said he has met with most of the possible Republican presidential contenders and given them counsel on how to gain entrée to the state's GOP networks.

"I want them to have good exposure to the voters of New Hampshire … to make sure they're heard," Sununu said.

Sununu has allied with McCain in the past on measures from the elimination of Internet access taxes to last year's floor fight over same-sex marriage and the 2005 battle over McCain's amendment to limit abusive tactics used against terrorism suspects. During an MSNBC appearance in October, McCain listed Sununu among fellow senators who would make strong running mates for a likely presidential bid.

Several former aides to senior Sen. Judd Gregg (R-N.H.) have backed Mitt Romney's GOP presidential run, but Gregg demurred when asked whether he would be the next to lend counsel to the departing Massachusetts governor.

"Mitt is one of our strong candidates," Gregg said in an interview late last week, adding, "McCain is obviously the favorite right now. … There are a lot of good people I could list." Yet Gregg left little doubt that he would ultimately join the fray: "There's no point in being from New Hampshire and staying out of it."

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South Carolina, another early-primary state, has split its Republican senators, with rising freshman Jim DeMint going for Romney and senior Lindsey Graham supporting McCain. In Iowa, Sen. Chuck Grassley (R) has said he will hold off on endorsing until later in the contest, while Democratic Sen. Tom Harkin almost certainly will link up with departing Gov. Tom Vilsack's (D) long-shot bid.

Nevada, a new factor in presidential figuring with its mid-January 2008 caucus, will play host to a series of Democratic candidate forums starting next month. There, however, Senate Majority Leader Harry Reid (D-Nev.), is unlikely to come forward with an endorsement any time soon, given the challenges of steering the closely divided Senate.

National Republican Senatorial Committee chief Sen. John Ensign (Nev.) said he would refrain from giving any colleague his endorsement because of his new post.

No matter where a candidate ranks in early presidential polls, the vocal support of a home-state colleague helps to capture the media's attention. Yet Sen. Chris Dodd (D-Conn.) cannot count on Independent Democrat Sen. Joseph Lieberman (Conn.), as Lieberman told MSNBC last Thursday.

Lieberman attributed his decision to stay off the 2008 trail to a desire to focus on the Senate, but Dodd's support for surprise Democratic Senate nominee Ned Lamont during last year's general election race aroused Lieberman's public dismay. No such divisions exist in Delaware, where Sen. Tom Carper (D) will back fellow Sen. Joseph Biden Jr.'s (D) campaign.

"If [Biden] goes for it," Carper said last week, his endorsement will be in the offing. "I think he's serious about running, and I think he'll do a fine job."

New Mexico Gov. Bill Richardson (D) can count on home-state Sen. Jeff Bingaman's (D-N.M.) support if he decides to formally enter the 2008 race, as Bingaman has said recently. Sen. Charles Schumer (D) has made a similar promise to fellow New York Sen. Hillary Rodham Clinton (D), and Senate Majority Whip Dick Durbin (Ill.) has enthusiastically called for junior cohort Sen. Barack Obama (D-Ill.) to run.

Perhaps the most potent charm in a successful courtship of one state's delegation, however, is attention to the local political climate. With that mind, Biden and Dodd have augmented their appeal to party organizations in early-primary states by generously giving at the state level.

Biden's Unite Our States PAC dished out $105,000 last cycle to state Democratic candidates and groups in Iowa, New Hampshire, South Carolina and Nevada, while Dodd's CHRIS PAC sent $102,750, according to the Center for Responsive Politics. Neither Clinton's nor Obama's leadership PAC made significant state-level donations during the 2006 election season, the center's data showed.

Among Republicans, Romney's Commonwealth PAC has given to GOP committees in 23 West Virginia counties, reflecting awareness of that state's unique and early-peaking online primary vote. Sen. Sam Brownback (R-Kan.), billing himself as the true social conservative in the 2008 field, sent $7,000 to political committees in early-primary states.

McCain, however, overpowered his competition with more than $350,000 in contributions in Iowa, New Hampshire, South Carolina and Michigan, one of his two strongholds during the 2000 presidential battle, according to the center.

A Dark Horse's War Edge (WP)

By E. J. Dionne Jr.

The Washington Post, January 16, 2007

Mike Huckabee, who just stepped down as Arkansas governor, is the brightest star among Republican presidential dark horses.

It's not just because he, like a certain other Arkansan, has ties to a town called Hope, or because he lost 105 pounds and has written a popular diet book. And it's not only because he is mastering a conservative form of triangulation blending religious conservatism with policy pragmatism.

Huckabee, if he chooses to run for president in 2008, has another asset: While front-runners John McCain and Rudy Giuliani have placed large bets on the success of President Bush's Iraq policy, Huckabee has maintained what you might call loyal distance.

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This is what Huckabee said in an interview last week when I asked him about the surge: "The honest answer for me is that I'm not subjected to the same piles of military and diplomatic information and intelligence that he has, and I'm going to have to trust that the advice that he's based his decision on as commander in chief is good. I don't honestly know. I hope it's right. I have to hope that, because there are going to be people from my state that are going to be asked to go and make it right."

There was also this: "The president's plan is one that sort of lays it all out there for him. If it works, then thank God, we may have a stable Iraq and we'll finally be able to start a complete turnover to them. If it doesn't, you know he's really put a lot of things at risk, including the lives of young Americans."

The words that stand out are " for him." The president is taking this risk himself, not on behalf of the entire Republican Party. If Republicans want a conservative nominee who has never attacked Bush on Iraq but can still signal a change in direction, Huckabee could be their man.

Huckabee is the Republican to watch, especially if former governor Mitt Romney of Massachusetts doesn't gain traction. Like Romney, Huckabee was a governor and can brag about expanding health coverage in his state (even if Romney's plan was bolder).

But Huckabee is also a Southerner with unassailable Christian evangelical credentials: A Baptist minister, he attended Ouachita Baptist University and was president of the Arkansas Baptist State Convention.

Huckabee makes the case that he was an effective governor who happens to be a serious evangelical, not the other way around. "I'm unapologetic with the conservative evangelicals, and pro-life," he said. "But if people look at my record, what they're going to see is that the focus of my time as governor was education reform . . . transportation . . . health initiatives. . . ."

An aide helpfully interjects "large tax cuts," and after talking about those, Huckabee goes on: "I think the Republicans have got to be engaged in the protection of the environment. We've not been on the front of that. We need to be. From my perspective, that's a position that I ought to have not only as a Republican conservative but as an evangelical. Evangelicals ought to be concerned about the stewardship of the Earth."

If it all works, Huckabee would become The Next New Republican Thing: an affable evangelical who talks about issues that secular and middle-of-the-road voters care about. The potential downside -- "by trying to please everyone, will Huckabee please no one?" -- was nicely captured a couple of years ago by the Arkansas Times, a progressive paper that will be must-reading if Huckabee runs. "Will moderates who like his positions on health care and education be turned off by his uncompromising social conservatism?" the paper asked. There's the rub.

What Huckabee understands better than most Washington-based Republicans is why, with the call-ups of so many National Guard members and reservists, the Iraq war is creating such apprehension, even in the conservative heartland.

"When a person is in a Guard unit, two months ago, he was selling nails in a hardware store or he was a police officer on the beat or he was a schoolteacher. . . . And he's probably a little older, and he has kids, and he's well established in the community. When he's killed, the impact has dramatic effect in that community because they didn't expect that this citizen-soldier was going to be subject to that prospect.

"That's why I think that what we're seeing is that there is very strong support for the soldiers," he concludes, "but there's a lot of angst about the war itself." And that's why a faithful Republican with no ties to Bush's Iraq policy could be very popular come 2008.

Confederate Flag Should Go, 2 Presidential Hopefuls Say (MBSN/MCT)

By Aaron Gould Sheinin

Myrtle Beach (SC) Sun News, January 16, 2007

COLUMBIA, S.C. - The Confederate flag doesn't belong on the State House grounds in South Carolina, two presidential hopefuls said Monday at the King Day at the Dome march and rally.

U.S. Sen. Chris Dodd, D-Conn., told the estimated 5,000 people crowded onto the Capitol's north lawn that the rebel banner is not what the country is fighting for.

"As a state that has provided so many of your sons and daughters who have served in the military uniform of our country, thank you for your sons and daughters, South Carolina," Dodd said.

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"Let me also tell you, they are dying for a country whose symbol is the flag of the United States of America. And in South Carolina, the flag that ought to fly is the flag of the United States of America."

U.S. Sen. Joe Biden, D-Del., also spoke at the rally, and said if he were a member of the S.C. General Assembly, "I'd vote for it to move off the grounds, out of the state."

In an interview with The State newspaper afterward, Biden said once people realize how much pain the Confederate flag causes African-Americans, the banner will be moved off the State House grounds.

The NAACP's King Day march and rally began in 2000 to protest the Confederate flag, which at the time was flying atop the State House.

Later that year, lawmakers struck a compromise that lowered it from the dome and raised it on a new flag pole by the Confederate Soldiers Monument at Gervais and Main streets.

The flag has continued to be a political hot potato for Democrats and Republicans. U.S. Sen. John McCain, R-Ariz., was criticized by fellow Republicans during the 2000 presidential campaign for disparaging the Confederate flag.

For Democrats, however, black voters can make up more than 50 percent of the primary vote, making opposition to the flag an important issue. Both Biden and Dodd referenced the Rev. Martin Luther King Jr.'s legacy of tolerance and peace.

"Dr. King brought hope," Biden said. "Not just to black folks, but to white boys like me. He brought hope to a whole generation."

Both senators were well received by the NAACP crowd. But across Gervais Street, Confederate flag supporters were holding a counterprotest. When Dodd and Biden spoke, the flag supporters raised signs that said, "Yankee go home!"

And Biden and Dodd were not the only presidential hopefuls to be mentioned Monday.

When the Rev. Charles White Jr., director of the NAACP's national field operations, invoked the name of U.S. Sen. Barack Obama, D-Ill., the crowd erupted.

Obama is the freshman lawmaker considering a presidential bid. The son of an African father and a white American mother, Obama has garnered great attention and would likely attract support of many black voters.

Joseph Biden Can Now Strut His Stuff (RC)

By Donna Brazile

Roll Call, January 16, 2007

It used to be hard not to turn off the TV or switch cable channels when Sen. Joseph Biden (D-Del.) had the microphone. Not this time. As chairman of the Senate Foreign Relations Committee, Biden has one of the best seats in Congress to help shape and influence America's role in the world. Take the nationally televised hearing last week featuring none other than Secretary of State Condoleezza Rice.

This was his moment, and for a while I worried that Biden would harken back to the old days when he got "lost in translation." This time, he was prepared and conducted himself like a seasoned statesman. He also got some leading Republicans, such as Sen. Chuck Hagel (Neb.), to air their strong opposition to President Bush's new mission or strategy to stabilize Iraq.

Although this is Biden's moment, he shares it with others running for president. At a time when Congress is preparing to debate the merits of this new (if you can call it different from what has been tried and proved unsuccessful before) strategy, Biden appears ready to push for a "Plan B" — if and when this current strategy fails to produce the outcome the president believes is necessary to declare victory and bring our troops home.

As fresh new troops arrive in Baghdad this week for a mission that remains in flux, the newly emboldened Congress must hold the Bush administration accountable and Biden must continue to press for a sound and effective policy shift. Still, the challenge is for the chairman to spend some quality time with his colleagues to help forge a consensus policy and a way forward, while at the same time continuing to establish his credentials as someone worthy of top-tier candidate status. Although potential rivals surround Biden on both sides of the dais — Hagel and Democratic Sens. Chris Dodd (Conn.), Barack Obama (Ill.) and John Kerry (Mass.) — only he, as chairman, has the opportunity to lead and forge a consensus around an alternative option, or

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Plan B. Biden's moment won't be judged by how his sound bites play on a given day, as compared with Obama's, Dodd's or Kerry's, but whether, over the coming weeks, he can produce a policy. If so, he leaps to the top tier.

For weeks, Biden strongly and forthrightly has opposed the new troop surge and has provided crucial leadership at a critical time on a matter of great national importance. When others have chosen to equivocate, testing the wind before taking a stance, Biden has shown courage and fortitude in his vocal opposition. For many Americans, who both oppose the surge and care about our troops and the right outcome in Iraq, Biden has an opportunity to strut his stuff and to come out of this process with a new cadre of fans.

Although Biden's alternative plan for decentralizing/partitioning Iraq did not get any traction from the Iraq Study Group, it did play an important role in the 2006 elections by offering Democrats who opposed both "stay the course" and "cut and run" another alternative to highlight. This at a time when most Republicans and some in the media were quick to say, "Democrats offer no alternative."

With Biden's regular TV appearances and his frank criticism of the administration's terrible incompetence in managing the Iraq War, Biden offered to Democrats and Republicans alike another alternative.

Perhaps the 33-year veteran of the Senate was at his best during the second day, in what is expected to be three more weeks of hearings, when Biden parsed no words and said, "We have tried this kind of escalation twice before, in Baghdad. It failed. If we try it again, it will fail again. ... In all my years in the Senate, I don't think we have faced a more pivotal moment. Failure in Iraq will not be confined to Iraq — it will do terrible damage to our ability to protect American interests all over the world, and for a long time to come."

And he's right. Even the Republicans know he's right. At that same committee meeting, GOP Sens. Hagel, Lisa Murkowski (Alaska), John Sununu (N.H.) and George Voinovich (Ohio) all voiced deep skepticism, if not outright opposition, to the president's plan. Hagel said, "It is not in America's national interest to increase our troop presence in Iraq. The president's strategy will cost more American lives, sink us deeper into the bog of Iraq making it more difficult to get out, cost billions of dollars more, further strain an American military that has already reached its breaking point, further diminish America's standing in the Middle East, and continue to allow the Iraqis to walk away from their responsibilities."

For now, Biden must continue to lead Democrats to help forge a bipartisan consensus on finding a way out of Iraq. It's his committee, along with the Armed Services Committee, that must defend and protect our troops and stop the escalation of the conflict in Iraq.

We all support a stable, peaceful Middle East, but the nation now is looking to Congress to help lead us there without sacrificing more of our troops. And after Congress has paved that new road to stability, it's men like Joseph Biden who will be in a position to go to the voters in those early primary and caucus states and tell their stories.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

Nevada Is Game For '08 Caucuses (LAT)

By Mark Z. Barabak

Los Angeles Times, January 15, 2007

The state's Democrats have unique concerns that 2008 candidates ignore at their peril.

LAS VEGAS — Forget the jokes about caucusing in brothels, or trawling for votes amid the slot machines and blackjack tables along the neon-drenched Strip.

When Democratic presidential hopefuls come calling on Nevada, the real challenge will be the party faithful they find in this independent-minded state, which will host the West's first nominating contest in a little over a year.

Democrats here like guns, loathe taxes and see nature as a source of fun and profit, not a place that some Washington bureaucrat should lock away. And skip the Rust Belt rhetoric about all those manufacturing jobs fleeing to China and Mexico. Economic issues require a different approach in a state that has boomed for the last 40 years.

"If you give the same speech on the economy in Nevada that you give in Iowa, you're going to seem out of touch," said Eric Herzik, who teaches political science at the University of Nevada in Reno.

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"A lack of knowledge," he added, "can offend quicker than anything."

Nevada represents the leading edge in a political shift, as the Rocky Mountain West becomes the new battleground in presidential politics. Democrats, hoping to bring a fresh voice to their nominating process and give candidates a head start on the fall campaign, have set Nevada's caucuses for Jan. 19, 2008.

It is the first time any Western state has had so much influence so early: Nevada will go second, after the Iowa caucuses begin the presidential balloting a few days earlier. And if the state's leading Democrats have their way, what happens in Vegas won't stay in Vegas.

"This is seen as a very, very unique opportunity to get the presidential candidates on the record on Western issues and put them in the national arena early," said Billy Vassiliadis, one of Nevada's political power brokers and the impresario behind Las Vegas' sly marketing slogan. "Instead of talking about manufacturing jobs and farm subsidies, we'll be discussing public lands, infrastructure needs, ranching, mining and water, water, water."

On Saturday, Senate Majority Leader Harry Reid (D-Nev.) and national labor leaders announced plans for five candidate forums in Nevada, starting next month in Carson City.

For some Democrats, campaigning here may require them to learn a new way of talking — starting with the pronunciation of the state. It's Ne-VAD-uh, not Ne-VAH-duh, which may seem like a small thing unless you live here.

Beyond that, Nevada is a state with a strong libertarian streak. Burdened with a hostile terrain, it found its salvation in sin: gambling, legal prostitution (outside the metropolitan areas) and quickie marriages and divorces. Although that makes for a broad-minded social policy, it also translates into an aversion toward big government and its costs.

There is no state income tax, no corporate or inheritance taxes and no great affection for Nevada's major overseer, the federal government, which control's 90% of the state's land. That makes the environment, usually a Democratic strong suit, a tricky issue.

"People will say we can't allow species to be exterminated," said Chris Wicker, chairman of the Washoe County Democratic Party in Reno. "But they're not going to march in the street for the desert tortoise."

Other national issues play differently as well. Talk of energy independence focuses on wind and solar power, not corn-based ethanol, which fuels the discussion in the Midwest. It's fine to discuss gun safety — more than one in three Nevada households keep at least one firearm — but don't bring up anything that impinges on gun ownership.

Economic concerns, such as transit, land-use and water policy, stem from Nevada's staggering growth — each month, about 5,000 people move to the Las Vegas area alone. The exact number is uncertain — experts can't keep up — and the political ramifications are also unclear.

Many of the newcomers are Latinos attracted by an abundance of service-industry jobs. But they register to vote in relatively small numbers. Senior citizens also make up a large percentage of new arrivals, but many combine social conservatism with a reliance on big government programs such as Social Security.

"It's a mystery," said Michael Green, a historian who has written several books on Nevada.

The issues are nothing like the challenges that confront fading sections of the Northeast. Danny Thompson, head of Nevada's AFL-CIO, jokes that "the tower crane is the state bird." On a recent day, more than a dozen of the construction towers were visible from Tropicana Avenue, where the Statue of Liberty meets a gargantuan MGM lion on the Las Vegas Strip.

In addition, Nevada has its own set of issues, particularly nuclear waste disposal. For more than 20 years, state politicians have fought the federal government over a proposed radioactive dump at Yucca Mountain, a ridge of volcanic rock and ash about 90 miles northwest of Las Vegas. With Reid leading the fight as Senate majority leader, the only question is how vehement fellow Democrats will be in their opposition.

Gaming — as gambling is called here — is another crucial issue. Any attempt to increase the industry's hefty tax burden, or ban wagering on college sports, would not be welcomed. And candidates stumping in the rural north would do well to appreciate the resentment many feel toward the rapidly expanding, water-guzzling south. (Think San Francisco versus Los Angeles)

"It's more a fight across geographic lines than between the parties," Herzik said.

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The state's Democrats face their own challenge in building a caucus system from the desert floor up. (The GOP is still deciding its nominating calendar; some jealous Nevada Republicans would like to push their vote forward to match Democrats' early start.)

Four years ago, about 8,500 Democrats participated in Nevada's caucuses, which fell in mid-February, after the nomination was more or less decided. There were 17 voting sites, or one per county, in a state that sprawls over nearly 110,000 square miles — much of it vast stretches given over to scrub and wild horses.

In 2008, organizers hope to provide about 1,000 voting sites for as many as 100,000 Democrats, with most of the action expected in the population centers of Las Vegas and Reno.

Organized labor helped lure the Democrats to Nevada — the state is one of the few places where membership is growing — and unions are expected to play a major role in the caucuses, even before delivering any endorsements. Thompson said labor hoped to turn out more than a quarter of its 200,000 statewide members and had begun compiling an events calendar so that if visiting candidates want to, say, address a group of seniors, they can find a forum.

The Democrats have hired experienced hands from Iowa to oversee the caucuses, along with a team of national political strategists. The state's gambling industry and other business interests are being tapped to finance the operation. Nobody wants to stumble in the spotlight, or embarrass Reid, Nevada's senior Democrat.

Still, it is unclear how vigorously the Democratic presidential hopefuls will compete. No one is abandoning Iowa or New Hampshire — the leadoff caucus and primary states, respectively — to take up residence in Sparks or Elko. But no one is talking about ignoring Nevada, either. A one-two sweep of Iowa and Nevada could make nationally known candidates such as Sen. Hillary Rodham Clinton of New York, Sen. Barack Obama of Illinois or former Sen. John Edwards of North Carolina unstoppable heading into New Hampshire's primary, tentatively set for three days after Nevada's caucuses.

Other Democratic hopefuls have their own incentives to do well. For former Iowa Gov. Tom Vilsack, Nevada could provide an important test of strength outside his home state. For New Mexico Gov. Bill Richardson, Nevada offers a chance to capitalize on his standing as the lone Westerner in the Democratic field.

"The West is crucial for Democrats," said Mike Stratton, a Richardson advisor who served on the committee that retooled the party's nominating calendar. "Candidates will have to understand the Western ethos and they'll have to speak it."

For all Nevada's differences, there are some topics that visiting Democrats will recognize. Immigration has begun to boil as an issue — the state's Latino population has grown by 44% in the last five years. The war in Iraq is a concern. And, like voters everywhere, Nevadans care about jobs, education, affordable healthcare and a comfortable retirement.

"You'll be talking to different people than in Iowa and New Hampshire, no doubt," said Jon Ralston, the state's leading political pundit. "But there are plenty of blue-collar workers in union halls. And, hey, showgirls and blackjack dealers are people, too."

New Orleans Feels Pain Of Mental Health Crisis (USAT)

By Peter Eisler

USA Today, January 15, 2007

NEW ORLEANS — Sixteen months after Hurricane Katrina tore this city apart, a hidden sort of damage is emerging. Local officials see it in reports of suicides, strokes and stress-related deaths. They see it in the police calls for fights and domestic violence. They see it in the long waiting lists for psychiatric care that they have no way to provide.

These days, life in the Big Easy isn't easy at all. Everyone from the mayor to the people staffing the public health clinics sees it: New Orleans is facing an unprecedented mental health crisis — and the city has no way to deal with it.

The obvious problems only fuel the more subtle ones. About half of the city's 450,000 pre-Katrina residents have yet to return, according to the mayor's office, and entire neighborhoods remain filled with boarded-up homes and businesses. For those who have come back, everything is hard, and the challenges seem endless: lining up contractors, getting basic services restored, even finding neighborhood places to buy groceries, clothes and gasoline.

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Now, many fear the situation could worsen. "This couple of months is our most critical time period. … New Year's, Mardi Gras, Easter, and if people need (mental health) services right now, there really is almost no place to go," says Kevin Stephens, director of the city Health Department.

"We've got families that have been split up for months, families that lost their homes, crammed in small trailers. … People have lost their jobs, their support system," he adds. "There's a heaviness. And we're seeing a much, much higher incidence of mental illness."

How bad is the situation? The suicide rate in the first four months after Katrina rose almost 300% over pre-storm levels, according to coroner's office statistics. In a survey after the hurricane by the Centers for Disease Control and Prevention, 26% of respondents said at least one person in their family needed mental health counseling — but less than 2% were getting any. Even now, police data show that emergency calls involving people who need psychiatric treatment continue to come in at a rate about 15% higher than before Katrina.

Stephens and other top officials in the city's ravaged mental health system say their anecdotal experience suggests those numbers reveal only a fraction of the problem. Depression, post-traumatic stress disorder and anxiety are rampant, they say. People with schizophrenia, bipolar disorder and other chronic mental illnesses are unraveling because they can't get the treatment they need.

The city has virtually no capability to respond. In all of New Orleans, only a few dozen hospital beds remain available for inpatient psychiatric services, down from more than 300 before Katrina. A survey last spring, cited in the Journal of the American Medical Association, found only 22 of 196 practicing psychiatrists had returned to the city since the storm.

Stephens' health department hasn't been immune. Staffing has dropped from 300 to about 60, he says. One of his nurses who tended evacuees in the Superdome during the storm is among the suicides.

"It's not the Katrina event that is really hurting us; it's the recovery, the aftermath," Mayor Ray Nagin said in an interview last month with USA TODAY. "Our citizens are under tremendous stress. The pain of what's going on in our community, particularly with our seniors, is unbearable almost."

'Everything is so hard'

Before Katrina, Desiree Johnson had a decent job in the billing department of a local insurance company office. She had a good place to live, plenty of friends and extended family nearby.

"I was just living a normal life," she says.

When Katrina crashed ashore Aug. 29, 2005, almost 10 feet of water filled Johnson's house. She and her family fled, some to Houston, some to Indiana, some to places unknown. They just got on any buses that would take them out of New Orleans.

Now, Johnson, 41, is living with her grown daughter and infant grandson in a trailer provided by the Federal Emergency Management Agency. It sits in front of her flood-ravaged home on a block of mostly empty buildings. She has no job. Money is tight. She doesn't have a local grocery store anymore.

"There's so much stress," she says. "We still have family members scattered all over. My son's in Texas, my mother's in Indiana, my grandmother's in Mississippi. Every year, we all get together for the holidays, for Thanksgiving, Christmas." This year, for the first time, she says, the family didn't do that.

Even if the family could overcome the costs and logistical hurdles of bringing everyone back, she says, "we don't even have a place to get together. You can't find contractors to fix your house, and the ones you do find, it's hard to make sure they don't rip you off. We don't even have a phone in the trailer."

Around Thanksgiving, Johnson realized she couldn't cope. She looked for help, but there were no doctors left in her neighborhood. Finally, she found her way 7 miles across town to the Chartres-Pontchartrain Behavioral Health Clinic, one of the public mental health clinics that has reopened since the storm. She was diagnosed with depression and put on medication.

She has been coming in regularly since and seeing a counselor. "I never had depression before; I didn't really know what to expect," she says. "I feel a little better."

But "better" is a relative term in Johnson's upside-down world. "It's still hard, everything is so hard," she says. "In my area, there's basically nobody back. It's just us, maybe one person in this house or that house. … Sometimes I still just don't know how we're going to make it. On TV, it looks like our city is OK, but it's not like that."

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Facilities stretched thin

Chartres-Pontchartrain is one of only two public health clinics in New Orleans that weren't destroyed by Katrina. Six others have reopened (the last two just came back this month). Four of those are in temporary trailers, and none is fully staffed. Still, because many of the city's privately practicing psychiatrists and psychologists haven't returned — and hospital services for the mentally ill are all but shut down — the clinics are the only option for thousands in the city.

"We're stretched very thin," says Jerome Gibbs, executive director of the Metropolitan Human Services District, the state-funded agency that runs the public mental health system in greater New Orleans.

At the reopened clinics, "we're having trouble with staffing, (and) we have tremendous resource needs. And we're finding that there are large numbers of people who need services that aren't even making it in."

The same pattern is emerging at the few non-governmental clinics that are trying to share the load.

At the Behavioral Sciences Center, an outpatient facility run by the psychiatry department at the Louisiana State University medical school, caseloads are running about double what they were last year, according to Howard Osofsky, chairman of the LSU department of psychiatry. More than 100 people are on waiting lists for treatment.

At least those people have some hope: For the sickest of patients — those needing hospitalization — the problems are worse. Until August, not a single public inpatient psychiatric bed could be found in New Orleans. Since then, the New Orleans Adolescent Hospital (NOAH), an LSU-run psychiatric hospital that usually provides youth services, has converted 20 of its 35 beds to treat adults. Those beds and about 20 others at private facilities are the only ones in the city.

"The lack of beds is a monumental problem — when you have people in crisis and no way to care for them, it strains all of the system," Gibbs says.

Many people who need acute care for mental health problems are sent out of town for hospitalization, sometimes at facilities 100 miles away. That often means more problems later.

"If you have to send someone out of the community for treatment, where you don't have family involved, and you don't have the ability to do follow-up treatment when they get back, you end up with … a lot more follow-up problems," Osofsky says.

Sitting in a wheelchair in her small room at NOAH, Eileen Dorn has trouble seeing herself as lucky. But at least she has a bed, a place to stay, at a time when she knows she can't make it alone.

Dorn, 45, has a long history of severe depression and other mental health problems. Before the storm, she lived with her mother. She survived on Social Security disability payments and spent her days listening to her favorite talk shows on the radio, writing fan mail to the hosts and watching television.

Dorn stayed in the city during Katrina, but she and her mother were evacuated in its wake. Dorn ended up at a Houston nursing home; her mother went to a nursing home elsewhere in Texas, where she remains.

"I was so lonely. I thought that if I came back to a hotel someone would be here to help me figure out how to get a place," she says. "When I came back, I needed a support system, counselors. But I couldn't find anything. It was desperation, frustration. It was terrible panic and fear."

Dorn ended up on the street. Eventually, she was picked up and given one of the 20 inpatient beds that had opened at NOAH. Today, she probably would be sent somewhere outside the city.

Dorn's ward is far from homey. The walls are bare, paint peeling in places. Her room has a desk and a small single bed. The TV is in the common room.

But it's clean, and the staff is dedicated and friendly, Dorn says. She has spinal problems, which make moving difficult, yet she says she is getting medication, regular counseling and, most important, a sense that she's not alone. "It's been better here," she says. "I still don't know where I'll go after this; I try not to think about it. But I feel safe here. And that's better."

Measuring the demand for mental health services in New Orleans today is difficult. Few records are kept. With only 20% of the city health department's staff having returned since the storm, those who remain are focused on restoring day-to-day services.

Stephens had a staffer review death notices published in the local paper since Katrina. Before the storm, there were fewer than 900 death notices a month, the review found. Now, it's about 1,300 a month, he says.

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The next step, still unfinished, is figuring out how many of the deaths are stress-related — suicides, strokes, heart attacks. Stephens says those figures will give him leverage to seek state and federal help. "We know the numbers are up; we think they're way up," he says. "But we don't have good data."

Even without numbers, mental health workers say they know there's a crisis. "We hear anecdotal accounts of hospitals turning away people who come in seeking mental health services because they're not able to treat them," says Mark Townsend, an LSU psychiatry professor who sees patients at NOAH.

Townsend says many people with chronic mental health conditions are coming into hospitals, trying in vain to get medication because their regular psychiatrists have not returned. He's also heard of families bringing loved ones to hospitals for commitment, only to turn away after learning that their relative would be sent out of town.

"It's really hard to capture in words how dire the situation is," Townsend says. "We need help."

51% Of Women Are Now Living Without Spouse (NYT)

By Sam Roberts

The New York Times, January 16, 2007

For what experts say is probably the first time, more American women are living without a husband than with one, according to a New York Times analysis of census results.

In 2005, 51 percent of women said they were living without a spouse, up from 35 percent in 1950 and 49 percent in 2000.

Coupled with the fact that in 2005 married couples became a minority of all American households for the first time, the trend could ultimately shape social and workplace policies, including the ways government and employers distribute benefits.

Several factors are driving the statistical shift. At one end of the age spectrum, women are marrying later or living with unmarried partners more often and for longer periods. At the other end, women are living longer as widows and, after a divorce, are more likely than men to delay remarriage, sometimes delighting in their newfound freedom.

In addition, marriage rates among black women remain low. Only about 30 percent of black women are living with a spouse, according to the Census Bureau, compared with about 49 percent of Hispanic women, 55 percent of non-Hispanic white women and more than 60 percent of Asian women.

In a relatively small number of cases, the living arrangement is temporary, because the husbands are working out of town, are in the military or are institutionalized. But while most women eventually marry, the larger trend is unmistakable.

“This is yet another of the inexorable signs that there is no going back to a world where we can assume that marriage is the main institution that organizes people’s lives,” said Prof. Stephanie Coontz, director of public education for the Council on Contemporary Families, a nonprofit research group. “Most of these women will marry, or have married. But on average, Americans now spend half their adult lives outside marriage.”

Professor Coontz said this was probably unprecedented with the possible exception of major wartime mobilizations and when black couples were separated during slavery.

William H. Frey, a demographer with the Brookings Institution, a research group in Washington, described the shift as “a clear tipping point, reflecting the culmination of post-1960 trends associated with greater independence and more flexible lifestyles for women.”

“For better or worse, women are less dependent on men or the institution of marriage,” Dr. Frey said. “Younger women understand this better, and are preparing to live longer parts of their lives alone or with nonmarried partners. For many older boomer and senior women, the institution of marriage did not hold the promise they might have hoped for, growing up in an ‘Ozzie and Harriet’ era.”

Emily Zuzik, a 32-year-old musician and model who lives in the East Village of Manhattan, said she was not surprised by the trend.

“A lot of my friends are divorced or single or living alone,” Ms. Zuzik said. “I know a lot of people in their 30s who have roommates.”

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Ms. Zuzik has lived with a boyfriend twice, once in California where the couple registered as domestic partners to qualify for his health insurance plan. “I don’t plan to live with anyone else again until I am married,” she said, “and I may opt to keep a place of my own even then.”

Linda Barth, a 56-year-old magazine editor in Houston who has never married, said, “I used to divide my women friends into single friends and married friends. Now that doesn’t seem to be an issue.”

Sheila Jamison, who also lives in the East Village and works for a media company, is 45 and single. She says her family believes she would have had a better chance of finding a husband had she attended a historically black college instead of Duke.

“Considering all the weddings I attended in the ’80s that have ended so very, very badly, I consider myself straight up lucky,” Ms. Jamison said. “I have not sworn off marriage, but if I do wed, it will be to have a companion with whom I can travel and play parlor games in my old age.”

Carol Crenshaw, 57, of Roswell, Ga., was divorced in 2005 after 33 years and says she is in no hurry to marry again.

“I’m in a place in my life where I’m comfortable,” said Ms. Crenshaw, who has two grown sons. “I can do what I want, when I want, with whom I want. I was a wife and a mother. I don’t feel like I need to do that again.”

Similarly, Shelley Fidler, 59, a public policy adviser at a law firm, has sworn off marriage. She moved from rural Virginia to the vibrant Adams Morgan neighborhood of Washington, D.C., when her 30-year marriage ended.

“The benefits were completely unforeseen for me,” Ms. Fidler said, “the free time, the amount of time I get to spend with friends, the time I have alone, which I value tremendously, the flexibility in terms of work, travel and cultural events.”

Among the more than 117 million women over the age of 15, according to the marital status category in the Census Bureau’s latest American Community Survey, 63 million are married. Of those, 3.1 million are legally separated and 2.4 million said their husbands were not living at home for one reason or another.

That brings the number of American women actually living with a spouse to 57.5 million, compared with the 59.9 million who are single or whose husbands were not living at home when the survey was taken in 2005.

Some of those situations, which the census identifies as “spouse absent” and “other,” are temporary, and, of course, even some people who describe themselves as separated eventually reunite with their spouses.

Over all, a larger share of men are married and living with their spouse — about 53 percent compared with 49 percent among women.

“Since women continue to outlive men, they have reached the nonmarital tipping point — more nonmarried than married,” Dr. Frey said. “This suggests that most girls growing up today can look forward to spending more of their lives outside of a traditional marriage.”

Pamela J. Smock, a researcher at the University of Michigan Population Studies Center, agreed, saying that “changing patterns of courtship, marriage, and that we are living longer lives all play a role.”

“Men also remarry more quickly than women after a divorce,” Ms. Smock added, “and both are increasingly likely to cohabit rather than remarry after a divorce.”

The proportion of married people, especially among younger age groups, has been declining for decades. Between 1950 and 2000, the share of women 15-to-24 who were married plummeted to 16 percent, from 42 percent. Among 25-to-34-year-olds, the proportion dropped to 58 percent, from 82 percent.

“Although we can help people ‘do’ marriage better, it is simply delusional to construct social policy or make personal life decisions on the basis that you can count on people spending most of their adult lives in marriage,” said Professor Coontz, the author of “Marriage, a History: How Love Conquered Marriage.”

Besse Gardner, 24, said she and her boyfriend met as college freshmen and started living together last April “for all the wrong reasons” — they found a great apartment on the beach in Los Angeles.

“We do not see living together as an end or even for the rest of our lives — it’s just fun right now,” Ms. Gardner said. “My roommate is someone I’d be thrilled to marry one day, but it just doesn’t make sense right now.”

Ms. Crenshaw said that some of the women in her support group for divorced women were miserable, but that she was surprised how happy she was to be single again.

“That’s not how I grew up,” she said. “That’s not how society thinks. It’s a marriage culture.”

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Elissa B. Terris, 59, of Marietta, Ga., divorced in 2005 after being married for 34 years and raising a daughter, who is now an adult.

"A gentleman asked me to marry him and I said no," she recalled. "I told him, 'I'm just beginning to fly again, I'm just beginning to be me. Don't take that away.' "

"Marriage kind of aged me because there weren't options," Ms. Terris said. "There was only one way to go. Now I have choices. One night I slept on the other side of the bed, and I thought, I like this side."

She said she was returning to college to get a master's degree (her former husband "didn't want me to do that because I was more educated than he was"), had taken photography classes and was auditioning for a play.

"Once you go through something you think will kill you and it doesn't," she said, "every day is like a present."

Intelligence In The Classroom (WSJ)

By Charles Murray

The Wall Street Journal, January 16, 2007

Education is becoming the preferred method for diagnosing and attacking a wide range problems in American life. The No Child Left Behind Act is one prominent example. Another is the recent volley of articles that blame rising income inequality on the increasing economic premium for advanced education. Crime, drugs, extramarital births, unemployment -- you name the problem, and I will show you a stack of claims that education is to blame, or at least implicated.

One word is missing from these discussions: intelligence. Hardly anyone will admit it, but education's role in causing or solving any problem cannot be evaluated without considering the underlying intellectual ability of the people being educated. Today and over the next two days, I will put the case for three simple truths about the mediating role of intelligence that should bear on the way we think about education and the nation's future.

Today's simple truth: Half of all children are below average in intelligence. We do not live in Lake Wobegon.

Our ability to improve the academic accomplishment of students in the lower half of the distribution of intelligence is severely limited. It is a matter of ceilings. Suppose a girl in the 99th percentile of intelligence, corresponding to an IQ of 135, is getting a C in English. She is underachieving, and someone who sets out to raise her performance might be able to get a spectacular result. Now suppose the boy sitting behind her is getting a D, but his IQ is a bit below 100, at the 49th percentile.

We can hope to raise his grade. But teaching him more vocabulary words or drilling him on the parts of speech will not open up new vistas for him. It is not within his power to learn to follow an exposition written beyond a limited level of complexity, any more than it is within my power to follow a proof in the American Journal of Mathematics. In both cases, the problem is not that we have not been taught enough, but that we are not smart enough.

Now take the girl sitting across the aisle who is getting an F. She is at the 20th percentile of intelligence, which means she has an IQ of 88. If the grading is honest, it may not be possible to do more than give her an E for effort. Even if she is taught to read every bit as well as her intelligence permits, she still will be able to comprehend only simple written material. It is a good thing that she becomes functionally literate, and it will have an effect on the range of jobs she can hold. But still she will be confined to jobs that require minimal reading skills. She is just not smart enough to do more than that.

How about raising intelligence? It would be nice if we knew how, but we do not. It has been shown that some intensive interventions temporarily raise IQ scores by amounts ranging up to seven or eight points. Investigated psychometrically, these increases are a mix of test effects and increases in the underlying general factor of intellectual ability -- "g." In any case, the increases fade to insignificance within a few years after the intervention. Richard Herrnstein and I reviewed the technical literature on this topic in "The Bell Curve" (1994), and studies since then have told the same story.

There is no reason to believe that raising intelligence significantly and permanently is a current policy option, no matter how much money we are willing to spend. Nor can we look for much help from the Flynn Effect, the rise in IQ scores that has been observed internationally for several decades. Only a portion of that rise represents an increase in g, and recent studies indicate that the rise has stopped in advanced nations.

Some say that the public schools are so awful that there is huge room for improvement in academic performance just by improving education. There are two problems with that position. The first is that the numbers used to indict the public schools

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are missing a crucial component. For example, in the 2005 round of the National Assessment of Educational Progress (NAEP), 36% of all fourth-graders were below the NAEP's "basic achievement" score in reading. It sounds like a terrible record. But we know from the mathematics of the normal distribution that 36% of fourth-graders also have IQs lower than 95.

What IQ is necessary to give a child a reasonable chance to meet the NAEP's basic achievement score? Remarkably, it appears that no one has tried to answer that question. We only know for sure that if the bar for basic achievement is meaningfully defined, some substantial proportion of students will be unable to meet it no matter how well they are taught. As it happens, the NAEP's definition of basic achievement is said to be on the tough side. That substantial proportion of fourth-graders who cannot reasonably be expected to meet it could well be close to 36%.

The second problem with the argument that education can be vastly improved is the false assumption that educators already know how to educate everyone and that they just need to try harder -- the assumption that prompted No Child Left Behind. We have never known how to educate everyone. The widely held image of a golden age of American education when teachers brooked no nonsense and all the children learned their three Rs is a myth. If we confine the discussion to children in the lower half of the intelligence distribution (education of the gifted is another story), the overall trend of the 20th century was one of slow, hard-won improvement. A detailed review of this evidence, never challenged with data, was also part of "The Bell Curve."

This is not to say that American public schools cannot be improved. Many of them, especially in large cities, are dreadful. But even the best schools under the best conditions cannot repeal the limits on achievement set by limits on intelligence.

To say that even a perfect education system is not going to make much difference in the performance of children in the lower half of the distribution understandably grates. But the easy retorts do not work. It's no use coming up with the example of a child who was getting Ds in school, met an inspiring teacher, and went on to become an astrophysicist. That is an underachievement story, not the story of someone at the 49th percentile of intelligence. It's no use to cite the differences in test scores between public schools and private ones -- for students in the bottom half of the distribution, the differences are real but modest. It's no use to say that IQ scores can be wrong. I am not talking about scores on specific tests, but about a student's underlying intellectual ability, g, whether or not it has been measured with a test. And it's no use to say that there's no such thing as g.

While concepts such as "emotional intelligence" and "multiple intelligences" have their uses, a century of psychometric evidence has been augmented over the last decade by a growing body of neuroscientific evidence. Like it or not, g exists, is grounded in the architecture and neural functioning of the brain, and is the raw material for academic performance. If you do not have a lot of g when you enter kindergarten, you are never going to have a lot of it. No change in the educational system will change that hard fact.

That says nothing about the quality of the lives that should be open to everyone across the range of ability. I am among the most emphatic of those who think that the importance of IQ in living a good life is vastly overrated. My point is just this: It is true that many social and economic problems are disproportionately found among people with little education, but the culprit for their educational deficit is often low intelligence. Refusing to come to grips with that reality has produced policies that have been ineffectual at best and damaging at worst.

Charles Murray is the W.H. Brady Scholar at the American Enterprise Institute. This is the first in a three-part series, concluding on Thursday.

Mr. Ehrlich's Legacy (WP)

The Washington Post, January 16, 2007

ROBERT L. Ehrlich Jr., the only incumbent governor to lose his job in the fall elections, begins a new life as a private citizen this week, having spent two decades holding elective office in Maryland as a state lawmaker, a congressman and, for the past four years, chief executive. As governor he compiled a mixed record, distinguished by a number of significant achievements but diminished by misjudgments and self-inflicted wounds.

A Republican, Mr. Ehrlich was defeated in November by a popular Democrat in a solidly Democratic state in an overwhelmingly Democratic year. In other words, his loss was not exactly a personal repudiation, and even in defeat he remained

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broadly popular with Maryland voters. His appeal is partly a tribute to his charisma, which is of the regular guy, former football captain variety, and partly the result of his good fortune to govern during a period of robust economic growth.

Mr. Ehrlich was friendly to business interests -- too friendly for some tastes -- but hardly dogmatic in his Republicanism. That was evident in his innovative idea of imposing a broad-based fee on households, the so-called flush tax, to pay for upgrades in sewage plants that spill pollutants into the Chesapeake Bay. It was evident, too, in his admirable record of granting pardons and commutations for convicted criminals. For a Republican in a state dominated by Democrats, he appointed plenty of Democrats to positions in his administration.

Mr. Ehrlich's detractors tend to take some of his successes for granted, such as his forging ahead with the highway to connect Interstates 270 and 95 north of the District or enacting legislation authorizing charter schools in Maryland. But in the case of the highway -- the intercounty connector -- the governor had to overcome decades of inertia and political opposition to revive the project and secure the necessary approvals. And in the case of charter schools, he went ahead despite the opposition of some local school boards. Taken together, the fruits of Mr. Ehrlich's pragmatic determination will be more options for Maryland motorists, parents and students.

Still -- and we say this despite having endorsed him for reelection -- in other ways his is a disappointing legacy, tainted by the sense that he could have accomplished more. He was a poor manager of his relations with the legislature, and that sapped what modest political capital he brought to the job. Always ready to personalize political fights, he reveled in partisan conflict when sober dealmaking and restrained rhetoric would have better served his interests.

In valedictory interviews, Mr. Ehrlich has spoken, at times bitterly, about the toxic partisanship that has supplanted what he remembers with nostalgia as the bipartisan comity of his days as a young lawmaker in Annapolis in the late 1980s. Unfortunately, he was no small contributor to the partisan venom. In a state such as Maryland, that was a serious miscalculation, and it did nothing to improve his reelection chances. Neither did some of the battles he picked, including futile ones to expand legal gambling in the state, to freeze out a reporter at the Baltimore Sun whom he disliked and to sell off state-owned land to a well-connected developer.

Mr. Ehrlich says there's little he would do differently if he had it to do over again. That means that he's either too stubborn to admit mistakes publicly or that he didn't learn much from four years in office. We hope it's the former.

Rice Arranges Meeting Between Olmert, Abbas (WT)

By Nicholas Kralev

The Washington Times, January 16, 2007

LUXOR, Egypt -- Secretary of State Condoleezza Rice said yesterday she will convene a three-way meeting with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas in the next few weeks to begin discussions on setting up a Palestinian state.

Miss Rice's announcement, made after talks with Egyptian President Hosni Mubarak in the southern city of Luxor, came a day after she pledged deeper U.S. engagement in trying to resolve the Israeli-Palestinian conflict.

"I will soon meet with Prime Minister Olmert and with President Abbas to have discussions about the broad issues on the horizon, so that we can ... try and accelerate the 'road map' and to move to the establishment of a Palestinian state," Miss Rice said at a press conference with Egyptian Foreign Minister Aboul Gheit.

The road map is a U.S.-backed and internationally supported peace plan that would lead in three stages to a Palestinian state.

Miss Rice, who is on a Middle East tour, was vague about the timing of the three-way meeting, but a senior State Department official traveling with her said it would most likely take place within three or four weeks.

"This is not just another meeting," the official told reporters on the flight to Luxor from Tel Aviv. The Israelis and the Palestinians "haven't sat down for six years to talk about issues as ambitious as looking at what would be necessary to get a Palestinian state."

Mr. Olmert told lawmakers of his Kadima party in Jerusalem after meeting with Miss Rice in the morning that the trilateral session "will not be a replacement for the bilateral negotiations" with the Palestinians.

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Miss Rice said she wanted to use the momentum created by a Dec. 23 meeting between Mr. Olmert and Mr. Abbas but also said she has "no intention of supplanting what is a developing, fruitful channel bilaterally."

"We will see when American presence is needed," she said.

The secretary, who came to the region to rally support for President Bush's plan to send more than 21,000 additional U.S. troops to Iraq, has gone out of her way to assure her hosts that Washington will be more involved in the Israeli-Palestinian peace process.

"I have heard loud and clear the call for deeper American engagement in these processes," she said after meeting with Mr. Abbas at his headquarters in the West Bank city of Ramallah on Saturday. "You will have my commitment to do precisely that."

Miss Rice said the discussions on a Palestinian state will be held "within the context of the road map." But by jumping to the plan's third phase -- Palestinian statehood -- she is effectively bypassing the second phase, which calls for a provisional state with temporary borders.

The moribund first phase called for a halt to Palestinian violence and to Israeli settlement activity. The violence has continued, and Israel's Housing Ministry said yesterday it will build 44 new residential units in Maale Adumim, the largest settlement in the West Bank.

Israeli officials proposed moving quickly to the second phase in the last days of 2006, but Mr. Abbas made it clear to Miss Rice on Sunday that he would not agree to such an interim arrangement, fearing that any temporary borders might become permanent.

Mr. Gheit said he views the Olmert-Abbasmeeting last month and the proposed session with Miss Rice as part of a "stabilization phase" that would set the stage for true negotiations between the two sides.

He also expressed "support" for Mr. Bush's Iraq strategy, which would increase U.S. troop levels to about 153,500, and called on the Iraqi government to increase its own forces and do more to quell sectarian violence.

"We are supportive of that plan, because we are hopeful that [it will] ensure the stability, unity and cohesion of the Iraqi government," Mr. Gheit said.

"We are hopeful that the plan would lead toward the dismantlement of whatever terror organizations, as well as the military militias, that are tormenting the Iraqi scene."

Miss Rice flew to Saudi Arabia last night and is scheduled to visit Kuwait today.

Rice Plans A Joint Meeting With Mideast Leaders (NYT)

By Thom Shanker And Greg Myre

The New York Times, January 16, 2007

LUXOR, Egypt, Jan. 15 — Secretary of State Condoleezza Rice announced Monday that she would call together Israeli and Palestinian leaders within the next month for what she described as a high-level, yet informal, meeting in hopes of pushing along moribund peace efforts.

The announcement was one tangible development to emerge from her visit to Israel and the Palestinian areas. She held talks with Prime Minister Ehud Olmert of Israel early Monday in Jerusalem, a day after a session with the Palestinian Authority president, Mahmoud Abbas, in the West Bank city of Ramallah.

“I will soon meet with Prime Minister Olmert and with President Abbas to have discussions about the broad issues on the horizon, so that we can work on the road map to try and accelerate the road map and to move to the establishment of a Palestinian state,” Ms. Rice said, referring to the stalled peace plan for the region.

She announced the three-way meeting during a news conference at this Nile resort after consultations with President Hosni Mubarak of Egypt and his foreign minister.

The offices of the Israeli and Palestinian leaders are only about 10 miles apart, but Ms. Rice met separately with the two men, both of whom have been weakened politically. Mr. Olmert’s approval ratings are dropping after what many viewed as the clumsy military offensive during the summer to counter Hezbollah attacks from Lebanon. Mr. Abbas is battling for his political survival after the militant group Hamas swept to power a year ago and took control of the Palestinian legislature.

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Ms. Rice was pressed to explain reasons for optimism in resolving an Israeli-Palestinian dispute that has defied both Republican and Democratic administrations — and at a time when the region is roiled with conflict.

"Before we say that this is going to end in frustration, let's be glad that after six years and a long time that the parties want to engage in an informal set of discussions about the future between them," Ms. Rice said.

She announced the Israeli-Palestinian talks as she began three days of meetings with Sunni Arab allies in the region — Egypt, Saudi Arabia and the Persian Gulf states — to rally support for President Bush's new military and diplomatic strategy in Iraq.

While Ms. Rice and her senior aides said there was no quid pro quo, Arab governments are eager to show their populations that some progress is being made in resolving Palestinian grievances before they endorse, let alone offer concrete support, to the new Bush administration effort to salvage victory in Iraq.

Ms. Rice spoke several times of how the two sides could discuss a "political horizon" to energize their peace efforts. The Palestinians have used this phrase on occasion to emphasize the need for some sort of timetable for achieving statehood.

American and Israeli officials declined to define what might be viewed in this distant "political horizon." But the new language appears to be an effort to cast talks on the future course of Israeli-Palestinian relations in a hopeful light even before the two sides fulfill specific, intermediate steps required by the internationally agreed "road map" framework to resolve their disputes.

The road map is a 2003 plan backed by the United Nations, Russia, the United States and the European Union that lays out sequential steps to be carried out by Israelis and Palestinians on the way to reaching a final political settlement. Neither side has met its obligations under the plan, which stalled immediately after it was introduced.

In the first phase, Israel is to freeze settlement activity and the Palestinians are to break up militant groups. On Monday, the Israeli government published plans to build 44 additional homes in Maale Adumim, the largest West Bank settlement, just east of Jerusalem.

But officials for all three governments to be involved in the informal meeting said these broader discussions to energize their peace efforts would not be allowed to replace the international "road map" agreement.

"I am very clear that the one thing that you do not want to do is to try to rush to formal negotiations before things are fully prepared, before people are fully prepared," Ms. Rice said. "But that doesn't mean that there can't be progress as we're moving along."

There was no immediate decision about when or where the three-way meeting would take place, or what the agenda might be.

David Baker, an official in the Israeli prime minister's office, said Mr. Olmert and Ms. Rice on Monday "spoke about ways to generate momentum between Israel and the Palestinians."

Ms. Rice's subsequent meetings here with Mr. Mubarak and his senior aides were held along the Nile, not far from the ancient temple complex of Luxor. The ruins date to the greatest era of the pharaohs, but their delicately carved walls and heroic statues have been reshaped over the centuries by designs of other conquering powers — including empires that likewise have fallen to history, including those of Alexander the Great and Rome.

Ms. Rice's schedule did not allow time for a visit to the site, though.

Joining Ms. Rice at the news conference here, the Egyptian foreign minister, Ahmed Aboul Gheit, acknowledged that his nation shared a regional interest in stabilizing Iraq, and he expressed support for the new Bush strategy.

"We are supportive of that plan, because we are hopeful that that plan would lead to, ensure, the stability, the unity and the cohesion of the Iraqi government," he said.

Big 3-Way Summit? Or Just Another Meeting? (WSJ)

By Neil King Jr.

The Wall Street Journal.com, January 16, 2007

Secretary of State Condoleezza Rice's delegation announces en route to Egypt that she has agreed with Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert to hold a three-way summit next month to try to start hashing out the potential parameters of a Palestinian state.

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The U.S. touts the deal, struck over breakfast with Olmert, as a breakthrough–the first meeting of its kind in years, says a Rice aide. But others are skeptical. Israeli officials suggest that the meeting is no done deal. Abbas Sunday rejected the idea of crafting a provisional state en route to a final deal.

"This is not just another meeting," says the Rice aide. The aim, he says, "is to energize two partners moving forward." The Olmert talks went overtime, preventing Rice from touring the Temple of Luxor on her Egypt stopover.

Rice, speaking in Luxor, hailed the agreement for three-way talks as an important sign of US engagement, but said this didn't mean that the US is trying to supplant direct talks between Israel and the Palestinians.

The Egyptian Foreign Minister Ahmed Gheit described the talks as a sort of pre-negotiations–and offered to host them "anywhere in Egypt."

Rice To Preside Over Meeting With Israelis, Palestinians (MCT)

By Warren P. Strobel And Dion Nissenbaum

McClatchy, January 16, 2007

RIYADH, Saudi Arabia - Secretary of State Condoleezza Rice's announcement Monday that she will convene an unusual three-way meeting with Israeli and Palestinian leaders on an independent Palestinian state marks an abrupt shift in U.S. Middle East tactics.

Whether the different approach will bring different results remains to be seen.

Until now, Rice and President Bush have been reluctant to get involved in high-profile peacemaking. Their focus has been on one thing: stopping the violence in the Palestinian territories as a precondition for peace talks.

Now Rice is essentially turning that approach on its head.

The idea, as described by the secretary of state and her aides, is this: Sketching out more clearly what an eventual Palestinian state might look like will make it easier for embattled Palestinian President Mahmoud Abbas to take the tough steps needed to get there.

Rice announced Monday in Luxor, Egypt, that she will preside over the meeting with Abbas and Israeli Prime Minister Ehud Olmert in the coming weeks. She flew to Saudi Arabia later for talks with King Abdullah.

Engineering the three-way get-together was a small achievement. But any real progress faces mammoth obstacles and widespread skepticism.

The London-based Arabic-language newspaper Asharq al-Awsat published a cartoon Monday showing Rice straining to pump air in the tire of a car labeled "new strategy." The tire, labeled "peace process," is leaking air through multiple punctures.

More seriously, both Abbas and Olmert are politically wounded, making it difficult for them to stake out bold positions and make the needed concessions.

Aides to Olmert sought to dampen expectations that the meeting, which isn't even being termed a "summit," would produce a breakthrough.

"We're building the confidence to get to negotiations," Olmert spokeswoman Miri Eisin said after the meeting. "There isn't going to be a meeting and, wow, everything is going to be solved. No, no, no. This isn't about substance yet."

Palestinians were more upbeat. Walid Awad, a spokesman for Abbas' Fatah party, welcomed the news. "A meeting with Secretary Rice and Olmert will give it more value, and it will help move the peace process forward," Awad said.

Rice's announcement is part of Israel and the United States' effort to bolster Abbas. The moderate Palestinian leader's power and authority were undermined a year ago when the hard-line Islamist group Hamas won control of the Palestinian parliament and gained the right to run the Cabinet.

Since then, Israel, the United States and much of the international community have been shunning the Palestinian government until its Hamas leadership renounces its longstanding vow to destroy Israel.

Abbas and Hamas have tried for months to agree on a new government that would accept the international demands. Until the deadlock is broken, it's unlikely that the Bush administration will be able to make significant progress on any negotiations aimed at ending the decades-long conflict.

Rice's new tack is essentially an admission that the old strategy didn't work.

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That strategy focused on the long-dormant, U.S.-backed "road map" for peace. But Israelis and Palestinians never got beyond the first phase. That phase called for Palestinians to halt terror attacks against Israel and establish a unified security force and for Israel to dismantle illegal West Bank settlements and halt the expansion of existing settlements.

Rice said she, Olmert and Abbas will "have discussions about the broad issues on the horizon, so we can work on the road map, to try to accelerate the road map and move to the establishment of a Palestinian state."

Part of the U.S. interest in renewing peace efforts lies in its need to get Arab leaders, whose populations sympathize with the Palestinians, to help the United States stabilize Iraq and contain Iran.

Rice got at least rhetorical support on that score Monday from Egypt.

Egyptian Foreign Minister Ahmed Aboul Gheit expressed support for Bush's new Iraq strategy and agreed that Iran should stop meddling in Iraq. "Regarding Iran, Egypt reaffirms that no one should interfere in the internal affairs of Iraq," he said.

Nissenbaum reported from Jerusalem.

Mideast Leaders Agree To Meeting (LAT)

By Paul Richter And Richard Boudreaux

The Los Angeles Times, January 16, 2007

LUXOR, EGYPT — Seeking a fresh start for stalled Mideast peace efforts, Secretary of State Condoleezza Rice on Monday won promises from the leaders of Israel and the Palestinian Authority to meet with her next month for their first discussion of a final peace deal in more than six years.

Rice said Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas had agreed to meet for "informal, broad discussions" about the final moves toward a Palestinian state in hopes of injecting new energy into talks that have been in near-gridlock over initial steps.

"The parties haven't talked about these [final-stage] issues for a long time," Rice said after a meeting with Egyptian President Hosni Mubarak in this city on the banks of the Nile. "It seems wise to begin this … to really just sit and talk about the issues."

U.S. officials believe that by shifting the focus to what the outcome would look like, they could galvanize a process that has been bogged down for four years in discussion of difficult preliminary issues.

The initiative from Rice, who spent the last three days meeting with Israeli and Palestinian officials, comes at a time of widespread gloom about the prospects for peace. The Bush administration, besieged with problems elsewhere and running out of time, is desperate to show progress.

The goal is to move the two sides toward such "final-status" issues as the shape of the new Palestinian state, the claims of Palestinian refugees to return to sites now in Israel, and the fate of Jerusalem.

New momentum would help build Palestinian support for the moderate, politically weak Abbas, and would encourage Arab governments to provide crucial help to the United States in its efforts to pacify Iraq and contain Iran's influence.

But in a reminder of the difficulties that negotiators face, on the day that Rice met with Olmert, the Israeli Housing Ministry announced plans to expand Maale Adumim, a large Jewish settlement in the West Bank just east of Jerusalem. The ministry plans to build an additional 44 units.

U.S. officials have protested continued building in the West Bank, but Israeli officials defended the decision. They said it would not expand the perimeter of the settlement, and that it was consistent with an agreement reached with then-Secretary of State Colin L. Powell before the U.S.-backed "road map" peace plan called for a building freeze.

Saeb Erekat, a veteran Palestinian negotiator, said: "We condemn this step. This undermines efforts by Dr. Rice to revive the peace process and the road map. Israel must choose between building settlements and peace."

U.S. officials remained vague about the goals of the three-way meeting, but a senior official traveling with Rice said the talks would explore "where do we want to go" and develop "some joint understanding of what's in it for each side."

Israeli officials said they had agreed to the talks, but emphasized that Olmert would continue with bilateral meetings dealing with the nuts-and-bolts issues of the relationship — such as movement and access, funds, prisoners, and violence.

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Those often-stalled talks have been complicated by conflicts between Abbas' Fatah movement and the militant group Hamas, which now controls the Palestinian government.

"There is no doubt that we must, at the same time, continue the bilateral meetings between us and them," Olmert said after his morning session with Rice.

His remarks reflect Israel's preference to control the pace and scope of any talks with the Palestinians, rather than submitting to third-party oversight.

He told Israeli lawmakers from his Kadima party that if a Palestinian unity government made up of Hamas and Fatah members agreed to the peace plan's conditions — recognition of Israel, renunciation of violence and acceptance of previous accords — then negotiations on a peace settlement could be possible.

Palestinian officials reacted cautiously.

Ahmed Abdel-Rahman, a political advisor to Abbas, said Abbas was ready "in principle" to attend the three-way summit but was waiting for a date and a venue to be agreed on.

Since 2003, U.S. officials have said they were following the blueprint laid out in the peace initiative, which is backed by the so-called Quartet: the U.S., Russia, the European Union and the United Nations. The plan outlines the steps, such as reining in violence by Palestinian militants and halting Israeli settlement construction, that are intended to lead to peace.

Although the peace plan says the parties should concentrate on the next step before them, slowly building toward the major issues dividing Israelis and Palestinians, the new approach would have them simultaneously concentrating on the early issues and later ones.

Some outside experts have urged the Bush administration to begin talking about these later issues. They were last discussed in 2000 when, at the end of his second term, former President Clinton made a last intense attempt to work out the issues between the two sides.

Another advocate of discussing them is Israeli Foreign Minister Tzipi Livni, who has been promoting a plan along these lines in recent weeks.

She has argued that if the Palestinians are offered a look at how the talks may turn out, producing a state for them, "it will help them do the difficult things they have to do now for stage one of the road map," said one Israeli official, who declined to be identified.

Rice emphasized that the United States remained committed to the peace plan. U.S. officials said they wanted to hold the meeting in the Middle East but had not yet set a date or a location.

Strengthening Abbas has become a priority for the United States since March, when Hamas took control of the Palestinian parliament after elections in January.

Olmert and Abbas held face-to-face talks last month. Though their agreements were hailed by the Americans as a sign of progress, movement has been slow. Olmert agreed to turn over $100 million of the more than $500 million in tax revenue that Israel has collected for the Palestinians, but has not yet done so, Palestinian officials say. They say promises to ease travel restrictions also have not been carried out.

Fawzi Barhoum, a Hamas spokesman, called Rice's visit part of "an American-Israeli plan to support the Zionist occupation and harm the national interests of the Palestinians.

"Hamas and the majority of the Palestinian people are not expecting anything good from these summits," he said.

"The new settlement [housing] in the West Bank is a new slap to everyone who still believes that the Americans are aiming to help the Palestinians," Barhoum said. "It is very strange for the secretary of State to talk about peace while the occupation is carrying out crimes day and night."

Rice Says Planned Mideast Talks Most Ambitious In Six Years (AFP)

By Sylvie Lanteaume

AFP, January 16, 2007

US Secretary of State Condoleezza Rice said that a planned summit with the Israeli and Palestinian leaders could herald the most serious Middle East peace effort in six years.

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Rice, on a whistle-stop tour of the region aimed at shoring up the ailing "roadmap" peace plan, announced a three-way summit with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas within a month.

"It has been at least six years since they talked about these issues," Rice said at a news conference in the southern Egyptian city of Luxor held jointly with Foreign Minister Ahmed Abul Gheit.

Speaking after a meeting with Egyptian President Hosni Mubarak, Rice said the three-way summit would "focus on what would lead to the establishment of a Palestinian state."

No date has yet been set for the summit but a US official said earlier it was expected to take place in three or fours weeks. Abul Gheit said Egypt was ready to host it.

Olmert welcomed the summit but stressed that any Palestinian government involved in peace talks should recognise Israel's right to exist.

"There have not been many summit level meetings after all between the Palestinians and Israelis in the last years," a senior US official travelling with Rice said.

"They haven't sat for six years to talk about issues as ambitious as looking at what would be necessary to get a Palestinian state," the official said on condition of anonymity.

Week-long Israeli-Palestinian peace negotiations took place in January 2001 in the Egyptian Red Sea resort of Taba under the patronage of former US president Bill Clinton.

The last ditch talks -- held in the dying days of Clinton's tenure and before Israeli elections that saw the hawkish Ariel Sharon take over -- failed to yield a breakthrough but are considered to be the closest negotiations ever got to a comprehensive settlement.

"There are a number of issues, some old, some new, that will have to be resolved if there is to be a Palestinian state," Rice said, stressing the meeting would only be a prelude to the resumption of final settlement negotiations.

"I am very clear about one thing we do not want to do, which is to rush the formal negotiations before things are fully prepared, before people are fully prepared," she said.

Abul Gheit said the Palestinian political crisis needed to be contained and contacts resumed between Israel and the Palestinians, in what he described as "a stabilisation phase".

"Then you will start the second phase whereby everything is discussed in relation to the establishment of this Palestinian state," he added.

Rice's diplomatic offensive suffered a blow earlier Monday when Israel invited bids for new Jewish settlement homes in the West Bank even as she was exploring solutions for the region in a meeting with Olmert in Israel.

"Israel must make a choice between peace and settlements. It cannot have both," Palestinian chief negotiator Saeb Erakat told AFP. "It's defying the international community and undermining Secretary of State Rice's peace efforts."

When asked to comment on the bids, Rice's spokesman Sean McCormack said only that there is "no change in our policy."

In Rice's lightning visit to neighboring Jordan late Sunday, King Abdullah II told Washington's top diplomat that concrete progress needed to be made on the peace blueprint if the region was to be spared fresh bloodshed.

"Without tangible, specific steps to activate the implementation of the roadmap in the near future, the cycle of violence will widen," he warned.

In the West Bank town of Ramallah on Sunday, Abbas refused "any temporary or transitional solutions, including a state with temporary borders, because we do not believe it to be a realistic choice that can be built upon."

Rice has made clear since the outset of her tour that she is bringing no US proposals to jumpstart the moribund peace process, saying: "I think no plan can be 'Made in America.'"

Rice is also seeking to promote US President George W. Bush's new policy to quell surging sectarian violence in Iraq with the deployment of 21,500 more troops.

The plan revealed Wednesday has come under fire in many Arab capitals, even among staunch allies in the Gulf, with critics saying it provides a recipe for more sectarian violence in Iraq that could spread elsewhere in the region.

But Abul Gheit offered Egypt's support for the controversial plan.

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"We are supportive of the plan ... We are hopeful that plan will lead to the stabilisation of, unity and cohesion of the Iraqi government," he said.

Later, Rice met with Saudi Arabia's King Abdullah outside Riyadh on the latest leg of her regional tour. Their discussions covered "developments on the regional and international scenes, chiefly the Palestinian issue and the situation in Iraq," the official SPA news agency reported.

Rice met the Saudi monarch in a richly decorated desert tent in Rawdat Khraim outside Riyadh, and conveyed to him greetings from US President George W. Bush and Vice President Dick Cheney, according to reporters at the scene.

Abdullah, who remarked that Bush's father, former president George Bush, had visited the place, talked for around 10 minutes with Rice before they moved on to dinner, followed by Saudi dignitaries.

On Tuesday, she will hold a joint news conference with her Saudi counterpart Prince Saud al-Faisal and go on to Kuwait.

Rice Announces 3-Way Talks On Palestinian State (WP)

By Glenn Kessler

The Washington Post, January 16, 2007

LUXOR, Egypt, Jan. 15 -- Secretary of State Condoleezza Rice announced Monday that Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas would meet with her for a three-way informal discussion of issues that must be cleared away to establish a Palestinian state.

No date or location has been set for the gathering, but it would signal deepening involvement by the Bush administration in stalled Israeli-Palestinian peace talks at a time when Rice is seeking greater support from Arab leaders in helping to stabilize Iraq.

Rice made her statement after meeting with Egyptian President Hosni Mubarak at this ancient city on the Nile. Egyptian Foreign Minister Ahmed Aboul Gheit, addressing reporters with Rice, said Egypt supported President Bush's new plan for Iraq.

Rice said she was going "to try to help the parties come together, to look at how they can move through the road map," referring to the U.S.-backed peace plan that was launched, without success, in 2003. In order to establish a Palestinian state, she said, "there are a number of issues -- some old, some new -- that will ultimately need to be resolved."

The road map set out detailed sequential steps that would lead first to an interim state and then a permanent one. But the Israelis and the Palestinians have never managed to get past the first phase, which among other things required the Palestinian government to crack down on anti-Israeli radical groups and Israel to freeze expansion of Jewish settlements in the Palestinian territories.

The road map envisioned fulfilling the first stage before addressing such vexing issues as the precise borders of a future Palestinian state, the status of Jerusalem, and the claim of Palestinian refugees and their descendants of a right to return to homes in Israel that were abandoned in 1948.

The process was further frozen when the radical Islamic group Hamas, which is devoted to the destruction of Israel, last year won legislative elections in the Palestinian territories. Meanwhile, Israel has not met its obligations. On the same day the meeting was announced, Israel's Housing Ministry solicited bids to build 44 housing units in the West Bank settlement of Maale Adumim, which Olmert has declared would be part of Israel under any final deal.

Now, in a shift for the Bush administration, Rice is calculating that dialogue on the end result -- what she calls the "political horizon" -- might loosen the logjam, aides said.

Bush took office in 2001 critical of the intense engagement in the peace process by his predecessor, Bill Clinton, including sketching the final borders of a Palestinian state. Bush's aides suggested that the collapse of Clinton's involvement led to the outbreak of violence known as the second intifada.

"The parties haven't talked about these issues for a long time. It's been at least six years since they talked about these issues," Rice said, referring to Clinton's efforts. "It seems wise to begin this, as what President Abbas has called an informal discussion, to just really sit and talk about the issues."

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Bush is already on record on two key issues. To the fury of Arabs, he gave a letter in 2004 to Ariel Sharon, then Israeli prime minister, saying that Palestinian refugees could not expect to return to Israel and that Israel would be expected to retain major settlement blocks in the West Bank.

Israeli and Palestinian officials confirmed the planned meeting, which officials said is likely to be held next month. The deal came about after Rice shuttled between Jerusalem, the Jordanian capital of Amman and Abbas's West Bank headquarters in Ramallah on Sunday and then secured Olmert's agreement Monday morning for the meeting. After talks with Egyptian officials here, she flew to Riyadh for dinner with Saudi King Abdullah.

Rice hopes to use the prospect of renewed U.S. involvement in the Middle East peace process to help win Arab support for the Iraqi government and a campaign to combat the rising influence of Iran. She is to meet with Persian Gulf foreign ministers in Kuwait City on Tuesday.

Both Olmert and Abbas are politically weakened, making prospects slim for the success of their talks. Olmert's approval rating is 14 percent, and Abbas is struggling against the Hamas-led government.

Fawzi Barhoum, a Hamas spokesman, said the planned meeting was "against our Palestinian unity."

"Up to now we have heard nothing about our rights or about breaking the international siege against our Palestinian government," Barhoum said, referring to the international aid embargo imposed on the Palestinian Authority after Hamas unexpectedly won the parliamentary elections. "We do not support this meeting."

Miri Eisin, a spokeswoman for Olmert, described the talks as part of the "pre-negotiation stage" in which issues of substance would not be discussed. "What we're doing is trying to get to a point where each side trusts the other," she said, adding that some of the discussion with Rice will be aimed at determining a role for the United States, as well as for moderate Arab states such as Jordan, in any future negotiations between Israel and the Palestinians.

Rice's presence at the meeting would mark the first time in four years that the Bush administration has intervened so directly in the long-running conflict. In June 2003, the road map was launched with great fanfare at a summit in Aqaba, Jordan, attended by Bush, Sharon and Abbas, at the time the Palestinian prime minister.

But the Americans quickly found themselves dragged into a tedious discussion about highway checkpoints, settlement construction and prisoner exchanges. The process collapsed a few months later when Abbas quit in a dispute with then-Palestinian leader Yasser Arafat.

In their first one-on-one meeting, Olmert last month promised Abbas that he would remove some military checkpoints in the West Bank and release $100 million of the more than $500 million in frozen tax revenue that Israel collects on behalf of the Palestinians. But Olmert, who has pledged to strengthen Abbas's political standing as he confronts Hamas, has yet to release the promised funds. And there has been virtually no progress in reducing the Israeli obstacles to Palestinian movement inside the West Bank.

Rice said that Olmert and Abbas were developing a "fruitful channel bilaterally" for such issues and that it was not her intention to insert "an American presence" at every meeting between the two men.

Rice To Hold Three-way Talks With Mideast Leaders (USAT)

By Barbara Slavin

USA Today, January 16, 2007

LUXOR, Egypt — Secretary of State Condoleezza Rice said Monday she would bring the leaders of Israel and the Palestinian Authority together soon for "informal broader discussions" on creating a Palestinian state.

Making good on a pledge she made last year to intensify her involvement in trying to resolve the Arab-Israeli dispute, Rice announced no date or location for the three-way talks and said they were not meant to substitute for other meetings between Palestinians and Israelis.

"There are a number of issues, some old, some new, that will ultimately have to be resolved if there is to be a Palestinian state," Rice said in the ancient Egyptian city of Luxor, where she stopped Monday for talks with Egyptian leaders after two days in Israel and the Palestinian territories. "The parties have not talked about these issues for a long time (and) it seems wise to begin this informal discussion."

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U.S. Arab allies and the bipartisan Iraq Study Group have urged a higher U.S. profile on the Israeli-Palestinian front to strengthen pro-U.S. governments in the region and take away a potent tool of anti-U.S. regimes such as Iran's.

But there was skepticism about how much the Bush administration could accomplish in its final two years in office, given its preoccupation with Iraq and the weakness of Israeli and Palestinian leaders.

Joseph Alpher, an Israeli strategic expert who advised former Israeli Prime Minister Ehud Barak during unsuccessful Camp David peace talks in 2000, said he would have been more impressed if Rice had stayed in Israel for a third day and brought the two sides together now.

"I think she's much more focused on Iraq and Iran" than the Arab-Israeli dispute, Alpher said.

President Bush hosted a summit in Jordan in 2003 with then Israeli Prime Minister Ariel Sharon and then Palestinian Prime Minister Mahmoud Abbas that launched a so-called roadmap to Palestinian statehood. There was little U.S. followup, however, and the Bush administration and Israel refused to deal with then Palestinian President Yasser Arafat. The Israelis confined Arafat to his Ramallah headquarters, accusing him of encouraging anti-Israel terrorism.

In 2005, Israel withdrew unilaterally from Gaza. Israeli troops and settlers remain throughout the West Bank.

Abbas was elected president in 2005 following Arafat's death and lacks his predecessor's authority. He was weakened further when the militant Hamas movement won parliamentary elections a year ago.

Abbas met last month with Ehud Olmert, who succeeded Sharon after he suffered a massive stroke in late 2005. The talks focused on taxes and prisoners, not issues involving statehood: the boundaries of a future Palestinian state, the fate of Jerusalem and the status of millions of Palestinian refugees.

Rice said it was important to deal with day-to-day concerns as well as to create a "political horizon" for statehood that could strengthen Abbas.

Also much less popular than his predecessor, Olmert is blamed by Israelis for lackluster military performance in a 34-day war last summer between Israel and the Iranian-backed Lebanese movement, Hezbollah.

Rice confirmed that the Bush administration wants $86 million to equip and train about 30,000 Palestinian security personnel, including Abbas' 3,700-member presidential guard. The money would go for mess kits, uniforms and communication gear. The funding would require congressional approval.

On Sunday, Abbas reiterated his opposition to establishment of a provisional Palestinian state with temporary borders, a possible interim step before a permanent peace can be negotiated with Israel.

Abbas also complained that IOlmert has failed to deliver on recent promises to release Palestinian prisoners, cut the number of Israeli checkpoints in the West Bank and hand over $100 million in Palestinian taxes Israel has collected.

Hamas, which rejects Israel's right to exist, has been locked in a stalemate with Abbas over formation of a Cabinet. Recent violence between Hamas and Abbas' Fatah movement has killed nearly 40 people.

Hamas has about 6,000 armed men and has vowed to double the force.

Rice Speaks Softly In Egypt, Avoiding Democracy Push (NYT)

By Michael Slackman

The New York Times, January 16, 2007

CAIRO, Jan. 15 — In the days before Secretary of State Condoleezza Rice met with officials in Egypt, the news media here were filled with stories detailing charges of corruption, cronyism, torture and political repression.

Cellphone videos posted on the Internet showed the police sodomizing a bus driver with a broomstick. Another showed the police hanging a woman by her knees and wrists from a pole for questioning. A company partly owned by a member of the governing party distributed tens of thousands of bags of contaminated blood to hospitals around the country. And just 24 hours before Ms. Rice arrived, the authorities arrested a television reporter on charges of harming national interests by making a film about police torture. The reporter was released, but the authorities kept the tapes.

Ms. Rice, who once lectured Egyptians on the need to respect the rule of law, did not address those domestic concerns. Instead, with Foreign Minister Ahmed Aboul Gheit by her side, she talked about her appreciation for Egypt's support in the region.

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It was clear that the United States — facing chaos in Iraq, rising Iranian influence and the destabilizing Israeli-Palestinian conflict — had decided that stability, not democracy, was its priority, Egyptian political commentators, political aides and human rights advocates said.

But the calculus of stabilization is complicated and fraught in a region as fragile as the Middle East, where interests are defined by religion, geography, geopolitics and political opportunism. And it is not at all clear that the new (old) approach will work. The United States is so unpopular in the region now, many here say, that its support is enough to undermine a government's legitimacy with its public.

"The former pressure was an illusion and the lack of any pressure now will push the crisis between the people and their rulers to the edge," said Ibrahim Eissa, the editor of Al Dustoor, a weekly independent newspaper in Egypt that is critical of the government. That eliminates "all false appearances that the Arab regimes are against the United States in defense of their independent sovereignty and that the United States is supporting democracy when it is in strict alliance with the oppressive regimes," he added.

The dynamics of the region have also changed over the years, and it is no longer clear what the payoff is for Washington in return for overlooking rights violations. It is not certain, for example, that the Egypt of 2007 can deliver the kind of influence it once wielded when it was seen as the political and cultural center of the Arab world. Egypt has failed to calm fighting between Palestinian factions, or to help negotiate the release of Palestinian prisoners in exchange for an Israeli soldier held by Palestinian militants.

At the same time, where Washington was criticized in the past for supporting repressive governments, it risks even sharper criticism now because it made such a public commitment to promoting democracy.

Ms. Rice raised the bar herself when she visited American University here in 2005 and said in a speech: "We are all concerned for the future of Egypt's reforms when peaceful supporters of democracy — men and women — are not free from violence. The day must come when the rule of law replaces emergency decrees — and when the independent judiciary replaces arbitrary justice."

Since then, Egypt's government has piled up a long list of repressive actions, including ordering the police to block people from voting in parliamentary elections; delaying local elections by two years; imprisoning an opposition leader, Ayman Nour, on charges widely seen as politically motivated; battling with judges who have demanded oversight of elections; and imprisoning Talaat el-Sadat, a member of Parliament and the nephew of President Anwar el-Sadat, for a year in a military jail after he criticized the armed forces on television.

Recently, President Hosni Mubarak proposed amending the Constitution in ways that would make it easier for Egypt's toothless opposition parties to field candidates for president. But the proposals would ban truly independent candidates from running, limit the role judges play in monitoring elections and permanently outlaw any party with a religious bent.

Perhaps more to the point, the government has done little if anything to improve a climate across the country that discourages participation in opposition politics, many political analysts said.

"The government has said to us, 'Stop, we are closing all the windows and doors we had opened,' said Hafez Abu Seada, secretary general of the Egyptian Organization for Human Rights.

Three hours north of Cairo, in Kafr Ghamam, a village of about 40,000 people, a small group of men said they had tried to build a following for the Wafd Party, which would seem to be uncontroversial. It is, after all, a legal opposition party and, like other government-sanctioned parties, has virtually no influence.

To win support from the village, the men tried to persuade the government to cover a pit where raw sewage was dumped and to repair a bridge that ran over the pit. But the men said no one would sign a letter to the government requesting the aid because they were afraid to be identified with an opposition party.

"My father threatened to kick me out of the house if I got involved with this party," said Mustafa Ibrahim Abdel Hamid, a 21-year-old in the village.

What are people afraid of? A knock at the door, many people there said. Last month, after a group of party organizers gathered to discuss who would hold which position in the nascent organization, two men who took over leading posts were visited by state security, they said.

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"I got scared and I wanted to resign," said one of the men, Al Sayed Muhammad Ibrahim. "I wanted to resign. I have daughters. I don't want any problems. My daughters, my son, my wife, all asked me to resign."

In Luxor on Monday afternoon, the Egyptian authorities organized a news conference with Ms. Rice and Mr. Aboul Gheit.

"I especially want to thank President Mubarak for receiving me and for spending so much time with me to talk about the issues of common interest here in the Middle East," Ms. Rice said. "Obviously the relationship with Egypt is an important strategic relationship — one that we value greatly."

Bush Ally Hopes To Win Over Islamic World (FT)

By Edward Luce

Financial Times, January 16, 2007

Lambasted by some as the US's chief propagandist – or as head of its "Muslim outreach" – Karen Hughes has the unenviable task of improving her country's image in the world.

But as a former senior White House counsellor and close friend of George W. Bush, the under-secretary for public diplomacy wields an influence few others possess in Washington.

Having got off to a bad start in mid-2005 when she was pilloried by the US media for having little knowledge of the Middle East, Ms Hughes has maintained a low domestic profile since then, tending to channel her public message to the media of countries she is visiting.

Although not confined to the Middle East, Ms Hughes acknowledges that her most important task is in the Islamic world.

"The number one problem is that the west is seen as somehow being in conflict with Islam," she said in an interview at her State Department office in Washington.

"When I meet Muslim clerics, they are always surprised to hear that the US is also a country of faith . . . They are also surprised to hear that I represent 7m American Muslims who are as free to worship as any other Americans."

Unlike many of her colleagues, Ms Hughes is happy to give interviews to al-Jazeera and has even visited its headquarters in Qatar. Although she says she disputes some of the TV station's journalistic practices, ignoring it is not an option.

Al-Jazeera is by far the most popular source of television news in the Arabic-speaking world.

"When I came here there was an undeclared policy of not talking to al-Jazeera," she said. "It is not an endorsement to talk to them."

Critics say that Ms Hughes' efforts, which include promoting foreign exchanges of students, journalists, military personnel and clerics, are worse than doing nothing at all, since foreigners are as capable of seeing through spin as Americans.

But Ms Hughes' easy access to Mr Bush – she is among his three or four closest confidantes in Washington, having been his communications director in Texas in the 1990s – enables her to tell the president directly what the rest of the world thinks of the US.

Ms Hughes emphasises two themes she says have most damaged America's image in the eyes of the world – perceptions of the mistreatment of alleged terrorist detainees at Guantánamo Bay and elsewhere, and the view that Washington is not doing enough to promote the creation of a Palestinian state.

She says she has frequently conveyed both observations to the US president. Ms Hughes did not mention the war in Iraq. "The toughest thing I've told the president is that he needed to improve the detainee policy," she said. "I felt it was important it was understood that was how we were being seen in the world."

Her goal of disseminating the US message abroad is constrained by the fact that public diplomacy is a low budget priority. In concert with Dina Habib Powell, her Egypt-born colleague, Ms Hughes recently launched a "public relations coalition" to encourage US companies to promote positive images of the US abroad and to fund projects, such as English-language teaching, which assist it.

Participants included Accenture, Disney, Mastercard, Citigroup and Burson-Marsteller. Part of the object is to get many more foreigners, in particular from the Islamic world, to visit the US.

That means she often beats a trail to the Department of Homeland Security, which has been heavily criticised by private sector groups for its strict post-9/11 visa policy and for the offhand way that many immigration officials treat arriving foreigners.

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As a result, many companies and universities now hold conferences outside the US to spare foreign participants the potential humiliation. Likewise, the number of foreign students studying in the US fell after the September 11 terrorist attacks.

"I understand – no customs officer wants to be the one to let a hijacker into the country," she said. "But it is also important to be welcoming. Our most important tool of public diplomacy in the last 50 years has been the [foreign] exchange programme."

Somalia's Transitional Government Shuts 3 Radio Stations (NYT)

By Jeffrey Gettleman

The New York Times, January 16, 2007

MOGADISHU, Somalia, Jan. 15 — Somalia's transitional government shut three of the country's biggest radio stations on Monday, accusing them of broadcasting incendiary propaganda.

Then, in a show of force, hundreds of government soldiers stormed into the streets of Mogadishu, the capital, as tanks from neighboring Ethiopia, which has been providing military support to the government, chugged through downtown, drawing crowds of onlookers and the occasional rock.

Somalia's government, which declared a state of emergency on Saturday, seems intent on using its newfound powers to crush the seeds of a growing insurgency. On Sunday night, gunmen attacked an Ethiopian convoy, setting off an intense hourlong firefight in one of Mogadishu's ramshackle neighborhoods.

Ethiopian troops last month helped rout Somalia's Islamist forces, which had controlled much of the country, but the Islamists have vowed to regroup underground.

As the days pass, the insurgent attacks grow more frequent and more lethal. The government has not released casualty figures, but Mogadishu residents said more than a dozen people had been killed in gun battles over the past week.

Executives of the radio stations, however, said that was no excuse to force them off the air.

"All we have done is voice different opinions," said Mohammed Amiin, deputy chairman of Shabelle Media Network. "We never expected this to happen."

Abdirahman Dinari, spokesman for the transitional government, accused Shabelle, along with the other stations, of making false reports to stir up the people against the government.

"They said our soldiers were looting the markets and harassing people, which was totally untrue," he said. "They are using the media to undermine the government. They have been doing this for months."

Security officials have summoned station owners to a meeting on Tuesday, and Mr. Dinari said there was a possibility that the stations would soon be back on the air, after they were given a warning.

In a land of rival clans, there is a clan dimension to all this. The owners of both Shabelle and Horn Afrik, another station that was closed down, are members of the Ayr, a branch of the powerful Hawiye clan, and many government officials blame the Ayr for the rising level of violence.

"The Ayr clan is part of the problem," Mr. Dinari said.

The Ayr was closely associated with the Islamist movement, with several top Islamist leaders from the Ayr. Many residents say they suspect that Ayr members are the backbone of the insurgency, though Ayr elders vehemently deny this.

So far, the most intense fighting — and the most intense crackdowns — has been in Ayr neighborhoods, and it is beginning to fuel Ayr resentment.

"We are being harassed simply because of our clan," said Abdi Ali Halaneh, an Ayr businessman who sells building materials in north Mogadishu.

Mr. Halaneh said that many of his friends now wanted to leave Somalia.

"There may be no place for us here," he said.

The government also closed the Mogadishu office of Al Jazeera and a Somali religious radio station, which some people feared could play into the hands of the Islamists.

In the Bakara market, where even the tiniest tin kiosk has a radio, shoppers and shopkeepers moaned and hissed when the music and news turned to static. Many shook their radios.

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Some derided the government and accused it of being hypocritical because, just a few months ago, government officials had criticized the Islamists for not allowing radio stations to play Western music. Now the government was going further by closing the same stations.

"Totalitarian rule has arrived," said Asho Elmi Ahmed, a shopper. "And it didn't take long."

Somalia's Window Of Opportunity (LAT)

The Los Angeles Times, January 16, 2007

Having ousted the Islamic regime, Ethiopia must act quickly to broker peace talks in the war-torn land.

ETHIOPIA HAS DONE its fellow Africans a good turn by ousting the increasingly radical Islamic Courts Union regime in Somalia. And thankfully, Addis Ababa has the wisdom to admit what everyone knows: that the Ethiopians have about 3.3 nanoseconds to get their troops out of xenophobic Somalia before they will be even more hated than the thugs they ousted. Now the question is: Who can bring order to this anarchic land?

The only move as foolish as sending U.S. troops to occupy Somalia would be for the international community to do nothing except watch it slip back into chaos. Somalia, you will recall, is a poster child for failed states. It is a place so violent that the Taliban imitators of the Islamic Courts, with their brutal "justice," were still seen as vastly preferable to the khat-fueled warlord gunplay that made a misery of life in Mogadishu for more than a decade previous. The irony is that the perpetually feuding Somali clans were finally able to unite behind the Islamists — even though most disliked their ideology — because they were so desperate for stability. The challenge is to provide order without a radical Islamist face.

Now that Ethiopia has done the heavy military lifting, U.S. forces are trying to bomb the Al Qaeda leaders who have followed Osama bin Laden's orders to regroup in Somalia. But unilateral fly-by interventions from 30,000 feet are not going to do the job alone.

If the Somalis want to get rid of the Ethiopians — and they do — they must be helped to hammer out a political settlement. The Ethiopians can deliver their allies — the transitional national government — to the bargaining table. The Arab League can bring the moderate clan leaders who backed the Islamists, and without whom no peace can hold in Mogadishu. The African Union can help deliver other factions. The U.N. and permanent Security Council members must use their diplomatic muscle to link reconstruction to a cessation of violence. African Union troops, with or without blue helmets, should then follow. Somalis have had enough strife for a lifetime.

Castro Reportedly In Grave Condition (WP/AP)

The Washington Post, January 16, 2007

MADRID, Spain -- Ailing Cuban leader Fidel Castro is in "very grave" condition after three failed operations and complications from an intestinal infection, a Spanish newspaper said Tuesday.

The newspaper El Pais cited two unnamed sources from the Gregorio Maranon hospital in the Spanish capital of Madrid. The facility employs surgeon Jose Luis Garcia Sabrido, who flew to Cuba in December to treat the 80-year-old Castro.

In a report published on its Web site, El Pais said: "A grave infection in the large intestine, at least three failed operations and various complications have left the Cuban dictator, Fidel Castro, laid up with a very grave prognosis."

Cuba has released little information on Castro's condition since he temporarily ceded power in July to his brother, Defense Minister Raul Castro, until he could recover from emergency intestinal surgery, prompting much speculation and rumor in the country and around the world.

El Pais' report, which could not immediately be confirmed, was a rare detailed description from a major media outlet about Castro's condition.

The U.S. government had speculated that Castro could suffer from cancer _ a supposition denied by Sabrido. Some U.S. doctors believed Castro was suffering from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In severe cases, emergency surgery may be required.

That idea was supported by El Pais, which reported that its sources said Castro had suffered a bout of the disease.

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"In the summer, the Cuban leader bled abundantly in the intestine," El Pais reported. "This adversity led him to the operating table, according to the medical sources. His condition, moreover, was aggravated because the infection spread and caused peritonitis, the inflammation of the membrane that covers the digestive organs."

El Pais said that in December, when Garcia Sabrido visited, Castro had an abdominal wound that was leaking more than a pint of fluids a day, causing "'a severe loss of nutrients." The Cuban leader was being fed intravenously, the report said.

A statement attributed to Castro was released on New Year's Eve saying his recovery was "far from being a lost battle."

Cuban officials told visiting U.S. lawmakers last month that Castro does not have cancer or a terminal illness and will eventually return to public life, although it was not clear whether he would return to the same kind of absolute control as before.

Venezuela Ends Oil Negotiations (DJ/AP)

Dow Jones/Associated Press, January 16, 2007

CARACAS, Venezuela, Jan. 15 — Venezuela will end negotiations with foreign oil companies over how it will take a majority control of their operations along the Orinoco River, the country's oil minister, Rafael Ramírez, said on Monday.

Mr. Ramírez said that "there's no possible negotiation" with the foreign companies, but he said that private companies would be allowed to own minority stakes in lucrative oil projects in the Orinoco River basin.

"Every case will be different," Mr. Ramírez said. "We will have an effective majority control."

The government negotiated last year with the companies about its plans to take majority control of oil operations in the country, but no agreements were reached.

In a speech to Congress last week, President Hugo Chávez said the private companies — BP, Exxon Mobil, Chevron, ConocoPhillips, Total and Statoil — would be given the option to stay on as minority partners.

Mr. Chávez also announced plans to nationalize companies within Venezuela's telecommunications, electricity and natural gas industries.

The government has already taken majority ownership of Venezuelan oil-producing operations outside the Orinoco region through joint ventures controlled by the state oil company.

With New Urgency, U.S. And South Korea Seek Free-Trade Deal (NYT)

By Choe Sang-hun

The New York Times, January 16, 2007

SEOUL, South Korea, Jan. 15 — United States and South Korean officials resumed free-trade talks Monday amid growing skepticism that the two governments can narrow their differences before President Bush's authority to move an agreement quickly through Congress expires.

Success would give Washington its biggest trade deal since the North American Free Trade Agreement a decade ago, while expanding market opportunities for exporters in both countries.

About 2,000 police officers in riot gear stood guard around the Shilla Hotel, where the negotiators met for a sixth round of talks since June. Thousands more were dispatched to parks in the city center, where farmers and factory workers planned large protest rallies. Nine lawmakers opposing the talks began a hunger strike in a tent pitched outside the hotel.

"We have made important progress to date, but we still have a lot of work to do," said Wendy Cutler, an assistant trade representative and the lead negotiator for the United States. She said she was optimistic that a deal could be concluded before President Bush's special trade negotiation powers, known as "fast track" authority, lapsed at the end of June.

Under the fast-track mechanism, President Bush can submit an agreement deal to Congress for a straight yes-or-no vote. An agreement would have to go to Washington by the end of March because lawmakers would need to review it before a vote. After President Bush's authority expires, however, the Congress — now controlled by the Democrats — can place amendments on the trade deal, crippling its chances of speedy ratification.

Thomas Kim, executive director of the Korea Policy Institute, said: "I don't think it's going to happen. There are too many major concessions that would have to be made on both sides, and too many unknown political variables."

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The talks stalled over United States requests for greater access for American cars, rice and drugs, and over South Korea's demand that Washington change antidumping rules applied to South Korean steel, cars, computer chips and textiles. Seoul also wants goods produced by South Korean factories in North Korea included in the agreement.

"The more important question probably isn't whether they'll make the deadline," Mr. Kim said, but whether a trade agreement will be reached at all, "and if not, how long will it be before the two governments try again."

If signed, a free-trade deal would add a measure of success to Mr. Bush's embattled presidency, said Usha Haley, professor of international business and director of the Global Business Center at the University of New Haven. A deal with South Korea is central to Washington's strategy of stemming the loss of economic influence in Asia to China.

For South Korea, a deal would mean bigger access for its products in its second-largest export market after China. By exposing the South Korean economy to United States rivals, it would also serve as a catalyst for economic reforms, South Korean officials said.

South Korea is the United States' seventh-largest trading partner, with bilateral trade topping $74 billion a year. An accord could lift American exports to South Korea by $19 billion, while Korean exporters could expect an additional $10 billion in sales in the United States, according to the United States International Trade Commission.

"President Roh Moo-hyun is now entering his final year in office and wants an agreement and its economic benefits to become the legacy of his otherwise disappointing presidency," Ms. Haley said. "Growth is now a very scarce commodity, so the government needs to secure future growth opportunities for the economy. But his unpopularity is also weighing on the trade deal."

Farmers, labor unions and movie workers, all important segments of support for Mr. Roh's liberal Uri Party, have protested the prospect of a trade deal.

Beijing Vows To Rein In Trade Surplus (WSJ)

By Andrew Batson

The Wall Street Journal, January 16, 2007

BEIJING -- China's leadership is increasingly determined to bring its much-criticized trade surplus under control, as a consensus appears to be building that the imbalance is an economic problem for the country and not simply a political irritant.

Minister of Commerce Bo Xilai, in his first public remarks since China last week reported that its trade surplus surged 74% to a record $177.47 billion in 2006, said reducing that excess will be a top priority for 2007. According to the official Xinhua news agency, he said yesterday that an excessively large surplus isn't beneficial to the economy and noted that China's disputes with the European Union and U.S., its two largest trading partners, have been increasing.

Mr. Bo's new pledge to trim the surplus, delivered at a conference of commerce officials from around the country, is particularly unusual coming from the head of an institution that has long existed mainly to promote the nation's exports. It highlights how the record trade gaps of the past two years have helped shift official thinking from a growth-at-all-costs mentality to one that recognizes growing imbalances.

Because China sells so many more goods to foreigners than it buys from them, the earnings from those export sales have been piling up in its domestic banking system. Economists worry that all that excess cash is pushing up inflation, now running at 1.9%, and contributing to froth in the stock markets and real estate. At the same time, the trade gap is straining relationships with the EU and U.S., which are demanding China allow its tightly controlled currency, the yuan, or renminbi, to strengthen more quickly and take other measures to open its markets to foreign goods and services.

"It won't be easy to solve this problem quickly, but it's important that the issue has been raised," said Zuo Xiaolei, chief economist at China Galaxy Securities in Beijing. "The appreciation of the renminbi by itself won't resolve the issue. And structural economic reform is a slow process."

Because gains in the currency make Chinese goods more expensive, the exporters' lobby has been a powerful voice against exchange-rate moves. In a sign that resistance may be weakening, a research institute run by Mr. Bo's ministry issued a report yesterday finding that gains so far in the yuan have had no obvious impact on China's imports, exports or foreign investment. The report said the currency, which strengthened 2.6% in 2005 and 3.4% in 2006, could gain as much as 5% annually without disrupting trade.

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Separately, the Ministry of Commerce said foreign direct investment into China -- money spent to acquire or build up businesses in the country -- dropped 4.1% to $69.47 billion in 2006, from $72.41 billion in 2005. Investment inflows in 2005 were boosted by an unusual number of big-ticket deals as foreign institutions bought into China's state-owned banks.

Spanish Premier Admits Mistakes With Separatists Tied To Bombing (NYT/AP)

By The Associated Press

The New York Times, January 16, 2007

MADRID, Jan. 15 (AP) — Spain's prime minister apologized Monday for putting his faith in a Basque peace effort that collapsed in a deadly car bombing in December, but he insisted he was right to have sought negotiations with separatist militants and appealed to his political foes for unity at a time of crisis.

In a speech to Parliament that was often interrupted by jeers and grumbles from conservative lawmakers, Prime Minister José Luis Rodríguez Zapatero did not announce any concrete new measures against the armed separatist group ETA.

He said that police pressure and court trials had continued during the now ended cease-fire with the group, and that such measures would remain. "I want to recognize the clear mistake I made before all Spanish citizens," he said.

Mr. Zapatero, the Socialist leader, who faces a general election in early 2008, appeared at a session of Parliament dedicated exclusively to the government's policy toward ETA in the wake of the bombing, the group's first fatal one since May 2003.

He defended his record and sought to muster support for his government, though the conservatives have called him naïve for seeking to negotiate with what they called a terrorist group that could not be trusted.

The bombing on Dec. 30 destroyed a parking garage outside of Madrid's airport and killed two young Ecuadorean men.

In Spain, Bitter Rift Over Fighting Terror (CSM)

By Geoff Pingree And Lisa Abend

The Christian Science Monitor, January 16, 2007

from the January 16, 2007 edition - http://www.csmonitor.com/2007/0116/p07s02-woeu.html In Spain, bitter rift over fighting terror For the first time since the 1970s, a major political party decided not to join in an anti-ETA march.

By Geoff Pingree and Lisa Abend | Correspondents of The Christian Science Monitor

MADRID

Two weeks after a bombing by the Basque separatist group ETA brought a fledgling peace process to an abrupt halt, the government of Prime Minister José Luis Rodríguez Zapatero is confronting political strife as vicious as any seen in Spain's three decades of democracy.

Saturday, an estimated 200,000 Spaniards took to the streets to protest ETA's bombing of a multi-tiered parking lot at Madrid's Barajas airport, which killed two workers. But at this anti-ETA demonstration, unlike all others since Spain became a democracy in the 1970s, a major party refused to participate.

The center-right Popular Party denounced the protest as a government attempt to garner support for its strategy of negotiation with the group, sparking criticisms that parties are politicizing the fight against terrorism for their own benefit ahead of upcoming local and national elections.

"It's every Spaniard's civic duty to support the victims and show we're united against violence and terrorism," said Martín Moreno, a computer consultant marching Saturday with his 9-year-old daughter, Sara. "It seems that opposing the government is more important to the Popular Party than fighting ETA, and that's terrible, just terrible. With that attitude, we all lose."

When three hooded ETA members appeared on a videotape aired on Basque television in March to declare a "permanent" cease-fire, many Spaniards harbored cautious optimism that 40 years of separatist violence might finally end. ETA had not launched a fatal attack in over three years, and this, along with the government's own assessment of the group's intentions, led Mr. Zapatero to request and receive permission from Parliament to begin discussions. Although negotiations appeared to have stalled in recent months, the prime minister himself declared on Dec. 29 that within a year the ETA situation would be "better than where we are today."

The following day's bombing, ETA's most materially destructive yet, dashed those hopes.

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"I wasn't surprised by the attack," says Professor María Sagrario Morán, author of several books on ETA. "Things were happening, like kale borroka [low-level street violence and vandalism] and the discovery of the weapons cache in France, that also preceded the rupture of [ETA's previous] 1998 cease-fire. You could tell that things weren't going well."

Nevertheless, not all believe the Barajas bombing was meant to demolish the peace process. "In the past, ETA has always given advance notice that it was breaking a truce," says Ignacio Sánchez-Cuenca, an ETA expert at Madrid's Complutense University. "They didn't give warning that the cease-fire was over this time because they didn't think the bomb would kill anyone. So they didn't think of it as a rupture."

ETA did place several warning calls about the car bomb, and police attempted to evacuate the area before it exploded, but two Ecuadorean men sleeping in their cars failed to hear the announcements and were killed.

Batasuna, ETA's political wing, told the press that it had not expected the attack, leading many to wonder about a rift between ETA and Batasuna.

"I'm sure that there's disagreement between them," says Professor Sánchez-Cuenca. "Batasuna has nothing to gain by the attack. And in these kinds of processes, there are always hard-liners and moderates."

But both ETA and Batasuna seemed to agree that the peace process was still in effect. At a press conference on the day of the bombing, Batasuna spokesperson Arnaldo Otegi blamed the government for "not making a single gesture in nine months of truce," and insisted that the peace process remained intact. On Jan. 9, ETA claimed responsibility for the bombing and criticized the government for not upholding its end of the bargain, but insisted that "the permanent cease-fire ... is still in effect."

Within the Socialist Party, there was no such agreement. Zapatero's initial statement that the peace process was "suspended" contrasted sharply with Interior Minister Alfred Pérez Rubalcaba's declarations that it was definitively over, and that "ETA had lost all credibility."

No rift has been as bitter as that between the Socialist government and the Popular Party (PP). Although the PP lent grudging support to Zapatero's investigation into the seriousness of ETA's declared intentions to abandon violence, the party has since renewed its relentless attack on the government for negotiating with ETA.

The PP declined to participate in Saturday's march, says PP senator Ignacio Cosido, because, "It was clear to us that the intent of the demonstration was to support the government in its strategy to negotiate. "There is profound division in Spain over how to end ETA's terrorism," he adds. "Zapatero's plan is to negotiate. The PP's plan is to destroy terrorism." Minister of Labor Jesús Caldera blamed the PP for politicizing the event. "The PP has made a strategic decision to use its absence as a political weapon," he told press at the march. With local elections in May, and national ones in 2008, the stakes are high for Zapatero, who has planted his political fortunes squarely on achieving peace.

Eoin O'Broin, spokesman for Sinn Fein, says he saw something similar in the early stages of Northern Ireland's peace process. "It's a high-risk game for Zapatero. If he messes this one up, he'll lose the election. But lately his calculations have been made more on electoral projections than on a strategy for peace. [Former British Prime Minister] John Major made exactly the same mistake."

In a speech before parliament on Monday, Zapatero called for a unified antiterrorism policy and admitted that he had made a "clear mistake" in being too optimistic last month when he said that the peace process would be farther along in a year. Popular Party leader Mariano Rajoy, however, was not satisfied with that position. He said Zapatero had lost all credibility, and demanded that the prime minister admit his mistake in negotiating with ETA.

At the march, Celeste Echegaray summed up the feeling of many participants. "This is a time to come together, not a time for political bickering," said the law student. "The parties have politicized the demonstration, but in the fight against terrorism, here in the street, people are united."

France Proposed Merger With Britain In '56 (NYT/AP)

By The Associated Press

The New York Times, January 16, 2007

LONDON, Jan. 15 (AP) — France's government proposed forming a union with Britain in 1956, and also discussed joining the Commonwealth, the British Broadcasting Corporation reported Monday.

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Citing documents in the National Archives, the BBC said Prime Minister Guy Mollet of France had discussed the possibility of a merger between the countries with Sir Anthony Eden, the British prime minister at the time.

That discussion took place on Sept. 10, 1956, when Mr. Mollet visited London, but Sir Anthony rejected the idea, the BBC said.

At the time, France was smarting over the loss of the Suez Canal and Egyptian support for separatists in Algeria and was trying very hard to get British assistance in responding, the BBC reported.

The discussions came to nothing. The BBC said the documents were declassified about 20 years ago but had not been noticed until now.

This Queen Of France Had A Very Short Reign (WT/AP)

By Raphael G. Satter

The Washington Times, January 16, 2007

LONDON -- Could France have been better off as subjects of Queen Elizabeth II?

The revelation that the French government proposed a union of Britain and France in 1956 -- even offering to accept the sovereignty of the British queen -- has scholars on both sides of the channel astonished -- and a lot of Frenchmen spluttering with disbelief and indignation.

Newly discovered documents in Britain's National Archives reveal that 50 years ago Prime Minister Guy Mollet discussed the possibility of a merger between the two nations with British Prime Minister Anthony Eden.

"I completely fell off my seat," says Richard Vinen, a specialist in French history at King's College in London. "It's such a bizarre thing to propose."

Mr. Eden rejected the idea of a union but liked the French proposal to join the British Commonwealth. One document says that Mr. Mollet "had not thought there need be difficulty over France accepting the headship of Her Majesty [Queen Elizabeth II]."

While the two nations -- separated by a narrow body of water called by different names in France and England -- have been bitter rivals since the Middle Ages, the two EU partners now trade tourists rather than prisoners. What animosity remains has been relegated to world culinary name-calling, with the French and British reduced to calling each other froggies and "rosbifs" (or roast beefs).

Proposals for Anglo-French unity are not necessarily new. English royalty claimed the title of "King (or Queen) of France" into the 19th century. Winston Churchill, in a last-ditch attempt to keep France on the side of the Allies in World War II, appealed for a full union of the two nations in June 1940.

The proposals all shared an element of desperation, says Kevin Ruane, a historian at Canterbury Christ Church University in England.

Threatened by an Arab revolt in French Algeria and hobbled by instability at home, France was desperate to maintain its independence from both the Soviet Union and the United States, Mr. Ruane says. Mr. Eden, who fought in France during World War I and spoke the language well enough that the French were not notably offended by his accent, might have seemed particularly approachable to Mr. Mollet, a onetime English teacher.

But even under all those circumstances, the suggestion that France accept the British queen strikes historians as bizarre, and Frenchmen as unspeakable.

Mr. Mollet was a socialist, and Frenchmen usually regard the execution of King Louis XVI as one of the crowning achievements of the French Revolution. They would have been unlikely to welcome a foreign monarch with open arms, though not necessarily the guillotine.

The Mollet memoirs show nothing about the proposal, says Francois Lafon, a history professor at La Sorbonne in Paris and a Mollet biographer.

A year after Britain turned down France's proposal, the French joined the Common Market, the European Union's predecessor. By the time Britain tried to join seven years later, the tables had turned.

Charles de Gaulle had brought a new order to French political life and improved its international standing, even as Britain's economy stagnated. Mr. de Gaulle vetoed Britain's attempts to join the European Economic Community -- twice.

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The documents, which have been declassified for more than 20 years, were found by a British Broadcasting Corp. producer late last month.

Beyond PR At BP (WSJ)

The Wall Street Journal, January 16, 2007

Don't expect much sympathy for John Browne now that his tenure as chief executive of BP has been cut short by 17 months. Sorrow certainly wasn't the sentiment expressed by investors, who have sent BP shares up more than 2.2% in London and nearly 5% on Wall Street since Friday's announcement that Lord Browne would leave the oil giant this summer rather than at the end of next year.

Big Oil is one of the most vilified industries among politicians and the press, many of whom would have you believe that running these companies involves little more than deciding how badly to "gouge" gasoline consumers after hurricanes. Lord Browne is paying the price for BP's struggles in recent years, most notably an explosion at a Texas refinery that killed 15 workers, oil spills in Alaska and alleged market manipulation in the U.S.

Then again, Lord Browne didn't help himself by trying to persuade the world that British Petroleum wasn't in the oil biz. In 2000, BP launched its $200 million "Beyond Petroleum" campaign to reshape its image, running ads that shifted emphasis from oil and gasoline to more politically correct fuels. The company is spending $8 billion over 10 years to boost its alternative fuels business.

Yet at about the same time BP embarked on a plan to cut costs at all of its refineries by 25%, according to investigators with the U.S. Chemical Safety Board who are looking into the 2005 Texas City refinery accident. That cost-cutting, the CSB says, undermined routine maintenance that might have prevented the blast. BP has denied the link between cost-cutting and safety, including oil leaks from corroded pipelines. But a report due to be released today by former Secretary of State James Baker is expected to echo these concerns.

Contrast BP's record with that of ExxonMobil, which has been demonized even more than other oil majors for refusing to toe the environmentalist line on climate change. Yet over the past decade it has largely avoided the kinds of troubles that have socked BP. Companies must be free to reduce expenses, and it's impossible to say whether BP shifted too much money from maintenance to PR. What is clear is that BP's shareholders don't like receiving news of an oil spill any more than environmentalists do. An oil company's first obligation is to its oil business.

Car Washes And Genocide (NYT)

By Nicholas D. Kristof

The New York Times, January 16, 2007

Genocide may be the worst of crimes, but historically it has also brought out the best in some people.

The Raoul Wallenbergs of 2007 speckle America and the globe. And I don't just mean the aid workers — 13 of whom have been murdered for their efforts in Darfur since last May — but also those ordinary Americans who have united in a grass-roots campaign to try to stop genocide half a world away in Sudan.

President Bush and other world leaders have dropped the ball on Darfur. But that vacuum of moral leadership has been filled by university students, churches and temples, celebrities like George Clooney and Mia Farrow, and armies of schoolchildren.

Their arsenal — green armbands, phone calls to the White House, bake sales to raise money — all seem pallid. How can a "Save Darfur" lawn sign in Peoria intimidate government-backed raiders in Sudan or Chad who throw babies into bonfires?

Yet, finally, we see evidence that those armbands and lawn signs can make a difference. Last week, the Save Darfur Coalition — the grass-roots organization that puts out those lawn signs — sponsored a trip by Bill Richardson, the New Mexico governor, to Khartoum to negotiate with President Omar al-Bashir.

Sure, it's a little weird when a private advocacy group undertakes freelance diplomacy. But if George W. Bush, Tony Blair, Jacques Chirac and Hu Jintao twiddle their thumbs, then more power to the freelancers.

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Mr. Richardson worked out a joint statement in which Sudan agreed to a 60-day cease-fire to allow peace talks to resume, provided the Darfur rebels go along as well. Mr. Bashir also agreed that Sudan would prosecute rapes and stop painting its military aircraft to look as if they belong to the U.N.

The first thing to say is that Mr. Bashir has repeatedly broken his pledges in the past. Count me deeply skeptical about whether it will be any different this time. Mudawi Ibrahim Adam, a Sudanese human rights campaigner, told me he thinks that President Bashir simply made cosmetic concessions in hopes of winning the chairmanship of the African Union later this month.

That said, there may be a path forward here. While U.N. peacekeepers and a no-fly zone are needed, ultimately the only way to end the slaughter is to achieve a peace agreement in Darfur. And that seems more feasible today than it was a week ago.

Most striking, it's clear that the cease-fire was a consequence of all those armbands and lawn signs. Mr. Richardson told me that Mr. Bashir was motivated by concern at the way the killings have been spotlighted by Darfur activists. Mr. Richardson quoted him as saying, "These guys have caused me a lot of damage."

Ken Bacon, who heads Refugees International and accompanied Mr. Richardson, said of President Bashir: "One thing that was very clear was that the Save Darfur movement has gotten under his skin. The vilification of the Khartoum regime in columns and editorials and ads is making a difference."

So cherish this historical moment. The long record of genocide is one overwhelmingly of acquiescence, but this time ordinary citizens are trying to write a different ending.

There are the students at Santa Clara University in California who replicated a mini refugee camp and slept in it. They limited themselves to 1,000 calories a day — because that's what Darfuris are limited to — and donated the savings to aid groups.

Or there's Jason Miller, a California M.D./Ph.D student who in his spare time has become the foremost expert on how investments by foreign companies underwrite the Sudanese genocide. Or Beth Reilly, a stay-at-home mom in Indiana who works on Darfur a little bit every day. Or the legions of schoolkids who organize car washes, and ask for donations in lieu of birthday presents, in hopes of saving other children halfway around the globe.

Sudan's leaders are used to bullying everyone. Jan Pronk, who was the United Nations envoy in Sudan until Khartoum ejected him, reports in his Weblog that a U.N. official recently went to the authorities in Darfur to complain about human rights violations. A Sudanese official retorted: "You better shut up. We can always expel you, as we have proven."

But finally President Bashir is confronting people whom he can't bully. Let's have no illusions about how much more pressure will be necessary to stop the slaughter, but let's also celebrate this moment. Mr. Bashir has blinked, showing that it just may be possible to fight genocide with moral courage and lawn signs.

DOJ_NMG_0116440

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 16, 2007 7:45 AM EST

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DOJ_NMG_0116443

TERRORISM NEWS:

Cheney: Feds' Review Of Credit Records Legal (USAT)

USA Today, January 15, 2007

Vice President Cheney said Sunday that the Pentagon and CIA are not violating anyone's rights by examining the banking and credit records of people suspected of terrorism or espionage in the USA. "This is an authority that goes back three or four decades. It was reaffirmed in the Patriot Act," Cheney said on Fox News Sunday. "It's a perfectly legitimate activity. There's nothing wrong with it or illegal."

The vice president said that the Defense Department "gets involved because we've got hundreds of bases inside the United States that are potential terrorist targets."

Rep. Silvestre Reyes, D-Texas, chairman of the House Intelligence Committee, said that "any expansion by the department into intelligence collection" is something the committee will want to thoroughly review.

The issue arose after The New York Times reported Sunday that the Pentagon and CIA had issued up to 500 national security letters that permit the executive branch to seek records without a judge's approval or grand jury subpoena. Most are issued by the FBI, the lead agency in terrorism and espionage investigations.

The letters have generated criticism and court challenges from the American Civil Liberties Union and other privacy advocates.

Obama to announce decision soon

Sen. Barack Obama, D-Ill., said he will "be making an announcement fairly soon" about whether he will seek his party's nomination for president. "Obviously, there's been a lot of talk. It's something that I've been considering," Obama said on CBS' Face the Nation.

Among Democrats running or considering a campaign are Sen. Chris Dodd of Connecticut, former Iowa governor Tom Vilsack, former North Carolina senator John Edwards, New Mexico Gov. Bill Richardson, New York Sen. Hillary Rodham Clinton, Delaware Sen. Joseph Biden and Massachusetts Sen. John Kerry.

Cheney: Credit Checks Aren't Illegal (AP)

AP, January 15, 2007

Vice President Dick Cheney said Sunday the Pentagon and CIA are not violating people's rights by examining the banking and credit records of hundreds of Americans and others suspected of terrorism or espionage in the United States.

Rep. Silvestre Reyes, D-Texas, the new chairman of the House Intelligence Committee, said his panel will be the judge of that.

National security letters permit the executive branch to seek records about people in terrorism and spy investigations without a judge's approval or grand jury subpoena.

"The Defense Department gets involved because we've got hundreds of bases inside the United States that are potential terrorist targets," Cheney said.

"The Department of Defense has legitimate authority in this area. This is an authority that goes back three or four decades. It was reaffirmed in the Patriot Act," he said. "It's perfectly legitimate activity. There's nothing wrong with it or illegal. It doesn't violate people's civil rights."

In a statement Sunday, Reyes promised that his panel would take a careful look at those claims.

"Any expansion by the department into intelligence collection, particularly on U.S. soil, is something our committee will thoroughly review," Reyes said.

"We want our intelligence professionals to have strong tools that will enable them to interrupt the planning process of our enemies and to stop attacks against our country," he said. "But in doing so, we also want those tools to comply fully with the law and the Constitution."

The Pentagon and the CIA, to a lesser extent, have used this little-known power, officials said. The FBI, the lead agency on domestic counterterrorism and espionage, has issued thousands of such letters since the attacks of Sept. 11, 2001.

The letters have generated criticism and court challenges from civil liberties advocates who claim they invade the privacy of Americans' lives, even though banks and other financial institutions typically turn over the financial records voluntarily.

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The vast majority of national security letters are issued by the FBI, but in rare circumstances they have been used by the CIA before and after Sept. 11, according to a U.S. intelligence official. The CIA has used these noncompulsory letters in espionage investigations and other circumstances, the official said.

The New York Times, which reported Sunday on the expanded use of the technique by the Pentagon and CIA, said military intelligence officers have sent the letters in up to 500 investigations.

"This is a dramatic story, but I think it's important for people to understand here this is a legitimate security effort that's been under way for a long time, and it does not represent a new departure from the standpoint of our efforts to protect ourselves against terrorist attacks," the vice president said.

Cheney Defends Efforts To Obtain Records (NYT)

By Mark Mazzetti

The New York Times, January 15, 2007

Vice President Dick Cheney yesterday defended efforts by the Pentagon and the Central Intelligence Agency to obtain financial records of Americans suspected of terrorism or espionage, calling the practice a "perfectly legitimate activity" used partly to protect troops stationed on military bases in the United States.

But the chairman of the House Intelligence Committee expressed concern over the expansion of the military's domestic intelligence collection efforts and said his committee would investigate how the Pentagon was using its authority.

Appearing on "Fox News Sunday," Mr. Cheney said "national security letters" issued to banks and credit agencies were an essential tool for investigating terrorism cases in the United States.

He said the Pentagon had crossed no legal boundaries in issuing the letters independent of the Federal Bureau of Investigation.

"There's nothing wrong with it or illegal," Mr. Cheney said. "It doesn't violate people's civil rights. And if an institution that receives one of these national security letters disagrees with it, they're free to go to court to try to stop its execution."

Representative Silvestre Reyes, a Texas Democrat who is the new chairman of the House Intelligence Committee, said his panel would examine the matter. Mr. Reyes also indicated that he might renew efforts to pass a law requiring various agencies to get court approval before issuing national security letters.

"Any expansion by the department into intelligence collection, particularly on U.S. soil, is something our committee will thoroughly review," he said in a statement issued to the news media.

Since the Sept. 11 attacks, the Pentagon has issued hundreds of letters to American banks and other financial institutions seeking information about suspects in counterterrorism or counterespionage investigations.

Banks are not required to hand over the information, but Pentagon officials said that financial institutions usually complied.

The C.I.A. also uses the letters as an investigative tool, but issues them far less frequently than does the Pentagon, intelligence officials said.

The use of the national security letters by the Pentagon and the C.I.A. was first reported in The New York Times yesterday.

By law, the Pentagon and the C.I.A. are barred from any domestic law enforcement activities. But government officials said that their authority to issue the letters dated back several decades and was strengthened by the USA Patriot Act, an antiterrorism law passed in 2001.

Mr. Cheney said yesterday that the letters were valuable for protecting American forces stationed at hundreds of bases in the United States.

Since Sept. 11, the Pentagon has increased its domestic intelligence collection efforts to help ensure that American bases are protected from potential terrorist attacks.

The efforts have been criticized by civil liberties organizations, who say the Pentagon is using "force protection" to spy on Americans and collect information on groups like war protesters.

The American Civil Liberties Union said yesterday that it had "serious concerns" about the use of the letters by the Pentagon and the C.I.A., and it called for a Congressional investigation to examine the frequency and legal basis for the records demands, along with civil liberties safeguards in place.

"This country has a long tradition of rejecting the use of the C.I.A. and the Pentagon to spy on Americans, and rightfully so," said Caroline Fredrickson, director of the A.C.L.U.'s Washington office. "Today's published report that the Pentagon and C.I.A. have been relying on 'national security letters' to collect the financial records of Americans without judicial supervision or Congressional oversight raises a host of questions that need to be answered."

Pentagon officials said the financial documents obtained through the national security letters usually did not establish an individual's links to terrorism or espionage and had rarely led to criminal charges.

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But officials said the records still had intelligence value, and the Pentagon plans within the next year to incorporate the records into a database at its Counterintelligence Field Activity office.

With the Democrats now in charge of both houses of Congress, the House and the Senate Intelligence Committees are planning hearings on various intelligence programs conducted by the Bush administration since Sept. 11, 2001.

At the top of the agenda are hearings on the National Security Agency's domestic surveillance program and the C.I.A.'s detention and interrogation of terrorism suspects.

Mr. Reyes indicated yesterday that the military's domestic collection efforts could also be a priority for his committee.

"We want our intelligence professionals to have strong tools that will enable them to interrupt the planning process of our enemies and to stop attacks against our country," his statement said.

"But in doing so, we also want those tools to comply fully with the law and the Constitution."

Cheney Defends Pentagon (LAT)

By David G. Savage

The Los Angeles Times, January 15, 2007

WASHINGTON — The Pentagon is not violating privacy rights by requesting information from financial institutions, telephone companies or credit bureaus in suspected espionage and terrorism cases, Vice President Dick Cheney said Sunday.

He defended the requests as a "perfectly legitimate activity" that serves in part to protect personnel on hundreds of military bases within the United States — "potential terrorist targets," in Cheney's words.

The issuance of "national security letters," he told "Fox News Sunday," is a critical investigative tool that allows "us to collect financial information, for example, on … people we have reason to suspect."

But new House Intelligence Committee Chairman Silvestre Reyes (D-Texas) said Sunday that he would hold hearings on the Defense Department requests. The law bars the agency from domestic espionage activities.

"Any expansion by the department into intelligence collection, particularly on U.S. soil, is something our committee will thoroughly review," he said in a statement issued by his office.

Unlike the controversial national security letters issued by the FBI, which compel institutions to turn over information, these letters merely request data. Companies that receive letters are not obligated to provide the information, officials said.

In the last five years, the Pentagon has issued requests in as many as 500 investigations, according to a report Saturday by the New York Times.

Intelligence officials contacted by the Los Angeles Times said the CIA — which also is prohibited from domestic activity — had made similar requests, though far less frequently.

Cheney told "Fox News Sunday": "This is an authority that goes back three or four decades. It was reaffirmed in the Patriot Act that was renewed here about a year or so ago.

"It's a perfectly legitimate activity. There's nothing wrong with it or illegal. It doesn't violate people's civil rights. And if an institution that receives one of these national security letters disagrees with it, they're free to go to court to try to stop its execution."

According to a privacy-law expert, a person's bank records are not deemed private in national security investigations, so government agencies, including the Pentagon, can request these records without a warrant.

"This is almost surely legal. It is not like warrantless wiretapping," said James X. Dempsey, policy director at the Center for Democracy & Technology, a Washington policy center that studies civil liberties in the digital age.

Bank privacy laws make an exception for government requests in investigations related to "intelligence or counterintelligence or international terrorism," and the Pentagon says it can gather intelligence to protect its bases from spies and saboteurs.

But just because the activity is legal "doesn't mean it's a good idea," Dempsey said. "The Defense Department is exploiting a gray zone in the law."

In the past, the Supreme Court has drawn a distinction between what is truly private and what may be searched by the government.

For example, homes and phone conversations are deemed private, and the government cannot enter a home or listen to a phone call without a search warrant from a judge.

However, in the 1970s, the court said that bank records and lists of phone numbers called were not truly private, and that officials could obtain these records if they had a good reason.

Afterward, Congress passed laws requiring banks and phone companies to keep customers' records private, but these measures included exceptions for national security investigations.

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Though the FBI has the legal authority to require banks and other institutions to turn over records, the Pentagon is simply asking to see the records, officials emphasize.

"This puts the bank between a rock and hard place," Dempsey said. "They want to be a good citizen, especially if there is a terrorism threat. They also want to stay within the letter of the law."

And because the request is secret, it is not likely that the person whose records are being sought will complain: Under bank privacy laws, "no financial institution, or officer or employee shall disclose to any person that a government authority [conducting an intelligence investigation] has sought or obtained access to a customer's financial records."

Dempsey questioned why the Pentagon, and not the FBI, was conducting these investigations.

"This concept of 'force protection' is elastic. There is no firm definition in the law," he said.

"I don't see why [the Defense Department] is going it alone and not involving the FBI. This suggests they are still not connecting the dots."

Pentagon Disavows Official's Comments About Firms Defending Gitmo Detainees (WSJ/AP)

The Wall Street Journal, January 15, 2007

WASHINGTON -- The Pentagon disavowed a senior official's remarks suggesting companies boycott law firms that represent detainees at the U.S. military prison at Guantanamo Bay, Cuba.

Charles "Cully" Stimson, the deputy assistant secretary of defense for detainee affairs, said in a radio interview last week that companies might want to consider taking their business to other firms that do not represent suspected terrorists.

Mr. Stimson's remarks were viewed by legal experts and advocacy groups as an attempt to intimidate law firms that provide legal help to all people, even unpopular defendants.

A Pentagon spokesman, Lt. Col. Brian Maka, said Saturday Mr. Stimson wasn't speaking for the Bush administration. Mr. Stimson's comments "do not represent the views of the Department of Defense or the thinking of its leadership," Mr. Maka said.

Mr. Stimson's "shameful and irresponsible" remarks deserve condemnation, said Neal Sonnett, a Miami lawyer and president of the American Judicature Society, a nonpartisan group of judges, lawyers and others.

Mr. Sonnett said in a statement that Mr. Stimson had made a "blatant attempt to intimidate lawyers and their firms who are rendering important public service in upholding the rule of law and our democratic ideals." Mr. Stimson on Thursday told Federal News Radio, a local commercial station that covers the government, that he found it "shocking" that lawyers at many of the U.S.' top law firms represent detainees. (See related article1.)

Mr. Stimson listed the names of more than a dozen major firms he suggested should be boycotted. "And I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," Mr. Stimson said.

Asked who might be paying the law firms to represent Guantanamo detainees, Mr. Stimson hinted at wrongdoing for which some explaining should be done. "It's not clear, is it? Some will maintain that they're doing it out of the goodness of their heart -- that they're doing it pro bono, and I suspect they are," he said.

"Others are receiving monies from who knows where and I'd be curious to have them explain that." Mr. Stimson also described Guantanamo as "certainly, probably the most transparent and open location in the world" because of visits from more than 2,000 journalists since it opened five years ago.

However, journalists aren't allowed to talk to detainees on those visits, their photos are censored and their access to the base has at times been shut off entirely." He discounted international outrage over the detention center as "small little protests around the world" that were "drummed up by Amnesty International" and inflated in importance by liberal news media outlets.

Interrogation Research Is Lacking, Report Says (WP)

By Josh White

The Washington Post, January 16, 2007

There is almost no scientific evidence to back up the U.S. intelligence community's use of controversial interrogation techniques in the fight against terrorism, and experts believe some painful and coercive approaches could hinder the ability to get good information, according to a new report from an intelligence advisory group.

The 374-page report from the Intelligence Science Board examines several aspects of broad interrogation methods and approaches, and it finds that no significant scientific research has been conducted in more than four decades about the effectiveness of many techniques the U.S. military and intelligence groups use regularly. Intelligence experts wrote that a lack of research could explain why abuse has been alleged at U.S. facilities in Afghanistan, Cuba and Iraq.

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"Since there had been little or no development of sustained capacity for interrogation practice, training, or research within intelligence or military communities in the post-Soviet period, many interrogators were forced to 'make it up' on the fly," wrote Robert A. Fein, chairman of the study, published by the National Defense Intelligence College. "This shortfall in advanced, research-based interrogation methods at a time of intense pressure from operational commanders to produce actionable intelligence from high-value targets may have contributed significantly to the unfortunate cases of abuse that have recently come to light."

The report explores scientific knowledge on interrogation in the wake of reported abuse around the globe. The study, sponsored by the Defense Intelligence Agency and the Pentagon's Counterintelligence Field Activity, was posted yesterday on the Federation of American Scientists' Web site, at http://www.fas.org/irp/dni/educing.pdf.

In it, experts find that popular culture and ad hoc experimentation have fueled the use of aggressive and sometimes physical interrogation techniques to get those captured on the battlefields to talk, even if there is no evidence to support the tactics' effectiveness. The board, which advises the director of national intelligence, recommends studying the matter.

"There is little systematic knowledge available to tell us 'what works' in interrogation," wrote Robert Coulam, a research professor at the Simmons School for Health Studies in Boston. Coulam also wrote that interrogation practices that offend ethical concerns and "skirt the rule of law" may be narrowly useful, if at all, because such practices could undermine the legitimacy of government action and support for the fight against terrorism.

The Bush administration has long advocated the ability to use aggressive interrogation tactics on terrorism suspects. After abuse came to light at Iraq's Abu Ghraib prison and the Navy's prison at Guantanamo Bay, Cuba, Congress forced the government to limit its approaches to long-standing military doctrine but allowed a loophole that lets the CIA continue such techniques.

The Army's new field manual on intelligence, approved in September, specifically bans some of the most aggressive techniques -- such as "waterboarding," beatings, sensory deprivation and depriving a detainee of food -- and draws clear boundaries for all military personnel who participate in interrogations. Army officials abandoned more coercive techniques because of the abuse scandals and evidence that Army and contract interrogators had developed approaches in the field based on vague guidance.

The new study finds that there may be no value to coercive techniques.

"The scientific community has never established that coercive interrogation methods are an effective means of obtaining reliable intelligence information," wrote Col. Steven M. Kleinman, who has served as the Pentagon's senior intelligence officer for special survival training.

Kleinman wrote that intelligence gathered with coercion is sometimes inaccurate or false, noting that isolation, a tactic U.S. officials have used regularly, causes "profound emotional, psychological, and physical discomfort" and can "significantly and negatively impact the ability of the source to recall information accurately."

Some At Guantanamo Mark 5 Years In Limbo (WP)

By Carol D. Leonnig And Julie Tate

The Washington Post, January 16, 2007

Shackled at the wrists and blinded by special goggles, the first captives from the U.S. war in Afghanistan were ushered to makeshift prison cells thousands of miles from the battle, at the U.S. naval station at Guantanamo Bay, Cuba, five years ago last week.

Gholam Ruhani was among them, the prison's third official inmate, flown in by cargo plane with the first group of 20 men. The 23-year-old Afghan shopkeeper, who spoke a little English, was seized near his hometown of Ghazni when he agreed to translate for a Taliban government official seeking a meeting with a U.S. soldier.

Ruhani is still at Guantanamo, marking the fifth anniversary of the prison and his own captivity. He remains as stunned about his fate, according to transcripts of his conversations with military officers, as he was when U.S. military police led him inside the razor wire on Jan. 11, 2002, and accused him of being America's enemy.

"I never had a war against the United States, and I am surprised I'm here," Ruhani told his captors during his first chance to hear the military's reasons for holding him, three years after he arrived at Guantanamo. "I tried to cooperate with Americans. I am no enemy of yours."

Now prison and prisoner are forever linked, joined by hasty decisions made in war and trapped by that fateful beginning.

Guantanamo, which is struggling to rid itself of roughly 200 of its 393 remaining detainees, served its original purpose of taking dozens of terrorism suspects and enemy fighters from the chaotic Afghan battlefield and elsewhere, administration officials and the prison's supporters say.

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But after five years and more than $600 million, it has failed to quickly and fairly handle the cases of hundreds of people such as Ruhani, against whom the government has no clear evidence of a role in attacks against the United States, according to current and former government officials and attorneys for detainees.

In the administration's effort to obtain raw intelligence, officials said, it was easier to ship hundreds of men with unclear allegiances to a naval base in Cuba in early 2002 and ask the hard questions later. But with a government focused on interrogations, a bureaucracy lacking tolerance for risk and a detention policy under legal attack, the United States has found it difficult to free many of the detainees, regardless of the information it has on the threat they pose.

"We of course had to make snap judgments in the battlefield," said one administration official involved in reviewing Guantanamo cases, who spoke anonymously to avoid angering superiors. "Where we had problems was that once we had individuals in custody, no one along the layers of review wanted to take a risk. So they would take a shred of evidence that a detainee was associated with another bad person and say that's a reason to keep them."

That policy, and persistent reports of detainee abuse inside Guantanamo's walls, have provided rallying points for Islamic radicals, undermined international support for U.S. efforts to track down terrorists and ignited a legal effort that has repeatedly embarrassed the administration.

"Guantanamo took on a life of its own," said Pierre-Richard Prosper, a former U.S. ambassador at large for war crime issues. "What started as a solution to an immediate problem became both a more permanent place and a cause celebre internationally."

The White House and the Defense Department say the detention and interrogation facility they call Joint Task Force Guantanamo has been a success in protecting Americans and helping U.S. officials learn more about terrorist networks. Dangerous men are inside the prison, among them Khalid Sheik Mohammed, alleged mastermind of the Sept. 11, 2001, attacks, and Ramzi Binalshibh, who is accused of aiding him. They were among 14 detainees transferred there last year as the administration sought, and later won, a law that restricts detainees from challenging their imprisonment in U.S. courts.

So far, 10 detainees have been designated to stand trial before special military commissions, and the Defense Department expects that 80 more will face a similar fate.

"In Guantanamo, we have held the engine of al-Qaeda -- the recruiters, smugglers, trainers, facilitators, financiers, bombmakers and potential suicide bombers -- detained and out of the fight," said Lt. Cmdr. Chito Peppler, a Defense Department spokesman. "We have no desire to be the world's jailer and do not hold detainees for any longer than necessary. We have in place a rigorous process to ensure those held at Guantanamo Bay belong at Guantanamo."

The prison has changed dramatically since its inception, after a battlefield crisis in north-central Afghanistan over Thanksgiving weekend in 2001. For four days, U.S. and British forces fought a prisoner uprising in a fortress used by the CIA as an interrogation site in Mazar-e Sharif. By Nov. 28, hundreds of prisoners were dead and the U.S. military had taken custody of an estimated 200 survivors and suspects.

Army Gen. Tommy R. Franks, in charge of the assault on Afghanistan's al-Qaeda and Taliban strongholds, urged the military to find a site outside the country to hold and evaluate this expanding group of suspects. The job had also overwhelmed his detention facility, a converted machine shop at Bagram air base.

Back in Washington that December, someone floated an idea: What about taking the prisoners to the U.S. naval base at Guantanamo Bay? Then-Defense Secretary Donald H. Rumsfeld liked it. By the next month, military cargo planes were bringing Muslim men seized in Afghanistan and Pakistan to Cuba, 20 and 30 at a time.

President Bush, relying on advisers' untested legal theories, declared a week after the prison opened that the captives were not entitled to Geneva Conventions protections or prisoner-of-war status and could be held in Cuba, without charges, indefinitely.

Between its opening and Feb. 14, 2002, the number of prisoners at Guantanamo swelled to 300. In late January of that year, Vice President Cheney said the detainees were "the worst of a very bad lot" and added: "They are very dangerous. They are devoted to killing millions of Americans."

But of the 773 detainees who have spent time in Guantanamo, the government has released roughly half, most because they had no information and no role in any fighting. The majority were sent home after the evidence against each was formally reviewed at military hearings required in 2004 by the Supreme Court, which rejected the Bush administration's claim that it could detain foreign nationals indefinitely without such sessions.

Of the 393 prisoners who remain today, the military has determined that 85 pose so little threat, they should be transferred to their home countries. Officials, speaking on the condition of anonymity because some evidence about the prisoners is classified, estimate that about 200 pose a danger to Americans.

It is unknown what classified evidence exists to hold Ruhani, who said he was newly married and trying to help his elderly father run an electrical supply store when he was arrested on Dec. 9, 2001. The military tribunal that reviewed his case in 2004

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publicly concluded that he was a danger because he was captured with a senior Taliban intelligence officer, was carrying rounds for his pistol and had worked as a part-time aide in a Taliban security office.

Ruhani told the three-officer tribunal that he had been waiting for three years to set the record straight, transcripts show. He contended that the Taliban required all young men to fight in its army but said he was able to avoid going to the front lines by agreeing to do menial cleaning and clerical jobs at a nearby police office.

"I was afraid I would be killed," he told them.

He had learned a little English to make some sense of the electronics manuals in his family's shop. And, he said, he was happy to help translate when asked by a fellow villager -- Abdul Haq Wasiq, a Taliban official who later became a prisoner with him at Guantanamo -- because he considered the Americans friendly. He said almost everyone in Afghanistan carries a weapon for protection but he handed his over to the Americans as he entered the meeting.

"I believed I was on the Americans' side. I expected to leave that meeting and return to my life, my shop and my family. Instead, I was arrested," he said, adding: "All I want to say is that I am not guilty. I am asking for your help."

The military decided to continue holding Ruhani. At a review hearing the next year, he seemed bewildered that the Americans had not yet determined that his detention was a mistake.

"If there is a misunderstanding, please don't hold that against me," Ruhani said. "When will they let me know that I'll be released?"

One major obstacle for Ruhani and dozens of others still at the prison is nationality. The U.S. government has determined that Afghanistan, and a few other countries, cannot keep track of released detainees who the United States believes are low-risk but need monitoring.

Afghans make up the largest group of current detainees. Yemenis and Saudis, whose countries either cannot handle released detainees or do not want them, also remain in large numbers.

The detainees in that first group of 20 are emblematic of Guantanamo's prisoners. Half have been released. Of the remaining 10, one is David Hicks -- prisoner No. 2 -- an Australian who fought in the Kosovo Liberation Army, then converted to Islam and was captured in Afghanistan. Two are admitted Taliban commanders.

Three others are more like Ruhani, with public files that appear to make them unlikely enemies of the United States.

One is Shakhrukh Hamiduva, an 18-year-old Uzbek refugee who fled his country after the government there killed one of his uncles and jailed other relatives. He tried to cross the border from Afghanistan when U.S. bombs started falling but was captured by a tribal leader and sold to U.S. forces for a bounty. He said soldiers told him he would be released, but instead he ended up in Cuba.

"We went after small fries at every turn," said Neal Katyal, a Georgetown University law professor who helped argue the Supreme Court case last June that struck down the government's original plan for military trials. "Gitmo blew our credibility. And it's going to take a long time to get it back."

Tribunal Rules Made Secretly (HILL)

By Eugene R. Fidell And Kathleen A. Duignan

The Hill, January 16, 2007

Last summer, the National Institute of Military Justice testified about the Military Commissions Act of 2006 (MCA), then under consideration on Capitol Hill. Congress passed the MCA because the Supreme Court had ruled in the Hamdan case on June 29, 2006 that the Guantanamo military commissions, as originally created by the administration, were illegal. The bill, which is now law, authorized military commissions and gave President Bush wide latitude in fashioning rules to implement the statute.

Once the MCA was enacted, the administration began working on the new rules that would be presented to Congress in mid-January. Given the importance of those rules and the flaws in the earlier rules they will replace, a number of organizations asked that the new rules be made available in draft so that the public could submit comments before they were promulgated in final form. That is the process used for other federal rulemaking, although it is not required by statute for military commission rules. NIMJ submitted the first request for notice-and-comment rulemaking on Sept. 28, 2006, followed soon after by the New York City Bar Association and the American Bar Association. The Pentagon never responded to any of these letters. Other organizations submitted letters to Congress and the Department of Defense, and urged their members to do so as well. At a dinner meeting of the ABA's Standing Committee on Law and National Security on Dec. 1, 2006, a Pentagon official revealed — in response to a question from the floor — that the Pentagon would not be providing an opportunity for public comment on the draft because the MCA set a deadline — which has arrived today — for submission of the final rules to Congress. The claim was there was no time to accommodate a public comment period.

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Because these rules were not developed in the open, confidence that the trials will be conducted in a fair and just manner is necessarily compromised. The rules were drafted and reviewed in secret, and are due to be finalized today, without the slightest recognition that transparency and public confidence in the administration of justice are inextricably linked.

In a society that claims to be open, free, and fair, lawmakers should have demanded that every step in the creation of the new generation of military commissions was conducted in public. It is certainly peculiar, in a country that prides itself on the constitutional right to a public trial, that the rules that will govern these important trials, under new legislation, were framed in secret. Public comment would not only have fostered public confidence in the end product, but also may have led to improvements in the rules. Whether you like the idea of military commissions, or dislike it, there was no reason to cut the public and the bar out of this process, and certainly no basis for claiming that the administration had no alternative. Congress often places reporting and submission deadlines on government agencies, but it also regularly relaxes such requirements. In this instance the Pentagon plunged ahead, did not seek any extension, and used the deadline as a shield. Congress should have put a stop to this and instructed the Pentagon that it need not — and should not — file the rules until the public had been afforded at least 60 days to comment on the draft. Instead it allowed another step toward unchecked executive-branch power in the implementation of military commissions.

It's bad enough that Congress engaged in midnight deal-making when it framed the MCA. It could have made amends, at least in part, by subjecting the implementing rules to the harsh disinfectant of sunlight before they took effect. Now that this opportunity is passing today, the 110th Congress must exercise its oversight power to review the new rules for consistency with American values of fairness and due process, or start over again and amend the MCA.

Mr. Stimson And The American Way (WSJ)

By Charles Fried

The Wall Street Journal, January 16, 2007

Defense Department official Charles Stimson showed ignorance and malice in deploring the pro bono representation of Guantanamo detainees by lawyers in some of the nation's leading law firms, and in calling on their corporate clients to punish them for this work.

That some of the law firms Mr. Stimson singles out represent large employers defending discrimination and disability suits, major corporations accused of price fixing, securities fraud and pollution is not because the right hand -- so to speak -- does not know what the left is doing, nor because these firms are major-league hypocrites. On the contrary, they act in the best traditions of the profession -- traditions that are ignored in today's China or Putin's Russia.

It is the pride of a nation built on the rule of law that it affords to every man a zealous advocate to defend his rights in court, and of a liberal profession in such a nation that not only is the representation of the dishonorable honorable (and any lawyer is free to represent any person he chooses), but that it is the duty of the profession to make sure that every man has that representation. So, for instance, it is only the ideologically blinded who would criticize the great John W. Davis for having presented the case for school segregation to the Supreme Court in Brown v. Board of Education, or the ignorant who did not know that he had denounced the Ku Klux Klan and, as Solicitor General, had defended the voting rights of African-Americans.

All that can be said in explanation, if not mitigation, of Mr. Stimson's egregious statements is that he may have been led on by the extravagant rhetoric of ideologues at the other end of the spectrum, who regularly inveigh against law firms which make their living by defending corporate interests accused of abusing employees, consumers and the environment. It was a regular event on law school campuses to see such ideologues picketing campus recruiters from these law firms, and to hear speeches by professors and even law school deans deploring the fact that graduates regularly took up employment in them.

And the hapless Mr. Stimson may also have fallen victim to that lawyers' occupational disease, Acquired Conviction Syndrome. It is too bad that lawyers in this country feel bound not only to submit the best possible arguments for their clients -- virtuous or deplorable -- but also to stump for them in the press, before legislative bodies and in professional organizations. Debate in the American Bar Association and American Law Institute, for instance, has been degraded in recent years by their members carrying their representation of their clients' interest into fora in which their best independent expert judgment is asked for. How unfortunate that in this country we have plaintiffs' lawyers and defendants' lawyers, lawyers who represent only unions and others who represent only management. One looks with nostalgia at the British bar, where barristers will prosecute one day and defend the next.

It may just be that Mr. Stimson is annoyed that his overstretched staff lawyers are opposed by highly trained and motivated elite lawyers working in fancy offices with art work in the corridors and free lunch laid on in sumptuous cafeterias. But it has ever been so; it is the American way. The right to representation does not usually mean representation by the best, brightest and sleekest. That in this case it does is just an irony -- one to savor, not deplore. * * *

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It is no surprise that firms like Wilmer Hale (which represents both Big Pharma and Tobacco Free Kids), Covington and Burling (which represents both Big Tobacco and Guantanamo detainees), and the other firms on Mr. Stimson's hit list, are among the most sought-after by law school graduates, and retain the loyalty and enthusiasm of their partners. They offer their lawyers the profession at its best, and help assure that the rule of law is not just a slogan but a satisfying way of life.

Mr. Fried teaches at Harvard Law School.

Sliming The Defense (LAT)

The Los Angeles Times, January 16, 2007

A Pentagon official's overboard criticism of Gitmo lawyers is consistent with one bad strain of White House thought.

THE PENTAGON has disavowed some offensive criticism by one of its officials regarding American lawyers who have represented accused terrorists imprisoned at the U.S. naval base at Guantanamo Bay, Cuba. But the crankish comments of Charles "Cully" Stimson, the deputy assistant secretary of Defense for detainee affairs, reflect a more pervasive reluctance by the Bush administration to acknowledge that injustices have occurred at Guantanamo.

Sounding more like a first-time caller than a government official, Stimson told a radio interviewer last week that "when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms." Not content to float the idea of a boycott, Stimson, a lawyer too, speculated darkly that although some attorneys representing detainees may be doing so as a public service, "others are receiving monies from who knows where, and I'd be curious to have them explain that." In an earlier period in U.S. history, that sort of hit-and-run insinuation was called McCarthyism.

Amid condemnation of Stimson's remarks from the legal profession, a Pentagon spokesman said they "do not represent the views of the Department of Defense or the thinking of its leadership." (Apparently a deputy assistant secretary is not part of the leadership.) For good measure, Atty. Gen. Alberto R. Gonzales said that "good lawyers representing the detainees is the best way to ensure that justice is done in these cases."

But contradicting Stimson — or, even better, firing him — can't alter the fact that his comments in one sense reflect the administration's attitude. Stimson referred not to "accused terrorists" or "suspected terrorists" but to "terrorists." From President Bush on down, the administration has downplayed the possibility that some of the more than 700 people who have been confined at Guantanamo were imprisoned unjustly (not to mention treated inhumanely). Never mind that about half of the original detainees have been released.

Before the U.S. Supreme Court ruled otherwise, the administration insisted that detainees at Guantanamo had no right to challenge their confinement in a U.S. court. The administration devised its own rules for military commissions to try them for alleged war crimes, until the high court ruled that Congress had to be involved. (Even then, the administration was able to convince Congress that detainees shouldn't be allowed to file habeas corpus petitions.)

These policies bespoke an exaggerated understanding of executive power, even in wartime, but they also reflected a certitude bordering on smugness that has characterized too much of the administration's conduct of the war on terror.

Many of the lawyers involved in detainee issues on a pro bono basis are motivated by loyalty to the Constitution, which the administration has sometimes appeared eager to overlook. Advocacy on behalf of due process is a form of patriotism and public service. Criminal prosecutors aren't usually in the business of tarnishing defense attorneys, for good reason, and it's important that the government maintain the same professionalism when prosecuting the war on terror.

Cuba: Charge Posada With Terror, Not Lying (AP)

AP, January 16, 2007

HAVANA - (AP) -- Cuban militant Luis Posada Carriles must be charged with terrorism, not just with lying during U.S. naturalization proceedings, the Cuban government said today in criticizing a recent U.S. Justice Department decision.

"The U.S. government knows very well -- and has all the proof -- of the innumerable acts of terrorism committed by Posada Carriles," the Foreign Ministry said in the statement published on the front page of Granma, the Communist Party's daily newspaper.

Posada, a former CIA operative with ties to the failed Bay of Pigs invasion in the 1960s, is suspected of plotting the bombing of a Cuban jetliner 30 years ago in Venezuela. He was indicted last week in El Paso, Texas, on charges of lying on his application and under oath when applying for naturalization to the United States in September 2005 and April 2006.

The statement said the foreign ministry hopes the recent charges ``won't become a smoke screen to extend immunity for the serious crime of terrorism."

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Cuba and Venezuela say Posada, 78, should face trial in the 1976 Cuban jetliner bombing, either in Venezuela or before an international tribunal. But a federal immigration judge who ordered Posada out of the United States ruled he could not be sent to either country.

Several countries have rejected U.S. requests that Posada be sent there.

In last week's indictment, Posada was charged with one count of naturalization fraud and six counts of making false statements in a naturalization proceeding.

He said he traveled from Honduras through Belize, ultimately reaching the United States near Brownsville, Texas, with the help of a human smuggler. But the U.S. indictment alleges Posada actually entered the country by sea on a boat with four other people.

The trip by sea was mentioned by Cuban President Fidel Castro in a series of speeches about Posada in the spring of 2005. The indictment shows that "the U.S. government was forced to admit that our commander in chief was right," today's statement said.

The indictment also says Posada had a fake Guatemalan passport bearing his photograph and the name Manuel Enrique Castillo Lopez.

If convicted, Posada faces a maximum of 10 years in prison on the naturalization fraud count and five years in prison on each of the false statement counts.

Cuba called for a more serious punishment, saying ``the families of the victims demand justice."

Posada has denied any wrongdoing in the bombing, which killed 73 people, or any other attacks against Cuban interests.

Jury Told Botched Bombing Was Still Punishable Crime (WT/AP)

By Jill Lawless

The Washington Times, January 16, 2007

LONDON -- Six men plotted to kill London subway and bus passengers with bombs made from hydrogen peroxide and flour two weeks after suicide bombers killed 52 commuters in the city, a prosecutor told a jury yesterday.

No one was killed in the attempted bombings of three subway trains and a bus on July 21, 2005, because the devices failed to explode.

"We say that the failure of these bombs to explode owed nothing to the intentions of the defendants. It was simply the good fortune of the traveling public that this day they were spared," prosecutor Nigel Sweeney said in outlining the government's case.

"This case is concerned with an extremist Muslim plot, the ultimate objective of which was to carry out a number of murders and suicide bombings," Mr. Sweeney told jurors.

The men, who are largely of East African descent, have pleaded not guilty to charges of plotting to bomb London's transport network two weeks after suicide attackers killed 52 commuters in the city on July 7, 2005.

Muktar Said Ibrahim, 28; Ramzi Mohamed, 25; Yassin Omar, 26; Manfu Asiedu, 33; Adel Yahya, 24; and Hussain Osman, 28 -- all from London -- deny charges of conspiracy to murder and conspiracy to cause explosions.

Mr. Sweeney said Mr. Osman had told police the bombs were "a deliberate hoax in order to make a political point" and were not intended to kill. But Mr. Sweeney said forensic scientists had tested the mixture, and "in every experiment this mixture has exploded."

The main explosive charge was 70 percent liquid hydrogen peroxide and 30 percent flour of the type used for chapatis, a type of Indian flat bread, Mr. Sweeney said.

The detonators contained triacetone triperoxide (TATP), an explosive used by Palestinian suicide bombers and by Richard Reid, who tried to detonate a shoe bomb on a U.S.-bound aircraft. The explosives were packed in plastic tubs, with screws, bolts and other pieces of metal taped on the outside as shrapnel, the prosecutor said.

Commercially available hydrogen peroxide is too diluted to be an effective explosive, Mr. Sweeney said, so the conspirators bought a total of 284 bottles and boiled down the substance to increase the concentration.

Traces of hydrogen peroxide and TATP were found in Mr. Omar's apartment, along with evidence that hydrogen peroxide had been boiled.

Mr. Sweeney said the components for the bombs were bought beginning in April 2005, proving the attacks were "not some hastily arranged copycat" of July 7.

Mr. Sweeney said the suspects -- most of whom were born in Ethiopia or Somalia -- were well known to one another long before the attacks, and five had been photographed by police on a camping trip in the Lake District of northern England in May 2004.

Most of the suspects were arrested in Britain a few days after the failed bombings. Mr. Osman fled to Italy and was detained in Rome a week after the attacks.

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Eleven others -- including Mr. Osman's wife and sister-in-law -- have been charged with assisting the accused or failing to disclose information. Their trials are expected later this year.

Britain Tries 6 In Bomb Plot That Fizzled (NYT)

By Alan Cowell

The New York Times, January 16, 2007

LONDON, Jan. 15 — The city was still edgy, two weeks after the London bombings of July 2005, when suddenly on a summer's day the horror seemed to return. On three subway cars and a bus, young men boarded with backpacks stuffed full of explosives, but there was an all-important difference: this time the explosives failed to detonate.

On Monday, in a courthouse here close to the high-security Belmarsh prison, six men appeared on trial, charged with conspiracy to murder and cause explosions on July 21, 2005. They are accused of attempting an attack that seemed to mimic the one on July 7 in which four bombers killed themselves and 52 bus and subway travelers in London's bloodiest peacetime attack.

The men have pleaded not guilty to the charges against them.

The prosecution did not directly link the two events. But "it is our case that the events with which this case is concerned are plainly not some hastily arranged copycat," Nigel Sweeney, a prosecutor, said when the men's trial opened Monday. The evidence, he said, "shows that the conspiracy had been in existence long before the events of July 7."

In Monday's session, devoted entirely to the prosecution, all six men were accused of taking part in what Mr. Sweeney called "an extremist Muslim plot, the ultimate objective of which was to carry out a number of murders and suicide bombings."

His opening statement was the first comprehensive official account of the events by British authorities. The allegations offered a remarkable insight into the makings of an alleged jihadist conspiracy.

Mr. Sweeney denied a claim by one of the men that the bombs had been meant as a politically motivated hoax, to frighten — not kill. "We say that the failure of these bombs to explode has nothing to with the intentions of the defendants," he said. "It was simply the good fortune of the traveling public that this day they were spared."

The bombs failed to explode because the concentration of one ingredient in the explosive, hydrogen peroxide, was too low, the prosecutor said, so the detonators went off but did not ignite the main charge.

Outlining the prosecution case, he painted a picture of young Muslims, one of them alleged to have been trained in Sudan and Pakistan, preparing homemade explosives in a bomb factory in a north London housing project and setting out to create carnage with bombs wrapped in shrapnel, hidden in backpacks.

He said two of the men had at one time prayed at the Finsbury Park mosque run by Abu Hamza al-Masri, a radical Egyptian-born cleric currently serving a prison term for incitement to murder.

Even after the failure of the alleged attack, the drama did not cease. One man fled north on a bus to Birmingham clad in a loose-fitting Muslim woman's gown called a burqa, which conceals the face and body. Another used a brother's passport to slip by the police and board a train to Paris before heading to Rome. Both were arrested soon after fleeing.

The defendants are Muktar Said Ibrahim, 28; Ramzi Mohamed, 25; Yassin Omar, 26; Manfu Asiedu, 33; Adel Yahya, 24; and Hussain Osman, 28. All were living in London. Some were born in the Horn of Africa.

In his statement to the court, Mr. Sweeney provided what he said was a detailed description of the six men's preparation for the attack, some of them attending fitness camps in Scotland and in the Lake District of England, where the police had kept a group of men under surveillance in May 2004, including five of the accused.

The prosecutor said that the role of Mr. Ibrahim, Mr. Asiedu, Mr. Osman, Mr. Omar and Mr. Mohamed was ultimately "that of would-be suicide bombers," and that Mr. Yahya had taken part in "some of the essential preparation done in furtherance of the conspiracy." Mr. Sweeney said Mr. Yahya left Britain six weeks before the attempt and was still out of the country when it failed. He was arrested when he returned.

The preparations began with the purchase of chemicals in April or May 2005, Mr. Sweeney said, adding that one of the men had told witnesses he had trained in Sudan in 2003 and Pakistan a year later.

Pakistan has frequently been accused in British terrorism cases of providing training bases in plots ascribed to descendants of Pakistani immigrants, including three of the four July 7 bombers.

Mr. Sweeney said Mr. Ibrahim "had been trained for jihad in Sudan in 2003 and had gone to Pakistan in December of 2004 in order to take part in jihad or to train for it."

"The evidence shows that events in this conspiracy began in earnest not long after Ibrahim had returned from Pakistan in mid-March 2005," the prosecutor said.

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At that time, according to the prosecution, the suspects began assembling material to fashion an explosive made of hydrogen peroxide mixed with flour. The detonators were made of a high explosive called triacetone triperoxide, or TATP, and would be set off by an electrical current from a nine-volt battery.

The main explosives were to be packed in plastic containers surrounded with “screws, tacks, washers or nuts,” Mr. Sweeney said, adding that when the attempts took place, one of the men, Mr. Asiedu, lost his nerve and “dumped his bomb in a wooded area.”

But Mr. Ibrahim, Mr. Osman, Mr. Omar and Mr. Mohamed set off with bombs on July 21, three of them on subway trains and one on a bus, the prosecutor said, a configuration of targets similar to that of July 7.

Mr. Mohamed, he said, wore a “distinctive New York top, the words New York across his chest, no doubt connected with the events of 9/11.”

In all four cases, the detonators exploded but the main charges did not, because the hydrogen peroxide was not sufficiently concentrated, Mr. Sweeney said. The men bought 284 bottles of hydrogen peroxide — sold in a diluted form — and sought to make it more concentrated by warming it or boiling it over a stove at Mr. Omar’s apartment using two saucepans and a frying pan on an electric cooker, the prosecutor said.

The men purchased the peroxide using a cover story that they needed it for stripping wallpaper or bleaching wood, Mr. Sweeney said. He said they also made a suicide video at Mr. Mohamed’s home in West London.

When the bombs failed, Mr. Osman fled to Italy while Mr. Omar left London disguised as a woman in a burqa, taking a bus to Birmingham on July 22, Mr. Sweeney said.

The trial is expected to last four months. Eleven more defendants, including Mr. Osman’s wife and sisterin-law, are to be tried on charges of assisting the suspects or failing to give information about them to the authorities.

At one point on Monday, the jury was shown a video of a similar explosive made by government scientists being detonated successfully. The video was shown in slow motion.

“It is going so slowly, it takes its time, but you can now see that the metal plate with the wooden surround in front of the bomb is starting to be affected by it,” Mr. Sweeney said. “Now imagine that on a tube train or a bus.”

Trial Opens In London Transit Bombing Plot (WP)

By Kevin Sullivan And Karla Adam

The Washington Post, January 16, 2007

LONDON, Jan. 15 -- The London transit system escaped a repeat of the devastating suicide bombings of July 7, 2005, only through "good fortune," possibly hot summer weather or the faulty mixing of an explosive compound, a London jury was told Monday at the start of the trial of six men accused in the follow-on plot.

Two weeks after the fatal attacks, three subway trains and a bus were boarded by four men carrying backpacks that concealed bombs made from hydrogen peroxide, flour and other chemicals in a one-bedroom apartment, prosecutors said. In each case, the detonators went off but failed to set off the bombs' main charges, they said.

Opening the long-awaited trial of the four men and two others accused in the plot, prosecutor Nigel Sweeney disclosed extensive findings of an intense investigation that has proceeded under strict secrecy for the last 18 months.

"It was simply the good fortune of the traveling public that this day they were spared," perhaps because the bombs were made improperly or the hot weather affected the chemicals, he said in the heavily guarded Woolwich Crown Court. He told jurors that the defendants were part of an "extremist Muslim plot" to carry out "murderous suicide bombings."

Five of the defendants had been under police surveillance during a camping trip 15 months before the attempted attack, according to Sweeney, who did not elaborate on why police were watching them. One attempted to escape wearing a Muslim woman's burqa.

The six men, all of them London residents originally from Africa, have pleaded not guilty to charges of conspiracy to commit murder. One of them reportedly said at the time of his arrest that the devices were not intended to explode, merely to make a political statement.

The bomb incidents in the summer of 2005 were the first major acts of religious extremist violence in Britain since the Sept. 11, 2001, attacks in the United States. Most of the July 7 bombers, who killed themselves and 52 passengers, and the July 21 suspects were British citizens or residents who had apparently been radicalized in Britain.

The July 21 incident roiled a city only just recovering from the loss of the 52. Adding to the horror was that the second attack seemed modeled precisely on the first, targeting three subway trains and a bus. Only this time, passengers heard only loud popping sounds as the detonators went off, then saw the would-be bombers dashing out the car doors.

Police staged a massive manhunt for the suspects, one of whom managed to slip out of the country but was captured in Rome.

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In the courtroom Monday, five of the defendants wore dark business suits, while the sixth wore dark pants and a black sweater. They watched with little apparent emotion from behind plexiglas flanked by 10 police officers in the packed courtroom.

Because all four July 7 bombers died, the July 21 defendants are the first to face trial over incidents that continue to create public apprehension.

Swearing in the jury Friday, Judge Adrian Fulford cautioned the nine women and three men that they must consider only the evidence and remain "wholly unaffected by any feelings of apprehension that you might have had in 2005."

The defendants are Muktar Said Ibrahim, Manfo Asiedu, Hussain Osman, Yassin Hassan Omar, Ramzi Mohammed and Adel Yahya. Yahya allegedly was involved in the planning of attacks but was out of the country on July 21. He was arrested at London's Gatwick Airport on his return from Ethiopia in December 2005.

The trial is expected to last three or four months. Eleven other people charged with assisting them, or failing to notify police of their intentions, face trial later this year.

In court Monday, Sweeney said that Osman, who fled to Rome and was arrested a week later, told police that the plot was not a serious attempt to kill, but rather "a hoax in order to make a political point."

"Given the weight of the evidence as to his involvement, what could he say?" Sweeney said, adding that the hoax defense was undermined by the fact that Mohammed had written a suicide note found by police. "This was no hoax," Sweeney said.

Sweeney told the jury that although the July 21 plot closely resembled the July 7 bombings, it was "plainly not some hastily arranged copycat." Sweeney said evidence collected by police shows that the defendants bought components for the bombs in April, well before the July 7 attack.

Police have never publicly said the two attacks were linked, and Sweeney did not suggest any link Monday.

Sweeny also said that Ibrahim had "been trained for jihad" in 2003 in Sudan, where he practiced firing rocket-propelled grenades, and in 2004 traveled to Pakistan "to take part in jihad or to train for it." Prosecutors will present evidence that most of the defendants "held extremist views" and had "spoken about carrying out jihad."

Police also discovered a wide variety of video footage, showing beheadings and other extremist violence, at apartments used by the defendants. Sweeney said Omar, Yahya and Ibrahim attended the Finsbury Park mosque in north London to hear sermons by Abu Hamza Masri, a radical cleric convicted last year of soliciting murder and inciting racial hatred. He said Omar and Ibrahim had tapes of Masri's speeches.

Sweeney devoted much of his opening statement to explaining the chemical makeup of the bombs. Omar's one-bedroom London apartment was used as a "bomb factory" where the defendants boiled at least 284 bottles of hydrogen peroxide to create a more concentrated mixture. He said that was then mixed with the flour in 1.6-gallon plastic tubs that were surrounded with nuts, screws, tacks and other metal taped to the package to act as shrapnel. He held up a replica for the jurors to see.

Sweeney said the detonator was several grams of triacetone triperoxide, or TATP, which can be mixed using commonly available ingredients. Richard C. Reid, the British citizen who tried to blow up an American jetliner in December 2001 with explosives hidden in his shoes, also had a TATP detonator.

Sweeney said the TATP was placed inside a modified flashlight bulb. He said the device was designed to explode when two small wires attached to the bulb were connected to a nine-volt battery. But while the detonators worked as planned, they failed to detonate the main charge.

Sweeney told the jurors that Mohammed, Omar and Osman carried bombs in backpacks onto three subway trains, while Ibrahim carried his onto a bus. He said Asiedu was supposed to be the fifth bomber but "lost his nerve at the last minute" and dumped his bomb in a London park, where it was found two days later.

Europe Hopes To Thwart Terrorists With A High-Tech Aircraft That Snoops (WP)

By Molly Moore

The Washington Post, January 16, 2007

PARIS -- Imagine stepping aboard Europe's anti-terrorist plane of the future.

At the door, a hand-held electronic nose reputedly 30 times more sensitive than a dog's snout sniffs passengers for dangerous chemicals and vapors.

After takeoff, computers monitoring cabin conversations pick up suspicious words in Seat 9B, fingernail-size video cameras detect nervous facial tics on the passenger in 21F, and a hidden microphone records questionable noises from the passenger in the rear toilet. Buzzers or flashing lights on a computer screen warn the crew and pilot of potential trouble in each spot.

If a hijacker manages to bypass the fingerprint-activated locks on the cockpit door and grabs the controls, an internal computer takes over and diverts the plane from high-rise buildings, a nuclear plant or any other pre-programmed no-fly zone.

The SAFEE project -- Security of Aircraft in the Future European Environment -- is the first coordinated international effort to create an airplane system capable of thwarting hijackings and terrorist attacks. It is under development in classified

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laboratories in 11 European countries and Israel. Much of the technology is in advanced stages of development, though systems for accurately analyzing facial expressions remain problematic.

The director of the $50 million program, Daniel Gaultier, works in a modernist, mirrored building overlooking the Seine River, where entry to his office is controlled by the same kind of fingerprint lock that the plane's cockpit would have. He describes the system -- being developed largely in secret by the European Commission (the European Union's executive arm) and 31 aircraft, avionics, computer and security companies and university research centers -- as "a last defense against attack" in a post-9/11 world.

The project faces serious opposition. Human rights officials are concerned about passenger privacy, pilot groups are fearful of computers usurping their authority, and airline marketers wonder about the eventual price tag.

"The eavesdropping is incredible," Sophia in't Veld, a Dutch member of the European Parliament, said in a telephone interview from Washington, where she was meeting with members of Congress on anti-terrorism and privacy issues. "We have to sacrifice some privacy and some freedom, but people have to have the proper means of redress to defend themselves against unnecessary invasion of privacy or abuses of data by public authorities."

"The trade-off between technology and human rights is a tricky and tough area," Gaultier agreed. "When there's a crisis, everyone will accept it. Six months after the crisis, everyone will forget. You always have to be careful how you deal with passenger rights."

The use of potentially intrusive monitoring systems -- such as those that would record passenger movements and facial expressions and eavesdrop on private conversations and toilet visits -- is a particularly sensitive issue in Europe. Watchdog commissions here have engaged in transatlantic battles over U.S. rules requiring airlines to report personal data about incoming passengers to U.S. authorities.

Testing of most of the technologies in simulators is to begin this fall and continue through early next year, Gaultier said.

The package of systems found to work is unlikely to be available on commercial aircraft for as long as a decade because most would need to be incorporated into the airframes of planes under construction. The cost of retrofitting existing aircraft would be prohibitively high, according to Gaultier.

None of the systems is more controversial than the onboard video and audio sensors designed to detect erratic or suspicious behavior. Some critics argue that the systems could be prone to false alarms or prove unrealistic for commercial use.

Researchers at Britain's BAE Systems are attempting to compile a database of algorithms to allow computers to differentiate between the "micro-expressions" and facial tics of a person nervous about flying and a person nervous because he's about to detonate a bomb.

Researchers at the University of Reading in England, meanwhile, are working on the system that would quickly analyze such data and deliver it to the crew and the pilot. "Airlines are afraid of this product," Gaultier said. "They have to face marketing it to passengers."

As to whether this technology can be perfected to operate as envisioned, Gaultier said: "We're just getting started. It needs a lot more research."

Gaultier said crew members would not monitor actual videos but would respond to computer-generated signals warning of a potential problem in a specific seat or other location. He said the video images could be destroyed at the end of each flight.

As for other intrusions, "No video in the toilet," he said, "though they would have microphones in the toilet." The monitoring devices could also be used for detecting drunken or other unruly passengers, he said.

Gaultier's company, Sagem D?fense S?curit?, is developing technology to improve security in communications between pilots and control towers and to prevent cyber hacking into airplane systems, especially when commercial aircraft begin introducing onboard Internet services.

Another French company, Thales Avionics, is testing a new collision-avoidance system that would build on existing short-range systems that warn a pilot when a plane is in imminent danger of crashing. The new system could be programmed to avoid not only dangerous terrain such as mountains, but tall buildings or cities hosting vulnerable events such as the Olympics or political summits.

Gaultier refers to the system as "never again the twin towers." He added, however, that "pilots will think that's an intrusion" because the system would take control out of their hands in the event of a hijacking or other emergency and allow the aircraft's computer system to guide the plane.

Other pieces of the SAFEE system would detect gases from a bomb being assembled on a plane and use laser beams to detect potentially dangerous chemicals that had evaded airport security checks.

But even with the new protections, Gaultier acknowledged, the system cannot guarantee an end to terrorist attacks. "Security level zero never exists," he said. "It's crazy to say, 'I have a system that provides 100 percent security.' "

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HOMELAND RESPONSE:

Trying To Execute Reform (USNEWS)

By Angie C. Marek

U.S. News and World Report, January 15, 2007

Last fall, Harold Ford Jr., a charismatic Democratic Senate candidate from Tennessee, filmed a campaign ad in the cramped aisle of a passenger plane. "The bipartisan 9/11 commission says our airports fail on security five years after September 11," Ford said in the ad, holding a copy of the commission's report and a plastic bottle meant to evoke liquid explosives. "It's time to set aside politics [and] adopt the commission's 41 recommendations."

Ford was one of many Democratic candidates to use the pitch during the fall campaign. He lost, but his party took over Congress. And not surprisingly, last week the House passed the Implementing the 9/11 Commission Recommendations Act of 2007 as part of the Dems' blitz marking their first 100 working hours in power. But it won't be easy going from here. Although the 9/11 commissioners have praised the bill, it's been criticized for including several initiatives the 9/11 report didn't even address. There's opposition in the Senate, and the White House called it "unconstitutional." How much survives-and how much should-are still very open questions.

"Herculean." Since the commission released its report in 2004, a flurry of legislation has addressed at least some of its recommendations. A massive intelligence reform act-the result of what Republican Sen. Susan Collins calls a "herculean bipartisan effort" in late 2004-restructured the intelligence community the way the commission wanted, adding a director of national intelligence. A major port security bill and a measure giving the Department of Homeland Security power to regulate chemical plants followed this fall. Still, Lee Hamilton, the Democratic vice chair of the commission, said last week he thought "roughly half" the recommendations still needed to be addressed.

Clocking in at 279 pages, the new House bill aimed to fix that. One of the more significant measures would ensure that 90 percent of the roughly $2 billion handed out in homeland security grants each year would be divvied up according to risk calculations, instead of like political pork, a bit to each state. Another section mandates that 100 percent of sea cargo headed to the United States be scanned for explosives abroad within five years. All cargo carried on U.S. commercial flights would be scanned in just three years.

Supporters admit the bill was thrown together quickly-and critics say it shows. Although the measure creates three new grant programs-for items like better communications equipment and local intelligence centers for first responders-nowhere does it mention any specific costs or deal with how to pay for new programs. And Republican Rep. John Mica complained to U.S. News last week about a clause that gives aviation screeners collective bargaining rights, potentially restricting the ability of DHS to shift workers to busy airports during the holidays. "Nowhere in the 9/11 commission report," Mica said, "did it recommend [any of] that." Other commission recommendations are entirely unaddressed. For instance, commissioners said the maze of congressional panels overseeing pieces of DHS-79 by today's count-represents "the single largest obstacle impeding" success for the mammoth agency. The new bill doesn't deal with the problem.

All that controversy is clouding the bill's prospects. The Bush administration stopped short of a veto threat but said last week that it has "constitutional concerns" about portions of the measure-including a move to create a privacy and civil liberties board with subpoena power. As a result, the White House said, it "cannot support ... passage ... in its current form."

The Senate-where Democrats hold a 50-to-49 margin-will take up its own bill by late January. Passage is likely, but the Senate bill is expected to have "more compromises," says Stephen Flynn with the Council on Foreign Relations, "and less kinks."

Because rural members have more clout there, the Senate has rejected past efforts to allocate 90 percent of terrorism funds by risk alone. And staffers say they're more hesitant about the feasibility and multibillion-dollar costs of 100 percent sea cargo scanning; DHS is slated to test such an idea for the first time this year. Joe Lieberman, the new head of the Senate Homeland Security and Governmental Affairs Committee, said last week he'd try to implement the commission's recommendations "as much as we can, as quick as we can, and as fully as we can." Given what's happened so far, that could be a tall order.

CIA Emphasizes Flexibility In New Strategy (USAT)

By Richard Willing

USA Today, January 16, 2007

WASHINGTON — The CIA plans to increase its use of "open sources" such as newspapers and blogs and to outsource more software development to commercial contractors under a 22-point strategy being put in place.

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The CIA's "Strategic Intent," distributed to agency employees in December and posted on its public website this month, stresses improved flexibility and fewer barriers between departments. It contains several corporate-style flourishes, including ongoing employee input, an advisory board drawn from business and academia and "action teams" assigned to implement the plan.

In a speech to CIA workers at the agency's Langley, Va., headquarters Jan. 4, CIA Director Michael Hayden said the plan aims to reassert the 60-year-old agency's primacy in the intelligence community.

"The operational demands of the recent past too often limited the time and energy CIA has to address the demands of the future," Hayden said. "We've gotten away with it for a few years — and for very good reasons — but no organization can thrive indefinitely without tending to strategic imperatives."

The changes come as President Bush has chosen retired vice admiral J. Michael McConnell as director of national intelligence. He would replace John Negroponte, who will become the top deputy to Secretary of State Condoleezza Rice. McConnell, like Hayden, is a former National Security Agency head.

Among the CIA plan's goals:

·Break down traditional barriers between spies who collect intelligence and analysts who use the data for reports. In the agency's operations center, a wall that divided representatives of the two disciplines was dismantled the last week in December.

·Make greater use of the Web to distribute intelligence reports and data. The CIA, which has its own intranet, will have its "brand" on intelligence it distributes on secure networks maintained by the departments of State and Defense, Hayden said.

·Install new hiring and promotion policies, including pay grades tied to performance rather than seniority, and a common training course that will require new analysts and clandestine officers to work together from their first days at the agency.

·Post more analysts overseas to improve their understanding of the areas they report on.

·Give specialists in "open source" intelligence equal standing with spies and intelligence analysts in the operations center and elsewhere.

Open source "isn't just the wave of the future, it's here right now," said Walid Phares, senior fellow and al-Qaeda specialist at the Foundation for the Defense of Democracies in Washington.

Phares said he does much of his research by monitoring Islamic websites and chat rooms.

Last year, a House Intelligence Committee review criticized intelligence agencies for failing to "embrace more fully" open source intelligence. The committee report said "it will take a dramatic change in cultural philosophy" before intelligence services rely on materials they did not gather through "secret means."

John McLaughlin, a former longtime CIA official and its acting director in 2004, said Hayden's plan "hits the right things" and is "very countercultural."

"It's kind of inside baseball," he said, "but things like knocking down the wall in the ops center are significant. It's been there forever."

The strategic plan also adds layers of bureaucracy that could prove hard to manage, said John Prados, fellow at the National Security Archive, a private research group that is sometimes critical of the CIA.

"Hayden is going to spend a lot of time at meetings … because of his desire to monitor and keep track of what's happening," said Prados, author of the book Safe For Democracy: The Secret Wars of the CIA.

Hayden established an oversight panel within the CIA that will resolve conflicts between civilian and military agencies that do "human intelligence collection"— spying. Hayden said he will chair the first meeting of the panel himself.

Hayden took over as CIA director last June. He inherited an agency that has been buffeted by bad news.

Both the 9/11 Commission in 2004 and a panel in 2005 that explored intelligence on Iraq's biological, chemical and nuclear weapons programs faulted the agency, among others, for shortcomings in developing and sharing useful information.

Ted Gup, author of The Book of Honor, a study of heroism by covert CIA officers, said Hayden's plan "seems to make all the right sounds" but glosses over the agency's recent problems.

"They are too anxious to move forward without the deep soul searching that seems to be required," Gup said. "A sober-eyed analysis of what went wrong should be reflected (in the new plan), but it isn't."

In his six months on the job, Hayden has striven to improve morale by hosting a family day and reaching out to retirees through a series of e-mails.

About 40% of the agency's workforce has joined since the 9/11 terrorist attacks, Hayden said in an interview in November.

The agency receives about 130,000 job applications annually, Hayden said.

Before 9/11, about 65,000 job seekers applied each year, former director McLaughlin said.

Bioterror Antidote: Unfulfilled Prescription (WP)

By Renae Merle

DOJ_NMG_0116459

The Washington Post, January 16, 2007

When President Bush goes before Congress later this month, it will mark four years since he used his State of the Union address to launch Project BioShield, an ambitious effort to counter bioterrorism attacks with vast new stockpiles of vaccines and treatments.

Progress, however, has been slow.

The $5.6 billion program is still struggling to define its priorities, and officials have spent less than a quarter of their budget. Last month, the project endured the collapse of its largest program, an effort to produce enough advanced anthrax vaccine for roughly the population of Washington and New York. And still unresolved is how the government will address threats like acute radiation sickness or treat the estimated 10 million people with impaired immune systems who cannot take advantage of current stockpiles of smallpox vaccines. In his speech, Bush listed the Ebola virus and plague as among the threats the program would address, but little significant action has been taken on those, either.

The government has yet to release a plan outlining what drugs it will buy and in what quantities, though it says it will do so in the next few months.

Congress passed legislation late last year revamping BioShield, allowing the Department of Health and Human Services to pour more money into the small companies spearheading the effort more quickly and reorganizing the program's management. But HHS officials acknowledge that tougher challenges lie ahead.

"BioShield is still a young program," said Gerald Parker, the principal deputy assistant secretary for preparedness and response at HHS.

The first phase of the program "was low-hanging fruit, taking things that were already in development" and putting them in the stockpile, Parker said. "Now we're getting into the harder phase of this."

Here is a look at BioShield's fitful progress on some of government's top priorities, those bioterror agents that have been labeled national security threats by the Department of Homeland Security:Anthrax

Anthrax is best known for the October 2001 attack in which envelopes containing anthrax spores were sent through the mail, killing five people and sickening others. The attack prompted worries that an antibiotic-restraint strain of anthrax could be developed, moving the threat to the top of federal health officials' priority list.

As the result of an effort that began before BioShield, there are enough antibiotics in the national stockpile to treat 40 million people for more than 60 days, HHS says. Stockpiles also include 9 million doses of an anthrax vaccine produced by Emergent BioSolutions of Gaithersburg, with another 1 million to be delivered by the first quarter of this year. In an emergency, the usual six doses of the vaccine necessary for immunity could be cut to three and used with an antibiotic, HHS says. That should be enough to treat 1.3 million patients.

Rockville-based Human Genome Sciences and Cangene of Winnipeg, Canada, are scheduled to deliver 30,000 doses of an anthrax antitoxin. HGS is scheduled to begin delivery in 2009 and Cangene is scheduled to begin delivery later this year, according to HHS.

The agency is struggling to develop a more modern anthrax vaccine that could be administered in fewer doses and with fewer side effects. In 2004, the agency tapped a small California firm, VaxGen, for an $877 million contract to deliver 75 million doses of an anthrax vaccine. VaxGen encountered delays and technical problems, and HHS canceled the contract in December after the firm failed to begin human testing on time. HHS officials are examining ways to get the effort back on track.Botulism

Botulism is a concern because the natural toxin can be easily produced and transported, making it a major threat. The Japanese cult Aum Shinrikyo tried and failed to disperse the botulinum toxin in the 1990s in downtown Tokyo and at U.S. military installations.

A far more serious threat would be if someone managed to get the toxin in the food supply, said Gerald L. Epstein, a senior fellow at the Center for Strategic and International Studies. An attack using botulinum toxin could cause hundreds of thousands of causalities, according to DHS.

Cangene has begun delivering the first of 200,000 doses of an antitoxin, which would have to be delivered shortly after patients show symptoms to counteract the effects of the toxin. There are currently no plans to pursue a vaccine, according to HHS.Smallpox

Smallpox was eradicated in the 1970s, and there are only two official repositories of the disease, in the United States and Russia. But before the Soviet Union collapsed it adapted large quantities of smallpox for use in bombs and missiles, according to the Center for Biosecurity of the University of Pittsburgh Medical Center.

That has spurred concerns that stocks may fall into the hands of terrorists or countries considered rogue states by the United States. Since standard smallpox vaccination ended in the United States more than 30 years ago, the population could be vulnerable to attack, according to the biosecurity center.

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There is a stockpile of more than 300 million doses of smallpox vaccine, enough for everyone in the United States, according to HHS. That effort began before BioShield.

The agency is also pursuing another version of the smallpox vaccine that could be used by people with impaired immune systems, a growing population of cancer survivors, organ transplant recipients and HIV-infected patients. A BioShield competition began in 2005, but no winner has been announced. HHS officials said a contract could come sometime this year.Radiation, 'Dirty Bomb'

Authorities worry that people could become exposed to radiation either through a direct nuclear attack or the use of a "dirty bomb," which would employ conventional explosives or other means to spread radioactive materials.

Enough potassium iodide to treat 1 million people is already in the national stockpile, according to HHS. Potassium iodide doesn't treat most aspects of radiation exposure, but scientists believe it can protect the thyroid gland from cancer in such an attack.

Fleming & Co. Pharmaceuticals received two BioShield contracts to deliver 4.8 million bottles of a liquid form of potassium iodide for children. It has delivered 1.9 million bottles so far. Akorn Inc. has begun delivering 450,000 doses of an anti-radiation drug therapy that would adhere to radioactive particles in the blood stream and flush them out of the body.

To address acute radiation sickness, HHS launched a competition in 2005 for 100,000 doses of a drug treatment that would address the infections and uncontrolled bleeding caused by exposure. After several delays, HHS officials said they expect to announce a contract this year.Plague, Ebola

Plague is blamed for killing a third of Europe's population in the 14th and 15th centuries. The pneumonic form of the disease could be caused by releasing plague bacteria in an aerosol attack. The disease is considered nearly always fatal unless antibiotic treatment is started with 24 hours of infection, according to HHS.

Another potential bioterror threat, Ebola, is a hemorrhagic fever caused by a virus that first appeared in Africa in the 1970s. The virus can spread from person to person and kills most of the people it infects, causing massive hemorrhaging that dissolves their insides and sends blood oozing from the orifices of their bodies. Experts believe Ebola is a threat in the hands of terrorists, and the Soviet Union is believed to have created Ebola weapons before it collapsed. Aum Shinrikyo, the Japanese religious cult that released sarin nerve gas in the Tokyo subway system in 1995, went to Zaire to learn more about Ebola.

Despite President Bush's mention of plague and Ebola in his State of the Union speech, the government has yet to contract with any company to produce a defense. HHS officials say the implementation plan to be issued in the next few months will include a roadmap to address both threats.

Meanwhile, the National Institutes of Health is pursuing research on vaccines for both. NIH has completed the first phase of human testing for the Ebola version and is seeking volunteers for the second, according to an NIH official, who said it would be several years before it could be stockpiled.

BWI Second In Losses Of Uniforms, ID Cards (WT)

By Sean Lengell

The Washington Times, January 16, 2007

At least 426 uniforms and identification cards issued to security screeners at Baltimore-Washington International Thurgood Marshall Airport have been lost or stolen since late 2001, according to Transportation Security Administration records.

The only other airport to report more missing uniforms and badges in the past five years is Los Angeles International Airport, whose security screeners lost at least 789.

More than 3,600 TSA or Homeland Security Department airport security uniforms and credentials have disappeared from November 2001, when the TSA was created, through Sept. 30, records show.

Some lawmakers worry the missing items may find their way into the hands of terrorists. The agency, however, denies the problem poses a national security risk.

Screeners at BWI reported 321 uniforms and 105 identity cards lost or stolen during the five-year period ending Sept. 30.

The number peaked during the 12 months ending Sept. 30, 2003, when 128 uniforms and 31 identity badges disappeared. Since then, the annual rate of missing items has dropped significantly.

BWI screeners reported seven uniforms and five badges missing for the 12 months ending Sept. 30, 2006.

The Linthicum, Md., airport, which is publicly owned and operated by the Maryland Aviation Authority, also issues identification credentials to TSA employees, but BWI spokesman Jonathan Dean said there has been "no unusual or suspicious level of missing airport-issued identification."

Security screeners at Ronald Reagan Washington National Airport reported 132 missing or stolen items -- 97 uniforms and 35 ID cards -- for the five-year period. It was the fifth-highest tally nationally.

Washington Dulles International Airport had among the fewest missing items: seven uniforms and no ID cards.

DOJ_NMG_0116461

Reagan and Dulles airports are operated by the Metropolitan Washington Airports Authority, an independent agency created by Congress.

TSA officials said the missing uniforms and badges alone aren't enough to gain access to sensitive areas of any airport.

"This is not a security threat," agency spokeswoman Amy Kudwa said. "One number of a combination of a bank vault won't get you access inside, and a TSA ID card or uniform will not allow you access at the airport either."

The cards are used only for visual identification and are not programmed to be scanned or swiped.

Because TSA screeners work in teams, anyone who tries to pose as an agency employee would be identified immediately as an impostor, Ms. Kudwa said. "There are a number of [security] layers."

Where the uniforms and badges have gone is uncertain. Most of the items are thought to have been lost or misplaced, not stolen, Ms. Kudwa said.

Rep. Lamar Smith, Texas Republican and member of the House Homeland Security Committee, has proposed biometric badges that identify TSA workers through their fingerprints, eyes, facial patterns or other physical characteristics. He also wants to impose penalties for losing uniforms or credentials.

"TSA badges and uniforms can provide individuals with access to airport areas and equipment -- so the fact that they cannot be accounted for is a security threat," Mr. Smith wrote to Homeland Security Secretary Michael Chertoff on Dec. 13.

TSA policy requires employees to report any loss of badges or uniform articles immediately to a supervisor. The supervisor is required to notify local law enforcement if theft is suspected. No disciplinary action is taken unless misconduct or malfeasance is found, the policy states.

Employees wear white shirts emblazoned with "TSA" on the back and navy blue pants. The agency also issues jackets, sweater vests, ties and other uniform items.

Ms. Kudwa said she wasn't sure how many missing items have been recovered, but a TSA jacket was found last month at a San Antonio thrift store and turned over to the agency.

U.S. Enacts New Air Travel Passport Rules (BSUN)

By Meredith Cohn

The Baltimore Sun, January 16, 2007

Travelers flying between the United States and the Caribbean, Mexico and Canada this month will need a passport -- the first of sweeping changes in documentation resulting from the terrorist attacks in 2001.

The new Department of Homeland Security rules for air travelers go into effect Jan. 23 and extend to land and sea travel next year. Most people enter or leave the United States by land. Requiring passports -- instead of commonly used birth certificates or drivers' licenses -- was recommended by the Sept. 11 commission and mandated by Congress in 2004. But the change was delayed and implementation staggered to ease fears of hurting tourism and to allay concerns of passengers and trading partners.

"There were concerns that applying this law might discourage travelers," said Steve Royster, a State Department spokesman. "But security is paramount."

Along with new passports this summer that will be embedded with computer chips holding passenger information, the rules are designed to reduce forgery and ease lines at the nation's borders. They will become part of an overall Homeland Security effort to shore up the borders with troops, terrorist watch lists, and cargo and passenger screening after years of criticism that security is lax.

The rules for air travel will affect millions of people, including the bulk of those traveling to and from Baltimore-Washington International Thurgood Marshall Airport. Seven of 10 international cities with direct routes to BWI are in regions where the changes apply.

Birth certificates and drivers licenses had long been used by those frequently crossing the borders with Mexico or Canada for work or leisure because they were convenient and cheaper than a $97 passport. But State Department officials say thousands of U.S. agencies issue the other documents, making authentication tough and time-consuming. In 2005, the U.S. government confiscated 75,000 fraudulent documents.

Already, State Department officials say more than a quarter of Americans, or 72 million people, have a passport and new applications have been pouring in. The State Department reports that in November, 1.1 million people applied for a passport, up about 60 percent from the year before.

"Officials will have much greater confidence in the documents," said Derwood Staeben, a senior adviser on passports at the State Department. "This is security. But we expect the lines to go faster."

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Exceptions to the new passport rules will be those with special cards issued to those traveling between Canada and the United States for work, merchant mariners with Coast Guard documents and permanent residents with "green cards." Existing passports are good until their expiration date.

U.S. citizens already needed a passport to go to Central and South America, but for the first time will need a passport to return home.

The State Department also is developing a new passport card for frequent travelers who cross land and sea borders with neighboring countries. The documents will be the size of a credit card, cost less than a passport and won't have to be removed from a wallet or car to be read.

For many world travelers, the new rules shouldn't have too great an impact because passports already are required elsewhere, said Kevin Mitchell of the Business Travel Coalition, which represents corporate travel managers.

"Most business travelers that travel globally obviously have them," he said. "Twenty percent of all travel by U.S. corporations is out of the country. Road warriors are taken care of."

The coalition and other travel groups did not oppose the new passport rules. Mitchell said the rules might confuse or annoy some frequent travelers and could dampen travel. But five years after the Sept. 11 terrorist attacks, he said the federal government needed to have a better idea of who was crossing the border.

The electronic passports have, however, caused some concern. Mitchell and privacy advocates lobbied for protection from outsiders trying to steal information with remote electronic readers. But he said the government has taken encouraging steps, such as adding metallic covers that prevent them from being read when closed.

The Air Transport Association, a trade group representing U.S. airlines, was more concerned with timing. It didn't want new rules implemented until after the busy holiday season.

At BWI, close to two dozen flights a day come and go from Toronto, Mexico City and Montego Bay, Jamaica, among others. It has a fraction of the international travelers of the country's biggest hubs, but has a mix that favors the Western Hemisphere. An airport spokesman said federal and airline officials are doing a good job of advertising the new rules.

It appears, however, that many people at BWI didn't need notice. Dawna Elias, a native of Canada who now lives in Baltimore, said she used to travel back and forth without a passport. But the Sept. 11 attacks gave her pause.

"I just got one recently," said Elias, who was seeing her mother, Edie, off on an afternoon flight from BWI to Toronto. "It seemed like a good idea to have one. I anticipated that they'd start requiring one."

Elias said she'd now have to get her 11-month-old daughter, Eva, her own passport.

On her mother's flight, a steady flow of passengers presented passports. About 58 percent of U.S. travelers to and from Mexico already have a passport. The number rises to 69 percent for Canada and 75 percent for the Caribbean, according to Homeland Security data.

Passports could be a bigger issue next year when those traveling by land or sea are subject to the new rule. More than 300 million people entered the country last year at land crossings. Of the 422 million visitors to the United States last year, 87 million came by air.

Terror Official: 'We're Going To Get Hit' (NSWK)

Newsweek, January 22, 2007

Jan. 22, 2007 issue - Intel director John Negroponte gave Congress a sobering assessment last week of the continued threats from groups like Al Qaeda and Hizbullah. But even gloomier comments came from Henry Crumpton, the outgoing State Department terror coordinator. An ex-CIA operative, Crumpton told NEWSWEEK that a worldwide surge in Islamic radicalism has worsened recently, increasing the number of potential terrorists and setting back U.S. efforts in the terror war. "Certainly, we haven't made any progress," said Crumpton. "In fact, we've lost ground." He cites Iraq as a factor; the war has fueled resentment against the United States.

Crumpton noted some successes, such as improved joint efforts with foreign governments and a weakening of Al Qaeda's leadership structure. But he warned of future attacks. "We don't want to acknowledge we're going to get hit again in the homeland, but we are," he said. "That's a hard, ugly fact. But it's going to happen." Crumpton cited no specific intel, but said the most worrisome scenarios involve lone operatives who slip into the country and take directions through cyberspace. "How do you penetrate that?" he asked. Citing family financial pressures, Crumpton leaves office in two weeks. A State official, anonymous when discussing personnel matters, said no one has been nominated to replace him, so it could be a while before the post—a top counterterror job—is filled.

A Personnel Challenge At DHS (WP)

By Stephen Barr

DOJ_NMG_0116463

The Washington Post, January 15, 2007

At the Department of Homeland Security, Marta Brito Perez works 12-hour days looking for ways to move the personnel practices of a mega-bureaucracy closer to those of a Fortune 500 company.

"You want people to see things the way you see them," she said. "Is it easy all the time? No. Is it worth the challenge? Yes."

Perez knows about challenges. She was born in Cuba and came to Rockville with her family in 1968, when she was 14. Her father had owned a printing shop, and her mother was a math professor. The family's move, which was four years in the making, was sponsored by a Methodist church in Rockville.

At Homeland Security, where her title is chief human capital officer, Perez wants to improve recruitment, speed up hiring, rotate executives through the department to broaden their leadership potential, and get moving on a new pay-for-performance system that has stalled because of a court fight with unions and funding cuts on Capitol Hill.

She has to sell many of her policy changes to personnel directors in the 22 agencies that were merged to form Homeland Security. Creating a Team DHS also means turning around morale and reassuring 180,000 employees that they will have opportunities to advance their careers.

In a survey released in 2005, employees gave the department low marks on leadership, innovation and fairness. The department's score was next to last among the 30 agencies surveyed.

Perez sees the department's employees as vital to the department's success -- a refrain often heard in federal personnel offices. "People pay lip service to that" she said. "I happen to believe it."

She also is counting on her experience with unions to soften workplace friction. She worked for eight years as director of human resources for the Montgomery County government, conducting labor negotiations, and implementing a pay system designed to help the county recruit and retain middle and senior managers.

When she took the county post, relations with unions were at a low point; Perez turned them around, said Douglas M. Duncan, who was county executive at the time. "She is very bright and a quick study, and she does work very well with others," he said.

John Sparks, president of the Montgomery County Career Fire Fighters Association, said Perez "seemed to have a true appreciation for working families, was very forthright and never misleading." Gino Renne, president of the public employee union UFCW Local 1994, said he "enjoyed a very productive, collaborative relationship" with Perez.

Before her stint in Montgomery County, Perez spent 17 years as a manager at the International Association of Chiefs of Police, a nonprofit group in Northern Virginia, where she led training programs.

Perez jumped from county government to the federal sector in 2002, when Bush administration officials recruited her to work at the Office of Personnel Management. She took a top policy job and helped create new standards for managing the government's 1.8 million civil service employees.

Last year, White House officials asked Perez to move to Homeland Security, an offer she said she could not resist because of her long interest in law enforcement. Perez earned a bachelor's degree in criminology at the University of Maryland and has a master's in organization development and human resources from Johns Hopkins.

Perez is the third person to serve as the department's personnel chief. Congress created the position in 2002 at large agencies in an attempt to improve personnel management.

Perez said she hoped to create a workplace in which "managers have the opportunity to communicate expectations and employees know exactly what is expected of them."

One of the most pressing issues Perez must deal with involves redrafting department rules that were intended to limit the number of issues that unions could negotiate, and to scale back other labor rights. Federal unions went to court and blocked the changes; the department must provide a status report on any next steps to a federal judge by mid-July.

Perez also wants to make the department more competitive in hiring and keeping talented young professionals. "The private sector invests in making their organizations attractive so that people want to work there," she said. "The government traditionally doesn't do that. They just assume people are going to flock and come and want to work. People may, but it may not be the right people."

Although her job requires long-term strategic planning skills, Perez acknowledged that she never really plotted a career path for herself. "My dad always said you work hard at what you are doing and the rest will work itself out," she said.

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Once More Into The Security Breach (NYT)

By Kathryn Harrison

The New York Times, January 15, 2007

DOJ_NMG_0116464

SUNDAY, Jan. 7. Newark International Airport.

I disembark at Gate C85, with my two daughters, from Continental Flight 488 at 5:55 a.m. We've just arrived from Puerto Rico, our skin tight with sunburn and salt. I navigate the terminal at the minimal level of consciousness required to find the baggage claim, collect our suitcases, and get into the taxi line.

Tempted to buy coffee from the kiosk between Baggage Carousels 2 and 3, I discover I don't have my wallet. I must have left it on or around my seat, 23B, where I paused to rifle through my carry-on to be sure I wasn't leaving any of my younger daughter's toys or games behind.

Jolted by adrenaline, I instruct my daughters, ages 16 and 6, to remain at the baggage claim while I try to retrieve my wallet. Carrying only my passport, I run upstairs to find someone who can issue me a gate pass allowing my return through security to Concourse C.

Impressing the validity of my request on one distracted airline employee after another takes a discouragingly long time. I am referred to and from and back again to the agent at Desk 72. By the time I pass through the gantlet of uniformed security personnel busy separating travelers from their toothpaste and emollients, I've lost 30 minutes, more than long enough for a cleaning crew to straighten, vacuum and de-wallet the airplane. I run, my shoes in one hand, passport in the other, to Gate C85, at the end of the abandoned concourse. Gates 85, 84, 83 — all gates in sight — are bereft of both airline and airport personnel, but my plane's still there; I can see it through the window.

I stand at the closed metal door that separates Gate 85 from its jetway. Hello, I call, idiotically, and I knock, as loudly as possible, using the heel of my shoe. Surprisingly, when I turn the handle of the door to the jetway, I find it unlocked. Unsurprisingly, when I push it open, an alarm goes off. I stand there, holding the handle, waiting for someone official to come, expecting to be chastised and confident that, as I am holding a valid United States passport and making no attempt to flee, I can explain my predicament.

But no one answers the alarm, which is shatteringly loud and still ringing. The handful of travelers in the waiting area, rumpled middle-aged men, watch without expression as I prop the door open with my little black shoe — in case it's locked from the other side — and disappear down the jetway toward the plane. Am I a federal criminal now? Does anyone care?

The airplane's front hatch is open, and I enter, disappointed to see that each seat already holds a tidy white pillow and plastic-wrapped blanket. The cleaning crew has come and gone. I search under and around Seat 23B. My wallet is nowhere to be found. Back at the gate, my little black shoe still holds the door open, the alarm still rings, and the rumpled middle-aged men in the waiting area continue to read their Sunday papers. I retrieve my shoe; the door closes; the alarm stops.

You what! says the woman at Continental's customer service desk after I've told her what I've just done. You can't, you cannot, do that. You cannot. I know, I tell her, but my wallet is missing, I've left my children at the baggage claim, and there's no one at Gate 85 or any of the adjacent gates. Anyway, I say, I waited for security but no one came.

It's your own fault you lost your wallet, she says when I ask her to contact the cleaning crew. She gives me a sharp look I interpret as her judgment that violators of federal airline security regulations deserve no special courtesies.

Back at the baggage claim area, I file a lost item report, collect my children and our luggage, and use my cellphone to wake my husband. Does he have enough cash to pay our cab fare from Newark to Brooklyn? I'll explain when we get home, I tell him.

When I do, he shakes his head. Let me get this straight, he says. Unauthorized, you open the gate door to the airplane. You set off a very loud security alarm. You wait a few minutes, and then take it upon yourself to enter the empty aircraft. You spend some time moving around its interior. No one sees you there. You leave of your own accord. You exit the way you came and you stop the alarm from ringing. And you confessed this, chapter and verse, to airline personnel and nothing happened?

Yes, I say. Exactly so.

Port Security Goes Overboard (LAT)

The Los Angeles Times, January 15, 2007

We need to ensure the safety of U.S. ports. We don't need political grandstanding on Capitol Hill.

THE STATED PURPOSE of the 279-page anti-terrorism bill rammed through the House last week by the new Democratic majority was to implement the long-stalled recommendations of the 9/11 commission. But we're still thumbing through our copy of the 9/11 report to find exactly where it recommends political grandstanding. Because that's what the Democrats' efforts to protect U.S. ports amount to.

The bill, passed Tuesday by a margin of 299 to 128, mandates that foreign ports scan each and every cargo container bound for the United States for nuclear material before it ships out. Large international ports would have three years to comply; smaller ones five. Each scanned container must then bear an electronic seal that, if broken, would send an automatic signal to U.S. authorities. Such seals don't yet exist, but the bill calls for their use when the technology becomes available.

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Not covered in the bill is who's supposed to pay for all this or how much it would cost. But the implication is clear: Foreign ports and shippers would foot the bill, not the U.S. government. Thus, the U.S. would demand that all 700 worldwide ports buy, install and operate expensive and futuristic equipment if they want to keep doing business with the largest economy in the world. Yet the bill does not demand the same from U.S. ports for outbound cargo — this is strictly a one-way deal, aimed at foreigners and private industry.

Such aggressive unilateralism could seriously damage U.S. trade relationships. It would be highly disruptive to trade, on which the U.S. economy is deeply and increasingly reliant, and would disproportionately punish Los Angeles County, which operates the nation's biggest port complex.

The bill is not at all what the 9/11 commission had in mind. The government, the report recommended, should "identify and evaluate the transportation assets that need to be protected, set risk-based priorities for defending them, select the most practical and cost-effective ways of doing so and then develop a plan, budget and funding to implement the effort." In other words, be realistic. The House bill instead aims at the fantastical goal of inspecting 100% of cargo, while ignoring costs and setting aside no funding.

Much more work is needed to secure American ports against terrorist attacks, such as setting standards on cargo inspection records and coming up with detailed emergency plans. But these are not the kinds of measures that lend themselves to legislation. The technology for scanning containers for radiation is in its infancy and is capable of detecting only the most primitive of "dirty" bombs; it will probably take years to work out the technical and logistical bugs. Congress can help by setting aside funds to get the research done, not by political posturing.

Democrats are eager to prove that they, not Republicans, deserve to be considered the more muscular defenders of the homeland. But haste and over-reaching do not equal muscle. The House anti-terror bill has some worthwhile provisions, but we're counting on the Senate to strip out its worst elements, starting with the counterproductive mandate on foreign ports.

WAR NEWS:

Republicans Revolt Over Bush's Iraq Plan (NSWK)

By Richard Wolffe, Holly Bailey And Eleanor Clift

Newsweek, January 15, 2007

Jan. 22, 2007 issue - Last Tuesday afternoon, a day before President George W. Bush went on TV to explain his decision to send more troops to Iraq, Senate Minority Leader Mitch McConnell called his Republican colleagues together for a private talk. Several GOP senators had already come out against the plan. McConnell, Bush's closest Senate supporter on Iraq, hoped to keep others from defecting. He urged his colleagues to stand together at least until Bush had the chance to speak to the country. After the meeting, the senators went outside the room to display their unity to waiting reporters. McConnell said he thought more troops were just the thing to "give us a chance to succeed." He then stepped aside so the other senators could second his sentiments. No one came forward. McConnell's eye fell on Trent Lott. "Trent?" McConnell said, motioning him toward the microphone. "I don't think I have anything to add," said Lott.

Bush expected at least a handful of Republican senators—critics like Chuck Hagel and George Voinovich—to run from a troop increase. But the White House was surprised when even pro-war senators, including Sam Brownback and Lisa Murkowski, came out against the plan. Other prominent senators, including Lott and John Warner, the senior Republican on the Armed Services Committee, have been quiet. They aren't bashing the idea, but they aren't promoting it either. Warner and Richard Lugar, the ranking Republican on the Foreign Relations Committee, are contemplating a resolution to draw bipartisan support for the recommendations of the Iraq Study Group report.

Senior administration officials, who declined to speak on the record about private deliberations, say the president knows he has to show real improvements in Iraq within two or three months or risk losing even more GOP support. "All the talking points aren't going to make the difference," says a senior aide. "What matters is what happens ... on the streets and the neighborhoods of Baghdad."

A former senior Bush aide who is still close to the White House says if things don't improve, a delegation of Republican senators could one day show up in the Oval Office to tell Bush that the party is no longer with him and the war must end—much like Sen. William Fulbright's forcefully urging Lyndon Johnson to bring the Vietnam War to a close. (Last week Warner told NEWSWEEK he "wouldn't hesitate" to tell Bush if he came to believe Bush's policy was failing.) Bush's challenge isn't just to take control of Baghdad, but to win back control of his party. "Before this, the president's credibility was hanging by a thread," says the former aide. "After this, I don't know. It may be lost."

DOJ_NMG_0116466

When A President Owns A War (USNEWS)

By Dan Gilgoff

U.S. News and World Report, January 15, 2007

'It's a brave new world for George Bush," New York Sen. Chuck Schumer told reporters a day after the president announced he was sending 21,500 more American troops to Iraq. "For the first time, people who have the ability to change course in Iraq are asking hard questions." And yet, for all the recent developments that would have seemed to usher in a pullback from Iraq-from the sweeping Democratic gains of November, to the Iraq Study Group's damning report in December, to poll numbers earlier this month showing public support for more troops hovering around 18 percent-last week's White House announcement delivered exactly the opposite news. Even Senate Majority Leader Harry Reid, seated next to Schumer at last week's briefing, suggested Capitol Hill might be powerless to stop the president's so-called surge: "I'm not the president, I'm not secretary of state, I'm not secretary of defense." In the short run, Congress cannot run a war.

At the same time, though, Washington's reaction to the president's speech marked an unmistakable turning point in the politics of the war. Stopping short of pursuing Massachusetts Sen. Ted Kennedy's bill-which would withhold funding for a troop increase and give Congress authority to cap troop levels-Senate and House Democratic leadership set to work crafting a nonbinding resolution that opposed a troop increase, expecting a vote as early as this week. In a handful of committee hearings, lawmakers unloaded their anger over the president's troop plan on officials like Defense Secretary Robert Gates and Secretary of State Condoleezza Rice. A growing GOP contingent, meanwhile, expressed opposition to Bush's plan, with Reid saying he'd lined up as many as a dozen Republicans for a resolution opposing what he branded "escalation."

Caution. Even with Republicans in a tough political spot, however, the way forward for Democrats is far from clear. As Hill Democrats worked on a nonbinding resolution, leaders in the House also wrestled with whether to pursue more muscular legislation to withhold funding for prospective troops or to attach serious restrictions on funding for the White House's next defense funding request for Iraq-expected in February or March. "After the commander in chief announces his strategy, it's Congress's responsibility to step back and say, 'Is this the best use of our resources?'" says Rep. Joe Sestak, a Navy vice admiral elected last year. But Democrats, wary of the decades-long political cost of voting to cut off funding for the Vietnam War, are proceeding cautiously. Rep. Bennie Thompson, though a member of the Out of Iraq Caucus, spoke for many Democrats in warning that a cut in funds for a prospective deployment "might send the message that we're not supporting the troops." And there are constitutional questions about how far Congress can go in shaping the war policies of the commander in chief. In the weeks ahead, the question of what Democrats are willing-and able-to do to shape the president's Iraq strategy may determine whether Reid is correct in saying that his nonbinding resolution "will be the beginning of the end of the Iraq war."

Many Democrats attacked Bush's surge plan as a willful rebuff of the electorate but played down their own ability to block it. "We have one commander in chief, not 535," says a top Democratic strategist. But in a memo to Democrats last week, the liberal Center for American Progress outlined a variety of congressional options that, apart from withholding funds for current or future deployments, included the ability to "cap the size of military deployments" and to "condition, limit, or shape the timing and nature of troop deployments." The document listed historical examples of congressional troop caps, from Lebanon in 1983, to U.S. military assistance to Colombia in 2000. "There's probably a lot of confusion," says the Center for American Progress's Larry Korb, who coauthored the memo. "I don't think [Democrats] realize they can do much."

But James Thurber, a congressional and presidential scholar at American University, says Democrats are being coy in claiming the most they can do to block a troop increase is pass a nonbinding resolution expressing disapproval. "They know full well what they can do, but they don't have the votes" for a bill to cut off funding, Thurber says. For now, Democratic congressional leaders say the nonbinding vote is the key first step to responding to the White House because it will force Republican lawmakers into the uncomfortable political position of having to vote for or against the president's plan. Says GOP strategist Tony Fabrizio: "The first rule of politics is never interrupt your enemy when he's making a mistake." Democrats also believe that voters cast ballots for bipartisanship and moderation in the last election, so they want to avoid being seen as wild-eyed zealots. "It's not enough-it's the first step," says newly elected Ohio Sen. Sherrod Brown of a nonbinding resolution. "We're building opposition to escalation of the war by talking to Republicans."

In the meantime, Hill Democrats will channel most of their Iraq war opposition into a blizzard of committee hearings scheduled over the next month or so. The House and Senate intelligence committees will examine issues from how well America's spy agencies are supporting the U.S. effort in Iraq to how the Bush administration used intelligence in the run-up to the invasion. Democrats have also resurrected the House Armed Services subcommittee on oversight, disbanded by Republicans in 1995. Subcommittee Chairman Martin Meehan of Massachusetts is hiring five investigators to look into issues like corruption among defense contractors and troop equipment shortfalls.

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But oversight hearings will do little to placate the Democratic base, where pollster John Zogby says support for the war has dwindled to 7 percent. "The Democratic constituency is looking for a resolution to the war," says Zogby. Indeed, the president's Iraq speech unleashed a national wave of antiwar activism last week, with the liberal group MoveOn picking up 65,000 new members in just two days. MoveOn had planned to devote last week to applauding Democrats for passing its "first 100 hours" package of domestic legislation, but it is now E-mailing members daily-a pace typically reserved for the week before a national election-with entreaties to pressure Congress to pass legislation like Kennedy's. At the moment, however, officials at MoveOn and other liberal groups say they trust Democratic leaders on Capitol Hill who say that the endgame on funding and troop caps won't come for several weeks or even months, perhaps when the White House submits its request for supplemental war money.

The White House is betting that Democrats won't do anything in the short term. Which isn't to say the administration is resting easy. One concern is an expected spike in casualties following the troop increase. "Every time we've been more involved on the ground, casualties have gone up," says a Bush adviser. That's bound to make the antiwar drumbeat, in Congress and in the country, even louder..

Iraq Realigns American Politics (NSWK)

By Howard Fineman

Newsweek, January 15, 2007

Jan. 22, 2007 issue - Ted Kennedy speaks with the voice of history. White-maned and nearing 75, the brother of two assassinated heroes and a veteran of 44 Senate years, he is—in defiance of the odds—again in his prime: a chairman in good health with a doting wife and a packed legislative agenda.

No one tells Ted Kennedy what to do; in any case, the Senate's Democratic leaders were fine with his plan to give a big speech two days before President George W. Bush announced a troop "surge" in Iraq. They are generally glad to let Kennedy play the role he relishes: Irish-American Isaiah, calling his party to account even as legislative insiders keep their distance.

This time party brass got more than they bargained for. Summoning the authority of his years as an intimate witness to history, Kennedy made an eloquent case for a Senate vote on the surge and for a court test of its legitimacy under the War Powers Resolution. "Iraq is George Bush's Vietnam!" he thundered. "Echoes of that disaster are all around us today!"

It was, in its own way, a defining moment. He got a standing ovation and, the next day, congratulations all around on the Hill. By the end of the week—in the aftermath of Bush's tepid speech and Condi Rice's evasive testimony—Kennedy looked prescient.

A generation ago, a war—Vietnam—launched a realignment of American politics. Now, it seems increasingly clear, Iraq is doing the same. In 1968 college students flocked to the New Hampshire primary to protest Lyndon Johnson's policies, sparking a civil war in the Democratic Party on foreign policy that lasted for a generation. By contrast, Vietnam united the GOP around an anti-communist crusade that endured for decades. "Ronald Reagan was gung-ho about Vietnam," says Craig Shirley, a GOP operative and Reagan biographer. "It solidified his world view, and the party's."

Now a mirror image is developing. Democrats seem to be uniting around a theme—the primacy of global diplomacy and congressional review. Republicans, by contrast, have lost the unity that they had during the cold war and the early years of the war on terror.

As Republican divisions grow, Democrats, pressed by their antiwar grass roots, are drawing together. Except for "Independent Democrat" Sen. Joe Lieberman, Dems are increasingly of one mind about Iraq in particular and antiterrorism strategy in general. A vote on surge spending—which Democratic Senate leaders had hoped to avoid and which is technically difficult to devise—now is likely at some point. In general, the party seems less fearful of the old "soft on defense" shibboleth, and ever more tolerant of groups such as Win Without War and Move On. One of the Senate's few other hawkish Democrats, Sen. Evan Bayh, told me that he opposes the surge, and agreed that Congress might have to face the question of funding at some point. The Senate's growing ranks of Democratic presidential contenders—Chris Dodd jumped in last week, Hillary Clinton and Barack Obama are expected to do so soon—are gravitating toward a bring-them-home-quickly stance. "We don't want to come off looking like wimps," said Terry McAuliffe, a Clinton supporter and former party chairman. But he added: "We're jumping all over ourselves now to see who can be the toughest on Bush and the war." It's a fateful competition—which Ted Kennedy already won.

Vermont Pays A Huge Toll In Iraq (USNEWS)

U.S. News and World Report, January 15, 2007

Vermont, where nearly three quarters of residents oppose the Iraq war, has the nation's highest per capita death rate in the conflict. It's a statistic seemingly at odds with the state's reputation as a liberal utopia, a low-stress playground for snowboarders and the escape-from-New York crowd. But with the tally of dead American servicemen and women now past 3,000, the situation

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in Iraq grim, and President Bush calling for more troops, many Vermonters are asking whether they've already sacrificed too much for a cause whose lofty aims they think may be unreachable.

Bush's Legacy Hinges On Al-Maliki's Actions (WT)

By Stephen Dinan

The Washington Times, January 16, 2007

President Bush's legacy is now in the hands of Iraqi Prime Minister Nouri al-Maliki, the head of Iraq's government who is in a tenuous position in Baghdad and quickly losing the confidence of Congress and the Bush administration.

"That is the biggest of potential weak links in the president's program because Maliki has, in a number of ways over a period of time, demonstrated he really can't be counted on for significant cooperation and assertive action," said James F. Hoge Jr., editor of Foreign Affairs magazine.

In November, Mr. Bush met with Mr. al-Maliki in Jordan and declared him "the right guy for Iraq." The prime minister received no such praise in the president's major prime-time speech last week. Senior White House officials have expressed "skepticism," and top lawmakers worry that Mr. Bush has placed too much confidence in Mr. al-Maliki.

"So much of our future in that place is in the hands of Maliki," said Sen. George V. Voinovich, Ohio Republican and a member of the Senate Foreign Relations Committee, who added that he doubts the prime minister is up to the challenge. "I don't think he is."

Mr. al-Maliki took office in May, three months after the bombing of the Shi'ites' Golden Mosque in Samarra, and has been dealing with sectarian violence from the start of his term.

Mr. Bush last week announced a plan to send more than 21,000 additional troops -- 17,000 to Baghdad and 4,000 to Anbar province in the west -- in what may be the last major U.S. hope for leaving Iraq a stable nation.

The soldiers being sent to Baghdad are supposed to be coupled with more Iraqi units, who Mr. Bush has said will take the lead in fighting in and around the city. In addition, Mr. Bush said he secured an agreement from Mr. al-Maliki that the Iraqi and American forces will have the freedom to pursue anyone they see as a threat, which would include Shi'ite militias that have been considered off-limits.

The main question, Mr. Voinovich and Mr. Hoge said, is Mr. al-Maliki's relationship with Sheik Muqtada al-Sadr. They wonder whether the prime minister would confront the powerful Shi'ite religious leader, who many observers say is key to Mr. al-Maliki's power base.

"Too much of the evidence to date points to [the prime minister] as being a Shi'a advocate for Shi'a dominance and for a certain amount of payback to Sunnis for what they've done over many, many years. That, of course, is not a scenario we endorse," Mr. Hoge said.

Mr. Voinovich fears that Sheik al-Sadr has ambitions to turn Iraq into "a Shi'ite theocracy like they have in Iran, and he will be the new ayatollah."

Mr. al-Maliki has lost the confidence of his own countrymen. A September poll by Opinion Research Business, or ORB, based in Britain, found that 29 percent of Iraqi adults had a favorable opinion of the prime minister, down 50 percent from a June poll that put his approval at 58 percent.

American opinion is just as pessimistic. A CNN poll taken Jan. 11 found that just 38 percent were very or somewhat confident "in the ability of the Iraqi government to handle the situation in Iraq."

In the days since Mr. Bush's speech, Mr. al-Maliki has been silent.

"It's extremely important he gets out in a news conference and makes very clear that what the president is proposing, that he supports it," Mr. Voinovich said, adding that Iraqis must recognize the plan as a proposal from their own government rather than as a U.S. dictate.

The White House tried to counter those concerns. Spokesman Tony Snow said last week that Mr. al-Maliki has larger worries than U.S. perception.

"He's not responding to the U.S. press corps. What he's doing is, he's responding to the Iraqi public," Mr. Snow said. "What he's been talking about the last couple of days were what his constituents want to hear about."

The White House also has issued two memorandums to reporters detailing statements from other Iraqi leaders -- from the president to the deputy prime minister to Mr. al-Maliki's spokesman -- backing Mr. Bush's plan.

Mr. al-Maliki has hinted that he doesn't want the challenge. In an interview with the Wall Street Journal published two weeks ago, he lamented about his job: "I wish I could be done with it even before the end of this term."

Bush's Iraq Plan Races Against Two Clocks (CSM)

By Peter Grier

DOJ_NMG_0116469

The Christian Science Monitor, January 16, 2007

posted January 16, 2007 - http://www.csmonitor.com/2007/0116/p25s02-uspo.html Bush's Iraq plan races against two clocks A troop 'surge' in Baghdad could falter if Congress balks or Iraqis don't meet their security commitments on time.

By Peter Grier | Staff writer of The Christian Science Monitor

WASHINGTON

For President Bush's new plan for Iraq, the clock is already ticking. It appears to face time pressure on at least two fronts.

On Capitol Hill, the patience of the Democratic-controlled Congress for the proposal to dispatch 21,500 more US troops to the country is clearly limited. It's possible that the antipathy of many lawmakers towards the plan could foreshadow a resolution of disapproval - or even attempts to limit funds for the war.

In Iraq, the government of Prime Minister Nouri al-Maliki is supposed to move new Iraqi forces into Baghdad within weeks. If these Iraqi units don't materialize, the US may be forced to reevaluate its strategy, according to administration officials.

Thus by early next month the political and military context for the US troop buildup could look very different than it does today. It is even possible that the White House could stop the surge of increased US forces before it gets fully under way.

"I think we're going to know fairly early in this process whether the Iraqis are in fact prepared to fulfill the commitments they've made to us," said Secretary of Defense Robert Gates at a Senate Armed Services Committee hearing on Friday.

This is not to say that the White House is hedging on its strategy. Administration witnesses defended it vigorously in congressional testimony following President Bush's Wednesday speech to the nation.

"After a lot of thought and after looking at a lot of different options, the president very much decided that this is the best option for us going forward," said Secretary of State Condoleezza Rice in a Thursday appearance before the House Foreign Affairs Committee.

But the White House appeared somewhat taken aback by the vehemence of congressional reaction to the plan, which would raise US troop levels in Iraq by 21,500, while calling on the Iraqi government to increase its own forces in Baghdad and do more to quell sectarian violence.

For the administration, the nadir in Washington was perhaps Thursday's hearing of the Senate Foreign Relations Committee, a panel that includes at least seven lawmakers who have contemplated running for president themselves. Secretary of State Rice was hammered by committee members, Republicans as well as Democrats.

Sen. Chuck Hagel (R) of Nebraska went so far as to say that the president's new plan "represents the most dangerous foreign policy blunder in this country since Vietnam."

Democratic leaders say they intend within a few weeks to hold votes in both House and Senate on symbolic resolutions of disapproval of the Bush's strategy. Though nonbinding, such votes could be difficult ones for many Republicans, considering the extent of public disapproval of the Iraqi situation.

Whether Democrats would go further, and try to curb funding for the troop increase, remains unclear. Some party leaders, such as Sen. Joseph Biden (D) of Delaware, have cast doubt on the constitutional powers of Congress in this regard. But Senate Minority Leader Mitch McConnell has charged that this is what Democrats really want to do - and has vowed to try to block votes critical of administration policies.

"Congress is completely incapable of dictating the tactics of the war," Senator McConnell said this week.

The bigger influence on the course of the US troop buildup in Iraq, however, may be the Iraqis themselves.

Administration officials this week were careful to note that the Iraqis have specific tasks to accomplish within a short period of time. One new Iraqi brigade should be moved to Baghdad by Feb. 1, noted Secretary of Defense Gates before the Senate Armed Services Committee. Another should be in place two weeks later.

"The premise of this entire strategy is the Iraqis taking the lead and fulfilling those commitments," he said.

The Iraqis seem eager to take control of the security situation, and the US has received commitments of support from officials throughout the Iraqi government, not just Prime Minister Maliki, said Gates.

But the new defense chief readily admitted that the Iraqi government has made such promises before, and they have come to naught. "Their record of fulfilling promises is not an encouraging one," he said.

Administration officials did not directly say they would put the brakes on the troop buildup if the Iraqis do not move as intended. But they did say that such a situation would case a reevaluation of US strategy.

"Before we have sent in very many additional troops we will have a pretty good idea, at least on the military side, as to whether the Iraqis have stepped up to the plate to fulfill their commitments," said Gates.

On the other hand, if all works as planned and the new deployments tamp down Iraqi violence, a US drawdown might follow later this year, according to Gates.

Meanwhile, support for President Bush's policies continues to hover near record lows. An AP-Ipsos poll found 68 percent of respondents disapproving of Bush's handling of Iraq.

Analysis: Differences Snarl Iraq Plan (AP)

By Robert H. Reid

AP, January 16, 2007

President Bush's plan to bring peace to Iraq, already facing resistance in Congress, also has highlighted differences between Washington and Baghdad over how to deal with Syria and Iran.

Bush and U.S. officials say Iraq's two large neighbors are supporting the insurgency, and American forces have twice detained Iranians in Iraq. Iraq, however, has recently been making overtures to Iran and Syria.

"We have to live in this part of the world," Iraqi Foreign Minister Hoshyar Zebari told CNN on Sunday. "We have to live with Iran. We have to live with Syria and Turkey and other countries."

It's not the first time Iraqi Prime Minister Nouri al-Maliki's government has taken a public stand at odds with Washington — despite the fact that the Iraqi leadership relies heavily on U.S. protection for its survival.

But the differences between the two administrations could hamper efforts to forge a united strategy to deal with Iraq's sectarian violence, while adding pressure on the White House to end America's role there.

The differences over Iran and Syria may seem insignificant compared with the huge U.S. political problems facing the Bush plan, including opposition in Congress and widespread skepticism from Americans. But they point to a deeper problem — a widening gulf between U.S. and Iraqi perceptions of each side's national interest at a time when Americans are growing weary of the conflict.

In announcing his new plan, Bush brushed aside recommendations by the bipartisan Iraq Study Group to seek Syrian and Iranian help in curbing the Iraqi violence.

Instead, he accused both countries of aiding Iraqi insurgents and pledged to "seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Administration officials insisted that would not include attacks against Iran or Syria. But Bush also said he was dispatching an additional carrier strike group and Patriot missile batteries to the region "to bolster the security of Iraq and protect American interests."

President Jalal Talabani, meanwhile, was making a landmark visit to Syria, the first by an Iraqi head of state in nearly three decades.

Iraqi authorities also were demanding the release of five Iranians arrested by U.S. troops in Iraq recently for allegedly supporting Iraqi insurgents. The Iraqis described the five as diplomats who should have enjoyed immunity from arrest.

The idea of engaging Iran and Syria does not sit well with influential conservative groups within the United States and was rejected by Bush.

Washington is deeply concerned about Iran's nuclear program and its growing influence throughout the entire Middle East.

The U.S. military accuses Iran of providing weapons to Iraqi insurgents and to Shiite militias blamed for sectarian violence around Baghdad. U.S. officials have likewise accused Syria of harboring leaders of the Sunni insurgency and of allowing foreign fighters to slip into Iraq.

"Iran and Syria have been very much part of the problem in Iraq, and cannot be trusted to be part of a genuine solution," wrote Middle East experts James Phillips and James Carafano in a study published last month by The Heritage Foundation, a conservative think-tank.

But there have been other points of tension between the U.S. and Iraqi administrations.

Last summer, for example, al-Maliki, a Shiite, spoke out strongly against Israel for its attack against Hezbollah in Lebanon.

Al-Maliki also so far has done little to crack down on Shiite militias, despite strong U.S. pressure to do so.

At such a sensitive point, any policy divergence between the U.S. and Iraq can fuel demands for the Bush administration to end the American military mission in Iraq.

Critics can point to comments like those made recently by Iraqi elder statesman Mahmoud Othman, who said recently: "Our interests differ from those of the United States. The enmity between the United States and Syria and Iran doesn't benefit the situation in Iraq."

Use Of Kurdish Troops In Baghdad Debated (WP)

By Walter Pincus

The Washington Post, January 16, 2007

The Kurdish makeup of two of the three Iraqi army brigades due to be sent to Baghdad under President Bush's new strategic plan is drawing concern from Iraqi and U.S. experts.

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Questions have been raised about whether the Kurds would fight Sunni insurgents in Baghdad at a time when some Sunni clerics and organizations have spoken out against aiding U.S. troops and the Iraqi government. But there is also concern that the soldiers would be heavy-handed if sent into heavily Shiite areas.

Recognized as being among the better-trained fighters in Iraq, the two brigades were formed out of Kurdistan's pesh merga militia. They received training from the U.S. military and were integrated into the Iraqi army. Some battalions were used successfully in the Mosul area in November 2004. Others fought in Fallujah, and some Kurds are part of the mixed Iraqi special operations forces brigade that has seen action in Baghdad.

Sunni Muslim in religion, the Kurds consider themselves ethnically distinct from Arabs, a group that includes most Shiite and Sunni Iraqis. While many of their officers speak some Arabic, most of the troops do not. Their government flies the Kurdish, not Iraqi, flag and desires independence.

North of Baghdad, in oil-rich Kirkuk, pesh merga troops have been fighting for more than a year against Shiite militiamen linked to Moqtada al-Sadr's Mahdi Army. Sadr's group is supporting Shiites being forced from the city by Kurds interested in their autonomous region annexing Kirkuk.

A former senior CIA operations officer who is familiar with Iraq said yesterday that sending the units into Baghdad "will not make many friends for the Kurds, depending on where they go." But, said the officer, who spoke on the condition of anonymity, "if you are going in to clear a majority-Sunni area, better to use Kurdish rather than Shia troops. . . . They are obviously better than Iraqi police and more professional."

Last week, Mahmoud Othman, a Kurdish lawmaker and a prominent member of the Iraqi Kurdish Coalition, declared his opposition to Kurds going into Baghdad.

"There are fears that a fight like this, pitting Kurds against the Arabs, is bound to add an ethnic touch to the conflict," Othman told the Iraqi newspaper Az-Zaman. "I am against the move . . . and there are many in the Iraqi parliament who are against it, too."

But the deployment holds appeal for the Kurdistan Regional Government, because in return, the Baghdad government would be ready to provide it an additional share of the national budget, a Kurdish official told the New Anatolian, a Kurdish newspaper, last week.

A senior U.S. military officer familiar with Iraq, who spoke on the condition of anonymity, said the Kurdish troops' "salaries, equipment and operating expenses are paid for by the Iraqi MOD [Ministry of Defense], so that's probably just the usual attempt to bargain for a little extra."

Former U.S. ambassador Peter W. Galbraith, who has helped Kurdish officials in the post-Saddam Hussein period, told the Senate Foreign Relations Committee last Thursday that the Kurdish fighters "are ultimately loyal not to the national chain of command or the nominal chain of command, but to their political party leaders" -- in this case, to the regional government.

At a hearing Friday of the Senate Armed Services Committee, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said that the deployment of the Kurds in Baghdad could bring "balance in that they are not either for Sunnis or for Shia but for Iraq." But Sen. Jack Reed (D-R.I.) countered, "I think they are for the Kurds."

Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies who has studied the Iraq war, described Bush's new strategy yesterday as "an experiment based on high risks," only one of which is the use of the Kurds.

"They were brought in because other Iraqi army units are too Shiite," he said, "and so are the lesser of two evils."

U.S. Commander Warns Of Long Struggle In Iraq (NYT)

By Marc Santora

The New York Times, January 16, 2007

BAGHDAD, Jan. 15 — With the first wave of additional soldiers already arriving in Iraq to bolster a new campaign to secure this beleaguered capital city, the top American military commander warned that it could take months before there are any real signs of progress.

“As with any plan, there are no guarantees of success, and it’s not going to happen overnight,” said Gen. George Casey. “But with sustained political support and the concentrated efforts on all sides I believe that this plan can work.”

General Casey made his remarks at a press conference here today, where he was joined by the United States ambassador to Iraq, Zalmay Khalilzad. President Bush recently announced that both men will soon be replaced.

The two officials played down reports of tension between the American military command and the Iraqi government led by Prime Minister Nuri Kamal al-Maliki, saying that any period of transition will have some “friction.”

Over the past year, as the sectarian violence between Sunnis and Shiite intensified, American officers said that their efforts to bring order back to Baghdad’s streets was repeatedly hampered by the interference of Mr. Maliki’s Shiite-dominated

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government. They complained that Americans were kept out of Shiite militia strongholds and that the government offered protection to suspected militia members who had been arrested.

Mr. Maliki has offered only tepid public support for the new security plan, waiting a full 48 hours after President Bush announced the new strategy before commenting.

At the press conference today, General Casey and Ambassador Khalilzad said repeatedly that they believe that the Iraqi government was committed to working toward an even-handed policy that treated Sunni and Shiite neighborhoods equally. But they cautioned that only time will tell.

"I've discussed these issues with the prime minister and he's said they need to move, not because of what we say or what's said in Washington, but he has said, 'We have to move to secure the capital city because of Iraqi interests,'" said Ambassador Khalilzad.

General Casey and Ambassador Khalilzad said repeatedly that the new security plan was "conceived" by the Iraqis and the Americans and Iraqi officials have been huddled for days trying to iron out the details of the new strategy.

However, until recently, Mr. Maliki reportedly staunchly opposed having more American troops sent to Baghdad, and voiced his opposition to President Bush as recently as November in a meeting in Jordan.

The claim that the new strategy was an Iraqi plan was met by skepticism by both the Iraqi and foreign press. General Casey later elaborated, saying that American forces would remain firmly and completely under American control.

In fact, the plan, as outlined by American military officials familiar with the details, is very similar to the American approach in Tel Afar in 2005. In the new approach, American soldiers will establish a much greater physical presence in neighborhoods across Baghdad, operating hand-in-hand with the Iraqi Army and police at newly created joint security sites.

At every level of command, Americans and Iraqis would be closely paired in an attempt to establish trust between the Iraqi citizens and their security forces.

General Casey acknowledged systemic problems within the Iraqi security forces and said that is part of the reason the effort will take time to succeed.

"I think you'll see a gradual evolution over the next two to three months, and then you'll see things continue to get better up through the summer and fall. It'll take some time," he said.

American military officers believe that for the plan to have any chance of succeeding, it must be viewed as treating Sunni neighborhoods in the same way as Shiite neighborhoods.

In this regard, the cooperation of the prime minister's office will be critical. As it stands, according to military officers familiar with the planning, no decision has been made as to whether American troops would operate within the Shiite stronghold of Sadr City.

When asked about the plan for Sadr City, General Casey did not go into specifics, but repeated his pledge that all areas would be treated equally.

Ambassador Khalilzad concurred.

"No militia will be a replacement for the state or control local security," the ambassador said. "The military commanders will have freedom of action and the ability to do what's needed without political interference or micromanagement. They won't be told, `Don't do this. Don't go into this or that neighborhood.' Therefore, it will be fair."

Iraqi Army brigades from around the country are expected to join the effort, including soldiers from the Kurdish north.

The government's security forces across the country have been repeatedly targeted. This evening, in the northern city of Mosul, a suicide bomber attacked the headquarters of the Kurdish forces, killing at least four people, including a woman, and wounding 24, according to a local health official.

Abdullah Museeb 25, a student, said that "the explosion was so huge that some houses were destroyed," collapsing right on top of the residents. "Operations to rescue the civilians and search for survivors are still going on," he said.

U.S. Puts Faith In Iraqi Politicians To Lead Security Effort (LAT)

By Borzou Daragahi

The Los Angeles Times, January 16, 2007

— U.S. officials here said Monday that the latest plan to calm war-addled Baghdad, where dozens more were killed or found dead in political violence during the day, will succeed because Iraqi politicians will come through this time.

Despite widespread doubts about the efficacy and loyalties of Iraq's Shiite-dominated government and armed forces, U.S. Ambassador Zalmay Khalilzad and Army Gen. George W. Casey Jr. said at a news briefing that American officials had put Iraqis at the helm of security operations. "We will support them, but the Iraqis will be in the lead," Khalilzad said.

U.S. officials have voiced frustration over the failure of the Iraqi government of Prime Minister Nouri Maliki to confront Shiite militias that have ties to political parties in the government. U.S. commanders say Iraqi officials forbid them from going after

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suspected gunmen in Shiite neighborhoods. Some voiced outrage when Maliki appointed a relative unknown, Lt. Gen. Abud Qanbar, to head the Baghdad security plan, passing over the Americans' choice for the post.

The new plan follows two efforts last year to quell the violence in the capital, which U.S. and Iraqi officials acknowledge have been failures. The number of civilian deaths spiraled upward as Shiite militias rampaged through Sunni neighborhoods and Sunni insurgents bombed Shiite marketplaces, police patrols and U.S. military convoys.

Khalilzad and Casey said the new plan had a greater chance of success because it was part of a broad strategy that includes billions in reconstruction spending, the controversial addition of 21,500 U.S. troops proposed by President Bush and confrontation with Iranian and Syrian elements that U.S. officials allege are sowing chaos in Iraq.

The plan also involves additional training of Iraqi security forces and a revamped command-and-control structure, which will have Qanbar at the helm. However, Casey said the American forces would take orders only from U.S. commanders.

"Our forces, frankly, will not be at greater risk, although the more forces you bring here, the greater the risk of casualties," he said. "But they won't be put at risk because of command relationships."

The plan is part of an effort by the White House to revamp its Iraq policy based on a new set of assumptions, according to public documents outlining the strategy. Though it long considered the Sunni insurgency the main threat in Iraq, it now acknowledges "violent extremists from all communities." Before, the Bush administration assumed political progress would calm violence. Now it acknowledges that little political or economic progress can be made without a minimum of security.

The new strategy also advocates paying attention to political actors outside Baghdad's high-security Green Zone. But political figures more hostile to the U.S., such as radical Shiite cleric Muqtada Sadr and the Sunni Muslim Scholars Assn., already vehemently reject Bush's proposal to increase the number of troops in the country.

Khalilzad and Casey, who will be replaced within weeks, said this plan has the support of Iraqi political figures.

"There's a strong political commitment from the government to the plan, including the will to act, and including the will not to impose constraints on coalition and Iraqi security forces," Casey said.

Some Iraqi officials said the new plan includes far more input by Iraqi leaders than did the previous ones.

"The last operations that were carried out were American operations, not Iraqi operations," said Hoshyar Zebari, Iraq's foreign minister. "They were doing their things, they blew it up and they blame us for it. This is an Iraqi plan."

Violence continued across much of Iraq on Monday. Authorities in the capital discovered the bullet-riddled bodies of at least 30 men, most of them in west Baghdad. Four homemade bombs targeting Iraqi security forces killed at least seven and injured eight in the capital. A suicide bomber struck an Iraqi army checkpoint in west Baghdad, killing four soldiers and injuring three.

Two car bombs in downtown Kirkuk killed at least 12 civilians and injured 14, police said. A Katyusha rocket struck a house in the contested oil-rich northern city, killing one person. Farther north, in Mosul, a suicide car bomber targeting an Iraqi army patrol killed six and injured 28, a police spokesman said.

An Iraqi contractor supplying food to a U.S. base near the southern city of Kut was slain. Authorities there also discovered the bodies of three Iraqi soldiers killed with bullets to the head and chest.

More Troops In Iraq, But Success Will 'Take Time' (USAT)

By Rick Jervis, Usa Today

USA Today, January 16, 2007

First of extra 21,500 vowed by Bush arrive

BAGHDAD — The new security plan for Iraq will need time to take hold and may not yield significant results for several months, the outgoing U.S. commander there cautioned Monday.

Gen. George Casey told reporters that some of the 21,500 additional U.S. troops President Bush promised for Iraq last week have already begun arriving.

However, their success in calming sectarian violence will depend on better cooperation from Iraq's military and police and broad support from Iraqi politicians that has been lacking, Casey said.

"As with any plan, there are no guarantees of success, and it's not going to happen overnight. But with sustained political support, and the concentrated efforts on all sides, I believe that this plan can work," Casey said at a joint news conference with the U.S. ambassador to Iraq, Zalmay Khalilzad.

"I think you'll see a gradual evolution over the next two to three months, and then you'll see things continue to get better out through the spring, out through the summer and fall. But it will take some time," Casey said.

Both Casey and Khalilzad repeatedly said they had assurances that no areas of Baghdad would be allowed to serve as sanctuaries for gunmen. Prime Minister Nouri al-Maliki has until now been hesitant to enforce crackdowns on some militias, including the Mahdi Army of radical Shiite cleric Muqtada al-Sadr, one of al-Maliki's key political supporters.

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The drive to secure Iraq is likely to fail without strong backing from al-Maliki, said Stephen Biddle, a military analyst at the New York-based Council on Foreign Relations.

"The issue is whether the different states' interests are aligned," Biddle said. "If they're not, it's a serious, serious problem. And it's not at all clear if the Maliki interests and the U.S. interests are aligned."

Casey said the new security plan will give al-Maliki unprecedented power at the top of the command structure, though U.S. troops will still be under control of American commanders.

"(The plan) is Iraqi-conceived and will be Iraqi-led — not only on the security side but on the political, economic and media/public affairs sides," Casey said.

Casey and Khalilzad also said that five Iranian citizens arrested by U.S. forces Thursday in Irbil, in Iraq's northern Kurdish region, were "intelligence agents" working to undermine the government and target coalition troops.

Iran has said the men were diplomats and demanded their release.

"These gentlemen were not diplomats," Khalilzad said, adding they had ties to the Iranian Revolutionary Guard, a paramilitary force that answers directly to Iran's Supreme Leader Ayatollah Ali Khamenei. "We have an understanding with the prime minister that we'll target these networks."

Casey said: "We have statements made by people in detention, and we have records that give us great confidence that these are, in fact, intelligence operatives."

At least 55 people were killed or found dead across Iraq on Monday, according to the Associated Press. The U.S. military announced the deaths of two more soldiers, both killed in Baghdad.

Casey Says Results In Iraq Won't Be Fast (AP)

By Kim Gamel

AP, January 16, 2007

There are no guarantees of overall success or quick results in the new U.S.-Iraqi security drive in Baghdad, the U.S. commander in Iraq said Monday.

Gen. George Casey told reporters he did not expect significant results until the summer and fall, for the first time putting a timeframe around the plan announced Wednesday by President Bush.

"As with any plan, there are no guarantees of success, and it's not going to happen overnight but with sustained political support and the concentrated efforts on all sides I believe that this plan can work," Casey said at a news conference.

U.S. Ambassador Zalmay Khalilzad, who joined Casey at the podium, declared there were no deadlines being imposed on the Iraqis to take action against gunmen, but the pressure was a perception that existed because of the Shiite-dominated government's failure in the past to weed out Shiite militia fighters.

"The statements that have been made about the urgency for action reflects this doubt or concern that exists in many places about whether the Iraqis or the Iraqi leadership will decide to do what's necessary," Khalilzad said.

"I've discussed these issues with the prime minister and he's said they need to move, not because of what we say or what's said in Washington, but he has said 'we have to move to secure the capital city because of Iraqi interests,'" the U.S. envoy said.

Their responses simply mirrored what other U.S. officials have said in defense of Bush's plan against a wave of criticism given the failure of two previous drives to secure the capital.

Casey and Khalilzad — both set to leave their jobs soon — showed little emotion and did not offer much new information in the face of probing questions from reporters.

Asked how things would be different this time, Casey, who has expressed reservations about increasing U.S. troop strength in Iraq, said he couldn't offer any guarantees.

"But I do believe that with continued political reinforcement and political support, this plan can go forward," he said. "And it's an opportunity for the Iraqi people to get on board and support their security forces to move this whole country forward."

Casey dismissed reports about disagreements between Iraqi and U.S. officials over the command structure of the operation to curb sectarian violence in Baghdad, although Iraqi officials said many hotly disputed issues were unresolved.

"We have been here before ... but what's different is a stronger level of political commitment from the government and a better organization on the Iraqi side to help their own plan succeed. And I will tell you yes, there are still difficulties with the Iraqi security forces. That has been a challenge," said Casey, who will cede command of U.S. forces to Gen. David Petraeus.

Petraeus has served a total of nearly 29 months in Iraq.

Khalilzad also is leaving his post for the United Nations, where he will become the U.S. envoy if confirmed by the Senate. He is being replaced by Ryan Crocker, current ambassador to Pakistan.

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Both Casey and Khalilzad also repeatedly said they had assurances that no areas of Baghdad would be allowed to serve as sanctuaries for gunmen, a direct reference to past interference on the part of Prime Minister Nouri al-Maliki to protect the Mahdi Army militia of radical Shiite cleric Muqtada al-Sadr, one of the Iraqi leader's key political backers.

"No militia will be a replacement for the state or control local security," the ambassador said. The military commanders will have freedom of action and the ability to do what's needed without political interference or micromanagement. They won't be told, `Don't do this. Don't go into this or that neighborhood.' Therefore, it will be fair."

Casey also said the security drive might take months to show results.

"I think you'll see a gradual evolution over the next two to three months, and then you'll see things continue to get better up through the summer and fall. It'll take some time," he said.

Casey said al-Maliki had approved the insertion of 21,500 new American troops into Iraq and would be consulted on all future U.S. troop additions or withdrawals.

The top U.S. commander said recent U.S. detentions of Iranians in Iraq were justified because the men taken captive were working for the Iranian government to supply weapons and other aid to insurgents and other anti-U.S. and Iraqi forces.

Five Iranians were taken in a raid on an Iranian facility in the northern Iraqi city of Irbil on Thursday

"These gentlemen were not diplomats that we're holding, and all (of them) by discussions that I've had with people ... they are Revolution Guard representatives up in a Kurdish area of Iraq. ...

"These folks that we have captured are foreign intelligence agents in this country working with Iraqis to destabilize Iraq and target coalition forces that are here at Iraq's request. I don't think there is any disagreement on that," Casey said.

Maliki Attacked For Ties To Shia Militants (FT)

By Daniel Dombey And Steve Negus

Financial Times, January 16, 2007

Iraq's most senior Sunni politician on Monday launched a bitter personal attack on the country's prime minister, warning Nouri al-Maliki that the Iraqi government had only limited time to break with sectarian groups and start delivering to ordinary citizens.

In comments to the media in London, where he also met top British officials, Tariq al-Hashimi, Iraq's vice president, said Mr Maliki had failed to break his ties with Shia militias and that Washington would only give him a limited time to succeed.

Mr Hashimi's comments came on the day that Saddam Hussein's two co-defendants, his half brother Barzan al-Tikriti and revolutionary court judge Awadh al-Bandar, were executed in Iraq; Mr Tikriti's head was ripped from his body during the hanging.

Mr Hashimi said that Mr Maliki had to try to be a prime minister "for all the people" rather than maintaining his affiliation with the radical Shia cleric Moqtada al-Sadr. He said Mr Maliki had to be "encouraged" to break away from Mr Sadr and unite with other groups in Iraqi society, such as the Sunni and the Kurds. Mr Hashimi said US officials believed Mr Maliki was "behind schedule" and only had limited time to try for national reconciliation.

At present, he said, 200-300 Sunni were leaving Baghdad every day for Jordan and Syria and that the west of Baghdad was at risk of becoming a "no man's land" for the Sunni community.

Both Sunni and Shia members of Mr Maliki's national unity government regularly accuse each other of acting in bad faith and of providing political cover for armed groups rather than pursuing a policy of reconciliation.

US officials meanwhile have been walking a delicate line in their public statements, acknowledging the widespread perception that Mr Maliki's government was weak or indecisive, but praising the prime minister's resolve.

On Monday, the leading US military and civilian officials in Baghdad said they had confidence in his government. The outgoing US ambassador, Zalmay Khalilzad, said there were no deadlines imposed on Mr Maliki's government to neutralise militias, although he did say there were doubts about the Iraqi leadership's commitment to do so.

"The statements that have been made about the urgency for action reflects this doubt or concern that exists in many places about whether the Iraqis or the Iraqi leadership will decide to do what's necessary," Mr Khalilzad said.

"I've discussed these issues with the prime minister and he's said they need to move, not because of what we say or what's said in Washington, but he has said 'we have to move to secure the capital city because of Iraqi interests,'" the US envoy said.

The top US commander in Iraq General George Casey meanwhile said that Iraq's government was exerting a new level of commitment towards improving the security situation. He also said that he did not expect significant results from a new US-Iraqi push to contain insurgent and militia violence until the summer.

'Give Us A Chance' (NSWK)

By Eleanor Clift

DOJ_NMG_0116476

Newsweek, January 16, 2007

Jan. 15, 2007 - Virginia Senator John Warner is the senior Republican on the Senate Armed Services Committee and a trusted voice on both sides of the aisle. He is withholding judgment for now on the president's new plan to send more troops to Iraq, but makes it clear in an interview with NEWSWEEK's Eleanor Clift that Congress is prepared to assert its rightful role as an equal partner in the war-making powers of the administration. Excerpts:

NEWSWEEK: As we look at this confrontation between Congress and the White House over this new policy towards Iraq, a lot of people are looking to you to either lead the way to support the president, or deliver the word to him that this can't be sustained. Please give me a sense of where you are.

Warner: When I got back from Iraq in October I made the statement that this situation is neither going forward or backward; it's going sideways…At the current time I've indicated that [the president's plan] deserves very serious consideration by the Congress. I'm studying that report in the context of the Baker-Hamilton commission and I made a request of the chairman of the Joint Chiefs [of Staff] to look at some of the A-team, B-team—red team, blue team—type of analysis that's done in the Pentagon.

That's like war games.

Yes, war games. I also expressed to [Joint Chiefs chairman Peter] Pace my great concern about getting the American G.I. in the crossfire of hatred between Sunni and Shia. Those hatreds go back over 1,000 years; they're predicated on strong religious differences. And that's not for the American G.I. to settle; it's for the Iraqi G.I. to settle. [Also,] three, four months ago in the Armed Services committee, together with [Michigan Democratic Sen.] Carl Levin, I put an amendment in requiring the executive branch to prepare a National Intelligence Estimate on Iraq…That document could bear on the decision making. There's a lot to be studied, and I just urge my colleagues not to jump to their [conclusions] until they've had a chance to do some studying.

In the meantime, the troops in the surge are already in Iraq.

While some of the first increments of troops have arrived, more will arrive in February, more in March, so it's the sequencing of this flow of troops—but a small percentage have arrived to date.

There is speculation that if the initial reports of this new strategy are grim that it would fall to you as a senior Republican to go to the White House with the bad news, or to broker some sort of compromise.

I don't want to appoint myself to any position. I just stepped down as [committee] chairman after six years under our rules. But you can be sure that I think my past actions have indicated my willingness to do what I think is in the best interest of the nation—and if that necessitated visiting the president as I've done twice [in the last two weeks]—I wouldn't hesitate.

Did you say visiting the president?

The president asked a group of us to come down [on Jan. 5] and we went down for a 20-minute meeting and stayed almost an hour. It was a very constructive give and take. I then returned at the invitation of the president [last] Monday accompanying nine or 10 other senators. I urged the president last fall that before he laid down his plan it would be wise to consult with the Congress—and a measure of consultation has taken place, and it's continuing. I also urged the president to be open-minded about some ideas to incorporate in the plan, and he specifically put that in his statement [in last week's speech.]

But if you came to believe his policy is not working, you wouldn't hesitate to tell him that.

No, I wouldn't hesitate to tell him privately. Privately.

What are your feelings about the Baker-Hamilton commission?

[The report] had some very good points in it. I think there's more substance in that than they're given credit for—I think they did a good job.

It seems to be you could easily have a bipartisan resolution that would get a lot of Democratic and Republican support.

To the extent that we could achieve a significant bipartisan position, I think it would be helpful to the president and to the country. But it's too early—we're barely in the formative stages. You've got to remember, the president started working on this [plan] in October. He worked intensely October, November, December—and the Senate has had this 48 hours. So give us a chance.

But meanwhile the war's been going on for [almost] four years, and you wish that a lot of this study had gone on two years ago, three years ago.

You are correct, but this is where we are.

You met with General [David] Petraeus [newly appointed as top U.S. military commander in Iraq]. Are you convinced that he's convinced that this surge can work?

The general is a very impressive military professional, and I've been dealing with these people ever since I was secretary of the Navy. He's a very exceptional person. I think it's premature to ask him that question.

The speculation is that the generals were strong-armed into supporting this plan—that they had reservations.

I'm going to withdraw from any observations on that at this time. I leave that to you.

So much of this rests on the willingness or ability of Iraqi Prime Minister Nuri al-Maliki. In your questions [during the committee hearing], you seemed less than convinced that the White House had a handle on his motivations, and ability.

I think the president and his team as well as the Congress have to deal with realities that there are question marks with regard to Maliki….He's not the Rock of Gibraltar but we've got to deal with the cards that we're dealt.

And the speculation that the administration may widen the war to Iran?

I [asked] that specific question and [Defense Secretary Robert] Gates was very forthcoming, as was the chairman of the Joint Chiefs. [They said] that to the extent Iran and Syria have been infiltrating into Iraq, then all of those measures to curtail that be done within the sovereign territory of Iraq.

American troops stormed diplomatic ground [during a raid on an Iranian consulate in northern Iraq last week.] That seems to be crossing that line a bit.

I thought you were talking about whether we would—like in Vietnam—have incursions across sovereign territory of Iraq into either Syria or Iran. At the moment, Gates and the chairman said that was not being contemplated.

You lived through Vietnam. Are you getting a sense of deja vu here?

Well, it's an entirely different military operation and geography and the like. The only aspect of Vietnam we must watch now is the gradual withdrawal of the people and then the Congress from supporting the troops. And fortunately thus far both Republicans and Democrats—and I certainly strongly support this—have a great admiration for the troops and have no intentions in any way to restrict their funding.

Poll: Bush's New Iraq Strategy Fails To Rally Public Support (USAT)

By Susan Page

USA Today, January 16, 2007

WASHINGTON — President Bush's address to the nation last week failed to move public opinion in support of his plan to increase U.S. troop levels in Iraq and left Americans more pessimistic about the likely outcome of the war.

In a USA TODAY/Gallup Poll taken Friday through Sunday, more than 6 of 10 people back the idea of a non-binding congressional resolution expressing opposition to Bush's plan to commit an additional 21,500 U.S. troops to Iraq.

POLL RESULTS: New Iraq policy

However, those surveyed are split, 47%-50%, over whether Congress should deny funding for the additional troops.

The telephone poll of 1,003 adults nationwide has a margin of error of +/—3 percentage points. The results were compared with a survey taken before the speech, on Jan. 5-7, of a similar sample. The movement on several key questions was within the error margin and therefore not considered statistically significant.

That's not surprising, says Charles Franklin, a political scientist at the University of Wisconsin at Madison who studies polling.

"We've had four years to think about the war," Franklin says. "This is not him making a speech about a policy that the public hasn't been debating for a long time. … At this point, it's very hard for a speech to make much difference."

White House spokesman Jeanie Mamo agrees. "As we made clear, one speech will not change public opinion," she says. "But as conditions improve in Iraq, so will the public's approval of the plan."

Among key findings:

·The central elements of Bush's "new way forward" in Iraq command limited public support. Now, 38% support a significant increase in U.S. troop levels, up from 36% before the speech.

Six in 10 have little or no confidence the Iraqi government will be able to take responsibility for handling security there by November, as Bush suggested. And by more than 2-1, those surveyed oppose his plan to send an additional $1 billion in economic aid.

·Americans feel more pessimistic about the war in the wake of Bush's speech. For the first time, a narrow plurality — 49%-47% — say the United States is likely to lose the war. Before the speech, they said by 50% to 46% that the United States was likely to win.

·The proportion who predict that political stability around the world will improve this year dropped by 9 points, to 32%.

·Those who say Bush has a "clear plan" for Iraq rose a bit, to 29% from 25%. Those who say congressional Democrats have a clear plan dropped to 21% from 25%.

Even so, by 51% to 36%, those surveyed have more confidence in congressional Democrats to handle Iraq than in the president.

·Optimism that the president and congressional Democrats would work together more closely this year plunged. Before the speech, Americans divided 50%-50% on that question. After the speech — and the almost uniform Democratic criticism of it — 62% of those surveyed say more cooperation isn't likely.

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·Approval of Bush's handling of Iraq moved up a tick, from a low point of 26% before the speech to 28% now. His overall job-approval rating dipped 3 points, to 34%.

What Congress Can (And Can't) Do On Iraq (WP)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Post, January 16, 2007

Congressional Democrats (and Republicans) who oppose President Bush's decision to send additional American troops to Iraq may frustrate his plan, but not -- as suggested by Democratic Whip Jim Clyburn -- by imposing 21,500 strings on the 21,500 new troops. Just as there are constraints on the president's constitutional authority as commander in chief, there are limits on Congress's ability to direct presidential action. In particular, Congress cannot use its power of the purse to micromanage the president's execution of his office. Indeed, although the prosecution of the Iraq war looms large in today's political discourse, the consequences of substantive decisions related to the war are dwarfed by the imperatives of protecting the integrity of the core rules governing interactions between the executive and legislative branches, which are rooted in our distinctive constitutional fabric.

This constitutional fabric features two coordinate political branches, with unique responsibilities and independent legitimacies. Thus, even if one assumes that, as critics allege, the November election results were a call for disengaging from Iraq, efforts by some congressional Democrats to chastise the president through a resolution of "no confidence" in his Iraq policy have no place in our constitutional culture. The Framers did not establish a parliamentary system.

This does not mean, of course, that Congress is powerless. It could -- if the leadership mustered veto-proof majorities -- immediately cut off funding for U.S. operations in Iraq. Alternatively, Congress could refuse to pass new appropriations once the current ones expire. The refusal to pay for particular policies -- whether in war or peace -- has been the most important check on executive power in the Anglo-American political tradition, dating to the British Parliament's ancient insistence on the right to seek redress of grievances before voting supplies (i.e., money) to the monarch. Under our constitutional system, however, the power to cut off funding does not imply the authority to effect lesser restrictions, such as establishing benchmarks or other conditions on the president's direction of the war. Congress cannot, in other words, act as the president's puppet master, and so long as currently authorized and appropriated funding lasts, the president can dispatch additional troops to Iraq with or without Congress's blessing.

The precise line between congressional and presidential authority is sometimes unclear, and no court has jurisdiction to rule on the issue. The analysis, however, is straightforward. When the two political branches exercise their respective constitutional powers in a way that brings them into conflict -- a scenario clearly envisioned by the Framers -- the relevant constitutional principle is that neither branch can vitiate the ability of the other to discharge its core constitutional responsibilities. Just as the president cannot raise his own funds (by obtaining loans unauthorized by Congress, for example), the legislature cannot attach conditions to federal spending that would destroy the president's authority to direct the military's tactical and strategic operations. This balance makes perfect sense; if Congress could closely direct how the executive branch spends appropriated funds, it would vitiate the president's core responsibilities as chief executive and commander in chief, transforming him into a cipher. This outcome would fundamentally warp the Framers' entire constitutional fabric.

To maintain the integrity of this original design, the Supreme Court has long ruled, in such cases as United States v. Klein (1872) and United States v. Lovett (1946), that Congress cannot attach unconstitutional conditions to otherwise proper legislation, including spending bills. As explained by Professor Walter Dellinger -- President Bill Clinton's chief constitutional lawyer at the Justice Department -- "[b]road as Congress' spending power undoubtedly is, it is clear that Congress may not deploy it to accomplish unconstitutional ends." This includes restricting the president's authority as commander in chief to direct the movement of U.S. armed forces. In that regard, Dellinger quoted Justice Robert Jackson -- who said while serving as President Franklin Roosevelt's attorney general: "The President's responsibility as Commander-in-Chief embraces the authority to command and direct the armed forces in their immediate movements and operations, designed to protect the security and effectuate the defense of the United States."

Although this system may seem unsatisfactory to those who disagree with President Bush's Iraq policy, it has two great virtues. First, it bolsters the Constitution's fundamental design -- the separation of powers between the coequal branches of government. The Framers vested executive authority in a president for a reason. As Alexander Hamilton explained in the Federalist Papers: "Energy in the executive is a leading character in the definition of good government. It is essential to the protection of the community against foreign attacks." Second, requiring Congress to exercise its power in dramatic ways ensures political accountability. If Congress believes the war is lost, or not worth winning, it must take responsibility for the consequences of forcing a U.S. withdrawal. Otherwise, it must leave the president to direct the war and to bear responsibility for the decisions he has made and will make.

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The writers are Washington lawyers who served in the Justice Department during the administrations of Ronald Reagan and George H.W. Bush.

Has Bush Ordered Secret War On Iran? (NSWK)

Newsweek, January 22, 2007

Jan. 22, 2007 issue - Has George W. Bush ordered up a "secret war" against Iran and Syria? Some administration opponents on Capitol Hill began asking this question after U.S. forces in recent weeks arrested two groups of Iranian government representatives inside Iraq. Bush particularly alarmed critics when, in announcing his new Iraq policy, he pledged to "interrupt the flow of support from Iran and Syria" and to "seek out and destroy the networks." Sen. Joseph Biden, now Senate Foreign Relations Committee chairman (and a Dem presidential contender), sent a letter to Bush after a question-and-answer confrontation with Secretary of State Condoleezza Rice. Biden said Rice had been evasive on whether Bush's statements meant that U.S. military personnel could cross into Iran or Syria in pursuit of insurgent support networks. He also asked whether the administration believes the president could order such action without first seeking explicit congressional approval—as Biden thinks he must. A White House aide declined to comment on Biden's letter. But the tough approach stunned even America's firmest Iraqi allies, the Kurds. Iraqi Foreign Minister Hoshyar Zebari, a Kurd, told NEWSWEEK that one of the U.S. Special Forces raids on Iranians working in Iraq "caught everyone by surprise. We should have been alerted and informed."

In fact, administration officials (anonymous due to diplomatic sensitivities) concede that Bush's Iran language may have been overly aggressive, raising unwarranted fears about military strikes on Tehran. Instead, they say, Bush was trying to warn Iran to keep its operatives out of Iraq, and to reassure Gulf allies—including Saudi Arabia—that the United States would protect them against Iranian aggression. A senior administration official, not authorized to speak on the record, says the policy is part of the new Iraq offensive. "All this comes out of our very detailed, lengthy review of strategy from last fall," he says. Recent intel indicates the government of Iran, or elements in it, have stepped up interference in Iraqi political affairs and the supply of weapons to Iraqi Shiite insurgents, say several U.S. intel and national-security officials, anonymous when discussing sensitive material. "The reason you keep hearing about Iran is we keep finding their stuff there," Joint Chiefs Chairman Peter Pace said Friday. Two of the officials, however, indicated Bush had not signed a secret order—known as an intel "finding"—authorizing the CIA or other undercover units to launch covert operations to undermine the governments of Iran and Syria.

—Mark Hosenball, Michael Hirsh, Babak Dehghanpisheh and Richard Wolffe

Rice Arranges Three-way Mideast Summit (AP)

By Anne Gearan

AP, January 16, 2007

Secretary of State Condoleezza Rice said Monday she will bring together the Israeli and Palestinian leaders in the coming weeks for a summit dedicated to exploring ideas for an eventual Palestinian state.

The announcement came after Rice met with President Hosni Mubarak in this southern Egyptian town following a three-day visit to Israel and the Palestinian territories.

Rice's talks were aimed at breathing new life into stalled Mideast efforts and bolstering the moderate Palestinian president, Mahmoud Abbas, in his standoff with the Islamic militant group Hamas.

Rice said her talks during the visits dealt with laying the groundwork for "a political horizon that will lead to a Palestinian state."

"I will soon meet with (Israeli Prime Minister Ehud) Olmert and President Abbas to have discussions on the broad issues of that horizon, so we can work on the road map and try to accelerate the road map to move to a Palestinian state," she told reporters in Luxor.

She said the summit with Olmert and Abbas would take place "relatively soon" but did not set a date.

In Israel, Prime Minister Ehud Olmert told lawmakers of his Kadima party that he and the secretary of state had agreed on "a three-way meeting with Abbas" — also known as Abu Mazen — to be organized "in a short time."

"It was agreed upon by both of us that the road map will continue to form the basis of the process," Olmert said, referring to the stalled peace plan backed by the United States, Russia, the European Union and the United Nations. The plan calls for the establishment of an independent Palestinian state.

"My meeting with Abu Mazen caused a momentum and this momentum has to continue," Olmert said, referring to his talks with President Mahmoud Abbas on Dec. 23. "This meeting is not a replacement, and will not be a replacement, for the bilateral negotiations between us and the Palestinians," Olmert added.

Saeb Erekat, an aide to Abbas, could not confirm whether Abbas would attend, but said "in principle" the Palestinians are prepared to take part.

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"The seriousness Dr. Rice reflected yesterday was genuine," he said. "She reflected seriousness, interest. She reflected an understanding of the bigger picture of what is going on in the region, and the need to put this thing behind us, the Arab-Israeli conflict."

Olmert and Abbas had held their first official meeting on Dec. 23. The Israeli leader promised a series of goodwill gestures to Abbas at that time, including the transfer of $100 million in frozen tax money and the easing of West Bank travel restrictions. But the Palestinians have complained about Israel not following through on its pledges.

Arab allies have been asking the Bush administration for some time to work harder for an Israeli-Palestinian peace settlement, arguing that the lingering conflict undermines efforts to make progress on other Mideast problems, including in Iraq and Iran.

Arab officials said they now will propose a broad bargain to Rice, dubbed "Iraq for Land."

The deal reflects widespread Arab feeling that a lasting Middle East peace is impossible unless Israel agrees to hand over lands it occupied during the 1967 Mideast war to the Palestinians, Syria and Lebanon.

On a related front Rice is asking Arab allies to help support the fragile government in Iraq, on whose success much of President Bush's new plan to turn the war around will depend.

Rice was meeting diplomats and leaders in Egypt and Saudi Arabia on Monday, a day after a similar session in Jordan.

Moderate Arab governments plan to tell Rice they will help Washington stabilize Iraq if the U.S. takes more active steps to revive a broad peace initiative between Israel and its neighbors, Arab officials and media said Sunday.

The scheduled meetings with Sunni Arab leaders fell on the same day that Saddam Hussein's half brother and the former head of Iraq's Revolutionary Court were hanged in Iraq. The Sunni former Iraqi dictator's chaotic execution two weeks ago incited Sunni anger and drew worldwide criticism.

The top U.S. diplomat is also meeting Tuesday with counterparts from eight Arab countries in Kuwait.

Jordanian King Abdullah II warned Rice that Iraqi political reconciliation would fail if Sunni Iraqis were not engaged in their country's decision-making.

"Any political process that doesn't ensure the participation of all segments of Iraqi society will fail and will lead to more violence," Abdullah told Rice, according to a statement by his press office.

"As a key component of the Iraqi social fabric, the Iraqi Sunni community must be included as partners in building Iraq's future," said the king, a leading U.S. ally in the Mideast.

Along with other U.S. allies like Egypt and Saudi Arabia, Jordan is concerned about the growing Shiite Muslim influence, stretching from Iran through Iraq, Syria and Lebanon. The fear is that the hardline Tehran government will dominate the Mideast and give rise to more extremism, jeopardizing a Mideast settlement and threatening those nations.

Bush's new strategy to send thousands more troops to Iraq met with strong skepticism across the Mideast.

There were deep doubts that U.S. troops, or the Shiite-led Iraqi government, would tackle what many in the Sunni-dominated Arab world see as the chief threat to Iraq: Shiite militias, blamed for fueling the cycle of sectarian slayings.

Mustafa al-Ani, a military analyst with the Gulf Research Center in Dubai, said the American military has to take down the Shiite militias — particularly the most feared of them, the Mahdi Army, loyal to cleric Muqtada al-Sadr, an ally of Prime Minister Nouri al-Maliki. Otherwise, the U.S. will lose any support among Iraq's Sunnis, he said.

Al-Maliki has resisted U.S. pressure in the past to move against al-Sadr's militia, but last week the prime minister pledged to crack down on the Mahdi Army.

U.S. Courts Allies' Support On Iran (WSJ)

By Greg Jaffe And Neil King Jr.

The Wall Street Journal, January 16, 2007

In hitting the road to sell the new U.S. strategy for Iraq and other aims, two of President Bush's top aides are hammering the same message: that the cost of U.S. failure would be a stronger and increasingly aggressive Iran.

The threat of Iran's rise has become for the U.S. a sort of diplomatic glue, which the globetrotting Secretary of State Condoleezza Rice and Defense Secretary Robert Gates are now using to patch together an alliance aimed at helping heal not only Iraq, but also Lebanon and the Palestinian conflict.

In one sign of the changing climate, Ms. Rice yesterday announced in Luxor, Egypt, an agreement to hold three-way talks next month with Israeli and Palestinian leaders to try to start hashing out the possible dimensions of a Palestinian state. U.S. officials cited the talks -- the first of their kind in six years -- as evidence that the Arab world is increasingly keen to make peace with Israel so it can turn its attention toward containing Iran.

But winning broad support in the Persian Gulf region for the weak Iraqi government, or even for an overt campaign against Iran, won't be easy. The region's Sunni Arab states -- most of which either Mr. Gates or Ms. Rice are visiting this week -- are

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leery of the Shiite-dominated government of Iraqi Prime Minister Nouri al-Maliki. They are also apprehensive about lining up too publicly alongside the U.S. in a Cold War-style, anti-Iran bloc.

Mr. Gates, who in 2004 advocated engagement with Iran, sounded a tough tone yesterday after meeting with NATO officials in Brussels. "The Iranians believe that we are tied down in Iraq and they have the initiative," he said. "They are doing nothing constructive in Iraq" and "are acting in a very negative way in many respects."

Mr. Gates, who then flew to Afghanistan on a trip that will take him to the Gulf region and Iraq in coming days, wants to make sure that U.S. allies in the region "understand the consequences of sitting on the sidelines if they are concerned about Iran," said a senior defense official. The Sunni-dominated monarchies are increasingly concerned that Shia-dominated Iran will try to dominate the region by appealing to Shiites in such places as Bahrain, Lebanon and Saudi Arabia.

Ms. Rice's six-country swing has a similar purpose, but with an emphasis at the start on trying to revive the long-moribund Middle East peace effort. She hopes that by having Israeli and Palestinians leaders focus on the outlines of a future settlement in direct talks, the three parties might begin to overcome longstanding differences -- and at the same time marginalize the Iranian-backed militant group Hamas, which controls the Palestinian government.

The Bush administration is promising to step up actions against Iranian networks operating inside Iraq, and has bulked up its military presence in the Persian Gulf. It moved a second aircraft carrier into the Gulf and sent defensive Patriot antimissile batteries into the region to send a message that the U.S. remains committed to the region.

But U.S. officials say they also need help from America's Gulf allies to bring stability to the increasingly fragile Maliki government in Baghdad. U.S. officials say these Gulf allies can provide critical economic aid to get Iraq's shattered economy up and running. So far U.S. allies in the Persian Gulf have provided little real help to the fledgling Iraqi government over the past three years. The Gulf allies initially pledged billions of dollars of economic aid following the fall of Saddam Hussein in 2003, but have delivered on only a fraction of the promised money, said a senior defense official.

There is growing frustration among senior U.S. officials and Republican lawmakers that the Gulf nations, flush with oil profits, haven't done more to help Iraq. "Gulf states must not fiddle while Baghdad burns," Sen. John McCain (R-Ariz.) told Mr. Gates last week at a hearing of the Senate Armed Services Committee. "I'd like to see the Saudis, for example, fund a major jobs creation program in Iraq."

Ms. Rice will talk with senior Saudi officials before traveling on to Kuwait for a larger meeting of Gulf ministers, plus Egypt and Jordan.

Iranian Leaders Speak Out Against US (FT)

By Gareth Smyth, Fidelius Schmid And Andrew England

Financial Times, January 16, 2007

Akbar Hashemi Rafsanjani, the influential former Iranian president, on Monday accused the US of “seeking new adventurism” as Washington stepped up pressure on Tehran over its nuclear programme and Iraq.

Ayatollah Ali Khamenei, the supreme leader, also expressed concern that the US was fostering sectarianism. Meeting Sunni and Shia clerics he stressed that unity between Islam’s two sects was needed to prevent “these governments” – a reference to Sunni Arab regimes – “taking refuge” with the US and Britain.

Iranian warnings came as Ali Larijani, the country's top security official, held meetings in Riyadh, in an apparent attempt to gauge the level of Saudi support for Washington's tougher policy towards Tehran.

The trip came a day before Condoleezza Rice, the US secretary of state, is due in Saudi Arabia - the most powerful Sunni country - for talks on President George W. Bush's new Iraq plan.

The so-called “way forward” for Iraq includes a surge of 20,000 extra troops to pacify Baghdad and increased pressure on Iran, which Washington accuses of fomenting unrest in Iraq through its support for Shia armed groups.

Ms Rice’s regional tour seems partly designed to cement a regional front against Shia Iran at a time when Sunni Arab states are expressing rising alarm over Iranian influence in the region. Last month, Gulf Arab states ordered a study into a possible civilian nuclear programme, a move that was seen as a warning to western governments to deal with Iran’s programme or face a regional arms race.

In Cairo on Monday Ms Rice appeared to have won backing for the Iraq strategy from Ahmed Aboul Gheit, the Egyptian foreign minister, who said Egypt “hopes it is put into force in order to achieve stability in Iraq”. Referring to Iran, Mr Aboul Gheit said “regional forces should refrain from interfering within the Iraqi domestic front”.

Robert Gates, the new US secretary of defence, said on Monday that the US was increasing military activity in the Gulf in response to what he called Tehran's “very negative behaviour”.

“The Iranians clearly believe we are tied down in Iraq, that they have the initiative, that they’re in a position to press us in many ways,” he told reporters at Nato’s Brussels headquarters. The US is planning to send Patriot missile units to the Gulf, to

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guard against possible Iranian rocket attacks, as well as a second aircraft carrier and support ships. "The Iranians are acting in a very negative way in many respects," Mr Gates said. "They are doing nothing to be constructive in Iraq at this point."

But he did not exclude the possibility of future negotiations with Tehran. "My view is that when the Iranians are prepared to play a constructive role in dealing with some of these problems, then there might be opportunities for engagement."

As part of its containment efforts, the US is tightening financial sanctions against Iran and asking its allies to go beyond the limited sanctions agreed in a UN resolution last month.

"We would encourage other countries – European countries, the EU, Japan – to consider stronger sanctions than were in the Security Council resolution," Nicholas Burns, US undersecretary of state, told [a news agency] at the weekend. "There are billions of euros of export credits available to European countries from their governments to encourage trade with Iran" that could be curtailed, he said.

Tehran, however, on Monday indicated it would not heed UN Security Council calls for a suspension by the end of February of its uranium enrichment programme, the most sensitive part of its nuclear experiments. Gholam-Hossein Elham, the Iranian government spokesman, claimed Iran would soon increase from 330 to 3,000 the number of centrifuges it uses to enrich uranium.

Tehran also rejected US claims that five nationals seized by US forces in northern Iraq last week were part of a Revolutionary Guard group providing weapons to Iraqi armed organisations.

Hoshyar Zebari, the Iraq foreign minister, cast doubt on the US assertions. He said the individuals arrested were members of a liaison bureau and had been working from an office in Irbil, northern Iraq, for 10 years, providing consular services.

Defense Secretary, In Afghan Capital, Scolds Iran (NYT)

By David S. Cloud

The New York Times, January 16, 2007

KABUL, Afghanistan, Jan. 15 — Defense Secretary Robert M. Gates said Monday that Iran was "acting in a very negative way" in the Middle East and that the United States was building up its forces to demonstrate its resolve to remain in the Persian Gulf.

"The Iranians clearly believe that we are tied down in Iraq, that they have the initiative, that they're in a position to press us in many ways," Mr. Gates said, speaking to reporters at NATO headquarters in Brussels before flying here. "We are simply trying to communicate to the region that we are going to be there for a long time."

Delivering that message to Iran — and to allies in the region worried that Washington is consumed with stabilizing Iraq — is one of Mr. Gates's priorities on a trip to the region this week that will take him later to the Persian Gulf.

Senior Pentagon officials said they also planned to stress to the largely Sunni Arab governments worried about Iran that they must assist the United States in Iraq with reconstruction aid and with putting pressure on fellow Sunnis to reach political reconciliation.

President Bush announced last week, in his speech laying out his new Iraq strategy, that he was also sending a second aircraft carrier and several Patriot antimissile batteries to the Persian Gulf.

"The United States has had a strong presence in the Gulf for a long time," Mr. Gates said. "We are simply reaffirming that" with the buildup, he said.

In Afghanistan, which Mr. Gates is visiting for the first time as defense secretary, he is expected to meet with President Hamid Karzai and with American and NATO commanders. There are about 23,000 American troops in Afghanistan, 11,000 of them under NATO command. Other NATO countries are supplying 20,000 soldiers.

In a stop at NATO headquarters in Brussels before flying to Kabul, Mr. Gates said he had discussed the increase over the last year in Taliban attacks, especially in the south, with Jaap de Hoop Scheffer, NATO's secretary general. Mr. Gates said that there had been "indications that the Taliban were planning a large spring offensive," and that he and Mr. de Hoop Scheffer had talked about "how perhaps to avoid it."

Though Mr. Gates is largely concerned during his trip with explaining the White House plan to stabilize Iraq, he is also dealing with Iran, following a decision announced last week by President Bush.

As part of its review of Iraq strategy, concluded last week, the Bush administration rejected a proposal by the Iraq Study Group to resume diplomatic contacts with Iran.

Mr. Gates, who endorsed resuming diplomatic contacts with Iran in 2004, two years before he joined the Bush administration, said that Iran's behavior had worsened since then and that resuming diplomatic relations would be possible only when Iran was "prepared to play a constructive role in dealing with some of these problems."

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He said Iran “was doing nothing to be helpful” in Iraq, where the American military conducted two recent operations that resulted in the arrest of Iranians who the United States said were suspected of involvement in providing bomb-making materials. He also criticized Iran for aiding Hezbollah in Lebanon.

Bush administration officials have sought to rally international pressure on Iran to halt its nuclear program, which the White House has said is aimed at producing nuclear weapons, which Iran denies.

Gates Sees Iran As 'Negative' (WT)

By David R. Sands

The Washington Times, January 16, 2007

BRUSSELS -- Secretary of Defense Robert M. Gates yesterday said Iran is "doing nothing to be constructive" in Iraq, insisting it was up to Tehran to change its policies in Iraq and across the region before it can hope for better ties with the United States.

But Mr. Gates, meeting briefly with NATO Secretary-General Jaap de Hoop Scheffer here before making his first trip as Pentagon chief to Afghanistan, also said recent moves by President Bush to bulk up U.S. forces and military assets in the Persian Gulf should not be considered a prelude to possible action against Iran.

Part of the president's new strategy for Iraq outlined last week included the deployment of additional Patriot anti-missile systems to U.S. allies in the region.

The moves are meant to underscore the U.S. commitment to remain engaged throughout the Middle East, regardless of the state of progress in Iraq.

"I think what we are trying to communicate to all the countries of the Gulf area ... is that the stability of the Gulf is a long-term strategic interest of the United States," Mr. Gates said.

Iran, meanwhile, asked Saudi Arabia to help ease tensions between the Islamic republic and the United States in a letter delivered by Tehran's chief nuclear negotiator, Ali Larijani, to the Saudi king, [a] news agency reported yesterday.

The letter from Iranian Supreme Leader Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad wanted Saudi leaders to relay a goodwill message to Washington -- to "help bring opinions together" between the two countries.

Mr. Gates co-authored a 2004 Council on Foreign Relations study advocating a possible rapprochement with Iran, based on Tehran's growing concerns after U.S. military successes in Afghanistan and Iraq. But the defense secretary, who took office just last month, said Iran's attitudes and actions have changed dramatically as the U.S.-led military campaign in Iraq has bogged down.

"Iran is doing nothing to be constructive in Iraq at this point," Mr. Gates said. "It is acting in a very negative way, in my opinion." Only when there is a change of policy in Tehran "will there be room for engagement" with the United States, he said. "The initiative needs to rest with the Iranians."

U.S. military officials say Iran has close ties to Shi'ite Iraqi militia and has supplied explosives and logistical support for attacks on Americans.

On a separate issue, Mr. Gates said senior British military officials had confirmed to him during a Sunday night visit that they planned to begin reducing Britain's 7,000-troop deployment in southern Iraq this year, even as the United States plans to increase its troop deployment by more than 21,000 to combat a spike in violence in Baghdad and Anbar province.

After the United States, Britain is the largest contributor to the multinational force in Iraq and has had primary security responsibility in the Shi'ite southern heartland since 2003.

Mr. Gates and Mr. de Hoop Scheffer said much of their talk centered on bolstering the NATO mission in Afghanistan, which has faced resurgent attacks from Islamist fundamentalist forces.

The defense secretary arrived in Afghanistan last night and is slated to meet President Hamid Karzai and senior U.S. and NATO military commanders today.

U.S. Beefs Up Force To Calm Gulf Fears (WT)

By Rowan Scarborough

The Washington Times, January 16, 2007

The Pentagon began building up its military presence in the Persian Gulf, including defensive Patriot missiles, after friendly Arab states privately expressed alarm over Iran's increasingly bellicose pronouncements.

Some in the administration began to fear that unless Washington reassured the Gulf states, it would lose their support at a critical juncture in the Iraq war. Without the support of Jordan, Saudi Arabia, the United Arab Emirates and other predominately Sunni Muslim countries, achieving reconciliation in Iraq would be much more difficult, defense sources said.

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"The threat Iran represents is growing. It's multidimensional. And it is, in fact, of concern to everybody in the region," Vice President Dick Cheney said Sunday on Fox News.

President Bush last week, in announcing a new strategy for Iraq, laid out what the administration considers a tough, two-pronged move against Tehran's radical regime. He said the U.S. would actively target Iranian saboteurs in Iraq. Hours later, American commandos raided an Iranian office in Irbil, north of Baghdad, and took five Iranians into custody.

The second prong involves sending two aircraft carriers to the region, plus the anti-missile Patriots, military training and new equipment. This move was aimed not just at sending a message to Iranian President Mahmoud Ahmadinejad. More importantly, defense sources said, it was meant to calm jittery Gulf countries.

"This is all designed to deter Iran and assure our allies," one source said. "They are very worried about Iran and its nuclear program."

Mr. Ahmadinejad has threatened to destroy Israel, and his regime is widely perceived to be developing nuclear weapons.

But the sources insisted that the Gulf escalation is not a first step toward war with Iran. "That's nonsense," one source said. "No decision has been made about military programs."

A second source said that taking Iranian saboteurs captive in Iraq gives the U.S. "leverage" with Iran. Suddenly, the regime wants something from the U.S. -- the release of its people. But it is not a negotiating tool, the source said. Rather, it just shows the regime there is a cost for its meddling.

Some in the Pentagon think Iran is at war with the U.S., using Shi'ite militia proxies to attack American service members. Iran's al-Quds, a special-operations arm of the regime's Revolutionary Guards, is supplying the Iraqis with weapons, money and training, U.S. officials said.

Because war with Iran was not an option on the table, the sources said, the next best move was to begin capturing Iranians.

"I think the message that the president sent clearly is that we do not want them doing what they can to try to destabilize the situation inside Iraq," Mr. Cheney said. "We think it's very important that they keep their folks at home."

A defense source said the administration, after months of intelligence assessments, has concluded that Iran's intervention in Iraq was based on decisions made at the highest governmental levels in Tehran and not a rogue operation.

Gates: Time Is Not Right For Iran Talks (AP)

By Robert Burns

AP, January 16, 2007

Stepped up U.S. military activity in the Persian Gulf is to counter "very negative" behavior by Iran and undercut its belief that American forces are overcommitted in Iraq, Defense Secretary Robert Gates said Monday.

Gates said the time is not right for diplomatic talks with Iran, but left open that possibility for the future.

After meeting with senior officials at NATO headquarters, Gates was asked at a press conference what was behind the Bush administration's decision to deploy a Patriot missile battalion and a second aircraft carrier to the Gulf region — moves announced in connection with a further buildup of ground troops in Iraq.

He noted that the United States has taken a leading role in Gulf security for many decades.

"We are simply reaffirming that statement of the importance of the Gulf region to the United States and our determination to be an ongoing strong presence in that area for a long time into the future," he said.

Gates, who as recently as 2004 publicly called for diplomatic engagement with Iran, said the situation has changed. In 2004 Iran was concerned by the presence of U.S. forces on its eastern and western borders, in Iraq and Afghanistan. More recently, the Iranian government has come to see it differently, he said.

"The Iranians clearly believe that we are tied down in Iraq, that they have the initiative, that they are in position to press us in many ways," he said. "They are doing nothing to be constructive in Iraq at this point."

He added, "And so the Iranians are acting in a very negative way in many respects. My view is that when the Iranians are prepared to play a constructive role in dealing with some of these problems then there might be opportunities for engagement."

Gates spent a few hours at NATO headquarters for his initial meetings with allied officials and American military officials. He arrived in the Belgian capital from London, where he met with British officials on Sunday.

Israel Buzzes Over Notion Of Attacking Iran (CSM)

By Ilene Prusher

The Christian Science Monitor, January 16, 2007

DOJ_NMG_0116485

from the January 16, 2007 edition - http://www.csmonitor.com/2007/0116/p01s02-wome.html Israel buzzes over notion of attacking Iran The country promises intensified diplomatic actions if Iran fails to comply with a UN resolution on its nuclear activities.

By Ilene Prusher | Staff writer of The Christian Science Monitor

JERUSALEM

When a US secretary of State comes to town, all eyes are on the Israeli-Palestinian conflict.

But as Condoleezza Rice's weekend visit here demonstrated, there is no issue dominating the agenda like the international standoff surrounding Iran's nuclear ambitions.

A report last week in one of Britain's leading newspapers, The Sunday Times, claimed that Israel was making preparations for a conventional attack on Iran to destroy its uranium enrichment facilities. Ms. Rice, asked in an Israeli television interview during her visit if the US would support such an Israeli strike, gave a reply that didn't exactly douse the smoldering signals emanating from Israel and Iran. Rather, the fact that some kind of a confrontation is now talked about openly, she said, is an indication of how grave the situation has become.

"I still think there is room for diplomacy, but even talk of such action shows how serious it would be for Iran to continue its actions unabated," Rice told Israel's Channel 10.

Israeli officials denied The Sunday Times report, but said Israel expects to see more intense diplomatic action against Iran if Iran does not comply with a UN resolution, passed in December, which gives the country two months to suspend its "proliferation of sensitive nuclear activities."

"Israel," says Foreign Ministry spokesman Mark Regev, "is putting its entire support behind UN Security Council [Resolution] 1737. That gives the Iranians 60 days to act, and that's mid-February. If in February there's still more noncompliance, we'll need more robust diplomacy."

But Israel doesn't expect the issue to be solved by then, says Mr. Regev. "We think it's clear that other steps will be necessary," he adds. "It's important that the Iranian leadership be given a crystal-clear choice: either they cease their nuclear program, or they endanger their relationship with the rest of the world."

Rice's visit comes at a time in which nearly every think tank here is turning its spotlight on Iran, and asking rather publicly the questions that used to be asked only in the quiet of intelligence officials' chambers. Would Israel do a replay of its preemptive attack on Iraq's Osirak reactor a quarter-century ago, this time hitting Iran? Should it?

Talk of Israel's nukes no longer taboo

Israel has long treated its own nuclear program as a taboo topic. Last month, however, Prime Minister Ehud Olmert said in an interview with German television that Iran aspires to "possess nuclear weapons like US, France, Israel, and Russia." Israeli officials depicted it as a kind of a slip, as it was a divergence from Israel's longstanding policy of nuclear ambivalence.

Today, however, Israel's nuclear program is considered an unofficial fact. The country's stated policy is that it will not be the first to introduce weapons into the region.

It was the same newspaper, The Sunday Times, which published a controversial story on Israel's program in 1986, leading to an 18-year-long incarceration of Israeli technician Mordechai Vanunu, the main source for the story. Other publications have explored the possibility of a strike against Iran, including an April 2006 New Yorker article which revealed that the US was studying the option of hitting Iran's nuclear facilities.

Eldad Pardo, an expert on Iran at the Hebrew University of Jerusalem, says he sees reasons for a hint of optimism that diplomacy will work.

"In general, the world is worried and it should be worried," he says.

"If the world is united, and there is effective pressure, they might change course and [supporters of President Mahmoud Ahmedinejad] are going to lose," he says. "If not, I don't think there will be an Israeli attack, but there will be a violent clash, some major confrontation, down the road."

While the controversy over Iran's weapons program is international in scope, Israel finds itself on the front line of the issue: Mr. Ahmedinejad has called for Israel to be wiped out, and Israel blames Iran for keeping Islamic militant groups Hizbullah and Hamas in business. The more public part of Israel's reaction has been to lobby for tougher global sanctions against Iran. And several leading right-wing political figures here – including former prime minister Benjamin Netanyahu and Dore Gold, the head of the Jerusalem Center for Public Affairs – are now seeking legal proceedings in Europe against Ahmedinejad in attempt to get him charged with incitement to commit genocide.

But the option on the back burner remains the possibility of military action, in part out of concern that the progress of Iran's nuclear development will outpace diplomacy. In other words, if Iran's program isn't halted now, at what price will it be halted later, if at all?

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That, says Dr. Zvi Shtauber, the director of the Institute for National Strategic Studies at Tel Aviv University, is keeping many minds here focused on whether Israel will find itself at war with Iran.

Will diplomacy prevail?

"At the end of the day, that will be the question: to use military means or not," Dr. Shtauber told reporters in Tel Aviv at a recent press briefing addressing the institute's Middle East outlook.

"Anything can happen," he said, "because we are not in any avenue for discussions."

Ephraim Kam, the deputy director of the institute, expressed concern over whether sanctions, given their rocky record with changing policy elsewhere in the world, would really lure Iran to a more agreeable place on its nuclear program.

"For the time being, priority should be given to the political channels. But a few years from now, Israel might have to make a decision on whether to launch a strike on Iranian military sites," Dr. Kam says. "I think just talking to Iranians is not going to help. Prolonged sanctions could help, but Iran could decide to sustain the losses and continue."

In a development US officials hope will improve Washington's image in the region, Ms. Rice left town with an Israeli-Palestinian nod for the renewed US efforts to revive the peace process, effectively deadlocked since 2000. Before departing Tuesday for Egypt, Rice won an agreement to sponsor a summit between the Israeli and Palestinian leaders in three to four weeks. The US push for the three-way meeting, senior US officials indicated, would stick to the principles of the 2003 road map outlined by the Bush administration.

However, summoning support for pressure against Iran, both on the nuclear issue and on what the US sees as a troubling Iranian role in the Iraqi turmoil, is expected to be on Rice's front burner on her next stops: Kuwait City, Riyadh, London, and Berlin.

Iraqi Government Cultivates Iranian Ties (LAT)

By Louise Roug And Borzou Daragahi

The Los Angeles Times, January 16, 2007

BAGHDAD, Iraq — The Iraqi government is moving to solidify relations with Iran, even as the United States turns up the rhetorical heat and bolsters its military forces to confront Tehran's influence in Iraq.

Iraq's foreign minister, responding to a U.S. raid on an Iranian office in Irbil in northern Iraq last week, said Monday that the government intended to transform similar Iranian agencies into consulates. The minister, Hoshyar Zebari, also said the government planned to negotiate more border entry points with Iran.

The U.S. military is still holding five Iranians detained in Thursday's raid. Army Gen. George W. Casey Jr., the commander of U.S. forces in Iraq, said records seized in the raid and statements made by the detainees showed that at least some of them worked for Iran's intelligence service.

"I don't think there is any disagreement on the fact that these folks that we have captured are foreign intelligence agents in this country, working with Iraqis to destabilize Iraq and target coalition forces that are here at Iraq's request," Casey said Monday.

Zalmay Khalilzad, the U.S. ambassador to Iraq, added, "We are going after their networks in Iraq."

Iraqis, who have echoed Tehran's calls for the U.S. to release the five men, say the three-way standoff that has ensued reveals more about American meddling in Iraqi affairs than about Iranian influence.

"We, as Iraqis, have our own interest," Zebari said in an interview with The Times. "We are bound by geographic destiny to live with" Iran, adding that the Iraqi government wanted "to engage them constructively."

Zebari's comments reinforced the growing differences between the Iraqi government's approach and that of the Bush administration, which has rejected calls by the nonpartisan Iraq Study Group to open talks with Iran and Syria.

Administration officials accuse Iran of sowing anarchy and violence in the region.

Zebari's remarks came two days after Iraq and Iran announced a security agreement. "Terrorism threatens not only Iraq but all the regional countries," Iranian radio reported Sherwan Waili, Iraq's national security minister, as saying.

The overtures to Tehran also followed Iraqi Prime Minister Nouri Maliki's appointment last week of a security commander for Baghdad over the objections of U.S. officials, who favored another candidate.

American officials oppose the presence in Iraq of Iranian officials and members of the Revolutionary Guard, which is controlled by religious hard-liners in Iran. Washington and Tehran have been at odds for decades and are in a standoff over Iran's nuclear ambitions.

But to Iraq, Iran is its biggest trading partner and a source of tourist revenue, mainly from the thousands of Shiite Muslim pilgrims who travel to the holy cities of Najaf and Karbala every year.

In Iraq's semiautonomous Kurdish north, much of the economy is founded on trade with Iran and the smuggling of contraband into the Islamic Republic. Since the 1979 founding of Iran's theocracy, Kurdistan has been a transit point for banned alcohol, movies and satellite dishes.

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The U.S. raid on the Iranian office, which handled visas and other paperwork for Iraqis traveling to Iran, struck at the heart of Kurdistan's economy, which depends on commercial ties with Iran facilitated through that office.

Doing business with Iran also means doing business with the Revolutionary Guard, an institution that controls Iran's borders. Hassan Kazemi-Qomi, Iran's ambassador to Iraq, is a former member of the guard. Any neighboring country that wants to do business with Iran has to deal with members of the force, which was created by Grand Ayatollah Ruhollah Khomeini to aid the Islamic revolution.

Iraq's Kurds share a storied history with the Revolutionary Guard, fighting side by side against former Iraqi leader Saddam Hussein in the 1980-88 Iran-Iraq war.

Iraqi President Jalal Talabani, a Kurd, once told The Times that he planned military operations against Hussein with Mahmoud Ahmadinejad, Iran's controversial president.

Khalilzad, the U.S. ambassador, acknowledged the past but said it was time for Iraqis to sever ties to such groups.

"Now Iraq is in a different place," he said. "There cannot be and there should not be relations with security institutions of neighboring states that work against the interests of this new Iraq."

Iraqis and Kurds who oppose the detention of the five Iranians say the U.S. raid made the Iraqi government appear weak or a puppet of the Americans.

"They should help the Iraqi government to demonstrate its independence [and] sovereignty in its dealing with other countries," said Zebari, the foreign minister, referring to U.S. officials. "Because of the simplest things, any country will question the basis of your sovereignty, and that weakens the position of the Iraqi government."

Iraqi officials want the U.S. to release the five Iranians. Zebari described them as "Iranian officials" working in a "liaison office" where Iraqis could go for "consular services like travel permits to Iran."

Kurdish regional authorities and the government in Baghdad knew about the Iranians in Irbil and were in the process of transforming the agency into a consulate, Zebari said.

"This is not a new discovery, this office," he said. The Iranians had been "working there publicly, openly. It was not a clandestine network. That's the thing we need to explain to our friends."

He said the Iraqi government had not been shown any of what Casey said was evidence that the Iranians were spies. He said Iraq had not been part of the interrogation.

While Iraq has been strengthening its ties with Iran, it has also made overtures to its western neighbor Syria. Talabani is on a state visit to Damascus, the first such high-level meeting in almost three decades.

"For some time, we've been working quietly with them to normalize relations, to start up security talks with them," Zebari said.

The Iraq Study Group recommended that the U.S. begin a dialogue with Iran and Syria. But administration officials, under the sway of neoconservative intellectuals who see Iran as a danger to Israel and the U.S., have resisted such calls, saying Tehran must give up its nuclear program and stop supporting militant groups in the Palestinian territories and Lebanon before there can be talks.

Last year, Abdelaziz Hakim, a leading Shiite politician in Iraq who spent years in exile in Iran, tried to improve U.S.-Iran relations by proposing that Iraq act as a go-between or a host for talks between the two nations. Iran rejected the plan when it became public, Zebari said.

Instead, relations have worsened, creating diplomatic headaches in Iraq.

"This is not a clean war," Zebari said. "These complications, embarrassments happen. Through these last three, four years we've been through this many times."

Is Iran Driving New Saudi Diplomacy? (CSM)

By Nicholas Blanford

The Christian Science Monitor, January 16, 2007

BEIRUT, LEBANON

Saudi Arabia is playing a more assertive diplomatic role in Lebanon, attempting to bridge rising tension between Lebanese Sunnis and Shiites while curbing Iran's influence in the tiny Mediterranean country, analysts say.

Wary of its own restless Shiite population, Riyadh is deeply concerned at what it sees as a determined drive by Shiite Iran to expand its influence into the mainly Sunni Middle East.

"The Saudis are fighting Iran in Lebanon now because if they don't, they will be fighting them in their own land," says Sarkis Naoum, a Lebanese political commentator.

The stepped-up diplomacy by the Saudis over the past six months led to an unprecedented meeting in Riyadh on Dec. 26 between Saudi King Abdullah and two senior officials of Lebanon's Iran-backed Hizbullah.

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Just six months ago an encounter between a Saudi monarch and the Shiite militants would have been almost unthinkable. When Hizbullah fighters kidnapped two Israeli soldiers in July, triggering a month-long war with Israel, the Saudis delivered an unusually frank statement, blaming Hizbullah and Iran for "uncalculated adventures."

Hizbullah's stubborn resistance against Israeli however, won it many admirers across the Arab world, making the Saudi leadership look out of step. But Hizbullah's regional popularity has dropped since it switched its attention from confronting Israel to seeking to bring down the government of Prime Minister Fouad Siniora, which is backed by the US and Saudi Arabia.

Many Sunnis who cheered on Hizbullah last summer now regard it as an agent of "Persian" Iran.

"Hizbullah knows that when it comes to Israel and the US – the common enemies – there is common ground between Sunni Salafis and Shiites. But when it comes to domestic politics and political power in these countries, there's much more fear and wariness by Sunnis," says Amal Saad-Ghorayeb of the Carnegie Endowment's Middle East Center in Beirut.

Saudi Arabia traditionally adopts a nonconfrontational approach to regional diplomacy, using its massive oil wealth to buy stability and preserve the status quo. Some Lebanese say that the situation in Lebanon could have been resolved sooner if the Saudis had displayed a more aggressive diplomacy.

"They always thought they could stay away from danger by bribing people, giving money to leaders and states so long as they don't interfere in their own affairs," Mr. Naoum says. "Some of them are seeing now that this policy is not good for their country."

The Saudis stepped up their involvement in Lebanese affairs in August in angry reaction to Syrian President Bashar al-Assad who caustically described in a speech some Arab leaders as "half men" for secretly hoping that Israel would smash Hizbullah.

"The Saudis started playing a serious role in Lebanon after Assad's 'half-men speech,' " says Mohammed Mashnouq, a Lebanese political analyst and former adviser to Rafik Hariri, the former prime minister who was assassinated two years ago. Mr Hariri's son, Saad, heads the anti-Syrian parliamentary majority in Lebanon and enjoys close ties to the Saudi leadership.

"We were always asking for [Saudi] help [to confront Iran in Lebanon]," Mr. Mashnouq says. "Not just military and financial help, but religious help too."

Still, both the Saudis and Hizbullah have good reason to sit down together. Riyadh is worried that Iran could stir up the kingdom's own Shiite minority, long feared as potential fifth columnists by Saudi leaders. Saudi Shiites represent 10 to 15 percent of the population and live in the oil-rich Eastern Province, adjacent to Kuwait and Bahrain, which both have sizable Shiite populations. Talking to the Iran-backed Hizbullah could help ease tensions in Lebanon, while also representing a potential back-door channel to Tehran.

In another sign that Saudi is taking on a larger regional role, Abdullah met with Iranian nuclear negotiator Ali Larijani over the weekend. Mr. Larijani delivered a letter to the monarch in which the Islamic Republic asked for help in easing tension between it and the US over Tehran's nuclear program.

[A news agency] reported yesterday that a Saudi official said Iran would like Saudi Arabia to "help bring opinions together" between Iran and the US, the official said, but gave no more details.

For Hizbullah's part, it has domestic and regional motivations for engaging with the Saudis. The Hizbullah-led opposition had gambled on the shock tactics of mass rallies and a sit-in in central Beirut in December bringing the government swiftly to its knees. But the government dug in its heels, creating a stalemate that has lasted six weeks.

The opposition has pledged further demonstrations around the country, but the campaign appears to be running out of steam, analysts say, with Hizbullah perhaps more willing to find an acceptable compromise.

Lebanon's As Safir newspaper reported Monday that Saudi Arabia is working on a new initiative to break the six-week impasse between the Siniora government and the Lebanese opposition. The new proposal, which the Saudi ambassador relayed to Hizbullah officials over the weekend, "set clear solutions to the current crisis," As Safir reported.

Crucially, the political deadlock has worsened Shiite-Sunni tensions in Lebanon. Hizbullah has long spoken out against intra-Muslim discord, believing that it distracts from the more important goal of confronting Israel.

"Hizbullah was playing two roles in meeting the Saudis," says Mr. Saad-Ghorayeb of the Carnegie Endowment. "It was serving a domestic agenda, but also having a positive impact on the wider strategic relations between Iran and Saudi Arabia."

Iraqi Hangings Bring More Denunciations (WP)

By Joshua Partlow And Muhanned Saif Aldin

The Washington Post, January 16, 2007

BAGHDAD, Jan. 15 -- By the time the corpses of Saddam Hussein's half brother and another top official, hanged before dawn Monday, arrived in the village of Auja for burial, the word had spread among the mourners: The head of Hussein's brother had been severed from his body.

DOJ_NMG_0116489

Many of the people who had gathered considered the decapitation of Barzan Ibrahim to be a calculated insult, another act by the Shiite-dominated government of Prime Minister Nouri al-Maliki to humiliate followers of the executed former president and all his fellow Sunni Arabs. A doctor inspected the remains to assess the government's explanation that the noose inadvertently took off the head after Ibrahim dropped through the trapdoor of the scaffold.

"We knew that he would be executed and would join a parade of heroes, but Maliki, why did you behead him?" asked Salam al-Tikriti, 41, a relative of Ibrahim. "Why did you insult his body? Are you still afraid of him even after he is dead? We will cut your heads the same way that you are cutting the heads of the heroes of Iraq."

In many parts of Iraq, the executions set off new waves of anger and celebration along sectarian lines, though Maliki's government had gone to great pains to prevent the type of chaotic spectacle that accompanied Hussein's hanging two weeks ago, when Shiite witnesses in the execution chamber taunted Hussein.

Shiites celebrated the new executions, while Sunni politicians vented. Alaa Makki, a Sunni legislator, said that justice was done but the manner of the execution was disturbing. "Everybody knows that when you hang people, rarely the head will be decapitated from the body," he said, criticizing what he called a "revenge on the body."

"It denotes that people are very reactive and very extremist and they want revenge," he said.

Hussein al-Falluji, another Sunni legislator, called the executions "illegitimate and illegal."

The hangings drew criticism from abroad as well. The Moroccan Human Rights Association said they were a "criminal political assassination masterminded by American imperialism."

A U.N. spokesman expressed regret that Secretary General Ban Ki Moon's request to spare the two men's lives was not granted. Jos? Manuel Barroso, president of the European Commission, the European Union's executive arm, said after the hangings that he would back an Italian initiative for a worldwide moratorium on capital punishment under U.N. auspices.

Secretary of State Condoleezza Rice, visiting Egypt, said she believed the hangings of Hussein and the two others were mishandled and should have been carried out with "greater dignity."

Ibrahim, who ran Hussein's intelligence service, or Mukhabarat, and Awad Haman Bander, leader of Hussein's Revolutionary Court, were put to death at 3 a.m. Monday, government spokesman Ali Dabbagh said. They had been sentenced to death for their role in the killings of 148 men and boys from the Shiite village of Dujail following an assassination attempt against Hussein in 1982.

Iraqi officials denied that the decapitation was intentional, saying that Ibrahim's neck had been unable to absorb the noose's force. Dabbagh described it as a "rare incident" in a hanging and said that the proceeding was marked by professionalism and restraint not shown during Hussein's execution.

For Monday's hangings, the Iraqi government restricted the witnesses to a judge, a prosecutor, a doctor, a prison warden and representatives of the Interior Ministry and the prime minister's office, Dabbagh said. They made the attendees sign documents pledging they would not misbehave, Dabbagh added.

"Everyone obeyed the instructions of the government; no violation, chant, slogans or words that would harm the execution of this verdict was registered," he said.

Iraqi officials showed silent video clips of the hangings to reporters at a news conference but did not release the footage to the public.

According to an Associated Press account of the video, the two defendants appeared side by side at the gallows wearing red prison jumpsuits. They were surrounded by five masked men, and black hoods were placed over their heads. After the trapdoors beneath them opened, Bander dangled from the rope, but the shock of the rope going taut severed Ibrahim's head from his body, both of which fell to the floor, the news service reported.

By 6 p.m., the bodies had arrived in Auja, about 100 miles north of Baghdad, and were greeted by more than 1,000 people. The crowd carried the corpses, wrapped in Iraqi flags, on their shoulders into a hall as chants rang out of "Allahu akbar" -- "God is great" -- and guns were fired into the air.

The bodies were washed and wrapped in white shrouds before being buried in a garden plot next to the hall that houses Hussein's grave. The crowd surrounded the bodies, and the sound of crying mixed with chanted praises to God.

"We are so proud that [Bander] died as a martyr defending his beliefs," said Abdulla al-Sadoon, 55, a relative of Bander from Basra. "It is a proud thing to die like this."

Top officials from Salahuddin province attended the burials, and the funerals for Bander and Ibrahim were expected to last three days.

The hangings occurred on a day when two top outgoing U.S. officials in Iraq, Gen. George W. Casey Jr. and U.S. Ambassador Zalmay Khalilzad, told reporters that they were optimistic about the new plan to secure Baghdad, saying they sensed a deeper commitment by the Iraqi government to combat Sunni and Shiite extremists who are fighting in the capital.

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The Shiite-led Iraqi security forces have been widely accused of operating death squads that target Sunnis while allowing Shiite militias in the capital free rein. But Casey added that he did not expect to see significant improvement in Baghdad's security until the summer or fall.

"There is a strong political commitment from the government of Iraq to the plan, including the will to act, and including the will not to impose constraints on coalition and Iraqi security forces," Casey said, adding: "As with any plan, there are no guarantees of success, and it's not going to happen overnight. But with sustained political support and concentrated efforts on all sides, I believe that this plan can work."

President Bush has committed to send an additional 21,500 troops to Iraq in order to maintain a more visible presence in Baghdad's embattled neighborhoods and provide more support for Iraqi troops. The first of the reinforcements have arrived, Casey said.

"Yes, there are still difficulties with the Iraqi security forces; that has been a challenge," he said. "The increased deployment of coalition forces will enable us to increase the level of support we are providing to those forces, to strengthen them a little bit as we go forward with this plan."

Also on Monday, the U.S. military announced that a U.S. soldier from the 89th Military Police Brigade died Sunday when a roadside bomb exploded near his vehicle north of Baghdad. The soldier's name was not released.

Second Hanging Also Went Awry, Iraq Tape Shows (NYT)

By John F. Burns

The New York Times, January 16, 2007

BAGHDAD, Jan. 15 — Iraq's turbulent effort to reckon with the violence of its past took another macabre turn on Monday when the execution of Saddam Hussein's half brother ended with the hangman's noose decapitating him after he dropped through the gallows trapdoor.

An official video played to a small group of Iraqi and Western reporters more than 13 hours after the hanging showed Barzan Ibrahim al-Tikriti, former head of Mr. Hussein's secret police, standing nervously on the trapdoor in a flame-orange jumpsuit of the kind used at the American detention center at Guantánamo Bay in Cuba, his head and mustache shaved. Beside him, praying feverishly in identical garb, stood the other condemned man, Awad Hamad al-Bandar, the former chief judge of Mr. Hussein's revolutionary court.

After executioners in full-face balaclavas pulled black hoods over the two men's heads, tightened nooses around their necks and pulled the lever opening the trapdoors, both fell like weights. But the hangmen's calculations of weight, gravity and the momentum needed to snap their necks — a grim science that has produced detailed "drop charts" used for decades in hangings around the world — appeared, in Mr. Ibrahim's case, to have gone seriously awry.

Iraqi officials said their execution procedures had been exhaustively reviewed after the Hussein execution on Dec. 30, which culminated with the former dictator facing a volley of verbal abuse from members of the execution party as he waited with the noose around his neck. The officials said that their goal was to prevent a recurrence of those scenes, which were sectarian in nature and set off a storm of protest around the world, and that they had consulted with Western "humanitarian organizations" to get the procedures right.

Under pressure from American officials, the hanging of Mr. Ibrahim and Mr. Bandar, who were sentenced in November for their roles in the torture and execution of scores of Shiites in the town of Dujail after an alleged assassination attempt against Mr. Hussein in 1982, had been delayed for more than two weeks while the Maliki government drew up new guidelines for executions.

American and Iraqi officials said the aim was to prevent a recurrence of the scenes that turned Mr. Hussein, a mass murderer in the eyes of many Iraqis, into something of a sympathetic figure at his death and, across the Arab world, into an icon of dignity and courage.

Prime Minister Nuri Kamal al-Maliki had assured the Americans that instead of having 25 witnesses, as at the Hussein hanging, only about half as many would attend. Moreover, he pledged to exclude any known loyalists of the Shiite militia leader Moktada al-Sadr, a polarizing figure whose name was invoked by guards to antagonize Mr. Hussein.

With those assurances, the Americans agreed to release the two men, and flew them by helicopter from the American detention center at Camp Cropper to the same execution spot used for Mr. Hussein, at the former headquarters of the Istikhbarat, the deposed government's military intelligence agency.

But events at the gallows in the predawn hours of Monday had something of the same surreal and freakish quality that enveloped the Hussein hanging.

Iraqi officials who attended the hanging said the calculation in the case of Mr. Ibrahim, a 55-year-old of medium height and build, had allowed for a "drop" of eight feet — too much, according to at least one United States Army manual — and about that amount of thick yellow rope could be seen coiled at Mr. Ibrahim's feet before the hanging.

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The video showed his head being snapped off as the rope went taut, and ending up, still inside the hood, lying in the pit of the gallows about five feet from his headless body.

Mr. Bandar could be seen dangling from the rope above Mr. Ibrahim, whose body was lying on its chest on the floor of the dark, dank pit, blood pooling beside his severed neck. The silent, three-minute video then ended abruptly, with officials saying they would run it only once, and not show it in public again.

To ensure no illicit copies of the video were made with cellphone cameras, as happened at the execution of Mr. Hussein, reporters attending the showing had their cellphones taken away by hawk-eyed Iraqi security men.

Ali al-Dabbagh, spokesman for Mr. Maliki who supervised the details of Mr. Hussein's execution, said officials wanted to ensure that Mr. Ibrahim and Mr. Bandar died instantly, and were not left dangling at the end of the hanging rope for 15 to 20 minutes before they were asphyxiated, which he said had been a deliberate tactic used in thousands of hangings under Mr. Hussein. That seemed to suggest that the executioners had deliberately allowed for a long "drop" for the two men hanged Monday, to be sure their necks were broken cleanly by their fall.

The Iraqis described the decapitation of Mr. Ibrahim as a "rare incident," but they acknowledged that a similar thing had happened at least once before in the score or more of hangings that have been carried out since the fall of Mr. Hussein. They cited the case of an Egyptian man hanged in the northern city of Mosul for offenses linked to the insurgency, who had also had his head separated as he fell. In Mr. Hussein's case, an illicit video taken after the hanging showed a bloody, egg-sized gouge in his neck, below his left ear, where the noose had cut into him as he dropped.

An Internet search for manuals on hanging suggested that Mr. Ibrahim was the victim of an overestimate by his executioners. One of the most authoritative manuals, the United States Army's "Procedure for Military Executions," issued under the authority of Gen. Dwight D. Eisenhower when he was Army chief of staff in 1947, gave a chart that recommended that a man of about Mr. Ibrahim's weight, about 185 pounds, would need a "drop" of five feet seven inches — nearly two and a half feet less than the drop for Mr. Ibrahim — to assure what the manual called "a proper execution."

The manual added: "A medical officer should be consulted to determine whether any factors, such as age, health or muscular condition, will affect the amount of drop necessary for a proper execution."

At his trial, Mr. Ibrahim, though second only to Mr. Hussein in his angry declamations against his Iraqi and American captors, mentioned his need for medication on a number of occasions, and complained bitterly about the "disgusting" American cigarettes he said he was given in lots of 10 a day.

Mr. Ibrahim's decapitation appeared to have badly unnerved the Maliki government. The Iraqis involved were so shaken that they waited more than seven hours after the 3 a.m. executions to formally announce them, and then read a statement that dwelled on the two men's "big crimes against humanity" while serving as acolytes to Mr. Hussein. The statement made only a passing reference to the severing of Mr. Ibrahim's head.

"In a rare incident, the head of the convict Barzan Ibrahim al-Hassan" — his name as it appeared on court documents — "was separated from his body during the execution," it said.

Further details were left to a news conference called six hours later, when rumors were circulating among Sunni Arab loyalists of the former government, and on Arabic-language television channels broadcasting across the Middle East, that Mr. Ibrahim had been deliberately decapitated in an act of revenge by the Maliki government and as an insult to the Sunni Muslim world.

The depth of suspicion, and the readiness among Sunni Arabs to blame the United States for everything grim in Iraq, was reflected in interviews conducted in neighboring countries after the hangings. "The U.S. is 100 percent guilty," said Turki al-Rasheed, who heads an organization promoting democracy in Saudi Arabia. "It means they cut Barzan's head in the execution chamber."

Secretary of State Condoleezza Rice, in Egypt on a Middle East tour, joined the recriminations. "I would be the first to say that we were disappointed that there was not greater dignity given to the accused under these circumstances," she said, referring to Mr. Hussein's execution and the two carried out Monday. "I think that passions run high after years of turmoil, under dictatorship, and that is apparently what happened. But it shouldn't have happened and I think that it did not reflect well on the Iraqi government that it came out that way."

When officials from Mr. Maliki's office appeared at the Baghdad Convention Center with the video of the hangings, they were at pains to offer a minutely detailed account of their procedures. Their accounts were about equally apologetic and assertive as they explained how Mr. Ibrahim had come to have his head severed, and how sympathy for the condemned man and his family should be attenuated in the light of the brutalities he had committed when serving his half brother.

Perhaps significantly, the video was soundless, making it impossible to confirm the officials' assertions that the two condemned men had been spared the verbal abuse that was directed at Mr. Hussein.

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Mr. Dabbagh, the official spokesman, said all attending the Monday executions — all Iraqis, as was the case with Mr. Hussein — had been required to sign documents saying they would behave with dignity and restraint. He held up a signed copy of one of the affidavits as another of Mr. Maliki's aides, Basam Ridha, summarized what he said was the air of restraint at the executions. Mr. Ridha is an Iraqi-American who lived for years in California before returning to Baghdad to a position on Mr. Maliki's staff that made him the point man for the hangings.

"The whole process was very transparent," Mr. Ridha said, comparing the hangings favorably with what happened to Mr. Hussein. "No ethnics, no chanting, everything a very smooth transaction, everyone very well behaved."

Others in the execution party seemed somewhat more taken aback. "When the trapdoor opened, I realized that I was looking at the rope swinging freely, and I asked myself, 'Where did Barzan go?' " said Jaafar al-Moussawi, who was chief prosecutor at the trial that ended with the death sentences for Mr. Hussein, Mr. Ibrahim and Mr. Bandar. He added: "I thought that somehow he had gotten loose. So I moved forward toward the pit and looked down, and saw the convict Barzan lying on the ground without his head."

After Mr. Hussein's hanging, his body was kept on the back of a police pickup truck in the parking lot of Mr. Maliki's office in Baghdad's Green Zone for 18 hours, while an argument raged over whether to hand it over to members of his Albu-Nasir tribe for burial. That dispute was resolved by the Americans, who insisted that the Iraqi leader hand over the body.

After Monday's hangings, the bodies of Mr. Ibrahim and Mr. Bandar were handed over more swiftly, and like Mr. Hussein's, flown by American military helicopter for burial at Mr. Hussein's — and Mr. Ibrahim's — home village of Awja, near the Tigris River city of Tikrit.

Officials in the office of the local governor said that Mr. Bandar's son, Bandar al-Bandar, a defense lawyer at his trial, had accompanied the bodies on the flight from Baghdad, and that Mr. Ibrahim's body had been delivered. Abdullah Jabara, the deputy governor, said that roads between Awja and the American airbase at Camp Speicher, outside Tikrit, had been sealed off by the police, and that the bodies would be buried under cover of darkness on Monday night, with a special grave for Mr. Bandar next to Mr. Hussein in a marbled reception hall at Awja. He made no mention of a grave for Mr. Ibrahim, who had a stormy relationship with Mr. Hussein.

Mr. Bandar's fealty to his old boss, Mr. Hussein, was reflected in his decision, said by Iraqi officials to have been written in his will, to be buried at Tikrit, in Iraq's Sunni heartland, and not in Basra, the predominantly Shiite southern city where Mr. Bandar, a Sunni Arab, was born. After the hangings were announced, Basra residents drove through the city honking car horns and waving Iraqi flags.

"Some people noted that Barzan's head was separated from his body during the execution, and said that this was God's punishment for his crimes," an Iraqi staff member reported from Basra. "They said this punishment was an expression of what a bad man he was during his life."

Sunni Anger Over Bungling Of Execution (FT)

By Steve Negus

Financial Times, January 16, 2007

Iraq executed Saddam Hussein's co-defendants on Monday, eliciting fresh controversy after it was revealed that one of the executions was bungled.

Barzan al-Tikriti, Saddam's half brother, and Awadh al-Bandar, a revolutionary court judge, were hanged before dawn.

The pair were convicted alongside the deposed Iraqi leader on November 5 on charges related to a campaign of reprisals against a Shia village where Saddam suffered a 1982 assassination attempt. Scores of villagers were executed and many more subjected to torture and lengthy imprisonment.

The official video of the executions has not been released, but was screened for reporters. It reportedly shows Mr Bandar's body dangling from a rope, and Mr Tikriti's lying on the floor with his severed head a short distance away.

Iraqi government officials claimed there were no "violations" of procedure in Monday's executions, but admitted that Mr Tikriti's head was ripped from his body as he was hanged.

Such incidents can reportedly occur when a hangman misjudges the length of rope required, but Iraqi Sunnis have already accused the government of deliberately mutilating Mr Tikriti's body, considered to be a serious offence in Iraq and many other Muslim societies.

In an example of the potential sectarian backlash, Mr Tikriti's son-in-law said in an interview on pan-Arab al-Jazeera television that "ripping off his head [was] the grudge of the Safavids". He was referring to an Iranian dynasty that some Sunni use as a general insult for Shia, because it emphasises their Iran ties.

Condoleezza Rice, US secretary of state, issued a muted criticism of the execution. "I would be the first to say that we were disappointed that there was not greater dignity given to the accused under these circumstances.

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"I think that passions run high after years of turmoil, under dictatorship, and that is apparently what happened. But it shouldn't have happened and I think that it did not reflect well on the Iraqi government that it came out that way."

The United Nations had urged Iraq last week to delay the executions. Monday's events came after widespread criticism of violations of due process in the execution of Saddam two weeks ago, and are likely to strain Iraq's relations with its neighbours and with its own Sunni Arab population.

The execution of the former president sparked accusations that the Iraqi government had ignored elements of due process in order to rush him to the gallows. Those criticisms were compounded by mobile phone footage showing executioners taunting Saddam.

Iraq's government may have calculated that it was not worth its while to placate Sunni sensibilities. Many Shia are convinced that Saddam's former ruling Ba'ath party was engineering a return to power. That fear was partially dispelled by executing the Baath's former leaders.

However, Iraq was hoping to win debt relief from Saudi Arabia and other Gulf states as part of the UN-sponsored Compact with Iraq initiative. That initiative, which was supposed to have been signed by the end of 2006, may be delayed by the -executions.

Additional reporting by Andrew England in Cairo

Anger Greets Bodies Of Executed In Tikrit (LAT)

By Borzou Daragahi

The Los Angeles Times, January 16, 2007

BAGHDAD — Angry crowds in the Sunni Arab town of Tikrit fired weapons into the air as they received the bodies of Barzan Ibrahim Hasan and Awad Hamed Bandar, two associates of Saddam Hussein who were hanged at the gallows this morning for their roles in killing scores of Shiite Muslim villagers in the 1980s.

Hasan, Hussein's half brother and a fellow native of Tikrit, oversaw Iraq's feared intelligence service. Bandar was the chief judge of the Revolutionary Court that sentenced 148 villagers to death.

Hasan's head came off during the hanging in what Iraqi officials described as a freak accident. "It is really rare," said Omer Abdul Sattar, a physician and Sunni member of Iraq's parliament. "I am a doctor and I would not believe such a thing could happen unless the rope is too short or the defendant weighs 400 or 500 pounds."

Despite angry chanting by some of the two defendants' fellow tribesmen, the hangings spurred little of the outrage that followed Hussein's Dec. 30 execution.

In the capital, U.S. Ambassador Zalmay Khalilzad and Army Gen. George W. Casey Jr. briefed reporters on the launch of a new plan aimed at stemming sectarian violence in Baghdad. The effort involves additional training for Iraqi security forces, a more robust U.S. troop presence and a revamped command and control structure.

"The plan is based on a key assumption," Khalilzad said. "Increased security for Baghdad is key for allowing political process and securing the rest of the country. The Iraqi government's commitments are all who break the law will be targeted. There will be no sanctuary for criminals or murderers."

Khalilzad and Casey also said the plan is part of a broader strategy to confront what the U.S. sees as interference by Iran and Syria in Iraq and target alleged ringleaders of foreign operations who are supplying armed groups with weapons and training.

Both U.S. officials, slated to leave Baghdad in the coming months, oversaw failed efforts last year to secure Baghdad. But Khalilzad and Casey said the new plan would be different because of the support of Iraqi political figures in the capital.

"There's a strong political commitment from the government to the plan, including the will to act, and including the will not to impose constraints on coalition and Iraqi security forces," Casey said.

Iraq's sectarian civil war pits Sunni insurgents with ties to the country's western tribes against Shiite militiamen with ties to Iran, as well as to Iraq's dominant Shiite political parties and security organs.

Khalilzad declined to comment on the possibility that the Shiite-dominated government will target Sunni neighborhoods and civilians, which has long been a complaint of the Sunni population.

"That's not the premise of the plan," he said. "That's not the reciprocal understanding based on which this plan is being supported."

Outside Baghdad's high-security Green Zone, Iraq's violence continued apace. Three homemade bombs targeting Iraqi security forces killed at least six and injured eight in the capital today. A suicide bomber struck an Iraqi army checkpoint in western Baghdad, killing four soldiers and injuring three.

Two car bomb explosions in downtown Kirkuk killed at least 12 civilians and injured 14, police said. A Katyusha rocket also struck a house in the city, killing one.

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Assassins killed an Iraqi contractor supplying food to a U.S. base near the southern city of Kut, where authorities discovered the bodies of three Iraqi soldiers killed with bullets to the head and chest.

A Basra intelligence officer was injured and his two guards were killed during an ambush in the southern Iraqi city home to rival Shiite militias and political parties. British forces killed a man during a raid in the city, the military said.

Sunnis Blast Hanging Of 2 Saddam Aides (AP)

By Steven R. Hurst

AP, January 16, 2007

The Iraqi government's attempt Monday to close a chapter on Saddam Hussein's repressive regime — by hanging two of his henchmen — only appeared to anger many of Saddam's fellow Sunni Muslims after the former leader's half brother was decapitated on the gallows.

A thickset Barzan Ibrahim plunged through the trap door and was beheaded by the jerk of the thick beige rope at the end of his fall, in the same the execution chamber where Saddam was hanged a little over two weeks earlier.

A government video of the hanging, played at a briefing for reporters, showed Ibrahim's body passing the camera in a blur. The body came to rest on its chest while the severed head lay a few yards away, still wearing the black hood pulled on moments before by one of Ibrahim's five masked executioners.

The decapitation appeared inadvertent, and Iraqi officials seemed anxious to prove they hadn't mutilated Ibrahim's remains.

The hangings came as a suicide car bomber slammed into an Iraqi army patrol in the northern city of Mosul Monday, killing seven people and wounding 40 others, police said. A total of at least 55 people were killed or found dead across Iraq, authorities said.

The U.S. military, meanwhile, announced the deaths of two more soldiers, both killed in Baghdad.

While Ibrahim's body was wrenched apart by the execution, his co-defendant, Awad Hamed al-Bandar, head of Saddam's Revolutionary court, died as expected — swinging at the end of a rope. Both men met death at 3 a.m. wearing reddish orange prison jumpsuits.

Prosecutor Jaafar al-Moussawi, who witnessed the hangings, said Ibrahim looked tense and protested his innocence as he was brought into the chamber. The condemned man had once ran Saddam's feared security agency, the Mukhabarat.

"I did not do anything," al-Moussawi quoted Ibrahim as saying. "It was all the work of Fadel al-Barrak." Al-Barrak ran two intelligence departments in Saddam's feared Mukhabarat.

Saddam was hanged amid shouted taunts and insults from Shiite witnesses — a scene Iraqi officials said was not repeated Monday.

All three executions took place in Saddam-era military intelligence headquarters, located in the north Baghdad neighborhood of Kazimiyah, a Shiite area.

By day's end at least 3,000 angry Sunnis, many firing guns in the air, others weeping or cursing the government, assembled for the burials of Ibrahim and al-Bandar in Saddam's hometown of Ouja, near Tikrit, 80 miles north of Baghdad.

"Where are those who cry out in demands for human rights?" Marwan Mohammed, one of the mourners, asked in grief and frustration. "Where are the U.N. and the world's human rights organizations? Barzan had cancer. They treated him only to keep him alive long enough to kill him. We vow to take revenge, even if it takes years."

Ibrahim's son-in-law, Azzam Saleh Abdullah, said "we heard the news from the media. We were supposed to be informed a day earlier, but it seems that this government does not know the rules."

The execution, he said, reflected what he called the Shiite-led government hatred for Sunnis. "They still want more Iraqi bloodshed," he said. "To hell with this democracy."

The executed men, at their request, were buried in a garden outside a building Saddam had built for religious events. Saddam was buried there on New Year's eve in a grave chipped out of an interior floor.

Ouja, just outside Tikrit — about a 90-minute drive north of Baghdad on the Tigris River — is near the scene of Saddam's capture by American soldiers in December 2003.

Saddam was discovered hiding in a small underground bunker nine months after he fled the U.S.-led invasion that toppled his regime.

Saddam, Ibrahim and al-Bandar were all handed the death sentence after their conviction for crimes against humanity, in connection with the killings of 148 Shiites in Dujail, north of Baghdad, in 1982 — following a failed assassination attempt there against Saddam.

Saddam was executed last month, four days after an Iraqi appeals court upheld the verdicts in the Dujail case. Reportedly, the court was under pressure from Prime Minister Nouri al-Maliki, who wanted Saddam hanged before the end of 2006.

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Iraqi Vice President Tariq al-Hashemi said Monday he should have been consulted before the executions were staged, because he and the two other members of Iraq's presidential council — President Jalal Talabani and Vice President Adil Abdul-Mahdi — had asked for the hangings to be delayed.

The execution video was shown to reporters Monday in an apparent attempt to prove that Ibrahim's corpse was not intentionally mutilated after death.

Video of Saddam's execution was broadcast worldwide. But Ali al-Dabbagh, the government spokesman, said there would be no similar public distribution of the video of Monday's hangings.

"We will not release the video, but we want to show the truth," he said. "The Iraqi government acted in a neutral way."

Monday's video was shown to reporters without sound — as was the official video of Saddam's execution in December. But al-Dabbagh said no taunts greeted Saddam's co-defendants.

"No one shouted slogans or said anything that would taint the execution," he said. "None of those charged were insulted."

The official video of Saddam's hanging was quickly pushed aside by a second one taken with a cell phone camera by a witnesses and leaked to the media. It showed the gallows floor opening, Saddam falling and swinging dead at the end of the rope.

Some of those in attendance could be heard taunting the former Sunni strongman with shouts of "Muqtada, Muqtada," an apparent reference to Muqtada al-Sadr, a radical Shiite cleric.

Al-Sadr's Mahdi Army militia is believed responsible for the deaths of thousands of Sunnis in the past year.

The unruly scene at Saddam's hanging drew worldwide protest and calls for Ibrahim and al-Bandar to be spared.

On Monday, Secretary of State Condoleezza Rice said Saddam's execution was mishandled and said she hoped that those who made cell phone videos of Saddam's execution would be punished.

"We were disappointed there was not greater dignity given to the accused under these circumstances," Rice said during a news conference with her Egyptian counterpart in Luxor, Egypt.

A spokeswoman for U.N. Secretary-General Ban Ki-moon said Monday he "regrets that despite pleas from both himself and the high commissioner for human rights to spare the lives of the two defendants, they were both executed."

After Saddam's execution, Human Rights Watch released a report calling the speedy trial and subsequent hanging of Saddam proof of the new Iraqi government's disregard for human rights.

Saddam Kin Beheaded By Hanging (WT/AP)

By Qassim Abdul-zahra

The Washington Times, January 16, 2007

BAGHDAD -- The head of Saddam Hussein's half brother Barzan Ibrahim was ripped from his body when he and another top aide to the former Iraqi dictator were hanged before dawn yesterday, a government official said.

The accidental beheading prompted expressions of outrage and disgust just 16 days after Saddam was executed in an unruly scene that has drawn worldwide criticism.

Government spokesman Ali al-Dabbagh stressed that all laws and rules were respected during yesterday's hanging of Ibrahim, the former intelligence chief, and Awad Hamed al-Bandar, head of Iraq's Revolutionary Court.

"Those present signed documents pledging not to violate the rules or otherwise face legal penalties. All the people present abided by the government's rule, and there were no violations," he said. "No one shouted slogans or said anything that would taint the execution. None of those charged were insulted."

An official government video of the side-by-side hanging that was shown to a small group of reporters showed Ibrahim and al-Bandar wearing red prison jumpsuits. As they reached the gallows, black hoods were put on their heads and five masked men surrounded them.

The silent video showed the trap doors opening. Al-Bandar could be seen dangling from the rope, while Ibrahim's body in a blur fell to the floor, chest down, his still-hooded severed head resting several yards away.

The government played the video for the reporters apparently to allay any suspicions that Ibrahim's body was mutilated after death.

"We will not release the video, but we want to show the truth," Mr. al-Dabbagh said. "The Iraqi government acted in a neutral way."

Many Shi'ites celebrated the hangings but Sunnis denounced them as a partisan act of revenge and European governments expressed disgust at the beheading, the result of miscalculating the proper length of rope for a man of Ibrahim's weight.

Secretary of State Condoleezza Rice said at a press conference in Egypt that the executions had been mishandled, as was that of Saddam.

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"We were disappointed there was not greater dignity given to the accused under these circumstances," she said.

The execution was conducted on the same gallows where Saddam was hanged Dec. 30 in a building located in the Shi'ite neighborhood of Kazimiyah.

Prosecutor Jaafar al-Moussawi said Ibrahim looked tense when he was brought into the room and said, "I did not do anything. It was all the work of Fadel al-Barrak." Ibrahim was referring to a former head of two intelligence departments.

The government came under widespread condemnation because of Saddam's chaotic execution, in which video of the hanging, recorded on a cell-phone camera, showed him being taunted on the gallows.

Ibrahim and al-Bandar had been found guilty along with Saddam in the killing of 148 Shi'ite Muslims after a 1982 assassination attempt on the former leader in the town of Dujail, north of Baghdad.

The bodies were taken after the 3 a.m. hanging to Saddam's hometown of Ouja, near Tikrit, 80 miles north of Baghdad, for burial, and residents fired their weapons into the air intensively, according to Iraqi tradition.

Mr. al-Dabbagh said the gallows were built to international standards and in accordance with human rights organizations.

But Param-Preet Singh, counsel for the international justice program at Human Rights Watch, said she was not aware of any internationally recognized standards for hanging.

"Under no circumstances can an execution be in accordance with human rights standards," she said. "There's a move away from executions in general ... which shows there are no international standards."

Town Honors Executed Former Hussein Aides (LAT)

By Borzou Daragahi

The Los Angeles Times, January 16, 2007

BAGHDAD — Angry crowds in the Iraqi town of Tikrit fired weapons in the air and chanted "God is great!" on Monday as they received the flag-draped bodies of two former aides to Saddam Hussein who were hanged early in the day.

Barzan Ibrahim Hasan and Awad Hamed Bandar were executed for their roles in killing scores of Shiite Muslim villagers in the 1980s. The hanging ripped off the head of Hasan, Hussein's half brother and a fellow native of Tikrit.

Hasan had served as chief of Iraq's feared intelligence service, while Bandar was in charge of the Revolutionary Court that sentenced 148 villagers to death after a 1982 assassination attempt against Hussein.

The former Iraqi president was taunted by some of those present at his execution Dec. 30, a scene captured on an unauthorized cellphone camera and distributed. The images heightened sectarian tensions between Shiite Muslims and his fellow Sunni Arabs.

Some worried Hasan's beheading could ruffle sensibilities in a Muslim society that reveres the sanctity of corpses. But Iraqi officials described the separation of head and body as a freak accident. Government spokesman Ali Dabbagh told reporters that a doctor present at the executions signed an affidavit attesting to the unintended nature of the beheading.

Still, an official videotape of the hangings shown to Iraqi journalists did not depict the entire execution, and some voiced doubts.

"It is really rare," said Omar Abdul-Sattar, a physician and Sunni member of Iraq's parliament. "I am a doctor and I would not believe such a thing could happen unless the rope is too short or the defendant weighs 400 or 500 pounds."

*

'The head was not there'

Prosecutor Jaafar Mousawi, who witnessed Monday's executions, said the men were side by side and hooded when the executioner released a wooden platform and sent them to their deaths.

"I saw Barzan lying on his stomach, but the head was not there," he said during an interview with Al Arabiya, a satellite news channel. "Then I saw the head lying near a corner."

Shiites in Dujayl, the town targeted after the 1982 assassination attempt, rejoiced Monday at news of the hangings. The once-lush agricultural center with fruit orchards and canals was bulldozed and transformed into an impoverished backwater by Hussein's regime.

"People started distributing candies and visit each other for congratulations," said Mohammed Zubaidi, the town's mayor. "The happiness at the execution of Barzan was more than Saddam. He was directly in charge of what happened in the town at that time."

But many Sunnis denounced the executions as another provocation by the Shiite-dominated government against their community. In Tikrit, the two former aides were hailed as martyrs.

"God has honored them and made them heroes for us and for every honorable Iraqi and Muslim Arabs," said Sabah Khalil, a Tikrit resident attending the funeral of the two men, who were buried side by side near the site where Hussein was laid to rest. "They are being celebrated like grooms on their wedding nights."

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Human rights activists said the death penalty rules of the Iraqi High Tribunal fell far short of worldwide norms.

"Under the international covenant of political rights, anyone sentenced to death has the right to seek commutation," said Richard Dicker of Human Rights Watch, a New York advocacy group. "The IHT statute explicitly prohibits commutation."

Little outrage

But despite angry chanting by some of the two defendants' fellow tribesmen, the hangings spurred little of the outrage that followed Hussein's execution.

"The people convicted represented numbers in the file but the most important number is Saddam," said Abdul-Sattar, the Sunni physician. "No one else could be important after his execution."

U.S. Ambassador Zalmay Khalilzad, at the end of a news conference, brushed away a reporter's question about Monday's hangings. "It's an Iraqi process, Iraqi decision, an Iraqi execution," he said as he left the podium and exited the room.

Execution Of Saddam Accomplices Goes Awry (MCT)

By Leila Fadel

McClatchy Newspapers, January 16, 2007

BAGHDAD, Iraq - Two weeks after hooting Shiite Muslim guards marred the execution of Saddam Hussein, the Iraqi government's effort to execute two former officials of his regime with more dignity went awry on Monday when one of the men was decapitated by the noose.

Barzan Ibrahim al-Tikriti, Saddam's once terrifying leader of intelligence, and Awad Hamad al-Bandar, the head of Saddam's revolutionary court, were hanged shortly before dawn. The two men, like Saddam, had been convicted of murder in the deaths of 148 men from the Shiite town of Dujail. A videotape of their execution was later played for reporters.

Bandar shook with fear and wept as men in ski masks tightened the noose around his neck. He repeated the creed of Islam, "There is no god but God and Muhammad is his messenger," even from beneath the darkness of the black hood that was put over his head. Tikriti remained defiant, denying his guilt.

When the trapdoor fell from beneath them, Bandar's body dangled at the end of the twisting rope. But Tikriti's head was ripped from his body, which plunged unhindered to the floor, its head coming to rest a few feet away, still in its black execution hood.

"I came close and looked down and it was so strange," said Jaafar al-Moussawi, the chief prosecutor in the case and a witness to the execution. "We couldn't comprehend it. Barzan's body was lying on his stomach, his head was in the hood, and blood was everywhere."

Bassam Ridha, a spokesman for Prime Minister Nouri al-Maliki, said the decapitation was an "act of God." Ridha said officials hadn't weighed Tikriti to determine how much slack to leave in the rope, a standard practice in hanging to ensure that the neck is broken, but not severed.

Still, he defended the executions. "There were no mistakes this time," he said. "It was almost ideal."

The video wasn't released to the public, and no audio was available to reporters. Ridha said officials suppressed the sound to protect the identities of the people in the room.

Last month, the Iraqi government came under fire from human rights groups and Sunni Arabs across the region after a surreptitiously recorded cell-phone video revealed that witnesses to Saddam's execution had taunted him and chanted "Muqtada, Muqtada, Muqtada" moments before he was executed. The scene fueled charges that the Maliki government is loyal to anti-American Shiite cleric Muqtada al-Sadr, whose Mahdi Army militia is suspected of killing hundreds of Sunni men.

Secretary of State Condoleezza Rice, when asked about the executions during a stop in Luxor, Egypt, expressed dismay and said the hangings "shouldn't have happened" in the manner that they did.

"We were disappointed that there was not greater dignity given to the accused under these circumstances," she said. "It did not reflect well on the Iraqi government that it came out that way."

U.S. troops transferred the two men's bodies to officials in Salah ad Din province. The bodies, wrapped in Iraqi flags, were then taken to the town of Awja, where they were quickly buried, said Ridha Muthana, a spokesman for the Salah ad Din province. He said they were buried near Saddam at the request of Saddam's daughter Regah.

Hundreds of people gathered at the cemetery Monday evening as women sobbed and men fired guns into the air.

Some yelled out, "There is no need for shooting all these bullets. ... We need them to defeat our enemy in Iran and their hands in Iraq."

Women also cried, "The Shiites beheaded him, the Shiites beheaded him."

Government spokesmen said they would welcome neutral observers to future executions. "We would like that some human rights groups attend," government spokesman Ali al-Dabbagh said.

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Rice Vilifies Handling Of Iraq Hangings (AP)

By Anne Gearan

AP, January 16, 2007

Secretary of State Condoleezza Rice said Monday that executions of Saddam Hussein and two others were mishandled and said she hoped that those responsible for making cell phone videos of Saddam's execution will be punished.

Two top aides to the former Iraqi dictator were hanged before dawn Monday, and the head of one of them — Saddam's half brother Barzan Ibrahim — was severed from his body during the execution, a government official said.

"We were disappointed there was not greater dignity given to the accused under these circumstances," Rice said during a news conference with her Egyptian counterpart.

She said passions are running high in Iraq following the overthrow of Saddam's Sunni-led rule, but she did not excuse the Shiite-led, U.S.-backed government that has taken his place.

"That shouldn't have happened and it did not reflect well on the Iraqi government that it came out that way," Rice said.

Iraqi government spokesman Ali al-Dabbagh stressed that all laws and rules were respected during Monday's hangings.

Rice also said the executions were Iraqi government decisions, not those of the United States.

"Let me just say that the decision concerning the execution of Saddam Hussein and the two defendants today were made according to Iraqi process and Iraqi law," she said.

Barzan Ibrahim, Saddam's half brother and former intelligence chief, and Awad Hamed al-Bandar, head of Iraq's Revolutionary Court, had been found guilty along with Saddam in the killing of 148 Shiite Muslims after a 1982 assassination attempt on the former leader in the town of Dujail, north of Baghdad.

Saddam's Dec. 30 execution drew international outrage over the way his hanging was carried out after a clandestine video, recorded on a cell phone camera, was leaked, showing the former dictator being taunted on the gallows. A second leaked video showed Saddam's corpse, with a gaping neck wound.

"I hope that those who are responsible for the way that came out will be indeed punished," Rice said.

Iraqi Prime Minister Nouri al-Maliki has ordered his Interior Ministry to investigate the first video, and authorities have arrested the person believed to have made that recording.

President Bush said he saw part of the Internet-aired video of the execution and, like Rice, said he thought it could have been handled better.

In an interview on CBS's "60 Minutes," Bush said he got no particular satisfaction from seeing Saddam hang. "I'm not a revengeful person," he said.

CONFLICT IN IRAQ Iraq Refugee Crisis Exploding 40% Of Middle Class Believed To Have Fled Crumbling Nation (SFC)

By Carolyn Lochhead, Chronicle Washington Bureau

San Francisco Chronicle, January 16, 2007

(01-16) 04:00 PST Washington -- Iraq is in the throes of the largest refugee crisis in the Middle East since the Palestinian exodus from Israel in 1948, a mass flight out of and within the country that is ravaging basic services and commerce, swamping neighboring nations with nearly 2 million refugees and building intense pressure for emigration to Europe and the United States, according to the United Nations and refugee experts.

The U.N. High Commissioner for Refugees, which appealed for $60 million in emergency aid last week, believes 1.7 million Iraqis are displaced inside Iraq, whose prewar population was 21 million. About 50,000 Iraqis are fleeing inside Iraq each month, the United Nations said, and 500,000 have been displaced since last February's bombing of a Shiite shrine in Samarra. These figures are as of January 2007.

The Bush administration and the governments of Jordan and Syria, the nations that accept the bulk of the refugees, have been reluctant to acknowledge the humanitarian crisis, experts said.

"I think everyone at this point is in denial about the human consequences of the war," said Kathleen Newland, director of the Migration Policy Institute, who is familiar with the State Department's views.

Sen. Edward Kennedy, D-Mass., has scheduled a hearing today to push for more aid and more U.S. admissions of refugees, especially those facing death threats for working for the U.S. military.

At Kennedy's hearing, the State Department is expected to call for a slight increase in Iraqi admissions to the United States. Just 220 Iraqis were admitted last year, most of them not from the war. The Department of Homeland Security worries that it would be difficult to screen out terrorists.

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"I would suspect that the Department of Homeland Security would regard it as a complete security nightmare," Newland said.

Kristele Younes, an advocate at Refugees International, said the refugee problem is growing rapidly.

"At the moment, we're seeing up to 80,000 to 100,000 that are being displaced every month," inside and outside the country, she said. "In Syria alone, there are estimations that there's about 40,000 Iraqis that are coming every month."

Roughly 40 percent of Iraq's middle class is believed to have fled, the U.N. said. Most are fleeing systematic persecution and have no desire to return.

All kinds of people, from university professors to bakers, have been targeted by militias, insurgents and criminals. An estimated 331 school teachers were slain in the first four months of last year, according to Human Rights Watch, and at least 2,000 Iraqi doctors have been killed and 250 kidnapped since the 2003 U.S. invasion. Business owners are especially prone to extortion.

The flight has undermined basic services such as water and sanitation and disrupted commerce, making it increasingly difficult for Iraqi society to function, officials said.

Iraqi Christians were an early target after the 2003 invasion; after the February bombing, Shiite militias began taking revenge on Sunnis. Violence is rising in southern Iraq between rival Shiite factions. Refugees International said many people are targeted for "un-Islamic" dress or behavior.

Iraqis who work for the U.S. government or any Western group, such as nongovernmental organizations and the news media, are especially vulnerable.

"People are targeted in extremely direct ways -- kidnapping, killings, rapes," Younes said. "Every single family we interviewed had gone through such an ordeal, and the tribal system in Iraq is such that revenge is carried out generation to generation, so they feel ... return to Iraq would be tantamount to a death sentence."

While the Bush administration is hastily devising new reconstruction plans for Iraq, refugee advocates say the country most needs emergency humanitarian aid for the most vulnerable, including orphans and women.

U.S. officials have "wanted to keep the impression that they were being successful and that there were Iraqis who were committed to building democracy," said Bill Frelick, refugee policy director at Human Rights Watch and author of an extensive report on the situation. "As it turns out, many of the people who are fleeing are fleeing because of their associations with the United States."

Syria and Jordan, for their part, may want to avoid being formally saddled with refugees who have special international status.

Newland said Syria and Jordan consider the refugees tourists or illegal immigrants, "which sort of implies that the problem will go away or that they would be perfectly within their rights to kick people out."

Jordan, a U.S. ally, has long accepted Arab refugees, and so has Syria's pan-Arabist dictatorship. The fear now is that both may close their borders. Pressure on Jordan, a country of just 6 million, is intense, with Iraqi refugees now accounting for 10 percent of its population -- the equivalent of 30 million landing on U.S. shores. Jordan began restricting entry after Iraqis bombed three hotels in Amman in 2005.

Many Iraqis are also living in Egypt and Lebanon. Iran, Saudi Arabia and Kuwait have barred Iraqis.

"There's just no way a small country like Jordan can, unaided, absorb hundreds of thousands of Iraqi refugees," Newland said.

Despite terrorism concerns, some predict the United States eventually will admit several hundred thousand Iraqi refugees, as it has after most military conflicts.

"Is it going to be one of the unintended consequences of our invasion and occupation of Iraq that we may end up taking hundreds of thousands of Iraqi refugees in this country?" said James Hollifield, an expert in international migration and director of the Tower Center for Political Studies at Southern Methodist University. "I think there's a high probability of that, which is what we saw after Vietnam."

When the South Vietnamese government collapsed, the United States initially accepted 130,000 Vietnamese, including 65,000 fearing their lives because of their collaboration with Americans. Many conferences later, 1.4 million Vietnamese, Cambodians and Laotians had been admitted, according to U.S. Citizenship and Immigration Services.

Smaller admissions of refugees and those claiming asylum followed the conflict in Nicaragua in the 1980s, two Cuban crises in the 1960s and 1980s, the 1979 Iranian revolution, the Gulf War in the 1990s and the failed 1956 Hungarian revolution. The United States is the largest refugee host in the world, admitting 2.66 million since 1976.

"The reality is that refuge flows are really tied to foreign policy," said David Reimers, a historian emeritus at New York University. "It's perfectly possible that we could wind up with a couple hundred thousand Iraqi refugees.

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"The parallel to me would be after Vietnam War," Reimers said. "There was a frantic number of Vietnamese who wanted to get out, and we were caught unawares; 130,000 or so climbed aircraft and helicopters," some on their own, some evacuated by the U.S. military. Many more followed, and Thailand was soon swamped. Thailand said it could not handle the flows and was not responsible for them. The initial U.S. evacuation soon became, said Citizenship and Immigration Services, "one of the longest running migration and refugee resettlement programs in the modern era."

"Whether it was guilt feelings or a moral imperative, we began to resettle them," Reimers said.

U.S. refugee policy has long been an ad hoc affair, Hollifield said. "We sort of make it up as we go along ... The fact is, refugee policy is a function of foreign policy, but also a function of our humanitarian instincts. It is in fact a very messy business."

Most Iraqi refugees are determined to be resettled to Europe or North America, advocates say. Life in the host countries has become more difficult, they report. Resentment is growing, and most Iraqis are not legally permitted to work.

Resettlement abroad is considered a last resort on humanitarian and foreign policy grounds. Countries in conflict eventually need their people to take part in their own national struggles, some believe. "If we take all the most educated and bright people from Haiti, Haiti's going to sink into the abyss," Hollifield said the thinking goes.

For now, refugee organizations are calling for increased U.S. aid to Jordan and even, through back channels, to Syria.

Some contend large-scale resettlement to the United States is unlikely because of anti-immigration sentiment and fear of terrorism.

"Islamophobia may be too strong a word, but there is suspicion at least of Muslims from the Middle East, and at this stage -- though this could change -- I think people in this country don't see the United States as being the main cause of the refugee flows," Newland said. "I would guess they see it more as result of Iraqi-on-Iraqi violence."

Despite anti-war sentiment, Newland said, "we have not seen as much of an outpouring of sympathy for the innocent victims of this war from Americans, as we did in the aftermath of that terrible photograph of the little girl on fire with napalm (in Vietnam.) Nothing seems to have quite seized the imagination of the American public about Iraqi civilian victims of war in quite that way. Maybe we're just in the early stages. "

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Former Iraqi Translator Tells Of Threats (AP)

By Larry Margasak

AP, January 16, 2007

A former Iraqi translator for the U.S. military says his life was saved when he was granted a special visa to live in the United States, a status made available to only 50 Afghan and Iraqi nationals annually who served in the same capacity.

The 27-year-old Sunni Arab, set to appear before the Senate Judiciary Committee on Tuesday, says he was threatened by enraged fellow students at his college, survived a car bombing and learned his name was listed on the doors of mosques calling for his death.

The former translator, who will not use his real name, and a second witness who held a similar job were to testify behind screens to protect their identities.

Sen. Edward M. Kennedy, D-Mass., has argued for an increase in the number of translator visas. Only the translators themselves count toward the 50-visa limit, but their spouses and children may be able to join them in this country after the visa is issued.

Kennedy, who will head the committee's subcommittee on refugees, said an estimated 1.8 million Iraqis have fled their country since the U.S.-led invasion. The hearing will focus on those who were affiliated with the U.S. government.

"The desperate situation in Iraq has created hundreds of thousands of refugees who are virtually unknown to the rest of the world," Kennedy said in a statement. "We can't continue to ignore their plight."

In his prepared testimony, the translator said that when he was attending Mosul University in October 2003, he escorted a U.S. soldier to the campus.

"I was assaulted and threatened with violence," the translator said. "After the incident, the dean with whom I had discussed the U.S. soldier's visit turned on me and threatened to expel me."

The Iraqi had to leave the school, but later returned for his degree. That incident, however, was only the beginning of the threats.

"My life was in jeopardy," he said, when he translated discussions between U.S. forces and the Mosul police chief, who later was arrested for working with terrorists.

Once his name was listed on the doors of mosques, the translator said, he could no longer attend prayer services.

He became an outcast in his Mosul neighborhood, where "some individuals I have known all my life branded me a traitor and made death threats against me."

The translator resigned his position in 2004, but returned to Iraq the next year to earn his degree. In November 2005, he was seriously injured in a car bombing that singed off his eyebrows. He believes he was targeted.

He arrived in the United States that month on a temporary visitor visa. By March of this year, he had free legal help from a major law firm.

The translator was advised in June that he had become the first to be granted the special visa, which was part of the National Defense Authorization Act for 2006.

Iraqi Refugees Find Sanctuary, And Fellow Iraqis, In Sweden (NYT)

By Ivar Ekman

The New York Times, January 16, 2007

SODERTALJE, Sweden — Former residents of Baghdad living in this calm Swedish town know why they left. "Iraq is finished," said Taghreed Ewas, 34, a chemical engineer who fled last year after she received several death threats and narrowly escaped a kidnapping.

As they flee the mayhem of their homeland, Iraqis have swarmed into neighboring countries in the Middle East by the hundreds of thousands. But they are also increasingly coming to Europe, especially Sweden, one indication of how the war in Iraq is now beginning to have serious consequences for countries far beyond its borders.

Last year, 8,951 Iraqis applied for asylum in Sweden, up from 2,330 in 2005. Of those, almost 3,000 arrived in November and December. Those choosing this relatively small country of nine million people represent nearly half of the Iraqi refugees arriving in Europe and surpass by far the number admitted to the United States each year.

"We don't use words like flood, but it's clear that it's a very large increase," said Krister Isaksson, a forecast analyst at the Swedish Migration Board. "We see no reasons why it would slow down. Instead we believe it might continue to increase."

Ms. Ewas, who fled with the help of smugglers through northern Iraq and Turkey, leaving much of her family behind, has little hope of returning to Iraq. "Every day there is worse than the day before," she said at an immigrant reception center here.

The mass exodus of Iraqis spawned by the deteriorating security situation at home is having the most extreme effect on Iraq's neighbors. The United Nations refugee agency estimates that 500,000 to 1 million displaced Iraqis are in Syria; up to 700,000 in Jordan; 20,000 to 80,000 in Egypt; and up to 40,000 in Lebanon.

But the agency has begun warning that the crisis is spreading beyond the Middle East. In late December, it issued an advisory to governments recommending that asylum seekers from southern and central Iraq "be favorably considered as refugees under the 1951 Refugee Convention."

"People have been optimistic, hoping that the situation would get better," said Paal Aarsaether, the agency's spokesman for the Nordic countries. "But now the international community has realized that this has to be dealt with."

Sweden's relatively liberal asylum laws and immigration regulations have made it by far the most attractive destination in Europe for Iraqi refugees, Ms. Isaksson said. Of the 16,261 Iraqis who applied for asylum in Western Europe from January to November last year, about 45 percent came to Sweden. In November, when 1,413 arrived here, only 13 applied in France, 65 in Denmark and 230 in Germany.

"We give Iraqis residence permits to an extent that isn't done in the rest of Europe," Ms. Isaksson said. Unlike countries that require language knowledge or economic guarantees, she said, citing Denmark and the Netherlands, "we don't put many demands on immigrants."

Another factor is that more than 80,000 Iraqis already live in Sweden, forming the country's second largest immigrant group, after Finns. Many refugees come because they have relatives here.

Sodertalje, a scenic industrial town about 20 miles southwest of Stockholm, is home not just to the truckmaker Scania, which has its main factory here, but also to a thriving and growing population of Iraqis, most of them Christians. Ms. Ewas chose Sodertalje because her brother lives here.

The rapid increase in Iraqi immigrants is having an impact on the communities where they settle. At Sodertalje's immigrant reception center, a converted factory building where refugees and other immigrants come to register with the local authorities, the situation borders on chaotic, said Catharina Helling, the center's director.

"We are feeling the strain," Ms. Helling said, noting that the center's staff has increased to 25 from 8 a year ago. She said that the municipality is having problems recruiting Swedish-language teachers. In December, 131 new immigrants registered at the center, all of them Iraqis.

"This doesn't happen without pain," Ms. Helling said.

Those who arrive also increasingly bring memories of truly harrowing experiences from the chaos in Iraq. The center has hired two staff members to give the refugees counseling, but Ms. Helling admits that this is not enough given the help and understanding many Iraqi refugees need.

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One woman who stopped in at the center this week was Nooralhuda, 63, who arrived in Sodertalje in late 2005. She declined to give her last name because, she said, she is still "living in fear." She left Baghdad after her daughter and three young granddaughters were kidnapped. A few days after their disappearance she was attacked in her home, but survived, and her neighbors persuaded her to flee. She now lives with her son and his family here in Sodertalje.

Nooralhuda said she had not given up hope that her daughter and granddaughters might turn up alive. She often calls her neighbors to ask if they have heard something, she said.

"For Iraq, there is no hope," she said. "For me, my wish is that I get word that my daughter and granddaughters are alive, and that I can help them to come here, to Sweden."

Why They Fight -- From Within (WP)

By Linton Weeks

The Washington Post, January 16, 2007

NORFOLK, Jan. 15 -- For Jonathan Hutto and David Rogers, life has become something of a surreality show. The two Navy men, comrades in arms, are waging a war against a war.

Working from within, Hutto, Rogers and others have established AppealforRedress.org , a Web site that enables active-duty, reserve and National Guard troops to appeal directly to Congress to withdraw military personnel from Iraq. On Monday, the group held its coming-out news conference in Norfolk, announcing that more than 1,000 people have signed appeals. On Tuesday, the pleas will be presented to Rep. Dennis J. Kucinich (D-Ohio) on Capitol Hill.

All of this comes at a time when President Bush is sending even more troops to war.

"Just because you joined the military doesn't mean your constitutional rights are suspended," said Hutto, a petty officer third class and 1999 Howard University graduate. "True patriotism is having a questioning attitude about the government."

Redress in this situation means relief, he said. "Relief from this war."

Hutto, 29, works in communications on an aircraft carrier. Rogers, 34, is quartermaster on a frigate. They've been friends since boot camp three years ago. Neither has served in Iraq. But they say 60 percent of the signers have served in the war. The signers are not lawbreakers, deserters or conscientious objectors, Hutto says. They believe in obeying orders.

Some, however, are reticent to appear in public. Organizers estimated that about two dozen active-duty members showed up at the Norfolk event, in a church near the naval base here. They were expecting 50. Hutto pointed out that many of the signers do not live in the Norfolk area.

The Appeal for Redress group has its critics. "The military's job is to carry out and implement foreign policy, not influence it," said Wade Zirkle, the executive director of Vets for Freedom. "That's what separates our country from military dictatorships. That's why we don't have military coups and military people running our country."

For military folks to appeal for redress "is un-American in principle," Zirkle said, and he pointed out that some of the organizers haven't even been to Iraq. A first lieutenant in the Marines, Zirkle served two tours there and was injured by a car bomb.

In between fielding phone calls and hanging banners for the rally, Hutto and Rogers paused for a moment in a downtown park on Sunday. A memorial to Martin Luther King Jr. loomed in the sunny distance. Both men wore Martin Luther King Jr. pins.

The idea for the within-the-ranks antiwar group came after Hutto read "Soldiers in Revolt: GI Resistance During the Vietnam War" by David Cortright. Hutto showed the book to Rogers. They invited Cortright to come to Norfolk.

"I was so impressed by the seriousness of the discussion," said Cortright, who teaches peace studies at the University of Notre Dame. He said it takes guts for active military members to speak out. "But they do it respectfully."

A specialist 4 during Vietnam, Cortright said there were hundreds of active-military antiwar groups by 1970. "They published underground newspapers, ran coffeehouses, organized demonstrations and protests," he said. He recalled that in 1969, a petition signed by more than 1,300 active-duty military people -- calling for a national protest against the Vietnam War -- ran in the New York Times.

A widely circulated appeal for redress is a new wrinkle made possible by the Internet. The plea is simply stated. Here is the nut: I respectfully urge my political leaders in Congress to support the prompt withdrawal of all American military forces and bases from Iraq. Staying in Iraq will not work and is not worth the price. The site is also sponsored by Iraq Veterans Against the War, Veterans for Peace and Military Families Speak Out.

Hutto launched the Web site in October. Signers include:

Kevin Torres, 23, from Brooklyn, a sergeant in the 101st Airborne who has served two tours in Iraq. "I felt like with our being there, we were making more enemies," he said. "The people hated us. They wanted us out of the city."

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And Liam Madden, 22, a Marine sergeant from Vermont. He spent seven months on the ground in Iraq. "I saw Iraq struggling to get on its feet and failing to do so -- despite the best efforts of American military," he said. "I have nothing against the military or my experience. It's the policy I oppose."

Though Madden was braced for some sort of retribution, formal or informal, after he went public with his opposition to the war, "it never came," he said. "I give credit to my chain of command. After all, the appeal for redress is legal."

Madden helped to launch the site last fall. A portion is devoted to the rights and responsibilities of people in military service. A Defense Department directive allows members of the military to send a protected communication to a member of Congress on any matter without blowback.

Kucinich will meet today with representatives of the group to receive the appeals for redress and present them to House Speaker Nancy Pelosi (D-Calif.).

"I think it's important for the troops to have a vehicle by which they can address Congress," Kucinich, a vociferous opponent of the war, said in a phone interview. "We need to hear from them."

He said warriors have the right to question their mission and not be like the cavalry in Alfred, Lord Tennyson's poem "The Charge of the Light Brigade": Theirs not to reason why /Theirs but to do and die.

Hutto and Rogers are aware that the Navy could become more directly involved if the United States turns its attention toward Iran. "I would go, with serious questions," Hutto said. "And with a bit of sorrow."

And, he said, "I would go because I'm in solidarity with the men and women I serve with."

Rogers agreed, though he said the whole affair -- being an antiwar warrior -- reminds him of the novel "Catch-22."

Neither sailor will be in Washington on Tuesday for the presentation of the appeals. Following previous orders, they both are headed to sea.

On Day Honoring Pacifist, Troops Join In Dissent Of War (VAPILOT)

By Louis Hansen, The Virginian-pilot

Hampton Roads Virginian-Pilot, January 16, 2007

NORFOLK - On Monday morning, Seaman Javier Capella traded his blue jacket for blue jeans. He also traded his role as a Navy photojournalist to speak out against the Iraq war.

"Somehow this madness must cease. We must stop now," Capella recited from a speech given by the Rev. Martin Luther King Jr. in April 1967. "The initiative to stop it must be ours."

About 10 active-duty servicemen were joined for a rally by about 75 peace activists and disillusioned veterans at the Unitarian Church of Norfolk in Ghent.

The rally highlighted efforts by active-duty service members to persuade Congress to stop an unpopular war. The group counts about 1,030 signatures from active-duty service members, ranging from the recently enlisted to veteran officers.

The United States has 2.6 million active-duty service members.

The movement, called An Appeal for Redress, began in October and seeks to persuade Congress to support the prompt withdrawal of U.S. forces from Iraq.

"Staying in Iraq will not work and is not worth the price," the appeal reads. "It is time for U.S. troops to come home."

Federal law allows active-duty soldiers, sailors and Marines to express their opinions to their members of Congress. About 10 service members attended the event in civilian clothes.

Several service members are scheduled to travel to the Capitol today and meet with U.S. Rep. Dennis Kucinich, an Ohio Democrat. Service members will present the petition to the congressman. Kucinich is the only member of Congress to accept a meeting with the service members so far.

Other members of Congress will receive the names, ranks, and service branches of constituents who have signed the online petition.

Jonathan Hutto, a petty officer third class aboard the carrier Theodore Roosevelt, co-founded the movement. Hutto urged the audience to separate dissent from disloyalty. "The truth must be told," he said.

During the hour-long rally at the waterside chapel, echoes of 1960s protests resonated everywhere: in the Vietnam War patches worn by veterans, the long gray hair of the protesters, and the quotations from King's anti-war speeches.

David Cortright, a University of Notre Dame professor and author of the book "Soldiers in Revolt," told the audience that the efforts during the Vietnam and Iraq wars have strong connections.

"This is not an anti-military movement," he said. "It's a profoundly patriotic movement."

Petty Officer 2nd Class David Rogers, 34, joined the Navy three years ago, after the invasion of Iraq. Rogers disagreed with the invasion but did not believe it would interfere with his responsibilities as a sailor aboard the frigate Hawes.

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"In any job you have, you have to make compromises," Rogers said. But as the war continued, he said, "It's hard to make this compromise."

Capella, 36, joined the Navy two years ago to forge a career as a photojournalist. He's proud of his service aboard the Roosevelt, but he opposes the war. He realizes his opinion may be unpopular in the service, and has kept it mostly to himself, he said.

During a six-month deployment, Capella read a book about the soldiers' protests in Vietnam.

"It kind of opened my eyes," he said. "History is repeating itself."

Pakistan Will Close Four Camps To Foil Afghan Terror (WT)

By Bill Gertz

The Washington Times, January 16, 2007

Pakistan's government will close four refugee camps near its border with Afghanistan to help prevent Afghan insurgents from gunrunning and seeking safe haven in the country, Islamabad's ambassador to the United States said yesterday.

Mahmud Ali Durrani said the residents of two of the camps will soon be sent back to Afghanistan as part of a new program to better control the 1,550-mile shared border.

Agreement on the plan was reached Sunday with national and local leaders in what Pakistan calls the Federally Administered Tribal Areas and the Baluchistan section of the country, Mr. Durrani said at a meeting with editors and reporters at The Washington Times.

"We had seen some level of activity [and so] we thought we need to strengthen our systems," he said. "It is a porous border; it is a very difficult border."

About 20,000 Pakistanis and Afghans cross the border in both directions every day, making it difficult to weed out insurgents who come to Pakistan for medical treatment or a respite from the fighting in Afghanistan.

The four refugee camps hold tens of thousands of the 3 million refugees in the country. Two will be closed around March and the other two later, the ambassador said, adding that arrangements would first be made to receive the refugees in Afghanistan.

In the meantime, Mr. Durrani said, his government will beef up security around the camps, a measure that he said was welcomed by most of the refugees.

Other security measures agreed to Sunday include adding to the 938 border posts strung out through the mountainous region, increasing intelligence activities and tightening central government control over parts of Baluchistan. The government will go ahead with previously announced plans to fence parts of the border.

"We have wanted to do this for a long time," Mr. Durrani said, noting that the refugee camp closure was delayed by the United Nations because of a lack of funds, and that many refugees opposed being returned.

"But after this recent spate of criticism that has come toward Pakistan, we got fed up. We said, 'If this is the problem, then let's remove it.' "

Pakistan has about 70,000 troops in the border region and says Afghanistan's weak central government is not doing enough to secure the border against terrorist activity. Kabul, however, accuses Pakistan of inadequate efforts to seal the border.

Army Lt. Gen. Michael Maples, director of the Defense Intelligence Agency, said in written testimony to the Senate Select Committee on Intelligence last week, "Afghanistan's relations with Pakistan are strained due to continued Taliban reliance on safe haven in Pakistan."

Gen. Maples also said an agreement reached in September between Pakistan's government and tribes in North Waziristan is not being honored. "Al Qaeda's network may exploit the agreement for increased freedom of movement and operation," the general said.

Early today, Pakistani troops destroyed three suspected al Qaeda hide-outs near the Afghan border, killing several fighters, the army said.

The military carried out the operation in the South Waziristan tribal region after receiving information that 25 to 30 al Qaeda members were hiding there, said army spokesman Maj. Gen. Shaukat Sultan.

Mr. Durrani said Pakistan's government has no sympathy for al Qaeda or the ousted Taliban regime. "They are our sworn enemy," he said.

He reiterated Islamabad's objection to statements made last week by Director of National Intelligence John D. Negroponte that Pakistan, while a key ally in the war on terrorism, was being used as a "secure hide-out" by al Qaeda leaders.

Mr. Negroponte's statements "grossly exaggerated" the level of al Qaeda activity in Pakistan, Mr. Durrani said.

Asked about the U.S. debate on pulling out troops from Iraq, Mr. Durrani said any "abrupt" pullout would be "dangerous."

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"I think it would be devastating to pull out abruptly," he said. "I think it would be equivalent to having just exploded a little bomb in Iraq and then walked away. I don't think you can afford to do that."

He said U.S. forces should be withdrawn over several years.

In an earlier interview, Mr. Durrani said he was angered by reports from the United Nations and NATO that Pakistan was not doing enough to stop Islamic extremists.

"I think Pakistan had done everything that is possible. If there is a genuine feeling that Pakistan has to do X, Y and Z, then we will talk it out," he said.

Chris Alexander, the deputy U.N. representative in Afghanistan, said recently that Taliban leaders identified by the United Nations in 1999 were still active in the region, including Pakistan.

The leaders, he said in Kabul, "continue to organize, plan and carry out terrorist activities in this country and in this region." Some of those key players "were in Pakistan for at least a part of 2006," Mr. Alexander said.

DOJ:

Lam's Ouster Concerns Lawmakers (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 16, 2007

Senators to seek answers about U.S. attorneys' exits

A national political storm is brewing over the departures of several top prosecutors, including San Diego U.S. Attorney Carol Lam.

Lam has not commented since reports surfaced last week that she was asked to resign as the chief federal law enforcement officer in San Diego.

Sources told The San Diego Union-Tribune that superiors in the Justice Department are unhappy with decreased prosecutions for gun and immigration violations.

Lam, a political independent, was appointed by President Bush in 2002.

In recent months, at least four other U.S. attorneys have announced their departures, two of them confirming that they've been asked to resign.

With reports yesterday that the Department of Justice has demanded the resignation of another top prosecutor, in Las Vegas, Attorney General Alberto Gonzales is scheduled this week to answer questions from skeptical senators.

Democratic lawmakers have criticized the recent departures from the ranks of top federal prosecutors as worrisome.

“We have no idea why this is happening,” Sen. Dianne Feinstein, a California Democrat, said in a statement last week. “The attorney general could have a legitimate reason for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations.”

A Feinstein spokesman yesterday declined to comment on the situation in San Diego.

Typically, the nation's 93 U.S. attorneys are appointed by the president and confirmed by the Senate, but a provision in last year's Patriot Act allows the attorney general to make interim appointments with indefinite terms.

Feinstein and other senators introduced legislation that would return the power to appoint interim U.S. attorneys to federal judges.

Gonzales is scheduled to testify Thursday before the Senate Judiciary Committee, of which Feinstein is a member.

Both U.S. senators from Nevada said this weekend that U.S. Attorney Daniel Bogden had been asked to step down, according to a report published yesterday in the Las Vegas Review-Journal.

Bogden's spokeswoman wasn't available yesterday, a federal holiday. When asked about her boss' future last week, she told the Union-Tribune “I can't comment on that right now.”

Meanwhile, H.E. “Bud” Cummins, the former U.S. Attorney in Little Rock, Ark., said this weekend that he was, asked to leave his job so the Bush administration could fill it with a political appointee.

Cummins said he had planned to leave the post anyway, so was not troubled by the request.

Arkansas' senators, both Democrats, criticized the appointment of Tim Griffin, a former White House lawyer who also worked for the Republican National Committee, as Cummins' successor.

Outgoing New Mexico U.S. Attorney David Iglesias also said he was asked to resign, but without explanation.

Other U.S. Attorneys who recently announced they are leaving include John McKay in Seattle and Paul Charlton in Phoenix. Neither has said he was pushed out; McKay said he would “be returning to the private sector” while Charlton said he was leaving to join a law firm.

Lam's replacement will say a lot about why she was asked to leave, said former San Diego U.S. Attorney Peter Nuñez.

"If they drag in somebody nobody's ever heard of from D.C. or somebody's cousin or some rich guy's nephew, that will tell you more about what happened than anything else," he said.

U.S. Attorney Vacancies Spark Concerns (WSJ)

By EVAN PEREZ And SCOT J. PALTROW

Wall Street Journal, January 16, 2007

WASHINGTON -- As the Bush administration enters its last two years, a number of U.S. attorneys are departing, causing concern that some high-profile prosecutions may suffer.

As many as seven U.S. attorneys, including prosecutor Kevin V. Ryan, whose San Francisco office is overseeing the investigation of backdating of stock options, are leaving or being pushed out. Others include Carol Lam of San Diego, Daniel Bogden of Nevada, David Iglesias of New Mexico, Paul Charlton of Arizona and John McKay of Seattle. Ms. Lam and Messrs. Ryan and Bogden haven't officially announced their departures.

Democrats claim the administration is using a little-noticed clause in the Patriot Act to circumvent Senate confirmation for some of the interim replacements who otherwise might not be able to win confirmation. Senate Judiciary Committee Chairman Sen. Patrick Leahy (D., Vt.) and Sen. Dianne Feinstein (D., Calif.) are pushing legislation to undo a 2006 Patriot Act amendment that for the first time gave the attorney general, rather than local federal courts, authority to appoint interim U.S. attorneys. The administration said it needed to be able to do that to ensure no disruption in prosecuting terrorism suspects.

The proposed legislation would restore to the federal courts authority to make the interim appointments.

There is no fixed term for U.S. attorneys. Instead, they typically are appointed at the beginning of a new president's term, and serve throughout that term. If the president is re-elected, they continue to serve, unless of course they decide for some reason that they want to leave.

Lawmakers plan to question Attorney General Alberto Gonzales about the turnover at a Judiciary Committee hearing Thursday. Justice officials say the U.S. attorney changes are normal and that at any one time it is common to have eight to 15 vacancies. Former Justice Department officials, however, say it is unusual for such a large number of U.S. attorneys to leave at one time.

Brian Roehrkasse, a Justice Department spokesman, said that interim appointments aren't "in any way an attempt to circumvent the confirmation process." He added that the administration's record since last year's Patriot Act amendment "demonstrates we are committed to working with the Senate to nominate candidates for U.S. Attorney positions."

The Justice Department counts 11 vacancies since March 2006. The administration has nominated candidates to fill four of those and is interviewing candidates to fill seven others, officials said. Several departing prosecutors have left for new, and often higher-paying, private-sector jobs.

The departure that started the uproar is that of Bud Cummins in Little Rock, Ark., whose replacement, Timothy Griffin, is a former political official in the Bush White House and the Republican National Committee. Mr. Cummins, in an interview, said a top Justice official asked for his resignation in June, saying the White House wanted to give another person the opportunity to serve.

The departure of Mr. Ryan, who faced some internal criticism for his office operations, is less surprising. He gained a high profile because of the Balco steroids case and the options-backdating cases and in recent months began discussing stepping down.

The Justice Department's request that Ms. Lam step down was first reported last week by the San Diego Union-Tribune. A spokeswoman for Ms. Lam declined to comment on the matter. One possible reason cited for asking Ms. Lam to leave is a decline in her office's prosecutions of routine narcotics and smuggling cases. Ms. Lam instead has made white-collar criminal cases a priority and won the guilty plea in 2005 of former Republican Congressman Randy "Duke" Cunningham, who was sentenced to more than eight years in prison for soliciting $2.4 million in bribes.

Write to Evan Perez at evan.perez@wsj.com and Scot J. Paltrow at scot.paltrow@wsj.com

Nevada U.S. Attorney Given Walking Papers (LVRJ)

By Francis Mccabe, REVIEW-JOURNAL

Las Vegas Review-Journal, January 16, 2007

The Bush administration has forced Daniel Bogden out of his position as U.S. attorney for the District of Nevada, Nevada's two senators said Sunday.

It was unclear whether Bogden was fired or asked to resign and for what reason. Exactly when it all happened also was unknown Sunday. Repeated attempts to contact Bogden and his office were unsuccessful. The Review-Journal's phone calls to his spokeswoman, Natalie Collins, were not returned by Sunday night.

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Sen. John Ensign, R-Nev., had recommended Bogden, a longtime prosecutor in Reno, to the Bush administration in April 2001. On Sunday, Ensign said Nevada owes a debt of gratitude to Bogden. "His priorities, to prevent terrorism and prosecute violent and drug crimes, have made our communities and families safer," Ensign said.

But a source inside the Nevada U.S. attorney's office said Bogden was seen as indecisive, secretive and insular. Morale in the Southern Nevada office was low and that was partly Bogden's fault and partly the result of inadequate staffing and funding from the Justice Department, the source said.

The Nevada U.S. attorney's office also had at least three major setbacks in Las Vegas last year.

In mid-October, the federal racketeering case against about 40 Hells Angels members unraveled. They had been charged in connection with the motorcycle group's deadly melee with their rivals, the Mongols, inside Harrah's casino in Laughlin during the 2002 Laughlin River Run. In the end, only six Hells Angels faced reduced charges, and charges against the remaining bikers were dismissed.

In February, U.S. District Judge James Mahan threw out a $14 million securities fraud case against Las Vegas attorneys Daniel Chapman and Sean Flanagan and New York attorney Herbert Jacobi after an assistant U.S. attorney failed to produce more than 600 pages of documents.

Also in February, U.S. District Judge Robert Jones dismissed charges against Dr. R.D. Prabhu, a politically active Las Vegas pulmonologist. Prosecutors had alleged that Prabhu had submitted false Medicare claims. He had faced a potential penalty of $22 million.

But Bogden's office also has scored victories at the federal courthouse in downtown Las Vegas, including the convictions of former Clark County commissioners Mary Kincaid-Chauncey and Dario Herrera. They were indicted in 2003 on charges of accepting bribes from Michael Galardi, who was then the owner of strip clubs. Kincaid-Chauncey and Herrera were convicted in May and checked into federal prisons last week.

Bogden is not the only U.S. attorney targeted by the Bush administration.

In San Diego, U.S. Attorney Carol Lam, who prosecuted a public corruption case involving Galardi and former Clark County commissioner Lance Malone in California, was asked to resign in recent weeks, according to the San Diego Union-Tribune. Lam, a 2002 Bush appointee, reportedly was targeted because she failed to make smuggling and gun cases a top priority, according to the Union-Tribune.

Another example is New Mexico U.S. Attorney David Iglesias, who was asked to resign near the end of 2006 and agreed to do so.

"I asked (why) and wasn't given any answers," Iglesias told the Union-Tribune. "I ultimately am OK with that. We all take these jobs knowing we serve at the pleasure of the president."

Some Democratic members of Congress are questioning the motives behind the moves because they have discovered, to their chagrin, that a provision of the Patriot Act allows the U.S. attorney general to make interim appointments that have no time limits and do not have to be confirmed by the Senate.

"The attorney general could have legitimate reasons for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations," Sen. Dianne Feinstein, D-Calif., has said.

Feinstein, along with Sen. Patrick Leahy, D-Vt., and Sen. Mark Pryor, D-Ark., already have introduced legislation to change that portion of the Patriot Act.

A spokesman for Senate Majority Leader Harry Reid said the Nevada Democrat agrees that the law needs to be amended.

In December, Pryor and Sen. Blanche Lincoln, D-Ark., protested the appointment of Tim Griffin as interim U.S. attorney for the Eastern District of Arkansas. Griffin was White House deputy director of political affairs under Karl Rove and also served as head of opposition research for the Republican National Committee.

Pryor said Griffin should have to face a Senate confirmation vote.

"Arkansas has learned firsthand the unintended consequence of a little-known provision in the Patriot Act," Pryor said. "Unfortunately, the spirit and intent in which this provision was constructed has been abused and needs to be corrected."

During the 2006 reauthorization of the Patriot Act a provision was added that bolstered the attorney general's power regarding appointment of replacement U.S. attorneys. In the past, the attorney general had limited authority only to make interim appointments that were valid only for a limited time.

A Justice Department spokesman told the Union-Tribune that the department is not trying to avoid the Senate confirmation process.

"In every case, it is a goal of this administration to have a U.S. attorney that is confirmed by the Senate," spokesman Brian Roehrkasse said. "It is wrong for a member of Congress to believe that this is in any way an attempt to circumvent the confirmation process."

Of 11 U.S. attorney vacancies since the attorney general gained the authority to make the appointments in March, the Bush administration has nominated four people and interviewed seven others, all of whom are expected to complete the confirmation process, according to the Justice Department.

Review-Journal writer Molly Ball and the Stephens Washington Bureau contributed to this report.

Politicizing Prosecutors (NYT)

The New York Times, January 15, 2007

The Bush administration has appointed an extreme political partisan as the new United States attorney for Arkansas. Normally, the Senate would have vetted him, and quite possibly blocked his appointment. But the White House took advantage of a little-noticed provision of the Patriot Act, which allows it to do an end run around the Senate.

It is particularly dangerous to put United States attorneys' offices in the hands of political operatives because federal prosecutors have extraordinary power to issue subpoenas and bring criminal charges. The Senate should fix the law and investigate whether such offices in Arkansas and elsewhere are being politicized.

H. E. Bud Cummins, the respected United States attorney in Little Rock, recently left office. He has been replaced on an interim basis by J. Timothy Griffin, who has a thin legal record but a résumé that includes working for Karl Rove and heading up opposition research for the Republican National Committee. Senator Mark Pryor, Democrat of Arkansas, wanted to raise concerns about Mr. Griffin's appointment as part of the confirmation process. But he couldn't because there was no confirmation process.

Mr. Pryor, Senator Dianne Feinstein, Democrat of California, and Senator Patrick Leahy, Democrat of Vermont, have accused the Bush administration of "pushing out U.S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation." The San Diego Union-Tribune has reported that San Diego's United States attorney was asked to resign, and that even some of her opponents "said the supposed reasons she is being forced out are perplexing."

There could be unsavory political reasons for putting a party operative in charge of federal criminal investigations in Little Rock, which has been home to two possible presidential candidates, Hillary Clinton and former Gov. Mike Huckabee. But it is not necessary to leap to extravagant conclusions. United States attorneys are so powerful that their impartiality must be beyond question. One way to ensure that is to require them to submit to questions from the Senate, and face a confirmation vote.

Senators Feinstein, Leahy and Pryor have a bill to change the method for selecting interim United States attorneys back to what it once was: the federal district court in the jurisdiction would make the appointment. Congress should pass that bill, and take a hard look at how vacancies are being filled. There might not be fire where the senators see smoke. But Congress should not take any chances.

CORPORATE SCANDALS:

H-P Leak Probe Brings Guilty Plea (WSJ)

By REX CRUM And PETER WALDMAN

Wall Street Journal, January 15, 2007

An investigator linked to the Hewlett-Packard Co. boardroom-spying scandal has pleaded guilty to federal charges and is offering to cooperate with a U.S. investigation of the case.

Bryan Wagner, 29 years old, of Littleton, Colorado, on Friday entered the plea before Judge Jeremy Fogel in the U.S. District Court for the Northern District of California, in San Jose. Mr. Wagner, the first to be targeted by the U.S. Justice Department in the scandal, admits being one of the outside investigators involved in the leak probe at Palo Alto, California-based H-P.

The investigators obtained private phone records of company directors, reporters and others to help determine the source of boardroom leaks. Patricia Dunn resigned as H-P chairman because of her role in the probe, which was disclosed in September and has also prompted charges that participants violated California laws.

Steven Naralti, Mr. Wagner's attorney, said his client dealt with intermediaries and never communicated directly with H-P officials. But he said Mr. Wagner can provide important evidence for prosecutors.

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Federal prosecutors said Mr. Wagner pleaded guilty to a charge alleging that conspirators, using email accounts, established online telephone service accounts that allowed them to access phone records. Specifically, Mr. Wagner admitted establishing an online account using the Social Security number of a Wall Street Journal reporter to fraudulently access the reporter's personal telephone records.

The charges against Mr. Wagner include one count of conspiracy, which comes with a maximum penalty of five years in prison and a $250,000 fine, and one count of aiding and abetting aggravated identity theft, which comes with a mandatory minimum sentence of two years in prison and another $250,000 fine. He pleaded guilty to both counts in a plea agreement that was filed under seal, according to the U.S. Attorney's office in San Francisco.

Mr. Wagner worked as a subcontractor for Action Research Group of Melbourne, Florida, which itself was hired by Boston-based Security Outsourcing Solutions. Matthew Depante, of Action Research, and Security Outsourcing's Ronald DeLia face four felony charges related to the H-P scandal in California state superior court. Messrs. Depante and DeLia each have pleaded not guilty.

Also facing state charges are Ms. Dunn, and former H-P ethics officer Kevin Hunsaker. Ms. Dunn and Mr. Hunsaker each have pleaded not guilty.

Write to Rex Crum at rex.crum@dowjones.com and Peter Waldman at peter.waldman@wsj.com

U.S. Gets Aid Of Detective In H-P Case (WSJ)

By REX CRUM And PETER WALDMAN

Wall Street Journal, January 16, 2007

An investigator linked to the Hewlett-Packard Co. boardroom spying scandal has offered to cooperate with the Justice Department in its probe involving others in the case, the investigator's lawyer said.

Bryan Wagner, of Littleton, Colo., who entered a guilty plea in connection with the H-P case last week, dealt with intermediaries while working as an investigator for the company and never communicated directly with H-P officials, according to his lawyer, Steven Naralti. Mr. Naralti said Mr. Wagner still can provide important evidence for federal prosecutors, who the attorney said are trying to prosecute other people involved in higher levels of the leak investigation.

The outside investigators obtained private phone records of company directors, reporters and others to help determine the source of leaks from the H-P boardroom. Patricia Dunn resigned as H-P chairman because of her role in the probe, which was disclosed in September and has prompted charges that participants violated California laws.

Mr. Naralti said Mr. Wagner, the first to be targeted by federal prosecutors in the scandal, believes his client can help prove Social Security numbers that were used by investigators in obtaining phone records were provided by H-P employees. Mr. Wagner is accused of using a reporter's Social Security number to obtain private information about that reporter.

The charges against Mr. Wagner include one count of conspiracy, which comes with a maximum penalty of five years in prison and a $250,000 fine, and one count of aiding and abetting aggravated identity theft, which comes with a mandatory minimum sentence of two years in prison and another $250,000 fine.

Write to Rex Crum at rex.crum@dowjones.com and Peter Waldman at peter.waldman@wsj.com

CRIMINAL LAW:

Libby Trial Starts This Week Under Dimmer Spotlight (USAT)

By Bill Nichols, Usa Today

USA Today, January 15, 2007

WASHINGTON — The perjury and obstruction trial of former White House aide Lewis "Scooter" Libby opens Tuesday amid diminished expectations for bombshells from a case that once dominated Washington headlines.

Save for the expected testimony of Vice President Cheney — a first for a sitting vice president in a criminal case, according to presidential historians — the case against Cheney's former chief of staff has lost some of its appeal. "It's going to disappear into the back pages of the newspaper, with the front pages devoted to Bush's new buildup in Iraq," says Paul Light, a presidential historian at New York University.

Libby, 56, is charged with lying to investigators and prosecutors about what he told reporters about former CIA operative Valerie Plame. Libby has pleaded not guilty.

Plame's identity was leaked to reporters around the same time her husband, former ambassador Joseph Wilson, publicly criticized intelligence used by the White House before the Iraq war.

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Special prosecutor Patrick Fitzgerald launched an investigation in December 2003, months after Plame's name and covert status were first revealed in a syndicated newspaper column by conservative columnist Robert Novak.

Former secretary of State Richard Armitage subsequently acknowledged being Novak's source. He said naming Plame was inadvertent. White House deputy chief of staff Karl Rove also talked about Plame to reporters. Neither man was charged.

Libby is one of the highest-ranking Bush White House officials to be tried, and Cheney's expected testimony has become the case's centerpiece, vice presidential historian Timothy Walch says.

"This is unprecedented," said Walch, executive director of the Herbert Hoover Presidential Library. "I think that in part the case is enhanced by the authority and power and prestige that Vice President Cheney brings to his office."

In an interview on Fox News Sunday, Cheney would not say whether he would testify in open court or via videotape.

Cheney described Libby as "one of the finest individuals I've ever known."

Asked whether Libby is honest, the vice president replied, "I believe he's one of the more honest men I know. He's a good man. And I obviously appreciate very much his service on my staff over the years and have very high regard for him and his family."

Cheney's role is crucial for both the defense and prosecution.

Libby has contended he forgot details of his conversations with reporters about Plame because he was so busy with crucial national security matters.

"The defense will try to use (Cheney) to show that there was so much distraction at the time, that they were so busy that whatever (Libby) may have said to the grand jury was a lapse of memory," said Carl Tobias, a law professor at the University of Richmond.

The prosecution plans to show that Libby and the rest of Cheney's office were heavily involved in an effort to discredit Wilson, Tobias said.

The defense's decision to call Cheney will open up possibilities for Fitzgerald in cross-examination. "Who knows where the questions will go," Tobias said.

Libby has long been one of Cheney's key advisers, having worked with him when Cheney was Defense secretary during the administration of the first President Bush. When Cheney became vice president, Libby served as his national security adviser and his chief of staff.

Lawyers for the defense and prosecution could not be reached for comment.

Jury selection is likely to last two or three days. Experts say that despite the publicity surrounding the case, U.S. District Judge Reggie Walton will be able to seat a jury with relative ease.

"News cascades in on you so quickly," said Frank Tuerkheimer, a former federal prosecutor and law professor at the University of Wisconsin. "Most people will remember very little, and what little they do remember will be eclipsed by what they hear at the trial."

Contributing: Wire reports

Trial Is Set To Begin For Former Cheney Adviser (NYT)

By Neil A. Lewis

The New York Times, January 16, 2007

WASHINGTON, Jan. 14 — I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, will go on trial on Tuesday, nearly three years after a C.I.A. operative's name appeared in a newspaper column, setting off a major investigation of who leaked the name and why.

But neither Mr. Libby nor anyone else has been charged with disclosing the name, which might have violated a federal law protecting the identities of Central Intelligence Agency officers. Instead, he faces five felony counts that he lied to a grand jury and the F.B.I. agents investigating the leak.

The situation of Mr. Libby, who once worked at the highest reaches of government power in Washington and now faces the possibility of a long jail sentence, is a vivid example of what has become a contemporary capital cliché: "It's not the crime but the cover-up" that often leads to legal problems for officials in high-profile investigations. The perjury and obstruction of justice charges against Mr. Libby stem not from the leak but from his behavior in the leak investigation.

The trial, expected to last at least a month, may serve as a stage for such intriguing issues as how the administration dealt with critics before going to war in Iraq, the changed relationship between journalists and senior government officials, and the always vexing question about the wisdom of using an independent prosecutor to investigate crimes in an administration.

Among the trial's highlights will be a likely appearance from Mr. Cheney, in what historians believe would be the first time a sitting vice president has testified in a criminal trial. Mr. Cheney would testify for the defense. He is expected to praise Mr. Libby as a public servant and attempt to clothe many of his actions in official vice presidential approval.

In an interview on "Fox News Sunday," Mr. Cheney called Mr. Libby "one of the finest individuals I've ever known." Pressed about his former aide's honesty, Mr. Cheney replied, "I believe he's one of the more honest men I know."

Whatever the nature of Mr. Cheney's remarks, if he testifies, the very fact of his appearance would underscore how the trial has created a deeply uncomfortable moment for the White House. It is a problem not only because a former official faces serious charges, but also because the subject is connected closely with how the administration may have used flawed intelligence about Iraq to justify going to war.

Mr. Libby is charged with lying to a grand jury and the F.B.I. agents investigating the leak of the name of the C.I.A. officer, Valerie Wilson, who was known by her maiden name, Valerie Plame. Her name first appeared in a July 14, 2003, column by Robert D. Novak, saying that she worked at the C.I.A. and was married to Joseph C. Wilson IV, a former ambassador. Only days earlier, Mr. Wilson had written an article that was published on the Op-Ed page of The New York Times, charging that the administration twisted intelligence to build a case to invade Iraq.

Patrick J. Fitzgerald, the top federal prosecutor in Chicago, was assigned to investigate whether anyone violated a federal law that prohibits the disclosure of the names of C.I.A. officers, and whether Ms. Wilson's name was leaked in an effort to discredit Mr. Wilson.

Mr. Libby told the grand jury and the Federal Bureau of Investigation that he had not disclosed information about Ms. Wilson to any journalists. But Judith Miller, then a reporter for The New York Times, and Matthew Cooper of Time magazine told the grand jury that Mr. Libby had indeed spoken to them about Ms. Wilson.

Mr. Libby also testified that he learned of Ms. Wilson's identity from a third journalist, Tim Russert of NBC News, but Mr. Russert is expected to testify that that is false. Prosecutors have said that Mr. Libby learned of Ms. Wilson's identity from administration officials including Mr. Cheney.

Looming over the proceedings is speculation that Mr. Libby would be a plausible if not likely recipient of a presidential pardon if convicted.

Away from the wide-angle political drama, the trial will have its own legal script. Court filings and hearings leading to trial have built two views of the case.

The prosecution view goes something like this:

The only issue that should matter to the jury is whether Mr. Libby lied as charged. To avoid the possibility that he could be charged with violating the law that prohibits disclosing C.I.A. officers' names, he decided to lie about his conversations with reporters about Ms. Plame.

Mr. Libby "had strong reason to believe" that the reporters would successfully resist testifying and that the leak investigation would end inconclusively, as so many others had. He concocted the idea that he had learned of Ms. Wilson's identity from Mr. Russert because he thought Mr. Russert would not testify and contradict him.

The defense case goes like this:

Mr. Libby may never even have mentioned Ms. Wilson's name to Mr. Cooper and Ms. Miller, whose testimony to the contrary may be the result of their remembering their conversations incorrectly. But even if he did talk about her and later deny it, it was an innocent case of remembering inaccurately what was a trivial matter compared with his agenda in the summer of 2003.

In addition to his chief of staff duties, Mr. Libby dealt with issues of vast importance as Mr. Cheney's national security adviser. To demonstrate that, defense lawyers are hoping to present the jury with a picture of Mr. Libby's workaday world, a complicated, fast-moving place in which an issue like naming Ms. Wilson was relatively insignificant.

The judge in the case, Reggie M. Walton of Federal District Court in Washington, has so far weighed in on the side of the government in narrowing the issues to whether Mr. Libby's statements to investigators and the grand jury violated the law.

The trial is also notable for its roster of celebrity witnesses. In addition to Mr. Cheney and Mr. Russert, host of "Meet the Press," Bob Woodward of The Washington Post may testify.

Mr. Woodward has acknowledged that although he did not write about it, he learned the identity of Ms. Wilson in 2003 from the man who turned out to be the source for Mr. Novak.

That source was Richard L. Armitage, a former deputy secretary of state, who acknowledged publicly last August that he had told Mr. Fitzgerald he was the original source.

That disclosure raised questions among Mr. Libby's defenders and others about why Mr. Fitzgerald chose to prolong the investigation when he knew as early as October 2003 that Mr. Armitage was the leaker, and that he had not violated any laws because of the circumstances in which he disclosed Ms. Wilson's name.

To those critics, Mr. Fitzgerald's investigation demonstrated the same problems as those conducted by independent counsels in previous cases who, unchecked by normal constraints, often proceeded until they could charge someone with a "process" crime like perjury.

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At Libby Trial, Power Players Face Uncomfortable Spotlight (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, January 15, 2007

When Vice President Cheney's former chief of staff goes on trial Tuesday on charges of lying about the disclosure of a CIA officer's identity, members of Washington's government and media elite will be answering some embarrassing questions as well.

I. Lewis "Scooter" Libby's case will put on display the secret strategizing of an administration that cherry-picked information to justify war in Iraq and reporters who traded freely in gossip and protected their own interests as they worked on one of the big Washington stories of 2003.

The estimated six-week trial will pit current and former Bush administration officials against one another and, if Cheney is called as expected, will mark the first time that a sitting vice president has testified in a criminal case. It also will force the media into painful territory, with as many as 10 journalists called to testify for or against an official who was, for some of them, a confidential source.

Besides Cheney, the trial is likely to feature government and media luminaries including NBC's Tim Russert, former White House spokesman Ari Fleischer, columnist Robert D. Novak and Washington Post Assistant Managing Editor Bob Woodward.

Special Counsel Patrick J. Fitzgerald's investigation into the leak of CIA officer Valerie Plame's identity became a popular spectator sport in Washington in the summer of 2004, when reporters were first ordered under threat of jail to reveal their anonymous sources in the administration. In October 2005, Libby was indicted on charges of perjuring himself before a grand jury, making false statements to investigators and obstruction of justice (though he was not one of the leakers to Novak, who first disclosed Plame's identity).

U.S. v. Libby boils down to two drastically different versions of the same events in the spring and summer of 2003. The government alleges that Libby was involved in a concerted White House effort to discredit Plame's husband, former U.S. ambassador Joseph C. Wilson IV, who had publicly accused the Bush administration of twisting information he provided on Iraq's nuclear weapons program. Wilson led a CIA-sponsored mission to Niger a year earlier and found no grounds for claims that Iraq was trying to obtain uranium there.

Eight days after Wilson went public with his claims, Plame's identity as a CIA officer appeared in Novak's column.

The defense says that neither Libby nor the White House sought to retaliate against Wilson and that Libby misspoke to investigators looking into the disclosure because he was overwhelmed by a crush of national security and other matters. He has said he had no motive to lie about the details or timing of conversations he had with reporters.

The case has largely played out in below-the-radar court hearings as prosecutors and defense lawyers have mapped the boundaries of the trial. Despite speculation at cocktail parties and in law-firm lunchrooms that Bush would pardon Libby to avoid the spectacle of a trial, the date has arrived.

Presiding U.S. District Judge Reggie B. Walton and lawyers for both sides will begin selecting 12 jurors along with alternates Tuesday. It is not expected to be an easy task, given the heavy publicity and the involvement of two institutions -- the government and the news media -- low in the public's esteem. Preparing for strong feelings from some D.C. residents, Walton has assembled 100 prospective jurors and has a pool of 100 more standing by.

Walton has also girded for intense media coverage, last week issuing unusually strict orders that bar attorneys from commenting publicly during the trial.

Fitzgerald's probe focused on a tense time in Washington, starting in May 2003, when the administration sought to defend its invasion of Iraq even as U.S. troops failed to find weapons of mass destruction, which the administration had cited as one of the main reasons for deposing Saddam Hussein. That month, reporters began writing about anonymous accusations from Wilson that Bush had sold the war to the American public using intelligence Wilson had found to be groundless. Wilson went public with his accusations during the first week of July.

On July 14, Novak published a column identifying Wilson's wife, Plame, as a CIA employee who helped arrange her husband's trip to investigate the Iraq claim. He cited two administration sources.

The government alleges that before Novak's column appeared, Libby set out to discredit and silence Wilson after Cheney shared his irritation about Wilson's claims and Plame's role at the CIA. Libby asked State Department and CIA officials for more information about Wilson's mission and Plame, prosecutors say, then shared Plame's role with a New York Times reporter, Judith Miller. At the time, Miller was trying to defend her own reporting, which had asserted evidence that Iraq had weapons of mass destruction.

"It is hard to conceive of what evidence there could be that would disprove the existence of White House efforts to 'punish' Wilson," Fitzgerald wrote in a court filing last year.

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Later, when a leak investigation was opened, prosecutors allege that Libby lied to FBI agents, telling them that he had learned about Plame from Russert in a telephone call on July 10 or 11 and that he had passed along that information as unconfirmed gossip to two other reporters.

The plainspoken Russert will be a star government witness. He has told Fitzgerald that Libby fabricated parts of a conversation with him. He has said that when he spoke with Libby in mid-July, Plame never came up as Libby complained that MSNBC host Chris Matthews had an antiwar slant.

Russert has said he did not know about Plame until he read Novak's column. A source familiar with the case says his version will be corroborated by testimony from NBC News's former president, Neal Shapiro. Russert told Shapiro about Libby's complaint soon after the call, the source said, saying nothing about Plame.

Miller also will be a key, if hostile, government witness. She chose to go to jail for 85 days rather than reveal her conversations with Libby. After details of her reporting methods were revealed in Fitzgerald's probe, she was assailed by media critics and eventually left the Times.

Another crucial set of witnesses is the eight people who worked in the administration with Libby, who collectively describe him as meticulous about details and keen to obtain and spread information about Wilson and Plame before his July 10 call to Russert.

Randall D. Eliason, a former chief of public corruption cases in the U.S. Attorney's Office, said the evidence appears to make it difficult for Libby to claim forgetfulness. "You have the vice president cutting out a section of the newspaper, circling it and saying, 'Let's find out about this.' You don't rise to the level of being the vice president's chief of staff by letting that kind of thing slip your mind."

The defense contends that Libby forgot how he learned Plame's identity and misspoke when questioned twice by the FBI and twice by a grand jury about his conversations with reporters. He insists that there was no cabal to "get" Wilson and that Cheney wanted him only to rebut what he saw as inaccuracies by Wilson. That Novak first learned about Plame from Richard L. Armitage, then deputy secretary of state and a skeptic of the war, proves there was no conspiracy, the defense maintains.

"Mr. Libby will counter by showing that when he spoke to the FBI and the grand jury, he knew that he was not a source for the public disclosure of Ms. Wilson's employment," his defense lawyers wrote in a recent filing.

Libby's attorneys have said they plan to call Cheney as a witness, presumably to help establish that Libby was indeed engulfed by national security matters and had no motive to lie. It is a bold move, because Cheney would be questioned by prosecutors. Lawyers around town say they would pay for a seat in court when Fitzgerald, one of the best trial prosecutors in the country, cross-examines the vice president, a sharp-tongued debater.

Another key witness for the defense will be Woodward, who after the bulk of the probe was over told Fitzgerald that, a month before Novak's column appeared, he learned of Plame's CIA role from an offhand comment Armitage made while Woodward was interviewing him for a book. He has said he interviewed Libby soon thereafter and cannot rule out the possibility that he talked to Libby about Plame's identity.

That could buttress Libby's claim that Plame's identity was already known by reporters, so there was no reason for him to lie about discussing it with them.

Woodward apologized in November 2005 for not telling his editor about the crucial information, saying he did not want to be drawn into a case in which some colleagues had been threatened with jail for protecting their sources.

Charles Tobin, who heads the media law practice for Holland & Knight, said that the case already has had serious consequences for journalists by forcing them to reveal their sources and that it will continue to hurt newsgathering.

"There's certainly going to be a hesitation among sources as they see this trial unfold and watch what happens with Libby," Tobin said. "Will they have conversations with reporters if they think those conversations can be used to prosecute them?"

Politics At Forefront In Libby Trial (AP)

By Matt Apuzzo

AP, January 16, 2007

Potential jurors in the perjury trial of former White House aide I. Lewis "Scooter" Libby likely will be asked their opinions of the Bush administration, political scandals and the Iraq war Tuesday, foreshadowing the political tenor of a lengthy trial.

Libby is accused of lying to investigators about his conversations with reporters regarding outed CIA officer Valerie Plame. Plame's identity was leaked to reporters in 2003 after her husband criticized the Bush administration's prewar intelligence on Iraq.

The leak touched off a political firestorm and an FBI investigation that Libby is accused of obstructing.

Attorneys for both sides recognize the politics behind the case and have proposed questions for jurors about their views on government, politics and the media.

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The answers will be critical for Libby, a Republican who served as an adviser to President Bush and chief of staff to Vice President Dick Cheney. The jury is being drawn from a city where Democrats outnumber Republicans more than nine to one.

"What is your political party preference? Democrat, Republican, Independent or other?" defense attorneys wrote on their list of proposed jury questions.

"Please describe any feelings you have about Vice President Cheney," they also asked.

U.S. District Judge Reggie Walton has not released his final list of questions but has indicated that such political questions are needed to select a fair jury.

Walton will put those questions to a group of about 60 potential jurors Tuesday. Each juror will then take the stand for follow-up questions from defense attorneys, prosecutors and the judge.

Special Prosecutor Patrick Fitzgerald's proposed list includes questions about what newspapers and magazines jurors read and where they get their news. Fitzgerald also wants to know whether their opinion of Libby's former job would make it hard for them to be fair.

Defense attorneys are even more pointed in their proposed questions. Among those on their list:

· "Based on what you know at this time, do you believe that the Administration misled the American people to justify going to war?"

· "Have you been following any of the recent political scandals involving Jack Abramoff, William Jefferson, Tom DeLay, Cynthia McKinney, or Mark Foley?"

· Do you have particularly strong feelings about the war in Iraq?

· Based on what you know at this time, do you believe that the administration misled the American people to justify going to war?

All jurors are routinely asked whether they have criminal records. In the Libby case, Walton has said the jurors will also undergo criminal background checks. Fitzgerald requested the background checks because, during his prosecution of former Illinois Gov. George Ryan, two jurors were replaced because they had police records. Defense attorneys are using that to challenge Ryan's conviction and Fitzgerald doesn't want to face the same problem in the Libby case.

Walton expects jury selection to take two to three days and has scheduled opening arguments to begin Monday. The trial is expected to last four to six weeks.

The trial should give the public glimpses of how Bush administration insiders responded to a high-level critic — former ambassador Joseph Wilson — who claimed the president and his closest advisers distorted intelligence and lies to push the nation into war with Iraq.

The case won't assess blame for the leak itself, however. Former Deputy Secretary of State Richard Armitage, who has acknowledged being the original leaker, has not been charged.

Libby plans to be his own star witness. He says he didn't lie to investigators. During the Plame scandal and the FBI investigation, he says he was dealing with terrorist threats, the war in Iraq and emerging nuclear programs in Iran, North Korea and Pakistan. He says those overshadowed the Plame issue and clouded his memory about how and when he learned Plame's identity.

Libby Trial To Open With Eye On Cheney (WT)

By Joseph Curl

The Washington Times, January 16, 2007

A Chicago prosecutor charged with investigating the leak of a CIA operative's identity targeted senior White House adviser Karl Rove, casting a net so wide that journalists and legal analysts speculated it might ensnare Vice President Dick Cheney.

But all he got was Mr. Cheney's chief of staff.

Today, jury selection begins in the case against I. Lewis "Scooter" Libby, who faces perjury and obstruction of justice charges in the investigation of the leak of Valerie Plame's identity to reporters.

The trial is expected to include testimony by several high-profile journalists and Mr. Cheney, marking the first time a sitting vice president has testified at a criminal trial.

Opening arguments are scheduled for Monday.

Mr. Cheney, who has steadfastly defended his former aide, says he likely will testify in the case, but he did not say whether it will be in open court or via television.

Attorneys for Mr. Libby, 56, who faces 30 years in prison if convicted, say the identity of Mrs. Plame was not leaked to reporters as part of a high-level White House conspiracy to retaliate against her husband, former U.S. Ambassador Joseph C. Wilson IV, a critic of the Iraq war.

During preliminary arguments, defense attorneys have laid out their strategy: Mr. Libby, in his sworn testimony to prosecutors, could not recall details of his conversations with reporters because of far more pressing matters, including the war in Iraq, worldwide terrorist threats, and nuclear ambitions of Iran, North Korea and Pakistan.

The trial is the culmination of a saga that stretches back to July 2003, when Mr. Wilson accused Mr. Rove of outing his wife to punish him for an opinion piece he wrote for the New York Times. Mr. Wilson, who wrote that the administration had exaggerated the threat posed by Iraq to justify military intervention, demanded that the president's top political adviser be "frog-marched out of the White House."

Special prosecutor Patrick J. Fitzgerald has since spent more than $1.4 million on his investigation, which has not produced charges against anyone for exposing Mrs. Plame as a CIA employee.

In September, former Deputy Secretary of State Richard L. Armitage, who openly criticized the war, acknowledged that he had inadvertently divulged Mrs. Plame's identity. Mr. Armitage has not been charged.

The identity of Mrs. Plame was first made public by conservative columnist Robert Novak. Years later, after the investigation was complete and indictments handed up, Washington Post reporter Bob Woodward said he also was told of her identity in the weeks before the Novak column was published. "Meet the Press" host Tim Russert was also in the loop, but he said he and Mr. Libby never spoke of Mrs. Plame.

All three newsmen are expected to be called during the trial, which is expected to run at least a month.

The makeup of the jury will be crucial to Mr. Libby, but his attorneys have a difficult task: In Washington, Democrats outnumber Republicans 9-to-1. Defense attorneys plan to ask prospective jurors about their political affiliations, as well as their sentiment of Mr. Cheney, according to their list of proposed jury questions.

Mr. Fitzgerald plans to ask about 60 potential jurors what newspapers and magazines they read, among other questions.

U.S. District Judge Reggie Walton, a Republican who was one of Mr. Bush's first judicial nominees in 2001 and who served as deputy drug czar under the first President Bush, has made clear that he will limit arguments to facts and will not allow the proceedings to turn into a circus trial.

Political Theater Awaited At Libby Trial (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 16, 2007

WASHINGTON — By his own account, I. Lewis "Scooter" Libby was a very busy man on July 10, 2003.

That day, according to his calendar, he had a senior staff meeting; an intelligence briefing with his boss, Vice President Dick Cheney; a CIA briefing; and lunch with Cheney and then-House Speaker J. Dennis Hastert (R-Ill.).

He was reviewing more than a dozen terrorist threats and checking up on trouble spots around the globe, such as the ouster of Liberian president Charles Taylor and North Korea's escalating plans for developing nuclear weapons.

Libby also had been busy talking with reporters about a CIA operative who was married to an emerging critic of the Bush administration's march to war in Iraq. On that day in July, he said he had one such conversation, with Tim Russert of NBC News.

Libby goes on trial in U.S. District Court here today, charged with lying to a grand jury about the conversations he had with Russert and other reporters and, in the process, obstructing a federal investigation.

His defense is a novel one: that he was so preoccupied with life-or-death affairs of state that it affected his ability to accurately recall events for federal investigators.

Prosecutors have a simpler explanation: He lied.

The "faulty memory defense," as U.S. District Judge Reggie B. Walton has called it, is just one intriguing aspect of what promises to be one of the most remarkable trials in Washington in years.

Expected to last six weeks, the trial is likely to provide a glimpse into how the White House responded to critics of its Iraq war policies. It will also include testimony from Cheney, marking the first time that a vice president has appeared in a criminal trial.

At a time when most high-profile Washington criminal defendants cop pleas to avoid the glare of the courtroom, the case should provide a rare display of political theater, a throwback to the days of Watergate and the Iran-Contra arms-for-hostages scandal, which played out in the same federal courthouse where Libby's fate will be decided.

The politically charged case against Libby may be the closest thing that critics of the Bush administration ever get to a public trial dealing with the justifications for the Iraq war.

While Walton has made it clear that he intends to keep the case narrowly focused on questions of whether Libby lied, legal experts say it may be difficult for the jury to leave behind their feelings about the war.

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Libby helped make the case for invading Iraq. Cheney is one of the most polarizing figures in the administration, even among Republicans. And the 12 jurors who will be selected starting today will be drawn from a city where registered Democrats outnumber Republicans 10 to 1.

"In most cases, politics are irrelevant. But this case is political," said Carolyn Koch, a Fairfax, Va., jury consultant. "People are so inflamed about the war in Iraq, and here they have a target in front of them. It is an opportunity to vent some anger.

"If I were Scooter Libby, I would be concerned. That does not mean you are guaranteed to be convicted. But it means you have an uphill battle."

The trial is the culmination of a three-year investigation that began with a July 14, 2003, article by syndicated columnist Robert Novak.

Novak took on former envoy Joseph C. Wilson IV, who had just written an op-ed piece in the New York Times that cast doubt over Bush's assertion in his 2003 State of the Union address that Saddam Hussein was seeking to acquire weapons-grade uranium from Niger. The CIA had sent Wilson to Niger in February 2002 to evaluate reports of sales of nuclear material. Novak suggested in his column that the trip was based on nepotism. Citing administration sources, he wrote that Wilson's wife, Valerie Plame, worked at the CIA on weapons of mass destruction issues.

In December 2003, the Justice Department appointed U.S. Atty. Patrick J. Fitzgerald in Chicago as special counsel to investigate whether laws making it a crime to divulge the status of a covert operative were broken.

Fitzgerald turned up evidence that the White House was greatly concerned about Wilson, to the point that Bush declassified a national intelligence document to rebut claims the former envoy was making about Africa. The prosecutor also obtained evidence that other officials, including White House political director Karl Rove, had discussed Plame with journalists before her name was published.

But Fitzgerald never charged anyone with breaking the law that protects covert agents. And he continued to investigate even after learning early on who had leaked Plame's identity to Novak. That person, former Deputy Secretary of State Richard L. Armitage, was not charged. Fitzgerald has not said why, although it could be because the law can be used only against someone who knowingly discloses the name of a covert agent whose identity officials are actively trying to protect.

Libby was indicted in October 2005 on charges that he lied under oath about conversations with three reporters about Plame. In testimony, he had acknowledged talking with the reporters about Plame, but said he was passing along tips he had heard from other reporters, including Russert.

But Russert has testified that he was not the source, and the other journalists have said it was Libby who told them about Plame. And Fitzgerald turned up evidence that Libby was assiduously gathering information about Wilson and Plame and learned her identity through a number of sources, including Cheney.

Fitzgerald has said that Libby's testimony set the investigation back months.

The government is expected to call the reporters, then-Time magazine White House correspondent Matthew Cooper, former New York Times reporter Judith Miller, and Russert. Others expected to testify for the prosecution include former White House Press Secretary Ari Fleischer, who, according to court documents, had a conversation over lunch where Libby told him about Plame but stressed that the information was "on the q.t."

Libby, who is represented by three major law firms and backed by a legal defense fund that has raised millions, is expected to call other journalists with whom he spoke during that period to show that he did not disclose information about Plame to them or that her identity had become widely known.

He is also expected to challenge the testimony of Cooper and Miller. Each had initially resisted cooperating with Fitzgerald in talking about conversations they had with Libby because they considered him a confidential source they wanted to protect. Miller spent 85 days in jail for contempt before cooperating.

But mainly, Libby is betting on what one lawyer calls his "busy man defense." Walton has said that Libby plans to use "a dizzying panoply" of information to make the point, including CIA-scrubbed summaries of classified information.

"The defendant anticipates using 'dots' on a PowerPoint presentation to show that during the time period critical to the indictment he was presented with several hundred other pieces of classified information," the judge said in an order last month. The defense is unusual because Libby is in essence admitting that he may not have told the truth, which lawyers said is a risky gambit in perjury cases, where defendants usually argue that what they said was technically true or that they were confused by the questions posed to them.

They said they could not recall another case where it had been tried in court, although it has been tried in the court of public opinion. In the 1980s, President Reagan denied trading weapons for hostages in the Iran-Contra affair, but later recanted when confronted with evidence that he did, citing a memory lapse.

Some experts said Libby runs the risk of appearing to believe he's above the law.

"A D.C. jury is quite likely to have its share of people with lower-level government jobs who don't take kindly to self-important claims that the press of business makes it unnecessary to focus on precisely what one says to government investigators and in the grand jury," said Daniel Richman, a former federal prosecutor who teaches criminal law at Fordham Law School.

But others said they could sympathize with Libby's claim.

"I think that people who have been around government will regard this … as not being a frivolous defense," said Stephen Saltzburg, a George Washington University law professor and former Justice Department official. "I can remember myself, there were days in the Justice Department you would be dealing with a different issue every 15 minutes. If someone asked me a week later … who I talked to a week earlier … I could easily have been wrong just because there was so much going on."

Jeffrey Frederick, a Charlottesville, Va., jury consultant, said the test for Fitzgerald would be showing that the conversations with journalists dealt with a subject that was so important that a reasonable person would have remembered it. That could be tough for Libby to overcome because the subject matter was the war and Wilson — whom the White House clearly had concerns about.

"We are not talking about whether you had tuna or sirloin on a Friday night," Frederick said.

Cheney Calls Ex-Aide Libby 'Honest' (AP)

AP, January 15, 2007

Vice President Dick Cheney called his former chief of staff, who goes on trial this week in the CIA leak case, "one of the more honest men I know" and said Sunday he expects to testify for the defense.

I. Lewis "Scooter" Libby faces charges of perjury and obstruction of an investigation into the leak of a CIA officer's identity to reporters.

Cheney would not say whether he would testify in open court or possibly via videotape.

"I have indicated from the very beginning my wholehearted cooperation with the investigation and with whatever legal proceedings emerge out of that. And this will all unfold here in the very near future," he said.

Jury selection is to begin in Washington on Tuesday in a trial that should give the public glimpses of how Bush administration insiders responded to one high-level critic — former ambassador Joseph Wilson — who claimed the president and his closest advisers distorted intelligence and lied to push the nation into war with Iraq.

It will be the first time a sitting vice president has testified at a criminal trial, historians say.

Cheney described Libby as "one of the finest individuals I've ever known." Asked in a broadcast interview if Libby is honest, the vice president replied: "I believe he's one of the more honest men I know. He's a good man. And I obviously appreciate very much his service on my staff over the years and have very high regard for him and his family."

Libby's lawyers say the public disclosure of the identity of Wilson's wife, Valerie Plame, resulted not because of a grand conspiracy, but rather because of political infighting among the CIA, the White House and the State Department over intelligence failures on Iraq.

Libby plans to testify about the other things he had on his mind when Plame was outed and when the FBI questioned him. He says terrorist threats, Middle East tensions, the war in Iraq and emerging nuclear programs in Iran, North Korea and Pakistan overshadowed the Plame issue and clouded his memory about how and when he learned Plame's identity.

Libby's lawyers say they plan to call Cheney, who can bolster claims that Libby had more pressing things on his mind than Plame.

Wilson says the information about his wife was leaked on purpose as retaliation and was part of an effort to silence other critics in the intelligence world.

The special prosecutor, Patrick Fitzgerald, spent three years investigating that claim but filed no charges based on the leak itself. He says his work is done except for trying Libby, who resigned after being indicted in October 2005.

Given that Libby probably will be the only official charged in the leak investigation, Cheney said, "I have strong views on the subject. I am likely to be a witness in this trial. It would be inappropriate for me, at this point, shortly before the trial begins, to enter into a public dialogue ... about my views on this issue."

The vice president replied, "That's correct," when asked if nothing he had heard or read would shake his confidence in Libby's integrity.

NYC Has Three Capital Trials All At Once (AP)

By Tom Hays, Associated Press Writer

AP, January 15, 2007

DOJ_NMG_0116518

NEW YORK (AP) - At one point last week, a cop killer, a notorious druglord and a defendant portrayed by prosecutors as a one-man crime wave were fighting for their lives in the same federal courthouse in Brooklyn in an unusual confluence of three death penalty trials under one roof.

A fourth capital trial involving a triple-murder defendant has opened in Manhattan federal court as well.

"It's totally unprecedented to have two, let alone four cases going on at one time in one city," said Kevin McNally, a death penalty expert.

Death penalty opponents have complained that starting with President Bush's first attorney general, John Ashcroft, officials in Washington began rubber-stamping the pursuit of the death penalty in federal cases, particularly in states with no capital punishment laws of their own. In New York, the state's highest court declared the state death penalty statute unconstitutional in 2004.

While the volume of state death penalty cases around the country has decreased in recent years, federal cases have multiplied, said Richard Dieter, executive director of the Death Penalty Information Center.

One result: There are now 46 inmates on the federal death row _ more than double the total in 2000; three, including Timothy McVeigh, have been put to death since 2001.

One of the three men on trial in Brooklyn, Martin "Sassy" Aguilar _ who prosecutors say robbed drug dealers, shot at couples parked in cars for kicks and once killed a man by stabbing him with a screwdriver _ was spared Friday when a jury could not reach the required unanimous verdict on whether he should be executed. That means Aguilar, 33, will automatically get life in prison without parole.

But the death penalty docket in Brooklyn is far from done: Two more capital trials are scheduled to begin in the spring.

Previously, only three capital cases had been tried in Brooklyn since 1994, when Congress dramatically broadened the federal death penalty statute.

Brooklyn U.S. Attorney Roslynn Mauskopf declined through a spokesman to discuss the cluster of cases. Justice Department spokesman Erik Ablin said only that the department has a vigorous, closed-door review process designed to apply the federal death penalty "fairly across the country."

The other capital-case defendants in New York could take some solace in the fact that New York juries are reluctant to impose death. The last time a federal death sentence was imposed in the city was for a bank robber who killed an FBI agent _ in 1954. New York state has not executed anyone since 1963.

Defense attorneys in New York say a blatant example of the federal government's hunger for a death sentence was seen last March, when prosecutors announced they were pursuing capital cases against five defendants _ including a mother accused of being a lookout in a murder _ in the case against a notorious crack kingpin, Kenneth "Supreme" McGriff. Less than two weeks later, the prosecutors reversed themselves without explanation, saying McGriff alone would face death.

McGriff's lawyer, David Ruhnke, called the maneuvering "simply absurd."

Today, McGriff sits in a courtroom on the 10th floor of the Brooklyn courthouse, accused of paying $50,000 to have two rivals gunned down in 2001 in an alleged encore to his criminal career.

McGriff, 46, emerged from prison in the 1990s and sought to turn his life around by producing music and movies with the help of Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label, his lawyer said. But prosecutors allege the defendant laundered more than $1 million in drug money through the label.

If a jury convicts McGriff of murder conspiracy and other charges, the panel will be asked to decide whether he should be executed.

Another jury will begin the penalty phase this week in the trial of Ronell Wilson, 23, convicted last month in the execution-style slaying of two police officers during an undercover weapons buy.

A third jury convicted Aguilar, a drug-dealing member of the Latin Kings street gang, last month of shooting a man in the head to pay off a debt to a cocaine supplier. A gravedigger testified that he helped the defendant dump the body down a cemetery storm drain _ "We heard a splash" _ where it was found rotting a year later.

Aguilar also stabbed a fellow inmate before going to court for jury selection, said prosecutor Todd Harrison. "He's committed virtually every kind of crime known to our society," Harrison said.

Aguilar's lawyers sought to persuade jurors to spare his life with testimony from his mother about his rough upbringing. His mother testified that his father slaughtered his pet rabbit to discourage him from becoming a veterinarian and complained that his "Sassy" nickname was "too girly."

The defendant "has a kernel of good in him and if his life is spared, that kernel will grow," defense attorney Lou Freeman told the jury.

The anonymous jurors deliberated for six hours before voting 10-2 against death.

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"As for taking a life, we don't have that right," a woman on the jury said afterward. "God put us here and God should take us."

'Cub Fan Bandit' Only The Latest In Long Line Of Chicago Robbers (WP)

By Kari Lydersen

The Washington Post, January 16, 2007

CHICAGO -- Maybe it's not surprising that, in a city famous for bank robbery, two brazen bandits practice their craft with a show of civic pride.

The Chicago Bandit, responsible for at least eight heists, is known for his blue ball cap inscribed with the city's name. The Cubs Fan Bandit, wanted in three robberies, wears headgear celebrating a local baseball team.

Metropolitan Chicago logged a record number of bank robberies in 2006, for the second year in a row. The 284 holdups surpassed the 2005 record of 240. How busy was it? On Sept. 25, a downtown bank was hit twice.

And 2007 is off to a fast start, with six robberies by Jan. 9.

No one really knows why, but the FBI speculates that multiplying storefront and grocery-store branches provide attractive targets.

Chicago is not alone: Los Angeles, New York and Dallas also experienced more bank robberies last year. Dallas County had 145 bank robberies in 2006, up from 64 the year before.

"To have that many in this area is astronomical," said Dallas FBI spokeswoman Beverly Esselbach.

Los Angeles -- "the bank robbery capital," according to FBI spokesman Bill Carter -- led the country with 470 bank robberies, up from 455. L.A. robbers included the camera-toting Paparazzi Bandit, who was known for photographing tellers, and the Goofy Hat Bandit, who wore a black fedora. Washington's total jumped to 50, from 26 in 2005.

New York's total of 290 was up from 229 the year before, but FBI spokesman Jim Margolin said the city's decline in armed heists with the potential for violence is more significant than the uptick in nonviolent "note jobs."

The trend in armed bank robberies "has been down in recent years," he said, noting that there were 45 robberies with a clearly armed assailant in 2005 and 28 in 2006. "We hesitate to speculate why, but some think there's a correlation with the economy or demographics. The aging of the population means a decrease in the male 18- to 30-year-old population, which criminologists believe is responsible for most crimes."

Melvena Cooke certainly doesn't fit that profile. Cooke, 79, is charged with trying to rob a downtown Chicago bank in September with a toy gun. Cooke, who was wearing a visor saying "Princess," left without any money and was quickly arrested.

Several high-profile Chicago suspects were caught in 2006, including the Harry Caray Bandit, who dressed up like the beloved late Cubs announcer, and the Panama Jack Bandit, wanted in 10 robberies and known for wearing a straw hat.

Yates said the FBI increasingly relies on the public's help to catch suspects, because improved surveillance camera technology makes it easier to circulate images of suspects, and FBI resources have been diverted to anti-terrorism duty.

The Goatee Bandit, suspected of 13 robberies, was caught after being featured on a "Chicago's Most Wanted" segment on Fox News. In November, three witnesses caught a suspected bank robber, stained with an exploded dye pack, who was fleeing through an alley. They held him until police arrived.

But the FBI is still searching for a number of Chicago serial robbers. An armed, aggressive suspect nicknamed the Wheaton Bandit tops the list, with at least 16 robberies netting more than $100,000 in the past four years. The FBI is offering $25,000 for tips leading to his arrest. The robber, thought to have military or law enforcement training, enters suburban banks wearing a mask and carrying a gun, then orders everyone to the floor.

Chicago federal agents also want to nab the Carjack Bandit, who steals getaway cars from bank employees or customers; the Newspaper Bandit, who wraps stolen money in a local paper; and the Hardhat Bandit, who has worn a yellow construction helmet in at least five robberies. "Maybe he does it on his way home from work," Chicago FBI spokeswoman Cynthia Yates said.

Chase, the most-robbed bank company in Chicago, has tried to improve security, including adding more bulletproof glass to its facilities, spokeswoman Calmetta Coleman said.

But fatalities in bank robberies are rare; in Chicago last year, there were no deaths or serious injuries. It is not a particularly lucrative crime, with most robbers netting only a few thousand dollars and facing about 75 percent odds of getting caught, Yates said.

Chicago robbers are continuing a long tradition. The city was where Depression-era bandit John Dillinger, perhaps the nation's most famous bank robber, was gunned down in an alley in 1934 after being betrayed to federal agents by a companion.

Other notorious robbers included "Baby Face" Nelson and George "Machine Gun" Kelly. Even current City Council member Walter Burnett Jr. served two years in prison as a young man for his role as a getaway driver in a bank robbery. He was later granted clemency.

Fraud Cases Are Rising, F.B.I. Says (NYT)

By Bob Tedeschi

The New York Times, January 16, 2007

MORTGAGE fraud has continued its climb over the last year, according to new statistics from the Federal Bureau of Investigation, despite increased attention from the financial industry and law enforcement agencies.

"We recognize it's a growing problem, so we've redoubled our efforts to work with the industry and other law enforcement agencies to address it," said William Stern, the F.B.I.'s mortgage fraud coordinator. "We're seeing it spill over to things like organized crime and gangs, which concerns us, too."

Mr. Stern said that as of early January, the bureau had 938 pending mortgage-fraud investigations, compared with 818 at the end of September and 721 in September 2005. The F.B.I. estimated that the actual number of cases was closer to 36,000 for the year ended Sept. 30, compared with 22,000 the previous year.

The bureau's cases typically involve so-called "fraud for profit," which happens when criminals seek to make off with the funds from a loan. Criminals will buy a house, often using a stolen identity, from a legitimate seller, then immediately put the house up for sale. Others in the crime ring will then pose as buyers and work with a corrupt appraiser to assign an inflated value to the house. After finding a mortgage at the inflated value, the buyers split the proceeds from the fraudulent mortgage with the sellers.

The other major category of mortgage fraud involves "fraud for property." In these cases, borrowers typically inflate their incomes on mortgage applications so that they can qualify for loans that would otherwise be outside their reach. Although borrowers can be held legally liable for misstatements, that rarely happens since the authorities say it is much more important for them to pursue "fraud for profit" cases.

Mr. Stern said lenders and other victims were losing bigger amounts to mortgage fraud rings. This year, the F.B.I. began closely tracking victims' losses and found that in 54 percent of the cases they lost more than $1 million. "We've seen a steady rise in both the complexity of the cases and the loss amounts," he said.

Borrowers not directly involved with mortgage fraud might not notice the effects of such crimes, since lending institutions can absorb the financial damage or compensate for the losses in subtle ways. But people who live in areas where mortgage fraud is a problem can be hit hard, said Ann Fulmer, the vice president for industry relations at Interthinx, a mortgage-fraud consultancy in Agoura Hills, Calif.

Before she entered the field, Ms. Fulmer helped uncover a mortgage-fraud ring in Stone Mountain, Ga., an Atlanta suburb, in 1996. The criminals bought 21 of the 2,200 houses in her subdivision — in fact, some who lived only three doors away had also committed violent crimes, she said.

Aside from safety concerns, Ms. Fulmer said, neighborhoods victimized by fraud suffer tax consequences. Assessors, she said, often do not recognize illegitimate transactions and assess neighborhoods at valuations similar to the inflated ones paid in the fraud schemes.

Jay H. Meadows, the chief executive of Rapid Reporting, a Fort Worth company that helps lenders identify potentially fraudulent mortgage applications, said lenders were now putting considerably more effort into preventing fraud than five years ago. But at the same time, Mr. Meadows said, lenders have more aggressively marketed products like stated-income loans that are more open to abuse.

With such mortgages, self-employed applicants and others who do not receive W-2 income statements can choose to estimate their annual income for lenders, who have limited means — or, critics say, willingness — to verify the estimates.

Mr. Meadows said criminals used such mortgages to qualify for loans they had no intention of repaying. "It's like putting $200 on your windshield," he said of lenders who fail to verify applicants' incomes. "I'd hardly call that theft. I'd call that charity."

Mortgage Fraud's New Super Sleuths (KCS)

By Mark Morris

The Kansas City Star, January 16, 2007

Mortgage fraud is being called the country's fastest-growing white-collar crime.

It costs lenders more than $1 billion a year and has turned increasing numbers of federal agents into experts on real estate paperwork. These days, they quickly crack cases that once took years to work, experts say.

Two Kansas City politicians recently learned just how quickly.

The very day last fall when then-Jackson County Executive Katheryn Shields and her husband signed paperwork selling their home, an FBI agent notified them they were the targets of a criminal investigation involving the sale.

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The documents purportedly showed that the $475,000 house they purchased in 1999 somehow was worth a $1.2 million mortgage in 2006.

Agents also wrapped up an investigation of City Councilwoman Saundra McFadden-Weaver just months after she unsuccessfully tried to refinance a $400,000 Lee's Summit home. According to prosecutors, McFadden-Weaver had purchased it even though she had no plans to live there or make payments.

By contrast, the largest previous high-profile case in this area, involving a Belton real estate investor, took years to develop.

Shields, who is campaigning to be Kansas City's mayor, and McFadden-Weaver have pleaded not guilty to conspiracy and wire fraud charges and have denied all wrongdoing. Shields, a Democrat, said she was the target of "political terrorism" by appointees in the Republican Bush administration. McFadden-Weaver said she innocently was trying to help a needy acquaintance in a real estate transaction.

Though these high-profile defendants cast new light on mortgage fraud, it already was a regular docket item in Kansas City and in federal courthouses throughout the country.

Mortgage fraud occurs when somebody lies or misrepresents a fact on a statement that a lender uses to make a loan. Banks and mortgage lenders generally are the prime victims when loans are not repaid, but the fallout from a large-scale scam also can devastate individual investors, who sometimes must file for bankruptcy.

Communities also suffer when swaths of properties sucked into a scheme go vacant and deteriorate as they fall into foreclosure.

Estimates of mortgage fraud losses vary widely, but experts said trend lines pointed up. Although schemes can prosper during good times — such as the recent mid-decade boom when as much as $2.5 trillion in mortgage loans were made each year — they also can flower as the market cools.

"Fraud is always most prevalent when the market is at its worst," said Shana Sowles, president of the Kansas Association of Mortgage Brokers and vice president of Person to Person Mortgage in Overland Park. "You have more desperate players."

Rachel Dollar, a West Coast lawyer whose mortgage fraud blog is widely read in the financial industry, has closely watched the Kansas City area the last few years. The charges against Shields and McFadden-Weaver reflect how agile federal investigators have become in pursuing cases, she said last week.

"I used to see indictments coming four or five years after the fraud," she said, "but now we're seeing them within a year."

A fraud 'hot spot'

Although mortgage fraud has interested investigators and prosecutors for some time, the crime's increasing prominence has focused their attention sharply in the past four years.

Mortgage fraud reports nearly doubled between 2003 and 2004, according to a Treasury Department study in November of "suspicious activity reports" filed by banks and other heavily regulated financial institutions.

That increase continued a longer-term trend that saw a 1,411 percent jump in reports between 1997 and 2005.

Testifying before a Senate committee last month, FBI director Robert S. Mueller III estimated the loss to lending institutions at more than $1 billion a year. Others called this a conservative estimate because much of the mortgage industry was not required to report fraud.

"We're in our infancy in being able to quantify the problem," said Corey Carlisle, senior director for government affairs at the Mortgage Bankers Association. "It's a big problem that we all need to take seriously."

Observers see the impact far beyond financial balance sheets.

Two years ago, fraud in Atlanta had gotten so bad that honest appraisers found it impossible to estimate what homes in some neighborhoods were worth. Real estate agents stopped listing homes in those areas.

Legislators finally made Georgia the first state to enact a law specifically criminalizing mortgage fraud and allowing scam artists to be charged with racketeering.

In recent years, authorities nationally have ranked Missouri as one of the top 10 "hot spots" for mortgage fraud, per capita, in the country.

Federal prosecutors in Kansas City have alleged more than $50 million in fraudulent loans in cases filed since 2004. The FBI counts a Kansas City conviction as one of its most significant successes in the national fight against mortgage fraud.

Belton real estate investor Brent Barber purchased about 300 properties, bought inflated appraisals for them and obtained straw purchasers, who were paid $2,000 for participating. After the straw purchasers made no loan payments, the properties went into foreclosure. By then Barber had the mortgage proceeds.

In October, Barber was sentenced to more than 12 years in prison and ordered to pay $11.2 million in restitution. He had been indicted in 2004 for deals dating back to the late 1990s.

By contrast, charges in McFadden-Weaver's case came just months after the home she purchased went into foreclosure.

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Dollar described Shields' case as a classic "closing table bust," in which investigators swoop in to kill the deal just minutes after the final paperwork has been signed.

Toward solutions

The surge in cases in recent years has led investigators, regulators, lawmakers and industry groups to consider a number of solutions.

Many think that existing fraud statutes are adequate, but four states — New Jersey, Utah, Oklahoma and Colorado — are considering laws that would make mortgage fraud a specific crime, in part to spur more local enforcement.

In Kansas City, FBI agents have become regular speakers at real estate seminars. Their appearances educate industry professionals about what law enforcement is looking for and also generate occasional leads for investigators to follow.

State regulators also are considering steps to take. Janet Carder, executive director of the Missouri Real Estate Commission, said she and other state officials were considering how to uncover the occasional bad actors who were industry insiders, all of whom had to report at some level to state regulators.

"We're trying to figure out how to connect the dots between the real estate licensees, the real estate appraisers and the financial institutions, and that's not easy," Carder said.

Ultimately, though, the real estate industry must work harder to weed out fraud, and consumers must become better educated about complicated, but legally critical, paperwork they are signing.

John Fougere, a spokesman for the Missouri attorney general's office, said if you don't understand what you're being asked to sign, ask more questions until you're comfortable.

"Take that extra step," Fougere said. "You would be amazed at the amount of grief you can save yourself."

How to avoid fraud

The Kansas Association of Mortgage Brokers offers these tips to consumers to avoid committing mortgage fraud inadvertently:

·Verify that the mortgage company is properly licensed in the state. For Kansas, go to www.osbckansas.org, the state banking commission. For Missouri, go to www.missouri-finance.org, the Missouri Division of Finance.

·Thoroughly read all documents provided by your mortgage company. Question anything that might appear out of order.

·Do not sign the loan application if you aren't comfortable with the information typed on it. Remember, any misrepresentation on the application could result in civil or criminal penalties.

·While the loan is being processed, question anything that appears out of the ordinary.

·At closing, read everything thoroughly. Don't sign if you're uncomfortable with any of the information represented. Review the final loan application to see if there is any incorrect information that might affect your approval, such as an investment property marked as your primary residence or your income is significantly incorrect.

Williams Is Third Guilty In 'Waltz' (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 13, 2007

Federal prosecutor is 'gratified' with verdict

The FBI's Tennessee Waltz undercover sting operation netted its third guilty verdict in as many trials Friday with the bribery and extortion conviction of Calvin Williams, former top aide to the Shelby County Commission.

A federal court jury of six men and six women deliberated 21/2 hours before delivering its decision to U.S. Dist. Court Judge Samuel H. Mays Jr. shortly before noon.

Federal prosecutor Tim Di-Scenza said this and two previous guilty verdicts show the strength of the Tennessee Waltz investigation. There also have been five guilty pleas.

"The significance is that we have a great team of FBI agents working on the case and they've developed extremely compelling evidence to show juries what's been going on out there," DiScenza said. "We're very gratified with the verdict."

Williams, 44, was convicted of soliciting a $1,500 bribe in 2002 to influence the commission's approval of a $100,000 urban renewal grant.

Before the jury returned, Williams shook hands with Di-Scenza and after the verdict said "Good job, guys" to Di-Scenza, prosecutor Lorraine Craig and FBI agents as they headed to an elevator.

"It is not what I wanted, but it is what it is," Williams said of the verdict moments later, still maintaining his innocence. "Whatever it is, it's God's will. I still love Him and I'm sure He still loves me."

Williams technically faces up to 30 years in prison on the two-count conviction when he is sentenced by Mays on April 13, but federal guidelines suggest a sentence far short of that. He said he's ready to face his punishment, however, including incarceration.

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"If that's what the judge has for me, I'll have to do it," he said. "I'm a big boy."

The verdict was the third stemming from the FBI's Tennessee Waltz public corruption investigation, which began in 2002 and has resulted in the indictments of a dozen elected officials or aides.

A key player in the cases has been Williams' former friend and business associate, Tim Willis, a political consultant, aspiring movie-maker and convicted identity theft felon.

Caught in a Juvenile Court inflated-invoice scheme in 2001, Willis began cooperating with the FBI and has played a key role in the convictions of Williams, former state senator Roscoe Dixon and former Hamilton County Commissioner William Cotton of Chattanooga.

In Williams' case, Willis secretly recorded discussions with the defendant about obtaining a grant for the Glenview Community Development Partners and videotaped the $1,500 payment he made to Williams on April 24, 2003.

Williams insisted he exerted no influence over any commissioners, although the tapes presented to the jury showed him boasting of being a major behind-the-scenes political player. Williams insisted on the witness stand that the fee he received from Willis was his legitimate cut from their shared consulting business.

"Tim has managed to defeat Calvin Williams," he said to reporters outside the federal building. "I can't sugarcoat this."

Bruno Bought Stock With Campaign Funds (NYT)

By Mike Mcintire

The New York Times, January 16, 2007

Over the past six years, State Senator Joseph L. Bruno, the majority leader, has invested hundreds of thousands of dollars from two campaign accounts that he controls in at least four Albany-area companies, which have all had personal business dealings with him, a review of state campaign finance records shows.

The investments, though legal, were unusual even for New York, whose election laws are considered relatively lax. While some campaign committees have reported earning interest or dividends from mutual funds, Mr. Bruno, a Republican, appears to be one of only a few lawmakers to use excess campaign funds to make loans to private companies or to buy individual stocks, according to a review of state records.

Mr. Bruno's purchase of stock in a start-up company with volatile prices led him to lose money contributed by supporters. And campaign finance experts say such investments pose the potential for abuse, because it is hard to monitor whether candidates are receiving beneficial treatment from companies.

State campaign finance rules are vague about which details candidates must disclose about investments by their campaign committees. The State Board of Elections does not include investment records in the reports it makes public.

Complicating Mr. Bruno's case is the fact that he had personally invested in two of the companies that his campaign accounts bought stock in, and he had financial dealings with the chairman of two others. The accounts Mr. Bruno used in the investments were held by his re-election committee and the State Senate Republicans' campaign committee.

Last year, the senator's re-election committee reported losing almost $99,000 on an investment in 2000 in Plug Power Inc., a maker of fuel cells based in Latham, N.Y., in which he also personally owned stock, his financial disclosure reports show. In July 2001, a year after he and his committee bought their shares in Plug Power, Mr. Bruno helped secure $500,000 in state money for a research project involving Plug Power, which has also received state contracts and other government aid.

Also in 2001, Mr. Bruno's two committees loaned roughly $200,000 to the Capital Center Credit Corporation, a privately held financial services company in Albany whose chairman, Timothy M. McGinn, was a client of Mr. Bruno's consulting business, according to published reports. Mr. McGinn's firm repaid the loan at an interest rate of 9 percent to 10 percent over about three years.

Mr. Bruno has acknowledged that his consulting business has been under investigation by the Federal Bureau of Investigation since at least early last year. Mr. McGinn said in a recent interview that his firm is cooperating with investigators in that inquiry.

Mr. Bruno's use of campaign money as an investment tool adds a new dimension to a spate of recent reports that he and other lawmakers steered millions in public money to pet causes, including several profit-making companies. Mr. Bruno and other lawmakers have said the grants were economic development incentives intended to help small firms expand.

John McArdle, a spokesman for Mr. Bruno, offered a more pragmatic rationale for the campaign committees' investments, saying they were an attempt to get a better rate of return than what banks were offering. He said the fact that they lost money on some of the investments shows that no favoritism was involved, and he defended the unconventional investments as legitimate and "not uncommon."

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But some campaign finance analysts say the practice is problematic. Because the law permits virtually all manner of investments and does not specify what information about them must be disclosed, they say, there is little to prevent a company from setting an exorbitant rate of return and using it to funnel cash into a campaign.

"You would have no way of knowing that unless there was a regulatory action, like an audit, because it's not required to be disclosed to the public," said Lawrence A. Mandelker, an election lawyer who was a campaign treasurer for former Mayor Edward I. Koch. "That's a shortcoming in the law."

Revelations about Mr. Bruno's campaign investments come as other aspects of his financial dealings are under investigation by a federal grand jury in Albany. The senator has said that federal authorities are examining his business relationships over the past five or six years.

Some of those relationships straddled his personal and public lives. The senator, for example, has held personal investments in, or did business with, companies and businessmen who have also received state assistance, sometimes with Mr. Bruno's help.

The two campaign accounts Mr. Bruno controls together had about $3 million on hand at the end of 2006, but the totals have fluctuated widely over the years. Mr. Bruno, who has been in office for 30 years, has not faced a serious opponent since the early 1990s. He has not spent heavily on his re-election campaigns in many years and has often had large amounts of campaign cash on hand.

Many state legislators, who face re-election every two years, keep their cash in bank accounts where it is readily accessible. It is less common for candidates to invest in mutual funds, and rarer still for them to become equity investors in companies by making loans or direct purchases of stock, according to an analysis of state campaign records. Interest income, dividends and losses are the only data about campaign committee investments that the State Board of Elections makes available to the public.

Lee Daghlian, a spokesman for the elections board, said that committees must also file a document explicitly identifying the investments they make, but that those documents are kept in paper files and are not included in the data available on the board's Web site. He said it was not possible yesterday to determine whether other candidates had made investments similar to Mr. Bruno's.

Mr. McArdle said Mr. Bruno decided in 2000 to have his re-election committee buy $107,000 of stock in Plug Power and $24,000 of stock in a related firm, Mechanical Technology Inc. That was about the same time Mr. Bruno made personal investments in both companies, according to his legislative financial disclosure statements.

After Plug Power went public in 1999 its stock skyrocketed, reaching $150 a share before beginning a long decline in 2000; today it trades at less than $4. Mechanical Technology's stock suffered a similarly steep decline in those years. Mr. Bruno personally lost $36,700 and his committee lost $117,800 in the two stocks when the shares were sold in 2005, Mr. McArdle said. Despite the dismal outcome, he asserted that the investments were viewed at the time as smart alternatives to the meager returns being offered by banks.

"Back then, there was a thought that these types of investments were worth making because the analysts were saying these would be good in the long run," he said. "Everybody was investing in them."

The $500,000 in public money that Mr. Bruno helped win in 2001 was for a fuel cell research project involving Plug Power and Rensselaer Polytechnic Institute in Troy, which is in Mr. Bruno's district. In an interview last month, Cynthia Mahoney White, a spokeswoman for Plug Power, said Mr. Bruno "has been very supportive of us," although she said the company knew nothing about his investments in Plug Power.

In 2001, Mr. Bruno arranged for both campaign committees to lend money to Capital Center Credit, which specialized in providing financing for the installation of security equipment sold by the Integrated Alarm Services Group, another company run by Mr. McGinn. Mr. McArdle said the loans were repaid on a monthly basis, at an interest rate of slightly more than 9 percent, until 2003, when Capital Center's debt was assumed by Integrated Alarm and was repaid at a new interest rate of 10 percent. The loans were paid in full in late 2004.

Mr. McGinn is a principal in McGinn, Smith & Company, an investment firm that recently received a subpoena from the grand jury investigating Mr. Bruno's business activities. The Village Voice reported in 1997 that McGinn, Smith was once a client of Mr. Bruno's private consulting business. In 1999, Mr. Bruno disclosed making a profit from the sale of stock he owned in the Pointe Financial Corporation, a Florida-based bank holding company for which Mr. McGinn was vice chairman and an investor.

Mr. McGinn did not return a call to his office seeking comment. Mr. McArdle said Mr. Bruno directed the investment in Mr. McGinn's company not out of any favoritism, but because "interest rates at that time were around 1 or 2 percent, and this promised a much better rate of return."

'Yes, I'm Guilty' Say Two Morial Cohorts (NOTP)

By Gordon Russell, And Frank Donze%%par%%staff Writers

New Orleans Times-Picayune, January 16, 2007

BARRÉ, DeCAY ADMIT TO CONSPIRACY, FRAUD CHARGES

A yearslong federal probe into a conspiracy by key associates of former Mayor Marc Morial to skim more than $1 million from city contracts took a sudden and stunning turn Sunday with guilty pleas from the two most important remaining defendants.

With the case set for trial on Tuesday, political operative Stan "Pampy" Barré, a restaurateur, and Kerry DeCay, the city's former director of property management, entered an all-but-vacant federal courthouse Sunday morning to admit lead roles in a scheme to loot a massive energy-management contract awarded by Morial in the twilight of his eight years in office.

The collapse of Barré's and DeCay's defense, two days before trial, followed the defection late Friday of fellow defendant Reginald Walker, a construction company owner. Earlier, eight other defendants had pleaded guilty and agreed to testify for the government, among them Terry Songy, an employee of Johnson Controls Inc., the Milwaukee-based company that Morial hired under the terms of a 20-year, $81 million contract to help the city save money on energy bills.

Barré and DeCay pleaded guilty to charges of conspiracy, mail fraud and obstruction of justice, which carry maximum cumulative sentences of 20 years in prison and restitution of up to twice the value of goods and money that they obtained in the scheme.

Their acquiescence makes it unlikely that they will receive maximum penalties. Sentencing for the two, as well as Walker, is set for April 18 before U.S. Judge Carl Barbier. The trial of the remaining defendant, glass and door company owner Julius "Jay" Lips Jr., was postponed by Barbier at the request of prosecutors, who want to reassess the case in light of the guilty pleas.

The government believes a new trial centering on Lips -- who is accused of playing a minor role in the conspiracy, giving a $2,600 glass dining table to DeCay in exchange for a contract and then lying to investigators about it -- could be completed in a day.

Prosecutors made clear in their summaries of the proceedings against Barré and DeCay that the probe is not over, however. The documents say that Barré used his "connections or perceived connections" to Morial to demand contracts he didn't deserve. They also name other Morial insiders, including businessman Robert Tucker, lawyer Roy Rodney and financier Rafael "Ray" Valdes, claiming they were paid large sums of otherwise unearned money because of their relationships with Morial, now president of the National Urban League and living in New York City.

The probe, which at one point led to federal agents breaking down the door during a raid on the French Quarter home of Morial's brother, Jacques Morial, had spawned lively debate as to whether Morial was the ultimate target. The talk only increased when Morial's uncle, investment banker Glenn Haydel, who is now in prison, pleaded guilty to bilking the Regional Transit Authority of $540,000. Haydel's wife, Lillian Haydel Smith, is also awaiting sentencing for unrelated offenses in connection with her brokering of school system insurance.

While U.S. Attorney Jim Letten has tried to discourage the media from focusing on Morial and his possible exposure, he made clear Sunday that the former mayor looms large in the mind of federal prosecutors. For perhaps the first time, Letten took a public swipe at the former mayor, saying that the defendants in the Johnson Controls case drew their power to land or control public contracts from their association with Morial.

Still, he cautioned reporters not to read too much into the government's mention of Morial in its summary of the charges to which Barré and DeCay pleaded guilty.

"This should not suggest either that anything will be forthcoming or will not be forthcoming in the future," he said. "It simply states a fact that is critical to our case, and that is: These guys got their juice from trading on their associations with the former mayor. That was critical to the leverage that they influenced. Now, I'd ask you not to draw any further inferences from that. But simply stay tuned."

Star witness appears

Barré and DeCay had steadfastly maintained their innocence since their indictment in June 2005. As recently as a few days ago, Barré was expressing confidence in his odds of avoiding conviction.

But everything changed Friday, when Walker pleaded guilty and agreed to testify about his cohorts' roles in the scheme. With his plea deal, Walker was poised to become a second star witness for Letten's office, which already had wrung guilty pleas from Songy, the former Johnson Controls project manager, and a half-dozen more marginal players.

Attired in dark suits, Barré, 61, and DeCay, 47, maintained their composure as they stood before Barbier to offer their pleas and answer a series of questions establishing that they fully understood their rights and the potential penalties they face.

Barré, the longtime proprietor of Pampy's, the popular 7th Ward eatery on North Broad Street, maintained customary flair by winking at a familiar face as he walked into court and greeting another bystander with his trademark salutation, "Where y'at, baby?"

When Barbier asked Barré whether he fully understood the criminal charges he had agreed to plead to, Barre replied, "Yes, I'm guilty."

DeCay, who received a kidney transplant about a year ago, spent a portion of his time before the judge outlining the daily regimen of "44 pills" he is required to take, as well as the medical device he uses to manage sleep apnea.

Both DeCay and Barré left the commentary to their lawyers, who kept their remarks brief.

"Mr. Barré regrets that he has troubled other people and he will accept whatever punishment he gets," said Jack Martzell, Barré's lawyer.

Arthur "Buddy" Lemann, DeCay's normally colorful attorney, was subdued.

"My client decided it was in his best interest and in the best interest of his wife and young daughter to end this ordeal by 'fessing up to his wrongdoing and asking the court for mercy," Lemann said.

Outside the courthouse, Letten and his first assistant, Jan Mann, said they thought the plea deals by DeCay and Barré reflected the overwhelming nature of the government's case.

They said they hoped the pleas would send a message about the price of dishonest government in a city whose moribund economy owes in part to its reputation for sleazy business dealings.

Letten said the convictions "laid bare . . . the type of corruption which has gutted this city and has kept this city from attracting and keeping industry and business and has made this city, I think, in large measure what it is today."

The convictions, Letten said, should also put the lie to allegations -- made most recently by Lemann, and in the past by Morial supporters, including a group of clergy -- that the federal investigation was rooted in racial or political bias. Letten, a Republican and a career federal prosecutor, was appointed to his post by President George Bush. Morial ran as a Democrat. The defendants who were to have faced trial on Tuesday were African-American, with the exception of Lips, who is white.

"I hope this puts to rest what were the ill-considered, inappropriate, unprofessional and inflammatory comments by defense counsel who, in order to get a few cheap points, claimed during the pendency of this case that this investigation, this prosecution was politically and racially motivated, which it was certainly not," Letten said. "The citizens can see now that this investigation was backed up by powerful evidence of abject corruption."

Mann, the lead prosecutor on the Johnson Controls case, said investigators hope to use the time saved by the cancellation of the trial -- and the cooperation promised by Barré, DeCay and Walker -- to pursue further leads in the case.

"There were some areas that we wanted to investigate after the trial was over," she said. "So, now we have some time on our hands when we thought we were going to be in court. And with their cooperation, we hope to go some other places with it."

She reserved some stinging words for DeCay and Morial, though she did not name either. Both, she suggested, had been derelict in their duties as public officials.

Of DeCay, Mann said: "We have a public official who was more concerned with what he was going to get out of the deals than getting the best deal for the city," which wound up costing the city millions.

Without saying how much involvement she thought Morial had in the deals, she said that "politicians ought to hire honest people, and they ought to refuse to reward their friends when they don't deserve contracts."

She added: "Companies ought to not have to come to New Orleans and pay off friends of politicians to get contracts. That's not the way it's supposed to work. And the politicians, if they find out their friends are doing it, they ought to say, 'I'm not going to hang with you any more if that's the way you're going to operate.' They ought to tell the contractors: 'No one has influence over me; it's who's the best person to get the job.' "

More indictments?

The summaries of the government's cases against DeCay and Barré offer some clues to the "other places" Mann said she hopes to take the investigation.

The only people mentioned in the summaries who have not been indicted are Morial, Rodney, Tucker and Valdes.

It was Valdes who brought the Johnson Controls deal to City Hall and also arranged financing for the city, netting about $2.1 million in fees.

Tucker served as chairman of the RTA during Morial's tenure in office, and also was one of the mayor's closest advisers.

Rodney functioned as the closest thing to an in-house lawyer for members of Morial's inner circle, helping to incorporate businesses for members of the group and serving as counsel for the Morial-led political organization, LIFE. City-related work included serving as a lawyer for the Housing Authority of New Orleans.

The case summary says that Rodney shared in the proceeds from a $10,000-per-month fee Barré received from Walker in exchange for helping Walker land a city recycling contract. The prosecution has characterized the fee as a kickback.

The summary says that Tucker and Valdes, meanwhile, each received fees from Johnson Controls worth $273,000 that were awarded strictly on the basis of their "influence and perceived influence" with Morial. Tucker also received a $90,000 contract for project management.

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Barré requested a similar contract, and received one, upon hearing about the deals landed by Valdes and Tucker, the summary says.

Tucker called the prosecution's assertion, which is signed by Barré, "totally false."

"I was not paid for my influence," Tucker said Sunday. "I was compensated for services rendered, as were other professionals."

Walter Becker, Valdes' lawyer, said he had no comment Sunday.

Eddie Castaing, Rodney's lawyer, said he did not want to comment until he had a chance to read the plea agreements and the case summaries filed by the government.

Barré seen as ringleader

In its summary of the case, and in previous court filings, prosecutors portrayed Barré, who held no official position in the Morial administration, as the ringleader of the scheme to loot the Johnson Controls contract, the largest let by Morial.

Barré took in more than $800,000 in fees and kickbacks but did little or no work, prosecutors have said. DeCay received about $100,000, according to a government news release.

DeCay, whose friendship with Barré dates to 1980s, when both began serving as deputies to another member of the extended Morial political family, Orleans Parish Civil Sheriff Paul Valteau, comes across in various court filings as a subordinate who took his instructions from Barré. "DeCay deferred to Barré on whatever Barré wanted done," the summary says.

For instance, while all of the work performed by Johnson Controls was supposed to reduce the city's energy costs, DeCay told the contractor that he wanted it to perform some nonenergy work, the case summary says. Those jobs -- improvements to the Municipal Auditorium and the Theatre of Performing Arts -- were done solely for the benefit of Barré, the exclusive food and beverage concessionaire for the two buildings, the document says.

Barré was able to steer the $2.5 million subcontract for that work to Moss Creek Development, the construction firm owned by Walker, a longtime friend. Not only did the work by Moss Creek benefit Barré directly, he and the others involved, including Songy, DeCay and Walker, conspired to inflate invoices to overstate the value of the work. Barré then directed Walker to pay him kickbacks, the summary says, some of which he split with DeCay and Songy.

"Barré told Walker that if they were ever questioned about the payments they would say they were consulting fees," the summary says. "The money was not for consulting but rather was paid because Reginald Walker was concerned that he would not get future business if he did not pay off Barré," according to the summary.

The case summary makes clear that the Johnson Controls contract isn't the only one investigators believe was abused by Morial's inner circle.

The summary notes that in a parallel case, Walker -- who had no experience in recycling or trash hauling -- was given a portion of the city's recycling contract through the primary vendor Browning-Ferris Industries. The deal was worth $20,000 per month, for which Walker initially "was performing no work," the summary says.

Barré told Walker he had gotten him the contract and requested that Walker share the money with him, the summary says. In turn, Barré split the $10,000 monthly fee with Rodney, a partner with Barré in numerous ventures, as laid out in an agreement between the two that prosecutors released in a court filing last week.

While the case summaries portray Barré's skimming of the Johnson Controls deal as limited to the Moss Creek subcontract, DeCay admits to having shaken down a number of other subcontractors, with Songy's help.

Songy and DeCay received kickbacks or gifts from Specialty Machine Service, Golden Hammer Construction, National Contractor Services and G&M Electric, the summary says. Those gifts ranged from the $600 pool pump G&M Electric gave DeCay to the $30,000 in cash that both received from National Contractor Services.

The owners of all four of those companies, along with two others, have already pleaded guilty to felony counts. They were expected to testify for the government in the trial of Barré and DeCay.

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Pipe Bomb Found On Truck Driven By Witness (MH)

By Evan S. Benn

The Miami Herald, January 16, 2007

A potential plot to assassinate a federal witness was thwarted Sunday when police dismantled a pipe bomb strapped to the witness' pickup truck.

The man, who was not identified, noticed the device while he was driving around Hialeah, FBI spokeswoman Judy Orihuela said. He drove to the Hialeah Police Department and alerted officers Sunday afternoon.

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"He saw something on the car and went right to the police station," Orihuela said.

The Miami-Dade bomb squad, summoned to the site, detonated the device. Then officers combed the police station's parking lot, the pickup truck and surrounding areas for evidence.

The remnants of the bomb, with wires and what looked to be gun ammunition, were visible on the ground. The pickup truck was towed from the police station, at 5555 E. Eighth Ave., at about 6:30 p.m.

Orihuela would not disclose the witness' identity or details about the case.

Homemade pipe bombs have caused alarm before in South Florida.

· In June 2005, a 15-inch cylinder containing gunpowder was found underneath the car of James Kelly, the Palm Beach County School District police chief.

· In April 2003, a judge sentenced a Lake Placid man to 42 years in federal prison for planting a pipe bomb under the car of his ex-girlfriend in Marathon. Gene Hodler, now 71, was convicted after a pipe bomb detonated under Evon Leach's Saturn sedan, badly injuring her.

· In August 2001, an inmate used a recorded jailhouse telephone to try to set up a pipe bomb attack to kill Miami-Dade Circuit Judge Peter Lopez. Bryant Williams was convicted for his plot to have nail-filled bombs placed under Lopez's car.

FBI: Bomb Found Fixed To Federal Witness' Car (BRAH)

The Bradenton Herald, January 16, 2007

HIALEAH - A pipe bomb was found Sunday attached to the car of a federal witness and later detonated without incident, authorities said.

The witness drove his vehicle to the Hialeah police headquarters after noticing the device, FBI spokeswoman Judy Orihuela said.

"He was driving around," she said. "He somehow saw something on his car that was suspicious and drove it to the Hialeah Police Department."

The Miami-Dade bomb squad detonated the device, and the FBI's Joint Terrorism Task Force was investigating, Orihuela said.

No additional details about the witness or vehicle were released. It was unclear if the device was removed from the vehicle before being detonated.

Hialeah and Miami-Dade police referred calls to the FBI.

Selling Coca-Cola's Secrets To Pepsi? (AP)

By HARRY R. WEBER, THE ASSOCIATED PRESS

AP, January 16, 2007

That's what prosecutors say ex-secretary aimed to do

ATLANTA -- Prosecutors say a former Coca-Cola secretary took confidential documents from the beverage giant and samples of products that hadn't been launched with the aim of selling them to rival Pepsi. Her lawyer says she was duped by two ex-cons and didn't commit a crime.

A jury will be asked to determine who is telling the truth. The process of selecting that jury starts today in Joya Williams' trial.

Williams, who was fired as an administrative assistant to The Coca-Cola Co.'s global brand director after the alleged scheme came to light last summer, faces up to 10 years in prison if convicted of conspiracy.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted on the single federal charge, accused of stealing new product samples and confidential documents from Atlanta-based Coca-Cola and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Coca-Cola in May, and an undercover FBI investigation was launched.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney is expected to testify against Williams, though it is unclear if Dimson will.

The two men served prison terms at the same time at a federal penitentiary in Montgomery, Ala. Duhaney served nearly five years of a seven-year sentence on a cocaine charge before being released in 2005; Dimson served less than a year of a two-year sentence on a bank fraud charge before his release in 2004.

Williams' lawyer, Janice Singer, said she plans to make the two men's credibility a key issue in her client's defense. Williams does not have a criminal record, another attorney who previously represented her has said.

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"The case is about two felons who manipulated and used my client without her knowledge," Singer said. "She did not take any documents she believed to be trade secrets to share with these people or to harm Coke and benefit Pepsi, nor did she intentionally, knowingly give them any documents."

Singer said that Williams was allowed to take home documents from her job. She suggested that Dimson and Duhaney stole the materials from her.

"We're not denying that she possessed them, but we are denying that she conspired with the other defendants to do anything nefarious or wrong," Singer said.

However, prosecutors say they have a strong case. That includes video surveillance showing Williams at her desk at Coke headquarters going through multiple files looking for documents and stuffing them into bags, according to court records. She also was observed holding a liquid container with a white label, which resembled the description of a new product sample, before placing it into her personal bag, prosecutors say.

The prosecution says a box containing two undisclosed product samples and other confidential company papers were found in Duhaney's home during a search on July 5, the day all three were arrested.

Questions Raised In Probe Of Anello That Began In 2004 (BUFFNEWS)

By DAN HERBECK And GAIL FRANKLIN, News Staff Reporters

Buffalo News, January 15, 2007

With no charges filed, mayor wonders about status of investigation

NIAGARA FALLS - More than three years ago, Mayor Vince Anello accepted a series of no-interest loans from Joseph "Smokin' Joe" Anderson, a prominent cigarette merchant who was developing projects in the city.

FBI agents and the U.S. attorney's office began investigating the $40,000 in loans around May 2004, and Anello and Anderson hired high-profile defense lawyers to represent them. Since then, there have been no indictments or charges. There also have been no statements from law enforcement officials announcing that the investigation is over or that the government has decided against charging anyone.

Now, like many other people in Niagara Falls, Anello still wonders where the investigation is heading.

"I have cooperated with all requests for information. No additional information has been requested of me in 17 months," Anello told The Buffalo News last week. "I have discussed this matter publicly many times."

The region's lead attorney for the Justice Department, U.S. Attorney Terrance P. Flynn, said the investigation is continuing.

No decision has been made yet on whether to file charges against Anello, Anderson or anyone else, Flynn said.

"It's our job to take the time and make sure that we don't accuse somebody [of] a crime until we have all the sufficient, admissible information we need," Flynn said. "We're dealing with a public official who is well-known."

According to several law enforcement officials, some members of the FBI-led Public Corruption Task Force have been upset with Flynn's office over what they see as exceedingly slow movement on the Anello case.

More than a month ago, the officials said, one of the lead FBI agents in the Anello probe resigned from the task force in disgust, requesting and receiving a new work assignment in the Buffalo area.

"[The agent] felt that he turned up some important information, but the U.S. attorney wasn't moving on it," said one source close to the case. "[The agent] felt like this and other cases involving politicians were dead in the water."

Flynn and Buffalo FBI spokesman Paul M. Moskal declined to comment, except in general terms.

"The decision on whether to prosecute rests with the U.S. attorney," Moskal said. "There is give and take in any relationship between investigators and prosecutors. Sometimes, there are disagreements on the best avenues to take, but that doesn't mean that the public isn't being served."

Flynn said any personnel changes among investigators should remain internal.

"That's [the FBI's] business as to why an agent comes or goes. I don't know anything about that," Flynn said. "If they have a case to present to us, our door is always open . . . There's not one bit of reluctance in this office to prosecute public corruption cases."

Flynn and the FBI say investigations into government corruption are a high priority in Western New York. But no significant government corruption indictments have been announced in Buffalo since November 2005, when the FBI held a news conference to announce the creation of its task force.

Debating the probe

Anello, 60, has been mayor since 2004, and his term runs to the end of this year. Many Falls residents wonder if he will seek re-election. Campaigning for the job is likely to begin in April, and Anello has not yet disclosed his plans.

At Gadawski's tavern on Falls Street, a popular watering hole for politicians and city workers, the 86-year-old proprietor, Edward Gadawski, said patrons often debate the FBI probe and Anello.

"I think Vince will run again, [but] I'm sure he's had some sleepless nights over this thing," said Art Garabedian, a businessman who has been a friend of Anello for nearly 40 years.

"A lot of people have been questioning why doesn't the FBI either step up to the plate or drop the issue altogether? If there's nothing there, clear the man," Garabedian said.

Garabedian said the loans Anderson gave Anello "might have just been loans between friends."

At the same time, he said, he understands how the arrangement could sound "kind of fishy" to the FBI.

Councilman Robert Anderson Jr. said he is concerned that publicity about the long-standing investigation - including a 2005 story in the New York Times - has hurt the image of Niagara Falls and its leaders.

"They stereotype Niagara Falls as being corrupt, and people mention that all the time," said Anderson, who was appointed the Council's new chairman this month. "They talk about Niagara Falls and say, "I'm not going to go up there to do any business.' They have fear."

Anderson said he and other Council members would have liked to have known all about Anello's private business dealings with Joseph Anderson when they voted on some of his development projects before the Anello investigation was made public.

The councilman is not related to Joseph Anderson.

"We were blindfolded when we first came in and when we voted the first three months [of 2004] on a lot of things that happened with Smokin' Joe Anderson and others," Robert Anderson said. "And then we find out that they were done underhanded or maybe during shady conditions."

Frank Smith, owner of Third Street Liquors, says he thinks the investigation has hurt downtown development.

He's surprised that recent improvements haven't brought in any chain restaurants or much new development over the last couple of years.

"When comments are made that developers are playing a wait-and-see game, I think that's true," said Smith.

Mary Jo Zacher, president of the Pine Avenue Business Association, paints a different picture of the business climate in another area of the city.

"I don't think the mayor being investigated has affected anyone's business, especially on Pine Avenue," she said. "In the beginning, maybe people were in an uproar about it, but people aren't talking about it anymore."

Denies special treatment

Anello has admitted that in 2003, Joseph Anderson gave him $40,000 in a series of interest-free loans. Anello said he needed cash to pay off some business debts for an electrical contracting company he ran.

But he also said Anderson stepped in to help as an old friend and never received any special treatment for his businesses in the city. Those businesses include two hotels, a bar, a pedestrian mall and an indoor playground known as Smokin' Joe's Family Fun Center.

"I haven't done anything wrong, and I haven't been charged with anything," the mayor said.

The mayor's critics say Anderson did receive benefits, including a 30-year, no-bid lease to operate the pedestrian mall on prime downtown land, a government grant to renovate his bar and a low-interest business loan.

But in building a criminal case against the mayor or Anderson, authorities said, prosecutors would have to prove that benefits given to Anderson were the paybacks from his loans to Anello. That kind of evidence can be difficult to obtain.

Joseph Anderson's attorney, Terrence M. Connors, said authorities have never told him Anderson is a target of their investigation.

"Early on, well over a year ago, [Anderson] was interviewed. He provided the information he had to the best of his knowledge," Connors said. "We haven't heard anything since."

Anello's attorney, Joel L. Daniels, could not be reached.

Has Anello repaid any of the $40,000 that Anderson lent him more than three years ago? The mayor declined to answer.

"It's a matter of my business," he said.

The Legal Tangles Of Data Collection (WP)

By Ellen Nakashima

The Washington Post, January 16, 2007

When it comes to data collection, federal laws often have been outpaced by technology, critics say. And sometimes, the executive branch carves out its own exception.

Take eavesdropping.

U.S. law requires that law enforcement officials obtain a warrant to tap someone's phone or intercept e-mail. But President Bush, drawing on decades-old precedent, asserts that he has "inherent authority" to authorize agents to intercept electronic communications without a warrant in the interest of national security.

That is the rationale underpinning the National Security Agency's warrantless-wiretapping program. The new Democratic-run Congress has vowed to renew scrutiny of this program and others that involve collection and analysis of Americans' personal data.

Under the 1978 Foreign Intelligence Surveillance Act and Title III of the 1968 Omnibus Crime Control & Safe Streets Act, if the government wants to listen in on phone calls, it must have a warrant or wiretap order showing probable cause that the target is involved in criminal activity or in foreign intelligence or terrorist activity. A later law extended that standard to electronic communications.

But months after the Sept. 11, 2001, attacks, Bush secretly issued an executive order authorizing warrantless electronic intercepts for national security purposes -- even on U.S. citizens, as long as one party is suspected to be outside the country. This action is at the heart of several lawsuits against the government and telecommunications companies alleged to be collaborating with the government, charging that such eavesdropping is unlawful.

E-mail is a slightly different matter. The law makes a distinction between intercepting e-mail in transit and obtaining stored e-mail from a service provider's servers. The distinction made sense in the 1980s and early 1990s when downloaded e-mail often sat only on the user's computer. If the government wanted the records, it had to go to the e-mail recipient.

These days, most e-mail is held and stored by third parties. So the government claims the authority to read someone's most intimate communications, including stored chat sessions, by serving a subpoena -- no probable cause required. A person may never even know that this has been done, as there is no legal requirement for an Internet service provider to provide notice. In most cases where the government subpoenas the e-mail, it demands that the third party keep that fact confidential, at least for a while.

The same holds true for virtually any information held by a third party: phone company records that indicate who called you, when they called and how long the call lasted; Internet service provider records on what Web sites you visited, when and for how long; tollbooth records; security camera footage; records of emergency calls made from a car; supermarket purchase records. All that and more can be requested by the government with a search warrant, or sometimes with an administrative subpoena or other demand, frequently without judicial review.

Since the Sept. 11 attacks, the government also has vastly increased its power to obtain Americans' private financial, phone-call and Internet-transaction data using national security letters, which do not need the imprimatur of a prosecutor, grand jury or judge. They receive no review after the fact by the Justice Department or Congress. The FBI issues more than 30,000 a year, The Washington Post reported in 2005. And the Pentagon issues its own version, the New York Times reported on Sunday.

Such data can be helpful to law enforcement agents, but sometimes mistakes are made. Last fall, an Internet provider mismatched a customer and an IP address, resulting in a guns-drawn raid by a child-porn squad on a farmer in rural Virginia.

The bottom line, privacy experts say, is that more and more personal data are being stored on the Internet and in databases over which individuals have little or no control. Increasingly, the government, the private sector and criminals are looking for ways to exploit those data. And the laws, the experts say, are not squarely on the citizens' side.

Descending To New Depths (column) (NYT)

By Bob Herbert

The New York Times, January 15, 2007

New Orleans

I was surprised recently by a sudden shift in the tone of a veteran cabdriver, Stanley Taylor, who had been kind enough to take me on a nearly four-hour tour of the flood-wrecked regions of the city.

For most of the afternoon, Mr. Taylor had been wonderfully informative and polite, and his comments had been filled with sympathy for those who had lost so much to Hurricane Katrina and its aftermath.

But as we headed back to my hotel, and darkness began to fall over the eerily still neighborhoods, his tone became unmistakably bitter. We had been talking casually about the thousands of extremely poor evacuees, most of them black, who were still stranded outside New Orleans, some of them scattered to the far reaches of the United States.

Mr. Taylor, who is black, snapped that maybe it would be better if some of them didn't come back. "The poor people that's gone," he said, "they're gonna have to stay gone. That's where all the crime was coming from, see? Folks here want people to come back, but they want people with money to come back. The criminals? Shame on 'em. Sorry for 'em."

During the immediate post-Katrina period, there were essentially two visions of a resurgent New Orleans. One, widely decried as racist, saw the new, improved New Orleans as smaller, whiter and more prosperous.

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This was openly advocated. Just a few days after the storm, a wealthy member of the city's power elite, James Reiss, told The Wall Street Journal: "Those who want to see this city rebuilt want to see it done in a completely different way: demographically, geographically and politically."

Mr. Reiss, who is white and served in Mayor C. Ray Nagin's administration as chairman of the Regional Transit Authority (he has since left the government), said that he and many of his colleagues would leave town if New Orleans did not become a city with better services and fewer poor people.

An alternative (and more widely desired) model of the city coincided with the approach that President Bush seemed to be taking when he made his dramatic appearance in floodlit Jackson Square in mid-September 2005. Mr. Bush promised not just to help rebuild New Orleans, but to confront the long-simmering problems of race and poverty with "bold action."

Supporters of this approach envisioned an effort that would bring desperately needed assistance to the hurricane victims, helping to get them housed and back on their feet, while at the same time constructively engaging the contentious issues that have kept America's blacks and whites in a state of perpetual hostility, and much of the poor in an all-but-permanent morass of ignorance and deprivation.

What is actually happening is worse than anyone had imagined.

New Orleans is a mess. It was brought to its knees by Katrina, and is being kept there by a toxic combination of federal neglect and colossal, mind-numbing ineptitude at the local level.

The police department here is a sour joke, and crime is out of control. More than 16 months after the storm, children roam the streets with impunity during school hours. Debris still covers much of the city. Doctors, hospitals and mental-health facilities are in woefully short supply. Thousands of residents are still living in trailers, and many thousands more are stuck more or less permanently out of town.

The result is that blacks and whites, feeling unsafe physically and frightened by the long-term prospect of dwindling opportunities, are eyeing the exits.

Lt. Gov. Mitch Landrieu, who lost the mayoral race last May to Mr. Nagin, offered a grim assessment. While the ethnic breakdown may remain roughly the same, he said, the city is on its way to becoming "smaller, poorer and worse than it was before."

Class, at the moment, is trumping race, which is how Mr. Reiss and Mr. Taylor, the cabdriver, came unwittingly to similar stereotyped conclusions. Unless the foundations of a livable city can be put in place — and they are not being put in place now — those with the ability to leave will do so. The poor, neglected as always, will be left behind.

"The same thing is moving African-Americans as is moving whites," Mr. Landrieu said. "Everyone is asking: 'Is it safe? What's the school situation? Can my kids play outside? What does the future hold for them?' "

Without a creative new plan and energetic new leadership, New Orleans will be unable to save itself. Right now it's a city sinking to ever more tragic depths.

The Mentally Ill, Behind Bars (NYT)

By Bernard E. Harcourt

The New York Times, January 15, 2007

Chicago

LAST August, a prison inmate in Jackson, Mich. — someone the authorities described as "floridly psychotic" — died in his segregation cell, naked, shackled to a concrete slab, lying in his own urine, scheduled for a mental health transfer that never happened. Last month in Florida, the head of the state's social services department resigned abruptly after having been fined $80,000 and is facing criminal contempt charges for failing to transfer severely mentally ill jail inmates to state hospitals.

Ten days ago, the Supreme Court agreed to determine when mentally ill death row inmates should be considered so deranged that their execution would be constitutionally impermissible. The case involves a 48-year-old Navy veteran who is a diagnosed schizophrenic. In the decade leading up to the crime he was hospitalized 14 times for severe mental illness.

According to a study released by the Justice Department in September, 56 percent of jail inmates in state prisons and 64 percent of inmates across the country reported mental health problems within the past year.

Though troubling, none of this should come as a surprise. Over the past 40 years, the United States dismantled a colossal mental health complex and rebuilt — bed by bed — an enormous prison. During the 20th century we exhibited a schizophrenic relationship to deviance.

After more than 50 years of stability, federal and state prison populations skyrocketed from under 200,000 persons in 1970 to more than 1.3 million in 2002. That year, our imprisonment rate rose above 600 inmates per 100,000 adults. With the inclusion of an additional 700,000 inmates in jail, we now incarcerate more than two million people — resulting in the highest incarceration number and rate in the world, five times that of Britain and 12 times that of Japan.

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What few people realize, though, is that in the 1940s and '50s we institutionalized people at even higher rates — only it was in mental hospitals and asylums. Simply put, when the data on state and county mental hospitalization rates are combined with the data on prison rates for 1928 through 2000, the imprisonment revolution of the late 20th century barely reaches the level we experienced at mid-century. Our current culture of control is by no means new.

The graph on the left — based on statistics from the federal Census Bureau, Department of Health and Human Services and Bureau of Justice Statistics — shows the aggregate rate of institutionalization per 100,000 adults in the United States from 1928 to 2000, as well as the disaggregated trend lines for mental hospitalization on the one hand and state and federal prisons on the other.

The numbers include only state and county mental hospitals. There were many more kinds of mental institutions at mid-century, ones for "mental defectives and epileptics" and the mentally retarded, psychiatric wards in veterans hospitals, as well as "psychopathic" and private mental hospitals. If we include residents of those facilities, from 1935 to 1963 the United States consistently institutionalized at rates well above 700 per 100,000 adults — with highs of 778 in 1939 and 786 in 1955. It should be clear why there is such a large proportion of mentally ill persons in our prisons: individuals who used to be tracked for mental health treatment are now getting a one-way ticket to jail.

Of course, there are important demographic differences between the two populations. In 1937, women represented 48 percent of residents in state mental hospitals. In contrast, new prison admissions have consistently been 95 percent male. Also, the mental health patients from the 1930s to the 1960s were older and whiter than prison inmates of the 1990s.

But the graph poses a number of troubling questions: Why did we diagnose deviance in such radically different ways over the course of the 20th century? Do we need to be imprisoning at such high rates, or were we right, 50 years ago, to hospitalize instead? Why were so many women hospitalized? Why have they been replaced by young black men? Have both prisons and mental hospitals included large numbers of unnecessarily incarcerated individuals?

Whatever the answers, the pendulum has swung too far — possibly off its hinges.

It would be naïve, today, to address any of these questions without also considering the impact of imprisonment on crime. One of the most reliable studies estimates that the increased prison population over the 1990s accounted for about a third of the overall drop in crime that decade.

However, prisons are not the only institutions that seem to have this effect. In a recent study, I demonstrated that the rate of institutionalization — including mental hospitals — was a far better predictor of serious violent crime from 1926 to 2000 than just prison populations. The data reveal a robust negative relationship between overall institutionalization (prisons and asylums) and homicide. Preliminary findings based on state-level panel data confirm these results.

The effect on crime may not depend on whether the institution is a mental hospital or a prison. Even from a crime-fighting perspective, then, it is time to rethink our prison and mental health policies. A lot more work must be done before proposing answers to those troubling questions. But the first step is to realize that we have been wildly erratic in our approach to deviance, mental health and the prison.

CIVIL LAW:

Who Pays For Protection? (WP)

By Cindy Skrzycki

The Washington Post, January 16, 2007

For almost eight years, unions have been waiting for the Labor Department to finish writing rules that would make it clear that employers are supposed to pick up the tab for safety equipment for millions of workers.

Many companies already foot the bill for goggles, hard hats, ear plugs, mesh gloves, safety harnesses and other gear that they have been required to provide since 1994. But some industry sectors, including home building, poultry processing and construction, say a mandate requiring them to pay would be too open-ended.

Labor officials say the complicated nature of the issue, both legal and practical, has caused the delay. The unions claim the Bush administration has stalled because it is looking out for corporate interests.

So on Jan. 3, the AFL-CIO and the United Food and Commercial Workers Union filed suit in the U.S. Court of Appeals in the District to force the government to complete the long-postponed proposal.

"This is an uncomplicated rulemaking on a straightforward, but significant, issue of importance to worker safety and health," the suit says. It asks that the Occupational Safety and Health Administration be directed to complete the regulation within two months of a court order.

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The personal protective equipment industry includes manufacturers such as 3M and DuPont. It has sales of about $10 billion annually, according to the International Safety Equipment Association in Arlington. The government estimates the rule would cost businesses about $62 million a year.

The dispute has a long history. After the initial protective equipment rule was issued in 1994, it said employers had to provide various pieces of safety gear. But unlike a series of health-related OSHA standards, it didn't say who should foot the bill, and not every company did.

Northrop Grumman's Newport News Shipbuilding in Newport News, Va., for example, provides and pays for protective equipment for its 19,000 employees.

"We like consistency," said James Thornton, director of environmental health and safety for the shipyard, which builds and maintains aircraft carriers and submarines. "We prefer that we purchase them, provide them and train employees on the equipment."

The unions believe that lower-paid workers in industries such as poultry processing do not get the same deal.

There is a great deal of debate by some companies over such issues as what items are considered "tools of the trade" and are expected to be owned and paid for by employees, how replacement equipment is covered, what labor agreements might stipulate and whether the rule should cover temporary workers.

"It's the low-wage worker in forgotten industries" who is most affected, said Jacqueline Nowell, director of the occupational, safety and health office for the United Food and Commercial Workers Union.

Nowell said unions have been trying to force completion of the rule since it was proposed in 1999 because these workers sometimes have to pay at least part of the bill for items like wire-mesh gloves, which are used to protect their hands from being cut while processing chickens.

She said workers often go without protection if a glove is lost or stolen, or worn out equipment is used because they are uneasy about asking for a replacement.

OSHA said that spelling out that businesses must pay the bill would prevent an estimated seven deaths and 47,000 injuries a year among the 20 million covered workers. Mishaps still occur because of the use of worn-out or defective equipment, the agency said.

Richard L. Lobb, spokesman for the National Chicken Council in the District, said industry policy is to pay for the original set of protective equipment. When an item wears out, the employee must turn it in to receive a new one. In cases where equipment disappears, Lobb said, employees might be charged for a replacement.

"Obviously, this gives the employee the incentive to take care of equipment and not lose it or wear it out by using it outside the plant," he said. Employees who cannot afford items like wire-mesh gloves, which can cost up to $65, can have the cost deducted from their paychecks, he said.

Over the years, OSHA has issued various interpretations of the protective equipment rule, saying employers had to pay for the gear, too, except for safety shoes, prescription eyewear and logging boots.

The agency lost a key administrative challenge by Union Tank Car of Chicago in 1997. The ruling said OSHA could not make the company pay for welding gloves and special equipment to prevent workers' feet from being crushed.

This led the agency in 1999 to issue the proposal stating explicitly that employers are the financially responsible party.

The unions' recent complaint calls the agency's inability to issue a final rule "an egregious instance of unreasonable delay." OSHA has missed seven of its own deadlines for finishing the rule, despite pressure from congressional appropriators and Hispanic members of Congress to finish the job.

Labor Department officials said in an interview that the issue is complicated and that it is not uncommon for rulemakings to take longer than expected. The scheduled date for a final rule now is May.

"This is not simple," said Bryan Little, deputy assistant secretary for occupational safety and health. "Safety standards aren't always slam-dunks. It's incumbent on us to carefully review the record and come up with the best standard."

OSHA has issued 18,000 citations on the equipment rule since 1999, with violations such as not providing the equipment or not keeping items clean. Cost has not been an issue.

The agency's 2004 response to a query about the issue of who pays may explain why businesses and workers are confused about the rule. It said, in part: ". . . at the present time, OSHA does not view this section as imposing an enforceable obligation on employers to pay for personal protective equipment. Therefore, employees must be afforded the protection of personal protective equipment, regardless of who pays."

Cindy Skrzycki is a regulatory columnist for Bloomberg News. Her e-mail address is cskrzycki@bloomberg.net.

Tracking Outsourced Bonanzas (NYT)

The New York Times, January 16, 2007

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The new Congress is promising far tighter oversight of Bush administration spending programs, and few targets are more in need of scrutiny and daylight than the outsourcing of government programs to private contractors. This highly lucrative world quietly ballooned by 86 percent — to $377 billion annually — during the first five years of the Bush administration, according to Congressional estimates. Outsourced spending, on Iraq, Katrina and other bonanzas, has grown twice as fast as other discretionary spending, according to Representative Henry Waxman, the California Democrat who is chairman of the oversight and reform committee.

Mr. Waxman is fairly itching to finally map the waste, fraud and abuse in private contracting that went largely ignored by the previous Republican Congress. Taxpayers should wish him well.

In a preliminary glimpse, 118 contracts worth $745 billion were found by government auditors to be rife with questionable award procedures, mismanagement, overcharging and skimpy to nonexistent oversight. Full inquiries and public hearings are vital if the rich and shadowy world of privatization is ever to be plumbed for the scandal it is nurturing. Taxpayers have only a vague notion of what's gone on, mainly through reporting on the fantastic good fortune of Halliburton, Vice President Dick Cheney's former company, whose contracts increased a whopping 600 percent across five years as the Iraq war costs cascaded. Not incidentally, privatization has been a cash cow in stirring campaign donations from successful contractors.

According to one recent audit reported in The Washington Post, among 49 privatized contracts, three out of five were awarded noncompetitively, lacked oversight, and raised questions of legality. What's been going on out there? This question cries out for an answer from the new Congress.

Better Oversight Of Contractors (BOS)

By Allan Burman And Steven Kelman

The Boston Globe, January 16, 2007

THE NEW Congress will devote a great deal of time and energy to the problems surrounding federal contracting. As the seniormost procurement policy officials in the first Bush and the Clinton administrations, we both agree that this is a golden opportunity to launch a bipartisan effort to go beyond sensationalistic hearings and work constructively to improve a system that is responsible for spending 40 percent of the discretionary budget.

The system's problems need to be kept in perspective. Yes, there is significant cost growth on some weapons systems -- but studies have shown that cost growth on these averages is no greater than for large developmental private-sector infrastructure projects. Yes, new government information technology systems run into problems distressingly often -- but this occurs in the private sector as well, though such problems often don't become public. And, no, contractors are not robbing government blind -- publicly traded firms that report returns separately for government and commercial divisions almost always show lower returns on government than commercial business; in the recent prospectus for its spin off from Halliburton, KBR reported that its Middle East operations for government (basically its Iraq contracts) earned half the return on sales of the KBR unit that builds infrastructure for commercial clients.

Nonetheless, contracting should work better than it does. Congress and the administration should work to address the genuine problems the system faces.

First, it needs to bite the bullet and accept that there are not enough contracting and program management people to develop sound strategies for major procurements and then manage these contracts after award so they produce results and stay within reasonable cost. The procurement workforce was downsized by about a quarter during the 1990s, but this was accompanied by business process changes that reduced the need for people. During the last six years, requirements have increased and spending has grown by over 80 percent while the government contracting workforce has remained basically the same size. Even adding in some contractor support, there is no way this represents a good match of people and money.

Ironically, in the context of procurement crises involving Iraq and Hurricane Katrina, Congress has been willing to appropriate additional funds for staff to identify and investigate mistakes after they have been made -- but not to appropriate funds to hire contracting officers to prevent mistakes from being made in the first place: Almost 500 Inspector-General, General Accounting Office, and auditing staff were assigned to post-Katrina oversight (much though not all regarding contracting), while FEMA's total contracting staff nationwide numbered a mere 40.

Hiring contracting officials is hardly the way to dress for political success -- who wants to bring in more "bureaucrats"? -- but there can't be well-managed contracts without people to manage them. The current situation creates a vicious circle: Overstretched people make mistakes, producing demands for more rules, creating additional burdens, giving people even less time to plan effective procurements and manage performance.

Second, there needs to be a boost in workforce training programs -- especially those geared for the new generation agencies are now hiring -- which provide the essential tools required for negotiating complex contracts and making sound business decisions. Many in the older generation were glorified clerks. Clerks can't run sophisticated efforts such as the

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Department of Homeland Security's Secure Border Initiative or computerizing case management at the FBI. Again, few political points are to be gained here -- training budgets are typically the first cut when budgets are constrained -- but such an attitude is penny-wise and pound-foolish. Congress should increase the percentage of revenues from General Service Administration sales that are used, according to statute, to fund training.

Third, the balance between competition and speed needs to be rejiggered. In the 1990s, legislation and regulatory changes made it possible to award contracts quickly but competitively. Unfortunately, many program managers, reacting against the earlier system where it often took two or three years to award contracts, embraced speed but ignored competition. We don't want to go back to the old system, but we need to realize the streamlined competition vision central to 1990s-era reforms.

Fourth, there need to be better incentives for good contractor performance. Congress last year unfortunately let lapse a pilot project promoting experiments with "share-in-savings" contracting, where contractors are paid only as a proportion of savings their efforts generate for government, so large savings produce big payouts but no savings mean no payment. This incentive should be restored, and others should be promoted.

Finally, there needs to be a better balance between punishment and reward for civil servants. In the heated political and media environment currently surrounding contracting, many are terrified, believing mistakes get them pilloried while accomplishments are ignored. How would a corporate CEO behave if earnings shortfalls received wide publicity, but performance above expected earnings was ignored? This is not an environment encouraging civil servants to develop better business solutions, nor one enticing young people to consider jobs in government.

If the new Congress wants to show its commitment to fix contracting, it should do something out of character -- amid hearings exposing waste, fraud, and abuse, maybe a lonely one could be held giving career officials occasions to present innovations they have developed to get better value from contracting.

Yes, the federal contracting system suffers from a range of problems -- fiscal, procedural, and programmatic -- but the system itself isn't broken and can be repaired given appropriate attention and bipartisan support.

Allan Burman is president of Jefferson Solutions. Steven Kelman is professor of public management at Harvard's Kennedy School of Government. Both are former administrators of the Office of Federal Procurement Policy at the US Office of Management and Budget.

Oversight And Democrats: Easy, Now. (But Not Too Easy.) (USAT)

By Ross K. Baker

USA Today, January 16, 2007

"Oversight" has become one of the most widely heard words to ricochet around the national political sphere since the congressional elections. It's one of those peculiar terms that has two definitions that are essentially contradictory. Check out the definition in Webster's New World Dictionary:

·"Supervision, esp. when careful or vigilant," and

·"An unintentional, careless mistake or omission."

In the previous Congress, the second definition fit very nicely the reluctance of the Republican members to hold the Bush administration accountable on such issues as the Iraq war and energy policy. The new Democratic-led Congress will certainly favor the first definition. But while the Republicans in the last Congress resembled the clueless Inspector Clouseau in their approach to supervising the executive branch, could there be a danger that in their zeal, the Democrats will emulate instead the implacable Inspector Javert? Even worse, could it be a combination of both fictional gumshoes? Whatever the eventual result, the oversight hearings got off to a flying start in both houses last week with hearings on topics as diverse as Medicare drug benefits and the plight of Iraqi refugees.

The principle that it is an essential function of a legislative body to oversee the operations of the executive is one that was established by at least the beginning of 17th century Britain where the Parliament functioned as the "grand inquest of the nation." Congress took this inheritance seriously and in 1792, investigated the Indian massacre in Ohio of more than 600 U.S. Army soldiers under Gen. Arthur St. Clair's command and scores of women and children.

Despite the fact that it was controlled by President Washington's own Federalist faction, Congress aggressively challenged Washington's refusal to provide materials on the military debacle. The episode seemed to establish that, irrespective of whether Congress was in the hands of the president's party or the political opposition, the bedrock principle of separation of powers required the House and Senate to ask tough questions of the executive branch. If the White House balked, Congress issued subpoenas to get those answers.

Unlike these earlier congresses, when principled commitment to checks and balances prompted legislators to challenge presidents of their own party, the outgoing Congress acted as a cat's-paw for the Bush administration. The role of "Congress Whisperer" went to Vice President Cheney, whose intimidating appearances on Capitol Hill underscored the president's wish to

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have Republicans in Congress ask few questions. Regarding Cheney's appearances at the Senate's Tuesday GOP policy lunches, Vermont Democrat Patrick Leahy said, "There is not a lot of dissent that goes on in that room. In 32 years in the Senate, I have never seen a Congress roll over and play dead like this one."

It is, however, the quality of oversight more than its quantity that is the test of a well-ordered Congress. Democrats are itching to begin ferreting out waste, inefficiency and misdeeds in the executive branch, but they may be less zealous when oversight requires them to change some of their own inefficiencies.

One test of congressional Democrats' sincerity will be to follow the recommendations of the 9/11 Commission and bring into some semblance of order the committees that have jurisdiction over national intelligence agencies.

The enforcement mechanism for oversight is Congress' constitutional power of the purse: Do your job right and you get your money; tolerate corruption or inefficiency, and your appropriation gets cut. But placing oversight responsibilities in one set of committees and spending power in another has been a recipe for confusion in a vital area of national security in which the lines of responsibility ought to be clear and straight. House Speaker Nancy Pelosi, D-Calif., has taken a partial step by creating a new intelligence subcommittee, but its power to make spending decisions is limited. In the Senate, no steps have been taken to align oversight and spending.

Another potential problem in oversight is excess zeal, and legitimate questions can be raised about overdoing oversight. Chris Carney, a Democrat, is a former active-duty military intelligence officer who was just elected as a House member from Pennsylvania. He has raised the warning about a congressional probe of pre-Iraq war intelligence failures, saying that such an investigation would burden the CIA and other agencies at the very time that their vigilance is crucial.

"Let's win the war first, then maybe look at how we got into it," Carney told The New York Times. It is true that past exercises of congressional oversight, such as the notorious Army-McCarthy hearings of the 1950s, damaged the institutions they probed, and Carney is correct in urging caution, especially in avoiding the peril of using oversight to settle political scores.

Tempted as the Democrats might be to launch numerous fishing expeditions as payback for years of GOP dominance and arrogance, Americans are sick of tit-for-tat politics.

Rep. Henry Waxman — whose House Committee on Government Reform has, in his own words, "jurisdiction over everything" — has promised to use oversight judiciously. "Doing oversight doesn't mean issuing subpoenas," he said. "It means trying to get information."

Waxman is a tough interrogator, but so much information over the past several years has been withheld that we can afford to tolerate some aggressive probing. The greater risk is the peril of being too passive.

Ross K. Baker is a political science professor at Rutgers University and author of Strangers on a Hill. He also is a member of USA TODAY's board of contributors.

CIVIL RIGHTS:

Bush: Honor King's Legacy By Helping All (AP)

By Ben Feller

AP, January 16, 2007

Paint brush in hand, President Bush helped spruce up a high school Monday and tried to draw attention to a broader point — the value of community service on a day honoring the Rev. Martin Luther King Jr.

"I encourage people all around the country to seize any opportunity they can to help somebody in need," Bush said from the library of Cardozo High, a predominantly poor, minority high school about 10 minutes from the White House.

"By helping somebody in need, you're honoring the legacy of Martin Luther King," the president said. "And by helping somebody in need, you're really helping yourself; you're lifting your soul."

Monday was a federal holiday for King, the slain civil rights leader who built a life around racial equality, nonviolent protest and public service.

Bush said people should treat the day as King's late wife, Coretta Scott King, wanted it. "It is not a day off," Bush said. "It's a day on."

In an unannounced visit, the president joined a community clean up project at Cardozo, where classes were not in session. A few hundred children, parents and local volunteers were at the school, many of them painting murals in the hallways to give the place a livelier look.

Bush, in rolled-up shirt sleeves, walked along a corridor and chatted up the volunteers, including Attorney General Alberto Gonzales.

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Bush borrowed a paint brush dabbed in red ink, then carefully colored in the "B" of a stenciled drawing of "Ben's Chili Bowl." The local eatery is a Washington institution, known for its famous chili dogs and its rich history, including surviving the riots after King's assassination.

"Getting the drift of this thing here?" a smiling Bush asked as he painted, seeking approval of his technique. Volunteers nodded yes.

Upstairs in the school's library, children wrote hopeful letters to people in New Orleans who lives were devastated by Hurricane Katrina. The kids seemed unfazed by the presidential visit until Bush entered, and many jumped on chairs to get a glimpse of him as he thanked them.

Volunteers Take 'Day On' For King (WT)

By Natasha Altamirano

The Washington Times, January 16, 2007

Martin Luther King envisioned a world in which people of all backgrounds could work side by side toward a common goal.

That's why Greater D.C. Cares yesterday, on the civil rights leader's birthday, organized a beautification project at Lemon G. Hine Junior High School in Southeast.

The nonprofit service organization enlisted volunteers throughout the area to brighten the learning environment for the school's 400 students.

The event was one of thousands of service projects across the country commemorating the life of the civil rights leader through the Martin Luther King Day of Service.

"I can't think of a better place than our nation's capital to live out Dr. King's vision for the country," D.C. Council member Tommy Wells, Ward 6 Democrat, said during opening remarks to about 350 volunteers.

Siobhan Canty, president and chief executive officer of Greater D.C. Cares, said the goal of yesterday's event -- along with the organization's other service projects -- is twofold: to make a difference through hands-on labor and begin a dialogue among diverse volunteers.

"It's an opportunity to come together and learn about each other," Ms. Canty said. "We always have to remember that Dr. King's legacy is racial equality and social justice."

Yesterday's volunteers came from Target, Marriott International Inc., AmeriCorps, area schools and other service groups.

Washington Capitals players Bryan Muir and John Erskine, despite recent injuries, also helped out.

Some Hine students participated -- raking leaves and re-painting the school's red front doors.

"It's a good way to help out and do something with your time," freshman Alexus Burgess said.

The national service day's motto is, after all, "a day on, not a day off."

About 30 students from the Catholic University of America also volunteered.

The students, with Susan D. Pervi, the university's vice president for student life, cleaned up one of the school's stairwells, wiping down railings and putting a coat of white paint over the yellowing walls.

"Catholic students have a disposition to do service," Mrs. Pervi said.

Other groups painted classrooms and restrooms and cleaned windows.

A beautification project also was under way at Cardozo Senior High School in Northwest, which drew a surprise visit from President Bush.

Mr. Bush, in rolled-up shirt sleeves, walked along a corridor and chatted with the volunteers, including U.S. Attorney General Alberto R. Gonzales.

Mr. Bush borrowed a paint brush dabbed in red ink, then carefully colored in the "B" of a stenciled drawing of Ben's Chili Bowl. The local eatery is known for its chili dogs and its rich history, including surviving the riots after King's assassination.

"Getting the drift of this thing here?" a smiling Mr. Bush asked as he painted, seeking approval of his technique. Volunteers nodded.

Elsewhere in the District yesterday, hundreds participated in a "peace walk" honoring King.

The walk began at the "Big Chair" landmark in Anacostia and ended at Covenant Baptist Church in Southwest, which hosted a worship service.

D.C. Mayor Adrian M. Fenty attended the memorial march and hosted a musical tribute at the University of the District of Columbia in King's honor.

During the tribute, Mr. Fenty presented the "Living the Dream" awards to the D.C. Boys Choir and to Hal Jackson, a member of the Radio Hall of Fame who became the first black radio sports announcer when he began calling baseball games for Howard University and the Negro Baseball League.

Mr. Jackson also broke color barriers when he began hosting a nightly interview program on local station WINX in 1939.

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Gary Emerling contributed to this article, which is based in part on wire service reports.

Walking Just Like King Did (WP)

By Michael E. Ruane And Hamil R. Harris

The Washington Post, January 16, 2007

The opening song was No. 540 in the hymnal, but most people at the Covenant Baptist Church tribute to the Rev. Martin Luther King Jr. yesterday already knew the words well.

Lift ev'ry voice and sing, Til earth and heaven ring. . . . Stony the road we trod, Bitter the chast'ning rod. . . .

Inside the venerable Washington church, which was the destination for hundreds participating in the city's Martin Luther King Peace Walk, the throng sang the verses to James Weldon Johnson's civil rights anthem with gusto.

Yet with a steady beat, Have not our weary feet come to the place for which our fathers sighed?

It seemed a fitting climax to the 18-block walk honoring King's birthday, which was led by D.C. Mayor Adrian M. Fenty and wound along Martin Luther King Jr. Avenue SE to the church on South Capitol Street.

It was one of numerous tributes across the region to the slain civil rights leader, who would have turned 78 yes terday. King was assassinated in Memphis on April 4, 1968.

The peace walk began about 10 a.m. at V Street SE in Anacostia after speeches by the mayor and other officials, clergy members and civic leaders. Crowding the sidewalk for blocks, the marchers enjoyed balmy January weather as they strode south on the avenue, chanting slogans and carrying banners.

"Today we're blessed. The weather is not a problem," said Denise Rolark Barnes, one of the walk's organizers. Over the years, King birthday commemorations have been affected by harsh winter weather, she noted.

While an official King Day parade in the District is scheduled for April 7, Barnes said many people believed King's birthday needed to be observed, too. "Many of us who work and live along the avenue just felt as though there was something that we should do. . . . We said, 'Rain, snow, sleet or hail, we would be out here,' and fortunately it doesn't look like we're going to get any of that."

Fenty (D) said the walk would be a simple statement. "We're going to just go out and put one foot in front of the other, and tell people that, although we made a lot of progress, we've got a long way to go." He said it could be especially instructive for the children participating.

"It won't be hard to explain to the kids how Martin Luther King was able to make so much progress just by walking when they're going to do it themselves," Fenty said. "I think they'll appreciate the hours and hours and months and months [spent walking] in the South to get civil rights advancements if we do a little bit of walking here ourselves."

Residents watched from front porches and windows as the march proceeded and a recording of one of King's speeches drifted from a passing car, along with the thump of pop music from another.

Past the avenue's multitude of churches the marchers went, past the nail salons and convenience stores. One house on the route was adorned with the images of King and fellow civil rights champion Malcolm X arrayed on its front steps. There were black marchers and white marchers, people in sneakers and others wearing cuff links.

One marcher, Keith Day, 45, who works at a drug addiction prevention agency, said: "I came down here to keep the legacy of Dr. King alive. If it wasn't for him, none of this would be happening. It took a man like him to stand up for peace."

Elsewhere yesterday, more than 300 people gathered at the La Fontaine Bleu banquet facility in Lanham for the 13th Annual Martin Luther King memorial breakfast sponsored by the Ebony Scholarship Society. There, Bishop Adam Jefferson Richardson Jr. of the Second Episcopal District of the African Methodist Episcopal Church challenged those gathered to go beyond just remembering King.

"From memorial to movement, let the movement begin anew," Richardson said. "It is right for us to be told Dr. King's words, to hear what the words mean in the context of 2007. At a time when we are waging war like swatting flies, it would be refreshing to hear King's words that violence is a poor teacher."

Maryland Del. Carolyn J.B. Howard (D-Prince George's), who attended the event, said that although such programs have become common since King's death, "we still need to remember what he did."

"It is easy to stay away, but we need to come out," she said. "There needs to be a new sense of activism today."

Martin Luther King Papers Go On Display (AP)

By Errin Haines

AP, January 16, 2007

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The first Martin Luther King Jr. Day since the death of King's widow and the chief keeper of his civil rights dream was marked Monday with speeches, visits to the couple's tomb and the opening of a collection of his papers, including a draft of his "I Have a Dream" speech.

Coretta Scott King's legacy loomed large over the 21st observance of the King holiday at the historic Ebenezer Baptist Church, where King preached.

"It is in her memory and her honor that we must carry this program on," said her sister in law, Christine King Farris. "This is as she would have it."

Mayor Shirley Franklin urged the congregation not to pay tribute to King's message of peace and justice on his birthday and then contradict it the next.

"Millions can't find jobs, have no health insurance and struggle to make ends meet, working minimum-wage jobs. What's going on?" Franklin said, repeating a refrain from soul singer Marvin Gaye.

As King condemned the war in Vietnam 40 years ago, Ebenezer's senior pastor, the Rev. Raphael G. Warnock, denounced the war in Iraq.

"The real danger is not that America may lose the war," Warnock said. "The real danger is that America may well lose its soul."

Visitors also paid homage to the slain civil rights leader and his wife at their tomb, not far from the church.

"They're together at last," said Daphne Johnson, who was baptized by King at Ebenezer.

Coretta Scott King died last year on Jan. 31 at age 78. An activist in her own right, she also fought to shape and preserve her husband's legacy after his death, and founded what would become the Martin Luther King Jr. Center for Nonviolent Social Change.

Crowds lined up early at the Atlanta History Center to see the first exhibition of King's collected papers since they were returned to his hometown. The papers brought back difficult memories for some.

"I remember a lot that I don't care to say," said Bertis Post, 70, of Atlanta, who marched with King in Alabama and Atlanta. "I always wanted to see the papers in person — just to be here and be around what you believe."

The exhibit includes King's letter from the Birmingham jail, an early draft of his famous "I Have a Dream" speech, his acceptance speech for the Nobel Prize and more than 600 other personal documents.

In California, Stanford University released some of King's earliest sermons and other writings Monday, a decade after the documents were discovered in a moldy cardboard box in an Atlanta basement.

The texts include sermons written when King was a 19-year-old seminary student in 1948 until 1963.

In a 1949 sermon, King asked God to "help us work with renewed vigor for a warless world, a better distribution of wealth and a brotherhood that transcends race or color."

King also sought a peaceful coexistence between science and religion and rejected a literal reading of the Bible, an approach he said had been used to justify slavery and other racial injustices.

Elsewhere, thousands of volunteers observed the holiday by taking part in service projects. Organizers expected about 50,000 people to participate in about 600 projects, said Todd Bernstein of the group MLK Day of Service.

President Bush, in an unannounced stop at a high school near the White House, said people should honor King on the holiday by finding ways to give back to their communities. Classes were not in session but volunteers were sprucing up the school.

"I encourage people all around the country to seize any opportunity they can to help somebody in need," Bush said. "And by helping somebody in need you're honoring the legacy of Martin Luther King."

Several hundred people gathered in West Columbia, S.C., for a breakfast prayer service, where the Rev. Brenda Kneece said King set the standard for sacrifice and vision.

King's "vision became even more powerful because he understood the risks he was taking," said Kneece, executive minister of the South Carolina Christian Action Council. "It's very important for our children to know that his sacrifice didn't win the war. We still have to keep at it."

At Michigan State University, officials presented a one-day civil rights exhibit that displayed slave shackles, a document from King's voting rights march in Alabama and a fingerprint card for Rosa Parks made after her 1955 arrest for refusing to give up her bus seat to a white man.

Marchers commemorating King Day in Troy, Ohio, were heckled by a group of seven neo-Nazi protesters shouting white power slogans and carrying signs, police said. There were no arrests.

And in North Carolina, 400 workers walked off the job or refused to show up at a huge Smithfield Foods Inc. hog slaughtering plant in Tar Heel after managers refused to grant the King holiday as a paid day off.

The company said a union request last week for the day off came too late for a change of work plans.

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This year's holiday comes on the day King would have turned 78. King was assassinated April 4, 1968, while standing on the balcony of a hotel in Memphis, Tenn. His confessed killer, James Earl Ray, was arrested two months later in London.

MLK Exhibit Draws Record Opening Crowd King's Words Retain Allure (AJC)

By Catherine Fox

The Atlanta Journal-Constitution, January 16, 2007

They arrived by the hundreds. Sometimes three generations together. They came to a place many had never been, parked as much as a half-mile away and put up with long waits — all to be among the first to see "I Have a Dream: The Morehouse College Martin Luther King Jr. Collection" at the Atlanta History Center.

It was, as one awed visitor proclaimed to no one in particular, "a rendezvous with destiny."

In the first 30 minutes after the museum's 10 a.m. opening Monday, about 400 people were on hand to see the exhibit of 600 artifacts, a selection from the trove of 10,000 documents purchased for $32 million by a consortium of Atlanta interests last year.

And they kept on coming. The center, which had instituted a timed entry system because of the crowds, stayed open four hours past its 5 p.m. closing time to accommodate more than 3,500 visitors.

"This is a record opening for an exhibition at the history center," said communications director Hillary Hardwick. She said anecdotal evidence indicated that a majority of the visitors had never been there before.

Mothers with babies on their hips, dads with toddlers on their shoulders, teenage boys in baggy pants — they moved slowly through the exhibition, engrossed in reading King's words. The mood was respectful, almost solemn. Like Alvin and Ishmael Crouch, brothers from Tyrone, the visitors seemed moved. The teens had come at their mother's suggestion, and they were glad they had.

"We had read 'Letter from Birmingham Jail' in literature class," said Alvin, 16. "But to see the actual paper, it was pretty amazing. You read it, and it's 'OK, whatever.' To see it, it does something to you. ... He must have really, really wanted freedom, for him and his people."

The documents were just as affecting for Katie Jones, whose great-grandmother was 8 years old when she was emancipated from slavery. "Every person applying for citizenship should be required to see this show," said the Atlantan, 69. "They should see how this nation was built on the backs of our forefathers."

Crowds clustered around the video screens showing footage of some of King's most famous speeches. The Weatherspoon family of Hamilton Mill was among those watching the landmark "I Have a Dream" speech King delivered in front of the Lincoln Memorial in 1963.

"Every year on King Day we do something, so it's not just a day off, " said Johnny Weatherspoon, 42.

He said he and his wife, Renette, always have made it a point to talk with their two daughters about King and civil rights history, just as their parents had with them, and to take them to the historic sites. But the girls did not remember having watched the speech before.

"It like sent chills to your back to think how it feels to be discriminated against," said Joni, 12.

Justice, 9, was impressed by the quantity and fluidity of King's writing. Standing before a draft of King's last speech, which he wrote on loose-leaf paper with nary a crossed-out line, she observed, "It was like he is really into it. He just keeps on going."

The visit was also a family affair for Bryan Anthony Grant, who spent more than an hour looking at the exhibit with his parents, Bryan Sr. and Avis Franklin-Grant of Kennesaw. This was the family's first visit to the center, but not the last.

"I definitely want to see this again," said Franklin-Grant.

The younger Bryan couldn't yet read cursive, so his parents had to help with him some of the speeches.

But he got the message. When asked what he learned, the 7-year-old said:

"Dr. King fought for equal rights for white and black, and he made good speeches."

At King Events, Politicians Mount New Calls For Justice (NYT)

By Mike Mcintire

The New York Times, January 16, 2007

As New Yorkers gathered yesterday to pay tribute to the legacy of the Rev. Dr. Martin Luther King Jr., it was the memory of another man that asserted itself throughout the day, with political leaders demanding justice for Sean Bell, who was killed in a hail of police bullets last November.

Gov. Eliot Spitzer met with members of Mr. Bell's family before speaking at the Rev. Al Sharpton's annual celebration of Dr. King in Harlem, where a string of politicians followed Mr. Sharpton's cue and addressed the shooting. Mr. Bell, an unarmed black man, was killed by undercover officers outside a Queens nightclub. The case is being investigated by prosecutors.

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Mr. Spitzer said the Bell family "stressed to me with great eloquence their concern that it not happen again."

"I can tell you as the former attorney general and as the governor of the state," he said, "we will do everything we can to make sure that justice is done and to make sure that fairness will begin in the street. It's what we owe you. It is what is right."

Mr. Sharpton said he talked to Mr. Spitzer about holding a statewide forum of political and community leaders to discuss the Bell case and "deal with permanent, legal changes, including the discussion of a permanent special prosecutor on cases, and testing of police officers."

The governor stopped short of endorsing a forum, but pledged to "continue a dialogue and have communication to figure out what we can do better."

Mr. Sharpton, a veteran of police controversies, has emerged as an adviser to the fiancée and relatives of Mr. Bell, whose death on his wedding day has galvanized critics of Police Department policies on use of force and its training of officers. The King Day event at Mr. Sharpton's crowded storefront headquarters, always suffused with political theater, regularly serves as a reminder of his influence over public opinion, and votes, among African-Americans.

The subject of Mr. Bell's death was also raised by officials and pastors who spoke at black churches and at the Brooklyn Academy of Music's annual King Day commemoration, where Mayor Michael R. Bloomberg and City Council Speaker Christine Quinn each invoked Mr. Bell's memory.

Among the other elected officials at Mr. Sharpton's event was the state attorney general, Andrew M. Cuomo, who told the audience that he recently met with Mr. Bell's family. In a speech punctuated by frequent bursts of applause, he placed Mr. Bell in a litany of previous victims of police abuse and decried systemic faults in the criminal justice system.

"Minorities and poor people are disproportionately victims of criminal justice," Mr. Cuomo said. "Criminal justice is supposed to protect everyone, everywhere. And that includes Abner Louima and Amadou Diallo and Sean Bell."

Mr. Bloomberg, though introduced with warm remarks by Mr. Sharpton, faced a chilly reception from some members of the audience, who occasionally interrupted his remarks with loud comments or questions, particularly on the topic of Mr. Bell. The mayor called Mr. Bell's death "a terrible moment for New York," which demonstrated that "despite all the progress we have made in this city, we really do have a long ways to go."

Mr. Bloomberg, who made several public appearances yesterday, had more success connecting with audiences when he reminisced about enjoying the music of the late James Brown and suggested that Representative Charles B. Rangel, a favorite son of Harlem, should run for president. The mayor, a Republican who has deflected speculation about his own possible candidacy in 2008, made his comments about Mr. Rangel at the Convent Avenue Baptist Church in Harlem.

"You should know that Congressman Rangel was one of the first people that urged me to run for mayor," Mr. Bloomberg said. "And I'll never forget the time I called him and said, 'Charlie, I've got some good news and some bad news for you. The good news is I'm going to listen to you and run for mayor. The bad news is I'm not doing it as a Democrat.' "

Lee Honors Postponed To April (WT)

By Christina Bellantoni And Tarron Lively

The Washington Times, January 16, 2007

Robert E. Lee's annual honors in the U.S. Capitol have been postponed from this week to April, as heritage buffs hope to expand the Confederate general's 200th birthday into a yearlong celebration.

Members of the United Daughters of the Confederacy (UDC) for nearly a century have laid a wreath at Gen. Lee's statue in the Capitol's Statuary Hall on his birthday. It's a big soiree marked with dozens of heritage groups invited to offer wreaths of their own, and speeches by Civil War historians.

This year, the UDC will host a smaller ceremony at the statue on Friday, Lee's birthday. The extensive festivities will be held April 7 at the statue.

The delay, caused by the transition from Republican power to a Democratic majority, has been welcomed by organizers who say it allows them to bring renewed and extended attention to Lee's historical significance.

"We're going to commemorate the birthday all year. We have things planned all over the country, so this fit in well with our plans do it up," said UDC member Vicki Heilig, of North Carolina.

The transfer of power from Republican Speaker J. Dennis Hastert to Democratic Speaker Nancy Pelosi slowed down the event-approval process.

Mrs. Pelosi's office was not legally allowed to consider requests until she was sworn in Jan. 4, just a few days before the group's notification deadline to send out invitations.

The new speaker's staff pored through "dozens and dozens" of pending requests, and ultimately approved the UDC event for Saturday, said Pelosi deputy press secretary Drew Hammill.

But that approval came too late to do a "bang-up" job and get 400 engraved invitations into the mail, Miss Heilig said.

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"We didn't feel like we had time to do that," she said, adding, "Besides, April is better weather," for members traveling from all over the country.

The more subdued affair will be held at 11 a.m. Friday in Statuary Hall. Some UDC members plan to dress in period garb of hoop skirts and bonnets.

The Capitol ceremony celebrating Lee's birthday -- he was born Jan. 19, 1807, in Stratford, Va. -- has been held every year since 1911. The Lee statue arrived at the Capitol from Virginia in 1909.

A career officer in the U.S. Army, Lee became one of the most successful Confederate generals after the outbreak of the Civil War, eventually commanding all of the South's armies. After the war, he became president of Washington College (now Washington and Lee University) in Lexington, Va., and advocated reconciliation between North and South.

Some members of local heritage organizations were unhappy about the delayed celebration.

"I think it's outrageous," said Richard Hines, a Northern Virginia business owner and commander of a group called the Noble Order of the Sword of Lee, formed to honor the general's birthday.

Alleged Voting Rights Violation With Twist Goes To Trial (WP)

By Peter Whoriskey

The Washington Post, January 16, 2007

MACON, Miss. -- Over the years, Ike Brown has earned a reputation in rural Noxubee County as a wily political boss, and his election triumphs have time and again aroused suspicions of impropriety. But talk of his tactics never carried much farther than this small community of sawmills and catfish ponds.

Today, though, Brown, who is African American, is scheduled to go on trial in federal court in Jackson, where he will face charges from the Justice Department that he violated the political rights of Noxubee's white minority. It is the first time that the 1965 Voting Rights Act has been used to ensure white rights.

About two-thirds of the 8,700 adults in Noxubee County are black, and Brown, the local Democratic committee chief, has been criticized for urging people to "vote black" while engaging in an array of electoral shenanigans.

At issue is whether Brown, 52, has directed "relentless voting-related racial discrimination" against white voters and white candidates through fraudulent election tactics, as federal lawyers say, or whether he was merely operating aggressive political campaigns in a milieu that has long been split along racial lines.

The case is being closely watched, not only for its contrasts to the historic struggle for civil rights here, when the Voting Rights Act was a key legal weapon on behalf of blacks, but for signs of the Bush administration's commitment to minority issues.

Critics view the case as a symbol of the way that the administration has veered away from the traditional mission of the civil rights division at the Justice Department -- eliminating discrimination against African Americans -- in favor of reverse discrimination and religious discrimination matters.

"I played tough, but I played fair," Brown said last week. Whites "stole elections from us for decades and nothing was done about it. Now the slightest inconvenience for the establishment is cause for the Justice Department to come down here."

Brown, a lanky single father, has been a figure of political controversy here for years, but not a flashy one. A former tax preparer, he served a prison sentence in the mid-1990s for preparing fraudulent returns. Now, aside from his political work, he also operates a one-man scrap metal business. He makes less than $30,000 annually all told, he says, and his Macon home, in a predominantly white neighborhood, is assessed for $127,000.

Wil Colom, the prominent black Republican lawyer who has taken Brown's case on a pro bono basis, describes his client and his aggressive tactics as a product of the long and sometimes bitter quest for black representation in Noxubee County.

Brown has run dozens of campaigns here, and Colom traces the fight for black representation in the county to 1971, when, despite the numerical superiority of blacks, no one on the board of supervisors was African American. It was not until the early '90s that African Americans won a majority of seats. Now, four of the five county supervisors are black.

"Majority rule came to South Africa before it came to Noxubee County," Colom said.

In the battle for political representation, he said, Brown fought like "a guerrilla" and his legal troubles stem now from the fact that he did not recognize that he was now in power and did not build coalitions with those he had vanquished. As a result, Colom said, "whites feel alienated."

Still, he said, "it's hard for a black person in Ike Brown's position to stomach somebody complaining about discrimination, considering what's happened to them."

The federal lawsuit enumerates an array of illegal maneuvers in Noxubee County elections engineered by Brown. They include recruiting ineligible black candidates, excluding whites from Democratic Party meetings, manipulating voter registration rolls and collecting improper absentee ballots, partly through teams of notaries who visit homes to help people vote.

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In a 1999 Democratic primary for sheriff, for example, the margin of victory for Brown's preferred candidate was only five votes. A judge ruled that a new election should be held because 52 ballots, most of them from absentees, were found to be invalid.

Brown, as chairman of the Democratic Executive Committee in the county, did not fulfill the judge's order, telling the local paper, the Macon Beacon, that someone would have to file a lawsuit to compel him to do so. No one did.

In 2003, Brown recruited a black lawyer to run against the incumbent white county prosecutor, according to the government's court filings, even though the white lawyer is a Democrat and the black lawyer was ineligible to run in Noxubee because he lived in Jackson. Brown refused to hear the complaints of the prosecutor and dropped the campaign only after a judge ruled against him.

The same year, Brown delivered to the Macon Beacon a list of 170 or so white Republican voters whom he said he would challenge if they tried to vote in the Democratic primary. Critics say he singled out white voters, but Brown indicated that he was only trying to keep Republicans from voting.

Indeed, while federal lawyers link Brown to the racial polarization of county voting, locals on both sides of the divide say race is simply something that politicians in the area have to deal with, and if they choose to, can exploit to their advantage.

"I use rhetoric to try to win, and that may range from saying that, quote, they're not black enough or it may range to saying that they're too black to get anything done," Brown has admitted. "It's just whatever is convenient."

Phillip McGuire, a white jewelry store owner who has been asked to testify, said in a deposition: "You can't live here without couching some things in terms of race. It's just . . . you know, Mississippi."

Compass Settles Claim It Discriminated Against Unmarried Car Buyers (BIRMBIZ)

Birmingham Business Journal, January 15, 2007

Compass Bank has reached a settlement with the U.S. Department of Justice over allegations the bank discriminated against unmarried car-loan applicants.

The Justice Department launched an investigation into Compass' automobile lending practices after the Federal Reserve Board, in a routine 2003 examination, found "reason to believe that Compass Bank's loan pricing procedures and directives constituted a pattern or practice of discrimination," according to a news release Friday.

In its complaint, the Justice Department alleged the Birmingham-based bank had violated the Equal Credit Opportunity Act by charging car loan co-applicants who were not married to one another higher rates than married couples.

In a consent order filed in federal district court in Birmingham, Compass has agreed to pay as much as $1.75 million plus interest to unmarried co-applicants who were charged higher rates. It also will beef up its equal credit opportunity training for employees who set car loan rates. The bank also is required to maintain changes to its lending procedures already in place that explicitly ban distinctions based on marital status.

"Under the law, marital status should have no effect on an individual's access to credit," said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division, in a news release. "We will continue to vigorously enforce the federal laws that prevent discrimination in credit and lending services. We commend Compass Bank for working cooperatively with the Justice Department in reaching an appropriate resolution of this case."

Since 2001, the Justice Department's Civil Rights Division has filed seven cases under the Equal Credit Opportunity Act.

Compass's agreement with the Justice Department remains subject to court approval.

Compass Settles Complaint (BN)

By Roy L. Williams, News Staff Writer

The Birmingham News (AL), January 16, 2007

Discrimination on car loans alleged

Compass Bank said Monday it settled federal complaints that it engaged in a pattern of lending discrimination against some applicants for car loans based on their marital status.

The Justice Department and Compass said the Birmingham bank will pay up to $1.75 million, plus interest, to non-married loan customers who were charged higher interest rates than married couples.

A consent decree, which still must be approved by a federal judge in Birmingham, says Compass promised it will not discriminate on the basis of marital status in any aspect of its automobile lending.

"Under the law, marital status should have no effect on an individual's access to credit," said Wan J. Kim, assistant attorney general for the Justice Department's Civil Rights Division.

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Ed Bilek, a Compass senior vice president, said the bank admitted no wrongdoing and noted that the loans in question occurred between May 2001 and May 2003. He declined to say how many loans were involved in the investigation, saying only "it did not represent a significant amount of our business." The probe looked at lending through the bank's operating territory

"While Compass believes its lending practices comply with applicable laws and regulations, we worked closely with the Department of Justice and are happy to resolve this issue," Bilek said Monday,

Compass had revealed in a quarterly filing with the Securities and Exchange Commission last August that the Justice Department was investigating its auto lending practices. In the filing, Compass said the investigation concentrated on its "indirect auto lending" practices. Indirect loans originate at auto dealers and are forwarded to banks for approval.

The Justice Department said Compass has implemented changes to its lending procedures that bar distinctions based on marital status and will maintain those new policies. Compass said it will provide enhanced equal credit opportunity training to its officers and employees who set rates for automobile loans.

Bilek said Compass has reserves set aside for the settlement.

The government's complaint alleges that Compass violated the Equal Credit Opportunity Act, which makes it unlawful for creditors to discriminate against any applicant based on race, color, religion, national origin, sex, marital status or age.

The Federal Reserve Board referred the matter to the Justice Department after a 2003 examination gave the board reason to believe that the bank's loan pricing procedures constituted a pattern of discrimination.

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State Police Panel Reviewing Claim Trooper Was Told To Lie To Monitors (BERGENCR)

By Justo Bautista, STAFF WRITER

Bergen County (NJ) Record, January 15, 2007

A committee appointed by Governor Corzine to take a "hard look" at state police reforms is investigating allegations by a veteran trooper that he was coached on how to mislead federal monitors.

Testifying in November before the Advisory Committee on Police Standards, Sgt. Scott Turner said commanders asked him to "misrepresent" his findings as head of the research and innovation unit that the state police academy at Sea Girt was not complying with the mandates of a federal consent decree signed in 1999 as a result of a racial-profiling scandal. Turner said he refused.

He also testified that high-ranking commanders in the Office of Professional Standards "manipulated and misrepresented" internal affairs data to show that the state police were complying with the consent decree.

"I was instructed to keep my mouth [shut] when speaking with federal monitors, to omit information, and I was even coached on how I can mislead monitors [by] misrepresenting information and how I could limit my responses to their questions," said Turner, who has a whistleblower lawsuit pending against the state police.

The committee's recommendations will help Corzine decide whether the state should join the U.S. Justice Department in filing a motion in U.S. District Court to lift the consent decree, which was signed in December 1999 and allowed federal observers to monitor state police efforts to end racial profiling.

After six years of overseeing state police operations, federal monitors said the reforms have "far exceeded" the court-ordered requirements designed to end racial profiling.

Nevertheless, the committee is "still looking" into Turner's allegations, said James E. Johnson, the committee chairman and a former federal prosecutor.

"He has raised some serious matters, and we intend to look at them carefully," Johnson said.

The deadline for the committee's final report, originally Dec. 31, has been extended to Jan. 31.

Asked about Turner's testimony, state police spokesman Capt. Al Della Fave, said: "We have cooperated fully with the independent monitors since Day One."

Turner said creating a "community police commission" in the Department of the Public Advocate was the "only real solution to provide independent oversight of the state police."

The 21-member advisory committee held four hearings around the state in the fall and "continues to gather data," Johnson said.

The consent decree was signed more than a year after two troopers fired on a van carrying four unarmed minority men on the New Jersey Turnpike. Three of the men were wounded in the shooting, sparking an outcry over racial profiling.

The state Attorney General's Office said in July 1999 that "the problem of racial profiling is real."

Troopers are now operating in a "climate of excellence," State Police Superintendent Rick Fuentes testified in October. He cited the federal monitors' report of 30 consecutive months of substantial compliance with decree requirements -- enough

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progress for the Justice Department to move for dismissal of the consent decree. The monitors found no indication of racial profiling in state police traffic stops.

"The prospect of achieving a 100 percent compliance rate with the decree in our line of work was thought by some to be impossible, but it has been attained," Fuentes said.

He added that he wanted the reforms codified by legislation, thus assuring state funding for them.

"What takes place on the road now is testimony to the most constitutional and unbiased policing in the country," David Jones, president of the State Troopers Fraternal Association, told the committee.

But Edward Barocas, legal director of the American Civil Liberties Union of New Jersey, testified that an ACLU study, based on the state's own statistics, showed profiling on the southern portion of the New Jersey Turnpike had not stopped.

"African-Americans now make up a higher percentage of stops than they did before the consent decree began," Barocas said.

While lauding state police progress, the Rev. Reginald T. Jackson, executive director of the Black Ministers Council of New Jersey, strongly urged the committee to keep the consent decree in place.

Jackson said he doubted that the state police "culture" had changed.

"It was this culture which made racial profiling permissible, tolerable and OK," Jackson said. "It was this culture which led the New Jersey State Police to adopt a posture of denial. In fact, to my knowledge, to this date, Nov. 21, the organization has not publicly admitted it practiced racial profiling."

Della Fave contended the culture has changed.

"All of the troopers presently on patrol on the road were inducted during the consent-decree years," Della Fave said. "It's a completely different road from 1999."

To change the police agency's "insular and secretive culture," William H. Buckman, a Moorestown attorney, called in a landmark 1996 racial profiling case for the appointment of a civilian state police commissioner.

"We will not get a handle on profiling unless we get a handle on the culture," Buckman said. "If we can't rely on people within the agency to be able to tell us, without fear of their lives or careers, of wrongdoing, how are we going to know what's going on?"

A Gloucester County judge in that case agreed that troopers were racially profiling motorists on the southern portion of the turnpike.

Legislation Targets Human Trafficking In State (LAWET)

By Gordon Fraser

Lawrence (MA) Eagle Tribune, January 16, 2007

Three state legislators are joining forces to end the human trafficking problem in the Granite State. Which begs the question, is there a human trafficking problem in the Granite State?

"There's no way to know, but common sense just tells you New Hampshire isn't immune," said Assistant U.S. Attorney Mark Zuckerman. "It's happening all around us. It's happening here, too."

But the evidence is sketchy, Zuckerman said. Since a federal law passed prohibiting human trafficking in 2000, only one New Hampshire case has been prosecuted - the United States v. Timothy Bradley and Kathleen Mary O'Dell.

Bradley and O'Dell, of Litchfield, were convicted in 2003 of forcing four Jamaican men to work for their tree-cutting business. The men lived in unsanitary and unsafe conditions, and received no pay for their work, according to Zuckerman. Both Bradley and O'Dell were sentenced to five years, 10 months in prison.

Human trafficking essentially falls into two categories. The first is forced labor, when people are transported across national borders, often illegally, and forced to work for little or no wages to pay back those who brought them into the country. The Bradley and O'Dell case fell into this category, with one difference - the four Jamaican men were brought into the country legally, on workers' Visas.

The second category involves forced prostitution. Young women or children are transported into a country, and forced to pay back those who brought them in by working in the sex trade.

Just the possibility of a human trafficking problem in New Hampshire is shocking to Rep. Jordan Ulery, R-Hudson, the sponsor of two bills. One of the bills would establish a commission to study human trafficking. The other would make transporting illegal immigrants across the border, or from place to place within the border, a crime.

"One child, one woman, one laborer being abused is too many," he said.

Ulery, a private investigator, said he thinks the human trafficking problem in New Hampshire is worse than people realize.

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"It is so easy to come across the Canadian border," he said, that the major north-south highways in the state have become a conduit for trafficking people to Boston and New York. He theorizes that people from Asia and Europe are trafficked into Canada, then brought down into the United States.

"At the same time," he said, "there are individuals within the state of New Hampshire who are attempting to take advantage of workers, take advantage of human beings."

The problem, thus far, seems to be finding hard evidence of that.

"I think there's no way to know," said Cynthia Magnuson, spokeswoman for the U.S. Department of Justice. "It's difficult to find these cases."

But Magnuson, as well as Zuckerman, thinks the state law would still be a good idea.

According to Zuckerman, a state law against human trafficking would give local police more power to investigate such crimes. Today, they only assist federal authorities already doing investigations.

But not everyone thinks the bill is such a good idea. When Ulery proposed a similar bill last year, he said, he got opposition from groups that thought the basic human rights of illegal immigrants would be at risk.

Opponents of the bill said making the transportation of illegal immigrants within the state a crime would even put charity groups trying to help immigrants at risk.

Ulery wants to leave that to the discretion of prosecutors.

"I trust our attorney general," he said. "She's a pretty astute individual."

Suit Calls Sacrifice A Religious Right (WT)

By Hugh Aynesworth

The Washington Times, January 16, 2007

EULESS, Texas -- Jose Merced said he is tired of Euless police knocking at his door and interrupting his church services.

Police have told Mr. Merced that his Santeria religious rites are against the law in this rapidly growing community because some of its ordination rituals involve the sacrifice of animals. One of his neighbors on the small cul-de-sac registered a complaint, but police did not tell him who.

He said fewer than 10 members of his group meet regularly in his Euless home.

After repeated visits and warnings, Mr. Merced, a 45-year-old airline employee, consulted Ernesto Pichardo, the church's president, and filed a lawsuit against the city claiming his religious freedom had been violated.

"We've been down this road before," Mr. Pichardo told The Washington Times.

In 1993, the U.S. Supreme Court struck down an ordinance in Hialeah, Fla., as a violation of the First Amendment's "free exercise" of religion clause. Justices agreed with Mr. Pichardo, the lead plaintiff in the case, saying the city targeted its law to Santeria sacrificial rites.

The city of Euless refused to comment on the lawsuit, but Avery Jackson, who was waiting in line at City Hall last week, was not so circumspect.

"Would you want children to watch chickens or goats being killed for their blood?" he said. "Come on, get real. They might do that in Haiti or Cuba or somewhere, but in Euless, Texas?"

Mr. Pichardo, 52, a Cuban refugee who lives in Florida, compared the drawing of blood to the Eucharist in Catholicism.

"This is not drinking blood, and we don't sacrifice children," he said. "And we don't go around snatching pets."

Mr. Merced said authorities "just don't understand our religion" and that his group of followers might go as long as a year without such sacrifices.

"This doesn't happen very often," he said. "It's only on special occasions."

Some Santeria members pointed out that Tongans, who have a 4,000-strong community in this metro area, roast as many as 15 pigs at festivals in their United Methodist churches.

The Rev. Alex Latu, minister of the Tongan United Methodist Church, bristled at the comparison of pig roasts to blood sacrifice.

"When we cook pigs, it is not a religious thing. It's cultural," he said. "We simply like pork. It's similar to how Americans cook a turkey to celebrate Thanksgiving."

Mr. Latu said he did not have a strong feeling about the legal argument of Santeria followers, but a ruling "would only affect them, not other religions."

He noted that Mormons were forced to comply with laws against polygamy. "Though I do not want to see the government involved in all such instances, sometimes certain things help the community as a whole," he said.

Santeria originated among the Yoruba in southwestern Nigeria centuries ago and was introduced to Caribbean nations, Cuba primarily, via the slave trade.

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Virginia Assembly To Tackle Abortion (WP)

By Tim Craig, Washington Post Staff Writer

The Washington Post, January 15, 2007

One Measure Would Outlaw Most Procedures

RICHMOND -- Abortion rights advocates are gearing up to fight more than a dozen bills before the General Assembly this year, including a measure that would outlaw nearly all abortions in Virginia should the U.S. Supreme Court overturn Roe v. Wade.

The debate over abortion is a yearly ritual for the Republican-controlled General Assembly, but a pending Supreme Court decision on the Partial-Birth Abortion Ban Act and this fall's legislative races could heighten the discussion this year.

"I have no doubt if the Supreme Court overturns Roe that Virginia would be one of the states that makes it illegal to have an abortion," said Ann O'Hanlon, executive director of NARAL Pro-Choice Virginia.

Many Supreme Court observers have said the court is one or two votes from reversing the 1973 decision that established a woman's right to an abortion.

Abortion has been a tumultuous political issue in Virginia, where polls show that about 40 percent of the electorate identify themselves as born-again Christians. The state is home to Pat Robertson's Christian Broadcasting Network as well as Jerry Falwell Ministries, both of which speak out against abortion.

A Washington Post poll taken during the 2005 governor's race found that 61 percent of Virginia residents think abortion should be legal in all or most cases; 38 percent said they want to outlaw the practice.

A bill by Del. Robert G. Marshall (R-Prince William) causes abortion-rights supporters the greatest concern. The bill proposes that Virginia revert to pre-1973 abortion laws if the Supreme Court overturns Roe v. Wade. Under those laws, abortion would be illegal except if the life of the woman or fetus is endangered.

"The right-to-life folks have not seen their concern addressed in years, so this gives them hope there is still some interest in this issue," Marshall said. He added that abortion opponents are engaged in a long-term struggle to take "a couple of steps" each year to reduce abortions.

"It is our belief a reasonable Supreme Court will reverse most, if not all, of the Roe decisions, and any legislation that brings Virginia in line with that decision we would support," said Victoria Cobb, president of the Family Foundation, a socially conservative group. The foundation is advocating changes to the informed-consent law so abortion clinics would be required to perform an ultrasound before performing an abortion.

In February, the South Dakota legislature set the stage for a direct challenge to Roe v. Wad e when it voted to make it a felony for doctors to perform abortions except to save the life of the woman. Voters overturned the law in a statewide referendum in November.

In Virginia, abortion foes have been more restrained, largely focusing on ways to limit access to abortion slowly. Last year, the House of Delegates approved a plan that would require clinics that perform abortions to meet the same standards as ambulatory surgery centers, but the measure died in a Senate committee.

The bill has been reintroduced this year. "Veterinary clinics are regulated to a higher degree than abortion clinics, and to me, abortion is an invasive procedure and ought to be regulated at least to the same degree," said Del. Phillip A. Hamilton (R-Newport News), chairman of the Health, Welfare and Institutions Committee.

Abortion rights supporters counter that the regulations are not needed because there have been few instances in which health or sanitary conditions have been an issue in one of the state's abortion clinics.

Other proposals under consideration this year include bills that would stiffen penalties for injuring a fetus as well as measures that require women to be given more information about a fetus before an abortion. The General Assembly will also consider a measure to require minors to get parental permission before obtaining birth control and one that would require a doctor to use anesthesia when performing an abortion on a fetus after 20 or more weeks.

Hamilton said he is not sure whether any abortion-related bills would pass the House this year but doubts that there will be much enthusiasm for taking up Marshall's plan for a total ban.

Gov. Timothy M. Kaine (D) has said he opposes abortion personally but would veto any bill that outlaws abortion. A different political landscape might present itself next year, however, when the Senate committee that has blocked most restrictions on abortion might have a new chairman.

Even if some of the abortion bills pass the House this year, Sen. H. Russell Potts Jr. (R-Winchester), chairman of the Senate Education and Health Committee, said they would face a hostile reaction in his committee.

"It's absolutely outrageous stuff that is just totally out of the mainstream," Potts said. "They just don't get it. Women by the thousands are deserting the Republican Party."

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Some of Potts's Republican colleagues say he's the one out of the mainstream because he's blocking restrictions that a majority of senators support. Sen. Ken Cuccinelli II (R-Fairfax) refers to the Education and Health Committee as the "committee of death."

But Potts, a Republican maverick who angered many party leaders in 2005 when he launched an independent bid for governor, might not be around next year to block abortion-related bills: He said he is considering retiring. If a new chairman takes over and allows antiabortion legislation to reach the full Senate, Potts said, "it has a very good chance to pass."

The Republicans' Gamble (WP)

The Washington Post, January 15, 2007

Change Virginia's redistricting system or roll the dice.

PARTIES THAT command the majority of state legislatures are loath to yield their right to draw district lines on the state's political map. And no wonder: Why voluntarily cede such a sweeping power? But Virginia Republicans, who control both houses of the state legislature, would do well to break the mold this year -- and not only because they would be exposed as bald-faced hypocrites for refusing.

Virginia remains in most ways a majority-Republican state. But after successive Democratic victories in races for governor and senator, plus Democratic pickups in the state legislature for most of this decade, the GOP majority is starting to look shaky. Hence the party's dilemma: If it insists on leaving redistricting in the hands of the majority, as it has in recent years, it may wake up after the 2010 Census startled to find the Democrats in charge of redrawing the political map. If, on the other hand, the Republicans agree now to create a bipartisan system, they may end up with an electoral map more to their liking than if they were left to the Democrats' mercies. The result will be better government and better politics.

It's better government because Virginia's current system has produced a quasi-democracy. Most incumbent lawmakers have districts so gerrymandered in their favor that they face no serious opponent or no opponent at all. In the last elections for the House of Delegates, in 2005, just 12 of the 100 races were competitive enough to end with a margin of victory of less than 10 percentage points; in the last state Senate elections, in 2003, just four of the 40 races were that close. Most of the real contests are in the primaries, which are decided by a tiny handful of the most partisan voters of each party. That produces winners who tend to be the most partisan candidates and the ones least interested in consensus and compromise. The result: polarization and gridlock of the sort that Virginia's legislature has been subjected to for the past several years on transportation and the budget.

Then there's the politics. Fifteen years ago, Virginia Republicans, then in the minority, introduced a constitutional amendment to establish a bipartisan redistricting commission. The commission would consist of four members named by the chief justice of the Virginia Supreme Court -- two from each party but none serving in any elective or official party capacity. The fifth member, the chairman, would be selected by the other four. The GOP's proposed amendment was killed without ado by the then-majority Democrats. The Republican sponsors, who included a certain Del. William J. Howell of Stafford County, cried foul.

Now an identical constitutional amendment, unearthed from the state archives, has been proposed by Virginia's House Democratic leader, Del. Brian Moran of Alexandria. Mr. Howell, whose Republican Party is now in the majority, is speaker of the House. Can he, with a straight face, oppose the amendment that he co-sponsored in 1992?

ANTITRUST:

Blitz Of Mergers, Buyouts Sets A Record (CSM)

By Mark Trumbull

The Christian Science Monitor, January 16, 2007

Corporate merger and buyout activity is now surpassing the record levels reached in 2000 – a trend that holds some risk as well as promise for the global economy.

In the past week:

· US Airways boosted its hostile bid for the struggling airline Delta, to about $10 billion.

· General Electric Co. said it will buy Britain's third largest aerospace company for $4.8 billion. It also is looking to auction off its plastics division, which could be worth $10 billion.

· Jockeying intensified among rivals to buy Hutchison Essar, one of India's biggest wireless phone companies.

With all the stock shares and assets flying back and forth in recent months, even stock exchanges are part of the story. European regulators have just stamped their approval on a proposed merger between the New York Stock Exchange and

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Euronext, an operator of European exchanges. And two venerable Chicago markets for futures and option contracts are in the process of pairing up.

This wave of dealmaking is generally a positive force, analysts say. Mergers or buyouts help many businesses become more competitive – and support their stock prices in the process. But the trend also gives cause for worry. The last time mergers and acquisitions (M&A) hit a peak like this was in 2000, just before a bear market and recession of 2001. The risk is that, once again, stock prices and M&A activity could fuel each other, only to collapse after a speculative frenzy.

"Right now we're not seeing that," says Roger Aguinaldo, who publishes the M&A Advisor, a New York newsletter. "But it could happen."

What's certain is that dealmaking is back in full swing. In 2006, M&A volume worldwide reached $4 trillion, surpassing the previous record of $3.3 trillion set in 2000, according to Dealogic in New York, which analyzes global investment banking and systems. The year's final quarter, in fact, was the fastest-paced.

The trend is driven by a strong global economy, for one. Also, some CEOs feel an "eat or be eaten" pressure, knowing they could lose their jobs if their companies are bought out.

Other causes may be particular to a given company or industry. GE is buying and selling pieces to reposition itself for solid global growth. The US airline industry, analysts say, must consolidate to boost profitability.

Perhaps the biggest force behind the merger wave is the simplest: piles of money. Corporations have built up loads of cash. So have "private equity" funds, created by large investors to buy publicly traded firms, manage them privately for a time, and then relaunch them as public companies.

"We've got a good head of steam," says Joseph Quinlan, chief market strategist at Bank of America Securities in New York. "There's a lot of liquidity out there still."

This is true globally, not just in the US. In half of the 10 biggest transactions of 2006, neither the target nor the acquiring company was from the US, Dealogic reports. Meanwhile, M&A by developing nations nearly doubled in the past year, to half a trillion dollars in value, says Mr. Quinlan.

While some financial experts predict another record in 2007, he says merger activity will probably begin to trail off in the second half of the year. "My hope is it kind of rolls over gently, [that] it doesn't crash," Quinlan says. He expects that the world's central banks will withdraw easy credit conditions before the passion for mergers gets out of control.

The recent dealmaking hasn't generally aroused antitrust concerns. Most industries are competitive. But as the trend continues, consumer protection could become more important. In 2003, for example, an academic analysis of banking mergers found that consolidation has hindered small-business access to loans.

Still, deals in this current period tend to be, on balance, beneficial, many analysts say. The economy "seems to be less vulnerable to excess than, let's say, the late 1990s or 2000," says Pavel Savor, a finance expert at the University of Pennsylvania's Wharton School in Philadelphia.

One reason: Cash-only transactions are now the norm, accounting for three-fourths of the M&A volume last year, according to Dealogic. Dealmakers tend to be more disciplined when using cash than stock, analysts say. Also, corporate directors feel greater pressure to be alert on shareholders' behalf – at risk of being sued.

Brocade-McData Deal Forces FTC Juggling (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, January 16, 2007

A merger between competitors might be a great deal for the companies' customers, lowering prices by focusing research and development on the most valuable projects and cutting production costs. Another deal joining competitors, however, could raise prices by decreasing competition, leaving fewer choices to consumers.

The Federal Trade Commission is trying to decide which camp Brocade Communications Systems Inc.'s $735 million purchase of McData Corp. falls into.

Politics at the five-member commission and recent legal precedent are making this case a closer call than most for the agency. First, the agencies have lost several recent merger cases. Next, market entry barriers that aren't easy to assess and a dearth of customer complaints are complicating the FTC's job. Finally, the makeup of the FTC itself changed last year, and the dynamics of the commissioners are still evolving.

The case comes at a time when both the FTC and its sister agency, the Department of Justice's antitrust division, have been losing challenges to mergers. FTC Chairman Deborah Platt Majoras has said she wants to bring a case, and she said, "You can't win if you don't play," but so far, "the right case" has been elusive.

Staff lawyers, who are eager to challenge the deal, have reviewed the Brocade-McData deal, according to several sources following the matter. After that recommendation reached his desk, however, sources following the deal believe FTC Bureau of

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Competition Director Jeff Schmidt overruled staff and forwarded to the five commissioners a recommendation to let the deal go through.

Antitrust lawyers say the differing recommendations are understandable because the case is too close to call.

His reluctance to block the merger in court is due in part to a previous case, DOJ's unsuccessful challenge to Oracle Inc.'s purchase of PeopleSoft in 2004. The Justice Department's defeat in that proceeding was seen as a judicial mandate on the need for consumer testimony. In that case, Chief Judge Vaughn Walker of the Northern District of California seemed to say that the government could only block mergers where there is a clear story of imminent consumer harm, as expressed clearly and in unified terms, by the customers in the industry.

In the Brocade-McData case, arbitrators say the FTC has been unable to identify customers who say they will suffer if the merger is completed.

Still other lawyers, including the newest FTC commissioner, Tom Rosch, have publicly said Walker is not right and would like to see antitrust regulators challenge his dictate on consumer testimony before it becomes embedded in antitrust practice. The FTC blocked the merger of H.J. Heinz Co. and Beech-Nut Nutrition Corp. in 2000 when the U.S. Court of Appeals for the D.C. Circuit found that a three-to-two merger, sometimes called a merger to duopoly, was illegal. The district court in that case had allowed the deal, which had no adverse customer testimony, but was overturned by the appellate panel.

Indeed, other deals have been blocked in the past, even without customer testimony if there are few competitors in the industry and there are reasons why no new companies could get into the industry.

The Brocade-McData deal focuses on sophisticated switches, called director switches, for computers. Only the merging parties and Cisco Systems Inc. now manufacture the switches. But Cisco may have as much as 30 percent of the market, according to arbitrators, and Cisco is a relative newcomer. That suggests another competitor might enter the market and expand quickly, reducing the ability of the merging firm to create a stranglehold on the market. Cisco, however, is a large networking equipment and network management company that already has a reputation in the computer industry. It's not clear whether another company could replicate its success.

Finally, politics are sure to come into play. Historically, Republicans tend to bring fewer merger challenges, putting their faith in the free-market system, while Democrats tend to block more deals. While Rosch is part of the Republican majority, he's only been at the agency for about a year. He came from Latham & Watkins LLP, where the bulk of his experience was litigating antitrust cases. That experience could lead to a stronger desire to go to court than his fellow Republicans hold, according to some Washington antitrust lawyers. They also see in his recent speeches a desire to use the courts as a means to clarify merger law, suggesting he wants the agency to prove its mettle in court.

But, lawyers note, it would be a bit ironic if Rosch votes with Democrats to challenge the Brocade-McData deal, since Rosch was on the Latham litigation team that won the Oracle-PeopleSoft case.

DOJ Details Plans In Lawsuit Against Realtors (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, January 16, 2007

ZipRealty, former eRealty officials expected to testify

If the antitrust lawsuit filed by the U.S. Justice Department against the National Association of Realtors proceeds to trial, the United States plans to call the Realtor association's general counsel, ZipRealty's CFO, the former president and CEO for eRealty, and the CEO for Home Buyers Marketing II among its witnesses, according to court documents.

The federal government has also identified 20 multiple listing service areas from which it has requested or obtained detailed data and 16 additional MLS areas from which it has collected evidence or will draw evidence.

Lawyers representing the government and Realtor group met last week with a court magistrate for a routine conference in the antitrust lawsuit, which was filed in September 2005. The lawsuit, filed in U.S. District Court in Chicago, charges that the Realtor group approved overly restrictive policies for the online display and sharing of property information among real estate professionals, while the Realtor group has maintained that its policies are not illegal.

Laurie Janik, general counsel for the National Association of Realtors, said lawyers for the association expressed a worry about the possible number of depositions that the government may take to assist in building a case against the Realtor association. Depositions, which are recorded statements given under oath for use in court, can be time-consuming and costly, said Janik, noting the government had announced plans for 10 depositions in one small market area. That number has since been trimmed to three for that market area, she said.

Janik suggested that there are numerous less costly methods for parties to gather information.

Laurie Janik, National Association of Realtors

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"They're very expensive. We've got to send an attorney there (and there is) travel time and attorney time during the deposition. If they were to do 10 depositions I'd probably have an attorney out there for a week, which is unreasonable if we're going to duplicate that in 36 market areas," Janik said.

Prior to announcing the lawsuit, the government took about 10 depositions, Janik said, "including mine and several members of our work group." Lawyers for the National Association of Realtors, meanwhile, took a deposition from a broker in Kansas prior to the government's announced plan for more depositions in that state, Janik said. In a court filing, a U.S. Justice Department attorney stated that the government planned to call Janik as a witness if the case proceeds to trial.

Other witnesses that the government expects to call upon include: Gary Beasley, president and chief financial officer of ZipRealty Inc.; Russell Capper, former president and CEO of eRealty, a company that was acquired by Prudential Real Estate Services; and Steve Polston, CEO for Home Buyers Marketing II.

Janik said the magistrate did provide some assurance that there would not be hundreds of depositions allowed for the case, though no specific limit was set.

Michael Erdman, a Chicago lawyer who has been monitoring the lawsuit, said in a posting at his Web site that the government has said it expects to conduct 45-50 depositions, excluding experts. Also, Erdman stated that the government announced it "is aware of at least forty-eight brokers nationwide that have opted out" under a listings policy adopted by the Realtor group, and has plans to take depositions from a "significant number" of them.

According to the court documents filed by the Justice Department, Beasley of ZipRealty "is likely to testify about the services that ZipRealty offers, the market benefits that competition from ZipRealty offers, and the effects of NAR policies relating to VOWs." It was the Realtor group's approved Virtual Office Web site policy, or VOW policy, that triggered a two-year investigation preceding the lawsuit.

Association leaders reacted to the lawsuit with a public announcement that the group had adopted a new, modified policy to replace its approved VOW policy, though the association later urged Realtor-operated MLSs not to enact the modified policy and not to implement controversial aspects of the VOW policy. The modified policy, known as the Internet Listings Display or ILD policy, and VOW policy provided for the online sharing or withholding (known as "opt-out" provisions) of property information at brokers' Web sites.

ZipRealty has provided "a substantial amount of documents" to the Justice Department, court documents state, and ZipRealty is now fighting in court to block an effort by the National Association of Realtors to obtain more documents that it seeks as evidence in defending against the Justice Department lawsuit. NAR had served ZipRealty with a subpoena "that essentially asks Zip to open its doors to NAR -- one of Zip's competitors -- and allow NAR access not only to the details of Zip's operations, but Zip's unique business model, its 'Coca-Cola formula,' as well," a ZipRealty lawyer stated in a court filing.

Capper, formerly with eRealty and currently with Prudential Real Estate Services, is likely to testify "about the services that eRealty offered prior to its acquisition ... the VOW-related services that Prudential offers now, the market benefits that competition from eRealty offered and that Prudential offers, and the effects of NAR policies relating to VOWs," according to court documents. Janik, meanwhile, "is likely to be asked to testify about the development of the VOW policies and the effects of NAR policies relating to VOWs."

And Polston is expected to testify "about the services that (Home Buyers Marketing II) offers, the market benefits that competition from HBMII offers, and the effects of NAR policies relating to VOWs," court documents state.

A July letter by a U.S. Department official noted, at that time, that the Justice Department was "currently aware of eleven MLS areas in which opt outs occurred," and the department plans to include evidence about those opt outs, or specific situations in which an MLS member opted to withhold property listings from an online broker-exchange system. Those markets, according to the letter, include: Jackson, Wyo.; Marathon, Fla.; Des Moines, Iowa; Hays, Kan.; York, Pa.; Cleveland, Ohio; Hudson, N.Y.; Emporia, Kan.; Detroit, Mich.; and Portland, Ore.

And a Dec. 8 letter from the Justice Department includes a list of 20 MLS areas from which the government "has requested or obtained detailed data," including: Atlanta, Ga.; Austin, Texas; Bakersfield, Calif.; Boston, Mass.; Chicago, Ill.; Dallas, Texas; Denver, Colo.; Detroit, Mich.; Emporia, Kan.; Fargo, N.D.; Hudson, N.Y.; Ithaca, N.Y.; Las Vegas, Nev.; Philadelphia, Pa.; Phoenix, Ariz.; Portland and statewide in Maine; San Diego, Calif.; Tampa and Orlando, Fla.; Washington, D.C., and Baltimore, Md.; and York, Pa.

Among the other MLS area from which the government has drawn evidence or plans to draw evidence: Cleveland, Ohio; Des Moines, Iowa; Hartford, Conn.; Hays, Kan.; Houston, Texas; Jackson, Wyo.; Los Angeles, Calif.; Marathon, Fla.; Miami, Fla.; Minneapolis, Minn.; Portland, Ore.; Sacramento, Calif.; Seattle, Wash.; St. Louis, Mo.; and Tulsa, Okla.

Justice Department officials said in court documents that they may draw upon evidence establishing that "a relatively small group of brokers controls a large share of the market" in some areas, and they may also use national surveys and other analyses of the brokerage industry in their lawsuit.

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The next status conference for the lawsuit will be held Feb. 7.

GE Buys Aerospace Unit For $4.8 Billion (AP)

The Associated Press

AP, January 16, 2007

LONDON -- General Electric Co., the world's largest aircraft engine maker, agreed Monday to buy the aerospace business of Smiths Group PLC, Britain's third-largest aerospace company, for $4.8 billion in cash.

Smiths will return $2.1 billion to shareholders, the London-based company said in a statement. GE and Smiths also announced plans for a joint venture called Smiths GE Detection.

The market reacted enthusiastically, pushing Smiths shares up more than 15 percent to 1,135 pence ($22.24) on the London Stock Exchange. The company has been under shareholder pressure to break itself up, but has resisted.

Fairfield, Connecticut-based GE said the purchases would broaden its aerospace portfolio by adding Smiths' flight management systems, electrical power management, mechanical actuation systems and airborne platform computing systems.

"GE Aviation is growing about 10 percent a year and this acquisition gives us a technology growth platform that will be accretive to our net income and will deliver immediate and future value for our investors," GE Chairman and Chief Executive Jeff Immelt said in the statement.

Smiths Aerospace has more than 11,000 employees and posted revenue of $2.4 billion in 2006. It has been working on projects like Boeing's 787 aircraft, the Airbus A380 as well as the Joint Strike Fighter military project.

Smiths will call an extraordinary shareholders meeting during the second quarter to approve the sale, which is also subject to regulatory approval.

Speaking on a conference call with reporters, Immelt said the acquisition complemented GE's existing business instead of being a consolidation, and he looked forward to "a constructive process" with EU antitrust regulators.

The European Union blocked GE's attempt to take over Honeywell in 2001, although the deal had been approved by U.S. regulators.

Smiths Chief Executive Keith Butler-Wheelhouse said the decision to sell the aerospace arm was made last autumn.

"The structure of the aerospace industry is changing _ in particular its increased capital requirements and the growing importance of supplier scale, especially as the next generation of large programs kicks in."

Butler-Wheelhouse said he had approached GE about buying its Homeland Protection unit during the aerospace negotiations, but was turned down.

The new Smiths GE Detection joint venture will combine Smiths' Detection operations with GE Homeland Protection. Smiths will own 64 percent and GE will have 36 percent, with the partners committed to holding those stakes for at least five years.

"Our combination of technologies will result in the development of more effective products and services to help make the world a safer place," Butler-Wheelhouse said.

The joint venture will have pro-forma annual revenue of about 600 million pounds ($1.2 billion).

Fortis Securities in London commented that the aerospace deal "comes close to a complete break-up" of Smiths.

"The aerospace division is extremely well-placed, having major contracts with Boeing, Lockheed Martin and others, but lacks scale for long-term independence," Fortis commented.

Butler-Wheelhouse said there are currently no talks to sell off the remaining Smiths units, but said "we reconsider these things continuously."

But Keith Bowman, equity analyst at Hargreaves Lansdown stockbrokers, said: "With the group's conglomerate mode now truly broken, the shares will now almost certainly continue to court further rumor and speculation as to the next divisional sale."

Steel Firms' Deal Challenged (WSJ)

By Jamie Miyazaki

The Wall Street Journal, January 16, 2007

Fund Argues Osaka Isn't Paying Enough For Tokyo Kohtetsu

TOKYO -- Activist investment fund Ichigo Asset Management International Pte said it has taken a 10.9% stake in steel maker Tokyo Kohtetsu Co. and is looking to challenge the terms of a merger with a larger rival that it says shortchanges shareholders.

The development is the latest in a string of moves by activist investors attempting to force Japanese management, especially at small-to-midsize firms, into doing more to maximize shareholder value.

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Ichigo's move was triggered by Osaka Steel Co.'s announcement in October that it would be conducting a stock swap with Tokyo Kohtetsu to convert the electric-furnace steel maker into a wholly owned subsidiary by March 31.

"What's frustrating is that this is a very good transaction. It makes a lot of strategic sense, but shareholders are being left behind," said Scott Callon, chief executive officer for Ichigo Asset Management's Japanese unit.

Tokyo Kohtetsu shareholders are set to vote Feb. 22 on the terms of the swap, which would give them 0.228 share of Osaka Steel for each Tokyo Kohtetsu share. That values the company at 8.23 billion yen ($68.4 million), based on Osaka Steel's share price of 2,070 yen the day before the deal was announced, on Oct. 26.

Ichigo, however, says that ratio gives shareholders just a 0.3% premium relative to the company's average share price over the month prior to the merger announcement. The fund is seeking to have that renegotiated to a 30% premium, or 0.295 share of Osaka Steel for one Tokyo Kohtetsu share.

"Ichigo seeks that the shareholders of Tokyo Kohtetsu...be offered an appropriate price which reflects the true value of Tokyo Kohtetsu," Mr. Callon said.

Ichigo, which has its headquarters in Singapore, joins a growing legion of foreign hedge funds that have sought to challenge Japanese management.

In November, the U.S.'s Steel Partners generated a blizzard of publicity after it launched a hostile takeover of noodle maker Myojo Foods Co. in a bid to force management to improve profitability and returns for shareholders. That bid ultimately failed when Myojo was rescued by noodle industry heavyweight Nissin Food Products Co. with a friendly tender offer.

Yesterday, Tokyo Kohtetsu shares ended up 1.8% and Osaka Steel rose 2.5%.

Write to Jamie Miyazaki at jamie.miyazaki@dowjones.com1

ENVIRONMENT:

Out Of Sight, Under Fire Over Leases (NYT)

By Edmund L. Andrews

New York Times, January 16, 2007

WASHINGTON, Jan. 15 — Johnnie M. Burton, who runs the Interior Department's troubled program to collect royalties on oil and gas pumped on public lands, is under attack and out of sight.

As director of the Minerals Management Service, Ms. Burton has faced widespread complaints from Congress for months that her agency is mismanaged, unaccountable and on the verge of losing billions of dollars owed by oil and gas companies that drill in the Gulf of Mexico.

On Thursday, the Interior Department's inspector general is expected to tell the Senate Energy Committee that Ms. Burton either ignored or remained unacceptably blind to a leasing blunder that will, if left unchanged, let oil companies escape as much as $10 billion in royalties over the next five years.

The Senate hearing comes amid rising bipartisan anger about potentially huge losses to taxpayers that have prompted an investigation by the Justice Department into the agency's multibillion dollar "royalty in kind" program.

Yet Ms. Burton — a diminutive Algerian-born former French teacher and state official from Wyoming — will not be testifying. In her place will be an assistant secretary of the Interior, C. Stephen Allred, who joined the department less than four months ago.

Ms. Burton declined requests for an interview. In response to questions, Lucy Querques Denett, associate director of Minerals Management Service, praised Ms. Burton's record in an e-mail statement.

"Her direction to staff has always been to perform our mission in conformance with the laws and regulations," Ms. Denett said. "She has also clearly impressed upon us that we are responsible for collecting every penny due and owed the American public."

Senior Interior officials have kept Ms. Burton out of public view, and many colleagues assume she will soon leave the agency.

It is quite a reversal of fortune for an official who won praise from Congress in her first three years for her expertise in arcane issues about oil and gas accounting.

Ms. Burton, 67, arrived in the United States as a refugee in 1962, after fleeing from Algeria during its war for independence from France. She moved to Wyoming after meeting and marrying a geologist from the state. After working initially as a French teacher, she teamed up with her husband in a small oil exploration business and later started an oil industry news service for the Rocky Mountain region.

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A staunch Republican, Ms. Burton served six years in the Wyoming state legislature. When voters elected a Republican governor, Ms. Burton became director of the state's Department of Revenue for six years. Because Wyoming's state revenue comes almost entirely from energy and mining, Ms. Burton became well-versed in many of the same issues posed in collecting federal royalties on oil and gas.

"She always tried to be perfect at everything she did," said Thomas Strook, a retired oilman and Republican legislator in Wyoming who was close friends with Ms. Burton during her time there.

Ms. Burton lost her job in Wyoming in 2002, after voters ousted the Republican governor, Jim Geringer. While she knew Vice President Dick Cheney, who also comes from Wyoming, acquaintances say it was her ties to state political leaders and her experience with energy taxation that won her the job at Interior.

In recent months, Republicans and Democrats alike have castigated Ms. Burton for only belatedly acknowledging a leasing blunder created by the Clinton administration in the 1990s that is likely to cost the government about $10 billion over the next five years and then insisting that there was little the government could do to fix the problem.

In July, Republicans the House Government Reform Committee accused her agency of stonewalling their investigation. In September, they accused Ms. Burton of going too far in making concessions to oil companies. That same month, the Interior Department's chief independent investigator declared that "short of crime, anything goes at the highest levels of the Department of the Interior."

Democratic lawmakers, now in control of Congressional oversight committees, have vowed to step up their own investigations and overhaul the entire program.

But Ms. Burton has hardly been acting on her own.

Under President Bush, the Interior Department's top ranks were filled with people with close ties to industry. Most prominent were Gale A. Norton, a strong advocate of domestic drilling who recently stepped down as Interior secretary and subsequently joined Shell Oil, and G. Steven Griles, a former industry lobbyist who became deputy secretary and now faces a possible indictment on charges of lying about his dealings with the disgraced lobbyist Jack Abramoff.

In November, Interior officials announced that a new task force of outside experts would evaluate the royalty program. Officials named David T. Deal, a longtime lawyer for the American Petroleum Institute, to head the panel.

"Since Bush was elected, there has been a clear agenda to promote oil and gas development wherever and however they can," said Erich Pica, a policy analyst at Friends of the Earth, an environmental policy group. "Time and again, you have seen the administration and its political appointees side with the oil and gas companies."

In 2004, when the Interior Department offered lucrative new royalty incentives to gas producers that drill very deep wells in shallow waters, the final arrangement was negotiated above Ms. Burton's level, in negotiations between top aides to Interior Secretary Norton and White House budget officials, according to current and former administration officials.

But if Ms. Burton has been less a decision maker than a loyal soldier, her responsibility for the leasing program has left her in the line of fire. Lawmakers express outrage over how Ms. Burton and other top officials glossed over the error that occurred when the Interior Department signed 1,100 offshore leases in 1998 and 1999 that let deepwater drillers escape royalties regardless of how high oil and gas prices might climb.

The incentives were supposed to stop if oil prices climbed above a "threshold price" of $34 a barrel, but leasing officials omitted the escape clause for two years.

Though midlevel officials spotted their mistake in 2000, Interior officials never mentioned the mistake in public and never tried to fix the leases until 2006.

Ms. Burton's first reaction was to blame the Clinton administration, saying she did not learn about the problem until early 2006. With anger boiling over in Congress, Ms. Burton announced in June that she would try to persuade oil companies to renegotiate voluntarily.

But the Interior Department's inspector general is expected to report this week that Ms. Burton either knew or should have known about the problem as early as 2004.

The timing is important, because energy prices were much lower in 2004 and many lawmakers contend that the government might have been able to renegotiate the leases without acrimony if it had moved earlier.

Ms. Burton told the House Government Reform Committee last September that she first learned about the problem in early 2006. But investigators say that Thomas Readinger, then associate director of the Minerals Management Service, confirmed to oil companies in 2004 that the escape clause was indeed missing.

Officials involved in the issue said that Earl E. Devaney, the Interior Department's inspector general, found no evidence that Ms. Burton lied in her testimony. But they note that Mr. Readinger was one of Ms. Burton's top deputies and contend that she had little excuse for not knowing about the issue.

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"If she didn't know about it, she should have known about it," said Representative Darrell Issa, a California Republican who headed several hearings on the matter.

In response to questions, the Minerals Management Service said in a statement on Friday that Mr. Readinger routinely discussed issues with oil companies without involving Ms. Burton.

"His contacts with industry were routine and in most instances did not rise to the level of the director," the agency said. "As associate director one of his functions was to provide industry with factual information, not decisions."

On Thursday, House Democrats hope to pass a bill that would pressure companies to change the leases. Companies that refuse to give up the loophole would either be prohibited from acquiring any additional federal leases or would have to pay a "conservation fee" of $9 for each barrel they produce.

Ms. Burton, and the Bush administration in general, have opposed the measure and said it undermined the "sanctity of contracts." But lawmakers in both parties say the measure is all but certain to pass with strong bipartisan support.

Ms. Burton faces other problems. On Tuesday, a federal jury in Denver will hear allegations by a top former auditor at the Minerals Management Service that the Kerr-McGee Corporation cheated the government out of at least $12 million in royalties — and that senior agency officials in Washington ordered him to drop the case.

The allegations are part of a lawsuit by Bobby L. Maxwell, a former auditing supervisor in Denver, who is now suing as a private citizen under a law that rewards whistle blowers for recovering money from companies that defraud the government.

Kerr-McGee has steadfastly denied any wrongdoing, and the Minerals Management Service has insisted that Mr. Maxwell's case has no merit.

But a federal judge has refused to dismiss the allegations, and a jury could reach a verdict by early February. If Mr. Maxwell wins, Kerr-McGee could be required to pay more than $50 million in back royalties and penalties. Ms. Burton would face pressure to explain why her agency swept aside Mr. Maxwell's findings.

Ms. Burton's agency is also the target of two criminal investigations by the Justice Department. One of them concerns allegations that the director and three other employees in the agency's "royalty in kind" program had consulting arrangements with companies seeking contracts to resell government oil.

Investigators hope to finish that inquiry by next spring. But that will hardly be the end. At least three separate House and Senate committees have investigations that are still in their infancy.

Oil Industry Braces For A Big Tax Hit (HILL)

By Jim Snyder

The Hill, January 16, 2007

Yesterday was a holiday, but this could be a long legislative week for Rep. Gene Green (D-Texas).

That's because it may end up being a costly one for oil companies, which are unpopular in the country at large but the source of thousands of jobs in Green's Houston district.

"I have Big Oil, Middle Oil, and Little Oil," said Green, a Democrat, of his district. All three, he fears, could be nicked by an energy package House Democrats will bring to the floor Thursday, the final piece of the Six in '06 agenda to kick-start their new majority.

The bill could cost the oil industry $15 billion over 10 years. That money would be redirected into a renewable energy development fund.

Last Wednesday, members of an informal oil patch caucus, which includes Green, Chet Edwards (D-Texas) and Charlie Melancon (D-La.), briefed energy lobbyists on the package.

It includes three components. Democrats would exempt oil companies from a manufacturing tax credit Congress passed as part of a broad corporate tax package in 2004. Referred to as Section 199, the tax cut is valued at around $4 billion over 10 years.

Repealing another tax break for a type of oil exploration included in the Energy Policy Act of 2005 would add another $1 billion. The repeal would only affect the six largest oil companies, an effort to distinguish between Big Oil and the rest of the industry.

A much bigger chunk of revenue will come from trying to force oil companies to renegotiate contracts to drill in the Gulf of Mexico signed in 1998 and 1999. Companies could agree either to pay royalties, which kick in when oil prices pass a threshold, or a $9-per-barrel conservation fee. Combined, the provision could add as much $10 billion over the next decade, Green said.

Groups like the Independent Petroleum Association of America (IPAA), whose members drill 90 percent of the oil and gas wells in the United States, remain opposed.

"This measure is purely political with the goal of punishing an industry that has low favorability on Capitol Hill," said IPAA President Barry Russell.

Green, too, has misgivings. He thinks oil companies should get the same tax breaks manufacturing companies get, and doesn't think oil companies should pay a price for a mistake made by the Interior Department in the 1998 and 1999 oil leases.

Still, Democratic leaders were considering "a laundry list" of options that included proposals that would have cut deeper than the measures to be voted on this week.

"The Speaker brought us in and we worked on trying to make a bad situation better," Green said. "We have been a part of the process."

Green said he plans to vote for, if not wholeheartedly support, the Democratic energy package as a workable compromise.

"If you are a purist in Congress, you aren't going to be here very long," Green said.

Senate action on oil and gas measures this week will be limited to one panel: The Senate Energy and Natural Resources Committee is holding a hearing on the royalty issue on Thursday. Interior officials and a representative from the Government Accountability Office are expected to testify.

If oil companies are playing defense, another group of special interests, often at odds on issues, are joining forces in a lobbying offensive intended to draw attention to the ever-rising health care costs.

The effort, which is called Divided We Fail, is being supported by the Business Roundtable, the Service Employees International Union and the AARP (see story on page 8).

The three big groups plan a grassroots education campaign on healthcare in states with key presidential primaries.

"There is pain at all levels at this point," Mark Kitchens, an AARP spokesman, told The Hill.

Lobbying and ethics reform will again be the debate in the Senate this week. Several amendments are awaiting floor action, including one the Taxpayers for Common Sense, a spending watchdog group, urged senators to pass.

The amendment, offered by Sen. Jim DeMint (R-S.C.), relates to congressional earmarks and is broader than a measure supported by Senate Democratic leadership.

The DeMint bill would include provisions to non-federal and federal entities under the definition of an earmark. And all earmark requests would be posted on the relevant committee's website for the public to see.

"Sen. DeMint's amendment makes several key improvements that will produce a more effective piece of legislation and make it a bigger step forward for earmark transparency," a letter Taxpayers' President Ryan Alexander sent members on Friday states.

The OPEC Energy Security Act (WSJ)

The Wall Street Journal, January 16, 2007

House Democrats have finally released the details of their "Energy Security Bill," which will be voted on this week, and they must be cursing their rotten luck. Just when they want to stick it to Big Oil for alleged price gouging, oil and home heating costs are plunging. Never mind; this was a campaign theme amid $3 gasoline, and a detail like $2 gas isn't about to stop Democrats now.

This bill is said to promote America's energy independence, but the biggest winner may be OPEC. This is a lengthy, complicated bill, but the central idea is simple: Raise taxes on domestic oil producers and then spend the money to subsidize ethanol, solar energy, windmills (so long as they're not on Cape Cod), and so on. But if you increase the cost of domestic oil production by $10 billion, you are ensuring that U.S. imports of OPEC oil will rise and domestic production will fall.

The bill also includes a "Strategic Energy Efficiency and Renewables Reserve" fund for alternative fuels. That sounds a lot like the Carter-era Synthetic Fuels Corporation -- one of the more notorious Washington boondoggles of all time, having spent $2.1 billion of tax dollars on alternative fuels before declaring bankruptcy. Today there is no under-investment by the private sector in alternative energy. The research firm New Energy Finance has found that between 2004 and 2006 investment in alternative energy doubled to $63 billion. Venture capital funding of green-energy technologies has quadrupled since 1998.

The Democrats also insist that the big five oil companies have received sweetheart deals from the government that have ripped off taxpayers. So let's take a closer look. The most controversial issue involves $6 billion in royalty payments that oil companies are said to owe the government for oil pumped from federal waters. The facts suggest otherwise.

These were leases for drilling rights in the Gulf of Mexico signed between oil companies and the Clinton Administration's Interior Department in 1998-99. At that time the world oil price had fallen to as low as $10 a barrel and the contracts were signed without a requirement of royalty payments if the price of oil rose above $35 a barrel.

Interior's Inspector General investigated and found that this standard royalty clause was omitted not because of any conspiracy by big oil, but rather because of bureaucratic bungling in the Clinton Administration. The same report found that a year after these contracts were signed Chevron and other oil companies alerted Interior to the absence of royalty fees, and that Interior replied that the contracts should go forward nonetheless.

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The companies have since invested billions of dollars in the Gulf on the basis of those lease agreements, and only when the price of oil surged to $70 a barrel did anyone start expressing outrage that Big Oil was "cheating" taxpayers out of royalties. Some oil companies have voluntarily offered to renegotiate these contracts. The Democrats are now demanding that all these firms do so -- even though the government signed binding contracts.

The Democratic bill strong-arms oil companies into renegotiating the contracts or pay a $9 per barrel royalty fee from these leases. If the companies refuse, they lose their rights to bid for any future leases on federal property. So at the same time that the U.S. is trying to persuade Venezuela and other nations to honor property rights, Congress does its own Hugo Chávez imitation.

Are American taxpayers worse off because of these leasing agreements? Hardly. It's fortunate these contracts were issued when oil prices were so low, because the oil discovered from those leases will do precisely what the Democratic energy bill will not: reduce U.S. dependence on foreign oil. One of the largest oil deposits in the Gulf was recently discovered as a result of these leases.

Democrats also want to raise about $5 to $6 billion by snatching away alleged tax breaks for Big Oil in the Republicans' 2005 energy bill. Sorry, that isn't true either. The Congressional Research Service reports that the net impact of the 2005 energy bill was to raise taxes on the oil and gas industry by $300 million. Nor does it make sense to repeal a domestic oil company's eligibility for a 2004 tax cut that reduced the effective corporate income tax rate to 32% from 35% on U.S. manufacturers. This tax cut increases the competitiveness of U.S. manufacturers that are now penalized by a U.S. corporate tax rate that is among the highest in the industrialized world. Our objection is that every U.S. company should pay the same, lower rate.

The House energy bill is nearly a carbon copy (if we can still use the word "carbon" in polite company) of California's Proposition 87. That 2006 ballot initiative would have taxed California's home-produced oil in order to subsidize "green technology" alternatives. California is a fairly liberal state, but even those voters understood that Prop 87 would have damaged the state's home oil and gas industry, increased foreign oil consumption, and raised the energy bills of state residents. It was clobbered at the polls. The House will plow ahead anyway, but let's hope the Senate has more wisdom.

Energy Time (NYT)

New York Times, January 16, 2007

Al Hubbard, the economic adviser who's coordinating the administration's energy strategy, recently promised that President Bush would produce "headlines above the fold that will knock your socks off in terms of our commitment to energy independence." Every president since Richard Nixon has talked this way, while every year the country slides further into dependency. Mr. Bush's overpromising has included a forecast that we would all be buying hydrogen-fueled cars in 20 years and his pledge a year ago to rid the country of its addiction to oil.

Still, we must hope that Mr. Bush is serious this time, because we simply cannot continue to hold our national security and the health of the planet hostage to our appetite for fossil fuels.

America's closest allies, and increasingly its governors, know this. Last week, the European Union — shaken by Russia's threatened shutdown of oil passing through Belarus — announced a menu of initiatives aimed at reducing Europe's dependence on unreliable suppliers while cutting greenhouse gas emissions with cleaner fuels and new technologies.

Here at home, Gov. Arnold Schwarzenegger ordered his regulators in California to require fuel oil companies and refiners to start reducing emissions of carbon dioxide and other global-warming gases. The order is expected to help jump-start the production of biofuels and, over time, hydrogen for fuel cell cars. It follows an earlier California directive requiring more fuel-efficient vehicles, and represents an important element in the state's broad plan to cut global-warming emissions from all sources by 25 percent by 2020.

For its part, Congress is churning out energy bills. But this is a recipe for paralysis unless it observes a few basic guideposts.

¶The last thing America needs is another multi-year debate leading to yet another giant bill that offers something for everyone without really changing the way this country produces and uses energy. Senators Harry Reid and Jeff Bingaman have produced the outlines of a bill that could become the template for more specific action. It sets two basic goals: reducing the country's dependency on oil and reducing the risks of global warming. And it focuses on a handful of remedies, including more efficient automobiles, the rapid development of alternative fuels and cleaner ways of producing power.

¶Partisanship and posturing must be resisted. Right now, House Democrats are fixated on eliminating unnecessary tax breaks and closing loopholes that favor the oil and gas industry. Fair enough, but that's not an energy policy. The House has been notoriously unenlightened on energy issues, and Nancy Pelosi, the speaker, has some heavy educating to do to make her colleagues full partners in this essential national enterprise.

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¶Doing things right will take serious money. In recent days, for instance, Gov. Brian Schweitzer of Montana and Senators Barack Obama of Illinois and Jim Bunning of Kentucky — any politician, that is, with coal to sell — have jumped aboard the coal-to-gasoline bandwagon as the answer to dependence on foreign oil.

The world has lots of coal, which can indeed be converted to gasoline. But the process releases enormous amounts of carbon, far more than refining oil into gasoline does. Unless we are willing to invest in technologies that can sequester carbon emissions and keep them out of the atmosphere, turning to coal could be a disaster for global warming.

So far, nobody — not the coal industry, Congress or the White House — has displayed much interest in making these investments, just as nobody except for a few states like New York and some plucky private investors has shown much interest in the investments necessary to produce biofuels on a commercial scale. Without them, we're just talking a good game, which is all Mr. Bush did last year.

Senators Poised To Reintroduce Global-warming Bill (HILL)

By Elana Schor

The Hill, January 16, 2007

Freshman Sen. Bernie Sanders (I-Vt.) will follow in his predecessor's footsteps today, joining 10 colleagues to reintroduce the sweeping bill reining in the spread of global warming that was championed by former Vermont Sen. Jim Jeffords (I).

Senate Environment and Public Works Committee Chairwoman Barbara Boxer (D-Calif.) is a lead cosponsor of the measure, which would mandate a reduction of U.S. greenhouse gas emissions to their 1990 levels by the year 2020. The emissions cuts would be achieved through a complex system of benchmarks and milestones for businesses that burn carbon-based fuels.

Boxer has said she will use the bill as a foundation for climate-change legislation to be crafted in committee. The initial draft has earned the backing of 13 leading environmental and government watchdog groups, which will send a joint letter of support to all Senate offices today.

The groups include the Natural Resources Defense Council, Greenpeace and the League of Conservation Voters.

Cutbacks Impede Climate Studies (WP)

By Marc Kaufman

Washington Post, January 16, 2007

The government's ability to understand and predict hurricanes, drought and climate changes of all kinds is in danger because of deep cuts facing many Earth satellite programs and major delays in launching some of its most important new instruments, a panel of experts has concluded.

The two-year study by the National Academy of Sciences, released yesterday, determined that NASA's earth science budget has declined 30 percent since 2000. It stands to fall further as funding shifts to plans for a manned mission to the moon and Mars. The National Oceanic and Atmospheric Administration, meanwhile, has experienced enormous cost overruns and schedule delays with its premier weather and climate mission.

As a result, the panel said, the United States will not have the scientific information it needs in the years ahead to analyze severe storms and changes in Earth's climate unless programs are restored and funding made available.

"NASA's budget has taken a major hit at the same time that NOAA's program has fallen off the rails," said panel co-chairman Berrien Moore III of the University of New Hampshire. "This combination is very, very disturbing, and it's coming at the very time that we need the information most."

NOAA officials announced last week that 2006 was the warmest year on record in the United States -- part of a highly unusual warming trend over several decades that many scientists attribute to greenhouse gases. Some climate experts think that the atmospheric warming could bring more extreme weather -- longer droughts, reduced snowfall and more intense hurricanes such as the ones experienced along the Gulf Coast in 2005.

The budget for earth science programs for NASA and NOAA increased substantially in the 1990s, and that resulted in an unprecedented number of weather- and climate-monitoring missions in the past five years. But the report found that, as the current satellites deteriorate, the number of space-based Earth-observation missions will decline steadily through 2010, as will the number of instruments in space to gather weather, climate and environmental data.

"If things aren't reversed, we will have passed the high-water mark for our Earth observations," said co-chairman Richard Anthes of the University Corporation for Atmospheric Research in Boulder, Colo. "This country should not be headed in this direction. . . . We need to know more, not less, about long-term aspects of climate change, about trends in droughts and hurricanes, about what's happening in terms of fish stocks and deforestation."

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Officials from NASA and NOAA said yesterday that they had just received the report, which was jointly commissioned by the two agencies to prioritize their efforts over the next 10 years.

"This first decadal report will be valuable in our strategic planning within our Science Mission Directorate," NASA said in a statement. "NASA supports the Administration's science policies and priorities, including the way forward on Earth observing systems."

NOAA's administrator, retired Navy Vice Adm. Conrad C. Lautenbacher Jr., added: "We will be working closely with NASA to assess how our two agencies can best address recommendations. . . . Input from the scientific community is critical and this report will help us."

According to the report, NASA invested about $2 billion annually in Earth-monitoring missions from 1996 to 2001, but that figure, when adjusted for inflation, started a decline in 2002 and is projected to be $1.5 billion annually from 2006 through 2010. Since President Bush announced plans in 2004 to return astronauts to the moon and later send them to Mars, many involved with the NASA science program have warned that their efforts are being curtailed, and will be restricted further in the future.

Moore and Anthes said that about $500 million a year is needed to restore NASA's earth science program to health -- essentially a return to the budgets during the Clinton administration.

The problem at NOAA is different, and involves continuing and costly complications with its National Polar-orbiting Operational Environmental Satellite System. Initially conceived in the 1990s as the next-generation weather forecasting satellite for NOAA and the Defense Department, it is now three years behind schedule and as much as $3 billion over budget, according to the Government Accountability Office. In addition, the NSC report says, many of the weather and climate instruments that the satellite was supposed to carry have been dropped to keep costs from further increasing.

Putting together a satellite that could serve the needs of NOAA, the Pentagon and to some extent NASA proved to be "a very severe technological challenge," Anthes said. "And when problems developed, there wasn't enough money to fix the problems."

The review, written by the National Research Council of the congressionally chartered academy and released yesterday at the annual meeting of the American Meteorological Society, is the first major look at the government's long-term planning for space-based observation of Earth -- a reflection of the growing importance of the field. Almost 100 professionals participated in the priority-setting effort, which the report says was made difficult by "major shocks" regarding funding that came late in the study.

The panel offered many detailed recommendations that together sought to "restore U.S. leadership in earth science and applications and avert the potential collapse of the system of environmental satellites."

The recommendations, as outlined in a briefing document, call for increased spending on the study of ice-sheet and sea-level changes as well as extreme weather and "heat events" to better understand climate change, for restoring and expanding the "capability to observe natural hazards and environmental changes," and for making available promising new measurements that will improve weather forecasting.

The panel also recommends that NOAA restore to two satellite projects "key climate, environmental, and weather observation capabilities" that were dropped for financial reasons.

Warming Trend Visible In The Trees (USAT)

By Patrick O'Driscoll

USA Today, January 16, 2007

Rising temperatures are allowing Southern trees to thrive farther north and stressing trees used to colder weather, according to new national guidelines issued by planting experts.

The National Arbor Day Foundation last month updated the Agriculture Department's "hardiness zones" map, which was last issued in 1990. The group acted after noticing that some tree species were thriving where they had not before, while others were doing poorly in what had been a suitable region on previous maps.

The shift in zones may allow people in northern areas to experiment with flowering Southern trees such as apple and cherry where they used to plant only fir, spruce and pine, says group spokesman Woodrow Nelson.

The map divides the nation into 11 planting zones tied to average low temperatures. It shows significant boundary changes as the continent has warmed. For example, in southern Texas, the edge of one zone moved more than 200 miles north to the Panhandle. A few locations jumped two zones.

The map is based on 15 years of minimum temperatures from 5,000 observers used by the National Weather Service.

Last year was the warmest on record for the USA. Twelve of the top 25 warmest years have been since 1990.

The foundation cautions not to dig up gardens or cut down trees just because zones have shifted. The map is a guide for new plantings, especially for seedlings, which are more vulnerable to temperature change than mature trees.

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The Agriculture Department has been reworking its map for several years using 30 years of data instead of 15 but has set no release date. The department's Kim Kaplan says the 1990s "were a very warm decade, but is that a weather cycle or is that a climate cycle? We think 30 years represents the best compromise, smoothing out the natural fluctuations of weather."

Nelson says the foundation will distribute 10 million seedlings this year. "Those need to be planted under the most up-to-date information."

When Being Green Raises The Heat (NYT)

By Ken Caldeira

New York Times, January 16, 2007

Stanford, Calif.

CARBON DIOXIDE is heating up the Earth. Ice caps are melting, ocean levels are rising, hurricanes are intensifying, tropical diseases are spreading and the threat of droughts, floods and famines looms large. Can planting a tree help stop all this from happening?

To some, it's a no-brainer: We add carbon dioxide to the atmosphere every time we use energy from coal, oil or gas; but each tree can remove more than a ton of carbon dioxide from the atmosphere over its lifetime. Based on this logic, it might seem a good idea to go out and plant a tree to slow global heating.

And if you don't have the time, projects have sprung up throughout the world claiming to help cool the earth, ready to accept your money and plant a tree in your name. The computer company Dell will now donate $2 from every laptop sale to planting trees in an effort to offset the carbon dioxide emissions that result from powering their computers. For a 2 percent to 4 percent surcharge on bills, Pacific Gas and Electric will offer to offset its customers' carbon emissions by helping to preserve California's carbon-storing forests.

While preserving and restoring forests is unquestionably good for the natural environment, new scientific studies are concluding that preservation and restoration of forests outside the tropics will do little or nothing to help slow climate change. And some projects intended to slow the heating of the planet may be accelerating it instead.

Trees don't just absorb carbon dioxide — they soak up the sun's heating rays, too. Forests tend to be darker than farms and pastures and therefore tend to absorb more sunlight. This has a warming influence that appears to cancel, on average, the cooling influence of the forest's carbon storage. This effect is most pronounced in snowy areas — snow on bare ground reflects far more sunlight back to space than does a snowed-in forest — so forests in areas with seasonal snow cover can be strongly warming.

In contrast, tropical forests appear to be doubly valuable to the earth's climate system. Not only do they store copious amounts of carbon, the roots of tropical trees reach down deep, drawing up water that they evaporate through their leaves. In the atmosphere, this water may form clouds that reflect sunlight back to space, helping to cool the earth.

These findings have important policy implications. It has been suggested that agreements to limit climate change should consider carbon stored in forests. If so, they would need to consider the direct climate effects of forests so as to avoid perverse incentives to plant warming forests in places like the United States, Canada, Europe and the former Soviet Union. However, tropical forests, which are generally found in developing countries, may be due a double climate credit — one for their carbon storage and another for their cooling clouds.

What does this mean for local reforestation efforts? Consider Pacific Gas and Electric's surcharge plan. While the carbon soaked up by California's forests reduces atmospheric carbon dioxide concentrations everywhere, cooling Crete, Cancún and Calcutta, the sunlight they absorb warms the state and the surrounding region. So, it might even cool us if we were to cut down those dark forests. Lumber interests might look gleefully upon the prospect.

Clear-cutting mountains to slow climate change is, of course, nuts. The broadest goal is neither to slow the growth of carbon dioxide in the atmosphere nor to slow climate change, but rather to preserve the irreplaceable natural balance that sustains life as we know it on this planet. We want to avoid climate change so that we might pass these diverse natural riches on to future generations. In this light, preserving and restoring forests is a valuable activity, regardless of its impact on climate — we need more trees, not fewer.

But the notion that we can save the planet just by planting trees is a dangerous illusion. To preserve our environment, we must drastically reduce carbon dioxide emissions, and this will require a major transformation of our energy system. A primary goal for the next half-century should be to transform our energy system to one based on clean, safe and environmentally acceptable energy sources like wind, solar and perhaps nuclear. This means solving the real problems involved with storing and distributing power, providing energy for transportation, and using nuclear plants.

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We cannot afford to indulge ourselves with well-intentioned activities that do little to solve the underlying problem. Instead, we must demand that our political leaders do more to revolutionize our energy system and preserve our environmental inheritance for future generations.

And then we can plant a tree.

Ken Caldeira is a scientist at the Carnegie Institution's department of global ecology.

Park Police Short On Funds (WT)

By Jerry Seper And Matthew Cella, The Washington Times

The Washington Times, January 15, 2007

The lack of federal funding for the U.S. Park Police has jeopardized the agency's mission and employees, including vehicles too broken and dangerous to drive, officers and supervisors say.

Though no officer has been hurt or killed as a result of the shortfalls, "it is just a matter of time" before such an episode occurs, said Fraternal Order of Police official James Austin.

"While officers are held accountable for their performance, we expect the same accountability be held to those responsible for the deteriorating financial situation," Mr. Austin, chairman of the union's Park Police Labor Committee, said in a letter to Chief Dwight E. Pettiford.

Several veterans and supervisors also said the agency is having problems fulfilling its mission, which includes protecting the country's national treasures and preserving natural resources.

They said during interviews over the past three weeks that the agency needs more employees and money to meet expanded counterterrorism duties. The officers, who asked not to be identified for fear of losing their jobs, said the agency is about 20 percent understaffed.

"There is a lot of uncertainty among the officers, who know we cannot continue to operate until we get into a better position administratively," Mr. Austin told The Washington Times.

Delegate Eleanor Holmes Norton, the District's nonvoting congressional representative, said Congress should address the issues, not Chief Pettiford.

Mrs. Norton, a Democrat, said she would seek more money for the agency and called the letter "an astonishing story of congressional neglect."

"Capitol Police has been extravagantly funded since 9/11, [but] Park Police, with far greater territory and responsibility, is barely surviving," she said.

Lt. Scott Fear, a Park Police spokesman, would not comment on the letter or the problems it references. He said an internal letter from the union to the chief "isn't something we're going to play out in the media."

The agency officers and supervisors also pointed out again that former Chief Teresa C. Chambers warned in December 2003 about the lack of employees and resources. Mrs. Chambers' bosses at the Interior Department fired her for publicly discussing her concerns.

Some of the agency employees also said Chief Pettiford, who replaced Mrs. Chambers after she was fired in 2004, has not sought the necessary funding for additional employees and other resources, while others blamed the National Park Service, which oversees the Park Police.

The agency has 621 officers working foot, mounted, marine and air patrols. In addition to protecting the Mall, they have primary jurisdiction in Rock Creek and Anacostia parks and along the Baltimore-Washington and George Washington Memorial parkways. They also are responsible for the Statute of Liberty, the Golden Gate Bridge, dozens of D.C., Maryland and Virginia parks, and escorting Vice President Dick Cheney.

Mr. Austin said that while the Park Police has been struggling with personnel, equipment and training issues for years, members of Congress have "made it very clear" the agency is expected to be more accountable for its financial management.

He also said recruits who were given hiring dates last year and instructed to report for duty later were told their jobs were no longer available and that the agency has no plans for new hires this year. He said without an increase in the number of officers, the agency "is going to be hurting" because of pending retirements and the attrition rate.

Mr. Austin also said he expects that few, if any, new vehicles will replace older ones that need frequent and costly repairs.

"I am aware that the force cannot expend funds without approval of the National Park Service ... but the men and women of the U.S. Park Police deserve an explanation of how the system failed and when we can anticipate positive changes in the current condition," he said.

Park Service Seeks Outside Aid (WT/AP)

By Mary Clare Jalonick

DOJ_NMG_0116563

The Washington Times, January 16, 2007

The National Park Service's new director said the agency will increasingly look to outside sources for money to help maintain parks.

"We're much more business-savvy than we used to be," said Mary A. Bomar, a career employee who became director in October, in one of her first interviews as head of the agency.

A Government Accountability Office report last year said the Park Service is increasingly cutting back on visitor services, education programs and protections for natural and cultural resources because funding has failed to keep pace with operating costs. The agency also has a huge maintenance backlog.

Miss Bomar said the Park Service acknowledges it has challenges, including shrinking staff, aging facilities and a diminished visitor experience. Parks also have lost some of their relevance and connections to younger generations, she said.

She said philanthropy will be a big part of a plan announced this year, called the "centennial challenge," to revitalize and restore parks for the agency's 100th anniversary in 2016.

The agency wants to "look at projects where we could match and leverage funding," she said. "Why not?"

The agency is bringing in 12 percent of its budget from outside sources; a decade ago, almost the entire budget was federally appropriated. Officers have been holding meetings with private interests to increase awareness of the agency's fundraising efforts.

Much of the private support for national parks comes through the National Park Foundation, chartered by Congress in 1967. In past years, companies such as American Airlines Inc., Discovery Communications Inc., Eastman Kodak Co. and Ford Motor Co. have each donated millions to parks.

Some critics have been concerned that more private funding could cross a line. In 2004, the agency proposed letting some employees solicit donations, accepting contributions from alcohol and tobacco companies for the first time and giving donors the right to put their names on rooms, benches and bricks.

Those proposals were scuttled last year after criticism, and Miss Bomar said she has no plans to revisit them.

As part of the centennial challenge, the parks plan several "signature projects," including a new visitor center at Pearl Harbor in Hawaii and restoration of Ellis Island in New York Harbor.

The Park Service has acknowledged that the aging Ellis Island complex has been neglected, and the agency hopes to use some private dollars to restore the historical immigrant gateway.

Miss Bomar said she has no plans to reopen the Statue of Liberty's crown, which has been closed to visitors since the September 11 attacks.

She was less forthcoming about other park policies, saying it would be "inappropriate to discuss" the issue of snowmobiles in Yellowstone National Park.

A temporary plan caps the number of snowmobiles entering Yellowstone at 720 a day and allows 140 snowmobiles a day to enter Grand Teton National Park and the John D. Rockefeller Jr. Memorial Parkway, which connects the two parks.

Critics say the vehicles contribute to noise and air pollution in the parks.

Late last year, the agency issued a draft statement proposing to stick with the current plan. A final decision is expected by next winter.

Ethanol Could Fuel Rise In Corn (WSJ)

By Prasenjit Bhattacharya

The Wall Street Journal, January 16, 2007

Corn prices are likely to reach unprecedented highs in the next two to three years, as an ethanol boom in the U.S. is likely to limit corn's availability for food and feed use.

This has fueled concerns that corn, a staple food ingredient in many countries and widely used as feed in the poultry and livestock sectors, might become out of reach for poorer consumers, boosting food prices in general.

Soaring food prices could cause urban riots in scores of low-income countries that rely on grain imports, such as Indonesia, Egypt, Algeria, Nigeria and Mexico, said Lester Brown, founder of the Earth Policy Institute and author of a recent report about potential corn demand from the ethanol industry.

The report said the ethanol distilleries being built in the U.S. will need 139 million metric tons of corn by the 2008 harvest, far more than a U.S. Department of Agriculture estimate of the requirement, pegged at around 60 million tons.

"If the Earth Policy Institute estimate is at all close to the mark, the emerging competition between cars and people for grain will likely drive grain prices to levels never seen before," Mr. Brown said.

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Apart from being the biggest corn grower, the U.S. is also the leading corn exporter. Since 2006, corn-importing countries have became more dependent on U.S. corn as China cut back on exports amid increased domestic demand from its own ethanol industry and fears of a supply shortage.

Mr. Brown isn't alone in warning that an ethanol boom might lead to sharp rise in corn prices by creating a supply squeeze.

"If biofuels continue to expand globally, you can expect grain prices to move to their energy equivalent, until cellulose and other alternative-energy sources become commercially available," said Simon Bentley, analyst with LMC International, a commodities research firm based in the United Kingdom.

Mr. Bentley said that while sufficient land is available to expand corn output in the U.S. and Brazil, how such expansion will affect output of other crops, especially soybean, and corn prices, remains the key question.

According to a recent report by J.P. Morgan, average corn prices are expected to be about $4.03 a bushel in 2007, up 61% from $2.51 a bushel in 2006.

The most-active March contract on the Chicago Board of Trade closed at $3.9650 a bushel Friday, up 55% from the $2.5525 a bushel the contract traded at on the same day last year.

The J.P. Morgan report said the ethanol industry's growth calls for an additional 500 million to one billion bushels of corn every year.

While such a rapid rise in demand in itself will ensure high corn prices, the study added that any weather threat to the corn crop this year will be "met with record high prices."

China, a large producer and consumer of corn, is already taking measures to ensure domestic availability.

In December, the Chinese government stopped approving new corn-based ethanol plants. "As of now, it seems the government is reluctant to permit additional capacity for corn-based ethanol production, though existing corn-based ethanol plants are functioning normally," said Gu Lifeng, manager of the maize division at the state-run Cofco Maize Co., based in Beijing.

Meanwhile, Chinese corn processors are ramping up their alcohol-production capacity, which can be converted into ethanol plants if the government relaxes its stance.

Arthur Ragauskas, associate professor at the Georgia Institute of Technology, who recently co-wrote a paper on biofuels in the industry journal Science, said the key to a sustainable biofuels industry is cheaper feedstock, not expensive corn.

"As demand for corn increases, so too will its prices. This will drive the ethanol industry to look for lower-cost feedstock and as these alternatives develop, price and demand will stabilize," Mr. Ragauskas said.

He said the food-versus-fuel debate can generate new ideas if there is increased collaboration among academia, governments and the private sector to develop nonfood biomass -- such as switchgrass, recycled waste materials and corn stovers, which is the part of the corn plant that is left over after harvest -- into viable resources for biofuels.

The corn growers' lobby in the U.S., however, continues to argue that there will be enough corn in the long term to meet food, fuel and feed needs.

"All demand for corn -- food, feed, fuel and exports -- are being met. Farmers have always responded to price signals from the marketplace and historically we have had much more challenge with overproduction than shortage," said Rick Tolman, chief executive of the National Corn Growers Association.

"Market forces, not broad assumptions, are driving ethanol and corn markets....There is no conflict between [corn use for food and fuel], nor any pending crisis," Mr. Tolman said.

Conservation Group, Unions Joining Forces (WP)

By Blaine Harden

Washington Post, January 16, 2007

SEATTLE -- In a first-of-its-kind alliance that could fundamentally reshape the environmental movement, 20 labor unions with nearly 5 million members are joining forces with a Republican-leaning umbrella group of conservationists -- the Theodore Roosevelt Conservation Partnership -- to put pressure on Congress and the Bush administration.

The Union Sportsman's Alliance, to be rolled out in Washington on Tuesday after nearly three years of quiet negotiations, is to be a dues-based organization ($25 a year). Its primary goal is to increase federal funding for protecting wildlife habitat while guaranteeing access for hunters and anglers.

The unlikely marriage of union and conservation interests comes at a time when the Bush administration, with its push for oil and gas drilling in the Rocky Mountain West, has limited public access to prime hunting and fishing areas on federal land. This has triggered a bipartisan backlash from sportsmen and conservation groups, as well as from Western politicians in both parties.

The strength of that backlash is making bedfellows of blue-collar workers and old-guard conservationists, who historically have shared little but suspicion and disdain.

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"We can make the union movement and environmentalism compatible and not antagonistic," said Tom Buffenbarger, president of the International Association of Machinists. "As of late, an awareness has grown that our goals are the same. We want good air, clean water and access to the outdoors."

Jim Range, chairman of the board of the Theodore Roosevelt Conservation Partnership, which includes most of the nation's mainline hunting and fishing groups, said his organization forged an alliance with the unions in large measure because of their manpower, money and lobbying savvy.

"It opens up a tremendous amount of territory for us to work on the both sides of the aisle," Range said. He predicted that the alliance will create a sudden and historically unique influx of millions of new people to the cause of land conservation.

The American environmental movement, created and run by upper-middle-class professionals, has tended to look down its nose at blue-collar workers and their tastes in outdoor recreation, said Thomas R. Dunlap, a professor of history at Texas A&M University and an expert in the history of environmentalism.

"This alliance with unions is certainly something quite new," he said. "If it really takes off, it may have a major effect in reshaping the environmental movement for this decade."

Eric Smith, a professor of environmental politics at the University of California at Santa Barbara, describes the alliance as a "huge deal" and a "political breakthrough" that will put substantial pressure on Congress to protect large tracts of federal land, especially in the Rocky Mountain West.

"It is a real creative step in cutting across party lines," Smith said. "It is likely to be a very effective strategy."

Several senior union officials said they wanted to join forces with conservation interests because they are concerned about the declining percentage of unionized employees in the U.S. workforce. They see the alliance as a way to excite and involve blue-collar workers who are passionate about hunting and fishing.

Together with the Theodore Roosevelt Conservation Partnership, the 20 labor unions -- most of them in the building trades -- recently commissioned a poll that found that 70 percent of union members hunt or fish. As important, 72 percent of those polled said they are concerned about the loss of good places to do either. The poll also found that about a quarter of union members said they belonged to the National Rifle Association, an affiliation that displeases some Democratic union leaders.

The NRA in recent years has been strongly allied with the Republican Party and the Bush administration. Some union leaders say they want their new alliance with conservationists to lure the political allegiance of gun-owning union members away from the NRA and its political agenda.

"We know that the NRA is communicating to our members what clearly are anti-union positions and urging them to support anti-union candidates," said Harold Schaitberger, president of the International Association of Fire Fighters.

Schaitberger said the alliance with the Theodore Roosevelt Conservation Partnership "is about connecting with our members, doing good conservation work and offsetting some of these anti-union messages they are getting from the NRA."

Richard Trumka, secretary-treasurer of the AFL-CIO and an enthusiastic supporter of the new alliance, said an additional 33 labor unions in the AFL-CIO may soon join up.

"This is a way for unions to reconnect with workers in another portion of their lives and meet a need that they have," Trumka said. "It is also going to give the conservation movement a lot more muscle."

The Other Team's Playbook (WP)

By Sebastian Mallaby

Washington Post, January 15, 2007

George W. Bush has managed to isolate himself on Iraq: from world opinion, from domestic opinion and now finally from his own party. But just as Democrats have gained the upper hand on foreign policy, so Republicans have gained the upper hand on health policy. The parties are changing clothes faster than my 3-year-old changes princess dresses.

The health-care inversion is not all about Washington. Last week Arnold Schwarzenegger became the third Republican governor (following Jim Douglas of Vermont and Mitt Romney of Massachusetts) to announce a plan for universal health care; only one Democratic governor (John Baldacci of Maine) has matched that. Meanwhile in Congress, the Pelosicrats have voted to make the federal government negotiate Medicare drug prices, asserting that this will save money. This claim has been analyzed by the Congressional Budget Office and judged wrong. So on this issue, unusually, the Democrats are advocating a faith-based delusion while Republicans represent the reality-based community.

What other role reversals can we look forward to? The Bush administration is already more Wilsonian than Wilson's party, but that's an old piece of cross-dressing dating back to Reagan. Bush's first Treasury secretary complained loudly that foreign aid was money down the drain, but the president has since championed foreign assistance. Stretching just a little bit, Bush may slough off fiscal vandalism and emerge as the lesser of two budgetary evils. Consider: The Democrats have already slammed the door on Social Security reform and are now sorely tempted to propose congressional initiatives that aren't paid for.

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But all this may be eclipsed. The grand prize for Nixon-to-China inversions will go to the administration if it tackles climate change.

A fantasy, you say? On Saturday I put the case for a carbon tax or a cap-and-trade system to James Connaughton, the head of the Council on Environmental Quality at the White House. Far from denouncing these policies as eco-socialist nonsense, Connaughton sounded open to them. "In concept I can agree with you," he said. Something must be done to stem demand for climate-warming energy, and although there are several ways of getting there, a carbon tax or cap-and-trade system would be the most "elegant."

Whoa! This may be spin, but it's certainly new spin. Only a few months ago, Al Hubbard, director of Bush's National Economic Council, brushed aside the idea of a carbon tax: "The American people are not interested in paying more for gasoline," he told me, sounding like a frog in the path of a herd of elephants who says he's not interested in jumping.

Next week we'll see whether Connaughton's reasonable-sounding views are reflected in Bush's State of the Union speech. The key thing to watch is whether Bush talks only about energy security or whether he emphasizes climate. Energy security is mostly a dumb objective, but climate policy is crucial.

It's true that the United States imports 60 percent of its petroleum, about double the share of two decades ago. But cutting U.S. oil imports won't insulate the nation from instability in petro-states. There is a global price for oil, and Americans will feel the hit from a terrorist attack in Saudi Arabia or a rebellion in Nigeria whether they fill their trucks with gas that's foreign or domestic. Equally, cutting U.S. oil imports won't really punish the bad guys in Iran or Venezuela. The United States has shut out Iranian oil imports since 1979, but Iran gets the global price for its crude, no matter whom it sells to.

A mistaken focus on energy security can undermine good policy on climate. If you just want to cut imports, switching cars to corn-based ethanol sounds great: The United States will get its fuel from the Midwest rather than the Middle East, a politically irresistible promise. But corn-based ethanol is only marginally better than gasoline in terms of greenhouse emissions. Federal subsidies for this technology would be better spent elsewhere -- for example on next-generation cellulosic ethanol.

The same is still more clearly true for oil shale and coal-to-oil technology. Both sources of fuel are abundant in the United States; both promise "energy security"; and both are disastrous from a climate perspective. Oil derived from coal puts about 75 percent more greenhouse gases into the air than plain oil, according to Richard Newell of Resources for the Future.

So it will be interesting to watch the administration's energy policy. Does it want to address climate change or merely the chimera of energy security? Is it ready to support the tripartisan cap-and-trade bill introduced last week by Sens. John McCain, Joe Lieberman and Barack Obama? But while you are watching the administration, keep a wary eye out for Democratic inversions, too. In a mistake he needs to disown fast, Obama recently co-sponsored a bill to subsidize coal-to-oil conversion.

FBI/DEA/ATF/USMS:

DEA Raids Sweep Valley (TVH)

By Cheryl Winkelman

Tri-Valley (CA) Herald, January 16, 2007

Lathrop, Tracy busts connected with prior ones in Stockton, Sacramento

LATHROP — Federal drug officials raided seven homes Friday, discovering millions of dollars in home-grown marijuana that may be linked to an organized criminal syndicate, agents said.

The 4,931 marijuana plants uncovered in six homes in Lathrop and one in Tracy could have produced more than 4,900 pounds of marijuana annually and garnered about $19.7 million, said Gordon Taylor, an agent with the Drug Enforcement Administration.

A concerned neighbor tipped off the DEA, Taylor said.

Marijuana plants — heated with overhead lighting — lined nearly every square inch from the front door to the back of a home in the 1700 block of McKee Boulevard in Lathrop.

Taylor said the seven homes raided Friday were connected to the 41 homes raided in Stockton, Elk Grove and Sacramento in August and September in which 18,000 plants worth an estimated $74 million were seized.

Those producing and selling the marijuana are Asian, sophisticated — plants were grown on timers — and based out of the Bay Area, Taylor said.

This organization, in our view, is like a weed, he said, spreading from Sacramento down to Lathrop and into Tracy.

Plants also were grown in unexpected places —in nicer, newer communities, such as the new developments on Lathrops west side, Taylor said.

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Eight people were arrested — and nine indicted — as of a result of the late summer raids. One man, Rui Yao Yu, 53, of Sunnyvale was arrested Friday in Lathrop,

Advertisement

Taylor said.

The amount of indoor marijuana seized by the DEA in California has almost quadrupled in the last three years: In 2004, more than 50,000 plants were seized, and more than 195,000 plants were seized in 2006, according to DEA statistics.

Taylor said he attributed that to a permissive attitude to medical marijuana, the vast profits that can be made from selling the green herb and lax state penalties.

To contact Cheryl Winkelman, call (209) 832-6144 or cwinkelman@trivalleyherald.com.

Colombian Police Arrest Drug Kingpin (NYT/AP)

By The Associated Press

The New York Times, January 16, 2007

Filed at 10:16 p.m. ET

BOGOTA, Colombia (AP) -- A reputed drug kingpin was captured Monday following a shootout, police said, ending a years-long hunt for a man wanted by American officials for allegedly smuggling tons of cocaine into the United States.

Eugenio Montoya Sanchez is believed by authorities to be a leader of the Norte del Valle drug cartel, which the FBI lists on its Web site as the "most powerful and violent drug-trafficking organization in Colombia."

Together with his brother Diego Montoya Sanchez -- the alleged mastermind of the cartel that operates out of the southern city of Cali -- he is wanted for extradition by a U.S. federal court in Miami for smuggling hundreds of tons of cocaine into the United States.

U.S. anti-narcotic authorities in Colombia had offered a $5 million reward for the capture of each of the brothers.

Eugenio Montoya Sanchez, who goes by the alias Don Hugo, was arrested in the town of El Dovio, 125 miles west of Bogota following a shootout, police said. There were no reports of any injuries.

The Norte del Valle cartel became Colombia's most powerful after the dismantling of the Medellin and Cali cartels in the 1980s and early 90s. Officials believe it is responsible for as much as 30 percent of the more than 550 tons of Colombian cocaine smuggled each year to the United States.

To protect its valuable drug routes, the cartel is believed to have worked closely with right-wing death squads whose umbrella organization, the United Self-Defense Forces of Colombia, is listed as a terrorist organization by Washington.

Authorities have been closing in on the cartel since last year, when the army killed eight members of a private army believed to be protecting Diego Montoya, who sits alongside Osama bin Laden on the FBI's 10 most-wanted list.

Since taking office in 2002, President Alvaro Uribe, a key U.S. ally in Latin America, has approved the extradition of nearly 500 Colombians to the United States, the majority on drug-trafficking charges. For his aggressive stance, the United States has awarded Colombia with more than $700 million in annual anti-narcotic aid.

Most of those extradited have been low or midlevel drug traffickers. High-profile extraditions have included Gilberto and Miguel Rodriguez Orejuela, brothers who helped found the Cali cartel.

Colombia is the source of 90 percent of the cocaine entering the United States. Supply has remained robust despite record extraditions and eradication of coca crops.

Is Baseball Drugs Ruling A Fourth-Amendment Foul? (WSJ)

By Adam Thompson

The Wall Street Journal, January 16, 2007

Major League Baseball has found itself embroiled in a federal investigation into whether some of its biggest stars used performance-enhancing drugs to smash home runs in record numbers. But civil-liberties advocates, as well as unions, worry that a recent legal ruling in the case will reach far beyond the diamond and give the government broad search-and-seizure powers in the digital age.

At the heart of the case is how much freedom the government has to pursue crimes discovered in electronic files while searching for evidence against other people. It turns on just how much protection the Fourth Amendment, written in the 18th century to stop unreasonable searches, affords information in a 21st-century computer database about people other than those targeted by investigators.

"The Supreme Court has never applied the Fourth Amendment to computers," says Orin Kerr, an associate law professor at George Washington University. "The federal courts of appeals are beginning to decide a bunch of cases: in 2006, there were

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20 or 30 in the broad area of how the Fourth Amendment applies to computers. But each case is very fact-specific and narrow, so the law remains pretty murky."

A three-judge panel of the Ninth Circuit Court of Appeals in San Francisco late last month upheld the government's power to seize computer files from two laboratories that performed mandatory drug tests on major leaguers, including files of professional hockey players and other nonsports patients tested by the labs.

The seizures were part of a federal investigation that began in 2002 into the Bay Area Laboratory Cooperative, which supplied sports stars with performance-enhancing drugs meant to escape detection. The San Francisco Chronicle has reported that baseball superstar Barry Bonds, who has denied knowingly using such substances, is under investigation for perjury connected to his testimony in the Balco case.

Prompted by the investigation and congressional hearings, baseball team owners called for testing all players for steroid use. Baseball's players' union eventually agreed after initial resistance, on the condition that the results would remain secret and used only to determine the extent of the problem.

Players submitted to tests in 2003 at two different laboratories, one in California and the other in Nevada. Later that year, federal investigators, who had zeroed in on 10 baseball players, began asking for the results. Armed with a search warrant for information on the 10, federal agents seized a large number of computer files containing the test results. Not only did they get test results for the 10 they were investigating, they found the names of more than 100 other baseball players who had positive tests for steroid use. A prosecutor told the Ninth Circuit the government would reserve the right to continue investigating those additional players.

CASE STUDY

· The Issue: A U.S. circuit court's decision on seizure of baseball players' drug tests extends past sports and into questions of constitutional law.

· The Debate: How much leeway should the government get in pursuing criminal cases involving the confiscation of computer files, without violating a citizen's privacy?

· What It Means: Without much word so far from the Supreme Court on Fourth Amendment computer issues, this case becomes one to watch.

"We were authorized specifically by the warrant to search every single file in all of their computers," Assistant U.S. Attorney Erika Frick said. "We took only one directory. We were authorized to search every one of those files."

The Major League Baseball Players Association and one of the labs have fought the government's actions, and three lower courts -- two in California and one in Nevada -- ruled in their favor, saying the government overstepped its authority in seizing more files than those pertaining to the 10 players it originally was investigating. A key question was whether the government could act on information it took from the labs against the players not named in the search warrant. One district court judge went so far as to ask, "What happened to the Fourth Amendment? Was it repealed somehow?"

The Fourth Amendment requires authorities prove to a judge that there is evidence that gives them probable cause to search a specific place, as well as list the persons or things to be seized.

"The reason for the warrant requirement is to make clear, before the police seize records, the purpose of the search and the scope of the search," says Marc Rotenberg, executive director of the Electronic Privacy Information Center in Washington, D.C., and an adjunct professor who teaches information privacy law at Georgetown University. "It should not be viewed as unbounded authority to gather all data that is available."

Courts have often struggled to define which searches and seizures are "unreasonable." For instance, authorities are allowed to seize evidence that lies in plain sight, even in if they lack a warrant. In a less complicated criminal case, the doctrine allows, for example, police with a search warrant for drugs to seize an illegal gun they might see on top of a table.

"Normally we all know agents can look in a closet," says Fordham University criminal law professor Dan Richman. "This is a really big and interesting closet."

The government argues it needed to cast a wide net, gathering large bunches of files to make sure to find all pertinent evidence, not merely believing the labels on files in a computer directory. If during that check prosecutors came across evidence of a crime, they could keep it and use it.

Attorneys for the players are in the process of petitioning for a hearing by a 15-judge panel of the Ninth Circuit, which can reverse the three-judge panel.

The MLB Players Association says the Ninth Circuit ruling will hand the government unprecedented entry to private information of large numbers of people accused of no crimes. The government seized files on National Hockey League players and employees of several other sports organizations and businesses unrelated to the investigation. The hockey players' union says it did not know of the governments' actions until Ninth Circuit judge Sidney Thomas issued his dissent. The NHL Players Association supports the baseball union's stance and is examining legal options.

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Addressing concerns that the ruling could open the way for the government to prospectively rummage through the files of people against whom there is no hint of evidence, Judge Diarmuid O'Scannlain, writing for the majority, suggested a magistrate examine and separate pertinent computer evidence from unrelated material. New York-based white-collar defense attorney Andrew Hruska says he likes that idea in principle but questions its applicability in the real world. Pass on 20 gigabytes of data to sift through, he says, and "you will get a very frosty stare from a magistrate."

Write to Adam Thompson at adam.thompson@wsj.com1

Sen.: Drugs Smuggled To Haiti By Plane (WP/AP)

By Stevenson Jacobs, The Associated Press

The Washington Post, January 16, 2007

PORT-AU-PRINCE, Haiti -- Drug traffickers are increasingly favoring planes over boats to smuggle U.S.-bound cocaine from South America into Haiti and the Dominican Republic, U.S. Sen. Bill Nelson said Saturday.

The Florida Democrat attributed the drop in sea smuggling to a 1998 agreement allowing U.S. drug agents to patrol Haitian waters for drug traffickers.

"It has been successful and the amount of drugs coming in by sea has been reduced," Nelson told reporters at the end of a two-day visit. "But the amount of drugs coming in by airplane has considerably increased."

Most of the small planes originate from southern and northwestern Venezuela, Nelson said. Venezuela is a major transit point for drugs _ primarily cocaine _ being smuggled out of Colombia for the United States and Europe.

In a speech this past week, Haitian President Rene Preval said U.S. anti-drug aid has not significantly stopped the flow of illegal drugs into his impoverished Caribbean country.

Nelson, who sits on the Senate Foreign Relations Committee, said Washington's agreement with Haiti only allows U.S. authorities to stop drug traffickers at sea _ not by air _ "because obviously we cannot interdict the plane unless we shoot it down."

The senator said he agreed with Preval's call for more help fighting drug traffickers but stressed that Haiti's national police is the main defense against cocaine-smuggling flights.

"The main way of solving the drug problem coming by air into Haiti is to get the Haitian national police to where they can arrest them when they land," Nelson said.

Haiti's police is among the region's most corrupt, with only a few thousand officers to patrol the nation of 8 million.

Ecuador's Divided Loyalties (LAT)

By Chris Kraul

The Los Angeles Times, January 15, 2007

MANTA, ECUADOR — The United States is battling a dangerous new front in its South American drug war — just as a protege of anti-American leader Hugo Chavez comes to power in Ecuador vowing to shut down a U.S. base dedicated to narcotics surveillance.

Officials have expressed growing concern that this Andean nation is being "Colombianized," illustrated by record cocaine seizures in the last two years, the destruction of a major cocaine-processing lab and a recent gangland-style killing.

In recent months, U.S. and Ecuadorean forces have collaborated in the drug fight. But with today's inauguration of leftist President Rafael Correa, some U.S. officials worry the cooperation might be greatly curtailed.

Correa has promised to pursue a socialist agenda similar to that of his political mentor, Chavez, the president of Venezuela. Correa is the fifth left-leaning leader elected in Latin America in a little more than a year.

During his campaign, Correa promised that he would not renew the U.S. military's lease on the Manta air base, where eight drug surveillance planes have been based since 2000.

He said the departure of the U.S. aircraft after the lease expired in 2009 would affirm national sovereignty and open the way for Manta to become an international airport.

The presence of the U.S. planes rankles many Ecuadoreans, who think America's main goal is not to fight drugs but to keep a close eye on leftist guerrillas in Colombia.

Ecuador has tried to keep its distance from its neighbor's 40-year civil war and Plan Colombia, a $4-billion antidrug and antiterrorism program funded by the United States, fearing the Andean nation could be drawn into the conflict.

"Our leaders never got approval to permit the planes in the first place from the National Assembly or the Supreme Court, which they were required to do by law," said Luis Saavedra, president of the Human Rights Advisory Foundation in Quito, the capital. "This could make Manta a military target."

Base plays an integral role

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U.S. officials said that the Manta base played a valuable role in efforts to control drug shipments and that ending the American military presence would make Ecuador more attractive to Colombian traffickers.

"There's concern for all the right reasons," one top U.S. law enforcement official said last month.

Ecuadorean police investigators, U.S. pilots and both countries' navies, working together, seized 33 tons of cocaine in Ecuadorean territory and on vessels in 2006, up from a "small fraction" of that amount in 2003, said a U.S. State Department official responsible for antidrug efforts in Ecuador.

No one knows how much of the estimated 750 tons of cocaine produced annually in Colombia is shipped through Ecuador. But applying one rule of thumb, the 33 tons seized last year could represent one-third of all the cocaine that passed through the country. That would work out to 100 tons, or about 13% of Colombia's cocaine.

The eight surveillance planes were key to the seizures, U.S. officials said, but their importance extends beyond Ecuador. Flights from the Manta air base played a part in 60% of drug interdictions by U.S. and allied fleets in the eastern Pacific last year, said the U.S. military's Southern Command in Miami.

Increased levels of drug trafficking in Ecuador are illustrated by the seizures in the eastern Pacific of Ecuadorean boats packed with cocaine.

They have outnumbered Colombian boats 4 to 1, said the State Department official, who spoke on condition of anonymity because she did not have permission to comment on the record. The amount of cocaine on the boats ranged from 2 to 7 tons, officials said.

"Seizure of Ecuadorean 'mother' boats were unheard of a few years ago," said the State Department official, referring to large boats.

Going through Ecuador

The increase is due to vigilance at Colombia's ports and in its airspace, also a result of the U.S. surveillance planes based in Ecuador, officials say.

The effort has forced drug traffickers to send an increasing share of Colombia's cocaine through Ecuador en route to the North American market.

Boats typically travel as far as 2,000 miles off Ecuador, past the Galapagos Islands, before transferring the cocaine to high-speed boats that complete the smuggling trips to Mexico and Central America, guided by global positioning systems and refueled by makeshift tankers.

"Boats are pushing farther and farther out," said U.S. Air Force Lt. Col. Javier Delucca, the ranking U.S. military officer in Ecuador.

Numerous Colombian drug traffickers have moved to Ecuador in recent years, easily fitting in with the estimated 300,000 Colombians who have sought refuge from the civil war in the last decade.

Antidrug officials say many of the smugglers have clustered around Santo Domingo de los Colorados, a town about 50 miles west of Quito that has become a sort of drug trafficking nerve center.

"There are colonies of refugee and undocumented Colombians in every corner of the country now, mostly dedicated to legal activities. But some are criminals who come here to break the law," Gen. Bolivar Cisneros Galarza, a top commander in Ecuador's anti-narcotics police, said in a telephone interview.

Correa has made no mention of ending U.S.-Ecuadorean cooperation in the drug fight, but some U.S. officials worry that he might follow Chavez's lead and do just that.

U.S. officials in Ecuador, including Ambassador Linda Jewell, have said they will try to persuade Correa to change his mind about the Manta base. The U.S. government is offering to help develop the base as a bigger commercial airport and pay for another runway — if Correa lets the U.S. planes stay.

The U.S. Embassy has encouraged officials and businesses in Manta to tout the base's economic importance, with its 450 local jobs and $7 million in annual spending.

But the chances of changing Correa's mind appear slim, largely because he campaigned so hard on the issue and because of the anti-U.S. tide in the region.

But if he were to change his mind, the decision could be based on self-interest, and that's the tack U.S. officials are taking. Losing the drug surveillance flights, which moved to Ecuador in January 2000 from bases in the Panama Canal Zone, might make his country more vulnerable to traffickers and organized crime.

'That's a scary thing'

Those fears were sparked by the raid of a cocaine-processing lab in El Oro province near the city of Guayaquil last fall. U.S. and Ecuadorean officials said it was the biggest lab seized in that country and was capable of producing as much as 4 tons of cocaine a month.

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"In the past, Ecuadorean cocaine-processing labs were Colombian border spillover situations or hidden somewhere deep in the jungle," said a U.S. anti-narcotics official.

"This one was located right along the coast and was big enough to process 4 tons of Peruvian and Colombia base a month. That's a scary thing."

Also worrisome to many was the gangland-style slaying in December of Blanca Cando, the secretary to Superior Court Judge Pavlova Guerra, who has presided over money-laundering cases involving suspected drug traffickers. Cando was gunned down while having coffee with friends.

For some, the killing was too reminiscent of the deadly efforts to intimidate judges in Colombia.

"Hit the low-level functionary so that the higher-level boss gets the message to back off," one U.S. government official here said.

Cisneros, the police commander, declined to comment on the Manta lease issue but said that U.S.-Ecuadorean cooperation was "excellent" and that the eight U.S. aircraft were a positive factor in the nation's drug fight.

U.S. officials said losing the lease on the base, apart from hurting Ecuador's antidrug efforts, would also be a strategic setback for the United States. Drug traffickers' routes already test the surveillance aircraft's range, and the planes' capabilities would probably be curtailed by their having to be relocated.

"The base here is a terribly important asset in the war on drugs," said Delucca, the U.S. Air Force officer. "The geographical position of Manta is invaluable."

Member Of Ruling Kuwait Family Condemned (NYT/AP)

By The Associated Press

The New York Times, January 16, 2007

Filed at 1:55 p.m. ET

KUWAIT CITY (AP) -- A court has convicted a member of Kuwait's ruling family for drug trafficking and it condemned him to death, according to a ruling obtained Monday.

It is believed to be the first time that a member of a ruling family in one of the Gulf Arab states received the death sentence for a drug offense.

The crimes of Sheik Talal Nasser Al Sabah "threatened society ... especially young people," who bought hashish and cocaine from him, Judge Humoud al-Mutawah said in his verdict Sunday.

Sheik Talal had "willingly walked the path of evil" and "deserved no mercy," al-Mutawah said.

It was not immediately clear how closely related Sheik Talal is to the head of the ruling family, which has hundreds of members.

Prominent criminal lawyer Najib al-Wugayyan hailed the verdict and sentence. "This is a magnificent indication to all that nobody is above the law," he said.

The judgment can be appealed.

The panel of three judges also found Sheik Talal guilty of laundering the money he made from trafficking, and illegal possession of two pistols and a shotgun.

The court said hashish and cocaine were found at his home, along with scales and a mixer used to prepare the drugs for sale.

In addition to the death sentence, the court fined Sheik Talal $35,000 for drug trafficking.

For illegal possession of firearms, the court sentenced him to three years in jail. And for laundering about $3 million from the trafficking, the court sentenced him to seven years' imprisonment and ordered him to pay an identical sum as a fine.

The laundering was done by investing the money in real estate in Lebanon and the United Arab Emirates.

Sheik Talal's lawyer could not be reached for comment.

The court convicted three of Sheik Talal's associates -- Faisal al-Enezi, Amirulislam Ali and Abdullah Shignab -- of drug trafficking and sentenced them to life imprisonment.

Two other associates -- Tazhi Hamed and Fadi Habash -- were sentenced to seven years in jail each for money-laundering. The court also ordered them each to pay $3 million in fines -- the same amount as imposed on Sheik Talal.

A Rifle In Every Pot (NYT)

By Glenn Reynolds

The New York Times, January 16, 2007

Knoxville, Tenn.

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IT'S a phenomenon that gives the term "gun control" a whole new meaning: community ordinances that encourage citizens to own guns.

Last month, Greenleaf, Idaho, adopted Ordinance 208, calling for its citizens to own guns and keep them ready in their homes in case of emergency. It's not a response to high crime rates. As The Associated Press reported, "Greenleaf doesn't really have crime ... the most violent offense reported in the past two years was a fist fight." Rather, it's a statement about preparedness in the event of an emergency, and an effort to promote a culture of self-reliance.

And it may not be a bad idea. While pro-gun laws like the one in Greenleaf are mostly symbolic, to the extent that they actually make a difference, it is likely to be a positive one.

Greenleaf is following in the footsteps of Kennesaw, Ga., which in 1982 passed a mandatory gun ownership law in response to a handgun ban passed in Morton Grove, Ill. Kennesaw's crime dropped sharply, while Morton Grove's did not.

To some degree, this is rational. Criminals, unsurprisingly, would rather break into a house where they aren't at risk of being shot. As David Kopel noted in a 2001 article in The Arizona Law Review, burglars report that they try to avoid homes where armed residents are likely to be present. We see this phenomenon internationally, too, with the United States having a lower proportion of "hot" burglaries — break-ins where the burglars know the home to be occupied — than countries with restrictive gun laws.

Likewise, in the event of disasters that leave law enforcement overwhelmed, armed citizens can play an important role in stanching crime. Armed neighborhood watches deterred looting in parts of Houston and New Orleans in the aftermath of Hurricanes Katrina and Rita.

Precisely because an armed populace can serve as an effective backup for law enforcement, the ownership of firearms was widely mandated during Colonial times, and the second Congress passed a statute in 1792 requiring adult male citizens to own guns.

The twin purposes of self and community defense may very well lie behind the Second Amendment's language encompassing both the importance of a well-regulated militia and the right of citizens to keep and bear arms. As the constitutional and criminal law scholar Don Kates has noted in the journal Constitutional Commentary, thinkers at the time when the Constitution was written drew no real distinction between resisting burglars, foreign invaders or domestic tyrants: All were wrongdoers that good citizens had the right, and the duty, to oppose with force.

Greenleaf's ordinance is consistent with this approach. But it may also serve another purpose.

Experts don't think the Kennesaw ordinance, which has never actually been enforced, did much to change gun ownership rates among Kennesaw residents. And, given that Greenleaf's mayor has estimated that 80 percent of the town's residents already own guns, the new ordinance can't make all that much of a difference. But criminals are likely to suspect that towns with laws like these on the books will be unsympathetic to malefactors in general, and to conclude that they will do better elsewhere.

To the extent that's true, we're likely to see other communities adopting similar laws so that criminals won't see them as attractive alternatives. The result may be a different kind of "gun control."

IMMIGRATION:

FBI Probes Fatal Ariz. Border Shooting (NSDY/AP)

By Associated Press, January 15, 2007, 7:34 Pm Est

Long Island Newsday, January 16, 2007

Francisco Javier Dominguez-Rivera, 22, of Puebla, Mexico, was killed Friday in a confrontation with the unidentified agent north of the U.S.-Mexico border between Bisbee and Douglas.

On Sunday, Calderon expressed his "most energetic protest" against the shooting.

A group of seven people were crossing the desert and the agent took six of them into custody without incident, authorities said.

But the agent and Dominguez-Rivera began fighting, authorities said. The agent, who believed his life was in danger, shot and killed the man, the Border Patrol said previously. An autopsy was scheduled Wednesday.

The agent was put on paid administrative leave pending the investigation.

FBI spokeswoman Deborah McCarley and Gustavo Soto, a spokesman with the U.S. Border Patrol Tucson sector, both declined Monday to provide details of the case.

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TAX:

IRS's Free File Gets A Revamp (WSJ)

By Robert Guy Matthews

The Wall Street Journal, January 16, 2007

WASHINGTON -- The Internal Revenue Service today is expected to unveil its revamped Free File program, which allows taxpayers with adjusted incomes of less than $52,000 a year to file their tax returns online for free through privately run Web sites.

IRS officials estimate about 95 million people will qualify to use the program.

About 20 companies, including two that will offer services in Spanish, are expected to join the program, created five years ago to promote online filing and cut paperwork.

In recent years, the program has come under fire from Congress and the National Taxpayer Advocate, a quasi-independent government office that addresses various taxpayers' concerns.

Some critics have charged that the IRS gave the private companies too much leeway to market add-ons, and, in some cases, confused many consumers into thinking that paying for the extra services wasn't optional.

In congressional hearings last year, Nina Olson, chief of the National Taxpayer Advocate, said many taxpayers complained about the Free File program.

One of the changes in this year's program includes elimination of refund-anticipation loans, in which companies lend money to filers -- sometimes at high interest rates -- who don't want to wait for the IRS to send expected refunds.

Taxpayers also will be able to use the Free File program to request refunds, usually ranging from $30 to $60, due to the end of the telephone excise tax.

Except for the cost of postage, filing is free, at least for those who do their own taxes.

Filing online does carry a cost because of the software program used to fill out forms, often in the $30 range.

The IRS doesn't want high fees to discourage online tax filing because it is easier and more accurate.

Write to Robert GuyMatthews at robertguy.matthews@wsj.com1

The Light-Touch Tax Audit (NYT)

The New York Times, January 15, 2007

With corporations posting record profits amid nonstop accounting scandals, one would assume that the Internal Revenue Service is looking long and hard at big companies' tax returns. Unfortunately, the opposite is true.

Since 2003, I.R.S policy has called for spending less time on any one large corporate audit, with the purported aim of auditing more big businesses. But as The Times's David Cay Johnston reported last week, I.R.S. auditors are being pushed by the agency's top officials to prematurely close audits of large corporations with agreements that they pay only a fraction of the additional taxes that could be collected. Dozens of auditors said they were instructed to limit their examinations to issues that the I.R.S. and the companies agreed to in advance, even if suspicious deductions or other questionable tax tactics emerged during the audit.

Recently released I.R.S statistics — which the agency is required to disclose, but which it had long withheld — underscore Mr. Johnston's report. In 2006, the time devoted to each large-company audit was nearly 21 percent below what it was in 2002. From 2003 through 2005, an ever larger share of companies was audited; but in 2006, the share declined from a high of 44 percent in 2005, to 34 percent, about where it was in 2002.

The I.R.S. says its light-touch approach is successful because auditors are finding much more tax owed for each hour they work than they did in 2002. But auditors interviewed by Mr. Johnston dispute that claim. They say that abusive and illegal tax shelters have become so pervasive that it's easy to find additional taxes due. So the overall figure rises, even though companies are being allowed to pay far less than they owe. Economists and tax experts who have looked at the I.R.S. statistics have also raised the possibility that an increase in corporate noncompliance is behind the increased tax-due amounts, not more effective auditing.

Congress must ensure that the agency justifies its policy or changes it.

CONGRESS-ADMINISTRATION:

Bush Plots Health-Care Push (WSJ)

DOJ_NMG_0116574

By John D. Mckinnon And Deborah Solomon

The Wall Street Journal, January 16, 2007

WASHINGTON -- With health-care costs emerging as one of voters' biggest domestic concerns, President Bush is considering promoting a tax-code change making it easier for people to buy health insurance for themselves in the open market, rather than relying on employers.

The president's coming State of the Union address and annual budget proposal are likely to include other ideas for easing the crunch, Republicans close to the White House said. Those would build on the administration's efforts to encourage states to create special insurance pools for lower-income individuals and small businesses. The administration also is likely to make another push for expanding health savings accounts. The accounts, first authorized in 2003, allow people to save tax-free for health-care needs provided they choose low-cost, high-deductible coverage.

QUESTION OF THE DAY

1 · Vote: Would you support a universal health-care plan?2

The ultimate idea is to expand health-care coverage while reducing cost pressures, in part by giving people more of a financial incentive to be smart shoppers.

Mr. Bush's emphasis on health issues comes as cost and coverage complaints are drawing attention in Washington -- and in state capitols throughout the country. As employers shift health coverage burdens to employees, state governors -- namely Republicans Mitt Romney of Massachusetts and Arnold Schwarzenegger of California -- as well as the new Democratic Congress have paid more attention to the issue, putting new pressure on the president to join the debate.

The examination of health care comes as Mr. Bush looks to define a domestic agenda in the final two years of a presidency that increasingly is being overshadowed by Iraq and hemmed in by newly empowered Democrats. In a recent op-ed in The Wall Street Journal, Mr. Bush listed "affordable health care" among "the biggest issues facing the American people" along with energy security and comprehensive immigration reform. He added "I look forward to working with Congress on these difficult issues." White House spokesman Tony Fratto declined to comment on specific proposals under consideration but said: "The President has said that for all Americans, we must confront the rising cost of care, strengthen the doctor-patient relationship, and help people afford the insurance coverage they need."

While President Bush advocated some health-care changes last year -- an expansion of health savings accounts and computerization of patient records -- they were more modest than what is currently under consideration.

The big new idea this year could involve tax changes around employer-provided plans. While officials said major decisions are still being made, the White House tax proposal likely would cap some taxpayers' ability to exclude employer-provided health care from their income, as part of an effort to broaden availability of health-care insurance.

Currently, health-care benefits aren't subject to federal income tax, no matter how generous the benefit -- a factor many economists have said has contributed to health-care inflation. The Bush administration is considering a change that would tax some executives' "gold-plated" plans and possibly even affect some rank-and-file union members with particularly generous benefits. The savings would be used to pay for tax credits for lower-income people who buy their own health insurance or for state insurance pools, or both. The effect could be relatively small now but could grow over time.

The current policy of excluding employer-provided health insurance benefits from employees' tax returns costs the government more than any other tax policy -- about $900 billion between 2006 and 2010, counting all health-related breaks. That is more than either the mortgage-interest deduction or the various breaks for retirement savings. Thus, even tinkering around the edges of the exclusion could produce large amounts of revenue for subsidizing coverage for lower-income people.

Some of the administration's possible proposals, particularly the changes to the tax code, are likely to meet resistance from Democrats, who worry about further undermining the market for employer-provided coverage and driving up costs for those who remain in the system.

Helping states fix the problem of the uninsured could attract bipartisan support. Democrats said much depends on whether the Bush administration backs up its rhetoric with money. A few Democrats -- as with their Republican counterparts -- are willing to encourage a shift from employer-provided plans to state-sponsored ones.

State insurance pools have begun to appear in states such as Massachusetts in recent years, using funding from the federal government's insurance programs for low-income people, such as Medicaid. The trend has been fueled by looser federal restrictions on how funds from low-income health entitlement programs can be used. Experts have said they expect the administration to continue that in the coming reauthorization of one of the federal programs, the State Children's Health Insurance Program.

Mr. Bush's proposals likely will be the starting point for a Washington debate on health-care coverage plans.

Tomorrow, a bipartisan group including Sen. Jeff Bingaman (D., N.M.) and Sen. George Voinovich (R., Ohio) plans to introduce legislation that would provide grants to states to craft their own plans for helping the uninsured.

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Last week, Massachusetts Sen. Edward Kennedy, who chairs the Health, Education, Labor and Pensions Committee, called for eventually expanding Medicare to all Americans, regardless of age, starting with people 55 to 65, and those younger than 20. Currently, Medicare generally guarantees health-care coverage to those age 65 and older.

Political experts have said the focus on health care reflects the effect that soaring costs are having on voters, particularly aging Baby Boomers, who are using more health care and worrying about costs. Polls show that, increasingly, people tend to rank health care among the biggest financial woes they face, says Karlyn Bowman, a polling expert at the American Enterprise Institute.

Unlikely Allies Advocate Healthcare Overhaul (LAT)

By Tom Hamburger And Ricardo Alonso-zaldivar

The Los Angeles Times, January 16, 2007

WASHINGTON — In a sign of how the political climate is shifting, powerful business interests that once teamed up to defeat Democratic healthcare plans are joining with labor unions and other unlikely allies to advocate extending medical insurance to millions of Americans.

Among the champions of change is the trade group representing the nation's leading health insurance firms. That industry developed the "Harry and Louise" television ad campaign, which helped turn public opinion against the universal healthcare plan proposed by President Clinton and then-First Lady Hillary Rodham Clinton in 1994.

So devastating was the defeat that Washington politicians have hesitated to offer comprehensive proposals for change since then. Although Democrats talked of healthcare costs in the 2006 campaign, they have offered only modest proposals despite winning control of both chambers of Congress. Republican governors have offered some of the most ambitious plans recently, but GOP leadership in Washington has been muted.

Now, nongovernmental coalitions of seemingly strange bedfellows are stepping into the vacuum.

Today, the president of the Service Employees International Union will stand with the director of the Business Roundtable, which represents the nation's leading corporations, to announce one campaign to overhaul healthcare.

On Thursday, private health insurance companies will join with doctors' organizations and health-activist groups on the left to announce a plan for universal coverage.

"This week marks a kind of tipping point," said Karen Ignagni, who represents the health insurance industry in Washington. Members of the trade group she now leads — America's Health Insurance Plans — produced the Harry and Louise commercials, in which a middle-aged couple expressed alarm about the prospect of government meddling in their personal decisions about healthcare.

"The health insurance problem has been with us for decades," Ignagni said. "With all these different efforts, you are seeing a consensus emerge that the time for action is now."

Major questions remain about how a healthcare overhaul program would work — including how it would be financed and who would participate. But broad agreement on the need for action is important, because the groups involved might have the political clout and lobbying muscle to push a plan through Congress.

The two plans being announced this week — the details of which were not available — come in the wake of ambitious blueprints for universal health coverage put forward by two prominent Republicans: in California by Gov. Arnold Schwarzenegger and in Massachusetts under Gov. Mitt Romney, who has since left office and is a 2008 presidential candidate

The Massachusetts plan — the only comprehensive state proposal that has been enacted — relies primarily on a requirement that individuals get health insurance. The state redirected funding that had been used to cover hospital care for the uninsured to subsidize health insurance premiums. The plan also levies a token fee on employers that do not provide coverage.

California's plan would rely on a combination of requirements for individuals and new fees — essentially taxes — on businesses and healthcare providers.

Governors from a dozen other states are considering similar proposals.

Now, Democratic constituent groups, including labor and seniors' organizations, are joining with big business to demand a substantive response to the nation's healthcare problem, which has left 46 million people uninsured and has undermined American corporations' ability to compete internationally.

"You take these two events, and you take what's happening in the states, and what you are seeing is a real surge of interest in the issue of health reform, and the feeling that enough is enough about saying that the sky is falling: Let's start to do something to put some answers out there," said John Rother, director of policy and strategy for AARP, the seniors' lobby. AARP is part of both nongovernmental coalitions.

The proposals may embolden Democrats, but party leaders note caution within their ranks. "I think the Democrats are concerned lest they seem too radical," said Rep. Pete Stark of Fremont, chairman of the House health subcommittee. "We've got

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to win again in 2008, and I don't think we want to come out and talk about universal coverage or anything that sounds like socialized medicine." Stark is author of a plan that would use Medicare as a model to cover the uninsured.

Andrew Stern, the service employees union leader, has met in recent months with corporate chiefs around the country, urging a joint effort on a comprehensive overhaul.

His goal is to force action in Washington.

Stern said the traditional job-based medical insurance system "simply isn't working."

The broader coalition of insurance companies, doctors and activists on Thursday will present a detailed proposal to expand healthcare coverage to as many Americans as possible — starting with children. Coalition members range from generally conservative groups such as the U.S. Chamber of Commerce to Families USA, a liberal advocacy group that was one of the principal champions of the Clinton healthcare proposal.

After the collapse of the Clinton plan, healthcare moved off center stage in Washington. President Bush has avoided sweeping proposals, focusing instead on tax credits to make insurance more affordable for individuals and small businesses.

Bush has been a strong advocate of health savings accounts, in which people pay out-of-pocket, usually routine medical bills from a tax-sheltered savings account while carrying lower-cost catastrophic insurance for major expenses.

Many businesses have started offering these accounts to employees, but it's not clear whether large numbers of previously uninsured people are signing up.

In the meantime, employer-sponsored coverage has continued to erode. The share of workers covered through their jobs fell from 81% in 2001 to 77% in 2005. Many small and midsize employers no longer offer coverage, and some new businesses deem their employees self-employed contractors responsible for their own benefits.

Government health programs have expanded, but not enough to take up the slack. About 16% of the population is uninsured. Healthcare spending is rising faster than inflation, although the rate of increase has eased in the last few years.

Congressional Democrats, traditionally the leading advocates of expanded coverage, largely have been left on the sidelines in the latest maneuvering. Although many stalwarts, including Sen. Edward M. Kennedy (D-Mass.) and Rep. John D. Dingell (D-Mich.), remain committed to covering all Americans, the party lacks a unified position.

"What we are building up to is a year, 2007, in which a lot of people are willing to discuss the benefits and costs of universal coverage, but I don't think we're going to make legislative headway," Stark said.

One Democratic senator, Ron Wyden of Oregon, is expected to introduce a healthcare bill this week. His proposal — which was unveiled in December and combines Republican and Democratic ideas — would mandate that individuals get their own coverage but require most employers to contribute to the cost.

Groups Unite On Healthcare (HILL)

By Jeffrey Young

The Hill, January 16, 2007

Unusual alliances of interest groups are coalescing to bring a unified front before Congress to spur federal action on healthcare costs and the uninsured.

A series of separately planned announcements this week illustrates an emerging consensus among sectors, such as big business and organized labor, that long have been at loggerheads when it comes to health benefits that they must exert combined pressure on policymakers.

This recognition of common interests is rooted in the fact that employers, workers, retirees, health-insurance companies, healthcare providers and the government all are burdened by healthcare costs that rise faster than inflation and by the expense of providing medical care to people without coverage, representatives of the groups agreed.

In addition, the enactment of a universal healthcare program in Massachusetts, the Democratic takeover of Congress and the march toward the presidential campaign season have emboldened advocates of healthcare reform to jumpstart the debate, said Diane Rowland, executive director of the nonpartisan Kaiser Commission on Medicaid and the Uninsured.

Today, the Business Roundtable, Service Employees International Union (SEIU) and the AARP will launch a campaign they are calling Divided We Fail. The groups intend to put a spotlight on healthcare costs and coverage through this initiative.

“There is pain at all levels at this point,” an AARP spokesman, Mark Kitchens, said. “That’s one of the things that’s different now.”

“There is enthusiasm that maybe now we can really roll up our sleeves and get things done,” the roundtable’s director of public policy, Maria Ghazal, said.

“There is clearly momentum building for fundamental changes to the healthcare system,” SEIU spokeswoman Sara Howard wrote in an e-mail. “For the first time, business, labor and consumers are standing together to address this problem.”

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Since the Clinton administration's effort to enact universal healthcare failed in the early 1990s, Congress has shied away from promoting broad federal actions to address the issues of costs and coverage. The Clinton and Bush administrations, the Republican-led Congress and the two parties' leading presidential candidates instead focused on narrower initiatives.

In the meantime, the private sector has continued to struggle with maintaining adequate health benefits in the face of escalating expenses.

"Business, labor and consumers are all feeling the same stress," Ghazal said. She also noted that surveys of her organization's CEO members have shown healthcare spending to be the No. 1 cost pressure facing large employers.

The three organizations hope to compel Congress and the 2008 presidential candidates to engage in a full debate about the future of the healthcare system. "This is really going to be an enduring effort for us," Kitchens said, one that will extend from this year through the presidential campaign and beyond.

The alliance plans coordinated activities such as town-hall meetings on healthcare issues in key presidential primary states and joint appearances and op-eds by representatives of the three groups, Kitchens said.

"We intend to hold our political leaders accountable for this," Kitchens said.

"Everyone is positioning themselves to try and promote this as an issue that will be a big player in the presidential elections," Rowland said.

A central theme of the Roundtable-SEIU-AARP initiative will be that all players, from employers to workers to the government, have a stake in the success of healthcare reform and that all of these players must do their part, Kitchens said. "We really are going to be stressing solutions and efforts from many different sectors," he said.

Ghazal emphasized that the alliance will not promote a government-managed universal healthcare program. "The foundation of our nation's healthcare system should still definitely lie in the private marketplace," she said.

The business community's belief that the government has to step up is not tantamount to an endorsement of government-run healthcare, Ghazal emphasized. "There's more of a recognition that the government is already paying for more than 50 percent of healthcare," she said.

The Roundtable-SEIU-AARP alliance does not plan to propose a specific set of policy recommendations, Kitchens said. "We don't always see eye-to-eye and we know that," he said.

Significant challenges await any legislative push on healthcare reform that efforts such as these would have to overcome. Strong philosophical disagreements persist between Democrats and Republicans about the appropriate role of government in providing healthcare coverage and resentment lingers from the heated fight over the Clinton plan.

In addition, the 2008 presidential candidates, especially those currently serving in the Senate, will want to highlight their own ideas, which could dampen their interest in making compromises.

Nevertheless, some lawmakers already have taken steps to move healthcare reform forward this year. Senate Health, Education, Labor and Pensions Committee Chairman Edward Kennedy (D-Mass.) held a hearing last week on healthcare coverage and costs that featured some of the same groups launching initiatives this week.

Sen. Ron Wyden (D-Ore.) will take to the Senate floor for an hour this morning "in search of [the] missing federal debate on healthcare reform," according to a media advisory, and to promote his own universal-coverage legislation.

Tomorrow, Sens. Jeff Bingaman (D-N.M.) and George Voinovich (R-Ohio) and Reps. Tammy Baldwin (D-Wis.), John Tierney (D-Mass.) and Tom Price (R-Ga.) will introduce their healthcare reform legislation.

On Thursday, a group of healthcare-industry organizations, business interests and consumer groups will launch their Health Coverage Coalition for the Uninsured.

The liberal advocacy group Families USA will stand with the U.S. Chamber of Commerce, the AARP and associations representing health insurers, doctors, hospitals and other healthcare providers at this event.

The aim of the coalition is "to build a consensus that can be presented to Congress and provide … a set of principles that can inform the national debate on healthcare coverage," a spokesman for AHIP, Mohit Ghose, said. AHIP offered its own plan for expanding healthcare coverage shortly after the November elections.

"It does show a coming-together of varied interests to push for a common goal, which is to increase access to health insurance coverage for millions of people," Ghose said.

State Plans Miss The Point (USAT)

By Don Mccanne

USA Today, January 16, 2007

Americans need more than affordable insurance; they need affordable health care. California Gov. Arnold Schwarzenegger plans to copy the Massachusetts reform in shrinking the numbers of uninsured people by forcing them to buy stripped down, bare-bones policies.

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With premiums for family coverage now averaging $10,000 a year, the only way that states can make premiums affordable is to strip down the plans, which then forces policyholders to pay out of pocket when they get sick. High deductibles, co-payments and benefit reductions are destroying the financial protection that insurance should provide.

Half of U.S. bankruptcies are a result, in part, of medical illness or medical bills. Three-quarters of Americans who are forced into medical bankruptcy had health insurance at the onset of the illness that bankrupted them. Worse, suffering and death can occur when patients cannot afford the care that their private insurance does not cover.

The big winners in the Schwarzenegger and Massachusetts health plans are private health insurance firms. The new insurance mandates will hand them billions in wasteful administrative fees that do not occur in government insurance programs such as Medicare. Private insurers will continue their cream-skimming, enrolling primarily the low cost, healthy workforce and their families, while leaving the costs of the unprofitable sick and elderly to the taxpayers.

State health programs are interdependent on federal programs such as Medicare, Medicaid and the Veterans Affairs' system, and are regulated by federal laws. The states alone cannot enact the structural changes that would be required to cover everyone and control costs. They are limited to building on the existing system by tweaking it to nominally expand coverage to the uninsured.

Money is not the problem. We already are spending enough on health care to provide high-quality, comprehensive services for everyone. But our inefficient, private-sector insurance bureaucracies have failed and need to be replaced with single-payer national health insurance. Every other developed nation has covered its citizens through some form of non-profit national health insurance.

Don McCanne, M.D., is a senior health policy fellow of Physicians for a National Health Program.

Both Plans Go Too Far. Government Meddling Can't Fix This. (USAT)

By Sally C. Pipes

USA Today, January 16, 2007

California Gov. Arnold Schwarzenegger has proposed a $12 billion health care package that he says should be the model for the rest of the country. Forcing people to buy health insurance will not solve the problem of the uninsured, make America healthier or decrease the amount of money we spend on health care. Such schemes will increase taxes, kill jobs and destroy private health care markets. They are also the next logical step on the path to single-payer health care.

"Everyone in California must have health insurance," Schwarzenegger declared. This is already true for automobile insurance, yet up to 25% of the state's residents leave home without it.

In Massachusetts, only four in 10 of those eligible for the totally free Commonwealth Care have signed up. Premiums for the subsidized plans are set as high as 6% of the insured's income, prompting talk of not enforcing the individual mandate.

Politicians justify these plans by alleging unfair cost shifts from the uninsured to the insured. Yet these plans rely on massive cost shifts. In Massachusetts, federal taxpayer money will be shifted to providers. In California, the governor calls for an increase in rates for providers from government insurance and then taxes some of this back with new taxes on physicians and hospitals. This is simply a way to increase taxes on private plans and send the money to government plans.

Schemes based on individual mandates will require new and extreme regulation of the private insurance market. Under California's plan, insurers won't be able to turn down anyone based on health status or age, a policy that causes premiums to skyrocket. In 1993, premiums jumped 500% when New Jersey passed a similar regulation.

Americans are highly conflicted when it comes to health care. We think the quality of the system is poor, yet we praise our individual care. We support universal coverage, but not if it entails any restrictions or costs more. Arnold and company better hope that these sentiments don't apply to California, because the move to universal coverage not only costs more, but will only come from mandates and will arrive with plenty of restrictions.

Sally C. Pipes is president and CEO of the Pacific Research Institute, a health policy think tank.

Burden Set To Shift On Balanced Budget (WP)

By Lori Montgomery And Nell Henderson

The Washington Post, January 16, 2007

When he takes the House rostrum next week for the State of the Union address, President Bush will list among his goals a balanced federal budget, a shift for a president who has presided over record deficits while aggressively cutting taxes.

Politically, analysts say, the president is calling the bluff of Democrats, who won control of Congress in part by accusing Bush of reckless fiscal policies. While Bush now shares the Democrats' goal to erase the deficit by 2012, the politically perilous work of making that happen -- cutting spending or raising taxes -- falls to the Democratic-run Congress.

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"The Democrats have assailed deficits under President Bush. The White House is telling Democrats to walk the walk," said Brian M. Riedl, a budget analyst at the conservative Heritage Foundation.

Budget experts and economists from across the political spectrum, including some who worked in the Bush White House, say that Bush is unlikely to offer real concessions toward a balanced budget in the plan he delivers to Congress next month.

Still, the administration appears to be stepping away from an economic argument that has worked well for Republicans throughout Bush's presidency: that federal deficits, though at record levels, are not especially large as a percentage of the economy and therefore offer little cause for concern, a view famously encapsulated in 2002 when Vice President Cheney told Paul H. O'Neill, then the Treasury secretary: "Deficits don't matter."

Historically, the deficit is not particularly large. During Bush's presidency, it peaked at $413 billion in 2004, the biggest ever in dollars. At 3.6 percent of economic output, however, it did not approach the historic high, in 1943 during World War II, when the deficit exceeded 30 percent of gross domestic product . Last year, the deficit dropped to $258 billion, or about 1.8 percent of the economy.

But that view ignores some important facts, U.S. comptroller general David Walker said. The government is living far beyond its means, he said, and if not for excess cash in the Social Security trust fund, it would be recording deficits on a magnitude not seen since the recession of the early 1990s. Take away the Social Security money, and the deficit would have been $434 billion last year, about 3.3 percent of GDP, which rose 6 percent in 2005, compared with 2004.

That point is critical, Walker told a Senate committee last week, because the Social Security surplus will begin to shrink in 2009, as the baby boomers start to retire. It is it estimated that the fund will dry up completely in 2017. At that point, the nation's rosy fiscal picture will darken rapidly. Costs for entitlement programs -- Social Security, Medicaid and Medicare -- will explode. Without radical changes in tax policy and retirement spending, the deficit will make up more than 24 percent of the economy by 2050, Walker said.

This month, Bush cited the "challenges" of entitlement spending as a factor in his decision to offer a balanced budget plan. Analysts said forcing the government to live within its means in the short term would lend credibility to the president's campaign to address the entitlement problem during his final years in office.

Bush has given two newcomers, Treasury Secretary Henry M. Paulson Jr. and White House Office of Management and Budget Director Rob Portman, the task of approaching congressional Democrats to look for potential compromises on entitlements. Paulson, a former chairman of Goldman Sachs, has identified the looming crisis as one of his top reasons for joining the administration. Portman, too, has a passion for the issue. Last week, he took part in the "Fiscal Wake-Up Tour" at Ohio State University organized by a variety of groups, including some strong critics of the administration.

Among them was Isabel V. Sawhill, a senior fellow at the Brookings Institution, who welcomed Portman's participation. Sawhill said she believed Portman and Paulson were responsible for the president's new enthusiasm for deficit reduction.

"I'm quite sure they want to get the word out about entitlements and educate the public. This could be a new way of putting Social Security and Medicare at the top of the agenda," Sawhill said. "I have this sense that these guys like Portman and Paulson have been unleashed."

In an interview, Portman said entitlements factored in to the administration's budget planning. But the primary reason Bush decided to offer a plan for erasing the deficit, Portman said, is "because we can."

When Bush took office in 2001, he inherited a budget from the Clinton administration that was in surplus for the first time in three decades. But the stock market was falling and the economy was sliding into recession. Bush reacted by ushering in huge tax cuts even as the attacks of Sept. 11, 2001, prompted a wave of new spending on the military and homeland defense. The budget returned to deficit in 2002, and the deficit peaked two years later.

Since then, an unexpected gusher of tax revenue has flooded the Treasury, driven largely by stratospheric corporate profits. Bush credits his tax cuts with spurring the economy and producing more tax receipts, an argument that has been refuted by many conservative economists and Bush's own Treasury Department.

"We have managed to work our way through some tough budget and economic challenges over the past six years . . . which caused revenue to decline dramatically," Portman said. Now, he said, "the economy is back on its feet and has generated record levels of revenue in the last two years," making balancing the budget a realistic goal for the first time in Bush's presidency.

Budget analysts on the right and left are skeptical. In past years, Bush has proposed spending cuts that the GOP-controlled Congress refused to support. Also, any five-year plan could put off much of the hard work of cutting spending and raising revenue until after Bush leaves office in 2009.

"I get the impression they're trying to beef up his reputation for fiscal responsibility, not by doing heavy lifting and actually targeting programs like farm subsidies, but through rhetoric and projections and changes in rules and things that are easy for a president to propose," said Chris Edwards, tax director at the Cato Institute.

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Portman declined to provide details of the budget request, which is scheduled for release Feb. 5, he said it relies on "very realistic projections" that are "reasonable in the context of both spending and revenues."

Whatever the political benefit of balancing the budget, it remains a difficult task economically and politically. The last time the budget achieved surplus, the economy was enjoying a boom and a wealth-boosting technology stock bubble, as well the "peace dividend" of reduced defense spending that accompanied the end of the Cold War.

Today, forecasts show the economy growing by a moderate 2.4 percent in 2007. War costs, which have topped $500 billion since 2001, are heading higher. In their most recent official projections, the White House and the nonpartisan Congressional Budget Office said they expected the deficit to rise in the fiscal year that ends in September.

Politically, the White House and Democratic leaders are far apart. Bush has said he would balance the budget without raising taxes. House Speaker Nancy Pelosi (D-Calif.) said Sunday on CBS's "Face the Nation" that though she wants to make permanent the Bush tax cuts that benefit the middle class, House leaders are considering repealing those that benefit "people making over half a million dollars a year."

By insisting that all of his tax cuts be extended, Bush is inviting a battle with Congress, not a deal, said Gene Sperling, one of President Bill Clinton's chief economic advisers. Sperling noted that Clinton won a balanced-budget deal with a Republican Congress in 1997 by offering to cut Medicare costs.

"When you want to do something serious, you don't change your rhetoric. You send a serious signal to the other side," Sperling said. "Simply insisting that even the most high-income tax cuts be made permanent then projecting vague but steep cuts in domestic programs is not sending that signal."

The Tough Part Is Up Next: How To Pay For Agenda (RC)

By Emily Pierce

Roll Call, January 16, 2007

Now that they're in power, it's time for the new Democratic Congressional majority to put its money where its mouth is.

And that's going to be tricky, given the austere budget situation under which even they acknowledge they're operating.

Democrats have made a lot of promises — many of which they're trying to fulfill this week in the House by wrapping up their "100 hours" agenda. But Democrats still are hunting for ways to cover the long-term costs of their policy objectives, and they already are finding these offsets hard to come by, especially if they want to avoid allegations that they are the same old "tax and spend liberals" they've always been.

"I don't think there's any question that it's going to be very difficult for Democrats to fulfill their campaign promises without raising taxes to a substantial degree," said House Ways and Means ranking member Jim McCrery (R-La.).

McCrery pointed to this week's expected House vote on a Democratic plan to impose new offshore drilling royalty fees and roll back several tax breaks and subsidies for oil and natural gas companies. The bill is expected to increase revenues by $13 billion, but much of that will be used to pay for research into and incentives to use alternative energy sources.

Democrats say they are targeting the energy industry because of its record-breaking profits in recent years, even as consumers have felt the pinch at the gas pump. But McCrery said, "by increasing taxes on oil and gas companies, you're going to increase the costs for consumers."

The House also will vote this week on a nearly $6 billion plan to cut student loan interest rates in half and increase the amount available under the Pell Grant program. Part of the offsets — a requirement under new House "pay-as-you-go" rules which mandate that any new spending or tax cuts be paid for with cuts elsewhere — include an increase in the fees banks pay for loan consolidations as well as a reduction in some government subsidies collected by banks. It was unclear late last week what the GOP reaction to those proposals would be, but Republicans were scrutinizing the offsets "to see if they're real," noted one senior House GOP aide.

While it's been relatively easy so far for Democrats to find underused or unused pots of money from which to draw, that could end quickly once they start writing their fiscal 2008 budget this spring.

With calls on both sides of the aisle to include the $300 billion-plus cost of the Iraq War in the budget and a bipartisan push to spend upwards of $70 billion this year alone to relieve middle-income taxpayers from the higher rates of the alternative minimum tax, huge chunks of money — that otherwise might be available for, say, closing the "donut hole" in the Medicare prescription drug benefit — will start whittling away.

Even the best estimates for savings from giving Medicare officials the power to negotiate for lower drug prices — $61 billion to $96 billion, according to House Democrats — doesn't come close to the $450 billion projected cost of closing the donut hole — the gap between when beneficiaries get a discount on drugs and when they have to pay 100 percent of the costs out of pocket. Even if drug-negotiating authority creates such savings — a notion the nonpartisan Congressional Budget Office discounts — President Bush has threatened to veto the bill.

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Meanwhile, Senate Finance Chairman Max Baucus (D-Mont.) and ranking member Chuck Grassley (R-Iowa) announced late Friday $8 billion in small business tax breaks that they want to attach to the minimum-wage increase.

But House Education and Labor Chairman George Miller (D-Calif.) reiterated that House leaders were reluctant to include the tax breaks largely because PAYGO rules require offsets.

Still, Democrats have a number of piecemeal plans for finding all the extra cash they need to deliver on all their election-year promises.

First and foremost, they hope to close the "tax gap" — the difference between what taxpayers actually owe and what actually comes into the Treasury. Some estimates have put the tax gap at nearly $350 billion, but even under the best of circumstances, no one thinks they'd be able to realize all of that money by having the IRS go after delinquent taxpayers.

Besides, closing the tax gap makes Democrats more reliant on the Bush administration's tax enforcement efforts than on the majority's ability to pass legislation. "You have to sell OMB on putting in more resources" to enforcement, Grassley said of the Office of Management and Budget.

Then, there's "tax pork" — not unlike the subsidies for oil and gas companies that Democrats are going after this week. But like all pork projects, every provision in current law has its backer, and fighting off myriad business interests with special provisions in the tax code will be an undeniably difficult task.

"I don't think there's enough tax pork out there, unless they do some really heavy lifting," noted the senior House GOP aide.

But hope springs eternal. As Baucus put it, "I'll put my creative tax team together to find more."

Democrats Seek The Middle On Social Issues (NYT)

By Robin Toner

The New York Times, January 16, 2007

WASHINGTON, Jan. 15 — The promise may not outlast their political honeymoon, but Democratic Congressional leaders say they are committed to governing from the center, and not just on bread-and-butter issues like raising the minimum wage or increasing aid for education. They also hope to bring that philosophy to bear on some of the most divisive social issues in politics, like abortion.

In their first days in session, Senate Democratic leaders reintroduced a bill that they said was indicative of their new approach: the Prevention First Act, which seeks to reduce the number of abortions by expanding access to birth control, family planning and sex education.

In the House last week, Democrats showcased a vote on expanding federal financing for embryonic stem cell research, which, despite fierce opposition from many conservatives, has won bipartisan support among lawmakers — and voters — who are otherwise divided on abortion.

The mantra, for many Democrats, is the search for common ground. On gay rights, lawmakers and advocates said the most likely legislation in the new Congress would focus on hate crimes and employment discrimination, issues expected to be much less polarizing than the debate over same-sex marriage that was front and center in the Republican Congress.

"I don't think the American people get mad if you say a woman shouldn't get fired from her job because she's a lesbian," said Representative Barney Frank, Democrat of Massachusetts.

Conservatives are skeptical that such a search for common ground is much more than a shift in tactics.

"I can tell you what I expect," said Douglas Johnson, legislative director of the National Right to Life Committee. "I think the Democratic leadership will seek to advance the policy agenda of the hardcore groups but do so under the cover of deceptive rhetorical campaigns."

Whatever the Democrats do, these issues retain their power to divide. Monday is the 34th anniversary of Roe v. Wade, the Supreme Court decision recognizing a constitutional right to abortion; it will highlight anew, with a day of marches and protests, the fundamental question of abortion's legality.

But the Democrats' moves toward consensus-building on issues that often resist consensus reflect their effort to adjust to a new political reality. Their majority is slimmer than it was the last time they were in power, especially in the Senate. The country, some pollsters say, has grown more conservative on abortion and other social issues.

And conservatives, by controlling which legislation came to the floor, succeeded in defining the debate over social issues for more than a decade, through votes on same-sex marriage and the procedure opponents call partial-birth abortion, in ways that highlighted the political limits of liberalism.

One measure of how the legislative debate has shifted is that the last time the Democrats were in power, one of the biggest abortion fights was over whether abortions should be covered in the benefit package guaranteed under the Clinton

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administration's national health insurance plan, which eventually collapsed. Abortion rights leaders focus on far more modest goals today.

In the past 12 years, Democratic strategists say they have learned some hard lessons. Many said they were dismayed to see the religion gap after the 2004 election, with the Republicans' overwhelming strength among churchgoers and the widespread perception that Democrats were a secular party insensitive to issues of values.

Since then, party leaders say, they have tried hard to connect with those voters, to convince them that, as Senator Charles E. Schumer of New York said, "We are not a bunch of libertines who want to see the superego of society disappear." Some of the new, prominent Democrats in Congress, like Senator Bob Casey of Pennsylvania, are social conservatives, recruited and cited by Democratic leaders as evidence of the party's diversity.

Over the past two years, Representative James E. Clyburn, Democrat of South Carolina, formerly the caucus chairman, now the majority whip, has led a "faith working group" in the House in an effort, Mr. Clyburn said, to get members "more comfortable with these issues and more connected with values voters."

Part of this effort involved broadening the definition of values-related issues, he said, to include economic issues like raising the minimum wage, assisting low-income children with health insurance and shoring up Social Security.

"That's Old Testament Bible, taking care of widows and orphans," Mr. Clyburn said.

Some House Democrats said they had also learned to be more open about their own religious life.

"We, for a very long time, left the definition of ourselves as Democrats to others," said Representative Rosa DeLauro of Connecticut, an abortion-rights supporter and one of 55 Catholic Democrats in the House who signed a Catholic Statement of Principles last year, essentially saying that their faith involved more than their position on abortion. "But I think people finally felt enough. Enough. It's about who we are, where we come from, what our culture and environment has been."

Ms. DeLauro is one of the leaders in the House on legislation that would try to reduce the need for abortion and provide economic support to new parents.

Representative Nancy Pelosi, the House speaker, highlighted her Catholicism in her first week in office, with two high-profile church services in Washington. There have been occasional protests from religious conservatives, challenging the rights of Democrats like Mrs. Pelosi to present themselves as both good Christians and supporters of abortion rights. But Democrats did do better among Catholic voters in last year's elections, carrying 55 percent of their vote in House races, compared with 49 percent in 2004.

In large part, analysts say, that reflects voters responding to the Democrats on Iraq and the economic agenda, another element of the Democrats' common ground strategy, keeping the debate focused on issues of greatest concern to the voters in the middle. "Our first focus is on the meat and potatoes issues that affect all Americans," Mr. Schumer said.

Celinda Lake, a Democratic pollster who advises Congressional leaders, said, "Most swing voters think that these social issues are issues that both sides love to have fights over, but that they don't really have a stake in."

In fact, Democrats, like Republicans, have long had to fight the notion that they are in thrall to the advocacy groups because of these hot-button issues. Republicans clearly took a dip in the polls after their intervention in the right-to-die case of Terri Schiavo, and many strategists say their intense pursuit of a ban on same-sex marriage and other conservative causes ultimately backfired, making them seem out of touch.

Democrats, after 12 years in the wilderness, say they are not likely to repeat those mistakes. But as Mr. Johnson of the right to life committee and other skeptics note, the true test of the Democrats' common ground campaign may not come until there is a major court fight, especially a vacancy on the Supreme Court. When the fundamental debate over the extent of abortion rights is front and center, common ground will be hard to find.

Pit Bulls Vs. Stalwarts In House GOP (WT)

By Christina Bellantoni

The Washington Times, January 16, 2007

At a recent meeting of the House Republican leadership, members of the new minority party looked around and realized they were entering unfamiliar territory: Only one of them -- Rep. John A. Boehner of Ohio -- had ever served as a member of the minority party on Capitol Hill.

"We're all still finding our way," said Rep. Kay Granger of Texas, the Republican Conference vice chairman.

The power shift has created its own internal struggle among Republicans.

The younger pit bulls want to go after the Democrats quickly and without remorse. Some of the older Republican stalwarts prefer sitting back and allowing new Speaker Nancy Pelosi and her party members to have their moment in the sun and govern accordingly.

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"It's in flux right now as to kind of what direction we take and how we operate now that we're in the minority," said Rep. Patrick T. McHenry of North Carolina.

"There is a group of us who think we have to throw down the gauntlet and be on the offensive from the very beginning in battles from Day One," he said. "That's the only way we are going to get back in the majority. Then there are others who say we need to let them have their time."

Several Republicans confirmed privately that more than two-thirds of House Republicans are favoring a slow approach, while a minority of members think the attacks on Democrats should come rapid-fire.

Already, some say the opposition has been too quiet in allowing Democrats to pass key elements of their initial agenda.

There have been four major votes on Democratic bills since Congress convened under the new majority earlier this month. Of those, 24 Republicans crossed the line to support changes to Medicare, 37 voted with Democrats to expand funding for embryonic stem-cell research, 68 voted to implement more recommendations of the September 11 commission, and 82 Republicans voted for increasing the minimum wage.

Some Republicans privately fumed at these votes and noted that Democrats in the last Congress were far more united against the Republican majority's bills.

"It's the beginning of a long process," said Rep. Tom Cole of Oklahoma, chairman of the National Republican Campaign Committee. "This is their majority, and they have the right, even though I think a lot of their policies have more political utility than practicability."

"We've shown we can work together with Democrats on some issues, but our differences will become progressively clearer," he said.

There is agreement among Republicans that they should focus on the promise of fiscal conservatism that brought them to power in 1994.

"We ought to draw the line in the sand on some of these policy issues," said Rep. Jeff Flake, Arizona Republican. "Some of us tried to do that last week, but it will really start when we have the ability to offer amendments and have a full debate."

Mr. Flake added he thinks "partisanship" has a bad reputation.

"There should be fierce partisan debate," he said. "We need a lot more of it."

Rep. Marsha Blackburn, Tennessee Republican, said a commitment to conservative ideals such as smaller government and low taxes can help her party win again, even if members aren't actually attacking the new Democratic majority.

"It's a matter of looking for the openings," she said. "As a member of the minority, you realize that there are opportunities to affect change. You learn how to go about affecting things when you have neither the gavel nor the megaphone."

But some Republicans are seizing that megaphone.

Mr. McHenry has already gone after the top Democrat in a series of press releases, floor speeches and public appearances. Last week, he pressed Mrs. Pelosi and the Democrats for what he said was hypocrisy in their bill increasing the minimum wage. The bill exempted American Samoa, whose largest employer StarKist Tuna is owned by Del Monte, a company based in Mrs. Pelosi's San Francisco district.

The speaker, who said neither StarKist nor Del Monte lobbied her, announced Friday that Democrats will now make sure the bill applies to all U.S. territories, including American Samoa.

Still, Mr. McHenry in a press release declared "something fishy" was going on and peppered Rep. Barney Frank, Massachusetts Democrat, with questions during a heated exchange on the House floor.

Mr. Frank, who was acting as speaker pro tempore at the time, ultimately refused to recognize Mr. McHenry at the podium, and later said the Republican was trying to "assault" House rules.

Mrs. Granger said Republicans are balancing the treatment of Democrats between holding their feet to the political fire and allowing them some time to bask in the sun.

"Last week was [Nancy] Pelosi's time. She's won the speakership, and it was a historic time that was wonderful to see a woman achieving," Mrs. Granger said last week of the opening session of Congress. "That's an excitement that transcends more than one election."

After the pomp and circumstance ended, she said, "We plan to get down to business."

Senators Will Have To Pay For Their Seats In Skyboxes If Ban Approved (USAT)

By Fredreka Schouten And Larry Weisman, Usa Today

USA Today, January 16, 2007

WASHINGTON — The Senate is moving this week to ban members from accepting free tickets to sporting events to cut ties between Congress and the special interests that provide the seats.

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Lawmakers have long enjoyed seats in luxury skyboxes paid for by lobbyists and corporations, despite a $50 limit on the gifts they can accept. That's because the tickets often bore no prices or were valued at below the gift limit.

The House adopted a ban on expensive sports tickets earlier this month. Melanie Sloan of the liberal-leaning watchdog group Citizens for Responsibility and Ethics in Washington said it was "crazy" that lawmakers "could say a ticket worth thousands was worth $50."

Abe Pollin, who owns the Washington Wizards basketball team and a majority stake in the arena where the Wizards and the Washington Capitals hockey team play, opposes the ban. "Our teams count business from lobbyists as a contributing factor to our bottom line," his spokesman Matt Williams said.

The proposed ban comes in the wake of congressional corruption scandals. Imprisoned lobbyist Jack Abramoff rented suites at several Washington-area arenas. Federal documents show his preferred venues included the Verizon Center, where the Wizards and the Capitals play; FedEx Field, home of the Redskins football team; and Camden Yards, home of the Baltimore Orioles baseball team.

Former congressman Bob Ney, R-Ohio, is to be sentenced Friday for his role in the Abramoff affair. He has admitted trading congressional favors for travel, campaign money and gifts, including the use of Abramoff's arena seats.

In a 2003 e-mail to clients, Abramoff said sports suites were useful. "Attention is captured and relationships are built through bonding that occurs at football games, hockey games or other events," he said.

Abramoff also offered a free trip to the 2001 Super Bowl in Tampa to at least one unidentified lawmaker, court records show.

A free ticket "is just a form of bribe," said Gary Roberts, who directs the sports law program at Tulane University's law school. "You take them to a luxury box at a football game, give them a few beers and chew their ear off. That is the access the public doesn't get."

The Senate's proposed ticket rules would effectively ban lawmakers from accepting expensive tickets to sporting and entertainment events by requiring that tickets reflect their market value. If the ticket lacks a price, it would be valued at the same cost as the highest-priced ticket at the event.

The provision has bipartisan support and is part of larger ethics changes, including restrictions on lawmakers' travel on corporate jets. The new rules for senators probably won't be in place before the Super Bowl in Miami on Feb. 4. The face value of tickets to this year's game is $600 and $700.

The House ban took effect immediately; the Senate measure is part of a bill that includes other changes to lobbying rules.

Some say the issue is overblown. Pittsburgh Steelers Chairman Dan Rooney said his team gives away tickets to local officials, but "there is no quid pro quo involved in it at all." Congress "ought to be worrying about more important things."

Testing Reid's Ethical Limits (WP)

By Robert D. Novak

The Washington Post, January 15, 2007

A beaming Harry Reid basked last week in the adoration of the Democratic Party's leading Senate reformers and its nine freshman senators. They extravagantly praised the new majority leader as an exemplar of ethical reform. But within 48 hours, Reid was opposing full transparency of earmarks. This week, Republican reformers will target Reid with an amendment to the senate ethics package.

Sponsored by Republican Sen. Tom Coburn of Oklahoma, the proposal is called the "Reid amendment" because he inadvertently inspired it. Coburn would tighten loose anti-earmark restrictions in the ethics bill by prohibiting senators from requesting earmarks that financially benefit a senator, an immediate family member of a senator or a family member of a senator's staffer.

The proposal follows the revelation that Reid's four sons and his daughter's husband all have been lawyers or lobbyists for special interests. While Reid has declared that they are barred from lobbying for their clients in his office, there is little doubt that they have taken advantage of their close proximity to a powerful senator.

An example is provided by earmarks that have sent millions of federal dollars to the University of Nevada at Reno. Reid's son-in-law, lawyer Steven Barringer, was a paid lobbyist for the university. In general, Republican reformers see Reid as illustrating the nexus between legislators and special interests, in his case mainly real estate, gambling and mining.

Reid is far from the only prominent member of Congress who would be violating Coburn's amendment if it passed. Republican Rep. Bill Young of Florida, a senior member and former chairman of the House Appropriations Committee, secured a $1 million earmark for the development of military body armor -- a project lobbied for by his daughter-in-law. Democratic Rep. Jim Clyburn of South Carolina, the new House majority whip, has been reported by USA Today as pushing through a $2.5 million airport earmark lobbied for by his cousin.

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Sen. Ted Stevens, the senior Republican member of the Senate, has funneled $29 million in earmarks to the Alaska Fisheries Marketing Board, then headed by his son, state Sen. Ben Stevens. Sen. Mitch McConnell, the new minority leader, won a $1.5 million earmark for an underground financial storage depot in his home state of Kentucky that was lobbied for by the wife of the senator's chief of staff.

The "Reid amendment" is only part of a plan by Coburn and a fellow first-term Republican senator, Jim DeMint of South Carolina, to make sure earmark reform is included in new ethical standards. Democratic efforts, particularly in the Senate, have concentrated on the conduct of lobbyists and not members of Congress. Although the version the House passed last week is stronger, the final compromise coming out of a Senate-House conference may barely touch the surface of earmarks.

The Senate version mandates transparency only for the few projects listed in legislation and not those in accompanying reports. That would ignore up to 98 percent of the 12,852 earmarks in the last Congress. Reid launched his career as majority leader with a furious fight to preserve this condition.

Reid moved to table (that is, kill) DeMint's amendment, which would substitute in the Senate ethics package language covering all earmarks as contained in Speaker Nancy Pelosi's House bill. Reid was surprised to fail, 51 to 46, with nine Democrats abandoning their leader. The Senate routine is that when a tabling motion fails, the bill is passed by voice vote. But an obviously distressed Reid took the floor to hold open the vote on DeMint's bill indefinitely, contending that the Democratic-controlled House had acted in haste.

The two leading Senate Democratic reformers, Russell Feingold of Wisconsin and Barack Obama of Illinois, who two days earlier had lavished praise on Reid's ethical leadership, voted against him on the tabling motion. However, of the nine freshman Democrats who also had honored Reid, only two -- Jim Webb of Virginia and Jon Tester of Montana -- voted for transparency. The other seven toed Reid's party line. (Seven Republicans voted with Reid, including Minority Whip Trent Lott.)

Majority Whip Dick Durbin saved Reid further embarrassment Friday by proposing some minor technical change in the DeMint amendment and claiming victory. A tougher test for Democrats will come this week on efforts to remove family -- Reid's and everybody else's -- from the earmark game.

Ethics Fencing In The Senate (NYT)

The New York Times, January 15, 2007

The Senate's promising start in reforming its ethical shortcomings is showing signs of slippage. Senators ducked a worthy amendment that would bar members from putting family members on campaign payrolls, or see kin become lobbyists. The proposal was ruled unrelated to the debate over lobbyist and ethics reforms, which is hardly the case.

Senator Dianne Feinstein, Democrat of California, insisted that there's no such problem in the Senate. Critics instantly noted that her fellow Californian, Senator Barbara Boxer, paid $130,000 from her campaign funds to her son's political consultant firm. In the House, the campaign kitty of Representative John Doolittle, Republican of California, paid $200,000 to his wife as a designated campaign consultant working at home. Congress's reputation cannot afford more such embarrassments.

As the Senate debate continues, there are key proposals that will test how real all the talk is about reform. Some lawmakers are already trying to water down the proposal of majority leader Harry Reid, which would stop senators from accepting the nearly free use of corporate jets. Opponents on both sides of the aisle are also intent on blocking a measure from Senators Barack Obama and Russell Feingold, which would force lobbyists to disclose the vast campaign funds they routinely raise from corporate donors eager to grease access to lawmakers. The money would still flow, but special-interest bagmen would have to list the take on public record.

Equally vital is the proposal to make lobbyists and their employers regularly disclose their "earmarking" rounds, where lawmakers are induced to pepper money bills with small fortunes in favors without debate or public notice. Lobbyists would have to list the specific earmark they sought, their client and the lawmakers they approached.

Another important measure would force disclosure of who is paying for media campaigns in the name of fake grass-roots politicking. Such shell games could still go on as free speech, but the public could find out who's paying the bill. These measures give senators a much-needed opportunity to prove they are on the side of the voter, not the lobbyist.

Democrats Vow 5-day Workweek... Sort Of (AP)

By Jim Abrams, Associated Press Writer

AP, January 15, 2007

The five-day workweek, an idea alien to congressional culture in recent years, is about to make a comeback. "We are going to work longer hours, we are going to work full weeks, we are going to have votes on Mondays and Fridays," new Senate Majority Leader Harry Reid, D-Nev., advised his colleagues at the opening of the new session on Jan. 4.

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Other Americans, from teachers to police officers to factory workers, put in five days a week on the job, Reid said. "Shouldn't we here in Washington, where we do our business in this laboratory we call the Senate, do the same?"

Old habits, of course, are not that easy to kick. The Senate was off the next day, a Friday.

The House under new Speaker Nancy Pelosi, D-Calif., also is committed to working longer hours. But the chamber was not in session last Monday, when some members attended the national college football championship game in Arizona. This Monday, Congress is closed for the Martin Luther King Jr. holiday.

There also are the occasional interruptions, such as the Republican retreat that will shut down the House on a Thursday and Friday later this month. House Democrats hold their retreat the following week, making two three-day work weeks in a row.

First votes following a weekend are being scheduled late in the afternoon or evening, effectively making the first day of the work week a travel day for many lawmakers.

Nonetheless, the burst of activity is reminiscent of when House Republicans took over in 1995 after the GOP had spent 40 years in the minority. It is a radical break from the recent practice of convening a new session in early January and then immediately taking off until the president's State of the Union address at the end of the month.

Under GOP leadership, the House fell into a pattern where no votes were scheduled until 6:30 p.m. on Tuesday and the last votes were on Thursday afternoon. That way, lawmakers could leave the Capitol on Thursday evening and not return until the following Tuesday.

Republicans argued that their new breed of citizen legislators should spend more time with their families and constituents back home. The abbreviated schedule also made life easier for lawmakers living in California and Hawaii and gave lawmakers more time for fundraising.

The Senate has tended to work somewhat longer hours. But both chambers grew accustomed to lengthy "district work periods," when Congress is in recess.

In 2006, besides being off in January, lawmakers were off a week or more for President's Day in February, St. Patrick's Day in March, Easter in April, Memorial Day in May and Independence Day in July. Then they took off six weeks in August and a month off before the November elections.

According to the office of House Majority Leader Steny Hoyer, D-Md, the House was in session 102 days last year, fewer than the 110 days of the "do-nothing" Congress when Harry S. Truman was president in 1948.

Congress under Democratic-control still will not be punching the clock for a 9-to-5 schedule.

Hoyer said his plan for most weeks was to hold first votes at 6:30 p.m. on Mondays and work until about 2 p.m. on Fridays. Long holiday recesses may be shortened, he added, although "there is great value to House members being in their districts and talking to their people."

Former House Ways and Means Committee Chairman Bill Thomas, R-Calif., who retired at the end of the last session after 28 years in the House, said five-day workweeks could be particularly tough on West Coast lawmakers.

Democrats, he predicted, might have to come up with a more structured approach, such as two weeks or three weeks of work in Washington and then a week back in the district.

"I'm anxious to see if it can work," he said of the Democratic plan, noting that he had at times been frustrated by workweeks in which he had "36 hours to get things done."

Fred Beuttler, deputy House historian, said today's lawmakers still put in a lot more time on Capitol Hill than did their predecessors. Until the 1930s, when Franklin D. Roosevelt needed Congress around to enact his New Deal legislation, a Congress elected in November frequently did not convene until December of the following year, 13 months after the election.

Abraham Lincoln had to call Congress into a special session in July 1861 to deal with the secession of the South and witness the routing of the Union Army at the first Battle of Bull Run.

In Six Years In Office, One Year At Camp David (WP)

By Al Kamen

The Washington Post, January 15, 2007

AHappy Anniversary to President Bush and first lady Laura Bush, who have reached their first anniversary in terms of time spent at Camp David. Mark Knoller, CBS White House correspondent and the unofficial archivist for the White House press corps, reports on the CBS Web site that the Bushes took off Friday for their 116th visit to the beautiful presidential retreat and their 365th day there.

Both Bushes, Knoller told us, think he's being unfair in his counting method, because Knoller counts a partial day as a full one. So on Friday, Bush got to Camp David before noon, but it counted as a full day.

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Applying the same method, Knoller reported that Bush's time there "isn't that much." After all, "President Jimmy Carter spent 376 days at Camp David during his single four-year term in office." And Bush will have to ratchet up the pace a bit in the next two years to best President Reagan's record 517 days there.

As for the ranch at Crawford, Knoller tells us that, as of Jan. 1, Bush had spent 405 full or partial days there.Adhere to Party Lines, Or Else . . .

House Republicans may have lost the majority and have the Bush albatross around their ratings, but unlike the Democrats, they still place a priority on party discipline.

Last week, two prominent Republican outliers, Reps. Jeff Flake (Ariz.) and Walter B. Jones (N.C.), lost choice committee posts, apparently for defying their party's positions, according to reports in National Journal's CongressDaily.

Flake says he lost a seat on the House Judiciary Committee because his views on immigration reform -- which include a path to citizenship for illegal immigrants -- weren't in sync with the GOP's. House Minority Leader John A. Boehner (Ohio) said, "There is absolutely no truth to that."

Flake also said Republican colleagues were upset with him because he pushed to cut earmarks, saying his loss of the Judiciary seat was "DeLay-esque retribution for members who speak up."

Meanwhile, Jones, a longtime critic of the Iraq war, said Duncan Hunter (Calif.), ranking Republican on the House Armed Services Committee, passed him over for a key subcommittee leadership post and gave it to someone with less seniority. Jones waxed philosophical about the move: "We have to pay a price, from time to time."Intraparty 'Communication'

Fortunately for reporters -- and perhaps Republicans -- Democrats cannot resist sniping at one another. Senate Majority Leader Harry M. Reid (Nev.) took to the floor on Thursday to offer this about House Speaker Nancy Pelosi (Calif.) and her colleagues' 100-hour agenda:

"I am happy to see the House doing their 100 hours and moving things along very quickly. I admire and respect that. But having served in that body, I know how quickly they can move things and, frankly, sometimes how much thoughtful consideration goes into matters that are on that House floor."

Ouch!Kurdish Connection?

Former ambassador to Croatia Peter W. Galbraith, testifying last week at a Senate hearing about Iraq, noted that he'd been asked by committee staffers to "clarify my relationship with the Kurdistan Regional Government."

The query probably was sparked by rumors over the years that Galbraith was formally advising the Kurds. His biography is on the KRG's "Kurdistan, The Other Iraq" Web site, which lists him as an "adviser to the Kurdistan Regional Government."

In his testimony, Galbraith said he'd "been friends of the Kurdish leaders and for that matter, other Iraqis, for a very long period of time, but I am not in a paid relationship with the Kurdistan Regional Government."

In an e-mail exchange Friday and Saturday, Galbraith wrote that he hadn't seen the Web site and "to the extent that it implies a formal relationship with the KRG, it is inaccurate." Galbraith wrote that he had been paid by "two Kurdish clients" for four months in late 2003-2004 for "either an educational program on negotiations or conducting a negotiation" -- all outside this country.

"I do not lobby or represent anyone in the U.S.," he wrote, adding that he specifically noted this in his recent book on Iraq and explained there that the KRG has "provided security, accommodation and in-country transportation" when he visits.FDA's Allergic Reaction

Barely sworn in and . . . the Food and Drug Administration has warned freshman Rep. Steven L. Kagen (D-Wis.), a physician, that his old Wisconsin allergy practice was in apparent violation of federal law for manufacturing and selling allergy shots without a valid license.

The FDA sent him a letter Dec. 18 but posted it on its Web site Thursday, saying that Kagen manufactured a variety of ragweed and grass allergen vaccines from commercially distributed pollen and sold the shots to patients at his clinic and in at least 24 other states, the Associated Press reported. Kagen, in a statement to the AP, said he and the FDA were "discussing" the process used by his clinic, "like other allergy clinics," for making customized medications for patients.As the Revolving Door Turns

Moving over . . . administration communications veteran Mark D. Pfeifle, who's worked at the White House, the Interior Department and the Pentagon and also headed the Social Security reform "war room" at the Treasury Department, is headed back to 1600 Pennsylvania Ave. He will be deputy national security adviser for strategic communications and global outreach.

Going private . . . longtime Democratic Hill staffer Paul Braithwaite, who's now executive director of the Congressional Black Caucus and before that was an assistant secretary of labor in the Clinton administration.

Major Farm Bill Divides Lawmakers, Bush (AP)

By Libby Quaid, Ap Food And Farm Writer

DOJ_NMG_0116588

AP, January 15, 2007

Lawmakers begin work on a new multibillion-dollar farm bill at odds with President Bush over whether big changes really are needed.

The two sides are far apart. Just how far, farmers saw for themselves during the American Farm Bureau Federation's recent meeting in Salt Lake City.

"I think the bill could look a lot like what we have now. What I think we're going to end up doing, you could say, is extending the farm bill," Rep. Collin Peterson, D-Minn., chairman of the House Agriculture Committee, told farmers.

Contrast that with Bush's agriculture secretary, Mike Johanns, who said at the meeting that farm programs need an overhaul.

"I will be the first to argue that the 2002 farm bill was good policy for its time," Johanns said. "But the agricultural and economic realities that influenced the development of the '02 farm bill — they simply don't exist."

The farm bill — really a series of federal programs — gives farmers payments and other help to supplement their incomes, support crop prices and manage supplies.

Near $18 billion in public money was spent on these programs last year. The current farm bill, written in 2002, expires at the end of this year.

Congress and the administration disagree mightily on what the new farm bill should look like.

Which side is closer to the wishes of Farm Bureau, the biggest general-interest agriculture group?

Right now, probably the House Agriculture Committee chairman, said Bob Stallman, the organization's president. Johanns advocated massive changes, Stallman said.

"That, frankly, is not what our delegates are saying," he said.

Not that farmers are in lock step.

Illinois delegate Dale Hadden wants changes in farm programs and liked what Johanns said. With the Illinois River just a few miles from Hadden's corn and soybean fields, he ships most of his crop to the Gulf Coast to be exported.

"If we're going to be a player in international trade markets, we need to be sure we don't run into a lot of problems," Hadden said.

Among the disagreements are:

_Trade. The U.S. and other rich countries are under pressure from around the world to reduce their farm subsidies. Conflict over the issue led to the collapse last summer of World Trade Organization talks.

Without an agreement, American farmers face high tariffs and other barriers when they sell crops abroad — and they export a big chunk of their products.

Against this backdrop, Johanns has pushed for change as U.S. farm programs themselves come under fire. The WTO, in a case brought by Brazil, has ruled that some cotton subsidies are illegal. Canada is pursing a complaint about U.S. corn subsidies.

"Now of course the temptation may be to say to the WTO, 'You know what, folks? Take a hike,'" Johanns told farmers.

"Now, surely there are people in this room who grow rice," he said. "Fifty percent of the rice that you grow goes into the international market. Do you want us to ignore the WTO and jeopardize that market?"

Some farmers do want to ignore the trade issue. Johanns drew a smattering of unexpected applause at the idea of telling the WTO to take a hike.

Peterson, too, is disinclined to worry too much about the WTO.

"I want to write a farm bill that's good for agriculture," he said. "If somebody wants to sue us, we've got a lot of lawyers in Washington."

_Cost: There probably will be fewer dollars for farm programs when Congress writes the latest bill. The Democratic-run Congress is insisting on budget cuts to pay for new spending, and Bush has pledged to balance the budget in five years.

Johanns seems to be preparing lawmakers to do more with less. High subsidies, he told Farm Bureau members, do not necessarily equal a strong farm economy.

At the same time, Peterson argues against reducing farm spending. That is a tough sell because the farm bill has cost billions of dollars less than lawmakers thought it would.

Peterson says agriculture somehow should be credited for wise spending. "We feel like we've done our part," Peterson said. "I'm not going to say this is going to be easy, but we feel like we're going to be able to get the resources."

Peterson also wants to include a permanent disaster aid program in the farm bill; Congress has considered drought and hurricane aid separately. But Farm Bureau delegates voted against such a program because they worried it could take money away from other farm spending.

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_Payment limits: Johanns favors ending practices that allow some growers to collect millions of dollars annually above the $350,000 limit on payments.

He has broad support in Congress — except from Southerners, who would feel limits more keenly because their cotton and rice crops, cost more to grow and get higher subsidies.

Peterson said a farm bill cannot pass without support from Southern lawmakers.

"I'm not interested in putting our agriculture friends in the South in trouble. They've got enough problems," he said.

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On the Net:

Agriculture Department background on the 2002 farm bill: http://www.ers.usda.gov/Features/FarmBill/

Farm Bureau: http://www.fb.org

Democrats Look To Boost Investor Rights (FT)

By Jeremy Grant

Financial Times, January 16, 2007

Signs are emerging of a Democratic effort to boost shareholder rights in the US after a top lawmaker said he planned to hold "informational hearings" on the harmonisation of regulatory systems between the US and Europe.

Paul Kanjorski, the new chairman of the House of Representatives sub-committee on capital markets, insurance and government sponsored entities said "the time is ripe" to examine the issue.

He said if global markets were to grow and mature, "we have to start recognising some international standards".

"It's something I want to pay attention to because one of the things that ties in very closely is investors' rights in corporations. I think Europe has shown that they have a greater investor right concept and it's working fairly well," he said in an interview with the Financial Times.

His call comes after Barney Frank, Democratic chair of the House financial services committee, said last week he planned to pass a bill by the summer that would "legislate greater shareholder involvement in setting CEO salaries". Mr Kanjorski's sub-committee operates under the financial services committee.

He said: "We've got some focus points now that [Mr Frank] is very much interested in executive salary. We're really going to have to look at what rights should the shareholders have, and what is being done in the UK and Europe. We may find out just by adopting some of their systems within our system, if we can create a better control or transparency factor."

European corporate governance experts have called for a better balance between shareholder rights and what they say is excessive use of litigation to settle corporate and boardroom disputes in the US.

The Securities and Exchange Commission is deadlocked over whether to proceed with a proposal allowing shareholder access to company proxies for the purpose of voting board directors – a move that would give shareholders more say in setting executive pay.

Mr Kanjorski, a 12-term Pennsylvania congressman, said his interest was broader than executive compensation. "Let's look fundamentally at whether we have enlarged or protected shareholder rights in this country relative to the rest of the world. There's a push to limit litigation. Maybe if we had better shareholder rights we wouldn't have as much litigation."

He said the US should examine the UK's "principles-based" regulatory regime because there were "certain things over there that they are doing fairly well that we haven't yet adopted in this country".

"From what I understand their regulation is a lot keener. We have a tendency to stovepipe regulatory authority in the United States and they cross lines much more flexibly. They are pre-emptive and we're 'gotcha'. That can be very expensive," said Mr Kanjorski.

Hill Moves To Pull Pensions (RC)

By Tory Newmyer

Roll Call, January 16, 2007

Lawmakers who commit crimes in office may no longer be able to rely on a federal pension to pad their fall from grace.

The House this week will take up a bill by freshman Rep. Nancy Boyda (D-Kan.) that would strip lawmakers convicted of ethics-related offenses of their federal retirement checks.

The Senate on Friday overwhelmingly agreed to add a similar proposal by Sen. John Kerry (D-Mass.) to that chamber's lobbying reform package.

Boyda spokeswoman Shanan Guinn said the details were still being finalized, but the language is based on a provision from last year's House-passed lobbying bill.

House Majority Leader Steny Hoyer (D-Md.) said Boyda's bill would reach the floor Friday.

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Meanwhile, Senate Democratic leaders are letting the air out of a fight with Republicans over a GOP plan to tighten earmark disclosure rules that threatened to sabotage bipartisan cooperation on the reform package.

The two sides appeared headed for a showdown Thursday when Senate Democratic leaders tried to bury a proposal — offered by Sen. Jim DeMint (R-S.C.) — that would bring earmark transparency in the Senate up to the tough standard set in the House earlier this month.

The Democratic leaders tried to kill DeMint's bid with a tabling motion, failed and then objected to adopting it on a voice vote, as is standard in such circumstances. Republicans cried foul, and by Friday, Democratic leaders were trying to forge a compromise, offering a plan to make some technical changes to DeMint's amendment.

The Democratic changes — put forward in an amendment by Senate Majority Whip Dick Durbin (Ill.) — broaden disclosure rules for tax-related earmarks and require earmarks to be publicly posted two days before, rather than two days after, they are voted on. The two sides agreed after negotiations to require all earmarks be logged in a searchable, online database.

Democratic aides said their package offered much-needed changes to sew up loopholes in DeMint's plan, but Republicans claimed victory. In a statement, DeMint thanked Senate Majority Leader Harry Reid (D-Nev.) for "agreeing to do the right thing and be completely transparent with Americans on how Congress spends their money."

Senators will vote on the Durbin and DeMint amendments this evening, but to ensure work on the bill is completed by Friday, Reid moved to cut off debate by filing a procedural motion to invoke cloture.

That move will heighten the urgency for Senators to secure votes on their proposed changes before cloture ripens this week. When the Senate invoked cloture on the ethics reform package last spring, it cut off consideration of some of the more contentious — and for reformers, high-priority — add-ons to the bill, including one aimed at corporate jets.

It was not clear Friday which proposed changes will be made in order this week, a Senate leadership aide said. A pile of amendments awaits Senators returning today from the long weekend. Among likely flashpoints is a proposal by Sen. Bob Bennett (R-Utah) to strip the bill of new transparency rules for lobbyists coordinating "Astroturf" campaigns.

Reform groups sent Senators a letter Friday urging them to reject the amendment — and to approve a raft of proposals designed to beef up the bill. They asked Senators to require lobbyists to disclose campaign checks they bundle for lawmakers, per an amendment from Democratic Sens. Barack Obama (Ill.) and Russ Feingold (Wis.). Lobbyists also should have to list earmarks they request, the groups said, and they should be banned from sponsoring lavish convention parties honoring lawmakers.

Another priority for public-interest groups — a Reid proposal requiring Senators to pay charter rates for flights on corporate jets — could meet resistance, especially from lawmakers from rural states. Reid on Friday announced modifications to the measure, clarifying that Senators still will be allowed to fly their own planes, requesting a study of the impact of the proposed policy on Congressional travel budgets, and requiring disclosure of flights Members make on the private planes. Sen. Ted Stevens (R-Alaska), a vocal opponent of the policy, is trying to carve out an exception that would allow Members from rural states to pay only first-class fare in certain instances.

Other changes on deck include a proposal by Sen. Joe Lieberman (ID-Conn.) to create an independent Office of Public Integrity to investigate ethics complaints. Feingold is pushing to broaden the scope of the bill's two-year cooling-off period for staffers and lawmakers-turned-lobbyists and to end access for Senators-turned-lobbyists to the House and Senate gyms and Members-only parking spaces.

And Sen. Tom Coburn (R-Okla.) wants to ban lawmakers from sponsoring earmarks that would provide a financial benefit to themselves or family and create a single form for lawmakers to use when requesting the targeted spending provisions.

In addition to OK'ing the Kerry amendment on pensions, Senators on Friday approved a proposal from Sen. David Vitter (R-La.) to increase penalties for lobbyists breaking disclosure rules from $100,000 to $200,000.

Ethics Panels Staffing Up (HILL)

By Alexander Bolton

The Hill, January 16, 2007

The Senate and House ethics committees plan to increase their staffs to police Congress better in the wake of lobbying and ethics reform legislation.

This comes as nongovernmental watchdog groups temporarily back off their demand that Congress create an office of public integrity to crack down on violations.

The watchdogs' lobbyists say opponents of a public-integrity office have long suggested strengthening the committee instead, but the watchdogs say that this would not address the problems plaguing Congress.

Still, the tide is running for extra staff and against an outside panel, and good-government advocates are asking the Senate not to vote on the public-integrity office for fear that it would be rejected in a landslide.

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"If the bill passes we're going to have to beef up the staff of the committee to fulfill the mandate," said Sen. John Cornyn (R-Texas), vice chairman of the Senate Select Committee on Ethics, referring to expectations that the chamber will pass an ethics and lobbying reform package this week. "There's going to have to be additional staff to do the required training of staff and members."

Cornyn said the panel chairwoman, Sen. Barbara Boxer (D-Calif.), shared his view that staff increases were needed. A spokeswoman for Boxer did not respond to a request for comment.

On the House side, Rep. Stephanie Tubbs Jones (D-Ohio), the new chairwoman of the Standards of Official Conduct Committee, said she would also hire new staff.

"We received additional dollars and I intend to hire more staff," she commented. "Our committee will hire additional staff to do the work required by the rules."

House Democrats passed ethics reforms as the new Congress opened, including a ban on gifts from lobbyists, restrictions on privately funded travel and a prohibition against influencing private companies — a practice which became known as the K Street Project.

The House mandated annual ethics training for lawmakers, House officers and aides. By Jan. 31 of each year, each House officer and employee is required to file a document certifying participation in ethics training.

The new hires could be used not just for training but also to monitor compliance, such as of a ban on junkets funded by any group that retains a congressional lobbyist.

House leaders boosted the ethics panel's budget from $3.1 million to $4.3 million, nearly 40 percent, at the beginning of the 109th Congress at the request of then-Chairman Doc Hastings (R-Wash.), a Democratic leadership aide said.

This was intended to hire more staff and expand operations, but Hastings and ranking committee Democrat Alan Mollohan (D-W.Va.) found themselves locked in a prolonged stalemate over panel rules and staffing as soon as the money was granted, and there is little evidence that the extra money was used, the Democratic aide said.

Tubbs Jones declined to say how much extra money her committee received and did not explain whether her mention of additional funds referred to the 2005 budget boost.

Nongovernmental watchdogs say expanding the ethics committees is a poor substitute for an office of public integrity.

"We think that's the single most important reform," said Gary Kalman, lobbyist for U.S. Public Interest Research Group, "The problem [with the ethics committee] is that you have the inherent conflict of colleagues judging colleagues."

Kalman noted that many companies have outside, independent auditors to ensure that their practices are ethical and legal. He cited Enron Corp. as an example of a lack of independent oversight leading to a major scandal.

"When you have people doing the judging being too close to the people they are judging, you have what you had last year," he said, alluding to the scandals surrounding former Reps. Randy "Duke" Cunningham (R-Calif.) and Bob Ney (R-Ohio). "You have a problem and it's not going to be fixed by throwing in a few additional investigators."

Meredith McGehee, policy director of the Campaign Legal Center, voiced similar concerns, saying bigger panel staffs would be a poor substitute for an office of public integrity.

"It's a Band-Aid and not a solution," said McGehee. "The problem here is a peer review process that has lost credibility with the American public. Just adding staff doesn't solve that part of the problem."

But proponents argue that there would be fewer ethics violations to prosecute if lawmakers and aides received more training. There is little support for an office of public integrity. The proposal is so unpopular that advocates such as Kalman and McGehee are hoping that the Senate puts off its consideration until later this year. They say the proposal will fail if it receives a vote this week. Last year only 30 senators voted for the public-integrity office.

Watchdog groups say that if they are given several more weeks, they would have enough time to meet lawmakers, educate them, re-craft the proposal to address concerns, and ultimately build more support.

"We have heard from a number of senators and there might be some changes that would pick up additional votes and ensure that we have a successful vote," said Kalman.

Rules Changes (NYT)

By David D. Kirkpatrick

The New York Times, January 16, 2007

Lobbyists are not the only ones who wine and dine lawmakers and their staff members. Journalists hoping to lubricate sources sit elbow-to-elbow with lobbyists at the same Washington steakhouses and watering holes. And, perhaps inadvertently, the new ethics rules passed by the House require lawmakers and aides to be very careful about letting reporters pick up the tab.

The new rule bars lawmakers and their aides from accepting meals paid for by employees of companies that also pay registered lobbyists. Among others, that includes journalists working for the major television networks, The Wall Street Journal

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and The Washington Post. The New York Times Company, however, does not employ a registered lobbyist, so its reporters can still pick up the check.

Ethical Progress (WP)

The Washington Post, January 16, 2007

THE NEW SENATE majority leader, Harry M. Reid (D-Nev.), has moved to end debate this week on the ethics and lobbying reform legislation the Senate has taken up as its first order of business. This could be a sign of progress toward a good package, but there are numerous legislative land mines on the path to a successful conclusion. As the Senate resumes its consideration of the measure, it's important to ensure an opportunity for an up-or-down vote on critical amendments that would strengthen the reforms.

The first and most important of these is Mr. Reid's amendment on gift and travel rules. Essentially matching a provision approved by the House, Mr. Reid offered an amendment that would require lawmakers to pay charter rates for flights on private planes; under current rules, they only have to ante up the equivalent of first-class fares. Mr. Reid's amendment would also ban members of Congress from taking free meals, gifts and most travel from lobbyists and lobbying organizations, as the House has already voted to do. The Senate should ensure that this important change in Washington business-as-usual becomes part of the final legislation.

But it's not enough. Senators should also take up and pass rules to require lobbyists to disclose campaign contributions they collect -- or "bundle" -- for lawmakers, as Sen. Barack Obama (D-Ill.) has proposed. In addition, if senators are serious about banning gifts, they should include the high-priced parties thrown at conventions to "honor" lawmakers, as Sen. Russell Feingold (D-Wis.) has proposed. They should resist a push to strip from the package a requirement that groups disclose how much they spend on "Astroturf" lobbying, or efforts to get the folks back home to contact lawmakers.

Mr. Reid has wisely backtracked on his initial opposition to a requirement for disclosure of a wide array of earmarked pet projects. The earmark disclosure rule pushed by Sen. Jim DeMint (R-S.C.) should be part of the final package, but here, too, additional amendments could bolster the impact of the reform. Lobbyists should be required to disclose the earmarks they are pursuing, and for whom, as Sen. Joseph I. Lieberman (I-Conn.) is pushing. An amendment by Sen. Tom Coburn (R-Okla.) to prohibit lawmakers from inserting earmarks that benefit their relatives would end an especially pernicious practice. And senators could do the House one better by going beyond mere disclosure requirements to make it possible, as Mr. DeMint has also proposed, to strip out provisions slipped into conference reports without being approved by either chamber.

Shadow Delegation Toils In Obscurity For D.C.'s Day In The Sun (WP)

By Libby Copeland

The Washington Post, January 16, 2007

Among the few perks of being the District's shadow senator is that occasionally someone calls you "senator." Symbolism counts for a lot, since you don't get to vote, you don't get paid and just about nobody has ever heard of you.

Paul Strauss, one of the District's two shadow senators, doesn't get an office in the Senate, but he often hangs out there. If he tried to get onto the Senate floor he would be swiftly ushered away, so he grabs an edge where he can find it, trying to chat up senators in the reception area outside the Senate floor. After a decade in office, he is still like a butler trying to insinuate himself into a family party.

The shadow senator tends to fade into the background. His face isn't familiar from television. Unlike other senators, he doesn't attract knots of people. Strauss, 42, wears a Senate pin that is different from what U.S. senators get to wear but that contributes, he hopes, to a sense that he belongs in these marble halls. On a recent visit, when few people are around, he steps into a senators-only elevator.

Is that allowed?

"Let's see what happens," he says impishly.

The shadow senator takes what he can get. Once, Strauss saw a podium all set up for a news conference, with cameras at the ready, but the senator who'd booked the podium hadn't yet arrived. So he stepped up and began telling reporters about the District's disenfranchisement. Cameramen stopped filming when they realized who he wasn't.

A few years ago, Strauss, a lawyer, got sick of being labeled in the newspaper as an "unpaid" shadow senator. Symbolism again. Since he was paying most of his own expenses anyway, he decided to give himself a salary.

He gets $10 a year.

* * *

The District's three-member shadow delegation, made up of two senators and one representative, exists in a netherworld. They are sometimes confused with Eleanor Holmes Norton (D), the city's delegate to Congress, but unlike her, they're not sworn

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in at the federal level. They are elected by the people of the District, yet the District gives them no salary and no budget. A good number of D.C. residents don't even know that the District has an elected shadow delegation, or that their role is to lobby for the District's perennial pipe dream, statehood.

Go to the city's Web site and search for information about the shadow delegation. It's hard to find. When you get there, you'll see that one former shadow's name is misspelled.

The shadow delegation's offices are located in the John A. Wilson Building on Pennsylvania Avenue. On a recent afternoon, their offices were staffed with interns and volunteers recruited by Strauss. First elected in 1996, he became the District's senior shadow senator last fall after the defeat of 80-year-old Florence Pendleton, who served 16 years in relative obscurity.

The two new members of the delegation -- shadow senator Michael Brown (D) and shadow representative Mike Panetta (D) -- have been sworn in the week before and are still settling into their desks. Panetta's city-issued desk phone is not yet working. Brown is considering buying a new computer since he doesn't think the city will be giving him one.

Strauss leaves the Wilson Building and drives his green Chevy Malibu with D.C.-issued "U.S. Senate" license plates over to the Capitol, where he knows that as a courtesy, he will be permitted to park out front in the "Senator Parking Only" area. He stops at the security kiosk.

"What's your name?" asks the officer.

"Strauss. Senator Strauss."

Inside, the man who is a senator in name only goes into the reception area outside the Senate floor, where he tries to get face time with the folks who vote. Arlen Specter (R-Pa.), a cancer survivor, walks past.

"Senator Specter really looks better," Strauss says knowingly.

Strauss sees his buddy Myron Fleming, the superintendent of doorkeepers.

"The Democrats are in control now," Strauss reminds Fleming. Then, mostly joking: "If it's all right with you, can I maybe get on the floor and vote on some stuff?"

Fleming smiles and gently ushers Strauss to another part of the room, so he doesn't disturb Specter's conversation.

There are times when it seems as if Strauss might actually be a shadow, as if people might be looking through him. He represents more people than the senators of Wyoming, but when the Senate wants to make changes in the District, he is largely relegated to the role of bystander. He can try to influence legislation by talking to a senator. He can submit a statement.

If he wants to see what's happening on the floor, he has to sit upstairs in the gallery where senators' family members sit. That's where he was during the impeachment proceedings of President Clinton, and when Chief Justice William H. Rehnquist swore in the Senate as a jury, Strauss -- way up high in the gallery -- stood and raised his right hand. He was hoping they'd let him serve.

Now, he waves to Sen. Russ Feingold (D-Wis.), but Feingold doesn't see him. He tries to talk to Jay Rockefeller (D-W.Va.), who's on his way to the Senate floor, but the conversation is short. "He was distracted," Strauss explains.

He sees Sen. Joe Biden (D-Del.) in a hallway.

"Senator Biden!"

"Hey, how are you, man, nice to see you," Biden says, stopping briefly, speaking with all the warmth of a politician who may or may not remember a guy's name.

* * *

There is fresh hope this year for proponents of "New Columbia," as the proposed 51st state is sometimes called. Mayor Adrian Fenty mentioned the goal of statehood in his inaugural address this month. And there is the more immediate possibility that Del. Norton could get a full vote in the House in coming months.

On the other hand, Strauss has been this hopeful before.

A good dose of humility helps in this gig, along with a knack for getting attention. Shadow Rep. Panetta, 35, has tried to drum up interest in the statehood cause by campaigning to get RFK Stadium renamed Taxation Without Representation Field and trying to create the District's own Olympic curling team. Shadow Sen. Brown, 53, got signatures for his election petition by approaching the line of cars at the city's vehicle inspection station. When he approached people, clipboard in hand, they thought him a DMV official and obediently rolled down their windows.

On his recent visit to the Capitol, Strauss takes a timeout for lunch in the exclusive Senate dining room. He is greeted warmly by a maitre d' who calls him "Senator Strauss." A member of the staff gives him a hug and he is promptly seated. A waitress automatically brings him his usual, coffee. He sends it back, preferring iced tea.

The dining room is almost completely empty. Strauss surmises that the senators are all at their regular Tuesday policy lunch, to which he does not get invited. But that's okay. He comes here often. He likes it here.

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"These are my constituents," Strauss says, indicating the room full of dining room staff. He turns to the waiter. "Which ward do you live in?"

"Ward 7," answers Melvyn Jordan. "Waiting for the day when we're New Columbia."

Strauss studies the lineup on the the menu.

"They've made some changes," he says.

The Hill's Revolving-Door Rules Don't Work In Both Directions (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 16, 2007

In November, as a lobbyist and strategist for DaimlerChrysler, Dennis B. Fitzgibbons labored to block congressional proposals to mandate the production of more cars that use alternative fuels and to stop the most aggressive efforts to force auto companies to make their vehicles more energy-efficient.

Today, Fitzgibbons is chief of staff to the House Energy and Commerce Committee, the panel charged with deciding whether automakers should be compelled to do either of those things.

Fitzgibbons will be meeting with his old employers soon, and he sees no problem with that. "For anyone in government to say to a company or to individuals that I cannot meet with you is to deny them a constitutional right: the right to petition their government," he said.

That's a surprise. If Fitzgibbons had been in his congressional job and then went to DaimlerChrysler, he couldn't be hitting up his successor so soon. But the rules are different for reverse migrations from K Street to Capitol Hill.

In fact, there are no rules. "There really are no congressional ethics rules that bar a member or a staffer from influencing legislation in a way that would benefit their former client or employer," said Robert K. Kelner, an ethics expert at Covington & Burling, a law firm.

Lots of lobbyists have returned to Congress to work for the new Democratic majority. Former Verizon lobbyist Gregg Rothschild is chief counsel at Energy and Commerce. The chief of staff to the House Rules Committee is Daniel A. Turton, a former lobbyist for Timmons & Co., which represents the American Petroleum Institute and DaimlerChrysler. And two freshman Democratic senators have former lobbyists as chiefs of staff: Sherrod Brown (Ohio), whose CoS is James Heimbach, an ex-lobbyist with Ricchetti Inc. (whose clients include General Motors, Sanofi-Aventis and AT&T); and Claire McCaskill (Mo.), whose top aide, Sean Kennedy, worked for AT&T.

The most jaw-dropping hire from K Street, though, is Matt Gelman. Gelman is senior adviser to House Democratic Whip James E. Clyburn (S.C.) and is, in effect, on loan from Microsoft, where he is director of federal government affairs. He's on unpaid leave for a few months from the software giant and will return after he helps build Clyburn's vote-counting operation.

Government critics are appalled that lobbyists-turned-staffers can assist without restriction the industries that recently employed them. "The issue is whether loyalty to their former employers will impact the decisions they make in their new roles," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington.

Fitzgibbons, Turton and Kennedy, who discussed their situations, don't understand the controversy. They say their time as lobbyists will help them in their new jobs; they now know how Washington works. Besides, they work for their new bosses, not their old ones. "I'm no longer an AT&T person," Kennedy said. "I'm a Claire McCaskill person."

Gelman, on the other hand, has been reined in. According to his agreement with the House Ethics Committee, neither he nor Clyburn's offices can meet with Microsoft during his temporary posting. A Clyburn spokeswoman said the sanction makes sense at a moment when Democrats are holding themselves to high ethical standards.

So why not "Gelman-ize" newcomers and limit their contacts with recent clients? No one on the Hill has given that a thought.Close and Closer on Capitol Hill

If you were worried that your favorite interest group might be sidelined in today's hyper-ethical Congress, relax. Lawmakers are finding ways to stay comfy cozy.

Sen. Norm Coleman (R-Minn.) is offering a "Max out package" that allows political action committees to donate $10,000 to his coffers and be treated to special meetings that could include a Napa Valley wine tour, a "private event with up to five guests" or two visits to, well, Minnesota. (Sadly, last week, the Napa leg was canceled.) Rep. Greg Walden (R-Ore.) is selling eight intimate breakfasts with himself for a mere $1,000 per PAC per meal. The "8@8 breakfast series" will have "8 guests max each" and this year will begin at 8:30 a.m. rather than the traditional 8 a.m. "We're letting people sleep in this year," said Shelly Roy, Walden's professional fundraiser.

And the House Conservatives Fund, a PAC that works with the House's hundred-member Republican Study Committee, is planning a Super Bowl party in Miami. For $5,000, a donor gets to go to a "VIP photography session" and a reception the night before the big game.

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Even better: Sen. Craig Thomas (R-Wyo.) is taking donors skiing in Jackson Hole, Rep. Fred Upton (R-Mich.) is offering an evening with rocker Bob Seger, and Sen. Mel Martinez (R-Fla.) is going with contributors to Disney World.Drug Company Hires of the Week

The drug industry, caught in the crosshairs of Congress's new majority, is hiring Democratic lobbyists at a furious pace. The Pharmaceutical Research and Manufacturers of America just retained former Bill Clinton aide Joel Johnson of the Glover Park Group. And in recent months, Amgen signed Steve Ricchetti, also a former Clinton aide, and George Crawford, former chief of staff to House Speaker Nancy Pelosi (D-Calif.). The Biotechnology Industry Organization (BIO) and Merck hired former Clinton staffer Charles M. Brain, and AstraZeneca retained David Castagnetti, an ex-top aide to Sen. Max Baucus (D-Mont.), chairman of the Senate Finance Committee. BIO has also added the law firm Foley Hoag, which has ex-aides to Sen. Edward M. Kennedy (D-Mass.) and Rep. Henry A. Waxman (D-Calif.).

FEDERAL DIARY: A Fight Over Fines For Social Security Workers (WP)

By Stephen Barr

Washington Post, January 16, 2007

It's a generally accepted practice to follow orders from the boss. But a grievance filed by a federal union shows that allegedly doing what the boss says can lead to unexpected consequences.

The grievance protests what the union calls "extreme civil penalties" sought by the Social Security Administration inspector general to punish four employees at an office in Des Moines.

The office supervisor faces a potential fine of $3.5 million, another employee has been assessed a fine of $215,000 and two other employees have been notified that they may be fined more than $100,000 each, according to the National Treasury Employees Union.

Colleen M. Kelley, the union president, said the inspector general's office alleges that the employees used misleading statements or omitted material when helping prepare decisions on whether certain people were eligible for Social Security disability benefits.

According to the union, the employees, who are lawyers, followed the instructions of their boss, an administrative law judge, and took the "general and hypothetical" testimony of a vocational expert in one case and applied it to about 700 other cases.

In all the cases, the administrative law judge granted the disability benefits, the union said. The union does not have the case files but understands the cases involved individuals with conditions that made normal employment difficult, such as a need to alternate between sitting and standing every 15 minutes.

As far as the union knows, there has been no finding by authorities that the repeated use of the expert's testimony was improper or resulted in an inappropriate payment of taxpayer dollars.

Social Security officials have chosen not to respond to the union's allegation that the agency's inspector general has gone too far in targeting the Des Moines employees.

Jonathan L. Lasher, a deputy chief counsel to the Social Security inspector general, invoked privacy laws and said he would not confirm that charges against the employees existed. Mark Lassiter, the Social Security press officer, also declined to comment "since this is a matter involving ongoing litigation."

The Social Security Administration's disability insurance and supplemental security income programs are geared to help people with disabilities but require claimants to meet medical criteria.

Administrative law judges review disability claims and often call in vocational experts to assess whether jobs are available in the community that might accommodate an impaired worker. The judges decide whether to grant or deny a claim, and relay their decision to staff lawyers with instructions on how to write up a ruling and explain why the decision was reached.

In the Des Moines cases, the administrative law judge is deceased, making it difficult to know why he directed the staff lawyers to use the same expert testimony in the 700 cases.

The NTEU speculates that the judge viewed the practice as a way to reduce case-processing time and expenses by hiring one expert to give answers to hypothetical questions and apply those answers broadly rather than hiring a new expert for similar testimony in each of the 700 cases.

The union does not think that any officials in Social Security management viewed this practice as a systematic problem. Kelley noted that the agency had not taken other disciplinary steps against the lawyers in Des Moines.

But Kelley said she thinks the office of Social Security Inspector General Patrick P. O'Carroll Jr. should not be seeking civil monetary penalties under a law that provides a fine of $5,000 for each false statement used in the determination of benefits.

"We think the IG is inappropriately using its authority," Kelley said.

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The union, which bargains on behalf of workers in the Social Security Office of Disability Adjudication and Review, has written Social Security Commissioner Jo Anne B. Barnhart, asking her to protect the employees "from being harassed by the IG for actions taken pursuant to their official duties."

In its grievance, the union said the inspector general had proposed financial penalties "on the theory that the decisions should have specified that the interrogatory responses were obtained in connection with a different case and that the VE [vocational expert] should have been informed that her responses would be used in subsequent cases. These charges are entirely without merit."

The union has not identified the administrative law judge or the employees out of a desire to protect their reputations, a NTEU spokeswoman said.

The issues raised in Des Moines, the union said, call into question the independence of administrative law judges, which is guaranteed in law.

The inspector general's probe creates a potential for conflict between the judges and the employees carrying out a judge's instructions, the union said. For example, the union said, the probe will encourage staff lawyers to second-guess judges and express their reservations in writing. Such second-guessing is likely to slow down the process for resolving disability claims, the union said.

A resolution of the dispute could take months, especially if the matter lands in federal court.

Pelosi's Tuna Surprise (WSJ)

The Wall Street Journal, January 16, 2007

Economists of every political stripe agree that a higher minimum wage will cost some low-skill workers their jobs. But don't believe us; just ask Democratic Speaker Nancy Pelosi.

The House last week whooped through an increase in the minimum wage to $7.25, by a vote of 315-116. But, lo, included as part of this boon to the working man was a loophole: The new, higher wage floor applied to all of these United States and its territories -- save for the Pacific outpost of American Samoa. In the immortal words of Congressman Patrick McHenry (R., N.C.), "There's something fishy going on here."

It turns out that American Samoa has a big fish and tuna canning industry, specifically operations run by StarKist and Chicken of the Sea. Both companies are headquartered in California, and StarKist's parent is located in none other than Ms. Pelosi's own San Francisco district. So faster than you can say "middle class squeeze," Democrats rediscovered the eternal economic truth that a higher minimum wage can cost jobs and granted Samoa its reprieve.

They have a good point. In 2004, according to the Department of Labor, Samoan canneries directly employed some 4,800 people, or nearly 40% of the work force. StarKist and Chicken of the Sea would have plenty of other low-wage locations to do their canning. The average hourly wage for the American Samoan canneries in 2004 was about $3.60. In contrast, the average cannery wage in Thailand was 67 cents an hour and in the Philippines 66 cents.

You don't have to go as far as American Samoa to discover other liberals who understand this -- at least when they do the hiring. In 1995, the union-financed lobby, Acorn, sued California seeking exemption from the state's then-$4.25 minimum wage. Acorn argued in its court brief that, "The more that Acorn must pay each individual outreach worker -- either because of minimum wage or overtime requirements -- the fewer outreach workers it will be able to hire." As liberal economist Joseph Stiglitz once wrote: "A higher minimum wage does not seem a particularly useful way to help the poor."

None of this insight will do American Samoa much good, however. Red-faced after her tuna surprise was discovered, Speaker Pelosi announced late last week that she was directing her cannery compadre, California's George Miller, to re-examine whether the bill also should apply to the Pacific island. Maybe the poor Samoan workers who lose their canning jobs can relocate to Thailand.

OTHER NEWS:

A Ticket On A Taurus Grows Into Much More (WP)

By Nick Miroff

The Washington Post, January 16, 2007

The Great Virginia Parking Ticket Battle began with a burst of expletives one Saturday morning in October 2000, when Woodbridge resident Robert W. Eberth, a retired Navy captain, found a $35 citation on the windshield of his 1990 Ford Taurus. NO VALID STATE INSPECTION, it said.

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Eberth had been ticketed under Prince William County Code 13-322, mandating up-to-date inspection stickers for vehicles parked on public roads. True, Eberth had allowed the Taurus's registration to lapse. But he was saving the car for his teenage son and had parked it in the private lot of his apartment complex.

Eberth examined the ticket. He cursed a little more. Then he looked up 13-322 on the Internet.

"Something is very wrong with this picture," he said to himself. He checked the box marked "contest."

Over the next six years, representing himself in multiple court battles, Eberth took his parking-ticket dispute all the way to the Virginia Court of Appeals. Last month, he won.

A three-judge panel in Alexandria went even further than Eberth had imagined, ruling that Prince William had no authority to ticket vehicles with expired inspection stickers parked on private -- or public -- property. The ruling by Judge Robert J. Humphreys said state law prohibits only the operation of a vehicle with an expired inspection sticker, casting doubt on whether police anywhere in Virginia can ticket parked vehicles with expired stickers.

Because Prince William's code dates to at least 1965, the ruling suggests that the county has been erroneously citing drivers for more than four decades. Since 2000 alone -- the year Eberth got his first of three tickets -- Prince William has written 29,871 citations under Code 13-322, for fines totaling more than $1 million.

In Prince William, parking enforcement officers have been instructed to stop issuing citations for expired inspection stickers on parked cars. But police in Fairfax and Loudoun counties, as well as other Northern Virginia localities, said they were unaware of the ruling and were still issuing such tickets.

In the meantime, county attorneys in Prince William are scrambling to draft legislation for the General Assembly that would authorize ticketing of parked cars with expired stickers. County residents who have paid such fines won't get their money back. "If they haven't contested, that's the end of it," said Paul B. Ebert, commonwealth's attorney for Prince William.

Eberth's long, tortuous journey from Taurus owner to parking-ticket avenger is a tale of dogged persistence, sheer outrage and crafty improvisation. A Vietnam veteran who is a research consultant with the U.S. Marine Corps, Eberth, 62, is the type of man who keeps military time and has little patience for the vagaries of petty bureaucracy.

"I've led people in combat. I've had guys killed in Vietnam under my command," he said.

Over the years, Eberth has come to see his parking-ticket dispute in the grandest legal terms. It wasn't about the $35. For him, at stake was a larger, constitutional fight against government excess, abuse and violations of the equal-protection clause of the 14th Amendment.

Before he was unjustly ticketed, Eberth's only formal legal training had been a three-hour Navy class on military law. Since then, he has spent hundreds of hours poring over law books, consulting lawyers and scouring the Internet.

"I didn't expect it to take six years," he said, "but I decided I was in it for the long haul."

What Eberth discovered early on was that his biggest challenge would not be getting the ticket dismissed; it would be to get himself convicted so he could appeal to a higher court.

Overturning Prince William's right to ticket uninspected vehicles was never Eberth's goal. His objection, rather, was that his Taurus had been cited while parked in a private lot -- equivalent, he thought, to ticketing a car in a residential driveway.

Through his research, Eberth learned that state law was written to give police access to private roads within developments containing 100 or more residential lots, such as a subdivision with at least 100 home sites. Prince William had enacted a law allowing tickets where there were 100 or more residential units, such as in an apartment building.

The result, Eberth thought, was that police were aggressively ticketing in apartment complexes where "people are least likely to have the resources or the will to get through the rigmarole I went through."

Eberth fought his first ticket from Prince William General District Court to Circuit Court, and then in a retrial. But a county prosecutor finally dismissed the case, saying, Eberth recalled, that he was doing so "out of gratitude" for Eberth's military service. Eberth found himself in the awkward position of objecting to his own acquittal. The judge overruled him; case dismissed.

But Eberth wouldn't quit. He had covered up the Taurus to avoid additional tickets, but after the first citation was dismissed, he removed the cover -- deliberately baiting parking-enforcement officers to cite him again.

He got another ticket Feb. 20, 2002, and, for his purposes, a new ticket to court. Once again, the judge dismissed the citation, Eberth said, out of sympathy for his situation.

"I'd blown a second opportunity," he said.

So Eberth went fishing a third time and was cited again Aug. 25, 2004. That time, he walked into court with a dismissal-proof plan. He plotted to make the case "a test of manhood." When Eberth arrived in Circuit Court, he got right in the prosecutor's face and dared him to proceed.

"I tend to spit a little when I'm animated, so I'm sure he got a full face, too," Eberth said. "I wanted to get him mad."

It worked. Eberth was found guilty, opening his path to the Court of Appeals. His first petition was denied, but on his second try, the court agreed to hear his case. Eberth finally got his day in court in September.

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The decision Dec. 5 by the Court of Appeals invalidated both county codes, drawing distinctions between "operating" a vehicle and "parking" one and distinguishing residential "lots" from "units."

To Eberth, it was anticlimactic. "I've been fighting this for so long," he said. "There's a sense of vindication, but I didn't do a dance or pop open the champagne."

Eberth was still thinking big, and the court didn't engage his constitutional argument, as he'd hoped. "I want to take it to the next step. I intend to pursue this as a violation of the Constitution," he said.

For Prince William, Eberth's quest raised the question of how an illegally enacted code could persist for so long.

"I'm sure people over the years have challenged it," said Ebert, the commonwealth's attorney. "But no one's gone to the trouble of appealing it to the Court of Appeals."

Corey A. Stewart (R-Occoquan), chairman of the Board of County Supervisors, said: "We thank him for pointing out this error. I've got to hand it to him -- he's got determination. I hope he'll get on with his life now."

As for the Taurus, it hasn't been moved in six years. Turned out, his son didn't want it.

"He wanted something that was more the 'in' thing with the crowd at the high school," he said. "He has an SUV."

Choice Of Martinez Sparks GOP Rebellion (WT)

By Ralph Z. Hallow

The Washington Times, January 16, 2007

Rebellion is brewing among conservatives on the Republican National Committee over President's Bush's attempt to "impose" Sen. Mel Martinez of Florida as "general chairman" of the party, who favors "amnesty" for illegal aliens.

"I will be voting against Senator Martinez if he is nominated for any chairmanship of the RNC," Tina Benkiser, Texas Republican Party chairman, told The Washington Times yesterday.

Bill Crocker, the elected national committeeman from Texas, says that when the RNC convenes here tomorrow, "Absolutely, I will vote against Martinez."

The conservatives -- one of whom accused the Bush White House of "outsourcing" party leadership -- say the general-chairman post does not exist under RNC rules, which can be changed only at the party's presidential nominating convention.

Unhappy committee members say that, in the past, Republican presidents and RNC leaders have successfully run roughshod over the rules, because the RNC officer presiding over votes at committee meetings have simply overruled points of order and other objections from the floor, with no accredited professional parliamentarians to exercise a check.

This time, the organizers of the rebellion say, their strategy will rely in part on having a parliamentarian present. And violations of Robert's Rules of Order and of the RNC's written rules -- adopted at the 2004 Republican National Convention in New York -- could result in legal challenges.

"I have also requested that the RNC employ the services of an independent certified parliamentarian to assure that breaches of the rules are avoided," North Dakota RNC member Curly Haugland said in a letter sent to all RNC members yesterday. "And I trust that my request will be honored due to the potential need for numerous interpretations of the rules."

Mr. Bush has said he hopes the RNC will elect Mr. Martinez as "honorary chairman" but that title has changed, in Republican Party press releases and conversations with RNC officials, to "general chairman."

Robert M. "Mike" Duncan, a Kentucky RNC member and RNC treasurer, is expected to be elected as the national chairman, with the responsibility of day-to-day management of the committee.

"Every president has the prerogative of naming who runs the national committee," Mr. Duncan told The Washington Times. "The choice is determined by the needs of the party at the time the selection is made."

Arguing precedent, proponents of the arrangement point out that the RNC members went along with President Reagan's desire in 1983 to have his friend, Nevada Sen. Paul Laxalt, voted in as general chairman, even though the rules provided for no such office. The RNC members at the same time elected Frank J. Fahrenkopf Jr. -- an RNC member and chairman of the Nevada Republican Party at the time -- as chairman.

But opponents say that 1983 precedent does not justify another violation of the party's rules.

"I have a hard time understanding the logic," said RNC member Randy Pullen, who is running for Arizona Republican Party chairman in an election at the end of this month. "Just because the RNC did something wrong once before, somehow that justifies doing it again?"

Mr. Pullen pointed out that Mr. Martinez, who served as Mr. Bush's secretary of Housing and Urban Development before winning a Senate seat, is not an RNC member. RNC rebels say the rules are clear that the person who heads the committee must be a member of the committee.

"Outsourcing our leadership at this critical time is not an option," Mr. Haugland said.

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Organizers of the rebellion against the White House domination of the RNC -- as well as other members who haven't decided yet to join the planned public showdown at the RNC's annual three-day winter meeting -- say even before Mr. Martinez became an issue, they expected difficulty in fundraising by the national committee for the 2008 election cycle.

"Martinez aside, the simple fact that the GOP no longer is in the majority in Congress is going to make it more difficult to raise money," said Louisiana RNC member Ross Little.

National committeemen willing to buck the White House on the RNC chairmanship also cite as fundraising obstacles the president's unpopularity, the conduct of the Iraq war, as well as disillusionment caused by the scandals, big spending and ineptitude of Republican leadership in Washington.

The rebels say that electing Mr. Martinez as head of the RNC would make raising money even more difficult because of resentment by the party's rank-and-file small donors over Mr. Martinez's co-sponsorship of legislation to allow millions of illegal aliens to become citizens.

"Martinez's support of [Arizona Sen. John] McCain's immigration bill on amnesty for illegal aliens is causing a lot of concern among our base," said Mr. Pullen. "I happen to know that people -- our $25 and $35 donors -- are writing on the back of our RNC solicitations for donations: 'When you close the border to illegal aliens, we'll open our checkbooks.' "

The Central Committee of the Republican Party in the president's own state of Texas has passed a resolution strongly urging the Texas Republican Party chairman, Mrs. Benkiser, and the two other Texas RNC members to vote against Mr. Martinez.

Report: Sen. Allard Won't Seek 3rd Term (AP)

By Steven K. Paulson

AP, January 16, 2007

Colorado Republican Sen. Wayne Allard said Monday he will not run for re-election in 2008 but will honor a pledge he made in 1996 to serve only two terms.

"Today, I'm announcing that I will honor my term limits pledge to the people of Colorado," he said.

The decision sets up a wide-open race. Allard's seat was once considered safe for the GOP, but Colorado voters have shown a penchant lately for replacing Republicans with Democrats.

Democrats see the race as a chance to pick up another vote in Congress after wresting two House seats and a Senate seat from Republicans the past two years. Republicans hope to stanch a long series of losses, including both houses of the state Legislature and the governor's office.

Democratic Rep. Mark Udall, a popular five-term congressman and son of former Rep. Morris Udall of Arizona, has said he was going to run for the seat whether Allard did or not. Another Democrat who has been mentioned as a potential candidate is Denver Mayor John Hickenlooper.

On the Republican side, former congressman Scott McInnis said he will run if Allard and former Gov. Bill Owens don't.

Owens, a Republican, left office last week after term limits prevented him from running again. McInnis did not immediately return calls Monday.

Another prominent Republican, anti-immigration firebrand Rep. Tom Tancredo, also has been mentioned as a possible candidate. So have Attorney General John Suthers, who said through a spokeswoman it was premature to make a decision about 2008, and John Elway, the former Denver Broncos quarterback.

Allard's political strength came into question in 2006 when Time magazine ranked him as one of the five worst U.S. senators.

Allard's chief of staff, Sean Conway, criticized the Time ranking as "more like a popularity poll" and said it was based mostly on opinion.

Allard Bows Out, Setting Off Skirmish (DENP)

By Anne C. Mulkern And Demetria Gallegos

Denver Post, January 16, 2007

Colorado Republican Sen. Wayne Allard and his wife Joan at the state Capitol building on Monday, January 15, 2007, as Allard announced he would not run for re-election in 2008. (Post / Hyoung Chang)

U.S. Sen. Wayne Allard has announced that he will not seek re-election in 2008, retiring instead after completing his second term in office.

"Today, I'm announcing that I will honor my term limit pledge to the people of Colorado, and not seek reelection to the United States Senate in 2008...I believe a promise made, should be a promise kept," he said.

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Allard's announcement today at the state Capitol touches off a political scramble -- particularly on the Republican side where several people are said to be contemplating a run or are being encouraged to seek the seat.

Among the likely contenders are former U.S. Reps. Scott McInnis and Bob Schaffer and just-departed Gov. Bill Owens, who had said as recently as two weeks ago that he hoped Allard would seek a third term.

On the Democratic side, U.S. Rep. Mark Udall of Eldorado Springs will seek the seat. While others, including Denver Mayor John Hickenlooper, are likely to be mentioned as possible contenders, so far Udall has the field to himself.

Rep. Tom Tancredo, R-Littleton, will not seek Allard's seat in 2008, Tancredo spokesman Carlos Espinosa said today. Tancredo encouraged former Rep. Scott McInnis to run.

Tancredo was flying back to Washington D.C. from a trip to Iowa when he learned about Allard's decision. Espinosa said he did not have an opportunity to ask Tancredo why he's decided not to seek the statewide seat. Tancredo has said several times over the last year that he would be interested if Allard decided to retire.

Other mentioned in connection with an open seat are Attorney General John Suthers, who said through a spokeswoman it was premature to make a decision about 2008, and John Elway, the former Denver Broncos quarterback.

Allard's political strength came into question in 2006 when Time magazine ranked him as one of the five worst U.S. senators.

"In a Senate full of ambitious members, Colorado Republican Wayne Allard is so bland that his critics have dubbed him 'Dullard,'" Time said.

The article criticized him for "almost never" playing a major role in legislation despite being a Republican on the powerful Budget and Appropriations committees.

Allard's chief of staff, Sean Conway, criticized the Time ranking as "more like a popularity poll" and said it was based mostly on opinion.

At today's press conference, Allard cited successes and goals accomplished during his time in office. He thanked his staff and supporters and said that his final two years in office will likely be his most productive.

"In an age when promises are cast away as quickly as yesterday's newspaper, I believe a promise made is a promise kept," said Allard. "The people of Colorado placed their trust in me based on my promise to them to serve no more than two terms, and it was very important to me to not dishonor that trust." The Associated Press contributed to this report.

Allard: No Third Term (RMNA)

By .E. Sprengelmeyer

Rocky Mountain News Allard, January 16, 2007

WASHINGTON — Sen. Wayne Allard said today he will honor his term-limits pledge and leave at the end of 2008, creating a replacement fight that should turn Colorado into one of the country's biggest electoral battlegrounds.

"I just didn't think I could back away from the (term limits) commitment. It is a matter of integrity and keeping your commitments. I have never wavered on that," Allard told the Rocky Mountain News.

Appearing with his wife, Joan, at a press conference at the state Capitol, Allard said, "The people of Colorado placed their trust in me based on a promise I made to them and I am honoring that promise. In an age when promises are cast away as quickly as yesterday's newspaper, I believe a promise made should be a promise kept."

Allard, 63, faced friendly pressure from fellow Republicans who wanted him to run again. That's because open-seat contests can be vastly more difficult — and costly — for a party to defend.

But he also was tugged by the promise he made in 1996 to serve no more than two U.S. Senate terms.

The term limits pledge was a relic of the so-called "Republican Revolution" of the 1994 election, when the GOP swept to power promising to change the ways of Washington.

As time passed, some one-time leaders of the movement, including Rep. Tom Tancredo, and others who signed pledges, such as former Rep. Scott McInnis, abandoned their promises in the name of continuing public service. Others, such as former Rep. Bob Schaffer, lived up to their pledge and went home.

In October 2002, when Allard's re-match against Democrat Tom Strickland still was in doubt, it was suggested that the senator was hedging on his term-limits pledge.

"I'm term-limited," Allard said in reaction. "That has always been my position. I've always said I believe in limiting my term. I've stipulated in past campaigns that I believe in term limits, and I've never wavered on it."

He went on to beat Strickland, just as he had in 1996. But in later years, Allard avoided making definitive statements about the term limits pledge, especially after Sen. Ben Nighthorse Campbell's abrupt retirement led to a Republican seat falling into the hands of Democrat Ken Salazar.

"Whoever runs, whether it's me or some (other Republican) candidate who will be running, we'll be facing a tough race in Colorado," Allard said recently. "I've always faced tough races before. ... I'm used to being an underdog."

There's a long list of potential candidates for Allard's seat, including Rep. Mark Udall, D-Eldorado Springs, and various Republicans, such as outgoing Gov. Bill Owens, Tancredo, McInnis and Schaffer.

Even before Allard's decision, the Cook Political Report and the Washington Post political blog had called Colorado's 2008 Senate contest one of the top races to watch.

An anticipated retirement by Allard was one reason, but analysts also point to Democratic gains in Colorado and other Western states.

The 2008 contest will happen in a presidential election year, and some Democrats are urging their party to pick a presidential nominee who reflects Western values. If so, that could give the party's Senate candidate some coat-tails to ride.

Allard has been more folksy than flashy during his 24 years in elective office, starting with eight years in the state Senate, six years in the U.S. House of Representatives and so far 10 years in the U.S. Senate.

"Senator Allard's great political strength was that Coloradans could look at him and say, 'He is like me. He works hard every day.'

And I think there's a commonality between Coloradans and Sen. Allard that we haven't seen many times in elected officials," said Republican consultant Dick Wadhams, who managed Allard's Senate campaigns in 1996 and 2002.

Allard has been a champion of fiscal discipline and traditional social values. That included two unsuccessful bids to pass a proposed constitutional amendment banning same-sex marriage.

In recent years, Allard often cast predictable, party-line votes with fellow Republicans, and he was known as one of the more reliable allies of President Bush's White House.

Allies liked to say Allard has been a "work horse" rather than a "show horse" in Congress. Still, Time magazine in 2005 dubbed him "The Invisible Man" and one of the five "worst" U.S. Senators.

Longtime Allard chief of staff Sean Conway dismissed the ranking as "laughable," citing the senator's accomplishments, including cutting years off the schedule for cleaning the former nuclear weapons plant at Rocky Flats; defending the state's military installations from base closings and spearheading the investigation into sexual assaults at the U.S. Air Force Academy.

Allard was the only one from the nine-member state delegation to sit on an Appropriations Committee, a strategic place for securing federal funds for the state. First-term Sen. Ken Salazar, D-Denver, already has expressed an interest in an appropriations seat, although the positions are hard to come by.

But Allard might be remembered just as much for his down-home appeal and affable manner than his legislative record.

Allard played up his roots as a veterinarian and small businessman. He bragged about being a member of the two-person Senate Veterinarian Caucus, and he sometimes examined colleagues dogs in his Senate office.

Meanwhile, he lightened up his policy speeches by lacing them with yarns about his experience running the Allard Animal Hospital back in Colorado.

For example, his appeal for reforming the nation's health care systems included his story about being stuck with a high out-of-pocket expense for surgery after he hurt his back lifting Great Danes and other heavy dogs onto his examination table.

Sen. Allard Says He Will Retire In 2008 (WP)

By Chris Cillizza

The Washington Post, January 16, 2007

Sen. Wayne Allard (R-Colo.) will not seek a third term in the Senate, a decision that creates a ripe pickup opportunity for Democrats in the 2008 election.

Allard has served in the Senate since 1996. He said at a news conference yesterday in Denver that his pledge to serve just two terms was the overriding factor in his decision.

"In an age when promises are cast away as quickly as yesterday's newspaper, I believe a promise made should be a promise kept," he said.

Allard is the first senator to announce he will not seek reelection next year, when Republicans must defend 21 seats and Democrats only 12.

Other Republicans mentioned as possible retirees in 2008 include Thad Cochran (Miss.), Chuck Hagel (Neb.), Pete V. Domenici (N.M.) and John W. Warner (Va.). Tim Johnson (S.D.) and John F. Kerry (Mass.) are considered the most likely Democrats to retire.

Even before his announcement, Allard was regarded as one of the most vulnerable senators next year, in equal parts because of his low-key demeanor and because of Colorado's shifting political landscape.

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In the past two elections, Democrats have taken over the governor's mansion, a Senate seat and two House seats. In part to highlight their success in Colorado and the Mountain West, the Democratic National Committee picked Denver last week as host of its 2008 nominating convention.

Allard's retirement "improves the Democrats' chances significantly because the eventual Republican nominee will not be able to marshal as much resources or local goodwill as an incumbent senator" would, said Colorado-based pollster Paul Harstad, whose firm is handling the survey research for Rep. Mark Udall, the likely Democratic nominee.

Udall is not likely to face a serious challenge in the primary, according to several informed Democrats. The son of the late former congressman Morris Udall (D-Ariz.) has held a Boulder-area congressional seat since 1998, and he has made little secret of his desire to serve statewide.

In 2004, he announced for the seat of retiring Sen. Ben Nighthorse Campbell (R), only to step aside for state Attorney General Ken Salazar (D) less than 24 hours later. At that time, Udall announced he would run for the Senate in 2008, and he has been at it ever since. As of Dec. 31, he had $1.3 million in his House campaign account.

For Republicans, the picture is far less clear. Bill Owens, who left office last week after eight years as governor, is the first choice of many, but he seems disinclined to make the race. Former congressman Scott McInnis has repeatedly expressed interest in a Senate race but has said he would take a pass if Owens decided to run. Former congressman Bob Schaffer ran for the Senate in 2004, losing in the primary to beer baron Pete Coors.

Schaffer said he is interested in the race but is in "no hurry" to make up his mind. "I ran for the U.S. Senate in 2004, and so it isn't any secret that I want to be in the Senate," he added. McInnis did not return a call seeking comment.

Rep. Tom Tancredo, former congressman Bob Beauprez and state Attorney General John W. Suthers have also been mentioned as possible candidates.

Sen. John Ensign (Nev.), chairman of the National Republican Senatorial Committee, called holding Allard's seat a "top priority."

Colorado Senator Won't Seek Re-election (WT)

By Valerie Richardson

The Washington Times, January 16, 2007

DENVER -- Sen. Wayne Allard, Colorado Republican, announced yesterday that he would retire from the Senate in 2008 rather than run for re-election, honoring his term-limits pledge, despite party pressure to seek a third term.

"The people of Colorado placed their trust in me based on a promise I made to them, and I am honoring that promise," said Mr. Allard at a press conference at the state Capitol. "In an age when promises are cast away as quickly as yesterday's newspaper, I believe a promise made should be a promise kept."

State and national Republicans had urged the senator to run again, citing the difficulty of defending an open seat, but the 63-year-old Mr. Allard, accompanied by his wife, Joan, said he wanted to uphold the ideal of the short-term "citizen legislator."

"We didn't ever hesitate to think we weren't going to keep that pledge," said Mr. Allard, who has championed proposals to restrict senators to two terms.

His announcement touched off a succession scramble that immediately pushed Colorado into the must-win category for both parties. Each has reason for optimism: state Democrats have enjoyed a winning streak of late that includes the governor's office and control of the legislature, but Republicans still hold the state voter-registration edge.

"One thing about Colorado politics is that the unexpected happens," said Republican political consultant Dick Wadhams, who guided Mr. Allard's 1996 Senate victory.

Mr. Wadhams, who is expected to take over as Colorado Republican Party chairman in March, advised would-be candidates to "get in soon." Democratic Rep. Mark Udall has already taken that advice, indicating that he would run for the seat whether or not Mr. Allard retired.

Other possible Democratic contenders are Denver Mayor John Hickenlooper and Rep. John Salazar, whose older brother, Ken, is the state's junior senator.

At the top of the Republican list would be former Gov. Bill Owens, who left office earlier this month after serving two terms. Mr. Owens had been encouraging Mr. Allard to run for re-election while indicating that he had no interest in the seat himself.

Also being mentioned are former Reps. Scott McInnis and Bob Schaffer, as well as Rep. Tom Tancredo -- although he is exploring a dark-horse presidential bid for 2008.

Mr. Allard served three terms in the House before running for Senate in 1996 after Republican Sen. Hank Brown's retirement. A large-animal veterinarian from rural Loveland, he was regarded as a long-shot even after he won the Republican primary.

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His folksy manner and solidly conservative views struck a chord with voters, and he defeated former U.S. Attorney Tom Strickland 51 percent to 46 percent. Six years later, he defeated the same candidate by the same margin.

Mr. Allard was expected to face a tough re-election battle in 2008, but he insisted that had nothing to do with his decision to retire. "I've never backed away from a challenge," he said.

He cited among his proudest accomplishments the ahead-of-schedule cleanup of the Rocky Flats nuclear-weapons plant; the creation of Sand Dunes National Park and the nation's largest urban-wildlife refuge at the Rocky Mountain Arsenal; and returning to the taxpayers $4.2 million by cutting expenses from his personal office account.

Asked about his plans after leaving the Senate, Mr. Allard noted that he had kept up his veterinary license.

"Senator Allard never lost an election, and he ran as the underdog in every race," Mr. Wadhams said. "He was the most accessible senator I think we've ever had in Colorado. Anybody could show up and ask him anything. He has a special place in Colorado history."

Task Gets Taller For G.O.P. (NYT)

By Jeff Zeleny

The New York Times, January 16, 2007

When Senator Wayne Allard, Republican of Colorado, announced Monday that he would not seek re-election, the uphill battle for his party to reclaim the Senate in 2008 became an even steeper climb.

By the numbers, Republicans were already at a disadvantage. Twenty-one Republican seats will be open, compared with 12 Democratic seats. And not having a Republican incumbent on the ballot in a competitive state like Colorado complicates matters for Republicans.

Already, campaign politics is infusing substantive debates on Capitol Hill. Many of the incumbent Republican senators who have stepped forward to oppose President Bush's Iraq policy face re-election. (Senator Gordon H. Smith of Oregon started the trend late last year, followed by others, including Senator Norm Coleman of Minnesota last week.) Even before Mr. Allard's announcement, Colorado was emerging as a gateway to the West for Democrats, who have won the governor's office, two House districts and a Senate seat in the last four years. Those successes helped seal the Democratic Party's decision to hold its 2008 national convention in Denver. And now, the state will be host to one of the most closely watched Senate races in the nation, too.

Population Shifts (NYT)

By Carl Hulse

The New York Times, January 16, 2007

Census projections analyzed by the firm Election Data Services show that population losses in Louisiana after Hurricane Katrina could cost the state a Congressional seat after the 2010 census. Louisiana is not the only projected loser: seven states in the Northeast and the Midwest would drop Congressional seats as residents migrate to the South and the West, where six states would gain seats. Texas, which has absorbed some Louisiana transplants, would gain two. The trend would seem to be good for Republicans, who have dominated those regions, though Democrats have made inroads. New districts will be drawn by state legislatures.

NRCC's Cole Optimistic About Lost GOP Majority (HILL)

By Aaron Blake

The Hill, January 16, 2007

Following his party's worst election performance in 30 years, House Republican campaign chairman Tom Cole makes clear that he intends to retake many of the seats swept up in the Democratic wave in November, and he's willing to effect the changes needed to do so.

With the benefit of hindsight and the optimism of someone in the valley of a political ebb and flow, Cole (R-Okla.) dismisses the strategies that failed his predecessors at the National Republican Congressional Committee (NRCC) and expects a different kind of election in 2008.

In an hour-long interview with The Hill, Cole didn't say Republicans would retake the House in 22 months, but it's evident he would be among the last to project surprise if it happened.

He repeats a pair of facts — that Republicans have their largest minority in the last half-century and that Democrats now hold 61 districts that President Bush carried twice — with the frequency of someone who has been delivering the same argument to donors helping to retire the committee's $15 million debt.

His pitch is basically this: All variables equal, Republicans have the edge, and they will take the majority again.

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"Believe me, if we could carry every congressional district that the Republican [presidential] nominee carries … I would take it right now, sight unseen, end of the game," Cole said. "And I would bet you we would have the majority."

Cole said the Republican strategy of localizing the election and, at the same time, trying to peg Democrats in conservative districts with the "San Francisco values" of now-Speaker Nancy Pelosi (D-Calif.) was unsuccessful in 2006 and indicated it wouldn't work in 2008 either.

Sen. Hillary Rodham Clinton (D-N.Y.) was mentioned with Pelosi in some of the "San Francisco values" campaign ads and, as a polarizing figure, would seem ripe for a similar tactic if she wins her party's presidential nomination.

Asked about the Pelosi strategy, Cole laughed.

"Sure worked, didn't it?" he said. "We were trying everything. 'All politics is local, except if Pelosi wins it'll be terrible.' … We were just in a fix."

The "all politics is local" mantra, coined by former House Speaker Tip O'Neill and cited frequently by outgoing NRCC Chairman Tom Reynolds (R-N.Y.), is clearly out the door along with Reynolds. Cole shies from maxims, but he also emphasizes that there are "435 Americas" and says that national issues interact with local factors in many different ways.

Cole envisions 2008 being more of an issues-based election — one not dominated by a few select issues as 2006 was by ethics and the Iraq war, but a return to the core principles of the two parties. That's a battle he thinks he can win, because while Democrats have 61 Bush districts, Republicans have only seven Kerry districts.

In fact, Cole ventured that Iraq wouldn't be nearly as big an issue in 2008. This represents a sea change for the party, which in each of the last two cycles touted the war effort and brought resolutions forcing Democratic critics to go on the record.

With President Bush's 21,000-troop surge now on the way, whether it succeeds or fails, the number of troops will likely be "substantially reduced" next year, Cole said.

"We are at the phase where the issue is going to come to a head, and we'll see what happens," he said. "But I'm not sure it will dominate the political landscape."

Amid all his planning for the future, though, Cole has a very important issue to deal with right now. The committee's current debt paralyzes other considerations until it's retired.

"The first year of this stuff is not brain surgery; it's raising money and recruiting candidates," said former NRCC Chairman Tom Davis (R-Va.), whom Cole hired to chair the NRCC's executive committee last week.

Cole reports more than $2 million in commitments so far and hopes to take care of the debt by late spring or early summer. Rep. Phil English (R-Pa.), whom Cole beat out to lead the committee, has been tapped to head the debt-reduction effort.

English said the conference has responded with near-unanimity to the needs of the campaign committee, and he credits Cole with creating that unity.

"So far, he's assembled a cracker-jack team of consultants who I think have the capacity to really revitalize the NRCC," English said. "I am extremely encouraged by the reaction I'm getting asking members to reach into their pockets one more time to reduce the debt."

Cole said members have, for the first time, prior knowledge of how much the committee is going to ask them to give and when it would like to have it, rather than constantly hitting members up for cash.

Among other changes, Cole said he and his top staffers will reevaluate the programs the NRCC has used and that they "are going to a do a lot of changing."

Though light on specifics at this point, Cole did say he would like to expand the Strategic Taskforce for Organizing and Mobilizing People program, or STOMP, which transplants Republican supporters from noncompetitive districts into more competitive, neighboring districts.

He also repeatedly emphasizes that the NRCC will no longer help members who aren't helping themselves. He said Republicans would have won two seats in redistricted Georgia if the party hadn't funded these "political welfare candidates." He wouldn't name names.

Cole said it now is apparent that the field of competitive races is much wider than Republicans previously thought. While Reynolds, to the bitter end, stuck by his assertion that there are about three dozen genuinely competitive races, Cole places the number at about double that amount, and as high as 85.

He mostly declined to talk about specific targets, but did mention repeatedly Kansas's 2nd district as a particularly painful loss and made it clear that the roughly half-dozen seats where Republican corruption led to defeat, including former Rep. Bob Ney's Ohio district and former Rep. Mark Foley's Florida district, will top the list.

He expressed confidence in all the incumbents who survived such a tough election and maintained that things will get better for House Republicans before they get worse.

"You get about one of these a generation," Cole said of the Democrats' 2006 win. "We got ours in '94; they just got theirs. I don't think any of us are due for another one of those very soon. But if so, it's our turn next."

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Two Davids Contemplate N.Y. Goliath (RC)

By Josh Kurtz

Roll Call, January 16, 2007

Good as the 2006 elections were for New York Democrats, one of their few disappointments was their inability to oust Republican Rep. Peter King on Long Island.

Despite facing a young, appealing newcomer, Nassau County Legislator David Mejias (D), King cruised to re-election with 56 percent of the vote. It was the closest race he had had in a decade, but it may not have been close enough to guarantee Mejias a second shot in 2008 — or even ensure that Democratic leaders will target King again this cycle.

"I don't know if the situation will be right for Democratic challengers there in 2008," said one high-ranking Long Island Democrat who did not want to be named.

Mejias — should he choose to run — may face some of the same obstacles in this cycle that he had in the previous one.

Still, the 3rd district is competitive in White House elections, and with 2008 being a presidential year, anything could happen. What's more, there is a spirited special state Senate election under way in Nassau County, and if Democrats capture the open GOP seat next month — even though the Senate district mostly lies within Rep. Gary Ackerman's (D-N.Y.) district — it could provide some momentum for King's challenger heading into 2008.

Joe Galante, a Democratic consultant and town chairman on Long Island, said Mejias has much the same profile as the Democratic nominee in the state Senate race, who also happens to be a Nassau County legislator.

Many Democrats believe that if Mejias had entered the 3rd district race earlier last cycle, he would have done better. A 36-year-old lawyer and son of Cuban immigrants, Mejias did not formally enter the race until mid-May 2006, though he managed to raise more than $900,000 in less than six months. King, who is not the most vigorous fundraiser, spent almost $2 million on his victory, though much of that money had been hoarded from his previous noncompetitive campaigns.

"Mejias certainly ran a respectable race, and if he had gotten in sooner, he would have run a whole lot stronger," said Evan Stavisky, a New York-based Democratic consultant.

Mejias' late entry was due in part to the start-and-stop Congressional candidacy of a colleague on the Nassau County Legislature, David Denenberg (D).

Earlier in the spring, Denenberg had announced his intention to challenge King, but he pulled out of the race just days later after discovering he had polyps on his vocal chords.

"You don't want to start a campaign when you're going to be prevented from talking for a month," he explained last week.

Some Long Island political insiders believe Denenberg actually dropped out because he was worried about being disciplined for prior campaign infractions — according to published reports, his law license recently was suspended for three months after a court determined that he had falsely claimed to have witnessed signatures on campaign petitions.

Whatever his reason for pulling out last year, Denenberg said he once again is contemplating a Congressional run — as is Mejias. But neither is going to start organizing early, because both are up for re-election to their local offices this year, and both represent Republican-leaning districts, meaning neither will have an easy race in 2007.

"To just open up a Congressional committee means you're assuming re-election, and I don't want to assume re-election in a district that's 2-to-1 Republican," Denenberg said.

Mejias said he would explore the 2008 race "down the road" but wants to determine what kind of resources national Democrats are willing to invest to defeat King. In 2006, the Democratic Congressional Campaign Committee touted Mejias' candidacy, but most of the committee's resources in New York were targeted upstate, where Democrats captured three Republican-held seats. Three other upstate GOP incumbents held on by the slimmest of margins.

"We'll see what happens," Mejias said. "A lot of it depends on the priority the national Democratic Party puts on the race."

But whatever tentative steps the two Democrats are taking, there exists a very real possibility that they could be on a collision course again in a 2008 Congressional primary. Denenberg said that the two had spoken before the 2006 campaign and that Mejias had agreed to defer to him. But they have had no such conversations about 2008, he said.

Adding to the intrigue is the fact that the two come from opposing factions in the Democratic Party of Nassau County, which traditionally has been a Republican stronghold. Mejias is close to County Executive Tom Suozzi (D), who had an unsuccessful gubernatorial run last year. Denenberg is aligned with state Assemblyman Tom DiNapoli (D), Suozzi's longtime rival.

Denenberg did not discount the possibility of the two squaring off in a Congressional primary.

"There's good primaries and there's bloody primaries," he said.

He said Mejias' 2006 campaign was driven by Washington, D.C., consultants and fueled by hype from Newsday and The New York Times, both of which broke from tradition and endorsed the challenger over the veteran Congressman.

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But Denenberg also credited Mejias for putting together a solid organization and said he was puzzled that his colleague didn't do better. He said King's surprisingly strong showing gave him pause as he contemplated his own political future.

If Mejias and Denenberg don't run against each other in 2008, they could in 2009, because they also are seen as potential rivals to run for Hempstead town supervisor — a powerful job once held by ex-Sen. Al D'Amato (R-N.Y.) — or even for county executive, if Suozzi chooses not to seek another term.

Despite the potential enmity between Mejias and Denenberg, Stavisky said the fact that two solid local officials are contemplating taking on King has to be seen as progress.

"It's certainly a refreshing change from two years ago, when I don't think anybody was talking about running against Peter King," he said.

"Either Dave is an excellent candidate," Galante agreed.

Still, the confusion on the Democratic side has to hearten the Congressman, who has consistently won despite the swing nature of his district.

"When he's gone," the top-ranking Long Island Democrat said, "that seat is ours."

Iraq Plan Tricky For '08 Aspirants (USAT)

By Jill Lawrence, Usa Today

USA Today, January 15, 2007

WASHINGTON — President Bush's plan to increase the number of U.S. troops in Iraq is putting Republican presidential prospects in a bind as they look ahead to a nomination process dominated by party loyalists.

A year before the primaries start, no one knows how Bush's gamble will play out. For now, polls show Republicans are much more likely than the general public to support Bush, the war and the troop increase.

David Woodard, a GOP consultant and a political scientist at the University of South Carolina, says presidential aspirants need to find a middle ground between the demands of the primaries and the general election. "You cannot cut and run on your two-term president," he says. At the same time, "you've got to position yourself away from Bush."

Two hopefuls, Arizona Sen. John McCain and Kansas Sen. Sam Brownback, have clear-cut and directly opposing positions. McCain has long said more troops are needed to achieve U.S. goals in Iraq. Brownback says more troops are not the answer.

Former New York City mayor Rudy Giuliani and former Massachusetts governor Mitt Romney are offering muted support. Former Arkansas governor Mike Huckabee calls Bush's stance "risky" and "fairly unique to him" and says he doesn't have enough inside information to judge the plan on its merits.

Bush shows no signs of reconsidering. "I fully understand they could try to stop me from doing it," Bush said of Congress in an interview Sunday on CBS' 60 Minutes. "But I've made my decision. And we're going forward."

Though the public overall strongly opposes the Bush plan, 67% of Republicans in a USA TODAY/Gallup Poll this month said they favored committing more troops to Iraq. Only 13% of Democrats and 34% of independents supported the idea. Nearly eight in 10 Republicans said it was not a mistake to send troops to Iraq in the first place; 82% of Democrats and 62% of independents said it was.

McCain has been a leading advocate for a troop increase. He is so identified with the issue that Democratic presidential candidate John Edwards calls Bush's plan to commit 21,500 more troops "the McCain Doctrine."

On Sunday, McCain called Bush's plan "the last chance" for success in Iraq. "This has to work, and I believe it can succeed," he said on CBS' Face The Nation. Last week, asked on CNN about the difference between his views and those of the public, he replied: "I'd rather lose a campaign than lose a war."

Douglas Foyle, an expert on foreign policy and public opinion at Wesleyan University, said the McCain approach is similar to Bush's 2000 campaign refrain that he would do what's right rather than what's popular.

"Being principled and independent is potentially an advantage, politically speaking," Foyle says — but given the way Bush has put it into practice, "that sort of self-description could be a hard sell" for 2008.

Brownback's opposition to additional troops demonstrates independence from Bush but puts him on the same page as white evangelical Republicans, a subgroup that opposed the increase in an AP/Ipsos Poll this month..

Romney sought his middle ground by supporting Bush but stressing the need for measurable goals and his own consultations with generals and troops.

Giuliani said Bush's plan to "clear, hold and build" Baghdad neighborhoods resembled his plan for fighting crime in New York. "You had a low approval rating, but you stood firm," Sean Hannity told Giuliani last week on Fox News Channel. "The key was to analyze these areas correctly," Giuliani said. In Baghdad, as in New York, "you need measures. You need statistics. … If it doesn't work, you've got to put more people in."

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There's a history of presidential candidates trying to hedge their bets on uncertain military actions. Two days after Congress authorized the Persian Gulf War in January 1991, then-Arkansas governor Bill Clinton offered this: "I guess I would have voted for the majority if it was a close vote. But I agree with the arguments the minority made" about giving United Nations sanctions against Iraq more time to work.

Obama, McCain: 2 War Views (CHIT)

By Mark Silva

Chicago Tribune, January 15, 2007

Democratic Sen. Barack Obama, pressing for a phased withdrawal of U.S. forces from Iraq starting in four to six months, said Sunday that President Bush's announced deployment of 21,500 additional U.S. troops amounts to a policy of "stay-the-course-plus."

Republican Sen. John McCain, supporting the president's new war plan while allowing that he cannot "guarantee success" with it, warned that withdrawing U.S. forces will only lead to "catastrophe."

And the president, facing vocal criticism for his troop deployment among influential members of both parties in Congress and public displeasure, vowed to press ahead regardless of congressional opposition to the increase of forces in Iraq.

"I fully understand they could try to stop me from doing it," Bush said in an interview aired Sunday on CBS News' "60 Minutes." "But I've made my decision, and we're going forward."

While Democratic Senate leaders prepare for a non-binding vote opposing the new war strategy, Obama, the Illinois Democrat promising an announcement "pretty soon" about his plans for a 2008 presidential campaign, was careful Sunday to avoid committing to any vote blocking war funding.

"Those of us who object to what I consider to be a disastrous policy on the part of President Bush have put forward a different approach," Obama said. "If we initiate a phased withdrawal, that provides us leverage to make sure the Iraqis are doing what needs to be done to arrive at a political solution."

The senator's reservations about blocking war spending, voiced during back-to-back Obama and McCain interviews on CBS' "Face the Nation," demonstrate the Democrats' intention to show support for those U.S. troops already in Iraq while opposing deployment of any additional forces.

`What is the option?'

McCain, saying, "I think we can make our case in this debate," added: "The opponents of doing this are obligated, in my view, to tell the American people what the option is if we do leave. ... What is the option? It's catastrophe. ... The bloodletting will increase."

The unfolding war debate between Obama and McCain--two of the highest-profile potential candidates for president in 2008--offers a precursor of the terms of a political conflict that is likely to consume much of the campaign discourse for the long year ahead, particularly as the president pursues an escalation of force in a conflict he allows will require more sacrifice.

Some of the leading potential candidates for the Republican nomination, including former Massachusetts Gov. Mitt Romney and former New York Mayor Rudolph Giuliani, are backing Bush's deployment.

"I agree with the president," Romney has said. "Our military mission, for the first time, must include securing the civilian population from violence and terror."

"I believe this is necessary," Giuliani has declared. "The reality is that the strategy now, which we all hope and pray will be successful, is to try and bring about security."

A leading potential candidate for the Democratic nomination, Sen. Hillary Rodham Clinton of New York, and a declared candidate, former Sen. John Edwards of North Carolina, are slamming Bush's deployment.

"The president's Iraq policy has been marred by incompetence and arrogance," Clinton has said.

"The president is profoundly wrong," Edwards has said. "I think escalating the war is a huge mistake."

And while neither Obama nor McCain has made his intentions clear, both were introduced by CBS' Bob Schieffer on Sunday as "two possible presidential contenders in 2008."

Schieffer told them: "My guess is, gentlemen, this is not the last time the two of you will come together to talk about this subject."

With back-to-back interviews, this was not so much a debate between two candidates as it was a laying down of political markers.

"I think the case still needs to be made" for the president's new strategy, McCain said, calling Congress' debate superficial. "This is about a new strategy, of which an increase in troop strength is an integral part."

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Asked about critics labeling an escalation the McCain Doctrine, in a bid to tag the leading Republican contender for the presidential nomination with the war, he said: "I think maybe I could call it the McCain principle--that when I vote to send young men and women into harm's way ... I am committed to seeing it through."

Asked about the looming non-binding vote against the president's war plan, McCain said: "If these people are serious ... then they should vote to cut off ... funding. ... Emotional disapproval I view as purely a political ploy to do further political damage to the president of the United States."

Obama suggested that the debate is not a question of deploying new troops or withdrawing troops today.

"The options are not either total withdrawal or a stay-the-course-plus, which is what the administration is proposing," Obama said. "The specific proposal that I have put forward, which is echoed in the Iraq Study Group, does not call for an immediate and total withdrawal. ... What we have suggested is that we begin a phased pullout."

`We are in the catastrophe'

Obama also said: "One of the things I strongly disagree with [is] this notion that we have future catastrophe to look forward to if we phase down troops," Obama said. "We are in the catastrophe that Sen. McCain talked about now."

Yet Obama, stressing the importance of supporting troops in Iraq, proved reluctant to commit to a vote on blocking funding for Bush's deployment, as Sen. Edward Kennedy (D-Mass.) has proposed.

Meanwhile, Vice President Dick Cheney joined Bush in declaring they were pushing forward with the deployment.

"You cannot run a war by committee," Cheney said on "Fox News Sunday."

When Bush was asked in the CBS interview whether he believed he had the authority to add troops in Iraq despite opposition from the new Democratic majority in Congress, he said: "In this situation, I do, yeah."

He also said he disapproved of how Saddam Hussein's hanging was handled. Afterward, he watched a video of the execution on the Internet, but stopped before the end because "I didn't want to watch the whole thing."

Bush's Troop 'surge' Shapes 2008 Race (CSM)

By Linda Feldmann

The Christian Science Monitor, January 16, 2007

For most Americans, the nation is enjoying a welcome lull between elections – the '06 midterms just ended and the '08 presidential race is too far in the future to contemplate seriously.

But in reality, the jockeying among hopefuls, and potential hopefuls, is fierce, and no more so than over Iraq, as the Bush administration presses ahead with its plan to boost US troops levels there. For now, the biggest impact is on the nomination races within the parties, but if the Iraq war remains the top issue in November 2008, positions candidates take now could prove central to their chances of winning the Oval Office.

For the Democrats, all eyes are on Sen. Hillary Rodham Clinton of New York, who is expected to announce her presidential intentions by the end of the month and who has remained cautious in her criticism of the Iraq war. With more overtly antiwar Democrats running against her, at least one of whom could prove strong in the early nomination battles (former Sen. John Edwards of North Carolina), the question is whether she will feel pressure to ratchet up her opposition to the war to win over the antiwar Democratic base.

And if Sen. Barack Obama (D) of Illinois decides to run, his approach to the war – so far, like Senator Clinton, staying away from the forefront of antiwar opposition in Congress – could affect how Clinton positions herself. Senator Obama is considered potentially the most formidable threat to Clinton's nomination. Having taken his Senate seat in 2005, he did not take part in the October 2002 vote authorizing the war. Clinton voted yes in that vote, and has yet to repudiate her position clearly.

The danger for the former first lady is that a clear repudiation opens her to charges of flip-flopping and being weak on defense. In the short run, backing a planned nonbinding resolution opposing President Bush's escalation of US involvement in Iraq would be a safe position, analysts say. Beyond that, supporting any measures that would restrict funding for US troops would be riskier.

"That's really the critical point – the cutting off of funds – and that will be the dividing line of the candidates, if it comes to pass," says a Democratic Senate aide. "This is the ongoing Democratic dilemma, which they experienced in Vietnam. There was overwhelming sentiment against the war, however, Democrats became branded as an antiwar party and weak when it came to national security."

Another potential hurdle for Clinton could be the strength in Iowa of a Democratic candidate who has already declared – former Senator Edwards. He has repudiated his 2002 vote for the war, and now does not hesitate to talk about blocking funding for an escalation of troops. Mr. Edwards is well-organized in Iowa, where antiwar sentiment is strong among Democrats. If Edwards beats Clinton in the Iowa caucuses next January – the crucial first nominating contest – and then does well in South Carolina, another base of support for him, that would present a major wrinkle in Clinton's chances.

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On the Republican side, the safe position on Bush's troop escalation in Iraq is to support it – after all, a majority of Republicans still support the president – and the top-tier candidates have fallen in line. But if voters perceive that the US is mired in Iraq by the next election, that firm support could prove the death knell for the Republicans' chances of holding onto the presidency.

The presidential aspirations of Sen. John McCain (R) of Arizona, in particular, could live or die by his strong support for the Iraq war and for the addition of troops. He has said as much. For the other top-tier Republican candidates, namely, former New York mayor Rudolph Giuliani and former Massachusetts governor Mitt Romney, both are on board with Bush's plan for now, but as time goes on, it's possible that it would be politically expedient for one or both to shift to a stance that focuses more on winding down US involvement in Iraq. Senator McCain, who has all along called for a larger US presence in Iraq, cannot make that move.

The politically problematic nature of the war for Republicans is reflected in the fact that one announced candidate – Sen. Sam Brownback of Kansas – has carved out a clear position opposing Bush's escalation. Another Republican thinking of running, Sen. Chuck Hagel of Nebraska, is also a leading voice in opposition to the escalation.

Senator Brownback's view presents the unusual scenario of a presidential candidate who is courting both the evangelical vote and the antiwar vote among Republicans. But even if Brownback is considered a long shot for the nomination, his voice in the mix could create pressure on Bush and other Republicans from the right.

"There is not much of an antiwar constituency among evangelicals, but like everyone else, there is a growing concern for how the war is being conducted," says John Green, a senior fellow at the Pew Forum on Religion and Public Life. "Thus, it will be tough for Brownback to premise his campaign on this issue, but it might be a useful ancillary position if the war's unpopularity grows."

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Our Tunnel Vision (WP)

By Richard Cohen

The Washington Post, January 16, 2007

Some years ago, I accompanied John McCain to Vietnam. For him, it was yet another trip to the place where he had been a prisoner of war, but for me it was a first. After we visited Hanoi and Ho Chi Minh City (the former Saigon), McCain and the rest of his party went home. A colleague and I stayed behind to visit the famous Cu Chi tunnels. To the Vietnamese, they are a monument to a lesson they taught us. To us, they are a monument to a lesson we never seem to learn.

Experience -- reporting, we call it in my business -- can be vastly overrated. I went to Bosnia and Croatia during the war there and came away convinced that NATO, which was to say the United States, should stay out of that conflict. I was intimidated by the terrain and horrified by the ethnic enmity. I came away with precisely the wrong lesson. NATO went in and ended the killing.

Ducking into the Cu Chi tunnels might be a similar sort of misleading experience, but I don't think so. Suddenly, I was underground, stooped, gasping for air and intolerably hot. I was experiencing -- just for a short while -- the conditions in which the Vietnamese communists lived for long stretches. The tunnels had sleeping quarters, meeting rooms, kitchens, clinics and even operating rooms where surgeons worked in what had to be miserable conditions.

Those tunnels explained to me why the United States lost the Vietnam War. We were fighting people who cared deeply enough about their cause to live underground, to live in ways that no American could even imagine. The Vietnamese communists would do for their cause what no American would do for ours. They won because they believed. We lost because we didn't. We didn't have to.

I keep those tunnels in mind when thinking about Iraq. Just as I could not imagine living in one of them, I could not imagine being a suicide bomber or a member of a death squad -- or killing someone because he was a Shiite or a Sunni. As there was in Vietnam, there is a piece of Iraq -- its culture, it religions, its history -- that we do not understand. This war has lasted longer than we expected not just because we were inept or understaffed or fired the Baathists or discharged the army -- but because we don't understand the country. For instance, an Iraqi government that reacts lethargically to American proposals moved with surprising alacrity to hang Saddam Hussein. Even late in the game, we didn't see it coming.

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Similarly, we did not notice that in all the hoopla just before Hussein's statue in Baghdad's Firdaus Square came down in 2003, the crowd went silent after an American flag was draped over it. The crowd came to life only when the Iraqi flag replaced it. Had we noticed that, we might have learned something about Iraqi nationalism and the fleeting gratitude awarded to liberators. One minute you're a liberator, the next an occupier.

I have some questions. When politicians and commentators detail all that the Bush administration did wrong, I wonder whether any of it really matters. Would things have turned out differently if we had done everything right? Was Iraq so "broken" we never could have fixed it? Was Hussein's despotism an avoidable tragedy, or was it, instead, a tragic necessity? I wonder about all these things. I tend to think now we never could have made it work.

Now, of course, everyone looks like an idiot. Bremer was an idiot and Garner was an idiot and Rumsfeld and Wolfowitz and Cheney and all the generals, with the exception of Gen. Eric K. Shinseki, who called for lots and lots of troops and was sidelined. But these men are not really idiots. They were merely wrong, sometimes on account of arrogance, but they were doing what they thought was the right thing. They simply didn't know what they didn't know. They didn't know a damned thing about Iraq.

I wish McCain had been at the Cu Chi tunnels with me and my colleague. (I'm sure he's been there at another time.) I would like to have seen his face, measured his reaction. He knows Vietnam far better than I do, but as a prisoner -- not as an insurgent in a tunnel. I would like him -- because I do like him -- to consider whether the remedy for Iraq is not more American troops, as he insists, but fewer and fewer . . . and then none at all. Iraq is not Vietnam, but America is still America -- and we still don't know what in the world we're doing.

cohenr@washpost.com

Echoing King In New York, Edwards Calls For War's End (NYT)

By Thomas J. Lueck

The New York Times, January 15, 2007

Former Senator John Edwards was greeted by thunderous applause in Manhattan yesterday when he called for an immediate pullback of troops from Iraq.

"If you are in Congress and you know this war is going in the wrong direction, it is no longer enough to study your options," Mr. Edwards said, addressing about 2,000 people who had filled the sanctuary of Riverside Church for a service honoring the Rev. Dr. Martin Luther King Jr. He said members of Congress "have the power to prohibit the president from spending money to escalate the war," adding, "Use that power."

Mr. Edwards, the Democratic nominee for vice president in 2004 and now a candidate for president, said yesterday that the government of Iraq must be pressured into taking responsibility for the country's own security.

"The best way for that to happen is for America to make it clear we are leaving Iraq," he said, "and the best way to make clear that we are leaving is to actually start leaving."

Mr. Edwards, who represented North Carolina in the Senate, was the keynote speaker at a memorial service sponsored by Realizing the Dream, a group whose founders include Martin Luther King III.

For some of those who attended, Mr. Edwards's speech may have had added resonance because it was delivered 40 years after Dr. King appeared at Riverside Church to deliver his strongest condemnation of the Vietnam War. In a speech on April 4, 1967, Dr. King described the administration of Lyndon B. Johnson as "the greatest purveyor of violence in the world today."

Mr. Edwards referred to an observation Dr. King made near the beginning of his 1967 address, when Dr. King said, "A time comes when silence is betrayal."

"I believe it is betrayal not to speak out against an escalation of the war in Iraq," Mr. Edwards said, to a standing ovation.

Edwards Echoes King's Anti-war Message (AP)

By Beth Fouhy, Associated Press Writer

AP, January 15, 2007

Democratic presidential candidate John Edwards called on Americans to resist President Bush's planned troop escalation in Iraq, echoing a plea by the Rev. Martin Luther King Jr. 40 years ago to end the Vietnam War.

Edwards addressed about 1,200 parishioners Sunday at Riverside Church, a multiracial, politically active Manhattan congregation where King delivered his famous "Beyond Vietnam" speech on April 4, 1967. King was assassinated exactly one year later.

Edwards spoke from the same wooden pulpit King used and was introduced by King's son, Martin Luther King III. The younger King said his father would have admired Edwards' commitment to fighting poverty.

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The former North Carolina senator and 2004 Democratic vice presidential nominee touched on poverty issues in his speech, as well as AIDS in Africa, energy independence and a proposed boost in the minimum wage.

But he saved his strongest words for the troop increase in Iraq, invoking King's condemnation of the Vietnam War as a betrayal of American values.

"Silence is betrayal, and I believe it is a betrayal not to speak out against the escalation of the war in Iraq," Edwards said to a sustained standing ovation.

It was a high-profile appearance for Edwards on the home turf of Sen. Hillary Rodham Clinton, the Democratic presidential front-runner who has been decidedly more cautious in speaking out against the war and the proposed troop escalation.

Several of Clinton's allies attended the Edwards speech, including fellow New York Democratic Sen. Chuck Schumer, who has already endorsed Clinton's likely presidential bid.

Clinton spent the Martin Luther King holiday weekend traveling to Iraq and Afghanistan.

Two other Democratic presidential hopefuls, Delaware Sen. Joe Biden and Connecticut Sen. Chris Dodd, attended King remembrances in South Carolina. Illinois Sen. Barack Obama, who could join the presidential field as early as this week, was observing the holiday weekend with low-key appearances in Chicago.

Underscoring his previous calls for a troop rollback in Iraq, Dodd said Sunday at a memorial service in Greenville, S.C., "It is time now that we say we have done enough."

Edwards, who declared his candidacy in late December, said Americans must not wait for a change in presidential leadership to demand that American forces be drawn down in Iraq. Bush announced last week he would send an additional 21,500 troops to Iraq in an effort to stabilize the war-torn country; Edwards has called for 40,000-50,000 to be removed.

"We need to show we are serious about leaving, and the best way to do that is to start leaving," he said to applause.

Edwards voted in 2002 to authorize military action in Iraq, as did Clinton, Biden, and Dodd. All but Clinton have forcefully recanted their votes.

Edwards also called on Congress to withhold funding for the troop increase, echoing a proposal announced last week by Massachusetts Sen. Edward Kennedy. Kennedy's plan has been embraced by some other Democrats, including Dodd, but viewed warily by others who see it as unworkable and potentially harmful to troops already serving in Iraq. Clinton and Obama are among those who have not yet indicated they would support Kennedy's approach.

Are Bill's Friends Hill's Friends, Too? (AP)

By Holly Ramer And Mike Glover

AP, January 16, 2007

Sen. Hillary Rodham Clinton didn't reveal whether she plans to run for president when she called Anita Freedman a few weeks ago. "I didn't give her a chance," said Freedman, 79, who displays pictures of the Clintons all over her Portsmouth, N.H., home. "As soon as she said, 'Hi, this is Hillary Clinton,' I said, 'Oh, great! Tell me what we need to do.'"

Six years after leaving office, President Clinton still has plenty of friends in New Hampshire and Iowa, the states that traditionally launch the presidential nominating process.

And, many of the folks known as "Friends of Bill" count themselves as "Friends of Hill," as well. Some, like Freedman, a Democratic national committeewoman regarded by many as one of the matriarchs of the New Hampshire party, are eager to rekindle the flame.

Others, though, remain undecided on the 2008 race or have gravitated toward other candidates. It remains to be seen how much of her husband's network of supporters Mrs. Clinton, now a New York senator, can resurrect or what role they would play if she decides to get into the race, as expected.

Over the years since then-Arkansas Gov. Bill Clinton dubbed himself "the comeback kid" for surviving a personal scandal to finish second in the 1992 New Hampshire primary, the Clintons have not forgotten local Democratic activists who helped them at that critical juncture.

Time and again they have reached out to those same activists and others in early voting states, inviting them to White House events, appointing them to administration posts, and generally remembering them on holidays, birthdays and at important moments in their lives.

When Freedman's husband was dying in 1995, a White House staffer called almost daily to check on him and President Clinton phoned the hospital.

And, when her daughter died two years ago, both Bill and Hillary Clinton called Freedman.

"They have been very nice to me," Freedman said. "I worked very hard for him, I liked everything he stood for, and still do."

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Surviving the close-quarters combat of a presidential campaign in early voting states like Iowa and New Hampshire, where one-on-one retail politics is the game, undoubtedly forges personal bonds. But maintaining and strengthening those bonds is also smart politics, and both Clintons are superb players.

Though Iowa Sen. Tom Harkin's bid for the 1992 nomination gave Bill Clinton and other Democrats an excuse to skip past the state, he later spent considerable time there as president and went well out of his way to build ties with key players.

Joe O'Hern, for example, was a veteran Democratic staffer comfortably ensconced as the Iowa Legislature's House clerk until Republicans seized control of the chamber in 1994, tossing him out of work. He landed on his feet as the Clinton administration's regional administrator for the Department of Housing and Urban Development in Kansas City.

"There are a lot of people in this state who have very fond memories of the Clinton presidency," said O'Hern, who now heads the Iowa Partnership Office for Fannie Mae. "When you have an eight-year term of a Democratic president the number of people who touch that activity is quite large."

There's little doubt that aura extends to Hillary Clinton, O'Hern said.

Bonnie Campbell is a former Iowa attorney general who was named to run the Violence Against Women office in the Department of Justice after losing a bid for governor in 1994, a post that allowed her to travel often with Hillary Clinton.

"I got a chance to watch her operate on both a national and international level," said Campbell. "She's pretty dazzling."

While nostalgia and personal ties may play to Sen. Clinton's advantage, Democrats stress that it's the quality of the candidate herself that's earned their support.

Nancy Richards-Stower, a New Hampshire attorney, said she'll work just as hard for Sen. Clinton as she did for Clinton's husband.

Richards-Stower recalled her first meeting with Mrs. Clinton at a restaurant where her husband was making his first campaign appearance in New Hampshire. As they climbed a staircase, Mrs. Clinton mentioned how eager she was to campaign for her husband.

"Mrs. Clinton, forgive me, but you've not done a New Hampshire campaign before," Richards-Stower told her. "The people you need to get aboard the campaign are going to want to spend time with your husband, not you."

Clinton responded by pinching a sizable section of her own hand.

"Nancy, my skin is this thick," she said. "If you think that I shouldn't do an event, I'd like you to tell me."

"Of course, the very first event she did was a sellout crowd," Richards-Stower said, laughing at how much she underestimated the wife who would like to become the nation's first female president.

"If Bill Clinton died tomorrow, would Hillary still win? Absolutely," she said. "That's how we were introduced to Hillary, but that's not why we're supporting her."

While not all the activists who labored for Bill Clinton will return for another Clinton campaign, many remain friendly and helpful.

Des Moines lawyer Jerry Crawford, for example, who headed both Bill Clinton's campaigns in Iowa, is backing Iowa Gov. Tom Vilsack this time, though he's spoken with Sen. Clinton's advisers to offer his thoughts.

"I have nothing but respect and admiration for Sen. Clinton and she is going to be a force in the Iowa caucuses," said Crawford. "It's a pretty interesting dynamic. You can go whole cycles without seeing a couple where both halves enjoy their own base."

New Hampshire Democratic Party Chairwoman Kathy Sullivan points out that her state has changed considerably since the Clintons first campaigned there.

The current top five Democrats in the state — governor, two members of Congress, the state Senate president and House speaker — were not politically active in 1992, Sullivan said.

"If I'm a presidential candidate, those are the five people I'd want to be talking to," she said. "So I think you can't rely on the old friendships, especially because among those old friends, a number of them have become removed over the years from politics."

Former Keene, N.H., mayor Pat Russell now serves on the state Liquor Commission. Though she had the same first impression of both Clintons — bright, sophisticated and moving in the right direction — she hasn't made up her mind about 2008. And she worries about re-igniting the ethics and personal turbulence of the later years of the Clinton administration.

"From my gut, I just don't know," she said. "I don't want all that stuff to be brought up against her. I'm just afraid the press is going to nail her. I know that sounds like a mother, but I am a mother."

Obama Inches Closer To Announcing (CHIT)

By David Mendell

Chicago Tribune, January 16, 2007

DOJ_NMG_0116613

U.S. Sen. Barack Obama inched closer to revealing his intentions about running for president on Monday, adding a "very" to the "soon" in his assessment about when an announcement will come.

"We will have an announcement very soon," Obama (D-Ill.) told reporters outside St. Mark Cathedral in Harvey after delivering an emotional keynote speech to celebrate Martin Luther King's birth.

Prefacing his address in the church, Obama turned to media crews and declared that he was "not making news today" about a run for the Oval Office.

In recent weeks, Obama has sought advice from a widening circle of political advisers and has hired staff in key states.

Even if many blacks view Obama as the premier political leader, he said that the day of celebration for King would have been the wrong moment to declare whether he will seek the presidency in 2008.

"I didn't want to use this day to indicate my plans because I am humbled by what Dr. King accomplished," he said. "I don't think that whatever my political plans are, [they] are comparable to the heroic struggles that he went through, and I don't want to draw false parallels."

Obama said that he is weighing issues such as his personal safety and loss of privacy but hinted that those matters would not affect his decision.

"Everybody in public life, at this point, has some concerns. The fact that my profile is higher at this point than certainly it was a couple of years ago raises those concerns," he said.

"Finding out that there was a photographer lurking in the bushes when I was playing on the beach with my kids is a source of concern. But that's not going to stop me from doing what I think is best for the country and how I can best serve."

Biden Wants Confederate Flag Off Grounds (AP)

By Jim Davenport

AP, January 16, 2007

Democratic presidential hopeful Joseph Biden said Monday he thinks the Confederate flag should be kept off South Carolina's Statehouse grounds.

The comments by the U.S. senator from Delaware on a day of events celebrating Dr. Martin Luther King Jr.'s legacy came as a potential Democratic presidential candidate, Sen. Barack Obama, evoked the memory of the slain civil rights leader.

"As I recall, Dr. King wasn't hanging out in Manhattan, Dr. King wasn't hanging out in Beverly Hills," Obama told a King remembrance service in an economically depressed south Chicago suburb.

Introducing Obama, an Illinois senator, the Rev. Jesse Jackson told a crowd at the annual King scholarship breakfast, "it's a long, nonstop line between the march in Selma in 1965 and the inauguration in Washington in 2009."

Screaming admirers managed to get Obama's autograph after he advocated removing troops from Iraq, rebuilding struggling areas such as the suburb of Harvey where he was speaking and increasing civic activism and calling on people, especially fathers, to be better parents.

In Columbia, S.C., more than six years after the Confederate flag was taken down from the Capitol dome, its location in front of the Statehouse remains an issue.

"If I were a state legislator, I'd vote for it to move off the grounds — out of the state," Biden said at an NAACP march and rally at the Statehouse.

Jim Hanks stood across from the South Carolina Statehouse with about 35 Confederate flag supporters.

"We love this flag. We love our heritage," said Hanks, of Lexington.

Some carried signs saying: "South Carolina does not want Chris Dodd," referring to the Connecticut senator who, along with Biden, attended the National Association for the Advancement of Colored People rally at the Statehouse.

On Sunday, Dodd told The Associated Press at a King remembrance service in Greenville that the Confederate flag belongs in a museum.

"I don't think it belongs on the Capitol grounds," Dodd said.

In 2000, as the NAACP began a South Carolina tourism boycott, the flag was flying on the Capitol dome and in House and Senate chambers. Legislators agreed to take the flag down that year, but raised the banner outside the Statehouse beside a Confederate soldiers monument.

Biden expects legislators here will eventually move the flag. Pointing to his heart, he said, "as people become more and more aware of what it means to African-Americans here, this is only a matter of time."

Napolitano's Dilemma (RC)

By David M. Drucker

Roll Call, January 16, 2007

DOJ_NMG_0116614

Sen. John McCain (R-Ariz.), a frontrunner for the Republican presidential nomination, could create a dilemma for Arizona Gov. Janet Napolitano (D) should he win the presidency in 2008 and leave her the task of appointing his Senate replacement.

Arizona law mandates that the governor replace a prematurely departed Senator — but requires him or her to choose an individual who is a member of the same political party as the departing lawmaker.

This begs the question: Which Grand Canyon State Republican does Napolitano enlist to replace McCain, particularly if she has designs on running for Senate herself in 2010, when McCain's seat is up and she will be termed out of office?

Arizona Democrats speculate that Napolitano — whether for personal political reasons or in response to the pressure she likely would be under from Democrats nationally — would select a capable Republican from among her many high-profile GOP supporters to serve as a caretaker, ensuring that the seat is open in 2010.

One Arizona Democrat who is a close observer of Napolitano said the governor definitely has ambitions not limited to her current job. This Democrat envisions Napolitano serving as a member of the president's Cabinet if a Democrat wins the 2008 election or running for Senate in 2010, when she will be termed out of office.

"I think she'll want to do something," this Democrat said about Napolitano, who is not married and is just 49 years old. "She's got the bug. This is her life."

Napolitano's chief spokeswoman Jeanine L'Ecuyer would say only that the governor is focused on the job at hand, with Democrats in Arizona noting that she has been particularly disciplined when it comes to keeping quiet about her future plans.

However, L'Ecuyer disputed the speculation that Napolitano would place politics above competence should McCain win the presidency next year and she be forced to appoint another Republican to replace him. L'Ecuyer noted that of Napolitano's 28 cabinet members, 13 are Republicans, 13 are Democrats and two are Independents.

"She picks who she thinks is best for the job," L'Ecuyer said. "I can't see any reason why she would approach this any differently."

Garrick Taylor, a spokesman for the Arizona Republican Party, disputed Napolitano's reputation for being a moderate Democrat who emphasizes getting things done over political expediency.

The governor's agenda, Taylor said, has been shaped by an Arizona Legislature controlled by conservative Republicans that has put the brakes on Napolitano's liberal priorities, more than it has by her desire for moderation.

Taylor also took issue with L'Ecuyer's contention that Napolitano would appoint the most qualified Republican to replace McCain in the Senate, should he win the presidency in 2008.

"She would make an appointment that would make the best sense for her political career," Taylor said.

According to Arizona law, whomever Napolitano appoints would have to stand for election in the next regularly scheduled general election contest, if that person wanted to maintain the seat past that point. The winner of that race then holds the seat until the election in which the departed Senator would have been up for re-election.

Because the next general election after 2008 coincides with the end of McCain's current Senate term, the seat would be open in 2010, unless Napolitano's Republican appointee chooses to run for it outright.

If she chose an appointee from among her Republican supporters as some insiders speculate, it's possible this individual could be drafted from her cabinet, if not the group of well-known Republicans who endorsed her 2006 re-election bid.

Among them are former Arizona Attorney General Grant Woods (R) and Jack Jewett (R), a Tucson businessman and longtime member of the state Board of Regents. Current elected officials who backed Napolitano last year include Flagstaff Mayor Joe Donaldson (R) and Phoenix City Councilman Tom Simplot (R).

If Napolitano turned to her cabinet to replace McCain, she'd have 13 choices, including Bill Bell, director of the state administration department; Susan Gerard, director of the state Health Services Department; Don Butler, director of the state Agriculture Department; Pat Chorpenning, director of the state Veterans' Services Department; and Gale Garriott, director of the state Revenue Department.

If Napolitano decides to run for Senate in 2010, most big-name Democrats probably would defer to her. If she doesn't run, Democratic Reps. Gabrielle Giffords and Raúl Grijalva, and state Attorney General Terry Goddard (D) could be candidates.

Gingrich Sees Error In Pull Of Voter Base (WT)

By Ralph Z. Hallow, The Washington Times

The Washington Times, January 15, 2007

Newt Gingrich, who is considering a bid for the 2008 Republican presidential nomination, says his party's biggest mistake is thinking that the way to a lasting majority is to emphasize its conservative voter base.

Polls show the former House speaker trailing Sen. John McCain of Arizona and former New York Mayor Rudolph W. Giuliani among Republican voters nationwide, but well ahead of former Massachusetts Gov. Mitt Romney. Republicans seeking a strong conservative challenger to Mr. McCain are urging Mr. Gingrich to run.

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Mr. Gingrich is still popular among Republican loyalists, although some say his bruising battles with the Clinton administration in the 1990s have damaged his presidential prospects.

At age 63, the Georgia Republican continues to look to the future. He was asked in an interview with The Washington Times last week about his most important contribution to the conservative movement. He replied: "It is a long way from being done, so I don't know that I can answer that."

Mr. Gingrich blames a flawed strategy for Republicans' loss of a congressional majority that Mr. Gingrich was credited with winning in 1994. He said his party can still build a durable governing majority, but first must abandon the strategy of Karl Rove, the White House political director who has emphasized direct appeals to the party's base.

"A base-motivation party inherently, in the long run, drives away the non-base,"Mr. Gingrich said.

The better way, he says, is to define the opposition on specific issues so that the Democrats are exposed as espousing views shared by a small minority of voters.

If in 2004 Republicans had "defined John Kerry on 53 issues" that Mr. Gingrich identified, only 17 out of every 100 voters would have sided with Massachusetts Democrat on those issues, he said.

Mr. Kerry still "would have gotten 40 percent of the total vote because of the ethnic patterns that you can't break, but he could have become a George McGovern," the Democrat who lost in a landslide to President Nixon in 1972.

Mr. Nixon's re-election margin over Mr. McGovern was 23.2 percentage points. Mr. Bush's 2.5 percentage point margin over Mr. Kerry was the smallest for a victorious incumbent president in U.S. history.

Mr. Gingrich said Republican strategist Lee Atwater helped Vice President George Bush advance to the presidency in 1988 by defining Democratic challenger Michael S. Dukakis as representing a minority of Americans on issues from abortion and flag burning to the death penalty and gun control.

It was Mr. Gingrich's relentless effort to define Democrats as proprietors of a corrupt welfare state that marked his long march to power. He was hailed as a political genius after the 1994 election that ended 40 years of Democratic control of the House. But after Republicans' unexpected losses in the 1998 midterm elections, Mr. Gingrich resigned from Congress.

After another devastating midterm election last year, some Republicans have renewed appreciation for Mr. Gingrich's conservative style. A poll of Republican voters in North Carolina, for instance, shows the former speaker with 29 percent support, compared with 30 percent for Mr. Giuliani, 22 percent for Mr. McCain and 4 percent for Mr. Romney. Mr. Gingrich now talks optimistically about prospects for building a broader Republican base.

"Ronald Reagan understood that arguments should be made where we have huge advantages with virtually all Americans," Mr. Gingrich said. "He was brilliant at avoiding base-narrowing appeals and emphasizing base-broadening appeals."

Mr. Gingrich noted polls showing conservative advantages on values issues such as the Pledge of Allegiance -- "the right to say 'one nation under God' is supported by 91 percent of the American people" -- and "overwhelming" opposition to human cloning.

"Reagan taught us to have a banner of bold colors, not pale pastels," Mr. Gingrich said. "Now we have to propose bold solutions based on those bold colors."

In ’08 Race, Hopefuls Bag Early Support (HILL)

By Elana Schor

The Hill, January 16, 2007

The first debates of the 2008 presidential campaign are fast approaching, leaving dark horses and favorites to take their marks and improve their odds with familiar handicappers: fellow politicians.

A single endorsement can hold a high value for candidates, whether formally declared or not, as they craft a strategy for the media and fundraising derby that is a White House bid. Following a week dominated by bipartisan criticism of President Bush’s planned troop increase in Iraq, which Sen. John McCain (R-Ariz.) has supported, McCain changed the conversation yesterday by naming Minnesota Gov. Tim Pawlenty (R) the national co-chairman of his presidential exploratory committee.

“I think our country needs somebody who can bring this country back together — it’s polarized — and do that without violating core principles or values,” Pawlenty, whose reelection in November was a bright spot for the GOP, told Fox News yesterday.

Republicans will hold their 2008 nominating convention in Pawlenty’s home state, fueling speculation that an alliance with the McCain camp would put the governor on the shortlist for a vice presidential or Cabinet nod. But Pawlenty said yesterday he would remain focused on Minnesota.

Snagging the bona fides of a rising party star such as Pawlenty is one thing, but winning over lawmakers from states with early primaries in 2008 can provide an even bigger boost. Both senators from New Hampshire, where the latest polls show McCain and former New York City Mayor Rudolph Giuliani ahead among Republicans, are staying mum on their allegiances.

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"My focus in the 2008 election is on my race," said Sen. John Sununu (R-N.H.), a top target for Senate Democrats looking to build their majority. "I'm staying focused on my work here."

Still, Sununu said he has not stayed out of the early White House jockeying entirely, befitting New Hampshire's pride in its primary's longtime first-in-the-nation status. The senator — whose father, a former governor, endorsed President Bush in 2000 — said he has met with most of the possible Republican presidential contenders and given them counsel on how to gain entrée to the state's GOP networks.

"I want them to have good exposure to the voters of New Hampshire … to make sure they're heard," Sununu said.

Sununu has allied with McCain in the past on measures from the elimination of Internet access taxes to last year's floor fight over same-sex marriage and the 2005 battle over McCain's amendment to limit abusive tactics used against terrorism suspects. During an MSNBC appearance in October, McCain listed Sununu among fellow senators who would make strong running mates for a likely presidential bid.

Several former aides to senior Sen. Judd Gregg (R-N.H.) have backed Mitt Romney's GOP presidential run, but Gregg demurred when asked whether he would be the next to lend counsel to the departing Massachusetts governor.

"Mitt is one of our strong candidates," Gregg said in an interview late last week, adding, "McCain is obviously the favorite right now. … There are a lot of good people I could list." Yet Gregg left little doubt that he would ultimately join the fray: "There's no point in being from New Hampshire and staying out of it."

South Carolina, another early-primary state, has split its Republican senators, with rising freshman Jim DeMint going for Romney and senior Lindsey Graham supporting McCain. In Iowa, Sen. Chuck Grassley (R) has said he will hold off on endorsing until later in the contest, while Democratic Sen. Tom Harkin almost certainly will link up with departing Gov. Tom Vilsack's (D) long-shot bid.

Nevada, a new factor in presidential figuring with its mid-January 2008 caucus, will play host to a series of Democratic candidate forums starting next month. There, however, Senate Majority Leader Harry Reid (D-Nev.), is unlikely to come forward with an endorsement any time soon, given the challenges of steering the closely divided Senate.

National Republican Senatorial Committee chief Sen. John Ensign (Nev.) said he would refrain from giving any colleague his endorsement because of his new post.

No matter where a candidate ranks in early presidential polls, the vocal support of a home-state colleague helps to capture the media's attention. Yet Sen. Chris Dodd (D-Conn.) cannot count on Independent Democrat Sen. Joseph Lieberman (Conn.), as Lieberman told MSNBC last Thursday.

Lieberman attributed his decision to stay off the 2008 trail to a desire to focus on the Senate, but Dodd's support for surprise Democratic Senate nominee Ned Lamont during last year's general election race aroused Lieberman's public dismay. No such divisions exist in Delaware, where Sen. Tom Carper (D) will back fellow Sen. Joseph Biden Jr.'s (D) campaign.

"If [Biden] goes for it," Carper said last week, his endorsement will be in the offing. "I think he's serious about running, and I think he'll do a fine job."

New Mexico Gov. Bill Richardson (D) can count on home-state Sen. Jeff Bingaman's (D-N.M.) support if he decides to formally enter the 2008 race, as Bingaman has said recently. Sen. Charles Schumer (D) has made a similar promise to fellow New York Sen. Hillary Rodham Clinton (D), and Senate Majority Whip Dick Durbin (Ill.) has enthusiastically called for junior cohort Sen. Barack Obama (D-Ill.) to run.

Perhaps the most potent charm in a successful courtship of one state's delegation, however, is attention to the local political climate. With that mind, Biden and Dodd have augmented their appeal to party organizations in early-primary states by generously giving at the state level.

Biden's Unite Our States PAC dished out $105,000 last cycle to state Democratic candidates and groups in Iowa, New Hampshire, South Carolina and Nevada, while Dodd's CHRIS PAC sent $102,750, according to the Center for Responsive Politics. Neither Clinton's nor Obama's leadership PAC made significant state-level donations during the 2006 election season, the center's data showed.

Among Republicans, Romney's Commonwealth PAC has given to GOP committees in 23 West Virginia counties, reflecting awareness of that state's unique and early-peaking online primary vote. Sen. Sam Brownback (R-Kan.), billing himself as the true social conservative in the 2008 field, sent $7,000 to political committees in early-primary states.

McCain, however, overpowered his competition with more than $350,000 in contributions in Iowa, New Hampshire, South Carolina and Michigan, one of his two strongholds during the 2000 presidential battle, according to the center.

A Dark Horse's War Edge (WP)

By E. J. Dionne Jr.

The Washington Post, January 16, 2007

DOJ_NMG_0116617

Mike Huckabee, who just stepped down as Arkansas governor, is the brightest star among Republican presidential dark horses.

It's not just because he, like a certain other Arkansan, has ties to a town called Hope, or because he lost 105 pounds and has written a popular diet book. And it's not only because he is mastering a conservative form of triangulation blending religious conservatism with policy pragmatism.

Huckabee, if he chooses to run for president in 2008, has another asset: While front-runners John McCain and Rudy Giuliani have placed large bets on the success of President Bush's Iraq policy, Huckabee has maintained what you might call loyal distance.

This is what Huckabee said in an interview last week when I asked him about the surge: "The honest answer for me is that I'm not subjected to the same piles of military and diplomatic information and intelligence that he has, and I'm going to have to trust that the advice that he's based his decision on as commander in chief is good. I don't honestly know. I hope it's right. I have to hope that, because there are going to be people from my state that are going to be asked to go and make it right."

There was also this: "The president's plan is one that sort of lays it all out there for him. If it works, then thank God, we may have a stable Iraq and we'll finally be able to start a complete turnover to them. If it doesn't, you know he's really put a lot of things at risk, including the lives of young Americans."

The words that stand out are " for him." The president is taking this risk himself, not on behalf of the entire Republican Party. If Republicans want a conservative nominee who has never attacked Bush on Iraq but can still signal a change in direction, Huckabee could be their man.

Huckabee is the Republican to watch, especially if former governor Mitt Romney of Massachusetts doesn't gain traction. Like Romney, Huckabee was a governor and can brag about expanding health coverage in his state (even if Romney's plan was bolder).

But Huckabee is also a Southerner with unassailable Christian evangelical credentials: A Baptist minister, he attended Ouachita Baptist University and was president of the Arkansas Baptist State Convention.

Huckabee makes the case that he was an effective governor who happens to be a serious evangelical, not the other way around. "I'm unapologetic with the conservative evangelicals, and pro-life," he said. "But if people look at my record, what they're going to see is that the focus of my time as governor was education reform . . . transportation . . . health initiatives. . . ."

An aide helpfully interjects "large tax cuts," and after talking about those, Huckabee goes on: "I think the Republicans have got to be engaged in the protection of the environment. We've not been on the front of that. We need to be. From my perspective, that's a position that I ought to have not only as a Republican conservative but as an evangelical. Evangelicals ought to be concerned about the stewardship of the Earth."

If it all works, Huckabee would become The Next New Republican Thing: an affable evangelical who talks about issues that secular and middle-of-the-road voters care about. The potential downside -- "by trying to please everyone, will Huckabee please no one?" -- was nicely captured a couple of years ago by the Arkansas Times, a progressive paper that will be must-reading if Huckabee runs. "Will moderates who like his positions on health care and education be turned off by his uncompromising social conservatism?" the paper asked. There's the rub.

What Huckabee understands better than most Washington-based Republicans is why, with the call-ups of so many National Guard members and reservists, the Iraq war is creating such apprehension, even in the conservative heartland.

"When a person is in a Guard unit, two months ago, he was selling nails in a hardware store or he was a police officer on the beat or he was a schoolteacher. . . . And he's probably a little older, and he has kids, and he's well established in the community. When he's killed, the impact has dramatic effect in that community because they didn't expect that this citizen-soldier was going to be subject to that prospect.

"That's why I think that what we're seeing is that there is very strong support for the soldiers," he concludes, "but there's a lot of angst about the war itself." And that's why a faithful Republican with no ties to Bush's Iraq policy could be very popular come 2008.

Confederate Flag Should Go, 2 Presidential Hopefuls Say (MBSN/MCT)

By Aaron Gould Sheinin

Myrtle Beach (SC) Sun News, January 16, 2007

COLUMBIA, S.C. - The Confederate flag doesn't belong on the State House grounds in South Carolina, two presidential hopefuls said Monday at the King Day at the Dome march and rally.

U.S. Sen. Chris Dodd, D-Conn., told the estimated 5,000 people crowded onto the Capitol's north lawn that the rebel banner is not what the country is fighting for.

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"As a state that has provided so many of your sons and daughters who have served in the military uniform of our country, thank you for your sons and daughters, South Carolina," Dodd said.

"Let me also tell you, they are dying for a country whose symbol is the flag of the United States of America. And in South Carolina, the flag that ought to fly is the flag of the United States of America."

U.S. Sen. Joe Biden, D-Del., also spoke at the rally, and said if he were a member of the S.C. General Assembly, "I'd vote for it to move off the grounds, out of the state."

In an interview with The State newspaper afterward, Biden said once people realize how much pain the Confederate flag causes African-Americans, the banner will be moved off the State House grounds.

The NAACP's King Day march and rally began in 2000 to protest the Confederate flag, which at the time was flying atop the State House.

Later that year, lawmakers struck a compromise that lowered it from the dome and raised it on a new flag pole by the Confederate Soldiers Monument at Gervais and Main streets.

The flag has continued to be a political hot potato for Democrats and Republicans. U.S. Sen. John McCain, R-Ariz., was criticized by fellow Republicans during the 2000 presidential campaign for disparaging the Confederate flag.

For Democrats, however, black voters can make up more than 50 percent of the primary vote, making opposition to the flag an important issue. Both Biden and Dodd referenced the Rev. Martin Luther King Jr.'s legacy of tolerance and peace.

"Dr. King brought hope," Biden said. "Not just to black folks, but to white boys like me. He brought hope to a whole generation."

Both senators were well received by the NAACP crowd. But across Gervais Street, Confederate flag supporters were holding a counterprotest. When Dodd and Biden spoke, the flag supporters raised signs that said, "Yankee go home!"

And Biden and Dodd were not the only presidential hopefuls to be mentioned Monday.

When the Rev. Charles White Jr., director of the NAACP's national field operations, invoked the name of U.S. Sen. Barack Obama, D-Ill., the crowd erupted.

Obama is the freshman lawmaker considering a presidential bid. The son of an African father and a white American mother, Obama has garnered great attention and would likely attract support of many black voters.

Joseph Biden Can Now Strut His Stuff (RC)

By Donna Brazile

Roll Call, January 16, 2007

It used to be hard not to turn off the TV or switch cable channels when Sen. Joseph Biden (D-Del.) had the microphone. Not this time. As chairman of the Senate Foreign Relations Committee, Biden has one of the best seats in Congress to help shape and influence America's role in the world. Take the nationally televised hearing last week featuring none other than Secretary of State Condoleezza Rice.

This was his moment, and for a while I worried that Biden would harken back to the old days when he got "lost in translation." This time, he was prepared and conducted himself like a seasoned statesman. He also got some leading Republicans, such as Sen. Chuck Hagel (Neb.), to air their strong opposition to President Bush's new mission or strategy to stabilize Iraq.

Although this is Biden's moment, he shares it with others running for president. At a time when Congress is preparing to debate the merits of this new (if you can call it different from what has been tried and proved unsuccessful before) strategy, Biden appears ready to push for a "Plan B" — if and when this current strategy fails to produce the outcome the president believes is necessary to declare victory and bring our troops home.

As fresh new troops arrive in Baghdad this week for a mission that remains in flux, the newly emboldened Congress must hold the Bush administration accountable and Biden must continue to press for a sound and effective policy shift. Still, the challenge is for the chairman to spend some quality time with his colleagues to help forge a consensus policy and a way forward, while at the same time continuing to establish his credentials as someone worthy of top-tier candidate status. Although potential rivals surround Biden on both sides of the dais — Hagel and Democratic Sens. Chris Dodd (Conn.), Barack Obama (Ill.) and John Kerry (Mass.) — only he, as chairman, has the opportunity to lead and forge a consensus around an alternative option, or Plan B. Biden's moment won't be judged by how his sound bites play on a given day, as compared with Obama's, Dodd's or Kerry's, but whether, over the coming weeks, he can produce a policy. If so, he leaps to the top tier.

For weeks, Biden strongly and forthrightly has opposed the new troop surge and has provided crucial leadership at a critical time on a matter of great national importance. When others have chosen to equivocate, testing the wind before taking a stance, Biden has shown courage and fortitude in his vocal opposition. For many Americans, who both oppose the surge and

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care about our troops and the right outcome in Iraq, Biden has an opportunity to strut his stuff and to come out of this process with a new cadre of fans.

Although Biden's alternative plan for decentralizing/partitioning Iraq did not get any traction from the Iraq Study Group, it did play an important role in the 2006 elections by offering Democrats who opposed both "stay the course" and "cut and run" another alternative to highlight. This at a time when most Republicans and some in the media were quick to say, "Democrats offer no alternative."

With Biden's regular TV appearances and his frank criticism of the administration's terrible incompetence in managing the Iraq War, Biden offered to Democrats and Republicans alike another alternative.

Perhaps the 33-year veteran of the Senate was at his best during the second day, in what is expected to be three more weeks of hearings, when Biden parsed no words and said, "We have tried this kind of escalation twice before, in Baghdad. It failed. If we try it again, it will fail again. ... In all my years in the Senate, I don't think we have faced a more pivotal moment. Failure in Iraq will not be confined to Iraq — it will do terrible damage to our ability to protect American interests all over the world, and for a long time to come."

And he's right. Even the Republicans know he's right. At that same committee meeting, GOP Sens. Hagel, Lisa Murkowski (Alaska), John Sununu (N.H.) and George Voinovich (Ohio) all voiced deep skepticism, if not outright opposition, to the president's plan. Hagel said, "It is not in America's national interest to increase our troop presence in Iraq. The president's strategy will cost more American lives, sink us deeper into the bog of Iraq making it more difficult to get out, cost billions of dollars more, further strain an American military that has already reached its breaking point, further diminish America's standing in the Middle East, and continue to allow the Iraqis to walk away from their responsibilities."

For now, Biden must continue to lead Democrats to help forge a bipartisan consensus on finding a way out of Iraq. It's his committee, along with the Armed Services Committee, that must defend and protect our troops and stop the escalation of the conflict in Iraq.

We all support a stable, peaceful Middle East, but the nation now is looking to Congress to help lead us there without sacrificing more of our troops. And after Congress has paved that new road to stability, it's men like Joseph Biden who will be in a position to go to the voters in those early primary and caucus states and tell their stories.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

Nevada Is Game For '08 Caucuses (LAT)

By Mark Z. Barabak

Los Angeles Times, January 15, 2007

The state's Democrats have unique concerns that 2008 candidates ignore at their peril.

LAS VEGAS — Forget the jokes about caucusing in brothels, or trawling for votes amid the slot machines and blackjack tables along the neon-drenched Strip.

When Democratic presidential hopefuls come calling on Nevada, the real challenge will be the party faithful they find in this independent-minded state, which will host the West's first nominating contest in a little over a year.

Democrats here like guns, loathe taxes and see nature as a source of fun and profit, not a place that some Washington bureaucrat should lock away. And skip the Rust Belt rhetoric about all those manufacturing jobs fleeing to China and Mexico. Economic issues require a different approach in a state that has boomed for the last 40 years.

"If you give the same speech on the economy in Nevada that you give in Iowa, you're going to seem out of touch," said Eric Herzik, who teaches political science at the University of Nevada in Reno.

"A lack of knowledge," he added, "can offend quicker than anything."

Nevada represents the leading edge in a political shift, as the Rocky Mountain West becomes the new battleground in presidential politics. Democrats, hoping to bring a fresh voice to their nominating process and give candidates a head start on the fall campaign, have set Nevada's caucuses for Jan. 19, 2008.

It is the first time any Western state has had so much influence so early: Nevada will go second, after the Iowa caucuses begin the presidential balloting a few days earlier. And if the state's leading Democrats have their way, what happens in Vegas won't stay in Vegas.

"This is seen as a very, very unique opportunity to get the presidential candidates on the record on Western issues and put them in the national arena early," said Billy Vassiliadis, one of Nevada's political power brokers and the impresario behind Las Vegas' sly marketing slogan. "Instead of talking about manufacturing jobs and farm subsidies, we'll be discussing public lands, infrastructure needs, ranching, mining and water, water, water."

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On Saturday, Senate Majority Leader Harry Reid (D-Nev.) and national labor leaders announced plans for five candidate forums in Nevada, starting next month in Carson City.

For some Democrats, campaigning here may require them to learn a new way of talking — starting with the pronunciation of the state. It's Ne-VAD-uh, not Ne-VAH-duh, which may seem like a small thing unless you live here.

Beyond that, Nevada is a state with a strong libertarian streak. Burdened with a hostile terrain, it found its salvation in sin: gambling, legal prostitution (outside the metropolitan areas) and quickie marriages and divorces. Although that makes for a broad-minded social policy, it also translates into an aversion toward big government and its costs.

There is no state income tax, no corporate or inheritance taxes and no great affection for Nevada's major overseer, the federal government, which control's 90% of the state's land. That makes the environment, usually a Democratic strong suit, a tricky issue.

"People will say we can't allow species to be exterminated," said Chris Wicker, chairman of the Washoe County Democratic Party in Reno. "But they're not going to march in the street for the desert tortoise."

Other national issues play differently as well. Talk of energy independence focuses on wind and solar power, not corn-based ethanol, which fuels the discussion in the Midwest. It's fine to discuss gun safety — more than one in three Nevada households keep at least one firearm — but don't bring up anything that impinges on gun ownership.

Economic concerns, such as transit, land-use and water policy, stem from Nevada's staggering growth — each month, about 5,000 people move to the Las Vegas area alone. The exact number is uncertain — experts can't keep up — and the political ramifications are also unclear.

Many of the newcomers are Latinos attracted by an abundance of service-industry jobs. But they register to vote in relatively small numbers. Senior citizens also make up a large percentage of new arrivals, but many combine social conservatism with a reliance on big government programs such as Social Security.

"It's a mystery," said Michael Green, a historian who has written several books on Nevada.

The issues are nothing like the challenges that confront fading sections of the Northeast. Danny Thompson, head of Nevada's AFL-CIO, jokes that "the tower crane is the state bird." On a recent day, more than a dozen of the construction towers were visible from Tropicana Avenue, where the Statue of Liberty meets a gargantuan MGM lion on the Las Vegas Strip.

In addition, Nevada has its own set of issues, particularly nuclear waste disposal. For more than 20 years, state politicians have fought the federal government over a proposed radioactive dump at Yucca Mountain, a ridge of volcanic rock and ash about 90 miles northwest of Las Vegas. With Reid leading the fight as Senate majority leader, the only question is how vehement fellow Democrats will be in their opposition.

Gaming — as gambling is called here — is another crucial issue. Any attempt to increase the industry's hefty tax burden, or ban wagering on college sports, would not be welcomed. And candidates stumping in the rural north would do well to appreciate the resentment many feel toward the rapidly expanding, water-guzzling south. (Think San Francisco versus Los Angeles)

"It's more a fight across geographic lines than between the parties," Herzik said.

The state's Democrats face their own challenge in building a caucus system from the desert floor up. (The GOP is still deciding its nominating calendar; some jealous Nevada Republicans would like to push their vote forward to match Democrats' early start.)

Four years ago, about 8,500 Democrats participated in Nevada's caucuses, which fell in mid-February, after the nomination was more or less decided. There were 17 voting sites, or one per county, in a state that sprawls over nearly 110,000 square miles — much of it vast stretches given over to scrub and wild horses.

In 2008, organizers hope to provide about 1,000 voting sites for as many as 100,000 Democrats, with most of the action expected in the population centers of Las Vegas and Reno.

Organized labor helped lure the Democrats to Nevada — the state is one of the few places where membership is growing — and unions are expected to play a major role in the caucuses, even before delivering any endorsements. Thompson said labor hoped to turn out more than a quarter of its 200,000 statewide members and had begun compiling an events calendar so that if visiting candidates want to, say, address a group of seniors, they can find a forum.

The Democrats have hired experienced hands from Iowa to oversee the caucuses, along with a team of national political strategists. The state's gambling industry and other business interests are being tapped to finance the operation. Nobody wants to stumble in the spotlight, or embarrass Reid, Nevada's senior Democrat.

Still, it is unclear how vigorously the Democratic presidential hopefuls will compete. No one is abandoning Iowa or New Hampshire — the leadoff caucus and primary states, respectively — to take up residence in Sparks or Elko. But no one is talking about ignoring Nevada, either. A one-two sweep of Iowa and Nevada could make nationally known candidates such as Sen. Hillary Rodham Clinton of New York, Sen. Barack Obama of Illinois or former Sen. John Edwards of North Carolina unstoppable heading into New Hampshire's primary, tentatively set for three days after Nevada's caucuses.

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Other Democratic hopefuls have their own incentives to do well. For former Iowa Gov. Tom Vilsack, Nevada could provide an important test of strength outside his home state. For New Mexico Gov. Bill Richardson, Nevada offers a chance to capitalize on his standing as the lone Westerner in the Democratic field.

"The West is crucial for Democrats," said Mike Stratton, a Richardson advisor who served on the committee that retooled the party's nominating calendar. "Candidates will have to understand the Western ethos and they'll have to speak it."

For all Nevada's differences, there are some topics that visiting Democrats will recognize. Immigration has begun to boil as an issue — the state's Latino population has grown by 44% in the last five years. The war in Iraq is a concern. And, like voters everywhere, Nevadans care about jobs, education, affordable healthcare and a comfortable retirement.

"You'll be talking to different people than in Iowa and New Hampshire, no doubt," said Jon Ralston, the state's leading political pundit. "But there are plenty of blue-collar workers in union halls. And, hey, showgirls and blackjack dealers are people, too."

New Orleans Feels Pain Of Mental Health Crisis (USAT)

By Peter Eisler

USA Today, January 15, 2007

NEW ORLEANS — Sixteen months after Hurricane Katrina tore this city apart, a hidden sort of damage is emerging. Local officials see it in reports of suicides, strokes and stress-related deaths. They see it in the police calls for fights and domestic violence. They see it in the long waiting lists for psychiatric care that they have no way to provide.

These days, life in the Big Easy isn't easy at all. Everyone from the mayor to the people staffing the public health clinics sees it: New Orleans is facing an unprecedented mental health crisis — and the city has no way to deal with it.

The obvious problems only fuel the more subtle ones. About half of the city's 450,000 pre-Katrina residents have yet to return, according to the mayor's office, and entire neighborhoods remain filled with boarded-up homes and businesses. For those who have come back, everything is hard, and the challenges seem endless: lining up contractors, getting basic services restored, even finding neighborhood places to buy groceries, clothes and gasoline.

Now, many fear the situation could worsen. "This couple of months is our most critical time period. … New Year's, Mardi Gras, Easter, and if people need (mental health) services right now, there really is almost no place to go," says Kevin Stephens, director of the city Health Department.

"We've got families that have been split up for months, families that lost their homes, crammed in small trailers. … People have lost their jobs, their support system," he adds. "There's a heaviness. And we're seeing a much, much higher incidence of mental illness."

How bad is the situation? The suicide rate in the first four months after Katrina rose almost 300% over pre-storm levels, according to coroner's office statistics. In a survey after the hurricane by the Centers for Disease Control and Prevention, 26% of respondents said at least one person in their family needed mental health counseling — but less than 2% were getting any. Even now, police data show that emergency calls involving people who need psychiatric treatment continue to come in at a rate about 15% higher than before Katrina.

Stephens and other top officials in the city's ravaged mental health system say their anecdotal experience suggests those numbers reveal only a fraction of the problem. Depression, post-traumatic stress disorder and anxiety are rampant, they say. People with schizophrenia, bipolar disorder and other chronic mental illnesses are unraveling because they can't get the treatment they need.

The city has virtually no capability to respond. In all of New Orleans, only a few dozen hospital beds remain available for inpatient psychiatric services, down from more than 300 before Katrina. A survey last spring, cited in the Journal of the American Medical Association, found only 22 of 196 practicing psychiatrists had returned to the city since the storm.

Stephens' health department hasn't been immune. Staffing has dropped from 300 to about 60, he says. One of his nurses who tended evacuees in the Superdome during the storm is among the suicides.

"It's not the Katrina event that is really hurting us; it's the recovery, the aftermath," Mayor Ray Nagin said in an interview last month with USA TODAY. "Our citizens are under tremendous stress. The pain of what's going on in our community, particularly with our seniors, is unbearable almost."

'Everything is so hard'

Before Katrina, Desiree Johnson had a decent job in the billing department of a local insurance company office. She had a good place to live, plenty of friends and extended family nearby.

"I was just living a normal life," she says.

When Katrina crashed ashore Aug. 29, 2005, almost 10 feet of water filled Johnson's house. She and her family fled, some to Houston, some to Indiana, some to places unknown. They just got on any buses that would take them out of New Orleans.

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Now, Johnson, 41, is living with her grown daughter and infant grandson in a trailer provided by the Federal Emergency Management Agency. It sits in front of her flood-ravaged home on a block of mostly empty buildings. She has no job. Money is tight. She doesn't have a local grocery store anymore.

"There's so much stress," she says. "We still have family members scattered all over. My son's in Texas, my mother's in Indiana, my grandmother's in Mississippi. Every year, we all get together for the holidays, for Thanksgiving, Christmas." This year, for the first time, she says, the family didn't do that.

Even if the family could overcome the costs and logistical hurdles of bringing everyone back, she says, "we don't even have a place to get together. You can't find contractors to fix your house, and the ones you do find, it's hard to make sure they don't rip you off. We don't even have a phone in the trailer."

Around Thanksgiving, Johnson realized she couldn't cope. She looked for help, but there were no doctors left in her neighborhood. Finally, she found her way 7 miles across town to the Chartres-Pontchartrain Behavioral Health Clinic, one of the public mental health clinics that has reopened since the storm. She was diagnosed with depression and put on medication.

She has been coming in regularly since and seeing a counselor. "I never had depression before; I didn't really know what to expect," she says. "I feel a little better."

But "better" is a relative term in Johnson's upside-down world. "It's still hard, everything is so hard," she says. "In my area, there's basically nobody back. It's just us, maybe one person in this house or that house. … Sometimes I still just don't know how we're going to make it. On TV, it looks like our city is OK, but it's not like that."

Facilities stretched thin

Chartres-Pontchartrain is one of only two public health clinics in New Orleans that weren't destroyed by Katrina. Six others have reopened (the last two just came back this month). Four of those are in temporary trailers, and none is fully staffed. Still, because many of the city's privately practicing psychiatrists and psychologists haven't returned — and hospital services for the mentally ill are all but shut down — the clinics are the only option for thousands in the city.

"We're stretched very thin," says Jerome Gibbs, executive director of the Metropolitan Human Services District, the state-funded agency that runs the public mental health system in greater New Orleans.

At the reopened clinics, "we're having trouble with staffing, (and) we have tremendous resource needs. And we're finding that there are large numbers of people who need services that aren't even making it in."

The same pattern is emerging at the few non-governmental clinics that are trying to share the load.

At the Behavioral Sciences Center, an outpatient facility run by the psychiatry department at the Louisiana State University medical school, caseloads are running about double what they were last year, according to Howard Osofsky, chairman of the LSU department of psychiatry. More than 100 people are on waiting lists for treatment.

At least those people have some hope: For the sickest of patients — those needing hospitalization — the problems are worse. Until August, not a single public inpatient psychiatric bed could be found in New Orleans. Since then, the New Orleans Adolescent Hospital (NOAH), an LSU-run psychiatric hospital that usually provides youth services, has converted 20 of its 35 beds to treat adults. Those beds and about 20 others at private facilities are the only ones in the city.

"The lack of beds is a monumental problem — when you have people in crisis and no way to care for them, it strains all of the system," Gibbs says.

Many people who need acute care for mental health problems are sent out of town for hospitalization, sometimes at facilities 100 miles away. That often means more problems later.

"If you have to send someone out of the community for treatment, where you don't have family involved, and you don't have the ability to do follow-up treatment when they get back, you end up with … a lot more follow-up problems," Osofsky says.

Sitting in a wheelchair in her small room at NOAH, Eileen Dorn has trouble seeing herself as lucky. But at least she has a bed, a place to stay, at a time when she knows she can't make it alone.

Dorn, 45, has a long history of severe depression and other mental health problems. Before the storm, she lived with her mother. She survived on Social Security disability payments and spent her days listening to her favorite talk shows on the radio, writing fan mail to the hosts and watching television.

Dorn stayed in the city during Katrina, but she and her mother were evacuated in its wake. Dorn ended up at a Houston nursing home; her mother went to a nursing home elsewhere in Texas, where she remains.

"I was so lonely. I thought that if I came back to a hotel someone would be here to help me figure out how to get a place," she says. "When I came back, I needed a support system, counselors. But I couldn't find anything. It was desperation, frustration. It was terrible panic and fear."

Dorn ended up on the street. Eventually, she was picked up and given one of the 20 inpatient beds that had opened at NOAH. Today, she probably would be sent somewhere outside the city.

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Dorn's ward is far from homey. The walls are bare, paint peeling in places. Her room has a desk and a small single bed. The TV is in the common room.

But it's clean, and the staff is dedicated and friendly, Dorn says. She has spinal problems, which make moving difficult, yet she says she is getting medication, regular counseling and, most important, a sense that she's not alone. "It's been better here," she says. "I still don't know where I'll go after this; I try not to think about it. But I feel safe here. And that's better."

Measuring the demand for mental health services in New Orleans today is difficult. Few records are kept. With only 20% of the city health department's staff having returned since the storm, those who remain are focused on restoring day-to-day services.

Stephens had a staffer review death notices published in the local paper since Katrina. Before the storm, there were fewer than 900 death notices a month, the review found. Now, it's about 1,300 a month, he says.

The next step, still unfinished, is figuring out how many of the deaths are stress-related — suicides, strokes, heart attacks. Stephens says those figures will give him leverage to seek state and federal help. "We know the numbers are up; we think they're way up," he says. "But we don't have good data."

Even without numbers, mental health workers say they know there's a crisis. "We hear anecdotal accounts of hospitals turning away people who come in seeking mental health services because they're not able to treat them," says Mark Townsend, an LSU psychiatry professor who sees patients at NOAH.

Townsend says many people with chronic mental health conditions are coming into hospitals, trying in vain to get medication because their regular psychiatrists have not returned. He's also heard of families bringing loved ones to hospitals for commitment, only to turn away after learning that their relative would be sent out of town.

"It's really hard to capture in words how dire the situation is," Townsend says. "We need help."

51% Of Women Are Now Living Without Spouse (NYT)

By Sam Roberts

The New York Times, January 16, 2007

For what experts say is probably the first time, more American women are living without a husband than with one, according to a New York Times analysis of census results.

In 2005, 51 percent of women said they were living without a spouse, up from 35 percent in 1950 and 49 percent in 2000.

Coupled with the fact that in 2005 married couples became a minority of all American households for the first time, the trend could ultimately shape social and workplace policies, including the ways government and employers distribute benefits.

Several factors are driving the statistical shift. At one end of the age spectrum, women are marrying later or living with unmarried partners more often and for longer periods. At the other end, women are living longer as widows and, after a divorce, are more likely than men to delay remarriage, sometimes delighting in their newfound freedom.

In addition, marriage rates among black women remain low. Only about 30 percent of black women are living with a spouse, according to the Census Bureau, compared with about 49 percent of Hispanic women, 55 percent of non-Hispanic white women and more than 60 percent of Asian women.

In a relatively small number of cases, the living arrangement is temporary, because the husbands are working out of town, are in the military or are institutionalized. But while most women eventually marry, the larger trend is unmistakable.

“This is yet another of the inexorable signs that there is no going back to a world where we can assume that marriage is the main institution that organizes people’s lives,” said Prof. Stephanie Coontz, director of public education for the Council on Contemporary Families, a nonprofit research group. “Most of these women will marry, or have married. But on average, Americans now spend half their adult lives outside marriage.”

Professor Coontz said this was probably unprecedented with the possible exception of major wartime mobilizations and when black couples were separated during slavery.

William H. Frey, a demographer with the Brookings Institution, a research group in Washington, described the shift as “a clear tipping point, reflecting the culmination of post-1960 trends associated with greater independence and more flexible lifestyles for women.”

“For better or worse, women are less dependent on men or the institution of marriage,” Dr. Frey said. “Younger women understand this better, and are preparing to live longer parts of their lives alone or with nonmarried partners. For many older boomer and senior women, the institution of marriage did not hold the promise they might have hoped for, growing up in an ‘Ozzie and Harriet’ era.”

Emily Zuzik, a 32-year-old musician and model who lives in the East Village of Manhattan, said she was not surprised by the trend.

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“A lot of my friends are divorced or single or living alone,” Ms. Zuzik said. “I know a lot of people in their 30s who have roommates.”

Ms. Zuzik has lived with a boyfriend twice, once in California where the couple registered as domestic partners to qualify for his health insurance plan. “I don’t plan to live with anyone else again until I am married,” she said, “and I may opt to keep a place of my own even then.”

Linda Barth, a 56-year-old magazine editor in Houston who has never married, said, “I used to divide my women friends into single friends and married friends. Now that doesn’t seem to be an issue.”

Sheila Jamison, who also lives in the East Village and works for a media company, is 45 and single. She says her family believes she would have had a better chance of finding a husband had she attended a historically black college instead of Duke.

“Considering all the weddings I attended in the ’80s that have ended so very, very badly, I consider myself straight up lucky,” Ms. Jamison said. “I have not sworn off marriage, but if I do wed, it will be to have a companion with whom I can travel and play parlor games in my old age.”

Carol Crenshaw, 57, of Roswell, Ga., was divorced in 2005 after 33 years and says she is in no hurry to marry again.

“I’m in a place in my life where I’m comfortable,” said Ms. Crenshaw, who has two grown sons. “I can do what I want, when I want, with whom I want. I was a wife and a mother. I don’t feel like I need to do that again.”

Similarly, Shelley Fidler, 59, a public policy adviser at a law firm, has sworn off marriage. She moved from rural Virginia to the vibrant Adams Morgan neighborhood of Washington, D.C., when her 30-year marriage ended.

“The benefits were completely unforeseen for me,” Ms. Fidler said, “the free time, the amount of time I get to spend with friends, the time I have alone, which I value tremendously, the flexibility in terms of work, travel and cultural events.”

Among the more than 117 million women over the age of 15, according to the marital status category in the Census Bureau’s latest American Community Survey, 63 million are married. Of those, 3.1 million are legally separated and 2.4 million said their husbands were not living at home for one reason or another.

That brings the number of American women actually living with a spouse to 57.5 million, compared with the 59.9 million who are single or whose husbands were not living at home when the survey was taken in 2005.

Some of those situations, which the census identifies as “spouse absent” and “other,” are temporary, and, of course, even some people who describe themselves as separated eventually reunite with their spouses.

Over all, a larger share of men are married and living with their spouse — about 53 percent compared with 49 percent among women.

“Since women continue to outlive men, they have reached the nonmarital tipping point — more nonmarried than married,” Dr. Frey said. “This suggests that most girls growing up today can look forward to spending more of their lives outside of a traditional marriage.”

Pamela J. Smock, a researcher at the University of Michigan Population Studies Center, agreed, saying that “changing patterns of courtship, marriage, and that we are living longer lives all play a role.”

“Men also remarry more quickly than women after a divorce,” Ms. Smock added, “and both are increasingly likely to cohabit rather than remarry after a divorce.”

The proportion of married people, especially among younger age groups, has been declining for decades. Between 1950 and 2000, the share of women 15-to-24 who were married plummeted to 16 percent, from 42 percent. Among 25-to-34-year-olds, the proportion dropped to 58 percent, from 82 percent.

“Although we can help people ‘do’ marriage better, it is simply delusional to construct social policy or make personal life decisions on the basis that you can count on people spending most of their adult lives in marriage,” said Professor Coontz, the author of “Marriage, a History: How Love Conquered Marriage.”

Besse Gardner, 24, said she and her boyfriend met as college freshmen and started living together last April “for all the wrong reasons” — they found a great apartment on the beach in Los Angeles.

“We do not see living together as an end or even for the rest of our lives — it’s just fun right now,” Ms. Gardner said. “My roommate is someone I’d be thrilled to marry one day, but it just doesn’t make sense right now.”

Ms. Crenshaw said that some of the women in her support group for divorced women were miserable, but that she was surprised how happy she was to be single again.

“That’s not how I grew up,” she said. “That’s not how society thinks. It’s a marriage culture.”

Elissa B. Terris, 59, of Marietta, Ga., divorced in 2005 after being married for 34 years and raising a daughter, who is now an adult.

“A gentleman asked me to marry him and I said no,” she recalled. “I told him, ‘I’m just beginning to fly again, I’m just beginning to be me. Don’t take that away.’ ”

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“Marriage kind of aged me because there weren’t options,” Ms. Terris said. “There was only one way to go. Now I have choices. One night I slept on the other side of the bed, and I thought, I like this side.”

She said she was returning to college to get a master’s degree (her former husband “didn’t want me to do that because I was more educated than he was”), had taken photography classes and was auditioning for a play.

“Once you go through something you think will kill you and it doesn’t,” she said, “every day is like a present.”

Intelligence In The Classroom (WSJ)

By Charles Murray

The Wall Street Journal, January 16, 2007

Education is becoming the preferred method for diagnosing and attacking a wide range problems in American life. The No Child Left Behind Act is one prominent example. Another is the recent volley of articles that blame rising income inequality on the increasing economic premium for advanced education. Crime, drugs, extramarital births, unemployment -- you name the problem, and I will show you a stack of claims that education is to blame, or at least implicated.

One word is missing from these discussions: intelligence. Hardly anyone will admit it, but education's role in causing or solving any problem cannot be evaluated without considering the underlying intellectual ability of the people being educated. Today and over the next two days, I will put the case for three simple truths about the mediating role of intelligence that should bear on the way we think about education and the nation's future.

Today's simple truth: Half of all children are below average in intelligence. We do not live in Lake Wobegon.

Our ability to improve the academic accomplishment of students in the lower half of the distribution of intelligence is severely limited. It is a matter of ceilings. Suppose a girl in the 99th percentile of intelligence, corresponding to an IQ of 135, is getting a C in English. She is underachieving, and someone who sets out to raise her performance might be able to get a spectacular result. Now suppose the boy sitting behind her is getting a D, but his IQ is a bit below 100, at the 49th percentile.

We can hope to raise his grade. But teaching him more vocabulary words or drilling him on the parts of speech will not open up new vistas for him. It is not within his power to learn to follow an exposition written beyond a limited level of complexity, any more than it is within my power to follow a proof in the American Journal of Mathematics. In both cases, the problem is not that we have not been taught enough, but that we are not smart enough.

Now take the girl sitting across the aisle who is getting an F. She is at the 20th percentile of intelligence, which means she has an IQ of 88. If the grading is honest, it may not be possible to do more than give her an E for effort. Even if she is taught to read every bit as well as her intelligence permits, she still will be able to comprehend only simple written material. It is a good thing that she becomes functionally literate, and it will have an effect on the range of jobs she can hold. But still she will be confined to jobs that require minimal reading skills. She is just not smart enough to do more than that.

How about raising intelligence? It would be nice if we knew how, but we do not. It has been shown that some intensive interventions temporarily raise IQ scores by amounts ranging up to seven or eight points. Investigated psychometrically, these increases are a mix of test effects and increases in the underlying general factor of intellectual ability -- "g." In any case, the increases fade to insignificance within a few years after the intervention. Richard Herrnstein and I reviewed the technical literature on this topic in "The Bell Curve" (1994), and studies since then have told the same story.

There is no reason to believe that raising intelligence significantly and permanently is a current policy option, no matter how much money we are willing to spend. Nor can we look for much help from the Flynn Effect, the rise in IQ scores that has been observed internationally for several decades. Only a portion of that rise represents an increase in g, and recent studies indicate that the rise has stopped in advanced nations.

Some say that the public schools are so awful that there is huge room for improvement in academic performance just by improving education. There are two problems with that position. The first is that the numbers used to indict the public schools are missing a crucial component. For example, in the 2005 round of the National Assessment of Educational Progress (NAEP), 36% of all fourth-graders were below the NAEP's "basic achievement" score in reading. It sounds like a terrible record. But we know from the mathematics of the normal distribution that 36% of fourth-graders also have IQs lower than 95.

What IQ is necessary to give a child a reasonable chance to meet the NAEP's basic achievement score? Remarkably, it appears that no one has tried to answer that question. We only know for sure that if the bar for basic achievement is meaningfully defined, some substantial proportion of students will be unable to meet it no matter how well they are taught. As it happens, the NAEP's definition of basic achievement is said to be on the tough side. That substantial proportion of fourth-graders who cannot reasonably be expected to meet it could well be close to 36%.

The second problem with the argument that education can be vastly improved is the false assumption that educators already know how to educate everyone and that they just need to try harder -- the assumption that prompted No Child Left Behind. We have never known how to educate everyone. The widely held image of a golden age of American education when

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teachers brooked no nonsense and all the children learned their three Rs is a myth. If we confine the discussion to children in the lower half of the intelligence distribution (education of the gifted is another story), the overall trend of the 20th century was one of slow, hard-won improvement. A detailed review of this evidence, never challenged with data, was also part of "The Bell Curve."

This is not to say that American public schools cannot be improved. Many of them, especially in large cities, are dreadful. But even the best schools under the best conditions cannot repeal the limits on achievement set by limits on intelligence.

To say that even a perfect education system is not going to make much difference in the performance of children in the lower half of the distribution understandably grates. But the easy retorts do not work. It's no use coming up with the example of a child who was getting Ds in school, met an inspiring teacher, and went on to become an astrophysicist. That is an underachievement story, not the story of someone at the 49th percentile of intelligence. It's no use to cite the differences in test scores between public schools and private ones -- for students in the bottom half of the distribution, the differences are real but modest. It's no use to say that IQ scores can be wrong. I am not talking about scores on specific tests, but about a student's underlying intellectual ability, g, whether or not it has been measured with a test. And it's no use to say that there's no such thing as g.

While concepts such as "emotional intelligence" and "multiple intelligences" have their uses, a century of psychometric evidence has been augmented over the last decade by a growing body of neuroscientific evidence. Like it or not, g exists, is grounded in the architecture and neural functioning of the brain, and is the raw material for academic performance. If you do not have a lot of g when you enter kindergarten, you are never going to have a lot of it. No change in the educational system will change that hard fact.

That says nothing about the quality of the lives that should be open to everyone across the range of ability. I am among the most emphatic of those who think that the importance of IQ in living a good life is vastly overrated. My point is just this: It is true that many social and economic problems are disproportionately found among people with little education, but the culprit for their educational deficit is often low intelligence. Refusing to come to grips with that reality has produced policies that have been ineffectual at best and damaging at worst.

Charles Murray is the W.H. Brady Scholar at the American Enterprise Institute. This is the first in a three-part series, concluding on Thursday.

Mr. Ehrlich's Legacy (WP)

The Washington Post, January 16, 2007

ROBERT L. Ehrlich Jr., the only incumbent governor to lose his job in the fall elections, begins a new life as a private citizen this week, having spent two decades holding elective office in Maryland as a state lawmaker, a congressman and, for the past four years, chief executive. As governor he compiled a mixed record, distinguished by a number of significant achievements but diminished by misjudgments and self-inflicted wounds.

A Republican, Mr. Ehrlich was defeated in November by a popular Democrat in a solidly Democratic state in an overwhelmingly Democratic year. In other words, his loss was not exactly a personal repudiation, and even in defeat he remained broadly popular with Maryland voters. His appeal is partly a tribute to his charisma, which is of the regular guy, former football captain variety, and partly the result of his good fortune to govern during a period of robust economic growth.

Mr. Ehrlich was friendly to business interests -- too friendly for some tastes -- but hardly dogmatic in his Republicanism. That was evident in his innovative idea of imposing a broad-based fee on households, the so-called flush tax, to pay for upgrades in sewage plants that spill pollutants into the Chesapeake Bay. It was evident, too, in his admirable record of granting pardons and commutations for convicted criminals. For a Republican in a state dominated by Democrats, he appointed plenty of Democrats to positions in his administration.

Mr. Ehrlich's detractors tend to take some of his successes for granted, such as his forging ahead with the highway to connect Interstates 270 and 95 north of the District or enacting legislation authorizing charter schools in Maryland. But in the case of the highway -- the intercounty connector -- the governor had to overcome decades of inertia and political opposition to revive the project and secure the necessary approvals. And in the case of charter schools, he went ahead despite the opposition of some local school boards. Taken together, the fruits of Mr. Ehrlich's pragmatic determination will be more options for Maryland motorists, parents and students.

Still -- and we say this despite having endorsed him for reelection -- in other ways his is a disappointing legacy, tainted by the sense that he could have accomplished more. He was a poor manager of his relations with the legislature, and that sapped what modest political capital he brought to the job. Always ready to personalize political fights, he reveled in partisan conflict when sober dealmaking and restrained rhetoric would have better served his interests.

In valedictory interviews, Mr. Ehrlich has spoken, at times bitterly, about the toxic partisanship that has supplanted what he remembers with nostalgia as the bipartisan comity of his days as a young lawmaker in Annapolis in the late 1980s.

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Unfortunately, he was no small contributor to the partisan venom. In a state such as Maryland, that was a serious miscalculation, and it did nothing to improve his reelection chances. Neither did some of the battles he picked, including futile ones to expand legal gambling in the state, to freeze out a reporter at the Baltimore Sun whom he disliked and to sell off state-owned land to a well-connected developer.

Mr. Ehrlich says there's little he would do differently if he had it to do over again. That means that he's either too stubborn to admit mistakes publicly or that he didn't learn much from four years in office. We hope it's the former.

Rice Arranges Meeting Between Olmert, Abbas (WT)

By Nicholas Kralev

The Washington Times, January 16, 2007

LUXOR, Egypt -- Secretary of State Condoleezza Rice said yesterday she will convene a three-way meeting with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas in the next few weeks to begin discussions on setting up a Palestinian state.

Miss Rice's announcement, made after talks with Egyptian President Hosni Mubarak in the southern city of Luxor, came a day after she pledged deeper U.S. engagement in trying to resolve the Israeli-Palestinian conflict.

"I will soon meet with Prime Minister Olmert and with President Abbas to have discussions about the broad issues on the horizon, so that we can ... try and accelerate the 'road map' and to move to the establishment of a Palestinian state," Miss Rice said at a press conference with Egyptian Foreign Minister Aboul Gheit.

The road map is a U.S.-backed and internationally supported peace plan that would lead in three stages to a Palestinian state.

Miss Rice, who is on a Middle East tour, was vague about the timing of the three-way meeting, but a senior State Department official traveling with her said it would most likely take place within three or four weeks.

"This is not just another meeting," the official told reporters on the flight to Luxor from Tel Aviv. The Israelis and the Palestinians "haven't sat down for six years to talk about issues as ambitious as looking at what would be necessary to get a Palestinian state."

Mr. Olmert told lawmakers of his Kadima party in Jerusalem after meeting with Miss Rice in the morning that the trilateral session "will not be a replacement for the bilateral negotiations" with the Palestinians.

Miss Rice said she wanted to use the momentum created by a Dec. 23 meeting between Mr. Olmert and Mr. Abbas but also said she has "no intention of supplanting what is a developing, fruitful channel bilaterally."

"We will see when American presence is needed," she said.

The secretary, who came to the region to rally support for President Bush's plan to send more than 21,000 additional U.S. troops to Iraq, has gone out of her way to assure her hosts that Washington will be more involved in the Israeli-Palestinian peace process.

"I have heard loud and clear the call for deeper American engagement in these processes," she said after meeting with Mr. Abbas at his headquarters in the West Bank city of Ramallah on Saturday. "You will have my commitment to do precisely that."

Miss Rice said the discussions on a Palestinian state will be held "within the context of the road map." But by jumping to the plan's third phase -- Palestinian statehood -- she is effectively bypassing the second phase, which calls for a provisional state with temporary borders.

The moribund first phase called for a halt to Palestinian violence and to Israeli settlement activity. The violence has continued, and Israel's Housing Ministry said yesterday it will build 44 new residential units in Maale Adumim, the largest settlement in the West Bank.

Israeli officials proposed moving quickly to the second phase in the last days of 2006, but Mr. Abbas made it clear to Miss Rice on Sunday that he would not agree to such an interim arrangement, fearing that any temporary borders might become permanent.

Mr. Gheit said he views the Olmert-Abbasmeeting last month and the proposed session with Miss Rice as part of a "stabilization phase" that would set the stage for true negotiations between the two sides.

He also expressed "support" for Mr. Bush's Iraq strategy, which would increase U.S. troop levels to about 153,500, and called on the Iraqi government to increase its own forces and do more to quell sectarian violence.

"We are supportive of that plan, because we are hopeful that [it will] ensure the stability, unity and cohesion of the Iraqi government," Mr. Gheit said.

"We are hopeful that the plan would lead toward the dismantlement of whatever terror organizations, as well as the military militias, that are tormenting the Iraqi scene."

Miss Rice flew to Saudi Arabia last night and is scheduled to visit Kuwait today.

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Rice Plans A Joint Meeting With Mideast Leaders (NYT)

By Thom Shanker And Greg Myre

The New York Times, January 16, 2007

LUXOR, Egypt, Jan. 15 — Secretary of State Condoleezza Rice announced Monday that she would call together Israeli and Palestinian leaders within the next month for what she described as a high-level, yet informal, meeting in hopes of pushing along moribund peace efforts.

The announcement was one tangible development to emerge from her visit to Israel and the Palestinian areas. She held talks with Prime Minister Ehud Olmert of Israel early Monday in Jerusalem, a day after a session with the Palestinian Authority president, Mahmoud Abbas, in the West Bank city of Ramallah.

"I will soon meet with Prime Minister Olmert and with President Abbas to have discussions about the broad issues on the horizon, so that we can work on the road map to try and accelerate the road map and to move to the establishment of a Palestinian state," Ms. Rice said, referring to the stalled peace plan for the region.

She announced the three-way meeting during a news conference at this Nile resort after consultations with President Hosni Mubarak of Egypt and his foreign minister.

The offices of the Israeli and Palestinian leaders are only about 10 miles apart, but Ms. Rice met separately with the two men, both of whom have been weakened politically. Mr. Olmert's approval ratings are dropping after what many viewed as the clumsy military offensive during the summer to counter Hezbollah attacks from Lebanon. Mr. Abbas is battling for his political survival after the militant group Hamas swept to power a year ago and took control of the Palestinian legislature.

Ms. Rice was pressed to explain reasons for optimism in resolving an Israeli-Palestinian dispute that has defied both Republican and Democratic administrations — and at a time when the region is roiled with conflict.

"Before we say that this is going to end in frustration, let's be glad that after six years and a long time that the parties want to engage in an informal set of discussions about the future between them," Ms. Rice said.

She announced the Israeli-Palestinian talks as she began three days of meetings with Sunni Arab allies in the region — Egypt, Saudi Arabia and the Persian Gulf states — to rally support for President Bush's new military and diplomatic strategy in Iraq.

While Ms. Rice and her senior aides said there was no quid pro quo, Arab governments are eager to show their populations that some progress is being made in resolving Palestinian grievances before they endorse, let alone offer concrete support, to the new Bush administration effort to salvage victory in Iraq.

Ms. Rice spoke several times of how the two sides could discuss a "political horizon" to energize their peace efforts. The Palestinians have used this phrase on occasion to emphasize the need for some sort of timetable for achieving statehood.

American and Israeli officials declined to define what might be viewed in this distant "political horizon." But the new language appears to be an effort to cast talks on the future course of Israeli-Palestinian relations in a hopeful light even before the two sides fulfill specific, intermediate steps required by the internationally agreed "road map" framework to resolve their disputes.

The road map is a 2003 plan backed by the United Nations, Russia, the United States and the European Union that lays out sequential steps to be carried out by Israelis and Palestinians on the way to reaching a final political settlement. Neither side has met its obligations under the plan, which stalled immediately after it was introduced.

In the first phase, Israel is to freeze settlement activity and the Palestinians are to break up militant groups. On Monday, the Israeli government published plans to build 44 additional homes in Maale Adumim, the largest West Bank settlement, just east of Jerusalem.

But officials for all three governments to be involved in the informal meeting said these broader discussions to energize their peace efforts would not be allowed to replace the international "road map" agreement.

"I am very clear that the one thing that you do not want to do is to try to rush to formal negotiations before things are fully prepared, before people are fully prepared," Ms. Rice said. "But that doesn't mean that there can't be progress as we're moving along."

There was no immediate decision about when or where the three-way meeting would take place, or what the agenda might be.

David Baker, an official in the Israeli prime minister's office, said Mr. Olmert and Ms. Rice on Monday "spoke about ways to generate momentum between Israel and the Palestinians."

Ms. Rice's subsequent meetings here with Mr. Mubarak and his senior aides were held along the Nile, not far from the ancient temple complex of Luxor. The ruins date to the greatest era of the pharaohs, but their delicately carved walls and heroic

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statues have been reshaped over the centuries by designs of other conquering powers — including empires that likewise have fallen to history, including those of Alexander the Great and Rome.

Ms. Rice's schedule did not allow time for a visit to the site, though.

Joining Ms. Rice at the news conference here, the Egyptian foreign minister, Ahmed Aboul Gheit, acknowledged that his nation shared a regional interest in stabilizing Iraq, and he expressed support for the new Bush strategy.

"We are supportive of that plan, because we are hopeful that that plan would lead to, ensure, the stability, the unity and the cohesion of the Iraqi government," he said.

Big 3-Way Summit? Or Just Another Meeting? (WSJ)

By Neil King Jr.

The Wall Street Journal.com, January 16, 2007

Secretary of State Condoleezza Rice's delegation announces en route to Egypt that she has agreed with Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert to hold a three-way summit next month to try to start hashing out the potential parameters of a Palestinian state.

The U.S. touts the deal, struck over breakfast with Olmert, as a breakthrough–the first meeting of its kind in years, says a Rice aide. But others are skeptical. Israeli officials suggest that the meeting is no done deal. Abbas Sunday rejected the idea of crafting a provisional state en route to a final deal.

"This is not just another meeting," says the Rice aide. The aim, he says, "is to energize two partners moving forward." The Olmert talks went overtime, preventing Rice from touring the Temple of Luxor on her Egypt stopover.

Rice, speaking in Luxor, hailed the agreement for three-way talks as an important sign of US engagement, but said this didn't mean that the US is trying to supplant direct talks between Israel and the Palestinians.

The Egyptian Foreign Minister Ahmed Gheit described the talks as a sort of pre-negotiations–and offered to host them "anywhere in Egypt."

Rice To Preside Over Meeting With Israelis, Palestinians (MCT)

By Warren P. Strobel And Dion Nissenbaum

McClatchy, January 16, 2007

RIYADH, Saudi Arabia - Secretary of State Condoleezza Rice's announcement Monday that she will convene an unusual three-way meeting with Israeli and Palestinian leaders on an independent Palestinian state marks an abrupt shift in U.S. Middle East tactics.

Whether the different approach will bring different results remains to be seen.

Until now, Rice and President Bush have been reluctant to get involved in high-profile peacemaking. Their focus has been on one thing: stopping the violence in the Palestinian territories as a precondition for peace talks.

Now Rice is essentially turning that approach on its head.

The idea, as described by the secretary of state and her aides, is this: Sketching out more clearly what an eventual Palestinian state might look like will make it easier for embattled Palestinian President Mahmoud Abbas to take the tough steps needed to get there.

Rice announced Monday in Luxor, Egypt, that she will preside over the meeting with Abbas and Israeli Prime Minister Ehud Olmert in the coming weeks. She flew to Saudi Arabia later for talks with King Abdullah.

Engineering the three-way get-together was a small achievement. But any real progress faces mammoth obstacles and widespread skepticism.

The London-based Arabic-language newspaper Asharq al-Awsat published a cartoon Monday showing Rice straining to pump air in the tire of a car labeled "new strategy." The tire, labeled "peace process," is leaking air through multiple punctures.

More seriously, both Abbas and Olmert are politically wounded, making it difficult for them to stake out bold positions and make the needed concessions.

Aides to Olmert sought to dampen expectations that the meeting, which isn't even being termed a "summit," would produce a breakthrough.

"We're building the confidence to get to negotiations," Olmert spokeswoman Miri Eisin said after the meeting. "There isn't going to be a meeting and, wow, everything is going to be solved. No, no, no. This isn't about substance yet."

Palestinians were more upbeat. Walid Awad, a spokesman for Abbas' Fatah party, welcomed the news. "A meeting with Secretary Rice and Olmert will give it more value, and it will help move the peace process forward," Awad said.

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Rice's announcement is part of Israel and the United States' effort to bolster Abbas. The moderate Palestinian leader's power and authority were undermined a year ago when the hard-line Islamist group Hamas won control of the Palestinian parliament and gained the right to run the Cabinet.

Since then, Israel, the United States and much of the international community have been shunning the Palestinian government until its Hamas leadership renounces its longstanding vow to destroy Israel.

Abbas and Hamas have tried for months to agree on a new government that would accept the international demands. Until the deadlock is broken, it's unlikely that the Bush administration will be able to make significant progress on any negotiations aimed at ending the decades-long conflict.

Rice's new tack is essentially an admission that the old strategy didn't work.

That strategy focused on the long-dormant, U.S.-backed "road map" for peace. But Israelis and Palestinians never got beyond the first phase. That phase called for Palestinians to halt terror attacks against Israel and establish a unified security force and for Israel to dismantle illegal West Bank settlements and halt the expansion of existing settlements.

Rice said she, Olmert and Abbas will "have discussions about the broad issues on the horizon, so we can work on the road map, to try to accelerate the road map and move to the establishment of a Palestinian state."

Part of the U.S. interest in renewing peace efforts lies in its need to get Arab leaders, whose populations sympathize with the Palestinians, to help the United States stabilize Iraq and contain Iran.

Rice got at least rhetorical support on that score Monday from Egypt.

Egyptian Foreign Minister Ahmed Aboul Gheit expressed support for Bush's new Iraq strategy and agreed that Iran should stop meddling in Iraq. "Regarding Iran, Egypt reaffirms that no one should interfere in the internal affairs of Iraq," he said.

Nissenbaum reported from Jerusalem.

Mideast Leaders Agree To Meeting (LAT)

By Paul Richter And Richard Boudreaux

The Los Angeles Times, January 16, 2007

LUXOR, EGYPT — Seeking a fresh start for stalled Mideast peace efforts, Secretary of State Condoleezza Rice on Monday won promises from the leaders of Israel and the Palestinian Authority to meet with her next month for their first discussion of a final peace deal in more than six years.

Rice said Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas had agreed to meet for "informal, broad discussions" about the final moves toward a Palestinian state in hopes of injecting new energy into talks that have been in near-gridlock over initial steps.

"The parties haven't talked about these [final-stage] issues for a long time," Rice said after a meeting with Egyptian President Hosni Mubarak in this city on the banks of the Nile. "It seems wise to begin this … to really just sit and talk about the issues."

U.S. officials believe that by shifting the focus to what the outcome would look like, they could galvanize a process that has been bogged down for four years in discussion of difficult preliminary issues.

The initiative from Rice, who spent the last three days meeting with Israeli and Palestinian officials, comes at a time of widespread gloom about the prospects for peace. The Bush administration, besieged with problems elsewhere and running out of time, is desperate to show progress.

The goal is to move the two sides toward such "final-status" issues as the shape of the new Palestinian state, the claims of Palestinian refugees to return to sites now in Israel, and the fate of Jerusalem.

New momentum would help build Palestinian support for the moderate, politically weak Abbas, and would encourage Arab governments to provide crucial help to the United States in its efforts to pacify Iraq and contain Iran's influence.

But in a reminder of the difficulties that negotiators face, on the day that Rice met with Olmert, the Israeli Housing Ministry announced plans to expand Maale Adumim, a large Jewish settlement in the West Bank just east of Jerusalem. The ministry plans to build an additional 44 units.

U.S. officials have protested continued building in the West Bank, but Israeli officials defended the decision. They said it would not expand the perimeter of the settlement, and that it was consistent with an agreement reached with then-Secretary of State Colin L. Powell before the U.S.-backed "road map" peace plan called for a building freeze.

Saeb Erekat, a veteran Palestinian negotiator, said: "We condemn this step. This undermines efforts by Dr. Rice to revive the peace process and the road map. Israel must choose between building settlements and peace."

U.S. officials remained vague about the goals of the three-way meeting, but a senior official traveling with Rice said the talks would explore "where do we want to go" and develop "some joint understanding of what's in it for each side."

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Israeli officials said they had agreed to the talks, but emphasized that Olmert would continue with bilateral meetings dealing with the nuts-and-bolts issues of the relationship — such as movement and access, funds, prisoners, and violence. Those often-stalled talks have been complicated by conflicts between Abbas' Fatah movement and the militant group Hamas, which now controls the Palestinian government.

"There is no doubt that we must, at the same time, continue the bilateral meetings between us and them," Olmert said after his morning session with Rice.

His remarks reflect Israel's preference to control the pace and scope of any talks with the Palestinians, rather than submitting to third-party oversight.

He told Israeli lawmakers from his Kadima party that if a Palestinian unity government made up of Hamas and Fatah members agreed to the peace plan's conditions — recognition of Israel, renunciation of violence and acceptance of previous accords — then negotiations on a peace settlement could be possible.

Palestinian officials reacted cautiously.

Ahmed Abdel-Rahman, a political advisor to Abbas, said Abbas was ready "in principle" to attend the three-way summit but was waiting for a date and a venue to be agreed on.

Since 2003, U.S. officials have said they were following the blueprint laid out in the peace initiative, which is backed by the so-called Quartet: the U.S., Russia, the European Union and the United Nations. The plan outlines the steps, such as reining in violence by Palestinian militants and halting Israeli settlement construction, that are intended to lead to peace.

Although the peace plan says the parties should concentrate on the next step before them, slowly building toward the major issues dividing Israelis and Palestinians, the new approach would have them simultaneously concentrating on the early issues and later ones.

Some outside experts have urged the Bush administration to begin talking about these later issues. They were last discussed in 2000 when, at the end of his second term, former President Clinton made a last intense attempt to work out the issues between the two sides.

Another advocate of discussing them is Israeli Foreign Minister Tzipi Livni, who has been promoting a plan along these lines in recent weeks.

She has argued that if the Palestinians are offered a look at how the talks may turn out, producing a state for them, "it will help them do the difficult things they have to do now for stage one of the road map," said one Israeli official, who declined to be identified.

Rice emphasized that the United States remained committed to the peace plan. U.S. officials said they wanted to hold the meeting in the Middle East but had not yet set a date or a location.

Strengthening Abbas has become a priority for the United States since March, when Hamas took control of the Palestinian parliament after elections in January.

Olmert and Abbas held face-to-face talks last month. Though their agreements were hailed by the Americans as a sign of progress, movement has been slow. Olmert agreed to turn over $100 million of the more than $500 million in tax revenue that Israel has collected for the Palestinians, but has not yet done so, Palestinian officials say. They say promises to ease travel restrictions also have not been carried out.

Fawzi Barhoum, a Hamas spokesman, called Rice's visit part of "an American-Israeli plan to support the Zionist occupation and harm the national interests of the Palestinians.

"Hamas and the majority of the Palestinian people are not expecting anything good from these summits," he said.

"The new settlement [housing] in the West Bank is a new slap to everyone who still believes that the Americans are aiming to help the Palestinians," Barhoum said. "It is very strange for the secretary of State to talk about peace while the occupation is carrying out crimes day and night."

Rice Says Planned Mideast Talks Most Ambitious In Six Years (AFP)

By Sylvie Lanteaume

AFP, January 16, 2007

US Secretary of State Condoleezza Rice said that a planned summit with the Israeli and Palestinian leaders could herald the most serious Middle East peace effort in six years.

Rice, on a whistle-stop tour of the region aimed at shoring up the ailing "roadmap" peace plan, announced a three-way summit with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas within a month.

"It has been at least six years since they talked about these issues," Rice said at a news conference in the southern Egyptian city of Luxor held jointly with Foreign Minister Ahmed Abul Gheit.

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Speaking after a meeting with Egyptian President Hosni Mubarak, Rice said the three-way summit would "focus on what would lead to the establishment of a Palestinian state."

No date has yet been set for the summit but a US official said earlier it was expected to take place in three or fours weeks. Abul Gheit said Egypt was ready to host it.

Olmert welcomed the summit but stressed that any Palestinian government involved in peace talks should recognise Israel's right to exist.

"There have not been many summit level meetings after all between the Palestinians and Israelis in the last years," a senior US official travelling with Rice said.

"They haven't sat for six years to talk about issues as ambitious as looking at what would be necessary to get a Palestinian state," the official said on condition of anonymity.

Week-long Israeli-Palestinian peace negotiations took place in January 2001 in the Egyptian Red Sea resort of Taba under the patronage of former US president Bill Clinton.

The last ditch talks -- held in the dying days of Clinton's tenure and before Israeli elections that saw the hawkish Ariel Sharon take over -- failed to yield a breakthrough but are considered to be the closest negotiations ever got to a comprehensive settlement.

"There are a number of issues, some old, some new, that will have to be resolved if there is to be a Palestinian state," Rice said, stressing the meeting would only be a prelude to the resumption of final settlement negotiations.

"I am very clear about one thing we do not want to do, which is to rush the formal negotiations before things are fully prepared, before people are fully prepared," she said.

Abul Gheit said the Palestinian political crisis needed to be contained and contacts resumed between Israel and the Palestinians, in what he described as "a stabilisation phase".

"Then you will start the second phase whereby everything is discussed in relation to the establishment of this Palestinian state," he added.

Rice's diplomatic offensive suffered a blow earlier Monday when Israel invited bids for new Jewish settlement homes in the West Bank even as she was exploring solutions for the region in a meeting with Olmert in Israel.

"Israel must make a choice between peace and settlements. It cannot have both," Palestinian chief negotiator Saeb Erakat told AFP. "It's defying the international community and undermining Secretary of State Rice's peace efforts."

When asked to comment on the bids, Rice's spokesman Sean McCormack said only that there is "no change in our policy."

In Rice's lightning visit to neighboring Jordan late Sunday, King Abdullah II told Washington's top diplomat that concrete progress needed to be made on the peace blueprint if the region was to be spared fresh bloodshed.

"Without tangible, specific steps to activate the implementation of the roadmap in the near future, the cycle of violence will widen," he warned.

In the West Bank town of Ramallah on Sunday, Abbas refused "any temporary or transitional solutions, including a state with temporary borders, because we do not believe it to be a realistic choice that can be built upon."

Rice has made clear since the outset of her tour that she is bringing no US proposals to jumpstart the moribund peace process, saying: "I think no plan can be 'Made in America.'"

Rice is also seeking to promote US President George W. Bush's new policy to quell surging sectarian violence in Iraq with the deployment of 21,500 more troops.

The plan revealed Wednesday has come under fire in many Arab capitals, even among staunch allies in the Gulf, with critics saying it provides a recipe for more sectarian violence in Iraq that could spread elsewhere in the region.

But Abul Gheit offered Egypt's support for the controversial plan.

"We are supportive of the plan ... We are hopeful that plan will lead to the stabilisation of, unity and cohesion of the Iraqi government," he said.

Later, Rice met with Saudi Arabia's King Abdullah outside Riyadh on the latest leg of her regional tour. Their discussions covered "developments on the regional and international scenes, chiefly the Palestinian issue and the situation in Iraq," the official SPA news agency reported.

Rice met the Saudi monarch in a richly decorated desert tent in Rawdat Khraim outside Riyadh, and conveyed to him greetings from US President George W. Bush and Vice President Dick Cheney, according to reporters at the scene.

Abdullah, who remarked that Bush's father, former president George Bush, had visited the place, talked for around 10 minutes with Rice before they moved on to dinner, followed by Saudi dignitaries.

On Tuesday, she will hold a joint news conference with her Saudi counterpart Prince Saud al-Faisal and go on to Kuwait.

Rice Announces 3-Way Talks On Palestinian State (WP)

DOJ_NMG_0116633

By Glenn Kessler

The Washington Post, January 16, 2007

LUXOR, Egypt, Jan. 15 -- Secretary of State Condoleezza Rice announced Monday that Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas would meet with her for a three-way informal discussion of issues that must be cleared away to establish a Palestinian state.

No date or location has been set for the gathering, but it would signal deepening involvement by the Bush administration in stalled Israeli-Palestinian peace talks at a time when Rice is seeking greater support from Arab leaders in helping to stabilize Iraq.

Rice made her statement after meeting with Egyptian President Hosni Mubarak at this ancient city on the Nile. Egyptian Foreign Minister Ahmed Aboul Gheit, addressing reporters with Rice, said Egypt supported President Bush's new plan for Iraq.

Rice said she was going "to try to help the parties come together, to look at how they can move through the road map," referring to the U.S.-backed peace plan that was launched, without success, in 2003. In order to establish a Palestinian state, she said, "there are a number of issues -- some old, some new -- that will ultimately need to be resolved."

The road map set out detailed sequential steps that would lead first to an interim state and then a permanent one. But the Israelis and the Palestinians have never managed to get past the first phase, which among other things required the Palestinian government to crack down on anti-Israeli radical groups and Israel to freeze expansion of Jewish settlements in the Palestinian territories.

The road map envisioned fulfilling the first stage before addressing such vexing issues as the precise borders of a future Palestinian state, the status of Jerusalem, and the claim of Palestinian refugees and their descendants of a right to return to homes in Israel that were abandoned in 1948.

The process was further frozen when the radical Islamic group Hamas, which is devoted to the destruction of Israel, last year won legislative elections in the Palestinian territories. Meanwhile, Israel has not met its obligations. On the same day the meeting was announced, Israel's Housing Ministry solicited bids to build 44 housing units in the West Bank settlement of Maale Adumim, which Olmert has declared would be part of Israel under any final deal.

Now, in a shift for the Bush administration, Rice is calculating that dialogue on the end result -- what she calls the "political horizon" -- might loosen the logjam, aides said.

Bush took office in 2001 critical of the intense engagement in the peace process by his predecessor, Bill Clinton, including sketching the final borders of a Palestinian state. Bush's aides suggested that the collapse of Clinton's involvement led to the outbreak of violence known as the second intifada.

"The parties haven't talked about these issues for a long time. It's been at least six years since they talked about these issues," Rice said, referring to Clinton's efforts. "It seems wise to begin this, as what President Abbas has called an informal discussion, to just really sit and talk about the issues."

Bush is already on record on two key issues. To the fury of Arabs, he gave a letter in 2004 to Ariel Sharon, then Israeli prime minister, saying that Palestinian refugees could not expect to return to Israel and that Israel would be expected to retain major settlement blocks in the West Bank.

Israeli and Palestinian officials confirmed the planned meeting, which officials said is likely to be held next month. The deal came about after Rice shuttled between Jerusalem, the Jordanian capital of Amman and Abbas's West Bank headquarters in Ramallah on Sunday and then secured Olmert's agreement Monday morning for the meeting. After talks with Egyptian officials here, she flew to Riyadh for dinner with Saudi King Abdullah.

Rice hopes to use the prospect of renewed U.S. involvement in the Middle East peace process to help win Arab support for the Iraqi government and a campaign to combat the rising influence of Iran. She is to meet with Persian Gulf foreign ministers in Kuwait City on Tuesday.

Both Olmert and Abbas are politically weakened, making prospects slim for the success of their talks. Olmert's approval rating is 14 percent, and Abbas is struggling against the Hamas-led government.

Fawzi Barhoum, a Hamas spokesman, said the planned meeting was "against our Palestinian unity."

"Up to now we have heard nothing about our rights or about breaking the international siege against our Palestinian government," Barhoum said, referring to the international aid embargo imposed on the Palestinian Authority after Hamas unexpectedly won the parliamentary elections. "We do not support this meeting."

Miri Eisin, a spokeswoman for Olmert, described the talks as part of the "pre-negotiation stage" in which issues of substance would not be discussed. "What we're doing is trying to get to a point where each side trusts the other," she said, adding that some of the discussion with Rice will be aimed at determining a role for the United States, as well as for moderate Arab states such as Jordan, in any future negotiations between Israel and the Palestinians.

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Rice's presence at the meeting would mark the first time in four years that the Bush administration has intervened so directly in the long-running conflict. In June 2003, the road map was launched with great fanfare at a summit in Aqaba, Jordan, attended by Bush, Sharon and Abbas, at the time the Palestinian prime minister.

But the Americans quickly found themselves dragged into a tedious discussion about highway checkpoints, settlement construction and prisoner exchanges. The process collapsed a few months later when Abbas quit in a dispute with then-Palestinian leader Yasser Arafat.

In their first one-on-one meeting, Olmert last month promised Abbas that he would remove some military checkpoints in the West Bank and release $100 million of the more than $500 million in frozen tax revenue that Israel collects on behalf of the Palestinians. But Olmert, who has pledged to strengthen Abbas's political standing as he confronts Hamas, has yet to release the promised funds. And there has been virtually no progress in reducing the Israeli obstacles to Palestinian movement inside the West Bank.

Rice said that Olmert and Abbas were developing a "fruitful channel bilaterally" for such issues and that it was not her intention to insert "an American presence" at every meeting between the two men.

Rice To Hold Three-way Talks With Mideast Leaders (USAT)

By Barbara Slavin

USA Today, January 16, 2007

LUXOR, Egypt — Secretary of State Condoleezza Rice said Monday she would bring the leaders of Israel and the Palestinian Authority together soon for "informal broader discussions" on creating a Palestinian state.

Making good on a pledge she made last year to intensify her involvement in trying to resolve the Arab-Israeli dispute, Rice announced no date or location for the three-way talks and said they were not meant to substitute for other meetings between Palestinians and Israelis.

"There are a number of issues, some old, some new, that will ultimately have to be resolved if there is to be a Palestinian state," Rice said in the ancient Egyptian city of Luxor, where she stopped Monday for talks with Egyptian leaders after two days in Israel and the Palestinian territories. "The parties have not talked about these issues for a long time (and) it seems wise to begin this informal discussion."

U.S. Arab allies and the bipartisan Iraq Study Group have urged a higher U.S. profile on the Israeli-Palestinian front to strengthen pro-U.S. governments in the region and take away a potent tool of anti-U.S. regimes such as Iran's.

But there was skepticism about how much the Bush administration could accomplish in its final two years in office, given its preoccupation with Iraq and the weakness of Israeli and Palestinian leaders.

Joseph Alpher, an Israeli strategic expert who advised former Israeli Prime Minister Ehud Barak during unsuccessful Camp David peace talks in 2000, said he would have been more impressed if Rice had stayed in Israel for a third day and brought the two sides together now.

"I think she's much more focused on Iraq and Iran" than the Arab-Israeli dispute, Alpher said.

President Bush hosted a summit in Jordan in 2003 with then Israeli Prime Minister Ariel Sharon and then Palestinian Prime Minister Mahmoud Abbas that launched a so-called roadmap to Palestinian statehood. There was little U.S. followup, however, and the Bush administration and Israel refused to deal with then Palestinian President Yasser Arafat. The Israelis confined Arafat to his Ramallah headquarters, accusing him of encouraging anti-Israel terrorism.

In 2005, Israel withdrew unilaterally from Gaza. Israeli troops and settlers remain throughout the West Bank.

Abbas was elected president in 2005 following Arafat's death and lacks his predecessor's authority. He was weakened further when the militant Hamas movement won parliamentary elections a year ago.

Abbas met last month with Ehud Olmert, who succeeded Sharon after he suffered a massive stroke in late 2005. The talks focused on taxes and prisoners, not issues involving statehood: the boundaries of a future Palestinian state, the fate of Jerusalem and the status of millions of Palestinian refugees.

Rice said it was important to deal with day-to-day concerns as well as to create a "political horizon" for statehood that could strengthen Abbas.

Also much less popular than his predecessor, Olmert is blamed by Israelis for lackluster military performance in a 34-day war last summer between Israel and the Iranian-backed Lebanese movement, Hezbollah.

Rice confirmed that the Bush administration wants $86 million to equip and train about 30,000 Palestinian security personnel, including Abbas' 3,700-member presidential guard. The money would go for mess kits, uniforms and communication gear. The funding would require congressional approval.

On Sunday, Abbas reiterated his opposition to establishment of a provisional Palestinian state with temporary borders, a possible interim step before a permanent peace can be negotiated with Israel.

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Abbas also complained that IOlmert has failed to deliver on recent promises to release Palestinian prisoners, cut the number of Israeli checkpoints in the West Bank and hand over $100 million in Palestinian taxes Israel has collected.

Hamas, which rejects Israel's right to exist, has been locked in a stalemate with Abbas over formation of a Cabinet. Recent violence between Hamas and Abbas' Fatah movement has killed nearly 40 people.

Hamas has about 6,000 armed men and has vowed to double the force.

Rice Speaks Softly In Egypt, Avoiding Democracy Push (NYT)

By Michael Slackman

The New York Times, January 16, 2007

CAIRO, Jan. 15 — In the days before Secretary of State Condoleezza Rice met with officials in Egypt, the news media here were filled with stories detailing charges of corruption, cronyism, torture and political repression.

Cellphone videos posted on the Internet showed the police sodomizing a bus driver with a broomstick. Another showed the police hanging a woman by her knees and wrists from a pole for questioning. A company partly owned by a member of the governing party distributed tens of thousands of bags of contaminated blood to hospitals around the country. And just 24 hours before Ms. Rice arrived, the authorities arrested a television reporter on charges of harming national interests by making a film about police torture. The reporter was released, but the authorities kept the tapes.

Ms. Rice, who once lectured Egyptians on the need to respect the rule of law, did not address those domestic concerns. Instead, with Foreign Minister Ahmed Aboul Gheit by her side, she talked about her appreciation for Egypt's support in the region.

It was clear that the United States — facing chaos in Iraq, rising Iranian influence and the destabilizing Israeli-Palestinian conflict — had decided that stability, not democracy, was its priority, Egyptian political commentators, political aides and human rights advocates said.

But the calculus of stabilization is complicated and fraught in a region as fragile as the Middle East, where interests are defined by religion, geography, geopolitics and political opportunism. And it is not at all clear that the new (old) approach will work. The United States is so unpopular in the region now, many here say, that its support is enough to undermine a government's legitimacy with its public.

"The former pressure was an illusion and the lack of any pressure now will push the crisis between the people and their rulers to the edge," said Ibrahim Eissa, the editor of Al Dustoor, a weekly independent newspaper in Egypt that is critical of the government. That eliminates "all false appearances that the Arab regimes are against the United States in defense of their independent sovereignty and that the United States is supporting democracy when it is in strict alliance with the oppressive regimes," he added.

The dynamics of the region have also changed over the years, and it is no longer clear what the payoff is for Washington in return for overlooking rights violations. It is not certain, for example, that the Egypt of 2007 can deliver the kind of influence it once wielded when it was seen as the political and cultural center of the Arab world. Egypt has failed to calm fighting between Palestinian factions, or to help negotiate the release of Palestinian prisoners in exchange for an Israeli soldier held by Palestinian militants.

At the same time, where Washington was criticized in the past for supporting repressive governments, it risks even sharper criticism now because it made such a public commitment to promoting democracy.

Ms. Rice raised the bar herself when she visited American University here in 2005 and said in a speech: "We are all concerned for the future of Egypt's reforms when peaceful supporters of democracy — men and women — are not free from violence. The day must come when the rule of law replaces emergency decrees — and when the independent judiciary replaces arbitrary justice."

Since then, Egypt's government has piled up a long list of repressive actions, including ordering the police to block people from voting in parliamentary elections; delaying local elections by two years; imprisoning an opposition leader, Ayman Nour, on charges widely seen as politically motivated; battling with judges who have demanded oversight of elections; and imprisoning Talaat el-Sadat, a member of Parliament and the nephew of President Anwar el-Sadat, for a year in a military jail after he criticized the armed forces on television.

Recently, President Hosni Mubarak proposed amending the Constitution in ways that would make it easier for Egypt's toothless opposition parties to field candidates for president. But the proposals would ban truly independent candidates from running, limit the role judges play in monitoring elections and permanently outlaw any party with a religious bent.

Perhaps more to the point, the government has done little if anything to improve a climate across the country that discourages participation in opposition politics, many political analysts said.

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"The government has said to us, 'Stop, we are closing all the windows and doors we had opened,' said Hafez Abu Seada, secretary general of the Egyptian Organization for Human Rights.

Three hours north of Cairo, in Kafr Ghamam, a village of about 40,000 people, a small group of men said they had tried to build a following for the Wafd Party, which would seem to be uncontroversial. It is, after all, a legal opposition party and, like other government-sanctioned parties, has virtually no influence.

To win support from the village, the men tried to persuade the government to cover a pit where raw sewage was dumped and to repair a bridge that ran over the pit. But the men said no one would sign a letter to the government requesting the aid because they were afraid to be identified with an opposition party.

"My father threatened to kick me out of the house if I got involved with this party," said Mustafa Ibrahim Abdel Hamid, a 21-year-old in the village.

What are people afraid of? A knock at the door, many people there said. Last month, after a group of party organizers gathered to discuss who would hold which position in the nascent organization, two men who took over leading posts were visited by state security, they said.

"I got scared and I wanted to resign," said one of the men, Al Sayed Muhammad Ibrahim. "I wanted to resign. I have daughters. I don't want any problems. My daughters, my son, my wife, all asked me to resign."

In Luxor on Monday afternoon, the Egyptian authorities organized a news conference with Ms. Rice and Mr. Aboul Gheit.

"I especially want to thank President Mubarak for receiving me and for spending so much time with me to talk about the issues of common interest here in the Middle East," Ms. Rice said. "Obviously the relationship with Egypt is an important strategic relationship — one that we value greatly."

Bush Ally Hopes To Win Over Islamic World (FT)

By Edward Luce

Financial Times, January 16, 2007

Lambasted by some as the US's chief propagandist – or as head of its "Muslim outreach" – Karen Hughes has the unenviable task of improving her country's image in the world.

But as a former senior White House counsellor and close friend of George W. Bush, the under-secretary for public diplomacy wields an influence few others possess in Washington.

Having got off to a bad start in mid-2005 when she was pilloried by the US media for having little knowledge of the Middle East, Ms Hughes has maintained a low domestic profile since then, tending to channel her public message to the media of countries she is visiting.

Although not confined to the Middle East, Ms Hughes acknowledges that her most important task is in the Islamic world.

"The number one problem is that the west is seen as somehow being in conflict with Islam," she said in an interview at her State Department office in Washington.

"When I meet Muslim clerics, they are always surprised to hear that the US is also a country of faith . . . They are also surprised to hear that I represent 7m American Muslims who are as free to worship as any other Americans."

Unlike many of her colleagues, Ms Hughes is happy to give interviews to al-Jazeera and has even visited its headquarters in Qatar. Although she says she disputes some of the TV station's journalistic practices, ignoring it is not an option.

Al-Jazeera is by far the most popular source of television news in the Arabic-speaking world.

"When I came here there was an undeclared policy of not talking to al-Jazeera," she said. "It is not an endorsement to talk to them."

Critics say that Ms Hughes' efforts, which include promoting foreign exchanges of students, journalists, military personnel and clerics, are worse than doing nothing at all, since foreigners are as capable of seeing through spin as Americans.

But Ms Hughes' easy access to Mr Bush – she is among his three or four closest confidantes in Washington, having been his communications director in Texas in the 1990s – enables her to tell the president directly what the rest of the world thinks of the US.

Ms Hughes emphasises two themes she says have most damaged America's image in the eyes of the world – perceptions of the mistreatment of alleged terrorist detainees at Guantánamo Bay and elsewhere, and the view that Washington is not doing enough to promote the creation of a Palestinian state.

She says she has frequently conveyed both observations to the US president. Ms Hughes did not mention the war in Iraq. "The toughest thing I've told the president is that he needed to improve the detainee policy," she said. "I felt it was important it was understood that was how we were being seen in the world."

Her goal of disseminating the US message abroad is constrained by the fact that public diplomacy is a low budget priority. In concert with Dina Habib Powell, her Egypt-born colleague, Ms Hughes recently launched a "public relations coalition" to

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encourage US companies to promote positive images of the US abroad and to fund projects, such as English-language teaching, which assist it.

Participants included Accenture, Disney, Mastercard, Citigroup and Burson-Marsteller. Part of the object is to get many more foreigners, in particular from the Islamic world, to visit the US.

That means she often beats a trail to the Department of Homeland Security, which has been heavily criticised by private sector groups for its strict post-9/11 visa policy and for the offhand way that many immigration officials treat arriving foreigners.

As a result, many companies and universities now hold conferences outside the US to spare foreign participants the potential humiliation. Likewise, the number of foreign students studying in the US fell after the September 11 terrorist attacks.

"I understand – no customs officer wants to be the one to let a hijacker into the country," she said. "But it is also important to be welcoming. Our most important tool of public diplomacy in the last 50 years has been the [foreign] exchange programme."

Somalia's Transitional Government Shuts 3 Radio Stations (NYT)

By Jeffrey Gettleman

The New York Times, January 16, 2007

MOGADISHU, Somalia, Jan. 15 — Somalia's transitional government shut three of the country's biggest radio stations on Monday, accusing them of broadcasting incendiary propaganda.

Then, in a show of force, hundreds of government soldiers stormed into the streets of Mogadishu, the capital, as tanks from neighboring Ethiopia, which has been providing military support to the government, chugged through downtown, drawing crowds of onlookers and the occasional rock.

Somalia's government, which declared a state of emergency on Saturday, seems intent on using its newfound powers to crush the seeds of a growing insurgency. On Sunday night, gunmen attacked an Ethiopian convoy, setting off an intense hourlong firefight in one of Mogadishu's ramshackle neighborhoods.

Ethiopian troops last month helped rout Somalia's Islamist forces, which had controlled much of the country, but the Islamists have vowed to regroup underground.

As the days pass, the insurgent attacks grow more frequent and more lethal. The government has not released casualty figures, but Mogadishu residents said more than a dozen people had been killed in gun battles over the past week.

Executives of the radio stations, however, said that was no excuse to force them off the air.

"All we have done is voice different opinions," said Mohammed Amiin, deputy chairman of Shabelle Media Network. "We never expected this to happen."

Abdirahman Dinari, spokesman for the transitional government, accused Shabelle, along with the other stations, of making false reports to stir up the people against the government.

"They said our soldiers were looting the markets and harassing people, which was totally untrue," he said. "They are using the media to undermine the government. They have been doing this for months."

Security officials have summoned station owners to a meeting on Tuesday, and Mr. Dinari said there was a possibility that the stations would soon be back on the air, after they were given a warning.

In a land of rival clans, there is a clan dimension to all this. The owners of both Shabelle and Horn Afrik, another station that was closed down, are members of the Ayr, a branch of the powerful Hawiye clan, and many government officials blame the Ayr for the rising level of violence.

"The Ayr clan is part of the problem," Mr. Dinari said.

The Ayr was closely associated with the Islamist movement, with several top Islamist leaders from the Ayr. Many residents say they suspect that Ayr members are the backbone of the insurgency, though Ayr elders vehemently deny this.

So far, the most intense fighting — and the most intense crackdowns — has been in Ayr neighborhoods, and it is beginning to fuel Ayr resentment.

"We are being harassed simply because of our clan," said Abdi Ali Halaneh, an Ayr businessman who sells building materials in north Mogadishu.

Mr. Halaneh said that many of his friends now wanted to leave Somalia.

"There may be no place for us here," he said.

The government also closed the Mogadishu office of Al Jazeera and a Somali religious radio station, which some people feared could play into the hands of the Islamists.

In the Bakara market, where even the tiniest tin kiosk has a radio, shoppers and shopkeepers moaned and hissed when the music and news turned to static. Many shook their radios.

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Some derided the government and accused it of being hypocritical because, just a few months ago, government officials had criticized the Islamists for not allowing radio stations to play Western music. Now the government was going further by closing the same stations.

"Totalitarian rule has arrived," said Asho Elmi Ahmed, a shopper. "And it didn't take long."

Somalia's Window Of Opportunity (LAT)

The Los Angeles Times, January 16, 2007

Having ousted the Islamic regime, Ethiopia must act quickly to broker peace talks in the war-torn land.

ETHIOPIA HAS DONE its fellow Africans a good turn by ousting the increasingly radical Islamic Courts Union regime in Somalia. And thankfully, Addis Ababa has the wisdom to admit what everyone knows: that the Ethiopians have about 3.3 nanoseconds to get their troops out of xenophobic Somalia before they will be even more hated than the thugs they ousted. Now the question is: Who can bring order to this anarchic land?

The only move as foolish as sending U.S. troops to occupy Somalia would be for the international community to do nothing except watch it slip back into chaos. Somalia, you will recall, is a poster child for failed states. It is a place so violent that the Taliban imitators of the Islamic Courts, with their brutal "justice," were still seen as vastly preferable to the khat-fueled warlord gunplay that made a misery of life in Mogadishu for more than a decade previous. The irony is that the perpetually feuding Somali clans were finally able to unite behind the Islamists — even though most disliked their ideology — because they were so desperate for stability. The challenge is to provide order without a radical Islamist face.

Now that Ethiopia has done the heavy military lifting, U.S. forces are trying to bomb the Al Qaeda leaders who have followed Osama bin Laden's orders to regroup in Somalia. But unilateral fly-by interventions from 30,000 feet are not going to do the job alone.

If the Somalis want to get rid of the Ethiopians — and they do — they must be helped to hammer out a political settlement. The Ethiopians can deliver their allies — the transitional national government — to the bargaining table. The Arab League can bring the moderate clan leaders who backed the Islamists, and without whom no peace can hold in Mogadishu. The African Union can help deliver other factions. The U.N. and permanent Security Council members must use their diplomatic muscle to link reconstruction to a cessation of violence. African Union troops, with or without blue helmets, should then follow. Somalis have had enough strife for a lifetime.

Castro Reportedly In Grave Condition (WP/AP)

The Washington Post, January 16, 2007

MADRID, Spain -- Ailing Cuban leader Fidel Castro is in "very grave" condition after three failed operations and complications from an intestinal infection, a Spanish newspaper said Tuesday.

The newspaper El Pais cited two unnamed sources from the Gregorio Maranon hospital in the Spanish capital of Madrid. The facility employs surgeon Jose Luis Garcia Sabrido, who flew to Cuba in December to treat the 80-year-old Castro.

In a report published on its Web site, El Pais said: "A grave infection in the large intestine, at least three failed operations and various complications have left the Cuban dictator, Fidel Castro, laid up with a very grave prognosis."

Cuba has released little information on Castro's condition since he temporarily ceded power in July to his brother, Defense Minister Raul Castro, until he could recover from emergency intestinal surgery, prompting much speculation and rumor in the country and around the world.

El Pais' report, which could not immediately be confirmed, was a rare detailed description from a major media outlet about Castro's condition.

The U.S. government had speculated that Castro could suffer from cancer _ a supposition denied by Sabrido. Some U.S. doctors believed Castro was suffering from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In severe cases, emergency surgery may be required.

That idea was supported by El Pais, which reported that its sources said Castro had suffered a bout of the disease.

"In the summer, the Cuban leader bled abundantly in the intestine," El Pais reported. "This adversity led him to the operating table, according to the medical sources. His condition, moreover, was aggravated because the infection spread and caused peritonitis, the inflammation of the membrane that covers the digestive organs."

El Pais said that in December, when Garcia Sabrido visited, Castro had an abdominal wound that was leaking more than a pint of fluids a day, causing "'a severe loss of nutrients." The Cuban leader was being fed intravenously, the report said.

A statement attributed to Castro was released on New Year's Eve saying his recovery was "far from being a lost battle."

Cuban officials told visiting U.S. lawmakers last month that Castro does not have cancer or a terminal illness and will eventually return to public life, although it was not clear whether he would return to the same kind of absolute control as before.

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Venezuela Ends Oil Negotiations (DJ/AP)

Dow Jones/Associated Press, January 16, 2007

CARACAS, Venezuela, Jan. 15 — Venezuela will end negotiations with foreign oil companies over how it will take a majority control of their operations along the Orinoco River, the country's oil minister, Rafael Ramírez, said on Monday.

Mr. Ramírez said that "there's no possible negotiation" with the foreign companies, but he said that private companies would be allowed to own minority stakes in lucrative oil projects in the Orinoco River basin.

"Every case will be different," Mr. Ramírez said. "We will have an effective majority control."

The government negotiated last year with the companies about its plans to take majority control of oil operations in the country, but no agreements were reached.

In a speech to Congress last week, President Hugo Chávez said the private companies — BP, Exxon Mobil, Chevron, ConocoPhillips, Total and Statoil — would be given the option to stay on as minority partners.

Mr. Chávez also announced plans to nationalize companies within Venezuela's telecommunications, electricity and natural gas industries.

The government has already taken majority ownership of Venezuelan oil-producing operations outside the Orinoco region through joint ventures controlled by the state oil company.

With New Urgency, U.S. And South Korea Seek Free-Trade Deal (NYT)

By Choe Sang-hun

The New York Times, January 16, 2007

SEOUL, South Korea, Jan. 15 — United States and South Korean officials resumed free-trade talks Monday amid growing skepticism that the two governments can narrow their differences before President Bush's authority to move an agreement quickly through Congress expires.

Success would give Washington its biggest trade deal since the North American Free Trade Agreement a decade ago, while expanding market opportunities for exporters in both countries.

About 2,000 police officers in riot gear stood guard around the Shilla Hotel, where the negotiators met for a sixth round of talks since June. Thousands more were dispatched to parks in the city center, where farmers and factory workers planned large protest rallies. Nine lawmakers opposing the talks began a hunger strike in a tent pitched outside the hotel.

"We have made important progress to date, but we still have a lot of work to do," said Wendy Cutler, an assistant trade representative and the lead negotiator for the United States. She said she was optimistic that a deal could be concluded before President Bush's special trade negotiation powers, known as "fast track" authority, lapsed at the end of June.

Under the fast-track mechanism, President Bush can submit an agreement deal to Congress for a straight yes-or-no vote. An agreement would have to go to Washington by the end of March because lawmakers would need to review it before a vote. After President Bush's authority expires, however, the Congress — now controlled by the Democrats — can place amendments on the trade deal, crippling its chances of speedy ratification.

Thomas Kim, executive director of the Korea Policy Institute, said: "I don't think it's going to happen. There are too many major concessions that would have to be made on both sides, and too many unknown political variables."

The talks stalled over United States requests for greater access for American cars, rice and drugs, and over South Korea's demand that Washington change antidumping rules applied to South Korean steel, cars, computer chips and textiles. Seoul also wants goods produced by South Korean factories in North Korea included in the agreement.

"The more important question probably isn't whether they'll make the deadline," Mr. Kim said, but whether a trade agreement will be reached at all, "and if not, how long will it be before the two governments try again."

If signed, a free-trade deal would add a measure of success to Mr. Bush's embattled presidency, said Usha Haley, professor of international business and director of the Global Business Center at the University of New Haven. A deal with South Korea is central to Washington's strategy of stemming the loss of economic influence in Asia to China.

For South Korea, a deal would mean bigger access for its products in its second-largest export market after China. By exposing the South Korean economy to United States rivals, it would also serve as a catalyst for economic reforms, South Korean officials said.

South Korea is the United States' seventh-largest trading partner, with bilateral trade topping $74 billion a year. An accord could lift American exports to South Korea by $19 billion, while Korean exporters could expect an additional $10 billion in sales in the United States, according to the United States International Trade Commission.

"President Roh Moo-hyun is now entering his final year in office and wants an agreement and its economic benefits to become the legacy of his otherwise disappointing presidency," Ms. Haley said. "Growth is now a very scarce commodity, so the

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government needs to secure future growth opportunities for the economy. But his unpopularity is also weighing on the trade deal."

Farmers, labor unions and movie workers, all important segments of support for Mr. Roh's liberal Uri Party, have protested the prospect of a trade deal.

Beijing Vows To Rein In Trade Surplus (WSJ)

By Andrew Batson

The Wall Street Journal, January 16, 2007

BEIJING -- China's leadership is increasingly determined to bring its much-criticized trade surplus under control, as a consensus appears to be building that the imbalance is an economic problem for the country and not simply a political irritant.

Minister of Commerce Bo Xilai, in his first public remarks since China last week reported that its trade surplus surged 74% to a record $177.47 billion in 2006, said reducing that excess will be a top priority for 2007. According to the official Xinhua news agency, he said yesterday that an excessively large surplus isn't beneficial to the economy and noted that China's disputes with the European Union and U.S., its two largest trading partners, have been increasing.

Mr. Bo's new pledge to trim the surplus, delivered at a conference of commerce officials from around the country, is particularly unusual coming from the head of an institution that has long existed mainly to promote the nation's exports. It highlights how the record trade gaps of the past two years have helped shift official thinking from a growth-at-all-costs mentality to one that recognizes growing imbalances.

Because China sells so many more goods to foreigners than it buys from them, the earnings from those export sales have been piling up in its domestic banking system. Economists worry that all that excess cash is pushing up inflation, now running at 1.9%, and contributing to froth in the stock markets and real estate. At the same time, the trade gap is straining relationships with the EU and U.S., which are demanding China allow its tightly controlled currency, the yuan, or renminbi, to strengthen more quickly and take other measures to open its markets to foreign goods and services.

"It won't be easy to solve this problem quickly, but it's important that the issue has been raised," said Zuo Xiaolei, chief economist at China Galaxy Securities in Beijing. "The appreciation of the renminbi by itself won't resolve the issue. And structural economic reform is a slow process."

Because gains in the currency make Chinese goods more expensive, the exporters' lobby has been a powerful voice against exchange-rate moves. In a sign that resistance may be weakening, a research institute run by Mr. Bo's ministry issued a report yesterday finding that gains so far in the yuan have had no obvious impact on China's imports, exports or foreign investment. The report said the currency, which strengthened 2.6% in 2005 and 3.4% in 2006, could gain as much as 5% annually without disrupting trade.

Separately, the Ministry of Commerce said foreign direct investment into China -- money spent to acquire or build up businesses in the country -- dropped 4.1% to $69.47 billion in 2006, from $72.41 billion in 2005. Investment inflows in 2005 were boosted by an unusual number of big-ticket deals as foreign institutions bought into China's state-owned banks.

Spanish Premier Admits Mistakes With Separatists Tied To Bombing (NYT/AP)

By The Associated Press

The New York Times, January 16, 2007

MADRID, Jan. 15 (AP) — Spain's prime minister apologized Monday for putting his faith in a Basque peace effort that collapsed in a deadly car bombing in December, but he insisted he was right to have sought negotiations with separatist militants and appealed to his political foes for unity at a time of crisis.

In a speech to Parliament that was often interrupted by jeers and grumbles from conservative lawmakers, Prime Minister José Luis Rodríguez Zapatero did not announce any concrete new measures against the armed separatist group ETA.

He said that police pressure and court trials had continued during the now ended cease-fire with the group, and that such measures would remain. "I want to recognize the clear mistake I made before all Spanish citizens," he said.

Mr. Zapatero, the Socialist leader, who faces a general election in early 2008, appeared at a session of Parliament dedicated exclusively to the government's policy toward ETA in the wake of the bombing, the group's first fatal one since May 2003.

He defended his record and sought to muster support for his government, though the conservatives have called him naïve for seeking to negotiate with what they called a terrorist group that could not be trusted.

The bombing on Dec. 30 destroyed a parking garage outside of Madrid's airport and killed two young Ecuadorean men.

In Spain, Bitter Rift Over Fighting Terror (CSM)

DOJ_NMG_0116641

By Geoff Pingree And Lisa Abend

The Christian Science Monitor, January 16, 2007

from the January 16, 2007 edition - http://www.csmonitor.com/2007/0116/p07s02-woeu.html In Spain, bitter rift over fighting terror For the first time since the 1970s, a major political party decided not to join in an anti-ETA march.

By Geoff Pingree and Lisa Abend | Correspondents of The Christian Science Monitor

MADRID

Two weeks after a bombing by the Basque separatist group ETA brought a fledgling peace process to an abrupt halt, the government of Prime Minister José Luis Rodríguez Zapatero is confronting political strife as vicious as any seen in Spain's three decades of democracy.

Saturday, an estimated 200,000 Spaniards took to the streets to protest ETA's bombing of a multi-tiered parking lot at Madrid's Barajas airport, which killed two workers. But at this anti-ETA demonstration, unlike all others since Spain became a democracy in the 1970s, a major party refused to participate.

The center-right Popular Party denounced the protest as a government attempt to garner support for its strategy of negotiation with the group, sparking criticisms that parties are politicizing the fight against terrorism for their own benefit ahead of upcoming local and national elections.

"It's every Spaniard's civic duty to support the victims and show we're united against violence and terrorism," said Martín Moreno, a computer consultant marching Saturday with his 9-year-old daughter, Sara. "It seems that opposing the government is more important to the Popular Party than fighting ETA, and that's terrible, just terrible. With that attitude, we all lose."

When three hooded ETA members appeared on a videotape aired on Basque television in March to declare a "permanent" cease-fire, many Spaniards harbored cautious optimism that 40 years of separatist violence might finally end. ETA had not launched a fatal attack in over three years, and this, along with the government's own assessment of the group's intentions, led Mr. Zapatero to request and receive permission from Parliament to begin discussions. Although negotiations appeared to have stalled in recent months, the prime minister himself declared on Dec. 29 that within a year the ETA situation would be "better than where we are today."

The following day's bombing, ETA's most materially destructive yet, dashed those hopes.

"I wasn't surprised by the attack," says Professor María Sagrario Morán, author of several books on ETA. "Things were happening, like kale borroka [low-level street violence and vandalism] and the discovery of the weapons cache in France, that also preceded the rupture of [ETA's previous] 1998 cease-fire. You could tell that things weren't going well."

Nevertheless, not all believe the Barajas bombing was meant to demolish the peace process. "In the past, ETA has always given advance notice that it was breaking a truce," says Ignacio Sánchez-Cuenca, an ETA expert at Madrid's Complutense University. "They didn't give warning that the cease-fire was over this time because they didn't think the bomb would kill anyone. So they didn't think of it as a rupture."

ETA did place several warning calls about the car bomb, and police attempted to evacuate the area before it exploded, but two Ecuadorean men sleeping in their cars failed to hear the announcements and were killed.

Batasuna, ETA's political wing, told the press that it had not expected the attack, leading many to wonder about a rift between ETA and Batasuna.

"I'm sure that there's disagreement between them," says Professor Sánchez-Cuenca. "Batasuna has nothing to gain by the attack. And in these kinds of processes, there are always hard-liners and moderates."

But both ETA and Batasuna seemed to agree that the peace process was still in effect. At a press conference on the day of the bombing, Batasuna spokesperson Arnaldo Otegi blamed the government for "not making a single gesture in nine months of truce," and insisted that the peace process remained intact. On Jan. 9, ETA claimed responsibility for the bombing and criticized the government for not upholding its end of the bargain, but insisted that "the permanent cease-fire ... is still in effect."

Within the Socialist Party, there was no such agreement. Zapatero's initial statement that the peace process was "suspended" contrasted sharply with Interior Minister Alfred Pérez Rubalcaba's declarations that it was definitively over, and that "ETA had lost all credibility."

No rift has been as bitter as that between the Socialist government and the Popular Party (PP). Although the PP lent grudging support to Zapatero's investigation into the seriousness of ETA's declared intentions to abandon violence, the party has since renewed its relentless attack on the government for negotiating with ETA.

The PP declined to participate in Saturday's march, says PP senator Ignacio Cosido, because, "It was clear to us that the intent of the demonstration was to support the government in its strategy to negotiate. "There is profound division in Spain over how to end ETA's terrorism," he adds. "Zapatero's plan is to negotiate. The PP's plan is to destroy terrorism." Minister of Labor Jesús Caldera blamed the PP for politicizing the event. "The PP has made a strategic decision to use its absence as a political

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weapon," he told press at the march. With local elections in May, and national ones in 2008, the stakes are high for Zapatero, who has planted his political fortunes squarely on achieving peace.

Eoin O'Broin, spokesman for Sinn Fein, says he saw something similar in the early stages of Northern Ireland's peace process. "It's a high-risk game for Zapatero. If he messes this one up, he'll lose the election. But lately his calculations have been made more on electoral projections than on a strategy for peace. [Former British Prime Minister] John Major made exactly the same mistake."

In a speech before parliament on Monday, Zapatero called for a unified antiterrorism policy and admitted that he had made a "clear mistake" in being too optimistic last month when he said that the peace process would be farther along in a year. Popular Party leader Mariano Rajoy, however, was not satisfied with that position. He said Zapatero had lost all credibility, and demanded that the prime minister admit his mistake in negotiating with ETA.

At the march, Celeste Echegaray summed up the feeling of many participants. "This is a time to come together, not a time for political bickering," said the law student. "The parties have politicized the demonstration, but in the fight against terrorism, here in the street, people are united."

France Proposed Merger With Britain In '56 (NYT/AP)

By The Associated Press

The New York Times, January 16, 2007

LONDON, Jan. 15 (AP) — France's government proposed forming a union with Britain in 1956, and also discussed joining the Commonwealth, the British Broadcasting Corporation reported Monday.

Citing documents in the National Archives, the BBC said Prime Minister Guy Mollet of France had discussed the possibility of a merger between the countries with Sir Anthony Eden, the British prime minister at the time.

That discussion took place on Sept. 10, 1956, when Mr. Mollet visited London, but Sir Anthony rejected the idea, the BBC said.

At the time, France was smarting over the loss of the Suez Canal and Egyptian support for separatists in Algeria and was trying very hard to get British assistance in responding, the BBC reported.

The discussions came to nothing. The BBC said the documents were declassified about 20 years ago but had not been noticed until now.

This Queen Of France Had A Very Short Reign (WT/AP)

By Raphael G. Satter

The Washington Times, January 16, 2007

LONDON -- Could France have been better off as subjects of Queen Elizabeth II?

The revelation that the French government proposed a union of Britain and France in 1956 -- even offering to accept the sovereignty of the British queen -- has scholars on both sides of the channel astonished -- and a lot of Frenchmen spluttering with disbelief and indignation.

Newly discovered documents in Britain's National Archives reveal that 50 years ago Prime Minister Guy Mollet discussed the possibility of a merger between the two nations with British Prime Minister Anthony Eden.

"I completely fell off my seat," says Richard Vinen, a specialist in French history at King's College in London. "It's such a bizarre thing to propose."

Mr. Eden rejected the idea of a union but liked the French proposal to join the British Commonwealth. One document says that Mr. Mollet "had not thought there need be difficulty over France accepting the headship of Her Majesty [Queen Elizabeth II]."

While the two nations -- separated by a narrow body of water called by different names in France and England -- have been bitter rivals since the Middle Ages, the two EU partners now trade tourists rather than prisoners. What animosity remains has been relegated to world culinary name-calling, with the French and British reduced to calling each other froggies and "rosbifs" (or roast beefs).

Proposals for Anglo-French unity are not necessarily new. English royalty claimed the title of "King (or Queen) of France" into the 19th century. Winston Churchill, in a last-ditch attempt to keep France on the side of the Allies in World War II, appealed for a full union of the two nations in June 1940.

The proposals all shared an element of desperation, says Kevin Ruane, a historian at Canterbury Christ Church University in England.

Threatened by an Arab revolt in French Algeria and hobbled by instability at home, France was desperate to maintain its independence from both the Soviet Union and the United States, Mr. Ruane says. Mr. Eden, who fought in France during World

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War I and spoke the language well enough that the French were not notably offended by his accent, might have seemed particularly approachable to Mr. Mollet, a onetime English teacher.

But even under all those circumstances, the suggestion that France accept the British queen strikes historians as bizarre, and Frenchmen as unspeakable.

Mr. Mollet was a socialist, and Frenchmen usually regard the execution of King Louis XVI as one of the crowning achievements of the French Revolution. They would have been unlikely to welcome a foreign monarch with open arms, though not necessarily the guillotine.

The Mollet memoirs show nothing about the proposal, says Francois Lafon, a history professor at La Sorbonne in Paris and a Mollet biographer.

A year after Britain turned down France's proposal, the French joined the Common Market, the European Union's predecessor. By the time Britain tried to join seven years later, the tables had turned.

Charles de Gaulle had brought a new order to French political life and improved its international standing, even as Britain's economy stagnated. Mr. de Gaulle vetoed Britain's attempts to join the European Economic Community -- twice.

The documents, which have been declassified for more than 20 years, were found by a British Broadcasting Corp. producer late last month.

Beyond PR At BP (WSJ)

The Wall Street Journal, January 16, 2007

Don't expect much sympathy for John Browne now that his tenure as chief executive of BP has been cut short by 17 months. Sorrow certainly wasn't the sentiment expressed by investors, who have sent BP shares up more than 2.2% in London and nearly 5% on Wall Street since Friday's announcement that Lord Browne would leave the oil giant this summer rather than at the end of next year.

Big Oil is one of the most vilified industries among politicians and the press, many of whom would have you believe that running these companies involves little more than deciding how badly to "gouge" gasoline consumers after hurricanes. Lord Browne is paying the price for BP's struggles in recent years, most notably an explosion at a Texas refinery that killed 15 workers, oil spills in Alaska and alleged market manipulation in the U.S.

Then again, Lord Browne didn't help himself by trying to persuade the world that British Petroleum wasn't in the oil biz. In 2000, BP launched its $200 million "Beyond Petroleum" campaign to reshape its image, running ads that shifted emphasis from oil and gasoline to more politically correct fuels. The company is spending $8 billion over 10 years to boost its alternative fuels business.

Yet at about the same time BP embarked on a plan to cut costs at all of its refineries by 25%, according to investigators with the U.S. Chemical Safety Board who are looking into the 2005 Texas City refinery accident. That cost-cutting, the CSB says, undermined routine maintenance that might have prevented the blast. BP has denied the link between cost-cutting and safety, including oil leaks from corroded pipelines. But a report due to be released today by former Secretary of State James Baker is expected to echo these concerns.

Contrast BP's record with that of ExxonMobil, which has been demonized even more than other oil majors for refusing to toe the environmentalist line on climate change. Yet over the past decade it has largely avoided the kinds of troubles that have socked BP. Companies must be free to reduce expenses, and it's impossible to say whether BP shifted too much money from maintenance to PR. What is clear is that BP's shareholders don't like receiving news of an oil spill any more than environmentalists do. An oil company's first obligation is to its oil business.

Car Washes And Genocide (NYT)

By Nicholas D. Kristof

The New York Times, January 16, 2007

Genocide may be the worst of crimes, but historically it has also brought out the best in some people.

The Raoul Wallenbergs of 2007 speckle America and the globe. And I don't just mean the aid workers — 13 of whom have been murdered for their efforts in Darfur since last May — but also those ordinary Americans who have united in a grass-roots campaign to try to stop genocide half a world away in Sudan.

President Bush and other world leaders have dropped the ball on Darfur. But that vacuum of moral leadership has been filled by university students, churches and temples, celebrities like George Clooney and Mia Farrow, and armies of schoolchildren.

Their arsenal — green armbands, phone calls to the White House, bake sales to raise money — all seem pallid. How can a "Save Darfur" lawn sign in Peoria intimidate government-backed raiders in Sudan or Chad who throw babies into bonfires?

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Yet, finally, we see evidence that those armbands and lawn signs can make a difference. Last week, the Save Darfur Coalition — the grass-roots organization that puts out those lawn signs — sponsored a trip by Bill Richardson, the New Mexico governor, to Khartoum to negotiate with President Omar al-Bashir.

Sure, it's a little weird when a private advocacy group undertakes freelance diplomacy. But if George W. Bush, Tony Blair, Jacques Chirac and Hu Jintao twiddle their thumbs, then more power to the freelancers.

Mr. Richardson worked out a joint statement in which Sudan agreed to a 60-day cease-fire to allow peace talks to resume, provided the Darfur rebels go along as well. Mr. Bashir also agreed that Sudan would prosecute rapes and stop painting its military aircraft to look as if they belong to the U.N.

The first thing to say is that Mr. Bashir has repeatedly broken his pledges in the past. Count me deeply skeptical about whether it will be any different this time. Mudawi Ibrahim Adam, a Sudanese human rights campaigner, told me he thinks that President Bashir simply made cosmetic concessions in hopes of winning the chairmanship of the African Union later this month.

That said, there may be a path forward here. While U.N. peacekeepers and a no-fly zone are needed, ultimately the only way to end the slaughter is to achieve a peace agreement in Darfur. And that seems more feasible today than it was a week ago.

Most striking, it's clear that the cease-fire was a consequence of all those armbands and lawn signs. Mr. Richardson told me that Mr. Bashir was motivated by concern at the way the killings have been spotlighted by Darfur activists. Mr. Richardson quoted him as saying, "These guys have caused me a lot of damage."

Ken Bacon, who heads Refugees International and accompanied Mr. Richardson, said of President Bashir: "One thing that was very clear was that the Save Darfur movement has gotten under his skin. The vilification of the Khartoum regime in columns and editorials and ads is making a difference."

So cherish this historical moment. The long record of genocide is one overwhelmingly of acquiescence, but this time ordinary citizens are trying to write a different ending.

There are the students at Santa Clara University in California who replicated a mini refugee camp and slept in it. They limited themselves to 1,000 calories a day — because that's what Darfuris are limited to — and donated the savings to aid groups.

Or there's Jason Miller, a California M.D./Ph.D student who in his spare time has become the foremost expert on how investments by foreign companies underwrite the Sudanese genocide. Or Beth Reilly, a stay-at-home mom in Indiana who works on Darfur a little bit every day. Or the legions of schoolkids who organize car washes, and ask for donations in lieu of birthday presents, in hopes of saving other children halfway around the globe.

Sudan's leaders are used to bullying everyone. Jan Pronk, who was the United Nations envoy in Sudan until Khartoum ejected him, reports in his Weblog that a U.N. official recently went to the authorities in Darfur to complain about human rights violations. A Sudanese official retorted: "You better shut up. We can always expel you, as we have proven."

But finally President Bashir is confronting people whom he can't bully. Let's have no illusions about how much more pressure will be necessary to stop the slaughter, but let's also celebrate this moment. Mr. Bashir has blinked, showing that it just may be possible to fight genocide with moral courage and lawn signs.

DOJ_NMG_0116645

Block, Jonathan

From:	Block, Jonathan
Sent:	Tuesday, January 16, 2007 8:09 AM
Subject:	Department of Justice News Clips for Sunday, January 14, 2007
Attachments:	dojclips070114.pdf; dojclips070114.doc

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 14, 2007 7:45 AM EST

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TERRORISM NEWS:

Military Is Expanding Its Intelligence Role In U.S. (NYT)

By Eric Lichtblau, Mark Mazzetti
The New York Times, January 14, 2007

DOJ_NMG_0116648

WASHINGTON, Jan. 13 — The Pentagon has been using a little-known power to obtain banking and credit records of hundreds of Americans and others suspected of terrorism or espionage inside the United States, part of an aggressive expansion by the military into domestic intelligence gathering.

The C.I.A. has also been issuing what are known as national security letters to gain access to financial records from American companies, though it has done so only rarely, intelligence officials say.

Banks, credit card companies and other financial institutions receiving the letters usually have turned over documents voluntarily, allowing investigators to examine the financial assets and transactions of American military personnel and civilians, officials say.

The F.B.I., the lead agency on domestic counterterrorism and espionage, has issued thousands of national security letters since the attacks of Sept. 11, 2001, provoking criticism and court challenges from civil liberties advocates who see them as unjustified intrusions into Americans' private lives.

But it was not previously known, even to some senior counterterrorism officials, that the Pentagon and the Central Intelligence Agency have been using their own "noncompulsory" versions of the letters. Congress has rejected several attempts by the two agencies since 2001 for authority to issue mandatory letters, in part because of concerns about the dangers of expanding their role in domestic spying.

The military and the C.I.A. have long been restricted in their domestic intelligence operations, and both are barred from conducting traditional domestic law enforcement work. The C.I.A.'s role within the United States has been largely limited to recruiting people to spy on foreign countries.

Carl Kropf, a spokesman for the director of national intelligence, said intelligence agencies like the C.I.A. used the letters on only a "limited basis."

Pentagon officials defended the letters as valuable tools and said they were part of a broader strategy since the Sept. 11 attacks to use more aggressive intelligence-gathering tactics — a priority of former Defense Secretary Donald H. Rumsfeld. The letters "provide tremendous leads to follow and often with which to corroborate other evidence in the context of counterespionage and counterterrorism," said Maj. Patrick Ryder, a Pentagon spokesman.

Government lawyers say the legal authority for the Pentagon and the C.I.A. to use national security letters in gathering domestic records dates back nearly three decades and, by their reading, was strengthened by the antiterrorism law known as the USA Patriot Act.

Pentagon officials said they used the letters to follow up on a variety of intelligence tips or leads. While they would not provide details about specific cases, military intelligence officials with knowledge of them said the military had issued the letters to collect financial records regarding a government contractor with unexplained wealth, for example, and a chaplain at Guantánamo Bay erroneously suspected of aiding prisoners at the facility.

Usually, the financial documents collected through the letters do not establish any links to espionage or terrorism and have seldom led to criminal charges, military officials say. Instead, the letters often help eliminate suspects.

"We may find out this person has unexplained wealth for reasons that have nothing to do with being a spy, in which case we're out of it," said Thomas A. Gandy, a senior Army counterintelligence official.

But even when the initial suspicions are unproven, the documents have intelligence value, military officials say. In the next year, they plan to incorporate the records into a database at the Counterintelligence Field Activity office at the Pentagon to track possible threats against the military, Pentagon officials said. Like others interviewed, they would speak only on the condition of anonymity.

Military intelligence officers have sent letters in up to 500 investigations over the last five years, two officials estimated. The number of letters is likely to be well into the thousands, the officials said, because a single case often generates letters to multiple financial institutions. For its part, the C.I.A. issues a handful of national security letters each year, agency officials said. Congressional officials said members of the House and Senate Intelligence Committees had been briefed on the use of the letters by the military and the C.I.A.

Some national security experts and civil liberties advocates are troubled by the C.I.A. and military taking on domestic intelligence activities, particularly in light of recent disclosures that the Counterintelligence Field Activity office had maintained

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files on Iraq war protesters in the United States in violation of the military's own guidelines. Some experts say the Pentagon has adopted an overly expansive view of its domestic role under the guise of "force protection," or efforts to guard military installations.

"There's a strong tradition of not using our military for domestic law enforcement," said Elizabeth Rindskopf Parker, a former general counsel at both the National Security Agency and the C.I.A. who is the dean at the McGeorge School of Law at the University of the Pacific. "They're moving into territory where historically they have not been authorized or presumed to be operating."

Similarly, John Radsan, an assistant general counsel at the C.I.A. from 2002 to 2004 and now a law professor at William Mitchell College of Law in St. Paul, said, "The C.I.A. is not supposed to have any law enforcement powers, or internal security functions, so if they've been issuing their own national security letters, they better be able to explain how they don't cross the line."

The Pentagon's expanded intelligence-gathering role, in particular, has created occasional conflicts with other federal agencies. Pentagon efforts to post American military officers at embassies overseas to gather intelligence for counterterrorism operations or future war plans has rankled some State Department and C.I.A. officials, who see the military teams as duplicating and potentially interfering with the intelligence agency.

In the United States, the Federal Bureau of Investigation has complained about military officials dealing directly with local police — rather than through the bureau — for assistance in responding to possible terrorist threats against a military base. F.B.I. officials say the threats have often turned out to be uncorroborated and, at times, have stirred needless anxiety.

The military's frequent use of national security letters has sometimes caused concerns from the businesses receiving them, a counterterrorism official said. Lawyers at financial institutions, which routinely provide records to the F.B.I. in law enforcement investigations, have contacted bureau officials to say they were confused by the scope of the military's requests and whether they were obligated to turn the records over, the official said.

Companies are not eager to turn over sensitive financial data about customers to the government, the official said, "so the more this is done, and the more poorly it's done, the more pushback there is for the F.B.I."

The bureau has frequently relied on the letters in recent years to gather telephone and Internet logs, financial information and other records in terrorism investigations, serving more than 9,000 letters in 2005, according to a Justice Department tally. As an investigative tool, the letters present relatively few hurdles; they can be authorized by supervisors rather than a court. Passage of the Patriot Act in October 2001 lowered the standard for issuing the letters, requiring only that the documents sought be "relevant" to an investigation and allowing records requests for more peripheral figures, not just targets of an inquiry.

Some Democrats have accused the F.B.I. of using the letters for fishing expeditions, and the American Civil Liberties Union won court challenges in two cases, one for library records in Connecticut and the other for Internet records in Manhattan. Concerned about possible abuses, Congress imposed new safeguards in extending the Patriot Act last year, in part by making clear that recipients of national security letters could contact a lawyer and seek court review. Congress also directed the Justice Department inspector general to study the F.B.I.'s use of the letters, a review that is continuing.

Unlike the F.B.I., the military and the C.I.A. do not have wide-ranging authority to seek records on Americans in intelligence investigations. But the expanded use of national security letters has allowed the Pentagon and the intelligence agency to collect records on their own. Sometimes, military or C.I.A. officials work with the F.B.I. to seek records, as occurred with an American translator who had worked for the military in Iraq and was suspected of having ties to insurgents.

After the Sept. 11 attacks, Mr. Rumsfeld directed military lawyers and intelligence officials to examine their legal authorities to collect intelligence both inside the United States and abroad. They concluded that the Pentagon had "way more" legal tools than it had been using, a senior Defense Department official said.

Military officials say the Right to Financial Privacy Act of 1978, which establishes procedures for government access to sensitive banking data, first authorized them to issue national security letters. The military had used the letters sporadically for years, officials say, but the pace accelerated in late 2001, when lawyers and intelligence officials concluded that the Patriot Act strengthened their ability to use the letters to seek financial records on a voluntary basis and to issue mandatory letters to obtain credit ratings, the officials said.

The Patriot Act does not specifically mention military intelligence or C.I.A. officials in connection with the national security letters.

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Some F.B.I. officials said they were surprised by the Pentagon's interpretation of the law when military officials first informed them of it. "It was a very broad reading of the law," a former counterterrorism official said.

While the letters typically have been used to trace the financial transactions of military personnel, they also have been used to investigate civilian contractors and people with no military ties who may pose a threat to the military, officials said. Military officials say they regard the letters as one of the least intrusive means to gather evidence. When a full investigation is opened, one official said, it has now become "standard practice" to issue such letters.

One prominent case in which letters were used to obtain financial records, according to two military officials, was that of a Muslim chaplain at Guantánamo Bay, Cuba, who was suspected in 2003 of aiding terror suspects imprisoned at the facility. The espionage case against the chaplain, James J. Yee, soon collapsed.

Eugene Fidell, a defense lawyer for the former chaplain and a military law expert, said he was unaware that military investigators may have used national security letters to obtain financial information about Mr. Yee, nor was he aware that the military had ever claimed the authority to issue the letters.

Mr. Fidell said he found the practice "disturbing," in part because the military does not have the same checks and balances when it comes to Americans' civil rights as does the F.B.I. "Where is the accountability?" he asked. "That's the evil of it — it doesn't leave fingerprints."

Even when a case is closed, military officials said they generally maintain the records for years because they may be relevant to future intelligence inquiries. Officials at the Pentagon's counterintelligence unit say they plan to incorporate those records into a database, called Portico, on intelligence leads. The financial documents will not be widely disseminated, but limited to investigators, an intelligence official said.

"You don't want to destroy something only to find out that the same guy comes up in another report and you don't know that he was investigated before," the official said.

The Counterintelligence Field Activity office, created in 2002 to better coordinate the military's efforts to combat foreign intelligence services, has drawn criticism for some domestic intelligence activities.

The agency houses an antiterrorist database of intelligence tips and threat reports, known as Talon, which had been collecting information on antiwar planning meetings at churches, libraries and other locations. The Defense Department has since tightened its procedures for what kind of information is allowed into the Talon database, and the counterintelligence office also purged more than 250 incident reports from the database that officials determined should never have been included because they centered on lawful political protests by people opposed to the war in Iraq.

Officials: Pentagon Probed Finances (WP)

By Karen DeYoung

The Washington Post, January 14, 2007

The Defense Department has used a long-standing authority to acquire the personal financial records of American citizens in military-related criminal and other investigations as part of an expansion of the Pentagon's gathering of counterterrorism intelligence at home, officials said yesterday.

"There are certainly types of information and transactions that are valuable to the department when conducting counterintelligence and counterespionage investigations," said Pentagon spokesman Bryan Whitman.

Whitman emphasized that although the FBI can compel banks, credit card companies and other private institutions to produce such records by issuing a National Security Letter, the military is authorized only to request that the institutions turn them over.

The CIA has long had similar "noncompulsory" authority, although intelligence officials said that such requests are rare and tend to relate to espionage investigations of the CIA's own officials. The authority was used during the investigation of Aldrich Ames, the CIA operations officer who was convicted in 1994 of spying for the Russians.

The military's expanded use of the records authority was first reported yesterday on the Web site of the New York Times, which said that military officials had made more than 500 such requests since the Sept. 11, 2001, attacks. Quoting unnamed

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military intelligence officials, the Times said that the actual number of letters was probably well into the thousands, because a single investigation often resulted in requests to multiple institutions.

By law, the FBI is charged with conducting investigations of U.S. citizens and with counterterrorism activities in this country.

Domestic intelligence-gathering by the CIA and the military is sharply restricted. In the military's case, such activities have generally involved investigations of direct threats to military installations and personnel in the United States, as well as inquiries into possible criminal activities by uniformed or civilian Defense Department employees.

Under then-Defense Secretary Donald H. Rumsfeld, the Pentagon expanded its collection of intelligence within the borders of the United States -- a development that stirred concern among members of Congress and prompted stern criticism and lawsuits from civil liberties advocates.

These efforts are overseen by the Pentagon's Counterintelligence Field Activity agency, or CIFA, which was established in September 2002 by then-Deputy Secretary of Defense Paul D. Wolfowitz.

CIFA is charged with coordinating policy and overseeing the domestic counterintelligence activities of Pentagon agencies and the armed forces. The agency's size and budget are classified, but congressional sources have said that the agency spent more than $1 billion through October. One counterintelligence official recently estimated that CIFA has 400 full-time employees and 800 to 900 contractors working for it.

In written responses to questions from the Senate Armed Services Committee during his confirmation hearing last month, Rumsfeld's replacement, Robert M. Gates, pledged to look "in greater detail" at CIFA's activities.

The agency was criticized in December 2005 after it was revealed that a database managed by CIFA, called TALON, contained unverified, raw threat information about people who were peacefully protesting the Iraq war at defense facilities, including recruiting offices. In August, CIFA Director David A. Burtt II and his top deputy, Joseph Hefferon, resigned in the wake of a scandal involving CIFA contracts that went to MZM Inc., a company run by Mitchell J. Wade. Wade pleaded guilty last February to conspiring to bribe then-Rep. Randy "Duke" Cunningham (R-Calif).

In his confirmation responses, Gates said that an internal Pentagon review of the program "found procedural weaknesses" and that "steps are underway to correct these deficiencies."

Whitman, in a discussion of the financial-records requests, said that only four U.S. military entities are authorized to ask for them -- the U.S. Army Counterintelligence Center, the Criminal Investigation Service of the Army and of the Navy, and the Air Force Office of Special Investigations.

All of these entities are overseen by CIFA.

Whitman declined to discuss individual cases in which the authority had been used, although one U.S. official who spoke on the condition of anonymity because of the sensitivity of the issue said it was utilized in an investigation of a contractor working at the Guantanamo Bay naval facility who appeared to have unexplained income.

In comments attributed to unnamed military intelligence officials, the Times said that the financial records of Capt. James Yee -- a Muslim chaplain at the U.S. military detention facility at Guantanamo Bay, Cuba, who was charged with aiding prisoners there -- had also been obtained. Espionage charges against Yee were eventually dropped by the government.

The CIA declined yesterday to comment on its use of the financial-records authority. An intelligence official said that the CIA usually asks the FBI to obtain financial records involving U.S. citizens in terrorism investigations because the bureau has the authority to compel cooperation. "There have been a handful of instances, in very rare circumstances over the years, that the CIA has used" its authority to request such records on its own, the official said.

Pentagon, CIA Check U.S. Suspects' Bank Records (AP)

AP, January 13, 2007

WASHINGTON (AP) -- The Pentagon and to a lesser extent the CIA have been using a little-known power to look at the banking and credit records of hundreds of Americans and others suspected of terrorism or espionage within the United States, according to a published report.

"It is our understanding that the intelligence community agencies make such requests on a limited basis," said Carl Kropf, a spokesman for the Office of the National Intelligence Director, which oversees all 16 spy agencies in the government.

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The so-called national security letters permit the executive branch to seek records about people in terror and spy investigations without a judge's approval or grand jury subpoena. Government lawyers maintain the legal authority for such tactics is years old and was strengthened by the Patriot Act.

The Federal Bureau of Investigation, the lead agency on domestic counterterrorism and espionage, has issued thousands of national security letters since the attacks of September 11, 2001.

That has prompted criticism and court challenges from civil liberties advocates who claim they invade the privacy of Americans' lives, even though banks and other financial institutions typically turn over the financial records voluntarily.

The New York Times, in an article posted Saturday on the Internet, said the Pentagon and CIA also have been using their own versions of the letters to aid investigative work.

Congressional officials said members of the House and Senate Intelligence Committees had been briefed on the Pentagon and CIA's use of the letters, the newspaper said.

The vast majority of national security letters are issued by the FBI, but in very rare circumstances they have been used by the CIA before and after 9/11, said a U.S. intelligence official who spoke to The Associated Press on condition of anonymity because of the issue's sensitivity.

The CIA has used these non-compulsory letters in espionage investigations and other circumstances, the official said.

"It is very uncommon for the agency to be issuing these letters," the official said. "The agency has the authority to do so, and it is absolutely lawful."

A government official, also speaking on condition of anonymity, said one example of a case in which the letters were used was the 1994 case of CIA officer Aldrich Ames, who eventually was found to have been selling secrets to the Soviet Union.

Neither official commented about the extent of possible use by Defense Department agencies, but Pentagon officials defended their use to the Times, saying they were part of a post-September 11 strategy to use more aggressive intelligence-gathering techniques.

Kropf's remarks to the AP did not address specifics of the Times story, which said military intelligence officers have sent letters in up to 500 investigations.

"There's a strong tradition of not using our military for domestic law enforcement," said Elizabeth Rindskopf Parker, a former general counsel at both the National Security Agency and the CIA and dean at the McGeorge School of Law at the University of the Pacific told the Times. "They're moving into territory where historically they have not been authorized or presumed to be operating."

Pentagon Conducting Probes In U.S. (LAT)

By Julian E. Barnes, Greg Miller

The Los Angeles Times, January 14, 2007

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WASHINGTON — The Pentagon has been requesting information from financial institutions and telecommunications companies to investigate people within the United States suspected of spying or terrorism, the Defense Department said Saturday.

The little-known practice could raise questions on Capitol Hill about the military conducting domestic investigations, which are traditionally reserved for the FBI. The American Civil Liberties Union said Saturday that the Pentagon activity raised concerns.

Pentagon spokesman Bryan Whitman said the Defense Department was not spying on random American citizens and was primarily requesting the information in counterintelligence investigations, such as when department officials or contractors were accused of spying.

The Pentagon practice was first reported Saturday evening by the New York Times, which said officials estimated that the Pentagon had asked for the information in as many as 500 investigations over five years.

The CIA has gathered similar information from U.S. companies and other sources, but has done so less frequently, according to U.S. intelligence officials contacted by the Los Angeles Times.

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The information requests are similar to "national security letters" issued by the FBI, which compel institutions to turn over records. The FBI's use of such letters has been controversial, and the American Civil Liberties Union has challenged their use in at least two cases. Congress put new restrictions on the use of the letters when it reauthorized the Patriot Act last year.

Defense officials said Saturday they had used similar letters to request information from financial institutions, telephone companies and credit agencies.

Although they are used in terrorism investigations, Whitman said, the requests have mainly been used in cases of suspected espionage. If a Defense Department employee or contractor appeared to have excessive amounts of money, for example, the Pentagon might use the letters as part of a preliminary counterintelligence probe.

Whitman emphasized that the Pentagon letters requested — but did not compel — banks, phone companies and others to turn over customer information. Although the Pentagon can ask a court to compel the release of those records, Whitman said he was not aware of any requests for court orders.

The Pentagon has been using the letters at least since 2003.

One U.S. intelligence official said the CIA had been "involved in such letters on a very limited basis over the years."

The CIA practice predates the Sept. 11, 2001, attacks, officials said. The Justice Department is often involved in the CIA and Pentagon investigations, officials said.

ACLU Associate Legal Director Ann Beeson said the Pentagon and CIA actions raised "serious concerns," in part because of recent disclosures of expanded government spying, such as the National Security Agency's warrantless wiretapping. She said she wanted to know more about the cases that prompted the information requests.

"There are serious concerns about whether the Pentagon is improperly intruding into the privacy of Americans and improperly conducting domestic intelligence without any legal authorization…. The Pentagon has its own regulations which severely limit their ability to conduct domestic intelligence, and those regulations come out of a strong tradition in this country of opposing military involvement in domestic affairs," Beeson said.

Although the CIA and Pentagon have extensive overseas intelligence-gathering operations, both are tightly restricted from domestic spying. But the Pentagon does perform limited law enforcement work, and each military service has a criminal investigation agency.

Lawmakers have resisted giving the Defense Department the right to force financial companies to reveal information about clients. But the Pentagon has the authority to request information under the Right to Financial Privacy Act, the Fair Credit Reporting Act and the National Security Act, said Army Lt. Col. Brian Maka, a Pentagon spokesman. Whitman said the authority also was derived from the Patriot Act.

Maka said the ability to request transaction information was "invaluable" to the Defense Department "in conducting counterintelligence and counterterrorism investigations."

Defense Department agencies authorized to issue the letters are all criminal or counterintelligence agencies, including the Army Criminal Investigation Command, Naval Criminal Investigative Service, Air Force Office of Special Investigations and Army counterintelligence.

The New York Times reported that one such letter was used in the case of a Muslim chaplain suspected of aiding prisoners accused of terrorism being held at Guantanamo Bay, Cuba. The chaplain was cleared of any espionage charges.

New Defense Secretary Robert M. Gates is expected to take a less aggressive stance toward intelligence operations than predecessor Donald H. Rumsfeld.

Deletions In Army Manual Raise Wiretapping Concerns (NYT)

By Eric Lichtblau, Mark Mazzetti

The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — Deep into an updated Army manual, the deletion of 10 words has left some national security experts wondering whether government lawyers are again asserting the executive branch's right to wiretap Americans without a court warrant.

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The manual, described by the Army as a “major revision” to intelligence-gathering guidelines, addresses policies and procedures for wiretapping Americans, among other issues.

The original guidelines, from 1984, said the Army could seek to wiretap people inside the United States on an emergency basis by going to the secret court set up by the Foreign Intelligence Surveillance Act, known as FISA, or by obtaining certification from the attorney general “issued under the authority of section 102(a) of the Act.”

That last phrase is missing from the latest manual, which says simply that the Army can seek emergency wiretapping authority pursuant to an order issued by the FISA court “or upon attorney general authorization.” It makes no mention of the attorney general doing so under FISA.

Bush administration officials said that the wording change was insignificant, adding that the Army would follow FISA requirements if it sought to wiretap an American.

But the manual’s language worries some national security experts. “The administration does not get to make up its own rules,” said Steven Aftergood, who runs a project on government secrecy for the Federation of American Scientists.

The Army guidelines were finalized in November 2005, and Mr. Aftergood’s group recently obtained a copy under the Freedom of Information Act. He said he was struck by the omission, particularly because of the recent debate over the National Security Agency’s domestic surveillance program. President Bush has asserted that he can authorize eavesdropping without court warrants on the international communications of Americans suspected of having ties to Al Qaeda.

Like several other national security experts, Mr. Aftergood said the revised guidelines could suggest that Army lawyers had adopted the legal claim that the executive branch had authority outside the courts to conduct wiretaps.

But Thomas A. Gandy, a senior Army counterintelligence official who helped develop the guidelines, said the new wording did not suggest a policy change. The guidelines were intended to give Army intelligence personnel more explicit and, in some cases, more restrictive guidance than the 1984 regulations, partly to help them respond to new threats like computer hackers.

“This is all about doing right and following the rules and protecting the civil liberties of folks,” Mr. Gandy said. “It seeks to keep people out of trouble.”

Views On Detainee Representation Draw Fire (WP/AP)

By John Heilprin

The Washington Post, January 14, 2007

The Pentagon yesterday disavowed a senior official's remarks suggesting companies boycott law firms that represent detainees at the U.S. military prison at Guantanamo Bay, Cuba.

Charles "Cully" Stimson, the deputy assistant secretary of defense for detainee affairs, said in a radio interview last week that companies might want to consider taking their business to firms that do not represent suspected terrorists.

Legal experts and advocacy groups viewed Stimson's remarks as an attempt to intimidate law firms that provide legal help to all people, even unpopular defendants.

A Pentagon spokesman, Lt. Col. Brian Maka, said Stimson was not speaking for the Bush administration.

Stimson's comments "do not represent the views of the Department of Defense or the thinking of its leadership," Maka said.

Stimson's "shameful and irresponsible" remarks deserve condemnation, said Neal R. Sonnett, a Miami lawyer and president of the American Judicature Society, a nonpartisan group of judges, lawyers and others.

Sonnett said in a statement that Stimson had made a "blatant attempt to intimidate lawyers and their firms who are rendering important public service in upholding the rule of law and our democratic ideals."

Stimson on Thursday told Federal News Radio, a local commercial station that covers the government, that he found it "shocking" that lawyers at many of the nation's top firms represent detainees.

Stimson listed the names of more than a dozen major firms he suggested should be boycotted.

"And I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," Stimson said.

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Asked who might be paying the law firms to represent Guantanamo detainees, Stimson hinted at wrongdoing for which some explaining should be done.

"It's not clear, is it? Some will maintain that they're doing it out of the goodness of their heart -- that they're doing it pro bono, and I suspect they are," he said. "Others are receiving monies from who knows where and I'd be curious to have them explain that."

Stimson also described Guantanamo as "certainly, probably the most transparent and open location in the world" because of visits from more than 2,000 journalists since it opened five years ago. However, journalists are not allowed to talk to detainees on those visits, their photos are censored, and their access to the base has at times been cut off.

He discounted international outrage over the detention center as "small little protests around the world" that were "drummed up by Amnesty International" and inflated in importance by liberal news media outlets.

FBI agents have documented more than two dozen incidents of possible mistreatment at Guantanamo. In one, a detainee's head was wrapped in duct tape because he chanted the Koran; in a second, a detainee pulled out his hair after hours in a sweltering room.

In a December court ruling, a federal judge in Washington decried the plight of "some of the unfortunate petitioners who have been detained for many years in the terrible conditions at Guantanamo Bay."

The judge criticized a system in which dozens have been held without charges and cut off from the world for lack of English or knowledge about the law, leaving them no choice but to turn to a fellow prisoner with connections for legal help.

Since the detention center opened, the U.S. military has transferred or released about 380 detainees. Nearly 400 remain.

The Imperial Presidency (WP)

By Dahlia Lithwick

The Washington Post, January 14, 2007

Why is the United States poised to try Jose Padilla as a dangerous terrorist, long after it has become clear that he was just the wrong Muslim in the wrong airport on the wrong day?

Why is Washington still holding hundreds of detainees at Guantanamo Bay, Cuba, long after years of interrogation and abuse have established that few, if any, of them are the deadly terrorists they have been held out to be?

And why is President Bush still issuing grandiose and provocative signing statements, the latest of which claims that the executive branch has the power to open mail when it sees fit?

I once believed that the common thread here is presidential blindness -- an extreme executive-branch myopia that leads the chief executive to believe that these futile measures are integral to combating terrorism; a self-delusion that precludes Bush and his advisers from recognizing that Padilla is a chump and Guantanamo Bay is just a holding pen for a jumble of innocent or half-guilty wretches.

But it has finally become clear that the goal of these efforts isn't to win the war against terrorism; indeed, nothing about Padilla, Guantanamo Bay or signing statements moves the country an inch closer to eradicating terrorism. The object is a larger one: expanding executive power, for its own sake.

Two scrupulously reported pieces on the Padilla case are illuminating. On Jan. 3, Nina Totenberg of National Public Radio interviewed Mark Corallo, who was spokesman for then-Attorney General John D. Ashcroft, about the behind-the-scenes decision-making in the Padilla case -- a case that has lolled through the federal courts for years. According to Totenberg, when the Supreme Court sent Padilla's case back to the lower federal courts on technical grounds in 2004, the Bush administration's sole concern was preserving its constitutional claim that it could hold citizens as enemy combatants. "Justice Department officials warned that if the case went back to the Supreme Court, the administration would almost certainly lose," she reports, which is why Padilla was dragged back to the lower courts. Her sources further confirmed that "key players in the Defense Department and Vice President Cheney's office insisted that the power to detain Americans as enemy combatants had to be preserved."

Deborah Sontag's story on Padilla in the Jan. 4 New York Times makes the same point: He was moved from military custody to criminal court only as "a legal maneuver that kept the issue of his detention without charges out of the Supreme Court."

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This is why the White House moved Padilla from the brig to the high court to the federal courts and back to a Florida trial court: They were shopping for the best place to enshrine the right to detain him indefinitely. Their claims about Padilla's dirty bomb, known to be false, were a means of advancing their claims about executive power. When confronted with the possibility of losing on those claims, they pulled him back to the criminal courts so as not to lose powers they'd already won.

This need to preserve new legal ground also explains the continued operation of the detention center at Guantanamo Bay. Last week marked the fifth anniversary of the camp that -- as then-Defense Secretary Donald H. Rumsfeld claimed in 2002 -- houses only "the worst of the worst." Now that more than half of them have been released (the best of the worst?) and even though only about 80 will ever see trials, the camp remains open. Why? Civil rights groups worldwide and even close U.S. allies such as Denmark, England and Germany clamor for its closure.

But Guantanamo Bay stays open for the same reason that Padilla stays on trial. Having claimed the right to label enemy combatants and detain them indefinitely without charges, the Bush administration cannot retreat from that position without ceding ground. The president is as much a prisoner of Guantanamo Bay as the detainees are. Having gone nose to nose with Congress over his authority to craft stripped-down courts, guaranteed to produce guilty verdicts, Bush cannot call off the trials. The endgame in the war against terrorism isn't holding the line against terrorists. It's holding the line on hard-fought claims to limitless presidential authority.

Enter these signing statements. The most recent of the all-but-meaningless postscripts Bush tacks onto legislation gives him the power to "authorize a search of mail in an emergency" to "protect human life and safety" and for "foreign intelligence collection." There is some debate about whether the president has that power already, but it misses the point. The purpose of these signing statements is to plant a flag on the moon -- one more way for the chief executive to stake out the furthest corners in the field of his desired powers.

Last spring, the New Yorker's Jane Mayer profiled David Addington, Cheney's chief of staff and legal adviser. Addington's worldview in brief: a single-minded devotion to something called the New Paradigm, a constitutional theory of virtually limitless executive power, wherein "the President, as Commander-in-Chief, has the authority to disregard virtually all previously known legal boundaries, if national security demands it," Mayer describes.

Bush administration insiders told Mayer that Addington and Cheney had been "laying the groundwork" for a vast expansion of presidential power long before 9/11. And in 2002, the vice president told ABC News that the presidency was "weaker today as an institution because of the unwise compromises that have been made over the last 30 to 35 years." Rebuilding that presidency has been their goal for decades.

The image of Addington scrutinizing "every bill before President Bush signs it, searching for any language that might impinge on Presidential power," as Mayer puts it, can be amusing, sort of like the mother of the bride obsessing over a tricky seating chart. But this zeal to restore an all-powerful presidency traps the Bush administration in its own worst legal sinkholes. This newfound authority -- to maintain a disastrous Guantanamo Bay, to stage rights-free tribunals and to hold detainees forever -- is the kind of power that Richard M. Nixon could have only dreamed about, and cannot be let go.

In a heartbreaking letter from Guantanamo Bay last week, published in the Los Angeles Times, inmate Jumah al-Dossari writes: "The purpose of Guantanamo is to destroy people, and I have been destroyed." I fear he is wrong. The destruction of Dossari, Padilla, Zacarias Moussaoui, Yasser Esam Hamdi and some of our most basic civil liberties was never a purpose or a goal -- it was a byproduct. The true purpose is more abstract and more tragic: to establish a clunky post-Watergate dream of an imperial presidency, whatever the human cost may be.

Dahlia Lithwick covers legal affairs for Slate, the online magazine at www.slate.com.

Attack On U.S. Embassy Revives Greek Fear Of Terrorism (NYT)

By Ian Fisher, Anthee Carassava

The New York Times, January 14, 2007

ATHENS, Jan. 13 — The anti-Americanism was of a different vintage but still deadly, etched into two somber plaques at the battened-down United States Embassy here. Starting in December 1975, five embassy employees — four Americans and one Greek-American driver — were killed here by November 17, the leftist Greek terrorist group.

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Now, with a new attack on Friday on the embassy — using an unusually potent weapon, a rocket-propelled grenade — Greeks are grappling with deep uneasiness.

Was this a one-time attack?

Or was this just the first break in a new wave of leftist violence in Greece, now given an updated cause — and perhaps some conflicted sympathy among ordinary Greeks — amid worldwide anger against United States actions in Iraq and its broader fight against terrorism?

"The strike against the embassy was powerful, audacious, highly symbolic with an imported weapon," read an editorial in Vima, a leading Greek newspaper. "Unfortunately, terrorism is returning, ready to put its dark and damaging stamp on political developments."

The stakes for Greece are high. After several years of relative stability, any revival of violence here could erase the gains made after the successful dismantling of November 17 before the Olympic Games here in 2004. Those gains are vital and real. Greece's international image has improved, as have relations with the United States. Tourism, the nation's largest money maker, is surging. The number of American tourists has doubled since 2005.

"For the time being, we're calm," said Yannis Evangelou, president of the Hellenic Association of Travel and Tourist Agencies. "This was an isolated, one-off incident by a small group of people who obviously have a bone to pick with the U.S. and its policies."

"It doesn't reflect the views of the general public here," he added. Moreover, he said, "Greece isn't the only country where violent forms of anti-American protests are taking place."

No one was wounded in the attack on Friday, but alarm has been widespread. The damaged United States Embassy sits in one of the most heavily protected and patrolled sections of Athens, home to other embassies and foreign officials as well.

The weapon, too, was not some crude homemade bomb, but a powerful antitank grenade that, experts say, was either bought on the illegal international arms market or from a foreign militant group that may have also trained Greece's new generation of terrorists. It was a Chinese design, the Greek authorities said Saturday, not Russian as earlier identified.

"This is our fear, that they are professionals," said Christodoulos Yiallourides, a professor of international relations at Panteion University in Athens. "They are not a group of leftist young people. They are professionals, and they are following a strategy."

But what they want is still a mystery. Greek officials have not yet accepted the claim of responsibility for the Friday attack by a Marxist group, Revolutionary Struggle. The group released a proclamation of its aims in late 2005 — a grab-bag of complaints against globalization, poverty, the European Union and an American administration waging an unjust "war without borders or territorial or national divisions" against terrorist suspects.

"We will achieve the eradication of these ills only with the overthrow of the existing system in its entirety," the proclamation read.

Mary Bossis, one of Greece's foremost terrorism experts, said Revolutionary Struggle was worrisome because, unlike November 17, it did not seem to have a coherent political plan. Moreover, she said, Revolutionary Struggle and other new leftist groups seem to have ties to crime, both petty and organized, as the use of the rocket-propelled grenade seemed to show.

"It seems that these organizations are not really interested in what people think about them," she said. "They are not overthrowing the government. They are just interested in violence."

She and other experts said the signs of the resurgence of those gropus had been clear for years — and, she and others charged, were not taken seriously enough by the Greek government. Since September 2003, Revolutionary Struggle has claimed responsibility for at least seven attacks, from bombings at a courthouse, bank and police station to an assassination attempt against the culture minister.

"I expect more attacks," Ms. Bossis added.

The question now, analysts say, is how actively the government of Prime Minister Kostas Karamanlis works to prevent other attacks. Some experts said an encouraging sign was the immediate appointment of Stylianos Syros, the former head of the Greek antiterrorist squad credited with taking apart November 17, to lead the investigation.

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The government, considered generally more friendly to Washington than its socialist predecessors, also quickly made clear that it wanted to avoid any deterioration in relations with the American government.

Condemnations sounded across the political spectrum, and a foreign ministry spokesman, George Koumoutsakos, said he was convinced "that neither Greece's relations with the United States, nor the country's international image would be tarnished by Friday's attack."

That all political parties condemned the attack, he said, "proved important and useful."

There seems, too, no small measure of exhaustion with leftist political violence in Greece, which still simmers long after similar groups in nations like Italy and Germany fizzled out.

It appears true despite much irritation with America, from old grievances from American support of the Greek military dictatorship; to the feeling that United States has sided against Greece on issues like Turkey, Macedonia and Cyprus; to anger, widespread around Europe, to American foreign policy since the 9/11 terrorism attacks.

"We are against American policies but not against Americans," said George Krassias, 19, a pilot trainee, driving past the embassy, pocked with a hole from the grenade. "This shouldn't have happened."

Tunisia Says Suspects In Gun Battle Had Blueprints Of Embassies (NYT)

By Craig S. Smith

The New York Times, January 14, 2007

PARIS, Jan. 13 — More than two dozen Islamic extremists involved in a deadly gun battle with the Tunisian police earlier this month had blueprints of foreign embassies and documents identifying foreign envoys as targets, the Tunisian interior minister said Friday.

It was the first official explanation of the firefight since TAP, the state news agency, reported that the police had engaged "dangerous criminals" in a rare shootout south of the capital on Jan. 3, the second violent incident in three weeks.

"Investigations have allowed us to seize quantities of homemade explosives, plans of certain foreign embassies, as well as documents containing the names of certain foreign diplomats resident in Tunisia," said the interior minister, Rafik Haj Kacem, according to the news agency. He did not disclose the countries or people who apparently had been targets.

Islamic extremism has been growing across North Africa, the far edge of a fundamentalist religious trend that is polarizing societies between rich and poor.

While the upper and middle classes in all of these countries are largely modernist, secular and Western-oriented, a religious resurgence among the lower classes — heavily influenced by the fundamentalist Salafi school of Islam practiced in Saudi Arabia — has fueled the rise of Islamic parties from the Islamic Brotherhood in Egypt to the Justice and Development Party in Morocco.

The extremism has produced terrorist threats, and resulted in terrorist attacks, in every country along the southern Mediterranean coast and most European countries across the sea. A bomb in Tunisia's main tourist center on the island of Djerba killed 21 people in April 2002.

Since then, there has been no open threat in the tightly controlled country. But Islamic terrorist activity has long threatened to bleed into Tunisia from neighboring Algeria, where the small but violent Salafist Group for Preaching and Combat, or G.S.P.C. as it is known by its French acronym, is fighting for an Islamic theocracy in North Africa.

Those fears were bolstered Friday when the Interior Ministry announced that six members of the group — five Tunisians and a Mauritanian — had crossed into the country from Algeria.

Two Tunisian newspapers close to the government have reported that the group had ties to the G.S.P.C., according to Agence France-Presse.

In December, the Interior Ministry reported that two people had been killed and two arrested in a shootout with the police in Hammam Lif, a suburb of Tunis, the capital.

Then, on Jan. 3, the ministry reported that the police had been engaged in another shootout with the group in Soliman, 25 miles south of the capital, Tunis, killing 12 people and arresting 15. Two security force members were also killed.

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It was not until Friday that the government confirmed widespread speculation that the people involved had been Islamic extremists.

"The intelligence services know these people, their names and their Salafist terrorist tendencies," Mr. Kacem said, according to the TAP news agency.

He said the group was attacked in December with the help of the Army and that those who escaped were eventually caught in the daylong shootout on Jan. 3.

Security in the country was tightened after the two episodes, with diplomats reporting an increase in roadblocks, particularly in the capital's diplomatic quarters.

HOMELAND RESPONSE:

Stockpiling Waste (WP)

The Washington Post, January 14, 2007

STOCKPILING a new anthrax vaccine was supposed to be the signal achievement of Project Bioshield, the government's flagship program to prepare for a biological, chemical or radiological attack on American soil. But last month the Department of Health and Human Services canceled its contract with VaxGen, a biotechnology firm that was supposed to develop the vaccine. The contract turned out to be a huge waste of time and effort.

There were signs that Bioshield was far, far off track long before VaxGen lost its contract. HHS tapped VaxGen for its $1 billion anthrax vaccine contract even though the company was best known for producing a failed AIDS medication, had never created a successful drug and had failed to release satisfactory financial reports, leading to its delisting from the Nasdaq Stock Market. The company repeatedly ran afoul of the Food and Drug Administration, which pulled the plug on human trials for the vaccine.

Nevertheless, accompanied by a drumbeat of bad news about the company's progress, federal contracting officials extended VaxGen's due dates. Now HHS officials insist that VaxGen offered convincing evidence that it could produce a new anthrax vaccine on time when it signed its contract in 2004. It would be more reassuring if those officials admitted mistakes and said that they were trying to figure out where they had gone wrong.

Concern over the $5.6 billion Project Bioshield prompted recent passage of a law that creates a much-needed coordinating office to oversee Bioshield's varied efforts and alters the way the federal government funds anti-bioterrorism research. Its backers claim that these changes will foster effective partnerships between government and industry that can head off disasters such as VaxGen.

Perhaps they will, but Project Bioshield might need a more fundamental reexamination. For example, Bioshield's priorities: Rather than stockpiling a particular vaccine, might it be more effective to redirect much of that money to measures that would help across a range of disasters, such as buying face masks and respirators or enhancing drug production capacity?

Incendiary (WP)

By Warren Bass

The Washington Post, January 14, 2007

In an angry polemic, Dinesh D'Souza blames American liberals for the 2001 terrorist attacks.

THE ENEMY AT HOME

The Cultural Left and Its Responsibility for 9/11

By Dinesh D'Souza

Doubleday. 333 pp. $26.95

On Sept. 13, 2001, the television evangelist Jerry Falwell offered a stunned, grieving nation a startling diagnosis of al-Qaeda's motivations. "I really believe," he said on Pat Robertson's show, "The 700 Club," "that the pagans, and the abortionists, and the feminists, and the gays and the lesbians who are actively trying to make that an alternative lifestyle, the ACLU, People for

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the American Way -- all of them who have tried to secularize America -- I point the finger in their face and say, 'You helped this happen.' "

At the time, Falwell's analysis was roundly denounced as hysterical and elicited a pointed disavowal from President Bush. But Dinesh D'Souza, a fellow at Stanford's Hoover Institution, has decided, essentially, that Falwell was on to something. The Enemy at Home calls America's culture war synonymous with its war on terrorism and flatly blames the country's left for 9/11. But unlike Falwell and Robertson's outburst at a moment of crisis, D'Souza's is offered in a spirit of cool reflection. The result is the worst nonfiction book about terrorism published by a major house since 9/11, but with the country still facing a serious jihadist threat, it's worth trying to understand D'Souza's own exercise in finger-pointing.

Here's the main argument, such as it is. Why has al-Qaeda targeted America? "Not because of U.S. troops in Mecca," D'Souza writes. "Not even because of Israel. . . . The suicide bombers of radical Islam are not blowing themselves up because they are distressed over the Gulf War of 1991 or because they are in solidarity with the Palestinians." Rather, "what bin Laden objected to was America staying in the Middle East, importing with it the immoral ingredients of American values and culture." That makes the left "responsible for 9/11" because it "has fostered a decadent American culture that angers and repulses traditional societies" and has waged "an aggressive global campaign to undermine the traditional patriarchal family and to promote secular values in non-Western cultures." In sum, "the cultural left and its allies in Congress, the media, Hollywood, the nonprofit sector, and the universities are the primary cause of the volcano of anger toward America that is erupting from the Islamic world."

D'Souza, the author of the bestselling Illiberal Education, has no particular expertise on terrorism, which may explain why he writes twice that there are U.S. troops in Mecca (someone should probably alert Bob Gates) or why he thinks that President Reagan's 1986 airstrikes on Libya "convinced Qadafi to retire from the terrorism trade," despite the bombing of Pan Am 103 by Libyan agents two years later. But D'Souza's inexperience doesn't explain why he so badly misreads bin Ladenist ideology, despite the peppering of jihadist quotes that he uses to lend the book a sense of authority.

Of course, the ascetic bin Laden doesn't like American culture or values, including such far-left ideas as democracy or educating women, but he has a clear politico-religious agenda that's important to take seriously. You'd never know it from reading D'Souza, but bin Laden's February 1998 "Declaration of the World Islamic Front for Jihad against the Jews and the Crusaders" -- the most considered summation of his casus belli -- laid out three main grievances for which al-Qaeda kills. First and foremost comes the post-Gulf crisis deployment of U.S. troops in Saudi Arabia, which are "occupying the lands of Islam in the holiest of its territories" and "using its bases in the peninsula as a spearhead to fight against the neighboring Islamic peoples." Second comes the supposed Crusader-Jewish alliance's "long blockade" of the Iraqis, designed "to destroy what remains of this people and to humiliate their Muslim neighbors." Finally, America's anti-Muslim wars "also serve the petty state of the Jews, to divert attention from their occupation of Jerusalem and their killing of Muslims in it." See anything about Hollywood there?

D'Souza breezes past clearly articulated core al-Qaeda goals (such as toppling the "near enemy," as bin Ladenists call the impious regimes in Saudi Arabia and Egypt) to enlist bin Laden as an ally for D'Souza's side of the American culture wars. But the 1998 declaration bluntly states that "the purposes of the Americans" in their crusades against Islam "are religious and economic" -- not cultural. D'Souza is too busy projecting to really grapple with al-Qaeda's politics, strategy or ideological appeal; it's as if he read Mein Kampf and concluded that its author's main concern was not Aryan supremacy or genocidal anti-Semitism but distaste for Weimar theater.

For a Stanford fellow, D'Souza shows a surprising ignorance of the growing literature on jihadist ideology. One has to ask which is more likely: that such authors as Steve Coll, Lawrence Wright, Peter L. Bergen, Marc Sageman, Jessica Stern, Richard A. Posner and Bruce Hoffman could have scrutinized al-Qaeda ideology and somehow failed to notice that bin Laden's main beef was with America's corrupt cultural left, or that the grinding sound you hear off in the distance is D'Souza with an ax. Or consider the work of another heavyweight, Michael F. Scheuer, the tough-minded founding chief of the CIA's bin Laden unit, who advocates the massive use of the U.S. military as our principal tool for fighting al-Qaeda. (D'Souza, oddly, lumps him in with a bunch of lefties.) "Bin Laden has been precise in telling America the reasons he is waging war on us," Scheuer has written. "None of the reasons have anything to do with our freedom, liberty, and democracy, but have everything to do with U.S. policies

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and actions in the Muslim world." There's a feisty and interesting debate among terrorism specialists about whether Scheuer has the balances right, but "The Vagina Monologues" isn't high on any serious analyst's list of al-Qaeda grievances.

In other words, D'Souza's answer to the famous post-9/11 question of "Why do they hate us?" is that it all depends on the meaning of the word "us." In arguing that it's liberals who have brought al-Qaeda's wrath down upon the United States, he vents his indignation largely at his fellow Americans, not the fanatics who've declared it a holy duty to murder us all -- civilians and soldiers alike. Obsessed with a "near enemy" of his own, D'Souza endorses much of the jihadist critique of American society and gives at least a partial moral pass to al-Qaeda and the perpetrators of 9/11. It should go without saying that bin Laden's self-styled fatwas make no distinction between liberals and conservatives. There was a time when Americans at war did not do so either.

As the great social scientist Thomas C. Schelling might have put it, there are two possibilities here: Either D'Souza is blaming liberals for 9/11 because he truly believes that they're culpable, or he's blaming liberals for 9/11 because he's cynically calculating that an incendiary polemic will sell books. I just don't know which is scarier. One has to wonder why his publisher, agent, editors and publicists went along for the ride, and it's hard not to conclude that they thought the thing would cause a cable-news and blogosphere sensation that would spike sales -- a ruckus triggered not despite the book's silliness but because of it. This sort of scam has worked before (think of Christopher Hitchens's gleeful broadside against Mother Teresa or the calculated slurs of Ann Coulter), but rarely has the gap between the seriousness of the issues and the quality of the book yawned as wide. This time, let's just not bother with the flap; this dim, dishonorable book isn't worth it. Â·

Warren Bass is a senior editor at Book World. He served on the professional staff of the 9/11 Commission.

WAR NEWS:

Opposition To Iraq Plan Leaves Bush Isolated (WP)

By Peter Baker, Michael Abramowitz

The Washington Post, January 14, 2007

The bipartisan opposition to President Bush's troop-increase plan has proved more intense than his advisers hoped and has left them scrambling to find support, but the White House is banking on the assumption that it can execute its "new way forward" in Iraq before Congress can derail it.

The plan to send 21,500 more troops to Iraq was virtually guaranteed to provoke a furor in Washington, Bush advisers said, but the storm was exacerbated by the slow, leaky way that the White House reached a decision. The policy review stretched two months after the election and the essence of the plan became known long before Bush announced it, making it a political pi?ata for opponents.

Without Bush making the case for it until last week, resistance hardened, and aides now harbor no hope of winning over Democrats. Instead, they aim mainly to keep Republicans from abandoning him further. Bush invited GOP leaders to Camp David this weekend and will argue his case to the nation on CBS's "60 Minutes" tonight. Vice President Cheney and national security adviser Stephen J. Hadley will also hit the airwaves today.

"We recognize that many members of Congress are skeptical," Bush said in his radio address yesterday, adding: "Members of Congress have a right to express their views, and express them forcefully. But those who refuse to give this plan a chance to work have an obligation to offer an alternative that has a better chance for success. To oppose everything while proposing nothing is irresponsible."

Many Democrats, in fact, have proposed alternatives centered around pulling out troops, an idea Bush flatly rejects. So hopes for a bipartisan consensus after Democrats captured Congress in the November midterm elections have evaporated, and Bush appears more isolated than ever.

"We are headed towards quite a donnybrook in Congress," said former congressman Lee H. Hamilton (D-Ind.), co-chairman of the bipartisan Iraq Study Group, whose plan for withdrawing combat forces by early 2008 was never fully embraced by Bush or Democrats. "We had hoped that there would be more progress towards a more bipartisan approach."

The White House has downscaled its goals and is playing for time. Advisers resign themselves to a nonbinding congressional resolution condemning the troop increase but want to avoid many Republicans voting for it. Former senator Rick

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Santorum (R-Pa.), who lost reelection, called Bush's plan "a step in the right direction" and said Republicans do not want to walk away from Iraq but are "in full political survival mode" now. "It's very hard, particularly if you're on the ballot in two years, to run on the side of the president on anything to do with the war."

The more serious threat to the White House would be a Democratic attempt to restrict funds for more troops. Bush aides said that current funds are enough to get started, and they are counting on the notion that it will take two months until the supplemental appropriation bill providing more war funds comes to a vote. By then, they said, extra troops will be on the ground and it will be too late for Congress to stop them. And they hope for signs of progress that would let them argue that the plan is working.

"This buys us time," said a senior administration official, speaking on the condition of anonymity to discuss strategy. A political strategist who advises the White House added: "The public responds to progress and to events. Every time they can see real progress -- an election, catching Saddam, whatever it is -- they like it." And so if violence can be tamped down, it could defuse some public hostility.

If that happens, the White House hopes the troop buildup then will succeed in bringing enough stability to Baghdad by August that U.S. forces can withdraw to the city outskirts. And officials said it must be sustained. "By the end of the year, Baghdad's got to look significantly different," said a National Security Council official not authorized to speak on the record.

Democrats believe that Bush made a fundamental mistake. Had he embraced the Iraq Study Group, or even made a show of embracing some of its elements, he could have called the Democrats' bluff about wanting to work together, party strategists said. "That would have really jammed us," said a top congressional Democratic aide.

The study group proposed shifting the U.S. mission to support and training, withdrawing combat forces by early 2008, embedding U.S. troops with Iraqi units, threatening to reduce aid to the Iraqi government unless it makes progress, negotiating with Iran and Syria and reinvigorating the Israeli-Arab peace process. But to the consternation of Democrats, the U.S. troop pullout would not be locked into a strict timetable and would depend on ground conditions.

"This was a real missed opportunity," said Leon E. Panetta, a former Clinton White House chief of staff who served on the panel. "No president can conduct a war without the support of the American people and without the support of the Congress. That's the lesson of history." While some officials saw the report as an opportunity to change course, Panetta said, "I think deep down, they viewed it as a sign of weakness to abide by an outside group's recommendation."

Former senator Alan K. Simpson (R-Wyo.), another panel member, said that Bush's plan is "better than the status quo" but voiced disappointment that he did not agree to talk with Syria and Iran. "Nothing is ever solved by not talking to somebody," he said. Simpson said he was stunned by Secretary of State Condoleezza Rice's statement that Iran could use talks with the United States to extort concessions. "Where did that come from?" he asked. " What the hell is gained by not thinking of some kind of system to talk? It makes no sense."

Now, since Bush has rejected it, some Democrats have begun touting the Iraq Study Group plan as an alternative despite previous misgivings, attempting to position themselves as bipartisan. "We have all endorsed the Iraq Study Group -- that is our plan," said Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus. The White House denied that it dismissed the report, noting that the panel said it could support a short-term troop increase to help stabilize Baghdad. The panel "gave a lot of very valuable advice, much of which is incorporated into the president's plan," said White House press secretary Tony Snow.

Philip D. Zelikow, who as Rice's counselor was intimately involved in Iraq policymaking before stepping down recently, said great thought was given to how to satisfy at least some Democrats. "If you were in our shoes, what is the approach that would satisfy the Democrats?" he asked. "That's not an easy question to answer" given the diversity of views within the party.

The policy review showed a lack of discipline unusual for the Bush administration. At first, the White House planned to announce a new plan for Iraq before Christmas. Then, amid serious internal disagreement, it postponed it until mid-January. At the same time, the once-leakproof administration poured out details of the debate, making clear that generals were resisting a troop increase.

For all that, some allies said, the administration was doomed to bipartisan criticism regardless of how it handled the review and presentation. "You've got a Democratic Party that doesn't believe in Bush, doesn't believe in the war," said William Kristol,

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editor of the Weekly Standard. "You've got a Republican Party that thinks Bush cost them the election. They could have done it better, but I'm not sure it would've made much difference."

Yet even Kristol, a strong proponent of sending more troops, expressed aggravation at the White House for not showing more urgency about getting Lt. Gen. David H. Petraeus dispatched to the region as the new Middle East commander. Asked why it hasn't happened, Kristol said: "Because it's the Bush administration. Maybe you haven't noticed -- they're not the most competent at executing the war."

An Uphill Push For Public Opinion On Iraq (NYT)

By Jim Rutenberg

The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — Bush administration officials, acknowledging that the war in Iraq may get worse before it gets better, face a daunting public relations challenge as the White House pursues its new strategy to quash the insurgents.

After President Bush's address to the nation this week, in which he promoted his strategy to increase the American military presence in Iraq, his aides conceded that more troops would mean more fighting and possibly more grisly televised images.

That prospect will do little to help the administration as it seeks to build public support for an increasing unpopular war.

Even if all goes according to plan, officials conceded in interviews, early signs of progress will do little to compete with continued or worsening signs of strife.

"They need to engage these guys if they're going to make progress, and yet that's probably going to lead to less favorable news," said Thomas Patterson, a professor at Harvard's Kennedy School of Government. "He's in the position of trying to carry a piano upstairs."

Administration officials said that their strategy to quell the violence in Baghdad was in a race against dwindling public patience, but that it was a race they believed they could win. They said in interviews that they factored a potential spike in violence into the plan, and the effect it would have on public opinion.

They described a likely, initial increase in violence as an inevitable down payment for the better images out of Baghdad they hope will come later, and ultimately, more support for the Iraq campaign.

"The president gets it," said a senior administration official involved in the planning. "He knows public opinion is not going to change until those images on the evening news improve." That official said reaching milestones would help, like a show of readiness by new Iraqi forces, or a new law creating an equitable mechanism to distribute oil revenues across the sectarian divide.

But such benchmarks also give war critics in Congress a more clear-cut way to measure failure, said Dennis Ross, a Middle East envoy for President Clinton and for Mr. Bush's father. "It gives you an actual measure by which to say, 'How are they doing: Are these things happening, or not?' " he said. "In an interesting way what the president has done for the first time is to create benchmarks to evaluate the administration's approach."

Even if the economic and political goals in the plan are swiftly achieved, they will only go so far in affecting public opinion as fighting continues: Images from a signing ceremony for an oil agreement are inevitably less compelling than pictures of exploding cars, charred bodies and American war dead.

The complexities are causing no small bit of anxiety for Mr. Bush's allies, chief among them Senator John McCain, the Arizona Republican whose support of a troop increase will be judged on its success during his likely presidential bid in 2008.

Senator McCain said in an interview this week that he did not expect to see significant improvement on the ground in Iraq for "at least a couple of months," adding, "I very much worry about the casualties, from the human side to the political side."

The senator, who has harshly criticized the administration's failure to manage expectations in the past, said of the president, "I would hope he would say how tough this is going to still be."

White House officials said that was the plan. "You've heard the president say before that, as commander in chief, one of his most important responsibilities is informing the public about the course of the war," said Kevin Sullivan, the White House communications director. "You'll see an ongoing effort to do that."

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Mr. Bush stopped short of calling for great national sacrifice in his address, something some allies had suggested he do to prepare the public for more rough days ahead. But he did warn, "Our enemies in Iraq will make every effort to ensure that our television screens are filled with images of death and suffering. Yet over time, we can expect to see Iraqi troops chasing down murderers, fewer brazen acts of terror, and growing trust and cooperation from Baghdad's residents."

But for now, Mr. Bush's decision to add troops — despite election results that were widely interpreted as a "no" vote on the war — has been taken as another sign that he is stubbornly going his own way against the public mood, a perception the White House was prepared for, senior administration officials said.

Gambling metaphors were hard to escape this week in the news coverage of the plan, but they applied. The White House calculated that it had to promise a major change to get the public to give its latest new plan a hearing. But it raised the stakes for the administration in the process.

"It's a tremendous gamble — the administration opens itself up to losing control of the policy if it isn't judged as succeeding," said Richard Haass, president of the Council on Foreign Relations and a former State Department official.

"There's a sense now that, with this, we will have done everything we can."

Democrats Feel Free To Defy Bush On Iraq (LAT)

By Noam N. Levey

The Los Angeles Times, January 14, 2007

WASHINGTON — Emboldened by President Bush's deeply unpopular proposal to send more troops to Iraq, congressional Democrats are shedding their wariness about tackling the war and embracing positions once primarily held by the party's most liberal fringe.

Less than two weeks after taking power, party leaders who had promised just an increase in oversight hearings on the war are now talking openly about cutting off funds for additional military operations.

Centrist Democrats are lining up beside longtime antiwar liberals, promising to do everything in their power to stop the president's plans to deploy an additional 21,500 troops in Baghdad and Al Anbar province.

And the war's most passionate opponents in the House, whose last meeting before the midterm election was relegated to a basement room, met last week in one of the grandest rooms on Capitol Hill and drew scores of supporters, television cameras and journalists.

"Ours is now the mainstream position," said Rep. Lynn Woolsey (D-Petaluma), who two years ago saw her resolution calling for the withdrawal of U.S. forces from Iraq crushed on the House floor. Today, the congressional Out of Iraq Caucus co-founded by Rep. Maxine Waters (D-Los Angeles) has more than 80 members.

Congressional Democrats, suddenly united in their desire to pass resolutions against the escalation, still face challenges in deciding how far to go in what could become a historic showdown between two branches of government over the course of a war. And any move to cut funding may quickly reveal fissures in the Democratic caucus.

The threat to cut off funds for more troops drew a rebuke Saturday from President Bush, who challenged war critics to offer their own plan for Iraq.

"Those who refuse to give this plan a chance to work have an obligation to offer an alternative that has a better chance for success," he said in his weekly radio address. "To oppose everything while proposing nothing is irresponsible."

The Democrats' rapid embrace of what were once minority positions capped an extraordinary week on Capitol Hill as Congress stirred after years of standing by a wartime president.

"It was a wild and woolly week," said Rep. Adam B. Schiff (D-Burbank).

Schiff was one of more than two dozen members of Congress who went to the House floor to condemn the war Thursday. Just one Republican rose to challenge them.

Democrats, who campaigned against the war, seized majorities in the House and Senate last fall largely because of unhappiness with the president's policies.

But when the Democrats returned to Capitol Hill this month, House Speaker Nancy Pelosi (D-San Francisco) and other senior party leaders had planned to focus on a purely domestic agenda.

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They cautiously avoided talk of cutting funding or other measures to compel Bush to change course in Iraq. As recently as Monday, Pelosi had refused to discuss possible legislation to limit an escalation in Iraq.

But the next day, Sen. Edward M. Kennedy (D-Mass.), in a speech laced with references to the mistakes of Vietnam, announced his intention to introduce a bill that would require the president to seek congressional approval for any troop increase in Iraq.

Within hours, Senate Majority Leader Harry Reid (D-Nev.) said he would introduce a resolution the following week condemning any White House plans to send additional troops. Pelosi's office quickly announced that House Democrats would do the same.

By the time Bush addressed the nation Wednesday night, congressional Democrats across the ideological spectrum were rallying to oppose the president.

"We have to take a stand…. We have to do everything we can," said Rep. Ellen Tauscher (D-Alamo), a centrist Democrat who said she wanted to sign on to the House version of Kennedy's bill, which is sponsored by one of her chamber's most liberal members.

Rep. John P. Murtha (D-Pa.), a decorated Vietnam veteran and longtime military supporter, said Friday that he would use his position as chairman of the House appropriations panel's defense subcommittee to try to block funding for any troop increase in Iraq.

Murtha said he also wanted to force the closure of the controversial military prison in Guantanamo Bay, Cuba, and put limits on how long military service members could be deployed.

A Pelosi spokesman said the speaker had encouraged Murtha to explore the funding limitations.

The same day, in a mark of how much has changed in Washington, House Republican leaders held a sober meeting to air complaints from their members about the president's plans.

"It was not a typical conference," said Rep. Adam H. Putnam (R-Fla.), choosing his words carefully. Putnam is the No. 3 leader in a caucus that until recently rarely showed public signs of dissent.

By contrast, Pelosi and House Majority Leader Steny H. Hoyer (D-Md.) have urged House Democrats to be aggressive in exploring legislative options for winding down the war, Rep. Stephen F. Lynch (D-Mass.) said.

Some Democrats remain wary of moving too quickly to try to cut funding, and it was unclear whether they could succeed.

Reid must contend with Senate Minority Leader Mitch McConnell (R-Ky.), who has said he will try to block a resolution, forcing Democrats to get 60 votes. The Democratic caucus has 51 members.

Rep. David R. Obey (D-Wis.), a fierce war critic who chairs the House Appropriations Committee, said Friday that, because of the complexity of the defense budget, he doubted that Congress would be able to find a way to selectively prohibit spending for a troop buildup.

"I don't know how the hell you do it," Obey said, pointing to the tortuous efforts by Congress two decades ago to limit funding for military operations in Central America.

Bush has signaled that he would not be deterred by congressional opposition. "I made my decision. We're going forward," Bush said in an interview with "60 Minutes" to be broadcast tonight.

But today, the president no longer can count on a Congress of Republicans who are unwavering in their loyalty and Democrats who are cowed by the fear of being labeled weak on defense.

And public support for the president and the war has plummeted. Some polling shows dissatisfaction with Bush's plans has reached 70%.

"The public is so disillusioned," Democratic strategist Mark Mellman said, "that we've gotten to the point where people think the war has actually made us less safe."

And that has made it increasingly safe for Democrats to challenge the White House.

"There definitely is a feeling of liberation," said Rep. John Conyers (D-Mich.), a staunch war opponent who was in Congress when it last put limits on an unpopular war more than 30 years ago.

"The question now is not if, but how, we get out of Iraq and when. The whole nature of the debate has changed."

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Choices Dwindle If Iraq War Plan Fails (AP)

By Calvin Woodward, Associated Press Writer

AP, January 14, 2007

If the revamped Iraq war plan fails, it will be time to withdraw most U.S. troops. Or send more in. The United States is seen as having a limited number of options, all grim, if President Bush's "new way forward" hits a wall. The pressure for U.S. disengagement will be immense. Yet a further escalation, however unimaginable now, may not be out of the question.

Few expect helicopters to beat the air over Baghdad in a hasty retreat of the kind that closed the books on America's defeat in Vietnam. The Mideast and its oil are too important.

"We were able to walk away from Vietnam," said Arizona Republican Sen. John McCain, who was a prisoner of war there. "If we walk away on Iraq, we'll be back, possibly in the context of a wider war in the world's most volatile region."

The administration is almost certainly considering fallback options if the latest plan falls apart. Officials are loath to talk about them.

Over two days of intense hearings on Capitol Hill last week, lawmakers raised questions at the margins about a Plan B even as they probed and for the most part attacked Plan A: Bush's move to increase U.S. forces to give Iraqis more time to take control of their own security.

Administration officials, defending a war that many in the U.S. and much of the world thinks is failing already, would not discuss what options will be left if the new approach fails. "Re-evaluate our strategy," Defense Secretary Robert Gates said.

Yet he hinted that the planned troop increase need not take place in its entirety if conditions change. "We are trying to construct this in a way that there are off-ramps," he said, so that "you don't necessarily have to go to the full extent of the buildup."

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified, "You're asking a Marine who's focused on winning whether he has a plan in case he doesn't win."

"Yes," came the response from Rep. Kirsten Gillibrand, D-N.Y.

Pace would not address the question. Nor would he discuss any exit strategy — a "pejorative get-out-of-town" phrase he said he did not like.

But if the plan does not work, he said, "our flow of forces will allow us to modify what we do next."

Bush's plan to add 21,500 more U.S. troops to the 132,000 already in Iraq will add to the stress on a military already overburdened and force longer and more frequent tours of duty on combat troops. An additional escalation would intensify the problem — with no ready solutions on how it would be achieved.

Those who favor Bush's plan and many who oppose it are in striking agreement the consequences will be dire if it flops. Gates echoed the Iraq Study Group in outlining some of the likely results of failure in Iraq. He mentioned:

_Undermined U.S. credibility.

_Risk of a regional conflagration.

_An emboldened Iran.

_A "humiliating" defeat against extremism worldwide.

_A haven for terrorist networks in the heart of the Middle East.

"Should we withdraw prematurely, we could well leave chaos and the disintegration of Iraq behind us," Gates said.

Just as success in the fight against terrorism cannot be marked by a surrender on a battleship — as the administration likes to recall, the way Japan ended World War II — failure cannot be neatly defined in Iraq. Bush set benchmarks, but no timetable for the Iraqi government to meet them. Violence on the street ranges between terrible and worse.

But if a failure that no one can deny comes about, what then?

"I don't know what the administration does at that point," said Ted Galen Carpenter of the libertarian Cato Institute. Bush could propose another escalation or just pull out and take the hit on U.S. credibility, he said.

"This is the foreign policy equivalent of having invested in the stock of Worldcom or Enron," Carpenter said. "The longer you stay, the worse it gets. It's not easy to withdraw. It's just better than staying."

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There is no shortage of suggestions from people who think they have a better idea. Among them are an Iraqi version of the Depression-era Civilian Conservation Corps; mobile fingerprinting devices to track the worst thugs on the street; accelerated reopening of abandoned factories; a greater U.S. effort against al-Qaida in Anbar province, less against the sectarian warriors.

Kevin Ryan, a retired Army brigadier general who specialized in strategy and now is at Harvard, said some U.S. troops should be engaged in training and security no matter what becomes of the bulk of the force.

He said the U.S. should be reducing forces now and settling the remaining troops in for a long haul. "We are sprinting when we should be running a long-distance race," he said, predicting there will be no further escalation.

"Any further surges would just cause more damage to our ground forces' readiness," he said. "Even if you could magically create trained soldiers ... you don't have the equipment."

Failure of the plan also would intensify pressure on the administration to enlist countries of the Middle East in what is left of Iraq's security. Bush might have to bend on his refusal to deal directly with Iran and Syria, but from a position of weakness.

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Associated Press writers Pauline Jelinek, Robert Burns and Nancy Benac contributed to this report.

Bush Stands By Iraq Invasion (LAT)

By David Savage And Solomon Moore, Times Staff Writers

The Los Angeles Times, January 14, 2007

The president acknowledges that some 'decisions have made things unstable,' but says Iraqis owe the U.S.

WASHINGTON — The United States was right to invade Iraq, but choices made after the initial invasion have eroded security in the country, President Bush said in a television interview to be broadcast today.

"I think history is going to look back and see a lot of ways we could have done things better," Bush said in the interview, which will be aired on CBS' "60 Minutes" program.

Questioned about the current instability in Iraq, Bush said, "Well, no question decisions have made things unstable."

But he maintained that invading Iraq in 2003 was the right thing to do.

"My decision to remove Saddam Hussein was the correct decision, in my judgment," he said. "We didn't find the weapons we thought we would find, or the weapons everybody thought he had. But he was a significant source of instability."

"Iraqi people owe the American people a huge debt of gratitude," he said.

Bush's comments come as his new plan to send 21,500 additional U.S. troops to secure Iraq's capital and shore up forces fighting the insurgency in Al Anbar province is attracting sharp criticism from members of Congress.

In his Saturday radio address, Bush also said his new plan could succeed, because "American forces will have a green light to enter neighborhoods that are home to those fueling sectarian violence."

U.S. forces have been restricted by the Iraqi prime minister from operating freely in the Sadr City area that is home to Shiite cleric Muqtada Sadr's Al Mahdi militia. But Bush said those restrictions had been lifted and that Iraqi Prime Minister Nouri Maliki had promised that he would not tolerate interference with security operations.

Bush also challenged members of Congress who were critical of the plan to come up with their own proposals.

"To oppose everything while proposing nothing is irresponsible," he said.

But Rep. Timothy J. Walz, a newly elected Democrat from Minnesota who served in the war in Afghanistan, called Bush's plan "a step in the wrong direction — more of the same at the very time we need a new direction in Iraq."

"We need diplomatic and political solutions in Iraq, not more American troops," he said in the Democrats' Saturday radio address.

Many Iraqi leaders also have attacked the plan.

Sadr has emerged as one of the fiercest critics of the continued American presence in Iraq.

In a news conference Saturday in Najaf, Sadr representative Sheik Abdul Razzaq Naddawi warned Bush "not to commit foolishness" and attack Sadr followers.

If they are attacked, he said, "the Shiites will become an explosive belt."

"Anyone who is attacked must respond," Naddawi said. "In Islam, we must respond."

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In Baghdad Saturday, police patrols discovered 37 bodies, all of the victims middle-aged men apparently killed by gunfire. Some of the bodies showed signs of torture. In southeast Baghdad, a woman was killed by a mortar round.

In the southern Iraqi town of Samawa, police said that gunmen killed three brothers, and that the charred body of an Egyptian employee of the municipal government was discovered in a trash bin.

Three mutilated corpses were discovered in the southern city of Kut, among them that of a beheaded Iraqi soldier. Kut morgue officials also reported that a police officer was killed while traveling home from work.

Gunmen in Samarra, north of Baghdad, killed a prominent Sunni Arab cleric and political party operative in front of his house, and in a separate incident a policeman was shot to death.

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Savage reported from Washington and Moore from Baghdad. Special correspondents in Baghdad and Kirkuk, Najaf, Kut, Samarra, Samawa and Hilla, Iraq, contributed to this report.

A GOP Lawmaker Grapples With Troop Escalation (WP)

By Shailagh Murray

The Washington Post, January 14, 2007

Rep. Charlie Dent wrestled all week with President Bush's plan to send more U.S. troops to Iraq.

On Monday, the two-term Republican from eastern Pennsylvania told a hometown reporter that it would take "a pretty hard sell" for Bush to win him over. He fretted Wednesday about the Iraqis: "Are they going to be up to the task?" By Thursday evening, 24 hours after Bush's address from the White House library, he was nursing huge doubts and a jumble of emotions.

"I'm very skeptical, I'm very concerned," Dent said wearily, slumping in a leather chair in his office. "What would be the mission of our troops? I'm not sure the president addressed it."

Dent has reason to worry. He won reelection in November by a surprisingly narrow margin against an obscure opponent, and Democrats have no intention of letting him off easily again. Depending on the course of the war, Iraq could prove an even bigger impediment for Republicans in 2008.

Like many of his colleagues, Dent spent much of last week trying to hone a response to Bush's plan. Would he join other vulnerable 2008 Republicans, such as Sens. Susan Collins of Maine and Norm Coleman of Minnesota, in throwing cold water on an escalation? Or would he take a more cautious, wait-and-see stance? After speaking with aides, associates and other lawmakers who belong to the Tuesday Group, an alliance of mainstream House Republicans, Dent decided on a blended approach.

"I think we have the obligation to process this a little bit," he said carefully. "But I still think the president has to make a case, a strong case. He's got a lot of selling left to do."

Republican reaction to the troop escalation plan has ranged from lukewarm to hostile. The negative statements that piled up Wednesday night after Bush's speech revealed a deepening political schism between a president whose campaign days are behind him and congressional Republicans who must face voters in two short years.

The GOP resistance first flamed in the Senate. "The most significant thing we saw today are where the Republican senators are who are up for reelection," Rep. Ray LaHood (R-Ill.) remarked Thursday afternoon. But within hours, several Republican letters of opposition were circulating in the House, including one that was sitting on Dent's coffee table as he pondered what to do. House Republican leaders called a meeting Friday morning to allow members to vent, and Bush invited Republican leaders to Camp David this weekend to smooth concerns.

To Democrats, the message from voters in November was clear. "The American people want a change of direction in Iraq," said Rep. Chris Van Hollen (D-Md.), chairman of the Democratic Congressional Campaign Committee. "They certainly did not have in mind a major escalation."

The first test for Dent and other Republicans will come when nonbinding resolutions opposing the surge are taken up in the House and the Senate, possibly later this month. "Congressman Dent is going to be on the front line of having to make that decision," Van Hollen noted.

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Dent caught a break in November. Although he represents a moderate district centered in the Lehigh Valley -- he has dubbed it "Deep Purple" -- Democrats failed to recruit a seasoned candidate to run against him. Instead, Dent faced Charles Dertinger, a little-known county councilman who spent just $66,000 on his grass-roots campaign. Dent spent more than $1 million, but he captured just 53 percent of the vote.

"People thought I was on a fool's errand," Dertinger said wryly. "But the war changed everything. I proved that it could be done."

Dent said little about Iraq during his 2004 campaign, and he spent his early months in Congress reading up on the conflict and talking to colleagues. He took a practical view: We're there, so what next?

In August, the congressman visited Iraq. He traveled to Basra and Kirkuk, toured a power plant under construction, and met with a judge in the Saddam Hussein trial. He spoke with troops from Pennsylvania and to Army Gens. John P. Abizaid and George W. Casey Jr.

His assessment afterward was upbeat. "Ultimately, life is slowly but gradually returning to normal," Dent told reporters. "There is a lot of room for optimism here. There's really no choice but to be optimistic at this point. It's just a matter of patience and will."

Although sectarian violence had been steadily increasing, Dent said he believed the American commitment in Iraq was reaching its peak. Once Iraq had a constitution in place, Dent said he assumed that the United States "would continue in a training role and sometime in 2006, start to draw down a bit." Instead, he said, "the Sunni insurgency went nuclear, and we've pretty much been struggling since then."

As the 2006 midterm elections approached, Dent's strategy was to repeat his successful approach from two years earlier of talking about Iraq as little as possible. "He never said a word during the campaign about the war," Dertinger said.

After his reelection, one of Dent's few expansive statements came in early December, when he offered enthusiastic support for the bipartisan Iraq Study Group report. Weeks later, when rumors of a new White House strategy began to circulate, he was disappointed that the report's numerous recommendations seemed to have been ignored. Dent's first thought upon hearing the word "surge" was that "the time to increase the presence of the force was two years ago."

Like many lawmakers, the congressman speaks to all sorts of people back home -- the contingent of anti-war Quakers he met with earlier last week, friends who served in the military, families of local soldiers.

One person he regularly speaks with is John Brinson, a West Point graduate and local conservative political commentator who owns a chain of fitness clubs in Dent's district. "I'm going to advise him to be quiet about the war and support the president 100 percent," Brinson said. "In fact, I'm going to call him right now and tell him that."

Nancy Tate, coordinator of the LEPOCO Peace Center, which has staged demonstrations at Dent's district office, has castigated the congressman "for being right down the line with Bush." But she said Dent's recent comments suggesting that he may oppose the escalation "are very encouraging."

"The public wants us to be successful," Dent said. "At the same time, their patience is not indefinite."

He doesn't endorse the withdrawal timetable that Tate's group has pressured him to accept, nor does he accept Brinson's lockstep loyalty. "There's a right way and a wrong way to leave, and I think most people understand that," Dent said.

'Surge' Plan Put At Risk By Politics, General Says (WT)

By Philip Sherwell, London Sunday Telegraph

The Washington Times, January 14, 2007

The military architect of the Iraq troop "surge" plan is criticizing the Bush administration, claiming the Pentagon is watering down the proposal for political reasons.

"You cannot try and do this piecemeal. We have to implement the whole package," retired Gen. John M. Keane told the Sunday Telegraph. The former Army vice chief of staff co-authored the "Choosing Victory" strategy paper, the main points of which were adopted by President Bush for his Iraq war plan.

Gen. Keane expressed his alarm after Defense Secretary Robert M. Gates testified on Capitol Hill that the troop buildup was expected to last "a matter of months" -- rather than the 18 months proposed by Gen. Keane.

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Mr. Gates also said the full deployment of 21,500 additional troops, announced by Mr. Bush last week, might not be implemented. He suggested that only two or three of the five brigades proposed for Baghdad could be deployed initially, while the rest are held in reserve.

"That makes no military sense, although it might seem to make political sense," Gen. Keane said. President Bush has been criticized in the past for not listening to the advice of his top generals.

"We need all five brigades in Baghdad as soon as possible. It will take three to four months to clear neighborhoods of death squads and insurgents, and at least the rest of the year to establish proper security for the population," Gen. Keane said. "If you only wanted to stage a clearance operation, you could do that in a few months. But if we left then, the militia would just return as they have in the past."

Mr. Bush's plans have been condemned by Democrats and some Republicans.

Sen. Chuck Hagel, Nebraska Republican, predicted last week that the plan would be "the most dangerous foreign-policy blunder in the country since Vietnam -- if it is carried out."

Some Democratic members of Congress are exploring the possibility of blocking funding for additional troops in Iraq.

In Iraq, Prime Minister Nouri al-Maliki raised fresh concerns about his commitment to the new strategy when he appointed a little-known officer, Lt. Gen. Abud Qanbar, as his military commander for Baghdad -- despite objections from senior U.S. officers and concerns that he may have sectarian ties.

Sen. Hillary Rodham Clinton, New York Democrat, who was visiting Baghdad yesterday, sounded a less-optimistic tone than she has in the past about the situation in Iraq. The likely presidential candidate, who supported the invasion, described the situation as "heartbreaking" and said she doubted that the American people thought the U.S. mission could succeed.

Meanwhile, Iraqi insurgents allied to al Qaeda declared Mr. Bush's surge plan a victory and boasted that the extra U.S. troops would give them fresh targets.

Damien McElroy in Baghdad contributed to this article.

Maliki Aides Warm Slowly To Bush's Latest Iraq Policy (NYT/AP)

The New York Times, January 14, 2007

BAGHDAD, Jan. 13 (AP) — Warming from its initial response this week, the Iraqi prime minister's office on Saturday expressed support for President Bush's new war strategy. But it continued to emphasize that the Iraqi government would retain control over all military action in Baghdad, and Prime Minister Nuri Kamal al-Maliki maintained a public silence on the issue.

Mr. Bush announced Thursday that he would send more than 20,000 additional combat troops to Iraq, with most bound for Baghdad, the capital, in an effort to set up round-the-clock security operations.

Mr. Maliki's government, however, initially gave what appeared to be grudging acceptance of the plan at best. His spokesman, Ali al-Dabbagh, emphasized that the government's ultimate goal was to ensure a permanent withdrawal of American troops. But if the increase would help security for Iraq, he said, "the government, for sure, will not stand against it."

He also asserted Baghdad's right to demand changes. "We will tell the American administration to amend any point that we feel is not suitable," he told reporters then.

On Saturday, however, Mr. Dabbagh's tone was more positive toward the plan, saying that the prime minister saw the new security strategy as representing "a common vision and a mutual understanding between the Iraqi government and the American administration."

He added, "The Iraqi government affirms that security and stability in Iraq is a strategic necessity to the people of the region and the world since terrorism is a threat to everyone."

Mr. Dabbagh reiterated that American forces would be working in support of the Iraqis as they apply Mr. Maliki's new security plan to restore peace in Baghdad, which he announced in a speech on Jan. 6. The prime minister said then that he would fight against "safe haven for any outlaws, regardless of sectarian or political affiliation."

Senator Hillary Rodham Clinton, the New York Democrat who has opposed Mr. Bush's plans to send more troops, arrived in Iraq on Saturday.

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Senator Clinton was traveling with Senator Evan Bayh, Democrat of Indiana, and Representative John M. McHugh, a Republican from upstate New York. The three, all members of armed services committees, were to meet with Iraqi officials and American military commanders. They also planned to go to Afghanistan.

A sniper killed a policeman walking on a street in the commercial district of Karada in central Baghdad on Saturday, and a bomb in a parked car struck a mixed neighborhood in a western neighborhood, wounding three civilians.

At least five people also were killed in attacks in northern Iraq, including two Iraqi contractors who were checking a bridge in Kirkuk and a Shiite grocery store owner.Mr. Maliki, who outlined an Iraqi-led security plan to Mr. Bush when they met in Amman, Jordan, in November, has argued for Americans to pull out of cities and leave security to the Iraqi Army, which is 80 percent Shiite.

An Iraqi general said this week that the army intended to put nine brigades on the streets of Baghdad, or a total of about 27,000 men.

The military officer said for the most part the Iraqi force would not be directed against the Shiite militias, including the dominant Mahdi Army. The majority of fighting against the Mahdi Army would be left to the Americans in tandem with the Iraqi Special Operations forces.

Among Troops And Families, Mixed Reaction To American Expansion In Iraq (NYT)

By N. R. Kleinfield

The New York Times, January 14, 2007

Cpl. Michael Hubert, 22, will see war for the first time in April. The corporal is part of the infusion of troops being poured into Iraq under President Bush's new plan, and as he weighed his coming departure at Galloping Gertie's, a soldier-thick watering hole outside Fort Lewis, Wash., he was brimming with confidence.

"We're going to go over and change things," Corporal Hubert said.

In eastern Pennsylvania, as Heidi DeBlock absorbed the implications of the president's words during his televised address, she said she felt otherwise: "numb."

"I could write a book about how I feel, but he's O.K. with it," Ms. DeBlock said of her husband, Sgt. Andrew DeBlock. "He says he has a job to do and takes his job pretty seriously."

Mr. Bush's new approach means that Sergeant DeBlock, 41, a member of the New Jersey National Guard (the Blocks recently moved to Pennsylvania from New Jersey), will have his Iraq stay extended by four months.

Sergeant DeBlock, home on a brief break, chose to ignore Mr. Bush as he spoke on television. He busied himself vacuuming the house.

The decision to increase the American military presence in Iraq is being greeted with a blend of optimism and anxiety among American soldiers and their families, those most directly affected by the change. Unlike in Congressional corridors and across the civilian landscape of the country, there seems far more support than outrage, more cheer than cheerlessness, and a hope that maybe this will do it.

At the same time, especially among relatives of National Guard members dispatched to battlefields they never expected to stand on, there is plentiful disappointment and even anger at the prospect of prolonged disruptions in lives that have not been normal for a long time.

The expansion calls for more than 20,000 additional troops, including five active-duty combat brigades, to be sent to Iraq in the next few months. Some National Guard units will have their tours lengthened. The Pentagon has also relaxed the rules for mobilizing Guard members, so that units will return to battle quicker than anticipated.

The fresh troops will include nearly 4,000 members of the Second Infantry Division, Fourth Brigade, a front-line combat unit based at Fort Lewis. They leave in April, about a month earlier than previously planned.

Fort Lewis, the nation's third-largest military installation, has already felt the price and pain of the war. It has had 89 soldiers die in Iraq. A "Word of the Month" is posted at one of the base's exit, succinct wisdom for departing replacements. This month's word is "risk."

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Corporal Hubert, 22, a reconnaissance specialist, said the troop increase made sense. “It seems like they’re really starting to have a stronger focus and to embed troops, which I like to see,” he said. “It’s more aggressive and more supportive.”

Sgt. James Mayotte, an infantry leader in the Fourth Brigade who was visiting Galloping Gertie’s the other morning, was more restrained. “If it works, it’s a great idea,” Sergeant Mayotte said. “I don’t personally like having anyone over there, but if it’s good for the country....”

At Fort Benning, Ga., where several combat units are returning early to Iraq, soldiers generally seemed supportive of the change.

“I think we have to do something about what’s going on in Baghdad,” said First Lt. Jonathon Draper, 28, who has already spent a year in Iraq. “We’ll get the job done, whatever the president says.”

Staff Sgt. Shwon Brooks, 29, who has yet to go to war, said, “I kind of figured it was going to happen, but I thought it was going to be in the summer.”

Sgt. Kyle Cullen finished a deployment to Iraq a year ago and is not happy about returning. “I think sending more troops is not the way to go,” Sergeant Cullen said. “That will just be adding more to get killed.”

Sergeant Cullen enlisted for four years, and said he planned to leave the Army when he returned.

The new approach has a pronounced impact on National Guard members, who must vacate civilian jobs to serve. Protocol had been to limit Guard members’ mobilization to no more than a cumulative total of 24 months every five years, but now reservists who have been deployed within the last five years can be summoned again, though the intention is to keep a new tour to no more than a year.

At the Manor Road Armory in West Brighton, Staten Island, members of the 41st Infantry Division offered competing views.

“I think they should let them all come home; they’re over there for no reason,” said Pvt. Diana Ware, 20. “I know I don’t want to go. I joined the National Guard to go to college.” Private Ware’s goal is to become a nurse.

Specialist Douglas Block, 40, a father of four, saw things otherwise. “The more troops you have, the better it is,” Specialist Block said. “If they would have done this from the beginning, we’d be out of there by now.”

Under the new thrust, various Guard members already fighting in Iraq will remain months longer; they include a reconnaissance unit of the 117th Cavalry of the New Jersey National Guard. Its members had been slated to return by early April, after a year’s service, but now are likely to stay until sometime in July.

Salvatore DelRosario, of Staten Island, whose brother, Sgt. Ronald DelRosario, is in Iraq with the 117th Cavalry, was dispirited by the news. “It all seems for naught,” Mr. DelRosario said. “It would have been nice to have him home sooner, but he’s doing what he wants.”

Ms. DeBlock, the Pennsylvania resident whose husband’s stay will be extended by four months, said — as other Guard families did — that the extended assignments, and the lost income involved, complicated their lives.

Ms. DeBlock has had to battle her heating-fuel company, which wanted cash up front, and her husband’s cellphone provider, which will not let him out of his contract even though he is off fighting a war.

The Minnesota National Guard brigade of Specialist Isaac Pratt, 22, is having its active duty tour extended by about four months. Specialist Pratt called his parents a week ago, excited about coming home soon, only to find out a few days later that everything had changed.

“He’s disappointed,” said his father, John Pratt. “But at the same time, he senses that you can’t just leave Iraqis high and dry over there.”

For parents of children killed in Iraq, the war tears in different ways.

Debi Qualtieri, a registered nurse in Norwalk, Conn., said she always believed in the war, and still does, though her son, Sgt. Jonathan Lootens, of Lyon, N.Y., was killed in Iraq in October.

Ms. Qualtieri said she supported the escalation in troops, and had in fact been hoping for it. “I wish they had done it earlier, having spoken to my son when he was there,” she said. “He thought they needed more troops.”

Annette Brown has supported the war from the beginning, and continues to do so, but with reservations. Her son, Lance Cpl. Donald Brown, a marine, was killed at the end of October, and another son, Kenneth Brown, 24, has served three tours with the Marines in Iraq. He returned home last September.

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Ms. Brown said she agreed with the troop increase "if it would settle things down over there so the guys can come home."

But she does not want Kenneth to be part of it, and when she recently spoke to him, he told her he did not want to go back. Ms. Brown, a bank supervisor who lives in Succasunna, N.J., said, "I told him I'll do whatever I have to so you don't have to go back."

The Goal: Admitting Failure, Without Being A Failure (NYT)

By David Greenberg

The New York Times, January 14, 2007

PRESIDENT BUSH'S speech Wednesday night had to strike a perfect pitch. He had to defend the war that will define his legacy while admitting to enough error to regain credibility with the public. Consequently, commentators are still trying to figure out whether he conceded mistakes, showed regret or intends to change course at all.

In this respect, Mr. Bush's speech follows in that great American oratorical tradition: the presidential mea culpa.

Figuring out how to acknowledge failure without seeming like a failure is a time-honored occupational hazard of politics. But not until the 20th century did presidents govern mainly by mobilizing public opinion through rhetoric, and only with the rise of broadcasting did the celebrated "televised speech to the nation" become a staple of White House damage control.

While these confessions may work in the short term, they rarely work long-term magic. That typically requires a new course of action.

Ronald Reagan, for example, gave a relatively tepid mea culpa in addressing a Senate commission's findings that he hadn't leveled with the public in the Iran-contra scandal.

"A few months ago I told the American people I did not trade arms for hostages," he said in March 1987. "My heart and my best intentions still tell me that's true, but the facts and the evidence tell me it is not."

But President Reagan won praise for taking responsibility, and, more critically, for committing to an overhaul of White House personnel and policy. He renounced the covert wrongdoings of his former aides and eventually struck a landmark arms-control treaty with the Soviet Union.

Another buck-stops-here performance was John F. Kennedy's press conference after the Bay of Pigs, when American-backed Cuban rebels were routed in a bid to overthrow Fidel Castro.

"Victory has a hundred fathers, but defeat is an orphan," President Kennedy said, concluding, "I am the responsible officer of the government."

His popularity soared. Over time, what sealed his reputation was his later calls for a re-evaluation of the cold war and for a nuclear test-ban treaty. Other presidents have failed to capitalize on their dramatic speeches. In March 1968, Lyndon Johnson called a halt to bombing in Vietnam and ended his re-election bid, while vowing to redouble his efforts to achieve peace. But the goodwill faded as he kept the Democratic presidential nominee, Vice President Hubert Humphrey, tethered to a failed strategy until it was too late.

Similarly, in 1992, President George H. W. Bush gained little benefit from his 1992 apology for breaking his no-new-taxes pledge. "I did it, and I regret it and I regret it," he told a newspaper, as he tried to fend off a challenge from Pat Buchanan in the Republican primaries. But Mr. Bush's many reversals — vowing no new taxes, raising them, then recanting — only made him seem fickle and opportunistic, alienating both left and right.

Most tellingly, the master of the confession, Richard Nixon, tried in April 1973 to stanch the hemorrhaging from the Watergate scandal by unloading three of his top aides and declaring a fresh start.

"I was determined that we should get to the bottom of the matter, and that the truth should be fully brought out — no matter who was involved," he said. That turned out to be a lie, and he lost his credibility all over again.

Sometimes, if the public supports a president, he doesn't need to change course at all. When President Bill Clinton acknowledged in August 1998 that he misrepresented his relationship with Monica Lewinsky, Washington pundits said his speech was a disaster. But it turned out that most of the public considered Mr. Clinton's initial show of remorse sufficient and thought the impeachment drive should end. His administration remained popular, while displeasure with the news media rose.

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Of course, some presidents simply acted as if no apology were needed. Dwight Eisenhower refused to admit he'd erred after his administration lied about a U-2 spy plane shot down over the Soviet Union. He withstood sharp criticism and the unraveling of a planned Soviet summit. .

"These activities have their own rules and methods of concealment, which seek to mislead and obscure," President Eisenhower said at a press conference on May 11, 1960. That the most prominent figure pressing for an apology was the Soviet leader Nikita Khrushchev certainly made life easier.

Throughout his presidency, Mr. Bush has been faulted for being too stubborn and unwilling to change, admit error or say he's sorry. But owning up to blunders is not always a ticket to forgiveness.

After President Clinton apologized on his 1998 trip to Africa for the American role in the slave trade and for his administration's passivity during the Rwandan genocide, his habit of contrition became a running joke. So much so that at the White House correspondents' dinner that spring, he delivered deadpan apologies for disco, pineapple on pizza and the Susan B. Anthony dollar.

"It did look too much like a quarter," Mr. Clinton admitted. "And that was wrong."

Picking Up The Pieces (NYT)

The New York Times, January 14, 2007

It was surreal how disconnected President Bush was the other night, both from Iraq's horrifying reality and America's anguish over this unnecessary, mismanaged and now unwinnable war. Indeed, most Americans seem far ahead of the president. They understand that what the country urgently needs is for Mr. Bush to chart a way out of Iraq that also limits the chaos that will be left behind.

The president's disconnect goes far to explain the harshly critical reaction of Congress and the public to his plan to further bleed America's overstretched forces by sending some 20,000 additional troops in an attempt to impose peace on Baghdad's vengeful streets. He proposes to do that without any enforceable commitments from the Iraqi government that it will take the necessary political steps that are the only hope for tamping down a spiraling civil war.

There are no really satisfying answers in Iraq, since all of the remaining options are bad. Still, some are notably worse than others, and Mr. Bush has come up with possibly the worst. He would mortgage thousands more American lives and what remains of Washington's credibility in the region to a destructively sectarian Shiite government that he seems unwilling or unable to influence or restrain.

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Unlike Mr. Bush's views on the American military presence in Iraq, our views have evolved as the evident realities on the ground have changed. At the outset, although we opposed Mr. Bush's invasion, we hoped the United States military could provide enough security to allow an elected government to build the foundations of national unity and eventual democracy.

As it became increasingly clear that Iraqi political leaders had other, less noble intentions, we still hoped that a substantial American military presence could be used to shield innocent civilians from the growing violence, train reliable and professional Iraqi security forces to take over that task, and exert leverage on Iraqi leaders to follow a less divisive and destructive course.

Now, with Mr. Bush unwilling or unable to persuade Prime Minister Nuri Kamal al-Maliki to take the minimum steps necessary to justify any deeper American commitment, we recognize that even that has become unrealistic. Mr. Maliki gave the latest White House plan an even chillier reception than it received in the United States Congress, boycotting a Thursday news conference in Baghdad announcing it. He apparently would have preferred to see American forces sent to fight Sunni insurgents in western Anbar Province, leaving Baghdad as a free-fire zone for his Shiite militia partners.

But even knowing all that, America cannot simply wash its hands of Iraq and go home. The region's problems, many of them made worse by this war, are unavoidably America's problems as well. For starters, Iraq is in imminent danger of violently breaking apart, driving millions of refugees across its borders — who will bring with them their ethnic grievances, and in some cases their weapons — and potentially unleashing a chain reaction of regional conflicts that could draw in Turkey, Saudi Arabia, Iran and perhaps others as well.

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Whatever else happens, Iran has already become more formidable and dangerous. Where it once had a hostile Saddam Hussein on its western border, it now has a friendly Shiite fundamentalist government. Its other longtime enemy, the United States, has had its diplomatic and military clout severely diminished by this war.

The expanding power of a revolutionary, Shiite Iran is profoundly unsettling to the conservative Sunni-led governments in most of the Arab Middle East, which have been America's traditional allies in the region. If the United States is to recoup any of its standing and influence there, it will have to find a way to contain the chaos in Iraq. And it will have to do a lot more to address other concerns of these governments and their people, starting with a genuine and sustained effort to mediate a peace agreement between Israel and the Palestinians.

If Mr. Bush does persist in sending more American troops to Baghdad, despite Congress's amply justified opposition, he will have to establish clear lines of command that assure that those troops can enter the strongholds of the Shiite militias responsible for much of the violence without militia leaders' being tipped off by allies in the Iraqi government.

And so long as any American troops remain in Iraq, Mr. Bush must put serious pressure on Mr. Maliki to support the troops' efforts with a genuine program of national reconciliation. That must include, at a minimum, ridding the police and other security services of killers, torturers and criminals and disarming all sectarian militias.

The government must also assure that Iraqi oil revenues are fairly shared out among the entire Iraqi population. And it must move quickly to offer an amnesty to Sunni insurgents willing to put down their weapons, and narrow the legal restrictions on former Baath Party members so that Sunni professionals can once again fully participate in Iraqi national life.

These benchmarks should be accompanied by fixed timelines. And they must be accompanied with a clear message that the United States is prepared to withdraw its troops if the Iraqis continue to refuse to take responsibility for their own future. Mr. Bush and other American officials need to make clear that as much as the United States will suffer from a complete collapse in Iraq, Iraq's leaders will suffer far worse from the loss of their American protectors.

Mr. Bush should reinforce that message by convening a conference of all of Iraq's neighbors to discuss how they can help stabilize Iraq — and what they can do to contain the wider chaos should it come. With nearly two million Iraqis already seeking refuge, mainly in Syria and Jordan, it is far past time for American officials to begin their own planning and relief efforts.

If Mr. Bush refuses to deliver this ultimatum to Mr. Maliki, Congress will have to do so in his stead. That's not the usual division of labor between the executive and legislative branches, but it is one that Mr. Bush has made necessary by his refusal to face realities. The potential consequences of his failed leadership are so serious that neither the new Democratic majorities in Congress, nor the public at large, can afford the luxury of merely criticizing from the sidelines.

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So far, Congress is off to an encouraging start, holding substantive oversight hearings and asking probing questions of administration officials for the first time in too many years. Similarly encouraging has been the bipartisan character of this reinvigorated oversight. The Congress should continue asking hard questions. And it must insist on real answers before acting on any new requests for money to support Mr. Bush's plans to send more troops to Baghdad. Congress has the authority to attach conditions to that money, imposing benchmarks and timetables on Mr. Bush, who then would be forced to impose them on the Iraqi government.

One immediate step could be a set of bipartisan resolutions spelling out the broad policy directions Congress expects the president to pursue on Iraq. That would send a useful message to the American people that lawmakers are listening to their concerns, if Mr. Bush is not, and also to Iraq's leaders.

It's now up to Congress to force the president to live up to his constitutional responsibilities and rescue this country from the consequences of one of its worst strategic blunders in modern times.

History will surely blame Mr. Bush for leading America into Iraq, but it will blame Congress if it does not act to push him onto a more realistic path.

Congressional Pushback (WP)

The Washington Post, January 14, 2007

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THE POLITICAL tempest that has greeted President Bush's latest plan for Iraq is largely of the president's making. Mr. Bush could have forged a bipartisan consensus if he had embraced the military strategy laid out by the Iraq Study Group, which was in keeping with proposals by the Iraqi government, U.S. military commanders and leading members of Congress. Instead, he chose to embrace an option -- the dispatch of additional American soldiers to Baghdad and Anbar province -- that has the support of less than 20 percent of Americans and maybe even fewer Iraqis. It's not even clear that the Iraqi government is entirely on board.

We don't think Mr. Bush went out of his way to pick the battle he now has with the new Democratic-controlled Congress. No doubt he has been convinced that the deployment of more troops is the only way to turn the situation in Iraq around. The White House, however, seems to have undervalued the importance of having broad public support before sending more troops into combat, with the inevitable spike in casualties that will cause. The intense criticism that has come from both houses and both parties in Congress is understandable, and justified.

So are some of the questions raised in congressional hearings at the end of the week. Chief among them is why the president would commit thousands of American soldiers to a pacification mission in Baghdad when success is heavily dependent on the Iraqi government's performance in areas where it has failed repeatedly. Republicans and Democrats alike have asked what the administration's response will be if Prime Minister Nouri al-Maliki once again fails to deliver on promises to deploy Iraqi troops, tackle Shiite militias and strike political compromises. They have asked how long the "surge" can go on without overtaxing the Army and the reserves.

For the most part, the answers offered in public by Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates have been vague or evasive. But these officials and others have repeatedly pointed out that it will be possible to judge quickly whether the Iraqi government is doing what is needed -- and that those judgments can be made before most of the five additional U.S. brigades are deployed. For example, the three additional Iraqi brigades promised for Baghdad, with an additional 8,000 troops, are supposed to arrive in the capital by the beginning of next month, before 10,500 of the additional American soldiers are dispatched and before the administration's supplemental budget request for funding is submitted to Congress.

In that timing lies the possibility for a constructive response by Congress. Democrats in both the House and Senate are planning votes on nonbinding resolutions that would reject Mr. Bush's new strategy. Some are discussing ways to block the new mission by cutting off funding or attaching crippling restrictions. Neither action would improve the precarious U.S. position in Iraq, and the latter, if pursued to the extent suggested by Rep. John Murtha (D-Pa.) or Sen. Russell Feingold (D-Wis.), would invite a catastrophe for which Congress would be blamed.

Congress can, however, hold the administration to its promise to test the Iraqi government early and often. If Mr. Maliki delivers on his commitments in the coming weeks, the administration's bet on pacifying Baghdad may begin to look more solid. If the Iraqi government does not perform, then Congress will be well grounded in insisting that Mr. Bush rethink his strategy and suspend new U.S. deployments.

Bush's Idle Threat (LAT)

The Los Angeles Times, January 14, 2007

ON WEDNESDAY, President Bush told the nation that "America's commitment is not open-ended" in Iraq. By Friday, however, the administration was already backsliding. What wasn't open-ended, apparently, was just U.S. support for Iraqi Prime Minister Nouri Maliki. When it comes to American boots on the ground, according to Defense Secretary Robert M. Gates, the U.S. is in Iraq for the long haul.

Gates put it bluntly in testimony Friday to the Senate Armed Services Committee. "Saying, 'If you don't do this, we'll leave, and we'll leave now,' does not strike me as being in the national interests of the United States," Gates said. As for how long the U.S. will stay, he reckoned, "I think [what] the president had in mind was that we would probably have to be in Iraq to provide help of one kind or another to the Iraqis for quite some time."

This is not what the American people want; this is not what the Iraqi Study Group recommended; and it is not the best way to prosecute a war against the radical Islamists who attacked this country on 9/11. It is, instead, a way to guarantee that the U.S. military will be dangerously overstretched and needlessly vulnerable to sectarian militias in Iraq.

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Even as the president was delivering his address, administration officials were whispering to reporters (including some for this newspaper) that "simply coming home isn't an option" and that Maliki's days may be numbered. This would, to put it gently, undermine the White House's claim to be pushing toward increased Iraqi sovereignty. To the contrary: It would require ever-greater U.S. responsibility for a post-totalitarian country sliding deeper into anarchy.

If Maliki is shown to be incapable of disarming Shiite militias, it will be because he wouldn't or couldn't rise above civil war. If his government collapses, the only central authority remaining will be the one most resented — America's 150,000-strong fighting force — and prospects for a unity government will be grim. The White House's approach to this plausible scenario is to insist, more loudly by the day, that failure is not an option.

"Failure in Iraq would be a disaster for our future," Bush warned soldiers Thursday at Ft. Benning, Ga. "Radical Islamic extremists would grow in strength…. Iran would be emboldened in its pursuit of nuclear weapons. Our enemies would have safe havens from which to launch attacks. People would look back at this moment in history and say, 'What happened to them in America? How come they couldn't see the threats to a future generation?' That is why we must, and we will, succeed in Iraq."

Unfortunately for Bush, and for the rest of us, "we can't fail" is not a strategy. As painful experience has shown in Iraq, it is a recipe for further failure because it encourages wishful thinking at the expense of realistic planning.

Bush's speech Wednesday offered some small hope that his ultimatum to Maliki had real consequences — that Bush would withdraw U.S. troops "if the Iraqi government does not follow through in its promises." By Friday, it appeared that this was an empty threat. The consequences of Baghdad's broken promises could be greater U.S. involvement in — and greater U.S. responsibility for — an Iraqi civil war.

He's In The Bunker Now (NYT)

By Frank Rich

The New York Times, January 14, 2007

PRESIDENT BUSH always had one asset he could fall back on: the self-confidence of a born salesman. Like Harold Hill in "The Music Man," he knew how to roll out a new product, however deceptive or useless, with conviction and stagecraft. What the world saw on Wednesday night was a defeated Willy Loman who looked as broken as his war. His flop sweat was palpable even if you turned down the sound to deflect despair-inducing phrases like "Prime Minister Maliki has pledged ..." and "Secretary Rice will leave for the region. ..."

Mr. Bush seemed to know his product was snake oil, and his White House handlers did too. In the past, they made a fetish of situating their star in telegenic settings, from aircraft carriers to Ellis Island. Or they placed him against Orwellian backdrops shrieking "Plan for Victory." But this time even the audio stuttered, as if in solidarity with Baghdad's continuing electricity blackout, and the Oval Office was ditched, lest it summon up memories of all those past presidential sightings of light at the end of the Iraqi tunnel. Mr. Bush was banished to the White House library, where the backdrop was acres of books, to signify the studiousness of his rethinking of the "way forward."

"I'm not going to be rushed," the president said a month ago when talking about his many policy consultations. He wasn't kidding. His ostentatious deep thinking started after Election Day, once he realized that firing Donald Rumsfeld wouldn't be enough to co-opt the Iraq Study Group. He was thinking so hard that he abandoned his initial plan to announce a strategy before Christmas .

The war, however, refused to take a timeout for the holiday festivities in Crawford. The American death toll in Iraq, which hovered around 2,840 on Election Day, was nearing 3,020 by Wednesday night.

And these additional lives were sacrificed to what end? All the reviews and thinking and postponing produced a policy that, as a former top Bush aide summed it up for The Daily News, is nothing more than "repackaged stay-the-course dressed up to make it look more palatable." The repackaging was half-hearted as well. Not for nothing did the "way forward," a rubric the president used at least 27 times in December, end up on the cutting-room floor. The tossing of new American troops into Baghdad, a ploy that backfired in Operation Together Forward last year, is too transparently the way backward.

"Victory" also received short shrift, downsized by the president to the paltry goal of getting "closer to success." The "benchmarks" he cited were so vague that they'd be a disgrace to No Child Left Behind. And no wonder: in November, Mr. Bush

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couldn't even get our devoted ally, Prime Minister Nuri al-Maliki, to show up for dinner at their summit in Amman, let alone induce him to root out Shiite militias. The most muscle the former Mr. Bring-'Em-On could muster in Wednesday's speech was this: "If the Iraqi government does not follow through on its promises, it will lose the support of the American people." Since that support vanished long ago, it's hard to imagine an emptier threat or a more naked confession of American impotence, all the more pathetic in a speech rattling sabers against Syria and Iran.

Mr. Bush's own support from the American people is not coming back. His "new" Iraq policy is also in defiance of Iraqi public opinion , the Joint Chiefs, the Baker-Hamilton grandees, and Mr. Maliki, who six weeks ago asked for a lower American profile in Iraq. Which leaves you wondering exactly who is still in the bunker with the president besides the first lady and Barney.

It's a very short list led by John McCain, Joe Lieberman, and neo-conservative dead-enders like William Kristol and Frederick Kagan, who congregate at The Weekly Standard and the American Enterprise Institute, the Washington think tank. The one notable new recruit is Rudy Giuliani, who likened taming Baghdad to "reducing crime in New York" without noticing that even after the escalation there will be fewer American troops patrolling Baghdad than uniformed police officers in insurgency-free New York City.

Mr. Kagan, a military historian, was sent by the White House to sell its policy to Senate Republicans. It was he, Mr. Kristol and the retired Gen. Jack Keane who have most prominently pushed for this escalation and who published studies and editorials credited with defining it. Given that these unelected hawks are some of the same great thinkers who promoted the Iraq fiasco in the first place, it is hard to imagine why this White House continues to listen to them. Or maybe not that hard. In a typical op-ed article, headlined "Stay the Course, Mr. President!," Mr. Kagan wrote in The Los Angeles Times in 2005: "Despite what you may have read, the military situation in Iraq today is positive."

Yet Mr. Bush doesn't even have the courage of his own disastrous convictions: he's not properly executing the policy these guys sold him. In The Washington Post on Dec. 27, Mr. Kagan and General Keane wrote that escalation could only succeed "with a surge of at least 30,000 combat troops" — a figure that has also been cited by Mr. McCain. (Mr. Kagan put the figure at 50,000 to 80,000 in a Weekly Standard article three weeks earlier. Whatever.) By any of these neocons' standards, the Bush escalation of some 20,000 is too little, not to mention way too late.

The discrepancy between the policy that Mr. Bush nominally endorses and the one he actually ordered up crystallizes the cynicism of this entire war. If you really believe, as the president continues to put it, that Iraq is the central front in "the decisive ideological struggle of our time," then you should be in favor of having many more troops than we've ever had in Iraq. As T. X. Hammes, an insurgency expert and a former marine, told USA Today, that doesn't now mean a "dribble" (as he ridicules the "surge") but a total of 300,000 armed coalition forces over a minimum of four years.

But that would mean asking Americans for sacrifice, not giving us tax cuts. Mr. Bush has never asked for sacrifice and still doesn't. If his words sound like bargain-basement Churchill, his actions have been cheaper still. The president's resolutely undermanned war plan indicated from Day 1 that he knew in his heart of hearts that Iraq was not the central front in the war against 9/11 jihadism he had claimed it to be, only the reckless detour that it actually was. Yet the war's cheerleaders, neocon and otherwise, disingenuously blamed our low troop strength almost exclusively on Mr. Rumsfeld.

Now that the defense secretary is gone, what are they to do? For whatever reason, you did not hear Mr. Kagan, General Keane or Mr. McCain speak out against Mr. Bush's plan even though it's insufficient by their own reckoning — just a repackaged continuance of the same "Whac-A-Mole" half-measures that Mr. McCain has long deplored. Surely the senator knows that, as his loosey-goosey endorsement attests. (On Friday, he called the Bush plan "the best chance of success" while simultaneously going on record that "a small, short surge would be the worst of all worlds.")

The question now is how to minimize the damage before countless more Americans and Iraqis are slaughtered to serve the president's endgame of passing his defeat on to the next president. The Democrats can have all the hearings they want, but they are unlikely to take draconian action (cutting off funding) that would make them, rather than Mr. Bush, politically vulnerable to blame for losing Iraq.

I have long felt that it will be up to Mr. Bush's own party to ring down the curtain on his failed policy, and after the 2006 midterms, that is more true than ever. The lame-duck president, having lost both houses of Congress and at least one war (Afghanistan awaits), has nothing left to lose. That is far from true of his party.

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Even conservatives like

Sam Brownback of Kansas and

Norm Coleman of Minnesota started backing away from Iraq last week. Mr. Brownback is running for president in 2008, and Mr. Coleman faces a tough re-election fight. But Republicans not in direct electoral jeopardy (George Voinovich of Ohio, Lisa Murkowski of Alaska) are also starting to waver. It's another Vietnam-Watergate era flashback. It wasn't Democrats or the press that forced Richard Nixon's abdication in 1974; it was dwindling Republican support. Though he had vowed to fight his way through a Senate trial, Nixon folded once he lost the patriarchal leader of his party's right wing.

That leader was Barry Goldwater , who had been one of Nixon's most loyal and aggressive defenders until he finally realized he'd been lied to once too often. If John McCain won't play the role his Arizona predecessor once did, we must hope that John Warner or some patriot like him will, for the good of the country, answer the call of conscience. A dangerous president must be saved from himself, so that the American kids he's about to hurl into the hell of Baghdad can be saved along with him.

Stumbling Around The World (NYT)

By Nicholas D. Kristof

The New York Times, January 14, 2007

With Iraq sliding off a cliff, and now tugging another 20,000 young Americans along as well, it's worth wrestling with a larger question: Why are we so awful at foreign policy?

Shirin Ebadi, the Iranian lawyer who won the Nobel Peace Prize, dropped by the other day, and she made the same point with characteristic bluntness. "It amazes me that the U.S., with all its scientific accomplishments, is so shortsighted in its foreign policy," she noted.

It is pathetic. We can go safely to the moon but not to Anbar Province. We can peer into the farthest reaches of the universe, but we fail to notice (until it's too late) that many Iraqis loathe us. We produce movies that delight audiences all over the world, but we can't devise a foreign policy that anybody likes.

And it's not just right-wing Republicans who are the problem. President Bush has been particularly myopic, but Democrats mired us in Vietnam: shortsightedness is a bipartisan tradition in foreign policy. Historically, we are often our own worst enemy.

Iraq is the example of the moment. We invaded, thinking that we would get a pro-American bulwark, cheap oil, long-term military bases and the gratitude of liberated Iraqis. Instead, we fought Iraq, and Iran won.

Speaking of which, look at Iran. In 1953, we helped overthrow the democratically elected prime minister, Mohammed Mossadegh, to achieve a more pro-Western government. That created tensions that led to the Iranian revolution of 1979 and the rise of mullahs with nuclear dreams. If it weren't for our own policies, Iran might well now have a pro-American government.

So why do we act so often against our own long-term interests? There are at least two reasons.

The first is that great powers always lumber about, stepping on toes, provoking resentments, and solving problems militarily simply because they have that capability. One of the great passages of Thucydides records how some 2,400 years ago Athens decided to wipe out the city of Melos because it could.

Likewise, in 1955, when Britain was the dominant player in the Middle East, it formed the Baghdad Pact, a military arrangement intended to protect British interests in the Middle East. Instead, the arrangement inflamed Arab nationalists, strengthened anti-British feeling and contributed to the fall of the Iraqi monarchy in 1958 — and, eventually, to the rise of Saddam.

The second reason is particular to the U.S.: We don't understand the world. The U.S. may owe its existence to prickly nationalist troublemakers like Sam Adams, but (partly because relatively few Americans have lived abroad) we are obtuse about the appeal of prickly nationalist troublemakers elsewhere. Like George III, we empower our enemies.

So what does all this have to do with the price of tea in Baghdad?

Once again the White House is seeking military solutions that are likely to rebound and hurt us. Sending more young Americans into that maelstrom may well have three consequences: inflaming Iraqi nationalism, bolstering Shiite and Sunni extremists alike, and killing more young Americans.

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A U.S. military study in 1999, recently declassified and in the National Security Archive, concluded that even 400,000 American troops might not be able to stabilize a post-Saddam Iraq. The study emphasized the importance of diplomacy to engage Iraq's neighbors.

But President Bush is moving in the opposite direction. Most worrying, he is hinting at engaging Syria and Iran not diplomatically but militarily. We are careering down a road that may ultimately lead to military strikes on Iran — a disaster.

What would a better strategy look like? A good bit like the one advocated by the Iraq Study Group. It would emphasize engaging neighbors, a big push for political compromises within Iraq, steps toward troop withdrawals and an intensive effort to achieve an Israeli-Palestinian peace. (Condi Rice is planning this last effort.)

Would this strategy work in Iraq? No one knows. But such a bipartisan plan might at least bring a bit of healing to the U.S.

Meanwhile, history comes around in other ways. The Rev. Bob Edgar, the general secretary of the National Council of Churches, recalls that as a young congressman in April 1975, he encountered a similar presidential request for a surge of troops. It was a demand by President Gerald Ford for more U.S. forces to stabilize Saigon.

A White House photo captures Ford conferring with two of the architects of that request: senior administration officials named Dick Cheney and Donald Rumsfeld.

In Baghdad, A Test Of The Petraeus Principles (WP)

By Jim Hoagland

The Washington Post, January 14, 2007

Lt. Gen. David Petraeus, the soldier-intellectual chosen by President Bush to provide new leadership in the war in Iraq, got one thing he needed from the president Wednesday night. But what was missing will ultimately be more important than what was provided.

Petraeus, who holds a doctorate from Princeton, is often described as the smartest and most ambitious member of the class of generals and admirals available to Bush. He has been given a rare opportunity to put the theories he has developed as a man of ideas into battlefield practice as a man of action.

Shortly before Bush appointed him to command the multinational forces in Iraq, Petraeus finished assembling a new counterinsurgency training manual for U.S. forces. The manual's opening sections emphasize the importance of political will in avoiding defeat in unconventional warfare:

"Constant reaffirmations of commitment, backed by deeds, can overcome" the perceptions of insurgents and local populations that "a few casualties or a few years will cause the United States to abandon a counterinsurgency effort," the manual states in a passage that could have been the basis for most of Bush's explanation to the nation of a new Iraq strategy. Bush provided the rhetoric of commitment to the struggle that Petraeus says is essential.

But the all-important Iraqi political context for the measured escalation in U.S. forces that Bush outlined remains murky and undeveloped. It falls to Petraeus more than any other individual to fill in the blanks left by Bush.

It is not clear whether Bush is counting on Prime Minister Nouri al-Maliki's ineffective and corrupt government to pull itself together suddenly and counter the bloody anarchy gripping Baghdad, as most of the president's words were designed to suggest, or if the president in fact expects American forces to take greater control over Iraqi units and their combat operations, as his actions indicate.

The surge of five brigades into Baghdad is supposed to enable U.S. troops to embed themselves in Iraqi units and to be posted overnight or longer in the capital's most violent neighborhoods. This necessarily undercuts Iraqi commanders and turns the emphasis away from the training of new Iraqi units. Bush mentioned training Iraqis as a primary U.S. mission late and glancingly in his speech.

The appointment of Petraeus is another indication of Bush's willingness to go on the offensive and his dissatisfaction with the cautious, bureaucratic approach taken to the Iraqi campaign by Gen. John Abizaid, who is departing as head of Central Command. Abizaid's repeated protestations to Bush and his national security team that military means could provide only 20 percent of what was needed to make Iraq secure wore thin in White House meetings, officials who were there have told me.

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Petraeus, in contrast, highlights the responsibilities of the military in his counterinsurgency blueprint. The manual cogently argues that Western militaries "falsely believe that armies trained to win large conventional wars are automatically prepared to win small, unconventional ones. . . . The military forces that successfully defeat insurgencies are usually those able to overcome their institutional inclination to wage conventional war against insurgents."

Petraeus's determination to take charge of any situation in which he finds himself is a widely noticed characteristic. When he commanded the 101st Airborne Division in the northern Iraqi city of Mosul in 2003, he turned even a routine briefing for visiting officials and journalists into an all-encompassing, riveting overview of how military commanders had to work continually at winning hearts and minds.

But his refusal to cede any authority over Mosul to the region's Kurdish majority or to prepare the way for a new political order there alienated one of Iraq's three major population groups. That experience will reinforce the suspicions among some Iraqis that the surge of new troops under his command is intended to reassert U.S. combat control, at least temporarily.

That may not be a bad thing if there is a strong follow-up to provide a new political context for Iraq and the region. But a conceptual flaw that runs through both Bush's speech and the counterinsurgency manual assembled by Petraeus will make that transition difficult if it is not corrected.

These two documents fail to give sufficient weight to the fact that all insurgency is local, to paraphrase Tip O'Neill's famous dictum about American politics. The Petraeus document does note the need to address "local grievances" and the new precision tools of insurgency, such as suicide attacks. But the strategy Petraeus then lays out echoes many of the counterinsurgency practices formulated in the unsuccessful campaigns of Algeria, Vietnam and elsewhere. In all likelihood, David Petraeus's work to design a successful counterinsurgency has only just begun, and against big odds.

Bush's Hail-Mary Pass (WP)

By George F. Will

The Washington Post, January 14, 2007

During the battle of the Marne in September 1914, France's Marshal Foch declared: "My center is giving way, my right is retreating, situation excellent, I am attacking." His brio is remembered because his tactic worked: It prevented a rout that might have swiftly ended what might not today be known as World War I. But, then, we cannot know that.

The president's Wednesday evening address was without Fochian panache. He surely knows that he cannot know how his new policy will unfold, any more than his critics can have reasonable confidence in the consequences of their alternative policy.

The president is probably wrong in thinking that 17,500 more U.S. troops can clear Baghdad until Iraqi forces can hold it. And he probably is wrong in thinking that economic pump-priming and jobs programs, which are usually disappointing when tried in America, can succeed amid Iraq's anarchy. Besides, Shiites are not torturing Sunnis with electric drills and Sunnis are not beheading Shiites because both sides are suffering the ennui of the unemployed. For Iraqis, ennui is a utopian aspiration.

But the president is right in framing his new policy as a ukase to Iraq's government: We are buying you time, and not much of it, for you to dash to competence concerning security matters. Bush's policy probably will not succeed, but at least we will know what were the parameters of the possible, given the government produced by those Iraqi elections that once were the source of so much U.S. confidence.

The president's gamble is not a larger one than Democrats are making with what they are adopting as a party position. They are right that the "surge" probably will not pull Iraq back from the abyss. But they are wrong to think that their policy is more than a variant of the president's policy: shock treatment for Iraq's government, which is threatened with what, on Thursday, Secretary of State Condoleezza Rice icily called, with studied vagueness, "the consequences now of nonperformance."

All sides recognize that the status quo in Iraq is untenable. Therefore those -- almost all Democrats and a growing minority of Republicans -- who hope to block the "surge" are really for setting in motion a swift and irreversible process of U.S. withdrawal, in the hope that it will galvanize Iraq's government to military and policy capabilities that U.S. training and subsidies have so far been unable to produce. And if not, Iraq and the region probably will become a cauldron of conflicts with genocidal stakes for the sectarian groups involved.

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Both the president's speech, and the Democrats' response to it, delivered by Illinois Sen. Dick Durbin, contained passages that bordered on the bizarre. The president said, "If the Iraqi government does not follow through on its promises, it will lose the support of the American people." But that support was long since forfeited. Durbin called upon Iraq's government to "disband" the militias and death squads. Not destroy, but "disband." How is that supposed to happen? By asking them nicely? "Disband, please, and on the way home, if you see a Sunni (Shiite), give him a hug." The great question is whether Prime Minister Nouri al-Maliki will cooperate with crushing the Mahdi Army, which is the instrument of his patron, Moqtada al-Sadr.

Twenty years ago, Ken Livingstone, the (very left-wing) mayor of London, wrote a book titled "If Voting Changed Anything They'd Abolish It." But America's November voting produced Wednesday's change in Iraq policy. Voters did not, however, intend to bring on what is coming: Chechnya in their living rooms -- a spike of high-intensity, high-casualty urban warfare, televised.

Bush and his thoughtful critics, ostensibly at daggers drawn, are actually in agreement on three points. First, the failed policy of the past three years is both militarily and politically unsustainable. Second, any substantial departure from that policy must involve a leap into the dark -- a bet on the future about which no reasonable person can be confident. Third, the nation embarked Wednesday night upon the beginning of the end of U.S. suzerainty in Iraq, where, Maliki has said, with more bravado than plausibility, that by June -- about when the full surge probably will reach Iraq -- his government will be able to handle its security challenges.

Foch's 1914 bravado helped produce the "miracle of the Marne," which was followed by four years of carnage which destroyed empires, including the Ottoman Empire, a shard of which became Iraq. Today, in Iraq, the president's policy -- and that of his critics -- is to hope for a miracle.

The Big Gambit In Iraq (WP)

By David S. Broder

The Washington Post, January 14, 2007

With his new Iraq policy, President Bush essentially has written off any prospect of regaining broad support at home for his course of action, in the slender hope of finding the key to military success and political agreements in Baghdad.

It is a huge personal gamble, one that has triggered a debate that may well dominate the final two years of Bush's tenure.

Interestingly, Bush and his critics start from the same premise: The ultimate solution in Iraq is political, not military. In his address Wednesday night, Bush said, "Only Iraqis can end the sectarian violence and secure their people."

That will require concrete steps toward national unification with the Sunni minority and the Kurds that the Shiite-dominated government of Prime Minister Nouri al-Maliki has balked at for the past year.

And Bush and his critics share a second premise: that government must be nudged into action -- or Iraq is lost.

The Iraq Study Group, the bipartisan panel headed by James A. Baker III and Lee Hamilton, argued that the most effective signal to Maliki and his associates would be to announce plans for a phased withdrawal of American troops in the first quarter of next year. That policy would have commanded strong support in the Congress elected in November and, if polls are correct, among the American people.

Bush chose another course, arguing that any early pullout or loss of American assistance would lead to "a collapse of the Iraqi government, tear the country apart and result in mass killings on an unimaginable scale."

That does not say much about the viability of that government, but there is certainly a measurable risk that Bush may be right about the consequences.

In any case, he has chosen to send Maliki a very different signal -- more troops under looser terms of engagement, ready to support Iraqi forces in an effort to purge Baghdad of rival Sunni and Shiite militias.

In doing this, Bush has adopted the view of John McCain, Joe Lieberman and the neocons, namely, "The most urgent priority for success in Iraq is security, especially in Baghdad."

But he has claimed to be dealing with the political problem at the same time -- by informing Maliki that "America's commitment is not open-ended" and by reiterating the now-familiar set of steps needed for political progress -- division of oil revenue, constitutional reform, provincial elections and a reversal of de-Baathification-- that the Maliki government has long resisted.

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Bush said that he has Maliki's word that all this will happen -- and that there will be an end to the unspoken policy of targeting Sunnis while protecting Shiite militias. When I asked a National Security Council official why the promise should be taken seriously, after so many disappointments in the past year, he said that the prime minister faces not just external pressure from the United States but also the urgings of "other moderate elements" in his own coalition who are weary of the fighting.

A skeptic would say that Bush has sacrificed the support of moderates at home -- the Republican as well as Democratic lawmakers voicing skepticism about his plan -- for some supposed "moderates" in Baghdad.

For this gamble to work, a lot of implausible things have to happen. Maliki's governing coalition, which includes the party of Moqtada al-Sadr, will have to steel itself to send troops into the neighborhoods controlled by Sadr's own Mahdi Army. Defense Secretary Robert Gates says this will happen, but the promise remains to be tested.

Also unproved is the capacity of the Iraqi army and police force, which are supposed to be "in the lead," with American troops in support, in clearing out Baghdad. The army was disbanded in a reckless decision soon after the fall of Saddam Hussein, and it is only now being slowly rebuilt. The police force is notoriously overrun with sectarian militias.

When Bush draws a picture of Iraqi army and police brigades going "door-to-door to gain the trust of Baghdad residents," he has to hope that those cops aren't regarded as assassins disguised in uniform when they go into Sunni neighborhoods.

And then there are those politicians in Baghdad -- the ones Bush is gambling can find consensus in a country that has known national unity only under a dictator.

Everyone acknowledges that there is no risk-free way of solving the mess in Iraq. Bush has chosen a way that guarantees what was forecast here just a month ago: "a foreign policy and national security debate as consequential as any this nation and its allies have faced since the start of World War II."

Trapped By Hubris, Again (WP)

By Robert G. Kaiser

The Washington Post, January 14, 2007

After nearly four years of ineffectual war-fighting, after the collapse of domestic support for President Bush and his policies, after the expenditure of thousands of lives and hundreds of billions of dollars, it no longer seems possible to avoid the grim conclusion: For the United States, Iraq has become another Vietnam.

Fortunately, the overall death toll in Iraq so far, while high, is still smaller than it was in Vietnam. But tragically, the most important difference between the two conflicts may be that defeat in Iraq is likely to produce catastrophic consequences for that nation, its neighbors and the United States, too.

For a gray-haired journalist whose career included 18 months covering the Vietnam War for The Washington Post, it is a source of amazement to realize that my country has done this again. We twice took a huge risk in the hope that we could predict and dominate events in a nation whose history we did not know, whose language few of us spoke, whose rivalries we didn't understand, whose expectations for life, politics and economics were all foreign to many Americans.

Both times, we put our fate in the hands of local politicians who would not follow U.S. orders, who did not see their country's fate the way we did, and who could not muster the support of enough of their countrymen to produce the outcome Washington wanted. In Vietnam as in Iraq, U.S. military power alone proved unable to achieve the desired political objectives.

How did this happen again? After all, we're Americans -- practical, common-sense people who know how to get things done. Or so we'd like to think. In truth, we are ethnocentric to a fault, certain of our own superiority, convinced that others see us as we do, blithely indifferent to cultural, religious, political and historical realities far different from our own. These failings -- more than any tactical or strategic errors -- help explain the U.S. catastrophes in Vietnam and Iraq.

Future historians trying to understand how the U.S. adventure in Iraq went so badly off track will be grateful for the memorandum that national security adviser Stephen J. Hadley wrote to Bush on Nov. 8, 2006, after a visit to Iraq. The "secret" memo was leaked to the New York Times three weeks later.

Hadley began with a candid evaluation of Iraqi Prime Minister Nouri al-Maliki: "The reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action."

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Having been frank about the problem, Hadley then entered a dream world to discuss ways in which it might be solved. He offered his boss an elaborate set of initiatives that should be urged on the hapless Maliki. The first one gives a good flavor of the Hadley plan for success: "Maliki should compel his ministers to take small steps -- such as providing health services and opening bank branches in Sunni neighborhoods -- to demonstrate that his government serves all ethnic communities." Others included compelling Maliki to overhaul his personal staff to make it ethnically diverse, shake up his cabinet and bring in competent technocrats, and insist that all ministers renounce violence in all forms.

How would Bush carry out Hadley's correctives? "We can help [him] in a variety of ways," Hadley wrote. If Maliki thinks he isn't in a position to follow all of the Americans' good advice, "we will need to work with him to augment his capabilities." Among the steps Hadley proposed:

"Actively support Maliki in helping him develop an alternative political base. We would likely need to use our own political capital to press moderates to align themselves with Maliki's new political bloc. . . . Consider monetary support to moderate groups that have been seeking to break with larger, more sectarian parties, as well as to support Maliki himself. . . . Provide Maliki with more resources to help build a nonsectarian national movement."

In other words, the national security adviser told the president 42 months after this disastrous war began that we can still fix it. A few well-placed bribes plus Yankee ingenuity -- pulling this lever, pushing that button -- can make things turn out the way we want them to. There you see the peculiar strain of hubris that led the United States astray four years ago in Iraq, and four decades ago in Vietnam.

Indeed, Hadley's memo is squarely in the tradition of the sublimely arrogant know-it-alls whom journalist David Halberstam memorably dubbed "The Best and the Brightest." These were the men around John F. Kennedy and Lyndon B. Johnson who, along with Kennedy and Johnson, gave us the Vietnam War: Robert S. McNamara, McGeorge Bundy, Dean Rusk, Walt W. Rostow and the rest. They, too, allowed themselves to believe that the shrewd application of U.S. power -- pulling a lever here, pushing a button there -- could create and prop up an independent, democratic South Vietnam. This was something that had never existed previously -- in that sense, something sadly akin to a multiethnic, democratic Iraq.

Yet in his speech to the nation Wednesday night announcing changes in Iraq policy, the president embraced many of Hadley's proposals. He has extracted promises from Maliki to crack down on Shiite militias and has pushed the prime minister to broaden his cabinet. Bush also took Hadley's advice to increase the number of U.S. troops operating in Baghdad, and to broaden the program that embeds Americans with Iraqi units.

Last week, Bush seemed to threaten Maliki as well: "If the Iraqi government does not follow through on its promises, it will lose the support of the American people -- and it will lose the support of the Iraqi people," the president said. The United States has always been good at telling other nations what they have to do, and what will happen if they don't do it.

When things began to go wrong in Vietnam, we helped stage a coup against Ngo Dinh Diem, whom the United States had helped to install as president of South Vietnam. President Dwight D. Eisenhower had once called him Asia's "miracle man." Diem was dumped in 1963. Eight changes in leadership, all involving Washington in one way or another, ended with Nguyen Van Thieu's ascent to the presidency in 1967; Thieu then held on for eight years before being ousted nine days before North Vietnamese troops marched into Saigon. We never did find "the right guy" for Vietnam, to borrow Bush's recent description of Maliki, and there is scant evidence that the man who botched the execution of Saddam Hussein is really the right guy for Iraq, either.

We accomplished a great deal during the 14 years we were actively engaged in South Vietnam. We created an infrastructure for the country, built roads and schools and hospitals, trained hundreds of thousands of troops, figured out how to "pacify" the countryside. As long as U.S. military power was available to neutralize the fighting force of North Vietnam -- whose communist leaders were determined to expel the Americans and reunify their country -- South Vietnam could survive, even prosper.

But we could not create a government or an economy in South Vietnam that could survive without our generous help. When I was leaving Vietnam in August 1970, I wrote in these pages about how we had made the Vietnamese utterly dependent on us. At the time, the Nixon administration's policy was "Vietnamization" -- turning the war over to the South Vietnamese. But the South

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Vietnamese had not shown that they could cope without us. "Even if the policy succeeds," I wrote, "the United States may well be unable to redeem the lives, money and self esteem it invested in the war in Vietnam."

The Vietnamese communists had key advantages that the U.S. side couldn't match: a better army, more determined and more competent leaders, and a political legitimacy that they had earned by expelling the French colonizers. And they were fighting for a unified Vietnam.

Iraq is different. The "enemy" there is not a single group of Iraqis, but nearly all Iraqis, because Iraqis do not share a common definition of their state or a common agenda for its future. This disarray has been compounded by the presence of Islamic fanatics from countries that have seized the opportunity to go to Iraq to try to kill Americans. Polls and reporting by Post correspondents suggest that, overwhelmingly, Iraqis of all factions want U.S. forces to leave.

In the face of chaos, the United States has no reliable ally -- no legitimate political authority that crosses sectarian lines and attracts the loyalty of large numbers of Iraqis. Which Iraqis will risk their lives to promote Washington's idea of Iraq? The army and police defend sectarian, not national, interests, even when they are fighting the same people U.S. troops are fighting.

The Iraqis who would presumably have been most supportive of a modernizing and democratic Iraq -- the secular intelligentsia that thrived in Iraq until the Persian Gulf War -- is now dramatically depleted. Hundreds of thousands of these Iraqis have already fled to other countries, including many doctors, lawyers, academics and other trained professionals. The war has created a vacuum in the upper reaches of Iraqi society.

What's the lesson to be learned? Modesty. Before initiating a war of choice -- and Vietnam and Iraq both qualify -- define the goal with honesty and precision, then analyze what means will be needed to achieve it. Be certain you really understand the society you propose to transform. And never gamble that the political solution to such an adventure will somehow materialize after the military operation has begun. Without a plausible political plan and strong local support at the outset, military operations alone are unlikely to produce success.

Bush's latest initiatives -- like all his earlier ones -- will not produce the desired political result, because Americans cannot accomplish political objectives in Iraq. Americans are outsiders, occupiers, foreigners in every sense of the word. Only Iraq is have a chance of finding a political resolution for their divisions. So now we await the fate of this latest gamble like a high roller in Las Vegas watching a roulette ball in a spinning wheel. We have about as much control over the situation as the gambler has of that ball. The outcome is out of our hands, and it would be foolish to bet that we will like the way the conflict ends.

Robert G. Kaiser, an associate editor of The Post, covered the Vietnam War in 1969 and 1970.

The Best We Can Hope For (NYT)

By Helene Cooper

The New York Times, January 14, 2007

NOBODY will quibble with President Bush's line Wednesday night that in Iraq, "Victory will not look like the ones our fathers and grandfathers achieved; there will be no surrender ceremony on the deck of a battleship."

Of course, that calls to mind his victory landing on the deck of the carrier Abraham Lincoln off the coast of California in May 2003, which he followed with a speech declaring that, "in the battle of Iraq, the United States and our allies have prevailed."

But let's not digress. Mr. Bush has now scaled back his strategy for victory to a strategy for the best-we-can-hope-for. So, it must be asked, what exactly is the best we can hope for?

"In the best-case scenario, we'll be in Iraq for 15 or 20 years," said Stephen Biddle, author of "Military Power: Explaining Victory and Defeat in Modern Battle." He offers the example of the Balkans, where everyone seems to have forgotten about the United States troops who have been there for years, helping keep a peace brokered in Dayton, Ohio, in 1995.

Under the best result Mr. Biddle said he could imagine, the United States would cajole or force warring Shiites, Sunnis and Kurds to agree to the standard-cookbook negotiated ending to a civil war. There would be some kind of power-sharing deal among the key combatants, yielding an uneasy cease-fire that would have to be policed for a long time by outside peacekeepers, since no warring side would trust another.

Sounds like paradise, doesn't it? Except, Mr. Biddle said, "If I had to bet my house mortgage on a scenario, it wouldn't be on that one."

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Before we get to the outcome on which Mr. Biddle is willing to bet his piece of the American dream, we should, at least, examine the second, optimistic resolution that Iraq experts offer. This is the ending which, they said, President Bush should embrace with both arms — if he can get it.

Remember the Spanish Civil War? The best America can hope for, some experts said, would be for Iraq to turn into today's version of the Spanish Civil War.

For readers without immediate access to Wikipedia, the Spanish Civil War lasted three years, from 1936 to 1939, when the Nationalists, led by Francisco Franco, defeated the Loyalists of the Second Spanish Republic. The death toll was huge — estimates put it between 500,000 and one million. People in just about every European country were passionate about the fight: the Loyalists got weapons and volunteers from the Soviet Union, while the Nationalists received help from Italy, Germany and Portugal.

But, in the end, the Spanish Civil War stayed Spanish. The Europeans sent money and arms and even volunteers, but they didn't let the war engulf the continent. (Probably because the continent was busy getting engulfed in World War II, but let's not be too technical.)

The biggest worry in Iraq is not that Iraq will descend into a civil war — most experts say that is a done deal — but that an Iraqi civil war will not stay Iraqi. The fear is that a civil war will engulf the entire region, with Saudi Arabia and Jordan defending the Sunnis, Iran backing the Shiites, and Iraqi Kurds declaring their independence, a move sure to draw in Turkey, which has its own restive Kurdish population.

"There's a difference between the Saudis providing help and them actually sending in forces; there's a difference between everybody playing in the troubled waters of Iraq and actually allowing it to spread beyond Iraq's borders," said Gideon Rose, managing editor of Foreign Affairs magazine. "Given the alternative, the Spanish Civil War was better than World War I."

The Spanish Civil War script doesn't bode well for Iraq itself. The death toll would be enormous, and Iraqi Sunnis, who make up only about 20 percent of the population, would face particular hardship. But such a war wouldn't become World War III. The United States would eventually pull its troops out, the Iranians would finance the Shiites, and the Saudis would support the Sunnis, but neither neighbor would engage militarily itself.

America's image abroad would suffer a blow, but not a fatal one, and in the end, the United States would still be the sole world power. "That's the best we can expect," Mr. Rose said. "Disaster in Iraq, problems in the Middle East and a several-year period to recover the losses in American foreign policy."

Critics have been unstinting in their disapproval of Mr. Bush's plan to send more than 20,000 additional American troops, mostly to Baghdad, where they will embed with Iraqi brigades.

The idea is that the presence of the American troops will prevent the Iraqi soldiers, who are mostly Shiite, from slaughtering the minority Sunnis. Eventually, the thinking goes, the Sunni population in Baghdad will come to trust the Iraqi soldiers, and reconciliation will happen between Iraqi Sunnis, Shiites and Kurds.

The problem with Mr. Bush's plan, said Vali Nasr, a senior fellow at the Council on Foreign Relations, is that it doesn't provide enough American troops to do much more than stay the course, to use Mr. Bush's now-abandoned lexicon. The way Mr. Nasr sees it, 20,000 additional troops is too few to change the dynamic on the ground, but enough to escalate tensions further.

"The best we can hope for is pretty much the same thing we've had for the last year," said Mr. Nasr, author of "The Shia Revival: How Conflicts Within Islam Will Shape the Future." "More of the same for another two years, but keep in mind that it could potentially get much worse."

That worst-case scenario is pretty scary, Mr. Biddle said. In that picture, the United States would pull its troops out of Iraq, the civil war would accelerate, and the Shiites, financed by Iran, would conquer one Sunni village after another, driving the Sunnis over the borders and into refugee camps in Saudi Arabia and Jordan.

There would be a huge refugee crisis in the Sunni Arab countries, where a dispossessed, bitter and highly politicized refugee population would appeal to Saudi and Jordanian rulers to make a last stand for Sunnis in Iraq. But since it would have taken about 5 to 10 years to get to this point, guess who, by then, would have acquired a nuclear bomb?

Iran.

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"In the worst case, you could be looking at a couple of nuclear weapons dropped on major cities — Baghdad, Riyadh, Tehran," Mr. Biddle said.

That possibility makes the one that Mr. Biddle views as most likely seem almost palatable. Here it is:

"We get out, the civil war escalates," Mr. Biddle said. "It's funded by all sides but they don't send their own troops across the border. The war just bumps along for 5 or 10 years and everybody eventually gets so weary that diplomacy finally gets going, and there's a cease-fire, power-sharing deal. During that period, Iraqi oil output crashes, there's huge instability in the region and oil prices rise. And there's a humanitarian catastrophe in Iraq.

"That's not a very happy scenario," Mr. Biddle acknowledged. "But it beats the heck out of nuclear war in the Mideast."

We're Fighting Not To Lose (WP)

By Leslie H. Gelb, Richard K. Betts

The Washington Post, January 14, 2007

Iraq is not Vietnam, yet history seems intent on harnessing them together. Three years ago this seemed an unlikely pairing; surely President Bush would not take the United States down the same trail as Lyndon B. Johnson. Yet even though Iraq's story is far from complete, each day raises the odds that the U.S. fate in Iraq could eventually be the same as it was in Vietnam -- defeat.

The differences are clear. The policy consensus over the Vietnam War ran deeper and lasted longer than on the Iraq conflict. While Johnson and his advisers slogged deeper into Vietnam with realistic pessimism, Bush and his colleagues plunged ahead in Iraq with reckless optimism. And in Vietnam, U.S. leaders made most of their mistakes with their eyes wide open, while it is impossible to fathom exactly what the Bush team thought it was doing after the fall of Baghdad.

Twenty-eight years ago, we wrote a book, "The Irony of Vietnam: The System Worked," which argued that although U.S. policy in that war was disastrous, the policymaking process performed just as it was designed to. It seems odd that a good system could produce awful results, but the subsequent declassified documents and the public record showed it to be true. U.S. officials generally had accurate assessments of the difficulties in Vietnam, and they looked hard at the alternatives of winning or getting out.

On Iraq the insider documents are not available, but journalistic accounts suggest that Bush's policy process was much less realistic. The president did not take seriously the obstacles to his goals, did not send a military force adequate to accomplish the tasks, failed to plan for occupation and took few steps to solve the underlying political conflicts among Iraqis.

Despite these different paths, Bush now faces Johnson's dilemma, that of a war in which defeat is unthinkable but victory unlikely. And Bush's policy shift last week suggests that he has come to the same conclusion as Johnson: Just do what you can not to lose and pass the problem on to your successor.

In both cases, despite talk of "victory," the overriding imperative became simply to avoid defeat.

How did these tragedies begin? Although hindsight makes many forget, the Vietnam War was backed by a consensus of almost all foreign-policy experts and a majority of U.S. voters. Until late in the game, opponents were on the political fringe. The consensus rested on the domino theory -- if South Vietnam fell to communism, other governments would topple. Most believed that communism was on the march and a worldwide Soviet-Chinese threat on the upswing.

The consensus on Iraq was shallower and shorter-lived. Bush may have been bent on regime change in Baghdad from the start, but in any case a consensus emerged among his advisers that Saddam Hussein was on the verge of securing nuclear weapons capability -- and that deterrence and containment would not suffice. That judgment came to be shared by most of the national security community. Congress also saluted early on. The vote to endorse the war was less impressive than the Gulf of Tonkin resolution, which passed almost unanimously, but many Democrats signed on to topple Hussein for fear of looking weak.

As soon as the war soured, the consensus crumbled. Without the vulnerability of middle-class youth to conscription, and with the political left in a state of collapse since Ronald Reagan's presidency, the antiwar movement on Iraq did not produce sustained mass protests as Vietnam did by the late 1960s. But the sentiment shows up just as clearly in the polls.

Consensus held longer over Vietnam because few in or out of the government had ever expected a quick and easy resolution of the war. Officials knew what they were up against -- the force of nationalism embodied by Ho Chi Minh, and a succession of corrupt, inefficient and illegitimate South Vietnamese governments. Officials usually put on a brave face, but they

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understood that Washington was in for the long haul. In the Bush administration, by contrast, a gap opened almost immediately between senior political leaders on one side, and most military and diplomatic professionals as well as the media on the other. The steady optimism of the former in the face of the reporting of the latter quickly undid public confidence in the Pentagon's and White House's leadership.

By 1968, Johnson understood that victory was not in the cards at any reasonable price, but that defeat would be catastrophic. The war had reached a deteriorating stalemate. If victory were possible, it would require all-out use of military force against North Vietnam, a move that the administration believed ran the risk of war with the Soviet Union and China. If the United States were defeated, however, the dominos would fall, and one of those dominos would be the occupant of the White House. Periodically, top officials concluded that events in Vietnam had taken another turn for the worse, and to prevent defeat they had to dispatch more troops and do more bombing -- and so the steady escalation proceeded without lasting effect on the balance of power in Vietnam.

Constrained against achieving victory or accepting defeat, Johnson and his aides chose to do the minimum necessary to get through each crunch in Vietnam and at home, hoping that something would turn up to save them. In the end, Johnson made the ultimate political sacrifice and declined to run for reelection. But as he announced a halt of the bombing and the offer of negotiations with Hanoi, he also increased the number of U.S. troops in Vietnam. Even as he was leaving office, he had no intention of being "the first American president to lose a war."

By contrast, Bush never had to worry that escalation would bring an all-out global war; the United States is the world's sole superpower. Nonetheless, until last week, he never chose to increase the combat commitment significantly; the "surge" announced last week is but the latest experiment with a temporary increase in forces. At the beginning this was probably because he did not believe more troops were needed to win. As the venture went bad, the volunteer army was stretched too thin to provide an option for massive escalation. But now it is clear that Bush does not believe he can possibly win with anything close to the number of forces currently committed. The president certainly perceives the risks of losing, and at this moment of truth, he is repeating Johnson's decision pattern -- doing the minimum necessary not to lose.

Whatever the similarities in the way Washington dealt with Vietnam and Iraq, there were few similarities between the two wars themselves. Vietnam was both a nationalist war against outside powers -- first the French, then the Americans -- and a civil war. In Iraq, the lines of conflict are messier. The main contest is the sectarian battle between Arab Shiites and Arab Sunnis. The Kurds, so far, are mostly bystanders, while the Americans struggle to back a weak yet balky government they hope can remain a secular alternative.

Combat in Vietnam was a combination of insurgency and conventional warfare, and the conventional element played to U.S. strengths. By contrast, Washington's massive firepower advantages are nullified in Iraq because the fighting remains at the level of guerrilla warfare and terrorism. Iraq is harder for our military than Vietnam was, yet we eventually had 540,000 troops in Vietnam compared with barely a quarter of that number in Iraq. The current U.S. footprint in Iraq is much smaller -- only about one-tenth the density of U.S. and allied forces per square mile in South Vietnam at the height of U.S. involvement, and with an Iraqi population 50 percent larger than South Vietnam's. Consequently, the security situation was never as bad in Vietnam as it is in Iraq today. In Vietnam, Americans could travel most places day and night, while in Iraq it is dangerous to leave the Green Zone. Even Bush's planned 21,500-troop increase will not make a lasting difference if the host government does not become far more effective. As in Vietnam after the Tet Offensive of 1968, the enemy can lie low until we stand down.

In both countries, U.S. forces worked hard at training national armies. This job was probably done better in Vietnam, and the United States certainly provided South Vietnamese troops with relatively better equipment than they have given Iraqis so far. South Vietnamese forces were more reliable, more effective and far more numerous than current Iraqi forces are.

In both cases, however, the governments we were trying to help proved inadequate. Unlike their opponents, neither Saigon nor Baghdad gained the legitimacy to inspire their troops. At bottom, this was always the fundamental problem in both wars. Americans hoped that time would help, but leaders such as South Vietnam's Nguyen Van Thieu and Iraq's Nouri al-Maliki were never up to the job.

Americans have not stopped arguing about Vietnam -- about whether the war could have been won if fought differently, or was an impossible task from the outset, or about who was to blame. Hawks claim that the United States could have won in

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Vietnam if the military had been allowed to fight without restraint. Supporters of the war in Iraq say that the United States could have prevented the resistance if it had been better prepared for occupation after the fall of Baghdad. Doves in both cases say that the objectives were never worth any appreciable price in blood and treasure.

After Vietnam, recriminations over failure became a never-healed wound in American politics. Now Iraq is deepening that wound. With some luck, Washington may yet escape Baghdad more cleanly than it did in the swarms of helicopters fleeing Saigon in 1975. But even if the United States is that fortunate, the story of the parallel paths to disaster should be chiseled in stone -- if only to avoid yet another tragedy in a distant land, a few decades down the road.

Leslie H. Gelb, president emeritus of the Council on Foreign Relations, directed the Pentagon Papers Project. Richard K. Betts is director of Columbia University's Saltzman Institute of War and Peace Studies.

A Skeptic's Case For The Surge (WP)

By Michael O'Hanlon

The Washington Post, January 14, 2007

President Bush's plan for a surge of American troops in Iraq has run into a brick wall of congressional opposition. Critics rightly argue that it may well be too little, way too late. But for a skeptical Congress and nation, it is still the right thing to try -- as long as we do not count on it succeeding and we start working on backup plans even as we grant Bush his request.

However mediocre its prospects, each main element of the president's plan has some logic behind it. On the military surge itself, critics of the administration's Iraq policy have consistently argued that the United States never deployed enough soldiers and Marines to Iraq. Now Bush has essentially conceded his critics' points. To be sure, adding 21,500 American troops (and having them conduct classic counterinsurgency operations) is not a huge change and may be too late.

But it would still be counterintuitive for the president's critics to prevent him from carrying out the very policy they have collectively recommended.

Similarly, the president wants to move in the right direction on economic reconstruction. For far too long his plans were focused almost exclusively on repairing and rebuilding large infrastructure. The president conceded in a speech in December 2005 that he had placed too much faith in this "Halliburton strategy," yet it has taken more than a year for him to make amends and focus a large part of his economic strategy on the mundane task of creating jobs. This type of policy is unlikely to create the strong and durable underpinnings of long-term Iraqi economic growth. But like FDR's job creation programs of the 1930s, it responds to the political needs of a nation under duress. And it is good security policy in a country where too many angry, disenfranchised, unemployed young men are joining insurgent groups and militias.

Finally, President Bush is rightly telegraphing to Iraqi leaders that they must reach compromises with each other -- on sharing oil revenue, on reining in militias, on allowing those former Baathists without blood on their hands to regain their opportunities to hold jobs in Iraq. He correctly argues that without progress on such matters, there will be no success in the mission and the American people will continue to lose faith in the effort. This stands in contrast to incorrect comments he made as recently as November, during his trip to Vietnam, when he argued that we could fail in Iraq only if we Americans lose our resolve.

In fact, we need a viable Iraqi partner with broad support across sectarian lines, and American policy must strive to help create that partner.

Rather than deny funding for Bush's initiatives, Congress should provide it now -- but only for fiscal 2007 (meaning through September). By that point, or even the August congressional recess, we should know if the surge is showing promise. If it does, Congress could consider continuing its support. If not, the moment will be right to force the president's hand and move to a backup plan.

In their testimony before Congress on Thursday, both Secretary of State Condoleezza Rice and Defense Secretary Robert Gates acknowledged that within months we should be able to learn much about the Iraqi government's willingness to support this new effort. The plan requires more Iraqi troops and more Iraqi government acquiescence in their unfettered use. In addition, one of the main outside architects of the surge strategy, retired Army Gen. Jack Keane, told NPR on Thursday that if the president's

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plan works we should see an improvement in the security environment this year. Clearly these statements suggest that we should be able to evaluate the success of the strategy in short order.

If Bush's plan does not work, what might our new policy be? Taking the Shiite-Kurdish side in Iraq's civil war (the "80 percent solution," as some call it) would probably guarantee the emergence of a sanctuary for al-Qaeda in the Sunni Arab region and, as such, is a bad idea. Similarly, trying to engineer a coup to create a benign autocracy in Iraq would be very difficult to achieve. As Bosnia expert Edward P. Joseph and I have recently argued, building on the ideas of Sen. Joe Biden and Leslie Gelb, something akin to a Bosnia model for Iraq would make more sense. Iraq would retain a loose confederal structure, a small national government and a mechanism for sharing oil revenue equally. But governance and security would be provided primarily by three autonomous regional governments.

Citizens would be given the chance to relocate to places where they felt safe, with the government and the coalition providing protection in the process as well as assistance with new housing and jobs.

If the surge fails, we will need a whole new paradigm for Iraq policy, and it is hardly too soon for Congress to start fleshing out our choices. But for now, Congress should also give the president the money and support that he requests.

The writer is a senior fellow at the Brookings Institution and co-author of "Hard Power: The New Politics of National Security."

The Mess We Left Behind (WP)

By John A. Graham

The Washington Post, January 14, 2007

I was a civilian adviser in Vietnam, sent there by the State Department in early 1971 just as U.S. combat troops were starting to go home. I wasn't there to fight, but I soon learned that "noncombatant" didn't mean much in Hu?, the provincial capital 50 miles south of the demilitarized zone where I was posted. A week into my stay, a sniper's bullet whistled past my ear on the main highway. Joe Jackson, the burly major who was driving the Jeep, yelled at me to hold on and duck as he zigzagged to spoil the sniper's aim.

In 1971, the U.S. government did not issue weapons to civilian advisers in Vietnam, even to those of us in dangerous outposts. The reason was not principle, but public relations -- and here begin the lessons for America's war in Iraq.

Sometime in 1969, the White House, faced with unrelenting facts on the ground and under siege from the public, had quietly decided that the United States couldn't win in Vietnam. President Richard M. Nixon and national security adviser Henry A. Kissinger didn't put it that way, of course. The United States was a superpower and could not lose a war to a third-rate nation whose soldiers lived on rice and hid in holes in the ground. So the White House conceived an elaborate strategy to mask the U.S. defeat: Slowly withdraw combat troops over several years, while the remaining Americans would focus on training the South Vietnamese to fight on their own. We gave the South Vietnamese a series of performance ultimatums -- call them benchmarks -- that, if unmet, would trigger full U.S. withdrawal and shift blame to the South Vietnamese for the debacle that would follow. This "Vietnamization" strategy cost at least 10,000 more U.S. lives and countless more Vietnamese ones, plus billions of dollars. And it was rigged from the start.

All but Washington's wildest dreamers knew that the South Vietnamese could not meet our ultimatums -- especially our demand that they create a popular national state strong enough to control the rivalries that had long ripped the country apart. And more years of U.S. training could not possibly make a difference because the core missing element was not South Vietnamese combat or leadership skills -- it was belief in a nation worth fighting for.

To make the drama of Vietnamization work, the pullout had to be gradual and easily explained to the American public. The U.S. training force left behind had to be large enough to provide signs of our commitment on the 6 o'clock news. Pictures of unarmed advisers like me shaking hands with happy peasants would support the fallacy that Vietnamization was working.

The White House hoped that this strategy would keep the house of cards upright for at least a couple of years, providing what Kissinger infamously called a "decent interval" that could hide the U.S. defeat by declaring that the fate of South Vietnam was now the responsibility of the South Vietnamese. If they didn't want freedom badly enough to win, well, we had done our best.

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By June 1971, the 101st Airborne Division, stationed just outside Hu?, had all but stood down from active fighting. It had provided the security that allowed my training/advisory teams and me to continue building schools and roads and training local officials. Even as that protection ebbed, my teams were still expected to go into a countryside that was becoming more dangerous by the day. As the U.S. adviser to Hu?, I was an easy target anytime the Viet Cong might have wanted to take me out. I kept a case of grenades under my bed, slept with an M-16 propped against the bedstead and had a dubious army of four Vietnamese house guards who I hoped would at least fire a warning shot before running away.

On April 27, 1972, North Vietnamese forces swept south across the demilitarized zone, scattering the South Vietnamese army defenders in Quang Tri and pushing south toward Hu?. By early May, the battle line arced 15 miles north and 10 miles west of the city. To the east was the South China Sea and to the south, the road to Danang -- Hu?'s last ground link to the outside world.

More than 200,000 refugees poured into Hu?. Hungry people fought for scraps of garbage and looted homes and shops. Among the refugees were hundreds of deserters from the South Vietnamese divisions shattered in Quang Tri, still wearing uniforms and carrying M-16s. A mob of drunken soldiers torched the main market at Dong Ba. The city's firemen had long since fled, and black smoke hung in a pall over streets now jammed with terrified people and echoing with gunshots and shattering glass. There was nothing we could do but watch the shouting, shoving mass of people stream past us toward the Danang road.

No one knew it at the time, but the battle raging just north and west of Hu? that night -- May 2, 1972 -- was the turning point in the war. If the city fell, the road to Danang would be open to the North Vietnamese army. My three American colleagues in Hu? and I did not believe we would be pulled out in time if the city fell. We knew that any choppers sent to save us would be mobbed by Vietnamese desperate to escape. We're alive because U.S. carrier jets caught the advancing North Vietnamese at daybreak just short of the city walls and all but obliterated them.

For all this, there never really was a decent interval in Vietnam. The pictures on the evening news showed not happy peasants but terror and carnage as Vietnam collapsed.

The pictures from Iraq are no different. The overall strategy seems no different, either. What President Bush wants to do is Vietnamization in all but name. Its purpose is not to win an unwinnable war, but to provide political cover for a defeat, and eventually to blame the loss on the Iraqis.

A temporary surge of troops will make no difference -- except to the Americans and Iraqis who will be killed. Increased training also will make no difference. What the Iraqi military and police need is not just technical skill, but loyalty to a viable central government that is nowhere in sight.

The surge will be reversed. The military force left behind to protect the president's "provincial reconstruction teams" will be drawn down to a bare minimum, further increasing the dangers for the Americans who remain.

Our benchmarks won't be met. As the situation deteriorates, whatever remains of a central government in Baghdad will be even less willing or able to control centuries of sectarian hatreds. The civil war will spiral out of control, giving us the justification we need to get out, blaming the Iraqis for the mess we've left behind.

But the world will know whose mess it is.

John A. Graham, a former Foreign Service officer, served in Vietnam in 1971-72.

UN-weary, US Opts For Unilateral Moves Against Iran (AFP)

By Sylvie Lanteaume

AFP, January 14, 2007

Recent US operations against Iranian interests in Iraq appear to signal a shift by Washington towards unilateral action after growing frustated with slow-moving UN diplomacy.

"We have had a strategy toward Iran, I think, that has been evolving to deal with the serious problems that Iran is causing," Secretary of State Condoleezza Rice said in remarks released Saturday by the State Department.

Rice, who arrived in Jerusalem Saturday at the start of a Middle East tour partly aimed at rallying Arab nations against Iran's influence, defended a US raid Thursday against an Iranian office in Iraq.

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US troops entered an Iranian office in Arbil and arrested five people suspected to be engaged in anti-US activities. Tehran condemned the operation.

Rice warned that similar actions would be undertaken. "We've done it a couple of times. We're going to keep doing it," she said aboard a plane heading to the Middle East.

In late December, the US military arrested two Iranian diplomats in Baghdad, then released them several hours later.

Faced with lawmakers' concerns in the Democratic-led Congress that Washington could launch a military intervention in Iran, the White House and the Pentagon have been trying to dispel fears and rumors of a conflict with Iran or Syria, after the announcement of a US military buildup in the Gulf.

President George W. Bush, in unveiling his new plan for Iraq, announced Wednesday the imminent deployment of Patriot anti-missile defense systems in the region to defend Washington's allies and support stability in the Middle East.

In addition, according to a senior US military official, Washington will send two aircraft carrier groups to the Gulf in the coming weeks.

US administration officials now describe Iran as the single greatest threat the United States faces in the Middle East.

Rice assured that the US was not giving up on diplomacy in dealing with Iran, particularly on the issue of its nuclear program that Washington suspects masks a weapons program. Iran insists it is for civilian energy production.

"The nuclear problem -- we're going to continue to leave the door open for diplomacy," Rice said in the State Department release.

"But frankly, the process that we went through to get this last (UN Security Council) resolution was -- even though I think the resolution itself is very good, the process was, I think, not really actually helpful because I think it exposed certain splits.

"Fortunately, we were able to bring it back together around an actual resolution," she said.

The US battled for months to overcome resistance from China and Russia to impose sanctions on Iran for its refusal to suspend uranium-enrichment activities.

A Security Council resolution finally was passed on December 23, but the sanctions imposed were far weaker than those sought by Washington.

The first sign that Washington would act alone came from the US Treasury, which has barred two Iranian banks since September and pressured global financial firms to break their ties with Iran.

"We're going to keep designating Iranian banks," Rice said en route to the region.

Rice: U.S. Aims To Curb Iran Aggression (AP)

By Anne Gearan

AP, January 14, 2007

U.S. raids that President Bush approved against Iranian targets in Iraq are part of broad efforts to confront Tehran's aggression, Secretary of State Condoleezza Rice said Saturday.

"The United States is simply responding to Iranian activities that have been going on for a while now that threaten not just to destabilize the chance for Iraq to proceed to stability but also that endanger our forces," Rice said before meeting with Israel's foreign minister.

Bush approved the strategy several months ago, U.S. officials said, in response to what Washington claims is Iran's support for terrorists inside Iraq and the alleged funneling of bombs to anti-U.S. insurgents.

Echoing other Bush administration figures, Rice said the U.S. does not intend to cross the Iraq-Iran border to attack Iranians.

Five Iranians were detained by U.S.-led forces after a raid Thursday on an Iranian government liaison office in northern Iraq. The move further frayed relations between the two countries.

The United States accuses Iran of helping provide roadside bombs that have killed American troops in Iraq. Also, a bitter standoff already exists over Iran's nuclear program.

Rice told reporters that the Iranian office was not a diplomatic consulate, which would be protected by international treaty.

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The State Department said Friday that U.S.-led forces entered an Iranian building in Kurdish-controlled Irbil because information linked it to Revolutionary Guards and other Iranian elements engaging in violent activities in Iraq.

State Department spokesman Tom Casey said there was no truth to reports that Iran was carrying out legitimate diplomatic activity at the site.

But Iraqi Foreign Minister Hoshyar Zebari, a Kurd, contended the Iranians were working in a liaison office that had government approval and was in the process of being approved as a consulate. In Iran, Foreign Minister Manouchehr Mottaki said the U.S. raid constituted an intervention in Iranian-Iraqi affairs.

Rice Says U.S. Will Defend Its Interest In The Persian Gulf (MCT)

By Warren P. Strobel

McClatchy Newspapers, January 14, 2007

JERUSALEM - U.S. military moves in the Persian Gulf and raids against Iranian installations in Iraq are meant to demonstrate that the United States will defend its interests against an increasingly aggressive Iran, Secretary of State Condoleezza Rice said Saturday.

Rice made her comments as she began a Middle East tour in which she will try to bolster moderate Arab leaders who increasingly are under threat from both Shiite and Sunni Muslim extremists.

The focus of her diplomacy this week shows how far the United States has been forced to change its aims in the region because the war in Iraq has turned out differently than planned.

President Bush, Rice and others predicted the Iraq invasion would spread democracy throughout the Arab world. Instead, Rice now appears to be playing defense against Iran's emboldened leaders.

Following a new policy laid down by President Bush, U.S. military forces this week detained Iranians in two raids in northern Iraq. Washington says it has evidence that Iranian agents are destabilizing Iraq by constructing a deadly class of roadside bombs and backing Shiite militias.

Bush, who issued fresh warnings to Iran in his Wednesday speech outlining his new Iraq plan, has also ordered a second U.S. aircraft carrier strike group to the Persian Gulf and dispatched Patriot anti-missile batteries to American allies in the Gulf.

Some senators have expressed alarm that the moves could represent a widening of U.S. war aims in the strategic Gulf region.

But Rice said the moves were merely a response to Iranian actions.

"The United States has long, historic interests in the Persian Gulf," Rice said at an appearance with Israeli Foreign Minister Tzipi Livni. "We have always-president after president after president-sought to have a force posture that makes clear we can defend those interests."

Rice meets with Palestinian and Israeli leaders Sunday and Monday in an effort to lay the groundwork for progress in solving the Israeli-Palestinian conflict.

But she has played down the prospects of quick movement. She told reporters traveling aboard her airplane that, "I'm not coming with a proposal. I'm not coming with a plan" to present to the two sides.

At the appearance with Livni, Rice acknowledged "there are a lot of obstacles" to surmount.

But she said Bush is determined to make progress toward a Palestinian state before he leaves office in two years.

Livni, potentially a future Israeli prime minister, has floated a proposal to flesh out the characteristics of an eventual Palestinian state, in order to strengthen Palestinian President Mahmoud Abbas.

Rice did not endorse the idea, but said she was open to considering "all the options."

Complicating Rice's diplomacy is the fact that both Israeli Prime Minister Ehud Olmert and Abbas are politically weak.

The Bush administration is planning to spend $86 million to train and equip Abbas' security forces, to strengthen him in his power struggle with the militant group Hamas.

Aboard her plane, Rice also told reporters that the United States would not abandon Iraq even if Bush's latest plan fails.

"We're not pulling the plug on Iraq," she said. "I think we'll worry about making Plan A work for now. And obviously, if it doesn't, then you know, we're not going to say, oh my goodness, that didn't work, there's nothing that can be done."

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Detained Iranians Had Ties To Extremists (WT/AP)

By Lauren Frayer

The Washington Times/AP, January 14, 2007

BAGHDAD, Iraq (AP) -- Five Iranians arrested in northern Iraq last week were connected to an Iranian Revolutionary Guard faction that funds and arms insurgents in Iraq, the U.S. military said Sunday.

The five were detained by U.S.-led forces Thursday in a raid on an Iranian government liaison office in Irbil, a city in Kurdish-controlled northern Iraq 217 miles north of Baghdad.

"Preliminary results revealed the five detainees are connected to the Iranian Revolutionary Guard, Qods Force (IRGC-QF), an organization known for providing funds, weapons, improvised explosive device technology and training to extremist groups attempting to destabilize the government of Iraq and attack coalition forces," the U.S. military said in a statement.

"Qods" is the Arabic name for Jerusalem, and a frequent name for political or military factions across the Muslim world.

Tehran denied the five detained Iranians had been involved in financing and arming insurgents in Iraq.

"Their job was basically consular, official and in the framework of regulations," Iranian Foreign Ministry spokesman Mohammad Ali Hosseini said Sunday during his weekly media briefing. "What Americans express was incorrect and hyperbole against Iran in order to justify their acts."

Hosseini said the Iranian representative office where the five men worked was established in Irbil in 1992 to facilitate the visit of Kurdish businessmen and medical patients from Iraq to Iran.

"Then, both countries agreed to promote it to consular level," he said. "Agreement for formation of the Iranian consulate section was exchanged in the current (Iranian) year."

The United States accuses Iran of helping to provide roadside bombs that have killed American troops in Iraq, and a bitter standoff already exists between the two countries over Iran's nuclear program. Iran has rejected the allegations.

Hosseini accused the United States of resorting to "hostility and conflict toward neighbors of Iraq" because he said the country did not want to acknowledge it had failed to bring stability to Iraq.

"The United States should release all the five persons, prevent possible similar acts and compensate damages," Hosseini said.

Two days after the raid, Secretary of State Condoleezza Rice said President Bush approved the strategy of raiding Iranian targets in Iraq as part of a broad effort to confront Tehran.

One day before the Irbil raid, Bush delivered a speech outlining a new strategy for Iraq, in which he accused Iran and Syria of not doing enough to block terrorists from entering Iraq over their borders. He specifically blamed Iran for providing material support for attacks on American troops.

"We will disrupt the attacks on our forces," Bush said Wednesday. "We will interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

The U.S. State Department has said American-led forces entered the Irbil facility because information linked it to Revolutionary Guards and other Iranian elements engaging in violent activities in Iraq.

U.S.-led troops would "continue to disrupt logistical support to extremists that originate from outside Iraq," the statement continued. "These initiatives are part of a broader plan including diplomatic efforts designed to support the Iraqi government, protect the Iraqi people, and seek assistance from neighboring nations."

There has been debate over whether the Irbil office where the men were arrested had diplomatic status, and would therefore be protected by international treaties.

Iraqi Foreign Minister Hoshyar Zebari, a Kurd, described it as a liaison office that had government approval and was in the process of being approved as an Iranian consulate.

But the U.S. State Department has said no legitimate diplomatic activity was being carried out at the site, and Rice said the office was not a consulate.

"The facility in which the detention took place has been described by various Iraqi officials as an Iranian liaison office, but it did not enjoy the diplomatic status of a consulate according to Iraqi and U.S. officials," the U.S. statement said.

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Iran and the U.S. have had no diplomatic relations since 1979, when militants seized the U.S. Embassy in Tehran and kept 52 people hostage for 444 days.

Iran Demands Release Of Citizens (BBC)

BBC.com, January 14, 2007

Iran has demanded the immediate release of five of its citizens held in a US military raid in northern Iraq, who it says are diplomats.

The five men arrested on Thursday in Irbil are accused by the US military of having targeted Iraqi and US-led coalition forces.

But Iran's foreign ministry says they were "involved in consulate affairs".

Iran also demanded compensation for damage to the Iranian liaison office where the men were seized.

The US military says the men are agents of the Iranian Revolutionary Guards, a group whom the US says is seeking to destabilise Iraq by supplying weapons to insurgents.

The US said the Iranians did not have diplomatic papers.

'Incorrect claim'

"Their activities were legal and in the framework of the law," Foreign Ministry spokesman Mohammad Ali Hosseini said in response to the allegations.

"What the Americans claim is incorrect. They want to create a climate that justifies their illegal action," he said.

The raid followed a warning by President George W Bush on Wednesday that the US would take a tough stance towards Iran and Syria, whom he accused of destabilising Iraq.

Tehran vehemently denies the charges.

The Revolutionary Guards unit, known locally as the Pasdaran, is a parallel military force with its own army, air force and navy.

It was set up to enforce and defend the principles of the 1979 Islamic revolution and answers directly to Supreme Leader Ayatollah Ali Khamenei.

Gunboat Diplomacy: The Watch On The Gulf (NYT)

By John Kifner

The New York Times, January 14, 2007

THE United States Central Command stretches across some of the world's most volatile real estate from Kenya in the southwest through all of the Middle East to Kazakhstan in the northeast. It encompasses two active combat theaters: Afghanistan, which is landlocked, and Iraq, with a tiny uncontested shoreline.

In both, the main fighting is counterinsurgency, largely the task of light infantry like the Marines and the Army's 10th Mountain or 82nd and 101st Airborne Divisions. CentCom, as it is known, has always been run by a four-star general from the Army or Marines.

So why name a sailor — Adm. William J. Fallon — as CentCom's new commander, as President Bush did earlier this month?

One word: Iran.

Admiral Fallon's appointment comes amid a series of indications that the Bush administration is increasingly focused on putting pressure on Iran and, perhaps, veering toward open confrontation. They include the dispatching of a second Navy carrier battle group to the Persian Gulf; a blunt singling out of Iran in Mr. Bush's speech Wednesday night, warning that America will "seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq," followed by a dawn raid Thursday on an Iranian office in the Kurdish city of Erbil in which five Iranians were seized along with files and computers.

The important thing is that Admiral Fallon is a naval aviator.

Now the ranking officer in the Pacific — the Navy's traditional fief — his résumé includes 24 years of flight assignments beginning with combat in Vietnam and including commanding the air wing on the carrier Theodore Roosevelt in the first Iraq war.

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Iran thus far has been the principal beneficiary of the American enterprise in Iraq, exerting influence over the Shiite parties it nurtured in exile and expanding its own regional prestige. The Iranians' confidence and defiance have been bolstered by the knowledge that American ground forces are stretched near the breaking point in Iraq and Afghanistan.

But introducing more air and sea power, with their long reach, in the gulf could change the military balance and options.

It is classic gunboat diplomacy.

The American naval presence in the gulf is the Fifth Fleet, based in Manama, Bahrain. It usually numbers around 20 ships, capable of putting 15,000 sailors and marines afloat. Its principal component is a carrier battle group, so adding a second will, in effect, double its air and sea power.

A carrier battle group typically consists of a Nimitz-class carrier like the Eisenhower, a floating city so huge one can see the horizon rise and fall without feeling the swell of the sea, and capable of carrying as many as 85 aircraft, along with protective escorts. These usually include two guided missile cruisers, two destroyers, a frigate, two submarines and a supply ship. These smaller vessels could be used for other tasks, like escorting tankers through the narrow Strait of Hormuz, through which much of the world's oil passes, or enforcing sanctions or a blockade on Iran.

The Fifth Fleet also normally has a Marine landing force of 2,200, roughly equally divided between ground troops and air support, aboard three specialized ships that can be used in raids or other operations.

Will this cow the Iranians? Ray Takeyh, an Iran expert at the Council on Foreign Relations, thinks not. More likely, he said, is that "the more radical militants will use this to berate the more moderate" and "the notion of accommodating Western audiences will diminish."

Admiral's Diplomatic Skills Could Prove Crucial (WP)

By Ann Scott Tyson

The Washington Post, January 14, 2007

When Adm. William J. Fallon -- the nominee to command U.S. forces in the Middle East -- was tasked with resuscitating military ties with China, he took on the challenge with characteristic gusto.

The veteran fighter pilot from New Jersey pushed beyond the standard banquets with Chinese generals to meet younger officers and tour military bases, eventually talking his way into the cockpit of an advanced Chinese FB-7 warplane.

An avid jogger, Fallon, 62, also bypassed conventional sightseeing, setting off for a run through Beijing that surprised his hosts and forced plainclothes agents in suits and leather shoes to tag-team to keep up.

Fallon's path-breaking pursuit of U.S. strategic goals -- shown over the past two years in his dealings with China, Japan, Indonesia and 40 other Asian states as head of the Pacific Command -- is a major factor behind his nomination to replace Gen. John P. Abizaid at the Central Command, Pentagon officials say.

"Fox Fallon is one of the best strategic thinkers in uniform today and his reputation for innovation is without peer," according to a statement this month from Defense Secretary Robert M. Gates recommending Fallon, whose Navy aviator call-sign "Silver Fox" stemmed from his prematurely gray hair.

As the United States sends more troops, warships and aircraft into the Middle East, Fallon would play a critical role diplomatically and militarily in trying to prevent the "regional conflagration" that Gates has warned could ignite if Iraq erupts into full-scale civil war -- and, in particular, to counter any aggression by Iran.

Fallon's selection as the first Navy officer to head the Central Command comes as the United States dispatches a second carrier, the USS John C. Stennis, to the Persian Gulf for the first time since 2003. Dispatching the carrier strike group, which joins the USS Dwight D. Eisenhower, "is an important way to demonstrate U.S. commitment and strength," a senior Pentagon official said last week.

Fallon, who flew F-14 jets in strike missions off the deck of a carrier during the 1991 Persian Gulf War, understands the long-standing role of the Navy in maintaining the flow of Middle Eastern oil through the Strait of Hormuz, officials said.

"Iran is the most powerful military force in the region" apart from the United States, and it has a navy capable of blocking the strait, Abizaid said in September. Iran also has a "substantial" missile force, an army that is training for guerrilla-style attacks, and a "robust terrorist surrogate arm," he said.

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Fallon's selection for a command traditionally headed by an Army or Marine Corps general makes sense militarily, Pentagon officials said, because most of the moving pieces in the region are ships and aircraft, in contrast to the troops engaged in Iraq and Afghanistan. Fallon is likely to focus less on ground-war tactics in Iraq than did Abizaid, who became commander in the immediate aftermath of the U.S.-led invasion in 2003, they said.

"He'll be flying at 30,000 feet, not launching company patrols by the Army," said Frances D. Cook, a former ambassador in the Persian Gulf region and a senior fellow at the Center for Naval Analyses who has worked with Fallon.

With a seasoned Army general in Baghdad, Fallon would focus more broadly on the region. "He's not going to be expected to give Dave Petraeus advice on how to do a sweep of Fallujah. He'll be focused on building relations in the region as he did in the Pacific," said retired Rear Adm. Stephen Pietropaoli, executive director of the Navy League. Lt. Gen. David H. Petraeus has been named to replace Gen. George W. Casey Jr. as the top U.S. commander for Iraq in a planned turnover of military leaders in the region.

Indeed, with Gates calling a U.S. military confrontation with Iran a "last resort," analysts said that Fallon's diplomatic skills are likely to be more important than his war-fighting experience when he assumes the Central Command post, his fourth as a four-star commander. "With Iran and the Middle East, you need to establish relations that will not lead to combat. Fallon will be the first to tell you that," said Pietropaoli, who worked under Fallon when Fallon was vice chief of naval operations from 2000 to 2003.

"You are looking for an officer who can pull together the whole political, military and diplomatic mission. . . . He spent a lot of time working sensitive diplomatic issues," said retired Adm. Thomas Fargo, a former chief of the Pacific Command. Fargo and others recalled Fallon's high-profile apology to the families of Japanese who were killed when their vessel, Ehime Maru, was accidentally sunk by a Navy submarine in early 2001.

Confident but not imperious, Fallon combines a tough, unvarnished style with a light touch and a keen interest in other cultures, which makes him highly effective, current and former officials who know him say. "He doesn't wear his rank the way some people do," said Ambassador Derek Shearer, the former U.S. envoy to Finland who began working with Fallon in 1996 when Fallon commanded a battle group during NATO operations in Bosnia.

Fallon, a world history buff, told The Washington Post through a spokesman that he recently finished reading the book "No God but God," by Iranian author Reza Aslan, an advocate of ending religious conflicts between East and West. Fallon had served in the Middle East before, on a joint task force in Riyadh, Saudi Arabia, and he recently traveled to Iraq to meet with some of the thousands of U.S. troops deployed there from the Pacific Command.

On Iraq, U.S. Turns To Onetime Dissenters (WP)

By Rajiv Chandrasekaran

The Washington Post, January 14, 2007

Timothy M. Carney went to Baghdad in April 2003 to run Iraq's Ministry of Industry and Minerals. Unlike many of his compatriots in the Green Zone, the rangy, retired American ambassador wasn't fazed by chaos. He'd been in Saigon during the Tet Offensive, Phnom Penh as it was falling to the Khmer Rouge and Mogadishu in the throes of Somalia's civil war. Once he received his Halliburton-issued Chevrolet Suburban, he disregarded security edicts and drove around Baghdad without a military escort. His mission, as he put it, "was to listen to the Iraqis and work with them."

He left after two months, disgusted and disillusioned. The U.S. occupation administration in Iraq, the Coalition Provisional Authority (CPA), placed ideology over pragmatism, he believed. His boss, viceroy L. Paul Bremer, refused to pay for repairs needed to reopen many looted state-owned factories, even though they had employed tens of thousands of Iraqis. Carney spent his days screening workers for ties to the Baath Party.

"Planning was bad," he wrote in his diary on May 8, "but implementation is worse."

When he returned to Washington, he made little secret of his views. They were so scathing that his wife lost a government contract. He figured his days of working on Iraq were over.

Until a phone call on Tuesday.

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David Satterfield, the State Department's Iraq coordinator, was on the line with a question: Would Carney be willing to go back to Baghdad as the overall coordinator of the American reconstruction effort?

The decision to send Carney back to Iraq -- and to abandon the policies that so rankled him in 2003 -- represents a fundamental shift in the Bush administration's approach to stabilizing the country. Desperate for new approaches to stifle the persistent Sunni insurgency and Shiite death squads that are jointly pushing the country toward an all-out civil war, the White House made a striking about-face last week, embracing strategies and people it once opposed or cast aside.

Indeed, Carney's rushed selection came just days after the administration announced two other key Baghdad appointments from among the ranks of dissenters in 2003: Ambassador designate Ryan Crocker and Lt. Gen. David H. Petraeus, who will take over command of all coalition forces in Iraq.

Crocker, who spent the summer of 2003 helping to form Iraq's Governing Council, left the country frustrated with the CPA's reluctance to reach out to minority Sunnis. Even before the invasion, he wrote a blunt memo for then-Secretary of State Colin L. Powell warning of the uncontrolled sectarian and ethnic tensions that would be released by the overthrow of Saddam Hussein.

Petraeus, who spent 2003 commanding the 101st Airborne Division in Mosul, grew dismayed by the heavy-handed tactics fellow military commanders were using to combat insurgents. He also opposed the methods by which Bremer disbanded the Iraqi army and fired Baathists from government jobs. And he chafed at the way reconstruction funds, personnel and decision-making were centralized in Baghdad. The CPA's policies, he said in 2004, should have been "tempered by reality."

It's a view the White House now seems to accept.

The plan unveiled by Bush last week calls for many people who lost their jobs under Bremer's de-Baathification decree to be rehired. It calls for more Sunnis, who were marginalized under the CPA, to be brought into the government. It calls for state-owned factories to be reopened. It calls for more reconstruction personnel to be stationed outside the Green Zone. It calls for a counterinsurgency strategy that emphasizes providing security to the civilian population over transferring responsibility to local military forces.

Carney believes such measures could have been effective three years ago. Today, he worries they will be too little, too late.

During the phone call, Satterfield told him that the new reconstruction effort might not succeed. The two men agreed that if it was to have a chance, Americans would have to work more closely and collaboratively with Iraqis.

To Carney, it suggested "a sense of reality."

"It's certainly different than anything I saw out of the CPA or the aftermath of that," he said. "It seemed a little refreshing, actually."

He paused.

"It's been a long time coming."A Plan in Need of a Leader

Bush and his national security team began working on their new Iraq strategy in earnest shortly after the Nov. 7 midterm elections, which amounted to a rebuke of the president's war policy. They met among themselves. They talked to diplomats and military commanders in Iraq. They conducted a videoconference with Iraq's prime minister. They consulted with retired generals, experts at think tanks and academics.

By late December, the president and his closest security advisers -- Vice President Cheney, new Defense Secretary Robert M. Gates, Secretary of State Condoleezza Rice and national security adviser Stephen J. Hadley -- had coalesced around the need for more troops in Iraq. They had settled on Crocker to handle political strategy on the ground, replacing Ambassador Zalmay Khalilzad. And they had picked Petraeus to take over from Gen. George W. Casey Jr., whom they deemed to be too focused on the handover of responsibility to the Iraqis instead of on restoring peace to Baghdad's strife-torn neighborhoods.

But it wasn't until Monday, when Bush was going over a draft of the address he planned to deliver on television Wednesday, that they confronted the issue of who would coordinate the administration's new economic initiatives for Iraq.

Bush was planning to propose increasing the number of province-level reconstruction teams operating outside the Green Zone from 10 to 18. There would be new efforts to help the Iraqi government improve budgeting and management functions. And, most important, there would be a significant new emphasis on putting unemployed Iraqis to work. The strategy also included an implicit reversal of Bremer's policy on state-owned factories.

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Scores of Americans ensconced in Baghdad's Green Zone would be involved: The U.S. Embassy has an economic section. There's a U.S. Agency for International Development mission. And there's the Project and Contracting Office, which manages reconstruction funded by an $18.4 billion U.S. aid package.

"Who's going to coordinate this?" Bush asked as he read through the economic initiatives, according to two people with knowledge of the meeting.

When Satterfield got back to his State Department office, he told his staff to "give me names."

The next day -- less than 36 hours before Bush addressed the nation -- Satterfield called Carney.Idle Factories, Idle Workers

Before Carney left Iraq in June 2003, he tried one last time to persuade Bremer to rethink his refusal to repair more than a handful of state-owned factories. Iraq's government-run businesses employed more than 100,000 people before the U.S. invasion. To Carney, it was a no-brainer: Fixing the factories would allow thousands of Iraqis to get back to work, not only allowing them to provide for their families, but also keeping them occupied. He knew from his time in other post-conflict societies that the idle and unemployed are the best recruits for insurgencies.

But Bremer and his chief economic adviser, Peter McPherson, didn't want to pour money into inefficient state-run firms. They believed private investors would buy Iraq's government factories and set up new businesses to employ the populace. So they refused to give Carney money to reopen the plants.

The day before he left, Carney sent a note to McPherson titled "Fatal Flaws in Budget Policy towards State-Owned Enterprises." He argued that the CPA was violating the Geneva Conventions by undermining "assets of the Iraqi people." He also accused McPherson of drawing up policy "without adequate Iraqi participation."

"Instead of transparency, with major concerned Iraqi Ministries and academics engaged," he wrote, "the policy seems to be the thinking of a small group in the Coalition Provisional Authority."

"We need to rethink this," he wrote in closing.

Petraeus also opposed the immediate privatization of state-run firms. "What happens when you have privatization is . . . you end up with a hell of a lot less workers in the short term," he told an interviewer in 2004. "If you want to increase unemployment en route to greater employment and greater productivity and greater a lot of other things, that's great, but you've got to survive in the short term."

For almost three years, the policy didn't change. Although the Iraqi government reopened a small fraction of its 148 factories and began operating them at a diminished capacity, the efforts to sell them to private investors were unsuccessful.

When Lt. Gen. Peter W. Chiarelli, at the time the top U.S. field commander in Iraq, sought to increase production at a state-owned tractor factory south of Baghdad early last year, a State Department official in Baghdad refused to pay for the necessary repairs, even though the rehabilitated facility would have been able to provide employment for many of the 10,000 people who worked there before the invasion. Chiarelli used money from a different program -- for small-scale reconstruction projects -- to fund the construction.

It wasn't until June that the Bush administration began to reevaluate its approach. Paul A. Brinkley, who had recently taken over as deputy undersecretary of defense for business transformation, returned from a trip to Iraq convinced that quelling violence depended on increasing employment. To Brinkley, a former corporate executive, the most effective way to create jobs was to reopen state-run factories.

Brinkley persuaded Deputy Defense Secretary Gordon England to authorize funding to repair as many as 200 factories. England's predecessor, Paul D. Wolfowitz, was among the administration officials who opposed resuscitating state-owned firms in 2003.

It's not clear how effective Brinkley's initiative will be. Many of the factories are in dangerous, Sunni-dominated areas of the country. Electricity remains in short supply. Raw materials can be hard to come by. And given the intensity of the sectarian conflict, giving Iraqis jobs may not be enough to get them to put down their weapons.

Even if the odds are slim, the Bush administration wants to give it a try. Brinkley's team is focusing on 10 factories that it thinks could be open and employing more than 11,000 Iraqis by the end of this month.

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"Any counterinsurgency strategy has to have an economic component to it," said Celeste Ward, who spent last year in Iraq as Chiarelli's political adviser. "It might give us a marginal increase in stability by getting some people off the street. You want people to start saying, 'Hey, we're a normal country where people go to work.' "De-Baathification

"This is a big mistake," Carney thought in May 2003, when Bremer told senior CPA officials that he would soon issue an edict prohibiting many former members of Hussein's Baath Party from holding government jobs. The one-and-a-half-page decree, which was drafted in the Pentagon office of then-Undersecretary of Defense Douglas J. Feith, banned anyone who had been in the party's top four ranks; it also banned hundreds of thousands of rank-and-file members from holding senior management positions in government ministries. Bremer's stated goal was to cleanse Iraq's government of the former president's cronies.

Carney and the other Americans tapped to run Iraq's ministries knew that the senior managers in almost all government departments were Baathists. Hussein's government had forced them to join the party, but that didn't mean they all had blood on their hands or that they were all close associates of the former leader. And without them, it would be much more challenging to get the government running again.

With unemployment at more than 40 percent, Carney also knew that anyone kicked out of a government job wasn't going to find work elsewhere. They would be unemployed and angry.

Carney was one of many CPA officials to object. But Bremer refused to soften the policy.

The de-Baathification expert in the CPA's headquarters was Meghan O'Sullivan, then an aide to Bremer and now a deputy national security adviser working on Iraq. Although she voiced initial misgivings, she quickly became a vigorous and uncompromising enforcer of the edict.

From the moment the order was issued, most of Carney's time was devoted to de-Baathification. He held long meetings with the industry ministry's management, first to explain the policy and then to comb through records to identify people who were ineligible for future employment.

"It was a terrible waste of time," Carney said. "There were so many more important things we should have been doing, like starting factories and paying salaries."

After a few months, the CPA began to receive reports that 10,000 to 15,000 teachers had been fired because of the de-Baathification order. In some Sunni-dominated areas, entire schools were left with just one or two teachers.

Bremer eventually concluded that the policy had been applied "unevenly and unjustly." But instead of rescinding his edict, he announced that appeals would be handled by a de-Baathification commission headed by Ahmed Chalabi, a controversial former exile whose informants had helped the Bush administration make the case for war. Chalabi, a Shiite, saw little need to accommodate former Baathists, most of whom are Sunnis.

By the summer of 2004, as the United States was relinquishing sovereignty of Iraq, many officials handling Iraq policy in Washington had concluded that Bremer's initial edict was a mistake. But it was too late for the Americans to do anything other than urge Iraq's Shiite-led interim government to rehire ex-Baathists. The CPA no longer had the power to issue edicts.

U.S. officials in Baghdad and in Washington leaned on the governments of prime ministers Ayad Allawi and Ibrahim al-Jafari, but the country's powerful Shiite and Kurdish leaders were unwilling to embrace the changes sought by the Bush administration. As far as they were concerned, Bremer enacted a sound policy in 2003, and there was little need to change it.

Finally, in 2005, the Shiites and Kurds agreed to reexamine the de-Baathification rules as part of a compromise to get Sunni political parties to support Iraq's new constitution. The agreement called for a revised de-Baathification law to be enacted by parliament.

But that still hasn't happened.

In an attempt to get the process moving, Bush used his televised address last week to call on Prime Minister Nouri al-Maliki to embrace the reintegration of former Baathists. Maliki told Bush recently that he supports a revised de-Baathification law -- but the issue isn't in the prime minister's hands. It's still with Chalabi.

Chalabi is the chairman of the Supreme National Commission for De-Baathification, which continues to have ultimate authority to decide which ex-Baathists can return to work and which cannot. He has prepared draft legislation that calls for easing some elements of Bremer's policy, but he said parliament has been unable to act on it because a majority of the members of the

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legislature's de-Baathification committee belong to radical cleric Moqtada al-Sadr's political party, which walked out in November to protest a meeting between Maliki and Bush.

Speaking by telephone from Baghdad, Chalabi said he expects progress "pretty soon."

But he said the law will not contain a key demand of the U.S. government: a sunset clause that would abolish the commission, effectively depriving Chalabi of political influence. He called it unconstitutional.

Chalabi said he heard Bush's call for swift action on the de-Baathification law, but he emphasized that he and his fellow Iraqis, not U.S. officials, are in charge of the legislative timetable.

"We don't feel any pressure," he said.

US Military May Join Iraq Against Militia Leaders (BOS)

By Farah Stockman And Bryan Bender, Globe Staff

The Boston Globe, January 14, 2007

Bush authorization could spark deadly confrontations

WASHINGTON -- US military officials say the Bush administration has given them new authority to target leaders of political and religious militias in Iraq who are implicated in sectarian violence, including the powerful Shi'ite Muslim cleric Moqtada al-Sadr.

Such a showdown, key to Bush's plan to increase the number of US troops in Baghdad, could spark a deadly confrontation with Shi'ite militias, which enjoy widespread popularity in Shi'ite neighborhoods. It could also erode support for the fragile government of Prime Minister Nouri al-Maliki, who has agreed to the plan.

Senior US and Iraqi officials said last week that Maliki has pledged to confront the militias with the help of additional US troops. But many analysts doubt that Maliki has the will or the firepower to take on Sadr, whose Mahdi Army militia is blamed for much of the tit-for-tat violence in the capital.

In recent months, Maliki and other top Iraqi officials routinely vetoed US raids on Sadr's operations, fearing the reaction of his legion of followers. Maliki's government kept a list of militia leaders who were off-limits to US troops, a senior Pentagon official told reporters in a background briefing in Washington, but now Maliki has agreed that the list would no longer be used.

The officials said the new approach will include pinpoint strikes against top leaders in the Mahdi Army as well as other militias from the Shi'ite majority accused of kidnapping and murdering civilians from the Sunni Muslim minority. They said they would focus on methodical man hunts for key leaders, such as the one in June that killed key Al Qaeda operative Abu Musab al-Zarqawi, rather than full-scale battles.

Pursuing the militias carries significant risks, both for Maliki, a far less popular figure than Sadr, and for the United States, which could be drawn deeper into dangerous urban warfare and an increasingly sectarian conflict.

"Even if the Iraqis had the will -- and that's a big question -- to do something about sectarian violence, it's going to be a very bloody business," said Phebe Marr, a specialist on Iraq's emerging political parties and author of "The Modern History of Iraq."

"This could make Sadr even more popular," Marr said. "He could play this as 'the imperialist Americans are coming to attack me.' "

Secretary of State Condoleezza Rice told the Senate Foreign Relations Committee on Thursday that Sadr must be neutralized.

"The Iraqis are going to have to deal with Sadr," she said, in response to a question. "They're going to have to deal with those death squads, and the prime minister said nobody and nothing is off-limits."

Bush's plan envisions adding 17,500 more US forces in Baghdad -- which would more than double the American military presence there -- to operate alongside about 40,000 Iraqis from the army and police. The joint forces, which will include American units embedded in Iraqi brigades, would take on both Sunni insurgents and Shi'ite sectarian death squads, US military officials said Thursday in a background briefing.

Secretary of Defense Robert Gates told the Senate Armed Services Committee on Friday that Maliki's willingness to allow these joint forces to enter Sadr City and other key neighborhoods in Baghdad is "central to the success of this entire operation."

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Sadr City, a Baghdad slum with an estimated 2 million residents, was named after Sadr's father, a revered cleric assassinated during Saddam Hussein's regime.

But many politicians and military analysts expressed doubt that Maliki would follow through on pledges to support the crack down.

Senators Norm Coleman, a Minnesota Republican, and Bill Nelson, a Florida Democrat, told Rice at a Senate Foreign Relations hearing Thursday that their talks with Iraqi leaders in Baghdad three weeks ago left them with the impression that Iraq's fractured, Shi'ite-dominated government has little interest in stopping sectarian death squads from murdering Sunnis.

"Our mouths about dropped open when the national security adviser, Dr. [Mowaffak] Al-Rubaie, said . . . 'This is not a sectarian war,' " Nelson said.

Indeed, Rice acknowledged to the senators that Maliki's original request, made in the run-up to his meeting with Bush in November, was for US troops to withdraw to the outskirts of Baghdad, leaving the task of handling sectarian militias to Iraqis alone. But Rice said that after extensive talks with US commanders, Maliki eventually agreed to an aggressive US-Iraqi plan to tackle them.

"I think it's become such a critical situation for them that they recognize they've got to take on anybody who stands in their way of bringing population security," she said, in response to a question about whether Maliki could survive a confrontation with Sadr.

Maliki's Islamic Dawa Party is the weakest of the three Shi'ite parties that dominate Iraq's government. Dawa has no militia of its own.

Sadr, on the other hand, is believed to command the loyalty of some 60,000 fighters across Iraq, although specialists differ on how much direct control he exercises over them. His movement is so powerful that some of his followers were allowed to attend the execution of Hussein. They called out Sadr's name as the former dictator was being led to the gallows, a moment captured on a video that was viewed on the Internet around the world.

Sadr's followers control four key ministries and hold 30 of 275 seats in Iraq's Parliament. They cast the deciding votes that brought Maliki to power but suspended their participation in the government to protest Maliki's meeting with Bush in November. Rice said the Iraqi government was functioning without them. But the boycott has left Iraq's Parliament in turmoil. The US military has already gotten a taste of all-out confrontation with Sadr. In 2004 they used aircraft and tanks to drive off his forces from a Najaf cemetery near the revered shrine of Imam Ali. Sadr's movement went quiet for about a year, but then grew stronger, attracting tens of thousands more followers with his nationalist call for a unified Iraq and the withdrawal of US forces.

Sadr's vehement opposition to US troops has only raised his profile among Shi'ites who see his militia -- not American or Iraqi troops -- as their only protection from Sunni insurgents.

Paul Hughes, a retired Army colonel who served as a military strategist in Iraq, warned that Bush's plan to pacify neighborhoods with an overwhelming military presence is designed to fight a classic insurgency, not the sectarian conflict that has swept up thousands of armed civilians.

"There is this real minefield that the United States is going into," he said.

Three weeks ago, thousands of protesters took to the streets in Najaf after US and Iraqi forces killed a top Sadr deputy.

On Friday, Sheik Abdel Razzaq al-Nadawi, a senior official in Sadr's movement, warned that US soldiers who come to Iraq "may return in coffins."

Juan R. Cole, a specialist on Shi'ite Muslims and professor of Middle East history at the University of Michigan, said that Sadr's forces could simply go underground during the US military campaign as they did after the 2004 battle in Najaf.

"At that time, the Shi'ite political elite got together and made the case to [Sadr] that he should lay low or things are going to go badly for him," Cole said. "I think that's what is happening now. I am extremely skeptical that Maliki would be willing to sacrifice one of the few pillars of support that he has. . . . They will lie low until the 'surge' is over and then they will come back out."

U.S. And Iraqi Forces In The Western Desert Look Toward The Horizon (LAT)

By Tony Perry, Times Staff Writer

DOJ_NMG_0116703

The Los Angeles Times, January 14, 2007

The process of turning over responsibility slow, but American soldiers try to prod them into the future.

WEST OF RAMADI, IRAQ — On a sandy promontory overlooking the desert that stretches to Syria and Jordan in western Iraq, U.S. Army officers and Iraqi police officials were discussing the future.

The Americans' concept of the future involved the Iraqis taking responsibility for catching insurgent smugglers and bomb-makers along the two freeways that stretch from the border region to Baghdad.

The future starts now, Capt. Ian Lauer told Iraqi police Col. Jassim Mohammed Ali, who served in the Iraqi army's special forces under the late Saddam Hussein.

"We've got to force them to have confidence," Lauer said. "They'll spend years saying they're not ready."

Ali, a broad-chested veteran of the 1991 Persian Gulf War, insisted that he was ready for the challenge.

"If we see bad people, we will arrest them," he said through an interpreter. "If they fight us, we will show no mercy. If they use one bullet, we will use two. If they use 10, we will use 100."

As part of the U.S. plan to withdraw from Al Anbar province and hand over security duties to the Iraqi army and police force, the Army's Task Force 1-77 Armor is ceding the desolate area 25 miles west of Ramadi to Ali's "emergency response unit," the Iraqi version of a SWAT team.

The unit's troops carry Soviet weapons once used by Hussein's army. They drive Ford trucks supplied by the United States, but they lack body armor and have only rudimentary communications gear.

"Sometimes you feel, 'We're forcing them to do stuff,' and then you think, 'Hey, it's your country,' " said Lauer, commander of the 1-77's Charlie Company. "Even if they had the equipment we have, some would complain."

The process of turning over responsibility to the Iraqis is slow and incremental. For instance, U.S. forces may be turning over freeway security to the Iraqis — a largely symbolic move — but cannot yet give them responsibility for the transport of prisoners on those freeways.

Just minutes after the meeting with Ali and his troops, Lauer's convoy went to an Iraqi police station to pick up a suspected insurgent.

Iraqi police said the skinny 17-year-old had confessed to making bombs and stealing a weapon from a Humvee that had been bombed.

Across Al Anbar, judges and prosecutors have been targeted or intimidated. Many court buildings are a shambles and court personnel are dead, in hiding or have fled the country, officials said. Thus, the chore of detaining the suspected insurgent and shipping him to Baghdad for trial fell to U.S. forces.

In the roundabout world of Iraqi justice, suspects go from Iraqi custody to American custody; then U.S. officials sift through evidence submitted by Iraqi police to determine whether it would be sufficient in an Iraqi court.

Lauer checked the blindfolded suspect for signs of torture and found none.

"I am taking you into American custody," he said. At day's end, the Iraqi was at Camp Ramadi, the nearby U.S. base.

Ali, on the promontory with an icy wind blowing in from Syria more than 100 miles to the west, said that before the Americans came, he was once stationed at Camp Ramadi.

"Hopefully," Lauer said, "you'll be there again someday."

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Kurdish Brigade Trains To Deploy In Baghdad (AP)

AP, January 13, 2007

BAGHDAD, Iraq (AP) -- A Kurdish army brigade in northern Iraq is undergoing intensive urban combat training as it readies for deployment in the latest Baghdad security operation and is expected to take on the capital's Mehdi Army Shiite militia, its commander said Saturday.

Meanwhile, three Iraqi generals told The Associated Press that the Iraqi commander who will lead the overall Baghdad security mission was the government's second choice and only got the job after the U.S. military objected to the first officer named to the post by Prime Minister Nuri al-Maliki.

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"We will head to Baghdad soon," said Brig. Gen. Nazir Assem Korran, commander of the 1st Infantry Brigade, 2nd Division of the Iraqi army.

"We have 3,000 soldiers who are currently undergoing intensive training especially in urban combat and how the army should act inside a city."

Korran, in the Kurdish northern city of Irbil, said he did not know how the operation would unfold, but said the Defense Ministry in Baghdad had asked his brigade to take part in the security operation along with thousands of other Iraqi and U.S. troops.

The forces were to conduct neighborhood-to-neighborhood searches to clear the city of Sunni Muslim insurgents and local militias such as the Mehdi Army of radical Shiite cleric Muqtada al-Sadr. The militia has been blamed for much of the sectarian killing in the past 11 months.

"We are going to confront any terrorist elements or militias. We will confront any outlaws," the general said.

Later in the day, al-Maliki issued his first comment on the new Bush administration plan outlined on Wednesday, declaring it "identical to our strategy and our intentions." President Bush said he would send an additional 21,500 troops to help pacify the capital and other parts of the country. (Full story)

Al-Maliki, however, continued to avoid naming the Mehdi Army as a target of the military operations, disinclined, perhaps, to take on al-Sadr, a key backer of the prime minister.

"Our strategy that aims to control security is based on using force against any outlaws, whatever their background or identity," al-Maliki said in a brief appearance aired on state-run Iraqiya television. Al-Maliki has repeatedly used that kind of formulaic language during his eight months in office, but has routinely blocked American forces from taking on his militia allies.

On Wednesday, Iraqi military officials said al-Maliki had chosen Lt. Gen. Abboud Gambar as commander of the new security plan in the capital, where sectarian bloodshed built to a crescendo at the end of last year, with more than 100 people killed on many days.

The army generals who spoke to AP said al-Maliki appointed Gambar a week ago when he told the nation that a new security plan was to be launched within days.

But al-Maliki never revealed that Gambar would command the operation and has refused since then to confirm the appointment.

The Iraqi generals, who spoke on condition of anonymity because the information had not been officially released, said there had been several candidates from the military to run the new security plan and two names topped the list.

First among the candidates was Lt. Gen. Mohan al-Freiji, but he was quickly vetoed by American officials.

Gambar was second choice after the Americans blackballed al-Freiji, the generals said. Both al-Freiji and Gambar are Shiite Muslims.

The U.S. military did not respond to an AP e-mail asking for verification of the dispute.

"Mohan (al-Freiji) is not flexible at all and cannot be subdued. If he finds something unacceptable, he will never tolerate it. Mohan doesn't take direction at all," one of the generals said. "Abboud is more flexible."

The generals said Gambar, a veteran of the 1980-88 Iran-Iraq war and the 1991 Gulf War, would have two deputies, a Shiite and a Sunni, one on each side of the Tigris river that curls through the center of Baghdad.

Gambar was a brigadier general in the navy during the 1991 Gulf War, one of the generals said. He was captured by U.S. troops on the Kuwaiti island of Fialaka and held prisoner in Saudi Arabia before being freed shortly afterward.

Under Saddam Hussein's rule, military men normally were fired if taken prisoner, but the former president made an exception for Gambar and his brigade because of their brave defense of Fialaka. Gambar, in his early 60s, was decorated by Hussein for bravery.

Gambar will report directly to al-Maliki, who is commander general of the armed forces.

Indicating that the new security plan was near its formal opening, military officials said Saturday that the 4th Brigade of the Iraq army's 1st Infantry Division arrived in Baghdad's southern neighborhood of Rustomiyah. They said the brigade came from Fallujah, west of Baghdad, but refused to give further details.

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Korran, the general in Irbil, said his troops would face a language barrier and rely on translators because 95 percent of the brigade is Kurdish and unable to speak Arabic. Kurds, a separate ethnic group, are largely Sunnis but not Arabs.

His brigade is one of two coming from the Kurdish region. The other will arrive from the northern city of Sulaimaniyah. A third brigade will come from southern Iraq.

"We do not represent any sect or ethnic group," Korran said, adding that he expects to be fighting against "militias in residential areas."Other developments

U.S. raids that President Bush approved and that led to the detention of five Iranians in Iraq are part of broad efforts to confront Tehran's aggression, Secretary of State Condoleezza Rice said Saturday before meeting with Israel's foreign minister in Jerusalem. (Full story)

U.S. Sen. Hillary Rodham Clinton, who opposes Bush's plans to send more U.S. soldiers to Iraq, met Saturday with al-Maliki and the two top U.S. commanders during her first visit to Baghdad in nearly a year. The New York Democrat, who is expected to run for her party's presidential nomination, said she doubted the al-Maliki government would live up to promises it had made about cracking down on violence.

Underscoring the difficulties in taming the violence, at least 48 people were killed or found dead nationwide on Saturday, including a Sunni cleric who was shot to death near his home in Samarra, 60 miles north of Baghdad.

Plan Would Add Kurds To Civil War Mix (LAT)

By Louise Roug

The Los Angeles Times, January 14, 2007

BAGHDAD — Already a dangerous battleground for an array of forces, Baghdad soon could be flooded with another volatile element: thousands of Kurds from northern Iraq.

As part of President Bush's new strategy for Iraq, 8,000 to 10,000 Iraqi troops will deploy to Baghdad in the coming weeks, American and Iraqi officials said, and as many as 3,600 could be Kurds. It would be the first time such a large number of Kurdish forces have been sent to the capital.

The impending deployment has raised fears among Kurds, most of whom live in a protected autonomous enclave, that they are being dragged more directly into Iraq's bloody and complex civil war.

Most of the fighting in Iraq is between Shiite and Sunni Arabs, but Kurds, most of whom are Sunni Muslims, fear that could change if they are seen as players in the country's main struggle.

"I don't think it's wise," said Mahmoud Othman, a Kurdish lawmaker in Baghdad. "This is a Sunni-Shiite conflict."

Most Kurdish troops are not acquainted with Baghdad, many speak neither Arabic nor English, and their participation could create an even deeper conflict between Kurds and Arabs, he said.

Large numbers of Kurds mix with Arabs in the Kirkuk and Mosul areas of northern Iraq, and a small number live in the capital, but Arab politicians also question the wisdom of bringing Kurdish soldiers into the conflict.

"I advise the Kurdish people to apply pressure on their leaders to prevent this step," said Mohammed Daini, a lawmaker with a major Sunni bloc. Kurdish forces, he said, "will face firm resistance from both the Sunnis and the Shiites."

Sheik Abdul Razzaq Naddawi, an aide to anti-American Shiite cleric Muqtada Sadr, agreed that Kurdish troops would not be welcome.

"The Kurds, frankly speaking, consider themselves superior to other Iraqis," he said. "Would they allow troops from the middle or the south to arrive in Kurdistan?" he asked. "Their borders are closed, and they are practically independent."

The idea of using Kurdish troops to quell violence in both Shiite and Sunni neighborhoods of Baghdad originated in backroom talks among the country's main power brokers. With a chance to live their dream of autonomy, Kurdish lawmakers were extremely reluctant to take part in the plan. But Iraqi officials as well as U.S. military and political officials argued that if they failed to participate, it would show their lack of commitment to the nation.

Word of the planned deployment took Kurds by surprise. In their small but prospering northern enclave, they shook their heads over the prospect of getting involved in a conflict that has bedeviled the most powerful army on Earth.

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"If America and the Arabs aren't able to stop Sunnis and Shiites from killing each other indiscriminately, then what use will it be to send in our forces?" asked one Kurd in an online forum.

"We do not need to have our young men getting killed in a civil war between Sunnis and Shiites," read another posting. "They are both our enemies."

Allegiances and neutrality

The Iraqi government has planned for a 50% troop increase in Baghdad, adding the equivalent of an entire division. U.S. and Iraqi officials say two or three predominantly Kurdish brigades will participate.

A U.S. advisor to the Iraqi Defense Ministry acknowledged that language was a concern, but said the problem would be mitigated by the mix of Arab, Kurdish and American troops in Baghdad.

Politicians in favor of the deployment say Kurdish troops are more impartial than security forces currently in the capital.

Khaliq Zenghana, a Kurdish lawmaker, suggested that Kurdish forces could help protect ministries and government institutions, now mostly run as fiefdoms by sectarian militias.

"The Kurds are neutral in that we do not concern ourselves with the Sunnis or Shiites," he said. "That must be understood by the Arabs here in Baghdad: We do not want to come to protect a neighborhood over another one."

However, many Kurdish soldiers are loyal first to leaders of their own ethnic group, even if they wear the uniform of the national army.

The late Saddam Hussein's regime oppressed the Kurds, killing thousands in a military campaign and sowing division between Kurds and Arabs. After the 1991 Persian Gulf War, the U.S. enforced a no-fly zone over semiautonomous Kurdistan.

Although most Kurds are Sunni, they have been natural allies of the Shiites, with both groups fighting Hussein's Sunni Arab-dominated army.

After the 2003 U.S.-led invasion, the historic mistrust between Kurds and Arabs deepened as political groups fought over resources and government posts. Sunni Arabs complained of heavy-handed tactics by Kurdish soldiers who took part in offensives against insurgents in Tall Afar and Fallouja. Also, Kurds and Arabs are locked in a dispute over the future of the oil-rich northern city of Kirkuk.

In Kirkuk, as well as Mosul, Kurdish soldiers wear Kurdish insignia on their Iraqi army uniforms and openly proclaim their desire to annex these ethnically mixed cities to their Kurdish region farther north.

Calling on the militia

Bush and Iraqi Prime Minister Nouri Maliki have promised that Iraqi security forces will go after Sunni and Shiite gunmen alike. Until now, however, the Shiite-dominated security forces have focused mostly on capturing Sunnis.

The allegiance of Shiite soldiers and policemen often lies with sectarian rather than national leaders. Renegade Shiite security forces have tortured and killed Sunni civilians. Sunni rebels, for their part, have hunkered down in certain neighborhoods, also menacing civilians and fighting off the security forces.

Kurdish officials said that the Americans also have asked for the participation of the Kurdish militia, known as peshmerga, but the request was still being debated in the regional parliament.

Concern about the possible participation of the peshmerga already has been expressed within Sadr's Al Mahdi militia.

"They are doing a good job inside Kurdistan, so they should stay there," said one militiaman who identified himself only as Abu Karrar.

Defense Ministry spokesman Mohammed Askari said the army brigades coming to Baghdad would answer to Iraqi army commanders rather than militia leaders.

Far from the civil war raging in Baghdad, residents in the quiet Kurdish city of Irbil were not enthusiastic about the deployment.

"It's an Iraqi issue and Iraq contains all of us, although I think this will cause problems for Kurds and if there was any possible way not to participate, I would prefer that," said Rezgar Taha, 34.

War Costs Are Hitting Historic Proportions (LAT)

By Joel Havemann

DOJ_NMG_0116707

The Los Angeles Times, January 14, 2007

WASHINGTON — By the time the Vietnam war ended in 1975, it had become America's longest war, shadowed the legacies of four presidents, killed 58,000 Americans along with many thousands more Vietnamese, and cost the U.S. more than $660 billion in today's dollars.

By the time the bill for World War II passed the $600-billion mark, in mid-1943, the United States had driven German forces out of North Africa, devastated the Japanese fleet in the Battle of Midway, and launched the vast offensives that would liberate Europe and the South Pacific.

The Iraq war is far smaller and narrower than those conflicts, and it has not extended beyond the tenure of a single president. But its price tag is beginning to reach historic proportions, and the budgetary "burn rate" for Iraq may be greater than in some periods in past wars.

If U.S. involvement continues on the current scale, the funding for the Iraq war — combined with the conflict in Afghanistan and other foreign fronts in the war on terrorism — is projected to surpass this country's Vietnam spending next year.

And the accumulating cost is adding to resistance to President Bush's war policy in Congress as well as in public opinion, even though concern about the cost in human lives, the war's impact on America's place in the world and other such factors loom larger.

Last week, when Bush unveiled his new war plan — which included sending an additional 21,500 U.S. troops to Iraq and launching another effort to provide jobs and public services in Baghdad — the cost issue was raised by Republicans as well as Democrats.

But it had been simmering for more than a year.

Members of Congress have talked relatively little about the war's accumulating price tag because of the human costs, Rep. Zoe Lofgren (D-San Jose) said. "But certainly we're cognizant of it," she said. "When you say for what we're spending in a month in Iraq, you could fully fund and double the science budgets of the United States and come up with a viable alternative to oil, it puts it in perspective."

Even so loyal a Republican as Sen. Judd Gregg of New Hampshire, who chaired the budget committee until the Democrats took control of the Senate this year, criticized the administration's approach to war costs, calling it "without any discipline as to how much is going to be spent."

"They're gaming the system," Gregg said.

At a media briefing before Bush's speech Wednesday night, a senior administration official said the president's plan would entail $5.6 billion in military expenses and $1 billion in reconstruction and other civilian costs.

In the broad landscape of federal spending, those are not huge numbers, though $6.6 billion is more than enough to cover the budgets for all the country's national parks, national forests, historic monuments, protected wetlands and wildlife refuges for a year.

What makes the cost issue increasingly sensitive is not just questions about whether it will buy success but also the fact that the new plan's cost will add to a mountain of bills for earlier military and reconstruction efforts with what many see as little or no positive return on the investment.

Some Republicans, especially fiscal conservatives worried about the deficit, are particularly unhappy because, they say, the president and the Defense Department have refused to address the war's impact on the budget in a straightforward way.

Instead of including war costs in the regular budget, such as the one Bush will send to Congress next month, the administration has been asking Congress for emergency-spending bills that short-circuit many of the usual review procedures for appropriating funds.

"Muting and undermining the legitimacy of the congressional role in funding is, I think, undermining to some degree the commitment to the war effort itself," Gregg said.

The administration says its approach is necessary because it is unable to determine what it will need for the war in the coming fiscal year, which begins each October. Critics say that may have been true early in the war but that by now most costs are predictable far in advance.

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Last year, Congress approved a provision in the annual defense authorization bill calling on the administration to change course and put its request for war funds in regular spending bills subject to full congressional review.

Said Sen. John McCain (R-Ariz.), the provision's author: "Neither the White House nor the Congress is making the tough decisions about how we are going to pay for the ongoing wars. Adding hundreds of billions of dollars that are more conveniently designated as emergency expenditures — so they do not have to be budgeted for along with other national priorities — is only making our fiscal problems that much greater."

Sen. Edward M. Kennedy (D-Mass.) proposed that Congress block Bush's new plan by withholding funds. To date, Congress has not used its power of the purse to limit Bush's prosecution of the war, partly because it doesn't want to seem to deny U.S. troops any needed support.

"If you cut off funding, you're cutting off support for the troops," said Rep. C.W. "Bill" Young of Florida, a top Republican on the House Appropriations Committee. "Whether you support the battle they're involved in or not, the vast majority of the American public is still very supportive of our troops."

During Vietnam, Congress did threaten to limit the use of the defense budget. At one point, for example, it prohibited the use of funds in Cambodia.

But Congress flexed its fiscal muscles only toward the end of the Vietnam War. Bush's war on terrorism is in its seventh year, and at a comparable stage of Vietnam, antiwar lawmakers could muster only a handful of votes for limiting funds.

From the beginning of President Lyndon B. Johnson's troop buildup in 1965 to the fall of Saigon in 1975, the United States spent the equivalent of $662 billion in 2007 dollars, according to the Congressional Research Service. The war in Iraq is harder to measure because its costs tend to be mixed up with those of the war in Afghanistan and Bush's broader global war on terrorism, says Steven Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments in Washington.

Starting with the anti-terrorism appropriation enacted a week after the attacks of Sept. 11, 2001, Kosiak figures the United States had spent $400 billion fighting terrorism through fiscal 2006, which ended Sept. 30.

For fiscal 2007, Congress has so far approved $70 billion. The president is expected to ask Congress for $100 billion more.

Even if the fighting stopped soon, which few expect, the bills would continue to accumulate as the Pentagon pushed to restore what the war had cost in troops and material.

Clinton Expresses Doubt That Iraqis Will Keep Promises (AP)

AP, January 13, 2007

BAGHDAD -- U.S. Sen. Hillary Rodham Clinton expressed doubt Saturday that Iraq's government would follow through with its promises to secure Baghdad as she met with top Iraqi officials and American commanders.

It was the third trip to Iraq for Clinton, a Democrat from New York who is considering running for president, and comes amid opposition from the Democratic-controlled Congress to President Bush's plans to send in 21,500 more troops to stop the rampant violence.

"I don't know that the American people or the Congress at this point believe this mission can work," she told ABC News in Baghdad. "And in the absence of a commitment that is backed up by actions from the Iraqi government, why should we believe it?"

Noting she had to travel wearing body armor and surrounded by soldiers and security guards, Clinton called the situation in Iraq "heartbreaking."

"This is my third trip here. I've seen the violence and security problems increase, not decrease," she said, calling on Bush to start withdrawing U.S. troops.

"That would really demonstrate to the Iraqis that we don't have an open-ended commitment," she said. "We are not going to be here providing protection for their leaders, which we do. We are not going to be here standing by and trying to be called in from time to time as they see fit. That is not in the cards."

Clinton, who was making a one-day visit to the country, spoke to ABC exclusively after meeting with the two top military commanders in Iraq, U.S. Gen. George Casey and Lt. Gen. Ray Odierno, according to the network.

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She was traveling with U.S. Sen. Evan Bayh, D-Indiana, who opted out of the 2008 race, and Rep. John McHugh, a Republican from upstate New York. They also planned to travel to Afghanistan.

The three, all members of armed services committees, also met with Iraqi Prime Minister Nouri al-Maliki.

"I'm skeptical that the Iraqi government will do what they have promised to do, and that I think is the concern of all of us who have heard this before," she said, referring to earlier security efforts that have failed to stop the sectarian attacks that have been increasing since the Feb. 22 bombing of a Shiite shrine in Samarra.

Clinton, who opposes Bush's plans to send more U.S. troops to Iraq, last traveled to Iraq in February 2005 with Sen. John McCain, a Republican presidential contender.

Clinton had planned to meet with the Army's 10th Mountain Division _ which is based in New York and deployed in both Iraq and Afghanistan _ at their base in Baghdad but the visit was canceled due to bad weather, the U.S. military said.

Iraq's Talabani To Visit Damascus (BBC)

By Mike Wooldridge

BBC.com, January 13, 2007

Iraqi President Jalal Talabani is travelling to Syria for the highest level Iraqi visit in many years.

It comes after US President George W Bush accused both Syria and Iran of fuelling Iraq's violence as he announced his new strategy for Iraq.

The US says Syria allows militants to enter Iraq, but Damascus says it is doing all it can to secure its border.

Diplomatic relations between Iraq and Syria were restored last November after a break of more than 20 years.

This visit by President Talabani demonstrates Iraq's balancing act between the United States and a country that Washington prefers to see isolated.

Border security

But between Iraq and Syria, there was also a long period of hostility, going back to the days when the two countries were ruled by competing branches of the Arab nationalist Baath Party.

Syria accused Saddam Hussein's Iraq of inciting riots.

Diplomatic relations were restored just recently, and President Talabani's visit is intended to build on this.

He was in exile in Syria during the Saddam Hussein era.

But beyond the expected signing of agreements, the question is how far the visit will be used to discuss American and Iraqi government concerns about insurgents crossing between Syria and Iraq.

Syria has long said it does all it can to patrol the border.

Losing Iraq, One Truckload At A Time (NYT)

By Luis Carlos Montalvan

The New York Times, January 14, 2007

IN 1901, Gen. Leonard Wood, the American governor of occupied Cuba, wrote an incensed letter to President William McKinley after discovering deep corruption in the island's postal service. "We have gone into Cuba to give these people an example of good government," Wood insisted. "These thefts in the post office are so far the only blot on our record. Our honor as a nation demands that we bring the thieves to trial." He gave his commander in chief an ultimatum: "If it is embarrassing to you to have me persist in this matter, I will resign."

About the only difference between Cuba then and Iraq today is that Wood's intervention resulted in the jailing of the culprits. The level of corruption in the Iraq Security Forces is staggering. The Iraq Study Group found that $5 billion to $7 billion is lost annually to different types of corruption, and yet "there are still no examples of senior officials who have been brought before a court and convicted of corruption charges." The result: "Economic development is hobbled by insecurity, corruption, lack of investment, dilapidated infrastructure and uncertainty."

Yet of the study group's 79 recommendations, only two are much relevant to this problem, and no anticorruption milestones to be achieved were set forth. Having served in Iraq, I find this very disappointing. While I can't of course speak officially for the Pentagon, I can describe what I saw and give my own thoughts on how to improve things.

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The most prominent forms of corruption I saw were Iraqi commanders pocketing the paychecks of nonexistent troops in the Iraqi Army and officers in the police forces, and customs officials abetting the smuggling of oil and precious rebuilding supplies across Iraq's porous borders.

These are vast problems, but some relatively simple solutions could tamp them down considerably.

The greatest amount of corruption in the Iraq military and police forces occurs when payrolls are handed out at the unit level. Because the country doesn't have a functioning banking system that would allow easy money transfers to private accounts, military and security commanders receive large sums of cash every payroll period based on the number and rank of soldiers on their personnel rosters. The endemic problem is that commanders frequently put nonexistent soldiers and security personnel — dubbed "ghosts" by American overseers — on their rosters and pocket their salaries.

It is difficult to overstate how deeply these ghosts hurt the war effort. Most obviously, we have no idea how much of this money is being siphoned off to support tribal and ethnic fighting, and even the insurgency itself.

Also, because hundreds and thousands of ghosts exist at all echelons, many military and police units in the field do not have nearly as many men at arms as they seem to have on paper. Thus the units are often assigned tasks for which they do not have necessary manpower. And when American or other coalition forces are asked to "partner" with Iraqi troops, we have often found that there simply aren't enough bodies to conduct training and missions.

American officials have long been aware of this problem. "The number of trained and equipped security forces does not provide a complete picture of their capabilities and may overstate the number of forces on duty," was the finding of the Government Accountability Office's "Stabilizing Iraq" report last fall. "For example, Ministry of Interior data include police who are absent without leave."

Those of us on the ground discovered this the hard way. When I was with the Third Armored Cavalry Regiment in Nineveh Province in 2005, we tried for months to get the names of all Iraqi security personnel in our sector on the payrolls of the Ministries of Interior and Defense. We were curious because when we tried to assess the effectiveness of the Iraqi Border Police brigade in Sinjar, on the Syrian border, we were told by Iraqi commanders that at least 300 officers were "performing guard duties in Mosul." Mosul is more than 100 miles inside Iraq, so border troops had no business there, if indeed they existed at all.

Similarly, in South Baghdad, we American advisers assigned to the Fourth Brigade of the Sixth Iraqi Army Division had little luck getting a clear read of the brigade's strength. Iraqi commanders repeatedly told us that many of their men were "elsewhere, performing security duties for the Ministry of Defense." The advisers found personnel discrepancies as high as 30 percent in any given unit.

How can we bust the ghosts? Every soldier, police officer and government official is assigned a national identification number for bookkeeping, but so far it has been far too easy for corrupt officials to get numbers for nonexistent people. A better idea would be a universal national identification card for all government and military employees that includes the holder's photograph and fingerprints.

Such cards should be required for any Iraqi to receive his paycheck. Both the distribution of the cards and the payroll-distribution sites should be jointly overseen by coalition and Iraqi officials. There is no reason such a system could not be in place by the end of the year.

It would also help if American advisers embedded with security forces were charged with ensuring that all Iraqis are actually on duty with their assigned units. Should Iraqi commanders refuse to cooperate with their audits, we must insist that the Iraqi government fire them.

The second major source of corruption I witnessed is what I call the "reverse Ho Chi Minh Trails" that facilitate smuggling of Iraqi oil and other resources out of the country. A United States interagency panel reported in November that oil smuggling abetted by corrupt Iraqi customs officials is netting the insurgents $100 million a year, helping to make them financially self-sustaining.

Because most of Iraq is landlocked, almost all goods going in and out pass through 14 land "ports of entry." Smuggling has always been a part of Iraqi life, and was even more so during the last years of Saddam Hussein's rule, because he encouraged it to counteract the embargo on Iraqi oil. Yet, almost immediately after the 2003 invasion, former customs officials from the regime resumed their duties at the ports of entry.

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Later that year, we in the Third Armored Cavalry were given responsibility for the Syrian, Jordanian and Saudi Arabian borders along Anbar Province. In addition to helping create the new Iraqi Border Police force, we set about reforming the customs checkpoints.

At first, this was successful: for example, the border police battalion we trained at Walid, near the conjunction of the Syrian and Jordanian borders, uncovered many attempts to smuggle out large quantities of food, fuel, industrial parts and other goods. Hundreds of smugglers were arrested.

Unfortunately, we left Anbar in early 2004 and corrupt officials in Baghdad soon took away the border police's oversight authority on the grounds that it wasn't their "jurisdictional role to conduct operations that were assigned exclusively to customs officials." American advisers at the national level failed to do anything about this, and things quickly reverted to the corrupt status quo.

The situation at Walid was hardly unique. In 2005 I returned to Iraq with the Third Armored Cavalry, this time to Nineveh Province, to cover the northern section of the border between Iraq and Syria. It soon became clear that the region's port of entry, at Rabiya, was a hotbed of corruption. Not only were customs officials apparently turning a blind eye to smuggling, but they seemed to be directly engaged in it.

And little has changed: last month the American special inspector general for Iraq, Stuart Bowen, reported that the pipelines in the area have been blown up, so the only way to export oil is by road. He noted, "That leaves it vulnerable to smuggling as truckers sell their cargoes on the black market."

How can we shut down this black market? First, we must insist that the Iraqi government replace the customs workers at the 14 land border crossings with a new set of at least 1,400 elite officials jointly selected and vetted by the Iraqi ministries and the coalition forces.

We should supplement this new force with teams of American advisers — soldiers, police officers, customs officials and the like — to ensure that the Iraqis are prepared to do their jobs. And we should create an anticorruption task force of coalition officers with the power to periodically review systemic issues like the Iraqis' recruitment methods, policies governing potential ethical problems and records of internal discipline.

The Iraq Study Group concluded that "the ability of the United States to shape the outcomes is diminishing" and that "time is running out." Those of us who have been on the ground know how true this is. Irrespective of the number and mission of United States forces sent to Iraq, winning or losing will depend in large part on our ability to, in General Wood's phrasing, "give these people an example of good government."

Afghan Rebel Chief Sends Fighters To Their Deaths (NYT/AP)

The New York Times, January 14, 2007

BAGRAM, Afghanistan, Jan. 13 (AP) — An Afghan insurgent leader operating from Pakistan sent about 200 ill-equipped fighters, some wearing plastic bags on their feet, into Afghanistan, where most were killed in a major battle this week, an American general said Saturday.

The general, Maj. Gen. Benjamin Freakley, said the insurgent leader, Jalaluddin Haqqani, recruited and sent unemployed and untrained men to fight in Afghanistan.

United States forces killed about 130 fighters moving in two groups in Paktika Province in the east late Wednesday and early Thursday, in one of the largest winter battles in Afghanistan since the fall of the Taliban in 2001.

General Freakley said the fighters "were from Jalaluddin Haqqani and we believe, though we don't know exactly where, that Jalaluddin Haqqani is operating from inside Pakistan and sending men to fight in Afghanistan."

Western and Afghan officials accuse Pakistan of not doing enough to stop Taliban fighters using Pakistani soil as a training ground from crossing the border into Afghanistan. Pakistan says it does all it can to stop the fighters.

No officials in Pakistan could be reached immediately for comment.

General Freakley said one of the enemies in the Afghanistan-Pakistan border area is unemployment.

"It is clear to me that some of these men were just either collected in a poor part of a village or perhaps from a madrasa or perhaps from a refugee camp and told to come fight," he said. "The message to the enemies of Afghanistan and the enemies of

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world peace would be that you can come at us with two people, 20 people, 200 people, 2,000 people, you'll be defeated and your young men will needlessly be killed."

General Freakley said it was likely the insurgent fighters meant to attack a new military outpost near the village of Marghah that has affected insurgent infiltration routes.

In southern Afghanistan, meanwhile, NATO troops fought insurgents on Saturday in a battle that left one Western soldier dead.

Taliban militants stepped up attacks last year, and insurgent-related violence killed about 4,000 people in the bloodiest year since the American-led coalition ousted the Taliban in late 2001.

Clinton Meets With Karzai, U.S. Troops (WP/AP)

By Jason Straziuso, The Associated Press

The Washington Post, January 14, 2007

KABUL, Afghanistan -- U.S. Sen. Hillary Rodham Clinton ate with U.S. soldiers from New York and Indiana at the main U.S. base in Afghanistan on Sunday before meeting with the top U.S. general in Afghanistan and President Hamid Karzai, officials said.

Clinton, a Democrat from New York who is considering running for president, traveled here with U.S. Sen. Evan Bayh, a Democrat from Indiana, and Rep. John McHugh, a Republican from upstate New York. All three are members of armed services committees.

On Friday, Clinton said she is hearing "increasingly troubling reports out of Afghanistan" and would be searching for "accurate information about the true state of affairs" militarily and politically on her trip.

The Taliban last year launched a record number of attacks, and some 4,000 people died in insurgency-related violence, Afghanistan's bloodiest year since the Taliban was ousted by a U.S.-led coalition in late 2001.

Some 23,000 U.S. troops are stationed in Afghanistan, about half under the NATO flag and half under control of the U.S.-led coalition. Clinton has said she wants to see more troops in Afghanistan, without saying how many.

Her meetings with U.S. military officials and Karzai were closed, and the senator did not make any statements to the media.

The delegation's trip to Kabul comes a day after a visit to Iraq, where Clinton expressed doubt that Iraq's government would follow through with its promises to secure Baghdad as she met with top Iraqi officials and American commanders there.

South of Kabul, a suicide bomber blew himself up near a convoy of foreign construction workers and Afghan soldiers, wounding one civilian, said Mohammmad Asif, a police official.

Qalat is about 220 miles south of Kabul, and Clinton and her colleagues were far from any danger.

Military Slams Bureaucrats Over Afghanistan (WT)

By Sean Rayment, London Sunday Telegraph

The Washington Times, January 14, 2007

LONDON -- A lack of political direction, a shortage of soldiers and "complete disconnection" between Britain's Foreign Office and Ministry of Defense combined to hinder progress in the war in Afghanistan, a report by British military chiefs has concluded.

The document, drawn up by senior officers from the 16th Air Assault Brigade, gives a withering assessment of how decisions in the British government prevented progress against the Taliban and, sources claim, contributed to deaths and injuries among soldiers.

The report, the first official assessment of the conflict, says the operation suffered from a "lack of early political direction."

It concludes that insufficient numbers of soldiers went to fight the Taliban and complains of differences between the Foreign Office and Defense Ministry over counternarcotics policy.

The report, written at the end of last year, is working its way up the military chain of command. It states that the forces sent to Afghanistan could have achieved more and suffered fewer casualties if greater numbers had gone at the start.

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"Lessons learned" from the campaign suggest that if commanders had been given more troops, they would have been able to properly man bases in the notorious towns of Nowzad, Sangin and Musa Qala, where 12 soldiers died between June and September.

Although the report does not specify how many extra troops would have been required, senior commanders say the initial force of 3,500 needed a further 1,000 combat troops, together with extra helicopters and support units.

One senior officer who has seen the report said that with a larger force, Brig. Ed Butler, commander of the 16th Air Assault Brigade, would have had greater flexibility to conduct "rapid reaction operations" against the Taliban and begin "reconstruction in the so-called Afghan development zone."

Troops from the 16 Air Assault Brigade deployed into Helmand, in southern Afghanistan, last May as part of an expansion of the International Security and Assistance Force into the south of the country.

Over a 12-week period, elements of the brigade became embroiled in the most intense fighting since the Korean War.

The troops were involved in dozens of bitter battles with the Taliban during which every weapon system, from the assault rifle to Apache attack helicopters, was used to kill insurgents.

After the deployment was announced last year, John Reid, then the defense secretary, consistently denied that the force was under strength, despite high-level unofficial briefings in which senior officers said that commanders needed extra infantry, helicopters and logistics troops.

A spokesman for the Defense Ministry said, "Extra troops were only requested on one occasion and they were sent. The whole point of a post-operational report is to learn lessons."

Patrick Mercer, a spokesman for the opposition Conservative Party, said: "It was clear all along that not enough troops were being sent and that this was a political and not a military decision."

CORPORATE SCANDALS:

Backlash Against Hardball Tactics (CHIT)

By Greg Burns, Tribune Senior Correspondent

Chicago Tribune, January 14, 2007

Pro-business interests decry exec prosecution

The government crackdown on corporate crime is coming under pressure to back off amid intense business lobbying and adverse court rulings.

Since the convictions in May of Enron Corp. honchos Jeffrey Skilling and Kenneth Lay, federal authorities have voluntarily stepped away from certain hardball tactics aimed at forcing companies to turn against accused executives.

An even greater retreat could be in the offing as the U.S. Chamber of Commerce and other business advocates extend their campaign to reign in what they consider excessive enforcement efforts. On top of that, a string of reversals on appeal has raised fresh doubts about recent government victories targeting criminal fraud among the business elite.

Some close observers sense a tide turning. "Every month that goes by, the pushback seems to gather more steam," says Douglas Berman, a law professor at Ohio State University. "It's a realization the tough-on-crime campaign against white-collar offenders was at risk of being too tough."

On Jan. 5, appellate judges tossed out most of the charges against top executives at Westar Energy, who were accused of looting the Topeka-based public utility in a case dubbed the "Kansas Enron."

Though the Justice Department touted those 2005 convictions as proof that "no boardroom is above the law," Denver's 10th Circuit Court of Appeals found that prosecutors based their sweeping indictment on a "thin legal thread."

As standards shift, even the judge who presided over the Enron trial has conceded that Skilling has a good chance of seeing one count of conspiracy conviction overturned.

While U.S. District Judge Sim Lake ruled that Skilling's 18 other convictions were likely to stand on appeal, some legal experts believe Enron's "smartest guy in the room" may yet win on wider issues. That could lead to a reduction in the 24-year sentence he began serving last month at a low-security Minnesota prison.

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Skilling's attorney, Dan Petrocelli, says softer attitudes toward white-collar crime can only help as he presses for release of his client.

"He's very optimistic, as we are, that he won't be there very long," Petrocelli says.

At Wayne State University law school, white-collar-fraud specialist Peter Henning agrees that Skilling could benefit from new skepticism about "the aggressive use of criminal laws against corporate executives. In these very high-profile cases, there are more reversals. If I were Jeff Skilling, I'd have more hope."

Justice Department spokesman Brian Roehrkasse says no one at his agency is retreating from aggressive prosecution of corporate fraud. "The numbers certainly don't bear that out," he says. "We remain extremely committed to the prosecution of those in the corporate community who would violate the trust of their employees, of the investing public, or both."

Federal prosecutors have tallied more than 1,000 corporate fraud convictions since Enron's 2001 collapse, and the ongoing investigation into options backdating by pay-hungry executives stands to yield more. But the task has been challenging.

The conviction of Lay, who died July 5, and Skilling came amid defeats in other Enron-related matters, most notably the overturned conviction of Chicago's Andersen accounting firm and the withdrawal of a guilty plea from lead auditor David Duncan. In a related case involving Enron-owned power plants in Nigeria, a group of Merrill Lynch executives saw their convictions reversed in a decision that weakened an element of the fraud statute.

For every duly convicted Bernard Ebbers and Martha Stewart, it seems, a KPMG accountant or Frank Quattrone scores one for the defense.

In a 2006 study tracking some of the most prominent corporate trials, Washington University researcher Kathleen Brickey found "surprisingly mixed results," with juries convicting 18 defendants, acquitting 11 and deadlocking on 15 others. That trial record, which lags well behind the government's success rate in criminal litigation overall, supports the business-lobby criticism that prosecutors were "trying to find crimes where none really exists," the Brickey study noted.

Yet after factoring in guilty pleas, cooperation agreements and retrials, the prosecutors' track record in complex corporate cases improves to "a respectable, if not spectacular conviction rate," Brickey concluded. Even so, the jury is still out on the wisdom of using "individual criminal prosecutions to address systemic corporate fraud," she found.

Some fight whole-firm tack

Meanwhile, business advocates have targeted enforcement aimed at corporations rather than individuals. They tallied a victory in December when the Justice Department put new restraints on prosecutors who were demanding the legal communications of companies under threat of indictment.

The routine practice of forcing those businesses to waive attorney-client privilege as a condition of settlement violates the rights of defendants, critics say. And even the new restraints fail to go far enough in protecting companies from being indicted, they assert.

"We've learned something from Andersen, where thousands of innocent people were ruined," says Hal Scott, a Harvard University law professor who heads a pro-business lobbying group. "You should only prosecute when the whole company is criminal from bottom to top."

Business-friendly activists also aim to roll back elements of the Sarbanes-Oxley anti-fraud provisions, provide more protection for auditors, loosen regulations that discourage the free flow of investment capital and, to hear the Chamber of Commerce tell it, redirect prosecutors to "real" crimes outside the gray areas of corporate decision-making.

"A lot of the cases end up revolving around difficult or ambiguous accounting rules," says David Chavern, a senior vice president at the U.S. chamber. "We have to hope there will be less grandstanding and more focus on real fraud."

To a degree, business lobbyists already have "won this battle," says Russell Mokhiber, of the Corporate Crime Reporter newsletter. "These are real crimes. There's a real need for corporate criminal liability. But the drive by the big business community is to get rid of it, and they effectively have."

Targets hire top legal defense

Since the crackdown began four years ago, the wealth of the typical target has translated into vast legal defense funds that have paid for close scrutiny of corporate prosecutions.

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In the "Kansas Enron" case, the appeal of lead defendant David Wittig was led by Seth Waxman, former U.S. solicitor general and a top Supreme Court litigator. Compared to the more typical drug appeal from a jailhouse lawyer, such star power commands attention from appellate judges, notes Ohio State's Berman.

Although prosecutors in the Westar case convinced a Kansas jury that Wittig and a partner milked the company "for all they could through a pattern of fraud and deceit," that finding was mostly irrelevant, the court ruled. The key legal issue was a narrower one of accounting for company air travel.

The government needed to prove the defendants had concealed their personal use of corporate aircraft from regulators who were entitled to know about it, the court determined. Since prosecutors failed to calculate the numbers correctly, the evidence at trial was insufficient, and most of the case can't be re-tried because of the constitutional protection against facing the same charges twice.

The outcome at Westar supports a Skilling contention that jury instructions in his trial were flawed because they failed to clarify how withholding information about Enron from investors might not be criminal, Petrocelli says.

Beyond that, Skilling took heart from a Dec. 12 decision of the 5th Circuit Court of Appeals that identified "serious frailties" in many of his convictions because of the reversal in the Enron-Nigeria case.

But that same appellate decision raised no specific doubts about five convictions for lying to auditors, and it concluded that Skilling should remain in prison because he is unlikely to win a reversal on all his crimes.

Columbia University law professor Jack Coffee doubts any change in public sentiment will alter the outcome of Skilling's appeal, particularly since the next most prominent corporate criminal--WorldCom's Ebbers--had his conviction and sentence upheld. "The odds are very much against him," Coffee says.

No surprise, Skilling's attorney sees it differently.

"As balance, reason and common sense creep back into the environment ... this will be extremely helpful to his appeal," Petrocelli says.

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CRIMINAL LAW:

Attorney General Agrees To Take Duke Case (NYT)

By Duff Wilson

The New York Times, January 14, 2007

RALEIGH, N.C., Jan. 13 — North Carolina's attorney general said Saturday that his office would immediately assume control of the Duke lacrosse sexual assault case referred to him on Friday by the Durham County district attorney.

"I wish I could tell you that this case would be resolved quickly," the attorney general, Roy A. Cooper, said at a news conference here on Saturday afternoon. "Since we have not been involved in the investigation or the prosecution of these cases, all of the information will be new to our office. Any case with such serious criminal charges requires a careful and deliberate review."

The district attorney, Michael B. Nifong, had asked Mr. Cooper to take over the prosecution, citing the conflict of interest he faced from having to respond to an ethics complaint from the North Carolina Bar Association. Mr. Nifong was "very disappointed" at giving up the case, his lawyer, David B. Freedman, said Saturday, but pleased with Mr. Cooper's assignment of two veteran prosecutors.

Defense lawyers and families of the defendants welcomed the news that the case would be in the hands of the attorney general's office.

"We are taking a completely new, fresh look at this case, so anything could happen," Mr. Cooper said. "We are looking at all the facts. Whatever charges, if any, are appropriate, they will be pursued."

Mr. Cooper said his office would obtain the case files next week and then meet with defense lawyers and reinterview witnesses, including the accuser. He said he did not know if a pretrial hearing scheduled for Feb. 5 would have to be postponed.

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Mr. Cooper, 49, a Democrat, is a former legislator who wrote a crime victim's bill of rights. He is serving his second term and has announced plans to run for re-election in 2008.

He assigned James J. Coman, head of the attorney general's Law Enforcement and Prosecutions Division, and Mary D. Winstead of the Special Prosecutions Division, to the case. But Mr. Cooper said he would make the final decisions in the case.

"We accept the case with our eyes wide open to the evidence, but with blinders on for all other distractions," Mr. Cooper said.

From the start, the Duke case has been politically charged by race and class. A black woman hired to strip at a Duke lacrosse team party last March 13 accused three white students of gang rape. Protests erupted, and Mr. Nifong expressed with a certainty that a crime had occurred.

But in the last 10 months, his case floundered as defense lawyers offered time-stamped photographs challenging the stripper's account, prosecution reports highlighting the lack of DNA evidence and inconsistencies in the woman's story. Defense lawyers have insisted that the woman, 28, is a false accuser and have painted Mr. Nifong, 55, as a renegade with political motives.

Sexual offense and kidnapping charges are pending against Collin Finnerty, 20, of Garden City, N.Y.; Reade W. Seligmann, of Essex Fells, N.J.; and David F. Evans, 23, of Annapolis, Md. The three were initially charged with rape, but Mr. Nifong dismissed that charge after the accuser told an investigator she could not be sure what had penetrated her.

At State Level, Official Promises Careful Review Of Duke Case (WP)

By Sylvia Adcock, Special To The Washington Post

The Washington Post, January 14, 2007

RALEIGH, N.C., Jan. 13 -- North Carolina's attorney general on Saturday promised a "careful and deliberate review" of the sexual abuse case against three Duke lacrosse players but noted that "anything can happen," even new charges, as his office reviews the evidence.

"Agreeing to accept the prosecution of these cases doesn't guarantee a trial, nor does it suggest a dismissal," Attorney General Roy Cooper said at a news briefing, one day after Durham District Attorney Michael B. Nifong asked Cooper's office to take over the case against the three players accused of raping a 28-year-old stripper at a team party last spring.

He emphasized that his prosecutors will be looking at this case with fresh eyes, and that while the review could lead to dropped charges, it could also lead to new charges or reinstatement of rape charges dropped last month.

"Whatever charges -- if any -- are appropriate would be pursued," he said.

Cooper also said his office would not talk about details of the case while it is reviewing the sexual assault and kidnapping charges against Reade Seligmann of Essex Fells, N.J., Collin Finnerty of Garden City, N.Y., and David Evans of Bethesda.

The takeover of the case comes after Nifong sought to recuse himself, and follows weeks of increasing criticism of his handling of the case. Last month, the North Carolina State Bar charged Nifong with ethics violations.

The new lawyers appointed to the case -- career prosecutors Mary D. Winstead and James J. Coman -- will begin by going through the case files, which will be transferred from Durham to Raleigh.

Cooper also said parts of the case may need to be reinvestigated. "I anticipate that our prosecutors will seek to meet with witnesses, with investigators and with defense attorneys." He said that would probably include re-interviewing the accuser.

The work is likely to mean the rescheduling of a Feb. 5 hearing on the police lineup procedures used by Nifong's office, procedures that defense attorneys characterized as giving the accuser "a multiple choice test in which there were no wrong answers." The defense has also filed a motion to move the trial from Durham.

The case has been portrayed as one of race and privilege, pitting the white lacrosse players against a young black woman. But Nifong's actions and statements have received more attention even as the accuser changed her version of events.

On Dec. 15 it was revealed in court that Nifong and the director of a private DNA testing lab had withheld evidence from defense attorneys.

On Dec. 22, Nifong dropped rape charges against the three, but the defendants are still charged with first-degree sexual abuse and first-degree kidnapping.

2 Officers Suspended; Report Was Not Fully Reviewed (NYT)

By Timothy Williams

The New York Times, January 14, 2007

Two police officers have been suspended without pay for failing to adequately investigate a 15-year-old girl's complaint that a man had tried to kidnap her, the police said yesterday. The man, a paroled sex offender, is now suspected of abducting and raping a 17-year-old girl just two hours after the complaint, the police said.

The officers, who have not been identified by the police, are assigned to the 101st Precinct in Queens, said Paul J. Browne, the Police Department's chief spokesman.

The suspect, Eric McCoy, was arrested on Jan. 3 and has been charged with committing two rapes in Queens in a little more than four weeks. In each case, he posed as a police officer and raped his victims inside motel rooms, the police said.

In the first assault, which occurred on Dec. 4, Mr. McCoy abducted a woman, 27, as she was getting off a bus in Jamaica and forced her to a motel, the police said. In the second episode, the authorities said, Mr. McCoy approached a 17-year-old girl on Jan. 2 in Kew Gardens and identified himself as a "police special investigator." He said he had a gun and took her to a motel where he raped her, the police said.

Hours before the second rape, Mr. McCoy had told a 15-year-old girl that he was a police officer investigating an assault. After showing her a fake badge, he told her to wait inside a laundry. Inside, she talked about the encounter with a woman, who called 911, the police said.

Once the police arrived, Mr. McCoy approached the squad car and told the officers that two girls had been in a fight. When the girl came to the car, they asked whether she had been fighting. They told her to get into the car, drove her to a subway station and told her to go to school, the authorities said.

The officers failed to check whether Mr. McCoy had a criminal record and, apparently, to question others at the scene, the police said. Mr. McCoy was arrested after one victim remembered that he had identified himself as "Investigator McCoy."

'GANGLAND' G-MAN SENT RAT INTO TRAP (NYPOST)

By Erin Calabrese, And Brad Hamilton

The New York Post, January 14, 2007

January 14, 2007 -- It was the FBI's version of a planned hit.

That's what mob turncoat Carmine Imbriale says he faced in 1992 after former G-man Lindley DeVecchio rigged him with a wire and sent him to gather evidence against Gregory Scarpa, the boss of the Colombo crime family.

What Imbriale didn't know, he says, was that DeVecchio - the allegedly corrupt FBI supervisor facing charges he helped Scarpa carry out gangland executions - had tipped off the mobster about Imbriale's deal.

Sending him back on the street meant "I could have been killed at any time," Imbriale told The Post.

"It was amazing I wasn't killed," said the former loan shark, who is in witness protection. "[DeVecchio] had no right letting Greg know about me."

Only a two-week battle with migraines saved him, Imbriale said.

"They came to my house three times to take me out," Imbriale said. "I could not move. I was vomiting and everything."

A hit-team member, Joey Ambrosino, kept trying to draw him out.

"I said, 'Joey, look at me. I was throwing my guts up. I can't walk.' . . . He couldn't get me out of the house."

In a congressional report obtained by The Post - prepared by "G-mom" Angela Clemente, a private mob investigator who aided the DeVecchio probe - an internal FBI document sheds light on how Imbriale was sold out.

Just hours after Imbriale agreed to turn state's witness, DeVecchio got a call from Scarpa, FBI agent Christopher Favo said in the report.

DeVecchio "listened to the caller and then said, 'I don't know what he's saying about you. We haven't even talked to him yet,' " the report says.

The Favo report will likely become a key piece of evidence against DeVecchio in his upcoming trial - and in ex-NYPD Detective Joe Simone's bid to get back his pension.

Simone was blamed for the leaks to Scarpa and was indicted but never tried. Simone says DeVecchio pointed the finger at him to throw off suspicion of himself.

"They treated me like garbage," said the ex-cop.

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Probe Has Long, Sharp Edge (SPREP)

By Jack Flynn

Springfield (MA) Republican, January 14, 2007

SPRINGFIELD - Thirty-three victories in 34 cases.

Half a dozen public agencies under new management.

Five million in swindled tax dollars being pumped back into a financially depleted city.

Half a decade after it started, Springfield's clean government makeover, courtesy of the FBI, IRS and other federal agencies, just keeps going. Since August, 17 defendants have pleaded guilty to stealing public money earmarked for the poor, sick and homeless.

But behind the flurry of recent prosecutions, the U.S. Justice Department's landmark corruption probe is undergoing its own transformation, with three top investigators leaving the case since August and no high-profile indictments or raids in more than a year.

For the first time since 2003, when indictments began cascading from U.S. District Court here, Springfield's seemingly endless corruption probe appears to be winding down.

Not so fast, says the region's FBI bureau chief, Michael G. O'Reilly.

"Certainly, some of the urgency has drained away with all the success we've had," said O'Reilly, who took over the Springfield office in 2001. "But after terrorism, fighting organized crime is still our No. 1 priority."

Those convicted run the gamut from powerful and well connected - former Police Commission Chairman Gerald A, Phillips, two-term state Rep. Christopher P. Asselin, homeless shelter director Francis G. Keough III - to little-known building contractors, a no-show bakery employee and a convicted sex offender with a patronage job on the city Health and Human Services Department payroll.

Several defendants, including Phillips, were convicted on whittled-down versions of the original charges, and some received probation or short prison sentences. Phillips, ordered to serve 21 months in a Pennsylvania prison, is finishing out the term at a Ludlow pre-release center.

The only outright defeat for prosecutors came in October, when a judge threw out racketeering and bid-rigging charges against a Springfield Housing Authority contractor because the five-year statute of limitations had expired.

Twelve other defendants, including Housing Authority Director Raymond B. Asselin, who resigned in 2003 before being indicted, had already accepted plea deals in the case.

For the moment at least, the investigation seems to be a victim of its own success.

Lead prosecutor Assistant U.S. Attorney William M. Welch II and FBI special agent Susan M. Kossler took promotions in Washington, D.C., and FBI agent Clifford W. Hedges - lead investigator in the corruption probe - has been assigned to other cases in Springfield.

The higher-ups who authorized the investigation are moving on, too. Boston FBI chief Kenneth W. Kaiser was recently tapped for a new post in Washington and the state's U.S. Attorney Michael J. Sullivan is now doubling as acting director of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

In Springfield, several key investigators - including FBI special agent William T. Wittrock and IRS special agent Michael Brin - remain on the case, joined by Assistant U.S. Attorney Steven H. Breslow.

The sudden shift in the probe coincided with Breslow's arrival last summer. A prosecutor in the Brooklyn, N.Y., office, Breslow was transferred here to work with Welch, then wound up with his job and caseload.

For all the turbulence, Kevin O'Regan, a prosecutor and former supervisor of the Springfield U.S. Attorney's Office, said public corruption is still a top priority.

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"These cases have a significant deterrent value," said O'Regan, now working with Breslow on corruption cases. "But equally important is the restoration of the public confidence."

Whatever its future, the investigation has rerouted the power grid of Springfield - from the mayor's office, reclaimed by 79-year old Charles V. Ryan as an honest-government candidate in 2004, to the Pioneer Valley Transit Authority, now run by a new director and reorganized advisory board.

The investigation also created a cottage industry for the region's defense lawyers, and snarled several agencies in red tape for months. Three SHA managers, for example, were suspended with pay in late 2003, reinstated in 2004 and then fired within a year.

To handle its scandal management chores, the PVTA hired four outside lawyers before terminating its staff lawyer, who responded with a lawsuit against the agency.

Northampton defense lawyer John P. Pucci said the immediate future of the probe is difficult to predict, given the secrecy of grand jury investigations and the sheer number cases churned out in the last three years.

"There was no public corruption investigations in Springfield for a very long time," said Pucci, a former federal prosecutor. "So the corruption that was there continued. People were emboldened."

The trial of former mayoral aide Anthony M. Ardolino, his brother Chester J. Ardolino, an ex-police officer, and developer Matthew D. Campagnari, is set for April 4. The trio has pleaded innocent to skimming $700,000 from two downtown bars they owned while Anthony Ardolino was chief of staff for Mayor Michael J. Albano.

No trial date has been set for former Chicopee Mayor Richard R. Goyette, indicted in 2005 for allegedly shaking down a towing contractor for campaign donations.

Conspicuously absent from the legal drama has been Albano, whose tenure at City Hall from 1996 to 2003 attracted the most aggressive federal scrutiny.

After Phillips was indicted in 2003, his lawyer said the FBI was pressuring his client for incriminating information on Albano. But the four-term Democrat was never identified as a target, and his name never surfaced in court documents.

Now living in East Longmeadow, Albano, 56, was in federal court in Boston last month, testifying in a wrongful imprisonment suit by two men who spent three decades behind bars for a killing committed by Mafia hitman-turned-FBI informant.

A member of the Massachusetts Parole Board in the 1980s, Albano said he was pressured by two FBI agents to keep the innocent men behind bars. Both agents were later implicated in an FBI corruption scandal, and one convicted in 2002 of racketeering and obstruction of justice.

Asked about corruption in Springfield last week, Albano changed the subject to Boston.

"I just testified against the FBI and the U.S. Attorney's Office in the biggest civil suit against the government in history," he said.

Asked again about the Springfield case, Albano responded: "I'm awaiting the outcome of that (the Boston) trial."

Even At 96, Alleged Mobster Is Not Beyond Reach Of Law (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, January 14, 2007

Albert Facchiano may be the oldest person indicted by the U.S.

MIAMI — With his trial on racketeering charges set to begin next month, Albert "The Old Man" Facchiano may be living proof that the only way to leave the mafia is feet first.

Facchiano, 96, is believed to be the oldest person ever indicted by the federal government and would likely be the country's most senior of senior-citizen inmates if convicted and sent to prison for alleged violent service to the Genovese crime family.

A federal grand jury last year issued a six-count indictment of Facchiano and six other South Florida men tied to the New York mob, alleging they ran the mafia's Miami operations and engaged in "a pattern of racketeering activity" that included extortion, robbery, money laundering and loan sharking.

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It is unclear from the Florida indictment whether Facchiano is suspected of actually pulling a trigger or wielding a lead pipe. But a parallel New York indictment of 30 reputed Genovese members specifically accuses the nonagenarian of trying to intimidate or eliminate a witness in the federal government's case against the nation's most powerful crime family.

Facchiano's attorney, Brian McComb, said he was trying to negotiate a plea bargain for his client, whom he describes as having "a lot of medical problems" but still able to participate effectively in his own defense. The accused, who will turn 97 on March 10, is in full possession of his mental faculties "so far," McComb said. "I think this is going to end up being worked out," the lawyer from the Florida Gold Coast city of Stuart predicted.

But the U.S. attorney's office for south Florida reports that its prosecution of Facchiano is on track to begin Feb. 22 in the court of U.S. District Judge James I. Cohn.

"I think the judge gave us sufficient time, and I think he intends to go forward. We're ready to go to trial," said Assistant U.S. Atty. Jeffrey N. Kaplan.

The federal prosecutor said he couldn't comment on whether a plea bargain was underway. He also said the defendant's age was not a matter for consideration, at least at this stage of the case. Kaplan said federal guidelines allude to the issue of a defendant's age or infirmity only in sentencing provisions.

An undercover FBI operation supported by federal tax authorities led to the grand jury indictment in June, which details extensive mob-related activities by the Florida defendants from 1994 to 2006. The FBI wouldn't have brought the charges against Facchiano if it wasn't committed to prosecuting the man despite his age, said the bureau's Miami spokeswoman, Judy Orihuela.

"When they indict someone, they pretty much already know the person's background," she said, suggesting that if age was a consideration, it had been rejected as an obstacle to prosecution.

After a reputed life of crime that began before the Great Depression, Facchiano is no stranger to the inside of the federal prison network. His first conviction, on robbery and fencing charges, stemmed from a 1932 arrest, and he was also jailed for mob activity in 1936 and 1944. His last incarceration, an eight-year stretch on a 25-year sentence for racketeering, ended in 1989.

Jerry Capeci, a mafia historian and operator of the website Gang Land — http://www.ganglandnews.com — mentioned Facchiano last month in his weekly account of mob developments. He quoted from a reported FBI wiretap of another elderly mobster deriding the notion that he and Facchiano could have committed the crimes with which they were accused.

"I tell you, if we pull the trigger, we woulda fell on the floor," alleged Genovese capo John "Buster" Ardito told an associate wearing a wire for the FBI, according to Capeci.

Facchiano is free on his personal recognizance and a signature bond, said McComb. He is living with a daughter in upscale Bal Harbour, and will not speak to the media until his case is resolved, McComb said.

Neither the Federal Bureau of Prisons nor the Justice Department's Bureau of Justice Statistics could say definitively that there are no prisoners as old as Facchiano currently incarcerated. But officials at both offices, as well as McComb, speculated that the 96-year-old was the nation's oldest alleged criminal.

"We don't have that information. We would need a database of every single prisoner incarcerated in the United States and we don't" have one, said Justice Department statistician Paige Harrison. She noted that less than half of 1% of the country's 1.5 million prisoners are older than 55 — the highest age category on which the department keeps statistics — "so if you start getting into 'older than 80' or 'older than 90,' you're talking about really, really small numbers."

If convicted, Facchiano, also known as "Chinky," could confront a prison sentence of as much as 60 years and fines up to $750,000, according to the federal prosecution statement issued at the time of his indictment. Even then, age alone isn't expected to be a factor in determining the length of time he serves.

"There are some jurisdictions that do compassionate releases based on illness, which may be coupled with the age factor," Harrison said. "But they're not going to release anyone simply because they're old."

Advocates of sentencing reform contend there would be little purpose in imprisoning a man of Facchiano's age.

"What benefit is society going to get from incarcerating an individual who is 96 years old? Does he demonstrate a threat to anyone? If the answer is no, the question is whether there are other means of addressing his sentencing other than prison," said Ryan King, policy analyst for the Washington-based Sentencing Project, a nonprofit group that urges alternatives to incarceration in cases with extenuating circumstances.

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"If an individual is elderly and offers less of a threat of escape or other risks, he could be put in a lower-security facility" or allowed to serve his time under house arrest or electronic supervision, King added. "I'm not saying if an individual is found guilty, he shouldn't be given some sort of punishment — the question is, what kind of punishment is appropriate?"

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CIVIL RIGHTS:

The End Of An Era For Marion County Schools (OCALASB)

By Joe Callahan, STAR-BANNER

Ocala (FL) Star-Banner, January 14, 2007

Officials expect longstanding desegregation order will end

OCALA - Marion County Public Schools likely will be released from a 28-year-old federal desegregation order Tuesday when they head back to the U.S. District Court in Jacksonville and ask that the order be lifted, according to the School District's attorney.

Department of Justice officials also will ask U.S. District Judge Harvey E. Schlesinger to give Marion County unitary status, meaning it will no longer be under the government's microscope, said Michael W. Kirk, the Washington, D.C.-based attorney representing Marion County.

There are 15,000 school districts in the country and fewer than 3 percent, or 280 districts, are still under court orders, including Marion County. Another 120 districts are affected by individual lawsuits.

Justice officials inspected area schools last year, and Kirk said they seem satisfied. He said Marion's public schools have complied with all requirements, including recruiting minority teachers, balancing of race in schools and stopping student and teacher transfers.

The Justice Department did not return calls for comment.

Kirk said he believes Schlesinger will uphold the school district's request. Tuesday's 10:30 a.m. hearing may only last a few hours.

Kirk said many statistics show progress and an independent review by the Star-Banner indicates Marion County ranks second out of medium-sized Florida school districts (25,000-49,999 students) in the ratio of minority students per minority teacher.

Only Leon County, which had a ratio of 1 minority teacher per 79.3 minority students, was better than Marion County's 93.4, which is roughly the state average.

"That just shows you the effort they have made," Kirk said.

The federal lawsuit, first filed by the federal government in 1978, was modified in 1995 and again two years ago when Marion failed to prove it was in compliance.

The school system has not reached the required 25 percent minority makeup of faculty. However, Justice officials recognize that minorities tend to go to larger districts for better pay.

Minority teachers now total 19 percent of the faculty, which is 50 percent greater than the state average in similar-size districts.

Even during a time when there is an overall teacher shortage, recruiters were still able to sign up 105 new minority teachers for this school year, or 23 percent of all hires.

The court order also required that all elementary school faculties be within 5 percentage points of the 25 percent goal and secondary schools be within 10 percentage points.

Of the 43 schools, all but six met the goals in March, and all the schools were within 15 percentage points of the overall goal.

When it comes to students, 22 of 27 elementary schools, eight of nine middle schools and all high schools were within the racial balance criteria.

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The schools not meeting the goals fall under court exemptions because the schools are considered rural or have been affected by demographic shifts.

Diana Greene, the school system superintendent in charge of making sure conditions of the desegregation order are met, said she is pleased with the progress.

"Everything has been done," said Greene, adding it will be up to the school administration and School Board to make sure they stay on the road after they are declared unitary.

School Board member Sue Mosley said many parents, students and teachers have been affected by the desegregation order, especially when it comes to transfers.

"We have done everything we have been asked," Mosley said. "It will be great when we are lifted out from underneath this."

School Board officials know, however, that they will have to continue operating as if the desegregation order is still in effect. But the lifting of the order will mean some freedom.

"It will finally give us back our autonomy," School Board member Kurt Kelly said. "When it comes right down to it, we will continue in good faith to maintain the intent of the order."

Ron Crawford, the senior Marion County School Board member and chairman, said he is pleased that the order that has been hovering over Marion County is almost gone.

"It's something that has been with us since I started on the board eight years ago," Crawford said. "I am glad this was completed under my watch."

Retired Dunnellon High School Principal Bobby James, however, said that even though Marion County may get unitary status more work still needs to be done.

James, who launched his career in the 1971-72 school year, said he believes school administrators need to make a concerted effort to recruit a proper balance of qualified minority students into honors or advanced placement courses.

"If you really want to truly know if you have an integrated school system, then look at the racial balances in these honors courses," he said. "There are very few blacks or other minorities for that matter. These classes tend to be for the wealthy white kids. That is one area that needs to be looked into."

Crawford said he wasn't aware of such imbalances and urges anyone with concerns to address the School Board.

Meanwhile, Marion Lenon, who retired as an assistant principal at Fort King Middle School last May, remembers when he started teaching in 1971-72 school year.

Lenon was one of the first black teachers to experience integration, an experience he will never forget. Back then, he was assigned to a predominately white middle school.

Lenon, who has seen the school system grow throughout the years, saluted Superintendent of Schools Jim Yancey and Greene for their work in hopes of getting the order removed.

"Mr. Yancey and Diana Greene did an excellent job in stepping up and getting this resolved," Lenon said. "You can't blame them for something that happened that long ago. In fact, they are the ones who wanted to fight to get this off our shoulders."

From 1983 to 1995, not much was done to comply with the desegregation order. Then in 1995, U.S. Justice officials brought Marion County back to court.

But still, not much headway was being made.

When Jim Yancey became superintendent in 2003, he made meeting the conditions of the desegregation order a top priority, and he assigned Greene the job of spearheading the oversight.

"I really do feel we should have been released from the order in 2003," Yancey said, adding the numbers are basically the same now as back then. "We will be glad to get unitary status."

Joe Callahan may be reached at joe.callahan@starbanner.com or at (352) 867-4113.

Reports: Reviews Rarely Find Fault With Police Use Of Force (AP)

AP, January 14, 2007

Internal reviews and grand jury investigations rarely find fault with police officers who fire their guns or otherwise use force in making arrests, newspapers in Cleveland and Columbus reported.

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Departments rarely involve outside reviewing agencies and records often reveal only scant details about the incidents, The Columbus Dispatch and The (Cleveland) Plain Dealer reported on Sunday.

All 4,427 uses of non-deadly force by Cleveland police were ruled justified in a nearly three-year period from 2003 through last September. One case involving an off-duty officer using pepper spray was deemed "inappropriate" but justified, The Plain Dealer reported.

The investigations were done by district supervisors who directly oversee the officers involved - a practice that the U.S. Justice Department warned the city in 2002 could create a conflict of interest.

The Dispatch reviewed 112 police shootings in Columbus from 1996 through 2005. Of those, six ended with rulings that officers violated department policy. One was fired. Franklin County grand juries independently reviewed only the 25 shootings that resulted in deaths. Most 2006 cases are still under review.

The newspapers noted either missing records or a dearth of public information.

About 30 percent of the cases reviewed by The Plain Dealer - after making a database from 238,000 electronic records and 2,000 paper ones including arrests, use of force reports and citizen complaints - were incorrectly logged or had missing records. The department itself was not analyzing data or tracking which officers used force most often.

"How do you look for patterns or trends if you're not even paying attention to it?" said Geoffrey Alpert, who studies law enforcement at the University of South Carolina.

The newspaper said Patrolman Martin Rudin used non-deadly force in 36 incidents, or 12 percent of his arrests over the 44 months reviewed - and the most among the department's 1,600 officers. Rudin also was involved in three shootings from 1990 to 2004. One shooting killed the suspect.

Rudin said he patrols dangerous areas overnight and follows department rules. The police union also defended his record.

"In a perfect world, bad guys would stop and put their hands behind their backs," said Steve Loomis, president of the Cleveland Police Patrolmen's Association. "The reality is they don't. They run, they fight, they spit, they shoot."

Cleveland Police Chief Michael McGrath has ordered officers to keep complete and accurate records and start analyzing data to look for officers who most frequently use force and attract complaints. Police officials also said they would simplify the form officers use to report incidents so fewer mistakes are made while entering data.

Columbus police say the few cases of unjustified shootings show good training for the city's 1,870 officers. Police say suspects threatened officers with a weapon or vehicle in 85 percent of the shootings.

However, the department routinely keeps secret all but the most basic details of the shootings, the Dispatch reported.

Officer James Scanlon, who was involved in two shootings in the 10-year period reviewed, said the department should release more information. He said friends and relatives of the suspects often fill in the gaps with rumor, and officers already under stress then face criticism without a public response from their bosses.

"The brass could be more proactive by coming out with enough to counter some of the misinformation, a few facts that would indicate the officers did what they had to do," Scanlon said. "The facts are always going to benefit us."

Fred Gittes, a Columbus civil-rights attorney and frequent police critic, said a citizen commission to review officers' use of force would boost public confidence.

"Police policing the police doesn't work very well," he said. "And a grand jury isn't a substitute for an independent review. It's all done in secret."

In Cincinnati, where a police slaying of an unarmed black man in 2001 triggered rioting, the department has agreed to use a court-appointed outside monitor to review its traffic stops and use-of-force policies as part of a 2002 settlement of a racial profiling lawsuit.

Cleveland Police Always Justify Using Force (CLPD)

By Gabriel Baird, Plain Dealer Reporter

The Cleveland Plain Dealer, January 14, 2007

Cleveland police supervisors reviewed 4,427 incidents in which police used non-deadly force in the last four years and determined the officers were justified in every case.

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The only way police could rule that every single use-of-force incident was justified, some experts said, was to rubber-stamp rather than to investigate them.

Dennis J. Kenney, a professor at the John Jay College of Criminal Justice in New York who specializes in police use of force, said that either Cleveland's officers are unbelievably well-trained or their investigations are cursory.

His opinion echoed criticism the U.S. Department of Justice leveled against Cleveland police. In 2000, the Justice Department opened an investigation into whether the city's police routinely violated citizens' constitutional rights.

After two years of investigating, they found widespread problems with police guidelines for using force and investigating these incidents.

The chief of the Justice Department's Special Litigation Section lambasted Cleveland police in a 2002 letter, questioning "the competency, thoroughness, and impartiality of use of force investigations."

To avoid the possibility of federal sanctions suffered by other cities, Cleveland police promised improvements.

"The Division of Police made the changes the Department of Justice asked us to make," Chief Michael McGrath said. "They decided we took the appropriate steps."

Still, more than four years later, many of the problems persist.

To reach this Plain Dealer reporter:

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'Shots Fired' (COLDISP)

By John Futty, THE COLUMBUS DISPATCH

Columbus Dispatch, January 14, 2007

Columbus police are stingy with records of police shootings, but reports indicate officers who pull the trigger almost always get it right

Columbus police officers who shoot someone are almost always justified in the eyes of their supervisors.

Most 2006 cases, including two in November in which officers killed suspects, are under review. In 112 shootings from 1996 through 2005, six officers violated division policies, according to records reviewed by The Dispatch. One was fired.

None of the 153 officers was charged with a crime. The 25 shootings that resulted in deaths were reviewed by Franklin County grand juries; nonfatal shootings are rarely reviewed independently as in some other cities.

Police brass say the dearth of unjustified shootings reflects good training and restraint by the city's 1,870 officers. But few people, even within police ranks, know case details or how often officers are cleared because the division is so secretive. It routinely withholds all but basic details. Even officers' names are usually not disclosed until a day or two after the incident.

The division can take years to fulfill simple records requests. To conduct this study, The Dispatch filed its first request for public records more than 2½ years ago.

"I don't believe they are saying enough," said Officer James Scanlon, who was involved in two shootings during the decade and a fatal shooting in 1991, all as a member of the SWAT team. "There is a void."

An analysis of the 112 officerinvolved shootings from the past decade found little evidence to refute that most were justified. The review identified only four cases in which officers fired at a suspect under the mistaken impression that the person was armed. All were ruled justified.

Deadly-force expert Tom Aveni said that statistic "would suggest to me that they are better than the national average. I'd have to say they're doing something right."

Too often, Scanlon said, the information void is filled by misinformation and criticism from friends and relatives of those shot by police. Officers, often traumatized by the experience, face additional stress when they are second-guessed by the public without response from police officials, he said.

"The brass could be more proactive by coming out with enough to counter some of the misinformation, a few facts that would indicate the officers did what they had to do," Scanlon said. "The facts are always going to benefit us."

Lack of information is one of the biggest frustrations for relatives of those who die in police shootings, said Fred Gittes, a Columbus civil-rights lawyer.

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"They are desperately trying to piece things together, but they are operating in the dark," he said. "The police don't even tell the family as much as they tell (the media)."

Officer Jim Gilbert, a 10-year veteran who was involved in a fatal shooting in 2000, was elected president of the local police union last month with a campaign pledge to be a more vocal supporter of officers.

"It is up to the union to step up and speak for the officers involved because the division has shown they're not going to do it," said Gilbert, who heads Fraternal Order of Police Capital City Lodge No. 9.

Deputy Chief John Rockwell said police administrators have no choice but to limit the information released while an officer-involved shooting is under investigation.

"It's a dilemma for us. We want to get information out as quickly as possible, to put people at ease," he said, "but there are concerns about jeopardizing the case."

In response to Dispatch questions raised during interviews for this story, the division began issuing news releases last month to report the outcome of its investigations of officerinvolved shootings.

Similar questions prompted Franklin County Prosecutor Ron O'Brien to say that his office, which presents all fatal officer-involved shootings to a grand jury, will issue news releases to announce grand-jury decisions.

Other communities do more. In Denver, which boasts of the most-open officer-involvedshooting protocol in the country, the district attorney reviews police shootings that injure or kill someone and then issues a letter explaining the case and whether charges will be filed. After an internal investigation, the Denver public-safety manager issues a more detailed report and says whether the shooting followed policy.

"We try to make the process as transparent as possible," said Chuck Lepley, first assistant district attorney. "It's for the protection of the officer as much as anyone."

In Columbus, police have been slow to respond to requests for information from past shooting investigations.

In August 2004, The Dispatch first asked to review the division's investigative files on police shootings, and it took 2½ years for the division to make available all files from 2003 and 2004.

The Dispatch also filed a series of public-records requests in search of a comprehensive accounting of the decade's shootings. Some records from the 1990s no longer exist, including many of the decision letters from the Firearms Board of Inquiry, which reviews shootings by officers.

Aveni, co-founder of the Police Policy Studies Center in Spofford, N.H., said most police officials distrust the news media and resist providing information about officerinvolved shootings.

"There is a mistaken belief that a lot of this stuff will be misconstrued, and that when it appears in the media, it will paint a negative picture of the way police use deadly force," he said.

"Just the opposite is true. Most studies show that the use of force is very judicious and very infrequent."

Deadly force appears to be a last resort for Columbus officers. In 2005, 17 officer-involved shootings occurred — the highest annual total of the decade. That year, one in every 68,548 Columbus police incidents resulted in officers firing shots.

Officers reported using force 2,957 times that year. They fired their weapons in less than onehalf of 1 percent of those cases.

The most fatal shootings by officers during one year in that decade was six, in 2000. That number was matched in 2006, but those cases, along with eight nonfatal shootings, were not included in the Dispatch review because several remain under investigation.

A majority of the people shot at by police during the decade were black, which is in line with the demographics encountered by officers investigating violent crime, officials said.

"High-crime areas have a high population of blacks," said Columbus Police Chief James G. Jackson, who is black.

Of the people shot at by officers during the decade whose identities were available through public records, 64 percent were black, 32 percent white, 2 percent Hispanic and 2 percent Asian.

Of the 25 who died, 12 were white, 11 black and two Hispanic.

Of the 153 officers involved in shootings during the decade, 88 percent were white. The police force is 86 percent white, the safety director's office says.

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Sgt. Dana Winship, a firearms supervisor, said the division strives to provide firearms training for each officer four times a year. In addition to shooting at stationary targets and qualifying with their weapons annually, officers might be sent through a maze where they face pop-up targets that represent threats, other officers or innocent bystanders.

"It's all about decision-making," he said. "Once you have identified a threat, what is your next step? "

Whenever an officer shoots at someone, members of the division's Critical Incident Response Team investigate. The team of 10 experienced homicide detectives and two sergeants was created more than a decade ago.

"It used to be that some of these investigations were done by street lieutenants with very little experience and few resources," said detective James McCoskey, one of the team's founding members. "Some of those investigations got screwed up. We started talking about putting together our most senior investigators (to give) street officers the best investigations we can."

With oversight from the division's internal affairs bureau, the team interviews officers and all witnesses at the scene. Crime-scene and ballistic specialists investigate all shootings, and the coroner's office investigates deaths.

The result is an investigative packet that can number hundreds of pages and goes to the Firearms Board of Inquiry, which comprises three commanders. In fatal shootings, the packet first goes to the prosecutor's office for grand jury review.

Firearms Board members offer an opinion about whether the shooting followed policy. That opinion is reviewed by the officer's chain of command, with a deputy chief making the final decision.

Since 2000, the earliest year for which complete records are available, the average investigation has taken nearly seven months. One case from October 2005 is still being reviewed by the Firearms Board.

It's worse elsewhere. In Cleveland, where the city law director decides whether to file criminal charges, some cases languished so long that the mayor called in a special prosecutor last year to review five shootings, one of them 2 years old.

Columbus police officials say the length of their investigations results from a thoroughness that makes a cover-up unlikely.

"There is so much oversight by so many different units within the division, plus the coroner's office and the prosecutor's office when there is a death," said Paul Denton, a former Columbus police commander who became chief of the Ohio State University Police Department in November. "You'd have to have a large conspiracy to think that anyone could taint an investigation of that type."

Division policy permits officers to use deadly force when they "have reason to believe the response is objectively reasonable to protect themselves or others from the imminent threat of death or serious physical harm."

And case law gives officers much leeway when they shoot because of a perceived threat. The U.S. Supreme Court, in the 1989 Graham vs. Connor decision, ruled that police actions must be judged against how a reasonable officer would act under the same circumstances, "rather than with the 20/20 vision of hindsight."

A 1994 ruling by the 4 th Circuit Court of Appeals said the court "will not second-guess the split-second judgment of a trained police officer merely because that judgment turns out to be mistaken, particularly where inaction could result in death or serious injury to the officer or others."

Gittes, a frequent critic of police misconduct, conceded that most officer-involved shootings are justified.

"Other kinds of force are a much bigger problem," he said. "Officers are more willing to use other kinds of force because the consequences are not as serious."

He is among those who say a citizen-review commission is the only way to ensure public confidence in investigations of deadly force.

"Police policing the police doesn't work very well," he said. "And a grand jury isn't a substitute for an independent review. It's all done in secret."

Division and FOP leaders have opposed a citizen commission, and only a minority of City Council members have expressed interest in the idea.

"I believe it can be a useful tool if done the right way," said Councilman Kevin Boyce. "So far, there hasn't been the right proposal."

Scanlon said the current system is daunting enough that it likely causes officers to hesitate before pulling the trigger.

"In this day and age, the aftermath is in the back of the officer's mind," he said. "They know what they'll go through. You hope that officers put that out of their mind in a deadlyforce situation, but it's always there."

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Rockwell said the restraint shown by officers who find themselves in potentially lifethreatening situations is difficult to measure.

"How many officers could use deadly force and don't? " he asked. "There is no statistic for that."

Revival Of Akaka Bill Planned (HSB)

By Richard Borreca

Honolulu Star-Bulletin, January 14, 2007

The congressman is optimistic about its passage with the new Democratic majority

WASHINGTON » U.S. Sen. Daniel Akaka will again seek passage of a native Hawaiian recognition bill possibly as early as this week, some seven months after a procedural defeat on the Senate floor.

Cheered by his new Democratic majority, Akaka was rounding up signatures of both new and old supporters last week. As soon as he gets what is a politically viable number, Akaka said, he will introduce the so-called Akaka Bill.

"I wanted to drop (introduce) it this week, but there were some members I wanted for co-sponsor," Akaka said Friday.

ON ASSIGNMENT Honolulu Star-Bulletin Capitol Bureau Chief Richard Borreca will be filing reports from Washington, D.C., all this week on Hawaii's congressional delegation as the new Democratic majority in Congress takes power.

Last year, Akaka had the backing of the Democrats, but was not able to get the 60 votes needed to stop a GOP filibuster of the measure and bring it to the floor for a vote.

Haunani Apoliona, Office of Hawaiian Affairs chairwoman, said, "It's good news that immediate introduction will be occurring."

She added: "We look forward to passage early rather than later in 2007. There's a lot at stake for the present and future of native Hawaiians."

Because it is a new piece of legislation this year, the Akaka Bill will have to go back to committee. Akaka said he is confident it will get a good reception at the Indian Affairs committee, because the new Democratic chairman, Sen. Byron Dorgan, D-N.D., "is excited about getting the bill passed."

Akaka's timetable is to have the Hawaiian recognition bill clear the Senate by as early as March. It would then have to be approved by the House before it could go to President Bush.

The measure has had a confusing legislative history since it was first introduced by Akaka and fellow Hawaii Democrat Sen. Daniel Inouye in 2000.

The bill, officially called the Hawaiian Government Reorganization Act, would recognize native Hawaiians' status as an indigenous people, and establish a process for official U.S. recognition of a future native Hawaiian representative body.

Akaka said he is optimistic after six years of delays as the bill was rejected or stalled by GOP opponents, and then blocked by a last-minute letter of objections from the Justice Department last year.

"I would say we are better off, and we are in the majority. We will have a better chance working with the majority," Akaka said.

Last year, Akaka and the administration of Republican Gov. Linda Lingle, which also supports the bill, negotiated much of the summer to meet objections from the White House and the Justice Department.

To get the bill to the floor for a vote, Akaka and Lingle had agreed to a series of amendments, which legal consultants said wouldn't change the impact of the measure, but would make it palatable to the GOP administration.

Charles Wilkinson, a University of Colorado law professor, wrote last year that the proposed amendments would still accomplish the bill's purpose.

"Without question, the central thrust of the bill -- especially the overarching goal of establishing a sovereign native Hawaii government, recognized by the United States and assuming responsibility for the significant financial and land resources currently administered by state agencies -- remains completely intact," Wilkinson said in an opinion posted on the OHA Web site.

Opponents have said the Akaka Bill illegally discriminates in favor of one race and would not be constitutional, while supporters say the bill is about the former Hawaiian nation and not an ethnic group.

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Akaka said his plan is to introduce a bill that incorporates the amendments, and that should be more convincing to opponents.

"The bill will include the substitute amendments that the Justice Department and the administration had concerns about," Akaka said in an interview here.

"I think the substitute amendments will show that they had a hand in this and they can't say it is unconstitutional because this bill indicates they just wanted some clarifications and they are in the bill," he said.

FBI/DEA/ATF/USMS:

DEA Reportedly Wants 3 New Offices Along Border (SAEN)

By Mariano Castillo, Express-News Border Bureau

San Antonio Express-News, January 14, 2007

LAREDO — Reports that the Drug Enforcement Administration has asked the Mexican government to approve new DEA offices along the border abound, but officials on both sides of the border are keeping mum on the details.

The DEA wants to expand its presence in Mexico by placing agents in offices in the border cities of Matamoros , Nuevo Laredo and Nogales , the Mexico City newspaper Reforma and the Houston Chronicle reported, citing anonymous officials.

“DEA has a very strong relationship with Mexican authorities, but any talk of new offices is premature,” agency spokesman Steve Robertson said. “No decision has been made yet.”

But privately, agents along the border are excited and are following the developments closely, a border law enforcement source said.

The proposed offices would cost about $4.5 million a year and would be staffed by five to seven people each, the Houston Chronicle reported.

If the plan is approved, it would place U.S. agents in an area plagued by drug-related violence for much of the past three years.

Matamoros and Nuevo Laredo are strongholds for the Gulf Cartel, and violence regularly flares up in the region as other criminal organizations battle for the same smuggling routes into the United States.

The DEA already has a large presence in Mexico, with offices in Mexico City, Guadalajara, Hermosillo, Mazatlan and Monterrey . According to the agency, it has 62 special agents, 19 intelligence specialists and two chemists in Mexico.

Citing Mexican diplomatic sources, Reforma reported the U.S. government's request was under review by the offices of Mexico's secretary of foreign relations and attorney general.

But officially, authorities have made no public comment about a request.

At an impromptu news conference in Mexico City on Monday, Mexico's secretary of foreign relations, Patricia Espinosa , said she had no information on the DEA request when asked about it, spokeswoman Amparo Hernandez said.

Hernandez declined to comment beyond what Espinosa told reporters.

News of the planned expansion coincided with a visit to Mexico by U.S. Attorney General Alberto Gonzales , who met with his counterpart, Eduardo Medina Mora , on Thursday.

In remarks after their meeting, Gonzales touted the need for expanded cooperation but didn't mention the request for more U.S. agents in Mexico.

“Clearly, Mexico and the United States have a shared responsibility to make our communities safer from the drug traffickers and criminals who are threatening our way of life,” Gonzales said. “Both Attorney General Medina Mora and I wholeheartedly agree that our law enforcement officials must be able to cooperate with one another on a broader scale and in an atmosphere of mutual trust if we are going to be able to turn back the tide of recent violence and crime that so adversely affects us all.”

Once Its Star, Agent Assails ATF (AZREP)

By Dennis Wagner, The Arizona Republic

Arizona Republic, January 14, 2007

DOJ_NMG_0116729

Leaders dispute picture of a bureau run amok

Jay Dobyns is no stranger to dangerous adversaries.

Within days of becoming a sworn agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives, Dobyns was taken hostage and shot during a Tucson sting operation.

A year later, he was run over by gangsters in a getaway car.

advertisement

Since then, he has gone undercover to bust bombmakers, murderers, drug dealers, gunrunners and prison thugs. Three years ago, he infiltrated the Hells Angels so completely that he was offered membership in the biker club.

Now, after nearly two decades of service, after being praised by ATF as a hero and earning national awards, the man known as "Jaybird" is battling his most formidable foe yet: his employer.

Dobyns, 45, is one of dozens of current and former agents to allege mismanagement and misconduct in the ATF, a federal agency responsible for enforcing America's gun laws and preventing terrorist bombings. More than a dozen lawsuits, administrative claims, grievances, ATF documents and letters to Congress reviewed by The Arizona Republic accused administrators of betraying their own field investigators and operatives out of arrogance or incompetence.

A 2006 inspector general's report also found that the agency was plagued by poor management and questionable judgment. The ATF director resigned amid the inspector general's investigation. But agents, lawyers and experts say problems persist, and if left unchecked, a troubled agency will continue to spin out of control.

"The public needs to know," said Kay Kubicki, a Detroit attorney and former agent who has represented about 25 ATF employees in cases against the bureau, winning half of them and obtaining settlements in some others. "This has a lot to do with homeland security."

Life undercover, under fire Jay Dobyns is a picture-perfect undercover man.

Tough and profane, he wears a pointy goatee and silver rings on all his fingers. He is heavily tattooed. And he keeps a dark wool cap pulled low to the brow.

All this, even when he is not trying to infiltrate the Hells Angels or take part in some sting operation.

Dobyns, among the most celebrated agents within the Bureau of Alcohol, Tobacco, Firearms and Explosives, has lived on the edge from the beginning of his career.

In 1988, 10 days after getting his shield, Dobyns was part of a task force chasing an ex-con on foot. Near a Tucson trailer park, the felon took Dobyns hostage at gunpoint. The rookie agent was dragged into a car as other agents converged.

Dobyns described the incident in Angels of Death, a book published last year. He said it was clear he was going to be killed if he let the crook drive away, and he preferred to die among friends. So he tried to escape and took a bullet in the back as the criminal was gunned down.

"I was lying on the desert thinking, 'I got shot before I even got my first paycheck.' "

Dobyns survived and, one year later, got into another shootout while on duty in Chicago. This time, as described in Angels of Death, he was working a sting on gunrunners. As the takedown began, two suspects leaped into a car and drove directly at Dobyns.

He opened fire, wounding the driver. But Dobyns was still knocked through the air - and back into the hospital.

Claims of abuse In grievances filed with the ATF, Dobyns claimed the agency failed to protect him when he was threatened in the line of duty and then harassed him when he complained about the lack of security. He has submitted a multimillion-dollar claim alleging the bureau ignored death threats against him and his family.

According to a grievance Dobyns filed in May, ATF administrators sought to undermine his credibility by spreading false allegations that he was psychologically unfit for duty and a danger to himself or others. Dobyns alleged in that 83-page record that he was subjected to unwanted transfers, denied security, accused of fraud and blocked from getting a Medal of Valor.

In internal probes, the ATF has dismissed most of Dobyns' complaints.

Dobyns' allegations were lodged first in ATF grievances, followed by complaints to the Justice Department's Inspector General's Office, the Equal Employment Opportunity Commission and members of Congress. According to those filings, the conflict escalated as Dobyns challenged bosses, complaining up the chain of command.

Other bureau employees, some of whom have similar problems with the ATF, say Dobyns' transformation from hero to scapegoat is just one example of mismanagement that pervades the agency.

ATF Acting Director Michael J. Sullivan declined to speak about Dobyns' complaints, related investigations or allegations about the agency but said he believes the bureau is "working very hard to carry out a mission on behalf of the American people."

Sullivan believes no other federal law enforcement agency provides taxpayers with a greater return per agent when it comes to arrests and convictions. Field agents, he said, make that possible.

Their security "should be one of our highest priorities," Sullivan said. "This is their agency. . . . If there are things that aren't working well, we should know that and do everything we can to correct it."

But Kubicki claimed managers routinely abuse their authority and are more interested in self-promotion than ATF's mission. "There's a saying in ATF: 'Big cases, big problems. Little cases, little problems. No cases, no problems,' " she said. "But you're supposed to do big cases in the federal government."

Others say the ATF, with about 5,000 employees and a $980 million budget, is foundering due to ethical failures, rogue investigations, spending abuses and decaying morale.

Vincent Cefalu of Modesto, Calif., a 20-year agent with grievances pending, recently sent a letter to Sullivan complaining about "unethical practices and widespread distrust."

Cefalu accused administrators of "wasting thousands of man-hours and millions of dollars" because internal investigations are mismanaged.

Billy Queen, a former agent who wrote Under and Alone, a book about his infiltration of the Mongols biker gang, said he retired in 2003 after enduring four years of harassment from ATF administration. Queen said he still loves the bureau but believes it is beleaguered by incompetent bully managers.

Such criticisms are supported, at least in part, by the government. A 173-page inspector general's report faulted former ATF Director Carl Truscott, who resigned in August, for misconduct.

Among the conclusions: Truscott overspent on a lavish new headquarters, improperly used employees to help with his nephew's high school documentary and squandered resources on a personal protection team. Perhaps more telling than that behavior, according to the report, was Truscott's dishonesty and finger-pointing when confronted.

The inspector general's probe was prompted by an anonymous letter written by midlevel managers at the ATF, assailing their boss. In the aftermath, line agents wrote a second letter saying those supervisors were equally guilty of mismanagement.

The condemnations are hardly new. In a blistering 1995 report, Time magazine described the ATF as "the most hated federal agency in America . . . a divided and troubled agency far more likely to abuse the rights of its own employees than those of law-abiding citizens." The overall finding: The ATF's in-house scandals and abuses impaired its law enforcement mission.

ATF missteps Last month, Dobyns' attorney, James B. Reed of Phoenix, filed a $3.3 million claim, preliminary to a lawsuit, with ATF headquarters.

Reed wrote that Dobyns was damaged by over 50 acts of "mismanagement, retaliation, harassment and defamation."

An 83-page grievance submitted in May to Edgar Domenech, ATF deputy director, said the problems started after a series of murder plots against Dobyns by the Hells Angels and other criminal outfits.

The grievance said that after the threats came in, the ATF's Office of Operations Security prepared a risk analysis, placing the danger level at "critical." A list of safety measures was drawn up. Yet, according to Dobyns' filings, administrators disputed the danger and denied protections.

"The ATF Field Division was clearly aware of threats," Dobyns wrote in his grievance. "This apathetic attitude . . . is, at a minimum, malfeasance of their office and a dereliction of their duties."

In one instance, Dobyns claimed, the ATF failed to warn him that a prison inmate had discussed plans to kill him and torture his teenage daughter.

"I have served ATF faithfully for over 19 years," Dobyns wrote. "For this, I have been subjected to a calculated attack by members of ATF management."

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In a Nov. 20 letter to Dobyns marked, "Notice of grievance decision," Domenech said "many parts of ATF failed to maintain open and effective communication with you" regarding threats. He also acknowledged "significant issues in carrying out appropriate risk assessment procedures."

Despite that, Domenech concluded, the mistakes were unintentional, and the bureau had "implemented new policies and procedures to redouble its efforts in this regard."

"Therefore," Domenech said, "the personal relief that you seek . . . hereby is denied."

Dobyns, now on leave from the bureau, declined to publicly discuss details of his case beyond an e-mail statement:

"I have been honored to serve ATF. . . . Unfortunately, a wide gap has evolved between the management of the bureau and its front-line field agents. I have high hopes that our new acting director will be able to close that gap."

"I am now a man without a country," Dobyns added. "I am up against the crime syndicate that I infiltrated and the agency that abandoned me. . . . My family lives in fear."

Sheree Mixell, an ATF spokeswoman, said the bureau does not discuss pending investigations or personnel issues. But she noted that in a 2004 survey by the U.S. Office of Personnel Management, the ATF finished first among federal law enforcement agencies in employee satisfaction.

Bureau's star player For most of his life, Jay Dobyns seemed comfortable living on the edge.

At the University of Arizona, he was a star wide receiver, featured on the cover of the Wildcats team program in 1984.

After playing briefly in the Canadian league and now-defunct World Football League, Dobyns looked for an alternative career. Miami Vice lured him into law enforcement, and he chose the ATF because of its Gonzo-style investigations.

Over 18 years, Dobyns, tough, frenetic and profane, worked the Oklahoma City bombing case and the Sept. 11 terrorist attacks. He captured a Mexican drug-cartel kingpin, busted Aryan Brotherhood gangsters and bought hand grenades from the Mexican Mafia.

Finally, he infiltrated the Hells Angels in the Arizona case known as Operation Black Biscuit. Dobyns and several other operatives went underground for 21 months in one of the ATF's largest undercover investigations. It resulted in the indictment of 16 members and associates of the biker club.

But a strange thing happened once the charges got into court. ATF agents and federal prosecutors turned on one another.

Explanations are conflicting. By one account, ATF agents failed to tell the U.S. Attorney's Office about key evidence and informers. By another, prosecutors received the materials but withheld them.

Either way, the case collapsed last year. Most Arizona defendants were set free. The government dropped its key charge that the Hells Angels club is a racketeering enterprise. A Las Vegas trial ended with ignominy when the Hells Angels claimed victory.

ATF embarrassment grew.

And accusations about mismanagement in the agency mounted.

Amid the turmoil, a key informer named James "Pops" Blankenship went public, telling The Arizona Republic that Black Biscuit was a rogue operation. His allegations were followed by a $1 million lawsuit filed in U.S. District Court two months ago, claiming the ATF endangered his life, ruined him financially and misled him about the government's witness protection program.

The bureau has not responded.

Living in fear Today, Blankenship is in hiding and at odds with the ATF.

Dobyns has moved his family and taken an alias. His damage claim listed a new threat allegedly issued by a Hells Angels member awaiting trial for murder. The claim said the inmate wrote jail mail to an associate describing how Dobyns could "end up getting AIDS from a dirty needle and die a slow miserable death . . . (or) he will get a bad dose of steroids, send a blood clot to his brain, have a stroke and be (expletive) retarded." There was also graphic wording about how Dobyns' wife could be tortured.

The damage claim said ATF supervisors learned of that threat just days before Domenech promised reforms yet failed to react appropriately.

"This letter is not mere musing by an incarcerated suspect," wrote Reed, Dobyns' attorney. "(The inmate) has demonstrated the ability, willingness and resources necessary" to have the acts carried out.

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"For an agent who time and again placed his safety and life on the line for his agency, the failure of ATF to take protective measures on that agent's behalf against known, specific and credible threats from known criminals is unacceptable."

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- Dennis Wagner

Reach the reporter at dennis.wagner@arizonarepublic.com

or (602) 444-8874.

IMMIGRATION:

Christian Groups Torn Over Illegals (WT)

By Natasha Altamirano

The Washington Times, January 14, 2007

Evangelical Christians say the issue of illegal aliens in the United States often creates a conflict between their allegiance to the Gospels and their loyalty to the government.

"On one hand, they really want to minister to people, but on the other hand, [illegal aliens] have broken the law -- and that's a problem for people," said John Clifford Green, a senior fellow at the Pew Forum on Religion and Public Life.

Several conservative Christian groups sent a letter Monday to President Bush asking that his plan to resolve the immigration crisis include strong border security, amnesty for illegals who are related to U.S. citizens and already are in the country and an end to birthright citizenship.

"Whether this will attract majority support among evangelicals remains to be seen," Mr. Green said.

Most evangelicals agree that something needs to be done.

"There's a general acknowledgment that the current system is broken and needs fixing," said the Rev. Richard Cizik, vice president for governmental affairs of the National Association of Evangelicals, an umbrella organization of about 45,000 conservative churches representing about 30 million people. "Our population is growing by leaps and bounds -- often by illegal immigration -- at the expense of those who want to legally enter the country, and that's not right."

The Wheaton, Ill.-based association issued a resolution last October citing the need for secure borders but calling for "immigration reform that reflects human dignity, compassion and justice."

The resolution also cites passages from Scripture admonishing Christians to minister to all people.

"Most evangelicals are caught in between wanting to have responsible border policy with compassion for the alien," Mr. Cizik said. "It makes coming up with a fair balance here very difficult."

At issue, said Mr. Green of the Pew Forum, is a discord between public policy and private action.

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"Some evangelicals say, 'We're in favor of stricter law enforcement, but we're not going to turn in people in our community,' " he said.

Evangelical Christians also have close ties to the Hispanic community in the United States.

"Evangelicals have had so much success evangelizing among immigrants that they have a real sympathy with those communities," Mr. Green said.

Hispanics are one of the fastest-growing segments of evangelical Christianity in America because of high conversion rates in the United States and Latin America and high birthrates among Hispanic evangelicals, said Gaston Espinosa, an assistant professor of religious studies at Claremont McKenna College in California.

"The Latino evangelical community is much more sympathetic to immigration reform ... because a significant percentage of their community is undocumented," said Mr. Espinosa, a specialist on religious trends among Hispanics. "They don't support any sort of proposal that would send them over the border."

There's more consensus on immigration among other faith groups.

The Roman Catholic Church in America traditionally has supported immigrant-friendly policies.

The Virginia Catholic Conference, the lobbying arm of the Catholic dioceses of Arlington and Richmond, supports allowing children of illegal immigrants to attend Virginia's public colleges. The conference also supports localities that wish to establish day-laborer centers for immigrants.

"We provide for the immediate needs for the individual that presents himself or herself," Executive Director Jeff Caruso said. "If someone needs food or shelter, we don't screen for immigration status. We do what Christ asks us to do."

The Jewish Community Relations Council, the lobbying arm of the Jewish community in the Washington region, holds similar policy positions. The council opposes legislation that prohibits illegal immigrants from obtaining public social services.

"Most of our community in Washington can remember when grandparents or great-grandparents came over from Europe and the hostile reason for which they came over," said Debra Linick, a program director who handles Virginia legislation.

CONGRESS-ADMINISTRATION:

Newly In The Minority, G.O.P. Shows Signs Of Division On Iraq And Domestic Policies (NYT)

By Carl Hulse

The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — After years of rock-solid party discipline and fealty to President Bush, Congressional Republicans have suddenly fractured in their new role as members of the minority, with some prominently deserting the White House on Iraq and others bolting from their leadership on popular domestic issues.

“We have got a lot of free agents,” said Senator John Thune, Republican of South Dakota, referring to the Republican backlash over the president’s proposal for a troop increase in Iraq.

Facing as much internal party dissension as he has seen since taking office, Mr. Bush invited Republican leaders of the House and Senate to his Camp David retreat this weekend to plot strategy only days after his plan for a troop buildup ran into scorching Republican resistance on Capitol Hill. While Republican unrest about Iraq was the most visible party division, others were starkly reflected in the ease with which House Democrats pushed through initial elements of their 100-hour legislative program with substantial Republican backing.

Only one House Republican opposed changes in ethics rules. Eighty-two Republicans joined Democrats in approving an increase in the minimum wage; 68 Republicans backed the new majority’s measure that puts into force remaining recommendations of the Sept. 11 commission; 48 supported a return to pay-as-you-go budget rules, and 37 endorsed expanded embryonic stem cell research.

The numbers dipped a bit on Friday, when only two dozen Republicans voted with Democrats to allow the federal government to negotiate Medicare drug prices, an issue where Republican free-market ideology clashes with the Democratic vision of the role of government. But in the often-polarized House, crossing the aisle in such numbers on major legislation is rare.

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Equally telling was a little-noticed procedural vote when more than 50 Republicans rejected their party's alternative to the Democratic minimum wage legislation, normally a statement of party loyalty. "I thought it was a sham," Representative Peter T. King, Republican of New York, said of his own party's substitute.

The developments left many wondering whether recent days represented a permanent shift in the relationship between the White House and Congressional Republicans and a long-term weakening of party identity, or whether the combination of the magnitude of the war and the shock of losing the majority has only temporarily altered the terrain.

Democrats were bolstered by the turn of events. "I think we are where the majority of America is, and you are seeing that even on Iraq," said Representative Steny H. Hoyer of Maryland, the majority leader, who like other Democrats said rank-and-file Republicans were responding to the results from November.

"I think they recognize that the last election was a call for a new direction, and they don't want to get swept away by that," Representative John B. Larson of Connecticut, a member of the Democratic leadership, said.

Leaders of both parties pointed to the president's poor poll numbers, the unpopularity of the war in Iraq and the pent-up demand for some of the legislative proposals pushed by Democrats as the explanation for the Republican splintering.

Representative Adam H. Putnam of Florida, chairman of the House Republican Conference, said he expected some Republicans flirting with Democrats to return to the fold once the new majority got past its opening legislation and moved to tougher issues.

"The Democratic 'Six for '06' agenda was a very well-polled, message-tested agenda," Mr. Putnam said. "We are not surprised at the level of support they are finding. In past changeovers in Congress, people come in with a lot of momentum."

Mr. Putnam agreed, however, that Republicans were feeling much freer to express concern about Iraq. The harsh comments about the troop plan from well-known Republican critics like Senator Chuck Hagel of Nebraska was one thing. But strong statements coming from less prominent Republicans who have been Bush loyalists were quite another.

"We don't need more American troops caught in the crosshairs of a civil war," Representative Ric Keller of Florida, a usually reliable Bush ally, said on the House floor Thursday night as he laid out his opposition to the troop buildup.

Representative Candice S. Miller, a party stalwart from Michigan, said in her response, "I am extremely hesitant to embrace the president's strategy at this point," citing the lack of a timetable for success.

Republican leaders in the House and Senate are still rallying to Mr. Bush. Senator Mitch McConnell of Kentucky, the minority leader, this week promised to vigorously fight Democratic efforts to bring up a resolution challenging the buildup even as he conceded the political damage the war has inflicted.

"I think the lack of progress in Iraq was the single biggest issue costing my party the House and the Senate," he said.

Mr. McConnell, one of those who was invited to Camp David this weekend, said they "discussed the need to find bold solutions for other big issues."

He and other Republicans believe their best chance is to keep the party as united as possible behind Mr. Bush in hopes of improving conditions in Iraq, while trying to maneuver Democrats into a position where they are caught between their opposition to the war and backing for troops.

It is not going to be easy. Republicans say the past election is looming large in the minds of lawmakers, with the next one looming even larger for some.

"People are probably still a little skittish from Nov. 7, and they are trying to sort through what the voters were telling us," Senator John Cornyn of Texas, a member of the Republican leadership, said. "Obviously people who are in re-election cycle, particularly in tough places in the country, are going to need a little flexibility."

The only comparable episode where Mr. Bush had encountered such rebellion in the ranks was over the administration's approval of a deal to turn over some American port operations to a Dubai company. The administration was forced to relent on that issue.

But Republican leaders have in the past been able to tamp down most discord, arguing that the fates of the president and Congressional Republicans were inextricably linked. And, particularly in the House, there was also a fear of retribution.

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There were signs this week that the House Republican leadership was not going to tolerate too much dissension when two lawmakers known for challenging the party orthodoxy — Representatives Jeff Flake of Arizona, a critic of pork-barrel spending, and Walter B. Jones of North Carolina, a war opponent — were denied coveted committee slots.

And Republicans have been quietly building their own political case against Democrats, inserting policies popular with swing voters into their procedural alternatives, hoping to spring them later as 30-second advertisements.

Democrats have their own divisions, with some more liberal members of the party urging an aggressive push against spending on the Iraq war. Others view that as a political blunder that could threaten the majority. For now, the party seems willing to focus on symbolic votes against the buildup, leaving the money fight for later.

And leaving Republican leaders confronting the reality that nervous party members, uncertain of Mr. Bush's handling of the war and their own party's legislative appeal, are no longer so tightly bound to the cause.

"Everybody is scared spitless," Mr. Thune, the South Dakota senator, said.

House GOP Shows Its Fractiousness In The Minority (WP)

By Jonathan Weisman

The Washington Post, January 14, 2007

House Republican leaders, who confidently predicted they would drive a wedge through the new Democratic majority, have found their own party splintering, with Republican lawmakers siding with Democrats in droves on the House's opening legislative blitz.

Freed from the pressures of being the majority and from the heavy hand of former leaders including retired representative Tom DeLay (R-Tex.), many back-bench Republicans are showing themselves to be more moderate than their conservative leadership and increasingly mindful of shifting voter sentiment. The closest vote last week -- Friday's push to require the federal government to negotiate lower drug prices for Medicare -- pulled 24 Republicans. The Democrats' homeland security bill attracted 68 Republicans, the minimum wage increase 82.

"You're freer to vote your conscience," said Rep. Jo Anne Emerson (R-Mo.), who received an 88 percent voting record from the American Conservative Union in 2005 but has so far sided with Democrats on new budget rules, Medicare prescription-drug negotiations, raising the minimum wage and funding stem cell research. "Or, really, I feel free to represent my constituents exactly as they want me to be."

"Times have changed. I don't want to be someone who they say is too stubborn to change too," said Rep. Rodney Alexander (R-La.), whose 92 percent conservative rating did not stop him from voting with Democrats on the homeland security and minimum-wage bills.

After their stinging defeat in November, Republican leaders in the House had gamely promised to draft procedural motions and parliamentary gambits that they said would split the new majority. With so many new Democrats hailing from moderate-to-conservative districts, even some Democrats saw the pledge as plausible.

In theory, Republicans have made good on their promises. Republicans argued vociferously against Democratic measures over the past two weeks, saying new deficit-control rules would guarantee tax increases, stringent homeland security measures would cripple commerce, and a minimum-wage increase would hurt the economy.

To counter the prescription-drug bill, GOP leaders drafted a parliamentary move that they said would ensure senior citizens' access to local pharmacists and the full panoply of prescription drugs. They tried to beat back the stem cell bill with a popular alternative, a ban on federal funds for human cloning. And they countered the minimum-wage bill with a motion to send it back to be redrafted to include tax breaks and health-insurance benefits for small businesses. On the minimum-wage bill, Republican leadership aides even offered a list of 25 Democrats they could pull over to their side.

The results? Eighty-two Republicans joined a unanimous Democratic front to vote to increase the minimum wage, while 54 Republicans voted against their leadership's counteroffer. Eighteen Republicans defied their leadership by opposing the parliamentary move against stem cells.

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The homeland security bill -- designed to implement most of the remaining recommendations of the commission that examined the Sept. 11, 2001, attacks -- even garnered the vote of Rep. Peter T. King (R-N.Y.), who as chairman of the Homeland Security Committee last year, thwarted one of its central provisions, the screening of all shipping containers heading to U.S. ports.

Some Republicans, such as Reps. Todd R. Platts (Pa.) and Jim Ramstad (Minn.), sided with the Democrats on every major vote. But it was not just closet mavericks.

Last year, Rep. Deborah Pryce (Ohio) was a powerful member of the Republican leadership, responsible for uniting her fractious colleagues behind a single message. After narrowly escaping defeat in November, the swing-district Republican bolted from her party's leadership last year. Last week, she virtually bolted from the party.

With just one exception, Pryce sided with the new Democratic majority on every major bill and rule change that came to a vote in the past two weeks, even voting against her party on a procedural vote, a move considered heretical in the years of GOP control.

The Democrats "deserve the same credit that we got in 1995," when Republicans took control, said Rep. Ray LaHood (R-Ill.). "They've picked up on the really big issues of the day, the ones they won the election on, and the ones that really resonate in Republican districts."

Democratic leaders say even they have been surprised by their margins of victory, but they were always counting on GOP votes. Republicans from swing districts who have been beat up for years over their party-line voting have been liberated by their minority status, said Rep. John B. Larson (Conn.), vice chairman of the House Democratic Caucus.

"They've really been the ones that have been oppressed," he said.

GOP leaders were quick to dismiss the significance of the Democratic winning streak, however. For one thing, the Democrats' opening legislative blitz is being conducted under parliamentary rules that run roughshod over the Republicans, foreclosing any chance to actually amend the bills. But Democratic leaders have promised to give the GOP more latitude once the so-called 100-hours agenda runs its course next week.

For another, the Democrats will soon exhaust their carefully constructed opening list of bills that were designed to appeal across party lines.

"Republican discipline was critically important when we were passing legislation and moving an agenda," House Minority Whip Roy Blunt (R-Mo.) said. "The Democrats will soon move from these issues that poll at 80, 90 percent to issues that really matter."

Conservatives See Validation In Fight Over "Pork" (WT)

By Donald Lambro

The Washington Times, January 14, 2007

Republicans sought to burnish their tarnished credentials as foes of pork-barrel projects last week, winning cheers from spending critics but a wait-and-see response from other conservatives and the party's grass roots.

"Like mosquitoes in a nudist colony, Republicans will have more than enough opportunities to show the voters we deserve our conservative brand back by fighting wasteful spending," said Rep. Jeb Hensarling of Texas, chairman of the conservative Republican Study Committee. "Our voters are clamoring for us to fight on behalf of taxpayers."

Led by South Carolina Sen. Jim DeMint, conservative Republicans overcame initial opposition from Democratic leaders to a broader definition of pork in a rules change that will require full disclosure from each lawmaker who sponsors so-called "earmark" provisions.

Senate Majority Leader Harry Reid of Nevada had wanted a narrower definition of pork, which Mr. DeMint and his supporters said would have only applied to 5 percent of the billions of dollars in pork-barrel spending that Congress approves each year.

After Republicans, with the help of a handful of Democrats, beat back an attempt to table or kill the DeMint amendment, Mr. Reid refused to move to a final vote Thursday -- an attempt that triggered an outcry from Republicans and conservative bloggers.

When the smoke cleared Friday after a bitter two-day exchange of charges and countercharges, Mr. Reid agreed to an "earmark disclosure that is even stronger than what I had originally proposed," Mr. DeMint said.

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It was a strategic victory for Republicans, who had lost the support of many fiscally conservative voters angered by the pork-ridden bills the Republican Congress enacted over the past several years. A number of Republican state chairmen said pork-barrel spending was one of the reasons behind the party's House and Senate losses in November's midterm elections.

"American citizens want to see earmarking come to an end, and now that they have to put their names to it, the real question is, will this stop earmarking? Have we really accomplished much?" said Ron Carey, chairman of the Minnesota Republican Party.

"I think it is going to take more than one specific action to show we are serious about getting back to our bedrock conservative principles," Mr. Carey said Friday. "While this is encouraging, we need to see consistent adherence to conservative values over a sustained period of time before we are going to declare that our Republican leaders have gotten back on track."

Former Pennsylvania Rep. Pat Toomey, president of the pro-tax-cut group Club for Growth, said it was "a solid first step, but by itself it is not enough for the Republicans to re-establish their credentials as fiscal conservatives."

"After all, this is just about disclosure," Mr. Toomey said. "It doesn't actually limit or prevent these kinds of earmarks. That will require the necessary follow-through by Republicans."

Former House Majority Leader Dick Armey, who heads Freedom Works, another conservative grass-roots group, was similarly dubious about what the disclosures would achieve.

"Democrats are not going to get into trouble because of this disclosure because of the public's disposition for pork projects in their Democratic districts. It may diminish Republican pork, but it will not result in any reduction in Democratic pork," Mr. Armey said.

A Discordant Chorus Questions Visions For A Bush Library At Southern Methodist (NYT)

By Ralph Blumenthal

The New York Times, January 14, 2007

HOUSTON, Jan. 13 — With growing faculty unease over plans to enshrine President Bush's official papers and a policy institute at Southern Methodist University in Dallas, the process of creating the nation's 13th presidential library is off to a familiar start: discord.

On Thursday, 68 theologians, professors and other faculty members present and past, citing complaints about President Bush's "poor marks" on civil liberties, the environment, gay rights and the war in Iraq, sent the university president a letter questioning whether visions of the library were consistent with the school's religious and academic values.

"According to George Bush's closest associates, the half-billion-dollar endowment will be used by the institute to hire conservative scholars to agree to 'write papers and books favorable to the president's policies,' " said the letter calling for a campuswide dialogue on the affiliation.

Starting with Franklin D. Roosevelt, presidents have handed over their records and memorabilia for scholars and the public to study and to memorialize their administrations. But their ever more expensive, privately erected libraries, study centers and museums have been bedeviled by complex disputes over executive orders governing access to the material. Mr. Bush issued his own order in November 2001 that in part granted a former president the right to assert a privilege to keep certain records secret.

His legacy and Southern Methodist's role in preserving and advancing it is now a divisive issue at the 11,000-student university long identified with the Bushes, former residents of Dallas, who are Methodists. Laura Bush graduated from Southern Methodist and sits on the board of trustees.

After years of considering other university partners, a site selection committee announced on Dec. 21 that it was pursuing exclusive discussions with Southern Methodist for a library and museum, and a policy institute reporting not to the university but to a Bush foundation.

The location has not been announced but a likely site is a garden apartment condominium complex bought with a $35 million gift from Ray L. Hunt, a trustee and son of the oil magnate H. L. Hunt. The gift, though matching the largest ever given the university, was not announced at the time. Some evicted tenants have sued.

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At a meeting on Tuesday, close to 150 faculty members raised concerns about the project and formulated what became 35 questions for the university president, R. Gerald Turner, on the relationship between the university and the Bush library and policy center. The questions included, "How would the institute affect the intellectual integrity of S.M.U.?"

Faculty members voiced concerns that the policy center and the university could merge roles, giving administration figures like Karl Rove an academic forum.

Others said security was an issue, a theme that the community has aired in letters to the editor and blogs.

In an e-mail message in December to Mayor Laura Miller of Dallas, Sam Boyd, a longtime neighbor of Southern Methodist, a trial lawyer and a former Green Beret in Vietnam, wrote: "Once completed the $500 million George Bush Library will become the number one (#1) US edifice terrorist target in the world."

A woman in Garland, Deborah Lewis, wrote The Fort Worth Star-Telegram that Dallas was already infamous for the assassination of President John F. Kennedy: "now it probably will be known for honoring the worst president ever."

Indeed the history of presidential libraries is replete with controversy. They are peculiarly American institutions, a vital scholarly resource, a 2004 study by the Center for Arts and Cultural Policy Studies at Princeton found. But it said they have also become "the accepted way to memorialize our presidents and promote an appreciation, some would say exaggeration, of their character, performance and legacy."

Over the years, through battles over the Watergate tapes and other revealing documents, presidents have issued executive orders to limit access to certain records, and to this day, scholars say, it is not clear what material is in the public domain and when.

In the case of Southern Methodist, Dr. Turner will address the faculty letter in an open spring faculty meeting next Wednesday, said Brad Cheves, vice president for development and external affairs.

"It's a call to dialogue," said Mr. Cheves, noting that the signatories numbered less than 10 percent of the 609 active faculty members and 137 retired members. "We continue to believe that a strong majority of the university community is supportive of efforts to receive the museum, library and institute if we're so fortunate to be selected," he said.

The letter, sent by e-mail, was largely identical to an unsigned draft dated Dec. 16, 2006, which mysteriously popped up in university e-mails and was picked up by news organizations.

Susanne Johnson, associate professor of Christian Education at the Perkins School of Theology, a mainstay of the Methodist-owned university, said it had been her doing. The draft was on her computer screen, she said, when her dog climbed on the keyboard and hit "send." "I should have said my dog prematurely sent it but they wouldn't believe it," Dr. Johnson said. "I wouldn't take that excuse from my students."

In the signed letter resent Thursday, Dr. Johnson and her colleagues said there were "at least two irreconcilable visions" of the role of the library. One held it to be "a neutral space" where scholars would pursue "nonpartisan, academic inquiry into his presidency."

"In another vision, the library will be a partisan space," the letter continued. "Going by various terms, such as conservative think tank, institute or policy center, the library will hire conservative scholars to pursue a partisan agenda in favor of the president's policies and programs."

The letter-writers argued for a nonpartisan approach but said they wondered if it could prevail given news accounts of Mr. Bush's affinity for a conservative policy center along the lines of the Hoover Institution on War, Revolution and Peace, which has had a rocky relationship with its liberal-leaning host, Stanford University in California.

Citing an article in The New York Daily News quoting associates of the president calling for an institute to "spread the gospel of a presidency that now gets poor marks," the letter continued:

"The 'poor marks' come from those Americans who question the wisdom of certain attitudes and actions of President Bush during his term in office. Among things they've so named: erosion of habeas corpus, denial of global warming, disrespect of international treaties, alienation of longtime U.S. allies, environmental predation, disregard for the rights of gay persons, a pre-emptive war based on false premises, and other perceived forms of disrespect for the created order and global community."

She and a Perkins colleague, the Rev. Bill McElvaney, professor emeritus of preaching and worship and a former president of the United Methodist Seminary in Kansas City, Mo., first raised questions about the library in an op-ed article last November in

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the student paper, The Daily Campus. They asked: "Do we want S.M.U. to benefit financially from a legacy of massive violence, destruction and death brought about by the Bush presidency in dismissal of broad public opinion?"

While many faculty members said they had no problem with a library, Dr. McElvaney said in an interview, "I happen to be concerned about both; either one gives us a permanent Bush presence on our campus."

In convening Tuesday's faculty meeting, Rhonda Blair, president of the faculty Senate and a professor of theater, credited the "thoughtful and challenging" op-ed article of Dr. Johnson and Dr. McElvaney with generating the discussion.

But Dr. Turner in a letter to faculty, staff and students on Jan. 5 made no mention of the two theologians and said that through the Bush library, museum and institute "visiting scholars and dignitaries will be available for interaction who otherwise would not be in residence and accessible to our campus community."

With the Lyndon B. Johnson Library at the University of Texas in Austin and the George H. W. Bush Library at Texas A&M in College Station, if Southern Methodist were chosen for a library, Dr. Turner said, "it would be part of a historic triumvirate of presidential resources in Texas."

The House That Jack Built (NYT)

By Norman J. Ornstein

The New York Times Book Review, January 14, 2007

Like the spot on Lady Macbeth's hand, the Jack Abramoff scandal can't be washed away. Abramoff was sentenced to five years and 10 months on fraud charges, former Representative Bob Ney is scheduled to begin his two-year-plus prison term, former DeLay staff members Michael Scanlon, Tony Rudy and Ed Buckham await their sorry fates (as does Tom DeLay himself) and several other miscreants, including lawmakers, staffers and top administration officials, are praying that the continuing, aggressive investigation by prosecutors will pass them by.

But the revelations are far from over. The House Government Reform Committee reported in late September that Abramoff's billing records showed a robust 485 contacts between Abramoff and his lobbyist team and key White House officials, including 10 or more direct contacts between Abramoff himself and Karl Rove. Subsequently, Rove's top assistant, Susan B. Ralston, who had worked for Abramoff and who accepted a number of high-priced tickets to concerts and sporting events from him while she was in the White House, resigned. Meantime, David Safavian, the former White House chief of government procurement (and Abramoff aide), who had been convicted of false statements and obstruction of justice, was sentenced last October to 18 months in prison.

In the 37 years I have been in Washington, I have known hundreds of lobbyists, including a few (or more) who were shady characters, a number who were empty suits, some who were legends in their own time and many others who were savvy insiders and integral (and constructive) parts of the policy process. None were quite like Jack Abramoff. As the subtitle of "Heist" suggests, Abramoff was a "superlobbyist," a larger-than-life figure who made a fortune while having an outsize impact on politics in Washington and an outsize ego in a town of superegos. He loved to flaunt his wealth and influence. He rose rapidly and fell hard.

Abramoff began his career as an officer in College Republicans, a training ground for future party operatives, where he built enduring relationships with conservative powerhouses like Grover Norquist and Ralph Reed (and where he met Karl Rove). He behaved so badly in that job — his politics were confrontational, his financial practices questionable — that he was denounced and repudiated by Rich Bond, then the chairman of the Republican National Committee.

Abramoff was unfazed. He quickly found his niche in the lobbying world, beginning as a front man for the apartheid regime in South Africa and moving on to represent such upstanding clients as sweatshop operators in the Marianas Islands before hitting the jackpot with Internet gambling companies, Russian energy magnates, and Indian tribes looking out for their casinos, among others. Soon his wealth was such that he opened two high-priced restaurants, started a foundation to support favored causes, bought several ultra-expensive skyboxes at sports stadiums and arenas in Washington, and became a major Republican donor.

How did Jack Abramoff, who earned a law degree but never practiced law, who had no feel for or experience with the legislative process, and who had no obvious area of expertise, become such a huge success? Simple. He was the right guy in the right place at the right time — jumping into the field in 1994, just as the Republicans took the majority in the House of Representatives for the first time in 40 years and eagerly sought to put their own people in positions of influence. A key to those

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desires was the K Street Project, an effort masterminded by Grover Norquist, Tom DeLay and Rick Santorum, among others, to place conservative Republicans in key positions in law firms, lobbying operations, trade associations and individual company offices. The K Street Project was not just an employment service — the goal was to get trusted people into jobs where they could use campaign cash to help Republicans stay in power while enabling them to live comfortably by sharing in the munificence of the moneyed interests.

The attitude of the new majority — to the victors go the spoils — meshed perfectly with Abramoff's style. Playing off his conservative, activist politics, his religious beliefs as an Orthodox Jew, his hyperaggressive approach to getting clients and his close relationships with Norquist, Reed and DeLay, Abramoff promised clients a direct link to the most powerful leaders in Congress and, subsequently, in the Bush White House. Eventually, he decided the traditional lobbying practice — charging, like law firms, by the hour — was for chumps. Instead, he demanded huge commissions that represented a cut of the enormous sums a big government could provide his clients. He then went a step further by channeling consulting contracts to associates like Scanlon for enormously inflated fees and splitting the profits through kickbacks.

Of course, the Republicans in power did not invent the idea of putting their own people into lobbying jobs, working out sweetheart relationships with interest groups, conducting shakedowns for campaign cash or parlaying influence into high-priced jobs for themselves when they left office. But the scope and brazenness of Abramoff and of the broader K Street Project were on a wholly different scale from what we had seen during the years Democrats ruled Washington — indeed, from anything in the last century.

If some of Abramoff's misdeeds were known to Washington insiders and reported over the years by regional news media — the Seattle papers when he lobbied for the Marianas for a Seattle-based firm, Preston Gates; The Miami Herald when he moved to buy the local SunCruz gambling boats — they were largely ignored in Washington until 2004, when The Washington Post jumped on the story. One long investigative piece in The Post, on Indian gambling, was the beginning of the end for Abramoff. Since then, there have been many excellent investigative pieces, and a devastating report from the Senate Indian Affairs Committee. Now Peter H. Stone, a veteran reporter with The National Journal who has covered the Abramoff beat for the past two years, has written a short, concise and lively book pulling the Senate findings and the media reporting together to chronicle Abramoff's career and misdeeds.

"Heist" is a one-stop shop for anyone wanting to know what this scandal is all about, why the fuss has been so substantial, what made Abramoff tick and how he succeeded. It follows on the heels of another book that set out some months earlier to do the same thing, "The K Street Gang" by Matthew Continetti of The Weekly Standard. There is substantial overlap, naturally, between the two books, with Continetti providing more detail and Stone a more contemporaneous and concise account.

Both books will make the average reader, even one sophisticated in the ways of Washington, want to take a shower. Of all the miscreants we have had in our lifetimes in American politics — and we have had plenty — few have been more distasteful, amoral or outrageous than Abramoff and his cronies, including Scanlon, Buckham and Reed — not to mention his close friend Tom DeLay. To anyone who cares about our political institutions and their integrity, this story is simply revolting.

But for all the value of a concise account of their misdeeds, what "Heist" is missing is the broader context. Jack Abramoff was not a lone scoundrel — or one of a narrow band of individual scoundrels. He was part of an organized effort to transform Washington, to bend it to the will of one party, with the aim of creating a self-reinforcing loop, where a majority could use its clout to dominate all of Washington, work alliances with moneyed interests who would pay to get their way, provide campaign cash to keep their friends in power and benefit from the majority's policy largesse along the way.

This dynamic will not just disappear with the change in power. Democratic lobbyists are salivating at the prospect of new, huge fees. The candidates' shakedown of lobbyists for campaign cash began literally the day after the November elections. It will take a major reform effort, and steely resolve, to change a town virtually awash in money. We are still waiting for a full or definitive treatment of the new Gilded Age that Abramoff typified — although his own glory days may be over now that he has been sentenced to a long term in a federal pen.

The American Way Of Equality (NYT)

By David Brooks

DOJ_NMG_0116741

The New York Times, January 14, 2007

Income inequality is on the rise. The rich are getting better at passing their advantages on to their kids. Lifestyle and values gaps are widening between the educated and uneducated. So the big issue is: Will Americans demand new policies to reverse these trends — to redistribute wealth, to provide greater economic security? Are we about to see a mass populist movement in this country?

Nobody was smarter on this subject than Seymour Martin Lipset, the eminent sociologist who died at 84 on New Year's Eve. Lipset had been a socialist in the hothouse atmosphere of City College during the 1940s, and though he later became a moderate Democrat, he continued to wonder, with some regret, why America never had a serious socialist movement, why America never adopted a European-style welfare state.

Lipset was aware of the structural and demographic answers to such questions. For example, racially diverse nations tend to have lower levels of social support than homogeneous ones. People don't feel as bound together when they are divided on ethnic lines and are less likely to embrace mutual support programs. You can have diversity or a big welfare state. It's hard to have both.

But as he studied these matters, Lipset moved away from structural or demographic explanations (too many counterexamples). He drifted, as Tocqueville and Werner Sombart had before him, to values.

America never had a feudal past, so nobody has a sense of social place or class-consciousness, Lipset observed. Meanwhile, Americans have inherited from their Puritan forebears a sense that they have a spiritual obligation to rise and succeed.

Two great themes run through American history, Lipset wrote in his 1963 book "The First New Nation": achievement and equality. These are often in tension because when you leave unequally endowed people free to achieve, you get unequal results.

Though Lipset never quite put it this way, the clear message from his writings is that when achievement and equality clash in America, achievement wins. Or to be more precise, the achievement ethos reshapes the definition of equality. When Americans use the word "equality," they really mean "fair opportunity." When Americans use the word "freedom," they really mean "opportunity."

Lipset was relentlessly empirical, and rested his conclusions on data as well as history and philosophy. He found that Americans have for centuries embraced individualistic, meritocratic, antistatist values, even at times when income inequality was greater than it is today.

Large majorities of Americans have always believed that individuals are responsible for their own success, Lipset reported, while people in other countries are much more likely to point to forces beyond individual control. Sixty-five percent of Americans believe hard work is the key to success; only 12 percent think luck plays a major role.

In his "American Exceptionalism" (1996), Lipset pointed out that 78 percent of Americans endorse the view that "the strength of this country today is mostly based on the success of American business." Fewer than a third of all Americans believe the state has a responsibility to reduce income disparities, compared with 82 percent of Italians. Over 70 percent of Americans believe "individuals should take more responsibility for providing for themselves" whereas most Japanese believe "the state should take more responsibility to ensure everyone is provided for."

America, he concluded, is an outlier, an exceptional nation. And though his patriotism pervaded his writing, he emphasized that American exceptionalism is "a double-edged sword."

Political movements that run afoul of these individualistic, achievement-oriented values rarely prosper. The Democratic Party is now divided between moderates — who emphasize individual responsibility and education to ameliorate inequality — and progressive populists, who advocate an activist state that will protect people from forces beyond their control. Given the deep forces in American history, the centrists will almost certainly win out.

Indeed, the most amazing thing about the past week is how modest the Democratic agenda has been. Democrats have been out of power in Congress for 12 years. They finally get a chance to legislate and they push through a series of small proposals that are little pebbles compared to the vast economic problems they described during the campaign.

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They grasp the realities Marty Lipset described. They understand that in the face of inequality, Americans have usually opted for policies that offer more opportunity, not those emphasizing security or redistribution. American domestic policy is drifting leftward, but there are sharp limits on how far it will go.

A Living Wage We Can Live With (LAT)

By Robert Pollin

The Los Angeles Times, January 14, 2007

THE UNITED States appears ready to support a national living wage. Last week, the House of Representatives voted to raise the federal minimum wage in three steps to $7.25 an hour as of mid-2009. The Senate is expected to link the raise to tax breaks for business, but passage seems assured. And President Bush has said that he will sign legislation to increase the wage, which would be the first hike since 1997, when the current $5.15 minimum became law.

But Congress shouldn't stop there because $7.25 an hour is not close to a living wage. Adjusted for inflation, it would represent an increase of just about 4% from the current $5.15.

The political foundation of the move to raise the federal minimum wage was built by the living wage movement, which has organized and won victories throughout the country for more than a decade. In November's elections, voters in Arizona, Colorado, Missouri, Montana, Nevada and Ohio passed minimum-wage increases by wide margins. As of February, the minimum wage in 29 states and the District of Columbia, representing nearly 70% of the U.S. population, will exceed the current federal one.

Beyond this, more than 140 municipalities have some version of a living-wage law that mandates a wage from $9 an hour to $11 an hour.

The federal minimum wage peaked in 1968, when its value was about $9 an hour in today's dollars. Although average worker productivity has more than doubled since then, the wage has not kept pace. Typically, as productivity increases, hourly wages can rise without cutting into business profits.

Raising the federal minimum wage too high, or too rapidly, probably would discourage businesses from hiring low-wage workers, as many critics contend. But at what point would it be too high or too fast?

From 2001 to 2005, in the 11 states with minimum wages higher than the federal one, employment growth was slightly faster than in those states with the $5.15 minimum.

Studies on the effects of living-wage laws in L.A. and Boston, which require businesses that have city contracts to pay a certain wage, show that the affected firms continued to hire low-wage workers at basically the same rates as before the wage was implemented.

The story is similar in San Francisco and Santa Fe, N.M., even though their living wage laws have a broader application. In Santa Fe, where the law applies to all businesses with at least 25 employees, job growth in restaurants and hotels, which heavily employ low-wage workers, was 3.2% the year the law went into affect (mid-2004 to 2005).

The Santa Fe ordinance is a model for how Congress might move toward establishing a national living wage of between $9 and $11. It is set up to raise the minimum wage from $8.50 to $10.50 as of January 2008 in three steps. But before each scheduled increase, the city determines whether the previous hike hurt employment. For instance, the wage in Santa Fe reached $9.50 an hour in January only after the city established that employment growth under the $8.50 regime was healthy.

Congress could follow Santa Fe's lead by passing the current proposal, then follow up with legislation that would allow for increases every two years after 2009 if the higher wage did not negatively affect employment growth. The increase in 2011 could raise the federal minimum to $9 an hour, roughly today's low end in many cities.

Further increases could be tied to inflation and average labor productivity. If inflation and productivity trends of the last decade continue, this would translate into a 10% to 12% increase in the federal minimum wage every two years, to $10 an hour in 2013.

Yet even that wage probably would be inadequate in most of the country, so cities and states also would need to adjust their minimums to ensure a living wage. But the idea of raising the minimum wage in line with average productivity and inflation, after taking account of employment effects, should move the country closer to what more and more voters have demonstrated they support and what the economy can provide.

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Robert Pollin Is A Professor Of Economics And Co-director Of The Political Economy Research Institute.

OTHER NEWS:

Bush's Proposal For Iraq Adds To '08 Intrigue (NYT)

By Adam Nagourney, Patrick Healy

The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — On Friday morning, as the capital was enmeshed in a debate over President Bush's decision to send thousands more troops to Iraq, no one was more obviously searching for an alternate plan than Senator Hillary Rodham Clinton, the New York Democrat and likely candidate for president.

Mrs. Clinton was airborne for Iraq, a visit that offered a platform to examine and perhaps alter her views on a war that she once voted to authorize but now criticizes. Asked in a telephone interview from Kuwait whether this trip might lead her to support setting a firm deadline for the withdrawal of all American troops, which would be a change in her position, she responded: "Those are questions that we'll be better able to answer later. Obviously I'll have more to say when I get back."

Around the same time in Washington, Senator John McCain, the Arizona Republican and likely candidate for president, threw the White House something of a lifeline during a Congressional hearing (which Mrs. Clinton herself was supposed to attend), vigorously defending Mr. Bush's decision.

"Potentially catastrophic consequences of failure demand that we do all we can to prevail in Iraq," Mr. McCain said.

As the politics of the war continue to shift, no prospective presidential candidates face more intensive scrutiny of their views or greater risk to their ambitions than Mr. McCain and Mrs. Clinton.

Long a proponent of sending more American forces into the fight, Mr. McCain now more than ever is linked to a war that has splintered his party and lost public support.

Viewed with suspicion by elements of her party because she has not explicitly repudiated her October 2002 vote authorizing military action against Iraq, Mrs. Clinton, who was in Baghdad on Saturday, has been trying to shore up her credentials as a critic of the war without exposing herself to charges of indecisiveness or flip-flopping of the sort that so damaged Senator John Kerry in his unsuccessful race against Mr. Bush in 2004.

More than any other single event in recent months, Mr. Bush's call for more troops has not only illuminated the positions taken by Mr. McCain and Mrs. Clinton and the differences between them, but it has also led the field of declared and prospective candidates circling them within their own parties to stake out more clearly defined positions on the war.

Among Republicans, a result has been a deep split suggesting that Mr. McCain will face challenges on the war from fellow Republicans long before he has to worry about Mrs. Clinton and other Democrats. Mitt Romney, the former governor of Massachusetts who had until this week declined to say whether he supported more troops, issued brief remarks supporting the president. Rudolph W. Giuliani, the former New York mayor, also supported it, comparing it to what he did in fighting crime as mayor.

But Senator Sam Brownback of Kansas, who is positioning himself as an alternative to Mr. McCain among conservatives, denounced Mr. Bush's plan, as did Senator Chuck Hagel of Nebraska, who like Mr. McCain is a Vietnam veteran but who long ago broke with the White House over its handling of the war.

Among Democrats, opposition to Mr. Bush's plan highlighted the political threat Mrs. Clinton faces from the left. John Edwards, the former senator from North Carolina who voted for the war in 2002 but who, unlike Mrs. Clinton, later renounced his vote, sent an e-mail message to his supporters urging them to oppose Mr. Bush's action.

Senator Barack Obama of Illinois, who joined the Senate in 2005 and thus escaped the Iraq vote that has come to haunt Mrs. Clinton, Mr. Edwards and Mr. Kerry, used the platform of Senate hearings to lacerate the Bush Iraq policy and affirm his own opposition to the war.

Their actions offered an obvious contrast with those of Mrs. Clinton, who put out a measured statement opposing the troop increase but has stayed away from the Senate vanguard opposing Mr. Bush's latest strategy.

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Still, none of the other potential 2008 presidential candidates have seen their ambitions complicated by the events this week as much as Mr. McCain and Mrs. Clinton have. Their responses to Mr. Bush's actions offered insights into their views on Iraq and the styles they would bring to a presidential campaign.

Mr. McCain embarked on a high-profile television tour announcing his support for Mr. Bush's move. In an interview, he said he would have preferred that the White House send in even more troops, and noted that he had pressed this position on the White House, unsuccessfully until now, for more than two years. It is a position that Mr. McCain and his advisers — and some other Republicans — said could end up destroying his presidential ambitions.

"Friends, advisers, enemies said this could be very damaging," Mr. McCain said. "I can't worry about that, and I'm not going to worry about that."

Some Republicans suggested that Mr. McCain's position could help him, albeit to a limited extent, among conservative Republican primary voters who have been wary of his view on social issues. And, as Mr. McCain's own remarks suggested, his stance fits neatly into his effort over the years to present himself as a politician given to candor even if it means telling voters things they do not want to hear.

Still, by any measure, support for the war could make things extremely difficult for Mr. McCain in a general election if the situation in Iraq does not improve and public opinion in the United States does not shift in favor of continued engagement.

Mr. McCain did not dispute the political risks entailed in the stance he had taken.

"The consequences of failure are more important than a political career," he said. "It could hurt me in a primary and it could hurt me in a general election. This could hurt me in history."

He said he was hopeful that this new Iraq strategy would work but did not know how long it would take, a crucial question in trying to gauge how central an issue this will be as the campaign engages.

In a hint of what next year could be like, Mr. Edwards has taken to calling the Bush proposal an endorsement of "the McCain doctrine," a description that Mr. McCain and his aides have gamely embraced.

"I was glad to see that Romney and Giuliani have come around to embracing the McCain doctrine, as John Edwards would say," said Terry Nelson, the head of Mr. McCain's presidential exploratory committee.

If Mr. McCain has flaunted his unpopular position, Mrs. Clinton has clearly kept a lower altitude as she tries to deal with a barrage of conflicting pressures. Unlike Mr. McCain and Mr. Obama, who were everywhere on television the night of Mr. Bush's speech, Mrs. Clinton simply issued a late-evening e-mail statement saying that based on what Mr. Bush had said, she did not support the increase.

Last year, Mrs. Clinton took a leading role in criticizing Donald H. Rumsfeld, then the secretary of defense, over his management of the war. Over the past two years, she has voted in favor of resolutions calling for a phased withdrawal of troops without setting fixed deadlines.

Even though Mrs. Clinton has never gone as far as Mr. Edwards and Mr. Kerry with a renunciation of her 2002 vote, she has subtly expanded her position recently in recognition, her advisers said, of how much that vote accounted for the resistance to her among some Democrats.

In a little-noticed interview on the "Today" show just before Christmas, Mrs. Clinton made a significant addition to her standard remark about the 2002 vote. Asked if she considered the vote a mistake, she responded: "Obviously if we knew then what we know now, there wouldn't have been a vote, and I certainly wouldn't have voted that way."

The last eight words are new for her.

Some Democrats suggested that Mrs. Clinton's trip this weekend was intended to give her an opportunity to move further away from that vote and against the president's policy.

"I will be spending time with the Iraqi leaders and sitting down and trying to get my own personal assessment of what their intentions are, what do they intend to do to take responsibility for their own security," she said in the interview. "If they're not going to step up and try to bring some stability and end the violence in Baghdad, I don't care how many troops the president sends — it's not going to be successful."

Mrs. Clinton and Mr. McCain have no doubt learned a lesson from Mr. Kerry's problems in 2004 when he appeared to switch his position on the war: that inconsistency may well prove to be a bigger political sin than taking a position out of step with

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the electorate. Mrs. Clinton's associates have expressed concern that if she tries to switch her views on the war, reflecting what her advisers said was concern, she would appear weak as she campaigned during a time of war to become the nation's first female president.

Defiant McCain Back As Maverick (CHIT)

By Jill Zuckman

Chicago Tribune, January 14, 2007

WASHINGTON -- Sen. John McCain has never spent much time worrying about what other people think.

Five and a half years as a prisoner of war in the nightmarish Hanoi Hilton liberated the Arizona Republican to speak his mind--and not to worry about offending colleagues who might be angry about his campaign-finance proposals, objections to pork barrel projects or crackdown on gifts and meals from lobbyists.

In the latter part of his political life, he has made that trait an almost singular virtue. He propelled his presidential campaign in 2000 aboard "The Straight Talk Express," and he is a top-tier contender to succeed President Bush.

But now his unflinching insistence on boosting the number of troops in Iraq, and his position as one of the president's most vocal supporters of the war, could imperil his White House ambitions, even among the GOP faithful.

"George W. Bush may pay a price in the eyes of history, but John McCain may pay a practical, political price," said Byron Shafer, a political science professor at the University of Wisconsin-Madison.

Bush's plan for a new start in Iraq has been greeted frostily this week on Capitol Hill by Democrats and a number of Republicans, including at least one, Kansas Sen. Sam Brownback, who will compete with McCain for the nomination.

Undeterred, McCain--a former Navy fighter pilot, and son and grandson of admirals--won't back off his position to step up the war effort.

"We need troops in the numbers required to do the job, in place for as long as it takes to complete their mission," he told the Senate Armed Services Committee. "It would be far better to have too many reinforcements in Iraq than to suffer, once again, the tragic results of insufficient force levels."

At odds with fellow vets

It is a view McCain has held for more than three years, and one he tried repeatedly to impress upon former Defense Secretary Donald Rumsfeld as well as the president. But it's also a view that puts him at odds with his fellow Vietnam veterans in the Senate--Chuck Hagel (R-Neb.), Jim Webb (D-Va.) and John Kerry (D-Mass.).

"I think John sees military force as a way toward a solution in a sense more than I do," said Webb, who has known McCain for 30 years and considers him a friend. "I think that there are limits to the use of military force, particularly in that part of the world."

If the situation in Iraq continues to deteriorate, the nation's frustration with the war could tarnish McCain much as it damaged Republicans at the polls during the midterm elections.

That's something McCain, known for taking controversial stands, refuses to entertain.

"I do not worry about that," he said during a break in the hearings. "I do not worry about it. I do not worry about it. This is too important an issue."

After Bush's address to the nation Wednesday, McCain was similarly emphatic about the intersection of the war and his presidential dreams: "I would much rather lose a campaign than lose a war," he said on CNN's "Larry King Live."

Friends take heart that McCain advocated a change of strategy well before others realized the plan wasn't working.

"Iraq could rub off on McCain in a negative way. But McCain's been right from the beginning saying we need more troops," said Scott Reed, who managed Bob Dole's presidential campaign in 1996. "He supported the Powell doctrine . . . and McCain understands that pulling out and losing would be a disaster in the region and how we're viewed around the world."

Aides to McCain say that taking unpopular stands is nothing new for their boss, and managing the fallout is nothing new for them.

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"All I can tell you is McCain is basing his position on what he thinks is in the best interest of this country," said Mark Salter, the senator's longtime chief of staff. "There's nothing we can do about it, either. It's his position, it's why we admire him , and that's that."

John Weaver, the architect of McCain's presidential operation, said the senator's position on the war has not slowed fundraising or deterred political activists or operatives from joining the campaign.

"We don't worry about it. Is it our job to deal with it? Yes," Weaver said. "At the early stage, it has not kept people from encouraging the senator to run or from signing up and taking leadership positions."

To some degree, McCain has a credibility that comes from enduring torture by his North Vietnamese captors and being kept in solitary confinement for three of his 5 1/2 years in the Hoa Lo prison camp.

"He probably has a level of insulation on this issue that nobody else does on the Republican side," said William Mayer, an expert on the presidential primary process at Northeastern University. "Nobody . . . is going to accuse him of not caring about what happens to American soldiers."

Indeed, McCain has an even more personal stake in how the war is conducted. One son just finished Marine Corps boot camp and is likely to be sent to Iraq. Another son attends the Naval Academy and could wind up in Iraq too.

Nevertheless, McCain remains defiant as he fights to bring in more troops and allow Lt. Gen. David Petraeus to lead a counterinsurgency campaign.

"Those who want us to withdraw within four to six months have an obligation to tell us what they'll do when chaos ensues," said McCain.

He acknowledged that the push in Congress for a non-binding resolution opposing the escalation in Iraq would be a setback for his position. But he offers his opponents a challenge he is certain they will not take.

"The legitimate question is if you feel that strongly that you want to disagree with the president's policy, Congress has a right to cut off funds--why not a resolution to cut off funds?" he suggested. "I think that's a more legitimate way of pursuing this issue, frankly."

Bush's Legacy Vs. The 2008 Election (NYT)

By Kate Zernike

The New York Times, January 14, 2007

DURING the midterm elections, a question nagged at Republicans who agreed to follow the White House script on the Iraq war: Does the president care more about his legacy than the party's in pushing his course?

By last week, many Republicans on Capitol Hill had come to believe that their interests and the president's may be diverging even wider.

On one end of Pennsylvania Avenue is a president who argues that history will judge him favorably on the war; on the other are increasingly skeptical Republicans who blame the president's stay-the-course strategy for the loss of majority status in Congress and fear that it may cost them again in 2008.

The unusual circumstances of the 2008 election may only aggravate the situation. Congressional Republicans face high stakes, particularly in the Senate, where 21 are up for re-election, compared with just 12 Democrats. And the Democrats have already put targets on senators in the Northeast and Midwest where antiwar sentiment helped Democrats sweep into office.

The president, on the other hand, cannot run again, and has no chosen successor, leaving him unbound to electoral concerns.

Like any president, however, he is concerned with how history will judge him. Mr. Bush has frequently likened himself to Harry Truman, an unpopular president when he left office, but one applauded by history.

"To coin a phrase, he's no Harry Truman," said Robert Dallek, a presidential historian. "Truman is now seen as a near great president because he put in place the containment doctrine boosted by the Truman Doctrine and the Marshall Plan and NATO, which historians now see as having been at the center of American success in the cold war."

"If you ask yourself, what is Bush's legacy, what is there?" Mr. Dallek asked. "What's his larger design to meet the dangers of Islamic terrorism?"

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The parallels, some historians say, are more to Lyndon Johnson.

Robert A. Caro, the Johnson biographer, says that the similarities are striking if you look at newspapers from 1967 as the nation headed into the tumultuous election year of 1968.

"You see this pouring in of the national treasure, this rise in troops against the background of failure," he said. "The opposition to this starts to be expressed more and more on the floor of Congress. You have a president who is unbending in each case."

President Johnson was increasingly concerned about his legacy. He wanted it to be the Great Society, but more and more he feared it would be overwhelmed by failure in Vietnam. "Both presidents seem absolutely convinced that their course is correct," Mr. Caro said. "They both feel that if they're only allowed by public opinion to pursue that course, they will win."

Mr. Johnson faced most of his opposition from within his own party. In 1964, only two senators voted against the Gulf of Tonkin resolution, escalating the American involvement in Vietnam. By 1966, Senator J. William Fulbright, who voted for the resolution, gave a speech at Johns Hopkins University on the arrogance of power, and the next year, Senator Eugene McCarthy announced that he would challenge Mr. Johnson for the Democratic presidential nomination. By 1968, Mr. Johnson announced he would not seek re-election.

Republicans are not close to such an all-out revolt, but their opposition last week was a striking turnaround from just six months ago, when all but one member of the Republican majority in the Senate rejected a plan to begin withdrawing troops within the year.

Seven Republican senators have said publicly that they oppose the president's plan. Many more have said they will wait for more information to make a decision, or have expressed only qualified support; a Washington Times survey late in the week found only 21 of 49 Republicans expressing "unqualified support."

Those opposing the plan include senators facing tough re-elections, like Senator Norm Coleman of Minnesota, who Democrats have already declared one of their top three targets for 2008.

Those who oppose or express reservations about the president's plan say it is not primarily a matter of politics; they question the Iraqi government's commitment to deliver on promises, and have had their doubts reinforced by visits to Iraq and the excruciating pain of calling families who have lost loved ones in the war.

"Politics is lurking beneath the surface but the facts themselves compel, repeat compel, our colleagues to dig deeper," said Senator John W. Warner, the Virginia Republican who is a member, and was recently chairman, of the Armed Services Committee. He says he wants to study the president's proposal before deciding whether to support it.

But they also recognize public opinion.

"Many Republicans, like Americans, are increasingly disappointed in the lack of resolution in Iraq," said Senator Susan Collins, Republican of Maine, who has argued to withdraw, not increase, troops in Baghdad. "The fact that the strategy that the administration has pushed in the past did not work leaves me, and many of us, to ask questions about the president's new strategy."

The split seems likely only to widen. Some lawmakers called to the White House to discuss the plan last week said Mr. Bush did not seem interested in what one called "an exchange of views."

Ms. Collins said she was struck by "how confident he was."

"I think this issue is so thorny and so plagued with uncertainty, and yet he seems so certain," she said.

On the Hill, meanwhile, even those who did support the president's plan in Iraq offered less than the hearty endorsements of the troop surge. Some, like Mr. Warner, said they needed more information before they committed to any increase. At an Armed Services Committee hearing on Friday, Mr. Warner asked the Pentagon to provide results of the war game analyses it has done to evaluate the results of adding more troops.

In the House, as fierce a partisan as Representative Jack Kingston said he was not ready to lend full support, but looked forward to hearings on the plan.

Other Republicans supported the president but emphasized that the commitment in Iraq must not be open-ended — a Democratic refrain. And they argued for the need for benchmarks to evaluate the success of the increase, all of which leaves room for them to peel away from the president if the war does not show more success soon.

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Heading toward 2008, Republicans are no longer expecting the kind of party discipline on the war that they expected in 2006. Instead, party leaders say members must speak their consciences.

"Voters will recognize a phony and a fraud," said Representative Tom Cole of Oklahoma, who is leading the Republicans' 2008 efforts to gain back the majority they lost in the House. "If you believe the president is right you should say so. If you have a legitimate and honest difference with the president, you shouldn't hesitate to draw that difference."

"Bad Behavior"? (NOVAK)

By Robert D. Novak

Robert Novak, January 13, 2007

WASHINGTON -- House Minority Leader John Boehner, who had promised last May that "bad behavior" by House Republicans who voted against their leadership would not be rewarded, announced to a party conference Wednesday that reform Rep. Jeff Flake of Arizona was being removed from the Judiciary Committee.

With the change in House control, several Republicans had to be removed from committees. However, Flake was about halfway up the Judiciary panel in seniority, and this was his priority appointment. The decision was made by the Republican Steering Committee, dominated by Appropriations members who resent Flake's vigorous campaign against earmarks.

Boehner later told Flake he was purged because of his verbal attacks on party leaders. Flake was undone by his critical remarks on CBS's "60 Minutes" just before the election.

DEMOCRATIC DISCIPLINE

The House vote Tuesday passing a Democratic-sponsored homeland security bill showed that Republicans are unaccustomed to being in the minority for the first time in 12 years, while the Democrats are exercising iron discipline in the majority.

Although the full Republican leadership attacked the bill as expensive and ineffective, 68 Republicans voted for it while 128 were in opposition. The supporters included such ranking Republican committee members as Reps. Ileana Ros-Lehtinen of Florida (Foreign Affairs) and Peter King of New York (Homeland Security).

All 231 Democrats voting were in support of the bill, as Speaker Nancy Pelosi began the Democratic "first 100 hours" of rapid-fire legislation. Pharmaceutical industry lobbyists could not find a single Democratic member against a party plan to force down drug prices. One moderate freshman congressman said he was opposed to the measure but felt obliged to vote for a bill that was in the Pelosi 100 hours as a "leadership issue."

EXPLORER OBAMA

Sen. Barack Obama informed a major Democratic financial contributor that he probably will announce formation of a 2008 presidential exploration committee this coming week, which starts with Martin Luther King Jr. Day Monday.

A political source close to Obama told this column he was not sure the exploratory committee would be named that early but added that probably would happen during the next three weeks. Actual announcement of his candidacy would come later.

A footnote: Obama canceled tentative plans to deliver the keynote address for Martin Luther King Jr. Day ceremonies at Virginia Tech in Blacksburg, Va. University officials speculated that Obama's travel has been temporarily suspended as he approaches the start of his presidential candidacy.

ROMNEY VS. REAGAN

Republican presidential hopeful Mitt Romney's 1994 effort to unseat Sen. Edward M. Kennedy in Massachusetts continues to haunt him. A Democratic blogger named SoThisIsWashington posted a video clip on YouTube of a debate with Kennedy in which Romney deliberately separates himself from Ronald Reagan.

The video, from their campaign debate, shows Kennedy telling Romney that "your economic program" is "the program of Mr. Reagan and Mr. Bush." Romney responded: "Look, I was an independent during the time of Reagan-Bush. I'm not trying to return to Reagan-Bush."

In the same debate, Romney promised to "sustain and support" the Roe v. Wade abortion decision. Romney also was damaged with conservatives by a 1994 letter in which he claimed he was more pro-gay rights than Kennedy.

"DR. MULTIMILLIONAIRE"

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Newly elected Rep. Steven Kagen, a rich allergist who self-financed his campaign in Wisconsin, by his own account taunted President and Mrs. Bush, Vice President Dick Cheney and presidential adviser Karl Rove during a White House function for new members of Congress in December.

Kagen told a group of activists that after he found himself in the restroom with Rove, he blocked the White House deputy chief of staff's departure by holding the door closed. According to Kagen, he then said: "You're in the White House and you think you're safe. . . . My name's Dr. Multimillionaire and I kicked your ass."

The new congressman said he said separately to both Bush and Cheney: "Thank you for coming to Green Bay. I couldn't have won without you coming." Kagen also said he approached Laura Bush and purposely called her Barbara, the name of the president's mother. Kagen's remarks were reported in "The Scene," published in Appleton, Wis.

Robert Novak is syndicated columnists and editor of the Evans-Novak Political Report

Obama's Charm Lost On America's Black Activists (LONT)

By Tony Allen

Times of London, January 14, 2007

HE is a media darling, a paparazzi target and a source of inspiration for millions of Democrats who dream of retaking the White House in 2008. But Senator Barack Obama, the charismatic African-American who is shaking up the presidential primary race, has not impressed some of America's most powerful black activists.

Civil rights leaders who have dominated black politics for much of the past two decades have pointedly failed to embrace the 45-year-old Illinois senator who is considering a bid to become America's first black president.

At a meeting of activists in New York last week, the Rev Jesse Jackson, the first black candidate to run for president, declined to endorse Obama. "Our focus right now is not on who's running, because there are a number of allies running," Jackson said.

The Rev Al Sharpton, the fiery New York preacher who joined the Democratic primary race in 2004, said he was considering another presidential run of his own. And Harry Belafonte, the calypso singer who became an influential civil rights activist, said America needed to be "careful" about Obama: "We don't know what he's truly about."

The unexpected coolness between the old civil rights guard and the new Democratic hopeful has added an intriguing twist to the budding rivalry between Obama and Senator Hillary Clinton, who hopes to emulate her husband, former president Bill Clinton, in attracting support from black voters.

The importance of the black vote — and the still-potent influence of community leaders such as Jackson and Sharpton — was underlined last week when both Clinton and Obama appeared at different times in New York at a black business conference organised by Jackson's Rainbow/Push Coalition.

Clinton was applauded at a breakfast meeting for her attacks on President George W Bush's economic policies of "tax breaks for the rich". She added: "It is not rich Americans who have made this country great. It is hard-working Americans who have worked hard to lift themselves and their children up."

Delayed by bad weather, Obama turned up in the evening to pay respectful homage to Jackson's presidential bids in the 1980s. "I owe him a great debt," Obama said. "I would not be here had it not been for 1984 . . . for 1988. If I'm on the cover of Ebony (an African-American magazine), it's not because of me. It's because a whole bunch of folks did the work to put me there."

Yet Obama's charm and eloquence have not wooed the old guard.

"They are basically jealous," said a Democratic strategist who has not yet decided which candidate he intends to support. "They've been toiling in the trenches for decades, and along comes this son of a Kenyan farmer and suddenly he's measuring the drapes in the Oval Office."

Sharpton, 52, is widely considered to have no better chance of winning the Democratic nomination than in 2004, when he never amassed more than a few percentage points in the polls but still made a national impact with his barnstorming performances in the televised primary debates.

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When asked about Obama's likely candidacy, the preacher, renowned for outrageous self-publicising antics, shrugged: "Right now we're hearing a lot of media razzle-dazzle. I'm not hearing a lot of meat, or a lot of content. I think when the meat hits the fire, we'll find out if it's just fat, or if there's some real meat there."

Belafonte, who returns to British cinema screens shortly with a small role in Bobby, the new Emilio Estevez film about the assassination of Robert F Kennedy, also cast doubt on Obama's credentials as a legitimate candidate.

"He's a young man in many ways to be admired," Belafonte said. "Obviously very bright, speaks very well, cuts a handsome figure. But all of that is just the king's clothes. Who's the king?" There were contrasting views on the likely impact on Obama's campaign of black competition or criticism. One analyst argued that a Sharpton candidacy would "put Obama on the spot" by forcing him to address awkward civil rights issues such as police brutality and racial profiling that he tends to steer clear of. One Democratic blogger argued that Sharpton was "just what the doctor ordered to keep Obama on the straight and narrow".

Others suggested that Sharpton would help Clinton by dividing black primary voters. In one interview last week, Sharpton warned that Obama could not take the black vote for granted. A strategist pointed out, however, that Obama could emerge as a "model of reason, compared to that blowhard Al (Sharpton)".

Romney Retreats On Gun Control (BOS)

By Scott Helman

The Boston Globe, January 14, 2007

ORLANDO , Fla. -- Former governor Mitt Romney, who once described himself as a supporter of strong gun laws, is distancing himself from that rhetoric now as he attempts to court the gun owners who make up a significant force in Republican primary politics.

In his 1994 US Senate run, Romney backed two gun-control measures strongly opposed by the National Rifle Association and other gun-rights groups: the Brady Bill, which imposed a five-day waiting period on gun sales, and a ban on certain assault weapons.

"That's not going to make me the hero of the NRA," Romney told the Boston Herald in 1994.

At another campaign stop that year, he told reporters: "I don't line up with the NRA."

And as the GOP gubernatorial candidate in 2002, Romney lauded the state's strong laws during a debate against Democrat Shannon O'Brien. "We do have tough gun laws in Massachusetts; I support them," he said. "I won't chip away at them; I believe they protect us and provide for our safety."

Today, as he explores a presidential bid, Romney is sending a very different message on gun issues, which are far more prominent in Republican national politics than in Massachusetts.

He now touts his work as governor to ease restrictions on gun owners. He proudly describes himself as a member of the NRA -- though his campaign won't say when he joined. And Friday, at his campaign's request, top officials of the NRA and the National Shooting Sports Foundation led him around one of the country's biggest gun shows.

Romney says he still backs the ban on assault weapons, but he won't say whether he stands by the Brady Bill. And after the gun show tour, his campaign declined to say whether he would still describe himself as a supporter of tough gun laws.

"He believes Americans have the right to own and possess firearms as guaranteed under the US Constitution," spokesman Eric Fehrnstrom wrote in an e-mail. "He's proud to be among the many decent, law-abiding men and women who safely use firearms. Like President Bush, he supports restrictions on assault weapons, but Mitt Romney has also worked with gun owners and sportsmen to ease the gun-licensing laws in Massachusetts."

Romney appears to be stepping up his efforts to portray himself as a gun-friendly candidate, though some gun-rights activists in important primary states say his past positions will hurt him politically.

On Wednesday, Romney said on an Internet podcast, "The Glenn and Helen Show," that he hopes states would continue to ease regulations on gun owners, and he expressed enthusiasm for guns and hunting. "I have a gun of my own. I go hunting myself. I'm a member of the NRA and believe firmly in the right to bear arms," Romney said.

Asked by reporters at the gun show Friday whether he personally owned the gun, Romney said he did not. He said one of his sons, Josh, keeps two guns at the family vacation home in Utah, and he uses them "from time to time." The guns are a

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Winchester hunting rifle and a Glock 9mm handgun, which Romney uses for target shooting . Romney also described himself as a sportsman who learned to shoot as a boy rabbit hunting in Idaho with a .22 rifle. He fondly recalled shooting quail last year at a Republican Governors Association event in Georgia.

"I . . . had a good time and actually knocked down a couple of birds," he said.

Fehrnstrom said Romney had taken steps to support gun rights as governor, including his signing of an NRA-backed bill last year that reduced a testing requirement on certain pistol-makers before they could sell guns in Massachusetts.

In 2002, even as he was pledging to uphold the state's strong gun laws, Romney still garnered a "B" grade from the NRA.

Also, in 2005, Romney designated May 7 as "The Right to Bear Arms Day" in Massachusetts to honor "the right of decent, law-abiding citizens to own and use firearms in defense of their families, persons, and property and for all lawful purposes, including the common defense."

But perhaps the most significant gun legislation Romney signed as governor was a 2004 measure instituting a permanent ban on assault weapons. The Legislature mirrored the law after the federal assault weapons ban, which was set to expire. According to activists at the time, the bill made Massachusetts the first state to enact its own such ban, and Romney hailed the move.

"These guns are not made for recreation or self-defense," he was quoted as saying. "They are instruments of destruction with the sole purpose of hunting down and killing people."

The bill enjoyed the support of Massachusetts gun owners because it also encompassed several measures they favored -- including a lengthening of the terms of firearm identification cards and licenses to carry. (Asked about the bill Friday, Romney described it as a "consensus measure" and a "positive step.")

But the NRA and many local affiliates do not support assault weapons bans, arguing that the arms are rarely used in crimes and have a legitimate purpose in hunting, target shooting, and self-protection. Romney's signing of that bill, despite its progun provisions, will be problematic politically, activists say.

"Why don't you just not take away [rights] from us?" Michael Thiede, president of the group Michigan Gun Owners, said last week. He said Romney's support for the assault-weapons ban and the Brady Bill will "absolutely" give him friction.

Gerald W. Stoudemire, president of Gun Owners of South Carolina, agreed, saying Romney has been "basically antigun on some issues."

"They're going to be a big scratch on his record," Stoudemire said. "He's going to have to not just get over them, but show a different direction if he's going to pick up voters."

The NRA officials who led Romney around the trade show declined to discuss his positions. "We meet with candidates all over the country at every level," said Chris W. Cox, who heads the NRA's political and legislative work.

Romney's past positions on gun control have also drawn some attention in the blogosphere, though not nearly as much as his statements in support of abortion rights and gay rights. (He's now antiabortion and takes a harder line on gay rights.) "Wait until the 2d amendment crowd gets a hold of Mitt's views on gun control," one blogger wrote on punditreview.com .

Romney was clearly trying to allay such concerns by attending the massive Shooting, Hunting, Outdoor Trade Show and Conference at Orlando's Orange County Convention Center. Romney, joined by his wife, Ann, and trailed by local television stations and a few reporters, chatted enthusiastically with vendors displaying a wide variety of weapons.

"Let's see your shotguns here," Romney said to Michael F. Golden, CEO of the Springfield-based gunmaker Smith & Wesson. Romney's dark suit stood out in a sea of camouflage, but he gamely introduced himself to anyone in his path.

At one booth, he met exhibition shooter Tom Knapp , who gave Romney some hunting advice: When you miss an animal, pretend you did it on purpose, because you want the animal to breed lots of offspring (read: targets).

"That's a great hunting tip!" Romney said with a laugh.

The trade show illustrated the work that lies ahead for Romney in broadening his name recognition. Though many people knew who he was -- "I was just pitching you last night!" one man said enthusiastically -- many others did not.

"Who is that?" a woman at the Crossman gunmaker booth asked quietly after Romney walked away.

"A governor," someone said.

"Where?" she asked.

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"Massachusetts -- may be running for president."

Moments later, a different woman gestured in his direction: "Is that Jeb Bush?"

"No, it's Mitt Romney," Fehrnstrom corrected.

Tancredo In Iowa To Test '08 Bid (DENP)

By Anne C. Mulkern

Denver Post, January 14, 2007

Washington - U.S. Rep. Tom Tancredo is in the key caucus state of Iowa this weekend, assessing whether he should formally announce a bid for the presidency.

"What comes out of this weekend will determine whether or not he sets up an exploratory committee," Tancredo spokesman Carlos Espinosa said Friday.

Tancredo, R-Colo., officially is in Iowa to publicize his book, "In Mortal Danger." But while he's there, he's talking to state Republican leaders.

"Fighting for 3rd place"

Tancredo often talks about running for president as a way to publicize his hard-line views on the immigration issue. If he decides to announce, Espinosa said, it's for that cause and not because he thinks he can win the election.

"Any bid that Tom would put up, it would be fighting for third place," Espinosa said. "Third place would be a huge victory for Tom Tancredo."

Tancredo is eyeing Iowa because, in his view, there are only two Republican front- runners who plan to compete in the caucus there: Sen. John McCain of Arizona and former Massachusetts Gov. Mitt Romney.

Iowa also is the first of the Republican presidential caucus states.

"The reality is, McCain is not a very popular guy in Iowa," Espinosa said. "That leaves a very big void in Iowa."

Tancredo objects to McCain's position on immigration reform. McCain was one of the sponsors of the Senate bill on immigration that passed last year. It would have created a guest-worker program and a path to citizenship for illegal immigrants. Tancredo opposes giving any legal status to illegal immigrants.

Press jumps the gun

The Des Moines Register's website Friday reported that Tancredo was announcing a run for the presidency, which Espinosa said isn't true. Reaction to Tancredo's visit to the state, he said, "is being blown way out of proportion."

In addition to evaluating Iowa, Tancredo is also waiting to see whether Sen. Wayne Allard, R-Colo., decides to run for re-election in 2008, Espinosa said. Tancredo has said he's interested in that office.

Left Out In '08 (LAT)

The Los Angeles Times, January 14, 2007

THE GOVERNOR OF the nation's largest state was reelected in a landslide in November, even though his Republican Party is a minority in California. He works with Democrats in a way that offers the rest of the country a model of much-needed bipartisanship. To kick off his second term, he has proposed the most ambitious healthcare and environmental reforms in the country, and he is also committed to a massive reconstruction of the state's infrastructure.

Yet, oddly enough, Gov. Arnold Schwarzenegger is not on the list of potential presidential candidates in 2008.

Why? Because the founders were worried in the 18th century that our fledgling nation might go the way of Poland and be overtaken by a foreign monarchy. Hence the constitutional qualifier that only "natural-born citizens" are eligible for the presidency of the United States.

In their wisdom, however, the Constitution's authors adopted a mechanism for the nation's founding document to be amended. Amendments should be undertaken sparingly, we agree, but it's a good thing that slavery was done away with and that suffrage has been expanded.

And now that we can all rest assured that no foreign monarch is going to move into the White House, it's long past due for this nation of immigrants to amend the Constitution to allow naturalized Americans to aspire to the presidency. This is precisely the type of defining issue — what it means to be American — that the amendment process was designed to address.

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Supporting Schwarzenegger for governor (we did) does not necessarily lead to supporting him for president (we don't — yet). But why should Californians have their governor sidelined from the race? And why can't voters across the country be entrusted to decide for themselves whether the governor of California is sufficiently "American" to earn their vote? It's insulting, really.

Yes, the nation will manage without Schwarzenegger at the helm. But his situation is a reminder of this constitutional flaw. The issue is also important at a symbolic level. It isn't that there aren't enough qualified "natural-born" Americans to run for the highest office in the land, it's that there is an asterisk attached to the citizenship of many great Americans.

Think about it. Someone could come to the U.S. at the age of 2 from Britain or China or Peru, become a citizen, join the military, win a Medal of Honor, cure cancer — but that person would still not be "good enough" for the White House.

One of the exceptional qualities of this meritocratic nation of immigrants is its sense of possibility. Americans like to tell their kids that they can be anything they want to be when they grow up — including president. But for millions of patriotic Americans, the Constitution says otherwise. The idea of citizenship only as a birthright is a decidedly foreign notion. And the idea that voters cannot elect as their leader a naturalized citizen is decidedly undemocratic.

That's why California's representatives in Washington should support a constitutional amendment. If the United States is a nation of immigrants, California is a state of immigrants. And California leaders who want to hold on to the 18th century prohibition against naturalized citizens running for the presidency are not doing a very good job representing their constituents.

We asked every member of Congress representing California two questions: 1) As a Californian, do you think it's fair that our governor can't run for president because he's a naturalized citizen? And 2) Would you support a constitutional amendment to allow naturalized citizens to seek the presidency?

We have posted their answers on our website at latimes.com/opinion.

We realize there are further debates to be had about the exact terms and language of the amendment. House Speaker Nancy Pelosi, for instance, does favor such an amendment but wants a 35-year residency requirement for naturalized citizens; Rep. Ken Calvert (R-Corona) would require individuals to have been a citizen for a quarter of a century. But it's remarkable that 18 out of 55 members failed to get back to us on this issue altogether, three refused to comment and 11 others couldn't muster a simple "yes" or "no" answer to these fundamental questions. These include both Democratic senators, Dianne Feinstein and Barbara Boxer. Feinstein reminded us that she had serious concerns about such an amendment the last time the issue was looked at by the Senate Judiciary Committee, but that she would keep an open mind on future proposals. Boxer simply said she'd want to look at the specific language of any proposed amendment before taking a position, but she wouldn't even answer the first question regarding Schwarzenegger's predicament.

The good news is that of those who did give us straightforward answers, 14 members of the House of Representatives said they would support a constitutional amendment, while nine wouldn't. That's a start.

Plenty of members seem to feel like this is a minor issue — Rep. Zoe Lofgren (D-San Jose) says it is not important enough to deal with, and she'd rather see an equal rights amendment to the Constitution. Others may even feel that it is too radioactive against the backdrop of arguments over illegal immigration.

A number of representatives overlook the symbolic importance of the barrier to naturalized citizens, focusing on the fact that we already have a talented pool of people from which to choose a president. Rep. Henry A. Waxman (D-Los Angeles) got the bipartisan spirit of our endeavor, saying he'd favor a constitutional amendment to allow naturalized citizens to run for president, "even those I may not support myself." We hope mere partisanship isn't driving the views of others.

In any case, we will persevere in coming months to try to keep the issue on the minds of our representatives, and maybe, as they reflect on what it means to represent this state built by immigrants, we can hear back from more of them.

A Preview Of Arnold's Second Act (LAT)

By Bill Whalen

The Los Angeles Times, January 14, 2007

THERE ARE two ways to view Arnold Schwarzenegger's skiing mishap: His fractured femur was a bad break, or it's the latest example of bad luck to befall a newly reelected California governor.

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Hearken back to 1995, the last time a Republican governor began a second term. Pete Wilson underwent surgery on his vocal chords and lost his public voice — and his dream of being president. Gray Davis, a Democrat, experienced an even more painful procedure during the first — and last — year of his second term: a voter recall.

So, odd though it may sound (and as painful as it assuredly is), Schwarzenegger has so far gotten off easy: His voice can still be heard, and he still has his job.

Odd is a good word to describe the governor's coordinates on the political landscape. Schwarzenegger lives in rarified air — an American politician the world knows on a first-name basis. That said, his sky has a ceiling. Term limits will force him to step down in 2011, and the Constitution stands in the way of a presidential run.

That leaves the U.S. Senate as an alternative. Some option. Watch five minutes of C-SPAN2 and you'll understand why that chamber's deliberative style is an awkward fit for a thrill-seeking executive such as Schwarzenegger.

So, time is running out on the governor's political career. And that might explain why his second term is off to such a fast start. It also may explain what kind of politician he truly is.

Will Schwarzenegger get his way on the healthcare front? That largely depends on his interpersonal skills, beginning with his ability to offer lawmakers the right mix of carrots and sticks to keep the reform effort on a steady course.

Those talents were missing two years ago when the governor and Legislature couldn't work out a deal that would have spared California a special election.

If that history repeats itself, healthcare reform could collapse under its own weight — or, worse for California, emerge from the Legislature as a "Franken-fix," a last-minute, slapdash job certain to haunt the next governor.

Schwarzenegger will need the same people skills to repair another fracture on his right — his deteriorating relationship with the legislative wing of the Republican Party. Right now, that relationship is headed from critical condition to "do not resuscitate."

LEGISLATIVE Republicans have every reason to gripe. The governor's most notable "conservative" accomplishments are defensive in nature: He hasn't raised taxes (now debatable, depending on how one interprets the revenue provisions of his universal healthcare plan); he hasn't signed a same-sex marriage law; and he refuses to provide driver's licenses to illegal immigrants. Also, to date, Schwarzenegger's post-partisanship style has consisted almost entirely of him moving left of center and Democratic legislators leaning a little to the right.

There is an underlying irony to his conflict with conservative Republicans. Probably the most appealing idea in the governor's new budget to GOP lawmakers is cutting welfare benefits to encourage recipients to enter the workforce. But the Republicans suffer from a different form of dependency — the urge to whine and complain instead of offering concrete ideas to move forward. Maybe it's what comes from being a political underclass. But it's not productive. And it won't work with an optimist like the governor.

Still, is Schwarzenegger truly a Republican when his ideas aren't well received by party regulars? It's a fair question. And it's worth remembering that Hiram Johnson, the great reformer and Schwarzenegger's first gubernatorial role model, started out as a Republican governor before joining Theodore Roosevelt and the "Bull Moose" Progressive Party after only two years in Sacramento.

Our nonconformist governor may be best described as a "utopian." Schwarzenegger aspires to a pristine environment, economic progress across class lines and healthcare for all. His basis for action is a kind of "political transcendentalism" — a personal belief that within California's political system there exists a spiritual desire that outweighs the worst of partisan urges. Healthcare reform will put that faith to its strongest test.

No one is going to confuse our crowd-loving, glamour-seeking governor with the stark isolation of a 19th century transcendentalist such as Henry David Thoreau — Sun Valley and Walden Pond have little in common.

But it's the latter's writing that strikes a chord. "If one advances confidently in the direction of his dreams, and endeavors to live the life which he has imagined," Thoreau observed, "he will meet with a success unexpected in common hours."

Time will tell if the uncommon politician finds expected success in his next four years.

Bill Whalen, Former Chief Speechwriter For Gov. Pete Wilson, Is A Research Fellow At Stanford University.

Gov. Attuned To Waning Of Party Loyalty (LAT)

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By Peter Nicholas

The Los Angeles Times, January 14, 2007

SACRAMENTO — Rolling out his agenda last week, Gov. Arnold Schwarzenegger proudly elevated his eclectic approach to a kind of political doctrine: Republicans and Democrats might be invested in the fight for supremacy, but voters aren't.

Seeing that party loyalties are dwindling, Schwarzenegger is confident that he faces no real repercussions if he disappoints the state's GOP leadership.

Siphoning ideas from both major parties, he remains a Republican by registration, but he is acting, speaking and governing increasingly like an independent. Like a party of one.

In the first week of his new term, Schwarzenegger's moves were nearly impossible to categorize. He was left, right and center all at once, a method he cast as "post-partisan."

He called for scaling back state welfare benefits but also proposed new assessments on business to underwrite his ambitious healthcare plan. The governor wants more money to combat global warming, but also to build new prisons and reservoirs — projects important to Republicans.

"There's something positive for everyone, and there appears to be something negative for everyone," said Lewis Uhler, president of the nonprofit National Tax Limitation Committee.

Schwarzenegger's approach reflects a careful reading of the California electorate. Since 1990, Republican and Democratic party membership in California has dropped, while the proportion of independent voters has climbed.

Independents account for nearly 19% of the electorate today, compared with 9% in 1990. In his Jan. 5 inaugural speech, the governor said that if these trends continue, independents will outnumber each of the major parties in 20 years.

Across a broader swath of the country, analysts have spotted the same pattern.

From 1994 to 2006, Democratic Party registration dropped from 48% to 42%; Republican, from 34% to 33%, according to data compiled in 27 states by Rhodes Cook, author of a northern Virginia-based political newsletter. Independents and those registered to other parties rose from 18% to 25% during those years.

There are no data available for all 50 states.

Schwarzenegger is positioning himself ahead of that onrushing wave, political analysts said.

"He's looking at where the voters are going," said Tony Quinn, co-editor of the California Target Book, which analyzes state races. "He's where the curve is."

Republican Party leaders say they are alarmed. State Sen. Tom McClintock (R-Thousand Oaks), an icon for California fiscal conservatives, said the governor's healthcare proposal involves an unacceptable tax on business.

Schwarzenegger "shattered" a campaign promise that was vital to his reelection, McClintock said.

Does it matter what conservative activists think? Political analysts say no.

Schwarzenegger, after all, captured 91% of the GOP vote when he won reelection. The only statewide offices that Republicans won in the November election were those of governor and insurance commissioner. Even with an incumbent candidate, the GOP lost the secretary of state post.

For the moment, the party's best and perhaps only asset in California is Schwarzenegger.

"The problem with the McClintock wing is that they're in great danger of making the Republicans completely irrelevant to the process," Quinn said. " … They lost. They went to the voters with their ideas, and they weren't the ones who got elected."

One advisor to the governor privately said that Schwarzenegger's new identity is not so much post-partisan as "post-Republican."

With his first term behind him, Schwarzenegger has decided that aligning himself with Republican lawmakers is futile. He tried that in 2005, when he called a special election with conservative goals such as curbing state spending and restricting labor's political clout.

Voters defeated the governor's program, and his approval rating sank to the 30s.

Ever pragmatic, Schwarzenegger saw that pushing a classic Republican agenda was a dead end and that if he was to avoid failure — a Schwarzenegger imperative — he had to adapt.

Those who know him say there's a degree of self-interested calculation in the post-partisan stew.

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"The governor may remain a Republican by name, but from a political standpoint he doesn't see a lot to be gained in terms of promoting his party membership," said Mark Baldassare, a pollster with the nonpartisan Public Policy Institute of California.

Determined to reach the biggest audience possible, Schwarzenegger may be planning to take his message on the road. Aides have said he may travel to New Hampshire and Iowa during the presidential primary season, hoping to become part of the national conversation.

"What he has had to say in the last week has put him back on the national stage, talking about healthcare reform and global warming and post-partisanship," Baldassare said.

"So while he can't run for president, he can certainly position himself as a national political leader by talking about the value of thinking beyond partisanship."

Gov. Riley Says No To VP Talk (AP)

AP, January 13, 2007

MONTGOMERY, Ala. (AP) - Bob Riley adds the title of "two-term governor" on Monday. But with potential presidential candidate John McCain attending the inauguration, Riley is trying to stymie speculation that he wants to trade his new title for "vice presidential candidate" next year.

Riley says he is not interested in running a national campaign in 2008 or leaving the governor's office before the end of his new four-year term.

"This sounds so hokey I hate to even say it, but Alabama truly is positioned to do something that is incredible, and I can't think of a better way to spend four years than to finally be able to make all the education reforms we can, develop a new ethical standard, and watch this state continue to grow in a way it has never grown before," Riley said in an interview.

David Lanoue, chairman of the political science department at the University of Alabama, said Riley does not appear to be an "overly ambitious" politician. But he said, "Politicians are like football coaches. They say they don't want the job until they take it."

Riley and McCain visited U.S. troops in Iraq early last year. Then as McCain's presidential aspirations grew, he donated $10,000 to Riley's re-election campaign and stumped across the state in October to help the Republican governor win a second term.

During that tour, the Arizona senator called Riley a friend and lavished him with the kind of adjectives that politicians like to hear. Reporters asked questions about whether Riley might become a running mate, but both men dodged them.

Speculation popped up again at Riley's victory party on Nov. 7, when some supporters held up signs saying "President" and "2008."

Now, the talk is heating up again with McCain planning to be on the Capitol steps Monday when Riley takes the oath of office for a second term.

"The senator believes Governor Riley has been a strong leader in Alabama that has instituted reform policies that have grown the economy, invested in education and fought to protect families," McCain spokesman Danny Diaz said Friday.

Lanoue said he suspects McCain's main reason for visiting Alabama again is to build support for the state's early presidential preference primary, but the visit gives him another opportunity to get to know Riley.

"Is the vice presidency on McCain's mind when he comes down here? Sure," Lanoue said.

State Democratic Party Chairman Joe Turnham, who lost a congressional race to Riley in 1998, said he believes "the Riley team is looking at national politics."

He said Riley's three terms in the U.S. House combined with his two terms as governor make him an attractive figure, and he would provide geographic balance to a western candidate like McCain or a northeastern candidate like former New York City Mayor Rudy Giuliani or former Massachusetts Gov. Mitt Romney.

A Riley resignation to move to Washington would be a boost for Turnham's party because Democratic Lt. Gov. Jim Folsom Jr. would move up to the governor's office.

When reporters bring up presidential politics, Riley tries to quiet the talk by recounting his goals for his new term.

They include, he says:

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-raising Alabama's income tax threshold for a second time.

-removing the state income tax from the first $10,000 of taxable retirement income.

-giving workers a tax break for returning to school to learn new skills.

-providing a tax break to help small businesses provide health insurance to their employees.

-putting distance learning labs and offering at least eight Advanced Placement courses in every Alabama high school, no matter how small or how remote.

"The disparity between the best education and the worst education is just too wide in this state. We have the technology and the know how to level the playing field," he said.

Riley's tax breaks and spending plans would affect taxes dedicated to Alabama's public schools and teachers' pay.

And that means his second term will be similar to his first. He will have regular battles with Paul Hubbert, executive secretary of the Alabama Education Association and vice chairman of the Alabama Democratic Party.

"The governor's agenda is going to have problems with cutting money from schools," Hubbert said.

"When people say this is going to hurt education, it's exactly the opposite," Riley said.

He said the tax breaks will stimulate the economy, create more jobs and provide even more tax revenue for public schools.

When the governor's battles with Hubbert and others are over and his term comes to an end, Riley said he wants to return to his farm in Ashland.

"Politics is exciting and I enjoy it. But the life we had back in Clay County was something that meant a lot to both Patsy and myself," he said.

And is there any interest in moving into the home at One Observatory Circle in Washington when Dick Cheney moves out?

"No," he said.

McCain-Clinton '08? Obama-Hagel? That's The Ticket (WP)

By Lanny J. Davis

The Washington Post, January 14, 2007

Imagine this scenario: The country is so deeply divided that the media have color-coded the map of the United States to indicate the partisan chasm -- one color covers the South and most of the border states, the other drenches the North.

As the presidential election year nears, one candidate, a shoo-in for his party's nomination, has an obvious choice for running mate. Yet he also senses the uniqueness of the moment. So he makes a risky decision: He asks a leader of the opposition to run for vice president alongside him, forming the first bipartisan presidential ticket in U.S. history.

This is no fantasy. It's the decision Abraham Lincoln made when, running for reelection in 1864, he asked his Republican vice president, Hannibal Hamlin, to quit the ticket in favor of the highly partisan Democrat Andrew Johnson.

Lincoln's experiment in bipartisanship was tragically cut short when he was assassinated less than a month after his 1865 inauguration. But if ever there was a time to give it a second try, it's now.

Today's national unease and rabid partisanship -- so similar to the circumstances of 1864 -- raise the challenge for someone to form a bipartisan ticket in 2008. The lingering trauma of 9/11, the war in Iraq and the fight against terrorism call for an administration open to bipartisan solutions to the crises that confront the country.

Last year's congressional elections showed that voters are tired of the partisan gridlock in Washington. They want some solutions from liberals and others from conservatives. That's the new politics of our age, as exemplified by Sen. Joseph I. Lieberman's reelection in Connecticut as an "independent" Democrat. Though he has voted mostly with his fellow Democrats over the years, Lieberman is open to both liberal and conservative approaches.

The most important reason for a bipartisan presidency in 2008 is the need to find solutions to the war in Iraq and to avoid delaying the end of significant U.S. involvement over fear of partisan recriminations. Solving the dilemma of Iraq -- how to get U.S. troops out of harm's way in a civil war yet not leave behind a rogue state dominated by terrorists -- will require bipartisan effort and support.

A bipartisan administration is also essential for enacting new taxes. Most responsible political leaders in both parties know -- though few are willing to admit it publicly -- that there is no way to pay for the war in Iraq, even as it winds down, and reduce the

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deficit while also addressing health care, energy independence, global warming and Social Security other than by raising taxes. Only a bipartisan presidency pushing leaders on both sides of the aisle can make it possible to tackle that issue honestly.

So how do you put a bipartisan ticket together? Theodore Sorenson, speechwriter for President John F. Kennedy, wrote a book in 1984 describing the various ways it might be done.

The Democratic and/or Republican nominee could do what Lincoln did -- reach out to a leader of the other party as a running mate at the nominating convention. Another scenario, which I prefer, would be for the two parties to nominate their respective tickets and wage a traditional partisan campaign on the issues, so that voters could see each party's approach and weigh their preferences. After the election, the winner would ask his or her vice president-elect to step down (and become, for example, secretary of state) while inviting the defeated presidential or vice presidential candidate from the other party to serve as vice president. This plan would ideally be announced during the campaign -- with the vice presidential candidate agreeing to act as a placeholder on the ticket -- so that the electorate would be aware of the commitment to a bipartisan presidency.

In this scenario, the vice president could be selected after the election by the Electoral College, which would presumably honor the president-elect's request to vote for the president or vice president of the defeated party. Or the selection could occur after the inauguration, with the newly sworn-in vice president resigning and the resulting vacancy filled, under the 25th Amendment, by a majority vote in both houses of Congress. The advantage of this latter method is that it would receive Congress's ratification of the concept of a bipartisan presidency.

In forming his administration, the new president would continue to adhere to the ideal of bipartisanship, selecting a 50-50 Cabinet and choosing judicial nominees on the basis of merit rather than party.

There are any number of provocative possibilities for a bipartisan ticket in 2008. Imagine the buzz if Republican John McCain and Democrat Hillary Rodham Clinton committed to making the other vice president in the event that either won the election. Pick any combination of other names in the current field of potential candidates: Democrat Barack Obama and Republican Chuck Hagel; Democrat Joseph R. Biden Jr. and Republican Mitt Romney; Democrat John Edwards and Republican Michael Bloomberg; Democrat Bill Richardson and Republican Rudolph W. Giuliani. Any of these bipartisan pairings, in any permutation, would create a stir -- and a dynamite ticket. (Okay, strike one possible combination -- there's no way we'll see a Clinton-Giuliani ticket, or vice versa; not only does the Constitution forbid it, as they're both from the same state, but their personal chemistry would preclude it, too.)

Will it happen? In the end, political realism will be the determining factor. If it appears that a bipartisan ticket could enhance the chances of victory, and if any party leader embraces the need to make this a reality for the country's sake, then yes, it's likely to happen.

You don't have to go back 143 years to Abraham Lincoln for an example of such a judgment. Less than three years ago, Democrat John F. Kerry reportedly saw the political wisdom in asking McCain to be his vice presidential candidate, even though he knew the idea would be vehemently opposed by the Democratic Party's liberal base, which disagreed with McCain's positions on abortion, the Iraq war and other issues. Though McCain declined the invitation, it seems evident in hindsight that a Kerry-McCain ticket would have had a better chance of picking up an extra state (or turning 75,000 votes in Ohio) to win the 2004 election.

And whether or not either party takes the dramatic step of committing to a bipartisan ticket, there could be one nonetheless. A well-funded group of national political experts from both parties called "Unity '08," led by Republican pollster Douglas Bailey and former Democratic presidential aide Hamilton Jordan, is ready to fill the void and run a third, bipartisan ticket that would be nominated online through a virtual convention.

But I'm betting that such a third ticket won't be necessary, because eitherDemocrats or Republicans -- or both -- will nominate a bipartisan ticket in 2008 or commit to a bipartisan presidency after the election. And I'll wager that if only one of the parties does it, that party will win.

Lanny J. Davis, special counsel to President Bill Clinton from 1996 to 1998, is the author of "Scandal: How 'Gotcha' Politics Is Destroying America" (Palgrave Macmillan).

Nothing Perks Up A President Like Death (LAT)

DOJ_NMG_0116759

By David Greenberg

The Los Angeles Times, January 14, 2007

WHEN Calvin Coolidge left the presidency in March 1929, having forsworn what surely would have been a reelection romp, he was basking in public adulation of a rare kind. Credited with six years of "Coolidge prosperity," praised for restoring integrity to Washington after the Teapot Dome scandal, admired for avoiding foreign wars, Silent Cal decamped to his native New England a man beloved. Back in Northampton, Mass., reporters peered in his car window, and one tried to enter his bathroom while he was showering.

Just four years later, however, when Coolidge died suddenly from a heart attack, he already seemed a relic. With the Depression and renewed European hostilities, his economic program had come to appear blinkered rather than sensible, his foreign policy self-deluding rather than statesmanlike and his hands-off governing style flaccid rather than prudent. The country had just swept Franklin Delano Roosevelt into office, a man whose ideas Coolidge had disparaged as "socialistic."

"We are in a new era," Coolidge lamented to a friend just before his death, "to which I do not belong." His public image has never recovered.

Coolidge may have been the last American president whose reputation plummeted after his term ended. The national hoopla surrounding the deaths of Richard Nixon in 1994, Ronald Reagan in 2004 and last month — to the astonishment of historians, as well as most other Americans over 30 — Gerald Ford suggests that nothing helps a chief executive's standing with the public so much as his demise.

After all, Ford, notwithstanding his much-celebrated Midwestern decency, will likely escape notice in the next century's history textbooks, except perhaps as the man who let Nixon go free — an act, lest we forget, that also permitted vital "what did the president know" questions go unanswered. Nixon, for his part, was not the internationalist visionary his eulogists canonized but a mean-hearted, power-hungry lawbreaker who thought himself above the Constitution (and one whose foreign policy legacy actually remains mixed).

Reagan, though adored in certain quarters, was deeply reviled in others — loathed as much as the current incumbent for his ultraconservatism, his simple-mindedness and his scorn for the welfare state.

Of course, we shouldn't construe the sonorous eulogies and lofty pronouncements about history's judgment of Nixon, Ford and Reagan as proof of their permanent rehabilitation. De mortuis nil nisi bonum, says a Latin proverb: Of the dead say nothing unless it is kind. Funerals aren't the time for carping — whether to dwell on Ford's fecklessness, Reagan's callousness or Nixon's criminality.

Nonetheless, it certainly appears that leaving office does wonders for one's reputation. Bill Clinton, defying forecasts that the Monica Lewinsky scandal would shape his legacy, has seen his popularity rating rise to 70% since leaving the White House. George H.W. Bush — turned out of office in 1992 with the lowest share of the popular vote of any incumbent since William Howard Taft — now wins kudos from old critics who contrast his multilateralism and wartime restraint with his son's heedlessness. Even Jimmy Carter, a failed president if ever there was one, notched a Nobel Prize 20 years after leaving office — though whether he'll recover from the self-inflicted wound of his latest book, which has been faulted for anti-Israel bias and intellectual dishonesty, remains uncertain.

Going back further, Dwight Eisenhower, once derided for blithely tolerating McCarthyism and Jim Crow, now smiles from the grave as the model of moderation. And John F. Kennedy has weathered three decades of attacks from the left and the right for sins ranging from policy blunders such as the Bay of Pigs invasion to personal failings such as lying about his medical ailments. Yet my students (born in the 1980s) still declare themselves suckers for Camelot.

Why do we venerate our former presidents so much more than our sitting ones? One argument is that when they take up humanitarian causes in their retirement, they gain respect from across the partisan divide. Bush the elder and Clinton were back in the public eye after the 2004 tsunami and again after Hurricane Katrina to raise money for the victims; Carter, for years, has built homes for the poor.

Yet this alone can't explain the trend. Ford saw retirement mainly as a chance to golf. Reagan, even before his Alzheimer's disease worsened, engaged in little public service.

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A more plausible explanation rests not on the presidents but on our expectations of them. Starting in the 1960s, several developments uncorked a new cynicism toward presidents. Television — combined with a newly populist style among politicians — made these once-august figures seem all too human and familiar. With Watergate and the Vietnam War, journalists and the public felt freer to serve up sharp, even vitriolic criticism of the president. And the era's general skepticism toward authority made questioning and mocking our leaders seem as American as the Kentucky Derby.

In this environment, scholars began to wonder if the popular expectations of the office had simply become too great for anyone to fulfill. The federal government now promised Americans a great deal — from vast social programs to consumer and workplace protections to an expanding litany of rights. The president, who embodies the government, was held responsible for delivering more and more: a bountiful economy and efficient services, moral vision and practical policy solutions, ethical leadership and national security without foreign entanglements. The room for error shrank.

But if presidents suffered under burdensome expectations, ex-presidents were another story. The contempt for the individual in the White House obscured an ongoing reverence for the presidential office. Americans have continued to indulge our leaders' posh inaugurations, resplendent mansion and exorbitantly expensive private plane.

We like to imagine former presidents as belonging to an elite club of veteran wise men. Having earned their battle stars and scars, we figure, they now deserve a certain respect. "Saturday Night Live" has even had a running animated bit called the "X-Presidents," which imagines the former chiefs as a gang of superheroes — parodic, but also paying homage to the special role these men hold in public life. Ex-presidents, freed of the demands placed on sitting leaders, can enjoy esteem from citizens while steering clear of controversial topics (Jimmy Carter, take note!) that bring on sniping.

That doesn't mean we should view the upward revisions of ex-presidents' reputations as correct, or final. Our encomiums to former officeholders often reflect nothing more than sentimentalism. We forget the errors of judgment or wrongheaded ideological choices for which we once rightly excoriated them. The appraisal rendered on a president's death is no more reliable than the one delivered during his tenure. Often the post-mortem boom fades: After a brief rise at the time of his death, for instance, Nixon's popularity, as tracked by Gallup, sank back to abysmal levels.

For many months now, George W. Bush has been speaking about Harry Truman — another president, maligned in his own time, whom history has come to treat more charitably for sticking to his guns in the early years of a long, global conflict. And although this comparison strikes most historians of the Cold War as strained, it's perhaps conceivable that someday Bush's successful steps in the war on terrorism will come to be seen as justifying his wrongs.

A more likely outcome, though, is that he'll follow in the steps of Lyndon Johnson — who also failed to end a degenerating war despite mounting popular discontent. For all his achievements, LBJ has emerged as the only postwar president (besides Nixon) who has failed to benefit from the ratings bounce that death or retirement brings.

History delivers few final verdicts. What's important is to maintain a humility about those judgments we offer. When presidents make news for heading up disaster-relief efforts or chairing commissions or being laid to rest, we should bear in mind that some of those whom we consider heroes may soon be remembered as rogues, some sinners as saints, and some men of decency as nullities who just happened to briefly hold the most powerful office in the world.

David Greenberg, A Professor Of Media Studies And History At Rutgers University

Rice Backs Mideast Moderates, But Offers No Plan (NYT)

By Thom Shanker, Greg Myre

The New York Times, January 14, 2007

JERUSALEM, Jan. 13 — Secretary of State Condoleezza Rice and her Israeli counterpart declared their mutual backing on Saturday for a bilateral diplomatic strategy that would support moderate political leaders across the Middle East, but after a first evening of talks here offered little new to push ahead any agreement with the Palestinians.

Ms. Rice played down expectations for any breakthrough during her travels.

“I expect this trip to really be one in which we have intensive consultations,” she said to open weeklong travels across the Middle East and the Persian Gulf before consulting with allies in Western Europe. “I’m not coming with a proposal. I’m not coming with a plan.”

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The focus of her first two days is to push Israeli and Palestinian leaders to move forward on a number of smaller issues, and then she will speak with other regional allies to try to gather support for President Bush's new strategy for Iraq.

Tzipi Livni, the Israeli foreign minister, said after a meeting with Ms. Rice that the two countries were joined in an "ongoing mutual effort to empower the moderates throughout the region in the struggle against extremism and terror."

Asked to describe whether plans were being drawn to accelerate or skip portions of the long sidelined road map — the 2002 plan backed by the United Nations, Russia, the United States and the European Union that describes sequential measures to be carried out by Israelis and Palestinians to reach a full political settlement — Ms. Livni defended the process as balancing the need to give Palestinians "a political horizon" while cutting "the process into phases."

Ms. Rice sought to describe signs of optimism, especially after recent contacts between Mahmoud Abbas, the Palestinian Authority president, and Ehud Olmert, the Israeli prime minister.

"I think there are openings now that are there as a result of this alignment, there as a result of the obvious desire of Prime Minister Olmert and President Abbas to move forward," she said. "So I think the opening is there, but I can't really judge until I've had a chance to really talk to all the interested parties how we can accelerate the road map, how quickly we can accelerate the road map and how we begin to talk about the political horizon that everybody is interested in.

In Palestinian developments on Saturday, the two main factions, Fatah and Hamas, were again stepping up efforts to form a unity government. The process has going on for months without agreement, and has frequently broken down amid street battles between the rivals.

But envoys for Mr. Abbas have been in contact with Hamas's exiled political chief, Khaled Mashal, who is in Damascus, Syria, Palestinian officials said.

Ismail Radwan, a Hamas spokesman in the Gaza Strip, said this was "one of several Arab and Palestinian efforts to solve the differences."

Mr. Radwan also said he believed that Mr. Abbas and Mr. Mashal were likely to meet relatively soon.

In a related matter, Mr. Abbas traveled from the West Bank city of Ramallah to neighboring Jordan to discuss the political developments with King Abdullah II, who has sought to mediate in the Palestinian infighting. Mr. Abbas returned to the West Bank later on Saturday, and will meet with Ms. Rice on Sunday.

A Palestinian unity government would seek to end the internecine fighting and establish a leadership acceptable to Western countries, which cut off financing after Hamas, the radical Islamic faction, came to power early last year. Hamas controls the current cabinet, though Mr. Abbas also has substantial powers as the president.

Also on Saturday, some 80,000 Palestinian government workers, about half of the total, agreed to end a strike that had lasted for months. Most of the striking workers are from the West Bank, and many are considered sympathetic to Fatah. In Gaza, where Hamas is much stronger, government workers have not gone on prolonged strikes.

The workers were protesting the government's inability to pay wages. The Hamas government has paid salaries only partly and sporadically because of the cutoff of money that previously came from the Western countries and from tax revenues collected by Israel on behalf of the Palestinians.

The government workers are to receive one month's salary immediately, with overdue wages to be paid over the next six months, Palestinian officials said.

Meanwhile, Prime Minister Ismail Haniya, speaking on Palestinian television, said, "The American and Israeli policies seek to push the Palestinian people toward civil war and internal conflict so that the Israeli-Palestinian conflict becomes a Palestinian-Palestinian conflict."

"I call on the Palestinian people and factions, in particular Hamas and Fatah, to halt internal clashes," Mr. Haniya said.

In Washington, the State Department said Friday that the Bush administration would seek Congressional approval for $86 million in "nonlethal assistance" to strengthen branches of the Palestinian security forces directly linked to Mr. Abbas.

Rice Begins Push In The Middle East (WP)

By Glenn Kessler

The Washington Post, January 14, 2007

DOJ_NMG_0116762

JERUSALEM, Jan. 13 -- Secretary of State Condoleezza Rice embarked Saturday on a new push for Israeli-Palestinian peace but set modest goals for herself, saying she was coming without a particular plan or proposal but instead wanted to gather ideas from Israelis, Palestinians and key Arab figures in the region.

"If you don't lay the groundwork very well, then it's not going to succeed," Rice told reporters traveling with her. "And I think no plan can be made in America."

Rice appears to be seeking to lower the temperature of a region shaken by the turmoil in Iraq and last summer's war between Israel and the Islamic group Hezbollah. Aides said she wants to use the Israeli-Palestinian issue as a vehicle to dampen historic animosities and perhaps build a common front against the rising threat of Iran.

U.S. officials have encouraged Israeli Prime Minister Ehud Olmert to say positive words about a long-dormant Saudi peace plan as well as meetings between Olmert and Palestinian and Egyptian leaders. The sessions are part of an effort to strengthen ties between what Rice calls "mainstream" forces in order to counter extremism. Rice has taken particular interest in the 2002 Saudi peace plan, which held out the prospect of recognition of Israel, in contrast to the vows of Iran and the radical Palestinian group Hamas to eliminate the Jewish state.

Rice is encouraging Israel to take steps to bolster beleaguered Palestinian Authority President Mahmoud Abbas, such as lifting roadblocks and freeing Palestinian prisoners. The Bush administration is also lobbying Congress for approval of an $86 million package to equip and train security forces loyal to Abbas, who has struggled against Hamas since it won legislative elections last year.

Prospects for peace are hindered, however, because Abbas and Olmert are weak politically, with Olmert receiving only 14 percent approval among those surveyed in a new opinion poll.

After arriving, Rice held a late-night meeting with Israeli Foreign Minister Tzipi Livni. Rice plans to meet with Abbas on Sunday at his headquarters in Ramallah in the West Bank before traveling to Amman, Jordan, to meet with King Abdullah. She plans to hold talks with Olmert on Monday before traveling to Egypt.

On Saturday, Abbas met in Amman with Abdullah, and Palestinian Prime Minister Ismail Haniyeh, a top Hamas official, said in Gaza that Hamas was willing to have "serious" talks with Abbas's Fatah movement about a unity government after days of calm in factional fighting.

"The United States and Israel are working and pushing the Palestinian people into a civil war . . . in order to turn this struggle from a Palestinian-Israeli struggle into a Palestinian-Palestinian struggle," Haniyeh said.

Rice had pressed for the elections that unexpectedly brought Hamas to power, a result that Livni told reporters had made the situation "more complicated and more dangerous." Unlike Fatah, which had ruled the Palestinian Authority since its creation following the 1993 Oslo peace accords, Hamas has refused to acknowledge Israel's right to exist, complicating efforts to forge a comprehensive peace agreement.

Rice told reporters she was hoping to "accelerate" a U.S.-backed peace plan known as the "road map." The plan has been effectively dormant since it was launched shortly before the Iraq invasion.

The road map envisions three stages in the creation of a Palestinian state, but progress is dependent on a series of reciprocal steps by each side, including a crackdown on militant groups such as Hamas by the Palestinian government and a halt to settlement activity by the Israelis. But U.S. officials acknowledge that one flaw of the road map is that it can grind quickly to a halt if either side fails to fulfill one of the steps.

Livni has spoken about finding some way of moving quickly to the second stage of the road map, creating an interim state with provisional borders, as part of a package deal that would resolve Israeli security concerns -- and in turn help bolster Abbas's status among Palestinians. "Part of our responsibility is to give the moderate Palestinians a political horizon while providing the Israelis security," Livni said at a news conference with Rice before their meeting.

Rice, speaking to reporters as she flew to Israel, did not rule out such an approach but expressed caution. "We also have to recognize that there are certain conditions that we're also going to have to be creating on the ground, and we don't want to lose sight of those for a vision that then can't be fulfilled," she said.

Palestinian officials are wary of creating an interim state, believing that it would lock them into a semi-legal status for years. They prefer to go directly to final-status talks on creating a permanent Palestinian state.

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Rice Aims To Restart Mideast Peace Bid (AP)

By Anne Gearan

AP, January 14, 2007

Secretary of State Condoleezza Rice explored opportunities Saturday for a fresh start in the stalled effort at a political compromise between Israel and the Palestinians. At the start of a weeklong trip to the region, she warned that an enduring peace cannot be stamped "made in America."

Rice said she did not carry a specific plan and she tried to lower expectations for quick changes. Any progress would require political risk-taking from weakened Israeli and Palestinian leaders, and some resolution to escalating divides in the Palestinian ranks.

One idea on the table is a bold stroke — sketching the rough outlines of an eventual Palestinian state even though that day is far off. Other approaches include finding ways to speed up elements of an existing U.S.-backed peace plan.

"This is a very important and challenging time in the Middle East, but a time that I believe does have promise if we exercise our responsibilities with creativity and with resolve," Rice said before an evening meeting with Israel's foreign minister, Tzipi Livni.

Her references were to new strategies and the underlying commitment to freeze the ruling Islamic Palestinian Hamas faction and others she branded extremists, bent on denying peace and democracy to the rest of the Middle East.

"We are determined to resist their efforts, but also to strengthen the hands of those who wish to resist their efforts," Rice said.

The United States wants to move more swiftly to shore up Palestinian President Mahmoud Abbas. He is in a power struggle with Hamas and grasping for ways to demonstrate progress. Abbas has told U.S. diplomats he needs to offer Palestinians a vision of a political future that makes the frustrating effort to seek peace with Israel seem worthwhile.

To reward Abbas for standing firm against Hamas, the Bush administration soon will ask Congress to approve $85 million to train and equip Abbas' security forces. Israel supports the plan.

"Part of our responsibility is to give the moderate Palestinians a political horizon while providing the Israelis security," Livni said.

Ahead of Rice's visit to Jerusalem and the Palestinian-controlled West Bank, Palestinian Prime Minister Ismail Haniyeh of Hamas contended Saturday that Israel and the U.S. were trying to fan the flames of a Palestinian civil war.

Rice also is promoting President Bush's new strategy for the Iraq war to sometimes skeptical Arab allies and asking those nations to do more to help the struggling government of Iraqi Prime Minister Nouri al-Maliki.

Rice plans to see leaders of Jordan, home to 700,000 Iraq refugees, Egypt, Saudi Arabia and Kuwait in the coming days, along with diplomats from Persian Gulf states whose governments generally are friendly to Washington.

Most of the Arab states with the most at stake if Iraq falls apart are also those pressing the U.S. to do more to reinvigorate the stalled Arab-Israeli peace process. Several of those Sunni states are alarmed by the rise of Shiite Iranian influence in Iraq and elsewhere.

Although Rice seemed eager to switch focus from Iraq, the Israeli-Palestinian problems may prove equally difficult.

"I'm not coming with a proposal. I'm not coming with a plan," Rice told reporters on the way to the region. She said two things are always true about Middle East peace efforts.

"If you don't lay the groundwork very well, then it's not going to succeed," Rice said. "And I think no plan can be made in America. There are too many important stakeholders and any progress on the Palestinian-Israeli front is going to require all of the parties."

U.S officials are dismayed at the yearlong drift in peace efforts since Hamas won parliamentary elections and now controls the Palestinian Cabinet and Parliament.

Hamas refuses to renounce violence or recognize Israel, leading the West to cut off vital international aid.

Abbas was elected separately and retains his post, but he has limited power. He has been unable to negotiate a compromise unity government with Hamas, but he has improved his international standing.

The U.S. money for Abbas' security services would be a significant vote of confidence because those forces have a troubled history of corruption and rights violations under Abbas' predecessor, the late Yasser Arafat.

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Hamas accuses Washington of trying to provoke a broader intra-Palestinian military confrontation between Hamas and Abbas' Fatah faction, and Hamas points to the money for arms as evidence. Rice stressed that the money would pay for training and other things apart from weaponry, and that it comes with strings attached.

The Palestinians' two main factions have been engaged in a violent power struggle that has claimed 35 lives in recent weeks, although there was reported progress Saturday in secret coalition talks between the two sides.

In the Palestinian-controlled Gaza Strip, Haniyeh called on Hamas and on Abbas' Fatah to halt the violent power struggle.

"Enough, I say enough," he said in a televised speech. "All forms of internal fighting must stop."

In Israel, Prime Minister Ehud Olmert has been weakened by allegations of corruption and last summer's Lebanon war that many Israelis believed ultimately undermined their security.

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Associated Press writers Any Teibel and Steve Gutkin in Jerusalem and Karin Laub in Ramallah contributed to this report.

Rice Set For Key Mid-East Meeting (BBC)

BBC.com, January 14, 2007

US Secretary of State Condoleezza Rice is due to meet the Palestinian leader, Mahmoud Abbas, on the second day of a week-long visit to the Middle East.

Ms Rice will see Mr Abbas in Ramallah, a day after saying a "creative" solution is needed to end the conflict between Israel and the Palestinians.

Arab governments are thought to want a greater US involvement in the conflict in return for support over Iraq.

Later on Sunday she travels to Amman for dinner with Jordan's King Abdullah.

She will then meet Israeli Prime Minister Ehud Olmert in Jerusalem on Monday.

Ms Rice has admitted that she did not head to the Middle East with any specific plan to end the lingering conflict.

She met Israeli Foreign Minister Tzipi Livni on Saturday, and declared her hope that some solution could be found.

"This is a very important and challenging time in the Middle East, but a time that I believe does have promise if we exercise our responsibilities with creativity and with resolve." Extremists

Ms Rice's trip will also take her to a series of Arab capitals in an attempt to drum up support for President George W Bush's new strategy in Iraq.

The BBC's Katya Adler, in Jerusalem, says Arab states have made it clear - if the US wants their support in Iraq it must engage more in the Israeli-Palestinian conflict.

Speaking at a joint news conference with Ms Livni, Ms Rice said they were discussing how to push forward the international peace plan for the Middle East, known as the roadmap.

"It is a time when extremist forces are attempting to make it impossible to have the kind of Middle East in which Israelis and Palestinians and other people of the Middle East can live in peace, and in which democracy can make progress," Ms Rice said.

Correspondents say Ms Rice's comments relate to efforts to shore up Mr Abbas in an ongoing power struggle with the Hamas-led Palestinian government.

"We are determined to resist their efforts, but also to strengthen the hands of those who wish to resist their efforts," she said.

Iraq strategy

Ms Rice's week-long tour will also take in Egypt, Saudi Arabia and Kuwait.

Ms Rice has said Arab leaders have every incentive to help as a stable Iraq is also in their interests.

Both President Bush and Ms Rice have said this week that they intend to step up measures against those threatening to destabilise Iraq.

Mr Bush announced an increase in US troop numbers in an effort to defeat extremists and insurgents in Iraq.

Ms Rice has warned that the US would oppose any Iranian or Syrian interference in Iraq, and said the US would not let either country continue activities that endangered American soldiers in Iraq.

Iranian President Visits Venezuela To Strengthen Ties (NYT)

By Simon Romero

DOJ_NMG_0116765

The New York Times, January 14, 2007

CARACAS, Venezuela, Jan. 13 — President Mahmoud Ahmadinejad of Iran arrived here on Saturday for talks with President Hugo Chávez, on the first leg of a Latin American visit to enhance Tehran's stature with governments where distrust of the Bush administration already runs deep.

It is Mr. Ahmadinejad's second visit to Venezuela in the past five months, and the two leaders were scheduled to talk about strengthening their economic ties. From here, the Iranian president is to visit Ecuador and Nicaragua, where leftist presidents aligned with Mr. Chavez are taking office this month.

Venezuela's government promoted the visit as an example of Middle Eastern solidarity with Mr. Chávez's opposition to American foreign policy. Venezuela has been a vociferous defender of Iran as the United States steps up efforts to circumscribe Mr. Ahmadinejad's government, most recently through military raids this week on people suspected of being Iranian operatives in Iraq.

The two countries said Saturday night that they would use a $2 billion investment fund to finance projects in Venezuela and Iran, as well as in other countries. In addition, they said they were considering ventures to train teachers and produce manioc starch in Venezuela. Mr. Chávez also said Venezuela and Iran would press for output cuts within OPEC in an effort to push oil prices up from a 19-month low.

State television here showed images of Mr. Chávez embracing Mr. Ahmadinejad and of Iranian cars rolling off an assembly line at a recently inaugurated factory in the city of Maracay. Fifty cadets from Venezuela's naval academy were on hand to receive the Iranian president at the international airport in Maiquetía.

"Welcome, fighter for just causes," Mr. Chávez said in a speech here before the National Assembly, describing Mr. Ahmadinejad as a "revolutionary" and a "brother."

The two countries said Saturday night that they would use a $2 billion investment fund to finance projects in Venezuela and Iran, as well as in other countries. In addition, they said they were considering ventures to train teachers and produce manioc starch in Venezuela. Mr. Chávez also said Venezuela and Iran would press for exporting cuts within OPEC in an effort to push oil prices up from a 19-month low.

Nowhere has Iran's search for allies in Latin America been more fruitful than in Venezuela. The two countries have signed an array of agreements in recent months, pledging to work together here in exploring for oil, building low-income housing and assembling tractors and bicycles, among other ventures.

The tightening alliance with Iran comes as Mr. Chávez pushes for broad changes in Venezuela's political and economic structures. Just this week, Mr. Chávez's government said it would nationalize the entire electricity industry and the country's largest phone company.

Mr. Chávez also announced a plan which, according to some interpretations, would reconfigure municipal governments by replacing them with entities called communal councils. The president's supporters in Congress say the project is inspired by the Paris Commune, the socialist government that briefly ruled Paris in 1871. Critics of the plan, which also includes the construction of entirely new cities in Venezuela's interior, say it would effectively eliminate some of the few elected politicians who remain opposed to the government.

Mr. Ahmadinejad's visit has alarmed Jewish organizations here and elsewhere because of his aggressive talk in relation to Israel. Heinz Sonntag, a prominent Venezuelan sociologist and political commentator, said the visit by Mr. Ahmadinejad was an "affront and an eventual threat to our fellow countrymen who are Jewish."

"The invitation of this personality is the finishing touch on Chávez's announcements this week," said Mr. Sonntag.

Venezuela has a long history of close relations with Middle Eastern countries, dating to the founding of OPEC in Baghdad in 1960 by Venezuela, Iran, Iraq, Kuwait and Saudi Arabia, in an effort to keep oil prices high. Mr. Chávez has strengthened those ties through overtures to Iran, and more recently Syria, where Venezuela and Iran have plans to build an oil refinery capable of processing 150,000 barrels a day.

"There is a desire by Chávez to accelerate what he views as a strategic alliance with Iran," said Alberto Garrido, author of "Chávez's Wars," a book recently published here that explores Venezuela's ties to the Middle East. "The Venezuelan left has for

decades considered alliances with Muslim countries as one of the ways to create a new civilization through the toppling of American values."

For the time being, Venezuela's relations with Iran have revolved around Mr. Chávez's defense of Iran's uranium enrichment plans, while the two countries deepen their cooperation in oil-related areas. For instance, Venezuela said last month that it would buy four oil tankers from Iran, part of Venezuela's plan to increase its 21-ship tanker fleet through the acquisition of 42 additional vessels.

Iran and Venezuela, the world's fourth- and fifth-largest oil exporters, are also exploring for oil together in Venezuela's Orinoco region. And they have plans for a joint oil trading company, part of an ambition by Caracas and Tehran to price oil in euros instead of dollars in order to weaken the influence of the United States in the international oil market.

Iran seems to have also found a welcome in Ecuador, an oil-exporting country where Mr. Ahmadinejad will attend the inauguration of Rafael Correa, a leftist economist elected president last year. And in Nicaragua, Mr. Ahmadinejad will meet with Daniel Ortega, the former guerrilla leader who assumed the presidency this month.

Iran And Venezuela Plan Anti-U.S. Fund (AP)

By Natalie Obiko Pearson

AP, January 13, 2007

CARACAS, Venezuela — Venezuela's Hugo Chavez and Iran's Mahmoud Ahmadinejad — fiery anti-American leaders whose moves to extend their influence have alarmed Washington — said Saturday they would help finance investment projects in other countries seeking to thwart U.S. domination.

The two countries had previously revealed plans for a joint $2 billion fund to finance investments in Venezuela and Iran, but the leaders said Saturday the money would also be used for projects in friendly countries throughout the developing world.

"It will permit us to underpin investments ... above all in those countries whose governments are making efforts to liberate themselves from the (U.S.) imperialist yoke," Chavez said.

"This fund, my brother," the Venezuelan president said, referring affectionately to Ahmadinejad, "will become a mechanism for liberation."

"Death to U.S. imperialism!" Chavez said.

Ahmadinejad, who is starting a tour of left-leaning countries in the region, called it a "very important" decision that would help promote "joint cooperation in third countries," especially in Latin America and Africa.

It was not clear if the leaders were referring to investment in infrastructure, social and energy projects — areas that the two countries have focused on until now — or other types of financing.

Iran and Venezuela are members of the Organization of Petroleum Exporting Countries, and Chavez said Saturday that they had agreed to back a further oil production cut in the cartel to stem a recent fall in crude prices.

"We know today there is too much crude in the market," Chavez said. "We have agreed to join our forces within OPEC ... to support a production cut and save the price of oil."

OPEC reduced output by 1.2 million barrels a day in November, then announced an additional cut of 500,000 barrels a day, due to begin on Feb. 1. Dow Jones Newswires reported Friday that OPEC is discussing holding an emergency meeting later this month to reduce output by another 500,000 barrels a day. Venezuela and Iran have been leading price hawks within OPEC.

Ahmadinejad's visit Saturday — his second to Venezuela in less than four months — comes as he seeks to break international isolation over his country's nuclear program and possibly line up new allies in Latin America. He is also expected to visit Nicaragua and Ecuador, which both recently elected leftist governments.

Chavez and Ahmadinejad have been increasingly united by their deep-seated antagonism toward the Bush administration. Chavez has become a leading defender of Iran's nuclear ambitions, accusing the Washington of using the issue as a pretext to attack Tehran.

Ahmadinejad, meanwhile, has called Chavez "the champion of the struggle against imperialism."

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U.S. officials have accused Chavez — a close ally of Cuban leader Fidel Castro — of authoritarian tendencies, and National Intelligence Director John Negroponte said recently in an annual review of global threats that Venezuela's democracy was at risk.

The U.S. also believes Iran is seeking to use its nuclear program to develop an atomic bomb. Tehran says its program is peaceful and geared toward the production of energy.

The increasingly close relationship between Chavez and Ahmadinejad has alarmed some Chavez critics, who accuse him of pursuing an alliance that does not serve Venezuela's interests and jeopardizes its ties with the United States, the country's top oil buyer. Venezuela is among the top five suppliers of crude to the U.S. market.

In a speech earlier Saturday, Chavez called for the U.S. government to accept "the new realities of Latin America," as he brushed aside restrictions that limit presidents to two consecutive terms. He vowed to stay in office beyond 2013, when his term expires, saying he would revise the constitution to get rid of presidential term limits.

But Chavez also said in his state of the nation address to government officials and legislators that he had personally expressed hope to a high-ranking U.S. official for better relations between their two countries.

Chavez said he spoke with Thomas Shannon, head of the U.S. State Department's Western Hemisphere affairs bureau, on the sidelines of Nicaraguan President Daniel Ortega's inauguration earlier this week.

"We shook hands and I told him: 'I hope that everything improves,'" Chavez said. "I'm not anyone's enemy."

Chavez prompted a crash in Venezuelan share prices this past week when he announced he would seek special powers from the legislature to push through "revolutionary" reforms, including a string of nationalizations and unspecified changes to business laws and the commerce code.

He also announced plans for the state to take control of the country's largest telecommunications company, its electricity and natural gas sectors and four heavy crude upgrading projects now controlled by some of the world's top oil companies.

He said Saturday, however, that private companies would be allowed to own minority stakes in the lucrative Orinoco River basin oil projects.

The government has already taken majority ownership of all other oil-producing operations in the country through joint ventures controlled by the state oil company. Most companies have shown a willingness to continue investing despite the tightening terms, which have also included tax and royalty increases.

Presidents Of Iran, Venezuela Plan $2-billion Project Fund (LAT)

By Mery Mogollon, Chris Kraul

The Los Angeles Times, January 14, 2007

CARACAS, VENEZUELA — Iranian President Mahmoud Ahmadinejad and Venezuelan President Hugo Chavez agreed Saturday to create a $2-billion social investment fund, the latest sign of the deepening ties between their oil-rich, anti-U.S. countries.

The fund will finance projects in their countries and others in Latin America and in Africa. Previous cooperative efforts included building joint-venture cement, tractor and automobile factories in Venezuela.

"We must be comrades in the construction of both our countries," Ahmadinejad said at a ceremony at the Miraflores presidential palace here. "We have the potential of being among the most advanced countries in the world."

All the problems of the world, he said, are the result of "powerful countries that only seek economic benefits and do not value human rights because all they are concerned with is lining the pockets of their multinational companies."

Ahmadinejad's Latin American tour is also to take him to Nicaragua, which last week swore in to office a leftist president, and to Ecuador for the inauguration Monday of leftist President-elect Rafael Correa.

U.S. government officials have expressed concern over closer ties between Iran and Venezuela, citing what it has described as Iran's sponsorship of Hezbollah, the militant group in Lebanon believed to have been involved in the 1994 bombing of a Jewish cultural center in Buenos Aires that left 85 people dead.

Ahmadinejad and Chavez signed 10 other agreements addressing energy, administration and other topics. Chavez said the two countries were undergoing the "same revolution" and would work together to maintain oil prices at current levels.

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"Imperialism won't rest in its effort to weaken us, and one of the strategies is to weaken the price of oil and dominate our reserves," he said. "Our answer will be to defend prices and cut production."

Iran And Venezuela Back Oil Cuts (BBC)

BBC.com, January 13, 2007

The presidents of Venezuela and Iran have called for a cut in oil production by the members of the Opec oil cartel.

Speaking in Caracas, Hugo Chavez and Mahmoud Ahmadinejad said they wanted to co-ordinate the group to reduce the amount of crude oil on the market.

Mr Ahmadinejad is visiting Venezuela at the start of a tour aimed at boosting ties with Latin America.

Venezuela has been a strong ally of Iran in its controversial pursuit of a nuclear power programme.

Mr Chavez welcomed Mr Ahmadinejad to Caracas, calling him a "fighter for just causes, to a revolutionary and a brother".

He said the world oil market was oversupplied with crude, and said Opec should act to stop falling prices.

Both countries are major oil producers and members of Opec.

Venezuela and Iran have also agreed to establish a $2 billion fund for projects across the developing world, he added.

US opponents

While in Latin America, the Iranian president will also meet the leftist leaders of Bolivia, Ecuador and Nicaragua.

Mr Ahmadinejad's talks with some of the US's most vocal critics is likely to alarm Washington, says one of the BBC's Latin America correspondents, Duncan Kennedy.

With his eyes fixed firmly on the Middle East, the last thing President Bush wants is another hostile diplomatic front opening up in his own backyard.

Iran insists that it nuclear programme aims to provide energy

But with the arrival of the Iranian president in the region, that is exactly what some commentators are predicting.

The most worrying alliance for Washington is that being forged between Iran and Venezuela, our correspondent says.

Mr Chavez and Mr Ahmadinejad are expected to sign a series of new trade and economic co-operation agreements.

"Iran and Venezuela are two important allies on a global level, the two countries have important industrial and oil projects, which we will follow up in this trip," Mr Ahmadinejad said ahead of his trip, according to the state-run Irna agency.

Uneasy relations

Washington will be watching closely for any concrete measures or policies that develop - chief among them, any sign of Venezuela pursuing its own nuclear programme in conjunction with Iran.

That would be unacceptable to Washington and would turn what are now uneasy relations between the two states into something much more serious, our correspondent says.

Mr Ahmadinejad will also visit Nicaragua, where Daniel Ortega, the former Sandinista revolutionary, took office this week following his convincing election victory.

The Iranian president will also attend the swearing-in ceremony of President-elect Rafael Correa in Ecuador on Monday.

Ecuador's new president opposes a free-trade agreement with Washington, arguing it is damaging to Ecuadorean industry.

Mr Ahmadinejad is also expected to meet other South American leaders, including Bolivia's Evo Morales, on the sidelines of the ceremony.

Argentina Pursues Iran In '94 Blast As Neighbors Court Ahmadinejad (WP)

By Monte Reel

The Washington Post, January 14, 2007

BUENOS AIRES -- As Iranian President Mahmoud Ahmadinejad visits Latin America this weekend to strengthen economic and political ties with the region, Argentina's N?stor Kirchner will not be in the line of presidents turning out to greet him.

Kirchner's government has reinvigorated attempts to prosecute Iranian figures for their alleged role in the 1994 bombing of a Jewish community center here, recently issuing arrest warrants for nine former Iranian officials. Among those sought is former president Ali Akbar Hashemi Rafsanjani, accused of ordering the attack that killed 85 people and injured more than 200.

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The pursuit of Iran has been frustrated over the years by blatant corruption in the Argentine judicial system and accusations of coverups. The latest efforts to resolve the case come as much of the region is expanding relations with Iran, and several of Argentina's regional allies are pledging support for Ahmadinejad's government.

The Iranian leader plans to meet this week with Venezuela's Hugo Ch?vez, Nicaragua's Daniel Ortega, Ecuador's Rafael Correa, Bolivia's Evo Morales and possibly others. They are expected to discuss broadening bilateral agreements, such as the technology-sharing deals that Ch?vez signed with Iran last year.

"Clearly the actors driving all of this are Ch?vez and Ahmadinejad," said Michael Shifter, an analyst with the Inter-American Dialogue, a policy forum in Washington. "Both of them see themselves as global players, and so it's nice for them to build these sorts of alliances and coalitions, which people like Correa and Morales are inclined to join in."

Although Argentina maintains friendly relations with each of those leaders, Kirchner's domestic agenda is driving him in a different direction. For example, he canceled plans to attend Correa's inauguration ceremony Monday after Ahmadinejad announced that he would attend.

The continuing U.S. conflict with Iran complicates matters further: Some critics contend that Kirchner's government has been manipulated by a regionally unpopular U.S. government that wants to use the Argentine court rulings to stir international outrage against Iran.

When one of Kirchner's most loyal and high-profile domestic allies -- former street activist Luis D'Elia -- recently suggested that U.S. and Israeli pressure was fueling Argentina's pursuit of Iran, he was forced to resign from his government post two days later.

For many people in Argentina, the indictments have been a bright spot in a case that has been marred for years by botched attempts to bring the bombers to justice.

"Now at least there is hope, a small light that can be seen in the darkness," said Luis Sergio Grynwald, president of the Argentine-Israeli Mutual Association, the community organization targeted in the attack. "That light hasn't been reached yet, and we'd like it to be bigger, but it's still a light."

The bombing was the second attack on a Jewish target in Argentina. In 1992, a suicide bomber struck the Israeli Embassy in Buenos Aires, killing 29.

Shortly after the community center blast, then-Argentine President Carlos Menem blamed the attack on Islamic extremists from Iran. Menem was eventually saddled with some of the blame for the derailed investigations that followed: In 2002, a former Iranian intelligence official alleged that Menem, by then out of office, had received $10 million to cover up Tehran's role in the attack. Menem vigorously denied the accusation, but it nonetheless damaged his standing.

The judge investigating the community center bombing -- Juan Jos? Galeano -- was also criticized for undermining the case. He was impeached after being found guilty of misdeeds including paying a defendant $400,000 to testify. He also lost hundreds of hours of wiretap recordings and other evidence.

The only suspects to be tried in the case have been four Argentine police officers and a car thief who were charged as accessories for providing the van used in the bombing. They were acquitted for lack of proof.

Following the judicial missteps, prosecutor Alberto Nisman has been leading a team of investigators dedicated solely to the community center bombing. In late October, Nisman said that his team traced the bombing to a planning session held in 1993 in the Iranian city of Mashhad. He said the motive for the attack had been Argentina's decision to withdraw some of its support for Iran's nuclear ambitions and for its decision to strengthen relations with the United States and Israel.

In November, an Argentine judge said that Nisman's team had provided convincing evidence and issued arrest warrants for the nine former Iranian officials, including Rafsanjani, who was president from 1989 to 1997.

Iran has repeatedly proclaimed its officials had nothing to do with the bombing. In the weeks since Iran said it would ignore the extradition requests, Rafsanjani has maintained a high public profile in Iran, running for a seat in a council of clerics in December.

Even Nisman acknowledges that arresting the suspects is a long shot as long as they stay in Iran. But he insisted that people who criticize his request for the warrants -- particularly those who say he did it solely to bolster the U.S. political case against Iran -- are wrong.

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"Unfortunately, there's an upside-down analysis that's happening here," Nisman said. "Instead of analyzing all of this in terms of the proof we have compiled, people are analyzing the case in terms of political convenience."

Officials: Abbas Envoys, Hamas Head Meet (AP)

By Karin Laub, Associated Press Writer

AP, January 14, 2007

Significant progress has been made in secret coalition talks between the top Hamas leader and envoys of moderate Palestinian President Mahmoud Abbas, officials from both sides said Saturday, signaling a sudden shift after several weeks of deadly internal fighting.

In another unexpected show of unity, the civil servants' union dominated by Abbas' Fatah movement announced Saturday that it was ending a strike it had launched four months ago to protest non-payment of salaries by the Hamas-led government.

And in Gaza, Prime Minister Ismail Haniyeh called on his Hamas movement and on Fatah to halt their increasingly violent power struggle that has claimed 35 lives in recent weeks.

"Enough, I say enough," he said in a televised speech. "All forms of internal fighting must stop."

The secret coalition talks started in Syria two weeks ago between top Hamas leader Khaled Mashaal and two Abbas envoys, independent legislator Ziad Abu Amr and Mohammed Rashid, a former adviser to Abbas' predecessor, the late Yasser Arafat, officials from both sides said.

The two envoys were heading to Damascus on Saturday for another round of talks, the officials said. Abbas is to visit the Syrian capital later this month. If a coalition agreement is reached, Abbas would meet with Mashaal in Damascus, Abbas aides and Hamas officials said.

Moussa Abu Marzouk, deputy head of Hamas' political bureau in Damascus, confirmed the secret talks and said Abbas was expected to meet with Mashaal during his upcoming visit to Syria.

Abbas unexpectedly left for Jordan on Saturday to brief Jordan's King Abdullah II on the developments. On Sunday, he is to be back in the West Bank, to meet with Secretary of State Condoleezza Rice, who is touring the Middle East.

Hamas and Fatah, bitter political rivals, had made repeated attempts in recent months to form a coalition, but talks failed because of disagreements over the political program and control over key Cabinet posts, such as interior, finance and foreign affairs. Hamas balked at international demands that any Palestinian government recognize Israel, renounce violence and accept existing peace deals.

Under the emerging coalition deal, former Finance Minister Salam Fayyad, who is close to Fatah, would return to the job, Abu Amr would be named foreign minister and Haniyeh would remain prime minister, a senior Hamas official said.

Two key sticking points in previous talks — the government's program and who will control most of the security forces — have not yet been resolved.

"We are optimistic today," said Nasser Shaer, the deputy prime minister from Hamas.

It remains unclear whether Hamas and Fatah can end the yearlong political deadlock and reach a power-sharing agreement. Hamas, the winner of parliament elections a year ago, controls the Cabinet and parliament, while Abbas, elected separately, wields considerable power as president.

Last month, in a challenge to Hamas, Abbas threatened to call early election legislative and presidential elections, saying the Islamic militants — hit hard by an international aid boycott — have failed to provide basic services to the Palestinian people. Hamas accused Abbas of trying to bring down an elected government by illegal means, and vowed it would prevent elections from being held ahead of schedule.

Meanwhile, the civil servants' union announced its members were ending a four-month strike. The Palestinian Authority is the largest employer in the West Bank and Gaza, with some 165,000 people on the payroll.

Since Hamas came to power in March, it has only paid partial salaries because of the international aid boycott. The workers ended the strike Saturday without assurances that they would be paid in full. Most of the civil servants already had returned to work before the announcement.

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Associated Press Writer Mohammed Daraghmeh contributed to this report.

Amnesty For Fatah Fighters A Mideast Hurdle (LAT)

By Richard Boudreaux

The Los Angeles Times, January 14, 2007

RAMALLAH, WEST BANK — Kamel Ghannam, a 31-year-old Al Aqsa Martyrs Brigade commander, is the kind of battle-hardened veteran that the Palestinian Authority president needs in his often-violent power struggle with Hamas.

But President Mahmoud Abbas can't have him right now because the warrior is on Israel's "wanted terrorists" list. He is hiding to elude an Israeli army crackdown in the West Bank.

Though Israeli officials would like to see Abbas prevail over Hamas and start negotiating a peace deal with him, they doubt he can fully control militants such as Ghannam and prevent them from turning their guns against Israelis.

That is why Israel is reluctant to give Abbas one of the concessions he wants most: to take hundreds of fighters from his Fatah movement off the wanted list and stop trying to kill or arrest them.

The question of whether Israel should grant such an amnesty for one of the two Palestinian factions is an example of how their armed feud has become entangled with the Israeli-Arab conflict, complicating the Middle East diplomacy that U.S. Secretary of State Condoleezza Rice resumed Saturday as she arrived in Israel.

While coaxing the Israelis and Palestinians toward peace, the Bush administration is also trying to help Abbas sideline Hamas, the Iran-backed Islamic movement that controls the Palestinian Authority government, resists peace overtures to Israel and is branded by the United States and Israel as a terrorist group.

Rice told reporters on her flight from Washington that she was coming for "intensive consultations" with Israeli and Palestinian leaders but bringing no proposal. She met Saturday with Israel's defense and foreign ministers and was to hold talks with Abbas today and Israeli Prime Minister Ehud Olmert on Monday.

In a Dec. 23 meeting that U.S. officials helped arrange, Olmert promised Abbas several concessions as the two men began exploring ways to revive full-scale peace talks that collapsed six years ago.

Mood has soured

But the optimistic mood in Abbas' Fatah camp after that meeting has soured. Israel has been slow to keep its promises, and the army has stepped up its raids in the West Bank, seizing more than 20 Palestinians a day over the last week, many of them Fatah members.

Ghannam, the militia commander, has vanished from the streets of Ramallah.

"From what we heard after the meeting, we relaxed a little," he said of Abbas and Olmert's talk. "The leadership told us we could come out of hiding and live normal lives, get jobs and return to our families, but now we find that we cannot do this."

Ghannam spoke at one of several safe houses he uses here. He moves at night from one to another, avoiding the home of his wife and two small children. He feels betrayed.

"The leadership keeps promising things and failing to deliver," he said. "We cannot trust them anymore."

His bitter remarks echo wider criticism that Abbas is weak as a leader and negotiating partner with Israel.

Abbas lacks a solid base within Fatah's splintered ranks, which face a smaller but more disciplined Hamas fighting force. Trying to wrest political control from an elected Hamas government, Abbas has wavered between threats to call new elections and negotiations with Hamas on sharing power.

He risks losing credibility and strengthening Hamas' argument for violent resistance against Israel if he cannot win Israeli concessions through dialogue.

But Olmert is not in a position to deliver much.

Bruised by last summer's inconclusive war in Lebanon and recent corruption scandals, the Israeli leader is unpopular at home and reluctant to take risks. He has yet to make good on his promise to Abbas last month to deliver $100 million in tax and customs revenue that Israel had collected for the Palestinian Authority or to significantly relax travel restrictions for commuters within the West Bank.

Larger issues

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Saeb Erekat, a senior Palestinian official, said Abbas would ask Rice to prod Olmert to move beyond peripheral issues and start negotiating the outlines of an agreement to create a Palestinian state alongside Israel.

Rice discussed such an approach Saturday with Israeli Foreign Minister Tzipi Livni, who said she agreed that the talks with Abbas should "give the moderate Palestinians a political horizon," a vision of what a final settlement might look like, while providing for Israel's security.

But Olmert and Abbas are at odds over the security issue.

In their meeting, Abbas called for a cease-fire in the West Bank, extending one he and Olmert established in the Gaza Strip in late November. Abbas proposed that Israel withdraw its troops from the West Bank and entrust his Fatah movement with the task of keeping the militants on Israel's wanted list disarmed and under control.

Olmert rejected a West Bank cease-fire. But the two leaders agreed to form a joint committee to review the wanted list, allowing Palestinian officials to lobby for amnesty for some. Israel has yet to name its members to the panel.

Such a committee was set up in 2005 after the Palestinians declared a unilateral cease-fire in their conflict with Israel. The panel reviewed the status of about 500 wanted Fatah militants who had agreed to stop their attacks, but the truce broke down and the meetings stopped late that year.

Reviving the amnesty effort "is Abbas' way of recruiting militant elements against Hamas," said Shmuel Bar, a former intelligence officer who is now with Israel's Institute for Policy and Strategy. "He's saying, 'Hamas cannot get the Israelis off your backs, but I can.' "

Israel's wanted list is compiled by its intelligence agency and distributed to the army and the police. The government has not said how many names are on it.

'Quiet' militants

Palestinian officials involved in the 2005 review say many of the Fatah militants who stopped their attacks that year are still pursued in army raids and take up arms against the Israelis only to defend themselves.

The officials say these "quiet" militants who should get amnesty include Ghannam, who swears he has not fired his M-16 rifle at an Israeli in nearly four years, and Rabe Hamed, a militia commander who was wounded Jan. 4 in a bungled Israeli undercover operation to seize him in Ramallah. Hamed escaped and went into hiding, but four Palestinians were killed in the two-hour gun battle.

Abbas condemned the raid, saying it belied Olmert's promises to lower tensions in the West Bank. It was taken as a signal that the Israeli government had "more or less lost control over the army, which will make political agreements impossible to carry out," said Mouin Rabbani, a senior Middle East analyst for the International Crisis Group, a nonprofit think tank based in Brussels.

Israeli officials say they are not enthusiastic about an amnesty arrangement and doubt one would work. They say Abbas is unwilling or unable to control militants either in Hamas or his own Fatah movement who are still intent on sending suicide bombers into Israel from the West Bank.

The army says 187 militants among the thousands seized in the West Bank last year were allegedly plotting suicide attacks.

A senior army official who meets monthly in the West Bank with one of Abbas' security officials said they never act on his requests to arrest Palestinians suspected of violent activity.

"We sit together, drink, eat, and whatever he might say, I know that he's not going to do anything against the terrorists, and he knows that I know it," said the officer. "And so I continue to arrest his people every day, every night, whenever I like to."

The officer and other Israeli officials said the army made it a priority to pursue active militants, not those on old wanted lists, and was not aiming to dismantle Fatah's militia or weaken Abbas.

"We don't blame Abbas personally," said Mark Regev, an Israeli Foreign Ministry spokesman, "but there are those in his Fatah structure who remain hands-on terrorist operatives. If he had the ability to discipline his entire military apparatus, if it weren't such a fragmented organization, the sort of operations we do now would be superfluous."

Kin And Rights Groups Search For Pakistan's Missing (NYT)

By Salman Masood

The New York Times, January 14, 2007

DOJ_NMG_0116773

RAWALPINDI, Pakistan, Jan. 9 — Amina Masood Janjua has been fighting for some word on the fate of her husband since he vanished from a bus station here in July 2005. In recent months, she and her two teenage sons and 11-year-old daughter have begun a campaign of court petitions, protests and press releases.

More than 30 families of other missing men have joined her, all seeking to locate what they and human rights groups say are hundreds of people who have disappeared into the hands of the country's feared intelligence agencies in the last few years.

The Human Rights Commission of Pakistan, an independent group, estimates that 400 citizens have been abducted and detained across the country since 2001. Amnesty International says many have been swept up in a campaign against people suspected of being extremists and terrorists. But some here also charge that the government is using the pretext of the war on terror to crack down on opponents.

In addition to some with ties to extremist groups, those missing include critics of the government, nationalists, journalists, scientists, researchers and social and political workers, the groups say. Mrs. Janjua says she has compiled a list of 115 missing persons, and says the list could grow as more families gain the courage to come out in the open.

Pakistani officials deny any involvement in extrajudicial detentions or any knowledge of the men's whereabouts.

This week a Supreme Court judge nonetheless ordered the government to speed up the process of finding 41 men listed as missing by Mrs. Janjua and her supporters after the court took up their cases in an unprecedented decision in October.

At the court hearing on Monday, the government acknowledged that it had located 25 of the 41 men listed by Mrs. Janjua, "who are now free," according to Nasir Saeed Sheikh, the deputy attorney general, though it refused to say from where they had been released.

Mrs. Janjua and others said the men were held in detention centers and safe houses of military intelligence, though most of those freed were reluctant to talk about their experiences. Mrs. Janjua maintained that only 18 persons had actually been freed.

Her husband, Masood Ahmed Janjua, 45, an educator and businessman, was not among them. Mr. Sheikh told the court that, according to a report by the Interior Ministry, all intelligence agencies had denied detaining Mr. Janjua.

Mr. Janjua left his home around 9:30 a.m. on July 30, 2005. He was heading to Peshawar in the northwest to attend a religious gathering with a friend, Faisal Fraz, 26, a mechanical engineer from the eastern city of Lahore.

Both had reservations on a 10 o'clock bus bound for Peshawar, but never made it to their destination, according to the families. "Before even reaching the bus stop, somewhere on the way, they were picked up," Mrs. Janjua says.

Relatives of missing persons and rights advocates here say Mr. Janjua and the others are among the many "forced disappearances" or "illegal detentions" that were rare before 2001. In many cases, family members have received no news of the presumed detainees for months and even years.

"Hundreds of people suspected of links to Al Qaeda or the Taliban have been arbitrarily arrested and detained," a report by Amnesty International issued in September said. "Scores have become victims of enforced disappearances; some of these have been unlawfully transferred (sometimes in return for money) to the custody of other countries, notably the U.S.A.," the report said.

"The clandestine nature of the arrest and detention of terror suspects make it impossible to ascertain exactly how many people have been subjected to arbitrary detention or enforced disappearance," it added.

I. A. Rahman, director of the Human Rights Commission of Pakistan, said the government was using the cover of a war on terrorism to flout the law. "Unstable states like Pakistan are taking full advantage of 'war on terror,' " Mr. Rahman said. He said the government was using the antiterror campaign to crack down on its opponents and critics, especially in Baluchistan, where government forces are fighting a nationalist insurrection.

"It is correct that many of those arrested or detained were connected with Al Qaeda or extremist organizations," he said. "But a number of people have been taken into custody whose only crime seems to be that they are nationalists in Baluchistan or Sindh. In Baluchistan, there is no Al Qaeda activity," he said.

In cases that are brought before a court, he noted, a government denial of detention basically closes the case on a habeas corpus petition. "It was only in the end of 2006 that the Supreme Court said the government must find out where are these people," he said.

While many of those missing persons were suspected of having links to extremist or terrorist activities or have been involved in them, many among them were innocent, the relatives maintained.

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Majid Khan, 26, a computer engineer, disappeared from of Karachi, a southern port city, four years ago and is now in Guantánamo Bay, Cuba, said his wife, Rabiya Majid. "We don't why he was arrested," she said.

Mrs. Janjua, too, says she has no clue as to why her husband disappeared. The Janjua family lives in Rawalpindi, in the neighborhood of Westridge, a relatively well-off enclave inhabited mostly by active and retired military officers.

Before his disappearance, Mr. Janjua, who holds a bachelor's degree in marine engineering, was working as managing director of a private institute here, the College of Information and Technology. He was also running a travel agency and involved in charity work, his wife said.

"He had no links with any extremist organization," Mrs. Janjua said, though she acknowledged that he worked "off and on" with Tablighi Jamaat. The group characterizes itself as a nonpolitical, nonviolent movement that seeks to spread Orthodox Islam by proselytizing, but it has also come under suspicion by authorities as a potential recruiting ground for extremists.

Since her husband's disappearance, Mrs. Janjua has taken over his business and his work at the college in addition to leading the drive, with the other families, to find the missing. Together they have formed a group called Defense of Human Rights.

In the last week of December, wives, daughters and sisters of dozens of missing men, led by Mrs. Janjua, gathered in Rawalpindi, holding up posters and portraits of the missing men and shouting, "Give our loved ones back."

But their protest was quickly thwarted by the police. The photographs of the missing men were snatched. The posters were confiscated.

Mrs. Janjua's eldest son, Muhammad, 17, was beaten by the police, who removed his pants to humiliate him before they whisked him away in a police van. He was freed that evening but the next morning the image of Muhammad with his baggy trousers pulled down by the police appeared in newspapers across the country. Op-ed columnists and editorials expressed outrage at police "brutality" and sympathy for the missing people's families surged.

Some of those released, like Muhammad Tariq, 35, have returned home. He is one of the few willing to talk. Mr. Tariq acknowledges that he formerly belonged to Jaish-e-Muhammad, a banned extremist group, but says he just gave the group money and was not an active member.

Mr. Tariq, a business owner from Gujranwala in the east who sells iron pipe, was "picked up in broad daylight on June 14, 2004, by around a dozen plainclothesmen and elite police commandos," his father, Nizamud Din, said in an interview.

Mr. Din said he had been unsuccessful in locating his son through the courts, police officials and even the Senate's Standing Committee on Human Rights. "He was portrayed as a big catch — a big terrorist," Mr. Din said.

President Pervez Musharraf even alluded to the case, without mentioning Mr. Tariq by name, in his book "In the Line of Fire" in connection with a failed assassination attempt in December 2003, Mr. Din said.

General Musharraf wrote in his memoirs that a person from Gujranwala gave refuge to Abu Faraj al-Libbi, the No. 3 Qaeda leader. He was arrested in Pakistan in May 2005 and accused of organizing the failed assassination.

"It is all nonsense," Mr. Tariq said. "I have no link. I don't even know Libbi."

Mr. Tariq says he was singled out because in 2003 he briefly put up a family, introduced to him through a friend, of an Arab man who had been arrested in Quetta.

Mr. Tariq, a father of five, stammers while recounting his time in detention.

"For two years, I did not see the sky, the sun or the moon," he said. He said he was kept in a 4 foot by 7 foot cell in this city, was interrogated by Pakistani military officers, mostly about Mr. Libbi, and endured "all kinds of imaginable torture."

He was released Nov. 27 and pushed from a vehicle at night at an intersection near Islamabad. He said he had never been brought before a court. Mr. Din and Mr. Tariq said they believed the release was a result of the pressure from Mrs. Janjua's group and the Supreme Court case.

Mrs. Janjua hopes her husband will return the same way, some day soon. "At every doorbell," she said, "I think he is back."

Southeast Asians Agree To Trade Zone (NYT)

By Carlos H. Conde

The New York Times, January 14, 2007

DOJ_NMG_0116775

CEBU, the Philippines, Jan. 13 — The Association of Southeast Asian Nations made progress toward its goal of economic and political integration at a summit meeting here on Saturday, but it was sidetracked by tensions over how to deal with Myanmar, which has come under fire for its poor human rights record.

Leaders of the 10 members of the organization, known as Asean, agreed to establish a free-trade zone by 2015, intensify their fight against terrorism, protect the region's migrant workers and improve their campaign against H.I.V./AIDS. They also agreed to draft a new charter with broad enforcement powers — a break from the 40-year-old group's tradition of consensus and noninterference.

"We want to advance the sense of community in our shared interest to look after each other in terms of justice, economic development and common security," President Gloria Macapagal Arroyo of the Philippines said during her speech at the opening of the meeting.

Mrs. Arroyo emphasized Asean's drive to expand trade, "to create one of the world's greatest trading blocs."

But the group failed to find common ground on Myanmar, formerly Burma. On Friday, China and Russia vetoed a United States resolution in the United Nations Security Council that criticized Myanmar's persecution of opposition groups.

"How are we going to help you if you are not making progress?" Indonesia's president, Bambang Susilo Yudhoyono, told Myanmar's officials late Friday, according to [a news organization].

Nitya Pibulsonggram, Thailand's foreign minister, told reporters on Saturday that Asean should redouble its efforts "to see what we can do to help one another," to give the Myanmar issue what he called "a regional focus" rather than "have it internationalized."

Asean's new charter, which will be drafted this year, is expected to include mechanisms to monitor and enforce agreements among members, along the lines of the European Union's charter.

Two years ago, Asean formed a body called the Eminent Persons Group to create guidelines for the new charter. On Friday, it released a list of 28 recommendations, including the "strengthening of democratic values, good governance, rejection of unconstitutional and undemocratic changes of government, respect of the rule of law, including international humanitarian law, human rights and fundamental freedoms."

In a sense, the charter is a bid to remain relevant as the economic power of China and India grows, something the group itself acknowledged. "While the Asean charter will bring about a long overdue legal framework, Asean must reposition itself," it said in a statement. "It must address the growing challenges and opportunities of regional integration, the major shifts in the Asian landscape brought about by the rise of China and India, and Asia's widening links with the rest of the world." China and India are not members of Asean.

Asean leaders also signed a counterterrorism agreement that, among other things, makes it obligatory for each member country to share information about terrorist suspects and possibly allow their extradition. The accord called on members to disrupt terrorist financing and to train counterterrorism forces.

Southeast Asia is home to some of the world's deadliest terrorist groups, among them Jemaah Islamiyah, which has links to Al Qaeda, and Abu Sayyaf, a group in the southern Philippines.

Asean's members are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Chirac's Party Chooses Nominee Amid Intrigue (WP)

By John Ward Anderson

The Washington Post, January 14, 2007

PARIS -- When Interior Minister Nicolas Sarkozy is nominated Sunday as the uncontested presidential candidate for the center-right Popular Movement party of President Jacques Chirac, it should be a moment of personal and political triumph, capping Sarkozy's four-year campaign for France's highest office.

But bitter rivalries within the ruling Popular Movement party, or UMP, have left Sarkozy wounded and weakened, political analysts and party insiders say. Even though he is the only person on the party's internal primary ballot, he has not won the

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endorsement of its heaviest hitters, including Prime Minister Dominique de Villepin, National Assembly President Jean-Louis Debr?, Defense Minister Mich?le Alliot-Marie or Chirac.

Villepin said last week that he would not even vote for Sarkozy in the primary because he is holding out hope that Chirac will decide at the last minute to run for a third term. When Villepin addressed a meeting of his party's lawmakers after making his comments, he drew a chorus of boos, catcalls and heckling.

"There's so much hatred," said Nicole Bacharan, an analyst at the Institute of Political Studies in Paris. "This should be Sarkozy's moment, but it's not happening for him because his party is split, and he's not getting the momentum from his family that he should."

In fact, some in Sarkozy's camp fear that Chirac could secretly work to sabotage Sarkozy's campaign.

"It's not paranoia -- it's a real possibility," a senior Sarkozy aide said on condition of anonymity. "At the end of the day, we believe Chirac will join Sarkozy. But only at the end of the day. It's a complex relationship. There's a lot of love and hate, admiration and despair."

In the meantime, the aide said, Sarkozy is breaking with tradition and refusing to leave the cabinet while running for president "because the ministry offers a kind of protection for him," leaving him less vulnerable to attack from people inside the government.

Sarkozy, a self-styled reformer who wants to modernize France and reverse its sense of national decline, has broad and enthusiastic support among the party's rank and file, his aides say, and the backing of more than 80 percent of the UMP's 499 lawmakers in the National Assembly and Senate. By late last week, about 60 percent of the party's 340,000 registered members had voted in the primary, most over the Internet. Results will be announced at the party's convention Sunday.

According to recent polls, Sarkozy is in a dead heat with the Socialist Party's nominee, S?gol?ne Royal, 53, in France's two-stage presidential contest. Surveys show that in the first round of voting April 22, which will probably include at least a dozen candidates, Sarkozy and Royal are expected to lead the pack with about a third of the vote each. If both advance to the two-person runoff May 6, polls show each garnering about 50 percent.

After her own tough primary, Royal managed to unify the party around her, at least publicly. But continuing division in the UMP is starting to threaten Sarkozy's candidacy, party insiders say.

The party faithful are saying, "Why on earth can't you stop your division and act in the interest of France?" said UMP Sen. Jo?lle Garriaud-Maylam. "They are really upset and say that if you keep on like this, we're going to abstain."

Political analysts say the heart of the problem dates to 1995, when Sarkozy, who had been considered a Chirac protege and heir apparent, abandoned his mentor and supported a party rival, ?douard Balladur, for president. Chirac won and reportedly never forgave Sarkozy. Today, Villepin, whom Chirac appointed prime minister in May 2005, is widely considered Chirac's favorite to succeed him.

But Villepin, a debonair former diplomat who has never been elected to public office, imploded as prime minister, buffeted first by minority youth rioting outside Paris shortly after he took office, followed five months later by the worst student and labor strike in decades, called to protest an employment bill the prime minister had proposed. His approval rating tanked, killing his presidential hopes.

Chirac's popularity also plummeted. In a poll last week, 81 percent said they did not want the president to stand for reelection.

Nonetheless, Chirac has refused to rule out running for a third term, and Villepin also has kept his options open; under French election law, both men have until March 16 to declare their intentions. Chirac has indicated that he is afraid of becoming a lame duck if he announces a decision not to run too soon, but many analysts believe he wants to leave Sarkozy on tenterhooks.

"At the end, the president will support Sarkozy, but only at the last minute," said Dominique Moisi, a political analyst. "He wants Sarkozy to owe him his victory."

Much of Sarkozy's popularity rests on his opposition to the old statist, Gaullist France that Chirac stands for. In a clear swipe at Chirac, who has overseen an era of deep national despondency, Sarkozy has called for a less imperial presidency and a "rupture" with the past.

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"The 'rupture' is a fresh way of doing things, new methods and new ideas," a senior Sarkozy aide said. "Sarkozy says to France that we cannot afford to continue doing things the same way. We are declining."

Aides say Sarkozy supports affirmative action-style programs to help minorities, favors free market reforms and globalization, wants to improve relations with the United States and believes that France should reduce the number of civil servants and cut its bureaucracy.

"The UMP is getting more and more conservative with Sarkozy, and I think that with him, we'll only get right-wing votes," said Jean-Pierre Grance, a UMP National Assembly deputy from southern France who refused to vote for Sarkozy in the primary, hoping Chirac will throw his hat into the ring.

Political analysts say Sarkozy is also suffering from a fear factor. Some people say they are afraid of him, citing his alleged divisiveness and authoritarianism, and the image of him as the nation's top cop who referred to rioting youths outside Paris in the fall of 2005 as "scum," which some critics say fueled the violence.

"There's something in him that's not reassuring people, and there's something in the people around him that really scares people," said Moisi, the analyst. "He's conquered the party, but he is not conquering the hearts of a sufficient majority of the French people."

"There's a difference between image and reality," a Sarkozy aide responded. "He knows he has an image as a scary guy, and he knows he needs to change it, because it doesn't fit with his nature. He's much more lenient and open than people think."

But the aide said Sarkozy's time as interior minister has had its advantages, too, boosting his image as a serious politician at the forefront of two of the country's biggest issues -- security and immigration. In a poll published Friday in Le Parisien newspaper, 80 percent of those surveyed thought the term "courageous" applied to Sarkozy, 68 percent found him "competent" and 57 percent said he would be "able to reform the country."

Sarkozy To Get Party Nomination At Paris Congress (AFP)

AFP, January 14, 2007

French presidential hopeful Nicolas Sarkozy is set to be nominated as an official candidate by the ruling Union for a Popular Movement (UMP), at a party congress that is intended as a triumphant launch-pad for his election campaign.

Some 50,000 supporters of the interior minister and UMP boss have come to Paris on special train and coach services for a day of fanfare and speeches at an exhibition centre on the capital's ring-road.

Early in the afternoon results will be read out of an internal party ballot to designate a candidate in April's presidential election but there is no doubt about the result because Sarkozy was the only contender. He will then deliver a keynote address to the nation.

Polls show that Sarkozy, 51, a hard-hitting rightwinger who promises a "clean break" from France's past, is the only politician who can prevent Socialist favourite Segolene Royal, 53, from becoming the country's first ever woman president.

However his progress has been hampered by bitter feuding inside his own camp, with President Jacques Chirac and Prime Minister Dominique de Villepin openly keeping alive the chance of an alternative right-wing candidate -- with Chirac possibly seeking a third term.

Sarkozy supporters are hopeful that a corner has been turned in recent days with endorsements from several politicians normally seen as Chirac loyalists. These include former prime minister Alain Juppe, who praised Sarkozy's "capacity for action".

The candidate plans to move swiftly after Sunday's act of consecration from the party, moving straight away into campaign headquarters in central Paris and leaving for Normandy on the first of regular twice-weekly speaking engagements in the provinces.

The first round of France's presidential election takes place on Sunday April 22, with a second round two weeks later between the two front-runners if -- as is almost certain -- no candidate gets an overall majority.

The latest opinion poll, to be published on Sunday in the weekly newspaper Journal du Dimanche, shows that 75 percent of French people think Sarkozy could attract the support of voters from across the entire right-wing spectrum, not just from his UMP, in a second-round election run-off.

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But this is tempered by public concerns about the ambitious, populist interior minister. Fifty-one percent of those questioned in the poll said he "worried" them.

Spanish Prime Minister Takes Political Heat After Airport Attack By Basque Group (NYT)

By Elaine Sciolino

The New York Times, January 14, 2007

MADRID, Jan. 12 — At his year-end news conference on Dec. 29, Prime Minister José Luis Rodríguez Zapatero proclaimed that the peace initiative he had started with the Basque separatist movement ETA months before was making progress.

"Are we better off now with a permanent cease-fire, or when we had bombs, car bombs and explosions?" he asked. "This time next year, we will be better off than we are today."

The next morning, a bomb ETA had planted in a Renault van exploded in the five-story parking garage of Madrid's new air terminal, killing two people and causing tens of millions of dollars of damage to Spain's glittery showpiece of modernity.

Instead of bringing the political establishment of Spain together, the attack ripped it apart. It has left Mr. Zapatero more isolated than at any time in his nearly three years in power and sent the country's politicians into a frenzy of finger-pointing and backbiting.

"We don't have a long tradition of democracy, and we're not used to dialogue," said Begoña Lasagabaster, a parliamentary deputy from the tiny Basque nationalist party Eusko Alkartasuna. "Instead, we say to each other: 'I'm right. You're not.' If your enemy is a terrorist organization and you can make your political opponent appear to be close to your enemy, you can gain politically."

Since the attack, the opposition Popular Party has stepped up its criticism of Mr. Zapatero and the dialogue he initiated with ETA, which is listed as a terrorist group by the European Union and the United States, after its announcement of a "permanent cease-fire" last March.

"The government and the prime minister made a mistake in the strategy of their negotiation," Ana Pastor, a senior Popular Party official, said in an interview. "They've got to correct that mistake. They believed in people who kept their pistols nearby."

Interior Minister Alfredo Pérez Rubalcaba called such criticism "politically perverse." He pointed out that the Socialists consistently supported the antiterrorism policies of the Popular Party when it was in power, even after ETA broke an earlier truce. "It never occurred to us to criticize," he said in an interview.

But Mr. Zapatero, who had staked his political reputation on a risky strategy of luring ETA into talks in an attempt to end four decades of separatist violence, has hurt his position by appearing oddly detached since the bombing.

Spain, said Mariano Rajoy, the president of the Popular Party, "is a ship drifting without a rudder."

Although Mr. Zapatero cut short his family vacation and headed back to Madrid immediately after the bombing, it took him five days to visit the vast bomb site. Mr. Rajoy, who lost to Mr. Zapatero in the 2004 election and may run again next year, was there two days earlier.

Even after the bombing, Mr. Zapatero seemed reluctant to end talks with ETA. In his first public statement to the nation on the night of the bombing, he ordered only a "suspension."

The straight-talking Mr. Rubalcaba changed course three days later, saying that the dialogue had been "broken off, liquidated, finished."

After a closed-door meeting with Mr. Zapatero early this week, Mr. Rajoy called a news conference at party headquarters in which he accused Mr. Zapatero of withholding from him information about the bomb attack and failing to lay out a strategy for combating terrorism in the future.

At the same time, Mr. Zapatero's deputy prime minister, María Teresa Fernández de la Vega, held her own news conference in which she accused Mr. Rajoy of turning "a deaf ear" to working with the government in forging a common antiterrorism strategy.

The local Spanish-language CNN channel flipped back and forth between the news conferences, underscoring the political rivalry.

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At a meeting of regional presidents on Friday, Mr. Zapatero made an unfortunate verbal slip, at first referring to the terrorist attack as a "tragic accident," then immediately correcting himself and calling it a "tragic attack."

The opposition Popular Party jumped on him again. Pedro Sanz, the Popular Party president of Rioja, criticized Mr. Zapatero for not apologizing. Manuel Chaves, the Socialist president of Andalucía, shot back that the criticism was "indecent."

The bickering has even filtered down to planning for demonstrations on Saturday called by Spain's large Ecuadorean community and the country's labor unions to mourn the two Ecuadoreans who died in the bombing.

Endless negotiations have occurred throughout the week with the Popular Party, which said it would not participate because it objected to the demonstration's banner, "For Peace and Against Terrorism." The banner also should have called for the defeat of ETA, party officials said.

Ultimately, the Popular Party chose not to take part, the first time a major party has avoided an anti-ETA demonstration since democracy returned to Spain in the 1970s.

[Otherwise, the demonstrations went smoothly, with hundreds of thousands of people marching in Madrid, Bilbao and other cities, mostly in silence and carrying signs with slogans including "For peace — against terrorism," "We are all victims of ETA" and "Peace is the task of all of us."

[But the absence of the Popular Party prompted other slogans as well, including "Absences help ETA" and "Where is Gallardón?" — a reference to the Popular Party mayor of Madrid, Alberto Ruiz Gallardón.]

"The dead are being used for political purposes," said Joffre Pinzón, who is responsible for social affairs for an Ecuadorean citizens' group. "We're talking about the pain that comes from the death of two of our countrymen. How can you have a country with such a high economic level that is so politically immature?"

Some government officials and politicians also find the political bickering unseemly. There are still suspicions that that the center-right party is seeking revenge for its electoral loss in March 2004 by undermining the current government's ability to rule and trying to position itself for national elections in 14 months.

The 2004 election occurred only three days after train bombings by Islamic terrorists in Madrid killed 191 people. At the time, Popular Party leaders said the party was the victim of circumstances, that the Socialist government was illegitimate and that the election was a triumph for terrorists.

"Some people since March 2004 have been using terrorism as a political weapon and that is very dangerous," said Judge Baltasar Garzón, the country's most prominent investigative magistrate, in an interview. "Some people unfortunately want terrorism to be the main plank in election politics. Instead of being united against the terrorists, it gets us fighting among ourselves. It gets us playing the terrorists' game."

Mr. Zapatero is not alone among Spanish leaders in not anticipating an imminent terrorist attack. On March 10, 2004, the departing prime minister, José María Aznar of the Popular Party, boasted in an interview that Spain had enjoyed eight years of "spectacular economic growth" under his leadership and that terrorism "is a lot weaker than it was" when he took office.

The next day, terrorists set off bombs on commuter trains in Madrid, the most deadly terrorist attack in Spain's modern history.

Climate Trumps Terror In Europe (WT)

By Gareth Harding, The Washington Times

The Washington Times, January 14, 2007

BRUSSELS -- A European Commission proposal to slash greenhouse-gas emissions by the end of the next decade has highlighted a growing trans-Atlantic split over global warming that is further stressed by a recent poll that shows Europeans are more concerned about climate change than terrorism.

In a major package of measures aimed at combatting global warming last week, the European Union's executive arm urged the bloc's 27 member states to unilaterally cut emissions of greenhouse gases, such as carbon dioxide, by one-fifth by 2020 compared with 1990 figures.

It also called on the United States -- which has rejected mandatory curbs on emissions -- and developing countries such as China and India to join it in signing up to a 30 percent reduction in greenhouse gases by the same date.

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"Europe must lead the world into a new -- or maybe, one should say, post-industrial -- revolution: the development of a low-carbon economy," Commission President Jose Manuel Barroso said while announcing the plan in Brussels on Wednesday.

"We have already left behind our coal-based industrial past. It is time to embrace our low-carbon future," he said.

The European Union is currently committed to cutting a basket of six greenhouse gases by 8 percent by 2010, compared with 1990 figures. However, recent data from the European Environment Agency shows this target is unlikely to be reached without additional measures.

The commission says its new goal can be reached if member states improve energy efficiency, accept competition between national energy suppliers, agree to produce 20 percent of their energy from renewable sources such as wind and solar power by 2020 and ensure that 10 percent of gasoline consumed is made from biofuels by the same date.

The commission's plan, which was slammed as "unambitious" by green groups and members of the European Parliament, underlines the radically different approaches to tackling climate change in Europe and the United States.

A poll released by the France 24 TV channel on Jan. 5 showed global warming to be a greater planetary challenge than terrorism in four of the five European countries where the survey was conducted.

In France, for example, 54 percent said the greatest challenge to the planet was global warming, compared with 26 percent who cited terrorism. By contrast, 49 percent of Americans cited terrorism as the biggest threat, while 30 percent mentioned climate change.

Simon Tilford, an analyst at the London-based think tank Center for European Reform, said Americans and Europeans differed over climate change because "in Europe, global warming is accepted as a fact, whereas for a lot of people in the United States, the jury is still out."

However, Mr. Tilford said, attitudes toward global warming were changing in the United States and "whoever wins the next presidential election will take a very different line to the current administration."

In similar polls, such as the German Marshall Fund's annual Trans-Atlantic Trends survey, terrorism has been the No. 1 concern of both Europeans and Americans since the September 11, 2001, attacks in the United States. But global warming has shot to the top of the political agenda in recent months owing in part to former Vice President Al Gore's film "An Inconvenient Truth," stern warnings from scientific advisory bodies and hard-to-ignore evidence that climate change is already happening.

The 10 hottest years since recordkeeping began in Europe have occurred in the past 11 years and the commission's report paints a grim picture of a continent battered by floods in the north and drought in the south if temperatures rise by 3 percent, as some scientists predict.

Nathalie Labalme, an analyst at the Paris office of the German Marshall Fund of the United States, said concern about terrorism was less on the "old Continent" because Europeans have lived with it longer than Americans.

"Because of that, Europeans believe you cannot win the war on terrorism, you can only contain it."

However, the France 24 poll, which was conducted in early December among 12,570 persons in France, Spain, Italy, Germany, Britain and the United States, revealed that Europeans are more worried about the challenge of religious fanaticism than Americans. In Italy, Spain and Germany, it was cited as the No. 1 threat to the planet.

200 Die In Darfur During Week Of Intertribal Battles (WP/AP)

By Mohamed Osman

The Washington Post, January 14, 2007

KHARTOUM, Sudan, Jan. 13 -- More than 200 people have died in clashes between ethnic African farmers and nomadic Arabs in South Darfur in the past week, leading the Sudanese government to send emissaries to try to reconcile the tribes involved, officials said Saturday.

The fighting was the latest outburst in a nearly four-year-long conflict that has caused as many as 450,000 deaths and chased 2.5 million people from their homes in Sudan's vast Darfur region, where nomadic tribes and farming communities have long wrangled over access to scarce water.

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The war began when ethnic African rebels took up arms against the Arab-dominated government in February 2003, charging it with neglect. The government is accused of responding by unleashing an Arab militia known as the Janjaweed that has been blamed for the worst atrocities in the conflict. The Sudanese government rejects the allegations.

The latest fighting involved Habania Arab nomads and Falata ethnic African farmers, Justice Minister Mohammed Ali al-Mardhi told the independent newspaper Al-Rai Al-Aam. He said that more than 200 people had been killed over the past week, mainly nomads, and that the government had sent reconciliation missions to try to end the fighting.

"The situation between the two sides remains flammable," he said.

Witnesses who spoke on condition of anonymity for fear of reprisals said the clashes began a week ago in an area south of Nyala when Habania nomads killed nine Falata tribesmen they accused of stealing cows. Habania fighters later attacked a Falata settlement but suffered heavy casualties, the witnesses said.

Sudanese Interior Minister Zubair Bashir Taha appealed to tribal leaders to stop the killing and "resort to the voice of wisdom," the state-run SUNA news agency said.

The government's casualty estimate could not be independently verified because the government has barred foreign journalists from Darfur for months.

The African Union peacekeeping mission deployed in Darfur said it had not investigated the violence. "But we encourage reconciliation missions to avoid this kind of fighting over resources," A.U. spokesman Noureddine Mezni said.

He said the African Union was also aware of separate clashes between other tribes of nomads and farmers that killed 42 people elsewhere in Darfur earlier in the week, according to Sudanese media.

About 7,000 A.U. peacekeepers have struggled to maintain a cease-fire in Darfur since the government and one of the rebel groups signed a peace agreement in May. Khartoum has opposed a U.N. Security Council effort to take over command of the peacekeeping force and bring in 20,000 U.N. soldiers and police officers.

Brazil Gambles On Monitoring Of Amazon Loggers (NYT)

By Larry Rohter

The New York Times, January 14, 2007

REALIDADE, Brazil — A Brazilian government plan set to go into effect this year will bring large-scale logging deep into the heart of the Amazon rain forest for the first time, in a calculated gamble that new monitoring efforts can offset any danger of increased devastation.

The government of President Luiz Inácio Lula da Silva, in an attempt to create Brazil's first coherent, effective forest policy, is to begin auctioning off timber rights to large tracts of the rain forest. The winning bidders will not have title to the land or the right to exploit resources other than timber, and the government says they will be closely monitored and will pay a royalty on their activities.

The architects of the plan say it will also help reduce tensions over land ownership in the Amazon, the world's largest tropical forest, which loses an area the size of New Jersey every year to clear-cutting and timbering.

In theory, 70 percent of the jungle is public land, but miners, ranchers and especially loggers have felt free to establish themselves in unpoliced areas, strip the land of valuable resources and then move on, mostly in the so-called arc of destruction on the eastern and southern fringes of the jungle.

But the called-for monitoring of the loggers allowed into the rain forest's largely untouched center will come from a new, untested Forest Service with only 150 employees and from state and municipal governments. That concerns environmental and civic groups because local officials are more vulnerable to the pressures of powerful economic interests and to corruption.

Further, the new system assumes that the world community will also play a part and buy timber only from merchants who are properly licensed and will avoid unscrupulous dealers.

The plan "can be a good idea in places where the situation is already chaotic," said Philip Fearnside, a researcher at the National Institute for Amazon Research in Manaus who recently visited this remote area. "But it's a different story in areas where hardly any logging or deforestation has taken place, where you are actually going to be encouraging the introduction of predatory forces that don't exist there now."

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On paper and in principle, said Stephan Schwartzman, an Amazon specialist at Environmental Defense in Washington, "I think everyone agrees that this system is an improvement over the current situation, which is totally out of control."

But in the end, he added, "everything is going to depend on how it is done and whether the financial and human resources are there to make it work."

Here in this small settlement called Reality, along the rutted Highway BR-319, those resources do not yet exist, as residents have discovered. When outsiders recently appeared to fish out of season, wiping out protected species and killing three manatees, the peasants here went to the authorities looking for help, only to be turned away.

"They told us that we had to be the monitors ourselves, but we don't have the ability to do that," said Antonio Marfoni, a settler. "There's no working phone here, and we don't have the money or the time to be able to take the bus into town to denounce violations."

Last October, during the final debate of the presidential campaign, the opposition candidate, Geraldo Alckmin, called the plan "irresponsible," accused Mr. da Silva of wanting to "privatize the Amazon" and added, "If today there is no supervision, imagine what will happen if you hand it over to the private sector."

Though the environmental movement was one of the founding constituencies of Mr. da Silva's Workers' Party, he made it clear after being re-elected to another four year term that his main goal was to get the Brazilian economy growing at 5 percent a year.

In November, he complained of "all the obstacles I have with the environment" and with "the Indian question," which he said were hindering Brazil's development.

But the proposal's supporters dismiss criticisms as unfounded. Jorge Viana, who is a member of Mr. da Silva's party and was governor of the Amazon state of Acre until Jan. 1, contends that "this is one of the most important initiatives that Brazil has ever adopted in the Amazon precisely because you are bringing the forest under state control, not privatizing it."

"This is a battle Brazil has to win," he added. "There's only one way to save the forest, and that is by using it, responsibly and rationally."

Claudio Langone, executive secretary of the Environment Ministry, said in a telephone interview from Brasília: "Brazil today is losing money due to the illegal exploitation of timber. With this new dynamic of management, legal deforestation and sustainable development, we want to create barriers to predatory advancement and increase the value of the forest."

But some here fear that increased value will bring with it the kind of violence that has struck other more-developed areas of the Amazon.

Ivonete Aparecida Paes, a Roman Catholic nun who is the coordinator of the church's Justice and Peace Commission in this area, said, "Since none of the settlers already here have titles to their tracts, that creates the possibility of greater conflicts over land ownership."

After much debate, it was decided that the leases would run for 30 years. But Paulo Adario, director of Greenpeace's Amazon campaign, said that "some species need 45 years or more to regenerate," and that loggers might thus lack an economic incentive to care properly for a tract that would no longer be theirs when the trees they replaced reached harvestable size.

Already, there are signs of logging interests establishing themselves here. A sawmill opened just down the highway in mid-2005 and was operating at full capacity during a recent visit. Along the highway itself, there is now a clearing in which logs are piled haphazardly, like giant sticks.

"No one has the authorization to cut so much wood, even with a forest management plan," said Leila Mattos, the director of Pacto Amazônico, an environmental group based in Humaitá, the closest town of any size. "I came by here at the beginning of November, and none of this was here. This is more than a year's worth of timber."

In addition, peasant settlers unable to obtain land of their own in Rondonia, a state south of here, have also begun moving up the highway and flocking to the area. Theirs is a pre-emptive action, aimed at establishing themselves on land that may go to logging companies later and thus forcing the government to give them other homesteads in return.

During an interview in Humaitá, Francisco Araujo, the director of the regional office of the governmental environmental agency, said that no matter who ended up in charge of supervising the timber extraction plan, the task would be hard. He complained of a shortage of gasoline and personnel and a lack of police protection for his agents.

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"In reality, these conservation areas were created without very precise field studies," Mr. Araujo said. "Only now are the technicians looking at the problems in the area. The infrastructure is very precarious. There is no equipment or physical base from which to operate, just a shack in which to stay, without a telephone."

In the absence of the needed resources, he said, government policy envisions "a new partnership with society." But those who work most closely with the peasant settlers who are being asked to bear that burden remain skeptical.

"To think that they can monitor violations in the absence of the state is a dream," Sister Paes said. "The Amazon has no tradition of the poor standing up to the powerful. People simply don't know how to do that."

Don't Ban Your Instincts, Ban Ki-moon (WP)

By John R. Bolton

The Washington Post, January 14, 2007

Ban Ki-moon, the new U.N. secretary general, has done some unusual things to kick off his tenure. At the recent annual dinner of the U.N. Correspondents Association in New York, for instance, he entertained the guests briefly by singing, to the tune originally written for Santa Claus, his own arrangement: "Ban Ki-moon is coming to town."

On Tuesday, Ban is coming to this town, his first visit since assuming office on Jan. 1. The former South Korean foreign minister has already made it clear that he intends to be a different kind of "SG" from his predecessor. The United States backed Ban for his new post, largely with such a change in mind. Nonetheless, his first few days in office have already raised some questions. The struggle is underway to determine what sort of leader Ban will be: Will the status quo of the U.N. system overwhelm him, or will he follow his instincts and those of his supporters, including Washington?

Consider the following issues:

First, responding to Iraq's recent execution of Saddam Hussein, Ban said that the decision of whether to invoke the death penalty is a matter for each U.N. member state to decide for itself. This provoked howls of outrage from the international high-minded, who over the past decade had successfully encouraged U.N. resolutions opposing the death penalty from the U.N. Human Rights Commission (a body that eventually was abolished because it had only an incidental relationship with human rights). "The U.N. is against the death penalty!" the high-minded complained, arguing that Ban's comments amounted to a retreat from Kofi Annan's public outspokenness for the so-called U.N. position. Shaken by this barrage, Ban partly backed down later, urging the Iraqi government to stay the execution of the two men sentenced to death along with Hussein.

But his first instinct was the right one. The real controversy here is not about the death penalty, but more fundamentally about the proper role of the United Nations itself, and especially of the secretary general. The United Nations as an institution cannot have a legitimate position on a domestic issue such as the death penalty when there is such fundamental disagreement among its sovereign members -- and especially where democratically legitimate governments have different views. To say that the secretary general must mouth the position adopted by a majority of countries in some U.N. body, whether legitimately or not, is a prescription for endless trouble. Were earlier secretaries supposed to declare routinely that "Zionism is a form of racism," as the General Assembly solemnly and overwhelmingly decided in 1975?

According to the U.N. Charter, the secretary general is the institution's "chief administrative officer" -- not its chief moralizer. Those who complain that Ban's comment forfeited the role that Annan so ardently played should understand instead that Annan's proclivities were not ultimately helpful to the world body. If he had spent less time moralizing and more time doing his day job, the United Nations may have been spared the oil-for-food scandal, procurement fraud and widespread sexual exploitation and abuse by its peacekeepers.

Even more problematic than the death penalty debate was another matter Ban raised during his first week on the job. In an interview, he argued that "if the issues with the conflicts between Israel and Palestine go well," other issues, such as Iran and Lebanon, "are likely to follow suit." This position is unquestionably the received wisdom in Turtle Bay, and also reflects the view of Ban's predecessor.

It is unclear whether Ban was articulating his personal view or was merely following the talking points provided by the U.N. secretariat. The idea that Hezbollah's efforts to destabilize and overthrow the democratically elected government of Lebanon might be curtailed or eliminated by progress on the Israeli-Palestinian front is hard to take seriously. Similarly, believing that

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peace and stability would emerge in Iraq if only those troublesome Israelis could be brought into line is more a matter of faith than of logic.

Ban's reliance on this favorite U.N. clich?, however, is more than simply a lapse in judgment; it may well reveal his intentions for future involvement in the Middle East, an involvement embodied in the "Quartet," an ungainly occasional gathering of the United States, Russia, the European Union and the secretary general. U.S. policymakers should start working overtime now to correct the misimpression that Ban may have obtained from his briefers. In the even worse case that Ban's comment reflects his own views, the need for corrective action is even more acute.

Much to his credit, Ban has already made history early in his tenure. He announced last week that he will make public his financial disclosure report, the first U.N. secretary general ever to do so -- and something that Annan repeatedly refused to do. Ban has stressed that he wants to restore trust and confidence in the United Nations, which it sorely needs. And although much more must follow to even approximate the recommendations of the Volcker Commission in the wake of the oil-for-food scandal, Ban's disclosure will be a good first step.

Accountability begins with transparency, and within the U.N. system, the secretary general is especially well-placed to lead by example. That Ban's decision was even newsworthy underscores how much work still remains, and how easy it was to start. As a longtime civil servant in South Korea, Ban is likely to offer a short and boring financial report, as one may have also expected from Annan, a longtime U.N. civil servant. In fact, Annan could go a long way toward regaining trust and confidence even now by disclosing his U.N.-era finances.

Finally, Ban also made the courageous decision to call for the resignations of all senior secretariat officials, about 60 altogether, except those chosen with the concurrence of other U.N. bodies. This was a change that Washington had urged, one that can make clear that high-level U.N. jobs are not entitlements, either for the individuals involved or their countries of origin. Because this sort of transitional "cleaning house" is unfamiliar to the U.N. system, U.S. advocacy of the concept raised questions, and Ban's decision to implement it will undoubtedly raise more.

Ban need not accept all of the resignations, although he should accept the vast majority, for the same salutary reason why incoming U.S. administrations bring in new people at the top levels of government. The key is to shake up the secretariat's entrenched baronies, and to let them know that new management is in charge. Although it may not be noteworthy to Americans, Ban's decision on resignations was striking within the United Nations. On the hiring side, he has not made enough appointments to judge whether he is assembling a team with the right stuff -- this obviously warrants close U.S. attention.

No one of these four incidents, nor all of them together, tell the complete story of Ban Ki-moon. Where he has followed his instincts -- deferring to member governments, supporting U.N. reform and demonstrating personal integrity -- he has done well. When he has followed the conventional wisdom inside the U.N. bubble on First Avenue in New York -- on matters of U.N. theology such as the death penalty and the Middle East -- he has not. In Washington this week, the president and others will again have the chance to take his measure.

Based on what we have seen so far, I hope they encourage him to let Ban be Ban.

John R. Bolton, a senior fellow at the American Enterprise Institute, served as U.S. permanent representative to the United Nations from August 2005 to December 2006.

DOJ_NMG_0116785

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 14, 2007 7:45 AM EST

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TERRORISM NEWS:

Military Is Expanding Its Intelligence Role In U.S. (NYT)

By Eric Lichtblau, Mark Mazzetti
The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — The Pentagon has been using a little-known power to obtain banking and credit records of hundreds of Americans and others suspected of terrorism or espionage inside the United States, part of an aggressive expansion by the military into domestic intelligence gathering.

The C.I.A. has also been issuing what are known as national security letters to gain access to financial records from American companies, though it has done so only rarely, intelligence officials say.

Banks, credit card companies and other financial institutions receiving the letters usually have turned over documents voluntarily, allowing investigators to examine the financial assets and transactions of American military personnel and civilians, officials say.

The F.B.I., the lead agency on domestic counterterrorism and espionage, has issued thousands of national security letters since the attacks of Sept. 11, 2001, provoking criticism and court challenges from civil liberties advocates who see them as unjustified intrusions into Americans' private lives.

But it was not previously known, even to some senior counterterrorism officials, that the Pentagon and the Central Intelligence Agency have been using their own "noncompulsory" versions of the letters. Congress has rejected several attempts by the two agencies since 2001 for authority to issue mandatory letters, in part because of concerns about the dangers of expanding their role in domestic spying.

The military and the C.I.A. have long been restricted in their domestic intelligence operations, and both are barred from conducting traditional domestic law enforcement work. The C.I.A.'s role within the United States has been largely limited to recruiting people to spy on foreign countries.

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Carl Kropf, a spokesman for the director of national intelligence, said intelligence agencies like the C.I.A. used the letters on only a "limited basis."

Pentagon officials defended the letters as valuable tools and said they were part of a broader strategy since the Sept. 11 attacks to use more aggressive intelligence-gathering tactics — a priority of former Defense Secretary Donald H. Rumsfeld. The letters "provide tremendous leads to follow and often with which to corroborate other evidence in the context of counterespionage and counterterrorism," said Maj. Patrick Ryder, a Pentagon spokesman.

Government lawyers say the legal authority for the Pentagon and the C.I.A. to use national security letters in gathering domestic records dates back nearly three decades and, by their reading, was strengthened by the antiterrorism law known as the USA Patriot Act.

Pentagon officials said they used the letters to follow up on a variety of intelligence tips or leads. While they would not provide details about specific cases, military intelligence officials with knowledge of them said the military had issued the letters to collect financial records regarding a government contractor with unexplained wealth, for example, and a chaplain at Guantánamo Bay erroneously suspected of aiding prisoners at the facility.

Usually, the financial documents collected through the letters do not establish any links to espionage or terrorism and have seldom led to criminal charges, military officials say. Instead, the letters often help eliminate suspects.

"We may find out this person has unexplained wealth for reasons that have nothing to do with being a spy, in which case we're out of it," said Thomas A. Gandy, a senior Army counterintelligence official.

But even when the initial suspicions are unproven, the documents have intelligence value, military officials say. In the next year, they plan to incorporate the records into a database at the Counterintelligence Field Activity office at the Pentagon to track possible threats against the military, Pentagon officials said. Like others interviewed, they would speak only on the condition of anonymity.

Military intelligence officers have sent letters in up to 500 investigations over the last five years, two officials estimated. The number of letters is likely to be well into the thousands, the officials said, because a single case often generates letters to multiple financial institutions. For its part, the C.I.A. issues a handful of national security letters each year, agency officials said. Congressional officials said members of the House and Senate Intelligence Committees had been briefed on the use of the letters by the military and the C.I.A.

Some national security experts and civil liberties advocates are troubled by the C.I.A. and military taking on domestic intelligence activities, particularly in light of recent disclosures that the Counterintelligence Field Activity office had maintained files on Iraq war protesters in the United States in violation of the military's own guidelines. Some experts say the Pentagon has adopted an overly expansive view of its domestic role under the guise of "force protection," or efforts to guard military installations.

"There's a strong tradition of not using our military for domestic law enforcement," said Elizabeth Rindskopf Parker, a former general counsel at both the National Security Agency and the C.I.A. who is the dean at the McGeorge School of Law at the University of the Pacific. "They're moving into territory where historically they have not been authorized or presumed to be operating."

Similarly, John Radsan, an assistant general counsel at the C.I.A. from 2002 to 2004 and now a law professor at William Mitchell College of Law in St. Paul, said, "The C.I.A. is not supposed to have any law enforcement powers, or internal security functions, so if they've been issuing their own national security letters, they better be able to explain how they don't cross the line."

The Pentagon's expanded intelligence-gathering role, in particular, has created occasional conflicts with other federal agencies. Pentagon efforts to post American military officers at embassies overseas to gather intelligence for counterterrorism operations or future war plans has rankled some State Department and C.I.A. officials, who see the military teams as duplicating and potentially interfering with the intelligence agency.

In the United States, the Federal Bureau of Investigation has complained about military officials dealing directly with local police — rather than through the bureau — for assistance in responding to possible terrorist threats against a military base. F.B.I. officials say the threats have often turned out to be uncorroborated and, at times, have stirred needless anxiety.

The military's frequent use of national security letters has sometimes caused concerns from the businesses receiving them, a counterterrorism official said. Lawyers at financial institutions, which routinely provide records to the F.B.I. in law enforcement investigations, have contacted bureau officials to say they were confused by the scope of the military's requests and whether they were obligated to turn the records over, the official said.

Companies are not eager to turn over sensitive financial data about customers to the government, the official said, "so the more this is done, and the more poorly it's done, the more pushback there is for the F.B.I."

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The bureau has frequently relied on the letters in recent years to gather telephone and Internet logs, financial information and other records in terrorism investigations, serving more than 9,000 letters in 2005, according to a Justice Department tally. As an investigative tool, the letters present relatively few hurdles; they can be authorized by supervisors rather than a court. Passage of the Patriot Act in October 2001 lowered the standard for issuing the letters, requiring only that the documents sought be "relevant" to an investigation and allowing records requests for more peripheral figures, not just targets of an inquiry.

Some Democrats have accused the F.B.I. of using the letters for fishing expeditions, and the American Civil Liberties Union won court challenges in two cases, one for library records in Connecticut and the other for Internet records in Manhattan. Concerned about possible abuses, Congress imposed new safeguards in extending the Patriot Act last year, in part by making clear that recipients of national security letters could contact a lawyer and seek court review. Congress also directed the Justice Department inspector general to study the F.B.I.'s use of the letters, a review that is continuing.

Unlike the F.B.I., the military and the C.I.A. do not have wide-ranging authority to seek records on Americans in intelligence investigations. But the expanded use of national security letters has allowed the Pentagon and the intelligence agency to collect records on their own. Sometimes, military or C.I.A. officials work with the F.B.I. to seek records, as occurred with an American translator who had worked for the military in Iraq and was suspected of having ties to insurgents.

After the Sept. 11 attacks, Mr. Rumsfeld directed military lawyers and intelligence officials to examine their legal authorities to collect intelligence both inside the United States and abroad. They concluded that the Pentagon had "way more" legal tools than it had been using, a senior Defense Department official said.

Military officials say the Right to Financial Privacy Act of 1978, which establishes procedures for government access to sensitive banking data, first authorized them to issue national security letters. The military had used the letters sporadically for years, officials say, but the pace accelerated in late 2001, when lawyers and intelligence officials concluded that the Patriot Act strengthened their ability to use the letters to seek financial records on a voluntary basis and to issue mandatory letters to obtain credit ratings, the officials said.

The Patriot Act does not specifically mention military intelligence or C.I.A. officials in connection with the national security letters.

Some F.B.I. officials said they were surprised by the Pentagon's interpretation of the law when military officials first informed them of it. "It was a very broad reading of the law," a former counterterrorism official said.

While the letters typically have been used to trace the financial transactions of military personnel, they also have been used to investigate civilian contractors and people with no military ties who may pose a threat to the military, officials said. Military officials say they regard the letters as one of the least intrusive means to gather evidence. When a full investigation is opened, one official said, it has now become "standard practice" to issue such letters.

One prominent case in which letters were used to obtain financial records, according to two military officials, was that of a Muslim chaplain at Guantánamo Bay, Cuba, who was suspected in 2003 of aiding terror suspects imprisoned at the facility. The espionage case against the chaplain, James J. Yee, soon collapsed.

Eugene Fidell, a defense lawyer for the former chaplain and a military law expert, said he was unaware that military investigators may have used national security letters to obtain financial information about Mr. Yee, nor was he aware that the military had ever claimed the authority to issue the letters.

Mr. Fidell said he found the practice "disturbing," in part because the military does not have the same checks and balances when it comes to Americans' civil rights as does the F.B.I. "Where is the accountability?" he asked. "That's the evil of it — it doesn't leave fingerprints."

Even when a case is closed, military officials said they generally maintain the records for years because they may be relevant to future intelligence inquiries. Officials at the Pentagon's counterintelligence unit say they plan to incorporate those records into a database, called Portico, on intelligence leads. The financial documents will not be widely disseminated, but limited to investigators, an intelligence official said.

"You don't want to destroy something only to find out that the same guy comes up in another report and you don't know that he was investigated before," the official said.

The Counterintelligence Field Activity office, created in 2002 to better coordinate the military's efforts to combat foreign intelligence services, has drawn criticism for some domestic intelligence activities.

The agency houses an antiterrorist database of intelligence tips and threat reports, known as Talon, which had been collecting information on antiwar planning meetings at churches, libraries and other locations. The Defense Department has since tightened its procedures for what kind of information is allowed into the Talon database, and the counterintelligence office also purged more than 250 incident reports from the database that officials determined should never have been included because they centered on lawful political protests by people opposed to the war in Iraq.

DOJ_NMG_0116789

Officials: Pentagon Probed Finances (WP)

By Karen DeYoung

The Washington Post, January 14, 2007

The Defense Department has used a long-standing authority to acquire the personal financial records of American citizens in military-related criminal and other investigations as part of an expansion of the Pentagon's gathering of counterterrorism intelligence at home, officials said yesterday.

"There are certainly types of information and transactions that are valuable to the department when conducting counterintelligence and counterespionage investigations," said Pentagon spokesman Bryan Whitman.

Whitman emphasized that although the FBI can compel banks, credit card companies and other private institutions to produce such records by issuing a National Security Letter, the military is authorized only to request that the institutions turn them over.

The CIA has long had similar "noncompulsory" authority, although intelligence officials said that such requests are rare and tend to relate to espionage investigations of the CIA's own officials. The authority was used during the investigation of Aldrich Ames, the CIA operations officer who was convicted in 1994 of spying for the Russians.

The military's expanded use of the records authority was first reported yesterday on the Web site of the New York Times, which said that military officials had made more than 500 such requests since the Sept. 11, 2001, attacks. Quoting unnamed military intelligence officials, the Times said that the actual number of letters was probably well into the thousands, because a single investigation often resulted in requests to multiple institutions.

By law, the FBI is charged with conducting investigations of U.S. citizens and with counterterrorism activities in this country.

Domestic intelligence-gathering by the CIA and the military is sharply restricted. In the military's case, such activities have generally involved investigations of direct threats to military installations and personnel in the United States, as well as inquiries into possible criminal activities by uniformed or civilian Defense Department employees.

Under then-Defense Secretary Donald H. Rumsfeld, the Pentagon expanded its collection of intelligence within the borders of the United States -- a development that stirred concern among members of Congress and prompted stern criticism and lawsuits from civil liberties advocates.

These efforts are overseen by the Pentagon's Counterintelligence Field Activity agency, or CIFA, which was established in September 2002 by then-Deputy Secretary of Defense Paul D. Wolfowitz.

CIFA is charged with coordinating policy and overseeing the domestic counterintelligence activities of Pentagon agencies and the armed forces. The agency's size and budget are classified, but congressional sources have said that the agency spent more than $1 billion through October. One counterintelligence official recently estimated that CIFA has 400 full-time employees and 800 to 900 contractors working for it.

In written responses to questions from the Senate Armed Services Committee during his confirmation hearing last month, Rumsfeld's replacement, Robert M. Gates, pledged to look "in greater detail" at CIFA's activities.

The agency was criticized in December 2005 after it was revealed that a database managed by CIFA, called TALON, contained unverified, raw threat information about people who were peacefully protesting the Iraq war at defense facilities, including recruiting offices. In August, CIFA Director David A. Burtt II and his top deputy, Joseph Hefferon, resigned in the wake of a scandal involving CIFA contracts that went to MZM Inc., a company run by Mitchell J. Wade. Wade pleaded guilty last February to conspiring to bribe then-Rep. Randy "Duke" Cunningham (R-Calif).

In his confirmation responses, Gates said that an internal Pentagon review of the program "found procedural weaknesses" and that "steps are underway to correct these deficiencies."

Whitman, in a discussion of the financial-records requests, said that only four U.S. military entities are authorized to ask for them -- the U.S. Army Counterintelligence Center, the Criminal Investigation Service of the Army and of the Navy, and the Air Force Office of Special Investigations.

All of these entities are overseen by CIFA.

Whitman declined to discuss individual cases in which the authority had been used, although one U.S. official who spoke on the condition of anonymity because of the sensitivity of the issue said it was utilized in an investigation of a contractor working at the Guantanamo Bay naval facility who appeared to have unexplained income.

In comments attributed to unnamed military intelligence officials, the Times said that the financial records of Capt. James Yee -- a Muslim chaplain at the U.S. military detention facility at Guantanamo Bay, Cuba, who was charged with aiding prisoners there -- had also been obtained. Espionage charges against Yee were eventually dropped by the government.

The CIA declined yesterday to comment on its use of the financial-records authority. An intelligence official said that the CIA usually asks the FBI to obtain financial records involving U.S. citizens in terrorism investigations because the bureau has the

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authority to compel cooperation. "There have been a handful of instances, in very rare circumstances over the years, that the CIA has used" its authority to request such records on its own, the official said.

Pentagon, CIA Check U.S. Suspects' Bank Records (AP)

AP, January 13, 2007

WASHINGTON (AP) -- The Pentagon and to a lesser extent the CIA have been using a little-known power to look at the banking and credit records of hundreds of Americans and others suspected of terrorism or espionage within the United States, according to a published report.

"It is our understanding that the intelligence community agencies make such requests on a limited basis," said Carl Kropf, a spokesman for the Office of the National Intelligence Director, which oversees all 16 spy agencies in the government.

The so-called national security letters permit the executive branch to seek records about people in terror and spy investigations without a judge's approval or grand jury subpoena. Government lawyers maintain the legal authority for such tactics is years old and was strengthened by the Patriot Act.

The Federal Bureau of Investigation, the lead agency on domestic counterterrorism and espionage, has issued thousands of national security letters since the attacks of September 11, 2001.

That has prompted criticism and court challenges from civil liberties advocates who claim they invade the privacy of Americans' lives, even though banks and other financial institutions typically turn over the financial records voluntarily.

The New York Times, in an article posted Saturday on the Internet, said the Pentagon and CIA also have been using their own versions of the letters to aid investigative work.

Congressional officials said members of the House and Senate Intelligence Committees had been briefed on the Pentagon and CIA's use of the letters, the newspaper said.

The vast majority of national security letters are issued by the FBI, but in very rare circumstances they have been used by the CIA before and after 9/11, said a U.S. intelligence official who spoke to The Associated Press on condition of anonymity because of the issue's sensitivity.

The CIA has used these non-compulsory letters in espionage investigations and other circumstances, the official said.

"It is very uncommon for the agency to be issuing these letters," the official said. "The agency has the authority to do so, and it is absolutely lawful."

A government official, also speaking on condition of anonymity, said one example of a case in which the letters were used was the 1994 case of CIA officer Aldrich Ames, who eventually was found to have been selling secrets to the Soviet Union.

Neither official commented about the extent of possible use by Defense Department agencies, but Pentagon officials defended their use to the Times, saying they were part of a post-September 11 strategy to use more aggressive intelligence-gathering techniques.

Kropf's remarks to the AP did not address specifics of the Times story, which said military intelligence officers have sent letters in up to 500 investigations.

"There's a strong tradition of not using our military for domestic law enforcement," said Elizabeth Rindskopf Parker, a former general counsel at both the National Security Agency and the CIA and dean at the McGeorge School of Law at the University of the Pacific told the Times. "They're moving into territory where historically they have not been authorized or presumed to be operating."

Pentagon Conducting Probes In U.S. (LAT)

By Julian E. Barnes, Greg Miller

The Los Angeles Times, January 14, 2007

I

WASHINGTON — The Pentagon has been requesting information from financial institutions and telecommunications companies to investigate people within the United States suspected of spying or terrorism, the Defense Department said Saturday.

The little-known practice could raise questions on Capitol Hill about the military conducting domestic investigations, which are traditionally reserved for the FBI. The American Civil Liberties Union said Saturday that the Pentagon activity raised concerns.

Pentagon spokesman Bryan Whitman said the Defense Department was not spying on random American citizens and was primarily requesting the information in counterintelligence investigations, such as when department officials or contractors were accused of spying.

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The Pentagon practice was first reported Saturday evening by the New York Times, which said officials estimated that the Pentagon had asked for the information in as many as 500 investigations over five years.

The CIA has gathered similar information from U.S. companies and other sources, but has done so less frequently, according to U.S. intelligence officials contacted by the Los Angeles Times.

The information requests are similar to "national security letters" issued by the FBI, which compel institutions to turn over records. The FBI's use of such letters has been controversial, and the American Civil Liberties Union has challenged their use in at least two cases. Congress put new restrictions on the use of the letters when it reauthorized the Patriot Act last year.

Defense officials said Saturday they had used similar letters to request information from financial institutions, telephone companies and credit agencies.

Although they are used in terrorism investigations, Whitman said, the requests have mainly been used in cases of suspected espionage. If a Defense Department employee or contractor appeared to have excessive amounts of money, for example, the Pentagon might use the letters as part of a preliminary counterintelligence probe.

Whitman emphasized that the Pentagon letters requested — but did not compel — banks, phone companies and others to turn over customer information. Although the Pentagon can ask a court to compel the release of those records, Whitman said he was not aware of any requests for court orders.

The Pentagon has been using the letters at least since 2003.

One U.S. intelligence official said the CIA had been "involved in such letters on a very limited basis over the years."

The CIA practice predates the Sept. 11, 2001, attacks, officials said. The Justice Department is often involved in the CIA and Pentagon investigations, officials said.

ACLU Associate Legal Director Ann Beeson said the Pentagon and CIA actions raised "serious concerns," in part because of recent disclosures of expanded government spying, such as the National Security Agency's warrantless wiretapping. She said she wanted to know more about the cases that prompted the information requests.

"There are serious concerns about whether the Pentagon is improperly intruding into the privacy of Americans and improperly conducting domestic intelligence without any legal authorization…. The Pentagon has its own regulations which severely limit their ability to conduct domestic intelligence, and those regulations come out of a strong tradition in this country of opposing military involvement in domestic affairs," Beeson said.

Although the CIA and Pentagon have extensive overseas intelligence-gathering operations, both are tightly restricted from domestic spying. But the Pentagon does perform limited law enforcement work, and each military service has a criminal investigation agency.

Lawmakers have resisted giving the Defense Department the right to force financial companies to reveal information about clients. But the Pentagon has the authority to request information under the Right to Financial Privacy Act, the Fair Credit Reporting Act and the National Security Act, said Army Lt. Col. Brian Maka, a Pentagon spokesman. Whitman said the authority also was derived from the Patriot Act.

Maka said the ability to request transaction information was "invaluable" to the Defense Department "in conducting counterintelligence and counterterrorism investigations."

Defense Department agencies authorized to issue the letters are all criminal or counterintelligence agencies, including the Army Criminal Investigation Command, Naval Criminal Investigative Service, Air Force Office of Special Investigations and Army counterintelligence.

The New York Times reported that one such letter was used in the case of a Muslim chaplain suspected of aiding prisoners accused of terrorism being held at Guantanamo Bay, Cuba. The chaplain was cleared of any espionage charges.

New Defense Secretary Robert M. Gates is expected to take a less aggressive stance toward intelligence operations than predecessor Donald H. Rumsfeld.

Deletions In Army Manual Raise Wiretapping Concerns (NYT)

By Eric Lichtblau, Mark Mazzetti

The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — Deep into an updated Army manual, the deletion of 10 words has left some national security experts wondering whether government lawyers are again asserting the executive branch's right to wiretap Americans without a court warrant.

The manual, described by the Army as a "major revision" to intelligence-gathering guidelines, addresses policies and procedures for wiretapping Americans, among other issues.

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The original guidelines, from 1984, said the Army could seek to wiretap people inside the United States on an emergency basis by going to the secret court set up by the Foreign Intelligence Surveillance Act, known as FISA, or by obtaining certification from the attorney general "issued under the authority of section 102(a) of the Act."

That last phrase is missing from the latest manual, which says simply that the Army can seek emergency wiretapping authority pursuant to an order issued by the FISA court "or upon attorney general authorization." It makes no mention of the attorney general doing so under FISA.

Bush administration officials said that the wording change was insignificant, adding that the Army would follow FISA requirements if it sought to wiretap an American.

But the manual's language worries some national security experts. "The administration does not get to make up its own rules," said Steven Aftergood, who runs a project on government secrecy for the Federation of American Scientists.

The Army guidelines were finalized in November 2005, and Mr. Aftergood's group recently obtained a copy under the Freedom of Information Act. He said he was struck by the omission, particularly because of the recent debate over the National Security Agency's domestic surveillance program. President Bush has asserted that he can authorize eavesdropping without court warrants on the international communications of Americans suspected of having ties to Al Qaeda.

Like several other national security experts, Mr. Aftergood said the revised guidelines could suggest that Army lawyers had adopted the legal claim that the executive branch had authority outside the courts to conduct wiretaps.

But Thomas A. Gandy, a senior Army counterintelligence official who helped develop the guidelines, said the new wording did not suggest a policy change. The guidelines were intended to give Army intelligence personnel more explicit and, in some cases, more restrictive guidance than the 1984 regulations, partly to help them respond to new threats like computer hackers.

"This is all about doing right and following the rules and protecting the civil liberties of folks," Mr. Gandy said. "It seeks to keep people out of trouble."

Views On Detainee Representation Draw Fire (WP/AP)

By John Heilprin

The Washington Post, January 14, 2007

The Pentagon yesterday disavowed a senior official's remarks suggesting companies boycott law firms that represent detainees at the U.S. military prison at Guantanamo Bay, Cuba.

Charles "Cully" Stimson, the deputy assistant secretary of defense for detainee affairs, said in a radio interview last week that companies might want to consider taking their business to firms that do not represent suspected terrorists.

Legal experts and advocacy groups viewed Stimson's remarks as an attempt to intimidate law firms that provide legal help to all people, even unpopular defendants.

A Pentagon spokesman, Lt. Col. Brian Maka, said Stimson was not speaking for the Bush administration.

Stimson's comments "do not represent the views of the Department of Defense or the thinking of its leadership," Maka said.

Stimson's "shameful and irresponsible" remarks deserve condemnation, said Neal R. Sonnett, a Miami lawyer and president of the American Judicature Society, a nonpartisan group of judges, lawyers and others.

Sonnett said in a statement that Stimson had made a "blatant attempt to intimidate lawyers and their firms who are rendering important public service in upholding the rule of law and our democratic ideals."

Stimson on Thursday told Federal News Radio, a local commercial station that covers the government, that he found it "shocking" that lawyers at many of the nation's top firms represent detainees.

Stimson listed the names of more than a dozen major firms he suggested should be boycotted.

"And I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," Stimson said.

Asked who might be paying the law firms to represent Guantanamo detainees, Stimson hinted at wrongdoing for which some explaining should be done.

"It's not clear, is it? Some will maintain that they're doing it out of the goodness of their heart -- that they're doing it pro bono, and I suspect they are," he said. "Others are receiving monies from who knows where and I'd be curious to have them explain that."

Stimson also described Guantanamo as "certainly, probably the most transparent and open location in the world" because of visits from more than 2,000 journalists since it opened five years ago. However, journalists are not allowed to talk to detainees on those visits, their photos are censored, and their access to the base has at times been cut off.

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He discounted international outrage over the detention center as "small little protests around the world" that were "drummed up by Amnesty International" and inflated in importance by liberal news media outlets.

FBI agents have documented more than two dozen incidents of possible mistreatment at Guantanamo. In one, a detainee's head was wrapped in duct tape because he chanted the Koran; in a second, a detainee pulled out his hair after hours in a sweltering room.

In a December court ruling, a federal judge in Washington decried the plight of "some of the unfortunate petitioners who have been detained for many years in the terrible conditions at Guantanamo Bay."

The judge criticized a system in which dozens have been held without charges and cut off from the world for lack of English or knowledge about the law, leaving them no choice but to turn to a fellow prisoner with connections for legal help.

Since the detention center opened, the U.S. military has transferred or released about 380 detainees. Nearly 400 remain.

The Imperial Presidency (WP)

By Dahlia Lithwick

The Washington Post, January 14, 2007

Why is the United States poised to try Jose Padilla as a dangerous terrorist, long after it has become clear that he was just the wrong Muslim in the wrong airport on the wrong day?

Why is Washington still holding hundreds of detainees at Guantanamo Bay, Cuba, long after years of interrogation and abuse have established that few, if any, of them are the deadly terrorists they have been held out to be?

And why is President Bush still issuing grandiose and provocative signing statements, the latest of which claims that the executive branch has the power to open mail when it sees fit?

I once believed that the common thread here is presidential blindness -- an extreme executive-branch myopia that leads the chief executive to believe that these futile measures are integral to combating terrorism; a self-delusion that precludes Bush and his advisers from recognizing that Padilla is a chump and Guantanamo Bay is just a holding pen for a jumble of innocent or half-guilty wretches.

But it has finally become clear that the goal of these efforts isn't to win the war against terrorism; indeed, nothing about Padilla, Guantanamo Bay or signing statements moves the country an inch closer to eradicating terrorism. The object is a larger one: expanding executive power, for its own sake.

Two scrupulously reported pieces on the Padilla case are illuminating. On Jan. 3, Nina Totenberg of National Public Radio interviewed Mark Corallo, who was spokesman for then-Attorney General John D. Ashcroft, about the behind-the-scenes decision-making in the Padilla case -- a case that has lolled through the federal courts for years. According to Totenberg, when the Supreme Court sent Padilla's case back to the lower federal courts on technical grounds in 2004, the Bush administration's sole concern was preserving its constitutional claim that it could hold citizens as enemy combatants. "Justice Department officials warned that if the case went back to the Supreme Court, the administration would almost certainly lose," she reports, which is why Padilla was dragged back to the lower courts. Her sources further confirmed that "key players in the Defense Department and Vice President Cheney's office insisted that the power to detain Americans as enemy combatants had to be preserved."

Deborah Sontag's story on Padilla in the Jan. 4 New York Times makes the same point: He was moved from military custody to criminal court only as "a legal maneuver that kept the issue of his detention without charges out of the Supreme Court." This is why the White House moved Padilla from the brig to the high court to the federal courts and back to a Florida trial court: They were shopping for the best place to enshrine the right to detain him indefinitely. Their claims about Padilla's dirty bomb, known to be false, were a means of advancing their claims about executive power. When confronted with the possibility of losing on those claims, they pulled him back to the criminal courts so as not to lose powers they'd already won.

This need to preserve new legal ground also explains the continued operation of the detention center at Guantanamo Bay. Last week marked the fifth anniversary of the camp that -- as then-Defense Secretary Donald H. Rumsfeld claimed in 2002 -- houses only "the worst of the worst." Now that more than half of them have been released (the best of the worst?) and even though only about 80 will ever see trials, the camp remains open. Why? Civil rights groups worldwide and even close U.S. allies such as Denmark, England and Germany clamor for its closure.

But Guantanamo Bay stays open for the same reason that Padilla stays on trial. Having claimed the right to label enemy combatants and detain them indefinitely without charges, the Bush administration cannot retreat from that position without ceding ground. The president is as much a prisoner of Guantanamo Bay as the detainees are. Having gone nose to nose with Congress over his authority to craft stripped-down courts, guaranteed to produce guilty verdicts, Bush cannot call off the trials. The endgame in the war against terrorism isn't holding the line against terrorists. It's holding the line on hard-fought claims to limitless presidential authority.

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Enter these signing statements. The most recent of the all-but-meaningless postscripts Bush tacks onto legislation gives him the power to "authorize a search of mail in an emergency" to "protect human life and safety" and for "foreign intelligence collection." There is some debate about whether the president has that power already, but it misses the point. The purpose of these signing statements is to plant a flag on the moon -- one more way for the chief executive to stake out the furthest corners in the field of his desired powers.

Last spring, the New Yorker's Jane Mayer profiled David Addington, Cheney's chief of staff and legal adviser. Addington's worldview in brief: a single-minded devotion to something called the New Paradigm, a constitutional theory of virtually limitless executive power, wherein "the President, as Commander-in-Chief, has the authority to disregard virtually all previously known legal boundaries, if national security demands it," Mayer describes.

Bush administration insiders told Mayer that Addington and Cheney had been "laying the groundwork" for a vast expansion of presidential power long before 9/11. And in 2002, the vice president told ABC News that the presidency was "weaker today as an institution because of the unwise compromises that have been made over the last 30 to 35 years." Rebuilding that presidency has been their goal for decades.

The image of Addington scrutinizing "every bill before President Bush signs it, searching for any language that might impinge on Presidential power," as Mayer puts it, can be amusing, sort of like the mother of the bride obsessing over a tricky seating chart. But this zeal to restore an all-powerful presidency traps the Bush administration in its own worst legal sinkholes. This newfound authority -- to maintain a disastrous Guantanamo Bay, to stage rights-free tribunals and to hold detainees forever -- is the kind of power that Richard M. Nixon could have only dreamed about, and cannot be let go.

In a heartbreaking letter from Guantanamo Bay last week, published in the Los Angeles Times, inmate Jumah al-Dossari writes: "The purpose of Guantanamo is to destroy people, and I have been destroyed." I fear he is wrong. The destruction of Dossari, Padilla, Zacarias Moussaoui, Yasser Esam Hamdi and some of our most basic civil liberties was never a purpose or a goal -- it was a byproduct. The true purpose is more abstract and more tragic: to establish a clunky post-Watergate dream of an imperial presidency, whatever the human cost may be.

Dahlia Lithwick covers legal affairs for Slate, the online magazine at www.slate.com.

Attack On U.S. Embassy Revives Greek Fear Of Terrorism (NYT)

By Ian Fisher, Anthee Carassava

The New York Times, January 14, 2007

ATHENS, Jan. 13 — The anti-Americanism was of a different vintage but still deadly, etched into two somber plaques at the battened-down United States Embassy here. Starting in December 1975, five embassy employees — four Americans and one Greek-American driver — were killed here by November 17, the leftist Greek terrorist group.

Now, with a new attack on Friday on the embassy — using an unusually potent weapon, a rocket-propelled grenade — Greeks are grappling with deep uneasiness.

Was this a one-time attack?

Or was this just the first break in a new wave of leftist violence in Greece, now given an updated cause — and perhaps some conflicted sympathy among ordinary Greeks — amid worldwide anger against United States actions in Iraq and its broader fight against terrorism?

“The strike against the embassy was powerful, audacious, highly symbolic with an imported weapon,” read an editorial in Vima, a leading Greek newspaper. “Unfortunately, terrorism is returning, ready to put its dark and damaging stamp on political developments.”

The stakes for Greece are high. After several years of relative stability, any revival of violence here could erase the gains made after the successful dismantling of November 17 before the Olympic Games here in 2004. Those gains are vital and real. Greece’s international image has improved, as have relations with the United States. Tourism, the nation’s largest money maker, is surging. The number of American tourists has doubled since 2005.

“For the time being, we’re calm,” said Yannis Evangelou, president of the Hellenic Association of Travel and Tourist Agencies. “This was an isolated, one-off incident by a small group of people who obviously have a bone to pick with the U.S. and its policies.”

“It doesn’t reflect the views of the general public here,” he added. Moreover, he said, “Greece isn’t the only country where violent forms of anti-American protests are taking place.”

No one was wounded in the attack on Friday, but alarm has been widespread. The damaged United States Embassy sits in one of the most heavily protected and patrolled sections of Athens, home to other embassies and foreign officials as well.

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The weapon, too, was not some crude homemade bomb, but a powerful antitank grenade that, experts say, was either bought on the illegal international arms market or from a foreign militant group that may have also trained Greece's new generation of terrorists. It was a Chinese design, the Greek authorities said Saturday, not Russian as earlier identified.

"This is our fear, that they are professionals," said Christodoulos Yiallourides, a professor of international relations at Panteion University in Athens. "They are not a group of leftist young people. They are professionals, and they are following a strategy."

But what they want is still a mystery. Greek officials have not yet accepted the claim of responsibility for the Friday attack by a Marxist group, Revolutionary Struggle. The group released a proclamation of its aims in late 2005 — a grab-bag of complaints against globalization, poverty, the European Union and an American administration waging an unjust "war without borders or territorial or national divisions" against terrorist suspects.

"We will achieve the eradication of these ills only with the overthrow of the existing system in its entirety," the proclamation read.

Mary Bossis, one of Greece's foremost terrorism experts, said Revolutionary Struggle was worrisome because, unlike November 17, it did not seem to have a coherent political plan. Moreover, she said, Revolutionary Struggle and other new leftist groups seem to have ties to crime, both petty and organized, as the use of the rocket-propelled grenade seemed to show.

"It seems that these organizations are not really interested in what people think about them," she said. "They are not overthrowing the government. They are just interested in violence."

She and other experts said the signs of the resurgence of those gropus had been clear for years — and, she and others charged, were not taken seriously enough by the Greek government. Since September 2003, Revolutionary Struggle has claimed responsibility for at least seven attacks, from bombings at a courthouse, bank and police station to an assassination attempt against the culture minister.

"I expect more attacks," Ms. Bossis added.

The question now, analysts say, is how actively the government of Prime Minister Kostas Karamanlis works to prevent other attacks. Some experts said an encouraging sign was the immediate appointment of Stylianos Syros, the former head of the Greek antiterrorist squad credited with taking apart November 17, to lead the investigation.

The government, considered generally more friendly to Washington than its socialist predecessors, also quickly made clear that it wanted to avoid any deterioration in relations with the American government.

Condemnations sounded across the political spectrum, and a foreign ministry spokesman, George Koumoutsakos, said he was convinced "that neither Greece's relations with the United States, nor the country's international image would be tarnished by Friday's attack."

That all political parties condemned the attack, he said, "proved important and useful."

There seems, too, no small measure of exhaustion with leftist political violence in Greece, which still simmers long after similar groups in nations like Italy and Germany fizzled out.

It appears true despite much irritation with America, from old grievances from American support of the Greek military dictatorship; to the feeling that United States has sided against Greece on issues like Turkey, Macedonia and Cyprus; to anger, widespread around Europe, to American foreign policy since the 9/11 terrorism attacks.

"We are against American policies but not against Americans," said George Krassias, 19, a pilot trainee, driving past the embassy, pocked with a hole from the grenade. "This shouldn't have happened."

Tunisia Says Suspects In Gun Battle Had Blueprints Of Embassies (NYT)

By Craig S. Smith

The New York Times, January 14, 2007

PARIS, Jan. 13 — More than two dozen Islamic extremists involved in a deadly gun battle with the Tunisian police earlier this month had blueprints of foreign embassies and documents identifying foreign envoys as targets, the Tunisian interior minister said Friday.

It was the first official explanation of the firefight since TAP, the state news agency, reported that the police had engaged "dangerous criminals" in a rare shootout south of the capital on Jan. 3, the second violent incident in three weeks.

"Investigations have allowed us to seize quantities of homemade explosives, plans of certain foreign embassies, as well as documents containing the names of certain foreign diplomats resident in Tunisia," said the interior minister, Rafik Haj Kacem, according to the news agency. He did not disclose the countries or people who apparently had been targets.

Islamic extremism has been growing across North Africa, the far edge of a fundamentalist religious trend that is polarizing societies between rich and poor.

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While the upper and middle classes in all of these countries are largely modernist, secular and Western-oriented, a religious resurgence among the lower classes — heavily influenced by the fundamentalist Salafi school of Islam practiced in Saudi Arabia — has fueled the rise of Islamic parties from the Islamic Brotherhood in Egypt to the Justice and Development Party in Morocco.

The extremism has produced terrorist threats, and resulted in terrorist attacks, in every country along the southern Mediterranean coast and most European countries across the sea. A bomb in Tunisia's main tourist center on the island of Djerba killed 21 people in April 2002.

Since then, there has been no open threat in the tightly controlled country. But Islamic terrorist activity has long threatened to bleed into Tunisia from neighboring Algeria, where the small but violent Salafist Group for Preaching and Combat, or G.S.P.C. as it is known by its French acronym, is fighting for an Islamic theocracy in North Africa.

Those fears were bolstered Friday when the Interior Ministry announced that six members of the group — five Tunisians and a Mauritanian — had crossed into the country from Algeria.

Two Tunisian newspapers close to the government have reported that the group had ties to the G.S.P.C., according to Agence France-Presse.

In December, the Interior Ministry reported that two people had been killed and two arrested in a shootout with the police in Hammam Lif, a suburb of Tunis, the capital.

Then, on Jan. 3, the ministry reported that the police had been engaged in another shootout with the group in Soliman, 25 miles south of the capital, Tunis, killing 12 people and arresting 15. Two security force members were also killed.

It was not until Friday that the government confirmed widespread speculation that the people involved had been Islamic extremists.

"The intelligence services know these people, their names and their Salafist terrorist tendencies," Mr. Kacem said, according to the TAP news agency.

He said the group was attacked in December with the help of the Army and that those who escaped were eventually caught in the daylong shootout on Jan. 3.

Security in the country was tightened after the two episodes, with diplomats reporting an increase in roadblocks, particularly in the capital's diplomatic quarters.

HOMELAND RESPONSE:

Stockpiling Waste (WP)

The Washington Post, January 14, 2007

STOCKPILING a new anthrax vaccine was supposed to be the signal achievement of Project Bioshield, the government's flagship program to prepare for a biological, chemical or radiological attack on American soil. But last month the Department of Health and Human Services canceled its contract with VaxGen, a biotechnology firm that was supposed to develop the vaccine. The contract turned out to be a huge waste of time and effort.

There were signs that Bioshield was far, far off track long before VaxGen lost its contract. HHS tapped VaxGen for its $1 billion anthrax vaccine contract even though the company was best known for producing a failed AIDS medication, had never created a successful drug and had failed to release satisfactory financial reports, leading to its delisting from the Nasdaq Stock Market. The company repeatedly ran afoul of the Food and Drug Administration, which pulled the plug on human trials for the vaccine.

Nevertheless, accompanied by a drumbeat of bad news about the company's progress, federal contracting officials extended VaxGen's due dates. Now HHS officials insist that VaxGen offered convincing evidence that it could produce a new anthrax vaccine on time when it signed its contract in 2004. It would be more reassuring if those officials admitted mistakes and said that they were trying to figure out where they had gone wrong.

Concern over the $5.6 billion Project Bioshield prompted recent passage of a law that creates a much-needed coordinating office to oversee Bioshield's varied efforts and alters the way the federal government funds anti-bioterrorism research. Its backers claim that these changes will foster effective partnerships between government and industry that can head off disasters such as VaxGen.

Perhaps they will, but Project Bioshield might need a more fundamental reexamination. For example, Bioshield's priorities: Rather than stockpiling a particular vaccine, might it be more effective to redirect much of that money to measures that would help across a range of disasters, such as buying face masks and respirators or enhancing drug production capacity?

DOJ_NMG_0116797

Incendiary (WP)

By Warren Bass

The Washington Post, January 14, 2007

In an angry polemic, Dinesh D'Souza blames American liberals for the 2001 terrorist attacks.

THE ENEMY AT HOME

The Cultural Left and Its Responsibility for 9/11

By Dinesh D'Souza

Doubleday. 333 pp. $26.95

On Sept. 13, 2001, the television evangelist Jerry Falwell offered a stunned, grieving nation a startling diagnosis of al-Qaeda's motivations. "I really believe," he said on Pat Robertson's show, "The 700 Club," "that the pagans, and the abortionists, and the feminists, and the gays and the lesbians who are actively trying to make that an alternative lifestyle, the ACLU, People for the American Way -- all of them who have tried to secularize America -- I point the finger in their face and say, 'You helped this happen.' "

At the time, Falwell's analysis was roundly denounced as hysterical and elicited a pointed disavowal from President Bush. But Dinesh D'Souza, a fellow at Stanford's Hoover Institution, has decided, essentially, that Falwell was on to something. The Enemy at Home calls America's culture war synonymous with its war on terrorism and flatly blames the country's left for 9/11. But unlike Falwell and Robertson's outburst at a moment of crisis, D'Souza's is offered in a spirit of cool reflection. The result is the worst nonfiction book about terrorism published by a major house since 9/11, but with the country still facing a serious jihadist threat, it's worth trying to understand D'Souza's own exercise in finger-pointing.

Here's the main argument, such as it is. Why has al-Qaeda targeted America? "Not because of U.S. troops in Mecca," D'Souza writes. "Not even because of Israel. . . . The suicide bombers of radical Islam are not blowing themselves up because they are distressed over the Gulf War of 1991 or because they are in solidarity with the Palestinians." Rather, "what bin Laden objected to was America staying in the Middle East, importing with it the immoral ingredients of American values and culture." That makes the left "responsible for 9/11" because it "has fostered a decadent American culture that angers and repulses traditional societies" and has waged "an aggressive global campaign to undermine the traditional patriarchal family and to promote secular values in non-Western cultures." In sum, "the cultural left and its allies in Congress, the media, Hollywood, the nonprofit sector, and the universities are the primary cause of the volcano of anger toward America that is erupting from the Islamic world."

D'Souza, the author of the bestselling Illiberal Education, has no particular expertise on terrorism, which may explain why he writes twice that there are U.S. troops in Mecca (someone should probably alert Bob Gates) or why he thinks that President Reagan's 1986 airstrikes on Libya "convinced Qadafi to retire from the terrorism trade," despite the bombing of Pan Am 103 by Libyan agents two years later. But D'Souza's inexperience doesn't explain why he so badly misreads bin Ladenist ideology, despite the peppering of jihadist quotes that he uses to lend the book a sense of authority.

Of course, the ascetic bin Laden doesn't like American culture or values, including such far-left ideas as democracy or educating women, but he has a clear politico-religious agenda that's important to take seriously. You'd never know it from reading D'Souza, but bin Laden's February 1998 "Declaration of the World Islamic Front for Jihad against the Jews and the Crusaders" -- the most considered summation of his casus belli -- laid out three main grievances for which al-Qaeda kills. First and foremost comes the post-Gulf crisis deployment of U.S. troops in Saudi Arabia, which are "occupying the lands of Islam in the holiest of its territories" and "using its bases in the peninsula as a spearhead to fight against the neighboring Islamic peoples." Second comes the supposed Crusader-Jewish alliance's "long blockade" of the Iraqis, designed "to destroy what remains of this people and to humiliate their Muslim neighbors." Finally, America's anti-Muslim wars "also serve the petty state of the Jews, to divert attention from their occupation of Jerusalem and their killing of Muslims in it." See anything about Hollywood there?

D'Souza breezes past clearly articulated core al-Qaeda goals (such as toppling the "near enemy," as bin Ladenists call the impious regimes in Saudi Arabia and Egypt) to enlist bin Laden as an ally for D'Souza's side of the American culture wars. But the 1998 declaration bluntly states that "the purposes of the Americans" in their crusades against Islam "are religious and economic" -- not cultural. D'Souza is too busy projecting to really grapple with al-Qaeda's politics, strategy or ideological appeal; it's as if he read Mein Kampf and concluded that its author's main concern was not Aryan supremacy or genocidal anti-Semitism but distaste for Weimar theater.

For a Stanford fellow, D'Souza shows a surprising ignorance of the growing literature on jihadist ideology. One has to ask which is more likely: that such authors as Steve Coll, Lawrence Wright, Peter L. Bergen, Marc Sageman, Jessica Stern, Richard A. Posner and Bruce Hoffman could have scrutinized al-Qaeda ideology and somehow failed to notice that bin Laden's main

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beef was with America's corrupt cultural left, or that the grinding sound you hear off in the distance is D'Souza with an ax. Or consider the work of another heavyweight, Michael F. Scheuer, the tough-minded founding chief of the CIA's bin Laden unit, who advocates the massive use of the U.S. military as our principal tool for fighting al-Qaeda. (D'Souza, oddly, lumps him in with a bunch of lefties.) "Bin Laden has been precise in telling America the reasons he is waging war on us," Scheuer has written. "None of the reasons have anything to do with our freedom, liberty, and democracy, but have everything to do with U.S. policies and actions in the Muslim world." There's a feisty and interesting debate among terrorism specialists about whether Scheuer has the balances right, but "The Vagina Monologues" isn't high on any serious analyst's list of al-Qaeda grievances.

In other words, D'Souza's answer to the famous post-9/11 question of "Why do they hate us?" is that it all depends on the meaning of the word "us." In arguing that it's liberals who have brought al-Qaeda's wrath down upon the United States, he vents his indignation largely at his fellow Americans, not the fanatics who've declared it a holy duty to murder us all -- civilians and soldiers alike. Obsessed with a "near enemy" of his own, D'Souza endorses much of the jihadist critique of American society and gives at least a partial moral pass to al-Qaeda and the perpetrators of 9/11. It should go without saying that bin Laden's self-styled fatwas make no distinction between liberals and conservatives. There was a time when Americans at war did not do so either.

As the great social scientist Thomas C. Schelling might have put it, there are two possibilities here: Either D'Souza is blaming liberals for 9/11 because he truly believes that they're culpable, or he's blaming liberals for 9/11 because he's cynically calculating that an incendiary polemic will sell books. I just don't know which is scarier. One has to wonder why his publisher, agent, editors and publicists went along for the ride, and it's hard not to conclude that they thought the thing would cause a cable-news and blogosphere sensation that would spike sales -- a ruckus triggered not despite the book's silliness but because of it. This sort of scam has worked before (think of Christopher Hitchens's gleeful broadside against Mother Teresa or the calculated slurs of Ann Coulter), but rarely has the gap between the seriousness of the issues and the quality of the book yawned as wide. This time, let's just not bother with the flap; this dim, dishonorable book isn't worth it. Â·

Warren Bass is a senior editor at Book World. He served on the professional staff of the 9/11 Commission.

WAR NEWS:

Opposition To Iraq Plan Leaves Bush Isolated (WP)

By Peter Baker, Michael Abramowitz

The Washington Post, January 14, 2007

The bipartisan opposition to President Bush's troop-increase plan has proved more intense than his advisers hoped and has left them scrambling to find support, but the White House is banking on the assumption that it can execute its "new way forward" in Iraq before Congress can derail it.

The plan to send 21,500 more troops to Iraq was virtually guaranteed to provoke a furor in Washington, Bush advisers said, but the storm was exacerbated by the slow, leaky way that the White House reached a decision. The policy review stretched two months after the election and the essence of the plan became known long before Bush announced it, making it a political pi?ata for opponents.

Without Bush making the case for it until last week, resistance hardened, and aides now harbor no hope of winning over Democrats. Instead, they aim mainly to keep Republicans from abandoning him further. Bush invited GOP leaders to Camp David this weekend and will argue his case to the nation on CBS's "60 Minutes" tonight. Vice President Cheney and national security adviser Stephen J. Hadley will also hit the airwaves today.

"We recognize that many members of Congress are skeptical," Bush said in his radio address yesterday, adding: "Members of Congress have a right to express their views, and express them forcefully. But those who refuse to give this plan a chance to work have an obligation to offer an alternative that has a better chance for success. To oppose everything while proposing nothing is irresponsible."

Many Democrats, in fact, have proposed alternatives centered around pulling out troops, an idea Bush flatly rejects. So hopes for a bipartisan consensus after Democrats captured Congress in the November midterm elections have evaporated, and Bush appears more isolated than ever.

"We are headed towards quite a donnybrook in Congress," said former congressman Lee H. Hamilton (D-Ind.), co-chairman of the bipartisan Iraq Study Group, whose plan for withdrawing combat forces by early 2008 was never fully embraced by Bush or Democrats. "We had hoped that there would be more progress towards a more bipartisan approach."

The White House has downscaled its goals and is playing for time. Advisers resign themselves to a nonbinding congressional resolution condemning the troop increase but want to avoid many Republicans voting for it. Former senator Rick

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Santorum (R-Pa.), who lost reelection, called Bush's plan "a step in the right direction" and said Republicans do not want to walk away from Iraq but are "in full political survival mode" now. "It's very hard, particularly if you're on the ballot in two years, to run on the side of the president on anything to do with the war."

The more serious threat to the White House would be a Democratic attempt to restrict funds for more troops. Bush aides said that current funds are enough to get started, and they are counting on the notion that it will take two months until the supplemental appropriation bill providing more war funds comes to a vote. By then, they said, extra troops will be on the ground and it will be too late for Congress to stop them. And they hope for signs of progress that would let them argue that the plan is working.

"This buys us time," said a senior administration official, speaking on the condition of anonymity to discuss strategy. A political strategist who advises the White House added: "The public responds to progress and to events. Every time they can see real progress -- an election, catching Saddam, whatever it is -- they like it." And so if violence can be tamped down, it could defuse some public hostility.

If that happens, the White House hopes the troop buildup then will succeed in bringing enough stability to Baghdad by August that U.S. forces can withdraw to the city outskirts. And officials said it must be sustained. "By the end of the year, Baghdad's got to look significantly different," said a National Security Council official not authorized to speak on the record.

Democrats believe that Bush made a fundamental mistake. Had he embraced the Iraq Study Group, or even made a show of embracing some of its elements, he could have called the Democrats' bluff about wanting to work together, party strategists said. "That would have really jammed us," said a top congressional Democratic aide.

The study group proposed shifting the U.S. mission to support and training, withdrawing combat forces by early 2008, embedding U.S. troops with Iraqi units, threatening to reduce aid to the Iraqi government unless it makes progress, negotiating with Iran and Syria and reinvigorating the Israeli-Arab peace process. But to the consternation of Democrats, the U.S. troop pullout would not be locked into a strict timetable and would depend on ground conditions.

"This was a real missed opportunity," said Leon E. Panetta, a former Clinton White House chief of staff who served on the panel. "No president can conduct a war without the support of the American people and without the support of the Congress. That's the lesson of history." While some officials saw the report as an opportunity to change course, Panetta said, "I think deep down, they viewed it as a sign of weakness to abide by an outside group's recommendation."

Former senator Alan K. Simpson (R-Wyo.), another panel member, said that Bush's plan is "better than the status quo" but voiced disappointment that he did not agree to talk with Syria and Iran. "Nothing is ever solved by not talking to somebody," he said. Simpson said he was stunned by Secretary of State Condoleezza Rice's statement that Iran could use talks with the United States to extort concessions. "Where did that come from?" he asked. " What the hell is gained by not thinking of some kind of system to talk? It makes no sense."

Now, since Bush has rejected it, some Democrats have begun touting the Iraq Study Group plan as an alternative despite previous misgivings, attempting to position themselves as bipartisan. "We have all endorsed the Iraq Study Group -- that is our plan," said Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus. The White House denied that it dismissed the report, noting that the panel said it could support a short-term troop increase to help stabilize Baghdad. The panel "gave a lot of very valuable advice, much of which is incorporated into the president's plan," said White House press secretary Tony Snow.

Philip D. Zelikow, who as Rice's counselor was intimately involved in Iraq policymaking before stepping down recently, said great thought was given to how to satisfy at least some Democrats. "If you were in our shoes, what is the approach that would satisfy the Democrats?" he asked. "That's not an easy question to answer" given the diversity of views within the party.

The policy review showed a lack of discipline unusual for the Bush administration. At first, the White House planned to announce a new plan for Iraq before Christmas. Then, amid serious internal disagreement, it postponed it until mid-January. At the same time, the once-leakproof administration poured out details of the debate, making clear that generals were resisting a troop increase.

For all that, some allies said, the administration was doomed to bipartisan criticism regardless of how it handled the review and presentation. "You've got a Democratic Party that doesn't believe in Bush, doesn't believe in the war," said William Kristol, editor of the Weekly Standard. "You've got a Republican Party that thinks Bush cost them the election. They could have done it better, but I'm not sure it would've made much difference."

Yet even Kristol, a strong proponent of sending more troops, expressed aggravation at the White House for not showing more urgency about getting Lt. Gen. David H. Petraeus dispatched to the region as the new Middle East commander. Asked why it hasn't happened, Kristol said: "Because it's the Bush administration. Maybe you haven't noticed -- they're not the most competent at executing the war."

An Uphill Push For Public Opinion On Iraq (NYT)

By Jim Rutenberg

The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — Bush administration officials, acknowledging that the war in Iraq may get worse before it gets better, face a daunting public relations challenge as the White House pursues its new strategy to quash the insurgents.

After President Bush's address to the nation this week, in which he promoted his strategy to increase the American military presence in Iraq, his aides conceded that more troops would mean more fighting and possibly more grisly televised images.

That prospect will do little to help the administration as it seeks to build public support for an increasing unpopular war.

Even if all goes according to plan, officials conceded in interviews, early signs of progress will do little to compete with continued or worsening signs of strife.

"They need to engage these guys if they're going to make progress, and yet that's probably going to lead to less favorable news," said Thomas Patterson, a professor at Harvard's Kennedy School of Government. "He's in the position of trying to carry a piano upstairs."

Administration officials said that their strategy to quell the violence in Baghdad was in a race against dwindling public patience, but that it was a race they believed they could win. They said in interviews that they factored a potential spike in violence into the plan, and the effect it would have on public opinion.

They described a likely, initial increase in violence as an inevitable down payment for the better images out of Baghdad they hope will come later, and ultimately, more support for the Iraq campaign.

"The president gets it," said a senior administration official involved in the planning. "He knows public opinion is not going to change until those images on the evening news improve." That official said reaching milestones would help, like a show of readiness by new Iraqi forces, or a new law creating an equitable mechanism to distribute oil revenues across the sectarian divide.

But such benchmarks also give war critics in Congress a more clear-cut way to measure failure, said Dennis Ross, a Middle East envoy for President Clinton and for Mr. Bush's father. "It gives you an actual measure by which to say, 'How are they doing: Are these things happening, or not?' " he said. "In an interesting way what the president has done for the first time is to create benchmarks to evaluate the administration's approach."

Even if the economic and political goals in the plan are swiftly achieved, they will only go so far in affecting public opinion as fighting continues: Images from a signing ceremony for an oil agreement are inevitably less compelling than pictures of exploding cars, charred bodies and American war dead.

The complexities are causing no small bit of anxiety for Mr. Bush's allies, chief among them Senator John McCain, the Arizona Republican whose support of a troop increase will be judged on its success during his likely presidential bid in 2008.

Senator McCain said in an interview this week that he did not expect to see significant improvement on the ground in Iraq for "at least a couple of months," adding, "I very much worry about the casualties, from the human side to the political side."

The senator, who has harshly criticized the administration's failure to manage expectations in the past, said of the president, "I would hope he would say how tough this is going to still be."

White House officials said that was the plan. "You've heard the president say before that, as commander in chief, one of his most important responsibilities is informing the public about the course of the war," said Kevin Sullivan, the White House communications director. "You'll see an ongoing effort to do that."

Mr. Bush stopped short of calling for great national sacrifice in his address, something some allies had suggested he do to prepare the public for more rough days ahead. But he did warn, "Our enemies in Iraq will make every effort to ensure that our television screens are filled with images of death and suffering. Yet over time, we can expect to see Iraqi troops chasing down murderers, fewer brazen acts of terror, and growing trust and cooperation from Baghdad's residents."

But for now, Mr. Bush's decision to add troops — despite election results that were widely interpreted as a "no" vote on the war — has been taken as another sign that he is stubbornly going his own way against the public mood, a perception the White House was prepared for, senior administration officials said.

Gambling metaphors were hard to escape this week in the news coverage of the plan, but they applied. The White House calculated that it had to promise a major change to get the public to give its latest new plan a hearing. But it raised the stakes for the administration in the process.

"It's a tremendous gamble — the administration opens itself up to losing control of the policy if it isn't judged as succeeding," said Richard Haass, president of the Council on Foreign Relations and a former State Department official.

"There's a sense now that, with this, we will have done everything we can."

Democrats Feel Free To Defy Bush On Iraq (LAT)

By Noam N. Levey

The Los Angeles Times, January 14, 2007

WASHINGTON — Emboldened by President Bush's deeply unpopular proposal to send more troops to Iraq, congressional Democrats are shedding their wariness about tackling the war and embracing positions once primarily held by the party's most liberal fringe.

Less than two weeks after taking power, party leaders who had promised just an increase in oversight hearings on the war are now talking openly about cutting off funds for additional military operations.

Centrist Democrats are lining up beside longtime antiwar liberals, promising to do everything in their power to stop the president's plans to deploy an additional 21,500 troops in Baghdad and Al Anbar province.

And the war's most passionate opponents in the House, whose last meeting before the midterm election was relegated to a basement room, met last week in one of the grandest rooms on Capitol Hill and drew scores of supporters, television cameras and journalists.

"Ours is now the mainstream position," said Rep. Lynn Woolsey (D-Petaluma), who two years ago saw her resolution calling for the withdrawal of U.S. forces from Iraq crushed on the House floor. Today, the congressional Out of Iraq Caucus co-founded by Rep. Maxine Waters (D-Los Angeles) has more than 80 members.

Congressional Democrats, suddenly united in their desire to pass resolutions against the escalation, still face challenges in deciding how far to go in what could become a historic showdown between two branches of government over the course of a war. And any move to cut funding may quickly reveal fissures in the Democratic caucus.

The threat to cut off funds for more troops drew a rebuke Saturday from President Bush, who challenged war critics to offer their own plan for Iraq.

"Those who refuse to give this plan a chance to work have an obligation to offer an alternative that has a better chance for success," he said in his weekly radio address. "To oppose everything while proposing nothing is irresponsible."

The Democrats' rapid embrace of what were once minority positions capped an extraordinary week on Capitol Hill as Congress stirred after years of standing by a wartime president.

"It was a wild and woolly week," said Rep. Adam B. Schiff (D-Burbank).

Schiff was one of more than two dozen members of Congress who went to the House floor to condemn the war Thursday. Just one Republican rose to challenge them.

Democrats, who campaigned against the war, seized majorities in the House and Senate last fall largely because of unhappiness with the president's policies.

But when the Democrats returned to Capitol Hill this month, House Speaker Nancy Pelosi (D-San Francisco) and other senior party leaders had planned to focus on a purely domestic agenda.

They cautiously avoided talk of cutting funding or other measures to compel Bush to change course in Iraq. As recently as Monday, Pelosi had refused to discuss possible legislation to limit an escalation in Iraq.

But the next day, Sen. Edward M. Kennedy (D-Mass.), in a speech laced with references to the mistakes of Vietnam, announced his intention to introduce a bill that would require the president to seek congressional approval for any troop increase in Iraq.

Within hours, Senate Majority Leader Harry Reid (D-Nev.) said he would introduce a resolution the following week condemning any White House plans to send additional troops. Pelosi's office quickly announced that House Democrats would do the same.

By the time Bush addressed the nation Wednesday night, congressional Democrats across the ideological spectrum were rallying to oppose the president.

"We have to take a stand…. We have to do everything we can," said Rep. Ellen Tauscher (D-Alamo), a centrist Democrat who said she wanted to sign on to the House version of Kennedy's bill, which is sponsored by one of her chamber's most liberal members.

Rep. John P. Murtha (D-Pa.), a decorated Vietnam veteran and longtime military supporter, said Friday that he would use his position as chairman of the House appropriations panel's defense subcommittee to try to block funding for any troop increase in Iraq.

Murtha said he also wanted to force the closure of the controversial military prison in Guantanamo Bay, Cuba, and put limits on how long military service members could be deployed.

A Pelosi spokesman said the speaker had encouraged Murtha to explore the funding limitations.

The same day, in a mark of how much has changed in Washington, House Republican leaders held a sober meeting to air complaints from their members about the president's plans.

"It was not a typical conference," said Rep. Adam H. Putnam (R-Fla.), choosing his words carefully. Putnam is the No. 3 leader in a caucus that until recently rarely showed public signs of dissent.

By contrast, Pelosi and House Majority Leader Steny H. Hoyer (D-Md.) have urged House Democrats to be aggressive in exploring legislative options for winding down the war, Rep. Stephen F. Lynch (D-Mass.) said.

Some Democrats remain wary of moving too quickly to try to cut funding, and it was unclear whether they could succeed.

Reid must contend with Senate Minority Leader Mitch McConnell (R-Ky.), who has said he will try to block a resolution, forcing Democrats to get 60 votes. The Democratic caucus has 51 members.

Rep. David R. Obey (D-Wis.), a fierce war critic who chairs the House Appropriations Committee, said Friday that, because of the complexity of the defense budget, he doubted that Congress would be able to find a way to selectively prohibit spending for a troop buildup.

"I don't know how the hell you do it," Obey said, pointing to the tortuous efforts by Congress two decades ago to limit funding for military operations in Central America.

Bush has signaled that he would not be deterred by congressional opposition. "I made my decision. We're going forward," Bush said in an interview with "60 Minutes" to be broadcast tonight.

But today, the president no longer can count on a Congress of Republicans who are unwavering in their loyalty and Democrats who are cowed by the fear of being labeled weak on defense.

And public support for the president and the war has plummeted. Some polling shows dissatisfaction with Bush's plans has reached 70%.

"The public is so disillusioned," Democratic strategist Mark Mellman said, "that we've gotten to the point where people think the war has actually made us less safe."

And that has made it increasingly safe for Democrats to challenge the White House.

"There definitely is a feeling of liberation," said Rep. John Conyers (D-Mich.), a staunch war opponent who was in Congress when it last put limits on an unpopular war more than 30 years ago.

"The question now is not if, but how, we get out of Iraq and when. The whole nature of the debate has changed."

Choices Dwindle If Iraq War Plan Fails (AP)

By Calvin Woodward, Associated Press Writer

AP, January 14, 2007

If the revamped Iraq war plan fails, it will be time to withdraw most U.S. troops. Or send more in. The United States is seen as having a limited number of options, all grim, if President Bush's "new way forward" hits a wall. The pressure for U.S. disengagement will be immense. Yet a further escalation, however unimaginable now, may not be out of the question.

Few expect helicopters to beat the air over Baghdad in a hasty retreat of the kind that closed the books on America's defeat in Vietnam. The Mideast and its oil are too important.

"We were able to walk away from Vietnam," said Arizona Republican Sen. John McCain, who was a prisoner of war there. "If we walk away on Iraq, we'll be back, possibly in the context of a wider war in the world's most volatile region."

The administration is almost certainly considering fallback options if the latest plan falls apart. Officials are loath to talk about them.

Over two days of intense hearings on Capitol Hill last week, lawmakers raised questions at the margins about a Plan B even as they probed and for the most part attacked Plan A: Bush's move to increase U.S. forces to give Iraqis more time to take control of their own security.

Administration officials, defending a war that many in the U.S. and much of the world thinks is failing already, would not discuss what options will be left if the new approach fails. "Re-evaluate our strategy," Defense Secretary Robert Gates said.

Yet he hinted that the planned troop increase need not take place in its entirety if conditions change. "We are trying to construct this in a way that there are off-ramps," he said, so that "you don't necessarily have to go to the full extent of the buildup."

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified, "You're asking a Marine who's focused on winning whether he has a plan in case he doesn't win."

"Yes," came the response from Rep. Kirsten Gillibrand, D-N.Y.

Pace would not address the question. Nor would he discuss any exit strategy — a "pejorative get-out-of-town" phrase he said he did not like.

But if the plan does not work, he said, "our flow of forces will allow us to modify what we do next."

Bush's plan to add 21,500 more U.S. troops to the 132,000 already in Iraq will add to the stress on a military already overburdened and force longer and more frequent tours of duty on combat troops. An additional escalation would intensify the problem — with no ready solutions on how it would be achieved.

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Those who favor Bush's plan and many who oppose it are in striking agreement the consequences will be dire if it flops. Gates echoed the Iraq Study Group in outlining some of the likely results of failure in Iraq. He mentioned:

_Undermined U.S. credibility.

_Risk of a regional conflagration.

_An emboldened Iran.

_A "humiliating" defeat against extremism worldwide.

_A haven for terrorist networks in the heart of the Middle East.

"Should we withdraw prematurely, we could well leave chaos and the disintegration of Iraq behind us," Gates said.

Just as success in the fight against terrorism cannot be marked by a surrender on a battleship — as the administration likes to recall, the way Japan ended World War II — failure cannot be neatly defined in Iraq. Bush set benchmarks, but no timetable for the Iraqi government to meet them. Violence on the street ranges between terrible and worse.

But if a failure that no one can deny comes about, what then?

"I don't know what the administration does at that point," said Ted Galen Carpenter of the libertarian Cato Institute. Bush could propose another escalation or just pull out and take the hit on U.S. credibility, he said.

"This is the foreign policy equivalent of having invested in the stock of Worldcom or Enron," Carpenter said. "The longer you stay, the worse it gets. It's not easy to withdraw. It's just better than staying."

There is no shortage of suggestions from people who think they have a better idea. Among them are an Iraqi version of the Depression-era Civilian Conservation Corps; mobile fingerprinting devices to track the worst thugs on the street; accelerated reopening of abandoned factories; a greater U.S. effort against al-Qaida in Anbar province, less against the sectarian warriors.

Kevin Ryan, a retired Army brigadier general who specialized in strategy and now is at Harvard, said some U.S. troops should be engaged in training and security no matter what becomes of the bulk of the force.

He said the U.S. should be reducing forces now and settling the remaining troops in for a long haul. "We are sprinting when we should be running a long-distance race," he said, predicting there will be no further escalation.

"Any further surges would just cause more damage to our ground forces' readiness," he said. "Even if you could magically create trained soldiers ... you don't have the equipment."

Failure of the plan also would intensify pressure on the administration to enlist countries of the Middle East in what is left of Iraq's security. Bush might have to bend on his refusal to deal directly with Iran and Syria, but from a position of weakness.

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Associated Press writers Pauline Jelinek, Robert Burns and Nancy Benac contributed to this report.

Bush Stands By Iraq Invasion (LAT)

By David Savage And Solomon Moore, Times Staff Writers

The Los Angeles Times, January 14, 2007

The president acknowledges that some 'decisions have made things unstable,' but says Iraqis owe the U.S.

WASHINGTON — The United States was right to invade Iraq, but choices made after the initial invasion have eroded security in the country, President Bush said in a television interview to be broadcast today.

"I think history is going to look back and see a lot of ways we could have done things better," Bush said in the interview, which will be aired on CBS' "60 Minutes" program.

Questioned about the current instability in Iraq, Bush said, "Well, no question decisions have made things unstable."

But he maintained that invading Iraq in 2003 was the right thing to do.

"My decision to remove Saddam Hussein was the correct decision, in my judgment," he said. "We didn't find the weapons we thought we would find, or the weapons everybody thought he had. But he was a significant source of instability."

"Iraqi people owe the American people a huge debt of gratitude," he said.

Bush's comments come as his new plan to send 21,500 additional U.S. troops to secure Iraq's capital and shore up forces fighting the insurgency in Al Anbar province is attracting sharp criticism from members of Congress.

In his Saturday radio address, Bush also said his new plan could succeed, because "American forces will have a green light to enter neighborhoods that are home to those fueling sectarian violence."

U.S. forces have been restricted by the Iraqi prime minister from operating freely in the Sadr City area that is home to Shiite cleric Muqtada Sadr's Al Mahdi militia. But Bush said those restrictions had been lifted and that Iraqi Prime Minister Nouri Maliki had promised that he would not tolerate interference with security operations.

Bush also challenged members of Congress who were critical of the plan to come up with their own proposals.

"To oppose everything while proposing nothing is irresponsible," he said.

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But Rep. Timothy J. Walz, a newly elected Democrat from Minnesota who served in the war in Afghanistan, called Bush's plan "a step in the wrong direction — more of the same at the very time we need a new direction in Iraq."

"We need diplomatic and political solutions in Iraq, not more American troops," he said in the Democrats' Saturday radio address.

Many Iraqi leaders also have attacked the plan.

Sadr has emerged as one of the fiercest critics of the continued American presence in Iraq.

In a news conference Saturday in Najaf, Sadr representative Sheik Abdul Razzaq Naddawi warned Bush "not to commit foolishness" and attack Sadr followers.

If they are attacked, he said, "the Shiites will become an explosive belt."

"Anyone who is attacked must respond," Naddawi said. "In Islam, we must respond."

In Baghdad Saturday, police patrols discovered 37 bodies, all of the victims middle-aged men apparently killed by gunfire. Some of the bodies showed signs of torture. In southeast Baghdad, a woman was killed by a mortar round.

In the southern Iraqi town of Samawa, police said that gunmen killed three brothers, and that the charred body of an Egyptian employee of the municipal government was discovered in a trash bin.

Three mutilated corpses were discovered in the southern city of Kut, among them that of a beheaded Iraqi soldier. Kut morgue officials also reported that a police officer was killed while traveling home from work.

Gunmen in Samarra, north of Baghdad, killed a prominent Sunni Arab cleric and political party operative in front of his house, and in a separate incident a policeman was shot to death.

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Savage reported from Washington and Moore from Baghdad. Special correspondents in Baghdad and Kirkuk, Najaf, Kut, Samarra, Samawa and Hilla, Iraq, contributed to this report.

A GOP Lawmaker Grapples With Troop Escalation (WP)

By Shailagh Murray

The Washington Post, January 14, 2007

Rep. Charlie Dent wrestled all week with President Bush's plan to send more U.S. troops to Iraq.

On Monday, the two-term Republican from eastern Pennsylvania told a hometown reporter that it would take "a pretty hard sell" for Bush to win him over. He fretted Wednesday about the Iraqis: "Are they going to be up to the task?" By Thursday evening, 24 hours after Bush's address from the White House library, he was nursing huge doubts and a jumble of emotions.

"I'm very skeptical, I'm very concerned," Dent said wearily, slumping in a leather chair in his office. "What would be the mission of our troops? I'm not sure the president addressed it."

Dent has reason to worry. He won reelection in November by a surprisingly narrow margin against an obscure opponent, and Democrats have no intention of letting him off easily again. Depending on the course of the war, Iraq could prove an even bigger impediment for Republicans in 2008.

Like many of his colleagues, Dent spent much of last week trying to hone a response to Bush's plan. Would he join other vulnerable 2008 Republicans, such as Sens. Susan Collins of Maine and Norm Coleman of Minnesota, in throwing cold water on an escalation? Or would he take a more cautious, wait-and-see stance? After speaking with aides, associates and other lawmakers who belong to the Tuesday Group, an alliance of mainstream House Republicans, Dent decided on a blended approach.

"I think we have the obligation to process this a little bit," he said carefully. "But I still think the president has to make a case, a strong case. He's got a lot of selling left to do."

Republican reaction to the troop escalation plan has ranged from lukewarm to hostile. The negative statements that piled up Wednesday night after Bush's speech revealed a deepening political schism between a president whose campaign days are behind him and congressional Republicans who must face voters in two short years.

The GOP resistance first flamed in the Senate. "The most significant thing we saw today are where the Republican senators are who are up for reelection," Rep. Ray LaHood (R-Ill.) remarked Thursday afternoon. But within hours, several Republican letters of opposition were circulating in the House, including one that was sitting on Dent's coffee table as he pondered what to do. House Republican leaders called a meeting Friday morning to allow members to vent, and Bush invited Republican leaders to Camp David this weekend to smooth concerns.

To Democrats, the message from voters in November was clear. "The American people want a change of direction in Iraq," said Rep. Chris Van Hollen (D-Md.), chairman of the Democratic Congressional Campaign Committee. "They certainly did not have in mind a major escalation."

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The first test for Dent and other Republicans will come when nonbinding resolutions opposing the surge are taken up in the House and the Senate, possibly later this month. "Congressman Dent is going to be on the front line of having to make that decision," Van Hollen noted.

Dent caught a break in November. Although he represents a moderate district centered in the Lehigh Valley -- he has dubbed it "Deep Purple" -- Democrats failed to recruit a seasoned candidate to run against him. Instead, Dent faced Charles Dertinger, a little-known county councilman who spent just $66,000 on his grass-roots campaign. Dent spent more than $1 million, but he captured just 53 percent of the vote.

"People thought I was on a fool's errand," Dertinger said wryly. "But the war changed everything. I proved that it could be done."

Dent said little about Iraq during his 2004 campaign, and he spent his early months in Congress reading up on the conflict and talking to colleagues. He took a practical view: We're there, so what next?

In August, the congressman visited Iraq. He traveled to Basra and Kirkuk, toured a power plant under construction, and met with a judge in the Saddam Hussein trial. He spoke with troops from Pennsylvania and to Army Gens. John P. Abizaid and George W. Casey Jr.

His assessment afterward was upbeat. "Ultimately, life is slowly but gradually returning to normal," Dent told reporters. "There is a lot of room for optimism here. There's really no choice but to be optimistic at this point. It's just a matter of patience and will."

Although sectarian violence had been steadily increasing, Dent said he believed the American commitment in Iraq was reaching its peak. Once Iraq had a constitution in place, Dent said he assumed that the United States "would continue in a training role and sometime in 2006, start to draw down a bit." Instead, he said, "the Sunni insurgency went nuclear, and we've pretty much been struggling since then."

As the 2006 midterm elections approached, Dent's strategy was to repeat his successful approach from two years earlier of talking about Iraq as little as possible. "He never said a word during the campaign about the war," Dertinger said.

After his reelection, one of Dent's few expansive statements came in early December, when he offered enthusiastic support for the bipartisan Iraq Study Group report. Weeks later, when rumors of a new White House strategy began to circulate, he was disappointed that the report's numerous recommendations seemed to have been ignored. Dent's first thought upon hearing the word "surge" was that "the time to increase the presence of the force was two years ago."

Like many lawmakers, the congressman speaks to all sorts of people back home -- the contingent of anti-war Quakers he met with earlier last week, friends who served in the military, families of local soldiers.

One person he regularly speaks with is John Brinson, a West Point graduate and local conservative political commentator who owns a chain of fitness clubs in Dent's district. "I'm going to advise him to be quiet about the war and support the president 100 percent," Brinson said. "In fact, I'm going to call him right now and tell him that."

Nancy Tate, coordinator of the LEPOCO Peace Center, which has staged demonstrations at Dent's district office, has castigated the congressman "for being right down the line with Bush." But she said Dent's recent comments suggesting that he may oppose the escalation "are very encouraging."

"The public wants us to be successful," Dent said. "At the same time, their patience is not indefinite."

He doesn't endorse the withdrawal timetable that Tate's group has pressured him to accept, nor does he accept Brinson's lockstep loyalty. "There's a right way and a wrong way to leave, and I think most people understand that," Dent said.

'Surge' Plan Put At Risk By Politics, General Says (WT)

By Philip Sherwell, London Sunday Telegraph

The Washington Times, January 14, 2007

The military architect of the Iraq troop "surge" plan is criticizing the Bush administration, claiming the Pentagon is watering down the proposal for political reasons.

"You cannot try and do this piecemeal. We have to implement the whole package," retired Gen. John M. Keane told the Sunday Telegraph. The former Army vice chief of staff co-authored the "Choosing Victory" strategy paper, the main points of which were adopted by President Bush for his Iraq war plan.

Gen. Keane expressed his alarm after Defense Secretary Robert M. Gates testified on Capitol Hill that the troop buildup was expected to last "a matter of months" -- rather than the 18 months proposed by Gen. Keane.

Mr. Gates also said the full deployment of 21,500 additional troops, announced by Mr. Bush last week, might not be implemented. He suggested that only two or three of the five brigades proposed for Baghdad could be deployed initially, while the rest are held in reserve.

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"That makes no military sense, although it might seem to make political sense," Gen. Keane said. President Bush has been criticized in the past for not listening to the advice of his top generals.

"We need all five brigades in Baghdad as soon as possible. It will take three to four months to clear neighborhoods of death squads and insurgents, and at least the rest of the year to establish proper security for the population," Gen. Keane said. "If you only wanted to stage a clearance operation, you could do that in a few months. But if we left then, the militia would just return as they have in the past."

Mr. Bush's plans have been condemned by Democrats and some Republicans.

Sen. Chuck Hagel, Nebraska Republican, predicted last week that the plan would be "the most dangerous foreign-policy blunder in the country since Vietnam -- if it is carried out."

Some Democratic members of Congress are exploring the possibility of blocking funding for additional troops in Iraq.

In Iraq, Prime Minister Nouri al-Maliki raised fresh concerns about his commitment to the new strategy when he appointed a little-known officer, Lt. Gen. Abud Qanbar, as his military commander for Baghdad -- despite objections from senior U.S. officers and concerns that he may have sectarian ties.

Sen. Hillary Rodham Clinton, New York Democrat, who was visiting Baghdad yesterday, sounded a less-optimistic tone than she has in the past about the situation in Iraq. The likely presidential candidate, who supported the invasion, described the situation as "heartbreaking" and said she doubted that the American people thought the U.S. mission could succeed.

Meanwhile, Iraqi insurgents allied to al Qaeda declared Mr. Bush's surge plan a victory and boasted that the extra U.S. troops would give them fresh targets.

Damien McElroy in Baghdad contributed to this article.

Maliki Aides Warm Slowly To Bush's Latest Iraq Policy (NYT/AP)

The New York Times, January 14, 2007

BAGHDAD, Jan. 13 (AP) — Warming from its initial response this week, the Iraqi prime minister's office on Saturday expressed support for President Bush's new war strategy. But it continued to emphasize that the Iraqi government would retain control over all military action in Baghdad, and Prime Minister Nuri Kamal al-Maliki maintained a public silence on the issue.

Mr. Bush announced Thursday that he would send more than 20,000 additional combat troops to Iraq, with most bound for Baghdad, the capital, in an effort to set up round-the-clock security operations.

Mr. Maliki's government, however, initially gave what appeared to be grudging acceptance of the plan at best. His spokesman, Ali al-Dabbagh, emphasized that the government's ultimate goal was to ensure a permanent withdrawal of American troops. But if the increase would help security for Iraq, he said, "the government, for sure, will not stand against it."

He also asserted Baghdad's right to demand changes. "We will tell the American administration to amend any point that we feel is not suitable," he told reporters then.

On Saturday, however, Mr. Dabbagh's tone was more positive toward the plan, saying that the prime minister saw the new security strategy as representing "a common vision and a mutual understanding between the Iraqi government and the American administration."

He added, "The Iraqi government affirms that security and stability in Iraq is a strategic necessity to the people of the region and the world since terrorism is a threat to everyone."

Mr. Dabbagh reiterated that American forces would be working in support of the Iraqis as they apply Mr. Maliki's new security plan to restore peace in Baghdad, which he announced in a speech on Jan. 6. The prime minister said then that he would fight against "safe haven for any outlaws, regardless of sectarian or political affiliation."

Senator Hillary Rodham Clinton, the New York Democrat who has opposed Mr. Bush's plans to send more troops, arrived in Iraq on Saturday.

Senator Clinton was traveling with Senator Evan Bayh, Democrat of Indiana, and Representative John M. McHugh, a Republican from upstate New York. The three, all members of armed services committees, were to meet with Iraqi officials and American military commanders. They also planned to go to Afghanistan.

A sniper killed a policeman walking on a street in the commercial district of Karada in central Baghdad on Saturday, and a bomb in a parked car struck a mixed neighborhood in a western neighborhood, wounding three civilians.

At least five people also were killed in attacks in northern Iraq, including two Iraqi contractors who were checking a bridge in Kirkuk and a Shiite grocery store owner.Mr. Maliki, who outlined an Iraqi-led security plan to Mr. Bush when they met in Amman, Jordan, in November, has argued for Americans to pull out of cities and leave security to the Iraqi Army, which is 80 percent Shiite.

An Iraqi general said this week that the army intended to put nine brigades on the streets of Baghdad, or a total of about 27,000 men.

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The military officer said for the most part the Iraqi force would not be directed against the Shiite militias, including the dominant Mahdi Army. The majority of fighting against the Mahdi Army would be left to the Americans in tandem with the Iraqi Special Operations forces.

Among Troops And Families, Mixed Reaction To American Expansion In Iraq (NYT)

By N. R. Kleinfield

The New York Times, January 14, 2007

Cpl. Michael Hubert, 22, will see war for the first time in April. The corporal is part of the infusion of troops being poured into Iraq under President Bush's new plan, and as he weighed his coming departure at Galloping Gertie's, a soldier-thick watering hole outside Fort Lewis, Wash., he was brimming with confidence.

"We're going to go over and change things," Corporal Hubert said.

In eastern Pennsylvania, as Heidi DeBlock absorbed the implications of the president's words during his televised address, she said she felt otherwise: "numb."

"I could write a book about how I feel, but he's O.K. with it," Ms. DeBlock said of her husband, Sgt. Andrew DeBlock. "He says he has a job to do and takes his job pretty seriously."

Mr. Bush's new approach means that Sergeant DeBlock, 41, a member of the New Jersey National Guard (the Blocks recently moved to Pennsylvania from New Jersey), will have his Iraq stay extended by four months.

Sergeant DeBlock, home on a brief break, chose to ignore Mr. Bush as he spoke on television. He busied himself vacuuming the house.

The decision to increase the American military presence in Iraq is being greeted with a blend of optimism and anxiety among American soldiers and their families, those most directly affected by the change. Unlike in Congressional corridors and across the civilian landscape of the country, there seems far more support than outrage, more cheer than cheerlessness, and a hope that maybe this will do it.

At the same time, especially among relatives of National Guard members dispatched to battlefields they never expected to stand on, there is plentiful disappointment and even anger at the prospect of prolonged disruptions in lives that have not been normal for a long time.

The expansion calls for more than 20,000 additional troops, including five active-duty combat brigades, to be sent to Iraq in the next few months. Some National Guard units will have their tours lengthened. The Pentagon has also relaxed the rules for mobilizing Guard members, so that units will return to battle quicker than anticipated.

The fresh troops will include nearly 4,000 members of the Second Infantry Division, Fourth Brigade, a front-line combat unit based at Fort Lewis. They leave in April, about a month earlier than previously planned.

Fort Lewis, the nation's third-largest military installation, has already felt the price and pain of the war. It has had 89 soldiers die in Iraq. A "Word of the Month" is posted at one of the base's exit, succinct wisdom for departing replacements. This month's word is "risk."

Corporal Hubert, 22, a reconnaissance specialist, said the troop increase made sense. "It seems like they're really starting to have a stronger focus and to embed troops, which I like to see," he said. "It's more aggressive and more supportive."

Sgt. James Mayotte, an infantry leader in the Fourth Brigade who was visiting Galloping Gertie's the other morning, was more restrained. "If it works, it's a great idea," Sergeant Mayotte said. "I don't personally like having anyone over there, but if it's good for the country...."

At Fort Benning, Ga., where several combat units are returning early to Iraq, soldiers generally seemed supportive of the change.

"I think we have to do something about what's going on in Baghdad," said First Lt. Jonathon Draper, 28, who has already spent a year in Iraq. "We'll get the job done, whatever the president says."

Staff Sgt. Shwon Brooks, 29, who has yet to go to war, said, "I kind of figured it was going to happen, but I thought it was going to be in the summer."

Sgt. Kyle Cullen finished a deployment to Iraq a year ago and is not happy about returning. "I think sending more troops is not the way to go," Sergeant Cullen said. "That will just be adding more to get killed."

Sergeant Cullen enlisted for four years, and said he planned to leave the Army when he returned.

The new approach has a pronounced impact on National Guard members, who must vacate civilian jobs to serve. Protocol had been to limit Guard members' mobilization to no more than a cumulative total of 24 months every five years, but now reservists who have been deployed within the last five years can be summoned again, though the intention is to keep a new tour to no more than a year.

At the Manor Road Armory in West Brighton, Staten Island, members of the 41st Infantry Division offered competing views.

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"I think they should let them all come home; they're over there for no reason," said Pvt. Diana Ware, 20. "I know I don't want to go. I joined the National Guard to go to college." Private Ware's goal is to become a nurse.

Specialist Douglas Block, 40, a father of four, saw things otherwise. "The more troops you have, the better it is," Specialist Block said. "If they would have done this from the beginning, we'd be out of there by now."

Under the new thrust, various Guard members already fighting in Iraq will remain months longer; they include a reconnaissance unit of the 117th Cavalry of the New Jersey National Guard. Its members had been slated to return by early April, after a year's service, but now are likely to stay until sometime in July.

Salvatore DelRosario, of Staten Island, whose brother, Sgt. Ronald DelRosario, is in Iraq with the 117th Cavalry, was dispirited by the news. "It all seems for naught," Mr. DelRosario said. "It would have been nice to have him home sooner, but he's doing what he wants."

Ms. DeBlock, the Pennsylvania resident whose husband's stay will be extended by four months, said — as other Guard families did — that the extended assignments, and the lost income involved, complicated their lives.

Ms. DeBlock has had to battle her heating-fuel company, which wanted cash up front, and her husband's cellphone provider, which will not let him out of his contract even though he is off fighting a war.

The Minnesota National Guard brigade of Specialist Isaac Pratt, 22, is having its active duty tour extended by about four months. Specialist Pratt called his parents a week ago, excited about coming home soon, only to find out a few days later that everything had changed.

"He's disappointed," said his father, John Pratt. "But at the same time, he senses that you can't just leave Iraqis high and dry over there."

For parents of children killed in Iraq, the war tears in different ways.

Debi Qualtieri, a registered nurse in Norwalk, Conn., said she always believed in the war, and still does, though her son, Sgt. Jonathan Lootens, of Lyon, N.Y., was killed in Iraq in October.

Ms. Qualtieri said she supported the escalation in troops, and had in fact been hoping for it. "I wish they had done it earlier, having spoken to my son when he was there," she said. "He thought they needed more troops."

Annette Brown has supported the war from the beginning, and continues to do so, but with reservations. Her son, Lance Cpl. Donald Brown, a marine, was killed at the end of October, and another son, Kenneth Brown, 24, has served three tours with the Marines in Iraq. He returned home last September.

Ms. Brown said she agreed with the troop increase "if it would settle things down over there so the guys can come home."

But she does not want Kenneth to be part of it, and when she recently spoke to him, he told her he did not want to go back. Ms. Brown, a bank supervisor who lives in Succasunna, N.J., said, "I told him I'll do whatever I have to so you don't have to go back."

The Goal: Admitting Failure, Without Being A Failure (NYT)

By David Greenberg

The New York Times, January 14, 2007

PRESIDENT BUSH'S speech Wednesday night had to strike a perfect pitch. He had to defend the war that will define his legacy while admitting to enough error to regain credibility with the public. Consequently, commentators are still trying to figure out whether he conceded mistakes, showed regret or intends to change course at all.

In this respect, Mr. Bush's speech follows in that great American oratorical tradition: the presidential mea culpa.

Figuring out how to acknowledge failure without seeming like a failure is a time-honored occupational hazard of politics. But not until the 20th century did presidents govern mainly by mobilizing public opinion through rhetoric, and only with the rise of broadcasting did the celebrated "televised speech to the nation" become a staple of White House damage control.

While these confessions may work in the short term, they rarely work long-term magic. That typically requires a new course of action.

Ronald Reagan, for example, gave a relatively tepid mea culpa in addressing a Senate commission's findings that he hadn't leveled with the public in the Iran-contra scandal.

"A few months ago I told the American people I did not trade arms for hostages," he said in March 1987. "My heart and my best intentions still tell me that's true, but the facts and the evidence tell me it is not."

But President Reagan won praise for taking responsibility, and, more critically, for committing to an overhaul of White House personnel and policy. He renounced the covert wrongdoings of his former aides and eventually struck a landmark arms-control treaty with the Soviet Union.

Another buck-stops-here performance was John F. Kennedy's press conference after the Bay of Pigs, when American-backed Cuban rebels were routed in a bid to overthrow Fidel Castro.

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"Victory has a hundred fathers, but defeat is an orphan," President Kennedy said, concluding, "I am the responsible officer of the government."

His popularity soared. Over time, what sealed his reputation was his later calls for a re-evaluation of the cold war and for a nuclear test-ban treaty. Other presidents have failed to capitalize on their dramatic speeches. In March 1968, Lyndon Johnson called a halt to bombing in Vietnam and ended his re-election bid, while vowing to redouble his efforts to achieve peace. But the goodwill faded as he kept the Democratic presidential nominee, Vice President Hubert Humphrey, tethered to a failed strategy until it was too late.

Similarly, in 1992, President George H. W. Bush gained little benefit from his 1992 apology for breaking his no-new-taxes pledge. "I did it, and I regret it and I regret it," he told a newspaper, as he tried to fend off a challenge from Pat Buchanan in the Republican primaries. But Mr. Bush's many reversals — vowing no new taxes, raising them, then recanting — only made him seem fickle and opportunistic, alienating both left and right.

Most tellingly, the master of the confession, Richard Nixon, tried in April 1973 to stanch the hemorrhaging from the Watergate scandal by unloading three of his top aides and declaring a fresh start.

"I was determined that we should get to the bottom of the matter, and that the truth should be fully brought out — no matter who was involved," he said. That turned out to be a lie, and he lost his credibility all over again.

Sometimes, if the public supports a president, he doesn't need to change course at all. When President Bill Clinton acknowledged in August 1998 that he misrepresented his relationship with Monica Lewinsky, Washington pundits said his speech was a disaster. But it turned out that most of the public considered Mr. Clinton's initial show of remorse sufficient and thought the impeachment drive should end. His administration remained popular, while displeasure with the news media rose.

Of course, some presidents simply acted as if no apology were needed. Dwight Eisenhower refused to admit he'd erred after his administration lied about a U-2 spy plane shot down over the Soviet Union. He withstood sharp criticism and the unraveling of a planned Soviet summit. .

"These activities have their own rules and methods of concealment, which seek to mislead and obscure," President Eisenhower said at a press conference on May 11, 1960. That the most prominent figure pressing for an apology was the Soviet leader Nikita Khrushchev certainly made life easier.

Throughout his presidency, Mr. Bush has been faulted for being too stubborn and unwilling to change, admit error or say he's sorry. But owning up to blunders is not always a ticket to forgiveness.

After President Clinton apologized on his 1998 trip to Africa for the American role in the slave trade and for his administration's passivity during the Rwandan genocide, his habit of contrition became a running joke. So much so that at the White House correspondents' dinner that spring, he delivered deadpan apologies for disco, pineapple on pizza and the Susan B. Anthony dollar.

"It did look too much like a quarter," Mr. Clinton admitted. "And that was wrong."

Picking Up The Pieces (NYT)

The New York Times, January 14, 2007

It was surreal how disconnected President Bush was the other night, both from Iraq's horrifying reality and America's anguish over this unnecessary, mismanaged and now unwinnable war. Indeed, most Americans seem far ahead of the president. They understand that what the country urgently needs is for Mr. Bush to chart a way out of Iraq that also limits the chaos that will be left behind.

The president's disconnect goes far to explain the harshly critical reaction of Congress and the public to his plan to further bleed America's overstretched forces by sending some 20,000 additional troops in an attempt to impose peace on Baghdad's vengeful streets. He proposes to do that without any enforceable commitments from the Iraqi government that it will take the necessary political steps that are the only hope for tamping down a spiraling civil war.

There are no really satisfying answers in Iraq, since all of the remaining options are bad. Still, some are notably worse than others, and Mr. Bush has come up with possibly the worst. He would mortgage thousands more American lives and what remains of Washington's credibility in the region to a destructively sectarian Shiite government that he seems unwilling or unable to influence or restrain.

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Unlike Mr. Bush's views on the American military presence in Iraq, our views have evolved as the evident realities on the ground have changed. At the outset, although we opposed Mr. Bush's invasion, we hoped the United States military could provide enough security to allow an elected government to build the foundations of national unity and eventual democracy.

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As it became increasingly clear that Iraqi political leaders had other, less noble intentions, we still hoped that a substantial American military presence could be used to shield innocent civilians from the growing violence, train reliable and professional Iraqi security forces to take over that task, and exert leverage on Iraqi leaders to follow a less divisive and destructive course.

Now, with Mr. Bush unwilling or unable to persuade Prime Minister Nuri Kamal al-Maliki to take the minimum steps necessary to justify any deeper American commitment, we recognize that even that has become unrealistic. Mr. Maliki gave the latest White House plan an even chillier reception than it received in the United States Congress, boycotting a Thursday news conference in Baghdad announcing it. He apparently would have preferred to see American forces sent to fight Sunni insurgents in western Anbar Province, leaving Baghdad as a free-fire zone for his Shiite militia partners.

But even knowing all that, America cannot simply wash its hands of Iraq and go home. The region's problems, many of them made worse by this war, are unavoidably America's problems as well. For starters, Iraq is in imminent danger of violently breaking apart, driving millions of refugees across its borders — who will bring with them their ethnic grievances, and in some cases their weapons — and potentially unleashing a chain reaction of regional conflicts that could draw in Turkey, Saudi Arabia, Iran and perhaps others as well.

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Whatever else happens, Iran has already become more formidable and dangerous. Where it once had a hostile Saddam Hussein on its western border, it now has a friendly Shiite fundamentalist government. Its other longtime enemy, the United States, has had its diplomatic and military clout severely diminished by this war.

The expanding power of a revolutionary, Shiite Iran is profoundly unsettling to the conservative Sunni-led governments in most of the Arab Middle East, which have been America's traditional allies in the region. If the United States is to recoup any of its standing and influence there, it will have to find a way to contain the chaos in Iraq. And it will have to do a lot more to address other concerns of these governments and their people, starting with a genuine and sustained effort to mediate a peace agreement between Israel and the Palestinians.

If Mr. Bush does persist in sending more American troops to Baghdad, despite Congress's amply justified opposition, he will have to establish clear lines of command that assure that those troops can enter the strongholds of the Shiite militias responsible for much of the violence without militia leaders' being tipped off by allies in the Iraqi government.

And so long as any American troops remain in Iraq, Mr. Bush must put serious pressure on Mr. Maliki to support the troops' efforts with a genuine program of national reconciliation. That must include, at a minimum, ridding the police and other security services of killers, torturers and criminals and disarming all sectarian militias.

The government must also assure that Iraqi oil revenues are fairly shared out among the entire Iraqi population. And it must move quickly to offer an amnesty to Sunni insurgents willing to put down their weapons, and narrow the legal restrictions on former Baath Party members so that Sunni professionals can once again fully participate in Iraqi national life.

These benchmarks should be accompanied by fixed timelines. And they must be accompanied with a clear message that the United States is prepared to withdraw its troops if the Iraqis continue to refuse to take responsibility for their own future. Mr. Bush and other American officials need to make clear that as much as the United States will suffer from a complete collapse in Iraq, Iraq's leaders will suffer far worse from the loss of their American protectors.

Mr. Bush should reinforce that message by convening a conference of all of Iraq's neighbors to discuss how they can help stabilize Iraq — and what they can do to contain the wider chaos should it come. With nearly two million Iraqis already seeking refuge, mainly in Syria and Jordan, it is far past time for American officials to begin their own planning and relief efforts.

If Mr. Bush refuses to deliver this ultimatum to Mr. Maliki, Congress will have to do so in his stead. That's not the usual division of labor between the executive and legislative branches, but it is one that Mr. Bush has made necessary by his refusal to face realities. The potential consequences of his failed leadership are so serious that neither the new Democratic majorities in Congress, nor the public at large, can afford the luxury of merely criticizing from the sidelines.

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So far, Congress is off to an encouraging start, holding substantive oversight hearings and asking probing questions of administration officials for the first time in too many years. Similarly encouraging has been the bipartisan character of this reinvigorated oversight. The Congress should continue asking hard questions. And it must insist on real answers before acting on any new requests for money to support Mr. Bush's plans to send more troops to Baghdad. Congress has the authority to attach conditions to that money, imposing benchmarks and timetables on Mr. Bush, who then would be forced to impose them on the Iraqi government.

One immediate step could be a set of bipartisan resolutions spelling out the broad policy directions Congress expects the president to pursue on Iraq. That would send a useful message to the American people that lawmakers are listening to their concerns, if Mr. Bush is not, and also to Iraq's leaders.

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It's now up to Congress to force the president to live up to his constitutional responsibilities and rescue this country from the consequences of one of its worst strategic blunders in modern times.

History will surely blame Mr. Bush for leading America into Iraq, but it will blame Congress if it does not act to push him onto a more realistic path.

Congressional Pushback (WP)

The Washington Post, January 14, 2007

THE POLITICAL tempest that has greeted President Bush's latest plan for Iraq is largely of the president's making. Mr. Bush could have forged a bipartisan consensus if he had embraced the military strategy laid out by the Iraq Study Group, which was in keeping with proposals by the Iraqi government, U.S. military commanders and leading members of Congress. Instead, he chose to embrace an option -- the dispatch of additional American soldiers to Baghdad and Anbar province -- that has the support of less than 20 percent of Americans and maybe even fewer Iraqis. It's not even clear that the Iraqi government is entirely on board.

We don't think Mr. Bush went out of his way to pick the battle he now has with the new Democratic-controlled Congress. No doubt he has been convinced that the deployment of more troops is the only way to turn the situation in Iraq around. The White House, however, seems to have undervalued the importance of having broad public support before sending more troops into combat, with the inevitable spike in casualties that will cause. The intense criticism that has come from both houses and both parties in Congress is understandable, and justified.

So are some of the questions raised in congressional hearings at the end of the week. Chief among them is why the president would commit thousands of American soldiers to a pacification mission in Baghdad when success is heavily dependent on the Iraqi government's performance in areas where it has failed repeatedly. Republicans and Democrats alike have asked what the administration's response will be if Prime Minister Nouri al-Maliki once again fails to deliver on promises to deploy Iraqi troops, tackle Shiite militias and strike political compromises. They have asked how long the "surge" can go on without overtaxing the Army and the reserves.

For the most part, the answers offered in public by Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates have been vague or evasive. But these officials and others have repeatedly pointed out that it will be possible to judge quickly whether the Iraqi government is doing what is needed -- and that those judgments can be made before most of the five additional U.S. brigades are deployed. For example, the three additional Iraqi brigades promised for Baghdad, with an additional 8,000 troops, are supposed to arrive in the capital by the beginning of next month, before 10,500 of the additional American soldiers are dispatched and before the administration's supplemental budget request for funding is submitted to Congress.

In that timing lies the possibility for a constructive response by Congress. Democrats in both the House and Senate are planning votes on nonbinding resolutions that would reject Mr. Bush's new strategy. Some are discussing ways to block the new mission by cutting off funding or attaching crippling restrictions. Neither action would improve the precarious U.S. position in Iraq, and the latter, if pursued to the extent suggested by Rep. John Murtha (D-Pa.) or Sen. Russell Feingold (D-Wis.), would invite a catastrophe for which Congress would be blamed.

Congress can, however, hold the administration to its promise to test the Iraqi government early and often. If Mr. Maliki delivers on his commitments in the coming weeks, the administration's bet on pacifying Baghdad may begin to look more solid. If the Iraqi government does not perform, then Congress will be well grounded in insisting that Mr. Bush rethink his strategy and suspend new U.S. deployments.

Bush's Idle Threat (LAT)

The Los Angeles Times, January 14, 2007

ON WEDNESDAY, President Bush told the nation that "America's commitment is not open-ended" in Iraq. By Friday, however, the administration was already backsliding. What wasn't open-ended, apparently, was just U.S. support for Iraqi Prime Minister Nouri Maliki. When it comes to American boots on the ground, according to Defense Secretary Robert M. Gates, the U.S. is in Iraq for the long haul.

Gates put it bluntly in testimony Friday to the Senate Armed Services Committee. "Saying, 'If you don't do this, we'll leave, and we'll leave now,' does not strike me as being in the national interests of the United States," Gates said. As for how long the U.S. will stay, he reckoned, "I think [what] the president had in mind was that we would probably have to be in Iraq to provide help of one kind or another to the Iraqis for quite some time."

This is not what the American people want; this is not what the Iraqi Study Group recommended; and it is not the best way to prosecute a war against the radical Islamists who attacked this country on 9/11. It is, instead, a way to guarantee that the U.S. military will be dangerously overstretched and needlessly vulnerable to sectarian militias in Iraq.

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Even as the president was delivering his address, administration officials were whispering to reporters (including some for this newspaper) that "simply coming home isn't an option" and that Maliki's days may be numbered. This would, to put it gently, undermine the White House's claim to be pushing toward increased Iraqi sovereignty. To the contrary: It would require ever-greater U.S. responsibility for a post-totalitarian country sliding deeper into anarchy.

If Maliki is shown to be incapable of disarming Shiite militias, it will be because he wouldn't or couldn't rise above civil war. If his government collapses, the only central authority remaining will be the one most resented — America's 150,000-strong fighting force — and prospects for a unity government will be grim. The White House's approach to this plausible scenario is to insist, more loudly by the day, that failure is not an option.

"Failure in Iraq would be a disaster for our future," Bush warned soldiers Thursday at Ft. Benning, Ga. "Radical Islamic extremists would grow in strength…. Iran would be emboldened in its pursuit of nuclear weapons. Our enemies would have safe havens from which to launch attacks. People would look back at this moment in history and say, 'What happened to them in America? How come they couldn't see the threats to a future generation?' That is why we must, and we will, succeed in Iraq."

Unfortunately for Bush, and for the rest of us, "we can't fail" is not a strategy. As painful experience has shown in Iraq, it is a recipe for further failure because it encourages wishful thinking at the expense of realistic planning.

Bush's speech Wednesday offered some small hope that his ultimatum to Maliki had real consequences — that Bush would withdraw U.S. troops "if the Iraqi government does not follow through in its promises." By Friday, it appeared that this was an empty threat. The consequences of Baghdad's broken promises could be greater U.S. involvement in — and greater U.S. responsibility for — an Iraqi civil war.

He's In The Bunker Now (NYT)

By Frank Rich

The New York Times, January 14, 2007

PRESIDENT BUSH always had one asset he could fall back on: the self-confidence of a born salesman. Like Harold Hill in "The Music Man," he knew how to roll out a new product, however deceptive or useless, with conviction and stagecraft. What the world saw on Wednesday night was a defeated Willy Loman who looked as broken as his war. His flop sweat was palpable even if you turned down the sound to deflect despair-inducing phrases like "Prime Minister Maliki has pledged ..." and "Secretary Rice will leave for the region. ..."

Mr. Bush seemed to know his product was snake oil, and his White House handlers did too. In the past, they made a fetish of situating their star in telegenic settings, from aircraft carriers to Ellis Island. Or they placed him against Orwellian backdrops shrieking "Plan for Victory." But this time even the audio stuttered, as if in solidarity with Baghdad's continuing electricity blackout, and the Oval Office was ditched, lest it summon up memories of all those past presidential sightings of light at the end of the Iraqi tunnel. Mr. Bush was banished to the White House library, where the backdrop was acres of books, to signify the studiousness of his rethinking of the "way forward."

"I'm not going to be rushed," the president said a month ago when talking about his many policy consultations. He wasn't kidding. His ostentatious deep thinking started after Election Day, once he realized that firing Donald Rumsfeld wouldn't be enough to co-opt the Iraq Study Group. He was thinking so hard that he abandoned his initial plan to announce a strategy before Christmas .

The war, however, refused to take a timeout for the holiday festivities in Crawford. The American death toll in Iraq, which hovered around 2,840 on Election Day, was nearing 3,020 by Wednesday night.

And these additional lives were sacrificed to what end? All the reviews and thinking and postponing produced a policy that, as a former top Bush aide summed it up for The Daily News, is nothing more than "repackaged stay-the-course dressed up to make it look more palatable." The repackaging was half-hearted as well. Not for nothing did the "way forward," a rubric the president used at least 27 times in December, end up on the cutting-room floor. The tossing of new American troops into Baghdad, a ploy that backfired in Operation Together Forward last year, is too transparently the way backward.

"Victory" also received short shrift, downsized by the president to the paltry goal of getting "closer to success." The "benchmarks" he cited were so vague that they'd be a disgrace to No Child Left Behind. And no wonder: in November, Mr. Bush couldn't even get our devoted ally, Prime Minister Nuri al-Maliki, to show up for dinner at their summit in Amman, let alone induce him to root out Shiite militias. The most muscle the former Mr. Bring-'Em-On could muster in Wednesday's speech was this: "If the Iraqi government does not follow through on its promises, it will lose the support of the American people." Since that support vanished long ago, it's hard to imagine an emptier threat or a more naked confession of American impotence, all the more pathetic in a speech rattling sabers against Syria and Iran.

DOJ_NMG_0116813

Mr. Bush's own support from the American people is not coming back. His "new" Iraq policy is also in defiance of Iraqi public opinion , the Joint Chiefs, the Baker-Hamilton grandees, and Mr. Maliki, who six weeks ago asked for a lower American profile in Iraq. Which leaves you wondering exactly who is still in the bunker with the president besides the first lady and Barney.

It's a very short list led by John McCain, Joe Lieberman, and neo-conservative dead-enders like William Kristol and Frederick Kagan, who congregate at The Weekly Standard and the American Enterprise Institute, the Washington think tank. The one notable new recruit is Rudy Giuliani, who likened taming Baghdad to "reducing crime in New York" without noticing that even after the escalation there will be fewer American troops patrolling Baghdad than uniformed police officers in insurgency-free New York City.

Mr. Kagan, a military historian, was sent by the White House to sell its policy to Senate Republicans. It was he, Mr. Kristol and the retired Gen. Jack Keane who have most prominently pushed for this escalation and who published studies and editorials credited with defining it. Given that these unelected hawks are some of the same great thinkers who promoted the Iraq fiasco in the first place, it is hard to imagine why this White House continues to listen to them. Or maybe not that hard. In a typical op-ed article, headlined "Stay the Course, Mr. President!," Mr. Kagan wrote in The Los Angeles Times in 2005: "Despite what you may have read, the military situation in Iraq today is positive."

Yet Mr. Bush doesn't even have the courage of his own disastrous convictions: he's not properly executing the policy these guys sold him. In The Washington Post on Dec. 27, Mr. Kagan and General Keane wrote that escalation could only succeed "with a surge of at least 30,000 combat troops" — a figure that has also been cited by Mr. McCain. (Mr. Kagan put the figure at 50,000 to 80,000 in a Weekly Standard article three weeks earlier. Whatever.) By any of these neocons' standards, the Bush escalation of some 20,000 is too little, not to mention way too late.

The discrepancy between the policy that Mr. Bush nominally endorses and the one he actually ordered up crystallizes the cynicism of this entire war. If you really believe, as the president continues to put it, that Iraq is the central front in "the decisive ideological struggle of our time," then you should be in favor of having many more troops than we've ever had in Iraq. As T. X. Hammes, an insurgency expert and a former marine, told USA Today, that doesn't now mean a "dribble" (as he ridicules the "surge") but a total of 300,000 armed coalition forces over a minimum of four years.

But that would mean asking Americans for sacrifice, not giving us tax cuts. Mr. Bush has never asked for sacrifice and still doesn't. If his words sound like bargain-basement Churchill, his actions have been cheaper still. The president's resolutely undermanned war plan indicated from Day 1 that he knew in his heart of hearts that Iraq was not the central front in the war against 9/11 jihadism he had claimed it to be, only the reckless detour that it actually was. Yet the war's cheerleaders, neocon and otherwise, disingenuously blamed our low troop strength almost exclusively on Mr. Rumsfeld.

Now that the defense secretary is gone, what are they to do? For whatever reason, you did not hear Mr. Kagan, General Keane or Mr. McCain speak out against Mr. Bush's plan even though it's insufficient by their own reckoning — just a repackaged continuance of the same "Whac-A-Mole" half-measures that Mr. McCain has long deplored. Surely the senator knows that, as his loosey-goosey endorsement attests. (On Friday, he called the Bush plan "the best chance of success" while simultaneously going on record that "a small, short surge would be the worst of all worlds.")

The question now is how to minimize the damage before countless more Americans and Iraqis are slaughtered to serve the president's endgame of passing his defeat on to the next president. The Democrats can have all the hearings they want, but they are unlikely to take draconian action (cutting off funding) that would make them, rather than Mr. Bush, politically vulnerable to blame for losing Iraq.

I have long felt that it will be up to Mr. Bush's own party to ring down the curtain on his failed policy, and after the 2006 midterms, that is more true than ever. The lame-duck president, having lost both houses of Congress and at least one war (Afghanistan awaits), has nothing left to lose. That is far from true of his party.

Even conservatives like

Sam Brownback of Kansas and

Norm Coleman of Minnesota started backing away from Iraq last week. Mr. Brownback is running for president in 2008, and Mr. Coleman faces a tough re-election fight. But Republicans not in direct electoral jeopardy (George Voinovich of Ohio, Lisa Murkowski of Alaska) are also starting to waver. It's another Vietnam-Watergate era flashback. It wasn't Democrats or the press that forced Richard Nixon's abdication in 1974; it was dwindling Republican support. Though he had vowed to fight his way through a Senate trial, Nixon folded once he lost the patriarchal leader of his party's right wing.

That leader was Barry Goldwater , who had been one of Nixon's most loyal and aggressive defenders until he finally realized he'd been lied to once too often. If John McCain won't play the role his Arizona predecessor once did, we must hope that John Warner or some patriot like him will, for the good of the country, answer the call of conscience. A dangerous president must be saved from himself, so that the American kids he's about to hurl into the hell of Baghdad can be saved along with him.

DOJ_NMG_0116814

Stumbling Around The World (NYT)

By Nicholas D. Kristof

The New York Times, January 14, 2007

With Iraq sliding off a cliff, and now tugging another 20,000 young Americans along as well, it's worth wrestling with a larger question: Why are we so awful at foreign policy?

Shirin Ebadi, the Iranian lawyer who won the Nobel Peace Prize, dropped by the other day, and she made the same point with characteristic bluntness. "It amazes me that the U.S., with all its scientific accomplishments, is so shortsighted in its foreign policy," she noted.

It is pathetic. We can go safely to the moon but not to Anbar Province. We can peer into the farthest reaches of the universe, but we fail to notice (until it's too late) that many Iraqis loathe us. We produce movies that delight audiences all over the world, but we can't devise a foreign policy that anybody likes.

And it's not just right-wing Republicans who are the problem. President Bush has been particularly myopic, but Democrats mired us in Vietnam: shortsightedness is a bipartisan tradition in foreign policy. Historically, we are often our own worst enemy.

Iraq is the example of the moment. We invaded, thinking that we would get a pro-American bulwark, cheap oil, long-term military bases and the gratitude of liberated Iraqis. Instead, we fought Iraq, and Iran won.

Speaking of which, look at Iran. In 1953, we helped overthrow the democratically elected prime minister, Mohammed Mossadegh, to achieve a more pro-Western government. That created tensions that led to the Iranian revolution of 1979 and the rise of mullahs with nuclear dreams. If it weren't for our own policies, Iran might well now have a pro-American government.

So why do we act so often against our own long-term interests? There are at least two reasons.

The first is that great powers always lumber about, stepping on toes, provoking resentments, and solving problems militarily simply because they have that capability. One of the great passages of Thucydides records how some 2,400 years ago Athens decided to wipe out the city of Melos because it could.

Likewise, in 1955, when Britain was the dominant player in the Middle East, it formed the Baghdad Pact, a military arrangement intended to protect British interests in the Middle East. Instead, the arrangement inflamed Arab nationalists, strengthened anti-British feeling and contributed to the fall of the Iraqi monarchy in 1958 — and, eventually, to the rise of Saddam.

The second reason is particular to the U.S.: We don't understand the world. The U.S. may owe its existence to prickly nationalist troublemakers like Sam Adams, but (partly because relatively few Americans have lived abroad) we are obtuse about the appeal of prickly nationalist troublemakers elsewhere. Like George III, we empower our enemies.

So what does all this have to do with the price of tea in Baghdad?

Once again the White House is seeking military solutions that are likely to rebound and hurt us. Sending more young Americans into that maelstrom may well have three consequences: inflaming Iraqi nationalism, bolstering Shiite and Sunni extremists alike, and killing more young Americans.

A U.S. military study in 1999, recently declassified and in the National Security Archive, concluded that even 400,000 American troops might not be able to stabilize a post-Saddam Iraq. The study emphasized the importance of diplomacy to engage Iraq's neighbors.

But President Bush is moving in the opposite direction. Most worrying, he is hinting at engaging Syria and Iran not diplomatically but militarily. We are careering down a road that may ultimately lead to military strikes on Iran — a disaster.

What would a better strategy look like? A good bit like the one advocated by the Iraq Study Group. It would emphasize engaging neighbors, a big push for political compromises within Iraq, steps toward troop withdrawals and an intensive effort to achieve an Israeli-Palestinian peace. (Condi Rice is planning this last effort.)

Would this strategy work in Iraq? No one knows. But such a bipartisan plan might at least bring a bit of healing to the U.S.

Meanwhile, history comes around in other ways. The Rev. Bob Edgar, the general secretary of the National Council of Churches, recalls that as a young congressman in April 1975, he encountered a similar presidential request for a surge of troops. It was a demand by President Gerald Ford for more U.S. forces to stabilize Saigon.

A White House photo captures Ford conferring with two of the architects of that request: senior administration officials named Dick Cheney and Donald Rumsfeld.

In Baghdad, A Test Of The Petraeus Principles (WP)

By Jim Hoagland

The Washington Post, January 14, 2007

DOJ_NMG_0116815

Lt. Gen. David Petraeus, the soldier-intellectual chosen by President Bush to provide new leadership in the war in Iraq, got one thing he needed from the president Wednesday night. But what was missing will ultimately be more important than what was provided.

Petraeus, who holds a doctorate from Princeton, is often described as the smartest and most ambitious member of the class of generals and admirals available to Bush. He has been given a rare opportunity to put the theories he has developed as a man of ideas into battlefield practice as a man of action.

Shortly before Bush appointed him to command the multinational forces in Iraq, Petraeus finished assembling a new counterinsurgency training manual for U.S. forces. The manual's opening sections emphasize the importance of political will in avoiding defeat in unconventional warfare:

"Constant reaffirmations of commitment, backed by deeds, can overcome" the perceptions of insurgents and local populations that "a few casualties or a few years will cause the United States to abandon a counterinsurgency effort," the manual states in a passage that could have been the basis for most of Bush's explanation to the nation of a new Iraq strategy. Bush provided the rhetoric of commitment to the struggle that Petraeus says is essential.

But the all-important Iraqi political context for the measured escalation in U.S. forces that Bush outlined remains murky and undeveloped. It falls to Petraeus more than any other individual to fill in the blanks left by Bush.

It is not clear whether Bush is counting on Prime Minister Nouri al-Maliki's ineffective and corrupt government to pull itself together suddenly and counter the bloody anarchy gripping Baghdad, as most of the president's words were designed to suggest, or if the president in fact expects American forces to take greater control over Iraqi units and their combat operations, as his actions indicate.

The surge of five brigades into Baghdad is supposed to enable U.S. troops to embed themselves in Iraqi units and to be posted overnight or longer in the capital's most violent neighborhoods. This necessarily undercuts Iraqi commanders and turns the emphasis away from the training of new Iraqi units. Bush mentioned training Iraqis as a primary U.S. mission late and glancingly in his speech.

The appointment of Petraeus is another indication of Bush's willingness to go on the offensive and his dissatisfaction with the cautious, bureaucratic approach taken to the Iraqi campaign by Gen. John Abizaid, who is departing as head of Central Command. Abizaid's repeated protestations to Bush and his national security team that military means could provide only 20 percent of what was needed to make Iraq secure wore thin in White House meetings, officials who were there have told me.

Petraeus, in contrast, highlights the responsibilities of the military in his counterinsurgency blueprint. The manual cogently argues that Western militaries "falsely believe that armies trained to win large conventional wars are automatically prepared to win small, unconventional ones. . . . The military forces that successfully defeat insurgencies are usually those able to overcome their institutional inclination to wage conventional war against insurgents."

Petraeus's determination to take charge of any situation in which he finds himself is a widely noticed characteristic. When he commanded the 101st Airborne Division in the northern Iraqi city of Mosul in 2003, he turned even a routine briefing for visiting officials and journalists into an all-encompassing, riveting overview of how military commanders had to work continually at winning hearts and minds.

But his refusal to cede any authority over Mosul to the region's Kurdish majority or to prepare the way for a new political order there alienated one of Iraq's three major population groups. That experience will reinforce the suspicions among some Iraqis that the surge of new troops under his command is intended to reassert U.S. combat control, at least temporarily.

That may not be a bad thing if there is a strong follow-up to provide a new political context for Iraq and the region. But a conceptual flaw that runs through both Bush's speech and the counterinsurgency manual assembled by Petraeus will make that transition difficult if it is not corrected.

These two documents fail to give sufficient weight to the fact that all insurgency is local, to paraphrase Tip O'Neill's famous dictum about American politics. The Petraeus document does note the need to address "local grievances" and the new precision tools of insurgency, such as suicide attacks. But the strategy Petraeus then lays out echoes many of the counterinsurgency practices formulated in the unsuccessful campaigns of Algeria, Vietnam and elsewhere. In all likelihood, David Petraeus's work to design a successful counterinsurgency has only just begun, and against big odds.

Bush's Hail-Mary Pass (WP)

By George F. Will

The Washington Post, January 14, 2007

During the battle of the Marne in September 1914, France's Marshal Foch declared: "My center is giving way, my right is retreating, situation excellent, I am attacking." His brio is remembered because his tactic worked: It prevented a rout that might have swiftly ended what might not today be known as World War I. But, then, we cannot know that.

DOJ_NMG_0116816

The president's Wednesday evening address was without Fochian panache. He surely knows that he cannot know how his new policy will unfold, any more than his critics can have reasonable confidence in the consequences of their alternative policy.

The president is probably wrong in thinking that 17,500 more U.S. troops can clear Baghdad until Iraqi forces can hold it. And he probably is wrong in thinking that economic pump-priming and jobs programs, which are usually disappointing when tried in America, can succeed amid Iraq's anarchy. Besides, Shiites are not torturing Sunnis with electric drills and Sunnis are not beheading Shiites because both sides are suffering the ennui of the unemployed. For Iraqis, ennui is a utopian aspiration.

But the president is right in framing his new policy as a ukase to Iraq's government: We are buying you time, and not much of it, for you to dash to competence concerning security matters. Bush's policy probably will not succeed, but at least we will know what were the parameters of the possible, given the government produced by those Iraqi elections that once were the source of so much U.S. confidence.

The president's gamble is not a larger one than Democrats are making with what they are adopting as a party position. They are right that the "surge" probably will not pull Iraq back from the abyss. But they are wrong to think that their policy is more than a variant of the president's policy: shock treatment for Iraq's government, which is threatened with what, on Thursday, Secretary of State Condoleezza Rice icily called, with studied vagueness, "the consequences now of nonperformance."

All sides recognize that the status quo in Iraq is untenable. Therefore those -- almost all Democrats and a growing minority of Republicans -- who hope to block the "surge" are really for setting in motion a swift and irreversible process of U.S. withdrawal, in the hope that it will galvanize Iraq's government to military and policy capabilities that U.S. training and subsidies have so far been unable to produce. And if not, Iraq and the region probably will become a cauldron of conflicts with genocidal stakes for the sectarian groups involved.

Both the president's speech, and the Democrats' response to it, delivered by Illinois Sen. Dick Durbin, contained passages that bordered on the bizarre. The president said, "If the Iraqi government does not follow through on its promises, it will lose the support of the American people." But that support was long since forfeited. Durbin called upon Iraq's government to "disband" the militias and death squads. Not destroy, but "disband." How is that supposed to happen? By asking them nicely? "Disband, please, and on the way home, if you see a Sunni (Shiite), give him a hug." The great question is whether Prime Minister Nouri al-Maliki will cooperate with crushing the Mahdi Army, which is the instrument of his patron, Moqtada al-Sadr.

Twenty years ago, Ken Livingstone, the (very left-wing) mayor of London, wrote a book titled "If Voting Changed Anything They'd Abolish It." But America's November voting produced Wednesday's change in Iraq policy. Voters did not, however, intend to bring on what is coming: Chechnya in their living rooms -- a spike of high-intensity, high-casualty urban warfare, televised.

Bush and his thoughtful critics, ostensibly at daggers drawn, are actually in agreement on three points. First, the failed policy of the past three years is both militarily and politically unsustainable. Second, any substantial departure from that policy must involve a leap into the dark -- a bet on the future about which no reasonable person can be confident. Third, the nation embarked Wednesday night upon the beginning of the end of U.S. suzerainty in Iraq, where, Maliki has said, with more bravado than plausibility, that by June -- about when the full surge probably will reach Iraq -- his government will be able to handle its security challenges.

Foch's 1914 bravado helped produce the "miracle of the Marne," which was followed by four years of carnage which destroyed empires, including the Ottoman Empire, a shard of which became Iraq. Today, in Iraq, the president's policy -- and that of his critics -- is to hope for a miracle.

The Big Gambit In Iraq (WP)

By David S. Broder

The Washington Post, January 14, 2007

With his new Iraq policy, President Bush essentially has written off any prospect of regaining broad support at home for his course of action, in the slender hope of finding the key to military success and political agreements in Baghdad.

It is a huge personal gamble, one that has triggered a debate that may well dominate the final two years of Bush's tenure.

Interestingly, Bush and his critics start from the same premise: The ultimate solution in Iraq is political, not military. In his address Wednesday night, Bush said, "Only Iraqis can end the sectarian violence and secure their people."

That will require concrete steps toward national unification with the Sunni minority and the Kurds that the Shiite-dominated government of Prime Minister Nouri al-Maliki has balked at for the past year.

And Bush and his critics share a second premise: that government must be nudged into action -- or Iraq is lost.

The Iraq Study Group, the bipartisan panel headed by James A. Baker III and Lee Hamilton, argued that the most effective signal to Maliki and his associates would be to announce plans for a phased withdrawal of American troops in the first quarter of next year. That policy would have commanded strong support in the Congress elected in November and, if polls are correct, among the American people.

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Bush chose another course, arguing that any early pullout or loss of American assistance would lead to "a collapse of the Iraqi government, tear the country apart and result in mass killings on an unimaginable scale."

That does not say much about the viability of that government, but there is certainly a measurable risk that Bush may be right about the consequences.

In any case, he has chosen to send Maliki a very different signal -- more troops under looser terms of engagement, ready to support Iraqi forces in an effort to purge Baghdad of rival Sunni and Shiite militias.

In doing this, Bush has adopted the view of John McCain, Joe Lieberman and the neocons, namely, "The most urgent priority for success in Iraq is security, especially in Baghdad."

But he has claimed to be dealing with the political problem at the same time -- by informing Maliki that "America's commitment is not open-ended" and by reiterating the now-familiar set of steps needed for political progress -- division of oil revenue, constitutional reform, provincial elections and a reversal of de-Baathification-- that the Maliki government has long resisted.

Bush said that he has Maliki's word that all this will happen -- and that there will be an end to the unspoken policy of targeting Sunnis while protecting Shiite militias. When I asked a National Security Council official why the promise should be taken seriously, after so many disappointments in the past year, he said that the prime minister faces not just external pressure from the United States but also the urgings of "other moderate elements" in his own coalition who are weary of the fighting.

A skeptic would say that Bush has sacrificed the support of moderates at home -- the Republican as well as Democratic lawmakers voicing skepticism about his plan -- for some supposed "moderates" in Baghdad.

For this gamble to work, a lot of implausible things have to happen. Maliki's governing coalition, which includes the party of Moqtada al-Sadr, will have to steel itself to send troops into the neighborhoods controlled by Sadr's own Mahdi Army. Defense Secretary Robert Gates says this will happen, but the promise remains to be tested.

Also unproved is the capacity of the Iraqi army and police force, which are supposed to be "in the lead," with American troops in support, in clearing out Baghdad. The army was disbanded in a reckless decision soon after the fall of Saddam Hussein, and it is only now being slowly rebuilt. The police force is notoriously overrun with sectarian militias.

When Bush draws a picture of Iraqi army and police brigades going "door-to-door to gain the trust of Baghdad residents," he has to hope that those cops aren't regarded as assassins disguised in uniform when they go into Sunni neighborhoods.

And then there are those politicians in Baghdad -- the ones Bush is gambling can find consensus in a country that has known national unity only under a dictator.

Everyone acknowledges that there is no risk-free way of solving the mess in Iraq. Bush has chosen a way that guarantees what was forecast here just a month ago: "a foreign policy and national security debate as consequential as any this nation and its allies have faced since the start of World War II."

Trapped By Hubris, Again (WP)

By Robert G. Kaiser

The Washington Post, January 14, 2007

After nearly four years of ineffectual war-fighting, after the collapse of domestic support for President Bush and his policies, after the expenditure of thousands of lives and hundreds of billions of dollars, it no longer seems possible to avoid the grim conclusion: For the United States, Iraq has become another Vietnam.

Fortunately, the overall death toll in Iraq so far, while high, is still smaller than it was in Vietnam. But tragically, the most important difference between the two conflicts may be that defeat in Iraq is likely to produce catastrophic consequences for that nation, its neighbors and the United States, too.

For a gray-haired journalist whose career included 18 months covering the Vietnam War for The Washington Post, it is a source of amazement to realize that my country has done this again. We twice took a huge risk in the hope that we could predict and dominate events in a nation whose history we did not know, whose language few of us spoke, whose rivalries we didn't understand, whose expectations for life, politics and economics were all foreign to many Americans.

Both times, we put our fate in the hands of local politicians who would not follow U.S. orders, who did not see their country's fate the way we did, and who could not muster the support of enough of their countrymen to produce the outcome Washington wanted. In Vietnam as in Iraq, U.S. military power alone proved unable to achieve the desired political objectives.

How did this happen again? After all, we're Americans -- practical, common-sense people who know how to get things done. Or so we'd like to think. In truth, we are ethnocentric to a fault, certain of our own superiority, convinced that others see us as we do, blithely indifferent to cultural, religious, political and historical realities far different from our own. These failings -- more than any tactical or strategic errors -- help explain the U.S. catastrophes in Vietnam and Iraq.

DOJ_NMG_0116818

Future historians trying to understand how the U.S. adventure in Iraq went so badly off track will be grateful for the memorandum that national security adviser Stephen J. Hadley wrote to Bush on Nov. 8, 2006, after a visit to Iraq. The "secret" memo was leaked to the New York Times three weeks later.

Hadley began with a candid evaluation of Iraqi Prime Minister Nouri al-Maliki: "The reality on the streets of Baghdad suggests Maliki is either ignorant of what is going on, misrepresenting his intentions, or that his capabilities are not yet sufficient to turn his good intentions into action."

Having been frank about the problem, Hadley then entered a dream world to discuss ways in which it might be solved. He offered his boss an elaborate set of initiatives that should be urged on the hapless Maliki. The first one gives a good flavor of the Hadley plan for success: "Maliki should compel his ministers to take small steps -- such as providing health services and opening bank branches in Sunni neighborhoods -- to demonstrate that his government serves all ethnic communities." Others included compelling Maliki to overhaul his personal staff to make it ethnically diverse, shake up his cabinet and bring in competent technocrats, and insist that all ministers renounce violence in all forms.

How would Bush carry out Hadley's correctives? "We can help [him] in a variety of ways," Hadley wrote. If Maliki thinks he isn't in a position to follow all of the Americans' good advice, "we will need to work with him to augment his capabilities." Among the steps Hadley proposed:

"Actively support Maliki in helping him develop an alternative political base. We would likely need to use our own political capital to press moderates to align themselves with Maliki's new political bloc. . . . Consider monetary support to moderate groups that have been seeking to break with larger, more sectarian parties, as well as to support Maliki himself. . . . Provide Maliki with more resources to help build a nonsectarian national movement."

In other words, the national security adviser told the president 42 months after this disastrous war began that we can still fix it. A few well-placed bribes plus Yankee ingenuity -- pulling this lever, pushing that button -- can make things turn out the way we want them to. There you see the peculiar strain of hubris that led the United States astray four years ago in Iraq, and four decades ago in Vietnam.

Indeed, Hadley's memo is squarely in the tradition of the sublimely arrogant know-it-alls whom journalist David Halberstam memorably dubbed "The Best and the Brightest." These were the men around John F. Kennedy and Lyndon B. Johnson who, along with Kennedy and Johnson, gave us the Vietnam War: Robert S. McNamara, McGeorge Bundy, Dean Rusk, Walt W. Rostow and the rest. They, too, allowed themselves to believe that the shrewd application of U.S. power -- pulling a lever here, pushing a button there -- could create and prop up an independent, democratic South Vietnam. This was something that had never existed previously -- in that sense, something sadly akin to a multiethnic, democratic Iraq.

Yet in his speech to the nation Wednesday night announcing changes in Iraq policy, the president embraced many of Hadley's proposals. He has extracted promises from Maliki to crack down on Shiite militias and has pushed the prime minister to broaden his cabinet. Bush also took Hadley's advice to increase the number of U.S. troops operating in Baghdad, and to broaden the program that embeds Americans with Iraqi units.

Last week, Bush seemed to threaten Maliki as well: "If the Iraqi government does not follow through on its promises, it will lose the support of the American people -- and it will lose the support of the Iraqi people," the president said. The United States has always been good at telling other nations what they have to do, and what will happen if they don't do it.

When things began to go wrong in Vietnam, we helped stage a coup against Ngo Dinh Diem, whom the United States had helped to install as president of South Vietnam. President Dwight D. Eisenhower had once called him Asia's "miracle man." Diem was dumped in 1963. Eight changes in leadership, all involving Washington in one way or another, ended with Nguyen Van Thieu's ascent to the presidency in 1967; Thieu then held on for eight years before being ousted nine days before North Vietnamese troops marched into Saigon. We never did find "the right guy" for Vietnam, to borrow Bush's recent description of Maliki, and there is scant evidence that the man who botched the execution of Saddam Hussein is really the right guy for Iraq, either.

We accomplished a great deal during the 14 years we were actively engaged in South Vietnam. We created an infrastructure for the country, built roads and schools and hospitals, trained hundreds of thousands of troops, figured out how to "pacify" the countryside. As long as U.S. military power was available to neutralize the fighting force of North Vietnam -- whose communist leaders were determined to expel the Americans and reunify their country -- South Vietnam could survive, even prosper.

But we could not create a government or an economy in South Vietnam that could survive without our generous help. When I was leaving Vietnam in August 1970, I wrote in these pages about how we had made the Vietnamese utterly dependent on us. At the time, the Nixon administration's policy was "Vietnamization" -- turning the war over to the South Vietnamese. But the South Vietnamese had not shown that they could cope without us. "Even if the policy succeeds," I wrote, "the United States may well be unable to redeem the lives, money and self esteem it invested in the war in Vietnam."

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The Vietnamese communists had key advantages that the U.S. side couldn't match: a better army, more determined and more competent leaders, and a political legitimacy that they had earned by expelling the French colonizers. And they were fighting for a unified Vietnam.

Iraq is different. The "enemy" there is not a single group of Iraqis, but nearly all Iraqis, because Iraqis do not share a common definition of their state or a common agenda for its future. This disarray has been compounded by the presence of Islamic fanatics from countries that have seized the opportunity to go to Iraq to try to kill Americans. Polls and reporting by Post correspondents suggest that, overwhelmingly, Iraqis of all factions want U.S. forces to leave.

In the face of chaos, the United States has no reliable ally -- no legitimate political authority that crosses sectarian lines and attracts the loyalty of large numbers of Iraqis. Which Iraqis will risk their lives to promote Washington's idea of Iraq? The army and police defend sectarian, not national, interests, even when they are fighting the same people U.S. troops are fighting.

The Iraqis who would presumably have been most supportive of a modernizing and democratic Iraq -- the secular intelligentsia that thrived in Iraq until the Persian Gulf War -- is now dramatically depleted. Hundreds of thousands of these Iraqis have already fled to other countries, including many doctors, lawyers, academics and other trained professionals. The war has created a vacuum in the upper reaches of Iraqi society.

What's the lesson to be learned? Modesty. Before initiating a war of choice -- and Vietnam and Iraq both qualify -- define the goal with honesty and precision, then analyze what means will be needed to achieve it. Be certain you really understand the society you propose to transform. And never gamble that the political solution to such an adventure will somehow materialize after the military operation has begun. Without a plausible political plan and strong local support at the outset, military operations alone are unlikely to produce success.

Bush's latest initiatives -- like all his earlier ones -- will not produce the desired political result, because Americans cannot accomplish political objectives in Iraq. Americans are outsiders, occupiers, foreigners in every sense of the word. Only Iraqis have a chance of finding a political resolution for their divisions. So now we await the fate of this latest gamble like a high roller in Las Vegas watching a roulette ball in a spinning wheel. We have about as much control over the situation as the gambler has of that ball. The outcome is out of our hands, and it would be foolish to bet that we will like the way the conflict ends.

Robert G. Kaiser, an associate editor of The Post, covered the Vietnam War in 1969 and 1970.

The Best We Can Hope For (NYT)

By Helene Cooper

The New York Times, January 14, 2007

NOBODY will quibble with President Bush's line Wednesday night that in Iraq, "Victory will not look like the ones our fathers and grandfathers achieved; there will be no surrender ceremony on the deck of a battleship."

Of course, that calls to mind his victory landing on the deck of the carrier Abraham Lincoln off the coast of California in May 2003, which he followed with a speech declaring that, "in the battle of Iraq, the United States and our allies have prevailed."

But let's not digress. Mr. Bush has now scaled back his strategy for victory to a strategy for the best-we-can-hope-for. So, it must be asked, what exactly is the best we can hope for?

"In the best-case scenario, we'll be in Iraq for 15 or 20 years," said Stephen Biddle, author of "Military Power: Explaining Victory and Defeat in Modern Battle." He offers the example of the Balkans, where everyone seems to have forgotten about the United States troops who have been there for years, helping keep a peace brokered in Dayton, Ohio, in 1995.

Under the best result Mr. Biddle said he could imagine, the United States would cajole or force warring Shiites, Sunnis and Kurds to agree to the standard-cookbook negotiated ending to a civil war. There would be some kind of power-sharing deal among the key combatants, yielding an uneasy cease-fire that would have to be policed for a long time by outside peacekeepers, since no warring side would trust another.

Sounds like paradise, doesn't it? Except, Mr. Biddle said, "If I had to bet my house mortgage on a scenario, it wouldn't be on that one."

Before we get to the outcome on which Mr. Biddle is willing to bet his piece of the American dream, we should, at least, examine the second, optimistic resolution that Iraq experts offer. This is the ending which, they said, President Bush should embrace with both arms — if he can get it.

Remember the Spanish Civil War? The best America can hope for, some experts said, would be for Iraq to turn into today's version of the Spanish Civil War.

For readers without immediate access to Wikipedia, the Spanish Civil War lasted three years, from 1936 to 1939, when the Nationalists, led by Francisco Franco, defeated the Loyalists of the Second Spanish Republic. The death toll was huge — estimates put it between 500,000 and one million. People in just about every European country were passionate about the fight:

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the Loyalists got weapons and volunteers from the Soviet Union, while the Nationalists received help from Italy, Germany and Portugal.

But, in the end, the Spanish Civil War stayed Spanish. The Europeans sent money and arms and even volunteers, but they didn't let the war engulf the continent. (Probably because the continent was busy getting engulfed in World War II, but let's not be too technical.)

The biggest worry in Iraq is not that Iraq will descend into a civil war — most experts say that is a done deal — but that an Iraqi civil war will not stay Iraqi. The fear is that a civil war will engulf the entire region, with Saudi Arabia and Jordan defending the Sunnis, Iran backing the Shiites, and Iraqi Kurds declaring their independence, a move sure to draw in Turkey, which has its own restive Kurdish population.

"There's a difference between the Saudis providing help and them actually sending in forces; there's a difference between everybody playing in the troubled waters of Iraq and actually allowing it to spread beyond Iraq's borders," said Gideon Rose, managing editor of Foreign Affairs magazine. "Given the alternative, the Spanish Civil War was better than World War I."

The Spanish Civil War script doesn't bode well for Iraq itself. The death toll would be enormous, and Iraqi Sunnis, who make up only about 20 percent of the population, would face particular hardship. But such a war wouldn't become World War III. The United States would eventually pull its troops out, the Iranians would finance the Shiites, and the Saudis would support the Sunnis, but neither neighbor would engage militarily itself.

America's image abroad would suffer a blow, but not a fatal one, and in the end, the United States would still be the sole world power. "That's the best we can expect," Mr. Rose said. "Disaster in Iraq, problems in the Middle East and a several-year period to recover the losses in American foreign policy."

Critics have been unstinting in their disapproval of Mr. Bush's plan to send more than 20,000 additional American troops, mostly to Baghdad, where they will embed with Iraqi brigades.

The idea is that the presence of the American troops will prevent the Iraqi soldiers, who are mostly Shiite, from slaughtering the minority Sunnis. Eventually, the thinking goes, the Sunni population in Baghdad will come to trust the Iraqi soldiers, and reconciliation will happen between Iraqi Sunnis, Shiites and Kurds.

The problem with Mr. Bush's plan, said Vali Nasr, a senior fellow at the Council on Foreign Relations, is that it doesn't provide enough American troops to do much more than stay the course, to use Mr. Bush's now-abandoned lexicon. The way Mr. Nasr sees it, 20,000 additional troops is too few to change the dynamic on the ground, but enough to escalate tensions further.

"The best we can hope for is pretty much the same thing we've had for the last year," said Mr. Nasr, author of "The Shia Revival: How Conflicts Within Islam Will Shape the Future." "More of the same for another two years, but keep in mind that it could potentially get much worse."

That worst-case scenario is pretty scary, Mr. Biddle said. In that picture, the United States would pull its troops out of Iraq, the civil war would accelerate, and the Shiites, financed by Iran, would conquer one Sunni village after another, driving the Sunnis over the borders and into refugee camps in Saudi Arabia and Jordan.

There would be a huge refugee crisis in the Sunni Arab countries, where a dispossessed, bitter and highly politicized refugee population would appeal to Saudi and Jordanian rulers to make a last stand for Sunnis in Iraq. But since it would have taken about 5 to 10 years to get to this point, guess who, by then, would have acquired a nuclear bomb?

Iran.

"In the worst case, you could be looking at a couple of nuclear weapons dropped on major cities — Baghdad, Riyadh, Tehran," Mr. Biddle said.

That possibility makes the one that Mr. Biddle views as most likely seem almost palatable. Here it is:

"We get out, the civil war escalates," Mr. Biddle said. "It's funded by all sides but they don't send their own troops across the border. The war just bumps along for 5 or 10 years and everybody eventually gets so weary that diplomacy finally gets going, and there's a cease-fire, power-sharing deal. During that period, Iraqi oil output crashes, there's huge instability in the region and oil prices rise. And there's a humanitarian catastrophe in Iraq.

"That's not a very happy scenario," Mr. Biddle acknowledged. "But it beats the heck out of nuclear war in the Mideast."

We're Fighting Not To Lose (WP)

By Leslie H. Gelb, Richard K. Betts

The Washington Post, January 14, 2007

Iraq is not Vietnam, yet history seems intent on harnessing them together. Three years ago this seemed an unlikely pairing; surely President Bush would not take the United States down the same trail as Lyndon B. Johnson. Yet even though Iraq's story is far from complete, each day raises the odds that the U.S. fate in Iraq could eventually be the same as it was in Vietnam -- defeat.

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The differences are clear. The policy consensus over the Vietnam War ran deeper and lasted longer than on the Iraq conflict. While Johnson and his advisers slogged deeper into Vietnam with realistic pessimism, Bush and his colleagues plunged ahead in Iraq with reckless optimism. And in Vietnam, U.S. leaders made most of their mistakes with their eyes wide open, while it is impossible to fathom exactly what the Bush team thought it was doing after the fall of Baghdad.

Twenty-eight years ago, we wrote a book, "The Irony of Vietnam: The System Worked," which argued that although U.S. policy in that war was disastrous, the policymaking process performed just as it was designed to. It seems odd that a good system could produce awful results, but the subsequent declassified documents and the public record showed it to be true. U.S. officials generally had accurate assessments of the difficulties in Vietnam, and they looked hard at the alternatives of winning or getting out.

On Iraq the insider documents are not available, but journalistic accounts suggest that Bush's policy process was much less realistic. The president did not take seriously the obstacles to his goals, did not send a military force adequate to accomplish the tasks, failed to plan for occupation and took few steps to solve the underlying political conflicts among Iraqis.

Despite these different paths, Bush now faces Johnson's dilemma, that of a war in which defeat is unthinkable but victory unlikely. And Bush's policy shift last week suggests that he has come to the same conclusion as Johnson: Just do what you can not to lose and pass the problem on to your successor.

In both cases, despite talk of "victory," the overriding imperative became simply to avoid defeat.

How did these tragedies begin? Although hindsight makes many forget, the Vietnam War was backed by a consensus of almost all foreign-policy experts and a majority of U.S. voters. Until late in the game, opponents were on the political fringe. The consensus rested on the domino theory -- if South Vietnam fell to communism, other governments would topple. Most believed that communism was on the march and a worldwide Soviet-Chinese threat on the upswing.

The consensus on Iraq was shallower and shorter-lived. Bush may have been bent on regime change in Baghdad from the start, but in any case a consensus emerged among his advisers that Saddam Hussein was on the verge of securing nuclear weapons capability -- and that deterrence and containment would not suffice. That judgment came to be shared by most of the national security community. Congress also saluted early on. The vote to endorse the war was less impressive than the Gulf of Tonkin resolution, which passed almost unanimously, but many Democrats signed on to topple Hussein for fear of looking weak.

As soon as the war soured, the consensus crumbled. Without the vulnerability of middle-class youth to conscription, and with the political left in a state of collapse since Ronald Reagan's presidency, the antiwar movement on Iraq did not produce sustained mass protests as Vietnam did by the late 1960s. But the sentiment shows up just as clearly in the polls.

Consensus held longer over Vietnam because few in or out of the government had ever expected a quick and easy resolution of the war. Officials knew what they were up against -- the force of nationalism embodied by Ho Chi Minh, and a succession of corrupt, inefficient and illegitimate South Vietnamese governments. Officials usually put on a brave face, but they understood that Washington was in for the long haul. In the Bush administration, by contrast, a gap opened almost immediately between senior political leaders on one side, and most military and diplomatic professionals as well as the media on the other. The steady optimism of the former in the face of the reporting of the latter quickly undid public confidence in the Pentagon's and White House's leadership.

By 1968, Johnson understood that victory was not in the cards at any reasonable price, but that defeat would be catastrophic. The war had reached a deteriorating stalemate. If victory were possible, it would require all-out use of military force against North Vietnam, a move that the administration believed ran the risk of war with the Soviet Union and China. If the United States were defeated, however, the dominos would fall, and one of those dominos would be the occupant of the White House. Periodically, top officials concluded that events in Vietnam had taken another turn for the worse, and to prevent defeat they had to dispatch more troops and do more bombing -- and so the steady escalation proceeded without lasting effect on the balance of power in Vietnam.

Constrained against achieving victory or accepting defeat, Johnson and his aides chose to do the minimum necessary to get through each crunch in Vietnam and at home, hoping that something would turn up to save them. In the end, Johnson made the ultimate political sacrifice and declined to run for reelection. But as he announced a halt of the bombing and the offer of negotiations with Hanoi, he also increased the number of U.S. troops in Vietnam. Even as he was leaving office, he had no intention of being "the first American president to lose a war."

By contrast, Bush never had to worry that escalation would bring an all-out global war; the United States is the world's sole superpower. Nonetheless, until last week, he never chose to increase the combat commitment significantly; the "surge" announced last week is but the latest experiment with a temporary increase in forces. At the beginning this was probably because he did not believe more troops were needed to win. As the venture went bad, the volunteer army was stretched too thin to provide an option for massive escalation. But now it is clear that Bush does not believe he can possibly win with anything

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close to the number of forces currently committed. The president certainly perceives the risks of losing, and at this moment of truth, he is repeating Johnson's decision pattern -- doing the minimum necessary not to lose.

Whatever the similarities in the way Washington dealt with Vietnam and Iraq, there were few similarities between the two wars themselves. Vietnam was both a nationalist war against outside powers -- first the French, then the Americans -- and a civil war. In Iraq, the lines of conflict are messier. The main contest is the sectarian battle between Arab Shiites and Arab Sunnis. The Kurds, so far, are mostly bystanders, while the Americans struggle to back a weak yet balky government they hope can remain a secular alternative.

Combat in Vietnam was a combination of insurgency and conventional warfare, and the conventional element played to U.S. strengths. By contrast, Washington's massive firepower advantages are nullified in Iraq because the fighting remains at the level of guerrilla warfare and terrorism. Iraq is harder for our military than Vietnam was, yet we eventually had 540,000 troops in Vietnam compared with barely a quarter of that number in Iraq. The current U.S. footprint in Iraq is much smaller -- only about one-tenth the density of U.S. and allied forces per square mile in South Vietnam at the height of U.S. involvement, and with an Iraqi population 50 percent larger than South Vietnam's. Consequently, the security situation was never as bad in Vietnam as it is in Iraq today. In Vietnam, Americans could travel most places day and night, while in Iraq it is dangerous to leave the Green Zone. Even Bush's planned 21,500-troop increase will not make a lasting difference if the host government does not become far more effective. As in Vietnam after the Tet Offensive of 1968, the enemy can lie low until we stand down.

In both countries, U.S. forces worked hard at training national armies. This job was probably done better in Vietnam, and the United States certainly provided South Vietnamese troops with relatively better equipment than they have given Iraqis so far. South Vietnamese forces were more reliable, more effective and far more numerous than current Iraqi forces are.

In both cases, however, the governments we were trying to help proved inadequate. Unlike their opponents, neither Saigon nor Baghdad gained the legitimacy to inspire their troops. At bottom, this was always the fundamental problem in both wars. Americans hoped that time would help, but leaders such as South Vietnam's Nguyen Van Thieu and Iraq's Nouri al-Maliki were never up to the job.

Americans have not stopped arguing about Vietnam -- about whether the war could have been won if fought differently, or was an impossible task from the outset, or about who was to blame. Hawks claim that the United States could have won in Vietnam if the military had been allowed to fight without restraint. Supporters of the war in Iraq say that the United States could have prevented the resistance if it had been better prepared for occupation after the fall of Baghdad. Doves in both cases say that the objectives were never worth any appreciable price in blood and treasure.

After Vietnam, recriminations over failure became a never-healed wound in American politics. Now Iraq is deepening that wound. With some luck, Washington may yet escape Baghdad more cleanly than it did in the swarms of helicopters fleeing Saigon in 1975. But even if the United States is that fortunate, the story of the parallel paths to disaster should be chiseled in stone -- if only to avoid yet another tragedy in a distant land, a few decades down the road.

Leslie H. Gelb, president emeritus of the Council on Foreign Relations, directed the Pentagon Papers Project. Richard K. Betts is director of Columbia University's Saltzman Institute of War and Peace Studies.

A Skeptic's Case For The Surge (WP)

By Michael O'Hanlon

The Washington Post, January 14, 2007

President Bush's plan for a surge of American troops in Iraq has run into a brick wall of congressional opposition. Critics rightly argue that it may well be too little, way too late. But for a skeptical Congress and nation, it is still the right thing to try -- as long as we do not count on it succeeding and we start working on backup plans even as we grant Bush his request.

However mediocre its prospects, each main element of the president's plan has some logic behind it. On the military surge itself, critics of the administration's Iraq policy have consistently argued that the United States never deployed enough soldiers and Marines to Iraq. Now Bush has essentially conceded his critics' points. To be sure, adding 21,500 American troops (and having them conduct classic counterinsurgency operations) is not a huge change and may be too late.

But it would still be counterintuitive for the president's critics to prevent him from carrying out the very policy they have collectively recommended.

Similarly, the president wants to move in the right direction on economic reconstruction. For far too long his plans were focused almost exclusively on repairing and rebuilding large infrastructure. The president conceded in a speech in December 2005 that he had placed too much faith in this "Halliburton strategy," yet it has taken more than a year for him to make amends and focus a large part of his economic strategy on the mundane task of creating jobs. This type of policy is unlikely to create the strong and durable underpinnings of long-term Iraqi economic growth. But like FDR's job creation programs of the 1930s, it

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responds to the political needs of a nation under duress. And it is good security policy in a country where too many angry, disenfranchised, unemployed young men are joining insurgent groups and militias.

Finally, President Bush is rightly telegraphing to Iraqi leaders that they must reach compromises with each other -- on sharing oil revenue, on reining in militias, on allowing those former Baathists without blood on their hands to regain their opportunities to hold jobs in Iraq. He correctly argues that without progress on such matters, there will be no success in the mission and the American people will continue to lose faith in the effort. This stands in contrast to incorrect comments he made as recently as November, during his trip to Vietnam, when he argued that we could fail in Iraq only if we Americans lose our resolve.

In fact, we need a viable Iraqi partner with broad support across sectarian lines, and American policy must strive to help create that partner.

Rather than deny funding for Bush's initiatives, Congress should provide it now -- but only for fiscal 2007 (meaning through September). By that point, or even the August congressional recess, we should know if the surge is showing promise. If it does, Congress could consider continuing its support. If not, the moment will be right to force the president's hand and move to a backup plan.

In their testimony before Congress on Thursday, both Secretary of State Condoleezza Rice and Defense Secretary Robert Gates acknowledged that within months we should be able to learn much about the Iraqi government's willingness to support this new effort. The plan requires more Iraqi troops and more Iraqi government acquiescence in their unfettered use. In addition, one of the main outside architects of the surge strategy, retired Army Gen. Jack Keane, told NPR on Thursday that if the president's plan works we should see an improvement in the security environment this year. Clearly these statements suggest that we should be able to evaluate the success of the strategy in short order.

If Bush's plan does not work, what might our new policy be? Taking the Shiite-Kurdish side in Iraq's civil war (the "80 percent solution," as some call it) would probably guarantee the emergence of a sanctuary for al-Qaeda in the Sunni Arab region and, as such, is a bad idea. Similarly, trying to engineer a coup to create a benign autocracy in Iraq would be very difficult to achieve. As Bosnia expert Edward P. Joseph and I have recently argued, building on the ideas of Sen. Joe Biden and Leslie Gelb, something akin to a Bosnia model for Iraq would make more sense. Iraq would retain a loose confederal structure, a small national government and a mechanism for sharing oil revenue equally. But governance and security would be provided primarily by three autonomous regional governments.

Citizens would be given the chance to relocate to places where they felt safe, with the government and the coalition providing protection in the process as well as assistance with new housing and jobs.

If the surge fails, we will need a whole new paradigm for Iraq policy, and it is hardly too soon for Congress to start fleshing out our choices. But for now, Congress should also give the president the money and support that he requests.

The writer is a senior fellow at the Brookings Institution and co-author of "Hard Power: The New Politics of National Security."

The Mess We Left Behind (WP)

By John A. Graham

The Washington Post, January 14, 2007

I was a civilian adviser in Vietnam, sent there by the State Department in early 1971 just as U.S. combat troops were starting to go home. I wasn't there to fight, but I soon learned that "noncombatant" didn't mean much in Hu?, the provincial capital 50 miles south of the demilitarized zone where I was posted. A week into my stay, a sniper's bullet whistled past my ear on the main highway. Joe Jackson, the burly major who was driving the Jeep, yelled at me to hold on and duck as he zigzagged to spoil the sniper's aim.

In 1971, the U.S. government did not issue weapons to civilian advisers in Vietnam, even to those of us in dangerous outposts. The reason was not principle, but public relations -- and here begin the lessons for America's war in Iraq.

Sometime in 1969, the White House, faced with unrelenting facts on the ground and under siege from the public, had quietly decided that the United States couldn't win in Vietnam. President Richard M. Nixon and national security adviser Henry A. Kissinger didn't put it that way, of course. The United States was a superpower and could not lose a war to a third-rate nation whose soldiers lived on rice and hid in holes in the ground. So the White House conceived an elaborate strategy to mask the U.S. defeat: Slowly withdraw combat troops over several years, while the remaining Americans would focus on training the South Vietnamese to fight on their own. We gave the South Vietnamese a series of performance ultimatums -- call them benchmarks -- that, if unmet, would trigger full U.S. withdrawal and shift blame to the South Vietnamese for the debacle that would follow. This "Vietnamization" strategy cost at least 10,000 more U.S. lives and countless more Vietnamese ones, plus billions of dollars. And it was rigged from the start.

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All but Washington's wildest dreamers knew that the South Vietnamese could not meet our ultimatums -- especially our demand that they create a popular national state strong enough to control the rivalries that had long ripped the country apart. And more years of U.S. training could not possibly make a difference because the core missing element was not South Vietnamese combat or leadership skills -- it was belief in a nation worth fighting for.

To make the drama of Vietnamization work, the pullout had to be gradual and easily explained to the American public. The U.S. training force left behind had to be large enough to provide signs of our commitment on the 6 o'clock news. Pictures of unarmed advisers like me shaking hands with happy peasants would support the fallacy that Vietnamization was working.

The White House hoped that this strategy would keep the house of cards upright for at least a couple of years, providing what Kissinger infamously called a "decent interval" that could hide the U.S. defeat by declaring that the fate of South Vietnam was now the responsibility of the South Vietnamese. If they didn't want freedom badly enough to win, well, we had done our best.

By June 1971, the 101st Airborne Division, stationed just outside Hu?, had all but stood down from active fighting. It had provided the security that allowed my training/advisory teams and me to continue building schools and roads and training local officials. Even as that protection ebbed, my teams were still expected to go into a countryside that was becoming more dangerous by the day. As the U.S. adviser to Hu?, I was an easy target anytime the Viet Cong might have wanted to take me out. I kept a case of grenades under my bed, slept with an M-16 propped against the bedstead and had a dubious army of four Vietnamese house guards who I hoped would at least fire a warning shot before running away.

On April 27, 1972, North Vietnamese forces swept south across the demilitarized zone, scattering the South Vietnamese army defenders in Quang Tri and pushing south toward Hu?. By early May, the battle line arced 15 miles north and 10 miles west of the city. To the east was the South China Sea and to the south, the road to Danang -- Hu?'s last ground link to the outside world.

More than 200,000 refugees poured into Hu?. Hungry people fought for scraps of garbage and looted homes and shops. Among the refugees were hundreds of deserters from the South Vietnamese divisions shattered in Quang Tri, still wearing uniforms and carrying M-16s. A mob of drunken soldiers torched the main market at Dong Ba. The city's firemen had long since fled, and black smoke hung in a pall over streets now jammed with terrified people and echoing with gunshots and shattering glass. There was nothing we could do but watch the shouting, shoving mass of people stream past us toward the Danang road.

No one knew it at the time, but the battle raging just north and west of Hu? that night -- May 2, 1972 -- was the turning point in the war. If the city fell, the road to Danang would be open to the North Vietnamese army. My three American colleagues in Hu? and I did not believe we would be pulled out in time if the city fell. We knew that any choppers sent to save us would be mobbed by Vietnamese desperate to escape. We're alive because U.S. carrier jets caught the advancing North Vietnamese at daybreak just short of the city walls and all but obliterated them.

For all this, there never really was a decent interval in Vietnam. The pictures on the evening news showed not happy peasants but terror and carnage as Vietnam collapsed.

The pictures from Iraq are no different. The overall strategy seems no different, either. What President Bush wants to do is Vietnamization in all but name. Its purpose is not to win an unwinnable war, but to provide political cover for a defeat, and eventually to blame the loss on the Iraqis.

A temporary surge of troops will make no difference -- except to the Americans and Iraqis who will be killed. Increased training also will make no difference. What the Iraqi military and police need is not just technical skill, but loyalty to a viable central government that is nowhere in sight.

The surge will be reversed. The military force left behind to protect the president's "provincial reconstruction teams" will be drawn down to a bare minimum, further increasing the dangers for the Americans who remain.

Our benchmarks won't be met. As the situation deteriorates, whatever remains of a central government in Baghdad will be even less willing or able to control centuries of sectarian hatreds. The civil war will spiral out of control, giving us the justification we need to get out, blaming the Iraqis for the mess we've left behind.

But the world will know whose mess it is.

John A. Graham, a former Foreign Service officer, served in Vietnam in 1971-72.

UN-weary, US Opts For Unilateral Moves Against Iran (AFP)

By Sylvie Lanteaume

AFP, January 14, 2007

Recent US operations against Iranian interests in Iraq appear to signal a shift by Washington towards unilateral action after growing frustated with slow-moving UN diplomacy.

"We have had a strategy toward Iran, I think, that has been evolving to deal with the serious problems that Iran is causing," Secretary of State Condoleezza Rice said in remarks released Saturday by the State Department.

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Rice, who arrived in Jerusalem Saturday at the start of a Middle East tour partly aimed at rallying Arab nations against Iran's influence, defended a US raid Thursday against an Iranian office in Iraq.

US troops entered an Iranian office in Arbil and arrested five people suspected to be engaged in anti-US activities. Tehran condemned the operation.

Rice warned that similar actions would be undertaken. "We've done it a couple of times. We're going to keep doing it," she said aboard a plane heading to the Middle East.

In late December, the US military arrested two Iranian diplomats in Baghdad, then released them several hours later.

Faced with lawmakers' concerns in the Democratic-led Congress that Washington could launch a military intervention in Iran, the White House and the Pentagon have been trying to dispel fears and rumors of a conflict with Iran or Syria, after the announcement of a US military buildup in the Gulf.

President George W. Bush, in unveiling his new plan for Iraq, announced Wednesday the imminent deployment of Patriot anti-missile defense systems in the region to defend Washington's allies and support stability in the Middle East.

In addition, according to a senior US military official, Washington will send two aircraft carrier groups to the Gulf in the coming weeks.

US administration officials now describe Iran as the single greatest threat the United States faces in the Middle East.

Rice assured that the US was not giving up on diplomacy in dealing with Iran, particularly on the issue of its nuclear program that Washington suspects masks a weapons program. Iran insists it is for civilian energy production.

"The nuclear problem -- we're going to continue to leave the door open for diplomacy," Rice said in the State Department release.

"But frankly, the process that we went through to get this last (UN Security Council) resolution was -- even though I think the resolution itself is very good, the process was, I think, not really actually helpful because I think it exposed certain splits.

"Fortunately, we were able to bring it back together around an actual resolution," she said.

The US battled for months to overcome resistance from China and Russia to impose sanctions on Iran for its refusal to suspend uranium-enrichment activities.

A Security Council resolution finally was passed on December 23, but the sanctions imposed were far weaker than those sought by Washington.

The first sign that Washington would act alone came from the US Treasury, which has barred two Iranian banks since September and pressured global financial firms to break their ties with Iran.

"We're going to keep designating Iranian banks," Rice said en route to the region.

Rice: U.S. Aims To Curb Iran Aggression (AP)

By Anne Gearan

AP, January 14, 2007

U.S. raids that President Bush approved against Iranian targets in Iraq are part of broad efforts to confront Tehran's aggression, Secretary of State Condoleezza Rice said Saturday.

"The United States is simply responding to Iranian activities that have been going on for a while now that threaten not just to destabilize the chance for Iraq to proceed to stability but also that endanger our forces," Rice said before meeting with Israel's foreign minister.

Bush approved the strategy several months ago, U.S. officials said, in response to what Washington claims is Iran's support for terrorists inside Iraq and the alleged funneling of bombs to anti-U.S. insurgents.

Echoing other Bush administration figures, Rice said the U.S. does not intend to cross the Iraq-Iran border to attack Iranians.

Five Iranians were detained by U.S.-led forces after a raid Thursday on an Iranian government liaison office in northern Iraq. The move further frayed relations between the two countries.

The United States accuses Iran of helping provide roadside bombs that have killed American troops in Iraq. Also, a bitter standoff already exists over Iran's nuclear program.

Rice told reporters that the Iranian office was not a diplomatic consulate, which would be protected by international treaty.

The State Department said Friday that U.S.-led forces entered an Iranian building in Kurdish-controlled Irbil because information linked it to Revolutionary Guards and other Iranian elements engaging in violent activities in Iraq.

State Department spokesman Tom Casey said there was no truth to reports that Iran was carrying out legitimate diplomatic activity at the site.

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But Iraqi Foreign Minister Hoshyar Zebari, a Kurd, contended the Iranians were working in a liaison office that had government approval and was in the process of being approved as a consulate. In Iran, Foreign Minister Manouchehr Mottaki said the U.S. raid constituted an intervention in Iranian-Iraqi affairs.

Rice Says U.S. Will Defend Its Interest In The Persian Gulf (MCT)

By Warren P. Strobel

McClatchy Newspapers, January 14, 2007

JERUSALEM - U.S. military moves in the Persian Gulf and raids against Iranian installations in Iraq are meant to demonstrate that the United States will defend its interests against an increasingly aggressive Iran, Secretary of State Condoleezza Rice said Saturday.

Rice made her comments as she began a Middle East tour in which she will try to bolster moderate Arab leaders who increasingly are under threat from both Shiite and Sunni Muslim extremists.

The focus of her diplomacy this week shows how far the United States has been forced to change its aims in the region because the war in Iraq has turned out differently than planned.

President Bush, Rice and others predicted the Iraq invasion would spread democracy throughout the Arab world. Instead, Rice now appears to be playing defense against Iran's emboldened leaders.

Following a new policy laid down by President Bush, U.S. military forces this week detained Iranians in two raids in northern Iraq. Washington says it has evidence that Iranian agents are destabilizing Iraq by constructing a deadly class of roadside bombs and backing Shiite militias.

Bush, who issued fresh warnings to Iran in his Wednesday speech outlining his new Iraq plan, has also ordered a second U.S. aircraft carrier strike group to the Persian Gulf and dispatched Patriot anti-missile batteries to American allies in the Gulf.

Some senators have expressed alarm that the moves could represent a widening of U.S. war aims in the strategic Gulf region.

But Rice said the moves were merely a response to Iranian actions.

"The United States has long, historic interests in the Persian Gulf," Rice said at an appearance with Israeli Foreign Minister Tzipi Livni. "We have always-president after president after president-sought to have a force posture that makes clear we can defend those interests."

Rice meets with Palestinian and Israeli leaders Sunday and Monday in an effort to lay the groundwork for progress in solving the Israeli-Palestinian conflict.

But she has played down the prospects of quick movement. She told reporters traveling aboard her airplane that, "I'm not coming with a proposal. I'm not coming with a plan" to present to the two sides.

At the appearance with Livni, Rice acknowledged "there are a lot of obstacles" to surmount.

But she said Bush is determined to make progress toward a Palestinian state before he leaves office in two years.

Livni, potentially a future Israeli prime minister, has floated a proposal to flesh out the characteristics of an eventual Palestinian state, in order to strengthen Palestinian President Mahmoud Abbas.

Rice did not endorse the idea, but said she was open to considering "all the options."

Complicating Rice's diplomacy is the fact that both Israeli Prime Minister Ehud Olmert and Abbas are politically weak.

The Bush administration is planning to spend $86 million to train and equip Abbas' security forces, to strengthen him in his power struggle with the militant group Hamas.

Aboard her plane, Rice also told reporters that the United States would not abandon Iraq even if Bush's latest plan fails.

"We're not pulling the plug on Iraq," she said. "I think we'll worry about making Plan A work for now. And obviously, if it doesn't, then you know, we're not going to say, oh my goodness, that didn't work, there's nothing that can be done."

Detained Iranians Had Ties To Extremists (WT/AP)

By Lauren Frayer

The Washington Times/AP, January 14, 2007

BAGHDAD, Iraq (AP) -- Five Iranians arrested in northern Iraq last week were connected to an Iranian Revolutionary Guard faction that funds and arms insurgents in Iraq, the U.S. military said Sunday.

The five were detained by U.S.-led forces Thursday in a raid on an Iranian government liaison office in Irbil, a city in Kurdish-controlled northern Iraq 217 miles north of Baghdad.

"Preliminary results revealed the five detainees are connected to the Iranian Revolutionary Guard, Qods Force (IRGC-QF), an organization known for providing funds, weapons, improvised explosive device technology and training to extremist groups attempting to destabilize the government of Iraq and attack coalition forces," the U.S. military said in a statement.

"Qods" is the Arabic name for Jerusalem, and a frequent name for political or military factions across the Muslim world.

Tehran denied the five detained Iranians had been involved in financing and arming insurgents in Iraq.

"Their job was basically consular, official and in the framework of regulations," Iranian Foreign Ministry spokesman Mohammad Ali Hosseini said Sunday during his weekly media briefing. "What Americans express was incorrect and hyperbole against Iran in order to justify their acts."

Hosseini said the Iranian representative office where the five men worked was established in Irbil in 1992 to facilitate the visit of Kurdish businessmen and medical patients from Iraq to Iran.

"Then, both countries agreed to promote it to consular level," he said. "Agreement for formation of the Iranian consulate section was exchanged in the current (Iranian) year."

The United States accuses Iran of helping to provide roadside bombs that have killed American troops in Iraq, and a bitter standoff already exists between the two countries over Iran's nuclear program. Iran has rejected the allegations.

Hosseini accused the United States of resorting to "hostility and conflict toward neighbors of Iraq" because he said the country did not want to acknowledge it had failed to bring stability to Iraq.

"The United States should release all the five persons, prevent possible similar acts and compensate damages," Hosseini said.

Two days after the raid, Secretary of State Condoleezza Rice said President Bush approved the strategy of raiding Iranian targets in Iraq as part of a broad effort to confront Tehran.

One day before the Irbil raid, Bush delivered a speech outlining a new strategy for Iraq, in which he accused Iran and Syria of not doing enough to block terrorists from entering Iraq over their borders. He specifically blamed Iran for providing material support for attacks on American troops.

"We will disrupt the attacks on our forces," Bush said Wednesday. "We will interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

The U.S. State Department has said American-led forces entered the Irbil facility because information linked it to Revolutionary Guards and other Iranian elements engaging in violent activities in Iraq.

U.S.-led troops would "continue to disrupt logistical support to extremists that originate from outside Iraq," the statement continued. "These initiatives are part of a broader plan including diplomatic efforts designed to support the Iraqi government, protect the Iraqi people, and seek assistance from neighboring nations."

There has been debate over whether the Irbil office where the men were arrested had diplomatic status, and would therefore be protected by international treaties.

Iraqi Foreign Minister Hoshyar Zebari, a Kurd, described it as a liaison office that had government approval and was in the process of being approved as an Iranian consulate.

But the U.S. State Department has said no legitimate diplomatic activity was being carried out at the site, and Rice said the office was not a consulate.

"The facility in which the detention took place has been described by various Iraqi officials as an Iranian liaison office, but it did not enjoy the diplomatic status of a consulate according to Iraqi and U.S. officials," the U.S. statement said.

Iran and the U.S. have had no diplomatic relations since 1979, when militants seized the U.S. Embassy in Tehran and kept 52 people hostage for 444 days.

Iran Demands Release Of Citizens (BBC)

BBC.com, January 14, 2007

Iran has demanded the immediate release of five of its citizens held in a US military raid in northern Iraq, who it says are diplomats.

The five men arrested on Thursday in Irbil are accused by the US military of having targeted Iraqi and US-led coalition forces.

But Iran's foreign ministry says they were "involved in consulate affairs".

Iran also demanded compensation for damage to the Iranian liaison office where the men were seized.

The US military says the men are agents of the Iranian Revolutionary Guards, a group whom the US says is seeking to destabilise Iraq by supplying weapons to insurgents.

The US said the Iranians did not have diplomatic papers.

'Incorrect claim'

"Their activities were legal and in the framework of the law," Foreign Ministry spokesman Mohammad Ali Hosseini said in response to the allegations.

"What the Americans claim is incorrect. They want to create a climate that justifies their illegal action," he said.

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The raid followed a warning by President George W Bush on Wednesday that the US would take a tough stance towards Iran and Syria, whom he accused of destabilising Iraq.

Tehran vehemently denies the charges.

The Revolutionary Guards unit, known locally as the Pasdaran, is a parallel military force with its own army, air force and navy.

It was set up to enforce and defend the principles of the 1979 Islamic revolution and answers directly to Supreme Leader Ayatollah Ali Khamenei.

Gunboat Diplomacy: The Watch On The Gulf (NYT)

By John Kifner

The New York Times, January 14, 2007

THE United States Central Command stretches across some of the world's most volatile real estate from Kenya in the southwest through all of the Middle East to Kazakhstan in the northeast. It encompasses two active combat theaters: Afghanistan, which is landlocked, and Iraq, with a tiny uncontested shoreline.

In both, the main fighting is counterinsurgency, largely the task of light infantry like the Marines and the Army's 10th Mountain or 82nd and 101st Airborne Divisions. CentCom, as it is known, has always been run by a four-star general from the Army or Marines.

So why name a sailor — Adm. William J. Fallon — as CentCom's new commander, as President Bush did earlier this month?

One word: Iran.

Admiral Fallon's appointment comes amid a series of indications that the Bush administration is increasingly focused on putting pressure on Iran and, perhaps, veering toward open confrontation. They include the dispatching of a second Navy carrier battle group to the Persian Gulf; a blunt singling out of Iran in Mr. Bush's speech Wednesday night, warning that America will "seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq," followed by a dawn raid Thursday on an Iranian office in the Kurdish city of Erbil in which five Iranians were seized along with files and computers.

The important thing is that Admiral Fallon is a naval aviator.

Now the ranking officer in the Pacific — the Navy's traditional fief — his résumé includes 24 years of flight assignments beginning with combat in Vietnam and including commanding the air wing on the carrier Theodore Roosevelt in the first Iraq war.

Iran thus far has been the principal beneficiary of the American enterprise in Iraq, exerting influence over the Shiite parties it nurtured in exile and expanding its own regional prestige. The Iranians' confidence and defiance have been bolstered by the knowledge that American ground forces are stretched near the breaking point in Iraq and Afghanistan.

But introducing more air and sea power, with their long reach, in the gulf could change the military balance and options.

It is classic gunboat diplomacy.

The American naval presence in the gulf is the Fifth Fleet, based in Manama, Bahrain. It usually numbers around 20 ships, capable of putting 15,000 sailors and marines afloat. Its principal component is a carrier battle group, so adding a second will, in effect, double its air and sea power.

A carrier battle group typically consists of a Nimitz-class carrier like the Eisenhower, a floating city so huge one can see the horizon rise and fall without feeling the swell of the sea, and capable of carrying as many as 85 aircraft, along with protective escorts. These usually include two guided missile cruisers, two destroyers, a frigate, two submarines and a supply ship. These smaller vessels could be used for other tasks, like escorting tankers through the narrow Strait of Hormuz, through which much of the world's oil passes, or enforcing sanctions or a blockade on Iran.

The Fifth Fleet also normally has a Marine landing force of 2,200, roughly equally divided between ground troops and air support, aboard three specialized ships that can be used in raids or other operations.

Will this cow the Iranians? Ray Takeyh, an Iran expert at the Council on Foreign Relations, thinks not. More likely, he said, is that "the more radical militants will use this to berate the more moderate" and "the notion of accommodating Western audiences will diminish."

Admiral's Diplomatic Skills Could Prove Crucial (WP)

By Ann Scott Tyson

The Washington Post, January 14, 2007

When Adm. William J. Fallon -- the nominee to command U.S. forces in the Middle East -- was tasked with resuscitating military ties with China, he took on the challenge with characteristic gusto.

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The veteran fighter pilot from New Jersey pushed beyond the standard banquets with Chinese generals to meet younger officers and tour military bases, eventually talking his way into the cockpit of an advanced Chinese FB-7 warplane.

An avid jogger, Fallon, 62, also bypassed conventional sightseeing, setting off for a run through Beijing that surprised his hosts and forced plainclothes agents in suits and leather shoes to tag-team to keep up.

Fallon's path-breaking pursuit of U.S. strategic goals -- shown over the past two years in his dealings with China, Japan, Indonesia and 40 other Asian states as head of the Pacific Command -- is a major factor behind his nomination to replace Gen. John P. Abizaid at the Central Command, Pentagon officials say.

"Fox Fallon is one of the best strategic thinkers in uniform today and his reputation for innovation is without peer," according to a statement this month from Defense Secretary Robert M. Gates recommending Fallon, whose Navy aviator call-sign "Silver Fox" stemmed from his prematurely gray hair.

As the United States sends more troops, warships and aircraft into the Middle East, Fallon would play a critical role diplomatically and militarily in trying to prevent the "regional conflagration" that Gates has warned could ignite if Iraq erupts into full-scale civil war -- and, in particular, to counter any aggression by Iran.

Fallon's selection as the first Navy officer to head the Central Command comes as the United States dispatches a second carrier, the USS John C. Stennis, to the Persian Gulf for the first time since 2003. Dispatching the carrier strike group, which joins the USS Dwight D. Eisenhower, "is an important way to demonstrate U.S. commitment and strength," a senior Pentagon official said last week.

Fallon, who flew F-14 jets in strike missions off the deck of a carrier during the 1991 Persian Gulf War, understands the long-standing role of the Navy in maintaining the flow of Middle Eastern oil through the Strait of Hormuz, officials said.

"Iran is the most powerful military force in the region" apart from the United States, and it has a navy capable of blocking the strait, Abizaid said in September. Iran also has a "substantial" missile force, an army that is training for guerrilla-style attacks, and a "robust terrorist surrogate arm," he said.

Fallon's selection for a command traditionally headed by an Army or Marine Corps general makes sense militarily, Pentagon officials said, because most of the moving pieces in the region are ships and aircraft, in contrast to the troops engaged in Iraq and Afghanistan. Fallon is likely to focus less on ground-war tactics in Iraq than did Abizaid, who became commander in the immediate aftermath of the U.S.-led invasion in 2003, they said.

"He'll be flying at 30,000 feet, not launching company patrols by the Army," said Frances D. Cook, a former ambassador in the Persian Gulf region and a senior fellow at the Center for Naval Analyses who has worked with Fallon.

With a seasoned Army general in Baghdad, Fallon would focus more broadly on the region. "He's not going to be expected to give Dave Petraeus advice on how to do a sweep of Fallujah. He'll be focused on building relations in the region as he did in the Pacific," said retired Rear Adm. Stephen Pietropaoli, executive director of the Navy League. Lt. Gen. David H. Petraeus has been named to replace Gen. George W. Casey Jr. as the top U.S. commander for Iraq in a planned turnover of military leaders in the region.

Indeed, with Gates calling a U.S. military confrontation with Iran a "last resort," analysts said that Fallon's diplomatic skills are likely to be more important than his war-fighting experience when he assumes the Central Command post, his fourth as a four-star commander. "With Iran and the Middle East, you need to establish relations that will not lead to combat. Fallon will be the first to tell you that," said Pietropaoli, who worked under Fallon when Fallon was vice chief of naval operations from 2000 to 2003.

"You are looking for an officer who can pull together the whole political, military and diplomatic mission. . . . He spent a lot of time working sensitive diplomatic issues," said retired Adm. Thomas Fargo, a former chief of the Pacific Command. Fargo and others recalled Fallon's high-profile apology to the families of Japanese who were killed when their vessel, Ehime Maru, was accidentally sunk by a Navy submarine in early 2001.

Confident but not imperious, Fallon combines a tough, unvarnished style with a light touch and a keen interest in other cultures, which makes him highly effective, current and former officials who know him say. "He doesn't wear his rank the way some people do," said Ambassador Derek Shearer, the former U.S. envoy to Finland who began working with Fallon in 1996 when Fallon commanded a battle group during NATO operations in Bosnia.

Fallon, a world history buff, told The Washington Post through a spokesman that he recently finished reading the book "No God but God," by Iranian author Reza Aslan, an advocate of ending religious conflicts between East and West. Fallon had served in the Middle East before, on a joint task force in Riyadh, Saudi Arabia, and he recently traveled to Iraq to meet with some of the thousands of U.S. troops deployed there from the Pacific Command.

On Iraq, U.S. Turns To Onetime Dissenters (WP)

By Rajiv Chandrasekaran

DOJ_NMG_0116830

The Washington Post, January 14, 2007

Timothy M. Carney went to Baghdad in April 2003 to run Iraq's Ministry of Industry and Minerals. Unlike many of his compatriots in the Green Zone, the rangy, retired American ambassador wasn't fazed by chaos. He'd been in Saigon during the Tet Offensive, Phnom Penh as it was falling to the Khmer Rouge and Mogadishu in the throes of Somalia's civil war. Once he received his Halliburton-issued Chevrolet Suburban, he disregarded security edicts and drove around Baghdad without a military escort. His mission, as he put it, "was to listen to the Iraqis and work with them."

He left after two months, disgusted and disillusioned. The U.S. occupation administration in Iraq, the Coalition Provisional Authority (CPA), placed ideology over pragmatism, he believed. His boss, viceroy L. Paul Bremer, refused to pay for repairs needed to reopen many looted state-owned factories, even though they had employed tens of thousands of Iraqis. Carney spent his days screening workers for ties to the Baath Party.

"Planning was bad," he wrote in his diary on May 8, "but implementation is worse."

When he returned to Washington, he made little secret of his views. They were so scathing that his wife lost a government contract. He figured his days of working on Iraq were over.

Until a phone call on Tuesday.

David Satterfield, the State Department's Iraq coordinator, was on the line with a question: Would Carney be willing to go back to Baghdad as the overall coordinator of the American reconstruction effort?

The decision to send Carney back to Iraq -- and to abandon the policies that so rankled him in 2003 -- represents a fundamental shift in the Bush administration's approach to stabilizing the country. Desperate for new approaches to stifle the persistent Sunni insurgency and Shiite death squads that are jointly pushing the country toward an all-out civil war, the White House made a striking about-face last week, embracing strategies and people it once opposed or cast aside.

Indeed, Carney's rushed selection came just days after the administration announced two other key Baghdad appointments from among the ranks of dissenters in 2003: Ambassador designate Ryan Crocker and Lt. Gen. David H. Petraeus, who will take over command of all coalition forces in Iraq.

Crocker, who spent the summer of 2003 helping to form Iraq's Governing Council, left the country frustrated with the CPA's reluctance to reach out to minority Sunnis. Even before the invasion, he wrote a blunt memo for then-Secretary of State Colin L. Powell warning of the uncontrolled sectarian and ethnic tensions that would be released by the overthrow of Saddam Hussein.

Petraeus, who spent 2003 commanding the 101st Airborne Division in Mosul, grew dismayed by the heavy-handed tactics fellow military commanders were using to combat insurgents. He also opposed the methods by which Bremer disbanded the Iraqi army and fired Baathists from government jobs. And he chafed at the way reconstruction funds, personnel and decision-making were centralized in Baghdad. The CPA's policies, he said in 2004, should have been "tempered by reality."

It's a view the White House now seems to accept.

The plan unveiled by Bush last week calls for many people who lost their jobs under Bremer's de-Baathification decree to be rehired. It calls for more Sunnis, who were marginalized under the CPA, to be brought into the government. It calls for state-owned factories to be reopened. It calls for more reconstruction personnel to be stationed outside the Green Zone. It calls for a counterinsurgency strategy that emphasizes providing security to the civilian population over transferring responsibility to local military forces.

Carney believes such measures could have been effective three years ago. Today, he worries they will be too little, too late.

During the phone call, Satterfield told him that the new reconstruction effort might not succeed. The two men agreed that if it was to have a chance, Americans would have to work more closely and collaboratively with Iraqis.

To Carney, it suggested "a sense of reality."

"It's certainly different than anything I saw out of the CPA or the aftermath of that," he said. "It seemed a little refreshing, actually."

He paused.

"It's been a long time coming."A Plan in Need of a Leader

Bush and his national security team began working on their new Iraq strategy in earnest shortly after the Nov. 7 midterm elections, which amounted to a rebuke of the president's war policy. They met among themselves. They talked to diplomats and military commanders in Iraq. They conducted a videoconference with Iraq's prime minister. They consulted with retired generals, experts at think tanks and academics.

By late December, the president and his closest security advisers -- Vice President Cheney, new Defense Secretary Robert M. Gates, Secretary of State Condoleezza Rice and national security adviser Stephen J. Hadley -- had coalesced around the need for more troops in Iraq. They had settled on Crocker to handle political strategy on the ground, replacing Ambassador

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Zalmay Khalilzad. And they had picked Petraeus to take over from Gen. George W. Casey Jr., whom they deemed to be too focused on the handover of responsibility to the Iraqis instead of on restoring peace to Baghdad's strife-torn neighborhoods.

But it wasn't until Monday, when Bush was going over a draft of the address he planned to deliver on television Wednesday, that they confronted the issue of who would coordinate the administration's new economic initiatives for Iraq.

Bush was planning to propose increasing the number of province-level reconstruction teams operating outside the Green Zone from 10 to 18. There would be new efforts to help the Iraqi government improve budgeting and management functions. And, most important, there would be a significant new emphasis on putting unemployed Iraqis to work. The strategy also included an implicit reversal of Bremer's policy on state-owned factories.

Scores of Americans ensconced in Baghdad's Green Zone would be involved: The U.S. Embassy has an economic section. There's a U.S. Agency for International Development mission. And there's the Project and Contracting Office, which manages reconstruction funded by an $18.4 billion U.S. aid package.

"Who's going to coordinate this?" Bush asked as he read through the economic initiatives, according to two people with knowledge of the meeting.

When Satterfield got back to his State Department office, he told his staff to "give me names."

The next day -- less than 36 hours before Bush addressed the nation -- Satterfield called Carney.Idle Factories, Idle Workers

Before Carney left Iraq in June 2003, he tried one last time to persuade Bremer to rethink his refusal to repair more than a handful of state-owned factories. Iraq's government-run businesses employed more than 100,000 people before the U.S. invasion. To Carney, it was a no-brainer: Fixing the factories would allow thousands of Iraqis to get back to work, not only allowing them to provide for their families, but also keeping them occupied. He knew from his time in other post-conflict societies that the idle and unemployed are the best recruits for insurgencies.

But Bremer and his chief economic adviser, Peter McPherson, didn't want to pour money into inefficient state-run firms. They believed private investors would buy Iraq's government factories and set up new businesses to employ the populace. So they refused to give Carney money to reopen the plants.

The day before he left, Carney sent a note to McPherson titled "Fatal Flaws in Budget Policy towards State-Owned Enterprises." He argued that the CPA was violating the Geneva Conventions by undermining "assets of the Iraqi people." He also accused McPherson of drawing up policy "without adequate Iraqi participation."

"Instead of transparency, with major concerned Iraqi Ministries and academics engaged," he wrote, "the policy seems to be the thinking of a small group in the Coalition Provisional Authority."

"We need to rethink this," he wrote in closing.

Petraeus also opposed the immediate privatization of state-run firms. "What happens when you have privatization is . . . you end up with a hell of a lot less workers in the short term," he told an interviewer in 2004. "If you want to increase unemployment en route to greater employment and greater productivity and greater a lot of other things, that's great, but you've got to survive in the short term."

For almost three years, the policy didn't change. Although the Iraqi government reopened a small fraction of its 148 factories and began operating them at a diminished capacity, the efforts to sell them to private investors were unsuccessful.

When Lt. Gen. Peter W. Chiarelli, at the time the top U.S. field commander in Iraq, sought to increase production at a state-owned tractor factory south of Baghdad early last year, a State Department official in Baghdad refused to pay for the necessary repairs, even though the rehabilitated facility would have been able to provide employment for many of the 10,000 people who worked there before the invasion. Chiarelli used money from a different program -- for small-scale reconstruction projects -- to fund the construction.

It wasn't until June that the Bush administration began to reevaluate its approach. Paul A. Brinkley, who had recently taken over as deputy undersecretary of defense for business transformation, returned from a trip to Iraq convinced that quelling violence depended on increasing employment. To Brinkley, a former corporate executive, the most effective way to create jobs was to reopen state-run factories.

Brinkley persuaded Deputy Defense Secretary Gordon England to authorize funding to repair as many as 200 factories. England's predecessor, Paul D. Wolfowitz, was among the administration officials who opposed resuscitating state-owned firms in 2003.

It's not clear how effective Brinkley's initiative will be. Many of the factories are in dangerous, Sunni-dominated areas of the country. Electricity remains in short supply. Raw materials can be hard to come by. And given the intensity of the sectarian conflict, giving Iraqis jobs may not be enough to get them to put down their weapons.

Even if the odds are slim, the Bush administration wants to give it a try. Brinkley's team is focusing on 10 factories that it thinks could be open and employing more than 11,000 Iraqis by the end of this month.

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"Any counterinsurgency strategy has to have an economic component to it," said Celeste Ward, who spent last year in Iraq as Chiarelli's political adviser. "It might give us a marginal increase in stability by getting some people off the street. You want people to start saying, 'Hey, we're a normal country where people go to work.' "De-Baathification

"This is a big mistake," Carney thought in May 2003, when Bremer told senior CPA officials that he would soon issue an edict prohibiting many former members of Hussein's Baath Party from holding government jobs. The one-and-a-half-page decree, which was drafted in the Pentagon office of then-Undersecretary of Defense Douglas J. Feith, banned anyone who had been in the party's top four ranks; it also banned hundreds of thousands of rank-and-file members from holding senior management positions in government ministries. Bremer's stated goal was to cleanse Iraq's government of the former president's cronies.

Carney and the other Americans tapped to run Iraq's ministries knew that the senior managers in almost all government departments were Baathists. Hussein's government had forced them to join the party, but that didn't mean they all had blood on their hands or that they were all close associates of the former leader. And without them, it would be much more challenging to get the government running again.

With unemployment at more than 40 percent, Carney also knew that anyone kicked out of a government job wasn't going to find work elsewhere. They would be unemployed and angry.

Carney was one of many CPA officials to object. But Bremer refused to soften the policy.

The de-Baathification expert in the CPA's headquarters was Meghan O'Sullivan, then an aide to Bremer and now a deputy national security adviser working on Iraq. Although she voiced initial misgivings, she quickly became a vigorous and uncompromising enforcer of the edict.

From the moment the order was issued, most of Carney's time was devoted to de-Baathification. He held long meetings with the industry ministry's management, first to explain the policy and then to comb through records to identify people who were ineligible for future employment.

"It was a terrible waste of time," Carney said. "There were so many more important things we should have been doing, like starting factories and paying salaries."

After a few months, the CPA began to receive reports that 10,000 to 15,000 teachers had been fired because of the de-Baathification order. In some Sunni-dominated areas, entire schools were left with just one or two teachers.

Bremer eventually concluded that the policy had been applied "unevenly and unjustly." But instead of rescinding his edict, he announced that appeals would be handled by a de-Baathification commission headed by Ahmed Chalabi, a controversial former exile whose informants had helped the Bush administration make the case for war. Chalabi, a Shiite, saw little need to accommodate former Baathists, most of whom are Sunnis.

By the summer of 2004, as the United States was relinquishing sovereignty of Iraq, many officials handling Iraq policy in Washington had concluded that Bremer's initial edict was a mistake. But it was too late for the Americans to do anything other than urge Iraq's Shiite-led interim government to rehire ex-Baathists. The CPA no longer had the power to issue edicts.

U.S. officials in Baghdad and in Washington leaned on the governments of prime ministers Ayad Allawi and Ibrahim al-Jafari, but the country's powerful Shiite and Kurdish leaders were unwilling to embrace the changes sought by the Bush administration. As far as they were concerned, Bremer enacted a sound policy in 2003, and there was little need to change it.

Finally, in 2005, the Shiites and Kurds agreed to reexamine the de-Baathification rules as part of a compromise to get Sunni political parties to support Iraq's new constitution. The agreement called for a revised de-Baathification law to be enacted by parliament.

But that still hasn't happened.

In an attempt to get the process moving, Bush used his televised address last week to call on Prime Minister Nouri al-Maliki to embrace the reintegration of former Baathists. Maliki told Bush recently that he supports a revised de-Baathification law -- but the issue isn't in the prime minister's hands. It's still with Chalabi.

Chalabi is the chairman of the Supreme National Commission for De-Baathification, which continues to have ultimate authority to decide which ex-Baathists can return to work and which cannot. He has prepared draft legislation that calls for easing some elements of Bremer's policy, but he said parliament has been unable to act on it because a majority of the members of the legislature's de-Baathification committee belong to radical cleric Moqtada al-Sadr's political party, which walked out in November to protest a meeting between Maliki and Bush.

Speaking by telephone from Baghdad, Chalabi said he expects progress "pretty soon."

But he said the law will not contain a key demand of the U.S. government: a sunset clause that would abolish the commission, effectively depriving Chalabi of political influence. He called it unconstitutional.

Chalabi said he heard Bush's call for swift action on the de-Baathification law, but he emphasized that he and his fellow Iraqis, not U.S. officials, are in charge of the legislative timetable.

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"We don't feel any pressure," he said.

US Military May Join Iraq Against Militia Leaders (BOS)

By Farah Stockman And Bryan Bender, Globe Staff

The Boston Globe, January 14, 2007

Bush authorization could spark deadly confrontations

WASHINGTON -- US military officials say the Bush administration has given them new authority to target leaders of political and religious militias in Iraq who are implicated in sectarian violence, including the powerful Shi'ite Muslim cleric Moqtada al-Sadr.

Such a showdown, key to Bush's plan to increase the number of US troops in Baghdad, could spark a deadly confrontation with Shi'ite militias, which enjoy widespread popularity in Shi'ite neighborhoods. It could also erode support for the fragile government of Prime Minister Nouri al-Maliki, who has agreed to the plan.

Senior US and Iraqi officials said last week that Maliki has pledged to confront the militias with the help of additional US troops. But many analysts doubt that Maliki has the will or the firepower to take on Sadr, whose Mahdi Army militia is blamed for much of the tit-for-tat violence in the capital.

In recent months, Maliki and other top Iraqi officials routinely vetoed US raids on Sadr's operations, fearing the reaction of his legion of followers. Maliki's government kept a list of militia leaders who were off-limits to US troops, a senior Pentagon official told reporters in a background briefing in Washington, but now Maliki has agreed that the list would no longer be used.

The officials said the new approach will include pinpoint strikes against top leaders in the Mahdi Army as well as other militias from the Shi'ite majority accused of kidnapping and murdering civilians from the Sunni Muslim minority. They said they would focus on methodical man hunts for key leaders, such as the one in June that killed key Al Qaeda operative Abu Musab al-Zarqawi, rather than full-scale battles.

Pursuing the militias carries significant risks, both for Maliki, a far less popular figure than Sadr, and for the United States, which could be drawn deeper into dangerous urban warfare and an increasingly sectarian conflict.

"Even if the Iraqis had the will -- and that's a big question -- to do something about sectarian violence, it's going to be a very bloody business," said Phebe Marr, a specialist on Iraq's emerging political parties and author of "The Modern History of Iraq."

"This could make Sadr even more popular," Marr said. "He could play this as 'the imperialist Americans are coming to attack me.' "

Secretary of State Condoleezza Rice told the Senate Foreign Relations Committee on Thursday that Sadr must be neutralized.

"The Iraqis are going to have to deal with Sadr," she said, in response to a question. "They're going to have to deal with those death squads, and the prime minister said nobody and nothing is off-limits."

Bush's plan envisions adding 17,500 more US forces in Baghdad -- which would more than double the American military presence there -- to operate alongside about 40,000 Iraqis from the army and police. The joint forces, which will include American units embedded in Iraqi brigades, would take on both Sunni insurgents and Shi'ite sectarian death squads, US military officials said Thursday in a background briefing.

Secretary of Defense Robert Gates told the Senate Armed Services Committee on Friday that Maliki's willingness to allow these joint forces to enter Sadr City and other key neighborhoods in Baghdad is "central to the success of this entire operation." Sadr City, a Baghdad slum with an estimated 2 million residents, was named after Sadr's father, a revered cleric assassinated during Saddam Hussein's regime.

But many politicians and military analysts expressed doubt that Maliki would follow through on pledges to support the crack down.

Senators Norm Coleman, a Minnesota Republican, and Bill Nelson, a Florida Democrat, told Rice at a Senate Foreign Relations hearing Thursday that their talks with Iraqi leaders in Baghdad three weeks ago left them with the impression that Iraq's fractured, Shi'ite-dominated government has little interest in stopping sectarian death squads from murdering Sunnis.

"Our mouths about dropped open when the national security adviser, Dr. [Mowaffak] Al-Rubaie, said . . . 'This is not a sectarian war,' " Nelson said.

Indeed, Rice acknowledged to the senators that Maliki's original request, made in the run-up to his meeting with Bush in November, was for US troops to withdraw to the outskirts of Baghdad, leaving the task of handling sectarian militias to Iraqis alone. But Rice said that after extensive talks with US commanders, Maliki eventually agreed to an aggressive US-Iraqi plan to tackle them.

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"I think it's become such a critical situation for them that they recognize they've got to take on anybody who stands in their way of bringing population security," she said, in response to a question about whether Maliki could survive a confrontation with Sadr.

Maliki's Islamic Dawa Party is the weakest of the three Shi'ite parties that dominate Iraq's government. Dawa has no militia of its own.

Sadr, on the other hand, is believed to command the loyalty of some 60,000 fighters across Iraq, although specialists differ on how much direct control he exercises over them. His movement is so powerful that some of his followers were allowed to attend the execution of Hussein. They called out Sadr's name as the former dictator was being led to the gallows, a moment captured on a video that was viewed on the Internet around the world.

Sadr's followers control four key ministries and hold 30 of 275 seats in Iraq's Parliament. They cast the deciding votes that brought Maliki to power but suspended their participation in the government to protest Maliki's meeting with Bush in November. Rice said the Iraqi government was functioning without them. But the boycott has left Iraq's Parliament in turmoil. The US military has already gotten a taste of all-out confrontation with Sadr. In 2004 they used aircraft and tanks to drive off his forces from a Najaf cemetery near the revered shrine of Imam Ali. Sadr's movement went quiet for about a year, but then grew stronger, attracting tens of thousands more followers with his nationalist call for a unified Iraq and the withdrawal of US forces.

Sadr's vehement opposition to US troops has only raised his profile among Shi'ites who see his militia -- not American or Iraqi troops -- as their only protection from Sunni insurgents.

Paul Hughes, a retired Army colonel who served as a military strategist in Iraq, warned that Bush's plan to pacify neighborhoods with an overwhelming military presence is designed to fight a classic insurgency, not the sectarian conflict that has swept up thousands of armed civilians.

"There is this real minefield that the United States is going into," he said.

Three weeks ago, thousands of protesters took to the streets in Najaf after US and Iraqi forces killed a top Sadr deputy.

On Friday, Sheik Abdel Razzaq al-Nadawi, a senior official in Sadr's movement, warned that US soldiers who come to Iraq "may return in coffins."

Juan R. Cole, a specialist on Shi'ite Muslims and professor of Middle East history at the University of Michigan, said that Sadr's forces could simply go underground during the US military campaign as they did after the 2004 battle in Najaf.

"At that time, the Shi'ite political elite got together and made the case to [Sadr] that he should lay low or things are going to go badly for him," Cole said. "I think that's what is happening now. I am extremely skeptical that Maliki would be willing to sacrifice one of the few pillars of support that he has. . . . They will lie low until the 'surge' is over and then they will come back out."

U.S. And Iraqi Forces In The Western Desert Look Toward The Horizon (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, January 14, 2007

The process of turning over responsibility slow, but American soldiers try to prod them into the future.

WEST OF RAMADI, IRAQ — On a sandy promontory overlooking the desert that stretches to Syria and Jordan in western Iraq, U.S. Army officers and Iraqi police officials were discussing the future.

The Americans' concept of the future involved the Iraqis taking responsibility for catching insurgent smugglers and bomb-makers along the two freeways that stretch from the border region to Baghdad.

The future starts now, Capt. Ian Lauer told Iraqi police Col. Jassim Mohammed Ali, who served in the Iraqi army's special forces under the late Saddam Hussein.

"We've got to force them to have confidence," Lauer said. "They'll spend years saying they're not ready."

Ali, a broad-chested veteran of the 1991 Persian Gulf War, insisted that he was ready for the challenge.

"If we see bad people, we will arrest them," he said through an interpreter. "If they fight us, we will show no mercy. If they use one bullet, we will use two. If they use 10, we will use 100."

As part of the U.S. plan to withdraw from Al Anbar province and hand over security duties to the Iraqi army and police force, the Army's Task Force 1-77 Armor is ceding the desolate area 25 miles west of Ramadi to Ali's "emergency response unit," the Iraqi version of a SWAT team.

The unit's troops carry Soviet weapons once used by Hussein's army. They drive Ford trucks supplied by the United States, but they lack body armor and have only rudimentary communications gear.

"Sometimes you feel, 'We're forcing them to do stuff,' and then you think, 'Hey, it's your country,' " said Lauer, commander of the 1-77's Charlie Company. "Even if they had the equipment we have, some would complain."

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The process of turning over responsibility to the Iraqis is slow and incremental. For instance, U.S. forces may be turning over freeway security to the Iraqis — a largely symbolic move — but cannot yet give them responsibility for the transport of prisoners on those freeways.

Just minutes after the meeting with Ali and his troops, Lauer's convoy went to an Iraqi police station to pick up a suspected insurgent.

Iraqi police said the skinny 17-year-old had confessed to making bombs and stealing a weapon from a Humvee that had been bombed.

Across Al Anbar, judges and prosecutors have been targeted or intimidated. Many court buildings are a shambles and court personnel are dead, in hiding or have fled the country, officials said. Thus, the chore of detaining the suspected insurgent and shipping him to Baghdad for trial fell to U.S. forces.

In the roundabout world of Iraqi justice, suspects go from Iraqi custody to American custody; then U.S. officials sift through evidence submitted by Iraqi police to determine whether it would be sufficient in an Iraqi court.

Lauer checked the blindfolded suspect for signs of torture and found none.

"I am taking you into American custody," he said. At day's end, the Iraqi was at Camp Ramadi, the nearby U.S. base.

Ali, on the promontory with an icy wind blowing in from Syria more than 100 miles to the west, said that before the Americans came, he was once stationed at Camp Ramadi.

"Hopefully," Lauer said, "you'll be there again someday."

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Kurdish Brigade Trains To Deploy In Baghdad (AP)

AP, January 13, 2007

BAGHDAD, Iraq (AP) -- A Kurdish army brigade in northern Iraq is undergoing intensive urban combat training as it readies for deployment in the latest Baghdad security operation and is expected to take on the capital's Mehdi Army Shiite militia, its commander said Saturday.

Meanwhile, three Iraqi generals told The Associated Press that the Iraqi commander who will lead the overall Baghdad security mission was the government's second choice and only got the job after the U.S. military objected to the first officer named to the post by Prime Minister Nuri al-Maliki.

"We will head to Baghdad soon," said Brig. Gen. Nazir Assem Korran, commander of the 1st Infantry Brigade, 2nd Division of the Iraqi army.

"We have 3,000 soldiers who are currently undergoing intensive training especially in urban combat and how the army should act inside a city."

Korran, in the Kurdish northern city of Irbil, said he did not know how the operation would unfold, but said the Defense Ministry in Baghdad had asked his brigade to take part in the security operation along with thousands of other Iraqi and U.S. troops.

The forces were to conduct neighborhood-to-neighborhood searches to clear the city of Sunni Muslim insurgents and local militias such as the Mehdi Army of radical Shiite cleric Muqtada al-Sadr. The militia has been blamed for much of the sectarian killing in the past 11 months.

"We are going to confront any terrorist elements or militias. We will confront any outlaws," the general said.

Later in the day, al-Maliki issued his first comment on the new Bush administration plan outlined on Wednesday, declaring it "identical to our strategy and our intentions." President Bush said he would send an additional 21,500 troops to help pacify the capital and other parts of the country. (Full story)

Al-Maliki, however, continued to avoid naming the Mehdi Army as a target of the military operations, disinclined, perhaps, to take on al-Sadr, a key backer of the prime minister.

"Our strategy that aims to control security is based on using force against any outlaws, whatever their background or identity," al-Maliki said in a brief appearance aired on state-run Iraqiya television. Al-Maliki has repeatedly used that kind of formulaic language during his eight months in office, but has routinely blocked American forces from taking on his militia allies.

On Wednesday, Iraqi military officials said al-Maliki had chosen Lt. Gen. Abboud Gambar as commander of the new security plan in the capital, where sectarian bloodshed built to a crescendo at the end of last year, with more than 100 people killed on many days.

The army generals who spoke to AP said al-Maliki appointed Gambar a week ago when he told the nation that a new security plan was to be launched within days.

But al-Maliki never revealed that Gambar would command the operation and has refused since then to confirm the appointment.

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The Iraqi generals, who spoke on condition of anonymity because the information had not been officially released, said there had been several candidates from the military to run the new security plan and two names topped the list.

First among the candidates was Lt. Gen. Mohan al-Freiji, but he was quickly vetoed by American officials.

Gambar was second choice after the Americans blackballed al-Freiji, the generals said. Both al-Freiji and Gambar are Shiite Muslims.

The U.S. military did not respond to an AP e-mail asking for verification of the dispute.

"Mohan (al-Freiji) is not flexible at all and cannot be subdued. If he finds something unacceptable, he will never tolerate it. Mohan doesn't take direction at all," one of the generals said. "Abboud is more flexible."

The generals said Gambar, a veteran of the 1980-88 Iran-Iraq war and the 1991 Gulf War, would have two deputies, a Shiite and a Sunni, one on each side of the Tigris river that curls through the center of Baghdad.

Gambar was a brigadier general in the navy during the 1991 Gulf War, one of the generals said. He was captured by U.S. troops on the Kuwaiti island of Fialaka and held prisoner in Saudi Arabia before being freed shortly afterward.

Under Saddam Hussein's rule, military men normally were fired if taken prisoner, but the former president made an exception for Gambar and his brigade because of their brave defense of Fialaka. Gambar, in his early 60s, was decorated by Hussein for bravery.

Gambar will report directly to al-Maliki, who is commander general of the armed forces.

Indicating that the new security plan was near its formal opening, military officials said Saturday that the 4th Brigade of the Iraq army's 1st Infantry Division arrived in Baghdad's southern neighborhood of Rustomiyah. They said the brigade came from Fallujah, west of Baghdad, but refused to give further details.

Korran, the general in Irbil, said his troops would face a language barrier and rely on translators because 95 percent of the brigade is Kurdish and unable to speak Arabic. Kurds, a separate ethnic group, are largely Sunnis but not Arabs.

His brigade is one of two coming from the Kurdish region. The other will arrive from the northern city of Sulaimaniyah. A third brigade will come from southern Iraq.

"We do not represent any sect or ethnic group," Korran said, adding that he expects to be fighting against "militias in residential areas."Other developments

U.S. raids that President Bush approved and that led to the detention of five Iranians in Iraq are part of broad efforts to confront Tehran's aggression, Secretary of State Condoleezza Rice said Saturday before meeting with Israel's foreign minister in Jerusalem. (Full story)

U.S. Sen. Hillary Rodham Clinton, who opposes Bush's plans to send more U.S. soldiers to Iraq, met Saturday with al-Maliki and the two top U.S. commanders during her first visit to Baghdad in nearly a year. The New York Democrat, who is expected to run for her party's presidential nomination, said she doubted the al-Maliki government would live up to promises it had made about cracking down on violence.

Underscoring the difficulties in taming the violence, at least 48 people were killed or found dead nationwide on Saturday, including a Sunni cleric who was shot to death near his home in Samarra, 60 miles north of Baghdad.

Plan Would Add Kurds To Civil War Mix (LAT)

By Louise Roug

The Los Angeles Times, January 14, 2007

BAGHDAD — Already a dangerous battleground for an array of forces, Baghdad soon could be flooded with another volatile element: thousands of Kurds from northern Iraq.

As part of President Bush's new strategy for Iraq, 8,000 to 10,000 Iraqi troops will deploy to Baghdad in the coming weeks, American and Iraqi officials said, and as many as 3,600 could be Kurds. It would be the first time such a large number of Kurdish forces have been sent to the capital.

The impending deployment has raised fears among Kurds, most of whom live in a protected autonomous enclave, that they are being dragged more directly into Iraq's bloody and complex civil war.

Most of the fighting in Iraq is between Shiite and Sunni Arabs, but Kurds, most of whom are Sunni Muslims, fear that could change if they are seen as players in the country's main struggle.

"I don't think it's wise," said Mahmoud Othman, a Kurdish lawmaker in Baghdad. "This is a Sunni-Shiite conflict."

Most Kurdish troops are not acquainted with Baghdad, many speak neither Arabic nor English, and their participation could create an even deeper conflict between Kurds and Arabs, he said.

Large numbers of Kurds mix with Arabs in the Kirkuk and Mosul areas of northern Iraq, and a small number live in the capital, but Arab politicians also question the wisdom of bringing Kurdish soldiers into the conflict.

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"I advise the Kurdish people to apply pressure on their leaders to prevent this step," said Mohammed Daini, a lawmaker with a major Sunni bloc. Kurdish forces, he said, "will face firm resistance from both the Sunnis and the Shiites."

Sheik Abdul Razzaq Naddawi, an aide to anti-American Shiite cleric Muqtada Sadr, agreed that Kurdish troops would not be welcome.

"The Kurds, frankly speaking, consider themselves superior to other Iraqis," he said. "Would they allow troops from the middle or the south to arrive in Kurdistan?" he asked. "Their borders are closed, and they are practically independent."

The idea of using Kurdish troops to quell violence in both Shiite and Sunni neighborhoods of Baghdad originated in backroom talks among the country's main power brokers. With a chance to live their dream of autonomy, Kurdish lawmakers were extremely reluctant to take part in the plan. But Iraqi officials as well as U.S. military and political officials argued that if they failed to participate, it would show their lack of commitment to the nation.

Word of the planned deployment took Kurds by surprise. In their small but prospering northern enclave, they shook their heads over the prospect of getting involved in a conflict that has bedeviled the most powerful army on Earth.

"If America and the Arabs aren't able to stop Sunnis and Shiites from killing each other indiscriminately, then what use will it be to send in our forces?" asked one Kurd in an online forum.

"We do not need to have our young men getting killed in a civil war between Sunnis and Shiites," read another posting. "They are both our enemies."

Allegiances and neutrality

The Iraqi government has planned for a 50% troop increase in Baghdad, adding the equivalent of an entire division. U.S. and Iraqi officials say two or three predominantly Kurdish brigades will participate.

A U.S. advisor to the Iraqi Defense Ministry acknowledged that language was a concern, but said the problem would be mitigated by the mix of Arab, Kurdish and American troops in Baghdad.

Politicians in favor of the deployment say Kurdish troops are more impartial than security forces currently in the capital.

Khaliq Zenghana, a Kurdish lawmaker, suggested that Kurdish forces could help protect ministries and government institutions, now mostly run as fiefdoms by sectarian militias.

"The Kurds are neutral in that we do not concern ourselves with the Sunnis or Shiites," he said. "That must be understood by the Arabs here in Baghdad: We do not want to come to protect a neighborhood over another one."

However, many Kurdish soldiers are loyal first to leaders of their own ethnic group, even if they wear the uniform of the national army.

The late Saddam Hussein's regime oppressed the Kurds, killing thousands in a military campaign and sowing division between Kurds and Arabs. After the 1991 Persian Gulf War, the U.S. enforced a no-fly zone over semiautonomous Kurdistan.

Although most Kurds are Sunni, they have been natural allies of the Shiites, with both groups fighting Hussein's Sunni Arab-dominated army.

After the 2003 U.S.-led invasion, the historic mistrust between Kurds and Arabs deepened as political groups fought over resources and government posts. Sunni Arabs complained of heavy-handed tactics by Kurdish soldiers who took part in offensives against insurgents in Tall Afar and Fallouja. Also, Kurds and Arabs are locked in a dispute over the future of the oil-rich northern city of Kirkuk.

In Kirkuk, as well as Mosul, Kurdish soldiers wear Kurdish insignia on their Iraqi army uniforms and openly proclaim their desire to annex these ethnically mixed cities to their Kurdish region farther north.

Calling on the militia

Bush and Iraqi Prime Minister Nouri Maliki have promised that Iraqi security forces will go after Sunni and Shiite gunmen alike. Until now, however, the Shiite-dominated security forces have focused mostly on capturing Sunnis.

The allegiance of Shiite soldiers and policemen often lies with sectarian rather than national leaders. Renegade Shiite security forces have tortured and killed Sunni civilians. Sunni rebels, for their part, have hunkered down in certain neighborhoods, also menacing civilians and fighting off the security forces.

Kurdish officials said that the Americans also have asked for the participation of the Kurdish militia, known as peshmerga, but the request was still being debated in the regional parliament.

Concern about the possible participation of the peshmerga already has been expressed within Sadr's Al Mahdi militia.

"They are doing a good job inside Kurdistan, so they should stay there," said one militiaman who identified himself only as Abu Karrar.

Defense Ministry spokesman Mohammed Askari said the army brigades coming to Baghdad would answer to Iraqi army commanders rather than militia leaders.

Far from the civil war raging in Baghdad, residents in the quiet Kurdish city of Irbil were not enthusiastic about the deployment.

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"It's an Iraqi issue and Iraq contains all of us, although I think this will cause problems for Kurds and if there was any possible way not to participate, I would prefer that," said Rezgar Taha, 34.

War Costs Are Hitting Historic Proportions (LAT)

By Joel Havemann

The Los Angeles Times, January 14, 2007

WASHINGTON — By the time the Vietnam war ended in 1975, it had become America's longest war, shadowed the legacies of four presidents, killed 58,000 Americans along with many thousands more Vietnamese, and cost the U.S. more than $660 billion in today's dollars.

By the time the bill for World War II passed the $600-billion mark, in mid-1943, the United States had driven German forces out of North Africa, devastated the Japanese fleet in the Battle of Midway, and launched the vast offensives that would liberate Europe and the South Pacific.

The Iraq war is far smaller and narrower than those conflicts, and it has not extended beyond the tenure of a single president. But its price tag is beginning to reach historic proportions, and the budgetary "burn rate" for Iraq may be greater than in some periods in past wars.

If U.S. involvement continues on the current scale, the funding for the Iraq war — combined with the conflict in Afghanistan and other foreign fronts in the war on terrorism — is projected to surpass this country's Vietnam spending next year.

And the accumulating cost is adding to resistance to President Bush's war policy in Congress as well as in public opinion, even though concern about the cost in human lives, the war's impact on America's place in the world and other such factors loom larger.

Last week, when Bush unveiled his new war plan — which included sending an additional 21,500 U.S. troops to Iraq and launching another effort to provide jobs and public services in Baghdad — the cost issue was raised by Republicans as well as Democrats.

But it had been simmering for more than a year.

Members of Congress have talked relatively little about the war's accumulating price tag because of the human costs, Rep. Zoe Lofgren (D-San Jose) said. "But certainly we're cognizant of it," she said. "When you say for what we're spending in a month in Iraq, you could fully fund and double the science budgets of the United States and come up with a viable alternative to oil, it puts it in perspective."

Even so loyal a Republican as Sen. Judd Gregg of New Hampshire, who chaired the budget committee until the Democrats took control of the Senate this year, criticized the administration's approach to war costs, calling it "without any discipline as to how much is going to be spent."

"They're gaming the system," Gregg said.

At a media briefing before Bush's speech Wednesday night, a senior administration official said the president's plan would entail $5.6 billion in military expenses and $1 billion in reconstruction and other civilian costs.

In the broad landscape of federal spending, those are not huge numbers, though $6.6 billion is more than enough to cover the budgets for all the country's national parks, national forests, historic monuments, protected wetlands and wildlife refuges for a year.

What makes the cost issue increasingly sensitive is not just questions about whether it will buy success but also the fact that the new plan's cost will add to a mountain of bills for earlier military and reconstruction efforts with what many see as little or no positive return on the investment.

Some Republicans, especially fiscal conservatives worried about the deficit, are particularly unhappy because, they say, the president and the Defense Department have refused to address the war's impact on the budget in a straightforward way.

Instead of including war costs in the regular budget, such as the one Bush will send to Congress next month, the administration has been asking Congress for emergency-spending bills that short-circuit many of the usual review procedures for appropriating funds.

"Muting and undermining the legitimacy of the congressional role in funding is, I think, undermining to some degree the commitment to the war effort itself," Gregg said.

The administration says its approach is necessary because it is unable to determine what it will need for the war in the coming fiscal year, which begins each October. Critics say that may have been true early in the war but that by now most costs are predictable far in advance.

Last year, Congress approved a provision in the annual defense authorization bill calling on the administration to change course and put its request for war funds in regular spending bills subject to full congressional review.

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Said Sen. John McCain (R-Ariz.), the provision's author: "Neither the White House nor the Congress is making the tough decisions about how we are going to pay for the ongoing wars. Adding hundreds of billions of dollars that are more conveniently designated as emergency expenditures — so they do not have to be budgeted for along with other national priorities — is only making our fiscal problems that much greater."

Sen. Edward M. Kennedy (D-Mass.) proposed that Congress block Bush's new plan by withholding funds. To date, Congress has not used its power of the purse to limit Bush's prosecution of the war, partly because it doesn't want to seem to deny U.S. troops any needed support.

"If you cut off funding, you're cutting off support for the troops," said Rep. C.W. "Bill" Young of Florida, a top Republican on the House Appropriations Committee. "Whether you support the battle they're involved in or not, the vast majority of the American public is still very supportive of our troops."

During Vietnam, Congress did threaten to limit the use of the defense budget. At one point, for example, it prohibited the use of funds in Cambodia.

But Congress flexed its fiscal muscles only toward the end of the Vietnam War. Bush's war on terrorism is in its seventh year, and at a comparable stage of Vietnam, antiwar lawmakers could muster only a handful of votes for limiting funds.

From the beginning of President Lyndon B. Johnson's troop buildup in 1965 to the fall of Saigon in 1975, the United States spent the equivalent of $662 billion in 2007 dollars, according to the Congressional Research Service. The war in Iraq is harder to measure because its costs tend to be mixed up with those of the war in Afghanistan and Bush's broader global war on terrorism, says Steven Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments in Washington.

Starting with the anti-terrorism appropriation enacted a week after the attacks of Sept. 11, 2001, Kosiak figures the United States had spent $400 billion fighting terrorism through fiscal 2006, which ended Sept. 30.

For fiscal 2007, Congress has so far approved $70 billion. The president is expected to ask Congress for $100 billion more.

Even if the fighting stopped soon, which few expect, the bills would continue to accumulate as the Pentagon pushed to restore what the war had cost in troops and material.

Clinton Expresses Doubt That Iraqis Will Keep Promises (AP)

AP, January 13, 2007

BAGHDAD -- U.S. Sen. Hillary Rodham Clinton expressed doubt Saturday that Iraq's government would follow through with its promises to secure Baghdad as she met with top Iraqi officials and American commanders.

It was the third trip to Iraq for Clinton, a Democrat from New York who is considering running for president, and comes amid opposition from the Democratic-controlled Congress to President Bush's plans to send in 21,500 more troops to stop the rampant violence.

"I don't know that the American people or the Congress at this point believe this mission can work," she told ABC News in Baghdad. "And in the absence of a commitment that is backed up by actions from the Iraqi government, why should we believe it?"

Noting she had to travel wearing body armor and surrounded by soldiers and security guards, Clinton called the situation in Iraq "heartbreaking."

"This is my third trip here. I've seen the violence and security problems increase, not decrease," she said, calling on Bush to start withdrawing U.S. troops.

"That would really demonstrate to the Iraqis that we don't have an open-ended commitment," she said. "We are not going to be here providing protection for their leaders, which we do. We are not going to be here standing by and trying to be called in from time to time as they see fit. That is not in the cards."

Clinton, who was making a one-day visit to the country, spoke to ABC exclusively after meeting with the two top military commanders in Iraq, U.S. Gen. George Casey and Lt. Gen. Ray Odierno, according to the network.

She was traveling with U.S. Sen. Evan Bayh, D-Indiana, who opted out of the 2008 race, and Rep. John McHugh, a Republican from upstate New York. They also planned to travel to Afghanistan.

The three, all members of armed services committees, also met with Iraqi Prime Minister Nouri al-Maliki.

"I'm skeptical that the Iraqi government will do what they have promised to do, and that I think is the concern of all of us who have heard this before," she said, referring to earlier security efforts that have failed to stop the sectarian attacks that have been increasing since the Feb. 22 bombing of a Shiite shrine in Samarra.

Clinton, who opposes Bush's plans to send more U.S. troops to Iraq, last traveled to Iraq in February 2005 with Sen. John McCain, a Republican presidential contender.

Clinton had planned to meet with the Army's 10th Mountain Division _ which is based in New York and deployed in both Iraq and Afghanistan _ at their base in Baghdad but the visit was canceled due to bad weather, the U.S. military said.

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Iraq's Talabani To Visit Damascus (BBC)

By Mike Wooldridge

BBC.com, January 13, 2007

Iraqi President Jalal Talabani is travelling to Syria for the highest level Iraqi visit in many years.

It comes after US President George W Bush accused both Syria and Iran of fuelling Iraq's violence as he announced his new strategy for Iraq.

The US says Syria allows militants to enter Iraq, but Damascus says it is doing all it can to secure its border.

Diplomatic relations between Iraq and Syria were restored last November after a break of more than 20 years.

This visit by President Talabani demonstrates Iraq's balancing act between the United States and a country that Washington prefers to see isolated.

Border security

But between Iraq and Syria, there was also a long period of hostility, going back to the days when the two countries were ruled by competing branches of the Arab nationalist Baath Party.

Syria accused Saddam Hussein's Iraq of inciting riots.

Diplomatic relations were restored just recently, and President Talabani's visit is intended to build on this.

He was in exile in Syria during the Saddam Hussein era.

But beyond the expected signing of agreements, the question is how far the visit will be used to discuss American and Iraqi government concerns about insurgents crossing between Syria and Iraq.

Syria has long said it does all it can to patrol the border.

Losing Iraq, One Truckload At A Time (NYT)

By Luis Carlos Montalvan

The New York Times, January 14, 2007

IN 1901, Gen. Leonard Wood, the American governor of occupied Cuba, wrote an incensed letter to President William McKinley after discovering deep corruption in the island's postal service. "We have gone into Cuba to give these people an example of good government," Wood insisted. "These thefts in the post office are so far the only blot on our record. Our honor as a nation demands that we bring the thieves to trial." He gave his commander in chief an ultimatum: "If it is embarrassing to you to have me persist in this matter, I will resign."

About the only difference between Cuba then and Iraq today is that Wood's intervention resulted in the jailing of the culprits. The level of corruption in the Iraq Security Forces is staggering. The Iraq Study Group found that $5 billion to $7 billion is lost annually to different types of corruption, and yet "there are still no examples of senior officials who have been brought before a court and convicted of corruption charges." The result: "Economic development is hobbled by insecurity, corruption, lack of investment, dilapidated infrastructure and uncertainty."

Yet of the study group's 79 recommendations, only two are much relevant to this problem, and no anticorruption milestones to be achieved were set forth. Having served in Iraq, I find this very disappointing. While I can't of course speak officially for the Pentagon, I can describe what I saw and give my own thoughts on how to improve things.

The most prominent forms of corruption I saw were Iraqi commanders pocketing the paychecks of nonexistent troops in the Iraqi Army and officers in the police forces, and customs officials abetting the smuggling of oil and precious rebuilding supplies across Iraq's porous borders.

These are vast problems, but some relatively simple solutions could tamp them down considerably.

The greatest amount of corruption in the Iraq military and police forces occurs when payrolls are handed out at the unit level. Because the country doesn't have a functioning banking system that would allow easy money transfers to private accounts, military and security commanders receive large sums of cash every payroll period based on the number and rank of soldiers on their personnel rosters. The endemic problem is that commanders frequently put nonexistent soldiers and security personnel — dubbed "ghosts" by American overseers — on their rosters and pocket their salaries.

It is difficult to overstate how deeply these ghosts hurt the war effort. Most obviously, we have no idea how much of this money is being siphoned off to support tribal and ethnic fighting, and even the insurgency itself.

Also, because hundreds and thousands of ghosts exist at all echelons, many military and police units in the field do not have nearly as many men at arms as they seem to have on paper. Thus the units are often assigned tasks for which they do not have necessary manpower. And when American or other coalition forces are asked to "partner" with Iraqi troops, we have often found that there simply aren't enough bodies to conduct training and missions.

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American officials have long been aware of this problem. “The number of trained and equipped security forces does not provide a complete picture of their capabilities and may overstate the number of forces on duty,” was the finding of the Government Accountability Office’s “Stabilizing Iraq” report last fall. “For example, Ministry of Interior data include police who are absent without leave.”

Those of us on the ground discovered this the hard way. When I was with the Third Armored Cavalry Regiment in Nineveh Province in 2005, we tried for months to get the names of all Iraqi security personnel in our sector on the payrolls of the Ministries of Interior and Defense. We were curious because when we tried to assess the effectiveness of the Iraqi Border Police brigade in Sinjar, on the Syrian border, we were told by Iraqi commanders that at least 300 officers were “performing guard duties in Mosul.” Mosul is more than 100 miles inside Iraq, so border troops had no business there, if indeed they existed at all.

Similarly, in South Baghdad, we American advisers assigned to the Fourth Brigade of the Sixth Iraqi Army Division had little luck getting a clear read of the brigade’s strength. Iraqi commanders repeatedly told us that many of their men were “elsewhere, performing security duties for the Ministry of Defense.” The advisers found personnel discrepancies as high as 30 percent in any given unit.

How can we bust the ghosts? Every soldier, police officer and government official is assigned a national identification number for bookkeeping, but so far it has been far too easy for corrupt officials to get numbers for nonexistent people. A better idea would be a universal national identification card for all government and military employees that includes the holder’s photograph and fingerprints.

Such cards should be required for any Iraqi to receive his paycheck. Both the distribution of the cards and the payroll-distribution sites should be jointly overseen by coalition and Iraqi officials. There is no reason such a system could not be in place by the end of the year.

It would also help if American advisers embedded with security forces were charged with ensuring that all Iraqis are actually on duty with their assigned units. Should Iraqi commanders refuse to cooperate with their audits, we must insist that the Iraqi government fire them.

The second major source of corruption I witnessed is what I call the “reverse Ho Chi Minh Trails” that facilitate smuggling of Iraqi oil and other resources out of the country. A United States interagency panel reported in November that oil smuggling abetted by corrupt Iraqi customs officials is netting the insurgents $100 million a year, helping to make them financially self-sustaining.

Because most of Iraq is landlocked, almost all goods going in and out pass through 14 land “ports of entry.” Smuggling has always been a part of Iraqi life, and was even more so during the last years of Saddam Hussein’s rule, because he encouraged it to counteract the embargo on Iraqi oil. Yet, almost immediately after the 2003 invasion, former customs officials from the regime resumed their duties at the ports of entry.

Later that year, we in the Third Armored Cavalry were given responsibility for the Syrian, Jordanian and Saudi Arabian borders along Anbar Province. In addition to helping create the new Iraqi Border Police force, we set about reforming the customs checkpoints.

At first, this was successful: for example, the border police battalion we trained at Walid, near the conjunction of the Syrian and Jordanian borders, uncovered many attempts to smuggle out large quantities of food, fuel, industrial parts and other goods. Hundreds of smugglers were arrested.

Unfortunately, we left Anbar in early 2004 and corrupt officials in Baghdad soon took away the border police’s oversight authority on the grounds that it wasn’t their “jurisdictional role to conduct operations that were assigned exclusively to customs officials.” American advisers at the national level failed to do anything about this, and things quickly reverted to the corrupt status quo.

The situation at Walid was hardly unique. In 2005 I returned to Iraq with the Third Armored Cavalry, this time to Nineveh Province, to cover the northern section of the border between Iraq and Syria. It soon became clear that the region’s port of entry, at Rabiya, was a hotbed of corruption. Not only were customs officials apparently turning a blind eye to smuggling, but they seemed to be directly engaged in it.

And little has changed: last month the American special inspector general for Iraq, Stuart Bowen, reported that the pipelines in the area have been blown up, so the only way to export oil is by road. He noted, “That leaves it vulnerable to smuggling as truckers sell their cargoes on the black market.”

How can we shut down this black market? First, we must insist that the Iraqi government replace the customs workers at the 14 land border crossings with a new set of at least 1,400 elite officials jointly selected and vetted by the Iraqi ministries and the coalition forces.

We should supplement this new force with teams of American advisers — soldiers, police officers, customs officials and the like — to ensure that the Iraqis are prepared to do their jobs. And we should create an anticorruption task force of coalition

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officers with the power to periodically review systemic issues like the Iraqis' recruitment methods, policies governing potential ethical problems and records of internal discipline.

The Iraq Study Group concluded that "the ability of the United States to shape the outcomes is diminishing" and that "time is running out." Those of us who have been on the ground know how true this is. Irrespective of the number and mission of United States forces sent to Iraq, winning or losing will depend in large part on our ability to, in General Wood's phrasing, "give these people an example of good government."

Afghan Rebel Chief Sends Fighters To Their Deaths (NYT/AP)

The New York Times, January 14, 2007

BAGRAM, Afghanistan, Jan. 13 (AP) — An Afghan insurgent leader operating from Pakistan sent about 200 ill-equipped fighters, some wearing plastic bags on their feet, into Afghanistan, where most were killed in a major battle this week, an American general said Saturday.

The general, Maj. Gen. Benjamin Freakley, said the insurgent leader, Jalaluddin Haqqani, recruited and sent unemployed and untrained men to fight in Afghanistan.

United States forces killed about 130 fighters moving in two groups in Paktika Province in the east late Wednesday and early Thursday, in one of the largest winter battles in Afghanistan since the fall of the Taliban in 2001.

General Freakley said the fighters "were from Jalaluddin Haqqani and we believe, though we don't know exactly where, that Jalaluddin Haqqani is operating from inside Pakistan and sending men to fight in Afghanistan."

Western and Afghan officials accuse Pakistan of not doing enough to stop Taliban fighters using Pakistani soil as a training ground from crossing the border into Afghanistan. Pakistan says it does all it can to stop the fighters.

No officials in Pakistan could be reached immediately for comment.

General Freakley said one of the enemies in the Afghanistan-Pakistan border area is unemployment.

"It is clear to me that some of these men were just either collected in a poor part of a village or perhaps from a madrasa or perhaps from a refugee camp and told to come fight," he said. "The message to the enemies of Afghanistan and the enemies of world peace would be that you can come at us with two people, 20 people, 200 people, 2,000 people, you'll be defeated and your young men will needlessly be killed."

General Freakley said it was likely the insurgent fighters meant to attack a new military outpost near the village of Marghah that has affected insurgent infiltration routes.

In southern Afghanistan, meanwhile, NATO troops fought insurgents on Saturday in a battle that left one Western soldier dead.

Taliban militants stepped up attacks last year, and insurgent-related violence killed about 4,000 people in the bloodiest year since the American-led coalition ousted the Taliban in late 2001.

Clinton Meets With Karzai, U.S. Troops (WP/AP)

By Jason Straziuso, The Associated Press

The Washington Post, January 14, 2007

KABUL, Afghanistan -- U.S. Sen. Hillary Rodham Clinton ate with U.S. soldiers from New York and Indiana at the main U.S. base in Afghanistan on Sunday before meeting with the top U.S. general in Afghanistan and President Hamid Karzai, officials said.

Clinton, a Democrat from New York who is considering running for president, traveled here with U.S. Sen. Evan Bayh, a Democrat from Indiana, and Rep. John McHugh, a Republican from upstate New York. All three are members of armed services committees.

On Friday, Clinton said she is hearing "increasingly troubling reports out of Afghanistan" and would be searching for "accurate information about the true state of affairs" militarily and politically on her trip.

The Taliban last year launched a record number of attacks, and some 4,000 people died in insurgency-related violence, Afghanistan's bloodiest year since the Taliban was ousted by a U.S.-led coalition in late 2001.

Some 23,000 U.S. troops are stationed in Afghanistan, about half under the NATO flag and half under control of the U.S.-led coalition. Clinton has said she wants to see more troops in Afghanistan, without saying how many.

Her meetings with U.S. military officials and Karzai were closed, and the senator did not make any statements to the media.

The delegation's trip to Kabul comes a day after a visit to Iraq, where Clinton expressed doubt that Iraq's government would follow through with its promises to secure Baghdad as she met with top Iraqi officials and American commanders there.

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South of Kabul, a suicide bomber blew himself up near a convoy of foreign construction workers and Afghan soldiers, wounding one civilian, said Mohammmad Asif, a police official.

Qalat is about 220 miles south of Kabul, and Clinton and her colleagues were far from any danger.

Military Slams Bureaucrats Over Afghanistan (WT)

By Sean Rayment, London Sunday Telegraph

The Washington Times, January 14, 2007

LONDON -- A lack of political direction, a shortage of soldiers and "complete disconnection" between Britain's Foreign Office and Ministry of Defense combined to hinder progress in the war in Afghanistan, a report by British military chiefs has concluded.

The document, drawn up by senior officers from the 16th Air Assault Brigade, gives a withering assessment of how decisions in the British government prevented progress against the Taliban and, sources claim, contributed to deaths and injuries among soldiers.

The report, the first official assessment of the conflict, says the operation suffered from a "lack of early political direction."

It concludes that insufficient numbers of soldiers went to fight the Taliban and complains of differences between the Foreign Office and Defense Ministry over counternarcotics policy.

The report, written at the end of last year, is working its way up the military chain of command. It states that the forces sent to Afghanistan could have achieved more and suffered fewer casualties if greater numbers had gone at the start.

"Lessons learned" from the campaign suggest that if commanders had been given more troops, they would have been able to properly man bases in the notorious towns of Nowzad, Sangin and Musa Qala, where 12 soldiers died between June and September.

Although the report does not specify how many extra troops would have been required, senior commanders say the initial force of 3,500 needed a further 1,000 combat troops, together with extra helicopters and support units.

One senior officer who has seen the report said that with a larger force, Brig. Ed Butler, commander of the 16th Air Assault Brigade, would have had greater flexibility to conduct "rapid reaction operations" against the Taliban and begin "reconstruction in the so-called Afghan development zone."

Troops from the 16 Air Assault Brigade deployed into Helmand, in southern Afghanistan, last May as part of an expansion of the International Security and Assistance Force into the south of the country.

Over a 12-week period, elements of the brigade became embroiled in the most intense fighting since the Korean War.

The troops were involved in dozens of bitter battles with the Taliban during which every weapon system, from the assault rifle to Apache attack helicopters, was used to kill insurgents.

After the deployment was announced last year, John Reid, then the defense secretary, consistently denied that the force was under strength, despite high-level unofficial briefings in which senior officers said that commanders needed extra infantry, helicopters and logistics troops.

A spokesman for the Defense Ministry said, "Extra troops were only requested on one occasion and they were sent. The whole point of a post-operational report is to learn lessons."

Patrick Mercer, a spokesman for the opposition Conservative Party, said: "It was clear all along that not enough troops were being sent and that this was a political and not a military decision."

CORPORATE SCANDALS:

Backlash Against Hardball Tactics (CHIT)

By Greg Burns, Tribune Senior Correspondent

Chicago Tribune, January 14, 2007

Pro-business interests decry exec prosecution

The government crackdown on corporate crime is coming under pressure to back off amid intense business lobbying and adverse court rulings.

Since the convictions in May of Enron Corp. honchos Jeffrey Skilling and Kenneth Lay, federal authorities have voluntarily stepped away from certain hardball tactics aimed at forcing companies to turn against accused executives.

An even greater retreat could be in the offing as the U.S. Chamber of Commerce and other business advocates extend their campaign to reign in what they consider excessive enforcement efforts. On top of that, a string of reversals on appeal has raised fresh doubts about recent government victories targeting criminal fraud among the business elite.

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Some close observers sense a tide turning. "Every month that goes by, the pushback seems to gather more steam," says Douglas Berman, a law professor at Ohio State University. "It's a realization the tough-on-crime campaign against white-collar offenders was at risk of being too tough."

On Jan. 5, appellate judges tossed out most of the charges against top executives at Westar Energy, who were accused of looting the Topeka-based public utility in a case dubbed the "Kansas Enron."

Though the Justice Department touted those 2005 convictions as proof that "no boardroom is above the law," Denver's 10th Circuit Court of Appeals found that prosecutors based their sweeping indictment on a "thin legal thread."

As standards shift, even the judge who presided over the Enron trial has conceded that Skilling has a good chance of seeing one count of conspiracy conviction overturned.

While U.S. District Judge Sim Lake ruled that Skilling's 18 other convictions were likely to stand on appeal, some legal experts believe Enron's "smartest guy in the room" may yet win on wider issues. That could lead to a reduction in the 24-year sentence he began serving last month at a low-security Minnesota prison.

Skilling's attorney, Dan Petrocelli, says softer attitudes toward white-collar crime can only help as he presses for release of his client.

"He's very optimistic, as we are, that he won't be there very long," Petrocelli says.

At Wayne State University law school, white-collar-fraud specialist Peter Henning agrees that Skilling could benefit from new skepticism about "the aggressive use of criminal laws against corporate executives. In these very high-profile cases, there are more reversals. If I were Jeff Skilling, I'd have more hope."

Justice Department spokesman Brian Roehrkasse says no one at his agency is retreating from aggressive prosecution of corporate fraud. "The numbers certainly don't bear that out," he says. "We remain extremely committed to the prosecution of those in the corporate community who would violate the trust of their employees, of the investing public, or both."

Federal prosecutors have tallied more than 1,000 corporate fraud convictions since Enron's 2001 collapse, and the ongoing investigation into options backdating by pay-hungry executives stands to yield more. But the task has been challenging.

The conviction of Lay, who died July 5, and Skilling came amid defeats in other Enron-related matters, most notably the overturned conviction of Chicago's Andersen accounting firm and the withdrawal of a guilty plea from lead auditor David Duncan. In a related case involving Enron-owned power plants in Nigeria, a group of Merrill Lynch executives saw their convictions reversed in a decision that weakened an element of the fraud statute.

For every duly convicted Bernard Ebbers and Martha Stewart, it seems, a KPMG accountant or Frank Quattrone scores one for the defense.

In a 2006 study tracking some of the most prominent corporate trials, Washington University researcher Kathleen Brickey found "surprisingly mixed results," with juries convicting 18 defendants, acquitting 11 and deadlocking on 15 others. That trial record, which lags well behind the government's success rate in criminal litigation overall, supports the business-lobby criticism that prosecutors were "trying to find crimes where none really exists," the Brickey study noted.

Yet after factoring in guilty pleas, cooperation agreements and retrials, the prosecutors' track record in complex corporate cases improves to "a respectable, if not spectacular conviction rate," Brickey concluded. Even so, the jury is still out on the wisdom of using "individual criminal prosecutions to address systemic corporate fraud," she found.

Some fight whole-firm tack

Meanwhile, business advocates have targeted enforcement aimed at corporations rather than individuals. They tallied a victory in December when the Justice Department put new restraints on prosecutors who were demanding the legal communications of companies under threat of indictment.

The routine practice of forcing those businesses to waive attorney-client privilege as a condition of settlement violates the rights of defendants, critics say. And even the new restraints fail to go far enough in protecting companies from being indicted, they assert.

"We've learned something from Andersen, where thousands of innocent people were ruined," says Hal Scott, a Harvard University law professor who heads a pro-business lobbying group. "You should only prosecute when the whole company is criminal from bottom to top."

Business-friendly activists also aim to roll back elements of the Sarbanes-Oxley anti-fraud provisions, provide more protection for auditors, loosen regulations that discourage the free flow of investment capital and, to hear the Chamber of Commerce tell it, redirect prosecutors to "real" crimes outside the gray areas of corporate decision-making.

"A lot of the cases end up revolving around difficult or ambiguous accounting rules," says David Chavern, a senior vice president at the U.S. chamber. "We have to hope there will be less grandstanding and more focus on real fraud."

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To a degree, business lobbyists already have "won this battle," says Russell Mokhiber, of the Corporate Crime Reporter newsletter. "These are real crimes. There's a real need for corporate criminal liability. But the drive by the big business community is to get rid of it, and they effectively have."

Targets hire top legal defense

Since the crackdown began four years ago, the wealth of the typical target has translated into vast legal defense funds that have paid for close scrutiny of corporate prosecutions.

In the "Kansas Enron" case, the appeal of lead defendant David Wittig was led by Seth Waxman, former U.S. solicitor general and a top Supreme Court litigator. Compared to the more typical drug appeal from a jailhouse lawyer, such star power commands attention from appellate judges, notes Ohio State's Berman.

Although prosecutors in the Westar case convinced a Kansas jury that Wittig and a partner milked the company "for all they could through a pattern of fraud and deceit," that finding was mostly irrelevant, the court ruled. The key legal issue was a narrower one of accounting for company air travel.

The government needed to prove the defendants had concealed their personal use of corporate aircraft from regulators who were entitled to know about it, the court determined. Since prosecutors failed to calculate the numbers correctly, the evidence at trial was insufficient, and most of the case can't be re-tried because of the constitutional protection against facing the same charges twice.

The outcome at Westar supports a Skilling contention that jury instructions in his trial were flawed because they failed to clarify how withholding information about Enron from investors might not be criminal, Petrocelli says.

Beyond that, Skilling took heart from a Dec. 12 decision of the 5th Circuit Court of Appeals that identified "serious frailties" in many of his convictions because of the reversal in the Enron-Nigeria case.

But that same appellate decision raised no specific doubts about five convictions for lying to auditors, and it concluded that Skilling should remain in prison because he is unlikely to win a reversal on all his crimes.

Columbia University law professor Jack Coffee doubts any change in public sentiment will alter the outcome of Skilling's appeal, particularly since the next most prominent corporate criminal--WorldCom's Ebbers--had his conviction and sentence upheld. "The odds are very much against him," Coffee says.

No surprise, Skilling's attorney sees it differently.

"As balance, reason and common sense creep back into the environment ... this will be extremely helpful to his appeal," Petrocelli says.

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CRIMINAL LAW:

Attorney General Agrees To Take Duke Case (NYT)

By Duff Wilson

The New York Times, January 14, 2007

RALEIGH, N.C., Jan. 13 — North Carolina's attorney general said Saturday that his office would immediately assume control of the Duke lacrosse sexual assault case referred to him on Friday by the Durham County district attorney.

"I wish I could tell you that this case would be resolved quickly," the attorney general, Roy A. Cooper, said at a news conference here on Saturday afternoon. "Since we have not been involved in the investigation or the prosecution of these cases, all of the information will be new to our office. Any case with such serious criminal charges requires a careful and deliberate review."

The district attorney, Michael B. Nifong, had asked Mr. Cooper to take over the prosecution, citing the conflict of interest he faced from having to respond to an ethics complaint from the North Carolina Bar Association. Mr. Nifong was "very disappointed" at giving up the case, his lawyer, David B. Freedman, said Saturday, but pleased with Mr. Cooper's assignment of two veteran prosecutors.

Defense lawyers and families of the defendants welcomed the news that the case would be in the hands of the attorney general's office.

"We are taking a completely new, fresh look at this case, so anything could happen," Mr. Cooper said. "We are looking at all the facts. Whatever charges, if any, are appropriate, they will be pursued."

Mr. Cooper said his office would obtain the case files next week and then meet with defense lawyers and reinterview witnesses, including the accuser. He said he did not know if a pretrial hearing scheduled for Feb. 5 would have to be postponed.

Mr. Cooper, 49, a Democrat, is a former legislator who wrote a crime victim's bill of rights. He is serving his second term and has announced plans to run for re-election in 2008.

He assigned James J. Coman, head of the attorney general's Law Enforcement and Prosecutions Division, and Mary D. Winstead of the Special Prosecutions Division, to the case. But Mr. Cooper said he would make the final decisions in the case.

"We accept the case with our eyes wide open to the evidence, but with blinders on for all other distractions," Mr. Cooper said.

From the start, the Duke case has been politically charged by race and class. A black woman hired to strip at a Duke lacrosse team party last March 13 accused three white students of gang rape. Protests erupted, and Mr. Nifong expressed with a certainty that a crime had occurred.

But in the last 10 months, his case floundered as defense lawyers offered time-stamped photographs challenging the stripper's account, prosecution reports highlighting the lack of DNA evidence and inconsistencies in the woman's story. Defense lawyers have insisted that the woman, 28, is a false accuser and have painted Mr. Nifong, 55, as a renegade with political motives.

Sexual offense and kidnapping charges are pending against Collin Finnerty, 20, of Garden City, N.Y.; Reade W. Seligmann, of Essex Fells, N.J.; and David F. Evans, 23, of Annapolis, Md. The three were initially charged with rape, but Mr. Nifong dismissed that charge after the accuser told an investigator she could not be sure what had penetrated her.

At State Level, Official Promises Careful Review Of Duke Case (WP)

By Sylvia Adcock, Special To The Washington Post

The Washington Post, January 14, 2007

RALEIGH, N.C., Jan. 13 -- North Carolina's attorney general on Saturday promised a "careful and deliberate review" of the sexual abuse case against three Duke lacrosse players but noted that "anything can happen," even new charges, as his office reviews the evidence.

"Agreeing to accept the prosecution of these cases doesn't guarantee a trial, nor does it suggest a dismissal," Attorney General Roy Cooper said at a news briefing, one day after Durham District Attorney Michael B. Nifong asked Cooper's office to take over the case against the three players accused of raping a 28-year-old stripper at a team party last spring.

He emphasized that his prosecutors will be looking at this case with fresh eyes, and that while the review could lead to dropped charges, it could also lead to new charges or reinstatement of rape charges dropped last month.

"Whatever charges -- if any -- are appropriate would be pursued," he said.

Cooper also said his office would not talk about details of the case while it is reviewing the sexual assault and kidnapping charges against Reade Seligmann of Essex Fells, N.J., Collin Finnerty of Garden City, N.Y., and David Evans of Bethesda.

The takeover of the case comes after Nifong sought to recuse himself, and follows weeks of increasing criticism of his handling of the case. Last month, the North Carolina State Bar charged Nifong with ethics violations.

The new lawyers appointed to the case -- career prosecutors Mary D. Winstead and James J. Coman -- will begin by going through the case files, which will be transferred from Durham to Raleigh.

Cooper also said parts of the case may need to be reinvestigated. "I anticipate that our prosecutors will seek to meet with witnesses, with investigators and with defense attorneys." He said that would probably include re-interviewing the accuser.

The work is likely to mean the rescheduling of a Feb. 5 hearing on the police lineup procedures used by Nifong's office, procedures that defense attorneys characterized as giving the accuser "a multiple choice test in which there were no wrong answers." The defense has also filed a motion to move the trial from Durham.

The case has been portrayed as one of race and privilege, pitting the white lacrosse players against a young black woman. But Nifong's actions and statements have received more attention even as the accuser changed her version of events.

On Dec. 15 it was revealed in court that Nifong and the director of a private DNA testing lab had withheld evidence from defense attorneys.

On Dec. 22, Nifong dropped rape charges against the three, but the defendants are still charged with first-degree sexual abuse and first-degree kidnapping.

2 Officers Suspended; Report Was Not Fully Reviewed (NYT)

By Timothy Williams

The New York Times, January 14, 2007

Two police officers have been suspended without pay for failing to adequately investigate a 15-year-old girl's complaint that a man had tried to kidnap her, the police said yesterday. The man, a paroled sex offender, is now suspected of abducting and raping a 17-year-old girl just two hours after the complaint, the police said.

The officers, who have not been identified by the police, are assigned to the 101st Precinct in Queens, said Paul J. Browne, the Police Department's chief spokesman.

The suspect, Eric McCoy, was arrested on Jan. 3 and has been charged with committing two rapes in Queens in a little more than four weeks. In each case, he posed as a police officer and raped his victims inside motel rooms, the police said.

In the first assault, which occurred on Dec. 4, Mr. McCoy abducted a woman, 27, as she was getting off a bus in Jamaica and forced her to a motel, the police said. In the second episode, the authorities said, Mr. McCoy approached a 17-year-old girl on Jan. 2 in Kew Gardens and identified himself as a "police special investigator." He said he had a gun and took her to a motel where he raped her, the police said.

Hours before the second rape, Mr. McCoy had told a 15-year-old girl that he was a police officer investigating an assault. After showing her a fake badge, he told her to wait inside a laundry. Inside, she talked about the encounter with a woman, who called 911, the police said.

Once the police arrived, Mr. McCoy approached the squad car and told the officers that two girls had been in a fight. When the girl came to the car, they asked whether she had been fighting. They told her to get into the car, drove her to a subway station and told her to go to school, the authorities said.

The officers failed to check whether Mr. McCoy had a criminal record and, apparently, to question others at the scene, the police said. Mr. McCoy was arrested after one victim remembered that he had identified himself as "Investigator McCoy."

'GANGLAND' G-MAN SENT RAT INTO TRAP (NYPOST)

By Erin Calabrese, And Brad Hamilton

The New York Post, January 14, 2007

January 14, 2007 -- It was the FBI's version of a planned hit.

That's what mob turncoat Carmine Imbriale says he faced in 1992 after former G-man Lindley DeVecchio rigged him with a wire and sent him to gather evidence against Gregory Scarpa, the boss of the Colombo crime family.

What Imbriale didn't know, he says, was that DeVecchio - the allegedly corrupt FBI supervisor facing charges he helped Scarpa carry out gangland executions - had tipped off the mobster about Imbriale's deal.

Sending him back on the street meant "I could have been killed at any time," Imbriale told The Post.

"It was amazing I wasn't killed," said the former loan shark, who is in witness protection. "[DeVecchio] had no right letting Greg know about me."

Only a two-week battle with migraines saved him, Imbriale said.

"They came to my house three times to take me out," Imbriale said. "I could not move. I was vomiting and everything."

A hit-team member, Joey Ambrosino, kept trying to draw him out.

"I said, 'Joey, look at me. I was throwing my guts up. I can't walk.' . . . He couldn't get me out of the house."

In a congressional report obtained by The Post - prepared by "G-mom" Angela Clemente, a private mob investigator who aided the DeVecchio probe - an internal FBI document sheds light on how Imbriale was sold out.

Just hours after Imbriale agreed to turn state's witness, DeVecchio got a call from Scarpa, FBI agent Christopher Favo said in the report.

DeVecchio "listened to the caller and then said, 'I don't know what he's saying about you. We haven't even talked to him yet,' " the report says.

The Favo report will likely become a key piece of evidence against DeVecchio in his upcoming trial - and in ex-NYPD Detective Joe Simone's bid to get back his pension.

Simone was blamed for the leaks to Scarpa and was indicted but never tried. Simone says DeVecchio pointed the finger at him to throw off suspicion of himself.

"They treated me like garbage," said the ex-cop.

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Probe Has Long, Sharp Edge (SPREP)

By Jack Flynn

Springfield (MA) Republican, January 14, 2007

SPRINGFIELD - Thirty-three victories in 34 cases.

Half a dozen public agencies under new management.

Five million in swindled tax dollars being pumped back into a financially depleted city.

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Half a decade after it started, Springfield's clean government makeover, courtesy of the FBI, IRS and other federal agencies, just keeps going. Since August, 17 defendants have pleaded guilty to stealing public money earmarked for the poor, sick and homeless.

But behind the flurry of recent prosecutions, the U.S. Justice Department's landmark corruption probe is undergoing its own transformation, with three top investigators leaving the case since August and no high-profile indictments or raids in more than a year.

For the first time since 2003, when indictments began cascading from U.S. District Court here, Springfield's seemingly endless corruption probe appears to be winding down.

Not so fast, says the region's FBI bureau chief, Michael G. O'Reilly.

"Certainly, some of the urgency has drained away with all the success we've had," said O'Reilly, who took over the Springfield office in 2001. "But after terrorism, fighting organized crime is still our No. 1 priority."

Those convicted run the gamut from powerful and well connected - former Police Commission Chairman Gerald A, Phillips, two-term state Rep. Christopher P. Asselin, homeless shelter director Francis G. Keough III - to little-known building contractors, a no-show bakery employee and a convicted sex offender with a patronage job on the city Health and Human Services Department payroll.

Several defendants, including Phillips, were convicted on whittled-down versions of the original charges, and some received probation or short prison sentences. Phillips, ordered to serve 21 months in a Pennsylvania prison, is finishing out the term at a Ludlow pre-release center.

The only outright defeat for prosecutors came in October, when a judge threw out racketeering and bid-rigging charges against a Springfield Housing Authority contractor because the five-year statute of limitations had expired.

Twelve other defendants, including Housing Authority Director Raymond B. Asselin, who resigned in 2003 before being indicted, had already accepted plea deals in the case.

For the moment at least, the investigation seems to be a victim of its own success.

Lead prosecutor Assistant U.S. Attorney William M. Welch II and FBI special agent Susan M. Kossler took promotions in Washington, D.C., and FBI agent Clifford W. Hedges - lead investigator in the corruption probe - has been assigned to other cases in Springfield.

The higher-ups who authorized the investigation are moving on, too. Boston FBI chief Kenneth W. Kaiser was recently tapped for a new post in Washington and the state's U.S. Attorney Michael J. Sullivan is now doubling as acting director of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

In Springfield, several key investigators - including FBI special agent William T. Wittrock and IRS special agent Michael Brin - remain on the case, joined by Assistant U.S. Attorney Steven H. Breslow.

The sudden shift in the probe coincided with Breslow's arrival last summer. A prosecutor in the Brooklyn, N.Y., office, Breslow was transferred here to work with Welch, then wound up with his job and caseload.

For all the turbulence, Kevin O'Regan, a prosecutor and former supervisor of the Springfield U.S. Attorney's Office, said public corruption is still a top priority.

"These cases have a significant deterrent value," said O'Regan, now working with Breslow on corruption cases. "But equally important is the restoration of the public confidence."

Whatever its future, the investigation has rerouted the power grid of Springfield - from the mayor's office, reclaimed by 79-year old Charles V. Ryan as an honest-government candidate in 2004, to the Pioneer Valley Transit Authority, now run by a new director and reorganized advisory board.

The investigation also created a cottage industry for the region's defense lawyers, and snarled several agencies in red tape for months. Three SHA managers, for example, were suspended with pay in late 2003, reinstated in 2004 and then fired within a year.

To handle its scandal management chores, the PVTA hired four outside lawyers before terminating its staff lawyer, who responded with a lawsuit against the agency.

Northampton defense lawyer John P. Pucci said the immediate future of the probe is difficult to predict, given the secrecy of grand jury investigations and the sheer number cases churned out in the last three years.

"There was no public corruption investigations in Springfield for a very long time," said Pucci, a former federal prosecutor. "So the corruption that was there continued. People were emboldened."

The trial of former mayoral aide Anthony M. Ardolino, his brother Chester J. Ardolino, an ex-police officer, and developer Matthew D. Campagnari, is set for April 4. The trio has pleaded innocent to skimming $700,000 from two downtown bars they owned while Anthony Ardolino was chief of staff for Mayor Michael J. Albano.

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No trial date has been set for former Chicopee Mayor Richard R. Goyette, indicted in 2005 for allegedly shaking down a towing contractor for campaign donations.

Conspicuously absent from the legal drama has been Albano, whose tenure at City Hall from 1996 to 2003 attracted the most aggressive federal scrutiny.

After Phillips was indicted in 2003, his lawyer said the FBI was pressuring his client for incriminating information on Albano. But the four-term Democrat was never identified as a target, and his name never surfaced in court documents.

Now living in East Longmeadow, Albano, 56, was in federal court in Boston last month, testifying in a wrongful imprisonment suit by two men who spent three decades behind bars for a killing committed by Mafia hitman-turned-FBI informant.

A member of the Massachusetts Parole Board in the 1980s, Albano said he was pressured by two FBI agents to keep the innocent men behind bars. Both agents were later implicated in an FBI corruption scandal, and one convicted in 2002 of racketeering and obstruction of justice.

Asked about corruption in Springfield last week, Albano changed the subject to Boston.

"I just testified against the FBI and the U.S. Attorney's Office in the biggest civil suit against the government in history," he said.

Asked again about the Springfield case, Albano responded: "I'm awaiting the outcome of that (the Boston) trial."

Even At 96, Alleged Mobster Is Not Beyond Reach Of Law (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, January 14, 2007

Albert Facchiano may be the oldest person indicted by the U.S.

MIAMI — With his trial on racketeering charges set to begin next month, Albert "The Old Man" Facchiano may be living proof that the only way to leave the mafia is feet first.

Facchiano, 96, is believed to be the oldest person ever indicted by the federal government and would likely be the country's most senior of senior-citizen inmates if convicted and sent to prison for alleged violent service to the Genovese crime family.

A federal grand jury last year issued a six-count indictment of Facchiano and six other South Florida men tied to the New York mob, alleging they ran the mafia's Miami operations and engaged in "a pattern of racketeering activity" that included extortion, robbery, money laundering and loan sharking.

It is unclear from the Florida indictment whether Facchiano is suspected of actually pulling a trigger or wielding a lead pipe. But a parallel New York indictment of 30 reputed Genovese members specifically accuses the nonagenarian of trying to intimidate or eliminate a witness in the federal government's case against the nation's most powerful crime family.

Facchiano's attorney, Brian McComb, said he was trying to negotiate a plea bargain for his client, whom he describes as having "a lot of medical problems" but still able to participate effectively in his own defense. The accused, who will turn 97 on March 10, is in full possession of his mental faculties "so far," McComb said. "I think this is going to end up being worked out," the lawyer from the Florida Gold Coast city of Stuart predicted.

But the U.S. attorney's office for south Florida reports that its prosecution of Facchiano is on track to begin Feb. 22 in the court of U.S. District Judge James I. Cohn.

"I think the judge gave us sufficient time, and I think he intends to go forward. We're ready to go to trial," said Assistant U.S. Atty. Jeffrey N. Kaplan.

The federal prosecutor said he couldn't comment on whether a plea bargain was underway. He also said the defendant's age was not a matter for consideration, at least at this stage of the case. Kaplan said federal guidelines allude to the issue of a defendant's age or infirmity only in sentencing provisions.

An undercover FBI operation supported by federal tax authorities led to the grand jury indictment in June, which details extensive mob-related activities by the Florida defendants from 1994 to 2006. The FBI wouldn't have brought the charges against Facchiano if it wasn't committed to prosecuting the man despite his age, said the bureau's Miami spokeswoman, Judy Orihuela.

"When they indict someone, they pretty much already know the person's background," she said, suggesting that if age was a consideration, it had been rejected as an obstacle to prosecution.

After a reputed life of crime that began before the Great Depression, Facchiano is no stranger to the inside of the federal prison network. His first conviction, on robbery and fencing charges, stemmed from a 1932 arrest, and he was also jailed for mob activity in 1936 and 1944. His last incarceration, an eight-year stretch on a 25-year sentence for racketeering, ended in 1989.

Jerry Capeci, a mafia historian and operator of the website Gang Land — http://www.ganglandnews.com — mentioned Facchiano last month in his weekly account of mob developments. He quoted from a reported FBI wiretap of another elderly mobster deriding the notion that he and Facchiano could have committed the crimes with which they were accused.

"I tell you, if we pull the trigger, we woulda fell on the floor," alleged Genovese capo John "Buster" Ardito told an associate wearing a wire for the FBI, according to Capeci.

Facchiano is free on his personal recognizance and a signature bond, said McComb. He is living with a daughter in upscale Bal Harbour, and will not speak to the media until his case is resolved, McComb said.

Neither the Federal Bureau of Prisons nor the Justice Department's Bureau of Justice Statistics could say definitively that there are no prisoners as old as Facchiano currently incarcerated. But officials at both offices, as well as McComb, speculated that the 96-year-old was the nation's oldest alleged criminal.

"We don't have that information. We would need a database of every single prisoner incarcerated in the United States and we don't" have one, said Justice Department statistician Paige Harrison. She noted that less than half of 1% of the country's 1.5 million prisoners are older than 55 — the highest age category on which the department keeps statistics — "so if you start getting into 'older than 80' or 'older than 90,' you're talking about really, really small numbers."

If convicted, Facchiano, also known as "Chinky," could confront a prison sentence of as much as 60 years and fines up to $750,000, according to the federal prosecution statement issued at the time of his indictment. Even then, age alone isn't expected to be a factor in determining the length of time he serves.

"There are some jurisdictions that do compassionate releases based on illness, which may be coupled with the age factor," Harrison said. "But they're not going to release anyone simply because they're old."

Advocates of sentencing reform contend there would be little purpose in imprisoning a man of Facchiano's age.

"What benefit is society going to get from incarcerating an individual who is 96 years old? Does he demonstrate a threat to anyone? If the answer is no, the question is whether there are other means of addressing his sentencing other than prison," said Ryan King, policy analyst for the Washington-based Sentencing Project, a nonprofit group that urges alternatives to incarceration in cases with extenuating circumstances.

"If an individual is elderly and offers less of a threat of escape or other risks, he could be put in a lower-security facility" or allowed to serve his time under house arrest or electronic supervision, King added. "I'm not saying if an individual is found guilty, he shouldn't be given some sort of punishment — the question is, what kind of punishment is appropriate?"

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CIVIL RIGHTS:

The End Of An Era For Marion County Schools (OCALASB)

By Joe Callahan, STAR-BANNER

Ocala (FL) Star-Banner, January 14, 2007

Officials expect longstanding desegregation order will end

OCALA - Marion County Public Schools likely will be released from a 28-year-old federal desegregation order Tuesday when they head back to the U.S. District Court in Jacksonville and ask that the order be lifted, according to the School District's attorney.

Department of Justice officials also will ask U.S. District Judge Harvey E. Schlesinger to give Marion County unitary status, meaning it will no longer be under the government's microscope, said Michael W. Kirk, the Washington, D.C.-based attorney representing Marion County.

There are 15,000 school districts in the country and fewer than 3 percent, or 280 districts, are still under court orders, including Marion County. Another 120 districts are affected by individual lawsuits.

Justice officials inspected area schools last year, and Kirk said they seem satisfied. He said Marion's public schools have complied with all requirements, including recruiting minority teachers, balancing of race in schools and stopping student and teacher transfers.

The Justice Department did not return calls for comment.

Kirk said he believes Schlesinger will uphold the school district's request. Tuesday's 10:30 a.m. hearing may only last a few hours.

Kirk said many statistics show progress and an independent review by the Star-Banner indicates Marion County ranks second out of medium-sized Florida school districts (25,000-49,999 students) in the ratio of minority students per minority teacher.

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Only Leon County, which had a ratio of 1 minority teacher per 79.3 minority students, was better than Marion County's 93.4, which is roughly the state average.

"That just shows you the effort they have made," Kirk said.

The federal lawsuit, first filed by the federal government in 1978, was modified in 1995 and again two years ago when Marion failed to prove it was in compliance.

The school system has not reached the required 25 percent minority makeup of faculty. However, Justice officials recognize that minorities tend to go to larger districts for better pay.

Minority teachers now total 19 percent of the faculty, which is 50 percent greater than the state average in similar-size districts.

Even during a time when there is an overall teacher shortage, recruiters were still able to sign up 105 new minority teachers for this school year, or 23 percent of all hires.

The court order also required that all elementary school faculties be within 5 percentage points of the 25 percent goal and secondary schools be within 10 percentage points.

Of the 43 schools, all but six met the goals in March, and all the schools were within 15 percentage points of the overall goal.

When it comes to students, 22 of 27 elementary schools, eight of nine middle schools and all high schools were within the racial balance criteria.

The schools not meeting the goals fall under court exemptions because the schools are considered rural or have been affected by demographic shifts.

Diana Greene, the school system superintendent in charge of making sure conditions of the desegregation order are met, said she is pleased with the progress.

"Everything has been done," said Greene, adding it will be up to the school administration and School Board to make sure they stay on the road after they are declared unitary.

School Board member Sue Mosley said many parents, students and teachers have been affected by the desegregation order, especially when it comes to transfers.

"We have done everything we have been asked," Mosley said. "It will be great when we are lifted out from underneath this."

School Board officials know, however, that they will have to continue operating as if the desegregation order is still in effect. But the lifting of the order will mean some freedom.

"It will finally give us back our autonomy," School Board member Kurt Kelly said. "When it comes right down to it, we will continue in good faith to maintain the intent of the order."

Ron Crawford, the senior Marion County School Board member and chairman, said he is pleased that the order that has been hovering over Marion County is almost gone.

"It's something that has been with us since I started on the board eight years ago," Crawford said. "I am glad this was completed under my watch."

Retired Dunnellon High School Principal Bobby James, however, said that even though Marion County may get unitary status more work still needs to be done.

James, who launched his career in the 1971-72 school year, said he believes school administrators need to make a concerted effort to recruit a proper balance of qualified minority students into honors or advanced placement courses.

"If you really want to truly know if you have an integrated school system, then look at the racial balances in these honors courses," he said. "There are very few blacks or other minorities for that matter. These classes tend to be for the wealthy white kids. That is one area that needs to be looked into."

Crawford said he wasn't aware of such imbalances and urges anyone with concerns to address the School Board.

Meanwhile, Marion Lenon, who retired as an assistant principal at Fort King Middle School last May, remembers when he started teaching in 1971-72 school year.

Lenon was one of the first black teachers to experience integration, an experience he will never forget. Back then, he was assigned to a predominately white middle school.

Lenon, who has seen the school system grow throughout the years, saluted Superintendent of Schools Jim Yancey and Greene for their work in hopes of getting the order removed.

"Mr. Yancey and Diana Greene did an excellent job in stepping up and getting this resolved," Lenon said. "You can't blame them for something that happened that long ago. In fact, they are the ones who wanted to fight to get this off our shoulders."

From 1983 to 1995, not much was done to comply with the desegregation order. Then in 1995, U.S. Justice officials brought Marion County back to court.

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But still, not much headway was being made.

When Jim Yancey became superintendent in 2003, he made meeting the conditions of the desegregation order a top priority, and he assigned Greene the job of spearheading the oversight.

"I really do feel we should have been released from the order in 2003," Yancey said, adding the numbers are basically the same now as back then. "We will be glad to get unitary status."

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Reports: Reviews Rarely Find Fault With Police Use Of Force (AP)

AP, January 14, 2007

Internal reviews and grand jury investigations rarely find fault with police officers who fire their guns or otherwise use force in making arrests, newspapers in Cleveland and Columbus reported.

Departments rarely involve outside reviewing agencies and records often reveal only scant details about the incidents, The Columbus Dispatch and The (Cleveland) Plain Dealer reported on Sunday.

All 4,427 uses of non-deadly force by Cleveland police were ruled justified in a nearly three-year period from 2003 through last September. One case involving an off-duty officer using pepper spray was deemed "inappropriate" but justified, The Plain Dealer reported.

The investigations were done by district supervisors who directly oversee the officers involved - a practice that the U.S. Justice Department warned the city in 2002 could create a conflict of interest.

The Dispatch reviewed 112 police shootings in Columbus from 1996 through 2005. Of those, six ended with rulings that officers violated department policy. One was fired. Franklin County grand juries independently reviewed only the 25 shootings that resulted in deaths. Most 2006 cases are still under review.

The newspapers noted either missing records or a dearth of public information.

About 30 percent of the cases reviewed by The Plain Dealer - after making a database from 238,000 electronic records and 2,000 paper ones including arrests, use of force reports and citizen complaints - were incorrectly logged or had missing records. The department itself was not analyzing data or tracking which officers used force most often.

"How do you look for patterns or trends if you're not even paying attention to it?" said Geoffrey Alpert, who studies law enforcement at the University of South Carolina.

The newspaper said Patrolman Martin Rudin used non-deadly force in 36 incidents, or 12 percent of his arrests over the 44 months reviewed - and the most among the department's 1,600 officers. Rudin also was involved in three shootings from 1990 to 2004. One shooting killed the suspect.

Rudin said he patrols dangerous areas overnight and follows department rules. The police union also defended his record.

"In a perfect world, bad guys would stop and put their hands behind their backs," said Steve Loomis, president of the Cleveland Police Patrolmen's Association. "The reality is they don't. They run, they fight, they spit, they shoot."

Cleveland Police Chief Michael McGrath has ordered officers to keep complete and accurate records and start analyzing data to look for officers who most frequently use force and attract complaints. Police officials also said they would simplify the form officers use to report incidents so fewer mistakes are made while entering data.

Columbus police say the few cases of unjustified shootings show good training for the city's 1,870 officers. Police say suspects threatened officers with a weapon or vehicle in 85 percent of the shootings.

However, the department routinely keeps secret all but the most basic details of the shootings, the Dispatch reported.

Officer James Scanlon, who was involved in two shootings in the 10-year period reviewed, said the department should release more information. He said friends and relatives of the suspects often fill in the gaps with rumor, and officers already under stress then face criticism without a public response from their bosses.

"The brass could be more proactive by coming out with enough to counter some of the misinformation, a few facts that would indicate the officers did what they had to do," Scanlon said. "The facts are always going to benefit us."

Fred Gittes, a Columbus civil-rights attorney and frequent police critic, said a citizen commission to review officers' use of force would boost public confidence.

"Police policing the police doesn't work very well," he said. "And a grand jury isn't a substitute for an independent review. It's all done in secret."

In Cincinnati, where a police slaying of an unarmed black man in 2001 triggered rioting, the department has agreed to use a court-appointed outside monitor to review its traffic stops and use-of-force policies as part of a 2002 settlement of a racial profiling lawsuit.

Cleveland Police Always Justify Using Force (CLPD)

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By Gabriel Baird, Plain Dealer Reporter

The Cleveland Plain Dealer, January 14, 2007

Cleveland police supervisors reviewed 4,427 incidents in which police used non-deadly force in the last four years and determined the officers were justified in every case.

The only way police could rule that every single use-of-force incident was justified, some experts said, was to rubber-stamp rather than to investigate them.

Dennis J. Kenney, a professor at the John Jay College of Criminal Justice in New York who specializes in police use of force, said that either Cleveland's officers are unbelievably well-trained or their investigations are cursory.

His opinion echoed criticism the U.S. Department of Justice leveled against Cleveland police. In 2000, the Justice Department opened an investigation into whether the city's police routinely violated citizens' constitutional rights.

After two years of investigating, they found widespread problems with police guidelines for using force and investigating these incidents.

The chief of the Justice Department's Special Litigation Section lambasted Cleveland police in a 2002 letter, questioning "the competency, thoroughness, and impartiality of use of force investigations."

To avoid the possibility of federal sanctions suffered by other cities, Cleveland police promised improvements.

"The Division of Police made the changes the Department of Justice asked us to make," Chief Michael McGrath said. "They decided we took the appropriate steps."

Still, more than four years later, many of the problems persist.

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'Shots Fired' (COLDISP)

By John Futty, THE COLUMBUS DISPATCH

Columbus Dispatch, January 14, 2007

Columbus police are stingy with records of police shootings, but reports indicate officers who pull the trigger almost always get it right

Columbus police officers who shoot someone are almost always justified in the eyes of their supervisors.

Most 2006 cases, including two in November in which officers killed suspects, are under review. In 112 shootings from 1996 through 2005, six officers violated division policies, according to records reviewed by The Dispatch. One was fired.

None of the 153 officers was charged with a crime. The 25 shootings that resulted in deaths were reviewed by Franklin County grand juries; nonfatal shootings are rarely reviewed independently as in some other cities.

Police brass say the dearth of unjustified shootings reflects good training and restraint by the city's 1,870 officers. But few people, even within police ranks, know case details or how often officers are cleared because the division is so secretive. It routinely withholds all but basic details. Even officers' names are usually not disclosed until a day or two after the incident.

The division can take years to fulfill simple records requests. To conduct this study, The Dispatch filed its first request for public records more than 2½ years ago.

"I don't believe they are saying enough," said Officer James Scanlon, who was involved in two shootings during the decade and a fatal shooting in 1991, all as a member of the SWAT team. "There is a void."

An analysis of the 112 officerinvolved shootings from the past decade found little evidence to refute that most were justified. The review identified only four cases in which officers fired at a suspect under the mistaken impression that the person was armed. All were ruled justified.

Deadly-force expert Tom Aveni said that statistic "would suggest to me that they are better than the national average. I'd have to say they're doing something right."

Too often, Scanlon said, the information void is filled by misinformation and criticism from friends and relatives of those shot by police. Officers, often traumatized by the experience, face additional stress when they are second-guessed by the public without response from police officials, he said.

"The brass could be more proactive by coming out with enough to counter some of the misinformation, a few facts that would indicate the officers did what they had to do," Scanlon said. "The facts are always going to benefit us."

Lack of information is one of the biggest frustrations for relatives of those who die in police shootings, said Fred Gittes, a Columbus civil-rights lawyer.

"They are desperately trying to piece things together, but they are operating in the dark," he said. "The police don't even tell the family as much as they tell (the media)."

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Officer Jim Gilbert, a 10-year veteran who was involved in a fatal shooting in 2000, was elected president of the local police union last month with a campaign pledge to be a more vocal supporter of officers.

"It is up to the union to step up and speak for the officers involved because the division has shown they're not going to do it," said Gilbert, who heads Fraternal Order of Police Capital City Lodge No. 9.

Deputy Chief John Rockwell said police administrators have no choice but to limit the information released while an officer-involved shooting is under investigation.

"It's a dilemma for us. We want to get information out as quickly as possible, to put people at ease," he said, "but there are concerns about jeopardizing the case."

In response to Dispatch questions raised during interviews for this story, the division began issuing news releases last month to report the outcome of its investigations of officerinvolved shootings.

Similar questions prompted Franklin County Prosecutor Ron O'Brien to say that his office, which presents all fatal officer-involved shootings to a grand jury, will issue news releases to announce grand-jury decisions.

Other communities do more. In Denver, which boasts of the most-open officer-involvedshooting protocol in the country, the district attorney reviews police shootings that injure or kill someone and then issues a letter explaining the case and whether charges will be filed. After an internal investigation, the Denver public-safety manager issues a more detailed report and says whether the shooting followed policy.

"We try to make the process as transparent as possible," said Chuck Lepley, first assistant district attorney. "It's for the protection of the officer as much as anyone."

In Columbus, police have been slow to respond to requests for information from past shooting investigations.

In August 2004, The Dispatch first asked to review the division's investigative files on police shootings, and it took 2½ years for the division to make available all files from 2003 and 2004.

The Dispatch also filed a series of public-records requests in search of a comprehensive accounting of the decade's shootings. Some records from the 1990s no longer exist, including many of the decision letters from the Firearms Board of Inquiry, which reviews shootings by officers.

Aveni, co-founder of the Police Policy Studies Center in Spofford, N.H., said most police officials distrust the news media and resist providing information about officerinvolved shootings.

"There is a mistaken belief that a lot of this stuff will be misconstrued, and that when it appears in the media, it will paint a negative picture of the way police use deadly force," he said.

"Just the opposite is true. Most studies show that the use of force is very judicious and very infrequent."

Deadly force appears to be a last resort for Columbus officers. In 2005, 17 officer-involved shootings occurred — the highest annual total of the decade. That year, one in every 68,548 Columbus police incidents resulted in officers firing shots.

Officers reported using force 2,957 times that year. They fired their weapons in less than onehalf of 1 percent of those cases.

The most fatal shootings by officers during one year in that decade was six, in 2000. That number was matched in 2006, but those cases, along with eight nonfatal shootings, were not included in the Dispatch review because several remain under investigation.

A majority of the people shot at by police during the decade were black, which is in line with the demographics encountered by officers investigating violent crime, officials said.

"High-crime areas have a high population of blacks," said Columbus Police Chief James G. Jackson, who is black.

Of the people shot at by officers during the decade whose identities were available through public records, 64 percent were black, 32 percent white, 2 percent Hispanic and 2 percent Asian.

Of the 25 who died, 12 were white, 11 black and two Hispanic.

Of the 153 officers involved in shootings during the decade, 88 percent were white. The police force is 86 percent white, the safety director's office says.

Sgt. Dana Winship, a firearms supervisor, said the division strives to provide firearms training for each officer four times a year. In addition to shooting at stationary targets and qualifying with their weapons annually, officers might be sent through a maze where they face pop-up targets that represent threats, other officers or innocent bystanders.

"It's all about decision-making," he said. "Once you have identified a threat, what is your next step? "

Whenever an officer shoots at someone, members of the division's Critical Incident Response Team investigate. The team of 10 experienced homicide detectives and two sergeants was created more than a decade ago.

"It used to be that some of these investigations were done by street lieutenants with very little experience and few resources," said detective James McCoskey, one of the team's founding members. "Some of those investigations got screwed

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up. We started talking about putting together our most senior investigators (to give) street officers the best investigations we can."

With oversight from the division's internal affairs bureau, the team interviews officers and all witnesses at the scene. Crime-scene and ballistic specialists investigate all shootings, and the coroner's office investigates deaths.

The result is an investigative packet that can number hundreds of pages and goes to the Firearms Board of Inquiry, which comprises three commanders. In fatal shootings, the packet first goes to the prosecutor's office for grand jury review.

Firearms Board members offer an opinion about whether the shooting followed policy. That opinion is reviewed by the officer's chain of command, with a deputy chief making the final decision.

Since 2000, the earliest year for which complete records are available, the average investigation has taken nearly seven months. One case from October 2005 is still being reviewed by the Firearms Board.

It's worse elsewhere. In Cleveland, where the city law director decides whether to file criminal charges, some cases languished so long that the mayor called in a special prosecutor last year to review five shootings, one of them 2 years old.

Columbus police officials say the length of their investigations results from a thoroughness that makes a cover-up unlikely.

"There is so much oversight by so many different units within the division, plus the coroner's office and the prosecutor's office when there is a death," said Paul Denton, a former Columbus police commander who became chief of the Ohio State University Police Department in November. "You'd have to have a large conspiracy to think that anyone could taint an investigation of that type."

Division policy permits officers to use deadly force when they "have reason to believe the response is objectively reasonable to protect themselves or others from the imminent threat of death or serious physical harm."

And case law gives officers much leeway when they shoot because of a perceived threat. The U.S. Supreme Court, in the 1989 Graham vs. Connor decision, ruled that police actions must be judged against how a reasonable officer would act under the same circumstances, "rather than with the 20/20 vision of hindsight."

A 1994 ruling by the 4 th Circuit Court of Appeals said the court "will not second-guess the split-second judgment of a trained police officer merely because that judgment turns out to be mistaken, particularly where inaction could result in death or serious injury to the officer or others."

Gittes, a frequent critic of police misconduct, conceded that most officer-involved shootings are justified.

"Other kinds of force are a much bigger problem," he said. "Officers are more willing to use other kinds of force because the consequences are not as serious."

He is among those who say a citizen-review commission is the only way to ensure public confidence in investigations of deadly force.

"Police policing the police doesn't work very well," he said. "And a grand jury isn't a substitute for an independent review. It's all done in secret."

Division and FOP leaders have opposed a citizen commission, and only a minority of City Council members have expressed interest in the idea.

"I believe it can be a useful tool if done the right way," said Councilman Kevin Boyce. "So far, there hasn't been the right proposal."

Scanlon said the current system is daunting enough that it likely causes officers to hesitate before pulling the trigger.

"In this day and age, the aftermath is in the back of the officer's mind," he said. "They know what they'll go through. You hope that officers put that out of their mind in a deadlyforce situation, but it's always there."

Rockwell said the restraint shown by officers who find themselves in potentially lifethreatening situations is difficult to measure.

"How many officers could use deadly force and don't? " he asked. "There is no statistic for that."

Revival Of Akaka Bill Planned (HSB)

By Richard Borreca

Honolulu Star-Bulletin, January 14, 2007

The congressman is optimistic about its passage with the new Democratic majority

WASHINGTON » U.S. Sen. Daniel Akaka will again seek passage of a native Hawaiian recognition bill possibly as early as this week, some seven months after a procedural defeat on the Senate floor.

Cheered by his new Democratic majority, Akaka was rounding up signatures of both new and old supporters last week. As soon as he gets what is a politically viable number, Akaka said, he will introduce the so-called Akaka Bill.

"I wanted to drop (introduce) it this week, but there were some members I wanted for co-sponsor," Akaka said Friday.

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ON ASSIGNMENTHonolulu Star-Bulletin Capitol Bureau Chief Richard Borreca will be filing reports from Washington, D.C., all this week on Hawaii's congressional delegation as the new Democratic majority in Congress takes power.

Last year, Akaka had the backing of the Democrats, but was not able to get the 60 votes needed to stop a GOP filibuster of the measure and bring it to the floor for a vote.

Haunani Apoliona, Office of Hawaiian Affairs chairwoman, said, "It's good news that immediate introduction will be occurring."

She added: "We look forward to passage early rather than later in 2007. There's a lot at stake for the present and future of native Hawaiians."

Because it is a new piece of legislation this year, the Akaka Bill will have to go back to committee. Akaka said he is confident it will get a good reception at the Indian Affairs committee, because the new Democratic chairman, Sen. Byron Dorgan, D-N.D., "is excited about getting the bill passed."

Akaka's timetable is to have the Hawaiian recognition bill clear the Senate by as early as March. It would then have to be approved by the House before it could go to President Bush.

The measure has had a confusing legislative history since it was first introduced by Akaka and fellow Hawaii Democrat Sen. Daniel Inouye in 2000.

The bill, officially called the Hawaiian Government Reorganization Act, would recognize native Hawaiians' status as an indigenous people, and establish a process for official U.S. recognition of a future native Hawaiian representative body.

Akaka said he is optimistic after six years of delays as the bill was rejected or stalled by GOP opponents, and then blocked by a last-minute letter of objections from the Justice Department last year.

"I would say we are better off, and we are in the majority. We will have a better chance working with the majority," Akaka said.

Last year, Akaka and the administration of Republican Gov. Linda Lingle, which also supports the bill, negotiated much of the summer to meet objections from the White House and the Justice Department.

To get the bill to the floor for a vote, Akaka and Lingle had agreed to a series of amendments, which legal consultants said wouldn't change the impact of the measure, but would make it palatable to the GOP administration.

Charles Wilkinson, a University of Colorado law professor, wrote last year that the proposed amendments would still accomplish the bill's purpose.

"Without question, the central thrust of the bill -- especially the overarching goal of establishing a sovereign native Hawaii government, recognized by the United States and assuming responsibility for the significant financial and land resources currently administered by state agencies -- remains completely intact," Wilkinson said in an opinion posted on the OHA Web site.

Opponents have said the Akaka Bill illegally discriminates in favor of one race and would not be constitutional, while supporters say the bill is about the former Hawaiian nation and not an ethnic group.

Akaka said his plan is to introduce a bill that incorporates the amendments, and that should be more convincing to opponents.

"The bill will include the substitute amendments that the Justice Department and the administration had concerns about," Akaka said in an interview here.

"I think the substitute amendments will show that they had a hand in this and they can't say it is unconstitutional because this bill indicates they just wanted some clarifications and they are in the bill," he said.

FBI/DEA/ATF/USMS:

DEA Reportedly Wants 3 New Offices Along Border (SAEN)

By Mariano Castillo, Express-News Border Bureau

San Antonio Express-News, January 14, 2007

LAREDO — Reports that the Drug Enforcement Administration has asked the Mexican government to approve new DEA offices along the border abound, but officials on both sides of the border are keeping mum on the details.

The DEA wants to expand its presence in Mexico by placing agents in offices in the border cities of Matamoros , Nuevo Laredo and Nogales , the Mexico City newspaper Reforma and the Houston Chronicle reported, citing anonymous officials.

“DEA has a very strong relationship with Mexican authorities, but any talk of new offices is premature,” agency spokesman Steve Robertson said. “No decision has been made yet.”

But privately, agents along the border are excited and are following the developments closely, a border law enforcement source said.

The proposed offices would cost about $4.5 million a year and would be staffed by five to seven people each, the Houston Chronicle reported.

If the plan is approved, it would place U.S. agents in an area plagued by drug-related violence for much of the past three years.

Matamoros and Nuevo Laredo are strongholds for the Gulf Cartel, and violence regularly flares up in the region as other criminal organizations battle for the same smuggling routes into the United States.

The DEA already has a large presence in Mexico, with offices in Mexico City, Guadalajara, Hermosillo, Mazatlan and Monterrey . According to the agency, it has 62 special agents, 19 intelligence specialists and two chemists in Mexico.

Citing Mexican diplomatic sources, Reforma reported the U.S. government's request was under review by the offices of Mexico's secretary of foreign relations and attorney general.

But officially, authorities have made no public comment about a request.

At an impromptu news conference in Mexico City on Monday, Mexico's secretary of foreign relations, Patricia Espinosa , said she had no information on the DEA request when asked about it, spokeswoman Amparo Hernandez said.

Hernandez declined to comment beyond what Espinosa told reporters.

News of the planned expansion coincided with a visit to Mexico by U.S. Attorney General Alberto Gonzales , who met with his counterpart, Eduardo Medina Mora , on Thursday.

In remarks after their meeting, Gonzales touted the need for expanded cooperation but didn't mention the request for more U.S. agents in Mexico.

“Clearly, Mexico and the United States have a shared responsibility to make our communities safer from the drug traffickers and criminals who are threatening our way of life,” Gonzales said. “Both Attorney General Medina Mora and I wholeheartedly agree that our law enforcement officials must be able to cooperate with one another on a broader scale and in an atmosphere of mutual trust if we are going to be able to turn back the tide of recent violence and crime that so adversely affects us all.”

Once Its Star, Agent Assails ATF (AZREP)

By Dennis Wagner, The Arizona Republic

Arizona Republic, January 14, 2007

Leaders dispute picture of a bureau run amok

Jay Dobyns is no stranger to dangerous adversaries.

Within days of becoming a sworn agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives, Dobyns was taken hostage and shot during a Tucson sting operation.

A year later, he was run over by gangsters in a getaway car.

advertisement

Since then, he has gone undercover to bust bombmakers, murderers, drug dealers, gunrunners and prison thugs. Three years ago, he infiltrated the Hells Angels so completely that he was offered membership in the biker club.

Now, after nearly two decades of service, after being praised by ATF as a hero and earning national awards, the man known as "Jaybird" is battling his most formidable foe yet: his employer.

Dobyns, 45, is one of dozens of current and former agents to allege mismanagement and misconduct in the ATF, a federal agency responsible for enforcing America's gun laws and preventing terrorist bombings. More than a dozen lawsuits, administrative claims, grievances, ATF documents and letters to Congress reviewed by The Arizona Republic accused administrators of betraying their own field investigators and operatives out of arrogance or incompetence.

A 2006 inspector general's report also found that the agency was plagued by poor management and questionable judgment. The ATF director resigned amid the inspector general's investigation. But agents, lawyers and experts say problems persist, and if left unchecked, a troubled agency will continue to spin out of control.

"The public needs to know," said Kay Kubicki, a Detroit attorney and former agent who has represented about 25 ATF employees in cases against the bureau, winning half of them and obtaining settlements in some others. "This has a lot to do with homeland security."

Life undercover, under fire Jay Dobyns is a picture-perfect undercover man.

Tough and profane, he wears a pointy goatee and silver rings on all his fingers. He is heavily tattooed. And he keeps a dark wool cap pulled low to the brow.

All this, even when he is not trying to infiltrate the Hells Angels or take part in some sting operation.

Dobyns, among the most celebrated agents within the Bureau of Alcohol, Tobacco, Firearms and Explosives, has lived on the edge from the beginning of his career.

In 1988, 10 days after getting his shield, Dobyns was part of a task force chasing an ex-con on foot. Near a Tucson trailer park, the felon took Dobyns hostage at gunpoint. The rookie agent was dragged into a car as other agents converged.

Dobyns described the incident in Angels of Death, a book published last year. He said it was clear he was going to be killed if he let the crook drive away, and he preferred to die among friends. So he tried to escape and took a bullet in the back as the criminal was gunned down.

"I was lying on the desert thinking, 'I got shot before I even got my first paycheck.' "

Dobyns survived and, one year later, got into another shootout while on duty in Chicago. This time, as described in Angels of Death, he was working a sting on gunrunners. As the takedown began, two suspects leaped into a car and drove directly at Dobyns.

He opened fire, wounding the driver. But Dobyns was still knocked through the air - and back into the hospital.

Claims of abuse In grievances filed with the ATF, Dobyns claimed the agency failed to protect him when he was threatened in the line of duty and then harassed him when he complained about the lack of security. He has submitted a multimillion-dollar claim alleging the bureau ignored death threats against him and his family.

According to a grievance Dobyns filed in May, ATF administrators sought to undermine his credibility by spreading false allegations that he was psychologically unfit for duty and a danger to himself or others. Dobyns alleged in that 83-page record that he was subjected to unwanted transfers, denied security, accused of fraud and blocked from getting a Medal of Valor.

In internal probes, the ATF has dismissed most of Dobyns' complaints.

Dobyns' allegations were lodged first in ATF grievances, followed by complaints to the Justice Department's Inspector General's Office, the Equal Employment Opportunity Commission and members of Congress. According to those filings, the conflict escalated as Dobyns challenged bosses, complaining up the chain of command.

Other bureau employees, some of whom have similar problems with the ATF, say Dobyns' transformation from hero to scapegoat is just one example of mismanagement that pervades the agency.

ATF Acting Director Michael J. Sullivan declined to speak about Dobyns' complaints, related investigations or allegations about the agency but said he believes the bureau is "working very hard to carry out a mission on behalf of the American people."

Sullivan believes no other federal law enforcement agency provides taxpayers with a greater return per agent when it comes to arrests and convictions. Field agents, he said, make that possible.

Their security "should be one of our highest priorities," Sullivan said. "This is their agency. . . . If there are things that aren't working well, we should know that and do everything we can to correct it."

But Kubicki claimed managers routinely abuse their authority and are more interested in self-promotion than ATF's mission. "There's a saying in ATF: 'Big cases, big problems. Little cases, little problems. No cases, no problems,' " she said. "But you're supposed to do big cases in the federal government."

Others say the ATF, with about 5,000 employees and a $980 million budget, is foundering due to ethical failures, rogue investigations, spending abuses and decaying morale.

Vincent Cefalu of Modesto, Calif., a 20-year agent with grievances pending, recently sent a letter to Sullivan complaining about "unethical practices and widespread distrust."

Cefalu accused administrators of "wasting thousands of man-hours and millions of dollars" because internal investigations are mismanaged.

Billy Queen, a former agent who wrote Under and Alone, a book about his infiltration of the Mongols biker gang, said he retired in 2003 after enduring four years of harassment from ATF administration. Queen said he still loves the bureau but believes it is beleaguered by incompetent bully managers.

Such criticisms are supported, at least in part, by the government. A 173-page inspector general's report faulted former ATF Director Carl Truscott, who resigned in August, for misconduct.

Among the conclusions: Truscott overspent on a lavish new headquarters, improperly used employees to help with his nephew's high school documentary and squandered resources on a personal protection team. Perhaps more telling than that behavior, according to the report, was Truscott's dishonesty and finger-pointing when confronted.

The inspector general's probe was prompted by an anonymous letter written by midlevel managers at the ATF, assailing their boss. In the aftermath, line agents wrote a second letter saying those supervisors were equally guilty of mismanagement.

The condemnations are hardly new. In a blistering 1995 report, Time magazine described the ATF as "the most hated federal agency in America . . . a divided and troubled agency far more likely to abuse the rights of its own employees than those of law-abiding citizens." The overall finding: The ATF's in-house scandals and abuses impaired its law enforcement mission.

ATF missteps Last month, Dobyns' attorney, James B. Reed of Phoenix, filed a $3.3 million claim, preliminary to a lawsuit, with ATF headquarters.

Reed wrote that Dobyns was damaged by over 50 acts of "mismanagement, retaliation, harassment and defamation."

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An 83-page grievance submitted in May to Edgar Domenech, ATF deputy director, said the problems started after a series of murder plots against Dobyns by the Hells Angels and other criminal outfits.

The grievance said that after the threats came in, the ATF's Office of Operations Security prepared a risk analysis, placing the danger level at "critical." A list of safety measures was drawn up. Yet, according to Dobyns' filings, administrators disputed the danger and denied protections.

"The ATF Field Division was clearly aware of threats," Dobyns wrote in his grievance. "This apathetic attitude . . . is, at a minimum, malfeasance of their office and a dereliction of their duties."

In one instance, Dobyns claimed, the ATF failed to warn him that a prison inmate had discussed plans to kill him and torture his teenage daughter.

"I have served ATF faithfully for over 19 years," Dobyns wrote. "For this, I have been subjected to a calculated attack by members of ATF management."

In a Nov. 20 letter to Dobyns marked, "Notice of grievance decision," Domenech said "many parts of ATF failed to maintain open and effective communication with you" regarding threats. He also acknowledged "significant issues in carrying out appropriate risk assessment procedures."

Despite that, Domenech concluded, the mistakes were unintentional, and the bureau had "implemented new policies and procedures to redouble its efforts in this regard."

"Therefore," Domenech said, "the personal relief that you seek . . . hereby is denied."

Dobyns, now on leave from the bureau, declined to publicly discuss details of his case beyond an e-mail statement:

"I have been honored to serve ATF. . . . Unfortunately, a wide gap has evolved between the management of the bureau and its front-line field agents. I have high hopes that our new acting director will be able to close that gap."

"I am now a man without a country," Dobyns added. "I am up against the crime syndicate that I infiltrated and the agency that abandoned me. . . . My family lives in fear."

Sheree Mixell, an ATF spokeswoman, said the bureau does not discuss pending investigations or personnel issues. But she noted that in a 2004 survey by the U.S. Office of Personnel Management, the ATF finished first among federal law enforcement agencies in employee satisfaction.

Bureau's star player For most of his life, Jay Dobyns seemed comfortable living on the edge.

At the University of Arizona, he was a star wide receiver, featured on the cover of the Wildcats team program in 1984.

After playing briefly in the Canadian league and now-defunct World Football League, Dobyns looked for an alternative career. Miami Vice lured him into law enforcement, and he chose the ATF because of its Gonzo-style investigations.

Over 18 years, Dobyns, tough, frenetic and profane, worked the Oklahoma City bombing case and the Sept. 11 terrorist attacks. He captured a Mexican drug-cartel kingpin, busted Aryan Brotherhood gangsters and bought hand grenades from the Mexican Mafia.

Finally, he infiltrated the Hells Angels in the Arizona case known as Operation Black Biscuit. Dobyns and several other operatives went underground for 21 months in one of the ATF's largest undercover investigations. It resulted in the indictment of 16 members and associates of the biker club.

But a strange thing happened once the charges got into court. ATF agents and federal prosecutors turned on one another.

Explanations are conflicting. By one account, ATF agents failed to tell the U.S. Attorney's Office about key evidence and informers. By another, prosecutors received the materials but withheld them.

Either way, the case collapsed last year. Most Arizona defendants were set free. The government dropped its key charge that the Hells Angels club is a racketeering enterprise. A Las Vegas trial ended with ignominy when the Hells Angels claimed victory.

ATF embarrassment grew.

And accusations about mismanagement in the agency mounted.

Amid the turmoil, a key informer named James "Pops" Blankenship went public, telling The Arizona Republic that Black Biscuit was a rogue operation. His allegations were followed by a $1 million lawsuit filed in U.S. District Court two months ago, claiming the ATF endangered his life, ruined him financially and misled him about the government's witness protection program.

The bureau has not responded.

Living in fear Today, Blankenship is in hiding and at odds with the ATF.

Dobyns has moved his family and taken an alias. His damage claim listed a new threat allegedly issued by a Hells Angels member awaiting trial for murder. The claim said the inmate wrote jail mail to an associate describing how Dobyns could "end up getting AIDS from a dirty needle and die a slow miserable death . . . (or) he will get a bad dose of steroids, send a blood clot to his brain, have a stroke and be (expletive) retarded." There was also graphic wording about how Dobyns' wife could be tortured.

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The damage claim said ATF supervisors learned of that threat just days before Domenech promised reforms yet failed to react appropriately.

"This letter is not mere musing by an incarcerated suspect," wrote Reed, Dobyns' attorney. "(The inmate) has demonstrated the ability, willingness and resources necessary" to have the acts carried out.

"For an agent who time and again placed his safety and life on the line for his agency, the failure of ATF to take protective measures on that agent's behalf against known, specific and credible threats from known criminals is unacceptable."

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- Dennis Wagner

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IMMIGRATION:

Christian Groups Torn Over Illegals (WT)

By Natasha Altamirano

The Washington Times, January 14, 2007

Evangelical Christians say the issue of illegal aliens in the United States often creates a conflict between their allegiance to the Gospels and their loyalty to the government.

"On one hand, they really want to minister to people, but on the other hand, [illegal aliens] have broken the law -- and that's a problem for people," said John Clifford Green, a senior fellow at the Pew Forum on Religion and Public Life.

Several conservative Christian groups sent a letter Monday to President Bush asking that his plan to resolve the immigration crisis include strong border security, amnesty for illegals who are related to U.S. citizens and already are in the country and an end to birthright citizenship.

"Whether this will attract majority support among evangelicals remains to be seen," Mr. Green said.

Most evangelicals agree that something needs to be done.

"There's a general acknowledgment that the current system is broken and needs fixing," said the Rev. Richard Cizik, vice president for governmental affairs of the National Association of Evangelicals, an umbrella organization of about 45,000 conservative churches representing about 30 million people. "Our population is growing by leaps and bounds -- often by illegal immigration -- at the expense of those who want to legally enter the country, and that's not right."

The Wheaton, Ill.-based association issued a resolution last October citing the need for secure borders but calling for "immigration reform that reflects human dignity, compassion and justice."

The resolution also cites passages from Scripture admonishing Christians to minister to all people.

"Most evangelicals are caught in between wanting to have responsible border policy with compassion for the alien," Mr. Cizik said. "It makes coming up with a fair balance here very difficult."

At issue, said Mr. Green of the Pew Forum, is a discord between public policy and private action.

"Some evangelicals say, 'We're in favor of stricter law enforcement, but we're not going to turn in people in our community,' " he said.

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Evangelical Christians also have close ties to the Hispanic community in the United States.

"Evangelicals have had so much success evangelizing among immigrants that they have a real sympathy with those communities," Mr. Green said.

Hispanics are one of the fastest-growing segments of evangelical Christianity in America because of high conversion rates in the United States and Latin America and high birthrates among Hispanic evangelicals, said Gaston Espinosa, an assistant professor of religious studies at Claremont McKenna College in California.

"The Latino evangelical community is much more sympathetic to immigration reform ... because a significant percentage of their community is undocumented," said Mr. Espinosa, a specialist on religious trends among Hispanics. "They don't support any sort of proposal that would send them over the border."

There's more consensus on immigration among other faith groups.

The Roman Catholic Church in America traditionally has supported immigrant-friendly policies.

The Virginia Catholic Conference, the lobbying arm of the Catholic dioceses of Arlington and Richmond, supports allowing children of illegal immigrants to attend Virginia's public colleges. The conference also supports localities that wish to establish day-laborer centers for immigrants.

"We provide for the immediate needs for the individual that presents himself or herself," Executive Director Jeff Caruso said. "If someone needs food or shelter, we don't screen for immigration status. We do what Christ asks us to do."

The Jewish Community Relations Council, the lobbying arm of the Jewish community in the Washington region, holds similar policy positions. The council opposes legislation that prohibits illegal immigrants from obtaining public social services.

"Most of our community in Washington can remember when grandparents or great-grandparents came over from Europe and the hostile reason for which they came over," said Debra Linick, a program director who handles Virginia legislation.

CONGRESS-ADMINISTRATION:

Newly In The Minority, G.O.P. Shows Signs Of Division On Iraq And Domestic Policies (NYT)

By Carl Hulse

The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — After years of rock-solid party discipline and fealty to President Bush, Congressional Republicans have suddenly fractured in their new role as members of the minority, with some prominently deserting the White House on Iraq and others bolting from their leadership on popular domestic issues.

“We have got a lot of free agents,” said Senator John Thune, Republican of South Dakota, referring to the Republican backlash over the president’s proposal for a troop increase in Iraq.

Facing as much internal party dissension as he has seen since taking office, Mr. Bush invited Republican leaders of the House and Senate to his Camp David retreat this weekend to plot strategy only days after his plan for a troop buildup ran into scorching Republican resistance on Capitol Hill. While Republican unrest about Iraq was the most visible party division, others were starkly reflected in the ease with which House Democrats pushed through initial elements of their 100-hour legislative program with substantial Republican backing.

Only one House Republican opposed changes in ethics rules. Eighty-two Republicans joined Democrats in approving an increase in the minimum wage; 68 Republicans backed the new majority’s measure that puts into force remaining recommendations of the Sept. 11 commission; 48 supported a return to pay-as-you-go budget rules, and 37 endorsed expanded embryonic stem cell research.

The numbers dipped a bit on Friday, when only two dozen Republicans voted with Democrats to allow the federal government to negotiate Medicare drug prices, an issue where Republican free-market ideology clashes with the Democratic vision of the role of government. But in the often-polarized House, crossing the aisle in such numbers on major legislation is rare.

Equally telling was a little-noticed procedural vote when more than 50 Republicans rejected their party’s alternative to the Democratic minimum wage legislation, normally a statement of party loyalty. “I thought it was a sham,” Representative Peter T. King, Republican of New York, said of his own party’s substitute.

The developments left many wondering whether recent days represented a permanent shift in the relationship between the White House and Congressional Republicans and a long-term weakening of party identity, or whether the combination of the magnitude of the war and the shock of losing the majority has only temporarily altered the terrain.

Democrats were bolstered by the turn of events. “I think we are where the majority of America is, and you are seeing that even on Iraq,” said Representative Steny H. Hoyer of Maryland, the majority leader, who like other Democrats said rank-and-file Republicans were responding to the results from November.

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"I think they recognize that the last election was a call for a new direction, and they don't want to get swept away by that," Representative John B. Larson of Connecticut, a member of the Democratic leadership, said.

Leaders of both parties pointed to the president's poor poll numbers, the unpopularity of the war in Iraq and the pent-up demand for some of the legislative proposals pushed by Democrats as the explanation for the Republican splintering.

Representative Adam H. Putnam of Florida, chairman of the House Republican Conference, said he expected some Republicans flirting with Democrats to return to the fold once the new majority got past its opening legislation and moved to tougher issues.

"The Democratic 'Six for '06' agenda was a very well-polled, message-tested agenda," Mr. Putnam said. "We are not surprised at the level of support they are finding. In past changeovers in Congress, people come in with a lot of momentum."

Mr. Putnam agreed, however, that Republicans were feeling much freer to express concern about Iraq. The harsh comments about the troop plan from well-known Republican critics like Senator Chuck Hagel of Nebraska was one thing. But strong statements coming from less prominent Republicans who have been Bush loyalists were quite another.

"We don't need more American troops caught in the crosshairs of a civil war," Representative Ric Keller of Florida, a usually reliable Bush ally, said on the House floor Thursday night as he laid out his opposition to the troop buildup.

Representative Candice S. Miller, a party stalwart from Michigan, said in her response, "I am extremely hesitant to embrace the president's strategy at this point," citing the lack of a timetable for success.

Republican leaders in the House and Senate are still rallying to Mr. Bush. Senator Mitch McConnell of Kentucky, the minority leader, this week promised to vigorously fight Democratic efforts to bring up a resolution challenging the buildup even as he conceded the political damage the war has inflicted.

"I think the lack of progress in Iraq was the single biggest issue costing my party the House and the Senate," he said.

Mr. McConnell, one of those who was invited to Camp David this weekend, said they "discussed the need to find bold solutions for other big issues."

He and other Republicans believe their best chance is to keep the party as united as possible behind Mr. Bush in hopes of improving conditions in Iraq, while trying to maneuver Democrats into a position where they are caught between their opposition to the war and backing for troops.

It is not going to be easy. Republicans say the past election is looming large in the minds of lawmakers, with the next one looming even larger for some.

"People are probably still a little skittish from Nov. 7, and they are trying to sort through what the voters were telling us," Senator John Cornyn of Texas, a member of the Republican leadership, said. "Obviously people who are in re-election cycle, particularly in tough places in the country, are going to need a little flexibility."

The only comparable episode where Mr. Bush had encountered such rebellion in the ranks was over the administration's approval of a deal to turn over some American port operations to a Dubai company. The administration was forced to relent on that issue.

But Republican leaders have in the past been able to tamp down most discord, arguing that the fates of the president and Congressional Republicans were inextricably linked. And, particularly in the House, there was also a fear of retribution.

There were signs this week that the House Republican leadership was not going to tolerate too much dissension when two lawmakers known for challenging the party orthodoxy — Representatives Jeff Flake of Arizona, a critic of pork-barrel spending, and Walter B. Jones of North Carolina, a war opponent — were denied coveted committee slots.

And Republicans have been quietly building their own political case against Democrats, inserting policies popular with swing voters into their procedural alternatives, hoping to spring them later as 30-second advertisements.

Democrats have their own divisions, with some more liberal members of the party urging an aggressive push against spending on the Iraq war. Others view that as a political blunder that could threaten the majority. For now, the party seems willing to focus on symbolic votes against the buildup, leaving the money fight for later.

And leaving Republican leaders confronting the reality that nervous party members, uncertain of Mr. Bush's handling of the war and their own party's legislative appeal, are no longer so tightly bound to the cause.

"Everybody is scared spitless," Mr. Thune, the South Dakota senator, said.

House GOP Shows Its Fractiousness In The Minority (WP)

By Jonathan Weisman

The Washington Post, January 14, 2007

House Republican leaders, who confidently predicted they would drive a wedge through the new Democratic majority, have found their own party splintering, with Republican lawmakers siding with Democrats in droves on the House's opening legislative blitz.

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Freed from the pressures of being the majority and from the heavy hand of former leaders including retired representative Tom DeLay (R-Tex.), many back-bench Republicans are showing themselves to be more moderate than their conservative leadership and increasingly mindful of shifting voter sentiment. The closest vote last week -- Friday's push to require the federal government to negotiate lower drug prices for Medicare -- pulled 24 Republicans. The Democrats' homeland security bill attracted 68 Republicans, the minimum wage increase 82.

"You're freer to vote your conscience," said Rep. Jo Anne Emerson (R-Mo.), who received an 88 percent voting record from the American Conservative Union in 2005 but has so far sided with Democrats on new budget rules, Medicare prescription-drug negotiations, raising the minimum wage and funding stem cell research. "Or, really, I feel free to represent my constituents exactly as they want me to be."

"Times have changed. I don't want to be someone who they say is too stubborn to change too," said Rep. Rodney Alexander (R-La.), whose 92 percent conservative rating did not stop him from voting with Democrats on the homeland security and minimum-wage bills.

After their stinging defeat in November, Republican leaders in the House had gamely promised to draft procedural motions and parliamentary gambits that they said would split the new majority. With so many new Democrats hailing from moderate-to-conservative districts, even some Democrats saw the pledge as plausible.

In theory, Republicans have made good on their promises. Republicans argued vociferously against Democratic measures over the past two weeks, saying new deficit-control rules would guarantee tax increases, stringent homeland security measures would cripple commerce, and a minimum-wage increase would hurt the economy.

To counter the prescription-drug bill, GOP leaders drafted a parliamentary move that they said would ensure senior citizens' access to local pharmacists and the full panoply of prescription drugs. They tried to beat back the stem cell bill with a popular alternative, a ban on federal funds for human cloning. And they countered the minimum-wage bill with a motion to send it back to be redrafted to include tax breaks and health-insurance benefits for small businesses. On the minimum-wage bill, Republican leadership aides even offered a list of 25 Democrats they could pull over to their side.

The results? Eighty-two Republicans joined a unanimous Democratic front to vote to increase the minimum wage, while 54 Republicans voted against their leadership's counteroffer. Eighteen Republicans defied their leadership by opposing the parliamentary move against stem cells.

The homeland security bill -- designed to implement most of the remaining recommendations of the commission that examined the Sept. 11, 2001, attacks -- even garnered the vote of Rep. Peter T. King (R-N.Y.), who as chairman of the Homeland Security Committee last year, thwarted one of its central provisions, the screening of all shipping containers heading to U.S. ports.

Some Republicans, such as Reps. Todd R. Platts (Pa.) and Jim Ramstad (Minn.), sided with the Democrats on every major vote. But it was not just closet mavericks.

Last year, Rep. Deborah Pryce (Ohio) was a powerful member of the Republican leadership, responsible for uniting her fractious colleagues behind a single message. After narrowly escaping defeat in November, the swing-district Republican bolted from her party's leadership last year. Last week, she virtually bolted from the party.

With just one exception, Pryce sided with the new Democratic majority on every major bill and rule change that came to a vote in the past two weeks, even voting against her party on a procedural vote, a move considered heretical in the years of GOP control.

The Democrats "deserve the same credit that we got in 1995," when Republicans took control, said Rep. Ray LaHood (R-Ill.). "They've picked up on the really big issues of the day, the ones they won the election on, and the ones that really resonate in Republican districts."

Democratic leaders say even they have been surprised by their margins of victory, but they were always counting on GOP votes. Republicans from swing districts who have been beat up for years over their party-line voting have been liberated by their minority status, said Rep. John B. Larson (Conn.), vice chairman of the House Democratic Caucus.

"They've really been the ones that have been oppressed," he said.

GOP leaders were quick to dismiss the significance of the Democratic winning streak, however. For one thing, the Democrats' opening legislative blitz is being conducted under parliamentary rules that run roughshod over the Republicans, foreclosing any chance to actually amend the bills. But Democratic leaders have promised to give the GOP more latitude once the so-called 100-hours agenda runs its course next week.

For another, the Democrats will soon exhaust their carefully constructed opening list of bills that were designed to appeal across party lines.

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"Republican discipline was critically important when we were passing legislation and moving an agenda," House Minority Whip Roy Blunt (R-Mo.) said. "The Democrats will soon move from these issues that poll at 80, 90 percent to issues that really matter."

Conservatives See Validation In Fight Over "Pork" (WT)

By Donald Lambro

The Washington Times, January 14, 2007

Republicans sought to burnish their tarnished credentials as foes of pork-barrel projects last week, winning cheers from spending critics but a wait-and-see response from other conservatives and the party's grass roots.

"Like mosquitoes in a nudist colony, Republicans will have more than enough opportunities to show the voters we deserve our conservative brand back by fighting wasteful spending," said Rep. Jeb Hensarling of Texas, chairman of the conservative Republican Study Committee. "Our voters are clamoring for us to fight on behalf of taxpayers."

Led by South Carolina Sen. Jim DeMint, conservative Republicans overcame initial opposition from Democratic leaders to a broader definition of pork in a rules change that will require full disclosure from each lawmaker who sponsors so-called "earmark" provisions.

Senate Majority Leader Harry Reid of Nevada had wanted a narrower definition of pork, which Mr. DeMint and his supporters said would have only applied to 5 percent of the billions of dollars in pork-barrel spending that Congress approves each year.

After Republicans, with the help of a handful of Democrats, beat back an attempt to table or kill the DeMint amendment, Mr. Reid refused to move to a final vote Thursday -- an attempt that triggered an outcry from Republicans and conservative bloggers.

When the smoke cleared Friday after a bitter two-day exchange of charges and countercharges, Mr. Reid agreed to an "earmark disclosure that is even stronger than what I had originally proposed," Mr. DeMint said.

It was a strategic victory for Republicans, who had lost the support of many fiscally conservative voters angered by the pork-ridden bills the Republican Congress enacted over the past several years. A number of Republican state chairmen said pork-barrel spending was one of the reasons behind the party's House and Senate losses in November's midterm elections.

"American citizens want to see earmarking come to an end, and now that they have to put their names to it, the real question is, will this stop earmarking? Have we really accomplished much?" said Ron Carey, chairman of the Minnesota Republican Party.

"I think it is going to take more than one specific action to show we are serious about getting back to our bedrock conservative principles," Mr. Carey said Friday. "While this is encouraging, we need to see consistent adherence to conservative values over a sustained period of time before we are going to declare that our Republican leaders have gotten back on track."

Former Pennsylvania Rep. Pat Toomey, president of the pro-tax-cut group Club for Growth, said it was "a solid first step, but by itself it is not enough for the Republicans to re-establish their credentials as fiscal conservatives."

"After all, this is just about disclosure," Mr. Toomey said. "It doesn't actually limit or prevent these kinds of earmarks. That will require the necessary follow-through by Republicans."

Former House Majority Leader Dick Armey, who heads Freedom Works, another conservative grass-roots group, was similarly dubious about what the disclosures would achieve.

"Democrats are not going to get into trouble because of this disclosure because of the public's disposition for pork projects in their Democratic districts. It may diminish Republican pork, but it will not result in any reduction in Democratic pork," Mr. Armey said.

A Discordant Chorus Questions Visions For A Bush Library At Southern Methodist (NYT)

By Ralph Blumenthal

The New York Times, January 14, 2007

HOUSTON, Jan. 13 — With growing faculty unease over plans to enshrine President Bush's official papers and a policy institute at Southern Methodist University in Dallas, the process of creating the nation's 13th presidential library is off to a familiar start: discord.

On Thursday, 68 theologians, professors and other faculty members present and past, citing complaints about President Bush's "poor marks" on civil liberties, the environment, gay rights and the war in Iraq, sent the university president a letter questioning whether visions of the library were consistent with the school's religious and academic values.

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"According to George Bush's closest associates, the half-billion-dollar endowment will be used by the institute to hire conservative scholars to agree to 'write papers and books favorable to the president's policies,' " said the letter calling for a campuswide dialogue on the affiliation.

Starting with Franklin D. Roosevelt, presidents have handed over their records and memorabilia for scholars and the public to study and to memorialize their administrations. But their ever more expensive, privately erected libraries, study centers and museums have been bedeviled by complex disputes over executive orders governing access to the material. Mr. Bush issued his own order in November 2001 that in part granted a former president the right to assert a privilege to keep certain records secret.

His legacy and Southern Methodist's role in preserving and advancing it is now a divisive issue at the 11,000-student university long identified with the Bushes, former residents of Dallas, who are Methodists. Laura Bush graduated from Southern Methodist and sits on the board of trustees.

After years of considering other university partners, a site selection committee announced on Dec. 21 that it was pursuing exclusive discussions with Southern Methodist for a library and museum, and a policy institute reporting not to the university but to a Bush foundation.

The location has not been announced but a likely site is a garden apartment condominium complex bought with a $35 million gift from Ray L. Hunt, a trustee and son of the oil magnate H. L. Hunt. The gift, though matching the largest ever given the university, was not announced at the time. Some evicted tenants have sued.

At a meeting on Tuesday, close to 150 faculty members raised concerns about the project and formulated what became 35 questions for the university president, R. Gerald Turner, on the relationship between the university and the Bush library and policy center. The questions included, "How would the institute affect the intellectual integrity of S.M.U.?"

Faculty members voiced concerns that the policy center and the university could merge roles, giving administration figures like Karl Rove an academic forum.

Others said security was an issue, a theme that the community has aired in letters to the editor and blogs.

In an e-mail message in December to Mayor Laura Miller of Dallas, Sam Boyd, a longtime neighbor of Southern Methodist, a trial lawyer and a former Green Beret in Vietnam, wrote: "Once completed the $500 million George Bush Library will become the number one (#1) US edifice terrorist target in the world."

A woman in Garland, Deborah Lewis, wrote The Fort Worth Star-Telegram that Dallas was already infamous for the assassination of President John F. Kennedy: "now it probably will be known for honoring the worst president ever."

Indeed the history of presidential libraries is replete with controversy. They are peculiarly American institutions, a vital scholarly resource, a 2004 study by the Center for Arts and Cultural Policy Studies at Princeton found. But it said they have also become "the accepted way to memorialize our presidents and promote an appreciation, some would say exaggeration, of their character, performance and legacy."

Over the years, through battles over the Watergate tapes and other revealing documents, presidents have issued executive orders to limit access to certain records, and to this day, scholars say, it is not clear what material is in the public domain and when.

In the case of Southern Methodist, Dr. Turner will address the faculty letter in an open spring faculty meeting next Wednesday, said Brad Cheves, vice president for development and external affairs.

"It's a call to dialogue," said Mr. Cheves, noting that the signatories numbered less than 10 percent of the 609 active faculty members and 137 retired members. "We continue to believe that a strong majority of the university community is supportive of efforts to receive the museum, library and institute if we're so fortunate to be selected," he said.

The letter, sent by e-mail, was largely identical to an unsigned draft dated Dec. 16, 2006, which mysteriously popped up in university e-mails and was picked up by news organizations.

Susanne Johnson, associate professor of Christian Education at the Perkins School of Theology, a mainstay of the Methodist-owned university, said it had been her doing. The draft was on her computer screen, she said, when her dog climbed on the keyboard and hit "send." "I should have said my dog prematurely sent it but they wouldn't believe it," Dr. Johnson said. "I wouldn't take that excuse from my students."

In the signed letter resent Thursday, Dr. Johnson and her colleagues said there were "at least two irreconcilable visions" of the role of the library. One held it to be "a neutral space" where scholars would pursue "nonpartisan, academic inquiry into his presidency."

"In another vision, the library will be a partisan space," the letter continued. "Going by various terms, such as conservative think tank, institute or policy center, the library will hire conservative scholars to pursue a partisan agenda in favor of the president's policies and programs."

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The letter-writers argued for a nonpartisan approach but said they wondered if it could prevail given news accounts of Mr. Bush's affinity for a conservative policy center along the lines of the Hoover Institution on War, Revolution and Peace, which has had a rocky relationship with its liberal-leaning host, Stanford University in California.

Citing an article in The New York Daily News quoting associates of the president calling for an institute to "spread the gospel of a presidency that now gets poor marks," the letter continued:

"The 'poor marks' come from those Americans who question the wisdom of certain attitudes and actions of President Bush during his term in office. Among things they've so named: erosion of habeas corpus, denial of global warming, disrespect of international treaties, alienation of longtime U.S. allies, environmental predation, disregard for the rights of gay persons, a pre-emptive war based on false premises, and other perceived forms of disrespect for the created order and global community."

She and a Perkins colleague, the Rev. Bill McElvaney, professor emeritus of preaching and worship and a former president of the United Methodist Seminary in Kansas City, Mo., first raised questions about the library in an op-ed article last November in the student paper, The Daily Campus. They asked: "Do we want S.M.U. to benefit financially from a legacy of massive violence, destruction and death brought about by the Bush presidency in dismissal of broad public opinion?"

While many faculty members said they had no problem with a library, Dr. McElvaney said in an interview, "I happen to be concerned about both; either one gives us a permanent Bush presence on our campus."

In convening Tuesday's faculty meeting, Rhonda Blair, president of the faculty Senate and a professor of theater, credited the "thoughtful and challenging" op-ed article of Dr. Johnson and Dr. McElvaney with generating the discussion.

But Dr. Turner in a letter to faculty, staff and students on Jan. 5 made no mention of the two theologians and said that through the Bush library, museum and institute "visiting scholars and dignitaries will be available for interaction who otherwise would not be in residence and accessible to our campus community."

With the Lyndon B. Johnson Library at the University of Texas in Austin and the George H. W. Bush Library at Texas A&M in College Station, if Southern Methodist were chosen for a library, Dr. Turner said, "it would be part of a historic triumvirate of presidential resources in Texas."

The House That Jack Built (NYT)

By Norman J. Ornstein

The New York Times Book Review, January 14, 2007

Like the spot on Lady Macbeth's hand, the Jack Abramoff scandal can't be washed away. Abramoff was sentenced to five years and 10 months on fraud charges, former Representative Bob Ney is scheduled to begin his two-year-plus prison term, former DeLay staff members Michael Scanlon, Tony Rudy and Ed Buckham await their sorry fates (as does Tom DeLay himself) and several other miscreants, including lawmakers, staffers and top administration officials, are praying that the continuing, aggressive investigation by prosecutors will pass them by.

But the revelations are far from over. The House Government Reform Committee reported in late September that Abramoff's billing records showed a robust 485 contacts between Abramoff and his lobbyist team and key White House officials, including 10 or more direct contacts between Abramoff himself and Karl Rove. Subsequently, Rove's top assistant, Susan B. Ralston, who had worked for Abramoff and who accepted a number of high-priced tickets to concerts and sporting events from him while she was in the White House, resigned. Meantime, David Safavian, the former White House chief of government procurement (and Abramoff aide), who had been convicted of false statements and obstruction of justice, was sentenced last October to 18 months in prison.

In the 37 years I have been in Washington, I have known hundreds of lobbyists, including a few (or more) who were shady characters, a number who were empty suits, some who were legends in their own time and many others who were savvy insiders and integral (and constructive) parts of the policy process. None were quite like Jack Abramoff. As the subtitle of "Heist" suggests, Abramoff was a "superlobbyist," a larger-than-life figure who made a fortune while having an outsize impact on politics in Washington and an outsize ego in a town of superegos. He loved to flaunt his wealth and influence. He rose rapidly and fell hard.

Abramoff began his career as an officer in College Republicans, a training ground for future party operatives, where he built enduring relationships with conservative powerhouses like Grover Norquist and Ralph Reed (and where he met Karl Rove). He behaved so badly in that job — his politics were confrontational, his financial practices questionable — that he was denounced and repudiated by Rich Bond, then the chairman of the Republican National Committee.

Abramoff was unfazed. He quickly found his niche in the lobbying world, beginning as a front man for the apartheid regime in South Africa and moving on to represent such upstanding clients as sweatshop operators in the Marianas Islands before hitting the jackpot with Internet gambling companies, Russian energy magnates, and Indian tribes looking out for their casinos, among others. Soon his wealth was such that he opened two high-priced restaurants, started a foundation to support favored

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causes, bought several ultra-expensive skyboxes at sports stadiums and arenas in Washington, and became a major Republican donor.

How did Jack Abramoff, who earned a law degree but never practiced law, who had no feel for or experience with the legislative process, and who had no obvious area of expertise, become such a huge success? Simple. He was the right guy in the right place at the right time — jumping into the field in 1994, just as the Republicans took the majority in the House of Representatives for the first time in 40 years and eagerly sought to put their own people in positions of influence. A key to those desires was the K Street Project, an effort masterminded by Grover Norquist, Tom DeLay and Rick Santorum, among others, to place conservative Republicans in key positions in law firms, lobbying operations, trade associations and individual company offices. The K Street Project was not just an employment service — the goal was to get trusted people into jobs where they could use campaign cash to help Republicans stay in power while enabling them to live comfortably by sharing in the munificence of the moneyed interests.

The attitude of the new majority — to the victors go the spoils — meshed perfectly with Abramoff's style. Playing off his conservative, activist politics, his religious beliefs as an Orthodox Jew, his hyperaggressive approach to getting clients and his close relationships with Norquist, Reed and DeLay, Abramoff promised clients a direct link to the most powerful leaders in Congress and, subsequently, in the Bush White House. Eventually, he decided the traditional lobbying practice — charging, like law firms, by the hour — was for chumps. Instead, he demanded huge commissions that represented a cut of the enormous sums a big government could provide his clients. He then went a step further by channeling consulting contracts to associates like Scanlon for enormously inflated fees and splitting the profits through kickbacks.

Of course, the Republicans in power did not invent the idea of putting their own people into lobbying jobs, working out sweetheart relationships with interest groups, conducting shakedowns for campaign cash or parlaying influence into high-priced jobs for themselves when they left office. But the scope and brazenness of Abramoff and of the broader K Street Project were on a wholly different scale from what we had seen during the years Democrats ruled Washington — indeed, from anything in the last century.

If some of Abramoff's misdeeds were known to Washington insiders and reported over the years by regional news media — the Seattle papers when he lobbied for the Marianas for a Seattle-based firm, Preston Gates; The Miami Herald when he moved to buy the local SunCruz gambling boats — they were largely ignored in Washington until 2004, when The Washington Post jumped on the story. One long investigative piece in The Post, on Indian gambling, was the beginning of the end for Abramoff. Since then, there have been many excellent investigative pieces, and a devastating report from the Senate Indian Affairs Committee. Now Peter H. Stone, a veteran reporter with The National Journal who has covered the Abramoff beat for the past two years, has written a short, concise and lively book pulling the Senate findings and the media reporting together to chronicle Abramoff's career and misdeeds.

"Heist" is a one-stop shop for anyone wanting to know what this scandal is all about, why the fuss has been so substantial, what made Abramoff tick and how he succeeded. It follows on the heels of another book that set out some months earlier to do the same thing, "The K Street Gang" by Matthew Continetti of The Weekly Standard. There is substantial overlap, naturally, between the two books, with Continetti providing more detail and Stone a more contemporaneous and concise account.

Both books will make the average reader, even one sophisticated in the ways of Washington, want to take a shower. Of all the miscreants we have had in our lifetimes in American politics — and we have had plenty — few have been more distasteful, amoral or outrageous than Abramoff and his cronies, including Scanlon, Buckham and Reed — not to mention his close friend Tom DeLay. To anyone who cares about our political institutions and their integrity, this story is simply revolting.

But for all the value of a concise account of their misdeeds, what "Heist" is missing is the broader context. Jack Abramoff was not a lone scoundrel — or one of a narrow band of individual scoundrels. He was part of an organized effort to transform Washington, to bend it to the will of one party, with the aim of creating a self-reinforcing loop, where a majority could use its clout to dominate all of Washington, work alliances with moneyed interests who would pay to get their way, provide campaign cash to keep their friends in power and benefit from the majority's policy largesse along the way.

This dynamic will not just disappear with the change in power. Democratic lobbyists are salivating at the prospect of new, huge fees. The candidates' shakedown of lobbyists for campaign cash began literally the day after the November elections. It will take a major reform effort, and steely resolve, to change a town virtually awash in money. We are still waiting for a full or definitive treatment of the new Gilded Age that Abramoff typified — although his own glory days may be over now that he has been sentenced to a long term in a federal pen.

The American Way Of Equality (NYT)

By David Brooks

The New York Times, January 14, 2007

DOJ_NMG_0116868

Income inequality is on the rise. The rich are getting better at passing their advantages on to their kids. Lifestyle and values gaps are widening between the educated and uneducated. So the big issue is: Will Americans demand new policies to reverse these trends — to redistribute wealth, to provide greater economic security? Are we about to see a mass populist movement in this country?

Nobody was smarter on this subject than Seymour Martin Lipset, the eminent sociologist who died at 84 on New Year's Eve. Lipset had been a socialist in the hothouse atmosphere of City College during the 1940s, and though he later became a moderate Democrat, he continued to wonder, with some regret, why America never had a serious socialist movement, why America never adopted a European-style welfare state.

Lipset was aware of the structural and demographic answers to such questions. For example, racially diverse nations tend to have lower levels of social support than homogeneous ones. People don't feel as bound together when they are divided on ethnic lines and are less likely to embrace mutual support programs. You can have diversity or a big welfare state. It's hard to have both.

But as he studied these matters, Lipset moved away from structural or demographic explanations (too many counterexamples). He drifted, as Tocqueville and Werner Sombart had before him, to values.

America never had a feudal past, so nobody has a sense of social place or class-consciousness, Lipset observed. Meanwhile, Americans have inherited from their Puritan forebears a sense that they have a spiritual obligation to rise and succeed.

Two great themes run through American history, Lipset wrote in his 1963 book "The First New Nation": achievement and equality. These are often in tension because when you leave unequally endowed people free to achieve, you get unequal results.

Though Lipset never quite put it this way, the clear message from his writings is that when achievement and equality clash in America, achievement wins. Or to be more precise, the achievement ethos reshapes the definition of equality. When Americans use the word "equality," they really mean "fair opportunity." When Americans use the word "freedom," they really mean "opportunity."

Lipset was relentlessly empirical, and rested his conclusions on data as well as history and philosophy. He found that Americans have for centuries embraced individualistic, meritocratic, antistatist values, even at times when income inequality was greater than it is today.

Large majorities of Americans have always believed that individuals are responsible for their own success, Lipset reported, while people in other countries are much more likely to point to forces beyond individual control. Sixty-five percent of Americans believe hard work is the key to success; only 12 percent think luck plays a major role.

In his "American Exceptionalism" (1996), Lipset pointed out that 78 percent of Americans endorse the view that "the strength of this country today is mostly based on the success of American business." Fewer than a third of all Americans believe the state has a responsibility to reduce income disparities, compared with 82 percent of Italians. Over 70 percent of Americans believe "individuals should take more responsibility for providing for themselves" whereas most Japanese believe "the state should take more responsibility to ensure everyone is provided for."

America, he concluded, is an outlier, an exceptional nation. And though his patriotism pervaded his writing, he emphasized that American exceptionalism is "a double-edged sword."

Political movements that run afoul of these individualistic, achievement-oriented values rarely prosper. The Democratic Party is now divided between moderates — who emphasize individual responsibility and education to ameliorate inequality — and progressive populists, who advocate an activist state that will protect people from forces beyond their control. Given the deep forces in American history, the centrists will almost certainly win out.

Indeed, the most amazing thing about the past week is how modest the Democratic agenda has been. Democrats have been out of power in Congress for 12 years. They finally get a chance to legislate and they push through a series of small proposals that are little pebbles compared to the vast economic problems they described during the campaign.

They grasp the realities Marty Lipset described. They understand that in the face of inequality, Americans have usually opted for policies that offer more opportunity, not those emphasizing security or redistribution. American domestic policy is drifting leftward, but there are sharp limits on how far it will go.

A Living Wage We Can Live With (LAT)

By Robert Pollin

The Los Angeles Times, January 14, 2007

THE UNITED States appears ready to support a national living wage. Last week, the House of Representatives voted to raise the federal minimum wage in three steps to $7.25 an hour as of mid-2009. The Senate is expected to link the raise to tax

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breaks for business, but passage seems assured. And President Bush has said that he will sign legislation to increase the wage, which would be the first hike since 1997, when the current $5.15 minimum became law.

But Congress shouldn't stop there because $7.25 an hour is not close to a living wage. Adjusted for inflation, it would represent an increase of just about 4% from the current $5.15.

The political foundation of the move to raise the federal minimum wage was built by the living wage movement, which has organized and won victories throughout the country for more than a decade. In November's elections, voters in Arizona, Colorado, Missouri, Montana, Nevada and Ohio passed minimum-wage increases by wide margins. As of February, the minimum wage in 29 states and the District of Columbia, representing nearly 70% of the U.S. population, will exceed the current federal one.

Beyond this, more than 140 municipalities have some version of a living-wage law that mandates a wage from $9 an hour to $11 an hour.

The federal minimum wage peaked in 1968, when its value was about $9 an hour in today's dollars. Although average worker productivity has more than doubled since then, the wage has not kept pace. Typically, as productivity increases, hourly wages can rise without cutting into business profits.

Raising the federal minimum wage too high, or too rapidly, probably would discourage businesses from hiring low-wage workers, as many critics contend. But at what point would it be too high or too fast?

From 2001 to 2005, in the 11 states with minimum wages higher than the federal one, employment growth was slightly faster than in those states with the $5.15 minimum.

Studies on the effects of living-wage laws in L.A. and Boston, which require businesses that have city contracts to pay a certain wage, show that the affected firms continued to hire low-wage workers at basically the same rates as before the wage was implemented.

The story is similar in San Francisco and Santa Fe, N.M., even though their living wage laws have a broader application. In Santa Fe, where the law applies to all businesses with at least 25 employees, job growth in restaurants and hotels, which heavily employ low-wage workers, was 3.2% the year the law went into affect (mid-2004 to 2005).

The Santa Fe ordinance is a model for how Congress might move toward establishing a national living wage of between $9 and $11. It is set up to raise the minimum wage from $8.50 to $10.50 as of January 2008 in three steps. But before each scheduled increase, the city determines whether the previous hike hurt employment. For instance, the wage in Santa Fe reached $9.50 an hour in January only after the city established that employment growth under the $8.50 regime was healthy.

Congress could follow Santa Fe's lead by passing the current proposal, then follow up with legislation that would allow for increases every two years after 2009 if the higher wage did not negatively affect employment growth. The increase in 2011 could raise the federal minimum to $9 an hour, roughly today's low end in many cities.

Further increases could be tied to inflation and average labor productivity. If inflation and productivity trends of the last decade continue, this would translate into a 10% to 12% increase in the federal minimum wage every two years, to $10 an hour in 2013.

Yet even that wage probably would be inadequate in most of the country, so cities and states also would need to adjust their minimums to ensure a living wage. But the idea of raising the minimum wage in line with average productivity and inflation, after taking account of employment effects, should move the country closer to what more and more voters have demonstrated they support and what the economy can provide.

Robert Pollin Is A Professor Of Economics And Co-director Of The Political Economy Research Institute.

OTHER NEWS:

Bush's Proposal For Iraq Adds To '08 Intrigue (NYT)

By Adam Nagourney, Patrick Healy

The New York Times, January 14, 2007

WASHINGTON, Jan. 13 — On Friday morning, as the capital was enmeshed in a debate over President Bush's decision to send thousands more troops to Iraq, no one was more obviously searching for an alternate plan than Senator Hillary Rodham Clinton, the New York Democrat and likely candidate for president.

Mrs. Clinton was airborne for Iraq, a visit that offered a platform to examine and perhaps alter her views on a war that she once voted to authorize but now criticizes. Asked in a telephone interview from Kuwait whether this trip might lead her to support setting a firm deadline for the withdrawal of all American troops, which would be a change in her position, she responded: "Those are questions that we'll be better able to answer later. Obviously I'll have more to say when I get back."

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Around the same time in Washington, Senator John McCain, the Arizona Republican and likely candidate for president, threw the White House something of a lifeline during a Congressional hearing (which Mrs. Clinton herself was supposed to attend), vigorously defending Mr. Bush's decision.

"Potentially catastrophic consequences of failure demand that we do all we can to prevail in Iraq," Mr. McCain said.

As the politics of the war continue to shift, no prospective presidential candidates face more intensive scrutiny of their views or greater risk to their ambitions than Mr. McCain and Mrs. Clinton.

Long a proponent of sending more American forces into the fight, Mr. McCain now more than ever is linked to a war that has splintered his party and lost public support.

Viewed with suspicion by elements of her party because she has not explicitly repudiated her October 2002 vote authorizing military action against Iraq, Mrs. Clinton, who was in Baghdad on Saturday, has been trying to shore up her credentials as a critic of the war without exposing herself to charges of indecisiveness or flip-flopping of the sort that so damaged Senator John Kerry in his unsuccessful race against Mr. Bush in 2004.

More than any other single event in recent months, Mr. Bush's call for more troops has not only illuminated the positions taken by Mr. McCain and Mrs. Clinton and the differences between them, but it has also led the field of declared and prospective candidates circling them within their own parties to stake out more clearly defined positions on the war.

Among Republicans, a result has been a deep split suggesting that Mr. McCain will face challenges on the war from fellow Republicans long before he has to worry about Mrs. Clinton and other Democrats. Mitt Romney, the former governor of Massachusetts who had until this week declined to say whether he supported more troops, issued brief remarks supporting the president. Rudolph W. Giuliani, the former New York mayor, also supported it, comparing it to what he did in fighting crime as mayor.

But Senator Sam Brownback of Kansas, who is positioning himself as an alternative to Mr. McCain among conservatives, denounced Mr. Bush's plan, as did Senator Chuck Hagel of Nebraska, who like Mr. McCain is a Vietnam veteran but who long ago broke with the White House over its handling of the war.

Among Democrats, opposition to Mr. Bush's plan highlighted the political threat Mrs. Clinton faces from the left. John Edwards, the former senator from North Carolina who voted for the war in 2002 but who, unlike Mrs. Clinton, later renounced his vote, sent an e-mail message to his supporters urging them to oppose Mr. Bush's action.

Senator Barack Obama of Illinois, who joined the Senate in 2005 and thus escaped the Iraq vote that has come to haunt Mrs. Clinton, Mr. Edwards and Mr. Kerry, used the platform of Senate hearings to lacerate the Bush Iraq policy and affirm his own opposition to the war.

Their actions offered an obvious contrast with those of Mrs. Clinton, who put out a measured statement opposing the troop increase but has stayed away from the Senate vanguard opposing Mr. Bush's latest strategy.

Still, none of the other potential 2008 presidential candidates have seen their ambitions complicated by the events this week as much as Mr. McCain and Mrs. Clinton have. Their responses to Mr. Bush's actions offered insights into their views on Iraq and the styles they would bring to a presidential campaign.

Mr. McCain embarked on a high-profile television tour announcing his support for Mr. Bush's move. In an interview, he said he would have preferred that the White House send in even more troops, and noted that he had pressed this position on the White House, unsuccessfully until now, for more than two years. It is a position that Mr. McCain and his advisers — and some other Republicans — said could end up destroying his presidential ambitions.

"Friends, advisers, enemies said this could be very damaging," Mr. McCain said. "I can't worry about that, and I'm not going to worry about that."

Some Republicans suggested that Mr. McCain's position could help him, albeit to a limited extent, among conservative Republican primary voters who have been wary of his view on social issues. And, as Mr. McCain's own remarks suggested, his stance fits neatly into his effort over the years to present himself as a politician given to candor even if it means telling voters things they do not want to hear.

Still, by any measure, support for the war could make things extremely difficult for Mr. McCain in a general election if the situation in Iraq does not improve and public opinion in the United States does not shift in favor of continued engagement.

Mr. McCain did not dispute the political risks entailed in the stance he had taken.

"The consequences of failure are more important than a political career," he said. "It could hurt me in a primary and it could hurt me in a general election. This could hurt me in history."

He said he was hopeful that this new Iraq strategy would work but did not know how long it would take, a crucial question in trying to gauge how central an issue this will be as the campaign engages.

In a hint of what next year could be like, Mr. Edwards has taken to calling the Bush proposal an endorsement of "the McCain doctrine," a description that Mr. McCain and his aides have gamely embraced.

"I was glad to see that Romney and Giuliani have come around to embracing the McCain doctrine, as John Edwards would say," said Terry Nelson, the head of Mr. McCain's presidential exploratory committee.

If Mr. McCain has flaunted his unpopular position, Mrs. Clinton has clearly kept a lower altitude as she tries to deal with a barrage of conflicting pressures. Unlike Mr. McCain and Mr. Obama, who were everywhere on television the night of Mr. Bush's speech, Mrs. Clinton simply issued a late-evening e-mail statement saying that based on what Mr. Bush had said, she did not support the increase.

Last year, Mrs. Clinton took a leading role in criticizing Donald H. Rumsfeld, then the secretary of defense, over his management of the war. Over the past two years, she has voted in favor of resolutions calling for a phased withdrawal of troops without setting fixed deadlines.

Even though Mrs. Clinton has never gone as far as Mr. Edwards and Mr. Kerry with a renunciation of her 2002 vote, she has subtly expanded her position recently in recognition, her advisers said, of how much that vote accounted for the resistance to her among some Democrats.

In a little-noticed interview on the "Today" show just before Christmas, Mrs. Clinton made a significant addition to her standard remark about the 2002 vote. Asked if she considered the vote a mistake, she responded: "Obviously if we knew then what we know now, there wouldn't have been a vote, and I certainly wouldn't have voted that way."

The last eight words are new for her.

Some Democrats suggested that Mrs. Clinton's trip this weekend was intended to give her an opportunity to move further away from that vote and against the president's policy.

"I will be spending time with the Iraqi leaders and sitting down and trying to get my own personal assessment of what their intentions are, what do they intend to do to take responsibility for their own security," she said in the interview. "If they're not going to step up and try to bring some stability and end the violence in Baghdad, I don't care how many troops the president sends — it's not going to be successful."

Mrs. Clinton and Mr. McCain have no doubt learned a lesson from Mr. Kerry's problems in 2004 when he appeared to switch his position on the war: that inconsistency may well prove to be a bigger political sin than taking a position out of step with the electorate. Mrs. Clinton's associates have expressed concern that if she tries to switch her views on the war, reflecting what her advisers said was concern, she would appear weak as she campaigned during a time of war to become the nation's first female president.

Defiant McCain Back As Maverick (CHIT)

By Jill Zuckman

Chicago Tribune, January 14, 2007

WASHINGTON -- Sen. John McCain has never spent much time worrying about what other people think.

Five and a half years as a prisoner of war in the nightmarish Hanoi Hilton liberated the Arizona Republican to speak his mind--and not to worry about offending colleagues who might be angry about his campaign-finance proposals, objections to pork barrel projects or crackdown on gifts and meals from lobbyists.

In the latter part of his political life, he has made that trait an almost singular virtue. He propelled his presidential campaign in 2000 aboard "The Straight Talk Express," and he is a top-tier contender to succeed President Bush.

But now his unflinching insistence on boosting the number of troops in Iraq, and his position as one of the president's most vocal supporters of the war, could imperil his White House ambitions, even among the GOP faithful.

"George W. Bush may pay a price in the eyes of history, but John McCain may pay a practical, political price," said Byron Shafer, a political science professor at the University of Wisconsin-Madison.

Bush's plan for a new start in Iraq has been greeted frostily this week on Capitol Hill by Democrats and a number of Republicans, including at least one, Kansas Sen. Sam Brownback, who will compete with McCain for the nomination.

Undeterred, McCain--a former Navy fighter pilot, and son and grandson of admirals--won't back off his position to step up the war effort.

"We need troops in the numbers required to do the job, in place for as long as it takes to complete their mission," he told the Senate Armed Services Committee. "It would be far better to have too many reinforcements in Iraq than to suffer, once again, the tragic results of insufficient force levels."

At odds with fellow vets

It is a view McCain has held for more than three years, and one he tried repeatedly to impress upon former Defense Secretary Donald Rumsfeld as well as the president. But it's also a view that puts him at odds with his fellow Vietnam veterans in the Senate--Chuck Hagel (R-Neb.), Jim Webb (D-Va.) and John Kerry (D-Mass.).

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"I think John sees military force as a way toward a solution in a sense more than I do," said Webb, who has known McCain for 30 years and considers him a friend. "I think that there are limits to the use of military force, particularly in that part of the world."

If the situation in Iraq continues to deteriorate, the nation's frustration with the war could tarnish McCain much as it damaged Republicans at the polls during the midterm elections.

That's something McCain, known for taking controversial stands, refuses to entertain.

"I do not worry about that," he said during a break in the hearings. "I do not worry about it. I do not worry about it. This is too important an issue."

After Bush's address to the nation Wednesday, McCain was similarly emphatic about the intersection of the war and his presidential dreams: "I would much rather lose a campaign than lose a war," he said on CNN's "Larry King Live."

Friends take heart that McCain advocated a change of strategy well before others realized the plan wasn't working.

"Iraq could rub off on McCain in a negative way. But McCain's been right from the beginning saying we need more troops," said Scott Reed, who managed Bob Dole's presidential campaign in 1996. "He supported the Powell doctrine . . . and McCain understands that pulling out and losing would be a disaster in the region and how we're viewed around the world."

Aides to McCain say that taking unpopular stands is nothing new for their boss, and managing the fallout is nothing new for them.

"All I can tell you is McCain is basing his position on what he thinks is in the best interest of this country," said Mark Salter, the senator's longtime chief of staff. "There's nothing we can do about it, either. It's his position, it's why we admire him, and that's that."

John Weaver, the architect of McCain's presidential operation, said the senator's position on the war has not slowed fundraising or deterred political activists or operatives from joining the campaign.

"We don't worry about it. Is it our job to deal with it? Yes," Weaver said. "At the early stage, it has not kept people from encouraging the senator to run or from signing up and taking leadership positions."

To some degree, McCain has a credibility that comes from enduring torture by his North Vietnamese captors and being kept in solitary confinement for three of his 5 1/2 years in the Hoa Lo prison camp.

"He probably has a level of insulation on this issue that nobody else does on the Republican side," said William Mayer, an expert on the presidential primary process at Northeastern University. "Nobody . . . is going to accuse him of not caring about what happens to American soldiers."

Indeed, McCain has an even more personal stake in how the war is conducted. One son just finished Marine Corps boot camp and is likely to be sent to Iraq. Another son attends the Naval Academy and could wind up in Iraq too.

Nevertheless, McCain remains defiant as he fights to bring in more troops and allow Lt. Gen. David Petraeus to lead a counterinsurgency campaign.

"Those who want us to withdraw within four to six months have an obligation to tell us what they'll do when chaos ensues," said McCain.

He acknowledged that the push in Congress for a non-binding resolution opposing the escalation in Iraq would be a setback for his position. But he offers his opponents a challenge he is certain they will not take.

"The legitimate question is if you feel that strongly that you want to disagree with the president's policy, Congress has a right to cut off funds--why not a resolution to cut off funds?" he suggested. "I think that's a more legitimate way of pursuing this issue, frankly."

Bush's Legacy Vs. The 2008 Election (NYT)

By Kate Zernike

The New York Times, January 14, 2007

DURING the midterm elections, a question nagged at Republicans who agreed to follow the White House script on the Iraq war: Does the president care more about his legacy than the party's in pushing his course?

By last week, many Republicans on Capitol Hill had come to believe that their interests and the president's may be diverging even wider.

On one end of Pennsylvania Avenue is a president who argues that history will judge him favorably on the war; on the other are increasingly skeptical Republicans who blame the president's stay-the-course strategy for the loss of majority status in Congress and fear that it may cost them again in 2008.

The unusual circumstances of the 2008 election may only aggravate the situation. Congressional Republicans face high stakes, particularly in the Senate, where 21 are up for re-election, compared with just 12 Democrats. And the Democrats have already put targets on senators in the Northeast and Midwest where antiwar sentiment helped Democrats sweep into office.

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The president, on the other hand, cannot run again, and has no chosen successor, leaving him unbound to electoral concerns.

Like any president, however, he is concerned with how history will judge him. Mr. Bush has frequently likened himself to Harry Truman, an unpopular president when he left office, but one applauded by history.

"To coin a phrase, he's no Harry Truman," said Robert Dallek, a presidential historian. "Truman is now seen as a near great president because he put in place the containment doctrine boosted by the Truman Doctrine and the Marshall Plan and NATO, which historians now see as having been at the center of American success in the cold war."

"If you ask yourself, what is Bush's legacy, what is there?" Mr. Dallek asked. "What's his larger design to meet the dangers of Islamic terrorism?"

The parallels, some historians say, are more to Lyndon Johnson.

Robert A. Caro, the Johnson biographer, says that the similarities are striking if you look at newspapers from 1967 as the nation headed into the tumultuous election year of 1968.

"You see this pouring in of the national treasure, this rise in troops against the background of failure," he said. "The opposition to this starts to be expressed more and more on the floor of Congress. You have a president who is unbending in each case."

President Johnson was increasingly concerned about his legacy. He wanted it to be the Great Society, but more and more he feared it would be overwhelmed by failure in Vietnam. "Both presidents seem absolutely convinced that their course is correct," Mr. Caro said. "They both feel that if they're only allowed by public opinion to pursue that course, they will win."

Mr. Johnson faced most of his opposition from within his own party. In 1964, only two senators voted against the Gulf of Tonkin resolution, escalating the American involvement in Vietnam. By 1966, Senator J. William Fulbright, who voted for the resolution, gave a speech at Johns Hopkins University on the arrogance of power, and the next year, Senator Eugene McCarthy announced that he would challenge Mr. Johnson for the Democratic presidential nomination. By 1968, Mr. Johnson announced he would not seek re-election.

Republicans are not close to such an all-out revolt, but their opposition last week was a striking turnaround from just six months ago, when all but one member of the Republican majority in the Senate rejected a plan to begin withdrawing troops within the year.

Seven Republican senators have said publicly that they oppose the president's plan. Many more have said they will wait for more information to make a decision, or have expressed only qualified support; a Washington Times survey late in the week found only 21 of 49 Republicans expressing "unqualified support."

Those opposing the plan include senators facing tough re-elections, like Senator Norm Coleman of Minnesota, who Democrats have already declared one of their top three targets for 2008.

Those who oppose or express reservations about the president's plan say it is not primarily a matter of politics; they question the Iraqi government's commitment to deliver on promises, and have had their doubts reinforced by visits to Iraq and the excruciating pain of calling families who have lost loved ones in the war.

"Politics is lurking beneath the surface but the facts themselves compel, repeat compel, our colleagues to dig deeper," said Senator John W. Warner, the Virginia Republican who is a member, and was recently chairman, of the Armed Services Committee. He says he wants to study the president's proposal before deciding whether to support it.

But they also recognize public opinion.

"Many Republicans, like Americans, are increasingly disappointed in the lack of resolution in Iraq," said Senator Susan Collins, Republican of Maine, who has argued to withdraw, not increase, troops in Baghdad. "The fact that the strategy that the administration has pushed in the past did not work leaves me, and many of us, to ask questions about the president's new strategy."

The split seems likely only to widen. Some lawmakers called to the White House to discuss the plan last week said Mr. Bush did not seem interested in what one called "an exchange of views."

Ms. Collins said she was struck by "how confident he was."

"I think this issue is so thorny and so plagued with uncertainty, and yet he seems so certain," she said.

On the Hill, meanwhile, even those who did support the president's plan in Iraq offered less than the hearty endorsements of the troop surge. Some, like Mr. Warner, said they needed more information before they committed to any increase. At an Armed Services Committee hearing on Friday, Mr. Warner asked the Pentagon to provide results of the war game analyses it has done to evaluate the results of adding more troops.

In the House, as fierce a partisan as Representative Jack Kingston said he was not ready to lend full support, but looked forward to hearings on the plan.

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Other Republicans supported the president but emphasized that the commitment in Iraq must not be open-ended — a Democratic refrain. And they argued for the need for benchmarks to evaluate the success of the increase, all of which leaves room for them to peel away from the president if the war does not show more success soon.

Heading toward 2008, Republicans are no longer expecting the kind of party discipline on the war that they expected in 2006. Instead, party leaders say members must speak their consciences.

"Voters will recognize a phony and a fraud," said Representative Tom Cole of Oklahoma, who is leading the Republicans' 2008 efforts to gain back the majority they lost in the House. "If you believe the president is right you should say so. If you have a legitimate and honest difference with the president, you shouldn't hesitate to draw that difference."

"Bad Behavior"? (NOVAK)

By Robert D. Novak

Robert Novak, January 13, 2007

WASHINGTON -- House Minority Leader John Boehner, who had promised last May that "bad behavior" by House Republicans who voted against their leadership would not be rewarded, announced to a party conference Wednesday that reform Rep. Jeff Flake of Arizona was being removed from the Judiciary Committee.

With the change in House control, several Republicans had to be removed from committees. However, Flake was about halfway up the Judiciary panel in seniority, and this was his priority appointment. The decision was made by the Republican Steering Committee, dominated by Appropriations members who resent Flake's vigorous campaign against earmarks.

Boehner later told Flake he was purged because of his verbal attacks on party leaders. Flake was undone by his critical remarks on CBS's "60 Minutes" just before the election.

DEMOCRATIC DISCIPLINE

The House vote Tuesday passing a Democratic-sponsored homeland security bill showed that Republicans are unaccustomed to being in the minority for the first time in 12 years, while the Democrats are exercising iron discipline in the majority.

Although the full Republican leadership attacked the bill as expensive and ineffective, 68 Republicans voted for it while 128 were in opposition. The supporters included such ranking Republican committee members as Reps. Ileana Ros-Lehtinen of Florida (Foreign Affairs) and Peter King of New York (Homeland Security).

All 231 Democrats voting were in support of the bill, as Speaker Nancy Pelosi began the Democratic "first 100 hours" of rapid-fire legislation. Pharmaceutical industry lobbyists could not find a single Democratic member against a party plan to force down drug prices. One moderate freshman congressman said he was opposed to the measure but felt obliged to vote for a bill that was in the Pelosi 100 hours as a "leadership issue."

EXPLORER OBAMA

Sen. Barack Obama informed a major Democratic financial contributor that he probably will announce formation of a 2008 presidential exploration committee this coming week, which starts with Martin Luther King Jr. Day Monday.

A political source close to Obama told this column he was not sure the exploratory committee would be named that early but added that probably would happen during the next three weeks. Actual announcement of his candidacy would come later.

A footnote: Obama canceled tentative plans to deliver the keynote address for Martin Luther King Jr. Day ceremonies at Virginia Tech in Blacksburg, Va. University officials speculated that Obama's travel has been temporarily suspended as he approaches the start of his presidential candidacy.

ROMNEY VS. REAGAN

Republican presidential hopeful Mitt Romney's 1994 effort to unseat Sen. Edward M. Kennedy in Massachusetts continues to haunt him. A Democratic blogger named SoThisIsWashington posted a video clip on YouTube of a debate with Kennedy in which Romney deliberately separates himself from Ronald Reagan.

The video, from their campaign debate, shows Kennedy telling Romney that "your economic program" is "the program of Mr. Reagan and Mr. Bush." Romney responded: "Look, I was an independent during the time of Reagan-Bush. I'm not trying to return to Reagan-Bush."

In the same debate, Romney promised to "sustain and support" the Roe v. Wade abortion decision. Romney also was damaged with conservatives by a 1994 letter in which he claimed he was more pro-gay rights than Kennedy.

"DR. MULTIMILLIONAIRE"

Newly elected Rep. Steven Kagen, a rich allergist who self-financed his campaign in Wisconsin, by his own account taunted President and Mrs. Bush, Vice President Dick Cheney and presidential adviser Karl Rove during a White House function for new members of Congress in December.

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Kagen told a group of activists that after he found himself in the restroom with Rove, he blocked the White House deputy chief of staff's departure by holding the door closed. According to Kagen, he then said: "You're in the White House and you think you're safe. . . . My name's Dr. Multimillionaire and I kicked your ass."

The new congressman said he said separately to both Bush and Cheney: "Thank you for coming to Green Bay. I couldn't have won without you coming." Kagen also said he approached Laura Bush and purposely called her Barbara, the name of the president's mother. Kagen's remarks were reported in "The Scene," published in Appleton, Wis.

Robert Novak is syndicated columnists and editor of the Evans-Novak Political Report

Obama's Charm Lost On America's Black Activists (LONT)

By Tony Allen

Times of London, January 14, 2007

HE is a media darling, a paparazzi target and a source of inspiration for millions of Democrats who dream of retaking the White House in 2008. But Senator Barack Obama, the charismatic African-American who is shaking up the presidential primary race, has not impressed some of America's most powerful black activists.

Civil rights leaders who have dominated black politics for much of the past two decades have pointedly failed to embrace the 45-year-old Illinois senator who is considering a bid to become America's first black president.

At a meeting of activists in New York last week, the Rev Jesse Jackson, the first black candidate to run for president, declined to endorse Obama. "Our focus right now is not on who's running, because there are a number of allies running," Jackson said.

The Rev Al Sharpton, the fiery New York preacher who joined the Democratic primary race in 2004, said he was considering another presidential run of his own. And Harry Belafonte, the calypso singer who became an influential civil rights activist, said America needed to be "careful" about Obama: "We don't know what he's truly about."

The unexpected coolness between the old civil rights guard and the new Democratic hopeful has added an intriguing twist to the budding rivalry between Obama and Senator Hillary Clinton, who hopes to emulate her husband, former president Bill Clinton, in attracting support from black voters.

The importance of the black vote — and the still-potent influence of community leaders such as Jackson and Sharpton — was underlined last week when both Clinton and Obama appeared at different times in New York at a black business conference organised by Jackson's Rainbow/Push Coalition.

Clinton was applauded at a breakfast meeting for her attacks on President George W Bush's economic policies of "tax breaks for the rich". She added: "It is not rich Americans who have made this country great. It is hard-working Americans who have worked hard to lift themselves and their children up."

Delayed by bad weather, Obama turned up in the evening to pay respectful homage to Jackson's presidential bids in the 1980s. "I owe him a great debt," Obama said. "I would not be here had it not been for 1984 . . . for 1988. If I'm on the cover of Ebony (an African-American magazine), it's not because of me. It's because a whole bunch of folks did the work to put me there."

Yet Obama's charm and eloquence have not wooed the old guard.

"They are basically jealous," said a Democratic strategist who has not yet decided which candidate he intends to support. "They've been toiling in the trenches for decades, and along comes this son of a Kenyan farmer and suddenly he's measuring the drapes in the Oval Office."

Sharpton, 52, is widely considered to have no better chance of winning the Democratic nomination than in 2004, when he never amassed more than a few percentage points in the polls but still made a national impact with his barnstorming performances in the televised primary debates.

When asked about Obama's likely candidacy, the preacher, renowned for outrageous self-publicising antics, shrugged: "Right now we're hearing a lot of media razzle-dazzle. I'm not hearing a lot of meat, or a lot of content. I think when the meat hits the fire, we'll find out if it's just fat, or if there's some real meat there."

Belafonte, who returns to British cinema screens shortly with a small role in Bobby, the new Emilio Estevez film about the assassination of Robert F Kennedy, also cast doubt on Obama's credentials as a legitimate candidate.

"He's a young man in many ways to be admired," Belafonte said. "Obviously very bright, speaks very well, cuts a handsome figure. But all of that is just the king's clothes. Who's the king?" There were contrasting views on the likely impact on Obama's campaign of black competition or criticism. One analyst argued that a Sharpton candidacy would "put Obama on the spot" by forcing him to address awkward civil rights issues such as police brutality and racial profiling that he tends to steer clear of. One Democratic blogger argued that Sharpton was "just what the doctor ordered to keep Obama on the straight and narrow".

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Others suggested that Sharpton would help Clinton by dividing black primary voters. In one interview last week, Sharpton warned that Obama could not take the black vote for granted. A strategist pointed out, however, that Obama could emerge as a "model of reason, compared to that blowhard Al (Sharpton)".

Romney Retreats On Gun Control (BOS)

By Scott Helman

The Boston Globe, January 14, 2007

ORLANDO , Fla. -- Former governor Mitt Romney, who once described himself as a supporter of strong gun laws, is distancing himself from that rhetoric now as he attempts to court the gun owners who make up a significant force in Republican primary politics.

In his 1994 US Senate run, Romney backed two gun-control measures strongly opposed by the National Rifle Association and other gun-rights groups: the Brady Bill, which imposed a five-day waiting period on gun sales, and a ban on certain assault weapons.

"That's not going to make me the hero of the NRA," Romney told the Boston Herald in 1994.

At another campaign stop that year, he told reporters: "I don't line up with the NRA."

And as the GOP gubernatorial candidate in 2002, Romney lauded the state's strong laws during a debate against Democrat Shannon O'Brien. "We do have tough gun laws in Massachusetts; I support them," he said. "I won't chip away at them; I believe they protect us and provide for our safety."

Today, as he explores a presidential bid, Romney is sending a very different message on gun issues, which are far more prominent in Republican national politics than in Massachusetts.

He now touts his work as governor to ease restrictions on gun owners. He proudly describes himself as a member of the NRA -- though his campaign won't say when he joined. And Friday, at his campaign's request, top officials of the NRA and the National Shooting Sports Foundation led him around one of the country's biggest gun shows.

Romney says he still backs the ban on assault weapons, but he won't say whether he stands by the Brady Bill. And after the gun show tour, his campaign declined to say whether he would still describe himself as a supporter of tough gun laws.

"He believes Americans have the right to own and possess firearms as guaranteed under the US Constitution," spokesman Eric Fehrnstrom wrote in an e-mail. "He's proud to be among the many decent, law-abiding men and women who safely use firearms. Like President Bush, he supports restrictions on assault weapons, but Mitt Romney has also worked with gun owners and sportsmen to ease the gun-licensing laws in Massachusetts."

Romney appears to be stepping up his efforts to portray himself as a gun-friendly candidate, though some gun-rights activists in important primary states say his past positions will hurt him politically.

On Wednesday, Romney said on an Internet podcast, "The Glenn and Helen Show," that he hopes states would continue to ease regulations on gun owners, and he expressed enthusiasm for guns and hunting. "I have a gun of my own. I go hunting myself. I'm a member of the NRA and believe firmly in the right to bear arms," Romney said.

Asked by reporters at the gun show Friday whether he personally owned the gun, Romney said he did not. He said one of his sons, Josh, keeps two guns at the family vacation home in Utah, and he uses them "from time to time." The guns are a Winchester hunting rifle and a Glock 9mm handgun, which Romney uses for target shooting . Romney also described himself as a sportsman who learned to shoot as a boy rabbit hunting in Idaho with a .22 rifle. He fondly recalled shooting quail last year at a Republican Governors Association event in Georgia.

"I . . . had a good time and actually knocked down a couple of birds," he said.

Fehrnstrom said Romney had taken steps to support gun rights as governor, including his signing of an NRA-backed bill last year that reduced a testing requirement on certain pistol-makers before they could sell guns in Massachusetts.

In 2002, even as he was pledging to uphold the state's strong gun laws, Romney still garnered a "B" grade from the NRA.

Also, in 2005, Romney designated May 7 as "The Right to Bear Arms Day" in Massachusetts to honor "the right of decent, law-abiding citizens to own and use firearms in defense of their families, persons, and property and for all lawful purposes, including the common defense."

But perhaps the most significant gun legislation Romney signed as governor was a 2004 measure instituting a permanent ban on assault weapons. The Legislature mirrored the law after the federal assault weapons ban, which was set to expire. According to activists at the time, the bill made Massachusetts the first state to enact its own such ban, and Romney hailed the move.

"These guns are not made for recreation or self-defense," he was quoted as saying. "They are instruments of destruction with the sole purpose of hunting down and killing people."

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The bill enjoyed the support of Massachusetts gun owners because it also encompassed several measures they favored -- including a lengthening of the terms of firearm identification cards and licenses to carry. (Asked about the bill Friday, Romney described it as a "consensus measure" and a "positive step.")

But the NRA and many local affiliates do not support assault weapons bans, arguing that the arms are rarely used in crimes and have a legitimate purpose in hunting, target shooting, and self-protection. Romney's signing of that bill, despite its progun provisions, will be problematic politically, activists say.

"Why don't you just not take away [rights] from us?" Michael Thiede, president of the group Michigan Gun Owners, said last week. He said Romney's support for the assault-weapons ban and the Brady Bill will "absolutely" give him friction.

Gerald W. Stoudemire, president of Gun Owners of South Carolina, agreed, saying Romney has been "basically antigun on some issues."

"They're going to be a big scratch on his record," Stoudemire said. "He's going to have to not just get over them, but show a different direction if he's going to pick up voters."

The NRA officials who led Romney around the trade show declined to discuss his positions. "We meet with candidates all over the country at every level," said Chris W. Cox, who heads the NRA's political and legislative work.

Romney's past positions on gun control have also drawn some attention in the blogosphere, though not nearly as much as his statements in support of abortion rights and gay rights. (He's now antiabortion and takes a harder line on gay rights.) "Wait until the 2d amendment crowd gets a hold of Mitt's views on gun control," one blogger wrote on punditreview.com .

Romney was clearly trying to allay such concerns by attending the massive Shooting, Hunting, Outdoor Trade Show and Conference at Orlando's Orange County Convention Center. Romney, joined by his wife, Ann, and trailed by local television stations and a few reporters, chatted enthusiastically with vendors displaying a wide variety of weapons.

"Let's see your shotguns here," Romney said to Michael F. Golden, CEO of the Springfield-based gunmaker Smith & Wesson. Romney's dark suit stood out in a sea of camouflage, but he gamely introduced himself to anyone in his path.

At one booth, he met exhibition shooter Tom Knapp , who gave Romney some hunting advice: When you miss an animal, pretend you did it on purpose, because you want the animal to breed lots of offspring (read: targets).

"That's a great hunting tip!" Romney said with a laugh.

The trade show illustrated the work that lies ahead for Romney in broadening his name recognition. Though many people knew who he was -- "I was just pitching you last night!" one man said enthusiastically -- many others did not.

"Who is that?" a woman at the Crossman gunmaker booth asked quietly after Romney walked away.

"A governor," someone said.

"Where?" she asked.

"Massachusetts -- may be running for president."

Moments later, a different woman gestured in his direction: "Is that Jeb Bush?"

"No, it's Mitt Romney," Fehrnstrom corrected.

Tancredo In Iowa To Test '08 Bid (DENP)

By Anne C. Mulkern

Denver Post, January 14, 2007

Washington - U.S. Rep. Tom Tancredo is in the key caucus state of Iowa this weekend, assessing whether he should formally announce a bid for the presidency.

"What comes out of this weekend will determine whether or not he sets up an exploratory committee," Tancredo spokesman Carlos Espinosa said Friday.

Tancredo, R-Colo., officially is in Iowa to publicize his book, "In Mortal Danger." But while he's there, he's talking to state Republican leaders.

"Fighting for 3rd place"

Tancredo often talks about running for president as a way to publicize his hard-line views on the immigration issue. If he decides to announce, Espinosa said, it's for that cause and not because he thinks he can win the election.

"Any bid that Tom would put up, it would be fighting for third place," Espinosa said. "Third place would be a huge victory for Tom Tancredo."

Tancredo is eyeing Iowa because, in his view, there are only two Republican front- runners who plan to compete in the caucus there: Sen. John McCain of Arizona and former Massachusetts Gov. Mitt Romney.

Iowa also is the first of the Republican presidential caucus states.

"The reality is, McCain is not a very popular guy in Iowa," Espinosa said. "That leaves a very big void in Iowa."

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Tancredo objects to McCain's position on immigration reform. McCain was one of the sponsors of the Senate bill on immigration that passed last year. It would have created a guest-worker program and a path to citizenship for illegal immigrants. Tancredo opposes giving any legal status to illegal immigrants.

Press jumps the gun

The Des Moines Register's website Friday reported that Tancredo was announcing a run for the presidency, which Espinosa said isn't true. Reaction to Tancredo's visit to the state, he said, "is being blown way out of proportion."

In addition to evaluating Iowa, Tancredo is also waiting to see whether Sen. Wayne Allard, R-Colo., decides to run for re-election in 2008, Espinosa said. Tancredo has said he's interested in that office.

Left Out In '08 (LAT)

The Los Angeles Times, January 14, 2007

THE GOVERNOR OF the nation's largest state was reelected in a landslide in November, even though his Republican Party is a minority in California. He works with Democrats in a way that offers the rest of the country a model of much-needed bipartisanship. To kick off his second term, he has proposed the most ambitious healthcare and environmental reforms in the country, and he is also committed to a massive reconstruction of the state's infrastructure.

Yet, oddly enough, Gov. Arnold Schwarzenegger is not on the list of potential presidential candidates in 2008.

Why? Because the founders were worried in the 18th century that our fledgling nation might go the way of Poland and be overtaken by a foreign monarchy. Hence the constitutional qualifier that only "natural-born citizens" are eligible for the presidency of the United States.

In their wisdom, however, the Constitution's authors adopted a mechanism for the nation's founding document to be amended. Amendments should be undertaken sparingly, we agree, but it's a good thing that slavery was done away with and that suffrage has been expanded.

And now that we can all rest assured that no foreign monarch is going to move into the White House, it's long past due for this nation of immigrants to amend the Constitution to allow naturalized Americans to aspire to the presidency. This is precisely the type of defining issue — what it means to be American — that the amendment process was designed to address.

Supporting Schwarzenegger for governor (we did) does not necessarily lead to supporting him for president (we don't — yet). But why should Californians have their governor sidelined from the race? And why can't voters across the country be entrusted to decide for themselves whether the governor of California is sufficiently "American" to earn their vote? It's insulting, really.

Yes, the nation will manage without Schwarzenegger at the helm. But his situation is a reminder of this constitutional flaw. The issue is also important at a symbolic level. It isn't that there aren't enough qualified "natural-born" Americans to run for the highest office in the land, it's that there is an asterisk attached to the citizenship of many great Americans.

Think about it. Someone could come to the U.S. at the age of 2 from Britain or China or Peru, become a citizen, join the military, win a Medal of Honor, cure cancer — but that person would still not be "good enough" for the White House.

One of the exceptional qualities of this meritocratic nation of immigrants is its sense of possibility. Americans like to tell their kids that they can be anything they want to be when they grow up — including president. But for millions of patriotic Americans, the Constitution says otherwise. The idea of citizenship only as a birthright is a decidedly foreign notion. And the idea that voters cannot elect as their leader a naturalized citizen is decidedly undemocratic.

That's why California's representatives in Washington should support a constitutional amendment. If the United States is a nation of immigrants, California is a state of immigrants. And California leaders who want to hold on to the 18th century prohibition against naturalized citizens running for the presidency are not doing a very good job representing their constituents.

We asked every member of Congress representing California two questions: 1) As a Californian, do you think it's fair that our governor can't run for president because he's a naturalized citizen? And 2) Would you support a constitutional amendment to allow naturalized citizens to seek the presidency?

We have posted their answers on our website at latimes.com/opinion.

We realize there are further debates to be had about the exact terms and language of the amendment. House Speaker Nancy Pelosi, for instance, does favor such an amendment but wants a 35-year residency requirement for naturalized citizens; Rep. Ken Calvert (R-Corona) would require individuals to have been a citizen for a quarter of a century. But it's remarkable that 18 out of 55 members failed to get back to us on this issue altogether, three refused to comment and 11 others couldn't muster a simple "yes" or "no" answer to these fundamental questions. These include both Democratic senators, Dianne Feinstein and Barbara Boxer. Feinstein reminded us that she had serious concerns about such an amendment the last time the issue was looked at by the Senate Judiciary Committee, but that she would keep an open mind on future proposals. Boxer simply said

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she'd want to look at the specific language of any proposed amendment before taking a position, but she wouldn't even answer the first question regarding Schwarzenegger's predicament.

The good news is that of those who did give us straightforward answers, 14 members of the House of Representatives said they would support a constitutional amendment, while nine wouldn't. That's a start.

Plenty of members seem to feel like this is a minor issue — Rep. Zoe Lofgren (D-San Jose) says it is not important enough to deal with, and she'd rather see an equal rights amendment to the Constitution. Others may even feel that it is too radioactive against the backdrop of arguments over illegal immigration.

A number of representatives overlook the symbolic importance of the barrier to naturalized citizens, focusing on the fact that we already have a talented pool of people from which to choose a president. Rep. Henry A. Waxman (D-Los Angeles) got the bipartisan spirit of our endeavor, saying he'd favor a constitutional amendment to allow naturalized citizens to run for president, "even those I may not support myself." We hope mere partisanship isn't driving the views of others.

In any case, we will persevere in coming months to try to keep the issue on the minds of our representatives, and maybe, as they reflect on what it means to represent this state built by immigrants, we can hear back from more of them.

A Preview Of Arnold's Second Act (LAT)

By Bill Whalen

The Los Angeles Times, January 14, 2007

THERE ARE two ways to view Arnold Schwarzenegger's skiing mishap: His fractured femur was a bad break, or it's the latest example of bad luck to befall a newly reelected California governor.

Hearken back to 1995, the last time a Republican governor began a second term. Pete Wilson underwent surgery on his vocal chords and lost his public voice — and his dream of being president. Gray Davis, a Democrat, experienced an even more painful procedure during the first — and last — year of his second term: a voter recall.

So, odd though it may sound (and as painful as it assuredly is), Schwarzenegger has so far gotten off easy: His voice can still be heard, and he still has his job.

Odd is a good word to describe the governor's coordinates on the political landscape. Schwarzenegger lives in rarified air — an American politician the world knows on a first-name basis. That said, his sky has a ceiling. Term limits will force him to step down in 2011, and the Constitution stands in the way of a presidential run.

That leaves the U.S. Senate as an alternative. Some option. Watch five minutes of C-SPAN2 and you'll understand why that chamber's deliberative style is an awkward fit for a thrill-seeking executive such as Schwarzenegger.

So, time is running out on the governor's political career. And that might explain why his second term is off to such a fast start. It also may explain what kind of politician he truly is.

Will Schwarzenegger get his way on the healthcare front? That largely depends on his interpersonal skills, beginning with his ability to offer lawmakers the right mix of carrots and sticks to keep the reform effort on a steady course.

Those talents were missing two years ago when the governor and Legislature couldn't work out a deal that would have spared California a special election.

If that history repeats itself, healthcare reform could collapse under its own weight — or, worse for California, emerge from the Legislature as a "Franken-fix," a last-minute, slapdash job certain to haunt the next governor.

Schwarzenegger will need the same people skills to repair another fracture on his right — his deteriorating relationship with the legislative wing of the Republican Party. Right now, that relationship is headed from critical condition to "do not resuscitate."

LEGISLATIVE Republicans have every reason to gripe. The governor's most notable "conservative" accomplishments are defensive in nature: He hasn't raised taxes (now debatable, depending on how one interprets the revenue provisions of his universal healthcare plan); he hasn't signed a same-sex marriage law; and he refuses to provide driver's licenses to illegal immigrants. Also, to date, Schwarzenegger's post-partisanship style has consisted almost entirely of him moving left of center and Democratic legislators leaning a little to the right.

There is an underlying irony to his conflict with conservative Republicans. Probably the most appealing idea in the governor's new budget to GOP lawmakers is cutting welfare benefits to encourage recipients to enter the workforce. But the Republicans suffer from a different form of dependency — the urge to whine and complain instead of offering concrete ideas to move forward. Maybe it's what comes from being a political underclass. But it's not productive. And it won't work with an optimist like the governor.

Still, is Schwarzenegger truly a Republican when his ideas aren't well received by party regulars? It's a fair question. And it's worth remembering that Hiram Johnson, the great reformer and Schwarzenegger's first gubernatorial role model, started out as a Republican governor before joining Theodore Roosevelt and the "Bull Moose" Progressive Party after only two years in Sacramento.

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Our nonconformist governor may be best described as a "utopian." Schwarzenegger aspires to a pristine environment, economic progress across class lines and healthcare for all. His basis for action is a kind of "political transcendentalism" — a personal belief that within California's political system there exists a spiritual desire that outweighs the worst of partisan urges. Healthcare reform will put that faith to its strongest test.

No one is going to confuse our crowd-loving, glamour-seeking governor with the stark isolation of a 19th century transcendentalist such as Henry David Thoreau — Sun Valley and Walden Pond have little in common.

But it's the latter's writing that strikes a chord. "If one advances confidently in the direction of his dreams, and endeavors to live the life which he has imagined," Thoreau observed, "he will meet with a success unexpected in common hours."

Time will tell if the uncommon politician finds expected success in his next four years.

Bill Whalen, Former Chief Speechwriter For Gov. Pete Wilson, Is A Research Fellow At Stanford University.

Gov. Attuned To Waning Of Party Loyalty (LAT)

By Peter Nicholas

The Los Angeles Times, January 14, 2007

SACRAMENTO — Rolling out his agenda last week, Gov. Arnold Schwarzenegger proudly elevated his eclectic approach to a kind of political doctrine: Republicans and Democrats might be invested in the fight for supremacy, but voters aren't.

Seeing that party loyalties are dwindling, Schwarzenegger is confident that he faces no real repercussions if he disappoints the state's GOP leadership.

Siphoning ideas from both major parties, he remains a Republican by registration, but he is acting, speaking and governing increasingly like an independent. Like a party of one.

In the first week of his new term, Schwarzenegger's moves were nearly impossible to categorize. He was left, right and center all at once, a method he cast as "post-partisan."

He called for scaling back state welfare benefits but also proposed new assessments on business to underwrite his ambitious healthcare plan. The governor wants more money to combat global warming, but also to build new prisons and reservoirs — projects important to Republicans.

"There's something positive for everyone, and there appears to be something negative for everyone," said Lewis Uhler, president of the nonprofit National Tax Limitation Committee.

Schwarzenegger's approach reflects a careful reading of the California electorate. Since 1990, Republican and Democratic party membership in California has dropped, while the proportion of independent voters has climbed.

Independents account for nearly 19% of the electorate today, compared with 9% in 1990. In his Jan. 5 inaugural speech, the governor said that if these trends continue, independents will outnumber each of the major parties in 20 years.

Across a broader swath of the country, analysts have spotted the same pattern.

From 1994 to 2006, Democratic Party registration dropped from 48% to 42%; Republican, from 34% to 33%, according to data compiled in 27 states by Rhodes Cook, author of a northern Virginia-based political newsletter. Independents and those registered to other parties rose from 18% to 25% during those years.

There are no data available for all 50 states.

Schwarzenegger is positioning himself ahead of that onrushing wave, political analysts said.

"He's looking at where the voters are going," said Tony Quinn, co-editor of the California Target Book, which analyzes state races. "He's where the curve is."

Republican Party leaders say they are alarmed. State Sen. Tom McClintock (R-Thousand Oaks), an icon for California fiscal conservatives, said the governor's healthcare proposal involves an unacceptable tax on business.

Schwarzenegger "shattered" a campaign promise that was vital to his reelection, McClintock said.

Does it matter what conservative activists think? Political analysts say no.

Schwarzenegger, after all, captured 91% of the GOP vote when he won reelection. The only statewide offices that Republicans won in the November election were those of governor and insurance commissioner. Even with an incumbent candidate, the GOP lost the secretary of state post.

For the moment, the party's best and perhaps only asset in California is Schwarzenegger.

"The problem with the McClintock wing is that they're in great danger of making the Republicans completely irrelevant to the process," Quinn said. " … They lost. They went to the voters with their ideas, and they weren't the ones who got elected."

One advisor to the governor privately said that Schwarzenegger's new identity is not so much post-partisan as "post-Republican."

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With his first term behind him, Schwarzenegger has decided that aligning himself with Republican lawmakers is futile. He tried that in 2005, when he called a special election with conservative goals such as curbing state spending and restricting labor's political clout.

Voters defeated the governor's program, and his approval rating sank to the 30s.

Ever pragmatic, Schwarzenegger saw that pushing a classic Republican agenda was a dead end and that if he was to avoid failure — a Schwarzenegger imperative — he had to adapt.

Those who know him say there's a degree of self-interested calculation in the post-partisan stew.

"The governor may remain a Republican by name, but from a political standpoint he doesn't see a lot to be gained in terms of promoting his party membership," said Mark Baldassare, a pollster with the nonpartisan Public Policy Institute of California.

Determined to reach the biggest audience possible, Schwarzenegger may be planning to take his message on the road. Aides have said he may travel to New Hampshire and Iowa during the presidential primary season, hoping to become part of the national conversation.

"What he has had to say in the last week has put him back on the national stage, talking about healthcare reform and global warming and post-partisanship," Baldassare said.

"So while he can't run for president, he can certainly position himself as a national political leader by talking about the value of thinking beyond partisanship."

Gov. Riley Says No To VP Talk (AP)

AP, January 13, 2007

MONTGOMERY, Ala. (AP) - Bob Riley adds the title of "two-term governor" on Monday. But with potential presidential candidate John McCain attending the inauguration, Riley is trying to stymie speculation that he wants to trade his new title for "vice presidential candidate" next year.

Riley says he is not interested in running a national campaign in 2008 or leaving the governor's office before the end of his new four-year term.

"This sounds so hokey I hate to even say it, but Alabama truly is positioned to do something that is incredible, and I can't think of a better way to spend four years than to finally be able to make all the education reforms we can, develop a new ethical standard, and watch this state continue to grow in a way it has never grown before," Riley said in an interview.

David Lanoue, chairman of the political science department at the University of Alabama, said Riley does not appear to be an "overly ambitious" politician. But he said, "Politicians are like football coaches. They say they don't want the job until they take it."

Riley and McCain visited U.S. troops in Iraq early last year. Then as McCain's presidential aspirations grew, he donated $10,000 to Riley's re-election campaign and stumped across the state in October to help the Republican governor win a second term.

During that tour, the Arizona senator called Riley a friend and lavished him with the kind of adjectives that politicians like to hear. Reporters asked questions about whether Riley might become a running mate, but both men dodged them.

Speculation popped up again at Riley's victory party on Nov. 7, when some supporters held up signs saying "President" and "2008."

Now, the talk is heating up again with McCain planning to be on the Capitol steps Monday when Riley takes the oath of office for a second term.

"The senator believes Governor Riley has been a strong leader in Alabama that has instituted reform policies that have grown the economy, invested in education and fought to protect families," McCain spokesman Danny Diaz said Friday.

Lanoue said he suspects McCain's main reason for visiting Alabama again is to build support for the state's early presidential preference primary, but the visit gives him another opportunity to get to know Riley.

"Is the vice presidency on McCain's mind when he comes down here? Sure," Lanoue said.

State Democratic Party Chairman Joe Turnham, who lost a congressional race to Riley in 1998, said he believes "the Riley team is looking at national politics."

He said Riley's three terms in the U.S. House combined with his two terms as governor make him an attractive figure, and he would provide geographic balance to a western candidate like McCain or a northeastern candidate like former New York City Mayor Rudy Giuliani or former Massachusetts Gov. Mitt Romney.

A Riley resignation to move to Washington would be a boost for Turnham's party because Democratic Lt. Gov. Jim Folsom Jr. would move up to the governor's office.

When reporters bring up presidential politics, Riley tries to quiet the talk by recounting his goals for his new term.

They include, he says:

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-raising Alabama's income tax threshold for a second time.

-removing the state income tax from the first $10,000 of taxable retirement income.

-giving workers a tax break for returning to school to learn new skills.

-providing a tax break to help small businesses provide health insurance to their employees.

-putting distance learning labs and offering at least eight Advanced Placement courses in every Alabama high school, no matter how small or how remote.

"The disparity between the best education and the worst education is just too wide in this state. We have the technology and the know how to level the playing field," he said.

Riley's tax breaks and spending plans would affect taxes dedicated to Alabama's public schools and teachers' pay.

And that means his second term will be similar to his first. He will have regular battles with Paul Hubbert, executive secretary of the Alabama Education Association and vice chairman of the Alabama Democratic Party.

"The governor's agenda is going to have problems with cutting money from schools," Hubbert said.

"When people say this is going to hurt education, it's exactly the opposite," Riley said.

He said the tax breaks will stimulate the economy, create more jobs and provide even more tax revenue for public schools.

When the governor's battles with Hubbert and others are over and his term comes to an end, Riley said he wants to return to his farm in Ashland.

"Politics is exciting and I enjoy it. But the life we had back in Clay County was something that meant a lot to both Patsy and myself," he said.

And is there any interest in moving into the home at One Observatory Circle in Washington when Dick Cheney moves out?

"No," he said.

McCain-Clinton '08? Obama-Hagel? That's The Ticket (WP)

By Lanny J. Davis

The Washington Post, January 14, 2007

Imagine this scenario: The country is so deeply divided that the media have color-coded the map of the United States to indicate the partisan chasm -- one color covers the South and most of the border states, the other drenches the North.

As the presidential election year nears, one candidate, a shoo-in for his party's nomination, has an obvious choice for running mate. Yet he also senses the uniqueness of the moment. So he makes a risky decision: He asks a leader of the opposition to run for vice president alongside him, forming the first bipartisan presidential ticket in U.S. history.

This is no fantasy. It's the decision Abraham Lincoln made when, running for reelection in 1864, he asked his Republican vice president, Hannibal Hamlin, to quit the ticket in favor of the highly partisan Democrat Andrew Johnson.

Lincoln's experiment in bipartisanship was tragically cut short when he was assassinated less than a month after his 1865 inauguration. But if ever there was a time to give it a second try, it's now.

Today's national unease and rabid partisanship -- so similar to the circumstances of 1864 -- raise the challenge for someone to form a bipartisan ticket in 2008. The lingering trauma of 9/11, the war in Iraq and the fight against terrorism call for an administration open to bipartisan solutions to the crises that confront the country.

Last year's congressional elections showed that voters are tired of the partisan gridlock in Washington. They want some solutions from liberals and others from conservatives. That's the new politics of our age, as exemplified by Sen. Joseph I. Lieberman's reelection in Connecticut as an "independent" Democrat. Though he has voted mostly with his fellow Democrats over the years, Lieberman is open to both liberal and conservative approaches.

The most important reason for a bipartisan presidency in 2008 is the need to find solutions to the war in Iraq and to avoid delaying the end of significant U.S. involvement over fear of partisan recriminations. Solving the dilemma of Iraq -- how to get U.S. troops out of harm's way in a civil war yet not leave behind a rogue state dominated by terrorists -- will require bipartisan effort and support.

A bipartisan administration is also essential for enacting new taxes. Most responsible political leaders in both parties know -- though few are willing to admit it publicly -- that there is no way to pay for the war in Iraq, even as it winds down, and reduce the deficit while also addressing health care, energy independence, global warming and Social Security other than by raising taxes. Only a bipartisan presidency pushing leaders on both sides of the aisle can make it possible to tackle that issue honestly.

So how do you put a bipartisan ticket together? Theodore Sorenson, speechwriter for President John F. Kennedy, wrote a book in 1984 describing the various ways it might be done.

The Democratic and/or Republican nominee could do what Lincoln did -- reach out to a leader of the other party as a running mate at the nominating convention. Another scenario, which I prefer, would be for the two parties to nominate their respective tickets and wage a traditional partisan campaign on the issues, so that voters could see each party's approach and

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weigh their preferences. After the election, the winner would ask his or her vice president-elect to step down (and become, for example, secretary of state) while inviting the defeated presidential or vice presidential candidate from the other party to serve as vice president. This plan would ideally be announced during the campaign -- with the vice presidential candidate agreeing to act as a placeholder on the ticket -- so that the electorate would be aware of the commitment to a bipartisan presidency.

In this scenario, the vice president could be selected after the election by the Electoral College, which would presumably honor the president-elect's request to vote for the president or vice president of the defeated party. Or the selection could occur after the inauguration, with the newly sworn-in vice president resigning and the resulting vacancy filled, under the 25th Amendment, by a majority vote in both houses of Congress. The advantage of this latter method is that it would receive Congress's ratification of the concept of a bipartisan presidency.

In forming his administration, the new president would continue to adhere to the ideal of bipartisanship, selecting a 50-50 Cabinet and choosing judicial nominees on the basis of merit rather than party.

There are any number of provocative possibilities for a bipartisan ticket in 2008. Imagine the buzz if Republican John McCain and Democrat Hillary Rodham Clinton committed to making the other vice president in the event that either won the election. Pick any combination of other names in the current field of potential candidates: Democrat Barack Obama and Republican Chuck Hagel; Democrat Joseph R. Biden Jr. and Republican Mitt Romney; Democrat John Edwards and Republican Michael Bloomberg; Democrat Bill Richardson and Republican Rudolph W. Giuliani. Any of these bipartisan pairings, in any permutation, would create a stir -- and a dynamite ticket. (Okay, strike one possible combination -- there's no way we'll see a Clinton-Giuliani ticket, or vice versa; not only does the Constitution forbid it, as they're both from the same state, but their personal chemistry would preclude it, too.)

Will it happen? In the end, political realism will be the determining factor. If it appears that a bipartisan ticket could enhance the chances of victory, and if any party leader embraces the need to make this a reality for the country's sake, then yes, it's likely to happen.

You don't have to go back 143 years to Abraham Lincoln for an example of such a judgment. Less than three years ago, Democrat John F. Kerry reportedly saw the political wisdom in asking McCain to be his vice presidential candidate, even though he knew the idea would be vehemently opposed by the Democratic Party's liberal base, which disagreed with McCain's positions on abortion, the Iraq war and other issues. Though McCain declined the invitation, it seems evident in hindsight that a Kerry-McCain ticket would have had a better chance of picking up an extra state (or turning 75,000 votes in Ohio) to win the 2004 election.

And whether or not either party takes the dramatic step of committing to a bipartisan ticket, there could be one nonetheless. A well-funded group of national political experts from both parties called "Unity '08," led by Republican pollster Douglas Bailey and former Democratic presidential aide Hamilton Jordan, is ready to fill the void and run a third, bipartisan ticket that would be nominated online through a virtual convention.

But I'm betting that such a third ticket won't be necessary, because eitherDemocrats or Republicans -- or both -- will nominate a bipartisan ticket in 2008 or commit to a bipartisan presidency after the election. And I'll wager that if only one of the parties does it, that party will win.

Lanny J. Davis, special counsel to President Bill Clinton from 1996 to 1998, is the author of "Scandal: How 'Gotcha' Politics Is Destroying America" (Palgrave Macmillan).

Nothing Perks Up A President Like Death (LAT)

By David Greenberg

The Los Angeles Times, January 14, 2007

WHEN Calvin Coolidge left the presidency in March 1929, having forsworn what surely would have been a reelection romp, he was basking in public adulation of a rare kind. Credited with six years of "Coolidge prosperity," praised for restoring integrity to Washington after the Teapot Dome scandal, admired for avoiding foreign wars, Silent Cal decamped to his native New England a man beloved. Back in Northampton, Mass., reporters peered in his car window, and one tried to enter his bathroom while he was showering.

Just four years later, however, when Coolidge died suddenly from a heart attack, he already seemed a relic. With the Depression and renewed European hostilities, his economic program had come to appear blinkered rather than sensible, his foreign policy self-deluding rather than statesmanlike and his hands-off governing style flaccid rather than prudent. The country had just swept Franklin Delano Roosevelt into office, a man whose ideas Coolidge had disparaged as "socialistic."

"We are in a new era," Coolidge lamented to a friend just before his death, "to which I do not belong." His public image has never recovered.

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Coolidge may have been the last American president whose reputation plummeted after his term ended. The national hoopla surrounding the deaths of Richard Nixon in 1994, Ronald Reagan in 2004 and last month — to the astonishment of historians, as well as most other Americans over 30 — Gerald Ford suggests that nothing helps a chief executive's standing with the public so much as his demise.

After all, Ford, notwithstanding his much-celebrated Midwestern decency, will likely escape notice in the next century's history textbooks, except perhaps as the man who let Nixon go free — an act, lest we forget, that also permitted vital "what did the president know" questions go unanswered. Nixon, for his part, was not the internationalist visionary his eulogists canonized but a mean-hearted, power-hungry lawbreaker who thought himself above the Constitution (and one whose foreign policy legacy actually remains mixed).

Reagan, though adored in certain quarters, was deeply reviled in others — loathed as much as the current incumbent for his ultraconservatism, his simple-mindedness and his scorn for the welfare state.

Of course, we shouldn't construe the sonorous eulogies and lofty pronouncements about history's judgment of Nixon, Ford and Reagan as proof of their permanent rehabilitation. De mortuis nil nisi bonum, says a Latin proverb: Of the dead say nothing unless it is kind. Funerals aren't the time for carping — whether to dwell on Ford's fecklessness, Reagan's callousness or Nixon's criminality.

Nonetheless, it certainly appears that leaving office does wonders for one's reputation. Bill Clinton, defying forecasts that the Monica Lewinsky scandal would shape his legacy, has seen his popularity rating rise to 70% since leaving the White House. George H.W. Bush — turned out of office in 1992 with the lowest share of the popular vote of any incumbent since William Howard Taft — now wins kudos from old critics who contrast his multilateralism and wartime restraint with his son's heedlessness. Even Jimmy Carter, a failed president if ever there was one, notched a Nobel Prize 20 years after leaving office — though whether he'll recover from the self-inflicted wound of his latest book, which has been faulted for anti-Israel bias and intellectual dishonesty, remains uncertain.

Going back further, Dwight Eisenhower, once derided for blithely tolerating McCarthyism and Jim Crow, now smiles from the grave as the model of moderation. And John F. Kennedy has weathered three decades of attacks from the left and the right for sins ranging from policy blunders such as the Bay of Pigs invasion to personal failings such as lying about his medical ailments. Yet my students (born in the 1980s) still declare themselves suckers for Camelot.

Why do we venerate our former presidents so much more than our sitting ones? One argument is that when they take up humanitarian causes in their retirement, they gain respect from across the partisan divide. Bush the elder and Clinton were back in the public eye after the 2004 tsunami and again after Hurricane Katrina to raise money for the victims; Carter, for years, has built homes for the poor.

Yet this alone can't explain the trend. Ford saw retirement mainly as a chance to golf. Reagan, even before his Alzheimer's disease worsened, engaged in little public service.

A more plausible explanation rests not on the presidents but on our expectations of them. Starting in the 1960s, several developments uncorked a new cynicism toward presidents. Television — combined with a newly populist style among politicians — made these once-august figures seem all too human and familiar. With Watergate and the Vietnam War, journalists and the public felt freer to serve up sharp, even vitriolic criticism of the president. And the era's general skepticism toward authority made questioning and mocking our leaders seem as American as the Kentucky Derby.

In this environment, scholars began to wonder if the popular expectations of the office had simply become too great for anyone to fulfill. The federal government now promised Americans a great deal — from vast social programs to consumer and workplace protections to an expanding litany of rights. The president, who embodies the government, was held responsible for delivering more and more: a bountiful economy and efficient services, moral vision and practical policy solutions, ethical leadership and national security without foreign entanglements. The room for error shrank.

But if presidents suffered under burdensome expectations, ex-presidents were another story. The contempt for the individual in the White House obscured an ongoing reverence for the presidential office. Americans have continued to indulge our leaders' posh inaugurations, resplendent mansion and exorbitantly expensive private plane.

We like to imagine former presidents as belonging to an elite club of veteran wise men. Having earned their battle stars and scars, we figure, they now deserve a certain respect. "Saturday Night Live" has even had a running animated bit called the "X-Presidents," which imagines the former chiefs as a gang of superheroes — parodic, but also paying homage to the special role these men hold in public life. Ex-presidents, freed of the demands placed on sitting leaders, can enjoy esteem from citizens while steering clear of controversial topics (Jimmy Carter, take note!) that bring on sniping.

That doesn't mean we should view the upward revisions of ex-presidents' reputations as correct, or final. Our encomiums to former officeholders often reflect nothing more than sentimentalism. We forget the errors of judgment or wrongheaded ideological choices for which we once rightly excoriated them. The appraisal rendered on a president's death is no more reliable

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than the one delivered during his tenure. Often the post-mortem boom fades: After a brief rise at the time of his death, for instance, Nixon's popularity, as tracked by Gallup, sank back to abysmal levels.

For many months now, George W. Bush has been speaking about Harry Truman — another president, maligned in his own time, whom history has come to treat more charitably for sticking to his guns in the early years of a long, global conflict. And although this comparison strikes most historians of the Cold War as strained, it's perhaps conceivable that someday Bush's successful steps in the war on terrorism will come to be seen as justifying his wrongs.

A more likely outcome, though, is that he'll follow in the steps of Lyndon Johnson — who also failed to end a degenerating war despite mounting popular discontent. For all his achievements, LBJ has emerged as the only postwar president (besides Nixon) who has failed to benefit from the ratings bounce that death or retirement brings.

History delivers few final verdicts. What's important is to maintain a humility about those judgments we offer. When presidents make news for heading up disaster-relief efforts or chairing commissions or being laid to rest, we should bear in mind that some of those whom we consider heroes may soon be remembered as rogues, some sinners as saints, and some men of decency as nullities who just happened to briefly hold the most powerful office in the world.

David Greenberg, A Professor Of Media Studies And History At Rutgers University

Rice Backs Mideast Moderates, But Offers No Plan (NYT)

By Thom Shanker, Greg Myre

The New York Times, January 14, 2007

JERUSALEM, Jan. 13 — Secretary of State Condoleezza Rice and her Israeli counterpart declared their mutual backing on Saturday for a bilateral diplomatic strategy that would support moderate political leaders across the Middle East, but after a first evening of talks here offered little new to push ahead any agreement with the Palestinians.

Ms. Rice played down expectations for any breakthrough during her travels.

“I expect this trip to really be one in which we have intensive consultations,” she said to open weeklong travels across the Middle East and the Persian Gulf before consulting with allies in Western Europe. “I’m not coming with a proposal. I’m not coming with a plan.”

The focus of her first two days is to push Israeli and Palestinian leaders to move forward on a number of smaller issues, and then she will speak with other regional allies to try to gather support for President Bush’s new strategy for Iraq.

Tzipi Livni, the Israeli foreign minister, said after a meeting with Ms. Rice that the two countries were joined in an “ongoing mutual effort to empower the moderates throughout the region in the struggle against extremism and terror.”

Asked to describe whether plans were being drawn to accelerate or skip portions of the long sidelined road map — the 2002 plan backed by the United Nations, Russia, the United States and the European Union that describes sequential measures to be carried out by Israelis and Palestinians to reach a full political settlement — Ms. Livni defended the process as balancing the need to give Palestinians “a political horizon” while cutting “the process into phases.”

Ms. Rice sought to describe signs of optimism, especially after recent contacts between Mahmoud Abbas, the Palestinian Authority president, and Ehud Olmert, the Israeli prime minister.

“I think there are openings now that are there as a result of this alignment, there as a result of the obvious desire of Prime Minister Olmert and President Abbas to move forward,” she said. “So I think the opening is there, but I can’t really judge until I’ve had a chance to really talk to all the interested parties how we can accelerate the road map, how quickly we can accelerate the road map and how we begin to talk about the political horizon that everybody is interested in.

In Palestinian developments on Saturday, the two main factions, Fatah and Hamas, were again stepping up efforts to form a unity government. The process has going on for months without agreement, and has frequently broken down amid street battles between the rivals.

But envoys for Mr. Abbas have been in contact with Hamas’s exiled political chief, Khaled Mashal, who is in Damascus, Syria, Palestinian officials said.

Ismail Radwan, a Hamas spokesman in the Gaza Strip, said this was “one of several Arab and Palestinian efforts to solve the differences.”

Mr. Radwan also said he believed that Mr. Abbas and Mr. Mashal were likely to meet relatively soon.

In a related matter, Mr. Abbas traveled from the West Bank city of Ramallah to neighboring Jordan to discuss the political developments with King Abdullah II, who has sought to mediate in the Palestinian infighting. Mr. Abbas returned to the West Bank later on Saturday, and will meet with Ms. Rice on Sunday.

A Palestinian unity government would seek to end the internecine fighting and establish a leadership acceptable to Western countries, which cut off financing after Hamas, the radical Islamic faction, came to power early last year. Hamas controls the current cabinet, though Mr. Abbas also has substantial powers as the president.

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Also on Saturday, some 80,000 Palestinian government workers, about half of the total, agreed to end a strike that had lasted for months. Most of the striking workers are from the West Bank, and many are considered sympathetic to Fatah. In Gaza, where Hamas is much stronger, government workers have not gone on prolonged strikes.

The workers were protesting the government's inability to pay wages. The Hamas government has paid salaries only partly and sporadically because of the cutoff of money that previously came from the Western countries and from tax revenues collected by Israel on behalf of the Palestinians.

The government workers are to receive one month's salary immediately, with overdue wages to be paid over the next six months, Palestinian officials said.

Meanwhile, Prime Minister Ismail Haniya, speaking on Palestinian television, said, "The American and Israeli policies seek to push the Palestinian people toward civil war and internal conflict so that the Israeli-Palestinian conflict becomes a Palestinian-Palestinian conflict."

"I call on the Palestinian people and factions, in particular Hamas and Fatah, to halt internal clashes," Mr. Haniya said.

In Washington, the State Department said Friday that the Bush administration would seek Congressional approval for $86 million in "nonlethal assistance" to strengthen branches of the Palestinian security forces directly linked to Mr. Abbas.

Rice Begins Push In The Middle East (WP)

By Glenn Kessler

The Washington Post, January 14, 2007

JERUSALEM, Jan. 13 -- Secretary of State Condoleezza Rice embarked Saturday on a new push for Israeli-Palestinian peace but set modest goals for herself, saying she was coming without a particular plan or proposal but instead wanted to gather ideas from Israelis, Palestinians and key Arab figures in the region.

"If you don't lay the groundwork very well, then it's not going to succeed," Rice told reporters traveling with her. "And I think no plan can be made in America."

Rice appears to be seeking to lower the temperature of a region shaken by the turmoil in Iraq and last summer's war between Israel and the Islamic group Hezbollah. Aides said she wants to use the Israeli-Palestinian issue as a vehicle to dampen historic animosities and perhaps build a common front against the rising threat of Iran.

U.S. officials have encouraged Israeli Prime Minister Ehud Olmert to say positive words about a long-dormant Saudi peace plan as well as meetings between Olmert and Palestinian and Egyptian leaders. The sessions are part of an effort to strengthen ties between what Rice calls "mainstream" forces in order to counter extremism. Rice has taken particular interest in the 2002 Saudi peace plan, which held out the prospect of recognition of Israel, in contrast to the vows of Iran and the radical Palestinian group Hamas to eliminate the Jewish state.

Rice is encouraging Israel to take steps to bolster beleaguered Palestinian Authority President Mahmoud Abbas, such as lifting roadblocks and freeing Palestinian prisoners. The Bush administration is also lobbying Congress for approval of an $86 million package to equip and train security forces loyal to Abbas, who has struggled against Hamas since it won legislative elections last year.

Prospects for peace are hindered, however, because Abbas and Olmert are weak politically, with Olmert receiving only 14 percent approval among those surveyed in a new opinion poll.

After arriving, Rice held a late-night meeting with Israeli Foreign Minister Tzipi Livni. Rice plans to meet with Abbas on Sunday at his headquarters in Ramallah in the West Bank before traveling to Amman, Jordan, to meet with King Abdullah. She plans to hold talks with Olmert on Monday before traveling to Egypt.

On Saturday, Abbas met in Amman with Abdullah, and Palestinian Prime Minister Ismail Haniyeh, a top Hamas official, said in Gaza that Hamas was willing to have "serious" talks with Abbas's Fatah movement about a unity government after days of calm in factional fighting.

"The United States and Israel are working and pushing the Palestinian people into a civil war . . . in order to turn this struggle from a Palestinian-Israeli struggle into a Palestinian-Palestinian struggle," Haniyeh said.

Rice had pressed for the elections that unexpectedly brought Hamas to power, a result that Livni told reporters had made the situation "more complicated and more dangerous." Unlike Fatah, which had ruled the Palestinian Authority since its creation following the 1993 Oslo peace accords, Hamas has refused to acknowledge Israel's right to exist, complicating efforts to forge a comprehensive peace agreement.

Rice told reporters she was hoping to "accelerate" a U.S.-backed peace plan known as the "road map." The plan has been effectively dormant since it was launched shortly before the Iraq invasion.

The road map envisions three stages in the creation of a Palestinian state, but progress is dependent on a series of reciprocal steps by each side, including a crackdown on militant groups such as Hamas by the Palestinian government and a

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halt to settlement activity by the Israelis. But U.S. officials acknowledge that one flaw of the road map is that it can grind quickly to a halt if either side fails to fulfill one of the steps.

Livni has spoken about finding some way of moving quickly to the second stage of the road map, creating an interim state with provisional borders, as part of a package deal that would resolve Israeli security concerns -- and in turn help bolster Abbas's status among Palestinians. "Part of our responsibility is to give the moderate Palestinians a political horizon while providing the Israelis security," Livni said at a news conference with Rice before their meeting.

Rice, speaking to reporters as she flew to Israel, did not rule out such an approach but expressed caution. "We also have to recognize that there are certain conditions that we're also going to have to be creating on the ground, and we don't want to lose sight of those for a vision that then can't be fulfilled," she said.

Palestinian officials are wary of creating an interim state, believing that it would lock them into a semi-legal status for years. They prefer to go directly to final-status talks on creating a permanent Palestinian state.

Rice Aims To Restart Mideast Peace Bid (AP)

By Anne Gearan

AP, January 14, 2007

Secretary of State Condoleezza Rice explored opportunities Saturday for a fresh start in the stalled effort at a political compromise between Israel and the Palestinians. At the start of a weeklong trip to the region, she warned that an enduring peace cannot be stamped "made in America."

Rice said she did not carry a specific plan and she tried to lower expectations for quick changes. Any progress would require political risk-taking from weakened Israeli and Palestinian leaders, and some resolution to escalating divides in the Palestinian ranks.

One idea on the table is a bold stroke — sketching the rough outlines of an eventual Palestinian state even though that day is far off. Other approaches include finding ways to speed up elements of an existing U.S.-backed peace plan.

"This is a very important and challenging time in the Middle East, but a time that I believe does have promise if we exercise our responsibilities with creativity and with resolve," Rice said before an evening meeting with Israel's foreign minister, Tzipi Livni.

Her references were to new strategies and the underlying commitment to freeze the ruling Islamic Palestinian Hamas faction and others she branded extremists, bent on denying peace and democracy to the rest of the Middle East.

"We are determined to resist their efforts, but also to strengthen the hands of those who wish to resist their efforts," Rice said.

The United States wants to move more swiftly to shore up Palestinian President Mahmoud Abbas. He is in a power struggle with Hamas and grasping for ways to demonstrate progress. Abbas has told U.S. diplomats he needs to offer Palestinians a vision of a political future that makes the frustrating effort to seek peace with Israel seem worthwhile.

To reward Abbas for standing firm against Hamas, the Bush administration soon will ask Congress to approve $85 million to train and equip Abbas' security forces. Israel supports the plan.

"Part of our responsibility is to give the moderate Palestinians a political horizon while providing the Israelis security," Livni said.

Ahead of Rice's visit to Jerusalem and the Palestinian-controlled West Bank, Palestinian Prime Minister Ismail Haniyeh of Hamas contended Saturday that Israel and the U.S. were trying to fan the flames of a Palestinian civil war.

Rice also is promoting President Bush's new strategy for the Iraq war to sometimes skeptical Arab allies and asking those nations to do more to help the struggling government of Iraqi Prime Minister Nouri al-Maliki.

Rice plans to see leaders of Jordan, home to 700,000 Iraq refugees, Egypt, Saudi Arabia and Kuwait in the coming days, along with diplomats from Persian Gulf states whose governments generally are friendly to Washington.

Most of the Arab states with the most at stake if Iraq falls apart are also those pressing the U.S. to do more to reinvigorate the stalled Arab-Israeli peace process. Several of those Sunni states are alarmed by the rise of Shiite Iranian influence in Iraq and elsewhere.

Although Rice seemed eager to switch focus from Iraq, the Israeli-Palestinian problems may prove equally difficult.

"I'm not coming with a proposal. I'm not coming with a plan," Rice told reporters on the way to the region. She said two things are always true about Middle East peace efforts.

"If you don't lay the groundwork very well, then it's not going to succeed," Rice said. "And I think no plan can be made in America. There are too many important stakeholders and any progress on the Palestinian-Israeli front is going to require all of the parties."

U.S officials are dismayed at the yearlong drift in peace efforts since Hamas won parliamentary elections and now controls the Palestinian Cabinet and Parliament.

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Hamas refuses to renounce violence or recognize Israel, leading the West to cut off vital international aid.

Abbas was elected separately and retains his post, but he has limited power. He has been unable to negotiate a compromise unity government with Hamas, but he has improved his international standing.

The U.S. money for Abbas' security services would be a significant vote of confidence because those forces have a troubled history of corruption and rights violations under Abbas' predecessor, the late Yasser Arafat.

Hamas accuses Washington of trying to provoke a broader intra-Palestinian military confrontation between Hamas and Abbas' Fatah faction, and Hamas points to the money for arms as evidence. Rice stressed that the money would pay for training and other things apart from weaponry, and that it comes with strings attached.

The Palestinians' two main factions have been engaged in a violent power struggle that has claimed 35 lives in recent weeks, although there was reported progress Saturday in secret coalition talks between the two sides.

In the Palestinian-controlled Gaza Strip, Haniyeh called on Hamas and on Abbas' Fatah to halt the violent power struggle.

"Enough, I say enough," he said in a televised speech. "All forms of internal fighting must stop."

In Israel, Prime Minister Ehud Olmert has been weakened by allegations of corruption and last summer's Lebanon war that many Israelis believed ultimately undermined their security.

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Associated Press writers Any Teibel and Steve Gutkin in Jerusalem and Karin Laub in Ramallah contributed to this report.

Rice Set For Key Mid-East Meeting (BBC)

BBC.com, January 14, 2007

US Secretary of State Condoleezza Rice is due to meet the Palestinian leader, Mahmoud Abbas, on the second day of a week-long visit to the Middle East.

Ms Rice will see Mr Abbas in Ramallah, a day after saying a "creative" solution is needed to end the conflict between Israel and the Palestinians.

Arab governments are thought to want a greater US involvement in the conflict in return for support over Iraq.

Later on Sunday she travels to Amman for dinner with Jordan's King Abdullah.

She will then meet Israeli Prime Minister Ehud Olmert in Jerusalem on Monday.

Ms Rice has admitted that she did not head to the Middle East with any specific plan to end the lingering conflict.

She met Israeli Foreign Minister Tzipi Livni on Saturday, and declared her hope that some solution could be found.

"This is a very important and challenging time in the Middle East, but a time that I believe does have promise if we exercise our responsibilities with creativity and with resolve." Extremists

Ms Rice's trip will also take her to a series of Arab capitals in an attempt to drum up support for President George W Bush's new strategy in Iraq.

The BBC's Katya Adler, in Jerusalem, says Arab states have made it clear - if the US wants their support in Iraq it must engage more in the Israeli-Palestinian conflict.

Speaking at a joint news conference with Ms Livni, Ms Rice said they were discussing how to push forward the international peace plan for the Middle East, known as the roadmap.

"It is a time when extremist forces are attempting to make it impossible to have the kind of Middle East in which Israelis and Palestinians and other people of the Middle East can live in peace, and in which democracy can make progress," Ms Rice said.

Correspondents say Ms Rice's comments relate to efforts to shore up Mr Abbas in an ongoing power struggle with the Hamas-led Palestinian government.

"We are determined to resist their efforts, but also to strengthen the hands of those who wish to resist their efforts," she said.

Iraq strategy

Ms Rice's week-long tour will also take in Egypt, Saudi Arabia and Kuwait.

Ms Rice has said Arab leaders have every incentive to help as a stable Iraq is also in their interests.

Both President Bush and Ms Rice have said this week that they intend to step up measures against those threatening to destabilise Iraq.

Mr Bush announced an increase in US troop numbers in an effort to defeat extremists and insurgents in Iraq.

Ms Rice has warned that the US would oppose any Iranian or Syrian interference in Iraq, and said the US would not let either country continue activities that endangered American soldiers in Iraq.

Iranian President Visits Venezuela To Strengthen Ties (NYT)

By Simon Romero

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The New York Times, January 14, 2007

CARACAS, Venezuela, Jan. 13 — President Mahmoud Ahmadinejad of Iran arrived here on Saturday for talks with President Hugo Chávez, on the first leg of a Latin American visit to enhance Tehran's stature with governments where distrust of the Bush administration already runs deep.

It is Mr. Ahmadinejad's second visit to Venezuela in the past five months, and the two leaders were scheduled to talk about strengthening their economic ties. From here, the Iranian president is to visit Ecuador and Nicaragua, where leftist presidents aligned with Mr. Chavez are taking office this month.

Venezuela's government promoted the visit as an example of Middle Eastern solidarity with Mr. Chávez's opposition to American foreign policy. Venezuela has been a vociferous defender of Iran as the United States steps up efforts to circumscribe Mr. Ahmadinejad's government, most recently through military raids this week on people suspected of being Iranian operatives in Iraq.

The two countries said Saturday night that they would use a $2 billion investment fund to finance projects in Venezuela and Iran, as well as in other countries. In addition, they said they were considering ventures to train teachers and produce manioc starch in Venezuela. Mr. Chávez also said Venezuela and Iran would press for output cuts within OPEC in an effort to push oil prices up from a 19-month low.

State television here showed images of Mr. Chávez embracing Mr. Ahmadinejad and of Iranian cars rolling off an assembly line at a recently inaugurated factory in the city of Maracay. Fifty cadets from Venezuela's naval academy were on hand to receive the Iranian president at the international airport in Maiquetía.

"Welcome, fighter for just causes," Mr. Chávez said in a speech here before the National Assembly, describing Mr. Ahmadinejad as a "revolutionary" and a "brother."

The two countries said Saturday night that they would use a $2 billion investment fund to finance projects in Venezuela and Iran, as well as in other countries. In addition, they said they were considering ventures to train teachers and produce manioc starch in Venezuela. Mr. Chávez also said Venezuela and Iran would press for exporting cuts within OPEC in an effort to push oil prices up from a 19-month low.

Nowhere has Iran's search for allies in Latin America been more fruitful than in Venezuela. The two countries have signed an array of agreements in recent months, pledging to work together here in exploring for oil, building low-income housing and assembling tractors and bicycles, among other ventures.

The tightening alliance with Iran comes as Mr. Chávez pushes for broad changes in Venezuela's political and economic structures. Just this week, Mr. Chávez's government said it would nationalize the entire electricity industry and the country's largest phone company.

Mr. Chávez also announced a plan which, according to some interpretations, would reconfigure municipal governments by replacing them with entities called communal councils. The president's supporters in Congress say the project is inspired by the Paris Commune, the socialist government that briefly ruled Paris in 1871. Critics of the plan, which also includes the construction of entirely new cities in Venezuela's interior, say it would effectively eliminate some of the few elected politicians who remain opposed to the government.

Mr. Ahmadinejad's visit has alarmed Jewish organizations here and elsewhere because of his aggressive talk in relation to Israel. Heinz Sonntag, a prominent Venezuelan sociologist and political commentator, said the visit by Mr. Ahmadinejad was an "affront and an eventual threat to our fellow countrymen who are Jewish."

"The invitation of this personality is the finishing touch on Chávez's announcements this week," said Mr. Sonntag.

Venezuela has a long history of close relations with Middle Eastern countries, dating to the founding of OPEC in Baghdad in 1960 by Venezuela, Iran, Iraq, Kuwait and Saudi Arabia, in an effort to keep oil prices high. Mr. Chávez has strengthened those ties through overtures to Iran, and more recently Syria, where Venezuela and Iran have plans to build an oil refinery capable of processing 150,000 barrels a day.

"There is a desire by Chávez to accelerate what he views as a strategic alliance with Iran," said Alberto Garrido, author of "Chávez's Wars," a book recently published here that explores Venezuela's ties to the Middle East. "The Venezuelan left has for decades considered alliances with Muslim countries as one of the ways to create a new civilization through the toppling of American values."

For the time being, Venezuela's relations with Iran have revolved around Mr. Chávez's defense of Iran's uranium enrichment plans, while the two countries deepen their cooperation in oil-related areas. For instance, Venezuela said last month that it would buy four oil tankers from Iran, part of Venezuela's plan to increase its 21-ship tanker fleet through the acquisition of 42 additional vessels.

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Iran and Venezuela, the world's fourth- and fifth-largest oil exporters, are also exploring for oil together in Venezuela's Orinoco region. And they have plans for a joint oil trading company, part of an ambition by Caracas and Tehran to price oil in euros instead of dollars in order to weaken the influence of the United States in the international oil market.

Iran seems to have also found a welcome in Ecuador, an oil-exporting country where Mr. Ahmadinejad will attend the inauguration of Rafael Correa, a leftist economist elected president last year. And in Nicaragua, Mr. Ahmadinejad will meet with Daniel Ortega, the former guerrilla leader who assumed the presidency this month.

Iran And Venezuela Plan Anti-U.S. Fund (AP)

By Natalie Obiko Pearson

AP, January 13, 2007

CARACAS, Venezuela — Venezuela's Hugo Chavez and Iran's Mahmoud Ahmadinejad — fiery anti-American leaders whose moves to extend their influence have alarmed Washington — said Saturday they would help finance investment projects in other countries seeking to thwart U.S. domination.

The two countries had previously revealed plans for a joint $2 billion fund to finance investments in Venezuela and Iran, but the leaders said Saturday the money would also be used for projects in friendly countries throughout the developing world.

"It will permit us to underpin investments ... above all in those countries whose governments are making efforts to liberate themselves from the (U.S.) imperialist yoke," Chavez said.

"This fund, my brother," the Venezuelan president said, referring affectionately to Ahmadinejad, "will become a mechanism for liberation."

"Death to U.S. imperialism!" Chavez said.

Ahmadinejad, who is starting a tour of left-leaning countries in the region, called it a "very important" decision that would help promote "joint cooperation in third countries," especially in Latin America and Africa.

It was not clear if the leaders were referring to investment in infrastructure, social and energy projects — areas that the two countries have focused on until now — or other types of financing.

Iran and Venezuela are members of the Organization of Petroleum Exporting Countries, and Chavez said Saturday that they had agreed to back a further oil production cut in the cartel to stem a recent fall in crude prices.

"We know today there is too much crude in the market," Chavez said. "We have agreed to join our forces within OPEC ... to support a production cut and save the price of oil."

OPEC reduced output by 1.2 million barrels a day in November, then announced an additional cut of 500,000 barrels a day, due to begin on Feb. 1. Dow Jones Newswires reported Friday that OPEC is discussing holding an emergency meeting later this month to reduce output by another 500,000 barrels a day. Venezuela and Iran have been leading price hawks within OPEC.

Ahmadinejad's visit Saturday — his second to Venezuela in less than four months — comes as he seeks to break international isolation over his country's nuclear program and possibly line up new allies in Latin America. He is also expected to visit Nicaragua and Ecuador, which both recently elected leftist governments.

Chavez and Ahmadinejad have been increasingly united by their deep-seated antagonism toward the Bush administration. Chavez has become a leading defender of Iran's nuclear ambitions, accusing the Washington of using the issue as a pretext to attack Tehran.

Ahmadinejad, meanwhile, has called Chavez "the champion of the struggle against imperialism."

U.S. officials have accused Chavez — a close ally of Cuban leader Fidel Castro — of authoritarian tendencies, and National Intelligence Director John Negroponte said recently in an annual review of global threats that Venezuela's democracy was at risk.

The U.S. also believes Iran is seeking to use its nuclear program to develop an atomic bomb. Tehran says its program is peaceful and geared toward the production of energy.

The increasingly close relationship between Chavez and Ahmadinejad has alarmed some Chavez critics, who accuse him of pursuing an alliance that does not serve Venezuela's interests and jeopardizes its ties with the United States, the country's top oil buyer. Venezuela is among the top five suppliers of crude to the U.S. market.

In a speech earlier Saturday, Chavez called for the U.S. government to accept "the new realities of Latin America," as he brushed aside restrictions that limit presidents to two consecutive terms. He vowed to stay in office beyond 2013, when his term expires, saying he would revise the constitution to get rid of presidential term limits.

But Chavez also said in his state of the nation address to government officials and legislators that he had personally expressed hope to a high-ranking U.S. official for better relations between their two countries.

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Chavez said he spoke with Thomas Shannon, head of the U.S. State Department's Western Hemisphere affairs bureau, on the sidelines of Nicaraguan President Daniel Ortega's inauguration earlier this week.

"We shook hands and I told him: 'I hope that everything improves,'" Chavez said. "I'm not anyone's enemy."

Chavez prompted a crash in Venezuelan share prices this past week when he announced he would seek special powers from the legislature to push through "revolutionary" reforms, including a string of nationalizations and unspecified changes to business laws and the commerce code.

He also announced plans for the state to take control of the country's largest telecommunications company, its electricity and natural gas sectors and four heavy crude upgrading projects now controlled by some of the world's top oil companies.

He said Saturday, however, that private companies would be allowed to own minority stakes in the lucrative Orinoco River basin oil projects.

The government has already taken majority ownership of all other oil-producing operations in the country through joint ventures controlled by the state oil company. Most companies have shown a willingness to continue investing despite the tightening terms, which have also included tax and royalty increases.

Presidents Of Iran, Venezuela Plan $2-billion Project Fund (LAT)

By Mery Mogollon, Chris Kraul

The Los Angeles Times, January 14, 2007

CARACAS, VENEZUELA — Iranian President Mahmoud Ahmadinejad and Venezuelan President Hugo Chavez agreed Saturday to create a $2-billion social investment fund, the latest sign of the deepening ties between their oil-rich, anti-U.S. countries.

The fund will finance projects in their countries and others in Latin America and in Africa. Previous cooperative efforts included building joint-venture cement, tractor and automobile factories in Venezuela.

"We must be comrades in the construction of both our countries," Ahmadinejad said at a ceremony at the Miraflores presidential palace here. "We have the potential of being among the most advanced countries in the world."

All the problems of the world, he said, are the result of "powerful countries that only seek economic benefits and do not value human rights because all they are concerned with is lining the pockets of their multinational companies."

Ahmadinejad's Latin American tour is also to take him to Nicaragua, which last week swore in to office a leftist president, and to Ecuador for the inauguration Monday of leftist President-elect Rafael Correa.

U.S. government officials have expressed concern over closer ties between Iran and Venezuela, citing what it has described as Iran's sponsorship of Hezbollah, the militant group in Lebanon believed to have been involved in the 1994 bombing of a Jewish cultural center in Buenos Aires that left 85 people dead.

Ahmadinejad and Chavez signed 10 other agreements addressing energy, administration and other topics. Chavez said the two countries were undergoing the "same revolution" and would work together to maintain oil prices at current levels.

"Imperialism won't rest in its effort to weaken us, and one of the strategies is to weaken the price of oil and dominate our reserves," he said. "Our answer will be to defend prices and cut production."

Iran And Venezuela Back Oil Cuts (BBC)

BBC.com, January 13, 2007

The presidents of Venezuela and Iran have called for a cut in oil production by the members of the Opec oil cartel.

Speaking in Caracas, Hugo Chavez and Mahmoud Ahmadinejad said they wanted to co-ordinate the group to reduce the amount of crude oil on the market.

Mr Ahmadinejad is visiting Venezuela at the start of a tour aimed at boosting ties with Latin America.

Venezuela has been a strong ally of Iran in its controversial pursuit of a nuclear power programme.

Mr Chavez welcomed Mr Ahmadinejad to Caracas, calling him a "fighter for just causes, to a revolutionary and a brother".

He said the world oil market was oversupplied with crude, and said Opec should act to stop falling prices.

Both countries are major oil producers and members of Opec.

Venezuela and Iran have also agreed to establish a $2 billion fund for projects across the developing world, he added.

US opponents

While in Latin America, the Iranian president will also meet the leftist leaders of Bolivia, Ecuador and Nicaragua.

Mr Ahmadinejad's talks with some of the US's most vocal critics is likely to alarm Washington, says one of the BBC's Latin America correspondents, Duncan Kennedy.

With his eyes fixed firmly on the Middle East, the last thing President Bush wants is another hostile diplomatic front opening up in his own backyard.

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Iran insists that it nuclear programme aims to provide energy

But with the arrival of the Iranian president in the region, that is exactly what some commentators are predicting.

The most worrying alliance for Washington is that being forged between Iran and Venezuela, our correspondent says.

Mr Chavez and Mr Ahmadinejad are expected to sign a series of new trade and economic co-operation agreements.

"Iran and Venezuela are two important allies on a global level, the two countries have important industrial and oil projects, which we will follow up in this trip," Mr Ahmadinejad said ahead of his trip, according to the state-run Irna agency.

Uneasy relations

Washington will be watching closely for any concrete measures or policies that develop - chief among them, any sign of Venezuela pursuing its own nuclear programme in conjunction with Iran.

That would be unacceptable to Washington and would turn what are now uneasy relations between the two states into something much more serious, our correspondent says.

Mr Ahmadinejad will also visit Nicaragua, where Daniel Ortega, the former Sandinista revolutionary, took office this week following his convincing election victory.

The Iranian president will also attend the swearing-in ceremony of President-elect Rafael Correa in Ecuador on Monday.

Ecuador's new president opposes a free-trade agreement with Washington, arguing it is damaging to Ecuadorean industry.

Mr Ahmadinejad is also expected to meet other South American leaders, including Bolivia's Evo Morales, on the sidelines of the ceremony.

Argentina Pursues Iran In '94 Blast As Neighbors Court Ahmadinejad (WP)

By Monte Reel

The Washington Post, January 14, 2007

BUENOS AIRES -- As Iranian President Mahmoud Ahmadinejad visits Latin America this weekend to strengthen economic and political ties with the region, Argentina's N?stor Kirchner will not be in the line of presidents turning out to greet him.

Kirchner's government has reinvigorated attempts to prosecute Iranian figures for their alleged role in the 1994 bombing of a Jewish community center here, recently issuing arrest warrants for nine former Iranian officials. Among those sought is former president Ali Akbar Hashemi Rafsanjani, accused of ordering the attack that killed 85 people and injured more than 200.

The pursuit of Iran has been frustrated over the years by blatant corruption in the Argentine judicial system and accusations of coverups. The latest efforts to resolve the case come as much of the region is expanding relations with Iran, and several of Argentina's regional allies are pledging support for Ahmadinejad's government.

The Iranian leader plans to meet this week with Venezuela's Hugo Ch?vez, Nicaragua's Daniel Ortega, Ecuador's Rafael Correa, Bolivia's Evo Morales and possibly others. They are expected to discuss broadening bilateral agreements, such as the technology-sharing deals that Ch?vez signed with Iran last year.

"Clearly the actors driving all of this are Ch?vez and Ahmadinejad," said Michael Shifter, an analyst with the Inter-American Dialogue, a policy forum in Washington. "Both of them see themselves as global players, and so it's nice for them to build these sorts of alliances and coalitions, which people like Correa and Morales are inclined to join in."

Although Argentina maintains friendly relations with each of those leaders, Kirchner's domestic agenda is driving him in a different direction. For example, he canceled plans to attend Correa's inauguration ceremony Monday after Ahmadinejad announced that he would attend.

The continuing U.S. conflict with Iran complicates matters further: Some critics contend that Kirchner's government has been manipulated by a regionally unpopular U.S. government that wants to use the Argentine court rulings to stir international outrage against Iran.

When one of Kirchner's most loyal and high-profile domestic allies -- former street activist Luis D'Elia -- recently suggested that U.S. and Israeli pressure was fueling Argentina's pursuit of Iran, he was forced to resign from his government post two days later.

For many people in Argentina, the indictments have been a bright spot in a case that has been marred for years by botched attempts to bring the bombers to justice.

"Now at least there is hope, a small light that can be seen in the darkness," said Luis Sergio Grynwald, president of the Argentine-Israeli Mutual Association, the community organization targeted in the attack. "That light hasn't been reached yet, and we'd like it to be bigger, but it's still a light."

The bombing was the second attack on a Jewish target in Argentina. In 1992, a suicide bomber struck the Israeli Embassy in Buenos Aires, killing 29.

Shortly after the community center blast, then-Argentine President Carlos Menem blamed the attack on Islamic extremists from Iran. Menem was eventually saddled with some of the blame for the derailed investigations that followed: In 2002, a former

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Iranian intelligence official alleged that Menem, by then out of office, had received $10 million to cover up Tehran's role in the attack. Menem vigorously denied the accusation, but it nonetheless damaged his standing.

The judge investigating the community center bombing -- Juan Jos? Galeano -- was also criticized for undermining the case. He was impeached after being found guilty of misdeeds including paying a defendant $400,000 to testify. He also lost hundreds of hours of wiretap recordings and other evidence.

The only suspects to be tried in the case have been four Argentine police officers and a car thief who were charged as accessories for providing the van used in the bombing. They were acquitted for lack of proof.

Following the judicial missteps, prosecutor Alberto Nisman has been leading a team of investigators dedicated solely to the community center bombing. In late October, Nisman said that his team traced the bombing to a planning session held in 1993 in the Iranian city of Mashhad. He said the motive for the attack had been Argentina's decision to withdraw some of its support for Iran's nuclear ambitions and for its decision to strengthen relations with the United States and Israel.

In November, an Argentine judge said that Nisman's team had provided convincing evidence and issued arrest warrants for the nine former Iranian officials, including Rafsanjani, who was president from 1989 to 1997.

Iran has repeatedly proclaimed its officials had nothing to do with the bombing. In the weeks since Iran said it would ignore the extradition requests, Rafsanjani has maintained a high public profile in Iran, running for a seat in a council of clerics in December.

Even Nisman acknowledges that arresting the suspects is a long shot as long as they stay in Iran. But he insisted that people who criticize his request for the warrants -- particularly those who say he did it solely to bolster the U.S. political case against Iran -- are wrong.

"Unfortunately, there's an upside-down analysis that's happening here," Nisman said. "Instead of analyzing all of this in terms of the proof we have compiled, people are analyzing the case in terms of political convenience."

Officials: Abbas Envoys, Hamas Head Meet (AP)

By Karin Laub, Associated Press Writer

AP, January 14, 2007

Significant progress has been made in secret coalition talks between the top Hamas leader and envoys of moderate Palestinian President Mahmoud Abbas, officials from both sides said Saturday, signaling a sudden shift after several weeks of deadly internal fighting.

In another unexpected show of unity, the civil servants' union dominated by Abbas' Fatah movement announced Saturday that it was ending a strike it had launched four months ago to protest non-payment of salaries by the Hamas-led government.

And in Gaza, Prime Minister Ismail Haniyeh called on his Hamas movement and on Fatah to halt their increasingly violent power struggle that has claimed 35 lives in recent weeks.

"Enough, I say enough," he said in a televised speech. "All forms of internal fighting must stop."

The secret coalition talks started in Syria two weeks ago between top Hamas leader Khaled Mashaal and two Abbas envoys, independent legislator Ziad Abu Amr and Mohammed Rashid, a former adviser to Abbas' predecessor, the late Yasser Arafat, officials from both sides said.

The two envoys were heading to Damascus on Saturday for another round of talks, the officials said. Abbas is to visit the Syrian capital later this month. If a coalition agreement is reached, Abbas would meet with Mashaal in Damascus, Abbas aides and Hamas officials said.

Moussa Abu Marzouk, deputy head of Hamas' political bureau in Damascus, confirmed the secret talks and said Abbas was expected to meet with Mashaal during his upcoming visit to Syria.

Abbas unexpectedly left for Jordan on Saturday to brief Jordan's King Abdullah II on the developments. On Sunday, he is to be back in the West Bank, to meet with Secretary of State Condoleezza Rice, who is touring the Middle East.

Hamas and Fatah, bitter political rivals, had made repeated attempts in recent months to form a coalition, but talks failed because of disagreements over the political program and control over key Cabinet posts, such as interior, finance and foreign affairs. Hamas balked at international demands that any Palestinian government recognize Israel, renounce violence and accept existing peace deals.

Under the emerging coalition deal, former Finance Minister Salam Fayyad, who is close to Fatah, would return to the job, Abu Amr would be named foreign minister and Haniyeh would remain prime minister, a senior Hamas official said.

Two key sticking points in previous talks — the government's program and who will control most of the security forces — have not yet been resolved.

"We are optimistic today," said Nasser Shaer, the deputy prime minister from Hamas.

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It remains unclear whether Hamas and Fatah can end the yearlong political deadlock and reach a power-sharing agreement. Hamas, the winner of parliament elections a year ago, controls the Cabinet and parliament, while Abbas, elected separately, wields considerable power as president.

Last month, in a challenge to Hamas, Abbas threatened to call early election legislative and presidential elections, saying the Islamic militants — hit hard by an international aid boycott — have failed to provide basic services to the Palestinian people. Hamas accused Abbas of trying to bring down an elected government by illegal means, and vowed it would prevent elections from being held ahead of schedule.

Meanwhile, the civil servants' union announced its members were ending a four-month strike. The Palestinian Authority is the largest employer in the West Bank and Gaza, with some 165,000 people on the payroll.

Since Hamas came to power in March, it has only paid partial salaries because of the international aid boycott. The workers ended the strike Saturday without assurances that they would be paid in full. Most of the civil servants already had returned to work before the announcement.

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Associated Press Writer Mohammed Daraghmeh contributed to this report.

Amnesty For Fatah Fighters A Mideast Hurdle (LAT)

By Richard Boudreaux

The Los Angeles Times, January 14, 2007

RAMALLAH, WEST BANK — Kamel Ghannam, a 31-year-old Al Aqsa Martyrs Brigade commander, is the kind of battle-hardened veteran that the Palestinian Authority president needs in his often-violent power struggle with Hamas.

But President Mahmoud Abbas can't have him right now because the warrior is on Israel's "wanted terrorists" list. He is hiding to elude an Israeli army crackdown in the West Bank.

Though Israeli officials would like to see Abbas prevail over Hamas and start negotiating a peace deal with him, they doubt he can fully control militants such as Ghannam and prevent them from turning their guns against Israelis.

That is why Israel is reluctant to give Abbas one of the concessions he wants most: to take hundreds of fighters from his Fatah movement off the wanted list and stop trying to kill or arrest them.

The question of whether Israel should grant such an amnesty for one of the two Palestinian factions is an example of how their armed feud has become entangled with the Israeli-Arab conflict, complicating the Middle East diplomacy that U.S. Secretary of State Condoleezza Rice resumed Saturday as she arrived in Israel.

While coaxing the Israelis and Palestinians toward peace, the Bush administration is also trying to help Abbas sideline Hamas, the Iran-backed Islamic movement that controls the Palestinian Authority government, resists peace overtures to Israel and is branded by the United States and Israel as a terrorist group.

Rice told reporters on her flight from Washington that she was coming for "intensive consultations" with Israeli and Palestinian leaders but bringing no proposal. She met Saturday with Israel's defense and foreign ministers and was to hold talks with Abbas today and Israeli Prime Minister Ehud Olmert on Monday.

In a Dec. 23 meeting that U.S. officials helped arrange, Olmert promised Abbas several concessions as the two men began exploring ways to revive full-scale peace talks that collapsed six years ago.

Mood has soured

But the optimistic mood in Abbas' Fatah camp after that meeting has soured. Israel has been slow to keep its promises, and the army has stepped up its raids in the West Bank, seizing more than 20 Palestinians a day over the last week, many of them Fatah members.

Ghannam, the militia commander, has vanished from the streets of Ramallah.

"From what we heard after the meeting, we relaxed a little," he said of Abbas and Olmert's talk. "The leadership told us we could come out of hiding and live normal lives, get jobs and return to our families, but now we find that we cannot do this."

Ghannam spoke at one of several safe houses he uses here. He moves at night from one to another, avoiding the home of his wife and two small children. He feels betrayed.

"The leadership keeps promising things and failing to deliver," he said. "We cannot trust them anymore."

His bitter remarks echo wider criticism that Abbas is weak as a leader and negotiating partner with Israel.

Abbas lacks a solid base within Fatah's splintered ranks, which face a smaller but more disciplined Hamas fighting force. Trying to wrest political control from an elected Hamas government, Abbas has wavered between threats to call new elections and negotiations with Hamas on sharing power.

He risks losing credibility and strengthening Hamas' argument for violent resistance against Israel if he cannot win Israeli concessions through dialogue.

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But Olmert is not in a position to deliver much.

Bruised by last summer's inconclusive war in Lebanon and recent corruption scandals, the Israeli leader is unpopular at home and reluctant to take risks. He has yet to make good on his promise to Abbas last month to deliver $100 million in tax and customs revenue that Israel had collected for the Palestinian Authority or to significantly relax travel restrictions for commuters within the West Bank.

Larger issues

Saeb Erekat, a senior Palestinian official, said Abbas would ask Rice to prod Olmert to move beyond peripheral issues and start negotiating the outlines of an agreement to create a Palestinian state alongside Israel.

Rice discussed such an approach Saturday with Israeli Foreign Minister Tzipi Livni, who said she agreed that the talks with Abbas should "give the moderate Palestinians a political horizon," a vision of what a final settlement might look like, while providing for Israel's security.

But Olmert and Abbas are at odds over the security issue.

In their meeting, Abbas called for a cease-fire in the West Bank, extending one he and Olmert established in the Gaza Strip in late November. Abbas proposed that Israel withdraw its troops from the West Bank and entrust his Fatah movement with the task of keeping the militants on Israel's wanted list disarmed and under control.

Olmert rejected a West Bank cease-fire. But the two leaders agreed to form a joint committee to review the wanted list, allowing Palestinian officials to lobby for amnesty for some. Israel has yet to name its members to the panel.

Such a committee was set up in 2005 after the Palestinians declared a unilateral cease-fire in their conflict with Israel. The panel reviewed the status of about 500 wanted Fatah militants who had agreed to stop their attacks, but the truce broke down and the meetings stopped late that year.

Reviving the amnesty effort "is Abbas' way of recruiting militant elements against Hamas," said Shmuel Bar, a former intelligence officer who is now with Israel's Institute for Policy and Strategy. "He's saying, 'Hamas cannot get the Israelis off your backs, but I can.' "

Israel's wanted list is compiled by its intelligence agency and distributed to the army and the police. The government has not said how many names are on it.

'Quiet' militants

Palestinian officials involved in the 2005 review say many of the Fatah militants who stopped their attacks that year are still pursued in army raids and take up arms against the Israelis only to defend themselves.

The officials say these "quiet" militants who should get amnesty include Ghannam, who swears he has not fired his M-16 rifle at an Israeli in nearly four years, and Rabe Hamed, a militia commander who was wounded Jan. 4 in a bungled Israeli undercover operation to seize him in Ramallah. Hamed escaped and went into hiding, but four Palestinians were killed in the two-hour gun battle.

Abbas condemned the raid, saying it belied Olmert's promises to lower tensions in the West Bank. It was taken as a signal that the Israeli government had "more or less lost control over the army, which will make political agreements impossible to carry out," said Mouin Rabbani, a senior Middle East analyst for the International Crisis Group, a nonprofit think tank based in Brussels.

Israeli officials say they are not enthusiastic about an amnesty arrangement and doubt one would work. They say Abbas is unwilling or unable to control militants either in Hamas or his own Fatah movement who are still intent on sending suicide bombers into Israel from the West Bank.

The army says 187 militants among the thousands seized in the West Bank last year were allegedly plotting suicide attacks.

A senior army official who meets monthly in the West Bank with one of Abbas' security officials said they never act on his requests to arrest Palestinians suspected of violent activity.

"We sit together, drink, eat, and whatever he might say, I know that he's not going to do anything against the terrorists, and he knows that I know it," said the officer. "And so I continue to arrest his people every day, every night, whenever I like to."

The officer and other Israeli officials said the army made it a priority to pursue active militants, not those on old wanted lists, and was not aiming to dismantle Fatah's militia or weaken Abbas.

"We don't blame Abbas personally," said Mark Regev, an Israeli Foreign Ministry spokesman, "but there are those in his Fatah structure who remain hands-on terrorist operatives. If he had the ability to discipline his entire military apparatus, if it weren't such a fragmented organization, the sort of operations we do now would be superfluous."

Kin And Rights Groups Search For Pakistan's Missing (NYT)

By Salman Masood

DOJ_NMG_0116896

The New York Times, January 14, 2007

RAWALPINDI, Pakistan, Jan. 9 — Amina Masood Janjua has been fighting for some word on the fate of her husband since he vanished from a bus station here in July 2005. In recent months, she and her two teenage sons and 11-year-old daughter have begun a campaign of court petitions, protests and press releases.

More than 30 families of other missing men have joined her, all seeking to locate what they and human rights groups say are hundreds of people who have disappeared into the hands of the country's feared intelligence agencies in the last few years.

The Human Rights Commission of Pakistan, an independent group, estimates that 400 citizens have been abducted and detained across the country since 2001. Amnesty International says many have been swept up in a campaign against people suspected of being extremists and terrorists. But some here also charge that the government is using the pretext of the war on terror to crack down on opponents.

In addition to some with ties to extremist groups, those missing include critics of the government, nationalists, journalists, scientists, researchers and social and political workers, the groups say. Mrs. Janjua says she has compiled a list of 115 missing persons, and says the list could grow as more families gain the courage to come out in the open.

Pakistani officials deny any involvement in extrajudicial detentions or any knowledge of the men's whereabouts.

This week a Supreme Court judge nonetheless ordered the government to speed up the process of finding 41 men listed as missing by Mrs. Janjua and her supporters after the court took up their cases in an unprecedented decision in October.

At the court hearing on Monday, the government acknowledged that it had located 25 of the 41 men listed by Mrs. Janjua, "who are now free," according to Nasir Saeed Sheikh, the deputy attorney general, though it refused to say from where they had been released.

Mrs. Janjua and others said the men were held in detention centers and safe houses of military intelligence, though most of those freed were reluctant to talk about their experiences. Mrs. Janjua maintained that only 18 persons had actually been freed.

Her husband, Masood Ahmed Janjua, 45, an educator and businessman, was not among them. Mr. Sheikh told the court that, according to a report by the Interior Ministry, all intelligence agencies had denied detaining Mr. Janjua.

Mr. Janjua left his home around 9:30 a.m. on July 30, 2005. He was heading to Peshawar in the northwest to attend a religious gathering with a friend, Faisal Fraz, 26, a mechanical engineer from the eastern city of Lahore.

Both had reservations on a 10 o'clock bus bound for Peshawar, but never made it to their destination, according to the families. "Before even reaching the bus stop, somewhere on the way, they were picked up," Mrs. Janjua says.

Relatives of missing persons and rights advocates here say Mr. Janjua and the others are among the many "forced disappearances" or "illegal detentions" that were rare before 2001. In many cases, family members have received no news of the presumed detainees for months and even years.

"Hundreds of people suspected of links to Al Qaeda or the Taliban have been arbitrarily arrested and detained," a report by Amnesty International issued in September said. "Scores have become victims of enforced disappearances; some of these have been unlawfully transferred (sometimes in return for money) to the custody of other countries, notably the U.S.A.," the report said.

"The clandestine nature of the arrest and detention of terror suspects make it impossible to ascertain exactly how many people have been subjected to arbitrary detention or enforced disappearance," it added.

I. A. Rahman, director of the Human Rights Commission of Pakistan, said the government was using the cover of a war on terrorism to flout the law. "Unstable states like Pakistan are taking full advantage of 'war on terror,' " Mr. Rahman said. He said the government was using the antiterror campaign to crack down on its opponents and critics, especially in Baluchistan, where government forces are fighting a nationalist insurrection.

"It is correct that many of those arrested or detained were connected with Al Qaeda or extremist organizations," he said. "But a number of people have been taken into custody whose only crime seems to be that they are nationalists in Baluchistan or Sindh. In Baluchistan, there is no Al Qaeda activity," he said.

In cases that are brought before a court, he noted, a government denial of detention basically closes the case on a habeas corpus petition. "It was only in the end of 2006 that the Supreme Court said the government must find out where are these people," he said.

While many of those missing persons were suspected of having links to extremist or terrorist activities or have been involved in them, many among them were innocent, the relatives maintained.

Majid Khan, 26, a computer engineer, disappeared from of Karachi, a southern port city, four years ago and is now in Guantánamo Bay, Cuba, said his wife, Rabiya Majid. "We don't why he was arrested," she said.

Mrs. Janjua, too, says she has no clue as to why her husband disappeared. The Janjua family lives in Rawalpindi, in the neighborhood of Westridge, a relatively well-off enclave inhabited mostly by active and retired military officers.

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Before his disappearance, Mr. Janjua, who holds a bachelor's degree in marine engineering, was working as managing director of a private institute here, the College of Information and Technology. He was also running a travel agency and involved in charity work, his wife said.

"He had no links with any extremist organization," Mrs. Janjua said, though she acknowledged that he worked "off and on" with Tablighi Jamaat. The group characterizes itself as a nonpolitical, nonviolent movement that seeks to spread Orthodox Islam by proselytizing, but it has also come under suspicion by authorities as a potential recruiting ground for extremists.

Since her husband's disappearance, Mrs. Janjua has taken over his business and his work at the college in addition to leading the drive, with the other families, to find the missing. Together they have formed a group called Defense of Human Rights.

In the last week of December, wives, daughters and sisters of dozens of missing men, led by Mrs. Janjua, gathered in Rawalpindi, holding up posters and portraits of the missing men and shouting, "Give our loved ones back."

But their protest was quickly thwarted by the police. The photographs of the missing men were snatched. The posters were confiscated.

Mrs. Janjua's eldest son, Muhammad, 17, was beaten by the police, who removed his pants to humiliate him before they whisked him away in a police van. He was freed that evening but the next morning the image of Muhammad with his baggy trousers pulled down by the police appeared in newspapers across the country. Op-ed columnists and editorials expressed outrage at police "brutality" and sympathy for the missing people's families surged.

Some of those released, like Muhammad Tariq, 35, have returned home. He is one of the few willing to talk. Mr. Tariq acknowledges that he formerly belonged to Jaish-e-Muhammad, a banned extremist group, but says he just gave the group money and was not an active member.

Mr. Tariq, a business owner from Gujranwala in the east who sells iron pipe, was "picked up in broad daylight on June 14, 2004, by around a dozen plainclothesmen and elite police commandos," his father, Nizamud Din, said in an interview.

Mr. Din said he had been unsuccessful in locating his son through the courts, police officials and even the Senate's Standing Committee on Human Rights. "He was portrayed as a big catch — a big terrorist," Mr. Din said.

President Pervez Musharraf even alluded to the case, without mentioning Mr. Tariq by name, in his book "In the Line of Fire" in connection with a failed assassination attempt in December 2003, Mr. Din said.

General Musharraf wrote in his memoirs that a person from Gujranwala gave refuge to Abu Faraj al-Libbi, the No. 3 Qaeda leader. He was arrested in Pakistan in May 2005 and accused of organizing the failed assassination.

"It is all nonsense," Mr. Tariq said. "I have no link. I don't even know Libbi."

Mr. Tariq says he was singled out because in 2003 he briefly put up a family, introduced to him through a friend, of an Arab man who had been arrested in Quetta.

Mr. Tariq, a father of five, stammers while recounting his time in detention.

"For two years, I did not see the sky, the sun or the moon," he said. He said he was kept in a 4 foot by 7 foot cell in this city, was interrogated by Pakistani military officers, mostly about Mr. Libbi, and endured "all kinds of imaginable torture."

He was released Nov. 27 and pushed from a vehicle at night at an intersection near Islamabad. He said he had never been brought before a court. Mr. Din and Mr. Tariq said they believed the release was a result of the pressure from Mrs. Janjua's group and the Supreme Court case.

Mrs. Janjua hopes her husband will return the same way, some day soon. "At every doorbell," she said, "I think he is back."

Southeast Asians Agree To Trade Zone (NYT)

By Carlos H. Conde

The New York Times, January 14, 2007

CEBU, the Philippines, Jan. 13 — The Association of Southeast Asian Nations made progress toward its goal of economic and political integration at a summit meeting here on Saturday, but it was sidetracked by tensions over how to deal with Myanmar, which has come under fire for its poor human rights record.

Leaders of the 10 members of the organization, known as Asean, agreed to establish a free-trade zone by 2015, intensify their fight against terrorism, protect the region's migrant workers and improve their campaign against H.I.V./AIDS. They also agreed to draft a new charter with broad enforcement powers — a break from the 40-year-old group's tradition of consensus and noninterference.

"We want to advance the sense of community in our shared interest to look after each other in terms of justice, economic development and common security," President Gloria Macapagal Arroyo of the Philippines said during her speech at the opening of the meeting.

Mrs. Arroyo emphasized Asean's drive to expand trade, "to create one of the world's greatest trading blocs."

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But the group failed to find common ground on Myanmar, formerly Burma. On Friday, China and Russia vetoed a United States resolution in the United Nations Security Council that criticized Myanmar's persecution of opposition groups.

"How are we going to help you if you are not making progress?" Indonesia's president, Bambang Susilo Yudhoyono, told Myanmar's officials late Friday, according to [a news organization].

Nitya Pibulsonggram, Thailand's foreign minister, told reporters on Saturday that Asean should redouble its efforts "to see what we can do to help one another," to give the Myanmar issue what he called "a regional focus" rather than "have it internationalized."

Asean's new charter, which will be drafted this year, is expected to include mechanisms to monitor and enforce agreements among members, along the lines of the European Union's charter.

Two years ago, Asean formed a body called the Eminent Persons Group to create guidelines for the new charter. On Friday, it released a list of 28 recommendations, including the "strengthening of democratic values, good governance, rejection of unconstitutional and undemocratic changes of government, respect of the rule of law, including international humanitarian law, human rights and fundamental freedoms."

In a sense, the charter is a bid to remain relevant as the economic power of China and India grows, something the group itself acknowledged. "While the Asean charter will bring about a long overdue legal framework, Asean must reposition itself," it said in a statement. "It must address the growing challenges and opportunities of regional integration, the major shifts in the Asian landscape brought about by the rise of China and India, and Asia's widening links with the rest of the world." China and India are not members of Asean.

Asean leaders also signed a counterterrorism agreement that, among other things, makes it obligatory for each member country to share information about terrorist suspects and possibly allow their extradition. The accord called on members to disrupt terrorist financing and to train counterterrorism forces.

Southeast Asia is home to some of the world's deadliest terrorist groups, among them Jemaah Islamiyah, which has links to Al Qaeda, and Abu Sayyaf, a group in the southern Philippines.

Asean's members are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Chirac's Party Chooses Nominee Amid Intrigue (WP)

By John Ward Anderson

The Washington Post, January 14, 2007

PARIS -- When Interior Minister Nicolas Sarkozy is nominated Sunday as the uncontested presidential candidate for the center-right Popular Movement party of President Jacques Chirac, it should be a moment of personal and political triumph, capping Sarkozy's four-year campaign for France's highest office.

But bitter rivalries within the ruling Popular Movement party, or UMP, have left Sarkozy wounded and weakened, political analysts and party insiders say. Even though he is the only person on the party's internal primary ballot, he has not won the endorsement of its heaviest hitters, including Prime Minister Dominique de Villepin, National Assembly President Jean-Louis Debr?, Defense Minister Mich?le Alliot-Marie or Chirac.

Villepin said last week that he would not even vote for Sarkozy in the primary because he is holding out hope that Chirac will decide at the last minute to run for a third term. When Villepin addressed a meeting of his party's lawmakers after making his comments, he drew a chorus of boos, catcalls and heckling.

"There's so much hatred," said Nicole Bacharan, an analyst at the Institute of Political Studies in Paris. "This should be Sarkozy's moment, but it's not happening for him because his party is split, and he's not getting the momentum from his family that he should."

In fact, some in Sarkozy's camp fear that Chirac could secretly work to sabotage Sarkozy's campaign.

"It's not paranoia -- it's a real possibility," a senior Sarkozy aide said on condition of anonymity. "At the end of the day, we believe Chirac will join Sarkozy. But only at the end of the day. It's a complex relationship. There's a lot of love and hate, admiration and despair."

In the meantime, the aide said, Sarkozy is breaking with tradition and refusing to leave the cabinet while running for president "because the ministry offers a kind of protection for him," leaving him less vulnerable to attack from people inside the government.

Sarkozy, a self-styled reformer who wants to modernize France and reverse its sense of national decline, has broad and enthusiastic support among the party's rank and file, his aides say, and the backing of more than 80 percent of the UMP's 499 lawmakers in the National Assembly and Senate. By late last week, about 60 percent of the party's 340,000 registered members had voted in the primary, most over the Internet. Results will be announced at the party's convention Sunday.

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According to recent polls, Sarkozy is in a dead heat with the Socialist Party's nominee, S?gol?ne Royal, 53, in France's two-stage presidential contest. Surveys show that in the first round of voting April 22, which will probably include at least a dozen candidates, Sarkozy and Royal are expected to lead the pack with about a third of the vote each. If both advance to the two-person runoff May 6, polls show each garnering about 50 percent.

After her own tough primary, Royal managed to unify the party around her, at least publicly. But continuing division in the UMP is starting to threaten Sarkozy's candidacy, party insiders say.

The party faithful are saying, "Why on earth can't you stop your division and act in the interest of France?" said UMP Sen. Jo?lle Garriaud-Maylam. "They are really upset and say that if you keep on like this, we're going to abstain."

Political analysts say the heart of the problem dates to 1995, when Sarkozy, who had been considered a Chirac protege and heir apparent, abandoned his mentor and supported a party rival, ?douard Balladur, for president. Chirac won and reportedly never forgave Sarkozy. Today, Villepin, whom Chirac appointed prime minister in May 2005, is widely considered Chirac's favorite to succeed him.

But Villepin, a debonair former diplomat who has never been elected to public office, imploded as prime minister, buffeted first by minority youth rioting outside Paris shortly after he took office, followed five months later by the worst student and labor strike in decades, called to protest an employment bill the prime minister had proposed. His approval rating tanked, killing his presidential hopes.

Chirac's popularity also plummeted. In a poll last week, 81 percent said they did not want the president to stand for reelection.

Nonetheless, Chirac has refused to rule out running for a third term, and Villepin also has kept his options open; under French election law, both men have until March 16 to declare their intentions. Chirac has indicated that he is afraid of becoming a lame duck if he announces a decision not to run too soon, but many analysts believe he wants to leave Sarkozy on tenterhooks.

"At the end, the president will support Sarkozy, but only at the last minute," said Dominique Moisi, a political analyst. "He wants Sarkozy to owe him his victory."

Much of Sarkozy's popularity rests on his opposition to the old statist, Gaullist France that Chirac stands for. In a clear swipe at Chirac, who has overseen an era of deep national despondency, Sarkozy has called for a less imperial presidency and a "rupture" with the past.

"The 'rupture' is a fresh way of doing things, new methods and new ideas," a senior Sarkozy aide said. "Sarkozy says to France that we cannot afford to continue doing things the same way. We are declining."

Aides say Sarkozy supports affirmative action-style programs to help minorities, favors free market reforms and globalization, wants to improve relations with the United States and believes that France should reduce the number of civil servants and cut its bureaucracy.

"The UMP is getting more and more conservative with Sarkozy, and I think that with him, we'll only get right-wing votes," said Jean-Pierre Grance, a UMP National Assembly deputy from southern France who refused to vote for Sarkozy in the primary, hoping Chirac will throw his hat into the ring.

Political analysts say Sarkozy is also suffering from a fear factor. Some people say they are afraid of him, citing his alleged divisiveness and authoritarianism, and the image of him as the nation's top cop who referred to rioting youths outside Paris in the fall of 2005 as "scum," which some critics say fueled the violence.

"There's something in him that's not reassuring people, and there's something in the people around him that really scares people," said Moisi, the analyst. "He's conquered the party, but he is not conquering the hearts of a sufficient majority of the French people."

"There's a difference between image and reality," a Sarkozy aide responded. "He knows he has an image as a scary guy, and he knows he needs to change it, because it doesn't fit with his nature. He's much more lenient and open than people think."

But the aide said Sarkozy's time as interior minister has had its advantages, too, boosting his image as a serious politician at the forefront of two of the country's biggest issues -- security and immigration. In a poll published Friday in Le Parisien newspaper, 80 percent of those surveyed thought the term "courageous" applied to Sarkozy, 68 percent found him "competent" and 57 percent said he would be "able to reform the country."

Sarkozy To Get Party Nomination At Paris Congress (AFP)

AFP, January 14, 2007

French presidential hopeful Nicolas Sarkozy is set to be nominated as an official candidate by the ruling Union for a Popular Movement (UMP), at a party congress that is intended as a triumphant launch-pad for his election campaign.

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Some 50,000 supporters of the interior minister and UMP boss have come to Paris on special train and coach services for a day of fanfare and speeches at an exhibition centre on the capital's ring-road.

Early in the afternoon results will be read out of an internal party ballot to designate a candidate in April's presidential election but there is no doubt about the result because Sarkozy was the only contender. He will then deliver a keynote address to the nation.

Polls show that Sarkozy, 51, a hard-hitting rightwinger who promises a "clean break" from France's past, is the only politician who can prevent Socialist favourite Segolene Royal, 53, from becoming the country's first ever woman president.

However his progress has been hampered by bitter feuding inside his own camp, with President Jacques Chirac and Prime Minister Dominique de Villepin openly keeping alive the chance of an alternative right-wing candidate -- with Chirac possibly seeking a third term.

Sarkozy supporters are hopeful that a corner has been turned in recent days with endorsements from several politicians normally seen as Chirac loyalists. These include former prime minister Alain Juppe, who praised Sarkozy's "capacity for action".

The candidate plans to move swiftly after Sunday's act of consecration from the party, moving straight away into campaign headquarters in central Paris and leaving for Normandy on the first of regular twice-weekly speaking engagements in the provinces.

The first round of France's presidential election takes place on Sunday April 22, with a second round two weeks later between the two front-runners if -- as is almost certain -- no candidate gets an overall majority.

The latest opinion poll, to be published on Sunday in the weekly newspaper Journal du Dimanche, shows that 75 percent of French people think Sarkozy could attract the support of voters from across the entire right-wing spectrum, not just from his UMP, in a second-round election run-off.

But this is tempered by public concerns about the ambitious, populist interior minister. Fifty-one percent of those questioned in the poll said he "worried" them.

Spanish Prime Minister Takes Political Heat After Airport Attack By Basque Group (NYT)

By Elaine Sciolino

The New York Times, January 14, 2007

MADRID, Jan. 12 — At his year-end news conference on Dec. 29, Prime Minister José Luis Rodríguez Zapatero proclaimed that the peace initiative he had started with the Basque separatist movement ETA months before was making progress.

“Are we better off now with a permanent cease-fire, or when we had bombs, car bombs and explosions?” he asked. “This time next year, we will be better off than we are today.”

The next morning, a bomb ETA had planted in a Renault van exploded in the five-story parking garage of Madrid’s new air terminal, killing two people and causing tens of millions of dollars of damage to Spain’s glittery showpiece of modernity.

Instead of bringing the political establishment of Spain together, the attack ripped it apart. It has left Mr. Zapatero more isolated than at any time in his nearly three years in power and sent the country’s politicians into a frenzy of finger-pointing and backbiting.

“We don’t have a long tradition of democracy, and we’re not used to dialogue,” said Begoña Lasagabaster, a parliamentary deputy from the tiny Basque nationalist party Eusko Alkartasuna. “Instead, we say to each other: ‘I’m right. You’re not.’ If your enemy is a terrorist organization and you can make your political opponent appear to be close to your enemy, you can gain politically.”

Since the attack, the opposition Popular Party has stepped up its criticism of Mr. Zapatero and the dialogue he initiated with ETA, which is listed as a terrorist group by the European Union and the United States, after its announcement of a “permanent cease-fire” last March.

“The government and the prime minister made a mistake in the strategy of their negotiation,” Ana Pastor, a senior Popular Party official, said in an interview. “They’ve got to correct that mistake. They believed in people who kept their pistols nearby.”

Interior Minister Alfredo Pérez Rubalcaba called such criticism “politically perverse.” He pointed out that the Socialists consistently supported the antiterrorism policies of the Popular Party when it was in power, even after ETA broke an earlier truce. “It never occurred to us to criticize,” he said in an interview.

But Mr. Zapatero, who had staked his political reputation on a risky strategy of luring ETA into talks in an attempt to end four decades of separatist violence, has hurt his position by appearing oddly detached since the bombing.

Spain, said Mariano Rajoy, the president of the Popular Party, “is a ship drifting without a rudder.”

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Although Mr. Zapatero cut short his family vacation and headed back to Madrid immediately after the bombing, it took him five days to visit the vast bomb site. Mr. Rajoy, who lost to Mr. Zapatero in the 2004 election and may run again next year, was there two days earlier.

Even after the bombing, Mr. Zapatero seemed reluctant to end talks with ETA. In his first public statement to the nation on the night of the bombing, he ordered only a "suspension."

The straight-talking Mr. Rubalcaba changed course three days later, saying that the dialogue had been "broken off, liquidated, finished."

After a closed-door meeting with Mr. Zapatero early this week, Mr. Rajoy called a news conference at party headquarters in which he accused Mr. Zapatero of withholding from him information about the bomb attack and failing to lay out a strategy for combating terrorism in the future.

At the same time, Mr. Zapatero's deputy prime minister, María Teresa Fernández de la Vega, held her own news conference in which she accused Mr. Rajoy of turning "a deaf ear" to working with the government in forging a common antiterrorism strategy.

The local Spanish-language CNN channel flipped back and forth between the news conferences, underscoring the political rivalry.

At a meeting of regional presidents on Friday, Mr. Zapatero made an unfortunate verbal slip, at first referring to the terrorist attack as a "tragic accident," then immediately correcting himself and calling it a "tragic attack."

The opposition Popular Party jumped on him again. Pedro Sanz, the Popular Party president of Rioja, criticized Mr. Zapatero for not apologizing. Manuel Chaves, the Socialist president of Andalucía, shot back that the criticism was "indecent."

The bickering has even filtered down to planning for demonstrations on Saturday called by Spain's large Ecuadorean community and the country's labor unions to mourn the two Ecuadoreans who died in the bombing.

Endless negotiations have occurred throughout the week with the Popular Party, which said it would not participate because it objected to the demonstration's banner, "For Peace and Against Terrorism." The banner also should have called for the defeat of ETA, party officials said.

Ultimately, the Popular Party chose not to take part, the first time a major party has avoided an anti-ETA demonstration since democracy returned to Spain in the 1970s.

[Otherwise, the demonstrations went smoothly, with hundreds of thousands of people marching in Madrid, Bilbao and other cities, mostly in silence and carrying signs with slogans including "For peace — against terrorism," "We are all victims of ETA" and "Peace is the task of all of us."

[But the absence of the Popular Party prompted other slogans as well, including "Absences help ETA" and "Where is Gallardón?" — a reference to the Popular Party mayor of Madrid, Alberto Ruiz Gallardón.]

"The dead are being used for political purposes," said Joffre Pinzón, who is responsible for social affairs for an Ecuadorean citizens' group. "We're talking about the pain that comes from the death of two of our countrymen. How can you have a country with such a high economic level that is so politically immature?"

Some government officials and politicians also find the political bickering unseemly. There are still suspicions that that the center-right party is seeking revenge for its electoral loss in March 2004 by undermining the current government's ability to rule and trying to position itself for national elections in 14 months.

The 2004 election occurred only three days after train bombings by Islamic terrorists in Madrid killed 191 people. At the time, Popular Party leaders said the party was the victim of circumstances, that the Socialist government was illegitimate and that the election was a triumph for terrorists.

"Some people since March 2004 have been using terrorism as a political weapon and that is very dangerous," said Judge Baltasar Garzón, the country's most prominent investigative magistrate, in an interview. "Some people unfortunately want terrorism to be the main plank in election politics. Instead of being united against the terrorists, it gets us fighting among ourselves. It gets us playing the terrorists' game."

Mr. Zapatero is not alone among Spanish leaders in not anticipating an imminent terrorist attack. On March 10, 2004, the departing prime minister, José María Aznar of the Popular Party, boasted in an interview that Spain had enjoyed eight years of "spectacular economic growth" under his leadership and that terrorism "is a lot weaker than it was" when he took office.

The next day, terrorists set off bombs on commuter trains in Madrid, the most deadly terrorist attack in Spain's modern history.

Climate Trumps Terror In Europe (WT)

By Gareth Harding, The Washington Times
The Washington Times, January 14, 2007

DOJ_NMG_0116902

BRUSSELS -- A European Commission proposal to slash greenhouse-gas emissions by the end of the next decade has highlighted a growing trans-Atlantic split over global warming that is further stressed by a recent poll that shows Europeans are more concerned about climate change than terrorism.

In a major package of measures aimed at combatting global warming last week, the European Union's executive arm urged the bloc's 27 member states to unilaterally cut emissions of greenhouse gases, such as carbon dioxide, by one-fifth by 2020 compared with 1990 figures.

It also called on the United States -- which has rejected mandatory curbs on emissions -- and developing countries such as China and India to join it in signing up to a 30 percent reduction in greenhouse gases by the same date.

"Europe must lead the world into a new -- or maybe, one should say, post-industrial -- revolution: the development of a low-carbon economy," Commission President Jose Manuel Barroso said while announcing the plan in Brussels on Wednesday.

"We have already left behind our coal-based industrial past. It is time to embrace our low-carbon future," he said.

The European Union is currently committed to cutting a basket of six greenhouse gases by 8 percent by 2010, compared with 1990 figures. However, recent data from the European Environment Agency shows this target is unlikely to be reached without additional measures.

The commission says its new goal can be reached if member states improve energy efficiency, accept competition between national energy suppliers, agree to produce 20 percent of their energy from renewable sources such as wind and solar power by 2020 and ensure that 10 percent of gasoline consumed is made from biofuels by the same date.

The commission's plan, which was slammed as "unambitious" by green groups and members of the European Parliament, underlines the radically different approaches to tackling climate change in Europe and the United States.

A poll released by the France 24 TV channel on Jan. 5 showed global warming to be a greater planetary challenge than terrorism in four of the five European countries where the survey was conducted.

In France, for example, 54 percent said the greatest challenge to the planet was global warming, compared with 26 percent who cited terrorism. By contrast, 49 percent of Americans cited terrorism as the biggest threat, while 30 percent mentioned climate change.

Simon Tilford, an analyst at the London-based think tank Center for European Reform, said Americans and Europeans differed over climate change because "in Europe, global warming is accepted as a fact, whereas for a lot of people in the United States, the jury is still out."

However, Mr. Tilford said, attitudes toward global warming were changing in the United States and "whoever wins the next presidential election will take a very different line to the current administration."

In similar polls, such as the German Marshall Fund's annual Trans-Atlantic Trends survey, terrorism has been the No. 1 concern of both Europeans and Americans since the September 11, 2001, attacks in the United States. But global warming has shot to the top of the political agenda in recent months owing in part to former Vice President Al Gore's film "An Inconvenient Truth," stern warnings from scientific advisory bodies and hard-to-ignore evidence that climate change is already happening.

The 10 hottest years since recordkeeping began in Europe have occurred in the past 11 years and the commission's report paints a grim picture of a continent battered by floods in the north and drought in the south if temperatures rise by 3 percent, as some scientists predict.

Nathalie Labalme, an analyst at the Paris office of the German Marshall Fund of the United States, said concern about terrorism was less on the "old Continent" because Europeans have lived with it longer than Americans.

"Because of that, Europeans believe you cannot win the war on terrorism, you can only contain it."

However, the France 24 poll, which was conducted in early December among 12,570 persons in France, Spain, Italy, Germany, Britain and the United States, revealed that Europeans are more worried about the challenge of religious fanaticism than Americans. In Italy, Spain and Germany, it was cited as the No. 1 threat to the planet.

200 Die In Darfur During Week Of Intertribal Battles (WP/AP)

By Mohamed Osman

The Washington Post, January 14, 2007

KHARTOUM, Sudan, Jan. 13 -- More than 200 people have died in clashes between ethnic African farmers and nomadic Arabs in South Darfur in the past week, leading the Sudanese government to send emissaries to try to reconcile the tribes involved, officials said Saturday.

The fighting was the latest outburst in a nearly four-year-long conflict that has caused as many as 450,000 deaths and chased 2.5 million people from their homes in Sudan's vast Darfur region, where nomadic tribes and farming communities have long wrangled over access to scarce water.

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The war began when ethnic African rebels took up arms against the Arab-dominated government in February 2003, charging it with neglect. The government is accused of responding by unleashing an Arab militia known as the Janjaweed that has been blamed for the worst atrocities in the conflict. The Sudanese government rejects the allegations.

The latest fighting involved Habania Arab nomads and Falata ethnic African farmers, Justice Minister Mohammed Ali al-Mardhi told the independent newspaper Al-Rai Al-Aam. He said that more than 200 people had been killed over the past week, mainly nomads, and that the government had sent reconciliation missions to try to end the fighting.

"The situation between the two sides remains flammable," he said.

Witnesses who spoke on condition of anonymity for fear of reprisals said the clashes began a week ago in an area south of Nyala when Habania nomads killed nine Falata tribesmen they accused of stealing cows. Habania fighters later attacked a Falata settlement but suffered heavy casualties, the witnesses said.

Sudanese Interior Minister Zubair Bashir Taha appealed to tribal leaders to stop the killing and "resort to the voice of wisdom," the state-run SUNA news agency said.

The government's casualty estimate could not be independently verified because the government has barred foreign journalists from Darfur for months.

The African Union peacekeeping mission deployed in Darfur said it had not investigated the violence. "But we encourage reconciliation missions to avoid this kind of fighting over resources," A.U. spokesman Noureddine Mezni said.

He said the African Union was also aware of separate clashes between other tribes of nomads and farmers that killed 42 people elsewhere in Darfur earlier in the week, according to Sudanese media.

About 7,000 A.U. peacekeepers have struggled to maintain a cease-fire in Darfur since the government and one of the rebel groups signed a peace agreement in May. Khartoum has opposed a U.N. Security Council effort to take over command of the peacekeeping force and bring in 20,000 U.N. soldiers and police officers.

Brazil Gambles On Monitoring Of Amazon Loggers (NYT)

By Larry Rohter

The New York Times, January 14, 2007

REALIDADE, Brazil — A Brazilian government plan set to go into effect this year will bring large-scale logging deep into the heart of the Amazon rain forest for the first time, in a calculated gamble that new monitoring efforts can offset any danger of increased devastation.

The government of President Luiz Inácio Lula da Silva, in an attempt to create Brazil's first coherent, effective forest policy, is to begin auctioning off timber rights to large tracts of the rain forest. The winning bidders will not have title to the land or the right to exploit resources other than timber, and the government says they will be closely monitored and will pay a royalty on their activities.

The architects of the plan say it will also help reduce tensions over land ownership in the Amazon, the world's largest tropical forest, which loses an area the size of New Jersey every year to clear-cutting and timbering.

In theory, 70 percent of the jungle is public land, but miners, ranchers and especially loggers have felt free to establish themselves in unpoliced areas, strip the land of valuable resources and then move on, mostly in the so-called arc of destruction on the eastern and southern fringes of the jungle.

But the called-for monitoring of the loggers allowed into the rain forest's largely untouched center will come from a new, untested Forest Service with only 150 employees and from state and municipal governments. That concerns environmental and civic groups because local officials are more vulnerable to the pressures of powerful economic interests and to corruption.

Further, the new system assumes that the world community will also play a part and buy timber only from merchants who are properly licensed and will avoid unscrupulous dealers.

The plan "can be a good idea in places where the situation is already chaotic," said Philip Fearnside, a researcher at the National Institute for Amazon Research in Manaus who recently visited this remote area. "But it's a different story in areas where hardly any logging or deforestation has taken place, where you are actually going to be encouraging the introduction of predatory forces that don't exist there now."

On paper and in principle, said Stephan Schwartzman, an Amazon specialist at Environmental Defense in Washington, "I think everyone agrees that this system is an improvement over the current situation, which is totally out of control."

But in the end, he added, "everything is going to depend on how it is done and whether the financial and human resources are there to make it work."

Here in this small settlement called Reality, along the rutted Highway BR-319, those resources do not yet exist, as residents have discovered. When outsiders recently appeared to fish out of season, wiping out protected species and killing three manatees, the peasants here went to the authorities looking for help, only to be turned away.

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"They told us that we had to be the monitors ourselves, but we don't have the ability to do that," said Antonio Marfoni, a settler. "There's no working phone here, and we don't have the money or the time to be able to take the bus into town to denounce violations."

Last October, during the final debate of the presidential campaign, the opposition candidate, Geraldo Alckmin, called the plan "irresponsible," accused Mr. da Silva of wanting to "privatize the Amazon" and added, "If today there is no supervision, imagine what will happen if you hand it over to the private sector."

Though the environmental movement was one of the founding constituencies of Mr. da Silva's Workers' Party, he made it clear after being re-elected to another four year term that his main goal was to get the Brazilian economy growing at 5 percent a year.

In November, he complained of "all the obstacles I have with the environment" and with "the Indian question," which he said were hindering Brazil's development.

But the proposal's supporters dismiss criticisms as unfounded. Jorge Viana, who is a member of Mr. da Silva's party and was governor of the Amazon state of Acre until Jan. 1, contends that "this is one of the most important initiatives that Brazil has ever adopted in the Amazon precisely because you are bringing the forest under state control, not privatizing it."

"This is a battle Brazil has to win," he added. "There's only one way to save the forest, and that is by using it, responsibly and rationally."

Claudio Langone, executive secretary of the Environment Ministry, said in a telephone interview from Brasília: "Brazil today is losing money due to the illegal exploitation of timber. With this new dynamic of management, legal deforestation and sustainable development, we want to create barriers to predatory advancement and increase the value of the forest."

But some here fear that increased value will bring with it the kind of violence that has struck other more-developed areas of the Amazon.

Ivonete Aparecida Paes, a Roman Catholic nun who is the coordinator of the church's Justice and Peace Commission in this area, said, "Since none of the settlers already here have titles to their tracts, that creates the possibility of greater conflicts over land ownership."

After much debate, it was decided that the leases would run for 30 years. But Paulo Adario, director of Greenpeace's Amazon campaign, said that "some species need 45 years or more to regenerate," and that loggers might thus lack an economic incentive to care properly for a tract that would no longer be theirs when the trees they replaced reached harvestable size.

Already, there are signs of logging interests establishing themselves here. A sawmill opened just down the highway in mid-2005 and was operating at full capacity during a recent visit. Along the highway itself, there is now a clearing in which logs are piled haphazardly, like giant sticks.

"No one has the authorization to cut so much wood, even with a forest management plan," said Leila Mattos, the director of Pacto Amazônico, an environmental group based in Humaitá, the closest town of any size. "I came by here at the beginning of November, and none of this was here. This is more than a year's worth of timber."

In addition, peasant settlers unable to obtain land of their own in Rondonia, a state south of here, have also begun moving up the highway and flocking to the area. Theirs is a pre-emptive action, aimed at establishing themselves on land that may go to logging companies later and thus forcing the government to give them other homesteads in return.

During an interview in Humaitá, Francisco Araujo, the director of the regional office of the governmental environmental agency, said that no matter who ended up in charge of supervising the timber extraction plan, the task would be hard. He complained of a shortage of gasoline and personnel and a lack of police protection for his agents.

"In reality, these conservation areas were created without very precise field studies," Mr. Araujo said. "Only now are the technicians looking at the problems in the area. The infrastructure is very precarious. There is no equipment or physical base from which to operate, just a shack in which to stay, without a telephone."

In the absence of the needed resources, he said, government policy envisions "a new partnership with society." But those who work most closely with the peasant settlers who are being asked to bear that burden remain skeptical.

"To think that they can monitor violations in the absence of the state is a dream," Sister Paes said. "The Amazon has no tradition of the poor standing up to the powerful. People simply don't know how to do that."

Don't Ban Your Instincts, Ban Ki-moon (WP)

By John R. Bolton

The Washington Post, January 14, 2007

Ban Ki-moon, the new U.N. secretary general, has done some unusual things to kick off his tenure. At the recent annual dinner of the U.N. Correspondents Association in New York, for instance, he entertained the guests briefly by singing, to the tune originally written for Santa Claus, his own arrangement: "Ban Ki-moon is coming to town."

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On Tuesday, Ban is coming to this town, his first visit since assuming office on Jan. 1. The former South Korean foreign minister has already made it clear that he intends to be a different kind of "SG" from his predecessor. The United States backed Ban for his new post, largely with such a change in mind. Nonetheless, his first few days in office have already raised some questions. The struggle is underway to determine what sort of leader Ban will be: Will the status quo of the U.N. system overwhelm him, or will he follow his instincts and those of his supporters, including Washington?

Consider the following issues:

First, responding to Iraq's recent execution of Saddam Hussein, Ban said that the decision of whether to invoke the death penalty is a matter for each U.N. member state to decide for itself. This provoked howls of outrage from the international high-minded, who over the past decade had successfully encouraged U.N. resolutions opposing the death penalty from the U.N. Human Rights Commission (a body that eventually was abolished because it had only an incidental relationship with human rights). "The U.N. is against the death penalty!" the high-minded complained, arguing that Ban's comments amounted to a retreat from Kofi Annan's public outspokenness for the so-called U.N. position. Shaken by this barrage, Ban partly backed down later, urging the Iraqi government to stay the execution of the two men sentenced to death along with Hussein.

But his first instinct was the right one. The real controversy here is not about the death penalty, but more fundamentally about the proper role of the United Nations itself, and especially of the secretary general. The United Nations as an institution cannot have a legitimate position on a domestic issue such as the death penalty when there is such fundamental disagreement among its sovereign members -- and especially where democratically legitimate governments have different views. To say that the secretary general must mouth the position adopted by a majority of countries in some U.N. body, whether legitimately or not, is a prescription for endless trouble. Were earlier secretaries supposed to declare routinely that "Zionism is a form of racism," as the General Assembly solemnly and overwhelmingly decided in 1975?

According to the U.N. Charter, the secretary general is the institution's "chief administrative officer" -- not its chief moralizer. Those who complain that Ban's comment forfeited the role that Annan so ardently played should understand instead that Annan's proclivities were not ultimately helpful to the world body. If he had spent less time moralizing and more time doing his day job, the United Nations may have been spared the oil-for-food scandal, procurement fraud and widespread sexual exploitation and abuse by its peacekeepers.

Even more problematic than the death penalty debate was another matter Ban raised during his first week on the job. In an interview, he argued that "if the issues with the conflicts between Israel and Palestine go well," other issues, such as Iran and Lebanon, "are likely to follow suit." This position is unquestionably the received wisdom in Turtle Bay, and also reflects the view of Ban's predecessor.

It is unclear whether Ban was articulating his personal view or was merely following the talking points provided by the U.N. secretariat. The idea that Hezbollah's efforts to destabilize and overthrow the democratically elected government of Lebanon might be curtailed or eliminated by progress on the Israeli-Palestinian front is hard to take seriously. Similarly, believing that peace and stability would emerge in Iraq if only those troublesome Israelis could be brought into line is more a matter of faith than of logic.

Ban's reliance on this favorite U.N. clich?, however, is more than simply a lapse in judgment; it may well reveal his intentions for future involvement in the Middle East, an involvement embodied in the "Quartet," an ungainly occasional gathering of the United States, Russia, the European Union and the secretary general. U.S. policymakers should start working overtime now to correct the misimpression that Ban may have obtained from his briefers. In the even worse case that Ban's comment reflects his own views, the need for corrective action is even more acute.

Much to his credit, Ban has already made history early in his tenure. He announced last week that he will make public his financial disclosure report, the first U.N. secretary general ever to do so -- and something that Annan repeatedly refused to do. Ban has stressed that he wants to restore trust and confidence in the United Nations, which it sorely needs. And although much more must follow to even approximate the recommendations of the Volcker Commission in the wake of the oil-for-food scandal, Ban's disclosure will be a good first step.

Accountability begins with transparency, and within the U.N. system, the secretary general is especially well-placed to lead by example. That Ban's decision was even newsworthy underscores how much work still remains, and how easy it was to start. As a longtime civil servant in South Korea, Ban is likely to offer a short and boring financial report, as one may have also expected from Annan, a longtime U.N. civil servant. In fact, Annan could go a long way toward regaining trust and confidence even now by disclosing his U.N.-era finances.

Finally, Ban also made the courageous decision to call for the resignations of all senior secretariat officials, about 60 altogether, except those chosen with the concurrence of other U.N. bodies. This was a change that Washington had urged, one that can make clear that high-level U.N. jobs are not entitlements, either for the individuals involved or their countries of origin.

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Because this sort of transitional "cleaning house" is unfamiliar to the U.N. system, U.S. advocacy of the concept raised questions, and Ban's decision to implement it will undoubtedly raise more.

Ban need not accept all of the resignations, although he should accept the vast majority, for the same salutary reason why incoming U.S. administrations bring in new people at the top levels of government. The key is to shake up the secretariat's entrenched baronies, and to let them know that new management is in charge. Although it may not be noteworthy to Americans, Ban's decision on resignations was striking within the United Nations. On the hiring side, he has not made enough appointments to judge whether he is assembling a team with the right stuff -- this obviously warrants close U.S. attention.

No one of these four incidents, nor all of them together, tell the complete story of Ban Ki-moon. Where he has followed his instincts -- deferring to member governments, supporting U.N. reform and demonstrating personal integrity -- he has done well. When he has followed the conventional wisdom inside the U.N. bubble on First Avenue in New York -- on matters of U.N. theology such as the death penalty and the Middle East -- he has not. In Washington this week, the president and others will again have the chance to take his measure.

Based on what we have seen so far, I hope they encourage him to let Ban be Ban.

John R. Bolton, a senior fellow at the American Enterprise Institute, served as U.S. permanent representative to the United Nations from August 2005 to December 2006.

DOJ_NMG_0116907

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 13, 2007 7:45 AM EST

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TERRORISM NEWS:

Stormy Outlook As Gonzales Faces Senate Democrats (NYT)

By David Johnston

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Attorney General Alberto R. Gonzales, who has faced controversy throughout his two-year tenure, is likely to enter an even stormier phase next Thursday when he appears before the Senate Judiciary Committee for the first time since control fell to the Democrats.

But he shows little anxiety about more vehement criticism of his stewardship at the Justice Department.

“They have an institutional interest to gather up information about what the executive branch is doing,” Mr. Gonzales said Friday, in an interview in which he adopted the mildly juridical tone of a law professor.

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Referring to the Justice Department, he said: "We likewise have an institutional interest in maintaining the confidentially of certain kinds of information. From my perspective, there are two competing institutional interests. This is not a partisan issue. It's an institutional issue of interests that have to be accommodated."

But there seems to be little likelihood that the Judiciary Committee will be satisfied with that kind of summation.

Mr. Gonzales's chief antagonist is likely to be the panel's chairman, Senator Patrick J. Leahy of Vermont, a Democrat who in recent public statements has castigated the Bush administration for years of "corrosive unilateralism" in refusing to cooperate with Congress and said he would enforce the committee's demands for information with subpoenas if necessary.

"The very nature of the job means I'm going to be in the middle, the department will be in the middle, of all the hard issues, all the difficult issues that the Congress will be very, very interested in," Mr. Gonzales said. "You're not going to have total agreement, it's not going to be a love fest necessarily between the Congress and the attorney general of the United States."

It was Mr. Gonzales, a former Texas judge, who as White House counsel provided legal thinking to support some of the administration's most hotly debated operations, like its program of surveillance without warrants. He also wrote a draft memo in January 2002 that said captured members of Al Qaeda should not be covered by the Geneva Conventions — a position later adopted by the administration. He succeeded John Ashcroft as attorney general in 2005.

Although Mr. Leahy recently had lunch with Mr. Gonzales and the two men are on cordial personal terms, the senator has ripped into the Justice Department for ignoring or rejecting his requests over the years for dozens of internal documents and for failing to turn over information about a host of activities, mostly related to counterterrorism policies.

Even so, Mr. Gonzales said he was looking forward to testifying. "I view these hearings as an opportunity to tell our story," he said. "I think in many ways we have a good story to tell. Sometimes we are constrained because we are in a period of war in giving out as much information as we'd like because there are things we'd like to talk to about."

In the interview, he said he would seek a conciliatory relationship with Democrats, when and where he can, but would continue to protect zealously what he regards as the department's core interests. He said the Justice Department had already provided a great deal of information to Congress according to traditional practice and court decisions on the subject.

He said the Justice Department would review each Congressional request in an effort to comply with Congressional demands: "Is there a way to limit the scope of the request? Is there a way to give them the information without actually turning over the documents? Would it suffice to provide a briefing without compromising something that would be extremely damaging to the national security of our country? Could we provide a summary, a written summary, that they would want to see? Perhaps someone in the executive branch would read a portion of a document. We have legal obligation to see what can be done."

Mr. Gonzales expressed the hope that battles with Congress would not undermine his efforts to accomplish his goals at the Justice Department. "The American people lose if we spend the next two years fighting over documents," he said.

Mr. Gonzales said he hoped that Congress would work with the Justice Department on other administration priorities, like the protection of children against predators and pedophiles, an overhaul of immigration laws, the elimination of disparities in prison sentences and a crackdown on online pharmacies that sell drugs to teenagers.

He said that he had realized when he took over at the Justice Department that he was likely to be thrust into controversies between law and politics. "I came into this job with my eyes wide open, understanding what the challenges would be, and I have not been disappointed. It's tough. At the same time, it's exhilarating."

Official Attacks Top Law Firms Over Detainees (NYT)

By Neil A. Lewis

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — The senior Pentagon official in charge of military detainees suspected of terrorism said in an interview this week that he was dismayed that lawyers at many of the nation's top firms were representing prisoners at Guantánamo Bay, Cuba, and that the firms' corporate clients should consider ending their business ties.

The comments by Charles D. Stimson, the deputy assistant secretary of defense for detainee affairs, produced an instant torrent of anger from lawyers, legal ethics specialists and bar association officials, who said Friday that his comments were repellent and displayed an ignorance of the duties of lawyers to represent people in legal trouble.

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"This is prejudicial to the administration of justice," said Stephen Gillers, a law professor at New York University and an authority on legal ethics. "It's possible that lawyers willing to undertake what has been long viewed as an admirable chore will decline to do so for fear of antagonizing important clients.

"We have a senior government official suggesting that representing these people somehow compromises American interests, and he even names the firms, giving a target to corporate America."

Mr. Stimson made his remarks in an interview on Thursday with Federal News Radio, a local Washington-based station that is aimed at an audience of government employees.

The same point appeared Friday on the editorial page of The Wall Street Journal, where Robert L. Pollock, a member of the newspaper's editorial board, cited the list of law firms and quoted an unnamed "senior U.S. official" as saying, "Corporate C.E.O.'s seeing this should ask firms to choose between lucrative retainers and representing terrorists."

In his radio interview, Mr. Stimson said: "I think the news story that you're really going to start seeing in the next couple of weeks is this: As a result of a FOIA request through a major news organization, somebody asked, 'Who are the lawyers around this country representing detainees down there?' and you know what, it's shocking." The F.O.I.A. reference was to a Freedom of Information Act request submitted by Monica Crowley, a conservative syndicated talk show host, asking for the names of all the lawyers and law firms representing Guantánamo detainees in federal court cases.

Mr. Stimson, who is himself a lawyer, then went on to name more than a dozen of the firms listed on the 14-page report provided to Ms. Crowley, describing them as "the major law firms in this country." He said, "I think, quite honestly, when corporate C.E.O.'s see that those firms are representing the very terrorists who hit their bottom line back in 2001, those C.E.O.'s are going to make those law firms choose between representing terrorists or representing reputable firms, and I think that is going to have major play in the next few weeks. And we want to watch that play out."

Karen J. Mathis, a Denver lawyer who is president of the American Bar Association, said: "Lawyers represent people in criminal cases to fulfill a core American value: the treatment of all people equally before the law. To impugn those who are doing this critical work — and doing it on a volunteer basis — is deeply offensive to members of the legal profession, and we hope to all Americans."

In an interview on Friday, Attorney General Alberto R. Gonzales said he had no problem with the current system of representation. "Good lawyers representing the detainees is the best way to ensure that justice is done in these cases," he said.

Neither the White House nor the Pentagon had any official comment, but officials sought to distance themselves from Mr. Stimson's view. His comments "do not represent the views of the Defense Department or the thinking of its leadership," a senior Pentagon official said. He would not allow his name to be used, seemingly to lessen the force of his rebuke. Mr. Stimson did not return a call on Friday seeking comment.

The role of major law firms agreeing to take on the cases of Guantánamo prisoners challenging their detentions in federal courts has hardly been a secret and has been the subject of many news articles that have generally cast their efforts in a favorable light. Michael Ratner, who heads the Center for Constitutional Rights, a New York-based human rights group that is coordinating the legal representation for the Guantánamo detainees, said about 500 lawyers from about 120 law firms had volunteered their services to represent Guantánamo prisoners.

When asked in the radio interview who was paying for the legal representation, Mr. Stimson replied: "It's not clear, is it? Some will maintain that they are doing it out of the goodness of their heart, that they're doing it pro bono, and I suspect they are; others are receiving moneys from who knows where, and I'd be curious to have them explain that."

Lawyers expressed outrage at that, asserting that they are not being paid and that Mr. Stimson had tried to suggest they were by innuendo. Of the approximately 500 lawyers coordinated by the Center for Constitutional Rights, no one is being paid, Mr. Ratner said. One Washington law firm, Shearman & Sterling, which has represented Kuwaiti detainees, has received money from the families of the prisoners, but Thomas Wilner, a lawyer there, said they had donated all of it to charities related to the September 2001 terrorist attacks. Mr. Ratner said that there were two other defense lawyers not under his group's umbrella and that he did not know whether they were paid.

Christopher Moore, a lawyer at the New York firm Cleary, Gottlieb, Steen & Hamilton who represented an Uzbeki detainee who has since been released, said: "We believe in the concept of justice and that every person is entitled to counsel. Any

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suggestion that our representation was anything other than a pro bono basis is untrue and unprofessional." Mr. Moore said he had made four trips to Guantánamo and one to Albania at the firm's expense, to see his client freed.

Senator Patrick J. Leahy, the Vermont Democrat who is chairman of the Judiciary Committee, wrote to President Bush on Friday asking him to disavow Mr. Stimson's remarks.

Mr. Stimson, who was a Navy lawyer, graduated from George Mason University Law School. In a 2006 interview with the magazine of Kenyon College, his alma mater, Mr. Stimson said that he was learning "to choose my words carefully because I am a public figure on a very, very controversial topic."

Lawyers Blast Pentagon Official (MH/KR)

By Carol Rosenberg

The Miami Herald/Knight Ridder, January 13, 2007

A Defense Department official has stirred up a maelstrom in the American legal community by calling on corporate America to boycott law firms that help represent captives at Guantánamo Bay, Cuba.

Speaking to a morning radio talk show Thursday, Cully Stimson, deputy assistant secretary of defense for detainee affairs, rattled off a list of some of the most prestigious law firms in the nation.

Each apparently has attorneys providing pro-bono, or no-charge, legal representation to captives at the U.S. Navy Base, where the Bush administration is holding some 395 men and teens as enemy combatants.

"It's shocking," said Stimson, 43, a former federal attorney and Navy lawyer. ``The major law firms in this country . . . are out there representing detainees."

By late Friday, major U.S. legal advocacy groups condemned his remarks -- and a senior defense official distanced the Pentagon from them as well.

"Mr. Cully Stimson's comments in a recent media interview about law firms representing Guantánamo detainees do not represent the views of the Defense Department or the thinking of its leadership," said Bryan Whitman, the senior Pentagon spokesman.

Stimson was speaking to a Washington, D.C., radio station, Federal News Radio, which runs long interviews for commuting government workers.

"I think quite honestly when corporate CEOs see that those firms are representing the very terrorists that hit their bottom line in 2001," he said, ``those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms."

None of the Guantánamo captives has been convicted of crimes.

Into this vacuum, 500 U.S. lawyers, ranging from small solo practitioners to major national law firm partners, have filed unlawful detention lawsuits on behalf of Guantánamo detainees.

Moreover, private attorneys arguing on behalf of the captives have also handed the Bush administration two major defeats at the U.S. Supreme Court.

Miami defense attorney Neal Sonnett, who has not worked on the cases but has been an American Bar Association observer at Guantánamo, called Stimson's remarks "irresponsible" and ``shameful."

"It's not only an attack on corporate America," he said, ``but an attack on the rule of law."

Stimson, a former George W. Bush administration deputy U.S. attorney, rattled off such a complete list of the major law firms that Sonnett concluded it was part of a choreographed campaign ``to intimidate lawyers and their law firms who are rendering important public service."

Sonnett described pro-bono representation of someone who can't defend himself -- regardless of a captive's guilt or innocence -- as a bedrock American value.

Also Friday, Sen. Patrick Leahy, D-Vt., wrote President Bush a letter of protest, calling Stimson's remarks "reprehensible" and ``especially appalling . . . from a senior defense official responsible for U.S. detention policy."

"I hope you will immediately disavow Mr. Stimson's statements and take the appropriate action against this official," said Leahy, a lawyer and chairman of the Senate Judiciary Committee.

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Among the firms Stimson named were Pillsbury Winthrop, Jenner & Block, Wilmer Cutler Pickering, Covington & Burling, Sutherland Asbill & Brennan, Paul Weiss Rifkin, Mayer Brown, Weil Gottshal, Pepper Hamilton, Venable, Alston & Bird, Perkins Coie, Hunton & Williams, Fulbright Jaworski.

They are identified in the U.S. District Court docket in Washington, D.C., where Guantánamo captives have filed their lawsuits against the Bush administration.

But Stimson said the list was compiled in response to a Freedom of Information Act request by a major news organization, which he did not name.

The Washington Post led the charge in condemnation on Friday morning in an editorial, 'Unveiled Threats: A Bush appointee's crude gambit on detainees' legal rights."

Separately, the American Bar Association issued a statement Friday condemning the comments.

"Lawyers represent people in criminal cases to fulfill a core American value: the treatment of all people equally before the law," said ABA President Karen J. Mathis.

``To impugn those who are doing this critical work -- and doing it on a volunteer basis -- is deeply offensive to members of the legal profession, and we hope to all Americans."

The American Civil Liberties Union took a slightly different approach in its condemnation:

"What Mr. Stimson condemns are precisely the values we should be trying to defend in the war on terror," said ACLU National Director Steven R. Shapiro.

Round Up The Usual Lawyers (NYT)

The New York Times, January 13, 2007

No one who has followed President Bush's policies on detainees should be surprised when a member of his team scorns American notions of justice. But even by that low standard, the administration's new attack on lawyers who dare to give those prisoners the meager representation permitted them is contemptible.

Speaking this week on Federal News Radio, a Web site and AM radio station offering helpful hints for bureaucrats and helpful news for the administration, Cully Stimson, the deputy assistant secretary of defense for detainee affairs, tried to rally American corporations to stop doing business with law firms that represent inmates of the Guantánamo internment camp.

It does not seem to matter to Mr. Stimson, who is a lawyer, that a great many of those detainees did not deserve imprisonment, let alone the indefinite detention to which they are subjected as "illegal enemy combatants." And forget about the fundamental American right that everyone should have legal counsel, even the most heinous villain.

In his interview, reported yesterday by The Washington Post editorial page, Mr. Stimson rattled off some of the most respected law firms in the country that, after initial hesitation, have courageously respected that right. He called it "shocking" that they were "representing detainees down there" and suggested that when corporate America got word of this dastardly behavior, "those C.E.O.'s are going to make those law firms choose between representing terrorists or representing reputable firms." He added: "We want to watch that play out."

When his interviewer asked who was paying these firms for the work, Mr. Stimson said, "It's not clear, is it?"

Actually, it is quite clear. Mr. Stimson surely knows that the vast majority of those cases are being handled for free by law firms that have not signed on to Mr. Bush's post-9/11 revision of the American rules of justice. Still, he persisted, saying some lawyers were "receiving monies from who knows where."

The interview was a greatest-hits remix of Bush administration nonsense about Guantánamo, including Mr. Stimson's message to corporate executives that lawyers "are representing the very terrorists who hit their bottom line in 2001." The only terrorists at Guantánamo associated with 9/11 were transferred there recently after being held for years in secret C.I.A. prisons where no lawyer could enter.

Not only do we find Mr. Stimson's threats appalling, we differ with him about 9/11. The tragedy and crime of that day was that thousands of innocents were slaughtered — not that it hurt some companies' profit margins.

Democrats May Push To Shutter War Prisons (BOS)

By Rick Klein

The Boston Globe, January 13, 2007

WASHINGTON -- House Democratic leaders yesterday outlined plans to try to force the Bush administration to close the Abu Ghraib prison in Iraq and the Guantanamo Bay detention facility in Cuba, taking aim at two sites that have sparked an international furor over the Bush administration's war policy.

Representative John P. Murtha, the chairman of the powerful Defense Appropriations subcommittee and a close ally of House Speaker Nancy Pelosi, said he wants to close both prisons by cutting their funding, "to restore our credibility worldwide." If he succeeds, it would force the administration to find a new location for high-value terrorism suspects.

"We have the role, as elected officials, to exert our influence through the power of the purse -- that's what it's all about," said Murtha, a Pennsylvania Democrat whose committee will hold hearings on Iraq next week. "We try not to micromanage the Defense Department, but I tell you, they need micromanagement. They're out of control."

The effort to close the prisons, which Murtha said Pelosi supports, illustrates how congressional Democrats are confronting the president over his war policies. The aggressive push to change the war's course has intensified after the president's address Wednesday night in which he announced plans to send an additional 21,500 troops to Iraq.

Democratic leaders will try to include the measure to close the prisons in a spending bill designed to pay for war operations, Murtha said. He acknowledged that closing Abu Ghraib and Guantanamo would be more symbolic than substantive. Abu Ghraib gained international infamy in 2004 after pictures emerged of US soldiers torturing and sexually abusing Iraqi prisoners there. The Guantanamo facility, which has housed Al Qaeda members and other terror suspects for more than five years, has emerged as a lightning rod for criticism of US policies in combating terrorism.

Numerous human rights groups and a United Nations commission have called for it to be shuttered, citing widespread reports of prisoner mistreatment. Starting last fall, Bush has used the prison as a holding place for suspects who were previously held in secret CIA prisons.

"My action is trying to restore credibility in the Middle East," Murtha said.

Bush has defended the detention center as a "necessary" part of the war on terror.

"I'd like to close Guantanamo, but I also recognize that we're holding some people that are darn dangerous and that we better have a plan to deal with them in our courts," Bush said in June.

A Pelosi spokesman, Brendan Daly, said the speaker isn't going to make a final judgment on whether the prisons should be closed until after Murtha's committee has hearings on the issue.

"She has encouraged him to look into it," Daly said.

Murtha's plan emerged as a new series of volleys over the president's war plans played out on Capitol Hill.

House and Senate Democratic leaders say they still hope to change the president's mind about the troop "surge" by passing a non binding resolution of disapproval in the coming weeks. But a growing number of Democrats say that -- because Bush is almost certain to ignore such a resolution -- more must be done to hasten the end of the war.

The most likely step, many Democrats say, would involve spending restrictions on the war budget.

"The non binding resolution is symbolic, and that's nice to do if you've got the time to do it," said Representative John F. Tierney, a Salem Democrat. But lawmakers have to use their power over the budget to stop the war, he said.

"That's where we're going to find out which Democrats and which Republicans are going to take a stand on this," Tierney said.

Though some Republicans are also skeptical of Bush's plan, they indicated they will resist Murtha's attempts to close prisons and control war policy.

"You can't conduct a war or a battle from the House chamber or a committee room," said Representative C.W. Bill Young of Florida, the ranking Republican on the Defense Appropriations subcommittee.

Still, in an indication of the president's waning support in Congress, House Republican leaders held a "listening session" yesterday morning to hear out GOP members' concerns, and Republican leaders have been invited to join the president at Camp David for further talks this weekend.

Bush yesterday made calls to King Abdullah II of Jordan and President Hosni Mubarak of Egypt to rally support in the Middle East. And for a second straight day, lawmakers grilled top administration officials about the plan on Capitol Hill.

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Defense Secretary Robert M. Gates insisted that the White House has no plans to attack targets in Iran. He also said he believes that having more US troops in Iraq will succeed because Iraqi leaders say they are committed to reaching political settlements to pacify the nation.

"If they fail to do those things, then I think it's incumbent upon the administration and incumbent upon me to recommend looking at whether this is the right strategy," Gates told the Senate Armed Services Committee.

The White House got some support from Senator John McCain of Arizona, the committee's top Republican and a 2008 Republican presidential prospect. McCain said the troop increase will give Iraqis "the best possible chances to succeed."

But Senator Edward M. Kennedy, a Massachusetts Democrat, said the US mission has changed substantially since Congress gave the president the authority to destroy weapons of mass destruction and depose Saddam Hussein.

"Why not come back to the Congress? Why not come back and permit us to have a vote on this surge?" Kennedy asked.

Gates said he would pass that message on to the president, but "I think he feels that he has the authority that he needs to proceed."

That is driving much of Democrats' interest in forcing the president's hand. Kennedy and other Democrats have proposed keeping the president from sending more troops to Iraq by blocking the money he would need to do it.

Representative James P. McGovern, a Worcester Democrat, said he is preparing a bill that would go even further, cutting off funds for nearly all troops after six months and allocating only enough resources to provide for the "safe and orderly withdrawal" of US forces.

Florida: Delay In Trial For Padilla (NYT/AP)

By The Associated Press

The New York Times, January 13, 2007

A federal judge ordered a three-month delay for the trial of Jose Padilla, accused of being an operative for Al Qaeda, in part to allow time for a full evaluation of Mr. Padilla's mental competency. The judge, Marcia Cooke of Federal District Court in Miami, set a new trial date of April 16 for Mr. Padilla and two others. It was the third time the case had been postponed. Mr. Padilla, a 36-year-old American, is charged with being part of a North American cell that provided cash, supplies and recruits to Islamic extremists.

Leftists Fire Rocket Into U.S. Embassy (WT/AP)

By Derek Gatopoulos

The Washington Times, January 13, 2007

ATHENS -- An anti-tank rocket slammed into the U.S. Embassy yesterday, causing limited damage and no injuries but reviving fears of a resurgence of far-left Greek militant groups that carried out deadly attacks over three decades.

The shoulder-fired rocket narrowly missed a large blue-and-white U.S. seal on the embassy's facade and damaged a third-floor bathroom near the ambassador's office.

U.S. Ambassador Charles Ries called the attack "very serious." He said no warning had been given.

"There can be no justification for such a senseless act of violence," he told reporters outside the cordoned-off embassy, which officials closed for the day. "The good news is no one was hurt and [there was] minimal damage."

Greek authorities blamed domestic militant groups that have carried out bombings against police and government buildings despite a crackdown on terrorism before the Athens Olympics in 2004.

Police are examining the authenticity of two calls taking responsibility from the group Revolutionary Struggle, which has carried out six bombings since 2003. The shadowy group criticized the United States in past statements, citing treatment of prisoners at the U.S. military detention center in Guantanamo Bay, Cuba.

"It is very likely that this is the work of a domestic group," Public Order Minister Vyron Polydoras said. "We believe this effort to revive terrorism is deplorable and will not succeed."

State Department spokesman Sean McCormack said the United States saw no early signs of international involvement. The Pentagon received a report on the attack, but no request for any action, a U.S. military official said.

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The blast shortly before 6 a.m. shattered windows in nearby buildings. Traffic in the downtown area came to a standstill for three hours as police blocked streets around the building to gather evidence -- dusting cars for fingerprints and gathering discarded chewing gum and cigarette butts from the street.

The government said it was seeking permission from the courts to view video from traffic cameras, which under Greek privacy laws is officially excluded from the police investigation.

The attack resembled methods used by members of the far-left terrorist group called November 17, which eluded police between 1975 and eventual capture and conviction in 2003.

But the type of weapon used has not been seen in previous Greek attacks: a 2.36-inch rocket, which police said was probably fired from an extendable Russian-made launcher.

Public opposition to U.S. policies has remained strong in Greece since Washington provided support for a 1967-to-1974 military dictatorship.

Government and opposition party officials strongly condemned the attack, the third against the U.S. Embassy since the mid-1970s.

Foreign Minister Dora Bakoyannis went to the scene, where she expressed "the solidarity of the Greek people following this deplorable action." State television said she wrote to Secretary of State Condoleezza Rice and promised full cooperation in finding the attacker.

Greece's conservative government came under criticism over the attack.

"How is such an attack on the American Embassy possible, when the site is the No. 1 target in the country?" said Alekos Papadopoulos, spokesman for public order of the opposition Socialist Party. "This points to problems with the police's capabilities."

A police task force to investigate the attack will be headed by a former counterterrorism chief who eradicated the November 17 group.

November 17 carried out a similar rocket attack on the embassy in 1996 -- causing minor damage and no injuries. It also bombed buses carrying U.S. servicemen and assassinated four U.S. military and embassy officials. In all, the group was blamed for killing 23 persons.

Grenade Hits U.S. Embassy In Athens (NYT)

By Ian Fisher, Anthee Carassava

The New York Times, January 13, 2007

ATHENS, Jan. 12 — An antitank grenade was fired into the heavily fortified American Embassy here on Friday just before dawn. The building was empty, but the attack nonetheless underscored deep anti-American sentiment here and revived fears of a new round of homegrown terror.

Greek officials said they doubted that the attack was the work of foreign or Islamic terrorists, but rather that of regrouped extreme leftists aiming at a specific, symbolic target: the huge American seal, with an eagle against a blue background, affixed to the front of the boxy, modern embassy near downtown.

The grenade narrowly missed the seal, punching through a window a few feet above and landing in a bathroom on the embassy's third story, where the ambassador has his office.

The damage was described as minimal. But the ambassador, Charles Ries, said: "We treat it as a very serious attack. There can be no justification for such a senseless act of violence."

Panayiotis Stathis, a spokesman for the Public Order Ministry, said, "This was a violent act aimed to provoke Greek public opinion and disturb relations with the United States."

As Mr. Stathis spoke to reporters Friday evening outside the embassy, a demonstrator waved a sign that underscored Greece's often uneasy relations with the United States on issues from the war in Iraq and the longstanding tensions between Greece and Turkey to the American-supported military dictatorship that ruled Greece from 1967 to 1974. "The C.I.A. was behind this," the sign read.

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Greek officials said a phone call placed anonymously to a private security company used by the embassy stated that the attack had been carried out by Revolutionary Struggle, a Marxist group with strong anti-American sentiments.

Homegrown terror has largely waned since the Greek authorities dismantled the most deadly groups before the 2004 Olympic Games here. But in that relative lull, Revolutionary Struggle has emerged as the most active of a new generation of small, shadowy terrorist groups.

It has claimed responsibility for a bombing at a court building in Athens in 2003 and one at the Economics Ministry 13 months ago, an attack that wounded two people. It also claimed responsibility for an attempt last May to assassinate the culture minister.

Greek officials did not immediately accept the claim of responsibility for Friday's incident, as they waited for a more detailed proclamation from the attackers.

"We're investigating whether in fact this claim is true," Vyron Polydoras, the public order minister, told reporters after visiting the embassy, which was closed for the day, its flag hung at half-staff.

Maria Bossis, one of Greece's top terrorism experts, speculated that the attack had a purpose beyond making a strong and violent anti-American statement. She said she believed that the group was also aiming at establishing supremacy among the 10 groups in competition since the government dismantled November 17, the most notorious of the leftist terrorist groups.

"This attack will determine who the boss is among the terrorists," said Ms. Bossis, a professor at the Greek College of Defense and former government adviser.

She also said the Greek government had not remained as aggressive against terrorists as it had been before the Olympics.

The grenade was launched at 5:58 a.m., apparently from across the six lanes of Vassilisis Sophia Boulevard, the main north-south road in the central Athens neighborhood of Ilissia.

Tassoula Foumeli, a retired seamstress, said she had been in bed when the blast shattered the windows in her ground-floor bedroom.

"The explosion was so loud I couldn't even hear the smashing of the windows," she said. "I'm nervous and I'm mad."

Mad, she and other residents said, partly at the anti-American demonstrators who have rallied, at times violently, for years in front of the embassy. But she said some of her anger was at American policies that she said provoked demonstrators and angered many ordinary citizens.

"Not everything is justified," she said, referring to violent protests. "But at the same time, you kind of wonder why the United States is meddling in the affairs of other states. This is shown most recently in Iraq. Doesn't the United States have its own state? Does it have to poke its nose elsewhere? I am seeing suffering in Iraq."

Mr. Stathis, the Public Order Ministry spokesman, said the grenade used in the attack was of Russian design, a model manufactured in several Eastern European counties. He said Greek and American officials were collecting evidence from the debris left by the explosion, from surrounding buildings and from security cameras posted around the embassy.

They've Got Mail (WP)

The Washington Post, January 13, 2007

IS THE FEDERAL government opening citizens' mail without obtaining warrants? Was a statement that was quietly issued when the president signed an obscure Postal Service reform bill last month a new assertion of power by the administration to engage in such warrantless searches? The answer to both these questions is disturbingly unclear.

No reasonable person doubts that in emergency circumstances -- a ticking bomb inside a package -- government agents shouldn't have to wait for court approval to open private mail. That authority has been clear for years. In signing the Postal Accountability and Enhancement Act, President Bush took pains to note that he would interpret the law "in a manner consistent . . . with the need to conduct searches in exigent circumstances, such as to protect human life and safety against hazardous materials, and the need for physical searches specifically authorized by law for foreign intelligence collection."

That's not troubling if, as administration officials contend, the signing statement simply reinforces existing law. "There is nothing new here," said White House press secretary Tony Snow.

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Okay, but what does present law allow? Does the administration contend, as in the case of its warrantless wiretaps, that the president has the inherent constitutional authority, or power granted by the post-Sept. 11 Authorization for the Use of Military Force (AUMF), to open mail without going through the process outlined in the Foreign Intelligence Surveillance Act? Administration officials have been less than eager to answer these questions.

At a hearing of the Senate Judiciary Committee last February, Sen. Patrick J. Leahy (D-Vt.), asked Attorney General Alberto R. Gonzales whether the administration believed that the AUMF also permitted the warrantless opening of mail:

Mr. Gonzales: "There is all kinds of wild speculation out there about what the president has authorized and what we're actually doing. And I'm not going to get into a discussion, Senator, about hypotheticals."

Mr. Leahy: "Mr. Attorney General, you're not answering my question . . . Does this law -- you're the chief law enforcement officer of the country. Does this law authorize the opening of first-class mail of U.S. citizens -- yes or no -- under your interpretation?"

Mr. Gonzales: "Senator, I think -- I think that, again, that is not what is going on here. We're only focused on communications -- international communications where one part of the communication is al-Qaeda. That's what this program is all about."

Mr. Leahy: "You haven't answered my question."

Given the president's signing statement, given his demonstrated willingness to stretch the boundaries of his authority and dispense with inconvenient legal niceties, it seems necessary to ask again.

They're Refugees, Not Terrorists (LAT)

By Anna Husarska

The Los Angeles Times, January 13, 2007

Sherkole refugee camp, Ethiopia — DOMINIC KUR is, in many ways, a typical Dinka. Like almost all the men in his ethnic group, he has had his forehead marked with ornamental scarification, and by custom, his bottom front four teeth have been knocked out, which makes him lisp a bit.

As was expected of young Dinka men from southern Sudan in the mid-1980s, he joined the armed resistance, known as the Sudan People's Liberation Army, in its civil war against the ruling government in Khartoum.

Kur fought with the group for nine years. "I felt I had to defend my country against the Arabs," he explained. But he grew disenchanted with his unit's treatment of its troops, and with no mechanism in place for officially resigning from the guerrilla organization, he simply left and moved to Khartoum, where he worked on a construction site and married his childhood sweetheart from the village of Madol. In 2002, he crossed the border and came to the Sherkole camp.

The war dragged on, taking the lives of 2 million Sudanese over 20 years. But ultimately the international community legitimized the SPLA by recognizing its participation in the peace process. This culminated in the signing of a comprehensive peace accord on Jan. 9, 2005, a resolution that was hailed by Washington.

Now, with the war over, the refugees — 4 1/2 million people who were either displaced within the country or who fled to neighboring countries — are going home to southern Sudan. In the Sherkole camp, bulletin-board posters explain schematically the peace agreement's military and political arrangements for return and resettlement. The Uduk ethnic group went back last December. And there is already anticipation and joy in Zone F of the camp, where 2,000 Dinkas live.

But there is no joy for Kur and his family. They would like to go home too, but Kur fears that some people in the SPLA consider him a deserter. In view of the still-volatile situation in his country, he worries that if he were to return to the south, he would get into trouble. Considering the difficulties the country has had creating a police force in southern Sudan and ensuring public safety, his fears are not unreasonable. (In the Sherkole camp, there are other former Sudanese fighters who have similar apprehensions.)

So Kur has been proposed by the U.N. High Commissioner for Refugees for resettlement to a third country. His application — for himself, his wife Angelina and their six children — was submitted to the United States by the commissioner's office.

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After telling me this, Kur led me through a typically low doorway into the dark but nicely decorated interior of their round, thatched mud hut, or tukul, and fished out the letters received from the U.S. Department of Homeland Security: Angelina and the kids are welcome to come to the United States, the letters said. Kur, however, has been denied entry.

His letter says: "You were found to be inadmissible to the United States pursuant to INA ? 212(a)(8 USC ? 1182(a) pertaining to 212 (a)(3)(B)." The letter notes, "A waiver is not available for the inadmissibility cited above," and the words "is not available" are circled by hand. In the U.S. Immigration and Nationality Act — I know it; Kur doesn't — provision 212 (a)(3)(B) means "involvement in terrorist activities." Ironically, Kur's letter from the Homeland Security Department labeling him a terrorist arrived on July 20, the same day that Salva Kiir, the leader of the SPLA who is now president of southern Sudan, was welcomed to the White House by President Bush.

Kur's case is not isolated. In the last six months, I have met many refugees around the world — Burmese Karen in Thailand, Burmese Chin in Malaysia, Lao Hmong in Thailand, Eritreans in Ethiopia — whose cases were put "on hold" by U.S. authorities because the organizations to which the refugees had belonged were later designated as terrorist. But I never saw a blunt refusal until I saw Kur's letter.

What's particularly upsetting is that those "on hold" are, in many cases, heroic freedom fighters who struggled for democracy against brutal dictatorships (like the Burmese junta or the Laotian communists) or even, sometimes, people who had been recruited to fight by the Unites States (like the Lao Hmong or the Vietnamese Montagnards).

The reason for this bizarre treatment is that in the aftermath of the 9/11 attacks, the U.S. adopted a very broad definition of "terrorist activity" in American law. This overzealous legislative approach means that thousands of genuine refugees who participated in armed insurgencies — even those friendly to (and in some cases supported by) the United States — are now treated as a threat to American security.

It's not just those who participated in the insurgencies. Those who provided "material support" to these combatants can be barred too. The global effect of this draconian law has been devastating: Of the 70,000 slots allotted in 2006 for new refugees by the traditionally hospitable U.S. resettlement program, only 41,000 were filled. According to estimates from the International Rescue Committee and other refugee organizations, about half of the 29,000 excluded were due to the "terrorist" and "material support" provisions.

IT IS POSSIBLE to overcome these provisions through a waiver process, but it is so limited and cumbersome that only three waivers have been granted so far, to specific Burmese freedom-fighter groups.

On Thursday, the Bush administration acknowledged the "unintended consequences" of the post-9/11 laws. Officials from the departments of Justice, State and Homeland Security announced plans to expand the waiver program, some of which will require a vote in Congress. The officials named in particular Cuban, Tibetan and additional Burmese freedom-fighter groups whose supporters and members could get special consideration for admission to the United States.

This is a step in the right direction, but the waiver program remains a partial solution to the problem. It will continue to require case-by-case decisions at high levels in Washington, and it will undoubtedly leave behind, or on indefinite hold, many thousands who pose no threat to the United States.

And for now that includes Dominic and Angelina Kur. They are faced with an excruciating dilemma: Should they split up, which is almost unthinkable, especially because Angelina is again pregnant? Should Angelina give up a chance of a normal life outside the refugee camp for herself and the children? Or should they go back to Madol and hope that the southern Sudanese government will not take revenge on him?

Not much news from abroad comes to their tukul, so the Dinka couple does not even imagine that there could be a solution to their problem. But there is. Congress must act to broadly amend the immigration law so that all bona fide refugees can be easily and fairly considered for refugee or asylum status, not punished for the courage and commitment they demonstrated fighting for peace and democracy in their homelands.

Anna Husarska Is Senior Policy Advisor At The International Rescue Committee.

HOMELAND RESPONSE:

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FBI Investigating 8,000 For Terrorism (USNEWS)

U.S. News and World Report, January 13, 2007

He wouldn't say it directly, but this week FBI Director Robert Mueller in effect told Congress the bureau has 8,000 people under investigation for terrorism. The FBI is reluctant to release an official figure, as many of those under investigation play only minor roles or turn out to be innocent. Instead, Mueller did it by inference, comparing America's record with that of Great Britain.

In his January 11 testimony to the Senate Select Committee on Intelligence, the FBI chief cited "a recent and rare" disclosure from MI-5 –the British Security Service–that "the United Kingdom is tracking 1,600 individuals who are part of at least 200 networks that are actively plotting terrorist attacks." By comparison, Mueller added, "in general, the number of subjects we are monitoring is proportional to the number of subjects BSS is monitoring–based on gross national population."

Well, that's not hard to figure out. America's population of 300 million is five times that of Britain's 60 million. Multiply Britain's 1,600 terrorism suspects by five and you get 8,000. FBI officials confirm that's a ballpark figure, but decline to put the figure on the record.

"You can draw your own conclusions," says one veteran agent.

One reason for the caution is that FBI officials see few operational cells in America and don't want the public thinking there are 8,000 terrorists running around. In the British disclosure, back in November, MI-5 chief Dame Eliza Manningham-Buller revealed that the Brits are following at least 30 plots, many using British-born operatives and tied to al Qaeda in Pakistan. By contrast, noted Mueller, "We see relatively fewer active plots involving physical attacks within the United States, less defined networks of extremists, and less developed attack planning compared to those described by the BSS director."

That's the good news–and helps explain why America hasn't had a major terrorist attack since 9/11. But then what are all those U.S. terrorism suspects up to? Lots of support activity, officials say. One FBI agent ticked off the list: raising money, recruiting, logistics, surveillance, communications. Still, a handful of operational cells are out there, investigators believe, and that's what they lose sleep over.

"It's like a hockey game," says a counterterrorism agent. "If you let one goal get scored, you've lost the game."

Canadians Fear Fallout Of U.S. Passport Rules (WP)

By Doug Struck

The Washington Post, January 13, 2007

TORONTO, Jan. 12 -- Canadian and U.S. citizens are lining up for passports to meet tougher U.S. border rules that take effect this month, and Canadian authorities fear the rules will keep more Americans at home.

Starting Jan. 23, all airline passengers landing in the United States will have to carry a passport, not just the driver's license and birth certificate that can now be used by Canadians crossing the border and by U.S. citizens returning from Canada, Mexico, the Bahamas and the Caribbean.

The result has been brisk business at passport offices here and in the United States. Applications for passports are up 53 percent in the United States and 33 percent in Canada from the previous year.

"The passport offices are swamped. We're at capacity and running into delays," said Fabien Lengelle, a spokesman for Passport Canada in Gatineau, Quebec.

U.S authorities say the rush proves that the tighter border controls being instituted five years after Sept. 11, 2001, are working to improve security. The rules will be extended to the busy land borders with Canada and Mexico by June 1, 2009.

"The proof is in the numbers. Four years ago, we issued 7 million passports a year. This year, it will be 16 million," Frank Moss, deputy secretary of state for passport services, said from Washington on Friday.

"Americans are coming into compliance. We believe we will wind up with a more secure border, and that people on the planes are who they claim to be," he said. As more travelers have passports, "I can't believe the borders won't work more smoothly."

Canadian business executives are less optimistic, predicting confusion and delays. The $50 billion tourism industry is already struggling with a 28 percent drop in visitors from the United States over the past five years.

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"This just aggravates the problem," said Christopher Jones, vice president of the Tourism Industry Association of Canada. "We are already experiencing a precipitous drop in tourism. It's adding salt to the wound."

Fewer Americans are coming to Canada largely because of the increase in value of the Canadian dollar, which has erased cross-border shopping bargains. High gas prices, the 2003 epidemic of the viral illness SARS, increased security, confusion over the border rules and now the looming requirement for a passport have also hurt business, said Laurie Karson, who represents Canadian duty-free shops at the land borders.

"Tourism in general has suffered," Karson said. "We've been trying to educate our customers about getting a passport. Eventually, everyone is going to have to have a passport to travel."

Many airlines have launched similar education campaigns for passengers. The Nassau/Paradise Island Promotion Board has offered to refund to American tourists who come to the Bahama Islands the $97 passport fee if they need to get a passport. Some hotels in Jamaica are offering discounts to offset the fees.

Canadian tourism officials are worried the coming land border restrictions will stop the busy two-way traffic along the 3,145-mile land border. School trips will stop, they fear, bus journeys by senior citizens to Niagara Falls, Ontario, will dwindle, convention planners will bypass Canada, and communities that straddle the border will be split because many citizens don't want the bother or expense of getting a passport.

"An American family of two adults and two children would be required to pay at least $358 in fees for passports" and might decide against a vacation in, say, Niagara Falls, the tourism trade group said in written comments on the new rules.

An estimated 27 percent of U.S. citizens have passports, according to the State Department. In Canada, the rate is 40 percent. Critics have urged both countries to make their passports cheaper and easier to get. In Canada, an adult's passport costs the equivalent of $75 U.S. and is good for five years. A U.S. adult passport, costing about $22 more, is good for 10 years.

U.S. officials are still trying to come up with a cheaper, plastic card that could be used instead of a passport. They have proposed a wallet-size version embedded with a miniature radio-frequency chip that could bring up computerized information on a visitor quickly at the border.

Canada Unveils Border Security Plan (AP)

By Beth Duff-Brown

AP, January 12, 2007

WINDSOR, Ontario — Canada unveiled a major border security and prosperity initiative Friday, saying it would spend $431.6 million over the next five years to protect its border from terrorist, economic and environmental threats, according to the Canada Border Services Agency's website.

Public Safety Minister Stockwell Day made the announcement at the Canada-U.S. border crossing between Windsor and Detroit, where one-third of the $1.6 billion in daily trade between the North American neighbors passes.

"I even sometimes surprise my American friends when I remind them that the trade that comes across the Ambassador Bridge in total is greater than all of the trade that exists between the United States and Japan," Day told a news conference.

Security experts have long criticized the lack of security measures along Canada's side of the 4,000-mile border with the United States, particularly since the terrorist attacks of Sept. 11, 2001.

Conservative Prime Minister Stephen Harper pledged when he was elected nearly a year ago to strengthen the frontier between the world's largest trading partners, including these new security measures and eventually arming Canada's border guards.

The bulk of the money, $337 million, is for the electronic-Manifest program, which allows for computer-automated risk assessments of cargo shipments before they reach Canada.

The 18,000 trucks that cross the U.S.-Canada border each day, as well as all railroad, air and marine cargo carriers, will eventually be required to file electronic manifests before their shipments arrive. This will allow border service agents to determine in advance whether the cargo, or those who deliver it, should be further screened.

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The eManifest program will ensure that background checks on crew and risk assessments of cargo are in the hands of the Canada Border Services Agency 24 hours in advance of the arrival of shipments by sea; and several hours ahead of railroad, highway and air cargo.

The program was developed in cooperation with U.S. Department of Homeland Security and is part of the Security and Prosperity Partnership of North America, launched in 2005 by then-Prime Minister Paul Martin, President Bush and then-Mexican President Vicente Fox.

Day would not give a precise date of when the electronic manifests would become mandatory at the 119 border crossings.

"There's still going to be that human element at the border, to look at material and talk to the driver, but the amount of time that's going to be saved is going to be significant," he said of the requirement to file electronic manifests in advance of cargo shipments.

Another $20 million has been earmarked for business leaders and emergency responders to plan for the immediate resumption of trade across the border in the event of a terrorist attack, medical pandemic or natural disaster.

Perrin Beatty, president of the Canadian Manufacturers & Exporters, said his and other associations would work with governments and emergency response teams on both sides of the border to stage exercises and develop protocols that would get trade moving within hours of an emergency.

"If al-Qaeda can damage us, either physically or economically, they win," Beatty told the news conference, referring to Osama bin Laden's terrorist organization. "It would be foolish for us to assume that there will not be any further incidents along the border."

Another $10 million will expand the existing Partners in Protection program, a voluntary scheme in which businesses and their employees help border agents detect and prevent contraband smuggling of drugs and weapons.

Suit Against Times To Be Tossed Out (WP)

By Jerry Markon

The Washington Post, January 13, 2007

A federal judge said yesterday that he will throw out -- for the second time -- the defamation lawsuit a former Army scientist filed against the New York Times Co. over columns that he contends blamed him for the 2001 anthrax attacks.

Saying that the Times's motion to dismiss the case "should be granted," U.S. District Judge Claude M. Hilton in Alexandria canceled a trial set for Jan. 29, according to the court's docket. Hilton indicated that he would explain his reasoning in a subsequent order throwing out the case.

The development is a victory for Times columnist Nicholas D. Kristof, who has been fighting the lawsuit filed by Steven J. Hatfill in 2004. Hatfill said the paper defamed him in a series of Kristof columns that identified him as a "likely culprit" in the anthrax-spore mailings that killed five people and sickened 17.

Hatfill has been identified by authorities as a "person of interest" in the attacks, but no one has been charged.

David McCraw, assistant general counsel for the Times Co., said the paper is "extremely gratified" by Hilton's decision. "In the end, we think the law worked the way it should, which is to protect aggressive journalism," he said.

Kristof said the decision is an important victory for journalists, who have suffered a series of court defeats recently in efforts to shield news-gathering activities from the legal process. Kristof had earlier refused to disclose confidential sources used for the anthrax columns.

"It's been a very difficult few years for journalists entangled in the law, and so today feels like a victory," Kristof said.

An attorney for Hatfill, a former researcher at the Army's infectious disease research laboratory at Fort Detrick in Frederick, did not return telephone calls late yesterday.

Hilton first threw out the case in 2004, ruling that Kristof accurately reported that the scientist was a focus of the FBI probe. The U.S. Court of Appeals for the 4th Circuit reinstated the suit in 2005 and said Kristof's columns could be read as blaming Hatfill for the attacks.

As the case moved toward trial, the Times argued that Kristof did not intend to implicate Hatfill and was only trying to jump-start the FBI investigation. In the 2002 columns, Kristof said the FBI had failed to aggressively pursue a scientist he first identified

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as "Mr. Z." He wrote that the biodefense community had called Mr. Z a "likely culprit," partly because the scientist was familiar with anthrax.

Kristof later acknowledged that Hatfill was Mr. Z and wrote that Hatfill deserved the "presumption of innocence."

Hatfill's attorneys argued that Kristof labeled Hatfill as the anthrax killer and deliberately ruined his reputation.

Judge Rejects Defamation Suit Against The Times (NYT)

By Neil A. Lewis

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — A federal judge on Friday dismissed a suit against The New York Times by a former government scientist who said he was defamed by a series of columns about the deadly anthrax mailings in 2001.

The judge, Claude M. Hilton of Federal District Court in Alexandria, Va., granted a motion by The Times to dismiss the suit but did not provide an immediate explanation. He is expected to file a detailed written opinion in coming days.

It was the latest and, perhaps, final chapter in a suit that has gone to the Supreme Court.

The scientist, Dr. Stephen J. Hatfill, a specialist in biological weapons, had said in his suit that the columns by Nicholas D. Kristof about the anthrax mailings had defamed him.

Mr. Kristof wrote about a government scientist whom he initially identified as Mr. Z, saying he had become the overwhelming focus of the investigation. In August 2002, Mr. Kristof wrote that Dr. Hatfill, a former scientist at the Army bioweapons center at Fort Detrick, Md., had come forward and identified himself as Mr. Z and said the news media had treated him unfairly.

Five people died in the anthrax attacks. Although federal authorities identified Dr. Hatfill as a “person of interest,” he was never charged with any crime, and the attacks remain unsolved.

The Times argued in its dismissal motion that Dr. Hatfill was a public figure, at least for the purposes of the suit, in that he had thrust himself into the public debate about preparedness for a biological attack. That would present him with a far greater burden in showing that he was defamed and could, as the newspaper argued, prevent such a judgment.

The Times also argued that the columns did not blame Dr. Hatfill for the attacks, as he said in his suit. Instead, the paper’s lawyers said, the columns were aimed at pressing the Federal Bureau of Investigation to move more swiftly and either charge or clear Dr. Hatfill as a suspect.

Judge Hilton had dismissed the suit earlier, saying that no defamation had occurred. A three-judge appeals panel voted, 2 to 1, to reinstate the suit, saying a jury should decide whether the columns were defamatory.

The full appeals court, based in Richmond, Va., split, and the Supreme Court refused to intervene.

Judge Hilton’s latest dismissal, when his opinion is published, is expected to rest on a fuller argument than the last time and could thus be less vulnerable to being overturned. It is likely to deal with the issues raised in The Times’s dismissal motion and Dr. Hatfill’s response, including the question of whether he is a public figure for the purposes of defamation law.

Whether there is any leeway for Dr. Hatfill to mount an appeal as he did before would depend on how Judge Hilton fashions his ruling.

A lawyer for Dr. Hatfill, Mark A. Grannis, said, “Obviously we can’t make any statements as to what we’ll do until we see the ruling.”

Mr. Grannis said he did not believe that the case was over.

“It has always been our position,” he said, “that the evidence of defamation was extremely strong and Mr. Kristof fabricated parts of his column to falsely implicate Dr. Hatfill in the anthrax attacks.”

David E. McCraw, a lawyer for The Times, said in a statement: “We are gratified by the judge’s ruling today. In making our summary judgment motion, we believed that the plaintiff had failed to come up with the evidence necessary to bring this case to trial, and we are pleased that the court agreed.”

Mr. McCraw said the case had required a significant investment of time and money on the part of the newspaper, “but in the end, the law of defamation worked the way it was supposed to, by protecting aggressive, important journalism.”

Judge Dismisses Anthrax Libel Case (AP)

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AP, January 12, 2007

McLEAN, Va. (AP) -- A federal judge on Friday dismissed a libel lawsuit filed against The New York Times by a former Army scientist once identified as a person of interest in the 2001 anthrax attacks.

U.S. District Judge Claude Hilton in Alexandria dismissed the case a week after lawyers for the Times argued that Steven Hatfill should be considered a public figure under libel law, which makes it much more difficult for a public figure to win a judgment than a private citizen.

The judge did not explain his ruling in the order issued Friday.

Hatfill's lawyers had argued that even if Hatfill qualified as a public figure, they could still prevail at trial because they had uncovered serious flaws in the reporting of columnist Nicholas Kristof.

Fenty, Kaine, O'Malley Vow To Cooperate In Crisis Planning (WP)

By Lori Aratani

The Washington Post, January 13, 2007

In their first joint meeting as the Washington region's top elected officials, District Mayor Adrian M. Fenty, Virginia Gov. Timothy M. Kaine and Maryland Gov.-elect Martin O'Malley pledged yesterday to cooperate on homeland security issues.

"This is a historic day," Fenty said. "The fact that we are [meeting] about homeland security and counterterrorism is no accident. It is deliberate, and we think it is the priority going into the future."

The meeting, held at the Unified Communications Center in Southeast Washington, lasted more than an hour.

Fenty said that one of the leaders' goals is to prioritize homeland security issues as the region begins to apply for federal grants. He said that they plan to meet with Homeland Security Secretary Michael Chertoff next month.

The three men, all Democrats, said they were pleased that the Department of Homeland Security has revamped the process for distributing federal funds to local jurisdictions to provide more money to high-risk urban areas.

Chertoff announced this month that more than half -- $411 million -- of the $747 million in Urban Area Security Initiative money would be directed to six areas, including the Washington region.

Still, it is not clear whether that will mean more money will go to the D.C. area, which will have to compete with five jurisdictions -- New York-northern New Jersey, Los Angeles-Long Beach, Chicago, the San Francisco Bay area and Houston -- for funding.

Fenty said area priorities include communicating among jurisdictions, public preparedness, handling mass casualties, protecting critical infrastructure, improving overall planning, sharing intelligence and coping with a chemical, biological, radiological or nuclear attack.

Kaine, who dubbed the trio the "three amigos," said that their experience as local officials -- all were city council members and mayors -- rather than their party label will make them effective regional leaders. He said that their future discussions will include developing a "first-hour plan" for how local areas would cooperate in the early stages of an emergency.

"In an increasingly small world, it's critically important that we cooperate across borders," said O'Malley, who will be sworn in next week.

In future meetings, the three plan to pursue regional approaches to issues such as transportation and the environment.

Yesterday's meeting was the seventh in a series of regional summits, which were initiated in 2003 by former Virginia governor Mark R. Warner.

Fenty, Kaine, O'Malley Hold Summit On Security (WT)

By Seth McLaughlin

The Washington Times, January 13, 2007

The chief executives of the District, Maryland and Virginia said yesterday they will pursue federal funding to help prepare the Washington area for homeland security emergencies.

"It is not an exaggeration or hyperbole to say that in this entire world there probably is not a more important place or not a more important region where we would be focused on homeland security and counterterrorism than right here in the National

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Capital Region," said D.C. Mayor Adrian M. Fenty, who met with Virginia Gov. Timothy M. Kaine and Maryland Gov.-elect Martin O'Malley at a regional summit in Southeast yesterday.

The National Capital Region, created and defined by Congress, includes the District, Prince George's and Montgomery counties in Maryland, and Arlington, Fairfax, Loudoun and Prince William counties and Alexandria in Virginia.

"It is critically important that we cooperate across borders and pursue our common goals," said Mr. O'Malley, who takes office next week. "None of them more urgent, or more important than making this whole region ... safer and more secure."

The collaborative effort will work toward improving, among other things, communications among jurisdictions, public preparedness, critical infrastructure protection planning, intelligence sharing and the ability to deal with chemical, biological, nuclear and explosive attacks.

Mr. Fenty said protecting the Metro transit system, which branches out into all three jurisdictions, is a "huge priority."

"If we get the adequate level of resources we will again be a world leader in making sure we are protecting our residents," Mr. Fenty said.

The three Democrats said they will discuss their financial wish list as early as next month with Homeland Security Secretary Michael Chertoff, who announced last week that the District, New York and four other "highest-risk" metropolitan areas will compete for $411 million to subsidize their efforts to guard against terrorist attacks.

"It is just up to us to make our best case in meeting with Secretary Chertoff and DHS in the grant proposal we put together and the work we do with our combined congressional delegations," Mr. Kaine said.

Homeland security issues have taken on a greater importance locally since the September 11, 2001, terrorist attack on the Pentagon.

Mr. Kaine said he is optimistic that DHS this year will give the NCR extra financial considerations now that it has been branded as a "highest risk" area.

"It's been hard to plan with numbers that go up and go down," Mr. Kaine said.

Last year, the D.C. area lost out on $31 million in homeland security money after Congress cut DHS grant money by $700 million.

The three executives, whom Mr. Kaine dubbed the "three amigos," said their backgrounds as city council members and big city mayors -- Mr. Kaine in Richmond and Mr. O'Malley in Baltimore -- is more important to homeland security than belonging to the same political party because they have an understanding of what local responders go through during catastrophic events.

"So much of the response is initially generated from local governments, and that will continue to be the case," Mr. Kaine said.

This was the first such meeting for Mr. Fenty and Mr. O'Malley, who were elected to their current office last fall, and the seventh such meeting since 2003 when the three jurisdictions first started discussing mutual interests such as air quality, transportation, the Chesapeake Bay and tourism.

Yesterday's summit was held at the Unified Communications Center, which opened in Southeast last fall.

The three leaders said they were optimistic about their working relationship going forward.

"We are all one community and we need to act that way," Mr. Kaine said.

Box Sent To Clinton Causes Scare (NYT/AP)

The New York Times, January 13, 2007

WHITE PLAINS, Jan. 12 (AP) — A post office was evacuated as the police, the Westchester County Bomb Squad and Secret Service agents responded to a report of a suspicious package addressed to former President Bill Clinton.

The cause of all the fuss? A box of cookies.

Postal officials at a post office in New Castle discovered a suspicious package addressed to Mr. Clinton on Thursday, said Kim Bruce, a Secret Service spokeswoman.

An incorrect address for the Chappaqua home of Mr. Clinton and Senator Hillary Rodham Clinton raised the authorities' suspicions, Ms. Bruce said.

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After the post office was evacuated, a member of the county's bomb squad, dressed in protective gear, approached the 3-foot-by-3-foot package and checked it with a portable X-ray device. When no bomb parts were seen, the package was opened, revealing the cookies.

The cookies were then turned over to the Secret Service, and the post office was reopened.

Ms. Bruce declined to say who sent the cookies to Mr. Clinton or whether they were ever delivered to the home.

WAR NEWS:

Gates Denies US Forces Will Enter Iran (FT)

By Demetri Sevastopulo

Financial Times, January 13, 2007

Robert Gates, the US defence secretary, on Friday dismissed concerns that the Pentagon would send US troops across the Iraqi border into Iran to disrupt networks allegedly supplying weapons to Shia militias in Iraq.

President George W. Bush this week raised alarm that the US might be considering military operations against Iran. In his speech to the nation announcing the surge in US troops in Iraq, Mr Bush accused Iran of providing material support for attacks on US forces in Iraq.

But Mr Gates on Friday said the US planned only to disrupt Iranian activities within Iraq.

"It refers strictly to operations inside the territory of Iraq, not crossing the border," Mr Gates said in his first appearance as Pentagon chief before the Senate armed services committee.

General Peter Pace, the chairman of the Joint Chiefs of Staff, added that "from a military standpoint, [there was] no need to cross the Iranian border". US forces this week apprehended five Iranian nationals in a raid on an Iranian liaison office near Irbil in northern Iraq.

Mr Gates and Gen Pace faced a less hostile reception than Condoleezza Rice, secretary of state, received before the Senate foreign relations committee on Thursday when she was lambasted her over administration's plan to send an extra 21,500 US troops to Iraq. But most Democrats, and some Republicans, on the armed services committee strongly questioned whether Nouri al-Maliki, Iraqi prime minister, would live up to his commitments to send more Iraqi troops into Baghdad.

Democrats have argued that there is little evidence that Mr Maliki is willing to crack down on Shia militias. Bush administration officials have argued that he is 100 per cent supportive of the plan, which they say he developed. But Susan Collins, a moderate Maine Republican, asked Mr Gates what had changed since Mr Maliki told her three weeks ago that he did not want more US troops in Iraq.

Mr Gates responded: "There is no question in my mind that Prime Minister Maliki wanted to do this operation on his own."

"I think what happened is that as his own military and security leaders began looking at the operation and began working out the details and then began talking and consulting with General Casey and the American military planners, that they essentially persuaded the prime minister that additional American forces were necessary in order to make his plan successful."

When asked whether he believed Mr Maliki was completely supportive of the plan to pacify Baghdad, Gen Pace would only say that he believed the "Iraqi leadership is 'saying' they are 100 per cent on board".

Carl Levin, the Democrat chairman of the committee, asked Mr Gates why the American public should have any faith that Mr Maliki would fulfil his pledges to the US when he had repeatedly failed to do so in the past.

Gates Ties Iraq Push To Drawdown (WP)

By Josh White, Ann Scott Tyson

The Washington Post, January 13, 2007

President Bush's new operation to secure Baghdad will begin in earnest with a push by thousands of U.S. and Iraqi troops in the first week of February, and its chances of success should be evident within a few months, Defense Secretary Robert M. Gates told lawmakers yesterday.

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If the plan works, the United States could begin drawing down troop levels by the end of the year, Gates said. If the Iraqi government does not deliver troops and political and economic support, he said, the United States could withhold many of the 21,500 additional troops Bush has ordered to secure the most violent parts of Iraq.

Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, also assured members of the Senate Armed Services Committee that there are no plans to take military operations into Iran, clarifying remarks Bush made on Wednesday in announcing the new Iraq package.

"From a military standpoint," Pace said while responding to questions, there is "no need to cross the Iranian border."

Gates said a brigade of several thousand Iraqi troops is expected to arrive in Baghdad in about three weeks to beef up security, part of an effort to bring in 8,000 more Iraqi troops to quell sectarian violence. The first additional U.S. brigade is expected to arrive in Baghdad in the coming days to support Iraqi forces as they clear and hold neighborhoods throughout the city.

"I think that what's perhaps the newest part of this is that it really does put the onus on the Iraqis to come through," Gates said. He later acknowledged that the Iraqi government's "record of fulfilling the commitments is not an encouraging one" but said that Iraqis "really do seem to be eager to take control of this security situation."

Gates said it will be easy to tell if Iraqis live up to their end of the bargain, prompting members of the committee to point out that the Iraqi government sent only two of six promised battalions for an operation in Baghdad last summer.

Gates and Pace said that they think they have assurances from the Iraqi government, but that there is no specific deadline for success or clear benchmarks for progress.

Sen. Carl M. Levin (D-Mich.), the committee's new chairman, sharply criticized sending more U.S. troops into Iraq and said the move reinforces a "flawed strategy" that has failed thus far.

"Deepening our involvement in Iraq would be a mistake, but deepening our involvement in Iraq on the assumption that the Iraqis will meet future benchmarks and commitments, given their track record, would be a compounding of that mistake," Levin said. Sen. Edward M. Kennedy (D-Mass.) urged the administration to put it to a congressional vote.

Some Republicans questioned the immediate need for thousands of U.S. troops, with Sen. John W. Warner (R-Va.) saying he would rather send in a small complement of troops to see if the Iraqis become full partners.

"My point being, it seems to me, shouldn't we walk a few steps along this line and then see how quickly, hopefully, the Iraqis begin to take up their responsibilities, rather than this massive plan pushing forward all at once?" Warner asked. Gates replied that the phased introduction of troops over the coming months will have the same effect.

Gates also said there are no plans for a long-term U.S. presence: "We don't want permanent bases in Iraq."

Senators questioned Gates and Pace about Bush's vow on Wednesday to stop Iran and Syria from supporting violence in Iraq. In his televised prime-time speech, the president promised to "interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Pace said the military will conduct those efforts within Iraq; they include two recent raids in northern Iraq that resulted in the capture of several Iranians. A State Department spokesman said yesterday that coalition forces raided a facility in Irbil because of information linking it to Iran's Revolutionary Guard. Contrary to the assertions of Iraqi officials, the site "was not a diplomatic facility; it did not have the standing of a consulate," State Department spokesman Tom Casey said.

The raids were authorized under an order that Bush issued several months ago, Secretary of State Condoleezza Rice told the New York Times yesterday. Rice was vague about when the president issued the order, the Times reported, but she said it allows the U.S. military to target Iranian "networks" in Iraq.

White House press secretary Tony Snow yesterday addressed what he called the "urban legend" of pending U.S. action against Iran and Syria. He told reporters that there is no intent to go to war with either country, and that the administration is committed to diplomatic efforts to stop Iran's nuclear program.

The idea of a significant troop increase in Iraq has been championed by Sen. John McCain (R-Ariz.), and he said yesterday that a small, short troop boost would be the "worst of all worlds" because he believes the U.S. military needs a sustained, robust presence. McCain also accused detractors of not presenting viable alternatives.

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"I believe that those who disagree with this new policy should indicate what they would propose to do if we withdraw and Iraq descends into chaos," McCain said.

The troop increase in Iraq will require the Army "very soon" to alert a number of National Guard combat brigades that they will have to deploy in about a year -- earlier than anticipated -- to provide relief for busy active-duty Army units, a senior military official told reporters.

With more troops comes a need for more equipment, requiring the Army to use two brigades' worth of pre-positioned stocks of tanks, Humvees and other gear in Kuwait that it had built up after depleting the stocks for the invasion of Iraq in March 2003.

"We're having to redistribute equipment right now," the official said. The Army plans to build as many as six new combat brigades under a plan unveiled by Gates to expand the service by 7,000 active-duty soldiers a year, to a total of 547,000.

Republicans On Panel Back President's Plan, Masking Divisions (NYT)

By David S. Cloud, Jeff Zeleny

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Republicans on the Senate Armed Services Committee came to the defense of President Bush on Friday, lending support to his decision to send more troops to Iraq and hoping to head off a Senate resolution criticizing the plan.

In contrast to the bipartisan barrage of criticism a day earlier by the Senate Foreign Relations Committee, Republicans on the armed services panel with few exceptions portrayed the troop increase as a risky but necessary move to regain control of Baghdad, and they portrayed Democrats as lacking the will to see the war through to victory.

"To my colleagues, I would ask, at least in the short term here, that we measure our words, that we not have a political stampede to declare the war lost when it's not yet lost, or to embrace strategies that would lead to defeat," said Senator Lindsey Graham, a Republican from South Carolina.

But the public show of support for the White House plan masked deep concern about sending additional troops among some Republicans and outright opposition among others. Senate Democrats are preparing a nonbinding resolution opposing the plan that Senator Carl Levin, a Michigan Democrat who is chairman of the Armed Services Committee, said might attract enough Republican votes to overcome parliamentary hurdles and pass if Democrats bring it to a vote.

To reassure senators worried about an indefinite commitment of more American troops, Defense Secretary Robert M. Gates told the panel that, while there is no explicit time limit on how long they will stay, he viewed the deployment as likely to last "months, not years."

He added that withdrawals were possible this year if the additional troops being sent to Baghdad reduce the violence significantly.

Testifying on Capitol Hill about the plan for the second straight day, Mr. Gates said that Iraqi lawmakers might decide to replace Iraq's prime minister, Nuri Kamal al-Maliki, if he failed to take steps to carry out the new plan to regain control of Baghdad.

"The first consequence that he has to face is the possibility that he'll lose his job," Mr. Gates said. "There are beginning to be some people around that may say, 'I can do better than he's doing,' in terms of making progress."

Administration officials have discussed among themselves whether they might need to withdraw support for Mr. Maliki if he doesn't perform, notably by building a new coalition in the Iraqi Parliament. Mr. Gates's statement was the first mention of the subject in public by a senior administration official.

Mr. Gates and other administration officials have had trouble explaining to lawmakers why they are confident that Mr. Maliki will carry out promises to send more Iraqi troops to Baghdad and to permit them and the additional American forces to operate in Shiite neighborhoods, where they have been blocked from conducting operations in the past.

Mr. Gates conceded that the Iraqi government's record of fulfilling its commitments is "not an encouraging one," but said Mr. Maliki now seemed to him "eager" to follow the plan worked out with American commanders.

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He acknowledged that Mr. Maliki initially had wanted to carry out the intensified military effort in Baghdad without more American troops. In addition, American military commanders feared that, without American forces monitoring their operations, there could been even worse sectarian bloodshed.

"There's no question in my mind that Prime Minister Maliki wanted to do this operation on his own," Mr. Gates said, but he was "persuaded that additional American forces were needed in order to make his plan succeed."

Senator Susan Collins, Republican of Maine, seemed to sum up the skepticism about Mr. Maliki among lawmakers in both parties when she noted that he "did not seem to welcome" the idea of sending more American forces when she met with him in Iraq just weeks ago.

"I'm really skeptical that the prime minister has really bought into this plan," she said.

On Friday, Mr. Bush invited the top Republican leaders in the Senate and the House to Camp David for a weekend session. The retreat was planned in advance, aides said, but took on new meaning as the White House sought to prevent further Republican defections over the administration's Iraq strategy.

Mitch McConnell of Kentucky, the Senate minority leader, and Representative John A. Boehner of Ohio, the House minority leader, and their deputies were scheduled to spend the evening at Camp David on Friday with the president.

Asked by CBS News on Friday whether he believed he had the authority to send additional troops to Iraq no matter what Congress wants, Mr. Bush replied that "in this situation I do."

The president's Iraq strategy remained a deeply divisive subject during a private Senate Republican Conference breakfast meeting on Friday. Republicans began discussing an alternative resolution, senior aides said, offering lawmakers an avenue to express their opposition without joining the Senate resolution to be offered by Democrats as early as next week.

At the closed-door session, Senator John McCain of Arizona urged senators to spend time reading the president's plan and studying intelligence reports before making up their minds. Mr. McCain, one of the administration's biggest allies on Iraq who has been arguing for months for a troop increase, also began meeting privately with undecided senators in hopes of slowing Republican fallout.

Despite a torrent of criticism from Republicans about the plan, it remained an open question whether every senator who has spoken against a troop increase would cast a recorded vote in opposition to the president. Senior Republican officials disputed an assertion from the Senate majority leader, Harry Reid of Nevada, that 12 Republican senators would support a nonbinding Democratic resolution opposing the president.

The most vocal Republican opposition to expanding the military operation in Iraq, for now, has been largely contained to senators in the party's moderate wing. But Republican Congressional leaders said they feared the discontent could grow when lawmakers hear from their constituents during the three-day weekend.

"People have strong views. They are well informed by their own constituents, by their consciences, and there are a lot of different voices on this," said Senator John Thune, a South Dakota Republican. "This is the dominant issue of the time. It eclipses everything else."

Republicans were keeping a close watch on public opinion polls, particularly a survey by CNN and the Opinion Research Corporation on Friday showing that 66 percent of Americans oppose the president's plan to send more troops to Iraq.

Democrats Eye Alternative To U.S. Troop Surge Plan (CHIT)

By Aamer Madhani

Chicago Tribune, January 13, 2007

WASHINGTON -- While Democrats seem to have won the moment by effectively pillorying President Bush's plan to inject 21,500 more U.S. troops into the Iraq war, a strategy that garnered little public support and has proved divisive on Capitol Hill, they now face the dilemma of coming up with a better alternative to stem the sectarian bloodletting.

Earlier this week, Democrats floated a plan to stop the escalation by blocking funding of the war. But Sen. Carl Levin (D-Mich.), chairman of the Senate Armed Services Committee, acknowledged that such action was unlikely because it would "send the wrong message to the troops."

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Still, Levin, who has called for a phased withdrawal to begin in four to six months, said he hoped to garner bipartisan support for a non-binding resolution voicing dissatisfaction with Bush's Iraq policy. Levin said that passing such a resolution could help lay the groundwork for the start of a drawdown of troops in the coming months.

"It's just an open-ended policy," Levin said. "There are no deadlines for the Iraqis, no consequences for failure to meet their commitments."

As Defense Secretary Robert Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified on Capitol Hill for the second straight day Friday, the Democrats continued to criticize the plan, although at a lower volume than on Thursday.

Gates and Pace attempted to counter their doubters with assurances that a temporary increase in U.S. troops was the best way to create a stable Iraq and the conditions that would permit a reduction in U.S. forces.

The two also said there are no immediate plans to attack targets in Iran. In his speech this week, Bush vowed to disrupt Iran's aid to insurgents in Iraq and "destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Those comments refer "strictly to operations inside the territory of Iraq, not crossing the border," Gates said, later adding that "any kind of military action inside Iran itself, that would be a very last resort."

The Bush administration has attempted to characterize the plan to bolster security in Baghdad and Anbar province as an Iraqi-designed strategy, but Democrats, who questioned Gates and Pace at a Senate Armed Services Committee hearing Friday, seemed incredulous.

In November, Prime Minister Nouri al-Maliki suggested to Bush that American forces push back to the outskirts of Baghdad, and that Iraqi forces would be able to effectively rout out the insurgents and militiamen that now control much of the Iraqi street. But Bush eventually rejected that plan.

Gates insisted that the plan was ultimately the creation of the Iraqi military. While al-Maliki initially wanted Iraqis to take complete control of pacifying Baghdad, the prime minister and his military commanders came to the conclusion that U.S. involvement was necessary, Gates said.

On Thursday, the prime minister failed to show up for a press conference where he was certain to face questions about the new strategy, and the Iraqi government spokesman gave the plan only tepid support.

Sen. Edward Kennedy (D-Mass), who has been one of the most vociferous critics of the so-called "surge," called on Bush to return to Congress for approval before sending more troops to Iraq.

"Why not come back to the Congress?" Kennedy said. "Why not come back and permit us to have a vote on this surge? Let the American people speak through their elected representatives."

Bush invited top Republican leaders from the House and the Senate to Camp David for at least part of the holiday weekend.

After hearing Levin repeat the refrain that Bush's plan to increase troop levels would be a grave mistake during Friday's hearing, Sen. John McCain (R-Ariz.) weighed in with his own critique of those who believe the president should be talking about drawing down instead of ramping up.

"Do they truly believe we can walk away from Iraq?" McCain said. "I believe these individuals ... have a responsibility to tell us what they believe are the consequences of withdrawal in Iraq. If we walk away from Iraq, we'll be back, possibly in the context of a wider war in the world's most volatile region."

Gates and Pace's second day on Capitol Hill was far more civil than the previous day, which included the comment from one Democrat member in the House that the plan was the "craziest, dumbest" idea.

But Friday's visit to the Senate Armed Services Committee, whose members include Bush loyalists Sens. John Cornyn of Texas, Jeff Sessions of Alabama and Saxby Chambliss of Georgia, did not include any heated exchanges.

Gates and Pace attempted to assuage some critics' concerns with assurance that the plan would be reviewed over time, and adjusted in consultation with U.S. commanders on the ground.

But Gates also tried to underscore to skeptical lawmakers that the next year or two would be critical to determining whether Americans would be successful in establishing a semblance of a working democracy in Iraq.

"Mistakes certainly have been made by the United States in Iraq, but however we got to this moment, the stakes now are incalculable," Gates said.

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Bush's Surge Already In Latest Budget (WT)

By Stephen Dinan

The Washington Times, January 13, 2007

The White House yesterday said there already is enough money in the budget to pay for President Bush's proposed troop surge in Iraq, leaving Congress almost no viable way to stop him before he commits the troops.

Some members of Congress had proposed using the power of the purse to cut off funds for the new troops, but White House press secretary Tony Snow said there's already enough money in the pipeline to begin the deployment of more than 17,000 soldiers to Baghdad to quell Sunni-Shi'ite violence and another 4,000 Marines to Anbar province to go after al Qaeda fighters.

"Funding for the forces and to dispatch them to the region, it's already in the budget. So we're going to proceed with those plans," Mr. Snow said.

That leaves Congress with few other options.

One possibility, proposed by Sen. Edward M. Kennedy, Massachusetts Democrat, would rescind Congress' 2002 blanket grant of authority to use force in Iraq, and would require Mr. Bush to gain congressional approval before boosting forces.

Yesterday, Mr. Kennedy asked the administration to hold off on deploying the troops to give Congress more time to consider the issue.

"It took the president ... two months to make this judgment. Let us have 10 days to try and make a judgment and a decision whether the American people are behind this," he told Defense Secretary Robert M. Gates.

"I take your point. I will certainly pass the message to the president," Mr. Gates replied.

The president, in an interview to be aired tomorrow on CBS' "60 Minutes," said he is convinced he has the authority to move forward with his plan.

"I think in this situation I do and I fully understand [Congress] could try to stop me from doing it," Mr Bush said. "But I made my decision. We're going forward."

Mr. Gates said if the plan succeeds, it will rebuild the public's confidence.

"I remember that when [the] first President Bush made the decision to throw Saddam Hussein out of Kuwait, the polls showed about 15 percent of the American people supported that action," he said. "After it was successful, about 90 percent supported it."

Mr. Gates, Secretary of State Condoleezza Rice and Marine Gen. Peter Pace, Joint Chiefs of Staff chairman, were hammered by Democrats and by rank-and-file Republicans on Capitol Hill this week as they presented the details of Mr. Bush's proposal.

In addition to the extra troops, Mr. Bush is expecting Iraq to add more units to the fight in Baghdad, and for the Iraqi troops to be free of political or sectarian restrictions that had prevented them from going after some of the militias that now control parts of the city.

The White House says the plan's success depends on the Iraqis' meeting their commitments, and Mr. Gates said that will be evident in a matter of months. Still, Mr. Snow said they are not yet willing to entertain what-if questions if the Iraqis fail.

Administration officials said the additional troops will cost $5.6 billion this year, and that will be added to a $100 billion emergency war-spending bill they already planned to send to Congress early next month.

But Mr. Snow said there is already enough money in the regular fiscal 2007 defense appropriations bill -- one of only two regular spending bills Congress passed last year -- to cover the early costs of the war, including the new deployments, through May or June.

The emergency spending bill will fund the overall war effort for the final months of the fiscal year, which ends Sept. 30.

Mr. Snow said Congress will have a chance to take votes later this year.

Democratic leaders have been cool to Mr. Kennedy's proposal. Instead, they said this week, they want to have votes in the House and Senate next week on nonbinding resolutions to show a majority of Congress disapproves of the president's plan.

But they are under pressure from liberal activists and interest groups to go further and exercise their newfound majority status to try to force Mr. Bush to begin withdrawing troops.

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Mr. Snow yesterday acknowledged the reception to the president's plan has been hostile, but said the administration thinks that after studying the proposal more, members of Congress and the American public will conclude there is no alternative if they want success in Iraq.

"You ask yourself, can the Iraqis do it all by themselves right now? If the answer is yes, then, OK, bring everybody home. If the answer is no, the answer is what do you do to try to build that capacity so Americans can come home," he said. "That becomes the focal point of the debate."

Murtha: Anti-war Movement "Way Ahead Of Me" (WT)

By Jon Ward

The Washington Times, January 13, 2007

Rep. John P. Murtha yesterday distanced himself from the anti-war movement's demands to bring U.S. troops home from Iraq immediately, but said he is exploring ways to block funding for additional troops.

"This group here today, they're way ahead of me," the Pennsylvania Democrat said of the Out-of-Iraq Caucus and the Congressional Progressive Caucus, which are comprised of the most ardently anti-war members of Congress.

Mr. Murtha, a member of the House Appropriations Committee, spoke to the groups yesterday during a forum about using the budget to prevent the Bush administration from boosting troop levels.

"I'm doing what I think needs to be done, and I'm doing it as quickly as I can," said Mr. Murtha, a former Marine who rose to national prominence in 2005 by calling for an immediate withdrawal from Iraq.

Senate Democrats, meanwhile, softened their tone in the second day of hearings with administration officials on the Iraq war.

"I can't help but note the difference in the tenor of this meeting today," Sen. Bill Nelson, Florida Democrat, said to Defense Secretary Robert M. Gates, who appeared before the Senate Armed Services Committee with Joint Chiefs Chairman Gen. Peter Pace.

Mr. Nelson was referring to Secretary of State Condoleezza Rice's testimony Thursday before the Senate Foreign Relations Committee.

The low point of that hearing came when Sen. Barbara Boxer, California Democrat, said Miss Rice would not pay any price for sending U.S. troops to Iraq because she has no children.

Mr. Gates told the panel that President Bush's plan for increasing troops was designed in part by Gen. George Casey Jr., the outgoing top military commander in Iraq, in conjunction with the Iraqi government. Opponents of the troop increase have said the president is ignoring advice from his generals.

Mr. Gates said the U.S. military thinks Iraqi Prime Minister Nouri al-Maliki and his government "finally have the will to act" to restrain Shi'ite death squads.

Mr. Maliki, a Shiite, has been faulted for cracking down only on Sunni militias, which are engaged in a fierce sectarian conflict with the Shi'ites.

"This is, I think, a pivot point -- the pivot point -- in Iraq, as the Iraqi government insists on assuming the mantle of leadership in the effort to regain control of its own capital," Mr. Gates said.

Democratic leaders face a dilemma. They want to block funding for more troops in Iraq, without withholding funds for those already on the ground.

"We must cut off the funds," said Rep. John Conyers Jr., Michigan Democrat, during yesterday's anti-war forum.

But the Democratic chairman of the House Appropriations Committee, Rep. David R. Obey of Wisconsin, has said he does not think Democrats can block some funds while approving others.

Senate Majority Leader Harry Reid's focus is on bringing a non-binding resolution against a troop increase to the Senate floor, possibly next week. The Nevada Democrat hopes that up to a dozen Republicans will vote against the increase.

The President's Bookshelf (CNN)

By Wolf Blitzer, Dugald McConnell

CNN.com, January 12, 2007

DOJ_NMG_0116934

WASHINGTON (CNN) --As President Bush wrestles with the continuing war in Iraq, he's currently reading a book about another difficult war: "A Savage War of Peace," by Alistair Horne, a senior White House source tells CNN.

It is a dense and detailed history of the battle between France and revolutionaries in its colony of Algeria, describing an unsuccessful war against a bloody terrorist insurgency. A resistance movement rose in 1954 to resist French occupation. It quickly turned into a civil war between factions that became a costly, unpopular conflict for the French.

In Europe And Elsewhere, Bush's New War Strategy Is Greeted With Skepticism (NYT)

By Alan Cowell

The New York Times, January 13, 2007

LONDON, Jan. 12 — Whatever the impact of President's Bush's new strategy for Iraq in Baghdad or in Baquba, it has won few converts across a worried world, where dismay and hostility toward the American expedition have grown while support trickles away.

Perhaps, some people whispered Friday in the Middle East, Arab leaders might privately welcome the effect of 20,000 more American soldiers, but would not say so publicly unless their presence swung the battle for Baghdad. Maybe, others ventured, this moment recalled President Nixon's invasion of Cambodia — "extension of the fight amid promises of withdrawal," as a German columnist put it. But even Britain, the onetime cheerleader for the White House, offered only an ambiguous response to the president's announcement, saying London remained on track to withdraw its forces, not increase them.

For some, the response was a study in haughty indifference.

"It hasn't changed anything," said Bernard Bot, the Dutch Foreign Minister, whose country withdrew its troops from the Iraq coalition in 2005.

Others painted their analogies in a more apocalyptic hue. In France, the newspaper Le Monde — which, after the Sept. 11 attacks, had declared, "We are all Americans" — published a cartoon depicting President Bush as a bulldozer driver shoveling American soldiers into a ditch in the shape of Iraq.

In Germany, the liberal Süddeutsche Zeitung wrote, "Bush hopes to douse the Iraqi fire with the blood of Americans."

Mr. Bush's announcement had been awaited across the globe, particularly since the publication of a report by the Iraq Study Group had fed speculation that Mr. Bush might adopt a strategy avoiding higher troop levels and including diplomacy toward Syria and Iran. But the president's speech Wednesday night dashed those hopes, confirming for some the sense that Europe and the United States will not overcome a fundamental rift between American interventionism and a softer European approach.

"Europeans and Germans believe you have to talk to regimes you don't like," said Eberhard Sandschneider, the director of the Research Institute of the German Council on Foreign Relations. (Pointedly, Angela Merkel, the German chancellor, declined to discuss Iraq in an interview with correspondents on Thursday.)

Indeed, said Philippe Douste-Blazy, the French foreign minister, only a broad political strategy would enable Iraq to "recover stability, and beyond Iraq, stability in the region." That was the view, too, among Spanish officials. "Only political solutions can solve the crisis which affects stability in the region," said Miguel Ángel Moratinos, the foreign minister.

At the same time, there was some sympathy — if not always explicit — for the American quandary: this was, many analysts sensed, a defining event, a last throw of the dice that would measure American prestige and credibility against the clamor of its adversaries.

"This is a dangerous gamble," said the liberal newspaper Asahi Shimbun in Tokyo, where the government formally supported the new American strategy. In London, the antiwar Independent newspaper declared in an editorial, "The U.S. military is now being called upon to fight the battle for Baghdad all over again, in circumstances that are infinitely more complex than they were the first time around."

In both the Arab world and Israel, analysts expressed a keen sense that Iraq could turn into a zero-sum game, even if America scaled back its avowed ambitions for a democratic Iraq and aimed simply to mold stability and moderation.

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"If the U.S. gets out before achieving these limited aims, Iraq is going to descend into mass chaos — we can see the country splinter," said Chuck Freilich, a former deputy national security adviser in Israel and now a senior fellow at the Kennedy School of Government at Harvard University. "The region will be further radicalized. Iran would become the regional hegemon."

That same fear pervades many Arab societies. "The withdrawal would signify defeat, which would result in strengthening all the enemies' desire for expansion, such as Iran's persistence in developing its nuclear weapons, and Al Qaeda would double its activities in Iraq and the whole region," said an opinion article in the Thursday issue of the pan-Arab newspaper Asharq Alawsat, which is close to the Saudi royal family and published in London.

Some saw the Arab approach in more nuanced terms. Mansoor al-Jamri, editor in chief of the Bahraini newspaper Al Wasat, said he thought it likely that some Arab leaders supported the increase in troops — if for no other reason than to offset Iran's rising influence — but that they would never publicly express such an opinion. "There is a mixed feeling," Mr. Jamri said. "If America is involved more in some way to secure Iraqi politics and secure the situation, I think some Iraqis and some Arab governments will like it."

But there is a deeper pessimism, reflecting a widely held Arab view that the American presence is the source of Iraq's woes.

"Bush's strategy of surging troops is nothing new," said Bassem Alim, a Saudi lawyer and political writer. "He did that last year when he announced an additional 40,000 troops were being sent to Iraq. That didn't do the job, and I don't think that an additional 20,000 troops will do the job either." He added, "Either Bush doesn't understand the situation, or he is blinded by his evangelical beliefs."

Yet an immediate American withdrawal would be deeply troubling in many parts of the Arab world. An Egypt-based Arab diplomat, who spoke on the condition of anonymity, so as not to antagonize Americans, put it like this: "The other side of the coin is the immediate departure of American troops will leave such a vacuum in power, it will have two results — Iran will fill the vacuum where it can, and the whole country will explode."

Or, as John Howard, the Australian prime minister and a close ally of Mr. Bush, put it: "You have to understand that if America, the most powerful country in the world, our strongest ally, is defeated in Iraq or retreats in circumstances of defeat in Iraq, that would be the greatest propaganda victory the terrorists could ever win."

Yet Russia bemoaned America's seeming rejection of regional diplomacy. "It seems that the calculation remains the same: to achieve a settlement of the Iraq crisis by force and not to consider proposals to establish a dialogue with Iraq's main groups with the support of all its neighbors, including Syria and Iran," said Mikhail I. Kamynin, the Russian Foreign Ministry spokesman.

In Eastern Europe, the grinding campaign in Iraq has created divisions and splintered support.

"President Bush's arguments should be understood, because leaving Iraq by Americans would be a tragedy," argued Stefan Niesiolowski, a senator for the left-leaning opposition Civic Platform party in Poland. He argued that the 1,000-odd Polish soldiers serving in Iraq should stay. "It would not be nice if we would say to Americans, 'It's your problem, not ours.' "

But on the Polish right, opinions were less sanguine. Kazimiera Szczuka, a literary critic, said, "Americans should find a way to withdraw honorably from Iraq as soon as possible. Polish troops should not stay there any longer."

In the Czech Republic, there is a sort of unspoken pity for Mr. Bush's predicament and skepticism of his new Iraq plan. "The prospect for success is not large," wrote Adam Cerny, a columnist for Hospodarske Noviny, a Czech business daily. "Why — when similar attempts have not worked earlier — should the same procedure lead to different results today?"

"At the very most," he wrote, "President Bush will not find critics but very cautious partners among other Europeans."

That process has gone much further in Italy, once a staunch ally of President Bush under former Prime Minister Silvio Berlusconi.

But in an interview with a French television network on Thursday, Prime Minister Romano Prodi, Mr. Berlusconi's successor, criticized President Bush's new Iraq plan directly. "He should listen to the Baker report and to the American public," Mr. Prodi said.

Gov. Backs Bush's Plan For Iraq (LAT)

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By Jordan Rau

The Los Angeles Times, January 13, 2007

SACRAMENTO — Bucking the disenchanted views of most Americans about the war, Gov. Arnold Schwarzenegger said Friday that he supports President Bush's plan to increase the number of troops in Iraq.

"I think we should give it everything," Schwarzenegger responded when asked in a pre-taped television interview whether he supported Bush's plan to send an additional 21,000 troops. "We should give it everything in order to be victorious."

In the interview to be broadcast Sunday on ABC News' "This Week with George Stephanopoulos," Schwarzenegger said he does not want the U.S. to "pull out of this war as losers." That would be "disastrous" for the Middle East, he said, according to portions of the interview distributed by the network Friday.

Schwarzenegger did break with the president by reiterating his support for a timeline for American troops to withdraw so that the Iraqis fully understand that they have "got to be independent," according to the ABC excerpt.

The comments come as Schwarzenegger has been facing harsh criticism for his plan to place new requirements and fees on employers, hospitals and doctors to pay for a plan that would ensure health coverage for all Californians.

But Schwarzenegger has also drawn a good deal of praise for his new self-definition as a "post-partisan" governor, one who draws on ideas favored by the electorate regardless of where the notions fall in the ideological spectrum.

"I don't try to please the conservatives; I don't try to please the liberals," he said in a part of the interview broadcast by ABC on Friday. "I like to please the people. I'm a public servant. I'm not a politician."

But the governor's position on the war is not in line with the majority of the electorate's views. A USA Today/Gallup poll conducted last week found that 12% of those surveyed supported sending more troops and that 85% favored withdrawing.

Of those supporting withdrawal, 15% wanted to do so immediately, 39% favored it over the next 12 months and 31% thought it should be done over as many years as needed.

"This will be a blow to anyone who has hopes that Schwarzenegger is in the center," said Bob Mulholland, who was a senior advisor to Phil Angelides, Schwarzenegger's Democratic challenger in last year's election.

During the campaign, Angelides tried unsuccessfully to use Californians' antipathy toward Bush against Schwarzenegger because of the Republican governor's support for the president.

Dan Schnur, a GOP consultant, disagreed with Mulholland. "This is what being a post-partisan governor looks like," Schnur said. "He leans left on some things and right on others. For every universal healthcare plan, there's a troop surge. It all balances out in the center."

Dave Gilliard, a Republican consultant who has clashed on occasion with the administration, said he did not think Schwarzenegger made the comments for political purposes.

"I'm not Schwarzenegger's biggest fan, but in this case I don't think there's politics involved," he said. "It's probably a heartfelt position — not a particularly popular one, even with Republicans."

Schwarzenegger, who had campaigned for Bush in 2004, named two Republicans he might support in 2008: former New York City Mayor Rudy Giuliani and Sen. John McCain of Arizona. He also praised Michael Bloomberg, the Democrat-turned-Republican mayor of New York City, who is said to be considering an independent presidential bid.

"I think that if it's Rudy Giuliani, I think that if it is McCain, he's a terrific candidate, even Bloomberg, all of those guys are terrific," he said.

The Two Vacuums (WSJ)

By Peggy Noonan

The Wall Street Journal, January 13, 2007

I had the odd and wholly unexpected experience of feeling supportive of a troop increase until I saw the president's speech arguing for it. What a jarring, furtive-seeming thing it was.

Surely the Iraq endeavor and those who've fought in it and put their hopes in it deserve more than collapse, withdrawal and calamity. But...20,000 more troops, who'll start to arrive over the next few months, and we'll press the Iraqi government to be

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tougher? A young journalist who is generally supportive of the president said, "So this is it? The grand strategy is to repeat a strategy they weren't able to execute the first time they tried it?"

What a dreadful mistake the president made when he stiff-armed the Iraq Study Group report, which had bipartisan membership, an air of mutual party investment, the imprimatur of what remains of or is understood as the American establishment, and was inherently moderate in its proposals: move diplomatically, adjust the way we pursue the mission, realize abrupt withdrawal would yield chaos. There were enough good ideas, anodyne suggestions and blurry recommendations (blurriness is not always bad in foreign affairs -- confusion can buy time!) that I thought the administration would see it as a life raft. Instead they pushed it away. Like the old woman in the flood who took to the roof and implored God to send a boat to save her. A hunk of wood floated by as she prayed with fervor. A busted wooden door floated by as the waters rose and she doubled her prayers. Finally she cried "God, I asked you to save me and you didn't send a boat!" And the voice of God answered: "I sent you a hunk of wood and a door!"

We don't always recognize deliverance when it arrives.

There was something unnerving about the speech, from the jumpy beginning to the stumbles to the sound glitches. A jittery affair, and some dusk hung over it. At the end I suspected the president's aides had instructed him again and again not to strut or have an edge. He perhaps understood that as: Got it -- don't be me. He couldn't do wounded wisdom, but he could repress cocky cowboy. The result was that he seemed not chastened but effaced, not there. It was odd. One couldn't find the personal geography of the speech.

Nothing in it really worked. "I had a sinking feeling," said a conservative journalist afterward. An old Republican hand: "He looked like he was over his head." Of the call for bipartisanship: "A tad late."

John McCain looked pale -- he looked like a ghost among the pillars -- as he gave reaction on Fox from the Capitol. His voice was soft, feathery, like a speaker who'd been knocked flat on the way to the podium. "I'd much rather lose a campaign than lose a war," he said. I wondered if he was thinking, Once again this man sinks my fortunes. It's South Carolina all over again! Dianne Feinstein seemed grave on CNN. "Oh, my heart fell," she said of the president's proposal. "I was very disappointed by it." She wanted more attention to Mideast peace efforts.

Pat Buchanan on MSNBC warned of what would happen if the U.S. simply withdrew or maintained the status quo: "I think the president's gonna get this last chance, but I think it's the last one." There has been something gallant in the old battler who'd opposed the war taking no pleasure in the current crisis. Democratic foreign affairs veteran Richard Holbrooke on PBS: The speech was "an astonishing event....The president is doubling down on every bad bet." Republican veteran Ken Duberstein: "I found myself watching the speech thinking, 'I want to believe.'" He did not hide his skepticism.

The question that suddenly began to crop up in all the talk after the speech was: What will fill the vacuum if America simply says, "We gave it our best, but the Iraqi people didn't seem to want to cooperate in their freedom, so we will have to leave"? The talk was grim and believable. Ethnic cleansing, religious warfare, geopolitical machinations potentially harmful -- almost certainly harmful, and deeply so -- to America and the West. One argument seems tired and not true. It is that if we leave Iraq, the terrorists of the world will have a safe place in which to gather, coalesce, plan and move. They already have such places, in the Mideast and outside it, and maybe here. Terrorists hide, and the world is full of hiding places.

But there are two vacuums in the Iraq story. The first is the vacuum that would be filled in Iraq if America withdrew tomorrow. The second is the power vacuum that will be created in Washington if the administration is, indeed, collapsing. The Democrats of Capitol Hill will fill that one. And they seem -- and seemed in their statements after the president's speech -- wholly unprepared to fill it, wholly unserious in their thoughts and approach. They seem locked into habits that no longer pertain, and absorbed by the small picture of partisan advancement at the expense of the big picture, which is that the nation is in trouble and needs their help. They are sunk in the superficial.

When Nancy Pelosi showed up at the White House Wednesday to talk with the president it was obvious she'd spent a lot of time thinking about...what to wear. She wrapped herself in a rich red shawl. Dick Morris said it looked like a straitjacket. I thought she looked like a particularly colorful mummy. She complained that the president had not asked for her input as he put together his plan. He should have. But what would she have brought to the table if she'd been asked to it? It is still -- still! -- unclear.

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The other night after the speech, Rahm Emanuel, on PBS, was pressed for what he would have the president do. He blinked as if the question were a diversion. He was there to say Bush is Bad. Why bother with what might be good?

Right now, in the deepest levels of the American government, intelligence and military planners should be ordered to draw up serious plans for an American withdrawal, and serious strategies for dealing with the realities withdrawal will bring. It would not be the worst thing if the Maliki government knew those plans were being drawn up. It might concentrate the mind.

What is paramount is a hard, cold-eyed and even brutal look at America's interests. We have them. I'm not sure they've been given sufficient attention the past few years. In fact, I am sorry to say I believe they have not.

Therapy For Nation Builders (WP)

By Henry Allen

The Washington Post, January 13, 2007

Here's an idea to play with:

Give it to him, give the president everything he wants for the war in Iraq. Money, troops, the support of Congress, all of it.

Give everything that's requested by everybody in the military-industrial-political-intellectual-media complex, or at least the ones who got us into this war and still think they can get us out of it with a win.

For one thing, there's always a chance, however slight, that they will. That would be nice indeed.

After all, our vision for Iraq is way nicer than our enemies' alternatives. South Vietnam would be better off, too, if we'd won. It's nice to think that if we'd achieved our goals in Cuba, instead of the Bay of Pigs fiasco, or in Somalia instead of the "Black Hawk Down" embarrassment, or Lebanon instead of the barracks-bombing catastrophe, they'd be better off, too.

A loss in Korea would have been far worse than the stalemate we settled for.

Right now, a nice outcome seems unlikely in Iraq.

But then, the proposal on the table here, a sort of thought experiment, addresses a problem that is a lot bigger than Iraq.

The problem, if we lose in Iraq, is that America is apt to keep on doing what it's been doing for decades when it loses, which is to say learn nothing and have years of hissy fits about who's to blame. And set itself up for another fiasco someplace else.

We have had successes: the liberation of Kuwait and our intervention in the Balkans. And, most important of all, we won the Cold War without ever having to match armies and nuclear arsenals with the Soviet Union.

But our combat fiascos are coming to define America both to the world and to itself. They are also demonstrating that we are incapable of winning ground wars against some of the poorest people on Earth, if those wars last more than a week.

After Vietnam, one hoped that we could salvage pride in the courage with which our soldiers fought, and in the knowledge that we had learned our lesson well enough that we would never again send them to die in such a doomed cause.

As we watched our helicopters abandon our terrified allies on the roof of our Saigon embassy, it seemed reasonable to assume that the shame of that moment would lead to a new sanity.

Instead, our failed ground combat interventions and nation building continue like a sort of neurosis, the kind that has been defined as doing the same thing over and over in expectation of a different result, in the manner of France fighting and losing one colonial war after another after World War II.

In America, however, this syndrome is a legacy not of colonialism but of World War II itself -- of a triumphalism of the sort John Kennedy perpetuated when he boasted of being from the generation born of that war, and said that the lesson to be learned was that we should pay any price, bear any burden, to assure the success of liberty.

How good we feel about ourselves, sharing this dream. Without the illusion that we can make it come true, we would be like Britain without its empire, like France without its mission civilatrice, a nation tinged by shabby resentment and existential resignation. The problem is that reality may leave us with nothing better in the end.

As part of our thought experiment, think now of our mind-set as an American sickness, an addiction in the form of a belief.

If it were an addiction, we would create a 12-step program to cure it. The first step would be recognizing that our governing establishment is powerless over it, and that our attitude toward our role in the world has become unmanageable.

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Recovering alcoholics will say that they didn't begin their recovery until they "hit bottom." It turns out that it was a mistake to believe we hit bottom while watching those helicopters in 1975, or any of the smaller failures that have followed. And so, the proposal here is to make sure that this time we hit bottom hard enough to prove to ourselves once and for all that the very nation-building that George W. Bush swore off before the 2000 election still has him -- and, more important, us -- helpless in its grip.

On the other hand, maybe if we give the president everything he wants he'll turn this thing around. How nice. Then we can be off to invade Iran, barrel across the DMZ into North Korea, liberate Tibet . . .

Henry Allen is a writer and editor for The Post's Style section.

From Dr. King, A Reminder On Iraq (WP)

By Colbert I. King

The Washington Post, January 13, 2007

Forty years ago, Dr. Martin Luther King Jr., whom the nation will honor on Monday, took to the pulpit of Riverside Church in New York City at a meeting organized by Clergy and Laymen Concerned About Vietnam. The date was April 4, 1967, one year before his assassination in Memphis.

King said he was in New York because his conscience had left him no choice. In his speech, "Beyond Vietnam: A Time to Break Silence," King declared: "That time has come for us in relation to Vietnam."

King acknowledged the reluctance of some people to speak out on Vietnam -- the same hesitation some Americans may have today over voicing their concerns about Iraq. People, he explained, "do not easily assume the task of opposing their government's policy, especially in time of war."

But King concluded that too much was at stake. He and the other religious and lay leaders were moved by what the conflict in Vietnam was doing to the United States. Vietnam, King said, was consuming American troops and money like "some demonic, destructive suction tube" even as that war was laying waste to the Vietnamese people and to America's standing in the world.

And on this Martin Luther King Jr. Day, in 2007?

More than 3,000 Americans have been killed in Iraq, while 22,000 others have been wounded. Billions of dollars that could have been invested here at home have been spent there, a lot of it wasted, some of it stolen, plenty of it unaccounted for. And Iraqis in Baghdad, who cowered for decades under a brutal dictator, have been living in the midst of violence almost continuously since Saddam Hussein was deposed.

"We are creating enemies faster than we can kill them" read a bumper sticker in Washington this week.

Now enter George W. Bush -- the president who got America into this debacle through a series of misjudgments that would make Alfred E. Neuman look brilliant. This week Bush announced plans to plop down thousands of additional troops in the middle of a sectarian war and to shell out billions of additional dollars to pacify a war-weary Iraqi population that, truth be told, wants America gone.

Why trust this administration?

Contrary to what Bush and his allies said:

-- There were no weapons of mass destruction poised to strike America and her allies.

-- A quick defeat of Hussein did not lead to chocolates and flowers in the streets of Baghdad.

-- An American invasion did not produce a unified, nonsectarian and Western-oriented Iraq or spark a desire for U.S.-style governance throughout the Arab world.

-- De-Baathification and the imposition of a market economy at gunpoint did not usher in a period of tranquility or the flowering of capitalism.

The Bush administration struck first because it had the power to strike and the arrogance to think, foolishly, that it could win and dominate the conquered on the cheap.

King spoke in '67 about "the Western arrogance of feeling that it has everything to teach others and nothing to learn from them." Witness the Bush team in Iraq.

Today they have a bloodbath on their hands to show for their labors, and Iran is on the verge of getting an Iraqi neighbor beyond its wildest dreams.

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Yet even now, neoconservatives inside and outside of government are counseling Bush to remain in Iraq for years to prevent the Shiite-dominated regime from collapsing. They also are encouraging him to prepare for battle with Iran and Syria if those countries start meddling in Iraq -- as if they aren't now. With what exactly and for how long we are supposed to do battle with Tehran and Damascus, the militaristic neocon noncombatants in Washington don't say. But then again, they have a tolerance for risk and cost that exceeds that of those who actually do the fighting and dying.

Forty years ago at Riverside Church, people of conscience declared that "a time comes when silence is betrayal." They went beyond using their voices and votes when they agreed to break their silence. They responded, as King had urged, by matching their words with actions. "We are at the moment when our lives must be placed on the line if our nation is to survive its own folly. Every man of humane convictions must decide on the protest that best suits his convictions, but we must all protest," King preached that day.

Yes, this is a different time and a different world. Global terrorism is a sobering reality. And America is on the right side in that war. To not fight back is tantamount to indulging a death wish.

But the first blow in Iraq, which was not a battleground for terrorism, was struck by Bush. He now, stubbornly and in the face of legitimate opposition, proposes to make matters worse.

Remember King and the words: "A time comes when silence is betrayal."

Bush Authorized Iranians' Arrest In Iraq, Rice Says (NYT)

By David E. Sanger, Michael R. Gordon

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — A recent series of American raids against Iranians in Iraq was authorized under an order that President Bush decided to issue several months ago to undertake a broad military offensive against Iranian operatives in the country, Secretary of State Condoleezza Rice said Friday.

“There has been a decision to go after these networks,” Ms. Rice said in an interview with The New York Times in her office on Friday afternoon, before leaving on a trip to the Middle East.

Ms. Rice said Mr. Bush had acted “after a period of time in which we saw increasing activity” among Iranians in Iraq, “and increasing lethality in what they were producing.” She was referring to what American military officials say is evidence that many of the most sophisticated improvised explosive devices, or I.E.D.’s, being used against American troops were made in Iran.

Ms. Rice was vague on the question of when Mr. Bush issued the order, but said his decision grew out of questions that the president and members of his National Security Council raised in the fall.

The administration has long accused Iran of meddling in Iraq, providing weapons and training to Shiite forces with the idea of keeping the United States bogged down in the war. Ms. Rice’s willingness to discuss the issue seemed to reflect a new hostility to Iran that was first evident in Mr. Bush’s speech to the nation on Wednesday night, in which he accused Tehran of providing material support for attacks on American troops and vowed to respond.

Until now, despite a series of raids in which Iranians have been seized by American forces in Baghdad and other cities in Iraq, administration officials have declined to say whether Mr. Bush ordered such actions.

The White House decision to authorize the aggressive steps against Iranians in Iraq appears to formalize the American effort to contain Iran’s ambitions as a new front in the Iraq war. Administration officials now describe Iran as the single greatest threat the United States faces in the Middle East, though some administration critics regard the talk about Iran as a diversion, one intended to shift attention away from the spiraling chaos in Iraq.

In adopting a more confrontational approach toward Iran, Mr. Bush has decisively rejected recommendations of the Iraq Study Group that he explore negotiations with Tehran as part of a new strategy to help quell the sectarian violence in Iraq.

In the interview on Friday, Ms. Rice described the military effort against Iranians in Iraq as a defensive “force protection mission,” but said it was also motivated by concerns that Iran was trying to further destabilize the country.

Mr. Bush’s public warning to Iran was accompanied by the deployment of an additional aircraft carrier off Iran’s coast and advanced Patriot antimissile defense systems in Persian Gulf countries near Iran’s borders. Both the White House and the secretary of defense, Robert M. Gates, insisted Friday that the United States was not seeking to goad Iran into conflict, and that it

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had no intention of taking the battle into Iranian territory. The White House spokesman, Tony Snow, warned reporters away from "an urban legend that's going around" that Mr. Bush was "trying to prepare the way for war" with Iran or Syria.

Mr. Gates said that the United States did not intend to engage in hot pursuit of the operatives into Iran.

"We believe that we can interrupt these networks that are providing support, through actions inside the territory of Iraq, that there is no need to attack targets in Iran itself," Mr. Gates told the Senate Armed Services Committee. "I continue to believe what I told you at the confirmation hearing," he added, referring to last month's hearings on his nomination, "that any kind of military action inside Iran itself would be a very last resort."

Ms. Rice's comments came just a day after the new chairman of the Senate Foreign Relations Committee, Senator Joseph R. Biden Jr., Democrat of Delaware, issued a sharp warning to the administration about the recent raids against Iranians in Iraq, including one in Erbil early Thursday.

He said the vote to authorize the president to order the use of force to topple Saddam Hussein was not a vehicle for mounting attacks in Iran, even to pursue cells or networks assisting insurgents or sectarian militias. "I just want the record to show — and I would like to have a legal response from the State Department if they think they have authority to pursue networks or anything else across the border into Iran and Iraq — that will generate a constitutional confrontation here in the Senate, I predict to you," Mr. Biden said.

In the view of American officials, Iran is engaged in a policy of "managed chaos" in Iraq. Its presumed goal, both policymakers and intelligence officials say, is to raise the cost to the United States for its intervention in Iraq, in hopes of teaching Washington a painful lesson about the perils of engaging in regime change.

Toward this end, American officials charge, Iran has provided components, including explosives and infrared triggering devices, for sophisticated roadside bombs that are designed to penetrate armor. They have also provided training for several thousand Shiite militia fighters, mostly in Iran. Officials say the training is carried out by the Iranian Revolutionary Guards and the Ministry of Intelligence and Security.

In the interview on Friday, Ms. Rice said, "We think they are providing help to the militias as well, and maybe even the more violent element of these militias."

In addition, American officials say the Iranian Revolutionary Guard Quds Force is active in Iraq. A senior military official said last week that one of the Iranians seized in Baghdad late last month was the No. 3 Quds official. He said American forces uncovered maps of neighborhoods in Baghdad in which Sunnis could be evicted, and evidence of involvement in the war during the summer in Lebanon.

That Iranian official was ordered released, by Ms. Rice among others, after Iran claimed he had diplomatic status.

This week, American forces in Iraq conducted at least two raids against suspected Iranian operatives, including the raid in Erbil. The United States is currently detaining several individuals with Iranian passports who were picked up in those raids. The Iranians have said that they were in the process of establishing a consulate, but American officials said that the Erbil operation was a liaison office and that the workers there did not have diplomatic passports.

A defense official said Friday that such raids would continue. "We are going to be more aggressive," he said, referring to the suspected Iranian operatives. "We are going to look for them and to try to do what we can to get them into custody."

Rice Denies US "Escalating Iraq" (BBC)

BBC.com, January 12, 2007

US Secretary of State Condoleezza Rice has denied that the US intends to escalate the war in Iraq by confronting Iranian groups operating there.

Ms Rice backed a pledge by President Bush to run search and destroy missions against groups suspected of building bombs for use within Iraq.

"That's not an escalation, that's good policy," Ms Rice told the BBC.

Ms Rice spoke ahead of a visit to the Middle East, a visit that will focus on Iraq and the Israeli-Palestinian issue.

The week-long tour will take in Egypt, Jordan, Saudi Arabia and Kuwait, as well as Israel and the Palestinian territories.

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Speaking before leaving the US, Ms Rice insisted that the United States was not going to let either Iran or Syria continue activities that endangered US soldiers in Iraq.

"I don't think there is a government in the world that would sit by and let the Iranians in particular run networks inside Iraq that are building explosive devices of a very high quality that are being used to kill their soldiers.

"That's not an escalation, that's just good policy."

Earlier this week the US raided the Iranian consulate in Irbil, northern Iraq, detaining five people.

Both President George W Bush and Ms Rice have said this week that they intend to step up measures against those threatening to destabilise Iraq.

The president announced 21,500 extra troops for Iraq in an effort to dampen violence across the country, especially in the capital, Baghdad.

Last year an influential report led by former Secretary of State James Baker urged the Bush administration to begin negotiations with Iran and Syria in a bid to find a solution in Iraq.

Reasonable voices

As well as Iraq, Ms Rice will also discuss the Israel-Palestinian conflict during her stay in the Middle East.

However, she admitted she was not travelling to the region with a plan to end the conflict.

"I think anything that is an American plan is bound to fail," she said.

"The United States is not going to succeed in this alone. This has to have an Arab voice - Egypt, Jordan, Saudi Arabia.

"It certainly has to have the voice of the reasonable factions among the Palestinians, like Abu Mazen [Palestinian leader Mahmoud Abbas]. And it has to have an Israeli voice."

White House Softens Iran Tone (LAT)

By Julian E. Barnes, Solomon Moore

The Los Angeles Times, January 13, 2007

WASHINGTON — The Bush administration sought to assure lawmakers and the public Friday that despite harsh new rhetoric, it did not intend to go to war with Iran, even as U.S. sources charged that Iranians captured in Irbil, Iraq, were suspected members of Iran's Revolutionary Guards.

President Bush accused Iran in a speech this week of helping launch attacks against U.S. troops in Iraq. His remarks were followed by combative comments from his top war advisors, new moves by U.S. naval forces and a raid Thursday in the Kurdish-controlled city of Irbil.

The administration moved Friday to defuse concerns that it was planning or inviting a confrontation with Tehran. At a news conference, White House Press Secretary Tony Snow dismissed as an "urban legend" suggestions that the United States was preparing for another war. Similar denials were issued by Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff.

But other U.S. officials pressed the case that the Islamic Republic was helping foment violence in neighboring Iraq.

One Western official, who spoke on condition of anonymity, charged that the Iranians captured in Irbil were suspected members of Iran's Revolutionary Guards and were suspected of involvement in bomb smuggling.

The raid followed another U.S. operation last month in Baghdad that netted several high-level members of the Quds Force, an elite intelligence and special operations group within the Revolutionary Guards, who were involved in transferring Iranian explosives to Shiite militias in Iraq, the source said.

Iraqi officials say the building raided Thursday was a long-standing Iranian liaison office. The Kurdistan government said it was a consulate and called for the U.S. to immediately release the detainees, who it said were protected by the 1963 Vienna Convention on Consular Relations.

But Lt. Col. Christopher Garver, a U.S. Army spokesman, said that it was not an accredited consulate and that the officials did not identify themselves as diplomats or have diplomatic credentials when detained. Although witnesses reported gunfire, Garver said the soldiers used only nonlethal concussion grenades to force the Iranians from the building. They surrendered without incident, he said.

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"The operation was conducted without a single shot," Garver said.

He declined to say where in Iraq the Iranians were being held.

U.S. officials said both raids were intended to disrupt Iranian interference in Iraq. The Revolutionary Guards have been linked to transfers of Iranian-made bombs that are designed to focus a cone of concussive force so powerful that it can punch through a tank.

Increasing numbers of U.S. troops in Iraq are being killed by the bombs, particularly in Diyala, Kirkuk, Baghdad and other areas where Shiite militias have a strong presence, commanders say.

U.S. officials believe the Quds Force is in control of elements of two powerful Shiite paramilitary organizations, the Badr Brigade and the Al Mahdi army.

In his national address Wednesday, Bush accused Iran of providing "material support" for attacks against U.S. troops. "We will disrupt the attacks on our forces," he said. "We'll interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

His comments were part of his new strategy on Iraq, a plan to add 21,500 U.S. troops that was unveiled to widespread opposition. He announced he was moving a second aircraft carrier group into the Persian Gulf and pledged to stop the attacks and Iranian support for insurgents in Iraq. Military officials also had announced plans to send Patriot missile batteries to the gulf region.

At a hearing Thursday in Washington, Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, asked Secretary of State Condoleezza Rice whether Bush "has plans to cross the Syrian and-or Iranian border."

Rice did not answer directly. "Obviously, the president isn't going to rule anything out to protect our troops, but the plan is to take down these networks in Iraq," she told Biden.

Speaking to reporters Friday on her plane at the beginning of a trip to the Middle East and Europe, Rice said Friday that the United States would find ways to "adjust over time" to any difficulties in its new plan for Iraq.

Aides said during a fuel stop in Shannon, Ireland, that the raids against Iranian targets were not separately authorized by the president but were authorized under a decision made several months ago about how to approach Iranian influence in Iraq.

Congress showed concern over what could happen.

"Now we see the specter of a new war front in Iran," said Sen. Robert C. Byrd (D-W.Va.).

Sen. Chuck Hagel (R-Neb.) said an administration move against Iran would be reminiscent of the secretive U.S. incursion into Cambodia in 1970 under the Nixon administration.

After the criticism, Snow tried to temper the administration's rhetoric by emphasizing that war preparations were not underway for Iran or Syria.

At a meeting Friday of the Senate Armed Services Committee, Sen. John W. Warner (R-Va.) evoked Vietnam and again asked whether U.S. forces intended to cross into Iran in pursuit of the Iranian networks.

Gates and Pace said U.S. military forces in Iraq would not enter Iranian territory.

But both Gates and Pace emphasized that they believed Iranians were responsible for the deaths of American troops.

Iraq FM Defends Detained Iranians (AP)

By Kim Gamel, Associated Press Writer

AP, January 13, 2007

Five Iranians detained by U.S.-led forces were working in a decade-old government liaison office that was in the process of being upgraded to a consulate, the Iraqi foreign minister said Friday.

But Deputy U.S. State Department spokesman Tom Casey said in Washington that the U.S.-led forces entered the building because information linked it to Iranian elements engaging in violent activities in Iraq.

Tehran condemned the raid in the Kurdish-controlled northern city of Irbil and urged Iraq to push for the Iranians' release.

Iraqi Foreign Minister Hoshyar Zebari said the building where the Iranians were detained Thursday had operated with Iraqi government approval for 10 years.

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"We are now in the process of changing these offices to consulates," he said. "It is not a new office. This liaison office has been there for a long time."

He also echoed concerns the U.S. and Iran were dragging Iraq into their fight.

"We don't want Iraq to be a battleground for settling scores with other countries," Zebari, a Kurd, told CNN.

The diplomatic tussle came at an unwelcome time for the United States as President Bush faces criticism over his new strategy for ending the violence in Iraq. Bush also vowed to isolate Iran and Syria, which the U.S. has accused of fueling attacks in Iraq.

Iraqi President Jalal Talabani plans a trip to Syria on Sunday, the highest-level Iraqi visit to the country in more than 24 years. The neighbors restored diplomatic relations in December that were cut in 1982 amid ideological disputes between Damascus and the regime of Saddam Hussein.

Radical Shiite cleric Muqtada al-Sadr's office, meanwhile, rejected Bush's plan to send 21,500 more troops to Iraq as part of an effort to curb sectarian attacks.

"We reject Bush's new strategy and we think it will fail," said Abdul-Razzaq al-Nidawi, a senior official in al-Sadr's office. He said Iraq's problems were due to the presence of U.S. troops and called for their withdrawal.

Local leaders of al-Sadr's Mahdi Army militia, which has been blamed for much of the sectarian violence, said they were bracing for an attack and avoiding appearing in public with their weapons.

Zebari's Iranian counterpart, Manouchehr Mottaki, called on the Iraqi government to secure the release of the five Iranians, Iranian state television reported. "Such illegal and adventurous acts by the U.S. should be stopped," the broadcast quoted Mottaki as saying.

Mottaki condemned the raid, saying it contravened the Vienna Convention. "This behavior by the United States contradicts its claims of providing security in Iraq," he was quoted as saying.

Russian Foreign Ministry spokesman Mikhail Kamynin also harshly criticized the detentions, calling them a "flagrant violation" of international conventions.

"It's absolutely unacceptable when the military storms a foreign consular office on the territory of another state," Kamynin said. "The unlawful actions by the U.S. servicemen mark an open abuse of a mandate issued to the multinational forces in Iraq."

The 1963 Vienna Convention on Consular Relations says consular premises are "inviolable," but it was not clear how that would apply as the building was not a consulate.

Casey said there was no truth to reports that Iran was carrying out legitimate diplomatic activity at the site.

"It did not have the standing of a consulate nor did it have any other international diplomatic standing to speak of," Casey said.

He said the Iranian elements included Revolutionary Guards, a key part of armed support for Iran's Islamic government since it took power in 1979.'

Zebari also said U.S. forces tried to seize more people at the airport in Irbil, 220 miles north of Baghdad, prompting a confrontation with Kurdish troops.

A Pentagon official in Washington said that after troops detained the Iranians, they learned another person might have escaped and fled to the airport. An American team went to the airport, where they "surprised" Kurdish forces, who apparently had not been informed they were coming, said the Defense Department official who spoke on condition of anonymity because he was not authorized to speak about the incident.

Meanwhile, sectarian violence persisted. Suspected Shiite militiamen attacked a Sunni mosque in a religiously mixed neighborhood of Baghdad, prompting clashes that wounded two guards, police said.

Attackers later blew up a Shiite mosque that was under construction in the northern city of Kirkuk, police Col. Anwar Hassan said. No casualties were reported.

At least 19 people were reported killed or dead nationwide, including 10 bullet-riddled bodies found in Baghdad and an Iraqi journalist who was killed in a drive-by shooting in the northern city of Mosul.

Khudr Younis al-Obaidi was the second journalist killed this year. Associated Press staffer Ahmed Hadi Naji was found shot in the back last week.

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Associated Press writers Pauline Jelinek in Washington and Nasser Karimi in Tehran contributed to this report.

A Risky Game Of Risk (NYT)

By Maureen Dowd

The New York Times, January 13, 2007

I feel good about the new war with Iran.

How can you not have confidence in the crackerjack team that brought you Operation Iraqi Freedom, which foundered and led to Operation Together Forward, which stumbled and led to Operation Together Forward II, which collapsed and was replaced by The New Way Forward, the Surge now being launched even though nobody's together and everything's going backward?

I say, bring it on. If a pre-emptive war in Iraq doesn't work, why not try a pre-emptive war on Iran in Iraq?

Although Tony Snow dismissed the idea of war with Iran as an "urban legend" yesterday, Condi Rice revealed to New York Times reporters that President Bush acted months ago to parry Iran's ambitions, issuing orders for a military campaign against the Iranian Revolutionary Guard forces sneaking into Iraq. Using diplomatic passports, the agents have been smuggling in sophisticated bomb-making components and infrared trigger devices, which could be used to blow up American soldiers.

The move against Iran allows the president and Dick Cheney — who was, natch, militating for the Surge — to blow off, once more, the Iraq Study Group and Congress, to push back rather than make up.

James Baker and Lee Hamilton had recommended playing nice with the mad mullahs, which even they acknowledged was a long shot, given that the Bush administration can offer them little except acquiescence in their nuclear weapons program, which is not going to happen.

Joe Biden, the new chairman of the Senate Foreign Relations Committee, warned Condi on Thursday that Mr. Bush did not have the authority to pursue the networks over the border into Iran or Syria. On Friday, Bob Gates assured the Senate Armed Services Committee that the Iranians they target won't be in Iran.

We're trying to stanch a self-inflicted wound: our failed occupation gave Iran the opening in Iraq we're now trying to shut down.

The White House had to admit this week what has been obvious to everybody else for eons, including a list of lame assumptions they embraced during the first few years of the occupation: "Majority of Iraqis will support the coalition and Iraqi efforts to build a democratic state" has now been supplanted by "Iraqis increasingly disillusioned with coalition efforts."

It's a remarkable moment, W. standing nearly alone, deserted by more and more Republicans, generals and Americans, risking it all on a weak reed like Prime Minister Maliki.

It's impossible to know what W. was really thinking as he stiffly delivered his fantasy scheme in the White House library. The whole capital was fraught, but the president may simply have been musing to himself: "I'm hungry ... I wonder what time the game starts on ESPN? ...Has anybody read all these books?"

W. always acts like he's upping the ante in a board game where you roll the dice and bet your plastic army divisions on the outcome. This doesn't surprise some of his old classmates at Yale, who remember Junior as the riskiest Risk player of them all, known for dropping by the rooms of friends, especially when they were trying to study for exams, for extended bouts of "The Game of Global Domination."

Junior was known as an extremely aggressive player in the venerable Parker Brothers board game, a brutal contest that requires bluster and bluffing as you invade countries, all the while betraying alliances. Notably, it's almost impossible to win Risk and conquer the world if you start the game in the Middle East, because you're surrounded by enemies.

His gamesmanship extended to sports — he loved going into overtime and demanding that points be played over because he wasn't quite ready.

As Graydon Carter recollects in the new Vanity Fair, Gail Sheehy wrote an article for the magazine about W. that made this point: "Even if he loses, his friends say, he doesn't lose. He'll just change the score, or change the rules, or make his opponent play until he can beat him."

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W.'s best friend when he was a teenager in Houston, Doug Hannah, told Ms. Sheehy: "If you were playing basketball and you were playing to 11 and he was down, you went to 15."

Even if it was clear who was winning, W. wanted to go further to see what would happen. It was a technique that worked well in Tallahassee in 2000, but not so well in Tikrit.

Word is that even as they Surge, the Bush team is already working on Plan C, or as they will no doubt call it, The New, New Way Forward II.

Iraqi Leader Goes Own Way To Fill Top Post (LAT)

By Louise Roug, Peter Spiegel

The Los Angeles Times, January 13, 2007

BAGHDAD — Iraqi Prime Minister Nouri Maliki has filled the top military job in Baghdad with a virtually unknown officer chosen over the objections of U.S. and Iraqi military commanders, officials from both governments said.

Iraqi political figures said Friday that Maliki also had failed to consult the leaders of other political factions before announcing the appointment of Lt. Gen. Abud Qanbar.

The appointment is highly significant because it is Maliki's first public move after President Bush's announcement that he was sending more troops to Iraq. The prime mission of those troops is to reduce violence in Baghdad, much of which is blamed on sectarian fighters.

As the Iraqi commander for the capital, Qanbar would play a central role in that campaign, and any ties he might have to sectarian groups could undermine the new U.S. effort.

In his speech Wednesday, in which he announced the troop increase, Bush said political and sectarian interference in security matters would no longer be tolerated.

"If the Iraqi government does not follow through on its promises, it will lose the support of the American people," Bush said. "The prime minister understands this."

Maliki's decision to push through his own choice for one of the country's most sensitive military posts — and to reject another officer who was considered more qualified by the top U.S. commander in Iraq, Gen. George W. Casey — has renewed questions about the prime minister's intentions.

"It's a delicate situation," said Mahmoud Othman, a Kurdish lawmaker who questioned the choice of Qanbar. "It's very dangerous if it turns out that he has affiliations," he said, naming Maliki's political party and the anti-American Shiite Muslim cleric Muqtada Sadr.

U.S. officials are skeptical of Qanbar not only because of the way he was named, but because they know little about him. Moreover, they have questioned the degree to which Maliki's government is reliant on sectarian figures, particularly Sadr. Maliki essentially is asking American officials to take Qanbar on trust at a time when they have little left.

Qanbar, a commander in the navy during Saddam Hussein's reign, has not worked with American military officials, who say they know little about him other than that he hails from Amarah, a city in Iraq's Shiite-dominated south, and that he was taken prisoner by American forces near Kuwait during the 1991 Persian Gulf War.

U.S. commanders have said that officials in Maliki's government have intervened several times to block them from combating Sadr's Al Mahdi militia, which is accused of being behind much of the bloodshed in Baghdad. When U.S. forces did raid the militia's stronghold of Sadr City, a largely Shiite neighborhood of east Baghdad, Maliki's government publicly criticized them. On several occasions, Maliki ordered the release of suspected militiamen captured there, frustrating U.S. commanders.

The appointment of Qanbar comes as the U.S. military is debating whether to attack Sadr City. As the Iraqi commander, Qanbar could have advance knowledge of U.S. operations. He would command 18 brigades of Iraqi forces that are supposed to be deployed to work with the Americans.

U.S. officials have said the decision on whether to move into Sadr City will be left to the Iraqi government. Privately, senior military officials say that new rules of engagement negotiated with the Iraqis would allow them to go into the neighborhood and target individual insurgent and militia leaders.

At least some Pentagon planners appear to relish the opportunity to target the Al Mahdi militia.

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"This time we have a commitment from Maliki and other key players in the Iraqi government … to have a no-holds-barred arrangement for neighborhoods in Baghdad," said a senior military official who requested anonymity in order to freely discuss military planning. Sadr City "will not be a safe haven" for militias, he said.

Within the Pentagon, not everyone agrees that attacking Sadr City is advisable.

Crucial to the decision will be the incoming U.S. commander in Iraq, Army Lt. Gen. David H. Petraeus. He has not commented on the tactics he plans to pursue, but for the last two years he has overseen the development of the military's new counterinsurgency field manual, which appears to argue against a large-scale invasion of a neighborhood such as Sadr City, particularly in the early part of the new Baghdad security campaign.

The manual's first chapter, which Petraeus is known to have aggressively rewritten, advises commanders that though largescale offensives against insurgents may be necessary, they should be limited.

"Killing every insurgent is normally impossible," the manual says. "Attempting to do so can be counterproductive in some cases; it risks generating popular resentment, creating martyrs that motivate new recruits, and producing cycles of revenge."

An influential plan for Baghdad security drawn up by retired Army Gen. Jack Keane and military analyst Frederick Kagan strongly advised against moving into Sadr City. The plan, which was highly influential within the White House and is considered to mirror Petraeus' thinking, argued that an attack on Sadr City would unite now-splintered Shiite factions against U.S. forces.

"We have an opportunity now to keep the Shiite parties separate and to avoid a full-scale military conflict with them," Kagan said. "If we go into Sadr City, that will not be the case. We will find ourselves in a full-scale, very bloody operation, which probably will look something like Fallouja."

There is even more division over whether to target Sadr himself.

Senior military officials refused to discuss which insurgents and militia commanders might be in the crosshairs. They have been vague about whether Sadr could be detained or killed.

"The people we target are not fundamentally political leaders," said the senior military official. "We're targeting people who are directly involved with promoting violence either against our Iraqi partners or, in some instances, against us."

To quell the concerns U.S. commanders have about Qanbar, American officials and the Iraqi government have agreed on a complicated system in which another layer would be added to the command structure between Maliki and Qanbar. That layer would include the top U.S. commander, a high-ranking American official said.

But that decision did not appease Iraqi politicians who object that they were not consulted on Qanbar's appointment.

"Nobody asked us," said Adnan Dulaimi, a lawmaker with a main Sunni bloc. "This is the first I've heard."

Battling With Sadr For Iraqi Soldiers' Hearts (WP)

By Nancy Trejos

The Washington Post, January 13, 2007

BAGHDAD -- The Iraqi soldiers broke into chants to commemorate the 86th anniversary of the creation of their army.

"Muhammad, Haider, Fatima, Hasan and Husayn!" shouted a group of dancing soldiers, bellowing the names of the prophet and other long-dead Islamic icons revered by Shiite Muslims.

A second later, the name of a living Shiite figure came out of the din. "Moqtada! Moqtada!" one soldier exclaimed, invoking the name of Moqtada al-Sadr, the radical Shiite cleric and leader of the Mahdi Army militia that American officials blame for many of the worst acts of violence in Baghdad.

Standing quietly in the crowd were four U.S. Army officers, there to represent the team of American soldiers advising the Iraqis. "Sounds like the Mahdi militia is in the tent," said their interpreter, Mohammed Noshi.

Moments before the chanting began, at a rally last Saturday morning at the soldiers' shared base in eastern Baghdad, a brigade commander in the Iraqi army's 6th Division had called the troops the "hope of this country."

"Some people are trying to create sectarian violence to divide this country," said the colonel, who asked that his name not be published out of fear for his life. "It is our job to keep this country in one piece."

At best, said several U.S. soldiers interviewed at the base this month, some of the Iraqi troops they advise are sympathetic to Sadr and his army. At worst, they said, some are members of the militia, also known as Jaish al-Mahdi. Despite the uneasiness of

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the alliance, 100 U.S. troops and 500 Iraqi soldiers have conducted joint raids and shared a base on the eastern side of the Tigris River, once a mixed area that is becoming predominantly Shiite.

Training Iraq's police and army to the point where they can operate on their own is key to any reduction of U.S. forces, American commanders have said. Five thousand U.S. troops are already embedded with Iraqi units as advisers.

U.S. military officers say that the Iraqi police force is deeply infiltrated by militiamen and predict that the army will be quicker to operate independently. But a four-day visit to the base known as Old MOD, for the former Ministry of Defense complex, showed that the army is not immune to the militias' influence. According to the Americans, most of the Iraqi soldiers are Shiites, and some come from Sadr City, a sprawling Baghdad slum that is a Mahdi Army stronghold. Some carry pictures of Sadr.

"Does it mean that they're Jaish al-Mahdi? No," said Lt. Col. Edward Taylor, head of the U.S. military transition team, which is attached to the 2nd Infantry Division's 2nd Brigade, based at Fort Carson, Colo.

The U.S. military would not let a reporter interview the Iraqi soldiers. But during a meeting with Taylor, the Iraqi brigade commander responded to a question about the presence of militias in his unit. "It's just rumor," he said.

Taylor said that despite sectarianism in the army, many of the soldiers are making progress. They no longer show up in mismatched uniforms or turn to the Americans to make every decision, he said. Now they plan their own missions.

"I think we're definitely pushing these guys in the right direction to get to the point where they'll take over," said Capt. Peter Mahmood, 36, of Colorado Springs, who is on his third tour in Iraq.

During a recent house-to-house search in the mostly Sunni Arab neighborhood of Adhamiyah, Taylor and his crew followed Iraqi soldiers as they banged on doors and hunted for weapons caches. At times, the Iraqis appeared disorganized, gathering in large numbers in one spot on a street known to have snipers or taking breaks to buy bread. But they survived two gunfights with no casualties, rescued three kidnapping victims, found a large weapons cache and detained possible foreign fighters.

"They know what they want to do. They have a vision. They have a plan," Taylor said.

There are also signs that Iraqi commanders are willing to attack Shiites as well as Sunnis. At a staff meeting last Saturday morning, the Iraqi colonel suggested to his deputies that they consider conducting operations in Sadr City.

On the base, the two armies have separate living quarters and dining facilities, for security reasons. The Americans scrutinize the Iraqis' missions to make sure they are not targeting Sunnis more than Shiites. In addition, the Americans say, they suspect that some members of the Iraqi army have leaked information about raids.

"I have to operate under the assumption that within this unit there are people loyal to Jaish al-Mahdi and actively working for Jaish al-Mahdi," Taylor said. "I have to make that assumption so I have the proper security measures in place to protect my soldiers."

Sitting in his room on the base, Capt. James Ojeda, 32, of Logan, W.Va., a newlywed who hopes to quit the Army soon, gestured out his door toward the building where the Iraqi soldiers live. "You never know who's a bad guy over there," he said.

That sentiment is a window onto the complexity of the conflict: Taylor's soldiers said it is often unclear who the enemy is.

"One minute your neighbor is waving at you. The next minute he's got a mask on and telling you to get in a car," said Pfc. Kyle Buckingham, 20, of Marion, Ohio, describing the kidnappings that have become common in Baghdad.

No figure seems more of an enigma to these soldiers than Sadr. His militia battled U.S. forces in the spring and summer of 2004 in the southern holy city of Najaf, then he reinvented himself as a political leader whose loyalists won 30 seats in parliament. In a sign of Sadr's political influence, Prime Minister Nouri al-Maliki, who relies on the Shiite cleric for support, has banned most U.S. forces from conducting operations in Sadr City, home to 2.5 million people.

During a visit last week to another Shiite area in eastern Baghdad, known as Fadhil, about a dozen American soldiers walked through an empty square ringed with bullet-riddled buildings. On the wall of a bank was a picture of Sadr walking on an American flag.

"I see pictures of him walking on the American flag. Is that irritating?" Taylor said. "It's irritating, but Sadr is not my enemy. He is not considered a terrorist." Sadr, he added, is "a guy who can be part of the government or considered to be someone you want to negotiate with, and at the same time he has his hands in things you want to stamp out."

Ojeda put it more bluntly: "He's just another terrorist leader. He's just another bad guy."

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Sgt. 1st Class Eric Radecki, 36, of Sacramento, a father of two who fought in the 1991 Persian Gulf War, said he believes that U.S. leaders have to engage in talks with Sadr.

"He's not some sort of Osama bin Laden sitting in a cave in Afghanistan," Radecki said. "He goes to parliament."

Some of the soldiers said they were frustrated that Sadr City, which is about 1 1/2 miles from their base, is off-limits.

"Personally, I feel we should be there," Buckingham said. "That's the root of where everything is coming from. That's the bad of Baghdad."

As the war approaches its fifth year and the death toll mounts, some of the troops said they wonder whether it was a good idea for the United States to overthrow Iraq's government.

"I don't really know all the thought processes behind invading the country," said Capt. Sean Powell, 30, of Fort Carson. "I knew it was going to be longer than what they said, though. I knew it was going to take long because you don't topple a government and the country rebounds within two weeks."

Sgt. 1st class Matt MacClellan, 37, a father of two who trains another division of Iraqis but lives on Old MOD, said he is not in Iraq to fight the war on terrorism. If anything, he said, the United States spread terrorism by invading Iraq. "Now that we are here, though, it definitely has morphed into the war on terror," he said. "We took over a country that had structure and took that structure away."

The soldiers say they want to leave a stable country but also want to get out alive. "I don't think you can use the word 'winnable,' " MacClellan said. "Really, I've scrubbed that from the vocabulary of my thinking. 'Subdued' would be about the best."

Dismantling An Insurgent Power Base (LAT)

By Alexandra Zavis

The Los Angeles Times, January 13, 2007

TURKI, IRAQ — U.S. and Iraqi forces have denied Sunni Arab insurgents an important power base in a lawless region east of Baghdad, the commander of a joint offensive said Friday.

The challenge now, U.S. Lt. Col. Andrew Poppas said in an interview, is to ensure that the militants do not return to the region in the eastern province of Diyala. When U.S. forces conducted previous large operations, insurgents often returned as soon as the military withdrew.

Poppas plans to open a patrol station in the area, which until recently had been a virtual no-go zone for Iraqi security forces. U.S. soldiers were scouting possible sites Friday as they slopped past adobe farmhouses in bone-chilling rain and ankle-deep mud.

The Iraqi army has dedicated a company to the new patrol station, which will be paired with a U.S. company until it is ready to stand alone, Poppas said. The military also will work with local authorities to improve conditions, including providing clean water, regular electricity and new roads.

Big push

The strategy is part of stepped-up efforts to train Iraqi forces to assume security control so U.S. forces can start going home.

Nearly 1,000 U.S. and Iraqi troops have swept through more than 77 square miles of farmland in the last week, combing isolated hamlets and pushing insurgents toward the canal system outside Turki village, where the advancing forces surrounded them, Poppas said.

Insurgents linked to the powerful Daini tribe, which includes top officers in former President Saddam Hussein's army, had carved a network of hide-outs, fighting positions and weapons caches out of the vast canal system. The area, which U.S. forces said served as a logistics and training base for Al Qaeda in Iraq and other militant groups, is strategically located between Baghdad, Baqubah and the Iranian border.

U.S. forces met fierce resistance on their last major sweep through the area in November, but this time the fighting was minimal. Poppas said many men with machine guns were killed in the days before the final push in the canal district.

"We've had continual engagements over the past 72 hours, and although we don't like to do body counts, we've killed over 100 individuals maneuvering against us with weapons," Poppas said as he surveyed the efforts to use Humvees to drag stranded

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Iraqi army vehicles from the mud. "Those who did survive and escaped will not come back here because they know it is not a safe haven."

Four Iraqi soldiers were killed Sunday by an antitank mine in the area.

Some insurgents probably hid their weapons and blended back into the civilian population. Many more military-age men were seen in Turki and nearby villages than on previous visits, Poppas conceded.

He said heavy rain, which stalled the offensive for two days, worked to his forces' advantage, since they were better-equipped to withstand the elements than were fighters hiding in the canals.

During this time, groups of as many as a dozen insurgents repeatedly approached U.S. positions in an apparent search for a seam through which they could escape, Poppas said. In most cases, U.S. forces called in air or artillery strikes against them. At least 55 others were detained on suspicion of having insurgent ties.

Key arrests

Although some key insurgent leaders remained at large Friday, U.S. forces said they had arrested at least six leading members of the Council, a regional umbrella group that they say draws in elements of Al Qaeda, Ansar al Sunna and the 1920 Revolutionary Army, among others.

The detainees include Mohammed Turki, the Council's alleged financier, and Muthana Abdul Lateef, a lower-ranking member who U.S. forces said had killed his brother and sister when they refused to join the group.

The mission does not end here, Poppas said.

"We're still going 30 kilometers farther south," he said. "There aren't a lot more villages, but there are weapons caches that we are already exploiting to deny them the resources to keep on attacking."

At least 31 weapons caches have been found, including one containing more than 1,000 Katyusha rockets, more than 1,000 rocket-propelled grenades, 171 TOW missiles, army uniforms and gas masks.

By containing the insurgent threat, U.S. forces hope to pave the way for displaced Shiite Muslims to return. Scores fled after a series of mass abductions and slayings last year, blamed on Daini militants.

U.S. forces detained 14 people Friday who were accused by rival Shiite tribesmen of participating in the November abduction of 27 people from a village. Most of the abductees were later found decapitated and shot. The lone survivor told U.S. forces he hid under the bodies of relatives and neighbors and played dead as they were dumped into a canal.

Terrorists "Use Google Maps To Hit UK Troops" (LTEL)

By Thomas Harding

London Telegraph, January 13, 2007

Terrorists attacking British bases in Basra are using aerial footage displayed by the Google Earth internet tool to pinpoint their attacks, say Army intelligence sources.

Documents seized during raids on the homes of insurgents last week uncovered print-outs from photographs taken from Google.

The satellite photographs show in detail the buildings inside the bases and vulnerable areas such as tented accommodation, lavatory blocks and where lightly armoured Land Rovers are parked.

Written on the back of one set of photographs taken of the Shatt al Arab Hotel, headquarters for the 1,000 men of the Staffordshire Regiment battle group, officers found the camp's precise longitude and latitude.

"This is evidence as far as we are concerned for planning terrorist attacks," said an intelligence officer with the Royal Green Jackets battle group. "Who would otherwise have Google Earth imagery of one of our bases?

"We are concerned that they use them to plan attacks. We have never had proof that they have deliberately targeted any area of the camp using these images but presumably they are of great use to them.

"We believe they use Google Earth to identify the most vulnerable areas such as tents."

One soldier has been killed in the past six months following a mortar attack and there have been several injuries.

Since the maps were found intelligence chiefs have been keeping track of where rounds land to see if the insurgents are using them to pinpoint weakly protected areas.

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The British camps experience mortar and rocket attacks on a daily basis.

Salvos are fired from up to four miles away and are increasingly accurate.

Yesterday three rounds were fired into Basra Palace at a block close to where The Daily Telegraph was staying. No one was injured.

Intelligence sources also believe that the insurgents are receiving more training and weaponry from Iran to improve their fighting skills. But the British are gathering more intelligence on mortar crews and launching several "strike operations" to detain the operators.

Anyone with the internet can sign up to Google Earth and by simply typing in the name of a location they can receive very detailed imagery down to identifying types of vehicles.

The company is one of several internet outlets that buy aerial imagery, usually taken by aircraft but sometimes by satellite, from governments or mapping companies.

It is unclear how old the maps are but it is believed the Basra images were made within the past two years.

Major Charlie Burbridge, the British military spokesman in Iraq, said: "We take the security of our bases very seriously and we constantly review the means to provide secure accommodation for our soldiers.

"There is a constant threat of reconnaissance missions to access our bases and using these internet images is just another method of how this is conducted."

A Google spokesman said the information could be used for "good and bad" and was available to the public in many forms. "Of course we are always ready to listen to governments' requests," he said.

"We have opened channels with the military in Iraq but we are not prepared to discuss what we have discussed with them. But we do listen and we are sensitive to requests."

There have also been reports that the images are being sold to rogue militias in the market place in Basra.

The British security services are concerned that terrorists will be able to examine in detail sensitive infrastructure such as electricity stations, military basis, and their own headquarters in London.

Soldiers from the Royal Green Jackets based at the Basra Palace base said they had considered suing Google Earth if they were injured by mortar rounds that had been directed on the camp by the aerial footage.

"Even if they did blank out the areas where we are based it is a bit after the horse has bolted as the terrorist now have the maps and know exactly where we eat, sleep and go to the toilet," one soldier said.

Rice Criticizes Sen. Boxer's Comment On War (WP/AP)

The Washington Post, January 13, 2007

Secretary of State Condoleezza Rice yesterday criticized Sen. Barbara Boxer's suggestion that, because she does not have family in harm's way, she will pay no "personal price" in the Iraq war.

"In retrospect, gee, I thought single women had come further than that, that the only question is, 'Are you making good decisions because you have kids?' " Rice said on Fox News.

Boxer's comment came during a Senate Foreign Relations Committee hearing Thursday, in which Rice was grilled on President Bush's new war strategy in Iraq.

"Who pays the price?" Boxer (D-Calif.) asked Rice, who is unmarried and has no children. "I'm not going to pay a personal price. My kids are too old, and my grandchild is too young. You're not going to pay a particular price, as I understand it, with immediate family. So who pays the price? The American military and their families."

Boxer defended herself in a statement. "I spoke the truth at the committee hearing, which is that neither Secretary Rice nor I have family members that will pay the price for this escalation," she said.

White House Rips Boxer Over Rice (WT)

By Charles Hurt

The Washington Times, January 13, 2007

The White House and Secretary of State Condoleezza Rice yesterday accused Democrats of suggesting that the secretary's childlessness, race and sex are to blame for mistakes in Iraq.

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White House spokesman Tony Snow said Sen. Barbara Boxer's comments that Miss Rice won't "pay the price" for her decisions in the Iraq war because she is unmarried and without children was a "great leap backward for feminism."

"I don't know if she was intentionally that tacky, but I do think it's outrageous," he told Fox News.

"Here you've got a professional woman, Secretary of State Condoleezza Rice, and Barbara Boxer is sort of throwing little jabs because Condi doesn't have children, as if that means that she doesn't understand the concerns of parents."

But Mrs. Boxer and Democrats are making no apologies.

Rep. Neil Abercrombie of Hawaii called Miss Rice "the most overrated, underperforming individual in executive authority that I have ever seen."

"She constantly gets a pass," he told the Honolulu Star Bulletin this week, days before the nation celebrates Martin Luther King Day. "Who knows if the whole question of race and gender come into it, but ... I can't account for it, except to say she isn't up to the mark."

But it was Mrs. Boxer's remarks about Miss Rice that generated the most outrage yesterday.

"Now, the issue is who pays the price, who pays the price?" Mrs. Boxer said to Miss Rice during a Senate Armed Services hearing Thursday. "I'm not going to pay a personal price. My kids are too old, and my grandchild is too young."

Then she told Miss Rice: "You're not going to pay a particular price, as I understand it, within immediate family. So, who pays the price? The American military and their families, and I just want to bring us back to that fact."

Miss Rice replied that she does understand the sacrifice Americans and their families are making in Iraq.

"Let me just say, I fully understand the sacrifice that the American people are making, and especially the sacrifice that our soldiers are making, men and women in uniform," she told the committee. "I visit them. I know what they're going through. I talk to their families. I see it."

Mrs. Boxer didn't budge.

"Madam Secretary, please, I know you feel terrible about it," she replied. "That's not the point. I was making the case as to who pays the price for your decisions."

Later, Miss Rice said she was confused by the whole exchange, which is hardly the first time Miss Rice and Mrs. Boxer have exchanged sharp words.

"I guess that means I don't have kids. Was that the purpose?" Miss Rice said later on Fox News. "At the time I just found it a bit confusing, frankly, in retrospect, I thought single women had come further than that. The only question is, are you making good decisions because you have kids?"

Mrs. Boxer stood by her questioning of Miss Rice yesterday.

"I spoke the truth at the committee hearing, which is that neither Secretary Rice nor I have family members that will pay the price for this escalation," she said. "My point was to focus attention on our military families who continue to sacrifice because this administration has not developed a political solution to the situation in Iraq."

Passing Exchange Becomes Political Flashpoint (NYT)

By Helene Cooper, Thom Shanker

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — A passing exchange during a Senate hearing on Thursday turned into a political flashpoint overnight as Senator Barbara Boxer, the California Democrat, and Secretary of State Condoleezza Rice accused one another of insensitivity in comments about motherhood and the war in Iraq.

In an interview with The New York Times on Friday, Ms. Rice suggested that Ms. Boxer had set back feminism by suggesting during the hearing that the childless Ms. Rice had paid no price in the Iraq war.

“I thought it was O.K. to be single,” Ms. Rice said. “I thought it was O.K. to not have children, and I thought you could still make good decisions on behalf of the country if you were single and didn’t have children.”

During the Thursday hearing, Senator Boxer told Ms. Rice: “Who pays the price? I’m not going to pay a personal price. My kids are too old and my grandchild is too young. You’re not going to pay a particular price, as I understand it, with an immediate family. So who pays the price? The American military and their families. And I just want to bring us back to that fact.”

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In an interview on Friday, Senator Boxer said her comments had been misunderstood and were now being turned against her by the White House and by Republicans. "What I was trying to do in this exchange was to find common ground with Condi Rice," she said. "My whole point was to focus on the military families who pay the price."

Senator Boxer added: "I'm saying, she's like me, we do not have families who are in the military. What they are doing is a really tortured way to attack a United States senator who voted against the war."

The exchange between Senator Boxer and Ms. Rice came during a hostile Senate hearing in which Ms. Rice, seeking to sell President Bush's new Iraq plan to a skeptical Congress, faced an almost solid wall of opposition from both Democrats and Republicans. Senator Boxer several times repeated the question, "Who pays the price?"

Senator Boxer read excerpts from a radio interview with an American family who had lost a son in Iraq. "You can't begin to imagine how you celebrate any holiday or birthday," she said. "There's an absence. It's not like the person's never been there. They always were there and now they're not, and you're looking at an empty hole."

Ms. Rice replied, "I can never do anything to replace any of those lost men and women in uniform, or the diplomats, some of whom ——"

Senator Boxer cut her off. "Madam Secretary, please, I know you feel terrible about it. That's not the point. I was making the case as to who pays the price for your decisions."

During the hearing itself, Ms. Rice did not appear to take issue with Senator Boxer's comments. During the interview, she addressed them only in response to a question. But the White House spokesman, Tony Snow, suggested earlier on Friday that Senator Boxer's comments were antifeminist.

"I don't know if she was intentionally tacky," Mr. Snow said in an interview on Fox News. "It's a great leap backward for feminism."

A number of members of Congress have children in the military who are serving in Iraq or are likely to do so, including Senators John McCain of Arizona and Jim Webb of Virginia.

Senator Boxer's comments and the claims and counterclaims about what she meant have captivated the blogs and received extensive coverage on Fox News and other cable channels. One blog, called Swampland, labeled it "Womb Wars."

Conservative blogs and commentators were quick to seize on the issue. "One Great Leap (Backwards) for Womankind," read one blog, Bikini Politics. "They will be known by their Fruits," read another, Macsmind, which billed itself as "Conservative News, Commentary and Common Sense." Rush Limbaugh also got into the act. "Here you have a rich white chick with a huge, big mouth, trying to lynch this, an African-American woman, right before Martin Luther King Day, hitting below the ovaries here," Mr. Limbaugh said on his radio show.

Deneen Borelli, a fellow with Project 21, which describes itself as a "leading voice in the African-American community," said, "I am deeply appalled by Senator Barbara Boxer's cruel and callous attack on Secretary of State Condoleezza Rice."

"The debate should have been about the war in Iraq and not a platform to demean Secretary Rice," Ms. Borelli said in a statement issued by the organization.

Some Democratic Senate staffers said Senator Boxer's exchange with Ms. Rice allowed the Bush administration to turn the tables on Iraq critics and sidestep the larger issue of the almost uniform opposition to the president's plan to send 20,000 more American soldiers to Iraq.

There was no rush from Democrats to defend Senator Boxer, although one blogger on the Swampland blog called Senator Boxer's comments "fair, as far as it goes." During the interview with the Times, Ms. Rice said she had expected the skepticism that she received from Congress the day before. "I've been through things like this before," she said.

NATO's Afghan Struggle: Build, And Fight Taliban (NYT)

By Carlotta Gall

The New York Times, January 13, 2007

SPERWAN GHAR, Afghanistan — The road that cuts through the heart of Panjwai district here tells all that is going wrong with NATO's war in Afghanistan.

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To fight their way into this area and clear it of Taliban insurgents, NATO troops bulldozed through orchards, smashed down walls and even houses, and churned vineyards and melon fields to dust.

Reconstruction projects were planned, but never materialized. Now NATO countries are championing the thoroughfare as a $5 million gift to local people.

Displaced and buffeted by fighting since May, the Afghans are homeless, fearful and far from being won over. They say the road was built for the troops' benefit and forced on them, at the cost of their land and livelihoods.

"We are compelled to be happy about the road," said Hajji Baran, 48, a farmer from Panjwai. "They are building the road and they are not going to stop, but in fact we are not happy about it. We have been displaced for nine months and no one has asked us how are we managing. This is a kind of cruelty.

"In fact, we are selling our wives' jewelry to support our families."

The conflict over the road is just the most apparent of the many things that Afghans, diplomats and aid workers cite in explaining why NATO's war looks uncertain in southern Afghanistan. Others include what local people see as the indiscriminate killing of civilians by NATO forces, and corruption and incompetence among local officials.

Panjwai and an adjoining district, Zhare, just west of Kandahar, the provincial capital, are considered vital because the Taliban presence there has directly threatened Kandahar, and thus all of southern Afghanistan.

Yet so far not much has gone according to plan.

There has been little coordination between the military operations and reconstruction projects, which has frustrated aid workers and diplomats almost as much as local people.

After NATO troops and United States Special Forces mounted their operation to clear the area of insurgents in September, the assistance programs were not ready. Then the troops pulled back, and the Taliban were active again within days.

"We are all scratching our heads as to why the aid has not rolled out faster," said a Western diplomat familiar with Panjwai. "It's not for a lack of resources. We are meeting basic needs, but when it comes to sustainable livelihoods and jobs, it's not happening."

NATO's struggle to secure the area inevitably hampered reconstruction and deterred the thousands of displaced villagers from returning home. Aid workers who started to venture into the area to kick-start assistance programs complained of continued insecurity and even of coming under fire from NATO forces. The result was that very little assistance arrived.

"There was a lull, and for three weeks they did nothing," said Andrew Douglas, operations manager of an agricultural development group in Afghanistan. "They were going round talking and handing out candy." He did not want his organization named because his comments were personal remarks.

It took a second military operation at the end of the year finally to expel the Taliban. Already on everyone's mind — in the government, the military, the police and among villagers — is how to stop the Taliban from infiltrating back for a new offensive in the spring, which in this southern region will come in February.

Without the support of the local people, that task will be virtually impossible, military and government officials and local elders said.

Now finally villagers are trickling home. Yet the mood is at best resigned.

"They bombed our orchards and fields and we have nothing now," said Hajji Abdul Wahab Kutaisi, 65, a farmer from Pashmul. "They made a road through my land."

His house was destroyed in the fighting and he and his extended family now live in two rented rooms in Kandahar. He said he had not received any compensation.

He was sitting with several other men on the stony ground in the Panjwai district police station waiting for permission from the military to work in his fields, close to a Canadian military checkpoint. "When we don't inform them, they shoot at us," he said. Minutes after he spoke a Canadian tank fired a round from the nearby base, shattering the calm, sunny morning.

"They did not come to bring peace for us, they came to destroy us," said Hajji Abdul Ghafar, 60, an elder on the Sperwan village council, who was waiting for permission to pass through a checkpoint to reach his house. "There are 3,000 families hoping to go back to their houses. If they lose hope, this would be very bad for the government," he warned.

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"We are angry with both sides, the foreigners and the Taliban," he added. "It is impossible to talk to the Taliban," he said, shaking his head. "And the foreigners don't listen to anyone."

Sperwan Ghar, the district center of Panjwai, is a quiet, country one-street town, with small shops, two schools and a police station. For the NATO forces here, which are led by Canada, the town, at least, is a success story. By December it was peaceful, commerce had returned, the school was repaired and children were back in class.

Yet the place looks like a fortified camp, with soldiers and sandbags blocking the street, an armored vehicle parked outside the school, and guard posts on all the hills looking down into everyone's yard. The local police admit the guard posts are not popular because they violate one of the most important codes of behavior for the Pashtun: privacy and respect for their women.

Maj. Stephen Murray, the acting military commander of the Provincial Reconstruction Team, a NATO unit, defended its efforts, saying the team had spent $100,000 in just a few weeks providing jobs for people in the cleanup.

The team members were assessing the battle damage and compensation claims with government officials, and consulting with village councils, he said. Rushing things would leave people out and only aggravate local tensions, he said.

"There are lots of challenges," Major Murray said. "We have to go step by step."

As for the new road, he said the military needed a straight road that was more easily secured. Over the past few months, Canadian troops were repeatedly ambushed on the old road, which twisted and turned through the hamlets and walled farmsteads. He is having intensive discussions with the local people to work out a fair deal for those whose land it crosses, he said.

Yet Pashmul, the village most affected by the road, remains one of the most unsettled areas of the two districts, partly because the population remains divided over whom to support, the Taliban or the foreigners.

The Afghan people will withhold their support until they can see some material assistance, said the development manager, Mr. Douglas. "The Afghans don't trust anyone," he added. "They have seen military coming in all colors before."

Corrupt and ineffective local leaders have done as much to turn people against the government and its foreign backers as have any failings in reconstruction, said Joanna Nathan of the International Crisis Group, a research group.

At the same time it is becoming clear that development assistance to an area does not lead to security in a community or district, she said. NATO has mapped where the international assistance has gone, and found that there is little connection between the amount of aid spent on an area and the level of security, she said.

Regarding the Taliban, "they are not very popular, even in the south, but they have spread," said Tom Koenigs, the head of the United Nations assistance mission in Afghanistan. "We have to be prepared to have these levels of conflict for some time."

But that conflict increasingly threatens to alienate NATO's local supporters. As suicide bombings have taken their toll on the troops, who took over command in southern Afghanistan from the Americans last year, the soldiers have frequently resorted to lethal force, calling in airstrikes and firing on approaching cars, often killing and wounding civilians and further worsening the public mood.

"They said we came to bring peace to this country," said Abdur Rahim, 35, an auto mechanic, as he lay in a hospital bed. He was shot in the back by British soldiers after their convoy had been hit by a suicide bomber. The soldiers shot at least eight civilians as they drove through the town.

"Why are they shooting the people?" he asked. "Is this peace?"

After suffering 13 suicide bombings in 14 days in Kandahar, some Canadian soldiers had to be repatriated because they were reacting badly to the stress, according to one diplomat in Kabul.

"The people are saying, 'If the British are scared, why did they come to our country?' " said Mullah Naqibullah, leader of one of Kandahar's largest tribes. "They should not view the people as the same as the Taliban."

Then there is the nagging feeling behind every conversation in southern Afghanistan that the Taliban cannot be beaten and that the government will have to find a way to accommodate them.

Several important elders like Mullah Naqibullah and a former Taliban commander, Mullah Abdul Salam Rocketi, advocate talking to the Taliban.

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At the very least, there should be stronger protection for those Taliban commanders who want to come over to the government, said Mullah Rocketi, a member of Parliament, because at the moment few trust the government and the foreign forces not to imprison them.

The biggest test for NATO forces, together with their Afghan military and police counterparts, is to prevent the Taliban from returning. With the ordinary people still ambivalent, that job is going to be much harder.

"We need a huge effort," said the United Nations official, Mr. Koenigs. "We cannot believe it will resolve itself at the pace we have now."

Suicide Bomber Attacks Foreign Convoy South Of Kabul (AP)

AP, January 12, 2007

KABUL, Afghanistan (AP) — A suicide bomber rammed his explosives-filled car into a two-vehicle convoy carrying foreigners south of Kabul on Friday, wounding at least one Afghan civilian, police said.

One of the vehicles was on fire and police had cordoned off the area in Logar province's Muhammad Agha district, provincial police chief Gen. Muhammad Mustafa said.

It was not immediately clear who the foreigners were or if any were hurt in the blast some 25 miles south of Kabul.

The attack comes a day after NATO said its forces killed scores of insurgents who crossed from Pakistan in the biggest battle of the Afghan winter, while Pakistan's army fired artillery at trucks supplying militants on the other side of the border.

NATO said it had tracked the suspected Taliban militants through air surveillance while the fighters were still in Pakistan. Once they crossed the frontier, NATO and Afghan soldiers attacked the two separate groups with ground fire and airstrikes during a nine-hour battle that began Wednesday evening.

Gen. Murad Ali, the Afghan army regional deputy corps commander, said the insurgents traveled into Afghanistan's southern Paktika province with several trucks of ammunition. Lt. Col. Paul Fitzpatrick, a U.S. military spokesman, said it was likely they were going to carry out an immediate attack, given the size of the groups.

Taliban militants last year launched a record number of attacks in Afghanistan, and an estimated 4,000 people died in insurgency-related violence, the bloodiest year since the U.S.-led coalition ousted the Taliban regime in 2001. Afghan and Western officials say the militants operate from sanctuaries in Pakistan, but Islamabad insists it does all it can to stop them.

The offensive in Paktika province was the first major engagement of 2007 and appeared to be the largest battle since a multi-day operation killed more than 500 Taliban fighters in southern Kandahar province in September.

Fitzpatrick said 130 fighters were killed or wounded in the attack. The Afghan Defense Ministry put the death toll at 80. As is common in Afghanistan, independent confirmation of the death toll at the remote battle site was not immediately possible.

Pakistani army spokesman Maj. Gen. Shaukat Sultan said the army attack on the militants' trucks Wednesday night shows the army can act swiftly and effectively if it is given "real-time" intelligence.

"We don't deny that some people are coming from this side. That's why we seek intelligence in real time. We are keen to stop it," he said.

It was the Pakistani army's first reported offensive in the North Waziristan tribal region since a September peace deal between the government and pro-Taliban militants that critics say has provided a sanctuary for insurgents.

John Negroponte, the U.S. national intelligence director, told a Senate committee on Thursday that Pakistan represents a major source of Islamic extremism and is a refuge for top terror leaders.

Negroponte said in testimony before the Senate Intelligence Committee that "eliminating the safe haven that the Taliban and other extremists have found in Pakistan's tribal areas is not sufficient to end the insurgency in Afghanistan, but it is necessary."

Afghanistan A Source Of Worry (LAT)

By Julian E. Barnes And Peter Spiegel, Times Staff Writers

The Los Angeles Times, January 13, 2007

Sen. Clinton says more troops needed to fight Taliban, not in Iraq.

DOJ_NMG_0116957

WASHINGTON — Defense Secretary Robert M. Gates expressed deep concern Friday over the stability of Afghanistan, and a top U.S. military official said additional troops might be needed to strengthen the government in Kabul, which is under growing pressure from Taliban forces.

Gates plans to travel soon to the region to look for ways to aid the government of Afghan President Hamid Karzai. Speaking to the Senate Armed Services Committee, Gates appeared worried by the rising violence in Afghanistan, where military commanders have warned that the spring thaw may bring one of the most brutal fighting seasons since the 2001 U.S. invasion.

"We mustn't let this one slip out of our attention and, where we have had a victory, put it at risk," Gates told senators in describing his upcoming trip. "One of the things that I am focused on particularly is, what will it take to reverse the trend line in Afghanistan and to strengthen the Karzai government?"

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, indicated that he was open to raising troop levels in Afghanistan as well as Iraq. Despite concerns that U.S. land forces are overstretched by their growing commitment in Iraq, the Pentagon could sustain an increase of forces in Afghanistan as well, he said.

About 22,000 U.S. military personnel are in Afghanistan; about half of them are fighting along with 32,000 other foreign troops under the command of the North Atlantic Treaty Organization.

Sen. Hillary Rodham Clinton (D-N.Y.), who is to stop in Afghanistan during a trip to the Middle East starting this weekend, said she believed that President Bush's plan to increase troops in Iraq was misguided and that new troops instead should be sent to Afghanistan, where, she said, U.S. policy was on "autopilot."

"I wish we were discussing additional troops for Afghanistan," Clinton said, speaking in Washington. "We are hearing increasingly troubling reports out of Afghanistan, and we will be searching for accurate information about the true state of affairs both militarily and politically."

The comments by Gates and Pace came at a hearing on the Bush administration's revised Iraq policy.

The Armed Services panel includes several senators — Joe Lieberman (I-Conn.), Lindsey Graham (R-S.C.) and John McCain (R-Ariz.) — who have been outspoken supporters of a troop buildup.

McCain said those who want to begin withdrawing troops "have a responsibility to tell us what they believe are the consequences of withdrawal in Iraq. If we walk away from Iraq, we'll be back, possibly in the context of a wider war in the world's most volatile region."

Still, Democrats voiced skepticism about the administration's new strategy. The new committee chairman, Sen. Carl Levin (D-Mich.), advocates a timetable for troop withdrawals and opposes the new plan.

"The reality behind the president's new rhetoric is that the open-ended commitment continues," Levin said.

Gates said he thought that Bush, who "has a longer view," at times had to make decisions that didn't "have broad support of the American people."

In Afghan Valley, A Peaceful War (WP)

By Pamela Constable

The Washington Post, January 13, 2007

SURJAI, Afghanistan -- Inside a green tent pitched on an ice-crusted field and guarded by armed troops, a young boy winced in pain Wednesday as a military doctor slowly injected medicine into his nose and cheek, red and swollen from the parasitic disease leishmaniasis.

Nearby, soldiers tossed sacks of rice, beans, tea and sugar into wheelbarrows pushed by local villagers. At a third spot, cargo trucks piled with firewood and tin stoves were surrounded by excited, shoving crowds until a local mullah carrying a list of names restored order.

"Andiamo!" -- Let's go! -- called a rifleman near the food supplies, beckoning to the next family in line.

Col. Antonio Maggi, who commanded the day-long operation by Italian troops in the snow-coated Mushai Valley, strode watchfully among the tents and trucks. He often stopped to chat with local elders, an interpreter at his side.

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To Maggi, who heads NATO's 2,000-member Italian military contingent in Afghanistan, the day's humanitarian mission was a small piece of a long-term, strategic plan to win the support and collaboration of the valley's 20,000 inhabitants for the Afghan central government and the international troops who support it.

Like most of the 26 foreign military contingents that comprise the 20,000 NATO troops stationed in Afghanistan, the Italians have been banned by their government from conducting combat missions, except for 72-hour emergency sorties to aid other NATO forces.

Only British, Canadian and Dutch combat troops operate in the four southern provinces where clashes with Taliban insurgents are constant and dozens of foreign soldiers have died. A separately commanded mission of about 20,000 U.S. troops is based in eastern Afghanistan, conducting combat and aid operations.

But officials say the work of troops from Italy, Turkey, France and other nations, which are bringing security, training, aid and development to impoverished and potentially hostile areas of central and northern Afghanistan, can be more effective than military raids, which can invade homes, create casualties and alienate communities.

"This valley is important because there have been problems with security in the past," Maggi said. "Now we are present, listening to the people's problems, meeting with the leaders, bringing assistance, doing joint patrols with the police. Our message to everyone is that there can be no reconstruction in the valley without security."

Lying about an hour's drive south of Kabul, the capital, the Mushai Valley has a history of strategic importance in Afghanistan's succession of conflicts. Militia commander Gulbuddin Hekmatyar, who with U.S. backing fought Soviet troops during the 1980s, maintained his stronghold near here. Later, he turned against the Western powers and is today a renegade insurgent leader.

During the years of Taliban rule, from 1996 to 2001, some foreign Arab militia groups lived in compounds nearby.

The largely unprotected valley is just across a low ridge of mountains from the border with Pakistan. NATO and Afghan officials say insurgent fighters from the revived Taliban militia receive training and weapons there and then infiltrate Afghanistan to launch attacks.

One of Maggi's principal roles, since the Mushai operation began in October, has been to help recruit, equip and train local police. The Italians have provided them with pickup trucks, radios, boots and wool winter uniforms. They are also building a brick police and administrative headquarters to replace the rudimentary hillside compound that is now the government's only structure in the district.

"Things have changed a lot since the colonel came," said the Mushai police chief, Commander Arif. "We are in an open area where people can come across from Pakistan, and we had no checkpoints before. Now we have three new checkpoints, joint patrols and 112 police officers getting trained. The people are collaborating 100 percent, so the insurgents cannot do their work."

The skill level of the police is still low, and Wednesday's giveaway program was briefly marred when an argument broke out around a truck laden with firewood. One inexperienced policeman hit a man with his rifle, bloodying his nose and angering the crowd.

But in general, the welcome received here by Maggi's forces, who attend regular meetings with local leaders, has stood in sharp contrast to the angry resentment aroused last fall when U.S. combat forces staged a raid looking for Taliban and al-Qaeda insurgents. Residents said the troops entered houses at night, herded women and children outside in the rain and shot one civilian dead.

"They did many wrong things, and the people were unhappy," said Maulvi Shirin Agha, a senior cleric in the valley, who helped organize the aid distribution this week. "They were looking for al-Qaeda, but there has been no al-Qaeda here for the last five years. The Italians behave very well with the people, and everyone likes them," he said. "The Taliban can only dream of coming back."

Aside from the improved security, leaders in the Mushai Valley said they were most grateful to the Italians for providing free medical aid. The area has no clinics, and families said that when they take sick children to hospitals in Kabul, they are turned away or given inadequate treatment.

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On Wednesday, parents lined up all day outside the tent clinic where Lidia Sarntaro, a doctor and Italian army lieutenant, treated their children for coughs, headaches, rashes and more serious ailments. Twice she administered a local anesthetic and removed shrapnel fragments from a child's arm, bending over a metal cot with a scalpel and gauze to stanch the bleeding.

Lala Gul brought in his son Akmal, 7, who was left with a fragment in his arm last year when a shell he and another boy were handling exploded.

Gul worriedly watched the boy's frightened face while Sarntaro stitched up his arm. The second boy waited outside.

"I took them to the city, but nobody helped us. All the doctors asked us for too much money," said Gul, a farm laborer with eight children. He said he was taking home a bundle of food supplies, though he did not fully understand who had donated them. "The elders told us to come here today to get help," he said. "It is free, so I am happy."

Pakistan Says It's Not A Terrorist Haven; Asks U.S. For Intelligence On Al-Qaeda (AP)

AP, January 12, 2007

ISLAMABAD, Pakistan (AP) — Pakistan on Friday rejected allegations by America's spy chief that it is a refuge for terrorist leaders and demanded that his intelligence networks share information on the whereabouts of Osama bin Laden and other top al-Qaeda figures.

The statements Thursday by U.S. National Intelligence Director John Negroponte that Pakistan is a haven for al-Qaeda and Taliban terrorists are "incorrect," Pakistan's Foreign Ministry said.

"In breaking the back of al-Qaeda, Pakistan has done more than any other country in the world," ministry spokeswoman Tasnim Aslam said. "The proper way to do this would be to share the intelligence with us."

Negroponte said that despite Pakistan's vital role in the war on terrorism, leaders of both al-Qaeda and Afghanistan's former ruling Taliban militia are sheltering in its lawless frontier areas, largely beyond reach of U.S. or Pakistani fighters.

NATO and the Afghan government also say Taliban and al-Qaeda guerrillas are launching attacks on their forces in Afghanistan from neighboring Pakistan. Violence rose sharply in Afghanistan in 2006, with fighting killing about 4,000 people in what was the deadliest year since the U.S.-led coalition swept the Taliban from power in 2001.

In his testimony before the Senate Intelligence Committee, Negroponte said that "eliminating the safe haven that the Taliban and other extremists have found in Pakistan's tribal areas is not sufficient to end the insurgency in Afghanistan, but it is necessary."

U.S. officials have previously said they believe bin Laden and other top terrorist commanders are taking refuge in the region, likely on the Pakistani side of the border. Pakistan has repeatedly rejected such claims.

Interior Minister Aftab Khan Sherpao, the top civilian security official in Pakistan, told The Associated Press that the U.S. intelligence agencies had not shared any "specific intelligence with Pakistan on the whereabouts of al-Qaeda or the Taliban."

"We always act swiftly whenever any intelligence is shared with us. There are no al-Qaeda safe havens in Pakistan," he said.

But in a sign that insurgents are crossing from Pakistan to fight in Afghanistan, the bodies of 25 militants killed in a fierce battle with NATO were repatriated Friday to their tribal villages in Pakistan, where Taliban activists urged mass attendance at their funerals, residents said.

NATO on Thursday reported killing or wounding 130 suspected Taliban who had crossed from Pakistan to mount attacks in eastern Afghanistan. Pakistan's army also said it attacked militant supply trucks on its side of the border in Pakistan's tense North Waziristan region.

Aslam acknowledged that "there may be al-Qaeda elements" in Pakistan. But she said their presence was just like "in the Middle East or other world countries."

Visiting U.S. Assistant Secretary of State Richard Boucher paid tribute to Pakistan's counterterrorism efforts and said more action was needed on both sides of the border.

"There continues to be a high rate of cross-border activity," he told reporters after meeting with President Gen. Pervez Musharraf. "I'm not just saying Pakistan hasn't succeeded yet, but we have not succeeded yet ourselves in Afghanistan. There's more effort required of all of us."

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Pakistan became a U.S. ally in the war against terrorism after it severed support for the Taliban militia in the wake of the Sept. 11, 2001, attacks.

Insurgents Killed In Afghan Fighting Reportedly Are Sent Back To Pakistan (WP)

By Pamela Constable

The Washington Post, January 13, 2007

KABUL, Jan. 12 -- The bodies of two dozen Islamic insurgents killed in a clash with NATO and Afghan army forces near the border with Pakistan were sent back Friday to Pakistan, where Taliban leaders asked that they be given funerals as "martyrs," according to news reports here.

The reports appeared to bolster Afghan and U.S. assertions, repeatedly denied by Pakistani officials, that Pakistan's tribal regions along the border with Afghanistan have provided a haven for Islamic militia groups seeking to destabilize the Western-backed government of Afghanistan.

The funeral preparations were reported to take place in villages in Pakistan's North Waziristan region, where Pakistani officials brokered a truce in September that they said was aimed at curbing Islamic extremist activities in the area. Afghan and NATO officials have said cross-border insurgent infiltration has actually increased since then.

Also Friday, Afghan police reported that a suicide bomber rammed a vehicle into two others on a highway south of Kabul. The two-vehicle convoy was carrying foreign police advisers, according to Associated Press reports. One adviser and an Afghan civilian were injured, the news agency reported.

In Washington, the U.S. national intelligence director, John D. Negroponte, said at a Senate hearing Thursday that Pakistani tribal areas were functioning as a haven for terrorists and that Pakistani officials needed to do more to control them.

In response, officials from Pakistan's Foreign and Interior ministries denied their country was offering shelter to extremists. A Pakistani military spokesman said that the country's army forces had fired on trucks carrying Islamic insurgents toward the Afghan border and that Pakistan was "keen to stop" such cross-border infiltration.

The bodies of fighters sent back to Pakistan included both Pakistanis and Afghans, according to news reports. They were said to be casualties of a major clash Wednesday between NATO and Afghan troops and Islamic insurgents in Afghanistan's Paktika province. NATO said 150 insurgents had been killed, while Afghan officers put the figure at 80.

Pentagon Sees Move In Somalia As Blueprint (NYT)

By Mark Mazzetti

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Military operations in Somalia by American commandos, and the use of the Ethiopian Army as a surrogate force to root out operatives for Al Qaeda in the country, are a blueprint that Pentagon strategists say they hope to use more frequently in counterterrorism missions around the globe.

Military officials said the strike by an American gunship on terrorism suspects in southern Somalia on Sunday showed that even with the departure of Donald H. Rumsfeld from the Pentagon, Special Operations troops intended to take advantage of the directive given to them by Mr. Rumsfeld in the weeks after the Sept. 11 attacks.

American officials said the recent military operations have been carried by the Pentagon's Joint Special Operations Command, which directs the military's most secretive and elite units, like the Army's Delta Force.

The Pentagon established a desolate outpost in the Horn of Africa nation of Djibouti in 2002 in part to serve as a hub for Special Operations missions to capture or kill senior Qaeda leaders in the region.

Few such "high value" targets have materialized, and the Pentagon has gradually relocated members of the covert Special Operations units to more urgent missions in Iraq and Afghanistan.

But officials in Washington said this week that the joint command had quietly been returning troops and weaponry to the region in recent weeks in anticipation of a mission against members of a Qaeda cell believed to be hiding in Somalia.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told members of Congress on Friday that the strike in Somalia was executed under the Pentagon's authority to hunt and kill terrorism suspects around the globe, a power the White House gave it shortly after the Sept. 11 attacks.

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It was this authority that Mr. Rumsfeld used to order commanders to develop plans for using American Special Operations troops for missions within countries that had not been declared war zones.

But since the retreat of the Taliban in 2001, when American Special Forces worked with Afghan militias, Mr. Rumsfeld's ambitious agenda for Special Operations troops has been slow to materialize.

The problem has partly been a shortage of valuable intelligence on the whereabouts of top terrorism suspects. Mr. Rumsfeld also dispatched teams of Special Operations forces to work in American embassies to collect intelligence and to develop war plans for future operations.

Pentagon officials said it is still not known whether any senior Qaeda suspects or their allies were killed in the airstrike on Sunday, carried out by an AC-130 gunship. A small team of American Special Operations troops has been to the scene of the airstrike, in a remote stretch near the Kenya border, to collect forensic evidence in the effort to identify the victims.

Some critics of the Pentagon's aggressive use of Special Operations troops, including some Democratic members of Congress, have argued that using American forces outside of declared combat zones gives the Pentagon too much authority in sovereign nations and blurs the lines between soldiers and spies.

The State Department and Pentagon took control of Somalia policy in the summer, after a failed effort by the Central Intelligence Agency to use Somali warlords as proxies to hunt down the Qaeda suspects.

The trail of the terrorism suspects in Somalia, blamed for the 1998 embassy bombings in Kenya and Tanzania, had long gone cold. But American military and intelligence officials said that the Ethiopian offensive against the Islamist forces who ruled Mogadishu and much of Somalia until last month flushed the Qaeda suspects from their hide-outs and gave American intelligence operatives fresh information about their whereabouts.

The Bush administration has all but officially endorsed the Ethiopian offensive, and Washington officials have said that Ethiopia's move into Somalia was a response to "aggression" by the Islamists in Mogadishu.

In the weeks before the military campaign began, State Department and Pentagon officials said that they had some concerns about the impending Ethiopian government's offensive in Somalia.

But as the Ethiopian's march toward war looked more likely, Americans began providing Ethiopian troops with up-to-date intelligence on the military positions of the Islamist fighters in Somalia, Pentagon and counterterrorism officials said.

According to a Pentagon consultant with knowledge about Special Operations, small teams of American advisers crossed the border into Somalia with the advancing Ethiopian army.

"You're not talking lots of guys," the Pentagon consultant said, speaking on condition of anonymity. "You're talking onesies and twosies."

As Somalia's Leaders Meet, 8 Militiamen Die In Gunfight (NYT)

By Jeffrey Gettleman

The New York Times, January 13, 2007

MOGADISHU, Somalia, Jan. 12 — More violence erupted Friday in Mogadishu, Somalia's bullet-pocked capital, and this time it was literally at the doorstep of the newly arrived government.

According to witnesses, presidential guards killed at least eight men of a rival militia at the gates of the presidential palace as top leaders were sitting inside discussing a new disarmament program.

The bloodshed seemed to be more evidence of a steady breakdown of law and order in Mogadishu, and plunged the disarmament plans into uncertainty.

The fight apparently started over where to park a technical, the term coined in Somalia for a heavily armed pickup truck. Militiamen of Mohammed Qanyare Afrah, one of Mogadishu's more powerful warlords, insisted on parking their truck inside the presidential palace, but the guards said no.

The two sides starting arguing and young men with big guns crowded around. Someone shot first and each side blamed the other. That set off an intense barrage with bullets flying, windows shattering and women selling mangoes outside the palace gates scrambling for cover.

"They just opened up on us," said Abdi Hassan Ahmed, a guard for Mr. Qanyare.

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Mr. Ahmed, 22, lay in a hospital bed on Friday afternoon with a bullet hole in his thigh. Next to him was another young guard, totally unresponsive, his eyes wide open and his head in a gauze cocoon. He had been shot through the brain, doctors said.

Abdirizak Adam Hassan, chief of staff for the transitional president, Abdullahi Yusuf Ahmed, said Mr. Qanyare's militia might have been upset about the prospects of being disarmed.

"They got restless and started shooting," he said. "So we answered fire with fire."

Mr. Hassan said he still considered the meeting a success, despite the fact that eight young men lay dead outside, because several of Mogadishu's top warlords, each of whom command well-armed militias, told President Yusuf that they agreed, in principle, to surrender their weapons and help form a national army.

Still, no firm details have been worked out for weapons collection and no timetable has been set. The warlords and government officials said they would appoint representatives to study the issue further.

Such promises hardly excite most residents. Several times already, Mogadishu's warlords and clan elders have pledged to hand over their weapons, but so far very few have done so.

The streets here still bristle with a staggering amount of military-grade firepower. It is not uncommon to see a high-powered antiaircraft gun in the hands of a teenager wearing a T-shirt, jeans and flip-flops. Boys as young as 12 bounce around the back of the armed trucks, providing an adolescent army for the city's various powers: the warlords, clan elders, religious leaders and businessmen.

Collecting weapons has been the top priority for the transitional government since it arrived in the capital two weeks ago. With the help of the Ethiopian military, the transitional government swiftly defeated Somalia's Islamist forces, which until last month controlled a good chunk of the country.

Ethiopian soldiers are still battling the last remnants of the Islamist forces in a remote corner of southern Somalia. Earlier this week, American military forces joined in, dropping bombs on the fleeing Islamists, who American officials said were sheltering terrorists from Al Qaeda.

The Islamists have vowed to carry on as an underground army and overthrow the transitional government, which is Somalia's first politically viable central government since 1991, when the dictator Gen. Mohammed Siad Barre fled the country and let loose 15 years of clan-versus-clan warfare.

As events on Friday showed, those days may not be over. Mr. Yusuf is from the powerful Darod clan and Mr. Qanyare is from the powerful Hawiye clan.

Despite the talk of reconciliation, many Somalis, especially members of the Hawiye clan, fear that the transitional government will selectively disarm certain clans while allowing others to keep their guns.

"We fear not just for ourselves," said Mohammed Uluso, chairman of the political leadership council for the Ayr, a branch of the Hawiye clan tree. "We fear for all of Somalia."

Islamists Lose Last Bastion (WT/AP)

By Mohamed Olad Hassan

The Washington Times, January 13, 2007

MOGADISHU, Somalia -- Ethiopian-backed government forces have captured the last stronghold of the Islamist movement in southern Somalia, the Somali defense minister said yesterday just hours after warlords met with the president and promised to enlist their militiamen in the army.

The southern town of Ras Kamboni fell after five days of heavy fighting, Defense Minister Col. Barre Aden Shire said.

He said government troops backed by Ethiopian forces and MiG fighter aircraft chased fleeing Islamists into nearby forests and that the fighting would continue. He did not give casualty figures.

Ras Kamboni is in a rugged coastal area a few miles from the Kenyan border. It is not far from the site of a U.S. air strike Monday on suspected al Qaeda terrorists -- the first U.S. offensive in Somalia since 18 American soldiers were killed here in 1993.

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The report of the town's fall came after Somalia's warlords met with President Abdullahi Yusuf in the capital of Mogadishu and pledged to disarm their militias, a major step toward bringing calm to this city after years of chaos.

The meeting sought to establish enough security in the capital so international peacekeepers cancome in to protect the government until it can establish an effective police force and army.

Outside the peace talks, however, a fight over where to park an armored car left at least six persons dead and 10 wounded. Clan gunmen fired a rocket-propelled grenade and briefly exchanged gunfire with government troops during the dispute.

Nevertheless, government officials said the meeting between Mr. Yusuf and three top warlords was successful.

"The warlords and the government have agreed to collaborate for the restoration of peace in Somalia," said government spokesman Abdirahman Dinari.

One of Somalia's most powerful warlords, Mohamed Qanyare Afrah, said after the meeting the clans were "fed up" with guns and ready to cooperate.

But another warlord issued a warning to the government.

"If the government is ready to reconcile its people and chooses the right leadership, I hope there is no need to revolt against it," said Muse Sudi Yalahow, whose fighters control northern Mogadishu. "If they fail and lose the confidence of the people, I think they would be called new warlords."

The government was only able to enter Mogadishu after Ethiopian troops routed an Islamic movement that had controlled most of southern Somalia for the past six months. Now it must deal with clan divisions that have spoiled the 13 attempts to form an effective government since the last one collapsed in 1991.

The United States, United Nations and the African Union all want to deploy peacekeepers to stop Somalia from returning to clan-based violence and anarchy. But so far no African governments have responded to the call for an 8,000-strong peacekeeping force for the country, although Uganda has indicated it is willing to send 1,500 peacekeepers as part of a wider mission.

DOJ:

Lam Stays Silent About Losing Job (SDUT)

By Kelly Thornton And Onell R. Soto, Staff Writers

The San Diego Union-Tribune, January 13, 2007

Law enforcement defends her record

Amid news reports that she has been asked to step down, U.S. Attorney Carol Lam declined repeated interview requests yesterday and did not address the matter with her staff.

At a weekly managers meeting, Lam was stoic, conducting business as usual and discussing next week's caseload, according to people who attended. She made no mention of a resignation request by the Bush administration, nor did anyone ask about it.

However, she did discuss the matter with at least one law enforcement colleague. Dan Dzwilewski, head of the FBI office in San Diego, said he spoke to Lam several times yesterday and he feels the criticism and the way the situation was handled are unfair.

“I don't think it's the right way to treat anybody. What's the decision based on?” Dzwilewski said. “I don't share the view of whoever's making the decision back there in Washington that they'd like her to resign. I feel Carol has an excellent reputation and has done an excellent job given her limited resources.”

Dzwilewski said he sympathized with Lam on issues of stretching budgets to meet priorities and felt that criticism that she wasn't giving proper attention to smuggling, drugs and gun crimes was off-base. “What do you expect her to do? Let corruption exist?” he said.

Lam's continued employment as U.S. attorney is crucial to the success of multiple ongoing investigations, the FBI chief said.

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As for the reason for any pressure to resign, Dzwilewski said: “I can't speak for what's behind all that, what's the driving force behind this or the rationale. I guarantee politics is involved.”

Dzwilewski declined to discuss Lam's demeanor during their conversations, her state of mind, when or if she will resign or her future plans.

“It will be a huge loss from my perspective,” Dzwilewski said. “What she's going to do, my guess is she's still trying to figure that out herself.”

Other members of the law enforcement community also defended Lam.

“She's been by far the most outstanding U.S. attorney we've ever had,” City Attorney Michael Aguirre said. “By far, she's done more to clean up the corruption in this city than anyone else, and she has won a national reputation as one of the top prosecutors in the country.

Sources have told The San Diego Union-Tribune that Lam was asked to step down because she failed to make smuggling and gun cases a priority, choosing instead to focus on fewer cases that she considered more significant, such as public corruption and white-collar crime.

Some lawyers theorized yesterday that it wasn't just misplaced priorities that led to her impending ouster. The Randy “Duke” Cunningham case has spawned other corruption probes of Republicans in Washington, leading to conjecture that politics played a part in the decision to force her out.

However, Johnny Sutton, the U.S. attorney in San Antonio, Texas, said everybody in the position knows it's not a permanent job.

“We go when the president goes and sometimes before,” he said.

Some lawyers said that shifting resources to cases she considered more important was not enough to bring about her firing. What mattered, they said, was her track record.

The Cunningham corruption case, which grew from an article in the Union-Tribune, was a high-profile success. But she has also stumbled. For instance, the corruption prosecution of political consultant Larry Remer was bargained down to a misdemeanor after a hung jury.

And although Lam's office achieved corruption convictions of then-San Diego City Councilmen Ralph Inzunza and Michael Zucchet, U.S. District Judge Jeffrey T. Miller acquitted Zucchet of most charges and granted a new trial on the remaining two counts.

Lam spent almost a year personally prosecuting a national hospital chain that she said used complex agreements to pay off local doctors in return for referrals. That case ended in a second mistrial. The chain eventually agreed to a civil settlement.

And U.S. District Judge Roger T. Benitez has raised concerns about whether the case against five former San Diego city pension officials should proceed.

Still, corruption and white-collar cases are notoriously hard to prosecute, and some lawyers applauded Lam for making the effort.

If Lam refuses to resign, she could be fired by the president, as former U.S. Attorney William Kennedy was in 1982. Justice Department officials asked for his resignation after he confirmed to The San Diego Union that the CIA interfered in favor of a suspect in a car-theft ring.

He would not resign, and President Reagan fired him. Kennedy is now a Superior Court judge.

Former U.S. Attorney Peter Nuñez wasn't surprised by Lam's silence.

“What else can she do at this point?” he asked. “She's not going to have a press conference. . . . I'm sure this is not one of the better days of her life. She's been publicly humiliated by her bosses.”

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Legal Community Stunned By Lam Report (NCT)

By TERI FIGUEROA And WILLIAM FINN BENNETT, Staff Writers

North County (CA) Times, January 13, 2007

Speculation that the Bush administration allegedly has asked San Diego-based U.S. Attorney Carol Lam, the region's chief federal prosecutor, to step down was met with disbelief and dropped jaws by legal community members with ties to federal court.

"I was in a state of shock," said Peter Nunez, who served as the U.S. attorney in charge of the San Diego offices from 1982 to 1988. "It's just like nothing I've ever seen before in 35-plus years. To be asked to resign and to be publicly humiliated by leaking this to the press is beyond any bounds of decency and behavior. It shocks me. It really is outrageous."

Nunez and others said they had not even heard rumblings that Lam was in the cross hairs for possible removal.

Lam's spokeswoman Friday declined to address the rumor.

"We have no comment," Debra Hartman, spokeswoman for the U.S. attorney's office, wrote in an e-mail to the North County Times.

A spokesman for the attorney general's office in Washington, D.C., declined to comment Friday.

The North County Times could not independently confirm a published report in The San Diego Union-Tribune that Lam had been asked to resign.

Lam may not be the only U.S. attorney politely being asked to pack her bags.

In a Thursday news release, U.S. Sen. Dianne Feinstein announced that she and two other senators were introducing legislation that would prevent the executive branch from trying to do an end run on the Senate's prerogative of confirming U.S. attorneys.

According to the newspaper report, which appeared Friday and cited unnamed sources, Lam was targeted for not making the prosecution of smuggling and gun cases a top priority.

Nunez said the question he has is, "Why?"

"What sin has she committed that justifies asking her to submit her resignation and publicly humiliating her in the process?" Nunez said. "If the reasons are anything close to the newspaper reports, that's crazy, especially when this administration is so weak on immigration."

Lam's office has made white-collar crime a priority, and has taken on a number of high-profile cases ---- among them the successful prosecution of then-Congressman Randy "Duke" Cunningham on charges of bribery and tax evasion ---- since her 2002 appointment by the Bush administration.

Other cases that came during her tenure included December's criminal convictions of the chiefs of Golden State Fence Co. for hiring illegal immigrants, and the potential death penalty case for the long-sought and recently nabbed Francisco Javier Arrellano-Felix, the alleged head of a Mexican drug cartel.

Lam is a former San Diego Superior Court judge who at one time presided over criminal trials at the courthouse in Vista. Nunez, who said he hired Lam as an assistant U.S. attorney about 20 years ago, called her a "bright, hardworking, conscientious, diligent person."

Also surprised by the report was Charles La Bella, who served a stint as the interim U.S. attorney in 1998. La Bella said Friday that he found the resignation request, if it is true, to be "unusual."

"In my years with the department, I never saw anything like this," La Bella said.

It's difficult to say whether Lam's case priorities might have been a factor, he said.

"The only people who know are in Washington," La Bella said.

Escondido-based defense attorney Mark Chambers, who handles a lot of cases in federal court, said there was a "change of emphasis" when Lam took over.

"There appeared to be a drop-off in the prosecutions of what we call 'border busts,' people arrested for bringing drugs across the border," Chambers said. "There were major increases in large conspiracy cases that involved a great deal of resources to prosecute and investigate. She went after the big fish."

Chambers said he, too, was surprised by the rumor.

"I'm at a loss to determine the reason. It doesn't make sense to me. I think the U.S. attorney's responsibility is to prosecute high-profile, complicated cases, and I think she was doing that."

As a defense attorney, Chambers said, he often feels that the people who are prosecuted are at the "extreme low end of the pole, and some prosecutorial discretion should have been applied."

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"Since she took over the office, I haven't felt that," Chambers said. "The people who were getting prosecuted were clearly high profile, high culpability."

La Bella and Nunez said that while politics can play a role in the appointment of each of the nearly eight dozen U.S. attorneys, once a person steps into the job, politics fall by the wayside.

U.S. attorneys serve by the appointment of, and at the pleasure of, the president, and are subject to confirmation by the U.S. Senate. It is common for an incoming president to appoint new people to the 94 positions.

Nunez, reached by his cell phone Friday, said it is "extremely rare" for an administration to ask one of its own appointees to step down.

"The only time this happens is when there has been an allegation of misconduct," Nunez said. "That doesn't mean the president doesn't have the authority to do this. If he wants to, he can fire them. There's nothing wrong with that ---- but if you are going to fire them, you better have a good reason."

Feinstein and the other senators used strong words in the news release describing their proposed legislation.

"It has come to our attention that the Bush Administration is pushing out U.S. Attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation," Feinstein wrote.

And in a Tuesday letter to U.S. Attorney General Alberto Gonzales, Feinstein also hinted at her suspicions that something might be afoot. While she did not refer specifically to Lam, Feinstein wrote that the Department of Justice had asked "several" U.S. attorneys to step down by the end of the month, "without cause."

"We ... understand the intention is to have your office appoint interim replacements and potentially avoid the Senate confirmation process altogether," she wrote.

A little-known provision in the Patriot Act reauthorization last year changed existing law so that if a vacancy occurs, the attorney general can appoint a replacement for an indefinite period of time.

A spokesman for Feinstein said Friday that he would have no comment beyond the statements that the senator made in her letter.

Brian Roehrkasse, a spokesman for the attorney general's office, said by phone Friday that Gonzales is certainly not trying to avoid the Senate confirmation process. There are 93 U.S. attorneys in the country, he said, and at any given time, "a number of them are coming and going."

"In every case, it is the goal of this administration to have a U.S. attorney that is confirmed by the Senate," he said.

For years, U.S. Rep. Darrell Issa has criticized Lam for not doing enough to prosecute smugglers of illegal immigrants. In an October 2005 letter to Attorney General Gonzales, Issa blasted Lam's office for failing to prosecute two cases of smugglers who were repeat offenders.

"This lax prosecutorial standard virtually guarantees that both of these individuals will be arrested on U.S. soil in the future for committing further serious crimes," Issa wrote.

Lam had complained that her office simply lacked the funding to pursue many smuggling cases.

On Friday, Issa spokesman Frederick Hill said that Issa would have no comment on the matter without confirmation that Lam had in fact been asked to step down.

The president of the National Patrol Council, which represents rank-and-file U.S. Border Patrol agents, said Friday that he wishes Lam well and said he hopes that whomever follows her in the job is willing to do whatever is necessary to prosecute immigration smuggling cases.

President T.J. Bonner said that because Lam was so picky about what she was willing to pursue "that it was nearly impossible to prosecute cases in San Diego."

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Was Asked To Quit, U.S. Attorney Says (ADG)

By Linda Satter

Arkansas Democrat-Gazette, January 13, 2007

DOJ_NMG_0116967

A day after three U. S. senators, including Arkansas ' Mark Pryor, proposed legislation to prevent indefinite interim appointments of U. S. attorneys, Bud Cummins acknowledged that the U. S. Justice Department asked him in June to leave his post to make room for a successor. Cummins, 47, the U. S. attorney for the Eastern District of Arkansas from Dec. 21, 2001 until Dec. 20, 2006, had previously avoided directly answering whether he was "forced out," as rumor had it. He instead said in late August that he had always known his political appointment was temporary and that he had informally "let it be known" over the previous year that he expected to leave before President Bush's second term ended in late 2008.

When contacted on Friday, Cummins said that while all that was true, he wanted to clarify the situation because the proposed legislation had focused a new wave of attention on his and other U. S. attorneys' recent departures, reportedly at the administration's request.

In a news release issued jointly Thursday by Pryor, Sen. Dianne Feinstein, D-Calif., and Sen. Patrick Leahy, D-Vt., Feinstein said, "It has come to our attention that the Bush Administration is pushing out U. S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation.... We don't know how many U. S. Attorneys have been asked to resign — it could be two, it could be ten, it could be more. No one knows."

On Friday, the San Diego Union-Tribune reported that according to a law enforcement official, the Bush administration had quietly asked San Diego U. S. Attorney Carol Lam, a 2002 Bush appointee, to resign. The newspaper also quoted New Mexico U. S. Attorney David Iglesias as saying, "I was asked to resign. I asked [why] and wasn't given any answers."

Pryor had publicly complained in late December, when the department announced that attorney Tim Griffin would take over Cummins ' job in a matter of days, that the administration was trying to circumvent the normal nomination process to reward a political insider, without the normal checks and balances.

Griffin, who had a reputation as an aggressive Republican campaign researcher, had previously worked under Karl Rove, Bush's main political adviser and deputy chief of staff. Pryor's spokesman, Michael Teague, said Friday that the senator understands that such appointments are political, "which is fine — but they should go through the confirmation process."

U. S. attorneys are usually nominated by the president and then confirmed by the Senate. But a provision added in last year's reauthorization of the USAPATRIOT Act allows the U. S. attorney general to appoint interim U. S. attorneys for indefinite terms, when vacancies arise, without going through the confirmation process.

Teague noted Friday that the provision was intended to aid the country in times of crisis — such as after the Sept. 11 terrorist acts — but has been stretched beyond that intent.

Both Pryor and Feinstein voted for the USAPATRIOT Act's reauthorization. Leahy did not.

The proposed legislation aims to restore the law to its previous wording that puts district courts in charge of filling interim vacancies and puts a 120-day limit on the temporary appointments.

Cummins reiterated on Friday that the request that he step down was "entirely within the prerogative of the White House."

"The only reason I haven't specifically responded before was I thought it was going to be a short-term issue and I didn't want it to be misconstrued, but at this point I'm feeling I am being deceptive" in not answering fully, he added.

Much like Cummins, Iglesias said he was "OK with" being asked to leave, noting that chief federal prosecutors serve at the pleasure of the president. But Lam, unlike Cummins, reportedly was asked to leave because of the way she performed her job — specifically, for failing to make smuggling and gun cases a top priority.

Lam had been criticized by members of Congress and the Border Patrol for failing to prosecute certain cases. But Cummins' performance has been routinely praised in the Arkansas legal community and by Pyror and Sen. Blanche Lincoln, DArk.

Cummins said Friday that he asked if his job performance was a problem when he got a call in June from the director of the Executive Office of U. S. Attorneys in Washington telling him to be prepared to resign when his successor was ready.

"He assured me it was exactly the contrary," Cummins said. "He said it was not about me but about their desire to give someone else the opportunity to have the appointment."

Cummins added, "I didn't know who they were going to appoint, and it didn't matter to me. I wasn't offended. I had no problem with it then and I have no problem with it now."

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He acknowledged, however, that if not for that telephone call, "I might have stayed another year or two. But I always knew, because of the nature of this job, I couldn't stay in it forever."

Brian Roehrkasse, a spokesman for the Justice Department, said Friday that there have been 11 U. S. attorney vacancies across the country since March 9. He said that in five of those cases, including the one created by Cummins ' departure, the department filled the vacancy with someone from within the U. S. Attorney's office other than the first assistant. Griffin had been working in the office for several months as an assistant prosecutor.

Roehrkasse said that in another five cases, the first assistant was appointed to the interim position. Cummins' first assistant, Jane Duke, had just taken maternity leave.

In one case, Roehrkasse said, the first assistant resigned at the same time as the chief prosecutor, and an interim was appointed from outside the office.

The spokesman also said that four of the 11 went through the normal nomination process, "and we are interviewing for the other seven positions," which would include the position now occupied by Griffin.

Teague has complained that since Griffin is the White House's only choice to replace Cummins — "There's no one else on their list" — he should immediately go through the nomination process.

Roehrkasse replied, "In every single case, it is the goal of this administration to have a U. S. attorney who is confirmed by the Senate. It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process."

Roehrkasse could not say when the nomination process might begin in Griffin's case.

Griffin, 38, reached Friday at a conference in South Carolina, declined to comment on the matter. Cummins, meanwhile, is considering whether his next job will be in private practice or unrelated to the law. He said that being asked to leave "doesn't change anything for me. I'm still appreciative of the president for giving me this job, and I don't have any hard feelings." He noted that out of 93 U. S. attorneys across the country who started at roughly the same time as he did, with a new Republican administration, "well over a third, and probably close to half, have moved on for one reason or another. So it is not uncommon to move on."

Editorial: Gonzales' Ploy (SDUT)

The San Diego Union-Tribune, January 13, 2007

Is cronyism behind bid to oust Lam?

U.S. Attorney Carol Lam is a tough-minded prosecutor who has won a string of high-profile convictions against corrupt public officials, including Rep. Randy "Duke" Cunningham and Councilmen Ralph Inzunza and Michael Zucchet. She is widely respected for her personal integrity and her commitment to curbing white-collar crime. Her aggressive prosecutions have sent a needed message that political corruption will not be tolerated in San Diego.

Why, then, is Attorney General Alberto Gonzales pressuring Lam behind the scenes to step down?

The answer to this question is far from clear, but it appears to be rooted in questionable political machinations in Washington and has nothing to do with Lam's impressive record on the job. A recent example that may shed light on Lam's dilemma is the firing of H.E. "Bud" Cummins from his job as U.S. attorney in Little Rock, Ark. He was replaced by a close associate of White House political adviser Karl Rove. Tellingly, the new appointee in Little Rock occupied the post without gaining Senate confirmation.

This was made possible by a revision last year in the controversial Patriot Act. The change allows the White House to appoint interim U.S. attorneys when a midterm vacancy occurs, and such appointees are not subject to Senate confirmation. Sen. Dianne Feinstein, D-Calif., has accused the Justice Department of forcing out U.S. attorneys without cause "under the cloak of secrecy" and bypassing the Senate confirmation process.

The Bush administration's actions appear to be motivated by cronyism, a desire to reward the president's supporters with Justice Department posts. In Lam's case, certainly, there are no legitimate performance issues to justify stripping her of her position. Gonzales is set to testify next week before the Senate Judiciary Committee, on which Feinstein sits. We urge the senator to seize this opportunity to pull back the "cloak of secrecy" and reveal the truth about the attorney general's bid to remove Lam.

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Prosecutor's Hurdles Include Money, Time (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, January 13, 2007

The new U.S. attorney for Washington has a very plum title. But in the current circumstances, Jeffrey A. Taylor may find it hard to leave a major mark, and he's taking some fire before he truly gets moving.

Taylor, who was selected by the Justice Department in the fall to run the largest office of local federal prosecutors in the country, faces the dual challenges of worsening budget constraints and a likely two-year time limit on his tenure.

Then there are the external pressures. A former national security adviser to Attorney General Alberto R. Gonzales, Taylor is facing criticism that he lacks local know-how, having spent most of his career in San Diego, where he was an assistant U.S. attorney. And with Democrats now in control of Congress, Del. Eleanor Holmes Norton (D-D.C.) is pushing again for a bill to create the post of a locally elected prosecutor to pursue local crimes in the District.

Gonzales appointed Taylor to be interim U.S. attorney in September, replacing Kenneth L. Wainstein, who became assistant attorney general for national security . The president usually nominates U.S. attorneys for Senate confirmation but has often chosen to let the Justice Department make appointments for interim or short-term posts.

Personable and practical, Taylor acknowledged that it would be unwise for him to launch a series of new initiatives with less money, fewer people and such a short window to act. Still, he declared, "I wouldn't be interested in this job to just be a caretaker."

He took over an office with 30 vacancies among its 360 authorized slots for lawyers -- jobs that will not be filled in the budget crunch. Thirty of 350 support staff jobs are also unfilled and will remain vacant.

Taylor, 41, disputes water-cooler gossip that he's a place-holder until President Bush's term ends in two years. He said he'll focus on three top priorities of cases: violent crime, public corruption and national security.

But even that will be hard in the current budget climate.

"In a perfect world, we'd like more money," Taylor said. "We could keep another 100 prosecutors busy in this office. But that is not reality."

In addition, he's fighting the complaint that the administration's decision to appoint a West Coast prosecutor with important friends is a slight to D.C. concerns. Taylor came to Washington in 1999 and worked on Capitol Hill and at the Justice Department, where he made important political ties.

Unlike the system in other communities, the U.S. attorney's office in Washington serves as both the federal prosecutor, hunting terrorists and drug gangs, and the local district attorney, pursuing everything from street killings to simple assaults. In 2002, D.C. voters overwhelmingly passed a ballot measure favoring a locally elected prosecutor, but such a move would require the approval of Congress.

"The post is used as a patronage appointment to handle local District of Columbia matters," Norton said. Taylor's past experience, she said, "has next to nothing to do with the District of Columbia."

Norton said she sees a lack of sensitivity in the way U.S. attorneys under Bush have repeatedly sought the death penalty on federal charges in Washington, though polls show District voters oppose capital punishment. The U.S. attorney's office has taken two capital murder cases to trial in U.S. District Court during the Bush administration; in both, the defendants received life sentences with no chance of parole. Another case is about to get underway.

Taylor said he is properly sensitized to the concerns.

"No matter what I do, people are going to be unhappy that they don't have an elected district attorney," he said. "I understand that. The best I can hope for is they say, 'Hey, he wasn't my choice, but he's doing a good job.' "

Taylor vowed that local violent crimes prosecuted in D.C. Superior Court won't get short shrift to terrorism and conspiracy cases.

"Superior Court is incredibly important to people in the community," he said. "That's where we do the lion's share of our front-line work. We're going to make sure we have enough prosecutors to handle the homicides, rapes and other violent crimes there."

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Eric H. Holder Jr., a former U.S. attorney who later became second in charge at the Justice Department, said he thinks Taylor has a chance to make a difference if he picks two or three targets.

"I get the sense there's a human side of him that wants to do the right thing," said Holder, now in private practice. "If he makes contact with the right people, not just the mayor and council, and admits he doesn't know everything, I think he can be effective and have an impact. You can't come in saying, 'I'm going to do 10 or 15 things." You have to really focus."

Taylor has made an effort to reach out to Norton, the new mayor, Adrian M. Fenty (D), and new D.C. council members. He also has attended neighborhood meetings and points out that he has owned a house on Capitol Hill since 1999.

Taylor graduated from Stanford University in 1987 and Harvard Law School in 1991. He worked in private practice for a brief time. From 1995 to 1999, he specialized in prosecuting large drug trafficking networks while an assistant U.S. attorney in San Diego. From 1999 to 2001, he worked on a detail for the Senate Judiciary Committee, then returned to the San Diego U.S. attorney's office briefly.

In 2002, he returned to the District for good, as counselor to Attorney General John D. Ashcroft and then Gonzales, with a focus on national security and terrorism.

Taylor's wife, Marcia, has long worked for Democratic causes. She worked for the late senator Daniel Patrick Moynihan (N.Y.) and Sen. Joseph R. Biden Jr. (Del.) and now works for the Partnership for a Drug-Free America. They live with their dog on Capitol Hill, and Taylor said he would love to be a father someday.

Taylor's own father died when he was a child. His mother and grandfather raised him on a farm in Northern California, and he speaks lovingly and gratefully of them and his modest rural upbringing. Over Christmas, he celebrated the holidays with them out West.

Then he was back in Washington to make what his new colleagues call "the $100 decisions." His salary in Washington is capped at $142,000, and under the pay scale, his senior aides make $100 less a year. When they come to his desk for his approval on a tough call, Taylor said, they take the chance to rib him with the same line:

"This is why you get that extra $100."

Staff researcher Meg Smith contributed to this report.

CORPORATE SCANDALS:

Scrutiny For Loans By Allied Unit (NYT)

By Julie Creswell

The New York Times, January 13, 2007

Federal investigations into small-business loans issued by a unit of the Allied Capital Corporation are growing, as a former executive of the unit faces fraud charges in Michigan.

The former executive, Patrick J. Harrington, is accused of falsifying information on 76 loans with a value of nearly $77 million over six years, according to an indictment that was handed up on Wednesday by a federal grand jury in Michigan. Mr. Harrington has not entered a plea to the charges.

Federal investigators are now looking at loans issued by the unit, Business Loan Express, in other parts of the country, according to several people briefed on the investigation.

And the federal Small Business Administration — which typically guarantees 75 percent of the value of these small-business loans — is considering suspending the preferred lending status of Business Loan Express, pending the outcome of an investigation. That would mean that every loan Business Loan Express issues would have to be vetted by the agency, those people said.

The S.B.A. this week also suspended the unit's ability to sell the loans it issues to large institutional investors in the secondary market, which could affect the ability of Business Loan Express to make loans, those people said. The unit can still originate loans, but only if it intends to hold those loans on its own books, which is not something the firm has historically done.

There have been questions over lax controls and oversight at the Small Business Administration, and the latest investigations are likely to spur further scrutiny. In recent years, the S.B.A. has come under sharp criticism for its lack of oversight

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in special loans after the Sept. 11 attacks, which wound up being used by businesses in Texas and Iowa, and for its delayed response in providing disaster loans after Hurricane Katrina.

"The concern is that this situation is emblematic of a larger management problem at the S.B.A.," Kate L. Davis, a spokeswoman for Nydia M. Velázquez, Democrat of New York, the new chairwoman of the House Small Business Committee, said in a statement. "There are indications that this situation has been developing over the past few years."

The House committee, which oversees the S.B.A. has begun its own investigation of the loans in Michigan, and possibly in other states, she said.

"The committee will be investigating S.B.A.'s involvement and how the agency could have failed to detect this," she said.

The S.B.A. said in a statement, "We welcome the opportunity to work with the committee and share information about the steps we have taken and will take, and work with them to share ideas on how to further refine the process."

The S.B.A., which has paid out more than $28 million in claims for loans that originated from the Michigan office of Business Loan Express that later defaulted, has said it has the authority to recover any funds lost to fraud.

As part of the investigation, the S.B.A. plans to re-examine more than five years of loans issued by the Allied unit and could seek restitution if there are additional cases of fraud, according to people familiar with the investigation.

Lanny J. Davis, a Washington-based lawyer for Business Loan Express, said, "This is a good company, with good people, and I believe, in the final analysis, this will be borne out."

The broadening investigation and the indictment are blows to Allied, which in recent years has been battling with hedge funds that have contended, among other things, that the Business Loan Express unit was profiting through obtaining fraudulent loans. Since reports of the indictment appeared on Wednesday, Allied's stock has tumbled 7 percent.

Based in Washington, Allied is known for its strong ties with the capital's elite. One of its directors, for instance, is Marc F. Racicot, the former governor of Montana and the former chairman of the Republican National Committee.

Designated a "business development company," Allied invests in small- and midsize private companies that it also typically lends to. Business Loan Express, which constitutes about 6 percent of the assets of Allied, is the company's largest holding.

One of the most vocal critics of Allied's Business Loan Express unit has been David Einhorn, the founder and manager of Greenlight Capital, a hedge fund with more than $4 billion under management. Mr. Einhorn first publicly challenged aspects of Allied's accounting and business model at a charity dinner in the spring of 2002.

In letters to directors on Allied's board dating back to March 2005, Mr. Einhorn told Allied's directors that Allied and Business Loan Express were involved in a scheme "dependent on the commission of systematic fraud against the Small Business Administration and, as a result, against the taxpaying citizens of the United States."

"Allied has been aware of misconduct by Mr. Harrington for half a decade and it won't be hard to find many more similarly fraudulent loans in other parts of the country," Mr. Einhorn said.

In the summer of 2004, the Securities and Exchange Commission and the United States attorney's office in Washington began an investigation into Allied that focused on Business Loan Express, according to regulatory filings by Allied.

While those investigations continue, red flags were being raised about Business Loan Express loans inside the Small Business Administration about a year ago.

The S.B.A. works with more than 2,200 lenders — big and small — across the country to make loans to small businesses. Lenders who undergo an exhaustive examination of their internal controls, procedures and underwriting standards, and whose performance of their overall loan portfolio meets certain criteria can participate in the S.B.A.'s preferred lender program. Members of the program have virtually none of their loan applications examined by the S.B.A.'s district or regional offices. The S.B.A. does, however, conduct random audits of all loans it guarantees.

About a year ago the S.B.A., which gives its lenders an internal rating on a one-to-five scale, lowered Business Loan Express to the lowest rating that would allow it to remain in the preferred lending program, based on a rising level of late payments and defaults on loans it had made, according to people involved in the investigation.

One of Business Loan Express's branches that had a rising level of defaults was in Troy, Mich., which Mr. Harrington headed until it was closed on Aug. 1, 2006.

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From early 2000 to July 2006, Mr. Harrington, working with a number of other people, qualified buyers for the S.B.A.-guaranteed loans by fraudulently misrepresenting the buyers' financial status, their work experience, as well as the value of the property, according to the indictment. Several Michigan residents were charged in criminal complaints as acting as borrowers in the scheme, according to court filings.

A lawyer for Mr. Harrington questioned the value of the loans federal prosecutors contend were fraudulent. "He says he made a mistake, but not near to the extent that the government claims," said the lawyer, Clyde B. Pritchard.

A federal prosecutor in Michigan said the investigation into Business Loan Express was continuing.

H.P. Investigator Pleads Guilty To Identity Theft And Conspiracy (AP)

By The Associated Press

AP, January 13, 2007

SAN JOSE, Calif., Jan. 12 (AP) — Federal prosecutors scored their first victory in the investigation of boardroom spying at Hewlett-Packard on Friday, when a private investigator pleaded guilty to identity theft and conspiracy charges.

The investigator, Bryan Wagner, 29, of Littleton, Colo., pleaded guilty to the two felony counts during his initial appearance in United States District Court in San Jose.

As part of the plea deal, Mr. Wagner admitted to illegally obtaining Social Security numbers and other personal information to snoop on the private telephone records of journalists, former Hewlett-Packard directors, and their family members as part of the company's effort to ferret out the source of boardroom leaks to the media.

Mr. Wagner acknowledged using a form of subterfuge known as "pretexting," or pretending to be someone else, to fool telephone companies into releasing records on former two former H.P. directors — Thomas J. Perkins and George A. Keyworth II — and two reporters, Pui-Wing Tam of The Wall Street Journal and Dawn Kawamoto of CNet Networks.

Mr. Wagner admitted using personal information to set up online accounts in the names of the four people from April 2005 to September 2006 to access their call logs and billing records.

His lawyer, Stephen Naratil, said his client would testify for prosecutors as they pursue other figures in the case. He declined to say whom Mr. Wagner would testify against or what he had told prosecutors.

Mr. Wagner's sentencing was set for June 20 in San Jose federal court.

Mr. Naratil has described his client as the "little guy" who was tricked by others into thinking the investigative methods were legal. Mr. Wagner never had any contact with anyone inside the company, Mr. Naratil said. "He was your classic dupe," Mr. Naratil said.

In court, Assistant United States Attorney Mark L. Krotoski said Mr. Wagner was hired by Matthew DePante of the Action Research Group in Florida to unearth the telephone records and distribute them to other unnamed coconspirators.

Mr. DePante has not been charged in the case. A call to his lawyer, Richard Preira of Miami Beach, Fla., was not immediately returned.

Mr. Wagner and Mr. DePante were charged in October in state court along with the former H.P. chairwoman, Patricia C. Dunn, who initiated the investigation; the former H.P. ethics chief Kevin Hunsaker, who directed the inquiry; and Ronald R. DeLia, a security contractor who runs a Boston detective firm, Security Outsourcing Solutions. The four others have pleaded not guilty.

Full Disclosure Companies Trim Executive Perks To Avoid Glare (WSJ)

By Erin White And Joann S. Lublin

The Wall Street Journal, January 13, 2007

Jet Rides, Club Dues On Chopping Block As SEC Rules Kick In

Some CEOs may soon learn there's no such thing as a free ride -- on the corporate jet, anyway.

Personal air travel on the company dime is among an array of executive perks some companies have begun trimming as new compensation-disclosure rules take effect.

On Jan. 1, Exxon Mobil Corp. and Lockheed Martin Corp. stopped paying executives' country-club dues. In December, directors of General Mills Inc. capped free personal rides on company aircraft for its chief executive officer. And E*Trade Financial Corp. said it no longer would help top executives pay taxes on their severance benefits if the company is sold.

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The changes come amid sweeping new Securities and Exchange Commission requirements for additional disclosure about executive pay and perks. The rules, which took effect for fiscal years ending after Dec. 14, require companies to reveal perks for top executives that add up to $10,000 or more apiece; the old rules required disclosure of perks valued above $50,000.

The number of companies dropping or curbing perks is unclear. Most won't file their annual proxy statements, detailing executive compensation, until March or April. Of 110 large companies surveyed by Mercer Human Resource Consulting in November, 14 said they had eliminated perks or were considering doing so because of the new regulations.

But some compensation consultants and directors expect the number to grow as more boards consider the hazards of publicizing perks amid a burgeoning national outcry over executive compensation. In recent weeks, investor anger has been stoked by exit packages in the neighborhood of $200 million for the CEOs of Pfizer Inc. and Home Depot Inc., both of whom left under fire for poor shareholder returns.

The enhanced compensation-disclosure rules "will for sure accelerate the cutbacks" in perks, says William G. Bowen, a director at drug-maker Merck & Co. who previously sat on the boards of American Express Co. and Reader's Digest Association Inc. With their reputations on the line, board members "don't want to be embarrassed" by executive-pay practices, he says. Mr. Bowen declined to comment on whether Merck's board is considering dropping any perks for CEO Richard Clark, who now receives a company car, limited personal use of corporate aircraft and financial counseling, among other benefits.

Information about perks that Merck provided its top executives last year will be described in the company's 2007 proxy, a spokeswoman said.

Perks coming under greater scrutiny include country-club dues, company cars, private use of corporate jets, financial-planning services and instances where companies pay executives to cover those officials' tax payments due on other compensation. Many such items typically aren't very costly, but can attract shareholder protests.

They are also fairly common. A Mercer study of proxies last year found that 55% of 350 large companies said they allow personal use of company aircraft. About 50% said they paid for financial counseling, 43% for company cars, and 27% paid club dues, the study indicated.

Mark Reilly, a partner at Compensation Consulting Consortium, a consulting firm in Chicago, says many of his clients are considering trimming perks. "The discussion is, 'How will our employees and shareowners perceive these perquisites?' " he says. "It just sort of provides ammunition to employee groups and unions to attack your pay policy."

The companies changing perquisite policies in recent months may still have to disclose 2006 payments for those benefits in their proxies. The companies may hope to damp investor criticism by announcing curbs on perks ahead of, or at the same time as, the disclosures.

The tactic may not quiet shareholder activists, however. "If executives think that preemptive perk reductions will help them escape shareholder scrutiny, they are badly mistaken," says Cornish F. Hitchcock, outside counsel for Amalgamated Bank's LongView Funds. The union-backed activist funds have objected to executive-pay practices at concerns such as Dynegy Inc., CA Inc., and Halliburton Co.

Meredith Miller, an assistant state treasurer in Connecticut, whose public-employee pension fund has about $26 billion of assets, says she is encouraged by the recent moves to curb senior-management perks. "Transparency is one of the best antiseptics for executive pay," she says.

But she predicts activist shareholders will continue to pressure companies that eliminate highly visible perks without tackling other controversial forms of executive compensation. "Many of the same board members who approved these perks in the past are still sitting on the board," she says. "The day of accountability will still come."

In fact, executives don't necessarily lose in these new arrangements. Compensation consultants expect many companies to increase other forms of compensation to make up for the lost perks.

Becton, Dickinson and Co., for example, raised CEO Edward Ludwig's salary $4,000, to $994,000, after eliminating a financial-planning perk in 2005, which had cost the Franklin Lakes, N.J., medical-technology company as much as $9,000.

Lockheed Martin said in an SEC filing that it gave executives a "one-time salary adjustment" after cutting benefits including country-club dues and financial counseling. On Dec. 1, CEO Robert Stevens got a $40,000 raise in his base salary, to $1.52 million. Robert Coutts, Lockheed's executive vice president for electronic systems, got a $25,000 raise, to $850,000. A Lockheed

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spokesman declined to comment on whether the changes were prompted by the new SEC rules, but noted that "perks have received increased scrutiny."

Some companies had been chipping away at perks even before the SEC rules surfaced. Becton, Dickinson in October 2005 stopped reimbursing top executives for personal financial-planning services. In December 2005, it struck an agreement with Mr. Ludwig under which he reimburses the company for most of the cost of his personal use of company aircraft. Becton, Dickinson said the changes were prompted by efforts to improve corporate governance.

More perks have been disappearing in recent months, as the broader disclosures required by the new rules draw nearer. Exxon Mobil directors dropped the country-club dues perk because they decided it looked silly when executives earn enough to foot those bills themselves, according to a person familiar with the matter. Former CEO Lee R. Raymond was reimbursed $67,035 for membership fees in 2005, according to Exxon Mobil's most recent proxy. A spokesman declined to comment on whether the change, which took effect Jan. 1, was influenced by the new rules.

In November, Avaya Inc. halted payments to cover taxes levied on executives for personal use of company aircraft, according to a recent SEC filing. A spokeswoman for the Basking Ridge, N.J., maker of telecommunications software and equipment says the change was "part of our normal process of examining compensation and benefits" and unrelated to the SEC rules.

In December, General Mills began to require that Chief Executive Stephen W. Sanger reimburse the company for personal use of corporate aircraft beyond $50,000 per year; Mr. Sanger's perk used to be unlimited. His personal use of company aircraft was valued at $73,001 in the company's 2006 fiscal year, according to an SEC filing. A spokesman says directors approved the change, proposed by Mr. Sanger. The CEO "felt that there should be a cap," says spokesman Thomas Forsythe. He says the change wasn't prompted by the new SEC rules.

Other companies acknowledge that the looming disclosure requirements played at least some role in new curbs on executive perks. Ryder System Inc., a Miami provider of transportation and logistics services, recently decided to discontinue certain severance perks for executives that had included a car allowance and financial-planning services, according to an SEC filing on Thursday. The board decided that those perks were primarily job related, so it didn't make sense to continue to provide them once the executives were no longer employed, says Flora Perez, Ryder's assistant general counsel. The change was partly prompted by the new disclosure rules, but more so by a desire to practice good governance, she adds.

"We certainly had our eye on the new disclosure rules," says John Daniel, manager of employee services at First Horizon National Corp. The Memphis, Tenn., bank-holding company last month stopped reimbursing executives for taxes paid on benefits such as a car allowance, disability-insurance premiums and personal use of corporate aircraft.

Mr. Daniel says First Horizon's board compensation committee dropped the tax reimbursements primarily because they aren't seen as good governance. When a company covers a senior official's taxes, "the perception is that the executive is getting something special," Mr. Daniel said. "All of us in the corporate world are looking at what's the best practice in this governance environment."

Write to Erin White at erin.white@wsj.com1 and Joann S. Lublin at joann.lublin@wsj.com2

NYSE Seat-Holder Suits Allowed To Proceed (WSJ)

By Chad Bray

The Wall Street Journal, January 13, 2007

Lawsuits by three former New York Stock Exchange membership-seat holders over disclosures by the Big Board and its chief executive, John Thain, before details of its merger with Archipelago Holdings Inc. became public can proceed, a state judge has ruled.

In an order filed Wednesday, New York State Supreme Court Justice Charles E. Ramos said some of the allegations in cases brought by onetime seat holders Janet Hyman, Sylvia Lief and D. Paul Rittmaster can go forward.

The three cases have been consolidated for pretrial proceedings.

Without ruling on the merits of the claim, Justice Ramos allowed to proceed allegations that representations made at a Feb. 3, 2005, town hall meeting with seat holders and a Feb. 15, 2005, announcement were incomplete and/or misleading. The

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meeting and announcement concerned the formation of an advisory committee to explore the possibility of converting the NYSE from a nonprofit to a for-profit company, which is now called NYSE Group Inc.

The judge dismissed claims that the NYSE and Mr. Thain breached their fiduciary duty or were negligent for failing to keep the merger negotiations confidential in order to prevent speculative or premature market fluctuations.

The former seat holders sold their seats in March 2005. In April 2005, the NYSE and Archipelago publicly announced their merger, which was completed last year.

An NYSE spokesman declined comment on Justice Ramos's ruling Friday.

Write to Chad Bray at chad.bray@dowjones.com1

Big Accounting Firms Still Pay For Scandals (WSJ)

By David Reilly

The Wall Street Journal, January 13, 2007

Corporate scandals that erupted earlier this decade are still causing pain at accounting firms, which continue to pay big bucks to atone for their failure to spot, or stop, fraud.

The latest example: Deloitte & Touche's Italian arm on Friday agreed to pay $149 million to settle lawsuits brought by former audit client Parmalat SpA, which collapsed in December 2003 after the discovery of Europe's biggest corporate fraud.

Under the terms of the agreement between Deloitte's Italian arm, Deloitte & Touche SpA, and Parmalat, the Italian company will drop all claims against various Deloitte arms it is suing in federal court in New York. In turn, Deloitte will drop counterclaims against the company, whose former managers allegedly engaged in a fraud that left Parmalat with an $18 billion hole on its books.

Specific terms of the agreement, beyond the settlement amount, weren't disclosed. A spokeswoman for Deloitte in the U.S. declined to comment on whether the $149 million would be covered in part or whole by insurance.

A joint statement from Parmalat and Deloitte didn't say whether the accounting firm acknowledged any wrongdoing. Deloitte, which signed off on Parmalat's books from 1999 to 2003, has previously said it acted in accordance with laws in place in Italy at the time.

The settlement follows a deal announced last month by Deloitte's U.S. arm, Deloitte & Touche LLP, to pay $210 million to resolve claims related to Adelphia Communications Corp., the cable company once run by the Rigas family that filed for bankruptcy in 2002. While the Adelphia and Parmalat settlements don't eclipse a record $335 million payout in 1999 by Ernst & Young LLP in a case related to Cendant Corp., they are within the top-10 settlement awards paid by auditors over the past 10 years for work for a single client.

The Adelphia settlement was significant because Deloitte's $210 million payout represented about 45% of the total $455 million Deloitte, Bank of America Corp. and 38 other banks agreed to pay investors. Auditors typically account for between 10% and 15% of total settlements in such cases, according to executives at other big accounting firms.

As a result, other big firms have been left to wonder if Adelphia is an aberration or the start of a trend toward higher proportionate payouts by accounting firms.

Write to David Reilly at david.reilly@wsj.com1

A Former No. 2 Official Becomes Suspect In Siemens Bribery Probe (WSJ)

By David Crawford And Mike Esterl

The Wall Street Journal, January 13, 2007

BERLIN -- An international corruption investigation at Siemens AG is climbing the corporate ladder after a former No. 2 executive was named a suspect amid allegations a complex bribery scheme spanned several units at the far-flung German conglomerate.

Heinz-Joachim Neubürger, the chief financial officer of Siemens from 1998 until he resigned in April, was questioned by German prosecutors Tuesday and released in a widening probe into nearly half a billion dollars in suspicious payments.

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A spokesman for the prosecutor's office in Munich confirmed that Mr. Neubürger is being treated as a suspect, not a witness, in the cross-border investigation. At least one other suspect has alleged to prosecutors that Mr. Neubürger was aware of illegal payments and didn't do enough to stop them, according to lawyers familiar with the investigation.

More than 200 German police raided Siemens's offices in mid-November and arrested several current and former employees; they were released just before Christmas after agreeing to cooperate. Investigators suspect company officials were running an elaborate network of secret bank accounts and sham consulting contracts to bribe customers abroad.

Munich-based Siemens says it is cooperating fully with authorities. Last month, it flagged €420 million ($542 million) in suspicious transactions spanning seven years -- double the amount uncovered by German prosecutors in November. Until now, the investigation had been confined to the company's telecommunications network division. Siemens, Europe's largest engineering firm by sales, has blamed the alleged fraud on "individual acts."

Mr. Neubürger is the second former management-board member of Siemens to become a suspect. Thomas Ganswindt, who oversaw the telecommunications business until resigning last September, was arrested last month before being released.

A lawyer for Mr. Neubürger declined to make his client available for comment. A lawyer for Mr. Ganswindt said his client is innocent.

Mr. Neubürger, 54 years old, last year cited personal reasons for resigning from Siemens half a year before his contract was due to expire. Last month he denied any wrongdoing in interviews with German newspapers after his name surfaced amid the allegations. He currently is a nonexecutive director at KKR Private Equity Investors, an investment vehicle of U.S.-based Kohlberg Kravis Roberts & Co.

Police searched offices of management-board members -- including Chief Executive Klaus Kleinfeld -- last November. Prosecutors say they are treating Mr. Kleinfeld as a witness, not a suspect. A company spokesman said Friday he had no knowledge of any current management-board members being called in for questioning by authorities. Mr. Kleinfeld has said that Siemens has "zero tolerance" for wrongdoing.

Some prosecutors in neighboring countries who are working with German authorities say Siemens has done too little in recent years to crack down on bribe payments. Robert Wallner, lead prosecutor in Vaduz, Liechtenstein, says Siemens officials asked him not to investigate a suspicious account in Liechtenstein that was uncovered in late 2004 and later linked to the bribery investigation.

Lawyers familiar with the matter say several suspects told German prosecutors that the compliance department of Siemens was informed of the money-laundering investigations in Liechtenstein, Switzerland and Italy but took no action to assist authorities. Siemens recently filed slander charges against the lawyer for one of the suspects after the lawyer made the allegations on German television. A prosecutor spokesman declined to comment.

At least one suspect has told prosecutors that he helped transfer money from a slush fund in the telecommunications division to pay bribes at other units of the company, according to a lawyer familiar with the investigation. A Siemens spokesman declined Friday to comment on the allegations, citing the continuing investigation.

Prosecutors say they suspect bribes were paid to acquire new business in several countries. Among the suspicious transactions tied to the telecommunications unit between 2002 and 2004 are more than €7.5 million in Egypt, €4 million in Saudi Arabia, €3 million in Vietnam, €2.6 million in Indonesia, €1.8 million in Greece and €1.6 million in Kuwait, according to a court document. Siemens booked €87 billion in revenue in the fiscal year ended September 2006 and is active in almost 200 countries, making everything from medical scanners to high-speed trains and light bulbs.

Write to David Crawford at david.crawford@wsj.com1 and Mike Esterl at mike.esterl@dowjones.com2

CRIMINAL LAW:

Government Report Describes Leak (AP)

By Lara Jakes Jordan And Matt Apuzzo, Associated Press

AP, January 13, 2007

Justice Dept. won't tell details

Washington -- The Justice Department is fighting in court to keep secret a government report concluding that it leaked confidential and damaging information against a former prosecutor accused of bungling a high- profile terror trial.

Justice attorneys say they can't disclose all the contents of the December 2004 report by the department's inspector general without violating employees' privacy.

However, ex-Assistant U.S. Attorney Richard Convertino of Detroit said the Justice Department violated his own privacy rights by revealing to the media that he was the subject of an internal ethics inquiry after he criticized the Bush administration's counterterrorism strategy.

Two people who have seen the full report confirmed it rules out Convertino as a suspect in the leak case. Those people described the report's findings to the Associated Press on condition of anonymity because it is sealed under a Justice Department protective order.

A heavily edited version of the report is included in court documents filed in Washington. It concludes that investigators "did not find sufficient evidence to prove, by a preponderance of the evidence, who leaked this information."

It narrowed the source to about 30 prosecutors and other Justice Department officials, in Washington and Detroit, all of whom denied leaking the information. The full report also concluded that Convertino was not the source, according to related court documents filed by his attorneys.

Convertino's attorney, Stephen Kohn, would not comment on details in the government's sealed report. But he accused the Justice Department of sealing it to cover up its own misconduct.

A department spokesman declined to comment. But in documents filed in federal court, government attorneys rejected Convertino's request as "an attempt to discredit or embarrass individuals who were the subjects of that investigation."

For two years, Convertino led the government's case in the nation's first terrorism trial after the Sept. 11, 2001, attacks. He was removed in 2003 after the Justice Department concluded he withheld evidence that could have proved the innocence of the four defendants accused of being a Detroit terror cell.

Convictions of three of the four men were later overturned because of prosecutorial misconduct. The fourth was acquitted.

Four months after he was taken off the case, a January 2004 article in the Detroit Free Press cited anonymous Justice Department sources saying Convertino was under investigation for misconduct during the trial.

Convertino maintains he was targeted because, shortly before he was removed from the case, he criticized the Bush administration during a Senate hearing on funding for terrorism prosecutions. The sealed report does not cite that congressional hearing or identify it as a motive for the leak, according to the people who have seen the report.

Convertino was indicted last March for obstructing justice in the terror trial and in another case. The criminal case continues against Convertino, as does his civil lawsuit against the Justice Department.

Prosecutor Seeks To Bow Out Of Duke Case (WP)

By Peter Whoriskey And Sylvia Adcock, Washington Post Staff Writers

The Washington Post, January 13, 2007

Embattled DA Asks State to Take Over

After months of stinging criticism about his handling of the Duke University sexual assault investigation, Durham District Attorney Michael B. Nifong sought to bow out of the case yesterday, requesting that the North Carolina Attorney General's Office handle the prosecution.

His decision to recuse himself was welcomed by the defense team representing the three Duke lacrosse players initially accused of raping a 28-year-old stripper at a team party.

"We feel very good about this. It's a fresh set of eyes looking at the case," said William Cotter of Raleigh, one of three attorneys for Collin Finnerty of Garden City, N.Y. "We think it's more likely that they will listen to us and we will certainly be cooperative with him or her."

The defense believes that another prosecutor would, after reviewing the contradictions of the alleged victim's accounts and the paucity of physical evidence, drop the case.

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Attorney General Roy Cooper's office deferred questions about Nifong's action until a news conference scheduled for Saturday.

Nifong's request closely follows a formal ethics complaint made by the North Carolina State Bar, charging Nifong with violating ethics rules by engaging in "dishonesty, fraud, deceit or misrepresentation" and by making comments that stirred "public condemnation of the accused." The bar complaint creates an ethical conflict that prevents Nifong from continuing the prosecution, lawyers said.

The case -- involving a black accuser and white suspects -- initially touched off a national debate about racism and privilege, as Nifong labeled the team from the elite university a "bunch of hooligans" and some portrayed reported actions at the party as the result of campus racism.

Since then, however, the case against the three has been staggered by contradictions in the alleged victim's story and Nifong's withholding of exculpatory evidence.

The victim's account has changed repeatedly on key points -- such as whether she was penetrated by a penis. The change prompted Nifong to drop rape charges against the three men Dec. 22, but they still face charges of sexual offense and kidnapping, which carry significant prison terms.

At the same time, some of Nifong's initial statements about the strength of the evidence he had gathered have proved to have been misleading.

The director of a private DNA-testing laboratory said it had omitted from its report that DNA from multiple men -- none a match to the defendants -- was found on vaginal and rectal swabs, on the accuser's body and on her underwear. Brian Meehan, the lab director, said he and Nifong had agreed to leave out that information because the case was so "explosive."

"Everyone just got run over by this guy who made these statements for which there was no support," said Duke Law School professor James E. Coleman Jr., who is African American and chaired the faculty committee that prepared a report looking into the lacrosse team's past.

Nifong "prejudged the case and injected inflammatory opinions that it was racially motivated," Coleman said, but "he had not done the investigation, so he had no idea what happened."

Calls to the District Attorney's Office after hours yesterday were not returned.

On Thursday, more contradictions in the victim's account were revealed in a motion by defense attorneys.

In an interview last month with a district attorney's investigator, the alleged victim said she had been attacked by two players -- not three, as she had said in previous accounts.

"The accuser's most recent recollections of events demonstrates clearly that she cannot accurately recall and describe her attackers and that any identification made by her is necessarily unreliable," defense attorneys wrote.

While the defense attorneys hold out hope that a new prosecutor may decide to drop the case, the move could also enable the prosecution to go forward -- if there is any suitable evidence.

Joe Kennedy, an associate professor of law at the University of North Carolina at Chapel Hill, said that if there is strong evidence that a crime was committed, a new prosecutor could divorce himself from Nifong's ethical problems. The new prosecutor could argue that the withholding of DNA evidence from defense attorneys was wrong but still argue that a crime had been committed.

He described the move as a "win-win" for both sides of the case.

But one of the lead defense attorneys in the case, Joseph B. Cheshire said he is "very confident" that a new prosecutor in the case would drop the charges after a review of the evidence.

"We are extremely pleased to be rid of him," Cheshire said of Nifong. "The word of the accuser changes every time she opens her mouth. Anybody who takes an objective look at this case will dismiss it."

Whoriskey reported from Miami; Adcock, from Durham, N.C.

DA Asks Out Of Duke Rape Case (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 13, 2007

The embattled district attorney in the Duke rape investigation, who faces disbarment for suspected "dishonesty, fraud, deceit or misrepresentation" in statements he made about the case, has asked that the prosecution be moved to the state attorney general's office.

According to sources close to the 10-month-old prosecution, Durham County District Attorney Michael Nifong sent a letter yesterday to North Carolina Attorney General Roy Cooper asking that Mr. Cooper's office appoint a special prosecutor to take over the case.

Mr. Nifong has come under intense public scrutiny over his handling of the investigation and was named Dec. 28 in an ethics complaint filed by the North Carolina State Bar. The complaint accuses him of breaking four rules of professional conduct while speaking to reporters about the investigation.

The complaint said Mr. Nifong made "extrajudicial statements" to reporters that "he knew or reasonably should have known would be disseminated ... and would have a substantial likelihood of materially prejudicing" the case.

The veteran prosecutor faces a preliminary state bar hearing on Jan. 24. A trial date has tentatively been scheduled for May 11.

Mr. Nifong was not available yesterday for comment. Noelle Talley, a spokeswoman for Mr. Cooper, confirmed last night in an e-mail that Mr. Nifong had asked for the appointment of a special prosecutor, but she was not available to comment on the request. The Nifong letter to Mr. Cooper was first reported by ABC News.

"We are pleased, and we offer the attorney general our full and complete cooperation," said Wade Smith, defense attorney for Collin Finnerty, one of the three men charged in the case. "We will meet with them at any time, and we are glad that people with such qualifications are going to take over the case."

Mr. Nifong's request came a day after he met with the accuser -- the first time the two had actually talked face to face about the case. He spoke with her briefly after the accusations first surfaced in March, but -- according to court records -- had never specifically discussed the case.

While she was at Mr. Nifong's office on Thursday, the accuser was served a subpoena to appear at a Feb. 5 hearing on a defense motion to suppress her identification of the three lacrosse players.

The Duke athletes -- Mr. Finnerty, Reade Seligmann and David Evans -- originally had been charged with rape after the woman, a student at North Carolina Central University who also worked as a stripper, said she was sexually assaulted during an off-campus party attended by Duke University students.

Mr. Nifong, who declared himself the lead prosecutor in the case, told reporters the 28-year-old woman was "gang raped" and beaten at the March 13 party thrown by Duke's lacrosse team.

He later dropped the sexual assault charges a few days before Christmas to lesser sexual offenses and kidnapping when the woman said during a Dec. 21 interview with an investigator from Mr. Nifong's office that she was not certain Mr. Seligmann had taken part in the assault and was unsure whether she had been penetrated by anyone.

The motion, filed in state court, said the accuser told investigator Linwood Wilson 10 months after the original accusations she was not now 100 percent certain that a rape as defined by the state of North Carolina occurred. That disclosure led Mr. Nifong to reduce the charges.

During an earlier interview with authorities, the woman said she was "100 percent" sure Mr. Seligmann had sexually assaulted her.

The Thursday meeting coincided with a defense motion asking a judge to prohibit the photo lineup in which the accuser identified the three lacrosse players.

Judge Osmond Smith, who is assigned as the sole judge to the case, is expected to rule on the admissibility of the photo lineup at the Feb. 5 hearing.

Prosecutor Asks To Exit Duke Case (NYT)

By Duff Wilson And David Barstow

The New York Times, January 13, 2007

DURHAM, N.C., Jan. 12 — The district attorney in the Duke lacrosse sexual assault case asked the state attorney general on Friday to take over the troubled prosecution, saying he faced a conflict of interest because of ethics charges filed against him by the state bar, officials involved in the case said.

The decision by the district attorney, Michael B. Nifong, throws new doubt on the future of a prosecution that has already suffered several sharp setbacks.

A spokeswoman for Roy Cooper, North Carolina's attorney general, confirmed that the office had received Mr. Nifong's request and said it would be discussed on Saturday. If Mr. Cooper agrees to review the case, it will remove a prosecutor who has become a lightning rod for fierce and unrelenting criticism.

Defense lawyers were jubilant, openly predicting that no prosecutor in the state would continue with a case that hangs almost entirely on the shifting accounts of the alleged victim, a stripper who claims she was assaulted after performing at a team party in March. The woman, who was consulted before Friday's recusal, remained firm in her desire for the case to go forward against the three former lacrosse players, an official involved in the case said.

The players face charges of kidnapping and sexual offense that could put them in prison for decades.

Speaking of the recusal, Joseph B. Cheshire, the lawyer for David Evans, one of the defendants, said: "We're very heartened by it. He should have done it weeks or months ago. For the first time, someone who is honest and objective and doesn't have an agenda will look at this case. We feel confident that when they do, these young men will be exonerated and this case will be dismissed."

Mr. Cheshire added that the attorney general should also look at possible obstruction of justice and manipulation of evidence by Mr. Nifong.

Friday's action marked a stinging professional defeat for Mr. Nifong, who has faced accusations of incompetence, prosecutorial misconduct and ethical violations for his handling of the case. In his letter to Mr. Cooper, Mr. Nifong said the accusations of ethical wrongdoing, which were brought last month by the state bar, presented him with a conflict of interest between defending his own conduct and prosecuting this case.

"He feels very disappointed that he can't go on for her," said David B. Freedman, Mr. Nifong's lawyer in the ethics case. "Mike at this point, as a result of the bar complaint, doesn't want to be a distraction to the case or take away from the prosecution of the case, which the witness still feels very strongly about."

According to friends, Mr. Nifong's resolve had begun to falter even before the ethics charges were brought against him.

At a court hearing on Dec. 15, a DNA laboratory director admitted that he and Mr. Nifong had deliberately withheld exculpatory information from a report. Mr. Nifong prided himself on integrity, having been a conscientious objector during the Vietnam War, yet the laboratory director's testimony and his acknowledgment of the error undercut his reputation.

Things only worsened from there.

Some fellow district attorneys advised Mr. Nifong privately in Raleigh on Dec. 19 to take himself off the case. Mr. Nifong felt stunned and subdued, friends say, yet still could not bring himself to exit. In an interview with The New York Times two days later, he described such a step as tantamount to letting defendants handpick their own prosecutors.

But then the North Carolina State Bar filed an ethics complaint on Dec. 28, taking him to task for his early public comments about the case. It was an unprecedented rebuke for a prosecutor in the middle of a legal brawl. The next day, the North Carolina Conference of District Attorneys issued a news release asking him to recuse himself immediately.

Mr. Nifong's friends told him he had two choices: dismiss the case or ask the attorney general to take it over. It was a bitter decision, friends said. His reputation hung in the balance. Mr. Nifong decided he had to do something he had left to his investigators over the 10 months since the alleged assault: talk about it directly with the woman he called "my victim."

In a two-hour meeting at his office on Thursday, Mr. Nifong and an aide talked about the choices, an official involved in the case said. He told the accuser that a trial would be brutal, but that he had already talked with the attorney general's special prosecutions unit and trusted that office to give the case a fair review. He asked what she wanted to do.

She was concerned about the effect of the case on Mr. Nifong's career, the official recalled. She wanted to sleep on the decision. She continued to insist she had been sexually assaulted.

On Friday, she and Mr. Nifong spoke by telephone. She again said she wanted to go forward. Although she was not happy about Mr. Nifong's giving up of the case, the official said, she said she understood his reasoning and pledged to cooperate with any new team.

In Durham, Mr. Nifong's exit was greeted with relief on all sides.

Irving Joyner, a law professor who has been monitoring the case for the N.A.A.C.P, expressed hope that the attorney general would bring new energy to the case. John F. Burness, senior vice president for public affairs at Duke, said the university hoped "this change will lead to a fair and speedy resolution of this case."

Over 10 turbulent months, all the protagonists in the racially charged case have undergone sharp transformations in the pitiless glare of national publicity.

The defendants, who are white, were initially portrayed as boys gone wild. But in time, with the fraying of the evidence and careful maneuvering by their legal team, they emerged in news accounts as victims of a kind of reverse discrimination, promising young men whose lives were being destroyed by concocted accusations.

The accuser, who is black, was at first embraced at candlelight vigils. Investigators depicted her as the victim of a brutal assault. But her shifting and inconsistent accounts of what happened, combined with the absence of incriminating DNA evidence, have resulted in her being branded a false accuser.

But no one was more fully transformed in this case than Mr. Nifong. Once an obscure but respected career prosecutor, he is now routinely portrayed as having recklessly and stubbornly pursued a weak case for political gain.

Mr. Nifong compounded his troubles with seemingly avoidable blunders, most in the earliest weeks, before anyone was indicted. He ordered a lineup that violated standard police procedures. He spoke misleadingly in public about evidence in the case and disparaged the Duke lacrosse team as "hooligans" whose "daddies" would "buy them big-time lawyers." He refused to hear out defense lawyers who proffered photographs and phone records intended to prove their clients' innocence. Most significantly, he mishandled the DNA test results by failing to turn them over to defense lawyers for seven months.

After the indictments, he was repeatedly outgunned and outmaneuvered in the courts and in the news media by some of the best defense lawyers in North Carolina.

Never was the mismatch clearer than on Dec. 15, when defense lawyers pounced on his handling of the DNA test results. In court that day, with family and friends of the defendants in the audience, Mr. Nifong seemed almost disengaged, slumping in his seat, asking few questions as the defense team delivered body blows to his case.

Even before the DNA hearing, dozens of people had filed complaints against Mr. Nifong with the state bar. Mr. Nifong initially responded by saying he welcomed a review of all the lawyers — once the case was over.

He misjudged the bar.

A special section of the bar's ethics code applies to public comments by prosecutors — but not private lawyers — and the bar had opened an investigation on March 30, just three days after Mr. Nifong began his media blitz.

The investigation culminated in last month's formal complaint, which accused Mr. Nifong of making improper, inflammatory and misleading comments about the case. Mr. Nifong is to appear before a bar disciplinary committee on May 11.

Tom Lunsford, executive director of the state bar, said the complaint started with a grievance filed by a private lawyer.

Was it a lawyer from the defense team? "Can't say," he replied.

Nevertheless, no one can remember the North Carolina bar ever filing a complaint against a prosecutor for prejudicial publicity, much less in the middle of a case.

Not only did Mr. Nifong misjudge the bar, he misjudged the North Carolina Conference of District Attorneys. Back in September, the conference had sent Mr. Nifong a letter offering help with the case, including support staff, a shadow jury and advice on responding to defense leaks.

"We try to take care of our own," Thomas J. Keith, one of four district attorneys who signed the letter, said in an interview this month. Mr. Keith recalled Mr. Nifong's response: "Tom, thanks for the letter, but I don't need any help right now."

As the public criticism of Mr. Nifong escalated, his fellow district attorneys began to hear rumblings that some state legislators were threatening to seek new oversight laws for all district attorneys. The DNA revelations on Dec. 15 only heightened their alarm.

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On Dec. 19, several district attorneys met with Mr. Nifong and advised him to hand the case to a special prosecutor.

He had hoped they would stand together; instead they wanted him to pull out. Mr. Nifong was stunned.

Any hope he had of regaining their support probably ended three days later, on Dec. 22, when Mr. Nifong dropped rape charges against all three defendants, though he continued to press other sex offense charges. Mr. Nifong said he had acted after the woman told his investigator she could not be certain she had been penetrated by a penis. Although he did not say so at the time, the woman also changed several other major aspects of her story during that interview, including that just two, not three, lacrosse players had taken part in the attack. The third, she said, had only stood by.

Among his peers, the questions were obvious: Why had he not closely questioned his victim months earlier? How could he pursue a case with such divergent accounts from the key witness? Where was the proof?

The state bar filed its complaint on Dec. 28. Better than anyone, the district attorneys understood its rarity and potential political significance.

“That is what pushed us into action,” Mr. Keith said.

Two weeks later, Mr. Nifong asked the state attorney general to take over the case.

Duke Lacrosse District Attorney Asks For Special Prosecutor In Sexual Assault Case (AP)

AP, January 13, 2007

RALEIGH, N.C. (AP) — As he aggressively pursued sexual assault charges against three Duke lacrosse players for nearly 10 months, Mike Nifong never wavered publicly in his commitment to take the oft-sensationalized case to trial.

But facing ethics charges that could lead to his disbarment, the Durham County district attorney quietly asked to be removed from the case Friday — faxing a letter to the state attorney general asking for a special prosecutor to take over the case that is sure to define his nearly three-decade career.

"His withdrawing from the case has nothing to do with how he feels about the merit of the case," Nifong's attorney, David Freedman, told the Associated Press. "He's disappointed he has to get out of the case. He likes to see things from beginning to end."

What comes next in the troubled prosecution of Reade Seligmann, Collin Finnerty and David Evans will likely be determined by the lawyer appointed by State Attorney General Roy Cooper. His office declined to comment Friday night, but a spokeswoman said officials would speak with reporters Saturday.

"If he decides to take it, his staff is going to spend a significant amount of time to review the case files, interviewing the witnesses and making a determination on what is the proper process," said Peg Dorer, director of the North Carolina Conference of District Attorneys.

Dorer said that could take a month or more. Defense attorneys said they weren't worried about the prospect of such a delay, and instead cheered Nifong's decision to recuse himself.

"We've tried to cooperate with Mr. Nifong, and he's refused," said Joseph Cheshire, an attorney for Evans. "We look forward to working with whoever the new prosecutor is and we're confident that after that review is made, the case will be dismissed."

Under North Carolina law, only a district attorney can formally request a special prosecutor. The request can be made when there are potential conflicts of interest, when a case is particularly complex or when there are other unusual circumstances.

Once the ethics charges were filed, Nifong "had a conflict of interest with respect with the case," said Ron Sullivan, a criminal law professor at Yale University. "It's probably safe to say that Nifong felt that he couldn't be completely objective."

Nifong led the investigation into allegations a 28-year-old student at North Carolina Central University — hired to perform as a stripper — was gang-raped and beaten at a March 13 party thrown by Duke's highly ranked lacrosse team. His frequent interviews with news agencies in the early days of the case generated much scrutiny; at one point, he called the lacrosse team "a bunch of hooligans."

But as he started to hand over his evidence to the defense, the case appeared to unravel. Legal experts and observers have said it appears to be based only on the testimony of an accuser who has told wildly different versions of the alleged assault — a

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shifting story that led Nifong to drop rape charges on Dec. 22. The three players remain charged with sexual offense and kidnapping.

Last month, the North Carolina State Bar charged Nifong with violating four rules of professional conduct for making misleading and inflammatory comments about the athletes under suspicion. He faces penalties ranging from admonishment to removal from the bar.

"He feels as a result of the accusations against him that he would be a distraction and he wants to make sure the accuser receives a fair trial," said Freedman, who said Nifong met with the accuser this week to tell her of his decision.

"He still believes in the case," Freedman said. "He just believes his continued presence would hurt her."

2 Missing Boys Found Alive In Mo. Home (NSDY/AP)

By Christopher Leonard, Associated Press Writer

Long Island Newsday, January 13, 2007

BEAUFORT, Mo. -- A 13-year-old boy who vanished from the gravel road near his home five days ago was found alive Friday about 60 miles away in a suburban St. Louis home, along with a 15-year-old boy missing since 2002, authorities said.

Sharp-eyed police and suspicions about a white truck led police to the Kirkwood apartment of Michael Devlin, 41, who has been charged with one count of first-degree kidnapping, Sheriff Gary Toelke said.

The sheriff said both boys appeared unharmed. William Ownby who goes by Ben, appeared somewhat dazed as he walked inside the sheriff's department, where he was reunited with his family who had been searching for him since Monday.

"His eyes lit up like silver dollars," said the boy's uncle, Loyd Bailie, who was escorted to the sheriff's department with Ben's parents. Everyone broke into tears and Ben's parents embraced him as tightly as they could, Bailie said.

The straight-A student and Boy Scout was last seen after he stepped off his school bus and ran toward his Beaufort home down a gravel road on Monday.

A friend who left the bus with the boy told authorities that after the two parted, he saw a small white pickup with a camper shell speeding away from where Ben had been walking.

Searchers on foot, horseback and all-terrain vehicles looked for Ben in the hilly area about 60 miles southwest of St. Louis.

Toelke said the break in the case came Thursday night. Kirkwood city police officers were serving a warrant on an apartment complex when they noticed a white truck matching the description of a vehicle authorities had been searching for in the Ownby investigation.

Kirkwood officers contacted the Franklin County Sheriff's Department and determined where the owner of the truck was and then searched Devlin's house.

Toelke said authorities found Ben and were surprised to find another boy who identified himself as Shawn Hornbeck.

Hornbeck disappeared from his Richwoods in October 2002, when he was 11. He went for a bike ride and never returned.

Hornbeck's parents, Pam and Craig Akers, were reunited with their son, Toelke said.

Later, both boys were taken to SSM Cardinal Glennon Children's Hospital in St. Louis for evaluation. Hospital spokesman Bob Davidson said both were in good spirits.

"The boys were smiling and appeared very pleased to be with their families," Davidson said. "Obviously the families were incredibly tickled to have the boys back. It's a thrilling night."

Hornbeck's parents have devoted themselves to bringing missing people home since Hornbeck vanished over four years ago from his hometown 65 miles southwest of St. Louis.

His parents, dozens of volunteers and sniffer dogs searched for weeks. The couple set up a Web site and listened to anyone who offered a tip.

Craig Akers, Shawn's stepfather, quit his job as a software designer to devote his time to a foundation bearing his son's name. They depleted their savings, borrowed against their retirement and talked to psychics. The financial strain forced both of them back to work.

A retired police officer volunteered to work on the case until Shawn was found.

Even though so much time had passed, Pam Akers said her son is frozen in her memory as an 11-year-old boy.

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"It's been four years," she said on the anniversary of his disappearance last fall. "But for me, it's just been one long continuous day."

Toelke said authorities were still investigating the motive behind the abductions. Franklin County Prosecutor Robert Parks said more charges are likely to be filed.

"There are a lot of things we don't know right now," Toelke said.

Neighbor Rick Butler, 43, said the FBI came to his door Thursday night and showed a picture of Ben, asking if he had seen him. He said he had not. But he had seen a boy he now believes was Hornbeck.

He said he saw no evidence that the boy now believed to be Hornbeck was scared or trying to get away. He had seen Devlin and the teen pitch a tent in the courtyard.

"I didn't see or hear anything odd or unusual from the apartment," Butler said. "I just figured them for father and son."

Devlin worked at a local pizzeria and an overnight shift answering phones at a funeral home, the St. Louis Post Dispatch reported.

"He just acted like a relatively normal guy. Nothing unusual stuck out at me," his former landlord, Marvin Reid, told the newspaper.

Their Dreams Come True (SLPD)

By Kim Bell, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, January 13, 2007

UNION — Shawn Hornbeck and Ben Ownby spent an ecstatic Saturday reuniting with family and friends as authorities intensified their investigation of the pizza parlor manager accused of kidnapping the boys.

Michael J. Devlin, 41, of Kirkwood is being held in lieu of $1 million bail, facing a single Franklin County charge of abducting Ben after the 13-year-old got off a school bus near his Beaufort home six days ago. Shawn, then 11, disappeared in 2002 from his Richwoods neighborhood, in Washington County, about 30 miles from Beaufort.

Further state and federal charges are possible.

Neither Shawn nor Ben was allowed Saturday to take questions or discuss the ordeal when they appeared in separate news conferences with their families.

"I feel like I'm in a dream," said Shawn's mother, Pam Akers, who had not seen her son since Oct. 6, 2002, when he left his Washington County home to visit a friend. "Only now it's a good dream, not the nightmare I've had for the last 4½ years."

At Ben's family news conference here at the Franklin County Courthouse, his mother, Doris Ownby, was asked to describe her reunion with her son.

"I didn't say anything," she said. "I grabbed him and held him."

Shawn clutched his mother's hands and laid his head on her shoulder as he entered the gymnasium of Richwoods Elementary, his former school, Saturday where 75 friends and neighbors waited to greet him.

Now 15, Shawn is of course taller than the 11-year-old who went missing, and he sports a piercing in his lower lip.

In a statement Saturday night, Devlin's family expressed gratitude for the "professionalism" the various agencies investigating the case demonstrated Friday.

"As parents, the Devlin family along with all compassionate people have prayed for the safe return of these young men to their loved ones — and yesterday those prayers were answered," said the statement, issued by the attorneys retained by the family, Ethan Corlija and Michael Kielty of Clayton. "Just as we are relieved that both Ben and Shawn are now safe, we hope that Michael will be safe as the facts of his case are revealed."

Portrait of a suspect

As Beaufort and Richwoods came to grips with the surreal events of Friday, conflicting portraits of the man sitting in the Franklin County Jail emerged.

At the Kirkwood Imo's where Devlin was a manager, co-workers remembered him as reliable and amiable. They said he often teased them.

Devlin was viewed far differently by neighbors at the nearby apartment complex where he lived, apparently with Hornbeck.

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They said another side of Devlin surfaced in a dispute last fall over a parking place that drew the attention of Kirkwood police.

"I warned my children to stay away from him," said Krista Jones, 25, a neighbor.

Corlija said he met with Devlin Friday at the Franklin County Jail. He described him as "very calm, soft-spoken, somewhat articulate and other than that polite, very polite."

Devlin will be arraigned this week on the kidnapping charge, Corlija said.

He would not discuss reports that Devlin had confessed to police.

Neighbors described the young man living with Devlin as a slightly withdrawn teenager who favored black clothing, and enjoyed video games, bicycle trips to Wal-Mart with a friend and, lately, the company of what may have been his girlfriend. They believed he was Devlin's son.

"He seemed like a troubled teen, but he seemed normal," Jones said.

Anatomy of an arrest

The case came together Thursday night when Kirkwood police, at the apartment complex on an unrelated case, saw the white Nissan pickup believed to have been used in Ben's abduction.

After police arrested Devlin Friday morning, authorities went to the apartment. The first FBI agent to enter saw a familiar face.

FBI Special Agent Roland Corvington said Ben Ownby had one question:

"Young Ben was sitting there and looked up … and said, 'Are you going to take me home?'"

The agent turned to the other youth, who identified himself as Shawn Hornbeck.

Authorities said they don't yet know what happened in that apartment.

Franklin County Sheriff Gary Toelke and Washington County Sheriff Kevin Schroeder did not press the boys for details because they want to give them time to adjust to life with their families.

"I don't want to push it, shock him, where he feels he has to be defensive," Schroeder said of Shawn.

The sheriffs agreed they may need the help of a mental health professional in interviewing the boys.

Hornbeck's family said Saturday they want to let Shawn share details of the abduction at his own pace.

Ben and his family met with Franklin County investigators Saturday afternoon, according to an uncle, Loyd Bailie.

In the coming days and weeks, the boys and their families will be counseled by experts in the reunification of abducted children.

Being Ben

At the news conference here Saturday, Doris Ownby said she only reluctantly let Ben out of her sight since his return.

"He's Ben," she said. Her son, drawn in his father's tight embrace, smiled broadly throughout the 15-minute appearance before the media. "It's a little overwhelming for him," said Doris Ownby.

Even so, added Ben's dad, William, "You can't believe how good we're doing."

For the time being, William Ownby said, Devlin is not his family's concern.

"Our focus is on our son, we're not going to think about him," he said.

After four days spent away, his parents said Ben was happy to return to the routine of home.

When he finally broke free of his parent's embraces Friday night, Ben retreated to his room to play some of his favorite video games. It was after 1 a.m.

"Don't stay up too late," his mother said.

The first thing she did Saturday on awakening was check his room to make sure Ben was still there.

Tim Rowden, Stephen Deere, Heather Ratcliffe, Joe Mahr, Robert Patrick, Aisha Sultan and Steve Giegerich of the Post-Dispatch contributed to this report.

Missing Boys Found: Questions Accompany Elation VIDEO (KCS)

By Kevin Murphy

The Kansas City Star, January 13, 2007

DOJ_NMG_0116986

Two kidnapped Missouri boys — one held for four years, the other for four days — emerged calm and smiling before the public Saturday, but questions remained about their captivity.

Authorities were mum on what Shawn Hornbeck, 15, and Ben Ownby, 13, went through at the hands of their alleged abductor, a suburban St. Louis pizza restaurant manager who had no apparent criminal record.

The euphoria of the last two days was evident Saturday as Shawn, Ben and their parents held nationally televised news conferences to recount their dramatic reunions after police found the boys unharmed Friday in a Kirkwood apartment.

Now comes the gritty process of piecing together the details of the almost unbelievable crime that thrust Shawn and Ben into the national spotlight and will keep them there for months to come.

Troubling and potentially embarrassing questions must be asked. Psychological wounds must heal. Foremost in many minds is how an abductor could have held Shawn captive four years despite an intense search that included the placement of posters around Kirkwood.

"It's just mind-boggling that it was so easy to hide someone in plain sight," said Craig Akers, Shawn's stepfather. "It's hard to believe anyone could be that brazen."

Akers said Shawn told him Friday that he saw one poster on a bench in a neighborhood supermarket — and he didn't like the picture.

Both boys were abducted in rural areas southwest of St. Louis — Shawn on Oct. 6, 2002, in Washington County and Ben on Monday in Franklin County. Michael Devlin, 41, is being held on a kidnapping charge as the investigation continues.

"We still have quite a bit of work to do on Mr. Devlin," said Franklin County Sheriff Gary Toelke.

Police found the boys unharmed after officers spotted a pickup truck at Devlin's apartment building that matched one seen when Ben was abducted.

Pam Akers called the recovery of her son, Shawn, "a miracle."

"We have a lot of catching up do," she said. "He has grown up on me, that's for sure."

Shawn was 11 when he was abducted while riding his bike.

Craig Akers said Shawn came home Friday to find his clothes in his dresser just the way he left them four years ago.

"I guess we are going to have to get rid of those and find some new ones," Akers said.

Doris Ownby said she and her husband, William Ownby Sr., had not talked to Ben about his captivity. Ben was kidnapped after getting off his school bus, authorities said.

"We are just excited and happy to have him home," Doris Ownby said. "We grabbed him and didn't let him go."

Neither boy spoke at his family's news conference. The events were held about two hours apart Saturday morning. Each boy smiled often and hugged his parents.

Rick Butler, who lives in an apartment building next to Devlin's, told The Kansas City Star on Saturday that he often would see Devlin in the parking lot and would occasionally see Shawn. Butler said he once saw the two pitch a tent on the building's lawn. He assumed they were father and son.

"It made me think they were getting ready for a camping trip," Butler said.

Butler said that about a year ago he found a cell phone on the ground that turned out to be Devlin's. Shawn went to Butler's apartment to pick it up.

"He just came over and said thanks," Butler said. "He seemed a little nervous but didn't act like there was anything terribly wrong." Butler said he now wonders why the boy didn't say, "I'm in trouble, this guy is keeping me over there. Call for help."

Craig Akers said Shawn did not go to school during the four years he was missing. Kirkwood district spokeswoman Ginger Fletcher said that school officials had no indication that neighbors called to check on why Shawn was not in class. Fletcher said that an adult would not have needed approval to homeschool Shawn but would have had to prove he was if anyone investigated.

Authorities would not say Saturday what they knew about either boy's captivity.

Psychological experts contacted by The Star on Saturday said an abductor could use many techniques to exert control.

Grace Ketterman, a noted Kansas City psychiatrist, compared the experience to the Stockholm syndrome, a condition in which captives begin to identify with or become sympathetic to their captors.

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"When kids are abducted, they may be threatened severely," Ketterman said. "The person who kidnaps them may use brainwashing techniques. They can really convince the child he belongs to them."

The exertion of control can be so great that the child may be convinced not to talk with playmates or strangers and may even ignore his own picture on a bus-stop poster.

Ketterman said that many times the child is told that if he tries to escape, his family will be killed.

The control can be even stronger if there also is sexual abuse. Sex can be "a powerful force" over a child, she said.

Ketterman said that helping children who have lived a long time with an abductor can require intense therapy for the child and family. Parents must be patient because it can take time to rekindle family bonds and the child may have long-term trouble with self-identity.

David Barker, an Overland Park therapist, said that sometimes the child reaches a point where he feels safe with his kidnapper and won't seek help.

Barker said it will be an "emotional and difficult task to integrate the kid (Shawn) back into the family, even if that is possible." That could require therapy to help the family deal with feelings of guilt, anger, insecurity and uncertainty.

"Parents may feel guilty about letting this happen to their child. They may feel ashamed that everyone knows about it. For the kid, there may be the feeling, 'Why didn't my parents come and get me?' "

The reunion of the family can be traumatic.

Barker said that Shawn might feel the same as a soldier returning from war. The family may have adjusted to his absence.

Craig Akers said Saturday that he had not discussed the captivity with Shawn.

"That will come in due time, and when Shawn is ready to discuss it, we will," Akers said.

Devlin's family released a statement Saturday expressing their gratitude to local authorities and the FBI "for their professionalism in safely reuniting Ben Ownby and Shawn Hornbeck with their families," according to the St. Louis Post-Dispatch's Web site.

"Just as we are relieved that both Ben and Shawn are now safe, we hope that Michael will be safe as the facts of his case are revealed," said the statement, released through a law firm.

Devlin, by most accounts, seemed an unlikely suspect in a kidnapping. Besides working as an assistant manager for an Imo's Pizza restaurant near his home, he worked two late-night shifts each week taking phone calls at Bopp Chapel, a Kirkwood funeral home.

"He was prompt, well-mannered and efficient in receiving calls," the funeral home's operators said in a statement Saturday. Funeral director Matt Shockley called Devlin quiet and said Devlin never talked about his personal life.

Andrew Habben of Kirkwood said he was surprised so few people in the tight-knit community of 26,000 seemed to know Devlin or Shawn.

"It goes to show you that you never know. Everyone's got their own life," Habben said.

Devlin is scheduled to make his first court appearance this week in Franklin County on a charge of kidnapping Ben Ownby, but other charges are possible, Prosecutor Bob Parks said. Washington County, where Shawn Hornbeck's family lives, has not filed charges.

The FBI also may file charges, based on evidence recovered from Devlin's apartment, agent Roland Corvington said at a Saturday news conference.

Corvington said that when FBI agents entered Devlin's apartment Friday, Ben asked them, "Are you going to take me home?" They then asked Shawn to identify himself.

"After that, it was quite euphoric, obviously," Corvington said.

The boys' parents said Saturday that they hope their sons' safe return gives hope to the families of other kidnap victims.

"Good things can happen," Craig Akers said. "Things don't always end badly."

@ Go to KansasCity.com for video and updates in the case.

Developments

•The families went public Saturday to recount their reunions and urge loved ones of other kidnap victims not to lose hope.

•The FBI said it may file federal charges against Michael Devlin.

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•An investigation of Devlin will continue, and other state charges may be filed.

Elation Greets Recovery Of 2 Boys After Abduction (NYT)

By Malcolm Gay

The New York Times, January 13, 2007

UNION, Mo., Jan. 13 — On Thursday evening, they were captives in the same tiny two-bedroom apartment in suburban St. Louis. Abducted four years apart, William Ownby and Shawn Hornbeck were freed on Friday, and they smiled sheepishly on Saturday as their families held back-to-back news conferences to discuss their boys' astonishing rescue.

Dressed in a checked shirt, blue jeans and a pair of oval glasses, William, 13, who is known as Ben, was instructed not to speak to reporters. Looking up occasionally, Ben clung close to his family as they rejoiced at the turn of events.

"We're just ecstatic," Ben's mother, Doris Ownby, said. "We don't want to let him go out of our sight."

Sheriff Gary Toelke of Franklin County said the kidnapping suspect, Michael Devlin, 41, had confessed, but added that he could not discuss details of the investigation.

Robert Parks, the Franklin County prosecuting attorney, has charged Mr. Devlin, a pizzeria manager, with one count of first-degree kidnapping. He was being held on $1 million bond.

Emotions ran high in neighboring Washington County, where Shawn entered the balloon-festooned gymnasium at Richwoods Elementary, his old school. Wearing a blue hooded sweatshirt and sporting a shaggy head of hair and pierced lower lip, Shawn grasped his mother's hands. Also told not to speak to reporters, he laid his head on his mother's shoulder as she spoke.

"I still feel like I'm in a dream, only this time it's a good dream, not the nightmare I've had to live for the past four-and-a-half years," his mother, Pam Akers, told reporters.

Shawn's stepfather, Craig Akers, said he and his wife had been in disbelief when they were all reunited.

"There was that split second of shock," Mr. Akers said. "Once I saw the face, I said, 'Oh my God, that's my son.' "

Shawn, now 15, vanished on Oct. 6, 2002, when he was 11. His parents reported that he had last been seen wearing a Little League jersey as he rode a bicycle to a friend's house in Richwoods, Mo., a rural town about 65 miles southwest of St. Louis.

Ben, a Boy Scout and a straight-A student, disappeared on Monday afternoon after stepping off a school bus and running down a gravel road toward home in the rural town of Beaufort, Mo., about 60 miles west of St. Louis.

Ben's disappearance prompted an intense search of hilly Franklin County. Investigators said they had been following about 500 leads in the case, though they had focused on a tip from one of Ben's friends who had reported seeing a dilapidated white pickup with a camper shell speeding away from the place where Ben disappeared.

"Basically, that's all we had," Sheriff Toelke said.

Investigators got a break on Thursday when Kirkwood police officers, Gary Wagster and Chris Nelson, arrived at Mr. Devlin's apartment complex in suburban St. Louis. They were serving a warrant in an unrelated case but noticed a small white truck matching the description of the one in the Ownby investigation.

After questioning Mr. Devlin at the pizzeria, officers searched his ground-floor apartment on Friday.

Sheriff Toelke said Shawn identified himself to officers as having been missing for four-and-a-half-years when they entered the home.

Roland Corvington, special agent for the Federal Bureau of Investigation, told reporters that when officers entered the apartment, Ben asked: "Are you going to take me home?"

The boys had no visible injuries. Ben's parents said that on Friday night he was eager to play video games and go to bed.

Mr. Devlin, who managed an Imo's Pizza in Kirkwood, also worked part-time answering phones overnight at Bopp Chapel funeral home there.

"He was prompt, well-mannered and very efficient," Jim Moyers, a funeral director at Bopp Chapel, said in a statement.

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Neighbors who lived across from Mr. Devlin's run-down red brick apartment were less generous. They described Mr. Devlin as an immense, bearded man with wire-rimmed glasses who kept to himself. They said that he did not appear to have been keeping secrets, but that he was combative and antisocial.

One neighbor, Mario Emanuel, 29, said that about three months ago Mr. Devlin called the police on a visitor who took his parking space.

Referring to Shawn, Mr. Emanuel, an installation technician for DirecTV, said, "When the police came, they talked to Devlin and the son — who turned out not to be the son — they talked to the police. If they would have investigated across the board, they would have had him."

Tom Ballman, a Kirkwood police officer, confirmed that Mr. Devlin had summoned the police to the apartment complex, a two-story working-class enclave in the otherwise well-to-do suburb.

Another neighbor said her husband had also had tense encounters with Mr. Devlin over the space.

"The parking spot thing was weird," the neighbor, Krista Jones, said. "He woke us up one night because he was honking in the parking lot at like 2 o'clock in the morning. Someone had parked in his space."

"My husband almost beat him up," she added.

Ms. Jones said that Mr. Devlin kept the blinds drawn, though she would occasionally see Shawn riding his bike in the evening and that the boy was occasionally visited by what appeared to be a friend and a girlfriend.

A check of Mr. Devlin's name with the Missouri Highway Patrol's sex-offender registry turned up nothing. And a search of Missouri court records revealed no criminal history.

Mr. Parks declined to divulge information about how the boys had spent their time in captivity, but added that more charges were likely to come. "It's my hope that he never sees the outside of jail in his natural life," Mr. Parks said.

Mr. Corvington of the F.B.I. said his agency was also looking into federal charges.

For the time being, though, the families said they were more interested in reconnecting with their rescued sons than worrying about Mr. Devlin's fate.

"We've got a lot of catching up to do," said a tearful Pam Akers, marveling at her teenage son's growth. "He's grown up on me, that's for sure."

Case Of Missing Boys Stands Out (USAT/AP)

USA Today, January 13, 2007

KIRKWOOD, Mo. (AP) — For more than four years, Shawn Hornbeck seemed to have had every chance to escape, left alone for hours to ride his bike, play video games and walk past missing-child posters showing his own age-progressed image.

But mental health experts say this troubling case is hardly so simple, and that Hornbeck was likely kept mentally shackled by terror and domination from the man accused of kidnapping him, 41-year-old Michael Devlin.

"I think it's a real mistake to judge this child. Whatever he did to this point to stay alive is to his credit," said Terri Weaver, an associate psychology professor at Saint Louis University.

Weaver, an expert on post traumatic stress disorder, said children in such situations kick into survival mode, "doing what needs to be done to keep yourself going day-to-day."

Devlin, a 300-pound pizza parlor manager, is accused of abducting Hornbeck four years ago when the slight boy, taken as he was riding his bike, was just 11. Now a gangly 15-year-old with floppy hair and a pierced lip, he was found by surprise Friday when police acting on a tip went to Devlin's modest-two-bedroom apartment in this St. Louis suburb to rescue 13-year-old Ben Ownby, who had been snatched four days earlier on his way home from school.

Now investigators are piecing together the details of Hornbeck's captivity and Ownby's abduction, trying to discover how the boys could have been kept captive in an apartment where neighbors often heard banging, shouting and arguing.

VIDEO: Ownby family ecstatic Ben's home

Internet profiles posted as far back as two years ago that were created using pictures of Hornbeck emerged over the weekend when a blog mentioned them. A Kirkwood detective said Sunday that he had heard about the profiles but didn't know what role they might be playing in the investigation.

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A Yahoo user homepage belonging to "xxdevildevlinxx" was created in April 2004 and shows a partial picture of a boy, strongly resembling recent photos of Hornbeck, with an eyebrow piercing. On Saturday, the boy had a lip ring and three ear piercings.

Another Yahoo profile using the same picture is registered to an "mdevlin" in Kirkwood, Mo.

A separate profile was taken out under the name Shawn Devlin in November 2005, according to the Yahoo page. It contains a full picture of a young boy similar to pictures of Hornbeck; the page says the user lives in Kirkwood, Mo.

A website called the True Crime Blog mentioned the pages this weekend.

Residents in Hornbeck's hometown of Richwoods were shocked the boy could have so much contact with the outside world but remain at his captor's side — refusing to flee even as Devlin worked two jobs that forced him to leave Hornbeck and, later, Ownby, alone.

Weaver said repeated contact with outsiders can actually reinforce an abducted child's sense of helplessness.

"Over time, your safety has been threatened. You are a child. You may have been traumatized in other ways. You may feel helpless to reach out to other people," she said.

The case is reminiscent of the Elizabeth Smart kidnapping. The Salt Lake City teen was taken for nine months by a religious zealot and passed up several chances to escape.

Stephen Golding, a forensic psychologist who examined the suspect in the Smart case, said captors often establish control over their victims through fear.

"People are led to believe, through someone taking advantage of their vulnerabilities, that leaving is not an option, that things will get worse for them or will get worse for others," Golding said.

Neighbors describe Devlin as a loner with a quick temper. He obsessed over a reserved parking space at his apartment complex.

Rob Bushelle, who lives in Devlin's complex, said he made that mistake last fall. Devlin arrived in his white pickup with an adolescent boy in his passenger seat, whom Bushelle now recognizes as Hornbeck. Devlin became furious and began shouting at Bushelle, demanding he move. Bushelle refused, and Devlin called police.

While Devlin spoke with officers, Hornbeck got out of Devlin's truck and walked into the building, Bushelle said.

Devlin was raised in the St. Louis suburb of Webster Groves. His family released a statement Saturday praising law enforcement agencies for returning Ownby and Hornbeck to their families. Devlin's relatives said they prayed for Ownby's safe return when they learned last week he was kidnapped, and said "the past few days have been incredibly difficult.

"Just as we are relieved that both Ben and Shawn are now safe, we hope that Michael will be safe as the facts of his case are revealed."

Devlin's childhood neighbors told the St. Louis Post-Dispatch that Devlin was adopted and one of six children.

Sarah Sullivan described him as a quiet child in an otherwise outgoing family. He was always big for his age and avoided sports. He had a hot temper and spent a lot of time in his room, she said.

Devlin got a job at Imo's Pizza when he was in high school. He never left the pizza parlor over the years. He has no apparent criminal past, except for a pair of traffic fines, officials said.

"He's smarter than most people, so he liked to be a smart aleck," co-worker Gus Nanos told the newspaper.

"In his calmer moments, he would be an incredibly nice and thoughtful person," Nanos said.

Co-workers noticed that Devlin became more withdrawn in 2002, the year Hornbeck was abducted. That was also the year Devlin, a diabetic, had a toe amputated.

"He went from being such a teaser to a much quieter person. I felt like he had been humbled by all of his health problems," Nanos said.

Devlin was being held Sunday in the Franklin County jail in lieu of $1 million bail and is charged with first-degree kidnapping.

It was unclear Sunday whether Devlin had a lawyer. Jail officials would not comment, and the county public defender's office was closed.

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Police say Devlin drove his pickup to Beaufort, Mo., Monday and kidnapped Ownby. A witness spotted his truck and its description was broadcast in an Amber Alert.

Kirkwood police officers Gary Wagster and Chris Nelson spotted the truck Thursday night outside Devlin's apartment.

"Are you seeing what I'm seeing?" Wagster asked Nelson, according to the Post-Dispatch.

A neighbor said the truck belonged to Devlin, and the officers saw him leave his apartment to empty his trash into a trash bin. They questioned Devlin in the parking lot, and he was friendly and cooperative.

Devlin's demeanor quickly changed when the officers started asking him specific questions, Wagster said. He became agitated and defensive.

"It was a total 180 degrees from where he was," Wagster said.

The Kirkwood officers remained outside the apartment all night, and watched as Devlin left the apartment in the morning.

FBI agents and Franklin County sheriff's deputies arrested Devlin at his job the next day, Wagster said.

A law enforcement official familiar with the investigation said that FBI agents went to Imo's Pizza, where Devlin was a manager, and that the suspect revealed details giving agents probable cause to arrest him and search his apartment. They then found the boys, said the source, who refused to be identified because he was unauthorized to speak publicly about the case.

The families of both boys have refused to comment beyond a pair of news conferences they held Saturday, during which the boys were told not to talk to reporters. Lawyers for the families did not answer phone calls to their offices Sunday.

Associated Press writers Betsy Taylor and Cheryl Wittenauer in St. Louis contributed to this report.

2 Missing Boys Are Found Near St. Louis (NYT)

By Patrick Mcgeehan

The New York Times, January 13, 2007

When the police entered an apartment near St. Louis yesterday looking for a 13-year-old boy who had disappeared 60 miles away on Monday, they found him and a bonus: another Missouri teenager who had been missing for more than four years.

Officers found William Ownby, who vanished after stepping off a school bus in Beaufort on Monday afternoon, and Shawn Hornbeck, a 15-year-old who was last seen riding a bicycle near his home in Richwoods in October 2002, inside the rental apartment, in Kirkwood, Mo.

Sheriff Gary Toelke of Franklin County told reporters that both boys appeared dazed but unharmed.

Officers arrested Michael Devlin, 41, who lived in the apartment, and charged him with one count of first-degree kidnapping. Mr. Devlin was being held on $1 million bond.

Robert Parks, the prosecuting attorney of Franklin County, told reporters that Mr. Devlin had confessed to the crime and added that more charges were likely to be filed in the case.

Sheriff Toelke said officers were questioning Mr. Devlin, who worked as a pizza-delivery dispatcher and on the overnight shift in a funeral home, to try to determine a motive behind the abductions. Mr. Devlin's name was not found in a check of the Missouri Highway Patrol's registry of sex offenders. Similarly, a search of Missouri court records revealed no criminal history.

In Beaufort, family and friends of William, a Boy Scout known as Ben, had been conducting a full-scale search yesterday for the boy. He was last seen dashing home from the school bus on Monday. A schoolmate told the authorities that he saw a dilapidated white pickup truck with a camper shell speeding away from the spot.

An intense hunt ensued in rural Franklin County. Members of the Ownby family appeared on television to make tearful appeals for the boy's return. Community members plastered fliers throughout the area and ventured out on foot, horseback and all-terrain vehicles looking for clues.

The break in the case came Thursday evening when two Kirkwood police officers, out to serve a warrant at the apartment complex where Mr. Devlin lived, spotted a white truck that matched the description, Sheriff Toelke said. The blocklong single-story complex is just off Interstate 44 near a collection of industrial buildings.

The Kirkwood police contacted the Franklin County Sheriff's Department, located Mr. Devlin's address and returned the next day to find Ben and, to their surprise, Shawn Hornbeck, in the apartment, he said.

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Sheriff Toelke said that Shawn identified himself to officers when they entered the home. He had disappeared on Oct. 6, 2002, when he was 11. His parents had reported him missing after he rode to a friend's house on a lime-green mountain bike wearing a Little League jersey but never arrived.

Ben, who was wearing a red shirt and jeans yesterday, appeared somewhat dazed when he was reunited with his family around 5 p.m. at the sheriff's office, Sheriff Toelke said. He added that Shawn's parents were coming to meet their son at the same location.

"There are a lot of things we don't know right now," he said.

At Imo's Pizza in Kirkwood, where Mr. Devlin worked, a manager declined to comment. At the Bopp Chapel, where he worked the overnight shift, Susan Waterman, a funeral director, declined to comment on the situation, saying the chapel would release a statement today.

Boy Had Web Access, Apparent Profiles (NSDY/AP)

By Jim Salter, Associated Press Writer

Long Island Newsday, January 13, 2007

KIRKWOOD, Mo. -- Internet postings and online profiles overlooked during teenager Shawn Hornbeck's four years in captivity may become clues now that he's free.

While his alleged kidnapper was at work, Shawn or someone pretending to be him put photos of him online and posted a chilling message on a site created by his desperate parents: "How long are you planning to look for your son?"

The postings, along with others, came to light after Shawn's rescue from an apartment in Kirkwood last week. Since then, Web users have discovered a profile at mindviz.com, and online comments have flooded in.

"Welcome home Shawn," wrote one of the nearly 40,000 visitors to Shawn's site on Monday. "I have prayed for you and I know many others have as well. Glad you are safe and healthy."

Investigators would not comment on the postings, and it was not immediately known if they were, in fact, created by Shawn or by someone else. Either way, they add to the long list of clues that no one seemed to pick up on during the 4 1/2 years that the boy was missing.

Shawn, now 15, was 11 when he was kidnapped in 2002 while riding his bike near his rural home. Astonished police found him Friday in a suburban St. Louis apartment where they also discovered 13-year-old Ben Ownby, who had been missing for four days.

Their alleged abductor, Michael Devlin, a 41-year-old pizza shop employee who also held a job answering telephones at night at a funeral home, was jailed on $1 million bail. So far, he is charged in the kidnapping of Ben, but authorities expect to charge him with abducting Shawn.

Neither boy has spoken publicly about what happened, but in an interview with the Ownby family to be broadcast Tuesday on NBC's "Today" show, Ben thanked a classmate who gave police the tip they needed to find him, the description of a white pickup truck.

"Thank you for being such a great big help in this entire thing," Ben said.

Investigators have given no motive for the crime and no details on what the boys went through. Officials said Devlin did not appear to have a criminal record. Devlin's attorney, Michael Kielty, said he has not seen any evidence and will enter a not guilty plea at an arraignment later this week.

Many mysteries remain about Shawn. He appeared to have ample opportunity to flee or call for help. Devlin's two jobs often took him away from the modest two-bedroom apartment they shared, which had a landline phone and a cell phone, as well as a computer.

A series of Web postings, some under the name "Shawn Devlin," have raised questions about whether he was trying to send clues about his real identity.

At 1:59 a.m. on Dec. 1, 2005, a "Shawn Devlin" asked in a forum on the Shawn Hornbeck Foundation Web site: "How long are you planing (sic) to look for your son?" Shawn's parents, Craig and Pam Akers, started the foundation to help find their son and other missing youngsters.

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Later that same day, at 2:56 p.m., Shawn Devlin wrote to ask if he could compose a poem for the family. The poem never appeared in future postings.

Other Web profiles also appeared to be of Shawn, including the profile on mindviz.com, which described "Shawn" as a single atheist with a pet cat living in Kirkwood.

Dr. Juliet Francis, a clinical psychologist and consultant for the National Center For Missing and Exploited Children, said it is not unusual for a bond to develop between an abductor and the child.

"It developed when someone feels that their life is being threatened, but they aren't killed," she said.

Some neighbors said they never saw Shawn with books or a backpack. Neighbor Krista Jones, a stay-at-home mom, noticed Shawn wearing black clothes and piercings in his ear and lip. She said she figured he was either a dropout or attended an alternative school.

Larry Douglas said his younger brother, Tony, and Shawn were best friends and often went skateboarding and biking. He said Tony had no idea of Shawn's real identity. Larry Douglas said his family was not allowing his brother to speak to reporters.

Before Tony Douglas' family made him unavailable to the media, he told Fox News that on three occasions, police stopped the two for being out beyond curfew. Officers gave the boys a lift home, unaware of Shawn's real identity, Tony said.

Tony sometimes spent the night at Shawn's apartment, but rarely spoke with Devlin. Larry Douglas said his brother saw no indication of abuse, or clues that Shawn was a captive.

"He just hopes to see his friend again," Douglas said. "He's happy for Shawn."

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Associated Press writers Cheryl Wittenauer and Jim Suhr in St. Louis and Heather Hollingsworth in Kansas City contributed to this report.

Officials Are Mum, Move Methodically To Seek Answers (SLPD)

By Jeremy Kohler And Aisha Sultan, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, January 13, 2007

Klm Evans, owner and operator of Bardenheier Wine Cellars in Richwoods, talks with Shawn Hornbeck's grandmother Sunday at the restaurant. Evans has taken on the unofficial role of media organizer and family go-between for the Akers family.

(Jerry Naunheim Jr./P-D)

With Shawn Hornbeck and Ben Ownby safe at home with their families, authorities on Sunday turned to their next most pressing task — getting some answers.

Exactly how did the two teens end up in the Kirkwood apartment of pizzeria manager Michael J. Devlin?

What were his intentions for them? Did he harm them? And why did Shawn stay with him for 4 1/2 years, apparently posing as his son, while his real family pleaded for his return?

Investigators interviewed both boys Saturday, but the public will have to wait for any insight into the ordeals they faced. Franklin County Sheriff Gary Toelke said Sunday that he could not disclose anything that was discussed.

Devlin remained at the Franklin County Jail in lieu of $1 million bail on a charge of kidnapping Ben. Authorities said they expect to set an arraignment on Tuesday.

Washington County Sheriff Kevin Schroeder said he expected criminal charges to be filed Wednesday or Thursday in Shawn's case.

"We're plotting our course, taking our time, formulating the right questions," he said.

This morning, the uncle of a 13-year-old boy rescued four days after he was snatched on his way home from school said on Monday that no one is pushing the boy to talk about his ordeal.

Ownby's uncle told CBS' "Early Show" today that the boy was talking only with FBI counselors.

"No one's pushing him at this point to answer these questions," said the uncle, Loyd Bailie. "The biggest concern right now is all of the media coverage ... that somebody's going to ask the wrong question." But Bailie added, "At this point, everyone has been very respectful of Ben and his family."

Kidnapping Suspect's Co-Workers Stunned (NYT)

By Susan Saulny

The New York Times, January 16, 2007

KIRKWOOD, Mo., Jan. 15 — Behind the counter at Imo's, a pizzeria on one of the main strips in this affluent suburb southwest of St. Louis, the cooks and cleaners have a penchant for joking around. So when they realized that a kidnapping suspect in the area had a vehicle that matched the description of the manager's white pickup truck, they had a few rounds of fun with it.

"The guys noticed the similarities immediately," Mike Prosperi, Imo's owner, said Monday. "People were joking about it because no one thought it could possibly be him. He was just too nice a guy."

Everybody had a good laugh except the manager himself, Michael Devlin, 41, who was later apprehended near the kitchen where he had worked, by all accounts, as a model employee since age 15. Mr. Devlin was arrested Friday and charged with one count of kidnapping; he is being held on $1 million bail. The authorities said that he had confessed, and that more charges were likely.

The police had spotted the white truck outside Mr. Devlin's apartment, and inside the apartment on Friday, officers found a 13-year-old boy, William Ownby, known as Ben, who had disappeared just days earlier, and, even more to their surprise, a 15-year-old boy, Shawn Hornbeck, who had been missing for more than four years from his home in a rural town about 60 miles from Kirkwood. Both boys had no visible injuries and have been reunited with their parents in what some are calling the Missouri Miracle.

Mr. Devlin, not known as one to take vacation or sick days, had been at work on Thursday and Friday, not watching over either boy. He even mentioned to Mr. Prosperi that the authorities were bothering him, snooping around his apartment building.

Mr. Prosperi said he told Mr. Devlin on Friday morning that he should cooperate, as there must have been some sort of mix-up. But things changed as soon as the Federal Bureau of Investigation showed up to take Mr. Devlin away.

"The situation looks pretty grave," Mr. Prosperi said.

In minutes, Mr. Devlin went from unassuming and good-natured pizza cook to accused mastermind child abductor — and the people who were most surprised were among those who knew him best. "Everything is so shocking because it's completely out of character," Mr. Prosperi said. "I still can't believe I'm sitting here talking about this."

But perhaps what has confounded people around here most is how Mr. Devlin managed to keep the older of the boys, Shawn, under his control. Neighbors who knew the two said it appeared that Shawn had a considerable amount of freedom.

He was often seen playing with a close friend in the courtyard of the apartment. He seemed to love bikes, skateboarding and computer games. Some neighbors assumed he was a dropout. They thought nothing of his being around all day, not in school.

And, they said, Mr. Devlin certainly did not behave like a man in hiding. He called the police a few months ago to report someone who had parked in his assigned spot. He was known as a stickler for the rules.

"We've always known him as the dad," said Mario Emanuel, a neighbor. "That's how they walked; that's how they talked. The kid even used his truck every once in a while."

"Shawn was out every day in the evening riding his bike," Mr. Emanuel added. "He seemed like a cool kid."

No one knows why Shawn did not use the truck or his bike to leave, but it is the question that everyone wants answered. He may have had access to a cellphone. The Associated Press reported that a neighbor found a cellphone outside the apartment last fall and when he dialed the number on it, Shawn came to retrieve it.

Shawn may even have had Internet access. Someone calling himself Shawn Devlin posted a guestbook entry on Dec. 1 to a Web site run by Shawn Hornbeck's parents that asked, "How long are you planning to look for your son?"

Within minutes there was another message: "Hey sorry about that last thing I put on there. I write poems and I was wondering if it would be O.K. to write a poem for the Hornbeck family."

The messages have not been verified as authentic, however, and the F.B.I., which had been assisting with the search for Shawn for years, would not comment on them.

"There's a lot of work still to be done and a lot of questions to be answered," said Peter Krusing, the spokesman for the F.B.I. in the bureau's St. Louis field office.

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Law enforcement officials have released few details. The boys' parents did not return calls for comment, nor did the local prosecutor. Mr. Devlin could be arraigned on the kidnapping charge, which involves only the younger boy at this point, as early as Tuesday. Detective Michael Bales of the Kirkwood Police Department said officers had been summoned to Mr. Devlin's apartment complex once or twice a month — occasionally at Mr. Devlin's request.

"He was kind of a nondescript guy," said Detective Bales, who often went to Imo's for pizza. "This is a small community. You see the same people over and over. He was one of them. He was kind of a fixture."

The squat, two-story apartment complex has become a local attraction, with cars approaching slowly so passengers can get a glimpse and take pictures.

People have also taken out some of their anger on Imo's and Mr. Prosperi. "This morning when I came in people tried to throw rocks through the front window," he said. "Friday night I got calls saying: 'Why on earth didn't you do a background check? You hired a sex predator.' "

Mr. Prosperi continued: "Mike had no history. No history of this sort of thing at all."

EXCLUSIVE: Indictment Changes In Bakersfield Military Secrets Case (BFLDC)

By Jessica Logan, Californian staff writer

The Bakersfield Californian, January 13, 2007

A Bakersfield business owner gave military secrets and equipment to Yemen as an agent of that country, a new indictment filed by the United States Attorney's Office alleges.

Amen Ahmed Ali, 56, of Bakersfield was escorted to vehicles by law enforcement officials from the District Attorney's building on 18th Street in Bakersfield last August after appearing before U.S. Magistrate Theresa Goldner.

Amen Ahmed Ali purchased what he believed were secret U.S. government documents and military equipment and shipped them to Yemen as an agent of the Yemeni government from 2005 to 2006, according to the indictment filed Thursday.

Ali was previously charged with buying and transporting military secrets and documents to Yemen, but he was not previously charged with doing so on behalf of the Yemeni government, said Assistant U.S. Attorney Carl Faller.

Under the new indictment, Ali is charged with conspiracy to act as an agent of a foreign government, unlawful export of defense articles and possession of stolen government property, attempted unlawful export of defense articles, conspiracy to gather, possess and transmit defense information and gathering defense information.

The new charges ratchet up the number of years Ali faces in prison from 30 to 45.

Ali's attorney, David Torres, said the new charges are not true. They were filed to block Ali's release from custody as he awaits trial, Torres said. The attorney cobbled together more than $1 million in assets to secure Ali's return to court if the judge releases him; Torres will make a request to release him Tuesday.

Faller said this is not true. He said further investigation since Ali's September arrest gave rise to the new charges.

The U.S. Attorney's office has since learned that Ali organized a Bakersfield branch of a Yemeni government-run organization known as the National Association of Yemeni Immigrants after being a member and at times the president of the Delano branch, according to the new indictment.

He received instructions from the Yemeni government from as far back as 1987, according to the indictment.

Since then, Ali acted as an agent of the Yemeni government when he directed the divorce of two other people in 2000 and ordered the arrest of another individual in 2002 when that person returned to Yemen, the indictment alleges.

Ali's friend Hifthallah Alrowhany said Faller has mischaracterized Ali and the National Association of Yemeni Immigrants.

"We know this man forever," Alrowhany said. "He is a family man."

He said Ali would never have reason to hurt the U.S. government.

Alrowhany also said the association is not run by Yemen. Rather it helps immigrants who have difficulty with the Yemeni government.

"We (in the Yemeni community) have disputes and the association acts as a mediator," said Alrowhany, who is also a member of the association.

Faller believes Ali and others helped to transport and sell the U.S. military goods. Ibrahim A. Omer is indicted with transporting these goods and Mohamed al-Rahimi is indicted with conspiracy to possess stolen government property. Their charges have not changed.

Omer faces 15 years in prison and is out of custody on bail.

Al-Rahimi faces five years in prison, but the government has been unable to find him.

Authorities launched an investigation into Ali after a U.S. Customs officer discovered boxes addressed to Yemen full of bullet-proof vests, chemical protective suits and U.S. military equipment in 2003, according to the U.S. Attorney's Office.

The federal government never found out who supplied Ali with the goods, but sent an undercover agent in 2004 to offer Ali stolen military property.

Through this connection, Ali acquired what he believed were stolen military secrets and tried to ship them to Yemen. He also bought and ordered the shipment of military laptop computers, night vision goggles and ballistic vests to Yemen, according to the indictment.

Then, al-Rahimi allegedly flew to Yemen to sell property in late 2005. Al-Rahimi called Ali from Yemen to discuss the sale and Ali faxed a sheet with prices for the military equipment to Yemen in early 2006, according to the indictment.

Ali and Omer are expected to return to federal court in Fresno Tuesday to discuss the new indictment, Ali's bail and other issues.

Bakersfield Man Accused Of Being Yemeni Secret Agent (SDUT/AP)

Associated Press

The San Diego Union-Tribune, January 13, 2007

BAKERSFIELD – A Bakersfield man acted as a Yemeni spy when he shipped what he believed were secret U.S. military secrets and equipment to Yemen, an indictment filed by the United States Attorney's Office states.

Amen Ahmed Ali, Bakersfield businessman, purchased what he believed were secret documents and military equipment and shipped them to Yemen from 2005 to 2006, according to the indictment filed Thursday.

Assistant U.S. Attorney Carl Faller said Ali was charged previously with buying and transporting military secrets and documents to Yemen, but that the new charges state he was doing so on behalf of the Yemeni government.

The new indictment charges Ali with conspiracy to act as an agent of a foreign government, unlawful export of defense articles and possession of stolen government property, among other charges.

Ali faces a possible 30 t0 45 years in prison if convicted of all counts.

Ali's attorney, David Torres, disputed the new charges and said they were filed to block Ali's release from custody as he awaits trial.

The U.S. Attorney's Office launched an investigation into Ali after a U.S. Customs officer discovered boxes addressed to Yemen full of bulletproof vests, chemical protective suits and U.S. military equipment in 2003.

Amateur Sleuthing Lands Grisham In Real-Life Court (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, January 13, 2007

He's a lawyer. He's a best-selling author. Now he's The Client.

The Virginia Supreme Court ruled yesterday that John Grisham must face a jury for his actions in a real-life whodunit.

Grisham, author of "The Pelican Brief," "The Firm" and "The Runaway Jury," among other bestsellers, lives outside Charlottesville. His son attended the private St. Anne's-Belfield School, where he played baseball for Alan Swanson, the head coach. Grisham and Swanson became friends, according to court papers, and Grisham is on the school's board of trustees.

In 1996, Swanson's wife, Donna Swanson, began receiving harassing anonymous letters, which included allegations that her husband was cheating on her, according to the ruling. Grisham also received an anonymous letter.

In 1998, according to a lawsuit, "Grisham was intrigued by the idea of trying to 'get to the bottom' of who was writing them, and he decided to play amateur detective."

Grisham and the Swansons targeted another St. Anne's parent, Katharine Almy of Charlottesville, who has three children.

Grisham and the Swansons took the letters to a handwriting expert, who told them that he needed more samples.

Both sides agree that Grisham and Alan Swanson then obtained enrollment and medical release forms from the school filled out by Almy and stamped "strictly confidential." They provided the forms to the handwriting expert, who issued a report saying the letters "possibly" were written by Almy, the lawsuit states.

Grisham provided the expert's report and the letters to the Albemarle County police, and a detective visited Almy. The lawsuit states that she was horrified that she was being investigated and repeatedly denied writing the letters. The detective reportedly told her to stop writing the letters. The lawsuit says that Almy provided handwriting samples to another examiner, who cleared her, and that she passed a polygraph test.

But Almy alleges that she was devastated by the accusations and the investigation. And when she later found out that forms had been taken from school for use in the investigation, she was further humiliated.

Almy was on the board of directors of a support group for victims of domestic abuse, the lawsuit says, and led weekly meetings and coordinated services for victims.

In 2000, even as the letters kept coming, Almy sued Grisham and the Swansons for intentional infliction of emotional distress. She withdrew the suit in 2003 but refiled it in 2004. A year later, Albemarle County Circuit Court Judge William R. Shelton threw it out, saying the case had no merit.

Almy appealed. And yesterday, in an opinion written by Justice Barbara Milano Keenan, the high court ruled that Shelton was wrong for judging the case on its merits. The defense motion to dismiss the case should have been evaluated strictly on whether Almy had enough legal basis to get the case to trial, Keenan wrote, determining that Almy's claims of severe distress and depression were sufficient.

No one answered the phone at Grisham's home yesterday. His attorney, Thomas Albro, said the author "had no intention of causing this woman any emotional distress or harm. It is clear from the evidence . . . that everything he did was in good faith and was designed to find out who was sending the harassing letters." The Swansons' attorney did not return a call.

Bernard J. DiMuro, Almy's attorney, said that the story "could have come directly out of one of Mr. Grisham's novels" and that Almy "became the victim and wrongful target of a Barney Fife-style investigation instigated by Mr. Grisham and the Swansons that tarnished her reputation in the community while inflicting severe emotional distress."

The cliffhanger? The author of the letters. That remains a mystery.

Emotions Run High As Journalist's Assailant Gets 65-Year-Term (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 13, 2007

The man convicted of delivering the blow last year that killed New York Times journalist David E. Rosenbaum was sentenced yesterday to spend what will almost certainly be the rest of his life behind bars.

Convicted last fall in D.C. Superior Court of first-degree murder, Percey Jordan, 43, was sentenced to 65 years in prison.

The punishment was handed down yesterday morning in an emotion-filled courtroom, with a prosecutor telling the judge that he should take away Jordan's "hope," a defense attorney asking for a measure of mercy and a grieving family grasping for justice.

"I can't imagine a punishment that would fit this crime," said a shaken Daniel Rosenbaum, the victim's son.

He was speaking to Judge Erik P. Christian but staring at Jordan, a few feet away. Rosenbaum's hands were trembling, and as he started to walk back to his seat, he paused for a moment and looked at Jordan, whose face betrayed little.

Christian, who presided over Jordan's trial in October, said he hoped that during his imprisonment Jordan would eventually acknowledge what he had done.

Last week, Jordan's cousin, Michael C. Hamlin, 24, pleaded guilty to his part in the robbery and was sentenced to 26 years. As part of his plea agreement, Hamlin testified against Jordan.

Despite the prospect of such testimony, Jordan had chosen to go to trial. On Oct. 24, he was convicted of first-degree murder, conspiracy to commit robbery and robbery of a senior citizen.

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Rosenbaum, 63, died Jan. 8, 2006, two days after he was robbed and beaten on Gramercy Street NW while taking an after-dinner walk in his neighborhood. The random attack soon evolved into a scandal as investigators uncovered a string of errors concerning the emergency medical care provided to Rosenbaum at the scene, in the ambulance and at Howard University Hospital, where he died.

Jordan told the judge that he had nothing to say. Standing next to him was his attorney, Michael Starr, who said that Jordan plans to appeal his conviction and had been advised not to comment.

With his client facing a mandatory minimum of 30 years, Starr could only urge the judge to impose a penalty less than life without possibility of release, available as a sentence because Jordan was found to have murdered a vulnerable person.

Starr argued that no one had claimed that Jordan intended to murder Rosenbaum or anyone else. Although that did not make the Rosenbaums' loss less painful, Starr said, it distinguished the death from a premeditated killing.

Jordan and Hamlin were charged within days of the attack. Each surrendered separately after surveillance footage showing them using stolen credit cards was broadcast on local television stations.

The attack on Rosenbaum was far from the first robbery they had committed, according to prosecutors. In a sentencing memorandum to the court, Assistant U.S. Attorney Amanda Haines said Hamlin testified before a grand jury that he and Jordan had carried out numerous crimes over a period of many months: an ATM holdup in Takoma Park, several supermarket purse-snatchings in Maryland and Virginia, and spraying a man with Mace during a robbery in Silver Spring.

They also noted the November 2005 beating and robbery of a retired police officer in Southeast Washington. Only after Rosenbaum's death was Jordan linked to that crime, which D.C. police detectives had not fully investigated.

"If they had done that, this all wouldn't have happened," the retired officer, James Rose, said after attending Jordan's sentencing.

Second Man Sentenced In Killing Of Ex-Reporter (NYT)

By Sarah Abruzzese

The New York Times, January 13, 2007

The second of two men convicted in the killing of a retired reporter for The New York Times was sentenced to 65 years in prison. The man, Percey Jordan Jr., 43, was convicted of first-degree murder in October. He faced a maximum of life without the possibility of parole for the attack on the reporter, David E. Rosenbaum, last January. Mr. Jordan's cousin Michael C. Hamlin, who was sentenced to 26 years for his role in the death, testified that Mr. Jordan had struck the former reporter over the head with a pipe while he took his wallet. Last week, Mr. Hamlin was sentenced after pleading guilty late last year to second-degree murder.

Recording Industry Wins Judgment In Piracy Case (AP)

By The Associated Press

AP, January 13, 2007

WHITE PLAINS, Jan. 12 (AP) — Less than a month after the recording industry dropped a music piracy case against a well-known opponent, it has won a default judgment against her 20-year-old daughter.

Judge Stephen C. Robinson of United States District Court ordered the daughter, Michelle Santangelo, to pay $750 for each of the 41 songs she is accused of downloading illegally — a total of $30,750 — because she failed to respond to the record companies' claims.

It was not clear whether the default judgment would end the case. Under federal rules, such judgments are often later set aside so lawsuits can be decided on their merits.

Ms. Santangelo's lawyer, Jordan Glass, said he was not permitted to comment on the judgment, which was returned on Wednesday. He would not elaborate.

Jenni R. Engebretsen, a spokeswoman for the Recording Industry Association of America, which is coordinating the thousands of piracy suits filed by the record companies, also declined to comment.

Michelle Santangelo is the oldest of five children of Patricia Santangelo, who became a defendant in the battle against illegal downloading. When the elder Ms. Santangelo, 42, of Wappingers Falls, N.Y., was sued in 2005 by five record companies,

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she said she had never downloaded music. If her children did, she said, the file-sharing programs, not the parents, should be blamed.

Ms. Santangelo refused to settle with the record companies and took her case to newspapers and national television. She became a heroine to defenders of Internet freedom, who helped raise money for her defense.

When the case against her was dropped, the record companies said they would pursue the case against her daughter and her son, Robert, 16. No default judgment was filed against Robert.

The recording industry has filed more than 18,000 piracy lawsuits in federal courts, many against minors, and thousands have been settled with payments to the record companies.

FBI Log: Troutman Raids Turned Up 'Suspect' Drugs, Gun (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, January 13, 2007

Federal documents made public Friday show the scope of the investigation into Chicago Ald. Arenda Troutman and indicate the FBI may not be done looking into her connections to street gangs.

Evidence logs from searches of Troutman's home and office on Monday also show that agents allegedly found suspected drugs, drug paraphernalia and a handgun.

Earlier this week, authorities charged Troutman with accepting a bribe to smooth the way for a mixed-use development on the South Side. Troutman has denied the accusations.

The documents show some of the suspected drugs were recovered in Troutman's home in the 6500 block of South Kimbark Avenue, where the revolver also was found. A "white powdery substance in Ziploc plastic bag" was found in her office at 5958 S. State St., the documents state, noting it was found in a desk drawer.

FBI spokesman Ross Rice said laboratory testing of the substances was not complete.

Troutman's lawyer, Sam Adam Jr., said he believes that testing will show the powder was a vitamin supplement.

"Anybody who knows anything about Arenda Troutman can tell you she is a health freak," Adam said. "She hasn't eaten meat in years; she's a vegetarian.

"Arenda Troutman does not do drugs," he said. "We need to wait until these lab tests come back and see what we're talking about here."

Troutman, the 20th Ward alderman, has been under law enforcement scrutiny in the past for her association with Donnell "Scandalous" Jehan, an alleged Black Disciples gang leader who has fled to avoid drug conspiracy charges.

Agents were to seize "records and documents of press releases issued by Arenda Troutman, her aldermanic office, her committeeman office, her campaign committees or her employees regarding law-enforcement issues and street-gang activity."

Aldermen are an exception to Chicago's ban on handguns, and Adam said he believes Troutman's gun was lawfully owned and kept.

Adam said Troutman needed protection in the economically depressed area where she lives and serves. Her home has been broken into in the past, and the gun was registered to a private detective who left it for her, Adam said.

"She didn't go up to the North Shore to run, or to the southwest suburbs among the affluent to make things better," he said. "She's right there in the 'hood."

Troutman said Thursday the charges do not deter her from running for another term in the Feb. 27 election, but opponent Willie B. Cochran called on her to resign Friday.

The search warrants in the Troutman case included lists of items to be seized. Included were bank records, lists and receipts; income and expense summaries; cash disbursement journals, and other financial information. Also listed were computer equipment and documents.

jcoen@tribune.com

The Berger Files (WSJ)

The Wall Street Journal, January 13, 2007

DOJ_NMG_0117000

The more we learn about Sandy Berger's brilliant career as a document thief, the clearer it becomes that there is plenty we still don't know and may never learn. On Tuesday, the House Government Reform Committee released its report on Mr. Berger's pilfering of classified documents from the National Archives.

The committee's 60-page report makes it clear that Mr. Berger knew exactly what he was doing and knew that what he was doing was wrong. According to interviews with National Archives staff, Mr. Berger repeatedly arranged to be left alone with highly classified documents by feigning the need to make personal phone calls, and he used those moments alone with the files to stuff them in his pockets and briefcase.

One incident is particularly suggestive. By his fourth and final visit to review documents and prepare for testimony before the 9/11 Commission, the Archives staff had grown suspicious of how Mr. Berger was handling the documents, so they numbered each one he was given in pencil on the back of the document. When one of them -- No. 217 -- was apparently removed from the files by Mr. Berger, the staff reprinted a copy and replaced it for his review. According to the report, Mr. Berger then proceeded to slip the second copy "under his portfolio also." In other words, he stole the same document twice.

This gives the lie to Mr. Berger's story that he was taking the documents for his own convenience, to assist with his preparation for testimony to the commission. If that were the whole story, one copy of document 217 would surely have been sufficient. That document was an email pertaining to a draft of the Millennium After-Action Report on the attempted bombing of Los Angeles International Airport. The episode suggests that Mr. Berger had some other motive for removing No. 217, even if he was ultimately unsuccessful in doing so. But neither his April 2005 plea agreement, nor the Congressional report, nor the report of the Archives' Inspector General shed any light on what that motive might have been.

Another telling revelation concerns Mr. Berger's access to original, uncopied and uninventoried documents from the files of former NSC antiterror official Richard Clarke, among others. At the time Mr. Berger made his misdemeanor plea agreement, we were assured by then-federal prosecutor Noel Hillman that there was no evidence that Mr. Berger destroyed or intended to destroy any original documents. That was, strictly speaking, true. But during three of Mr. Berger's four visits to the Archives in 2002 and 2003, the former National Security Adviser did have access to original documents of which no adequate inventory existed or exists.

This seems relevant, given the concern that Mr. Berger's breaches of national security might have denied evidence to history of the Clinton Administration's approach to al Qaeda and the threat of terrorism. And yet the Justice Department clearly gave the impression that there was no danger that Mr. Berger abridged the historical record. We now know that this was not true. Mr. Berger was in a position to remove documents from Mr. Clarke's files, and thanks to lax security, breaches of protocol and undue deference on the part of Archives staff, we may never know whether Mr. Berger took documents other than the five he's admitted to removing.

It is true that there is no affirmative evidence he did so. But it is equally true that he had opportunity and a demonstrated willingness to breach security in his handling of the documents. As for motive, this remains shrouded in mystery, in part because the documents Mr. Berger has admitted to taking remain highly classified, so the precise nature of his interest is unclear.

Thanks to Justice's and the Archives' leniency, or laxity, or both, Mr. Berger's plea deal expires in 2008 -- just in time, perhaps, for the next Clinton Administration.

CIVIL LAW:

SAN FRANCISCO Abortion Amendment Challenged State Fights Federal Regulation That Could Cost It $37 Billion (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 13, 2007

A state lawyer urged a judge Friday to head off a collision between California health laws and a federal anti-abortion amendment that could cost the state a ruinous $37 billion in funding if it penalized doctors or hospitals for refusing to perform emergency abortions.

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Deputy Attorney General Timothy Muscat argued that the conflict could be avoided if federal laws that require doctors to provide emergency medical care were interpreted to include performing an abortion when necessary to save a woman's life or prevent serious health damage. But a Bush administration lawyer said such an interpretation would be improper.

"We cannot rewrite a statute," Justice Department attorney James Gilligan told U.S. District Judge Jeffrey White at a hearing in San Francisco. Gilligan said the legislation that the state is challenging does not require doctors or hospitals to perform abortions, even in emergencies, if they would find the procedures morally offensive.

White heard arguments from opposing lawyers, including those from Christian medical organizations that support the federal amendment, and did not indicate how or when he would rule.

The amendment, part of a spending bill that President Bush signed in December 2004, denies a wide range of federal funding to states that discriminate against any health provider, health maintenance organization or insurer that does not offer abortions or abortion referrals.

California was the only state to challenge the amendment. In a suit filed in January 2005, schools Superintendent Jack O'Connell and Attorney General Bill Lockyer argued that the amendment violated women's rights and the state's constitutional autonomy by in effect overturning a California law that requires any hospital or clinic to perform an abortion in an emergency.

California, like most states, allows doctors and hospitals to refuse to perform abortions for religious or moral reasons. But all doctors are required to perform abortions in an emergency in which childbirth would threaten the woman's life or health.

Muscat acknowledged that the state has no record of ever ordering a doctor or health facility to perform an emergency abortion, or of penalizing one for refusing to do so. But he told White that the state is entitled to enforce its law, and can do so only if the federal amendment is declared unconstitutional or is interpreted in harmony with the California law.

"The United States is turning its back on the fundamental rights of women," requiring California to step in, the state lawyer said. "No California official is ever going to risk losing $37 billion," more than one-third of the state's annual budget, he said.

Gilligan, the Justice Department lawyer, said the federal amendment "protects the rights of conscience" of anti-abortion health care providers. He also argued that the suit was premature because the state is not being threatened with an imminent loss of funding.

In addition, Gilligan said, the federal abortion amendment is scheduled to lapse Feb. 15, when a short-term funding measure passed by last year's Republican-controlled Congress is due to expire. He told the judge he didn't know whether the restriction would remain in effect after that.

E-mail Bob Egelko at begelko@sfchronicle.com.

Blind Want Changes In Currency (RTD)

By Robin Farmer, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, January 13, 2007

Some in Richmond area oppose Bush administration efforts to block federal ruling

Judith Vido has signed an online petition protesting the Bush administration's decision to oppose a court-ordered redesign of the nation's currency to help the blind.

A blogger and author, Vido was the 640th person to do so this week. As of yesterday, more than 3,600 names appeared on the petition, which can be found at www.petitiononline.com/mfaacp/petition.html.

Blinded as a teen because of complications from diabetes, she uses her computer with the aid of screen-reading technology for her writing, which includes books of several genres, including romance.

"The judge has said this is violation of our civil rights. I happen to agree." Vido, of Richmond, said. "I have problems when my partner isn't here and I grab money from my savings. I can't always identify it. Yes, I keep certain amounts in my wallet that I fold. But I don't always know what I have."

The administration's appeal seeks to overturn a ruling in November by U.S. District Judge James Robertson, who ordered the Department of the Treasury to find ways for the blind to recognize the different denominations of currency. Robertson noted that of 180 nations printing paper currency, only the United States makes no effort to make it discernable without vision.

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Justice Department lawyers filed the appeal with the U.S. Court of Appeals for the District of Columbia Circuit on behalf of Treasury Secretary Henry Paulson last month.

Robertson had ruled in a lawsuit brought by the American Council of the Blind. The council proposed several options for changes, including printing different size bills or changing the texture by adding embossed dots or foil.

Not all advocates for the blind support Robertson's ruling.

The National Federation of the Blind said in December it plans to support Treasury in the appeal process, saying the ruling misinterpreted the meaning of discrimination. . . . "If it is allowed to stand unchal- lenged, this ruling will do real harm to the blind by making our goal of full and equal participation in society virtually impossible to achieve."

Jeffrey Lovitky, an attorney for the American Council of the Blind, has said he planned to petition the appeals court to reject the appeal until Robertson makes a decision on what remedies the government should pursue. A hearing on the government's recommendations is scheduled for this month.

"I don't know why it requires a court case," said Henrico County resident Malcolm Coe, who was blind at birth. "It seems pretty obvious it should be done."

When Coe trained as an operator of a vending stand he was cheated by a customer who repeatedly gave him $1 bills and said they were $20 bills.

"He seemed friendly and he always chatted. I nicknamed him Mr. Alaska because he talked about going," Coe recalled. "I guess he was using his own method to save to do that. Fortunately for me, it wasn't my money, but it was the operator of the business that lost the money."

Coe believes part of the government's resistance to altering the money stems from not having "a large enough population that is upset about it to make the public aware that something needs to be done."

But the number of people with vision problems will jump as baby boomers age, said Tara Cortes, president of Lighthouse International, an advocacy group for the blind.

There are 1.3 million people in the United States who are legally blind, and there will be millions more as people fall victim to diseases that can affect vision, such as diabetes, which is on the rise, Cortes said.

In the government's appeal, Justice Department lawyers argued that visually impaired people are not denied meaningful access to money by the way the nation's currency is designed.

Portable reading devices exist to determine the denomination of paper money and the blind can also use credit cards, the lawyers said.

Several blind people interviewed by the Times-Dispatch have said the reading devices cost hundred of dollars and using credit cards still requires sight to ensure the amount charged is correct.

The government argues that if currency sizes were altered, it would cost up to $178 million initially and up to $50 million in new printing plates.

Cortes said the new bills could be phased in over 5 to 10 years to reduce costs.

For Vido, altered currency would ensure her independence about what's in her own wallet.

"It would be nice," Vido said, "if I didn't have to ask somebody"

Contact staff writer Robin Farmer at rfarmer@timesdispatch.com or (804) 649-6312.

The Associated Press contributed to this report.

Navy Halts Lockheed Contract (WP)

By Renae Merle

The Washington Post, January 13, 2007

The Navy yesterday ordered Lockheed Martin to stop work on a $260 million ship after the company warned of a significant cost increase that has also spurred the service to reconsider the way it purchases the vessels.

The unusual order, which lasts 90 days, is a blow to Lockheed and is among a series of cost overruns in Navy shipbuilding programs.

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Lockheed of Bethesda is one of two contractors building the new ships. The Navy plans to buy 55 of the vessels, making the program potentially worth billions of dollars to Lockheed if it wins even half the work.

The 378-foot-longship, known as a littoral combat ship, is supposed to be capable of operating in less than 13 feet of water, allowing the Navy to maneuver in "littoral" waters close to shore to hunt submarines and destroy underwater mines.

Navy and Lockheed officials said they do not know the extent of the cost overrun. The increase is related to "contractor poor performance" and increased labor costs, Navy spokesman Lt. John Gay said. For example, a key part of the propulsion system was delayed 27 weeks because of a manufacturing error, driving up costs, he said.

"We're disappointed that the Navy made that decision," said company spokesman Craig Quigley. The company has warned the Navy about the cost increase since March, he said.

The order applies to the second of two vessels that Lockheed is building for the Navy. Work on the first one, which is 70 percent completed, is to continue so the Navy can launch it and evaluate the design, a Navy statement said.

While it is not uncommon for the cost of the first versions of a new line of ships to increase, Lockheed knew the requirements, Gay said. "It remained unchanged, that is why we are concerned," he said.

Lockheed acknowledged a problem with a part related to the propulsion system, saying it had been cut incorrectly by a subcontractor, but the company also blamed changes the Navy made to the way the ship was to be constructed and a shortage of the kind of steel it required.

The stricter construction standard is "a positive change because it's going to be a far more resilient, tough vessel, but there is a cost impact," said Quigley.

A Navy official was unavailable last night to respond to Lockheed's claims, but earlier said steel-related cost issues already had been accounted for.

The cost of stopping and restarting the program could be about $14 million, Quigley said, adding that Lockheed is likely to attempt to recoup those costs from the Navy.

Some in Congress have questioned whether a littoral combat ship, or LCS, is necessary if submarines, tanks and guns would suffice. "The Navy is committed to the LCS program and it remains the cornerstone of the future fleet. It will provide critical capability," Gay said.

Falls Church-based General Dynamics Corp. has received contracts to build two of the littoral ships. The first ship, which will be 400 feet long and hold a crew of 40, is half done, and construction on the second hasn't begun, said company spokesman Rob Doolittle. "We're focused on delivering a very capable, affordable ship to the United States Navy," he said. But, Doolittle said, "it's premature to discuss the final construction cost because we're so early in the process."

CIVIL RIGHTS:

Chastang To Keep Seat -- For Now (MR)

By Jeff Amy, Staff Reporter

Mobile Press-Register (AL), January 13, 2007

Mobile County Commissioner Juan Chastang will keep his seat, at least for a little while.

A three-judge federal panel in Montgomery agreed to give the state time to appeal a U.S. Justice Department ruling that says Gov. Bob Riley's appointment of Chastang was invalid.

"The state of Alabama is allowed additional time to seek timely reconsideration of the decision," wrote Judges Stanley Marcus, Myron Thompson and Harold Albritton in an order filed Thursday.

Plaintiffs in the court case, which ultimately led to the Justice Department ruling, had asked the court this week to set an election within 90 days. Chastang, a black Republican, has said he would run in the election, though the majority-black district has historically elected Democrats.

But campaigning will be on hold. The court told Riley to file his request for reconsideration with the Justice Department, and to check in on the first day of every month, starting in February, with a status update.

Keith Miller, Alabama's chief deputy attorney general, said he expected the request to be filed in "days, not weeks."

Cecil Gardner, the lawyer for Yvonne Kennedy, James Buskey and Bill Clark, three Democrats who filed the case to force an election, said he had no objection to the order. He did say he planned to file a motion next week asking the court to order the state to file within 10 days, to prevent any delays meant to extend Chastang's time in office.

The Justice Department ruling, issued Monday, would essentially void an earlier 1988 state Supreme Court decision that said governors should appoint replacement commissioners when a vacancy occurs between elections.

The state court case had overturned a 1985 law calling for a special election to fill any vacancies when more than a year remains in an electoral term. But the Justice Department ruled that the state had failed to get Justice Department to sign off that the court decision wouldn't harm minority voting rights, saying the 1985 law was back in effect.

Under the Voting Rights Act, Alabama is supposed to get such federal approval, called pre-clearance, before making any change in election procedures. Pre-clearance is required because of the state's history of discriminating against black voters. The court ruled that pre-clearance covered not only administrative changes and those approved by lawmakers, but also those imposed by state courts.

The state can also appeal the case to U.S. District Court for the District of Columbia, but Miller said the state was focused on swaying U.S. Attorney General Alberto Gonzales.

"We're hopeful he's going to reverse the decision of his staff," Miller said. "You have a federal agency telling the state that you have to follow a state statute that violates the state constitution."

Chastang, appointed by Riley in 2005 after Sam Jones won election as Mobile mayor and resigned his commission seat, said he remains confident of ultimate victory. "This appointment has been legal from the beginning," he said.

ANTITRUST:

Delta Pilots To Fight Takeover Union Devotes $15 Million To Cause (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 13, 2007

Delta Air Lines' pilots union is devoting $15 million to the fight against US Airways' hostile buyout bid and temporarily moving leaders to Washington so they can lobby politicians and investors.

Union leaders were already in Washington this week plotting strategy and buttonholing politicians when US Airways upped its offer for Delta by $1.7 billion, to about $10.3 billion.

Lee Moak, chairman of Delta's Air Line Pilots Association unit, said in a letter to pilots that the merger poses a "clear and present danger to the careers of all Delta employees."

He said the fattened offer would add more debt to the merged airline and that it raises questions about US Airways Chief Executive Doug Parker's credibility.

"Two weeks ago, Parker definitively stated that he had no intention of increasing his offer. [Wednesday], he increased his offer, while at the same time reaffirming his 'plan' for no 'frontline' employee furloughs," Moak wrote.

"But on the same day, Parker's No. 2 man was openly discussing additional divestitures beyond those originally disclosed to quell antitrust concerns that US Airways claims don't exist in the first place. With divestitures come job losses. Make no mistake — Parker's plan will result in thousands of job losses regardless of Parker's empty promises," Moak wrote.

He said Parker "will soon come to realize that we cannot be ignored, that we are not going away, and that the Delta pilots will not be 'synergized.' "

Union spokeswoman Kelly Collins said the $15 million from the union's general treasury will be used for lobbying, legal and public relations expenses.

Industry experts say the battle for Delta is likely to escalate in the wake of US Airways' sweetened bid. US Airways has given Delta's bankruptcy court creditors a Feb. 1 deadline to indicate support.

Delta management opposes the US Airways bid, but the creditors, who will hold substantial equity in Delta when it emerges from Chapter 11, could force it to pursue the deal.

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One creditor faction, representing about 15 percent of claims, has already urged Delta to take preliminary steps in that direction in light of the new offer. But the court-appointed unsecured creditors committee — which includes major suppliers, banks and ALPA — hasn't indicated a position.

Their decision is largely financial. But they also must gauge the chances that a merger can gain approval from federal regulators — which Delta and ALPA argue is unlikely — as well as whether the two companies could be smoothly integrated and make their stock more valuable in the future.

Moak repeated earlier criticisms that the merger plan ignores elements of the Delta pilot contract that would block or complicate integration.

"Parker mistakenly believes that he can somehow magically overcome the ... protections built into our contract and to date refuses to discuss the contract in anything other than superficial terms," Moak wrote in the letter to pilots.

He added: "The Delta pilots will not change any provision of our contract in order to facilitate the hostile takeover of our company."

In an e-mailed statement, a US Airways representative responded: "We have committed to no layoffs of frontline employees, just as there were no layoffs of frontline employees in the America West-US Airways merger. We will comply with provisions of the Delta ALPA contract [and our own contracts]."

The current US Airways was created by the 2005 buyout of that carrier by America West, which adopted the name.

Moak did not address reports that Delta might be talking to Northwest Airlines about a possible post-Chapter 11 merger of those two carriers, as an alternative to a US Airways deal.

But he said: "I want to caution you about the many press reports you will read and see in the coming days and weeks regarding both the US Airways' hostile merger attempt and any other industry merger activity.

"I want to make this perfectly clear. Delta remains committed to emerging from bankruptcy as a stand-alone airline, and the [union leadership] shares that commitment. Nothing will distract us from the task at hand."

Northwest filed its initial reorganization plan Friday but omitted details on how it plans to finance its emergence from bankruptcy this spring, and won the judge's permission to delay filing a more detailed disclosure statement until mid-February.

Newspapers Tribune's Bid Deadline Nears With Few Suitors Signaling Keen Interest (WSJ)

By Sarah Ellison

The Wall Street Journal, January 13, 2007

Wednesday night, as the final deadline for bids for Tribune Co. arrives, the company could be throwing the first large-cap media party that nobody shows up for.

While a few private-equity firms are likely to band together in a half-hearted bid for the media group, compared with the spirited competitions for such properties as Clear Channel Communications Inc. and Univision, Tribune's sale process has generated mostly shrugs from the private-equity world. And there isn't a McClatchy-like suitor either, as there was with the sale of Knight Ridder last year.

Instead, most of the attention lavished on Tribune has come from so-called vanity buyers, such as David Geffen and Ron Burkle, who are interested in the Los Angeles Times.

But Tribune, like many other newspaper firms, is saddled with tax issues that make selling itself in pieces prohibitively expensive for would-be buyers. Tribune's last and best hopes may lie with its own major shareholders: either a bid from the Chandler family, the company's largest shareholder and the one that, ironically, triggered the whole public auction process; or a management-led buyout aided by its own McCormick Tribune foundation, the management-controlled charity that is the company's second-largest shareholder.

If Tribune ends up without a good bid for the entire company, it will be back where it started more than seven months ago: with a lagging stock price, disgruntled investors and no certain path for how to solve its overarching strategic problems. Oddly, that could be a partial vindication of Tribune management.

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Dennis FitzSimons and his board had explored Tribune's options in private a year ago, before pursuing the modest route of a stock buyback. It was then that the Chandlers, who have little faith in the newspaper business, decided that a public fight had a better chance of boosting the stock price than any long-term management strategy.

In the end, Tribune could decide to split up the company, with TV stations and newspapers going their separate ways. This, too, was an option that was on the table seven months ago, and the rift between Tribune management and the Chandlers arose partly over its timing.

As it turns out, if the company pursues a spinoff of the TV stations, Tribune management will have gotten the delay they were looking for. And the Chandlers will have to wonder if it was worth the fight. For the family, this experience increasingly is looking like it should be filed in the be-careful-what-you-wish-for category.

The auction process has helped buoy Tribune's shares, which have held up better than many of its peers. Whatever the outcome, it is likely to be a sharp lesson to investors hoping to shake up the newspaper industry and save their investment. If the Tribune auction shows anything, it is that there is no easy solution for public newspaper companies. Neither private-equity firms nor wealthy individuals can undo the fundamentals of declining readership and advertising. And Tribune management might come out looking surprisingly smart.

One often-heard complaint from private-equity executives: Tribune has been too tightly run, and there is little fat left to cut.

Cablevision Struggle Looms After Dolans Sweeten Offer (WSJ)

By Peter Grant And Dennis K. Berman

The Wall Street Journal, January 13, 2007

A potential showdown over the fate of Cablevision Systems Corp. stands to test the limits of how well board directors and shareholders can organize to fight a "take private" plan offered by controlling shareholders of a public company.

On Friday, Cablevision's controlling Dolan family increased by about $1 billion to $8.9 billion its privatization offer first made in October. Such increases are usually part of a friendly back-and-forth negotiation between big shareholders and independent board members representing public owners.

But judging from the combative tone of the Dolans' news release, fissures have developed between the two sides, which left in doubt whether the Dolans would prevail.

The family declared its most recent offer "best and final" and noted that the length of negotiations was creating potentially harmful uncertainty to the company. The family also imposed a deadline on the process, saying that its offer would expire by close of business Wednesday, according to a letter sent to a special committee of directors by Cablevision founder Charles Dolan and his son, James Dolan, the company's chief executive.

The Dolans noted their increased offer of $30 a share represents an 11.1% increase over their $27 offer in October and a 23.7% premium to what the cable operator's 52-week high was at that time. The Dolans also added a few sweeteners that indicate the committee, consisting of two independent directors, may be balking on the price. The family has agreed to put the deal to a majority vote of public shareholders, which would exclude the Dolans who own 20% of the company but control 70.4% of the voting shares.

In addition, the Dolans have offered new assurances to shareholders that their plan isn't to sell the company for a profit soon after taking it private. Shareholders have worried about this because large cable operators, particularly Time Warner Inc., have made it clear they would be interested in buying Cablevision, based in Bethpage, N.Y. The letter indicates the family would be willing to include a provision in a deal that would allow shareholders to share in the profits if that happens.

Despite these measures, a number of large Cablevision stockholders reacted negatively to the new offer, indicating they might vote against it if it came to a vote.

"On a relative basis, the offer is far worse today," said John Linehan, a portfolio manager at mutual-fund company T. Rowe Price Group Inc., which holds more than two million Cablevision shares.

Cablevision shares fell Friday, a sign that investors believe the Dolans aren't going to increase their offer and that the deal may not be approved. As of 4 p.m. composite trading on the New York Stock Exchange, its stock was down $1.21, or 4.1%, at $28.39.

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Rising Tortilla Prices Hit Poor Mexicans Hard (AP)

By Peter Orsi, The Associated Press

AP, January 13, 2007

MEXICO CITY - Soaring international demand for corn has caused a spike in prices for Mexico's humble tortilla, hitting the poor and forcing President Felipe Calderon's business-friendly government into an uncomfortable confrontation with powerful monopolies.

Tortilla prices jumped nearly 14 percent during the past year, a move Mexico's Central Bank Gov. Guillermo Ortiz called "unjustifiable" in a country where inflation ran about 4 percent. Ortiz pinned the blame on companies' monopolizing the market and blocking competition.

"We clearly have a problem of speculation," he said.

Economists also blame increased U.S. production of ethanol from corn as an alternative to oil. The battle over the tortilla, the most basic staple of the Mexican diet especially among the poor, demonstrates how increasing economic integration is felt on the street level.

"This is direct evidence of the way globalization is affecting all walks of life in Mexico and all over the world," said David Barkin, an economics professor at the Xochimilco campus of the Autonomous Metropolitan University in Mexico City.

The federal government's antitrust watchdog announced this week it was investigating allegations companies were manipulating corn prices and making deals to limit the supply of corn to boost prices of tortillas.

Officials from the world's largest tortilla maker, Monterrey, Mexico-based Gruma SA, were not immediately available for comment. The company has 89 tortilla plants worldwide and sells tortillas in the U.S. under the Mission brand.

Big retailers, mostly supermarkets, have kept tortilla prices steady about $0.55 per kilogram, but in Mexico City, some shops are selling them for $0.90 per kilogram, up from $0.73.

For low-income Mexicans, who earn about $18 a day on average, the increasing prices have hit hard. According to the government, about half of the country's 107 million citizens live in poverty.

"When there isn't enough money to buy meat, you do without," said Bonifacia Ysidro as she wrapped an embroidered towel around a

foot-high stack of tortillas to cart home. Tortillas, she added, "you can't do without."

Ysidro said she paid $2.27 - about a sixth of her household's combined daily income - for enough tortillas to feed her family of six.

"If I don't have that much, I'll have to buy less," she said.

Leticia Balino, who runs a tortilla shop behind the U.S. Embassy in Mexico City, said many are complaining, especially those with large families.

"They say, 'How is it possible that the price could rise so much in such a short time?'" she said.

The U.S. Agriculture Department said Friday that ethanol plants and foreign buyers are gobbling U.S. corn supplies, pushing prices as high as $3.40 per bushel, the highest in more than a decade.

Nationwide in the United States, supplies of corn are expected to drop to 752 million bushels, a drop from last month's forecast of 935 million bushels and a steep decline from last year's supply of 1.967 billion bushels.

Responding to the outcry, Mexican lawmakers are demanding the government impose price controls, but Calderon instead has vowed to watch out for tortilla sellers who gouge consumers. He also asked his agriculture secretary to import corn from anywhere.

"I don't care if it's brought from thousands of kilometers away, the most important thing is that this (shortage) is not used as an excuse to raise prices," he said Thursday.

Mexico's Economy Department said it will expand its white corn quotas under the 1994 North American Free Trade Agreement to drive down tortilla prices, while the federal consumer protection agency has launched an inspection campaign to ensure tortilla sellers post their prices.

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On Thursday, the Federal Competition Commission said it was looking into allegations the major companies were price gouging and reaching deals that were contributing to the shortage.

"If we detect monopolistic practices, we could impose fines of up to $6.4 million," the agency's director, Eduardo Perez Motta, said in a news release.

The agency said that since 2004 it has applied sanctions in six cases against anticompetitive practices in the corn and tortilla markets. Last year, the agency blocked Gruma's takeover of Mexican corn processor Agroinsa, saying it would have given it too much control over the market.

Many consumer goods are expensive in Mexico, but historically, government subsidies and price controls have kept basic foodstuffs within reach of even the poorest Mexicans.

The government eliminated its decades-old subsidy for tortillas in 1999 just as cheap corn imports were rising from the United States under NAFTA.

Mexican consumers also are coping with higher prices for other staples. The cost of white bread and fresh fruit and vegetables all rose more than inflation in 2006, according to the central bank.

The tortilla increase outpaced inflation and minimum-wage hikes of about 4 percent for the past year.

Grains traders forecast tortilla prices will rise by 20 to 25 percent during the first quarter of 2007.

That prospect worries Ysidro, who said: "If it goes higher, what am I going to give my children?"

ENVIRONMENT/INDIAN AFFAIRS:

New Forestry Chief (NYT/AP)

By The Associated Press

The New York Times, January 13, 2007

Gail Kimbell, a Montana forester, was named the new chief of the United States Forest Service. Ms. Kimbell, the first woman to lead the service, succeeds Dale Bosworth, who will step down on Feb. 2. Ms. Kimbell has been a top official at the Forest Service, helping President Bush develop the “healthy forests” program that lets companies log large, commercially valuable trees in national forests in exchange for clearing smaller trees and brush. Environmentalists called it a giveaway to logging companies that supported Mr. Bush.

Down But Not Out (WP)

The Washington Post, January 13, 2007

ARECENT admission by an Environmental Protection Agency official that the Chesapeake Bay is not getting cleaner fast enough is as obvious as it is late. "If we go at the current rate that we're doing, we're talking about restoring the Chesapeake decades from now, a generation or two," EPA administrator Rich Batiuk told a meeting of an advisory group on the bay's health last week. To that, Roy Hoagland of the nonprofit Chesapeake Bay Foundation responded with a resounding "duh."

After missing targets set in 1987 and repledging in 2000 to make progress on a range of bay indicators by 2010, the states responsible for the bay's continued ill health immediately fell behind their pollution reduction goals. In 2006 they trailed them by wide margins. For example, the Chesapeake's oyster population, which used to efficiently filter bay water, stands at only 7 percent of the goal set for 2010. Some states have done better than others. Virginia, for example, is far behind Maryland in cutting the amount of nitrate pollution it dumps into the bay. But even Maryland, with its laudable new flush tax, is on track to reduce its nitrate pollution by only half of its goal by 2010, according to a study from the Chesapeake Bay Foundation.

Since 2000, large numbers of people moved to the bay's regional watershed, decreasing the net effects of the pollution controls that bay states have enacted. Meanwhile, many of the Chesapeake's ecosystems continued to ail. In 2005, "dead zones," devoid of oxygen and unable to sustain fish and crabs, made up a distressing 4.5 percent of the bay.

With numbers like these, it is tempting to give up hope and decline to spend more money on a dying body of water. But given the right conditions, the bay can still heal. Last year, underwater grasses repopulated the bay at a greater rate than scientists expected, and the number of dead zones plummeted because of an unusually dry spring, the time of year in which

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polluted runoff does the most damage. If bay states prevented more pollution at sewage plants and farms, these and other improvements could be sustained, rain or shine.

As 2007 begins, Virginia, Pennsylvania, Maryland and the federal government must resolve to more aggressively pursue pollution reduction targets. In all three states a number of proposals are on the table that would use bond issues to fund sewage treatment plant improvements or pollution-reducing agricultural projects. Passage would bring these bay states much closer to their 2010 goals. If Democrats in Congress are serious about proposals to retool farm legislation to subsidize rural conservation, they must remember the Chesapeake watershed when drafting their farm bill.

Jury Acquits Former Crow Official Accused Of Lying (AP)

AP, January 13, 2007

A former Crow tribal official has been acquitted of charges that he lied to the U.S. Department of Justice about his finances, to avoid paying restitution owed the tribe for criminal activity in the 1990s.

A federal jury Friday acquitted Theodore J. Hogan, 61, of Sedona, Ariz., indicted on three counts of false statements. The indictment alleged that in 2001, 2003 and 2005, Hogan knowingly gave the Department of Justice false information on a form required of people owing restitution.

``I'm absolutely relieved," Hogan said after the acquittal. ``There is justice in Montana."

Hogan was the Crow Indian Tribe's secretary in the 1970s and 1980s.

In the 1990s he was convicted in a corruption scandal while executive director of the Crow Tribal Housing Authority, and received a prison sentence of two years. U.S. District Judge Jack Shanstrom also ordered $35,100 in restitution to the tribe, which Hogan finished paying last February. The indictment alleging false statements was filed two months later.

In the case decided Friday, prosecutors charged Hogan claimed he had few or no assets, yet received money from investors and gave money to relatives and tribal officials. Prosecutors said Hogan's offenses included failing to report his stakes in Ted Hogan and Associates LLC and Raven Resource Development Co.

Hogan and Ted Hogan and Associates of Sedona have sought investors for minerals development on the Crow reservation. Some investors have complained of major losses. One of them, Elaine Roulidis of Springfield, Va., is named in a defamation lawsuit filed by Hogan last year, a suit seeking $361 million. Roulidis has responded with a suit seeking $350,000.

Hogan's lawyer in the Justice Department case sought to have it dismissed, on grounds the restitution was paid. Shanstrom, again the presiding judge, ruled against that motion and refused to let the jury hear that Hogan paid the restitution.

FBI/DEA/ATF/USMS:

Deal Would To Keep DEA Supplied With Army Helicopters In Bahamas (AP)

By Curt Anderson

AP, January 13, 2007

MIAMI - Army air support would continue for U.S.-Bahamas drug interdiction efforts even after the Pentagon withdraws its Blackhawk helicopters later this year under an agreement announced Friday by U.S. Sen. Bill Nelson.

Nelson, D-Fla., said the Army has offered to give the Drug Enforcement Administration three Sikorsky S-76 helicopters by 2008 to replace the Blackhawks and spend $3.4 million a year for the next five years to maintain the "Hawk's Nest" helicopter base in the Bahamas.

"This will keep cocaine and marijuana smugglers from operating off Florida's coast," said Nelson, a member of the Senate Armed Services Committee. "With the Army's continued support, the U.S.-Bahamas antidrug effort will remain fully operational."

The announcement came as Nelson departed Friday on a two-day trip that includes stops in Haiti and a flight with the DEA over the Bahamas.

Nelson was among several members of Congress and the Bush administration who raised objections to a proposal last year by then-Secretary of Defense Donald Rumsfeld to redeploy the seven Bahamas Blackhawks because of war needs. Attorney General Alberto Gonzales, who oversees the DEA, was among those questioning the move.

The DEA considers the helicopters a vital part of its Operation Bahamas, Turks and Caicos -or OPBAT for short - which is credited with seizing thousands of tons of cocaine and marijuana since 1982 and with helping drive drug smugglers away from the vast island chain.

Without the Army helicopters, the DEA would have only one helicopter in the Bahamas along with three Coast Guard Jayhawks.

Under the agreement, which must be approved by the White House, the Pentagon will give the DEA three Sikorsky helicopters in 2008 and provide other assets to temporarily fill the gap created when the Blackhawks are withdrawn by Oct. 1 of this year, according to Nelson's office.

The Other Losing War (NYT)

By Orlando Patterson

The New York Times, January 13, 2007

Kingston, Jamaica

Preoccupation with Iraq has drawn attention from another unwinnable American war that has been far more destructive of life both at home and abroad and has caused far greater collateral damage in other countries, in addition to spreading contempt for American foreign engagements. This is the failed war on drugs.

It was Nixon who, in 1971, first declared war on drugs. As with Iraq, the strategy is flawed in its conception and execution, made worse by a refusal to change course in the face of failure. It strongly emphasizes eradicating the source of drugs, interdiction of traffic and draconian punishment for offenders. It neglects what nearly every expert believes — and European experience has shown — to be the only successful strategy: a demand-side emphasis on preventive programs and rehabilitation of addicts. The present administration's claims of a shift to preventive measures is belied by the budget of its drug control office, which allocates a 94 percent share to disrupting the supply, mainly through environmentally hazardous spraying in Latin America and the Caribbean that alienates local farmers.

The domestic results are tragic: an enormous increase in the incarceration of young, disproportionately minority Americans, resulting in the waste of human resources and the creation of a prison culture that converts nonviolent addicts into hardened criminals, without any impact on drug use. Within a year of release, 43.5 percent of drug offenders are rearrested. Recent surveys indicate a steady increase in the use of illicit drugs: more than 40 percent of Americans over 12 have used them at some point. Nearly all Caribbean societies are involved with narcotrafficking and, in the case of Jamaica, large-scale production and export of marijuana. In 2001, illicit drug shipments in the region were worth more money than the top five legitimate exports combined. The results have been devastating. Political corruption and payment in arms threatens the sovereignty and stability of many states. In 1985, the chief minister and minister of commerce of the Turks and Caicos Islands were arrested in Miami and imprisoned in America for drug offenses.

Drug addiction and violent crime are now endemic in Jamaica, Puerto Rico and even small islands like St. Kitts. The corruption of the police and other security forces has reached a crisis point in Jamaica, where an officer can earn the equivalent of half a year's salary by simply looking the other way. Last year, 1,300 people were murdered here, in a population of only three million — and that was an improvement on the previous year.

Dr. Peter Phillips, Jamaica's very competent minister of national security, estimates that 60 percent of the murders are drug related. Calling cocaine trafficking and use the "taproot" of a "web of criminality," he said drugs sustain a "self-perpetuating culture of extreme violence" extending to many areas of the society.

The drug culture is highly transnational and organized, exemplified by the Jamaican "posses" that terrorized America in the 1980s with some 4,900 murders. Traffickers increasingly operate offshore, taking advantage of better arms, faster boats and more efficient tracking equipment than those available to local security forces.

Phillips is puzzled by America's inflexible emphasis on eradication and interdiction and its refusal to provide help where it is most needed, like the rebuilding of corrupted police forces. He provided a telling example of the futility of current approaches. With Americans and Jamaicans working closely together recently, the percentage of transshipments of Colombian cocaine to the U.S. that went through Jamaica was reduced from 20 to 2. But this had no effect on the amount of cocaine entering America

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— the traffickers simply changed routes — and it increased violent crime in Jamaica. Drug dons became more murderous in turf wars, as there was less cocaine and money to go around.

America's unwillingness to recognize the socioeconomic context of the drug crisis at home and abroad, to see that being surrounded by failing states threatens its security, to provide aid where it is most effective, and to acknowledge that the root cause of this hemispheric disaster is not supply but its own citizens' insatiable demand for illicit drugs, is as incomprehensible as the quagmire in Iraq.

IMMIGRATION:

Agents Broke Law, White House Says (WT)

By Stephen Dinan

The Washington Times, January 13, 2007

President Bush's spokesman yesterday said the case of two U.S. Border Patrol agents who are seeking a pardon for having shot a fleeing suspected drug dealer has been mischaracterized and the agents violated regulations.

White House press secretary Tony Snow said there has been "a characterization that somehow the government is turning a blind eye toward the law in enforcing the law," but said the facts of the case show the two agents broke the law.

Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October in federal court in El Paso, Texas, to 11 and 12 years, respectively, for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

Border Patrol advocates say the punishment is too harsh, particularly compared with more lenient penalties for more serious offenses by other immigration authorities. Some Republicans in Congress want Mr. Bush to pardon the agents or, short of that, allow the men to remain free while an appeal is pending.

"We're going to find out whose side you're on ... the American people or the side of our enemies," Rep. Dana Rohrabacher, California Republican, said of Mr. Bush in a press conference this week. "If you let these two men go to jail for defending us, then we'll know you're on the side of our enemies."

The government brought the charges after Osbaldo Aldrete-Davila, a Mexican national, agreed to testify against the agents in exchange for a grant of immunity in a potential drug case. Ramos and Compean found 743 pounds of marijuana in a van Mr. Aldrete-Davila abandoned near Fabens, Texas, near the U.S.-Mexico border.

Mr. Aldrete-Davila was shot after he ignored efforts by the agents to stop the van. Court records show he jumped from the vehicle and ran south to the Rio Grande. Although wounded, Mr. Aldrete-Davila crossed the border and escaped in a waiting van.

Mr. Snow would not comment on a pardon yesterday when asked about the case, but said the government is not coddling a drug dealer.

"We think it's incumbent to go after drug dealers, and we also think that it's vitally important to make sure that we provide border security so our people are secure," he said. "We also believe that the people who are working to secure that border themselves obey the law."

The spokesman said the agents picked up their shell casings after the shooting and didn't make the proper report -- both violations of regulations.

"Now, at the time this happened, they did not know if he was an illegal. They did not know that there were 700 pounds of marijuana. They didn't know any of those things," Mr. Snow said.

In a statement released as the case proceeded, U.S. Attorney Johnny Sutton said he prosecuted the agents "because they had fired their weapons at a man who had attempted to surrender by holding his open hands in the air, at which time Agent Compean attempted to hit the man with the butt of Compean's shotgun, causing the man to run in fear of what the agents would do to him next."

He said both agents saw the man was not armed.

Colorado: Judge Demands Accounting Of Raid (NYT/AP)

DOJ_NMG_0117012

By The Associated Press

The New York Times, January 13, 2007

A federal judge demanded that immigration officials disclose the whereabouts of 265 people arrested in a meatpacking-plant raid last month. The judge, John L. Kane of Federal District Court in Denver, gave Immigration and Customs Enforcement officials until Jan. 22 to submit a list accounting for all the detainees, including those who have been deported. Union lawyers are contesting the arrests at the Swift & Company meat processing plant in Greeley, one of six Swift plants in six states that were raided on Dec. 13.

Colo. Judge Scrutinizes Swift Raids (DENP)

Denver Post, January 13, 2007

The government's high-profile crackdown on alleged identity theft by foreign workers at Swift meatpacking plants in Colorado and five other states faces mounting challenges in court.

A federal judge in Denver on Friday ordered immigration officials in Colorado to account for all workers detained and deported.

U.S. District Court Judge John Kane - noting "confusion on all sides" as to the whereabouts, legal status and even identities of detainees - also ordered officials to make sure detainees have had bond hearings within 48 hours.

And Kane said any workers who signed agreements to voluntarily return to their home countries now must be allowed to withdraw that agreement if they wish.

"The government is on notice that this court is monitoring its actions" in handling detainees, Kane said at a court hearing Friday.

United Food and Commercial Workers union attorneys had filed a petition contending that arrests in the raids violated workers' constitutional due process rights. Immigration officials deny that.

No federal criminal charges have been filed in Colorado, where some 261 workers were arrested at Swift's plant in Greeley.

Simultaneous raids at Swift plants in Iowa, Minnesota, Nebraska, Texas and Utah led to 1,282 arrests overall. U.S.Immigration and Customs Enforcement officials on Friday said 219 face state or federal criminal charges.

At the court hearing in Denver, Kane told Justice Department attorneys defending the government as well as lawyers representing unions and workers to meet and discuss the shared challenge of sorting out who is being held where.

ICE agents conducting the raids used "a very orderly process," said Mark Pestal, an assistant U.S. Attorney in Colorado. "The chaos is created because (workers) are using multiple names."

Scared workers giving armed authorities false names likely is a factor in the confusion, said John Bowen, chief counsel representing the union.

Now the workers "are being held improperly" with access to lawyers impaired, Bowen said.

"We want to make sure these people have an opportunity to find out what their rights are," he said. "It is important to us that Judge Kane has made it clear he intends to ensure the process works properly."

After the raids, federal authorities bused workers to a federal compound near Denver for questioning, then to various facilities around the country. Detained workers currently are thought to be held at federal immigration detention facilities in Aurora and El Paso, Texas.

Several claimed in affidavits that the raids left them scared, uncertain about legal options, and inclined to sign voluntary departure agreements.

ICE agents addressed workers in Spanish. But workers, some of them illiterate migrants who use indigenous languages as well as Spanish, claimed in affidavits that they were unclear on what was happening.

TAX:

No New Taxes (WSJ)

DOJ_NMG_0117013

By Mike Pence

The Wall Street Journal, January 13, 2007

The administration hasn't learned from last year. Despite electoral defeats, it is still advancing Social Security reform as an argument over solvency. The centerpiece of George Bush's plan was to have been personal retirement accounts for workers who wanted to establish their own nest egg -- a much better deal for them and a down payment on the huge liabilities owed by the entire system. Unfortunately, his plan faltered.

The American people did not reject Social Security reform or personal retirement accounts. They rejected the entire debate and how it unfolded. They rejected the notion that the predominant goal was to make the numbers add up or, in the language of the wonks and actuaries, to make it "solvent." Such a yardstick expresses no opinion on how to fix an increasingly bankrupt program, and as a result, blesses both benefit cuts and tax increases alike.

While Mr. Bush has reiterated his opposition to tax increases, Treasury Secretary Hank Paulson has repeatedly said that everything is on the table for negotiations with the Democratic Congress. When Press Secretary Tony Snow was asked whether the White House was ruling out a tax increase in Social Security reform, he replied, "No, I'm not."

This is all code for the administration's willingness to consider raising taxes in exchange for reductions in promised benefits. Such a tax increase would likely lift or eliminate the cap on the amount of salary and wages subject to the payroll tax, currently at $94,200. Raising payroll taxes would prove devastating to working Americans, small business and the economy as a whole. Worse, it would only serve as a short-term band-aid to Social Security's financial woes.

According to the Heritage Foundation, eliminating the cap will increase taxes by $484 billion over five years. This 12.4 percentage point marginal tax rate increase would hit middle-income families struggling to make ends meet, pay for college and save for retirement. Much of this increase will be borne by three million small-business owners who pay both the employer and employee portion of the tax hike. These entrepreneurs are on the forefront of job creation, and such a tax would cause millions of layoffs. Overall, the entire economy would slow by 2% to 3%, threatening the standard of living and economic opportunities of every American. In exchange for this massive tax increase, Social Security's financing will be preserved for roughly seven years.

Despite the fact that Republicans have already turned off millions of conservative Americans by runaway federal spending, some conservatives are expressing support for a Republican tax increase. They believe that through shrewd negotiating, the administration will get Democrats to agree to benefit reductions without a net tax increase, meaning a removal of the payroll cap could lead to a reduction in the payroll tax or the offering of tax credits to low-income workers. Such hope is folly disguised. Democrats are not likely to agree to reductions in promised benefits without exacting an actual tax increases, unless of course, "tax credits" are a thinly veiled attempt at passing a new entitlement for low-income workers through the tax code.

We have been down this road before. In 1990, I was a young candidate for Congress when the last Bush administration sided with a Democrat majority in Congress to pass the largest tax increase in history, all in the name of bipartisanship and compromise. This compromise ushered in economic recession and a two-term Democratic administration in the White House. We cannot walk down the 1990 road to "compromise" again.

First, the administration needs to be clear that a Social Security compromise must reject tax increases of any kind. That means no increase in the payroll tax rate and no change in the cap apart from the current indexing that already increases eligible income on an annual basis. Tell the Democratic Congress to read your lips, Mr. President: no new taxes.

Second, Social Security reform must be properly understood. It is not about achieving solvency; it is about improving the system so that it offers a better deal for younger Americans through personal savings accounts. Focusing on solvency will lead inevitably to tax increases and benefit cuts. Focusing on personal retirement accounts improves the chance of enacting sound public policy that also makes the system solvent.

Third, the administration should submit a budget that fully protects the Social Security surplus from being used to subsidize government largesse, which Patrick Moynihan once described as "embezzlement." Voters have repeatedly said loudly and clearly that they object to raiding the Social Security surplus. It is time for the administration to either offer a budget aligned with those expectations, or propose cutting the payroll tax immediately to end the historic practice of over-collecting for a pay-as-you-go system. Doing both would quickly restore the public's shattered confidence in the way we spend their money.

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Republicans don't have to pass a bad Social Security reform bill. If we lack the votes now to pass legislation that will actually preserve the system and protect our nation's economic expansion, we would be wise to spend the next two years seeking to win the debate and leave a foundation of arguments that will not unravel.

Mr. Pence is a Republican representative from Indiana.

CONGRESS-ADMINISTRATION:

House Passes Medicare Drug Bill (WP)

By Christopher Lee

The Washington Post, January 13, 2007

The House voted yesterday to require the government to negotiate lower prescription drug prices for Medicare beneficiaries. But the measure faces an uncertain future in the Senate, a veto threat from President Bush, and considerable doubts from experts about whether it would save elderly and disabled Americans much money.

The vote was 255 to 170, with 24 Republicans joining 231 Democrats in approving the legislation.

The bill overturns a provision of the 2003 law pushed through by a Republican-controlled Congress that left drug-price negotiations under the new Medicare drug benefit to the private insurers that offer government-subsidized drug plans for seniors in each state.

Backers of the current system, mainly Republicans, say it pits insurers against one another in a healthy competition to negotiate the lowest prices from drugmakers and offer seniors the most attractive monthly premiums, choice of drugs and access to pharmacies.

But critics, mainly Democrats, say the system is a boon to drug companies because it prohibits the government -- perhaps the one force powerful enough to take on the pharmaceutical industry -- from using its bargaining muscle on behalf of seniors.

"This legislation is a common-sense effort to do right by the 43 million Americans enrolled in Medicare," said House Majority Leader Steny H. Hoyer (D-Md.). "This bill is a very important first step in making prescription drugs more affordable."

The bill would require Health and Human Services Secretary Mike Leavitt to pursue negotiations with drug companies and report to Congress in six months.

Medicare "pays more than the VA pays for the same prescription pharmaceuticals," said House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.), the lead sponsor of the bill, referring to the Department of Veterans Affairs.

"The reason is no one is able to negotiate on behalf of the citizens," he added. "You've got a bunch of coldhearted prescription pharmaceutical people . . . who are fixing the prices that are paid by seniors citizens. . . . It's time that we correct this."

Leavitt and other Republicans countered that the year-old program is working, with the Centers for Medicare and Medicaid Services (CMS) reporting overall costs coming in billions of dollars lower than expected and average plan premiums being lower this year than in 2006. Moreover, polls conducted last fall by the Henry J. Kaiser Family Foundation and other nonpartisan groups found that the overwhelming majority of seniors were satisfied with their drug plans.

"Many of us believe that competition and using free-market principles in the long run produce better results, lower costs, higher quality and more satisfaction among seniors. And that's exactly what we've seen with this plan," said House Minority Leader John A. Boehner (R-Ohio).

Republicans also pointed to separate analyses this week from the CMS and the Congressional Budget Office that concluded that the House bill would have little or no effect on spending.

"It's flat wrong to think the government is going to negotiate a lower price than the competitive marketplace," said Rep. Joe L. Barton (Tex.), ranking Republican on the Energy and Commerce Committee.

W.J. "Billy" Tauzin, president of the Pharmaceutical Research and Manufacturers of America, said the House bill may lead to the government limiting which medicines will be covered. "That should not be acceptable to anyone," the former GOP congressman said.

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The White House issued a statement this week saying that Bush would veto the bill if it reached his desk. "Government interference impedes competition, limits access to life-saving drugs, reduces convenience for beneficiaries, and ultimately increases costs to taxpayers, beneficiaries and all American citizens alike," the statement said.

Medicare provides health-care coverage to most elderly Americans, as well as to about 7 million younger people with disabilities.

Although the measure moved quickly through the House, its prospects are murkier in the Senate, where no companion bill has been introduced. Sens. Ron Wyden (D-Ore.) and Olympia J. Snowe (R-Maine) introduced legislation this week that calls for government price negotiations in certain instances, such as for drugs with no competing substitutes or when the research behind a drug was funded mostly by taxpayers.

"We do think that there is an opportunity to get some additional value for seniors and additional value for taxpayers," Wyden said.

There is considerable pressure on lawmakers to do something. A poll last month by Kaiser and the Harvard School of Public Health found that 85 percent of adults surveyed -- including majorities of Republicans, Democrats and independents -- favor allowing the government to negotiate prescription drug prices for the Medicare program.

Senate Finance Committee Chairman Max Baucus (D-Mont.), whose committee would vet any Medicare drug bill, said in a statement this week that he favors eliminating the ban on government price negotiations -- a stance that increases the chances that some kind of legislation will pass.

But he added that he opposes "heavy-handed" intervention such as price controls. He said that wants to explore options such as expanding government studies on drug effectiveness and increasing the scrutiny on whether insurers are passing on the discounts they get from drug companies to consumers.

"The HHS secretary has a gold mine of data, the ability to get more data, dozens of agencies and tens of thousands of public servants at his disposal," he said. "That is quite a tool box with which to seek fair drug prices for seniors. It is time to open that tool box for Medicare."

House Democrats Pass Bill On Medicare Drug Prices (NYT)

By Robert Pear

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Defying a veto threat, the House on Friday passed a bill to require the government to negotiate with drug manufacturers to obtain lower drug prices for Medicare beneficiaries.

The vote, 255 to 170, was cast with lightning speed eight days after the new Congress convened. No Democrat voted against it, while 24 Republicans joined the 231 Democrats voting in favor.

Representative Christopher S. Murphy, a freshman Democrat from Connecticut, said, “This bill has symbolic importance, breaking the grasp of the drug industry on this town.”

It is, Mr. Murphy added, “the beginning of a process to repair the Medicare drug benefit.”

The measure is unlikely to become law in its current form. But some version, focusing on certain types of very expensive drugs, has bipartisan support in the Senate and could eventually be included in a measure to revamp the drug benefit, which a Republican-led Congress created in 2003.

The bill, which fulfills a Democratic campaign promise, says the secretary of health and human services “shall negotiate with pharmaceutical manufacturers the prices that may be charged” to Medicare drug plans.

The 2003 law prohibits such negotiations. The drug benefit is delivered by private insurers, subsidized by the government. These companies have negotiated substantial discounts with drug manufacturers. Under the House bill, insurers could seek discounts deeper than those negotiated by the government.

Representative Joe L. Barton, Republican of Texas, predicted that the bill would die “a nice benign death.”

The White House press secretary, Tony Snow, said, “If this bill is presented to the president, he will veto it.”

Democrats, who like to portray Republicans as a tool of special interests, said a veto would hand them an issue that could be used to good effect in the 2008 elections.

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Some experts, including the Congressional Budget Office and Medicare actuaries, say they doubt that the bill would save money for older people or the government.

If the government, for example, tried to negotiate a discount for a particular drug and the manufacturer refused to lower its price, it is not clear what, if any, recourse Medicare would have. Without the ability to steer patients to particular drugs, the budget office said, Medicare would not have the leverage to obtain significant discounts.

Representative Tom Price, Republican of Georgia, described the bill as "a solution in search of a problem." The cost of the drug benefit is lower than expected, Mr. Price said, and the number of drug plans available to beneficiaries — more than 40 in every state — is higher than expected.

In the House debate, each party used somewhat contradictory arguments. Republicans said the bill would not save any money because the government could not restrict access to drugs. But then they said the legislation would limit the drugs available to doctors and patients.

"A government bureaucrat will be empowered to determine what kinds of drugs our seniors have access to," the Republican whip, Representative Roy Blunt of Missouri, said. "If the government could not reach a deal with a drug company, seniors would not have access to those drugs."

For their part, Democrats said Medicare was overpaying for drugs and could obtain much lower prices if it negotiated with drug manufacturers, as the Department of Veterans Affairs does. But Democrats said they did not want to give Medicare two of the most powerful tools used by the veterans agency: the ability to establish a "federal ceiling price" and a uniform list of covered drugs, known as a national formulary.

While sketchy about details of their proposal, Democrats were clear that their purpose was to help beneficiaries and to reduce drug companies' profits in the Medicare market.

Representative John D. Dingell, Democrat of Michigan and chief sponsor of the bill, said, "Those who insist that the sky will fall if drug companies negotiate lower prescription prices are arguing that those companies should continue to skin a fat hog at the expense of taxpayers and beneficiaries."

Another Democrat, Representative Lois Capps of California, said: "We can vote in favor of large drug companies that have raked in record profits under the Medicare drug plan. Or we can vote in favor of our senior constituents. Common sense tells me that the big drug and insurance companies would not be so adamantly opposed to this bill if they did not fear that it could result in actual price reductions."

Republicans said Medicare drug plans already had the power to negotiate drug prices and were using it. But Representative Bill Pascrell Jr., Democrat of New Jersey, said, "This power is splintered now among numerous private plans."

The Medicare bill was one of the high-priority measures that Speaker Nancy Pelosi promised to pass in the first 100 hours of the new Congress.

House OKs Bill On Cost Of Drugs (LAT)

By Johanna Neuman, Times Staff Writer

The Los Angeles Times, January 13, 2007

The measure requiring officials to negotiate prices isn't a hit with the Senate or Bush, but it could shape debate.

WASHINGTON — Defying a threatened presidential veto, the House approved a bill Friday to require federal officials to negotiate with drug companies for lower prices for the 23 million senior citizens who have signed up for Medicare's prescription drug coverage.

Although the bill is unlikely to become law, it is likely to help shape the debate that could result in a more limited measure that allows some dickering between the government and the pharmaceutical industry over drug costs.

Supporters of such efforts argue that the huge scale of the Medicare program would result in larger discounts for prescriptions than private insurers can obtain.

At the least, the House bill signals a shift in Washington from President Bush's view that private enterprise and individual citizens should play the most prominent role in the decisions that determine healthcare costs.

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The legislation passed 255 to 170, with 24 Republicans joining 231 Democrats in backing it. All those voting against it were Republicans.

The bill would repeal a ban on letting the government negotiate with manufacturers for lower prices — a provision that was part of the GOP-sponsored 2003 measure that created the prescription drug program.

Under the House bill, the secretary of Health and Human Services would be required to seek the best prescription-drug prices for Medicare participants.

House Majority Leader Steny H. Hoyer (D-Md.) called the bill "a very important first step in making prescription drugs more affordable."

Drug companies strongly opposed the legislation, which is one of the measures that House Speaker Nancy Pelosi (D-San Francisco) promised that Democrats would enact within the first 100 working hours after taking control of the House. Several companies bought full-page newspaper ads urging Congress not to tinker with the Medicare benefit.

"Give it a chance," said the ads. "It's working."

The White House agrees with the industry.

"We have a Medicare prescription drug reform that has been saving people significant amounts of money; it is effective," White House Press Secretary Tony Snow said Friday. "If this bill is presented to the president, he will veto it."

The bill's Senate chances appear slim.

Senate Finance Committee Chairman Max Baucus (D-Mont.) has said he favors a bill that would allow but not order federal haggling with pharmaceutical companies.

And the committee's ranking Republican, Charles E. Grassley of Iowa, said the House bill could "block access to drugs that a senior might need, make it harder to get your medicine at the local pharmacy, and result in higher drug prices for younger people."

But Sen. Olympia J. Snowe (R-Maine) made clear she would push for some version of the House bill. "Now is the time for the Senate … to harness the buying power of millions of seniors to give them a better value for their healthcare dollar."

The Medicare drug benefit narrowly passed the GOPcontrolled Congress in 2003 and was promoted by Bush during his reelection campaign as a key accomplishment.

The program's rollout last year had problems, but the benefit has proved popular among seniors.

Polls show that an overwhelming majority of beneficiaries support having Medicare negotiate prices.

Currently, private insurers negotiate with the drug industry and offer various plans; seniors pick the one that suits them best.

In Friday's House debate, Republicans argued that requiring federal officials to negotiate drug prices would foist government controls onto pharmaceutical companies.

They also disputed the assertion that the process would lower drug prices.

"The measure before us will lead to higher prices and, frankly, fewer choices for American seniors," said House Minority Leader John A. Boehner (R-Ohio).

Democrats countered that the current program benefited the drug industry more than it benefited seniors.

"Today's bill is a genuine prescription for lower prices that should have been filled long ago," said Rep. Lloyd Doggett (D-Texas).

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Times staff writers Ricardo Alonso-Zaldivar and James Gerstenzang contributed to this report.

Democrats Take On Health Care (WSJ)

By Sarah Lueck

The Wall Street Journal, January 13, 2007

WASHINGTON -- House passage Friday of legislation taking a swipe at drug companies is just the first front in the new Democratic Congress's battle with the health-care industry. The next target: insurers, who will face demands for cuts in their Medicare subsidies.

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On a 255-to-170 vote, the House passed legislation that would require the government to negotiate prescription prices with the pharmaceutical industry. Currently, private insurers handle the negotiations for Medicare and the government is barred from getting involved, an arrangement that critics say leads to higher prices than if the government used its clout. Twenty-four Republicans joined the Democratic majority in backing the measure, but its prospects are less certain in the closely divided Senate, and President Bush has threatened a veto.

The price-negotiation bill is just the new Congress's first maneuver on health care, after many Democrats promised on the campaign trail to lower drug costs in Medicare, the federal health program for the elderly and disabled. Beyond that, key Democrats are attacking another big change Republicans brought to Medicare while they controlled Congress. As part of 2003 Medicare drug-benefit legislation, lawmakers seeking to inject more private-sector involvement in the program dramatically increased federal payments to private insurance plans operating in the Medicare Advantage arm of the program.

In Medicare Advantage, private insurers provide seniors a full range of medical benefits as an alternative to the government-run program. Seniors automatically become eligible for Medicare when they turn 65, but then have the choice to sign up instead for coverage through a private Medicare Advantage plan.

Democrats say the payment increases in the legislation -- projected to be worth as much as $46 billion over the decade beginning in 2004 -- are a waste of taxpayer money, and they view Medicare Advantage as an attempt by Republicans to privatize the traditional program. Now, some Democrats want to reduce payments to the private plans, and budgetary concerns are heightening the pressure on the payments to insurers.

The State Children's Health Insurance Program, a federal block grant, will soon need to be reauthorized, and many Democrats would like to expand it. Congress is also likely to boost Medicare payments to doctors. At a time when Democrats are aiming to be fiscally responsible, such spending would likely have to be offset.

"There are precious few areas where we can save money. Medicare Advantage is a prime target to pick up a few dollars," says Rep. Pete Stark, the California Democrat who heads the House Ways and Means panel's health subcommittee. In the Senate, a Democratic aide predicts Medicare Advantage money will become "the standard pay-for" in lawmakers' legislative proposals.

Following a lobbying and advertising blitz by drug companies to block the Democratic attacks, health insurers are preparing their own counterattack. America's Health Insurance Plans, the industry's Washington-based trade group, is telling lawmakers that cuts in insurer subsidies would be tantamount to cuts in benefits for constituents, and it has readied maps to show the growth of Medicare Advantage plans throughout the country, compared to relatively sparse numbers before government payments increased.

It will tap the Coalition for Medicare Choices, a group for Medicare Advantage beneficiaries that AHIP started and funds, to bring satisfied customers to Congress. And AHIP will highlight research showing that a large portion of Medicare Advantage beneficiaries are minorities or have low incomes -- populations shown to suffer disproportionately from chronic health problems that plans say they can manage better than the government.

Of about 44 million Medicare beneficiaries, 7.6 million, or 17%, were in Medicare Advantage plans as of December 2006. That compares with about 6.1 million, or 14%, who were enrolled in the plans in December 2005.

"This is the ultimate in constituency politics," says Karen Ignagni, AHIP'S president and chief executive.

Beyond their philosophical complaints, many Democrats say Medicare Advantage wastes government money. Former House Democratic aide Brian Biles has done a study concluding that, on average, the government is spending $922 more each year for every beneficiary in Medicare Advantage, compared to what would have been spent if the person had remained in regular Medicare.

In 2005, the "overpayment," as Democrats call it, totaled $5.2 billion, according to a November 2006 report by Mr. Biles and others for the Commonwealth Fund, a private, nonprofit foundation that supports health research. An independent panel that advises Congress on Medicare also documented the payment differential. "It's a problem because it causes us to waste a lot of taxpayer money," Mr. Stark says. "I see no reason to do it."

AHIP disagrees with the methodology used in the study, and it points to Medicare data showing that Medicare Advantage beneficiaries save an average of $82 a month, in reduced out-of-pocket costs and extra benefits, compared to people in the

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traditional program. Insurers say the program has also succeeded in extending and expanding Medicare Advantage to rural areas, where it was lacking. And that means they can count on rural-state legislators to battle the Democratic attacks.

"We wanted equity in those plans....We've got it now," says Iowa Republican Sen. Charles Grassley. "People in Iowa ought to have the same choices as those in New York, Miami and Los Angeles."

The Wrong Prescription (WP)

The Washington Post, January 13, 2007

HOUSE Democrats delivered on a campaign promise yesterday, passing a bill that would require the government to negotiate the price of pharmaceuticals covered by the new Medicare drug benefit. The idea is that government negotiators could force prices down, generating savings that could be used to make the benefit more generous. But the measure is misguided.

The Democrats point to the Department of Veterans Affairs, which manages to negotiate discounts for the drugs covered in the veterans' health program. But the department can do this because it is free to deny coverage for drugs whose makers refuse to provide discounts: Fully 3,000 of the 4,300 medicines covered by Medicare are unavailable under the veterans' program. Restricting the list of covered drugs saves money, but it also reduces the quality of the benefit -- 1.5 million veterans are sufficiently unhappy with the result that they opt to buy the more inclusive Medicare coverage. Recognizing that narrow formularies are unpopular, the Democratic plan does not permit Medicare to establish one. But if drugmakers know that Medicare must buy their pills, why would they grant a discount? The Congressional Budget Office estimated this week that savings from direct negotiation would be "negligible."

Not only are the Democrats too optimistic about government negotiation; they are also too pessimistic about the current system in which private insurers administering Medicare drug benefits do the price bargaining. These private insurers stand to profit if they can secure discounts and cut premiums and thus attract more customers: Witness the fact that the average monthly premium has fallen since the program began a year ago. Private insurers can do this precisely because they are free to establish formularies, but market discipline ensures that these lists are not unappealingly narrow. The insurers need to keep customers.

The Democrats' stance is troubling because it suggests an excessively government-led view of health-care reform. One of the key challenges in health policy is to understand which drugs, tests and therapies are most cost-effective; although it will take government pressure on doctors and hospitals to disclose the information necessary to figure out what works, solutions are most likely to be found by competing private entities. In drugs, for example, there needs to be a culture of paying handsomely for new ones that really do add value -- and refusing to pay for pseudo-new drugs that merely mimic cheap generics. Striking the right balance is not easy, and it won't be accomplished by government fiat. The better approach is to let each insurer offer its own version of the right balance, see whether it attracts customers -- and then adapt flexibly.

In Reversal, Senate Endorses Plan On Disclosing Earmarks (NYT)

By David D. Kirkpatrick

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Senate Democratic leaders on Friday embraced a proposal to shed light on the murky practice of Congressional earmarks, reversing themselves after trying to block an almost identical measure the day before.

The Democrats' switch makes it likely that the Senate will follow the new House rules requiring the disclosure of the sponsor as well as the cost and the purpose of any earmark. That would bring into public view for the first time a practice that last year allowed lawmakers to direct federal money to more than 12,000 pet projects worth more than $64 billion by tucking them into complicated spending bills, often anonymously. Lawmakers tend to use the projects to reward constituents and contributors.

The reversal follows a White House statement of support for the measure and a day of news coverage noting that Senate Democrats were opposing a rule that their House counterparts had just adopted a week ago. Senator Harry Reid of Nevada, the Democratic leader, said he had come around to the measure after some adjustments that he said had strengthened it.

"Yesterday was a rather difficult day, as some days are," Mr. Reid said, appearing to apologize for his effort to kill the measure Thursday. "There is a lot of confusion as to what people were trying to accomplish."

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While debating a proposed package of ethics and lobbying rule changes that would include the earmark disclosure requirements, the Senate also voted 87 to 0 to deny federal pension benefits to any member of Congress convicted of fraud or corruption charges.

Sponsors of the measure said its inspiration was former Representative Randy Cunningham, Republican of California. He is in prison for selling earmarked defense contracts worth tens of millions of dollars in exchange for gifts and cash worth over $2.4 million, but he still receives his federal pension of $40,000 a year, becoming the latest in a long chain of corrupt law makers whose retirement benefits have galled taxpayers.

But while Mr. Cunningham's actions provoked the Senate vote, he will continue to collect his pension. The main sponsors, Senators John Kerry of Massachusetts and Ken Salazar of Colorado, both Democrats, said Congress could not revoke the pension of Mr. Cunningham or other former lawmakers, only future Congressional criminals.

The Cunningham scandal also helped inspire bipartisan calls for more earmark disclosure last year. But any restrictions have always drawn the fierce opposition of the powerful House and Senate Appropriations Committees, which dole out earmarks to other lawmakers as they write spending bills. In part because of internal resistance, the leaders of both parties initially proposed a weak earmark disclosure requirement with loopholes that excluded all but a small part of all earmarks. The Senate had approved the same provision last year under Republican control.

A bipartisan agreement to settle for the weaker earmark measure fell apart Thursday when Senator Jim DeMint, Republican of South Carolina, sought to impose the new House rule on the Senate. "Our version of earmark disclosure was going to be an embarrassment to the Senate, especially after Nancy Pelosi placed a much stronger version on the House side," Mr. DeMint said. "Some of the Democrats bought that argument."

A move by Senate Democratic leaders to kill Mr. DeMint's amendment unexpectedly failed, with nine Democrats, the independent Joseph I. Lieberman and 41 Republicans voting to keep it alive. The surprise threw the Senate into chaos as the Democratic leaders sought to block its immediate passage and regain control of the debate.

On Friday, Democratic aides said Republican leaders failed to deliver on a pledge to support the weaker measure. Republicans aides said there was no such agreement.

Senate Of One Mind On Ethics (WT)

By S.A. Miller

The Washington Times, January 13, 2007

The Senate yesterday voted unanimously to bar congressional lawmakers convicted of corruption from collecting federal pensions, and Democrats vowed to drop opposition to a comprehensive approach to pork-barrel-spending reform.

The pension measure, an amendment to an ethics and lobbying bill in the new Democratic-controlled Senate, applies to current and future lawmakers convicted of bribery, conspiracy and perjury charges. It passed 87-0.

"With this vote, we are preventing members of Congress who steal or cheat from receiving a lifelong pension that is paid for by the taxpayers," said Sen. John Kerry of Massachusetts, co-sponsor of the pension proposal with fellow Democrat Sen. Ken Salazar of Colorado.

"Those lawmakers deserve nothing but shame."

Democrats lauded yesterday's vote as a victory over the "culture of corruption" they say permeated Congress under Republican rule. They regularly cited former Rep. Randy "Duke" Cunningham, California Republican, who was convicted of bribery in 2005.

The measure, however, is not retroactive, so Cunningham will receive his $64,000 pension annually as will at least 16 other convicted lawmakers, 12 Democrats and four Republicans. Former Rep. Dan Rostenkowski of Illinois, who was convicted of mail fraud in 1996, will collect about $126,000 annually.

Meanwhile, Democratic leaders said they will now allow a vote on a Republican pork-reform proposal that was imperiled Thursday when Senate Majority Leader Harry Reid, Nevada Democrat, used a procedural tactic to delay a vote.

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The pork reform proposal by Sen. Jim DeMint, South Carolina Republican -- also an amendment to the ethics bill -- would require that members of Congress disclose all requests for pork projects, also known as earmarks, that often are buried in complicated legislation.

Immediately before Mr. Reid stopped a vote Thursday on the amendment, the Senate expressed its support by rejecting a bid to kill it on a 51-46 vote.

The maneuver gave Mr. Reid time to turn Democrats against the measure, which is similar to the ethics rules adopted with fanfare last week by the new Democratic-led House.

The episode Thursday drew comparisons between House Republicans extending voting time on the 2003 Medicare prescription drug benefit to allow leaders to persuade members to change their votes -- a tactic criticized by Democrats at the time.

Mr. Reid gave a conciliatory speech on the Senate floor yesterday morning, announcing that he was seeking a bipartisan compromise on the proposal to fully disclose pork-barrel spending.

"It was a rather difficult day, as some days are," Mr. Reid said. "We tend to get in a hurry around here sometimes when we shouldn't be. We tend to spend a lot of time doing things that accomplish nothing."

An agreement was reached late yesterday to bring the DeMint amendment to a vote Tuesday evening, after lawmakers return from the Martin Luther King holiday. A vote on the entire ethics bill could come as soon as Wednesday.

Mr. DeMint thanked Mr. Reid for "agreeing to do the right thing" and drafting a compromise amendment that is stronger than his original amendment.

The Senate pension amendment does not go as far as a House bill by Rep. Mark Steven Kirk, Illinois Republican, which would withhold congressional pensions from lawmakers convicted of any of 21 different felonies.

The Kirk bill includes the felonies of solicitation of political contributions, intimidation to secure political contributions, promises of appointment by a candidate and expenditures to influence voting.

House Majority Leader Steny H. Hoyer, Maryland Democrat, said the chamber next week would take up a proposal by Rep. Nancy Boyda, Kansas Democrat, that lawmakers expect will resemble the Senate measure. It had not been filed as of yesterday.

Senate Wants No Pension For Convicted Lawmakers (LAT)

By Richard Simon, Times Staff Writer

The Los Angeles Times, January 13, 2007

The chamber expands the list of crimes that could lead to denial of the benefit.

WASHINGTON — With disgraced ex-California Rep. Randy "Duke" Cunningham eligible to collect a congressional pension from behind bars, the Senate on Friday voted to deny taxpayer-funded retirement benefits to lawmakers convicted in the future of serious ethics offenses.

The action came as the Senate moved toward overhauling its ethics rules, including stricter guidelines to end the secrecy around earmarking, a controversial practice that contributed to congressional scandals involving Cunningham and lobbyist Jack Abramoff.

Critics have denounced the practice, in which lawmakers secretly slip pet projects into spending bills, often without public notice and at the request of lobbyists who contribute to their campaigns. And they had accused the Senate's new Democratic leadership of writing a loophole-riddled bill that would have failed to publicly identify the sponsors of most earmarks.

But on Friday, Sen. Jim DeMint (R-S.C.), a leading critic of earmarking, said he and Senate Majority Leader Harry Reid (D-Nev.) reached an agreement "so that every earmark is disclosed."

The deal came as the Senate voted 87 to 0 to expand the list of crimes under which a former lawmaker could be denied a pension to include bribery, conspiracy and perjury. Federal employees in all branches of government forfeit their pensions if convicted of "crimes against the United States," such as treason.

"The best way to restore and rebuild the trust of the American people is to ensure that we stand firmly against members of Congress who betray the public trust," said Sen. John F. Kerry (D-Mass.), the measure's sponsor.

The legislation would not apply retroactively; Kerry said such a law would be unconstitutional.

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Cunningham, a Republican from Rancho Santa Fe, is serving an eight-year prison term after pleading guilty to taking $2.4 million in bribes from defense contractors who sought earmarks and to evading more than $1 million in taxes.

He is eligible for an estimated $64,000 annual pension with his military service, including $36,000 a year from his eight terms in Congress.

An attorney for Cunningham declined to comment.

The measure has strong bipartisan support in the House.

"The fact that the Senate passed it puts a lot of pressure on the House to do the same," said Rep. Lee Terry (R-Neb.), sponsor of a similar measure in the House.

At least 20 former lawmakers convicted of crimes are eligible for taxpayer-funded pensions, some as high as $125,000 a year, according to the National Taxpayers Union, which supports denying pensions to lawmakers turned felons.

Former Rep. James A. Traficant Jr. (D-Ohio), serving eight years after his 2002 conviction for bribery, racketeering and tax evasion, could be pulling in $40,000 a year, the group estimated. The figures are estimates because federal officials decline to disclose pension records for retired members of Congress.

Former House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), who served time for mail fraud and was later pardoned by President Clinton, might be collecting more than $125,000 a year, the group said.

Pete Sepp of the National Taxpayers Union said that some former lawmakers convicted of crimes had even used their pensions to help pay their fines.

The Senate is expected to complete work on its ethics bill next week.

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(INFOBOX BELOW)

Potential pension payouts

Estimated pension benefits for some former lawmakers convicted of serious crimes and estimates of their possible congressional pensions in 2006 (except where noted):

*Includes benefits from previous military service

Note: Estimates assume convicted members are married, participated in the plan and choose to defer a certain amount of their pensions so their spouses can receive benefits after the members die. The National Taxpayers Union, an advocacy group, said its calculations also assume that lawmakers enrolled in the system at the beginning of congressional service.

Source: National Taxpayers Union

Bill Strips Ethics-challenged Legislators Of Pensions (CNN)

CNN.com, January 12, 2007

WASHINGTON (CNN) -- The Senate on Friday approved a measure stripping taxpayer-funded pensions from members of Congress who are convicted of serious ethics offenses, such as bribery and conspiracy.

The vote was 87-0.

Sens. John Kerry, D-Massachusetts, and Ken Salazar, D-Colorado, attached the amendment to an ethics reform bill earlier this week.

"The only thing crazier than giving a member of Congress convicted of a crime a federal pension is the fact that we still need a bill to prevent a convict from receiving their pension," Salazar said at the time. "A member of Congress who abuses their position of authority for their personal profit deserves a prison sentence, not a government pension."

House Majority Leader Steny Hoyer, D-Maryland, said Friday that the House will take up a similar bill next Friday.

If passed by the House and signed into law by President Bush, the bill would eliminate pensions only for future members of Congress convicted of ethics offenses.

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Ex-congressmen such as Randall "Duke" Cunningham -- collecting an estimated $64,000 a year although he pleaded guilty to charges of accepting bribes -- and James Traficant -- convicted of taking bribes, among other charges, and collecting an estimated $40,000 a year -- will get to keep their pensions.

The bill also would not affect former Rep. Mark Foley, who resigned in September after he was found to have sent inappropriate e-mails and messages to House pages. Foley is the subject of a criminal investigation in Florida, but has not been charged.

Energy Big Oil, In House Sights, Hopes Senate Cools Debate (WSJ)

By John J. Fialka

The Wall Street Journal, January 13, 2007

Big Oil is set to take a beating from House Democrats on Thursday when they are prepared to vote on a bill they say will "roll back" about $13 billion worth of subsidies the executive branch and Congress have given oil companies.

The move is part of the House Democrats' 100-hour legislative blitz. Once the bill reaches the Senate, however, the race will turn into more of a marathon. George Washington once said the difference between the two houses is that the Senate provides a "cooling saucer" for the passions of the moment to die down.

The new Senate majority leader, Harry Reid, reminded senators of President Washington's words earlier this month with a memo saying the Senate could take "several months" to analyze the package. The delay will give the nation's independent oil producers a chance to make their argument, which is that the House Democrats are throwing a boomerang that could strike the wrong companies and then loop back and hit the nation in the form of higher fuel prices and even greater reliance on foreign oil.

The House Democrats' package includes three major items. One will impose a "conservation fee" on about 40 companies producing oil in the Gulf of Mexico that have leases from 1998 and 1999 and which failed to include a clause requiring royalty payments if oil prices rose, which they have. The omission was caused by an Interior Department error, but if the companies don't pay the fee, the proposal would bar them from getting new leases.

Democrats will also reduce accelerated tax write-offs for oil- and gas-exploration expenses, and shrink a tax-depreciation measure, contained in a 2004 jobs bill, that gives companies producing oil and gas in the U.S. the equivalent of a 1% corporate-tax reduction.

The Senate will ponder the impact of the changes at a time when 60.2% of the nation's oil comes from overseas and when 82% of the nation's domestically produced gas and 68% of its crude oil come from wells drilled by independent oil companies, many of which are midsize or smaller.

"This will have a bigger effect on us, and we have fewer places to raise and spend our revenue," says Lee Fuller, vice president of the Independent Petroleum Association of America, referring to the exploration subsidies.

If gasoline prices rise in the spring, though, George Washington's proverbial saucer may not work. The issue could heat up again.

House Democrats Detail Energy Plan (WP)

By Steven Mufson

The Washington Post, January 13, 2007

House Democrats introduced the energy piece of their legislative agenda, a measure that would curtail tax breaks and incentives for oil and gas companies and invest the funds in renewable energy.

The bill is projected to raise $13 billion in revenue over five years, and would set that money aside in a "fund" to be used for spending and tax breaks for renewable energy sources, not including nuclear power.

Natural Resources Committee Chairman Nick J. Rahall (D-W.Va.) and Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.) introduced the bill, which trims breaks for geological work and excludes oil and gas from a 2004 measure that would effectively reduce their tax rate to 32 percent, from 35 percent.

It also takes aim at oil and gas companies that signed federal leases in 1998 and 1999 with incentives for offshore exploration in deep water. Those leases neglected to include price thresholds. As a result, the leaseholders do not pay royalties regardless of how high oil and gas prices soar.

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The House measure says companies with those leases cannot bid on new federal leases unless they renegotiate the contracts or pay "conservation" fees of $9 a barrel on oil and $1.25 per thousand cubic feet on gas produced under the old leases.

Oil Companies Attack Legislation Aimed At Tax Incentives (NYT)

By Edmund L. Andrews

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — The nation's oil and gas companies, hoping to fend off an attack by Congress on their tax breaks and subsidies, angrily denounced an effort by House Democratic leaders Friday that would repeal billions of dollars worth of incentives and plow the money into renewable energy projects.

"This bill takes capital from U.S. oil and natural gas companies that otherwise would be spent on domestic energy exploration," said Barry Russell, president of the Independent Petroleum Association of America, which represents about 5,000 smaller oil and gas producers. "If the goal is to lessen our dependence on foreign oil, then this bill falls far short."

The giant integrated oil companies, like Chevron and Exxon Mobil, have been more resigned about losing some of their tax breaks but are quietly resisting pressure to renegotiate leases that allow them to pump billions of dollars worth of oil and gas from publicly owned waters without paying royalties to the government.

House Democratic leaders unveiled a bill on Friday that could raise more than $10 billion by repealing half a dozen incentives created in the last several years by the Republican-led Congress or by the Bush administration.

One measure would pressure companies to give up a lucrative loophole that the government inadvertently included in offshore drilling leases for the Gulf of Mexico.

The leases, signed in 1998 and 1999, allow companies drilling in deepwater to escape royalty payments on as much as 87.5 million barrels of oil per lease. Because of an error that officials ignored for six years, the leases omitted a standard escape clause that eliminates the incentives if oil prices climb above $34 a barrel.

Government officials have estimated that the mistake could cost the Treasury $10 billion over the next five years. The Bush administration has asked companies to voluntarily renegotiate, but only five companies have signed new agreements.

The House bill would punish companies that refuse to change their leases by either charging them a "conservation fee" of $9 for each barrel of oil they produce or prohibiting them from acquiring any additional leases in federal waters.

"The American people are owed a fair value for the resources they own," said Representative Nick J. Rahall, Democrat of West Virginia and chairman of the House Natural Resources Committee.

But Mr. Russell, representing the independent petroleum producers, accused the Democrats of breaking valid contracts.

A few oil giants, including BP and Shell, agreed to give up the loopholes. But industry executives said one big player in the gulf, Exxon Mobil, has refused to renegotiate, arguing that it signed the leases in good faith. Chevron, which with several partners recently announced the discovery of a giant oil field that may include two of the flawed leases, said it had submitted a "reasonable" proposal but had not reached an accord.

The House bill would also repeal several other royalty incentives. It would prohibit "royalty relief" for natural gas produced from very deep wells in shallow waters. It would also repeal similar "relief" for companies drilling off the coast of Alaska.

On the tax front, the House bill would repeal a provision passed in 2004 that entitles oil companies to tax credits for "domestic manufacturing" and a $2 billion tax break for "geological and geophysical" expenses in exploration.

Lawmakers in both parties predicted on Friday that the House would easily pass the measure next week. But the industry may have more clout in the Senate, where Democrats have more tenuous control.

Minimum-Wage Hike May Reach To Samoa (WP)

By Jonathan Weisman

The Washington Post, January 13, 2007

House Speaker Nancy Pelosi (D-Calif.), dogged by Republican charges of a double standard, said yesterday that American Samoa may join the Northern Mariana Islands as U.S. territories that would have to comply with a higher federal minimum wage.

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Under the minimum-wage increase approved by the House this week, employers on the Northern Marianas would for the first time have to pay their workers the minimum wage, which would rise from $5.15 to $7.25 an hour. For years, Republicans -- with the help of convicted lobbyist Jack A. Abramoff -- have fended off efforts to bring the islands under federal labor laws.

The bill would leave American Samoa as the only territory not covered by the $7.25 rate, and because Samoa is represented by a Democrat, Del. Eni F.H. Faleomavaega, Republicans cried foul.

Faleomavaega's campaign coffers have been well stocked by the tuna industry that dominates his island economy, but Republicans picked up on another issue: StarKist owns one of the largest canneries on the island, and Del Monte Foods, StarKist's parent company, is based in San Francisco, which Pelosi represents.

"I have asked the Education and Labor Committee, as they go forward with the legislation, to make sure that all of the territories have to comply with U.S. law on the minimum wage," Pelosi announced yesterday.

Pelosi aides said the committee would be asked to work toward having all territories use the same wage standard.

Pelosi Moves To Close Samoa Wage Loophole (WT)

By Charles Hurt

The Washington Times, January 13, 2007

House Speaker Nancy Pelosi yesterday said Democrats will close a loophole in the House-passed minimum wage increase that exempts American Samoa -- an action taken after it was revealed that one of the U.S. territory's main employers is based in her congressional district.

"I have asked the Education and Labor Committee as they go forward with the legislation to make sure that all of the territories have to comply with U.S. law on the minimum wage," Mrs. Pelosi said.

The decision follows criticism over the exemption, reported earlier this week by The Washington Times, to allow tuna canneries in American Samoa to continue paying $3.26 an hour -- nearly $4 less than the $7.25 minimum wage passed by the House Wednesday.

Republicans, after the vote, pointed out that StarKist Tuna, one of two companies that employs about 75 percent of the Samoan work force, is owned by Del Monte, which is headquartered in Mrs. Pelosi's San Francisco district.

"Simply put: It is unethical to provide a special benefit to a company in any member of Congress' hometown," said Rep. John B. Shadegg, Arizona Republican. "For Democrats to act in such a manner so early on in their tenure is hypocritical at best and criminal at worst."

Democrats involved in the legislation say that neither Del Monte nor StarKist has lobbied Mrs. Pelosi or the committee on the matter. And records show that while Del Monte political action committees have given $5,300 in the past five years to Republicans, neither they nor Del Monte executives have given to any Democrats.

The bill, which raises the federal minimum wage $2.10 from $5.15, pointedly extends for the first time the federal minimum wage to the Northern Marianas Islands, another U.S. territory in the Pacific with similarly low wages.

Democrats defended the exemption earlier in the week, saying that the Northern Marianas territory has a long history of work-force abuses that require immediate action. But they also acknowledged that the wages in both places are essentially the same and, they said, need to be raised.

One person who is concerned about enforcing the federal minimum wage in American Samoa is non-voting Rep. Eni Faleomavaega, who echoed the arguments of many conservatives against raising the minimum wage in poorer regions of the U.S. mainland.

A "decrease in production or departure of one or both of the two canneries in American Samoa could devastate the local economy, resulting in massive layoffs and insurmountable financial difficulties," he said in a statement provided to The Times.

"The truth is the global tuna industry is so competitive that it is no longer possible for the federal government to demand mainland minimum wage rates for American Samoa without causing the collapse of our economy and making us welfare wards of the federal government."

Melissa Murphy Brown, vice president for Del Monte, warned in a statement yesterday that applying the minimum wage at the tuna packing plants in American Samoa would "severely cripple the local economy."

"For over 50 years, the Federal Department of Labor has provided that wages in U.S. territories, including American Samoa, be set by a federally appointed wage board, following public hearings," she said in a background statement compiled by StarKist and Chicken of the Sea.

"The wage board takes into accounts several factors including standards of living and recognizes that wages cannot increase to a level that substantially curtails employment."

House Majority Leader Steny H. Hoyer, Maryland Democrat, said on the House floor yesterday that the decision to exempt American Samoa "was not an oversight."

"The minimum wage in America Samoa, unlike the Marianas or Guam, is set by the Department of Labor and Industry Committee so that it is determined in a different way than the others, including our states," he said.

Wages paid in American Samoa are often lower than the $3.05 minimum wage in effect in the Northern Marianas. Wages in American Samoa for manual labor range from $2.70 up to about $3.60, according to the U.S. Department of Labor.

House Democrats Propose Cut In Student Loan Rates (NYT)

By Diana Jean Schemo

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — House Democrats on Friday unveiled a bill that would cut interest rates on federally subsidized loans to college students by half over the next five years.

They said they would finance the $6 billion measure by increasing costs that lenders pay to the government and reducing the largest lenders' government-guaranteed profits.

The bill, one of half a dozen that the new House majority had placed on its 100-hour agenda, underscores the Democrats' all-out effort to consolidate gains made in November among middle-class voters.

"How to pay for a college education has become a primary concern for students and families across this country, a concern that Congress must urgently address as part of our goal of strengthening America's middle class," said Representative George Miller, chairman of the House Education and Labor Committee.

The measure is expected to pass in the House, where it is scheduled for a vote on Wednesday. Its future in the Senate is less certain, although the concept behind it is supported by Democratic leaders there, including Edward M. Kennedy, chairman of the education committee, who is planning to introduce a similar bill.

House Republicans, who in trying to contain college costs have focused in recent years on restraining tuition increases, complained Friday of being shut out of the process of writing the new bill and said they would offer amendments before Wednesday's vote.

"I'm hopeful we can work in a bipartisan way to build upon it, including with reforms that actually make college more affordable and more accessible for low- and middle-income students," said Representative Howard P. McKeon of California, the ranking Republican on Mr. Miller's committee.

That theme was echoed at the White House. Blain Rethmeier, a spokesman, said the Bush administration would support efforts in Congress to ease students' burden, but added that "colleges have the central role to play in ensuring access to affordable higher education."

Student debt has grown exponentially in recent years, in tandem with college costs that routinely outpace inflation. The average college student now graduates with nearly $18,000 in debt. The Democratic proposal would benefit many such students: the 5.5 million a year who receive subsidized Stafford loans.

The measure unveiled Friday would make good only in part on Democrats' campaign promise to halve the interest rates on student loans. Democrats had never said that the cut would not fully take effect until 2012 or that the pledge applied only to subsidized Stafford loans.

Unlike Pell grants, which go to students with family incomes under $40,000, Stafford loans are also tapped by middle-income students. Some 75 percent of students holding Stafford loans come from families with household incomes under $67,000, just above the median income for a family of four, which is $65,000, said Luke Swarthout, advocate for the U.S. Public Interest Research Group Higher Education Project.

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The bill would cut the interest rates on subsidized Stafford loans for undergraduates — loans to graduate students would not be affected — to 3.4 percent from the current rate of 6.8 percent, in stages. The first reductions would affect new loans made after July 1.

According to the Project on Student Debt, a nonprofit group, the bill would save a student who graduates from college with $20,000 in debt about $4,000 over the 10-year life of a loan.

Under the program of subsidized Stafford loans, the government guarantees lenders a rate of return that can be higher than the interest rate paid by the student. In trying to finance their proposal, House Democrats decided that for the largest lenders, the bill would lower that rate by 0.1 percentage point. It would also raise fees that lenders pay to the government, and cut payments that lenders receive if a student defaults.

While applauded by student advocacy groups, the bill drew immediate criticism from the student loan industry, which complained that it had already absorbed $12 billion in reduced payments from the government as part of a larger, Republican-led deficit reduction effort last year.

"What we're really seeing is Peter being robbed to pay Paul," said Tom Joyce, a spokesman for Sallie Mae, the nation's largest holder of student loans. "When you continue to cut and cut again, eventually who you're hurting is not the banks but the students and the parents themselves," said Mr. Joyce, suggesting that such reductions would ultimately impair services to borrowers.

Mr. Swarthout, of the Higher Education Project, called the bill "a good first step to making college more affordable." He added, "It will save millions of students thousands of dollars on their debt." He said that by showcasing the issue in its first days in power, the new Congress was sending a strong signal to student borrowers, and creating high expectations among them for further aid.

"You cannot put college affordability as a top agenda item and then walk away after cutting interest rates," he said.

While Democrats in the Senate have embraced the goals of halving interest rates, action there will not be as swift as in the House. Melissa Wagoner, a spokeswoman for Mr. Kennedy, said committee hearings would most likely begin on Jan. 25.

Mr. Kennedy's bill would phase in similar cuts in interest rates not only in subsidized Stafford loans but also in another loan program . It is broader than the House bill in other ways as well, raising Pell grants to a maximum of $5,100 a year, from $4 ,050.

Katherine McLane, a spokeswoman for Education Secretary Margaret Spellings, said Ms. Spellings supported an increase in the Pell grants.

Clock Ticking On Dems' 100-hour Agenda (AP)

By Kasie Hunt

AP, January 12, 2007

The clock is ticking for House Democrats, but it's hard to tell what time it is.

On Friday, for example, the House was in session for a little more than eight hours. Only five of them, however, ticked off on new Speaker Nancy Pelosi's 100-hour clock for quickly passing a six-bill agenda that Democrats promised voters last fall.

With passage of a bill to make the government negotiate for lower Medicare prescription drug prices, Pelosi, D-Calif., is two-thirds of the way done — in under a quarter of the allotted hours, according to her count.

That's because just as the official clock for a basketball or football game stops for time-outs and commercial breaks, Democrats aren't counting the minutes spent on business unrelated to those six designated bills.

So while the House had been in session for nearly 56 hours since the 110th Congress was sworn in Jan. 4, the clock on Pelosi's Web site suggested that less than half that time — 23 hours, 34 minutes — had elapsed by the close of business Friday.

"We're just counting the legislative hours," Pelosi spokesman Drew Hammill explained.

Regardless of which clock is used, Democrats appear well on their way to accomplishing their promise. They have only two bills to go and both are scheduled for votes next week. Aiding their endeavor is Monday's Martin Luther King Jr. federal holiday, when neither clock will be running.

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Finished are new rules on ethics, lobbying and budgeting — part of the Democrats' 100-hour promise in November but not included on Pelosi's clock. Also completed are the passage of four bills: anti-terrorism measures, a minimum-wage increase,and expanding federally funded stem cell research, in addition to Friday's Medicare measure.

The final two bills are cutting interest rates on some student loans and recouping more money from oil royalties and redistributing it to renewable energy technologies.

Brian Kennedy, a spokesman for House Minority Leader John Boehner, R-Ohio, said the clock — no matter how time is kept — is irrelevant.

"The clock is just a distraction to the hypocrisy they've exhibited and continued to exhibit in the first 100 hours," Kennedy said, referring to House Democrats' refusal to allow the GOP minority a chance to offer amendments or have any role in writing the bills. Democrats had leveled the same criticism that Republicans, then in the majority, denied them those opportunities.

No time was run on either clock Monday, when many lawmakers attended the BCS championship football game in Arizona between Ohio State and Florida.

Competing House Clocks Tick At Different Speeds As Members Get Down To Business (NYT)

By Mark Leibovich

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — How much bipartisanship is really possible if Democrats and Republicans can't even agree on how to tell time?

After House Democrats posted a digital clock on their Web site on Tuesday to mark how much time had elapsed as they pushed through their First 100 Hours agenda, Republicans retaliated with their own online clock on Wednesday. They are counting down the hours passed by "a Democrat caucus fresh out of ideas."

All week, members of Congress demonstrated a much more exacting sense of the clock than usual.

"It has been an interesting 58 hours and 48 minutes as of this morning," said Representative Marsha Blackburn, Republican of Tennessee, in a floor speech Friday. But by the Democratic clock, only 23 hours and 34 minutes had passed. Ms. Blackburn criticized Democrats as engaging in "creative clock-keeping."

Democrats say they are measuring only "legislative hours," meaning the time spent on lawmaking activities. But like dog years and the last two minutes of an N.B.A. game, "legislative time" does not necessarily correspond to "real time."

As the clocks ticked:

MONDAY, LATE AFTERNOON Senate Democrats would have started their clock on Monday, except that they did not have a clock. It's a House thing. Still, the Senate majority leader, Harry Reid of Nevada, was eager to get to work and is a stickler for punctuality. He said he was committed to operating the chamber more efficiently — meaning, on time. Senator Bernie Sanders, independent of Vermont and newly elected, missed what would have been his first vote despite a last-minute dash through the Capitol hallways.

TUESDAY, 1:15 P.M. "I have no idea what time it is," said Representative Don Young, Republican of Alaska. And then he indulged in an elaborate metaphor to summarize the cyclical nature of things.

"I look upon life as the wheel in the barnyard," Mr. Young said. "Politics is the rooster on the wheel saying cock-a-doodle-doo. Some of the Democrats on the top of the wheel think the sun's going to shine all day. They don't realize that the wheel is turning and that there's someone else coming up from the bottom of the wheel."

Behold, the clarity.

WEDNESDAY, 3 P.M. TO 4 P.M. Off the House floor, in the ornate area known as the Speaker's Lobby, the shift in power was on full display. Members of the press swarmed to the left side of the lobby to meet Democrats coming off the floor. Republicans trickling off to the right were essentially left alone.

"People seem to be paying more attention to me now that I'm in the majority," said Representative Henry Cuellar, Democrat of Texas. Standing under the official portrait of former Speaker Thomas P. O'Neill Jr., Mr. Cueller wore the "look, Mom!" face of a sudden big shot, or bigger shot than before.

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Representative Jeff Flake, Republican of Arizona, was slumped on the other side of the lobby, complaining that he had just been kicked off the Judiciary Committee by members of his own party.

"I think I was punished for speaking too freely," Mr. Flake said, specifically for his willingness to compromise with Democrats on immigration overhaul.

Representative Ed Perlmutter, a freshman Democrat from Colorado, had spent much of his week on the House floor. Even when there was nothing doing, no votes scheduled and few members on the floor, he sat and just watched. One of his goals for the first 100 hours is simply to learn the names of his new colleagues. "I could probably identify about 100 right now," Mr. Perlmutter said, leaving 334 to go.

THURSDAY, NOON For all the talk of the Democrats' "flurry of legislation" in the first 100 hours, the war in Iraq clearly dominated the day. President Bush addressed the nation the night before. Top administration figures appeared at Congressional hearings.

Representative Thomas M. Reynolds, Republican of New York, was eating lunch in his office, lingering in a conversation about Buffalo sports teams. Not too long ago, he was a member of the leadership team of the majority party, head of the Republican Congressional Campaign Committee and in a tough re-election campaign. "I just finished up '06 with two full-time jobs," he said, referring to his posts as congressman and head of the campaign committee. Now he was sprawled out in his office eating a ham sandwich. "Washington loves survivors," he said.

FRIDAY, 4 P.M. Representative Joe Courtney, a freshman Democrat from Connecticut, was walking briskly and hoping to catch a flight to Hartford. Earlier, he gave his first floor speech as a member of Congress, a five-minute talk about Medicare. He was nervous at first, but was fine once he got going.

"I meant to say 'Mr. Speaker' and 'thank you, Mr. Stark,' " Mr. Courtney said. "But I wound up saying 'Thank you, Mr. Spark.' Oh well."

He shrugged and headed out for the weekend, promising to do better next time.

By the end of the day Friday, the Democratic clock read 23 hours and 34 minutes, while the Republican clock, which was counting down from 100, read 75 hours.

Lawmaker's Wife Out As Fundraiser (WP/AP)

The Washington Post, January 13, 2007

Rep. John T. Doolittle (R-Calif.) said yesterday that he will no longer employ his wife as his campaign fundraiser, an arrangement that allowed her to collect a 15 percent cut of donations to his campaign and political action committees -- more than $100,000 since 2003.

Doolittle, who has drawn criticism for links to disgraced lobbyist Jack A. Abramoff, said he will hire an outside fundraiser. He made the announcement in a commentary article he distributed to newspapers in his Northern California district, noting his tough battle for reelection.

"After winning my election with less than 50 percent of the vote, I recognize that change is needed for me to rebuild the trust and support of my constituents," Doolittle wrote.

The change was one of 10 steps that Doolittle pledged to take after a campaign clouded by questions about Julie Doolittle's fundraising and his ties to Abramoff.

Doolittle accepted campaign donations from Abramoff and interceded with the Bush administration on behalf of the lobbyist's tribal clients. His former chief of staff, Kevin A. Ring, went to work with Abramoff and, sources told The Washington Post, later played a role in the hiring of Julie Doolittle's consulting firm by Abramoff and his firm, Greenberg Traurig.

Doolittle also promised to spend more time in his district and make himself more available to the media.

Doolittle beat Democrat Charlie Brown in November, 49 percent to 46 percent.

Cheney Enters The Twilight Of His Career (AP)

By Tom Raum,

AP, January 13, 2007

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One by one, the hardline conservatives like Donald H. Rumsfeld and John Bolton who stood shoulder to shoulder with Vice President Dick Cheney in pushing President Bush's decision to invade Iraq have left the administration.

Yet while Cheney himself is in the twilight days of his political career, he's still there, with little evidence that his influence with Bush has waned.

Bush's decision to boost troops in Iraq and to continue to challenge Iran and Syria runs counter to recommendations of the bipartisan Iraq Study Group, the new Democratic majority in Congress and many Republicans — yet reflects Cheney's long-held hawkish views.

The vice president, who generally has kept a low public profile since the midterm elections, is about to get some unwanted exposure in another area. He's expected to be a witness in the perjury and obstruction trial of his former top aide, Lewis "Scooter" Libby, in the CIA leak case.

Jury selection starts Tuesday. Cheney did not resist being called as a defense witness.

Once viewed as adding an air of gravitas to an inexperienced president, Cheney, 64, is now seen by many Americans as a driving force behind Bush's most divisive initiatives: the Iraq war, the National Security Agency's warrantless eavesdropping program, harsh detention and interrogation policies and an aggressive push for expanded executive authority.

Bad as Bush's poll numbers are, Cheney's are worse. And while he's still beloved by conservatives, it seems unlikely he will be a big draw on the 2008 campaign circuit.

None of that seems to matter to Bush.

"Cheney and Bush have a quite personal relationship. Cheney has been loyal from the beginning and is loyal to this day. And the Bush family, if they have any family trait, is to return loyalty," said GOP consultant Rich Galen.

Cheney is expected to be an active salesman for Bush's new Iraq policy, which includes sending 21,500 more troops to Iraq. The plan, which Bush announced this week in a speech to the nation, has drawn wide condemnation from Democrats and many Republicans. Polls show a majority of Americans oppose increasing U.S. troops in Iraq.

Cheney appears ready for the fight, his health holding up despite a long history of heart disease.

In the meantime, his fellow hard-liners in the administration are, for the most part, gone.

Rumsfeld resigned as defense secretary under pressure. Bolton, unable to win Senate confirmation, had to give up his temporary assignment as U.N. ambassador. Former Deputy Defense Secretary Paul Wolfowitz left some time ago to head the World Bank.

Douglas Feith, a former deputy defense secretary, and Richard Perle, a former Pentagon adviser, have gone on to other things.

Cheney is the only member of Bush's original national security team still holding the same job.

"The neo-cons are gone. Cheney is the last one, and you can't get rid of him," said Paul C. Light, a New York University professor of public service.

Still, "his influence has never been more at the mercy of the president than today," said Light.

"For his first four years perhaps, maybe even a little bit longer, when he spoke the president listened. Now the president speaks and Cheney must listen. And it's the president who is setting the vice president's agenda and not vice versa."

Both parties have been freshly reminded of Cheney's constitutional duties as president of the Senate as control of that chamber has continued to ride on the health of Sen. Tim Johnson. The South Dakota Democrat remains hospitalized four weeks after surgery for a brain hemorrhage.

If Johnson cannot complete his term, the Republican governor of South Dakota would be likely to appoint a Republican, effectively creating a 50-50 Senate and allowing Republicans to regain control by virtue of Cheney's tie-breaking vote.

Cheney played a lightning-rod role as a leading advocate for invading Iraq and has continued to call for an aggressive stance there, even after last November's midterm elections stripped Republicans of control of both House and Senate.

"Some in our country may believe in good faith that retreating from Iraq would make America safer. Recent experience teaches the opposite lesson," Cheney said in a speech to a conservative group several weeks after the election.

When Bush decided to replace the controversial Rumsfeld with Robert Gates at the Pentagon, Cheney said at a farewell ceremony last month for his old friend, "Don Rumsfeld is the finest secretary of defense this nation has ever had."

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"I think Cheney remains a powerful force within the administration and there's no indication he's changed his views," said Michele Flournoy, a former Pentagon defense strategist now with the Center for Strategic and International Studies.

"That said, the president is still the president," she said.

"But there's not a lot of indication the president's changed his views, either," Flournoy said. She said the net effect is that "the two leaders at the top are still driving the train in the same direction despite calls for them to change course."

Bush still clearly values Cheney's counsel.

The vice president traveled to Saudi Arabia in late November to sound out the Saudis on the conflict in Iraq and the Israeli-Palestinian crisis. And he was at Bush's side as the president met with various groups to help reshape his Iraq policy.

"Cheney's role is back to what it was at the beginning, which is the behind-the-scenes organizer, the guy who gets things done," said GOP pollster Frank Luntz. "And Cheney is so much a man of principle and so not a man of polls. So for him, it's not that he's going the other way (from more moderate voices on Iraq). He is sticking to principle."

Luntz said it doesn't really matter that Cheney may be losing political influence among other Republicans and may be a liability with the new Democratic Congress. "Now that the last campaign is done, there's not much for him to do politically."

Libby Trial May Show Cheney's Role In Run-Up To War (BLOOM)

By Cary O'Reilly, Holly Rosenkrantz

Bloomberg, January 12, 2007

Jan. 12 (Bloomberg) -- The perjury trial of I. Lewis Libby, Vice President Dick Cheney's former chief of staff, may provide ammunition for Democrats looking to attack the White House for its conduct in the run-up to the Iraq war.

Libby, 56, is charged with perjury and obstruction for lying to a grand jury probing the leak of a CIA agent's name. He faces as many as 30 years in prison if convicted. The trial starts on Jan. 16 in Washington.

Defense lawyers say they'll call Cheney as a witness to bolster claims Libby was too busy with security matters to accurately remember events. His testifying is risky for both men. What Cheney recalls may undermine Libby's too-busy defense while exposing the vice president to probes by Congress of how the Bush administration promoted the war, legal experts said.

``Litigation begets litigation," said Stanley Brand, a former U.S. House counsel who specializes in representing public officials accused of wrongdoing. ``Every time you haul someone to court, it makes it more likely someone else is going to haul him to court. It's the Martha Stewart problem. Once you're under oath, people can take pot shots at you about what you said.''

Ted Wells, a Paul Weiss Rifkind attorney representing Libby, told U.S. District Judge Reggie Walton during a hearing last month that he plans to call Cheney to the stand. He and co-counsel William Jeffress of Baker Botts did not return telephone calls this week seeking comment.

Cheney spokeswoman Lea Ann McBride declined to say whether a subpoena has been received. ``We have cooperated fully with the investigation and will continue to do so," McBride said.

Rare Testimony

If Cheney takes the stand, he would be the first sitting vice president to testify in a criminal case in at least 100 years, according to Joel Goldstein, a vice presidential scholar at St. Louis University. Rulings by Walton may limit the scope of Cheney's testimony, though he is likely to discuss events in the months leading up to the invasion of Iraq in 2003, the period in which prosecutors say Libby committed perjury and obstruction.

``The suggestion has been that Vice President Cheney's office has really almost created an alternative national security council," Goldstein said. ``To that extent, the trial may be indicative in showing how the vice president's office has been involved in the planning and selling of the war."

Libby was Cheney's closest adviser, having served as the vice president's national security adviser as well as his chief of staff. He worked with Cheney at the Pentagon during the administration of President George H.W. Bush.

Not First on Trial

Libby is one of the highest-ranking White House officials ever to be tried, though not the only member of the Bush administration. David Safavian, the former head of the Office of Management and Budget, was sentenced to 18 months in prison

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in October for lying and obstructing justice during the corruption investigation of Republican lobbyist Jack Abramoff, now in prison for fraud.

Assistant U.S. Attorney Peter Zeidenberg, who won a conviction of Safavian, is a working with U.S. Attorney Patrick Fitzgerald, the chief prosecutor in the Libby case.

Fitzgerald, normally based in Chicago, would probably handle any cross-examination of Cheney. He ``is the special prosecutor in the Libby case, and he is personally responsible and more involved in that case, than in any of his Chicago cases," said Robert Kent, a former federal prosecutor in Fitzgerald's office who left two months ago to join the Baker McKenzie law firm.

Fitzgerald's cases include the prosecution of Conrad Black, the former Hollinger International Inc. chairman charged with looting the company.

Plame's Name

Libby was indicted in October 2005 on charges of lying to investigators and a grand jury probing whether Bush administration officials intentionally revealed the identity of Central Intelligence Agency operative Valerie Plame to reporters, a violation of federal law.

Plame's name was published by syndicated columnist Robert Novak on July 14, 2003, after her husband, former ambassador Joseph Wilson, publicly accused President George W. Bush of twisting intelligence to justify the Iraq war.

Libby is accused of lying and obstructing the probe. No one has been charged with the leak of Plame's name. In September, ex- U.S. Deputy Secretary of State Richard Armitage said he was the person who first told Novak that Plame was a CIA officer.

Court papers filed in the Libby case portray Cheney as having a central role in events during the period in 2003 that the administration was defending itself against critics of Bush's decision to invade Iraq. Cheney told Libby on June 12, 2003, that Wilson's wife, Valerie Plame, worked at the CIA, according to the indictment. Libby told investigators that he believed Cheney learned it from the agency.

`No Control'

Cheney's testimony may undermine Libby's argument that he was too focused on national security matters by showing, for example, how often he discussed Wilson and Plame with his boss, according to Elizabeth de la Vega, a former federal prosecutor.

``This is Libby's trial," she said. ``He's on trial for perjury and false statements, so Cheney is not going to be able to control anything. It's not completely wide open, but there's quite a bit of leeway in questioning him on matters leading up to the disclosure" of Plame's name.

News organizations including Bloomberg News asked Walton Jan. 4 to ensure media access to the jury selection process, and to release audio recordings of the proceedings. Walton denied the latter request in a Jan. 9 order and will allow only two journalists in the courtroom. He said the court has taken extraordinary steps to ensure public access.

Other reporters and members of the public can observe the proceedings in a second courtroom that will have live audio and video of the proceedings, he said.

``At no time in the history of this courthouse have such accommodations been provided to the public and the press in a criminal case," Walton said in the order.

The case is U.S. vs. Libby, 05-394, U.S. District Court, the District of Columbia.

Cheney Is Forced To Testify In Case Of The Crime That Never Was (LONT)

By Tim Reid

Times of London, January 13, 2007

A politically charged courtroom drama centred on the Iraq war, a blonde bombshell spy and a vice-president in the witness box begins next week when Dick Cheney's former chief of staff goes on trial for his alleged role in the CIA leak scandal.

The prosecution of Lewis "Scooter" Libby is set to become a political show trial to be relished by opponents of the Iraq war. The roots of the scandal that led to his being charged with perjury lie in how the White House justified the invasion, and the subsequent spin operation that it mounted after the failure to find weapons of mass destruction.

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In one key respect the six- week trial, which begins on Tuesday, is unprecedented: the relentlessly secretive Mr Cheney will enter the witness box as part of Mr Libby's defence. It makes him the first sitting vice-president to testify in a criminal prosecution. He is expected to be cross-examined on his efforts to rebut critics of the war aggressively as it began to turn sour in 2003, an experience he will find detestable.

Mr Libby denies lying to the FBI and a grand jury about who gave the press the name of Valerie Plame, a former covert CIA agent with stunning good looks. He faces up to 30 years in jail if convicted.

No Bush Administration official, including Mr Libby, was charged with leaking Ms Plame's identity. It became clear last year that the accusation that triggered the special prosecutor's investigation — that the White House knew that Ms Plame was an undercover operative and leaked her identity deliberately to discredit her husband, a war critic — was unfounded. Mr Libby is now accused of a covering up a non-existent crime that did not need to be hidden.

The genesis of the Plame scandal lies in a CIA-sponsored trip that Joseph Wilson, Ms Plame's husband and a former ambassador, made to Niger in 2002 to investigate reports that Iraq had tried to buy uranium there. In July 2003 he accused the Bush Administration of ignoring his report that there was no Iraq-Niger link, and of twisting prewar intelligence.

A week later Robert Novak, a conservative columnist, wrote that Mr Wilson had been sent to Niger by Ms Plame, the first time that her name had been made public. The report caused a political storm after Mr Wilson claimed that his wife was a covert agent and that her name had been leaked as retribution for his criticism of the war. It is a crime knowingly to reveal the identity of a covert official.

Soon after Mr Novak's column, several other journalists wrote about Ms Plame. They told Patrick Fitzgerald, the investigating prosecutor, that they learnt about her from Mr Libby and Karl Rove, Mr Bush's chief adviser. Mr Libby is charged with lying to investigators because he claimed that he first learnt about Ms Plame from the reporters. One journalist, Judith Miller, was jailed for 85 days after refusing to reveal that her source was Mr Libby.

Claims of a White House operation to destroy the Wilsons were all but demolished after it emerged recently that Mr Novak's source was Richard Armitage, Colin Powell's former deputy at the State Department. He was a war critic and mentioned the Plame-Wilson connection as "idle gossip".

Mr Fitzgerald will try to show that Mr Cheney was obsessed with pushing back against Mr Wilson and that it was a "high priority" for his chief of staff — and that Mr Libby tried to obscure that fact.

SMU Faculty Members Oppose Bush Library (AP)

By Angela K. Brown

AP, January 13, 2007

Negotiations to build George W. Bush's presidential library at Southern Methodist University have divided the campus, pitting the administration and some alumni against liberal-leaning faculty members who say the project would be an embarrassment to the school.

Some professors have complained that the combined library, museum and think tank would celebrate a presidency that unnecessarily took the country into a war.

The fear is that the library "will continue to espouse the philosophy and practice of the Bush administration, which has seriously divided our nation and has brought the ire of other countries," said William McElvaney, a retired professor at SMU's theology school and co-author a November opinion piece in the campus newspaper titled "The George W. Bush Library: Asset or Albatross?"

SMU emerged as the front-runner in the competition last month when the library site selection committee said it was entering further discussions with the 11,000-student, private university in one of Dallas's wealthiest neighborhoods. The project will be financed with a private fund drive aimed at raising at least $200 million.

Bush connections to SMU run deep. First lady Laura Bush is a graduate and is on the board of trustees. Vice President Dick Cheney previously served on the board. Presidential adviser Karen Hughes and former White House counsel Harriet Miers are both graduates.

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SMU officials said the project is unlikely to be derailed by the faculty opposition, and said the professors opposed to it are in the minority.

Brad Cheves, vice president for external affairs and development, said the library could help recruit students, attract visitors and increase giving. "It raises the profile of SMU no matter how people feel about President Bush," he said.

White House spokeswoman Dana Perino declined to comment. And a spokesman for former Bush administration Commerce Secretary Don Evans, chairman of the library search committee, would not comment on whether the objections from some of the 600 faculty members would affect the panel's final decision, expected in a few months.

Other faculty say they would welcome the library.

"This takes us to a whole new level," said Rita Kirk, a politics professor who has done research at other presidential libraries.

As for the students, Luis Arango, a 21-year-old junior and political science major, said on campus Friday: "This school has a very conservative vibe, and most of the students like Bush. The only people who don't seem to be the faculty. I know for a fact that some are real liberal and I don't think should be teaching here."

As for the alumni, many of them are wealthy and conservative. And Mike Boone, who is on SMU's board of trustees and earned undergraduate and law school degrees from SMU, said an overwhelming majority of alumni support the Bush library project.

"It's prestigious and brings a lot of value to a university," said Boone, a Dallas lawyer who has known Bush since he was Texas governor.

The other finalists are Baylor University in Waco, near the Bushes' Crawford ranch, and the University of Dallas.

McElvaney warned that not only could the library hurt SMU's reputation, it could also become a target for terrorists or others who want to strike back at Bush, McElvaney said.

"Dallas is already known as the city in which President Kennedy was assassinated, so does Dallas want a Bush library that could become a prime terrorist target?" McElvaney asked.

The library of the president's father is on the Texas A&M University campus in College Station.

Universities often compete to host presidential libraries. But this is not the first time that the political passions of the day have stirred resistance to such a project.

In 1981, Duke University faculty members, by one vote, voted against continuing discussions to build Richard Nixon's library there. Nixon graduated from Duke Law School in North Carolina. Duke's trustees voted to build the library anyway, but negotiations with Nixon officials eventually broke down. The Nixon library was eventually built in Yorba Linda, in his native California.

"It was obvious this was going to be a memorial to glorify the career of Richard Nixon rather than be a repository of his papers," said Lawrence Evans, a retired Duke physics professor.

Native Texan Lyndon B. Johnson's library was built on the University of Texas campus in Austin during the Vietnam area. During the 1971 opening ceremony, hundreds of protesters chanted anti-war slogans and released black balloons. Demonstrators also marched around campus, throwing bottles, cans and rocks at police, and dozens were arrested.

For Teachers, Being "Highly Qualified" Is A Subjective Matter (WP)

By Michael Alison Chandler

The Washington Post, January 13, 2007

To overhaul public education, the No Child Left Behind law required a massive expansion of student testing. But it also called for states to ensure that all teachers in core academic subjects are "highly qualified" to help students succeed -- an unprecedented mandate that has delivered less than promised.

The law, which turned five years old this week, has held schools to increasingly higher standards for student achievement. For teachers, however, standards meant to guarantee that they know their subjects are often vague and open to broad interpretation.

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Legal loopholes and uneven implementation by states and the U.S. Department of Education have diluted the law's impact on the teaching workforce, some education experts say. They say that meeting the standards of quality is more about shuffling paper than achieving two vital goals: ensuring that teachers are prepared to help students succeed and reducing the teacher talent gap between rich and poor schools.

"Meeting the qualifications has become an exercise in bureaucratic compliance," said Andrew J. Rotherham, a member of the Virginia Board of Education and a former education adviser in the Clinton administration. "It's not a process that gets at the fundamental issues of quality or effectiveness." Congress may soon tackle those issues as it considers renewing the law.

The career path of Maria Lewis Ramadane shows what the mandate was meant to accomplish and its confusing results. The meaning of highly qualified, it turns out, varies sharply from place to place.

When Ramadane started teaching at Graham Park Middle School near Dumfries in 2003, the special education teacher didn't meet the law's standard because she had a provisional license. But after earning a master's degree and completing a 30-hour literacy class, she obtained full certification, and Virginia now deems her highly qualified to teach language arts.

In Maryland and the District, however, Ramadane would be asked for more: another standardized test, more professional coursework. Tougher rules are probably one reason Maryland and the District report lower rates of classrooms with highly qualified teachers: 79 percent in Maryland and 51 percent in the District, compared with 95 percent in Virginia. D.C. public schools -- and some in Maryland -- also face major recruiting obstacles.

This week, senior Democratic lawmakers discussed an extension of No Child Left Behind with President Bush. In the coming congressional debate over the law, teacher quality is likely to be a key issue. Some experts favor shifting the emphasis from "highly qualified" to "highly effective" teachers, requiring states to look not just at credentials but how well individual teachers help students learn and perform on tests.

U.S. Rep. George Miller (D-Calif.), the new chairman of the House Committee on Education and Labor, said in an interview that teacher quality is one of his highest priorities. He has proposed spending more money to recruit and retain qualified teachers, particularly in low-income districts.

Miller said the current standards for subject matter competence and certification are the "bare minimum" and said that the government should establish systems to increase teacher effectiveness. "The law itself does not make you highly qualified," he said.

Some leaders of teacher unions say that raising salaries and improving working conditions are better ways to raise the caliber of the workforce. Princess Moss, president of the Virginia Education Association, questioned what she called "paperwork and needless requirements," particularly in areas with persistent teacher shortages, such as special education.

Ramadane said she has not found Virginia's requirements difficult, and she has taken extra classes in reading and writing instruction so she can keep challenging her Prince William County students. "Most teachers that I know go above and beyond," she said.

The Bush administration has pushed aggressively to hold schools accountable for raising student test scores and narrowing achievement gaps, but it has been more flexible on teacher quality.

In late 2005, Education Secretary Margaret Spellings pushed back a June 2006 deadline for states to reach full compliance with the highly qualified teacher requirement, giving them a one-year pass if they could demonstrate progress. Spellings said states would not lose federal funding if they submitted a plan with an acceptable definition of highly qualified teachers, accurate data and steps to ensure that experienced and qualified teachers are spread equitably among rich and poor schools.

By August, only Maryland and eight other states had plans that met all requirements. The rest, including Virginia, had to make revisions to address the equity issue, as did the District.

U.S. education officials and independent analysts cite some advances. Data show that about nine out of 10 classrooms nationwide in 2005 were headed by a highly qualified teacher; in 2003, the rate was closer to eight out of 10. Experts note that states have created incentives and opportunities for teachers to obtain additional training and have reversed a long-standing reliance on emergency credentials to fill classrooms. In some cities, including the District, school systems have fired teachers who are not fully licensed.

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Spellings said the drive for content expertise has improved the workforce.

"The whole notion that you have to have grounding in the subject area that you're teaching makes a lot of sense to policymakers and to moms and dads," she said. "You know, the old you-can't-teach-what-you-don't-know philosophy."

According to the federal law, to become highly qualified, a first-year teacher must have a college degree, a full state license and some mastery of content -- provable by coursework or a standardized test.

The first two requirements are straightforward. The third has been interpreted in many ways, particularly for veteran teachers -- defined in Virginia and Maryland as those with at least one year of experience -- for whom the law is more lenient.

To prove expertise, teachers can choose from a menu of options that often have little to do with subject matter.

In Maryland, teachers can show they know their subjects in part by taking education courses or earning teaching awards. Virginia offers credit for developing curricula, mentoring other teachers or attending a 30-hour "content knowledge institute."

Last year, the Bush administration objected to a Virginia policy allowing new high school special education teachers to take a less-rigorous middle school content test. It also faulted a policy letting veteran teachers assert that they are sufficiently knowledgeable if they hold an advanced degree in any subject, not just in the subject they teach. Virginia tightened the rules, but state officials said the policies in question affected only about 155 of the state's 99,000 teachers.

Virginia officials report only a small teacher-quality gap, with 6 percent of classrooms in the state's poorest schools lacking highly qualified teachers, compared with 3 percent in the richest schools.

In Maryland, the disparity is greater: Nearly 40 percent of classes in the poorest schools lack highly qualified teachers, compared with about 10 percent in the richest schools. Especially in Baltimore and Prince George's County, administrators often must resort to hiring inexperienced teachers who move on after a few years.

But Maryland has made progress -- the portion of classrooms with highly qualified teachers rose from 67 percent in 2004 to more than 79 percent in 2006.

At Benjamin Tasker Middle School in Bowie, the compliance rate rose from 52 percent in 2004 to 76 percent in 2006. But the hunt for highly qualified teachers remains intense.

As this school year approached, Principal Karen Coley said she found herself waiting for a seventh-grade science teacher to "drop from the sky."

The school system's recruiter, known as the "rainmaker," found a candidate who was promising but not rated highly qualified. One recent morning, that teacher quizzed students about the difference between chemical and physical properties. "A natural," Coley called her.

But in the future, Coley is hoping to find a more reliable stream of highly qualified teachers.

High Court Adds Death-Penalty And Tobacco Cases To Docket (WP)

By Robert Barnes

The Washington Post, January 13, 2007

The Supreme Court added four cases to its docket for the current term yesterday, including a review of a judge's decision to dismiss a potential juror from a death-penalty case because of the man's equivocal statements about capital punishment.

A federal appeals court overturned the trial judge's ruling in a rape and murder trial in the state of Washington. One of the issues in the case is whether federal courts should defer to a trial judge who is in a position to actually talk to and observe a potential juror in making the decision about his ability to carry out the law.

The court has added 11 cases to its slimmer-than-usual caseload in the past eight days, all of which are scheduled to be argued and decided before the term's usual close at the end of June. Among the cases justices said yesterday that they will decide is a question of whether a cigarette manufacturer can move a lawsuit against it to federal jurisdiction and out of the state courts, where judgments against tobacco companies have been mounting.

The death-penalty case , Uttecht v. Brown (06-413), stems from the 1991 conviction of Cal Coburn Brown. One of the prospective jurors in the case indicated on a questionnaire that he could support a death sentence if convinced beyond a shadow of a doubt that the accused had killed and would kill again, and that he would have severe doubts without that. Because

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the only other alternative sentence for Brown would be life in prison without parole, he was told it would be unlikely such evidence would be presented.

After additional questioning, the prosecution asked that the juror be dismissed, and the defense did not object. The Washington state Supreme Court and a federal district judge upheld the state judge's decision to dismiss.

But the U.S. Court of Appeals for the 9th Circuit, with which the Supreme Court has already disagreed on a death-penalty case this year, reversed the sentence. The potential juror's statement that he "would impose the death penalty when the defendant would be likely to kill again did not exclude the possibility that he would vote to impose the death penalty in other circumstances as well," the court ruled.

And it said that automatically deferring to the trial judge's judgment because "unknown facial expression or body language" might contradict the actual words of the potential juror would make appellate review "obsolete."

The cigarette case, Watson v. Philip Morris (05-1284), comes from Arkansas, where consumers alleged that the company had violated the state's deceptive-advertising law with claims about its "light" cigarettes. Similar class-action lawsuits have been filed around the country.

But Phillip Morris, whose parent company is now known as Altria Group Inc., was successful in having the case transferred to federal courts, saying that its advertising is regulated by the Federal Trade Commission, and that made it a "person acting under" a federal officer.

The Bush administration said it disagreed with the U.S. Court of Appeals for the 8th Circuit ruling upholding the lower court's decision. Nevertheless, Solicitor General Paul D. Clement had recommended the Supreme Court not take the case, saying it did not warrant the court's review.

Those who sued said the move to federal court denies the right of states to be the primary forum for adjudicating state laws.

The court also took Struhs, et al., v. Wyner (06-531), about who should pay lawyer fees in a case involving nude protesters in a Florida park, and Hinck v. U.S. (06-376), a jurisdictional question about the U.S. Tax Court.

Justices To Review Death Penalty Case (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, January 13, 2007

Once again, the 9th Circuit Appeals Court's sentence overturning will be reconsidered.

WASHINGTON — The Supreme Court agreed Friday to reconsider another death penalty decision from the U.S. 9th Circuit Court of Appeals, this one overturning the death sentence for a man who abducted a young Seattle woman then raped and tortured her for two days before killing her.

It will be the fourth case before the justices this term in which the San Francisco-based 9th Circuit had reversed a murder conviction or a death sentence.

In all four, state prosecutors appealed to the high court, arguing the judges of the appeals court had overstepped their authority and wrongly second-guessed a state court's decision.

In November, the high court reversed the 9th Circuit and restored a death sentence for a Central Valley man who robbed and fatally clubbed a young woman in 1982. In December, the justices unanimously restored the murder conviction for a man who shot and killed the fiancé of his estranged wife in San Jose. The 9th Circuit had overturned the conviction because the parents and a brother of the murder victim were seen wearing a small photo of him in the courtroom.

The third case, heard Tuesday, concerned an Arizona murderer whose death sentence was overturned by the 9th Circuit on the grounds that his lawyer failed to present "mitigating evidence" on his behalf, even though the defendant, Jeffrey Landrigan, told the judge during the sentencing hearing that he did not want mitigating evidence presented on his behalf.

The new case, from Seattle, focuses on a potential juror who was excluded because of his views on the death penalty.

The facts of the case were described as "sickening" by the dissenting judges on the 9th Circuit.

On May 23, 1991, Holly Washa, 21, was leaving her job at a hotel near the Seattle-Tacoma Airport when Cal Brown stopped her to say her tire was flat. He jumped in her car and put a knife to her throat. He forced her to take money from her bank account.

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Brown took her to a motel where he kept her in handcuffs and raped her. On the third day, he slit her throat and left her to die in the trunk of her car.

From there, Brown flew to Palm Springs, where he abducted, tortured and stabbed a second woman. Despite a slit throat, she was able to call the hotel desk when Brown left the room. Police arrested Brown when he returned.

Brown gave a detailed confession to both crimes. In Seattle, he was tried, convicted and sentenced to die in 1993 for Washa's murder. State courts and a federal judge in Seattle upheld the conviction and sentence.

"This was not a case where there was any doubt about who committed the murder," John J. Samson, an assistant attorney general from Washington, said Friday.

In December 2005, however, Brown's appeal came before a three-judge panel of the 9th Circuit, which reversed the death sentence on the grounds that one of the potential jurors was improperly excluded from the trial.

During voir dire, the process in which prosecutors and defense attorneys question prospective jurors, either side may move to exclude someone they think may have a strong bias.

When questioned, the potential juror, referred to as "Juror Z," said he favored the death penalty only "in severe situations" and when it was "very obvious the person would re-offend."

Under Washington law, a defendant convicted of aggravated first-degree murder would be sentenced to death or life in prison without the possibility of parole. That meant that Brown would have no chance to "re-offend" outside prison.

A death sentence may be imposed in Washington only if all 12 jurors agree. Because this potential juror would presumably reject a death sentence for Brown, the prosecutor sought to remove him from the jury pool. "We have no objection," the defense lawyer replied, and the trial judge dismissed "Juror Z" from the case's jury pool.

Writing for the appeals court, Judge Alex Kozinski of Pasadena said "Juror Z" was not flatly opposed to the death penalty. "Most importantly, he promised he would 'follow the law' without reservation," he wrote.

Because "Juror Z was erroneously excluded," Brown was denied his right to a fair trial, Kozinski concluded. His opinion was joined by Judges Stephen Reinhardt of Los Angeles and Marcia Berzon of San Francisco.

In June, 2006, when a petition to rehear the case was denied by the appeals court, five of its judges joined in a dissent, saying the decision ignored a 1996 law which says U.S. judges should defer to reasonable decisions made by state courts.

In September, Washington Atty. Gen. Rob McKenna appealed to the Supreme Court, arguing that the trial judge had handled the jury selection reasonably and in line with the law.

The justices voted Friday to hear the case of Uttecht vs. Brown in April and to issue a ruling by late June.

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OTHER NEWS:

Early Loss Overcome, Dow Sets A Record (NYT/AP)

The New York Times, January 13, 2007

Wall Street rebounded from an early loss yesterday to send the Dow Jones industrial average to its second consecutive record close as investors embraced robust economic data and shrugged off several profit warnings.

Stocks held their gains despite a warning from the chip maker Advanced Micro Devices, considered one of the bellwether stocks in the technology sector, that its revenue would fall short of forecasts.

The market was helped by the recent decline in oil prices and by a Commerce Department report that retail sales rose in December at their strongest pace in five months, an indication that holiday sales might have been better than expected.

The retail sales report was another sign that the economy remains healthy, and that central bankers might be inclined to keep interest rates where they are. Investors have been hoping the Federal Reserve might lower rates in the near future.

Some of yesterday's fluctuations were probably a result of adjustments in the positions of investors ahead of a three-day weekend. The markets are closed on Monday for Martin Luther King's Birthday.

"You've had a pretty good week, and people always tend to even up positions on a Friday, especially before a holiday," said Alexander Paris, an economist for Barrington Research in Chicago.

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The Dow Jones industrials jumped 41.10 points, or 0.33 percent, to 12,556.08. It was the index's 24th record close since the start of October.

The Standard & Poor's 500-stock index climbed 6.91 points, or 0.49 percent, to 1,430.73, and the Nasdaq composite index increased 17.97 points, or 0.72 percent, to 2,502.82.

The Dow Jones industrials rose 1.27 percent this week, while the S.& P. 500 advanced 1.49 percent and the Nasdaq picked up 2.82 percent.

"The mood isn't negative," said Brian Williamson, an equity trader at the Boston Company Asset Management, a subsidiary of the Mellon Financial Corporation. "You take the economic news as it comes. Things are changing so rapidly, and there's so much information right now, but you react and then look ahead. That's what the market is doing."

Oil prices, which touched 19-month lows in the session, were erratic as traders weighed speculation that the Organization of the Petroleum Exporting Countries might consider an emergency meeting to cut production. The February crude oil contract settled up $1.11 at $52.99 a barrel on the New York Mercantile Exchange; despite the advance, oil is still down 13 percent since the start of the year.

Investors pushed oil stocks higher on the belief a production cut could help anchor profits. ConocoPhillips, also helped by plans for a share buyback, rose $2.01, or 3.3 percent, to $63.83.

Exxon Mobil gained $1.68, rising to $72.66.

Murphy Oil, an oil and gas refiner, rose 36 cents, to $46.61, as investors shrugged off a fourth-quarter profit warning.

Technology stocks, which have been among the market's biggest gainers so far this year, extended their advance despite a warning late Thursday from Advanced Micro that fourth-quarter results would be lower than expected because of a price battle with Intel. Advanced Micro fell $1.92, or 9.5 percent, to $18.26.

A warning from the business software maker SAP that quarterly profit and revenue would fall short of expectations caused a round of downgrades by analysts. The stock was able to stay in positive territory, however, rising $1.52, or 3.1 percent, to $50.02.

Apple backed off a record high reached this week after it unveiled plans to roll out its iPhone later this year. A trademark lawsuit filed by Cisco Systems challenged Apple's right to the name and helped push its shares lower by $1.18, to $94.62. Shares of Cisco rose 23 cents, to $28.92.

Cablevision Systems fell after the Dolan family, which founded the company, raised its buyout bid in what the family called the "best and final offer." Investors sent the stock down $1.21, or 4.1 percent, to $28.39, apparently concluding that a more lucrative offer is unlikely.

The bond market, which has been pricing in the potential of a cut in interest rates sometime in the first half of the year, was disturbed by the economic reports yesterday. The benchmark 10-year Treasury note declined 11/32, to a price of 98 26/32. The note's yield, which moves in the opposite direction from the price, rose to 4.77 percent from 4.73 percent Thursday.

Dollar Ends Three-Day Advance But Could Be Poised For Gains (WSJ)

By Isabelle Lindenmayer

The Wall Street Journal, January 13, 2007

Is that the end of the dollar rally, or just a pause?

The dollar ended its three-day advance Friday, largely shrugging off a series of positive data releases. But analysts say they expect the currency to post further gains this coming week as the market focuses on renewed optimism about the state of the U.S. economy.

After starting the session little changed, the dollar climbed on the back of a better-than-expected retail-sales report. Yet the dollar reversed course shortly thereafter, retracing all its gains and slipping notably lower against the euro.

In late-afternoon trading in New York, the euro stood at $1.2919 from $1.2894 late Thursday, while the dollar was at 120.37 yen from 120.50 yen late Thursday. The euro was at 155.50 yen from 155.37 yen.

The dollar stood at 1.2481 Swiss francs from 1.2491 francs, while sterling was at $1.9587 from $1.9455 late Thursday.

"The dollar saw an after-the-fact selloff following better-than-expected retail-sales numbers for December," Naomi Fink, currency strategist at BNP Paribas, said.

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"More likely than not, investors felt as though the dollar's three-day rally preceding the release had compensated adequately for the upside surprise," she said.

Other analysts pointed to the retail report itself as a potential reason for the dollar's slip, as the report included a 0.4% downward revision in November's retail-sales data.

The dollar rose initially on the news but then reversed, "perhaps on the view that some of the details in the December sales data and the revisions were not as strong as seen at first glance," Michael Carey, chief economist for North America at Calyon Corporate & Investment Bank, said.

Investors can look forward to a slew of fresh U.S. data in the coming week, with December producer-price-index and consumer-price-index reports due, plus December housing starts.

December Retail Sales Jump 0.9% Amid Robust Holiday Shopping Season (WSJ)

By Rafael Gerena-Morales, Kris Hudson

The Wall Street Journal, January 13, 2007

As it turned out, shoppers spent more freely during the just-ended holiday season than had been thought, helping some retailers end the year on strong footing and suggesting that economic growth could be rebounding faster than expected.

Retail sales jumped 0.9% in December from the month before, to a seasonally adjusted $369.9 billion, the Commerce Department said Friday. December's growth was up from a gain of 0.6% in November and was the strongest rate of growth in retail sales since July. When compared to December a year ago, retail sales were up 5.4% compared with December-to-December growth of 5.7% in 2005.

Although full-year growth in 2006 was lower than in 2005, economists noted that sales in the final three months of last year were regaining momentum.

"The consumer was pretty lively" last month, said Joshua Shapiro, chief U.S. economist at MFR Inc. "We ended the year on a strong note -- there's no doubt about that."

Economists said consumer spending last month benefited from a host of factors that offset the effect of a slowing housing market: Energy prices fell and stronger-than-expected job creation bolstered wage and income gains. Moreover, unseasonably warm weather and heavy discounting drew shoppers to the mall in greater numbers than usual.

The retail-sales figures, coming on the heels of last week's employment report that showed strong job creation, prompted some economists to raise their estimates of economic growth.

In an email sent to clients Friday, economists at Morgan Stanley said they believe consumer spending rose about 4.3% in the fourth quarter, a performance they said "has been exceeded on only a handful of occasions" over the course of the current expansion. They also said that "signs are pointing" to a much stronger pace of economic growth for the first quarter of 2007. The firm expects inflation-adjusted gross domestic product, the value of the nation's output, would be up "at least" 3.5% in the current quarter. Earlier, Morgan Stanley economists estimated first-quarter GDP growth would be between 2.3% and 2.5%.

The retail-sales report also bolsters the view that the Federal Reserve is unlikely to reduce interest rates soon and is likely to keep short-term interest rates at the current level. "There's no way the Fed will lower rates while" economic activity accelerates and inflation remains elevated, said Bernard Baumohl, managing director of the Economic Outlook Group, of Princeton Junction, N.J. "It's just not in the cards. The economy is stronger than we thought earlier."

Not everyone agrees. Mr. Shapiro said that retail sales were "exaggerated" by warm weather. He expects consumer spending will ease to an annualized growth rate of 2.5% to 3% in the first quarter and slow even further for the rest of the year. "There's still a tug of war going on" between the slumping housing market and the healthy labor market, he said.

The holiday season's big winners included electronics and appliance stores, where sales rose 3% in December from a month earlier and 15% from a year earlier. A host of products fed that surge, including new videogame consoles, such as Nintendo Co.'s Wii, digital music players, and flat-panel television sets. Prices on flat-panel, high-definition TV sets have plummeted in recent months -- in some cases to below $500 -- as mass-market retailers charged into the category.

Heavy discounting has lifted revenues at some of the nation's largest electronics retailers, including Best Buy Co., Richfield, Minn. Best Buy recently reported that sales at stores open at least a year rose 7% in December. "In flat-panel televisions, we did a

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tremendous amount of business, but that wasn't a surprise," the company's chief financial officer, Darren Jackson, said Friday. "What was a surprise is" that sales also remained robust for a range of other products, including notebook computers, digital music players and digital photography goods, he said.

Sales at nonstore retailers, essentially online and catalogue merchants, were up 0.3% last month and were up 7.9% from a year earlier. Sales at bars and restaurants rose 2.3% in December from a month earlier and 9.3% from a year earlier, the Commerce Department reported. Sales at general merchandise stores rose 0.9% in December from a month earlier, and 5.4% from a year earlier. Sales also rose at stores that sell cars and parts, furniture, clothing and health- and personal-care goods. However, sales at building-material and garden-equipment stores fell 1.1% in December from a month earlier and were down 0.8% from a year earlier, which economists said was due to the housing slowdown.

Separately, the Labor Department said Friday that import prices in December climbed 1.1% from November, and 2.5% from a year earlier. Excluding petroleum, import prices in December rose 0.4% from November and 1.7% from a year earlier.

US Retail Sales Better Than Expected (FT)

By Eoin Callan

Financial Times, January 13, 2007

US retail sales rose more than expected last month as consumers spent heavily over the holiday period on electronics, government figures showed.

Total sales rose 0.9 per cent in December while the closely-watched measure of purchases excluding autos rose by 1 per cent, according to the data.

The steady rise suggests consumer spending helped support economic growth in the last quarter of the year, offsetting a sharp correction in the housing sector and weakness in manufacturing.

Haseeb Ahmed, an economist at JPMorgan, said the gain was “very strong”, adding: “clearly the trajectory for consumer spending into the first quarter is decent and the consumer sector overall looks very healthy.”

The sales rise underlines the Federal Reserve’s forecast that the economy will grow at a modest rate next year, as consumers continue to spend despite the ongoing housing slowdown.

The report from the Commerce Department showed sales at electricals stores rose 15 per cent compared to the last holiday season.

Figures for the full year also showed a strong rise in consumers’ use of the web to make purchases as online and catalogue sales also rose 11.3

Overall retail sales for the full year rose by 6 per cent, a slower pace than the 6.9 per cent gain achieved in 2005 - reflecting a weaker economy last year.

The Results Are In And Retailers Can Exhale (WP)

By Ylan Q. Mui

The Washington Post, January 13, 2007

The Commerce Department released the final results on the holiday shopping season yesterday as the retail industry seemed to breathe a collective sigh of relief.

December sales grew nearly 5 percent from a year ago, to $332.44 billion, excluding motor vehicles, auto parts and food services, according to the report. For the past two months, sales increased 4.6 percent, to $662.5 billion, compared with the same period in 2005.

Retail groups had mixed reactions to the numbers, depending largely on how closely their forecasts matched the Commerce Department's figures. But even groups that had predicted stronger growth still considered the all-important holiday season to be a solid one.

The Commerce figures are based on monthly sales results from about 5,000 companies. The numbers released yesterday could be revised after additional data from 12,000 businesses are reviewed over the coming weeks. November's sales growth, for example, was downgraded to 0.6 percent from 1.1 percent the previous month. December retail sales increased 0.7 percent from the month before.

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The undisputed leader of the season was consumer electronics. Sales last month skyrocketed 15 percent over December 2005, to $9.67 billion, the largest percentage jump of any category. Health and personal-care stores' sales grew 10.2 percent, to $19.64 billion. Apparel fared better than many industry experts expected, considering the unseasonably warm winter in some parts of the country. Shoppers spent 5.5 percent more -- $18.11 billion -- for clothing and accessories in December than they did a year earlier.

"It was a very good season," said Michael P. Niemira, chief economist for the International Council of Shopping Centers, a trade group. "It really is again on the heels of this huge electronic bonanza."

He said the Commerce Department results suggested that the season was stronger than he expected. The council tracks sales at national chain stores open at least a year typically found in malls and other shopping centers. They include such retailers as Wal-Mart, Kohl's and American Eagle but not home supply stores such as Home Depot and Lowe's. The group measured sales growth at its stores at 2.8 percent for November and December, in line with their projections, but slower than last year.

"You [can] say it's just been chugging along," Niemira said.

Meanwhile, ShopperTrak RCT put the sales increase for the past two months of 2006 at 5.1 percent over the same period in 2005, narrowly besting its 5 percent forecast. The research firm based its analysis on the Commerce Department's results for sales of general merchandise, apparel, furniture, sporting goods, electronics, books and related categories.

"I think that a lot of retailers met their expectations," said Bill Martin, co-founder of ShopperTrak. "But I think it really indicated more of the consumers' behavior in their willingness to continue to spend."

Martin also noted that while retailers rang up more sales, foot traffic fell 1.7 percent, compared with the same period last year. He said consumers likely had consolidated their shopping trips to save time and gasoline. The drop also could be because shoppers made fewer purchases, choosing to spend big bucks on one must-have item, such as a flat-screen TV set, Martin said.

For the National Retail Federation, an industry trade group, the Commerce Department's numbers were a bit of a disappointment. The group had predicted retail sales growth would hit 5 percent. Instead, its analysis showed they rose only 4.4 percent in November and December, not including automobile, gas station and restaurant sales.

Retail federation spokesman Scott Krugman attributed the difference largely to lackluster results from a soft housing market affecting home-improvement stores. And though apparel sales held up, he said warm winter still took a toll.

"The question is, how much stronger could that category have been if the weather would have cooperated?" he said.

Still, the group called the season's gains as "average," if "subdued."

"We'll try again next year," Krugman said.

Retail Sales Rise In December At Fastest Rate In 5 Months (AP)

By Martin Crutsinger

AP, January 12, 2007

WASHINGTON — Retail sales rose in December at the strongest pace in five months, indicating that the all-important holiday shopping season turned out better than original reports indicated.

The Commerce Department said Friday that retail sales increased 0.9% last month, strongest showing since a 1.4% increase in July.

The increase was better than the 0.7% gain economists had forecast and provided evidence that consumer spending was ending the year on firmer footing than initially thought.

The government report presented a better picture of spending than initial reports from the nation's big chain retail stores. They complained that holiday sales had fallen below expectations as mild weather depressed sales of winter clothing.

The National Retail Federation said sales grew 4.4% in 2006, falling short of expectations. The group had forecast a 5% increase in sales for November and December. That figure is derived from Commerce Department data, stripping out sales of automobiles and at gas stations and restaurants.

"Unseasonably warmer weather and the slower housing market had a clear impact on consumer spending," said NRF Chief Economist Rosalind Wells . "NRF expects these subdued gains to continue into the first half of 2007."

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In other news, business inventories held on shelves and backlots rose 0.4% in November, biggest gain in three months. That reflected a 0.2% rise in stockpiles being held by manufacturers and a 1.3% rise in wholesale inventories, which was offset somewhat by a 0.3% drop in inventories held by retailers.

With the November increase, inventory accumulation may not be as much of a drag on overall economic growth in the final three months of the year as had been previously feared.

For all 2006, retail sales rose 6%, a solid showing but down from a 6.9% increase in 2005.

That slowdown reflects the fact that consumer spending, after a sizzling start to the year, slowed in the spring and remained at lower levels the rest of the year as Americans were battered by soaring gasoline prices, rising interest rates and a cooling housing market.

Consumer spending is closely watched because it accounts for two-thirds of economic activity. The 0.9% December advance should bolster the belief that the Federal Reserve is on track to achieve a so-called soft landing for the economy in which growth slows enough to keep inflation under control without pushing the country into a recession.

December gains in retail sales included a 3% jump in sales at electronics and appliance stores, following an even bigger 5.8% surge in November. Those increases reflected the introduction of sought-after video game consoles such as Sony's Playstation 3 and Nintendo's Wii.

Sales were up 3.8% at gasoline stations, reflecting in part higher pump prices. But pump prices were still below the $3-plus records set last summer.

Auto sales rose 0.3% after being flat in November.

Excluding the volatile gasoline and auto sectors, retail sales would have risen 0.7% in December, best showing since January 2006.

The 0.9% overall gain pushed retail sales to a seasonally adjusted total of $369.9 billion in December after a 0.6% November increase, which had originally been reported as a stronger 1% gain.

Sales at department stores and other general merchandise stores rose 0.9% while sales at specialty clothing stores were up 0.6%. However, sales at hardware stores fell 1.1%, reflecting the continued troubles in the once-booming housing industry.

CNN/WMUR/Union Leader To Host First Presidential Debates (CNN)

By Mark Preston

CNN.com, January 12, 2007

WASHINGTON (CNN) -- New Hampshire's two leading news organizations will partner with CNN to host two presidential debates in April, executives with the three media companies announced Friday.

CNN, WMUR and The New Hampshire Union Leader will hold the back-to-back debates on April 4 and 5, the first such events to be held of the 2008 presidential campaign. CNN's Wolf Blitzer will moderate the debates with questions coming from WMUR's Scott Spradling and Union Leader's John DiStaso. WMUR's Jennifer Vaughn will be moderating questions from the audience. The debate will be televised live nationally on CNN and throughout New Hampshire on WMUR.

"We are thrilled to provide our viewers with the information to make the most informed decision possible when they are voting in their presidential primaries or caucusing," said CNN/U.S. president Jon Klein.

New Hampshire, a crucial proving ground for 2008 candidates, will be the first state to cast votes in the Republican and Democratic presidential primaries. Republican and Democratic candidates have been visiting the Granite State since the conclusion of the 2004 presidential election in an effort to woo these influential voters in 2008.

"We think it only makes sense that the state with the first-in-the-nation primary also has the first-in-the-nation presidential debate," said Jeff Bartlett, WMUR general manager. "Many candidates and potential candidates have already made numerous trips to New Hampshire, and we felt that April would be a good time for the voters here to get their first impression about how the candidates stack up against one another."

Joseph W. McQuaid, president and publisher of the Union Leader, said, "The issues facing the next administration are as crucial as they have ever been for this country. It is not too early for the first primary state to present a forum to explore the views and the competence of serious candidates."

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West Is Going In Democrats' Direction (WP)

By T.R. Reid

The Washington Post, January 13, 2007

When the major political parties gathered for their national conventions in 2004, Colorado had a Republican governor, a Republican-controlled legislature and a Republican edge of 5 to 2 in the state's congressional delegation. Today, Colorado's governor is a Democrat. The Democrats control both houses of the legislature. Four of the seven congressional seats are held by Democrats.

That transformation, mirrored in varying degrees across the Rocky Mountain West, is a key reason the Democratic Party decided this week to hold its 2008 nomination convention in Denver, the financial, governmental and transit hub of the mountain states. As party leaders ponder how they can regain the White House in the next election, the region looks more and more essential to an electoral-vote victory.

"I have long believed that the essence of a Democratic victory goes through the West," Democratic National Chairman Howard Dean said Thursday, when he announced that Denver had edged out New York to be the convention city.

"If we are going to have a national party, we are going to have to have Westerners vote Democratic again on a reliable basis."

In fact, the Mountain West has been reliably Republican in recent presidential elections. George W. Bush dominated the region in both of his campaigns; he won seven of eight mountain states (all but New Mexico) in 2000, and all eight in 2004.

Below the presidential level, however, the Bush years have been good years for Western Democrats.

In 2000, all eight mountain states had Republican governors; now five governors are Democrats.

Republicans still win most Senate and House races in the West. But Democrats have gained five new House seats in the region in the past six years. Democrat Ken Salazar won a previously Republican U.S. Senate seat in Colorado in 2004, and Democrat Jon Tester unseated Republican Sen. Conrad Burns in Montana in 2006.

Although the West is famous for offering "land, lots of land, 'neath the starry skies above," the population is heavily urbanized. Most people -- and, thus, most of the congressional seats -- are clustered in and around cities, such as Denver, Phoenix, Albuquerque, Salt Lake City and Boise. Those urban centers, their populations swelling with Hispanics, have become deep wells of Democratic votes.

This change has not been lost on national political planners. In the 2004 presidential campaign, Democrats devoted considerable sums and significant amounts of Sen. John F. Kerry's time to the West, focusing on Nevada, Colorado and New Mexico.

"There was nothing wrong with that strategy," said Denver-based Democratic consultant Terry Snyder. "The votes could be there, for the right candidate. But a liberal senator from Massachusetts turned out to be the wrong guy to make the sale in the West."

Some Democratic strategists, and such party-loyalist Internet sites as the Emerging Democratic Majority WebLog, have been urging party leaders to look west in 2008. In his book "Whistling Past Dixie," Thomas F. Schaller, a political scientist at the University of Maryland Baltimore County, argues that Democrats should effectively concede the "Solid South" to Republicans and focus on electoral votes in the Midwest and Mountain West.

Candidates are paying attention. Indeed, a win-the-West strategy is a key element in the thinking of a likely Democratic presidential contender in 2008, New Mexico Gov. Bill Richardson.

The Democrats' choice of Denver for the convention, to be held Aug. 25-28, 2008, in a downtown basketball and hockey arena, had become almost a foregone conclusion in recent months.

In the initial jostling to be host city, New Orleans seemed to be the front-runner, because a convention there would remind voters of the Bush administration's much-criticized response to Hurricane Katrina. When New Orleans officials dropped out of the competition last summer -- the city said it couldn't afford to host a convention in the midst of rebuilding -- New York and Denver became the finalists.

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But New York Mayor Michael R. Bloomberg (R) showed considerable reluctance about hosting the event. He told Democrats his city would not come up with the money required to put on the convention. By the time Dean announced his choice Thursday, Denver was the only candidate still standing.

The War Within Sen. McCain (WP)

By Dan Balz, Shailagh Murray

The Washington Post, January 13, 2007

There is no mistaking the anguish of Sen. John McCain (R-Ariz.). Sitting in his Senate office, he is uncharacteristically subdued, his voice at times almost inaudible.

Although the Bush administration this week finally embraced his long-standing call to send more troops to Iraq, McCain believes the way it has handled the war "will go down as one of the worst" mistakes in the history of the American military.

"One of the most frustrating things that's ever happened in my political life," he said, "is watching this train wreck."

McCain, an all but announced presidential candidate, offered those assessments toward the end of a lengthy interview Thursday night. No politician in the United States is more clearly identified with President Bush's new policy, and no politician has more to lose if it fails. Democratic opponents have already coined a name for the troop "surge": the McCain Doctrine.

McCain made it clear that he supports Bush's plan to send more than 20,000 additional U.S. troops to Iraq as the only way to prevent that country from slipping further into chaos. "I cannot guarantee success, but I can guarantee failure if we don't adopt this new strategy," he said.

But he also voiced deep frustration over what the war has done, both to this country and to Iraq. "I think many things that have happened in the world that are unfavorable to the United States are the result of our weakness in the Iraqi conflict," he said.

Asked how the war may affect his candidacy, McCain shrugged off the question. "I can't think about it or worry about it," he said. "I have to do what I think is right."

On the night of Bush's speech, he told CNN's Larry King: "I would much rather lose an election than lose a war."

The risk now is that both could be lost.

As a forceful advocate for a policy that appears to fly in the face of the message voters sent in November, the politician who has long played for the center of the electorate now finds himself isolated on the right.

"The war is going badly, and he is now the leading public advocate of more of the same or even much more of the same," said Ron Klain, a Democratic strategist and chief of staff to then-Vice President Al Gore. "That's an odd place to be."

At a time when many Republicans are voicing opposition to Bush's plan, McCain is not budging. Sen. Lindsey O. Graham (R-S.C.), one of McCain's closest friends in the Senate, explained the political stakes in the simplest terms. "If we're successful, he'll get the benefit," Graham said, referring to Iraq. "If we fail, he'll get the blame."

Two Democratic presidential candidates, former senator John Edwards of North Carolina and former Iowa governor Tom Vilsack, have cast McCain as the architect of the troop increase. MoveOn.org's political action committee plans television ads in Iowa and New Hampshire next week attacking McCain on the issue.

Would the Arizona senator describe the new policy as the embodiment of a McCain Doctrine for Iraq? "No, but I am willing to accept it as a McCain principle," he said Thursday night. "And that is, when I sign up, when I raise my hand and vote to go to war, that I want to see the completion of the mission."

McCain said the policy's defenders must work harder to change public opinion. "I admit that this is a challenge to us," he said. "But I can make the counterargument that withdrawal means defeat and chaos." Advocates for withdrawal, he said, must explain why that would not result in even greater chaos.

"What happens when Americans are no longer there?" he asked. "I think you could see some pretty horrific scenes on television sets in America."

It is a considerable irony, given their histories, that McCain's political future is now so closely tied to the president's ability to bring the Iraq war to a successful conclusion.

The two battled bitterly over the 2000 GOP presidential nomination. In 2004, they brokered a rapprochement that appeared politically beneficial to both: Bush gained the high-profile support of the Republican with the broadest appeal to independent

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voters, and McCain gained respect and admiration from conservative Republicans who had opposed his candidacy in 2000 and who are critical to his hopes for the nomination in 2008.

At the 2004 Republican National Convention, McCain offered lavish praise for Bush as a wartime president. Bush, he said, "has been tested and has risen to the most important challenge of our time. . . . He has not wavered. He has not flinched from the hard choices. He will not yield. And neither will we."

McCain said he has no regrets over the role he played in helping Bush win reelection, given his belief that the administration has so badly mismanaged the war. "Did I support the strategy? No, I didn't," he said. "But I certainly didn't see his opponent, who was advocating withdrawal, as advocating any kind of viable proposal," he added, referring to Sen. John F. Kerry (D-Mass.).

His differences with the administration, he said, were well known as far back as 2004 -- his lack of confidence in then-Defense Secretary Donald H. Rumsfeld and his belief even then that the administration needed to send more troops to Iraq. "Every hearing, every opportunity that I had -- my staff has compiled it already a hundred times where I said, 'This is not going right. You've got to get more people on the ground here,' " he said.

McCain has long tried to balance his advocacy for the mission in Iraq with his criticism of the administration, always putting some distance between himself and the White House. He did the same in the days before Bush's prime-time speech Wednesday night. "There are two keys to any surge of U.S. troops," he said at a forum at the American Enterprise Institute. "To be of value, the surge must be substantial and it must be sustained."

Does the new policy meet those tests? McCain offers an equivocal answer. He said he has been assured by Army Lt. Gen. David H. Petraeus, the president's choice to take over command in Iraq, that 20,000 additional troops should be enough, but that if they are not, Petraeus can ask Bush for more.

"He tells me, 'I think I can do it with this number,' " McCain said. "So I'm supposed to be a Monday-morning quarterback? I'm not going over there and command. I'm only sitting here trying to figure out the best way we can win this conflict."

His advisers dismiss suggestions that McCain has shrewdly left himself room to argue that Bush's plan for more troops was not substantial or sustained enough to ensure success. They, like the possible candidate, see the perils of his position -- but potential benefits as well.

"At the core of the issue is who he is, and that's what generates his popularity," said Rick Davis, one of McCain's top political advisers. "It's that he puts principle ahead of politics, that he tells it like he sees it regardless of the political ramifications."

McCain's character was shaped by the previous great conflict that divided America -- the Vietnam War -- and is being tested by the current conflict, which has done the same. A prisoner of war in Vietnam, McCain is now a hostage of a different sort -- his political future tied in part to the president, the Pentagon and an Iraqi government in which he has limited confidence.

McCain, who has helped broker many deals between Republicans and Democrats over the years, sees no opportunity to do so on Iraq. He opposed the only bipartisan plan on the table -- the report of the Iraq Study Group, which called for the withdrawal of most combat forces by early next year -- and finds himself at odds with most Democratic friends (one exception being Sen. Joseph I. Lieberman of Connecticut, reelected as an independent) and longtime Republican allies such as Sen. Chuck Hagel of Nebraska.

"We've either got to do what's necessary, in my considered view, that can lead to success in Iraq, or withdrawal, which in my view is going to lead to catastrophic consequences," he said. "I don't know where you find a middle ground there."

Tancredo For President? (COX)

By Eunice Moscoso

Cox Newspapers, January 13, 2007

The list of presidential wannabes could get a little longer soon. Rep. Tom Tancredo, a Colorado Republican who has gained a national following — and the ire of some Latino groups — as a staunch opponent of illegal immigration, hinted Friday that he is ready to pursue the Oval Office.

When asked whether he plans to take action to start an official bid for the GOP nomination he said, “That is a distinct possibility.”

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Tancredo wouldn't be the only candidate with a "tough on border security" platform. Republican Rep. Duncan Hunter of California, a major force behind constructing fences along the U.S.-Mexico border, formed an exploratory committee last year.

Allard Keeps '08 Plans Under Wraps (DENP)

By Anne C. Mulkern

Denver Post, January 13, 2007

Washington - Sen. Wayne Allard has made up his mind about whether he will seek a third term in 2008, but he's keeping his decision secret a bit longer.

Only Allard and his wife know his plans, press secretary Steve Wymer said Friday, confirming a report posted Thursday on Congressional Quarterly's website, CQPolitics.com.

Allard has not said when he will announce his choice.

His decision has major implications for Colorado, the Senate and the Republican Party.

"It's a big deal for the Republican Party because they're facing another tough election cycle and they want all their incumbents running," said Larry Sabato, director of the University of Virginia Center for Politics. "And it's Colorado, which has been rapidly moving from the Republican column into the Democratic column."

Allard's seat has been called one of the nation's most competitive for 2008, regardless of whether he runs again. Jennifer Duffy, an analyst with the nonpartisan Cook Political Report, puts it in the three most closely contested Senate races nationwide.

Allard, 63, pledged in 1996 to serve just two Senate terms, but late last year he told The Denver Post that he believes voters now view term limits differently.

Potential Republican candidates for Allard's seat have been waiting for his decision before announcing their intentions.

Among them is former U.S. Rep. Scott McInnis, who said Friday that there is "no question I will run" if Allard opts not to.

McInnis said that if Allard bows out, he will file campaign finance paperwork and start pulling together supporters. He said he has nearly $1million in his war chest already, "and I'm confident we could raise the necessary funds."

But if Allard chooses to run again, McInnis said, "I'd be 100 percent fine with that."

Republicn U.S. Rep. Tom Tancredo has also expressed some interest in the race if Allard decides not to run.

As for Democrats, U.S. Rep. Mark Udall has already announced his candidacy.

"Mark has always said that when you run for office you don't get to pick your opponent," Udall spokesman Lawrence Pacheco said Friday when asked about Allard's plans. "You don't run against somebody; you run for a vision."

Udall has raised $1.4 million in campaign funds.

Allard has just $148,000 in his war chest, but he is known to raise most of his campaign money closer to an election.

Fed Chairman May Face Heat At Hearings (WSJ)

By Greg Ip

The Wall Street Journal, January 13, 2007

When Federal Reserve Chairman Ben Bernanke testifies on monetary policy next month, he is likely to get far more scrutiny than usual.

By law, the Fed chairman must testify twice a year to Congress: in February and July. Ordinarily, each installment lasts two days, one before the Senate Banking Committee, the other before the House Financial Services Committee. There are no other witnesses.

In a break with that tradition, Barney Frank, the Massachusetts Democrat who took over the House panel this month, said he plans to hold an additional day of hearings in which witnesses, such as economists and labor experts, will give their views on what Mr. Bernanke said.

Mr. Frank's plans, which he described in an interview Friday with The Wall Street Journal, suggest Mr. Bernanke, who has held the job for just under a year and is to testify on monetary policy on Feb. 14 and 15, could face added political heat for unpopular steps such as raising interest rates. It also raises the importance of his cultivating lawmakers to pursue potentially contentious initiatives, such as a numerical inflation target.

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Mr. Frank said that while he opposes an inflation target, the Fed has the authority to implement one without Congress's approval.

Mr. Frank said the Fed shouldn't allow a target to result in employment being subordinated to inflation, and he wouldn't allow the Federal Reserve Act to be amended to allow that to happen.

However, Mr. Bernanke has argued an inflation target doesn't require the act to be amended, and in fact enhances the Fed's ability to boost employment. The FOMC is now in the midst of a lengthy internal discussion over how it communicates, including whether it should adopt a target.

Mr. Frank appeared open to that argument. He also said he was "impressed" by Mr. Bernanke's performance as Fed chairman. While Wall Street often interprets rising wages as inflationary and bad, he noted Mr. Bernanke has said it isn't bad as long as the rise in wages is matched by productivity and doesn't result in businesses trying to raise prices.

Political opposition is one of the greatest stumbling blocks to Fed adoption of an inflation target, and assuaging Mr. Frank's concerns would go a long way toward removing that obstacle. Senate Banking Committee Chairman Chris Dodd (D., Conn.) said in a statement Friday that he is "open to examining ways to help further the Fed's efforts to achieve [its] dual mandate" of maximum employment and stable prices and "will view any proposals under the broader lens of their effect on keeping our economy strong and improving opportunity for all."

States' New Health-Care Prescription (WSJ)

The Wall Street Journal, January 13, 2007

Under the plan, California would require all individuals to purchase health insurance or face tax penalties. California has more uninsured residents than any other state, and the plan could prompt others to follow suit. Efforts to reduce the number of uninsured, now at 46.6 million in the U.S., come after more than a decade of federal inaction, since Congress killed President Bill Clinton's proposal for universal health coverage in 1994.

State budgets have borne the brunt of the swelling ranks of uninsured. That's because states pay 43% of all costs for Medicaid, the program that covers health care for the poor without insurance. Medicaid spending has doubled from 11.5% of state budgets in 1988 to 22.9% in the 2005 fiscal year. If the plan is enacted, California would follow Massachusetts in requiring health insurance for all. Maine and Vermont have enacted more modest plans.

Here's a closer look at different state plans:

California: The Golden State's intended plan is the most ambitious. Nearly 19% of Californians are uninsured, almost twice Massachusetts's rate of 10.7% and more than the national average of 15.7%, according to the Census Bureau.

Under the plan, employers with 10 or more workers would have to offer health insurance or pay at least 4% of their payroll into a government program. Doctors would contribute 2% and hospitals 4% of their gross earnings to the program. Insurers, who would see millions of new customers, would have to offer coverage to everyone regardless of health and could spend no more than 15% of patients' premiums on administrative costs.

The downsides: The state is bound to face challenges from the powerful lobbies -- doctors, hospitals, insurers and employers -- that would share the plan costs. Moreover, some fear that businesses that already spend more than 4% of their payroll on insurance might reduce coverage or drop their plans altogether and just pay the 4% fee. Labor groups worry about a middle-class squeeze: A family of four that makes $50,000 a year, for example, would not receive a subsidy but would be required to buy health insurance. Some members of the governor's own Republican Party oppose his proposal because it would extend Medicaid coverage to the children of illegal immigrants.

Massachusetts: The state will be the first to require all residents to purchase health insurance when a new law takes effect in July. Low-income individuals receive subsidies to buy their own insurance. Residents can purchase plans through a private insurance market created by the state that connects buyers and sellers.

The $1.3 billion plan includes only $125 million in new state money and $50 million from penalties on businesses that don't provide insurance. The rest comes from reallocating an existing $1 billion in government money.

The downsides: A vague exception says that if an "affordable" plan isn't available, residents don't have to buy health insurance. The state hasn't yet defined what constitutes an "affordable" plan.

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Maine: The state-subsidized DirigoChoice insurance plan is optional and offered by private companies. Enrollment is limited to small businesses, the self-employed and the uninsured. Subsidies to low-income uninsured are funded by federal money; participating employers, who pay 60% of the health costs for their employees; and insurance firms, which pay an annual fee calculated as the amount saved in bad debt and charity care.

The downsides: The program covers only 13,000 so far, despite a target of 30,000 in its first year and all 130,000 uninsured by 2009.

Vermont: Private insurance companies will offer the state-subsidized Catamount Health plan this October. The state has raised tobacco taxes and charged employers $365 a year for each uninsured employee to cover these subsidies for low-income uninsured. Individuals are not required to buy insurance, and the plan is open only to the uninsured. The state hopes to cover 96% of its 60,000 uninsured by 2010.

--Nick Timiraos

FACTS

Hawaii has required employers to provide medical insurance for employees since 1974.

Young adults are the most likely group to be uninsured. Those between ages 18 and 34 account for 25% of the population but 41% of those without insurance.

It costs $91 to treat a patient for strep throat in a doctor's office, compared with $310 in a hospital emergency room, according to a Health Partners study.

Health-care costs now account for one-sixth of the economy, compared with one-tenth in the early 1980s.

The U.S. spent $2 trillion on health care, or $6,697 a person, in 2005.

Last year, 61% of businesses offered health benefits to at least some employees, down from 69% in 2000.

POINTS OF VIEW

"California's medical care, its medical knowledge, its medical technology is as strong as a bodybuilder. Yet our health-care system is a sick old man."

-- California Gov. Arnold Schwarzenegger

"Reform has to come from Washington, but it's possible that a handful of case-study states can show the way."

---- Drew E. Altman, Kaiser Family Foundation president, CEO

Schwarzenkennedy (WSJ)

The Wall Street Journal, January 13, 2007

California Governor Arnold Schwarzenegger once extolled "the power of the market" in Milton Friedman's "Free to Choose" PBS series. So it's probably just as well that the late, great economist won't see the regulated mess that his admirer is proposing to make of California's health insurance market. As speaker of the state assembly Fabian Nunes remarked, "This is a plan assembly Democrats could have written."

In fact, they already have -- in 2003, when Democrat Gray Davis was Governor. Candidate Schwarzenegger campaigned against that measure, which was less onerous than his own new proposal mandating that business provide health insurance to all employees. Arnold even helped to gather signatures for a 2004 state referendum in which voters overturned that bill. But now he's taking on a new political acting challenge, this time playing Gray Davis as apparently channeled through his chief of staff Susan Kennedy (who used to work for Mr. Davis).

Or perhaps the GOP Governor is trying to replicate the media hosannas that former Massachusetts Governor Mitt Romney garnered last year with his "universal" coverage law. As with the Romney plan, Governor Schwarzenegger builds his proposal around an "individual mandate" that would require people to buy health insurance or face penalties such as garnishment of wages. This compulsion is supposedly justified on grounds that treating "free riders" in emergency rooms is a significant driver of overall health costs. But studies have shown that the cost of this problem is less than 3% of overall health-care spending.

Far worse are Mr. Schwarzenegger's proposals for California's employment and insurance markets. The Governor is proposing that businesses with 10 or more employees be required to provide insurance, or else pay 4% of their taxable Social

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Security wages into a fund to subsidize insurance for the working uninsured. The likely reaction of many California businesses to this new and costly mandate: outsourcing to Nevada, or India.

Mr. Schwarzenegger goes far beyond the Romney plan in proposing to help pay for his scheme by taxing hospitals 4% and doctors 2% of their gross revenues. That's right, institutions operating at or near a loss would have to pay the tax. So California doctors could soon be spending more time with their accountants than with patients -- assuming they can afford to keep their practices running at all.

Yes, we know, the Governor calls it a "fee" or "dividend," rather than a tax. This is no doubt because the California constitution requires that any new "tax" pass both houses of the legislature with two-thirds majorities. So call the elephant in the room a hippo and hope the public buys it. We trust this Hollywood action stunt will be tested in court, if not in another referendum.

Like all such political schemes, Mr. Schwarzenegger's plan also works at cross-purposes. It includes new subsidies to help the uninsured obtain coverage, but at the same time it would impose new coverage mandates that would make insurance a lot more expensive. Two rules in particular have all but ruined the market for individually owned coverage in every other state where they've been tried.

The first is called "guaranteed issue," which means insurers are required to write you a policy even if you wait until you're sick to ask for it. It is precisely this "guarantee" that many people use as an excuse to remain "uninsured." Why not buy a new car rather than health insurance when you're healthy if you know you can always buy insurance if you get cancer?

The second rule is "community rating," which means insurance premiums cannot vary based on age or health status. This is akin to telling auto insurers that they can't charge higher premiums to 18-year-old males with a history of speeding tickets than they do 45-year-old mothers. Both rules raise the cost of insurance for everyone.

This is all especially regrettable because California has had more market-friendly insurance regulations than most other large states. And this has meant lower insurance premiums. According to eHealthinsurance.com, a single 35-year-old man in Beverly Hills can buy decent coverage for as little as $69 a month. But Arnold's plan would move those rates in the direction of community-rated New York, where that same man would pay $416 for any coverage at all.

Like Mr. Romney before him, Mr. Schwarzenegger is playing on the political appeal of allegedly "universal" coverage. Mr. Romney hopes to ride it to the GOP Presidential nomination, and Arnold is basking in new media admiration. About the best we can say for their plans is that these state policy experiments will show other states what not to do. But they are also providing cover for the proponents of greater government control of health care. Right on cue, Hillary Rodham Clinton endorsed "universal" coverage this week too. * * *

The better alternative, as Milton Friedman understood, is to expand tax-advantaged health savings accounts and to improve access and affordability by creating a national market for private health insurance. Consumers in California and Massachusetts, especially, are going to need that safety valve when the bill comes due for their Governors' attention-seeking but poorly considered plans.

A Taste Of Family Life In U.S., But Adoption Is In Limbo (NYT)

By Jane Gross

The New York Times, January 13, 2007

TERRYVILLE, Conn. — During the two weeks that Marino and Debbie Prozzo welcomed a Ukrainian orphan in their home, they fell head over heels for a 7-year-old child they may never be able to adopt.

While the Prozzos were giving Alona Malyovana her first bubble bath, teaching her to use the remote control, and buying her a pink velvet dress trimmed in bunny fur, the chaotic system of adoption in Ukraine was growing more chaotic.

The director of Ukraine's new Department for Adoptions resigned, leaving the fate of the nation's 90,000 orphans in limbo. A new application process required foreign families to quickly update security clearances and other time-sensitive information. Prospective parents anxiously scanned the State Department's Web site and bulletins from the embassy in Kiev for clarification of rules and rumors.

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Hosting programs, like the one that brought Alona to an American family this Christmas, showcase older children, generally from orphanages in former Soviet bloc nations. The programs have long been hailed as an effective marketing tool by adoption experts, who say 8 of 10 families would not adopt these children without a trial run.

In the largely unregulated world of international adoptions, these programs often lead to happily-ever-after, but sometimes end painfully. Ukraine and Russia place formidable obstacles in the path of parents, among them inaccurate information about children's availability and health status. Multiple families can wind up competing for the same child. And children themselves know they are auditioning for what the industry calls their "forever families." Then there is an entrenched system of favors — requests for cash or gifts from facilitators, translators, judges and others who handle the mechanics of adoption overseas.

Conditions in both countries have grown so unsettled, some agencies have suspended hosting programs, and the debate is growing about the ratio of risk to reward. Do the many success stories for older orphans make up for the heartbreak when adoption is thwarted?

The Prozzos had been deceived before by an intermediary who showed them a photograph of an adorable child they later learned was not available. So their guard was up before Alona's visit in December.

"We won't let this child call us 'mama' or 'papa' because we aren't," Mr. Prozzo said. But Alona's visit had barely begun when she jumped into his outstretched arms and called him "papa."

"Now what?" Mr. Prozzo said, melting. "Now what?"

The quandary for agencies in the United States these days is how to balance optimism and pessimism when the prospect of a successful adoption is anyone's guess. "In an ideal world we wouldn't be doing it this way," said Adam Pertman, executive director of the Evan B. Donaldson Adoption Institute, a research organization. "But we haven't come up with a better solution."

The fee for the two-week hosting visits, organized by adoption agencies and humanitarian organizations, is $2,500 per child, which includes travel, bilingual escorts and a sizable donation back to the orphanages (subsequent adoption costs average $25,000).

Often, the formal disclaimers and informal predictions by program directors seem at odds. Frontier Horizon, the humanitarian agency that last month brought over 50 orphans, Alona among them, states unambiguously in its printed materials that it is "a travel program not an adoption program."

But Vincent Rosini, president of the organization, says that his group has been host to 300 Ukrainian orphans since 2000 and that only five families have been unable to adopt the children they wanted. One hundred of Frontier Horizon's children have been successfully adopted, Mr. Rosini said.

"Is there a good chance?" Mr. Rosini asked. "Yes. Is it 100 percent? No."

Adoption experts on both sides of the hosting debate agree that the children know they are auditioning for adoption, and that the families quickly grow attached.

"The child has raised expectations, regardless of what they're told," said Judy Stigger, director of international adoption for the Cradle, an agency in Evanston, Ill. "And the parents become more emotionally invested than they appreciated because when you hold a specific child in your arms, your whole body feels it, responds and remembers. That child quickly becomes yours."

In countries like Ukraine, it is all but impossible to manage expectations. Adoption authorities insist that families cannot request children who spent time in their homes, but rather must come to Kiev, by invitation, look at pictures and go to orphanages to meet the children offered to them.

Both the Cradle and Maine Adoption Placement Services, an agency that suspended its Russian hosting program in 2004, are known for their excellent connections in former Soviet bloc nations and are sometimes hired as "fixers" by families who went through other agencies when the children visited only to find they could not adopt them.

At MAPS, Betsy Bewsey, the director of international adoption, said that "right now things are as volatile as I've ever seen them." She cited stringent regulations in China, announced last month, which will complicate adoption in the country, long considered the "fail-safe" because of an efficient bureaucracy and healthy infants. The volatility in these countries, and especially the suspension of several hosting programs from Ukraine and Russia, has contributed to a dip in overall international adoptions by Americans, according to Thomas DiFilipo, the president of the Joint Council on International Children's Services.

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The high-water mark came in 2004, when 22,884 immigrant visas were issued to orphans in the process of formal adoption — more than triple the number in 1990. In 2006, visas fell to 20,679. In that two-year span, visas to children from Ukraine fell to 460, from 723. Russia's visas dropped to 3,706, from 5,865.

Families like the Prozzos can be easy marks for scoundrels. Agencies that do international adoptions need not be accredited, although that will change if the United States ratifies a treaty to regulate intercountry adoption, expected some time this year. More than 300 agencies have applied. By all accounts, only one international adoption facilitator in America has been shut down, Yunona USA of Napa, Calif., in 2005. Yunona allegedly defrauded at least 100 would-be adoptive parents of more than $1.1 million by posting photos of Russian and Ukrainian children on its Web site, taking deposits from families and later saying the children were not available. The Prozzos chose a child from the Yunona Web site but had not yet paid a deposit when they learned she was unavailable.

Yunona's president, Ivan Jerdev, faces a $386,000 default civil judgment. He is believed to have fled to his native Russia after the police raided his office in December 2005, law enforcement officials said. The Yunona case, which did not involve hosting programs, led California to pass the nation's strictest law regulating adoption facilitators, which went into effect on Jan. 1.

In a complaint against Adopt-A-Miracle, in Evergreen, Colo., investigated by the Denver Better Business Bureau, Lourdes Blanco of Miami said she had selected a Ukrainian infant off the agency's Web site, learned the baby girl had already been adopted but was assured she would find a comparable child if she traveled to Kiev. Ms. Blanco made two trips, she said, only to be told there were no healthy children. The case was settled when the agency refunded $10,000 of more than $20,000 in fees and travel expenses.

In responding to the bureau, Adopt-A-Miracle's executive director, Charlotte Allen, described the process as "enormously challenging" because simple information about a child's status is often unavailable. "It may seem incredible," Ms. Allen wrote. "But this is the way it is."

Faya Fromm, 13, formerly of Siberia, knows well how expectations can be dashed in an orphanage. Twice, she was told "we're sending you to a family in America who might want to adopt you." The first time she was not chosen for the hosting trip. The second time she wound up with Linda Fromm, 56, of Ridgewood, N.J., who had three grown children from an early marriage.

When a summer hosting program ended, Ms. Fromm "skated around" what to tell Faya, saying she would "fly like the birds and swim like the fish to come visit you." It took her nine months to assemble her dossier and take a second mortgage on her home to pay for the 2003 adoption. During that time, Ms. Fromm could not call the orphanage. But she sent Faya notes and photos albums, with $5 bills tucked between the pages.

It was a long, uncertain wait for the girl, who described another disappointment: She was shown to an Italian family, then told they would be back for her the next day. Faya was kept out of school, dressed in her best clothes and waited in the director's office. The family never returned.

Siberia at that time encouraged families to adopt children after a home visit. Not so Ukraine today. At Faya's urging, Ms. Fromm invited Ira and Olga Chyrkova, 9-year-old twin girls, to spend the holiday as a trial run for adoption.

It was Faya who told the twins her mother's plans "She will try to bring you back next summer," Faya told them. "And she's going to try to adopt you."

Then midway through, Ms. Fromm was crushed to learn that Olga and Ira were not cleared for adoption yet. Their mother had been murdered, but her death certificate was missing and necessary to prove the girls' status as orphans.

Mr. Rosini did not directly reassure Ms. Fromm he could pull strings at the orphanage, but mentioned, in passing, that the director had recently asked for a new coat.

Such requests, Mr. Rosini said, are common. One orphanage director threatened to cancel a hosting trip unless he helped her raise money for a new health clinic. A Frontier Horizon family who donated $25,000 is now scheduled to adopt a child who visited four times. Families might be asked by an orphanage director for $400 for a new meat slicer, Mr. Rosini said, or a facilitator will tell them that two weeks' worth of paperwork could be expedited in two days if he had a fax machine. "We're used to it," Mr. Rosini said.

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The children come off the plane with the clothes on their backs and a small knapsack. Some, veterans of hosting programs who had never been chosen, also arrive with their defenses up. Twelve-year-old Lesya Otya was slow to warm to Jeannie Fillatti, 49, of Avon, Conn., until it was nearly time to go.

But, in the car headed to the airport — with newly pierced ears, her first brassiere and a ski tag on her parka from a weekend in Vermont — the girl buried her head in Ms. Fillatti's lap, unconsolable.

A promise from Ms. Fillatti that Lesya could return for next summer's hosting program was unpersuasive. "They don't know what to think, how to hope, whether to hope," said Ms. Fillatti, who had tried before to bring back a child and been rebuffed.

When the time came to pass through the security doors, Lesya wailed her protest, in the English she had recently learned: "No! No! Not yet!"

This was Alona's first visit, and with no history of disappointment, her departure, with her Christmas bounty of designer jeans and cowboy boots, was composed. Mrs. Prozzo, without eye makeup because she was prepared for a tearful parting, sent her off with a kiss and a murmured "I love you." She and her husband had plenty to talk about when they got home.

The couple — he is a 53-year-old engineer and she is a 48-year-old librarian, re-examining in middle age their decision not to have children — knew from the start that Alona might not be available for adoption or that she might be snapped up by another family while they prepared their dossier.

They vowed that they understood the long odds. "But that was two weeks ago," Mr. Prozzo said after Alona returned to rural Zaporozhye. "Now it's a different story. I love this child."

And so he hatched a plan. The Prozzos would ready themselves to travel to Ukraine and consider the children offered. Only then, with great deference, would he beg officials to match them with Alona.

"When I'm sitting in front of the guy, man-to-man," Mr. Prozzo said, "I'll say, 'Sir, can you understand this?' "

Meanwhile, Mr. Prozzo said he had made a donation to a charity in Zaporozhye that was raising money for hospital equipment. Maybe the donation will improve his adoption chances. If not, Mr. Prozzo said, at least it will improve medical care for the orphans left behind.

Ford Once Called Carter A "Disaster" (WP/AP)

The Washington Post, January 13, 2007

GRAND RAPIDS, Mich. -- In 25 years of interviews with his hometown paper that could be released only after his death, former president Gerald R. Ford expressed mixed opinions of Jimmy Carter, once calling him a "disaster," and said that Ronald Reagan received far too much credit for ending the Cold War.

"It makes me very irritated when Reagan's people pound their chests and say that, because we had this big military buildup, the Kremlin collapsed," Ford told the Grand Rapids Press.

Ford contended that his own negotiation of the Helsinki accords on human rights did more to win the Cold War than Reagan's military buildup.

The best president of his lifetime, Ford said, was a more moderate Republican: Dwight D. Eisenhower.

Harry S. Truman "would get very high marks" for his handling of foreign crises, Ford said. He also praised Richard Nixon as a foreign policy master, despite the Watergate scandal that drove him from office.

Ford considered John F. Kennedy overrated and Bill Clinton average. He admired George H.W. Bush's handling of the Persian Gulf War.

In 1981, five years after Carter defeated him, Ford said: "I think Jimmy Carter would be very close to Warren G. Harding. I feel very strongly that Jimmy Carter was a disaster, particularly domestically and economically. I have said more than once that he was certainly the poorest president in my lifetime."

But two years later, he praised Carter's performance on the Panama Canal Treaty, China and the Middle East. And in 1998, he said Carter "will be looked on as a better president than some comments we hear today."

"He was a very decent, fine individual," Ford told the newspaper. "There were no major mistakes. There just weren't a lot of exciting results."

Ford gave the interviews on the condition that his remarks be withheld until after his death.

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According to the newspaper, Ford declined to rate President Bush, saying he did not know him well enough.

Ford said that Reagan, who challenged him unsuccessfully for the GOP nomination in 1976, was "a great spokesman for attractive political objectives," such as a balanced budget and defeating communism, "but when it came to implementation, his record never matched his words."

Reagan was "probably the least well informed on the details of running the government of any president I knew," Ford said. In a separate interview, he said Reagan "was just a poor manager, and you can't be president and do a good job unless you manage."

Under the 1975 Helsinki accords signed by Ford, the United States recognized borders in Soviet-dominated Eastern Europe in exchange for the Soviets' pledge to respect basic human rights.

Rice Seeks Arab Backing For Iraq Plan (AFP)

AFP, January 13, 2007

US Secretary of State Condoleezza Rice headed for the Middle East on Friday to rally Arab support for a new US strategy in the Iraq war and to counter Iran's alleged interference in Iraq.

The week-long tour also will seek to bolster efforts to resolve the Israeli-Palestinian conflict, with Rice scheduled to hold talks in Israel and the Palestinian territories on Saturday and Sunday.

Rice will then travel to Egypt, Jordan, Saudi Arabia, Kuwait, Germany and Britain before returning to Washington on January 19.

The trip comes two days after President George W. Bush presented his last-ditch strategy to quell violence in Iraq with the deployment of an additional 21,500 troops.

Bush also declared a new initiative against Iranian and Syrian elements which the United States accuses of destabilizing Iraq, while stepping up the US military presence in the Gulf.

Signalling a tougher approach, US forces on Thursday detained six Iranians in a night-time swoop on an office in northern Iraq, prompting protests from Iran.

Before her departure, Rice told lawmakers in Congress her trip "will focus heavily on rallying the support of those responsible Arab states to support the government of Iraq, to support what needs to be done there, to support, of course, also Lebanon and the moderate Palestinians."

In an interview with the BBC's Arabic television released Friday, Rice said it was ultimately up to the Iraqi leadership to restore security.

Bush's plan "very much puts Iraqis at the center of responsibility for dealing with what is their most urgent problem," Rice said.

"Their most urgent problem is that the population has lost confidence that the government of Iraq can and will defend them in an even-handed fashion, whether they are Sunni or Shia," Rice said.

Describing the Middle East as divided between moderate and extremist forces, Rice said on Thursday it was vital to counter Iranian influence in Iraq and the region.

"What we are ... looking at is the need to solidify the consensus, the interest of these states that all fear Iran's moves in the region, fear the regional aggression of Iran," Rice said.

"I think you will see that the United States is not going to simply stand idly by and let these activities continue," she said.

Although Iraq threatened to dominate the trip, State Department spokesman Tom Casey said Rice viewed her diplomatic tour as a chance to advance tentative peace prospects in the Israeli-Palestinian conflict.

"One of the things that's important to her is that we be able to have talks with Palestinian and Israeli oficials as well as regional officials about how we can move the process forward," Casey said.

"We believe that there are opportunities to move forward with that process," said Casey.

Rice appeared to face an uphill battle on promoting Bush's new war plan in the region nearly four years after the US-led invasion that toppled Saddam Hussein.

Newspaper commentators across the Middle East cast doubt Friday on the strategy.

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The Qatari newspaper Al-Raya said: "This strategy, which does not even convince Americans, is doomed to an unavoidable and appalling failure."

"Iraq does not need reinforcements. It needs to be saved from the situation created by the US presence, which has turned the lives of Iraqi people into a nightmare... The solution is not military, but political."

In Cairo, the Rose Al-Yussuf newspaper said that Bush's strategy would have only a "temporary" effect, and proved that Bush "understands nothing".

"Bush's vision is limited to the capital," it said, referring to Baghdad. "He does not realise that it is all Iraq that is in crisis".

The trip comes as Tehran continues to scorn international efforts to convince it to halt nuclear fuel enrichment work, which major powers believe is aimed at developing nuclear weapons.

Amid rising tension between the United States and Iran, Washington announced Thursday two aircraft carrier battle groups would stay in the Gulf for several months.

It was the first time Washington had moved two carriers to the region since 2003 when the United States invaded Iraq, a US military official said.

Rice's visit to Kuwait will include a meeting with foreign ministers from the Gulf states of Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Qatar and Bahrain, as well as Egypt and Jordan.

Scepticism Awaits Rice On Tour (FT)

By Roula Khalaf

Financial Times, January 13, 2007

Facing a barrage of opposition at home over the new Iraq policy, Condoleezza Rice, US secretary of state, takes the White House's case to the Middle East this weekend to try to drum up regional support.

But there too she is likely to find plenty of scepticism that deploying another 20,000 troops mostly in Baghdad can bring an end to the raging sectarian conflict.

President George W. Bush's decision to ignore calls for a withdrawal from Iraq and to take a hard line on Iran in his speech on Wednesday night will find backing in Israel as well as some of the pro-western Arab states that rely on US protection and are increasingly paranoid about Iranian influence.

But Arab officials on Friday questioned Mr Bush's emphasis on a military solution and lamented the only brief mention of peace between Israel and Palestinians – the issue Arab rulers consider the top priority.

"The focus for Iraq was mainly on troops, while we believe the focus should be directed on a political resolution," said one Arab diplomat.

Comments in the Arab media have been more scathing, with Saudi Arabia's English-language Arab News saying the new American initiative "speaks volumes about desperation yet is a sure path to damnation".

Ms Rice's tour includes stops in Israel and the occupied Palestinian territories, and a meeting in Kuwait with foreign ministers from the Gulf plus Egypt and Jordan – the camp the US sees as "moderate" in the struggle against Iran, Syria and militant groups backed by the two states.

The tour is designed to enlist support for the new Iraq policy by pressing Sunni governments to use their influence with Iraq's Sunni Arabs and help stabilise Iraq, and to step up their diplomatic backing for the elected government of Nouri al-Maliki.

Arab officials, including in Saudi Arabia, have been arguing against a short-term US withdrawal, fearing it would worsen Iraq's civil conflict and force them to intervene on the side of the Sunni Arab minority. They want Iraq's Shia-dominated government to crack down on Shia militias and agree to political concessions that would give the Sunni – marginalised since the overthrow of Saddam Hussein – a greater stake in the new state.

"We don't see the Iraqi government as having great determination or the tools for an inclusive political process," said one Arab official.

But the Bush administration is also looking to create an Israeli-Sunni Arab front against Shia Iran. On Wednesday Mr Bush coupled tough warnings to Tehran with a promise of increased intelligence co-operation with Arab allies and the deployment of Patriot missiles in the region.

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While most pro-western states are desperate to check Iran's power and its ability to pursue a nuclear programme, senior officials say working more closely with the US on Iran requires first that Washington champions a new drive to resolve the Palestinian-Israeli conflict.

Arab enthusiasm for weakening Iran is also balanced against fears that US-Iranian tensions could drag the region into another military conflict. The stand-off between the US and Iran over Iraq and the nuclear programme is already hardening sectarian tensions across the Middle East.

Few observers believe the Bush administration has the political will to engage seriously in a new peace process, particularly at a time when Ehud Olmert, the Israeli prime minister, has been weakened by the war with Lebanon's Hizbollah, and the Palestinians are locked in a violent internal struggle.

Senior Arab officials, however, say quiet moves in recent months – including a reported meeting between senior Israeli and Saudi officials – give them some hope that Washington might be prompted to push for a revival of Palestinian-Israeli negotiations on the basis of a 2002 Arab peace initiative that the US ignored at the time and Israel rejected. ¦Jalal Talabani, Iraq's president, will travel to Syria tomorrow in an effort to normalise relations with a country that is accused of allowing its territory to be used as a supply conduit for Sunni Arab insurgents, writes Steve Negus.

The visit, in the wake of President George W. Bush's new Iraq strategy – which takes a hardline attitude towards Syria – fits what seems to be an emerging good cop/bad cop dynamic in the relationship between the three countries,

Security issues that are a priority for Iraq include "border control, the activities of a number of members of Saddam's regime, control over the flow of foreign fighters", said Hoshyar Zebari, Iraq's foreign -minister.

Additional reporting by Andrew England in Cairo

Russia, China Veto Resolution On Burma (WP)

By Colum Lynch

The Washington Post, January 13, 2007

UNITED NATIONS, Jan. 12 -- China and Russia on Friday jointly vetoed a U.S.-sponsored resolution criticizing Burma's human rights record, striking a blow to the Bush administration's year-long campaign to use the U.N. Security Council to spotlight the repressive rule of Burma's military junta.

Friday's vote was part of a broader diplomatic effort by Beijing and Moscow to prevent the United States and its Western allies from using the 15-nation council to censure some of the countries particularly known for rights abuses, including governments in Belarus, Sudan and Zimbabwe.

They were joined by one of the council's most influential Third World countries, South Africa. It also opposed the U.S. resolution on the grounds that the Security Council has no mandate to scold or sanction Burma, also known as Myanmar, for abuses on its own soil.

"We believe that the situation in this country does not pose any threat to international or regional peace; this opinion is shared by a large number of states, including most importantly those neighboring Myanmar," Russia's ambassador, Vitaly I. Churkin, told the council. "We find that attempts aimed at using the Security Council to discuss issues outside its purview are unacceptable."

The United States secured nine votes for the resolution in the 15-nation council. Congo, Qatar and Indonesia abstained, arguing that the U.N. Human Rights Council is the appropriate venue for addressing Burma's human rights record.

Despite the tepid support for the U.S. initiative, virtually all council members -- including China -- expressed concerns about Burma's behavior. Indonesia's envoy, Rezlan Ishar Jenie, urged Burma's government to heed international calls to restore "democracy and human rights" to the country.

Burma's ambassador, Kyaw Tint Swe, praised China, Russia and South Africa for opposing the resolution, which he said was based on "patently false information."

The Bush administration's acting U.N. ambassador, Alejandro Wolff, said the United States was "deeply disappointed" by the council's failure to confront Burma. But he said the United States decided to force a vote to assure the Burmese people that "we won't forget you."

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The vote initially faced resistance from some officials within the State Department and from European envoys, who feared it would damage U.S. and European relations with China while exposing the depth of Third World opposition to Security Council interference in Burma's affairs.

But President Bush and Secretary of State Condoleezza Rice decided it was worth making the point on a matter of principle, according to U.S. officials.

R. Nicholas Burns, the undersecretary of state for political affairs, challenged suggestions that the effort had backfired, highlighting a growing rift between the West and the developing world over human rights. "We don't consider this a defeat," Burns said. "We did the right thing. We stood up for universal human values."

Burma's generals have ruled the country since 1962, presiding over one of the world's most repressive governments. U.N. rights monitors have accused the government of conducting a brutal counterinsurgency campaign that has displaced more than 1 million people. The government has also held Nobel Peace Prize laureate Aung San Suu Kyi under house arrest for most of the period since her political party, the National League for Democracy, won a landslide election victory in 1990. The military refused to recognize the election results.

The defeated resolution called on Burma's rulers to release Suu Kyi and more than 1,100 of her political supporters, cease attacks on the country's ethnic minority, and begin a democratic transition. It also called on Burma to halt the widespread use of rape by the armed forces and to back efforts by the International Labor Organization to end forced labor in Burma.

China led opposition to the U.S. initiative, highlighting its emergence as an increasingly assertive diplomatic force at the United Nations. Last year, it played a central role in the selection of South Korean Ban Ki Moon as the United Nations' first Asian secretary general in more than 35 years.

This is only the fifth time that China's Communist government has cast its veto since it joined the United Nations in 1971, a tiny fraction of the 254 vetoes cast by the other four permanent members of the Security Council. The United States, for instance, has cast its veto 82 times and Russia (formerly the Soviet Union) has cast its veto 122 times. The last time China and Russia cast a double veto was in 1972.

"No country is perfect," Chinese Ambassador Wang Guangya told the council. "Similar problems exist in other countries as well."

U.S. Rebuke To Myanmar Is Defeated By U.N. Vetoes (NYT)

By Warren Hoge

The New York Times, January 13, 2007

UNITED NATIONS, Jan. 12 — China and Russia vetoed an American-drafted resolution on Friday calling for the military rulers of Myanmar to release all political prisoners, cease attacks on ethnic minorities and speed a transition to democracy.

The vote was 9 to 3 with South Africa joining China and Russia in opposition, and three other countries, Congo Republic, Indonesia and Qatar, abstaining.

The Security Council's five permanent members — Britain, China, France, Russia and the United States — hold veto power over most resolutions.

China and Russia argued that they shared concerns about conditions in Myanmar but considered them internal matters that did not constitute threats to international peace and security, the category of crisis subject to Security Council action.

"Not a single one of the neighboring countries regards the situation in Myanmar as a threat to them, and on the basis of that, there were no grounds for the Security Council to consider the matter," said Vitaly I. Churkin, Russia's ambassador.

Wang Guangya, the Chinese ambassador, said, "Of course there are problems in Myanmar, but we believe that these problems do not constitute a threat to international peace and security."

Alejandro D. Wolff, the acting American ambassador, said he was "deeply disappointed" at the outcome but noted even countries voting against the measure made clear in explanatory statements that they were not defending Myanmar's government. "This was a jurisdictional issue behind the split vote here," he said. "There was no disagreement about the content and substance behind this resolution."

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Mr. Wolff was asked why the United States risked dividing the Council and muddling its message to the repressive rulers of Myanmar, formerly known as Burma.

"The only mixed message here is whether this issue deserved to be on the Security Council agenda," he said. "There is no mixed message, no mixed signal at all, about how the international community, how this Council feels about the situation in Burma."

The resolution mentioned by name the most prominent political prisoner, Daw Aung San Suu Kyi, the Nobel Peace Prize-winning opposition leader, who is under house arrest.

It also accused Myanmar's armed forces of attacking and raping civilians from the country's ethnic minorities and causing a refugee crisis in the region, enabling narcotics traffic and permitting international transmission of communicable diseases like H.I.V./AIDS and avian flu.

R. Nicholas Burns, the under secretary of state for political affairs, said he had no doubt that the abuses by Myanmar posed a threat beyond its borders. "When a million people flee the country because of the abusive practices of the government, that's a threat to international peace and security," he said in a telephone interview from Washington.

"When you have a political movement jailed," he said, "led by a woman who is one of the greatest people in the world, that's a threat to international peace and security."

He dismissed suggestions that the proper United Nations forum for Myanmar was the Geneva-based Human Rights Council, not the Security Council. "We forced this onto the agenda for one reason," he said. "The Security Council is the only place that can deal with human rights. The Human Rights Council is a discredited institution. All it has done is to bash Israel; it has ignored North Korea, it has ignored Sudan and it has ignored Burma."

After the vote, Kyaw Tint Swe, Myanmar's ambassador, thanked China and Russia for blocking the move and said the charges against his country in the resolution were "patently false."

The double veto was the first multiple veto in the Security Council since 1989, when Britain, France and the United States blocked a resolution on Panama.

China, Russia Veto Myanmar Resolution (AP)

By Edith M. Lederer, Associated Press Writer

AP, January 13, 2007

China and Russia cast a rare double veto Friday of a U.S. resolution calling on Myanmar's military government to release all political prisoners, speed up progress toward democracy, and stop attacks against ethnic minorities.

The vote in the Security Council was 9-3 with three abstentions. South Africa, a new non-permanent member of the council without veto power, joined China and Russia in opposing the resolution.

China's U.N. Ambassador Wang Guangya and Russia's U.N. Ambassador Vitaly Churkin both said the Security Council was not the proper place to discuss Myanmar because the country does not pose a threat to international peace and security.

"We find that attempts aimed at using the Security Council to discuss issues outside its view are unacceptable," Churkin said, noting that problems in Myanmar were being addressed by other U.N. bodies.

While Wang said the council was the wrong place to deal with Myanmar, he urged the country, also known as Burma, to move toward "inclusive democracy" and "speed up the process of dialogue and reform."

Acting U.S. Ambassador Alejandro Wolff called for the vote knowing in advance the resolution would be vetoed.

"The United States is deeply disappointed by the failure of the council to adopt this resolution," Wolff said. "This resolution would have been a strong and urgently needed statement by the Security Council about the need for change in Burma."

But he added that the people of Myanmar "should not be disheartened" because the vote reflected differences over the Security Council's jurisdiction, not about their plight.

All 15 council members "recognize that there are problems in the areas of human rights, social issues, political freedom," he said.

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The country's "military regime arbitrarily arrests, tortures, rapes and executes its own people, wages war on minorities within its own borders, and builds itself new cities while looking the other way as refugee flows increase, narcotics and human trafficking grow, and communicable diseases remain untreated," he said.

The United States softened the resolution late Thursday in an attempt to win greater support for it.

The revised text dropped a statement that would have expressed the Security Council's "gravest concern that the overall situation in Myanmar has deteriorated and poses serious risks to peace and security in the region."

Instead, the new draft underlined "the need for tangible progress in the overall situation in Myanmar in order to minimize the risks to peace and security in the region."

Former Secretary-General Kofi Annan sent Undersecretary-General for Political Affairs Ibrahim Gambari to Myanmar twice last year to meet with government leaders. He was allowed to meet pro-democracy leader Aung San Suu Kyi, who is under house arrest.

Gambari appealed to the government to release all political prisoners, allow all political parties, stop hostilities against ethnic minorities and allow unhindered humanitarian access.

Myanmar's junta took power in 1988 after crushing the democracy movement led by Suu Kyi. In 1990, it refused to hand over power when Suu Kyi's National League for Democracy won a landslide election victory. Since then, Suu Kyi has been in and out of detention, kept in near-solitary confinement at her home.

Myanmar's U.N. Ambassador Kyaw Tint Swe thanked China and Russia and the countries that abstained, stressing that his country posed no threat. Had the resolution been adopted "it would have created a dangerous precedent," he said.

Wolff said Gambari had wanted the resolution to support the secretary-general's "good offices" mission and expressed regret that the council didn't give him its backing. Wang and Churkin said their governments supported the mission despite their vetoes.

A National Convention in Myanmar has been drafting guidelines for a new constitution, the first of seven steps outlined in a "roadmap to democracy" which the junta says will culminate in free elections. But the convention suspended work in late December, and no timetable has been announced for completion of the process.

The defeated draft expressed "deep concern at the slow pace of tangible progress in the process towards national reconciliation." It called on the government "to begin without delay a substantive political dialogue, which would lead to a genuine democratic transition."

The final draft also called on the government "to cease military attacks against civilians in ethnic minority regions," including widespread sexual violence.

Double Veto For Burma Resolution (BBC)

BBC.com, January 12, 2007

China and Russia have cast a double veto in the UN Security Council, to stop a US draft resolution calling for an end to human rights abuses in Burma.

The two countries' ambassadors said the resolution was outside the remit of the Security Council as Burma posed no threat to international security.

US envoy Alejandro Wolff said he was "deeply disappointed" by Russia and China's first joint veto since 1972.

South Africa, a new non-permanent member, also opposed the document.

Qatar, Indonesia and the Republic of Congo abstained while the nine other members voted for.

Detainees released

The draft resolution urged Burma's military rulers to end persecution of minorities and opposition groups.

It called for the release of all political prisoners, including opposition leader Aung San Suu Kyi, who is currently under house arrest, and for all political groups to operate freely.

"The United States is deeply disappointed by the failure of the council to adopt this resolution," acting US ambassador Alejandro Wolff said.

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Bu Russia's representative, Vitaly Churkin, said he opposed "attempts at using the Security Council to discuss issues outside the purview".

Burma released 40 political detainees last week to coincide with the 59th anniversary of independence.

Another five activists were freed on Thursday, in what pressure groups say could have been a move designed to scupper the UN resolution.

The UN estimates that there are about 1,100 political prisoners in Burma.

U.S. Official Sees Opening For Revival Of Trade Talks (NYT)

By John Zarocostas

The New York Times, January 13, 2007

GENEVA, Jan. 12 — The United States trade representative, Susan C. Schwab, said Friday that she was optimistic the collapsed Doha trade negotiations could be restarted, but added that there were still obstacles to a revival of the talks.

"I am more optimistic than I have been in many months that we are on a path that could help reach a successful conclusion of the Doha round," Ms. Schwab said after a three-hour meeting with the head of the World Trade Organization, Pascal Lamy.

But she added that "ultimately it will be substance that dictates when there's a breakthrough."

The next few weeks are considered critical to whether the new political impetus could be maintained.

Mr. Lamy, who will meet with Prime Minister Tony Blair of Britain in London on Tuesday as part of his step-by-step diplomacy, is also expected to visit India. In the next few weeks, he is scheduled to visit a group of African countries and make stops in Brussels and Washington. The meetings of about 25 trade ministers in late January during the World Economic Forum meeting in Davos, Switzerland, are also considered crucial.

Ms. Schwab distanced herself on Friday from the upbeat assessment of Peter Mandelson, the European trade commissioner, who said the talks were approaching "the endgame." She reiterated that an agreement on important issues, like agricultural market access, would dictate whether a deal could be hammered out.

In recent weeks, diplomatic activity and support for a deal at high levels in capitals around the world have lifted hopes that the talks could be revived. The talks, which were started in Doha, Qatar, in November 2001, collapsed in late July because of major differences over agricultural subsidies and tariffs primarily among countries like the United States, the European Union, Japan, India, Australia and Brazil.

President Bush and José Manuel Barroso, president of the European Commission, meeting Monday in Washington, instructed their negotiators to push ahead with the talks.

Many developing countries are apprehensive, about the latest push by the United States and Europe.

Blair Urges Britain To Pursue An Aggressive Foreign Policy (NYT)

By Alan Cowell

The New York Times, January 13, 2007

LONDON, Jan. 12 — As he seeks to define his legacy and stamp his imprint on the future, Prime Minister Tony Blair on Friday urged his successors to maintain the warlike foreign policy that he promoted, sending troops into battle in Africa and the Balkans, Afghanistan and Iraq.

To retreat in the face of global terrorism, he said, would be "a catastrophe."

Mr. Blair, who has said he will leave office this year, made his appeal in the sixth of a series of lectures on social, political and defense issues, offering a valedictory résumé of his almost 10 years in power.

He spoke one day after Britain said it would not follow the United States in committing more troops to Iraq, prompting speculation among analysts that the trans-Atlantic allies had begun to follow markedly divergent strategies, after years of close partnership.

Mr. Blair chose to give his speech to an audience of military specialists aboard the Albion, a transport vessel moored near Plymouth. The choreography recalled President Bush's "mission accomplished" address aboard the aircraft carrier Abraham

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Lincoln in May 2003. While Mr. Blair avoided any triumphalism, he advocated a muscular commitment by Britain to overseas military deployment alongside what he called softer options.

"There are two types of nations similar to ours today," he said. "Those who do war fighting and peacekeeping and those who have, effectively, except in the most exceptional circumstances, retreated to peacekeeping alone. Britain does both. We should stay that way," he said.

Some left-wing critics dismissed the prime minister's attempt to justify his use of military action as a tool of foreign policy. "He has made the world much more dangerous, much more divided," said Clare Short, a former minister who quit the government as the Iraq campaign unfolded.

John Kampfner, an author and the editor of The New Statesman, said in a radio interview: "I say with regret that this calamity that has been Iraq has diminished not just Britain and its role in the world, but has set back this cause that Tony Blair espouses" of "humanitarian intervention to do things around the world which are for the broader good."

Mr. Blair's remarks, Mr. Kampfner said, also offered a challenge to his probable successor, Gordon Brown, the chancellor of the Exchequer, "to say: what would you do in my position?" Like Mr. Bush, Mr. Blair is suffering from declining popularity because of the wars, particularly in Iraq, and it is not at all certain that his successors — even in his own party — will adhere to his policies.

To some extent, Mr. Blair's speech reprised an address he gave in Chicago in 1999 that set out a doctrine to justify intervention beyond Britain's borders. He made a similar argument on Friday.

"The frontiers of our security no longer stop at the Channel," he said. "What happens in the Middle East affects us. What happens in Pakistan, or Indonesia, or in the attenuated struggles for territory and supremacy in Africa for example, in Sudan or Somalia — the new frontiers for our security are global."

"Our armed forces will be deployed in the lands of other nations far from home, with no immediate threat to our territory, in environments and in ways unfamiliar to them," he said. "They will usually fight alongside other nations, in alliance with them; notably, but probably not exclusively, with the U.S.A."

The speech offered a response to ever-more-vociferous complaints by serving and former high-ranking officers that the British Army, in combat in Iraq and Afghanistan and deployments elsewhere, is overstretched, badly equipped and poorly housed in its home barracks in this country.

"My choice," Mr. Blair said, "is for armed forces that are prepared to engage in this difficult, tough, challenging campaign, to be war fighters as well as peacekeepers; for a British foreign policy keeps our American alliance strong and is prepared to project hard as well as soft power; and for us as a nation to be as willing to fight terrorism and pay the cost of that fight wherever it may be."

But, he said: "The covenant between armed forces, government and people has to be renewed. For our part, in government, it will mean increased expenditure on equipment, personnel and the conditions of our armed forces, not in the short run but for the long term."

As he has done in the past, Mr. Blair said he believed that the campaign against jihadist terrorism would be long. "It has taken a generation for the enemy to grow," he said. "It will, in all probability, take a generation to defeat."

Blair Says Britain Cannot Isolate Itself (AP)

By Jennifer Quinn, Associated Press Writer

AP, January 13, 2007

Prime Minister Tony Blair said Friday that Britain's influence on the world stage and ability to right global wrongs depends on active engagement, and the country cannot defend itself from terrorism by retreating into isolationism.

He told Royal Navy personnel aboard a warship that Britain must be willing to commit to military action when necessary to pursue laudable goals.

Diplomacy alone cannot solve the world's problems, Blair said in a policy lecture to British servicemen and women aboard HMS Albion, in Plymouth harbor, southwestern England. It needs the military to complement it.

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"The risk ... is that the politicians decide it's all too difficult and default to an unstated, passive disengagement, that doing the right thing slips almost unconsciously into doing the easy thing," Blair said. "Many countries are already in this position, but the consequences for Britain are hugely significant."

The lecture was the sixth in a series of policy speeches he has made since the middle of last year.

The prime minister said terrorism cannot be defeated without military force, despite flagging public opinion. The war in Iraq has been deeply unpopular from the beginning, causing major political trouble for Blair and helping fuel a rebellion in his Labour Party.

He said the public must see operations in places like Iraq and Afghanistan as a "necessary engagement" to protect security and advance British interests globally.

Blair is to leave office later this year, but he has not said when. The speech appeared to lay out his beliefs on what British foreign policy should be once he leaves Downing Street.

He encouraged a continuation of Britain's alliance with the United States, and urged Britain to extend its influence in the world.

"My choice is ... for us as a nation to be as willing to fight terrorism and pay the cost of that fight wherever it may be, as we are to be proud champions of the causes of peace in the Middle East, action against poverty, or the struggle to halt the degradation of our environment," he said.

The End Of The Blair Era (LAT)

The Los Angeles Times, January 13, 2007

ALTHOUGH HE IS yoked to President Bush in their common Iraq policy and lame-duck status, British Prime Minister Tony Blair has more in common with former President Clinton. The litany of likenesses includes a belief in a "third way" between old-style liberalism and the free market, a fluency in public that critics dismiss as glibness, a wife who was a successful lawyer, a willingness to accept the hospitality of show-business celebrities and, finally, a reputation for running an ethically challenged administration.

It's this last, and lowest, common denominator with Clinton that has lately bedeviled Blair. Last month, he was questioned by police about allegations that his Labor Party nominated supporters for seats in the House of Lords and other plum positions in exchange for campaign loans. The Scotsman newspaper put it this way: "As Tony Blair approached his tenth anniversary in office, his ambition was to secure a place in history. And he's certainly done that by being the first serving prime minister to be interviewed in a criminal investigation whilst in office."

Americans cannot expect to be rewarded for their public or political service with ermine-lined capes or the right to call yourself "Sir." In fact, the Constitution says that "no title of nobility shall be granted by the United States." So Clinton couldn't dispense knighthoods to friends and political allies, but he gave some of them something better: their freedom. As the clock was ticking on his presidency in 2001, Clinton announced several ill-advised pardons, including one of fugitive financier Marc Rich, whose ex-wife gave an estimated $450,000 to the Clinton Presidential Library Fund.

Blair's current troubles, like Clinton's in 2001, may be intensified by his past indiscretions. The "honors" scandal isn't exactly the first time Blair's government has been accused of wallowing in sleaze. As early as 1997, the government came under fire for providing an exemption from a ban on tobacco advertising for a race-car organization that had donated $1.7 million to the Labor Party. In the years since, leading figures in the Blair Cabinet have found themselves in financial or sexual scrapes. Just last month, Blair, citing national security, ordered his attorney general to drop an investigation into whether a British defense firm had paid bribes to Saudi officials in the 1980s.

Political psychologists can argue about why two farsighted politicians allowed their substantial legacies to be sullied by sleaze. Maybe the answer is as simple as power inevitably corrupting. Whatever the explanation, like his friend Bill, Tony may leave office with people talking not about his vision but about his blind spots.

Russians To Take Poisoning Inquiry To London (WP)

By Peter Finn, Mary Jordan

The Washington Post, January 13, 2007

DOJ_NMG_0117063

MOSCOW, Jan. 12 -- Russian officials who have launched their own investigation into the death of former Russian domestic security officer Alexander Litvinenko want to interview more than 100 people in London and conduct dozens of searches across the city, a senior Russian prosecutor said in a newspaper interview.

Prosecutors declined to name any of the people they wish to question. "I cannot fully satisfy your healthy curiosity due to the interests of the inquiry," said Deputy Prosecutor General Alexander Zvyagintsev, in an interview with the official newspaper Rossiiskaya Gazeta that appeared Friday. "Moreover, our request is a voluminous document, which consists of 110 pages. It is hard to retell it."

Litvinenko, who became a British citizen, died Nov. 23 after being poisoned in London with polonium-210, a radioactive substance.

The Russian plan far exceeds the scope of British inquiries in Moscow, which amounted to a few interviews with Russian businessmen who met with Litvinenko in London on Nov. 1, the suspected date of the poisoning. Those interviews were conducted by Russian investigators. Detectives from Scotland Yard were allowed to attend but could not question the witnesses.

The prospective inquiry is likely to unsettle some Russians who live in London and are fiercely opposed to the rule of President Vladimir Putin. Litvinenko's friends in the city included Boris Berezovsky, the exiled tycoon, and Akhmed Zakayev, a Chechen separatist, both of whom the Russians would like to extradite. Previous efforts to have them returned to Moscow failed.

Alex Goldfarb, a friend of Litvinenko's who has acted as a family spokesman, described any Russian inquiry in London as a "stunt." Goldfarb said Russian officials "obstructed justice when the British went to Moscow" and now they are trying to "create an impression of reciprocity" by traveling to London and carrying out their own investigation.

Berezovsky's office said he had not received any request to talk to Russian officials. Previously, Berezovsky and Litvinenko's wife, Marina, said they would meet with Russian officials only if they were first checked to ensure they were not carrying polonium-210.

A spokeswoman for the Home Office said British authorities had not received an official request to investigate in London. "We would consider any request for assistance in consultation with the police," said the spokeswoman, who following British government policy spoke on condition of anonymity.

Among those interviewed in Moscow by Russian detectives with the British police present were Andrei Lugovoy and Dmitry Kovtun, two Russian businessmen who met with Litvinenko on Nov. 1.

Lugovoy and Kovtun have denied any involvement in the poisoning. Both men were hospitalized in Moscow for radiation exposure, but Lugovoy checked out last week. Kovtun's whereabouts and condition remain unknown.

Russian officials have said that Kovtun was a victim, and they are also investigating his exposure. "We have a lot of questions about this case," Zvyagintsev said. "We are asking to question more than 100 witnesses and carry out dozens of searches."

Zvyagintsev added: "We hope that our U.K. colleagues will respond to our request as promptly as we did recently."

Spy Case Comes To U.S. As Agency Urges Testing (NYT)

By William J. Broad

The New York Times, January 13, 2007

Health officials in the United States have begun to tell some people who traveled to London last year that they may want to be tested for exposure to the radioactive poison that killed a former Russian spy.

Officials at the Centers for Disease Control and Prevention in Atlanta said yesterday that the notification process began this week after health authorities in London gave them a list of people who may have been exposed to polonium 210, a radioactive substance that killed Alexander V. Litvinenko, the former spy. He died on Nov. 23.

As the criminal investigation into his death has progressed, British health authorities have slowly widened the circles of people known to have been exposed and those suspected of having been exposed to the substance. On Thursday, in a news conference, the British authorities said they were working with officials from 48 countries to evaluate the health of about 450 people who were in London around Nov. 1, when the authorities suspect Mr. Litvinenko was poisoned.

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In Atlanta, C.D.C. officials said that they were notifying particular states and that state health authorities were in turn notifying people who might have been exposed to or poisoned by polonium 210. The officials refused to disclose the number of states or people involved.

Bernadette Burden, a spokeswoman for the centers, said that agency officials had decided to keep the figures confidential "to keep down hysteria," but that they might eventually release the overall numbers.

"We're going through a very careful process to make the notifications," Ms. Burden said. "People are being made aware that the possibility of exposure is significant."

Urine testing is the standard way of detecting polonium 210 in the body. Ms. Burden said that the people were being advised to talk to their doctors and that the physicians could in turn have the analysis done by two companies, Eberline Services in Richmond, Calif., and General Engineering Laboratories in Charleston, S.C.

Ex-bank Chief Heads Bangladesh Government (FT)

By Jo Johnson And Tom Felix Joehnk

Financial Times, January 13, 2007

A fresh attempt to break the deadlock between Bangladesh's two feuding political families had a shaky start on Friday night as a new head of a caretaker government took office under the cover of an army-backed state of emergency.

Fakhruddin Ahmed, a former governor of the Bangladeshi central bank, replaced President Iajuddin Ahmed as head of the caretaker government, whose principal function had been to oversee free and fair elections later this month. But there is now no indication of when they may take place.

Accused of bias by the main opposition Awami League, which had threatened to boycott the poll, the president resigned the post on Thursday, declaring a state of emergency and postponing the fraught January 22 parliamentary election.

Analysts on Friday night likened the situation in the fourth most populous Muslim nation to a "hidden coup", saying they expected that a team of technocrats would govern Bangladesh for a lengthy period before it would hold fresh polls.

Under Bangladesh's constitution, many fundamental rights are suspended in a state of emergency. Political activities on the streets have been curtailed and media restrictions put in place.

The army, seen as one of the few functioning political institutions in the country, was in little evidence on the streets yesterday, leaving analysts to speculate as to its exact role in this latest twist in the nation's political drama.

The Awami League, which had objected to what it said was a fraudulent voters' register and bias in the caretaker government, called the president's move to resign a late, but "necessary" step towards credible elections.

But it is uncertain whether the president's capitulation will lower tensions in this coup-prone nation as the Bangladeshi National party of outgoing prime minister Khaleda Zia had vigorously fought the suspension of elections.

The BNP-led four-party governing alliance on Friday boycotted Mr Ahmed's swearing-in ceremony, an event that foreign diplomats from all major countries made a point of attending.

The US State Department called on all parties "to refrain from violence and provocation and to work together to find solutions that would return democratic stability and represent the best interests of the Bangladeshi people."

As calm returned to the capital, Dhaka metropolitan police on Friday night said that the government had lifted a night-time curfew imposed a day earlier in more than 60 cities and towns in one of the most densely populated countries in the world.

In a country that suffers from endemic corruption, changes of power are associated with legal purges.

Local media reported that airports had been given a list of people who were to be prevented from leaving the country.

The army made several arrests of activists and politicians from both parties.

Hossain Zillur Rahman, a Dhaka-based political commentator, predicted that from now on "action would go against the BNP".

In a signifiant move, the house and offices of Ghiasuddin al-Mamun, a business partner of Tarique Rahman, Mrs Zia's son, were raided, but it was not clear whether he had been arrested.

In the popular mind, the young clique of leaders surrounding Mrs Zia's son is seen as having been the real power in the land in recent years, and one reason why Bangladesh scores so badly in global corruption rankings.

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The appointment of Mr Ahmed put a temporary end to renewed speculation that Muhammad Yunus, recent winner of the Nobel Peace Prize and a potential unifying force in the sharply polarised, would take on the position.

Earning A Bad Reputation (NYT)

The New York Times, January 13, 2007

Bangladesh is lurching in a dangerous direction. After weeks of violent protests that left at least 40 people dead, the government has declared martial law. Only strong pressure from the United States and international help will keep this huge country from slipping further off a democratic path.

For weeks, a broad coalition of parties has protested what it charges is a clear attempt by the government to rig parliamentary elections, originally scheduled for later this month. It claimed that the voter rolls were padded; the National Democratic Institute for International Affairs, an American monitoring group working in Bangladesh, surveyed the voter lists and found 13 million fake names. The coalition also charged that President Iajuddin Ahmed, who had the job of overseeing the elections, was biased in favor of a rival party.

The United Nations agreed that the run-up to the elections had been so flawed that the results could not be "considered credible or legitimate." International election monitors pulled out of Bangladesh, saying the existing conditions did not allow for a meaningful vote.

On Thursday, Mr. Ahmed yielded to international pressure, resigning as the election caretaker and postponing the vote. Mr. Ahmed, who will stay on as president, a largely ceremonial position, said a clean voter roll was needed for "free, fair and credible" elections.

Unfortunately, at the same time he declared a state of emergency, which revokes many basic rights and allows the army to enforce order. This is a particularly disturbing development in a country that has been subjected to long periods of military rule since gaining its independence in 1971.

The United States should use its substantial political influence to urge the government to restore suspended rights immediately. The United Nations should quickly send an envoy to mediate among Bangladesh's parties to ensure that this time the elections move forward in a clean and transparent manner. Both the U.N. and the Bush administration should encourage the protest's leaders to avoid further violence, assuring them that their demands are being heard. And they should redeploy their monitors once a new election date is set.

Bangladesh is one of the poorest and most politically polarized countries in the world. The international community needs to help it build a stable democracy — the best underpinning for development — starting with swift, internationally guaranteed elections.

China Given Credit For Darfur Role (WP)

By Edward Cody

The Washington Post, January 13, 2007

BEIJING, Jan. 12 -- The U.S. special envoy to Sudan said Friday that China has pushed the Sudanese government recently to help resolve the bloody Darfur conflict and ease the plight of the region's nearly 3 million refugees.

The Chinese intervention marked a shift from past policy under which Beijing seemed reluctant to use its influence in Sudan, according to the envoy, Andrew S. Natsios. "I think they're engaging much more aggressively," Natsios said at a news briefing after four days of talks here with Chinese officials.

President Hu Jintao announced during a Chinese-African summit conference last November that he had urged the Sudanese president, Omar Hassan al-Bashir, to work with U.N. and other envoys to end the fighting, Natsios recalled. In addition, he said, China's U.N. ambassador, Wang Guangya, was critical to securing Sudan's participation in a recent international accord aimed at replacing a flagging African Union peacekeeping force in Darfur with a larger U.N. contingent.

The Bush administration has long urged China to put more pressure on the Sudanese government, citing large-scale Chinese oil purchases, investment and weapons sales as tools that could be used to persuade Bashir to cooperate more fully with U.N. attempts to broker a peace accord.

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China, however, has viewed Sudan mainly as an important source of petroleum, a key element in Chinese foreign policy as the booming economy here creates a growing thirst for energy imports. In contrast, the United States in recent years has regarded Sudan mainly in the context of its Islamic-oriented government and the humanitarian tragedy caused by the fighting in western Sudan's Darfur region.

As many as 450,000 people have been killed or have died from disease in Darfur since largely black African rebel groups rose up in 2003 against the Arab-run government. Human rights groups and the United Nations say the government responded by unleashing a militia, called the Janjaweed, which has been accused of atrocities. Natsios said 2.8 million people fleeing raids by government troops and militiamen have been driven into refugee camps supported by U.N. and other nongovernmental aid agencies.

Bashir announced Wednesday that he would abide by a 60-day cease-fire and expand access for international aid workers. His government followed up Thursday by saying it would also be willing to enter a new round of peace talks with the rebels.

Bashir's agreement to the cease-fire came after talks with Gov. Bill Richardson (D) of New Mexico, who traveled to Khartoum on behalf of the Save Darfur Coalition, a Washington-based humanitarian group. Richardson said several of the eight rebel movements had also agreed to hold their fire. Thursday's embrace of peace talks followed Bashir's meeting with Jan Eliasson, the new U.N. special envoy to Darfur, who was seeking cooperation with the U.N. plan to send more peacekeepers.

Bashir's government had opposed plans to replace the 7,000 African Union troops with a U.N. force that Natsios said could include as many as 17,000 soldiers and 3,000 police officers. But Bashir recently agreed to allow in as many as 2,500, Natsios added.

US Envoy Says Talks With China On Sudan A Success (AFP)

AFP, January 13, 2007

The US special envoy on Sudan said he had held surprisingly positive talks in Beijing this week and that he expected China to play a greater role in helping to end the conflict in Darfur.

Wrapping up a four-day visit, envoy Andrew Natsios said Chinese engagement was critical in getting Sudan's military government to agree last month to an expanded UN presence in Darfur and he expected China's role to grow.

"Our policy and the Chinese policy are closer than I realized they were and I think the Chinese are going to play an increasingly important role in helping us to resolve this," Natsios told a press briefing before departing Beijing.

Natsios, who was appointed by President George W. Bush in September, came to Beijing to seek further cooperation on the issue from China, which has close commercial ties with Sudan's government.

The government-backed Janjaweed militia is blamed for killing thousands of civilians in the southern Darfur region, where Khartoum is battling rebels.

The conflict has left around 200,000 dead and displaced two million others in nearly four years, according to UN figures disputed by the Sudanese authorities.

Natsios declined to offer further details of his talks in Beijing, which he said included a meeting with State Councillor Tang Jiaxuan -- one of China's top diplomats -- and officials with the foreign ministry.

But he said the United States and China agreed in principle to cooperate on securing a negotiated peace to the conflict.

"I think the visit was a very successful one because we found many more areas of common agreement, both about our objectives and our strategies for achieving those objectives," he said.

"We agreed to continue to cooperate on this issue."

China's ties with Sudan have been criticized in the west as motivated by the need for Sudan's oil. Groups such as the US-based Council on Foreign Relations accuse Beijing of selling arms to the Sudanese government.

Natsios was asked whether he had requested China to alter its Sudan policies.

"We made a whole series of requests but I'm not going to tell you what they all were," he said.

"I could end up making a very successful trip not so successful."

China's foreign ministry did not immediately respond to a request for comment.

Argentine Ex-President Charged With Rights Abuses (NYT)

DOJ_NMG_0117067

By Larry Rohter

The New York Times, January 13, 2007

RIO DE JANEIRO, Jan. 12 — Acting at the request of Argentine officials, the Spanish police on Friday detained María Estela de Perón, the former president of Argentina and the widow of the founder of the ruling party, as part of a broadening investigation by the Peronist government of Argentina into past human rights abuses there.

A judge in the provincial city of Mendoza had issued an order on Thursday that Ms. Perón, known as Isabel, who lives in exile in Spain and gives her age as 75, be detained there for questioning regarding the disappearance of a student during her time in power. Almost simultaneously, a judge in Buenos Aires authorized the arrest of two other officials with ties to the late José López Rega, who was Gen. Juan Perón's private secretary and later Ms. Perón's closest adviser.

Those moves were made less than two weeks after Argentina requested that Spain extradite another notorious figure from that era. In each case, the proceedings focus on the Argentine Anti-Communist Alliance, or "Triple A," a shadowy right-wing paramilitary death squad controlled by Mr. López Rega that first emerged when General Juan Perón was in power and accelerated its activities during his widow's tenure.

Ms. Perón governed Argentina for less than two years, from her husband's death in July 1974 until she was overthrown by a military coup on March 24, 1976. Human rights groups have blamed the Triple A for the killings of at least 1,500 political opponents, most of which occurred when Ms. Perón, a former cabaret dancer who was the general's third wife, was in power.

Ms. Perón's defense has always been that as "a poor ignorant woman" with no political experience or skills, as she put it in testimony in Spain in 1997, she had no idea what was being done in her name. But the Mendoza judge rejected that argument, saying in an interview with a local radio station that "she was the chief executive of the nation" and the abductions of people later killed "were made on the basis of decrees" she had signed.

Civilian democratic rule in Argentina was restored nearly 25 years ago. At that time, human rights and political leaders said, political parties negotiated an agreement that, at the insistence of the Peronists, effectively made human rights abuses that occurred before the military coup off limits to official investigations.

But President Néstor Kirchner, himself a Peronist, has taken a different attitude, which the judges have apparently heeded. "When the president said he hadn't left his convictions at the entrance of the seat of government and that there weren't going to be deals on impunity with anybody, that included everyone, Ms. Perón too," Interior Minister Aníbal Fernández said in an interview on Friday with a Buenos Aires radio station.

The Peronist movement is a broad one containing some factions that are regarded as right-wing and others that lean left, with Mr. Kirchner belonging to the latter group. At the time Ms. Perón was in power he and his wife, Cristina, now a powerful senator, were college students with friends who belonged to the leftist Montonero group and were later abducted and killed.

A presidential election is scheduled for this year in Argentina, and while Mr. Kirchner has not declared himself as a candidate for re-election, he has been trying to build an alliance that would include left-wing groups outside his own movement. The move against Ms. Perón, which enhances his credentials as a crusader and nonconformist who fears nothing and no one, helps cement his ties with the left.

"No federal judge would make rulings like that of requesting the capture of former president Isabel Perón or to investigate the crimes of the Triple A if he perceived that such acts would perturb the national government," Fernando Laborda wrote Friday in the conservative Buenos Aires daily La Nación. The timing "is not coincidental," he added, but stems from what "is clearly a political decision."

Spain Arrests Former Argentine President (AP)

By Harold Heckle, Associated Press Writer

AP, January 13, 2007

Former Argentine President Isabel Peron was detained Friday at her home in Madrid as part of investigations into the South American country's past human rights abuses, police said.

Later in the day, Spain's National Court ordered her conditional release pending an extradition request from Argentina. The court said Argentina has 40 days to file an extradition request and Peron has to appear at a police station every 15 days.

DOJ_NMG_0117068

Police acted on an arrest warrant from an Argentine judge who said he had questions about Peron's chaotic 20-month rule, a time when shadowy right-wing violence destabilized Argentina. The third wife of three-time president Juan Domingo Peron was ousted in the March 1976 coup that ushered in a seven-year dictatorship that waged a "dirty war" against its opponents.

Her arrest marked the expansion of Argentina's human rights investigations beyond dictatorship-era crimes to the death squads that terrorized the nation prior to the 1976 coup.

Peron, 75, who has lived in exile in Spain since 1981, was taken into custody at her villa in the wealthy northern Madrid neighborhood of Villanueva de la Canada. She was seen being driven to the National Court in Madrid.

Peron was wanted for questioning about three decrees she approved in her brief presidential tenure, calling on armed forces to crack down on "subversive elements." She was also wanted for questioning in connection with the disappearance of leftist Hector Aldo Fagetti Gallego one month before the coup.

Maria Estela Martinez de Peron — known as Isabel — was sworn in as president in 1974 after the death of her husband, the former strongman and father of Argentina's ruling political party. She struggled to hold on to power as Argentina was convulsed by violence from leftist guerrillas and reprisals by death squads.

Her detention followed the recent arrests in Argentina and Spain of two suspected leaders of the "Triple A" death squad that human rights groups call a precursor to state-sponsored terror waged by the country's military rulers from 1976-83.

Political analyst Felipe Noguera noted that dozens of former police and military officers have been summoned for questioning since Argentina's Supreme Court in 2005 annulled a pair of 1980s amnesty laws blocking prosecution of human rights cases.

"What might be different is that her surname is Peron," Noguera said. "So this seems to drive home the point that a lot of violence against the left wing started during the Peronist time, before and not during the junta."

Previously, efforts to bring alleged human rights abusers to justice focused on crimes committed during the dictatorship when at least 13,000 suspected leftists and other opponents of the regime were killed or disappeared.

Peron testified in 1997 in Madrid as a witness in a Spanish case probing crimes during the military dictatorship. She said then she recalled signing a law authorizing the "annihilation" of leftist guerrillas, but did not remember details. She also said that she was unaware of human rights abuses that began during her tenure and expanded after the military overthrew her.

Adolfo Perez Esquivel, the 1980 Nobel Peace laureate for his human rights work, told The Associated Press he believed the Triple A, short for the Argentina Anticommunist Alliance, was effectively part of a state structure and thus the beginnings of state-backed terror.

"Once and for all, we have to get to the bottom of this problem and find out how this terrorism was generated by the state," Perez Esquivel said. "The search for the truth must go in every direction."

In Argentina, families of the victims of the repression celebrated Peron's arrest.

"I believe state terror began before the coup," said Maria Adela Antokoletz, whose brother, a lawyer who defended leftists, was kidnapped shortly before the 1976 coup. "Those who signed these decrees knew perfectly well the nature of the campaign and what this repression would involve."

Human rights groups blame Triple A for at least 1,500 killings of government opponents from 1973 to 1976. The dead included leftists, trade activists, opposition lawmakers and intellectuals.

Some victims were abducted off streets and never seen again while others were found dead of bullet wounds, some with their hands hacked off or burned.

The violence set the stage for the dictatorship's crackdown on dissent, a campaign known as the "dirty war." Nearly 13,000 people are officially listed as dead or missing from that era, but human rights groups say the total is closer to 30,000. Civilian rule was restored in 1983.

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Associated Press writers Bill Cormier in Buenos Aires and Mar Roman in Madrid, Spain, contributed to this report.

Isabel Peron's Arrest Signals Shift In Argentina (LAT)

By Patrick J. McDonnell

DOJ_NMG_0117069

The Los Angeles Times, January 13, 2007

BUENOS AIRES — The arrest Friday of former Argentine President Isabel Peron in Spain signaled an expansion of human rights cases here beyond the former military junta to the epoch of ex-strongman Juan Domingo Peron, father of Argentina's ruling party.

The 75-year-old former president, whose full name is Maria Estela Martinez de Peron, was arrested at her home near Madrid after a federal judge in Argentina issued a warrant for her detention, officials said. A Spanish tribunal ordered her conditional release pending an extradition request from Argentina.

She is wanted for questioning in connection with the disappearance of a student activist in February 1976, during the final weeks of her presidency.

Isabel Peron is the widow and successor in office of Juan Peron, three times elected president and still an iconic and controversial figure in his homeland. As the sitting vice president, the ex-dancer assumed the presidency when her husband died in July 1974.

Argentina's only woman president never enjoyed the popularity of Peron's previous wife, the charismatic Eva "Evita" Peron, who is still idolized here more than half a century after her death. Economic and political turmoil marked the reign of Isabel Peron, who was toppled in a military coup in March 1976.

The strongman's admirers have largely ignored his dark side, such as his regime's welcoming of Nazi war criminals after World War II and the right-wing death squads that sprung up during his final term. Critics call him a demagogue who stifled freedoms and crushed dissent while admiring European fascists such as Benito Mussolini of Italy.

The current Peronist administration has aggressively targeted hundreds of abusers from the junta that succeeded Peron and his wife. The former military leaders are widely despised here, and Argentines have generally applauded their prosecutions.

But Juan Peron, with his exaltation of the working classes and strong ties to labor unions, remains a beloved figure for many. His political movement, which embraced elements of the left and right, continues to dominate Argentine politics.

Investigators are now zeroing in on government-linked death squads that, human rights groups say, operated with impunity during the tumultuous 1970s rule of Peron and his widow. The sanctioned killers, these groups say, set the stage for the subsequent "dirty war" under military rule that cost as many as 30,000 lives during a dictatorship that lasted from 1976 to 1983.

Isabel Peron is being sought in connection with decrees she signed in office that called on security forces to "annihilate … subversive elements throughout the country." By then, the Peronists had turned violently against their former left-wing allies and forced them underground.

A separate judicial inquiry is examining a right-wing death squad called the Argentine Anticommunist Alliance, known as Triple A, that operated during the administrations of both Perons. Rights groups say Triple A was responsible for about 1,500 extrajudicial assassinations.

A judge in the capital has ordered the arrest of several former Triple A leaders. Whether the various inquiries will lead to the late Peron himself and sully his image remains unclear. Many believe it is unlikely Peron will ever be despised as much as the former military rulers who "disappeared" thousands of opponents and led Argentina to the ruinous Falklands War in 1982.

Argentines have shifted much of the blame for abuses during the Peron governments to a now-deceased former aide, Jose Lopez Rega, a thuggish figure often described as the founder of Triple A.

But critics say it is inconceivable that the strong-willed Peron himself didn't approve of the government-backed death squads created during his reign.

"Eventually people must ask themselves if it's plausible that the president and person in charge when the Triple A was set up knew nothing about it," said James Neilson, a columnist for the newsmagazine Noticias.

Argentine President Nestor Kirchner is a lifelong Peronist and leftist who has made bringing military abusers to justice a centerpiece of his administration. He seldom publicly invokes the memory of Peron, and has signaled no opposition to the aggressive prosecution of Peron-era figures linked to death squads — even if it leads to the founder of the movement he represents.

"We want reconciliation, but without impunity," Kirchner told the daily Clarin after the judge's order for Isabel Peron's arrest in Spain. "The truth has to be known, whatever it is."

DOJ_NMG_0117070

Reach Out To Cuba's People (WSJ)

By Mario Loyola

The Wall Street Journal, January 13, 2007

With Iranian President Mahmoud Ahmadinejad visiting Venezuela today, it might be a good time to consider another "change in course" for U.S. policy. The isolation of Cuba, a legacy of the Cold War, is pushing that country closer to America's most dangerous enemies.

In a recent open letter to President Bush, several major Cuban dissident groups called for an end to U.S. restrictions on travel and remittances to Cuba. Now joining their call is the Miami-based Cuban Consensus, a coalition of 20 pro-democracy groups including the "hard-line" Cuban-American National Foundation. The advocates for the current policy -- chiefly three intransigent Cuban-American representatives in Congress -- are increasingly alone.

If we don't lift the travel and remittance restrictions now, it is not just the Cuban people who stand to suffer. Allowing Cuba to slip further under the influence of Venezuela's newly reelected Hugo Chávez, the proud new ally of Iran, would be terrible for the U.S.

These restrictions are regulatory, which means that the president could eliminate them tomorrow. But the Helms-Burton law freezes the larger economic embargo in place until the communist regime dismantles its security apparatus and calls for free elections -- and until both Raúl and Fidel Castro are gone. With the changing of the guard in Havana, there will be opportunities for incremental reform. The new Congress must amend Helms-Burton to give the president the flexibility he will need to seize them.

Any major opening -- such as diplomatic talks or relaxation of the embargo -- should be conditioned on Cuba's release of political prisoners, economic reforms, freedom of speech and a dismantling of the neighborhood spy system that has driven Cuban society into such a heartbreaking state of paranoia. But Helms-Burton's rigid, all-or-nothing approach creates no incentive for Cuba's communists to undertake even the most minor reform.

For many supporters of the current policy, isolating Cuba has become almost an end in itself. Nothing could be more perverse. If Cuban culture is exposed to globalization, it will fuel yearning for the freedoms of modernity. If we expand diplomatic contact, we will begin to discover allies within the regime. Allowing Cuba to join the international trade and finance system (which U.S. law largely prevents) will multiply the incentives to liberalize. By isolating Cuba and driving it into the arms of Hugo Chávez, the only real beneficiaries are communist hard-liners -- and their patrons.

Cuba's communist regime has two conflicting needs -- isolation and money. Ending isolation will rebuild the bridges between Cubans and their most natural allies -- the American people. It would also likely expose Cubans to the political and commercial culture of one of the most spectacularly successful immigrant communities in the U.S. -- that of their exiled family members in Miami.

Relaxing the flow of funds from the U.S. would also turn a communist need to our advantage. The more Cuba depends financially on the U.S., the more leverage we will gain in pushing for economic and political reform. Cutting the regime off from sources of financing may have made sense after the fall of the Soviet Union, when Cuba had nowhere else to turn. But now it has Venezuela.

With Fidel Castro's removal from power and imminent demise, the key obstacle to reform within the regime has disappeared. A new generation of bureaucrats now has a chance to gain influence. Many of today's younger "communists" are less interested in the Revolution than in maintaining stability -- and much less interested in Venezuela's patronage than in normalizing relations with the U.S. For Cuba's proud armed forces, the prospect of becoming servants to Mr. Chávez is not attractive. Unfortunately, U.S. stubbornness leaves them little choice.

Cuba's increasing dependence on Mr. Chávez is dangerous for the U.S. Venezuela uses oil money to fuel a global campaign against America. Venezuelan intelligence services set up shop wherever they can in Latin America to eradicate government officials educated in the U.S. or suspected of pro-American sympathies. Bolivia, Ecuador and Nicaragua are falling firmly into Venezuela's orbit. And throughout the Non-Aligned Movement, Mr. Chávez trades oil money for diplomatic support against the U.S. in a new kind of Cold War. Worse, after his recent election victory, Mr. Chávez seems to be claiming a mandate for an even more stridently Castroist and anti-American position -- all of which will influence the direction of the Cuban regime.

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Looming on the horizon is an even greater threat. Iran's intelligence services -- perhaps the most prolific and sophisticated terrorist organization in the world -- use diplomatic channels to build their network. And there are clear indications of a renewed Hezbollah effort in South America. Thus Venezuela's new alliance with Iran represents a grave danger to the whole hemisphere. Venezuela is already putting enormous pressure on Cuba to expand its ties with Iran; an Iranian foothold just 90 miles from our own shores would be a catastrophic setback in the war on terror.

Relaxing Cuba's isolation would help diminish a gathering threat to national security, and bring hope to Cubans everywhere that the long tragedy of communism and exile may finally be coming to an end.

Mr. Loyola is a Fellow at the Foundation for the Defense of Democracies.

DOJ_NMG_0117072

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 13, 2007 7:45 AM EST

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TERRORISM NEWS:

Stormy Outlook As Gonzales Faces Senate Democrats (NYT)

By David Johnston

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Attorney General Alberto R. Gonzales, who has faced controversy throughout his two-year tenure, is likely to enter an even stormier phase next Thursday when he appears before the Senate Judiciary Committee for the first time since control fell to the Democrats.

But he shows little anxiety about more vehement criticism of his stewardship at the Justice Department.

"They have an institutional interest to gather up information about what the executive branch is doing," Mr. Gonzales said Friday, in an interview in which he adopted the mildly juridical tone of a law professor.

Referring to the Justice Department, he said: "We likewise have an institutional interest in maintaining the confidentially of certain kinds of information. From my perspective, there are two competing institutional interests. This is not a partisan issue. It's an institutional issue of interests that have to be accommodated."

But there seems to be little likelihood that the Judiciary Committee will be satisfied with that kind of summation.

Mr. Gonzales's chief antagonist is likely to be the panel's chairman, Senator Patrick J. Leahy of Vermont, a Democrat who in recent public statements has castigated the Bush administration for years of "corrosive unilateralism" in refusing to cooperate with Congress and said he would enforce the committee's demands for information with subpoenas if necessary.

"The very nature of the job means I'm going to be in the middle, the department will be in the middle, of all the hard issues, all the difficult issues that the Congress will be very, very interested in," Mr. Gonzales said. "You're not going to have total agreement, it's not going to be a love fest necessarily between the Congress and the attorney general of the United States."

It was Mr. Gonzales, a former Texas judge, who as White House counsel provided legal thinking to support some of the administration's most hotly debated operations, like its program of surveillance without warrants. He also wrote a draft memo in January 2002 that said captured members of Al Qaeda should not be covered by the Geneva Conventions — a position later adopted by the administration. He succeeded John Ashcroft as attorney general in 2005.

Although Mr. Leahy recently had lunch with Mr. Gonzales and the two men are on cordial personal terms, the senator has ripped into the Justice Department for ignoring or rejecting his requests over the years for dozens of internal documents and for failing to turn over information about a host of activities, mostly related to counterterrorism policies.

Even so, Mr. Gonzales said he was looking forward to testifying. "I view these hearings as an opportunity to tell our story," he said. "I think in many ways we have a good story to tell. Sometimes we are constrained because we are in a period of war in giving out as much information as we'd like because there are things we'd like to talk to about."

In the interview, he said he would seek a conciliatory relationship with Democrats, when and where he can, but would continue to protect zealously what he regards as the department's core interests. He said the Justice Department had already provided a great deal of information to Congress according to traditional practice and court decisions on the subject.

He said the Justice Department would review each Congressional request in an effort to comply with Congressional demands: "Is there a way to limit the scope of the request? Is there a way to give them the information without actually turning over the documents? Would it suffice to provide a briefing without compromising something that would be extremely damaging to

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the national security of our country? Could we provide a summary, a written summary, that they would want to see? Perhaps someone in the executive branch would read a portion of a document. We have legal obligation to see what can be done."

Mr. Gonzales expressed the hope that battles with Congress would not undermine his efforts to accomplish his goals at the Justice Department. "The American people lose if we spend the next two years fighting over documents," he said.

Mr. Gonzales said he hoped that Congress would work with the Justice Department on other administration priorities, like the protection of children against predators and pedophiles, an overhaul of immigration laws, the elimination of disparities in prison sentences and a crackdown on online pharmacies that sell drugs to teenagers.

He said that he had realized when he took over at the Justice Department that he was likely to be thrust into controversies between law and politics. "I came into this job with my eyes wide open, understanding what the challenges would be, and I have not been disappointed. It's tough. At the same time, it's exhilarating."

Official Attacks Top Law Firms Over Detainees (NYT)

By Neil A. Lewis

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — The senior Pentagon official in charge of military detainees suspected of terrorism said in an interview this week that he was dismayed that lawyers at many of the nation's top firms were representing prisoners at Guantánamo Bay, Cuba, and that the firms' corporate clients should consider ending their business ties.

The comments by Charles D. Stimson, the deputy assistant secretary of defense for detainee affairs, produced an instant torrent of anger from lawyers, legal ethics specialists and bar association officials, who said Friday that his comments were repellent and displayed an ignorance of the duties of lawyers to represent people in legal trouble.

"This is prejudicial to the administration of justice," said Stephen Gillers, a law professor at New York University and an authority on legal ethics. "It's possible that lawyers willing to undertake what has been long viewed as an admirable chore will decline to do so for fear of antagonizing important clients.

"We have a senior government official suggesting that representing these people somehow compromises American interests, and he even names the firms, giving a target to corporate America."

Mr. Stimson made his remarks in an interview on Thursday with Federal News Radio, a local Washington-based station that is aimed at an audience of government employees.

The same point appeared Friday on the editorial page of The Wall Street Journal, where Robert L. Pollock, a member of the newspaper's editorial board, cited the list of law firms and quoted an unnamed "senior U.S. official" as saying, "Corporate C.E.O.'s seeing this should ask firms to choose between lucrative retainers and representing terrorists."

In his radio interview, Mr. Stimson said: "I think the news story that you're really going to start seeing in the next couple of weeks is this: As a result of a FOIA request through a major news organization, somebody asked, 'Who are the lawyers around this country representing detainees down there?' and you know what, it's shocking." The F.O.I.A. reference was to a Freedom of Information Act request submitted by Monica Crowley, a conservative syndicated talk show host, asking for the names of all the lawyers and law firms representing Guantánamo detainees in federal court cases.

Mr. Stimson, who is himself a lawyer, then went on to name more than a dozen of the firms listed on the 14-page report provided to Ms. Crowley, describing them as "the major law firms in this country." He said, "I think, quite honestly, when corporate C.E.O.'s see that those firms are representing the very terrorists who hit their bottom line back in 2001, those C.E.O.'s are going to make those law firms choose between representing terrorists or representing reputable firms, and I think that is going to have major play in the next few weeks. And we want to watch that play out."

Karen J. Mathis, a Denver lawyer who is president of the American Bar Association, said: "Lawyers represent people in criminal cases to fulfill a core American value: the treatment of all people equally before the law. To impugn those who are doing this critical work — and doing it on a volunteer basis — is deeply offensive to members of the legal profession, and we hope to all Americans."

In an interview on Friday, Attorney General Alberto R. Gonzales said he had no problem with the current system of representation. "Good lawyers representing the detainees is the best way to ensure that justice is done in these cases," he said.

Neither the White House nor the Pentagon had any official comment, but officials sought to distance themselves from Mr. Stimson's view. His comments "do not represent the views of the Defense Department or the thinking of its leadership," a senior Pentagon official said. He would not allow his name to be used, seemingly to lessen the force of his rebuke. Mr. Stimson did not return a call on Friday seeking comment.

The role of major law firms agreeing to take on the cases of Guantánamo prisoners challenging their detentions in federal courts has hardly been a secret and has been the subject of many news articles that have generally cast their efforts in a favorable light. Michael Ratner, who heads the Center for Constitutional Rights, a New York-based human rights group that is

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coordinating the legal representation for the Guantánamo detainees, said about 500 lawyers from about 120 law firms had volunteered their services to represent Guantánamo prisoners.

When asked in the radio interview who was paying for the legal representation, Mr. Stimson replied: "It's not clear, is it? Some will maintain that they are doing it out of the goodness of their heart, that they're doing it pro bono, and I suspect they are; others are receiving moneys from who knows where, and I'd be curious to have them explain that."

Lawyers expressed outrage at that, asserting that they are not being paid and that Mr. Stimson had tried to suggest they were by innuendo. Of the approximately 500 lawyers coordinated by the Center for Constitutional Rights, no one is being paid, Mr. Ratner said. One Washington law firm, Shearman & Sterling, which has represented Kuwaiti detainees, has received money from the families of the prisoners, but Thomas Wilner, a lawyer there, said they had donated all of it to charities related to the September 2001 terrorist attacks. Mr. Ratner said that there were two other defense lawyers not under his group's umbrella and that he did not know whether they were paid.

Christopher Moore, a lawyer at the New York firm Cleary, Gottlieb, Steen & Hamilton who represented an Uzbeki detainee who has since been released, said: "We believe in the concept of justice and that every person is entitled to counsel. Any suggestion that our representation was anything other than a pro bono basis is untrue and unprofessional." Mr. Moore said he had made four trips to Guantánamo and one to Albania at the firm's expense, to see his client freed.

Senator Patrick J. Leahy, the Vermont Democrat who is chairman of the Judiciary Committee, wrote to President Bush on Friday asking him to disavow Mr. Stimson's remarks.

Mr. Stimson, who was a Navy lawyer, graduated from George Mason University Law School. In a 2006 interview with the magazine of Kenyon College, his alma mater, Mr. Stimson said that he was learning "to choose my words carefully because I am a public figure on a very, very controversial topic."

Lawyers Blast Pentagon Official (MH/KR)

By Carol Rosenberg

The Miami Herald/Knight Ridder, January 13, 2007

A Defense Department official has stirred up a maelstrom in the American legal community by calling on corporate America to boycott law firms that help represent captives at Guantánamo Bay, Cuba.

Speaking to a morning radio talk show Thursday, Cully Stimson, deputy assistant secretary of defense for detainee affairs, rattled off a list of some of the most prestigious law firms in the nation.

Each apparently has attorneys providing pro-bono, or no-charge, legal representation to captives at the U.S. Navy Base, where the Bush administration is holding some 395 men and teens as enemy combatants.

"It's shocking," said Stimson, 43, a former federal attorney and Navy lawyer. ``The major law firms in this country . . . are out there representing detainees."

By late Friday, major U.S. legal advocacy groups condemned his remarks -- and a senior defense official distanced the Pentagon from them as well.

"Mr. Cully Stimson's comments in a recent media interview about law firms representing Guantánamo detainees do not represent the views of the Defense Department or the thinking of its leadership," said Bryan Whitman, the senior Pentagon spokesman.

Stimson was speaking to a Washington, D.C., radio station, Federal News Radio, which runs long interviews for commuting government workers.

"I think quite honestly when corporate CEOs see that those firms are representing the very terrorists that hit their bottom line in 2001," he said, ``those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms."

None of the Guantánamo captives has been convicted of crimes.

Into this vacuum, 500 U.S. lawyers, ranging from small solo practitioners to major national law firm partners, have filed unlawful detention lawsuits on behalf of Guantánamo detainees.

Moreover, private attorneys arguing on behalf of the captives have also handed the Bush administration two major defeats at the U.S. Supreme Court.

Miami defense attorney Neal Sonnett, who has not worked on the cases but has been an American Bar Association observer at Guantánamo, called Stimson's remarks "irresponsible" and ``shameful."

"It's not only an attack on corporate America," he said, ``but an attack on the rule of law."

Stimson, a former George W. Bush administration deputy U.S. attorney, rattled off such a complete list of the major law firms that Sonnett concluded it was part of a choreographed campaign ``to intimidate lawyers and their law firms who are rendering important public service."

Sonnett described pro-bono representation of someone who can't defend himself -- regardless of a captive's guilt or innocence -- as a bedrock American value.

Also Friday, Sen. Patrick Leahy, D-Vt., wrote President Bush a letter of protest, calling Stimson's remarks "reprehensible" and ``especially appalling . . . from a senior defense official responsible for U.S. detention policy."

"I hope you will immediately disavow Mr. Stimson's statements and take the appropriate action against this official," said Leahy, a lawyer and chairman of the Senate Judiciary Committee.

Among the firms Stimson named were Pillsbury Winthrop, Jenner & Block, Wilmer Cutler Pickering, Covington & Burling, Sutherland Asbill & Brennan, Paul Weiss Rifkin, Mayer Brown, Weil Gottshal, Pepper Hamilton, Venable, Alston & Bird, Perkins Coie, Hunton & Williams, Fulbright Jaworski.

They are identified in the U.S. District Court docket in Washington, D.C., where Guantánamo captives have filed their lawsuits against the Bush administration.

But Stimson said the list was compiled in response to a Freedom of Information Act request by a major news organization, which he did not name.

The Washington Post led the charge in condemnation on Friday morning in an editorial, 'Unveiled Threats: A Bush appointee's crude gambit on detainees' legal rights."

Separately, the American Bar Association issued a statement Friday condemning the comments.

"Lawyers represent people in criminal cases to fulfill a core American value: the treatment of all people equally before the law," said ABA President Karen J. Mathis.

``To impugn those who are doing this critical work -- and doing it on a volunteer basis -- is deeply offensive to members of the legal profession, and we hope to all Americans."

The American Civil Liberties Union took a slightly different approach in its condemnation:

"What Mr. Stimson condemns are precisely the values we should be trying to defend in the war on terror," said ACLU National Director Steven R. Shapiro.

Round Up The Usual Lawyers (NYT)

The New York Times, January 13, 2007

No one who has followed President Bush's policies on detainees should be surprised when a member of his team scorns American notions of justice. But even by that low standard, the administration's new attack on lawyers who dare to give those prisoners the meager representation permitted them is contemptible.

Speaking this week on Federal News Radio, a Web site and AM radio station offering helpful hints for bureaucrats and helpful news for the administration, Cully Stimson, the deputy assistant secretary of defense for detainee affairs, tried to rally American corporations to stop doing business with law firms that represent inmates of the Guantánamo internment camp.

It does not seem to matter to Mr. Stimson, who is a lawyer, that a great many of those detainees did not deserve imprisonment, let alone the indefinite detention to which they are subjected as "illegal enemy combatants." And forget about the fundamental American right that everyone should have legal counsel, even the most heinous villain.

In his interview, reported yesterday by The Washington Post editorial page, Mr. Stimson rattled off some of the most respected law firms in the country that, after initial hesitation, have courageously respected that right. He called it "shocking" that they were "representing detainees down there" and suggested that when corporate America got word of this dastardly behavior, "those C.E.O.'s are going to make those law firms choose between representing terrorists or representing reputable firms." He added: "We want to watch that play out."

When his interviewer asked who was paying these firms for the work, Mr. Stimson said, "It's not clear, is it?"

Actually, it is quite clear. Mr. Stimson surely knows that the vast majority of those cases are being handled for free by law firms that have not signed on to Mr. Bush's post-9/11 revision of the American rules of justice. Still, he persisted, saying some lawyers were "receiving monies from who knows where."

The interview was a greatest-hits remix of Bush administration nonsense about Guantánamo, including Mr. Stimson's message to corporate executives that lawyers "are representing the very terrorists who hit their bottom line in 2001." The only terrorists at Guantánamo associated with 9/11 were transferred there recently after being held for years in secret C.I.A. prisons where no lawyer could enter.

Not only do we find Mr. Stimson's threats appalling, we differ with him about 9/11. The tragedy and crime of that day was that thousands of innocents were slaughtered — not that it hurt some companies' profit margins.

Democrats May Push To Shutter War Prisons (BOS)

By Rick Klein

DOJ_NMG_0117078

The Boston Globe, January 13, 2007

WASHINGTON -- House Democratic leaders yesterday outlined plans to try to force the Bush administration to close the Abu Ghraib prison in Iraq and the Guantanamo Bay detention facility in Cuba, taking aim at two sites that have sparked an international furor over the Bush administration's war policy.

Representative John P. Murtha, the chairman of the powerful Defense Appropriations subcommittee and a close ally of House Speaker Nancy Pelosi, said he wants to close both prisons by cutting their funding, "to restore our credibility worldwide." If he succeeds, it would force the administration to find a new location for high-value terrorism suspects.

"We have the role, as elected officials, to exert our influence through the power of the purse -- that's what it's all about," said Murtha, a Pennsylvania Democrat whose committee will hold hearings on Iraq next week. "We try not to micromanage the Defense Department, but I tell you, they need micromanagement. They're out of control."

The effort to close the prisons, which Murtha said Pelosi supports, illustrates how congressional Democrats are confronting the president over his war policies. The aggressive push to change the war's course has intensified after the president's address Wednesday night in which he announced plans to send an additional 21,500 troops to Iraq.

Democratic leaders will try to include the measure to close the prisons in a spending bill designed to pay for war operations, Murtha said. He acknowledged that closing Abu Ghraib and Guantanamo would be more symbolic than substantive. Abu Ghraib gained international infamy in 2004 after pictures emerged of US soldiers torturing and sexually abusing Iraqi prisoners there. The Guantanamo facility, which has housed Al Qaeda members and other terror suspects for more than five years, has emerged as a lightning rod for criticism of US policies in combating terrorism.

Numerous human rights groups and a United Nations commission have called for it to be shuttered, citing widespread reports of prisoner mistreatment. Starting last fall, Bush has used the prison as a holding place for suspects who were previously held in secret CIA prisons.

"My action is trying to restore credibility in the Middle East," Murtha said.

Bush has defended the detention center as a "necessary" part of the war on terror.

"I'd like to close Guantanamo, but I also recognize that we're holding some people that are darn dangerous and that we better have a plan to deal with them in our courts," Bush said in June.

A Pelosi spokesman, Brendan Daly, said the speaker isn't going to make a final judgment on whether the prisons should be closed until after Murtha's committee has hearings on the issue.

"She has encouraged him to look into it," Daly said.

Murtha's plan emerged as a new series of volleys over the president's war plans played out on Capitol Hill.

House and Senate Democratic leaders say they still hope to change the president's mind about the troop "surge" by passing a non binding resolution of disapproval in the coming weeks. But a growing number of Democrats say that -- because Bush is almost certain to ignore such a resolution -- more must be done to hasten the end of the war.

The most likely step, many Democrats say, would involve spending restrictions on the war budget.

"The non binding resolution is symbolic, and that's nice to do if you've got the time to do it," said Representative John F. Tierney, a Salem Democrat. But lawmakers have to use their power over the budget to stop the war, he said.

"That's where we're going to find out which Democrats and which Republicans are going to take a stand on this," Tierney said.

Though some Republicans are also skeptical of Bush's plan, they indicated they will resist Murtha's attempts to close prisons and control war policy.

"You can't conduct a war or a battle from the House chamber or a committee room," said Representative C.W. Bill Young of Florida, the ranking Republican on the Defense Appropriations subcommittee.

Still, in an indication of the president's waning support in Congress, House Republican leaders held a "listening session" yesterday morning to hear out GOP members' concerns, and Republican leaders have been invited to join the president at Camp David for further talks this weekend.

Bush yesterday made calls to King Abdullah II of Jordan and President Hosni Mubarak of Egypt to rally support in the Middle East. And for a second straight day, lawmakers grilled top administration officials about the plan on Capitol Hill.

Defense Secretary Robert M. Gates insisted that the White House has no plans to attack targets in Iran. He also said he believes that having more US troops in Iraq will succeed because Iraqi leaders say they are committed to reaching political settlements to pacify the nation.

"If they fail to do those things, then I think it's incumbent upon the administration and incumbent upon me to recommend looking at whether this is the right strategy," Gates told the Senate Armed Services Committee.

The White House got some support from Senator John McCain of Arizona, the committee's top Republican and a 2008 Republican presidential prospect. McCain said the troop increase will give Iraqis "the best possible chances to succeed."

But Senator Edward M. Kennedy, a Massachusetts Democrat, said the US mission has changed substantially since Congress gave the president the authority to destroy weapons of mass destruction and depose Saddam Hussein.

"Why not come back to the Congress? Why not come back and permit us to have a vote on this surge?" Kennedy asked.

Gates said he would pass that message on to the president, but "I think he feels that he has the authority that he needs to proceed."

That is driving much of Democrats' interest in forcing the president's hand. Kennedy and other Democrats have proposed keeping the president from sending more troops to Iraq by blocking the money he would need to do it.

Representative James P. McGovern, a Worcester Democrat, said he is preparing a bill that would go even further, cutting off funds for nearly all troops after six months and allocating only enough resources to provide for the "safe and orderly withdrawal" of US forces.

Florida: Delay In Trial For Padilla (NYT/AP)

By The Associated Press

The New York Times, January 13, 2007

A federal judge ordered a three-month delay for the trial of Jose Padilla, accused of being an operative for Al Qaeda, in part to allow time for a full evaluation of Mr. Padilla's mental competency. The judge, Marcia Cooke of Federal District Court in Miami, set a new trial date of April 16 for Mr. Padilla and two others. It was the third time the case had been postponed. Mr. Padilla, a 36-year-old American, is charged with being part of a North American cell that provided cash, supplies and recruits to Islamic extremists.

Leftists Fire Rocket Into U.S. Embassy (WT/AP)

By Derek Gatopoulos

The Washington Times, January 13, 2007

ATHENS -- An anti-tank rocket slammed into the U.S. Embassy yesterday, causing limited damage and no injuries but reviving fears of a resurgence of far-left Greek militant groups that carried out deadly attacks over three decades.

The shoulder-fired rocket narrowly missed a large blue-and-white U.S. seal on the embassy's facade and damaged a third-floor bathroom near the ambassador's office.

U.S. Ambassador Charles Ries called the attack "very serious." He said no warning had been given.

"There can be no justification for such a senseless act of violence," he told reporters outside the cordoned-off embassy, which officials closed for the day. "The good news is no one was hurt and [there was] minimal damage."

Greek authorities blamed domestic militant groups that have carried out bombings against police and government buildings despite a crackdown on terrorism before the Athens Olympics in 2004.

Police are examining the authenticity of two calls taking responsibility from the group Revolutionary Struggle, which has carried out six bombings since 2003. The shadowy group criticized the United States in past statements, citing treatment of prisoners at the U.S. military detention center in Guantanamo Bay, Cuba.

"It is very likely that this is the work of a domestic group," Public Order Minister Vyron Polydoras said. "We believe this effort to revive terrorism is deplorable and will not succeed."

State Department spokesman Sean McCormack said the United States saw no early signs of international involvement. The Pentagon received a report on the attack, but no request for any action, a U.S. military official said.

The blast shortly before 6 a.m. shattered windows in nearby buildings. Traffic in the downtown area came to a standstill for three hours as police blocked streets around the building to gather evidence -- dusting cars for fingerprints and gathering discarded chewing gum and cigarette butts from the street.

The government said it was seeking permission from the courts to view video from traffic cameras, which under Greek privacy laws is officially excluded from the police investigation.

The attack resembled methods used by members of the far-left terrorist group called November 17, which eluded police between 1975 and eventual capture and conviction in 2003.

But the type of weapon used has not been seen in previous Greek attacks: a 2.36-inch rocket, which police said was probably fired from an extendable Russian-made launcher.

Public opposition to U.S. policies has remained strong in Greece since Washington provided support for a 1967-to-1974 military dictatorship.

Government and opposition party officials strongly condemned the attack, the third against the U.S. Embassy since the mid-1970s.

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Foreign Minister Dora Bakoyannis went to the scene, where she expressed "the solidarity of the Greek people following this deplorable action." State television said she wrote to Secretary of State Condoleezza Rice and promised full cooperation in finding the attacker.

Greece's conservative government came under criticism over the attack.

"How is such an attack on the American Embassy possible, when the site is the No. 1 target in the country?" said Alekos Papadopoulos, spokesman for public order of the opposition Socialist Party. "This points to problems with the police's capabilities."

A police task force to investigate the attack will be headed by a former counterterrorism chief who eradicated the November 17 group.

November 17 carried out a similar rocket attack on the embassy in 1996 -- causing minor damage and no injuries. It also bombed buses carrying U.S. servicemen and assassinated four U.S. military and embassy officials. In all, the group was blamed for killing 23 persons.

Grenade Hits U.S. Embassy In Athens (NYT)

By Ian Fisher, Anthee Carassava

The New York Times, January 13, 2007

ATHENS, Jan. 12 — An antitank grenade was fired into the heavily fortified American Embassy here on Friday just before dawn. The building was empty, but the attack nonetheless underscored deep anti-American sentiment here and revived fears of a new round of homegrown terror.

Greek officials said they doubted that the attack was the work of foreign or Islamic terrorists, but rather that of regrouped extreme leftists aiming at a specific, symbolic target: the huge American seal, with an eagle against a blue background, affixed to the front of the boxy, modern embassy near downtown.

The grenade narrowly missed the seal, punching through a window a few feet above and landing in a bathroom on the embassy's third story, where the ambassador has his office.

The damage was described as minimal. But the ambassador, Charles Ries, said: "We treat it as a very serious attack. There can be no justification for such a senseless act of violence."

Panayiotis Stathis, a spokesman for the Public Order Ministry, said, "This was a violent act aimed to provoke Greek public opinion and disturb relations with the United States."

As Mr. Stathis spoke to reporters Friday evening outside the embassy, a demonstrator waved a sign that underscored Greece's often uneasy relations with the United States on issues from the war in Iraq and the longstanding tensions between Greece and Turkey to the American-supported military dictatorship that ruled Greece from 1967 to 1974. "The C.I.A. was behind this," the sign read.

Greek officials said a phone call placed anonymously to a private security company used by the embassy stated that the attack had been carried out by Revolutionary Struggle, a Marxist group with strong anti-American sentiments.

Homegrown terror has largely waned since the Greek authorities dismantled the most deadly groups before the 2004 Olympic Games here. But in that relative lull, Revolutionary Struggle has emerged as the most active of a new generation of small, shadowy terrorist groups.

It has claimed responsibility for a bombing at a court building in Athens in 2003 and one at the Economics Ministry 13 months ago, an attack that wounded two people. It also claimed responsibility for an attempt last May to assassinate the culture minister.

Greek officials did not immediately accept the claim of responsibility for Friday's incident, as they waited for a more detailed proclamation from the attackers.

"We're investigating whether in fact this claim is true," Vyron Polydoras, the public order minister, told reporters after visiting the embassy, which was closed for the day, its flag hung at half-staff.

Maria Bossis, one of Greece's top terrorism experts, speculated that the attack had a purpose beyond making a strong and violent anti-American statement. She said she believed that the group was also aiming at establishing supremacy among the 10 groups in competition since the government dismantled November 17, the most notorious of the leftist terrorist groups.

"This attack will determine who the boss is among the terrorists," said Ms. Bossis, a professor at the Greek College of Defense and former government adviser.

She also said the Greek government had not remained as aggressive against terrorists as it had been before the Olympics.

The grenade was launched at 5:58 a.m., apparently from across the six lanes of Vassilisis Sophia Boulevard, the main north-south road in the central Athens neighborhood of Ilissia.

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Tassoula Foumeli, a retired seamstress, said she had been in bed when the blast shattered the windows in her ground-floor bedroom.

"The explosion was so loud I couldn't even hear the smashing of the windows," she said. "I'm nervous and I'm mad."

Mad, she and other residents said, partly at the anti-American demonstrators who have rallied, at times violently, for years in front of the embassy. But she said some of her anger was at American policies that she said provoked demonstrators and angered many ordinary citizens.

"Not everything is justified," she said, referring to violent protests. "But at the same time, you kind of wonder why the United States is meddling in the affairs of other states. This is shown most recently in Iraq. Doesn't the United States have its own state? Does it have to poke its nose elsewhere? I am seeing suffering in Iraq."

Mr. Stathis, the Public Order Ministry spokesman, said the grenade used in the attack was of Russian design, a model manufactured in several Eastern European counties. He said Greek and American officials were collecting evidence from the debris left by the explosion, from surrounding buildings and from security cameras posted around the embassy.

They've Got Mail (WP)

The Washington Post, January 13, 2007

IS THE FEDERAL government opening citizens' mail without obtaining warrants? Was a statement that was quietly issued when the president signed an obscure Postal Service reform bill last month a new assertion of power by the administration to engage in such warrantless searches? The answer to both these questions is disturbingly unclear.

No reasonable person doubts that in emergency circumstances -- a ticking bomb inside a package -- government agents shouldn't have to wait for court approval to open private mail. That authority has been clear for years. In signing the Postal Accountability and Enhancement Act, President Bush took pains to note that he would interpret the law "in a manner consistent . . . with the need to conduct searches in exigent circumstances, such as to protect human life and safety against hazardous materials, and the need for physical searches specifically authorized by law for foreign intelligence collection."

That's not troubling if, as administration officials contend, the signing statement simply reinforces existing law. "There is nothing new here," said White House press secretary Tony Snow.

Okay, but what does present law allow? Does the administration contend, as in the case of its warrantless wiretaps, that the president has the inherent constitutional authority, or power granted by the post-Sept. 11 Authorization for the Use of Military Force (AUMF), to open mail without going through the process outlined in the Foreign Intelligence Surveillance Act? Administration officials have been less than eager to answer these questions.

At a hearing of the Senate Judiciary Committee last February, Sen. Patrick J. Leahy (D-Vt.), asked Attorney General Alberto R. Gonzales whether the administration believed that the AUMF also permitted the warrantless opening of mail:

Mr. Gonzales: "There is all kinds of wild speculation out there about what the president has authorized and what we're actually doing. And I'm not going to get into a discussion, Senator, about hypotheticals."

Mr. Leahy: "Mr. Attorney General, you're not answering my question . . . Does this law -- you're the chief law enforcement officer of the country. Does this law authorize the opening of first-class mail of U.S. citizens -- yes or no -- under your interpretation?"

Mr. Gonzales: "Senator, I think -- I think that, again, that is not what is going on here. We're only focused on communications -- international communications where one part of the communication is al-Qaeda. That's what this program is all about."

Mr. Leahy: "You haven't answered my question."

Given the president's signing statement, given his demonstrated willingness to stretch the boundaries of his authority and dispense with inconvenient legal niceties, it seems necessary to ask again.

They're Refugees, Not Terrorists (LAT)

By Anna Husarska

The Los Angeles Times, January 13, 2007

Sherkole refugee camp, Ethiopia — DOMINIC KUR is, in many ways, a typical Dinka. Like almost all the men in his ethnic group, he has had his forehead marked with ornamental scarification, and by custom, his bottom front four teeth have been knocked out, which makes him lisp a bit.

As was expected of young Dinka men from southern Sudan in the mid-1980s, he joined the armed resistance, known as the Sudan People's Liberation Army, in its civil war against the ruling government in Khartoum.

Kur fought with the group for nine years. "I felt I had to defend my country against the Arabs," he explained. But he grew disenchanted with his unit's treatment of its troops, and with no mechanism in place for officially resigning from the guerrilla

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organization, he simply left and moved to Khartoum, where he worked on a construction site and married his childhood sweetheart from the village of Madol. In 2002, he crossed the border and came to the Sherkole camp.

The war dragged on, taking the lives of 2 million Sudanese over 20 years. But ultimately the international community legitimized the SPLA by recognizing its participation in the peace process. This culminated in the signing of a comprehensive peace accord on Jan. 9, 2005, a resolution that was hailed by Washington.

Now, with the war over, the refugees — 4 1/2 million people who were either displaced within the country or who fled to neighboring countries — are going home to southern Sudan. In the Sherkole camp, bulletin-board posters explain schematically the peace agreement's military and political arrangements for return and resettlement. The Uduk ethnic group went back last December. And there is already anticipation and joy in Zone F of the camp, where 2,000 Dinkas live.

But there is no joy for Kur and his family. They would like to go home too, but Kur fears that some people in the SPLA consider him a deserter. In view of the still-volatile situation in his country, he worries that if he were to return to the south, he would get into trouble. Considering the difficulties the country has had creating a police force in southern Sudan and ensuring public safety, his fears are not unreasonable. (In the Sherkole camp, there are other former Sudanese fighters who have similar apprehensions.)

So Kur has been proposed by the U.N. High Commissioner for Refugees for resettlement to a third country. His application — for himself, his wife Angelina and their six children — was submitted to the United States by the commissioner's office.

After telling me this, Kur led me through a typically low doorway into the dark but nicely decorated interior of their round, thatched mud hut, or tukul, and fished out the letters received from the U.S. Department of Homeland Security: Angelina and the kids are welcome to come to the United States, the letters said. Kur, however, has been denied entry.

His letter says: "You were found to be inadmissible to the United States pursuant to INA ? 212(a)(8 USC ? 1182(a) pertaining to 212 (a)(3)(B)." The letter notes, "A waiver is not available for the inadmissibility cited above," and the words "is not available" are circled by hand. In the U.S. Immigration and Nationality Act — I know it; Kur doesn't — provision 212 (a)(3)(B) means "involvement in terrorist activities." Ironically, Kur's letter from the Homeland Security Department labeling him a terrorist arrived on July 20, the same day that Salva Kiir, the leader of the SPLA who is now president of southern Sudan, was welcomed to the White House by President Bush.

Kur's case is not isolated. In the last six months, I have met many refugees around the world — Burmese Karen in Thailand, Burmese Chin in Malaysia, Lao Hmong in Thailand, Eritreans in Ethiopia — whose cases were put "on hold" by U.S. authorities because the organizations to which the refugees had belonged were later designated as terrorist. But I never saw a blunt refusal until I saw Kur's letter.

What's particularly upsetting is that those "on hold" are, in many cases, heroic freedom fighters who struggled for democracy against brutal dictatorships (like the Burmese junta or the Laotian communists) or even, sometimes, people who had been recruited to fight by the Unites States (like the Lao Hmong or the Vietnamese Montagnards).

The reason for this bizarre treatment is that in the aftermath of the 9/11 attacks, the U.S. adopted a very broad definition of "terrorist activity" in American law. This overzealous legislative approach means that thousands of genuine refugees who participated in armed insurgencies — even those friendly to (and in some cases supported by) the United States — are now treated as a threat to American security.

It's not just those who participated in the insurgencies. Those who provided "material support" to these combatants can be barred too. The global effect of this draconian law has been devastating: Of the 70,000 slots allotted in 2006 for new refugees by the traditionally hospitable U.S. resettlement program, only 41,000 were filled. According to estimates from the International Rescue Committee and other refugee organizations, about half of the 29,000 excluded were due to the "terrorist" and "material support" provisions.

IT IS POSSIBLE to overcome these provisions through a waiver process, but it is so limited and cumbersome that only three waivers have been granted so far, to specific Burmese freedom-fighter groups.

On Thursday, the Bush administration acknowledged the "unintended consequences" of the post-9/11 laws. Officials from the departments of Justice, State and Homeland Security announced plans to expand the waiver program, some of which will require a vote in Congress. The officials named in particular Cuban, Tibetan and additional Burmese freedom-fighter groups whose supporters and members could get special consideration for admission to the United States.

This is a step in the right direction, but the waiver program remains a partial solution to the problem. It will continue to require case-by-case decisions at high levels in Washington, and it will undoubtedly leave behind, or on indefinite hold, many thousands who pose no threat to the United States.

And for now that includes Dominic and Angelina Kur. They are faced with an excruciating dilemma: Should they split up, which is almost unthinkable, especially because Angelina is again pregnant? Should Angelina give up a chance of a normal life

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outside the refugee camp for herself and the children? Or should they go back to Madol and hope that the southern Sudanese government will not take revenge on him?

Not much news from abroad comes to their tukul, so the Dinka couple does not even imagine that there could be a solution to their problem. But there is. Congress must act to broadly amend the immigration law so that all bona fide refugees can be easily and fairly considered for refugee or asylum status, not punished for the courage and commitment they demonstrated fighting for peace and democracy in their homelands.

Anna Husarska Is Senior Policy Advisor At The International Rescue Committee.

HOMELAND RESPONSE:

FBI Investigating 8,000 For Terrorism (USNEWS)

U.S. News and World Report, January 13, 2007

He wouldn't say it directly, but this week FBI Director Robert Mueller in effect told Congress the bureau has 8,000 people under investigation for terrorism. The FBI is reluctant to release an official figure, as many of those under investigation play only minor roles or turn out to be innocent. Instead, Mueller did it by inference, comparing America's record with that of Great Britain.

In his January 11 testimony to the Senate Select Committee on Intelligence, the FBI chief cited "a recent and rare" disclosure from MI-5 –the British Security Service–that "the United Kingdom is tracking 1,600 individuals who are part of at least 200 networks that are actively plotting terrorist attacks." By comparison, Mueller added, "in general, the number of subjects we are monitoring is proportional to the number of subjects BSS is monitoring–based on gross national population."

Well, that's not hard to figure out. America's population of 300 million is five times that of Britain's 60 million. Multiply Britain's 1,600 terrorism suspects by five and you get 8,000. FBI officials confirm that's a ballpark figure, but decline to put the figure on the record.

"You can draw your own conclusions," says one veteran agent.

One reason for the caution is that FBI officials see few operational cells in America and don't want the public thinking there are 8,000 terrorists running around. In the British disclosure, back in November, MI-5 chief Dame Eliza Manningham-Buller revealed that the Brits are following at least 30 plots, many using British-born operatives and tied to al Qaeda in Pakistan. By contrast, noted Mueller, "We see relatively fewer active plots involving physical attacks within the United States, less defined networks of extremists, and less developed attack planning compared to those described by the BSS director."

That's the good news–and helps explain why America hasn't had a major terrorist attack since 9/11. But then what are all those U.S. terrorism suspects up to? Lots of support activity, officials say. One FBI agent ticked off the list: raising money, recruiting, logistics, surveillance, communications. Still, a handful of operational cells are out there, investigators believe, and that's what they lose sleep over.

"It's like a hockey game," says a counterterrorism agent. "If you let one goal get scored, you've lost the game."

Canadians Fear Fallout Of U.S. Passport Rules (WP)

By Doug Struck

The Washington Post, January 13, 2007

TORONTO, Jan. 12 -- Canadian and U.S. citizens are lining up for passports to meet tougher U.S. border rules that take effect this month, and Canadian authorities fear the rules will keep more Americans at home.

Starting Jan. 23, all airline passengers landing in the United States will have to carry a passport, not just the driver's license and birth certificate that can now be used by Canadians crossing the border and by U.S. citizens returning from Canada, Mexico, the Bahamas and the Caribbean.

The result has been brisk business at passport offices here and in the United States. Applications for passports are up 53 percent in the United States and 33 percent in Canada from the previous year.

"The passport offices are swamped. We're at capacity and running into delays," said Fabien Lengelle, a spokesman for Passport Canada in Gatineau, Quebec.

U.S authorities say the rush proves that the tighter border controls being instituted five years after Sept. 11, 2001, are working to improve security. The rules will be extended to the busy land borders with Canada and Mexico by June 1, 2009.

"The proof is in the numbers. Four years ago, we issued 7 million passports a year. This year, it will be 16 million," Frank Moss, deputy secretary of state for passport services, said from Washington on Friday.

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"Americans are coming into compliance. We believe we will wind up with a more secure border, and that people on the planes are who they claim to be," he said. As more travelers have passports, "I can't believe the borders won't work more smoothly."

Canadian business executives are less optimistic, predicting confusion and delays. The $50 billion tourism industry is already struggling with a 28 percent drop in visitors from the United States over the past five years.

"This just aggravates the problem," said Christopher Jones, vice president of the Tourism Industry Association of Canada. "We are already experiencing a precipitous drop in tourism. It's adding salt to the wound."

Fewer Americans are coming to Canada largely because of the increase in value of the Canadian dollar, which has erased cross-border shopping bargains. High gas prices, the 2003 epidemic of the viral illness SARS, increased security, confusion over the border rules and now the looming requirement for a passport have also hurt business, said Laurie Karson, who represents Canadian duty-free shops at the land borders.

"Tourism in general has suffered," Karson said. "We've been trying to educate our customers about getting a passport. Eventually, everyone is going to have to have a passport to travel."

Many airlines have launched similar education campaigns for passengers. The Nassau/Paradise Island Promotion Board has offered to refund to American tourists who come to the Bahama Islands the $97 passport fee if they need to get a passport. Some hotels in Jamaica are offering discounts to offset the fees.

Canadian tourism officials are worried the coming land border restrictions will stop the busy two-way traffic along the 3,145-mile land border. School trips will stop, they fear, bus journeys by senior citizens to Niagara Falls, Ontario, will dwindle, convention planners will bypass Canada, and communities that straddle the border will be split because many citizens don't want the bother or expense of getting a passport.

"An American family of two adults and two children would be required to pay at least $358 in fees for passports" and might decide against a vacation in, say, Niagara Falls, the tourism trade group said in written comments on the new rules.

An estimated 27 percent of U.S. citizens have passports, according to the State Department. In Canada, the rate is 40 percent. Critics have urged both countries to make their passports cheaper and easier to get. In Canada, an adult's passport costs the equivalent of $75 U.S. and is good for five years. A U.S. adult passport, costing about $22 more, is good for 10 years.

U.S. officials are still trying to come up with a cheaper, plastic card that could be used instead of a passport. They have proposed a wallet-size version embedded with a miniature radio-frequency chip that could bring up computerized information on a visitor quickly at the border.

Canada Unveils Border Security Plan (AP)

By Beth Duff-Brown

AP, January 12, 2007

WINDSOR, Ontario — Canada unveiled a major border security and prosperity initiative Friday, saying it would spend $431.6 million over the next five years to protect its border from terrorist, economic and environmental threats, according to the Canada Border Services Agency's website.

Public Safety Minister Stockwell Day made the announcement at the Canada-U.S. border crossing between Windsor and Detroit, where one-third of the $1.6 billion in daily trade between the North American neighbors passes.

"I even sometimes surprise my American friends when I remind them that the trade that comes across the Ambassador Bridge in total is greater than all of the trade that exists between the United States and Japan," Day told a news conference.

Security experts have long criticized the lack of security measures along Canada's side of the 4,000-mile border with the United States, particularly since the terrorist attacks of Sept. 11, 2001.

Conservative Prime Minister Stephen Harper pledged when he was elected nearly a year ago to strengthen the frontier between the world's largest trading partners, including these new security measures and eventually arming Canada's border guards.

The bulk of the money, $337 million, is for the electronic-Manifest program, which allows for computer-automated risk assessments of cargo shipments before they reach Canada.

The 18,000 trucks that cross the U.S.-Canada border each day, as well as all railroad, air and marine cargo carriers, will eventually be required to file electronic manifests before their shipments arrive. This will allow border service agents to determine in advance whether the cargo, or those who deliver it, should be further screened.

The eManifest program will ensure that background checks on crew and risk assessments of cargo are in the hands of the Canada Border Services Agency 24 hours in advance of the arrival of shipments by sea; and several hours ahead of railroad, highway and air cargo.

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The program was developed in cooperation with U.S. Department of Homeland Security and is part of the Security and Prosperity Partnership of North America, launched in 2005 by then-Prime Minister Paul Martin, President Bush and then-Mexican President Vicente Fox.

Day would not give a precise date of when the electronic manifests would become mandatory at the 119 border crossings.

"There's still going to be that human element at the border, to look at material and talk to the driver, but the amount of time that's going to be saved is going to be significant," he said of the requirement to file electronic manifests in advance of cargo shipments.

Another $20 million has been earmarked for business leaders and emergency responders to plan for the immediate resumption of trade across the border in the event of a terrorist attack, medical pandemic or natural disaster.

Perrin Beatty, president of the Canadian Manufacturers & Exporters, said his and other associations would work with governments and emergency response teams on both sides of the border to stage exercises and develop protocols that would get trade moving within hours of an emergency.

"If al-Qaeda can damage us, either physically or economically, they win," Beatty told the news conference, referring to Osama bin Laden's terrorist organization. "It would be foolish for us to assume that there will not be any further incidents along the border."

Another $10 million will expand the existing Partners in Protection program, a voluntary scheme in which businesses and their employees help border agents detect and prevent contraband smuggling of drugs and weapons.

Suit Against Times To Be Tossed Out (WP)

By Jerry Markon

The Washington Post, January 13, 2007

A federal judge said yesterday that he will throw out -- for the second time -- the defamation lawsuit a former Army scientist filed against the New York Times Co. over columns that he contends blamed him for the 2001 anthrax attacks.

Saying that the Times's motion to dismiss the case "should be granted," U.S. District Judge Claude M. Hilton in Alexandria canceled a trial set for Jan. 29, according to the court's docket. Hilton indicated that he would explain his reasoning in a subsequent order throwing out the case.

The development is a victory for Times columnist Nicholas D. Kristof, who has been fighting the lawsuit filed by Steven J. Hatfill in 2004. Hatfill said the paper defamed him in a series of Kristof columns that identified him as a "likely culprit" in the anthrax-spore mailings that killed five people and sickened 17.

Hatfill has been identified by authorities as a "person of interest" in the attacks, but no one has been charged.

David McCraw, assistant general counsel for the Times Co., said the paper is "extremely gratified" by Hilton's decision. "In the end, we think the law worked the way it should, which is to protect aggressive journalism," he said.

Kristof said the decision is an important victory for journalists, who have suffered a series of court defeats recently in efforts to shield news-gathering activities from the legal process. Kristof had earlier refused to disclose confidential sources used for the anthrax columns.

"It's been a very difficult few years for journalists entangled in the law, and so today feels like a victory," Kristof said.

An attorney for Hatfill, a former researcher at the Army's infectious disease research laboratory at Fort Detrick in Frederick, did not return telephone calls late yesterday.

Hilton first threw out the case in 2004, ruling that Kristof accurately reported that the scientist was a focus of the FBI probe. The U.S. Court of Appeals for the 4th Circuit reinstated the suit in 2005 and said Kristof's columns could be read as blaming Hatfill for the attacks.

As the case moved toward trial, the Times argued that Kristof did not intend to implicate Hatfill and was only trying to jump-start the FBI investigation. In the 2002 columns, Kristof said the FBI had failed to aggressively pursue a scientist he first identified as "Mr. Z." He wrote that the biodefense community had called Mr. Z a "likely culprit," partly because the scientist was familiar with anthrax.

Kristof later acknowledged that Hatfill was Mr. Z and wrote that Hatfill deserved the "presumption of innocence."

Hatfill's attorneys argued that Kristof labeled Hatfill as the anthrax killer and deliberately ruined his reputation.

Judge Rejects Defamation Suit Against The Times (NYT)

By Neil A. Lewis

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — A federal judge on Friday dismissed a suit against The New York Times by a former government scientist who said he was defamed by a series of columns about the deadly anthrax mailings in 2001.

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The judge, Claude M. Hilton of Federal District Court in Alexandria, Va., granted a motion by The Times to dismiss the suit but did not provide an immediate explanation. He is expected to file a detailed written opinion in coming days.

It was the latest and, perhaps, final chapter in a suit that has gone to the Supreme Court.

The scientist, Dr. Stephen J. Hatfill, a specialist in biological weapons, had said in his suit that the columns by Nicholas D. Kristof about the anthrax mailings had defamed him.

Mr. Kristof wrote about a government scientist whom he initially identified as Mr. Z, saying he had become the overwhelming focus of the investigation. In August 2002, Mr. Kristof wrote that Dr. Hatfill, a former scientist at the Army bioweapons center at Fort Detrick, Md., had come forward and identified himself as Mr. Z and said the news media had treated him unfairly.

Five people died in the anthrax attacks. Although federal authorities identified Dr. Hatfill as a "person of interest," he was never charged with any crime, and the attacks remain unsolved.

The Times argued in its dismissal motion that Dr. Hatfill was a public figure, at least for the purposes of the suit, in that he had thrust himself into the public debate about preparedness for a biological attack. That would present him with a far greater burden in showing that he was defamed and could, as the newspaper argued, prevent such a judgment.

The Times also argued that the columns did not blame Dr. Hatfill for the attacks, as he said in his suit. Instead, the paper's lawyers said, the columns were aimed at pressing the Federal Bureau of Investigation to move more swiftly and either charge or clear Dr. Hatfill as a suspect.

Judge Hilton had dismissed the suit earlier, saying that no defamation had occurred. A three-judge appeals panel voted, 2 to 1, to reinstate the suit, saying a jury should decide whether the columns were defamatory.

The full appeals court, based in Richmond, Va., split, and the Supreme Court refused to intervene.

Judge Hilton's latest dismissal, when his opinion is published, is expected to rest on a fuller argument than the last time and could thus be less vulnerable to being overturned. It is likely to deal with the issues raised in The Times's dismissal motion and Dr. Hatfill's response, including the question of whether he is a public figure for the purposes of defamation law.

Whether there is any leeway for Dr. Hatfill to mount an appeal as he did before would depend on how Judge Hilton fashions his ruling.

A lawyer for Dr. Hatfill, Mark A. Grannis, said, "Obviously we can't make any statements as to what we'll do until we see the ruling."

Mr. Grannis said he did not believe that the case was over.

"It has always been our position," he said, "that the evidence of defamation was extremely strong and Mr. Kristof fabricated parts of his column to falsely implicate Dr. Hatfill in the anthrax attacks."

David E. McCraw, a lawyer for The Times, said in a statement: "We are gratified by the judge's ruling today. In making our summary judgment motion, we believed that the plaintiff had failed to come up with the evidence necessary to bring this case to trial, and we are pleased that the court agreed."

Mr. McCraw said the case had required a significant investment of time and money on the part of the newspaper, "but in the end, the law of defamation worked the way it was supposed to, by protecting aggressive, important journalism."

Judge Dismisses Anthrax Libel Case (AP)

AP, January 12, 2007

McLEAN, Va. (AP) -- A federal judge on Friday dismissed a libel lawsuit filed against The New York Times by a former Army scientist once identified as a person of interest in the 2001 anthrax attacks.

U.S. District Judge Claude Hilton in Alexandria dismissed the case a week after lawyers for the Times argued that Steven Hatfill should be considered a public figure under libel law, which makes it much more difficult for a public figure to win a judgment than a private citizen.

The judge did not explain his ruling in the order issued Friday.

Hatfill's lawyers had argued that even if Hatfill qualified as a public figure, they could still prevail at trial because they had uncovered serious flaws in the reporting of columnist Nicholas Kristof.

Fenty, Kaine, O'Malley Vow To Cooperate In Crisis Planning (WP)

By Lori Aratani

The Washington Post, January 13, 2007

In their first joint meeting as the Washington region's top elected officials, District Mayor Adrian M. Fenty, Virginia Gov. Timothy M. Kaine and Maryland Gov.-elect Martin O'Malley pledged yesterday to cooperate on homeland security issues.

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"This is a historic day," Fenty said. "The fact that we are [meeting] about homeland security and counterterrorism is no accident. It is deliberate, and we think it is the priority going into the future."

The meeting, held at the Unified Communications Center in Southeast Washington, lasted more than an hour.

Fenty said that one of the leaders' goals is to prioritize homeland security issues as the region begins to apply for federal grants. He said that they plan to meet with Homeland Security Secretary Michael Chertoff next month.

The three men, all Democrats, said they were pleased that the Department of Homeland Security has revamped the process for distributing federal funds to local jurisdictions to provide more money to high-risk urban areas.

Chertoff announced this month that more than half -- $411 million -- of the $747 million in Urban Area Security Initiative money would be directed to six areas, including the Washington region.

Still, it is not clear whether that will mean more money will go to the D.C. area, which will have to compete with five jurisdictions -- New York-northern New Jersey, Los Angeles-Long Beach, Chicago, the San Francisco Bay area and Houston -- for funding.

Fenty said area priorities include communicating among jurisdictions, public preparedness, handling mass casualties, protecting critical infrastructure, improving overall planning, sharing intelligence and coping with a chemical, biological, radiological or nuclear attack.

Kaine, who dubbed the trio the "three amigos," said that their experience as local officials -- all were city council members and mayors -- rather than their party label will make them effective regional leaders. He said that their future discussions will include developing a "first-hour plan" for how local areas would cooperate in the early stages of an emergency.

"In an increasingly small world, it's critically important that we cooperate across borders," said O'Malley, who will be sworn in next week.

In future meetings, the three plan to pursue regional approaches to issues such as transportation and the environment.

Yesterday's meeting was the seventh in a series of regional summits, which were initiated in 2003 by former Virginia governor Mark R. Warner.

Fenty, Kaine, O'Malley Hold Summit On Security (WT)

By Seth McLaughlin

The Washington Times, January 13, 2007

The chief executives of the District, Maryland and Virginia said yesterday they will pursue federal funding to help prepare the Washington area for homeland security emergencies.

"It is not an exaggeration or hyperbole to say that in this entire world there probably is not a more important place or not a more important region where we would be focused on homeland security and counterterrorism than right here in the National Capital Region," said D.C. Mayor Adrian M. Fenty, who met with Virginia Gov. Timothy M. Kaine and Maryland Gov.-elect Martin O'Malley at a regional summit in Southeast yesterday.

The National Capital Region, created and defined by Congress, includes the District, Prince George's and Montgomery counties in Maryland, and Arlington, Fairfax, Loudoun and Prince William counties and Alexandria in Virginia.

"It is critically important that we cooperate across borders and pursue our common goals," said Mr. O'Malley, who takes office next week. "None of them more urgent, or more important than making this whole region ... safer and more secure."

The collaborative effort will work toward improving, among other things, communications among jurisdictions, public preparedness, critical infrastructure protection planning, intelligence sharing and the ability to deal with chemical, biological, nuclear and explosive attacks.

Mr. Fenty said protecting the Metro transit system, which branches out into all three jurisdictions, is a "huge priority."

"If we get the adequate level of resources we will again be a world leader in making sure we are protecting our residents," Mr. Fenty said.

The three Democrats said they will discuss their financial wish list as early as next month with Homeland Security Secretary Michael Chertoff, who announced last week that the District, New York and four other "highest-risk" metropolitan areas will compete for $411 million to subsidize their efforts to guard against terrorist attacks.

"It is just up to us to make our best case in meeting with Secretary Chertoff and DHS in the grant proposal we put together and the work we do with our combined congressional delegations," Mr. Kaine said.

Homeland security issues have taken on a greater importance locally since the September 11, 2001, terrorist attack on the Pentagon.

Mr. Kaine said he is optimistic that DHS this year will give the NCR extra financial considerations now that it has been branded as a "highest risk" area.

"It's been hard to plan with numbers that go up and go down," Mr. Kaine said.

Last year, the D.C. area lost out on $31 million in homeland security money after Congress cut DHS grant money by $700 million.

The three executives, whom Mr. Kaine dubbed the "three amigos," said their backgrounds as city council members and big city mayors -- Mr. Kaine in Richmond and Mr. O'Malley in Baltimore -- is more important to homeland security than belonging to the same political party because they have an understanding of what local responders go through during catastrophic events.

"So much of the response is initially generated from local governments, and that will continue to be the case," Mr. Kaine said.

This was the first such meeting for Mr. Fenty and Mr. O'Malley, who were elected to their current office last fall, and the seventh such meeting since 2003 when the three jurisdictions first started discussing mutual interests such as air quality, transportation, the Chesapeake Bay and tourism.

Yesterday's summit was held at the Unified Communications Center, which opened in Southeast last fall.

The three leaders said they were optimistic about their working relationship going forward.

"We are all one community and we need to act that way," Mr. Kaine said.

Box Sent To Clinton Causes Scare (NYT/AP)

The New York Times, January 13, 2007

WHITE PLAINS, Jan. 12 (AP) — A post office was evacuated as the police, the Westchester County Bomb Squad and Secret Service agents responded to a report of a suspicious package addressed to former President Bill Clinton.

The cause of all the fuss? A box of cookies.

Postal officials at a post office in New Castle discovered a suspicious package addressed to Mr. Clinton on Thursday, said Kim Bruce, a Secret Service spokeswoman.

An incorrect address for the Chappaqua home of Mr. Clinton and Senator Hillary Rodham Clinton raised the authorities' suspicions, Ms. Bruce said.

After the post office was evacuated, a member of the county's bomb squad, dressed in protective gear, approached the 3-foot-by-3-foot package and checked it with a portable X-ray device. When no bomb parts were seen, the package was opened, revealing the cookies.

The cookies were then turned over to the Secret Service, and the post office was reopened.

Ms. Bruce declined to say who sent the cookies to Mr. Clinton or whether they were ever delivered to the home.

WAR NEWS:

Gates Denies US Forces Will Enter Iran (FT)

By Demetri Sevastopulo

Financial Times, January 13, 2007

Robert Gates, the US defence secretary, on Friday dismissed concerns that the Pentagon would send US troops across the Iraqi border into Iran to disrupt networks allegedly supplying weapons to Shia militias in Iraq.

President George W. Bush this week raised alarm that the US might be considering military operations against Iran. In his speech to the nation announcing the surge in US troops in Iraq, Mr Bush accused Iran of providing material support for attacks on US forces in Iraq.

But Mr Gates on Friday said the US planned only to disrupt Iranian activities within Iraq.

"It refers strictly to operations inside the territory of Iraq, not crossing the border," Mr Gates said in his first appearance as Pentagon chief before the Senate armed services committee.

General Peter Pace, the chairman of the Joint Chiefs of Staff, added that "from a military standpoint, [there was] no need to cross the Iranian border". US forces this week apprehended five Iranian nationals in a raid on an Iranian liaison office near Irbil in northern Iraq.

Mr Gates and Gen Pace faced a less hostile reception than Condoleezza Rice, secretary of state, received before the Senate foreign relations committee on Thursday when she was lambasted her over administration's plan to send an extra 21,500 US troops to Iraq. But most Democrats, and some Republicans, on the armed services committee strongly questioned whether Nouri al-Maliki, Iraqi prime minister, would live up to his commitments to send more Iraqi troops into Baghdad.

Democrats have argued that there is little evidence that Mr Maliki is willing to crack down on Shia militias. Bush administration officials have argued that he is 100 per cent supportive of the plan, which they say he developed. But Susan

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Collins, a moderate Maine Republican, asked Mr Gates what had changed since Mr Maliki told her three weeks ago that he did not want more US troops in Iraq.

Mr Gates responded: "There is no question in my mind that Prime Minister Maliki wanted to do this operation on his own."

"I think what happened is that as his own military and security leaders began looking at the operation and began working out the details and then began talking and consulting with General Casey and the American military planners, that they essentially persuaded the prime minister that additional American forces were necessary in order to make his plan successful."

When asked whether he believed Mr Maliki was completely supportive of the plan to pacify Baghdad, Gen Pace would only say that he believed the "Iraqi leadership is 'saying' they are 100 per cent on board".

Carl Levin, the Democrat chairman of the committee, asked Mr Gates why the American public should have any faith that Mr Maliki would fulfil his pledges to the US when he had repeatedly failed to do so in the past.

Gates Ties Iraq Push To Drawdown (WP)

By Josh White, Ann Scott Tyson

The Washington Post, January 13, 2007

President Bush's new operation to secure Baghdad will begin in earnest with a push by thousands of U.S. and Iraqi troops in the first week of February, and its chances of success should be evident within a few months, Defense Secretary Robert M. Gates told lawmakers yesterday.

If the plan works, the United States could begin drawing down troop levels by the end of the year, Gates said. If the Iraqi government does not deliver troops and political and economic support, he said, the United States could withhold many of the 21,500 additional troops Bush has ordered to secure the most violent parts of Iraq.

Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, also assured members of the Senate Armed Services Committee that there are no plans to take military operations into Iran, clarifying remarks Bush made on Wednesday in announcing the new Iraq package.

"From a military standpoint," Pace said while responding to questions, there is "no need to cross the Iranian border."

Gates said a brigade of several thousand Iraqi troops is expected to arrive in Baghdad in about three weeks to beef up security, part of an effort to bring in 8,000 more Iraqi troops to quell sectarian violence. The first additional U.S. brigade is expected to arrive in Baghdad in the coming days to support Iraqi forces as they clear and hold neighborhoods throughout the city.

"I think that what's perhaps the newest part of this is that it really does put the onus on the Iraqis to come through," Gates said. He later acknowledged that the Iraqi government's "record of fulfilling the commitments is not an encouraging one" but said that Iraqis "really do seem to be eager to take control of this security situation."

Gates said it will be easy to tell if Iraqis live up to their end of the bargain, prompting members of the committee to point out that the Iraqi government sent only two of six promised battalions for an operation in Baghdad last summer.

Gates and Pace said that they think they have assurances from the Iraqi government, but that there is no specific deadline for success or clear benchmarks for progress.

Sen. Carl M. Levin (D-Mich.), the committee's new chairman, sharply criticized sending more U.S. troops into Iraq and said the move reinforces a "flawed strategy" that has failed thus far.

"Deepening our involvement in Iraq would be a mistake, but deepening our involvement in Iraq on the assumption that the Iraqis will meet future benchmarks and commitments, given their track record, would be a compounding of that mistake," Levin said. Sen. Edward M. Kennedy (D-Mass.) urged the administration to put it to a congressional vote.

Some Republicans questioned the immediate need for thousands of U.S. troops, with Sen. John W. Warner (R-Va.) saying he would rather send in a small complement of troops to see if the Iraqis become full partners.

"My point being, it seems to me, shouldn't we walk a few steps along this line and then see how quickly, hopefully, the Iraqis begin to take up their responsibilities, rather than this massive plan pushing forward all at once?" Warner asked. Gates replied that the phased introduction of troops over the coming months will have the same effect.

Gates also said there are no plans for a long-term U.S. presence: "We don't want permanent bases in Iraq."

Senators questioned Gates and Pace about Bush's vow on Wednesday to stop Iran and Syria from supporting violence in Iraq. In his televised prime-time speech, the president promised to "interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Pace said the military will conduct those efforts within Iraq; they include two recent raids in northern Iraq that resulted in the capture of several Iranians. A State Department spokesman said yesterday that coalition forces raided a facility in Irbil because of information linking it to Iran's Revolutionary Guard. Contrary to the assertions of Iraqi officials, the site "was not a diplomatic facility; it did not have the standing of a consulate," State Department spokesman Tom Casey said.

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The raids were authorized under an order that Bush issued several months ago, Secretary of State Condoleezza Rice told the New York Times yesterday. Rice was vague about when the president issued the order, the Times reported, but she said it allows the U.S. military to target Iranian "networks" in Iraq.

White House press secretary Tony Snow yesterday addressed what he called the "urban legend" of pending U.S. action against Iran and Syria. He told reporters that there is no intent to go to war with either country, and that the administration is committed to diplomatic efforts to stop Iran's nuclear program.

The idea of a significant troop increase in Iraq has been championed by Sen. John McCain (R-Ariz.), and he said yesterday that a small, short troop boost would be the "worst of all worlds" because he believes the U.S. military needs a sustained, robust presence. McCain also accused detractors of not presenting viable alternatives.

"I believe that those who disagree with this new policy should indicate what they would propose to do if we withdraw and Iraq descends into chaos," McCain said.

The troop increase in Iraq will require the Army "very soon" to alert a number of National Guard combat brigades that they will have to deploy in about a year -- earlier than anticipated -- to provide relief for busy active-duty Army units, a senior military official told reporters.

With more troops comes a need for more equipment, requiring the Army to use two brigades' worth of pre-positioned stocks of tanks, Humvees and other gear in Kuwait that it had built up after depleting the stocks for the invasion of Iraq in March 2003.

"We're having to redistribute equipment right now," the official said. The Army plans to build as many as six new combat brigades under a plan unveiled by Gates to expand the service by 7,000 active-duty soldiers a year, to a total of 547,000.

Republicans On Panel Back President's Plan, Masking Divisions (NYT)

By David S. Cloud, Jeff Zeleny

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Republicans on the Senate Armed Services Committee came to the defense of President Bush on Friday, lending support to his decision to send more troops to Iraq and hoping to head off a Senate resolution criticizing the plan.

In contrast to the bipartisan barrage of criticism a day earlier by the Senate Foreign Relations Committee, Republicans on the armed services panel with few exceptions portrayed the troop increase as a risky but necessary move to regain control of Baghdad, and they portrayed Democrats as lacking the will to see the war through to victory.

"To my colleagues, I would ask, at least in the short term here, that we measure our words, that we not have a political stampede to declare the war lost when it's not yet lost, or to embrace strategies that would lead to defeat," said Senator Lindsey Graham, a Republican from South Carolina.

But the public show of support for the White House plan masked deep concern about sending additional troops among some Republicans and outright opposition among others. Senate Democrats are preparing a nonbinding resolution opposing the plan that Senator Carl Levin, a Michigan Democrat who is chairman of the Armed Services Committee, said might attract enough Republican votes to overcome parliamentary hurdles and pass if Democrats bring it to a vote.

To reassure senators worried about an indefinite commitment of more American troops, Defense Secretary Robert M. Gates told the panel that, while there is no explicit time limit on how long they will stay, he viewed the deployment as likely to last "months, not years."

He added that withdrawals were possible this year if the additional troops being sent to Baghdad reduce the violence significantly.

Testifying on Capitol Hill about the plan for the second straight day, Mr. Gates said that Iraqi lawmakers might decide to replace Iraq's prime minister, Nuri Kamal al-Maliki, if he failed to take steps to carry out the new plan to regain control of Baghdad.

"The first consequence that he has to face is the possibility that he'll lose his job," Mr. Gates said. "There are beginning to be some people around that may say, 'I can do better than he's doing,' in terms of making progress."

Administration officials have discussed among themselves whether they might need to withdraw support for Mr. Maliki if he doesn't perform, notably by building a new coalition in the Iraqi Parliament. Mr. Gates's statement was the first mention of the subject in public by a senior administration official.

Mr. Gates and other administration officials have had trouble explaining to lawmakers why they are confident that Mr. Maliki will carry out promises to send more Iraqi troops to Baghdad and to permit them and the additional American forces to operate in Shiite neighborhoods, where they have been blocked from conducting operations in the past.

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Mr. Gates conceded that the Iraqi government's record of fulfilling its commitments is "not an encouraging one," but said Mr. Maliki now seemed to him "eager" to follow the plan worked out with American commanders.

He acknowledged that Mr. Maliki initially had wanted to carry out the intensified military effort in Baghdad without more American troops. In addition, American military commanders feared that, without American forces monitoring their operations, there could been even worse sectarian bloodshed.

"There's no question in my mind that Prime Minister Maliki wanted to do this operation on his own," Mr. Gates said, but he was "persuaded that additional American forces were needed in order to make his plan succeed."

Senator Susan Collins, Republican of Maine, seemed to sum up the skepticism about Mr. Maliki among lawmakers in both parties when she noted that he "did not seem to welcome" the idea of sending more American forces when she met with him in Iraq just weeks ago.

"I'm really skeptical that the prime minister has really bought into this plan," she said.

On Friday, Mr. Bush invited the top Republican leaders in the Senate and the House to Camp David for a weekend session. The retreat was planned in advance, aides said, but took on new meaning as the White House sought to prevent further Republican defections over the administration's Iraq strategy.

Mitch McConnell of Kentucky, the Senate minority leader, and Representative John A. Boehner of Ohio, the House minority leader, and their deputies were scheduled to spend the evening at Camp David on Friday with the president.

Asked by CBS News on Friday whether he believed he had the authority to send additional troops to Iraq no matter what Congress wants, Mr. Bush replied that "in this situation I do."

The president's Iraq strategy remained a deeply divisive subject during a private Senate Republican Conference breakfast meeting on Friday. Republicans began discussing an alternative resolution, senior aides said, offering lawmakers an avenue to express their opposition without joining the Senate resolution to be offered by Democrats as early as next week.

At the closed-door session, Senator John McCain of Arizona urged senators to spend time reading the president's plan and studying intelligence reports before making up their minds. Mr. McCain, one of the administration's biggest allies on Iraq who has been arguing for months for a troop increase, also began meeting privately with undecided senators in hopes of slowing Republican fallout.

Despite a torrent of criticism from Republicans about the plan, it remained an open question whether every senator who has spoken against a troop increase would cast a recorded vote in opposition to the president. Senior Republican officials disputed an assertion from the Senate majority leader, Harry Reid of Nevada, that 12 Republican senators would support a nonbinding Democratic resolution opposing the president.

The most vocal Republican opposition to expanding the military operation in Iraq, for now, has been largely contained to senators in the party's moderate wing. But Republican Congressional leaders said they feared the discontent could grow when lawmakers hear from their constituents during the three-day weekend.

"People have strong views. They are well informed by their own constituents, by their consciences, and there are a lot of different voices on this," said Senator John Thune, a South Dakota Republican. "This is the dominant issue of the time. It eclipses everything else."

Republicans were keeping a close watch on public opinion polls, particularly a survey by CNN and the Opinion Research Corporation on Friday showing that 66 percent of Americans oppose the president's plan to send more troops to Iraq.

Democrats Eye Alternative To U.S. Troop Surge Plan (CHIT)

By Aamer Madhani

Chicago Tribune, January 13, 2007

WASHINGTON -- While Democrats seem to have won the moment by effectively pillorying President Bush's plan to inject 21,500 more U.S. troops into the Iraq war, a strategy that garnered little public support and has proved divisive on Capitol Hill, they now face the dilemma of coming up with a better alternative to stem the sectarian bloodletting.

Earlier this week, Democrats floated a plan to stop the escalation by blocking funding of the war. But Sen. Carl Levin (D-Mich.), chairman of the Senate Armed Services Committee, acknowledged that such action was unlikely because it would "send the wrong message to the troops."

Still, Levin, who has called for a phased withdrawal to begin in four to six months, said he hoped to garner bipartisan support for a non-binding resolution voicing dissatisfaction with Bush's Iraq policy. Levin said that passing such a resolution could help lay the groundwork for the start of a drawdown of troops in the coming months.

"It's just an open-ended policy," Levin said. "There are no deadlines for the Iraqis, no consequences for failure to meet their commitments."

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As Defense Secretary Robert Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified on Capitol Hill for the second straight day Friday, the Democrats continued to criticize the plan, although at a lower volume than on Thursday.

Gates and Pace attempted to counter their doubters with assurances that a temporary increase in U.S. troops was the best way to create a stable Iraq and the conditions that would permit a reduction in U.S. forces.

The two also said there are no immediate plans to attack targets in Iran. In his speech this week, Bush vowed to disrupt Iran's aid to insurgents in Iraq and "destroy the networks providing advanced weaponry and training to our enemies in Iraq."

Those comments refer "strictly to operations inside the territory of Iraq, not crossing the border," Gates said, later adding that "any kind of military action inside Iran itself, that would be a very last resort."

The Bush administration has attempted to characterize the plan to bolster security in Baghdad and Anbar province as an Iraqi-designed strategy, but Democrats, who questioned Gates and Pace at a Senate Armed Services Committee hearing Friday, seemed incredulous.

In November, Prime Minister Nouri al-Maliki suggested to Bush that American forces push back to the outskirts of Baghdad, and that Iraqi forces would be able to effectively rout out the insurgents and militiamen that now control much of the Iraqi street. But Bush eventually rejected that plan.

Gates insisted that the plan was ultimately the creation of the Iraqi military. While al-Maliki initially wanted Iraqis to take complete control of pacifying Baghdad, the prime minister and his military commanders came to the conclusion that U.S. involvement was necessary, Gates said.

On Thursday, the prime minister failed to show up for a press conference where he was certain to face questions about the new strategy, and the Iraqi government spokesman gave the plan only tepid support.

Sen. Edward Kennedy (D-Mass), who has been one of the most vociferous critics of the so-called "surge," called on Bush to return to Congress for approval before sending more troops to Iraq.

"Why not come back to the Congress?" Kennedy said. "Why not come back and permit us to have a vote on this surge? Let the American people speak through their elected representatives."

Bush invited top Republican leaders from the House and the Senate to Camp David for at least part of the holiday weekend.

After hearing Levin repeat the refrain that Bush's plan to increase troop levels would be a grave mistake during Friday's hearing, Sen. John McCain (R-Ariz.) weighed in with his own critique of those who believe the president should be talking about drawing down instead of ramping up.

"Do they truly believe we can walk away from Iraq?" McCain said. "I believe these individuals ... have a responsibility to tell us what they believe are the consequences of withdrawal in Iraq. If we walk away from Iraq, we'll be back, possibly in the context of a wider war in the world's most volatile region."

Gates and Pace's second day on Capitol Hill was far more civil than the previous day, which included the comment from one Democrat member in the House that the plan was the "craziest, dumbest" idea.

But Friday's visit to the Senate Armed Services Committee, whose members include Bush loyalists Sens. John Cornyn of Texas, Jeff Sessions of Alabama and Saxby Chambliss of Georgia, did not include any heated exchanges.

Gates and Pace attempted to assuage some critics' concerns with assurance that the plan would be reviewed over time, and adjusted in consultation with U.S. commanders on the ground.

But Gates also tried to underscore to skeptical lawmakers that the next year or two would be critical to determining whether Americans would be successful in establishing a semblance of a working democracy in Iraq.

"Mistakes certainly have been made by the United States in Iraq, but however we got to this moment, the stakes now are incalculable," Gates said.

Bush's Surge Already In Latest Budget (WT)

By Stephen Dinan

The Washington Times, January 13, 2007

The White House yesterday said there already is enough money in the budget to pay for President Bush's proposed troop surge in Iraq, leaving Congress almost no viable way to stop him before he commits the troops.

Some members of Congress had proposed using the power of the purse to cut off funds for the new troops, but White House press secretary Tony Snow said there's already enough money in the pipeline to begin the deployment of more than 17,000 soldiers to Baghdad to quell Sunni-Shi'ite violence and another 4,000 Marines to Anbar province to go after al Qaeda fighters.

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"Funding for the forces and to dispatch them to the region, it's already in the budget. So we're going to proceed with those plans," Mr. Snow said.

That leaves Congress with few other options.

One possibility, proposed by Sen. Edward M. Kennedy, Massachusetts Democrat, would rescind Congress' 2002 blanket grant of authority to use force in Iraq, and would require Mr. Bush to gain congressional approval before boosting forces.

Yesterday, Mr. Kennedy asked the administration to hold off on deploying the troops to give Congress more time to consider the issue.

"It took the president ... two months to make this judgment. Let us have 10 days to try and make a judgment and a decision whether the American people are behind this," he told Defense Secretary Robert M. Gates.

"I take your point. I will certainly pass the message to the president," Mr. Gates replied.

The president, in an interview to be aired tomorrow on CBS' "60 Minutes," said he is convinced he has the authority to move forward with his plan.

"I think in this situation I do and I fully understand [Congress] could try to stop me from doing it," Mr Bush said. "But I made my decision. We're going forward."

Mr. Gates said if the plan succeeds, it will rebuild the public's confidence.

"I remember that when [the] first President Bush made the decision to throw Saddam Hussein out of Kuwait, the polls showed about 15 percent of the American people supported that action," he said. "After it was successful, about 90 percent supported it."

Mr. Gates, Secretary of State Condoleezza Rice and Marine Gen. Peter Pace, Joint Chiefs of Staff chairman, were hammered by Democrats and by rank-and-file Republicans on Capitol Hill this week as they presented the details of Mr. Bush's proposal.

In addition to the extra troops, Mr. Bush is expecting Iraq to add more units to the fight in Baghdad, and for the Iraqi troops to be free of political or sectarian restrictions that had prevented them from going after some of the militias that now control parts of the city.

The White House says the plan's success depends on the Iraqis' meeting their commitments, and Mr. Gates said that will be evident in a matter of months. Still, Mr. Snow said they are not yet willing to entertain what-if questions if the Iraqis fail.

Administration officials said the additional troops will cost $5.6 billion this year, and that will be added to a $100 billion emergency war-spending bill they already planned to send to Congress early next month.

But Mr. Snow said there is already enough money in the regular fiscal 2007 defense appropriations bill -- one of only two regular spending bills Congress passed last year -- to cover the early costs of the war, including the new deployments, through May or June.

The emergency spending bill will fund the overall war effort for the final months of the fiscal year, which ends Sept. 30.

Mr. Snow said Congress will have a chance to take votes later this year.

Democratic leaders have been cool to Mr. Kennedy's proposal. Instead, they said this week, they want to have votes in the House and Senate next week on nonbinding resolutions to show a majority of Congress disapproves of the president's plan.

But they are under pressure from liberal activists and interest groups to go further and exercise their newfound majority status to try to force Mr. Bush to begin withdrawing troops.

Mr. Snow yesterday acknowledged the reception to the president's plan has been hostile, but said the administration thinks that after studying the proposal more, members of Congress and the American public will conclude there is no alternative if they want success in Iraq.

"You ask yourself, can the Iraqis do it all by themselves right now? If the answer is yes, then, OK, bring everybody home. If the answer is no, the answer is what do you do to try to build that capacity so Americans can come home," he said. "That becomes the focal point of the debate."

Murtha: Anti-war Movement "Way Ahead Of Me" (WT)

By Jon Ward

The Washington Times, January 13, 2007

Rep. John P. Murtha yesterday distanced himself from the anti-war movement's demands to bring U.S. troops home from Iraq immediately, but said he is exploring ways to block funding for additional troops.

"This group here today, they're way ahead of me," the Pennsylvania Democrat said of the Out-of-Iraq Caucus and the Congressional Progressive Caucus, which are comprised of the most ardently anti-war members of Congress.

Mr. Murtha, a member of the House Appropriations Committee, spoke to the groups yesterday during a forum about using the budget to prevent the Bush administration from boosting troop levels.

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"I'm doing what I think needs to be done, and I'm doing it as quickly as I can," said Mr. Murtha, a former Marine who rose to national prominence in 2005 by calling for an immediate withdrawal from Iraq.

Senate Democrats, meanwhile, softened their tone in the second day of hearings with administration officials on the Iraq war.

"I can't help but note the difference in the tenor of this meeting today," Sen. Bill Nelson, Florida Democrat, said to Defense Secretary Robert M. Gates, who appeared before the Senate Armed Services Committee with Joint Chiefs Chairman Gen. Peter Pace.

Mr. Nelson was referring to Secretary of State Condoleezza Rice's testimony Thursday before the Senate Foreign Relations Committee.

The low point of that hearing came when Sen. Barbara Boxer, California Democrat, said Miss Rice would not pay any price for sending U.S. troops to Iraq because she has no children.

Mr. Gates told the panel that President Bush's plan for increasing troops was designed in part by Gen. George Casey Jr., the outgoing top military commander in Iraq, in conjunction with the Iraqi government. Opponents of the troop increase have said the president is ignoring advice from his generals.

Mr. Gates said the U.S. military thinks Iraqi Prime Minister Nouri al-Maliki and his government "finally have the will to act" to restrain Shi'ite death squads.

Mr. Maliki, a Shiite, has been faulted for cracking down only on Sunni militias, which are engaged in a fierce sectarian conflict with the Shi'ites.

"This is, I think, a pivot point -- the pivot point -- in Iraq, as the Iraqi government insists on assuming the mantle of leadership in the effort to regain control of its own capital," Mr. Gates said.

Democratic leaders face a dilemma. They want to block funding for more troops in Iraq, without withholding funds for those already on the ground.

"We must cut off the funds," said Rep. John Conyers Jr., Michigan Democrat, during yesterday's anti-war forum.

But the Democratic chairman of the House Appropriations Committee, Rep. David R. Obey of Wisconsin, has said he does not think Democrats can block some funds while approving others.

Senate Majority Leader Harry Reid's focus is on bringing a non-binding resolution against a troop increase to the Senate floor, possibly next week. The Nevada Democrat hopes that up to a dozen Republicans will vote against the increase.

The President's Bookshelf (CNN)

By Wolf Blitzer, Dugald McConnell

CNN.com, January 12, 2007

WASHINGTON (CNN) --As President Bush wrestles with the continuing war in Iraq, he's currently reading a book about another difficult war: "A Savage War of Peace," by Alistair Horne, a senior White House source tells CNN.

It is a dense and detailed history of the battle between France and revolutionaries in its colony of Algeria, describing an unsuccessful war against a bloody terrorist insurgency. A resistance movement rose in 1954 to resist French occupation. It quickly turned into a civil war between factions that became a costly, unpopular conflict for the French.

In Europe And Elsewhere, Bush's New War Strategy Is Greeted With Skepticism (NYT)

By Alan Cowell

The New York Times, January 13, 2007

LONDON, Jan. 12 — Whatever the impact of President's Bush's new strategy for Iraq in Baghdad or in Baquba, it has won few converts across a worried world, where dismay and hostility toward the American expedition have grown while support trickles away.

Perhaps, some people whispered Friday in the Middle East, Arab leaders might privately welcome the effect of 20,000 more American soldiers, but would not say so publicly unless their presence swung the battle for Baghdad. Maybe, others ventured, this moment recalled President Nixon's invasion of Cambodia — "extension of the fight amid promises of withdrawal," as a German columnist put it. But even Britain, the onetime cheerleader for the White House, offered only an ambiguous response to the president's announcement, saying London remained on track to withdraw its forces, not increase them.

For some, the response was a study in haughty indifference.

"It hasn't changed anything," said Bernard Bot, the Dutch Foreign Minister, whose country withdrew its troops from the Iraq coalition in 2005.

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Others painted their analogies in a more apocalyptic hue. In France, the newspaper Le Monde — which, after the Sept. 11 attacks, had declared, "We are all Americans" — published a cartoon depicting President Bush as a bulldozer driver shoveling American soldiers into a ditch in the shape of Iraq.

In Germany, the liberal Süddeutsche Zeitung wrote, "Bush hopes to douse the Iraqi fire with the blood of Americans."

Mr. Bush's announcement had been awaited across the globe, particularly since the publication of a report by the Iraq Study Group had fed speculation that Mr. Bush might adopt a strategy avoiding higher troop levels and including diplomacy toward Syria and Iran. But the president's speech Wednesday night dashed those hopes, confirming for some the sense that Europe and the United States will not overcome a fundamental rift between American interventionism and a softer European approach.

"Europeans and Germans believe you have to talk to regimes you don't like," said Eberhard Sandschneider, the director of the Research Institute of the German Council on Foreign Relations. (Pointedly, Angela Merkel, the German chancellor, declined to discuss Iraq in an interview with correspondents on Thursday.)

Indeed, said Philippe Douste-Blazy, the French foreign minister, only a broad political strategy would enable Iraq to "recover stability, and beyond Iraq, stability in the region." That was the view, too, among Spanish officials. "Only political solutions can solve the crisis which affects stability in the region," said Miguel Ángel Moratinos, the foreign minister.

At the same time, there was some sympathy — if not always explicit — for the American quandary: this was, many analysts sensed, a defining event, a last throw of the dice that would measure American prestige and credibility against the clamor of its adversaries.

"This is a dangerous gamble," said the liberal newspaper Asahi Shimbun in Tokyo, where the government formally supported the new American strategy. In London, the antiwar Independent newspaper declared in an editorial, "The U.S. military is now being called upon to fight the battle for Baghdad all over again, in circumstances that are infinitely more complex than they were the first time around."

In both the Arab world and Israel, analysts expressed a keen sense that Iraq could turn into a zero-sum game, even if America scaled back its avowed ambitions for a democratic Iraq and aimed simply to mold stability and moderation.

"If the U.S. gets out before achieving these limited aims, Iraq is going to descend into mass chaos — we can see the country splinter," said Chuck Freilich, a former deputy national security adviser in Israel and now a senior fellow at the Kennedy School of Government at Harvard University. "The region will be further radicalized. Iran would become the regional hegemon."

That same fear pervades many Arab societies. "The withdrawal would signify defeat, which would result in strengthening all the enemies' desire for expansion, such as Iran's persistence in developing its nuclear weapons, and Al Qaeda would double its activities in Iraq and the whole region," said an opinion article in the Thursday issue of the pan-Arab newspaper Asharq Alawsat, which is close to the Saudi royal family and published in London.

Some saw the Arab approach in more nuanced terms. Mansoor al-Jamri, editor in chief of the Bahraini newspaper Al Wasat, said he thought it likely that some Arab leaders supported the increase in troops — if for no other reason than to offset Iran's rising influence — but that they would never publicly express such an opinion. "There is a mixed feeling," Mr. Jamri said. "If America is involved more in some way to secure Iraqi politics and secure the situation, I think some Iraqis and some Arab governments will like it."

But there is a deeper pessimism, reflecting a widely held Arab view that the American presence is the source of Iraq's woes.

"Bush's strategy of surging troops is nothing new," said Bassem Alim, a Saudi lawyer and political writer. "He did that last year when he announced an additional 40,000 troops were being sent to Iraq. That didn't do the job, and I don't think that an additional 20,000 troops will do the job either." He added, "Either Bush doesn't understand the situation, or he is blinded by his evangelical beliefs."

Yet an immediate American withdrawal would be deeply troubling in many parts of the Arab world. An Egypt-based Arab diplomat, who spoke on the condition of anonymity, so as not to antagonize Americans, put it like this: "The other side of the coin is the immediate departure of American troops will leave such a vacuum in power, it will have two results — Iran will fill the vacuum where it can, and the whole country will explode."

Or, as John Howard, the Australian prime minister and a close ally of Mr. Bush, put it: "You have to understand that if America, the most powerful country in the world, our strongest ally, is defeated in Iraq or retreats in circumstances of defeat in Iraq, that would be the greatest propaganda victory the terrorists could ever win."

Yet Russia bemoaned America's seeming rejection of regional diplomacy. "It seems that the calculation remains the same: to achieve a settlement of the Iraq crisis by force and not to consider proposals to establish a dialogue with Iraq's main groups with the support of all its neighbors, including Syria and Iran," said Mikhail I. Kamynin, the Russian Foreign Ministry spokesman.

In Eastern Europe, the grinding campaign in Iraq has created divisions and splintered support.

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"President Bush's arguments should be understood, because leaving Iraq by Americans would be a tragedy," argued Stefan Niesiolowski, a senator for the left-leaning opposition Civic Platform party in Poland. He argued that the 1,000-odd Polish soldiers serving in Iraq should stay. "It would not be nice if we would say to Americans, 'It's your problem, not ours.' "

But on the Polish right, opinions were less sanguine. Kazimiera Szczuka, a literary critic, said, "Americans should find a way to withdraw honorably from Iraq as soon as possible. Polish troops should not stay there any longer."

In the Czech Republic, there is a sort of unspoken pity for Mr. Bush's predicament and skepticism of his new Iraq plan. "The prospect for success is not large," wrote Adam Cerny, a columnist for Hospodarske Noviny, a Czech business daily. "Why — when similar attempts have not worked earlier — should the same procedure lead to different results today?"

"At the very most," he wrote, "President Bush will not find critics but very cautious partners among other Europeans."

That process has gone much further in Italy, once a staunch ally of President Bush under former Prime Minister Silvio Berlusconi.

But in an interview with a French television network on Thursday, Prime Minister Romano Prodi, Mr. Berlusconi's successor, criticized President Bush's new Iraq plan directly. "He should listen to the Baker report and to the American public," Mr. Prodi said.

Gov. Backs Bush's Plan For Iraq (LAT)

By Jordan Rau

The Los Angeles Times, January 13, 2007

SACRAMENTO — Bucking the disenchanted views of most Americans about the war, Gov. Arnold Schwarzenegger said Friday that he supports President Bush's plan to increase the number of troops in Iraq.

"I think we should give it everything," Schwarzenegger responded when asked in a pre-taped television interview whether he supported Bush's plan to send an additional 21,000 troops. "We should give it everything in order to be victorious."

In the interview to be broadcast Sunday on ABC News' "This Week with George Stephanopoulos," Schwarzenegger said he does not want the U.S. to "pull out of this war as losers." That would be "disastrous" for the Middle East, he said, according to portions of the interview distributed by the network Friday.

Schwarzenegger did break with the president by reiterating his support for a timeline for American troops to withdraw so that the Iraqis fully understand that they have "got to be independent," according to the ABC excerpt.

The comments come as Schwarzenegger has been facing harsh criticism for his plan to place new requirements and fees on employers, hospitals and doctors to pay for a plan that would ensure health coverage for all Californians.

But Schwarzenegger has also drawn a good deal of praise for his new self-definition as a "post-partisan" governor, one who draws on ideas favored by the electorate regardless of where the notions fall in the ideological spectrum.

"I don't try to please the conservatives; I don't try to please the liberals," he said in a part of the interview broadcast by ABC on Friday. "I like to please the people. I'm a public servant. I'm not a politician."

But the governor's position on the war is not in line with the majority of the electorate's views. A USA Today/Gallup poll conducted last week found that 12% of those surveyed supported sending more troops and that 85% favored withdrawing.

Of those supporting withdrawal, 15% wanted to do so immediately, 39% favored it over the next 12 months and 31% thought it should be done over as many years as needed.

"This will be a blow to anyone who has hopes that Schwarzenegger is in the center," said Bob Mulholland, who was a senior advisor to Phil Angelides, Schwarzenegger's Democratic challenger in last year's election.

During the campaign, Angelides tried unsuccessfully to use Californians' antipathy toward Bush against Schwarzenegger because of the Republican governor's support for the president.

Dan Schnur, a GOP consultant, disagreed with Mulholland. "This is what being a post-partisan governor looks like," Schnur said. "He leans left on some things and right on others. For every universal healthcare plan, there's a troop surge. It all balances out in the center."

Dave Gilliard, a Republican consultant who has clashed on occasion with the administration, said he did not think Schwarzenegger made the comments for political purposes.

"I'm not Schwarzenegger's biggest fan, but in this case I don't think there's politics involved," he said. "It's probably a heartfelt position — not a particularly popular one, even with Republicans."

Schwarzenegger, who had campaigned for Bush in 2004, named two Republicans he might support in 2008: former New York City Mayor Rudy Giuliani and Sen. John McCain of Arizona. He also praised Michael Bloomberg, the Democrat-turned-Republican mayor of New York City, who is said to be considering an independent presidential bid.

"I think that if it's Rudy Giuliani, I think that if it is McCain, he's a terrific candidate, even Bloomberg, all of those guys are terrific," he said.

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The Two Vacuums (WSJ)

By Peggy Noonan

The Wall Street Journal, January 13, 2007

I had the odd and wholly unexpected experience of feeling supportive of a troop increase until I saw the president's speech arguing for it. What a jarring, furtive-seeming thing it was.

Surely the Iraq endeavor and those who've fought in it and put their hopes in it deserve more than collapse, withdrawal and calamity. But...20,000 more troops, who'll start to arrive over the next few months, and we'll press the Iraqi government to be tougher? A young journalist who is generally supportive of the president said, "So this is it? The grand strategy is to repeat a strategy they weren't able to execute the first time they tried it?"

What a dreadful mistake the president made when he stiff-armed the Iraq Study Group report, which had bipartisan membership, an air of mutual party investment, the imprimatur of what remains of or is understood as the American establishment, and was inherently moderate in its proposals: move diplomatically, adjust the way we pursue the mission, realize abrupt withdrawal would yield chaos. There were enough good ideas, anodyne suggestions and blurry recommendations (blurriness is not always bad in foreign affairs -- confusion can buy time!) that I thought the administration would see it as a life raft. Instead they pushed it away. Like the old woman in the flood who took to the roof and implored God to send a boat to save her. A hunk of wood floated by as she prayed with fervor. A busted wooden door floated by as the waters rose and she doubled her prayers. Finally she cried "God, I asked you to save me and you didn't send a boat!" And the voice of God answered: "I sent you a hunk of wood and a door!"

We don't always recognize deliverance when it arrives.

There was something unnerving about the speech, from the jumpy beginning to the stumbles to the sound glitches. A jittery affair, and some dusk hung over it. At the end I suspected the president's aides had instructed him again and again not to strut or have an edge. He perhaps understood that as: Got it -- don't be me. He couldn't do wounded wisdom, but he could repress cocky cowboy. The result was that he seemed not chastened but effaced, not there. It was odd. One couldn't find the personal geography of the speech.

Nothing in it really worked. "I had a sinking feeling," said a conservative journalist afterward. An old Republican hand: "He looked like he was over his head." Of the call for bipartisanship: "A tad late."

John McCain looked pale -- he looked like a ghost among the pillars -- as he gave reaction on Fox from the Capitol. His voice was soft, feathery, like a speaker who'd been knocked flat on the way to the podium. "I'd much rather lose a campaign than lose a war," he said. I wondered if he was thinking, Once again this man sinks my fortunes. It's South Carolina all over again! Dianne Feinstein seemed grave on CNN. "Oh, my heart fell," she said of the president's proposal. "I was very disappointed by it." She wanted more attention to Mideast peace efforts.

Pat Buchanan on MSNBC warned of what would happen if the U.S. simply withdrew or maintained the status quo: "I think the president's gonna get this last chance, but I think it's the last one." There has been something gallant in the old battler who'd opposed the war taking no pleasure in the current crisis. Democratic foreign affairs veteran Richard Holbrooke on PBS: The speech was "an astonishing event....The president is doubling down on every bad bet." Republican veteran Ken Duberstein: "I found myself watching the speech thinking, 'I want to believe.'" He did not hide his skepticism.

The question that suddenly began to crop up in all the talk after the speech was: What will fill the vacuum if America simply says, "We gave it our best, but the Iraqi people didn't seem to want to cooperate in their freedom, so we will have to leave"? The talk was grim and believable. Ethnic cleansing, religious warfare, geopolitical machinations potentially harmful -- almost certainly harmful, and deeply so -- to America and the West. One argument seems tired and not true. It is that if we leave Iraq, the terrorists of the world will have a safe place in which to gather, coalesce, plan and move. They already have such places, in the Mideast and outside it, and maybe here. Terrorists hide, and the world is full of hiding places.

But there are two vacuums in the Iraq story. The first is the vacuum that would be filled in Iraq if America withdrew tomorrow. The second is the power vacuum that will be created in Washington if the administration is, indeed, collapsing. The Democrats of Capitol Hill will fill that one. And they seem -- and seemed in their statements after the president's speech -- wholly unprepared to fill it, wholly unserious in their thoughts and approach. They seem locked into habits that no longer pertain, and absorbed by the small picture of partisan advancement at the expense of the big picture, which is that the nation is in trouble and needs their help. They are sunk in the superficial.

When Nancy Pelosi showed up at the White House Wednesday to talk with the president it was obvious she'd spent a lot of time thinking about...what to wear. She wrapped herself in a rich red shawl. Dick Morris said it looked like a straitjacket. I thought she looked like a particularly colorful mummy. She complained that the president had not asked for her input as he put

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together his plan. He should have. But what would she have brought to the table if she'd been asked to it? It is still -- still! -- unclear.

The other night after the speech, Rahm Emanuel, on PBS, was pressed for what he would have the president do. He blinked as if the question were a diversion. He was there to say Bush is Bad. Why bother with what might be good?

Right now, in the deepest levels of the American government, intelligence and military planners should be ordered to draw up serious plans for an American withdrawal, and serious strategies for dealing with the realities withdrawal will bring. It would not be the worst thing if the Maliki government knew those plans were being drawn up. It might concentrate the mind.

What is paramount is a hard, cold-eyed and even brutal look at America's interests. We have them. I'm not sure they've been given sufficient attention the past few years. In fact, I am sorry to say I believe they have not.

Therapy For Nation Builders (WP)

By Henry Allen

The Washington Post, January 13, 2007

Here's an idea to play with:

Give it to him, give the president everything he wants for the war in Iraq. Money, troops, the support of Congress, all of it.

Give everything that's requested by everybody in the military-industrial-political-intellectual-media complex, or at least the ones who got us into this war and still think they can get us out of it with a win.

For one thing, there's always a chance, however slight, that they will. That would be nice indeed.

After all, our vision for Iraq is way nicer than our enemies' alternatives. South Vietnam would be better off, too, if we'd won. It's nice to think that if we'd achieved our goals in Cuba, instead of the Bay of Pigs fiasco, or in Somalia instead of the "Black Hawk Down" embarrassment, or Lebanon instead of the barracks-bombing catastrophe, they'd be better off, too.

A loss in Korea would have been far worse than the stalemate we settled for.

Right now, a nice outcome seems unlikely in Iraq.

But then, the proposal on the table here, a sort of thought experiment, addresses a problem that is a lot bigger than Iraq.

The problem, if we lose in Iraq, is that America is apt to keep on doing what it's been doing for decades when it loses, which is to say learn nothing and have years of hissy fits about who's to blame. And set itself up for another fiasco someplace else.

We have had successes: the liberation of Kuwait and our intervention in the Balkans. And, most important of all, we won the Cold War without ever having to match armies and nuclear arsenals with the Soviet Union.

But our combat fiascos are coming to define America both to the world and to itself. They are also demonstrating that we are incapable of winning ground wars against some of the poorest people on Earth, if those wars last more than a week.

After Vietnam, one hoped that we could salvage pride in the courage with which our soldiers fought, and in the knowledge that we had learned our lesson well enough that we would never again send them to die in such a doomed cause.

As we watched our helicopters abandon our terrified allies on the roof of our Saigon embassy, it seemed reasonable to assume that the shame of that moment would lead to a new sanity.

Instead, our failed ground combat interventions and nation building continue like a sort of neurosis, the kind that has been defined as doing the same thing over and over in expectation of a different result, in the manner of France fighting and losing one colonial war after another after World War II.

In America, however, this syndrome is a legacy not of colonialism but of World War II itself -- of a triumphalism of the sort John Kennedy perpetuated when he boasted of being from the generation born of that war, and said that the lesson to be learned was that we should pay any price, bear any burden, to assure the success of liberty.

How good we feel about ourselves, sharing this dream. Without the illusion that we can make it come true, we would be like Britain without its empire, like France without its mission civilatrice, a nation tinged by shabby resentment and existential resignation. The problem is that reality may leave us with nothing better in the end.

As part of our thought experiment, think now of our mind-set as an American sickness, an addiction in the form of a belief.

If it were an addiction, we would create a 12-step program to cure it. The first step would be recognizing that our governing establishment is powerless over it, and that our attitude toward our role in the world has become unmanageable.

Recovering alcoholics will say that they didn't begin their recovery until they "hit bottom." It turns out that it was a mistake to believe we hit bottom while watching those helicopters in 1975, or any of the smaller failures that have followed. And so, the proposal here is to make sure that this time we hit bottom hard enough to prove to ourselves once and for all that the very nation-building that George W. Bush swore off before the 2000 election still has him -- and, more important, us -- helpless in its grip.

On the other hand, maybe if we give the president everything he wants he'll turn this thing around. How nice. Then we can be off to invade Iran, barrel across the DMZ into North Korea, liberate Tibet . . .

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Henry Allen is a writer and editor for The Post's Style section.

From Dr. King, A Reminder On Iraq (WP)

By Colbert I. King

The Washington Post, January 13, 2007

Forty years ago, Dr. Martin Luther King Jr., whom the nation will honor on Monday, took to the pulpit of Riverside Church in New York City at a meeting organized by Clergy and Laymen Concerned About Vietnam. The date was April 4, 1967, one year before his assassination in Memphis.

King said he was in New York because his conscience had left him no choice. In his speech, "Beyond Vietnam: A Time to Break Silence," King declared: "That time has come for us in relation to Vietnam."

King acknowledged the reluctance of some people to speak out on Vietnam -- the same hesitation some Americans may have today over voicing their concerns about Iraq. People, he explained, "do not easily assume the task of opposing their government's policy, especially in time of war."

But King concluded that too much was at stake. He and the other religious and lay leaders were moved by what the conflict in Vietnam was doing to the United States. Vietnam, King said, was consuming American troops and money like "some demonic, destructive suction tube" even as that war was laying waste to the Vietnamese people and to America's standing in the world.

And on this Martin Luther King Jr. Day, in 2007?

More than 3,000 Americans have been killed in Iraq, while 22,000 others have been wounded. Billions of dollars that could have been invested here at home have been spent there, a lot of it wasted, some of it stolen, plenty of it unaccounted for. And Iraqis in Baghdad, who cowered for decades under a brutal dictator, have been living in the midst of violence almost continuously since Saddam Hussein was deposed.

"We are creating enemies faster than we can kill them" read a bumper sticker in Washington this week.

Now enter George W. Bush -- the president who got America into this debacle through a series of misjudgments that would make Alfred E. Neuman look brilliant. This week Bush announced plans to plop down thousands of additional troops in the middle of a sectarian war and to shell out billions of additional dollars to pacify a war-weary Iraqi population that, truth be told, wants America gone.

Why trust this administration?

Contrary to what Bush and his allies said:

-- There were no weapons of mass destruction poised to strike America and her allies.

-- A quick defeat of Hussein did not lead to chocolates and flowers in the streets of Baghdad.

-- An American invasion did not produce a unified, nonsectarian and Western-oriented Iraq or spark a desire for U.S.-style governance throughout the Arab world.

-- De-Baathification and the imposition of a market economy at gunpoint did not usher in a period of tranquility or the flowering of capitalism.

The Bush administration struck first because it had the power to strike and the arrogance to think, foolishly, that it could win and dominate the conquered on the cheap.

King spoke in '67 about "the Western arrogance of feeling that it has everything to teach others and nothing to learn from them." Witness the Bush team in Iraq.

Today they have a bloodbath on their hands to show for their labors, and Iran is on the verge of getting an Iraqi neighbor beyond its wildest dreams.

Yet even now, neoconservatives inside and outside of government are counseling Bush to remain in Iraq for years to prevent the Shiite-dominated regime from collapsing. They also are encouraging him to prepare for battle with Iran and Syria if those countries start meddling in Iraq -- as if they aren't now. With what exactly and for how long we are supposed to do battle with Tehran and Damascus, the militaristic neocon noncombatants in Washington don't say. But then again, they have a tolerance for risk and cost that exceeds that of those who actually do the fighting and dying.

Forty years ago at Riverside Church, people of conscience declared that "a time comes when silence is betrayal." They went beyond using their voices and votes when they agreed to break their silence. They responded, as King had urged, by matching their words with actions. "We are at the moment when our lives must be placed on the line if our nation is to survive its own folly. Every man of humane convictions must decide on the protest that best suits his convictions, but we must all protest," King preached that day.

Yes, this is a different time and a different world. Global terrorism is a sobering reality. And America is on the right side in that war. To not fight back is tantamount to indulging a death wish.

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But the first blow in Iraq, which was not a battleground for terrorism, was struck by Bush. He now, stubbornly and in the face of legitimate opposition, proposes to make matters worse.

Remember King and the words: "A time comes when silence is betrayal."

Bush Authorized Iranians' Arrest In Iraq, Rice Says (NYT)

By David E. Sanger, Michael R. Gordon

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — A recent series of American raids against Iranians in Iraq was authorized under an order that President Bush decided to issue several months ago to undertake a broad military offensive against Iranian operatives in the country, Secretary of State Condoleezza Rice said Friday.

"There has been a decision to go after these networks," Ms. Rice said in an interview with The New York Times in her office on Friday afternoon, before leaving on a trip to the Middle East.

Ms. Rice said Mr. Bush had acted "after a period of time in which we saw increasing activity" among Iranians in Iraq, "and increasing lethality in what they were producing." She was referring to what American military officials say is evidence that many of the most sophisticated improvised explosive devices, or I.E.D.'s, being used against American troops were made in Iran.

Ms. Rice was vague on the question of when Mr. Bush issued the order, but said his decision grew out of questions that the president and members of his National Security Council raised in the fall.

The administration has long accused Iran of meddling in Iraq, providing weapons and training to Shiite forces with the idea of keeping the United States bogged down in the war. Ms. Rice's willingness to discuss the issue seemed to reflect a new hostility to Iran that was first evident in Mr. Bush's speech to the nation on Wednesday night, in which he accused Tehran of providing material support for attacks on American troops and vowed to respond.

Until now, despite a series of raids in which Iranians have been seized by American forces in Baghdad and other cities in Iraq, administration officials have declined to say whether Mr. Bush ordered such actions.

The White House decision to authorize the aggressive steps against Iranians in Iraq appears to formalize the American effort to contain Iran's ambitions as a new front in the Iraq war. Administration officials now describe Iran as the single greatest threat the United States faces in the Middle East, though some administration critics regard the talk about Iran as a diversion, one intended to shift attention away from the spiraling chaos in Iraq.

In adopting a more confrontational approach toward Iran, Mr. Bush has decisively rejected recommendations of the Iraq Study Group that he explore negotiations with Tehran as part of a new strategy to help quell the sectarian violence in Iraq.

In the interview on Friday, Ms. Rice described the military effort against Iranians in Iraq as a defensive "force protection mission," but said it was also motivated by concerns that Iran was trying to further destabilize the country.

Mr. Bush's public warning to Iran was accompanied by the deployment of an additional aircraft carrier off Iran's coast and advanced Patriot antimissile defense systems in Persian Gulf countries near Iran's borders. Both the White House and the secretary of defense, Robert M. Gates, insisted Friday that the United States was not seeking to goad Iran into conflict, and that it had no intention of taking the battle into Iranian territory. The White House spokesman, Tony Snow, warned reporters away from "an urban legend that's going around" that Mr. Bush was "trying to prepare the way for war" with Iran or Syria.

Mr. Gates said that the United States did not intend to engage in hot pursuit of the operatives into Iran.

"We believe that we can interrupt these networks that are providing support, through actions inside the territory of Iraq, that there is no need to attack targets in Iran itself," Mr. Gates told the Senate Armed Services Committee. "I continue to believe what I told you at the confirmation hearing," he added, referring to last month's hearings on his nomination, "that any kind of military action inside Iran itself would be a very last resort."

Ms. Rice's comments came just a day after the new chairman of the Senate Foreign Relations Committee, Senator Joseph R. Biden Jr., Democrat of Delaware, issued a sharp warning to the administration about the recent raids against Iranians in Iraq, including one in Erbil early Thursday.

He said the vote to authorize the president to order the use of force to topple Saddam Hussein was not a vehicle for mounting attacks in Iran, even to pursue cells or networks assisting insurgents or sectarian militias. "I just want the record to show — and I would like to have a legal response from the State Department if they think they have authority to pursue networks or anything else across the border into Iran and Iraq — that will generate a constitutional confrontation here in the Senate, I predict to you," Mr. Biden said.

In the view of American officials, Iran is engaged in a policy of "managed chaos" in Iraq. Its presumed goal, both policymakers and intelligence officials say, is to raise the cost to the United States for its intervention in Iraq, in hopes of teaching Washington a painful lesson about the perils of engaging in regime change.

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Toward this end, American officials charge, Iran has provided components, including explosives and infrared triggering devices, for sophisticated roadside bombs that are designed to penetrate armor. They have also provided training for several thousand Shiite militia fighters, mostly in Iran. Officials say the training is carried out by the Iranian Revolutionary Guards and the Ministry of Intelligence and Security.

In the interview on Friday, Ms. Rice said, “We think they are providing help to the militias as well, and maybe even the more violent element of these militias.”

In addition, American officials say the Iranian Revolutionary Guard Quds Force is active in Iraq. A senior military official said last week that one of the Iranians seized in Baghdad late last month was the No. 3 Quds official. He said American forces uncovered maps of neighborhoods in Baghdad in which Sunnis could be evicted, and evidence of involvement in the war during the summer in Lebanon.

That Iranian official was ordered released, by Ms. Rice among others, after Iran claimed he had diplomatic status.

This week, American forces in Iraq conducted at least two raids against suspected Iranian operatives, including the raid in Erbil. The United States is currently detaining several individuals with Iranian passports who were picked up in those raids. The Iranians have said that they were in the process of establishing a consulate, but American officials said that the Erbil operation was a liaison office and that the workers there did not have diplomatic passports.

A defense official said Friday that such raids would continue. “We are going to be more aggressive,” he said, referring to the suspected Iranian operatives. “We are going to look for them and to try to do what we can to get them into custody.”

Rice Denies US "Escalating Iraq" (BBC)

BBC.com, January 12, 2007

US Secretary of State Condoleezza Rice has denied that the US intends to escalate the war in Iraq by confronting Iranian groups operating there.

Ms Rice backed a pledge by President Bush to run search and destroy missions against groups suspected of building bombs for use within Iraq.

"That's not an escalation, that's good policy," Ms Rice told the BBC.

Ms Rice spoke ahead of a visit to the Middle East, a visit that will focus on Iraq and the Israeli-Palestinian issue.

The week-long tour will take in Egypt, Jordan, Saudi Arabia and Kuwait, as well as Israel and the Palestinian territories.

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Speaking before leaving the US, Ms Rice insisted that the United States was not going to let either Iran or Syria continue activities that endangered US soldiers in Iraq.

"I don't think there is a government in the world that would sit by and let the Iranians in particular run networks inside Iraq that are building explosive devices of a very high quality that are being used to kill their soldiers.

"That's not an escalation, that's just good policy."

Earlier this week the US raided the Iranian consulate in Irbil, northern Iraq, detaining five people.

Both President George W Bush and Ms Rice have said this week that they intend to step up measures against those threatening to destabilise Iraq.

The president announced 21,500 extra troops for Iraq in an effort to dampen violence across the country, especially in the capital, Baghdad.

Last year an influential report led by former Secretary of State James Baker urged the Bush administration to begin negotiations with Iran and Syria in a bid to find a solution in Iraq.

Reasonable voices

As well as Iraq, Ms Rice will also discuss the Israel-Palestinian conflict during her stay in the Middle East.

However, she admitted she was not travelling to the region with a plan to end the conflict.

"I think anything that is an American plan is bound to fail," she said.

"The United States is not going to succeed in this alone. This has to have an Arab voice - Egypt, Jordan, Saudi Arabia.

"It certainly has to have the voice of the reasonable factions among the Palestinians, like Abu Mazen [Palestinian leader Mahmoud Abbas]. And it has to have an Israeli voice."

White House Softens Iran Tone (LAT)

By Julian E. Barnes, Solomon Moore

The Los Angeles Times, January 13, 2007

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WASHINGTON — The Bush administration sought to assure lawmakers and the public Friday that despite harsh new rhetoric, it did not intend to go to war with Iran, even as U.S. sources charged that Iranians captured in Irbil, Iraq, were suspected members of Iran's Revolutionary Guards.

President Bush accused Iran in a speech this week of helping launch attacks against U.S. troops in Iraq. His remarks were followed by combative comments from his top war advisors, new moves by U.S. naval forces and a raid Thursday in the Kurdish-controlled city of Irbil.

The administration moved Friday to defuse concerns that it was planning or inviting a confrontation with Tehran. At a news conference, White House Press Secretary Tony Snow dismissed as an "urban legend" suggestions that the United States was preparing for another war. Similar denials were issued by Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff.

But other U.S. officials pressed the case that the Islamic Republic was helping foment violence in neighboring Iraq.

One Western official, who spoke on condition of anonymity, charged that the Iranians captured in Irbil were suspected members of Iran's Revolutionary Guards and were suspected of involvement in bomb smuggling.

The raid followed another U.S. operation last month in Baghdad that netted several high-level members of the Quds Force, an elite intelligence and special operations group within the Revolutionary Guards, who were involved in transferring Iranian explosives to Shiite militias in Iraq, the source said.

Iraqi officials say the building raided Thursday was a long-standing Iranian liaison office. The Kurdistan government said it was a consulate and called for the U.S. to immediately release the detainees, who it said were protected by the 1963 Vienna Convention on Consular Relations.

But Lt. Col. Christopher Garver, a U.S. Army spokesman, said that it was not an accredited consulate and that the officials did not identify themselves as diplomats or have diplomatic credentials when detained. Although witnesses reported gunfire, Garver said the soldiers used only nonlethal concussion grenades to force the Iranians from the building. They surrendered without incident, he said.

"The operation was conducted without a single shot," Garver said.

He declined to say where in Iraq the Iranians were being held.

U.S. officials said both raids were intended to disrupt Iranian interference in Iraq. The Revolutionary Guards have been linked to transfers of Iranian-made bombs that are designed to focus a cone of concussive force so powerful that it can punch through a tank.

Increasing numbers of U.S. troops in Iraq are being killed by the bombs, particularly in Diyala, Kirkuk, Baghdad and other areas where Shiite militias have a strong presence, commanders say.

U.S. officials believe the Quds Force is in control of elements of two powerful Shiite paramilitary organizations, the Badr Brigade and the Al Mahdi army.

In his national address Wednesday, Bush accused Iran of providing "material support" for attacks against U.S. troops. "We will disrupt the attacks on our forces," he said. "We'll interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

His comments were part of his new strategy on Iraq, a plan to add 21,500 U.S. troops that was unveiled to widespread opposition. He announced he was moving a second aircraft carrier group into the Persian Gulf and pledged to stop the attacks and Iranian support for insurgents in Iraq. Military officials also had announced plans to send Patriot missile batteries to the gulf region.

At a hearing Thursday in Washington, Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, asked Secretary of State Condoleezza Rice whether Bush "has plans to cross the Syrian and-or Iranian border."

Rice did not answer directly. "Obviously, the president isn't going to rule anything out to protect our troops, but the plan is to take down these networks in Iraq," she told Biden.

Speaking to reporters Friday on her plane at the beginning of a trip to the Middle East and Europe, Rice said Friday that the United States would find ways to "adjust over time" to any difficulties in its new plan for Iraq.

Aides said during a fuel stop in Shannon, Ireland, that the raids against Iranian targets were not separately authorized by the president but were authorized under a decision made several months ago about how to approach Iranian influence in Iraq.

Congress showed concern over what could happen.

"Now we see the specter of a new war front in Iran," said Sen. Robert C. Byrd (D-W.Va.).

Sen. Chuck Hagel (R-Neb.) said an administration move against Iran would be reminiscent of the secretive U.S. incursion into Cambodia in 1970 under the Nixon administration.

After the criticism, Snow tried to temper the administration's rhetoric by emphasizing that war preparations were not underway for Iran or Syria.

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At a meeting Friday of the Senate Armed Services Committee, Sen. John W. Warner (R-Va.) evoked Vietnam and again asked whether U.S. forces intended to cross into Iran in pursuit of the Iranian networks.

Gates and Pace said U.S. military forces in Iraq would not enter Iranian territory.

But both Gates and Pace emphasized that they believed Iranians were responsible for the deaths of American troops.

Iraq FM Defends Detained Iranians (AP)

By Kim Gamel, Associated Press Writer

AP, January 13, 2007

Five Iranians detained by U.S.-led forces were working in a decade-old government liaison office that was in the process of being upgraded to a consulate, the Iraqi foreign minister said Friday.

But Deputy U.S. State Department spokesman Tom Casey said in Washington that the U.S.-led forces entered the building because information linked it to Iranian elements engaging in violent activities in Iraq.

Tehran condemned the raid in the Kurdish-controlled northern city of Irbil and urged Iraq to push for the Iranians' release.

Iraqi Foreign Minister Hoshyar Zebari said the building where the Iranians were detained Thursday had operated with Iraqi government approval for 10 years.

"We are now in the process of changing these offices to consulates," he said. "It is not a new office. This liaison office has been there for a long time."

He also echoed concerns the U.S. and Iran were dragging Iraq into their fight.

"We don't want Iraq to be a battleground for settling scores with other countries," Zebari, a Kurd, told CNN.

The diplomatic tussle came at an unwelcome time for the United States as President Bush faces criticism over his new strategy for ending the violence in Iraq. Bush also vowed to isolate Iran and Syria, which the U.S. has accused of fueling attacks in Iraq.

Iraqi President Jalal Talabani plans a trip to Syria on Sunday, the highest-level Iraqi visit to the country in more than 24 years. The neighbors restored diplomatic relations in December that were cut in 1982 amid ideological disputes between Damascus and the regime of Saddam Hussein.

Radical Shiite cleric Muqtada al-Sadr's office, meanwhile, rejected Bush's plan to send 21,500 more troops to Iraq as part of an effort to curb sectarian attacks.

"We reject Bush's new strategy and we think it will fail," said Abdul-Razzaq al-Nidawi, a senior official in al-Sadr's office. He said Iraq's problems were due to the presence of U.S. troops and called for their withdrawal.

Local leaders of al-Sadr's Mahdi Army militia, which has been blamed for much of the sectarian violence, said they were bracing for an attack and avoiding appearing in public with their weapons.

Zebari's Iranian counterpart, Manouchehr Mottaki, called on the Iraqi government to secure the release of the five Iranians, Iranian state television reported. "Such illegal and adventurous acts by the U.S. should be stopped," the broadcast quoted Mottaki as saying.

Mottaki condemned the raid, saying it contravened the Vienna Convention. "This behavior by the United States contradicts its claims of providing security in Iraq," he was quoted as saying.

Russian Foreign Ministry spokesman Mikhail Kamynin also harshly criticized the detentions, calling them a "flagrant violation" of international conventions.

"It's absolutely unacceptable when the military storms a foreign consular office on the territory of another state," Kamynin said. "The unlawful actions by the U.S. servicemen mark an open abuse of a mandate issued to the multinational forces in Iraq."

The 1963 Vienna Convention on Consular Relations says consular premises are "inviolable," but it was not clear how that would apply as the building was not a consulate.

Casey said there was no truth to reports that Iran was carrying out legitimate diplomatic activity at the site.

"It did not have the standing of a consulate nor did it have any other international diplomatic standing to speak of," Casey said.

He said the Iranian elements included Revolutionary Guards, a key part of armed support for Iran's Islamic government since it took power in 1979.'

Zebari also said U.S. forces tried to seize more people at the airport in Irbil, 220 miles north of Baghdad, prompting a confrontation with Kurdish troops.

A Pentagon official in Washington said that after troops detained the Iranians, they learned another person might have escaped and fled to the airport. An American team went to the airport, where they "surprised" Kurdish forces, who apparently had not been informed they were coming, said the Defense Department official who spoke on condition of anonymity because he was not authorized to speak about the incident.

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Meanwhile, sectarian violence persisted. Suspected Shiite militiamen attacked a Sunni mosque in a religiously mixed neighborhood of Baghdad, prompting clashes that wounded two guards, police said.

Attackers later blew up a Shiite mosque that was under construction in the northern city of Kirkuk, police Col. Anwar Hassan said. No casualties were reported.

At least 19 people were reported killed or dead nationwide, including 10 bullet-riddled bodies found in Baghdad and an Iraqi journalist who was killed in a drive-by shooting in the northern city of Mosul.

Khudr Younis al-Obaidi was the second journalist killed this year. Associated Press staffer Ahmed Hadi Naji was found shot in the back last week.

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Associated Press writers Pauline Jelinek in Washington and Nasser Karimi in Tehran contributed to this report.

A Risky Game Of Risk (NYT)

By Maureen Dowd

The New York Times, January 13, 2007

I feel good about the new war with Iran.

How can you not have confidence in the crackerjack team that brought you Operation Iraqi Freedom, which foundered and led to Operation Together Forward, which stumbled and led to Operation Together Forward II, which collapsed and was replaced by The New Way Forward, the Surge now being launched even though nobody's together and everything's going backward?

I say, bring it on. If a pre-emptive war in Iraq doesn't work, why not try a pre-emptive war on Iran in Iraq?

Although Tony Snow dismissed the idea of war with Iran as an "urban legend" yesterday, Condi Rice revealed to New York Times reporters that President Bush acted months ago to parry Iran's ambitions, issuing orders for a military campaign against the Iranian Revolutionary Guard forces sneaking into Iraq. Using diplomatic passports, the agents have been smuggling in sophisticated bomb-making components and infrared trigger devices, which could be used to blow up American soldiers.

The move against Iran allows the president and Dick Cheney — who was, natch, militating for the Surge — to blow off, once more, the Iraq Study Group and Congress, to push back rather than make up.

James Baker and Lee Hamilton had recommended playing nice with the mad mullahs, which even they acknowledged was a long shot, given that the Bush administration can offer them little except acquiescence in their nuclear weapons program, which is not going to happen.

Joe Biden, the new chairman of the Senate Foreign Relations Committee, warned Condi on Thursday that Mr. Bush did not have the authority to pursue the networks over the border into Iran or Syria. On Friday, Bob Gates assured the Senate Armed Services Committee that the Iranians they target won't be in Iran.

We're trying to stanch a self-inflicted wound: our failed occupation gave Iran the opening in Iraq we're now trying to shut down.

The White House had to admit this week what has been obvious to everybody else for eons, including a list of lame assumptions they embraced during the first few years of the occupation: "Majority of Iraqis will support the coalition and Iraqi efforts to build a democratic state" has now been supplanted by "Iraqis increasingly disillusioned with coalition efforts."

It's a remarkable moment, W. standing nearly alone, deserted by more and more Republicans, generals and Americans, risking it all on a weak reed like Prime Minister Maliki.

It's impossible to know what W. was really thinking as he stiffly delivered his fantasy scheme in the White House library. The whole capital was fraught, but the president may simply have been musing to himself: "I'm hungry ... I wonder what time the game starts on ESPN? ...Has anybody read all these books?"

W. always acts like he's upping the ante in a board game where you roll the dice and bet your plastic army divisions on the outcome. This doesn't surprise some of his old classmates at Yale, who remember Junior as the riskiest Risk player of them all, known for dropping by the rooms of friends, especially when they were trying to study for exams, for extended bouts of "The Game of Global Domination."

Junior was known as an extremely aggressive player in the venerable Parker Brothers board game, a brutal contest that requires bluster and bluffing as you invade countries, all the while betraying alliances. Notably, it's almost impossible to win Risk and conquer the world if you start the game in the Middle East, because you're surrounded by enemies.

His gamesmanship extended to sports — he loved going into overtime and demanding that points be played over because he wasn't quite ready.

As Graydon Carter recollects in the new Vanity Fair, Gail Sheehy wrote an article for the magazine about W. that made this point: "Even if he loses, his friends say, he doesn't lose. He'll just change the score, or change the rules, or make his opponent play until he can beat him."

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W.'s best friend when he was a teenager in Houston, Doug Hannah, told Ms. Sheehy: "If you were playing basketball and you were playing to 11 and he was down, you went to 15."

Even if it was clear who was winning, W. wanted to go further to see what would happen. It was a technique that worked well in Tallahassee in 2000, but not so well in Tikrit.

Word is that even as they Surge, the Bush team is already working on Plan C, or as they will no doubt call it, The New, New Way Forward II.

Iraqi Leader Goes Own Way To Fill Top Post (LAT)

By Louise Roug, Peter Spiegel

The Los Angeles Times, January 13, 2007

BAGHDAD — Iraqi Prime Minister Nouri Maliki has filled the top military job in Baghdad with a virtually unknown officer chosen over the objections of U.S. and Iraqi military commanders, officials from both governments said.

Iraqi political figures said Friday that Maliki also had failed to consult the leaders of other political factions before announcing the appointment of Lt. Gen. Abud Qanbar.

The appointment is highly significant because it is Maliki's first public move after President Bush's announcement that he was sending more troops to Iraq. The prime mission of those troops is to reduce violence in Baghdad, much of which is blamed on sectarian fighters.

As the Iraqi commander for the capital, Qanbar would play a central role in that campaign, and any ties he might have to sectarian groups could undermine the new U.S. effort.

In his speech Wednesday, in which he announced the troop increase, Bush said political and sectarian interference in security matters would no longer be tolerated.

"If the Iraqi government does not follow through on its promises, it will lose the support of the American people," Bush said. "The prime minister understands this."

Maliki's decision to push through his own choice for one of the country's most sensitive military posts — and to reject another officer who was considered more qualified by the top U.S. commander in Iraq, Gen. George W. Casey — has renewed questions about the prime minister's intentions.

"It's a delicate situation," said Mahmoud Othman, a Kurdish lawmaker who questioned the choice of Qanbar. "It's very dangerous if it turns out that he has affiliations," he said, naming Maliki's political party and the anti-American Shiite Muslim cleric Muqtada Sadr.

U.S. officials are skeptical of Qanbar not only because of the way he was named, but because they know little about him. Moreover, they have questioned the degree to which Maliki's government is reliant on sectarian figures, particularly Sadr. Maliki essentially is asking American officials to take Qanbar on trust at a time when they have little left.

Qanbar, a commander in the navy during Saddam Hussein's reign, has not worked with American military officials, who say they know little about him other than that he hails from Amarah, a city in Iraq's Shiite-dominated south, and that he was taken prisoner by American forces near Kuwait during the 1991 Persian Gulf War.

U.S. commanders have said that officials in Maliki's government have intervened several times to block them from combating Sadr's Al Mahdi militia, which is accused of being behind much of the bloodshed in Baghdad. When U.S. forces did raid the militia's stronghold of Sadr City, a largely Shiite neighborhood of east Baghdad, Maliki's government publicly criticized them. On several occasions, Maliki ordered the release of suspected militiamen captured there, frustrating U.S. commanders.

The appointment of Qanbar comes as the U.S. military is debating whether to attack Sadr City. As the Iraqi commander, Qanbar could have advance knowledge of U.S. operations. He would command 18 brigades of Iraqi forces that are supposed to be deployed to work with the Americans.

U.S. officials have said the decision on whether to move into Sadr City will be left to the Iraqi government. Privately, senior military officials say that new rules of engagement negotiated with the Iraqis would allow them to go into the neighborhood and target individual insurgent and militia leaders.

At least some Pentagon planners appear to relish the opportunity to target the Al Mahdi militia.

"This time we have a commitment from Maliki and other key players in the Iraqi government … to have a no-holds-barred arrangement for neighborhoods in Baghdad," said a senior military official who requested anonymity in order to freely discuss military planning. Sadr City "will not be a safe haven" for militias, he said.

Within the Pentagon, not everyone agrees that attacking Sadr City is advisable.

Crucial to the decision will be the incoming U.S. commander in Iraq, Army Lt. Gen. David H. Petraeus. He has not commented on the tactics he plans to pursue, but for the last two years he has overseen the development of the military's new

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counterinsurgency field manual, which appears to argue against a large-scale invasion of a neighborhood such as Sadr City, particularly in the early part of the new Baghdad security campaign.

The manual's first chapter, which Petraeus is known to have aggressively rewritten, advises commanders that though largescale offensives against insurgents may be necessary, they should be limited.

"Killing every insurgent is normally impossible," the manual says. "Attempting to do so can be counterproductive in some cases; it risks generating popular resentment, creating martyrs that motivate new recruits, and producing cycles of revenge."

An influential plan for Baghdad security drawn up by retired Army Gen. Jack Keane and military analyst Frederick Kagan strongly advised against moving into Sadr City. The plan, which was highly influential within the White House and is considered to mirror Petraeus' thinking, argued that an attack on Sadr City would unite now-splintered Shiite factions against U.S. forces.

"We have an opportunity now to keep the Shiite parties separate and to avoid a full-scale military conflict with them," Kagan said. "If we go into Sadr City, that will not be the case. We will find ourselves in a full-scale, very bloody operation, which probably will look something like Fallouja."

There is even more division over whether to target Sadr himself.

Senior military officials refused to discuss which insurgents and militia commanders might be in the crosshairs. They have been vague about whether Sadr could be detained or killed.

"The people we target are not fundamentally political leaders," said the senior military official. "We're targeting people who are directly involved with promoting violence either against our Iraqi partners or, in some instances, against us."

To quell the concerns U.S. commanders have about Qanbar, American officials and the Iraqi government have agreed on a complicated system in which another layer would be added to the command structure between Maliki and Qanbar. That layer would include the top U.S. commander, a high-ranking American official said.

But that decision did not appease Iraqi politicians who object that they were not consulted on Qanbar's appointment.

"Nobody asked us," said Adnan Dulaimi, a lawmaker with a main Sunni bloc. "This is the first I've heard."

Battling With Sadr For Iraqi Soldiers' Hearts (WP)

By Nancy Trejos

The Washington Post, January 13, 2007

BAGHDAD -- The Iraqi soldiers broke into chants to commemorate the 86th anniversary of the creation of their army.

"Muhammad, Haider, Fatima, Hasan and Husayn!" shouted a group of dancing soldiers, bellowing the names of the prophet and other long-dead Islamic icons revered by Shiite Muslims.

A second later, the name of a living Shiite figure came out of the din. "Moqtada! Moqtada!" one soldier exclaimed, invoking the name of Moqtada al-Sadr, the radical Shiite cleric and leader of the Mahdi Army militia that American officials blame for many of the worst acts of violence in Baghdad.

Standing quietly in the crowd were four U.S. Army officers, there to represent the team of American soldiers advising the Iraqis. "Sounds like the Mahdi militia is in the tent," said their interpreter, Mohammed Noshi.

Moments before the chanting began, at a rally last Saturday morning at the soldiers' shared base in eastern Baghdad, a brigade commander in the Iraqi army's 6th Division had called the troops the "hope of this country."

"Some people are trying to create sectarian violence to divide this country," said the colonel, who asked that his name not be published out of fear for his life. "It is our job to keep this country in one piece."

At best, said several U.S. soldiers interviewed at the base this month, some of the Iraqi troops they advise are sympathetic to Sadr and his army. At worst, they said, some are members of the militia, also known as Jaish al-Mahdi. Despite the uneasiness of the alliance, 100 U.S. troops and 500 Iraqi soldiers have conducted joint raids and shared a base on the eastern side of the Tigris River, once a mixed area that is becoming predominantly Shiite.

Training Iraq's police and army to the point where they can operate on their own is key to any reduction of U.S. forces, American commanders have said. Five thousand U.S. troops are already embedded with Iraqi units as advisers.

U.S. military officers say that the Iraqi police force is deeply infiltrated by militiamen and predict that the army will be quicker to operate independently. But a four-day visit to the base known as Old MOD, for the former Ministry of Defense complex, showed that the army is not immune to the militias' influence. According to the Americans, most of the Iraqi soldiers are Shiites, and some come from Sadr City, a sprawling Baghdad slum that is a Mahdi Army stronghold. Some carry pictures of Sadr.

"Does it mean that they're Jaish al-Mahdi? No," said Lt. Col. Edward Taylor, head of the U.S. military transition team, which is attached to the 2nd Infantry Division's 2nd Brigade, based at Fort Carson, Colo.

The U.S. military would not let a reporter interview the Iraqi soldiers. But during a meeting with Taylor, the Iraqi brigade commander responded to a question about the presence of militias in his unit. "It's just rumor," he said.

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Taylor said that despite sectarianism in the army, many of the soldiers are making progress. They no longer show up in mismatched uniforms or turn to the Americans to make every decision, he said. Now they plan their own missions.

"I think we're definitely pushing these guys in the right direction to get to the point where they'll take over," said Capt. Peter Mahmood, 36, of Colorado Springs, who is on his third tour in Iraq.

During a recent house-to-house search in the mostly Sunni Arab neighborhood of Adhamiyah, Taylor and his crew followed Iraqi soldiers as they banged on doors and hunted for weapons caches. At times, the Iraqis appeared disorganized, gathering in large numbers in one spot on a street known to have snipers or taking breaks to buy bread. But they survived two gunfights with no casualties, rescued three kidnapping victims, found a large weapons cache and detained possible foreign fighters.

"They know what they want to do. They have a vision. They have a plan," Taylor said.

There are also signs that Iraqi commanders are willing to attack Shiites as well as Sunnis. At a staff meeting last Saturday morning, the Iraqi colonel suggested to his deputies that they consider conducting operations in Sadr City.

On the base, the two armies have separate living quarters and dining facilities, for security reasons. The Americans scrutinize the Iraqis' missions to make sure they are not targeting Sunnis more than Shiites. In addition, the Americans say, they suspect that some members of the Iraqi army have leaked information about raids.

"I have to operate under the assumption that within this unit there are people loyal to Jaish al-Mahdi and actively working for Jaish al-Mahdi," Taylor said. "I have to make that assumption so I have the proper security measures in place to protect my soldiers."

Sitting in his room on the base, Capt. James Ojeda, 32, of Logan, W.Va., a newlywed who hopes to quit the Army soon, gestured out his door toward the building where the Iraqi soldiers live. "You never know who's a bad guy over there," he said.

That sentiment is a window onto the complexity of the conflict: Taylor's soldiers said it is often unclear who the enemy is.

"One minute your neighbor is waving at you. The next minute he's got a mask on and telling you to get in a car," said Pfc. Kyle Buckingham, 20, of Marion, Ohio, describing the kidnappings that have become common in Baghdad.

No figure seems more of an enigma to these soldiers than Sadr. His militia battled U.S. forces in the spring and summer of 2004 in the southern holy city of Najaf, then he reinvented himself as a political leader whose loyalists won 30 seats in parliament. In a sign of Sadr's political influence, Prime Minister Nouri al-Maliki, who relies on the Shiite cleric for support, has banned most U.S. forces from conducting operations in Sadr City, home to 2.5 million people.

During a visit last week to another Shiite area in eastern Baghdad, known as Fadhil, about a dozen American soldiers walked through an empty square ringed with bullet-riddled buildings. On the wall of a bank was a picture of Sadr walking on an American flag.

"I see pictures of him walking on the American flag. Is that irritating?" Taylor said. "It's irritating, but Sadr is not my enemy. He is not considered a terrorist." Sadr, he added, is "a guy who can be part of the government or considered to be someone you want to negotiate with, and at the same time he has his hands in things you want to stamp out."

Ojeda put it more bluntly: "He's just another terrorist leader. He's just another bad guy."

Sgt. 1st Class Eric Radecki, 36, of Sacramento, a father of two who fought in the 1991 Persian Gulf War, said he believes that U.S. leaders have to engage in talks with Sadr.

"He's not some sort of Osama bin Laden sitting in a cave in Afghanistan," Radecki said. "He goes to parliament."

Some of the soldiers said they were frustrated that Sadr City, which is about 1 1/2 miles from their base, is off-limits.

"Personally, I feel we should be there," Buckingham said. "That's the root of where everything is coming from. That's the bad of Baghdad."

As the war approaches its fifth year and the death toll mounts, some of the troops said they wonder whether it was a good idea for the United States to overthrow Iraq's government.

"I don't really know all the thought processes behind invading the country," said Capt. Sean Powell, 30, of Fort Carson. "I knew it was going to be longer than what they said, though. I knew it was going to take long because you don't topple a government and the country rebounds within two weeks."

Sgt. 1st class Matt MacClellan, 37, a father of two who trains another division of Iraqis but lives on Old MOD, said he is not in Iraq to fight the war on terrorism. If anything, he said, the United States spread terrorism by invading Iraq. "Now that we are here, though, it definitely has morphed into the war on terror," he said. "We took over a country that had structure and took that structure away."

The soldiers say they want to leave a stable country but also want to get out alive. "I don't think you can use the word 'winnable,' " MacClellan said. "Really, I've scrubbed that from the vocabulary of my thinking. 'Subdued' would be about the best."

Dismantling An Insurgent Power Base (LAT)

By Alexandra Zavis

DOJ_NMG_0117108

The Los Angeles Times, January 13, 2007

TURKI, IRAQ — U.S. and Iraqi forces have denied Sunni Arab insurgents an important power base in a lawless region east of Baghdad, the commander of a joint offensive said Friday.

The challenge now, U.S. Lt. Col. Andrew Poppas said in an interview, is to ensure that the militants do not return to the region in the eastern province of Diyala. When U.S. forces conducted previous large operations, insurgents often returned as soon as the military withdrew.

Poppas plans to open a patrol station in the area, which until recently had been a virtual no-go zone for Iraqi security forces. U.S. soldiers were scouting possible sites Friday as they slopped past adobe farmhouses in bone-chilling rain and ankle-deep mud.

The Iraqi army has dedicated a company to the new patrol station, which will be paired with a U.S. company until it is ready to stand alone, Poppas said. The military also will work with local authorities to improve conditions, including providing clean water, regular electricity and new roads.

Big push

The strategy is part of stepped-up efforts to train Iraqi forces to assume security control so U.S. forces can start going home.

Nearly 1,000 U.S. and Iraqi troops have swept through more than 77 square miles of farmland in the last week, combing isolated hamlets and pushing insurgents toward the canal system outside Turki village, where the advancing forces surrounded them, Poppas said.

Insurgents linked to the powerful Daini tribe, which includes top officers in former President Saddam Hussein's army, had carved a network of hide-outs, fighting positions and weapons caches out of the vast canal system. The area, which U.S. forces said served as a logistics and training base for Al Qaeda in Iraq and other militant groups, is strategically located between Baghdad, Baqubah and the Iranian border.

U.S. forces met fierce resistance on their last major sweep through the area in November, but this time the fighting was minimal. Poppas said many men with machine guns were killed in the days before the final push in the canal district.

"We've had continual engagements over the past 72 hours, and although we don't like to do body counts, we've killed over 100 individuals maneuvering against us with weapons," Poppas said as he surveyed the efforts to use Humvees to drag stranded Iraqi army vehicles from the mud. "Those who did survive and escaped will not come back here because they know it is not a safe haven."

Four Iraqi soldiers were killed Sunday by an antitank mine in the area.

Some insurgents probably hid their weapons and blended back into the civilian population. Many more military-age men were seen in Turki and nearby villages than on previous visits, Poppas conceded.

He said heavy rain, which stalled the offensive for two days, worked to his forces' advantage, since they were better-equipped to withstand the elements than were fighters hiding in the canals.

During this time, groups of as many as a dozen insurgents repeatedly approached U.S. positions in an apparent search for a seam through which they could escape, Poppas said. In most cases, U.S. forces called in air or artillery strikes against them. At least 55 others were detained on suspicion of having insurgent ties.

Key arrests

Although some key insurgent leaders remained at large Friday, U.S. forces said they had arrested at least six leading members of the Council, a regional umbrella group that they say draws in elements of Al Qaeda, Ansar al Sunna and the 1920 Revolutionary Army, among others.

The detainees include Mohammed Turki, the Council's alleged financier, and Muthana Abdul Lateef, a lower-ranking member who U.S. forces said had killed his brother and sister when they refused to join the group.

The mission does not end here, Poppas said.

"We're still going 30 kilometers farther south," he said. "There aren't a lot more villages, but there are weapons caches that we are already exploiting to deny them the resources to keep on attacking."

At least 31 weapons caches have been found, including one containing more than 1,000 Katyusha rockets, more than 1,000 rocket-propelled grenades, 171 TOW missiles, army uniforms and gas masks.

By containing the insurgent threat, U.S. forces hope to pave the way for displaced Shiite Muslims to return. Scores fled after a series of mass abductions and slayings last year, blamed on Daini militants.

U.S. forces detained 14 people Friday who were accused by rival Shiite tribesmen of participating in the November abduction of 27 people from a village. Most of the abductees were later found decapitated and shot. The lone survivor told U.S. forces he hid under the bodies of relatives and neighbors and played dead as they were dumped into a canal.

Terrorists "Use Google Maps To Hit UK Troops" (LTEL)

By Thomas Harding

London Telegraph, January 13, 2007

Terrorists attacking British bases in Basra are using aerial footage displayed by the Google Earth internet tool to pinpoint their attacks, say Army intelligence sources.

Documents seized during raids on the homes of insurgents last week uncovered print-outs from photographs taken from Google.

The satellite photographs show in detail the buildings inside the bases and vulnerable areas such as tented accommodation, lavatory blocks and where lightly armoured Land Rovers are parked.

Written on the back of one set of photographs taken of the Shatt al Arab Hotel, headquarters for the 1,000 men of the Staffordshire Regiment battle group, officers found the camp's precise longitude and latitude.

"This is evidence as far as we are concerned for planning terrorist attacks," said an intelligence officer with the Royal Green Jackets battle group. "Who would otherwise have Google Earth imagery of one of our bases?

"We are concerned that they use them to plan attacks. We have never had proof that they have deliberately targeted any area of the camp using these images but presumably they are of great use to them.

"We believe they use Google Earth to identify the most vulnerable areas such as tents."

One soldier has been killed in the past six months following a mortar attack and there have been several injuries.

Since the maps were found intelligence chiefs have been keeping track of where rounds land to see if the insurgents are using them to pinpoint weakly protected areas.

The British camps experience mortar and rocket attacks on a daily basis.

Salvos are fired from up to four miles away and are increasingly accurate.

Yesterday three rounds were fired into Basra Palace at a block close to where The Daily Telegraph was staying. No one was injured.

Intelligence sources also believe that the insurgents are receiving more training and weaponry from Iran to improve their fighting skills. But the British are gathering more intelligence on mortar crews and launching several "strike operations" to detain the operators.

Anyone with the internet can sign up to Google Earth and by simply typing in the name of a location they can receive very detailed imagery down to identifying types of vehicles.

The company is one of several internet outlets that buy aerial imagery, usually taken by aircraft but sometimes by satellite, from governments or mapping companies.

It is unclear how old the maps are but it is believed the Basra images were made within the past two years.

Major Charlie Burbridge, the British military spokesman in Iraq, said: "We take the security of our bases very seriously and we constantly review the means to provide secure accommodation for our soldiers.

"There is a constant threat of reconnaissance missions to access our bases and using these internet images is just another method of how this is conducted."

A Google spokesman said the information could be used for "good and bad" and was available to the public in many forms. "Of course we are always ready to listen to governments' requests," he said.

"We have opened channels with the military in Iraq but we are not prepared to discuss what we have discussed with them. But we do listen and we are sensitive to requests."

There have also been reports that the images are being sold to rogue militias in the market place in Basra.

The British security services are concerned that terrorists will be able to examine in detail sensitive infrastructure such as electricity stations, military basis, and their own headquarters in London.

Soldiers from the Royal Green Jackets based at the Basra Palace base said they had considered suing Google Earth if they were injured by mortar rounds that had been directed on the camp by the aerial footage.

"Even if they did blank out the areas where we are based it is a bit after the horse has bolted as the terrorist now have the maps and know exactly where we eat, sleep and go to the toilet," one soldier said.

Rice Criticizes Sen. Boxer's Comment On War (WP/AP)

The Washington Post, January 13, 2007

Secretary of State Condoleezza Rice yesterday criticized Sen. Barbara Boxer's suggestion that, because she does not have family in harm's way, she will pay no "personal price" in the Iraq war.

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"In retrospect, gee, I thought single women had come further than that, that the only question is, 'Are you making good decisions because you have kids?' " Rice said on Fox News.

Boxer's comment came during a Senate Foreign Relations Committee hearing Thursday, in which Rice was grilled on President Bush's new war strategy in Iraq.

"Who pays the price?" Boxer (D-Calif.) asked Rice, who is unmarried and has no children. "I'm not going to pay a personal price. My kids are too old, and my grandchild is too young. You're not going to pay a particular price, as I understand it, with immediate family. So who pays the price? The American military and their families."

Boxer defended herself in a statement. "I spoke the truth at the committee hearing, which is that neither Secretary Rice nor I have family members that will pay the price for this escalation," she said.

White House Rips Boxer Over Rice (WT)

By Charles Hurt

The Washington Times, January 13, 2007

The White House and Secretary of State Condoleezza Rice yesterday accused Democrats of suggesting that the secretary's childlessness, race and sex are to blame for mistakes in Iraq.

White House spokesman Tony Snow said Sen. Barbara Boxer's comments that Miss Rice won't "pay the price" for her decisions in the Iraq war because she is unmarried and without children was a "great leap backward for feminism."

"I don't know if she was intentionally that tacky, but I do think it's outrageous," he told Fox News.

"Here you've got a professional woman, Secretary of State Condoleezza Rice, and Barbara Boxer is sort of throwing little jabs because Condi doesn't have children, as if that means that she doesn't understand the concerns of parents."

But Mrs. Boxer and Democrats are making no apologies.

Rep. Neil Abercrombie of Hawaii called Miss Rice "the most overrated, underperforming individual in executive authority that I have ever seen."

"She constantly gets a pass," he told the Honolulu Star Bulletin this week, days before the nation celebrates Martin Luther King Day. "Who knows if the whole question of race and gender come into it, but ... I can't account for it, except to say she isn't up to the mark."

But it was Mrs. Boxer's remarks about Miss Rice that generated the most outrage yesterday.

"Now, the issue is who pays the price, who pays the price?" Mrs. Boxer said to Miss Rice during a Senate Armed Services hearing Thursday. "I'm not going to pay a personal price. My kids are too old, and my grandchild is too young."

Then she told Miss Rice: "You're not going to pay a particular price, as I understand it, within immediate family. So, who pays the price? The American military and their families, and I just want to bring us back to that fact."

Miss Rice replied that she does understand the sacrifice Americans and their families are making in Iraq.

"Let me just say, I fully understand the sacrifice that the American people are making, and especially the sacrifice that our soldiers are making, men and women in uniform," she told the committee. "I visit them. I know what they're going through. I talk to their families. I see it."

Mrs. Boxer didn't budge.

"Madam Secretary, please, I know you feel terrible about it," she replied. "That's not the point. I was making the case as to who pays the price for your decisions."

Later, Miss Rice said she was confused by the whole exchange, which is hardly the first time Miss Rice and Mrs. Boxer have exchanged sharp words.

"I guess that means I don't have kids. Was that the purpose?" Miss Rice said later on Fox News. "At the time I just found it a bit confusing, frankly, in retrospect, I thought single women had come further than that. The only question is, are you making good decisions because you have kids?"

Mrs. Boxer stood by her questioning of Miss Rice yesterday.

"I spoke the truth at the committee hearing, which is that neither Secretary Rice nor I have family members that will pay the price for this escalation," she said. "My point was to focus attention on our military families who continue to sacrifice because this administration has not developed a political solution to the situation in Iraq."

Passing Exchange Becomes Political Flashpoint (NYT)

By Helene Cooper, Thom Shanker

The New York Times, January 13, 2007

DOJ_NMG_0117111

WASHINGTON, Jan. 12 — A passing exchange during a Senate hearing on Thursday turned into a political flashpoint overnight as Senator Barbara Boxer, the California Democrat, and Secretary of State Condoleezza Rice accused one another of insensitivity in comments about motherhood and the war in Iraq.

In an interview with The New York Times on Friday, Ms. Rice suggested that Ms. Boxer had set back feminism by suggesting during the hearing that the childless Ms. Rice had paid no price in the Iraq war.

"I thought it was O.K. to be single," Ms. Rice said. "I thought it was O.K. to not have children, and I thought you could still make good decisions on behalf of the country if you were single and didn't have children."

During the Thursday hearing, Senator Boxer told Ms. Rice: "Who pays the price? I'm not going to pay a personal price. My kids are too old and my grandchild is too young. You're not going to pay a particular price, as I understand it, with an immediate family. So who pays the price? The American military and their families. And I just want to bring us back to that fact."

In an interview on Friday, Senator Boxer said her comments had been misunderstood and were now being turned against her by the White House and by Republicans. "What I was trying to do in this exchange was to find common ground with Condi Rice," she said. "My whole point was to focus on the military families who pay the price."

Senator Boxer added: "I'm saying, she's like me, we do not have families who are in the military. What they are doing is a really tortured way to attack a United States senator who voted against the war."

The exchange between Senator Boxer and Ms. Rice came during a hostile Senate hearing in which Ms. Rice, seeking to sell President Bush's new Iraq plan to a skeptical Congress, faced an almost solid wall of opposition from both Democrats and Republicans. Senator Boxer several times repeated the question, "Who pays the price?"

Senator Boxer read excerpts from a radio interview with an American family who had lost a son in Iraq. "You can't begin to imagine how you celebrate any holiday or birthday," she said. "There's an absence. It's not like the person's never been there. They always were there and now they're not, and you're looking at an empty hole."

Ms. Rice replied, "I can never do anything to replace any of those lost men and women in uniform, or the diplomats, some of whom ——"

Senator Boxer cut her off. "Madam Secretary, please, I know you feel terrible about it. That's not the point. I was making the case as to who pays the price for your decisions."

During the hearing itself, Ms. Rice did not appear to take issue with Senator Boxer's comments. During the interview, she addressed them only in response to a question. But the White House spokesman, Tony Snow, suggested earlier on Friday that Senator Boxer's comments were antifeminist.

"I don't know if she was intentionally tacky," Mr. Snow said in an interview on Fox News. "It's a great leap backward for feminism."

A number of members of Congress have children in the military who are serving in Iraq or are likely to do so, including Senators John McCain of Arizona and Jim Webb of Virginia.

Senator Boxer's comments and the claims and counterclaims about what she meant have captivated the blogs and received extensive coverage on Fox News and other cable channels. One blog, called Swampland, labeled it "Womb Wars."

Conservative blogs and commentators were quick to seize on the issue. "One Great Leap (Backwards) for Womankind," read one blog, Bikini Politics. "They will be known by their Fruits," read another, Macsmind, which billed itself as "Conservative News, Commentary and Common Sense." Rush Limbaugh also got into the act. "Here you have a rich white chick with a huge, big mouth, trying to lynch this, an African-American woman, right before Martin Luther King Day, hitting below the ovaries here," Mr. Limbaugh said on his radio show.

Deneen Borelli, a fellow with Project 21, which describes itself as a "leading voice in the African-American community," said, "I am deeply appalled by Senator Barbara Boxer's cruel and callous attack on Secretary of State Condoleezza Rice."

"The debate should have been about the war in Iraq and not a platform to demean Secretary Rice," Ms. Borelli said in a statement issued by the organization.

Some Democratic Senate staffers said Senator Boxer's exchange with Ms. Rice allowed the Bush administration to turn the tables on Iraq critics and sidestep the larger issue of the almost uniform opposition to the president's plan to send 20,000 more American soldiers to Iraq.

There was no rush from Democrats to defend Senator Boxer, although one blogger on the Swampland blog called Senator Boxer's comments "fair, as far as it goes." During the interview with the Times, Ms. Rice said she had expected the skepticism that she received from Congress the day before. "I've been through things like this before," she said.

NATO's Afghan Struggle: Build, And Fight Taliban (NYT)

By Carlotta Gall

The New York Times, January 13, 2007

DOJ_NMG_0117112

SPERWAN GHAR, Afghanistan — The road that cuts through the heart of Panjwai district here tells all that is going wrong with NATO's war in Afghanistan.

To fight their way into this area and clear it of Taliban insurgents, NATO troops bulldozed through orchards, smashed down walls and even houses, and churned vineyards and melon fields to dust.

Reconstruction projects were planned, but never materialized. Now NATO countries are championing the thoroughfare as a $5 million gift to local people.

Displaced and buffeted by fighting since May, the Afghans are homeless, fearful and far from being won over. They say the road was built for the troops' benefit and forced on them, at the cost of their land and livelihoods.

"We are compelled to be happy about the road," said Hajji Baran, 48, a farmer from Panjwai. "They are building the road and they are not going to stop, but in fact we are not happy about it. We have been displaced for nine months and no one has asked us how are we managing. This is a kind of cruelty.

"In fact, we are selling our wives' jewelry to support our families."

The conflict over the road is just the most apparent of the many things that Afghans, diplomats and aid workers cite in explaining why NATO's war looks uncertain in southern Afghanistan. Others include what local people see as the indiscriminate killing of civilians by NATO forces, and corruption and incompetence among local officials.

Panjwai and an adjoining district, Zhare, just west of Kandahar, the provincial capital, are considered vital because the Taliban presence there has directly threatened Kandahar, and thus all of southern Afghanistan.

Yet so far not much has gone according to plan.

There has been little coordination between the military operations and reconstruction projects, which has frustrated aid workers and diplomats almost as much as local people.

After NATO troops and United States Special Forces mounted their operation to clear the area of insurgents in September, the assistance programs were not ready. Then the troops pulled back, and the Taliban were active again within days.

"We are all scratching our heads as to why the aid has not rolled out faster," said a Western diplomat familiar with Panjwai. "It's not for a lack of resources. We are meeting basic needs, but when it comes to sustainable livelihoods and jobs, it's not happening."

NATO's struggle to secure the area inevitably hampered reconstruction and deterred the thousands of displaced villagers from returning home. Aid workers who started to venture into the area to kick-start assistance programs complained of continued insecurity and even of coming under fire from NATO forces. The result was that very little assistance arrived.

"There was a lull, and for three weeks they did nothing," said Andrew Douglas, operations manager of an agricultural development group in Afghanistan. "They were going round talking and handing out candy." He did not want his organization named because his comments were personal remarks.

It took a second military operation at the end of the year finally to expel the Taliban. Already on everyone's mind — in the government, the military, the police and among villagers — is how to stop the Taliban from infiltrating back for a new offensive in the spring, which in this southern region will come in February.

Without the support of the local people, that task will be virtually impossible, military and government officials and local elders said.

Now finally villagers are trickling home. Yet the mood is at best resigned.

"They bombed our orchards and fields and we have nothing now," said Hajji Abdul Wahab Kutaisi, 65, a farmer from Pashmul. "They made a road through my land."

His house was destroyed in the fighting and he and his extended family now live in two rented rooms in Kandahar. He said he had not received any compensation.

He was sitting with several other men on the stony ground in the Panjwai district police station waiting for permission from the military to work in his fields, close to a Canadian military checkpoint. "When we don't inform them, they shoot at us," he said. Minutes after he spoke a Canadian tank fired a round from the nearby base, shattering the calm, sunny morning.

"They did not come to bring peace for us, they came to destroy us," said Hajji Abdul Ghafar, 60, an elder on the Sperwan village council, who was waiting for permission to pass through a checkpoint to reach his house. "There are 3,000 families hoping to go back to their houses. If they lose hope, this would be very bad for the government," he warned.

"We are angry with both sides, the foreigners and the Taliban," he added. "It is impossible to talk to the Taliban," he said, shaking his head. "And the foreigners don't listen to anyone."

Sperwan Ghar, the district center of Panjwai, is a quiet, country one-street town, with small shops, two schools and a police station. For the NATO forces here, which are led by Canada, the town, at least, is a success story. By December it was peaceful, commerce had returned, the school was repaired and children were back in class.

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Yet the place looks like a fortified camp, with soldiers and sandbags blocking the street, an armored vehicle parked outside the school, and guard posts on all the hills looking down into everyone's yard. The local police admit the guard posts are not popular because they violate one of the most important codes of behavior for the Pashtun: privacy and respect for their women.

Maj. Stephen Murray, the acting military commander of the Provincial Reconstruction Team, a NATO unit, defended its efforts, saying the team had spent $100,000 in just a few weeks providing jobs for people in the cleanup.

The team members were assessing the battle damage and compensation claims with government officials, and consulting with village councils, he said. Rushing things would leave people out and only aggravate local tensions, he said.

"There are lots of challenges," Major Murray said. "We have to go step by step."

As for the new road, he said the military needed a straight road that was more easily secured. Over the past few months, Canadian troops were repeatedly ambushed on the old road, which twisted and turned through the hamlets and walled farmsteads. He is having intensive discussions with the local people to work out a fair deal for those whose land it crosses, he said.

Yet Pashmul, the village most affected by the road, remains one of the most unsettled areas of the two districts, partly because the population remains divided over whom to support, the Taliban or the foreigners.

The Afghan people will withhold their support until they can see some material assistance, said the development manager, Mr. Douglas. "The Afghans don't trust anyone," he added. "They have seen military coming in all colors before."

Corrupt and ineffective local leaders have done as much to turn people against the government and its foreign backers as have any failings in reconstruction, said Joanna Nathan of the International Crisis Group, a research group.

At the same time it is becoming clear that development assistance to an area does not lead to security in a community or district, she said. NATO has mapped where the international assistance has gone, and found that there is little connection between the amount of aid spent on an area and the level of security, she said.

Regarding the Taliban, "they are not very popular, even in the south, but they have spread," said Tom Koenigs, the head of the United Nations assistance mission in Afghanistan. "We have to be prepared to have these levels of conflict for some time."

But that conflict increasingly threatens to alienate NATO's local supporters. As suicide bombings have taken their toll on the troops, who took over command in southern Afghanistan from the Americans last year, the soldiers have frequently resorted to lethal force, calling in airstrikes and firing on approaching cars, often killing and wounding civilians and further worsening the public mood.

"They said we came to bring peace to this country," said Abdur Rahim, 35, an auto mechanic, as he lay in a hospital bed. He was shot in the back by British soldiers after their convoy had been hit by a suicide bomber. The soldiers shot at least eight civilians as they drove through the town.

"Why are they shooting the people?" he asked. "Is this peace?"

After suffering 13 suicide bombings in 14 days in Kandahar, some Canadian soldiers had to be repatriated because they were reacting badly to the stress, according to one diplomat in Kabul.

"The people are saying, 'If the British are scared, why did they come to our country?' " said Mullah Naqibullah, leader of one of Kandahar's largest tribes. "They should not view the people as the same as the Taliban."

Then there is the nagging feeling behind every conversation in southern Afghanistan that the Taliban cannot be beaten and that the government will have to find a way to accommodate them.

Several important elders like Mullah Naqibullah and a former Taliban commander, Mullah Abdul Salam Rocketi, advocate talking to the Taliban.

At the very least, there should be stronger protection for those Taliban commanders who want to come over to the government, said Mullah Rocketi, a member of Parliament, because at the moment few trust the government and the foreign forces not to imprison them.

The biggest test for NATO forces, together with their Afghan military and police counterparts, is to prevent the Taliban from returning. With the ordinary people still ambivalent, that job is going to be much harder.

"We need a huge effort," said the United Nations official, Mr. Koenigs. "We cannot believe it will resolve itself at the pace we have now."

Suicide Bomber Attacks Foreign Convoy South Of Kabul (AP)

AP, January 12, 2007

KABUL, Afghanistan (AP) — A suicide bomber rammed his explosives-filled car into a two-vehicle convoy carrying foreigners south of Kabul on Friday, wounding at least one Afghan civilian, police said.

One of the vehicles was on fire and police had cordoned off the area in Logar province's Muhammad Agha district, provincial police chief Gen. Muhammad Mustafa said.

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It was not immediately clear who the foreigners were or if any were hurt in the blast some 25 miles south of Kabul.

The attack comes a day after NATO said its forces killed scores of insurgents who crossed from Pakistan in the biggest battle of the Afghan winter, while Pakistan's army fired artillery at trucks supplying militants on the other side of the border.

NATO said it had tracked the suspected Taliban militants through air surveillance while the fighters were still in Pakistan. Once they crossed the frontier, NATO and Afghan soldiers attacked the two separate groups with ground fire and airstrikes during a nine-hour battle that began Wednesday evening.

Gen. Murad Ali, the Afghan army regional deputy corps commander, said the insurgents traveled into Afghanistan's southern Paktika province with several trucks of ammunition. Lt. Col. Paul Fitzpatrick, a U.S. military spokesman, said it was likely they were going to carry out an immediate attack, given the size of the groups.

Taliban militants last year launched a record number of attacks in Afghanistan, and an estimated 4,000 people died in insurgency-related violence, the bloodiest year since the U.S.-led coalition ousted the Taliban regime in 2001. Afghan and Western officials say the militants operate from sanctuaries in Pakistan, but Islamabad insists it does all it can to stop them.

The offensive in Paktika province was the first major engagement of 2007 and appeared to be the largest battle since a multi-day operation killed more than 500 Taliban fighters in southern Kandahar province in September.

Fitzpatrick said 130 fighters were killed or wounded in the attack. The Afghan Defense Ministry put the death toll at 80. As is common in Afghanistan, independent confirmation of the death toll at the remote battle site was not immediately possible.

Pakistani army spokesman Maj. Gen. Shaukat Sultan said the army attack on the militants' trucks Wednesday night shows the army can act swiftly and effectively if it is given "real-time" intelligence.

"We don't deny that some people are coming from this side. That's why we seek intelligence in real time. We are keen to stop it," he said.

It was the Pakistani army's first reported offensive in the North Waziristan tribal region since a September peace deal between the government and pro-Taliban militants that critics say has provided a sanctuary for insurgents.

John Negroponte, the U.S. national intelligence director, told a Senate committee on Thursday that Pakistan represents a major source of Islamic extremism and is a refuge for top terror leaders.

Negroponte said in testimony before the Senate Intelligence Committee that "eliminating the safe haven that the Taliban and other extremists have found in Pakistan's tribal areas is not sufficient to end the insurgency in Afghanistan, but it is necessary."

Afghanistan A Source Of Worry (LAT)

By Julian E. Barnes And Peter Spiegel, Times Staff Writers

The Los Angeles Times, January 13, 2007

Sen. Clinton says more troops needed to fight Taliban, not in Iraq.

WASHINGTON — Defense Secretary Robert M. Gates expressed deep concern Friday over the stability of Afghanistan, and a top U.S. military official said additional troops might be needed to strengthen the government in Kabul, which is under growing pressure from Taliban forces.

Gates plans to travel soon to the region to look for ways to aid the government of Afghan President Hamid Karzai. Speaking to the Senate Armed Services Committee, Gates appeared worried by the rising violence in Afghanistan, where military commanders have warned that the spring thaw may bring one of the most brutal fighting seasons since the 2001 U.S. invasion.

"We mustn't let this one slip out of our attention and, where we have had a victory, put it at risk," Gates told senators in describing his upcoming trip. "One of the things that I am focused on particularly is, what will it take to reverse the trend line in Afghanistan and to strengthen the Karzai government?"

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, indicated that he was open to raising troop levels in Afghanistan as well as Iraq. Despite concerns that U.S. land forces are overstretched by their growing commitment in Iraq, the Pentagon could sustain an increase of forces in Afghanistan as well, he said.

About 22,000 U.S. military personnel are in Afghanistan; about half of them are fighting along with 32,000 other foreign troops under the command of the North Atlantic Treaty Organization.

Sen. Hillary Rodham Clinton (D-N.Y.), who is to stop in Afghanistan during a trip to the Middle East starting this weekend, said she believed that President Bush's plan to increase troops in Iraq was misguided and that new troops instead should be sent to Afghanistan, where, she said, U.S. policy was on "autopilot."

"I wish we were discussing additional troops for Afghanistan," Clinton said, speaking in Washington. "We are hearing increasingly troubling reports out of Afghanistan, and we will be searching for accurate information about the true state of affairs both militarily and politically."

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The comments by Gates and Pace came at a hearing on the Bush administration's revised Iraq policy.

The Armed Services panel includes several senators — Joe Lieberman (I-Conn.), Lindsey Graham (R-S.C.) and John McCain (R-Ariz.) — who have been outspoken supporters of a troop buildup.

McCain said those who want to begin withdrawing troops "have a responsibility to tell us what they believe are the consequences of withdrawal in Iraq. If we walk away from Iraq, we'll be back, possibly in the context of a wider war in the world's most volatile region."

Still, Democrats voiced skepticism about the administration's new strategy. The new committee chairman, Sen. Carl Levin (D-Mich.), advocates a timetable for troop withdrawals and opposes the new plan.

"The reality behind the president's new rhetoric is that the open-ended commitment continues," Levin said.

Gates said he thought that Bush, who "has a longer view," at times had to make decisions that didn't "have broad support of the American people."

In Afghan Valley, A Peaceful War (WP)

By Pamela Constable

The Washington Post, January 13, 2007

SURJAI, Afghanistan -- Inside a green tent pitched on an ice-crusted field and guarded by armed troops, a young boy winced in pain Wednesday as a military doctor slowly injected medicine into his nose and cheek, red and swollen from the parasitic disease leishmaniasis.

Nearby, soldiers tossed sacks of rice, beans, tea and sugar into wheelbarrows pushed by local villagers. At a third spot, cargo trucks piled with firewood and tin stoves were surrounded by excited, shoving crowds until a local mullah carrying a list of names restored order.

"Andiamo!" -- Let's go! -- called a rifleman near the food supplies, beckoning to the next family in line.

Col. Antonio Maggi, who commanded the day-long operation by Italian troops in the snow-coated Mushai Valley, strode watchfully among the tents and trucks. He often stopped to chat with local elders, an interpreter at his side.

To Maggi, who heads NATO's 2,000-member Italian military contingent in Afghanistan, the day's humanitarian mission was a small piece of a long-term, strategic plan to win the support and collaboration of the valley's 20,000 inhabitants for the Afghan central government and the international troops who support it.

Like most of the 26 foreign military contingents that comprise the 20,000 NATO troops stationed in Afghanistan, the Italians have been banned by their government from conducting combat missions, except for 72-hour emergency sorties to aid other NATO forces.

Only British, Canadian and Dutch combat troops operate in the four southern provinces where clashes with Taliban insurgents are constant and dozens of foreign soldiers have died. A separately commanded mission of about 20,000 U.S. troops is based in eastern Afghanistan, conducting combat and aid operations.

But officials say the work of troops from Italy, Turkey, France and other nations, which are bringing security, training, aid and development to impoverished and potentially hostile areas of central and northern Afghanistan, can be more effective than military raids, which can invade homes, create casualties and alienate communities.

"This valley is important because there have been problems with security in the past," Maggi said. "Now we are present, listening to the people's problems, meeting with the leaders, bringing assistance, doing joint patrols with the police. Our message to everyone is that there can be no reconstruction in the valley without security."

Lying about an hour's drive south of Kabul, the capital, the Mushai Valley has a history of strategic importance in Afghanistan's succession of conflicts. Militia commander Gulbuddin Hekmatyar, who with U.S. backing fought Soviet troops during the 1980s, maintained his stronghold near here. Later, he turned against the Western powers and is today a renegade insurgent leader.

During the years of Taliban rule, from 1996 to 2001, some foreign Arab militia groups lived in compounds nearby.

The largely unprotected valley is just across a low ridge of mountains from the border with Pakistan. NATO and Afghan officials say insurgent fighters from the revived Taliban militia receive training and weapons there and then infiltrate Afghanistan to launch attacks.

One of Maggi's principal roles, since the Mushai operation began in October, has been to help recruit, equip and train local police. The Italians have provided them with pickup trucks, radios, boots and wool winter uniforms. They are also building a brick police and administrative headquarters to replace the rudimentary hillside compound that is now the government's only structure in the district.

"Things have changed a lot since the colonel came," said the Mushai police chief, Commander Arif. "We are in an open area where people can come across from Pakistan, and we had no checkpoints before. Now we have three new checkpoints,

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joint patrols and 112 police officers getting trained. The people are collaborating 100 percent, so the insurgents cannot do their work."

The skill level of the police is still low, and Wednesday's giveaway program was briefly marred when an argument broke out around a truck laden with firewood. One inexperienced policeman hit a man with his rifle, bloodying his nose and angering the crowd.

But in general, the welcome received here by Maggi's forces, who attend regular meetings with local leaders, has stood in sharp contrast to the angry resentment aroused last fall when U.S. combat forces staged a raid looking for Taliban and al-Qaeda insurgents. Residents said the troops entered houses at night, herded women and children outside in the rain and shot one civilian dead.

"They did many wrong things, and the people were unhappy," said Maulvi Shirin Agha, a senior cleric in the valley, who helped organize the aid distribution this week. "They were looking for al-Qaeda, but there has been no al-Qaeda here for the last five years. The Italians behave very well with the people, and everyone likes them," he said. "The Taliban can only dream of coming back."

Aside from the improved security, leaders in the Mushai Valley said they were most grateful to the Italians for providing free medical aid. The area has no clinics, and families said that when they take sick children to hospitals in Kabul, they are turned away or given inadequate treatment.

On Wednesday, parents lined up all day outside the tent clinic where Lidia Sarntaro, a doctor and Italian army lieutenant, treated their children for coughs, headaches, rashes and more serious ailments. Twice she administered a local anesthetic and removed shrapnel fragments from a child's arm, bending over a metal cot with a scalpel and gauze to stanch the bleeding.

Lala Gul brought in his son Akmal, 7, who was left with a fragment in his arm last year when a shell he and another boy were handling exploded.

Gul worriedly watched the boy's frightened face while Sarntaro stitched up his arm. The second boy waited outside.

"I took them to the city, but nobody helped us. All the doctors asked us for too much money," said Gul, a farm laborer with eight children. He said he was taking home a bundle of food supplies, though he did not fully understand who had donated them. "The elders told us to come here today to get help," he said. "It is free, so I am happy."

Pakistan Says It's Not A Terrorist Haven; Asks U.S. For Intelligence On Al-Qaeda (AP)

AP, January 12, 2007

ISLAMABAD, Pakistan (AP) — Pakistan on Friday rejected allegations by America's spy chief that it is a refuge for terrorist leaders and demanded that his intelligence networks share information on the whereabouts of Osama bin Laden and other top al-Qaeda figures.

The statements Thursday by U.S. National Intelligence Director John Negroponte that Pakistan is a haven for al-Qaeda and Taliban terrorists are "incorrect," Pakistan's Foreign Ministry said.

"In breaking the back of al-Qaeda, Pakistan has done more than any other country in the world," ministry spokeswoman Tasnim Aslam said. "The proper way to do this would be to share the intelligence with us."

Negroponte said that despite Pakistan's vital role in the war on terrorism, leaders of both al-Qaeda and Afghanistan's former ruling Taliban militia are sheltering in its lawless frontier areas, largely beyond reach of U.S. or Pakistani fighters.

NATO and the Afghan government also say Taliban and al-Qaeda guerrillas are launching attacks on their forces in Afghanistan from neighboring Pakistan. Violence rose sharply in Afghanistan in 2006, with fighting killing about 4,000 people in what was the deadliest year since the U.S.-led coalition swept the Taliban from power in 2001.

In his testimony before the Senate Intelligence Committee, Negroponte said that "eliminating the safe haven that the Taliban and other extremists have found in Pakistan's tribal areas is not sufficient to end the insurgency in Afghanistan, but it is necessary."

U.S. officials have previously said they believe bin Laden and other top terrorist commanders are taking refuge in the region, likely on the Pakistani side of the border. Pakistan has repeatedly rejected such claims.

Interior Minister Aftab Khan Sherpao, the top civilian security official in Pakistan, told The Associated Press that the U.S. intelligence agencies had not shared any "specific intelligence with Pakistan on the whereabouts of al-Qaeda or the Taliban."

"We always act swiftly whenever any intelligence is shared with us. There are no al-Qaeda safe havens in Pakistan," he said.

But in a sign that insurgents are crossing from Pakistan to fight in Afghanistan, the bodies of 25 militants killed in a fierce battle with NATO were repatriated Friday to their tribal villages in Pakistan, where Taliban activists urged mass attendance at their funerals, residents said.

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NATO on Thursday reported killing or wounding 130 suspected Taliban who had crossed from Pakistan to mount attacks in eastern Afghanistan. Pakistan's army also said it attacked militant supply trucks on its side of the border in Pakistan's tense North Waziristan region.

Aslam acknowledged that "there may be al-Qaeda elements" in Pakistan. But she said their presence was just like "in the Middle East or other world countries."

Visiting U.S. Assistant Secretary of State Richard Boucher paid tribute to Pakistan's counterterrorism efforts and said more action was needed on both sides of the border.

"There continues to be a high rate of cross-border activity," he told reporters after meeting with President Gen. Pervez Musharraf. "I'm not just saying Pakistan hasn't succeeded yet, but we have not succeeded yet ourselves in Afghanistan. There's more effort required of all of us."

Pakistan became a U.S. ally in the war against terrorism after it severed support for the Taliban militia in the wake of the Sept. 11, 2001, attacks.

Insurgents Killed In Afghan Fighting Reportedly Are Sent Back To Pakistan (WP)

By Pamela Constable

The Washington Post, January 13, 2007

KABUL, Jan. 12 -- The bodies of two dozen Islamic insurgents killed in a clash with NATO and Afghan army forces near the border with Pakistan were sent back Friday to Pakistan, where Taliban leaders asked that they be given funerals as "martyrs," according to news reports here.

The reports appeared to bolster Afghan and U.S. assertions, repeatedly denied by Pakistani officials, that Pakistan's tribal regions along the border with Afghanistan have provided a haven for Islamic militia groups seeking to destabilize the Western-backed government of Afghanistan.

The funeral preparations were reported to take place in villages in Pakistan's North Waziristan region, where Pakistani officials brokered a truce in September that they said was aimed at curbing Islamic extremist activities in the area. Afghan and NATO officials have said cross-border insurgent infiltration has actually increased since then.

Also Friday, Afghan police reported that a suicide bomber rammed a vehicle into two others on a highway south of Kabul. The two-vehicle convoy was carrying foreign police advisers, according to Associated Press reports. One adviser and an Afghan civilian were injured, the news agency reported.

In Washington, the U.S. national intelligence director, John D. Negroponte, said at a Senate hearing Thursday that Pakistani tribal areas were functioning as a haven for terrorists and that Pakistani officials needed to do more to control them.

In response, officials from Pakistan's Foreign and Interior ministries denied their country was offering shelter to extremists. A Pakistani military spokesman said that the country's army forces had fired on trucks carrying Islamic insurgents toward the Afghan border and that Pakistan was "keen to stop" such cross-border infiltration.

The bodies of fighters sent back to Pakistan included both Pakistanis and Afghans, according to news reports. They were said to be casualties of a major clash Wednesday between NATO and Afghan troops and Islamic insurgents in Afghanistan's Paktika province. NATO said 150 insurgents had been killed, while Afghan officers put the figure at 80.

Pentagon Sees Move In Somalia As Blueprint (NYT)

By Mark Mazzetti

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Military operations in Somalia by American commandos, and the use of the Ethiopian Army as a surrogate force to root out operatives for Al Qaeda in the country, are a blueprint that Pentagon strategists say they hope to use more frequently in counterterrorism missions around the globe.

Military officials said the strike by an American gunship on terrorism suspects in southern Somalia on Sunday showed that even with the departure of Donald H. Rumsfeld from the Pentagon, Special Operations troops intended to take advantage of the directive given to them by Mr. Rumsfeld in the weeks after the Sept. 11 attacks.

American officials said the recent military operations have been carried by the Pentagon's Joint Special Operations Command, which directs the military's most secretive and elite units, like the Army's Delta Force.

The Pentagon established a desolate outpost in the Horn of Africa nation of Djibouti in 2002 in part to serve as a hub for Special Operations missions to capture or kill senior Qaeda leaders in the region.

Few such "high value" targets have materialized, and the Pentagon has gradually relocated members of the covert Special Operations units to more urgent missions in Iraq and Afghanistan.

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But officials in Washington said this week that the joint command had quietly been returning troops and weaponry to the region in recent weeks in anticipation of a mission against members of a Qaeda cell believed to be hiding in Somalia.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told members of Congress on Friday that the strike in Somalia was executed under the Pentagon's authority to hunt and kill terrorism suspects around the globe, a power the White House gave it shortly after the Sept. 11 attacks.

It was this authority that Mr. Rumsfeld used to order commanders to develop plans for using American Special Operations troops for missions within countries that had not been declared war zones.

But since the retreat of the Taliban in 2001, when American Special Forces worked with Afghan militias, Mr. Rumsfeld's ambitious agenda for Special Operations troops has been slow to materialize.

The problem has partly been a shortage of valuable intelligence on the whereabouts of top terrorism suspects. Mr. Rumsfeld also dispatched teams of Special Operations forces to work in American embassies to collect intelligence and to develop war plans for future operations.

Pentagon officials said it is still not known whether any senior Qaeda suspects or their allies were killed in the airstrike on Sunday, carried out by an AC-130 gunship. A small team of American Special Operations troops has been to the scene of the airstrike, in a remote stretch near the Kenya border, to collect forensic evidence in the effort to identify the victims.

Some critics of the Pentagon's aggressive use of Special Operations troops, including some Democratic members of Congress, have argued that using American forces outside of declared combat zones gives the Pentagon too much authority in sovereign nations and blurs the lines between soldiers and spies.

The State Department and Pentagon took control of Somalia policy in the summer, after a failed effort by the Central Intelligence Agency to use Somali warlords as proxies to hunt down the Qaeda suspects.

The trail of the terrorism suspects in Somalia, blamed for the 1998 embassy bombings in Kenya and Tanzania, had long gone cold. But American military and intelligence officials said that the Ethiopian offensive against the Islamist forces who ruled Mogadishu and much of Somalia until last month flushed the Qaeda suspects from their hide-outs and gave American intelligence operatives fresh information about their whereabouts.

The Bush administration has all but officially endorsed the Ethiopian offensive, and Washington officials have said that Ethiopia's move into Somalia was a response to "aggression" by the Islamists in Mogadishu.

In the weeks before the military campaign began, State Department and Pentagon officials said that they had some concerns about the impending Ethiopian government's offensive in Somalia.

But as the Ethiopian's march toward war looked more likely, Americans began providing Ethiopian troops with up-to-date intelligence on the military positions of the Islamist fighters in Somalia, Pentagon and counterterrorism officials said.

According to a Pentagon consultant with knowledge about Special Operations, small teams of American advisers crossed the border into Somalia with the advancing Ethiopian army.

"You're not talking lots of guys," the Pentagon consultant said, speaking on condition of anonymity. "You're talking onesies and twosies."

As Somalia's Leaders Meet, 8 Militiamen Die In Gunfight (NYT)

By Jeffrey Gettleman

The New York Times, January 13, 2007

MOGADISHU, Somalia, Jan. 12 — More violence erupted Friday in Mogadishu, Somalia's bullet-pocked capital, and this time it was literally at the doorstep of the newly arrived government.

According to witnesses, presidential guards killed at least eight men of a rival militia at the gates of the presidential palace as top leaders were sitting inside discussing a new disarmament program.

The bloodshed seemed to be more evidence of a steady breakdown of law and order in Mogadishu, and plunged the disarmament plans into uncertainty.

The fight apparently started over where to park a technical, the term coined in Somalia for a heavily armed pickup truck. Militiamen of Mohammed Qanyare Afrah, one of Mogadishu's more powerful warlords, insisted on parking their truck inside the presidential palace, but the guards said no.

The two sides starting arguing and young men with big guns crowded around. Someone shot first and each side blamed the other. That set off an intense barrage with bullets flying, windows shattering and women selling mangoes outside the palace gates scrambling for cover.

"They just opened up on us," said Abdi Hassan Ahmed, a guard for Mr. Qanyare.

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Mr. Ahmed, 22, lay in a hospital bed on Friday afternoon with a bullet hole in his thigh. Next to him was another young guard, totally unresponsive, his eyes wide open and his head in a gauze cocoon. He had been shot through the brain, doctors said.

Abdirizak Adam Hassan, chief of staff for the transitional president, Abdullahi Yusuf Ahmed, said Mr. Qanyare's militia might have been upset about the prospects of being disarmed.

"They got restless and started shooting," he said. "So we answered fire with fire."

Mr. Hassan said he still considered the meeting a success, despite the fact that eight young men lay dead outside, because several of Mogadishu's top warlords, each of whom command well-armed militias, told President Yusuf that they agreed, in principle, to surrender their weapons and help form a national army.

Still, no firm details have been worked out for weapons collection and no timetable has been set. The warlords and government officials said they would appoint representatives to study the issue further.

Such promises hardly excite most residents. Several times already, Mogadishu's warlords and clan elders have pledged to hand over their weapons, but so far very few have done so.

The streets here still bristle with a staggering amount of military-grade firepower. It is not uncommon to see a high-powered antiaircraft gun in the hands of a teenager wearing a T-shirt, jeans and flip-flops. Boys as young as 12 bounce around the back of the armed trucks, providing an adolescent army for the city's various powers: the warlords, clan elders, religious leaders and businessmen.

Collecting weapons has been the top priority for the transitional government since it arrived in the capital two weeks ago. With the help of the Ethiopian military, the transitional government swiftly defeated Somalia's Islamist forces, which until last month controlled a good chunk of the country.

Ethiopian soldiers are still battling the last remnants of the Islamist forces in a remote corner of southern Somalia. Earlier this week, American military forces joined in, dropping bombs on the fleeing Islamists, who American officials said were sheltering terrorists from Al Qaeda.

The Islamists have vowed to carry on as an underground army and overthrow the transitional government, which is Somalia's first politically viable central government since 1991, when the dictator Gen. Mohammed Siad Barre fled the country and let loose 15 years of clan-versus-clan warfare.

As events on Friday showed, those days may not be over. Mr. Yusuf is from the powerful Darod clan and Mr. Qanyare is from the powerful Hawiye clan.

Despite the talk of reconciliation, many Somalis, especially members of the Hawiye clan, fear that the transitional government will selectively disarm certain clans while allowing others to keep their guns.

"We fear not just for ourselves," said Mohammed Uluso, chairman of the political leadership council for the Ayr, a branch of the Hawiye clan tree. "We fear for all of Somalia."

Islamists Lose Last Bastion (WT/AP)

By Mohamed Olad Hassan

The Washington Times, January 13, 2007

MOGADISHU, Somalia -- Ethiopian-backed government forces have captured the last stronghold of the Islamist movement in southern Somalia, the Somali defense minister said yesterday just hours after warlords met with the president and promised to enlist their militiamen in the army.

The southern town of Ras Kamboni fell after five days of heavy fighting, Defense Minister Col. Barre Aden Shire said.

He said government troops backed by Ethiopian forces and MiG fighter aircraft chased fleeing Islamists into nearby forests and that the fighting would continue. He did not give casualty figures.

Ras Kamboni is in a rugged coastal area a few miles from the Kenyan border. It is not far from the site of a U.S. air strike Monday on suspected al Qaeda terrorists -- the first U.S. offensive in Somalia since 18 American soldiers were killed here in 1993.

The report of the town's fall came after Somalia's warlords met with President Abdullahi Yusuf in the capital of Mogadishu and pledged to disarm their militias, a major step toward bringing calm to this city after years of chaos.

The meeting sought to establish enough security in the capital so international peacekeepers cancome in to protect the government until it can establish an effective police force and army.

Outside the peace talks, however, a fight over where to park an armored car left at least six persons dead and 10 wounded. Clan gunmen fired a rocket-propelled grenade and briefly exchanged gunfire with government troops during the dispute.

Nevertheless, government officials said the meeting between Mr. Yusuf and three top warlords was successful.

"The warlords and the government have agreed to collaborate for the restoration of peace in Somalia," said government spokesman Abdirahman Dinari.

One of Somalia's most powerful warlords, Mohamed Qanyare Afrah, said after the meeting the clans were "fed up" with guns and ready to cooperate.

But another warlord issued a warning to the government.

"If the government is ready to reconcile its people and chooses the right leadership, I hope there is no need to revolt against it," said Muse Sudi Yalahow, whose fighters control northern Mogadishu. "If they fail and lose the confidence of the people, I think they would be called new warlords."

The government was only able to enter Mogadishu after Ethiopian troops routed an Islamic movement that had controlled most of southern Somalia for the past six months. Now it must deal with clan divisions that have spoiled the 13 attempts to form an effective government since the last one collapsed in 1991.

The United States, United Nations and the African Union all want to deploy peacekeepers to stop Somalia from returning to clan-based violence and anarchy. But so far no African governments have responded to the call for an 8,000-strong peacekeeping force for the country, although Uganda has indicated it is willing to send 1,500 peacekeepers as part of a wider mission.

DOJ:

Lam Stays Silent About Losing Job (SDUT)

By Kelly Thornton And Onell R. Soto, Staff Writers

The San Diego Union-Tribune, January 13, 2007

Law enforcement defends her record

Amid news reports that she has been asked to step down, U.S. Attorney Carol Lam declined repeated interview requests yesterday and did not address the matter with her staff.

At a weekly managers meeting, Lam was stoic, conducting business as usual and discussing next week's caseload, according to people who attended. She made no mention of a resignation request by the Bush administration, nor did anyone ask about it.

However, she did discuss the matter with at least one law enforcement colleague. Dan Dzwilewski, head of the FBI office in San Diego, said he spoke to Lam several times yesterday and he feels the criticism and the way the situation was handled are unfair.

“I don't think it's the right way to treat anybody. What's the decision based on?” Dzwilewski said. “I don't share the view of whoever's making the decision back there in Washington that they'd like her to resign. I feel Carol has an excellent reputation and has done an excellent job given her limited resources.”

Dzwilewski said he sympathized with Lam on issues of stretching budgets to meet priorities and felt that criticism that she wasn't giving proper attention to smuggling, drugs and gun crimes was off-base. “What do you expect her to do? Let corruption exist?” he said.

Lam's continued employment as U.S. attorney is crucial to the success of multiple ongoing investigations, the FBI chief said.

As for the reason for any pressure to resign, Dzwilewski said: “I can't speak for what's behind all that, what's the driving force behind this or the rationale. I guarantee politics is involved.”

Dzwilewski declined to discuss Lam's demeanor during their conversations, her state of mind, when or if she will resign or her future plans.

“It will be a huge loss from my perspective,” Dzwilewski said. “What she's going to do, my guess is she's still trying to figure that out herself.”

Other members of the law enforcement community also defended Lam.

“She's been by far the most outstanding U.S. attorney we've ever had,” City Attorney Michael Aguirre said. “By far, she's done more to clean up the corruption in this city than anyone else, and she has won a national reputation as one of the top prosecutors in the country.

Sources have told The San Diego Union-Tribune that Lam was asked to step down because she failed to make smuggling and gun cases a priority, choosing instead to focus on fewer cases that she considered more significant, such as public corruption and white-collar crime.

Some lawyers theorized yesterday that it wasn't just misplaced priorities that led to her impending ouster. The Randy "Duke" Cunningham case has spawned other corruption probes of Republicans in Washington, leading to conjecture that politics played a part in the decision to force her out.

However, Johnny Sutton, the U.S. attorney in San Antonio, Texas, said everybody in the position knows it's not a permanent job.

"We go when the president goes and sometimes before," he said.

Some lawyers said that shifting resources to cases she considered more important was not enough to bring about her firing. What mattered, they said, was her track record.

The Cunningham corruption case, which grew from an article in the Union-Tribune, was a high-profile success. But she has also stumbled. For instance, the corruption prosecution of political consultant Larry Remer was bargained down to a misdemeanor after a hung jury.

And although Lam's office achieved corruption convictions of then-San Diego City Councilmen Ralph Inzunza and Michael Zucchet, U.S. District Judge Jeffrey T. Miller acquitted Zucchet of most charges and granted a new trial on the remaining two counts.

Lam spent almost a year personally prosecuting a national hospital chain that she said used complex agreements to pay off local doctors in return for referrals. That case ended in a second mistrial. The chain eventually agreed to a civil settlement.

And U.S. District Judge Roger T. Benitez has raised concerns about whether the case against five former San Diego city pension officials should proceed.

Still, corruption and white-collar cases are notoriously hard to prosecute, and some lawyers applauded Lam for making the effort.

If Lam refuses to resign, she could be fired by the president, as former U.S. Attorney William Kennedy was in 1982. Justice Department officials asked for his resignation after he confirmed to The San Diego Union that the CIA interfered in favor of a suspect in a car-theft ring.

He would not resign, and President Reagan fired him. Kennedy is now a Superior Court judge.

Former U.S. Attorney Peter Nuñez wasn't surprised by Lam's silence.

"What else can she do at this point?" he asked. "She's not going to have a press conference. . . . I'm sure this is not one of the better days of her life. She's been publicly humiliated by her bosses."

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Legal Community Stunned By Lam Report (NCT)

By TERI FIGUEROA And WILLIAM FINN BENNETT, Staff Writers

North County (CA) Times, January 13, 2007

Speculation that the Bush administration allegedly has asked San Diego-based U.S. Attorney Carol Lam, the region's chief federal prosecutor, to step down was met with disbelief and dropped jaws by legal community members with ties to federal court.

"I was in a state of shock," said Peter Nunez, who served as the U.S. attorney in charge of the San Diego offices from 1982 to 1988. "It's just like nothing I've ever seen before in 35-plus years. To be asked to resign and to be publicly humiliated by leaking this to the press is beyond any bounds of decency and behavior. It shocks me. It really is outrageous."

Nunez and others said they had not even heard rumblings that Lam was in the cross hairs for possible removal.

Lam's spokeswoman Friday declined to address the rumor.

"We have no comment," Debra Hartman, spokeswoman for the U.S. attorney's office, wrote in an e-mail to the North County Times.

A spokesman for the attorney general's office in Washington, D.C., declined to comment Friday.

The North County Times could not independently confirm a published report in The San Diego Union-Tribune that Lam had been asked to resign.

Lam may not be the only U.S. attorney politely being asked to pack her bags.

In a Thursday news release, U.S. Sen. Dianne Feinstein announced that she and two other senators were introducing legislation that would prevent the executive branch from trying to do an end run on the Senate's prerogative of confirming U.S. attorneys.

According to the newspaper report, which appeared Friday and cited unnamed sources, Lam was targeted for not making the prosecution of smuggling and gun cases a top priority.

Nunez said the question he has is, "Why?"

"What sin has she committed that justifies asking her to submit her resignation and publicly humiliating her in the process?" Nunez said. "If the reasons are anything close to the newspaper reports, that's crazy, especially when this administration is so weak on immigration."

Lam's office has made white-collar crime a priority, and has taken on a number of high-profile cases ---- among them the successful prosecution of then-Congressman Randy "Duke" Cunningham on charges of bribery and tax evasion ---- since her 2002 appointment by the Bush administration.

Other cases that came during her tenure included December's criminal convictions of the chiefs of Golden State Fence Co. for hiring illegal immigrants, and the potential death penalty case for the long-sought and recently nabbed Francisco Javier Arrellano-Felix, the alleged head of a Mexican drug cartel.

Lam is a former San Diego Superior Court judge who at one time presided over criminal trials at the courthouse in Vista. Nunez, who said he hired Lam as an assistant U.S. attorney about 20 years ago, called her a "bright, hardworking, conscientious, diligent person."

Also surprised by the report was Charles La Bella, who served a stint as the interim U.S. attorney in 1998. La Bella said Friday that he found the resignation request, if it is true, to be "unusual."

"In my years with the department, I never saw anything like this," La Bella said.

It's difficult to say whether Lam's case priorities might have been a factor, he said.

"The only people who know are in Washington," La Bella said.

Escondido-based defense attorney Mark Chambers, who handles a lot of cases in federal court, said there was a "change of emphasis" when Lam took over.

"There appeared to be a drop-off in the prosecutions of what we call 'border busts,' people arrested for bringing drugs across the border," Chambers said. "There were major increases in large conspiracy cases that involved a great deal of resources to prosecute and investigate. She went after the big fish."

Chambers said he, too, was surprised by the rumor.

"I'm at a loss to determine the reason. It doesn't make sense to me. I think the U.S. attorney's responsibility is to prosecute high-profile, complicated cases, and I think she was doing that."

As a defense attorney, Chambers said, he often feels that the people who are prosecuted are at the "extreme low end of the pole, and some prosecutorial discretion should have been applied."

"Since she took over the office, I haven't felt that," Chambers said. "The people who were getting prosecuted were clearly high profile, high culpability."

La Bella and Nunez said that while politics can play a role in the appointment of each of the nearly eight dozen U.S. attorneys, once a person steps into the job, politics fall by the wayside.

U.S. attorneys serve by the appointment of, and at the pleasure of, the president, and are subject to confirmation by the U.S. Senate. It is common for an incoming president to appoint new people to the 94 positions.

Nunez, reached by his cell phone Friday, said it is "extremely rare" for an administration to ask one of its own appointees to step down.

"The only time this happens is when there has been an allegation of misconduct," Nunez said. "That doesn't mean the president doesn't have the authority to do this. If he wants to, he can fire them. There's nothing wrong with that ---- but if you are going to fire them, you better have a good reason."

Feinstein and the other senators used strong words in the news release describing their proposed legislation.

"It has come to our attention that the Bush Administration is pushing out U.S. Attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation," Feinstein wrote.

And in a Tuesday letter to U.S. Attorney General Alberto Gonzales, Feinstein also hinted at her suspicions that something might be afoot. While she did not refer specifically to Lam, Feinstein wrote that the Department of Justice had asked "several" U.S. attorneys to step down by the end of the month, "without cause."

"We ... understand the intention is to have your office appoint interim replacements and potentially avoid the Senate confirmation process altogether," she wrote.

A little-known provision in the Patriot Act reauthorization last year changed existing law so that if a vacancy occurs, the attorney general can appoint a replacement for an indefinite period of time.

A spokesman for Feinstein said Friday that he would have no comment beyond the statements that the senator made in her letter.

Brian Roehrkasse, a spokesman for the attorney general's office, said by phone Friday that Gonzales is certainly not trying to avoid the Senate confirmation process. There are 93 U.S. attorneys in the country, he said, and at any given time, "a number of them are coming and going."

"In every case, it is the goal of this administration to have a U.S. attorney that is confirmed by the Senate," he said.

For years, U.S. Rep. Darrell Issa has criticized Lam for not doing enough to prosecute smugglers of illegal immigrants. In an October 2005 letter to Attorney General Gonzales, Issa blasted Lam's office for failing to prosecute two cases of smugglers who were repeat offenders.

"This lax prosecutorial standard virtually guarantees that both of these individuals will be arrested on U.S. soil in the future for committing further serious crimes," Issa wrote.

Lam had complained that her office simply lacked the funding to pursue many smuggling cases.

On Friday, Issa spokesman Frederick Hill said that Issa would have no comment on the matter without confirmation that Lam had in fact been asked to step down.

The president of the National Patrol Council, which represents rank-and-file U.S. Border Patrol agents, said Friday that he wishes Lam well and said he hopes that whomever follows her in the job is willing to do whatever is necessary to prosecute immigration smuggling cases.

President T.J. Bonner said that because Lam was so picky about what she was willing to pursue "that it was nearly impossible to prosecute cases in San Diego."

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Was Asked To Quit, U.S. Attorney Says (ADG)

By Linda Satter

Arkansas Democrat-Gazette, January 13, 2007

A day after three U. S. senators, including Arkansas ' Mark Pryor, proposed legislation to prevent indefinite interim appointments of U. S. attorneys, Bud Cummins acknowledged that the U. S. Justice Department asked him in June to leave his post to make room for a successor. Cummins, 47, the U. S. attorney for the Eastern District of Arkansas from Dec. 21, 2001 until Dec. 20, 2006, had previously avoided directly answering whether he was “forced out,” as rumor had it. He instead said in late August that he had always known his political appointment was temporary and that he had informally “let it be known” over the previous year that he expected to leave before President Bush’s second term ended in late 2008.

When contacted on Friday, Cummins said that while all that was true, he wanted to clarify the situation because the proposed legislation had focused a new wave of attention on his and other U. S. attorneys’ recent departures, reportedly at the administration’s request.

In a news release issued jointly Thursday by Pryor, Sen. Dianne Feinstein, D-Calif., and Sen. Patrick Leahy, D-Vt., Feinstein said, “It has come to our attention that the Bush Administration is pushing out U. S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation.... We don’t know how many U. S. Attorneys have been asked to resign — it could be two, it could be ten, it could be more. No one knows.”

On Friday, the San Diego Union-Tribune reported that according to a law enforcement official, the Bush administration had quietly asked San Diego U. S. Attorney Carol Lam, a 2002 Bush appointee, to resign. The newspaper also quoted New Mexico U. S. Attorney David Iglesias as saying, “I was asked to resign. I asked [why] and wasn’t given any answers.”

Pryor had publicly complained in late December, when the department announced that attorney Tim Griffin would take over Cummins ' job in a matter of days, that the administration was trying to circumvent the normal nomination process to reward a political insider, without the normal checks and balances.

Griffin, who had a reputation as an aggressive Republican campaign researcher, had previously worked under Karl Rove, Bush’s main political adviser and deputy chief of staff. Pryor’s spokesman, Michael Teague, said Friday that the senator understands that such appointments are political, “which is fine — but they should go through the confirmation process.”

U. S. attorneys are usually nominated by the president and then confirmed by the Senate. But a provision added in last year’s reauthorization of the USAPATRIOT Act allows the U. S. attorney general to appoint interim U. S. attorneys for indefinite terms, when vacancies arise, without going through the confirmation process.

Teague noted Friday that the provision was intended to aid the country in times of crisis — such as after the Sept. 11 terrorist acts — but has been stretched beyond that intent.

Both Pryor and Feinstein voted for the USAPATRIOT Act’s reauthorization. Leahy did not.

The proposed legislation aims to restore the law to its previous wording that puts district courts in charge of filling interim vacancies and puts a 120-day limit on the temporary appointments.

Cummins reiterated on Friday that the request that he step down was “entirely within the prerogative of the White House.”

“The only reason I haven’t specifically responded before was I thought it was going to be a short-term issue and I didn’t want it to be misconstrued, but at this point I’m feeling I am being deceptive” in not answering fully, he added.

Much like Cummins, Iglesias said he was "OK with" being asked to leave, noting that chief federal prosecutors serve at the pleasure of the president. But Lam, unlike Cummins, reportedly was asked to leave because of the way she performed her job — specifically, for failing to make smuggling and gun cases a top priority.

Lam had been criticized by members of Congress and the Border Patrol for failing to prosecute certain cases. But Cummins' performance has been routinely praised in the Arkansas legal community and by Pyror and Sen. Blanche Lincoln, DArk.

Cummins said Friday that he asked if his job performance was a problem when he got a call in June from the director of the Executive Office of U. S. Attorneys in Washington telling him to be prepared to resign when his successor was ready.

"He assured me it was exactly the contrary," Cummins said. "He said it was not about me but about their desire to give someone else the opportunity to have the appointment."

Cummins added, "I didn't know who they were going to appoint, and it didn't matter to me. I wasn't offended. I had no problem with it then and I have no problem with it now."

He acknowledged, however, that if not for that telephone call, "I might have stayed another year or two. But I always knew, because of the nature of this job, I couldn't stay in it forever."

Brian Roehrkasse, a spokesman for the Justice Department, said Friday that there have been 11 U. S. attorney vacancies across the country since March 9. He said that in five of those cases, including the one created by Cummins ' departure, the department filled the vacancy with someone from within the U. S. Attorney's office other than the first assistant. Griffin had been working in the office for several months as an assistant prosecutor.

Roehrkasse said that in another five cases, the first assistant was appointed to the interim position. Cummins' first assistant, Jane Duke, had just taken maternity leave.

In one case, Roehrkasse said, the first assistant resigned at the same time as the chief prosecutor, and an interim was appointed from outside the office.

The spokesman also said that four of the 11 went through the normal nomination process, "and we are interviewing for the other seven positions," which would include the position now occupied by Griffin.

Teague has complained that since Griffin is the White House's only choice to replace Cummins — "There's no one else on their list" — he should immediately go through the nomination process.

Roehrkasse replied, "In every single case, it is the goal of this administration to have a U. S. attorney who is confirmed by the Senate. It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process."

Roehrkasse could not say when the nomination process might begin in Griffin's case.

Griffin, 38, reached Friday at a conference in South Carolina, declined to comment on the matter. Cummins, meanwhile, is considering whether his next job will be in private practice or unrelated to the law. He said that being asked to leave "doesn't change anything for me. I'm still appreciative of the president for giving me this job, and I don't have any hard feelings." He noted that out of 93 U. S. attorneys across the country who started at roughly the same time as he did, with a new Republican administration, "well over a third, and probably close to half, have moved on for one reason or another. So it is not uncommon to move on."

Editorial: Gonzales' Ploy (SDUT)

The San Diego Union-Tribune, January 13, 2007

Is cronyism behind bid to oust Lam?

U.S. Attorney Carol Lam is a tough-minded prosecutor who has won a string of high-profile convictions against corrupt public officials, including Rep. Randy "Duke" Cunningham and Councilmen Ralph Inzunza and Michael Zucchet. She is widely respected for her personal integrity and her commitment to curbing white-collar crime. Her aggressive prosecutions have sent a needed message that political corruption will not be tolerated in San Diego.

Why, then, is Attorney General Alberto Gonzales pressuring Lam behind the scenes to step down?

The answer to this question is far from clear, but it appears to be rooted in questionable political machinations in Washington and has nothing to do with Lam's impressive record on the job. A recent example that may shed light on Lam's dilemma is the firing of H.E. "Bud" Cummins from his job as U.S. attorney in Little Rock, Ark. He was replaced by a close associate of White House political adviser Karl Rove. Tellingly, the new appointee in Little Rock occupied the post without gaining Senate confirmation.

This was made possible by a revision last year in the controversial Patriot Act. The change allows the White House to appoint interim U.S. attorneys when a midterm vacancy occurs, and such appointees are not subject to Senate confirmation.

Sen. Dianne Feinstein, D-Calif., has accused the Justice Department of forcing out U.S. attorneys without cause “under the cloak of secrecy” and bypassing the Senate confirmation process.

The Bush administration's actions appear to be motivated by cronyism, a desire to reward the president's supporters with Justice Department posts. In Lam's case, certainly, there are no legitimate performance issues to justify stripping her of her position. Gonzales is set to testify next week before the Senate Judiciary Committee, on which Feinstein sits. We urge the senator to seize this opportunity to pull back the “cloak of secrecy” and reveal the truth about the attorney general's bid to remove Lam.

Prosecutor's Hurdles Include Money, Time (WP)

By Carol D. Leonnig, Washington Post Staff Writer

The Washington Post, January 13, 2007

The new U.S. attorney for Washington has a very plum title. But in the current circumstances, Jeffrey A. Taylor may find it hard to leave a major mark, and he's taking some fire before he truly gets moving.

Taylor, who was selected by the Justice Department in the fall to run the largest office of local federal prosecutors in the country, faces the dual challenges of worsening budget constraints and a likely two-year time limit on his tenure.

Then there are the external pressures. A former national security adviser to Attorney General Alberto R. Gonzales, Taylor is facing criticism that he lacks local know-how, having spent most of his career in San Diego, where he was an assistant U.S. attorney. And with Democrats now in control of Congress, Del. Eleanor Holmes Norton (D-D.C.) is pushing again for a bill to create the post of a locally elected prosecutor to pursue local crimes in the District.

Gonzales appointed Taylor to be interim U.S. attorney in September, replacing Kenneth L. Wainstein, who became assistant attorney general for national security . The president usually nominates U.S. attorneys for Senate confirmation but has often chosen to let the Justice Department make appointments for interim or short-term posts.

Personable and practical, Taylor acknowledged that it would be unwise for him to launch a series of new initiatives with less money, fewer people and such a short window to act. Still, he declared, "I wouldn't be interested in this job to just be a caretaker."

He took over an office with 30 vacancies among its 360 authorized slots for lawyers -- jobs that will not be filled in the budget crunch. Thirty of 350 support staff jobs are also unfilled and will remain vacant.

Taylor, 41, disputes water-cooler gossip that he's a place-holder until President Bush's term ends in two years. He said he'll focus on three top priorities of cases: violent crime, public corruption and national security.

But even that will be hard in the current budget climate.

"In a perfect world, we'd like more money," Taylor said. "We could keep another 100 prosecutors busy in this office. But that is not reality."

In addition, he's fighting the complaint that the administration's decision to appoint a West Coast prosecutor with important friends is a slight to D.C. concerns. Taylor came to Washington in 1999 and worked on Capitol Hill and at the Justice Department, where he made important political ties.

Unlike the system in other communities, the U.S. attorney's office in Washington serves as both the federal prosecutor, hunting terrorists and drug gangs, and the local district attorney, pursuing everything from street killings to simple assaults. In 2002, D.C. voters overwhelmingly passed a ballot measure favoring a locally elected prosecutor, but such a move would require the approval of Congress.

"The post is used as a patronage appointment to handle local District of Columbia matters," Norton said. Taylor's past experience, she said, "has next to nothing to do with the District of Columbia."

Norton said she sees a lack of sensitivity in the way U.S. attorneys under Bush have repeatedly sought the death penalty on federal charges in Washington, though polls show District voters oppose capital punishment. The U.S. attorney's office has taken two capital murder cases to trial in U.S. District Court during the Bush administration; in both, the defendants received life sentences with no chance of parole. Another case is about to get underway.

Taylor said he is properly sensitized to the concerns.

"No matter what I do, people are going to be unhappy that they don't have an elected district attorney," he said. "I understand that. The best I can hope for is they say, 'Hey, he wasn't my choice, but he's doing a good job.' "

Taylor vowed that local violent crimes prosecuted in D.C. Superior Court won't get short shrift to terrorism and conspiracy cases.

"Superior Court is incredibly important to people in the community," he said. "That's where we do the lion's share of our front-line work. We're going to make sure we have enough prosecutors to handle the homicides, rapes and other violent crimes there."

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Eric H. Holder Jr., a former U.S. attorney who later became second in charge at the Justice Department, said he thinks Taylor has a chance to make a difference if he picks two or three targets.

"I get the sense there's a human side of him that wants to do the right thing," said Holder, now in private practice. "If he makes contact with the right people, not just the mayor and council, and admits he doesn't know everything, I think he can be effective and have an impact. You can't come in saying, 'I'm going to do 10 or 15 things." You have to really focus."

Taylor has made an effort to reach out to Norton, the new mayor, Adrian M. Fenty (D), and new D.C. council members. He also has attended neighborhood meetings and points out that he has owned a house on Capitol Hill since 1999.

Taylor graduated from Stanford University in 1987 and Harvard Law School in 1991. He worked in private practice for a brief time. From 1995 to 1999, he specialized in prosecuting large drug trafficking networks while an assistant U.S. attorney in San Diego. From 1999 to 2001, he worked on a detail for the Senate Judiciary Committee, then returned to the San Diego U.S. attorney's office briefly.

In 2002, he returned to the District for good, as counselor to Attorney General John D. Ashcroft and then Gonzales, with a focus on national security and terrorism.

Taylor's wife, Marcia, has long worked for Democratic causes. She worked for the late senator Daniel Patrick Moynihan (N.Y.) and Sen. Joseph R. Biden Jr. (Del.) and now works for the Partnership for a Drug-Free America. They live with their dog on Capitol Hill, and Taylor said he would love to be a father someday.

Taylor's own father died when he was a child. His mother and grandfather raised him on a farm in Northern California, and he speaks lovingly and gratefully of them and his modest rural upbringing. Over Christmas, he celebrated the holidays with them out West.

Then he was back in Washington to make what his new colleagues call "the $100 decisions." His salary in Washington is capped at $142,000, and under the pay scale, his senior aides make $100 less a year. When they come to his desk for his approval on a tough call, Taylor said, they take the chance to rib him with the same line:

"This is why you get that extra $100."

Staff researcher Meg Smith contributed to this report.

CORPORATE SCANDALS:

Scrutiny For Loans By Allied Unit (NYT)

By Julie Creswell

The New York Times, January 13, 2007

Federal investigations into small-business loans issued by a unit of the Allied Capital Corporation are growing, as a former executive of the unit faces fraud charges in Michigan.

The former executive, Patrick J. Harrington, is accused of falsifying information on 76 loans with a value of nearly $77 million over six years, according to an indictment that was handed up on Wednesday by a federal grand jury in Michigan. Mr. Harrington has not entered a plea to the charges.

Federal investigators are now looking at loans issued by the unit, Business Loan Express, in other parts of the country, according to several people briefed on the investigation.

And the federal Small Business Administration — which typically guarantees 75 percent of the value of these small-business loans — is considering suspending the preferred lending status of Business Loan Express, pending the outcome of an investigation. That would mean that every loan Business Loan Express issues would have to be vetted by the agency, those people said.

The S.B.A. this week also suspended the unit's ability to sell the loans it issues to large institutional investors in the secondary market, which could affect the ability of Business Loan Express to make loans, those people said. The unit can still originate loans, but only if it intends to hold those loans on its own books, which is not something the firm has historically done.

There have been questions over lax controls and oversight at the Small Business Administration, and the latest investigations are likely to spur further scrutiny. In recent years, the S.B.A. has come under sharp criticism for its lack of oversight in special loans after the Sept. 11 attacks, which wound up being used by businesses in Texas and Iowa, and for its delayed response in providing disaster loans after Hurricane Katrina.

"The concern is that this situation is emblematic of a larger management problem at the S.B.A.," Kate L. Davis, a spokeswoman for Nydia M. Velázquez, Democrat of New York, the new chairwoman of the House Small Business Committee, said in a statement. "There are indications that this situation has been developing over the past few years."

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The House committee, which oversees the S.B.A.. has begun its own investigation of the loans in Michigan, and possibly in other states, she said.

"The committee will be investigating S.B.A.'s involvement and how the agency could have failed to detect this," she said.

The S.B.A. said in a statement, "We welcome the opportunity to work with the committee and share information about the steps we have taken and will take, and work with them to share ideas on how to further refine the process."

The S.B.A., which has paid out more than $28 million in claims for loans that originated from the Michigan office of Business Loan Express that later defaulted, has said it has the authority to recover any funds lost to fraud.

As part of the investigation, the S.B.A. plans to re-examine more than five years of loans issued by the Allied unit and could seek restitution if there are additional cases of fraud, according to people familiar with the investigation.

Lanny J. Davis, a Washington-based lawyer for Business Loan Express, said, "This is a good company, with good people, and I believe, in the final analysis, this will be borne out."

The broadening investigation and the indictment are blows to Allied, which in recent years has been battling with hedge funds that have contended, among other things, that the Business Loan Express unit was profiting through obtaining fraudulent loans. Since reports of the indictment appeared on Wednesday, Allied's stock has tumbled 7 percent.

Based in Washington, Allied is known for its strong ties with the capital's elite. One of its directors, for instance, is Marc F. Racicot, the former governor of Montana and the former chairman of the Republican National Committee.

Designated a "business development company," Allied invests in small- and midsize private companies that it also typically lends to. Business Loan Express, which constitutes about 6 percent of the assets of Allied, is the company's largest holding.

One of the most vocal critics of Allied's Business Loan Express unit has been David Einhorn, the founder and manager of Greenlight Capital, a hedge fund with more than $4 billion under management. Mr. Einhorn first publicly challenged aspects of Allied's accounting and business model at a charity dinner in the spring of 2002.

In letters to directors on Allied's board dating back to March 2005, Mr. Einhorn told Allied's directors that Allied and Business Loan Express were involved in a scheme "dependent on the commission of systematic fraud against the Small Business Administration and, as a result, against the taxpaying citizens of the United States."

"Allied has been aware of misconduct by Mr. Harrington for half a decade and it won't be hard to find many more similarly fraudulent loans in other parts of the country," Mr. Einhorn said.

In the summer of 2004, the Securities and Exchange Commission and the United States attorney's office in Washington began an investigation into Allied that focused on Business Loan Express, according to regulatory filings by Allied.

While those investigations continue, red flags were being raised about Business Loan Express loans inside the Small Business Administration about a year ago.

The S.B.A. works with more than 2,200 lenders — big and small — across the country to make loans to small businesses. Lenders who undergo an exhaustive examination of their internal controls, procedures and underwriting standards, and whose performance of their overall loan portfolio meets certain criteria can participate in the S.B.A.'s preferred lender program. Members of the program have virtually none of their loan applications examined by the S.B.A.'s district or regional offices. The S.B.A. does, however, conduct random audits of all loans it guarantees.

About a year ago the S.B.A., which gives its lenders an internal rating on a one-to-five scale, lowered Business Loan Express to the lowest rating that would allow it to remain in the preferred lending program, based on a rising level of late payments and defaults on loans it had made, according to people involved in the investigation.

One of Business Loan Express's branches that had a rising level of defaults was in Troy, Mich., which Mr. Harrington headed until it was closed on Aug. 1, 2006.

From early 2000 to July 2006, Mr. Harrington, working with a number of other people, qualified buyers for the S.B.A.-guaranteed loans by fraudulently misrepresenting the buyers' financial status, their work experience, as well as the value of the property, according to the indictment. Several Michigan residents were charged in criminal complaints as acting as borrowers in the scheme, according to court filings.

A lawyer for Mr. Harrington questioned the value of the loans federal prosecutors contend were fraudulent. "He says he made a mistake, but not near to the extent that the government claims," said the lawyer, Clyde B. Pritchard.

A federal prosecutor in Michigan said the investigation into Business Loan Express was continuing.

H.P. Investigator Pleads Guilty To Identity Theft And Conspiracy (AP)

By The Associated Press

AP, January 13, 2007

SAN JOSE, Calif., Jan. 12 (AP) — Federal prosecutors scored their first victory in the investigation of boardroom spying at Hewlett-Packard on Friday, when a private investigator pleaded guilty to identity theft and conspiracy charges.

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The investigator, Bryan Wagner, 29, of Littleton, Colo., pleaded guilty to the two felony counts during his initial appearance in United States District Court in San Jose.

As part of the plea deal, Mr. Wagner admitted to illegally obtaining Social Security numbers and other personal information to snoop on the private telephone records of journalists, former Hewlett-Packard directors, and their family members as part of the company's effort to ferret out the source of boardroom leaks to the media.

Mr. Wagner acknowledged using a form of subterfuge known as "pretexting," or pretending to be someone else, to fool telephone companies into releasing records on former two former H.P. directors — Thomas J. Perkins and George A. Keyworth II — and two reporters, Pui-Wing Tam of The Wall Street Journal and Dawn Kawamoto of CNet Networks.

Mr. Wagner admitted using personal information to set up online accounts in the names of the four people from April 2005 to September 2006 to access their call logs and billing records.

His lawyer, Stephen Naratil, said his client would testify for prosecutors as they pursue other figures in the case. He declined to say whom Mr. Wagner would testify against or what he had told prosecutors.

Mr. Wagner's sentencing was set for June 20 in San Jose federal court.

Mr. Naratil has described his client as the "little guy" who was tricked by others into thinking the investigative methods were legal. Mr. Wagner never had any contact with anyone inside the company, Mr. Naratil said. "He was your classic dupe," Mr. Naratil said.

In court, Assistant United States Attorney Mark L. Krotoski said Mr. Wagner was hired by Matthew DePante of the Action Research Group in Florida to unearth the telephone records and distribute them to other unnamed coconspirators.

Mr. DePante has not been charged in the case. A call to his lawyer, Richard Preira of Miami Beach, Fla., was not immediately returned.

Mr. Wagner and Mr. DePante were charged in October in state court along with the former H.P. chairwoman, Patricia C. Dunn, who initiated the investigation; the former H.P. ethics chief Kevin Hunsaker, who directed the inquiry; and Ronald R. DeLia, a security contractor who runs a Boston detective firm, Security Outsourcing Solutions. The four others have pleaded not guilty.

Full Disclosure Companies Trim Executive Perks To Avoid Glare (WSJ)

By Erin White And Joann S. Lublin

The Wall Street Journal, January 13, 2007

Jet Rides, Club Dues On Chopping Block As SEC Rules Kick In

Some CEOs may soon learn there's no such thing as a free ride -- on the corporate jet, anyway.

Personal air travel on the company dime is among an array of executive perks some companies have begun trimming as new compensation-disclosure rules take effect.

On Jan. 1, Exxon Mobil Corp. and Lockheed Martin Corp. stopped paying executives' country-club dues. In December, directors of General Mills Inc. capped free personal rides on company aircraft for its chief executive officer. And E*Trade Financial Corp. said it no longer would help top executives pay taxes on their severance benefits if the company is sold.

The changes come amid sweeping new Securities and Exchange Commission requirements for additional disclosure about executive pay and perks. The rules, which took effect for fiscal years ending after Dec. 14, require companies to reveal perks for top executives that add up to $10,000 or more apiece; the old rules required disclosure of perks valued above $50,000.

The number of companies dropping or curbing perks is unclear. Most won't file their annual proxy statements, detailing executive compensation, until March or April. Of 110 large companies surveyed by Mercer Human Resource Consulting in November, 14 said they had eliminated perks or were considering doing so because of the new regulations.

But some compensation consultants and directors expect the number to grow as more boards consider the hazards of publicizing perks amid a burgeoning national outcry over executive compensation. In recent weeks, investor anger has been stoked by exit packages in the neighborhood of $200 million for the CEOs of Pfizer Inc. and Home Depot Inc., both of whom left under fire for poor shareholder returns.

The enhanced compensation-disclosure rules "will for sure accelerate the cutbacks" in perks, says William G. Bowen, a director at drug-maker Merck & Co. who previously sat on the boards of American Express Co. and Reader's Digest Association Inc. With their reputations on the line, board members "don't want to be embarrassed" by executive-pay practices, he says. Mr. Bowen declined to comment on whether Merck's board is considering dropping any perks for CEO Richard Clark, who now receives a company car, limited personal use of corporate aircraft and financial counseling, among other benefits.

Information about perks that Merck provided its top executives last year will be described in the company's 2007 proxy, a spokeswoman said.

Perks coming under greater scrutiny include country-club dues, company cars, private use of corporate jets, financial-planning services and instances where companies pay executives to cover those officials' tax payments due on other compensation. Many such items typically aren't very costly, but can attract shareholder protests.

They are also fairly common. A Mercer study of proxies last year found that 55% of 350 large companies said they allow personal use of company aircraft. About 50% said they paid for financial counseling, 43% for company cars, and 27% paid club dues, the study indicated.

Mark Reilly, a partner at Compensation Consulting Consortium, a consulting firm in Chicago, says many of his clients are considering trimming perks. "The discussion is, 'How will our employees and shareowners perceive these perquisites?' " he says. "It just sort of provides ammunition to employee groups and unions to attack your pay policy."

The companies changing perquisite policies in recent months may still have to disclose 2006 payments for those benefits in their proxies. The companies may hope to damp investor criticism by announcing curbs on perks ahead of, or at the same time as, the disclosures.

The tactic may not quiet shareholder activists, however. "If executives think that preemptive perk reductions will help them escape shareholder scrutiny, they are badly mistaken," says Cornish F. Hitchcock, outside counsel for Amalgamated Bank's LongView Funds. The union-backed activist funds have objected to executive-pay practices at concerns such as Dynegy Inc., CA Inc., and Halliburton Co.

Meredith Miller, an assistant state treasurer in Connecticut, whose public-employee pension fund has about $26 billion of assets, says she is encouraged by the recent moves to curb senior-management perks. "Transparency is one of the best antiseptics for executive pay," she says.

But she predicts activist shareholders will continue to pressure companies that eliminate highly visible perks without tackling other controversial forms of executive compensation. "Many of the same board members who approved these perks in the past are still sitting on the board," she says. "The day of accountability will still come."

In fact, executives don't necessarily lose in these new arrangements. Compensation consultants expect many companies to increase other forms of compensation to make up for the lost perks.

Becton, Dickinson and Co., for example, raised CEO Edward Ludwig's salary $4,000, to $994,000, after eliminating a financial-planning perk in 2005, which had cost the Franklin Lakes, N.J., medical-technology company as much as $9,000.

Lockheed Martin said in an SEC filing that it gave executives a "one-time salary adjustment" after cutting benefits including country-club dues and financial counseling. On Dec. 1, CEO Robert Stevens got a $40,000 raise in his base salary, to $1.52 million. Robert Coutts, Lockheed's executive vice president for electronic systems, got a $25,000 raise, to $850,000. A Lockheed spokesman declined to comment on whether the changes were prompted by the new SEC rules, but noted that "perks have received increased scrutiny."

Some companies had been chipping away at perks even before the SEC rules surfaced. Becton, Dickinson in October 2005 stopped reimbursing top executives for personal financial-planning services. In December 2005, it struck an agreement with Mr. Ludwig under which he reimburses the company for most of the cost of his personal use of company aircraft. Becton, Dickinson said the changes were prompted by efforts to improve corporate governance.

More perks have been disappearing in recent months, as the broader disclosures required by the new rules draw nearer. Exxon Mobil directors dropped the country-club dues perk because they decided it looked silly when executives earn enough to foot those bills themselves, according to a person familiar with the matter. Former CEO Lee R. Raymond was reimbursed $67,035 for membership fees in 2005, according to Exxon Mobil's most recent proxy. A spokesman declined to comment on whether the change, which took effect Jan. 1, was influenced by the new rules.

In November, Avaya Inc. halted payments to cover taxes levied on executives for personal use of company aircraft, according to a recent SEC filing. A spokeswoman for the Basking Ridge, N.J., maker of telecommunications software and equipment says the change was "part of our normal process of examining compensation and benefits" and unrelated to the SEC rules.

In December, General Mills began to require that Chief Executive Stephen W. Sanger reimburse the company for personal use of corporate aircraft beyond $50,000 per year; Mr. Sanger's perk used to be unlimited. His personal use of company aircraft was valued at $73,001 in the company's 2006 fiscal year, according to an SEC filing. A spokesman says directors approved the change, proposed by Mr. Sanger. The CEO "felt that there should be a cap," says spokesman Thomas Forsythe. He says the change wasn't prompted by the new SEC rules.

Other companies acknowledge that the looming disclosure requirements played at least some role in new curbs on executive perks. Ryder System Inc., a Miami provider of transportation and logistics services, recently decided to discontinue certain severance perks for executives that had included a car allowance and financial-planning services, according to an SEC filing on Thursday. The board decided that those perks were primarily job related, so it didn't make sense to continue to provide

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them once the executives were no longer employed, says Flora Perez, Ryder's assistant general counsel. The change was partly prompted by the new disclosure rules, but more so by a desire to practice good governance, she adds.

"We certainly had our eye on the new disclosure rules," says John Daniel, manager of employee services at First Horizon National Corp. The Memphis, Tenn., bank-holding company last month stopped reimbursing executives for taxes paid on benefits such as a car allowance, disability-insurance premiums and personal use of corporate aircraft.

Mr. Daniel says First Horizon's board compensation committee dropped the tax reimbursements primarily because they aren't seen as good governance. When a company covers a senior official's taxes, "the perception is that the executive is getting something special," Mr. Daniel said. "All of us in the corporate world are looking at what's the best practice in this governance environment."

Write to Erin White at erin.white@wsj.com1 and Joann S. Lublin at joann.lublin@wsj.com2

NYSE Seat-Holder Suits Allowed To Proceed (WSJ)

By Chad Bray

The Wall Street Journal, January 13, 2007

Lawsuits by three former New York Stock Exchange membership-seat holders over disclosures by the Big Board and its chief executive, John Thain, before details of its merger with Archipelago Holdings Inc. became public can proceed, a state judge has ruled.

In an order filed Wednesday, New York State Supreme Court Justice Charles E. Ramos said some of the allegations in cases brought by onetime seat holders Janet Hyman, Sylvia Lief and D. Paul Rittmaster can go forward.

The three cases have been consolidated for pretrial proceedings.

Without ruling on the merits of the claim, Justice Ramos allowed to proceed allegations that representations made at a Feb. 3, 2005, town hall meeting with seat holders and a Feb. 15, 2005, announcement were incomplete and/or misleading. The meeting and announcement concerned the formation of an advisory committee to explore the possibility of converting the NYSE from a nonprofit to a for-profit company, which is now called NYSE Group Inc.

The judge dismissed claims that the NYSE and Mr. Thain breached their fiduciary duty or were negligent for failing to keep the merger negotiations confidential in order to prevent speculative or premature market fluctuations.

The former seat holders sold their seats in March 2005. In April 2005, the NYSE and Archipelago publicly announced their merger, which was completed last year.

An NYSE spokesman declined comment on Justice Ramos's ruling Friday.

Write to Chad Bray at chad.bray@dowjones.com1

Big Accounting Firms Still Pay For Scandals (WSJ)

By David Reilly

The Wall Street Journal, January 13, 2007

Corporate scandals that erupted earlier this decade are still causing pain at accounting firms, which continue to pay big bucks to atone for their failure to spot, or stop, fraud.

The latest example: Deloitte & Touche's Italian arm on Friday agreed to pay $149 million to settle lawsuits brought by former audit client Parmalat SpA, which collapsed in December 2003 after the discovery of Europe's biggest corporate fraud.

Under the terms of the agreement between Deloitte's Italian arm, Deloitte & Touche SpA, and Parmalat, the Italian company will drop all claims against various Deloitte arms it is suing in federal court in New York. In turn, Deloitte will drop counterclaims against the company, whose former managers allegedly engaged in a fraud that left Parmalat with an $18 billion hole on its books.

Specific terms of the agreement, beyond the settlement amount, weren't disclosed. A spokeswoman for Deloitte in the U.S. declined to comment on whether the $149 million would be covered in part or whole by insurance.

A joint statement from Parmalat and Deloitte didn't say whether the accounting firm acknowledged any wrongdoing. Deloitte, which signed off on Parmalat's books from 1999 to 2003, has previously said it acted in accordance with laws in place in Italy at the time.

The settlement follows a deal announced last month by Deloitte's U.S. arm, Deloitte & Touche LLP, to pay $210 million to resolve claims related to Adelphia Communications Corp., the cable company once run by the Rigas family that filed for bankruptcy in 2002. While the Adelphia and Parmalat settlements don't eclipse a record $335 million payout in 1999 by Ernst & Young LLP in a case related to Cendant Corp., they are within the top-10 settlement awards paid by auditors over the past 10 years for work for a single client.

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The Adelphia settlement was significant because Deloitte's $210 million payout represented about 45% of the total $455 million Deloitte, Bank of America Corp. and 38 other banks agreed to pay investors. Auditors typically account for between 10% and 15% of total settlements in such cases, according to executives at other big accounting firms.

As a result, other big firms have been left to wonder if Adelphia is an aberration or the start of a trend toward higher proportionate payouts by accounting firms.

Write to David Reilly at david.reilly@wsj.com1

A Former No. 2 Official Becomes Suspect In Siemens Bribery Probe (WSJ)

By David Crawford And Mike Esterl

The Wall Street Journal, January 13, 2007

BERLIN -- An international corruption investigation at Siemens AG is climbing the corporate ladder after a former No. 2 executive was named a suspect amid allegations a complex bribery scheme spanned several units at the far-flung German conglomerate.

Heinz-Joachim Neubürger, the chief financial officer of Siemens from 1998 until he resigned in April, was questioned by German prosecutors Tuesday and released in a widening probe into nearly half a billion dollars in suspicious payments.

A spokesman for the prosecutor's office in Munich confirmed that Mr. Neubürger is being treated as a suspect, not a witness, in the cross-border investigation. At least one other suspect has alleged to prosecutors that Mr. Neubürger was aware of illegal payments and didn't do enough to stop them, according to lawyers familiar with the investigation.

More than 200 German police raided Siemens's offices in mid-November and arrested several current and former employees; they were released just before Christmas after agreeing to cooperate. Investigators suspect company officials were running an elaborate network of secret bank accounts and sham consulting contracts to bribe customers abroad.

Munich-based Siemens says it is cooperating fully with authorities. Last month, it flagged €420 million ($542 million) in suspicious transactions spanning seven years -- double the amount uncovered by German prosecutors in November. Until now, the investigation had been confined to the company's telecommunications network division. Siemens, Europe's largest engineering firm by sales, has blamed the alleged fraud on "individual acts."

Mr. Neubürger is the second former management-board member of Siemens to become a suspect. Thomas Ganswindt, who oversaw the telecommunications business until resigning last September, was arrested last month before being released.

A lawyer for Mr. Neubürger declined to make his client available for comment. A lawyer for Mr. Ganswindt said his client is innocent.

Mr. Neubürger, 54 years old, last year cited personal reasons for resigning from Siemens half a year before his contract was due to expire. Last month he denied any wrongdoing in interviews with German newspapers after his name surfaced amid the allegations. He currently is a nonexecutive director at KKR Private Equity Investors, an investment vehicle of U.S.-based Kohlberg Kravis Roberts & Co.

Police searched offices of management-board members -- including Chief Executive Klaus Kleinfeld -- last November. Prosecutors say they are treating Mr. Kleinfeld as a witness, not a suspect. A company spokesman said Friday he had no knowledge of any current management-board members being called in for questioning by authorities. Mr. Kleinfeld has said that Siemens has "zero tolerance" for wrongdoing.

Some prosecutors in neighboring countries who are working with German authorities say Siemens has done too little in recent years to crack down on bribe payments. Robert Wallner, lead prosecutor in Vaduz, Liechtenstein, says Siemens officials asked him not to investigate a suspicious account in Liechtenstein that was uncovered in late 2004 and later linked to the bribery investigation.

Lawyers familiar with the matter say several suspects told German prosecutors that the compliance department of Siemens was informed of the money-laundering investigations in Liechtenstein, Switzerland and Italy but took no action to assist authorities. Siemens recently filed slander charges against the lawyer for one of the suspects after the lawyer made the allegations on German television. A prosecutor spokesman declined to comment.

At least one suspect has told prosecutors that he helped transfer money from a slush fund in the telecommunications division to pay bribes at other units of the company, according to a lawyer familiar with the investigation. A Siemens spokesman declined Friday to comment on the allegations, citing the continuing investigation.

Prosecutors say they suspect bribes were paid to acquire new business in several countries. Among the suspicious transactions tied to the telecommunications unit between 2002 and 2004 are more than €7.5 million in Egypt, €4 million in Saudi Arabia, €3 million in Vietnam, €2.6 million in Indonesia, €1.8 million in Greece and €1.6 million in Kuwait, according to a court document. Siemens booked €87 billion in revenue in the fiscal year ended September 2006 and is active in almost 200 countries, making everything from medical scanners to high-speed trains and light bulbs.

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CRIMINAL LAW:

Government Report Describes Leak (AP)

By Lara Jakes Jordan And Matt Apuzzo, Associated Press

AP, January 13, 2007

Justice Dept. won't tell details

Washington -- The Justice Department is fighting in court to keep secret a government report concluding that it leaked confidential and damaging information against a former prosecutor accused of bungling a high- profile terror trial.

Justice attorneys say they can't disclose all the contents of the December 2004 report by the department's inspector general without violating employees' privacy.

However, ex-Assistant U.S. Attorney Richard Convertino of Detroit said the Justice Department violated his own privacy rights by revealing to the media that he was the subject of an internal ethics inquiry after he criticized the Bush administration's counterterrorism strategy.

Two people who have seen the full report confirmed it rules out Convertino as a suspect in the leak case. Those people described the report's findings to the Associated Press on condition of anonymity because it is sealed under a Justice Department protective order.

A heavily edited version of the report is included in court documents filed in Washington. It concludes that investigators "did not find sufficient evidence to prove, by a preponderance of the evidence, who leaked this information."

It narrowed the source to about 30 prosecutors and other Justice Department officials, in Washington and Detroit, all of whom denied leaking the information. The full report also concluded that Convertino was not the source, according to related court documents filed by his attorneys.

Convertino's attorney, Stephen Kohn, would not comment on details in the government's sealed report. But he accused the Justice Department of sealing it to cover up its own misconduct.

A department spokesman declined to comment. But in documents filed in federal court, government attorneys rejected Convertino's request as "an attempt to discredit or embarrass individuals who were the subjects of that investigation."

For two years, Convertino led the government's case in the nation's first terrorism trial after the Sept. 11, 2001, attacks. He was removed in 2003 after the Justice Department concluded he withheld evidence that could have proved the innocence of the four defendants accused of being a Detroit terror cell.

Convictions of three of the four men were later overturned because of prosecutorial misconduct. The fourth was acquitted.

Four months after he was taken off the case, a January 2004 article in the Detroit Free Press cited anonymous Justice Department sources saying Convertino was under investigation for misconduct during the trial.

Convertino maintains he was targeted because, shortly before he was removed from the case, he criticized the Bush administration during a Senate hearing on funding for terrorism prosecutions. The sealed report does not cite that congressional hearing or identify it as a motive for the leak, according to the people who have seen the report.

Convertino was indicted last March for obstructing justice in the terror trial and in another case. The criminal case continues against Convertino, as does his civil lawsuit against the Justice Department.

Prosecutor Seeks To Bow Out Of Duke Case (WP)

By Peter Whoriskey And Sylvia Adcock, Washington Post Staff Writers

The Washington Post, January 13, 2007

Embattled DA Asks State to Take Over

After months of stinging criticism about his handling of the Duke University sexual assault investigation, Durham District Attorney Michael B. Nifong sought to bow out of the case yesterday, requesting that the North Carolina Attorney General's Office handle the prosecution.

His decision to recuse himself was welcomed by the defense team representing the three Duke lacrosse players initially accused of raping a 28-year-old stripper at a team party.

"We feel very good about this. It's a fresh set of eyes looking at the case," said William Cotter of Raleigh, one of three attorneys for Collin Finnerty of Garden City, N.Y. "We think it's more likely that they will listen to us and we will certainly be cooperative with him or her."

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The defense believes that another prosecutor would, after reviewing the contradictions of the alleged victim's accounts and the paucity of physical evidence, drop the case.

Attorney General Roy Cooper's office deferred questions about Nifong's action until a news conference scheduled for Saturday.

Nifong's request closely follows a formal ethics complaint made by the North Carolina State Bar, charging Nifong with violating ethics rules by engaging in "dishonesty, fraud, deceit or misrepresentation" and by making comments that stirred "public condemnation of the accused." The bar complaint creates an ethical conflict that prevents Nifong from continuing the prosecution, lawyers said.

The case -- involving a black accuser and white suspects -- initially touched off a national debate about racism and privilege, as Nifong labeled the team from the elite university a "bunch of hooligans" and some portrayed reported actions at the party as the result of campus racism.

Since then, however, the case against the three has been staggered by contradictions in the alleged victim's story and Nifong's withholding of exculpatory evidence.

The victim's account has changed repeatedly on key points -- such as whether she was penetrated by a penis. The change prompted Nifong to drop rape charges against the three men Dec. 22, but they still face charges of sexual offense and kidnapping, which carry significant prison terms.

At the same time, some of Nifong's initial statements about the strength of the evidence he had gathered have proved to have been misleading.

The director of a private DNA-testing laboratory said it had omitted from its report that DNA from multiple men -- none a match to the defendants -- was found on vaginal and rectal swabs, on the accuser's body and on her underwear. Brian Meehan, the lab director, said he and Nifong had agreed to leave out that information because the case was so "explosive."

"Everyone just got run over by this guy who made these statements for which there was no support," said Duke Law School professor James E. Coleman Jr., who is African American and chaired the faculty committee that prepared a report looking into the lacrosse team's past.

Nifong "prejudged the case and injected inflammatory opinions that it was racially motivated," Coleman said, but "he had not done the investigation, so he had no idea what happened."

Calls to the District Attorney's Office after hours yesterday were not returned.

On Thursday, more contradictions in the victim's account were revealed in a motion by defense attorneys.

In an interview last month with a district attorney's investigator, the alleged victim said she had been attacked by two players -- not three, as she had said in previous accounts.

"The accuser's most recent recollections of events demonstrates clearly that she cannot accurately recall and describe her attackers and that any identification made by her is necessarily unreliable," defense attorneys wrote.

While the defense attorneys hold out hope that a new prosecutor may decide to drop the case, the move could also enable the prosecution to go forward -- if there is any suitable evidence.

Joe Kennedy, an associate professor of law at the University of North Carolina at Chapel Hill, said that if there is strong evidence that a crime was committed, a new prosecutor could divorce himself from Nifong's ethical problems. The new prosecutor could argue that the withholding of DNA evidence from defense attorneys was wrong but still argue that a crime had been committed.

He described the move as a "win-win" for both sides of the case.

But one of the lead defense attorneys in the case, Joseph B. Cheshire said he is "very confident" that a new prosecutor in the case would drop the charges after a review of the evidence.

"We are extremely pleased to be rid of him," Cheshire said of Nifong. "The word of the accuser changes every time she opens her mouth. Anybody who takes an objective look at this case will dismiss it."

Whoriskey reported from Miami; Adcock, from Durham, N.C.

DA Asks Out Of Duke Rape Case (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 13, 2007

The embattled district attorney in the Duke rape investigation, who faces disbarment for suspected "dishonesty, fraud, deceit or misrepresentation" in statements he made about the case, has asked that the prosecution be moved to the state attorney general's office.

According to sources close to the 10-month-old prosecution, Durham County District Attorney Michael Nifong sent a letter yesterday to North Carolina Attorney General Roy Cooper asking that Mr. Cooper's office appoint a special prosecutor to take over the case.

Mr. Nifong has come under intense public scrutiny over his handling of the investigation and was named Dec. 28 in an ethics complaint filed by the North Carolina State Bar. The complaint accuses him of breaking four rules of professional conduct while speaking to reporters about the investigation.

The complaint said Mr. Nifong made "extrajudicial statements" to reporters that "he knew or reasonably should have known would be disseminated ... and would have a substantial likelihood of materially prejudicing" the case.

The veteran prosecutor faces a preliminary state bar hearing on Jan. 24. A trial date has tentatively been scheduled for May 11.

Mr. Nifong was not available yesterday for comment. Noelle Talley, a spokeswoman for Mr. Cooper, confirmed last night in an e-mail that Mr. Nifong had asked for the appointment of a special prosecutor, but she was not available to comment on the request. The Nifong letter to Mr. Cooper was first reported by ABC News.

"We are pleased, and we offer the attorney general our full and complete cooperation," said Wade Smith, defense attorney for Collin Finnerty, one of the three men charged in the case. "We will meet with them at any time, and we are glad that people with such qualifications are going to take over the case."

Mr. Nifong's request came a day after he met with the accuser -- the first time the two had actually talked face to face about the case. He spoke with her briefly after the accusations first surfaced in March, but -- according to court records -- had never specifically discussed the case.

While she was at Mr. Nifong's office on Thursday, the accuser was served a subpoena to appear at a Feb. 5 hearing on a defense motion to suppress her identification of the three lacrosse players.

The Duke athletes -- Mr. Finnerty, Reade Seligmann and David Evans -- originally had been charged with rape after the woman, a student at North Carolina Central University who also worked as a stripper, said she was sexually assaulted during an off-campus party attended by Duke University students.

Mr. Nifong, who declared himself the lead prosecutor in the case, told reporters the 28-year-old woman was "gang raped" and beaten at the March 13 party thrown by Duke's lacrosse team.

He later dropped the sexual assault charges a few days before Christmas to lesser sexual offenses and kidnapping when the woman said during a Dec. 21 interview with an investigator from Mr. Nifong's office that she was not certain Mr. Seligmann had taken part in the assault and was unsure whether she had been penetrated by anyone.

The motion, filed in state court, said the accuser told investigator Linwood Wilson 10 months after the original accusations she was not now 100 percent certain that a rape as defined by the state of North Carolina occurred. That disclosure led Mr. Nifong to reduce the charges.

During an earlier interview with authorities, the woman said she was "100 percent" sure Mr. Seligmann had sexually assaulted her.

The Thursday meeting coincided with a defense motion asking a judge to prohibit the photo lineup in which the accuser identified the three lacrosse players.

Judge Osmond Smith, who is assigned as the sole judge to the case, is expected to rule on the admissibility of the photo lineup at the Feb. 5 hearing.

Prosecutor Asks To Exit Duke Case (NYT)

By Duff Wilson And David Barstow

The New York Times, January 13, 2007

DURHAM, N.C., Jan. 12 — The district attorney in the Duke lacrosse sexual assault case asked the state attorney general on Friday to take over the troubled prosecution, saying he faced a conflict of interest because of ethics charges filed against him by the state bar, officials involved in the case said.

The decision by the district attorney, Michael B. Nifong, throws new doubt on the future of a prosecution that has already suffered several sharp setbacks.

A spokeswoman for Roy Cooper, North Carolina's attorney general, confirmed that the office had received Mr. Nifong's request and said it would be discussed on Saturday. If Mr. Cooper agrees to review the case, it will remove a prosecutor who has become a lightning rod for fierce and unrelenting criticism.

Defense lawyers were jubilant, openly predicting that no prosecutor in the state would continue with a case that hangs almost entirely on the shifting accounts of the alleged victim, a stripper who claims she was assaulted after performing at a team

party in March. The woman, who was consulted before Friday's recusal, remained firm in her desire for the case to go forward against the three former lacrosse players, an official involved in the case said.

The players face charges of kidnapping and sexual offense that could put them in prison for decades.

Speaking of the recusal, Joseph B. Cheshire, the lawyer for David Evans, one of the defendants, said: "We're very heartened by it. He should have done it weeks or months ago. For the first time, someone who is honest and objective and doesn't have an agenda will look at this case. We feel confident that when they do, these young men will be exonerated and this case will be dismissed."

Mr. Cheshire added that the attorney general should also look at possible obstruction of justice and manipulation of evidence by Mr. Nifong.

Friday's action marked a stinging professional defeat for Mr. Nifong, who has faced accusations of incompetence, prosecutorial misconduct and ethical violations for his handling of the case. In his letter to Mr. Cooper, Mr. Nifong said the accusations of ethical wrongdoing, which were brought last month by the state bar, presented him with a conflict of interest between defending his own conduct and prosecuting this case.

"He feels very disappointed that he can't go on for her," said David B. Freedman, Mr. Nifong's lawyer in the ethics case. "Mike at this point, as a result of the bar complaint, doesn't want to be a distraction to the case or take away from the prosecution of the case, which the witness still feels very strongly about."

According to friends, Mr. Nifong's resolve had begun to falter even before the ethics charges were brought against him.

At a court hearing on Dec. 15, a DNA laboratory director admitted that he and Mr. Nifong had deliberately withheld exculpatory information from a report. Mr. Nifong prided himself on integrity, having been a conscientious objector during the Vietnam War, yet the laboratory director's testimony and his acknowledgment of the error undercut his reputation.

Things only worsened from there.

Some fellow district attorneys advised Mr. Nifong privately in Raleigh on Dec. 19 to take himself off the case. Mr. Nifong felt stunned and subdued, friends say, yet still could not bring himself to exit. In an interview with The New York Times two days later, he described such a step as tantamount to letting defendants handpick their own prosecutors.

But then the North Carolina State Bar filed an ethics complaint on Dec. 28, taking him to task for his early public comments about the case. It was an unprecedented rebuke for a prosecutor in the middle of a legal brawl. The next day, the North Carolina Conference of District Attorneys issued a news release asking him to recuse himself immediately.

Mr. Nifong's friends told him he had two choices: dismiss the case or ask the attorney general to take it over. It was a bitter decision, friends said. His reputation hung in the balance. Mr. Nifong decided he had to do something he had left to his investigators over the 10 months since the alleged assault: talk about it directly with the woman he called "my victim."

In a two-hour meeting at his office on Thursday, Mr. Nifong and an aide talked about the choices, an official involved in the case said. He told the accuser that a trial would be brutal, but that he had already talked with the attorney general's special prosecutions unit and trusted that office to give the case a fair review. He asked what she wanted to do.

She was concerned about the effect of the case on Mr. Nifong's career, the official recalled. She wanted to sleep on the decision. She continued to insist she had been sexually assaulted.

On Friday, she and Mr. Nifong spoke by telephone. She again said she wanted to go forward. Although she was not happy about Mr. Nifong's giving up of the case, the official said, she said she understood his reasoning and pledged to cooperate with any new team.

In Durham, Mr. Nifong's exit was greeted with relief on all sides.

Irving Joyner, a law professor who has been monitoring the case for the N.A.A.C.P, expressed hope that the attorney general would bring new energy to the case. John F. Burness, senior vice president for public affairs at Duke, said the university hoped "this change will lead to a fair and speedy resolution of this case."

Over 10 turbulent months, all the protagonists in the racially charged case have undergone sharp transformations in the pitiless glare of national publicity.

The defendants, who are white, were initially portrayed as boys gone wild. But in time, with the fraying of the evidence and careful maneuvering by their legal team, they emerged in news accounts as victims of a kind of reverse discrimination, promising young men whose lives were being destroyed by concocted accusations.

The accuser, who is black, was at first embraced at candlelight vigils. Investigators depicted her as the victim of a brutal assault. But her shifting and inconsistent accounts of what happened, combined with the absence of incriminating DNA evidence, have resulted in her being branded a false accuser.

But no one was more fully transformed in this case than Mr. Nifong. Once an obscure but respected career prosecutor, he is now routinely portrayed as having recklessly and stubbornly pursued a weak case for political gain.

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Mr. Nifong compounded his troubles with seemingly avoidable blunders, most in the earliest weeks, before anyone was indicted. He ordered a lineup that violated standard police procedures. He spoke misleadingly in public about evidence in the case and disparaged the Duke lacrosse team as “hooligans” whose “daddies” would “buy them big-time lawyers.” He refused to hear out defense lawyers who proffered photographs and phone records intended to prove their clients’ innocence. Most significantly, he mishandled the DNA test results by failing to turn them over to defense lawyers for seven months.

After the indictments, he was repeatedly outgunned and outmaneuvered in the courts and in the news media by some of the best defense lawyers in North Carolina.

Never was the mismatch clearer than on Dec. 15, when defense lawyers pounced on his handling of the DNA test results. In court that day, with family and friends of the defendants in the audience, Mr. Nifong seemed almost disengaged, slumping in his seat, asking few questions as the defense team delivered body blows to his case.

Even before the DNA hearing, dozens of people had filed complaints against Mr. Nifong with the state bar. Mr. Nifong initially responded by saying he welcomed a review of all the lawyers — once the case was over.

He misjudged the bar.

A special section of the bar’s ethics code applies to public comments by prosecutors — but not private lawyers — and the bar had opened an investigation on March 30, just three days after Mr. Nifong began his media blitz.

The investigation culminated in last month’s formal complaint, which accused Mr. Nifong of making improper, inflammatory and misleading comments about the case. Mr. Nifong is to appear before a bar disciplinary committee on May 11.

Tom Lunsford, executive director of the state bar, said the complaint started with a grievance filed by a private lawyer.

Was it a lawyer from the defense team? “Can’t say,” he replied.

Nevertheless, no one can remember the North Carolina bar ever filing a complaint against a prosecutor for prejudicial publicity, much less in the middle of a case.

Not only did Mr. Nifong misjudge the bar, he misjudged the North Carolina Conference of District Attorneys. Back in September, the conference had sent Mr. Nifong a letter offering help with the case, including support staff, a shadow jury and advice on responding to defense leaks.

“We try to take care of our own,” Thomas J. Keith, one of four district attorneys who signed the letter, said in an interview this month. Mr. Keith recalled Mr. Nifong’s response: “Tom, thanks for the letter, but I don’t need any help right now.”

As the public criticism of Mr. Nifong escalated, his fellow district attorneys began to hear rumblings that some state legislators were threatening to seek new oversight laws for all district attorneys. The DNA revelations on Dec. 15 only heightened their alarm.

On Dec. 19, several district attorneys met with Mr. Nifong and advised him to hand the case to a special prosecutor.

He had hoped they would stand together; instead they wanted him to pull out. Mr. Nifong was stunned.

Any hope he had of regaining their support probably ended three days later, on Dec. 22, when Mr. Nifong dropped rape charges against all three defendants, though he continued to press other sex offense charges. Mr. Nifong said he had acted after the woman told his investigator she could not be certain she had been penetrated by a penis. Although he did not say so at the time, the woman also changed several other major aspects of her story during that interview, including that just two, not three, lacrosse players had taken part in the attack. The third, she said, had only stood by.

Among his peers, the questions were obvious: Why had he not closely questioned his victim months earlier? How could he pursue a case with such divergent accounts from the key witness? Where was the proof?

The state bar filed its complaint on Dec. 28. Better than anyone, the district attorneys understood its rarity and potential political significance.

“That is what pushed us into action,” Mr. Keith said.

Two weeks later, Mr. Nifong asked the state attorney general to take over the case.

Duke Lacrosse District Attorney Asks For Special Prosecutor In Sexual Assault Case (AP)

AP, January 13, 2007

RALEIGH, N.C. (AP) — As he aggressively pursued sexual assault charges against three Duke lacrosse players for nearly 10 months, Mike Nifong never wavered publicly in his commitment to take the oft-sensationalized case to trial.

But facing ethics charges that could lead to his disbarment, the Durham County district attorney quietly asked to be removed from the case Friday — faxing a letter to the state attorney general asking for a special prosecutor to take over the case that is sure to define his nearly three-decade career.

"His withdrawing from the case has nothing to do with how he feels about the merit of the case," Nifong's attorney, David Freedman, told the Associated Press. "He's disappointed he has to get out of the case. He likes to see things from beginning to end."

What comes next in the troubled prosecution of Reade Seligmann, Collin Finnerty and David Evans will likely be determined by the lawyer appointed by State Attorney General Roy Cooper. His office declined to comment Friday night, but a spokeswoman said officials would speak with reporters Saturday.

"If he decides to take it, his staff is going to spend a significant amount of time to review the case files, interviewing the witnesses and making a determination on what is the proper process," said Peg Dorer, director of the North Carolina Conference of District Attorneys.

Dorer said that could take a month or more. Defense attorneys said they weren't worried about the prospect of such a delay, and instead cheered Nifong's decision to recuse himself.

"We've tried to cooperate with Mr. Nifong, and he's refused," said Joseph Cheshire, an attorney for Evans. "We look forward to working with whoever the new prosecutor is and we're confident that after that review is made, the case will be dismissed."

Under North Carolina law, only a district attorney can formally request a special prosecutor. The request can be made when there are potential conflicts of interest, when a case is particularly complex or when there are other unusual circumstances.

Once the ethics charges were filed, Nifong "had a conflict of interest with respect with the case," said Ron Sullivan, a criminal law professor at Yale University. "It's probably safe to say that Nifong felt that he couldn't be completely objective."

Nifong led the investigation into allegations a 28-year-old student at North Carolina Central University — hired to perform as a stripper — was gang-raped and beaten at a March 13 party thrown by Duke's highly ranked lacrosse team. His frequent interviews with news agencies in the early days of the case generated much scrutiny; at one point, he called the lacrosse team "a bunch of hooligans."

But as he started to hand over his evidence to the defense, the case appeared to unravel. Legal experts and observers have said it appears to be based only on the testimony of an accuser who has told wildly different versions of the alleged assault — a shifting story that led Nifong to drop rape charges on Dec. 22. The three players remain charged with sexual offense and kidnapping.

Last month, the North Carolina State Bar charged Nifong with violating four rules of professional conduct for making misleading and inflammatory comments about the athletes under suspicion. He faces penalties ranging from admonishment to removal from the bar.

"He feels as a result of the accusations against him that he would be a distraction and he wants to make sure the accuser receives a fair trial," said Freedman, who said Nifong met with the accuser this week to tell her of his decision.

"He still believes in the case," Freedman said. "He just believes his continued presence would hurt her."

2 Missing Boys Found Alive In Mo. Home (NSDY/AP)

By Christopher Leonard, Associated Press Writer

Long Island Newsday, January 13, 2007

BEAUFORT, Mo. -- A 13-year-old boy who vanished from the gravel road near his home five days ago was found alive Friday about 60 miles away in a suburban St. Louis home, along with a 15-year-old boy missing since 2002, authorities said.

Sharp-eyed police and suspicions about a white truck led police to the Kirkwood apartment of Michael Devlin, 41, who has been charged with one count of first-degree kidnapping, Sheriff Gary Toelke said.

The sheriff said both boys appeared unharmed. William Ownby who goes by Ben, appeared somewhat dazed as he walked inside the sheriff's department, where he was reunited with his family who had been searching for him since Monday.

"His eyes lit up like silver dollars," said the boy's uncle, Loyd Bailie, who was escorted to the sheriff's department with Ben's parents. Everyone broke into tears and Ben's parents embraced him as tightly as they could, Bailie said.

The straight-A student and Boy Scout was last seen after he stepped off his school bus and ran toward his Beaufort home down a gravel road on Monday.

A friend who left the bus with the boy told authorities that after the two parted, he saw a small white pickup with a camper shell speeding away from where Ben had been walking.

Searchers on foot, horseback and all-terrain vehicles looked for Ben in the hilly area about 60 miles southwest of St. Louis.

Toelke said the break in the case came Thursday night. Kirkwood city police officers were serving a warrant on an apartment complex when they noticed a white truck matching the description of a vehicle authorities had been searching for in the Ownby investigation.

Kirkwood officers contacted the Franklin County Sheriff's Department and determined where the owner of the truck was and then searched Devlin's house.

Toelke said authorities found Ben and were surprised to find another boy who identified himself as Shawn Hornbeck.

Hornbeck disappeared from his Richwoods in October 2002, when he was 11. He went for a bike ride and never returned.

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Hornbeck's parents, Pam and Craig Akers, were reunited with their son, Toelke said.

Later, both boys were taken to SSM Cardinal Glennon Children's Hospital in St. Louis for evaluation. Hospital spokesman Bob Davidson said both were in good spirits.

"The boys were smiling and appeared very pleased to be with their families," Davidson said. "Obviously the families were incredibly tickled to have the boys back. It's a thrilling night."

Hornbeck's parents have devoted themselves to bringing missing people home since Hornbeck vanished over four years ago from his hometown 65 miles southwest of St. Louis.

His parents, dozens of volunteers and sniffer dogs searched for weeks. The couple set up a Web site and listened to anyone who offered a tip.

Craig Akers, Shawn's stepfather, quit his job as a software designer to devote his time to a foundation bearing his son's name. They depleted their savings, borrowed against their retirement and talked to psychics. The financial strain forced both of them back to work.

A retired police officer volunteered to work on the case until Shawn was found.

Even though so much time had passed, Pam Akers said her son is frozen in her memory as an 11-year-old boy.

"It's been four years," she said on the anniversary of his disappearance last fall. "But for me, it's just been one long continuous day."

Toelke said authorities were still investigating the motive behind the abductions. Franklin County Prosecutor Robert Parks said more charges are likely to be filed.

"There are a lot of things we don't know right now," Toelke said.

Neighbor Rick Butler, 43, said the FBI came to his door Thursday night and showed a picture of Ben, asking if he had seen him. He said he had not. But he had seen a boy he now believes was Hornbeck.

He said he saw no evidence that the boy now believed to be Hornbeck was scared or trying to get away. He had seen Devlin and the teen pitch a tent in the courtyard.

"I didn't see or hear anything odd or unusual from the apartment," Butler said. "I just figured them for father and son."

Devlin worked at a local pizzeria and an overnight shift answering phones at a funeral home, the St. Louis Post Dispatch reported.

"He just acted like a relatively normal guy. Nothing unusual stuck out at me," his former landlord, Marvin Reid, told the newspaper.

Their Dreams Come True (SLPD)

By Kim Bell, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, January 13, 2007

UNION — Shawn Hornbeck and Ben Ownby spent an ecstatic Saturday reuniting with family and friends as authorities intensified their investigation of the pizza parlor manager accused of kidnapping the boys.

Michael J. Devlin, 41, of Kirkwood is being held in lieu of $1 million bail, facing a single Franklin County charge of abducting Ben after the 13-year-old got off a school bus near his Beaufort home six days ago. Shawn, then 11, disappeared in 2002 from his Richwoods neighborhood, in Washington County, about 30 miles from Beaufort.

Further state and federal charges are possible.

Neither Shawn nor Ben was allowed Saturday to take questions or discuss the ordeal when they appeared in separate news conferences with their families.

"I feel like I'm in a dream," said Shawn's mother, Pam Akers, who had not seen her son since Oct. 6, 2002, when he left his Washington County home to visit a friend. "Only now it's a good dream, not the nightmare I've had for the last 4½ years."

At Ben's family news conference here at the Franklin County Courthouse, his mother, Doris Ownby, was asked to describe her reunion with her son.

"I didn't say anything," she said. "I grabbed him and held him."

Shawn clutched his mother's hands and laid his head on her shoulder as he entered the gymnasium of Richwoods Elementary, his former school, Saturday where 75 friends and neighbors waited to greet him.

Now 15, Shawn is of course taller than the 11-year-old who went missing, and he sports a piercing in his lower lip.

In a statement Saturday night, Devlin's family expressed gratitude for the "professionalism" the various agencies investigating the case demonstrated Friday.

"As parents, the Devlin family along with all compassionate people have prayed for the safe return of these young men to their loved ones — and yesterday those prayers were answered," said the statement, issued by the attorneys retained by the

family, Ethan Corlija and Michael Kielty of Clayton. "Just as we are relieved that both Ben and Shawn are now safe, we hope that Michael will be safe as the facts of his case are revealed."

Portrait of a suspect

As Beaufort and Richwoods came to grips with the surreal events of Friday, conflicting portraits of the man sitting in the Franklin County Jail emerged.

At the Kirkwood Imo's where Devlin was a manager, co-workers remembered him as reliable and amiable. They said he often teased them.

Devlin was viewed far differently by neighbors at the nearby apartment complex where he lived, apparently with Hornbeck.

They said another side of Devlin surfaced in a dispute last fall over a parking place that drew the attention of Kirkwood police.

"I warned my children to stay away from him," said Krista Jones, 25, a neighbor.

Corlija said he met with Devlin Friday at the Franklin County Jail. He described him as "very calm, soft-spoken, somewhat articulate and other than that polite, very polite."

Devlin will be arraigned this week on the kidnapping charge, Corlija said.

He would not discuss reports that Devlin had confessed to police.

Neighbors described the young man living with Devlin as a slightly withdrawn teenager who favored black clothing, and enjoyed video games, bicycle trips to Wal-Mart with a friend and, lately, the company of what may have been his girlfriend. They believed he was Devlin's son.

"He seemed like a troubled teen, but he seemed normal," Jones said.

Anatomy of an arrest

The case came together Thursday night when Kirkwood police, at the apartment complex on an unrelated case, saw the white Nissan pickup believed to have been used in Ben's abduction.

After police arrested Devlin Friday morning, authorities went to the apartment. The first FBI agent to enter saw a familiar face.

FBI Special Agent Roland Corvington said Ben Ownby had one question:

"Young Ben was sitting there and looked up … and said, 'Are you going to take me home?'"

The agent turned to the other youth, who identified himself as Shawn Hornbeck.

Authorities said they don't yet know what happened in that apartment.

Franklin County Sheriff Gary Toelke and Washington County Sheriff Kevin Schroeder did not press the boys for details because they want to give them time to adjust to life with their families.

"I don't want to push it, shock him, where he feels he has to be defensive," Schroeder said of Shawn.

The sheriffs agreed they may need the help of a mental health professional in interviewing the boys.

Hornbeck's family said Saturday they want to let Shawn share details of the abduction at his own pace.

Ben and his family met with Franklin County investigators Saturday afternoon, according to an uncle, Loyd Bailie.

In the coming days and weeks, the boys and their families will be counseled by experts in the reunification of abducted children.

Being Ben

At the news conference here Saturday, Doris Ownby said she only reluctantly let Ben out of her sight since his return.

"He's Ben," she said. Her son, drawn in his father's tight embrace, smiled broadly throughout the 15-minute appearance before the media. "It's a little overwhelming for him," said Doris Ownby.

Even so, added Ben's dad, William, "You can't believe how good we're doing."

For the time being, William Ownby said, Devlin is not his family's concern.

"Our focus is on our son, we're not going to think about him," he said.

After four days spent away, his parents said Ben was happy to return to the routine of home.

When he finally broke free of his parent's embraces Friday night, Ben retreated to his room to play some of his favorite video games. It was after 1 a.m.

"Don't stay up too late," his mother said.

The first thing she did Saturday on awakening was check his room to make sure Ben was still there.

Tim Rowden, Stephen Deere, Heather Ratcliffe, Joe Mahr, Robert Patrick, Aisha Sultan and Steve Giegerich of the Post-Dispatch contributed to this report.

Missing Boys Found: Questions Accompany Elation VIDEO (KCS)

By Kevin Murphy

The Kansas City Star, January 13, 2007

Two kidnapped Missouri boys — one held for four years, the other for four days — emerged calm and smiling before the public Saturday, but questions remained about their captivity.

Authorities were mum on what Shawn Hornbeck, 15, and Ben Ownby, 13, went through at the hands of their alleged abductor, a suburban St. Louis pizza restaurant manager who had no apparent criminal record.

The euphoria of the last two days was evident Saturday as Shawn, Ben and their parents held nationally televised news conferences to recount their dramatic reunions after police found the boys unharmed Friday in a Kirkwood apartment.

Now comes the gritty process of piecing together the details of the almost unbelievable crime that thrust Shawn and Ben into the national spotlight and will keep them there for months to come.

Troubling and potentially embarrassing questions must be asked. Psychological wounds must heal. Foremost in many minds is how an abductor could have held Shawn captive four years despite an intense search that included the placement of posters around Kirkwood.

"It's just mind-boggling that it was so easy to hide someone in plain sight," said Craig Akers, Shawn's stepfather. "It's hard to believe anyone could be that brazen."

Akers said Shawn told him Friday that he saw one poster on a bench in a neighborhood supermarket — and he didn't like the picture.

Both boys were abducted in rural areas southwest of St. Louis — Shawn on Oct. 6, 2002, in Washington County and Ben on Monday in Franklin County. Michael Devlin, 41, is being held on a kidnapping charge as the investigation continues.

"We still have quite a bit of work to do on Mr. Devlin," said Franklin County Sheriff Gary Toelke.

Police found the boys unharmed after officers spotted a pickup truck at Devlin's apartment building that matched one seen when Ben was abducted.

Pam Akers called the recovery of her son, Shawn, "a miracle."

"We have a lot of catching up do," she said. "He has grown up on me, that's for sure."

Shawn was 11 when he was abducted while riding his bike.

Craig Akers said Shawn came home Friday to find his clothes in his dresser just the way he left them four years ago.

"I guess we are going to have to get rid of those and find some new ones," Akers said.

Doris Ownby said she and her husband, William Ownby Sr., had not talked to Ben about his captivity. Ben was kidnapped after getting off his school bus, authorities said.

"We are just excited and happy to have him home," Doris Ownby said. "We grabbed him and didn't let him go."

Neither boy spoke at his family's news conference. The events were held about two hours apart Saturday morning. Each boy smiled often and hugged his parents.

Rick Butler, who lives in an apartment building next to Devlin's, told The Kansas City Star on Saturday that he often would see Devlin in the parking lot and would occasionally see Shawn. Butler said he once saw the two pitch a tent on the building's lawn. He assumed they were father and son.

"It made me think they were getting ready for a camping trip," Butler said.

Butler said that about a year ago he found a cell phone on the ground that turned out to be Devlin's. Shawn went to Butler's apartment to pick it up.

"He just came over and said thanks," Butler said. "He seemed a little nervous but didn't act like there was anything terribly wrong." Butler said he now wonders why the boy didn't say, "I'm in trouble, this guy is keeping me over there. Call for help."

Craig Akers said Shawn did not go to school during the four years he was missing. Kirkwood district spokeswoman Ginger Fletcher said that school officials had no indication that neighbors called to check on why Shawn was not in class. Fletcher said that an adult would not have needed approval to homeschool Shawn but would have had to prove he was if anyone investigated.

Authorities would not say Saturday what they knew about either boy's captivity.

Psychological experts contacted by The Star on Saturday said an abductor could use many techniques to exert control.

Grace Ketterman, a noted Kansas City psychiatrist, compared the experience to the Stockholm syndrome, a condition in which captives begin to identify with or become sympathetic to their captors.

"When kids are abducted, they may be threatened severely," Ketterman said. "The person who kidnaps them may use brainwashing techniques. They can really convince the child he belongs to them."

The exertion of control can be so great that the child may be convinced not to talk with playmates or strangers and may even ignore his own picture on a bus-stop poster.

Ketterman said that many times the child is told that if he tries to escape, his family will be killed.

The control can be even stronger if there also is sexual abuse. Sex can be "a powerful force" over a child, she said.

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Ketterman said that helping children who have lived a long time with an abductor can require intense therapy for the child and family. Parents must be patient because it can take time to rekindle family bonds and the child may have long-term trouble with self-identity.

David Barker, an Overland Park therapist, said that sometimes the child reaches a point where he feels safe with his kidnapper and won't seek help.

Barker said it will be an "emotional and difficult task to integrate the kid (Shawn) back into the family, even if that is possible." That could require therapy to help the family deal with feelings of guilt, anger, insecurity and uncertainty.

"Parents may feel guilty about letting this happen to their child. They may feel ashamed that everyone knows about it. For the kid, there may be the feeling, 'Why didn't my parents come and get me?' "

The reunion of the family can be traumatic.

Barker said that Shawn might feel the same as a soldier returning from war. The family may have adjusted to his absence.

Craig Akers said Saturday that he had not discussed the captivity with Shawn.

"That will come in due time, and when Shawn is ready to discuss it, we will," Akers said.

Devlin's family released a statement Saturday expressing their gratitude to local authorities and the FBI "for their professionalism in safely reuniting Ben Ownby and Shawn Hornbeck with their families," according to the St. Louis Post-Dispatch's Web site.

"Just as we are relieved that both Ben and Shawn are now safe, we hope that Michael will be safe as the facts of his case are revealed," said the statement, released through a law firm.

Devlin, by most accounts, seemed an unlikely suspect in a kidnapping. Besides working as an assistant manager for an Imo's Pizza restaurant near his home, he worked two late-night shifts each week taking phone calls at Bopp Chapel, a Kirkwood funeral home.

"He was prompt, well-mannered and efficient in receiving calls," the funeral home's operators said in a statement Saturday. Funeral director Matt Shockley called Devlin quiet and said Devlin never talked about his personal life.

Andrew Habben of Kirkwood said he was surprised so few people in the tight-knit community of 26,000 seemed to know Devlin or Shawn.

"It goes to show you that you never know. Everyone's got their own life," Habben said.

Devlin is scheduled to make his first court appearance this week in Franklin County on a charge of kidnapping Ben Ownby, but other charges are possible, Prosecutor Bob Parks said. Washington County, where Shawn Hornbeck's family lives, has not filed charges.

The FBI also may file charges, based on evidence recovered from Devlin's apartment, agent Roland Corvington said at a Saturday news conference.

Corvington said that when FBI agents entered Devlin's apartment Friday, Ben asked them, "Are you going to take me home?" They then asked Shawn to identify himself.

"After that, it was quite euphoric, obviously," Corvington said.

The boys' parents said Saturday that they hope their sons' safe return gives hope to the families of other kidnap victims.

"Good things can happen," Craig Akers said. "Things don't always end badly."

@ Go to KansasCity.com for video and updates in the case.

Developments

·The families went public Saturday to recount their reunions and urge loved ones of other kidnap victims not to lose hope.

·The FBI said it may file federal charges against Michael Devlin.

·An investigation of Devlin will continue, and other state charges may be filed.

Elation Greets Recovery Of 2 Boys After Abduction (NYT)

By Malcolm Gay

The New York Times, January 13, 2007

UNION, Mo., Jan. 13 — On Thursday evening, they were captives in the same tiny two-bedroom apartment in suburban St. Louis. Abducted four years apart, William Ownby and Shawn Hornbeck were freed on Friday, and they smiled sheepishly on Saturday as their families held back-to-back news conferences to discuss their boys' astonishing rescue.

Dressed in a checked shirt, blue jeans and a pair of oval glasses, William, 13, who is known as Ben, was instructed not to speak to reporters. Looking up occasionally, Ben clung close to his family as they rejoiced at the turn of events.

"We're just ecstatic," Ben's mother, Doris Ownby, said. "We don't want to let him go out of our sight."

Sheriff Gary Toelke of Franklin County said the kidnapping suspect, Michael Devlin, 41, had confessed, but added that he could not discuss details of the investigation.

Robert Parks, the Franklin County prosecuting attorney, has charged Mr. Devlin, a pizzeria manager, with one count of first-degree kidnapping. He was being held on $1 million bond.

Emotions ran high in neighboring Washington County, where Shawn entered the balloon-festooned gymnasium at Richwoods Elementary, his old school. Wearing a blue hooded sweatshirt and sporting a shaggy head of hair and pierced lower lip, Shawn grasped his mother's hands. Also told not to speak to reporters, he laid his head on his mother's shoulder as she spoke.

"I still feel like I'm in a dream, only this time it's a good dream, not the nightmare I've had to live for the past four-and-a-half years," his mother, Pam Akers, told reporters.

Shawn's stepfather, Craig Akers, said he and his wife had been in disbelief when they were all reunited.

"There was that split second of shock," Mr. Akers said. "Once I saw the face, I said, 'Oh my God, that's my son.' "

Shawn, now 15, vanished on Oct. 6, 2002, when he was 11. His parents reported that he had last been seen wearing a Little League jersey as he rode a bicycle to a friend's house in Richwoods, Mo., a rural town about 65 miles southwest of St. Louis.

Ben, a Boy Scout and a straight-A student, disappeared on Monday afternoon after stepping off a school bus and running down a gravel road toward home in the rural town of Beaufort, Mo., about 60 miles west of St. Louis.

Ben's disappearance prompted an intense search of hilly Franklin County. Investigators said they had been following about 500 leads in the case, though they had focused on a tip from one of Ben's friends who had reported seeing a dilapidated white pickup with a camper shell speeding away from the place where Ben disappeared.

"Basically, that's all we had," Sheriff Toelke said.

Investigators got a break on Thursday when Kirkwood police officers, Gary Wagster and Chris Nelson, arrived at Mr. Devlin's apartment complex in suburban St. Louis. They were serving a warrant in an unrelated case but noticed a small white truck matching the description of the one in the Ownby investigation.

After questioning Mr. Devlin at the pizzeria, officers searched his ground-floor apartment on Friday.

Sheriff Toelke said Shawn identified himself to officers as having been missing for four-and-a-half-years when they entered the home.

Roland Corvington, special agent for the Federal Bureau of Investigation, told reporters that when officers entered the apartment, Ben asked: "Are you going to take me home?"

The boys had no visible injuries. Ben's parents said that on Friday night he was eager to play video games and go to bed.

Mr. Devlin, who managed an Imo's Pizza in Kirkwood, also worked part-time answering phones overnight at Bopp Chapel funeral home there.

"He was prompt, well-mannered and very efficient," Jim Moyers, a funeral director at Bopp Chapel, said in a statement.

Neighbors who lived across from Mr. Devlin's run-down red brick apartment were less generous. They described Mr. Devlin as an immense, bearded man with wire-rimmed glasses who kept to himself. They said that he did not appear to have been keeping secrets, but that he was combative and antisocial.

One neighbor, Mario Emanuel, 29, said that about three months ago Mr. Devlin called the police on a visitor who took his parking space.

Referring to Shawn, Mr. Emanuel, an installation technician for DirecTV, said, "When the police came, they talked to Devlin and the son — who turned out not to be the son — they talked to the police. If they would have investigated across the board, they would have had him."

Tom Ballman, a Kirkwood police officer, confirmed that Mr. Devlin had summoned the police to the apartment complex, a two-story working-class enclave in the otherwise well-to-do suburb.

Another neighbor said her husband had also had tense encounters with Mr. Devlin over the space.

"The parking spot thing was weird," the neighbor, Krista Jones, said. "He woke us up one night because he was honking in the parking lot at like 2 o'clock in the morning. Someone had parked in his space."

"My husband almost beat him up," she added.

Ms. Jones said that Mr. Devlin kept the blinds drawn, though she would occasionally see Shawn riding his bike in the evening and that the boy was occasionally visited by what appeared to be a friend and a girlfriend.

A check of Mr. Devlin's name with the Missouri Highway Patrol's sex-offender registry turned up nothing. And a search of Missouri court records revealed no criminal history.

Mr. Parks declined to divulge information about how the boys had spent their time in captivity, but added that more charges were likely to come. "It's my hope that he never sees the outside of jail in his natural life," Mr. Parks said.

Mr. Corvington of the F.B.I. said his agency was also looking into federal charges.

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For the time being, though, the families said they were more interested in reconnecting with their rescued sons than worrying about Mr. Devlin's fate.

"We've got a lot of catching up to do," said a tearful Pam Akers, marveling at her teenage son's growth. "He's grown up on me, that's for sure."

Case Of Missing Boys Stands Out (USAT/AP)

USA Today, January 13, 2007

KIRKWOOD, Mo. (AP) — For more than four years, Shawn Hornbeck seemed to have had every chance to escape, left alone for hours to ride his bike, play video games and walk past missing-child posters showing his own age-progressed image.

But mental health experts say this troubling case is hardly so simple, and that Hornbeck was likely kept mentally shackled by terror and domination from the man accused of kidnapping him, 41-year-old Michael Devlin.

"I think it's a real mistake to judge this child. Whatever he did to this point to stay alive is to his credit," said Terri Weaver, an associate psychology professor at Saint Louis University.

Weaver, an expert on post traumatic stress disorder, said children in such situations kick into survival mode, "doing what needs to be done to keep yourself going day-to-day."

Devlin, a 300-pound pizza parlor manager, is accused of abducting Hornbeck four years ago when the slight boy, taken as he was riding his bike, was just 11. Now a gangly 15-year-old with floppy hair and a pierced lip, he was found by surprise Friday when police acting on a tip went to Devlin's modest-two-bedroom apartment in this St. Louis suburb to rescue 13-year-old Ben Ownby, who had been snatched four days earlier on his way home from school.

Now investigators are piecing together the details of Hornbeck's captivity and Ownby's abduction, trying to discover how the boys could have been kept captive in an apartment where neighbors often heard banging, shouting and arguing.

VIDEO: Ownby family ecstatic Ben's home

Internet profiles posted as far back as two years ago that were created using pictures of Hornbeck emerged over the weekend when a blog mentioned them. A Kirkwood detective said Sunday that he had heard about the profiles but didn't know what role they might be playing in the investigation.

A Yahoo user homepage belonging to "xxdevildevlinxx" was created in April 2004 and shows a partial picture of a boy, strongly resembling recent photos of Hornbeck, with an eyebrow piercing. On Saturday, the boy had a lip ring and three ear piercings.

Another Yahoo profile using the same picture is registered to an "mdevlin" in Kirkwood, Mo.

A separate profile was taken out under the name Shawn Devlin in November 2005, according to the Yahoo page. It contains a full picture of a young boy similar to pictures of Hornbeck; the page says the user lives in Kirkwood, Mo.

A website called the True Crime Blog mentioned the pages this weekend.

Residents in Hornbeck's hometown of Richwoods were shocked the boy could have so much contact with the outside world but remain at his captor's side — refusing to flee even as Devlin worked two jobs that forced him to leave Hornbeck and, later, Ownby, alone.

Weaver said repeated contact with outsiders can actually reinforce an abducted child's sense of helplessness.

"Over time, your safety has been threatened. You are a child. You may have been traumatized in other ways. You may feel helpless to reach out to other people," she said.

The case is reminiscent of the Elizabeth Smart kidnapping. The Salt Lake City teen was taken for nine months by a religious zealot and passed up several chances to escape.

Stephen Golding, a forensic psychologist who examined the suspect in the Smart case, said captors often establish control over their victims through fear.

"People are led to believe, through someone taking advantage of their vulnerabilities, that leaving is not an option, that things will get worse for them or will get worse for others," Golding said.

Neighbors describe Devlin as a loner with a quick temper. He obsessed over a reserved parking space at his apartment complex.

Rob Bushelle, who lives in Devlin's complex, said he made that mistake last fall. Devlin arrived in his white pickup with an adolescent boy in his passenger seat, whom Bushelle now recognizes as Hornbeck. Devlin became furious and began shouting at Bushelle, demanding he move. Bushelle refused, and Devlin called police.

While Devlin spoke with officers, Hornbeck got out of Devlin's truck and walked into the building, Bushelle said.

Devlin was raised in the St. Louis suburb of Webster Groves. His family released a statement Saturday praising law enforcement agencies for returning Ownby and Hornbeck to their families. Devlin's relatives said they prayed for Ownby's safe return when they learned last week he was kidnapped, and said "the past few days have been incredibly difficult.

"Just as we are relieved that both Ben and Shawn are now safe, we hope that Michael will be safe as the facts of his case are revealed."

Devlin's childhood neighbors told the St. Louis Post-Dispatch that Devlin was adopted and one of six children.

Sarah Sullivan described him as a quiet child in an otherwise outgoing family. He was always big for his age and avoided sports. He had a hot temper and spent a lot of time in his room, she said.

Devlin got a job at Imo's Pizza when he was in high school. He never left the pizza parlor over the years. He has no apparent criminal past, except for a pair of traffic fines, officials said.

"He's smarter than most people, so he liked to be a smart aleck," co-worker Gus Nanos told the newspaper.

"In his calmer moments, he would be an incredibly nice and thoughtful person," Nanos said.

Co-workers noticed that Devlin became more withdrawn in 2002, the year Hornbeck was abducted. That was also the year Devlin, a diabetic, had a toe amputated.

"He went from being such a teaser to a much quieter person. I felt like he had been humbled by all of his health problems," Nanos said.

Devlin was being held Sunday in the Franklin County jail in lieu of $1 million bail and is charged with first-degree kidnapping.

It was unclear Sunday whether Devlin had a lawyer. Jail officials would not comment, and the county public defender's office was closed.

Police say Devlin drove his pickup to Beaufort, Mo., Monday and kidnapped Ownby. A witness spotted his truck and its description was broadcast in an Amber Alert.

Kirkwood police officers Gary Wagster and Chris Nelson spotted the truck Thursday night outside Devlin's apartment.

"Are you seeing what I'm seeing?" Wagster asked Nelson, according to the Post-Dispatch.

A neighbor said the truck belonged to Devlin, and the officers saw him leave his apartment to empty his trash into a trash bin. They questioned Devlin in the parking lot, and he was friendly and cooperative.

Devlin's demeanor quickly changed when the officers started asking him specific questions, Wagster said. He became agitated and defensive.

"It was a total 180 degrees from where he was," Wagster said.

The Kirkwood officers remained outside the apartment all night, and watched as Devlin left the apartment in the morning.

FBI agents and Franklin County sheriff's deputies arrested Devlin at his job the next day, Wagster said.

A law enforcement official familiar with the investigation said that FBI agents went to Imo's Pizza, where Devlin was a manager, and that the suspect revealed details giving agents probable cause to arrest him and search his apartment. They then found the boys, said the source, who refused to be identified because he was unauthorized to speak publicly about the case.

The families of both boys have refused to comment beyond a pair of news conferences they held Saturday, during which the boys were told not to talk to reporters. Lawyers for the families did not answer phone calls to their offices Sunday.

Associated Press writers Betsy Taylor and Cheryl Wittenauer in St. Louis contributed to this report.

2 Missing Boys Are Found Near St. Louis (NYT)

By Patrick Mcgeehan

The New York Times, January 13, 2007

When the police entered an apartment near St. Louis yesterday looking for a 13-year-old boy who had disappeared 60 miles away on Monday, they found him and a bonus: another Missouri teenager who had been missing for more than four years.

Officers found William Ownby, who vanished after stepping off a school bus in Beaufort on Monday afternoon, and Shawn Hornbeck, a 15-year-old who was last seen riding a bicycle near his home in Richwoods in October 2002, inside the rental apartment, in Kirkwood, Mo.

Sheriff Gary Toelke of Franklin County told reporters that both boys appeared dazed but unharmed.

Officers arrested Michael Devlin, 41, who lived in the apartment, and charged him with one count of first-degree kidnapping. Mr. Devlin was being held on $1 million bond.

Robert Parks, the prosecuting attorney of Franklin County, told reporters that Mr. Devlin had confessed to the crime and added that more charges were likely to be filed in the case.

Sheriff Toelke said officers were questioning Mr. Devlin, who worked as a pizza-delivery dispatcher and on the overnight shift in a funeral home, to try to determine a motive behind the abductions. Mr. Devlin's name was not found in a check of the Missouri Highway Patrol's registry of sex offenders. Similarly, a search of Missouri court records revealed no criminal history.

In Beaufort, family and friends of William, a Boy Scout known as Ben, had been conducting a full-scale search yesterday for the boy. He was last seen dashing home from the school bus on Monday. A schoolmate told the authorities that he saw a dilapidated white pickup truck with a camper shell speeding away from the spot.

An intense hunt ensued in rural Franklin County. Members of the Ownby family appeared on television to make tearful appeals for the boy's return. Community members plastered fliers throughout the area and ventured out on foot, horseback and all-terrain vehicles looking for clues.

The break in the case came Thursday evening when two Kirkwood police officers, out to serve a warrant at the apartment complex where Mr. Devlin lived, spotted a white truck that matched the description, Sheriff Toelke said. The blocklong single-story complex is just off Interstate 44 near a collection of industrial buildings.

The Kirkwood police contacted the Franklin County Sheriff's Department, located Mr. Devlin's address and returned the next day to find Ben and, to their surprise, Shawn Hornbeck, in the apartment, he said.

Sheriff Toelke said that Shawn identified himself to officers when they entered the home. He had disappeared on Oct. 6, 2002, when he was 11. His parents had reported him missing after he rode to a friend's house on a lime-green mountain bike wearing a Little League jersey but never arrived.

Ben, who was wearing a red shirt and jeans yesterday, appeared somewhat dazed when he was reunited with his family around 5 p.m. at the sheriff's office, Sheriff Toelke said. He added that Shawn's parents were coming to meet their son at the same location.

"There are a lot of things we don't know right now," he said.

At Imo's Pizza in Kirkwood, where Mr. Devlin worked, a manager declined to comment. At the Bopp Chapel, where he worked the overnight shift, Susan Waterman, a funeral director, declined to comment on the situation, saying the chapel would release a statement today.

Boy Had Web Access, Apparent Profiles (NSDY/AP)

By Jim Salter, Associated Press Writer

Long Island Newsday, January 13, 2007

KIRKWOOD, Mo. -- Internet postings and online profiles overlooked during teenager Shawn Hornbeck's four years in captivity may become clues now that he's free.

While his alleged kidnapper was at work, Shawn or someone pretending to be him put photos of him online and posted a chilling message on a site created by his desperate parents: "How long are you planning to look for your son?"

The postings, along with others, came to light after Shawn's rescue from an apartment in Kirkwood last week. Since then, Web users have discovered a profile at mindviz.com, and online comments have flooded in.

"Welcome home Shawn," wrote one of the nearly 40,000 visitors to Shawn's site on Monday. "I have prayed for you and I know many others have as well. Glad you are safe and healthy."

Investigators would not comment on the postings, and it was not immediately known if they were, in fact, created by Shawn or by someone else. Either way, they add to the long list of clues that no one seemed to pick up on during the 4 1/2 years that the boy was missing.

Shawn, now 15, was 11 when he was kidnapped in 2002 while riding his bike near his rural home. Astonished police found him Friday in a suburban St. Louis apartment where they also discovered 13-year-old Ben Ownby, who had been missing for four days.

Their alleged abductor, Michael Devlin, a 41-year-old pizza shop employee who also held a job answering telephones at night at a funeral home, was jailed on $1 million bail. So far, he is charged in the kidnapping of Ben, but authorities expect to charge him with abducting Shawn.

Neither boy has spoken publicly about what happened, but in an interview with the Ownby family to be broadcast Tuesday on NBC's "Today" show, Ben thanked a classmate who gave police the tip they needed to find him, the description of a white pickup truck.

"Thank you for being such a great big help in this entire thing," Ben said.

Investigators have given no motive for the crime and no details on what the boys went through. Officials said Devlin did not appear to have a criminal record. Devlin's attorney, Michael Kielty, said he has not seen any evidence and will enter a not guilty plea at an arraignment later this week.

Many mysteries remain about Shawn. He appeared to have ample opportunity to flee or call for help. Devlin's two jobs often took him away from the modest two-bedroom apartment they shared, which had a landline phone and a cell phone, as well as a computer.

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A series of Web postings, some under the name "Shawn Devlin," have raised questions about whether he was trying to send clues about his real identity.

At 1:59 a.m. on Dec. 1, 2005, a "Shawn Devlin" asked in a forum on the Shawn Hornbeck Foundation Web site: "How long are you planing (sic) to look for your son?" Shawn's parents, Craig and Pam Akers, started the foundation to help find their son and other missing youngsters.

Later that same day, at 2:56 p.m., Shawn Devlin wrote to ask if he could compose a poem for the family. The poem never appeared in future postings.

Other Web profiles also appeared to be of Shawn, including the profile on mindviz.com, which described "Shawn" as a single atheist with a pet cat living in Kirkwood.

Dr. Juliet Francis, a clinical psychologist and consultant for the National Center For Missing and Exploited Children, said it is not unusual for a bond to develop between an abductor and the child.

"It developed when someone feels that their life is being threatened, but they aren't killed," she said.

Some neighbors said they never saw Shawn with books or a backpack. Neighbor Krista Jones, a stay-at-home mom, noticed Shawn wearing black clothes and piercings in his ear and lip. She said she figured he was either a dropout or attended an alternative school.

Larry Douglas said his younger brother, Tony, and Shawn were best friends and often went skateboarding and biking. He said Tony had no idea of Shawn's real identity. Larry Douglas said his family was not allowing his brother to speak to reporters.

Before Tony Douglas' family made him unavailable to the media, he told Fox News that on three occasions, police stopped the two for being out beyond curfew. Officers gave the boys a lift home, unaware of Shawn's real identity, Tony said.

Tony sometimes spent the night at Shawn's apartment, but rarely spoke with Devlin. Larry Douglas said his brother saw no indication of abuse, or clues that Shawn was a captive.

"He just hopes to see his friend again," Douglas said. "He's happy for Shawn."

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Associated Press writers Cheryl Wittenauer and Jim Suhr in St. Louis and Heather Hollingsworth in Kansas City contributed to this report.

Officials Are Mum, Move Methodically To Seek Answers (SLPD)

By Jeremy Kohler And Aisha Sultan, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, January 13, 2007

KIm Evans, owner and operator of Bardenheier Wine Cellars in Richwoods, talks with Shawn Hornbeck's grandmother Sunday at the restaurant. Evans has taken on the unofficial role of media organizer and family go-between for the Akers family.

(Jerry Naunheim Jr./P-D)

With Shawn Hornbeck and Ben Ownby safe at home with their families, authorities on Sunday turned to their next most pressing task — getting some answers.

Exactly how did the two teens end up in the Kirkwood apartment of pizzeria manager Michael J. Devlin?

What were his intentions for them? Did he harm them? And why did Shawn stay with him for 4 1/2 years, apparently posing as his son, while his real family pleaded for his return?

Investigators interviewed both boys Saturday, but the public will have to wait for any insight into the ordeals they faced. Franklin County Sheriff Gary Toelke said Sunday that he could not disclose anything that was discussed.

Devlin remained at the Franklin County Jail in lieu of $1 million bail on a charge of kidnapping Ben. Authorities said they expect to set an arraignment on Tuesday.

Washington County Sheriff Kevin Schroeder said he expected criminal charges to be filed Wednesday or Thursday in Shawn's case.

"We're plotting our course, taking our time, formulating the right questions," he said.

This morning, the uncle of a 13-year-old boy rescued four days after he was snatched on his way home from school said on Monday that no one is pushing the boy to talk about his ordeal.

Ownby's uncle told CBS' "Early Show" today that the boy was talking only with FBI counselors.

"No one's pushing him at this point to answer these questions," said the uncle, Loyd Bailie. "The biggest concern right now is all of the media coverage ... that somebody's going to ask the wrong question." But Bailie added, "At this point, everyone has been very respectful of Ben and his family."

Kidnapping Suspect's Co-Workers Stunned (NYT)

By Susan Saulny

The New York Times, January 16, 2007

KIRKWOOD, Mo., Jan. 15 — Behind the counter at Imo's, a pizzeria on one of the main strips in this affluent suburb southwest of St. Louis, the cooks and cleaners have a penchant for joking around. So when they realized that a kidnapping suspect in the area had a vehicle that matched the description of the manager's white pickup truck, they had a few rounds of fun with it.

"The guys noticed the similarities immediately," Mike Prosperi, Imo's owner, said Monday. "People were joking about it because no one thought it could possibly be him. He was just too nice a guy."

Everybody had a good laugh except the manager himself, Michael Devlin, 41, who was later apprehended near the kitchen where he had worked, by all accounts, as a model employee since age 15. Mr. Devlin was arrested Friday and charged with one count of kidnapping; he is being held on $1 million bail. The authorities said that he had confessed, and that more charges were likely.

The police had spotted the white truck outside Mr. Devlin's apartment, and inside the apartment on Friday, officers found a 13-year-old boy, William Ownby, known as Ben, who had disappeared just days earlier, and, even more to their surprise, a 15-year-old boy, Shawn Hornbeck, who had been missing for more than four years from his home in a rural town about 60 miles from Kirkwood. Both boys had no visible injuries and have been reunited with their parents in what some are calling the Missouri Miracle.

Mr. Devlin, not known as one to take vacation or sick days, had been at work on Thursday and Friday, not watching over either boy. He even mentioned to Mr. Prosperi that the authorities were bothering him, snooping around his apartment building.

Mr. Prosperi said he told Mr. Devlin on Friday morning that he should cooperate, as there must have been some sort of mix-up. But things changed as soon as the Federal Bureau of Investigation showed up to take Mr. Devlin away.

"The situation looks pretty grave," Mr. Prosperi said.

In minutes, Mr. Devlin went from unassuming and good-natured pizza cook to accused mastermind child abductor — and the people who were most surprised were among those who knew him best. "Everything is so shocking because it's completely out of character," Mr. Prosperi said. "I still can't believe I'm sitting here talking about this."

But perhaps what has confounded people around here most is how Mr. Devlin managed to keep the older of the boys, Shawn, under his control. Neighbors who knew the two said it appeared that Shawn had a considerable amount of freedom.

He was often seen playing with a close friend in the courtyard of the apartment. He seemed to love bikes, skateboarding and computer games. Some neighbors assumed he was a dropout. They thought nothing of his being around all day, not in school.

And, they said, Mr. Devlin certainly did not behave like a man in hiding. He called the police a few months ago to report someone who had parked in his assigned spot. He was known as a stickler for the rules.

"We've always known him as the dad," said Mario Emanuel, a neighbor. "That's how they walked; that's how they talked. The kid even used his truck every once in a while."

"Shawn was out every day in the evening riding his bike," Mr. Emanuel added. "He seemed like a cool kid."

No one knows why Shawn did not use the truck or his bike to leave, but it is the question that everyone wants answered. He may have had access to a cellphone. The Associated Press reported that a neighbor found a cellphone outside the apartment last fall and when he dialed the number on it, Shawn came to retrieve it.

Shawn may even have had Internet access. Someone calling himself Shawn Devlin posted a guestbook entry on Dec. 1 to a Web site run by Shawn Hornbeck's parents that asked, "How long are you planning to look for your son?"

Within minutes there was another message: "Hey sorry about that last thing I put on there. I write poems and I was wondering if it would be O.K. to write a poem for the Hornbeck family."

The messages have not been verified as authentic, however, and the F.B.I., which had been assisting with the search for Shawn for years, would not comment on them.

"There's a lot of work still to be done and a lot of questions to be answered," said Peter Krusing, the spokesman for the F.B.I. in the bureau's St. Louis field office.

Law enforcement officials have released few details. The boys' parents did not return calls for comment, nor did the local prosecutor. Mr. Devlin could be arraigned on the kidnapping charge, which involves only the younger boy at this point, as early as Tuesday. Detective Michael Bales of the Kirkwood Police Department said officers had been summoned to Mr. Devlin's apartment complex once or twice a month — occasionally at Mr. Devlin's request.

"He was kind of a nondescript guy," said Detective Bales, who often went to Imo's for pizza. "This is a small community. You see the same people over and over. He was one of them. He was kind of a fixture."

The squat, two-story apartment complex has become a local attraction, with cars approaching slowly so passengers can get a glimpse and take pictures.

People have also taken out some of their anger on Imo's and Mr. Prosperi. "This morning when I came in people tried to throw rocks through the front window," he said. "Friday night I got calls saying: 'Why on earth didn't you do a background check? You hired a sex predator.' "

Mr. Prosperi continued: "Mike had no history. No history of this sort of thing at all."

EXCLUSIVE: Indictment Changes In Bakersfield Military Secrets Case (BFLDC)

By Jessica Logan, Californian staff writer

The Bakersfield Californian, January 13, 2007

A Bakersfield business owner gave military secrets and equipment to Yemen as an agent of that country, a new indictment filed by the United States Attorney's Office alleges.

Amen Ahmed Ali, 56, of Bakersfield was escorted to vehicles by law enforcement officials from the District Attorney's building on 18th Street in Bakersfield last August after appearing before U.S. Magistrate Theresa Goldner.

Amen Ahmed Ali purchased what he believed were secret U.S. government documents and military equipment and shipped them to Yemen as an agent of the Yemeni government from 2005 to 2006, according to the indictment filed Thursday.

Ali was previously charged with buying and transporting military secrets and documents to Yemen, but he was not previously charged with doing so on behalf of the Yemeni government, said Assistant U.S. Attorney Carl Faller.

Under the new indictment, Ali is charged with conspiracy to act as an agent of a foreign government, unlawful export of defense articles and possession of stolen government property, attempted unlawful export of defense articles, conspiracy to gather, possess and transmit defense information and gathering defense information.

The new charges ratchet up the number of years Ali faces in prison from 30 to 45.

Ali's attorney, David Torres, said the new charges are not true. They were filed to block Ali's release from custody as he awaits trial, Torres said. The attorney cobbled together more than $1 million in assets to secure Ali's return to court if the judge releases him; Torres will make a request to release him Tuesday.

Faller said this is not true. He said further investigation since Ali's September arrest gave rise to the new charges.

The U.S. Attorney's office has since learned that Ali organized a Bakersfield branch of a Yemeni government-run organization known as the National Association of Yemeni Immigrants after being a member and at times the president of the Delano branch, according to the new indictment.

He received instructions from the Yemeni government from as far back as 1987, according to the indictment.

Since then, Ali acted as an agent of the Yemeni government when he directed the divorce of two other people in 2000 and ordered the arrest of another individual in 2002 when that person returned to Yemen, the indictment alleges.

Ali's friend Hifthallah Alrowhany said Faller has mischaracterized Ali and the National Association of Yemeni Immigrants.

"We know this man forever," Alrowhany said. "He is a family man."

He said Ali would never have reason to hurt the U.S. government.

Alrowhany also said the association is not run by Yemen. Rather it helps immigrants who have difficulty with the Yemeni government.

"We (in the Yemeni community) have disputes and the association acts as a mediator," said Alrowhany, who is also a member of the association.

Faller believes Ali and others helped to transport and sell the U.S. military goods. Ibrahim A. Omer is indicted with transporting these goods and Mohamed al-Rahimi is indicted with conspiracy to possess stolen government property. Their charges have not changed.

Omer faces 15 years in prison and is out of custody on bail.

Al-Rahimi faces five years in prison, but the government has been unable to find him.

Authorities launched an investigation into Ali after a U.S. Customs officer discovered boxes addressed to Yemen full of bullet-proof vests, chemical protective suits and U.S. military equipment in 2003, according to the U.S. Attorney's Office.

The federal government never found out who supplied Ali with the goods, but sent an undercover agent in 2004 to offer Ali stolen military property.

Through this connection, Ali acquired what he believed were stolen military secrets and tried to ship them to Yemen. He also bought and ordered the shipment of military laptop computers, night vision goggles and ballistic vests to Yemen, according to the indictment.

Then, al-Rahimi allegedly flew to Yemen to sell property in late 2005. Al-Rahimi called Ali from Yemen to discuss the sale and Ali faxed a sheet with prices for the military equipment to Yemen in early 2006, according to the indictment.

Ali and Omer are expected to return to federal court in Fresno Tuesday to discuss the new indictment, Ali's bail and other issues.

Bakersfield Man Accused Of Being Yemeni Secret Agent (SDUT/AP)

Associated Press

The San Diego Union-Tribune, January 13, 2007

BAKERSFIELD – A Bakersfield man acted as a Yemeni spy when he shipped what he believed were secret U.S. military secrets and equipment to Yemen, an indictment filed by the United States Attorney's Office states.

Amen Ahmed Ali, Bakersfield businessman, purchased what he believed were secret documents and military equipment and shipped them to Yemen from 2005 to 2006, according to the indictment filed Thursday.

Assistant U.S. Attorney Carl Faller said Ali was charged previously with buying and transporting military secrets and documents to Yemen, but that the new charges state he was doing so on behalf of the Yemeni government.

The new indictment charges Ali with conspiracy to act as an agent of a foreign government, unlawful export of defense articles and possession of stolen government property, among other charges.

Ali faces a possible 30 t0 45 years in prison if convicted of all counts.

Ali's attorney, David Torres, disputed the new charges and said they were filed to block Ali's release from custody as he awaits trial.

The U.S. Attorney's Office launched an investigation into Ali after a U.S. Customs officer discovered boxes addressed to Yemen full of bulletproof vests, chemical protective suits and U.S. military equipment in 2003.

Amateur Sleuthing Lands Grisham In Real-Life Court (WP)

By Tom Jackman, Washington Post Staff Writer

The Washington Post, January 13, 2007

He's a lawyer. He's a best-selling author. Now he's The Client.

The Virginia Supreme Court ruled yesterday that John Grisham must face a jury for his actions in a real-life whodunit.

Grisham, author of "The Pelican Brief," "The Firm" and "The Runaway Jury," among other bestsellers, lives outside Charlottesville. His son attended the private St. Anne's-Belfield School, where he played baseball for Alan Swanson, the head coach. Grisham and Swanson became friends, according to court papers, and Grisham is on the school's board of trustees.

In 1996, Swanson's wife, Donna Swanson, began receiving harassing anonymous letters, which included allegations that her husband was cheating on her, according to the ruling. Grisham also received an anonymous letter.

In 1998, according to a lawsuit, "Grisham was intrigued by the idea of trying to 'get to the bottom' of who was writing them, and he decided to play amateur detective."

Grisham and the Swansons targeted another St. Anne's parent, Katharine Almy of Charlottesville, who has three children.

Grisham and the Swansons took the letters to a handwriting expert, who told them that he needed more samples.

Both sides agree that Grisham and Alan Swanson then obtained enrollment and medical release forms from the school filled out by Almy and stamped "strictly confidential." They provided the forms to the handwriting expert, who issued a report saying the letters "possibly" were written by Almy, the lawsuit states.

Grisham provided the expert's report and the letters to the Albemarle County police, and a detective visited Almy. The lawsuit states that she was horrified that she was being investigated and repeatedly denied writing the letters. The detective reportedly told her to stop writing the letters. The lawsuit says that Almy provided handwriting samples to another examiner, who cleared her, and that she passed a polygraph test.

But Almy alleges that she was devastated by the accusations and the investigation. And when she later found out that forms had been taken from school for use in the investigation, she was further humiliated.

Almy was on the board of directors of a support group for victims of domestic abuse, the lawsuit says, and led weekly meetings and coordinated services for victims.

In 2000, even as the letters kept coming, Almy sued Grisham and the Swansons for intentional infliction of emotional distress. She withdrew the suit in 2003 but refiled it in 2004. A year later, Albemarle County Circuit Court Judge William R. Shelton threw it out, saying the case had no merit.

Almy appealed. And yesterday, in an opinion written by Justice Barbara Milano Keenan, the high court ruled that Shelton was wrong for judging the case on its merits. The defense motion to dismiss the case should have been evaluated strictly on whether Almy had enough legal basis to get the case to trial, Keenan wrote, determining that Almy's claims of severe distress and depression were sufficient.

No one answered the phone at Grisham's home yesterday. His attorney, Thomas Albro, said the author "had no intention of causing this woman any emotional distress or harm. It is clear from the evidence . . . that everything he did was in good faith and was designed to find out who was sending the harassing letters." The Swansons' attorney did not return a call.

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Bernard J. DiMuro, Almy's attorney, said that the story "could have come directly out of one of Mr. Grisham's novels" and that Almy "became the victim and wrongful target of a Barney Fife-style investigation instigated by Mr. Grisham and the Swansons that tarnished her reputation in the community while inflicting severe emotional distress."

The cliffhanger? The author of the letters. That remains a mystery.

Emotions Run High As Journalist's Assailant Gets 65-Year-Term (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 13, 2007

The man convicted of delivering the blow last year that killed New York Times journalist David E. Rosenbaum was sentenced yesterday to spend what will almost certainly be the rest of his life behind bars.

Convicted last fall in D.C. Superior Court of first-degree murder, Percey Jordan, 43, was sentenced to 65 years in prison.

The punishment was handed down yesterday morning in an emotion-filled courtroom, with a prosecutor telling the judge that he should take away Jordan's "hope," a defense attorney asking for a measure of mercy and a grieving family grasping for justice.

"I can't imagine a punishment that would fit this crime," said a shaken Daniel Rosenbaum, the victim's son.

He was speaking to Judge Erik P. Christian but staring at Jordan, a few feet away. Rosenbaum's hands were trembling, and as he started to walk back to his seat, he paused for a moment and looked at Jordan, whose face betrayed little.

Christian, who presided over Jordan's trial in October, said he hoped that during his imprisonment Jordan would eventually acknowledge what he had done.

Last week, Jordan's cousin, Michael C. Hamlin, 24, pleaded guilty to his part in the robbery and was sentenced to 26 years. As part of his plea agreement, Hamlin testified against Jordan.

Despite the prospect of such testimony, Jordan had chosen to go to trial. On Oct. 24, he was convicted of first-degree murder, conspiracy to commit robbery and robbery of a senior citizen.

Rosenbaum, 63, died Jan. 8, 2006, two days after he was robbed and beaten on Gramercy Street NW while taking an after-dinner walk in his neighborhood. The random attack soon evolved into a scandal as investigators uncovered a string of errors concerning the emergency medical care provided to Rosenbaum at the scene, in the ambulance and at Howard University Hospital, where he died.

Jordan told the judge that he had nothing to say. Standing next to him was his attorney, Michael Starr, who said that Jordan plans to appeal his conviction and had been advised not to comment.

With his client facing a mandatory minimum of 30 years, Starr could only urge the judge to impose a penalty less than life without possibility of release, available as a sentence because Jordan was found to have murdered a vulnerable person.

Starr argued that no one had claimed that Jordan intended to murder Rosenbaum or anyone else. Although that did not make the Rosenbaums' loss less painful, Starr said, it distinguished the death from a premeditated killing.

Jordan and Hamlin were charged within days of the attack. Each surrendered separately after surveillance footage showing them using stolen credit cards was broadcast on local television stations.

The attack on Rosenbaum was far from the first robbery they had committed, according to prosecutors. In a sentencing memorandum to the court, Assistant U.S. Attorney Amanda Haines said Hamlin testified before a grand jury that he and Jordan had carried out numerous crimes over a period of many months: an ATM holdup in Takoma Park, several supermarket purse-snatchings in Maryland and Virginia, and spraying a man with Mace during a robbery in Silver Spring.

They also noted the November 2005 beating and robbery of a retired police officer in Southeast Washington. Only after Rosenbaum's death was Jordan linked to that crime, which D.C. police detectives had not fully investigated.

"If they had done that, this all wouldn't have happened," the retired officer, James Rose, said after attending Jordan's sentencing.

Second Man Sentenced In Killing Of Ex-Reporter (NYT)

By Sarah Abruzzese

The New York Times, January 13, 2007

The second of two men convicted in the killing of a retired reporter for The New York Times was sentenced to 65 years in prison. The man, Percey Jordan Jr., 43, was convicted of first-degree murder in October. He faced a maximum of life without the possibility of parole for the attack on the reporter, David E. Rosenbaum, last January. Mr. Jordan's cousin Michael C. Hamlin, who was sentenced to 26 years for his role in the death, testified that Mr. Jordan had struck the former reporter over the head with a pipe while he took his wallet. Last week, Mr. Hamlin was sentenced after pleading guilty late last year to second-degree murder.

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Recording Industry Wins Judgment In Piracy Case (AP)

By The Associated Press

AP, January 13, 2007

WHITE PLAINS, Jan. 12 (AP) — Less than a month after the recording industry dropped a music piracy case against a well-known opponent, it has won a default judgment against her 20-year-old daughter.

Judge Stephen C. Robinson of United States District Court ordered the daughter, Michelle Santangelo, to pay $750 for each of the 41 songs she is accused of downloading illegally — a total of $30,750 — because she failed to respond to the record companies' claims.

It was not clear whether the default judgment would end the case. Under federal rules, such judgments are often later set aside so lawsuits can be decided on their merits.

Ms. Santangelo's lawyer, Jordan Glass, said he was not permitted to comment on the judgment, which was returned on Wednesday. He would not elaborate.

Jenni R. Engebretsen, a spokeswoman for the Recording Industry Association of America, which is coordinating the thousands of piracy suits filed by the record companies, also declined to comment.

Michelle Santangelo is the oldest of five children of Patricia Santangelo, who became a defendant in the battle against illegal downloading. When the elder Ms. Santangelo, 42, of Wappingers Falls, N.Y., was sued in 2005 by five record companies, she said she had never downloaded music. If her children did, she said, the file-sharing programs, not the parents, should be blamed.

Ms. Santangelo refused to settle with the record companies and took her case to newspapers and national television. She became a heroine to defenders of Internet freedom, who helped raise money for her defense.

When the case against her was dropped, the record companies said they would pursue the case against her daughter and her son, Robert, 16. No default judgment was filed against Robert.

The recording industry has filed more than 18,000 piracy lawsuits in federal courts, many against minors, and thousands have been settled with payments to the record companies.

FBI Log: Troutman Raids Turned Up 'Suspect' Drugs, Gun (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, January 13, 2007

Federal documents made public Friday show the scope of the investigation into Chicago Ald. Arenda Troutman and indicate the FBI may not be done looking into her connections to street gangs.

Evidence logs from searches of Troutman's home and office on Monday also show that agents allegedly found suspected drugs, drug paraphernalia and a handgun.

Earlier this week, authorities charged Troutman with accepting a bribe to smooth the way for a mixed-use development on the South Side. Troutman has denied the accusations.

The documents show some of the suspected drugs were recovered in Troutman's home in the 6500 block of South Kimbark Avenue, where the revolver also was found. A "white powdery substance in Ziploc plastic bag" was found in her office at 5958 S. State St., the documents state, noting it was found in a desk drawer.

FBI spokesman Ross Rice said laboratory testing of the substances was not complete.

Troutman's lawyer, Sam Adam Jr., said he believes that testing will show the powder was a vitamin supplement.

"Anybody who knows anything about Arenda Troutman can tell you she is a health freak," Adam said. "She hasn't eaten meat in years; she's a vegetarian.

"Arenda Troutman does not do drugs," he said. "We need to wait until these lab tests come back and see what we're talking about here."

Troutman, the 20th Ward alderman, has been under law enforcement scrutiny in the past for her association with Donnell "Scandalous" Jehan, an alleged Black Disciples gang leader who has fled to avoid drug conspiracy charges.

Agents were to seize "records and documents of press releases issued by Arenda Troutman, her aldermanic office, her committeeman office, her campaign committees or her employees regarding law-enforcement issues and street-gang activity."

Aldermen are an exception to Chicago's ban on handguns, and Adam said he believes Troutman's gun was lawfully owned and kept.

Adam said Troutman needed protection in the economically depressed area where she lives and serves. Her home has been broken into in the past, and the gun was registered to a private detective who left it for her, Adam said.

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"She didn't go up to the North Shore to run, or to the southwest suburbs among the affluent to make things better," he said. "She's right there in the 'hood."

Troutman said Thursday the charges do not deter her from running for another term in the Feb. 27 election, but opponent Willie B. Cochran called on her to resign Friday.

The search warrants in the Troutman case included lists of items to be seized. Included were bank records, lists and receipts; income and expense summaries; cash disbursement journals, and other financial information. Also listed were computer equipment and documents.

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The Berger Files (WSJ)

The Wall Street Journal, January 13, 2007

The more we learn about Sandy Berger's brilliant career as a document thief, the clearer it becomes that there is plenty we still don't know and may never learn. On Tuesday, the House Government Reform Committee released its report on Mr. Berger's pilfering of classified documents from the National Archives.

The committee's 60-page report makes it clear that Mr. Berger knew exactly what he was doing and knew that what he was doing was wrong. According to interviews with National Archives staff, Mr. Berger repeatedly arranged to be left alone with highly classified documents by feigning the need to make personal phone calls, and he used those moments alone with the files to stuff them in his pockets and briefcase.

One incident is particularly suggestive. By his fourth and final visit to review documents and prepare for testimony before the 9/11 Commission, the Archives staff had grown suspicious of how Mr. Berger was handling the documents, so they numbered each one he was given in pencil on the back of the document. When one of them -- No. 217 -- was apparently removed from the files by Mr. Berger, the staff reprinted a copy and replaced it for his review. According to the report, Mr. Berger then proceeded to slip the second copy "under his portfolio also." In other words, he stole the same document twice.

This gives the lie to Mr. Berger's story that he was taking the documents for his own convenience, to assist with his preparation for testimony to the commission. If that were the whole story, one copy of document 217 would surely have been sufficient. That document was an email pertaining to a draft of the Millennium After-Action Report on the attempted bombing of Los Angeles International Airport. The episode suggests that Mr. Berger had some other motive for removing No. 217, even if he was ultimately unsuccessful in doing so. But neither his April 2005 plea agreement, nor the Congressional report, nor the report of the Archives' Inspector General shed any light on what that motive might have been.

Another telling revelation concerns Mr. Berger's access to original, uncopied and uninventoried documents from the files of former NSC antiterror official Richard Clarke, among others. At the time Mr. Berger made his misdemeanor plea agreement, we were assured by then-federal prosecutor Noel Hillman that there was no evidence that Mr. Berger destroyed or intended to destroy any original documents. That was, strictly speaking, true. But during three of Mr. Berger's four visits to the Archives in 2002 and 2003, the former National Security Adviser did have access to original documents of which no adequate inventory existed or exists.

This seems relevant, given the concern that Mr. Berger's breaches of national security might have denied evidence to history of the Clinton Administration's approach to al Qaeda and the threat of terrorism. And yet the Justice Department clearly gave the impression that there was no danger that Mr. Berger abridged the historical record. We now know that this was not true. Mr. Berger was in a position to remove documents from Mr. Clarke's files, and thanks to lax security, breaches of protocol and undue deference on the part of Archives staff, we may never know whether Mr. Berger took documents other than the five he's admitted to removing.

It is true that there is no affirmative evidence he did so. But it is equally true that he had opportunity and a demonstrated willingness to breach security in his handling of the documents. As for motive, this remains shrouded in mystery, in part because the documents Mr. Berger has admitted to taking remain highly classified, so the precise nature of his interest is unclear.

Thanks to Justice's and the Archives' leniency, or laxity, or both, Mr. Berger's plea deal expires in 2008 -- just in time, perhaps, for the next Clinton Administration.

CIVIL LAW:

SAN FRANCISCO Abortion Amendment Challenged State Fights Federal Regulation That Could Cost It $37 Billion (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, January 13, 2007

A state lawyer urged a judge Friday to head off a collision between California health laws and a federal anti-abortion amendment that could cost the state a ruinous $37 billion in funding if it penalized doctors or hospitals for refusing to perform emergency abortions.

Deputy Attorney General Timothy Muscat argued that the conflict could be avoided if federal laws that require doctors to provide emergency medical care were interpreted to include performing an abortion when necessary to save a woman's life or prevent serious health damage. But a Bush administration lawyer said such an interpretation would be improper.

"We cannot rewrite a statute," Justice Department attorney James Gilligan told U.S. District Judge Jeffrey White at a hearing in San Francisco. Gilligan said the legislation that the state is challenging does not require doctors or hospitals to perform abortions, even in emergencies, if they would find the procedures morally offensive.

White heard arguments from opposing lawyers, including those from Christian medical organizations that support the federal amendment, and did not indicate how or when he would rule.

The amendment, part of a spending bill that President Bush signed in December 2004, denies a wide range of federal funding to states that discriminate against any health provider, health maintenance organization or insurer that does not offer abortions or abortion referrals.

California was the only state to challenge the amendment. In a suit filed in January 2005, schools Superintendent Jack O'Connell and Attorney General Bill Lockyer argued that the amendment violated women's rights and the state's constitutional autonomy by in effect overturning a California law that requires any hospital or clinic to perform an abortion in an emergency.

California, like most states, allows doctors and hospitals to refuse to perform abortions for religious or moral reasons. But all doctors are required to perform abortions in an emergency in which childbirth would threaten the woman's life or health.

Muscat acknowledged that the state has no record of ever ordering a doctor or health facility to perform an emergency abortion, or of penalizing one for refusing to do so. But he told White that the state is entitled to enforce its law, and can do so only if the federal amendment is declared unconstitutional or is interpreted in harmony with the California law.

"The United States is turning its back on the fundamental rights of women," requiring California to step in, the state lawyer said. "No California official is ever going to risk losing $37 billion," more than one-third of the state's annual budget, he said.

Gilligan, the Justice Department lawyer, said the federal amendment "protects the rights of conscience" of anti-abortion health care providers. He also argued that the suit was premature because the state is not being threatened with an imminent loss of funding.

In addition, Gilligan said, the federal abortion amendment is scheduled to lapse Feb. 15, when a short-term funding measure passed by last year's Republican-controlled Congress is due to expire. He told the judge he didn't know whether the restriction would remain in effect after that.

E-mail Bob Egelko at begelko@sfchronicle.com.

Blind Want Changes In Currency (RTD)

By Robin Farmer, TIMES-DISPATCH STAFF WRITER

Richmond Times-Dispatch, January 13, 2007

Some in Richmond area oppose Bush administration efforts to block federal ruling

Judith Vido has signed an online petition protesting the Bush administration's decision to oppose a court-ordered redesign of the nation's currency to help the blind.

A blogger and author, Vido was the 640th person to do so this week. As of yesterday, more than 3,600 names appeared on the petition, which can be found at www.petitiononline.com/mfaacp/petition.html.

Blinded as a teen because of complications from diabetes, she uses her computer with the aid of screen-reading technology for her writing, which includes books of several genres, including romance.

"The judge has said this is violation of our civil rights. I happen to agree." Vido, of Richmond, said. "I have problems when my partner isn't here and I grab money from my savings. I can't always identify it. Yes, I keep certain amounts in my wallet that I fold. But I don't always know what I have."

The administration's appeal seeks to overturn a ruling in November by U.S. District Judge James Robertson, who ordered the Department of the Treasury to find ways for the blind to recognize the different denominations of currency. Robertson noted that of 180 nations printing paper currency, only the United States makes no effort to make it discernable without vision.

Justice Department lawyers filed the appeal with the U.S. Court of Appeals for the District of Columbia Circuit on behalf of Treasury Secretary Henry Paulson last month.

Robertson had ruled in a lawsuit brought by the American Council of the Blind. The council proposed several options for changes, including printing different size bills or changing the texture by adding embossed dots or foil.

Not all advocates for the blind support Robertson's ruling.

The National Federation of the Blind said in December it plans to support Treasury in the appeal process, saying the ruling misinterpreted the meaning of discrimination. . . . "If it is allowed to stand unchal- lenged, this ruling will do real harm to the blind by making our goal of full and equal participation in society virtually impossible to achieve."

Jeffrey Lovitky, an attorney for the American Council of the Blind, has said he planned to petition the appeals court to reject the appeal until Robertson makes a decision on what remedies the government should pursue. A hearing on the government's recommendations is scheduled for this month.

"I don't know why it requires a court case," said Henrico County resident Malcolm Coe, who was blind at birth. "It seems pretty obvious it should be done."

When Coe trained as an operator of a vending stand he was cheated by a customer who repeatedly gave him $1 bills and said they were $20 bills.

"He seemed friendly and he always chatted. I nicknamed him Mr. Alaska because he talked about going," Coe recalled. "I guess he was using his own method to save to do that. Fortunately for me, it wasn't my money, but it was the operator of the business that lost the money."

Coe believes part of the government's resistance to altering the money stems from not having "a large enough population that is upset about it to make the public aware that something needs to be done."

But the number of people with vision problems will jump as baby boomers age, said Tara Cortes, president of Lighthouse International, an advocacy group for the blind.

There are 1.3 million people in the United States who are legally blind, and there will be millions more as people fall victim to diseases that can affect vision, such as diabetes, which is on the rise, Cortes said.

In the government's appeal, Justice Department lawyers argued that visually impaired people are not denied meaningful access to money by the way the nation's currency is designed.

Portable reading devices exist to determine the denomination of paper money and the blind can also use credit cards, the lawyers said.

Several blind people interviewed by the Times-Dispatch have said the reading devices cost hundred of dollars and using credit cards still requires sight to ensure the amount charged is correct.

The government argues that if currency sizes were altered, it would cost up to $178 million initially and up to $50 million in new printing plates.

Cortes said the new bills could be phased in over 5 to 10 years to reduce costs.

For Vido, altered currency would ensure her independence about what's in her own wallet.

"It would be nice," Vido said, "if I didn't have to ask somebody"

Contact staff writer Robin Farmer at rfarmer@timesdispatch.com or (804) 649-6312.

The Associated Press contributed to this report.

Navy Halts Lockheed Contract (WP)

By Renae Merle

The Washington Post, January 13, 2007

The Navy yesterday ordered Lockheed Martin to stop work on a $260 million ship after the company warned of a significant cost increase that has also spurred the service to reconsider the way it purchases the vessels.

The unusual order, which lasts 90 days, is a blow to Lockheed and is among a series of cost overruns in Navy shipbuilding programs.

Lockheed of Bethesda is one of two contractors building the new ships. The Navy plans to buy 55 of the vessels, making the program potentially worth billions of dollars to Lockheed if it wins even half the work.

The 378-foot-longship, known as a littoral combat ship, is supposed to be capable of operating in less than 13 feet of water, allowing the Navy to maneuver in "littoral" waters close to shore to hunt submarines and destroy underwater mines.

Navy and Lockheed officials said they do not know the extent of the cost overrun. The increase is related to "contractor poor performance" and increased labor costs, Navy spokesman Lt. John Gay said. For example, a key part of the propulsion system was delayed 27 weeks because of a manufacturing error, driving up costs, he said.

"We're disappointed that the Navy made that decision," said company spokesman Craig Quigley. The company has warned the Navy about the cost increase since March, he said.

The order applies to the second of two vessels that Lockheed is building for the Navy. Work on the first one, which is 70 percent completed, is to continue so the Navy can launch it and evaluate the design, a Navy statement said.

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While it is not uncommon for the cost of the first versions of a new line of ships to increase, Lockheed knew the requirements, Gay said. "It remained unchanged, that is why we are concerned," he said.

Lockheed acknowledged a problem with a part related to the propulsion system, saying it had been cut incorrectly by a subcontractor, but the company also blamed changes the Navy made to the way the ship was to be constructed and a shortage of the kind of steel it required.

The stricter construction standard is "a positive change because it's going to be a far more resilient, tough vessel, but there is a cost impact," said Quigley.

A Navy official was unavailable last night to respond to Lockheed's claims, but earlier said steel-related cost issues already had been accounted for.

The cost of stopping and restarting the program could be about $14 million, Quigley said, adding that Lockheed is likely to attempt to recoup those costs from the Navy.

Some in Congress have questioned whether a littoral combat ship, or LCS, is necessary if submarines, tanks and guns would suffice. "The Navy is committed to the LCS program and it remains the cornerstone of the future fleet. It will provide critical capability," Gay said.

Falls Church-based General Dynamics Corp. has received contracts to build two of the littoral ships. The first ship, which will be 400 feet long and hold a crew of 40, is half done, and construction on the second hasn't begun, said company spokesman Rob Doolittle. "We're focused on delivering a very capable, affordable ship to the United States Navy," he said. But, Doolittle said, "it's premature to discuss the final construction cost because we're so early in the process."

CIVIL RIGHTS:

Chastang To Keep Seat -- For Now (MR)

By Jeff Amy, Staff Reporter

Mobile Press-Register (AL), January 13, 2007

Mobile County Commissioner Juan Chastang will keep his seat, at least for a little while.

A three-judge federal panel in Montgomery agreed to give the state time to appeal a U.S. Justice Department ruling that says Gov. Bob Riley's appointment of Chastang was invalid.

"The state of Alabama is allowed additional time to seek timely reconsideration of the decision," wrote Judges Stanley Marcus, Myron Thompson and Harold Albritton in an order filed Thursday.

Plaintiffs in the court case, which ultimately led to the Justice Department ruling, had asked the court this week to set an election within 90 days. Chastang, a black Republican, has said he would run in the election, though the majority-black district has historically elected Democrats.

But campaigning will be on hold. The court told Riley to file his request for reconsideration with the Justice Department, and to check in on the first day of every month, starting in February, with a status update.

Keith Miller, Alabama's chief deputy attorney general, said he expected the request to be filed in "days, not weeks."

Cecil Gardner, the lawyer for Yvonne Kennedy, James Buskey and Bill Clark, three Democrats who filed the case to force an election, said he had no objection to the order. He did say he planned to file a motion next week asking the court to order the state to file within 10 days, to prevent any delays meant to extend Chastang's time in office.

The Justice Department ruling, issued Monday, would essentially void an earlier 1988 state Supreme Court decision that said governors should appoint replacement commissioners when a vacancy occurs between elections.

The state court case had overturned a 1985 law calling for a special election to fill any vacancies when more than a year remains in an electoral term. But the Justice Department ruled that the state had failed to get Justice Department to sign off that the court decision wouldn't harm minority voting rights, saying the 1985 law was back in effect.

Under the Voting Rights Act, Alabama is supposed to get such federal approval, called pre-clearance, before making any change in election procedures. Pre-clearance is required because of the state's history of discriminating against black voters. The court ruled that pre-clearance covered not only administrative changes and those approved by lawmakers, but also those imposed by state courts.

The state can also appeal the case to U.S. District Court for the District of Columbia, but Miller said the state was focused on swaying U.S. Attorney General Alberto Gonzales.

"We're hopeful he's going to reverse the decision of his staff," Miller said. "You have a federal agency telling the state that you have to follow a state statute that violates the state constitution."

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Chastang, appointed by Riley in 2005 after Sam Jones won election as Mobile mayor and resigned his commission seat, said he remains confident of ultimate victory. "This appointment has been legal from the beginning," he said.

ANTITRUST:

Delta Pilots To Fight Takeover Union Devotes $15 Million To Cause (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 13, 2007

Delta Air Lines' pilots union is devoting $15 million to the fight against US Airways' hostile buyout bid and temporarily moving leaders to Washington so they can lobby politicians and investors.

Union leaders were already in Washington this week plotting strategy and buttonholing politicians when US Airways upped its offer for Delta by $1.7 billion, to about $10.3 billion.

Lee Moak, chairman of Delta's Air Line Pilots Association unit, said in a letter to pilots that the merger poses a "clear and present danger to the careers of all Delta employees."

He said the fattened offer would add more debt to the merged airline and that it raises questions about US Airways Chief Executive Doug Parker's credibility.

"Two weeks ago, Parker definitively stated that he had no intention of increasing his offer. [Wednesday], he increased his offer, while at the same time reaffirming his 'plan' for no 'frontline' employee furloughs," Moak wrote.

"But on the same day, Parker's No. 2 man was openly discussing additional divestitures beyond those originally disclosed to quell antitrust concerns that US Airways claims don't exist in the first place. With divestitures come job losses. Make no mistake — Parker's plan will result in thousands of job losses regardless of Parker's empty promises," Moak wrote.

He said Parker "will soon come to realize that we cannot be ignored, that we are not going away, and that the Delta pilots will not be 'synergized.' "

Union spokeswoman Kelly Collins said the $15 million from the union's general treasury will be used for lobbying, legal and public relations expenses.

Industry experts say the battle for Delta is likely to escalate in the wake of US Airways' sweetened bid. US Airways has given Delta's bankruptcy court creditors a Feb. 1 deadline to indicate support.

Delta management opposes the US Airways bid, but the creditors, who will hold substantial equity in Delta when it emerges from Chapter 11, could force it to pursue the deal.

One creditor faction, representing about 15 percent of claims, has already urged Delta to take preliminary steps in that direction in light of the new offer. But the court-appointed unsecured creditors committee — which includes major suppliers, banks and ALPA — hasn't indicated a position.

Their decision is largely financial. But they also must gauge the chances that a merger can gain approval from federal regulators — which Delta and ALPA argue is unlikely — as well as whether the two companies could be smoothly integrated and make their stock more valuable in the future.

Moak repeated earlier criticisms that the merger plan ignores elements of the Delta pilot contract that would block or complicate integration.

"Parker mistakenly believes that he can somehow magically overcome the ... protections built into our contract and to date refuses to discuss the contract in anything other than superficial terms," Moak wrote in the letter to pilots.

He added: "The Delta pilots will not change any provision of our contract in order to facilitate the hostile takeover of our company."

In an e-mailed statement, a US Airways representative responded: "We have committed to no layoffs of frontline employees, just as there were no layoffs of frontline employees in the America West-US Airways merger. We will comply with provisions of the Delta ALPA contract [and our own contracts]."

The current US Airways was created by the 2005 buyout of that carrier by America West, which adopted the name.

Moak did not address reports that Delta might be talking to Northwest Airlines about a possible post-Chapter 11 merger of those two carriers, as an alternative to a US Airways deal.

But he said: "I want to caution you about the many press reports you will read and see in the coming days and weeks regarding both the US Airways' hostile merger attempt and any other industry merger activity.

"I want to make this perfectly clear. Delta remains committed to emerging from bankruptcy as a stand-alone airline, and the [union leadership] shares that commitment. Nothing will distract us from the task at hand."

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Northwest filed its initial reorganization plan Friday but omitted details on how it plans to finance its emergence from bankruptcy this spring, and won the judge's permission to delay filing a more detailed disclosure statement until mid-February.

Newspapers Tribune's Bid Deadline Nears With Few Suitors Signaling Keen Interest (WSJ)

By Sarah Ellison

The Wall Street Journal, January 13, 2007

Wednesday night, as the final deadline for bids for Tribune Co. arrives, the company could be throwing the first large-cap media party that nobody shows up for.

While a few private-equity firms are likely to band together in a half-hearted bid for the media group, compared with the spirited competitions for such properties as Clear Channel Communications Inc. and Univision, Tribune's sale process has generated mostly shrugs from the private-equity world. And there isn't a McClatchy-like suitor either, as there was with the sale of Knight Ridder last year.

Instead, most of the attention lavished on Tribune has come from so-called vanity buyers, such as David Geffen and Ron Burkle, who are interested in the Los Angeles Times.

But Tribune, like many other newspaper firms, is saddled with tax issues that make selling itself in pieces prohibitively expensive for would-be buyers. Tribune's last and best hopes may lie with its own major shareholders: either a bid from the Chandler family, the company's largest shareholder and the one that, ironically, triggered the whole public auction process; or a management-led buyout aided by its own McCormick Tribune foundation, the management-controlled charity that is the company's second-largest shareholder.

If Tribune ends up without a good bid for the entire company, it will be back where it started more than seven months ago: with a lagging stock price, disgruntled investors and no certain path for how to solve its overarching strategic problems. Oddly, that could be a partial vindication of Tribune management.

Dennis FitzSimons and his board had explored Tribune's options in private a year ago, before pursuing the modest route of a stock buyback. It was then that the Chandlers, who have little faith in the newspaper business, decided that a public fight had a better chance of boosting the stock price than any long-term management strategy.

In the end, Tribune could decide to split up the company, with TV stations and newspapers going their separate ways. This, too, was an option that was on the table seven months ago, and the rift between Tribune management and the Chandlers arose partly over its timing.

As it turns out, if the company pursues a spinoff of the TV stations, Tribune management will have gotten the delay they were looking for. And the Chandlers will have to wonder if it was worth the fight. For the family, this experience increasingly is looking like it should be filed in the be-careful-what-you-wish-for category.

The auction process has helped buoy Tribune's shares, which have held up better than many of its peers. Whatever the outcome, it is likely to be a sharp lesson to investors hoping to shake up the newspaper industry and save their investment. If the Tribune auction shows anything, it is that there is no easy solution for public newspaper companies. Neither private-equity firms nor wealthy individuals can undo the fundamentals of declining readership and advertising. And Tribune management might come out looking surprisingly smart.

One often-heard complaint from private-equity executives: Tribune has been too tightly run, and there is little fat left to cut.

Cablevision Struggle Looms After Dolans Sweeten Offer (WSJ)

By Peter Grant And Dennis K. Berman

The Wall Street Journal, January 13, 2007

A potential showdown over the fate of Cablevision Systems Corp. stands to test the limits of how well board directors and shareholders can organize to fight a "take private" plan offered by controlling shareholders of a public company.

On Friday, Cablevision's controlling Dolan family increased by about $1 billion to $8.9 billion its privatization offer first made in October. Such increases are usually part of a friendly back-and-forth negotiation between big shareholders and independent board members representing public owners.

But judging from the combative tone of the Dolans' news release, fissures have developed between the two sides, which left in doubt whether the Dolans would prevail.

The family declared its most recent offer "best and final" and noted that the length of negotiations was creating potentially harmful uncertainty to the company. The family also imposed a deadline on the process, saying that its offer would expire by close of business Wednesday, according to a letter sent to a special committee of directors by Cablevision founder Charles Dolan and his son, James Dolan, the company's chief executive.

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The Dolans noted their increased offer of $30 a share represents an 11.1% increase over their $27 offer in October and a 23.7% premium to what the cable operator's 52-week high was at that time. The Dolans also added a few sweeteners that indicate the committee, consisting of two independent directors, may be balking on the price. The family has agreed to put the deal to a majority vote of public shareholders, which would exclude the Dolans who own 20% of the company but control 70.4% of the voting shares.

In addition, the Dolans have offered new assurances to shareholders that their plan isn't to sell the company for a profit soon after taking it private. Shareholders have worried about this because large cable operators, particularly Time Warner Inc., have made it clear they would be interested in buying Cablevision, based in Bethpage, N.Y. The letter indicates the family would be willing to include a provision in a deal that would allow shareholders to share in the profits if that happens.

Despite these measures, a number of large Cablevision stockholders reacted negatively to the new offer, indicating they might vote against it if it came to a vote.

"On a relative basis, the offer is far worse today," said John Linehan, a portfolio manager at mutual-fund company T. Rowe Price Group Inc., which holds more than two million Cablevision shares.

Cablevision shares fell Friday, a sign that investors believe the Dolans aren't going to increase their offer and that the deal may not be approved. As of 4 p.m. composite trading on the New York Stock Exchange, its stock was down $1.21, or 4.1%, at $28.39.

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Rising Tortilla Prices Hit Poor Mexicans Hard (AP)

By Peter Orsi, The Associated Press

AP, January 13, 2007

MEXICO CITY - Soaring international demand for corn has caused a spike in prices for Mexico's humble tortilla, hitting the poor and forcing President Felipe Calderon's business-friendly government into an uncomfortable confrontation with powerful monopolies.

Tortilla prices jumped nearly 14 percent during the past year, a move Mexico's Central Bank Gov. Guillermo Ortiz called "unjustifiable" in a country where inflation ran about 4 percent. Ortiz pinned the blame on companies' monopolizing the market and blocking competition.

"We clearly have a problem of speculation," he said.

Economists also blame increased U.S. production of ethanol from corn as an alternative to oil. The battle over the tortilla, the most basic staple of the Mexican diet especially among the poor, demonstrates how increasing economic integration is felt on the street level.

"This is direct evidence of the way globalization is affecting all walks of life in Mexico and all over the world," said David Barkin, an economics professor at the Xochimilco campus of the Autonomous Metropolitan University in Mexico City.

The federal government's antitrust watchdog announced this week it was investigating allegations companies were manipulating corn prices and making deals to limit the supply of corn to boost prices of tortillas.

Officials from the world's largest tortilla maker, Monterrey, Mexico-based Gruma SA, were not immediately available for comment. The company has 89 tortilla plants worldwide and sells tortillas in the U.S. under the Mission brand.

Big retailers, mostly supermarkets, have kept tortilla prices steady about $0.55 per kilogram, but in Mexico City, some shops are selling them for $0.90 per kilogram, up from $0.73.

For low-income Mexicans, who earn about $18 a day on average, the increasing prices have hit hard. According to the government, about half of the country's 107 million citizens live in poverty.

"When there isn't enough money to buy meat, you do without," said Bonifacia Ysidro as she wrapped an embroidered towel around a

foot-high stack of tortillas to cart home. Tortillas, she added, "you can't do without."

Ysidro said she paid $2.27 - about a sixth of her household's combined daily income - for enough tortillas to feed her family of six.

"If I don't have that much, I'll have to buy less," she said.

Leticia Balino, who runs a tortilla shop behind the U.S. Embassy in Mexico City, said many are complaining, especially those with large families.

"They say, 'How is it possible that the price could rise so much in such a short time?'" she said.

The U.S. Agriculture Department said Friday that ethanol plants and foreign buyers are gobbling U.S. corn supplies, pushing prices as high as $3.40 per bushel, the highest in more than a decade.

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Nationwide in the United States, supplies of corn are expected to drop to 752 million bushels, a drop from last month's forecast of 935 million bushels and a steep decline from last year's supply of 1.967 billion bushels.

Responding to the outcry, Mexican lawmakers are demanding the government impose price controls, but Calderon instead has vowed to watch out for tortilla sellers who gouge consumers. He also asked his agriculture secretary to import corn from anywhere.

"I don't care if it's brought from thousands of kilometers away, the most important thing is that this (shortage) is not used as an excuse to raise prices," he said Thursday.

Mexico's Economy Department said it will expand its white corn quotas under the 1994 North American Free Trade Agreement to drive down tortilla prices, while the federal consumer protection agency has launched an inspection campaign to ensure tortilla sellers post their prices.

On Thursday, the Federal Competition Commission said it was looking into allegations the major companies were price gouging and reaching deals that were contributing to the shortage.

"If we detect monopolistic practices, we could impose fines of up to $6.4 million," the agency's director, Eduardo Perez Motta, said in a news release.

The agency said that since 2004 it has applied sanctions in six cases against anticompetitive practices in the corn and tortilla markets. Last year, the agency blocked Gruma's takeover of Mexican corn processor Agroinsa, saying it would have given it too much control over the market.

Many consumer goods are expensive in Mexico, but historically, government subsidies and price controls have kept basic foodstuffs within reach of even the poorest Mexicans.

The government eliminated its decades-old subsidy for tortillas in 1999 just as cheap corn imports were rising from the United States under NAFTA.

Mexican consumers also are coping with higher prices for other staples. The cost of white bread and fresh fruit and vegetables all rose more than inflation in 2006, according to the central bank.

The tortilla increase outpaced inflation and minimum-wage hikes of about 4 percent for the past year.

Grains traders forecast tortilla prices will rise by 20 to 25 percent during the first quarter of 2007.

That prospect worries Ysidro, who said: "If it goes higher, what am I going to give my children?"

ENVIRONMENT/INDIAN AFFAIRS:

New Forestry Chief (NYT/AP)

By The Associated Press

The New York Times, January 13, 2007

Gail Kimbell, a Montana forester, was named the new chief of the United States Forest Service. Ms. Kimbell, the first woman to lead the service, succeeds Dale Bosworth, who will step down on Feb. 2. Ms. Kimbell has been a top official at the Forest Service, helping President Bush develop the “healthy forests” program that lets companies log large, commercially valuable trees in national forests in exchange for clearing smaller trees and brush. Environmentalists called it a giveaway to logging companies that supported Mr. Bush.

Down But Not Out (WP)

The Washington Post, January 13, 2007

ARECENT admission by an Environmental Protection Agency official that the Chesapeake Bay is not getting cleaner fast enough is as obvious as it is late. "If we go at the current rate that we're doing, we're talking about restoring the Chesapeake decades from now, a generation or two," EPA administrator Rich Batiuk told a meeting of an advisory group on the bay's health last week. To that, Roy Hoagland of the nonprofit Chesapeake Bay Foundation responded with a resounding "duh."

After missing targets set in 1987 and repledging in 2000 to make progress on a range of bay indicators by 2010, the states responsible for the bay's continued ill health immediately fell behind their pollution reduction goals. In 2006 they trailed them by wide margins. For example, the Chesapeake's oyster population, which used to efficiently filter bay water, stands at only 7 percent of the goal set for 2010. Some states have done better than others. Virginia, for example, is far behind Maryland in cutting the amount of nitrate pollution it dumps into the bay. But even Maryland, with its laudable new flush tax, is on track to reduce its nitrate pollution by only half of its goal by 2010, according to a study from the Chesapeake Bay Foundation.

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Since 2000, large numbers of people moved to the bay's regional watershed, decreasing the net effects of the pollution controls that bay states have enacted. Meanwhile, many of the Chesapeake's ecosystems continued to ail. In 2005, "dead zones," devoid of oxygen and unable to sustain fish and crabs, made up a distressing 4.5 percent of the bay.

With numbers like these, it is tempting to give up hope and decline to spend more money on a dying body of water. But given the right conditions, the bay can still heal. Last year, underwater grasses repopulated the bay at a greater rate than scientists expected, and the number of dead zones plummeted because of an unusually dry spring, the time of year in which polluted runoff does the most damage. If bay states prevented more pollution at sewage plants and farms, these and other improvements could be sustained, rain or shine.

As 2007 begins, Virginia, Pennsylvania, Maryland and the federal government must resolve to more aggressively pursue pollution reduction targets. In all three states a number of proposals are on the table that would use bond issues to fund sewage treatment plant improvements or pollution-reducing agricultural projects. Passage would bring these bay states much closer to their 2010 goals. If Democrats in Congress are serious about proposals to retool farm legislation to subsidize rural conservation, they must remember the Chesapeake watershed when drafting their farm bill.

Jury Acquits Former Crow Official Accused Of Lying (AP)

AP, January 13, 2007

A former Crow tribal official has been acquitted of charges that he lied to the U.S. Department of Justice about his finances, to avoid paying restitution owed the tribe for criminal activity in the 1990s.

A federal jury Friday acquitted Theodore J. Hogan, 61, of Sedona, Ariz., indicted on three counts of false statements. The indictment alleged that in 2001, 2003 and 2005, Hogan knowingly gave the Department of Justice false information on a form required of people owing restitution.

``I'm absolutely relieved," Hogan said after the acquittal. ``There is justice in Montana."

Hogan was the Crow Indian Tribe's secretary in the 1970s and 1980s.

In the 1990s he was convicted in a corruption scandal while executive director of the Crow Tribal Housing Authority, and received a prison sentence of two years. U.S. District Judge Jack Shanstrom also ordered $35,100 in restitution to the tribe, which Hogan finished paying last February. The indictment alleging false statements was filed two months later.

In the case decided Friday, prosecutors charged Hogan claimed he had few or no assets, yet received money from investors and gave money to relatives and tribal officials. Prosecutors said Hogan's offenses included failing to report his stakes in Ted Hogan and Associates LLC and Raven Resource Development Co.

Hogan and Ted Hogan and Associates of Sedona have sought investors for minerals development on the Crow reservation. Some investors have complained of major losses. One of them, Elaine Roulidis of Springfield, Va., is named in a defamation lawsuit filed by Hogan last year, a suit seeking $361 million. Roulidis has responded with a suit seeking $350,000.

Hogan's lawyer in the Justice Department case sought to have it dismissed, on grounds the restitution was paid. Shanstrom, again the presiding judge, ruled against that motion and refused to let the jury hear that Hogan paid the restitution.

FBI/DEA/ATF/USMS:

Deal Would To Keep DEA Supplied With Army Helicopters In Bahamas (AP)

By Curt Anderson

AP, January 13, 2007

MIAMI - Army air support would continue for U.S.-Bahamas drug interdiction efforts even after the Pentagon withdraws its Blackhawk helicopters later this year under an agreement announced Friday by U.S. Sen. Bill Nelson.

Nelson, D-Fla., said the Army has offered to give the Drug Enforcement Administration three Sikorsky S-76 helicopters by 2008 to replace the Blackhawks and spend $3.4 million a year for the next five years to maintain the "Hawk's Nest" helicopter base in the Bahamas.

"This will keep cocaine and marijuana smugglers from operating off Florida's coast," said Nelson, a member of the Senate Armed Services Committee. "With the Army's continued support, the U.S.-Bahamas antidrug effort will remain fully operational."

The announcement came as Nelson departed Friday on a two-day trip that includes stops in Haiti and a flight with the DEA over the Bahamas.

Nelson was among several members of Congress and the Bush administration who raised objections to a proposal last year by then-Secretary of Defense Donald Rumsfeld to redeploy the seven Bahamas Blackhawks because of war needs. Attorney General Alberto Gonzales, who oversees the DEA, was among those questioning the move.

The DEA considers the helicopters a vital part of its Operation Bahamas, Turks and Caicos -or OPBAT for short - which is credited with seizing thousands of tons of cocaine and marijuana since 1982 and with helping drive drug smugglers away from the vast island chain.

Without the Army helicopters, the DEA would have only one helicopter in the Bahamas along with three Coast Guard Jayhawks.

Under the agreement, which must be approved by the White House, the Pentagon will give the DEA three Sikorsky helicopters in 2008 and provide other assets to temporarily fill the gap created when the Blackhawks are withdrawn by Oct. 1 of this year, according to Nelson's office.

The Other Losing War (NYT)

By Orlando Patterson

The New York Times, January 13, 2007

Kingston, Jamaica

Preoccupation with Iraq has drawn attention from another unwinnable American war that has been far more destructive of life both at home and abroad and has caused far greater collateral damage in other countries, in addition to spreading contempt for American foreign engagements. This is the failed war on drugs.

It was Nixon who, in 1971, first declared war on drugs. As with Iraq, the strategy is flawed in its conception and execution, made worse by a refusal to change course in the face of failure. It strongly emphasizes eradicating the source of drugs, interdiction of traffic and draconian punishment for offenders. It neglects what nearly every expert believes — and European experience has shown — to be the only successful strategy: a demand-side emphasis on preventive programs and rehabilitation of addicts. The present administration's claims of a shift to preventive measures is belied by the budget of its drug control office, which allocates a 94 percent share to disrupting the supply, mainly through environmentally hazardous spraying in Latin America and the Caribbean that alienates local farmers.

The domestic results are tragic: an enormous increase in the incarceration of young, disproportionately minority Americans, resulting in the waste of human resources and the creation of a prison culture that converts nonviolent addicts into hardened criminals, without any impact on drug use. Within a year of release, 43.5 percent of drug offenders are rearrested. Recent surveys indicate a steady increase in the use of illicit drugs: more than 40 percent of Americans over 12 have used them at some point. Nearly all Caribbean societies are involved with narcotrafficking and, in the case of Jamaica, large-scale production and export of marijuana. In 2001, illicit drug shipments in the region were worth more money than the top five legitimate exports combined. The results have been devastating. Political corruption and payment in arms threatens the sovereignty and stability of many states. In 1985, the chief minister and minister of commerce of the Turks and Caicos Islands were arrested in Miami and imprisoned in America for drug offenses.

Drug addiction and violent crime are now endemic in Jamaica, Puerto Rico and even small islands like St. Kitts. The corruption of the police and other security forces has reached a crisis point in Jamaica, where an officer can earn the equivalent of half a year's salary by simply looking the other way. Last year, 1,300 people were murdered here, in a population of only three million — and that was an improvement on the previous year.

Dr. Peter Phillips, Jamaica's very competent minister of national security, estimates that 60 percent of the murders are drug related. Calling cocaine trafficking and use the "taproot" of a "web of criminality," he said drugs sustain a "self-perpetuating culture of extreme violence" extending to many areas of the society.

The drug culture is highly transnational and organized, exemplified by the Jamaican "posses" that terrorized America in the 1980s with some 4,900 murders. Traffickers increasingly operate offshore, taking advantage of better arms, faster boats and more efficient tracking equipment than those available to local security forces.

Phillips is puzzled by America's inflexible emphasis on eradication and interdiction and its refusal to provide help where it is most needed, like the rebuilding of corrupted police forces. He provided a telling example of the futility of current approaches. With Americans and Jamaicans working closely together recently, the percentage of transshipments of Colombian cocaine to the U.S. that went through Jamaica was reduced from 20 to 2. But this had no effect on the amount of cocaine entering America — the traffickers simply changed routes — and it increased violent crime in Jamaica. Drug dons became more murderous in turf wars, as there was less cocaine and money to go around.

America's unwillingness to recognize the socioeconomic context of the drug crisis at home and abroad, to see that being surrounded by failing states threatens its security, to provide aid where it is most effective, and to acknowledge that the root cause of this hemispheric disaster is not supply but its own citizens' insatiable demand for illicit drugs, is as incomprehensible as the quagmire in Iraq.

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IMMIGRATION:

Agents Broke Law, White House Says (WT)

By Stephen Dinan

The Washington Times, January 13, 2007

President Bush's spokesman yesterday said the case of two U.S. Border Patrol agents who are seeking a pardon for having shot a fleeing suspected drug dealer has been mischaracterized and the agents violated regulations.

White House press secretary Tony Snow said there has been "a characterization that somehow the government is turning a blind eye toward the law in enforcing the law," but said the facts of the case show the two agents broke the law.

Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October in federal court in El Paso, Texas, to 11 and 12 years, respectively, for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

Border Patrol advocates say the punishment is too harsh, particularly compared with more lenient penalties for more serious offenses by other immigration authorities. Some Republicans in Congress want Mr. Bush to pardon the agents or, short of that, allow the men to remain free while an appeal is pending.

"We're going to find out whose side you're on ... the American people or the side of our enemies," Rep. Dana Rohrabacher, California Republican, said of Mr. Bush in a press conference this week. "If you let these two men go to jail for defending us, then we'll know you're on the side of our enemies."

The government brought the charges after Osbaldo Aldrete-Davila, a Mexican national, agreed to testify against the agents in exchange for a grant of immunity in a potential drug case. Ramos and Compean found 743 pounds of marijuana in a van Mr. Aldrete-Davila abandoned near Fabens, Texas, near the U.S.-Mexico border.

Mr. Aldrete-Davila was shot after he ignored efforts by the agents to stop the van. Court records show he jumped from the vehicle and ran south to the Rio Grande. Although wounded, Mr. Aldrete-Davila crossed the border and escaped in a waiting van.

Mr. Snow would not comment on a pardon yesterday when asked about the case, but said the government is not coddling a drug dealer.

"We think it's incumbent to go after drug dealers, and we also think that it's vitally important to make sure that we provide border security so our people are secure," he said. "We also believe that the people who are working to secure that border themselves obey the law."

The spokesman said the agents picked up their shell casings after the shooting and didn't make the proper report -- both violations of regulations.

"Now, at the time this happened, they did not know if he was an illegal. They did not know that there were 700 pounds of marijuana. They didn't know any of those things," Mr. Snow said.

In a statement released as the case proceeded, U.S. Attorney Johnny Sutton said he prosecuted the agents "because they had fired their weapons at a man who had attempted to surrender by holding his open hands in the air, at which time Agent Compean attempted to hit the man with the butt of Compean's shotgun, causing the man to run in fear of what the agents would do to him next."

He said both agents saw the man was not armed.

Colorado: Judge Demands Accounting Of Raid (NYT/AP)

By The Associated Press

The New York Times, January 13, 2007

A federal judge demanded that immigration officials disclose the whereabouts of 265 people arrested in a meatpacking-plant raid last month. The judge, John L. Kane of Federal District Court in Denver, gave Immigration and Customs Enforcement officials until Jan. 22 to submit a list accounting for all the detainees, including those who have been deported. Union lawyers are contesting the arrests at the Swift & Company meat processing plant in Greeley, one of six Swift plants in six states that were raided on Dec. 13.

Colo. Judge Scrutinizes Swift Raids (DENP)

Denver Post, January 13, 2007

The government's high-profile crackdown on alleged identity theft by foreign workers at Swift meatpacking plants in Colorado and five other states faces mounting challenges in court.

DOJ_NMG_0117163

A federal judge in Denver on Friday ordered immigration officials in Colorado to account for all workers detained and deported.

U.S. District Court Judge John Kane - noting "confusion on all sides" as to the whereabouts, legal status and even identities of detainees - also ordered officials to make sure detainees have had bond hearings within 48 hours.

And Kane said any workers who signed agreements to voluntarily return to their home countries now must be allowed to withdraw that agreement if they wish.

"The government is on notice that this court is monitoring its actions" in handling detainees, Kane said at a court hearing Friday.

United Food and Commercial Workers union attorneys had filed a petition contending that arrests in the raids violated workers' constitutional due process rights. Immigration officials deny that.

No federal criminal charges have been filed in Colorado, where some 261 workers were arrested at Swift's plant in Greeley.

Simultaneous raids at Swift plants in Iowa, Minnesota, Nebraska, Texas and Utah led to 1,282 arrests overall. U.S.Immigration and Customs Enforcement officials on Friday said 219 face state or federal criminal charges.

At the court hearing in Denver, Kane told Justice Department attorneys defending the government as well as lawyers representing unions and workers to meet and discuss the shared challenge of sorting out who is being held where.

ICE agents conducting the raids used "a very orderly process," said Mark Pestal, an assistant U.S. Attorney in Colorado. "The chaos is created because (workers) are using multiple names."

Scared workers giving armed authorities false names likely is a factor in the confusion, said John Bowen, chief counsel representing the union.

Now the workers "are being held improperly" with access to lawyers impaired, Bowen said.

"We want to make sure these people have an opportunity to find out what their rights are," he said. "It is important to us that Judge Kane has made it clear he intends to ensure the process works properly."

After the raids, federal authorities bused workers to a federal compound near Denver for questioning, then to various facilities around the country. Detained workers currently are thought to be held at federal immigration detention facilities in Aurora and El Paso, Texas.

Several claimed in affidavits that the raids left them scared, uncertain about legal options, and inclined to sign voluntary departure agreements.

ICE agents addressed workers in Spanish. But workers, some of them illiterate migrants who use indigenous languages as well as Spanish, claimed in affidavits that they were unclear on what was happening.

TAX:

No New Taxes (WSJ)

By Mike Pence

The Wall Street Journal, January 13, 2007

The administration hasn't learned from last year. Despite electoral defeats, it is still advancing Social Security reform as an argument over solvency. The centerpiece of George Bush's plan was to have been personal retirement accounts for workers who wanted to establish their own nest egg -- a much better deal for them and a down payment on the huge liabilities owed by the entire system. Unfortunately, his plan faltered.

The American people did not reject Social Security reform or personal retirement accounts. They rejected the entire debate and how it unfolded. They rejected the notion that the predominant goal was to make the numbers add up or, in the language of the wonks and actuaries, to make it "solvent." Such a yardstick expresses no opinion on how to fix an increasingly bankrupt program, and as a result, blesses both benefit cuts and tax increases alike.

While Mr. Bush has reiterated his opposition to tax increases, Treasury Secretary Hank Paulson has repeatedly said that everything is on the table for negotiations with the Democratic Congress. When Press Secretary Tony Snow was asked whether the White House was ruling out a tax increase in Social Security reform, he replied, "No, I'm not."

This is all code for the administration's willingness to consider raising taxes in exchange for reductions in promised benefits. Such a tax increase would likely lift or eliminate the cap on the amount of salary and wages subject to the payroll tax, currently at $94,200. Raising payroll taxes would prove devastating to working Americans, small business and the economy as a whole. Worse, it would only serve as a short-term band-aid to Social Security's financial woes.

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According to the Heritage Foundation, eliminating the cap will increase taxes by $484 billion over five years. This 12.4 percentage point marginal tax rate increase would hit middle-income families struggling to make ends meet, pay for college and save for retirement. Much of this increase will be borne by three million small-business owners who pay both the employer and employee portion of the tax hike. These entrepreneurs are on the forefront of job creation, and such a tax would cause millions of layoffs. Overall, the entire economy would slow by 2% to 3%, threatening the standard of living and economic opportunities of every American. In exchange for this massive tax increase, Social Security's financing will be preserved for roughly seven years.

Despite the fact that Republicans have already turned off millions of conservative Americans by runaway federal spending, some conservatives are expressing support for a Republican tax increase. They believe that through shrewd negotiating, the administration will get Democrats to agree to benefit reductions without a net tax increase, meaning a removal of the payroll cap could lead to a reduction in the payroll tax or the offering of tax credits to low-income workers. Such hope is folly disguised. Democrats are not likely to agree to reductions in promised benefits without exacting an actual tax increases, unless of course, "tax credits" are a thinly veiled attempt at passing a new entitlement for low-income workers through the tax code.

We have been down this road before. In 1990, I was a young candidate for Congress when the last Bush administration sided with a Democrat majority in Congress to pass the largest tax increase in history, all in the name of bipartisanship and compromise. This compromise ushered in economic recession and a two-term Democratic administration in the White House. We cannot walk down the 1990 road to "compromise" again.

First, the administration needs to be clear that a Social Security compromise must reject tax increases of any kind. That means no increase in the payroll tax rate and no change in the cap apart from the current indexing that already increases eligible income on an annual basis. Tell the Democratic Congress to read your lips, Mr. President: no new taxes.

Second, Social Security reform must be properly understood. It is not about achieving solvency; it is about improving the system so that it offers a better deal for younger Americans through personal savings accounts. Focusing on solvency will lead inevitably to tax increases and benefit cuts. Focusing on personal retirement accounts improves the chance of enacting sound public policy that also makes the system solvent.

Third, the administration should submit a budget that fully protects the Social Security surplus from being used to subsidize government largesse, which Patrick Moynihan once described as "embezzlement." Voters have repeatedly said loudly and clearly that they object to raiding the Social Security surplus. It is time for the administration to either offer a budget aligned with those expectations, or propose cutting the payroll tax immediately to end the historic practice of over-collecting for a pay-as-you-go system. Doing both would quickly restore the public's shattered confidence in the way we spend their money.

Republicans don't have to pass a bad Social Security reform bill. If we lack the votes now to pass legislation that will actually preserve the system and protect our nation's economic expansion, we would be wise to spend the next two years seeking to win the debate and leave a foundation of arguments that will not unravel.

Mr. Pence is a Republican representative from Indiana.

CONGRESS-ADMINISTRATION:

House Passes Medicare Drug Bill (WP)

By Christopher Lee

The Washington Post, January 13, 2007

The House voted yesterday to require the government to negotiate lower prescription drug prices for Medicare beneficiaries. But the measure faces an uncertain future in the Senate, a veto threat from President Bush, and considerable doubts from experts about whether it would save elderly and disabled Americans much money.

The vote was 255 to 170, with 24 Republicans joining 231 Democrats in approving the legislation.

The bill overturns a provision of the 2003 law pushed through by a Republican-controlled Congress that left drug-price negotiations under the new Medicare drug benefit to the private insurers that offer government-subsidized drug plans for seniors in each state.

Backers of the current system, mainly Republicans, say it pits insurers against one another in a healthy competition to negotiate the lowest prices from drugmakers and offer seniors the most attractive monthly premiums, choice of drugs and access to pharmacies.

But critics, mainly Democrats, say the system is a boon to drug companies because it prohibits the government -- perhaps the one force powerful enough to take on the pharmaceutical industry -- from using its bargaining muscle on behalf of seniors.

"This legislation is a common-sense effort to do right by the 43 million Americans enrolled in Medicare," said House Majority Leader Steny H. Hoyer (D-Md.). "This bill is a very important first step in making prescription drugs more affordable."

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The bill would require Health and Human Services Secretary Mike Leavitt to pursue negotiations with drug companies and report to Congress in six months.

Medicare "pays more than the VA pays for the same prescription pharmaceuticals," said House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.), the lead sponsor of the bill, referring to the Department of Veterans Affairs.

"The reason is no one is able to negotiate on behalf of the citizens," he added. "You've got a bunch of coldhearted prescription pharmaceutical people . . . who are fixing the prices that are paid by seniors citizens. . . . It's time that we correct this."

Leavitt and other Republicans countered that the year-old program is working, with the Centers for Medicare and Medicaid Services (CMS) reporting overall costs coming in billions of dollars lower than expected and average plan premiums being lower this year than in 2006. Moreover, polls conducted last fall by the Henry J. Kaiser Family Foundation and other nonpartisan groups found that the overwhelming majority of seniors were satisfied with their drug plans.

"Many of us believe that competition and using free-market principles in the long run produce better results, lower costs, higher quality and more satisfaction among seniors. And that's exactly what we've seen with this plan," said House Minority Leader John A. Boehner (R-Ohio).

Republicans also pointed to separate analyses this week from the CMS and the Congressional Budget Office that concluded that the House bill would have little or no effect on spending.

"It's flat wrong to think the government is going to negotiate a lower price than the competitive marketplace," said Rep. Joe L. Barton (Tex.), ranking Republican on the Energy and Commerce Committee.

W.J. "Billy" Tauzin, president of the Pharmaceutical Research and Manufacturers of America, said the House bill may lead to the government limiting which medicines will be covered. "That should not be acceptable to anyone," the former GOP congressman said.

The White House issued a statement this week saying that Bush would veto the bill if it reached his desk. "Government interference impedes competition, limits access to life-saving drugs, reduces convenience for beneficiaries, and ultimately increases costs to taxpayers, beneficiaries and all American citizens alike," the statement said.

Medicare provides health-care coverage to most elderly Americans, as well as to about 7 million younger people with disabilities.

Although the measure moved quickly through the House, its prospects are murkier in the Senate, where no companion bill has been introduced. Sens. Ron Wyden (D-Ore.) and Olympia J. Snowe (R-Maine) introduced legislation this week that calls for government price negotiations in certain instances, such as for drugs with no competing substitutes or when the research behind a drug was funded mostly by taxpayers.

"We do think that there is an opportunity to get some additional value for seniors and additional value for taxpayers," Wyden said.

There is considerable pressure on lawmakers to do something. A poll last month by Kaiser and the Harvard School of Public Health found that 85 percent of adults surveyed -- including majorities of Republicans, Democrats and independents -- favor allowing the government to negotiate prescription drug prices for the Medicare program.

Senate Finance Committee Chairman Max Baucus (D-Mont.), whose committee would vet any Medicare drug bill, said in a statement this week that he favors eliminating the ban on government price negotiations -- a stance that increases the chances that some kind of legislation will pass.

But he added that he opposes "heavy-handed" intervention such as price controls. He said that wants to explore options such as expanding government studies on drug effectiveness and increasing the scrutiny on whether insurers are passing on the discounts they get from drug companies to consumers.

"The HHS secretary has a gold mine of data, the ability to get more data, dozens of agencies and tens of thousands of public servants at his disposal," he said. "That is quite a tool box with which to seek fair drug prices for seniors. It is time to open that tool box for Medicare."

House Democrats Pass Bill On Medicare Drug Prices (NYT)

By Robert Pear

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Defying a veto threat, the House on Friday passed a bill to require the government to negotiate with drug manufacturers to obtain lower drug prices for Medicare beneficiaries.

The vote, 255 to 170, was cast with lightning speed eight days after the new Congress convened. No Democrat voted against it, while 24 Republicans joined the 231 Democrats voting in favor.

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Representative Christopher S. Murphy, a freshman Democrat from Connecticut, said, "This bill has symbolic importance, breaking the grasp of the drug industry on this town."

It is, Mr. Murphy added, "the beginning of a process to repair the Medicare drug benefit."

The measure is unlikely to become law in its current form. But some version, focusing on certain types of very expensive drugs, has bipartisan support in the Senate and could eventually be included in a measure to revamp the drug benefit, which a Republican-led Congress created in 2003.

The bill, which fulfills a Democratic campaign promise, says the secretary of health and human services "shall negotiate with pharmaceutical manufacturers the prices that may be charged" to Medicare drug plans.

The 2003 law prohibits such negotiations. The drug benefit is delivered by private insurers, subsidized by the government. These companies have negotiated substantial discounts with drug manufacturers. Under the House bill, insurers could seek discounts deeper than those negotiated by the government.

Representative Joe L. Barton, Republican of Texas, predicted that the bill would die "a nice benign death."

The White House press secretary, Tony Snow, said, "If this bill is presented to the president, he will veto it."

Democrats, who like to portray Republicans as a tool of special interests, said a veto would hand them an issue that could be used to good effect in the 2008 elections.

Some experts, including the Congressional Budget Office and Medicare actuaries, say they doubt that the bill would save money for older people or the government.

If the government, for example, tried to negotiate a discount for a particular drug and the manufacturer refused to lower its price, it is not clear what, if any, recourse Medicare would have. Without the ability to steer patients to particular drugs, the budget office said, Medicare would not have the leverage to obtain significant discounts.

Representative Tom Price, Republican of Georgia, described the bill as "a solution in search of a problem." The cost of the drug benefit is lower than expected, Mr. Price said, and the number of drug plans available to beneficiaries — more than 40 in every state — is higher than expected.

In the House debate, each party used somewhat contradictory arguments. Republicans said the bill would not save any money because the government could not restrict access to drugs. But then they said the legislation would limit the drugs available to doctors and patients.

"A government bureaucrat will be empowered to determine what kinds of drugs our seniors have access to," the Republican whip, Representative Roy Blunt of Missouri, said. "If the government could not reach a deal with a drug company, seniors would not have access to those drugs."

For their part, Democrats said Medicare was overpaying for drugs and could obtain much lower prices if it negotiated with drug manufacturers, as the Department of Veterans Affairs does. But Democrats said they did not want to give Medicare two of the most powerful tools used by the veterans agency: the ability to establish a "federal ceiling price" and a uniform list of covered drugs, known as a national formulary.

While sketchy about details of their proposal, Democrats were clear that their purpose was to help beneficiaries and to reduce drug companies' profits in the Medicare market.

Representative John D. Dingell, Democrat of Michigan and chief sponsor of the bill, said, "Those who insist that the sky will fall if drug companies negotiate lower prescription prices are arguing that those companies should continue to skin a fat hog at the expense of taxpayers and beneficiaries."

Another Democrat, Representative Lois Capps of California, said: "We can vote in favor of large drug companies that have raked in record profits under the Medicare drug plan. Or we can vote in favor of our senior constituents. Common sense tells me that the big drug and insurance companies would not be so adamantly opposed to this bill if they did not fear that it could result in actual price reductions."

Republicans said Medicare drug plans already had the power to negotiate drug prices and were using it. But Representative Bill Pascrell Jr., Democrat of New Jersey, said, "This power is splintered now among numerous private plans."

The Medicare bill was one of the high-priority measures that Speaker Nancy Pelosi promised to pass in the first 100 hours of the new Congress.

House OKs Bill On Cost Of Drugs (LAT)

By Johanna Neuman, Times Staff Writer

The Los Angeles Times, January 13, 2007

The measure requiring officials to negotiate prices isn't a hit with the Senate or Bush, but it could shape debate.

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WASHINGTON — Defying a threatened presidential veto, the House approved a bill Friday to require federal officials to negotiate with drug companies for lower prices for the 23 million senior citizens who have signed up for Medicare's prescription drug coverage.

Although the bill is unlikely to become law, it is likely to help shape the debate that could result in a more limited measure that allows some dickering between the government and the pharmaceutical industry over drug costs.

Supporters of such efforts argue that the huge scale of the Medicare program would result in larger discounts for prescriptions than private insurers can obtain.

At the least, the House bill signals a shift in Washington from President Bush's view that private enterprise and individual citizens should play the most prominent role in the decisions that determine healthcare costs.

The legislation passed 255 to 170, with 24 Republicans joining 231 Democrats in backing it. All those voting against it were Republicans.

The bill would repeal a ban on letting the government negotiate with manufacturers for lower prices — a provision that was part of the GOP-sponsored 2003 measure that created the prescription drug program.

Under the House bill, the secretary of Health and Human Services would be required to seek the best prescription-drug prices for Medicare participants.

House Majority Leader Steny H. Hoyer (D-Md.) called the bill "a very important first step in making prescription drugs more affordable."

Drug companies strongly opposed the legislation, which is one of the measures that House Speaker Nancy Pelosi (D-San Francisco) promised that Democrats would enact within the first 100 working hours after taking control of the House. Several companies bought full-page newspaper ads urging Congress not to tinker with the Medicare benefit.

"Give it a chance," said the ads. "It's working."

The White House agrees with the industry.

"We have a Medicare prescription drug reform that has been saving people significant amounts of money; it is effective," White House Press Secretary Tony Snow said Friday. "If this bill is presented to the president, he will veto it."

The bill's Senate chances appear slim.

Senate Finance Committee Chairman Max Baucus (D-Mont.) has said he favors a bill that would allow but not order federal haggling with pharmaceutical companies.

And the committee's ranking Republican, Charles E. Grassley of Iowa, said the House bill could "block access to drugs that a senior might need, make it harder to get your medicine at the local pharmacy, and result in higher drug prices for younger people."

But Sen. Olympia J. Snowe (R-Maine) made clear she would push for some version of the House bill. "Now is the time for the Senate … to harness the buying power of millions of seniors to give them a better value for their healthcare dollar."

The Medicare drug benefit narrowly passed the GOPcontrolled Congress in 2003 and was promoted by Bush during his reelection campaign as a key accomplishment.

The program's rollout last year had problems, but the benefit has proved popular among seniors.

Polls show that an overwhelming majority of beneficiaries support having Medicare negotiate prices.

Currently, private insurers negotiate with the drug industry and offer various plans; seniors pick the one that suits them best.

In Friday's House debate, Republicans argued that requiring federal officials to negotiate drug prices would foist government controls onto pharmaceutical companies.

They also disputed the assertion that the process would lower drug prices.

"The measure before us will lead to higher prices and, frankly, fewer choices for American seniors," said House Minority Leader John A. Boehner (R-Ohio).

Democrats countered that the current program benefited the drug industry more than it benefited seniors.

"Today's bill is a genuine prescription for lower prices that should have been filled long ago," said Rep. Lloyd Doggett (D-Texas).

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Times staff writers Ricardo Alonso-Zaldivar and James Gerstenzang contributed to this report.

Democrats Take On Health Care (WSJ)

By Sarah Lueck

The Wall Street Journal, January 13, 2007

DOJ_NMG_0117168

WASHINGTON -- House passage Friday of legislation taking a swipe at drug companies is just the first front in the new Democratic Congress's battle with the health-care industry. The next target: insurers, who will face demands for cuts in their Medicare subsidies.

On a 255-to-170 vote, the House passed legislation that would require the government to negotiate prescription prices with the pharmaceutical industry. Currently, private insurers handle the negotiations for Medicare and the government is barred from getting involved, an arrangement that critics say leads to higher prices than if the government used its clout. Twenty-four Republicans joined the Democratic majority in backing the measure, but its prospects are less certain in the closely divided Senate, and President Bush has threatened a veto.

The price-negotiation bill is just the new Congress's first maneuver on health care, after many Democrats promised on the campaign trail to lower drug costs in Medicare, the federal health program for the elderly and disabled. Beyond that, key Democrats are attacking another big change Republicans brought to Medicare while they controlled Congress. As part of 2003 Medicare drug-benefit legislation, lawmakers seeking to inject more private-sector involvement in the program dramatically increased federal payments to private insurance plans operating in the Medicare Advantage arm of the program.

In Medicare Advantage, private insurers provide seniors a full range of medical benefits as an alternative to the government-run program. Seniors automatically become eligible for Medicare when they turn 65, but then have the choice to sign up instead for coverage through a private Medicare Advantage plan.

Democrats say the payment increases in the legislation -- projected to be worth as much as $46 billion over the decade beginning in 2004 -- are a waste of taxpayer money, and they view Medicare Advantage as an attempt by Republicans to privatize the traditional program. Now, some Democrats want to reduce payments to the private plans, and budgetary concerns are heightening the pressure on the payments to insurers.

The State Children's Health Insurance Program, a federal block grant, will soon need to be reauthorized, and many Democrats would like to expand it. Congress is also likely to boost Medicare payments to doctors. At a time when Democrats are aiming to be fiscally responsible, such spending would likely have to be offset.

"There are precious few areas where we can save money. Medicare Advantage is a prime target to pick up a few dollars," says Rep. Pete Stark, the California Democrat who heads the House Ways and Means panel's health subcommittee. In the Senate, a Democratic aide predicts Medicare Advantage money will become "the standard pay-for" in lawmakers' legislative proposals.

Following a lobbying and advertising blitz by drug companies to block the Democratic attacks, health insurers are preparing their own counterattack. America's Health Insurance Plans, the industry's Washington-based trade group, is telling lawmakers that cuts in insurer subsidies would be tantamount to cuts in benefits for constituents, and it has readied maps to show the growth of Medicare Advantage plans throughout the country, compared to relatively sparse numbers before government payments increased.

It will tap the Coalition for Medicare Choices, a group for Medicare Advantage beneficiaries that AHIP started and funds, to bring satisfied customers to Congress. And AHIP will highlight research showing that a large portion of Medicare Advantage beneficiaries are minorities or have low incomes -- populations shown to suffer disproportionately from chronic health problems that plans say they can manage better than the government.

Of about 44 million Medicare beneficiaries, 7.6 million, or 17%, were in Medicare Advantage plans as of December 2006. That compares with about 6.1 million, or 14%, who were enrolled in the plans in December 2005.

"This is the ultimate in constituency politics," says Karen Ignagni, AHIP'S president and chief executive.

Beyond their philosophical complaints, many Democrats say Medicare Advantage wastes government money. Former House Democratic aide Brian Biles has done a study concluding that, on average, the government is spending $922 more each year for every beneficiary in Medicare Advantage, compared to what would have been spent if the person had remained in regular Medicare.

In 2005, the "overpayment," as Democrats call it, totaled $5.2 billion, according to a November 2006 report by Mr. Biles and others for the Commonwealth Fund, a private, nonprofit foundation that supports health research. An independent panel that advises Congress on Medicare also documented the payment differential. "It's a problem because it causes us to waste a lot of taxpayer money," Mr. Stark says. "I see no reason to do it."

AHIP disagrees with the methodology used in the study, and it points to Medicare data showing that Medicare Advantage beneficiaries save an average of $82 a month, in reduced out-of-pocket costs and extra benefits, compared to people in the traditional program. Insurers say the program has also succeeded in extending and expanding Medicare Advantage to rural areas, where it was lacking. And that means they can count on rural-state legislators to battle the Democratic attacks.

"We wanted equity in those plans....We've got it now," says Iowa Republican Sen. Charles Grassley. "People in Iowa ought to have the same choices as those in New York, Miami and Los Angeles."

The Wrong Prescription (WP)

The Washington Post, January 13, 2007

HOUSE Democrats delivered on a campaign promise yesterday, passing a bill that would require the government to negotiate the price of pharmaceuticals covered by the new Medicare drug benefit. The idea is that government negotiators could force prices down, generating savings that could be used to make the benefit more generous. But the measure is misguided.

The Democrats point to the Department of Veterans Affairs, which manages to negotiate discounts for the drugs covered in the veterans' health program. But the department can do this because it is free to deny coverage for drugs whose makers refuse to provide discounts: Fully 3,000 of the 4,300 medicines covered by Medicare are unavailable under the veterans' program. Restricting the list of covered drugs saves money, but it also reduces the quality of the benefit -- 1.5 million veterans are sufficiently unhappy with the result that they opt to buy the more inclusive Medicare coverage. Recognizing that narrow formularies are unpopular, the Democratic plan does not permit Medicare to establish one. But if drugmakers know that Medicare must buy their pills, why would they grant a discount? The Congressional Budget Office estimated this week that savings from direct negotiation would be "negligible."

Not only are the Democrats too optimistic about government negotiation; they are also too pessimistic about the current system in which private insurers administering Medicare drug benefits do the price bargaining. These private insurers stand to profit if they can secure discounts and cut premiums and thus attract more customers: Witness the fact that the average monthly premium has fallen since the program began a year ago. Private insurers can do this precisely because they are free to establish formularies, but market discipline ensures that these lists are not unappealingly narrow. The insurers need to keep customers.

The Democrats' stance is troubling because it suggests an excessively government-led view of health-care reform. One of the key challenges in health policy is to understand which drugs, tests and therapies are most cost-effective; although it will take government pressure on doctors and hospitals to disclose the information necessary to figure out what works, solutions are most likely to be found by competing private entities. In drugs, for example, there needs to be a culture of paying handsomely for new ones that really do add value -- and refusing to pay for pseudo-new drugs that merely mimic cheap generics. Striking the right balance is not easy, and it won't be accomplished by government fiat. The better approach is to let each insurer offer its own version of the right balance, see whether it attracts customers -- and then adapt flexibly.

In Reversal, Senate Endorses Plan On Disclosing Earmarks (NYT)

By David D. Kirkpatrick

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — Senate Democratic leaders on Friday embraced a proposal to shed light on the murky practice of Congressional earmarks, reversing themselves after trying to block an almost identical measure the day before.

The Democrats' switch makes it likely that the Senate will follow the new House rules requiring the disclosure of the sponsor as well as the cost and the purpose of any earmark. That would bring into public view for the first time a practice that last year allowed lawmakers to direct federal money to more than 12,000 pet projects worth more than $64 billion by tucking them into complicated spending bills, often anonymously. Lawmakers tend to use the projects to reward constituents and contributors.

The reversal follows a White House statement of support for the measure and a day of news coverage noting that Senate Democrats were opposing a rule that their House counterparts had just adopted a week ago. Senator Harry Reid of Nevada, the Democratic leader, said he had come around to the measure after some adjustments that he said had strengthened it.

"Yesterday was a rather difficult day, as some days are," Mr. Reid said, appearing to apologize for his effort to kill the measure Thursday. "There is a lot of confusion as to what people were trying to accomplish."

While debating a proposed package of ethics and lobbying rule changes that would include the earmark disclosure requirements, the Senate also voted 87 to 0 to deny federal pension benefits to any member of Congress convicted of fraud or corruption charges.

Sponsors of the measure said its inspiration was former Representative Randy Cunningham, Republican of California. He is in prison for selling earmarked defense contracts worth tens of millions of dollars in exchange for gifts and cash worth over $2.4 million, but he still receives his federal pension of $40,000 a year, becoming the latest in a long chain of corrupt lawmakers whose retirement benefits have galled taxpayers.

But while Mr. Cunningham's actions provoked the Senate vote, he will continue to collect his pension. The main sponsors, Senators John Kerry of Massachusetts and Ken Salazar of Colorado, both Democrats, said Congress could not revoke the pension of Mr. Cunningham or other former lawmakers, only future Congressional criminals.

The Cunningham scandal also helped inspire bipartisan calls for more earmark disclosure last year. But any restrictions have always drawn the fierce opposition of the powerful House and Senate Appropriations Committees, which dole out earmarks

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to other lawmakers as they write spending bills. In part because of internal resistance, the leaders of both parties initially proposed a weak earmark disclosure requirement with loopholes that excluded all but a small part of all earmarks. The Senate had approved the same provision last year under Republican control.

A bipartisan agreement to settle for the weaker earmark measure fell apart Thursday when Senator Jim DeMint, Republican of South Carolina, sought to impose the new House rule on the Senate. “Our version of earmark disclosure was going to be an embarrassment to the Senate, especially after Nancy Pelosi placed a much stronger version on the House side,” Mr. DeMint said. “Some of the Democrats bought that argument.”

A move by Senate Democratic leaders to kill Mr. DeMint’s amendment unexpectedly failed, with nine Democrats, the independent Joseph I. Lieberman and 41 Republicans voting to keep it alive. The surprise threw the Senate into chaos as the Democratic leaders sought to block its immediate passage and regain control of the debate.

On Friday, Democratic aides said Republican leaders failed to deliver on a pledge to support the weaker measure. Republicans aides said there was no such agreement.

Senate Of One Mind On Ethics (WT)

By S.A. Miller

The Washington Times, January 13, 2007

The Senate yesterday voted unanimously to bar congressional lawmakers convicted of corruption from collecting federal pensions, and Democrats vowed to drop opposition to a comprehensive approach to pork-barrel-spending reform.

The pension measure, an amendment to an ethics and lobbying bill in the new Democratic-controlled Senate, applies to current and future lawmakers convicted of bribery, conspiracy and perjury charges. It passed 87-0.

"With this vote, we are preventing members of Congress who steal or cheat from receiving a lifelong pension that is paid for by the taxpayers," said Sen. John Kerry of Massachusetts, co-sponsor of the pension proposal with fellow Democrat Sen. Ken Salazar of Colorado.

"Those lawmakers deserve nothing but shame."

Democrats lauded yesterday's vote as a victory over the "culture of corruption" they say permeated Congress under Republican rule. They regularly cited former Rep. Randy "Duke" Cunningham, California Republican, who was convicted of bribery in 2005.

The measure, however, is not retroactive, so Cunningham will receive his $64,000 pension annually as will at least 16 other convicted lawmakers, 12 Democrats and four Republicans. Former Rep. Dan Rostenkowski of Illinois, who was convicted of mail fraud in 1996, will collect about $126,000 annually.

Meanwhile, Democratic leaders said they will now allow a vote on a Republican pork-reform proposal that was imperiled Thursday when Senate Majority Leader Harry Reid, Nevada Democrat, used a procedural tactic to delay a vote.

The pork reform proposal by Sen. Jim DeMint, South Carolina Republican -- also an amendment to the ethics bill -- would require that members of Congress disclose all requests for pork projects, also known as earmarks, that often are buried in complicated legislation.

Immediately before Mr. Reid stopped a vote Thursday on the amendment, the Senate expressed its support by rejecting a bid to kill it on a 51-46 vote.

The maneuver gave Mr. Reid time to turn Democrats against the measure, which is similar to the ethics rules adopted with fanfare last week by the new Democratic-led House.

The episode Thursday drew comparisons between House Republicans extending voting time on the 2003 Medicare prescription drug benefit to allow leaders to persuade members to change their votes -- a tactic criticized by Democrats at the time.

Mr. Reid gave a conciliatory speech on the Senate floor yesterday morning, announcing that he was seeking a bipartisan compromise on the proposal to fully disclose pork-barrel spending.

"It was a rather difficult day, as some days are," Mr. Reid said. "We tend to get in a hurry around here sometimes when we shouldn't be. We tend to spend a lot of time doing things that accomplish nothing."

An agreement was reached late yesterday to bring the DeMint amendment to a vote Tuesday evening, after lawmakers return from the Martin Luther King holiday. A vote on the entire ethics bill could come as soon as Wednesday.

Mr. DeMint thanked Mr. Reid for "agreeing to do the right thing" and drafting a compromise amendment that is stronger than his original amendment.

The Senate pension amendment does not go as far as a House bill by Rep. Mark Steven Kirk, Illinois Republican, which would withhold congressional pensions from lawmakers convicted of any of 21 different felonies.

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The Kirk bill includes the felonies of solicitation of political contributions, intimidation to secure political contributions, promises of appointment by a candidate and expenditures to influence voting.

House Majority Leader Steny H. Hoyer, Maryland Democrat, said the chamber next week would take up a proposal by Rep. Nancy Boyda, Kansas Democrat, that lawmakers expect will resemble the Senate measure. It had not been filed as of yesterday.

Senate Wants No Pension For Convicted Lawmakers (LAT)

By Richard Simon, Times Staff Writer

The Los Angeles Times, January 13, 2007

The chamber expands the list of crimes that could lead to denial of the benefit.

WASHINGTON — With disgraced ex-California Rep. Randy "Duke" Cunningham eligible to collect a congressional pension from behind bars, the Senate on Friday voted to deny taxpayer-funded retirement benefits to lawmakers convicted in the future of serious ethics offenses.

The action came as the Senate moved toward overhauling its ethics rules, including stricter guidelines to end the secrecy around earmarking, a controversial practice that contributed to congressional scandals involving Cunningham and lobbyist Jack Abramoff.

Critics have denounced the practice, in which lawmakers secretly slip pet projects into spending bills, often without public notice and at the request of lobbyists who contribute to their campaigns. And they had accused the Senate's new Democratic leadership of writing a loophole-riddled bill that would have failed to publicly identify the sponsors of most earmarks.

But on Friday, Sen. Jim DeMint (R-S.C.), a leading critic of earmarking, said he and Senate Majority Leader Harry Reid (D-Nev.) reached an agreement "so that every earmark is disclosed."

The deal came as the Senate voted 87 to 0 to expand the list of crimes under which a former lawmaker could be denied a pension to include bribery, conspiracy and perjury. Federal employees in all branches of government forfeit their pensions if convicted of "crimes against the United States," such as treason.

"The best way to restore and rebuild the trust of the American people is to ensure that we stand firmly against members of Congress who betray the public trust," said Sen. John F. Kerry (D-Mass.), the measure's sponsor.

The legislation would not apply retroactively; Kerry said such a law would be unconstitutional.

Cunningham, a Republican from Rancho Santa Fe, is serving an eight-year prison term after pleading guilty to taking $2.4 million in bribes from defense contractors who sought earmarks and to evading more than $1 million in taxes.

He is eligible for an estimated $64,000 annual pension with his military service, including $36,000 a year from his eight terms in Congress.

An attorney for Cunningham declined to comment.

The measure has strong bipartisan support in the House.

"The fact that the Senate passed it puts a lot of pressure on the House to do the same," said Rep. Lee Terry (R-Neb.), sponsor of a similar measure in the House.

At least 20 former lawmakers convicted of crimes are eligible for taxpayer-funded pensions, some as high as $125,000 a year, according to the National Taxpayers Union, which supports denying pensions to lawmakers turned felons.

Former Rep. James A. Traficant Jr. (D-Ohio), serving eight years after his 2002 conviction for bribery, racketeering and tax evasion, could be pulling in $40,000 a year, the group estimated. The figures are estimates because federal officials decline to disclose pension records for retired members of Congress.

Former House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), who served time for mail fraud and was later pardoned by President Clinton, might be collecting more than $125,000 a year, the group said.

Pete Sepp of the National Taxpayers Union said that some former lawmakers convicted of crimes had even used their pensions to help pay their fines.

The Senate is expected to complete work on its ethics bill next week.

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(INFOBOX BELOW)

Potential pension payouts

Estimated pension benefits for some former lawmakers convicted of serious crimes and estimates of their possible congressional pensions in 2006 (except where noted):

*Includes benefits from previous military service

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Note: Estimates assume convicted members are married, participated in the plan and choose to defer a certain amount of their pensions so their spouses can receive benefits after the members die. The National Taxpayers Union, an advocacy group, said its calculations also assume that lawmakers enrolled in the system at the beginning of congressional service.

Source: National Taxpayers Union

Bill Strips Ethics-challenged Legislators Of Pensions (CNN)

CNN.com, January 12, 2007

WASHINGTON (CNN) -- The Senate on Friday approved a measure stripping taxpayer-funded pensions from members of Congress who are convicted of serious ethics offenses, such as bribery and conspiracy.

The vote was 87-0.

Sens. John Kerry, D-Massachusetts, and Ken Salazar, D-Colorado, attached the amendment to an ethics reform bill earlier this week.

"The only thing crazier than giving a member of Congress convicted of a crime a federal pension is the fact that we still need a bill to prevent a convict from receiving their pension," Salazar said at the time. "A member of Congress who abuses their position of authority for their personal profit deserves a prison sentence, not a government pension."

House Majority Leader Steny Hoyer, D-Maryland, said Friday that the House will take up a similar bill next Friday.

If passed by the House and signed into law by President Bush, the bill would eliminate pensions only for future members of Congress convicted of ethics offenses.

Ex-congressmen such as Randall "Duke" Cunningham -- collecting an estimated $64,000 a year although he pleaded guilty to charges of accepting bribes -- and James Traficant -- convicted of taking bribes, among other charges, and collecting an estimated $40,000 a year -- will get to keep their pensions.

The bill also would not affect former Rep. Mark Foley, who resigned in September after he was found to have sent inappropriate e-mails and messages to House pages. Foley is the subject of a criminal investigation in Florida, but has not been charged.

Energy Big Oil, In House Sights, Hopes Senate Cools Debate (WSJ)

By John J. Fialka

The Wall Street Journal, January 13, 2007

Big Oil is set to take a beating from House Democrats on Thursday when they are prepared to vote on a bill they say will "roll back" about $13 billion worth of subsidies the executive branch and Congress have given oil companies.

The move is part of the House Democrats' 100-hour legislative blitz. Once the bill reaches the Senate, however, the race will turn into more of a marathon. George Washington once said the difference between the two houses is that the Senate provides a "cooling saucer" for the passions of the moment to die down.

The new Senate majority leader, Harry Reid, reminded senators of President Washington's words earlier this month with a memo saying the Senate could take "several months" to analyze the package. The delay will give the nation's independent oil producers a chance to make their argument, which is that the House Democrats are throwing a boomerang that could strike the wrong companies and then loop back and hit the nation in the form of higher fuel prices and even greater reliance on foreign oil.

The House Democrats' package includes three major items. One will impose a "conservation fee" on about 40 companies producing oil in the Gulf of Mexico that have leases from 1998 and 1999 and which failed to include a clause requiring royalty payments if oil prices rose, which they have. The omission was caused by an Interior Department error, but if the companies don't pay the fee, the proposal would bar them from getting new leases.

Democrats will also reduce accelerated tax write-offs for oil- and gas-exploration expenses, and shrink a tax-depreciation measure, contained in a 2004 jobs bill, that gives companies producing oil and gas in the U.S. the equivalent of a 1% corporate-tax reduction.

The Senate will ponder the impact of the changes at a time when 60.2% of the nation's oil comes from overseas and when 82% of the nation's domestically produced gas and 68% of its crude oil come from wells drilled by independent oil companies, many of which are midsize or smaller.

"This will have a bigger effect on us, and we have fewer places to raise and spend our revenue," says Lee Fuller, vice president of the Independent Petroleum Association of America, referring to the exploration subsidies.

If gasoline prices rise in the spring, though, George Washington's proverbial saucer may not work. The issue could heat up again.

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House Democrats Detail Energy Plan (WP)

By Steven Mufson

The Washington Post, January 13, 2007

House Democrats introduced the energy piece of their legislative agenda, a measure that would curtail tax breaks and incentives for oil and gas companies and invest the funds in renewable energy.

The bill is projected to raise $13 billion in revenue over five years, and would set that money aside in a "fund" to be used for spending and tax breaks for renewable energy sources, not including nuclear power.

Natural Resources Committee Chairman Nick J. Rahall (D-W.Va.) and Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.) introduced the bill, which trims breaks for geological work and excludes oil and gas from a 2004 measure that would effectively reduce their tax rate to 32 percent, from 35 percent.

It also takes aim at oil and gas companies that signed federal leases in 1998 and 1999 with incentives for offshore exploration in deep water. Those leases neglected to include price thresholds. As a result, the leaseholders do not pay royalties regardless of how high oil and gas prices soar.

The House measure says companies with those leases cannot bid on new federal leases unless they renegotiate the contracts or pay "conservation" fees of $9 a barrel on oil and $1.25 per thousand cubic feet on gas produced under the old leases.

Oil Companies Attack Legislation Aimed At Tax Incentives (NYT)

By Edmund L. Andrews

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — The nation's oil and gas companies, hoping to fend off an attack by Congress on their tax breaks and subsidies, angrily denounced an effort by House Democratic leaders Friday that would repeal billions of dollars worth of incentives and plow the money into renewable energy projects.

"This bill takes capital from U.S. oil and natural gas companies that otherwise would be spent on domestic energy exploration," said Barry Russell, president of the Independent Petroleum Association of America, which represents about 5,000 smaller oil and gas producers. "If the goal is to lessen our dependence on foreign oil, then this bill falls far short."

The giant integrated oil companies, like Chevron and Exxon Mobil, have been more resigned about losing some of their tax breaks but are quietly resisting pressure to renegotiate leases that allow them to pump billions of dollars worth of oil and gas from publicly owned waters without paying royalties to the government.

House Democratic leaders unveiled a bill on Friday that could raise more than $10 billion by repealing half a dozen incentives created in the last several years by the Republican-led Congress or by the Bush administration.

One measure would pressure companies to give up a lucrative loophole that the government inadvertently included in offshore drilling leases for the Gulf of Mexico.

The leases, signed in 1998 and 1999, allow companies drilling in deepwater to escape royalty payments on as much as 87.5 million barrels of oil per lease. Because of an error that officials ignored for six years, the leases omitted a standard escape clause that eliminates the incentives if oil prices climb above $34 a barrel.

Government officials have estimated that the mistake could cost the Treasury $10 billion over the next five years. The Bush administration has asked companies to voluntarily renegotiate, but only five companies have signed new agreements.

The House bill would punish companies that refuse to change their leases by either charging them a "conservation fee" of $9 for each barrel of oil they produce or prohibiting them from acquiring any additional leases in federal waters.

"The American people are owed a fair value for the resources they own," said Representative Nick J. Rahall, Democrat of West Virginia and chairman of the House Natural Resources Committee.

But Mr. Russell, representing the independent petroleum producers, accused the Democrats of breaking valid contracts.

A few oil giants, including BP and Shell, agreed to give up the loopholes. But industry executives said one big player in the gulf, Exxon Mobil, has refused to renegotiate, arguing that it signed the leases in good faith. Chevron, which with several partners recently announced the discovery of a giant oil field that may include two of the flawed leases, said it had submitted a "reasonable" proposal but had not reached an accord.

The House bill would also repeal several other royalty incentives. It would prohibit "royalty relief" for natural gas produced from very deep wells in shallow waters. It would also repeal similar "relief" for companies drilling off the coast of Alaska.

On the tax front, the House bill would repeal a provision passed in 2004 that entitles oil companies to tax credits for "domestic manufacturing" and a $2 billion tax break for "geological and geophysical" expenses in exploration.

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Lawmakers in both parties predicted on Friday that the House would easily pass the measure next week. But the industry may have more clout in the Senate, where Democrats have more tenuous control.

Minimum-Wage Hike May Reach To Samoa (WP)

By Jonathan Weisman

The Washington Post, January 13, 2007

House Speaker Nancy Pelosi (D-Calif.), dogged by Republican charges of a double standard, said yesterday that American Samoa may join the Northern Mariana Islands as U.S. territories that would have to comply with a higher federal minimum wage.

Under the minimum-wage increase approved by the House this week, employers on the Northern Marianas would for the first time have to pay their workers the minimum wage, which would rise from $5.15 to $7.25 an hour. For years, Republicans -- with the help of convicted lobbyist Jack A. Abramoff -- have fended off efforts to bring the islands under federal labor laws.

The bill would leave American Samoa as the only territory not covered by the $7.25 rate, and because Samoa is represented by a Democrat, Del. Eni F.H. Faleomavaega, Republicans cried foul.

Faleomavaega's campaign coffers have been well stocked by the tuna industry that dominates his island economy, but Republicans picked up on another issue: StarKist owns one of the largest canneries on the island, and Del Monte Foods, StarKist's parent company, is based in San Francisco, which Pelosi represents.

"I have asked the Education and Labor Committee, as they go forward with the legislation, to make sure that all of the territories have to comply with U.S. law on the minimum wage," Pelosi announced yesterday.

Pelosi aides said the committee would be asked to work toward having all territories use the same wage standard.

Pelosi Moves To Close Samoa Wage Loophole (WT)

By Charles Hurt

The Washington Times, January 13, 2007

House Speaker Nancy Pelosi yesterday said Democrats will close a loophole in the House-passed minimum wage increase that exempts American Samoa -- an action taken after it was revealed that one of the U.S. territory's main employers is based in her congressional district.

"I have asked the Education and Labor Committee as they go forward with the legislation to make sure that all of the territories have to comply with U.S. law on the minimum wage," Mrs. Pelosi said.

The decision follows criticism over the exemption, reported earlier this week by The Washington Times, to allow tuna canneries in American Samoa to continue paying $3.26 an hour -- nearly $4 less than the $7.25 minimum wage passed by the House Wednesday.

Republicans, after the vote, pointed out that StarKist Tuna, one of two companies that employs about 75 percent of the Samoan work force, is owned by Del Monte, which is headquartered in Mrs. Pelosi's San Francisco district.

"Simply put: It is unethical to provide a special benefit to a company in any member of Congress' hometown," said Rep. John B. Shadegg, Arizona Republican. "For Democrats to act in such a manner so early on in their tenure is hypocritical at best and criminal at worst."

Democrats involved in the legislation say that neither Del Monte nor StarKist has lobbied Mrs. Pelosi or the committee on the matter. And records show that while Del Monte political action committees have given $5,300 in the past five years to Republicans, neither they nor Del Monte executives have given to any Democrats.

The bill, which raises the federal minimum wage $2.10 from $5.15, pointedly extends for the first time the federal minimum wage to the Northern Marianas Islands, another U.S. territory in the Pacific with similarly low wages.

Democrats defended the exemption earlier in the week, saying that the Northern Marianas territory has a long history of work-force abuses that require immediate action. But they also acknowledged that the wages in both places are essentially the same and, they said, need to be raised.

One person who is concerned about enforcing the federal minimum wage in American Samoa is non-voting Rep. Eni Faleomavaega, who echoed the arguments of many conservatives against raising the minimum wage in poorer regions of the U.S. mainland.

A "decrease in production or departure of one or both of the two canneries in American Samoa could devastate the local economy, resulting in massive layoffs and insurmountable financial difficulties," he said in a statement provided to The Times.

"The truth is the global tuna industry is so competitive that it is no longer possible for the federal government to demand mainland minimum wage rates for American Samoa without causing the collapse of our economy and making us welfare wards of the federal government."

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Melissa Murphy Brown, vice president for Del Monte, warned in a statement yesterday that applying the minimum wage at the tuna packing plants in American Samoa would "severely cripple the local economy."

"For over 50 years, the Federal Department of Labor has provided that wages in U.S. territories, including American Samoa, be set by a federally appointed wage board, following public hearings," she said in a background statement compiled by StarKist and Chicken of the Sea.

"The wage board takes into accounts several factors including standards of living and recognizes that wages cannot increase to a level that substantially curtails employment."

House Majority Leader Steny H. Hoyer, Maryland Democrat, said on the House floor yesterday that the decision to exempt American Samoa "was not an oversight."

"The minimum wage in America Samoa, unlike the Marianas or Guam, is set by the Department of Labor and Industry Committee so that it is determined in a different way than the others, including our states," he said.

Wages paid in American Samoa are often lower than the $3.05 minimum wage in effect in the Northern Marianas. Wages in American Samoa for manual labor range from $2.70 up to about $3.60, according to the U.S. Department of Labor.

House Democrats Propose Cut In Student Loan Rates (NYT)

By Diana Jean Schemo

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — House Democrats on Friday unveiled a bill that would cut interest rates on federally subsidized loans to college students by half over the next five years.

They said they would finance the $6 billion measure by increasing costs that lenders pay to the government and reducing the largest lenders' government-guaranteed profits.

The bill, one of half a dozen that the new House majority had placed on its 100-hour agenda, underscores the Democrats' all-out effort to consolidate gains made in November among middle-class voters.

"How to pay for a college education has become a primary concern for students and families across this country, a concern that Congress must urgently address as part of our goal of strengthening America's middle class," said Representative George Miller, chairman of the House Education and Labor Committee.

The measure is expected to pass in the House, where it is scheduled for a vote on Wednesday. Its future in the Senate is less certain, although the concept behind it is supported by Democratic leaders there, including Edward M. Kennedy, chairman of the education committee, who is planning to introduce a similar bill.

House Republicans, who in trying to contain college costs have focused in recent years on restraining tuition increases, complained Friday of being shut out of the process of writing the new bill and said they would offer amendments before Wednesday's vote.

"I'm hopeful we can work in a bipartisan way to build upon it, including with reforms that actually make college more affordable and more accessible for low- and middle-income students," said Representative Howard P. McKeon of California, the ranking Republican on Mr. Miller's committee.

That theme was echoed at the White House. Blain Rethmeier, a spokesman, said the Bush administration would support efforts in Congress to ease students' burden, but added that "colleges have the central role to play in ensuring access to affordable higher education."

Student debt has grown exponentially in recent years, in tandem with college costs that routinely outpace inflation. The average college student now graduates with nearly $18,000 in debt. The Democratic proposal would benefit many such students: the 5.5 million a year who receive subsidized Stafford loans.

The measure unveiled Friday would make good only in part on Democrats' campaign promise to halve the interest rates on student loans. Democrats had never said that the cut would not fully take effect until 2012 or that the pledge applied only to subsidized Stafford loans.

Unlike Pell grants, which go to students with family incomes under $40,000, Stafford loans are also tapped by middle-income students. Some 75 percent of students holding Stafford loans come from families with household incomes under $67,000, just above the median income for a family of four, which is $65,000, said Luke Swarthout, advocate for the U.S. Public Interest Research Group Higher Education Project.

The bill would cut the interest rates on subsidized Stafford loans for undergraduates — loans to graduate students would not be affected — to 3.4 percent from the current rate of 6.8 percent, in stages. The first reductions would affect new loans made after July 1.

According to the Project on Student Debt, a nonprofit group, the bill would save a student who graduates from college with $20,000 in debt about $4,000 over the 10-year life of a loan.

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Under the program of subsidized Stafford loans, the government guarantees lenders a rate of return that can be higher than the interest rate paid by the student. In trying to finance their proposal, House Democrats decided that for the largest lenders, the bill would lower that rate by 0.1 percentage point. It would also raise fees that lenders pay to the government, and cut payments that lenders receive if a student defaults.

While applauded by student advocacy groups, the bill drew immediate criticism from the student loan industry, which complained that it had already absorbed $12 billion in reduced payments from the government as part of a larger, Republican-led deficit reduction effort last year.

"What we're really seeing is Peter being robbed to pay Paul," said Tom Joyce, a spokesman for Sallie Mae, the nation's largest holder of student loans. "When you continue to cut and cut again, eventually who you're hurting is not the banks but the students and the parents themselves," said Mr. Joyce, suggesting that such reductions would ultimately impair services to borrowers.

Mr. Swarthout, of the Higher Education Project, called the bill "a good first step to making college more affordable." He added, "It will save millions of students thousands of dollars on their debt." He said that by showcasing the issue in its first days in power, the new Congress was sending a strong signal to student borrowers, and creating high expectations among them for further aid.

"You cannot put college affordability as a top agenda item and then walk away after cutting interest rates," he said.

While Democrats in the Senate have embraced the goals of halving interest rates, action there will not be as swift as in the House. Melissa Wagoner, a spokeswoman for Mr. Kennedy, said committee hearings would most likely begin on Jan. 25.

Mr. Kennedy's bill would phase in similar cuts in interest rates not only in subsidized Stafford loans but also in another loan program . It is broader than the House bill in other ways as well, raising Pell grants to a maximum of $5,100 a year, from $4,050.

Katherine McLane, a spokeswoman for Education Secretary Margaret Spellings, said Ms. Spellings supported an increase in the Pell grants.

Clock Ticking On Dems' 100-hour Agenda (AP)

By Kasie Hunt

AP, January 12, 2007

The clock is ticking for House Democrats, but it's hard to tell what time it is.

On Friday, for example, the House was in session for a little more than eight hours. Only five of them, however, ticked off on new Speaker Nancy Pelosi's 100-hour clock for quickly passing a six-bill agenda that Democrats promised voters last fall.

With passage of a bill to make the government negotiate for lower Medicare prescription drug prices, Pelosi, D-Calif., is two-thirds of the way done — in under a quarter of the allotted hours, according to her count.

That's because just as the official clock for a basketball or football game stops for time-outs and commercial breaks, Democrats aren't counting the minutes spent on business unrelated to those six designated bills.

So while the House had been in session for nearly 56 hours since the 110th Congress was sworn in Jan. 4, the clock on Pelosi's Web site suggested that less than half that time — 23 hours, 34 minutes — had elapsed by the close of business Friday.

"We're just counting the legislative hours," Pelosi spokesman Drew Hammill explained.

Regardless of which clock is used, Democrats appear well on their way to accomplishing their promise. They have only two bills to go and both are scheduled for votes next week. Aiding their endeavor is Monday's Martin Luther King Jr. federal holiday, when neither clock will be running.

Finished are new rules on ethics, lobbying and budgeting — part of the Democrats' 100-hour promise in November but not included on Pelosi's clock. Also completed are the passage of four bills: anti-terrorism measures, a minimum-wage increase,and expanding federally funded stem cell research, in addition to Friday's Medicare measure.

The final two bills are cutting interest rates on some student loans and recouping more money from oil royalties and redistributing it to renewable energy technologies.

Brian Kennedy, a spokesman for House Minority Leader John Boehner, R-Ohio, said the clock — no matter how time is kept — is irrelevant.

"The clock is just a distraction to the hypocrisy they've exhibited and continued to exhibit in the first 100 hours," Kennedy said, referring to House Democrats' refusal to allow the GOP minority a chance to offer amendments or have any role in writing the bills. Democrats had leveled the same criticism that Republicans, then in the majority, denied them those opportunities.

No time was run on either clock Monday, when many lawmakers attended the BCS championship football game in Arizona between Ohio State and Florida.

Competing House Clocks Tick At Different Speeds As Members Get Down To Business (NYT)

DOJ_NMG_0117177

By Mark Leibovich

The New York Times, January 13, 2007

WASHINGTON, Jan. 12 — How much bipartisanship is really possible if Democrats and Republicans can't even agree on how to tell time?

After House Democrats posted a digital clock on their Web site on Tuesday to mark how much time had elapsed as they pushed through their First 100 Hours agenda, Republicans retaliated with their own online clock on Wednesday. They are counting down the hours passed by "a Democrat caucus fresh out of ideas."

All week, members of Congress demonstrated a much more exacting sense of the clock than usual.

"It has been an interesting 58 hours and 48 minutes as of this morning," said Representative Marsha Blackburn, Republican of Tennessee, in a floor speech Friday. But by the Democratic clock, only 23 hours and 34 minutes had passed. Ms. Blackburn criticized Democrats as engaging in "creative clock-keeping."

Democrats say they are measuring only "legislative hours," meaning the time spent on lawmaking activities. But like dog years and the last two minutes of an N.B.A. game, "legislative time" does not necessarily correspond to "real time."

As the clocks ticked:

MONDAY, LATE AFTERNOON Senate Democrats would have started their clock on Monday, except that they did not have a clock. It's a House thing. Still, the Senate majority leader, Harry Reid of Nevada, was eager to get to work and is a stickler for punctuality. He said he was committed to operating the chamber more efficiently — meaning, on time. Senator Bernie Sanders, independent of Vermont and newly elected, missed what would have been his first vote despite a last-minute dash through the Capitol hallways.

TUESDAY, 1:15 P.M. "I have no idea what time it is," said Representative Don Young, Republican of Alaska. And then he indulged in an elaborate metaphor to summarize the cyclical nature of things.

"I look upon life as the wheel in the barnyard," Mr. Young said. "Politics is the rooster on the wheel saying cock-a-doodle-doo. Some of the Democrats on the top of the wheel think the sun's going to shine all day. They don't realize that the wheel is turning and that there's someone else coming up from the bottom of the wheel."

Behold, the clarity.

WEDNESDAY, 3 P.M. TO 4 P.M. Off the House floor, in the ornate area known as the Speaker's Lobby, the shift in power was on full display. Members of the press swarmed to the left side of the lobby to meet Democrats coming off the floor. Republicans trickling off to the right were essentially left alone.

"People seem to be paying more attention to me now that I'm in the majority," said Representative Henry Cuellar, Democrat of Texas. Standing under the official portrait of former Speaker Thomas P. O'Neill Jr., Mr. Cueller wore the "look, Mom!" face of a sudden big shot, or bigger shot than before.

Representative Jeff Flake, Republican of Arizona, was slumped on the other side of the lobby, complaining that he had just been kicked off the Judiciary Committee by members of his own party.

"I think I was punished for speaking too freely," Mr. Flake said, specifically for his willingness to compromise with Democrats on immigration overhaul.

Representative Ed Perlmutter, a freshman Democrat from Colorado, had spent much of his week on the House floor. Even when there was nothing doing, no votes scheduled and few members on the floor, he sat and just watched. One of his goals for the first 100 hours is simply to learn the names of his new colleagues. "I could probably identify about 100 right now," Mr. Perlmutter said, leaving 334 to go.

THURSDAY, NOON For all the talk of the Democrats' "flurry of legislation" in the first 100 hours, the war in Iraq clearly dominated the day. President Bush addressed the nation the night before. Top administration figures appeared at Congressional hearings.

Representative Thomas M. Reynolds, Republican of New York, was eating lunch in his office, lingering in a conversation about Buffalo sports teams. Not too long ago, he was a member of the leadership team of the majority party, head of the Republican Congressional Campaign Committee and in a tough re-election campaign. "I just finished up '06 with two full-time jobs," he said, referring to his posts as congressman and head of the campaign committee. Now he was sprawled out in his office eating a ham sandwich. "Washington loves survivors," he said.

FRIDAY, 4 P.M. Representative Joe Courtney, a freshman Democrat from Connecticut, was walking briskly and hoping to catch a flight to Hartford. Earlier, he gave his first floor speech as a member of Congress, a five-minute talk about Medicare. He was nervous at first, but was fine once he got going.

"I meant to say 'Mr. Speaker' and 'thank you, Mr. Stark,' " Mr. Courtney said. "But I wound up saying 'Thank you, Mr. Spark.' Oh well."

He shrugged and headed out for the weekend, promising to do better next time.

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By the end of the day Friday, the Democratic clock read 23 hours and 34 minutes, while the Republican clock, which was counting down from 100, read 75 hours.

Lawmaker's Wife Out As Fundraiser (WP/AP)

The Washington Post, January 13, 2007

Rep. John T. Doolittle (R-Calif.) said yesterday that he will no longer employ his wife as his campaign fundraiser, an arrangement that allowed her to collect a 15 percent cut of donations to his campaign and political action committees -- more than $100,000 since 2003.

Doolittle, who has drawn criticism for links to disgraced lobbyist Jack A. Abramoff, said he will hire an outside fundraiser. He made the announcement in a commentary article he distributed to newspapers in his Northern California district, noting his tough battle for reelection.

"After winning my election with less than 50 percent of the vote, I recognize that change is needed for me to rebuild the trust and support of my constituents," Doolittle wrote.

The change was one of 10 steps that Doolittle pledged to take after a campaign clouded by questions about Julie Doolittle's fundraising and his ties to Abramoff.

Doolittle accepted campaign donations from Abramoff and interceded with the Bush administration on behalf of the lobbyist's tribal clients. His former chief of staff, Kevin A. Ring, went to work with Abramoff and, sources told The Washington Post, later played a role in the hiring of Julie Doolittle's consulting firm by Abramoff and his firm, Greenberg Traurig.

Doolittle also promised to spend more time in his district and make himself more available to the media.

Doolittle beat Democrat Charlie Brown in November, 49 percent to 46 percent.

Cheney Enters The Twilight Of His Career (AP)

By Tom Raum,

AP, January 13, 2007

One by one, the hardline conservatives like Donald H. Rumsfeld and John Bolton who stood shoulder to shoulder with Vice President Dick Cheney in pushing President Bush's decision to invade Iraq have left the administration.

Yet while Cheney himself is in the twilight days of his political career, he's still there, with little evidence that his influence with Bush has waned.

Bush's decision to boost troops in Iraq and to continue to challenge Iran and Syria runs counter to recommendations of the bipartisan Iraq Study Group, the new Democratic majority in Congress and many Republicans — yet reflects Cheney's long-held hawkish views.

The vice president, who generally has kept a low public profile since the midterm elections, is about to get some unwanted exposure in another area. He's expected to be a witness in the perjury and obstruction trial of his former top aide, Lewis "Scooter" Libby, in the CIA leak case.

Jury selection starts Tuesday. Cheney did not resist being called as a defense witness.

Once viewed as adding an air of gravitas to an inexperienced president, Cheney, 64, is now seen by many Americans as a driving force behind Bush's most divisive initiatives: the Iraq war, the National Security Agency's warrantless eavesdropping program, harsh detention and interrogation policies and an aggressive push for expanded executive authority.

Bad as Bush's poll numbers are, Cheney's are worse. And while he's still beloved by conservatives, it seems unlikely he will be a big draw on the 2008 campaign circuit.

None of that seems to matter to Bush.

"Cheney and Bush have a quite personal relationship. Cheney has been loyal from the beginning and is loyal to this day. And the Bush family, if they have any family trait, is to return loyalty," said GOP consultant Rich Galen.

Cheney is expected to be an active salesman for Bush's new Iraq policy, which includes sending 21,500 more troops to Iraq. The plan, which Bush announced this week in a speech to the nation, has drawn wide condemnation from Democrats and many Republicans. Polls show a majority of Americans oppose increasing U.S. troops in Iraq.

Cheney appears ready for the fight, his health holding up despite a long history of heart disease.

In the meantime, his fellow hard-liners in the administration are, for the most part, gone.

Rumsfeld resigned as defense secretary under pressure. Bolton, unable to win Senate confirmation, had to give up his temporary assignment as U.N. ambassador. Former Deputy Defense Secretary Paul Wolfowitz left some time ago to head the World Bank.

Douglas Feith, a former deputy defense secretary, and Richard Perle, a former Pentagon adviser, have gone on to other things.

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Cheney is the only member of Bush's original national security team still holding the same job.

"The neo-cons are gone. Cheney is the last one, and you can't get rid of him," said Paul C. Light, a New York University professor of public service.

Still, "his influence has never been more at the mercy of the president than today," said Light.

"For his first four years perhaps, maybe even a little bit longer, when he spoke the president listened. Now the president speaks and Cheney must listen. And it's the president who is setting the vice president's agenda and not vice versa."

Both parties have been freshly reminded of Cheney's constitutional duties as president of the Senate as control of that chamber has continued to ride on the health of Sen. Tim Johnson. The South Dakota Democrat remains hospitalized four weeks after surgery for a brain hemorrhage.

If Johnson cannot complete his term, the Republican governor of South Dakota would be likely to appoint a Republican, effectively creating a 50-50 Senate and allowing Republicans to regain control by virtue of Cheney's tie-breaking vote.

Cheney played a lightning-rod role as a leading advocate for invading Iraq and has continued to call for an aggressive stance there, even after last November's midterm elections stripped Republicans of control of both House and Senate.

"Some in our country may believe in good faith that retreating from Iraq would make America safer. Recent experience teaches the opposite lesson," Cheney said in a speech to a conservative group several weeks after the election.

When Bush decided to replace the controversial Rumsfeld with Robert Gates at the Pentagon, Cheney said at a farewell ceremony last month for his old friend, "Don Rumsfeld is the finest secretary of defense this nation has ever had."

"I think Cheney remains a powerful force within the administration and there's no indication he's changed his views," said Michele Flournoy, a former Pentagon defense strategist now with the Center for Strategic and International Studies.

"That said, the president is still the president," she said.

"But there's not a lot of indication the president's changed his views, either," Flournoy said. She said the net effect is that "the two leaders at the top are still driving the train in the same direction despite calls for them to change course."

Bush still clearly values Cheney's counsel.

The vice president traveled to Saudi Arabia in late November to sound out the Saudis on the conflict in Iraq and the Israeli-Palestinian crisis. And he was at Bush's side as the president met with various groups to help reshape his Iraq policy.

"Cheney's role is back to what it was at the beginning, which is the behind-the-scenes organizer, the guy who gets things done," said GOP pollster Frank Luntz. "And Cheney is so much a man of principle and so not a man of polls. So for him, it's not that he's going the other way (from more moderate voices on Iraq). He is sticking to principle."

Luntz said it doesn't really matter that Cheney may be losing political influence among other Republicans and may be a liability with the new Democratic Congress. "Now that the last campaign is done, there's not much for him to do politically."

Libby Trial May Show Cheney's Role In Run-Up To War (BLOOM)

By Cary O'Reilly, Holly Rosenkrantz

Bloomberg, January 12, 2007

Jan. 12 (Bloomberg) -- The perjury trial of I. Lewis Libby, Vice President Dick Cheney's former chief of staff, may provide ammunition for Democrats looking to attack the White House for its conduct in the run-up to the Iraq war.

Libby, 56, is charged with perjury and obstruction for lying to a grand jury probing the leak of a CIA agent's name. He faces as many as 30 years in prison if convicted. The trial starts on Jan. 16 in Washington.

Defense lawyers say they'll call Cheney as a witness to bolster claims Libby was too busy with security matters to accurately remember events. His testifying is risky for both men. What Cheney recalls may undermine Libby's too-busy defense while exposing the vice president to probes by Congress of how the Bush administration promoted the war, legal experts said.

``Litigation begets litigation," said Stanley Brand, a former U.S. House counsel who specializes in representing public officials accused of wrongdoing. ``Every time you haul someone to court, it makes it more likely someone else is going to haul him to court. It's the Martha Stewart problem. Once you're under oath, people can take pot shots at you about what you said."

Ted Wells, a Paul Weiss Rifkind attorney representing Libby, told U.S. District Judge Reggie Walton during a hearing last month that he plans to call Cheney to the stand. He and co- counsel William Jeffress of Baker Botts did not return telephone calls this week seeking comment.

Cheney spokeswoman Lea Ann McBride declined to say whether a subpoena has been received. ``We have cooperated fully with the investigation and will continue to do so," McBride said.

Rare Testimony

If Cheney takes the stand, he would be the first sitting vice president to testify in a criminal case in at least 100 years, according to Joel Goldstein, a vice presidential scholar at St. Louis University. Rulings by Walton may limit the scope of Cheney's

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testimony, though he is likely to discuss events in the months leading up to the invasion of Iraq in 2003, the period in which prosecutors say Libby committed perjury and obstruction.

``The suggestion has been that Vice President Cheney's office has really almost created an alternative national security council," Goldstein said. ``To that extent, the trial may be indicative in showing how the vice president's office has been involved in the planning and selling of the war."

Libby was Cheney's closest adviser, having served as the vice president's national security adviser as well as his chief of staff. He worked with Cheney at the Pentagon during the administration of President George H.W. Bush.

Not First on Trial

Libby is one of the highest-ranking White House officials ever to be tried, though not the only member of the Bush administration. David Safavian, the former head of the Office of Management and Budget, was sentenced to 18 months in prison in October for lying and obstructing justice during the corruption investigation of Republican lobbyist Jack Abramoff, now in prison for fraud.

Assistant U.S. Attorney Peter Zeidenberg, who won a conviction of Safavian, is a working with U.S. Attorney Patrick Fitzgerald, the chief prosecutor in the Libby case.

Fitzgerald, normally based in Chicago, would probably handle any cross-examination of Cheney. He ``is the special prosecutor in the Libby case, and he is personally responsible and more involved in that case, than in any of his Chicago cases," said Robert Kent, a former federal prosecutor in Fitzgerald's office who left two months ago to join the Baker McKenzie law firm.

Fitzgerald's cases include the prosecution of Conrad Black, the former Hollinger International Inc. chairman charged with looting the company.

Plame's Name

Libby was indicted in October 2005 on charges of lying to investigators and a grand jury probing whether Bush administration officials intentionally revealed the identity of Central Intelligence Agency operative Valerie Plame to reporters, a violation of federal law.

Plame's name was published by syndicated columnist Robert Novak on July 14, 2003, after her husband, former ambassador Joseph Wilson, publicly accused President George W. Bush of twisting intelligence to justify the Iraq war.

Libby is accused of lying and obstructing the probe. No one has been charged with the leak of Plame's name. In September, ex- U.S. Deputy Secretary of State Richard Armitage said he was the person who first told Novak that Plame was a CIA officer.

Court papers filed in the Libby case portray Cheney as having a central role in events during the period in 2003 that the administration was defending itself against critics of Bush's decision to invade Iraq. Cheney told Libby on June 12, 2003, that Wilson's wife, Valerie Plame, worked at the CIA, according to the indictment. Libby told investigators that he believed Cheney learned it from the agency.

`No Control'

Cheney's testimony may undermine Libby's argument that he was too focused on national security matters by showing, for example, how often he discussed Wilson and Plame with his boss, according to Elizabeth de la Vega, a former federal prosecutor.

``This is Libby's trial," she said. ``He's on trial for perjury and false statements, so Cheney is not going to be able to control anything. It's not completely wide open, but there's quite a bit of leeway in questioning him on matters leading up to the disclosure" of Plame's name.

News organizations including Bloomberg News asked Walton Jan. 4 to ensure media access to the jury selection process, and to release audio recordings of the proceedings. Walton denied the latter request in a Jan. 9 order and will allow only two journalists in the courtroom. He said the court has taken extraordinary steps to ensure public access.

Other reporters and members of the public can observe the proceedings in a second courtroom that will have live audio and video of the proceedings, he said.

``At no time in the history of this courthouse have such accommodations been provided to the public and the press in a criminal case," Walton said in the order.

The case is U.S. vs. Libby, 05-394, U.S. District Court, the District of Columbia.

Cheney Is Forced To Testify In Case Of The Crime That Never Was (LONT)

By Tim Reid

Times of London, January 13, 2007

A politically charged courtroom drama centred on the Iraq war, a blonde bombshell spy and a vice-president in the witness box begins next week when Dick Cheney's former chief of staff goes on trial for his alleged role in the CIA leak scandal.

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The prosecution of Lewis “Scooter” Libby is set to become a political show trial to be relished by opponents of the Iraq war. The roots of the scandal that led to his being charged with perjury lie in how the White House justified the invasion, and the subsequent spin operation that it mounted after the failure to find weapons of mass destruction.

In one key respect the six- week trial, which begins on Tuesday, is unprecedented: the relentlessly secretive Mr Cheney will enter the witness box as part of Mr Libby’s defence. It makes him the first sitting vice-president to testify in a criminal prosecution. He is expected to be cross-examined on his efforts to rebut critics of the war aggressively as it began to turn sour in 2003, an experience he will find detestable.

Mr Libby denies lying to the FBI and a grand jury about who gave the press the name of Valerie Plame, a former covert CIA agent with stunning good looks. He faces up to 30 years in jail if convicted.

No Bush Administration official, including Mr Libby, was charged with leaking Ms Plame’s identity. It became clear last year that the accusation that triggered the special prosecutor’s investigation — that the White House knew that Ms Plame was an undercover operative and leaked her identity deliberately to discredit her husband, a war critic — was unfounded. Mr Libby is now accused of a covering up a non-existent crime that did not need to be hidden.

The genesis of the Plame scandal lies in a CIA-sponsored trip that Joseph Wilson, Ms Plame’s husband and a former ambassador, made to Niger in 2002 to investigate reports that Iraq had tried to buy uranium there. In July 2003 he accused the Bush Administration of ignoring his report that there was no Iraq-Niger link, and of twisting prewar intelligence.

A week later Robert Novak, a conservative columnist, wrote that Mr Wilson had been sent to Niger by Ms Plame, the first time that her name had been made public. The report caused a political storm after Mr Wilson claimed that his wife was a covert agent and that her name had been leaked as retribution for his criticism of the war. It is a crime knowingly to reveal the identity of a covert official.

Soon after Mr Novak’s column, several other journalists wrote about Ms Plame. They told Patrick Fitzgerald, the investigating prosecutor, that they learnt about her from Mr Libby and Karl Rove, Mr Bush’s chief adviser. Mr Libby is charged with lying to investigators because he claimed that he first learnt about Ms Plame from the reporters. One journalist, Judith Miller, was jailed for 85 days after refusing to reveal that her source was Mr Libby.

Claims of a White House operation to destroy the Wilsons were all but demolished after it emerged recently that Mr Novak’s source was Richard Armitage, Colin Powell’s former deputy at the State Department. He was a war critic and mentioned the Plame-Wilson connection as “idle gossip”.

Mr Fitzgerald will try to show that Mr Cheney was obsessed with pushing back against Mr Wilson and that it was a “high priority” for his chief of staff — and that Mr Libby tried to obscure that fact.

SMU Faculty Members Oppose Bush Library (AP)

By Angela K. Brown

AP, January 13, 2007

Negotiations to build George W. Bush's presidential library at Southern Methodist University have divided the campus, pitting the administration and some alumni against liberal-leaning faculty members who say the project would be an embarrassment to the school.

Some professors have complained that the combined library, museum and think tank would celebrate a presidency that unnecessarily took the country into a war.

The fear is that the library "will continue to espouse the philosophy and practice of the Bush administration, which has seriously divided our nation and has brought the ire of other countries," said William McElvaney, a retired professor at SMU's theology school and co-author a November opinion piece in the campus newspaper titled "The George W. Bush Library: Asset or Albatross?"

SMU emerged as the front-runner in the competition last month when the library site selection committee said it was entering further discussions with the 11,000-student, private university in one of Dallas's wealthiest neighborhoods. The project will be financed with a private fund drive aimed at raising at least $200 million.

Bush connections to SMU run deep. First lady Laura Bush is a graduate and is on the board of trustees. Vice President Dick Cheney previously served on the board. Presidential adviser Karen Hughes and former White House counsel Harriet Miers are both graduates.

SMU officials said the project is unlikely to be derailed by the faculty opposition, and said the professors opposed to it are in the minority.

Brad Cheves, vice president for external affairs and development, said the library could help recruit students, attract visitors and increase giving. "It raises the profile of SMU no matter how people feel about President Bush," he said.

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White House spokeswoman Dana Perino declined to comment. And a spokesman for former Bush administration Commerce Secretary Don Evans, chairman of the library search committee, would not comment on whether the objections from some of the 600 faculty members would affect the panel's final decision, expected in a few months.

Other faculty say they would welcome the library.

"This takes us to a whole new level," said Rita Kirk, a politics professor who has done research at other presidential libraries.

As for the students, Luis Arango, a 21-year-old junior and political science major, said on campus Friday: "This school has a very conservative vibe, and most of the students like Bush. The only people who don't seem to be the faculty. I know for a fact that some are real liberal and I don't think should be teaching here."

As for the alumni, many of them are wealthy and conservative. And Mike Boone, who is on SMU's board of trustees and earned undergraduate and law school degrees from SMU, said an overwhelming majority of alumni support the Bush library project.

"It's prestigious and brings a lot of value to a university," said Boone, a Dallas lawyer who has known Bush since he was Texas governor.

The other finalists are Baylor University in Waco, near the Bushes' Crawford ranch, and the University of Dallas.

McElvaney warned that not only could the library hurt SMU's reputation, it could also become a target for terrorists or others who want to strike back at Bush, McElvaney said.

"Dallas is already known as the city in which President Kennedy was assassinated, so does Dallas want a Bush library that could become a prime terrorist target?" McElvaney asked.

The library of the president's father is on the Texas A&M University campus in College Station.

Universities often compete to host presidential libraries. But this is not the first time that the political passions of the day have stirred resistance to such a project.

In 1981, Duke University faculty members, by one vote, voted against continuing discussions to build Richard Nixon's library there. Nixon graduated from Duke Law School in North Carolina. Duke's trustees voted to build the library anyway, but negotiations with Nixon officials eventually broke down. The Nixon library was eventually built in Yorba Linda, in his native California.

"It was obvious this was going to be a memorial to glorify the career of Richard Nixon rather than be a repository of his papers," said Lawrence Evans, a retired Duke physics professor.

Native Texan Lyndon B. Johnson's library was built on the University of Texas campus in Austin during the Vietnam area. During the 1971 opening ceremony, hundreds of protesters chanted anti-war slogans and released black balloons. Demonstrators also marched around campus, throwing bottles, cans and rocks at police, and dozens were arrested.

For Teachers, Being "Highly Qualified" Is A Subjective Matter (WP)

By Michael Alison Chandler

The Washington Post, January 13, 2007

To overhaul public education, the No Child Left Behind law required a massive expansion of student testing. But it also called for states to ensure that all teachers in core academic subjects are "highly qualified" to help students succeed -- an unprecedented mandate that has delivered less than promised.

The law, which turned five years old this week, has held schools to increasingly higher standards for student achievement. For teachers, however, standards meant to guarantee that they know their subjects are often vague and open to broad interpretation.

Legal loopholes and uneven implementation by states and the U.S. Department of Education have diluted the law's impact on the teaching workforce, some education experts say. They say that meeting the standards of quality is more about shuffling paper than achieving two vital goals: ensuring that teachers are prepared to help students succeed and reducing the teacher talent gap between rich and poor schools.

"Meeting the qualifications has become an exercise in bureaucratic compliance," said Andrew J. Rotherham, a member of the Virginia Board of Education and a former education adviser in the Clinton administration. "It's not a process that gets at the fundamental issues of quality or effectiveness." Congress may soon tackle those issues as it considers renewing the law.

The career path of Maria Lewis Ramadane shows what the mandate was meant to accomplish and its confusing results. The meaning of highly qualified, it turns out, varies sharply from place to place.

When Ramadane started teaching at Graham Park Middle School near Dumfries in 2003, the special education teacher didn't meet the law's standard because she had a provisional license. But after earning a master's degree and completing a 30-hour literacy class, she obtained full certification, and Virginia now deems her highly qualified to teach language arts.

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In Maryland and the District, however, Ramadane would be asked for more: another standardized test, more professional coursework. Tougher rules are probably one reason Maryland and the District report lower rates of classrooms with highly qualified teachers: 79 percent in Maryland and 51 percent in the District, compared with 95 percent in Virginia. D.C. public schools -- and some in Maryland -- also face major recruiting obstacles.

This week, senior Democratic lawmakers discussed an extension of No Child Left Behind with President Bush. In the coming congressional debate over the law, teacher quality is likely to be a key issue. Some experts favor shifting the emphasis from "highly qualified" to "highly effective" teachers, requiring states to look not just at credentials but how well individual teachers help students learn and perform on tests.

U.S. Rep. George Miller (D-Calif.), the new chairman of the House Committee on Education and Labor, said in an interview that teacher quality is one of his highest priorities. He has proposed spending more money to recruit and retain qualified teachers, particularly in low-income districts.

Miller said the current standards for subject matter competence and certification are the "bare minimum" and said that the government should establish systems to increase teacher effectiveness. "The law itself does not make you highly qualified," he said.

Some leaders of teacher unions say that raising salaries and improving working conditions are better ways to raise the caliber of the workforce. Princess Moss, president of the Virginia Education Association, questioned what she called "paperwork and needless requirements," particularly in areas with persistent teacher shortages, such as special education.

Ramadane said she has not found Virginia's requirements difficult, and she has taken extra classes in reading and writing instruction so she can keep challenging her Prince William County students. "Most teachers that I know go above and beyond," she said.

The Bush administration has pushed aggressively to hold schools accountable for raising student test scores and narrowing achievement gaps, but it has been more flexible on teacher quality.

In late 2005, Education Secretary Margaret Spellings pushed back a June 2006 deadline for states to reach full compliance with the highly qualified teacher requirement, giving them a one-year pass if they could demonstrate progress. Spellings said states would not lose federal funding if they submitted a plan with an acceptable definition of highly qualified teachers, accurate data and steps to ensure that experienced and qualified teachers are spread equitably among rich and poor schools.

By August, only Maryland and eight other states had plans that met all requirements. The rest, including Virginia, had to make revisions to address the equity issue, as did the District.

U.S. education officials and independent analysts cite some advances. Data show that about nine out of 10 classrooms nationwide in 2005 were headed by a highly qualified teacher; in 2003, the rate was closer to eight out of 10. Experts note that states have created incentives and opportunities for teachers to obtain additional training and have reversed a long-standing reliance on emergency credentials to fill classrooms. In some cities, including the District, school systems have fired teachers who are not fully licensed.

Spellings said the drive for content expertise has improved the workforce.

"The whole notion that you have to have grounding in the subject area that you're teaching makes a lot of sense to policymakers and to moms and dads," she said. "You know, the old you-can't-teach-what-you-don't-know philosophy."

According to the federal law, to become highly qualified, a first-year teacher must have a college degree, a full state license and some mastery of content -- provable by coursework or a standardized test.

The first two requirements are straightforward. The third has been interpreted in many ways, particularly for veteran teachers -- defined in Virginia and Maryland as those with at least one year of experience -- for whom the law is more lenient.

To prove expertise, teachers can choose from a menu of options that often have little to do with subject matter.

In Maryland, teachers can show they know their subjects in part by taking education courses or earning teaching awards. Virginia offers credit for developing curricula, mentoring other teachers or attending a 30-hour "content knowledge institute."

Last year, the Bush administration objected to a Virginia policy allowing new high school special education teachers to take a less-rigorous middle school content test. It also faulted a policy letting veteran teachers assert that they are sufficiently knowledgeable if they hold an advanced degree in any subject, not just in the subject they teach. Virginia tightened the rules, but state officials said the policies in question affected only about 155 of the state's 99,000 teachers.

Virginia officials report only a small teacher-quality gap, with 6 percent of classrooms in the state's poorest schools lacking highly qualified teachers, compared with 3 percent in the richest schools.

In Maryland, the disparity is greater: Nearly 40 percent of classes in the poorest schools lack highly qualified teachers, compared with about 10 percent in the richest schools. Especially in Baltimore and Prince George's County, administrators often must resort to hiring inexperienced teachers who move on after a few years.

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But Maryland has made progress -- the portion of classrooms with highly qualified teachers rose from 67 percent in 2004 to more than 79 percent in 2006.

At Benjamin Tasker Middle School in Bowie, the compliance rate rose from 52 percent in 2004 to 76 percent in 2006. But the hunt for highly qualified teachers remains intense.

As this school year approached, Principal Karen Coley said she found herself waiting for a seventh-grade science teacher to "drop from the sky."

The school system's recruiter, known as the "rainmaker," found a candidate who was promising but not rated highly qualified. One recent morning, that teacher quizzed students about the difference between chemical and physical properties. "A natural," Coley called her.

But in the future, Coley is hoping to find a more reliable stream of highly qualified teachers.

High Court Adds Death-Penalty And Tobacco Cases To Docket (WP)

By Robert Barnes

The Washington Post, January 13, 2007

The Supreme Court added four cases to its docket for the current term yesterday, including a review of a judge's decision to dismiss a potential juror from a death-penalty case because of the man's equivocal statements about capital punishment.

A federal appeals court overturned the trial judge's ruling in a rape and murder trial in the state of Washington. One of the issues in the case is whether federal courts should defer to a trial judge who is in a position to actually talk to and observe a potential juror in making the decision about his ability to carry out the law.

The court has added 11 cases to its slimmer-than-usual caseload in the past eight days, all of which are scheduled to be argued and decided before the term's usual close at the end of June. Among the cases justices said yesterday that they will decide is a question of whether a cigarette manufacturer can move a lawsuit against it to federal jurisdiction and out of the state courts, where judgments against tobacco companies have been mounting.

The death-penalty case , Uttecht v. Brown (06-413), stems from the 1991 conviction of Cal Coburn Brown. One of the prospective jurors in the case indicated on a questionnaire that he could support a death sentence if convinced beyond a shadow of a doubt that the accused had killed and would kill again, and that he would have severe doubts without that. Because the only other alternative sentence for Brown would be life in prison without parole, he was told it would be unlikely such evidence would be presented.

After additional questioning, the prosecution asked that the juror be dismissed, and the defense did not object. The Washington state Supreme Court and a federal district judge upheld the state judge's decision to dismiss.

But the U.S. Court of Appeals for the 9th Circuit, with which the Supreme Court has already disagreed on a death-penalty case this year, reversed the sentence. The potential juror's statement that he "would impose the death penalty when the defendant would be likely to kill again did not exclude the possibility that he would vote to impose the death penalty in other circumstances as well," the court ruled.

And it said that automatically deferring to the trial judge's judgment because "unknown facial expression or body language" might contradict the actual words of the potential juror would make appellate review "obsolete."

The cigarette case, Watson v. Philip Morris (05-1284), comes from Arkansas, where consumers alleged that the company had violated the state's deceptive-advertising law with claims about its "light" cigarettes. Similar class-action lawsuits have been filed around the country.

But Phillip Morris, whose parent company is now known as Altria Group Inc., was successful in having the case transferred to federal courts, saying that its advertising is regulated by the Federal Trade Commission, and that made it a "person acting under" a federal officer.

The Bush administration said it disagreed with the U.S. Court of Appeals for the 8th Circuit ruling upholding the lower court's decision. Nevertheless, Solicitor General Paul D. Clement had recommended the Supreme Court not take the case, saying it did not warrant the court's review.

Those who sued said the move to federal court denies the right of states to be the primary forum for adjudicating state laws.

The court also took Struhs, et al., v. Wyner (06-531), about who should pay lawyer fees in a case involving nude protesters in a Florida park, and Hinck v. U.S. (06-376), a jurisdictional question about the U.S. Tax Court.

Justices To Review Death Penalty Case (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, January 13, 2007

DOJ_NMG_0117185

Once again, the 9th Circuit Appeals Court's sentence overturning will be reconsidered.

WASHINGTON — The Supreme Court agreed Friday to reconsider another death penalty decision from the U.S. 9th Circuit Court of Appeals, this one overturning the death sentence for a man who abducted a young Seattle woman then raped and tortured her for two days before killing her.

It will be the fourth case before the justices this term in which the San Francisco-based 9th Circuit had reversed a murder conviction or a death sentence.

In all four, state prosecutors appealed to the high court, arguing the judges of the appeals court had overstepped their authority and wrongly second-guessed a state court's decision.

In November, the high court reversed the 9th Circuit and restored a death sentence for a Central Valley man who robbed and fatally clubbed a young woman in 1982. In December, the justices unanimously restored the murder conviction for a man who shot and killed the fiancé of his estranged wife in San Jose. The 9th Circuit had overturned the conviction because the parents and a brother of the murder victim were seen wearing a small photo of him in the courtroom.

The third case, heard Tuesday, concerned an Arizona murderer whose death sentence was overturned by the 9th Circuit on the grounds that his lawyer failed to present "mitigating evidence" on his behalf, even though the defendant, Jeffrey Landrigan, told the judge during the sentencing hearing that he did not want mitigating evidence presented on his behalf.

The new case, from Seattle, focuses on a potential juror who was excluded because of his views on the death penalty.

The facts of the case were described as "sickening" by the dissenting judges on the 9th Circuit.

On May 23, 1991, Holly Washa, 21, was leaving her job at a hotel near the Seattle-Tacoma Airport when Cal Brown stopped her to say her tire was flat. He jumped in her car and put a knife to her throat. He forced her to take money from her bank account.

Brown took her to a motel where he kept her in handcuffs and raped her. On the third day, he slit her throat and left her to die in the trunk of her car.

From there, Brown flew to Palm Springs, where he abducted, tortured and stabbed a second woman. Despite a slit throat, she was able to call the hotel desk when Brown left the room. Police arrested Brown when he returned.

Brown gave a detailed confession to both crimes. In Seattle, he was tried, convicted and sentenced to die in 1993 for Washa's murder. State courts and a federal judge in Seattle upheld the conviction and sentence.

"This was not a case where there was any doubt about who committed the murder," John J. Samson, an assistant attorney general from Washington, said Friday.

In December 2005, however, Brown's appeal came before a three-judge panel of the 9th Circuit, which reversed the death sentence on the grounds that one of the potential jurors was improperly excluded from the trial.

During voir dire, the process in which prosecutors and defense attorneys question prospective jurors, either side may move to exclude someone they think may have a strong bias.

When questioned, the potential juror, referred to as "Juror Z," said he favored the death penalty only "in severe situations" and when it was "very obvious the person would re-offend."

Under Washington law, a defendant convicted of aggravated first-degree murder would be sentenced to death or life in prison without the possibility of parole. That meant that Brown would have no chance to "re-offend" outside prison.

A death sentence may be imposed in Washington only if all 12 jurors agree. Because this potential juror would presumably reject a death sentence for Brown, the prosecutor sought to remove him from the jury pool. "We have no objection," the defense lawyer replied, and the trial judge dismissed "Juror Z" from the case's jury pool.

Writing for the appeals court, Judge Alex Kozinski of Pasadena said "Juror Z" was not flatly opposed to the death penalty. "Most importantly, he promised he would 'follow the law' without reservation," he wrote.

Because "Juror Z was erroneously excluded," Brown was denied his right to a fair trial, Kozinski concluded. His opinion was joined by Judges Stephen Reinhardt of Los Angeles and Marcia Berzon of San Francisco.

In June, 2006, when a petition to rehear the case was denied by the appeals court, five of its judges joined in a dissent, saying the decision ignored a 1996 law which says U.S. judges should defer to reasonable decisions made by state courts.

In September, Washington Atty. Gen. Rob McKenna appealed to the Supreme Court, arguing that the trial judge had handled the jury selection reasonably and in line with the law.

The justices voted Friday to hear the case of Uttecht vs. Brown in April and to issue a ruling by late June.

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OTHER NEWS:

Early Loss Overcome, Dow Sets A Record (NYT/AP)

The New York Times, January 13, 2007

Wall Street rebounded from an early loss yesterday to send the Dow Jones industrial average to its second consecutive record close as investors embraced robust economic data and shrugged off several profit warnings.

Stocks held their gains despite a warning from the chip maker Advanced Micro Devices, considered one of the bellwether stocks in the technology sector, that its revenue would fall short of forecasts.

The market was helped by the recent decline in oil prices and by a Commerce Department report that retail sales rose in December at their strongest pace in five months, an indication that holiday sales might have been better than expected.

The retail sales report was another sign that the economy remains healthy, and that central bankers might be inclined to keep interest rates where they are. Investors have been hoping the Federal Reserve might lower rates in the near future.

Some of yesterday's fluctuations were probably a result of adjustments in the positions of investors ahead of a three-day weekend. The markets are closed on Monday for Martin Luther King's Birthday.

"You've had a pretty good week, and people always tend to even up positions on a Friday, especially before a holiday," said Alexander Paris, an economist for Barrington Research in Chicago.

The Dow Jones industrials jumped 41.10 points, or 0.33 percent, to 12,556.08. It was the index's 24th record close since the start of October.

The Standard & Poor's 500-stock index climbed 6.91 points, or 0.49 percent, to 1,430.73, and the Nasdaq composite index increased 17.97 points, or 0.72 percent, to 2,502.82.

The Dow Jones industrials rose 1.27 percent this week, while the S.& P. 500 advanced 1.49 percent and the Nasdaq picked up 2.82 percent.

"The mood isn't negative," said Brian Williamson, an equity trader at the Boston Company Asset Management, a subsidiary of the Mellon Financial Corporation. "You take the economic news as it comes. Things are changing so rapidly, and there's so much information right now, but you react and then look ahead. That's what the market is doing."

Oil prices, which touched 19-month lows in the session, were erratic as traders weighed speculation that the Organization of the Petroleum Exporting Countries might consider an emergency meeting to cut production. The February crude oil contract settled up $1.11 at $52.99 a barrel on the New York Mercantile Exchange; despite the advance, oil is still down 13 percent since the start of the year.

Investors pushed oil stocks higher on the belief a production cut could help anchor profits. ConocoPhillips, also helped by plans for a share buyback, rose $2.01, or 3.3 percent, to $63.83.

Exxon Mobil gained $1.68, rising to $72.66.

Murphy Oil, an oil and gas refiner, rose 36 cents, to $46.61, as investors shrugged off a fourth-quarter profit warning.

Technology stocks, which have been among the market's biggest gainers so far this year, extended their advance despite a warning late Thursday from Advanced Micro that fourth-quarter results would be lower than expected because of a price battle with Intel. Advanced Micro fell $1.92, or 9.5 percent, to $18.26.

A warning from the business software maker SAP that quarterly profit and revenue would fall short of expectations caused a round of downgrades by analysts. The stock was able to stay in positive territory, however, rising $1.52, or 3.1 percent, to $50.02.

Apple backed off a record high reached this week after it unveiled plans to roll out its iPhone later this year. A trademark lawsuit filed by Cisco Systems challenged Apple's right to the name and helped push its shares lower by $1.18, to $94.62. Shares of Cisco rose 23 cents, to $28.92.

Cablevision Systems fell after the Dolan family, which founded the company, raised its buyout bid in what the family called the "best and final offer." Investors sent the stock down $1.21, or 4.1 percent, to $28.39, apparently concluding that a more lucrative offer is unlikely.

The bond market, which has been pricing in the potential of a cut in interest rates sometime in the first half of the year, was disturbed by the economic reports yesterday. The benchmark 10-year Treasury note declined 11/32, to a price of 9826/32. The note's yield, which moves in the opposite direction from the price, rose to 4.77 percent from 4.73 percent Thursday.

Dollar Ends Three-Day Advance But Could Be Poised For Gains (WSJ)

By Isabelle Lindenmayer

The Wall Street Journal, January 13, 2007

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Is that the end of the dollar rally, or just a pause?

The dollar ended its three-day advance Friday, largely shrugging off a series of positive data releases. But analysts say they expect the currency to post further gains this coming week as the market focuses on renewed optimism about the state of the U.S. economy.

After starting the session little changed, the dollar climbed on the back of a better-than-expected retail-sales report. Yet the dollar reversed course shortly thereafter, retracing all its gains and slipping notably lower against the euro.

In late-afternoon trading in New York, the euro stood at $1.2919 from $1.2894 late Thursday, while the dollar was at 120.37 yen from 120.50 yen late Thursday. The euro was at 155.50 yen from 155.37 yen.

The dollar stood at 1.2481 Swiss francs from 1.2491 francs, while sterling was at $1.9587 from $1.9455 late Thursday.

"The dollar saw an after-the-fact selloff following better-than-expected retail-sales numbers for December," Naomi Fink, currency strategist at BNP Paribas, said.

"More likely than not, investors felt as though the dollar's three-day rally preceding the release had compensated adequately for the upside surprise," she said.

Other analysts pointed to the retail report itself as a potential reason for the dollar's slip, as the report included a 0.4% downward revision in November's retail-sales data.

The dollar rose initially on the news but then reversed, "perhaps on the view that some of the details in the December sales data and the revisions were not as strong as seen at first glance," Michael Carey, chief economist for North America at Calyon Corporate & Investment Bank, said.

Investors can look forward to a slew of fresh U.S. data in the coming week, with December producer-price-index and consumer-price-index reports due, plus December housing starts.

December Retail Sales Jump 0.9% Amid Robust Holiday Shopping Season (WSJ)

By Rafael Gerena-Morales, Kris Hudson

The Wall Street Journal, January 13, 2007

As it turned out, shoppers spent more freely during the just-ended holiday season than had been thought, helping some retailers end the year on strong footing and suggesting that economic growth could be rebounding faster than expected.

Retail sales jumped 0.9% in December from the month before, to a seasonally adjusted $369.9 billion, the Commerce Department said Friday. December's growth was up from a gain of 0.6% in November and was the strongest rate of growth in retail sales since July. When compared to December a year ago, retail sales were up 5.4% compared with December-to-December growth of 5.7% in 2005.

Although full-year growth in 2006 was lower than in 2005, economists noted that sales in the final three months of last year were regaining momentum.

"The consumer was pretty lively" last month, said Joshua Shapiro, chief U.S. economist at MFR Inc. "We ended the year on a strong note -- there's no doubt about that."

Economists said consumer spending last month benefited from a host of factors that offset the effect of a slowing housing market: Energy prices fell and stronger-than-expected job creation bolstered wage and income gains. Moreover, unseasonably warm weather and heavy discounting drew shoppers to the mall in greater numbers than usual.

The retail-sales figures, coming on the heels of last week's employment report that showed strong job creation, prompted some economists to raise their estimates of economic growth.

In an email sent to clients Friday, economists at Morgan Stanley said they believe consumer spending rose about 4.3% in the fourth quarter, a performance they said "has been exceeded on only a handful of occasions" over the course of the current expansion. They also said that "signs are pointing" to a much stronger pace of economic growth for the first quarter of 2007. The firm expects inflation-adjusted gross domestic product, the value of the nation's output, would be up "at least" 3.5% in the current quarter. Earlier, Morgan Stanley economists estimated first-quarter GDP growth would be between 2.3% and 2.5%.

The retail-sales report also bolsters the view that the Federal Reserve is unlikely to reduce interest rates soon and is likely to keep short-term interest rates at the current level. "There's no way the Fed will lower rates while" economic activity accelerates and inflation remains elevated, said Bernard Baumohl, managing director of the Economic Outlook Group, of Princeton Junction, N.J. "It's just not in the cards. The economy is stronger than we thought earlier."

Not everyone agrees. Mr. Shapiro said that retail sales were "exaggerated" by warm weather. He expects consumer spending will ease to an annualized growth rate of 2.5% to 3% in the first quarter and slow even further for the rest of the year. "There's still a tug of war going on" between the slumping housing market and the healthy labor market, he said.

The holiday season's big winners included electronics and appliance stores, where sales rose 3% in December from a month earlier and 15% from a year earlier. A host of products fed that surge, including new videogame consoles, such as

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Nintendo Co.'s Wii, digital music players, and flat-panel television sets. Prices on flat-panel, high-definition TV sets have plummeted in recent months -- in some cases to below $500 -- as mass-market retailers charged into the category.

Heavy discounting has lifted revenues at some of the nation's largest electronics retailers, including Best Buy Co., Richfield, Minn. Best Buy recently reported that sales at stores open at least a year rose 7% in December. "In flat-panel televisions, we did a tremendous amount of business, but that wasn't a surprise," the company's chief financial officer, Darren Jackson, said Friday. "What was a surprise is" that sales also remained robust for a range of other products, including notebook computers, digital music players and digital photography goods, he said.

Sales at nonstore retailers, essentially online and catalogue merchants, were up 0.3% last month and were up 7.9% from a year earlier. Sales at bars and restaurants rose 2.3% in December from a month earlier and 9.3% from a year earlier, the Commerce Department reported. Sales at general merchandise stores rose 0.9% in December from a month earlier, and 5.4% from a year earlier. Sales also rose at stores that sell cars and parts, furniture, clothing and health- and personal-care goods. However, sales at building-material and garden-equipment stores fell 1.1% in December from a month earlier and were down 0.8% from a year earlier, which economists said was due to the housing slowdown.

Separately, the Labor Department said Friday that import prices in December climbed 1.1% from November, and 2.5% from a year earlier. Excluding petroleum, import prices in December rose 0.4% from November and 1.7% from a year earlier.

US Retail Sales Better Than Expected (FT)

By Eoin Callan

Financial Times, January 13, 2007

US retail sales rose more than expected last month as consumers spent heavily over the holiday period on electronics, government figures showed.

Total sales rose 0.9 per cent in December while the closely-watched measure of purchases excluding autos rose by 1 per cent, according to the data.

The steady rise suggests consumer spending helped support economic growth in the last quarter of the year, offsetting a sharp correction in the housing sector and weakness in manufacturing.

Haseeb Ahmed, an economist at JPMorgan, said the gain was “very strong”, adding: “clearly the trajectory for consumer spending into the first quarter is decent and the consumer sector overall looks very healthy.”

The sales rise underlines the Federal Reserve’s forecast that the economy will grow at a modest rate next year, as consumers continue to spend despite the ongoing housing slowdown.

The report from the Commerce Department showed sales at electricals stores rose 15 per cent compared to the last holiday season.

Figures for the full year also showed a strong rise in consumers’ use of the web to make purchases as online and catalogue sales also rose 11.3

Overall retail sales for the full year rose by 6 per cent, a slower pace than the 6.9 per cent gain achieved in 2005 - reflecting a weaker economy last year.

The Results Are In And Retailers Can Exhale (WP)

By Ylan Q. Mui

The Washington Post, January 13, 2007

The Commerce Department released the final results on the holiday shopping season yesterday as the retail industry seemed to breathe a collective sigh of relief.

December sales grew nearly 5 percent from a year ago, to $332.44 billion, excluding motor vehicles, auto parts and food services, according to the report. For the past two months, sales increased 4.6 percent, to $662.5 billion, compared with the same period in 2005.

Retail groups had mixed reactions to the numbers, depending largely on how closely their forecasts matched the Commerce Department's figures. But even groups that had predicted stronger growth still considered the all-important holiday season to be a solid one.

The Commerce figures are based on monthly sales results from about 5,000 companies. The numbers released yesterday could be revised after additional data from 12,000 businesses are reviewed over the coming weeks. November's sales growth, for example, was downgraded to 0.6 percent from 1.1 percent the previous month. December retail sales increased 0.7 percent from the month before.

The undisputed leader of the season was consumer electronics. Sales last month skyrocketed 15 percent over December 2005, to $9.67 billion, the largest percentage jump of any category. Health and personal-care stores' sales grew 10.2 percent, to

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$19.64 billion. Apparel fared better than many industry experts expected, considering the unseasonably warm winter in some parts of the country. Shoppers spent 5.5 percent more -- $18.11 billion -- for clothing and accessories in December than they did a year earlier.

"It was a very good season," said Michael P. Niemira, chief economist for the International Council of Shopping Centers, a trade group. "It really is again on the heels of this huge electronic bonanza."

He said the Commerce Department results suggested that the season was stronger than he expected. The council tracks sales at national chain stores open at least a year typically found in malls and other shopping centers. They include such retailers as Wal-Mart, Kohl's and American Eagle but not home supply stores such as Home Depot and Lowe's. The group measured sales growth at its stores at 2.8 percent for November and December, in line with their projections, but slower than last year.

"You [can] say it's just been chugging along," Niemira said.

Meanwhile, ShopperTrak RCT put the sales increase for the past two months of 2006 at 5.1 percent over the same period in 2005, narrowly besting its 5 percent forecast. The research firm based its analysis on the Commerce Department's results for sales of general merchandise, apparel, furniture, sporting goods, electronics, books and related categories.

"I think that a lot of retailers met their expectations," said Bill Martin, co-founder of ShopperTrak. "But I think it really indicated more of the consumers' behavior in their willingness to continue to spend."

Martin also noted that while retailers rang up more sales, foot traffic fell 1.7 percent, compared with the same period last year. He said consumers likely had consolidated their shopping trips to save time and gasoline. The drop also could be because shoppers made fewer purchases, choosing to spend big bucks on one must-have item, such as a flat-screen TV set, Martin said.

For the National Retail Federation, an industry trade group, the Commerce Department's numbers were a bit of a disappointment. The group had predicted retail sales growth would hit 5 percent. Instead, its analysis showed they rose only 4.4 percent in November and December, not including automobile, gas station and restaurant sales.

Retail federation spokesman Scott Krugman attributed the difference largely to lackluster results from a soft housing market affecting home-improvement stores. And though apparel sales held up, he said warm winter still took a toll.

"The question is, how much stronger could that category have been if the weather would have cooperated?" he said.

Still, the group called the season's gains as "average," if "subdued."

"We'll try again next year," Krugman said.

Retail Sales Rise In December At Fastest Rate In 5 Months (AP)

By Martin Crutsinger

AP, January 12, 2007

WASHINGTON — Retail sales rose in December at the strongest pace in five months, indicating that the all-important holiday shopping season turned out better than original reports indicated.

The Commerce Department said Friday that retail sales increased 0.9% last month, strongest showing since a 1.4% increase in July.

The increase was better than the 0.7% gain economists had forecast and provided evidence that consumer spending was ending the year on firmer footing than initially thought.

The government report presented a better picture of spending than initial reports from the nation's big chain retail stores. They complained that holiday sales had fallen below expectations as mild weather depressed sales of winter clothing.

The National Retail Federation said sales grew 4.4% in 2006, falling short of expectations. The group had forecast a 5% increase in sales for November and December. That figure is derived from Commerce Department data, stripping out sales of automobiles and at gas stations and restaurants.

"Unseasonably warmer weather and the slower housing market had a clear impact on consumer spending," said NRF Chief Economist Rosalind Wells . "NRF expects these subdued gains to continue into the first half of 2007."

In other news, business inventories held on shelves and backlots rose 0.4% in November, biggest gain in three months. That reflected a 0.2% rise in stockpiles being held by manufacturers and a 1.3% rise in wholesale inventories, which was offset somewhat by a 0.3% drop in inventories held by retailers.

With the November increase, inventory accumulation may not be as much of a drag on overall economic growth in the final three months of the year as had been previously feared.

For all 2006, retail sales rose 6%, a solid showing but down from a 6.9% increase in 2005.

That slowdown reflects the fact that consumer spending, after a sizzling start to the year, slowed in the spring and remained at lower levels the rest of the year as Americans were battered by soaring gasoline prices, rising interest rates and a cooling housing market.

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Consumer spending is closely watched because it accounts for two-thirds of economic activity. The 0.9% December advance should bolster the belief that the Federal Reserve is on track to achieve a so-called soft landing for the economy in which growth slows enough to keep inflation under control without pushing the country into a recession.

December gains in retail sales included a 3% jump in sales at electronics and appliance stores, following an even bigger 5.8% surge in November. Those increases reflected the introduction of sought-after video game consoles such as Sony's Playstation 3 and Nintendo's Wii.

Sales were up 3.8% at gasoline stations, reflecting in part higher pump prices. But pump prices were still below the $3-plus records set last summer.

Auto sales rose 0.3% after being flat in November.

Excluding the volatile gasoline and auto sectors, retail sales would have risen 0.7% in December, best showing since January 2006.

The 0.9% overall gain pushed retail sales to a seasonally adjusted total of $369.9 billion in December after a 0.6% November increase, which had originally been reported as a stronger 1% gain.

Sales at department stores and other general merchandise stores rose 0.9% while sales at specialty clothing stores were up 0.6%. However, sales at hardware stores fell 1.1%, reflecting the continued troubles in the once-booming housing industry.

CNN/WMUR/Union Leader To Host First Presidential Debates (CNN)

By Mark Preston

CNN.com, January 12, 2007

WASHINGTON (CNN) -- New Hampshire's two leading news organizations will partner with CNN to host two presidential debates in April, executives with the three media companies announced Friday.

CNN, WMUR and The New Hampshire Union Leader will hold the back-to-back debates on April 4 and 5, the first such events to be held of the 2008 presidential campaign. CNN's Wolf Blitzer will moderate the debates with questions coming from WMUR's Scott Spradling and Union Leader's John DiStaso. WMUR's Jennifer Vaughn will be moderating questions from the audience. The debate will be televised live nationally on CNN and throughout New Hampshire on WMUR.

"We are thrilled to provide our viewers with the information to make the most informed decision possible when they are voting in their presidential primaries or caucusing," said CNN/U.S. president Jon Klein.

New Hampshire, a crucial proving ground for 2008 candidates, will be the first state to cast votes in the Republican and Democratic presidential primaries. Republican and Democratic candidates have been visiting the Granite State since the conclusion of the 2004 presidential election in an effort to woo these influential voters in 2008.

"We think it only makes sense that the state with the first-in-the-nation primary also has the first-in-the-nation presidential debate," said Jeff Bartlett, WMUR general manager. "Many candidates and potential candidates have already made numerous trips to New Hampshire, and we felt that April would be a good time for the voters here to get their first impression about how the candidates stack up against one another."

Joseph W. McQuaid, president and publisher of the Union Leader, said, "The issues facing the next administration are as crucial as they have ever been for this country. It is not too early for the first primary state to present a forum to explore the views and the competence of serious candidates."

West Is Going In Democrats' Direction (WP)

By T.R. Reid

The Washington Post, January 13, 2007

When the major political parties gathered for their national conventions in 2004, Colorado had a Republican governor, a Republican-controlled legislature and a Republican edge of 5 to 2 in the state's congressional delegation. Today, Colorado's governor is a Democrat. The Democrats control both houses of the legislature. Four of the seven congressional seats are held by Democrats.

That transformation, mirrored in varying degrees across the Rocky Mountain West, is a key reason the Democratic Party decided this week to hold its 2008 nomination convention in Denver, the financial, governmental and transit hub of the mountain states. As party leaders ponder how they can regain the White House in the next election, the region looks more and more essential to an electoral-vote victory.

"I have long believed that the essence of a Democratic victory goes through the West," Democratic National Chairman Howard Dean said Thursday, when he announced that Denver had edged out New York to be the convention city.

"If we are going to have a national party, we are going to have to have Westerners vote Democratic again on a reliable basis."

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In fact, the Mountain West has been reliably Republican in recent presidential elections. George W. Bush dominated the region in both of his campaigns; he won seven of eight mountain states (all but New Mexico) in 2000, and all eight in 2004.

Below the presidential level, however, the Bush years have been good years for Western Democrats.

In 2000, all eight mountain states had Republican governors; now five governors are Democrats.

Republicans still win most Senate and House races in the West. But Democrats have gained five new House seats in the region in the past six years. Democrat Ken Salazar won a previously Republican U.S. Senate seat in Colorado in 2004, and Democrat Jon Tester unseated Republican Sen. Conrad Burns in Montana in 2006.

Although the West is famous for offering "land, lots of land, 'neath the starry skies above," the population is heavily urbanized. Most people -- and, thus, most of the congressional seats -- are clustered in and around cities, such as Denver, Phoenix, Albuquerque, Salt Lake City and Boise. Those urban centers, their populations swelling with Hispanics, have become deep wells of Democratic votes.

This change has not been lost on national political planners. In the 2004 presidential campaign, Democrats devoted considerable sums and significant amounts of Sen. John F. Kerry's time to the West, focusing on Nevada, Colorado and New Mexico.

"There was nothing wrong with that strategy," said Denver-based Democratic consultant Terry Snyder. "The votes could be there, for the right candidate. But a liberal senator from Massachusetts turned out to be the wrong guy to make the sale in the West."

Some Democratic strategists, and such party-loyalist Internet sites as the Emerging Democratic Majority WebLog, have been urging party leaders to look west in 2008. In his book "Whistling Past Dixie," Thomas F. Schaller, a political scientist at the University of Maryland Baltimore County, argues that Democrats should effectively concede the "Solid South" to Republicans and focus on electoral votes in the Midwest and Mountain West.

Candidates are paying attention. Indeed, a win-the-West strategy is a key element in the thinking of a likely Democratic presidential contender in 2008, New Mexico Gov. Bill Richardson.

The Democrats' choice of Denver for the convention, to be held Aug. 25-28, 2008, in a downtown basketball and hockey arena, had become almost a foregone conclusion in recent months.

In the initial jostling to be host city, New Orleans seemed to be the front-runner, because a convention there would remind voters of the Bush administration's much-criticized response to Hurricane Katrina. When New Orleans officials dropped out of the competition last summer -- the city said it couldn't afford to host a convention in the midst of rebuilding -- New York and Denver became the finalists.

But New York Mayor Michael R. Bloomberg (R) showed considerable reluctance about hosting the event. He told Democrats his city would not come up with the money required to put on the convention. By the time Dean announced his choice Thursday, Denver was the only candidate still standing.

The War Within Sen. McCain (WP)

By Dan Balz, Shailagh Murray

The Washington Post, January 13, 2007

There is no mistaking the anguish of Sen. John McCain (R-Ariz.). Sitting in his Senate office, he is uncharacteristically subdued, his voice at times almost inaudible.

Although the Bush administration this week finally embraced his long-standing call to send more troops to Iraq, McCain believes the way it has handled the war "will go down as one of the worst" mistakes in the history of the American military.

"One of the most frustrating things that's ever happened in my political life," he said, "is watching this train wreck."

McCain, an all but announced presidential candidate, offered those assessments toward the end of a lengthy interview Thursday night. No politician in the United States is more clearly identified with President Bush's new policy, and no politician has more to lose if it fails. Democratic opponents have already coined a name for the troop "surge": the McCain Doctrine.

McCain made it clear that he supports Bush's plan to send more than 20,000 additional U.S. troops to Iraq as the only way to prevent that country from slipping further into chaos. "I cannot guarantee success, but I can guarantee failure if we don't adopt this new strategy," he said.

But he also voiced deep frustration over what the war has done, both to this country and to Iraq. "I think many things that have happened in the world that are unfavorable to the United States are the result of our weakness in the Iraqi conflict," he said.

Asked how the war may affect his candidacy, McCain shrugged off the question. "I can't think about it or worry about it," he said. "I have to do what I think is right."

On the night of Bush's speech, he told CNN's Larry King: "I would much rather lose an election than lose a war."

The risk now is that both could be lost.

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As a forceful advocate for a policy that appears to fly in the face of the message voters sent in November, the politician who has long played for the center of the electorate now finds himself isolated on the right.

"The war is going badly, and he is now the leading public advocate of more of the same or even much more of the same," said Ron Klain, a Democratic strategist and chief of staff to then-Vice President Al Gore. "That's an odd place to be."

At a time when many Republicans are voicing opposition to Bush's plan, McCain is not budging. Sen. Lindsey O. Graham (R-S.C.), one of McCain's closest friends in the Senate, explained the political stakes in the simplest terms. "If we're successful, he'll get the benefit," Graham said, referring to Iraq. "If we fail, he'll get the blame."

Two Democratic presidential candidates, former senator John Edwards of North Carolina and former Iowa governor Tom Vilsack, have cast McCain as the architect of the troop increase. MoveOn.org's political action committee plans television ads in Iowa and New Hampshire next week attacking McCain on the issue.

Would the Arizona senator describe the new policy as the embodiment of a McCain Doctrine for Iraq? "No, but I am willing to accept it as a McCain principle," he said Thursday night. "And that is, when I sign up, when I raise my hand and vote to go to war, that I want to see the completion of the mission."

McCain said the policy's defenders must work harder to change public opinion. "I admit that this is a challenge to us," he said. "But I can make the counterargument that withdrawal means defeat and chaos." Advocates for withdrawal, he said, must explain why that would not result in even greater chaos.

"What happens when Americans are no longer there?" he asked. "I think you could see some pretty horrific scenes on television sets in America."

It is a considerable irony, given their histories, that McCain's political future is now so closely tied to the president's ability to bring the Iraq war to a successful conclusion.

The two battled bitterly over the 2000 GOP presidential nomination. In 2004, they brokered a rapprochement that appeared politically beneficial to both: Bush gained the high-profile support of the Republican with the broadest appeal to independent voters, and McCain gained respect and admiration from conservative Republicans who had opposed his candidacy in 2000 and who are critical to his hopes for the nomination in 2008.

At the 2004 Republican National Convention, McCain offered lavish praise for Bush as a wartime president. Bush, he said, "has been tested and has risen to the most important challenge of our time. . . . He has not wavered. He has not flinched from the hard choices. He will not yield. And neither will we."

McCain said he has no regrets over the role he played in helping Bush win reelection, given his belief that the administration has so badly mismanaged the war. "Did I support the strategy? No, I didn't," he said. "But I certainly didn't see his opponent, who was advocating withdrawal, as advocating any kind of viable proposal," he added, referring to Sen. John F. Kerry (D-Mass.).

His differences with the administration, he said, were well known as far back as 2004 -- his lack of confidence in then-Defense Secretary Donald H. Rumsfeld and his belief even then that the administration needed to send more troops to Iraq. "Every hearing, every opportunity that I had -- my staff has compiled it already a hundred times where I said, 'This is not going right. You've got to get more people on the ground here,' " he said.

McCain has long tried to balance his advocacy for the mission in Iraq with his criticism of the administration, always putting some distance between himself and the White House. He did the same in the days before Bush's prime-time speech Wednesday night. "There are two keys to any surge of U.S. troops," he said at a forum at the American Enterprise Institute. "To be of value, the surge must be substantial and it must be sustained."

Does the new policy meet those tests? McCain offers an equivocal answer. He said he has been assured by Army Lt. Gen. David H. Petraeus, the president's choice to take over command in Iraq, that 20,000 additional troops should be enough, but that if they are not, Petraeus can ask Bush for more.

"He tells me, 'I think I can do it with this number,' " McCain said. "So I'm supposed to be a Monday-morning quarterback? I'm not going over there and command. I'm only sitting here trying to figure out the best way we can win this conflict."

His advisers dismiss suggestions that McCain has shrewdly left himself room to argue that Bush's plan for more troops was not substantial or sustained enough to ensure success. They, like the possible candidate, see the perils of his position -- but potential benefits as well.

"At the core of the issue is who he is, and that's what generates his popularity," said Rick Davis, one of McCain's top political advisers. "It's that he puts principle ahead of politics, that he tells it like he sees it regardless of the political ramifications."

McCain's character was shaped by the previous great conflict that divided America -- the Vietnam War -- and is being tested by the current conflict, which has done the same. A prisoner of war in Vietnam, McCain is now a hostage of a different sort -- his political future tied in part to the president, the Pentagon and an Iraqi government in which he has limited confidence.

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McCain, who has helped broker many deals between Republicans and Democrats over the years, sees no opportunity to do so on Iraq. He opposed the only bipartisan plan on the table -- the report of the Iraq Study Group, which called for the withdrawal of most combat forces by early next year -- and finds himself at odds with most Democratic friends (one exception being Sen. Joseph I. Lieberman of Connecticut, reelected as an independent) and longtime Republican allies such as Sen. Chuck Hagel of Nebraska.

"We've either got to do what's necessary, in my considered view, that can lead to success in Iraq, or withdrawal, which in my view is going to lead to catastrophic consequences," he said. "I don't know where you find a middle ground there."

Tancredo For President? (COX)

By Eunice Moscoso

Cox Newspapers, January 13, 2007

The list of presidential wannabes could get a little longer soon. Rep. Tom Tancredo, a Colorado Republican who has gained a national following — and the ire of some Latino groups — as a staunch opponent of illegal immigration, hinted Friday that he is ready to pursue the Oval Office.

When asked whether he plans to take action to start an official bid for the GOP nomination he said, “That is a distinct possibility.”

Tancredo wouldn’t be the only candidate with a “tough on border security” platform. Republican Rep. Duncan Hunter of California, a major force behind constructing fences along the U.S.-Mexico border, formed an exploratory committee last year.

Allard Keeps '08 Plans Under Wraps (DENP)

By Anne C. Mulkern

Denver Post, January 13, 2007

Washington - Sen. Wayne Allard has made up his mind about whether he will seek a third term in 2008, but he's keeping his decision secret a bit longer.

Only Allard and his wife know his plans, press secretary Steve Wymer said Friday, confirming a report posted Thursday on Congressional Quarterly's website, CQPolitics.com.

Allard has not said when he will announce his choice.

His decision has major implications for Colorado, the Senate and the Republican Party.

"It's a big deal for the Republican Party because they're facing another tough election cycle and they want all their incumbents running," said Larry Sabato, director of the University of Virginia Center for Politics. "And it's Colorado, which has been rapidly moving from the Republican column into the Democratic column."

Allard's seat has been called one of the nation's most competitive for 2008, regardless of whether he runs again. Jennifer Duffy, an analyst with the nonpartisan Cook Political Report, puts it in the three most closely contested Senate races nationwide.

Allard, 63, pledged in 1996 to serve just two Senate terms, but late last year he told The Denver Post that he believes voters now view term limits differently.

Potential Republican candidates for Allard's seat have been waiting for his decision before announcing their intentions.

Among them is former U.S. Rep. Scott McInnis, who said Friday that there is "no question I will run" if Allard opts not to.

McInnis said that if Allard bows out, he will file campaign finance paperwork and start pulling together supporters. He said he has nearly $1million in his war chest already, "and I'm confident we could raise the necessary funds."

But if Allard chooses to run again, McInnis said, "I'd be 100 percent fine with that."

Republicn U.S. Rep. Tom Tancredo has also expressed some interest in the race if Allard decides not to run.

As for Democrats, U.S. Rep. Mark Udall has already announced his candidacy.

"Mark has always said that when you run for office you don't get to pick your opponent," Udall spokesman Lawrence Pacheco said Friday when asked about Allard's plans. "You don't run against somebody; you run for a vision."

Udall has raised $1.4 million in campaign funds.

Allard has just $148,000 in his war chest, but he is known to raise most of his campaign money closer to an election.

Fed Chairman May Face Heat At Hearings (WSJ)

By Greg Ip

The Wall Street Journal, January 13, 2007

When Federal Reserve Chairman Ben Bernanke testifies on monetary policy next month, he is likely to get far more scrutiny than usual.

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By law, the Fed chairman must testify twice a year to Congress: in February and July. Ordinarily, each installment lasts two days, one before the Senate Banking Committee, the other before the House Financial Services Committee. There are no other witnesses.

In a break with that tradition, Barney Frank, the Massachusetts Democrat who took over the House panel this month, said he plans to hold an additional day of hearings in which witnesses, such as economists and labor experts, will give their views on what Mr. Bernanke said.

Mr. Frank's plans, which he described in an interview Friday with The Wall Street Journal, suggest Mr. Bernanke, who has held the job for just under a year and is to testify on monetary policy on Feb. 14 and 15, could face added political heat for unpopular steps such as raising interest rates. It also raises the importance of his cultivating lawmakers to pursue potentially contentious initiatives, such as a numerical inflation target.

Mr. Frank said that while he opposes an inflation target, the Fed has the authority to implement one without Congress's approval.

Mr. Frank said the Fed shouldn't allow a target to result in employment being subordinated to inflation, and he wouldn't allow the Federal Reserve Act to be amended to allow that to happen.

However, Mr. Bernanke has argued an inflation target doesn't require the act to be amended, and in fact enhances the Fed's ability to boost employment. The FOMC is now in the midst of a lengthy internal discussion over how it communicates, including whether it should adopt a target.

Mr. Frank appeared open to that argument. He also said he was "impressed" by Mr. Bernanke's performance as Fed chairman. While Wall Street often interprets rising wages as inflationary and bad, he noted Mr. Bernanke has said it isn't bad as long as the rise in wages is matched by productivity and doesn't result in businesses trying to raise prices.

Political opposition is one of the greatest stumbling blocks to Fed adoption of an inflation target, and assuaging Mr. Frank's concerns would go a long way toward removing that obstacle. Senate Banking Committee Chairman Chris Dodd (D., Conn.) said in a statement Friday that he is "open to examining ways to help further the Fed's efforts to achieve [its] dual mandate" of maximum employment and stable prices and "will view any proposals under the broader lens of their effect on keeping our economy strong and improving opportunity for all."

States' New Health-Care Prescription (WSJ)

The Wall Street Journal, January 13, 2007

Under the plan, California would require all individuals to purchase health insurance or face tax penalties. California has more uninsured residents than any other state, and the plan could prompt others to follow suit. Efforts to reduce the number of uninsured, now at 46.6 million in the U.S., come after more than a decade of federal inaction, since Congress killed President Bill Clinton's proposal for universal health coverage in 1994.

State budgets have borne the brunt of the swelling ranks of uninsured. That's because states pay 43% of all costs for Medicaid, the program that covers health care for the poor without insurance. Medicaid spending has doubled from 11.5% of state budgets in 1988 to 22.9% in the 2005 fiscal year. If the plan is enacted, California would follow Massachusetts in requiring health insurance for all. Maine and Vermont have enacted more modest plans.

Here's a closer look at different state plans:

California: The Golden State's intended plan is the most ambitious. Nearly 19% of Californians are uninsured, almost twice Massachusetts's rate of 10.7% and more than the national average of 15.7%, according to the Census Bureau.

Under the plan, employers with 10 or more workers would have to offer health insurance or pay at least 4% of their payroll into a government program. Doctors would contribute 2% and hospitals 4% of their gross earnings to the program. Insurers, who would see millions of new customers, would have to offer coverage to everyone regardless of health and could spend no more than 15% of patients' premiums on administrative costs.

The downsides: The state is bound to face challenges from the powerful lobbies -- doctors, hospitals, insurers and employers -- that would share the plan costs. Moreover, some fear that businesses that already spend more than 4% of their payroll on insurance might reduce coverage or drop their plans altogether and just pay the 4% fee. Labor groups worry about a middle-class squeeze: A family of four that makes $50,000 a year, for example, would not receive a subsidy but would be required to buy health insurance. Some members of the governor's own Republican Party oppose his proposal because it would extend Medicaid coverage to the children of illegal immigrants.

Massachusetts: The state will be the first to require all residents to purchase health insurance when a new law takes effect in July. Low-income individuals receive subsidies to buy their own insurance. Residents can purchase plans through a private insurance market created by the state that connects buyers and sellers.

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The $1.3 billion plan includes only $125 million in new state money and $50 million from penalties on businesses that don't provide insurance. The rest comes from reallocating an existing $1 billion in government money.

The downsides: A vague exception says that if an "affordable" plan isn't available, residents don't have to buy health insurance. The state hasn't yet defined what constitutes an "affordable" plan.

Maine: The state-subsidized DirigoChoice insurance plan is optional and offered by private companies. Enrollment is limited to small businesses, the self-employed and the uninsured. Subsidies to low-income uninsured are funded by federal money; participating employers, who pay 60% of the health costs for their employees; and insurance firms, which pay an annual fee calculated as the amount saved in bad debt and charity care.

The downsides: The program covers only 13,000 so far, despite a target of 30,000 in its first year and all 130,000 uninsured by 2009.

Vermont: Private insurance companies will offer the state-subsidized Catamount Health plan this October. The state has raised tobacco taxes and charged employers $365 a year for each uninsured employee to cover these subsidies for low-income uninsured. Individuals are not required to buy insurance, and the plan is open only to the uninsured. The state hopes to cover 96% of its 60,000 uninsured by 2010.

--Nick Timiraos

FACTS

Hawaii has required employers to provide medical insurance for employees since 1974.

Young adults are the most likely group to be uninsured. Those between ages 18 and 34 account for 25% of the population but 41% of those without insurance.

It costs $91 to treat a patient for strep throat in a doctor's office, compared with $310 in a hospital emergency room, according to a Health Partners study.

Health-care costs now account for one-sixth of the economy, compared with one-tenth in the early 1980s.

The U.S. spent $2 trillion on health care, or $6,697 a person, in 2005.

Last year, 61% of businesses offered health benefits to at least some employees, down from 69% in 2000.

POINTS OF VIEW

"California's medical care, its medical knowledge, its medical technology is as strong as a bodybuilder. Yet our health-care system is a sick old man."

-- California Gov. Arnold Schwarzenegger

"Reform has to come from Washington, but it's possible that a handful of case-study states can show the way."

---- Drew E. Altman, Kaiser Family Foundation president, CEO

Schwarzenkennedy (WSJ)

The Wall Street Journal, January 13, 2007

California Governor Arnold Schwarzenegger once extolled "the power of the market" in Milton Friedman's "Free to Choose" PBS series. So it's probably just as well that the late, great economist won't see the regulated mess that his admirer is proposing to make of California's health insurance market. As speaker of the state assembly Fabian Nunes remarked, "This is a plan assembly Democrats could have written."

In fact, they already have -- in 2003, when Democrat Gray Davis was Governor. Candidate Schwarzenegger campaigned against that measure, which was less onerous than his own new proposal mandating that business provide health insurance to all employees. Arnold even helped to gather signatures for a 2004 state referendum in which voters overturned that bill. But now he's taking on a new political acting challenge, this time playing Gray Davis as apparently channeled through his chief of staff Susan Kennedy (who used to work for Mr. Davis).

Or perhaps the GOP Governor is trying to replicate the media hosannas that former Massachusetts Governor Mitt Romney garnered last year with his "universal" coverage law. As with the Romney plan, Governor Schwarzenegger builds his proposal around an "individual mandate" that would require people to buy health insurance or face penalties such as garnishment of wages. This compulsion is supposedly justified on grounds that treating "free riders" in emergency rooms is a significant driver of overall health costs. But studies have shown that the cost of this problem is less than 3% of overall health-care spending.

Far worse are Mr. Schwarzenegger's proposals for California's employment and insurance markets. The Governor is proposing that businesses with 10 or more employees be required to provide insurance, or else pay 4% of their taxable Social Security wages into a fund to subsidize insurance for the working uninsured. The likely reaction of many California businesses to this new and costly mandate: outsourcing to Nevada, or India.

Mr. Schwarzenegger goes far beyond the Romney plan in proposing to help pay for his scheme by taxing hospitals 4% and doctors 2% of their gross revenues. That's right, institutions operating at or near a loss would have to pay the tax. So California

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doctors could soon be spending more time with their accountants than with patients -- assuming they can afford to keep their practices running at all.

Yes, we know, the Governor calls it a "fee" or "dividend," rather than a tax. This is no doubt because the California constitution requires that any new "tax" pass both houses of the legislature with two-thirds majorities. So call the elephant in the room a hippo and hope the public buys it. We trust this Hollywood action stunt will be tested in court, if not in another referendum.

Like all such political schemes, Mr. Schwarzenegger's plan also works at cross-purposes. It includes new subsidies to help the uninsured obtain coverage, but at the same time it would impose new coverage mandates that would make insurance a lot more expensive. Two rules in particular have all but ruined the market for individually owned coverage in every other state where they've been tried.

The first is called "guaranteed issue," which means insurers are required to write you a policy even if you wait until you're sick to ask for it. It is precisely this "guarantee" that many people use as an excuse to remain "uninsured." Why not buy a new car rather than health insurance when you're healthy if you know you can always buy insurance if you get cancer?

The second rule is "community rating," which means insurance premiums cannot vary based on age or health status. This is akin to telling auto insurers that they can't charge higher premiums to 18-year-old males with a history of speeding tickets than they do 45-year-old mothers. Both rules raise the cost of insurance for everyone.

This is all especially regrettable because California has had more market-friendly insurance regulations than most other large states. And this has meant lower insurance premiums. According to eHealthinsurance.com, a single 35-year-old man in Beverly Hills can buy decent coverage for as little as $69 a month. But Arnold's plan would move those rates in the direction of community-rated New York, where that same man would pay $416 for any coverage at all.

Like Mr. Romney before him, Mr. Schwarzenegger is playing on the political appeal of allegedly "universal" coverage. Mr. Romney hopes to ride it to the GOP Presidential nomination, and Arnold is basking in new media admiration. About the best we can say for their plans is that these state policy experiments will show other states what not to do. But they are also providing cover for the proponents of greater government control of health care. Right on cue, Hillary Rodham Clinton endorsed "universal" coverage this week too. * * *

The better alternative, as Milton Friedman understood, is to expand tax-advantaged health savings accounts and to improve access and affordability by creating a national market for private health insurance. Consumers in California and Massachusetts, especially, are going to need that safety valve when the bill comes due for their Governors' attention-seeking but poorly considered plans.

A Taste Of Family Life In U.S., But Adoption Is In Limbo (NYT)

By Jane Gross

The New York Times, January 13, 2007

TERRYVILLE, Conn. — During the two weeks that Marino and Debbie Prozzo welcomed a Ukrainian orphan in their home, they fell head over heels for a 7-year-old child they may never be able to adopt.

While the Prozzos were giving Alona Malyovana her first bubble bath, teaching her to use the remote control, and buying her a pink velvet dress trimmed in bunny fur, the chaotic system of adoption in Ukraine was growing more chaotic.

The director of Ukraine's new Department for Adoptions resigned, leaving the fate of the nation's 90,000 orphans in limbo. A new application process required foreign families to quickly update security clearances and other time-sensitive information. Prospective parents anxiously scanned the State Department's Web site and bulletins from the embassy in Kiev for clarification of rules and rumors.

Hosting programs, like the one that brought Alona to an American family this Christmas, showcase older children, generally from orphanages in former Soviet bloc nations. The programs have long been hailed as an effective marketing tool by adoption experts, who say 8 of 10 families would not adopt these children without a trial run.

In the largely unregulated world of international adoptions, these programs often lead to happily-ever-after, but sometimes end painfully. Ukraine and Russia place formidable obstacles in the path of parents, among them inaccurate information about children's availability and health status. Multiple families can wind up competing for the same child. And children themselves know they are auditioning for what the industry calls their "forever families." Then there is an entrenched system of favors — requests for cash or gifts from facilitators, translators, judges and others who handle the mechanics of adoption overseas.

Conditions in both countries have grown so unsettled, some agencies have suspended hosting programs, and the debate is growing about the ratio of risk to reward. Do the many success stories for older orphans make up for the heartbreak when adoption is thwarted?

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The Prozzos had been deceived before by an intermediary who showed them a photograph of an adorable child they later learned was not available. So their guard was up before Alona's visit in December.

"We won't let this child call us 'mama' or 'papa' because we aren't," Mr. Prozzo said. But Alona's visit had barely begun when she jumped into his outstretched arms and called him "papa."

"Now what?" Mr. Prozzo said, melting. "Now what?"

The quandary for agencies in the United States these days is how to balance optimism and pessimism when the prospect of a successful adoption is anyone's guess. "In an ideal world we wouldn't be doing it this way," said Adam Pertman, executive director of the Evan B. Donaldson Adoption Institute, a research organization. "But we haven't come up with a better solution."

The fee for the two-week hosting visits, organized by adoption agencies and humanitarian organizations, is $2,500 per child, which includes travel, bilingual escorts and a sizable donation back to the orphanages (subsequent adoption costs average $25,000).

Often, the formal disclaimers and informal predictions by program directors seem at odds. Frontier Horizon, the humanitarian agency that last month brought over 50 orphans, Alona among them, states unambiguously in its printed materials that it is "a travel program not an adoption program."

But Vincent Rosini, president of the organization, says that his group has been host to 300 Ukrainian orphans since 2000 and that only five families have been unable to adopt the children they wanted. One hundred of Frontier Horizon's children have been successfully adopted, Mr. Rosini said.

"Is there a good chance?" Mr. Rosini asked. "Yes. Is it 100 percent? No."

Adoption experts on both sides of the hosting debate agree that the children know they are auditioning for adoption, and that the families quickly grow attached.

"The child has raised expectations, regardless of what they're told," said Judy Stigger, director of international adoption for the Cradle, an agency in Evanston, Ill. "And the parents become more emotionally invested than they appreciated because when you hold a specific child in your arms, your whole body feels it, responds and remembers. That child quickly becomes yours."

In countries like Ukraine, it is all but impossible to manage expectations. Adoption authorities insist that families cannot request children who spent time in their homes, but rather must come to Kiev, by invitation, look at pictures and go to orphanages to meet the children offered to them.

Both the Cradle and Maine Adoption Placement Services, an agency that suspended its Russian hosting program in 2004, are known for their excellent connections in former Soviet bloc nations and are sometimes hired as "fixers" by families who went through other agencies when the children visited only to find they could not adopt them.

At MAPS, Betsy Bewsey, the director of international adoption, said that "right now things are as volatile as I've ever seen them." She cited stringent regulations in China, announced last month, which will complicate adoption in the country, long considered the "fail-safe" because of an efficient bureaucracy and healthy infants. The volatility in these countries, and especially the suspension of several hosting programs from Ukraine and Russia, has contributed to a dip in overall international adoptions by Americans, according to Thomas DiFilipo, the president of the Joint Council on International Children's Services.

The high-water mark came in 2004, when 22,884 immigrant visas were issued to orphans in the process of formal adoption — more than triple the number in 1990. In 2006, visas fell to 20,679. In that two-year span, visas to children from Ukraine fell to 460, from 723. Russia's visas dropped to 3,706, from 5,865.

Families like the Prozzos can be easy marks for scoundrels. Agencies that do international adoptions need not be accredited, although that will change if the United States ratifies a treaty to regulate intercountry adoption, expected sometime this year. More than 300 agencies have applied. By all accounts, only one international adoption facilitator in America has been shut down, Yunona USA of Napa, Calif., in 2005. Yunona allegedly defrauded at least 100 would-be adoptive parents of more than $1.1 million by posting photos of Russian and Ukrainian children on its Web site, taking deposits from families and later saying the children were not available. The Prozzos chose a child from the Yunona Web site but had not yet paid a deposit when they learned she was unavailable.

Yunona's president, Ivan Jerdev, faces a $386,000 default civil judgment. He is believed to have fled to his native Russia after the police raided his office in December 2005, law enforcement officials said. The Yunona case, which did not involve hosting programs, led California to pass the nation's strictest law regulating adoption facilitators, which went into effect on Jan. 1.

In a complaint against Adopt-A-Miracle, in Evergreen, Colo., investigated by the Denver Better Business Bureau, Lourdes Blanco of Miami said she had selected a Ukrainian infant off the agency's Web site, learned the baby girl had already been adopted but was assured she would find a comparable child if she traveled to Kiev. Ms. Blanco made two trips, she said, only to be told there were no healthy children. The case was settled when the agency refunded $10,000 of more than $20,000 in fees and travel expenses.

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In responding to the bureau, Adopt-A-Miracle's executive director, Charlotte Allen, described the process as "enormously challenging" because simple information about a child's status is often unavailable. "It may seem incredible," Ms. Allen wrote. "But this is the way it is."

Faya Fromm, 13, formerly of Siberia, knows well how expectations can be dashed in an orphanage. Twice, she was told "we're sending you to a family in America who might want to adopt you." The first time she was not chosen for the hosting trip. The second time she wound up with Linda Fromm, 56, of Ridgewood, N.J., who had three grown children from an early marriage.

When a summer hosting program ended, Ms. Fromm "skated around" what to tell Faya, saying she would "fly like the birds and swim like the fish to come visit you." It took her nine months to assemble her dossier and take a second mortgage on her home to pay for the 2003 adoption. During that time, Ms. Fromm could not call the orphanage. But she sent Faya notes and photos albums, with $5 bills tucked between the pages.

It was a long, uncertain wait for the girl, who described another disappointment: She was shown to an Italian family, then told they would be back for her the next day. Faya was kept out of school, dressed in her best clothes and waited in the director's office. The family never returned.

Siberia at that time encouraged families to adopt children after a home visit. Not so Ukraine today. At Faya's urging, Ms. Fromm invited Ira and Olga Chyrkova, 9-year-old twin girls, to spend the holiday as a trial run for adoption.

It was Faya who told the twins her mother's plans "She will try to bring you back next summer," Faya told them. "And she's going to try to adopt you."

Then midway through, Ms. Fromm was crushed to learn that Olga and Ira were not cleared for adoption yet. Their mother had been murdered, but her death certificate was missing and necessary to prove the girls' status as orphans.

Mr. Rosini did not directly reassure Ms. Fromm he could pull strings at the orphanage, but mentioned, in passing, that the director had recently asked for a new coat.

Such requests, Mr. Rosini said, are common. One orphanage director threatened to cancel a hosting trip unless he helped her raise money for a new health clinic. A Frontier Horizon family who donated $25,000 is now scheduled to adopt a child who visited four times. Families might be asked by an orphanage director for $400 for a new meat slicer, Mr. Rosini said, or a facilitator will tell them that two weeks' worth of paperwork could be expedited in two days if he had a fax machine. "We're used to it," Mr. Rosini said.

The children come off the plane with the clothes on their backs and a small knapsack. Some, veterans of hosting programs who had never been chosen, also arrive with their defenses up. Twelve-year-old Lesya Otya was slow to warm to Jeannie Fillatti, 49, of Avon, Conn., until it was nearly time to go.

But, in the car headed to the airport — with newly pierced ears, her first brassiere and a ski tag on her parka from a weekend in Vermont — the girl buried her head in Ms. Fillatti's lap, unconsolable.

A promise from Ms. Fillatti that Lesya could return for next summer's hosting program was unpersuasive. "They don't know what to think, how to hope, whether to hope," said Ms. Fillatti, who had tried before to bring back a child and been rebuffed.

When the time came to pass through the security doors, Lesya wailed her protest, in the English she had recently learned: "No! No! Not yet!"

This was Alona's first visit, and with no history of disappointment, her departure, with her Christmas bounty of designer jeans and cowboy boots, was composed. Mrs. Prozzo, without eye makeup because she was prepared for a tearful parting, sent her off with a kiss and a murmured "I love you." She and her husband had plenty to talk about when they got home.

The couple — he is a 53-year-old engineer and she is a 48-year-old librarian, re-examining in middle age their decision not to have children — knew from the start that Alona might not be available for adoption or that she might be snapped up by another family while they prepared their dossier.

They vowed that they understood the long odds. "But that was two weeks ago," Mr. Prozzo said after Alona returned to rural Zaporozhye. "Now it's a different story. I love this child."

And so he hatched a plan. The Prozzos would ready themselves to travel to Ukraine and consider the children offered. Only then, with great deference, would he beg officials to match them with Alona.

"When I'm sitting in front of the guy, man-to-man," Mr. Prozzo said, "I'll say, 'Sir, can you understand this?' "

Meanwhile, Mr. Prozzo said he had made a donation to a charity in Zaporozhye that was raising money for hospital equipment. Maybe the donation will improve his adoption chances. If not, Mr. Prozzo said, at least it will improve medical care for the orphans left behind.

Ford Once Called Carter A "Disaster" (WP/AP)

The Washington Post, January 13, 2007

DOJ_NMG_0117199

GRAND RAPIDS, Mich. -- In 25 years of interviews with his hometown paper that could be released only after his death, former president Gerald R. Ford expressed mixed opinions of Jimmy Carter, once calling him a "disaster," and said that Ronald Reagan received far too much credit for ending the Cold War.

"It makes me very irritated when Reagan's people pound their chests and say that, because we had this big military buildup, the Kremlin collapsed," Ford told the Grand Rapids Press.

Ford contended that his own negotiation of the Helsinki accords on human rights did more to win the Cold War than Reagan's military buildup.

The best president of his lifetime, Ford said, was a more moderate Republican: Dwight D. Eisenhower.

Harry S. Truman "would get very high marks" for his handling of foreign crises, Ford said. He also praised Richard Nixon as a foreign policy master, despite the Watergate scandal that drove him from office.

Ford considered John F. Kennedy overrated and Bill Clinton average. He admired George H.W. Bush's handling of the Persian Gulf War.

In 1981, five years after Carter defeated him, Ford said: "I think Jimmy Carter would be very close to Warren G. Harding. I feel very strongly that Jimmy Carter was a disaster, particularly domestically and economically. I have said more than once that he was certainly the poorest president in my lifetime."

But two years later, he praised Carter's performance on the Panama Canal Treaty, China and the Middle East. And in 1998, he said Carter "will be looked on as a better president than some comments we hear today."

"He was a very decent, fine individual," Ford told the newspaper. "There were no major mistakes. There just weren't a lot of exciting results."

Ford gave the interviews on the condition that his remarks be withheld until after his death.

According to the newspaper, Ford declined to rate President Bush, saying he did not know him well enough.

Ford said that Reagan, who challenged him unsuccessfully for the GOP nomination in 1976, was "a great spokesman for attractive political objectives," such as a balanced budget and defeating communism, "but when it came to implementation, his record never matched his words."

Reagan was "probably the least well informed on the details of running the government of any president I knew," Ford said. In a separate interview, he said Reagan "was just a poor manager, and you can't be president and do a good job unless you manage."

Under the 1975 Helsinki accords signed by Ford, the United States recognized borders in Soviet-dominated Eastern Europe in exchange for the Soviets' pledge to respect basic human rights.

Rice Seeks Arab Backing For Iraq Plan (AFP)

AFP, January 13, 2007

US Secretary of State Condoleezza Rice headed for the Middle East on Friday to rally Arab support for a new US strategy in the Iraq war and to counter Iran's alleged interference in Iraq.

The week-long tour also will seek to bolster efforts to resolve the Israeli-Palestinian conflict, with Rice scheduled to hold talks in Israel and the Palestinian territories on Saturday and Sunday.

Rice will then travel to Egypt, Jordan, Saudi Arabia, Kuwait, Germany and Britain before returning to Washington on January 19.

The trip comes two days after President George W. Bush presented his last-ditch strategy to quell violence in Iraq with the deployment of an additional 21,500 troops.

Bush also declared a new initiative against Iranian and Syrian elements which the United States accuses of destabilizing Iraq, while stepping up the US military presence in the Gulf.

Signalling a tougher approach, US forces on Thursday detained six Iranians in a night-time swoop on an office in northern Iraq, prompting protests from Iran.

Before her departure, Rice told lawmakers in Congress her trip "will focus heavily on rallying the support of those responsible Arab states to support the government of Iraq, to support what needs to be done there, to support, of course, also Lebanon and the moderate Palestinians."

In an interview with the BBC's Arabic television released Friday, Rice said it was ultimately up to the Iraqi leadership to restore security.

Bush's plan "very much puts Iraqis at the center of responsibility for dealing with what is their most urgent problem," Rice said.

"Their most urgent problem is that the population has lost confidence that the government of Iraq can and will defend them in an even-handed fashion, whether they are Sunni or Shia," Rice said.

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Describing the Middle East as divided between moderate and extremist forces, Rice said on Thursday it was vital to counter Iranian influence in Iraq and the region.

"What we are ... looking at is the need to solidify the consensus, the interest of these states that all fear Iran's moves in the region, fear the regional aggression of Iran," Rice said.

"I think you will see that the United States is not going to simply stand idly by and let these activities continue," she said.

Although Iraq threatened to dominate the trip, State Department spokesman Tom Casey said Rice viewed her diplomatic tour as a chance to advance tentative peace prospects in the Israeli-Palestinian conflict.

"One of the things that's important to her is that we be able to have talks with Palestinian and Israeli oficials as well as regional officials about how we can move the process forward," Casey said.

"We believe that there are opportunities to move forward with that process," said Casey.

Rice appeared to face an uphill battle on promoting Bush's new war plan in the region nearly four years after the US-led invasion that toppled Saddam Hussein.

Newspaper commentators across the Middle East cast doubt Friday on the strategy.

The Qatari newspaper Al-Raya said: "This strategy, which does not even convince Americans, is doomed to an unavoidable and appalling failure."

"Iraq does not need reinforcements. It needs to be saved from the situation created by the US presence, which has turned the lives of Iraqi people into a nightmare... The solution is not military, but political."

In Cairo, the Rose Al-Yussuf newspaper said that Bush's strategy would have only a "temporary" effect, and proved that Bush "understands nothing".

"Bush's vision is limited to the capital," it said, referring to Baghdad. "He does not realise that it is all Iraq that is in crisis".

The trip comes as Tehran continues to scorn international efforts to convince it to halt nuclear fuel enrichment work, which major powers believe is aimed at developing nuclear weapons.

Amid rising tension between the United States and Iran, Washington announced Thursday two aircraft carrier battle groups would stay in the Gulf for several months.

It was the first time Washington had moved two carriers to the region since 2003 when the United States invaded Iraq, a US military official said.

Rice's visit to Kuwait will include a meeting with foreign ministers from the Gulf states of Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Qatar and Bahrain, as well as Egypt and Jordan.

Scepticism Awaits Rice On Tour (FT)

By Roula Khalaf

Financial Times, January 13, 2007

Facing a barrage of opposition at home over the new Iraq policy, Condoleezza Rice, US secretary of state, takes the White House's case to the Middle East this weekend to try to drum up regional support.

But there too she is likely to find plenty of scepticism that deploying another 20,000 troops mostly in Baghdad can bring an end to the raging sectarian conflict.

President George W. Bush's decision to ignore calls for a withdrawal from Iraq and to take a hard line on Iran in his speech on Wednesday night will find backing in Israel as well as some of the pro-western Arab states that rely on US protection and are increasingly paranoid about Iranian influence.

But Arab officials on Friday questioned Mr Bush's emphasis on a military solution and lamented the only brief mention of peace between Israel and Palestinians – the issue Arab rulers consider the top priority.

"The focus for Iraq was mainly on troops, while we believe the focus should be directed on a political resolution," said one Arab diplomat.

Comments in the Arab media have been more scathing, with Saudi Arabia's English-language Arab News saying the new American initiative "speaks volumes about desperation yet is a sure path to damnation".

Ms Rice's tour includes stops in Israel and the occupied Palestinian territories, and a meeting in Kuwait with foreign ministers from the Gulf plus Egypt and Jordan – the camp the US sees as "moderate" in the struggle against Iran, Syria and militant groups backed by the two states.

The tour is designed to enlist support for the new Iraq policy by pressing Sunni governments to use their influence with Iraq's Sunni Arabs and help stabilise Iraq, and to step up their diplomatic backing for the elected government of Nouri al-Maliki.

Arab officials, including in Saudi Arabia, have been arguing against a short-term US withdrawal, fearing it would worsen Iraq's civil conflict and force them to intervene on the side of the Sunni Arab minority. They want Iraq's Shia-dominated

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government to crack down on Shia militias and agree to political concessions that would give the Sunni – marginalised since the overthrow of Saddam Hussein – a greater stake in the new state.

"We don't see the Iraqi government as having great determination or the tools for an inclusive political process," said one Arab official.

But the Bush administration is also looking to create an Israeli-Sunni Arab front against Shia Iran. On Wednesday Mr Bush coupled tough warnings to Tehran with a promise of increased intelligence co-operation with Arab allies and the deployment of Patriot missiles in the region.

While most pro-western states are desperate to check Iran's power and its ability to pursue a nuclear programme, senior officials say working more closely with the US on Iran requires first that Washington champions a new drive to resolve the Palestinian-Israeli conflict.

Arab enthusiasm for weakening Iran is also balanced against fears that US-Iranian tensions could drag the region into another military conflict. The stand-off between the US and Iran over Iraq and the nuclear programme is already hardening sectarian tensions across the Middle East.

Few observers believe the Bush administration has the political will to engage seriously in a new peace process, particularly at a time when Ehud Olmert, the Israeli prime minister, has been weakened by the war with Lebanon's Hizbollah, and the Palestinians are locked in a violent internal struggle.

Senior Arab officials, however, say quiet moves in recent months – including a reported meeting between senior Israeli and Saudi officials – give them some hope that Washington might be prompted to push for a revival of Palestinian-Israeli negotiations on the basis of a 2002 Arab peace initiative that the US ignored at the time and Israel rejected. ¦Jalal Talabani, Iraq's president, will travel to Syria tomorrow in an effort to normalise relations with a country that is accused of allowing its territory to be used as a supply conduit for Sunni Arab insurgents, writes Steve Negus.

The visit, in the wake of President George W. Bush's new Iraq strategy – which takes a hardline attitude towards Syria – fits what seems to be an emerging good cop/bad cop dynamic in the relationship between the three countries,

Security issues that are a priority for Iraq include "border control, the activities of a number of members of Saddam's regime, control over the flow of foreign fighters", said Hoshyar Zebari, Iraq's foreign -minister.

Additional reporting by Andrew England in Cairo

Russia, China Veto Resolution On Burma (WP)

By Colum Lynch

The Washington Post, January 13, 2007

UNITED NATIONS, Jan. 12 -- China and Russia on Friday jointly vetoed a U.S.-sponsored resolution criticizing Burma's human rights record, striking a blow to the Bush administration's year-long campaign to use the U.N. Security Council to spotlight the repressive rule of Burma's military junta.

Friday's vote was part of a broader diplomatic effort by Beijing and Moscow to prevent the United States and its Western allies from using the 15-nation council to censure some of the countries particularly known for rights abuses, including governments in Belarus, Sudan and Zimbabwe.

They were joined by one of the council's most influential Third World countries, South Africa. It also opposed the U.S. resolution on the grounds that the Security Council has no mandate to scold or sanction Burma, also known as Myanmar, for abuses on its own soil.

"We believe that the situation in this country does not pose any threat to international or regional peace; this opinion is shared by a large number of states, including most importantly those neighboring Myanmar," Russia's ambassador, Vitaly I. Churkin, told the council. "We find that attempts aimed at using the Security Council to discuss issues outside its purview are unacceptable."

The United States secured nine votes for the resolution in the 15-nation council. Congo, Qatar and Indonesia abstained, arguing that the U.N. Human Rights Council is the appropriate venue for addressing Burma's human rights record.

Despite the tepid support for the U.S. initiative, virtually all council members -- including China -- expressed concerns about Burma's behavior. Indonesia's envoy, Rezlan Ishar Jenie, urged Burma's government to heed international calls to restore "democracy and human rights" to the country.

Burma's ambassador, Kyaw Tint Swe, praised China, Russia and South Africa for opposing the resolution, which he said was based on "patently false information."

The Bush administration's acting U.N. ambassador, Alejandro Wolff, said the United States was "deeply disappointed" by the council's failure to confront Burma. But he said the United States decided to force a vote to assure the Burmese people that "we won't forget you."

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The vote initially faced resistance from some officials within the State Department and from European envoys, who feared it would damage U.S. and European relations with China while exposing the depth of Third World opposition to Security Council interference in Burma's affairs.

But President Bush and Secretary of State Condoleezza Rice decided it was worth making the point on a matter of principle, according to U.S. officials.

R. Nicholas Burns, the undersecretary of state for political affairs, challenged suggestions that the effort had backfired, highlighting a growing rift between the West and the developing world over human rights. "We don't consider this a defeat," Burns said. "We did the right thing. We stood up for universal human values."

Burma's generals have ruled the country since 1962, presiding over one of the world's most repressive governments. U.N. rights monitors have accused the government of conducting a brutal counterinsurgency campaign that has displaced more than 1 million people. The government has also held Nobel Peace Prize laureate Aung San Suu Kyi under house arrest for most of the period since her political party, the National League for Democracy, won a landslide election victory in 1990. The military refused to recognize the election results.

The defeated resolution called on Burma's rulers to release Suu Kyi and more than 1,100 of her political supporters, cease attacks on the country's ethnic minority, and begin a democratic transition. It also called on Burma to halt the widespread use of rape by the armed forces and to back efforts by the International Labor Organization to end forced labor in Burma.

China led opposition to the U.S. initiative, highlighting its emergence as an increasingly assertive diplomatic force at the United Nations. Last year, it played a central role in the selection of South Korean Ban Ki Moon as the United Nations' first Asian secretary general in more than 35 years.

This is only the fifth time that China's Communist government has cast its veto since it joined the United Nations in 1971, a tiny fraction of the 254 vetoes cast by the other four permanent members of the Security Council. The United States, for instance, has cast its veto 82 times and Russia (formerly the Soviet Union) has cast its veto 122 times. The last time China and Russia cast a double veto was in 1972.

"No country is perfect," Chinese Ambassador Wang Guangya told the council. "Similar problems exist in other countries as well."

U.S. Rebuke To Myanmar Is Defeated By U.N. Vetoes (NYT)

By Warren Hoge

The New York Times, January 13, 2007

UNITED NATIONS, Jan. 12 — China and Russia vetoed an American-drafted resolution on Friday calling for the military rulers of Myanmar to release all political prisoners, cease attacks on ethnic minorities and speed a transition to democracy.

The vote was 9 to 3 with South Africa joining China and Russia in opposition, and three other countries, Congo Republic, Indonesia and Qatar, abstaining.

The Security Council's five permanent members — Britain, China, France, Russia and the United States — hold veto power over most resolutions.

China and Russia argued that they shared concerns about conditions in Myanmar but considered them internal matters that did not constitute threats to international peace and security, the category of crisis subject to Security Council action.

"Not a single one of the neighboring countries regards the situation in Myanmar as a threat to them, and on the basis of that, there were no grounds for the Security Council to consider the matter," said Vitaly I. Churkin, Russia's ambassador.

Wang Guangya, the Chinese ambassador, said, "Of course there are problems in Myanmar, but we believe that these problems do not constitute a threat to international peace and security."

Alejandro D. Wolff, the acting American ambassador, said he was "deeply disappointed" at the outcome but noted even countries voting against the measure made clear in explanatory statements that they were not defending Myanmar's government. "This was a jurisdictional issue behind the split vote here," he said. "There was no disagreement about the content and substance behind this resolution."

Mr. Wolff was asked why the United States risked dividing the Council and muddling its message to the repressive rulers of Myanmar, formerly known as Burma.

"The only mixed message here is whether this issue deserved to be on the Security Council agenda," he said. "There is no mixed message, no mixed signal at all, about how the international community, how this Council feels about the situation in Burma."

The resolution mentioned by name the most prominent political prisoner, Daw Aung San Suu Kyi, the Nobel Peace Prize-winning opposition leader, who is under house arrest.

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It also accused Myanmar's armed forces of attacking and raping civilians from the country's ethnic minorities and causing a refugee crisis in the region, enabling narcotics traffic and permitting international transmission of communicable diseases like H.I.V./AIDS and avian flu.

R. Nicholas Burns, the under secretary of state for political affairs, said he had no doubt that the abuses by Myanmar posed a threat beyond its borders. "When a million people flee the country because of the abusive practices of the government, that's a threat to international peace and security," he said in a telephone interview from Washington.

"When you have a political movement jailed," he said, "led by a woman who is one of the greatest people in the world, that's a threat to international peace and security."

He dismissed suggestions that the proper United Nations forum for Myanmar was the Geneva-based Human Rights Council, not the Security Council. "We forced this onto the agenda for one reason," he said. "The Security Council is the only place that can deal with human rights. The Human Rights Council is a discredited institution. All it has done is to bash Israel; it has ignored North Korea, it has ignored Sudan and it has ignored Burma."

After the vote, Kyaw Tint Swe, Myanmar's ambassador, thanked China and Russia for blocking the move and said the charges against his country in the resolution were "patently false."

The double veto was the first multiple veto in the Security Council since 1989, when Britain, France and the United States blocked a resolution on Panama.

China, Russia Veto Myanmar Resolution (AP)

By Edith M. Lederer, Associated Press Writer

AP, January 13, 2007

China and Russia cast a rare double veto Friday of a U.S. resolution calling on Myanmar's military government to release all political prisoners, speed up progress toward democracy, and stop attacks against ethnic minorities.

The vote in the Security Council was 9-3 with three abstentions. South Africa, a new non-permanent member of the council without veto power, joined China and Russia in opposing the resolution.

China's U.N. Ambassador Wang Guangya and Russia's U.N. Ambassador Vitaly Churkin both said the Security Council was not the proper place to discuss Myanmar because the country does not pose a threat to international peace and security.

"We find that attempts aimed at using the Security Council to discuss issues outside its view are unacceptable," Churkin said, noting that problems in Myanmar were being addressed by other U.N. bodies.

While Wang said the council was the wrong place to deal with Myanmar, he urged the country, also known as Burma, to move toward "inclusive democracy" and "speed up the process of dialogue and reform."

Acting U.S. Ambassador Alejandro Wolff called for the vote knowing in advance the resolution would be vetoed.

"The United States is deeply disappointed by the failure of the council to adopt this resolution," Wolff said. "This resolution would have been a strong and urgently needed statement by the Security Council about the need for change in Burma."

But he added that the people of Myanmar "should not be disheartened" because the vote reflected differences over the Security Council's jurisdiction, not about their plight.

All 15 council members "recognize that there are problems in the areas of human rights, social issues, political freedom," he said.

The country's "military regime arbitrarily arrests, tortures, rapes and executes its own people, wages war on minorities within its own borders, and builds itself new cities while looking the other way as refugee flows increase, narcotics and human trafficking grow, and communicable diseases remain untreated," he said.

The United States softened the resolution late Thursday in an attempt to win greater support for it.

The revised text dropped a statement that would have expressed the Security Council's "gravest concern that the overall situation in Myanmar has deteriorated and poses serious risks to peace and security in the region."

Instead, the new draft underlined "the need for tangible progress in the overall situation in Myanmar in order to minimize the risks to peace and security in the region."

Former Secretary-General Kofi Annan sent Undersecretary-General for Political Affairs Ibrahim Gambari to Myanmar twice last year to meet with government leaders. He was allowed to meet pro-democracy leader Aung San Suu Kyi, who is under house arrest.

Gambari appealed to the government to release all political prisoners, allow all political parties, stop hostilities against ethnic minorities and allow unhindered humanitarian access.

Myanmar's junta took power in 1988 after crushing the democracy movement led by Suu Kyi. In 1990, it refused to hand over power when Suu Kyi's National League for Democracy won a landslide election victory. Since then, Suu Kyi has been in and out of detention, kept in near-solitary confinement at her home.

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Myanmar's U.N. Ambassador Kyaw Tint Swe thanked China and Russia and the countries that abstained, stressing that his country posed no threat. Had the resolution been adopted "it would have created a dangerous precedent," he said.

Wolff said Gambari had wanted the resolution to support the secretary-general's "good offices" mission and expressed regret that the council didn't give him its backing. Wang and Churkin said their governments supported the mission despite their vetoes.

A National Convention in Myanmar has been drafting guidelines for a new constitution, the first of seven steps outlined in a "roadmap to democracy" which the junta says will culminate in free elections. But the convention suspended work in late December, and no timetable has been announced for completion of the process.

The defeated draft expressed "deep concern at the slow pace of tangible progress in the process towards national reconciliation." It called on the government "to begin without delay a substantive political dialogue, which would lead to a genuine democratic transition."

The final draft also called on the government "to cease military attacks against civilians in ethnic minority regions," including widespread sexual violence.

Double Veto For Burma Resolution (BBC)

BBC.com, January 12, 2007

China and Russia have cast a double veto in the UN Security Council, to stop a US draft resolution calling for an end to human rights abuses in Burma.

The two countries' ambassadors said the resolution was outside the remit of the Security Council as Burma posed no threat to international security.

US envoy Alejandro Wolff said he was "deeply disappointed" by Russia and China's first joint veto since 1972.

South Africa, a new non-permanent member, also opposed the document.

Qatar, Indonesia and the Republic of Congo abstained while the nine other members voted for.

Detainees released

The draft resolution urged Burma's military rulers to end persecution of minorities and opposition groups.

It called for the release of all political prisoners, including opposition leader Aung San Suu Kyi, who is currently under house arrest, and for all political groups to operate freely.

"The United States is deeply disappointed by the failure of the council to adopt this resolution," acting US ambassador Alejandro Wolff said.

Bu Russia's representative, Vitaly Churkin, said he opposed "attempts at using the Security Council to discuss issues outside the purview".

Burma released 40 political detainees last week to coincide with the 59th anniversary of independence.

Another five activists were freed on Thursday, in what pressure groups say could have been a move designed to scupper the UN resolution.

The UN estimates that there are about 1,100 political prisoners in Burma.

U.S. Official Sees Opening For Revival Of Trade Talks (NYT)

By John Zarocostas

The New York Times, January 13, 2007

GENEVA, Jan. 12 — The United States trade representative, Susan C. Schwab, said Friday that she was optimistic the collapsed Doha trade negotiations could be restarted, but added that there were still obstacles to a revival of the talks.

“I am more optimistic than I have been in many months that we are on a path that could help reach a successful conclusion of the Doha round,” Ms. Schwab said after a three-hour meeting with the head of the World Trade Organization, Pascal Lamy.

But she added that “ultimately it will be substance that dictates when there’s a breakthrough.”

The next few weeks are considered critical to whether the new political impetus could be maintained.

Mr. Lamy, who will meet with Prime Minister Tony Blair of Britain in London on Tuesday as part of his step-by-step diplomacy, is also expected to visit India. In the next few weeks, he is scheduled to visit a group of African countries and make stops in Brussels and Washington. The meetings of about 25 trade ministers in late January during the World Economic Forum meeting in Davos, Switzerland, are also considered crucial.

Ms. Schwab distanced herself on Friday from the upbeat assessment of Peter Mandelson, the European trade commissioner, who said the talks were approaching “the endgame.” She reiterated that an agreement on important issues, like agricultural market access, would dictate whether a deal could be hammered out.

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In recent weeks, diplomatic activity and support for a deal at high levels in capitals around the world have lifted hopes that the talks could be revived. The talks, which were started in Doha, Qatar, in November 2001, collapsed in late July because of major differences over agricultural subsidies and tariffs primarily among countries like the United States, the European Union, Japan, India, Australia and Brazil.

President Bush and José Manuel Barroso, president of the European Commission, meeting Monday in Washington, instructed their negotiators to push ahead with the talks.

Many developing countries are apprehensive, about the latest push by the United States and Europe.

Blair Urges Britain To Pursue An Aggressive Foreign Policy (NYT)

By Alan Cowell

The New York Times, January 13, 2007

LONDON, Jan. 12 — As he seeks to define his legacy and stamp his imprint on the future, Prime Minister Tony Blair on Friday urged his successors to maintain the warlike foreign policy that he promoted, sending troops into battle in Africa and the Balkans, Afghanistan and Iraq.

To retreat in the face of global terrorism, he said, would be "a catastrophe."

Mr. Blair, who has said he will leave office this year, made his appeal in the sixth of a series of lectures on social, political and defense issues, offering a valedictory résumé of his almost 10 years in power.

He spoke one day after Britain said it would not follow the United States in committing more troops to Iraq, prompting speculation among analysts that the trans-Atlantic allies had begun to follow markedly divergent strategies, after years of close partnership.

Mr. Blair chose to give his speech to an audience of military specialists aboard the Albion, a transport vessel moored near Plymouth. The choreography recalled President Bush's "mission accomplished" address aboard the aircraft carrier Abraham Lincoln in May 2003. While Mr. Blair avoided any triumphalism, he advocated a muscular commitment by Britain to overseas military deployment alongside what he called softer options.

"There are two types of nations similar to ours today," he said. "Those who do war fighting and peacekeeping and those who have, effectively, except in the most exceptional circumstances, retreated to peacekeeping alone. Britain does both. We should stay that way," he said.

Some left-wing critics dismissed the prime minister's attempt to justify his use of military action as a tool of foreign policy. "He has made the world much more dangerous, much more divided," said Clare Short, a former minister who quit the government as the Iraq campaign unfolded.

John Kampfner, an author and the editor of The New Statesman, said in a radio interview: "I say with regret that this calamity that has been Iraq has diminished not just Britain and its role in the world, but has set back this cause that Tony Blair espouses" of "humanitarian intervention to do things around the world which are for the broader good."

Mr. Blair's remarks, Mr. Kampfner said, also offered a challenge to his probable successor, Gordon Brown, the chancellor of the Exchequer, "to say: what would you do in my position?" Like Mr. Bush, Mr. Blair is suffering from declining popularity because of the wars, particularly in Iraq, and it is not at all certain that his successors — even in his own party — will adhere to his policies.

To some extent, Mr. Blair's speech reprised an address he gave in Chicago in 1999 that set out a doctrine to justify intervention beyond Britain's borders. He made a similar argument on Friday.

"The frontiers of our security no longer stop at the Channel," he said. "What happens in the Middle East affects us. What happens in Pakistan, or Indonesia, or in the attenuated struggles for territory and supremacy in Africa for example, in Sudan or Somalia — the new frontiers for our security are global."

"Our armed forces will be deployed in the lands of other nations far from home, with no immediate threat to our territory, in environments and in ways unfamiliar to them," he said. "They will usually fight alongside other nations, in alliance with them; notably, but probably not exclusively, with the U.S.A."

The speech offered a response to ever-more-vociferous complaints by serving and former high-ranking officers that the British Army, in combat in Iraq and Afghanistan and deployments elsewhere, is overstretched, badly equipped and poorly housed in its home barracks in this country.

"My choice," Mr. Blair said, "is for armed forces that are prepared to engage in this difficult, tough, challenging campaign, to be war fighters as well as peacekeepers; for a British foreign policy keeps our American alliance strong and is prepared to project hard as well as soft power; and for us as a nation to be as willing to fight terrorism and pay the cost of that fight wherever it may be."

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But, he said: “The covenant between armed forces, government and people has to be renewed. For our part, in government, it will mean increased expenditure on equipment, personnel and the conditions of our armed forces, not in the short run but for the long term.”

As he has done in the past, Mr. Blair said he believed that the campaign against jihadist terrorism would be long. “It has taken a generation for the enemy to grow,” he said. “It will, in all probability, take a generation to defeat.”

Blair Says Britain Cannot Isolate Itself (AP)

By Jennifer Quinn, Associated Press Writer

AP, January 13, 2007

Prime Minister Tony Blair said Friday that Britain's influence on the world stage and ability to right global wrongs depends on active engagement, and the country cannot defend itself from terrorism by retreating into isolationism.

He told Royal Navy personnel aboard a warship that Britain must be willing to commit to military action when necessary to pursue laudable goals.

Diplomacy alone cannot solve the world's problems, Blair said in a policy lecture to British servicemen and women aboard HMS Albion, in Plymouth harbor, southwestern England. It needs the military to complement it.

"The risk ... is that the politicians decide it's all too difficult and default to an unstated, passive disengagement, that doing the right thing slips almost unconsciously into doing the easy thing," Blair said. "Many countries are already in this position, but the consequences for Britain are hugely significant."

The lecture was the sixth in a series of policy speeches he has made since the middle of last year.

The prime minister said terrorism cannot be defeated without military force, despite flagging public opinion. The war in Iraq has been deeply unpopular from the beginning, causing major political trouble for Blair and helping fuel a rebellion in his Labour Party.

He said the public must see operations in places like Iraq and Afghanistan as a "necessary engagement" to protect security and advance British interests globally.

Blair is to leave office later this year, but he has not said when. The speech appeared to lay out his beliefs on what British foreign policy should be once he leaves Downing Street.

He encouraged a continuation of Britain's alliance with the United States, and urged Britain to extend its influence in the world.

"My choice is ... for us as a nation to be as willing to fight terrorism and pay the cost of that fight wherever it may be, as we are to be proud champions of the causes of peace in the Middle East, action against poverty, or the struggle to halt the degradation of our environment," he said.

The End Of The Blair Era (LAT)

The Los Angeles Times, January 13, 2007

ALTHOUGH HE IS yoked to President Bush in their common Iraq policy and lame-duck status, British Prime Minister Tony Blair has more in common with former President Clinton. The litany of likenesses includes a belief in a "third way" between old-style liberalism and the free market, a fluency in public that critics dismiss as glibness, a wife who was a successful lawyer, a willingness to accept the hospitality of show-business celebrities and, finally, a reputation for running an ethically challenged administration.

It's this last, and lowest, common denominator with Clinton that has lately bedeviled Blair. Last month, he was questioned by police about allegations that his Labor Party nominated supporters for seats in the House of Lords and other plum positions in exchange for campaign loans. The Scotsman newspaper put it this way: "As Tony Blair approached his tenth anniversary in office, his ambition was to secure a place in history. And he's certainly done that by being the first serving prime minister to be interviewed in a criminal investigation whilst in office."

Americans cannot expect to be rewarded for their public or political service with ermine-lined capes or the right to call yourself "Sir." In fact, the Constitution says that "no title of nobility shall be granted by the United States." So Clinton couldn't dispense knighthoods to friends and political allies, but he gave some of them something better: their freedom. As the clock was ticking on his presidency in 2001, Clinton announced several ill-advised pardons, including one of fugitive financier Marc Rich, whose ex-wife gave an estimated $450,000 to the Clinton Presidential Library Fund.

Blair's current troubles, like Clinton's in 2001, may be intensified by his past indiscretions. The "honors" scandal isn't exactly the first time Blair's government has been accused of wallowing in sleaze. As early as 1997, the government came under fire for providing an exemption from a ban on tobacco advertising for a race-car organization that had donated $1.7 million to the Labor Party. In the years since, leading figures in the Blair Cabinet have found themselves in financial or sexual scrapes. Just

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last month, Blair, citing national security, ordered his attorney general to drop an investigation into whether a British defense firm had paid bribes to Saudi officials in the 1980s.

Political psychologists can argue about why two farsighted politicians allowed their substantial legacies to be sullied by sleaze. Maybe the answer is as simple as power inevitably corrupting. Whatever the explanation, like his friend Bill, Tony may leave office with people talking not about his vision but about his blind spots.

Russians To Take Poisoning Inquiry To London (WP)

By Peter Finn, Mary Jordan

The Washington Post, January 13, 2007

MOSCOW, Jan. 12 -- Russian officials who have launched their own investigation into the death of former Russian domestic security officer Alexander Litvinenko want to interview more than 100 people in London and conduct dozens of searches across the city, a senior Russian prosecutor said in a newspaper interview.

Prosecutors declined to name any of the people they wish to question. "I cannot fully satisfy your healthy curiosity due to the interests of the inquiry," said Deputy Prosecutor General Alexander Zvyagintsev, in an interview with the official newspaper Rossiiskaya Gazeta that appeared Friday. "Moreover, our request is a voluminous document, which consists of 110 pages. It is hard to retell it."

Litvinenko, who became a British citizen, died Nov. 23 after being poisoned in London with polonium-210, a radioactive substance.

The Russian plan far exceeds the scope of British inquiries in Moscow, which amounted to a few interviews with Russian businessmen who met with Litvinenko in London on Nov. 1, the suspected date of the poisoning. Those interviews were conducted by Russian investigators. Detectives from Scotland Yard were allowed to attend but could not question the witnesses.

The prospective inquiry is likely to unsettle some Russians who live in London and are fiercely opposed to the rule of President Vladimir Putin. Litvinenko's friends in the city included Boris Berezovsky, the exiled tycoon, and Akhmed Zakayev, a Chechen separatist, both of whom the Russians would like to extradite. Previous efforts to have them returned to Moscow failed.

Alex Goldfarb, a friend of Litvinenko's who has acted as a family spokesman, described any Russian inquiry in London as a "stunt." Goldfarb said Russian officials "obstructed justice when the British went to Moscow" and now they are trying to "create an impression of reciprocity" by traveling to London and carrying out their own investigation.

Berezovsky's office said he had not received any request to talk to Russian officials. Previously, Berezovsky and Litvinenko's wife, Marina, said they would meet with Russian officials only if they were first checked to ensure they were not carrying polonium-210.

A spokeswoman for the Home Office said British authorities had not received an official request to investigate in London. "We would consider any request for assistance in consultation with the police," said the spokeswoman, who following British government policy spoke on condition of anonymity.

Among those interviewed in Moscow by Russian detectives with the British police present were Andrei Lugovoy and Dmitry Kovtun, two Russian businessmen who met with Litvinenko on Nov. 1.

Lugovoy and Kovtun have denied any involvement in the poisoning. Both men were hospitalized in Moscow for radiation exposure, but Lugovoy checked out last week. Kovtun's whereabouts and condition remain unknown.

Russian officials have said that Kovtun was a victim, and they are also investigating his exposure. "We have a lot of questions about this case," Zvyagintsev said. "We are asking to question more than 100 witnesses and carry out dozens of searches."

Zvyagintsev added: "We hope that our U.K. colleagues will respond to our request as promptly as we did recently."

Spy Case Comes To U.S. As Agency Urges Testing (NYT)

By William J. Broad

The New York Times, January 13, 2007

Health officials in the United States have begun to tell some people who traveled to London last year that they may want to be tested for exposure to the radioactive poison that killed a former Russian spy.

Officials at the Centers for Disease Control and Prevention in Atlanta said yesterday that the notification process began this week after health authorities in London gave them a list of people who may have been exposed to polonium 210, a radioactive substance that killed Alexander V. Litvinenko, the former spy. He died on Nov. 23.

As the criminal investigation into his death has progressed, British health authorities have slowly widened the circles of people known to have been exposed and those suspected of having been exposed to the substance. On Thursday, in a news

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conference, the British authorities said they were working with officials from 48 countries to evaluate the health of about 450 people who were in London around Nov. 1, when the authorities suspect Mr. Litvinenko was poisoned.

In Atlanta, C.D.C. officials said that they were notifying particular states and that state health authorities were in turn notifying people who might have been exposed to or poisoned by polonium 210. The officials refused to disclose the number of states or people involved.

Bernadette Burden, a spokeswoman for the centers, said that agency officials had decided to keep the figures confidential "to keep down hysteria," but that they might eventually release the overall numbers.

"We're going through a very careful process to make the notifications," Ms. Burden said. "People are being made aware that the possibility of exposure is significant."

Urine testing is the standard way of detecting polonium 210 in the body. Ms. Burden said that the people were being advised to talk to their doctors and that the physicians could in turn have the analysis done by two companies, Eberline Services in Richmond, Calif., and General Engineering Laboratories in Charleston, S.C.

Ex-bank Chief Heads Bangladesh Government (FT)

By Jo Johnson And Tom Felix Joehnk

Financial Times, January 13, 2007

A fresh attempt to break the deadlock between Bangladesh's two feuding political families had a shaky start on Friday night as a new head of a caretaker government took office under the cover of an army-backed state of emergency.

Fakhruddin Ahmed, a former governor of the Bangladeshi central bank, replaced President Iajuddin Ahmed as head of the caretaker government, whose principal function had been to oversee free and fair elections later this month. But there is now no indication of when they may take place.

Accused of bias by the main opposition Awami League, which had threatened to boycott the poll, the president resigned the post on Thursday, declaring a state of emergency and postponing the fraught January 22 parliamentary election.

Analysts on Friday night likened the situation in the fourth most populous Muslim nation to a "hidden coup", saying they expected that a team of technocrats would govern Bangladesh for a lengthy period before it would hold fresh polls.

Under Bangladesh's constitution, many fundamental rights are suspended in a state of emergency. Political activities on the streets have been curtailed and media restrictions put in place.

The army, seen as one of the few functioning political institutions in the country, was in little evidence on the streets yesterday, leaving analysts to speculate as to its exact role in this latest twist in the nation's political drama.

The Awami League, which had objected to what it said was a fraudulent voters' register and bias in the caretaker government, called the president's move to resign a late, but "necessary" step towards credible elections.

But it is uncertain whether the president's capitulation will lower tensions in this coup-prone nation as the Bangladeshi National party of outgoing prime minister Khaleda Zia had vigorously fought the suspension of elections.

The BNP-led four-party governing alliance on Friday boycotted Mr Ahmed's swearing-in ceremony, an event that foreign diplomats from all major countries made a point of attending.

The US State Department called on all parties "to refrain from violence and provocation and to work together to find solutions that would return democratic stability and represent the best interests of the Bangladeshi people."

As calm returned to the capital, Dhaka metropolitan police on Friday night said that the government had lifted a night-time curfew imposed a day earlier in more than 60 cities and towns in one of the most densely populated countries in the world.

In a country that suffers from endemic corruption, changes of power are associated with legal purges.

Local media reported that airports had been given a list of people who were to be prevented from leaving the country.

The army made several arrests of activists and politicians from both parties.

Hossain Zillur Rahman, a Dhaka-based political commentator, predicted that from now on "action would go against the BNP".

In a signifiant move, the house and offices of Ghiasuddin al-Mamun, a business partner of Tarique Rahman, Mrs Zia's son, were raided, but it was not clear whether he had been arrested.

In the popular mind, the young clique of leaders surrounding Mrs Zia's son is seen as having been the real power in the land in recent years, and one reason why Bangladesh scores so badly in global corruption rankings.

The appointment of Mr Ahmed put a temporary end to renewed speculation that Muhammad Yunus, recent winner of the Nobel Peace Prize and a potential unifying force in the sharply polarised, would take on the position.

Earning A Bad Reputation (NYT)

The New York Times, January 13, 2007

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Bangladesh is lurching in a dangerous direction. After weeks of violent protests that left at least 40 people dead, the government has declared martial law. Only strong pressure from the United States and international help will keep this huge country from slipping further off a democratic path.

For weeks, a broad coalition of parties has protested what it charges is a clear attempt by the government to rig parliamentary elections, originally scheduled for later this month. It claimed that the voter rolls were padded; the National Democratic Institute for International Affairs, an American monitoring group working in Bangladesh, surveyed the voter lists and found 13 million fake names. The coalition also charged that President Iajuddin Ahmed, who had the job of overseeing the elections, was biased in favor of a rival party.

The United Nations agreed that the run-up to the elections had been so flawed that the results could not be "considered credible or legitimate." International election monitors pulled out of Bangladesh, saying the existing conditions did not allow for a meaningful vote.

On Thursday, Mr. Ahmed yielded to international pressure, resigning as the election caretaker and postponing the vote. Mr. Ahmed, who will stay on as president, a largely ceremonial position, said a clean voter roll was needed for "free, fair and credible" elections.

Unfortunately, at the same time he declared a state of emergency, which revokes many basic rights and allows the army to enforce order. This is a particularly disturbing development in a country that has been subjected to long periods of military rule since gaining its independence in 1971.

The United States should use its substantial political influence to urge the government to restore suspended rights immediately. The United Nations should quickly send an envoy to mediate among Bangladesh's parties to ensure that this time the elections move forward in a clean and transparent manner. Both the U.N. and the Bush administration should encourage the protest's leaders to avoid further violence, assuring them that their demands are being heard. And they should redeploy their monitors once a new election date is set.

Bangladesh is one of the poorest and most politically polarized countries in the world. The international community needs to help it build a stable democracy — the best underpinning for development — starting with swift, internationally guaranteed elections.

China Given Credit For Darfur Role (WP)

By Edward Cody

The Washington Post, January 13, 2007

BEIJING, Jan. 12 -- The U.S. special envoy to Sudan said Friday that China has pushed the Sudanese government recently to help resolve the bloody Darfur conflict and ease the plight of the region's nearly 3 million refugees.

The Chinese intervention marked a shift from past policy under which Beijing seemed reluctant to use its influence in Sudan, according to the envoy, Andrew S. Natsios. "I think they're engaging much more aggressively," Natsios said at a news briefing after four days of talks here with Chinese officials.

President Hu Jintao announced during a Chinese-African summit conference last November that he had urged the Sudanese president, Omar Hassan al-Bashir, to work with U.N. and other envoys to end the fighting, Natsios recalled. In addition, he said, China's U.N. ambassador, Wang Guangya, was critical to securing Sudan's participation in a recent international accord aimed at replacing a flagging African Union peacekeeping force in Darfur with a larger U.N. contingent.

The Bush administration has long urged China to put more pressure on the Sudanese government, citing large-scale Chinese oil purchases, investment and weapons sales as tools that could be used to persuade Bashir to cooperate more fully with U.N. attempts to broker a peace accord.

China, however, has viewed Sudan mainly as an important source of petroleum, a key element in Chinese foreign policy as the booming economy here creates a growing thirst for energy imports. In contrast, the United States in recent years has regarded Sudan mainly in the context of its Islamic-oriented government and the humanitarian tragedy caused by the fighting in western Sudan's Darfur region.

As many as 450,000 people have been killed or have died from disease in Darfur since largely black African rebel groups rose up in 2003 against the Arab-run government. Human rights groups and the United Nations say the government responded by unleashing a militia, called the Janjaweed, which has been accused of atrocities. Natsios said 2.8 million people fleeing raids by government troops and militiamen have been driven into refugee camps supported by U.N. and other nongovernmental aid agencies.

Bashir announced Wednesday that he would abide by a 60-day cease-fire and expand access for international aid workers. His government followed up Thursday by saying it would also be willing to enter a new round of peace talks with the rebels.

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Bashir's agreement to the cease-fire came after talks with Gov. Bill Richardson (D) of New Mexico, who traveled to Khartoum on behalf of the Save Darfur Coalition, a Washington-based humanitarian group. Richardson said several of the eight rebel movements had also agreed to hold their fire. Thursday's embrace of peace talks followed Bashir's meeting with Jan Eliasson, the new U.N. special envoy to Darfur, who was seeking cooperation with the U.N. plan to send more peacekeepers.

Bashir's government had opposed plans to replace the 7,000 African Union troops with a U.N. force that Natsios said could include as many as 17,000 soldiers and 3,000 police officers. But Bashir recently agreed to allow in as many as 2,500, Natsios added.

US Envoy Says Talks With China On Sudan A Success (AFP)

AFP, January 13, 2007

The US special envoy on Sudan said he had held surprisingly positive talks in Beijing this week and that he expected China to play a greater role in helping to end the conflict in Darfur.

Wrapping up a four-day visit, envoy Andrew Natsios said Chinese engagement was critical in getting Sudan's military government to agree last month to an expanded UN presence in Darfur and he expected China's role to grow.

"Our policy and the Chinese policy are closer than I realized they were and I think the Chinese are going to play an increasingly important role in helping us to resolve this," Natsios told a press briefing before departing Beijing.

Natsios, who was appointed by President George W. Bush in September, came to Beijing to seek further cooperation on the issue from China, which has close commercial ties with Sudan's government.

The government-backed Janjaweed militia is blamed for killing thousands of civilians in the southern Darfur region, where Khartoum is battling rebels.

The conflict has left around 200,000 dead and displaced two million others in nearly four years, according to UN figures disputed by the Sudanese authorities.

Natsios declined to offer further details of his talks in Beijing, which he said included a meeting with State Councillor Tang Jiaxuan -- one of China's top diplomats -- and officials with the foreign ministry.

But he said the United States and China agreed in principle to cooperate on securing a negotiated peace to the conflict.

"I think the visit was a very successful one because we found many more areas of common agreement, both about our objectives and our strategies for achieving those objectives," he said.

"We agreed to continue to cooperate on this issue."

China's ties with Sudan have been criticized in the west as motivated by the need for Sudan's oil. Groups such as the US-based Council on Foreign Relations accuse Beijing of selling arms to the Sudanese government.

Natsios was asked whether he had requested China to alter its Sudan policies.

"We made a whole series of requests but I'm not going to tell you what they all were," he said.

"I could end up making a very successful trip not so successful."

China's foreign ministry did not immediately respond to a request for comment.

Argentine Ex-President Charged With Rights Abuses (NYT)

By Larry Rohter

The New York Times, January 13, 2007

RIO DE JANEIRO, Jan. 12 — Acting at the request of Argentine officials, the Spanish police on Friday detained María Estela de Perón, the former president of Argentina and the widow of the founder of the ruling party, as part of a broadening investigation by the Peronist government of Argentina into past human rights abuses there.

A judge in the provincial city of Mendoza had issued an order on Thursday that Ms. Perón, known as Isabel, who lives in exile in Spain and gives her age as 75, be detained there for questioning regarding the disappearance of a student during her time in power. Almost simultaneously, a judge in Buenos Aires authorized the arrest of two other officials with ties to the late José López Rega, who was Gen. Juan Perón's private secretary and later Ms. Perón's closest adviser.

Those moves were made less than two weeks after Argentina requested that Spain extradite another notorious figure from that era. In each case, the proceedings focus on the Argentine Anti-Communist Alliance, or "Triple A," a shadowy right-wing paramilitary death squad controlled by Mr. López Rega that first emerged when General Juan Perón was in power and accelerated its activities during his widow's tenure.

Ms. Perón governed Argentina for less than two years, from her husband's death in July 1974 until she was overthrown by a military coup on March 24, 1976. Human rights groups have blamed the Triple A for the killings of at least 1,500 political opponents, most of which occurred when Ms. Perón, a former cabaret dancer who was the general's third wife, was in power.

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Ms. Perón's defense has always been that as "a poor ignorant woman" with no political experience or skills, as she put it in testimony in Spain in 1997, she had no idea what was being done in her name. But the Mendoza judge rejected that argument, saying in an interview with a local radio station that "she was the chief executive of the nation" and the abductions of people later killed "were made on the basis of decrees" she had signed.

Civilian democratic rule in Argentina was restored nearly 25 years ago. At that time, human rights and political leaders said, political parties negotiated an agreement that, at the insistence of the Peronists, effectively made human rights abuses that occurred before the military coup off limits to official investigations.

But President Néstor Kirchner, himself a Peronist, has taken a different attitude, which the judges have apparently heeded. "When the president said he hadn't left his convictions at the entrance of the seat of government and that there weren't going to be deals on impunity with anybody, that included everyone, Ms. Perón too," Interior Minister Aníbal Fernández said in an interview on Friday with a Buenos Aires radio station.

The Peronist movement is a broad one containing some factions that are regarded as right-wing and others that lean left, with Mr. Kirchner belonging to the latter group. At the time Ms. Perón was in power he and his wife, Cristina, now a powerful senator, were college students with friends who belonged to the leftist Montonero group and were later abducted and killed.

A presidential election is scheduled for this year in Argentina, and while Mr. Kirchner has not declared himself as a candidate for re-election, he has been trying to build an alliance that would include left-wing groups outside his own movement. The move against Ms. Perón, which enhances his credentials as a crusader and nonconformist who fears nothing and no one, helps cement his ties with the left.

"No federal judge would make rulings like that of requesting the capture of former president Isabel Perón or to investigate the crimes of the Triple A if he perceived that such acts would perturb the national government," Fernando Laborda wrote Friday in the conservative Buenos Aires daily La Nación. The timing "is not coincidental," he added, but stems from what "is clearly a political decision."

Spain Arrests Former Argentine President (AP)

By Harold Heckle, Associated Press Writer

AP, January 13, 2007

Former Argentine President Isabel Peron was detained Friday at her home in Madrid as part of investigations into the South American country's past human rights abuses, police said.

Later in the day, Spain's National Court ordered her conditional release pending an extradition request from Argentina. The court said Argentina has 40 days to file an extradition request and Peron has to appear at a police station every 15 days.

Police acted on an arrest warrant from an Argentine judge who said he had questions about Peron's chaotic 20-month rule, a time when shadowy right-wing violence destabilized Argentina. The third wife of three-time president Juan Domingo Peron was ousted in the March 1976 coup that ushered in a seven-year dictatorship that waged a "dirty war" against its opponents.

Her arrest marked the expansion of Argentina's human rights investigations beyond dictatorship-era crimes to the death squads that terrorized the nation prior to the 1976 coup.

Peron, 75, who has lived in exile in Spain since 1981, was taken into custody at her villa in the wealthy northern Madrid neighborhood of Villanueva de la Canada. She was seen being driven to the National Court in Madrid.

Peron was wanted for questioning about three decrees she approved in her brief presidential tenure, calling on armed forces to crack down on "subversive elements." She was also wanted for questioning in connection with the disappearance of leftist Hector Aldo Fagetti Gallego one month before the coup.

Maria Estela Martinez de Peron — known as Isabel — was sworn in as president in 1974 after the death of her husband, the former strongman and father of Argentina's ruling political party. She struggled to hold on to power as Argentina was convulsed by violence from leftist guerrillas and reprisals by death squads.

Her detention followed the recent arrests in Argentina and Spain of two suspected leaders of the "Triple A" death squad that human rights groups call a precursor to state-sponsored terror waged by the country's military rulers from 1976-83.

Political analyst Felipe Noguera noted that dozens of former police and military officers have been summoned for questioning since Argentina's Supreme Court in 2005 annulled a pair of 1980s amnesty laws blocking prosecution of human rights cases.

"What might be different is that her surname is Peron," Noguera said. "So this seems to drive home the point that a lot of violence against the left wing started during the Peronist time, before and not during the junta."

Previously, efforts to bring alleged human rights abusers to justice focused on crimes committed during the dictatorship when at least 13,000 suspected leftists and other opponents of the regime were killed or disappeared.

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Peron testified in 1997 in Madrid as a witness in a Spanish case probing crimes during the military dictatorship. She said then she recalled signing a law authorizing the "annihilation" of leftist guerrillas, but did not remember details. She also said that she was unaware of human rights abuses that began during her tenure and expanded after the military overthrew her.

Adolfo Perez Esquivel, the 1980 Nobel Peace laureate for his human rights work, told The Associated Press he believed the Triple A, short for the Argentina Anticommunist Alliance, was effectively part of a state structure and thus the beginnings of state-backed terror.

"Once and for all, we have to get to the bottom of this problem and find out how this terrorism was generated by the state," Perez Esquivel said. "The search for the truth must go in every direction."

In Argentina, families of the victims of the repression celebrated Peron's arrest.

"I believe state terror began before the coup," said Maria Adela Antokoletz, whose brother, a lawyer who defended leftists, was kidnapped shortly before the 1976 coup. "Those who signed these decrees knew perfectly well the nature of the campaign and what this repression would involve."

Human rights groups blame Triple A for at least 1,500 killings of government opponents from 1973 to 1976. The dead included leftists, trade activists, opposition lawmakers and intellectuals.

Some victims were abducted off streets and never seen again while others were found dead of bullet wounds, some with their hands hacked off or burned.

The violence set the stage for the dictatorship's crackdown on dissent, a campaign known as the "dirty war." Nearly 13,000 people are officially listed as dead or missing from that era, but human rights groups say the total is closer to 30,000. Civilian rule was restored in 1983.

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Associated Press writers Bill Cormier in Buenos Aires and Mar Roman in Madrid, Spain, contributed to this report.

Isabel Peron's Arrest Signals Shift In Argentina (LAT)

By Patrick J. McDonnell

The Los Angeles Times, January 13, 2007

BUENOS AIRES — The arrest Friday of former Argentine President Isabel Peron in Spain signaled an expansion of human rights cases here beyond the former military junta to the epoch of ex-strongman Juan Domingo Peron, father of Argentina's ruling party.

The 75-year-old former president, whose full name is Maria Estela Martinez de Peron, was arrested at her home near Madrid after a federal judge in Argentina issued a warrant for her detention, officials said. A Spanish tribunal ordered her conditional release pending an extradition request from Argentina.

She is wanted for questioning in connection with the disappearance of a student activist in February 1976, during the final weeks of her presidency.

Isabel Peron is the widow and successor in office of Juan Peron, three times elected president and still an iconic and controversial figure in his homeland. As the sitting vice president, the ex-dancer assumed the presidency when her husband died in July 1974.

Argentina's only woman president never enjoyed the popularity of Peron's previous wife, the charismatic Eva "Evita" Peron, who is still idolized here more than half a century after her death. Economic and political turmoil marked the reign of Isabel Peron, who was toppled in a military coup in March 1976.

The strongman's admirers have largely ignored his dark side, such as his regime's welcoming of Nazi war criminals after World War II and the right-wing death squads that sprung up during his final term. Critics call him a demagogue who stifled freedoms and crushed dissent while admiring European fascists such as Benito Mussolini of Italy.

The current Peronist administration has aggressively targeted hundreds of abusers from the junta that succeeded Peron and his wife. The former military leaders are widely despised here, and Argentines have generally applauded their prosecutions.

But Juan Peron, with his exaltation of the working classes and strong ties to labor unions, remains a beloved figure for many. His political movement, which embraced elements of the left and right, continues to dominate Argentine politics.

Investigators are now zeroing in on government-linked death squads that, human rights groups say, operated with impunity during the tumultuous 1970s rule of Peron and his widow. The sanctioned killers, these groups say, set the stage for the subsequent "dirty war" under military rule that cost as many as 30,000 lives during a dictatorship that lasted from 1976 to 1983.

Isabel Peron is being sought in connection with decrees she signed in office that called on security forces to "annihilate … subversive elements throughout the country." By then, the Peronists had turned violently against their former left-wing allies and forced them underground.

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A separate judicial inquiry is examining a right-wing death squad called the Argentine Anticommunist Alliance, known as Triple A, that operated during the administrations of both Perons. Rights groups say Triple A was responsible for about 1,500 extrajudicial assassinations.

A judge in the capital has ordered the arrest of several former Triple A leaders. Whether the various inquiries will lead to the late Peron himself and sully his image remains unclear. Many believe it is unlikely Peron will ever be despised as much as the former military rulers who "disappeared" thousands of opponents and led Argentina to the ruinous Falklands War in 1982.

Argentines have shifted much of the blame for abuses during the Peron governments to a now-deceased former aide, Jose Lopez Rega, a thuggish figure often described as the founder of Triple A.

But critics say it is inconceivable that the strong-willed Peron himself didn't approve of the government-backed death squads created during his reign.

"Eventually people must ask themselves if it's plausible that the president and person in charge when the Triple A was set up knew nothing about it," said James Neilson, a columnist for the newsmagazine Noticias.

Argentine President Nestor Kirchner is a lifelong Peronist and leftist who has made bringing military abusers to justice a centerpiece of his administration. He seldom publicly invokes the memory of Peron, and has signaled no opposition to the aggressive prosecution of Peron-era figures linked to death squads — even if it leads to the founder of the movement he represents.

"We want reconciliation, but without impunity," Kirchner told the daily Clarin after the judge's order for Isabel Peron's arrest in Spain. "The truth has to be known, whatever it is."

Reach Out To Cuba's People (WSJ)

By Mario Loyola

The Wall Street Journal, January 13, 2007

With Iranian President Mahmoud Ahmadinejad visiting Venezuela today, it might be a good time to consider another "change in course" for U.S. policy. The isolation of Cuba, a legacy of the Cold War, is pushing that country closer to America's most dangerous enemies.

In a recent open letter to President Bush, several major Cuban dissident groups called for an end to U.S. restrictions on travel and remittances to Cuba. Now joining their call is the Miami-based Cuban Consensus, a coalition of 20 pro-democracy groups including the "hard-line" Cuban-American National Foundation. The advocates for the current policy -- chiefly three intransigent Cuban-American representatives in Congress -- are increasingly alone.

If we don't lift the travel and remittance restrictions now, it is not just the Cuban people who stand to suffer. Allowing Cuba to slip further under the influence of Venezuela's newly reelected Hugo Chávez, the proud new ally of Iran, would be terrible for the U.S.

These restrictions are regulatory, which means that the president could eliminate them tomorrow. But the Helms-Burton law freezes the larger economic embargo in place until the communist regime dismantles its security apparatus and calls for free elections -- and until both Raúl and Fidel Castro are gone. With the changing of the guard in Havana, there will be opportunities for incremental reform. The new Congress must amend Helms-Burton to give the president the flexibility he will need to seize them.

Any major opening -- such as diplomatic talks or relaxation of the embargo -- should be conditioned on Cuba's release of political prisoners, economic reforms, freedom of speech and a dismantling of the neighborhood spy system that has driven Cuban society into such a heartbreaking state of paranoia. But Helms-Burton's rigid, all-or-nothing approach creates no incentive for Cuba's communists to undertake even the most minor reform.

For many supporters of the current policy, isolating Cuba has become almost an end in itself. Nothing could be more perverse. If Cuban culture is exposed to globalization, it will fuel yearning for the freedoms of modernity. If we expand diplomatic contact, we will begin to discover allies within the regime. Allowing Cuba to join the international trade and finance system (which U.S. law largely prevents) will multiply the incentives to liberalize. By isolating Cuba and driving it into the arms of Hugo Chávez, the only real beneficiaries are communist hard-liners -- and their patrons.

Cuba's communist regime has two conflicting needs -- isolation and money. Ending isolation will rebuild the bridges between Cubans and their most natural allies -- the American people. It would also likely expose Cubans to the political and commercial culture of one of the most spectacularly successful immigrant communities in the U.S. -- that of their exiled family members in Miami.

Relaxing the flow of funds from the U.S. would also turn a communist need to our advantage. The more Cuba depends financially on the U.S., the more leverage we will gain in pushing for economic and political reform. Cutting the regime off from

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sources of financing may have made sense after the fall of the Soviet Union, when Cuba had nowhere else to turn. But now it has Venezuela.

With Fidel Castro's removal from power and imminent demise, the key obstacle to reform within the regime has disappeared. A new generation of bureaucrats now has a chance to gain influence. Many of today's younger "communists" are less interested in the Revolution than in maintaining stability -- and much less interested in Venezuela's patronage than in normalizing relations with the U.S. For Cuba's proud armed forces, the prospect of becoming servants to Mr. Chávez is not attractive. Unfortunately, U.S. stubbornness leaves them little choice.

Cuba's increasing dependence on Mr. Chávez is dangerous for the U.S. Venezuela uses oil money to fuel a global campaign against America. Venezuelan intelligence services set up shop wherever they can in Latin America to eradicate government officials educated in the U.S. or suspected of pro-American sympathies. Bolivia, Ecuador and Nicaragua are falling firmly into Venezuela's orbit. And throughout the Non-Aligned Movement, Mr. Chávez trades oil money for diplomatic support against the U.S. in a new kind of Cold War. Worse, after his recent election victory, Mr. Chávez seems to be claiming a mandate for an even more stridently Castroist and anti-American position -- all of which will influence the direction of the Cuban regime.

Looming on the horizon is an even greater threat. Iran's intelligence services -- perhaps the most prolific and sophisticated terrorist organization in the world -- use diplomatic channels to build their network. And there are clear indications of a renewed Hezbollah effort in South America. Thus Venezuela's new alliance with Iran represents a grave danger to the whole hemisphere. Venezuela is already putting enormous pressure on Cuba to expand its ties with Iran; an Iranian foothold just 90 miles from our own shores would be a catastrophic setback in the war on terror.

Relaxing Cuba's isolation would help diminish a gathering threat to national security, and bring hope to Cubans everywhere that the long tragedy of communism and exile may finally be coming to an end.

Mr. Loyola is a Fellow at the Foundation for the Defense of Democracies.

DOJ_NMG_0117215

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This morning's Attorney General's News Briefing is attached.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 13, 2007 7:45 AM EST

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TERRORISM NEWS:

Gonzales Plans For Hostile Reception From Senate Democrats. The New York Times (1/13, Johnston, 1.16M) reports Attorney General Alberto Gonzales, "who has faced controversy throughout his two-year tenure, is likely to enter an even stormier phase next Thursday when he appears before the Senate Judiciary Committee for the first time since control fell to the Democrats. But he shows little anxiety about more vehement criticism of his stewardship at the Justice Department. 'They have an institutional interest to gather up information about what the executive branch is doing,' Mr. Gonzales said Friday, in an interview in which he adopted the mildly juridical tone of a law professor. Referring to the Justice Department, he said: 'We likewise have an institutional interest in maintaining the confidentially of certain kinds of information. From my perspective, there are two competing institutional interests. This is not a partisan issue. It's an institutional issue of interests that have to be accommodated.'" The Times adds that Gonzales's "chief antagonist" will likely be Senate Judiciary Chairman Patrick Leahy.

Stimson Comments On Detainees' Lawyers Spark Furor. The New York Times (1/13, A1, Lewis, 1.16M) reports Deputy Assistant Secretary of Defense Cully Stimson "said in an interview this week that he was dismayed that lawyers at many of the nation's top firms were representing prisoners at Guantánamo Bay, Cuba, and that the firms' corporate clients should consider ending their business ties. The comments…produced an instant torrent of anger from lawyers, legal ethics specialists and bar association officials, who said Friday that his comments were repellent and displayed an ignorance of the duties of lawyers to represent people in legal trouble." Stimson "made his remarks in an interview on Thursday with Federal News Radio, a local Washington-based station that is aimed at an audience of government employees." In an interview Friday, Attorney General Alberto Gonzales "said he had no problem with the current system of representation. 'Good lawyers representing the detainees is the best way to ensure that justice is done in these cases,' he said. Neither the White House nor the Pentagon had any official comment, but officials sought to distance themselves from Mr. Stimson's view." McClatchy (1/13, Rosenberg) says Stimson "stirred up a maelstrom" with his comments.

NYTimes Calls Stimson's "Attack" On Detainees' Lawyers "Contemptible." The New York Times (1/13, 1.16M) editorializes, "No one who has followed President Bush's policies on detainees should be surprised when a member of his team scorns American notions of justice. But even by that low standard, the administration's new attack on lawyers who dare to give those prisoners the meager representation permitted them is contemptible." Stimson "tried to rally American corporations to stop doing business with law firms that represent inmates" at Guantanamo. The Times says it "does not seem to matter to Mr. Stimson, who is a lawyer, that a great many of those detainees did not deserve imprisonment, let alone the indefinite detention to which they are subjected as 'illegal enemy combatants.' And forget about the fundamental American right that everyone should have legal counsel, even the most heinous villain."

Murtha Calls For Closing Abu Ghraib, Guantanamo Facilities. The Boston Globe (1/13, Klein, 413K) reports House Democratic leaders "outlined plans to try to force the Bush administration to close the Abu Ghraib prison in Iraq and the Guantanamo Bay detention facility in Cuba, taking aim at two sites that have sparked an international furor over the Bush administration's war policy." Rep. John Murtha said he "wants to close both prisons by cutting their funding, 'to restore our credibility worldwide.' If he succeeds, it would force the administration to find a new location for high-value terrorism suspects. … Democratic leaders will try to include the measure to close the prisons in a spending bill designed to pay for war operations, Murtha said. He acknowledged that closing Abu Ghraib and Guantanamo would be more symbolic than substantive."

Padilla Trial Delayed Until April. The New York Times/AP (1/13) reports, "A federal judge ordered a three-month delay for the trial of Jose Padilla, accused of being an operative for Al Qaeda, in part to allow time for a full evaluation of Mr. Padilla's mental competency. The judge, Marcia Cooke of Federal District Court in Miami, set a new trial date of April 16 for Mr. Padilla and two others. It was the third time the case had been postponed."

US Embassy In Athens Sustains Grenade Attack. ABC World News (1/12, story 5, Vargas, 8.78M)

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reported, "There was an attack on the American embassy in Athens Greece today. It caused some damage but no injuries. A shadowy group of radical, Greek leftists claimed responsibility. No other American embassies have been put on notice for high alert." The Washington Times (1/13, Gatopoulos, 88K) reports the attack caused "limited damage and no injuries but reviving fears of a resurgence of far-left Greek militant groups that carried out deadly attacks over three decades." US Ambassador Charles Ries "called the attack 'very serious.' He said no warning had been given." The CBS Evening News (1/12, story 8, 0:10, Mitchell, 7.66M) and NBC Nightly News (1/12, story 4, 0:15, Williams, 9.87M) had brief reports as well.

The New York Times (1/13, Fisher, Carassava, 1.16M) reports, "An antitank grenade was fired into the heavily fortified American Embassy here on Friday just before dawn. The building was empty, but the attack nonetheless underscored deep anti-American sentiment here and revived fears of a new round of homegrown terror. Greek officials said they doubted that the attack was the work of foreign or Islamic terrorists, but rather that of regrouped extreme leftists aiming at a specific, symbolic target: the huge American seal, with an eagle against a blue background, affixed to the front of the boxy, modern embassy near downtown. The grenade narrowly missed the seal, punching through a window a few feet above and landing in a bathroom on the embassy's third story, where the ambassador has his office."

WPost Says White House Stance On Opening Mail "Disturbingly Unclear." The Washington Post (1/13, A18, 690K) asks in an editorial, "Is the federal government opening citizens' mail without obtaining warrants? Was a statement that was quietly issued when the president signed an obscure Postal Service reform bill last month a new assertion of power by the administration to engage in such warrantless searches? The answer to both these questions is disturbingly unclear. No reasonable person doubts that in emergency circumstances -- a ticking bomb inside a package -- government agents shouldn't have to wait for court approval to open private mail. That authority has been clear for years." But "given the president's signing statement, given his demonstrated willingness to stretch the boundaries of his authority and dispense with inconvenient legal niceties, it seems necessary to ask again" whether the White House feels it is authorized to open mail without a warrant.

Stricter US Asylum Laws Said To Punish "Freedom Fighters." In an op-ed for the Los Angeles Times (1/13, 850K) Anna Husarska, senior policy advisor at the International Rescue Committee, writes, "I have met many refugees around the world -- Burmese Karen in Thailand, Burmese Chin in Malaysia, Lao Hmong in Thailand, Eritreans in Ethiopia -- whose cases were put 'on hold' by U.S. authorities because the organizations to which the refugees had belonged were later designated as terrorist. … What's particularly upsetting is that those 'on hold' are, in many cases, heroic freedom fighters who struggled for democracy against brutal dictatorships (like the Burmese junta or the Laotian communists) or even, sometimes, people who had been recruited to fight by the Unites States (like the Lao Hmong or the Vietnamese Montagnards). The reason for this bizarre treatment is that in the aftermath of the 9/11 attacks, the U.S. adopted a very broad definition of 'terrorist activity' in American law. This overzealous legislative approach means that thousands of genuine refugees who participated in armed insurgencies — even those friendly to (and in some cases supported by) the United States — are now treated as a threat to American security."

HOMELAND RESPONSE:

Mueller Suggested FBI Watching 8,000 Terror Suspects In US. In his US News & World Report (1/12) online column, David E. Kaplan wrote, "He wouldn't say it directly, but this week FBI Director Robert Mueller in effect told Congress the bureau has 8,000 people under investigation for terrorism. The FBI is reluctant to release an official figure, as many of those under investigation play only minor roles or turn out to be innocent. Instead, Mueller did it by inference, comparing America's record with that of Great Britain. … FBI officials confirm that's a ballpark figure, but decline to put the figure on the record." Kaplan added, "One reason for the caution is that FBI officials see few operational cells in America and don't want the public thinking there are 8,000 terrorists running around. ... But then what are all those U.S. terrorism suspects up to? Lots of support activity, officials say. One FBI agent ticked off the list: raising money, recruiting, logistics, surveillance, communications. Still, a handful of operational cells are out there, investigators believe, and that's what they lose sleep over."

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New Rule Increases Demand For US, Canadian Passports. The Washington Post (1/13, A16, Struck, 690K) reports, "Canadian and U.S. citizens are lining up for passports to meet tougher U.S. border rules that take effect this month, and Canadian authorities fear the rules will keep more Americans at home. Starting Jan. 23, all airline passengers landing in the United States will have to carry a passport, not just the driver's license and birth certificate that can now be used by Canadians crossing the border and by U.S. citizens returning from Canada, Mexico, the Bahamas and the Caribbean. … U.S authorities say the rush proves that the tighter border controls being instituted five years after Sept. 11, 2001, are working to improve security. The rules will be extended to the busy land borders with Canada and Mexico by June 1, 2009."

Canada Announces Border Security Initiative. The AP (1/12, Duff-Brown) reports Canada "unveiled a major border security and prosperity initiative Friday, saying it would spend $431.6 million over the next five years to protect its border from terrorist, economic and environmental threats, according to the Canada Border Services Agency's website. Public Safety Minister Stockwell Day made the announcement at the Canada-U.S. border crossing between Windsor and Detroit, where one-third of the $1.6 billion in daily trade between the North American neighbors passes."

Judge Throws Out Hatfill's Suit Against NYTimes. The Washington Post (1/13, A8, Markon, 690K) reports, "A federal judge said yesterday that he will throw out -- for the second time -- the defamation lawsuit a former Army scientist filed against the New York Times Co. over columns that he contends blamed him for the 2001 anthrax attacks. Saying that the Times's motion to dismiss the case 'should be granted,' U.S. District Judge Claude M. Hilton in Alexandria canceled a trial set for Jan. 29, according to the court's docket. Hilton indicated that he would explain his reasoning in a subsequent order throwing out the case. The development is a victory for Times columnist Nicholas D. Kristof, who has been fighting the lawsuit filed by Steven J. Hatfill in 2004. Hatfill said the paper defamed him in a series of Kristof columns that identified him as a 'likely culprit' in the anthrax-spore mailings that killed five people and sickened 17."

The New York Times (1/13, Lewis, 1.16M) reports, "It was the latest and, perhaps, final chapter in a suit that has gone to the Supreme Court. … The Times argued in its dismissal motion that Dr. Hatfill was a public figure, at least for the purposes of the suit, in that he had thrust himself into the public debate about preparedness for a biological attack." The AP (1/12) reports, "The judge did not explain his ruling in the order issued Friday."

Kaine, O'Malley, Fenty Vow Cooperation On Security Issues. The Washington Post (1/13, B3, Aratani, 690K) reports Virginia Gov. Timothy Kaine, Maryland Gov.-elect Martin O'Malley, and District of Columbia Mayor Adrian Fenty, "in their first joint meeting as the Washington region's top elected officials," vowed to "cooperate on homeland security issues." Fenty said "one of the leaders' goals is to prioritize homeland security issues as the region begins to apply for federal grants. He said that they plan to meet with Homeland Security Secretary Michael Chertoff next month." The Washington Times (1/13, McLaughlin, 88K) quotes O'Malley saying, "It is critically important that we cooperate across borders and pursue our common goals."

Box Addressed To Ex-President Clinton Led To Post Office Scare. The New York Times/AP (1/13) reports a post office in New Castle, New York, "was evacuated as the police, the Westchester County Bomb Squad and Secret Service agents responded to a report of a suspicious package addressed to former President Bill Clinton. The cause of all the fuss? A box of cookies." Postal officials "discovered a suspicious package addressed to Mr. Clinton on Thursday, said Kim Bruce, a Secret Service spokeswoman. An incorrect address for the Chappaqua home" of the Clintons "raised the authorities' suspicions, Ms. Bruce said."

WAR NEWS:

Bush Says "We're Going Forward" With Iraq Strategy Despite Congressional Doubts. The CBS Evening News (1/12, story 4, 1:00, Mitchell, 7.66M) reported, "President Bush says his new Iraq strategy will go ahead in spite of heavy opposition in Congress." Bush "faced more skeptical, even hostile reaction to his plan to send more than 21,000 additional troops to Iraq. Senate Majority Leader Harry Reid said today he hopes the Senate can vote next week on a resolution opposing the new strategy. But in an exclusivr interview, the President told 60 Minutes correspondent Scott Pelley, opponents in Congress won't

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change his mind." Pelley: "Do you believe as Commander in Chief, you have the authority to put the troops in there, no matter what the Congress wants to do?" President Bush: "I think I've got -- in this situation, I do, yeah. And I fully understand they will -- they could try to stop me from doing it, but I've made my decision, and we're going forward."

NBC Nightly News (1/12, story 2, 2:30, Williams, 9.87M) reported Bush "is at Camp David for the weekend ending a week in which as our own Tim Russert put it on the air, he doubled his own bet on his own presidency" with "this almost solitary fight." NBC (Gregory): "The President finds himself more isolated over what to do next in Iraq. The way forward in Iraq appears to be a lonely path for George W. Bush, who has now staked a war policy and the presidency on a final stand in Baghdad."

Bush Administration Spokesmen Challenged On Capitol Hill. NBC Nightly News (1/12, lead story, 2:50, Williams, 9.87M) led with the pessimistic words, "Two days now since the President gave his speech and gave the order to send over 20,000 Americans to what might be the worst place on earth. And now it and now it gets debated, the Democrats are threatening to linger with the funding of the war in Iraq as a way to send a message. Today the President's Pentagon chief told lawmakers there could be a bright side here if this so-called surge reduces the violence there American troops could start coming home later this year." NBC (Reid): "The Secretary of Defense said today he is confident that the President's plan for Iraq can succeed but he also said he understands why so many people are so skeptical. Meanwhile here on Capitol Hill a showdown is looming. Most Democrats and some Republicans on the Senate Armed Services Committee said today they don't understand how the President's plan can work when it depends so heavily on Iraq's leaders keeping promises they failed to keep before."

ABC World News (1/12, story 2, 0:50, Vargas, 8.78M) reported Defense Secretary Robert Gates and Joint Chiefs of Staff Chairman Gen. Peter Pace "answered more questions about the President's new strategy in Iraq. Gates said mistakes in the past made the situation what it is today. But he warned it could still get much worse." Gates: "Mistakes certainly have been made by the United States in Iraq. But however we got to this moment, the stakes now are incalculable." The Financial Times (1/13, Sevastopulo) reports Gates and Pace "faced a less hostile reception than Condoleezza Rice, secretary of state," on Thursday, but "most Democrats, and some Republicans, on the armed services committee strongly questioned whether Nouri al-Maliki, Iraqi prime minister, would live up to his commitments to send more Iraqi troops into Baghdad."

The Washington Post (1/13, A1, White, Tyson on, 690K) reports Senate Armed Services Chairman Carl Levin "sharply criticized sending more U.S. troops into Iraq and said the move reinforces a 'flawed strategy' that has failed thus far. ... Some Republicans questioned the immediate need for thousands of U.S. troops," with Sen. John Warner saying he "would rather send in a small complement of troops to see if the Iraqis become full partners." Sen. John McCain called a small troop increase "the worst of all worlds" but said critics had presented no "viable alternatives." The New York Times (1/13, Cloud, Zeleny, 1.16M) reports Armed Services Committee Republicans "ame to the defense of President Bush on Friday, lending support to his decision to send more troops to Iraq and hoping to head off a Senate resolution criticizing the plan." But Republicans "were keeping a close watch on public opinion polls, particularly a survey by CNN and the Opinion Research Corporation on Friday showing that 66 percent of Americans oppose the president's plan to send more troops to Iraq."

Democrats Eye Alternative To Surge Plan. The Chicago Tribune (1/13, Madhani, 617K) reports that Democrats "seem to have won the moment by effectively pillorying President Bush's plan," but "now face the dilemma of coming up with a better alternative to stem the sectarian bloodletting." Sen. Levin "said he hoped to garner bipartisan support for a non-binding resolution voicing dissatisfaction with Bush's Iraq policy." However, Democratic criticism came "at a lower volume than on Thursday" and was "far more civil than the previous day."

Rice Says Bush's Plan Is "Only Real Alternative On The Table." Secretary of State Condoleezza Rice said on BBC Arabic Television (1/12), "The only real alternative on the table is the President's alternative. And so I understand skepticism. I certainly understand that people wonder why it hasn't worked till now, but the President's given us a way forward and I hope it'll get support. … The President's plan, first of all, very much puts Iraqis at the center of responsibility for dealing with what is their most urgent problem. Their most urgent problem is that the population has lost confidence that the government of Iraq can and will defend them in an evenhanded fashion, whether they are Sunni or

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Shia. … So the President's plan very much relies on Iraqis' responsibility for the kind of country that they're going to be."

State Department's Burns Says "We Are Going Forward." Undersecretary of State Nicholas Burns said on MSNBC (1/12, O'Donnell), "We certainly heard the message from Capitol Hill yesterday, but we are going forward with this effort to deploy more American military forces into Baghdad especially and also into Anbar province and other areas. The strategy that President Bush talked about is meant to maximize our ability to help the Iraqis provide for real security, daily security in the streets of the major cities of the country. Without that, it's hard to see how many of the other objectives we have, of course leading to the eventual withdrawal of American forces, can succeed. So we think it's a necessary step."

Members Of Congress Weigh In. Sen. Ben Nelson, appearing on Fox News (1/12), said, "I am willing to give it a hearing, but I have to say that I'm very dubious, because I am very concerned about what the chiefs of the various services have said, what Gen. Abizaid has said, that it doesn't require more US troops, it requires more Iraqi troops stood up, capable of fighting and engaging the enemy."

Sen. John Cornyn said on MSNBC (1/12, Robach), "It strikes me that there are two options. One is to fail and the other one is to succeed. And the guaranteed way to fail is not to even try. So I favor trying this new plan that the President has come up with after several months of consultation with bipartisan groups and experts throughout the spectrum, because the costs of failure are simply too great to even contemplate."

Rep. Joe Sestak said on MSNBC's Hardball (1/12, Matthews), "I'm not sure exactly what the Democratic caucus is going to do. But as an individual, I think the President's plan violates exactly what we shouldn't be doing. And because of that, I do think that the Congress should vote and it should be a vote not to increase the troops that are in Iraq. … I believe we're on the road to nowhere. And putting more troops on that road in order to protect those men and women on the road to nowhere I'd do in a heartbeat. The President didn't make that case."

Rep. Dan Lungren said on MSNBC's Hardball (1/12, Matthews), "We have to understand that defeat in Iraq would be devastating for us. I'm not just talking about the millions of people put at risk in Iraq itself, I'm talking about further an increased and more acute instability in the Middle East, number one. And number two, whether we like it or not, this is a major front in the war on terror. We can argue about how we got where we are, but we need to do something so that we have a chance to win."

White House Says Funding For Surge Already Exists. The Washington Times (1/13, Dinan, 88K) reports on its front page, "The White House yesterday said there already is enough money in the budget to pay for President Bush's proposed troop surge in Iraq, leaving Congress almost no viable way to stop him before he commits the troops." The existence of funding "leaves Congress with few other options." But the Washington Times (1/13, Ward, 88K) also reports Rep. John Murtha "said he is exploring ways to block funding for additional troops."

Bush Reportedly Reading History Of Algerian Insurgency. CNN.com (1/12, Blitzer, McConnell) reports, "As President Bush wrestles with the continuing war in Iraq, he's currently reading a book about another difficult war: 'A Savage War of Peace,' by Alistair Horne, a senior White House source tells CNN. It is a dense and detailed history of the battle between France and revolutionaries in its colony of Algeria, describing an unsuccessful war against a bloody terrorist insurgency. A resistance movement rose in 1954 to resist French occupation. It quickly turned into a civil war between factions that became a costly, unpopular conflict for the French."

World Community Reacts Skeptically To Surge Plan. The New York Times (1/13, Cowell, 1.16M) reports that the Bush war plan "has won few converts across a worried world, where dismay and hostility toward the American expedition have grown while support trickles away. ... Even Britain, the onetime cheerleader for the White House, offered only an ambiguous response to the president's announcement, saying London remained on track to withdraw its forces, not increase them." Other countries reacted with "haughty indifference." Among Arab countries, "there is a deeper pessimism, reflecting a widely held Arab view that the American presence is the source of Iraq's woes." On the other hand, "there was some sympathy — if not always explicit — for the American quandary: this was, many analysts sensed, a defining event, a last throw of the dice that would measure American prestige and credibility against the clamor of its adversaries."

Hamilton Discusses Iraq Recommendations. The CBS Evening News (1/12, story 7, 1:30, Mitchell, 7.66M) reported, "Just over a month ago, the Iraq Study Group issued its list of recommendations for a way out of Iraq. Rep. Lee

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Hamilton was the co-chair of that bipartisan group. ... In your mind, what should the timetable be on this? If the President's plan is not working by -- give me a date, it should be scrapped and go to Plan B?" Hamilton: "Oh, I think time is very tight here. This government in Iraq does not have much time to perform. ... Their rhetoric has been pretty good, but they just haven't done it. I personally think the timeframe is a matter of weeks, certainly not a year. Maybe a couple of months. But it should be a tight timeframe."

US Soldiers In Iraq Have Mixed Views Of Plan. ABC World News (1/12, story 3, 1:50, Vargas, 8.78M) reported, "In Iraq, US troops are already starting to implement the President's new plan. And they have various opinions of it." ABC (Karl): "Ask them if it will work, and most will tell you that depends on their Iraqi counterparts." Sgt. First Class Brian Field: They really need to step it up." Spc. Charles Rogers: "More manpower is always good. Strength in numbers. But I don't know if that is going to be the answer." Karl: "Look around and you get a sense that these Iraqi forces may need more than better weapons to get the job done."

Schwarzenegger, Huckabee Back Bush Plan. The Los Angeles Times (1/13, Rau, 850K) reports, "Bucking the disenchanted views of most Americans about the war, Gov. Arnold Schwarzenegger said Friday that he supports President Bush's plan to increase the number of troops in Iraq." In an interview to air on ABC's "This Week" on Sunday, Schwarzenegger "said he does not want the U.S. to 'pull out of this war as losers.' ... Schwarzenegger did break with the president by reiterating his support for a timeline for American troops to withdraw."

Ex-Gov. Mike Huckabee said on MSNBC's Tucker (1/12, O'Donnell), "I think we have got to give" the President "a chance to let it work. Whether it's the right decision, I honestly don't know, because I don't have access to the kind of military and intelligence information that he does. But he's the commander-in-chief, and we have got to give him an opportunity. I think that the strategy that he has laid out is one that is risky in the sense that it has to work for him, because if it doesn't, I don't think he's going to get another chance to come up with yet another plan. But if the Democrats don't like that plan, they've got to put something on the table."

Richardson Says Bush "Is Not Listening." Gov. Bill Richardson said on MSNBC's Hardball (1/12, Matthews), "The President is not listening. It's not a partisan issue. This is national. … The American people want a different course in Iraq. And what does a President do? He has a surge. The only surge that should happen is a surge in diplomacy, a surge in a political solution, a withdrawal that I believe is necessary this year that is tied to a political solution, a reconciliation conference. And you deploy those troops where we need them, in Afghanistan, to fight international terrorism. Nuclear proliferation, loose nuclear weapons, those are our interests. And instead of saying that we're now going to look at Iran, we should be talking to Syria, we should be talking to Iran."

More Commentary. Wall Street Journal (1/13, 2.04M) columnist Peggy Noonan writes in a highly pessimistic column, "Right now, in the deepest levels of the American government, intelligence and military planners should be ordered to draw up serious plans for an American withdrawal, and serious strategies for dealing with the realities withdrawal will bring. It would not be the worst thing if the Maliki government knew those plans were being drawn up. It might concentrate the mind. ... I'm not sure [US interests have] been given sufficient attention the past few years. In fact, I am sorry to say I believe they have not."

Washington Post (1/13, A19, 690K) Style writer Henry Allen writes, "The problem, if we lose in Iraq, is that America is apt to keep on doing what it's been doing for decades when it loses, which is to say learn nothing and have years of hissy fits about who's to blame. And set itself up for another fiasco someplace else. ... our failed ground combat interventions and nation building continue like a sort of neurosis, the kind that has been defined as doing the same thing over and over in expectation of a different result, in the manner of France fighting and losing one colonial war after another after World War II."

Washington Post (1/13, A19, King, 690K) columnist Colbert King recalls that Dr. Martin Luther King, Jr., spoke on April 4, 1967, about the Vietnam War: "Vietnam, King said, was consuming American troops and money like 'some demonic, destructive suction tube' even as that war was laying waste to the Vietnamese people and to America's standing in the world. ... Now enter George W. Bush -- the president who got America into this debacle [Iraq] through a series of misjudgments that would make Alfred E. Neuman look brilliant." Bush "stubbornly and in the face of legitimate opposition, proposes to make matters worse. Remember King and the words: 'A time comes when silence is betrayal.'"

Rice Says Bush Approved Raids On Iranians. The New York Times (1/13, Sanger, Gordon,

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1.16M) reports, "A recent series of American raids against Iranians in Iraq was authorized under an order that President Bush decided to issue several months ago to undertake a broad military offensive against Iranian operatives in the country, Secretary of State Condoleezza Rice said Friday." Rice's "willingness to discuss the issue seemed to reflect a new hostility to Iran that was first evident in Mr. Bush's speech to the nation on Wednesday night, in which he accused Tehran of providing material support for attacks on American troops and vowed to respond." The "decision to authorize the aggressive steps against Iranians in Iraq appears to formalize the American effort to contain Iran's ambitions as a new front in the Iraq war," although some "critics regard the talk about Iran as a diversion, one intended to shift attention away from the spiraling chaos in Iraq." BBC.com (1/12) reports Rice "has denied that the US intends to escalate the war in Iraq by confronting Iranian groups operating there" but "insisted that the United States was not going to let either Iran or Syria continue activities that endangered US soldiers in Iraq."

ABC World News (1/12, lead story, 2:25, Martha Raddatz, 8.78M) reported, "The State Department said, for the first time today, that the Iraqi government believes five men, detained in a US raid in northern Iraq, were members of the Iranian revolutionary guard corps." The Iranians were "part of an…effort to funnel ammunition and weapons to insurgents." The CBS Evening News (1/12, story 3, 2:15, Martin, 7.66M) reported, "The wreckage of this Iranian office raided by American troops in northern Iraq marks a new front in the war. US officials tell CBS News, American forces have begun an aggressive and mostly secret ground campaign against networks of Iranians who had been operating with virtual impunity inside Iraq. The chairman of the Joint Chiefs told Congress today Iranians are now on the target list." Joint Chiefs of Staff Chairman Gen. Peter Pace: "Twice in the last two or three weeks, in pursuit of those networks, when we have gone and captured those cells, we've captured Iranians."

White House Softens Tone On Iran. The Los Angeles Times (1/13, Barnes, Moore, 850K) reports, "The Bush administration sought to assure lawmakers and the public Friday that despite harsh new rhetoric, it did not intend to go to war with Iran, even as U.S. sources charged that Iranians captured in Irbil, Iraq, were suspected members of Iran's Revolutionary Guards. ... The administration moved Friday to defuse concerns that it was planning or inviting a confrontation with Tehran. At a news conference, White House Press Secretary Tony Snow dismissed as an 'urban legend' suggestions that the United States was preparing for another war."

Iraqi Foreign Minister Defends Detained Iranians. The AP (1/12, Gamel) reports, "Five Iranians detained by U.S.-led forces were working in a decade-old government liaison office that was in the process of being upgraded to a consulate, the Iraqi foreign minister said Friday. ... Tehran condemned the raid in the Kurdish-controlled northern city of Irbil and urged Iraq to push for the Iranians' release."

Rockefeller Says Bush Would Need A New Congressional Resolution To Take On Iran. Sen. Jay Rockefeller said on MSNBC (1/12, Mitchell) that if President Bush "takes on Iran, it's going to have to be a new authorization, and it won't pass. … Yes, it's intermingled with the Shias in Iraq. But anybody who hasn't read a great deal about Iran, who doesn't know its history, who doesn't know the history of its relationships with the United States, which have mostly been rather bad and unsustainable, there has to be very, very careful consideration before we were ever to do something like that. And the answer is that we can't do it. You cannot take on Iran."

Dean Says US Must Confront Iran. Democratic National Committee Chairman Howard Dean said on MSNBC's Hardball (1/12, Matthews), "The great shame among many shames of going into Iraq was we picked the wrong enemy. Iran is a danger. We've got our troops pinned down in the wrong place. Saddam Hussein was a terrible person, but not a danger to the United States. Iran is a danger. Obviously, I don't think there's much stomach among the American people for a war with Iran, given what's going on for the last three and a half years in Iraq, but we are clearly going to have to stand up to Iran."

Dowd Blasts Idea Of Fighting Iran. New York Times (1/13, 1.16M) columnist Maureen Dowd writes sarcastically, "How can you not have confidence in the crackerjack team that brought you Operation Iraqi Freedom, which foundered and led to Operation Together Forward? ... We're trying to stanch a self-inflicted wound: our failed occupation gave Iran the opening in Iraq we're now trying to shut down." President Bush has been "deserted by more and more Republicans, generals and Americans, risking it all on a weak reed like Prime Minister Maliki."

Maliki Fills Baghdad Military Post With His Own Man. The Los Angeles Times (1/13, Roug, Spiegel,

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850K) reports Iraqi Prime Minister Nouri al-Maliki "has filled the top military job in Baghdad with a virtually unknown officer chosen over the objections of U.S. and Iraqi military commanders, officials from both governments said." Maliki reportedly "failed to consult the leaders of other political factions before announcing the appointment of Lt. Gen. Abud Qanbar. The appointment is highly significant because it is Maliki's first public move after President Bush's announcement that he was sending more troops to Iraq. ... As the Iraqi commander for the capital, Qanbar would play a central role in that campaign, and any ties he might have to sectarian groups could undermine the new U.S. effort."

US Contends With Sadr For Iraqi Troops' Loyalties. The Washington Post (1/13, A1, Trejos, 690K) reports from a "shared" US-Iraqi base "in eastern Baghdad," "At best, said several U.S. soldiers interviewed at the base this month, some of the Iraqi troops they advise are sympathetic to [Shiite cleric Moqtada al-Sadr] and his army. At worst, they said, some are members of the militia, also known as Jaish al-Mahdi. ... U.S. military officers say that the Iraqi police force is deeply infiltrated by militiamen and predict that the army will be quicker to operate independently. But a four-day visit to the base known as Old MOD, for the former Ministry of Defense complex, showed that the army is not immune to the militias' influence. According to the Americans, most of the Iraqi soldiers are Shiites, and some come from Sadr City, a sprawling Baghdad slum that is a Mahdi Army stronghold. Some carry pictures of Sadr."

Coalition Forces Have "Dismantled" Insurgent Base In Diyala. The Los Angeles Times (1/13, Zavis, 850K) reports, "U.S. and Iraqi forces have denied Sunni Arab insurgents an important power base in a lawless region east of Baghdad, the commander of a joint offensive said Friday. The challenge now, U.S. Lt. Col. Andrew Poppas said in an interview, is to ensure that the militants do not return to the region in the eastern province of Diyala. When U.S. forces conducted previous large operations, insurgents often returned as soon as the military withdrew. Poppas plans to open a patrol station in the area, which until recently had been a virtual no-go zone for Iraqi security forces."

Violence Mars Baghdad's Haifa Street. The CBS Evening News (1/12, story 5, 2:10, Mitchell, 7.66M) reported, "Most of the additional troops earmarked for Iraq will be put to use on a security clamp in Baghdad, where fighting has been raging all week long along the key thoroughfare." CBS (Logan): "This shaky video, smuggled out of Haifa Street, shows the death and destruction caused by six days of intense fighting in what is today Baghdad's most violent neighborhood. US and Iraqi forces are battling gunmen dug into the houses along this main road that runs from the center of the capital down to the heavily fortified Green Zone."

Terrorists Using Google Earth To Locate British Troops. The London Telegraph (1/13, Harding) reports, "Terrorists attacking British bases in Basra are using aerial footage displayed by the Google Earth internet tool to pinpoint their attacks, say Army intelligence sources. Documents seized during raids on the homes of insurgents last week uncovered print-outs from photographs taken from Google." The photographs depict "buildings inside the bases and vulnerable areas such as tented accommodation, lavatory blocks and where lightly armoured Land Rovers are parked." Insurgent salvos "are fired from up to four miles away and are increasingly accurate. ... Intelligence sources also believe that the insurgents are receiving more training and weaponry from Iran to improve their fighting skills. But the British are gathering more intelligence on mortar crews and launching several 'strike operations' to detain the operators."

Rice Responds To Boxer Assertion On War's "Personal Price." The Washington Post/AP (1/13, A15) reports, "Secretary of State Condoleezza Rice yesterday criticized Sen. Barbara Boxer's suggestion that, because she does not have family in harm's way, she will pay no 'personal price' in the Iraq war." Rice said, "I thought single women had come further than that." The Washington Times (1/13, A1, Hurt, 88K) reports the White House and Rice "accused Democrats of suggesting that the secretary's childlessness, race and sex are to blame for mistakes in Iraq. ... But Mrs. Boxer and Democrats are making no apologies."

The New York Times (1/13, Cooper, Shanker, 1.16M) reports, "Some Democratic Senate staffers said Senator Boxer's exchange with Ms. Rice allowed the Bush administration to turn the tables on Iraq critics and sidestep the larger issue of the almost uniform opposition to the president's plan to send 20,000 more American soldiers to Iraq." ABC World News (1/12, story 4, Vargas, 8.78M) said the "personal exchange…touched off an emotional debate about the war in Iraq." The Washington Times (1/13, Ward, 88K) called the Boxer remark "the low point of" Thursday's hearing.

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NATO Struggles To Build In Afghanistan. The New York Times (1/13, Gall, 1.16M) reports in a negative article, "The road that cuts through the heart of Panjwai district here tells all that is going wrong with NATO's war in Afghanistan. To fight their way into this area and clear it of Taliban insurgents, NATO troops bulldozed through orchards, smashed down walls and even houses, and churned vineyards and melon fields to dust. Reconstruction projects were planned, but never materialized. Now NATO countries are championing the thoroughfare as a $5 million gift to local people." Locals, however, "are homeless, fearful and far from being won over. They say the road was built for the troops' benefit and forced on them, at the cost of their land and livelihoods. ... Already on everyone's mind — in the government, the military, the police and among villagers — is how to stop the Taliban from infiltrating back for a new offensive in the spring, which in this southern region will come in February."

Suicide Bomber Attacks Convoy South Of Kabul. The AP (1/12) reports, "A suicide bomber rammed his explosives-filled car into a two-vehicle convoy carrying foreigners south of Kabul on Friday, wounding at least one Afghan civilian, police said. ... The attack comes a day after NATO said its forces killed scores of insurgents who crossed from Pakistan in the biggest battle of the Afghan winter, while Pakistan's army fired artillery at trucks supplying militants on the other side of the border." The AP says of the artillery firing, "It was the Pakistani army's first reported offensive in the North Waziristan tribal region since a September peace deal between the government and pro-Taliban militants that critics say has provided a sanctuary for insurgents."

Gates Expresses Concern Over Afghan Stability. The Los Angeles Times (1/13, Barnes, Spiegel, 850K) reports, Defense Secretary Robert Gates "expressed deep concern Friday over the stability of Afghanistan, and a top U.S. military official said additional troops might be needed to strengthen the government in Kabul, which is under growing pressure from Taliban forces." The secretary "plans to travel soon" to the country and "appeared worried by the rising violence in Afghanistan" in testimony to the Senate Armed Services Committee.

Italians Wage "Peaceful War" In Mushai Valley. The Washington Post (1/13, A12, Constable, 690K) reports from Surjai, Afghanistan, "Like most of the 26 foreign military contingents that comprise the 20,000 NATO troops stationed in Afghanistan, the Italians have been banned by their government from conducting combat missions, except for 72-hour emergency sorties to aid other NATO forces. ... But officials say the work of troops from Italy, Turkey, France and other nations, which are bringing security, training, aid and development to impoverished and potentially hostile areas of central and northern Afghanistan, can be more effective than military raids, which can invade homes, create casualties and alienate communities."

Pakistan Denies It Is Terrorist Haven, Asks US For Intelligence On Al Qaeda. The AP (1/12) reports, "Pakistan on Friday rejected allegations by America's spy chief that it is a refuge for terrorist leaders and demanded that his intelligence networks share information on the whereabouts of Osama bin Laden and other top al-Qaeda figures." A Foreign Ministry spokeswoman said, "In breaking the back of al-Qaeda, Pakistan has done more than any other country in the world." She urged the US to "share the intelligence with us."

Taliban Fighters' Bodies Reportedly Sent Back To Pakistan. The AP (1/12) reports, "Despite Pakistani assertions, "in a sign that insurgents are crossing from Pakistan to fight in Afghanistan, the bodies of 25 militants killed in a fierce battle with NATO were repatriated Friday to their tribal villages in Pakistan, where Taliban activists urged mass attendance at their funerals, residents said." The Washington Post (1/13, A12, Constable, 690K) also reports, "The bodies of two dozen Islamic insurgents killed in a clash with NATO and Afghan army forces near the border with Pakistan were sent back Friday to Pakistan, where Taliban leaders asked that they be given funerals as 'martyrs,' according to news reports here." The corpses reportedly "included both Pakistanis and Afghans."

Pentagon Sees Somalia As Blueprint For Counterterrorism Missions. The New York Times (1/13, Mazzetti, 1.16M) reports, "Military operations in Somalia by American commandos, and the use of the Ethiopian Army as a surrogate force to root out operatives for Al Qaeda in the country, are a blueprint that Pentagon strategists say they hope to use more frequently in counterterrorism missions around the globe. Military officials said the strike by an American gunship on terrorism suspects in southern Somalia on Sunday showed that even with the departure of Donald H. Rumsfeld from the Pentagon, Special Operations troops intended to take advantage of the directive given to them by

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Mr. Rumsfeld in the weeks after the Sept. 11 attacks." Special Forces had been slowed by "a shortage of valuable intelligence on the whereabouts of top terrorism suspects," but "the State Department and Pentagon took control of Somalia policy in the summer, after a failed effort by the Central Intelligence Agency to use Somali warlords as proxies to hunt down the Qaeda suspects."

Eight Somali Gunmen Die In Shootout At Gates Of Palace. The New York Times (1/13, Gettleman, 1.16M) reports from Mogadishu, "According to witnesses, presidential guards killed at least eight men of a rival militia at the gates of the presidential palace as top leaders were sitting inside discussing a new disarmament program. The bloodshed seemed to be more evidence of a steady breakdown of law and order in Mogadishu, and plunged the disarmament plans into uncertainty." The shooting "apparently started over where to park a technical, the term coined in Somalia for a heavily armed pickup truck."

Ethiopian-Backed Forces Capture Last Islamist Stronghold. The Washington Times/AP (1/13, Hassan) reports, "Ethiopian-backed government forces have captured the last stronghold of the Islamist movement in southern Somalia, the Somali defense minister said yesterday just hours after warlords met with the president and promised to enlist their militiamen in the army." Ras Kamboni "fell after five days of heavy fighting, Defense Minister Col. Barre Aden Shire said. ... It is not far from the site of a U.S. air strike Monday on suspected al Qaeda terrorists." The AP also reports the shootout near the presidential palace.

Soldiers, Spouses Struggle To Preserve Marriages. The CBS Evening News (1/12, story 6, 2:30, Mitchell, 7.66M) reported, "It is a hidden danger faced by every soldier who has been to Iraq or Afghanistan -- the stress they suffer on the battlefield. It can put stress on their marriages when they return home. Army divorces have increased nearly 30 percent since the start of the Iraq war. The solution might be retreat."

Networks Praise Military Mother, USO Volunteer. ABC World News (1/12, story 10, 3:00, Vargas, 8.78M) named Mary Moreno its "Person of the Week." Moreno is "a military mother who suffered her own personal defeat when their son shipped off to war. But she turned that hardship into help for other families who thought they had nowhere else to turn." Moreno: "I needed help. Medication wasn't going to help me. ... I put an ad -- I put an article in the newspaper. 'Mom seeks other moms with sons in Iraq.' I had five moms call me." Vargas: "Four years later, Mary's group is 100 strong." Meanwhile, NBC Nightly News (1/12, story 10, 2:30, Williams, 9.87M) profiled USO volunteer Mary Adams, who is "often the last person that US soldiers see before they set off as volunteers to fight this nation's wars."

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California US Attorney's Departure Is Met With Surprise. The San Diego Union-Tribune (1/13, Thornton, Soto) reports, "Amid news reports that she has been asked to step down, U.S. Attorney Carol Lam declined repeated interview requests yesterday and did not address the matter with her staff." The Union-Tribune continues, "At a weekly managers meeting, Lam was stoic, conducting business as usual and discussing next week's caseload, according to people who attended. She made no mention of a resignation request by the Bush administration, nor did anyone ask about it. … However, she did discuss the matter with at least one law enforcement colleague. Dan Dzwilewski, head of the FBI office in San Diego, said he spoke to Lam several times yesterday and he feels the criticism and the way the situation was handled are unfair. … 'I don't think it's the right way to treat anybody. What's the decision based on?' Dzwilewski said. 'I don't share the view of whoever's making the decision back there in Washington that they'd like her to resign. I feel Carol has an excellent reputation and has done an excellent job given her limited resources.'" The Union-Tribune adds, "Dzwilewski said he sympathized with Lam on issues of stretching budgets to meet priorities and felt that criticism that she wasn't giving proper attention to smuggling, drugs and gun crimes was off-base. 'What do you expect her to do? Let corruption exist?' he said. … Lam's continued employment as U.S. attorney is crucial to the success of multiple ongoing investigations, the FBI chief said. … Dzwilewski declined to discuss Lam's demeanor during their conversations, her state of mind, when or if she will resign or her future plans. … Sources have told The San Diego Union-Tribune that Lam was asked to step down because she failed to make smuggling and gun cases a priority, choosing instead to focus on fewer cases that she considered more significant, such as public corruption and white-collar crime."

The North County (CA) Times (1/13, Figueroa, Bennett) reports, "Speculation that the Bush administration allegedly

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has asked San Diego-based U.S. Attorney Carol Lam, the region's chief federal prosecutor, to step down was met with disbelief and dropped jaws by legal community members with ties to federal court. … 'I was in a state of shock,' said Peter Nunez, who served as the U.S. attorney in charge of the San Diego offices from 1982 to 1988. 'It's just like nothing I've ever seen before in 35-plus years. To be asked to resign and to be publicly humiliated by leaking this to the press is beyond any bounds of decency and behavior. It shocks me. It really is outrageous.'" The Times continues, "Nunez and others said they had not even heard rumblings that Lam was in the cross hairs for possible removal. … Lam may not be the only U.S. attorney politely being asked to pack her bags. … In a Thursday news release, U.S. Sen. Dianne Feinstein announced that she and two other senators were introducing legislation that would prevent the executive branch from trying to do an end run on the Senate's prerogative of confirming U.S. attorneys."

Arkansas US Attorney Was Asked To Resign. The Arkansas Democrat-Gazette (1/13, Satter) reports, "A day after three U. S. senators, including Arkansas ' Mark Pryor, proposed legislation to prevent indefinite interim appointments of U. S. attorneys, Bud Cummins acknowledged that the U. S. Justice Department asked him in June to leave his post to make room for a successor. Cummins, 47, the U. S. attorney for the Eastern District of Arkansas from Dec. 21, 2001 until Dec. 20, 2006, had previously avoided directly answering whether he was 'forced out,' as rumor had it. He instead said in late August that he had always known his political appointment was temporary and that he had informally "let it be known" over the previous year that he expected to leave before President Bush's second term ended in late 2008." The Democrat-Gazette continues, "When contacted on Friday, Cummins said that while all that was true, he wanted to clarify the situation because the proposed legislation had focused a new wave of attention on his and other U. S. attorneys' recent departures, reportedly at the administration's request. … In a news release issued jointly Thursday by Pryor, Sen. Dianne Feinstein, D-Calif., and Sen. Patrick Leahy, D-Vt., Feinstein said, 'It has come to our attention that the Bush Administration is pushing out U. S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation.... We don't know how many U. S. Attorneys have been asked to resign — it could be two, it could be ten, it could be more. No one knows.'" The Democrat-Gazette notes, "Pryor had publicly complained in late December, when the department announced that attorney Tim Griffin would take over Cummins ' job in a matter of days, that the administration was trying to circumvent the normal nomination process to reward a political insider, without the normal checks and balances. … Griffin, who had a reputation as an aggressive Republican campaign researcher, had previously worked under Karl Rove, Bush's main political adviser and deputy chief of staff."

More Commentary. The San Diego Union-Tribune (1/13) editorializes, "U.S. Attorney Carol Lam is a tough-minded prosecutor who has won a string of high-profile convictions against corrupt public officials, including Rep. Randy "Duke" Cunningham and Councilmen Ralph Inzunza and Michael Zucchet. She is widely respected for her personal integrity and her commitment to curbing white-collar crime. Her aggressive prosecutions have sent a needed message that political corruption will not be tolerated in San Diego. … Why, then, is Attorney General Alberto Gonzales pressuring Lam behind the scenes to step down?" The Union-Tribune continues, "The answer to this question is far from clear, but it appears to be rooted in questionable political machinations in Washington and has nothing to do with Lam's impressive record on the job. … The Bush administration's actions appear to be motivated by cronyism, a desire to reward the president's supporters with Justice Department posts. In Lam's case, certainly, there are no legitimate performance issues to justify stripping her of her position. Gonzales is set to testify next week before the Senate Judiciary Committee, on which Feinstein sits. We urge the senator to seize this opportunity to pull back the 'cloak of secrecy' and reveal the truth about the attorney general's bid to remove Lam."

New DC US Attorney Faces Money, Time Constraints. The Washington Post (1/13, B3, Leonnig) reports, "The new U.S. attorney for Washington has a very plum title. But in the current circumstances, Jeffrey A. Taylor may find it hard to leave a major mark, and he's taking some fire before he truly gets moving." The Post continues, "Taylor, who was selected by the Justice Department in the fall to run the largest office of local federal prosecutors in the country, faces the dual challenges of worsening budget constraints and a likely two-year time limit on his tenure. … Then there are the external pressures. A former national security adviser to Attorney General Alberto R. Gonzales, Taylor is facing

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criticism that he lacks local know-how, having spent most of his career in San Diego, where he was an assistant U.S. attorney. And with Democrats now in control of Congress, Del. Eleanor Holmes Norton (D-D.C.) is pushing again for a bill to create the post of a locally elected prosecutor to pursue local crimes in the District." The Post adds, "Gonzales appointed Taylor to be interim U.S. attorney in September, replacing Kenneth L. Wainstein, who became assistant attorney general for national security . The president usually nominates U.S. attorneys for Senate confirmation but has often chosen to let the Justice Department make appointments for interim or short-term posts. … Personable and practical, Taylor acknowledged that it would be unwise for him to launch a series of new initiatives with less money, fewer people and such a short window to act. Still, he declared, 'I wouldn't be interested in this job to just be a caretaker.' … He took over an office with 30 vacancies among its 360 authorized slots for lawyers -- jobs that will not be filled in the budget crunch. Thirty of 350 support staff jobs are also unfilled and will remain vacant. … Taylor, 41, disputes water-cooler gossip that he's a place-holder until President Bush's term ends in two years. He said he'll focus on three top priorities of cases: violent crime, public corruption and national security."

CORPORATE SCANDALS:

Loans By Allied Unit Under Federal Scrutiny. The New York Times (1/13, Creswell) reports, "Federal investigations into small-business loans issued by a unit of the Allied Capital Corporation are growing, as a former executive of the unit faces fraud charges in Michigan." The Times continues, "The former executive, Patrick J. Harrington, is accused of falsifying information on 76 loans with a value of nearly $77 million over six years, according to an indictment that was handed up on Wednesday by a federal grand jury in Michigan. Mr. Harrington has not entered a plea to the charges." The Times adds, "Federal investigators are now looking at loans issued by the unit, Business Loan Express, in other parts of the country, according to several people briefed on the investigation. … And the federal Small Business Administration — which typically guarantees 75 percent of the value of these small-business loans — is considering suspending the preferred lending status of Business Loan Express, pending the outcome of an investigation. That would mean that every loan Business Loan Express issues would have to be vetted by the agency, those people said. … The S.B.A. this week also suspended the unit's ability to sell the loans it issues to large institutional investors in the secondary market, which could affect the ability of Business Loan Express to make loans, those people said. The unit can still originate loans, but only if it intends to hold those loans on its own books, which is not something the firm has historically done."

HP Prober Pleads Guilty To ID Theft, Conspiracy. The AP (1/13) reports, "Federal prosecutors scored their first victory in the investigation of boardroom spying at Hewlett-Packard on Friday, when a private investigator pleaded guilty to identity theft and conspiracy charges." The AP continues, "The investigator, Bryan Wagner, 29, of Littleton, Colo., pleaded guilty to the two felony counts during his initial appearance in United States District Court in San Jose. … As part of the plea deal, Mr. Wagner admitted to illegally obtaining Social Security numbers and other personal information to snoop on the private telephone records of journalists, former Hewlett-Packard directors, and their family members as part of the company's effort to ferret out the source of boardroom leaks to the media." The AP adds, "Mr. Wagner acknowledged using a form of subterfuge known as 'pretexting,' or pretending to be someone else, to fool telephone companies into releasing records on former two former H.P. directors — Thomas J. Perkins and George A. Keyworth II — and two reporters, Pui-Wing Tam of The Wall Street Journal and Dawn Kawamoto of CNet Networks. … Mr. Wagner admitted using personal information to set up online accounts in the names of the four people from April 2005 to September 2006 to access their call logs and billing records. … His lawyer, Stephen Naratil, said his client would testify for prosecutors as they pursue other figures in the case. He declined to say whom Mr. Wagner would testify against or what he had told prosecutors. … Mr. Wagner's sentencing was set for June 20 in San Jose federal court."

Firms Trim Executive Perks To Avoid Scrutiny. The Wall Street Journal (1/13, A1, White, Lublin) reports, "Personal air travel on the company dime is among an array of executive perks some companies have begun trimming as new compensation-disclosure rules take effect." The Journal continues, "On Jan. 1, Exxon Mobil Corp. and Lockheed Martin Corp. stopped paying executives' country-club dues. In December, directors of General Mills Inc.

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capped free personal rides on company aircraft for its chief executive officer. And E*Trade Financial Corp. said it no longer would help top executives pay taxes on their severance benefits if the company is sold. … The changes come amid sweeping new Securities and Exchange Commission requirements for additional disclosure about executive pay and perks. The rules, which took effect for fiscal years ending after Dec. 14, require companies to reveal perks for top executives that add up to $10,000 or more apiece; the old rules required disclosure of perks valued above $50,000." The Journal adds, "The number of companies dropping or curbing perks is unclear. Most won't file their annual proxy statements, detailing executive compensation, until March or April. Of 110 large companies surveyed by Mercer Human Resource Consulting in November, 14 said they had eliminated perks or were considering doing so because of the new regulations. … But some compensation consultants and directors expect the number to grow as more boards consider the hazards of publicizing perks amid a burgeoning national outcry over executive compensation. In recent weeks, investor anger has been stoked by exit packages in the neighborhood of $200 million for the CEOs of Pfizer Inc. and Home Depot Inc., both of whom left under fire for poor shareholder returns."

Suits By Former NYSE Seat-Holders Allowed To Proceed. The Wall Street Journal (1/13, B3, Bray) reports, "Lawsuits by three former New York Stock Exchange membership-seat holders over disclosures by the Big Board and its chief executive, John Thain, before details of its merger with Archipelago Holdings Inc. became public can proceed, a state judge has ruled." The Journal continues, "In an order filed Wednesday, New York State Supreme Court Justice Charles E. Ramos said some of the allegations in cases brought by onetime seat holders Janet Hyman, Sylvia Lief and D. Paul Rittmaster can go forward. … The three cases have been consolidated for pretrial proceedings." The Journal adds, "Without ruling on the merits of the claim, Justice Ramos allowed to proceed allegations that representations made at a Feb. 3, 2005, town hall meeting with seat holders and a Feb. 15, 2005, announcement were incomplete and/or misleading. The meeting and announcement concerned the formation of an advisory committee to explore the possibility of converting the NYSE from a nonprofit to a for-profit company, which is now called NYSE Group Inc. … The judge dismissed claims that the NYSE and Mr. Thain breached their fiduciary duty or were negligent for failing to keep the merger negotiations confidential in order to prevent speculative or premature market fluctuations."

Accounting Giants Still Paying For Scandals. The Wall Street Journal (1/13, B5, Reilly) reports, "Corporate scandals that erupted earlier this decade are still causing pain at accounting firms, which continue to pay big bucks to atone for their failure to spot, or stop, fraud." The Journal continues, "The latest example: Deloitte & Touche's Italian arm on Friday agreed to pay $149 million to settle lawsuits brought by former audit client Parmalat SpA, which collapsed in December 2003 after the discovery of Europe's biggest corporate fraud. … Under the terms of the agreement between Deloitte's Italian arm, Deloitte & Touche SpA, and Parmalat, the Italian company will drop all claims against various Deloitte arms it is suing in federal court in New York. In turn, Deloitte will drop counterclaims against the company, whose former managers allegedly engaged in a fraud that left Parmalat with an $18 billion hole on its books." The Journal adds, "Specific terms of the agreement, beyond the settlement amount, weren't disclosed. A spokeswoman for Deloitte in the U.S. declined to comment on whether the $149 million would be covered in part or whole by insurance. … A joint statement from Parmalat and Deloitte didn't say whether the accounting firm acknowledged any wrongdoing. Deloitte, which signed off on Parmalat's books from 1999 to 2003, has previously said it acted in accordance with laws in place in Italy at the time. … The settlement follows a deal announced last month by Deloitte's U.S. arm, Deloitte & Touche LLP, to pay $210 million to resolve claims related to Adelphia Communications Corp., the cable company once run by the Rigas family that filed for bankruptcy in 2002. While the Adelphia and Parmalat settlements don't eclipse a record $335 million payout in 1999 by Ernst & Young LLP in a case related to Cendant Corp., they are within the top-10 settlement awards paid by auditors over the past 10 years for work for a single client."

Former Siemens Officials Is Suspect In Bribery Probe. The Wall Street Journal (1/13, A5, Crawford, Esterl) reports, "An international corruption investigation at Siemens AG is climbing the corporate ladder after a former No. 2 executive was named a suspect amid allegations a complex bribery scheme spanned several units

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at the far-flung German conglomerate." The Journal continues, "Heinz-Joachim Neubürger, the chief financial officer of Siemens from 1998 until he resigned in April, was questioned by German prosecutors Tuesday and released in a widening probe into nearly half a billion dollars in suspicious payments. … A spokesman for the prosecutor's office in Munich confirmed that Mr. Neubürger is being treated as a suspect, not a witness, in the cross-border investigation. At least one other suspect has alleged to prosecutors that Mr. Neubürger was aware of illegal payments and didn't do enough to stop them, according to lawyers familiar with the investigation." The Journal adds, "More than 200 German police raided Siemens's offices in mid-November and arrested several current and former employees; they were released just before Christmas after agreeing to cooperate. Investigators suspect company officials were running an elaborate network of secret bank accounts and sham consulting contracts to bribe customers abroad. … Munich-based Siemens says it is cooperating fully with authorities. Last month, it flagged €420 million ($542 million) in suspicious transactions spanning seven years -- double the amount uncovered by German prosecutors in November. Until now, the investigation had been confined to the company's telecommunications network division. Siemens, Europe's largest engineering firm by sales, has blamed the alleged fraud on 'individual acts.'"

CRIMINAL LAW:

DOJ Seeks To Keep Report On Convertino Probe Confidential. The AP (1/13, Jordan, Apuzzo) reports, "The Justice Department is fighting in court to keep secret a government report concluding that it leaked confidential and damaging information against a former prosecutor accused of bungling a high- profile terror trial." The AP continues, "Justice attorneys say they can't disclose all the contents of the December 2004 report by the department's inspector general without violating employees' privacy. … However, ex-Assistant U.S. Attorney Richard Convertino of Detroit said the Justice Department violated his own privacy rights by revealing to the media that he was the subject of an internal ethics inquiry after he criticized the Bush administration's counterterrorism strategy." The AP adds, "Two people who have seen the full report confirmed it rules out Convertino as a suspect in the leak case. Those people described the report's findings to the Associated Press on condition of anonymity because it is sealed under a Justice Department protective order. … A heavily edited version of the report is included in court documents filed in Washington. It concludes that investigators 'did not find sufficient evidence to prove, by a preponderance of the evidence, who leaked this information.' … It narrowed the source to about 30 prosecutors and other Justice Department officials, in Washington and Detroit, all of whom denied leaking the information. The full report also concluded that Convertino was not the source, according to related court documents filed by his attorneys."

Nifong Seeks Recusal From Duke Lacrosse Case. The Washington Post (1/13, A1, Whoriskey, Adcock) reports, "After months of stinging criticism about his handling of the Duke University sexual assault investigation, Durham District Attorney Michael B. Nifong sought to bow out of the case yesterday, requesting that the North Carolina Attorney General's Office handle the prosecution." The Post continues, "His decision to recuse himself was welcomed by the defense team representing the three Duke lacrosse players initially accused of raping a 28-year-old stripper at a team party. … 'We feel very good about this. It's a fresh set of eyes looking at the case,' said William Cotter of Raleigh, one of three attorneys for Collin Finnerty of Garden City, N.Y. 'We think it's more likely that they will listen to us and we will certainly be cooperative with him or her.'" The Post adds, "The defense believes that another prosecutor would, after reviewing the contradictions of the alleged victim's accounts and the paucity of physical evidence, drop the case. … Attorney General Roy Cooper's office deferred questions about Nifong's action until a news conference scheduled for Saturday."

The Washington Times (1/13, Seper) reports, "Mr. Nifong has come under intense public scrutiny over his handling of the investigation and was named Dec. 28 in an ethics complaint filed by the North Carolina State Bar. The complaint accuses him of breaking four rules of professional conduct while speaking to reporters about the investigation. … The complaint said Mr. Nifong made 'extrajudicial statements' to reporters that 'he knew or reasonably should have known would be disseminated ... and would have a substantial likelihood of materially prejudicing' the case. … The veteran prosecutor faces a preliminary state bar hearing on Jan. 24. A trial date has tentatively been scheduled for May 11."

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The New York Times (1/13, Wilson, Barstow) reports, "Friday's action marked a stinging professional defeat for Mr. Nifong, who has faced accusations of incompetence, prosecutorial misconduct and ethical violations for his handling of the case. In his letter to Mr. Cooper, Mr. Nifong said the accusations of ethical wrongdoing, which were brought last month by the state bar, presented him with a conflict of interest between defending his own conduct and prosecuting this case. … According to friends, Mr. Nifong's resolve had begun to falter even before the ethics charges were brought against him. … At a court hearing on Dec. 15, a DNA laboratory director admitted that he and Mr. Nifong had deliberately withheld exculpatory information from a report. Mr. Nifong prided himself on integrity, having been a conscientious objector during the Vietnam War, yet the laboratory director's testimony and his acknowledgment of the error undercut his reputation. … Things only worsened from there."

The AP (1/13) reports, "What comes next in the troubled prosecution of Reade Seligmann, Collin Finnerty and David Evans will likely be determined by the lawyer appointed by State Attorney General Roy Cooper. His office declined to comment Friday night, but a spokeswoman said officials would speak with reporters Saturday. … Under North Carolina law, only a district attorney can formally request a special prosecutor. The request can be made when there are potential conflicts of interest, when a case is particularly complex or when there are other unusual circumstances. … Nifong led the investigation into allegations a 28-year-old student at North Carolina Central University — hired to perform as a stripper — was gang-raped and beaten at a March 13 party thrown by Duke's highly ranked lacrosse team. His frequent interviews with news agencies in the early days of the case generated much scrutiny; at one point, he called the lacrosse team 'a bunch of hooligans.' … But as he started to hand over his evidence to the defense, the case appeared to unravel. Legal experts and observers have said it appears to be based only on the testimony of an accuser who has told wildly different versions of the alleged assault — a shifting story that led Nifong to drop rape charges on Dec. 22. The three players remain charged with sexual offense and kidnapping."

Missing Missouri Boys Found Alive. In a widely-distributed story, the AP (1/13, Leonard) reported, "A 13-year-old boy who vanished from the gravel road near his home five days ago was found alive Friday about 60 miles away in a suburban St. Louis home, along with a 15-year-old boy missing since 2002, authorities said. Sharp-eyed police and suspicions about a white truck led police to the Kirkwood apartment of Michael Devlin, 41, who has been charged with one count of first-degree kidnapping, Sheriff Gary Toelke said. … Kirkwood city police officers were serving a warrant on an apartment complex when they noticed a white truck matching the description of a vehicle authorities had been searching" for Ben Ownby." The AP noted the Devlin neighbor Rick Butler "said the FBI came to his door Thursday night and showed a picture of Ben, asking if he had seen him." In a story distributed by McClatchy, the St. Louis Post-Dispatch (1/14, Bell) reported, "After police arrested Devlin Friday morning, authorities went to the apartment. The first FBI agent to enter saw a familiar face." Corvington "said Ben Ownby had one question: 'Young Ben was sitting there and looked up … and said, "Are you going to take me home?"' The agent turned to the other youth, who identified himself as Shawn Hornbeck."

NBC Nightly News (1/13, lead story, 3:20, Seigenthaler) reported that "the boys' parents expressed joy that the children had been found and said it should give hope to the parents of other missing children." NBC (Kevin Tibbles): "Friday investigators went in and found Ben frightened but unharmed. Also inside a startling discover, another boy. One who had been missing for more than four years." FBI St. Louis SAC Roland Corvington: "The agent looked over at Shawn Hornbeck and asked Shawn to identify himself to which Shawn said yes, I'm Shawn Hornbeck." Tibbles: "Tonight two boys are back where they should be, with their families," although "many are asking how could one of the boys be essentially held captive in plain view less than an hour's drive from where he was kidnapped. Prosecutors say federal charges are likely to be made next week."

The Kansas City Star (1/14, Murphy) reported, "Devlin is scheduled to make his first court appearance this week in Franklin County on a charge of kidnapping Ben Ownby, but other charges are possible, Prosecutor Bob Parks said. Washington County, where Shawn Hornbeck's family lives, has not filed charges. The FBI also may file charges, based on evidence recovered from Devlin's apartment, agent Roland Corvington said at a Saturday news conference." The New York Times (1/14, Gay) also noted Corvington "told reporters that when officers entered the apartment, Ben asked: 'Are you going to take me home?' The boys had no

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visible injuries." The AP (1/14) reported, "A law enforcement official familiar with the investigation said that FBI agents went to Imo's Pizza, where Devlin was a manager, and that the suspect revealed details giving agents probable cause to arrest him and search his apartment. They then found the boys, said the source, who refused to be identified because he was unauthorized to speak publicly about the case."

The New York Times (1/13, McGeehan), ABC World News (1/12, story 7, 0:15, Vargas), the CBS Evening News (1/12, story 2, 2:05, Mitchell also reported on the boys' recovery – and ABC World News (1/13, lead story, 3:30, Burman) reported on Saturday's press conference – but the stories did not mention Corvington or the FBI. Additionally, the story has dominated news coverage on CNN, MSNBC and Fox News since it broke on Friday. However, with the exception of Friday's and Saturday's press conferences – which were carried live by the cable news stations – the reports only mentioned the FBI in passing or not at all.

Hornbeck Apparently Had Access To Computer. In a widely-distributed story, the AP (1/16, Salter) reports, "While his alleged kidnapper was at work, teenager Shawn Hornbeck apparently had access to a computer, and he -- or someone pretending to be him -- may have put photos of Shawn online and posted a chilling message on a site created by his desperate parents: 'How long are you planning to look for your son?' … Investigators would not comment on the postings, and it was not immediately known if they were, in fact, created by Shawn or by someone trying to taunt his parents. Either way, they add to the long list of clues that no one seemed to pick up on during the 4 1/2 years that the boy was missing. They also deepen the mystery of why Shawn apparently made no attempt to escape or notify authorities." The AP notes, "Lloyd Bailie, Ben's uncle, said on CBS that Ben was talking about the ordeal only with his FBI counselors. 'No one's pushing him at this point to answer these questions,' Bailie said." The St. Louis Post-Dispatch (1/15, Kohler, Sultan) also noted Ownby "was talking only with FBI counselors."

Coworkers Surprised By Allegations Against Devlin. The New York Times (1/16, Saulny) reports that when employees of Imo's Pizza in Kirkwood, Mo., "realized that a kidnapping suspect in the area had a vehicle that matched the description of the manager's white pickup truck, they had a few rounds of fun with it," although owner Mike Prosperi noted yesterday, "No one thought it could possibly be him. He was just too nice a guy." The Times notes Devlin "had been at work on Thursday and Friday, not watching over either boy. He even mentioned to Mr. Prosperi that the authorities were bothering him, snooping around his apartment building. Mr. Prosperi said he told Mr. Devlin on Friday morning that he should cooperate, as there must have been some sort of mix-up. But things changed as soon as the Federal Bureau of Investigation showed up to take Mr. Devlin away. … In minutes, Mr. Devlin went from unassuming and good-natured pizza cook to accused mastermind child abductor — and the people who were most surprised were among those who knew him best."

California Man Charged With Acting As Unregistered Yemeni Agent. The Bakersfield Californian (1/13, Logan) reported, "A Bakersfield business owner gave military secrets and equipment to Yemen as an agent of that country, a new indictment filed by the United States Attorney's Office alleges." Amen Ahmed Ali "was previously charged with buying and transporting military secrets and documents to Yemen, but he was not previously charged with doing so on behalf of the Yemeni government, said Assistant U.S. Attorney Carl Faller. Under the new indictment, Ali is charged with conspiracy to act as an agent of a foreign government, unlawful export of defense articles and possession of stolen government property, attempted unlawful export of defense articles, conspiracy to gather, possess and transmit defense information and gathering defense information." The AP (1/14) also reported on the new charges against Ali.

Author Grisham In Real-Life Dispute Over Sleuthing. The Washington Post (1/13, A1, Jackman) reports, "He's a lawyer. He's a best-selling author. Now he's The Client. … The Virginia Supreme Court ruled yesterday that John Grisham must face a jury for his actions in a real-life whodunit." The Post continues, "Grisham…lives outside Charlottesville. His son attended the private St. Anne's-Belfield School, where he played baseball for Alan Swanson, the head coach. Grisham and Swanson became friends, according to court papers, and Grisham is on the school's board of trustees. … In 1996, Swanson's wife, Donna Swanson, began receiving harassing anonymous letters, which included allegations that her husband was cheating on her, according to the ruling. Grisham also received an anonymous letter." The Post adds, "In 1998, according to a lawsuit, 'Grisham was intrigued by the idea of trying to "get to

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the bottom" of who was writing them, and he decided to play amateur detective.' … Grisham and the Swansons targeted another St. Anne's parent, Katharine Almy of Charlottesville, who has three children. … Grisham and the Swansons took the letters to a handwriting expert, who told them that he needed more samples." The Post notes, "Both sides agree that Grisham and Alan Swanson then obtained enrollment and medical release forms from the school filled out by Almy and stamped 'strictly confidential.' They provided the forms to the handwriting expert, who issued a report saying the letters 'possibly' were written by Almy, the lawsuit states. … Grisham provided the expert's report and the letters to the Albemarle County police, and a detective visited Almy. The lawsuit states that she was horrified that she was being investigated and repeatedly denied writing the letters. The detective reportedly told her to stop writing the letters. The lawsuit says that Almy provided handwriting samples to another examiner, who cleared her, and that she passed a polygraph test. … But Almy alleges that she was devastated by the accusations and the investigation. And when she later found out that forms had been taken from school for use in the investigation, she was further humiliated."

Man Sentenced To 65 Years For Killing DC Journalist. The Washington Post (1/13, B5, Cauvin) reports, "The man convicted of delivering the blow last year that killed New York Times journalist David E. Rosenbaum was sentenced yesterday to spend what will almost certainly be the rest of his life behind bars." The Post continues, "Convicted last fall in D.C. Superior Court of first-degree murder, Percey Jordan, 43, was sentenced to 65 years in prison. … The punishment was handed down yesterday morning in an emotion-filled courtroom, with a prosecutor telling the judge that he should take away Jordan's 'hope,' a defense attorney asking for a measure of mercy and a grieving family grasping for justice. … 'I can't imagine a punishment that would fit this crime,' said a shaken Daniel Rosenbaum, the victim's son." The Post adds, "He was speaking to Judge Erik P. Christian but staring at Jordan, a few feet away. Rosenbaum's hands were trembling, and as he started to walk back to his seat, he paused for a moment and looked at Jordan, whose face betrayed little. … Christian, who presided over Jordan's trial in October, said he hoped that during his imprisonment Jordan would eventually acknowledge what he had done. … Last week, Jordan's cousin, Michael C. Hamlin, 24, pleaded guilty to his part in the robbery and was sentenced to 26 years. As part of his plea agreement, Hamlin testified against Jordan. … Despite the prospect of such testimony, Jordan had chosen to go to trial. On Oct. 24, he was convicted of first-degree murder, conspiracy to commit robbery and robbery of a senior citizen."

The New York Times (1/13, Abruzzese) reports, "Mr. Jordan's cousin Michael C. Hamlin, who was sentenced to 26 years for his role in the death, testified that Mr. Jordan had struck the former reporter over the head with a pipe while he took his wallet. Last week, Mr. Hamlin was sentenced after pleading guilty late last year to second-degree murder."

Recording Industry Granted Default Judgment In Piracy Case. The AP (1/13, Press) reports, "Less than a month after the recording industry dropped a music piracy case against a well-known opponent, it has won a default judgment against her 20-year-old daughter." The AP continues, "Judge Stephen C. Robinson of United States District Court ordered the daughter, Michelle Santangelo, to pay $750 for each of the 41 songs she is accused of downloading illegally — a total of $30,750 — because she failed to respond to the record companies' claims. … It was not clear whether the default judgment would end the case. Under federal rules, such judgments are often later set aside so lawsuits can be decided on their merits." The AP adds, "Ms. Santangelo's lawyer, Jordan Glass, said he was not permitted to comment on the judgment, which was returned on Wednesday. He would not elaborate. … Jenni R. Engebretsen, a spokeswoman for the Recording Industry Association of America, which is coordinating the thousands of piracy suits filed by the record companies, also declined to comment. … Michelle Santangelo is the oldest of five children of Patricia Santangelo, who became a defendant in the battle against illegal downloading. When the elder Ms. Santangelo, 42, of Wappingers Falls, N.Y., was sued in 2005 by five record companies, she said she had never downloaded music. If her children did, she said, the file-sharing programs, not the parents, should be blamed. … Ms. Santangelo refused to settle with the record companies and took her case to newspapers and national television. She became a heroine to defenders of Internet freedom, who helped raise money for her defense."

FBI Raid Of Chicago Official's Home, Office Turned Up "Suspect" Drugs, Gun. The

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Chicago Tribune (1/13, Coen) reports, "Federal documents made public Friday show the scope of the investigation into Chicago Ald. Arenda Troutman and indicate the FBI may not be done looking into her connections to street gangs." The Tribune continues, "Evidence logs from searches of Troutman's home and office on Monday also show that agents allegedly found suspected drugs, drug paraphernalia and a handgun. … Earlier this week, authorities charged Troutman with accepting a bribe to smooth the way for a mixed-use development on the South Side. Troutman has denied the accusations." The Tribune adds, "The documents show some of the suspected drugs were recovered in Troutman's home in the 6500 block of South Kimbark Avenue, where the revolver also was found. A 'white powdery substance in Ziploc plastic bag' was found in her office at 5958 S. State St., the documents state, noting it was found in a desk drawer. … FBI spokesman Ross Rice said laboratory testing of the substances was not complete. … Troutman's lawyer, Sam Adam Jr., said he believes that testing will show the powder was a vitamin supplement." The Tribune notes, "Troutman, the 20th Ward alderman, has been under law enforcement scrutiny in the past for her association with Donnell 'Scandalous' Jehan, an alleged Black Disciples gang leader who has fled to avoid drug conspiracy charges."

WSJournal Reviews Report On Berger Document Theft. The Wall Street Journal (1/13, A12, 2.04M), in an editorial, writes, "The more we learn about Sandy Berger's brilliant career as a document thief, the clearer it becomes that there is plenty we still don't know and may never learn. … Thanks to Justice's and the Archives' leniency, or laxity, or both, Mr. Berger's plea deal expires in 2008 -- just in time, perhaps, for the next Clinton Administration.

CIVIL LAW:

California Challenges US Abortion Amendment. The San Francisco Chronicle (1/13, B-2, Egelko) reports, "A state lawyer urged a judge Friday to head off a collision between California health laws and a federal anti-abortion amendment that could cost the state a ruinous $37 billion in funding if it penalized doctors or hospitals for refusing to perform emergency abortions." The Chronicle continues, "Deputy Attorney General Timothy Muscat argued that the conflict could be avoided if federal laws that require doctors to provide emergency medical care were interpreted to include performing an abortion when necessary to save a woman's life or prevent serious health damage. But a Bush administration lawyer said such an interpretation would be improper. … 'We cannot rewrite a statute,' Justice Department attorney James Gilligan told U.S. District Judge Jeffrey White at a hearing in San Francisco. Gilligan said the legislation that the state is challenging does not require doctors or hospitals to perform abortions, even in emergencies, if they would find the procedures morally offensive." The Chronicle notes, "White heard arguments from opposing lawyers, including those from Christian medical organizations that support the federal amendment, and did not indicate how or when he would rule. … The amendment, part of a spending bill that President Bush signed in December 2004, denies a wide range of federal funding to states that discriminate against any health provider, health maintenance organization or insurer that does not offer abortions or abortion referrals. … California was the only state to challenge the amendment."

Federal Currency Policies Challenged By Advocates For The Blind. The Richmond Times-Dispatch (1/13, Farmer) reports, "Judith Vido has signed an online petition protesting the Bush administration's decision to oppose a court-ordered redesign of the nation's currency to help the blind. … A blogger and author, Vido was the 640th person to do so this week. As of yesterday, more than 3,600 names appeared on the petition, which can be found at www.petitiononline.com/mfaacp/petition.html." The Times-Dispatch continues, "Blinded as a teen because of complications from diabetes, she uses her computer with the aid of screen-reading technology for her writing, which includes books of several genres, including romance. … 'The judge has said this is violation of our civil rights. I happen to agree.' Vido, of Richmond, said. 'I have problems when my partner isn't here and I grab money from my savings. I can't always identify it. Yes, I keep certain amounts in my wallet that I fold. But I don't always know what I have.'" The Times-Dispatch adds, "The administration's appeal seeks to overturn a ruling in November by U.S. District Judge James Robertson, who ordered the Department of the Treasury to find ways for the blind to recognize the different denominations of currency. Robertson noted that of 180 nations printing paper currency, only the United States makes no effort to make it discernable without vision. … Justice

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Department lawyers filed the appeal with the U.S. Court of Appeals for the District of Columbia Circuit on behalf of Treasury Secretary Henry Paulson last month. … Robertson had ruled in a lawsuit brought by the American Council of the Blind. The council proposed several options for changes, including printing different size bills or changing the texture by adding embossed dots or foil."

Navy Halts Lockheed Contract. The Washington Post (1/13, D1, Merle, 690K) reports, "The Navy yesterday ordered Lockheed Martin to stop work on a $260 million ship after the company warned of a significant cost increase that has also spurred the service to reconsider the way it purchases the vessels. The unusual order, which lasts 90 days, is a blow to Lockheed and is among a series of cost overruns in Navy shipbuilding programs."

CIVIL RIGHTS:

Alabama Commissioner To Keep Seat Pending Appeal Of DOJ Ruling. The Mobile Press-Register (AL) (1/13, Amy) reports, "A three-judge federal panel in Montgomery agreed to give the state time to appeal a U.S. Justice Department ruling that says Gov. Bob Riley's appointment of Chastang was invalid. … 'The state of Alabama is allowed additional time to seek timely reconsideration of the decision,' wrote Judges Stanley Marcus, Myron Thompson and Harold Albritton in an order filed Thursday." The Press-Register continues, "Plaintiffs in the court case, which ultimately led to the Justice Department ruling, had asked the court this week to set an election within 90 days. Chastang, a black Republican, has said he would run in the election, though the majority-black district has historically elected Democrats. … But campaigning will be on hold. The court told Riley to file his request for reconsideration with the Justice Department, and to check in on the first day of every month, starting in February, with a status update. … Keith Miller, Alabama's chief deputy attorney general, said he expected the request to be filed in 'days, not weeks.'" The Press-Register adds, "Cecil Gardner, the lawyer for Yvonne Kennedy, James Buskey and Bill Clark, three Democrats who filed the case to force an election, said he had no objection to the order. He did say he planned to file a motion next week asking the court to order the state to file within 10 days, to prevent any delays meant to extend Chastang's time in office. … The Justice Department ruling, issued Monday, would essentially void an earlier 1988 state Supreme Court decision that said governors should appoint replacement commissioners when a vacancy occurs between elections."

ANTITRUST:

Delta Pilots Oppose Takeover By US Airways. The Atlanta Journal-Constitution (1/13, Grantham) reports, "Delta Air Lines' pilots union is devoting $15 million to the fight against US Airways' hostile buyout bid and temporarily moving leaders to Washington so they can lobby politicians and investors." The AJC continues, "Union leaders were already in Washington this week plotting strategy and buttonholing politicians when US Airways upped its offer for Delta by $1.7 billion, to about $10.3 billion. … Lee Moak, chairman of Delta's Air Line Pilots Association unit, said in a letter to pilots that the merger poses a 'clear and present danger to the careers of all Delta employees.' … He said the fattened offer would add more debt to the merged airline and that it raises questions about US Airways Chief Executive Doug Parker's credibility. … 'Two weeks ago, Parker definitively stated that he had no intention of increasing his offer. [Wednesday], he increased his offer, while at the same time reaffirming his "plan" for no "frontline" employee furloughs,' Moak wrote. … 'But on the same day, Parker's No. 2 man was openly discussing additional divestitures beyond those originally disclosed to quell antitrust concerns that US Airways claims don't exist in the first place. With divestitures come job losses. Make no mistake — Parker's plan will result in thousands of job losses regardless of Parker's empty promises,' Moak wrote." The AJC notes, "Industry experts say the battle for Delta is likely to escalate in the wake of US Airways' sweetened bid. US Airways has given Delta's bankruptcy court creditors a Feb. 1 deadline to indicate support. … Delta management opposes the US Airways bid, but the creditors, who will hold substantial equity in Delta when it emerges from Chapter 11, could force it to pursue the deal."

Bid Deadline For Tribune Nears With Few Apparent Suitors. The Wall Street Journal (1/13, A2, Ellison) reports, "Wednesday night, as the final deadline for bids for Tribune Co. arrives, the company could be throwing the first large-cap media party that nobody shows up for." The Journal continues, "While a few private-equity firms are likely

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to band together in a half-hearted bid for the media group, compared with the spirited competitions for such properties as Clear Channel Communications Inc. and Univision, Tribune's sale process has generated mostly shrugs from the private-equity world. And there isn't a McClatchy-like suitor either, as there was with the sale of Knight Ridder last year. … Instead, most of the attention lavished on Tribune has come from so-called vanity buyers, such as David Geffen and Ron Burkle, who are interested in the Los Angeles Times. … But Tribune, like many other newspaper firms, is saddled with tax issues that make selling itself in pieces prohibitively expensive for would-be buyers. Tribune's last and best hopes may lie with its own major shareholders: either a bid from the Chandler family, the company's largest shareholder and the one that, ironically, triggered the whole public auction process; or a management-led buyout aided by its own McCormick Tribune foundation, the management-controlled charity that is the company's second-largest shareholder." The Journal adds, "If Tribune ends up without a good bid for the entire company, it will be back where it started more than seven months ago: with a lagging stock price, disgruntled investors and no certain path for how to solve its overarching strategic problems. Oddly, that could be a partial vindication of Tribune management."

Dolans Sweeten Bid For Cablevision. The Wall Street Journal (1/13, A2, Grant, Berman) reports, "A potential showdown over the fate of Cablevision Systems Corp. stands to test the limits of how well board directors and shareholders can organize to fight a 'take private' plan offered by controlling shareholders of a public company." The Journal continues, "On Friday, Cablevision's controlling Dolan family increased by about $1 billion to $8.9 billion its privatization offer first made in October. Such increases are usually part of a friendly back-and-forth negotiation between big shareholders and independent board members representing public owners. … But judging from the combative tone of the Dolans' news release, fissures have developed between the two sides, which left in doubt whether the Dolans would prevail." The Journal adds, "The family declared its most recent offer 'best and final' and noted that the length of negotiations was creating potentially harmful uncertainty to the company. The family also imposed a deadline on the process, saying that its offer would expire by close of business Wednesday, according to a letter sent to a special committee of directors by Cablevision founder Charles Dolan and his son, James Dolan, the company's chief executive. … The Dolans noted their increased offer of $30 a share represents an 11.1% increase over their $27 offer in October and a 23.7% premium to what the cable operator's 52-week high was at that time. The Dolans also added a few sweeteners that indicate the committee, consisting of two independent directors, may be balking on the price. The family has agreed to put the deal to a majority vote of public shareholders, which would exclude the Dolans who own 20% of the company but control 70.4% of the voting shares."

Mexico Worried About Tortilla Price-Fixing. The AP (1/13, Orsi) reports, "Soaring international demand for corn has caused a spike in prices for Mexico's humble tortilla, hitting the poor and forcing President Felipe Calderon's business-friendly government into an uncomfortable confrontation with powerful monopolies." The AP continues, "Tortilla prices jumped nearly 14 percent during the past year, a move Mexico's Central Bank Gov. Guillermo Ortiz called 'unjustifiable' in a country where inflation ran about 4 percent. Ortiz pinned the blame on companies' monopolizing the market and blocking competition. … 'We clearly have a problem of speculation,' he said." The AP adds, "Economists also blame increased U.S. production of ethanol from corn as an alternative to oil. The battle over the tortilla, the most basic staple of the Mexican diet especially among the poor, demonstrates how increasing economic integration is felt on the street level. … 'This is direct evidence of the way globalization is affecting all walks of life in Mexico and all over the world,' said David Barkin, an economics professor at the Xochimilco campus of the Autonomous Metropolitan University in Mexico City. … The federal government's antitrust watchdog announced this week it was investigating allegations companies were manipulating corn prices and making deals to limit the supply of corn to boost prices of tortillas."

ENVIRONMENT/INDIAN AFFAIRS:

New Forest Service Chief Chosen. The New York Times/AP (1/13, Press) reports Montana forester Gail Kimbell "was named the new chief of the United States Forest Service." Kimbell "has been a top official at the Forest Service, helping President Bush develop the 'healthy forests' program that lets companies log large, commercially valuable trees in national forests in exchange for clearing

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smaller trees and brush. Environmentalists called it a giveaway to logging companies that supported Mr. Bush."

WPost Welcomes EPA Admission On Chesapeake Bay Pollution. The Washington Post (1/13, A18, 690K) editorializes, "A recent admission by an Environmental Protection Agency official that the Chesapeake Bay is not getting cleaner fast enough is as obvious as it is late. 'If we go at the current rate that we're doing, we're talking about restoring the Chesapeake decades from now, a generation or two,' EPA administrator Rich Batiuk told a meeting of an advisory group on the bay's health last week. To that, Roy Hoagland of the nonprofit Chesapeake Bay Foundation responded with a resounding 'duh.' … As 2007 begins, Virginia, Pennsylvania, Maryland and the federal government must resolve to more aggressively pursue pollution reduction targets. … If Democrats in Congress are serious about proposals to retool farm legislation to subsidize rural conservation, they must remember the Chesapeake watershed when drafting their farm bill.

Former Crow Tribal Official Acquitted Of Lying About Finances. The AP (1/13) reports, "A former Crow tribal official has been acquitted of charges that he lied to the U.S. Department of Justice about his finances, to avoid paying restitution owed the tribe for criminal activity in the 1990s." The AP continues, "A federal jury Friday acquitted Theodore J. Hogan, 61, of Sedona, Ariz., indicted on three counts of false statements. The indictment alleged that in 2001, 2003 and 2005, Hogan knowingly gave the Department of Justice false information on a form required of people owing restitution. … 'I'm absolutely relieved,' Hogan said after the acquittal. 'There is justice in Montana.'" The AP adds, "Hogan was the Crow Indian Tribe's secretary in the 1970s and 1980s. … In the 1990s he was convicted in a corruption scandal while executive director of the Crow Tribal Housing Authority, and received a prison sentence of two years. U.S. District Judge Jack Shanstrom also ordered $35,100 in restitution to the tribe, which Hogan finished paying last February. The indictment alleging false statements was filed two months later. … In the case decided Friday, prosecutors charged Hogan claimed he had few or no assets, yet received money from investors and gave money to relatives and tribal officials. Prosecutors said Hogan's offenses included failing to report his stakes in Ted Hogan and Associates LLC and Raven Resource Development Co."

FBI/DEA/ATF/USMS:

Deal Would Allow Army To Keep DEA Supplied With Helicopters In Bahamas. The AP (1/13, Anderson) reports, "Army air support would continue for U.S.-Bahamas drug interdiction efforts even after the Pentagon withdraws its Blackhawk helicopters later this year under an agreement announced Friday by U.S. Sen. Bill Nelson." The AP continues, "Nelson, D-Fla., said the Army has offered to give the Drug Enforcement Administration three Sikorsky S-76 helicopters by 2008 to replace the Blackhawks and spend $3.4 million a year for the next five years to maintain the "Hawk's Nest" helicopter base in the Bahamas. … 'This will keep cocaine and marijuana smugglers from operating off Florida's coast,' said Nelson, a member of the Senate Armed Services Committee. 'With the Army's continued support, the U.S.-Bahamas antidrug effort will remain fully operational.'" The AP adds, "The announcement came as Nelson departed Friday on a two-day trip that includes stops in Haiti and a flight with the DEA over the Bahamas. … Nelson was among several members of Congress and the Bush administration who raised objections to a proposal last year by then-Secretary of Defense Donald Rumsfeld to redeploy the seven Bahamas Blackhawks because of war needs. Attorney General Alberto Gonzales, who oversees the DEA, was among those questioning the move."

Columnist Contrasts War On Drugs With War In Iraq. New York Times guest columnist Orlando Patterson (1/13) writes, "America's unwillingness to recognize the socioeconomic context of the drug crisis at home and abroad, to see that being surrounded by failing states threatens its security, to provide aid where it is most effective, and to acknowledge that the root cause of this hemispheric disaster is not supply but its own citizens' insatiable demand for illicit drugs, is as incomprehensible as the quagmire in Iraq."

IMMIGRATION:

Snow Defends White House Stance On Border Guard Shooting Case. The Washington Times (1/13, Dinan, 88K) reports White House Press Secretary Tony Snow "said the case of two U.S. Border Patrol

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agents who are seeking a pardon for having shot a fleeing suspected drug dealer has been mischaracterized and the agents violated regulations." Snow "said there has been 'a characterization that somehow the government is turning a blind eye toward the law in enforcing the law,' but said the facts of the case show the two agents broke the law. Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October in federal court in El Paso, Texas, to 11 and 12 years, respectively, for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation. Border Patrol advocates say the punishment is too harsh."

Federal Judge Probes Colorado ICE Raid. The New York Times/AP (1/13) reports John L. Kane of Federal District Court in Denver "demanded that immigration officials disclose the whereabouts of 265 people arrested in a meatpacking-plant raid last month. The judge…gave Immigration and Customs Enforcement officials until Jan. 22 to submit a list accounting for all the detainees, including those who have been deported. Union lawyers are contesting the arrests at the Swift & Company meat processing plant in Greeley, one of six Swift plants in six states that were raided on Dec. 13." The Denver Post (1/13, 256K) reports Kane "said any workers who signed agreements to voluntarily return to their home countries now must be allowed to withdraw that agreement if they wish. … United Food and Commercial Workers union attorneys had filed a petition contending that arrests in the raids violated workers' constitutional due process rights. Immigration officials deny that."

TAX:

Pence Alleges Administration Planning To Raise Payroll Taxes. In an op-ed for the Wall Street Journal (1/13, A12, 2.04M) Rep. Mike Pence writes, "The administration hasn't learned from last year. Despite electoral defeats, it is still advancing Social Security reform as an argument over solvency. The centerpiece of George Bush's plan was to have been personal retirement accounts for workers who wanted to establish their own nest egg -- a much better deal for them and a down payment on the huge liabilities owed by the entire system. Unfortunately, his plan faltered. … While Mr. Bush has reiterated his opposition to tax increases, Treasury Secretary Hank Paulson has repeatedly said that everything is on the table for negotiations with the Democratic Congress. When Press Secretary Tony Snow was asked whether the White House was ruling out a tax increase in Social Security reform, he replied, 'No, I'm not.' … Raising payroll taxes would prove devastating to working Americans, small business and the economy as a whole. Worse, it would only serve as a short-term band-aid to Social Security's financial woes."

CONGRESS-ADMINISTRATION:

House Approves Drug Benefit Change Opposed By Bush. The Washington Post (1/13, A2, Lee, 690K) reports the House voted 255-170 "to require the government to negotiate lower prescription drug prices for Medicare beneficiaries." However, "the measure faces an uncertain future in the Senate, a veto threat from President Bush, and considerable doubts from experts about whether it would save elderly and disabled Americans much money." The bill would overturn "a provision of the 2003 law pushed through by a Republican-controlled Congress that left drug-price negotiations under the new Medicare drug benefit to the private insurers that offer government-subsidized drug plans for seniors in each state. Backers of the current system, mainly Republicans, say it pits insurers against one another in a healthy competition to negotiate the lowest prices from drugmakers and offer seniors the most attractive monthly premiums, choice of drugs and access to pharmacies. But critics, mainly Democrats, say the system is a boon to drug companies because it prohibits the government …from using its bargaining muscle on behalf of seniors."

The CBS Evening News (1/12, story 9, 0:10, Mitchell, 7.66M) said, "It was the latest item on the Democrats' first 100 hour agenda of legislation. Prospects for Senate approval, however, are not healthy." The New York Times (1/13, Pear, 1.16M) reports "the measure is unlikely to become law in its current form," though "some version, focusing on certain types of very expensive drugs, has bipartisan support in the Senate." White House Press Secretary Tony Snow said, "If this bill is presented to the president, he will veto it." According to the Times, Democrats, "who like to portray Republicans as a tool of special interests, said a veto would hand them an issue that could be used to good effect in the 2008 elections."

The Los Angeles Times (1/13, Neuman, 850K) reports, "Although the bill is unlikely to become law, it is likely to help shape the debate that could result in a more limited measure

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that allows some dickering between the government and the pharmaceutical industry over drug costs. … At the least, the House bill signals a shift in Washington from President Bush's view that private enterprise and individual citizens should play the most prominent role in the decisions that determine healthcare costs."

Drug Industry Plans Response. The Wall Street Journal (1/13, A5, Lueck, 2.04M) reports, "Following a lobbying and advertising blitz by drug companies to block the Democratic attacks, health insurers are preparing their own counterattack. America's Health Insurance Plans, the industry's Washington-based trade group, is telling lawmakers that cuts in insurer subsidies would be tantamount to cuts in benefits for constituents, and it has readied maps to show the growth of Medicare Advantage plans throughout the country, compared to relatively sparse numbers before government payments increased. It will tap the Coalition for Medicare Choices, a group for Medicare Advantage beneficiaries that AHIP started and funds, to bring satisfied customers to Congress. And AHIP will highlight research showing that a large portion of Medicare Advantage beneficiaries are minorities or have low incomes -- populations shown to suffer disproportionately from chronic health problems that plans say they can manage better than the government."

WPost Calls' Democrats' Measure "Misguided." The Washington Post (1/13, A18, 690K), in an editorial, writes that the measure "is misguided. … The Congressional Budget Office estimated this week that savings from direct negotiation would be 'negligible.' Not only are the Democrats too optimistic about government negotiation; they are also too pessimistic about the current system in which private insurers administering Medicare drug benefits do the price bargaining."

In Reversal, Reid Backs Earmark Disclosure Bill. The New York Times (1/13, Kirkpatrick, 1.16M) reports, "Senate Democratic leaders on Friday embraced a proposal to shed light on the murky practice of Congressional earmarks, reversing themselves after trying to block an almost identical measure the day before. The Democrats' switch makes it likely that the Senate will follow the new House rules requiring the disclosure of the sponsor as well as the cost and the purpose of any earmark. … The reversal follows a White House statement of support for the measure and a day of news coverage noting that Senate Democrats were opposing a rule that their House counterparts had just adopted a week ago." Majority Leader Harry Reid "said he had come around to the measure after some adjustments that he said had strengthened it."

Senate Bars Convicted Former Members From Receiving Pensions. The Washington Times (1/13, A1, Miller, 88K) reports the Senate "voted unanimously to bar congressional lawmakers convicted of corruption from collecting federal pensions. … The pension measure, an amendment to an ethics and lobbying bill…applies to current and future lawmakers convicted of bribery, conspiracy and perjury charges. It passed 87-0." Democrats "lauded yesterday's vote as a victory over the 'culture of corruption' they say permeated Congress under Republican rule. They regularly cited former Rep. Randy 'Duke' Cunningham, California Republican, who was convicted of bribery in 2005. The measure, however, is not retroactive, so Cunningham will receive his $64,000 pension annually as will at least 16 other convicted lawmakers, 12 Democrats and four Republicans."

The Los Angeles Times (1/13, Simon, 850K) reports, "Federal employees in all branches of government forfeit their pensions if convicted of 'crimes against the United States,' such as treason. 'The best way to restore and rebuild the trust of the American people is to ensure that we stand firmly against members of Congress who betray the public trust,' said Sen. John F. Kerry." CNN.com (1/12) notes House Majority Leader Steny Hoyer "said Friday that the House will take up a similar bill next Friday."

Senate To Vote On Eliminating Some Oil Industry Subsidies. The Wall Street Journal (1/13, A2, Fialka, 2.04M) reports, "Big Oil is set to take a beating from House Democrats on Thursday when they are prepared to vote on a bill they say will 'roll back' about $13 billion worth of subsidies the executive branch and Congress have given oil companies. … The House Democrats' package includes three major items. One will impose a 'conservation fee' on about 40 companies producing oil in the Gulf of Mexico that have leases from 1998 and 1999 and which failed to include a clause requiring royalty payments if oil prices rose, which they have. The omission was caused by an Interior Department error, but if the companies don't pay the fee, the proposal would bar them from getting new leases. Democrats will also reduce accelerated tax write-offs for oil- and gas-exploration expenses, and shrink a tax-depreciation

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measure, contained in a 2004 jobs bill, that gives companies producing oil and gas in the U.S. the equivalent of a 1% corporate-tax reduction. The Washington Post (1/13, D5, Mufson, 690K) reports Natural Resources Committee Chairman Nick Rahall and Ways and Means Committee Chairman Charles Rangel "introduced the bill, which trims breaks for geological work and excludes oil and gas from a 2004 measure that would effectively reduce their tax rate to 32 percent, from 35 percent."

The New York Times (1/13, Andrews, 1.16M) reports the oil industry "angrily denounced an effort by House Democratic leaders Friday that would repeal billions of dollars worth of incentives and plow the money into renewable energy projects. … The giant integrated oil companies, like Chevron and Exxon Mobil, have been more resigned about losing some of their tax breaks but are quietly resisting pressure to renegotiate leases that allow them to pump billions of dollars worth of oil and gas from publicly owned waters without paying royalties to the government. … A few oil giants, including BP and Shell, agreed to give up the loopholes. But industry executives said one big player in the gulf, Exxon Mobil, has refused to renegotiate, arguing that it signed the leases in good faith. Chevron, which with several partners recently announced the discovery of a giant oil field that may include two of the flawed leases, said it had submitted a 'reasonable' proposal but had not reached an accord."

GOP Pushes Pelosi To Include American Samoa In Minimum Wage Bill. The Washington Post (1/13, A2, Weisman, 690K) reports House Speaker Nancy Pelosi, "dogged by Republican charges of a double standard, said yesterday that American Samoa may join the Northern Mariana Islands as U.S. territories that would have to comply with a higher federal minimum wage. … The bill would leave American Samoa as the only territory not covered by the $7.25 rate, and because Samoa is represented by a Democrat, Del. Eni F.H. Faleomavaega, Republicans cried foul. Faleomavaega's campaign coffers have been well stocked by the tuna industry that dominates his island economy, but Republicans picked up on another issue: StarKist owns one of the largest canneries on the island, and Del Monte Foods, StarKist's parent company, is based in San Francisco, which Pelosi represents." The Washington Times (1/13, A1, Hurt, 88K) reports the decision "follows criticism over the exemption, reported earlier this week by The Washington Times, to allow tuna canneries in American Samoa to continue paying $3.26 an hour."

House Democrats Unveil College Loan Rate Cut Proposal. The New York Times (1/13, Schemo, 1.16M) reports that yesterday House Democrats "unveiled a bill that would cut interest rates on federally subsidized loans to college students by half over the next five years. They said they would finance the $6 billion measure by increasing costs that lenders pay to the government and reducing the largest lenders' government-guaranteed profits." According to the Times, the bill "underscores the Democrats' all-out effort to consolidate gains made in November among middle-class voters. … The measure is expected to pass in the House, where it is scheduled for a vote on Wednesday. Its future in the Senate is less certain."

Pelosi Using "100-Hour-Clock" Selectively. The AP (1/12, Hunt) reports, " The clock is ticking for House Democrats, but it's hard to tell what time it is. On Friday, for example, the House was in session for a little more than eight hours. Only five of them, however, ticked off on new Speaker Nancy Pelosi's 100-hour clock for quickly passing a six-bill agenda that Democrats promised voters last fall." With passage of the Medicare prescription drug bill, Pelosi "is two-thirds of the way done -- in under a quarter of the allotted hours, according to her count. That's because just as the official clock for a basketball or football game stops for time-outs and commercial breaks, Democrats aren't counting the minutes spent on business unrelated to those six designated bills." The New York Times (1/13, Leibovich, 1.16M) reports Republicans "retaliated with their own online clock on Wednesday. They are counting down the hours passed by 'a Democrat caucus fresh out of ideas.' … By the end of the day Friday, the Democratic clock read 23 hours and 34 minutes, while the Republican clock, which was counting down from 100, read 75 hours."

Doolittle Will No Longer Employ Wife As Fundraiser. The Washington Post (1/13, A5, 690K) is one of several major newspapers to run an AP report on Rep. John Doolittle's announcement that he "will no longer employ his wife as his campaign fundraiser, an arrangement that allowed her to collect a 15 percent cut of donations to his campaign and political action committees -- more than $100,000 since 2003." Doolittle," who has drawn criticism for

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links to disgraced lobbyist Jack A. Abramoff, said he will hire an outside fundraiser."

Cheney In "Twilight" Of Career, But Still Influential With Bush. The AP (1/13, Raum) writes that while "the hardline conservatives like Donald H. Rumsfeld and John Bolton who stood shoulder to shoulder with Vice President Dick Cheney in pushing President Bush's decision to invade Iraq have left the administration," Cheney himself, though "in the twilight days of his political career," is "still there, with little evidence that his influence with Bush has waned." Cheney, who was "once viewed as adding an air of gravitas to an inexperienced president," is now "seen by many Americans as a driving force behind Bush's most divisive initiatives: the Iraq war, the National Security Agency's warrantless eavesdropping program, harsh detention and interrogation policies and an aggressive push for expanded executive authority. Bad as Bush's poll numbers are, Cheney's are worse. And while he's still beloved by conservatives, it seems unlikely he will be a big draw on the 2008 campaign circuit."

Libby Trial Could Provide "Ammunition For Democrats." Bloomberg (1/12, O'Reilly, Rosenkrantz) reports that the perjury trial of I. Lewis "Scooter" Libby "may provide ammunition for Democrats looking to attack the White House for its conduct in the run-up to the Iraq war." Vice President Cheney's former chief of staff "faces as many as 30 years in prison" if convicted of perjury and obstruction "for lying to a grand jury probing the leak of a CIA agent's name." His trial starts Tuesday, and defense lawyers "say they'll call Cheney as a witness to bolster claims Libby was too busy with security matters to accurately remember events. His testifying is risky for both men. What Cheney recalls may undermine Libby's too-busy defense while exposing the vice president to probes by Congress of how the Bush administration promoted the war." The Times of London (1/13, Reid) headlines a report, "Cheney Is Forced To Testify In Case Of The Crime That Never Was."

Some SMU Professors Oppose Hosting Of Bush Library. The AP (1/13, Brown) reports, "Negotiations to build George W. Bush's presidential library at Southern Methodist University have divided the campus, pitting the administration and some alumni against liberal-leaning faculty members who say the project would be an embarrassment to the school." Some professors say the "combined library, museum and think tank would celebrate a presidency that unnecessarily took the country into a war." But SMU officials "said the project is unlikely to be derailed by the faculty opposition, and said the professors opposed to it are in the minority."

NCLB Teacher Training Provisions Said To Be Subjective. The Washington Post (1/13, Chandler, 690K), in a front-page article titled "For Teachers, Being 'Highly Qualified' Is A Subjective Matter," reports the No Child Left Behind law "called for states to ensure that all teachers in core academic subjects are 'highly qualified' to help students succeed -- an unprecedented mandate that has delivered less than promised. The law, which turned five years old this week, has held schools to increasingly higher standards for student achievement. For teachers, however, standards meant to guarantee that they know their subjects are often vague and open to broad interpretation. Legal loopholes and uneven implementation by states and the U.S. Department of Education have diluted the law's impact on the teaching workforce, some education experts say. They say that meeting the standards of quality is more about shuffling paper than achieving two vital goals: ensuring that teachers are prepared to help students succeed and reducing the teacher talent gap between rich and poor schools. … This week, senior Democratic lawmakers discussed an extension of No Child Left Behind with President Bush. In the coming congressional debate over the law, teacher quality is likely to be a key issue. Some experts favor shifting the emphasis from 'highly qualified' to 'highly effective' teachers, requiring states to look not just at credentials but how well individual teachers help students learn and perform on tests."

SCOTUS Adds Death Penalty, Tobacco Cases. The Washington Post (1/13, A3, Barnes, 690K) reports the Supreme Court "added four cases to its docket for the current term yesterday, including a review of a judge's decision to dismiss a potential juror from a death-penalty case because of the man's equivocal statements about capital punishment. A federal appeals court overturned the trial judge's ruling in a rape and murder trial in the state of Washington. One of the issues in the case is whether federal courts should defer to a trial judge who is in a position to actually talk to and observe a potential juror in making the decision about his ability to carry out the law. … Among the cases justices said yesterday that they will decide is a

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question of whether a cigarette manufacturer can move a lawsuit against it to federal jurisdiction and out of the state courts, where judgments against tobacco companies have been mounting." The Los Angeles Times (1/13, Savage, 850K) reports the capital punishment case "will be the fourth case before the justices this term in which the San Francisco-based 9th Circuit had reversed a murder conviction or a death sentence. In all four, state prosecutors appealed to the high court, arguing the judges of the appeals court had overstepped their authority and wrongly second-guessed a state court's decision."

OTHER NEWS:

Dow Hits Another Record-High Close. The New York Times (1/13, 1.16M) reports, "Wall Street rebounded from an early loss yesterday to send the Dow Jones industrial average to its second consecutive record close as investors embraced robust economic data and shrugged off several profit warnings." The Dow Jones Industrial Average "jumped 41.10 points, or 0.33 percent, to 12,556.08. It was the index's 24th record close since the start of October." The S&P 500 "climbed 6.91 points, or 0.49 percent, to 1,430.73," while the Nasdaq "increased 17.97 points, or 0.72 percent, to 2,502.82." NBC Nightly News (1/12, story 7, 0:10, Williams, 9.87M) also had the numbers.

Dollar Ends Advance, But Analysts Expect Gains To Resume. The Wall Street Journal (1/13, B5, Lindenmayer, 2.04M) says the dollar "ended its three-day advance Friday, largely shrugging off a series of positive data releases. But analysts say they expect the currency to post further gains this coming week as the market focuses on renewed optimism about the state of the U.S. economy. … In late-afternoon trading in New York, the euro stood at $1.2919 from $1.2894 late Thursday, while the dollar was at 120.37 yen from 120.50 yen late Thursday."

Holiday Shopping Season Was Stronger Than Expected. The Wall Street Journal (1/13, A3, Gerena-Morales, Hudson, 2.04M) reports, "As it turned out, shoppers spent more freely during the just-ended holiday season than had been thought, helping some retailers end the year on strong footing and suggesting that economic growth could be rebounding faster than expected. Retail sales jumped 0.9% in December from the month before, to a seasonally adjusted $369.9 billion, the Commerce Department said Friday. December's growth was up from a gain of 0.6% in November and was the strongest rate of growth in retail sales since July. When compared to December a year ago, retail sales were up 5.4% compared with December-to-December growth of 5.7% in 2005." The Financial Times (1/13, Callan) says the "steady rise suggests consumer spending helped support economic growth in the last quarter of the year, offsetting a sharp correction in the housing sector and weakness in manufacturing." The Washington Post (1/13, D1, Mui, 690K) and the AP (1/12, Crutsinger) also report on the strong numbers.

CNN To Host First Two Presidential Debates In Early April. CNN.com (1/12, Preston) reports the New Hampshire Union Leader and WMUR-TV of Manchester "will partner with CNN to host two presidential debates in April, executives with the three media companies announced Friday." CNN's Wolf Blitzer will moderate the April 4 and 5 debates, which "will be televised live nationally on CNN." On CNN's The Situation Room (1/12), Blitzer called it "an unprecedented early kick-off to a wide open race for the White House." On the same show, Blitzer asked Democratic National Committee Chairman Howard Dean, "How important is it for presidential hopefuls to show up at these early debates?" Dean replied, "I think it's important. I think you'll see people doing it, too. We went through about 27 of them four years, ago and the reason is, if four or five people say yes, then you really have to not miss the opportunity."

Democrats Look To West As They Assemble Electoral Vote Strategy For 2008. Under the headline "West Is Going In Democrats' Direction," the Washington Post (1/13, A4, Reid, 690K) recalls that "when the major political parties gathered for their national conventions in 2004, Colorado had a Republican governor, a Republican-controlled legislature and a Republican edge of 5 to 2 in the state's congressional delegation. Today, Colorado's governor is a Democrat. The Democrats control both houses of the legislature. Four of the seven congressional seats are held by Democrats. That transformation, mirrored in varying degrees across the Rocky Mountain West, is a key reason the Democratic Party decided this week to hold its 2008 nomination convention in Denver." As Democratic leaders "ponder how they can regain the White House in the next election, the region looks more and more essential to an electoral-vote victory."

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McCain's Presidential Hopes Could Hinge On Success Of Bush Iraq Strategy. In a front page story, the Washington Post (1/13, Balz, Murray, 690K) looks at how Sen. John McCain's support of President Bush on Iraq is impacting McCain's likely presidential campaign. The piece begins by saying, "There is no mistaking the anguish" of McCain. "Sitting in his Senate office, he is uncharacteristically subdued, his voice at times almost inaudible." While the White House "finally embraced his long-standing call to send more troops to Iraq, McCain believes the way it has handled the war 'will go down as one of the worst' mistakes in the history of the American military. 'One of the most frustrating things that's ever happened in my political life,' he said, 'is watching this train wreck.'" The Post says "no politician in the United States is more clearly identified" with Bush's surge strategy than the "all but announced presidential candidate," and "no politician has more to lose if it fails. Democratic opponents have already coined a name for the troop 'surge': the McCain Doctrine. … On the night of Bush's speech, he told CNN's Larry King: 'I would much rather lose an election than lose a war.' The risk now is that both could be lost."

Dean Says McCain "Sounds Very Much Like Richard Nixon" On Iraq. On CNN's The Situation Room (1/12), Democratic National Committee Chairman Howard Dean said of McCain, "He sounds very much like Richard Nixon, you know, 'just stay a little longer, stay a little longer.' We'll stay long enough to lose another 5,000 or 10,000 people. It still won't change anything. We never should have gone there in the first place."

Tancredo Says There Is A "Distinct Possibility" He Will Run For President. Cox Newspapers (1/13, Moscoso) reports Rep. Tom Tancredo "hinted Friday that he is ready to pursue the Oval Office. When asked whether he plans to take action to start an official bid for the GOP nomination he said, 'That is a distinct possibility.'"

GOP Hopefuls Hunter, Paul Create Presidential Exploratory Committees. CNN's The Situation Room (1/12, Blitzer) reported, "Rep. Duncan Hunter today formally filed papers to form his presidential exploratory committee. The California Republican took the first step toward a White House bid more than two months ago, after he originally announced he was making preparations to run. Now he is exploring. A Republican congressman from Texas took his first step today toward a longshot bid for the White House. A spokesman says Rep. Ron Paul formed a presidential exploratory committee today as well. Paul was the Libertarian Party nominee for president back in 1988."

Richardson Plans Announcement On 2008 By End Of Month. Asked on Fox News' Your World (1/12, Cavuto) if he is running for president, Gov. Bill Richardson said, "I will let you know this month." Pressed for a date, Richardson said, "Well, it will be in January."

Edwards To Speak At Harlem Church Sunday. CNN's The Situation Room (1/12, Blitzer) reported, "Democratic presidential candidate John Edwards is preparing to step on to the turf of a potential rival, Sen. Hillary Clinton." Edwards "will deliver a sermon at a Harlem church on Sunday pegged to the Martin Luther King Jr. holiday."

Allard To Stay Silent On Reelection Plans For Now. The Denver Post (1/13, Mulkern, 256K) reports Sen. Wayne Allard "has made up his mind about whether he will seek a third term in 2008, but he's keeping his decision secret a bit longer." Spokesman Steve Wymer said only Allard and his wife know his plans, and Allard "has not said when he will announce his choice."

Frank To Subject Bernanke To Additional Hearing. The Wall Street Journal (1/13, A5, lp, 2.04M) reports Federal Reserve Chairman Ben Bernanke "is likely to get far more scrutiny than usual" next month when he testifies before Congress." The Journal notes, "Ordinarily, each installment lasts two days, one before the Senate Banking Committee, the other before the House Financial Services Committee. There are no other witnesses. In a break with that tradition, Barney Frank, the Massachusetts Democrat who took over the House panel this month, said he plans to hold an additional day of hearings in which witnesses, such as economists and labor experts, will give their views on what Mr. Bernanke said."

Interest Group Coalition To Challenge Schwarzenegger Over Healthcare Proposal. The Wall Street Journal's "Hot Topic" feature (1/13, A11, Timiraos) reports Gov. Arnold Schwarzenegger "proposed a

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far-reaching $12 billion plan mandating health insurance for all 36 million residents of the nation's most-populous state. Under the plan, California would require all individuals to purchase health insurance or face tax penalties. California has more uninsured residents than any other state, and the plan could prompt others to follow suit." The Journal notes, "The state is bound to face challenges from the powerful lobbies -- doctors, hospitals, insurers and employers -- that would share the plan costs."

WSJournal Alleges Schwarzenegger Has Flip-Flopped On Healthcare. The Wall Street Journal (1/13, A12, 2.04M) editorializes, "Schwarzenegger once extolled 'the power of the market' in Milton Friedman's 'Free to Choose' PBS series. So it's probably just as well that the late, great economist won't see the regulated mess that his admirer is proposing to make of California's health insurance market. As speaker of the state assembly Fabian Nunes remarked, 'This is a plan assembly Democrats could have written.' In fact, they already have -- in 2003, when Democrat Gray Davis was Governor. Candidate Schwarzenegger campaigned against that measure, which was less onerous than his own new proposal mandating that business provide health insurance to all employees."

Programs Allowing Americans To "Host" Eastern Bloc Orphans Prove Controversial. The New York Times (1/13, A1, Gross, 1.16M) reports, "Hosting programs...showcase older children, generally from orphanages in former Soviet bloc nations. The programs have long been hailed as an effective marketing tool by adoption experts. … In the largely unregulated world of international adoptions, these programs often lead to happily-ever-after, but sometimes end painfully. Ukraine and Russia place formidable obstacles in the path of parents."

Ford's Views Of Presidential Peers Revealed. The Washington Post (1/13, A8, 690K) is one of several major newspapers running an AP report on "25 years of interviews with his hometown paper that could be released only after his death" in which late President Gerald Ford "expressed mixed opinions of Jimmy Carter, once calling him a 'disaster,' and said that Ronald Reagan received far too much credit for ending the Cold War." Ford "contended that his own negotiation of the Helsinki accords on human rights did more to win the Cold War than Reagan's military buildup. The best president of his lifetime, Ford said, was a more moderate Republican: Dwight D. Eisenhower." Ford "considered John F. Kennedy overrated and Bill Clinton average. He admired George H.W. Bush's handling of the Persian Gulf War."

Rice Said To Face "Skepticism" During Middle East Trip. AFP (1/13) reports Secretary of State Condoleezza Rice "headed for the Middle East on Friday to rally Arab support for a new US strategy in the Iraq war and to counter Iran's alleged interference in Iraq. The week-long tour also will seek to bolster efforts to resolve the Israeli-Palestinian conflict, with Rice scheduled to hold talks in Israel and the Palestinian territories" today and tomorrow. She "will then travel to Egypt, Jordan, Saudi Arabia, Kuwait, Germany and Britain before returning to Washington on January 19." Rice "told lawmakers in Congress her trip 'will focus heavily on rallying the support of those responsible Arab states to support the government of Iraq, to support what needs to be done there, to support, of course, also Lebanon and the moderate Palestinians.'"

Under the headline, "Scepticism Awaits Rice On Tour," the Financial Times (1/13, Khalaf) notes, "Facing a barrage of opposition at home over the new Iraq policy, [Rice] takes the White House's case to the Middle East this weekend to try to drum up regional support. But there too she is likely to find plenty of scepticism that deploying another 20,000 troops mostly in Baghdad can bring an end to the raging sectarian conflict."

Russian, Chinese Vetoes Kill UN Security Council Burma Resolution. The Washington Post (1/13, A12, Lynch, 690K) notes Moscow and Beijing "jointly vetoed a U.S.-sponsored resolution criticizing Burma's human rights record, striking a blow to the Bush administration's year-long campaign to use the [UNSC][to spotlight the repressive rule of Burma's military junta." The Post says the vetoes are "part of a broader diplomatic effort by Beijing and Moscow to prevent the United States and its Western allies from using the 15-nation council to censure some of the countries particularly known for rights abuses, including governments in Belarus, Sudan and Zimbabwe." The Post adds, "Despite the tepid support for the U.S. initiative, virtually all council members -- including China -- expressed concerns about Burma's behavior." Acting Ambassador Wolff "said the United States was 'deeply disappointed' by the council's failure to confront Burma. But

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he said the United States decided to force a vote to assure the Burmese people that 'we won't forget you.'"

The New York Times (1/13, Hoge, 1.16M) notes China and Russia "argued that they shared concerns about conditions in Myanmar but considered them internal matters that did not constitute threats to international peace and security, the category of crisis subject to Security Council action." Undersecretary of State Nicholas Burns "said he had no doubt that the abuses by Myanmar posed a threat beyond its borders," and he "dismissed suggestions that the proper United Nations forum for Myanmar was the Geneva-based Human Rights Council, not the Security Council."

The AP (1/13, Lederer) adds Moscow and Beijing "cast a rare double veto Friday of a U.S. resolution calling on Myanmar's military government to release all political prisoners, speed up progress toward democracy, and stop attacks against ethnic minorities." The two nations' ambassadors "said the Security Council was not the proper place to discuss Myanmar because the country does not pose a threat to international peace and security." BBC.com (1/12) says the Chinese and Russian ambassadors "said the resolution was outside the remit of the Security Council as Burma posed no threat to international security."

Schwab "Optimistic" About Restart Of Doha Trade Talks. The New York Times (1/13, Zarocostas, 1.16M) reports US Trade Representative Susan Schwab "said Friday that she was optimistic the collapsed Doha trade negotiations could be restarted, but added that there were still obstacles to a revival of the talks." She is quoted saying, "I am more optimistic than I have been in many months that we are on a path that could help reach a successful conclusion of the Doha round." Schwab later added that, "ultimately it will be substance that dictates when there's a breakthrough." The Times says "the next few weeks are considered critical to whether the new political impetus could be maintained," and notes Schwab "distanced herself on Friday from the upbeat assessment of" EU trade chief Peter Mandelson. Schwab "reiterated that an agreement on important issues, like agricultural market access, would dictate whether a deal could be hammered out."

Blair Says UK Must Maintain "Muscular Commitment" Overseas. The New York Times (1/13, Cowell, 1.16M) reports, "As he seeks to define his legacy and stamp his imprint on the future," British Prime Minister Tony Blair "urged his successors to maintain the warlike foreign policy that he promoted, sending troops into battle in Africa and the Balkans, Afghanistan and Iraq. To retreat in the face of global terrorism, he said, would be 'a catastrophe.'" While "Blair avoided any triumphalism, he advocated a muscular commitment by Britain to overseas military deployment alongside what he called softer options." The Times adds British "left-wing critics dismissed the prime minister's attempt to justify his use of military action as a tool of foreign policy." The AP (1/13, Quinn) reports Blair said "that Britain's influence on the world stage and ability to right global wrongs depends on active engagement, and the country cannot defend itself from terrorism by retreating into isolationism." Blair added "that Britain must be willing to commit to military action when necessary to pursue laudable goals," and that "diplomacy alone cannot solve the world's problems."

LATimes Says Blair Shares Clinton's "Ethical Challenges." In an editorial entitled, "The End Of The Blair Era," the Los Angeles Times (1/13, 850K) says Blair "has more in common with former President Clinton" than with President Bush. "The litany of likenesses includes a belief in a 'third way' between old-style liberalism and the free market, a fluency in public that critics dismiss as glibness, a wife who was a successful lawyer, a willingness to accept the hospitality of show-business celebrities and, finally, a reputation for running an ethically challenged administration." Likening Blair's honors controversy with Clinton's January 2001 pardonings, the Times concludes, "Political psychologists can argue about why two farsighted politicians allowed their substantial legacies to be sullied by sleaze. Maybe the answer is as simple as power inevitably corrupting. Whatever the explanation, like his friend Bill, Tony may leave office with people talking not about his vision but about his blind spots."

Moscow Wants To Lead London Investigation Into Litvinenko Case. The Washington Post (1/13, A16, Finn, Jordan, 690K) reports Russian investigators "want to interview more than 100 people in London and conduct dozens of searches across the city" as part of their inquiry into the death of former KGB agent Alexander Litvinenko. "Prosecutors declined to name any of the people they wish to question," and the Post says the proposal "far exceeds the scope of British inquiries in Moscow, which amounted to a few interviews with Russian

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businessmen who met with Litvinenko in London on Nov. 1, the suspected date of the poisoning." The probe "is likely to unsettle some Russians who live in London and are fiercely opposed to the rule of President Vladimir Putin."

The New York Times (1/13, Broad, 1.16M) focuses on the emerging US angle to the story, noting, "Health officials in the United States have begun to tell some people who traveled to London last year that they may want to be tested for exposure to" polonium-210. The CDC "said yesterday that the notification process began this week after health authorities in London gave them a list of people who may have been exposed to" the poison that killed Litvinenko.

Bangladeshi Former Central Banker Takes Over Caretaker Government. The Financial Times (1/13, Johnson, Joehnk) details Fakhruddin Ahmed's assumption of temporary power in Dhaka. "A fresh attempt to break the deadlock between Bangladesh's two feuding political families had a shaky start on Friday night as a new head of a caretaker government took office under the cover of an army-backed state of emergency." A former governer of the central bank, Fakhruddin Ahmed "replaced President Iajuddin Ahmed as head of the caretaker government, whose principal function had been to oversee free and fair elections later this month. But there is now no indication of when they may take place." Iajuddin Ahmed resigned Thursday, and "analysts on Friday night likened the situation in the fourth most populous Muslim nation to a 'hidden coup,' saying they expected that a team of technocrats would govern Bangladesh for a lengthy period before it" will hold elections.

NYTimes Implores US, UN To Move Quickly To Back New Elections. In an editorial, the New York Times (1/13, 1.16M) says Bangladesh "is lurching in a dangerous direction," and "only strong pressure from the United States and international help will keep [the] country from slipping further off a democratic path." Calling Iajuddin Ahmed's state of emergency declaration "a particularly disturbing development," the Times says Washington "should use its substantial political influence to urge the government to restore suspended rights immediately." Calling Bangladesh "one of the poorest and most politically polarized countries in the world," the Times adds that the "international community needs to help it build a stable democracy -- the best underpinning for development -- starting with swift, internationally guaranteed elections."

Envoy Touts Enhanced Chinese "Engagement" With Sudan. The Washington Post (1/13, A13, Cody, 690K) reports Darfur special envoy Andrew Natsios "said Friday that China has pushed the Sudanese government recently to help resolve the bloody Darfur conflict and ease the plight of the region's nearly 3 million refugees." That "intervention marked a shift from past policy under which Beijing seemed reluctant to use its influence in Sudan, according to" Natsios, who is quoted saying, "I think they're engaging much more aggressively." AFP (1/13) notes Natsios "said he had held surprisingly positive talks in Beijing this week and that he expected China to play a greater role in helping to end the conflict in Darfur."

Isabel Peron Arrested In Spain For Human Rights Abuses. The New York Times (1/13, Rohter, 1.16M) reports, "Acting at the request of Argentine officials, the Spanish police on Friday detained María Estela de Perón, the former president of Argentina and the widow of the founder of the ruling party, as part of a broadening investigation by the Peronist government of Argentina into past human rights abuses there." A provincial judge ordered Isabel Peron detained "for questioning regarding the disappearance of a student during her time in power. Almost simultaneously, a judge in Buenos Aires authorized the arrest of two other officials with ties to the late José López Rega, who was Gen. Juan Perón's private secretary and later Ms. Perón's closest adviser." The Times says Peron is "blamed" for directing the killing of over 1,500 political opponents during her 20 months in power.

The AP (1/13, Heckle) notes Spain's National Court "ordered [Peron's] conditional release pending an extradition request from Argentina. The court said Argentina has 40 days to file an extradition request and Peron has to appear at a police station every 15 days." The AP calls her "chaotic" 1974-76 rule "a time when shadowy right-wing violence destabilized Argentina," and says Peron's "arrest marked the expansion of Argentina's human rights investigations beyond dictatorship-era crimes to the death squads that terrorized the nation prior to the 1976 coup."

In an analysis piece, the Los Angeles Times (1/13, McDonnell, 850K) says Peron's detention "signaled an expansion of human rights cases here beyond the former military junta to the epoch of ex-strongman" Juan Peron.

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Writer Backs US Embrace Of Cuba As Hedge Against Iran, Venezuela. In an op-ed in today's Wall Street Journal (1/13, A13, Loyola, 2.04M), the Foundation for the Freedom of Democracies' Mario Loyola writes, "With Iranian President Mahmoud Ahmadinejad visiting Venezuela today, it might be a good time to consider another 'change in course' for U.S. policy. The isolation of Cuba, a legacy of the Cold War, is pushing that country closer to America's most dangerous enemies." Saying the "advocates for the current policy -- chiefly three intransigent Cuban-American representatives in Congress -- are increasingly alone," Loyola says continued Cuban closeness to Venezuelan President Hugo Chavez "would be terrible for the U.S."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"U.S. Objects To Maliki's Choice For Commander."
"'Marshall Plan' Urged To Stop Gangs."
"Outbreak Linked To California Lettuce."
"City Says 'Let There Be Darkness."

New York Times:
"Bush Authorized Iranians' Arrest In Iraq, Rice Says."
"Official Attacks Top Law Firms Over Detainees."
"A Taste Of Family Life In U.S., But Adoption Is In Limbo."
"Prosecutor Asks To Exit Duke Case."
"NATO's Afghan Struggle: Build, And Fight Taliban."
"Wielding Kitchen Knives And Honing Office Skills."
"Bruno Bought Stock With Campaign Funds."

Washington Post:
"Gates Ties Iraq Push To Drawdown."
"The War Within Sen. McCain."
"Battling With Sadr For Iraqi Soldiers' Hearts."
"Defining 'Highly Qualified."
"Prosecutor Seeks To Bow Out Of Duke Case."
"Amateur Sleuthing Lands Grisham In Real-Life Court."

Washington Times:
"Bush's Surge Already In Latest Budget."
"White House Rips Boxer Over Rice."
"DA Asks Out Of Duke Rape Case."
"Obesity Surgery Expands As Way To Lose Pounds."
"Senate Of One Mind On Ethics."
"Pelosi Moves To Close Samoa Wage Loophole."
"Bloomberg Mentors Fenty."

Detroit Free Press:
"Ford Redo Ahead Of Schedule."
"Puttin' On The Glitz."
"Pistons Remain Stuck In A Rut."

Atlanta Journal-Constitution:
"Japan Warns Of Tsunami."
"Cagle: Voter ID Measure Is Dead."
"Whale Shark's Death A Mystery."
"Ford: Carter A 'Disaster.'"
"New Trial In Puppy Torture Case."

Dallas Morning News:
"Winter Storm Bears Down."
"German Engineering: Dirk Lifts Mavs In OT."
"Police: Foster Mom Delayed Helping Girl."
"Corporations Picking Up Tab For Perry's Party."
"Tsunami Warnings Issued Following Japan Quake."
"Woman Charged In Death Of Newborn."
"Chief's Goal: 5% Drop In Crime."

Houston Chronicle:
"Defibrillator Likely Aided HISD Athlete."
"Battier Sizzles In Stretch; Rockets Down Nuggets."
"Police: Arrests Bust Gang's Cocaine-Pipeline Plan."
"Canine-Fur Coats Make Comeback At J.C. Penney."
"Border Wall Law Author: 'Naysayers' Inflating Price."
"City's Pride Parade Weighs Move From Montrose."
"Pesos-For-Pizzas Chain Defiant Despite Outrage."
"2 Boys, 1 Missing Since '02, Found In Mo. Home."
"General Begins Task Of Bringing TSU Back."
"Mexicans Cope With Rising Tortilla Prices."
"Alaska, Hokkaido Face Tsunami Threat."

Story Lineup From Last Night's Network News:
ABC: US vs Iran; The Hill Questions New Iraq Strategy; Soldiers' Opinions On The New Plan In Iraq; Boxer Questions Rice About Iraq; Attack On American Embassy In Greece; Duke Rape Case Development; Kidnapped Boys Found; Schwarzenegger Speaks Out About Critics; Embryos Saved From Hurricane Katrina; Military Mother Is Person Of The Week.
CBS: Developments In The Duke Rape Case; Kidnapped Missouri Boys Found; New Focus In Iraq War; The Hill Questions Bush's Iraq Strategy; Sectarian Violence In Iraq; Soldiers Seek Marriage Help; Hamilton Discusses Iraq Recommendations; American Embassy In Greece Bombed;

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House Passes Medicare Bill; Homeless Find Hope And A Home At One Shelter.

NBC: Bush's New Iraq War Strategy; Bush At Camp David After Volatile Political Week; Soldiers Give Opinions On New Iraq War Strategy; American Embassy In Greece Bombed; Developments In Duke Rape Case; Record Cold Weather In California; Stock Market Report; Mississippi Ruling Against State Farm Insurance; Pizza For Pesos; Mary Adams- Making A Difference To Soldiers.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House: PRESIDENT BUSH — 2 p.m. President and Mrs. Bush arrive The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: KING DAY-RELATED EVENTS Highlights: 6 p.m. - 9 p.m. The Martin Luther King Jr. Celebration Day Committee begins its annual Dr. King Birthday Celebration with a Black Tie Gala Reception. Embassy of Ethiopia, with proceeds to benefit the Scholarship Fund. 3506 International Drive NW. Contact: Doris Mack, 703-304-8269.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 13, 2007 7:45 AM EST

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TERRORISM NEWS:

Gonzales Plans For Hostile Reception From Senate Democrats. The New York Times (1/13, Johnston, 1.16M) reports Attorney General Alberto Gonzales, "who has faced controversy throughout his two-year tenure, is likely to enter an even stormier phase next Thursday when he appears before the Senate Judiciary Committee for the first time since control fell to the Democrats. But he shows little anxiety about more vehement criticism of his stewardship at the Justice Department. 'They have an institutional interest to gather up information about what the executive branch is doing,' Mr. Gonzales said Friday, in an interview in which he adopted the mildly juridical tone of a law professor. Referring to the Justice Department, he said: 'We likewise have an institutional interest in maintaining the confidentially of certain kinds of information. From my perspective, there are two competing institutional interests. This is not a partisan issue. It's an institutional issue of interests that have to be accommodated.'" The Times adds that Gonzales's "chief antagonist" will likely be Senate Judiciary Chairman Patrick Leahy.

Stimson Comments On Detainees' Lawyers Spark Furor. The New York Times (1/13, A1, Lewis, 1.16M) reports Deputy Assistant Secretary of Defense Cully Stimson "said in an interview this week that he was dismayed that lawyers at many of the nation's top firms were representing prisoners at Guantánamo Bay, Cuba, and that the firms' corporate clients should consider ending their business ties. The comments…produced an instant torrent of anger from lawyers, legal ethics specialists and bar association officials, who said Friday that his comments were repellent and displayed an ignorance of the duties of lawyers to represent people in legal trouble." Stimson "made his remarks in an interview on Thursday with Federal News Radio, a local Washington-based station that is aimed at an audience of government employees." In an interview Friday, Attorney General Alberto Gonzales "said he had no problem with the current system of representation. 'Good lawyers representing the detainees is the best way to ensure that justice is done in these cases,' he said. Neither the White House nor the Pentagon had any official comment, but officials sought to distance themselves from Mr. Stimson's view." McClatchy (1/13, Rosenberg) says Stimson "stirred up a maelstrom" with his comments.

NYTimes Calls Stimson's "Attack" On Detainees' Lawyers "Contemptible." The New York Times (1/13, 1.16M) editorializes, "No one who has followed President Bush's policies on detainees should be surprised when a member of his team scorns American notions of justice. But even by that low standard, the administration's new attack on lawyers who dare to give those prisoners the meager representation permitted them is contemptible." Stimson "tried to rally American corporations to stop doing business with law firms that represent inmates" at Guantanamo. The Times says it "does not seem to matter to Mr. Stimson, who is a lawyer, that a great many of those detainees did not deserve imprisonment, let alone the indefinite detention to which they are subjected as 'illegal enemy combatants.' And forget about the fundamental American right that everyone should have legal counsel, even the most heinous villain."

Murtha Calls For Closing Abu Ghraib, Guantanamo Facilities. The Boston Globe (1/13, Klein, 413K) reports House Democratic leaders "outlined plans to try to force the Bush administration to close the Abu Ghraib prison in Iraq and the Guantanamo Bay detention facility in Cuba, taking aim at two sites that have sparked an international furor over the Bush administration's war policy." Rep. John Murtha said he "wants to close both prisons by cutting their funding, 'to restore our credibility worldwide.' If he succeeds, it would force the administration to find a new location for high-value terrorism suspects. … Democratic leaders will try to include the measure to close the prisons in a spending bill designed to pay for war operations, Murtha said. He acknowledged that closing Abu Ghraib and Guantanamo would be more symbolic than substantive."

Padilla Trial Delayed Until April. The New York Times/AP (1/13) reports, "A federal judge ordered a three-month delay for the trial of Jose Padilla, accused of being an operative for Al Qaeda, in part to allow time for a full evaluation of Mr. Padilla's mental competency. The judge, Marcia Cooke of Federal District Court in Miami, set a new trial date of April 16 for Mr. Padilla and two others. It was the third time the case had been postponed."

US Embassy In Athens Sustains Grenade Attack. ABC World News (1/12, story 5, Vargas, 8.78M) reported, "There was an attack on the American embassy in Athens Greece today. It caused some damage but no injuries. A shadowy group of radical, Greek leftists claimed responsibility. No other American embassies have been put on notice for high alert." The Washington Times (1/13, Gatopoulos, 88K) reports the attack caused "limited damage and no injuries but reviving fears of a resurgence of far-left Greek militant groups that carried out deadly attacks over three decades." US Ambassador Charles Ries "called the attack 'very serious.' He said no warning had been given." The CBS Evening News (1/12, story 8, 0:10, Mitchell, 7.66M)

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and NBC Nightly News (1/12, story 4, 0:15, Williams, 9.87M) had brief reports as well.

The New York Times (1/13, Fisher, Carassava, 1.16M) reports, "An antitank grenade was fired into the heavily fortified American Embassy here on Friday just before dawn. The building was empty, but the attack nonetheless underscored deep anti-American sentiment here and revived fears of a new round of homegrown terror. Greek officials said they doubted that the attack was the work of foreign or Islamic terrorists, but rather that of regrouped extreme leftists aiming at a specific, symbolic target: the huge American seal, with an eagle against a blue background, affixed to the front of the boxy, modern embassy near downtown. The grenade narrowly missed the seal, punching through a window a few feet above and landing in a bathroom on the embassy's third story, where the ambassador has his office."

WPost Says White House Stance On Opening Mail "Disturbingly Unclear." The Washington Post (1/13, A18, 690K) asks in an editorial, "Is the federal government opening citizens' mail without obtaining warrants? Was a statement that was quietly issued when the president signed an obscure Postal Service reform bill last month a new assertion of power by the administration to engage in such warrantless searches? The answer to both these questions is disturbingly unclear. No reasonable person doubts that in emergency circumstances -- a ticking bomb inside a package -- government agents shouldn't have to wait for court approval to open private mail. That authority has been clear for years." But "given the president's signing statement, given his demonstrated willingness to stretch the boundaries of his authority and dispense with inconvenient legal niceties, it seems necessary to ask again" whether the White House feels it is authorized to open mail without a warrant.

Stricter US Asylum Laws Said To Punish "Freedom Fighters." In an op-ed for the Los Angeles Times (1/13, 850K) Anna Husarska, senior policy advisor at the International Rescue Committee, writes, "I have met many refugees around the world -- Burmese Karen in Thailand, Burmese Chin in Malaysia, Lao Hmong in Thailand, Eritreans in Ethiopia -- whose cases were put 'on hold' by U.S. authorities because the organizations to which the refugees had belonged were later designated as terrorist. … What's particularly upsetting is that those 'on hold' are, in many cases, heroic freedom fighters who struggled for democracy against brutal dictatorships (like the Burmese junta or the Laotian communists) or even, sometimes, people who had been recruited to fight by the Unites States (like the Lao Hmong or the Vietnamese Montagnards). The reason for this bizarre treatment is that in the aftermath of the 9/11 attacks, the U.S. adopted a very broad definition of 'terrorist activity' in American law. This overzealous legislative approach means that thousands of genuine refugees who participated in armed insurgencies — even those friendly to (and in some cases supported by) the United States — are now treated as a threat to American security."

HOMELAND RESPONSE:

Mueller Suggested FBI Watching 8,000 Terror Suspects In US. In his US News & World Report (1/12) online column, David E. Kaplan wrote, "He wouldn't say it directly, but this week FBI Director Robert Mueller in effect told Congress the bureau has 8,000 people under investigation for terrorism. The FBI is reluctant to release an official figure, as many of those under investigation play only minor roles or turn out to be innocent. Instead, Mueller did it by inference, comparing America's record with that of Great Britain. … FBI officials confirm that's a ballpark figure, but decline to put the figure on the record." Kaplan added, "One reason for the caution is that FBI officials see few operational cells in America and don't want the public thinking there are 8,000 terrorists running around. ... But then what are all those U.S. terrorism suspects up to? Lots of support activity, officials say. One FBI agent ticked off the list: raising money, recruiting, logistics, surveillance, communications. Still, a handful of operational cells are out there, investigators believe, and that's what they lose sleep over."

New Rule Increases Demand For US, Canadian Passports. The Washington Post (1/13, A16, Struck, 690K) reports, "Canadian and U.S. citizens are lining up for passports to meet tougher U.S. border rules that take effect this month, and Canadian authorities fear the rules will keep more Americans at home. Starting Jan. 23, all airline passengers landing in the United States will have to carry a passport, not just the driver's license and birth certificate that can now be used by Canadians crossing the border and by U.S. citizens returning from Canada, Mexico, the Bahamas and the Caribbean. … U.S authorities say the rush proves that the tighter border controls being instituted five years after Sept. 11, 2001, are working to improve security. The rules will be extended to the busy land borders with Canada and Mexico by June 1, 2009."

Canada Announces Border Security Initiative. The AP (1/12, Duff-Brown) reports Canada "unveiled a major border security and prosperity initiative Friday, saying it would spend $431.6 million over the next five years to protect its border from terrorist, economic and environmental threats, according to the Canada Border Services Agency's website. Public Safety Minister Stockwell Day made the announcement at the Canada-U.S. border crossing between

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Windsor and Detroit, where one-third of the $1.6 billion in daily trade between the North American neighbors passes."

Judge Throws Out Hatfill's Suit Against NYTimes. The Washington Post (1/13, A8, Markon, 690K) reports, "A federal judge said yesterday that he will throw out -- for the second time -- the defamation lawsuit a former Army scientist filed against the New York Times Co. over columns that he contends blamed him for the 2001 anthrax attacks. Saying that the Times's motion to dismiss the case 'should be granted,' U.S. District Judge Claude M. Hilton in Alexandria canceled a trial set for Jan. 29, according to the court's docket. Hilton indicated that he would explain his reasoning in a subsequent order throwing out the case. The development is a victory for Times columnist Nicholas D. Kristof, who has been fighting the lawsuit filed by Steven J. Hatfill in 2004. Hatfill said the paper defamed him in a series of Kristof columns that identified him as a 'likely culprit' in the anthrax-spore mailings that killed five people and sickened 17."

The New York Times (1/13, Lewis, 1.16M) reports, "It was the latest and, perhaps, final chapter in a suit that has gone to the Supreme Court. … The Times argued in its dismissal motion that Dr. Hatfill was a public figure, at least for the purposes of the suit, in that he had thrust himself into the public debate about preparedness for a biological attack." The AP (1/12) reports, "The judge did not explain his ruling in the order issued Friday."

Kaine, O'Malley, Fenty Vow Cooperation On Security Issues. The Washington Post (1/13, B3, Aratani, 690K) reports Virginia Gov. Timothy Kaine, Maryland Gov.-elect Martin O'Malley, and District of Columbia Mayor Adrian Fenty, "in their first joint meeting as the Washington region's top elected officials," vowed to "cooperate on homeland security issues." Fenty said "one of the leaders' goals is to prioritize homeland security issues as the region begins to apply for federal grants. He said that they plan to meet with Homeland Security Secretary Michael Chertoff next month." The Washington Times (1/13, McLaughlin, 88K) quotes O'Malley saying, "It is critically important that we cooperate across borders and pursue our common goals."

Box Addressed To Ex-President Clinton Led To Post Office Scare. The New York Times/AP (1/13) reports a post office in New Castle, New York, "was evacuated as the police, the Westchester County Bomb Squad and Secret Service agents responded to a report of a suspicious package addressed to former President Bill Clinton. The cause of all the fuss? A box of cookies." Postal officials "discovered a suspicious package addressed to Mr. Clinton on Thursday, said Kim Bruce, a Secret Service spokeswoman. An incorrect address for the Chappaqua home" of the Clintons "raised the authorities' suspicions, Ms. Bruce said."

WAR NEWS:

Bush Says "We're Going Forward" With Iraq Strategy Despite Congressional Doubts. The CBS Evening News (1/12, story 4, 1:00, Mitchell, 7.66M) reported, "President Bush says his new Iraq strategy will go ahead in spite of heavy opposition in Congress." Bush "faced more skeptical, even hostile reaction to his plan to send more than 21,000 additional troops to Iraq. Senate Majority Leader Harry Reid said today he hopes the Senate can vote next week on a resolution opposing the new strategy. But in an exclusivr interview, the President told 60 Minutes correspondent Scott Pelley, opponents in Congress won't change his mind." Pelley: "Do you believe as Commander in Chief, you have the authority to put the troops in there, no matter what the Congress wants to do?" President Bush: "I think I've got -- in this situation, I do, yeah. And I fully understand they will -- they could try to stop me from doing it, but I've made my decision, and we're going forward."

NBC Nightly News (1/12, story 2, 2:30, Williams, 9.87M) reported Bush "is at Camp David for the weekend ending a week in which as our own Tim Russert put it on the air, he doubled his own bet on his own presidency" with "this almost solitary fight." NBC (Gregory): "The President finds himself more isolated over what to do next in Iraq. The way forward in Iraq appears to be a lonely path for George W. Bush, who has now staked a war policy and the presidency on a final stand in Baghdad."

Bush Administration Spokesmen Challenged On Capitol Hill. NBC Nightly News (1/12, lead story, 2:50, Williams, 9.87M) led with the pessimistic words, "Two days now since the President gave his speech and gave the order to send over 20,000 Americans to what might be the worst place on earth. And now it and now it gets debated, the Democrats are threatening to linger with the funding of the war in Iraq as a way to send a message. Today the President's Pentagon chief told lawmakers there could be a bright side here if this so-called surge reduces the violence there American troops could start coming home later this year." NBC (Reid): "The Secretary of Defense said today he is confident that the President's plan for Iraq can succeed but he also said he understands why so many people are so skeptical. Meanwhile here on Capitol Hill a showdown is looming. Most Democrats and some Republicans on the Senate Armed Services Committee said today they don't understand how the President's plan can work when it depends so heavily on Iraq's leaders keeping promises they failed to keep before."

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ABC World News (1/12, story 2, 0:50, Vargas, 8.78M) reported Defense Secretary Robert Gates and Joint Chiefs of Staff Chairman Gen. Peter Pace "answered more questions about the President's new strategy in Iraq. Gates said mistakes in the past made the situation what it is today. But he warned it could still get much worse." Gates: "Mistakes certainly have been made by the United States in Iraq. But however we got to this moment, the stakes now are incalculable." The Financial Times (1/13, Sevastopulo) reports Gates and Pace "faced a less hostile reception than Condoleezza Rice, secretary of state," on Thursday, but "most Democrats, and some Republicans, on the armed services committee strongly questioned whether Nouri al-Maliki, Iraqi prime minister, would live up to his commitments to send more Iraqi troops into Baghdad."

The Washington Post (1/13, A1, White, Tyson on, 690K) reports Senate Armed Services Chairman Carl Levin "sharply criticized sending more U.S. troops into Iraq and said the move reinforces a 'flawed strategy' that has failed thus far. ... Some Republicans questioned the immediate need for thousands of U.S. troops," with Sen. John Warner saying he "would rather send in a small complement of troops to see if the Iraqis become full partners." Sen. John McCain called a small troop increase "the worst of all worlds" but said critics had presented no "viable alternatives." The New York Times (1/13, Cloud, Zeleny, 1.16M) reports Armed Services Committee Republicans "ame to the defense of President Bush on Friday, lending support to his decision to send more troops to Iraq and hoping to head off a Senate resolution criticizing the plan." But Republicans "were keeping a close watch on public opinion polls, particularly a survey by CNN and the Opinion Research Corporation on Friday showing that 66 percent of Americans oppose the president's plan to send more troops to Iraq."

Democrats Eye Alternative To Surge Plan. The Chicago Tribune (1/13, Madhani, 617K) reports that Democrats "seem to have won the moment by effectively pillorying President Bush's plan," but "now face the dilemma of coming up with a better alternative to stem the sectarian bloodletting." Sen. Levin "said he hoped to garner bipartisan support for a non-binding resolution voicing dissatisfaction with Bush's Iraq policy." However, Democratic criticism came "at a lower volume than on Thursday" and was "far more civil than the previous day."

Rice Says Bush's Plan Is "Only Real Alternative On The Table." Secretary of State Condoleezza Rice said on BBC Arabic Television (1/12), "The only real alternative on the table is the President's alternative. And so I understand skepticism. I certainly understand that people wonder why it hasn't worked till now, but the President's given us a way forward and I hope it'll get support. … The President's plan, first of all, very much puts Iraqis at the center of responsibility for dealing with what is their most urgent problem. Their most urgent problem is that the population has lost confidence that the government of Iraq can and will defend them in an evenhanded fashion, whether they are Sunni or Shia. … So the President's plan very much relies on Iraqis' responsibility for the kind of country that they're going to be."

State Department's Burns Says "We Are Going Forward." Undersecretary of State Nicholas Burns said on MSNBC (1/12, O'Donnell), "We certainly heard the message from Capitol Hill yesterday, but we are going forward with this effort to deploy more American military forces into Baghdad especially and also into Anbar province and other areas. The strategy that President Bush talked about is meant to maximize our ability to help the Iraqis provide for real security, daily security in the streets of the major cities of the country. Without that, it's hard to see how many of the other objectives we have, of course leading to the eventual withdrawal of American forces, can succeed. So we think it's a necessary step."

Members Of Congress Weigh In. Sen. Ben Nelson, appearing on Fox News (1/12), said, "I am willing to give it a hearing, but I have to say that I'm very dubious, because I am very concerned about what the chiefs of the various services have said, what Gen. Abizaid has said, that it doesn't require more US troops, it requires more Iraqi troops stood up, capable of fighting and engaging the enemy."

Sen. John Cornyn said on MSNBC (1/12, Robach), "It strikes me that there are two options. One is to fail and the other one is to succeed. And the guaranteed way to fail is not to even try. So I favor trying this new plan that the President has come up with after several months of consultation with bipartisan groups and experts throughout the spectrum, because the costs of failure are simply too great to even contemplate."

Rep. Joe Sestak said on MSNBC's Hardball (1/12, Matthews), "I'm not sure exactly what the Democratic caucus is going to do. But as an individual, I think the President's plan violates exactly what we shouldn't be doing. And because of that, I do think that the Congress should vote and it should be a vote not to increase the troops that are in Iraq. … I believe we're on the road to nowhere. And putting more troops on that road in order to protect those men and women on the road to nowhere I'd do in a heartbeat. The President didn't make that case."

Rep. Dan Lungren said on MSNBC's Hardball (1/12, Matthews), "We have to understand that defeat in Iraq would be devastating for us. I'm not just talking about the millions of people put at risk in Iraq itself, I'm talking about further an increased and more acute instability in the Middle East, number one. And number two, whether we like it or not, this is a major front in the war on terror. We can argue about how we got where we are, but we need to do something so that we have a chance to win."

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White House Says Funding For Surge Already Exists. The Washington Times (1/13, Dinan, 88K) reports on its front page, "The White House yesterday said there already is enough money in the budget to pay for President Bush's proposed troop surge in Iraq, leaving Congress almost no viable way to stop him before he commits the troops." The existence of funding "leaves Congress with few other options." But the Washington Times (1/13, Ward, 88K) also reports Rep. John Murtha "said he is exploring ways to block funding for additional troops."

Bush Reportedly Reading History Of Algerian Insurgency. CNN.com (1/12, Blitzer, McConnell) reports, "As President Bush wrestles with the continuing war in Iraq, he's currently reading a book about another difficult war: 'A Savage War of Peace,' by Alistair Horne, a senior White House source tells CNN. It is a dense and detailed history of the battle between France and revolutionaries in its colony of Algeria, describing an unsuccessful war against a bloody terrorist insurgency. A resistance movement rose in 1954 to resist French occupation. It quickly turned into a civil war between factions that became a costly, unpopular conflict for the French."

World Community Reacts Skeptically To Surge Plan. The New York Times (1/13, Cowell, 1.16M) reports that the Bush war plan "has won few converts across a worried world, where dismay and hostility toward the American expedition have grown while support trickles away. ... Even Britain, the onetime cheerleader for the White House, offered only an ambiguous response to the president's announcement, saying London remained on track to withdraw its forces, not increase them." Other countries reacted with "haughty indifference." Among Arab countries, "there is a deeper pessimism, reflecting a widely held Arab view that the American presence is the source of Iraq's woes." On the other hand, "there was some sympathy — if not always explicit — for the American quandary: this was, many analysts sensed, a defining event, a last throw of the dice that would measure American prestige and credibility against the clamor of its adversaries."

Hamilton Discusses Iraq Recommendations. The CBS Evening News (1/12, story 7, 1:30, Mitchell, 7.66M) reported, "Just over a month ago, the Iraq Study Group issued its list of recommendations for a way out of Iraq. Rep. Lee Hamilton was the co-chair of that bipartisan group. ... In your mind, what should the timetable be on this? If the President's plan is not working by -- give me a date, it should be scrapped and go to Plan B?" Hamilton: "Oh, I think time is very tight here. This government in Iraq does not have much time to perform. ... Their rhetoric has been pretty good, but they just haven't done it. I personally think the timeframe is a matter of weeks, certainly not a year. Maybe a couple of months. But it should be a tight timeframe."

US Soldiers In Iraq Have Mixed Views Of Plan. ABC World News (1/12, story 3, 1:50, Vargas, 8.78M) reported, "In Iraq, US troops are already starting to implement the President's new plan. And they have various opinions of it." ABC (Karl): "Ask them if it will work, and most will tell you that depends on their Iraqi counterparts." Sgt. First Class Brian Field: They really need to step it up." Spc. Charles Rogers: "More manpower is always good. Strength in numbers. But I don't know if that is going to be the answer." Karl: "Look around and you get a sense that these Iraqi forces may need more than better weapons to get the job done."

Schwarzenegger, Huckabee Back Bush Plan. The Los Angeles Times (1/13, Rau, 850K) reports, "Bucking the disenchanted views of most Americans about the war, Gov. Arnold Schwarzenegger said Friday that he supports President Bush's plan to increase the number of troops in Iraq." In an interview to air on ABC's "This Week" on Sunday, Schwarzenegger "said he does not want the U.S. to 'pull out of this war as losers.' ... Schwarzenegger did break with the president by reiterating his support for a timeline for American troops to withdraw."

Ex-Gov. Mike Huckabee said on MSNBC's Tucker (1/12, O'Donnell), "I think we have got to give" the President "a chance to let it work. Whether it's the right decision, I honestly don't know, because I don't have access to the kind of military and intelligence information that he does. But he's the commander-in-chief, and we have got to give him an opportunity. I think that the strategy that he has laid out is one that is risky in the sense that it has to work for him, because if it doesn't, I don't think he's going to get another chance to come up with yet another plan. But if the Democrats don't like that plan, they've got to put something on the table."

Richardson Says Bush "Is Not Listening." Gov. Bill Richardson said on MSNBC's Hardball (1/12, Matthews), "The President is not listening. It's not a partisan issue. This is national. … The American people want a different course in Iraq. And what does a President do? He has a surge. The only surge that should happen is a surge in diplomacy, a surge in a political solution, a withdrawal that I believe is necessary this year that is tied to a political solution, a reconciliation conference. And you deploy those troops where we need them, in Afghanistan, to fight international terrorism. Nuclear proliferation, loose nuclear weapons, those are our interests. And instead of saying that we're now going to look at Iran, we should be talking to Syria, we should be talking to Iran."

More Commentary. Wall Street Journal (1/13, 2.04M) columnist Peggy Noonan writes in a highly pessimistic column, "Right now, in the deepest levels of the American government, intelligence and military planners should be ordered to draw up serious plans for an American withdrawal, and serious strategies for dealing with the realities withdrawal

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will bring. It would not be the worst thing if the Maliki government knew those plans were being drawn up. It might concentrate the mind. ... I'm not sure [US interests have] been given sufficient attention the past few years. In fact, I am sorry to say I believe they have not."

Washington Post (1/13, A19, 690K) Style writer Henry Allen writes, "The problem, if we lose in Iraq, is that America is apt to keep on doing what it's been doing for decades when it loses, which is to say learn nothing and have years of hissy fits about who's to blame. And set itself up for another fiasco someplace else. ... our failed ground combat interventions and nation building continue like a sort of neurosis, the kind that has been defined as doing the same thing over and over in expectation of a different result, in the manner of France fighting and losing one colonial war after another after World War II."

Washington Post (1/13, A19, King, 690K) columnist Colbert King recalls that Dr. Martin Luther King, Jr., spoke on April 4, 1967, about the Vietnam War: "Vietnam, King said, was consuming American troops and money like 'some demonic, destructive suction tube' even as that war was laying waste to the Vietnamese people and to America's standing in the world. ... Now enter George W. Bush -- the president who got America into this debacle [Iraq] through a series of misjudgments that would make Alfred E. Neuman look brilliant." Bush "stubbornly and in the face of legitimate opposition, proposes to make matters worse. Remember King and the words: 'A time comes when silence is betrayal.'"

Rice Says Bush Approved Raids On Iranians.

The New York Times (1/13, Sanger, Gordon, 1.16M) reports, "A recent series of American raids against Iranians in Iraq was authorized under an order that President Bush decided to issue several months ago to undertake a broad military offensive against Iranian operatives in the country, Secretary of State Condoleezza Rice said Friday." Rice's "willingness to discuss the issue seemed to reflect a new hostility to Iran that was first evident in Mr. Bush's speech to the nation on Wednesday night, in which he accused Tehran of providing material support for attacks on American troops and vowed to respond." The "decision to authorize the aggressive steps against Iranians in Iraq appears to formalize the American effort to contain Iran's ambitions as a new front in the Iraq war," although some "critics regard the talk about Iran as a diversion, one intended to shift attention away from the spiraling chaos in Iraq." BBC.com (1/12) reports Rice "has denied that the US intends to escalate the war in Iraq by confronting Iranian groups operating there" but "insisted that the United States was not going to let either Iran or Syria continue activities that endangered US soldiers in Iraq."

ABC World News (1/12, lead story, 2:25, Martha Raddatz, 8.78M) reported, "The State Department said, for the first time today, that the Iraqi government believes five men, detained in a US raid in northern Iraq, were members of the Iranian revolutionary guard corps." The Iranians were "part of an…effort to funnel ammunition and weapons to insurgents." The CBS Evening News (1/12, story 3, 2:15, Martin, 7.66M) reported, "The wreckage of this Iranian office raided by American troops in northern Iraq marks a new front in the war. US officials tell CBS News, American forces have begun an aggressive and mostly secret ground campaign against networks of Iranians who had been operating with virtual impunity inside Iraq. The chairman of the Joint Chiefs told Congress today Iranians are now on the target list." Joint Chiefs of Staff Chairman Gen. Peter Pace: "Twice in the last two or three weeks, in pursuit of those networks, when we have gone and captured those cells, we've captured Iranians."

White House Softens Tone On Iran. The Los Angeles Times (1/13, Barnes, Moore, 850K) reports, "The Bush administration sought to assure lawmakers and the public Friday that despite harsh new rhetoric, it did not intend to go to war with Iran, even as U.S. sources charged that Iranians captured in Irbil, Iraq, were suspected members of Iran's Revolutionary Guards. ... The administration moved Friday to defuse concerns that it was planning or inviting a confrontation with Tehran. At a news conference, White House Press Secretary Tony Snow dismissed as an 'urban legend' suggestions that the United States was preparing for another war."

Iraqi Foreign Minister Defends Detained Iranians. The AP (1/12, Gamel) reports, "Five Iranians detained by U.S.-led forces were working in a decade-old government liaison office that was in the process of being upgraded to a consulate, the Iraqi foreign minister said Friday. ... Tehran condemned the raid in the Kurdish-controlled northern city of Irbil and urged Iraq to push for the Iranians' release."

Rockefeller Says Bush Would Need A New Congressional Resolution To Take On Iran. Sen. Jay Rockefeller said on MSNBC (1/12, Mitchell) that if President Bush "takes on Iran, it's going to have to be a new authorization, and it won't pass. … Yes, it's intermingled with the Shias in Iraq. But anybody who hasn't read a great deal about Iran, who doesn't know its history, who doesn't know the history of its relationships with the United States, which have mostly been rather bad and unsustainable, there has to be very, very careful consideration before we were ever to do something like that. And the answer is that we can't do it. You cannot take on Iran."

Dean Says US Must Confront Iran. Democratic National Committee Chairman Howard Dean said on MSNBC's Hardball (1/12, Matthews), "The great shame among many shames of going into Iraq was we picked the wrong enemy. Iran is a danger. We've got our troops pinned down in the wrong place. Saddam Hussein was a terrible person, but not a danger to the United States. Iran is a

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danger. Obviously, I don't think there's much stomach among the American people for a war with Iran, given what's going on for the last three and a half years in Iraq, but we are clearly going to have to stand up to Iran."

Dowd Blasts Idea Of Fighting Iran. New York Times (1/13, 1.16M) columnist Maureen Dowd writes sarcastically, "How can you not have confidence in the crackerjack team that brought you Operation Iraqi Freedom, which foundered and led to Operation Together Forward? ... We're trying to stanch a self-inflicted wound: our failed occupation gave Iran the opening in Iraq we're now trying to shut down." President Bush has been "deserted by more and more Republicans, generals and Americans, risking it all on a weak reed like Prime Minister Maliki."

Maliki Fills Baghdad Military Post With His Own Man. The Los Angeles Times (1/13, Roug, Spiegel, 850K) reports Iraqi Prime Minister Nouri al-Maliki "has filled the top military job in Baghdad with a virtually unknown officer chosen over the objections of U.S. and Iraqi military commanders, officials from both governments said." Maliki reportedly "failed to consult the leaders of other political factions before announcing the appointment of Lt. Gen. Abud Qanbar. The appointment is highly significant because it is Maliki's first public move after President Bush's announcement that he was sending more troops to Iraq. ... As the Iraqi commander for the capital, Qanbar would play a central role in that campaign, and any ties he might have to sectarian groups could undermine the new U.S. effort."

US Contends With Sadr For Iraqi Troops' Loyalties. The Washington Post (1/13, A1, Trejos, 690K) reports from a "shared" US-Iraqi base "in eastern Baghdad," "At best, said several U.S. soldiers interviewed at the base this month, some of the Iraqi troops they advise are sympathetic to [Shiite cleric Moqtada al-Sadr] and his army. At worst, they said, some are members of the militia, also known as Jaish al-Mahdi. ... U.S. military officers say that the Iraqi police force is deeply infiltrated by militiamen and predict that the army will be quicker to operate independently. But a four-day visit to the base known as Old MOD, for the former Ministry of Defense complex, showed that the army is not immune to the militias' influence. According to the Americans, most of the Iraqi soldiers are Shiites, and some come from Sadr City, a sprawling Baghdad slum that is a Mahdi Army stronghold. Some carry pictures of Sadr."

Coalition Forces Have "Dismantled" Insurgent Base In Diyala. The Los Angeles Times (1/13, Zavis, 850K) reports, "U.S. and Iraqi forces have denied Sunni Arab insurgents an important power base in a lawless region east of Baghdad, the commander of a joint offensive said Friday. The challenge now, U.S. Lt. Col. Andrew Poppas said in an interview, is to ensure that the militants do not return to the region in the eastern province of Diyala. When U.S. forces conducted previous large operations, insurgents often returned as soon as the military withdrew. Poppas plans to open a patrol station in the area, which until recently had been a virtual no-go zone for Iraqi security forces."

Violence Mars Baghdad's Haifa Street. The CBS Evening News (1/12, story 5, 2:10, Mitchell, 7.66M) reported, "Most of the additional troops earmarked for Iraq will be put to use on a security clamp in Baghdad, where fighting has been raging all week long along the key thoroughfare." CBS (Logan): "This shaky video, smuggled out of Haifa Street, shows the death and destruction caused by six days of intense fighting in what is today Baghdad's most violent neighborhood. US and Iraqi forces are battling gunmen dug into the houses along this main road that runs from the center of the capital down to the heavily fortified Green Zone."

Terrorists Using Google Earth To Locate British Troops. The London Telegraph (1/13, Harding) reports, "Terrorists attacking British bases in Basra are using aerial footage displayed by the Google Earth internet tool to pinpoint their attacks, say Army intelligence sources. Documents seized during raids on the homes of insurgents last week uncovered print-outs from photographs taken from Google." The photographs depict "buildings inside the bases and vulnerable areas such as tented accommodation, lavatory blocks and where lightly armoured Land Rovers are parked." Insurgent salvos "are fired from up to four miles away and are increasingly accurate. ... Intelligence sources also believe that the insurgents are receiving more training and weaponry from Iran to improve their fighting skills. But the British are gathering more intelligence on mortar crews and launching several 'strike operations' to detain the operators."

Rice Responds To Boxer Assertion On War's "Personal Price." The Washington Post/AP (1/13, A15) reports, "Secretary of State Condoleezza Rice yesterday criticized Sen. Barbara Boxer's suggestion that, because she does not have family in harm's way, she will pay no 'personal price' in the Iraq war." Rice said, "I thought single women had come further than that." The Washington Times (1/13, A1, Hurt, 88K) reports the White House and Rice "accused Democrats of suggesting that the secretary's childlessness, race and sex are to blame for mistakes in Iraq. ... But Mrs. Boxer and Democrats are making no apologies."

The New York Times (1/13, Cooper, Shanker, 1.16M) reports, "Some Democratic Senate staffers said Senator Boxer's exchange with Ms. Rice allowed the Bush administration to turn the tables on Iraq critics and sidestep

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the larger issue of the almost uniform opposition to the president's plan to send 20,000 more American soldiers to Iraq." ABC World News (1/12, story 4, Vargas, 8.78M) said the "personal exchange…touched off an emotional debate about the war in Iraq." The Washington Times (1/13, Ward, 88K) called the Boxer remark "the low point of" Thursday's hearing.

NATO Struggles To Build In Afghanistan. The New York Times (1/13, Gall, 1.16M) reports in a negative article, "The road that cuts through the heart of Panjwai district here tells all that is going wrong with NATO's war in Afghanistan. To fight their way into this area and clear it of Taliban insurgents, NATO troops bulldozed through orchards, smashed down walls and even houses, and churned vineyards and melon fields to dust. Reconstruction projects were planned, but never materialized. Now NATO countries are championing the thoroughfare as a $5 million gift to local people." Locals, however, "are homeless, fearful and far from being won over. They say the road was built for the troops' benefit and forced on them, at the cost of their land and livelihoods. ... Already on everyone's mind — in the government, the military, the police and among villagers — is how to stop the Taliban from infiltrating back for a new offensive in the spring, which in this southern region will come in February."

Suicide Bomber Attacks Convoy South Of Kabul. The AP (1/12) reports, "A suicide bomber rammed his explosives-filled car into a two-vehicle convoy carrying foreigners south of Kabul on Friday, wounding at least one Afghan civilian, police said. ... The attack comes a day after NATO said its forces killed scores of insurgents who crossed from Pakistan in the biggest battle of the Afghan winter, while Pakistan's army fired artillery at trucks supplying militants on the other side of the border." The AP says of the artillery firing, "It was the Pakistani army's first reported offensive in the North Waziristan tribal region since a September peace deal between the government and pro-Taliban militants that critics say has provided a sanctuary for insurgents."

Gates Expresses Concern Over Afghan Stability. The Los Angeles Times (1/13, Barnes, Spiegel, 850K) reports, Defense Secretary Robert Gates "expressed deep concern Friday over the stability of Afghanistan, and a top U.S. military official said additional troops might be needed to strengthen the government in Kabul, which is under growing pressure from Taliban forces." The secretary "plans to travel soon" to the country and "appeared worried by the rising violence in Afghanistan" in testimony to the Senate Armed Services Committee.

Italians Wage "Peaceful War" In Mushai Valley. The Washington Post (1/13, A12, Constable, 690K) reports from Surjai, Afghanistan, "Like most of the 26 foreign military contingents that comprise the 20,000 NATO troops stationed in Afghanistan, the Italians have been banned by their government from conducting combat missions, except for 72-hour emergency sorties to aid other NATO forces. ... But officials say the work of troops from Italy, Turkey, France and other nations, which are bringing security, training, aid and development to impoverished and potentially hostile areas of central and northern Afghanistan, can be more effective than military raids, which can invade homes, create casualties and alienate communities."

Pakistan Denies It Is Terrorist Haven, Asks US For Intelligence On Al Qaeda. The AP (1/12) reports, "Pakistan on Friday rejected allegations by America's spy chief that it is a refuge for terrorist leaders and demanded that his intelligence networks share information on the whereabouts of Osama bin Laden and other top al-Qaeda figures." A Foreign Ministry spokeswoman said, "In breaking the back of al-Qaeda, Pakistan has done more than any other country in the world." She urged the US to "share the intelligence with us."

Taliban Fighters' Bodies Reportedly Sent Back To Pakistan. The AP (1/12) reports, "Despite Pakistani assertions, "in a sign that insurgents are crossing from Pakistan to fight in Afghanistan, the bodies of 25 militants killed in a fierce battle with NATO were repatriated Friday to their tribal villages in Pakistan, where Taliban activists urged mass attendance at their funerals, residents said." The Washington Post (1/13, A12, Constable, 690K) also reports, "The bodies of two dozen Islamic insurgents killed in a clash with NATO and Afghan army forces near the border with Pakistan were sent back Friday to Pakistan, where Taliban leaders asked that they be given funerals as 'martyrs,' according to news reports here." The corpses reportedly "included both Pakistanis and Afghans."

Pentagon Sees Somalia As Blueprint For Counterterrorism Missions. The New York Times (1/13, Mazzetti, 1.16M) reports, "Military operations in Somalia by American commandos, and the use of the Ethiopian Army as a surrogate force to root out operatives for Al Qaeda in the country, are a blueprint that Pentagon strategists say they hope to use more frequently in counterterrorism missions around the globe. Military officials said the strike by an American gunship on terrorism suspects in southern Somalia on Sunday showed that even with the departure of Donald H. Rumsfeld from the Pentagon, Special Operations troops intended to take advantage of the directive given to them by Mr. Rumsfeld in the weeks after the Sept. 11 attacks." Special Forces had been slowed by "a shortage of valuable intelligence on the whereabouts of top terrorism suspects," but "the State Department and Pentagon took control of Somalia policy in the summer, after a failed effort by

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the Central Intelligence Agency to use Somali warlords as proxies to hunt down the Qaeda suspects."

Eight Somali Gunmen Die In Shootout At Gates Of Palace. The New York Times (1/13, Gettleman, 1.16M) reports from Mogadishu, "According to witnesses, presidential guards killed at least eight men of a rival militia at the gates of the presidential palace as top leaders were sitting inside discussing a new disarmament program. The bloodshed seemed to be more evidence of a steady breakdown of law and order in Mogadishu, and plunged the disarmament plans into uncertainty." The shooting "apparently started over where to park a technical, the term coined in Somalia for a heavily armed pickup truck."

Ethiopian-Backed Forces Capture Last Islamist Stronghold. The Washington Times/AP (1/13, Hassan) reports, "Ethiopian-backed government forces have captured the last stronghold of the Islamist movement in southern Somalia, the Somali defense minister said yesterday just hours after warlords met with the president and promised to enlist their militiamen in the army." Ras Kamboni "fell after five days of heavy fighting, Defense Minister Col. Barre Aden Shire said. ... It is not far from the site of a U.S. air strike Monday on suspected al Qaeda terrorists." The AP also reports the shootout near the presidential palace.

Soldiers, Spouses Struggle To Preserve Marriages. The CBS Evening News (1/12, story 6, 2:30, Mitchell, 7.66M) reported, "It is a hidden danger faced by every soldier who has been to Iraq or Afghanistan -- the stress they suffer on the battlefield. It can put stress on their marriages when they return home. Army divorces have increased nearly 30 percent since the start of the Iraq war. The solution might be retreat."

Networks Praise Military Mother, USO Volunteer. ABC World News (1/12, story 10, 3:00, Vargas, 8.78M) named Mary Moreno its "Person of the Week." Moreno is "a military mother who suffered her own personal defeat when their son shipped off to war. But she turned that hardship into help for other families who thought they had nowhere else to turn." Moreno: "I needed help. Medication wasn't going to help me. ... I put an ad -- I put an article in the newspaper. 'Mom seeks other moms with sons in Iraq.' I had five moms call me." Vargas: "Four years later, Mary's group is 100 strong." Meanwhile, NBC Nightly News (1/12, story 10, 2:30, Williams, 9.87M) profiled USO volunteer Mary Adams, who is "often the last person that US soldiers see before they set off as volunteers to fight this nation's wars."

DOJ:

California US Attorney's Departure Is Met With Surprise. The San Diego Union-Tribune (1/13, Thornton, Soto) reports, "Amid news reports that she has been asked to step down, U.S. Attorney Carol Lam declined repeated interview requests yesterday and did not address the matter with her staff." The Union-Tribune continues, "At a weekly managers meeting, Lam was stoic, conducting business as usual and discussing next week's caseload, according to people who attended. She made no mention of a resignation request by the Bush administration, nor did anyone ask about it. … However, she did discuss the matter with at least one law enforcement colleague. Dan Dzwilewski, head of the FBI office in San Diego, said he spoke to Lam several times yesterday and he feels the criticism and the way the situation was handled are unfair. … 'I don't think it's the right way to treat anybody. What's the decision based on?' Dzwilewski said. 'I don't share the view of whoever's making the decision back there in Washington that they'd like her to resign. I feel Carol has an excellent reputation and has done an excellent job given her limited resources.'" The Union-Tribune adds, "Dzwilewski said he sympathized with Lam on issues of stretching budgets to meet priorities and felt that criticism that she wasn't giving proper attention to smuggling, drugs and gun crimes was off-base. 'What do you expect her to do? Let corruption exist?' he said. … Lam's continued employment as U.S. attorney is crucial to the success of multiple ongoing investigations, the FBI chief said. … Dzwilewski declined to discuss Lam's demeanor during their conversations, her state of mind, when or if she will resign or her future plans. … Sources have told The San Diego Union-Tribune that Lam was asked to step down because she failed to make smuggling and gun cases a priority, choosing instead to focus on fewer cases that she considered more significant, such as public corruption and white-collar crime."

The North County (CA) Times (1/13, Figueroa, Bennett) reports, "Speculation that the Bush administration allegedly has asked San Diego-based U.S. Attorney Carol Lam, the region's chief federal prosecutor, to step down was met with disbelief and dropped jaws by legal community members with ties to federal court. … 'I was in a state of shock,' said Peter Nunez, who served as the U.S. attorney in charge of the San Diego offices from 1982 to 1988. 'It's just like nothing I've ever seen before in 35-plus years. To be asked to resign and to be publicly humiliated by leaking this to the press is beyond any bounds of decency and behavior. It shocks me. It really is outrageous.'" The Times continues, "Nunez and others said they had not even heard rumblings that Lam was in the cross hairs for possible removal. … Lam may not be the only U.S. attorney politely being asked to pack her bags. … In a

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Thursday news release, U.S. Sen. Dianne Feinstein announced that she and two other senators were introducing legislation that would prevent the executive branch from trying to do an end run on the Senate's prerogative of confirming U.S. attorneys."

Arkansas US Attorney Was Asked To Resign. The Arkansas Democrat-Gazette (1/13, Satter) reports, "A day after three U. S. senators, including Arkansas ' Mark Pryor, proposed legislation to prevent indefinite interim appointments of U. S. attorneys, Bud Cummins acknowledged that the U. S. Justice Department asked him in June to leave his post to make room for a successor. Cummins, 47, the U. S. attorney for the Eastern District of Arkansas from Dec. 21, 2001 until Dec. 20, 2006, had previously avoided directly answering whether he was 'forced out,' as rumor had it. He instead said in late August that he had always known his political appointment was temporary and that he had informally "let it be known" over the previous year that he expected to leave before President Bush's second term ended in late 2008." The Democrat-Gazette continues, "When contacted on Friday, Cummins said that while all that was true, he wanted to clarify the situation because the proposed legislation had focused a new wave of attention on his and other U. S. attorneys' recent departures, reportedly at the administration's request. … In a news release issued jointly Thursday by Pryor, Sen. Dianne Feinstein, D-Calif., and Sen. Patrick Leahy, D-Vt., Feinstein said, 'It has come to our attention that the Bush Administration is pushing out U. S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation.... We don't know how many U. S. Attorneys have been asked to resign — it could be two, it could be ten, it could be more. No one knows.'" The Democrat-Gazette notes, "Pryor had publicly complained in late December, when the department announced that attorney Tim Griffin would take over Cummins ' job in a matter of days, that the administration was trying to circumvent the normal nomination process to reward a political insider, without the normal checks and balances. … Griffin, who had a reputation as an aggressive Republican campaign researcher, had previously worked under Karl Rove, Bush's main political adviser and deputy chief of staff."

More Commentary. The San Diego Union-Tribune (1/13) editorializes, "U.S. Attorney Carol Lam is a tough-minded prosecutor who has won a string of high-profile convictions against corrupt public officials, including Rep. Randy "Duke" Cunningham and Councilmen Ralph Inzunza and Michael Zucchet. She is widely respected for her personal integrity and her commitment to curbing white-collar crime. Her aggressive prosecutions have sent a needed message that political corruption will not be tolerated in San Diego. … Why, then, is Attorney General Alberto Gonzales pressuring Lam behind the scenes to step down?" The Union-Tribune continues, "The answer to this question is far from clear, but it appears to be rooted in questionable political machinations in Washington and has nothing to do with Lam's impressive record on the job. … The Bush administration's actions appear to be motivated by cronyism, a desire to reward the president's supporters with Justice Department posts. In Lam's case, certainly, there are no legitimate performance issues to justify stripping her of her position. Gonzales is set to testify next week before the Senate Judiciary Committee, on which Feinstein sits. We urge the senator to seize this opportunity to pull back the 'cloak of secrecy' and reveal the truth about the attorney general's bid to remove Lam."

New DC US Attorney Faces Money, Time Constraints. The Washington Post (1/13, B3, Leonnig) reports, "The new U.S. attorney for Washington has a very plum title. But in the current circumstances, Jeffrey A. Taylor may find it hard to leave a major mark, and he's taking some fire before he truly gets moving." The Post continues, "Taylor, who was selected by the Justice Department in the fall to run the largest office of local federal prosecutors in the country, faces the dual challenges of worsening budget constraints and a likely two-year time limit on his tenure. … Then there are the external pressures. A former national security adviser to Attorney General Alberto R. Gonzales, Taylor is facing criticism that he lacks local know-how, having spent most of his career in San Diego, where he was an assistant U.S. attorney. And with Democrats now in control of Congress, Del. Eleanor Holmes Norton (D-D.C.) is pushing again for a bill to create the post of a locally elected prosecutor to pursue local crimes in the District." The Post adds, "Gonzales appointed Taylor to be interim U.S. attorney in September, replacing Kenneth L. Wainstein, who became assistant attorney general for national security . The president usually nominates U.S. attorneys for Senate confirmation but has often chosen to let the Justice Department make appointments for interim or short-term posts. … Personable and practical, Taylor acknowledged that it would be unwise for him to launch a series of new initiatives with less money, fewer people and such a short window to act. Still, he declared, 'I wouldn't be interested in this job to just be a caretaker.' … He took over an office with 30 vacancies among its 360 authorized slots for lawyers -- jobs that will not be filled in the budget crunch. Thirty of 350 support staff jobs are also unfilled and will remain vacant. … Taylor, 41, disputes water-cooler gossip that he's a place-holder until President Bush's term ends in two years. He said he'll focus on three top priorities of cases: violent crime, public corruption and national security."

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CORPORATE SCANDALS:

Loans By Allied Unit Under Federal Scrutiny. The New York Times (1/13, Creswell) reports, "Federal investigations into small-business loans issued by a unit of the Allied Capital Corporation are growing, as a former executive of the unit faces fraud charges in Michigan." The Times continues, "The former executive, Patrick J. Harrington, is accused of falsifying information on 76 loans with a value of nearly $77 million over six years, according to an indictment that was handed up on Wednesday by a federal grand jury in Michigan. Mr. Harrington has not entered a plea to the charges." The Times adds, "Federal investigators are now looking at loans issued by the unit, Business Loan Express, in other parts of the country, according to several people briefed on the investigation. … And the federal Small Business Administration — which typically guarantees 75 percent of the value of these small-business loans — is considering suspending the preferred lending status of Business Loan Express, pending the outcome of an investigation. That would mean that every loan Business Loan Express issues would have to be vetted by the agency, those people said. … The S.B.A. this week also suspended the unit's ability to sell the loans it issues to large institutional investors in the secondary market, which could affect the ability of Business Loan Express to make loans, those people said. The unit can still originate loans, but only if it intends to hold those loans on its own books, which is not something the firm has historically done."

HP Prober Pleads Guilty To ID Theft, Conspiracy. The AP (1/13) reports, "Federal prosecutors scored their first victory in the investigation of boardroom spying at Hewlett-Packard on Friday, when a private investigator pleaded guilty to identity theft and conspiracy charges." The AP continues, "The investigator, Bryan Wagner, 29, of Littleton, Colo., pleaded guilty to the two felony counts during his initial appearance in United States District Court in San Jose. … As part of the plea deal, Mr. Wagner admitted to illegally obtaining Social Security numbers and other personal information to snoop on the private telephone records of journalists, former Hewlett-Packard directors, and their family members as part of the company's effort to ferret out the source of boardroom leaks to the media." The AP adds, "Mr. Wagner acknowledged using a form of subterfuge known as 'pretexting,' or pretending to be someone else, to fool telephone companies into releasing records on former two former H.P. directors — Thomas J. Perkins and George A. Keyworth II — and two reporters, Pui-Wing Tam of The Wall Street Journal and Dawn Kawamoto of CNet Networks. … Mr. Wagner admitted using personal information to set up online accounts in the names of the four people from April 2005 to September 2006 to access their call logs and billing records. … His lawyer, Stephen Naratil, said his client would testify for prosecutors as they pursue other figures in the case. He declined to say whom Mr. Wagner would testify against or what he had told prosecutors. … Mr. Wagner's sentencing was set for June 20 in San Jose federal court."

Firms Trim Executive Perks To Avoid Scrutiny. The Wall Street Journal (1/13, A1, White, Lublin) reports, "Personal air travel on the company dime is among an array of executive perks some companies have begun trimming as new compensation-disclosure rules take effect." The Journal continues, "On Jan. 1, Exxon Mobil Corp. and Lockheed Martin Corp. stopped paying executives' country-club dues. In December, directors of General Mills Inc. capped free personal rides on company aircraft for its chief executive officer. And E*Trade Financial Corp. said it no longer would help top executives pay taxes on their severance benefits if the company is sold. … The changes come amid sweeping new Securities and Exchange Commission requirements for additional disclosure about executive pay and perks. The rules, which took effect for fiscal years ending after Dec. 14, require companies to reveal perks for top executives that add up to $10,000 or more apiece; the old rules required disclosure of perks valued above $50,000." The Journal adds, "The number of companies dropping or curbing perks is unclear. Most won't file their annual proxy statements, detailing executive compensation, until March or April. Of 110 large companies surveyed by Mercer Human Resource Consulting in November, 14 said they had eliminated perks or were considering doing so because of the new regulations. … But some compensation consultants and directors expect the number to grow as more boards consider the hazards of publicizing perks amid a burgeoning national outcry over executive compensation. In recent weeks, investor anger has been stoked by exit packages in the neighborhood of $200 million for the CEOs of Pfizer Inc. and Home Depot Inc., both of whom left under fire for poor shareholder returns."

Suits By Former NYSE Seat-Holders Allowed To Proceed. The Wall Street Journal (1/13, B3, Bray) reports, "Lawsuits by three former New York Stock Exchange membership-seat holders over disclosures by the Big Board and its chief executive, John Thain, before details of its merger with Archipelago Holdings Inc. became public can proceed, a state judge has ruled." The Journal continues, "In an order filed Wednesday, New York State Supreme Court Justice Charles E. Ramos said some of the allegations in cases brought by onetime seat holders Janet Hyman, Sylvia Lief and D. Paul Rittmaster can go forward. … The three cases have been consolidated for pretrial proceedings." The

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Journal adds, "Without ruling on the merits of the claim, Justice Ramos allowed to proceed allegations that representations made at a Feb. 3, 2005, town hall meeting with seat holders and a Feb. 15, 2005, announcement were incomplete and/or misleading. The meeting and announcement concerned the formation of an advisory committee to explore the possibility of converting the NYSE from a nonprofit to a for-profit company, which is now called NYSE Group Inc. … The judge dismissed claims that the NYSE and Mr. Thain breached their fiduciary duty or were negligent for failing to keep the merger negotiations confidential in order to prevent speculative or premature market fluctuations."

Accounting Giants Still Paying For Scandals. The Wall Street Journal (1/13, B5, Reilly) reports, "Corporate scandals that erupted earlier this decade are still causing pain at accounting firms, which continue to pay big bucks to atone for their failure to spot, or stop, fraud." The Journal continues, "The latest example: Deloitte & Touche's Italian arm on Friday agreed to pay $149 million to settle lawsuits brought by former audit client Parmalat SpA, which collapsed in December 2003 after the discovery of Europe's biggest corporate fraud. … Under the terms of the agreement between Deloitte's Italian arm, Deloitte & Touche SpA, and Parmalat, the Italian company will drop all claims against various Deloitte arms it is suing in federal court in New York. In turn, Deloitte will drop counterclaims against the company, whose former managers allegedly engaged in a fraud that left Parmalat with an $18 billion hole on its books." The Journal adds, "Specific terms of the agreement, beyond the settlement amount, weren't disclosed. A spokeswoman for Deloitte in the U.S. declined to comment on whether the $149 million would be covered in part or whole by insurance. … A joint statement from Parmalat and Deloitte didn't say whether the accounting firm acknowledged any wrongdoing. Deloitte, which signed off on Parmalat's books from 1999 to 2003, has previously said it acted in accordance with laws in place in Italy at the time. … The settlement follows a deal announced last month by Deloitte's U.S. arm, Deloitte & Touche LLP, to pay $210 million to resolve claims related to Adelphia Communications Corp., the cable company once run by the Rigas family that filed for bankruptcy in 2002. While the Adelphia and Parmalat settlements don't eclipse a record $335 million payout in 1999 by Ernst & Young LLP in a case related to Cendant Corp., they are within the top-10 settlement awards paid by auditors over the past 10 years for work for a single client."

Former Siemens Officials Is Suspect In Bribery Probe. The Wall Street Journal (1/13, A5, Crawford, Esterl) reports, "An international corruption investigation at Siemens AG is climbing the corporate ladder after a former No. 2 executive was named a suspect amid allegations a complex bribery scheme spanned several units at the far-flung German conglomerate." The Journal continues, "Heinz-Joachim Neubürger, the chief financial officer of Siemens from 1998 until he resigned in April, was questioned by German prosecutors Tuesday and released in a widening probe into nearly half a billion dollars in suspicious payments. … A spokesman for the prosecutor's office in Munich confirmed that Mr. Neubürger is being treated as a suspect, not a witness, in the cross-border investigation. At least one other suspect has alleged to prosecutors that Mr. Neubürger was aware of illegal payments and didn't do enough to stop them, according to lawyers familiar with the investigation." The Journal adds, "More than 200 German police raided Siemens's offices in mid-November and arrested several current and former employees; they were released just before Christmas after agreeing to cooperate. Investigators suspect company officials were running an elaborate network of secret bank accounts and sham consulting contracts to bribe customers abroad. … Munich-based Siemens says it is cooperating fully with authorities. Last month, it flagged €420 million ($542 million) in suspicious transactions spanning seven years -- double the amount uncovered by German prosecutors in November. Until now, the investigation had been confined to the company's telecommunications network division. Siemens, Europe's largest engineering firm by sales, has blamed the alleged fraud on 'individual acts.'"

CRIMINAL LAW:

DOJ Seeks To Keep Report On Convertino Probe Confidential. The AP (1/13, Jordan, Apuzzo) reports, "The Justice Department is fighting in court to keep secret a government report concluding that it leaked confidential and damaging information against a former prosecutor accused of bungling a high- profile terror trial." The AP continues, "Justice attorneys say they can't disclose all the contents of the December 2004 report by the department's inspector general without violating employees' privacy. … However, ex-Assistant U.S. Attorney Richard Convertino of Detroit said the Justice Department violated his own privacy rights by revealing to the media that he was the subject of an internal ethics inquiry after he criticized the Bush administration's counterterrorism strategy." The AP adds, "Two people who have seen the full report confirmed it rules out Convertino as a suspect in the leak case. Those people described the report's findings to the Associated Press on condition of anonymity because it is sealed under a Justice Department protective order. … A heavily edited version of the report is included in court documents filed in Washington. It concludes that investigators 'did not find sufficient evidence to prove, by a preponderance of the evidence, who leaked

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this information.' … It narrowed the source to about 30 prosecutors and other Justice Department officials, in Washington and Detroit, all of whom denied leaking the information. The full report also concluded that Convertino was not the source, according to related court documents filed by his attorneys."

Nifong Seeks Recusal From Duke Lacrosse Case. The Washington Post (1/13, A1, Whoriskey, Adcock) reports, "After months of stinging criticism about his handling of the Duke University sexual assault investigation, Durham District Attorney Michael B. Nifong sought to bow out of the case yesterday, requesting that the North Carolina Attorney General's Office handle the prosecution." The Post continues, "His decision to recuse himself was welcomed by the defense team representing the three Duke lacrosse players initially accused of raping a 28-year-old stripper at a team party. … 'We feel very good about this. It's a fresh set of eyes looking at the case,' said William Cotter of Raleigh, one of three attorneys for Collin Finnerty of Garden City, N.Y. 'We think it's more likely that they will listen to us and we will certainly be cooperative with him or her.'" The Post adds, "The defense believes that another prosecutor would, after reviewing the contradictions of the alleged victim's accounts and the paucity of physical evidence, drop the case. … Attorney General Roy Cooper's office deferred questions about Nifong's action until a news conference scheduled for Saturday."

The Washington Times (1/13, Seper) reports, "Mr. Nifong has come under intense public scrutiny over his handling of the investigation and was named Dec. 28 in an ethics complaint filed by the North Carolina State Bar. The complaint accuses him of breaking four rules of professional conduct while speaking to reporters about the investigation. … The complaint said Mr. Nifong made 'extrajudicial statements' to reporters that 'he knew or reasonably should have known would be disseminated ... and would have a substantial likelihood of materially prejudicing' the case. … The veteran prosecutor faces a preliminary state bar hearing on Jan. 24. A trial date has tentatively been scheduled for May 11."

The New York Times (1/13, Wilson, Barstow) reports, "Friday's action marked a stinging professional defeat for Mr. Nifong, who has faced accusations of incompetence, prosecutorial misconduct and ethical violations for his handling of the case. In his letter to Mr. Cooper, Mr. Nifong said the accusations of ethical wrongdoing, which were brought last month by the state bar, presented him with a conflict of interest between defending his own conduct and prosecuting this case. … According to friends, Mr. Nifong's resolve had begun to falter even before the ethics charges were brought against him. … At a court hearing on Dec. 15, a DNA laboratory director admitted that he and Mr. Nifong had deliberately withheld exculpatory information from a report. Mr. Nifong prided himself on integrity, having been a conscientious objector during the Vietnam War, yet the laboratory director's testimony and his acknowledgment of the error undercut his reputation. … Things only worsened from there."

The AP (1/13) reports, "What comes next in the troubled prosecution of Reade Seligmann, Collin Finnerty and David Evans will likely be determined by the lawyer appointed by State Attorney General Roy Cooper. His office declined to comment Friday night, but a spokeswoman said officials would speak with reporters Saturday. … Under North Carolina law, only a district attorney can formally request a special prosecutor. The request can be made when there are potential conflicts of interest, when a case is particularly complex or when there are other unusual circumstances. … Nifong led the investigation into allegations a 28-year-old student at North Carolina Central University — hired to perform as a stripper — was gang-raped and beaten at a March 13 party thrown by Duke's highly ranked lacrosse team. His frequent interviews with news agencies in the early days of the case generated much scrutiny; at one point, he called the lacrosse team 'a bunch of hooligans.' … But as he started to hand over his evidence to the defense, the case appeared to unravel. Legal experts and observers have said it appears to be based only on the testimony of an accuser who has told wildly different versions of the alleged assault — a shifting story that led Nifong to drop rape charges on Dec. 22. The three players remain charged with sexual offense and kidnapping."

Missing Missouri Boys Found Alive. In a widely-distributed story, the AP (1/13, Leonard) reported, "A 13-year-old boy who vanished from the gravel road near his home five days ago was found alive Friday about 60 miles away in a suburban St. Louis home, along with a 15-year-old boy missing since 2002, authorities said. Sharp-eyed police and suspicions about a white truck led police to the Kirkwood apartment of Michael Devlin, 41, who has been charged with one count of first-degree kidnapping, Sheriff Gary Toelke said. … Kirkwood city police officers were serving a warrant on an apartment complex when they noticed a white truck matching the description of a vehicle authorities had been searching" for Ben Ownby." The AP noted the Devlin neighbor Rick Butler "said the FBI came to his door Thursday night and showed a picture of Ben, asking if he had seen him." In a story distributed by McClatchy, the St. Louis Post-Dispatch (1/14, Bell) reported, "After police arrested Devlin Friday morning, authorities went to the apartment. The first FBI agent to enter saw a familiar face." Corvington "said Ben Ownby had one question: 'Young Ben was sitting there and looked up … and said, "Are you going to take me home?"'

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The agent turned to the other youth, who identified himself as Shawn Hornbeck."

NBC Nightly News (1/13, lead story, 3:20, Seigenthaler) reported that "the boys' parents expressed joy that the children had been found and said it should give hope to the parents of other missing children." NBC (Kevin Tibbles): "Friday investigators went in and found Ben frightened but unharmed. Also inside a startling discover, another boy. One who had been missing for more than four years." FBI St. Louis SAC Roland Corvington: "The agent looked over at Shawn Hornbeck and asked Shawn to identify himself to which Shawn said yes, I'm Shawn Hornbeck." Tibbles: "Tonight two boys are back where they should be, with their families," although "many are asking how could one of the boys be essentially held captive in plain view less than an hour's drive from where he was kidnapped. Prosecutors say federal charges are likely to be made next week."

The Kansas City Star (1/14, Murphy) reported, "Devlin is scheduled to make his first court appearance this week in Franklin County on a charge of kidnapping Ben Ownby, but other charges are possible, Prosecutor Bob Parks said. Washington County, where Shawn Hornbeck's family lives, has not filed charges. The FBI also may file charges, based on evidence recovered from Devlin's apartment, agent Roland Corvington said at a Saturday news conference." The New York Times (1/14, Gay) also noted Corvington "told reporters that when officers entered the apartment, Ben asked: 'Are you going to take me home?' The boys had no visible injuries." The AP (1/14) reported, "A law enforcement official familiar with the investigation said that FBI agents went to Imo's Pizza, where Devlin was a manager, and that the suspect revealed details giving agents probable cause to arrest him and search his apartment. They then found the boys, said the source, who refused to be identified because he was unauthorized to speak publicly about the case."

The New York Times (1/13, McGeehan), ABC World News (1/12, story 7, 0:15, Vargas), the CBS Evening News (1/12, story 2, 2:05, Mitchell also reported on the boys' recovery – and ABC World News (1/13, lead story, 3:30, Burman) reported on Saturday's press conference – but the stories did not mention Corvington or the FBI. Additionally, the story has dominated news coverage on CNN, MSNBC and Fox News since it broke on Friday. However, with the exception of Friday's and Saturday's press conferences – which were carried live by the cable news stations – the reports only mentioned the FBI in passing or not at all.

Hornbeck Apparently Had Access To Computer. In a widely-distributed story, the AP (1/16, Salter) reports, "While his alleged kidnapper was at work, teenager Shawn Hornbeck apparently had access to a computer, and he -- or someone pretending to be him -- may have put photos of Shawn online and posted a chilling message on a site created by his desperate parents: 'How long are you planning to look for your son?' … Investigators would not comment on the postings, and it was not immediately known if they were, in fact, created by Shawn or by someone trying to taunt his parents. Either way, they add to the long list of clues that no one seemed to pick up on during the 4 1/2 years that the boy was missing. They also deepen the mystery of why Shawn apparently made no attempt to escape or notify authorities." The AP notes, "Lloyd Bailie, Ben's uncle, said on CBS that Ben was talking about the ordeal only with his FBI counselors. 'No one's pushing him at this point to answer these questions,' Bailie said." The St. Louis Post-Dispatch (1/15, Kohler, Sultan) also noted Ownby "was talking only with FBI counselors."

Coworkers Surprised By Allegations Against Devlin. The New York Times (1/16, Saulny) reports that when employees of Imo's Pizza in Kirkwood, Mo., "realized that a kidnapping suspect in the area had a vehicle that matched the description of the manager's white pickup truck, they had a few rounds of fun with it," although owner Mike Prosperi noted yesterday, "No one thought it could possibly be him. He was just too nice a guy." The Times notes Devlin "had been at work on Thursday and Friday, not watching over either boy. He even mentioned to Mr. Prosperi that the authorities were bothering him, snooping around his apartment building. Mr. Prosperi said he told Mr. Devlin on Friday morning that he should cooperate, as there must have been some sort of mix-up. But things changed as soon as the Federal Bureau of Investigation showed up to take Mr. Devlin away. … In minutes, Mr. Devlin went from unassuming and good-natured pizza cook to accused mastermind child abductor — and the people who were most surprised were among those who knew him best."

California Man Charged With Acting As Unregistered Yemeni Agent. The Bakersfield Californian (1/13, Logan) reported, "A Bakersfield business owner gave military secrets and equipment to Yemen as an agent of that country, a new indictment filed by the United States Attorney's Office alleges." Amen Ahmed Ali "was previously charged with buying and transporting military secrets and documents to Yemen, but he was not previously charged with doing so on behalf of the Yemeni government, said Assistant U.S. Attorney Carl Faller. Under the new indictment, Ali is charged with conspiracy to act as an agent of a foreign government, unlawful export of defense articles and possession of stolen government property, attempted unlawful export of defense articles, conspiracy to gather, possess and transmit defense information and gathering defense information." The AP (1/14) also reported on the new charges against Ali.

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Author Grisham In Real-Life Dispute Over Sleuthing. The Washington Post (1/13, A1, Jackman) reports, "He's a lawyer. He's a best-selling author. Now he's The Client. … The Virginia Supreme Court ruled yesterday that John Grisham must face a jury for his actions in a real-life whodunit." The Post continues, "Grisham…lives outside Charlottesville. His son attended the private St. Anne's-Belfield School, where he played baseball for Alan Swanson, the head coach. Grisham and Swanson became friends, according to court papers, and Grisham is on the school's board of trustees. … In 1996, Swanson's wife, Donna Swanson, began receiving harassing anonymous letters, which included allegations that her husband was cheating on her, according to the ruling. Grisham also received an anonymous letter." The Post adds, "In 1998, according to a lawsuit, 'Grisham was intrigued by the idea of trying to "get to the bottom" of who was writing them, and he decided to play amateur detective.' … Grisham and the Swansons targeted another St. Anne's parent, Katharine Almy of Charlottesville, who has three children. … Grisham and the Swansons took the letters to a handwriting expert, who told them that he needed more samples." The Post notes, "Both sides agree that Grisham and Alan Swanson then obtained enrollment and medical release forms from the school filled out by Almy and stamped 'strictly confidential.' They provided the forms to the handwriting expert, who issued a report saying the letters 'possibly' were written by Almy, the lawsuit states. … Grisham provided the expert's report and the letters to the Albemarle County police, and a detective visited Almy. The lawsuit states that she was horrified that she was being investigated and repeatedly denied writing the letters. The detective reportedly told her to stop writing the letters. The lawsuit says that Almy provided handwriting samples to another examiner, who cleared her, and that she passed a polygraph test. … But Almy alleges that she was devastated by the accusations and the investigation. And when she later found out that forms had been taken from school for use in the investigation, she was further humiliated."

Man Sentenced To 65 Years For Killing DC Journalist. The Washington Post (1/13, B5, Cauvin) reports, "The man convicted of delivering the blow last year that killed New York Times journalist David E. Rosenbaum was sentenced yesterday to spend what will almost certainly be the rest of his life behind bars." The Post continues, "Convicted last fall in D.C. Superior Court of first-degree murder, Percey Jordan, 43, was sentenced to 65 years in prison. … The punishment was handed down yesterday morning in an emotion-filled courtroom, with a prosecutor telling the judge that he should take away Jordan's 'hope,' a defense attorney asking for a measure of mercy and a grieving family grasping for justice. … 'I can't imagine a punishment that would fit this crime,' said a shaken Daniel Rosenbaum, the victim's son." The Post adds, "He was speaking to Judge Erik P. Christian but staring at Jordan, a few feet away. Rosenbaum's hands were trembling, and as he started to walk back to his seat, he paused for a moment and looked at Jordan, whose face betrayed little. … Christian, who presided over Jordan's trial in October, said he hoped that during his imprisonment Jordan would eventually acknowledge what he had done. … Last week, Jordan's cousin, Michael C. Hamlin, 24, pleaded guilty to his part in the robbery and was sentenced to 26 years. As part of his plea agreement, Hamlin testified against Jordan. … Despite the prospect of such testimony, Jordan had chosen to go to trial. On Oct. 24, he was convicted of first-degree murder, conspiracy to commit robbery and robbery of a senior citizen."

The New York Times (1/13, Abruzzese) reports, "Mr. Jordan's cousin Michael C. Hamlin, who was sentenced to 26 years for his role in the death, testified that Mr. Jordan had struck the former reporter over the head with a pipe while he took his wallet. Last week, Mr. Hamlin was sentenced after pleading guilty late last year to second-degree murder."

Recording Industry Granted Default Judgment In Piracy Case. The AP (1/13, Press) reports, "Less than a month after the recording industry dropped a music piracy case against a well-known opponent, it has won a default judgment against her 20-year-old daughter." The AP continues, "Judge Stephen C. Robinson of United States District Court ordered the daughter, Michelle Santangelo, to pay $750 for each of the 41 songs she is accused of downloading illegally — a total of $30,750 — because she failed to respond to the record companies' claims. … It was not clear whether the default judgment would end the case. Under federal rules, such judgments are often later set aside so lawsuits can be decided on their merits." The AP adds, "Ms. Santangelo's lawyer, Jordan Glass, said he was not permitted to comment on the judgment, which was returned on Wednesday. He would not elaborate. … Jenni R. Engebretsen, a spokeswoman for the Recording Industry Association of America, which is coordinating the thousands of piracy suits filed by the record companies, also declined to comment. … Michelle Santangelo is the oldest of five children of Patricia Santangelo, who became a defendant in the battle against illegal downloading. When the elder Ms. Santangelo, 42, of Wappingers Falls, N.Y., was sued in 2005 by five record companies, she said she had never downloaded music. If her children did, she said, the file-sharing programs, not the parents, should be blamed. … Ms. Santangelo refused to settle with the record companies and took her case to newspapers and national television. She became a heroine to defenders of Internet freedom, who helped raise money for her defense."

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FBI Raid Of Chicago Official's Home, Office Turned Up "Suspect" Drugs, Gun. The Chicago Tribune (1/13, Coen) reports, "Federal documents made public Friday show the scope of the investigation into Chicago Ald. Arenda Troutman and indicate the FBI may not be done looking into her connections to street gangs." The Tribune continues, "Evidence logs from searches of Troutman's home and office on Monday also show that agents allegedly found suspected drugs, drug paraphernalia and a handgun. … Earlier this week, authorities charged Troutman with accepting a bribe to smooth the way for a mixed-use development on the South Side. Troutman has denied the accusations." The Tribune adds, "The documents show some of the suspected drugs were recovered in Troutman's home in the 6500 block of South Kimbark Avenue, where the revolver also was found. A 'white powdery substance in Ziploc plastic bag' was found in her office at 5958 S. State St., the documents state, noting it was found in a desk drawer. … FBI spokesman Ross Rice said laboratory testing of the substances was not complete. … Troutman's lawyer, Sam Adam Jr., said he believes that testing will show the powder was a vitamin supplement." The Tribune notes, "Troutman, the 20th Ward alderman, has been under law enforcement scrutiny in the past for her association with Donnell 'Scandalous' Jehan, an alleged Black Disciples gang leader who has fled to avoid drug conspiracy charges."

WSJournal Reviews Report On Berger Document Theft. The Wall Street Journal (1/13, A12, 2.04M), in an editorial, writes, "The more we learn about Sandy Berger's brilliant career as a document thief, the clearer it becomes that there is plenty we still don't know and may never learn. … Thanks to Justice's and the Archives' leniency, or laxity, or both, Mr. Berger's plea deal expires in 2008 -- just in time, perhaps, for the next Clinton Administration.

CIVIL LAW:

California Challenges US Abortion Amendment. The San Francisco Chronicle (1/13, B-2, Egelko) reports, "A state lawyer urged a judge Friday to head off a collision between California health laws and a federal anti-abortion amendment that could cost the state a ruinous $37 billion in funding if it penalized doctors or hospitals for refusing to perform emergency abortions." The Chronicle continues, "Deputy Attorney General Timothy Muscat argued that the conflict could be avoided if federal laws that require doctors to provide emergency medical care were interpreted to include performing an abortion when necessary to save a woman's life or prevent serious health damage. But a Bush administration lawyer said such an interpretation would be improper. … 'We cannot rewrite a statute,' Justice Department attorney James Gilligan told U.S. District Judge Jeffrey White at a hearing in San Francisco. Gilligan said the legislation that the state is challenging does not require doctors or hospitals to perform abortions, even in emergencies, if they would find the procedures morally offensive." The Chronicle notes, "White heard arguments from opposing lawyers, including those from Christian medical organizations that support the federal amendment, and did not indicate how or when he would rule. … The amendment, part of a spending bill that President Bush signed in December 2004, denies a wide range of federal funding to states that discriminate against any health provider, health maintenance organization or insurer that does not offer abortions or abortion referrals. … California was the only state to challenge the amendment."

Federal Currency Policies Challenged By Advocates For The Blind. The Richmond Times-Dispatch (1/13, Farmer) reports, "Judith Vido has signed an online petition protesting the Bush administration's decision to oppose a court-ordered redesign of the nation's currency to help the blind. … A blogger and author, Vido was the 640th person to do so this week. As of yesterday, more than 3,600 names appeared on the petition, which can be found at www.petitiononline.com/mfaacp/petition.html." The Times-Dispatch continues, "Blinded as a teen because of complications from diabetes, she uses her computer with the aid of screen-reading technology for her writing, which includes books of several genres, including romance. … 'The judge has said this is violation of our civil rights. I happen to agree.' Vido, of Richmond, said. 'I have problems when my partner isn't here and I grab money from my savings. I can't always identify it. Yes, I keep certain amounts in my wallet that I fold. But I don't always know what I have.'" The Times-Dispatch adds, "The administration's appeal seeks to overturn a ruling in November by U.S. District Judge James Robertson, who ordered the Department of the Treasury to find ways for the blind to recognize the different denominations of currency. Robertson noted that of 180 nations printing paper currency, only the United States makes no effort to make it discernable without vision. … Justice Department lawyers filed the appeal with the U.S. Court of Appeals for the District of Columbia Circuit on behalf of Treasury Secretary Henry Paulson last month. … Robertson had ruled in a lawsuit brought by the American Council of the Blind. The council proposed several options for changes, including printing different size bills or changing the texture by adding embossed dots or foil."

Navy Halts Lockheed Contract. The Washington Post (1/13, D1, Merle, 690K) reports, "The Navy yesterday

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ordered Lockheed Martin to stop work on a $260 million ship after the company warned of a significant cost increase that has also spurred the service to reconsider the way it purchases the vessels. The unusual order, which lasts 90 days, is a blow to Lockheed and is among a series of cost overruns in Navy shipbuilding programs."

CIVIL RIGHTS:

Alabama Commissioner To Keep Seat Pending Appeal Of DOJ Ruling. The Mobile Press-Register (AL) (1/13, Amy) reports, "A three-judge federal panel in Montgomery agreed to give the state time to appeal a U.S. Justice Department ruling that says Gov. Bob Riley's appointment of Chastang was invalid. … 'The state of Alabama is allowed additional time to seek timely reconsideration of the decision,' wrote Judges Stanley Marcus, Myron Thompson and Harold Albritton in an order filed Thursday." The Press-Register continues, "Plaintiffs in the court case, which ultimately led to the Justice Department ruling, had asked the court this week to set an election within 90 days. Chastang, a black Republican, has said he would run in the election, though the majority-black district has historically elected Democrats. … But campaigning will be on hold. The court told Riley to file his request for reconsideration with the Justice Department, and to check in on the first day of every month, starting in February, with a status update. … Keith Miller, Alabama's chief deputy attorney general, said he expected the request to be filed in 'days, not weeks.'" The Press-Register adds, "Cecil Gardner, the lawyer for Yvonne Kennedy, James Buskey and Bill Clark, three Democrats who filed the case to force an election, said he had no objection to the order. He did say he planned to file a motion next week asking the court to order the state to file within 10 days, to prevent any delays meant to extend Chastang's time in office. … The Justice Department ruling, issued Monday, would essentially void an earlier 1988 state Supreme Court decision that said governors should appoint replacement commissioners when a vacancy occurs between elections."

ANTITRUST:

Delta Pilots Oppose Takeover By US Airways. The Atlanta Journal-Constitution (1/13, Grantham) reports, "Delta Air Lines' pilots union is devoting $15 million to the fight against US Airways' hostile buyout bid and temporarily moving leaders to Washington so they can lobby politicians and investors." The AJC continues, "Union leaders were already in Washington this week plotting strategy and buttonholing politicians when US Airways upped its offer for Delta by $1.7 billion, to about $10.3 billion. … Lee Moak, chairman of Delta's Air Line Pilots Association unit, said in a letter to pilots that the merger poses a 'clear and present danger to the careers of all Delta employees.' … He said the fattened offer would add more debt to the merged airline and that it raises questions about US Airways Chief Executive Doug Parker's credibility. … 'Two weeks ago, Parker definitively stated that he had no intention of increasing his offer. [Wednesday], he increased his offer, while at the same time reaffirming his "plan" for no "frontline" employee furloughs,' Moak wrote. … 'But on the same day, Parker's No. 2 man was openly discussing additional divestitures beyond those originally disclosed to quell antitrust concerns that US Airways claims don't exist in the first place. With divestitures come job losses. Make no mistake — Parker's plan will result in thousands of job losses regardless of Parker's empty promises,' Moak wrote." The AJC notes, "Industry experts say the battle for Delta is likely to escalate in the wake of US Airways' sweetened bid. US Airways has given Delta's bankruptcy court creditors a Feb. 1 deadline to indicate support. … Delta management opposes the US Airways bid, but the creditors, who will hold substantial equity in Delta when it emerges from Chapter 11, could force it to pursue the deal."

Bid Deadline For Tribune Nears With Few Apparent Suitors. The Wall Street Journal (1/13, A2, Ellison) reports, "Wednesday night, as the final deadline for bids for Tribune Co. arrives, the company could be throwing the first large-cap media party that nobody shows up for." The Journal continues, "While a few private-equity firms are likely to band together in a half-hearted bid for the media group, compared with the spirited competitions for such properties as Clear Channel Communications Inc. and Univision, Tribune's sale process has generated mostly shrugs from the private-equity world. And there isn't a McClatchy-like suitor either, as there was with the sale of Knight Ridder last year. … Instead, most of the attention lavished on Tribune has come from so-called vanity buyers, such as David Geffen and Ron Burkle, who are interested in the Los Angeles Times. … But Tribune, like many other newspaper firms, is saddled with tax issues that make selling itself in pieces prohibitively expensive for would-be buyers. Tribune's last and best hopes may lie with its own major shareholders: either a bid from the Chandler family, the company's largest shareholder and the one that, ironically, triggered the whole public auction process; or a management-led buyout aided by its own McCormick Tribune foundation, the management-controlled charity that is the company's second-largest shareholder." The Journal adds, "If Tribune ends up without a good bid for the entire company, it will be back where it started more than seven months ago: with a lagging stock price, disgruntled

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investors and no certain path for how to solve its overarching strategic problems. Oddly, that could be a partial vindication of Tribune management."

Dolans Sweeten Bid For Cablevision. The Wall Street Journal (1/13, A2, Grant, Berman) reports, "A potential showdown over the fate of Cablevision Systems Corp. stands to test the limits of how well board directors and shareholders can organize to fight a 'take private' plan offered by controlling shareholders of a public company." The Journal continues, "On Friday, Cablevision's controlling Dolan family increased by about $1 billion to $8.9 billion its privatization offer first made in October. Such increases are usually part of a friendly back-and-forth negotiation between big shareholders and independent board members representing public owners. … But judging from the combative tone of the Dolans' news release, fissures have developed between the two sides, which left in doubt whether the Dolans would prevail." The Journal adds, "The family declared its most recent offer 'best and final' and noted that the length of negotiations was creating potentially harmful uncertainty to the company. The family also imposed a deadline on the process, saying that its offer would expire by close of business Wednesday, according to a letter sent to a special committee of directors by Cablevision founder Charles Dolan and his son, James Dolan, the company's chief executive. … The Dolans noted their increased offer of $30 a share represents an 11.1% increase over their $27 offer in October and a 23.7% premium to what the cable operator's 52-week high was at that time. The Dolans also added a few sweeteners that indicate the committee, consisting of two independent directors, may be balking on the price. The family has agreed to put the deal to a majority vote of public shareholders, which would exclude the Dolans who own 20% of the company but control 70.4% of the voting shares."

Mexico Worried About Tortilla Price-Fixing. The AP (1/13, Orsi) reports, "Soaring international demand for corn has caused a spike in prices for Mexico's humble tortilla, hitting the poor and forcing President Felipe Calderon's business-friendly government into an uncomfortable confrontation with powerful monopolies." The AP continues, "Tortilla prices jumped nearly 14 percent during the past year, a move Mexico's Central Bank Gov. Guillermo Ortiz called 'unjustifiable' in a country where inflation ran about 4 percent. Ortiz pinned the blame on companies' monopolizing the market and blocking competition. … 'We clearly have a problem of speculation,' he said." The AP adds, "Economists also blame increased U.S. production of ethanol from corn as an alternative to oil. The battle over the tortilla, the most basic staple of the Mexican diet especially among the poor, demonstrates how increasing economic integration is felt on the street level. … 'This is direct evidence of the way globalization is affecting all walks of life in Mexico and all over the world,' said David Barkin, an economics professor at the Xochimilco campus of the Autonomous Metropolitan University in Mexico City. … The federal government's antitrust watchdog announced this week it was investigating allegations companies were manipulating corn prices and making deals to limit the supply of corn to boost prices of tortillas."

ENVIRONMENT/INDIAN AFFAIRS:

New Forest Service Chief Chosen. The New York Times/AP (1/13, Press) reports Montana forester Gail Kimbell "was named the new chief of the United States Forest Service." Kimbell "has been a top official at the Forest Service, helping President Bush develop the 'healthy forests' program that lets companies log large, commercially valuable trees in national forests in exchange for clearing smaller trees and brush. Environmentalists called it a giveaway to logging companies that supported Mr. Bush."

WPost Welcomes EPA Admission On Chesapeake Bay Pollution. The Washington Post (1/13, A18, 690K) editorializes, "A recent admission by an Environmental Protection Agency official that the Chesapeake Bay is not getting cleaner fast enough is as obvious as it is late. 'If we go at the current rate that we're doing, we're talking about restoring the Chesapeake decades from now, a generation or two,' EPA administrator Rich Batiuk told a meeting of an advisory group on the bay's health last week. To that, Roy Hoagland of the nonprofit Chesapeake Bay Foundation responded with a resounding 'duh.' … As 2007 begins, Virginia, Pennsylvania, Maryland and the federal government must resolve to more aggressively pursue pollution reduction targets. … If Democrats in Congress are serious about proposals to retool farm legislation to subsidize rural conservation, they must remember the Chesapeake watershed when drafting their farm bill.

Former Crow Tribal Official Acquitted Of Lying About Finances. The AP (1/13) reports, "A former Crow tribal official has been acquitted of charges that he lied to the U.S. Department of Justice about his finances, to avoid paying restitution owed the tribe for criminal activity in the 1990s." The AP continues, "A federal jury Friday acquitted Theodore J. Hogan, 61, of Sedona, Ariz., indicted on three counts of false statements. The indictment alleged that in 2001, 2003 and 2005, Hogan knowingly gave the Department of Justice false information on a form required of people owing restitution. … 'I'm absolutely relieved,' Hogan said after the acquittal. 'There is justice in Montana.'" The AP

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adds, "Hogan was the Crow Indian Tribe's secretary in the 1970s and 1980s. … In the 1990s he was convicted in a corruption scandal while executive director of the Crow Tribal Housing Authority, and received a prison sentence of two years. U.S. District Judge Jack Shanstrom also ordered $35,100 in restitution to the tribe, which Hogan finished paying last February. The indictment alleging false statements was filed two months later. … In the case decided Friday, prosecutors charged Hogan claimed he had few or no assets, yet received money from investors and gave money to relatives and tribal officials. Prosecutors said Hogan's offenses included failing to report his stakes in Ted Hogan and Associates LLC and Raven Resource Development Co."

FBI/DEA/ATF/USMS:

Deal Would Allow Army To Keep DEA Supplied With Helicopters In Bahamas. The AP (1/13, Anderson) reports, "Army air support would continue for U.S.-Bahamas drug interdiction efforts even after the Pentagon withdraws its Blackhawk helicopters later this year under an agreement announced Friday by U.S. Sen. Bill Nelson." The AP continues, "Nelson, D-Fla., said the Army has offered to give the Drug Enforcement Administration three Sikorsky S-76 helicopters by 2008 to replace the Blackhawks and spend $3.4 million a year for the next five years to maintain the "Hawk's Nest" helicopter base in the Bahamas. … 'This will keep cocaine and marijuana smugglers from operating off Florida's coast,' said Nelson, a member of the Senate Armed Services Committee. 'With the Army's continued support, the U.S.-Bahamas antidrug effort will remain fully operational.'" The AP adds, "The announcement came as Nelson departed Friday on a two-day trip that includes stops in Haiti and a flight with the DEA over the Bahamas. … Nelson was among several members of Congress and the Bush administration who raised objections to a proposal last year by then-Secretary of Defense Donald Rumsfeld to redeploy the seven Bahamas Blackhawks because of war needs. Attorney General Alberto Gonzales, who oversees the DEA, was among those questioning the move."

Columnist Contrasts War On Drugs With War In Iraq. New York Times guest columnist Orlando Patterson (1/13) writes, "America's unwillingness to recognize the socioeconomic context of the drug crisis at home and abroad, to see that being surrounded by failing states threatens its security, to provide aid where it is most effective, and to acknowledge that the root cause of this hemispheric disaster is not supply but its own citizens' insatiable demand for illicit drugs, is as incomprehensible as the quagmire in Iraq."

IMMIGRATION:

Snow Defends White House Stance On Border Guard Shooting Case. The Washington Times (1/13, Dinan, 88K) reports White House Press Secretary Tony Snow "said the case of two U.S. Border Patrol agents who are seeking a pardon for having shot a fleeing suspected drug dealer has been mischaracterized and the agents violated regulations." Snow "said there has been 'a characterization that somehow the government is turning a blind eye toward the law in enforcing the law,' but said the facts of the case show the two agents broke the law. Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October in federal court in El Paso, Texas, to 11 and 12 years, respectively, for causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation. Border Patrol advocates say the punishment is too harsh."

Federal Judge Probes Colorado ICE Raid. The New York Times/AP (1/13) reports John L. Kane of Federal District Court in Denver "demanded that immigration officials disclose the whereabouts of 265 people arrested in a meatpacking-plant raid last month. The judge…gave Immigration and Customs Enforcement officials until Jan. 22 to submit a list accounting for all the detainees, including those who have been deported. Union lawyers are contesting the arrests at the Swift & Company meat processing plant in Greeley, one of six Swift plants in six states that were raided on Dec. 13." The Denver Post (1/13, 256K) reports Kane "said any workers who signed agreements to voluntarily return to their home countries now must be allowed to withdraw that agreement if they wish. … United Food and Commercial Workers union attorneys had filed a petition contending that arrests in the raids violated workers' constitutional due process rights. Immigration officials deny that."

TAX:

Pence Alleges Administration Planning To Raise Payroll Taxes. In an op-ed for the Wall Street Journal (1/13, A12, 2.04M) Rep. Mike Pence writes, "The administration hasn't learned from last year. Despite electoral defeats, it is still advancing Social Security reform as an argument over solvency. The centerpiece of George Bush's plan was to have been personal retirement accounts for workers who wanted to establish their own nest egg -- a much better deal for them and a down payment on the huge liabilities owed by the entire system. Unfortunately, his plan faltered. … While Mr. Bush has reiterated his opposition to

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tax increases, Treasury Secretary Hank Paulson has repeatedly said that everything is on the table for negotiations with the Democratic Congress. When Press Secretary Tony Snow was asked whether the White House was ruling out a tax increase in Social Security reform, he replied, 'No, I'm not.' … Raising payroll taxes would prove devastating to working Americans, small business and the economy as a whole. Worse, it would only serve as a short-term band-aid to Social Security's financial woes."

CONGRESS-ADMINISTRATION:

House Approves Drug Benefit Change Opposed By Bush. The Washington Post (1/13, A2, Lee, 690K) reports the House voted 255-170 "to require the government to negotiate lower prescription drug prices for Medicare beneficiaries." However, "the measure faces an uncertain future in the Senate, a veto threat from President Bush, and considerable doubts from experts about whether it would save elderly and disabled Americans much money." The bill would overturn "a provision of the 2003 law pushed through by a Republican-controlled Congress that left drug-price negotiations under the new Medicare drug benefit to the private insurers that offer government-subsidized drug plans for seniors in each state. Backers of the current system, mainly Republicans, say it pits insurers against one another in a healthy competition to negotiate the lowest prices from drugmakers and offer seniors the most attractive monthly premiums, choice of drugs and access to pharmacies. But critics, mainly Democrats, say the system is a boon to drug companies because it prohibits the government …from using its bargaining muscle on behalf of seniors."

The CBS Evening News (1/12, story 9, 0:10, Mitchell, 7.66M) said, "It was the latest item on the Democrats' first 100 hour agenda of legislation. Prospects for Senate approval, however, are not healthy." The New York Times (1/13, Pear, 1.16M) reports "the measure is unlikely to become law in its current form," though "some version, focusing on certain types of very expensive drugs, has bipartisan support in the Senate." White House Press Secretary Tony Snow said, "If this bill is presented to the president, he will veto it." According to the Times, Democrats, "who like to portray Republicans as a tool of special interests, said a veto would hand them an issue that could be used to good effect in the 2008 elections."

The Los Angeles Times (1/13, Neuman, 850K) reports, "Although the bill is unlikely to become law, it is likely to help shape the debate that could result in a more limited measure that allows some dickering between the government and the pharmaceutical industry over drug costs. … At the least, the House bill signals a shift in Washington from President Bush's view that private enterprise and individual citizens should play the most prominent role in the decisions that determine healthcare costs."

Drug Industry Plans Response. The Wall Street Journal (1/13, A5, Lueck, 2.04M) reports, "Following a lobbying and advertising blitz by drug companies to block the Democratic attacks, health insurers are preparing their own counterattack. America's Health Insurance Plans, the industry's Washington-based trade group, is telling lawmakers that cuts in insurer subsidies would be tantamount to cuts in benefits for constituents, and it has readied maps to show the growth of Medicare Advantage plans throughout the country, compared to relatively sparse numbers before government payments increased. It will tap the Coalition for Medicare Choices, a group for Medicare Advantage beneficiaries that AHIP started and funds, to bring satisfied customers to Congress. And AHIP will highlight research showing that a large portion of Medicare Advantage beneficiaries are minorities or have low incomes -- populations shown to suffer disproportionately from chronic health problems that plans say they can manage better than the government."

WPost Calls' Democrats' Measure "Misguided." The Washington Post (1/13, A18, 690K), in an editorial, writes that the measure "is misguided. … The Congressional Budget Office estimated this week that savings from direct negotiation would be 'negligible.' Not only are the Democrats too optimistic about government negotiation; they are also too pessimistic about the current system in which private insurers administering Medicare drug benefits do the price bargaining."

In Reversal, Reid Backs Earmark Disclosure Bill. The New York Times (1/13, Kirkpatrick, 1.16M) reports, "Senate Democratic leaders on Friday embraced a proposal to shed light on the murky practice of Congressional earmarks, reversing themselves after trying to block an almost identical measure the day before. The Democrats' switch makes it likely that the Senate will follow the new House rules requiring the disclosure of the sponsor as well as the cost and the purpose of any earmark. … The reversal follows a White House statement of support for the measure and a day of news coverage noting that Senate Democrats were opposing a rule that their House counterparts had just adopted a week ago." Majority Leader Harry Reid "said he had come around to the measure after some adjustments that he said had strengthened it."

Senate Bars Convicted Former Members From Receiving Pensions. The Washington Times (1/13, A1, Miller, 88K) reports the Senate "voted unanimously to bar congressional lawmakers convicted of corruption from collecting federal pensions. … The pension measure, an amendment to an ethics and lobbying bill…applies to current and future lawmakers convicted of bribery, conspiracy and

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perjury charges. It passed 87-0." Democrats "lauded yesterday's vote as a victory over the 'culture of corruption' they say permeated Congress under Republican rule. They regularly cited former Rep. Randy 'Duke' Cunningham, California Republican, who was convicted of bribery in 2005. The measure, however, is not retroactive, so Cunningham will receive his $64,000 pension annually as will at least 16 other convicted lawmakers, 12 Democrats and four Republicans."

The Los Angeles Times (1/13, Simon, 850K) reports, "Federal employees in all branches of government forfeit their pensions if convicted of 'crimes against the United States,' such as treason. 'The best way to restore and rebuild the trust of the American people is to ensure that we stand firmly against members of Congress who betray the public trust,' said Sen. John F. Kerry." CNN.com (1/12) notes House Majority Leader Steny Hoyer "said Friday that the House will take up a similar bill next Friday."

Senate To Vote On Eliminating Some Oil Industry Subsidies. The Wall Street Journal (1/13, A2, Fialka, 2.04M) reports, "Big Oil is set to take a beating from House Democrats on Thursday when they are prepared to vote on a bill they say will 'roll back' about $13 billion worth of subsidies the executive branch and Congress have given oil companies. … The House Democrats' package includes three major items. One will impose a 'conservation fee' on about 40 companies producing oil in the Gulf of Mexico that have leases from 1998 and 1999 and which failed to include a clause requiring royalty payments if oil prices rose, which they have. The omission was caused by an Interior Department error, but if the companies don't pay the fee, the proposal would bar them from getting new leases. Democrats will also reduce accelerated tax write-offs for oil- and gas-exploration expenses, and shrink a tax-depreciation measure, contained in a 2004 jobs bill, that gives companies producing oil and gas in the U.S. the equivalent of a 1% corporate-tax reduction. The Washington Post (1/13, D5, Mufson, 690K) reports Natural Resources Committee Chairman Nick Rahall and Ways and Means Committee Chairman Charles Rangel "introduced the bill, which trims breaks for geological work and excludes oil and gas from a 2004 measure that would effectively reduce their tax rate to 32 percent, from 35 percent."

The New York Times (1/13, Andrews, 1.16M) reports the oil industry "angrily denounced an effort by House Democratic leaders Friday that would repeal billions of dollars worth of incentives and plow the money into renewable energy projects. … The giant integrated oil companies, like Chevron and Exxon Mobil, have been more resigned about losing some of their tax breaks but are quietly resisting pressure to renegotiate leases that allow them to pump billions of dollars worth of oil and gas from publicly owned waters without paying royalties to the government. … A few oil giants, including BP and Shell, agreed to give up the loopholes. But industry executives said one big player in the gulf, Exxon Mobil, has refused to renegotiate, arguing that it signed the leases in good faith. Chevron, which with several partners recently announced the discovery of a giant oil field that may include two of the flawed leases, said it had submitted a 'reasonable' proposal but had not reached an accord."

GOP Pushes Pelosi To Include American Samoa In Minimum Wage Bill. The Washington Post (1/13, A2, Weisman, 690K) reports House Speaker Nancy Pelosi, "dogged by Republican charges of a double standard, said yesterday that American Samoa may join the Northern Mariana Islands as U.S. territories that would have to comply with a higher federal minimum wage. … The bill would leave American Samoa as the only territory not covered by the $7.25 rate, and because Samoa is represented by a Democrat, Del. Eni F.H. Faleomavaega, Republicans cried foul. Faleomavaega's campaign coffers have been well stocked by the tuna industry that dominates his island economy, but Republicans picked up on another issue: StarKist owns one of the largest canneries on the island, and Del Monte Foods, StarKist's parent company, is based in San Francisco, which Pelosi represents." The Washington Times (1/13, A1, Hurt, 88K) reports the decision "follows criticism over the exemption, reported earlier this week by The Washington Times, to allow tuna canneries in American Samoa to continue paying $3.26 an hour."

House Democrats Unveil College Loan Rate Cut Proposal. The New York Times (1/13, Schemo, 1.16M) reports that yesterday House Democrats "unveiled a bill that would cut interest rates on federally subsidized loans to college students by half over the next five years. They said they would finance the $6 billion measure by increasing costs that lenders pay to the government and reducing the largest lenders' government-guaranteed profits." According to the Times, the bill "underscores the Democrats' all-out effort to consolidate gains made in November among middle-class voters. … The measure is expected to pass in the House, where it is scheduled for a vote on Wednesday. Its future in the Senate is less certain."

Pelosi Using "100-Hour-Clock" Selectively. The AP (1/12, Hunt) reports, " The clock is ticking for House Democrats, but it's hard to tell what time it is. On Friday, for example, the House was in session for a little more than eight hours. Only five of them, however, ticked off on new Speaker Nancy Pelosi's 100-hour clock for quickly passing a six-bill agenda that Democrats promised voters last fall." With passage of the Medicare prescription drug bill, Pelosi "is two-

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thirds of the way done -- in under a quarter of the allotted hours, according to her count. That's because just as the official clock for a basketball or football game stops for time-outs and commercial breaks, Democrats aren't counting the minutes spent on business unrelated to those six designated bills." The New York Times (1/13, Leibovich, 1.16M) reports Republicans "retaliated with their own online clock on Wednesday. They are counting down the hours passed by 'a Democrat caucus fresh out of ideas.' … By the end of the day Friday, the Democratic clock read 23 hours and 34 minutes, while the Republican clock, which was counting down from 100, read 75 hours."

Doolittle Will No Longer Employ Wife As Fundraiser. The Washington Post (1/13, A5, 690K) is one of several major newspapers to run an AP report on Rep. John Doolittle's announcement that he "will no longer employ his wife as his campaign fundraiser, an arrangement that allowed her to collect a 15 percent cut of donations to his campaign and political action committees -- more than $100,000 since 2003." Doolittle," who has drawn criticism for links to disgraced lobbyist Jack A. Abramoff, said he will hire an outside fundraiser."

Cheney In "Twilight" Of Career, But Still Influential With Bush. The AP (1/13, Raum) writes that while "the hardline conservatives like Donald H. Rumsfeld and John Bolton who stood shoulder to shoulder with Vice President Dick Cheney in pushing President Bush's decision to invade Iraq have left the administration," Cheney himself, though "in the twilight days of his political career," is "still there, with little evidence that his influence with Bush has waned." Cheney, who was "once viewed as adding an air of gravitas to an inexperienced president," is now "seen by many Americans as a driving force behind Bush's most divisive initiatives: the Iraq war, the National Security Agency's warrantless eavesdropping program, harsh detention and interrogation policies and an aggressive push for expanded executive authority. Bad as Bush's poll numbers are, Cheney's are worse. And while he's still beloved by conservatives, it seems unlikely he will be a big draw on the 2008 campaign circuit."

Libby Trial Could Provide "Ammunition For Democrats." Bloomberg (1/12, O'Reilly, Rosenkrantz) reports that the perjury trial of I. Lewis "Scooter" Libby "may provide ammunition for Democrats looking to attack the White House for its conduct in the run-up to the Iraq war." Vice President Cheney's former chief of staff "faces as many as 30 years in prison" if convicted of perjury and obstruction "for lying to a grand jury probing the leak of a CIA agent's name." His trial starts Tuesday, and defense lawyers "say they'll call Cheney as a witness to bolster claims Libby was too busy with security matters to accurately remember events. His testifying is risky for both men. What Cheney recalls may undermine Libby's too-busy defense while exposing the vice president to probes by Congress of how the Bush administration promoted the war." The Times of London (1/13, Reid) headlines a report, "Cheney Is Forced To Testify In Case Of The Crime That Never Was."

Some SMU Professors Oppose Hosting Of Bush Library. The AP (1/13, Brown) reports, "Negotiations to build George W. Bush's presidential library at Southern Methodist University have divided the campus, pitting the administration and some alumni against liberal-leaning faculty members who say the project would be an embarrassment to the school." Some professors say the "combined library, museum and think tank would celebrate a presidency that unnecessarily took the country into a war." But SMU officials "said the project is unlikely to be derailed by the faculty opposition, and said the professors opposed to it are in the minority."

NCLB Teacher Training Provisions Said To Be Subjective. The Washington Post (1/13, Chandler, 690K), in a front-page article titled "For Teachers, Being 'Highly Qualified' Is A Subjective Matter," reports the No Child Left Behind law "called for states to ensure that all teachers in core academic subjects are 'highly qualified' to help students succeed -- an unprecedented mandate that has delivered less than promised. The law, which turned five years old this week, has held schools to increasingly higher standards for student achievement. For teachers, however, standards meant to guarantee that they know their subjects are often vague and open to broad interpretation. Legal loopholes and uneven implementation by states and the U.S. Department of Education have diluted the law's impact on the teaching workforce, some education experts say. They say that meeting the standards of quality is more about shuffling paper than achieving two vital goals: ensuring that teachers are prepared to help students succeed and reducing the teacher talent gap between rich and poor schools. … This week, senior Democratic lawmakers discussed an extension of No Child Left Behind with President Bush. In the coming congressional debate over the law, teacher quality is likely to be a key issue. Some experts favor shifting the emphasis from 'highly qualified' to 'highly effective' teachers, requiring states to look not just at credentials but how well individual teachers help students learn and perform on tests."

SCOTUS Adds Death Penalty, Tobacco Cases. The Washington Post (1/13, A3, Barnes, 690K) reports the Supreme Court "added four cases to its docket for the current term yesterday, including a review of a judge's decision to dismiss a potential juror from a death-penalty case because

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of the man's equivocal statements about capital punishment. A federal appeals court overturned the trial judge's ruling in a rape and murder trial in the state of Washington. One of the issues in the case is whether federal courts should defer to a trial judge who is in a position to actually talk to and observe a potential juror in making the decision about his ability to carry out the law. … Among the cases justices said yesterday that they will decide is a question of whether a cigarette manufacturer can move a lawsuit against it to federal jurisdiction and out of the state courts, where judgments against tobacco companies have been mounting." The Los Angeles Times (1/13, Savage, 850K) reports the capital punishment case "will be the fourth case before the justices this term in which the San Francisco-based 9th Circuit had reversed a murder conviction or a death sentence. In all four, state prosecutors appealed to the high court, arguing the judges of the appeals court had overstepped their authority and wrongly second-guessed a state court's decision."

OTHER NEWS:

Dow Hits Another Record-High Close. The New York Times (1/13, 1.16M) reports, "Wall Street rebounded from an early loss yesterday to send the Dow Jones industrial average to its second consecutive record close as investors embraced robust economic data and shrugged off several profit warnings." The Dow Jones Industrial Average "jumped 41.10 points, or 0.33 percent, to 12,556.08. It was the index's 24th record close since the start of October." The S&P 500 "climbed 6.91 points, or 0.49 percent, to 1,430.73," while the Nasdaq "increased 17.97 points, or 0.72 percent, to 2,502.82." NBC Nightly News (1/12, story 7, 0:10, Williams, 9.87M) also had the numbers.

Dollar Ends Advance, But Analysts Expect Gains To Resume. The Wall Street Journal (1/13, B5, Lindenmayer, 2.04M) says the dollar "ended its three-day advance Friday, largely shrugging off a series of positive data releases. But analysts say they expect the currency to post further gains this coming week as the market focuses on renewed optimism about the state of the U.S. economy. … In late-afternoon trading in New York, the euro stood at $1.2919 from $1.2894 late Thursday, while the dollar was at 120.37 yen from 120.50 yen late Thursday."

Holiday Shopping Season Was Stronger Than Expected. The Wall Street Journal (1/13, A3, Gerena-Morales, Hudson, 2.04M) reports, "As it turned out, shoppers spent more freely during the just-ended holiday season than had been thought, helping some retailers end the year on strong footing and suggesting that economic growth could be rebounding faster than expected. Retail sales jumped 0.9% in December from the month before, to a seasonally adjusted $369.9 billion, the Commerce Department said Friday. December's growth was up from a gain of 0.6% in November and was the strongest rate of growth in retail sales since July. When compared to December a year ago, retail sales were up 5.4% compared with December-to-December growth of 5.7% in 2005." The Financial Times (1/13, Callan) says the "steady rise suggests consumer spending helped support economic growth in the last quarter of the year, offsetting a sharp correction in the housing sector and weakness in manufacturing." The Washington Post (1/13, D1, Mui, 690K) and the AP (1/12, Crutsinger) also report on the strong numbers.

CNN To Host First Two Presidential Debates In Early April. CNN.com (1/12, Preston) reports the New Hampshire Union Leader and WMUR-TV of Manchester "will partner with CNN to host two presidential debates in April, executives with the three media companies announced Friday." CNN's Wolf Blitzer will moderate the April 4 and 5 debates, which "will be televised live nationally on CNN." On CNN's The Situation Room (1/12), Blitzer called it "an unprecedented early kick-off to a wide open race for the White House." On the same show, Blitzer asked Democratic National Committee Chairman Howard Dean, "How important is it for presidential hopefuls to show up at these early debates?" Dean replied, "I think it's important. I think you'll see people doing it, too. We went through about 27 of them four years, ago and the reason is, if four or five people say yes, then you really have to not miss the opportunity."

Democrats Look To West As They Assemble Electoral Vote Strategy For 2008. Under the headline "West Is Going In Democrats' Direction," the Washington Post (1/13, A4, Reid, 690K) recalls that "when the major political parties gathered for their national conventions in 2004, Colorado had a Republican governor, a Republican-controlled legislature and a Republican edge of 5 to 2 in the state's congressional delegation. Today, Colorado's governor is a Democrat. The Democrats control both houses of the legislature. Four of the seven congressional seats are held by Democrats. That transformation, mirrored in varying degrees across the Rocky Mountain West, is a key reason the Democratic Party decided this week to hold its 2008 nomination convention in Denver." As Democratic leaders "ponder how they can regain the White House in the next election, the region looks more and more essential to an electoral-vote victory."

McCain's Presidential Hopes Could Hinge On Success Of Bush Iraq Strategy. In a front page story, the Washington Post (1/13, Balz, Murray, 690K) looks

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at how Sen. John McCain's support of President Bush on Iraq is impacting McCain's likely presidential campaign. The piece begins by saying, "There is no mistaking the anguish" of McCain. "Sitting in his Senate office, he is uncharacteristically subdued, his voice at times almost inaudible." While the White House "finally embraced his long-standing call to send more troops to Iraq, McCain believes the way it has handled the war 'will go down as one of the worst' mistakes in the history of the American military. 'One of the most frustrating things that's ever happened in my political life,' he said, 'is watching this train wreck.'" The Post says "no politician in the United States is more clearly identified" with Bush's surge strategy than the "all but announced presidential candidate," and "no politician has more to lose if it fails. Democratic opponents have already coined a name for the troop 'surge': the McCain Doctrine. … On the night of Bush's speech, he told CNN's Larry King: 'I would much rather lose an election than lose a war.' The risk now is that both could be lost."

Dean Says McCain "Sounds Very Much Like Richard Nixon" On Iraq. On CNN's The Situation Room (1/12), Democratic National Committee Chairman Howard Dean said of McCain, "He sounds very much like Richard Nixon, you know, 'just stay a little longer, stay a little longer.' We'll stay long enough to lose another 5,000 or 10,000 people. It still won't change anything. We never should have gone there in the first place."

Tancredo Says There Is A "Distinct Possibility" He Will Run For President. Cox Newspapers (1/13, Moscoso) reports Rep. Tom Tancredo "hinted Friday that he is ready to pursue the Oval Office. When asked whether he plans to take action to start an official bid for the GOP nomination he said, 'That is a distinct possibility.'"

GOP Hopefuls Hunter, Paul Create Presidential Exploratory Committees. CNN's The Situation Room (1/12, Blitzer) reported, "Rep. Duncan Hunter today formally filed papers to form his presidential exploratory committee. The California Republican took the first step toward a White House bid more than two months ago, after he originally announced he was making preparations to run. Now he is exploring. A Republican congressman from Texas took his first step today toward a longshot bid for the White House. A spokesman says Rep. Ron Paul formed a presidential exploratory committee today as well. Paul was the Libertarian Party nominee for president back in 1988."

Richardson Plans Announcement On 2008 By End Of Month. Asked on Fox News' Your World (1/12, Cavuto) if he is running for president, Gov. Bill Richardson said, "I will let you know this month." Pressed for a date, Richardson said, "Well, it will be in January."

Edwards To Speak At Harlem Church Sunday. CNN's The Situation Room (1/12, Blitzer) reported, "Democratic presidential candidate John Edwards is preparing to step on to the turf of a potential rival, Sen. Hillary Clinton." Edwards "will deliver a sermon at a Harlem church on Sunday pegged to the Martin Luther King Jr. holiday."

Allard To Stay Silent On Reelection Plans For Now. The Denver Post (1/13, Mulkern, 256K) reports Sen. Wayne Allard "has made up his mind about whether he will seek a third term in 2008, but he's keeping his decision secret a bit longer." Spokesman Steve Wymer said only Allard and his wife know his plans, and Allard "has not said when he will announce his choice."

Frank To Subject Bernanke To Additional Hearing. The Wall Street Journal (1/13, A5, Ip, 2.04M) reports Federal Reserve Chairman Ben Bernanke "is likely to get far more scrutiny than usual" next month when he testifies before Congress." The Journal notes, "Ordinarily, each installment lasts two days, one before the Senate Banking Committee, the other before the House Financial Services Committee. There are no other witnesses. In a break with that tradition, Barney Frank, the Massachusetts Democrat who took over the House panel this month, said he plans to hold an additional day of hearings in which witnesses, such as economists and labor experts, will give their views on what Mr. Bernanke said."

Interest Group Coalition To Challenge Schwarzenegger Over Healthcare Proposal. The Wall Street Journal's "Hot Topic" feature (1/13, A11, Timiraos) reports Gov. Arnold Schwarzenegger "proposed a far-reaching $12 billion plan mandating health insurance for all 36 million residents of the nation's most-populous state. Under the plan, California would require all individuals to purchase health insurance or face tax penalties. California has more uninsured residents than any other state, and the plan could prompt others to follow suit." The Journal notes, "The state is bound to face challenges from the powerful lobbies -- doctors, hospitals, insurers and employers -- that would share the plan costs."

WSJournal Alleges Schwarzenegger Has Flip-Flopped On Healthcare. The Wall Street Journal (1/13, A12, 2.04M) editorializes, "Schwarzenegger once extolled 'the power of the market' in Milton Friedman's 'Free to Choose' PBS series. So it's probably just as well that the late, great economist won't see the regulated mess that his admirer is proposing to make of California's health insurance market. As speaker of the state assembly Fabian Nunes

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remarked, 'This is a plan assembly Democrats could have written.' In fact, they already have -- in 2003, when Democrat Gray Davis was Governor. Candidate Schwarzenegger campaigned against that measure, which was less onerous than his own new proposal mandating that business provide health insurance to all employees."

Programs Allowing Americans To "Host" Eastern Bloc Orphans Prove Controversial. The New York Times (1/13, A1, Gross, 1.16M) reports, "Hosting programs...showcase older children, generally from orphanages in former Soviet bloc nations. The programs have long been hailed as an effective marketing tool by adoption experts. … In the largely unregulated world of international adoptions, these programs often lead to happily-ever-after, but sometimes end painfully. Ukraine and Russia place formidable obstacles in the path of parents."

Ford's Views Of Presidential Peers Revealed. The Washington Post (1/13, A8, 690K) is one of several major newspapers running an AP report on "25 years of interviews with his hometown paper that could be released only after his death" in which late President Gerald Ford "expressed mixed opinions of Jimmy Carter, once calling him a 'disaster,' and said that Ronald Reagan received far too much credit for ending the Cold War." Ford "contended that his own negotiation of the Helsinki accords on human rights did more to win the Cold War than Reagan's military buildup. The best president of his lifetime, Ford said, was a more moderate Republican: Dwight D. Eisenhower." Ford "considered John F. Kennedy overrated and Bill Clinton average. He admired George H.W. Bush's handling of the Persian Gulf War."

Rice Said To Face "Skepticism" During Middle East Trip. AFP (1/13) reports Secretary of State Condoleezza Rice "headed for the Middle East on Friday to rally Arab support for a new US strategy in the Iraq war and to counter Iran's alleged interference in Iraq. The week-long tour also will seek to bolster efforts to resolve the Israeli-Palestinian conflict, with Rice scheduled to hold talks in Israel and the Palestinian territories" today and tomorrow. She "will then travel to Egypt, Jordan, Saudi Arabia, Kuwait, Germany and Britain before returning to Washington on January 19." Rice "told lawmakers in Congress her trip 'will focus heavily on rallying the support of those responsible Arab states to support the government of Iraq, to support what needs to be done there, to support, of course, also Lebanon and the moderate Palestinians.'"

Under the headline, "Scepticism Awaits Rice On Tour," the Financial Times (1/13, Khalaf) notes, "Facing a barrage of opposition at home over the new Iraq policy, [Rice] takes the White House's case to the Middle East this weekend to try to drum up regional support. But there too she is likely to find plenty of scepticism that deploying another 20,000 troops mostly in Baghdad can bring an end to the raging sectarian conflict."

Russian, Chinese Vetoes Kill UN Security Council Burma Resolution. The Washington Post (1/13, A12, Lynch, 690K) notes Moscow and Beijing "jointly vetoed a U.S.-sponsored resolution criticizing Burma's human rights record, striking a blow to the Bush administration's year-long campaign to use the [UNSC][to spotlight the repressive rule of Burma's military junta." The Post says the vetoes are "part of a broader diplomatic effort by Beijing and Moscow to prevent the United States and its Western allies from using the 15-nation council to censure some of the countries particularly known for rights abuses, including governments in Belarus, Sudan and Zimbabwe." The Post adds, "Despite the tepid support for the U.S. initiative, virtually all council members -- including China -- expressed concerns about Burma's behavior." Acting Ambassador Wolff "said the United States was 'deeply disappointed' by the council's failure to confront Burma. But he said the United States decided to force a vote to assure the Burmese people that 'we won't forget you.'"

The New York Times (1/13, Hoge, 1.16M) notes China and Russia "argued that they shared concerns about conditions in Myanmar but considered them internal matters that did not constitute threats to international peace and security, the category of crisis subject to Security Council action." Undersecretary of State Nicholas Burns "said he had no doubt that the abuses by Myanmar posed a threat beyond its borders," and he "dismissed suggestions that the proper United Nations forum for Myanmar was the Geneva-based Human Rights Council, not the Security Council."

The AP (1/13, Lederer) adds Moscow and Beijing "cast a rare double veto Friday of a U.S. resolution calling on Myanmar's military government to release all political prisoners, speed up progress toward democracy, and stop attacks against ethnic minorities." The two nations' ambassadors "said the Security Council was not the proper place to discuss Myanmar because the country does not pose a threat to international peace and security." BBC.com (1/12) says the Chinese and Russian ambassadors "said the resolution was outside the remit of the Security Council as Burma posed no threat to international security."

Schwab "Optimistic" About Restart Of Doha Trade Talks. The New York Times (1/13, Zarocostas, 1.16M) reports US Trade Representative Susan Schwab "said Friday that she was optimistic the collapsed Doha trade negotiations could be restarted, but added that there were still obstacles to a revival of the talks." She is quoted saying, "I

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am more optimistic than I have been in many months that we are on a path that could help reach a successful conclusion of the Doha round." Schwab later added that, "ultimately it will be substance that dictates when there's a breakthrough." The Times says "the next few weeks are considered critical to whether the new political impetus could be maintained," and notes Schwab "distanced herself on Friday from the upbeat assessment of" EU trade chief Peter Mandelson. Schwab "reiterated that an agreement on important issues, like agricultural market access, would dictate whether a deal could be hammered out."

Blair Says UK Must Maintain "Muscular Commitment" Overseas. The New York Times (1/13, Cowell, 1.16M) reports, "As he seeks to define his legacy and stamp his imprint on the future," British Prime Minister Tony Blair "urged his successors to maintain the warlike foreign policy that he promoted, sending troops into battle in Africa and the Balkans, Afghanistan and Iraq. To retreat in the face of global terrorism, he said, would be 'a catastrophe.'" While "Blair avoided any triumphalism, he advocated a muscular commitment by Britain to overseas military deployment alongside what he called softer options." The Times adds British "left-wing critics dismissed the prime minister's attempt to justify his use of military action as a tool of foreign policy." The AP (1/13, Quinn) reports Blair said "that Britain's influence on the world stage and ability to right global wrongs depends on active engagement, and the country cannot defend itself from terrorism by retreating into isolationism." Blair added "that Britain must be willing to commit to military action when necessary to pursue laudable goals," and that "diplomacy alone cannot solve the world's problems."

LATimes Says Blair Shares Clinton's "Ethical Challenges." In an editorial entitled, "The End Of The Blair Era," the Los Angeles Times (1/13, 850K) says Blair "has more in common with former President Clinton" than with President Bush. "The litany of likenesses includes a belief in a 'third way' between old-style liberalism and the free market, a fluency in public that critics dismiss as glibness, a wife who was a successful lawyer, a willingness to accept the hospitality of show-business celebrities and, finally, a reputation for running an ethically challenged administration." Likening Blair's honors controversy with Clinton's January 2001 pardonings, the Times concludes, "Political psychologists can argue about why two farsighted politicians allowed their substantial legacies to be sullied by sleaze. Maybe the answer is as simple as power inevitably corrupting. Whatever the explanation, like his friend Bill, Tony may leave office with people talking not about his vision but about his blind spots."

Moscow Wants To Lead London Investigation Into Litvinenko Case. The Washington Post (1/13, A16, Finn, Jordan, 690K) reports Russian investigators "want to interview more than 100 people in London and conduct dozens of searches across the city" as part of their inquiry into the death of former KGB agent Alexander Litvinenko. "Prosecutors declined to name any of the people they wish to question," and the Post says the proposal "far exceeds the scope of British inquiries in Moscow, which amounted to a few interviews with Russian businessmen who met with Litvinenko in London on Nov. 1, the suspected date of the poisoning." The probe "is likely to unsettle some Russians who live in London and are fiercely opposed to the rule of President Vladimir Putin."

The New York Times (1/13, Broad, 1.16M) focuses on the emerging US angle to the story, noting, "Health officials in the United States have begun to tell some people who traveled to London last year that they may want to be tested for exposure to" polonium-210. The CDC "said yesterday that the notification process began this week after health authorities in London gave them a list of people who may have been exposed to" the poison that killed Litvinenko.

Bangladeshi Former Central Banker Takes Over Caretaker Government. The Financial Times (1/13, Johnson, Joehnk) details Fakhruddin Ahmed's assumption of temporary power in Dhaka. "A fresh attempt to break the deadlock between Bangladesh's two feuding political families had a shaky start on Friday night as a new head of a caretaker government took office under the cover of an army-backed state of emergency." A former governer of the central bank, Fakhruddin Ahmed "replaced President Iajuddin Ahmed as head of the caretaker government, whose principal function had been to oversee free and fair elections later this month. But there is now no indication of when they may take place." Iajuddin Ahmed resigned Thursday, and "analysts on Friday night likened the situation in the fourth most populous Muslim nation to a 'hidden coup,' saying they expected that a team of technocrats would govern Bangladesh for a lengthy period before it" will hold elections.

NYTimes Implores US, UN To Move Quickly To Back New Elections. In an editorial, the New York Times (1/13, 1.16M) says Bangladesh "is lurching in a dangerous direction," and "only strong pressure from the United States and international help will keep [the] country from slipping further off a democratic path." Calling Iajuddin Ahmed's state of emergency declaration "a particularly disturbing development," the Times says Washington "should use its substantial political influence to urge the government to restore suspended rights immediately." Calling Bangladesh "one of the poorest and most politically polarized countries in the world," the Times adds that the "international community

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needs to help it build a stable democracy -- the best underpinning for development -- starting with swift, internationally guaranteed elections."

Envoy Touts Enhanced Chinese "Engagement" With Sudan. The Washington Post (1/13, A13, Cody, 690K) reports Darfur special envoy Andrew Natsios "said Friday that China has pushed the Sudanese government recently to help resolve the bloody Darfur conflict and ease the plight of the region's nearly 3 million refugees." That "intervention marked a shift from past policy under which Beijing seemed reluctant to use its influence in Sudan, according to" Natsios, who is quoted saying, "I think they're engaging much more aggressively." AFP (1/13) notes Natsios "said he had held surprisingly positive talks in Beijing this week and that he expected China to play a greater role in helping to end the conflict in Darfur."

Isabel Peron Arrested In Spain For Human Rights Abuses. The New York Times (1/13, Rohter, 1.16M) reports, "Acting at the request of Argentine officials, the Spanish police on Friday detained María Estela de Perón, the former president of Argentina and the widow of the founder of the ruling party, as part of a broadening investigation by the Peronist government of Argentina into past human rights abuses there." A provincial judge ordered Isabel Peron detained "for questioning regarding the disappearance of a student during her time in power. Almost simultaneously, a judge in Buenos Aires authorized the arrest of two other officials with ties to the late José López Rega, who was Gen. Juan Perón's private secretary and later Ms. Perón's closest adviser." The Times says Peron is "blamed" for directing the killing of over 1,500 political opponents during her 20 months in power.

The AP (1/13, Heckle) notes Spain's National Court "ordered [Peron's] conditional release pending an extradition request from Argentina. The court said Argentina has 40 days to file an extradition request and Peron has to appear at a police station every 15 days." The AP calls her "chaotic" 1974-76 rule "a time when shadowy right-wing violence destabilized Argentina," and says Peron's "arrest marked the expansion of Argentina's human rights investigations beyond dictatorship-era crimes to the death squads that terrorized the nation prior to the 1976 coup."

In an analysis piece, the Los Angeles Times (1/13, McDonnell, 850K) says Peron's detention "signaled an expansion of human rights cases here beyond the former military junta to the epoch of ex-strongman" Juan Peron.

Writer Backs US Embrace Of Cuba As Hedge Against Iran, Venezuela. In an op-ed in today's Wall Street Journal (1/13, A13, Loyola, 2.04M), the Foundation for the Freedom of Democracies' Mario Loyola writes, "With Iranian President Mahmoud Ahmadinejad visiting Venezuela today, it might be a good time to consider another 'change in course' for U.S. policy. The isolation of Cuba, a legacy of the Cold War, is pushing that country closer to America's most dangerous enemies." Saying the "advocates for the current policy -- chiefly three intransigent Cuban-American representatives in Congress -- are increasingly alone," Loyola says continued Cuban closeness to Venezuelan President Hugo Chavez "would be terrible for the U.S."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"U.S. Objects To Maliki's Choice For Commander."
"'Marshall Plan' Urged To Stop Gangs."
"Outbreak Linked To California Lettuce."
"City Says 'Let There Be Darkness."

New York Times:
"Bush Authorized Iranians' Arrest In Iraq, Rice Says."
"Official Attacks Top Law Firms Over Detainees."
"A Taste Of Family Life In U.S., But Adoption Is In Limbo."
"Prosecutor Asks To Exit Duke Case."
"NATO's Afghan Struggle: Build, And Fight Taliban."
"Wielding Kitchen Knives And Honing Office Skills."
"Bruno Bought Stock With Campaign Funds."

Washington Post:
"Gates Ties Iraq Push To Drawdown."
"The War Within Sen. McCain."
"Battling With Sadr For Iraqi Soldiers' Hearts."
"Defining 'Highly Qualified."
"Prosecutor Seeks To Bow Out Of Duke Case."
"Amateur Sleuthing Lands Grisham In Real-Life Court."

Washington Times:
"Bush's Surge Already In Latest Budget."
"White House Rips Boxer Over Rice."
"DA Asks Out Of Duke Rape Case."
"Obesity Surgery Expands As Way To Lose Pounds."
"Senate Of One Mind On Ethics."
"Pelosi Moves To Close Samoa Wage Loophole."
"Bloomberg Mentors Fenty."

Detroit Free Press:
"Ford Redo Ahead Of Schedule."
"Puttin' On The Glitz."
"Pistons Remain Stuck In A Rut."

Atlanta Journal-Constitution:
"Japan Warns Of Tsunami."
"Cagle: Voter ID Measure Is Dead."

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"Whale Shark's Death A Mystery."
"Ford: Carter A 'Disaster.'"
"New Trial In Puppy Torture Case."

Dallas Morning News:
"Winter Storm Bears Down."
"German Engineering: Dirk Lifts Mavs In OT."
"Police: Foster Mom Delayed Helping Girl."
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CBS: Developments In The Duke Rape Case; Kidnapped Missouri Boys Found; New Focus In Iraq War; The Hill Questions Bush's Iraq Strategy; Sectarian Violence In Iraq; Soldiers Seek Marriage Help; Hamilton Discusses Iraq Recommendations; American Embassy In Greece Bombed; House Passes Medicare Bill; Homeless Find Hope And A Home At One Shelter.
NBC: Bush's New Iraq War Strategy; Bush At Camp David After Volatile Political Week; Soldiers Give Opinions On New Iraq War Strategy; American Embassy In Greece Bombed; Developments In Duke Rape Case; Record Cold Weather In California; Stock Market Report; Mississippi Ruling Against State Farm Insurance; Pizza For Pesos; Mary Adams-Making A Difference To Soldiers.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House: PRESIDENT BUSH — 2 p.m. President and Mrs. Bush arrive The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: KING DAY-RELATED EVENTS Highlights: 6 p.m. - 9 p.m. The Martin Luther King Jr. Celebration Day Committee begins its annual Dr. King Birthday Celebration with a Black Tie Gala Reception. Embassy of Ethiopia, with proceeds to benefit the Scholarship Fund. 3506 International Drive NW. Contact: Doris Mack, 703-304-8269.

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DOJ_NMG_0117280

From: USDOJ- Office of Public Affairs
Sent: Tuesday, January 16, 2007 4:39 PM
To: USDOJ- Office of Public Affairs
Subject: IRANIAN NATIONAL PLEADS GUILTY TO CONSPIRACY TO COMMIT VISA FRAUD IN CONNECTION WITH A VISAS-FOR-SALE SCHEME AT THE U.S. CONSULATE IN DUBAI, UNITED ARAB EMIRATES

Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, JANUARY 16, 2007
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CRM
(202) 514-2008
TDD (202) 514-1888

IRANIAN NATIONAL PLEADS GUILTY TO CONSPIRACY TO COMMIT VISA FRAUD IN CONNECTION WITH A VISAS-FOR-SALE SCHEME AT THE U.S. CONSULATE IN DUBAI, UNITED ARAB EMIRATES

WASHINGTON – An Iranian national has pleaded guilty to one count of conspiracy to commit visa fraud before the Honorable Ricardo M. Urbina in U.S. District Court for the District of Columbia, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

Shahram Shajirat, a citizen of Iran, was indicted in January 2004 along with his wife and co-conspirator, Soraya Marghi, in connection with a visas-for-sale ring operated out of the U.S. Consulate in Dubai, United Arab Emirates in the summer of 1999. Through this scheme, at least 25 Iranian men, women and children purchased U.S. non-immigrant visas from Shajirat and Marghi for travel to the United States without undergoing the required security protocols. As part of his plea of guilty, Shajirat will cooperate fully with U.S. authorities to identify each of the visa recipients who illegally received non-immigrant visas.

The conspiracy charge carries a maximum penalty of five years in prison and a fine of $250,000. Judge Urbina set a sentencing date for April 12, 2007.

Marghi, who has dual Canadian and Iranian citizenship, pleaded guilty to conspiracy to commit visa fraud in connection with the same illegal scheme before Judge Urbina on October 20, 2005. Marghi has cooperated with U.S. authorities.

The case is being prosecuted by Matthew C. Solomon and William J. Corcoran of the Public Integrity Section of the Criminal Division, headed by Acting Chief Edward C. Nucci. The case is being investigated by the Visa Fraud Branch of the Diplomatic Security Service of the U.S. Department of State.

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Image not available for this document, ID: 0.7.10316.11286-000002

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 17, 2007 8:16 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, January 17, 2007
Attachments:	agnb070117.pdf; agnb070117.doc

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 17, 2007 7:45 AM EST

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TERRORISM NEWS:

In Prepared Remarks, Gonzales Criticizes Judges For Terror Rulings. The AP (1/17, Jordan) reports, "Attorney General Alberto Gonzales says federal judges are unqualified to make rulings affecting national security policy, ramping up his criticism of how they handle terrorism cases." The AP continues, "In remarks prepared for delivery Wednesday, Gonzales says judges generally should defer to the will of the president and Congress when deciding national security cases. He also raps jurists who 'apply an activist philosophy that stretches the law to suit policy preferences.' … The text of the speech, scheduled for delivery at the American Enterprise Institute, was obtained Tuesday by The Associated Press. It outlines, in part, what qualities the Bush administration looks for when selecting candidates for the federal bench. … 'We want to determine whether he understands the inherent limits that make an unelected judiciary inferior to Congress or the president in making policy judgments,' Gonzales says in the prepared speech. 'That, for example, a judge will never be in the best position to know what is in the national security interests of our country.'" The AP adds, "Gonzales did not cite any specific activist jurists, or give examples of national security cases, in his prepared text. The Justice Department is appealing an August decision by U.S. District Judge Anna Diggs Taylor in Detroit, who ruled the government's warrantless surveillance program unconstitutional and ordered it stopped immediately. … The Justice Department appealed her decision and the 6th U.S. Circuit Court of Appeals in Cincinnati has ruled that the administration can keep the program in place during the appeal."

Gonzales Says Legal Challenges Are Cause Of Guantanamo Trial Delays. The AP (1/17, Jordan) reports, "Trials for detainees at Guantanamo Bay have been delayed because of numerous challenges by their own lawyers, Attorney General Alberto Gonzales said Tuesday in defending the Bush administration's treatment of terror suspects. … A leading human rights attorney called the attorney general's comments 'a convoluted view of the world.'" The AP continues, "Gonzales, meeting with Associated Press reporters and editors, said the trials of terror detainees may begin as early as this summer, and that rules for military commissions in carrying them out will be sent to Capitol Hill this week. … But he acknowledged the delays, of up to five years in some cases, in deciding the legal fate of detainees being held at the military facility in Cuba. … 'It's not for lack of trying,' Gonzales said. 'We are challenged every step of the way.' … 'A lot will depend on the courts and the legal challenges brought by detainees at Guantanamo,' he said. 'But we are trying as hard as we can to bring these individuals to justice.'" The AP adds, "Michael Ratner, president of the Center for Constitutional Rights, called Gonzales' remarks 'a convoluted view of the world.' … 'We've been trying for five years to get the majority of the detainees in federal court,' Ratner said. 'They've resisted from the first day, when they took people to Guantanamo.' … The Guantanamo issue was one of several topics during the hourlong AP interview that had Gonzales on the defensive over Bush administration policies criticized by Democrats and civil libertarians as overstepping legal boundaries. … Others included: … Little-known but recently revealed powers authorizing the Pentagon to examine banking records of Americans suspected of terrorism or espionage. Congress authorized such investigations decades ago, and recently affirmed them in the USA Patriot Act, but some lawmakers question whether it is an improper expansion of the Defense Department's domestic role. … 'If Congress gives them the authority, I think they probably ought to be exercising that authority in connection with national security investigations,' Gonzales said." The AP (1/17) distributes excerpts of the interview with Attorney General Gonzales.

FNC On the Record with Greta Van Susteren (1/16, 10:38 p.m.) broadcasted, "Alberto Gonzales blamed delays on attorneys, 'We are challenged every step of the way.' Military officials saying 60 to 80 detainees will be charged and brought to trial. Gonzales says the trials May start sometime this summer."

Stimson Apologizes For Gitmo Remarks. The Washington Post (1/17, White, 690K) reports that deputy assistant secretary for detainee affairs Cully Stimson, "who criticized large U.S. law firms for representing terrorism suspects at the U.S. detention facility at Guantanamo Bay, Cuba, has apologized for his comments, saying that his discussion on a local radio program does not reflect his 'core

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beliefs.'" Stimson's letter to the editor appears in the Washington Post (1/17, 690K).

Law Deans Blast Stimson's Remarks. The New York Sun (1/17, Gerstein) reports, "More than 130 deans of American law schools have signed a letter deploring a Pentagon official's statement criticizing major law firms for representing detainees at Guantanamo Bay." The Sun continues, "The law deans wrote that they were 'appalled' by an interview last week in which the Pentagon's point man on detainee affairs, Charles Stimson, said corporations should be disturbed by the law firms' pro bono work for detainees and might want to reconsider sending business to the firms involved. … 'We find Secretary Stimson's statement to be contrary to basic tenets of American law,' the deans wrote. 'Our American legal tradition has honored lawyers who, despite their personal beliefs, have zealously represented mass murderers, suspected terrorists, and Nazi marchers…. In a free and democratic society, government officials should not encourage intimidation of or retaliation against lawyers who are fulfilling their pro bono obligations.'" The Sun adds, "A Pentagon spokesman said Friday that Mr. Stimson's views were not shared by the department's leadership. The letter asks the administration to repudiate the statement. … The missive was circulated by the dean of Yale Law School, Harold Hongju Koh, and the dean of Northeastern University's law school, Emily Spieler. The signers include the deans of law schools at Columbia, Fordham, New York University, and New York Law School."

Stimson Criticized For Comments On Detainee Representation. In an op-ed for Washingtonpost.com (1/17), CBS News legal analyst Andrew Cohen writes, "Here is how our executive branch last week waged its legal war on terrorism against the detainees at Guantanamo Bay, Cuba. While federal lawyers and intelligence officials earnestly prepared behind the scenes to put on trial some of the major terror suspects, a skuzzy Pentagon lawyer was front and center on the radio attacking the motives and integrity and even the patriotism of detainee defense attorneys and the law firms that support them." Cohen continues, "If there is nothing surprising about a group of prosecutors preparing for trial…it is…downright shocking that a government attorney would denigrate the work of attorneys and their colleagues who have chosen to help men who sometimes quite literally have no one else on their side. The malfeasant culprit is a man named Charles 'Cully' Stimson, deputy assistant secretary of defense for detainee affairs, and there is simply no excuse for the tone or the tenor of the remarks he made Thursday on Federal News Radio." Cohen adds, "What Stimson said, and why, and how, constitutes conduct unbecoming a member of government and a member of the bar. One hand may be acting aggressively, if not mercifully and justly, toward prosecuting suspected terrorists. But the other hand, Stimson's hand, is undercutting the very principles we fight for. This is how our government waged the legal war on terror in our name last week."

The Boston Herald (1/17) editorializes, "Well, it's official now: Deputy Assistant Secretary of Defense for Detainee Affairs Charles 'Cully' Stimson has made himself a household name virtually overnight with a comment that is beyond idiotic. … Interviewed by Federal News Radio on the fifth anniversary of the opening of the Guantanamo Bay prison, Stimson said, 'It's shocking . . . The major law firms in this country . . . are out there representing detainees.' … Then the former Navy lawyer went so far as to suggest a boycott of those firms, noting, 'when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms.'" The Herald adds, "A Pentagon spokesman has already distanced the Defense Department from Stimson's comments. And Attorney General Alberto Gonzales told The New York Times [NYT], 'Good lawyers representing the detainees is the best way to ensure that justice is done in these cases.' … Anyone clueless about that concept ought to be out the door."

DOJ Letter Details Problems With Prosecuting Detainee Abuse. The New York Times (1/17, Johnston) reports, "A Justice Department team responsible for reviewing accusations of abuse of detainees by civilian government employees in Iraq and Afghanistan has encountered 'delays' and 'unique difficulties,' the department said in a letter on Tuesday." The Times continues, "The letter, to Senator Patrick J. Leahy, Democrat of Vermont, said prosecutors found that some accusations were not credible. Some victims could not be identified, it said, and a few had been released from custody and could not be found. … In one case, two lawyers were prepared to travel to an unidentified Middle Eastern country to interview people who say they had been abused, but canceled the trip because the country's officials refused to allow the prosecutors to meet with them. .. 'As with an American suspected of a crime, those Americans

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who are the subject of the referrals are innocent until proven guilty,' the letter said. 'When career prosecutors conclude that we cannot prove allegations of a crime beyond a reasonable doubt, the department — consistent with its longstanding practices and policies — will not prosecute.'" The Times adds, "The Justice Department provided the report in response to questions posed by Senator Richard J. Durbin, Democrat of Illinois, who in a letter on Dec. 18 asked government lawyers for a progress report. Democrats have expressed skepticism about the department's inability to bring cases to trial. … The letter described the reasons no charges would be brought in most of the cases, saying, 'All were declined for insufficient evidence to warrant criminal prosecution for one or more of the following reasons: insufficient evidence of criminal conduct; insufficient evidence of the subject's involvement; insufficient evidence of criminal intent; low probability of conviction.' … A government lawyer who worked on some of the cases said Tuesday that the problems made prosecutions unlikely in nearly all of the 21 abuse accusations the team reviewed. … But the official, who did not want to speak on the record about pending investigations, said prosecutors had tried hard to assemble cases."

9th Circuit Tosses Ressam Sentence. The AP (1/17, Kravets) reports, "A federal appeals court on Tuesday threw out the sentence of a man who was convicted of plotting to bomb Los Angeles International Airport at the turn of the millennium." The AP continues, "Ahmed Ressam was arrested near the U.S.-Canadian border in December 1999 after customs agents found 124 pounds of explosives in the trunk of his car. … Prosecutors said he was intent on bombing the airport on the eve of the millennium. The arrest raised fears of terrorism attacks and prompted the cancellation of millennium celebrations at Seattle's Space Needle." The AP adds, "Ressam was sentenced to 22 years in prison after being convicted off all nine charges. On Tuesday, the 9th U.S. Circuit Court of Appeals in San Francisco reversed his conviction on one of the charges and sent the case back to a lower court to issue a new sentence and explain the rationale behind the 22-year term. No new sentencing date was immediately set. … The decision does not necessarily mean Ressam will get a shorter term. Judges are given wide latitude to sentence defendants as they see fit. … Defense attorney Thomas Hillier II said the reversal might not reduce his client's sentence but 'helps in fending off the government's argument that the original sentence was too lenient.' … Emily Langlie, spokesman for U.S. attorney John McKay in Seattle, said the government was mulling whether to ask the 9th Circuit to rehear the case with 15 judges. They maintain Ressam should get a 35-year term."

The Los Angeles Times (1/17, Weinstein) reports, "U.S. 9th Circuit Judge Pamela Ann Rymer, writing for the majority, referred to the fact that the U.S. Supreme Court and the 9th Circuit are considering cases that are expected to have a significant impact on federal sentencing law. … Consequently, District Judge John C. Coughenour will have to wait for those decisions, said Thomas W. Hillier II, the federal public defender in Seattle, who is representing Ressam." The Times notes, "Ressam left his native Algeria for France in 1992 and two years later fled to Canada after being arrested on an immigration violation. While in Montreal in 1998, Ressam met an Al Qaeda operative who recruited him for a training camp in Afghanistan. According to Tuesday's ruling, Ressam spent six months at a training camp, learning how to fire a rocket-propelled grenade launcher and make explosive charges, and 'how to destroy infrastructure targets, such as power plants, military installations, railroads and airports,' Rymer wrote. … Later, Ressam went to a second camp near Jalalabad, where he and others "hatched the plot to target a U.S. airport to coincide with the millennium," the judge added. .. .In December 1999, Ressam left British Columbia in a rented Chrysler loaded with explosives, electronic timing devices, detonators, fertilizer and aluminum sulfate. After he crossed by ferry to Port Angeles, Wash., an alert customs inspector, Diana Dean, noticed that he was agitated and asked other agents to search his car. … They found component parts of a bomb hidden in the trunk's tire well. Ressam was arrested and indicted. The case was transferred to Los Angeles because of heavy pretrial publicity in the Northwest."

Bloomberg (1/17, Gullo) reports, "The U.S. Court of Appeals in San Francisco said today the sentence should be recalculated in part because the court overturned one of Ressam's convictions, for carrying an explosive during the commission of a felony. The charge carried a 10-year minimum sentence under federal guidelines. … 'We vacate the entire sentence so that the district court can resentence in light of this decision and developments in the law of sentencing,' the court said in its ruling." Bloomberg adds, "The U.S. Justice Department had sought a tougher sentence for Ressam after he stopped cooperating with investigators.

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The 9th Circuit declined to address the government's appeal because of its reversal of one of his convictions. … 'We are studying the ruling to determine whether or not to seek an appeal,' said Dean Boyd, a Justice Department spokesman in Washington."

Author Of Controversial Terror Memo Takes Podium At U Of Minnesota Law School. The St. Paul Pioneer-Press (1/17, Tosto) reports, "It may be the most anxiously awaited constitutional law class ever at the University of Minnesota. … At the podium Tuesday will stand Robert Delahunty. A recognized scholar and U.S. Justice Department veteran, he is better known as co-author of one of the most controversial legal opinions in the nation's war on terrorism. … His one-term appointment to the U triggered waves of praise — and scorn — from students and faculty in the fall." The Pioneer-Press continues, "While he's kept a low profile, supporters and detractors continue to slug it out in letters and on the Web. The latest volley came two weeks ago, when eight of Delahunty's former Justice Department bosses wrote to praise him — and to scold U professors for deriding his hiring as being akin to the U paying Enron executives to teach accounting." The Pioneer-Press adds, "Written while Delahunty was a Justice attorney, the 2002 memo concluded al-Qaida and Taliban prisoners were not protected by international treaties or federal law. … Critics charged the memo paved the way for the Bush administration to mistreat prisoners and ignore the Geneva Conventions. Amnesty International has called for Delahunty and other attorneys to be investigated for failing to meet professional standards in advising the president — accusations his supporters ridicule. … Delahunty joined the University of St. Thomas Law School faculty in 2004. The St. Thomas law dean defended Delahunty then, noting his "long and distinguished career" working for several presidents, including Bill Clinton. … He fell out of the public eye until last fall, when the U began looking to fill a constitutional law teaching slot after a professor took an unexpected leave."

Trial Of Would-Be London Subway Bombers Underway. The Washington Post (1/17, A10, Sullivan, Adam, 690K) reports on the trial of six British Muslims for their role in the failed subway and bus bombing attempts on July 21, 2005. The "grainy security video showed a London subway car crowded with midday riders, a man with a backpack among them. He looked around, then turned his back toward a woman with a child in a stroller. Suddenly, a large puff of dust shot out of his pack, and panic erupted among the other passengers." British prosecutors said the man "was Ramzi Mohammed, 25, one of six men on trial for conspiracy to murder commuters that day, July 21, 2005. The dust, they said, was residue from a bomb hidden in his backpack. Its detonator fired and caused the puff of dust, prosecutors said, but the shrapnel-laced main charge failed to explode." Prosecutor Nigel Sweeney "told jurors that three other bombs carried onto subway trains and a bus that day also failed to explode, preventing a repeat of a nearly identical attack two weeks earlier, July 7, that had killed 52 commuters and wounded about 700 others." With the "four July 7 bombers dead, the six July 21 defendants are the first people to face trial on charges relating to a pair of incidents that were the first major Islamic extremist attacks on British soil and created chaos in one of the world's biggest cities."

FBI Assisting In US Embassy Attack Investigation. The AP (1/17, Paphitis) reports FBI agents are "helping investigate last week's rocket-propelled grenade attack on the US Embassy" in Athens, "trying to enhance security camera footage," Ambassador Charles Ries said Tuesday. FBI experts "flew in over the weekend and were working on the security footage," according to the ambassador. The video footage "shows the missile streaking across the street and into the embassy," he told state NET television, noting that "It was dark, it's not as good as we want. We're bringing in some experts to see what they can do in terms of looking at the files, ways to enhance it."

HOMELAND RESPONSE:

Treasury Says Counterterror Data Collection Program Will Have To Wait. The Washington Post (1/17, D1, Nakashima, 690K) reports the Treasury Department reported to Congress yesterday that the Cross-Border Electronic Funds Transfer Program, which would "give counterterrorism analysts routine access to as many as 500 million cross-border financial transactions a year, could not be implemented until 2010. The department had hoped to implement it by the end of this year. … In a report to Congress to be released today, the Treasury Department concluded that the program was technologically feasible and has value, but said it needs to determine whether the counterterrorism benefit outweighs banks' costs of

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compliance and to address privacy concerns. The program is opposed by bankers, who view it as burdensome and invasive."

ACLU To Release Pentagon Memo Showing Protestors In Talon Database. The Washington Post (1/17, A8, Pincus, 690K) reports, "A Defense Department database devoted to gathering information on potential threats to military facilities and personnel, known as Talon, had 13,000 entries as of a year ago -- including 2,821 reports involving American citizens, according to an internal Pentagon memo to be released today by the American Civil Liberties Union. The Pentagon memo says an examination of the system led to the deletion of 1,131 reports involving Americans, 186 of which dealt with 'anti-military protests or demonstrations in the US.'" The memo "said that the deleted reports did not meet a 2003 Defense Department requirement that they have some foreign terrorist connection or relate to what was believed to be 'a force protection threat.'" The Post adds that the 1,131 deleted reports "far exceeds the estimate provided to The Washington Post just over a year ago by senior officials of Counterintelligence Field Activity (CIFA), the Defense Department agency that manages the Talon program."

Nighttime Drills Over Washington Test Air Defense. In a front page article, the Washington Post (1/17, A1, Sheridan, 690K) reports on a group of Civil Air Patrol pilots "who pose as nighttime intruders, penetrating restricted airspace over Washington in drills that take place every few weeks. While area residents slumber, the volunteers allow the US military to practice intercepting them -- or worse." Though many details of the "Falcon Virgo" exercises are kept secret, "this much is known: The exercises test Washington's air-defense radar system and the aircraft that might have to confront an intruder. Those include the Air Force jets that fly continuously over the capital, planes that scramble from Andrews Air Force base and Coast Guard helicopters. Participants include officials up the chain of command who must decide whether to intercept or shoot down an aircraft."

Half Of Passengers Using ShoeScanner Forced To Remove Shoes. USA Today (1/17, 1A, Frank, 2.27M) reports approximately half of the Registered Traveler customers screened by "Orlando International Airport first-in-the-nation ShoeScanner" yesterday "underwent the very hassle the machines were designed to ease — putting shoes through checkpoint X-rays — because the ShoeScanner detected metal in their shoes. … Steven Brill, whose Manhattan company, Verified Identity Pass, operates the ShoeScanners, said 52% of hundreds of passengers using the machine Tuesday morning had to remove shoes." General Electric's GE Security, which makes the ShoeScanner, "is trying to upgrade the machine so it can allow passengers to wear shoes that contain harmless metal. For now, TSA spokesman Christopher White said, if the ShoeScanner senses any explosives or metal, 'it's going to require additional scrutiny.'"

Meanwhile, USA Today (1/17, 2A, Frank, 2.27M) described Tuesday's opening of a Registered Traveler terminal in New York's John F. Kennedy International Airport, the first outside Orlando International Airport, as "a small but dramatic step" for the program. "Indianapolis International Airport plans to start a Registered Traveler program Thursday. Airports in San Jose, Calif., and Cincinnati are scheduled to join next week, said Steven Brill, whose Manhattan company, Verified Identity Pass, will manage the programs. Other airports are likely to follow when they see Registered Traveler grow, Brill said." USA Today adds, "Some Orlando passengers said Tuesday that being able to keep their shoes on while passing through security was a step forward."

NYTimes Sees Wider Uses For Registered Traveler Technology. Under the headline "Keep Your Shoes On, For A Price," the New York Times (1/17, 1.16M) editorializes, "Of all the hassles at the airport in this age of heightened security, perhaps the most annoying is the requirement to take off your shoes to send them through the X-ray screener. That burden will be lifted at some airports shortly — for those willing to pay about $100 a year for the privilege." The Times says the ShoeScanner "is the first important new technology to emerge from the for-profit registered traveler programs." Advances like this "could become the major contribution" of the programs, "which otherwise simply offer those willing to pay an annual fee a designated fast lane to a set of the airport's standard metal detectors and X-ray scanners. … Someday these technologies may trickle down to us all, and the registered traveler companies will have to keep finding new devices to stay ahead."

Discrimination Seen In Denial Of Flight For Muslims Returning From Hajj. The Washington Times (1/17, Hudson, 88K) reports the Council on American-

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Islamic Relations "is calling for an investigation to determine why 40 Muslims were not allowed to board a flight from Germany to Detroit after their pilgrimage to Mecca, Saudi Arabia. Northwest Airlines officials said the passengers arrived too late to catch the flight, but some of the Muslims, appearing at a press conference yesterday" with CAIR "called it religious discrimination. … Imam Sayed Hassan Al-Qazwini of the Islamic Center of America in Dearborn, Mich., told reporters that the travelers, who included two imams, were stranded and left on their own to find flights home." However, Northwest Airlines spokesman Dean Breest "said those who arrived at the gate in time with boarding passes were allowed onto the plane, and that those who could not be accommodated were rescheduled for other flights."

CIFA May Have Broken Law. USA Today (1/17, Kelley, 2.27M) reports, "A Pentagon domestic intelligence agency overpaid and might have broken the law in awarding a $100 million contract to lease office space, federal investigators say. The Pentagon's Counterintelligence Field Activity (CIFA) awarded the no-bid deal in 2003 to TKC Communications. ... Internal watchdogs at the Pentagon and Interior Department, as well as Congress' Government Accountability Office, began questioning the contract last year. Still, federal contracting records show CIFA has paid TKC more than $11 million since Pentagon auditors raised their concerns in May, including more than $6 million in late November." The investigations come "as CIFA faces criticism over its surveillance tactics. Created in 2002, the agency oversees investigations and efforts to block terrorism or espionage against military bases or personnel in the USA. The agency has issued hundreds of 'national security letters' to obtain the banking records of suspects, a practice The New York Times revealed this weekend."

WAR NEWS:

Bush Says Previous Iraq Policies Were Leading To "Slow Failure." The Washington Post (1/17, A14, Abramowitz, 690K) reports, "President Bush said that his Iraq policy was headed to 'a slow failure' until he changed course last week with the announcement that he was sending more than 21,000 additional U.S. troops to bolster flagging security in Baghdad. The comment, perhaps the president's frankest admission that the previous strategy was not working, came during an interview yesterday with Jim Lehrer of PBS's 'NewsHour,' in which Bush detailed some of his decision-making regarding Iraq." Bush said, "I had a choice to make. Do what we're doing -- and one could define that maybe a slow failure. Secondly, withdraw out of Baghdad and hope for the best. I think that would be expedited failure. And thirdly is to help this Iraqi government with additional forces -- help them do what they need to do, which is to provide security in Baghdad. … I chose the latter because I think it's going to more likely be successful." The interview "was part of an ongoing White House campaign to sell the new Iraq policy in the face of intense skepticism from Congress and the American public. Bush acknowledged this view while sharpening his criticism of the Iraqi government over its handling of the execution of Saddam Hussein and security in Baghdad."

Most media coverage focuses on Bush's comments on the executions. The AP (1/17, Loven) reports Bush said "the unruly execution of Saddam Hussein 'looked like it was kind of a revenge killing,' making it harder to persuade a skeptical US public that Iraq's government will keep promises central to Bush's plan for a troop increase." Said Bush, "I was disappointed and felt like they fumbled the -- particularly the Saddam Hussein execution."

The New York Times (1/17, Rutenberg, 1.16M) says the comments "pointed up the continued tensions between Mr. Bush and Mr. Maliki as they try to forge a joint plan to calm the violence plaguing Iraq." USA Today (1/17, 1A, Nichols, 2.27M) notes Bush "has called on al-Maliki…to reach out to disgruntled Sunnis and to help disarm sectarian militias as 21,500 additional US troops begin arriving in Iraq."

Also reporting on the executions, the New York Times (1/17, Slackman, 1.16M) reports, "The botched hanging of Saddam Hussein and two lieutenants in Iraq by its Shiite-led government has helped to accelerate Sunni-Shiite sectarianism across an already fragile Middle East, according to experts across the region. The chaotic executions and the calm with which Mr. Hussein confronted the gallows and mocking Shiite guards have bolstered his image among many of his fellow Sunni Muslims." But "something else is happening too: a pan-Muslim unity that surged after the summer war between Israel and Hezbollah, the Lebanese Shiite militia, is waning." Moreover, "while political analysts and government officials in the region say the spreading Sunni disillusionment with Shiites and their backers in Iran will benefit Sunni-led governments and the

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United States, they and others worry that the tensions could start to balkanize the region as they have in Iraq itself."

New York Times columnist David Brooks discussed Bush's PBS' Newshour With Jim Lehrer (1/16) interview immediately after it aired, saying he thought "this was the best" he's heard the President "on the past, on the troop deployments, on the inability that we had for a couple of years to hold any territory that we cleared." Brooks went on to say he also found the President "pretty compelling on the future, what would happen if we don't succeed there. … Where I found him less compelling was on the present and on this plan." Americans "have been following this issue for a long time, and they're pretty well-educated about it, especially viewers of this program. They want some details. They don't just want the grand assertions."

Also, show host Jim Lehrer asked syndicated columnist Mark Shields if he thinks the President made any progress in his PBS' Newshour With Jim Lehrer (1/16) interview, in terms of convincing the skeptics about his new Iraq plan. Shields said, "I don't think so, Jim. I think the President put it bluntly himself. The Secretary of State did as well yesterday. And that is that all the words, all the rhetoric, I mean, you could be Churchillian at this point, but it's the reality on the ground…in Baghdad."

Doubts About Maliki Continue. The CBS Evening News (1/16, story 3, 1:45, Couric, 7.66M) reported, "Back in Washington, President Bush finds himself increasingly isolated because of his new Iraq strategy. Democrats and Republicans have voiced their opposition to the plan, and there are new questions about whether the President can depend on Iraq's Prime Minister to carry out his part of the deal." CBS (Axelrod) added "the jury's out on whether Iraq's Prime Minister Nouri al-Maliki has the capacity to stop the bloodshed." Bush was shown saying, "No question, there's a headwind. There's a lot of skepticism in Washington, DC. There's skepticism about whether or not there's enough troops, or whether we should be putting any troops, and there's skepticism whether the Maliki government will make the tough decisions necessary to succeed." The President "says he thinks his plan can succeed, if Prime Minister Maliki will support American forces completely." The White House "won't talk about failure before even launching the plan, but foreign policy expert Michael O'Hanlon says Maliki must be thinking about his plan B." Michael O'Hanlon, Brookings Institution: "Maliki probably agrees with us on what the preferred outcome in Iraq would be, of a multi-ethnic Iraq that holds itself together. But he is probably also planning, in a way that we are not, for a backup option, which is civil war in which the Shia win." CBS added, "While the President won't talk about a plan B, inside the White House they feel they've done everything they can to get Maliki on board in what amounts to the President's last best hope for Iraq. Yet still there are doubts that Maliki's the man to get it done."

Fox News' Special Report (1/16, Hume) reported, "The first of 21,000 new US troops are arriving as the US and Baghdad kicked off a new security plan. The no. 2 U.S. Commander here says Iraqis developed the strategy with the goal of moving Americans to a support role." Lt. Gen. Raymond Odierno: "It will enhance our training teams with Iraqis and we will move to the perimeter of Baghdad. That could take some time, but it is about sustaining this over a long period of time." Fox went on to report, "A major challenge in securing Baghdad is disbanding militias thought to be responsible for hundreds of execution-style murders each month. The prime minister has repeatedly promised that Iraqi forces will move against militias, but has yet to follow through. Odierno says that he truly believes Maliki will truly meet his commitment this time."

Administration Said To Appear "Off-Stride" Defending Bush Plan. The Washington Post's (1/17, A17) Al Kamen writes in his "In the Loop" column that Secretary of State Condoleezza Rice and national security adviser Stephen Hadley "and others seemed a bit off-stride, less self-assured, last week as they got a bipartisan hammering on the Hill and from the media about the war in Iraq." Instead, "It fell, once again, to Vice President Cheney to show how to take the long view in handling this sniping." On "Fox News Sunday," Cheney told Chris Wallace: "The fact is we've come a long way from where we started in Iraq. Now, no war ever goes smoothly all the way. ... Lots of times you have to make adjustments, and that's what we're doing here."

More Commentary. Harold Meyerson writes in the Washington Post (1/17, 690K), "For the Republicans, there are two ways out of Iraq. They can either go out like Eisenhower or like Nixon." Dwight Eisenhower "could have chosen to divide the public and try to roll back Franklin Roosevelt's handiwork. In fact, he didn't give that option a moment's consideration. Social Security and unions, he concluded, were here to stay; any attempt to undo them, he wrote, would consign the Republicans to permanent minority status. Ike also ended the Korean War without attacking Democrats in the process." Richard Nixon "became

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president largely because of the public's massive discontent with the Vietnam War. We now know that Nixon and Henry Kissinger had no illusions that the war could be won, and Nixon probably could have withdrawn US troops in a way that didn't polarize the public. Such a stance, however, ran counter to Nixon's deepest instincts. … Today's Republicans now must choose between Eisenhower's way and Nixon's way."

David Ignatius, in the Washington Post (1/17, A19, 690K), writes, "It was axiomatic during the Cold War that presidents should not gamble with matters of national security. The stakes were too high. The Bush administration's Iraq policy has long suffered from a lack of that prudence -- and the misplaced gambler's instinct is especially evident in the administration's plan to send more troops to Baghdad." Bush's "surge" is "a mistake because it is piling more precious chips -- more human lives -- on what so far has been a losing bet."

Maureen Dowd writes in the New York Times (1/17, 1.16M) that Bush "told Jim Lehrer last night that in 20 years, radical Shiites could be warring with radical Sunnis and Middle Eastern oil could fall into the hands of radicals, who might also get weapons of mass destruction. So after scaring Americans into backing the Sack of Iraq by warning that radicals could get W.M.D., now he's trying to scare Americans into supporting the Surge in Iraq by warning that radicals could get W.M.D. So many deaths, so little progress."

Los Angeles Times (1/17, 850K) columnist Max Boot, meanwhile, writes Bush's plan "has not...been well received. But does anyone have a better idea?" The plan "seems worth one final effort to see if we can salvage something from this dire situation."

Wall Street Journal (1/17, 2.04M) op-ed contributor and AEI fellow Reuel Marc Gerecht urges a "revision" of Bush's surge strategy, saying, "Recent remarks by Defense Secretary Robert Gates -- predicting troop reductions within a year, and saying that we might not need an additional five brigades in Baghdad for a successful operation -- are a frightening echo of the self-defeating, undermanned optimism that came from the US military under Mr. Gates's predecessor."

Senate To Debate Biden-Levin-Hagel Resolution Against Bush Iraq Plans. The Washington Post (1/17, A4, Weisman, 690K) reports, "Senate leaders will introduce a bipartisan resolution of opposition to President Bush's new Iraq policy as early as today, taking the lead from House Democrats who are increasingly divided on how far to go to thwart additional troop deployments to Iraq. The resolution -- crafted by Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.), Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.) -- will not come to a vote before Bush's State of the Union address on Tuesday." But "by sending it to Biden's committee this week, Democratic leaders will give senators from both parties multiple opportunities to voice concerns about the president's policy." House leaders "opted to allow the Senate to strike first, reasoning that a strong, bipartisan vote there would splinter Republican support in the House, Democratic leadership aides said. … House leaders are beset by division over efforts to choke off the deployment through Congress's power of the purse. Moreover, antiwar groups are growing uneasy about a nonbinding resolution of opposition."

The New York Times (1/17, Hulse, Rutenberg, 1.16M) reports Hagel "said the intent of the resolution was not to 'bash the president' or to call for the immediate withdrawal of United States troops from Iraq, but a responsible way for senators to register their opinion on the increase of more than 20,000 additional troops announced by Mr. Bush last week." The Times adds, "While Senate opponents of the buildup were preparing to move forward, Senate Republicans backing the president were trying to map their own strategy, considering proposals that could appeal to Republicans frustrated with events in Iraq but keep them from supporting the most critical resolution. 'There will be alternatives,' said Senator Jon Kyl of Arizona, the third-ranking Senate Republican." At the White House, "officials were continuing to discuss the new plan with members of Congress, with an emphasis on lining up Republicans behind Mr. Bush's approach. 'We knew this was not going to be an easy policy to explain or one that was going to be met with open arms,' said a White House official, speaking on condition of anonymity." That official "said that the message to Congressional Republicans was similar to the one the White House spokesman, Tony Snow, conveyed Tuesday at his press briefing: that approval of any resolution critical of Mr. Bush's approach, even if nonbinding, would send a damaging message."

Roll Call (1/17, Stanton) reports "aides" said Senate Majority Leader Harry Reid "is attempting to carefully craft the resolution to appeal to as many Republicans as possible in

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the hopes of piecing together a truly bipartisan coalition. As a result, the language of the resolution will remain as neutral as possible to allow Republicans to feel comfortable casting their votes with Democrats on such a high-profile issue." While "there has been talk in Democratic circles of holding a vote on the resolution the day of Bush's State of the Union address, a Reid aide said it was unlikely that would occur, since it likely would provoke claims of partisanship."

The Christian Science Monitor (1/17, Chaddock, 59K) reports, "If a nonbinding resolution opposing the surge of 21,500 troops into Iraq is approved, Democrats could quickly move stronger legislation to build a congressional firewall against any future move to broaden the war to Iran or Syria. Others are testing the waters for GOP support for the ultimate weapon in a showdown with the White House – curbs on funding." But "the key to an effective push back – including the 67 votes needed to overturn a presidential veto – is building bridges to Republicans."

Likewise, the Wall Street Journal (1/17, Rogers, 2.04M) notes "Republican votes will decide the coming debate in Congress over the Iraq war, so Democrats are first working to build bipartisan support for nonbinding criticism before taking on the White House over funding. The two-part strategy is on display this week as top Republicans and Democrats on the Senate Foreign Relations Committee expect to announce agreement on a resolution challenging…Bush's decision to increase U.S. troop levels. As those talks proceed, the House Appropriations Committee will also begin hearings this morning to lay the groundwork for tougher fights over war-related spending requests this spring and summer." The Journal adds, "The nervousness among House Republicans is striking after November's losses. 'Two years before the elections, people are worried about their political skins,' said Rep. Ray LaHood (R., Ill.)."

In addition, says The Hill (1/17, Tiron), Democrats want to redirect "attention" from Iraq " to the war in Afghanistan and the search for al Qaeda's leader, Osama bin Laden. Several top Democrats, including 2008 presidential hopefuls Sens. Joseph Biden Jr. (D-Del.) and Hillary Rodham Clinton (D-N.Y.), said a troop increase should occur in Afghanistan rather than Iraq." Clinton, Sen. Evan Bayh and GOP Rep. John McHugh "returned from a congressional delegation to Afghanistan, Pakistan and Iraq and are expected to talk about the trip today." But "congressional plans have yet to emerge for keeping a firm grip on Afghanistan, which is dealing with rampant poppy production and is at risk of sliding back into the hands of Taliban insurgents."

Former Bush Counterterror Advisor To Join Biden Staff. The Washington Times (1/17, Scarborough, 88K) reports, "A counterterrorism adviser to President Bush is leaving the White House to join the staff of a prominent Democratic senator gearing up to investigate the administration's war policies. A Senate source said Todd M. Hinnen, a director for combating terrorism on the staff of the president's National Security Council (NSC), will become the chief counsel for Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Senate Foreign Relations Committee. … 'Once again, people on the Bush White House staff turn on him while our soldiers and Marines fight to protect the rest of us,' a Republican staffer said."

More Commentary. Former Defense Secretary Mel Laird writes in the Washington Post (1/17, 690K), "Cutting off funding is not a plan. Holding hearings to excoriate the executive branch is not a plan. Emotional oratory about casualties is not a plan." Therefore, "Congress must stop the partisan gamesmanship that feeds on itself and becomes an end rather than a means. … The best thing Congress could do now is look at the bigger picture with civility and bipartisanship. … Defense spending must be substantially increased. … Congress must take the lead in demanding accountability from the Iraqi government," and "Congress must set the tone by admitting who the enemy is -- political correctness be damned."

Over 1,000 Active Duty Troops Sign Anti-Surge Plan. The AP (1/17) reports, "Several anti-war groups that include members of the military on Tuesday delivered petitions against the war in Iraq to US Rep. Dennis Kucinich, a Democrat who's long been against the conflict." Iraq Veterans Against the War, Veterans for Peace and Military Families Speak Out "sponsored the 'appeal for redress' petition, which was signed by more than 1,000 active duty military members, according to Kucinich's office."

McClatchy (1/17, Schoof) reports, "Although they're duty-bound to carry out the president's orders," the troops "have a legal right to use this means to express their views. The statement, carried on the Web site AppealforRedress.org, was signed by 1,080 troops as of Tuesday afternoon, according to the site. It urged Congress to support 'the prompt withdrawal of all American military

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forces and bases from Iraq," adding, "Staying in Iraq will not work and is not worth the price.'"

The Los Angeles Times (1/17, Levey, 850K) also notes the "public opposition from a slice of the American population that rarely speaks out: the military rank and file. A group of service members came to Capitol Hill on Tuesday armed with signatures from more than 1,000 military personnel who oppose the war. 'We will not be silent while thousands die,' said Sgt. Liam Madden, a 22-year-old active-duty Marine and Iraq war veteran who is helping lead the effort to organize resistance to the war from inside the military." The Times adds, "When the campaign began three months ago, White House spokesman Tony Snow dismissed the first signatories as '65 people who are going to be able to get more press than the hundreds of thousands who have come back and said they're proud of their service.'"

Troops Express Uncertainty Over Iraq's Future. The AP (1/17, Frayer) reports, "Nearly four years into the fighting, some soldiers say it's getting more difficult to swing their legs over the edge of the cot each morning. With America's Iraq policy in flux, some troops say they're asking themselves for the first time whether the U.S. can win the war — or what winning really means here. ... [Case] Dewinkel and other members of the 1st Squadron, 89th Cavalry Regiment, 2nd Brigade, 10th Mountain Division gathered one recent rainy morning in a schoolhouse south of Baghdad to set up a makeshift medical clinic for villagers. ... [they] finally said they felt a certain apathy and ambiguity." While Web Wright "said he worried U.S. public support for the war was waning and that U.S. troops could be withdrawn prematurely," Fred Morris "said he's grown frustrated with Iraqis, who have become increasingly demoralized and more dependent than ever on U.S. troops."

Bombs Kill At Least 70 Students At Baghdad University.

The CBS Evening News (1/16, lead story, 2:30, Couric, 7.66M) reported on "a horrific example of the kind of violence…additional US forces are likely to face as they try to stabilize Baghdad. Two bombs exploded today at a university there that's nearly 800 years old. It was especially brutal, even by Baghdad standards." ABC World News (1/16, lead story, 2:40, Harris, 8.78M) said the victims were "Shiite and Sunni. There were no arrests and no claims of responsibility." The Los Angeles Times (1/17, Daragahi, 850K) notes "at least 70 Iraqi college students were killed and more than 170 others were wounded."

NBC Nightly News (1/16, lead story, 3:00, Williams, 9.87M) reported, "It's the exact same situation American troops are about to head right into and today it got even more dire. According to numbers just out today, over 34,000 Iraqi civilians died in the sectarian violence there last year. That's 100 a day."

The Washington Times/AP (1/17, Hurst) reports "a total of 142 Iraqis were killed or found dead Tuesday, in what appeared to be a renewed campaign of Sunni insurgent violence against Shiite targets. The sharp uptick in deadly attacks coincided with the release of UN figures that showed an average of 94 civilians died each day in sectarian bloodshed in 2006." The AP (1/17, Gamel), New York Times (1/17, Cave, 1.16M) and Washington Post (1/17, A1, Partlow, 690K) run similar reports.

Four More US Soldiers Killed In Iraq. ABC World News (1/16, story 2, :10, Snow, 8.78M) reported, "The US military announced the deaths of four US soldiers yesterday in northwestern Iraq."

UN Report Says 34,000 Iraqis Were Killed In Violence In 2006. The New York Times (1/17, Tavernise, 1.16M) reports, "The United Nations reported Tuesday that more than 34,000 Iraqis were killed in violence last year, a figure that represents the first comprehensive annual count of civilian deaths and a vivid measure of the failure of the Iraqi government and American military to provide security." The report was "the first attempt at hand-counting individual deaths for an entire year. It was compiled using reports from morgues, hospitals and municipal authorities across Iraq, and was nearly three times higher than an estimate for 2006 compiled from Iraqi ministry tallies by The Associated Press earlier this month."

Rice Seeks Arab Support For Bush Iraq Plan.

NBC Nightly News (1/16, 2:00, Williams, 9.87M) reported, "Today Secretary of State Condoleezza Rice continued her efforts in the Persian Gulf region to sell this new strategy for Iraq. She met with Arab leaders in Kuwait and came out with a key victory today." NBC (Mitchell) added, "Condoleezza Rice won a critical endorsement today: The backing of the Sunni Arab world for [President] Bush's plan to prop up Iraq's Shi'a government. The exploding crisis got them to issue an unprecedented joint statement."

In contrast to NBC's positive portrayal of the Arab countries' support for Bush's plan, most print coverage describes the final communiqué as mixed and "tepid." The

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Washington Post (1/17, A13, Kessler, 690K), for example, says the Arab diplomats offered "only tepid support for President Bush's new plan," while in an analysis, the AP (1/17, Gearan) says the "carefully worded encouragement that Arab allies are offering for…Bush's new Iraq strategy belies deep suspicion among the United States' few real friends in the region that Iraq may already be a lost cause." Secretary Rice "has made sales calls the past several days in Jordan, Egypt, Saudi Arabia and Kuwait," but has received "polite versions of a blunt message: Good luck with that." Saudi Arabian Foreign Minister Saud al-Faisal was "the most upbeat, but his doubts were obvious," as he pinned "success squarely on the Iraq government, saying there is only so much that any outsider can do." Meanwhile, Rice's trip began with an emphasis on rejuvenating the Israeli-Palestinian peace process, but the move was "widely portrayed in the Arab press as simply an attempt to change the subject."

The New York Times (1/17, Shanker, 1.16M) also says that "one of Washington's staunchest partners in the region, Saudi Arabia, indicated deep concerns about whether the Shiite-led government in Baghdad had the capacity and will to halt sectarian violence and protect Sunni Arabs." The Arab diplomats gathered in Kuwait issued a statement that "welcomed the commitment" of the United States to stabilizing Iraq, "but made no commitments to help stabilize or rebuild the country." For her part, Rice "acknowledged the legitimacy of those worries within powerful Sunni-majority states," saying, "After all the years of deep grievance in the region, within Iraq, it's not surprising that that's the case." But at the same time, Rice stressed that each of the Middle Eastern leaders with whom she has met "wants to give this a chance," adding, "That's the position of people in the region, and there is, in fact, a burden on the Iraqi government to perform."

The Washington Times (1/17, Kralev, 88K) calls Arab governments "skeptical" and says they are "not prepared to fully back the proposal" because of its reliance on al-Maliki's performance.

However, the AP (1/17, Gearan) reports that after meeting Tuesday with diplomats from Persian Gulf countries, Rice told reporters, "There is, I think, very good support for the American commitment there, very good support for the objectives the president wants to achieve." Rice "acknowledged the doubts," however, saying that plan "requires now that everybody fulfills the obligations of the plan, particularly that the Iraqis have to carry through on their obligations." However, the AP notes that "many in the Arab world profoundly distrust [Iraqi Prime Minister Nouri] al-Maliki's government, believing it is serving Iran's interests at the expense of Sunnis." Similarly, USA Today (1/17, 10A, Slavin, 2.27M) says the diplomats "voiced support" for President Bush's plan, while Rice "acknowledged, however, that Sunni Arab leaders in the region worry" that the Maliki government "will not deliver on its promises to treat Sunnis fairly and stop the spiraling violence in Baghdad."

The Financial Times (1/17, England) says that "although Arab officials have questioned Washington's emphasis on a military, rather than political, solution, they have also been arguing against an abrupt US withdrawal, fearing it would exacerbate Iraq's civil conflict and destabilise the region."

Communiqué's Apparent Rebuke Doesn't Mention Iran By Name. AFP (1/17, Lanteaume) notes that during Tuesday's meeting, Rice and her "eight Arab counterparts called on Iran not to meddle in Iraq's affairs," Kuwait's foreign minister said. A joint communiqué did not mention Iran by name but said that relations among countries "should be based on mutual respect for sovereignty and territorial integrity of all states, and on the principle of noninterference in the internal affairs of other nations."

NBC Nightly News (1/16, 2:00, Mitchell, 9.87M) reported that Rice "wanted a united stand against Iran, but Arab leaders refused to condemn Iran by name for its support of Iraqi insurgents." Still, the Los Angeles Times (1/17, Richter, 850K) says the joint statement marked "a small step in US efforts to win regional support for pacifying Iraq and resisting Iranian influence."

Similarly, the Washington Post (1/17, A13, Kessler, 690K) says the Arab diplomats issued "a veiled warning to Iran," but the statement was written "in diplomatic jargon and did not mention Iran by name or even cite concerns about Iran's nuclear program." The Post notes that since September, Rice has "prodded the eight nations…to create an informal group to discuss regional issues. Arab officials have said privately they are reluctant participants in the meetings, in part because they are wary of being perceived as an anti-Iran alliance."

Rice Says Diplomacy Not "Dealmaking." The Washington Post (1/17, A17, Kessler, 690K) notes that during an exchange with reporters in Kuwait Tuesday, Secretary Rice "was asked if there were any moments in Arab history, as opposed to European history, that informed her thinking, such

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as Britain's occupation of Mesopotamia, Britain's experience in Egypt or France's experience in Algeria." The question "spurred Rice to give a six-minute philosophical lecture on her view of diplomatic history." Diplomacy, she said, "is not dealmaking." The Post publishes excerpts from her comments.

NYTimes Urges Bush To Identify Timelines In Iraq. The New York Times (1/17, 1.16M) editorializes, "None of Mr. Bush's ideas -- his plan to send more American soldiers to fight alongside Iraqi units in Baghdad, his program for jump-starting the Iraqi economy, his hope of reconciling rival sectarian communities and heading off civil war -- can possibly succeed without the full cooperation of the Iraqi government. Yet in the days following Mr. Bush's address, as in the days before, Mr. Maliki has demonstrated how far his own goals diverge from America's best interests or any reasonable path for containing Iraq's civil war. ... Unless President Bush insists that Mr. Maliki accept specific and enforceable policy benchmarks and timelines -- starting with the disarming of sectarian militias -- the United States will remain hostage to the Iraqi prime minister and his radical Shiite agenda."

WPost Says "New" Mideast Policy "Betrays" Bush's Freedom Agenda. The Washington Post (1/17, 690K) editorializes that Secretary of State Rice "is trying to solidify an alliance of 'the mainstream' against Iran and in support of U.S. policy in Iraq. ... The new strategy explains a series of reversals of US policy that otherwise would be baffling. ... The administration has decided to seek $98 million in funding for Palestinian security forces -- the same forces it rightly condemned in the past as hopelessly corrupt and compromised by involvement in terrorism. ... [Another beneficiary] is Egyptian President Hosni Mubarak, a thuggish autocrat who was on the wrong side of Ms. Rice's previous Mideast divide ... The attempt to divide the Middle East into two opposing camps is nevertheless wrongheaded and dangerous. ... Finally the new US policy betrays President Bush's freedom agenda, giving a free pass to dictators who support the new geopolitical cause."

Ahmadinejad Seeks Saudi Cooperation On Iraq. The AP (1/17, Youssef) reports Iranian President Mahmoud Ahmadinejad said Tuesday that he sent a message to Saudi King Abdullah "proposing that they cooperate in helping stabilize Iraq." In an interview with Saudi television, Ahmadinejad said, "We, Saudis and other neighboring countries can help the Iraqi people to take the lead to consolidate their government's capability to stabilize and maintain security in their country." While the AP says Iran's "overture to Saudi Arabia appeared to be an attempt to counter American efforts to rally its allies in the region and isolate Tehran, the Financial Times (1/17, England) notes Saudi Foreign Minister Saud al-Faisal Tuesday "played down suggestions that his government had been asked to ease tensions between Washington and Tehran." After meetings with his Arab counterparts in Kuwait, Faisal said, "There is no need for mediation. Our relations with the United States are long standing...Iran is a neighbour of Saudi Arabia, so obviously we hope to avoid any conflict."

US Sending Second Carrier To Mideast. The AP (1/17, Krane) reports the deployment of the USS John C. Stennis to the Middle East "will put two US aircraft carriers in the Persian Gulf region for the first time since the 2003 Iraq invasion, in a clear response to Iran's aggressive posture in the region." Defense Secretary Robert Gates "said Monday that Iran and other US adversaries believe the US is vulnerable in Iraq, where the Pentagon is preparing to send more than 20,000 additional troops as part of a new security plan that envisions a crackdown on Iranian-backed militias." However, a second US carrier will "significantly boost US air power in the region and serve to remind Iran of American firepower."

Iran Buys Army Gear In Pentagon Sale. The AP (1/17, Theimer) reports, "Fighter jet parts and other sensitive US military gear seized from front companies for Iran and brokers for China have been traced in criminal cases to a surprising source: the Pentagon." In one case, federal investigators said, "contraband purchased in Defense Department surplus auctions was delivered to Iran." In that instance, a Pakistani arms broker "convicted of exporting US missile parts to Iran resumed business after his release from prison," purchasing "Chinook helicopter engine parts for Iran from a US company that had bought them in a Pentagon surplus sale."

French Visit To Tehran Cancelled. The New York Times (1/17, Sciolino, 1.16M) reports, "At a time when most world powers have forged a united front against Iran because of its nuclear program," French President Jacques Chirac "arranged to send his foreign minister to Tehran to talk about a side issue, then abruptly canceled the visit earlier this month in embarrassing failure." Chirac's "troubles stemmed

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from his deep desire to help resolve the crisis in Lebanon before his term runs out in May." To that end, he "decided to seek the support of Iran, which, along with Syria, backs the radical Shiite organization Hezbollah," three senior French officials said in describing the effort.

Sauerbrey Says US Mulling Options To Help Displaced Iraqis. The New York Times (1/17, Swarns, 1.16M) reports, "Senate lawmakers sharply criticized the Bush administration on Tuesday for failing to provide refuge in the United States for the most vulnerable of the Iraqis fleeing the violence at home. The United Nations estimates that two million Iraqis have fled the country and that 1.7 million are currently displaced within the country. Of those, roughly 500,000 have been displaced since February, with roughly 40,000 to 50,000 more fleeing their homes each month. Among them are Iraqis who have been threatened or attacked for working with American troops and companies." In testimony before the Senate Judiciary Committee, Ellen Sauerbrey, "an assistant secretary of state, acknowledged that only 466 Iraqis had been admitted as refugees since the American invasion of Iraq in 2003. She said that expanding the resettlement of vulnerable Iraqis in the United States was 'a top priority.'" Sauerbrey "said the State Department was considering several options, including offering the Iraqis refugee or other special status, and expediting the processing of Iraqi religious minorities and of refugees who have worked for the American government." The "bipartisan panel of senators called for prompt action."

The Washington Times (1/17, Ward, 88K) reports Sauerbrey "said the refugee crisis began to develop in February, when the bombing of a prominent Shi'ite mosque in the city of Samarra heightened sectarian fighting. 'I came into my position just about exactly a year ago, and at that time, we were touting the fact that repatriation was so successful because most of the resources that we were sending at that time were to return people. And a very large number of Iraqis were returning to Iraq,' Mrs. Sauerbrey said."

The Washington Post (1/17, A4, Tyson, 690K) notes the US "has allowed only 466 Iraqis to immigrate under refugee status since 2003 -- including 202 out of 70,000 slots for refugees last year -- in part because of…stringent security screenings, officials said at a hearing of the Senate Judiciary Committee. … 'We should not repeat the tragic and immoral mistake from the Vietnam era and leave friends without a refuge and subject to violent reprisals,' said Sen. Patrick J. Leahy (D-Vt.), the committee's chairman."

The Los Angeles Times (1/17, Gaouette, 850K) says the situation is "drawing comparisons to the refugee problem created after the Vietnam War," and reports "lawmakers framed the issue as one of moral obligation, strategic prudence and opportunity -- particularly to reopen contacts with Syria, where about 500,000 Iraqis have sought refuge, according to UNHCR. … 'We have a special obligation to keep faith with the Iraqis who have bravely worked for us -- and have often paid a terrible price for it -- by providing them with safe refuge in the US,' said Sen. Edward M. Kennedy (D-Mass.), chairman of the immigration subcommittee."

Boxer-Rice Exchange Triggers Debate. The AP (1/17, Noveck) reports, "However one interprets Sen. Barbara Boxer's remark last week to Condoleezza Rice that the secretary of state, single and childless, doesn't have a 'personal price' to pay in Iraq, the brief exchange still has people debating." The reference to Rice's personal status was "an instant catalyst for vigorous chatter on blogs, TV and talk radio." Rice herself later told Fox News: "I thought single women had come further than that." Also on Fox News, White House spokesman Tony Snow called Boxer's remark "a great leap backward for feminism."

US Indicts Former UN Oil-For-Food Chief On Bribery Charges. The AP (1/17, Neumeister) reports former UN oil-for-food chief Benon Sevan "was charged Tuesday with bribery and conspiracy to commit wire fraud for allegedly accepting $160,000 to illegally influence the $64 billion program." Sevan "countered through his lawyer that he was a political scapegoat and had accounted for every penny as he successfully ran the largest humanitarian program in U.N. history, helping to save 'tens of thousands of innocent people from death by disease and starvation.'" The AP notes, "U.S. Attorney Michael Garcia said the United States has lodged warrants for the arrest of both men with Interpol and will seek their arrest and extradition to the United States. … FBI Assistant Director Mark J. Mershon said the indictment brings to 14 the number of individuals charged in the case and 'strikes at the heart of the corruption that pervaded the oil-for-food program.'"

The Wall Street Journal (1/17, A6, 2.04M) runs a truncated version of the AP story, and the New York Times (1/17, Preston, 1.16M) reports Sevan "was accused together

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with Ephraim Nadler…of taking illegal commissions from an Egyptian oil trader in exchange for helping him secure contracts to purchase Iraqi oil." The Washington Times (1/17, Pisik, Seper, 88K) notes Mershon said, "As executive director of the program and undersecretary-general of the U.N., Benon Sevan was responsible for maintaining the program's probity and propriety. Instead, his administration of the program was marked by profiteering and profligacy."

The Washington Post (1/17, A13, Lynch, 690K) reports, "Federal authorities announced the indictment as the new U.N. secretary general, Ban Ki Moon, traveled to Washington yesterday to shore up U.N. relations with the United States. Ban told a gathering of Washington Post executives, editors and reporters that he has 'a strong and firm commitment' to raise the United Nations to the 'highest level of ethical standards.'"

Escaped Ex-Iraqi Minister Back In Chicago. The Chicago Tribune (1/17, Madhani, 617K) reports, "After spending four months in an Iraqi prison and pulling off an audacious jail break, Aiham Alsammarae flew quietly back into Chicago and was behind the desk of his Downers Grove engineering firm Tuesday. In an hour-long interview, the former Iraqi electricity minister who is still wanted on corruption charges in his native Iraq gave new details of his escape." The Tribune adds, "The dramatic jailbreak included a high-speed run to Baghdad International Airport, a private jet that flew him out of the country and back-channel talks with Iraqi politicians. The Iraqi judge overseeing the case expressed surprise that Alsammarae had turned up in Chicago and vowed to take 'all legal measures' to return him to Iraq." Alsammarae "said he has reached out to officials in the US attorney's office in Chicago and Washington who have assured him, he says, that they are not interested in sending him back to Iraq. A spokeswoman for the U.S. attorney's office in Chicago declined to comment."

Gates Says Taliban Attacks Rising In Afghanistan. The New York Times (1/17, Cloud, 1.16M) reports, "Attacks by militants crossing into Afghanistan from Pakistan have tripled since September along portions of the border, a senior American intelligence official said Tuesday, prompting calls for a greater effort by Pakistan to curb the influx and a larger deployment of American and other NATO soldiers here. Of particular concern, officials said, has been a rise in attacks by Taliban and other militants from remote and largely ungoverned tribal areas in Pakistan in eastern Afghanistan, where most of the American combat forces in the country are based." After meeting with Afghan President Hamid Karzai Tuesday, Defense Secretary Robert Gates told reporters, "The border area is a problem," warning that "Al Qaeda networks operating across the border."

The Washington Post (1/17, A10, Constable, 690K) says Gates added "his voice to a chorus of US and international officials who have begun taking Pakistan to task for harboring Islamic insurgents." Gates praised Pakistan as a "strong American ally in the war on terror," but he also said there was a "problem" in Pakistan's border areas and that "al-Qaeda networks are operating on the Pakistan side." He said that the United States needed to "work with Pakistan" to reduce the violence and attacks emanating from within its borders. The Washington Times (1/17, Sands, 88K) runs a similar story.

In a report on Gates' visit, the CBS Evening News (1/16, story 6, 1:00 Couric, 7.66M) broadcasted, "US officials blame Pakistan for providing the Taliban and al Qaeda safe haven. Pakistan denies it, and today announced it carried out a missile attack on suspected hideouts. But sources tell CBS News, the attack was carried out by the US, which allowed Pakistan to take credit."

US Commanders In Afghanistan Want More Money, Not Troops. CBS Evening News (1/16, story 7, :50, Assuras, 7.66M) reported last night that Gates "said more US troops may be sent to the region if commanders ask for them." But the Wall Street Journal (1/17, A6, Jaffe, 2.04M) reports from Kabul, "As the Bush administration presses for a surge of US troops in Iraq, military officials in Afghanistan are proposing a surge of their own. Instead of troops, U.S. commanders here, hoping to counter a sharp rise in attacks by Taliban forces, are seeking as much as $6 billion to build roads and speed development of the Afghan army and police forces." The request "comes as the US has quietly increased the size of its force here to about 24,000 soldiers, the highest level yet. Dim prospects for getting substantially more troops are forcing commanders here to take an approach dramatically different from that in Iraq, where the US plans to surge to a force of about 150,000 soldiers focused largely on Baghdad." A "military official" said, "We are talking about a major infusion of money to get things going where they need to go."

Pakistani Strike Against Taliban Coincides With Gates Trip. Reports this morning speculate on whether the Pakistani shelling of the Taliban was intended to coincide

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with Secretary Gates' trip. The Financial Times (1/17, Bokhari, Dombey) reports, "Pakistan said on Tuesday it had attacked Taliban and al-Qaeda positions in an airstrike that coincided with a visit to Afghanistan by Robert Gates, the new US defence secretary. The attack, in the south Waziristan region, near the Afghan border, comes amid mounting western concerns that Nato's struggle against the Taliban cannot be won without greater co-operation from Islamabad. ... Some diplomats argue that Pakistan is the biggest problem in the Afghanistan conflict ... Pakistan rejects such claims but has stepped up its activities along the border." The Times adds, "The attack came the morning after Mr Gates arrived in Afghanistan, prompting speculation that it was intended to signal Pakistan's commitment in the battle against the Taliban and al-Qaeda. But on Tuesday US officials said Taliban fighters had exploited a peace deal with the Pakistan government last year in north Waziristan to increase attacks in Afghanistan."

The Christian Science Monitor (1/17, Montero, 59K) reports, "For the second time in a week, the Pakistan Army has rained missiles on suspected militant targets, seeming to confirm in deeds what it has denied in words: That a controversial peace deal with Islamic militants has turned Pakistan's tribal belt into a sanctuary for attacks against Afghanistan. ... A peace deal signed with Taliban-linked militants in September of last year, the government said, was supposed to bring peace. Now Pakistani officials appear to be contradicting themselves by targeting the very same militants they were supposed to have appeased." The Monitor adds, "The timing prompted some observers to speculate whether the attacks were meant as a demonstration of Pakistan's continued cooperation in the face of a growing chorus of criticism from US and NATO officials. Pakistani government officials, for their part, rejected suggestions that the airstrikes were anything other than conventional military strategy."

Contractor Profits May Surge As Pentagon Reloads. The Wall Street Journal (1/17, Karp, 2.04M) reports, "Defense contractors have enjoyed surging profits in recent years as the government spent heavily to fight wars in Iraq and Afghanistan and combat terrorism in other parts of the world. Recently, some investors have worried that ballooning federal deficits could bring the flush times to an end. But with the makers of warplanes, tanks and battlefield technology expected to report strong fourth-quarter results beginning next week, the latest Pentagon plans suggest that the long-expected spending plateau is still another year away. ... Major defense companies are expected to meet or exceed their quarterly targets, given that federal funds spent to buy and develop weapons in the October-to-December quarter rose 19% from the year-earlier period. ... Record Iraq war funding is likely to boost previously issued conservative profit outlooks for 2007 as well."

Psychologist Says Navy Faces PTSD Crisis. USA Today (1/17, Zoroya, 2.27M) reports, "An experienced Navy psychologist warns that the U.S. military does not have enough mental health professionals to meet the growing number of emotionally damaged war veterans." Cmdr. Mark Russell "says, many of the mental health professionals on staff lack formal training in core therapies for post-traumatic stress syndrome. Russell predicts a 'perfect storm' of dire health care consequences." He "has been speaking out for three years that the U.S. military faces a mental health crisis in the treatment of its combat veterans." Officials "downplay Russell's grim assessment, noting that training is increasing, aggressive mental health programs are being created, and civilian mental health professionals are being hired to provide additional resources."

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Lawmakers Concerned About More US Attorney Departures. The Los Angeles Times (1/17, Marosi) reports, "The top federal prosecutors in San Diego and San Francisco announced their resignations Tuesday as critics charged the Bush administration with forcing out a growing number of U.S. attorneys without cause." The Times continues, "The U.S. attorneys in San Diego and San Francisco, Carol Lam and Kevin V. Ryan, respectively, did not comment on whether they had been forced to resign. Lam said she would step down Feb. 15; Ryan did not name a date." The Times adds, "Sen. Dianne Feinstein, D-Calif., in a Senate speech Tuesday, said at least five other U.S. attorneys have been forced to resign without explanation. She accused the Bush administration of trying to circumvent Senate confirmation of their replacements. … Such appointments were subject to Senate review until last year when the Patriot Act was reauthorized with a provision that allowed the U.S. attorney general to appoint longer-term, interim replacements without Senate approval. … The departures, Feinstein said,

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come at a sensitive time when federal prosecutors are pursuing political corruption cases. … 'The U.S. attorney's job is too important for there to be unnecessary disruptions, or, worse, any appearance of undue influence,' Feinstein said." The Times notes, "A Justice Department spokesman, Brian Roehrkasse, said senators would be consulted before the nomination of replacements, as has been the routine since the law was changed. … 'It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process,' Roehrkasse said."

The AP (1/17, Kellman) reports, "Senate Democrats want to take away Attorney General Alberto Gonzales' power to replace U.S. attorneys who fall out of favor and return that authority to federal district judges." The AP continues, "Democratic Sens. Dianne Feinstein of California and Mark Pryor of Arkansas complained Tuesday that the White House is using an obscure provision in the newly reauthorized USA Patriot Act to reward Republican political allies with jobs as federal prosecutors. … 'The Bush administration is pushing out U.S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements,' Feinstein said. … 'It appears that the administration has chosen to use this provision, which was intended to help protect our nation, to circumvent the transparent constitutional Senate confirmation process to reward political allies,' Pryor said in the joint Democratic statement." The AP adds, "Not true, Gonzales told The Associated Press. … 'We are fully committed to ensuring that with respect to every position we have a Senate-confirmed, presidentially appointed U.S. attorney,' Gonzales told editors and reporters during an interview Tuesday. … 'We in no way politicize these decisions,' he added. … U.S. District Court judges, Gonzales said, tend to appoint friends and others not properly qualified to be prosecutors. … Better that judges do the hiring than the White House, say Democrats, who have introduced legislation to return the appointment process to the courts." The AP notes, "The subject is headed for a public airing Thursday when Gonzales appears before the Senate Judiciary Committee for its first oversight hearing of his department since the Democrats took control of Congress. … At issue is whether the administration is using an obscure provision in the terrorism-fighting USA Patriot Act to oust federal prosecutors and replace them for the duration of the Bush administration with White House allies."

The New York Times (1/17, Johnston) reports, "Justice Department officials said Tuesday that Ms. Lam's dismissal had nothing to do with the prosecution of Mr. Cunningham, Republican of California, but was based on her overall record in prosecuting firearms violations and crimes along the California border with Mexico." The Times adds, "Representative Darrell Issa, a Republican from San Diego County who has criticized Ms. Lam's record on illegal immigration, called the Cunningham prosecution 'a credit to her leadership and her office' in a statement on Tuesday, but repeated his call for border enforcement and said her replacement 'will bring new ideas and new strategies that will benefit our area.'" The Times adds, "It is not clear how many United States attorneys are being forced out. Ms. Feinstein said the number was 5 to 10; Justice Department officials said the number was lower but would not provide a specific number. … The Justice Department sent a letter defending its actions on Tuesday to Ms. Feinstein and Senator Patrick J. Leahy, Democrat of Vermont, chairman of the Judiciary Committee. 'That on occasion in an organization as large as the Justice Department some United States attorneys are removed or are asked or encouraged to resign, should come as no surprise,' the letter said. It added that no action had been taken against United States attorneys 'to retaliate against them or interfere with or inappropriately influence a particular investigation, criminal prosecution or civil case.' … Ms. Feinstein said in her statement that she knew of seven United States attorneys who had been dismissed without cause."

The San Diego Union-Tribune (1/16, Soto) reports, "A national political storm is brewing over the departures of several top prosecutors, including San Diego U.S. Attorney Carol Lam. … Sources told The San Diego Union-Tribune that superiors in the Justice Department are unhappy with decreased prosecutions for gun and immigration violations." The Union-Tribune continues, "With reports yesterday that the Department of Justice has demanded the resignation of another top prosecutor, in Las Vegas, Attorney General Alberto Gonzales is scheduled this week to answer questions from skeptical senators. … Democratic lawmakers have criticized the recent departures from the ranks of top federal prosecutors as worrisome. … 'We have no idea why this is happening,' Sen. Dianne Feinstein, a California Democrat, said in a statement last week. 'The attorney general could have a legitimate reason for asking for specific resignations, or this could be motivated by political concerns or worse,

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derailing ongoing investigations.'" The Union-Tribune notes, "Both U.S. senators from Nevada said this weekend that U.S. Attorney Daniel Bogden had been asked to step down, according to a report published yesterday in the Las Vegas Review-Journal. … Outgoing New Mexico U.S. Attorney David Iglesias also said he was asked to resign, but without explanation. … Other U.S. Attorneys who recently announced they are leaving include John McKay in Seattle and Paul Charlton in Phoenix. Neither has said he was pushed out; McKay said he would 'be returning to the private sector' while Charlton said he was leaving to join a law firm."

The Hill (1/17, McCormack) reports, "Rumor has it that Lam has other cases in which members of Congress have been subpoenaed, Feinstein said. … But she admitted to knowing little of the circumstances surrounding Lam's departure. 'The only explanation I've seen are concerns that were expressed about prioritizing public corruption cases over smuggling and gun cases,' the senator said." The Hill adds, "U.S. Attorney H.E. Bud Cummins, of Little Rock, Ark., recently was replaced by Timothy Griffin, a former White House lawyer who has worked for the Republican National Committee. … Feinstein today plans to question U.S. Attorney General Alberto Gonzales about the issue at a hearing of the Senate Judiciary Committee. … However, the DoJ upheld its process, saying that Senate confirmation was a top priority. … 'We are fully committed and it is in our best interest to have a U.S. attorney that is confirmed by the Senate,' DoJ spokesman Brian Roehrkasse said."

The San Jose Mercury News (1/17, Mintz) reports, "U.S. Attorney Kevin Ryan has notified his staff that he is leaving amid reports that he and six other federal prosecutors are being forced out by the Bush Administration." The News continues, "Ryan has been the administration's point person for the Justice Department in Northern California since 2002. … Ryan sent an e-mail to his staff today notifying them that he is leaving, saying 'for some months now I have been considering the possibility of pursuing other challenges for a variety of personal and professional reasons.' The e-mail did not specify the date that Ryan is leaving, just stating that 'it is a good time for me to move on.'" The News adds, "Former prosecutors under Ryan say they've been told he has been asked to leave his post under the cloud of an internal Justice Department probe of his leadership of the 90-plus lawyer office. But most lawyers say Ryan's departure will have little impact on the big ticket cases he has been pursuing, including the Apple stock options probe and Balco. … 'I don't think there's much of a hiccup in terms of already filed cases from one U.S. attorney to another,' said a former federal prosecutor who asked not to be identified. … Ryan's tenure has been marked by internal chaos and controversy within his office balanced against his lead role in some of the nation's most high-profile federal prosecutions, including the Balco steroid scandal, the stock options backdating probe and, more recently, his decision to pursue the Hewlett-Packard spying scandal. … Rumors that Ryan might be planning to resign have circulated within his office for months, particularly since the Justice Department sent a team of auditors to the Bay Area last fall to interview current and former prosecutors about his management. Whether Ryan resigned or was asked to resign, his status has been on shaky ground as a result of a constant stream of criticism from current and former prosecutors who've questioned his insular leadership style."

The San Diego Union-Tribune (1/17, Soto) reports, "U.S. Attorney Carol Lam announced Tuesday that she is resigning effective Feb. 15. … 'It has been both a great honor and a great privilege to have served the nation and the Southern District of California as United States attorney for the past 4½ years,' she said in a statement. … 'The dedication shown by the men and women of the U.S. Attorney's Office can be seen every day in the important cases they prosecute, including cases relating to terrorism, immigration, narcotics, public corruption, and fraud.'" The Union-Tribune continues, "The San Diego Union-Tribune reported on Friday that Lam was asked to resign because of decreasing prosecutions in gun and immigration matters. … In her statement issued midafternoon Tuesday, Lam did not address whether she was asked to resign. … Lam prosecuted former Rep. Randy 'Duke' Cunningham, a Republican, who pleaded guilty to conspiracy and tax evasion charges."

The North County (CA) Times (1/17, Bennett) reports, "In a Tuesday phone interview from his Washington office, U.S. Rep. Darrell Issa, R-Vista, said Lam was asked to step down. … Issa declined to name the source of the information, but said 'it was a high-ranking administration official involved in the decision process.'" The Times adds, "For years, Issa has been critical of Lam for what he said was her failure to more aggressively prosecute illegal-immigrant smugglers. … 'And I have had one-on-one conversations with Ms. Lam, urging her to be more aware of the policy priority that the president has given,' he said, referring to Bush's promises to secure the nation's borders. … In an October 2005 letter to Attorney General Alberto Gonzales, for example, Issa blasted

Lam's office for failing to prosecute two cases of smugglers who were repeat offenders. In the letter, Issa called her failure to do so the result of 'lax prosecutorial standard.' … On Tuesday, Issa said that Lam, who was appointed to the post by President Bush in 2002, had done a good job in prosecuting white-collar crime and commended her for her successful investigation of the now-imprisoned former 50th District Congressman and conservative Republican Randy 'Duke' Cunningham. … Issa said it would be too strong to say that he was instrumental in Lam's resignation."

KNSD-TV, San Diego, CA (1/16, 4:00 p.m.) broadcasted, "US Attorney Carol Lam is resigning effective February 5th. It's believed the office of US Attorney General Alberto Gonzales asked her to leave the job. Late last week, stories surfaced that Lam and several other US Attorneys had been asked to step down. Democratic Senator Dianne Feinstein's office claims the requests were made by the Republican Administration for political reasons."

CORPORATE SCANDALS:

Former CA Counsel Sentenced To Two Years. The Long Island Newsday (1/17, Wagner, Bernstein) reports, "Choking back tears, former Computer Associates chief counsel Steve Woghin apologized in U.S. District Court in Brooklyn Tuesday for his role in a $2.2 billion accounting scandal at the company before he was sentenced to a two-year jail term." Newsday continues, "Woghin, who pleaded guilty in September 2004 to securities fraud conspiracy and obstruction of justice charges, faced U.S. District Court Judge I. Leo Glasser and said in an emotional voice that he was sorry for the role he had played in the scandal that toppled most of the company's top management, including chief executive officer Sanjay Kumar, who also plead guilty and is to begin serving a 12 year jail sentence next month." Newsday adds, "The Islandia-based company, one of the country's largest manufacturers of software for large banks, insurance companies and airlines, is now known as CA Inc. … Woghin said his part in the affair was 'not a legacy I would like to leave... It was not for personal gain or hubris,' he added, choking back tears as about 15 of his friends and relatives looked on in the courtroom. … In addition to the two-year prison sentence, Woghin was also sentenced to three years supervised release and a fine to be determined at a later date. … Woghin worked at the U.S. Justice Department for 10 years before joining CA in 1992. He was charged with overseeing a team of CA lawyers who 'routinely' drafted software licensing contracts with clients after a quarter had closed and with drafting at least one of the contracts himself. He stepped down from CA in May 2004."

The Wall Street Journal (1/17, C8) reports, "At a hearing in federal court in Brooklyn, U.S. District Judge I. Leo Glasser also sentenced Mr. Woghin to three years of supervised release, said Robert Nardoza, a spokesman for the U.S. attorney's office in Brooklyn. … Mr. Woghin pleaded guilty to conspiracy to commit securities fraud and obstruction of justice in 2004. Several former executives at the company formerly known as Computer Associates, including onetime Chief Executive Sanjay Kumar, have pleaded guilty to criminal charges in the matter."

Former Refco Head Added To Fraud Case. The Wall Street Journal (1/17, C5, Bray) reports, "Refco Inc.'s former president was indicted on securities fraud and other charges in connection with an alleged scheme to hide hundreds of millions of dollars in trading losses by Refco and its customers from the investing public, prosecutors said." The Journal continues, "The U.S. attorney's office in Manhattan said Tone Grant, 62 years old, has been charged with conspiracy, securities fraud, bank fraud, wire fraud and money laundering. Mr. Grant, of Chicago, is the latest former Refco executive to be charged in the matter. He was the company's president from 1997 to June 1998 and at times held a significant ownership interest in the firm." The Journal adds, "Phillip Bennett, Refco's former chief executive, and Robert Trosten, the commodities broker's former chief financial officer, are already facing criminal charges in the matter. … The superseding indictment adds additional charges of bank fraud and money laundering against Messrs. Bennett and Trosten and wire fraud against Mr. Bennett. … Mr. Bennett, of Gladstone, N.J., previously has been charged with conspiracy, securities fraud, wire fraud, making false filings with the Securities and Exchange Commission and making material misstatements to auditors. Mr. Trosten, of Sarasota, Fla., previously had been charged with conspiracy, securities fraud and wire fraud."

Unraveling Case Against Former Westar CEO May Help Him With Legal Fees. The Wall Street Journal (1/17, Smith) reports, "The effective unraveling of government efforts to prosecute former Westar Energy Inc. Chief Executive David C. Wittig has given new life to his hope

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of getting the company to pay him millions of dollars he claims to be owed under an employment agreement." The Journal continues, "Earlier this month, a federal appeals court in Topeka, Kan., vacated Mr. Wittig's convictions in a 2003 indictment springing largely from personal use of corporate aircraft. … Late last week, attorneys for the former Westar chief, who has been in prison in Minnesota for a year, asked a federal court in Topeka to order their client released, arguing there is 'no lawful basis for ... continued imprisonment.'" The Journal adds, "What happens next in the civil and criminal cases will have direct bearing on Mr. Wittig's and the Kansas utility's finances. The company has reserved more than $73 million to cover any adverse decisions. Westar's total potential exposure for legal costs and employment issues related to Mr. Wittig and a onetime subordinate, former Westar Vice President Douglas Lake, is about $94 million. … The company had argued in an arbitration proceeding that it doesn't owe Mr. Wittig severance payments called for under his employment contract because he was let go 'for cause.' … In a separate civil dispute in Topeka federal court, Westar has argued it must pay only 'reasonable' attorney fees and has disagreed with the men about what's reasonable. … To date, the utility has paid $8.4 million of legal expenses for Mr. Witting and co-defendant Mr. Lake, who also was convicted. Westar has declined to pay $12 million more in legal costs."

Former Cendant Chairman To Be Sentenced Today. USA Today (1/17, 3B, Farrell) reports, "The final chapter in one of the longest-running sagas of corporate crime is scheduled to conclude today in a Connecticut courtroom." USA continues, "Walter Forbes, the blue-blooded former chairman of Cendant, is due to be sentenced in Bridgeport, Conn., for his role in a $252 million accounting fraud that was exposed nearly a decade ago. … At the time, the Cendant fraud was the largest on record, and its exposure in April 1998 wiped out $14 billion of the company's market capitalization, nearly half its total, in a single day." USA adds, "Since then, Cendant's scandal has been eclipsed in magnitude by accounting meltdowns at Enron and WorldCom. The CEOs who presided over those companies were convicted of spawning those frauds and given stiff jail sentences, 24 years for Jeff Skilling of Enron and 25 years for Bernie Ebbers of WorldCom. … Forbes' sentence probably will be lighter, but when he stands in front of U.S. District Judge Alan Nevas, he still faces a stretch of more than 10 years. That was the jail term given his top lieutenant, Kirk Shelton, who was convicted two years ago of participating in the same fraud." USA notes, "The reason Forbes might get only half of what Skilling and Ebbers got is that his timing was better. The accounting fraud that occurred at Forbes' company (which was known as CUC International before a merger transformed it into Cendant), took place from 1995 to 1997. That was several years before a harsh new set of mandatory sentencing guidelines was adopted by Congress. … Skilling and Ebbers committed their misdeeds after the new guidelines went into effect. … Still, for Forbes, who was born into an affluent family in Rockford, Ill., attended Harvard Business School and became one of the leading proponents of shopping by computer in the 1990s, any sentence north of 10 years will secure him a place in what has become an infamous group of former CEOs convicted of felonies."

Federal Regulators Examining Commerce Bank's Real Estate Deals With Executives. The New York Times (1/17, Bajaj) reports, "Commerce Bancorp, which calls itself 'America's most convenient bank,' rattled investors yesterday after it disclosed that federal regulators were investigating the bank's real estate deals with executives." The Times continues, "Shares of Commerce fell 8.3 percent, or $2.89, to $31.83, after the bank said the Office of the Comptroller of the Currency and the Federal Reserve were conducting an inquiry." The Times adds, "Commerce has become one of the fastest-growing banks in the nation, thanks in part to its extended branch hours, and has made an aggressive and successful push into New York's crowded banking market. … Commerce, based in Cherry Hill, N.J., said, 'The scope of the investigation will include but not be limited to transactions with its officers, directors and related parties, including transactions involving bank premises.'" The Times adds, "Investors were unnerved by the announcement, in large part, because 'it was so vague,' said Meredith Whitney, an analyst with CIBC World Markets. 'It could be the lightest offense or it could be the most severe offense.'" The Times notes, "Bank executives declined to answer questions about the investigation on a conference call with analysts and reporters yesterday. Commerce said it had appointed a committee of independent board members to oversee the investigation. … Critics have long complained about the bank's business ties with firms that are either owned or controlled by Commerce's chairman and president, Vernon W. Hill II, and his wife, Shirley Hill."

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Senate Proposal Would Target Deferred Executive Pay. The Washington Post (1/17, D1, Montgomery, Birnbaum, 690K) reports the Senate Finance Committee "is considering a proposal to sharply limit the earnings corporate executives and other highly paid employees can place tax-free into deferred compensation plans, one of the most popular executive benefits in corporate America." The proposal would permit "an individual taxpayer" to "defer no more than $1 million annually in compensation, beginning this year. The shift in tax policy would be likely to affect top executives at hundreds of corporations and would raise taxes on some of the nation's wealthiest workers by an estimated $806 million over 10 years." The proposal "tracks rhetoric that some Democrats employed during the midterm elections, when they portrayed the Republicans who controlled Congress as being too close to special interests and the wealthy."

CRIMINAL LAW:

DOJ Forming Strategy To Curb Increase In Violent Crime. McClatchy Newspapers (1/17, Gordon, Taylor) reports, "Bush administration officials are scrambling to demonstrate that they're addressing sharp jumps in violent crime in some cities, in an attempt to reclaim a traditionally Republican issue amid criticism from some Democrats, mayors and police chiefs." McClatchy continues, "Senior Justice Department officials sought Tuesday to highlight the administration's multipronged programs for combating growing gang violence and outbreaks of juvenile crime. The renewed emphasis comes as some experts, as well as politicians, cite federal cuts in city and state law enforcement funding as a possible contributor to spikes in murders, robberies and assaults in medium-sized cities." McClatchy adds, "While criminal justice experts stress that the jumps in crime over the last 18 months in cities such as Charlotte, N.C.; Cleveland, Ohio; Memphis, Tenn.; Minneapolis and Sacramento, Calif., may not represent a long-term upswing, they're watching to see if President Bush proposes more anti-crime funding in his State of the Union Address next week. … Chuck Wexler, who heads a think tank for police departments across the country that has monitored crime trends in cities, said the data over the last 18 months suggest that the crime surge 'isn't a statistical aberration.' … After 14 years of declines in crime, police in some communities began to report double-digit increases. That left the administration vulnerable to criticism because the crime jumps came after the White House instigated $1 billion in cuts in anti-crime funding since 2001 as it shifted its focus to the war on terrorism. … Among the casualties was a Clinton administration program to hire 100,000 police officers." McClatchy notes, "Justice Department spokesman Brian Roehrkasse said that federal anti-crime funding has never made up more than 4 percent of total state and local law enforcement spending nationwide. … Other researchers agree that the reasons for the rise in crime are more complicated than money, and they vary from city to city. They point to factors such as increasing gun-, gang- and drug-related violence; growing juvenile crime; a deep hopelessness among poor, young black men; and an upsurge in prison releases after years of record numbers of incarcerations. … The rise in gang activity, in particular, has drawn the attention of the Justice Department and the FBI. At a briefing Tuesday, Alice Fisher, chief of the department's Criminal Division, Assistant FBI Director Chip Burrus and two other officials described efforts to crack down on gangs, especially national and international gangs, such as the Salvadoran la Mara Salvatrucha, also known as MS-13."

DOJ Helping Georgia Community Deal With Violence. WALB-TV, NBC 10, Albany, GA (1/17) reports from Moultrie, GA, "Representatives from the U.S. Department of Justice came to Moultrie Tuesday to listen to complaints from citizens upset over a fatal police shooting." WALB-TV continues, "The Justice Department held a community forum after Hispanic crimes escalated last year in Colquitt County. In the wake of the recent Willie Banks shooting, the justice department was called in again. … They met with community groups Tuesday afternoon to discuss how the community as a whole can better respond when shootings and violence like those acts occur."

New Orleans Searches For Answers To Rising Crime. The AP (1/17, Foster) reports, "They came by the thousands last week, carrying signs and pictures of the dead and demanding action. … A bloody murder spree that opened the year by littering the city with nine bodies in 10 days galvanized residents from across the city's neighborhoods and class lines." The AP continues, "The dramatic march against crime in New Orleans echoed the outcry that grew in the mid-1990s from the slayings in the French Quarter that became known as the Pizza Kitchen killings. People took to the streets then and public officials developed concrete plans

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to attack a murder problem that left more than 400 people a year dead. … But in the post-Katrina environment, the decision-makers have many issues to cope with, and a major difference is the lack of a solid plan by either Mayor Ray Nagin or the police department to stem the violence, said criminologist and University of New Orleans professor Peter Scharf." The AP adds, "Mayor Ray Nagin and police superintendent Warren Riley outlined a plan to stop the violence earlier in the week. It included shuffling police officers from administrative jobs and using deputies from the jail to beef up patrols, speeding up delivery of murder cases to the district attorney, stopping cars on the streets between 2 a.m. and 6 a.m., when most of the murders take place."

Jury Selection Begins In Libby Trial. The New York Times (1/17, Lewis, 1.16M) reports the "perjury trial of I. Lewis Libby Jr. began Tuesday with his lawyers trying to eliminate as jurors anyone who might have strongly negative feelings about the Bush administration in general and Vice President Dick Cheney in particular." Libby, Cheney's former chief of staff, "is facing five felony counts charging that he lied to F.B.I. agents and to a grand jury investigating who leaked the name of a Central Intelligence Agency operative and why." The "first day of jury selection on Tuesday went slowly, with only nine potential jurors interviewed. Two of them were excused by Judge Walton after they made it clear they were critics of the administration and Mr. Cheney." Libby's lawyers, "Theodore V. Wells and William H. Jeffress Jr., also explored whether potential jurors were open to one of their main lines of argument: that if Mr. Libby gave incorrect answers to the Federal Bureau of Investigation and the grand jury, it could have been a simple case of faulty memory."

The CBS Evening News (1/16, story 6, :25, Couric, 7.66M) reported, "Jury selection began today in the trial of the only person indicted in connection with the CIA leak investigation, Scooter Libby, Vice President Cheney's former chief of staff. Libby is not charged with leaking the name of CIA agent Valerie Plame, but with lying to Federal agents investigating the case. If convicted, Libby could get 30 years in prison."

NBC Nightly News (1/16, story 5, :20, Williams, 9.87M) reported, Libby "has said he learned of Plame's identity from NBC News' Washington bureau chief, Tim Russert who says that is not true. Russert is expected by the way to be a key witness at the trial."

The Washington Post (1/17, A3, Leonnig, Goldstein, 690K) reports defense lawyers are "carefully scrutinizing potential jurors for strong opinions about the Bush administration, the war in Iraq and the fallibility of human memory." Judge Walton "dismissed three of the nine potential jurors interviewed. Two were released after expressing strong feelings about the Bush administration." The "difficulty of finding 12 jurors and four alternates became apparent as jury selection began. Walton started by asking prospective jurors 38 pre-screening questions, telling them the inquiry would help determine whether they had 'certain sympathies or prejudices' that could interfere with their responsibility to be impartial."

The Los Angeles Times (1/17, Schmitt, 850K) reports, "Libby's lawyers signaled Tuesday that even though the case was about perjury and obstruction, they were concerned that strong feelings among the jurors about the war — and whether President Bush misled the public about it — could influence their verdict. Two potential jurors were dismissed after expressing strongly negative feelings about administration officials." The questioning 'about the Bush administration and the Iraq war drew repeated objections from prosecutor Patrick J. Fitzgerald, who said that the defense lawyers were engaged in 'an open-ended Rorschach test,' alluding to the famous ink-blot test in which people are believed to project their feelings onto ambiguous stimuli."

The Washington Post (1/17, A17, Goldstein, 690K) reports Judge Walton "read aloud 38 questions that lawyers for both sides had agreed on to help screen potential jurors. They included mundane questions about whether potential members of the jury panel knew the people involved in the case, had ever been a victim or perpetrator of a crime, had read news about Libby's alleged crime. And then there were four intriguing questions exploring potential jurors' beliefs about human memory." The four questions include, "Is there anyone who believes that it is impossible for a person to mistakenly believe that he or she was told something by one person when in fact the person was actually told the information by someone totally different several months earlier?"

Charges Against Libby Seen As "Paradoxical." The New York Times (1/17, Shane, 1.16M) reports, "paradox seems to define" Libby, "who remains a bit mysterious even to close colleagues. He is the White House policy enforcer who also wrote a literary novel; a buttoned-down Washington

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lawyer who likes knocking back tequila shots in cowboy bars and hurtling down mountains on skis and bikes; and a 56-year-old intellectual known to all by his childhood nickname, Scooter." But "now comes the most baffling paradox of all." By "all accounts a first-rate legal mind and a hypercautious aide whose discretion frustrated reporters, he is charged with repeatedly lying to a grand jury and to the F.B.I. about his leaks to the news media in the battle over Iraq war intelligence."

Background Checks Of Jurors Becoming More Common. The Legal Times (1/17, Schwartz) reports, "The case involved the largest single drug bust in D.C. history, and after eight weeks of trial, the last thing a defense attorney wanted to hear was concerns about the jury. … But just after closing statements in a drug-conspiracy trial last month at the U.S. District Court for the District of Columbia, Judge Ellen Huvelle thought there could be a problem. … Only then had she run the jurors' names through criminal-background checks. The system flagged four jurors -- something none of them had disclosed during jury selection." The Times continues, "Had they lied? Or were the data -- run by the FBI and notoriously unreliable -- incorrect? … The question was hardly incidental. Last year, Chicago-based U.S. District Judge Rebecca Pallmeyer dismissed two jurors during deliberations in the corruption trial of former Illinois Gov. George Ryan, after the Chicago Tribune found that they had concealed their arrest records during jury selection. Ryan is free on bail while an appeals court looks at whether the jury problems merit a reversal." The Times adds, "The Ryan case drew attention across the legal world. Convicted felons are barred from serving on federal juries. But most courts rely on individual jurors to tell the court about any convictions, rather than run criminal-background checks on the jury pool. Indeed, the Administrative Office of the U.S. Courts, which oversees the federal judicial system, keeps no data on which courts run background checks. … But that may be changing. At the upcoming trial of Vice President Dick Cheney's former chief of staff, I. Lewis 'Scooter' Libby Jr., Judge Reggie Walton will check the criminal backgrounds of potential jurors before lawyers make their final selections. The move comes at the request of Special Counsel Patrick Fitzgerald, who specifically noted the Ryan incident during a recent court hearing."

More Commentary. Investor's Business Daily (1/17) editorializes, "Like the Duke lacrosse players, Scooter Libby faces jail for alleged involvement in a crime that was never committed, pursued by a vindictive prosecutor. And also like the Duke case, it's a national disgrace." IBD continues, "If lying to law enforcement, officers of the court or Congress warrants jail time, then both Bill Clinton and Sandy Berger might still be writing their memoirs in Leavenworth. For that's what Libby is charged with -- lying to investigators. Not stuffing secret documents in his pants, not even outing a secret agent, but simply having a recollection that is different from reporters of what he said when and to whom." IBD adds, "Like District Attorney Michael Nifong in the Duke case, Fitzgerald knew early that he had no real crime and no real criminal. But he had to come up with something. So he charged with lying someone who in his job got hundreds of phone calls every day and talked to dozens of reporters because his memory of earlier conversations differed with those reporters' notes. … Duke lacrosse players still twist in the wind, as does Libby, who stands accused of lying about a crime that never occurred in an investigation that never should have happened. Justice should be blind, not those administering it. That's the real crime in both cases."

Prosecution Of Hackers Often Hindered By Legal Codes. The Wall Street Journal (1/17, A8, Bryan-Low) reports, "As police around the world become more skilled at tracking down criminals who spread computer viruses, they are realizing there are some bugs in their own system: hurdles to trying their cases in court." The Journal continues, "The problems lie in both building cases and securing stiff sentences, say legal and security experts. Prosecutors can have a hard time explaining the complex crimes to the courts. It often is difficult for law enforcers to quantify the damage caused by a virus that infects computer networks. And judges often hand down light sentences to the culprits, who typically are young, first-time offenders, among other factors. … 'The main obstacle in any complex computer-crime case is convincing a judge or a jury about the seriousness of the case,' says Arif Alikhan, a former federal prosecutor in Los Angeles. 'It's a lot harder than a bank robbery or other crimes.'" The Journal adds, "As a result, some countries -- including the U.S., United Kingdom and Germany -- are reviewing their laws. The British Parliament in November passed the Police and Justice Act which, among other things, updates the country's cybercrime laws by raising the maximum prison penalty for unauthorized access to a computer to two years from six months. It also seeks to plug a loophole by criminalizing so-called denial-of-service attacks,

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by which one party attempts to knock another party's computer system offline by bombarding it with data via the Internet. Perpetrators now face as many as 10 years in prison; previously, such cases typically were prosecuted for unauthorized modification of a computer, which carries a maximum five-year sentence. … In the U.S., legislation proposed last year advocated raising the maximum sentence for most computer crimes to 30 years in prison. Current penalties for computer crimes vary and generally reach up to 20 years in prison."

DOJ Manuel Helps Local Police In Cybercrime Probes. CNET News (1/17, McCullagh) reports, "Police trying to learn how to use the Internet to investigate everything from cyberstalking to spam and illegal hacking have some new advice, thanks to the U.S. Department of Justice." CNET continues, "The department's Office of Justice Programs on Tuesday published what amounts to a manual for tech-challenged gumshoes, covering everything from how to track suspects through an Internet Relay Chat network to targeting copyright thieves on peer-to-peer networks." CNET adds, "Local and state law enforcement have bungled some high-tech investigations recently. The Pennsylvania Supreme Court rejected prosecutors' attempts to seize newspaper reporters' hard drives, and the 8th Circuit Court of Appeals ruled that police illegally seized a computer in a methamphetamine investigation. A federal judge permitted an Internet service provider to sue police after it was raided because of Usenet posts its employees knew nothing about. … The new 137-page manual appears to represent the Justice Department's attempt to offer at least some basic technical and legal tips to law enforcement agencies that may not have computer experts on the payroll."

Two Neteller Founders Arrested On Illegal Gambling Charges. In a widely-distributed story, the AP (1/17, Neumeister) reports, "Two founders of a company that processes Internet gambling transactions were arrested and charged with funneling billions of dollars in gambling proceeds to overseas betting operations, federal prosecutors announced Tuesday. The charges mark the latest in a series of crackdowns by the federal government against the online gambling industry." US Attorney Michael Garcia said in a statement yesterday that former Neteller PLC directors John David Lefebvre and Stephen Eric Lawrence "knew when they took their company public that its activities were illegal. FBI Assistant Director Mark J. Mershon said the multibillion-dollar online gambling industry is 'a colossal criminal enterprise masquerading as legitimate business.'" The Daily Independent (1/17, Attwood) also notes "Mershon said that the multibillion-dollar online gambling industry was 'a colossal criminal enterprise masquerading as legitimate business.'" The Times of London (1/17, Doran) adds, "The pair were arrested on Monday after an FBI sting operation discovered that Neteller was being used to allow Americans to place illegal bets on sporting events via internet gambling companies based in foreign countries."

The Financial Times (1/17, Wilson, Smith, Warwick-Ching, Pimlott) reports, "The US attorney's office in the southern district of New York said the men, who are Canadian, had been charged with conspiring to transfer funds with the intent to promote illegal gambling." Garcia "said the arrested men 'knew when they took their company public that its activities, as well as those of the internet gambling companies it assisted, were illegal in the US'." The FT notes, "Simon Holliday, partner at Global Betting and Gaming Consultants, said: 'It could mean anyone . . . ever . . . involved in the online gambling industry faces the possibility of arrest if they travel to the US.'"

The New York Daily News (1/17, Zambito) reports, "In recent months, the Justice Department has used money laundering laws to charge two offshore gambling operations. And in 2003, Pay-Pal and parent company eBay forfeited $10 million to settle a lawsuit, that claimed t the company aided illegal online gambling activities."

Arrests "Bode Ill" For Other Internet Gambling Sites. BusinessWeek (1/17, Holahan) reports that the arrests "demonstrate how far the U.S. government is prepared to take its crackdown on gambling, and they bode ill for the closely held Internet gambling sites that continue to cater to U.S. clients even after October. 'In the eyes of the U.S. Justice Dept., what Neteller is doing is even worse [than the gaming companies] because they are acting like a bank and helping all this money leave U.S. accounts,' says Christopher Costigan, president of the online gaming industry publication Gambling911.com, which initially reported the arrests. He speculates that Neteller will withdraw from the U.S. market." BusinessWeek adds, "Even if Neteller chooses to leave the U.S. market, however, it would not spell the end for all gambling companies. … Indeed, several U.S. land-based casinos have expressed interest in starting their own online poker sites that would be regulated by U.S. law, in a sign that not all hope is lost for the cause of U.S. online gambling."

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Tennessee Lawmaker Seeks Dismissal Of Fraud Charges. The AP (1/17) reports, "Indicted state Sen. Jerry Cooper contends in court filings aimed at getting his federal mail fraud, bank fraud and conspiracy case dismissed that law enforcement officials coached grand jury witnesses. Cooper, D-Morrison, is accused of using a fraudulent appraisal and political influence to help an Alabama businessman get a loan from a bank co-owned by then-Lt. Gov. John Wilder in a borrowing scheme involving the 1999 sale of Cooper's lumber mill in Warren County." Cooper lawyer Jerry Summers "has requested government evidence that he believes is grounds for dismissing the charges because of prosecutorial misconduct, court records show."

Federal Investigators Examining Defunct Pirro Jewelry Business. The AP (1/17, Fitzgerald) reports, "The federal investigation of former Westchester County District Attorney Jeanine Pirro has branched out to include the jewelry business she set up while she was in office, a Pirro spokesman said Tuesday. The spokesman, Pirro family friend Michael Edelman, said agents have begun questioning some of the people who bought the bead jewelry she made several years ago in what he said was an attempt to raise money for charity. … He said he did not know specifically what interested the investigators, but he said Pirro was cooperating and had turned over all requested records." The AP adds, "Edelman said Pirro's stab at the jewelry business 'was a flop.'"

Potential Coke Formula Theft Trial Jurors Complete Questionnaires. In a widely-distributed story, the AP (1/17, Weber) reports, "One hundred potential jurors filed into a federal courtroom Tuesday for the start of the conspiracy trial of a former Coca-Cola secretary accused of stealing trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi. The potential jurors answered questions from U.S. District Judge J. Owen Forrester about whether they work for or have relatives who work for Atlanta-based Coca-Cola, then filled out a questionnaire drafted by the lawyers in the case and were sent home for the day." The AP notes, "The questionnaire also asks potential jurors what magazines and newspapers they read, what television shows they watch regularly, whether they own Coca-Cola stock and what they know about this case."

Philadelphia Strip Club Owners To Surrender To FBI Today. The Philadelphia Inquirer (1/17, Sullivan, 385K) reports Philadelphia strip club owners Kevin Rankin and Bishop Krabsz "agreed to turn themselves in to authorities this morning to face federal charges that they sought to avoid paying more than $300,000 in federal taxes, according to the U.S. Attorney's Office and a defendant's attorney. The case grew out of the federal corruption probe into convicted City Councilman Rick Mariano," who "was sentenced last summer to 61/2 years in prison for taking bribes to help navigate tax and regulatory issues. At some point during the two-year investigation, agents thought Mariano had an interest in the club, but he did not, court documents say." Rankin lawyer Chris Warren "questioned prosecutors' motive for going after his client. … 'They went after them because they thought Mariano was involved, then for guns, and now, for tax evasion,' Warren said. … Warren said Rankin and Krabsz would surrender to the FBI this morning."

Comptroller Of Currency, Fed Investigating Commerce Bancorp. The Philadelphia Inquirer (1/17, Brubaker, 385K) reports, "Shares in Commerce Bancorp Inc. fell more than 8 percent yesterday after the Cherry Hill company said it was under investigation by federal banking regulators. The Office of the Comptroller of Currency and the Federal Reserve are looking into the company's transactions with directors, officers and related parties, 'including deals involving banking premises,' Commerce said deep in its fourth-quarter earnings report." The Inquirer notes, "Commerce is no stranger to federal investigations, having been caught up in Philadelphia's pay-to-play scandal starting in June 2004. … Also, in the summer of 2005, U.S. Attorney Patrick Meehan said the FBI had seized Commerce records to determine whether the bank had given municipal officials in the suburbs preferential treatment to win government business. But the company said Nov. 1 that it was no longer being investigated."

Two Arrested In Separate California Child Porn Cases. The Los Angeles Times (1/14, 850K) reported, "Authorities have announced arrests in separate child molestation and child pornography cases, one involving a website bulletin board used to trade illicit images of minors. Jeffrey Blaine Hall, 51, subscribed to 'North American Man Girl Love Assn.' website, where he downloaded and posted child pornography, a federal criminal complaint alleges.

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Authorities announced the arrest Friday. … In the second case, a Lancaster man was facing dozens of felony counts in state court after being accused of repeatedly molesting and taking explicit photographs of a young girl in his neighborhood. Christopher Jarold Hoff, 41, also could face federal charges based on evidence seized from four home computers. Authorities also took dozens of movies and computer discs."

Federal Prosecutors Say Ryan Trial Judge Was Fair. The AP (1/17, Robinson) reports, "The judge who presided over former Gov. George Ryan's racketeering and fraud trial took "superlative care" to see that the proceedings were fair, prosecutors told a federal appeals court Tuesday." The AP continues, "In a 97-page response to Ryan's appeal, the government said U.S. District Judge Rebecca R. Pallmeyer had worked hard and effectively to see that the former governor got a fair trial, and succeeded in doing so. … 'During these proceedings, Judge Pallmeyer expressed no fewer than 12 times her view that the defendants' right to a fair trial was paramount and that, if fairness could not be achieved, she would not hesitate to declare a mistrial and start the trial over, despite the amount of time that had gone into the trial,' prosecutors said." The AP adds, "Ryan, 72, was convicted in April along with longtime friend Larry Warner of racketeering and other offenses. … Ryan was accused of steering lucrative state leases and contracts to Warner and other cronies and receiving rewards ranging from vacations in Jamaica to a free golf bag. He also was accused of using state money and workers to operate his campaigns and burying an investigation of bribes paid in exchange for drivers licenses when he was secretary of state. … Ryan still maintains nothing he did was illegal. His appeal focuses heavily on the dismissal of two jurors, Evelyn Ezell and Robert Pavlick, who were found to have omitted mention on a pre-trial questionnaire of their encounters with police. … Pallmeyer replaced them with alternates after the jury already had deliberated eight times. But she did not replace other jurors when it was discovered that they too had brushes with the law on their records."

CIVIL LAW:

SCOTUS Signals Backing For Insurers On Credit-Reporting Law. Bloomberg (1/17, Stohr) reports, "U.S. Supreme Court justices signaled they may limit the duty of insurance companies to tell consumers about flaws in their credit histories, questioning a ruling that insurers say would open them to billions of dollars in damages." Bloomberg continues, "More than half the court's nine members today in Washington voiced support for arguments by Safeco Corp. and Berkshire Hathaway Inc.'s Geico Corp. The insurance companies are fighting class-action lawsuits by consumers who sought price quotes, weren't offered the lowest rates and now say they should have been told the insurer relied on their less-than-perfect credit histories. A federal appeals court let the case go forward." Bloomberg adds, "Several justices questioned whether Congress intended for the Fair Credit Reporting Act to require notification of every consumer who doesn't get the best rate. Justice Stephen Breyer said an Internet search he conducted indicated that only 1 percent of Americans have the highest possible credit score. … 'There will be tens of millions of these notices going out,' Breyer told Scott A. Shorr, the lawyer for the consumers. Breyer predicted the notices 'will become meaningless' to consumers and most will go 'right in the wastebasket.'" Bloomberg notes, "Justice Antonin Scalia was even more blunt in questioning a Justice Department lawyer who offered partial support for the consumers' position. … 'I find it hard to shoehorn your case into that language,' Scalia told the government lawyer, Patricia A. Millett."

CIVIL RIGHTS:

DOJ Demurs On Probe Of Duke Lacrosse Prosecutor. The AP (1/17) reports, "Officials from the Department of Justice have told a North Carolina congressman that it's too early to launch a federal investigation into the handling of the Duke lacrosse case, a spokeswoman said Tuesday." The AP continues, "Rep. Walter Jones wrote Attorney General Alberto Gonzales last month, asking that the Department of Justice investigate whether the district attorney prosecuting three Duke lacrosse players charged with sexual assault has violated the athletes' civil rights." The AP adds, "The department's Office of Legislative Affairs responded last week that it was premature to initiate a federal investigation while criminal charges and other investigations at the state level are ongoing, said Cynthia J. Magnuson, a Department of Justice spokeswoman. … Jones' spokeswoman Kathleen Joyce said Tuesday that the congressman still planned to meet next week with the head of the department's Civil Rights Division.

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… 'He doesn't consider the letter received as a final response,' Joyce said. 'He's still pushing forward.'" The AP notes, "In the letter to Gonzales, Jones asked that the conduct of Durham County District Attorney Mike Nifong be reviewed. … Nifong turned the case over to state Attorney General Roy Cooper last week. The North Carolina State Bar has filed ethics charges accusing Nifong of making misleading and inflammatory comments about the lacrosse team. … Cooper's office took possession of all the files in the lacrosse case late Tuesday afternoon." WITN-TV, NBC 7, Greenville, NC (1/17) also reports this story.

FNC Studio B with Shepard Smith (1/16, 3:41 p.m.) broadcasted, "Mike Nifong, officials from the Department of Justice have apparently told a North Carolina Congressman that it's too early to launch a Federal investigation in to the handling of the Duke Lacrosse case. A representative wrote the Attorney General last month, asking that the Department of Justice investigate whether the District Attorney prosecuting the lacrosse players have violated the athletes' civil rights. Alberto Gonzales says not yet. But Jones' spokesperson says he does not consider the letter as a final response and he is still, at this moment, at least, pushing forward. Too early, because all fed oversight is based on the trial." There are many local broadcasts of this story in Raleigh and Durham, NC. An example is: WNCN-TV, Raleigh, Durham, NC (1/16, 11:00 p.m.).

DOJ Ends Probe Of Santa Clara County Juvenile Hall. The San Jose Mercury News (1/17, Ostrom) reports, "The U.S. Department of Justice has closed its three-year investigation into allegations of abuse and excessive force at Santa Clara County juvenile hall." The News continues, "The department wrote in a letter, dated Tuesday, to Board of Supervisors Chairman Don Gage that after reviewing updated policies -- which give youth offenders due process when they file complaints or are disciplined for misbehavior and include improving the reporting of child abuse – 'the county has satisfactorily addressed the deficiencies identified over the course of our investigation.'" The News adds, "In September, the department had signaled that the county was on the right track, pending final review of the new policies. … The Justice Department also praised the county for working hard to resolve the original complaints and in the letter said the county is 'dedicated to providing the appropriate care for youth in their custody.' … The original abuse investigation, launched in early 2003, led to sweeping changes and dramatic reductions in use of force at juvenile hall and created more independent oversight."

Mississippi Student Seeks Federal Charges Against Officer After Scuffle. The AP (1/17, Mohr) reports, "A lawsuit seeking damages from a Greenwood (MS) police officer and others after school security cameras captured the officer twice drawing his weapon on a teenager in front of classmates has been doubled to $2 million." The AP continues, "Carlos Moore, the attorney for 18-year-old James Marshall, had earlier sought $1 million in damages after obtaining the school videotapes that show a portion of the Dec. 6 encounter between the white officer, Casey Wiggins, and the unarmed black teenager." The AP adds, "The case has sparked accusations of racism and calls for Wiggins' dismissal. Wiggins' attorney says the officer did 'nothing wrong.' … Moore obtained copies of the tapes on Jan. 5, after filing a motion with the court. The tapes show Wiggins, who was on a security detail at the predominantly black school, twice pointing his gun at Marshall - once in a crowded school hall - before putting the teen in a choke hold." The AP notes, "The Mississippi chapter of the American Civil Liberties Union on Monday issued statement supporting legal action 'in seeking justice for the Marshall family.' … Moore also filed a federal criminal complaint this week with the U.S Justice Department, accusing Wiggins of violating Marshall's civil rights with excessive force and false arrest under the color of law. … State charges had already been filed in the case, but Moore said those were only misdemeanor simple assault charges and did not fit the crime. The federal charges are felonies."

Delaware Family Demands Answers In Inmate Death. The Wilmington (DE) News Journal (1/17, Williams) reports, "Family members of the 24-year-old Dover man who was found dead in the state's newest prison infirmary last week are demanding answers about the death, and getting nothing but silence from the Department of Correction." The Journal continues, "Demetrius Caldwell had been undergoing unspecified treatment for a month in the prison infirmary at the Delaware Correctional Center in Smyrna before he was found dead, laying on a mattress on the floor of his cell. … A medical staffer had checked on him 25 minutes before he died." The Journal adds, "The Department of Correction has released Caldwell's body to his family, who plan to bury him Saturday, but they have not told

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them what caused the young man's death. … Prison officials ruled out meningococcal meningitis as the cause of death late last week, after naming it as a possibility. They've said doctors from the prison's medical provider, St. Louis-based Correctional Medical Services, the Department of Correction, Public Health and the Medical Examiner's Office are still trying to determine a cause of death." The Journal notes, "Last month, the U.S. Justice Department found 'substantial civil rights violations' in four Delaware prisons. The federal investigation was prompted by a series of articles in The News Journal that revealed inadequate health care and questionable treatment within the prisons."

Texas District Challenges DOJ Voting Oversight. The Legal Times (1/16, Schwartz) reports, "The small utility district on the outskirts of Austin, Texas, had a simple wish: to move its polling place from a residence to a school. … It may have been simple, but it wasn't easy. The move needed approval from the Justice Department in Washington." The Times continues, "As it happens, the Northwest Austin Municipal Utility District No. 1 (population 3,500) is one of the areas of the country required by federal law to get permission from the government before making any changes to its voting rules. … Now the utility district — with the help of some conservative legal firepower — has decided to mount the most significant assault on the Voting Rights Act in a quarter of a century." The Times adds, "The case, filed last year in the U.S. District Court for the District of Columbia, argues that the federal government's oversight of local voting rules is unconstitutional. And it was selected and prepared with one goal in mind, to get the issue before the Supreme Court. Unsurprisingly, it's drawing attention from civil-rights groups, who fear the wolf is at the door. The National Association for the Advancement of Colored People, for instance, has hired former Clinton administration solicitor general Seth Waxman to fend off the challenge. … The suit targets the section of the act — which Congress overwhelmingly voted to reauthorize last summer — that requires certain counties and states to seek federal approval before making changes to their voting rules. Known as 'pre-clearance,' the section was one of the ways the federal government prevented Southern states from continuing to discriminate against African-Americans after the landmark civil-rights legislation passed in 1965. … But the federal government only oversees certain states and counties, the ones that most egregiously suppressed minority voting during the 1964 election. The jurisdictions under such federal authority have remained virtually unchanged, except for a few additions in the 1970s."

Push Continues To Save Convicted Border Agents From Jail. Fox News (1/17) reports, "Two Texas Border Patrol agents who shot a Mexican drug runner in the backside on the U.S. side of the border are hoping a last-ditch pardon from President Bush will save them from serving more than a decade in prison." Fox continues, "Ignacio Ramos and Jose Alonso Compean are scheduled to turn themselves in to authorities Wednesday to begin serving 11 and 12 years, respectively, for the February 2005 non-fatal shooting. … Several groups, including Friends of the Border Patrol, The Minutemen and Grassfire.org, have been trying through petitions to keep the agents out of prison — through either a motion to U.S. District Judge Kathleen Cardone to allow them to remain free on bond during an appeal or through a presidential pardon from Bush. About a dozen rallies took place across the country in support of the agents last week." Fox adds, "Several lawmakers, including Reps. Ted Poe, R-Texas; Dana Rohrabacher, R-Calif.; Walter Jones, R-N.C.; Tom Tancredo, R-Colo.; and Duncan Hunter, R-Calif. last week sent a letter to Attorney General Alberto Gonzales asking him to allow Ramos and Compean to remain free on bond pending the appeal of their convictions. … Petitions with more than 225,000 signatures will be delivered to the White House Tuesday afternoon, Poe told FOX News. … Earlier this month, a letter circulated by Poe and signed by 24 lawmakers requested that the Justice Department not oppose a motion filed to allow the men to remain free pending the appeal. … But Poe said he hasn't heard much from the Oval Office. … 'We have been getting some information from low-level members of the attorney general's office,' he said. 'The White House has not contacted us directly, even though we corresponded with them several times and have called. I'm a little concerned about that.'"

High Court Rules For IBM In Pension Case. The Wall Street Journal (1/17, Anderson, 2.04M) reports, "The US Supreme Court let stand a lower court ruling that said International Business Machines Corp.'s switch to a cash-balance pension plan didn't discriminate against older workers, ending a lawsuit that could have cost the company $1.4 billion." The Supreme Court's decision "adds additional

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certainty to the legality of corporate shifts from defined-benefit pensions to so-called cash-balance retirement plans." Congress "last year also clarified the legality of the plans, but the IBM case could have bearing on a number of corporate retirement plans altered prior to the June 29, 2005 effective date in the legislation."

The New York Times (1/17, Walsh, 1.16M) reports the decision "saves I.B.M. a significant amount of money." But "it resolves almost nothing for the many other companies that made similar changes to their own pension plans."

The AP (1/17, Rugaber) reports, "In the pension case, a former IBM employee named Kathi Cooper served as the lead plaintiff in a class action suit brought on behalf of 250,000 current and former IBM workers. The suit argued that IBM's "cash balance" pension plan was discriminatory because it allowed younger workers to accrue benefits in the plan at a faster rate than older workers. … IBM switched to a cash balance plan in 1999. Such plans provide workers with individual accounts that can be cashed out when they leave the company and are intended to appeal to younger workers who are more likely to switch jobs." The AP notes, "The IBM case has been closely watched, as roughly 1,500 companies have adopted cash-balance plans. The company earlier agreed to settle the case for $1.4 billion if it lost in the courts. … But the 7th U.S. Circuit Court of Appeals, based in Chicago, sided with IBM in August, ruling that the 'terms of IBM's plan are age-neutral.' … In addition, Congress passed legislation, also in August, that clarified that cash-balance plans complied with the age discrimination provisions of ERISA, the Employee Retirement Income Security Act."

Two Freed In Probe Of LA Girl's Killing. The Los Angeles Times (1/17, Winton, Abdollah) reports, "A few days after a bullet from a gang shooting tore into an Angelino Heights home last month, killing a 9-year-old girl, police announced with much fanfare that they had arrested the two gunmen. … But the suspects — Cesar Zamora, 23, and Steven Castanon, 20 — are now out of jail and back in their old neighborhood, to the dismay of residents who held candlelight vigils to memorialize Charupha Wongwisetsiri." The Times continues, "Police released the men without filing charges after determining that Zamora or Castanon fired the shot that killed Charupha in self-defense when a rival gang member pulled up in a car and tried to shoot them in front of their apartment complex next to Charupha's home. … The situation has shaken and angered residents of Angelino Heights, a diverse neighborhood with commanding views of downtown Los Angeles. The area includes rows of grand Victorian houses restored by television writers and downtown office workers side-by-side with apartments housing working-class families." The Times adds, "Legal experts said the circumstances of the shooting would make it difficult to build a murder case against Zamora and Castanon. … According to police, the men were sitting outside an apartment on East Kensington Road when a car pulled up. One man got out, walked onto the apartment property and pulled out a gun. Witnesses said he tried to shoot but his gun apparently jammed, according to law enforcement sources. … Zamora and Castanon pulled guns of their own and fired several times. None of the shots hit the gunman, who fled in the car. But one bullet traveled down the street and into Charupha's home." The Times notes, "The issue of self-defense in gang shootings in which bystanders are killed or wounded has been a matter of debate for years in Los Angeles. … In 2003, a mother decorating her Christmas tree in South Los Angeles was killed by a stray bullet fired during a gun battle between two gangs. … The LAPD eventually arrested the two suspects who fired the shots after someone in a passing car sprayed bullets in their direction. But prosecutors decided not to pursue the case, agreeing with investigators that the men apparently acted in self-defense."

LA Violence Fuels Racial Rivalry. The New York Times (1/17, Archibold) reports, "The Latino gang members were looking for a black person, any black person, to shoot, the police said, and they found one. Cheryl Green, perched near her scooter chatting with friends, was shot dead in a spray of bullets that left several other young people injured." The Times continues, "She was 14, an eighth grader who loved junk food and watching Court TV with her mother and had recently written a poem beginning: 'I am black and beautiful. I wonder how I will be living in the future.' … Cheryl's killing last month, which the police said followed a confrontation between the gang members and a black man, stands out in a wave of bias-related attacks and incidents in a city that promotes its diversity as much as frets over it." The Times adds, "Ethnic and racial tension comes to Los Angeles as regularly as the Santa Ana winds. Race-related fights afflict school campuses and jails, and two major riots, in 1965 and 1992, are hardly forgotten. But civil rights advocates say that the violence grew at an alarming rate last year, continuing a trend of more Latino versus black confrontations and prompting street demonstrations and long discussions on

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talk-radio programs and in community meetings. … Much of the violence springs from rivalries between black and Latino gangs, especially in neighborhoods where the black population has been declining and the Latino population surging. A 14 percent increase in gang crime last year, at a time when overall violent crime was down, has been attributed in good measure to the interracial conflict. … This month, the authorities reported that crimes in the city motivated by racial, religious or sexual orientation discrimination had increased 34 percent in 2005 over the previous year. Statistics for 2006 have not yet been compiled."

California Hate-Crime Trial Relies On Questionable Identification Tactic. The Los Angeles Times (1/17, Mozingo) reports, "With closing arguments set to begin today, the case against 10 Long Beach youths accused of beating three white women Halloween night hinges almost entirely on identifications made in a Ralphs parking lot the night of the attack." The Times continues, "In a procedure known as a field show-up, police told the victims and a reputed witness that the youths — nine girls and a boy, ages 12 to 17 — were suspects and asked if they recognized them from the melee. In several subsequent police interviews, witnesses were never asked to pick the juveniles out of a lineup that included non-suspects: a means to test their memory that experts say is a standard and crucial procedure. Nor were they asked to identify them in open court." The Times adds, "Long Beach Police Cmdr. Jeffry Johnson said the field show-up is the most accurate form of identification in a case like this. 'Especially when you talk about numerous suspects, you have to go with immediate recollection,' he said. … But experts say field show-ups are inherently fallible and rarely used in isolation. … 'I can't remember ever seeing a case go to trial in which the only identification is a field show-up,' said Kathy Pezdek, a professor at Claremont Graduate University and expert witness in the area of eyewitness identification, in an interview. 'It's extremely unusual.'" The Times notes, "Much of what has occurred in the Long Beach courtroom of Judge Gibson W. Lee, however, is unusual. The mild-mannered jurist has let attorneys deliver long fiery speeches, make objection after objection that all but stopped the testimony and ignore his orders to stick to the facts of the case. … Deputy Dist. Atty. Andrea Bouas has accused the youths of having gang connections, of orchestrating the destruction of a witness' car, of calling the witness 'a stupid bitch' outside of court to intimidate her. None of Bouas' accusations are based on evidence in the case, and they normally would have been heard out of the presence of a jury. … But the Long Beach hate-crime case highlights a critical — and many experts say troublesome — difference between adult and juvenile court: There are no juries in juvenile court; a judge decides the minors' fate."

Attorney Sues Law Firm For Anti-Gay Bias. The New York Times (1/17, Creswell) reports, "An associate at one of the country's most prestigious law firms, Sullivan & Cromwell, filed a state lawsuit in Manhattan yesterday accusing the firm of a systematic campaign of discrimination and retaliation against him because of his sexual orientation." The Times continues, "Aaron B. Charney, 28, who is a fourth-year associate, asserts in the lawsuit, filed in New York State Supreme Court in Manhattan, that several partners in Sullivan & Cromwell's highly regarded mergers and acquisitions practice subjected him to 'lewd and illegal conduct,' beginning in the fall of 2005. He is seeking a jury trial and unspecified compensatory and punitive damages." The Times adds, "In his lawsuit, Mr. Charney accuses members of the firm of demanding he be terminated for carrying on an "unnatural" gay relationship with another Sullivan & Cromwell associate; Mr. Charney denies the relationship. The suit also contends that after he filed a formal internal complaint, members of the firm suggested that he move to a foreign office and then fabricated reviews to accuse him of overbilling clients, among other things. … While Mr. Charney has not been terminated, he says he was told he should not come to the office while an internal investigation is continuing." The Times notes, "In an e-mailed statement, the firm's chairman, H. Rodgin Cohen, said the firm "categorically denies Mr. Charney's allegations of discrimination and retaliation.' … Another of the firm's partners, David H. Braff, said that the firm had a strong culture of acceptance and that it had handled several landmark cases over the years that protected gay and lesbian rights."

ANTITRUST:

Possible XM-Sirius Merger Would Face DOJ, FCC Hurdles. The Wall Street Journal (1/17, A3, McBride, Schatz) reports, "With speculation on the upswing about a possible merger between satellite-radio rivals Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc., the

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companies face a serious obstacle: Federal Communications Commission regulations that appear to specifically forbid a merger." The Journal continues, "Winning approval for any deal, from both the FCC and the Justice Department, may rest in persuading regulators that the two companies face many more competitors than just each other. Competing technologies that have helped damp satellite radio's growth -- like iPods, podcasts and Internet radio -- may give the companies ammunition to persuade regulators that a merger of the only two satellite-radio players isn't a threat to competition." The Journal adds, "Merger rumors involving the companies have surfaced periodically over the last year, stoked by Sirius officials like Chief Executive Mel Karmazin, who has said he would be interested in buying XM. Officials at XM typically dismissed the possibility. … But in recent weeks, XM has notably softened its stance. While XM still stops short of saying it is exploring a deal, it no longer rules out the possibility. That has given new life to hopes for a deal. Since the beginning of the year, XM's stock has risen almost 19% and Sirius's 17%. … An XM-Sirius merger is gaining more urgency in the industry as both companies struggle to win consumers. While both firms add new listeners each quarter, neither is reaching the lofty subscriber levels that were expected a few years ago. … The merger talk, to some, seems like a trial balloon intended to gauge the reaction of both investors and regulators. Such advance work may be necessary given that any deal would face significant hurdles." The Journal notes, "The companies would need to persuade the Justice Department that a merger wouldn't be anticompetitive, even though it would likely result in higher subscription rates and less consumer choice. The companies, however, say thinking about satellite radio on its own defines the options too narrowly."

Localities Can Be Burned With Risky Municipal Bond Swaps. Bloomberg (1/17, Braun) reports, "The third-poorest city in Pennsylvania is a lot poorer because of a 28-year bet on interest rates that already has gone awry." Bloomberg continues, "The Reading, Pennsylvania, school district, which has 18,323 students, this week must pay $230,000 to Deutsche Bank AG, Germany's largest bank, because it's on the losing side of a wager that long-term interest rates will rise faster than short- term interest rates. In April, the board rushed approval of the so-called interest rate swap in eight days after its adviser said the transaction may earn the district $16 million by 2034. … While Reading's taxpayers are liable for the loss, bankers and advisers already have pocketed $1 million in fees for arranging the swap, enough to buy 11 Mercedes-Benz S-550 sedans. This week's payment to Deutsche Bank would have covered the school district's monthly utility bill." Bloomberg adds, "Local governments from Augusta, Georgia, to Oakland, California, are being lured by similar opportunities to speculate with derivatives created by the world's biggest banks. Most of the $400 billion of private agreements sold to municipalities escape taxpayers' notice and are little understood by the public officials and administrators who approve them. … While financial firms often promote the agreements as a way for municipalities to lock in borrowing costs for future projects, the swap bought by Reading amounts to a bet on the relationship between short-term and long-term interest rates. If long-term rates rise higher than short-term rates, the municipalities will profit from the agreement and vice-versa. … Reading, like most municipalities, borrows with long-term bonds. The most recent bond the school district sold in December 2005 has a final maturity of 2036. The interest-rate swaps that Reading and other borrowers are purchasing are typically matched to the maturities of bonds that have been issued. … The swap market is unregulated and trading occurs over the counter, so municipalities can't be sure they are getting the best price on contracts. In Jefferson County, Alabama, one of the tens of thousands of borrowers in the municipal bond market, officials have bought $5.8 billion of swaps. Officials there have received subpoenas from the U.S. Securities and Exchange Commission asking about the swaps. … The Internal Revenue Service has probed whether the mispricing of municipal swaps has allowed advisers and banks to make excessive fees, depriving the federal government of earnings from the investment of tax-exempt bond proceeds. The U.S. Justice Department and SEC have asked for information on swaps as part of an antitrust investigation into alleged bid-rigging in the $2.3 trillion municipal market."

Writer Weighs Proper Level Of Judicial Review Of Mergers. In an op-ed for the Deal (1/17), David T. Blonder, an associate in the antitrust practice in the Washington office of Chadbourne & Parke and formerly an attorney with the Antitrust Division of the United States Department of Justice, writes, "The controversy surrounding Judge Emmet Sullivan's review of the merger consent decrees entered into among Verizon Communications Inc.,

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AT&T Corp. and the U.S. Department of Justice is shining the spotlight both on the boundaries of independent judicial review in assessing the impact of antitrust consent decrees on market competition, and on the implications of a more stringent evaluation of future mergers." Blonder continues, "Sullivan, of the U.S. District Court in Washington, has delayed a ruling on whether to grant his required approval of the SBC Communications Inc.-AT&T Corp. and Verizon Communications-MCI Inc. mergers. The judge recently took umbrage at comments from a Verizon attorney who said that company's merger would not be undone by the court, and he vowed to finish his independent review. … Commentators claim that increased judicial scrutiny may alter how merging parties negotiate settlement agreements with the DOJ. If the prospect of settlement dims due to increased oversight, the parties' negotiating tactics may change, and the incentives for either side to make early concessions may be eliminated. This might further create a perception that the DOJ has to litigate cases even though a structural settlement is available to remedy competitive harm. … The facts, however, seem to belie the inference that settlements are less likely. Judicial review of the decrees that have followed the Tunney Act amendments suggests that Sullivan's role in these proceedings is anomalous to that of other courts. Since the amendments, courts, including the D.C. court, have approved at least eight merger settlement agreements. Of these, no court engaged in the type of review that Sullivan is contemplating." Blonder concludes, "The current judicial hullabaloo likely is limited to the confines of Judge Sullivan's courtroom. Only time, and possibly a decision from an appeals court, will tell whether Sullivan is ushering in a new era for merger settlement review or whether this exercise was simply much ado about nothing. This interested spectator thinks it will be the latter."

CVS Boosts Caremark Bid In Battle With Express Scripts. The Wall Street Journal (1/17, A4, Berman) reports, "Challenging a rival bid from Express Scripts Inc., drugstore chain CVS Corp. bumped up its offer for pharmacy manager Caremark Rx Inc. by $2 a share, to be paid in the form of a dividend, while also agreeing to a large share buyback that would shrink the combined companies' shares about 10%." The Journal continues, "The moves ratcheted up the competitive dynamic between Express Scripts and CVS, which are battling for the allegiances of Caremark shareholders in an increasingly caustic battle of words and takeover tactics." The Journal adds, "The Express offer put CVS in an increasingly untenable position, particularly as it headed on the road to sell its deal to shareholders. The question now is how well the $2-a-share dividend -- coupled with a $5 billion share buyback -- will placate shareholders. … As recently as last year, Express and Caremark explored a deal of their own, according to Securities and Exchange Commission filings. That deal never led to anything substantive, and at least by Express's reckoning, faltered primarily on valuation. … That undercuts Caremark's contention that the two would be unworthy partners because of antitrust concerns and strategic fit, said Express Chief Executive George Paz in an interview yesterday."

Bloomberg (1/17, Rapaport) reports, "Express Scripts' unsolicited offer was rejected last week by Caremark's board. Buying Caremark would make Express Scripts, based in Maryland Heights, Missouri, the largest manager of drug benefits in the U.S. CVS, based in Woonsocket, Rhode Island, wants Caremark to help give it more bargaining power in negotiating the price of medicines." Bloomberg continues, "Express Scripts on Jan. 3 asked U.S. antitrust regulators to approve both its proposed tender offer and its takeover bid, the company said in the filing. The deadline for the U.S. Federal Trade Commission to review these proposals is midnight Feb. 2, unless regulators extend the waiting period by seeking additional information, Express Scripts said. … Caremark may lose contracts that would generate more than $8 billion in revenue because of a threatened proxy fight, Caremark Chief Executive Officer Mac Crawford said Jan. 10 at a meeting with investors in San Francisco."

Market Watch (1/17, Moore) reports, "Express Scripts, which announced its intention to bid for Caremark in December, has said it would nominate four members to Caremark's board and has asked a Delaware court to void the $675 million breakup fee protecting the Caremark and CVS combination. … 'CVS remains in the driver's seat in this contest with this latest effort no more likely to succeed than the others that have preceded it,' Goldman Sachs analyst John Heinbockel wrote in a note to clients. … Heinbockel said key factors are the spread between the two bids as well as antitrust approval and how combining with Caremark would transform the winner's business. The spread on the Express Scripts offer has narrowed from 16% to 7%, he said. … In other words, the bid by Express Scripts 'is no longer notably superior' to what CVS has offered, Heinbockel said."

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Search Engines Use Spinoff Sites To Test New Features. The Wall Street Journal (1/17, D1, Vascellaro) reports, "Kevin McCarty, long a devout Google user, recently discovered a search engine he often finds more helpful. It's called SearchMash.com, and unlike Google and other major search sites, it pulls up video, images and text all at the same time. … It turns out, though, that SearchMash is Google. In recent months, the top search engine and its main rivals have stealthily set up a new generation of search engines where they try out new tools and features on consumers -- without putting their tried-and-true formulas at risk. If something proves to be a hit -- the combined search results that Mr. McCarty likes so much, for instance -- it could eventually be folded into the parent site. For now, though, these sites provide an entertaining and even useful glimpse into the evolution of Web, and in particular, search engines, which in their basic operation haven't changed much in years." The Journal continues, "Google Inc. launched SearchMash.com in September without the Google name, although it is mentioned in the site's privacy policy. SearchMash displays a subset of the normal Google search results in an entirely different interface with collapsible menus for video, blog and image results on the same screen. In December, IAC/InterActiveCorp.'s Ask.com launched Ask X, which chops up the results page into an unconventional three-panel format. Standard search results are flanked on the left by suggested terms to help you narrow or expand your search and, on the right, by results broken down by categories such as news and dictionary results." The Journal adds, "All of the leading search brands have operated their own internal test sites and labs for years. They frequently test layout and formatting tweaks on their main sites, often without users knowing. But now they are making their bold new ideas more public and asking users for feedback. Ask X links to a feedback form where users can submit random thoughts about the quality of the results."

Hackers Attack DVD Copy Protection. The New York Times (1/17, Stone) reports, "Last weekend, a loose-knit coalition of hackers around the world defeated the antipiracy software protecting several high-resolution movies in the HD DVD format. They then began distributing copies of the films…using BitTorrent, a popular file-sharing tool. … The move could send the technology companies behind the new wave of advanced DVDs scrambling back to the drawing board to improve their copy protection, and prompt Hollywood studios to rethink their alliances in the war between the HD DVD and Blu-ray formats." The Times continues, "The HD DVD standard is backed by Toshiba, Microsoft and Intel and uses copy protection technology known as the Advanced Access Content System. The rival Blu-ray format, supported by Sony, Hewlett-Packard and Dell, uses the same system but adds a level of software that acts as a backup when the first level is compromised, so it is considered to be slightly more secure. … The new intrusions came less than a month after a programmer calling himself Muslix64 announced in a Web forum that he had unraveled at least part of the HD DVD protection system. Muslix64 released free software that allows users to insert HD DVDs into their computers and make copies of those films without the original encryption. However, to make it work, users still needed a special title key, generated by the A.A.C.S. software, for each movie they were trying to copy." The Times adds, "Bill Rosenblatt, president of the consulting firm GiantSteps which specializes in content protection issues, said the intrusion was less of a crisis than the 1999 defeat of the encryption that protects standard DVDs, which allowed movie files to be freely copied and shared online. … However, some security experts said the intrusions were more serious. Bruce Schneier, the chief technology officer of the security company BT Counterpane, said it was unclear what effect revoking licenses would have. If new discs of the movies are updated with new title codes, the old discs in stores will still be vulnerable. And hackers will surely redouble efforts to crack the new discs."

Nike Poised To Seek Acquisitions. The Wall Street Journal (1/17, B3C, Stepankowsky) reports, "Nike Inc. hasn't made an acquisition since it bought the Starter brand in 2004. But with a lot of cash on its balance sheet, and fast growth in its niche brands, the Beaverton, Ore., athletic footwear and apparel company appears poised to pounce when the time is right." The Journal continues, "During the past two years, Nike has focused on internal reorganization and developing its core Nike brand. During its fiscal second-quarter conference call, however, executives appeared more open to the acquisition idea than they have been recently." The Journal adds, "While Nike continues to see steady growth globally in its Nike brand, the potential for faster growth comes from some of the smaller brands it has bought over the years. … These include Cole Haan for upscale dress shoes, Bauer Nike Hockey, Hurley International for the surf/skate market, Converse, and Starter, which has been

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renamed Exeter Brands, for the discount market. Nike developed its golf business internally."

Cablevision Board Rejects Dolans' Offer. The New York Times (1/17, Sorkin) reports, "The board of the Cablevision Systems Corporation rejected an $8.9 billion offer yesterday to sell the company to the Dolans, its founding family." The Times continues, "The rebuff was a rare example of a board standing up to and denying a request by a controlling shareholder." The Times adds, "The rejection by the board, which set up a special committee to review the Dolans' proposal, is the second time it has refused to sell the company to the family. … In 2005, the Dolans, led by the founder, Charles F. Dolan, and his son James, offered to break the company in two and buy Cablevision's cable television assets. But they were forced to withdraw the offer before the board formally rejected it." The Times notes, "The Dolans' latest effort, though, was much more public, and at times it appeared acrimonious. Rather than withdraw its offer when told it would be rejected, the family increased its bid last Friday by about $1 billion and tried to put pressure on the board by setting a deadline tomorrow, declaring that the proposal was its 'best and final' offer. … In rejecting the bid, the board said in a letter to the family that the offer 'does not represent fair value for the company's public shareholders nor does it contemplate a transaction that is in their best interest.'"

ENVIRONMENT:

Report Says Interior Official Was Told Of Oil And Gas Royalties Error. The New York Times (1/17, Andrews, 1.16M) reports, "A top Interior Department official was told nearly three years ago about a legal blunder that allowed drilling companies to avoid billions of dollars in payments for oil and gas pumped from publicly owned waters, a report by the department's chief independent investigator has found." The report "suggested that Interior officials could have fixed the mistake far more easily if they had taken action when they first recognized it." The report "contradicts statements by the official, Johnnie M. Burton, the director of the department's Minerals Management Service, who told a House hearing last September that she first learned about the royalties problem in January 2006." The Times adds, "Confronted by e-mail messages from subordinates from early 2004, the report said, Ms. Burton conceded that she probably had been told earlier, but 'did not remember putting a great deal of thought into the matter.'"

White House Denies Plans For Carbon Caps. The Financial Times (1/17, Daniel) reports the White House "denied it was planning a U-turn on its climate change policy by embracing a system of formal caps on greenhouse emissions, despite rising pressure from European governments to change its stance." Although energy security "will be a key theme in President George W. Bush's State of the Union address next week, the White House issued an unusually public rebuttal of rumours about its climate change policy." White House spokesman Tony Snow said, "I want to walk you back from the whole carbon cap story...The carbon cap stuff is not accurate. It's wrong."

The Washington Times (1/17, Dinan, 88K) reports Snow said Bush "will lay out his new climate-change policy in his State of the Union address next week, but sources familiar with the drafting of the speech said the president will argue that global warming can be better addressed through technology and greater use of renewable energy sources than through caps imposed on businesses and industries." Analysts and observers "have speculated for months that Mr. Bush is due for a change in his global-warming policy, not least because some of his top advisers, including Treasury Secretary Henry M. Paulson Jr., support such a move." In addition, "reports from London this week said British officials were predicting Mr. Bush would adopt mandatory carbon caps, the type of solution called for in the Kyoto Protocol negotiated by President Clinton but rejected by Mr. Bush." Snow said that Bush "has committed $29 billion to climate science and clean-energy technology, and that although funding for climate research at NASA is falling, the budget for the National Oceanic and Atmospheric Administration is increasing."

State Of The Union Expected To Address Energy, Social Security. The AP (1/17, Riechmann) reports President Bush, "already facing fierce opposition to his decision to send more U.S. troops to Iraq, will confront a tough audience next Tuesday when he delivers his State of the Union address to the first Democratic Congress in 12 years." Among the "prominent themes in the speech" will be "reducing U.S. dependence on foreign oil and supporting alternative fuels," and Bush "also will challenge Congress to fix Social Security's long-term solvency problem, find a way to compromise on immigration and preserve tax cuts.

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Lawmakers also will be listening for hints of what he might veto." Republicans "see the speech as a chance for Bush to put a wide-angle lens on the nation's problems, taking the focus away from Iraq. Still, the war's shadow will hang over the joint session of Congress when Bush speaks."

Webb To Deliver Democratic Response. The AP (1/17) reports, "Freshman Sen. Jim Webb, a Vietnam War veteran, will deliver the official Democratic response to President Bush's State of the Union Address, where the war in Iraq is expected to be a central topic."

CQ Politics (1/17, Benenson) reports Webb is "an early opponent of the Iraq war, a critic of President Bush's current proposal to increase troop strength there, and a vocal advocate of economic populism." Webb's "political credentials and background in the military surely were the major factors in the decision by House Speaker Nancy Pelosi of California and Senate Majority Leader Harry Reid of Nevada to choose Webb for the role." Webb's remarks "will mark the second consecutive year that a Virginia Democrat will be delivering the party's official response to Bush's annual message to Congress. In 2006, Democratic Gov. Tim Kaine — elected to his office in 2005 — delivered the party's response."

The Washington Post (1/17, A4, Craig, 690K) reports the "selection of Webb by Senate Majority Leader Harry Reid (D-Nev.) and House Speaker Nancy Pelosi (D-Calif.) underscores the party's efforts to counteract Bush's decision to send 21,500 more troops to Iraq at a time when opinion polls show most Americans want to begin exploring ways to bring more troops home." Several Democrats "said the decision to have two Virginia lawmakers in a row give the speech highlights the party's efforts to continue to make inroads into what has long been a conservative-leaning state. Some political observers believe Virginia could be competitive in the 2008 presidential race, even though the state has not voted for a Democrat for president since 1964."

The Washington Times (1/17, McLaughlin, 88K) reports Webb said "he was honored to deliver the response and hoped Bush would discuss 'fresh, creative solutions' that would 'move the country forward.'" Webb's "selection to deliver the response also has fueled further speculation that Democrats plan to push harder to win Virginia, known as a 'red state,' in the 2008 presidential election."

The Hill (1/17, Schor) reports Webb "will bring a unique vantage point on the war as a military expert who served as Navy secretary under President Reagan and did not flinch from challenging Bush to begin troop withdrawal during a visit just after Webb unseated Sen. George Allen (R)."

Report Cites BP With Failure To Emphasize Safety At US Plants. The AP (1/17, Porretto) reports, "British oil company BP failed to emphasize safety at its U.S. refineries before the 2005 Texas City explosion that killed 15, according to a report released Tuesday by an independent panel led by former U.S. Secretary of State James A. Baker III." The AP continues, "The panel, in a statement summarizing its 300-plus page report on BP PLC's operations, said the company had made strides in personal accident prevention but came up short on the bigger picture. … 'The panel maintains a central theme that prior to the Texas City tragedy BP emphasized personal safety and had achieved significant improvements in personal injury rates, but the company did not emphasize process safety,' the statement said. 'BP mistakenly interpreted improving personal injury rates as an indication of acceptable process safety performance at its U.S. refineries.'" The AP adds, "The 11-member panel made 10 recommendations, including that an independent monitor report to the company's board of directors for five years. … 'BP gets it and I get it, too,' BP CEO John Browne told reporters by video link from London. 'I recognize the need for improvement.'"

The Houston Chronicle (1/17, Belli, Clanton) reports, "The report says BP's board should appoint an independent monitor to routinely report back over the next five years on progress the company is making toward implementing 10 recommendations being made by the panel. … The panel found no evidence, though, that BP purposely turned a blind eye toward operational safety or intentionally short-changed safety. … Instead, it found that BP chiefs were focused on personal safety statistics concerning such minor accidents as slip and falls and vehicle collisions. Meanwhile, they were oblivious to the broader problems brewing in operations, which the panel refers to as 'process safety,' at all five of their domestic refineries." The Chronicle notes, "The Texas City explosion occurred as workers were restarting a unit after a maintenance shutdown. Federal investigators looking into causes of the blast have said that malfunctioning equipment, poor communication between workers and managers, outdated or nonexistent safety plans, even worker fatigue were contributing factors. … Although their final report isn't due out for two months, the U.S. Chemical Safety and Hazard Investigation Board last year urged BP to create an

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independent panel to review the corporate safety culture after finding evidence that management may have a lax attitude toward process."

BP CEO Denies Putting "Profits Above Safety." The Financial Times (1/17) reports, "BP on Tuesday night hit back at suggestions it put profits over safety after a damning independent report found 'material deficiencies' and systemic problems in stewardship of all five of its US refineries." The Times notes that a panel led by former US Secretary of State James Baker "identified a series of weaknesses in BP's safety practices." BP CEO Lord Browne "denied cost-cutting was responsible for failings: 'We've never focused on profits above safety.'" The Times adds, "The report made 10 recommendations that BP is expected to follow in full." BP "expects to fund the recommendations from within the US safety, compliance and regulatory affairs budget which it increased last July from $6bn to $7bn."

The Washington Post (1/17, Mufson) notes that in a "347-page report, the panel…said that the London company failed to provide 'effective' leadership to make the safety of its industrial equipment 'a core value' at its five U.S. refineries." The Post adds, "BP said it would adopt all the recommendations and noted that it had already taken many steps to fix the problems that led to the blast at its Texas City, Tex., refinery, which killed 15 workers and injured more than 170 others."

The New York Times (1/17, Timmons) says the report "concluded that weak leadership at BP and a lack of attention to effective safety helped create a dangerous setting that led to 15 deaths at the oil giant's Texas refinery." BP's "departing chief executive, John Browne, denied that there were fundamental problems with BP's structure or that a succession of problems were related. But he said he 'has a responsibility to implement these findings' and a 'moral responsibility' to make sure the company is improved." The Times adds, "BP has had a succession of diverse problems in recent years, including leaks in its Alaska pipeline and accusations of market manipulation at its trading desks, leading some to re-examine a once highly praised company and its longtime chief executive, Mr. Browne."

USA Today (1/17, Iwata) reports, "Led by…Baker, the panel's report comes two years after an explosion and fire at BP's refinery in Texas City, Texas, killed 15 people and injured 170 in one of the worst U.S. workplace disasters in history." The panel, which was appointed by Browne in 2005 at the urging of the U.S. Chemical Safety and Hazard Investigation Board, "said BP had improved 'personal safety' procedures and lowered the injury rates for workers in recent years. But BP failed to create company-wide safety performance systems and oversight that could prevent fatal serious blasts, fires and spills."

Report To Test BP's Next Chief Executive. The Wall Street Journal (1/17, Cummins) reports, "The London-based oil titan, reacting to the review released yesterday by an independent panel, promised to embrace a number of sweeping changes at its U.S. oil refineries, including engaging an independent body to monitor safety practices at the company." The report "is the most recent rebuke to longtime BP CEO John Browne," who last week "said he would step down about a year and a half earlier than expected." BP's "effort to minimize damage from" the report "presents the first big test for BP's next chief executive, Tony Hayward." Hayward, currently BP's head of exploration and production, "will take over as CEO in August."

FTimes Says Other Companies Should Pay Attention To What Happened At BP. In an editorial, the Financial Times (1/17) says that "the management of BP, the oil giant, must not ignore yesterday's report from a panel chaired by" former US Secretary of State James A. Baker "into the safety and management of the company's US operations." The "panel looked at safety culture across BP Products North America, not just at Texas City, reflecting other accidents, including some at BP's Alaskan operations." The "panel's conclusions suggest that BP's executives were most at fault, but the board of directors does not escape. The board relied on information about safety given to it by management. But, implies the report, the board did not question that information." BP's boardroom, "where many non-executives have been in place for almost a decade, needs to be revamped." The Times adds that other industrial companies also face grave safety risks, and non-executives "need to start asking the right questions."

Justices Sidestep Eminent Domain Case. The New York Times (1/17, Greenhouse, 1.16M) reports, "The Supreme Court on Tuesday bypassed an opportunity to revisit or limit its much-disputed 2005 ruling that upheld governmental power to use eminent domain to foster economic development. Without comment, the justices declined to hear a case from Port Chester in Westchester County, N.Y., that challenged the village's use of eminent domain in a dispute between a property owner and a private

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company designated as the developer of a run-down 27-acre urban renewal area."

High Court Declines To Review 9th Circuit's Diablo Canyon Dry Cask Decision. The San Francisco Chronicle (1/17, B2, Davidson) reports, "The US Nuclear Regulatory Commission and PG&E were issued a major legal setback Tuesday when the Supreme Court declined to consider a lower court decision requiring that a nuclear power plant near San Luis Obispo be analyzed for terrorist risk. The high court's refusal to take up the case means the Nuclear Regulatory Commission," must "now formally study the environmental impacts of potential attacks on the Diablo Canyon plant, said an attorney for San Luis Obispo Mothers for Peace, an anti-nuclear group that brought the lawsuit. But officials with the regulatory commission and PG&E, which operates the plant, said they were looking at what legal options might remain open to them." The Chronicle adds, "Dave McIntyre, NRC spokesman, told The Chronicle that the agency has acted 'aggressively since Sept. 11, 2001, to enhance security at nuclear facilities. It would be dishonest and inappropriate for me to speculate on what the commission will decide as the best way forward,' he said."

The New York Times (1/17, Greenhouse) reports that Pacific Gas and Electric, wants "a 20-year license from the Nuclear Regulatory Commission to build and operate a spent-fuel storage installation there." The Times adds, "The utility's appeal, Pacific Gas and Electric v. San Luis Obispo Mothers for Peace, No. 06-466, argued that the ruling was a misinterpretation of federal environmental law that would place unnecessary burdens on license applicants. The government itself did not file a Supreme Court appeal, however. Solicitor General Paul D. Clement told the court in his brief that while the decision was incorrect and potentially 'disruptive,' it was too soon to know how disruptive it would prove to be in practice."

Decision Seen As Blow To NRC And PG&E. Under the headline, "Order For Diablo Review Stands Up," the San Luis Obispo Tribune (1/17, Sneed) reports, "The court announced Tuesday it will not hear the case. Doing so exhausted all review of the lawsuit, forcing the federal Nuclear Regulatory Commission and plant owner Pacific Gas and Electric Co. to comply with a ruling of the 9th Circuit Court of Appeals. That ruling will likely force the agency and PG&E to redo the environmental analysis of the dry-cask storage facility, complete with more public hearings to specifically address how the environment could be harmed if terrorists attack the facility. NRC officials do not yet have a timeline for fulfilling the court ruling, said Dave McIntyre, NRC spokesman." The Tribune adds, "Mothers for Peace spokeswoman Jane Swanson said the group is elated by the Supreme Court's decision. It will force the NRC and the nuclear industry to more openly consider health and environmental risks associated with terrorist attacks when designing and building nuclear facilities, she said. 'Now, after years of resistance, the NRC and PG&E are forced to address these concerns,' she said."

An advance version of the San Luis Obispo Tribune's (1/16, Sneed) coverage noted, "Construction is continuing on the dry casks and is not expected to be delayed as the NRC decides how to respond to the court ruling. PG&E may not be able to load spent fuel into the casks before the NRC decides how to act."

The Lompoc (CA) Record (1/17, Charlton) reports, "Jeff Lewis, PG&E Diablo Canyon spokesman, said the utility company is disappointed but plans to proceed with the dry-cask project while the NRC decides how it will comply with the Supreme Court's ruling. 'To this point, we've spent $74 million on this project,' Lewis said, 'and we're on schedule to start the initial loading (of the casks) late this year, pending any other developments.' Lewis added that to keep the dry-cask project on schedule, 'PG&E expects the NRC to clearly define the issues to be resolved to address the Ninth Circuit's concerns, the procedures to be followed and the schedule for resolution.'"

Greenwire (1/16, O'Driscoll) reports, "The federal government" fought "the appeals court decision, charging that the Atomic Energy Act is the appropriate tool for protecting nuclear facilities against nuclear attack. NRC officials say the agency has used its AEA authority aggressively since the Sept. 11, 2001, terrorist attacks to enhance security at nuclear facilities. NRC spokesman David McIntyre said today that the federal government's view is that the NEPA terrorism issue, while decided incorrectly by the appeals court, was not ready for Supreme Court review. 'There may be opportunities for the NRC to raise the issue again in future court cases,' he said."

Platts Commodity News (1/16) reports, "PG&E called on NRC to clearly define the issues that must still be resolved, the procedures to be followed, and a schedule for completing the work. PG&E is building a dry cask storage facility because Diablo Canyon's spent fuel pool is running out of

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space. The utility hopes to begin loading dry casks by the second quarter of 2008."

Decision Expected To Have National Implications. KSBY-TV Santa Barbara, CA (1/16, Musada) reported on its Website that the decision was "a major victory for the local watchdog group, Mothers for Peace, and nuclear opponents nationwide. 'Today's ruling is a real triumph,' says Mothers for Peace spokesperson Jane Swanson. The 'triumph' to which Swanson is referring is a setback for PG&E, which operates Diablo Canyon." Swanson "says her local group has finally prevailed over nuclear giants. Swanson hopes the ruling will be applied to nuclear operators nationwide."

Ruling May Affect Oyster Creek Relicensing Application. In an early version of it story, the Press of Atlantic City (1/16) reports, "Although that ruling was aimed at the storage of spent nuclear fuel rods at Diablo Canyon Power Plant in California, the ruling by the Supreme Court could force a re-evaluation of Oyster Creek's ongoing attempt at license renewal. The Oyster Creek plant stores spent nuclear fuel rods in a pool which is 119 feet above the ground and holds about 375 tons of highly radioactive fuel rods. The state of New Jersey last year filed a contention nearly identical to the one filed with the 9th Circuit Court by the San Luis Obispo Mothers for Peace."

The Cherry Hills Courier Post (1/17) reports, "The US Supreme Court on Tuesday may have strengthened New Jersey's case to have federal regulators consider the impact of a terrorist attack on the Oyster Creek nuclear power plant in Lacey before renewing its operating license. The justices, without comment, turned away an appeal by a California utility, which had unsuccessfully argued that regulators should not have had to evaluate an attack's impact before approving a storage site for radioactive waste." The arguments "presented by the plaintiff in the California case, a citizens' group, and those presented by New Jersey officials in seeking a federal administrative hearing on the terrorism issue were nearly identical."

NRC Maintains That 9th Circuit's Ruling Limited To Diablo Canyon. The Asbury Park Press (1/17, Clunn) reports, "Neil Sheehan, a spokesman for the Nuclear Regulatory Commission, said it is now up to the NRC to decide what additional action must be taken in regards to the California waste site proposal for the agency to comply with the appellate court ruling. The winning arguments presented by the citizens' group San Luis Obispo Mothers for Peace and then by New Jersey environmental officials seeking a federal hearing on the terrorism issue were nearly identical." The Press adds, "Before Tuesday's ruling, the Nuclear Energy Institute, an advocacy group for the industry in Washington, said a terrorism review triggered by the policy act might impede the licensing of nuclear power plants and delay important federal projects. But Sheehan said the appellate decision only applies to the 9th Circuit. 'If the Supreme Court would have taken this up and ruled on it, then it could have had national implications,' he said. Sheehan said it is now up to the NRC to decide what additional action must be taken in the California waste site case to comply with the appellate court ruling." According to the "NRC, renewal reviews do not currently include terrorism because that threat is evaluated regularly through drills and inspections. State officials want to change that, and have a hearing request on the issue pending before the top five officials at the NRC.

Amid Abramoff Probe, Former Interior Official Resigns From Jamestown Commission. The AP (1/17, Barisic) reports, "The Interior Department's former No. 2 official has resigned from a federal commission for Jamestown's 400th anniversary amid reports that he is a target of a probe involving imprisoned lobbyist Jack Abramoff. … 'As you have no doubt seen, recently there have (been) published reports concerning investigations of actions involving me,' J. Steven Griles wrote in a letter to Frank Atkinson, chairman of the Jamestown 400th Commemoration Commission. … 'Without commenting on those reports, I have come to the conclusion that it would be better for the commission that I withdraw my membership,' Griles wrote in the letter, dated Jan. 10 and provided to reporters by the commission on Tuesday." The AP adds, "The commission works with the state agency planning events for the 400th anniversary of Jamestown, America's first permanent English settlement. Its responsibilities include a series of conferences on the future of democracy. … Griles, former deputy interior secretary during President Bush's first term, was notified by letter and told of possible charges - including lying to Congress - at a meeting this month with Justice Department prosecutors, The Associated Press reported last week, citing people familiar with the probe who spoke on condition of anonymity. … The charges involve questions about whether Griles falsely testified in 2005 before the Senate Indian Affairs Committee about Abramoff's attempts to hire Griles away from Interior."

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SCOTUS Rejects Appeal Of Anacostia River Pollution Limits. The Washington Post (1/17, B3, Fahrenthold) reports, "The U.S. Supreme Court let stand yesterday a lower court's ruling that would set stricter pollution limits for the Anacostia River, giving environmentalists a victory in a long-running battle over the river's gluts of raw sewage." The Post continues, "The court's decision means that there will be daily caps on the amounts of various pollutants dumped into the Anacostia, although federal officials said it could take until next year for the details to be worked out." The Post adds, "Previously, the Environmental Protection Agency had required only annual or seasonal pollution caps, which can be easier to meet. A panel of the U.S. Court of Appeals for the D.C. Circuit rejected that approach in April, and yesterday the Supreme Court declined to hear an appeal from the EPA and the D.C. Water and Sewer Authority. … The river has fecal bacteria, trash and toxic chemicals that make it one of the most unhealthy streams in the region." The Post notes, "The most significant effect of the decision probably will be on the District's antiquated sewer system, which dumps out raw sewage and rainwater during storms. Environmentalists had argued that the damage done by each one of these "overflows" was so severe that an annual limit was not adequate. … Although the environmental groups celebrated yesterday's decision as a victory, it was unclear what the immediate impact on the river's pollution would be. Participants in the case said the EPA might not have the details of the daily limits ready until next year."

FBI/DEA/ATF/USMS:

Figliuzzi Says Counter-Terrorism Top FBI Priority. The Cleveland Plain Dealer (1/16, Tobin, 352K) reported, "The new head of the Cleveland FBI just bought a house in Bay Village and is moving his family here. That might not sound like much, but it's a leap of faith for C. Frank Figliuzzi, who last month became the fourth man in five years to head the local FBI office." The Plain Dealer added, "Figliuzzi said he will follow the priorities outlined by the FBI's leaders, which puts counter-terrorism at the top. … 'The threat is very real,' Figliuzzi said. 'The fact that there hasn't been an attack since Sept. 11 is not the result of luck.' Figliuzzi repeats the mantra of local law enforcement, that cooperation among the various agencies is paramount." Cleveland Police Chief Michael McGrath said, "We've never had a better relationship with our federal partners, and we'll continue moving forward." The Plain Dealer noted, "Figliuzzi is proud that he was able to forge relationships with Arab and Muslim groups in Florida while investigating terrorism there. … Altaf Ali, director of the Florida chapter of the Council on American Islamic Relations, said Figliuzzi often visited and met with leaders at mosques while working in Miami. Muslims will find him a good working partner, Ali said."

Israeli Drug Kingpin Reaches Plea Deal With US. The Miami Herald (1/17, Weaver) reports, "International narcotics kingpin Ze'ev Rosenstein pleaded guilty Tuesday in federal court to conspiring to import and distribute hundreds of kilos of the popular nightclub drug Ecstasy -- but he will serve his sentence in his native Israel." The Herald continues, "U.S. District Judge William Dimitrouleas of Fort Lauderdale sentenced Rosenstein to 12 years in prison. But under an extradition agreement with Israel, he will be allowed to return home to serve the sentence -- and could qualify for parole in five years and four months with time off for good behavior. … Under federal sentencing guidelines, he faced 11 to 14 years in prison." The Herald adds, "Rosenstein, 52, listed among the top 50 traffickers worldwide by the Justice Department, agreed to the plea deal on conspiracy charges of peddling and smuggling about 850,000 pills of MDMA, a synthetic drug commonly known as Ecstasy. … The notorious Israeli criminal, who had initially pleaded not guilty, was scheduled for trial next week. He has been in custody in Israel and Miami since late 2004, so at the minimum he would end up serving a total of about 7 ½ years. … His plea agreement Tuesday is bound by conditions in Rosenstein's extradition agreement between the United States and Israel, which initially paved the way for him to be prosecuted in South Florida. … Those conditions, approved by the Israeli Supreme Court, allow Rosenstein to serve his prison sentence in his homeland, where there is a provision for early release for good behavior. There is no parole of any kind today in the federal criminal justice system. … 'To the extent that system differs from ours, I cannot comment,' said U.S. Attorney R. Alexander Acosta in Miami. 'He would be serving [his prison sentence] under the Israeli rules.' … Acosta said Rosenstein's conviction marks the end of his worldwide organization – 'his organization is no more.'"

The South Florida Sun-Sentinel (1/17, Blum) reports prosecuting the case "grew more complicated for

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government lawyers in November after [Judge] Dimitrouleas refused to permit Israeli undercover agents to testify using false names. … Defense lawyers opposed the request, saying it would prevent them from thoroughly investigating the agents' backgrounds." The Sun-Sentinel adds that Rosenstein "admitted he took part in a plot to import 850,000 Ecstasy pills into the United States in 2001 to be sold in Miami and New York." This Sun-Sentinel story has been picked up by the Myrtle Beach Sun News, San Luis Obispo Tribune, Contra Costa Times, Kansas City Star, and other news outlets.

Haaretz.com (1/17) writes, "Once in Israel, Rosenstein will admit in court...to hiring Colombian mercenaries to target members of the Alperon family, also seen as crime kingpins. For that crime, Rosenstein will be sentenced to three years in prison, to be served concurrently with his 12-year sentence."

Local TV Coverage. WSCV-TV, Telemundo-Miami-Ft. Lauderdale, Florida (1/16. 6:00 p.m.) aired, "An Israeli citizen pleaded guilty today in a court in Fort Lauderdale to conspiracy to import thousands of Ecstasy pills into the USA. Zeev Rosenstein, also known as 'the fat man' is considered to be one of the top drug traffickers in the world, and part of the agreement with the authorities includes a sentence of 12 years, as oppose to one of 40 years had he been found guilty in a court of law."

WTVJ-TV, Miami-Ft. Lauderdale (1/16, 6:00 p.m.) aired, "One of the world's biggest drug traffickers pleads guilty to charges to conspiring to export thousands of Ecstasy pills into the United States. A plea by a top organized crime figure comes a week before the trial was to begin. He was sentenced to 12 years in prison to be served in Israel as part of the deal."

More Charged In "Operation Death Merchant." The AP (1/17) reports the federal government "continued its attack on a large Colombiabased heroin trafficking organization yesterday by announcing that 10 more people were charged in Manhattan and 20 others face charges in Colombia. The charges bring to 110 the number of people charged internationally in an investigation nicknamed Operation Death Merchant." The AP story was used by the Wall Street Journal, Newsday, the New York Sun, and Detroit News.

New York Daily News (1/17) reports federal agents "dismantled a Colombian heroin ring by arresting several couriers who stitched packets of drugs into their britches and then took cruise ships to the United States, authorities said yesterday. 'Drug traffickers have never lacked creativity in trying to smuggle in their drugs,' said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York office. 'But smuggling drugs aboard cruise ships is a new twist, as traffickers try to do an end run around airport security.'" Yesterday's charges "bring to 110 the number of people charged internationally during the three-year probe."

On its Web site, WNBC-TV, New York (1/16) reports charges "were unsealed Tuesday naming 10 members of an alleged heroin and cocaine trafficking organization accused of smuggling more than $7.5 million worth of heroin into the United States from Colombia. … Describing the overall results of Operation Death Merchant, DEA Special Agent in Charge John Gilbride said, 'Over 117 members have been arrested. Over 170 kilograms of cocaine and 55 kilograms of heroin seized and destroyed.'" Authorities said the smuggled drugs "were destined for the eastern part of the United States and distributed throughout New York, Baltimore and Detroit."

Reputed Norte Del Valle Cartel Leader Arrested In Colombia. UPI (1/16) reported, "An alleged Colombian drug kingpin wanted on charges of smuggling tons of cocaine into the United States has been captured, Caracol Radio reported. Eugenio Montoya was arrested after a prolonged police shootout in which no one was injured, police said. Montoya's Norte del Valle cartel is believed to be one of the largest in Colombia and responsible for smuggling a large portion of the cocaine that reached U.S. shores."

BBC News (1/16) reported Montoya, who "also is known as Don Hugo, is alleged to be a leader of the Norte del Valle group. He denies being a drug trafficker." Montoya's capture "has ended a lengthy manhunt in which the US had offered a $5m reward for his arrest."

Former Chicago City Worker Gets 5-Year Sentence For Dealing Heroin. The Chicago Tribune (1/16, Bush) reported a former city laborer "was sentenced to five years in federal prison Tuesday for dealing heroin as part of a drug ring run by a former city hoisting engineer. Michael Hart, who worked for the city's Water Management Department, was hooked on heroin when he turned to dealing to support his habit, said his attorney Eugene O'Malley." Hart "pleaded guilty in August to dealing

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large quantities of heroin through the drug ring run by George Prado, a veteran water management employee."

Los Angeles Police Chief Seeks Moratorium On New Marijuana Dispensaries. The Los Angeles Times (1/16, Mcgreevy) reported Police Chief William J. Bratton is calling for a moratorium on new marijuana dispensaries until strict rules can be adopted governing them. Bratton "said the number of dispensaries increased from four in November 2005 to 98 a year later. 'This has fostered an increase in … crime problems and caused quality-of-life issues for families and communities, as evidenced by the 110 complaints received from neighbors, business owners and concerned citizens concerning these dispensaries,'" Bratton said.

Police Commission Supports Moratorium. The Los Angeles Times (1/17) reports the Police Commission "voted Tuesday to support a moratorium on new marijuana dispensaries and tougher regulations of existing enterprises, even as…Bratton promised to work with federal authorities to prosecute businesses found to be violating the law."

On its Web site, KNBC-TV, Los Angeles (1/17) reports the Los Angeles Police Commission "agreed Tuesday to a moratorium on the issuance of permits for new medical marijuana dispensaries in Los Angeles. Without discussion, the commission agreed with police Chief William Bratton's report that new dispensaries cannot be opened until new rules are adopted in governing where and when they can operate."

ATF Agent Infiltrates Michigan Robbery Ring. The Detroit News (1/17, Perkins) reports, "Authorities announced today that an undercover federal officer infiltrated an alleged robbery conspiracy, leading to the arrest of a man and teenager charged with plotting a series of heists Downriver." The News continues, "The Lincoln Park Police and federal Bureau of Alcohol, Tobacco, Firearms and Explosives learned of the plan when a federal agent working another case was informed about the alleged conspiracy. … Authorities claim 19-year-old William Musser of Lincoln Park, and a 16-year-old Dearborn Heights male conspired to rob businesses by targeting employees at gunpoint. They were arrested Friday. … 'So often law enforcement is successful at solving crimes after the fact,' ATF Special Agent in Charge Valerie Goddard said in a statement. 'However in this instance, we prevented this violent crime from ever occurring.'" The News notes, "The duo was arrested in a parking lot in Lincoln Park the morning they allegedly planned to commit armed robbery of a tavern in that city, followed by a second robbery of a Taylor restaurant, said Vera Fedorak, public information officer for the ATF. … Musser was charged with conspiracy to commit robbery armed and attempted robbery armed. He remains jailed on a $30,000 bond. The juvenile is in the Wayne County Youth Home until prosecutors determine whether he will be charged as an adult."

IMMIGRATION:

US Indicts 148 Immigrants Captured In Swift Plant Raids. The AP (1/17) reports, "Attorney General Alberto Gonzales says 148 illegal immigrants have been indicted for allegedly acquiring other peoples' Social Security numbers and other information to get jobs at Swift meat packing plants." The AP continues, "The indictments, issued in Iowa and five other states, follow federal raids on the plants last month in the largest-ever workplace crackdown on illegal immigration. The raids led to the arrests of nearly 13 hundred employees and temporarily halted operations for the meat processor." The AP adds, "Gonzales says the Bush administration is studying ways to curb identity theft, including better ways for police to report the crime, and to reduce the access that thieves have to Social Security numbers.The federal indictments include: 53 in Texas, 30 in Iowa, 26 in Nebraska, 20 in Minnesota, 18 in Utah and one in Colorado."

WOI-TV, Des Moines, IA (1/16, 10:00 p.m.) broadcasted, "A total of 148 illegal immigrants have been indicted on identity theft charges stemming from last months' immigration raids at six swift plants. Attorney General Alberto Gonzales says the suspects got people's social security numbers and other information to get their jobs. On top of the 30 identity theft charges filed in Iowa more than 100 were charged in Texas." There were other local broadcasts in both Texas and Iowa.

Border Fence Cost Estimates Create Split In Congress. The Washington Times (1/17, Hurt, 88K) reports on Rep. Duncan Hunter's defense of plans to construct a fence along the US-Mexico border, and his designation of those who estimated that it "could cost about 25 times the roughly $2 billion he estimated. 'I call them the 'Mission Impossible' crowd,' the California Republican said, referring to the nonpartisan Congressional Research Service

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and others who predict that the fence will cost nearly $50 billion." Hunter "might lump into that crowd Majority Leader Steny H. Hoyer, Maryland Democrat, who told reporters yesterday that he thinks "the fence will be revisited." The Times adds that "President Bush might fall into that group as well. The administration, Mr. Hoyer noted yesterday, 'has not been enthusiastic' about implementing the Secure Fence Act of 2006."

IG Report Finds Mistreatment Of Illegal Immigrants In US Detention. The Washington Post (1/17, A8, Hsu, 690K) reports a DHS IG report released yesterday has found that illegal immigrants were mistreated "at five prisons and jails nationwide, violating federal standards meant to ensure safe and humane custody." The report said ICE "officials and contractors denied timely medical treatment to some of the immigrants, failed to disclose and justify disciplinary actions against them, and improperly limited access to relatives, lawyers and immigration authorities." The Post adds, "The report comes amid a sharp increase in illegal immigrants in US detention as Congress and the Bush administration debate an overhaul of immigration laws and promise tougher enforcement of existing laws." Responding to the report, DHS Assistant Secretary Julie L. Myers concurred at least partly with nine of 13 findings and promised changes," but said "they 'do not indicate any systemic failure' at nearly 400 facilities where ICE is authorized to house as many as 27,500 people a night, because they were based on individual allegations at a small sample of sites."

In a brief article, the New York Times (1/17, Swarns, 1.16M) reports, "Homeland security officials said the study was too small to be representative of the country's detention centers."

Georgia Town Provides Insight Into Question Of Effect Of Illegal Labor Force. In a 2,791 word article, the Wall Street Journal (1/17, A1, Pérez, Dade, 2.04M) reports from Stillmore, Georgia, where "a wave of raids by federal immigration agents on Labor Day weekend" resulted in a local chicken-processing company called Crider Inc. losing "75% of its mostly Hispanic 900-member work force. The crackdown threatened to cripple the economic anchor of this fading rural town. But for local African-Americans, the dramatic appearance of federal agents presented an unexpected opportunity. Crider suddenly raised pay at the plant. … For the first time since significant numbers of Latinos began arriving in Stillmore in the late 1990s, the plant's processing lines were made up predominantly of African-Americans." Though the situation "initially appeared" to back the notion that "illegal immigrants take jobs from low-skilled American workers," the issue "has become more complex" over time. "The plant has struggled with high turnover among black workers, lower productivity and pay disputes between the new employees and labor contractors. The allure of compliant Latino workers willing to accept grueling conditions despite rock-bottom pay has proved a difficult habit for Crider to shake, particularly because the local, native-born workers who replaced them are more likely to complain about working conditions and aggressively assert what they believe to be legal pay and workplace rights."

TAX:

Judge Petitions 2nd Circuit Over Ancillary KPMG Ruling. The Wall Street Journal (1/17, B13, Lattman) reports, "New York federal Judge Lewis A. Kaplan, a former litigator, is getting to play lawyer again. Judge Kaplan recently filed a brief with the Second U.S. Circuit Court of Appeals -- on behalf of himself." The Journal continues, "The filing came as part of a high-profile case the judge is overseeing, the indictment of 16 former partners of accounting firm KPMG LLP and two others on criminal tax-fraud charges. Judge Kaplan got the bar buzzing when he ruled in June that prosecutors violated the constitutional rights of the KPMG defendants by pressuring the firm not to pay their legal fees." The Journal adds, "The ground-breaking decision was followed by another unusual one: Judge Kaplan created a separate civil proceeding, under his watch, about the legal-fee dispute between the firm and the defendants. … When KPMG appealed, the appeals court wanted to know what Judge Kaplan was thinking when he ordered a side proceeding, and did he have the authority to do it? Ralph Winter, one of the appeals judges, called the move 'extremely dubious.' … Injecting yet another twist in the case, the appeals court invited the judge to defend himself. … In his 47-page response, Judge Kaplan acknowledged his move was unusual but said the complex issues surrounding this case are unlikely to recur again, if ever. "

IRS Opens Doors For Most Electronic Filings. In his "Tax Report" column for the Wall Street Journal (1/17, D1), Tom Herman writes, "Opening day for e-filing your federal income-tax return for 2006 generally was this past Friday, the IRS said. But you can't e-file until Feb. 3 if

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you're claiming key tax provisions enacted last month. Both e-filed returns and paper returns claiming these provisions -- deductions for state and local sales taxes, higher education tuition and fees, and educator expenses for classroom supplies -- won't be processed if submitted before Feb. 3." Herman continues, "Tax returns filed on paper will be accepted but won't be processed until after IRS systems are updated Feb. 3, the IRS said. … IRS officials strongly urge taxpayers to file electronically. E-filing is "the fastest, safest and most accurate way" to file, said IRS Commissioner Mark W. Everson. He said people will get their refunds more quickly that way than filing the old-fashioned paper way. E-filing also "greatly reduces the chances for making an error." … Last year the IRS received more than 73 million returns electronically, up 7% from the prior year. A spokesman said almost 54% of all returns were filed electronically."

CONGRESS-ADMINISTRATION:

Bush Withdraws Appeals Court Nominee. The AP (1/17) reports President Bush "withdrew a controversial federal appeals court nominee, a nod to the Senate's new Democratic leadership." Bush had "just resubmitted Norman Randy Smith of Idaho to the Senate last week for a seat on the San Francisco-based 9th U.S. Circuit Court of Appeals. At the time, Bush also withdrew four nominees." Last February, Sen. Dianne Feinstein, D-Calif., "blocked a vote on Smith, saying the nomination would give Idaho undue weight on the West's top appellate court."

Democrats Launch Campaign To Prebut Bush Speech. Roll Call (1/17, Billings) reports Democratic leaders "are launching a broad counteroffensive on issues ranging from Iraq to energy policy in advance of President Bush's State of the Union address next week, hoping to separate the president from the typical popularity boost that comes with the nationally televised speech." Senate Majority Leader Harry Reid (Nev.) and Speaker Nancy Pelosi (Calif.) "are still putting in place the specifics of their plan, but senior Democratic sources say the new leaders are orchestrating a 'strong push-back' beginning today on some of Bush's major proposals." The Democrats will "hold numerous events on both sides of the Capitol to try to ensure they go into Tuesday night's speech with an upper hand on the issues they believe Bush is set to address, including the Iraq War, balancing the budget, global warming and energy independence. Democrats already are fanning out to the rank-and-file Members, urging them to set expectations high, so that the onus is on Bush to measure up."

After First 100 Hours, Democrats Have Work Cut Out. In her Washington Post column (1/17, A19), Ruth Marcus says, "The first 100 hours agenda gave Democrats the framework to avoid that befuddlement at the start of the 110th Congress. But when the clock runs out, Speaker Nancy Pelosi (D-Calif.) may start to wonder whether Newt Gingrich had a point in pacing his Contract With America agenda over days, not hours." Marcus notes the "first 100 hours agenda will quickly collide with Senate and White House reality," and having "picked the low-hanging legislative fruit, Democrats have far more back-breaking work ahead" on issues such as climate change, healthcare, and farm subsidies. In addition, the "fissures, internal and external, in the Democratic Party, will start to emerge, like cracks in the Arctic ice shelf."

House Expected To Approve Repeal Of Oil Industry Tax Breaks. The Los Angeles Times (1/17, Simon, 850K) reports, "[W]ith Democrats in charge, perhaps no industry will find the new Congress less hospitable than the oil industry. That will be underscored Thursday when the House is expected to approve a bill that would repeal billions of dollars in oil industry tax breaks passed by the GOP-controlled Congress." The Times adds, "The measure would raise about $14 billion over 10 years by repealing the tax breaks and by closing a loophole that allowed royalty-free offshore oil leases. The money would be used to promote energy conservation and develop alternative fuels." The "measure is expected to easily pass the House but is likely to face a tougher time in the Senate. And it could run into trouble at the White House." President Bush "opposed the tax breaks for the oil and gas industry that were included in the 2005 energy bill. But the administration has been cool to the idea of forcing oil companies to renegotiate drilling leases."

Six Utilities Endorse Bill To Limit Carbon Dioxide Emissions. The Hill (1/17, Snyder) reports, "Six electric companies plan to support a Senate bill to cut greenhouse-gas emissions to curb global warming. The bill, cosponsored by Sens. Dianne Feinstein (D-Calif.) and Tom Carper (D-Del.), would establish a national 'cap and trade' program to limit power-plant carbon-dioxide emissions by 25 percent by 2020 from current projections." The Hill adds, "The companies are members of the Clean Energy Group,

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which has advocated for a carbon cap in the past." The "companies supporting the bill are Calpine, Entergy, Exelon, Florida Power & Light, PG&E Corp. and Public Service Enterprise Group."

WPost Gives Democrats' Energy Policy Mixed Rating. The Washington Post (1/17, A18, 690K) says in an editorial, "The House Democrats plan to pass an energy bill Thursday that combines the good, the bad and a large dose of missed opportunity. Thankfully, it faces an uncertain future in the Senate. Energy policy deserves more serious treatment." The "good part of the bill revokes tax breaks for oil and gas production in the United States that should never have been granted." The "bad part of the bill would effectively revoke lease contracts granted in 1998 and 1999 for offshore drilling." The House bill "would break this deadlock by imposing heavy penalties on firms that do not renegotiate on terms imposed by the government. This heavy-handed attack on the stability of contracts would be welcomed in Russia, Bolivia and other countries that have been criticized for tearing up revenue-sharing agreements with private energy companies." The main "problem with the House bill is that hitting up oil companies is a poor substitute for a real energy policy. The nation needs to accelerate the development of less-carbon-intensive fuels by capping or taxing carbon consumption."

Judges Seek More Experienced Clerks. The Legal Times (1/17, Palmer) reports, "Julia Kiraly doesn't fit the profile of a judicial clerk, the Ivy Leaguer who jumps directly from law school to a judge's chambers. After hopscotching from Venable to Hogan & Hartson and back to Venable in her first four years of practice as a litigator in Washington, D.C., Kiraly did the unthinkable for many young lawyers looking to scale the law firm ladder: She passed up a growing six-figure salary to clerk for Chief Judge Thomas Hogan of the U.S. District Court for the District of Columbia." The Times continues, "However unconventional, Kiraly, now entering her second year clerking for Hogan, is emblematic of a growing number of lawyers leaving private practice to clerk on one of the most competitive circuit courts. … Though the graying of Supreme Court clerks has been well documented (think Justice Samuel Alito Jr.'s first-term pick of Adam Ciongoli, former senior vice president and general counsel of Time Warner Europe, as his clerk), the increasingly older talent pool applying for federal circuit court clerkships has risen over the past couple of years as lawyers seek to boost their résumés. The trend also reflects the growing number of federal judges who have done an about-face by requiring, or strongly preferring, law clerks who draft opinions and research questions of the law to obtain some real-world experience beyond school." The Times adds, "Applying for a clerkship after entering the marketplace hasn't always been in vogue. For decades, judges relied on the nation's top law schools to fill clerk positions. Even five years ago it was almost unheard of at most Washington firms to clerk after becoming an associate. But in-house recruiters and hiring partners say they have seen a distinct change in the number of associates exiting for clerkships. … Instead of viewing associates departing for clerkships as a negative trend, law firms have framed it as a recruiting tool to lure clerks back to firms with incentive packages."

House Expected To Approve Student Loan Interest Rate Reduction. The Washington Times (1/17, Fagan, 88K) reports, "Democrats, trying to deliver on expensive campaign promises, are offering a slimmer version of legislation to cut interest rates on student loans." The College Student Relief Act of 2007 "would cut interest rates gradually on need-based federal loans for college undergraduates from 6.8 percent to 3.4 percent by 2011." The reduction could "save the average student borrower about $4,400 over the life of a loan." The bill is estimated to cost "$5.85 billion over five years." The Bush administration opposes the bill, arguing that it "won't help current students or their families and that encouraging more student debt can fuel higher tuition costs."

The AP (1/17, Zuckerbrod) reports the bill "would help an estimated 5.5 million students." And "to avoid increasing the deficit, the bill's cost would be offset by reducing the yield on college loans the government guarantees to lenders and cutting the guaranteed return banks get when students default. Banks also would have to pay more in fees." The House "was expected to approve the bill, though its future is uncertain beyond that."

McClatchy Newspapers (1/16, Barrett) reports the bill "falls short of a proposal" Democrats "pitched nearly a year ago when the Republicans controlled Congress." It "doesn't cover all student loans…and it will take five years to phase in. And though education advocates praise the effort as a nice start, they say it won't do much to boost college access at a time of soaring tuition increases."

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Bloomberg (1/16, Basken) reports the Bush administration "preferred that Congress concentrate on funding direct-aid programs." The plan "also has drawn criticism from banks, which oppose provisions that would make them pay the estimated $6 billion cost of the lower rates, and congressional Republicans, who want more pressure on colleges to reduce costs."

WSJournal Says Bill Mostly Benefits Professors And Administrators. The Wall Street Journal (1/17, 2.04M) in an editorial criticizes the bill arguing that it "isn't really about making college more affordable for low-income families. It's about expanding federal subsidies for college grads." In addition, "colleges will raise tuition to capture the additional funds." So "the biggest winners from this latest subsidy will be the relatively well off professors and administrators who run higher education."

Boehner Says GOP Needs New Ideas. Roll Call (1/17, Davis) reports that for "all the hurdles House Republican leaders face in the minority, the biggest one simply may be getting their rank-and-file Members to accept the realities of their new deflated status." Minority Leader John Boehner said, "I had a Member one night last week moaning and groaning about the schedule. And I just had to look at him and say, 'Why don't you go talk to Mr. Hoyer?' It is what it is." Roll Call adds Boehner "makes no excuses for the electoral losses of the party he now leads." Boehner said, "We've got to work harder, we've got to work smarter, and probably the biggest thing we need to do is energize our Members to create new ideas for solving the problems the American people sent us here to solve." While Democrats "continue to tick off a list of early legislative accomplishments, most with considerable Republican support, Boehner is quick to dismiss speculation that there are rifts in the GOP ranks."

Boehner Criticized For Booting Flake From Judiciary Panel. The Los Angeles Times (1/17, 850K), in an editorial, criticizes Minority Leader John Boehner's "decision to remove Rep. Jeff Flake of Arizona from his seat on the House Judiciary Committee. Flake has made a name for himself with his long-standing effort to eliminate excessive congressional 'earmarks' — not through any complex new ethics legislation but by publicly fighting individual earmarks on the House floor. It's not certain that this was the reason he lost his Judiciary Committee job. Flake believes that he's being punished for supporting comprehensive immigration reform. Other D.C. observers say Boehner (R-Ohio) is making good on his promise last year to punish 'bad behavior' by Republicans who vote against the party's leadership. What is clear is that Flake, the kind of fiscal conservative who has the potential to reverse the GOP's woes, is being held back not for his behavior but for his beliefs."

McConnell, Kyl Plan New Communications Strategy. The Hill (1/17, Bolton) reports senior aides "to Senate Minority Leader Mitch McConnell (R-Ky.) and Senate Republican Conference Chairman Jon Kyl (R-Ariz.) met with Senate Republican press secretaries yesterday to address last year's communications shortcomings under former Sen. Bill Frist (R-Tenn.)." McConnell and Kyl "have decided that more members of their conference must actively voice the GOP's vision both in the national media and to constituents. Senate Republicans have felt increasing pressure to reform their communications strategy following the success of Senate Majority Leader Harry Reid's (D-Nev.) war room, which is part of a 20-person Democratic communications team that specializes in rapid response." Kyl said, "This week alone we're already seeing progress in the effort to promote small business growth, restrain wasteful spending, and prevent government from price-fixing prescription drugs."

Senate To Vote On Banning Lobbying By Spouses. The Washington Post (1/17, A1, Solomon, 690K) reports in a front page story that "at least half a dozen congressional spouses have jobs as registered lobbyists and several more are connected with lobbying firms, but reining in the practice to prevent potential conflicts or the appearance of them has not been a priority among congressional leaders. Even modest proposals such as banning wives and husbands from lobbying their spouses or using their spouses' floor privileges for lobbying have gone nowhere." Democrats made "ethics reform a major issue in last fall's congressional elections, but the ethics package the House approved earlier this month didn't address the issue and neither did the one proposed by Senate Democrats. Last week, however, Sen. David Vitter (R-La.) proposed banning spouses of senators from lobbying any part of the chamber. The lone exception is for spouses who were lobbying at least one year before their husband or wife was elected." The Senate is "scheduled to vote on the legislation as soon as today. Senate Majority Leader Harry M. Reid (D-Nev.) called Vitter and said he would

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support the proposal with one caveat: It should exempt spouses who are already lobbyists."

Senate Passes Bill To Disclose Earmarks. The AP (1/17, Abrams) reports the Senate "voted Tuesday to shine more light on thousands of expensive pet projects buried in legislation every year after the new Democratic majority bowed to a successful push by Republicans to make new disclosure rules even tougher than originally planned." The vote "was 98-0 to require senators to reveal the water projects, hiking trails, defense contracts or tax breaks for specific industries they insert in legislation. That unanimity came five days after Democrats, holding a slim majority, were thwarted by a GOP-led rebellion in advancing their own version of 'earmark' reform."

The Washington Times (1/17, Miller, 88K) reports the Senate "voted unanimously yesterday to adopt a Republican-backed measure to limit pork-barrel spending despite initial opposition by Democratic leaders." Majority Leader Reid "changed course and embraced the bill last week after delaying a final vote when the proposal unexpectedly survived a procedural vote to kill it." The amendment "would mandate public disclosure of all earmarks for federal projects and require members of Congress seeking earmarks to provide written information -- which also must be made available on an Internet database -- 48 hours before the legislation is considered."

Record 16 Women Serving In Senate. ABC World News (1/16, story 5, 1:05, Snow, 8.78M) reported Sen. Hillary Clinton "was part of an extraordinary gathering today. There are a record 16 women in the Senate this year. 15 of them sat down with ABC's Diane Sawyer this afternoon in Washington." ABC (Sawyer) added, "This group, this gathering." Sen. Diane Feinstein: "You know, when we were nine, and we would gather at the well of the Senate. I think people remember. The men would come over and say, what are you up to now? And, you know, there was a curiosity that we must be plotting something. I don't think that exists anymore."

Unlikely Coalition Forms To Urge Healthcare Reform. The Wall Street Journal (1/17, A10, Solomon, Maher, 2.04M) reports an "unlikely coalition of business, labor and consumer interests plans to prod lawmakers to tackle health-care overhaul, but agreement among the group so far extends only to a consensus that the lack of affordable health care is a critical problem." Rather than "coalesce around a single idea for how to overhaul health care, leaders of the Business Roundtable, AARP and the Service Employees International Union said yesterday that they plan to force lawmakers to address the issue of health-care overhaul through a mix of advertising, lobbying and public outreach." The "likelihood of these three groups -- which have vastly different constituencies and political leanings -- agreeing on a single approach is unlikely. But the fact that they're looking to coordinate their efforts shows how dominant the issue of overhauling health care is becoming." Later this week, "another group of 16 disparate organizations, including health insurers, physician associations, the U.S. Chamber of Commerce and health advocacy groups, plans to introduce its own bipartisan approach to address the plight of uninsured Americans."

In his Washington Post column (1/17, D1), Steven Pearlstein says, "There, at the National Press Club, stood the president of the Business Roundtable, representing the country's largest corporations; the president of the Service Employees International Union, the country's most vibrant union and one of its fastest-growing; and the president of AARP, the formidable seniors lobby. They put aside their usual differences to deliver a clear, simple message to President Bush and congressional leaders of both parties: We stand ready to give you the political cover you need for a centrist, bipartisan fix for a broken health-care system. Or, if you refuse, we stand ready to embarrass you and run you out of office." The "outlines of a genuinely comprehensive reform plan are coming into focus." It "starts with universal coverage, accomplished either through a mandate on everyone to purchase basic health insurance or a mandate on all employers to offer it. It includes subsidies for families with incomes up to 300 percent of the poverty level to help defray the cost of that insurance and the deductibles and co-payments that go with it."

Bill Would Authorize $3.2 Billion Annually For Amtrak. The Washington Post (1/17, A4, Weiss, 690K) reports Sens. Frank Lautenberg (D-N.J.) and Trent Lott (R-Miss.) "introduced legislation yesterday that would authorize $3.2 billion a year for Amtrak over six years in exchange for greater efficiency and increased investments by states." Supporters said the plan "would place Amtrak on a firm financial footing after years of instability." A similar bill "was passed by the Senate in November, 93 to 6, but was not

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taken up by the House of Representatives. Lautenberg said prospects were much improved with Democrats now in control of both houses of Congress."

Federal Workers Support More Options For Thrift Savings Plan. The Washington Post's (1/17, D4, Barr) "Federal Diary" column reports, "TIPS. Bonds. Roth 401(k) accounts. These are among the investment options that government employees would support adding to the Thrift Savings Plan, according to a survey released yesterday." The Post adds, "The survey, released at a meeting of the Federal Retirement Thrift Investment Board, found that thrift plan participants are generally more satisfied with the plan than private-sector employees are with their 401(k) plans," but the "thrift board has been considering new rules and investment options for the TSP for much of the past year, in part because of recent changes to pension law and because some members of Congress and the National Association of Real Estate Investment Trusts have pushed for adding a real estate fund as a way of helping government employees diversify their portfolios." The Post adds, "Sixty percent said providing a Roth 401(k) account would make the TSP a better program, and 46 percent said offering a wide selection of investment options would improve the plan."

Bush Honors Baseball's Cardinals At White House. The AP (1/17, Feller) reports President Bush "said Tuesday that even in a losing streak, it is possible to win by sticking with your goal and showing character no matter what the doubters say about you. He was talking, of course, about baseball." Bush "honored the World Series champion St. Louis Cardinals by commending them for winning the hard way. To be sure, the Cardinals were not a powerhouse on their way to the White House." Bush "lauded the team's entire operation — its management, coaches, players and fans. He had plenty of nice words for his old business partner, Cardinals Chairman Bill DeWitt Jr., who worked with Bush when the president was managing partner of the Texas Rangers."

WSJournal Says Deficit Picture Brightening. The Wall Street Journal (1/17, 2.04M) says in an editorial, "The myth persists in some media circles that the federal budget deficit is 'surging' or ballooning or something terrible -- all of which is served up as ammunition for those in Congress who want a tax increase. At the risk of being drummed out of the guild, we thought you'd rather have the real story." The deficit "has in fact declined by some $165 billion over the past two fiscal years, and according to the most recent data has continued to fall in the first quarter of fiscal 2007." All in all, "despite huge outlays for wars in Iraq and Afghanistan, the nation's fiscal picture is brightening. We hate to ruin the press corps's day with such cheerful news, but there it is."

Census Bureau Urged To Count Inmates At Home Addresses. The New York Times (1/17, 1.16M) says in an editorial, "The Census Bureau typically uses the decennial census to test data-collection methods that become routine later on. The 2010 census should include a test run at counting the nation's 1.4 million prison inmates at their permanent addresses instead of in prisons. That would help bring an end to a corrosive but little known practice that distorts the political process in virtually every corner of the country." State lawmakers treat inmates "as residents of the prisons when drawing legislative maps, to inflate the head count in lightly populated rural areas where prisons are typically built. This creates legislative districts where none would ordinarily be, shifting political influence from the heavily populated urban districts where inmates live. Once inflated, these towns and counties siphon an outsized portion of state and federal aid."

OTHER NEWS:

Plunge In Oil Prices Continues. ABC World News (1/16, story 6, :20, Snow, 8.78M) reported, "Oil prices continued to plunge today, dropping to an almost two-year low with no sign that a cut in production is coming anytime soon. Oil closed down almost $2 a barrel [to $51.21 per barrel]. That's the lowest since May 2005. There's also been a slide at the pump, with the average price of a gallon of gas down 8 cents last week [to $2.23 per gallon]." The CBS Evening News (1/16, story 5, 2:15, Couric, 7.66M) reported, "[T]he news about oil and gas prices lately just keeps getting better and better." CBS (Mason) reported, "Gas is falling because crude is plummeting. The price of oil down $10 since the end of last year, has plunged $25 a barrel since its high last July, a 33 percent drop." CBS added, "The era of cheap gas isn't coming back. Mother Nature is just giving us a break. Gas prices are expected to head back up in the spring."

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Saudi Energy Minister Rejects Call For Further OPEC Production Cut. The Financial Times (1/17, Hoyos) reports Saudi Energy Minister Ali Naimi said OPEC "did not need to further reduce its production. The oil price fell sharply following the remarks." The news "dimmed the prospect of an imminent emergency meeting of the group and prompted international oil prices to fall $1 to $52 a barrel, a 19-month low. Mr Naimi said: 'Do not panic. Actually there is no reason for a meeting.' He added: 'The market is in a healthy condition and moving in the right direction.'" The Times adds, "Edmund Daukoru, Nigeria's energy minister, was less sanguine about the market, believing it to be oversupplied. But he said: 'I think we have to take a wait-and-see [approach]. After we implement 500,000 barrels a day [cut], we have to see how the market responds.'" The Saudi and Nigerian "positions contradict the view expressed by other Opec members, including Iran and Venezuela, who have recently publicly backed further action."

Dow Soars To New Record Closing. USA Today (1/17, 4B, Krantz, 2.27M) reports, "Investors returned from the long weekend Tuesday in the mood to buy blue-chip stocks and pushed the Dow Jones industrial average to another high. Cheered by another fall in the price of crude oil and encouraging corporate earnings reports, the Dow added 26.51 points to 12,582.59, its third-consecutive record close. The Dow is up 1.0% this year." The Standard & Poor's 500 "gained 1.17 points to 1431.90, thanks largely to stocks in the fertilizer, railroads and retail real estate investment trust industries. The S&P 500 is up 1.0% this year." The Nasdaq "fell 5.04 points to 2497.78. The index is still up 3.4% this year, though." The Wall Street Journal (1/17, C1, McKay, 2.04M), NBC Nightly News (1/16, story 8, :10, Williams, 9.87M) and ABC World News (1/16, story 7, :10, Snow, 8.78M) also noted the market numbers.

Forecasts Suggest Housing Market Still Struggling. The Wall Street Journal (1/17, Wei, Hagerty, 2.04M) reports, "Mortgage lender IndyMac Bancorp Inc. slashed its forecast for fourth-quarter earnings and home builder Centex Corp. projected a loss from continuing operations for its latest quarter as the US housing industry struggles with slow sales and rising loan defaults." The Journal adds, "Though some economists say the worst of the housing slump is over, the latest developments show that bad news from lenders and builders can still jolt the market. Steeper discounts from builders desperate to unload excess homes could add further downward pressure on prices, as could rising foreclosures, which dump more properties on the market."

Obama Enters Presidential Fray To Glowing Reviews. Sen. Barack Obama announced yesterday the formation on a exploratory committee with an eye on a 2008 White House run. Obama's move is being treated as a major news story, with all three networks running extensive reports on it, and major newspapers devoting front-page headlines to Obama and what his entry into the race could mean. In general, the coverage is markedly laudatory of the Illinois senator, with pieces noting his quick rise and the diversity of the emerging Democratic field. The Washington Post (1/17, A1, Balz, 690K), for example, runs a front-page piece titled "Race And Gender Make Democrats' Field Historic," in which it says "Democrats moved a step closer yesterday to what shapes up as one of the most historic and compelling contests ever for their party's presidential nomination." The news media, adds the Post, "will find the story line" of a contest between Obama and Sen. Hillary Clinton "irresistible, and Democrats around the country are eagerly anticipating the competition." In a similar story, USA Today (1/17, 4A, Lawrence, 2.27M) also notes the "historic Democratic nomination race dominated by a black man and a first lady-turned-senator."

The Chicago Tribune (1/17, Dorning, Parsons, 617K) reports Obama would be "the most formidable African-American candidate ever, offering a call to common purpose as a remedy to bitter partisan divisions and marking a potential turning point in the nation's race relations." The CBS Evening News (1/16, story 4, 3:15, Borger, 7.66M) described Obama as "the candidate who says it's time for a younger generation to change America's future," and notes that "just two years ago, Obama was a novice mounting the national stage, a young Illinois state Senator with a great story. … His message is twofold, that American politics is too divisive, and the baby boomers, who have been fighting the same old fights for years, need to move over." NBC Nightly News (1/16, story 3, 1:40, Reid, 9.87M) showed the senator saying, "I certainly didn't expect to find myself in this position a year ago. But as I've spoken with many of you in my travels across the states these past months, I've been struck by how hungry we all are for a different kind of politics." The AP (1/17, Pickler) praises him this morning, calling him a man of "uncommon political talents," and McClatchy (1/17, Thomma) reports his decision "propels him into the top tier

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for the 2008 Democratic presidential nomination and puts him in position to test how much his party and his country hunger for change."

Even what commentators view as his greatest weakness – his lack of experience – is seen as a possible advantage this time around. ABC World News (1/16, story 3, 2:55, Tapper, 8.78M) reported, "Obama's message, his charisma, and his personal story, he's the son of an African father and white mother from Kansas, have found an audience. In recent trips to Iowa and New Hampshire, Obama drew raves for presenting fairly traditional liberal views at fresh and inspiring." Obama "has few legislative accomplishments. But he's aggressively trying to turn his inexperience into an asset, by arguing those with the most experience created an ugly partisan atmosphere -- and led the nation into the war in Iraq."

The Wall Street Journal (1/17, A12, Calmes, 2.04M) reports Obama "now will test just how eager voters are, in the wake of his Democratic Party's recent takeover of Congress, to further shake up Washington. … For many in his party, and some independents, the freshman senator has come to personify a hopeful prospect of change from the polarizing politics of recent years." Democratic strategist Stephanie Cutter, "a top adviser to Massachusetts Sen. John Kerry's 2004 presidential campaign and now neutral in Democrats' 2008 contest, said Mr. Obama is 'perfectly positioned to run against Washington,' and that theme also serves 'to defuse the experience argument' against him." Likewise, the Los Angeles Times (1/17, Hook, Finnegan, 850K) says Obama "is gambling that voters will see his lack of national governing experience as an asset, not a liability," and adds "the electorate is seething with discontent with the Washington establishment."

The Washington Post (1/17, A1, Murray, Cillizza, 690K), meanwhile, reports, that "despite all the hype about his potential candidacy, some of Obama's closest associates worry that the senator remains untested. After winning a tough Senate primary in 2004, he sailed through the general election, aided by a Republican nominee with extensive personal travails. 'There will be bumps; there always are,' said one senior Obama adviser, speaking on the condition of anonymity. 'He's going to have to manage expectations and show he has the strength and endurance for the long haul.'" However, says the AP (1/17, Pickler), "for all those historians and political naysayers…Obama's allies like to point out that Abraham Lincoln served just two years in the House before becoming president. It's a comparison certain to be repeated as Obama, with slightly more than two years in the Senate, continues to align himself with the Civil War president." The AP adds, "The senator's expected campaign kickoff is scheduled for Feb. 10 in Lincoln's hometown of Springfield, Ill. -- where both men served in the state legislature."

The Christian Science Monitor (1/17, Feldmann, 59K) says that with his exploratory committee, what Obama is "really testing, political analysts say, is the strength of his fundraising ability. To make a serious play for a major-party nomination, a candidate needs to raise tens of millions of dollars in the next few months – a task that…Clinton should accomplish easily." But "the Illinois Democrat may begin to see the downside of being a media darling. In his latest book, 'The Audacity of Hope,' he describes President Bush warning him just after he joined the Senate about life in the spotlight – especially for a senator who practically waltzed into his seat (after his competition imploded). The media are notorious for building people up, only to tear them down."

Yet USA Today (1/17, Keen, 2.27M) notes Obama "wouldn't be the youngest presidential nominee or chief executive. … Nor would Obama be the least experienced nominee or president. Wendell Wilkie had never been elected to any office before he became the Republican presidential nominee in 1940. Woodrow Wilson had been New Jersey's governor for two years when he was elected in 1912. George W. Bush served six years as Texas governor before being elected president." However, "some Democrats say they need a more seasoned nominee who's prepared to tackle foreign policy issues such as the war in Iraq and dangerous relationships with Iran and North Korea. Obama's inexperience is 'the big question mark' about his candidacy, says Rep. Beth Arsenault, a Democrat who was just elected to the New Hampshire Legislature." USA Today also reports, "None of the Democratic activists interviewed about Obama's chances suggested that his ethnicity matters, and the fact that he is black has not been a dominant factor in his campaigns."

George Stephanopoulos, on ABC World News (1/16, story 4, 1:20, Snow, 8.78M) noted the last ABC News poll showing that Sen. Hillary Clinton "was pretty far ahead of Senator Obama" nationally, 39% to his 17%." Said Stephanopoulos, "Not to worry if you're…Obama yet. Here's why. … Democratic primary voters like" Clinton "a little more than they like Obama, 56% (have favorable opinion of Clinton) compared to 44% (who have a favorable opinion of Obama). But she's a known quantity. Look at that 'no opinion,' only 4%

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(have no opinion of Clinton). 33% of voters don't know who Barack Obama is yet. As they learn more, he's going to close that gap. Here are his three, big advantages versus Hillary Clinton. Number one, he is the face of change. Number two, the war, as Jake said, the only candidate who is against the war from the start. Number three, he's going to cut into her support among African-American voters." Obama's entry into the race, added Stephanopoulos, "starves" less known candidates "of oxygen. It's going to be more difficult if you're a senator like Joe Biden or Chris Dodd or John Kerry to get media attention. Or a governor like Tom Vilsack or Bill Richardson. Going to be very, very difficult for them to raise money." Similarly, the Boston Herald (1/17, Ratliff, 184K) says Obama's move puts "more heat on…Kerry to decide whether he'll stay on the sidelines or step onto the stage."

The Baltimore Sun (1/17, West, 257K) reports Democrats "active in other campaigns, or watching from the sidelines, said Obama's candidacy poses a significant threat to the other leading candidates." Clinton, "widely regarded as the early front-runner, is counting on support from African-Americans, who strongly backed her husband, Bill, in his two presidential runs and who historically cast about one of every four votes in Democratic primaries. 'Now, all of a sudden, she has a competitor,' said Democratic pollster Paul Maslin, an adviser to Indiana Sen. Evan Bayh, who abandoned the 2008 race last month shortly after being out shone in New Hampshire by Obama."

The New Hampshire Union-Leader (1/17) says that "during his much-publicized 'Obama-mania' visit on Dec. 10, Illinois Sen. Barack Obama looked, acted and sounded like a Presidential candidate when he spoke to a 1,500 people at a state Democratic Party rally in downtown Manchester. So it was no surprise to New Hampshire yesterday that Obama announced the formation of an exploratory committee to raise money in preparation for a Presidential run." Jim Demers, a lobbyist and former state representative "who said he expects to be an unpaid volunteer for Obama in the First-in-the-Nation Primary state," said yesterday, "I'm in the process of helping them find some staff. I have more than 35 resumes, and they hope to have a campaign manager very soon." Demers "said Obama called him yesterday morning, and 'he was extremely pumped. The call came after the announcement at 10 a.m. and I could feel the energy and excitement.'" The Hill (1/17, Schor) reports Kathy Sullivan, chairwoman of New Hampshire's Democratic Party, said yesterday, ""Obama could do quite well in New Hampshire. … [He] has a message of hope and unity, which I think is a good message. People are very tired of the divisiveness that's been a hallmark of the Bush administration." Sullivan "has spoken with Obama about his nascent bid in recent days, though she declined to give details"

In a piece titled "Obama Starts '08 Bid, Reshaping Democratic Field," the New York Times (1/17, Zeleny, 1.16M) reports that "in Washington, Mr. Obama's announcement caused a stir among Democratic political operatives, who rushed to make inquiries about joining his campaign. A list of telephone numbers for local offices in Iowa, New Hampshire and Chicago -- none of which have even opened yet -- were being circulated via e-mail."

The Washington Times (1/17, Bellantoni, 88K) notes Obama made his announcement in a Web video found at www.barackobama.com and "touted in an e-mail titled 'My plans for 2008.'"

Morris Says Obama's Recent "Pro-Nepotism" Vote May Come Back To Haunt Him. In a column in The Hill (1/17), political analyst Dick Morris writes that Obama "made his first misstep a few days ago when he joined only a handful of Democrats in opposing a Senate reform banning the increasingly widespread practice of legislators hiring their family members on their campaign or PAC payrolls." New York Sen. Hillary Clinton (D) "who opposes wives cashing in on their husbands' positions, voted righteously in favor of the reform and will probably use the Illinois senator's vote against him in the presidential primaries. When a legislator hires his or her spouse on the campaign or PAC payroll, he is effectively converting contributions to his campaign committee into personal income that flows into the family's checking account, blurring the line between contribution and bribe." Morris adds, "Obama's inexplicable pro-nepotism vote may have been cast in sympathy with Rep. Jesse Jackson Jr. (D-Ill.), whose hiring of his wife, Sandi, to work on his campaign prompted an FEC ruling allowing the practice. … But whatever the reason for his vote, Obama has screwed up. The public will not take kindly to a senator who pledged to clean up the political process voting to allow wives to be hired with special-interest campaign funds."

McCain Says He'd Like To Mend Ties With Dobson. The AP (1/17, Davenport) reports that Arizona Sen. John McCain (R) "said Tuesday he hopes to patch things up with conservative Christian leader James Dobson, who recently said he wouldn't support the Republican's

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presidential bid under any circumstances. In a radio interview with KCBI, a Dallas Christian station, Dobson argued that McCain didn't support traditional marriage values and complained that the campaign finance legislation he co-authored hurt Christian broadcasters. 'Speaking as a private individual, I would not vote for John McCain under any circumstances,' Dobson said on KCBI." The AP notes, "During a campaign stop" yesterday "in Columbia, S.C., McCain said: 'I'm obviously disappointed and I'd like to continue and have a dialogue with Dr. Dobson and other members of the community.' … 'I'm happy to say that I've established a dialogue with a number of other leaders,' including the Rev. Jerry Falwell, 'Purpose Driven Life' author Rick Warren and Dr. Richard Land of the Southern Baptist Convention."

Tancredo Says He Will Form Presidential Exploratory Panel. The AP (1/17, Talhelm) reports that CO6 Rep. Tom Tancredo (R), "an outspoken opponent of illegal immigration, said Tuesday he will form an exploratory committee this week for a possible presidential campaign. After making a weekend trip to Iowa, home to the first nominating caucus in January 2008, Tancredo said voters there told him other presidential candidates don't share their views. 'They believe that there is a void in this race that none of the other candidates are willing or able to fill,' said Tancredo, who plans to remain in the House. Tancredo has said immigration would be a central issue if he does run. Campaign spokesman Tim Haley said on Tuesday that Tancredo would also push opposition to abortion and other conservative themes as well."

NBC Nightly News (1/16, story 4, :20, Williams, 9.87M) made brief mention of Tancredo's announcement that he would form a presidential exploratory panel, noting that the Congressman, "who admits he is a long shot, is running on one issue here for the most part, against illegal immigration."

The Washington Post (1/17, A6, 690K) reports that Tancredo, referring to Iowans he spoke with during his visit to the Hawkeye State this past weekend, said, "The one thing I heard over and over is that they don't believe the other contenders care about the same things that they do." No other presidential candidate, Tancredo "added, 'reflects the grass-roots, majority belief of Americans that our borders must be secured, that employers who hire illegals must be prosecuted, and that no one who has broken our immigration laws should ever be put on a 'pathway to citizenship.'"

CQ Politics (1/17, Horrigan) reports, "Though little known to most of the nation's voters, the five-term congressman from suburban Denver has a following among some conservative activists -- particularly those who favor his leadership role in efforts to crack down on illegal immigration and also limit the numbers of legal immigrants in the United States. The 61-year-old Tancredo's ostensible reason for visiting Iowa was to promote his book on his trademark issue, 'In Mortal Danger: The Battle for America's Border and Security.'"

The Washington Times (1/17, Dinan, 88K) reports that Tancredo "on Monday ruled out a run for the U.S. Senate seat that will open in 2008 with the retirement of Sen. Wayne Allard. … Bay Buchanan, a friend and confidante of Mr. Tancredo's who runs his political action committee, Team America, said that immigration is the issue that will help Mr. Tancredo stand out from the pack of candidates. She also said his record, consistently conservative up and down the line, will go over well with Iowa's pro-life, conservative caucusgoers. 'He is an across-the-board social conservative -- one that the Christian right can feel completely comfortable with, that he has been with them on those issues for his whole life,' she said."

The Denver Post (1/17, Mulkern, 256K) reports, "A Tancredo presidential bid would be a quixotic quest, analysts said." However, political observers also said that "Tancredo's position on immigration would grant him credibility with some conservative caucus voters in Iowa and elsewhere. 'I wouldn't underestimate the power of this immigration issue to become one of the litmus tests' for Republican candidates, said Chuck Todd, editor of the Hotline, a nonpartisan political blog attached to National Journal." The Post adds, "Tancredo's presence in Iowa would put pressure on" Arizona Sen. John McCain (R), "who would have a hard time appeasing the wing of the Republican Party that agrees with Tancredo on immigration, said Norman Ornstein, political analyst with American Enterprise Institute, a Washington think tank. Tancredo also could boost" ex-Massachusetts Gov. Mitt Romney (R) "by allowing him to withhold criticism of McCain and let Tancredo voice it instead."

Gingrich, Gordon Call For More Investment In Defense Technology. In a Washington Times op-ed (1/17), Newt Gingrich and Rep. Bart Gordon, Chairman of the House Committee on Science and Technology, say, "Unfortunately, the nation has forgotten one of the most

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important ways our economic prosperity and national security are linked — investment in fundamental scientific research. Investments made in fundamental scientific research after World War II and during the Cold War have been essential to making our fighting men and women today the best equipped in the world." But our "commitment to that defense-oriented fundamental research — the kind of research that pays off not in a year or two but in the long run, sometimes decades in the future — has eroded. If we do not renew this commitment, it will harm our global economic competitiveness as well as the effectiveness and safety of our troops."

Fundraising Race Among Presidential Hopefuls Well Underway. USA Today (1/17, Schouten, 2.27M) reports, "The competition among presidential contenders for the Democratic Party's most influential donors and fundraisers grew more intense Tuesday with Sen. Barack Obama's decision to raise money to explore a 2008 race. The move by the Illinois senator comes as many of the party's top-tier fundraisers sit on the sidelines and size up the potential rivalry between Obama and New York Sen. Hillary Rodham Clinton." USA Notes, "Chicago investment banker Lou Susman, a major Democratic fundraiser, said just hours after Obama's announcement that he would work with the Illinois senator." On the GOP "side, financial backers of President Bush have started to migrate to" Arizona Sen. John McCain, whose PAC "raised more than twice the amount from Bush's 2004 donors than the PAC of a potential rival," ex-New York City Mayor Rudy Giuliani (R), according to The Arizona Republic." Meanwhile, ex-Massachusetts Gov. Mitt Romney (R) "recently raised $6.5 million in one day and has attracted several big Bush fundraisers, including Mel Sembler, former ambassador to Italy." Ex-DNC Chairman Steve Grossman said of key Democratic fundraisers eyeing the '08 presidential field: "People are playing their cards very close to their chests."

Frist Plans 2010 Gubernatorial Run In Tennessee. The Hill (1/17, Youngman) reports former Majority Leader Sen. Bill Frist (R-Tenn.) "is seriously considering a gubernatorial run in Tennessee in 2010, possibly setting up a White House bid further down the road." Sources "in Washington and Tennessee say Frist, who will turn 55 next month, is leaning heavily toward a run for the governor's office, where he could gain executive experience that might position him to try for the presidency in either 2012 or 2016." The Hill adds, "Waiting three to eight years before making a gubernatorial or presidential bid would provide Frist needed distance from his unenviable tenure as Senate majority leader, a period that culminated in the Democrats' takeover of Congress last November. Such a significant layoff would also allow Frist to distance himself from allegations of conflict of interest involving his ownership of stock in Hospital Corporation of America, a company founded by his brother and father, allegations that could have further derailed his White House hopes this year."

Speculation Grows About Elway Senate Run. The Hill (1/17, Blake) reports whether Hall-of-Fame quarterback John Elway "has the drive to score a big win for Colorado Republicans in 2008 is another matter, and it's the subject of growing speculation now that Sen. Wayne Allard (R-Colo.) is not running." Elway's office "at the Colorado Crush of the Arena Football League said yesterday that Elway 'has no intentions of running,' and observers say a 2008 Senate bid that could muddy his popular image is unlikely, though attractive to the party." But a "candidate with top name recognition and a golden image like Elway's would have a serious leg up." Former Rep. Scott McInnis (R-Colo.), "who said he will run if former Gov. Bill Owens doesn't, told the Associated Press last month that if Owens bows out, the major parties would also likely search for celebrity candidates such as Elway. He said he thought 'Elway could clear the field.'"

Samuelson Says Both Parties Failing To Make Hard Choices. In a Washington Post (1/17, A19, 690K) op-ed, Robert J. Samuelson writes that the House's vote to increase the minimum wage is "a metaphor for what ails our politics: It's mostly about gestures and giveaways; it's not about hard choices." Republicans and Democrats alike "are long on self-promotion and short on self-discipline. ... Let me engage in a fantasy. Let me assume that Democrats and Republicans actually intended to address two serious national problems: first, our huge dependence on insecure sources of foreign oil; and second, the persistent mismatch between public resources (taxes) and public obligations (spending)." On oil dependence, Samuelson proposes an energy tax, increased fuel-efficiency standards, and opening the ANWR to oil production. On the budget imbalance, Samuelson calls for a tax increase on dividends and capital

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gains, restraints on Congressional spending, and an increase in the eligibility age for Social Security and Medicare. Samuelson adds, "That something like this won't soon be proposed -- let alone passed -- speaks volumes about our politics."

Virginia Lawmaker Draws Fire For Criticism Of Slavery Apology. The Washington Post (1/17, B1, Gardner, 690K) reports, "A veteran Virginia lawmaker from suburban Richmond ignited a hot exchange in the House of Delegates on Tuesday after criticizing a proposal for the state to issue an apology for slavery and likening it to requiring Jews to apologize for 'killing Christ.'" Republican Del. Frank D. Hargrove Sr. "told lawmakers that his comments were intended only to make the point that 'not a soul in this legislature' had anything to do with slavery -- and that there is no point in dwelling on a chapter of U.S. history that all agree was repugnant." The Post adds, "Hargrove's remarks, first made in a newspaper interview on the holiday honoring civil rights leader Martin Luther King Jr., prompted a blistering censure from the 17-member Legislative Black Caucus. The Anti-Defamation League condemned Hargrove's comments about Jews." His statements "caused further consternation for Virginia Republicans, who are recovering from the defeat of U.S. Sen. George Allen last year and who are preparing for a tough election year in which all 140 General Assembly seats will come open."

TV Programs Portraying Several Conservative Women. In a USA Today op-ed (1/17, 13A), Melana Zyla Vickers, a columnist for TCSDaily.com, says, "Long neglected, often stereotyped, red-state America can see a glimpse (or two) of hope emerging on the small screen. And that's good news for all viewers. It's no exaggeration to say that conservative female characters have been rarer on prime-time TV than either space aliens or same-sex kissing." This season, "there's Harriet Hayes (Sarah Paulson), the socially conservative Christian comedienne on NBC's Studio 60 on the Sunset Strip, a drama about the making of a weekly comedy show. There's also Kitty Walker (Calista Flockhart), the Republican aide on ABC's Brothers & Sisters, a California family drama. Vague hints of the new diversity came in 2005-06, with Bree Van De Kamp (Marcia Cross) owning a gun on ABC's Desperate Housewives, the muscular if apolitical patriotism of Sidney Bristow (Jennifer Garner) on Alias, and patriotic, God-referencing dialogue from the soldiers' wives on CBS' The Unit."

Hill, North Korean Officials Meet In Germany. The AP (1/17, Lim) reports Assistant Secretary Christopher Hill and his North Korean counterpart Kim Kye Gwan will meet Wednesday in Germany for a second day of talks, South Korea's foreign minister said. Hill and Kim Kye Gwan met in Berlin "for several hours Tuesday," according to the State Department. South Korean Foreign Minister Song Min-soon told reporters the two would meet again Wednesday. Song said the "meeting should produce the groundwork for reaching agreements on measures to implement the initial steps of" an accord reached in September 2005. Hill and Kim were trying "to set the groundwork for the next round of six-party talks, to ensure those talks will be productive," State Department spokesman Tom Casey told reporters in Washington Tuesday.

AFP (1/17) notes that Hill "was reportedly in the German capital to attend a forum and the meeting was not expected." The assistant secretary is scheduled to begin visits Friday to South Korea, China and Japan to continue consultations on the six-party talks, the State Department said last week.

South Korea Denies Report It Neglected Refugees From North. In a letter to the editor of the Wall Street Journal (1/17, 2.04M), Kim Heung-soo, director of press relation at South Korea's Ministry of Foreign Affairs and Trade, writes, "In response to the article 'Defections Tweak Seoul' (Jan. 9), Evan Ramstad made a number of incorrect assertions about the South Korean government's handling of Mr. Choi Wook-Il, a South Korean citizen who recently escaped 31 years of captivity in North Korea." The article "claims the South Korean consulate in Shenyang refused to assist Mr. Choi, until public pressure forced officials to provide refuge for the 67-year-old." However, Kim says the consulate began "working to secure Mr. Choi's protection…ever since it became aware of his defection from the North."

DIA Director Says Moscow, Beijing Eyeing Space Weapons. The Washington Times (1/17, Gertz, 88K) reports, "China and Russia are developing space weapons and are among several nations working on systems to threaten U.S. satellites with lasers or missiles, says the director of the Defense Intelligence Agency." Lt. Gen. Michael Maples last week, in Senate Intelligence Committee testimony, "for the first time raised Pentagon concerns about

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secret Chinese and Russian space weapons programs." Maples "did not discuss the reported testing of a Chinese anti-satellite laser against a U.S. satellite, which triggered high-level Bush administration worries about Beijing's growing space-weapons program. ... Russia developed anti-satellite weapons during the Cold War, and U.S. officials think the Russian military is continuing work on the weapons, which include both anti-satellite missiles and ground-based lasers."

Egypt Refuses To Shutdown "Offensive" TV Station. The Christian Science Monitor (1/17, Gauch, 59K) reports Egypt's Al Zawraa television station is broadcasting "blatant anti-Americanism…24/7… Even though Iraq and the US have asked Egypt to pull the plug, the station remains on the air." While Nilesat, which broadcasts Al Zawraa, "argues that it's airing the channel for purely commercial reasons, analysts point to the political benefits for Egypt. Some say the country's reluctance to shut down the channel shows that Egypt, predominantly Sunni, may be taking a stand against what it sees as the unjust aggressiveness of Iraq's Shiite-led government and the dangers of Iran's influence there." American officials have reportedly called the station "utterly offensive," saying that closing it down is "a priority." But one Egyptian government official "reiterated Nilesat's stand that the station remains on air purely for commercial reasons."

Daniel Pearl's Father Urges US To Scrutinize Content Of Al Jazeera English. Judea Pearl, father of slain Wall Street Journal reporter Daniel Pearl, writes in the New York Times (1/17, 1.16M) that the "influential Qatari cleric Sheik Yusuf al-Qaradawi," the host of a weekly program on Al Jazeera called "Sharia and Life," uses his program "to preach his new morality" supporting suicide attacks against Israelis and American civilian in Iraq "to millions of Arabic-speaking viewers, including Hamas operatives, Al Qaeda recruits, schoolteachers and impressionable Muslim youths." However, Pearl writes, "None of this might seem to matter much to Americans except that for two months now Al Jazeera has been taking its mixture of news coverage and extremist propagandizing to our front door through an English-language station." Although he says he "wouldn't call for banning Al Jazeera English in the United States even if that were possible," Pearl says "it is important to extend a hand to the network because it can become a force for good; but it is as important for our news organizations to scrutinize its content and let its viewers know when anti-Western wishes are subverting objective truth."

Israeli General Resigns Following Criticism Of Lebanon War. The New York Times (1/17, Myre, 1.16M) reports the Israeli military's chief of staff, Lt. Gen. Dan Halutz, "submitted his resignation after facing months of fierce criticism over the military's performance in last summer's war in Lebanon," officials said early Wednesday. In a separate development, an Israeli prosecutor on Tuesday ordered a criminal investigation "to determine whether Prime Minister Ehud Olmert exercised improper influence in the privatization of the country's second-largest bank in 2005." The two developments were "the latest blows to a political and military leadership that have been tarnished by its collective handling of the Lebanon war and a number of scandals." The Israeli public has "widely blamed" General Halutz, along with Olmert and Defense Minister Amir Peretz, "for mismanaging" the war in Lebanon.

The Washington Post (1/17, A10, Wilson, 690K) says Halutz resigned "abruptly" after one of his predecessors "presented findings of an internal review that sharply criticized the military's leadership during the war with Hezbollah last summer." However, the Washington Times/AP (1/17, Teibel) notes that he has been "under pressure to step down since the end of the 34-day war."

UN's Ban Pledges To Work With US. AFP (1/17, Knox) reports President Bush and UN chief Ban Ki-moon "worked to push past any lingering US-UN ill will and vowed to work together on issues like Middle East peace and violence in Darfur." During "an hour-long meeting" Tuesday, the two also discussed "Iran, Iraq and climate change," according to UN sources. After the meeting, Ban told reporters he would push "vigorously" for UN reforms and urged the world community to give war-torn Iraq "all possible assistance." He also said the Middle East "is a source of grave concern. This deteriorating situation in Iraq and Israel needs (the) urgent attention of the international community."

On its front page, the Washington Times (1/17, A1, Curl, 88K) reports Ban also "pledged to complete much-needed reforms at the United Nations and urged all nations to make efforts to secure Iraq, saying the war-torn nation 'is the whole world's problem.'" After meeting with President Bush in the Oval Office yesterday, Ban said, "The United Nations should

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change with much more efficiency and effectiveness and mobility, and highest level of ethical standard."

The Washington Post (1/17, A13, Lynch, 690K) says Bush "welcomed Ban with a slap on the back and urged him to 'pick up the phone' and call whenever he wanted to discuss political affairs, according to U.N. sources."

Russia Placed On High Terror Alert. The AP (1/17, Gutterman) reports Russian authorities have ordered security forces "on high alert after receiving information from foreign officials pointing to the threat of a terrorist attack on public transportation," officials said Tuesday. Authorities are verifying information about the potential threat, they said. A federal anti-terrorism headquarters received information "from foreign partners...about the possibility a subversive terrorist act could be committed on ground transport and in the metro," according to a statement confirmed by a Federal Security Service official. It was "unclear what country the information about the potential threat came from," and the statement "did not say whether the threat was limited to any particular location in Russia."

The New York Times (1/17, Chivers, 1.16M) adds, "Russian intelligence officials placed the country on an unusual high alert on Tuesday night, appealing to citizens for vigilance and saying that the government had been informed by 'foreign partners' of a possible terrorist act."

Castro Seen Preparing For Transition Of Power. The AP (1/17, Shrader) reports Cuban President Fidel Castro "has been meeting with a trickle of international guests in recent months," a US government official said Tuesday. The official "declined to say with whom Castro was meeting," but the meetings, "generally with visitors from Latin America, suggest he may be setting the stage for a transition of power that he hopes will protect the government he has built over four decades." Meanwhile, last week National Intelligence Director John Negroponte said that Castro and his brother Raul "are trying to create a 'soft landing' during the transfer of control," but stressed that "from the point of the United States policy, we don't want to see that happen. We want to see the prospects for freedom in that country enhanced as a result of the transition" from Fidel Castro.

However, the Washington Times (1/17, Hirsch, 88K) reports Castro's "exit from Cuba's political scene is unlikely to spur major changes in the situation there, two House members who recently visited the country told reporters yesterday." Reps. Jim McGovern, Massachusetts Democrat, and Jo Ann Emerson, Missouri Republican, were part of a 10-member congressional delegation that visited Havana last month. McGovern insisted, "There's no indication at all that what this administration's been telling people for a long time, that there's going to be this massive uprising, is going to happen -- that's not going to happen." Both House members said that "without a shift in US policy, political changes are not likely in Cuba."

Separately, the AP (1/17, Cheng) reports the intestinal disease Castro is reportedly suffering from is "usually easy to treat -- but if complications develop in an elderly patient like the Cuban leader, it can quickly become a death sentence." The Spanish newspaper El Pais reported Tuesday that t Castro is suffering from diverticulitis, which the AP says has a mortality rate "as high as 90 percent" in the elderly.

UN Says Global AIDS Effort For Children Falls Far Short. The New York Times (1/17, Altman, 1.16M) reports, "Some countries are making progress in treating children with AIDS and preventing others from becoming infected, but the overall global response is 'tragically insufficient,' Unicef said yesterday." In a report, the UN agency found, "Children affected by AIDS are now more visible and are taken more seriously in global, regional and national forums where they had received little consideration before." Better testing to find children with HIV and "simpler formulations of the antiretroviral drugs that combat the infection have increased the number of children under treatment," Unicef said.

Scotland Consider Independence Move. The Washington Times/AP (1/17, Ben McConville) reports, "The anniversary yesterday of the Scottish Parliament's vote for the Treaty of Union is focusing attention more on the perennial discord than the ties that bind these two members of the United Kingdom of Great Britain and Northern Ireland." Polls show advocates of Scottish independence "are gaining strength in their campaign for a referendum on breaking the union." British Prime Minister Tony Blair, however, "said any attempt to split England and Scotland would be a 'crazy' idea."

Defense, State Departments Urged To Coordinate Military At Embassies. The Washington Times/UPI (1/17, Waterman) reports, "A report by Senate Republican staffers urges the departments of Defense

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and State to better coordinate the role of military personnel in US embassies and warns that a growing military presence is causing anxiety among some host governments." A report last month by the outgoing Republican majority on the Senate Foreign Relations Committee said, "Blurred lines of authority between the State Department and the Defense Department could lead to interagency turf wars that undermine the effectiveness of the overall US effort against terrorism." The report also recommends that Secretary of State Condoleezza Rice "pursue a more systemic solution" and negotiate "a global memorandum of agreement" with the new defense secretary.

WSJournal Criticizes Dodd, Delahunt's Defense Of Chavez. In an editorial, the Wall Street Journal (1/17, A18, 2.04M) writes, "We've known for some time that Hugo Chávez is a menace to the economic well-being of his own people. But the question that seems increasingly urgent is whether he's becoming a threat to US security interests -- both in the Western Hemisphere and beyond. Specifically, we'd like to know what Senator Chris Dodd and Congressman Bill Delahunt make of Mr. Chávez's weekend summit with Mahmoud Ahmadinejad." Chávez, the Journal continues, "has had American enablers who excused his growing repression, or blamed it on a reaction to US policy. Foremost among them has been Mr. Dodd," who has defended Chávez as "democratically elected" despite his "clear trend toward authoritarianism." Other politicians, such as Delahunt, "embraced and flattered Mr. Chávez for his PR stunt of offering cut-rate oil to poor Americans. Perhaps it's time these Americans paid attention to the kind of 'socialism' and 'revolution' that their support is helping Mr. Chávez to build in Venezuela."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Breathing Life Into A Faded Desert Landmark."
"No One Wants This LA Classic To End."
"Obama Raises Stakes For Democrats."
"Key Tactic In Hate-Crime Case Assailed."
"70 Killed In Baghdad University Bombings."
"Snow's A No-Show In Europe."

USA Today:
"New Scanner Gets Off On Wrong Foot; Fliers End Up Shedding Shoes Anyway."
"The Big Question About Barack Obama."
"Bush: Saddam Hanging Botched."

New York Times:
"Iraqi Death Toll Exceeded 34,000 in '06, U.N. Says."
"Botched Hangings In Iraq Speed Sectarianism."
"As Trial Begins, Cheney's Ex-Aide Is Still A Puzzle."
"Obama Starts '08 Bid, Reshaping Democratic Field."
"A City's Violence Feeds On Black-Hispanic Rivalry."
"Oil Lease Chief Knew Of Error, Report Asserts."
"Bloomberg To Propose Cutting Property Taxes."

Washington Post:
"Bombings Kill 60 At University In Baghdad."
"Race And Gender Make Democrats' Field Historic."
"Civilian Pilots Provide Target Practice."
"Lawmakers' Lobbying Spouses Avoid Hill Reforms."
"A Crowded Field."
"Obama Jumps Into Presidential Fray."

Washington Times:
"Ban Vows Reform At UN."
"Arab States Raise Doubts About al-Maliki."
"Strikes On US, Afghan Forces Up Founded."
"China Goes Global In Its Pursuit Of Gold."
"Big Handbags Can Be Pain In the Neck."

Detroit Free Press:
"Can $2 Gas Give SUV Sales A Jump?"
"His Appeal may Trump Experience."
"Witness In Detroit Club Deaths Killed."
"Dogs To get Day In Supreme Court."

Atlanta Journal-Constitution:
"Iraqi Toll In '06 Hit 34,000 UN Says."
"Winter juggernaut May Graze Georgia Tonight."
"A Hefty Raise For Gwinnett Commission."
"Fight For Airport Creates Waves In Panama City."

Houston Chronicle:
"Bombs Kill 65 Students In Baghdad."
"On Icy Inauguration Day, Perry Urges Warmer relations In State."
"2 Details ring Clear; Baby Safe, Unharmed."
"BP Flaws Unattended For Years, Report Says."
"Ice May Slow Commutes Today."

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Story Lineup From Last Night's Network News:

ABC: Iraq Sectarian Violence; 4 US Soldiers Die; Sen. Barack Obama Presidential Bid; Obama Presidential Bid-Analysis; Women Of The Senate; Oil Prices; Stock Market; Train Derailment-Kentucky; Castro's Health; Women Living Single; Severe Winter Weather-Aftermath; Kidnapped Children Found-Missouri; Katrina Baby Born; Bennie Parsons Obit; Family 360.

CBS: Iraq Sectarian Violence; Iraq-Death Toll; New Iraq Strategy; Sen. Obama's Exploratory Committee; Oil Prices; Libby Trial; US Attack Taliban; Train Derailment; Severe Winter Weather Aftermath; Dietary Supplements; Women Living Single.

NBC: Iraq Sectarian Violence; Secretary Rice Visits Kuwait; Sen. Obama's Exploratory Committee; Tom Tancredo Exploratory Committee; Libby Trial; Libby Trial; Severe Winter Weather Aftermath; Train Derailment; Stock Market; Ford Honored; Home Insurance Crisis-Florida; Toyota VS US Auto Makers; Bennie Parsons Obit; Women Living Alone.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Iraq Violence; Bush-PBS Newshour Interview On Iraq; Obama, Tancredo Forming Presidential Exploratory Committees; TX-Freezing Rain; Northeast U.S.-Cold Temperatures; Wall Street; Libby Trial; Donald Trump-Hollywood Walk Of Fame Star.

CBS: CA-Cold Temperatures, Gov. Schwarzenegger Wants State Declared A Federal Disaster Area; Northeast U.S.-Cold Temperatures; House-Student Loan Bill; Obama Forming Presidential Exploratory Committee; Oil Prices; VA-Flap Over Lawmaker's Dismissal Of Slavery Apology Resolution; Orlando-Shoe Scanner Experiencing Problems.

NPR: TX-Freezing Rain; CA-Cold Temperatures Wiping Out Citrus Products; Head Of Israel's Military Resigns Amid Investigations Into Handling Of Last Year's War In Lebanon; Iraq Violence; Tokyo Stock Exchange; Safety Report On North American BP Refineries; Obama Forming Presidential Exploratory Committee; Senate-Disclosure Bill.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Visits National Institutes of Health labs, Bethesda; participates in roundtable on advances in cancer prevention, NIH, Bethesda.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in Conference on Missing and Exploited Children. Elysee Palace, Paris.

US Senate: 9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on the conservation security program and environmental quality incentives. Arlen Lancaster, chief, Natural Resources Conservation Service; Lisa Shames, GAO; Craig Cox, Soil and Water Conservation Society; Kathleen Merrigan, Friedman School of Nutrition and Science and Policy; Duane Hovorka, National Wildlife Federation; James Ham, Georgia Association of Conservation District Supervisors. Location: Room 328A, Russell.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on regional diplomatic strategy, regarding Iraq. Vali Nasr, Council on Foreign Relations; Richard Haass, Council on Foreign Relations; Dennis Ross, Washington Institute for Near East Policy. Location: Room 216, Hart.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on aviation security and the 9/11 Commission recommendations. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Organizational business and a markup of legislation for tax relief for small business. Location: Room 215, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Hearing on ``Paying Off Generics to Prevent Competititon with Brand Name Drugs: Should it be Prohibited?" FTC Commissioner John Lebowitz; Billy Tauzin, PhRMA; Merril Hirsh, RFoss, Dixon and Bell; Bruce Downey, Barr Pharmaceuticals; Michael Wroblewski, Consumers Union. Location: Room 226, Dirksen.

2:30 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. Hearing on DoD contracting for services and inter-agency contracting. Acting DoD Inspector General Thomas Gimble; Katherine Schinasi, GAO.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Iraq's regional neighbors and their impact on the war. Location: Room 219, Hart.

US House: 10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on 2008 appropriations concerning

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Army and Marine Corps readiness. Closed. Location: Room H-140, Capitol.

10 a.m. ARMED SERVICES _ Full Clmmittee. Hearing on Iraq. Location: Room 2118, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iraq policy. Former Secretary of State Madelaine Albright. Location: Room 2172, Rayburn.

10:30 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Organizational meeting. Location: Room 2167, Rayburn.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Army and Marine Corps operations and equipment reconstitution. Closed. Location: Room H-140, Capitol.

2 p.m. WAYS AND MEANS _ Full Committee. Organizational meeting. Location: Room 1100, Longworth.

Other: FEINGOLD-SOMALIA _ 8:30 a.m. Sen. Russ Feingold discusses the situation in Somalia, sponsored by the Center for Strategic and International Relations. Location: CSIS, 1800 K St. NW.

IRAQ-CIVILITY _ 8:30 a.m. The Center for the Study of the Presidency holds a news conference to urge greater civility and bipartisianship in discussing Iraq and other issues. Location: National Press Club.

TORTURE PROTESTERS _ 8:30 a.m. News conference by 16 people preceding their federal court trial for attempting to present to the White House a statement opposing the Military Commissions Act of 2006. Location: In front of the federal courthouse, 3rd St. and Constitution Ave. NW.

WHITE COLLAR CRIME _ 9 a.m. - 10:15 a.m. The Washington Legal Foundation hosts a media briefing to focus on recent changes to federal white collar enforcement guidelines and assess whether the revised policies will adequately protect the civil liberties of businesses and their employees. The conversation, led by former Attorney General Dick Thornburgh, will discuss the ``McNulty Memo and whether it addresses concerns voiced over how the Justice Department approaches issues such as waiver of the attorney-client privilege and companies coverage of employees legal fees. In addition to Thornburgh, participants are Roscoe C. Howard Jr., partner, Troutman Sanders LLP, and former U.S. Attorney, District of Columbia; and Stephanie Martz, director, White Collar Crime Project, National Association of Criminal Defense Lawyers. Location: 2009 Massachusetts Ave. NW.

BATTLEGROUND POLL _ 9:30 a.m. Release of the George Washington University Battleground Poll on Iraq, Bush, and 2008 presidential hopefuls, with pollsters Celinda Lake and Ed Goeas. Location: National Press Club.

CLIMATE CHANGE-CONGRESS _ 9:30 a.m. Environmental Defense holds a breakfast news briefing on ``Climate Change and the New Congress." Briefers are: Steve Cochran, Environmental Defense director, National Climate Campaign; and Dr. Bill Chameides, climate scientist, Environmental Defense member; National Academy of Sciences; and fellow, American Geophysical Union. Location: National Press Club, Murrow Room.

ENERGY _ 9:30 a.m. The Institute for Energy Research (IER), a non-profit Houston-based research foundation, hosts a host a breakfast briefing to examine the effectiveness of proposed energy and discuss the effect they will have on U.S. consumers. Location: The Hotel George- Leaders Room C, 15 E St. NW.

FCC AGENDA _ 9:30 a.m. The Federal Communications Commission holds an open meeting to focus on presentations by senior agency officials regarding implementations of the agency's strategic plan and a comprehensive review of FCC policies and procedures. Location: FCC, Room TW-C305, 445 12th St. SW.

FUNDAMENTALISTS-ENVIRONMENT _ 9:30 a.m. Leading scientists and evangelicals hold a news conference to release a joint statement calling attention to their concerns about the environment and global warming. Location: National Press Club.

OBERSTAR-TRANSPORTATION _ 9:30 a.m. Rep. James L. Oberstar, D-Minn., chairman of the House Transportation and Infrastructure Committee, holds a news conference to introduce subcommittee chairs and discuss the agenda for the 110th Congress. Location: Room 2253, Rayburn House Office Building.

GONZALES-JUDICIAL SELECTION _ 10 a.m. The American Enterprise Institute (AEI) hosts an address by U.S. Attoney General Alberto Gonzales, ``Democracy and the Third Branch," in which he will discuss judicial philosophy and the judicial selection process. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

HEALTH CARE REFORM _ 10 a.m. Sens. Jeff Bingaman, D-N.M., and George Voinovich, R-Ohio; join Reps. Tammy Baldwin, D-Wis., Tom Price, R-Ga., and John Tierney, D-Mass., hold a press conference to introduce their

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bipartisan health care reform bills. Location: Senate TV Gallery, Room S-325, Capitol.

IRAQ REFUGEES _ 10 a.m. Sen. Edward M. Kennedy and United Nations Secretary-General Ban Ki-moon hold a brief media availability following their meeting on the Iraqi refugee crisis and the future of sectarian violence in Iraq. Location: Room S-330, Capitol.

REPUBLICANS _ 10 a.m. House Republican leadership holds a news conference immediately following the House GOP Conference meeting at 9 a.m. Location: Cannon Caucus Room stakeout position.

UNINSURED-HEALTH CARE _ 10 a.m. Sens. Jeff Bingaman, George Voinovich, Reps. Tammy Baldwin, Tom Price and John Tierney introduce a bill to provide health care for the uninsured. Location: Senate Radio-TV Gallery.

ELECTRICITY LEGISLATION _ 10:30 a.m. Six major electricity sector companies hold a press briefing to announce their endorsement of legislation sponsored by Sens. Dianne Feinstein, D-Calif., and Tom Carper, D-Del., to establish a national program to reduce greenhouse gas emissions from the electricity sector. Peter Darbee, CEO, PG&E Corporation; Bob May, CEO, Calpine; Michael Wilson, Vice President of Government Affairs, Florida Power & Light; Michael Bradley, Executive Director, Clean Energy Group. Location: oom 301, Russell Senate Office Building.

STATE DEPARTMENT-IRAQ _ 10:30 a.m. There will be a Digital Video Conference by Baghdad Provisonal Regional Team (PRT) Leader Joseph P. Gregoire and Deputy Team Leader Lt. Col. Robert Ruch. They will begin with an overview of PRT activities to date, discuss capacity building in terms of governance, as well as the economic situation and microfinance for reconstruction. Location: Room 2208, State Department.

ENERGY INDEPENDENCE _ 11:30 a.m. House Resources Committee Chairman Nick Rahall joins Congressmen Ed Markey, Jim McDermott, Mark Udall and Jerry McNerny hold a press conference to discuss making America energy independent. Location: Room HC-8, Capitol.

OIL-TAXES _ 11:30 a.m. Public citizen holds a telephone press conference to release a report that calls on Congress to revoke what the group calls a multimillion-dollar boondoggle when lawmakers consider the repeal of other oil industry subsidies and tax breaks on Thursday. Public Citizen says American taxpayers soon will soon begin doling out about $400 million - and possibly more than a billion dollars - over 10 years to a research consortium that includes oil companies due to a provision included in the 2005 energy bill. Participants are: Joan Claybrook, president, Public Citizen; Laura MacCleery, director, Public Citizen's Congress Watch division; and John O'Donnell, senior researcher, Public Citizen's Congress Watch division. Contacts: Rachel Pleatman, 202-588-7742. Notes: Call-in: To access the press conference, call 1-800-377-8846 and enter passcode 36707396.

CLIMATE CHANGE _ 12 p.m. Climate change experts hold a telephone briefing to discuss the preparation of the upcoming Intergovernmental Panel on Climate Change report, its significance and the scientific consensus behind global warming. Notes: 2nd teleconference at 2 p.m. Callin number: 800-311-9408; passcode IPCC.

CLIMATE CHANGE-ENERGY _ 12 p.m. Elliot Morley MP, president of GLOBE International, and UK prime ministers, hold a news briefing on the objectives and specific press arrangements of the February Forum on Climate Change and Energy Security to be held February 14-15, 2007. Location: National Press Club, Lisagor Room.

FOREIGN-US COURTS _ 12 p.m. - 2 p.m. The American Society of International Law, in conjunction with the Washington Foreign Law Society, hosts a luncheon talk on the use of foreign and international law in U.S. courts by Dr. Rubens Medina, Law Librarian, Director of Legal Research, and Director of the Global Legal Information Network at the Law Library of Congress. Location: The American Society of International Law, 2223 Massachusetts Ave. NW.

ARLINGTON BURIAL _ 1 p.m. Burial for Army SPC Eric T. Caldwell of Salisbury, Md., willl be at Arlington National Cemetery. Location: Arlington National Cemetery.

TRANSPORTATION-REVENUE _ 1:15 p.m. Transportation Secretary Peters convenes the meeting of the National Surface Transportation Policy and Revenue Study Commission. Location: Room 2230, DOT, 400 7th St. SW.

ENERGY INDUSTRY _ 2 p.m. The US Energy Association holds a discussion on the 3rd annual State of the Energy Industry. Location: National Press Club.

IRAQ _ 2 p.m. Rep. Lynn Woolsey holds a news conference on new Iraq legislation. Location: House Radio-TV Gallery.

MILITARY-SIZE _ 2 p.m. The American Enterprise Institute holds a discussion with scholars Gary Schmitt and Thomas Donnelly about the size of the US military and its resources. Location: 12th floor, AEI, 1150 17th St. NW.

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PROGRESSIVES-IRAQ _ 2 p.m. Reps. Lynn Woolsey, D-Calif., Barbara Lee, D-Calif., co-chairs of the Congressional Progressive Caucus, and Congresswoman Maxine Waters, chair and co-founder of the Out of Iraq Caucus, hold a press conference to introduce The Bring the Troops Home and Iraq Sovereignty Restoration Act, new legislation, which would force President Bush to withdraw all US forces, currently in Iraq, within 6-months. Location: House Radio/TV Gallery.

CONGRESS-TROOPS VISIT _ 3 p.m. Sens. Evan Bayh, D-Ind., and Hillary Rodham Clinton, D-N.Y., and Rep. John M. McHugh, R-N.Y., will hold a press conference to discuss their Congressional Delegation visit to U.S. Forces serving in the Central Command Area of Responsibility, including Iraq. Location: Senate Radio/TV Gallery.

HOUSE-SCHOOL LOANS _ 3 p.m. Congressional leaders and students hold a press conference after the House votes on legislation to cut interest rates on federal need-based student loans in half over five years. Location: Room 2261, Rayburn House Office Building.

STUDENT LOANS _ 3 p.m. Rep. George Miller holds a news conference on new student loan legislation. Location: House Radio-TV Gallery.

COUNTERTERRORISM _ 4 p.m. The International Center for Terrorism Studies at the Potomac Institute for Policy Studies, the Inter-University Center for Terrorism Studies, and the Homeland Security Policy Institute at The George Washington University hold a forum, ``Counterterrorism Strategy for the 21st Century," with featured speaker, Henry Crumpton, Coordinator for Counterterrorism, State Department. Location: National Press Club.

GUANTANAMO DETAINEE _ 6:30 p.m. - 8:30 p.m. Georgetown University Law Center hosts ``Face to Face with a Guantanamo Detainee," a videoconference with former Guantanamo detainee, Moazzam Begg, followed with remarks by Gitanjali Gutierrez, attorney, Guantanamo Global Justice Initiative, Center for Constitutional Rights. Location: Georgetown University Law Center, Hart Auditorium, McDonough Hall, 600 New Jersey Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 17, 2007 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

In Prepared Remarks, Gonzales Criticizes Judges For Terror Rulings. The AP (1/17, Jordan) reports, "Attorney General Alberto Gonzales says federal judges are unqualified to make rulings affecting national security policy, ramping up his criticism of how they handle terrorism cases." The AP continues, "In remarks prepared for delivery Wednesday, Gonzales says judges generally should defer to the will of the president and Congress when deciding national security cases. He also raps jurists who 'apply an activist philosophy that stretches the law to suit policy preferences.' … The text of the speech, scheduled for delivery at the American Enterprise Institute, was obtained Tuesday by The Associated Press. It outlines, in part, what qualities the Bush administration looks for when selecting candidates for the federal bench. … 'We want to determine whether he understands the inherent limits that make an unelected judiciary inferior to Congress or the president in making policy judgments,' Gonzales says in the prepared speech. 'That, for example, a judge will never be in the best position to know what is in the national security interests of our country.'" The AP adds, "Gonzales did not cite any specific activist jurists, or give examples of national security cases, in his prepared text. The Justice Department is appealing an August decision by U.S. District Judge Anna Diggs Taylor in Detroit, who ruled the government's warrantless surveillance program unconstitutional and ordered it stopped immediately. … The Justice Department appealed her decision and the 6th U.S. Circuit Court of Appeals in Cincinnati has ruled that the administration can keep the program in place during the appeal."

Gonzales Says Legal Challenges Are Cause Of Guantanamo Trial Delays. The AP (1/17, Jordan) reports, "Trials for detainees at Guantanamo Bay have been delayed because of numerous challenges by their own lawyers, Attorney General Alberto Gonzales said Tuesday in defending the Bush administration's treatment of terror suspects. … A leading human rights attorney called the attorney general's comments 'a convoluted view of the world.'" The AP continues, "Gonzales, meeting with Associated Press reporters and editors, said the trials of terror detainees may begin as early as this summer, and that rules for military commissions in carrying them out will be sent to Capitol Hill this week. … But he acknowledged the delays, of up to five years in some cases, in deciding the legal fate of detainees being held at the military facility in Cuba. … 'It's not for lack of trying,' Gonzales said. 'We are challenged every step of the way.' … 'A lot will depend on the courts and the legal challenges brought by detainees at Guantanamo,' he said. 'But we are trying as hard as we can to bring these individuals to justice.'" The AP adds, "Michael Ratner, president of the Center for Constitutional Rights, called Gonzales' remarks 'a convoluted view of the world.' … 'We've been trying for five years to get the majority of the detainees in federal court,' Ratner said. 'They've resisted from the first day, when they took people to Guantanamo.' … The Guantanamo issue was one of several topics during the hourlong AP interview that had Gonzales on the defensive over Bush administration policies criticized by Democrats and civil libertarians as overstepping legal boundaries. … Others included: … Little-known but recently revealed powers authorizing the Pentagon to examine banking records of Americans suspected of terrorism or espionage. Congress authorized such investigations decades ago, and recently affirmed them in the USA Patriot Act, but some lawmakers question whether it is an improper expansion of the Defense Department's domestic role. … 'If Congress gives them the authority, I think they probably ought to be exercising that authority in connection with national security investigations,' Gonzales said." The AP (1/17) distributes excerpts of the interview with Attorney General Gonzales.

FNC On the Record with Greta Van Susteren (1/16, 10:38 p.m.) broadcasted, "Alberto Gonzales blamed delays on attorneys, 'We are challenged every step of the way.' Military officials saying 60 to 80 detainees will be charged and brought to trial. Gonzales says the trials May start sometime this summer."

Stimson Apologizes For Gitmo Remarks. The Washington Post (1/17, White, 690K) reports that deputy assistant secretary for detainee affairs Cully Stimson, "who criticized large U.S. law firms for representing terrorism suspects at the U.S. detention facility at Guantanamo Bay, Cuba, has apologized for his comments, saying that his discussion on a local radio program does not reflect his 'core beliefs.'" Stimson's letter to the editor appears in the Washington Post (1/17, 690K).

Law Deans Blast Stimson's Remarks. The New York Sun (1/17, Gerstein) reports, "More than 130 deans of American law schools have signed a letter deploring a Pentagon official's statement criticizing major law firms for representing detainees at Guantanamo Bay." The Sun continues, "The law deans wrote that they were 'appalled' by an interview last week in which the Pentagon's point man on detainee affairs, Charles Stimson, said corporations should be disturbed by the law firms' pro bono work for detainees and might want to reconsider sending business to the firms involved. … 'We find Secretary Stimson's statement to be contrary to basic tenets of American law,' the deans wrote.

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'Our American legal tradition has honored lawyers who, despite their personal beliefs, have zealously represented mass murderers, suspected terrorists, and Nazi marchers…. In a free and democratic society, government officials should not encourage intimidation of or retaliation against lawyers who are fulfilling their pro bono obligations.'" The Sun adds, "A Pentagon spokesman said Friday that Mr. Stimson's views were not shared by the department's leadership. The letter asks the administration to repudiate the statement. … The missive was circulated by the dean of Yale Law School, Harold Hongju Koh, and the dean of Northeastern University's law school, Emily Spieler. The signers include the deans of law schools at Columbia, Fordham, New York University, and New York Law School."

Stimson Criticized For Comments On Detainee Representation. In an op-ed for Washingtonpost.com (1/17), CBS News legal analyst Andrew Cohen writes, "Here is how our executive branch last week waged its legal war on terrorism against the detainees at Guantanamo Bay, Cuba. While federal lawyers and intelligence officials earnestly prepared behind the scenes to put on trial some of the major terror suspects, a skuzzy Pentagon lawyer was front and center on the radio attacking the motives and integrity and even the patriotism of detainee defense attorneys and the law firms that support them." Cohen continues, "If there is nothing surprising about a group of prosecutors preparing for trial…it is…downright shocking that a government attorney would denigrate the work of attorneys and their colleagues who have chosen to help men who sometimes quite literally have no one else on their side. The malfeasant culprit is a man named Charles 'Cully' Stimson, deputy assistant secretary of defense for detainee affairs, and there is simply no excuse for the tone or the tenor of the remarks he made Thursday on Federal News Radio." Cohen adds, "What Stimson said, and why, and how, constitutes conduct unbecoming a member of government and a member of the bar. One hand may be acting aggressively, if not mercifully and justly, toward prosecuting suspected terrorists. But the other hand, Stimson's hand, is undercutting the very principles we fight for. This is how our government waged the legal war on terror in our name last week."

The Boston Herald (1/17) editorializes, "Well, it's official now: Deputy Assistant Secretary of Defense for Detainee Affairs Charles 'Cully' Stimson has made himself a household name virtually overnight with a comment that is beyond idiotic. … Interviewed by Federal News Radio on the fifth anniversary of the opening of the Guantanamo Bay prison, Stimson said, 'It's shocking . . . The major law firms in this country . . . are out there representing detainees.' … Then the former Navy lawyer went so far as to suggest a boycott of those firms, noting, 'when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms.'" The Herald adds, "A Pentagon spokesman has already distanced the Defense Department from Stimson's comments. And Attorney General Alberto Gonzales told The New York Times [NYT], 'Good lawyers representing the detainees is the best way to ensure that justice is done in these cases.' … Anyone clueless about that concept ought to be out the door."

DOJ Letter Details Problems With Prosecuting Detainee Abuse. The New York Times (1/17, Johnston) reports, "A Justice Department team responsible for reviewing accusations of abuse of detainees by civilian government employees in Iraq and Afghanistan has encountered 'delays' and 'unique difficulties,' the department said in a letter on Tuesday." The Times continues, "The letter, to Senator Patrick J. Leahy, Democrat of Vermont, said prosecutors found that some accusations were not credible. Some victims could not be identified, it said, and a few had been released from custody and could not be found. … In one case, two lawyers were prepared to travel to an unidentified Middle Eastern country to interview people who say they had been abused, but canceled the trip because the country's officials refused to allow the prosecutors to meet with them. .. 'As with an American suspected of a crime, those Americans who are the subject of the referrals are innocent until proven guilty,' the letter said. 'When career prosecutors conclude that we cannot prove allegations of a crime beyond a reasonable doubt, the department — consistent with its longstanding practices and policies — will not prosecute.'" The Times adds, "The Justice Department provided the report in response to questions posed by Senator Richard J. Durbin, Democrat of Illinois, who in a letter on Dec. 18 asked government lawyers for a progress report. Democrats have expressed skepticism about the department's inability to bring cases to trial. … The letter described the reasons no charges would be brought in most of the cases, saying, 'All were declined for insufficient evidence to warrant criminal prosecution for one or more of the following reasons: insufficient evidence of criminal conduct; insufficient evidence of the subject's involvement; insufficient evidence of criminal intent; low probability of conviction.' … A government lawyer who worked on some of the cases said Tuesday that the problems made prosecutions unlikely in nearly all of the 21 abuse accusations the team reviewed. … But the official, who did not want to speak on the record about pending investigations, said prosecutors had tried hard to assemble cases."

9th Circuit Tosses Ressam Sentence. The AP (1/17, Kravets) reports, "A federal appeals court on Tuesday threw out the sentence of a man who was convicted of plotting to bomb Los Angeles International Airport at the turn

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of the millennium." The AP continues, "Ahmed Ressam was arrested near the U.S.-Canadian border in December 1999 after customs agents found 124 pounds of explosives in the trunk of his car. … Prosecutors said he was intent on bombing the airport on the eve of the millennium. The arrest raised fears of terrorism attacks and prompted the cancellation of millennium celebrations at Seattle's Space Needle." The AP adds, "Ressam was sentenced to 22 years in prison after being convicted off all nine charges. On Tuesday, the 9th U.S. Circuit Court of Appeals in San Francisco reversed his conviction on one of the charges and sent the case back to a lower court to issue a new sentence and explain the rationale behind the 22-year term. No new sentencing date was immediately set. … The decision does not necessarily mean Ressam will get a shorter term. Judges are given wide latitude to sentence defendants as they see fit. … Defense attorney Thomas Hillier II said the reversal might not reduce his client's sentence but 'helps in fending off the government's argument that the original sentence was too lenient.' … Emily Langlie, spokesman for U.S. attorney John McKay in Seattle, said the government was mulling whether to ask the 9th Circuit to rehear the case with 15 judges. They maintain Ressam should get a 35-year term."

The Los Angeles Times (1/17, Weinstein) reports, "U.S. 9th Circuit Judge Pamela Ann Rymer, writing for the majority, referred to the fact that the U.S. Supreme Court and the 9th Circuit are considering cases that are expected to have a significant impact on federal sentencing law. … Consequently, District Judge John C. Coughenour will have to wait for those decisions, said Thomas W. Hillier II, the federal public defender in Seattle, who is representing Ressam." The Times notes, "Ressam left his native Algeria for France in 1992 and two years later fled to Canada after being arrested on an immigration violation. While in Montreal in 1998, Ressam met an Al Qaeda operative who recruited him for a training camp in Afghanistan. According to Tuesday's ruling, Ressam spent six months at a training camp, learning how to fire a rocket-propelled grenade launcher and make explosive charges, and 'how to destroy infrastructure targets, such as power plants, military installations, railroads and airports,' Rymer wrote. … Later, Ressam went to a second camp near Jalalabad, where he and others "hatched the plot to target a U.S. airport to coincide with the millennium," the judge added. .. .In December 1999, Ressam left British Columbia in a rented Chrysler loaded with explosives, electronic timing devices, detonators, fertilizer and aluminum sulfate. After he crossed by ferry to Port Angeles, Wash., an alert customs inspector, Diana Dean, noticed that he was agitated and asked other agents to search his car. … They found component parts of a bomb hidden in the trunk's tire well. Ressam was arrested and indicted. The case was transferred to Los Angeles because of heavy pretrial publicity in the Northwest."

Bloomberg (1/17, Gullo) reports, "The U.S. Court of Appeals in San Francisco said today the sentence should be recalculated in part because the court overturned one of Ressam's convictions, for carrying an explosive during the commission of a felony. The charge carried a 10-year minimum sentence under federal guidelines. … 'We vacate the entire sentence so that the district court can resentence in light of this decision and developments in the law of sentencing,' the court said in its ruling." Bloomberg adds, "The U.S. Justice Department had sought a tougher sentence for Ressam after he stopped cooperating with investigators. The 9th Circuit declined to address the government's appeal because of its reversal of one of his convictions. … 'We are studying the ruling to determine whether or not to seek an appeal,' said Dean Boyd, a Justice Department spokesman in Washington."

Author Of Controversial Terror Memo Takes Podium At U Of Minnesota Law School. The St. Paul Pioneer-Press (1/17, Tosto) reports, "It may be the most anxiously awaited constitutional law class ever at the University of Minnesota. … At the podium Tuesday will stand Robert Delahunty. A recognized scholar and U.S. Justice Department veteran, he is better known as co-author of one of the most controversial legal opinions in the nation's war on terrorism. … His one-term appointment to the U triggered waves of praise — and scorn — from students and faculty in the fall." The Pioneer-Press continues, "While he's kept a low profile, supporters and detractors continue to slug it out in letters and on the Web. The latest volley came two weeks ago, when eight of Delahunty's former Justice Department bosses wrote to praise him — and to scold U professors for deriding his hiring as being akin to the U paying Enron executives to teach accounting." The Pioneer-Press adds, "Written while Delahunty was a Justice attorney, the 2002 memo concluded al-Qaida and Taliban prisoners were not protected by international treaties or federal law. … Critics charged the memo paved the way for the Bush administration to mistreat prisoners and ignore the Geneva Conventions. Amnesty International has called for Delahunty and other attorneys to be investigated for failing to meet professional standards in advising the president — accusations his supporters ridicule. … Delahunty joined the University of St. Thomas Law School faculty in 2004. The St. Thomas law dean defended Delahunty then, noting his "long and distinguished career" working for several presidents, including Bill Clinton. … He fell out of the public eye until last fall, when the U began looking to fill a constitutional law teaching slot after a professor took an unexpected leave."

Trial Of Would-Be London Subway Bombers Underway. The Washington Post (1/17, A10, Sullivan,

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Adam, 690K) reports on the trial of six British Muslims for their role in the failed subway and bus bombing attempts on July 21, 2005. The "grainy security video showed a London subway car crowded with midday riders, a man with a backpack among them. He looked around, then turned his back toward a woman with a child in a stroller. Suddenly, a large puff of dust shot out of his pack, and panic erupted among the other passengers." British prosecutors said the man "was Ramzi Mohammed, 25, one of six men on trial for conspiracy to murder commuters that day, July 21, 2005. The dust, they said, was residue from a bomb hidden in his backpack. Its detonator fired and caused the puff of dust, prosecutors said, but the shrapnel-laced main charge failed to explode." Prosecutor Nigel Sweeney "told jurors that three other bombs carried onto subway trains and a bus that day also failed to explode, preventing a repeat of a nearly identical attack two weeks earlier, July 7, that had killed 52 commuters and wounded about 700 others." With the "four July 7 bombers dead, the six July 21 defendants are the first people to face trial on charges relating to a pair of incidents that were the first major Islamic extremist attacks on British soil and created chaos in one of the world's biggest cities."

FBI Assisting In US Embassy Attack Investigation. The AP (1/17, Paphitis) reports FBI agents are "helping investigate last week's rocket-propelled grenade attack on the US Embassy" in Athens, "trying to enhance security camera footage," Ambassador Charles Ries said Tuesday. FBI experts "flew in over the weekend and were working on the security footage," according to the ambassador. The video footage "shows the missile streaking across the street and into the embassy," he told state NET television, noting that "It was dark, it's not as good as we want. We're bringing in some experts to see what they can do in terms of looking at the files, ways to enhance it."

HOMELAND RESPONSE:

Treasury Says Counterterror Data Collection Program Will Have To Wait. The Washington Post (1/17, D1, Nakashima, 690K) reports the Treasury Department reported to Congress yesterday that the Cross-Border Electronic Funds Transfer Program, which would "give counterterrorism analysts routine access to as many as 500 million cross-border financial transactions a year, could not be implemented until 2010. The department had hoped to implement it by the end of this year. … In a report to Congress to be released today, the Treasury Department concluded that the program was technologically feasible and has value, but said it needs to determine whether the counterterrorism benefit outweighs banks' costs of compliance and to address privacy concerns. The program is opposed by bankers, who view it as burdensome and invasive."

ACLU To Release Pentagon Memo Showing Protestors In Talon Database. The Washington Post (1/17, A8, Pincus, 690K) reports, "A Defense Department database devoted to gathering information on potential threats to military facilities and personnel, known as Talon, had 13,000 entries as of a year ago -- including 2,821 reports involving American citizens, according to an internal Pentagon memo to be released today by the American Civil Liberties Union. The Pentagon memo says an examination of the system led to the deletion of 1,131 reports involving Americans, 186 of which dealt with 'anti-military protests or demonstrations in the US.'" The memo "said that the deleted reports did not meet a 2003 Defense Department requirement that they have some foreign terrorist connection or relate to what was believed to be 'a force protection threat.'" The Post adds that the 1,131 deleted reports "far exceeds the estimate provided to The Washington Post just over a year ago by senior officials of Counterintelligence Field Activity (CIFA), the Defense Department agency that manages the Talon program."

Nighttime Drills Over Washington Test Air Defense. In a front page article, the Washington Post (1/17, A1, Sheridan, 690K) reports on a group of Civil Air Patrol pilots "who pose as nighttime intruders, penetrating restricted airspace over Washington in drills that take place every few weeks. While area residents slumber, the volunteers allow the US military to practice intercepting them -- or worse." Though many details of the "Falcon Virgo" exercises are kept secret, "this much is known: The exercises test Washington's air-defense radar system and the aircraft that might have to confront an intruder. Those include the Air Force jets that fly continuously over the capital, planes that scramble from Andrews Air Force base and Coast Guard helicopters. Participants include officials up the chain of command who must decide whether to intercept or shoot down an aircraft."

Half Of Passengers Using ShoeScanner Forced To Remove Shoes. USA Today (1/17, 1A, Frank, 2.27M) reports approximately half of the Registered Traveler customers screened by "Orlando International Airport first-in-the-nation ShoeScanner" yesterday "underwent the very hassle the machines were designed to ease — putting shoes through checkpoint X-rays — because the ShoeScanner detected metal in their shoes. … Steven Brill, whose Manhattan company, Verified Identity Pass, operates the ShoeScanners, said 52% of hundreds of passengers using the machine Tuesday morning had to remove shoes." General Electric's GE Security, which makes the

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ShoeScanner, "is trying to upgrade the machine so it can allow passengers to wear shoes that contain harmless metal. For now, TSA spokesman Christopher White said, if the ShoeScanner senses any explosives or metal, 'it's going to require additional scrutiny.'"

Meanwhile, USA Today (1/17, 2A, Frank, 2.27M) described Tuesday's opening of a Registered Traveler terminal in New York's John F. Kennedy International Airport, the first outside Orlando International Airport, as "a small but dramatic step" for the program. "Indianapolis International Airport plans to start a Registered Traveler program Thursday. Airports in San Jose, Calif., and Cincinnati are scheduled to join next week, said Steven Brill, whose Manhattan company, Verified Identity Pass, will manage the programs. Other airports are likely to follow when they see Registered Traveler grow, Brill said." USA Today adds, "Some Orlando passengers said Tuesday that being able to keep their shoes on while passing through security was a step forward."

NYTimes Sees Wider Uses For Registered Traveler Technology. Under the headline "Keep Your Shoes On, For A Price," the New York Times (1/17, 1.16M) editorializes, "Of all the hassles at the airport in this age of heightened security, perhaps the most annoying is the requirement to take off your shoes to send them through the X-ray screener. That burden will be lifted at some airports shortly — for those willing to pay about $100 a year for the privilege." The Times says the ShoeScanner "is the first important new technology to emerge from the for-profit registered traveler programs." Advances like this "could become the major contribution" of the programs, "which otherwise simply offer those willing to pay an annual fee a designated fast lane to a set of the airport's standard metal detectors and X-ray scanners. … Someday these technologies may trickle down to us all, and the registered traveler companies will have to keep finding new devices to stay ahead."

Discrimination Seen In Denial Of Flight For Muslims Returning From Hajj. The Washington Times (1/17, Hudson, 88K) reports the Council on American-Islamic Relations "is calling for an investigation to determine why 40 Muslims were not allowed to board a flight from Germany to Detroit after their pilgrimage to Mecca, Saudi Arabia. Northwest Airlines officials said the passengers arrived too late to catch the flight, but some of the Muslims, appearing at a press conference yesterday" with CAIR "called it religious discrimination. … Imam Sayed Hassan Al-Qazwini of the Islamic Center of America in Dearborn, Mich., told reporters that the travelers, who included two imams, were stranded and left on their own to find flights home." However, Northwest Airlines spokesman Dean Breest "said those who arrived at the gate in time with boarding passes were allowed onto the plane, and that those who could not be accommodated were rescheduled for other flights."

CIFA May Have Broken Law. USA Today (1/17, Kelley, 2.27M) reports, "A Pentagon domestic intelligence agency overpaid and might have broken the law in awarding a $100 million contract to lease office space, federal investigators say. The Pentagon's Counterintelligence Field Activity (CIFA) awarded the no-bid deal in 2003 to TKC Communications. ... Internal watchdogs at the Pentagon and Interior Department, as well as Congress' Government Accountability Office, began questioning the contract last year. Still, federal contracting records show CIFA has paid TKC more than $11 million since Pentagon auditors raised their concerns in May, including more than $6 million in late November." The investigations come "as CIFA faces criticism over its surveillance tactics. Created in 2002, the agency oversees investigations and efforts to block terrorism or espionage against military bases or personnel in the USA. The agency has issued hundreds of 'national security letters' to obtain the banking records of suspects, a practice The New York Times revealed this weekend."

WAR NEWS:

Bush Says Previous Iraq Policies Were Leading To "Slow Failure." The Washington Post (1/17, A14, Abramowitz, 690K) reports, "President Bush said that his Iraq policy was headed to 'a slow failure' until he changed course last week with the announcement that he was sending more than 21,000 additional U.S. troops to bolster flagging security in Baghdad. The comment, perhaps the president's frankest admission that the previous strategy was not working, came during an interview yesterday with Jim Lehrer of PBS's 'NewsHour,' in which Bush detailed some of his decision-making regarding Iraq." Bush said, "I had a choice to make. Do what we're doing -- and one could define that maybe a slow failure. Secondly, withdraw out of Baghdad and hope for the best. I think that would be expedited failure. And thirdly is to help this Iraqi government with additional forces -- help them do what they need to do, which is to provide security in Baghdad. … I chose the latter because I think it's going to more likely be successful." The interview "was part of an ongoing White House campaign to sell the new Iraq policy in the face of intense skepticism from Congress and the American public. Bush acknowledged this view while sharpening his criticism of the Iraqi government over its handling of the execution of Saddam Hussein and security in Baghdad."

Most media coverage focuses on Bush's comments on the executions. The AP (1/17, Loven) reports Bush said "the unruly execution of Saddam Hussein 'looked like it was kind

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of a revenge killing,' making it harder to persuade a skeptical US public that Iraq's government will keep promises central to Bush's plan for a troop increase." Said Bush, "I was disappointed and felt like they fumbled the -- particularly the Saddam Hussein execution."

The New York Times (1/17, Rutenberg, 1.16M) says the comments "pointed up the continued tensions between Mr. Bush and Mr. Maliki as they try to forge a joint plan to calm the violence plaguing Iraq." USA Today (1/17, 1A, Nichols, 2.27M) notes Bush "has called on al-Maliki…to reach out to disgruntled Sunnis and to help disarm sectarian militias as 21,500 additional US troops begin arriving in Iraq."

Also reporting on the executions, the New York Times (1/17, Slackman, 1.16M) reports, "The botched hanging of Saddam Hussein and two lieutenants in Iraq by its Shiite-led government has helped to accelerate Sunni-Shiite sectarianism across an already fragile Middle East, according to experts across the region. The chaotic executions and the calm with which Mr. Hussein confronted the gallows and mocking Shiite guards have bolstered his image among many of his fellow Sunni Muslims." But "something else is happening too: a pan-Muslim unity that surged after the summer war between Israel and Hezbollah, the Lebanese Shiite militia, is waning." Moreover, "while political analysts and government officials in the region say the spreading Sunni disillusionment with Shiites and their backers in Iran will benefit Sunni-led governments and the United States, they and others worry that the tensions could start to balkanize the region as they have in Iraq itself."

New York Times columnist David Brooks discussed Bush's PBS' Newshour With Jim Lehrer (1/16) interview immediately after it aired, saying he thought "this was the best" he's heard the President "on the past, on the troop deployments, on the inability that we had for a couple of years to hold any territory that we cleared." Brooks went on to say he also found the President "pretty compelling on the future, what would happen if we don't succeed there. … Where I found him less compelling was on the present and on this plan." Americans "have been following this issue for a long time, and they're pretty well-educated about it, especially viewers of this program. They want some details. They don't just want the grand assertions."

Also, show host Jim Lehrer asked syndicated columnist Mark Shields if he thinks the President made any progress in his PBS' Newshour With Jim Lehrer (1/16) interview, in terms of convincing the skeptics about his new Iraq plan. Shields said, "I don't think so, Jim. I think the President put it bluntly himself. The Secretary of State did as well yesterday. And that is that all the words, all the rhetoric, I mean, you could be Churchillian at this point, but it's the reality on the ground…in Baghdad."

Doubts About Maliki Continue. The CBS Evening News (1/16, story 3, 1:45, Couric, 7.66M) reported, "Back in Washington, President Bush finds himself increasingly isolated because of his new Iraq strategy. Democrats and Republicans have voiced their opposition to the plan, and there are new questions about whether the President can depend on Iraq's Prime Minister to carry out his part of the deal." CBS (Axelrod) added "the jury's out on whether Iraq's Prime Minister Nouri al-Maliki has the capacity to stop the bloodshed." Bush was shown saying, "No question, there's a headwind. There's a lot of skepticism in Washington, DC. There's skepticism about whether or not there's enough troops, or whether we should be putting any troops, and there's skepticism whether the Maliki government will make the tough decisions necessary to succeed." The President "says he thinks his plan can succeed, if Prime Minister Maliki will support American forces completely." The White House "won't talk about failure before even launching the plan, but foreign policy expert Michael O'Hanlon says Maliki must be thinking about his plan B." Michael O'Hanlon, Brookings Institution: "Maliki probably agrees with us on what the preferred outcome in Iraq would be, of a multi-ethnic Iraq that holds itself together. But he is probably also planning, in a way that we are not, for a backup option, which is civil war in which the Shia win." CBS added, "While the President won't talk about a plan B, inside the White House they feel they've done everything they can to get Maliki on board in what amounts to the President's last best hope for Iraq. Yet still there are doubts that Maliki's the man to get it done."

Fox News' Special Report (1/16, Hume) reported, "The first of 21,000 new US troops are arriving as the US and Baghdad kicked off a new security plan. The no. 2 U.S. Commander here says Iraqis developed the strategy with the goal of moving Americans to a support role." Lt. Gen. Raymond Odierno: "It will enhance our training teams with Iraqis and we will move to the perimeter of Baghdad. That could take some time, but it is about sustaining this over a long period of time." Fox went on to report, "A major challenge in securing Baghdad is disbanding militias thought to be responsible for hundreds of execution-style murders each month. The prime minister has repeatedly promised that Iraqi forces will move against militias, but has yet to follow through. Odierno says that he truly believes Maliki will truly meet his commitment this time."

Administration Said To Appear "Off-Stride" Defending Bush Plan. The Washington Post's (1/17, A17) Al Kamen writes in his "In the Loop" column that Secretary of State Condoleezza Rice and national security adviser Stephen Hadley "and others seemed a bit off-stride, less self-assured, last week as they got a bipartisan hammering on the Hill and from the media about the war in Iraq." Instead, "It fell, once again, to Vice President Cheney to show how to take the long view in handling this sniping." On "Fox News Sunday," Cheney told Chris Wallace: "The fact is we've come a long way from where we started in Iraq. Now, no war ever

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goes smoothly all the way. ... Lots of times you have to make adjustments, and that's what we're doing here."

More Commentary. Harold Meyerson writes in the Washington Post (1/17, 690K), "For the Republicans, there are two ways out of Iraq. They can either go out like Eisenhower or like Nixon." Dwight Eisenhower "could have chosen to divide the public and try to roll back Franklin Roosevelt's handiwork. In fact, he didn't give that option a moment's consideration. Social Security and unions, he concluded, were here to stay; any attempt to undo them, he wrote, would consign the Republicans to permanent minority status. Ike also ended the Korean War without attacking Democrats in the process." Richard Nixon "became president largely because of the public's massive discontent with the Vietnam War. We now know that Nixon and Henry Kissinger had no illusions that the war could be won, and Nixon probably could have withdrawn US troops in a way that didn't polarize the public. Such a stance, however, ran counter to Nixon's deepest instincts. … Today's Republicans now must choose between Eisenhower's way and Nixon's way."

David Ignatius, in the Washington Post (1/17, A19, 690K), writes, "It was axiomatic during the Cold War that presidents should not gamble with matters of national security. The stakes were too high. The Bush administration's Iraq policy has long suffered from a lack of that prudence -- and the misplaced gambler's instinct is especially evident in the administration's plan to send more troops to Baghdad." Bush's "surge" is "a mistake because it is piling more precious chips -- more human lives -- on what so far has been a losing bet."

Maureen Dowd writes in the New York Times (1/17, 1.16M) that Bush "told Jim Lehrer last night that in 20 years, radical Shiites could be warring with radical Sunnis and Middle Eastern oil could fall into the hands of radicals, who might also get weapons of mass destruction. So after scaring Americans into backing the Sack of Iraq by warning that radicals could get W.M.D., now he's trying to scare Americans into supporting the Surge in Iraq by warning that radicals could get W.M.D. So many deaths, so little progress."

Los Angeles Times (1/17, 850K) columnist Max Boot, meanwhile, writes Bush's plan "has not...been well received. But does anyone have a better idea?" The plan "seems worth one final effort to see if we can salvage something from this dire situation."

Wall Street Journal (1/17, 2.04M) op-ed contributor and AEI fellow Reuel Marc Gerecht urges a "revision" of Bush's surge strategy, saying, "Recent remarks by Defense Secretary Robert Gates -- predicting troop reductions within a year, and saying that we might not need an additional five brigades in Baghdad for a successful operation -- are a frightening echo of the self-defeating, undermanned optimism that came from the US military under Mr. Gates's predecessor."

Senate To Debate Biden-Levin-Hagel Resolution Against Bush Iraq Plans. The Washington Post (1/17, A4, Weisman, 690K) reports, "Senate leaders will introduce a bipartisan resolution of opposition to President Bush's new Iraq policy as early as today, taking the lead from House Democrats who are increasingly divided on how far to go to thwart additional troop deployments to Iraq. The resolution -- crafted by Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.), Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.) -- will not come to a vote before Bush's State of the Union address on Tuesday." But "by sending it to Biden's committee this week, Democratic leaders will give senators from both parties multiple opportunities to voice concerns about the president's policy." House leaders "opted to allow the Senate to strike first, reasoning that a strong, bipartisan vote there would splinter Republican support in the House, Democratic leadership aides said. … House leaders are beset by division over efforts to choke off the deployment through Congress's power of the purse. Moreover, antiwar groups are growing uneasy about a nonbinding resolution of opposition."

The New York Times (1/17, Hulse, Rutenberg, 1.16M) reports Hagel "said the intent of the resolution was not to 'bash the president' or to call for the immediate withdrawal of United States troops from Iraq, but a responsible way for senators to register their opinion on the increase of more than 20,000 additional troops announced by Mr. Bush last week." The Times adds, "While Senate opponents of the buildup were preparing to move forward, Senate Republicans backing the president were trying to map their own strategy, considering proposals that could appeal to Republicans frustrated with events in Iraq but keep them from supporting the most critical resolution. 'There will be alternatives,' said Senator Jon Kyl of Arizona, the third-ranking Senate Republican." At the White House, "officials were continuing to discuss the new plan with members of Congress, with an emphasis on lining up Republicans behind Mr. Bush's approach. 'We knew this was not going to be an easy policy to explain or one that was going to be met with open arms,' said a White House official, speaking on condition of anonymity." That official "said that the message to Congressional Republicans was similar to the one the White House spokesman, Tony Snow, conveyed Tuesday at his press briefing: that approval of any resolution critical of Mr. Bush's approach, even if nonbinding, would send a damaging message."

Roll Call (1/17, Stanton) reports "aides" said Senate Majority Leader Harry Reid "is attempting to carefully craft the

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resolution to appeal to as many Republicans as possible in the hopes of piecing together a truly bipartisan coalition. As a result, the language of the resolution will remain as neutral as possible to allow Republicans to feel comfortable casting their votes with Democrats on such a high-profile issue." While "there has been talk in Democratic circles of holding a vote on the resolution the day of Bush's State of the Union address, a Reid aide said it was unlikely that would occur, since it likely would provoke claims of partisanship."

The Christian Science Monitor (1/17, Chaddock, 59K) reports, "If a nonbinding resolution opposing the surge of 21,500 troops into Iraq is approved, Democrats could quickly move stronger legislation to build a congressional firewall against any future move to broaden the war to Iran or Syria. Others are testing the waters for GOP support for the ultimate weapon in a showdown with the White House – curbs on funding." But "the key to an effective push back – including the 67 votes needed to overturn a presidential veto – is building bridges to Republicans."

Likewise, the Wall Street Journal (1/17, Rogers, 2.04M) notes "Republican votes will decide the coming debate in Congress over the Iraq war, so Democrats are first working to build bipartisan support for nonbinding criticism before taking on the White House over funding. The two-part strategy is on display this week as top Republicans and Democrats on the Senate Foreign Relations Committee expect to announce agreement on a resolution challenging…Bush's decision to increase U.S. troop levels. As those talks proceed, the House Appropriations Committee will also begin hearings this morning to lay the groundwork for tougher fights over war-related spending requests this spring and summer." The Journal adds, "The nervousness among House Republicans is striking after November's losses. 'Two years before the elections, people are worried about their political skins,' said Rep. Ray LaHood (R., Ill.)."

In addition, says The Hill (1/17, Tiron), Democrats want to redirect "attention" from Iraq " to the war in Afghanistan and the search for al Qaeda's leader, Osama bin Laden. Several top Democrats, including 2008 presidential hopefuls Sens. Joseph Biden Jr. (D-Del.) and Hillary Rodham Clinton (D-N.Y.), said a troop increase should occur in Afghanistan rather than Iraq." Clinton, Sen. Evan Bayh and GOP Rep. John McHugh "returned from a congressional delegation to Afghanistan, Pakistan and Iraq and are expected to talk about the trip today." But "congressional plans have yet to emerge for keeping a firm grip on Afghanistan, which is dealing with rampant poppy production and is at risk of sliding back into the hands of Taliban insurgents."

Former Bush Counterterror Advisor To Join Biden Staff. The Washington Times (1/17, Scarborough, 88K) reports, "A counterterrorism adviser to President Bush is leaving the White House to join the staff of a prominent Democratic senator gearing up to investigate the administration's war policies. A Senate source said Todd M. Hinnen, a director for combating terrorism on the staff of the president's National Security Council (NSC), will become the chief counsel for Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Senate Foreign Relations Committee. … 'Once again, people on the Bush White House staff turn on him while our soldiers and Marines fight to protect the rest of us,' a Republican staffer said."

More Commentary. Former Defense Secretary Mel Laird writes in the Washington Post (1/17, 690K), "Cutting off funding is not a plan. Holding hearings to excoriate the executive branch is not a plan. Emotional oratory about casualties is not a plan." Therefore, "Congress must stop the partisan gamesmanship that feeds on itself and becomes an end rather than a means. … The best thing Congress could do now is look at the bigger picture with civility and bipartisanship. … Defense spending must be substantially increased. … Congress must take the lead in demanding accountability from the Iraqi government," and "Congress must set the tone by admitting who the enemy is -- political correctness be damned."

Over 1,000 Active Duty Troops Sign Anti-Surge Plan. The AP (1/17) reports, "Several anti-war groups that include members of the military on Tuesday delivered petitions against the war in Iraq to US Rep. Dennis Kucinich, a Democrat who's long been against the conflict." Iraq Veterans Against the War, Veterans for Peace and Military Families Speak Out "sponsored the 'appeal for redress' petition, which was signed by more than 1,000 active duty military members, according to Kucinich's office."

McClatchy (1/17, Schoof) reports, "Although they're duty-bound to carry out the president's orders," the troops "have a legal right to use this means to express their views. The statement, carried on the Web site AppealforRedress.org, was signed by 1,080 troops as of Tuesday afternoon, according to the site. It urged Congress to support 'the prompt withdrawal of all American military forces and bases from Iraq," adding, "Staying in Iraq will not work and is not worth the price.'"

The Los Angeles Times (1/17, Levey, 850K) also notes the "public opposition from a slice of the American population that rarely speaks out: the military rank and file. A group of service members came to Capitol Hill on Tuesday armed with signatures from more than 1,000 military personnel who oppose the war. 'We will not be silent while thousands die,' said Sgt. Liam Madden, a 22-year-old active-duty Marine and Iraq war veteran who is helping lead the effort to organize resistance to the war from inside the military." The Times adds, "When the campaign began three months ago, White House spokesman Tony Snow dismissed the first signatories as '65 people who are going to be able to get more press

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than the hundreds of thousands who have come back and said they're proud of their service.'"

Troops Express Uncertainty Over Iraq's Future. The AP (1/17, Frayer) reports, "Nearly four years into the fighting, some soldiers say it's getting more difficult to swing their legs over the edge of the cot each morning. With America's Iraq policy in flux, some troops say they're asking themselves for the first time whether the U.S. can win the war — or what winning really means here. ... [Case] Dewinkel and other members of the 1st Squadron, 89th Cavalry Regiment, 2nd Brigade, 10th Mountain Division gathered one recent rainy morning in a schoolhouse south of Baghdad to set up a makeshift medical clinic for villagers. ... [they] finally said they felt a certain apathy and ambiguity." While Web Wright "said he worried U.S. public support for the war was waning and that U.S. troops could be withdrawn prematurely," Fred Morris "said he's grown frustrated with Iraqis, who have become increasingly demoralized and more dependent than ever on U.S. troops."

Bombs Kill At Least 70 Students At Baghdad University. The CBS Evening News (1/16, lead story, 2:30, Couric, 7.66M) reported on "a horrific example of the kind of violence…additional US forces are likely to face as they try to stabilize Baghdad. Two bombs exploded today at a university there that's nearly 800 years old. It was especially brutal, even by Baghdad standards." ABC World News (1/16, lead story, 2:40, Harris, 8.78M) said the victims were "Shiite and Sunni. There were no arrests and no claims of responsibility." The Los Angeles Times (1/17, Daragahi, 850K) notes "at least 70 Iraqi college students were killed and more than 170 others were wounded."

NBC Nightly News (1/16, lead story, 3:00, Williams, 9.87M) reported, "It's the exact same situation American troops are about to head right into and today it got even more dire. According to numbers just out today, over 34,000 Iraqi civilians died in the sectarian violence there last year. That's 100 a day."

The Washington Times/AP (1/17, Hurst) reports "a total of 142 Iraqis were killed or found dead Tuesday, in what appeared to be a renewed campaign of Sunni insurgent violence against Shiite targets. The sharp uptick in deadly attacks coincided with the release of UN figures that showed an average of 94 civilians died each day in sectarian bloodshed in 2006." The AP (1/17, Gamel), New York Times (1/17, Cave, 1.16M) and Washington Post (1/17, A1, Partlow, 690K) run similar reports.

Four More US Soldiers Killed In Iraq. ABC World News (1/16, story 2, :10, Snow, 8.78M) reported, "The US military announced the deaths of four US soldiers yesterday in northwestern Iraq."

UN Report Says 34,000 Iraqis Were Killed In Violence In 2006. The New York Times (1/17, Tavernise, 1.16M) reports, "The United Nations reported Tuesday that more than 34,000 Iraqis were killed in violence last year, a figure that represents the first comprehensive annual count of civilian deaths and a vivid measure of the failure of the Iraqi government and American military to provide security." The report was "the first attempt at hand-counting individual deaths for an entire year. It was compiled using reports from morgues, hospitals and municipal authorities across Iraq, and was nearly three times higher than an estimate for 2006 compiled from Iraqi ministry tallies by The Associated Press earlier this month."

Rice Seeks Arab Support For Bush Iraq Plan. NBC Nightly News (1/16, 2:00, Williams, 9.87M) reported, "Today Secretary of State Condoleezza Rice continued her efforts in the Persian Gulf region to sell this new strategy for Iraq. She met with Arab leaders in Kuwait and came out with a key victory today." NBC (Mitchell) added, "Condoleezza Rice won a critical endorsement today: The backing of the Sunni Arab world for [President] Bush's plan to prop up Iraq's Shi'a government. The exploding crisis got them to issue an unprecedented joint statement."

In contrast to NBC's positive portrayal of the Arab countries' support for Bush's plan, most print coverage describes the final communiqué as mixed and "tepid." The Washington Post (1/17, A13, Kessler, 690K), for example, says the Arab diplomats offered "only tepid support for President Bush's new plan," while in an analysis, the AP (1/17, Gearan) says the "carefully worded encouragement that Arab allies are offering for…Bush's new Iraq strategy belies deep suspicion among the United States' few real friends in the region that Iraq may already be a lost cause." Secretary Rice "has made sales calls the past several days in Jordan, Egypt, Saudi Arabia and Kuwait," but has received "polite versions of a blunt message: Good luck with that." Saudi Arabian Foreign Minister Saud al-Faisal was "the most upbeat, but his doubts were obvious," as he pinned "success squarely on the Iraq government, saying there is only so much that any outsider can do." Meanwhile, Rice's trip began with an emphasis on rejuvenating the Israeli-Palestinian peace process, but the move was "widely portrayed in the Arab press as simply an attempt to change the subject."

The New York Times (1/17, Shanker, 1.16M) also says that "one of Washington's staunchest partners in the region, Saudi Arabia, indicated deep concerns about whether the Shiite-led government in Baghdad had the capacity and will to halt sectarian violence and protect Sunni Arabs." The Arab diplomats gathered in Kuwait issued a statement that "welcomed the commitment" of the United States to stabilizing Iraq, "but made no commitments to help stabilize or rebuild the country." For her part, Rice "acknowledged the legitimacy of those worries within powerful Sunni-majority

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states," saying, "After all the years of deep grievance in the region, within Iraq, it's not surprising that that's the case." But at the same time, Rice stressed that each of the Middle Eastern leaders with whom she has met "wants to give this a chance," adding, "That's the position of people in the region, and there is, in fact, a burden on the Iraqi government to perform."

The Washington Times (1/17, Kralev, 88K) calls Arab governments "skeptical" and says they are "not prepared to fully back the proposal" because of its reliance on al-Maliki's performance.

However, the AP (1/17, Gearan) reports that after meeting Tuesday with diplomats from Persian Gulf countries, Rice told reporters, "There is, I think, very good support for the American commitment there, very good support for the objectives the president wants to achieve." Rice "acknowledged the doubts," however, saying that plan "requires now that everybody fulfills the obligations of the plan, particularly that the Iraqis have to carry through on their obligations." However, the AP notes that "many in the Arab world profoundly distrust [Iraqi Prime Minister Nouri] al-Maliki's government, believing it is serving Iran's interests at the expense of Sunnis." Similarly, USA Today (1/17, 10A, Slavin, 2.27M) says the diplomats "voiced support" for President Bush's plan, while Rice "acknowledged, however, that Sunni Arab leaders in the region worry" that the Maliki government "will not deliver on its promises to treat Sunnis fairly and stop the spiraling violence in Baghdad."

The Financial Times (1/17, England) says that "although Arab officials have questioned Washington's emphasis on a military, rather than political, solution, they have also been arguing against an abrupt US withdrawal, fearing it would exacerbate Iraq's civil conflict and destabilise the region."

Communiqué's Apparent Rebuke Doesn't Mention Iran By Name. AFP (1/17, Lanteaume) notes that during Tuesday's meeting, Rice and her "eight Arab counterparts called on Iran not to meddle in Iraq's affairs," Kuwait's foreign minister said. A joint communiqué did not mention Iran by name but said that relations among countries "should be based on mutual respect for sovereignty and territorial integrity of all states, and on the principle of noninterference in the internal affairs of other nations."

NBC Nightly News (1/16, 2:00, Mitchell, 9.87M) reported that Rice "wanted a united stand against Iran, but Arab leaders refused to condemn Iran by name for its support of Iraqi insurgents." Still, the Los Angeles Times (1/17, Richter, 850K) says the joint statement marked "a small step in US efforts to win regional support for pacifying Iraq and resisting Iranian influence."

Similarly, the Washington Post (1/17, A13, Kessler, 690K) says the Arab diplomats issued "a veiled warning to Iran," but the statement was written "in diplomatic jargon and did not mention Iran by name or even cite concerns about Iran's nuclear program." The Post notes that since September, Rice has "prodded the eight nations…to create an informal group to discuss regional issues. Arab officials have said privately they are reluctant participants in the meetings, in part because they are wary of being perceived as an anti-Iran alliance."

Rice Says Diplomacy Not "Dealmaking." The Washington Post (1/17, A17, Kessler, 690K) notes that during an exchange with reporters in Kuwait Tuesday, Secretary Rice "was asked if there were any moments in Arab history, as opposed to European history, that informed her thinking, such as Britain's occupation of Mesopotamia, Britain's experience in Egypt or France's experience in Algeria." The question "spurred Rice to give a six-minute philosophical lecture on her view of diplomatic history." Diplomacy, she said, "is not dealmaking." The Post publishes excerpts from her comments.

NYTimes Urges Bush To Identify Timelines In Iraq. The New York Times (1/17, 1.16M) editorializes, "None of Mr. Bush's ideas -- his plan to send more American soldiers to fight alongside Iraqi units in Baghdad, his program for jump-starting the Iraqi economy, his hope of reconciling rival sectarian communities and heading off civil war -- can possibly succeed without the full cooperation of the Iraqi government. Yet in the days following Mr. Bush's address, as in the days before, Mr. Maliki has demonstrated how far his own goals diverge from America's best interests or any reasonable path for containing Iraq's civil war. ... Unless President Bush insists that Mr. Maliki accept specific and enforceable policy benchmarks and timelines -- starting with the disarming of sectarian militias -- the United States will remain hostage to the Iraqi prime minister and his radical Shiite agenda."

WPost Says "New" Mideast Policy "Betrays" Bush's Freedom Agenda. The Washington Post (1/17, 690K) editorializes that Secretary of State Rice "is trying to solidify an alliance of 'the mainstream' against Iran and in support of U.S. policy in Iraq. ... The new strategy explains a series of reversals of US policy that otherwise would be baffling. ... The administration has decided to seek $98 million in funding for Palestinian security forces -- the same forces it rightly condemned in the past as hopelessly corrupt and compromised by involvement in terrorism. ... [Another beneficiary] is Egyptian President Hosni Mubarak, a thuggish autocrat who was on the wrong side of Ms. Rice's previous Mideast divide ... The attempt to divide the Middle East into two opposing camps is nevertheless wrongheaded and dangerous. ... Finally the new US policy betrays President Bush's freedom agenda, giving a free pass to dictators who support the new geopolitical cause."

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Ahmadinejad Seeks Saudi Cooperation On Iraq. The AP (1/17, Youssef) reports Iranian President Mahmoud Ahmadinejad said Tuesday that he sent a message to Saudi King Abdullah "proposing that they cooperate in helping stabilize Iraq." In an interview with Saudi television, Ahmadinejad said, "We, Saudis and other neighboring countries can help the Iraqi people to take the lead to consolidate their government's capability to stabilize and maintain security in their country." While the AP says Iran's "overture to Saudi Arabia appeared to be an attempt to counter American efforts to rally its allies in the region and isolate Tehran, the Financial Times (1/17, England) notes Saudi Foreign Minister Saud al-Faisal Tuesday "played down suggestions that his government had been asked to ease tensions between Washington and Tehran." After meetings with his Arab counterparts in Kuwait, Faisal said, "There is no need for mediation. Our relations with the United States are long standing...Iran is a neighbour of Saudi Arabia, so obviously we hope to avoid any conflict."

US Sending Second Carrier To Mideast. The AP (1/17, Krane) reports the deployment of the USS John C. Stennis to the Middle East "will put two US aircraft carriers in the Persian Gulf region for the first time since the 2003 Iraq invasion, in a clear response to Iran's aggressive posture in the region." Defense Secretary Robert Gates "said Monday that Iran and other US adversaries believe the US is vulnerable in Iraq, where the Pentagon is preparing to send more than 20,000 additional troops as part of a new security plan that envisions a crackdown on Iranian-backed militias." However, a second US carrier will "significantly boost US air power in the region and serve to remind Iran of American firepower."

Iran Buys Army Gear In Pentagon Sale. The AP (1/17, Theimer) reports, "Fighter jet parts and other sensitive US military gear seized from front companies for Iran and brokers for China have been traced in criminal cases to a surprising source: the Pentagon." In one case, federal investigators said, "contraband purchased in Defense Department surplus auctions was delivered to Iran." In that instance, a Pakistani arms broker "convicted of exporting US missile parts to Iran resumed business after his release from prison," purchasing "Chinook helicopter engine parts for Iran from a US company that had bought them in a Pentagon surplus sale."

French Visit To Tehran Cancelled. The New York Times (1/17, Sciolino, 1.16M) reports, "At a time when most world powers have forged a united front against Iran because of its nuclear program," French President Jacques Chirac "arranged to send his foreign minister to Tehran to talk about a side issue, then abruptly canceled the visit earlier this month in embarrassing failure." Chirac's "troubles stemmed from his deep desire to help resolve the crisis in Lebanon before his term runs out in May." To that end, he "decided to seek the support of Iran, which, along with Syria, backs the radical Shiite organization Hezbollah," three senior French officials said in describing the effort.

Sauerbrey Says US Mulling Options To Help Displaced Iraqis. The New York Times (1/17, Swarns, 1.16M) reports, "Senate lawmakers sharply criticized the Bush administration on Tuesday for failing to provide refuge in the United States for the most vulnerable of the Iraqis fleeing the violence at home. The United Nations estimates that two million Iraqis have fled the country and that 1.7 million are currently displaced within the country. Of those, roughly 500,000 have been displaced since February, with roughly 40,000 to 50,000 more fleeing their homes each month. Among them are Iraqis who have been threatened or attacked for working with American troops and companies." In testimony before the Senate Judiciary Committee, Ellen Sauerbrey, "an assistant secretary of state, acknowledged that only 466 Iraqis had been admitted as refugees since the American invasion of Iraq in 2003. She said that expanding the resettlement of vulnerable Iraqis in the United States was 'a top priority.'" Sauerbrey "said the State Department was considering several options, including offering the Iraqis refugee or other special status, and expediting the processing of Iraqi religious minorities and of refugees who have worked for the American government." The "bipartisan panel of senators called for prompt action."

The Washington Times (1/17, Ward, 88K) reports Sauerbrey "said the refugee crisis began to develop in February, when the bombing of a prominent Shi'ite mosque in the city of Samarra heightened sectarian fighting. 'I came into my position just about exactly a year ago, and at that time, we were touting the fact that repatriation was so successful because most of the resources that we were sending at that time were to return people. And a very large number of Iraqis were returning to Iraq,' Mrs. Sauerbrey said."

The Washington Post (1/17, A4, Tyson, 690K) notes the US "has allowed only 466 Iraqis to immigrate under refugee status since 2003 -- including 202 out of 70,000 slots for refugees last year -- in part because of…stringent security screenings, officials said at a hearing of the Senate Judiciary Committee. … 'We should not repeat the tragic and immoral mistake from the Vietnam era and leave friends without a refuge and subject to violent reprisals,' said Sen. Patrick J. Leahy (D-Vt.), the committee's chairman."

The Los Angeles Times (1/17, Gaouette, 850K) says the situation is "drawing comparisons to the refugee problem created after the Vietnam War," and reports "lawmakers framed the issue as one of moral obligation, strategic prudence and opportunity -- particularly to reopen contacts

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with Syria, where about 500,000 Iraqis have sought refuge, according to UNHCR. … 'We have a special obligation to keep faith with the Iraqis who have bravely worked for us -- and have often paid a terrible price for it -- by providing them with safe refuge in the US,' said Sen. Edward M. Kennedy (D-Mass.), chairman of the immigration subcommittee."

Boxer-Rice Exchange Triggers Debate. The AP (1/17, Noveck) reports, "However one interprets Sen. Barbara Boxer's remark last week to Condoleezza Rice that the secretary of state, single and childless, doesn't have a 'personal price' to pay in Iraq, the brief exchange still has people debating." The reference to Rice's personal status was "an instant catalyst for vigorous chatter on blogs, TV and talk radio." Rice herself later told Fox News: "I thought single women had come further than that." Also on Fox News, White House spokesman Tony Snow called Boxer's remark "a great leap backward for feminism."

US Indicts Former UN Oil-For-Food Chief On Bribery Charges. The AP (1/17, Neumeister) reports former UN oil-for-food chief Benon Sevan "was charged Tuesday with bribery and conspiracy to commit wire fraud for allegedly accepting $160,000 to illegally influence the $64 billion program." Sevan "countered through his lawyer that he was a political scapegoat and had accounted for every penny as he successfully ran the largest humanitarian program in U.N. history, helping to save 'tens of thousands of innocent people from death by disease and starvation.'" The AP notes, "U.S. Attorney Michael Garcia said the United States has lodged warrants for the arrest of both men with Interpol and will seek their arrest and extradition to the United States. … FBI Assistant Director Mark J. Mershon said the indictment brings to 14 the number of individuals charged in the case and 'strikes at the heart of the corruption that pervaded the oil-for-food program.'"

The Wall Street Journal (1/17, A6, 2.04M) runs a truncated version of the AP story, and the New York Times (1/17, Preston, 1.16M) reports Sevan "was accused together with Ephraim Nadler…of taking illegal commissions from an Egyptian oil trader in exchange for helping him secure contracts to purchase Iraqi oil." The Washington Times (1/17, Pisik, Seper, 88K) notes Mershon said, "As executive director of the program and undersecretary-general of the U.N., Benon Sevan was responsible for maintaining the program's probity and propriety. Instead, his administration of the program was marked by profiteering and profligacy."

The Washington Post (1/17, A13, Lynch, 690K) reports, "Federal authorities announced the indictment as the new U.N. secretary general, Ban Ki Moon, traveled to Washington yesterday to shore up U.N. relations with the United States. Ban told a gathering of Washington Post executives, editors and reporters that he has 'a strong and firm commitment' to raise the United Nations to the 'highest level of ethical standards.'"

Escaped Ex-Iraqi Minister Back In Chicago. The Chicago Tribune (1/17, Madhani, 617K) reports, "After spending four months in an Iraqi prison and pulling off an audacious jail break, Aiham Alsammarae flew quietly back into Chicago and was behind the desk of his Downers Grove engineering firm Tuesday. In an hour-long interview, the former Iraqi electricity minister who is still wanted on corruption charges in his native Iraq gave new details of his escape." The Tribune adds, "The dramatic jailbreak included a high-speed run to Baghdad International Airport, a private jet that flew him out of the country and back-channel talks with Iraqi politicians. The Iraqi judge overseeing the case expressed surprise that Alsammarae had turned up in Chicago and vowed to take 'all legal measures' to return him to Iraq." Alsammarae "said he has reached out to officials in the US attorney's office in Chicago and Washington who have assured him, he says, that they are not interested in sending him back to Iraq. A spokeswoman for the U.S. attorney's office in Chicago declined to comment."

Gates Says Taliban Attacks Rising In Afghanistan. The New York Times (1/17, Cloud, 1.16M) reports, "Attacks by militants crossing into Afghanistan from Pakistan have tripled since September along portions of the border, a senior American intelligence official said Tuesday, prompting calls for a greater effort by Pakistan to curb the influx and a larger deployment of American and other NATO soldiers here. Of particular concern, officials said, has been a rise in attacks by Taliban and other militants from remote and largely ungoverned tribal areas in Pakistan in eastern Afghanistan, where most of the American combat forces in the country are based." After meeting with Afghan President Hamid Karzai Tuesday, Defense Secretary Robert Gates told reporters, "The border area is a problem," warning that "Al Qaeda networks operating across the border."

The Washington Post (1/17, A10, Constable, 690K) says Gates added "his voice to a chorus of US and international officials who have begun taking Pakistan to task for harboring Islamic insurgents." Gates praised Pakistan as a "strong American ally in the war on terror," but he also said there was a "problem" in Pakistan's border areas and that "al-Qaeda networks are operating on the Pakistan side." He said that the United States needed to "work with Pakistan" to reduce the violence and attacks emanating from within its borders. The Washington Times (1/17, Sands, 88K) runs a similar story.

In a report on Gates' visit, the CBS Evening News (1/16, story 6, 1:00 Couric, 7.66M) broadcasted, "US officials blame Pakistan for providing the Taliban and al Qaeda safe haven. Pakistan denies it, and today announced it carried out

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a missile attack on suspected hideouts. But sources tell CBS News, the attack was carried out by the US, which allowed Pakistan to take credit."

US Commanders In Afghanistan Want More Money, Not Troops. CBS Evening News (1/16, story 7, :50, Assuras, 7.66M) reported last night that Gates "said more US troops may be sent to the region if commanders ask for them." But the Wall Street Journal (1/17, A6, Jaffe, 2.04M) reports from Kabul, "As the Bush administration presses for a surge of US troops in Iraq, military officials in Afghanistan are proposing a surge of their own. Instead of troops, U.S. commanders here, hoping to counter a sharp rise in attacks by Taliban forces, are seeking as much as $6 billion to build roads and speed development of the Afghan army and police forces." The request "comes as the US has quietly increased the size of its force here to about 24,000 soldiers, the highest level yet. Dim prospects for getting substantially more troops are forcing commanders here to take an approach dramatically different from that in Iraq, where the US plans to surge to a force of about 150,000 soldiers focused largely on Baghdad." A "military official" said, "We are talking about a major infusion of money to get things going where they need to go."

Pakistani Strike Against Taliban Coincides With Gates Trip. Reports this morning speculate on whether the Pakistani shelling of the Taliban was intended to coincide with Secretary Gates' trip. The Financial Times (1/17, Bokhari, Dombey) reports, "Pakistan said on Tuesday it had attacked Taliban and al-Qaeda positions in an airstrike that coincided with a visit to Afghanistan by Robert Gates, the new US defence secretary. The attack, in the south Waziristan region, near the Afghan border, comes amid mounting western concerns that Nato's struggle against the Taliban cannot be won without greater co-operation from Islamabad. ... Some diplomats argue that Pakistan is the biggest problem in the Afghanistan conflict ... Pakistan rejects such claims but has stepped up its activities along the border." The Times adds, "The attack came the morning after Mr Gates arrived in Afghanistan, prompting speculation that it was intended to signal Pakistan's commitment in the battle against the Taliban and al-Qaeda. But on Tuesday US officials said Taliban fighters had exploited a peace deal with the Pakistan government last year in north Waziristan to increase attacks in Afghanistan."

The Christian Science Monitor (1/17, Montero, 59K) reports, "For the second time in a week, the Pakistan Army has rained missiles on suspected militant targets, seeming to confirm in deeds what it has denied in words: That a controversial peace deal with Islamic militants has turned Pakistan's tribal belt into a sanctuary for attacks against Afghanistan. ... A peace deal signed with Taliban-linked militants in September of last year, the government said, was supposed to bring peace. Now Pakistani officials appear to be contradicting themselves by targeting the very same militants they were supposed to have appeased." The Monitor adds, "The timing prompted some observers to speculate whether the attacks were meant as a demonstration of Pakistan's continued cooperation in the face of a growing chorus of criticism from US and NATO officials. Pakistani government officials, for their part, rejected suggestions that the airstrikes were anything other than conventional military strategy."

Contractor Profits May Surge As Pentagon Reloads. The Wall Street Journal (1/17, Karp, 2.04M) reports, "Defense contractors have enjoyed surging profits in recent years as the government spent heavily to fight wars in Iraq and Afghanistan and combat terrorism in other parts of the world. Recently, some investors have worried that ballooning federal deficits could bring the flush times to an end. But with the makers of warplanes, tanks and battlefield technology expected to report strong fourth-quarter results beginning next week, the latest Pentagon plans suggest that the long-expected spending plateau is still another year away. ... Major defense companies are expected to meet or exceed their quarterly targets, given that federal funds spent to buy and develop weapons in the October-to-December quarter rose 19% from the year-earlier period. ... Record Iraq war funding is likely to boost previously issued conservative profit outlooks for 2007 as well."

Psychologist Says Navy Faces PTSD Crisis. USA Today (1/17, Zoroya, 2.27M) reports, "An experienced Navy psychologist warns that the U.S. military does not have enough mental health professionals to meet the growing number of emotionally damaged war veterans." Cmdr. Mark Russell "says, many of the mental health professionals on staff lack formal training in core therapies for post-traumatic stress syndrome. Russell predicts a 'perfect storm' of dire health care consequences." He "has been speaking out for three years that the U.S. military faces a mental health crisis in the treatment of its combat veterans." Officials "downplay Russell's grim assessment, noting that training is increasing, aggressive mental health programs are being created, and civilian mental health professionals are being hired to provide additional resources."

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Lawmakers Concerned About More US Attorney Departures. The Los Angeles Times (1/17, Marosi) reports, "The top federal prosecutors in San Diego and San Francisco announced their resignations Tuesday as critics charged the Bush administration with forcing out a growing number of U.S. attorneys without cause." The Times

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continues, "The U.S. attorneys in San Diego and San Francisco, Carol Lam and Kevin V. Ryan, respectively, did not comment on whether they had been forced to resign. Lam said she would step down Feb. 15; Ryan did not name a date." The Times adds, "Sen. Dianne Feinstein, D-Calif., in a Senate speech Tuesday, said at least five other U.S. attorneys have been forced to resign without explanation. She accused the Bush administration of trying to circumvent Senate confirmation of their replacements. … Such appointments were subject to Senate review until last year when the Patriot Act was reauthorized with a provision that allowed the U.S. attorney general to appoint longer-term, interim replacements without Senate approval. … The departures, Feinstein said, come at a sensitive time when federal prosecutors are pursuing political corruption cases. … 'The U.S. attorney's job is too important for there to be unnecessary disruptions, or, worse, any appearance of undue influence,' Feinstein said." The Times notes, "A Justice Department spokesman, Brian Roehrkasse, said senators would be consulted before the nomination of replacements, as has been the routine since the law was changed. … 'It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process,' Roehrkasse said."

The AP (1/17, Kellman) reports, "Senate Democrats want to take away Attorney General Alberto Gonzales' power to replace U.S. attorneys who fall out of favor and return that authority to federal district judges." The AP continues, "Democratic Sens. Dianne Feinstein of California and Mark Pryor of Arkansas complained Tuesday that the White House is using an obscure provision in the newly reauthorized USA Patriot Act to reward Republican political allies with jobs as federal prosecutors. … 'The Bush administration is pushing out U.S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements,' Feinstein said. … 'It appears that the administration has chosen to use this provision, which was intended to help protect our nation, to circumvent the transparent constitutional Senate confirmation process to reward political allies,' Pryor said in the joint Democratic statement." The AP adds, "Not true, Gonzales told The Associated Press. … 'We are fully committed to ensuring that with respect to every position we have a Senate-confirmed, presidentially appointed U.S. attorney,' Gonzales told editors and reporters during an interview Tuesday. … 'We in no way politicize these decisions,' he added. … U.S. District Court judges, Gonzales said, tend to appoint friends and others not properly qualified to be prosecutors. … Better that judges do the hiring than the White House, say Democrats, who have introduced legislation to return the appointment process to the courts." The AP notes, "The subject is headed for a public airing Thursday when Gonzales appears before the Senate Judiciary Committee for its first oversight hearing of his department since the Democrats took control of Congress. … At issue is whether the administration is using an obscure provision in the terrorism-fighting USA Patriot Act to oust federal prosecutors and replace them for the duration of the Bush administration with White House allies."

The New York Times (1/17, Johnston) reports, "Justice Department officials said Tuesday that Ms. Lam's dismissal had nothing to do with the prosecution of Mr. Cunningham, Republican of California, but was based on her overall record in prosecuting firearms violations and crimes along the California border with Mexico." The Times adds, "Representative Darrell Issa, a Republican from San Diego County who has criticized Ms. Lam's record on illegal immigration, called the Cunningham prosecution 'a credit to her leadership and her office' in a statement on Tuesday, but repeated his call for border enforcement and said her replacement 'will bring new ideas and new strategies that will benefit our area.'" The Times adds, "It is not clear how many United States attorneys are being forced out. Ms. Feinstein said the number was 5 to 10; Justice Department officials said the number was lower but would not provide a specific number. … The Justice Department sent a letter defending its actions on Tuesday to Ms. Feinstein and Senator Patrick J. Leahy, Democrat of Vermont, chairman of the Judiciary Committee. 'That on occasion in an organization as large as the Justice Department some United States attorneys are removed or are asked or encouraged to resign, should come as no surprise,' the letter said. It added that no action had been taken against United States attorneys 'to retaliate against them or interfere with or inappropriately influence a particular investigation, criminal prosecution or civil case.' … Ms. Feinstein said in her statement that she knew of seven United States attorneys who had been dismissed without cause."

The San Diego Union-Tribune (1/16, Soto) reports, "A national political storm is brewing over the departures of several top prosecutors, including San Diego U.S. Attorney Carol Lam. … Sources told The San Diego Union-Tribune that superiors in the Justice Department are unhappy with decreased prosecutions for gun and immigration violations." The Union-Tribune continues, "With reports yesterday that the Department of Justice has demanded the resignation of another top prosecutor, in Las Vegas, Attorney General Alberto Gonzales is scheduled this week to answer questions from skeptical senators. … Democratic lawmakers have criticized the recent departures from the ranks of top federal prosecutors as worrisome. … 'We have no idea why this is happening,' Sen. Dianne Feinstein, a California Democrat, said in a statement last week. 'The attorney general could have a legitimate reason for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations.'" The Union-Tribune notes,

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"Both U.S. senators from Nevada said this weekend that U.S. Attorney Daniel Bogden had been asked to step down, according to a report published yesterday in the Las Vegas Review-Journal. … Outgoing New Mexico U.S. Attorney David Iglesias also said he was asked to resign, but without explanation. … Other U.S. Attorneys who recently announced they are leaving include John McKay in Seattle and Paul Charlton in Phoenix. Neither has said he was pushed out; McKay said he would 'be returning to the private sector' while Charlton said he was leaving to join a law firm."

The Hill (1/17, McCormack) reports, "Rumor has it that Lam has other cases in which members of Congress have been subpoenaed, Feinstein said. … But she admitted to knowing little of the circumstances surrounding Lam's departure. 'The only explanation I've seen are concerns that were expressed about prioritizing public corruption cases over smuggling and gun cases,' the senator said." The Hill adds, "U.S. Attorney H.E. Bud Cummins, of Little Rock, Ark., recently was replaced by Timothy Griffin, a former White House lawyer who has worked for the Republican National Committee. … Feinstein today plans to question U.S. Attorney General Alberto Gonzales about the issue at a hearing of the Senate Judiciary Committee. … However, the DoJ upheld its process, saying that Senate confirmation was a top priority. … 'We are fully committed and it is in our best interest to have a U.S. attorney that is confirmed by the Senate,' DoJ spokesman Brian Roehrkasse said."

The San Jose Mercury News (1/17, Mintz) reports, "U.S. Attorney Kevin Ryan has notified his staff that he is leaving amid reports that he and six other federal prosecutors are being forced out by the Bush Administration." The News continues, "Ryan has been the administration's point person for the Justice Department in Northern California since 2002. … Ryan sent an e-mail to his staff today notifying them that he is leaving, saying 'for some months now I have been considering the possibility of pursuing other challenges for a variety of personal and professional reasons.' The e-mail did not specify the date that Ryan is leaving, just stating that 'it is a good time for me to move on.'" The News adds, "Former prosecutors under Ryan say they've been told he has been asked to leave his post under the cloud of an internal Justice Department probe of his leadership of the 90-plus lawyer office. But most lawyers say Ryan's departure will have little impact on the big ticket cases he has been pursuing, including the Apple stock options probe and Balco. … 'I don't think there's much of a hiccup in terms of already filed cases from one U.S. attorney to another,' said a former federal prosecutor who asked not to be identified. … Ryan's tenure has been marked by internal chaos and controversy within his office balanced against his lead role in some of the nation's most high-profile federal prosecutions, including the Balco steroid scandal, the stock options backdating probe and, more recently, his decision to pursue the Hewlett-Packard spying scandal. … Rumors that Ryan might be planning to resign have circulated within his office for months, particularly since the Justice Department sent a team of auditors to the Bay Area last fall to interview current and former prosecutors about his management. Whether Ryan resigned or was asked to resign, his status has been on shaky ground as a result of a constant stream of criticism from current and former prosecutors who've questioned his insular leadership style."

The San Diego Union-Tribune (1/17, Soto) reports, "U.S. Attorney Carol Lam announced Tuesday that she is resigning effective Feb. 15. … 'It has been both a great honor and a great privilege to have served the nation and the Southern District of California as United States attorney for the past 4½ years,' she said in a statement. … 'The dedication shown by the men and women of the U.S. Attorney's Office can be seen every day in the important cases they prosecute, including cases relating to terrorism, immigration, narcotics, public corruption, and fraud.'" The Union-Tribune continues, "The San Diego Union-Tribune reported on Friday that Lam was asked to resign because of decreasing prosecutions in gun and immigration matters. … In her statement issued midafternoon Tuesday, Lam did not address whether she was asked to resign. … Lam prosecuted former Rep. Randy 'Duke' Cunningham, a Republican, who pleaded guilty to conspiracy and tax evasion charges."

The North County (CA) Times (1/17, Bennett) reports, "In a Tuesday phone interview from his Washington office, U.S. Rep. Darrell Issa, R-Vista, said Lam was asked to step down. … Issa declined to name the source of the information, but said 'it was a high-ranking administration official involved in the decision process.'" The Times adds, "For years, Issa has been critical of Lam for what he said was her failure to more aggressively prosecute illegal-immigrant smugglers. … 'And I have had one-on-one conversations with Ms. Lam, urging her to be more aware of the policy priority that the president has given,' he said, referring to Bush's promises to secure the nation's borders. … In an October 2005 letter to Attorney General Alberto Gonzales, for example, Issa blasted Lam's office for failing to prosecute two cases of smugglers who were repeat offenders. In the letter, Issa called her failure to do so the result of 'lax prosecutorial standard.' … On Tuesday, Issa said that Lam, who was appointed to the post by President Bush in 2002, had done a good job in prosecuting white-collar crime and commended her for her successful investigation of the now-imprisoned former 50th District Congressman and conservative Republican Randy 'Duke' Cunningham. … Issa said it would be too strong to say that he was instrumental in Lam's resignation."

KNSD-TV, San Diego, CA (1/16, 4:00 p.m.) broadcasted, "US Attorney Carol Lam is resigning effective February 5th. It's believed the office of US Attorney General

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Alberto Gonzales asked her to leave the job. Late last week, stories surfaced that Lam and several other US Attorneys had been asked to step down. Democratic Senator Dianne Feinstein's office claims the requests were made by the Republican Administration for political reasons."

CORPORATE SCANDALS:

Former CA Counsel Sentenced To Two Years. The Long Island Newsday (1/17, Wagner, Bernstein) reports, "Choking back tears, former Computer Associates chief counsel Steve Woghin apologized in U.S. District Court in Brooklyn Tuesday for his role in a $2.2 billion accounting scandal at the company before he was sentenced to a two-year jail term." Newsday continues, "Woghin, who pleaded guilty in September 2004 to securities fraud conspiracy and obstruction of justice charges, faced U.S. District Court Judge I. Leo Glasser and said in an emotional voice that he was sorry for the role he had played in the scandal that toppled most of the company's top management, including chief executive officer Sanjay Kumar, who also plead guilty and is to begin serving a 12 year jail sentence next month." Newsday adds, "The Islandia-based company, one of the country's largest manufacturers of software for large banks, insurance companies and airlines, is now known as CA Inc. … Woghin said his part in the affair was 'not a legacy I would like to leave... It was not for personal gain or hubris,' he added, choking back tears as about 15 of his friends and relatives looked on in the courtroom. … In addition to the two-year prison sentence, Woghin was also sentenced to three years supervised release and a fine to be determined at a later date. … Woghin worked at the U.S. Justice Department for 10 years before joining CA in 1992. He was charged with overseeing a team of CA lawyers who 'routinely' drafted software licensing contracts with clients after a quarter had closed and with drafting at least one of the contracts himself. He stepped down from CA in May 2004."

The Wall Street Journal (1/17, C8) reports, "At a hearing in federal court in Brooklyn, U.S. District Judge I. Leo Glasser also sentenced Mr. Woghin to three years of supervised release, said Robert Nardoza, a spokesman for the U.S. attorney's office in Brooklyn. … Mr. Woghin pleaded guilty to conspiracy to commit securities fraud and obstruction of justice in 2004. Several former executives at the company formerly known as Computer Associates, including onetime Chief Executive Sanjay Kumar, have pleaded guilty to criminal charges in the matter."

Former Refco Head Added To Fraud Case. The Wall Street Journal (1/17, C5, Bray) reports, "Refco Inc.'s former president was indicted on securities fraud and other charges in connection with an alleged scheme to hide hundreds of millions of dollars in trading losses by Refco and its customers from the investing public, prosecutors said." The Journal continues, "The U.S. attorney's office in Manhattan said Tone Grant, 62 years old, has been charged with conspiracy, securities fraud, bank fraud, wire fraud and money laundering. Mr. Grant, of Chicago, is the latest former Refco executive to be charged in the matter. He was the company's president from 1997 to June 1998 and at times held a significant ownership interest in the firm." The Journal adds, "Phillip Bennett, Refco's former chief executive, and Robert Trosten, the commodities broker's former chief financial officer, are already facing criminal charges in the matter. … The superseding indictment adds additional charges of bank fraud and money laundering against Messrs. Bennett and Trosten and wire fraud against Mr. Bennett. … Mr. Bennett, of Gladstone, N.J., previously has been charged with conspiracy, securities fraud, wire fraud, making false filings with the Securities and Exchange Commission and making material misstatements to auditors. Mr. Trosten, of Sarasota, Fla., previously had been charged with conspiracy, securities fraud and wire fraud."

Unraveling Case Against Former Westar CEO May Help Him With Legal Fees. The Wall Street Journal (1/17, Smith) reports, "The effective unraveling of government efforts to prosecute former Westar Energy Inc. Chief Executive David C. Wittig has given new life to his hope of getting the company to pay him millions of dollars he claims to be owed under an employment agreement." The Journal continues, "Earlier this month, a federal appeals court in Topeka, Kan., vacated Mr. Wittig's convictions in a 2003 indictment springing largely from personal use of corporate aircraft. … Late last week, attorneys for the former Westar chief, who has been in prison in Minnesota for a year, asked a federal court in Topeka to order their client released, arguing there is 'no lawful basis for ... continued imprisonment.'" The Journal adds, "What happens next in the civil and criminal cases will have direct bearing on Mr. Wittig's and the Kansas utility's finances. The company has reserved more than $73 million to cover any adverse decisions. Westar's total potential exposure for legal costs and employment issues related to Mr. Wittig and a onetime subordinate, former Westar Vice President Douglas Lake, is about $94 million. … The company had argued in an arbitration proceeding that it doesn't owe Mr. Wittig severance payments called for under his employment contract because he was let go 'for cause.' … In a separate civil dispute in Topeka federal court, Westar has argued it must pay only 'reasonable' attorney fees and has disagreed with the men about what's reasonable. … To date, the utility has paid $8.4 million of legal expenses for Mr. Witting and co-defendant Mr.

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Lake, who also was convicted. Westar has declined to pay $12 million more in legal costs."

Former Cendant Chairman To Be Sentenced Today. USA Today (1/17, 3B, Farrell) reports, "The final chapter in one of the longest-running sagas of corporate crime is scheduled to conclude today in a Connecticut courtroom." USA continues, "Walter Forbes, the blue-blooded former chairman of Cendant, is due to be sentenced in Bridgeport, Conn., for his role in a $252 million accounting fraud that was exposed nearly a decade ago. … At the time, the Cendant fraud was the largest on record, and its exposure in April 1998 wiped out $14 billion of the company's market capitalization, nearly half its total, in a single day." USA adds, "Since then, Cendant's scandal has been eclipsed in magnitude by accounting meltdowns at Enron and WorldCom. The CEOs who presided over those companies were convicted of spawning those frauds and given stiff jail sentences, 24 years for Jeff Skilling of Enron and 25 years for Bernie Ebbers of WorldCom. … Forbes' sentence probably will be lighter, but when he stands in front of U.S. District Judge Alan Nevas, he still faces a stretch of more than 10 years. That was the jail term given his top lieutenant, Kirk Shelton, who was convicted two years ago of participating in the same fraud." USA notes, "The reason Forbes might get only half of what Skilling and Ebbers got is that his timing was better. The accounting fraud that occurred at Forbes' company (which was known as CUC International before a merger transformed it into Cendant), took place from 1995 to 1997. That was several years before a harsh new set of mandatory sentencing guidelines was adopted by Congress. … Skilling and Ebbers committed their misdeeds after the new guidelines went into effect. … Still, for Forbes, who was born into an affluent family in Rockford, Ill., attended Harvard Business School and became one of the leading proponents of shopping by computer in the 1990s, any sentence north of 10 years will secure him a place in what has become an infamous group of former CEOs convicted of felonies."

Federal Regulators Examining Commerce Bank's Real Estate Deals With Executives. The New York Times (1/17, Bajaj) reports, "Commerce Bancorp, which calls itself 'America's most convenient bank,' rattled investors yesterday after it disclosed that federal regulators were investigating the bank's real estate deals with executives." The Times continues, "Shares of Commerce fell 8.3 percent, or $2.89, to $31.83, after the bank said the Office of the Comptroller of the Currency and the Federal Reserve were conducting an inquiry." The Times adds, "Commerce has become one of the fastest-growing banks in the nation, thanks in part to its extended branch hours, and has made an aggressive and successful push into New York's crowded banking market. … Commerce, based in Cherry Hill, N.J., said, 'The scope of the investigation will include but not be limited to transactions with its officers, directors and related parties, including transactions involving bank premises.'" The Times adds, "Investors were unnerved by the announcement, in large part, because 'it was so vague,' said Meredith Whitney, an analyst with CIBC World Markets. 'It could be the lightest offense or it could be the most severe offense.'" The Times notes, "Bank executives declined to answer questions about the investigation on a conference call with analysts and reporters yesterday. Commerce said it had appointed a committee of independent board members to oversee the investigation. … Critics have long complained about the bank's business ties with firms that are either owned or controlled by Commerce's chairman and president, Vernon W. Hill II, and his wife, Shirley Hill."

Senate Proposal Would Target Deferred Executive Pay. The Washington Post (1/17, D1, Montgomery, Birnbaum, 690K) reports the Senate Finance Committee "is considering a proposal to sharply limit the earnings corporate executives and other highly paid employees can place tax-free into deferred compensation plans, one of the most popular executive benefits in corporate America." The proposal would permit "an individual taxpayer" to "defer no more than $1 million annually in compensation, beginning this year. The shift in tax policy would be likely to affect top executives at hundreds of corporations and would raise taxes on some of the nation's wealthiest workers by an estimated $806 million over 10 years." The proposal "tracks rhetoric that some Democrats employed during the midterm elections, when they portrayed the Republicans who controlled Congress as being too close to special interests and the wealthy."

CRIMINAL LAW:

DOJ Forming Strategy To Curb Increase In Violent Crime. McClatchy Newspapers (1/17, Gordon, Taylor) reports, "Bush administration officials are scrambling to demonstrate that they're addressing sharp jumps in violent crime in some cities, in an attempt to reclaim a traditionally Republican issue amid criticism from some Democrats, mayors and police chiefs." McClatchy continues, "Senior Justice Department officials sought Tuesday to highlight the administration's multipronged programs for combating growing gang violence and outbreaks of juvenile crime. The renewed emphasis comes as some experts, as well as politicians, cite federal cuts in city and state law enforcement funding as a possible contributor to spikes in murders, robberies and assaults in medium-sized cities." McClatchy adds, "While criminal justice experts stress that the jumps in

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crime over the last 18 months in cities such as Charlotte, N.C.; Cleveland, Ohio; Memphis, Tenn.; Minneapolis and Sacramento, Calif., may not represent a long-term upswing, they're watching to see if President Bush proposes more anti-crime funding in his State of the Union Address next week. … Chuck Wexler, who heads a think tank for police departments across the country that has monitored crime trends in cities, said the data over the last 18 months suggest that the crime surge 'isn't a statistical aberration.' … After 14 years of declines in crime, police in some communities began to report double-digit increases. That left the administration vulnerable to criticism because the crime jumps came after the White House instigated $1 billion in cuts in anti-crime funding since 2001 as it shifted its focus to the war on terrorism. … Among the casualties was a Clinton administration program to hire 100,000 police officers." McClatchy notes, "Justice Department spokesman Brian Roehrkasse said that federal anti-crime funding has never made up more than 4 percent of total state and local law enforcement spending nationwide. … Other researchers agree that the reasons for the rise in crime are more complicated than money, and they vary from city to city. They point to factors such as increasing gun-, gang- and drug-related violence; growing juvenile crime; a deep hopelessness among poor, young black men; and an upsurge in prison releases after years of record numbers of incarcerations. … The rise in gang activity, in particular, has drawn the attention of the Justice Department and the FBI. At a briefing Tuesday, Alice Fisher, chief of the department's Criminal Division, Assistant FBI Director Chip Burrus and two other officials described efforts to crack down on gangs, especially national and international gangs, such as the Salvadoran la Mara Salvatrucha, also known as MS-13."

DOJ Helping Georgia Community Deal With Violence. WALB-TV, NBC 10, Albany, GA (1/17) reports from Moultrie, GA, "Representatives from the U.S. Department of Justice came to Moultrie Tuesday to listen to complaints from citizens upset over a fatal police shooting." WALB-TV continues, "The Justice Department held a community forum after Hispanic crimes escalated last year in Colquitt County. In the wake of the recent Willie Banks shooting, the justice department was called in again. … They met with community groups Tuesday afternoon to discuss how the community as a whole can better respond when shootings and violence like those acts occur."

New Orleans Searches For Answers To Rising Crime. The AP (1/17, Foster) reports, "They came by the thousands last week, carrying signs and pictures of the dead and demanding action. … A bloody murder spree that opened the year by littering the city with nine bodies in 10 days galvanized residents from across the city's neighborhoods and class lines." The AP continues, "The dramatic march against crime in New Orleans echoed the outcry that grew in the mid-1990s from the slayings in the French Quarter that became known as the Pizza Kitchen killings. People took to the streets then and public officials developed concrete plans to attack a murder problem that left more than 400 people a year dead. … But in the post-Katrina environment, the decision-makers have many issues to cope with, and a major difference is the lack of a solid plan by either Mayor Ray Nagin or the police department to stem the violence, said criminologist and University of New Orleans professor Peter Scharf." The AP adds, "Mayor Ray Nagin and police superintendent Warren Riley outlined a plan to stop the violence earlier in the week. It included shuffling police officers from administrative jobs and using deputies from the jail to beef up patrols, speeding up delivery of murder cases to the district attorney, stopping cars on the streets between 2 a.m. and 6 a.m., when most of the murders take place."

Jury Selection Begins In Libby Trial. The New York Times (1/17, Lewis, 1.16M) reports the "perjury trial of I. Lewis Libby Jr. began Tuesday with his lawyers trying to eliminate as jurors anyone who might have strongly negative feelings about the Bush administration in general and Vice President Dick Cheney in particular." Libby, Cheney's former chief of staff, "is facing five felony counts charging that he lied to F.B.I. agents and to a grand jury investigating who leaked the name of a Central Intelligence Agency operative and why." The "first day of jury selection on Tuesday went slowly, with only nine potential jurors interviewed. Two of them were excused by Judge Walton after they made it clear they were critics of the administration and Mr. Cheney." Libby's lawyers, "Theodore V. Wells and William H. Jeffress Jr., also explored whether potential jurors were open to one of their main lines of argument: that if Mr. Libby gave incorrect answers to the Federal Bureau of Investigation and the grand jury, it could have been a simple case of faulty memory."

The CBS Evening News (1/16, story 6, :25, Couric, 7.66M) reported, "Jury selection began today in the trial of the only person indicted in connection with the CIA leak investigation, Scooter Libby, Vice President Cheney's former chief of staff. Libby is not charged with leaking the name of CIA agent Valerie Plame, but with lying to Federal agents investigating the case. If convicted, Libby could get 30 years in prison."

NBC Nightly News (1/16, story 5, :20, Williams, 9.87M) reported, Libby "has said he learned of Plame's identity from NBC News' Washington bureau chief, Tim Russert who says that is not true. Russert is expected by the way to be a key witness at the trial."

The Washington Post (1/17, A3, Leonnig, Goldstein, 690K) reports defense lawyers are "carefully scrutinizing potential jurors for strong opinions about the Bush administration, the war in Iraq and the fallibility of human memory." Judge Walton "dismissed three of the nine potential jurors interviewed. Two were released after

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expressing strong feelings about the Bush administration." The "difficulty of finding 12 jurors and four alternates became apparent as jury selection began. Walton started by asking prospective jurors 38 pre-screening questions, telling them the inquiry would help determine whether they had 'certain sympathies or prejudices' that could interfere with their responsibility to be impartial."

The Los Angeles Times (1/17, Schmitt, 850K) reports, "Libby's lawyers signaled Tuesday that even though the case was about perjury and obstruction, they were concerned that strong feelings among the jurors about the war — and whether President Bush misled the public about it — could influence their verdict. Two potential jurors were dismissed after expressing strongly negative feelings about administration officials." The questioning 'about the Bush administration and the Iraq war drew repeated objections from prosecutor Patrick J. Fitzgerald, who said that the defense lawyers were engaged in 'an open-ended Rorschach test,' alluding to the famous ink-blot test in which people are believed to project their feelings onto ambiguous stimuli."

The Washington Post (1/17, A17, Goldstein, 690K) reports Judge Walton "read aloud 38 questions that lawyers for both sides had agreed on to help screen potential jurors. They included mundane questions about whether potential members of the jury panel knew the people involved in the case, had ever been a victim or perpetrator of a crime, had read news about Libby's alleged crime. And then there were four intriguing questions exploring potential jurors' beliefs about human memory." The four questions include, "Is there anyone who believes that it is impossible for a person to mistakenly believe that he or she was told something by one person when in fact the person was actually told the information by someone totally different several months earlier?"

Charges Against Libby Seen As "Paradoxical." The New York Times (1/17, Shane, 1.16M) reports, "paradox seems to define" Libby, "who remains a bit mysterious even to close colleagues. He is the White House policy enforcer who also wrote a literary novel; a buttoned-down Washington lawyer who likes knocking back tequila shots in cowboy bars and hurtling down mountains on skis and bikes; and a 56-year-old intellectual known to all by his childhood nickname, Scooter." But "now comes the most baffling paradox of all." By "all accounts a first-rate legal mind and a hypercautious aide whose discretion frustrated reporters, he is charged with repeatedly lying to a grand jury and to the F.B.I. about his leaks to the news media in the battle over Iraq war intelligence."

Background Checks Of Jurors Becoming More Common. The Legal Times (1/17, Schwartz) reports, "The case involved the largest single drug bust in D.C. history, and after eight weeks of trial, the last thing a defense attorney wanted to hear was concerns about the jury. … But just after closing statements in a drug-conspiracy trial last month at the U.S. District Court for the District of Columbia, Judge Ellen Huvelle thought there could be a problem. … Only then had she run the jurors' names through criminal-background checks. The system flagged four jurors -- something none of them had disclosed during jury selection." The Times continues, "Had they lied? Or were the data -- run by the FBI and notoriously unreliable -- incorrect? … The question was hardly incidental. Last year, Chicago-based U.S. District Judge Rebecca Pallmeyer dismissed two jurors during deliberations in the corruption trial of former Illinois Gov. George Ryan, after the Chicago Tribune found that they had concealed their arrest records during jury selection. Ryan is free on bail while an appeals court looks at whether the jury problems merit a reversal." The Times adds, "The Ryan case drew attention across the legal world. Convicted felons are barred from serving on federal juries. But most courts rely on individual jurors to tell the court about any convictions, rather than run criminal-background checks on the jury pool. Indeed, the Administrative Office of the U.S. Courts, which oversees the federal judicial system, keeps no data on which courts run background checks. … But that may be changing. At the upcoming trial of Vice President Dick Cheney's former chief of staff, I. Lewis 'Scooter' Libby Jr., Judge Reggie Walton will check the criminal backgrounds of potential jurors before lawyers make their final selections. The move comes at the request of Special Counsel Patrick Fitzgerald, who specifically noted the Ryan incident during a recent court hearing."

More Commentary. Investor's Business Daily (1/17) editorializes, "Like the Duke lacrosse players, Scooter Libby faces jail for alleged involvement in a crime that was never committed, pursued by a vindictive prosecutor. And also like the Duke case, it's a national disgrace." IBD continues, "If lying to law enforcement, officers of the court or Congress warrants jail time, then both Bill Clinton and Sandy Berger might still be writing their memoirs in Leavenworth. For that's what Libby is charged with -- lying to investigators. Not stuffing secret documents in his pants, not even outing a secret agent, but simply having a recollection that is different from reporters of what he said when and to whom." IBD adds, "Like District Attorney Michael Nifong in the Duke case, Fitzgerald knew early that he had no real crime and no real criminal. But he had to come up with something. So he charged with lying someone who in his job got hundreds of phone calls every day and talked to dozens of reporters because his memory of earlier conversations differed with those reporters' notes. … Duke lacrosse players still twist in the wind, as does Libby, who stands accused of lying about a crime that never occurred in an investigation that never should have happened. Justice should be blind, not those administering it. That's the real crime in both cases."

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Prosecution Of Hackers Often Hindered By Legal Codes. The Wall Street Journal (1/17, A8, Bryan-Low) reports, "As police around the world become more skilled at tracking down criminals who spread computer viruses, they are realizing there are some bugs in their own system: hurdles to trying their cases in court." The Journal continues, "The problems lie in both building cases and securing stiff sentences, say legal and security experts. Prosecutors can have a hard time explaining the complex crimes to the courts. It often is difficult for law enforcers to quantify the damage caused by a virus that infects computer networks. And judges often hand down light sentences to the culprits, who typically are young, first-time offenders, among other factors. … 'The main obstacle in any complex computer-crime case is convincing a judge or a jury about the seriousness of the case,' says Arif Alikhan, a former federal prosecutor in Los Angeles. 'It's a lot harder than a bank robbery or other crimes.'" The Journal adds, "As a result, some countries -- including the U.S., United Kingdom and Germany -- are reviewing their laws. The British Parliament in November passed the Police and Justice Act which, among other things, updates the country's cybercrime laws by raising the maximum prison penalty for unauthorized access to a computer to two years from six months. It also seeks to plug a loophole by criminalizing so-called denial-of-service attacks, by which one party attempts to knock another party's computer system offline by bombarding it with data via the Internet. Perpetrators now face as many as 10 years in prison; previously, such cases typically were prosecuted for unauthorized modification of a computer, which carries a maximum five-year sentence. … In the U.S., legislation proposed last year advocated raising the maximum sentence for most computer crimes to 30 years in prison. Current penalties for computer crimes vary and generally reach up to 20 years in prison."

DOJ Manuel Helps Local Police In Cybercrime Probes. CNET News (1/17, McCullagh) reports, "Police trying to learn how to use the Internet to investigate everything from cyberstalking to spam and illegal hacking have some new advice, thanks to the U.S. Department of Justice." CNET continues, "The department's Office of Justice Programs on Tuesday published what amounts to a manual for tech-challenged gumshoes, covering everything from how to track suspects through an Internet Relay Chat network to targeting copyright thieves on peer-to-peer networks." CNET adds, "Local and state law enforcement have bungled some high-tech investigations recently. The Pennsylvania Supreme Court rejected prosecutors' attempts to seize newspaper reporters' hard drives, and the 8th Circuit Court of Appeals ruled that police illegally seized a computer in a methamphetamine investigation. A federal judge permitted an Internet service provider to sue police after it was raided because of Usenet posts its employees knew nothing about. … The new 137-page manual appears to represent the Justice Department's attempt to offer at least some basic technical and legal tips to law enforcement agencies that may not have computer experts on the payroll."

Two Neteller Founders Arrested On Illegal Gambling Charges. In a widely-distributed story, the AP (1/17, Neumeister) reports, "Two founders of a company that processes Internet gambling transactions were arrested and charged with funneling billions of dollars in gambling proceeds to overseas betting operations, federal prosecutors announced Tuesday. The charges mark the latest in a series of crackdowns by the federal government against the online gambling industry." US Attorney Michael Garcia said in a statement yesterday that former Neteller PLC directors John David Lefebvre and Stephen Eric Lawrence "knew when they took their company public that its activities were illegal. FBI Assistant Director Mark J. Mershon said the multibillion-dollar online gambling industry is 'a colossal criminal enterprise masquerading as legitimate business.'" The Daily Independent (1/17, Attwood) also notes "Mershon said that the multibillion-dollar online gambling industry was 'a colossal criminal enterprise masquerading as legitimate business.'" The Times of London (1/17, Doran) adds, "The pair were arrested on Monday after an FBI sting operation discovered that Neteller was being used to allow Americans to place illegal bets on sporting events via internet gambling companies based in foreign countries."

The Financial Times (1/17, Wilson, Smith, Warwick-Ching, Pimlott) reports, "The US attorney's office in the southern district of New York said the men, who are Canadian, had been charged with conspiring to transfer funds with the intent to promote illegal gambling." Garcia "said the arrested men 'knew when they took their company public that its activities, as well as those of the internet gambling companies it assisted, were illegal in the US'." The FT notes, "Simon Holliday, partner at Global Betting and Gaming Consultants, said: 'It could mean anyone . . . ever . . . involved in the online gambling industry faces the possibility of arrest if they travel to the US.'"

The New York Daily News (1/17, Zambito) reports, "In recent months, the Justice Department has used money laundering laws to charge two offshore gambling operations. And in 2003, Pay-Pal and parent company eBay forfeited $10 million to settle a lawsuit, that claimed t the company aided illegal online gambling activities."

Arrests "Bode Ill" For Other Internet Gambling Sites. BusinessWeek (1/17, Holahan) reports that the arrests "demonstrate how far the U.S. government is prepared to take its crackdown on gambling, and they bode ill for the closely held Internet gambling sites that continue to cater to

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U.S. clients even after October. 'In the eyes of the U.S. Justice Dept., what Neteller is doing is even worse [than the gaming companies] because they are acting like a bank and helping all this money leave U.S. accounts,' says Christopher Costigan, president of the online gaming industry publication Gambling911.com, which initially reported the arrests. He speculates that Neteller will withdraw from the U.S. market." BusinessWeek adds, "Even if Neteller chooses to leave the U.S. market, however, it would not spell the end for all gambling companies. … Indeed, several U.S. land-based casinos have expressed interest in starting their own online poker sites that would be regulated by U.S. law, in a sign that not all hope is lost for the cause of U.S. online gambling."

Tennessee Lawmaker Seeks Dismissal Of Fraud Charges. The AP (1/17) reports, "Indicted state Sen. Jerry Cooper contends in court filings aimed at getting his federal mail fraud, bank fraud and conspiracy case dismissed that law enforcement officials coached grand jury witnesses. Cooper, D-Morrison, is accused of using a fraudulent appraisal and political influence to help an Alabama businessman get a loan from a bank co-owned by then-Lt. Gov. John Wilder in a borrowing scheme involving the 1999 sale of Cooper's lumber mill in Warren County." Cooper lawyer Jerry Summers "has requested government evidence that he believes is grounds for dismissing the charges because of prosecutorial misconduct, court records show."

Federal Investigators Examining Defunct Pirro Jewelry Business. The AP (1/17, Fitzgerald) reports, "The federal investigation of former Westchester County District Attorney Jeanine Pirro has branched out to include the jewelry business she set up while she was in office, a Pirro spokesman said Tuesday. The spokesman, Pirro family friend Michael Edelman, said agents have begun questioning some of the people who bought the bead jewelry she made several years ago in what he said was an attempt to raise money for charity. … He said he did not know specifically what interested the investigators, but he said Pirro was cooperating and had turned over all requested records." The AP adds, "Edelman said Pirro's stab at the jewelry business 'was a flop.'"

Potential Coke Formula Theft Trial Jurors Complete Questionnaires. In a widely-distributed story, the AP (1/17, Weber) reports, "One hundred potential jurors filed into a federal courtroom Tuesday for the start of the conspiracy trial of a former Coca-Cola secretary accused of stealing trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi. The potential jurors answered questions from U.S. District Judge J. Owen Forrester about whether they work for or have relatives who work for Atlanta-based Coca-Cola, then filled out a questionnaire drafted by the lawyers in the case and were sent home for the day." The AP notes, "The questionnaire also asks potential jurors what magazines and newspapers they read, what television shows they watch regularly, whether they own Coca-Cola stock and what they know about this case."

Philadelphia Strip Club Owners To Surrender To FBI Today. The Philadelphia Inquirer (1/17, Sullivan, 385K) reports Philadelphia strip club owners Kevin Rankin and Bishop Krabsz "agreed to turn themselves in to authorities this morning to face federal charges that they sought to avoid paying more than $300,000 in federal taxes, according to the U.S. Attorney's Office and a defendant's attorney. The case grew out of the federal corruption probe into convicted City Councilman Rick Mariano," who "was sentenced last summer to 61/2 years in prison for taking bribes to help navigate tax and regulatory issues. At some point during the two-year investigation, agents thought Mariano had an interest in the club, but he did not, court documents say." Rankin lawyer Chris Warren "questioned prosecutors' motive for going after his client. … 'They went after them because they thought Mariano was involved, then for guns, and now, for tax evasion,' Warren said. … Warren said Rankin and Krabsz would surrender to the FBI this morning."

Comptroller Of Currency, Fed Investigating Commerce Bancorp. The Philadelphia Inquirer (1/17, Brubaker, 385K) reports, "Shares in Commerce Bancorp Inc. fell more than 8 percent yesterday after the Cherry Hill company said it was under investigation by federal banking regulators. The Office of the Comptroller of Currency and the Federal Reserve are looking into the company's transactions with directors, officers and related parties, 'including deals involving banking premises,' Commerce said deep in its fourth-quarter earnings report." The Inquirer notes, "Commerce is no stranger to federal investigations, having been caught up in Philadelphia's pay-to-play scandal starting in June 2004. … Also, in the summer of 2005, U.S. Attorney Patrick Meehan said the FBI had seized Commerce records to determine whether the bank had given municipal officials in the suburbs preferential treatment to win government business. But the company said Nov. 1 that it was no longer being investigated."

Two Arrested In Separate California Child Porn Cases. The Los Angeles Times (1/14, 850K) reported, "Authorities have announced arrests in separate child molestation and child pornography cases, one involving a website bulletin board used to trade illicit images of minors.

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Jeffrey Blaine Hall, 51, subscribed to 'North American Man Girl Love Assn.' website, where he downloaded and posted child pornography, a federal criminal complaint alleges. Authorities announced the arrest Friday. … In the second case, a Lancaster man was facing dozens of felony counts in state court after being accused of repeatedly molesting and taking explicit photographs of a young girl in his neighborhood. Christopher Jarold Hoff, 41, also could face federal charges based on evidence seized from four home computers. Authorities also took dozens of movies and computer discs."

Federal Prosecutors Say Ryan Trial Judge Was Fair. The AP (1/17, Robinson) reports, "The judge who presided over former Gov. George Ryan's racketeering and fraud trial took "superlative care" to see that the proceedings were fair, prosecutors told a federal appeals court Tuesday." The AP continues, "In a 97-page response to Ryan's appeal, the government said U.S. District Judge Rebecca R. Pallmeyer had worked hard and effectively to see that the former governor got a fair trial, and succeeded in doing so. … 'During these proceedings, Judge Pallmeyer expressed no fewer than 12 times her view that the defendants' right to a fair trial was paramount and that, if fairness could not be achieved, she would not hesitate to declare a mistrial and start the trial over, despite the amount of time that had gone into the trial,' prosecutors said." The AP adds, "Ryan, 72, was convicted in April along with longtime friend Larry Warner of racketeering and other offenses. … Ryan was accused of steering lucrative state leases and contracts to Warner and other cronies and receiving rewards ranging from vacations in Jamaica to a free golf bag. He also was accused of using state money and workers to operate his campaigns and burying an investigation of bribes paid in exchange for drivers licenses when he was secretary of state. … Ryan still maintains nothing he did was illegal. His appeal focuses heavily on the dismissal of two jurors, Evelyn Ezell and Robert Pavlick, who were found to have omitted mention on a pre-trial questionnaire of their encounters with police. … Pallmeyer replaced them with alternates after the jury already had deliberated eight times. But she did not replace other jurors when it was discovered that they too had brushes with the law on their records."

CIVIL LAW:

SCOTUS Signals Backing For Insurers On Credit-Reporting Law. Bloomberg (1/17, Stohr) reports, "U.S. Supreme Court justices signaled they may limit the duty of insurance companies to tell consumers about flaws in their credit histories, questioning a ruling that insurers say would open them to billions of dollars in damages." Bloomberg continues, "More than half the court's nine members today in Washington voiced support for arguments by Safeco Corp. and Berkshire Hathaway Inc.'s Geico Corp. The insurance companies are fighting class-action lawsuits by consumers who sought price quotes, weren't offered the lowest rates and now say they should have been told the insurer relied on their less-than-perfect credit histories. A federal appeals court let the case go forward." Bloomberg adds, "Several justices questioned whether Congress intended for the Fair Credit Reporting Act to require notification of every consumer who doesn't get the best rate. Justice Stephen Breyer said an Internet search he conducted indicated that only 1 percent of Americans have the highest possible credit score. … 'There will be tens of millions of these notices going out,' Breyer told Scott A. Shorr, the lawyer for the consumers. Breyer predicted the notices 'will become meaningless' to consumers and most will go 'right in the wastebasket.'" Bloomberg notes, "Justice Antonin Scalia was even more blunt in questioning a Justice Department lawyer who offered partial support for the consumers' position. … 'I find it hard to shoehorn your case into that language,' Scalia told the government lawyer, Patricia A. Millett."

CIVIL RIGHTS:

DOJ Demurs On Probe Of Duke Lacrosse Prosecutor. The AP (1/17) reports, "Officials from the Department of Justice have told a North Carolina congressman that it's too early to launch a federal investigation into the handling of the Duke lacrosse case, a spokeswoman said Tuesday." The AP continues, "Rep. Walter Jones wrote Attorney General Alberto Gonzales last month, asking that the Department of Justice investigate whether the district attorney prosecuting three Duke lacrosse players charged with sexual assault has violated the athletes' civil rights." The AP adds, "The department's Office of Legislative Affairs responded last week that it was premature to initiate a federal investigation while criminal charges and other investigations at the state level are ongoing, said Cynthia J. Magnuson, a Department of Justice spokeswoman. … Jones' spokeswoman Kathleen Joyce said Tuesday that the congressman still planned to meet next week with the head of the department's Civil Rights Division. … 'He doesn't consider the letter received as a final response,' Joyce said. 'He's still pushing forward.'" The AP notes, "In the letter to Gonzales, Jones asked that the conduct of Durham County District Attorney Mike Nifong be reviewed. … Nifong turned the case over to state Attorney General Roy Cooper last week. The North Carolina State Bar has filed ethics charges accusing Nifong of making misleading and inflammatory comments about the lacrosse

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team. … Cooper's office took possession of all the files in the lacrosse case late Tuesday afternoon." WITN-TV, NBC 7, Greenville, NC (1/17) also reports this story.

FNC Studio B with Shepard Smith (1/16, 3:41 p.m.) broadcasted, "Mike Nifong, officials from the Department of Justice have apparently told a North Carolina Congressman that it's too early to launch a Federal investigation in to the handling of the Duke Lacrosse case. A representative wrote the Attorney General last month, asking that the Department of Justice investigate whether the District Attorney prosecuting the lacrosse players have violated the athletes' civil rights. Alberto Gonzales says not yet. But Jones' spokesperson says he does not consider the letter as a final response and he is still, at this moment, at least, pushing forward. Too early, because all fed oversight is based on the trial." There are many local broadcasts of this story in Raleigh and Durham, NC. An example is: WNCN-TV, Raleigh, Durham, NC (1/16, 11:00 p.m.).

DOJ Ends Probe Of Santa Clara County Juvenile Hall. The San Jose Mercury News (1/17, Ostrom) reports, "The U.S. Department of Justice has closed its three-year investigation into allegations of abuse and excessive force at Santa Clara County juvenile hall." The News continues, "The department wrote in a letter, dated Tuesday, to Board of Supervisors Chairman Don Gage that after reviewing updated policies -- which give youth offenders due process when they file complaints or are disciplined for misbehavior and include improving the reporting of child abuse – 'the county has satisfactorily addressed the deficiencies identified over the course of our investigation.'" The News adds, "In September, the department had signaled that the county was on the right track, pending final review of the new policies. … The Justice Department also praised the county for working hard to resolve the original complaints and in the letter said the county is 'dedicated to providing the appropriate care for youth in their custody.' … The original abuse investigation, launched in early 2003, led to sweeping changes and dramatic reductions in use of force at juvenile hall and created more independent oversight."

Mississippi Student Seeks Federal Charges Against Officer After Scuffle. The AP (1/17, Mohr) reports, "A lawsuit seeking damages from a Greenwood (MS) police officer and others after school security cameras captured the officer twice drawing his weapon on a teenager in front of classmates has been doubled to $2 million." The AP continues, "Carlos Moore, the attorney for 18-year-old James Marshall, had earlier sought $1 million in damages after obtaining the school videotapes that show a portion of the Dec. 6 encounter between the white officer, Casey Wiggins, and the unarmed black teenager." The AP adds, "The case has sparked accusations of racism and calls for Wiggins' dismissal. Wiggins' attorney says the officer did 'nothing wrong.' … Moore obtained copies of the tapes on Jan. 5, after filing a motion with the court. The tapes show Wiggins, who was on a security detail at the predominantly black school, twice pointing his gun at Marshall - once in a crowded school hall - before putting the teen in a choke hold." The AP notes, "The Mississippi chapter of the American Civil Liberties Union on Monday issued statement supporting legal action 'in seeking justice for the Marshall family.' … Moore also filed a federal criminal complaint this week with the U.S Justice Department, accusing Wiggins of violating Marshall's civil rights with excessive force and false arrest under the color of law. … State charges had already been filed in the case, but Moore said those were only misdemeanor simple assault charges and did not fit the crime. The federal charges are felonies."

Delaware Family Demands Answers In Inmate Death. The Wilmington (DE) News Journal (1/17, Williams) reports, "Family members of the 24-year-old Dover man who was found dead in the state's newest prison infirmary last week are demanding answers about the death, and getting nothing but silence from the Department of Correction." The Journal continues, "Demetrius Caldwell had been undergoing unspecified treatment for a month in the prison infirmary at the Delaware Correctional Center in Smyrna before he was found dead, laying on a mattress on the floor of his cell. … A medical staffer had checked on him 25 minutes before he died." The Journal adds, "The Department of Correction has released Caldwell's body to his family, who plan to bury him Saturday, but they have not told them what caused the young man's death. … Prison officials ruled out meningococcal meningitis as the cause of death late last week, after naming it as a possibility. They've said doctors from the prison's medical provider, St. Louis-based Correctional Medical Services, the Department of Correction, Public Health and the Medical Examiner's Office are still trying to determine a cause of death." The Journal notes, "Last month, the U.S. Justice Department found 'substantial civil rights violations' in four Delaware prisons. The federal investigation was prompted by a series of articles in The News Journal that revealed inadequate health care and questionable treatment within the prisons."

Texas District Challenges DOJ Voting Oversight. The Legal Times (1/16, Schwartz) reports, "The small utility district on the outskirts of Austin, Texas, had a simple wish: to move its polling place from a residence to a school. … It may have been simple, but it wasn't easy. The move needed approval from the Justice Department in Washington." The Times continues, "As it happens, the

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Northwest Austin Municipal Utility District No. 1 (population 3,500) is one of the areas of the country required by federal law to get permission from the government before making any changes to its voting rules. … Now the utility district — with the help of some conservative legal firepower — has decided to mount the most significant assault on the Voting Rights Act in a quarter of a century." The Times adds, "The case, filed last year in the U.S. District Court for the District of Columbia, argues that the federal government's oversight of local voting rules is unconstitutional. And it was selected and prepared with one goal in mind, to get the issue before the Supreme Court. Unsurprisingly, it's drawing attention from civil-rights groups, who fear the wolf is at the door. The National Association for the Advancement of Colored People, for instance, has hired former Clinton administration solicitor general Seth Waxman to fend off the challenge. … The suit targets the section of the act — which Congress overwhelmingly voted to reauthorize last summer — that requires certain counties and states to seek federal approval before making changes to their voting rules. Known as 'pre-clearance,' the section was one of the ways the federal government prevented Southern states from continuing to discriminate against African-Americans after the landmark civil-rights legislation passed in 1965. … But the federal government only oversees certain states and counties, the ones that most egregiously suppressed minority voting during the 1964 election. The jurisdictions under such federal authority have remained virtually unchanged, except for a few additions in the 1970s."

Push Continues To Save Convicted Border Agents From Jail. Fox News (1/17) reports, "Two Texas Border Patrol agents who shot a Mexican drug runner in the backside on the U.S. side of the border are hoping a last-ditch pardon from President Bush will save them from serving more than a decade in prison." Fox continues, "Ignacio Ramos and Jose Alonso Compean are scheduled to turn themselves in to authorities Wednesday to begin serving 11 and 12 years, respectively, for the February 2005 non-fatal shooting. … Several groups, including Friends of the Border Patrol, The Minutemen and Grassfire.org, have been trying through petitions to keep the agents out of prison — through either a motion to U.S. District Judge Kathleen Cardone to allow them to remain free on bond during an appeal or through a presidential pardon from Bush. About a dozen rallies took place across the country in support of the agents last week." Fox adds, "Several lawmakers, including Reps. Ted Poe, R-Texas; Dana Rohrabacher, R-Calif.; Walter Jones, R-N.C.; Tom Tancredo, R-Colo.; and Duncan Hunter, R-Calif. last week sent a letter to Attorney General Alberto Gonzales asking him to allow Ramos and Compean to remain free on bond pending the appeal of their convictions. … Petitions with more than 225,000 signatures will be delivered to the White House Tuesday afternoon, Poe told FOX News. … Earlier this month, a letter circulated by Poe and signed by 24 lawmakers requested that the Justice Department not oppose a motion filed to allow the men to remain free pending the appeal. … But Poe said he hasn't heard much from the Oval Office. … 'We have been getting some information from low-level members of the attorney general's office,' he said. 'The White House has not contacted us directly, even though we corresponded with them several times and have called. I'm a little concerned about that.'"

High Court Rules For IBM In Pension Case. The Wall Street Journal (1/17, Anderson, 2.04M) reports, "The US Supreme Court let stand a lower court ruling that said International Business Machines Corp.'s switch to a cash-balance pension plan didn't discriminate against older workers, ending a lawsuit that could have cost the company $1.4 billion." The Supreme Court's decision "adds additional certainty to the legality of corporate shifts from defined-benefit pensions to so-called cash-balance retirement plans." Congress "last year also clarified the legality of the plans, but the IBM case could have bearing on a number of corporate retirement plans altered prior to the June 29, 2005 effective date in the legislation."

The New York Times (1/17, Walsh, 1.16M) reports the decision "saves I.B.M. a significant amount of money." But "it resolves almost nothing for the many other companies that made similar changes to their own pension plans."

The AP (1/17, Rugaber) reports, "In the pension case, a former IBM employee named Kathi Cooper served as the lead plaintiff in a class action suit brought on behalf of 250,000 current and former IBM workers. The suit argued that IBM's "cash balance" pension plan was discriminatory because it allowed younger workers to accrue benefits in the plan at a faster rate than older workers. … IBM switched to a cash balance plan in 1999. Such plans provide workers with individual accounts that can be cashed out when they leave the company and are intended to appeal to younger workers who are more likely to switch jobs." The AP notes, "The IBM case has been closely watched, as roughly 1,500 companies have adopted cash-balance plans. The company earlier agreed to settle the case for $1.4 billion if it lost in the courts. … But the 7th U.S. Circuit Court of Appeals, based in Chicago, sided with IBM in August, ruling that the 'terms of IBM's plan are age-neutral.' … In addition, Congress passed legislation, also in August, that clarified that cash-balance plans complied with the age discrimination provisions of ERISA, the Employee Retirement Income Security Act."

Two Freed In Probe Of LA Girl's Killing. The Los Angeles Times (1/17, Winton, Abdollah) reports, "A few days

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after a bullet from a gang shooting tore into an Angelino Heights home last month, killing a 9-year-old girl, police announced with much fanfare that they had arrested the two gunmen. … But the suspects — Cesar Zamora, 23, and Steven Castanon, 20 — are now out of jail and back in their old neighborhood, to the dismay of residents who held candlelight vigils to memorialize Charupha Wongwisetsiri." The Times continues, "Police released the men without filing charges after determining that Zamora or Castanon fired the shot that killed Charupha in self-defense when a rival gang member pulled up in a car and tried to shoot them in front of their apartment complex next to Charupha's home. … The situation has shaken and angered residents of Angelino Heights, a diverse neighborhood with commanding views of downtown Los Angeles. The area includes rows of grand Victorian houses restored by television writers and downtown office workers side-by-side with apartments housing working-class families." The Times adds, "Legal experts said the circumstances of the shooting would make it difficult to build a murder case against Zamora and Castanon. … According to police, the men were sitting outside an apartment on East Kensington Road when a car pulled up. One man got out, walked onto the apartment property and pulled out a gun. Witnesses said he tried to shoot but his gun apparently jammed, according to law enforcement sources. … Zamora and Castanon pulled guns of their own and fired several times. None of the shots hit the gunman, who fled in the car. But one bullet traveled down the street and into Charupha's home." The Times notes, "The issue of self-defense in gang shootings in which bystanders are killed or wounded has been a matter of debate for years in Los Angeles. … In 2003, a mother decorating her Christmas tree in South Los Angeles was killed by a stray bullet fired during a gun battle between two gangs. … The LAPD eventually arrested the two suspects who fired the shots after someone in a passing car sprayed bullets in their direction. But prosecutors decided not to pursue the case, agreeing with investigators that the men apparently acted in self-defense."

LA Violence Fuels Racial Rivalry. The New York Times (1/17, Archibold) reports, "The Latino gang members were looking for a black person, any black person, to shoot, the police said, and they found one. Cheryl Green, perched near her scooter chatting with friends, was shot dead in a spray of bullets that left several other young people injured." The Times continues, "She was 14, an eighth grader who loved junk food and watching Court TV with her mother and had recently written a poem beginning: 'I am black and beautiful. I wonder how I will be living in the future.' … Cheryl's killing last month, which the police said followed a confrontation between the gang members and a black man, stands out in a wave of bias-related attacks and incidents in a city that promotes its diversity as much as frets over it." The Times adds, "Ethnic and racial tension comes to Los Angeles as regularly as the Santa Ana winds. Race-related fights afflict school campuses and jails, and two major riots, in 1965 and 1992, are hardly forgotten. But civil rights advocates say that the violence grew at an alarming rate last year, continuing a trend of more Latino versus black confrontations and prompting street demonstrations and long discussions on talk-radio programs and in community meetings. … Much of the violence springs from rivalries between black and Latino gangs, especially in neighborhoods where the black population has been declining and the Latino population surging. A 14 percent increase in gang crime last year, at a time when overall violent crime was down, has been attributed in good measure to the interracial conflict. … This month, the authorities reported that crimes in the city motivated by racial, religious or sexual orientation discrimination had increased 34 percent in 2005 over the previous year. Statistics for 2006 have not yet been compiled."

California Hate-Crime Trial Relies On Questionable Identification Tactic. The Los Angeles Times (1/17, Mozingo) reports, "With closing arguments set to begin today, the case against 10 Long Beach youths accused of beating three white women Halloween night hinges almost entirely on identifications made in a Ralphs parking lot the night of the attack." The Times continues, "In a procedure known as a field show-up, police told the victims and a reputed witness that the youths — nine girls and a boy, ages 12 to 17 — were suspects and asked if they recognized them from the melee. In several subsequent police interviews, witnesses were never asked to pick the juveniles out of a lineup that included non-suspects: a means to test their memory that experts say is a standard and crucial procedure. Nor were they asked to identify them in open court." The Times adds, "Long Beach Police Cmdr. Jeffry Johnson said the field show-up is the most accurate form of identification in a case like this. 'Especially when you talk about numerous suspects, you have to go with immediate recollection,' he said. … But experts say field show-ups are inherently fallible and rarely used in isolation. … 'I can't remember ever seeing a case go to trial in which the only identification is a field show-up,' said Kathy Pezdek, a professor at Claremont Graduate University and expert witness in the area of eyewitness identification, in an interview. 'It's extremely unusual.'" The Times notes, "Much of what has occurred in the Long Beach courtroom of Judge Gibson W. Lee, however, is unusual. The mild-mannered jurist has let attorneys deliver long fiery speeches, make objection after objection that all but stopped the testimony and ignore his orders to stick to the facts of the case. … Deputy Dist. Atty. Andrea Bouas has accused the youths of having gang connections, of orchestrating the destruction of a

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witness' car, of calling the witness 'a stupid bitch' outside of court to intimidate her. None of Bouas' accusations are based on evidence in the case, and they normally would have been heard out of the presence of a jury. … But the Long Beach hate-crime case highlights a critical — and many experts say troublesome — difference between adult and juvenile court: There are no juries in juvenile court; a judge decides the minors' fate."

Attorney Sues Law Firm For Anti-Gay Bias. The New York Times (1/17, Creswell) reports, "An associate at one of the country's most prestigious law firms, Sullivan & Cromwell, filed a state lawsuit in Manhattan yesterday accusing the firm of a systematic campaign of discrimination and retaliation against him because of his sexual orientation." The Times continues, "Aaron B. Charney, 28, who is a fourth-year associate, asserts in the lawsuit, filed in New York State Supreme Court in Manhattan, that several partners in Sullivan & Cromwell's highly regarded mergers and acquisitions practice subjected him to 'lewd and illegal conduct,' beginning in the fall of 2005. He is seeking a jury trial and unspecified compensatory and punitive damages." The Times adds, "In his lawsuit, Mr. Charney accuses members of the firm of demanding he be terminated for carrying on an "unnatural" gay relationship with another Sullivan & Cromwell associate; Mr. Charney denies the relationship. The suit also contends that after he filed a formal internal complaint, members of the firm suggested that he move to a foreign office and then fabricated reviews to accuse him of overbilling clients, among other things. … While Mr. Charney has not been terminated, he says he was told he should not come to the office while an internal investigation is continuing." The Times notes, "In an e-mailed statement, the firm's chairman, H. Rodgin Cohen, said the firm "categorically denies Mr. Charney's allegations of discrimination and retaliation.' … Another of the firm's partners, David H. Braff, said that the firm had a strong culture of acceptance and that it had handled several landmark cases over the years that protected gay and lesbian rights."

ANTITRUST:

Possible XM-Sirius Merger Would Face DOJ, FCC Hurdles. The Wall Street Journal (1/17, A3, McBride, Schatz) reports, "With speculation on the upswing about a possible merger between satellite-radio rivals Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc., the companies face a serious obstacle: Federal Communications Commission regulations that appear to specifically forbid a merger." The Journal continues, "Winning approval for any deal, from both the FCC and the Justice Department, may rest in persuading regulators that the two companies face many more competitors than just each other. Competing technologies that have helped damp satellite radio's growth -- like iPods, podcasts and Internet radio -- may give the companies ammunition to persuade regulators that a merger of the only two satellite-radio players isn't a threat to competition." The Journal adds, "Merger rumors involving the companies have surfaced periodically over the last year, stoked by Sirius officials like Chief Executive Mel Karmazin, who has said he would be interested in buying XM. Officials at XM typically dismissed the possibility. … But in recent weeks, XM has notably softened its stance. While XM still stops short of saying it is exploring a deal, it no longer rules out the possibility. That has given new life to hopes for a deal. Since the beginning of the year, XM's stock has risen almost 19% and Sirius's 17%. … An XM-Sirius merger is gaining more urgency in the industry as both companies struggle to win consumers. While both firms add new listeners each quarter, neither is reaching the lofty subscriber levels that were expected a few years ago. … The merger talk, to some, seems like a trial balloon intended to gauge the reaction of both investors and regulators. Such advance work may be necessary given that any deal would face significant hurdles." The Journal notes, "The companies would need to persuade the Justice Department that a merger wouldn't be anticompetitive, even though it would likely result in higher subscription rates and less consumer choice. The companies, however, say thinking about satellite radio on its own defines the options too narrowly."

Localities Can Be Burned With Risky Municipal Bond Swaps. Bloomberg (1/17, Braun) reports, "The third-poorest city in Pennsylvania is a lot poorer because of a 28-year bet on interest rates that already has gone awry." Bloomberg continues, "The Reading, Pennsylvania, school district, which has 18,323 students, this week must pay $230,000 to Deutsche Bank AG, Germany's largest bank, because it's on the losing side of a wager that long-term interest rates will rise faster than short- term interest rates. In April, the board rushed approval of the so-called interest rate swap in eight days after its adviser said the transaction may earn the district $16 million by 2034. … While Reading's taxpayers are liable for the loss, bankers and advisers already have pocketed $1 million in fees for arranging the swap, enough to buy 11 Mercedes-Benz S-550 sedans. This week's payment to Deutsche Bank would have covered the school district's monthly utility bill." Bloomberg adds, "Local governments from Augusta, Georgia, to Oakland, California, are being lured by similar opportunities to speculate with derivatives created by the world's biggest banks. Most of the $400 billion of private agreements sold to municipalities escape taxpayers' notice and are little understood by the public officials and administrators who approve them. …

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While financial firms often promote the agreements as a way for municipalities to lock in borrowing costs for future projects, the swap bought by Reading amounts to a bet on the relationship between short-term and long-term interest rates. If long-term rates rise higher than short-term rates, the municipalities will profit from the agreement and vice-versa. … Reading, like most municipalities, borrows with long-term bonds. The most recent bond the school district sold in December 2005 has a final maturity of 2036. The interest-rate swaps that Reading and other borrowers are purchasing are typically matched to the maturities of bonds that have been issued. … The swap market is unregulated and trading occurs over the counter, so municipalities can't be sure they are getting the best price on contracts. In Jefferson County, Alabama, one of the tens of thousands of borrowers in the municipal bond market, officials have bought $5.8 billion of swaps. Officials there have received subpoenas from the U.S. Securities and Exchange Commission asking about the swaps. … The Internal Revenue Service has probed whether the mispricing of municipal swaps has allowed advisers and banks to make excessive fees, depriving the federal government of earnings from the investment of tax-exempt bond proceeds. The U.S. Justice Department and SEC have asked for information on swaps as part of an antitrust investigation into alleged bid- rigging in the $2.3 trillion municipal market."

Writer Weighs Proper Level Of Judicial Review Of Mergers. In an op-ed for the Deal (1/17), David T. Blonder, an associate in the antitrust practice in the Washington office of Chadbourne & Parke and formerly an attorney with the Antitrust Division of the United States Department of Justice, writes, "The controversy surrounding Judge Emmet Sullivan's review of the merger consent decrees entered into among Verizon Communications Inc., AT&T Corp. and the U.S. Department of Justice is shining the spotlight both on the boundaries of independent judicial review in assessing the impact of antitrust consent decrees on market competition, and on the implications of a more stringent evaluation of future mergers." Blonder continues, "Sullivan, of the U.S. District Court in Washington, has delayed a ruling on whether to grant his required approval of the SBC Communications Inc.-AT&T Corp. and Verizon Communications-MCI Inc. mergers. The judge recently took umbrage at comments from a Verizon attorney who said that company's merger would not be undone by the court, and he vowed to finish his independent review. … Commentators claim that increased judicial scrutiny may alter how merging parties negotiate settlement agreements with the DOJ. If the prospect of settlement dims due to increased oversight, the parties' negotiating tactics may change, and the incentives for either side to make early concessions may be eliminated. This might further create a perception that the DOJ has to litigate cases even though a structural settlement is available to remedy competitive harm. … The facts, however, seem to belie the inference that settlements are less likely. Judicial review of the decrees that have followed the Tunney Act amendments suggests that Sullivan's role in these proceedings is anomalous to that of other courts. Since the amendments, courts, including the D.C. court, have approved at least eight merger settlement agreements. Of these, no court engaged in the type of review that Sullivan is contemplating." Blonder concludes, "The current judicial hullabaloo likely is limited to the confines of Judge Sullivan's courtroom. Only time, and possibly a decision from an appeals court, will tell whether Sullivan is ushering in a new era for merger settlement review or whether this exercise was simply much ado about nothing. This interested spectator thinks it will be the latter."

CVS Boosts Caremark Bid In Battle With Express Scripts. The Wall Street Journal (1/17, A4, Berman) reports, "Challenging a rival bid from Express Scripts Inc., drugstore chain CVS Corp. bumped up its offer for pharmacy manager Caremark Rx Inc. by $2 a share, to be paid in the form of a dividend, while also agreeing to a large share buyback that would shrink the combined companies' shares about 10%." The Journal continues, "The moves ratcheted up the competitive dynamic between Express Scripts and CVS, which are battling for the allegiances of Caremark shareholders in an increasingly caustic battle of words and takeover tactics." The Journal adds, "The Express offer put CVS in an increasingly untenable position, particularly as it headed on the road to sell its deal to shareholders. The question now is how well the $2-a-share dividend -- coupled with a $5 billion share buyback -- will placate shareholders. … As recently as last year, Express and Caremark explored a deal of their own, according to Securities and Exchange Commission filings. That deal never led to anything substantive, and at least by Express's reckoning, faltered primarily on valuation. … That undercuts Caremark's contention that the two would be unworthy partners because of antitrust concerns and strategic fit, said Express Chief Executive George Paz in an interview yesterday."

Bloomberg (1/17, Rapaport) reports, "Express Scripts' unsolicited offer was rejected last week by Caremark's board. Buying Caremark would make Express Scripts, based in Maryland Heights, Missouri, the largest manager of drug benefits in the U.S. CVS, based in Woonsocket, Rhode Island, wants Caremark to help give it more bargaining power in negotiating the price of medicines." Bloomberg continues, "Express Scripts on Jan. 3 asked U.S. antitrust regulators to approve both its proposed tender offer and its takeover bid,

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the company said in the filing. The deadline for the U.S. Federal Trade Commission to review these proposals is midnight Feb. 2, unless regulators extend the waiting period by seeking additional information, Express Scripts said. … Caremark may lose contracts that would generate more than $8 billion in revenue because of a threatened proxy fight, Caremark Chief Executive Officer Mac Crawford said Jan. 10 at a meeting with investors in San Francisco."

Market Watch (1/17, Moore) reports, "Express Scripts, which announced its intention to bid for Caremark in December, has said it would nominate four members to Caremark's board and has asked a Delaware court to void the $675 million breakup fee protecting the Caremark and CVS combination. … 'CVS remains in the driver's seat in this contest with this latest effort no more likely to succeed than the others that have preceded it,' Goldman Sachs analyst John Heinbockel wrote in a note to clients. … Heinbockel said key factors are the spread between the two bids as well as antitrust approval and how combining with Caremark would transform the winner's business. The spread on the Express Scripts offer has narrowed from 16% to 7%, he said. … In other words, the bid by Express Scripts 'is no longer notably superior' to what CVS has offered, Heinbockel said."

Search Engines Use Spinoff Sites To Test New Features. The Wall Street Journal (1/17, D1, Vascellaro) reports, "Kevin McCarty, long a devout Google user, recently discovered a search engine he often finds more helpful. It's called SearchMash.com, and unlike Google and other major search sites, it pulls up video, images and text all at the same time. … It turns out, though, that SearchMash is Google. In recent months, the top search engine and its main rivals have stealthily set up a new generation of search engines where they try out new tools and features on consumers -- without putting their tried-and-true formulas at risk. If something proves to be a hit -- the combined search results that Mr. McCarty likes so much, for instance -- it could eventually be folded into the parent site. For now, though, these sites provide an entertaining and even useful glimpse into the evolution of Web, and in particular, search engines, which in their basic operation haven't changed much in years." The Journal continues, "Google Inc. launched SearchMash.com in September without the Google name, although it is mentioned in the site's privacy policy. SearchMash displays a subset of the normal Google search results in an entirely different interface with collapsible menus for video, blog and image results on the same screen. In December, IAC/InterActiveCorp.'s Ask.com launched Ask X, which chops up the results page into an unconventional three-panel format. Standard search results are flanked on the left by suggested terms to help you narrow or expand your search and, on the right, by results broken down by categories such as news and dictionary results." The Journal adds, "All of the leading search brands have operated their own internal test sites and labs for years. They frequently test layout and formatting tweaks on their main sites, often without users knowing. But now they are making their bold new ideas more public and asking users for feedback. Ask X links to a feedback form where users can submit random thoughts about the quality of the results."

Hackers Attack DVD Copy Protection. The New York Times (1/17, Stone) reports, "Last weekend, a loose-knit coalition of hackers around the world defeated the antipiracy software protecting several high-resolution movies in the HD DVD format. They then began distributing copies of the films…using BitTorrent, a popular file-sharing tool. … The move could send the technology companies behind the new wave of advanced DVDs scrambling back to the drawing board to improve their copy protection, and prompt Hollywood studios to rethink their alliances in the war between the HD DVD and Blu-ray formats." The Times continues, "The HD DVD standard is backed by Toshiba, Microsoft and Intel and uses copy protection technology known as the Advanced Access Content System. The rival Blu-ray format, supported by Sony, Hewlett-Packard and Dell, uses the same system but adds a level of software that acts as a backup when the first level is compromised, so it is considered to be slightly more secure. … The new intrusions came less than a month after a programmer calling himself Muslix64 announced in a Web forum that he had unraveled at least part of the HD DVD protection system. Muslix64 released free software that allows users to insert HD DVDs into their computers and make copies of those films without the original encryption. However, to make it work, users still needed a special title key, generated by the A.A.C.S. software, for each movie they were trying to copy." The Times adds, "Bill Rosenblatt, president of the consulting firm GiantSteps which specializes in content protection issues, said the intrusion was less of a crisis than the 1999 defeat of the encryption that protects standard DVDs, which allowed movie files to be freely copied and shared online. … However, some security experts said the intrusions were more serious. Bruce Schneier, the chief technology officer of the security company BT Counterpane, said it was unclear what effect revoking licenses would have. If new discs of the movies are updated with new title codes, the old discs in stores will still be vulnerable. And hackers will surely redouble efforts to crack the new discs."

Nike Poised To Seek Acquisitions. The Wall Street Journal (1/17, B3C, Stepankowsky) reports, "Nike Inc. hasn't made an acquisition since it bought the Starter brand in 2004. But with a lot of cash on its balance sheet, and fast growth in its niche brands, the Beaverton, Ore., athletic footwear and apparel company appears poised to pounce when the time is

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right." The Journal continues, "During the past two years, Nike has focused on internal reorganization and developing its core Nike brand. During its fiscal second-quarter conference call, however, executives appeared more open to the acquisition idea than they have been recently." The Journal adds, "While Nike continues to see steady growth globally in its Nike brand, the potential for faster growth comes from some of the smaller brands it has bought over the years. … These include Cole Haan for upscale dress shoes, Bauer Nike Hockey, Hurley International for the surf/skate market, Converse, and Starter, which has been renamed Exeter Brands, for the discount market. Nike developed its golf business internally."

Cablevision Board Rejects Dolans' Offer. The New York Times (1/17, Sorkin) reports, "The board of the Cablevision Systems Corporation rejected an $8.9 billion offer yesterday to sell the company to the Dolans, its founding family." The Times continues, "The rebuff was a rare example of a board standing up to and denying a request by a controlling shareholder." The Times adds, "The rejection by the board, which set up a special committee to review the Dolans' proposal, is the second time it has refused to sell the company to the family. … In 2005, the Dolans, led by the founder, Charles F. Dolan, and his son James, offered to break the company in two and buy Cablevision's cable television assets. But they were forced to withdraw the offer before the board formally rejected it." The Times notes, "The Dolans' latest effort, though, was much more public, and at times it appeared acrimonious. Rather than withdraw its offer when told it would be rejected, the family increased its bid last Friday by about $1 billion and tried to put pressure on the board by setting a deadline tomorrow, declaring that the proposal was its 'best and final' offer. … In rejecting the bid, the board said in a letter to the family that the offer 'does not represent fair value for the company's public shareholders nor does it contemplate a transaction that is in their best interest.'"

ENVIRONMENT:

Report Says Interior Official Was Told Of Oil And Gas Royalties Error. The New York Times (1/17, Andrews, 1.16M) reports, "A top Interior Department official was told nearly three years ago about a legal blunder that allowed drilling companies to avoid billions of dollars in payments for oil and gas pumped from publicly owned waters, a report by the department's chief independent investigator has found." The report "suggested that Interior officials could have fixed the mistake far more easily if they had taken action when they first recognized it." The report "contradicts statements by the official, Johnnie M. Burton, the director of the department's Minerals Management Service, who told a House hearing last September that she first learned about the royalties problem in January 2006." The Times adds, "Confronted by e-mail messages from subordinates from early 2004, the report said, Ms. Burton conceded that she probably had been told earlier, but 'did not remember putting a great deal of thought into the matter.'"

White House Denies Plans For Carbon Caps. The Financial Times (1/17, Daniel) reports the White House "denied it was planning a U-turn on its climate change policy by embracing a system of formal caps on greenhouse emissions, despite rising pressure from European governments to change its stance." Although energy security "will be a key theme in President George W. Bush's State of the Union address next week, the White House issued an unusually public rebuttal of rumours about its climate change policy." White House spokesman Tony Snow said, "I want to walk you back from the whole carbon cap story...The carbon cap stuff is not accurate. It's wrong."

The Washington Times (1/17, Dinan, 88K) reports Snow said Bush "will lay out his new climate-change policy in his State of the Union address next week, but sources familiar with the drafting of the speech said the president will argue that global warming can be better addressed through technology and greater use of renewable energy sources than through caps imposed on businesses and industries." Analysts and observers "have speculated for months that Mr. Bush is due for a change in his global-warming policy, not least because some of his top advisers, including Treasury Secretary Henry M. Paulson Jr., support such a move." In addition, "reports from London this week said British officials were predicting Mr. Bush would adopt mandatory carbon caps, the type of solution called for in the Kyoto Protocol negotiated by President Clinton but rejected by Mr. Bush." Snow said that Bush "has committed $29 billion to climate science and clean-energy technology, and that although funding for climate research at NASA is falling, the budget for the National Oceanic and Atmospheric Administration is increasing."

State Of The Union Expected To Address Energy, Social Security. The AP (1/17, Riechmann) reports President Bush, "already facing fierce opposition to his decision to send more U.S. troops to Iraq, will confront a tough audience next Tuesday when he delivers his State of the Union address to the first Democratic Congress in 12 years." Among the "prominent themes in the speech" will be "reducing U.S. dependence on foreign oil and supporting alternative fuels," and Bush "also will challenge Congress to fix Social Security's long-term solvency problem, find a way to compromise on immigration and preserve tax cuts. Lawmakers also will be listening for hints of what he might veto." Republicans "see the speech as a chance for Bush to

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put a wide-angle lens on the nation's problems, taking the focus away from Iraq. Still, the war's shadow will hang over the joint session of Congress when Bush speaks."

Webb To Deliver Democratic Response. The AP (1/17) reports, "Freshman Sen. Jim Webb, a Vietnam War veteran, will deliver the official Democratic response to President Bush's State of the Union Address, where the war in Iraq is expected to be a central topic."

CQ Politics (1/17, Benenson) reports Webb is "an early opponent of the Iraq war, a critic of President Bush's current proposal to increase troop strength there, and a vocal advocate of economic populism." Webb's "political credentials and background in the military surely were the major factors in the decision by House Speaker Nancy Pelosi of California and Senate Majority Leader Harry Reid of Nevada to choose Webb for the role." Webb's remarks "will mark the second consecutive year that a Virginia Democrat will be delivering the party's official response to Bush's annual message to Congress. In 2006, Democratic Gov. Tim Kaine — elected to his office in 2005 — delivered the party's response."

The Washington Post (1/17, A4, Craig, 690K) reports the "selection of Webb by Senate Majority Leader Harry Reid (D-Nev.) and House Speaker Nancy Pelosi (D-Calif.) underscores the party's efforts to counteract Bush's decision to send 21,500 more troops to Iraq at a time when opinion polls show most Americans want to begin exploring ways to bring more troops home." Several Democrats "said the decision to have two Virginia lawmakers in a row give the speech highlights the party's efforts to continue to make inroads into what has long been a conservative-leaning state. Some political observers believe Virginia could be competitive in the 2008 presidential race, even though the state has not voted for a Democrat for president since 1964."

The Washington Times (1/17, McLaughlin, 88K) reports Webb said "he was honored to deliver the response and hoped Bush would discuss 'fresh, creative solutions' that would 'move the country forward.'" Webb's "selection to deliver the response also has fueled further speculation that Democrats plan to push harder to win Virginia, known as a 'red state,' in the 2008 presidential election."

The Hill (1/17, Schor) reports Webb "will bring a unique vantage point on the war as a military expert who served as Navy secretary under President Reagan and did not flinch from challenging Bush to begin troop withdrawal during a visit just after Webb unseated Sen. George Allen (R)."

Report Cites BP With Failure To Emphasize Safety At US Plants. The AP (1/17, Porretto) reports, "British oil company BP failed to emphasize safety at its U.S. refineries before the 2005 Texas City explosion that killed 15, according to a report released Tuesday by an independent panel led by former U.S. Secretary of State James A. Baker III." The AP continues, "The panel, in a statement summarizing its 300-plus page report on BP PLC's operations, said the company had made strides in personal accident prevention but came up short on the bigger picture. … 'The panel maintains a central theme that prior to the Texas City tragedy BP emphasized personal safety and had achieved significant improvements in personal injury rates, but the company did not emphasize process safety,' the statement said. 'BP mistakenly interpreted improving personal injury rates as an indication of acceptable process safety performance at its U.S. refineries.'" The AP adds, "The 11-member panel made 10 recommendations, including that an independent monitor report to the company's board of directors for five years. … 'BP gets it and I get it, too,' BP CEO John Browne told reporters by video link from London. 'I recognize the need for improvement.'"

The Houston Chronicle (1/17, Belli, Clanton) reports, "The report says BP's board should appoint an independent monitor to routinely report back over the next five years on progress the company is making toward implementing 10 recommendations being made by the panel. … The panel found no evidence, though, that BP purposely turned a blind eye toward operational safety or intentionally short-changed safety. … Instead, it found that BP chiefs were focused on personal safety statistics concerning such minor accidents as slip and falls and vehicle collisions. Meanwhile, they were oblivious to the broader problems brewing in operations, which the panel refers to as 'process safety,' at all five of their domestic refineries." The Chronicle notes, "The Texas City explosion occurred as workers were restarting a unit after a maintenance shutdown. Federal investigators looking into causes of the blast have said that malfunctioning equipment, poor communication between workers and managers, outdated or nonexistent safety plans, even worker fatigue were contributing factors. … Although their final report isn't due out for two months, the U.S. Chemical Safety and Hazard Investigation Board last year urged BP to create an independent panel to review the corporate safety culture after finding evidence that management may have a lax attitude toward process."

BP CEO Denies Putting "Profits Above Safety." The Financial Times (1/17) reports, "BP on Tuesday night hit back at suggestions it put profits over safety after a damning independent report found 'material deficiencies' and systemic problems in stewardship of all five of its US refineries." The Times notes that a panel led by former US Secretary of State James Baker "identified a series of weaknesses in BP's safety practices." BP CEO Lord Browne "denied cost-cutting was responsible for failings: 'We've never focused on profits above safety.'" The Times adds, "The report made 10 recommendations that BP is expected to follow in full." BP "expects to fund the recommendations from within the US

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safety, compliance and regulatory affairs budget which it increased last July from $6bn to $7bn."

The Washington Post (1/17, Mufson) notes that in a "347-page report, the panel…said that the London company failed to provide 'effective' leadership to make the safety of its industrial equipment 'a core value' at its five U.S. refineries." The Post adds, "BP said it would adopt all the recommendations and noted that it had already taken many steps to fix the problems that led to the blast at its Texas City, Tex., refinery, which killed 15 workers and injured more than 170 others."

The New York Times (1/17, Timmons) says the report "concluded that weak leadership at BP and a lack of attention to effective safety helped create a dangerous setting that led to 15 deaths at the oil giant's Texas refinery." BP's "departing chief executive, John Browne, denied that there were fundamental problems with BP's structure or that a succession of problems were related. But he said he 'has a responsibility to implement these findings' and a 'moral responsibility' to make sure the company is improved." The Times adds, "BP has had a succession of diverse problems in recent years, including leaks in its Alaska pipeline and accusations of market manipulation at its trading desks, leading some to re-examine a once highly praised company and its longtime chief executive, Mr. Browne."

USA Today (1/17, Iwata) reports, "Led by…Baker, the panel's report comes two years after an explosion and fire at BP's refinery in Texas City, Texas, killed 15 people and injured 170 in one of the worst U.S. workplace disasters in history." The panel, which was appointed by Browne in 2005 at the urging of the U.S. Chemical Safety and Hazard Investigation Board, "said BP had improved 'personal safety' procedures and lowered the injury rates for workers in recent years. But BP failed to create company-wide safety performance systems and oversight that could prevent fatal serious blasts, fires and spills."

Report To Test BP's Next Chief Executive. The Wall Street Journal (1/17, Cummins) reports, "The London-based oil titan, reacting to the review released yesterday by an independent panel, promised to embrace a number of sweeping changes at its U.S. oil refineries, including engaging an independent body to monitor safety practices at the company." The report "is the most recent rebuke to longtime BP CEO John Browne," who last week "said he would step down about a year and a half earlier than expected." BP's "effort to minimize damage from" the report "presents the first big test for BP's next chief executive, Tony Hayward." Hayward, currently BP's head of exploration and production, "will take over as CEO in August."

FTimes Says Other Companies Should Pay Attention To What Happened At BP. In an editorial, the Financial Times (1/17) says that "the management of BP, the oil giant, must not ignore yesterday's report from a panel chaired by" former US Secretary of State James A. Baker "into the safety and management of the company's US operations." The "panel looked at safety culture across BP Products North America, not just at Texas City, reflecting other accidents, including some at BP's Alaskan operations." The "panel's conclusions suggest that BP's executives were most at fault, but the board of directors does not escape. The board relied on information about safety given to it by management. But, implies the report, the board did not question that information." BP's boardroom, "where many non-executives have been in place for almost a decade, needs to be revamped." The Times adds that other industrial companies also face grave safety risks, and non-executives "need to start asking the right questions."

Justices Sidestep Eminent Domain Case. The New York Times (1/17, Greenhouse, 1.16M) reports, "The Supreme Court on Tuesday bypassed an opportunity to revisit or limit its much-disputed 2005 ruling that upheld governmental power to use eminent domain to foster economic development. Without comment, the justices declined to hear a case from Port Chester in Westchester County, N.Y., that challenged the village's use of eminent domain in a dispute between a property owner and a private company designated as the developer of a run-down 27-acre urban renewal area."

High Court Declines To Review 9th Circuit's Diablo Canyon Dry Cask Decision. The San Francisco Chronicle (1/17, B2, Davidson) reports, "The US Nuclear Regulatory Commission and PG&E were issued a major legal setback Tuesday when the Supreme Court declined to consider a lower court decision requiring that a nuclear power plant near San Luis Obispo be analyzed for terrorist risk. The high court's refusal to take up the case means the Nuclear Regulatory Commission," must "now formally study the environmental impacts of potential attacks on the Diablo Canyon plant, said an attorney for San Luis Obispo Mothers for Peace, an anti-nuclear group that brought the lawsuit. But officials with the regulatory commission and PG&E, which operates the plant, said they were looking at what legal options might remain open to them." The Chronicle adds, "Dave McIntyre, NRC spokesman, told The Chronicle that the agency has acted 'aggressively since Sept. 11, 2001, to enhance security at nuclear facilities. It would be dishonest and inappropriate for me to speculate on what the commission will decide as the best way forward,' he said."

The New York Times (1/17, Greenhouse) reports that Pacific Gas and Electric, wants "a 20-year license from the Nuclear Regulatory Commission to build and operate a spent-fuel storage installation there." The Times adds, "The utility's appeal, Pacific Gas and Electric v. San Luis Obispo Mothers for Peace, No. 06-466, argued that the ruling was a

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misinterpretation of federal environmental law that would place unnecessary burdens on license applicants. The government itself did not file a Supreme Court appeal, however. Solicitor General Paul D. Clement told the court in his brief that while the decision was incorrect and potentially 'disruptive,' it was too soon to know how disruptive it would prove to be in practice."

Decision Seen As Blow To NRC And PG&E. Under the headline, "Order For Diablo Review Stands Up," the San Luis Obispo Tribune (1/17, Sneed) reports, "The court announced Tuesday it will not hear the case. Doing so exhausted all review of the lawsuit, forcing the federal Nuclear Regulatory Commission and plant owner Pacific Gas and Electric Co. to comply with a ruling of the 9th Circuit Court of Appeals. That ruling will likely force the agency and PG&E to redo the environmental analysis of the dry-cask storage facility, complete with more public hearings to specifically address how the environment could be harmed if terrorists attack the facility. NRC officials do not yet have a timeline for fulfilling the court ruling, said Dave McIntyre, NRC spokesman." The Tribune adds, "Mothers for Peace spokeswoman Jane Swanson said the group is elated by the Supreme Court's decision. It will force the NRC and the nuclear industry to more openly consider health and environmental risks associated with terrorist attacks when designing and building nuclear facilities, she said. 'Now, after years of resistance, the NRC and PG&E are forced to address these concerns,' she said."

An advance version of the San Luis Obispo Tribune's (1/16, Sneed) coverage noted, "Construction is continuing on the dry casks and is not expected to be delayed as the NRC decides how to respond to the court ruling. PG&E may not be able to load spent fuel into the casks before the NRC decides how to act."

The Lompoc (CA) Record (1/17, Charlton) reports, "Jeff Lewis, PG&E Diablo Canyon spokesman, said the utility company is disappointed but plans to proceed with the dry-cask project while the NRC decides how it will comply with the Supreme Court's ruling. 'To this point, we've spent $74 million on this project,' Lewis said, 'and we're on schedule to start the initial loading (of the casks) late this year, pending any other developments.' Lewis added that to keep the dry-cask project on schedule, 'PG&E expects the NRC to clearly define the issues to be resolved to address the Ninth Circuit's concerns, the procedures to be followed and the schedule for resolution.'"

Greenwire (1/16, O'Driscoll) reports, "The federal government" fought "the appeals court decision, charging that the Atomic Energy Act is the appropriate tool for protecting nuclear facilities against nuclear attack. NRC officials say the agency has used its AEA authority aggressively since the Sept. 11, 2001, terrorist attacks to enhance security at nuclear facilities. NRC spokesman David McIntyre said today that the federal government's view is that the NEPA terrorism issue, while decided incorrectly by the appeals court, was not ready for Supreme Court review. 'There may be opportunities for the NRC to raise the issue again in future court cases,' he said."

Platts Commodity News (1/16) reports, "PG&E called on NRC to clearly define the issues that must still be resolved, the procedures to be followed, and a schedule for completing the work. PG&E is building a dry cask storage facility because Diablo Canyon's spent fuel pool is running out of space. The utility hopes to begin loading dry casks by the second quarter of 2008."

Decision Expected To Have National Implications. KSBY-TV Santa Barbara, CA (1/16, Musada) reported on its Website that the decision was "a major victory for the local watchdog group, Mothers for Peace, and nuclear opponents nationwide. 'Today's ruling is a real triumph,' says Mothers for Peace spokesperson Jane Swanson. The 'triumph' to which Swanson is referring is a setback for PG&E, which operates Diablo Canyon." Swanson "says her local group has finally prevailed over nuclear giants. Swanson hopes the ruling will be applied to nuclear operators nationwide."

Ruling May Affect Oyster Creek Relicensing Application. In an early version of it story, the Press of Atlantic City (1/16) reports, "Although that ruling was aimed at the storage of spent nuclear fuel rods at Diablo Canyon Power Plant in California, the ruling by the Supreme Court could force a re-evaluation of Oyster Creek's ongoing attempt at license renewal. The Oyster Creek plant stores spent nuclear fuel rods in a pool which is 119 feet above the ground and holds about 375 tons of highly radioactive fuel rods. The state of New Jersey last year filed a contention nearly identical to the one filed with the 9th Circuit Court by the San Luis Obispo Mothers for Peace."

The Cherry Hills Courier Post (1/17) reports, "The US Supreme Court on Tuesday may have strengthened New Jersey's case to have federal regulators consider the impact of a terrorist attack on the Oyster Creek nuclear power plant in Lacey before renewing its operating license. The justices, without comment, turned away an appeal by a California utility, which had unsuccessfully argued that regulators should not have had to evaluate an attack's impact before approving a storage site for radioactive waste." The arguments "presented by the plaintiff in the California case, a citizens' group, and those presented by New Jersey officials in seeking a federal administrative hearing on the terrorism issue were nearly identical."

NRC Maintains That 9th Circuit's Ruling Limited To Diablo Canyon. The Asbury Park Press (1/17, Clunn) reports, "Neil Sheehan, a spokesman for the Nuclear Regulatory Commission, said it is now up to the NRC to decide what additional action must be taken in regards to the California waste site proposal for the agency to comply with

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the appellate court ruling. The winning arguments presented by the citizens' group San Luis Obispo Mothers for Peace and then by New Jersey environmental officials seeking a federal hearing on the terrorism issue were nearly identical." The Press adds, "Before Tuesday's ruling, the Nuclear Energy Institute, an advocacy group for the industry in Washington, said a terrorism review triggered by the policy act might impede the licensing of nuclear power plants and delay important federal projects. But Sheehan said the appellate decision only applies to the 9th Circuit. 'If the Supreme Court would have taken this up and ruled on it, then it could have had national implications,' he said. Sheehan said it is now up to the NRC to decide what additional action must be taken in the California waste site case to comply with the appellate court ruling." According to the "NRC, renewal reviews do not currently include terrorism because that threat is evaluated regularly through drills and inspections. State officials want to change that, and have a hearing request on the issue pending before the top five officials at the NRC.

Amid Abramoff Probe, Former Interior Official Resigns From Jamestown Commission. The AP (1/17, Barisic) reports, "The Interior Department's former No. 2 official has resigned from a federal commission for Jamestown's 400th anniversary amid reports that he is a target of a probe involving imprisoned lobbyist Jack Abramoff. … 'As you have no doubt seen, recently there have (been) published reports concerning investigations of actions involving me,' J. Steven Griles wrote in a letter to Frank Atkinson, chairman of the Jamestown 400th Commemoration Commission. … 'Without commenting on those reports, I have come to the conclusion that it would be better for the commission that I withdraw my membership,' Griles wrote in the letter, dated Jan. 10 and provided to reporters by the commission on Tuesday." The AP adds, "The commission works with the state agency planning events for the 400th anniversary of Jamestown, America's first permanent English settlement. Its responsibilities include a series of conferences on the future of democracy. … Griles, former deputy interior secretary during President Bush's first term, was notified by letter and told of possible charges - including lying to Congress - at a meeting this month with Justice Department prosecutors, The Associated Press reported last week, citing people familiar with the probe who spoke on condition of anonymity. … The charges involve questions about whether Griles falsely testified in 2005 before the Senate Indian Affairs Committee about Abramoff's attempts to hire Griles away from Interior."

SCOTUS Rejects Appeal Of Anacostia River Pollution Limits. The Washington Post (1/17, B3, Fahrenthold) reports, "The U.S. Supreme Court let stand yesterday a lower court's ruling that would set stricter pollution limits for the Anacostia River, giving environmentalists a victory in a long-running battle over the river's gluts of raw sewage." The Post continues, "The court's decision means that there will be daily caps on the amounts of various pollutants dumped into the Anacostia, although federal officials said it could take until next year for the details to be worked out." The Post adds, "Previously, the Environmental Protection Agency had required only annual or seasonal pollution caps, which can be easier to meet. A panel of the U.S. Court of Appeals for the D.C. Circuit rejected that approach in April, and yesterday the Supreme Court declined to hear an appeal from the EPA and the D.C. Water and Sewer Authority. … The river has fecal bacteria, trash and toxic chemicals that make it one of the most unhealthy streams in the region." The Post notes, "The most significant effect of the decision probably will be on the District's antiquated sewer system, which dumps out raw sewage and rainwater during storms. Environmentalists had argued that the damage done by each one of these "overflows" was so severe that an annual limit was not adequate. … Although the environmental groups celebrated yesterday's decision as a victory, it was unclear what the immediate impact on the river's pollution would be. Participants in the case said the EPA might not have the details of the daily limits ready until next year."

FBI/DEA/ATF/USMS:

Figliuzzi Says Counter-Terrorism Top FBI Priority. The Cleveland Plain Dealer (1/16, Tobin, 352K) reported, "The new head of the Cleveland FBI just bought a house in Bay Village and is moving his family here. That might not sound like much, but it's a leap of faith for C. Frank Figliuzzi, who last month became the fourth man in five years to head the local FBI office." The Plain Dealer added, "Figliuzzi said he will follow the priorities outlined by the FBI's leaders, which puts counter-terrorism at the top. … 'The threat is very real,' Figliuzzi said. 'The fact that there hasn't been an attack since Sept. 11 is not the result of luck.' Figliuzzi repeats the mantra of local law enforcement, that cooperation among the various agencies is paramount." Cleveland Police Chief Michael McGrath said, "We've never had a better relationship with our federal partners, and we'll continue moving forward." The Plain Dealer noted, "Figliuzzi is proud that he was able to forge relationships with Arab and Muslim groups in Florida while investigating terrorism there. … Altaf Ali, director of the Florida chapter of the Council on American Islamic Relations, said Figliuzzi often visited and met with leaders at mosques while working in Miami. Muslims will find him a good working partner, Ali said."

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Israeli Drug Kingpin Reaches Plea Deal With US. The Miami Herald (1/17, Weaver) reports, "International narcotics kingpin Ze'ev Rosenstein pleaded guilty Tuesday in federal court to conspiring to import and distribute hundreds of kilos of the popular nightclub drug Ecstasy -- but he will serve his sentence in his native Israel." The Herald continues, "U.S. District Judge William Dimitrouleas of Fort Lauderdale sentenced Rosenstein to 12 years in prison. But under an extradition agreement with Israel, he will be allowed to return home to serve the sentence -- and could qualify for parole in five years and four months with time off for good behavior. … Under federal sentencing guidelines, he faced 11 to 14 years in prison." The Herald adds, "Rosenstein, 52, listed among the top 50 traffickers worldwide by the Justice Department, agreed to the plea deal on conspiracy charges of peddling and smuggling about 850,000 pills of MDMA, a synthetic drug commonly known as Ecstasy. … The notorious Israeli criminal, who had initially pleaded not guilty, was scheduled for trial next week. He has been in custody in Israel and Miami since late 2004, so at the minimum he would end up serving a total of about 7 ½ years. … His plea agreement Tuesday is bound by conditions in Rosenstein's extradition agreement between the United States and Israel, which initially paved the way for him to be prosecuted in South Florida. … Those conditions, approved by the Israeli Supreme Court, allow Rosenstein to serve his prison sentence in his homeland, where there is a provision for early release for good behavior. There is no parole of any kind today in the federal criminal justice system. … 'To the extent that system differs from ours, I cannot comment,' said U.S. Attorney R. Alexander Acosta in Miami. 'He would be serving [his prison sentence] under the Israeli rules.' … Acosta said Rosenstein's conviction marks the end of his worldwide organization – 'his organization is no more.'"

The South Florida Sun-Sentinel (1/17, Blum) reports prosecuting the case "grew more complicated for government lawyers in November after [Judge] Dimitrouleas refused to permit Israeli undercover agents to testify using false names. … Defense lawyers opposed the request, saying it would prevent them from thoroughly investigating the agents' backgrounds." The Sun-Sentinel adds that Rosenstein "admitted he took part in a plot to import 850,000 Ecstasy pills into the United States in 2001 to be sold in Miami and New York." This Sun-Sentinel story has been picked up by the Myrtle Beach Sun News, San Luis Obispo Tribune, Contra Costa Times, Kansas City Star, and other news outlets.

Haaretz.com (1/17) writes, "Once in Israel, Rosenstein will admit in court...to hiring Colombian mercenaries to target members of the Alperon family, also seen as crime kingpins. For that crime, Rosenstein will be sentenced to three years in prison, to be served concurrently with his 12-year sentence."

Local TV Coverage. WSCV-TV, Telemundo-Miami-Ft. Lauderdale, Florida (1/16. 6:00 p.m.) aired, "An Israeli citizen pleaded guilty today in a court in Fort Lauderdale to conspiracy to import thousands of Ecstasy pills into the USA. Zeev Rosenstein, also known as 'the fat man' is considered to be one of the top drug traffickers in the world, and part of the agreement with the authorities includes a sentence of 12 years, as oppose to one of 40 years had he been found guilty in a court of law."

WTVJ-TV, Miami-Ft. Lauderdale (1/16, 6:00 p.m.) aired, "One of the world's biggest drug traffickers pleads guilty to charges to conspiring to export thousands of Ecstasy pills into the United States. A plea by a top organized crime figure comes a week before the trial was to begin. He was sentenced to 12 years in prison to be served in Israel as part of the deal."

More Charged In "Operation Death Merchant." The AP (1/17) reports the federal government "continued its attack on a large Colombiabased heroin trafficking organization yesterday by announcing that 10 more people were charged in Manhattan and 20 others face charges in Colombia. The charges bring to 110 the number of people charged internationally in an investigation nicknamed Operation Death Merchant." The AP story was used by the Wall Street Journal, Newsday, the New York Sun, and Detroit News.

New York Daily News (1/17) reports federal agents "dismantled a Colombian heroin ring by arresting several couriers who stitched packets of drugs into their britches and then took cruise ships to the United States, authorities said yesterday. 'Drug traffickers have never lacked creativity in trying to smuggle in their drugs,' said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York office. 'But smuggling drugs aboard cruise ships is a new twist, as traffickers try to do an end run around airport security.'" Yesterday's charges "bring to 110 the number of people charged internationally during the three-year probe."

On its Web site, WNBC-TV, New York (1/16) reports charges "were unsealed Tuesday naming 10 members of an alleged heroin and cocaine trafficking organization accused of smuggling more than $7.5 million worth of heroin into the United States from Colombia. … Describing the overall results of Operation Death Merchant, DEA Special Agent in Charge John Gilbride said, 'Over 117 members have been arrested. Over 170 kilograms of cocaine and 55 kilograms of heroin seized and destroyed.'" Authorities said the smuggled drugs "were destined for the eastern part of the United States and distributed throughout New York, Baltimore and Detroit."

Reputed Norte Del Valle Cartel Leader Arrested In Colombia. UPI (1/16) reported, "An alleged Colombian drug kingpin wanted on charges of smuggling tons of cocaine

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into the United States has been captured, Caracol Radio reported. Eugenio Montoya was arrested after a prolonged police shootout in which no one was injured, police said. Montoya's Norte del Valle cartel is believed to be one of the largest in Colombia and responsible for smuggling a large portion of the cocaine that reached U.S. shores."

BBC News (1/16) reported Montoya, who "also is known as Don Hugo, is alleged to be a leader of the Norte del Valle group. He denies being a drug trafficker." Montoya's capture "has ended a lengthy manhunt in which the US had offered a $5m reward for his arrest."

Former Chicago City Worker Gets 5-Year Sentence For Dealing Heroin. The Chicago Tribune (1/16, Bush) reported a former city laborer "was sentenced to five years in federal prison Tuesday for dealing heroin as part of a drug ring run by a former city hoisting engineer. Michael Hart, who worked for the city's Water Management Department, was hooked on heroin when he turned to dealing to support his habit, said his attorney Eugene O'Malley." Hart "pleaded guilty in August to dealing large quantities of heroin through the drug ring run by George Prado, a veteran water management employee."

Los Angeles Police Chief Seeks Moratorium On New Marijuana Dispensaries. The Los Angeles Times (1/16, Mcgreevy) reported Police Chief William J. Bratton is calling for a moratorium on new marijuana dispensaries until strict rules can be adopted governing them. Bratton "said the number of dispensaries increased from four in November 2005 to 98 a year later. 'This has fostered an increase in … crime problems and caused quality-of-life issues for families and communities, as evidenced by the 110 complaints received from neighbors, business owners and concerned citizens concerning these dispensaries,'" Bratton said.

Police Commission Supports Moratorium. The Los Angeles Times (1/17) reports the Police Commission "voted Tuesday to support a moratorium on new marijuana dispensaries and tougher regulations of existing enterprises, even as…Bratton promised to work with federal authorities to prosecute businesses found to be violating the law."

On its Web site, KNBC-TV, Los Angeles (1/17) reports the Los Angeles Police Commission "agreed Tuesday to a moratorium on the issuance of permits for new medical marijuana dispensaries in Los Angeles. Without discussion, the commission agreed with police Chief William Bratton's report that new dispensaries cannot be opened until new rules are adopted in governing where and when they can operate."

ATF Agent Infiltrates Michigan Robbery Ring. The Detroit News (1/17, Perkins) reports, "Authorities announced today that an undercover federal officer infiltrated an alleged robbery conspiracy, leading to the arrest of a man and teenager charged with plotting a series of heists Downriver." The News continues, "The Lincoln Park Police and federal Bureau of Alcohol, Tobacco, Firearms and Explosives learned of the plan when a federal agent working another case was informed about the alleged conspiracy. … Authorities claim 19-year-old William Musser of Lincoln Park, and a 16-year-old Dearborn Heights male conspired to rob businesses by targeting employees at gunpoint. They were arrested Friday. … 'So often law enforcement is successful at solving crimes after the fact,' ATF Special Agent in Charge Valerie Goddard said in a statement. 'However in this instance, we prevented this violent crime from ever occurring.'" The News notes, "The duo was arrested in a parking lot in Lincoln Park the morning they allegedly planned to commit armed robbery of a tavern in that city, followed by a second robbery of a Taylor restaurant, said Vera Fedorak, public information officer for the ATF. … Musser was charged with conspiracy to commit robbery armed and attempted robbery armed. He remains jailed on a $30,000 bond. The juvenile is in the Wayne County Youth Home until prosecutors determine whether he will be charged as an adult."

IMMIGRATION:

US Indicts 148 Immigrants Captured In Swift Plant Raids. The AP (1/17) reports, "Attorney General Alberto Gonzales says 148 illegal immigrants have been indicted for allegedly acquiring other peoples' Social Security numbers and other information to get jobs at Swift meat packing plants." The AP continues, "The indictments, issued in Iowa and five other states, follow federal raids on the plants last month in the largest-ever workplace crackdown on illegal immigration. The raids led to the arrests of nearly 13 hundred employees and temporarily halted operations for the meat processor." The AP adds, "Gonzales says the Bush administration is studying ways to curb identity theft, including better ways for police to report the crime, and to reduce the access that thieves have to Social Security numbers.The federal indictments include: 53 in Texas, 30 in Iowa, 26 in Nebraska, 20 in Minnesota, 18 in Utah and one in Colorado."

WOI-TV, Des Moines, IA (1/16, 10:00 p.m.) broadcasted, "A total of 148 illegal immigrants have been indicted on identity theft charges stemming from last months' immigration raids at six swift plants. Attorney General Alberto Gonzales says the suspects got people's social security numbers and other information to get their jobs. On top of the 30 identity theft charges filed in Iowa more than 100 were charged in Texas." There were other local broadcasts in both Texas and Iowa.

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Border Fence Cost Estimates Create Split In Congress. The Washington Times (1/17, Hurt, 88K) reports on Rep. Duncan Hunter's defense of plans to construct a fence along the US-Mexico border, and his designation of those who estimated that it "could cost about 25 times the roughly $2 billion he estimated. 'I call them the 'Mission Impossible' crowd,' the California Republican said, referring to the nonpartisan Congressional Research Service and others who predict that the fence will cost nearly $50 billion." Hunter "might lump into that crowd Majority Leader Steny H. Hoyer, Maryland Democrat, who told reporters yesterday that he thinks "the fence will be revisited." The Times adds that "President Bush might fall into that group as well. The administration, Mr. Hoyer noted yesterday, 'has not been enthusiastic' about implementing the Secure Fence Act of 2006."

IG Report Finds Mistreatment Of Illegal Immigrants In US Detention. The Washington Post (1/17, A8, Hsu, 690K) reports a DHS IG report released yesterday has found that illegal immigrants were mistreated "at five prisons and jails nationwide, violating federal standards meant to ensure safe and humane custody." The report said ICE "officials and contractors denied timely medical treatment to some of the immigrants, failed to disclose and justify disciplinary actions against them, and improperly limited access to relatives, lawyers and immigration authorities." The Post adds, "The report comes amid a sharp increase in illegal immigrants in US detention as Congress and the Bush administration debate an overhaul of immigration laws and promise tougher enforcement of existing laws." Responding to the report, DHS Assistant Secretary Julie L. Myers concurred at least partly with nine of 13 findings and promised changes," but said "they 'do not indicate any systemic failure' at nearly 400 facilities where ICE is authorized to house as many as 27,500 people a night, because they were based on individual allegations at a small sample of sites."

In a brief article, the New York Times (1/17, Swarns, 1.16M) reports, "Homeland security officials said the study was too small to be representative of the country's detention centers."

Georgia Town Provides Insight Into Question Of Effect Of Illegal Labor Force. In a 2,791 word article, the Wall Street Journal (1/17, A1, Pérez, Dade, 2.04M) reports from Stillmore, Georgia, where "a wave of raids by federal immigration agents on Labor Day weekend" resulted in a local chicken-processing company called Crider Inc. losing "75% of its mostly Hispanic 900-member work force. The crackdown threatened to cripple the economic anchor of this fading rural town. But for local African-Americans, the dramatic appearance of federal agents presented an unexpected opportunity. Crider suddenly raised pay at the plant. … For the first time since significant numbers of Latinos began arriving in Stillmore in the late 1990s, the plant's processing lines were made up predominantly of African-Americans." Though the situation "initially appeared" to back the notion that "illegal immigrants take jobs from low-skilled American workers," the issue "has become more complex" over time. "The plant has struggled with high turnover among black workers, lower productivity and pay disputes between the new employees and labor contractors. The allure of compliant Latino workers willing to accept grueling conditions despite rock-bottom pay has proved a difficult habit for Crider to shake, particularly because the local, native-born workers who replaced them are more likely to complain about working conditions and aggressively assert what they believe to be legal pay and workplace rights."

TAX:

Judge Petitions 2nd Circuit Over Ancillary KPMG Ruling. The Wall Street Journal (1/17, B13, Lattman) reports, "New York federal Judge Lewis A. Kaplan, a former litigator, is getting to play lawyer again. Judge Kaplan recently filed a brief with the Second U.S. Circuit Court of Appeals -- on behalf of himself." The Journal continues, "The filing came as part of a high-profile case the judge is overseeing, the indictment of 16 former partners of accounting firm KPMG LLP and two others on criminal tax-fraud charges. Judge Kaplan got the bar buzzing when he ruled in June that prosecutors violated the constitutional rights of the KPMG defendants by pressuring the firm not to pay their legal fees." The Journal adds, "The ground-breaking decision was followed by another unusual one: Judge Kaplan created a separate civil proceeding, under his watch, about the legal-fee dispute between the firm and the defendants. … When KPMG appealed, the appeals court wanted to know what Judge Kaplan was thinking when he ordered a side proceeding, and did he have the authority to do it? Ralph Winter, one of the appeals judges, called the move 'extremely dubious.' … Injecting yet another twist in the case, the appeals court invited the judge to defend himself. … In his 47-page response, Judge Kaplan acknowledged his move was unusual but said the complex issues surrounding this case are unlikely to recur again, if ever. "

IRS Opens Doors For Most Electronic Filings. In his "Tax Report" column for the Wall Street Journal (1/17, D1), Tom Herman writes, "Opening day for e-filing your federal income-tax return for 2006 generally was this past Friday, the IRS said. But you can't e-file until Feb. 3 if you're claiming key tax provisions enacted last month. Both e-filed returns and paper returns claiming these provisions -- deductions for state and local sales taxes, higher education tuition and fees, and educator expenses for classroom

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supplies -- won't be processed if submitted before Feb. 3." Herman continues, "Tax returns filed on paper will be accepted but won't be processed until after IRS systems are updated Feb. 3, the IRS said. … IRS officials strongly urge taxpayers to file electronically. E-filing is "the fastest, safest and most accurate way" to file, said IRS Commissioner Mark W. Everson. He said people will get their refunds more quickly that way than filing the old-fashioned paper way. E-filing also "greatly reduces the chances for making an error." … Last year the IRS received more than 73 million returns electronically, up 7% from the prior year. A spokesman said almost 54% of all returns were filed electronically."

CONGRESS-ADMINISTRATION:

Bush Withdraws Appeals Court Nominee. The AP (1/17) reports President Bush "withdrew a controversial federal appeals court nominee, a nod to the Senate's new Democratic leadership." Bush had "just resubmitted Norman Randy Smith of Idaho to the Senate last week for a seat on the San Francisco-based 9th U.S. Circuit Court of Appeals. At the time, Bush also withdrew four nominees." Last February, Sen. Dianne Feinstein, D-Calif., "blocked a vote on Smith, saying the nomination would give Idaho undue weight on the West's top appellate court."

Democrats Launch Campaign To Prebut Bush Speech. Roll Call (1/17, Billings) reports Democratic leaders "are launching a broad counteroffensive on issues ranging from Iraq to energy policy in advance of President Bush's State of the Union address next week, hoping to separate the president from the typical popularity boost that comes with the nationally televised speech." Senate Majority Leader Harry Reid (Nev.) and Speaker Nancy Pelosi (Calif.) "are still putting in place the specifics of their plan, but senior Democratic sources say the new leaders are orchestrating a 'strong push-back' beginning today on some of Bush's major proposals." The Democrats will "hold numerous events on both sides of the Capitol to try to ensure they go into Tuesday night's speech with an upper hand on the issues they believe Bush is set to address, including the Iraq War, balancing the budget, global warming and energy independence. Democrats already are fanning out to the rank-and-file Members, urging them to set expectations high, so that the onus is on Bush to measure up."

After First 100 Hours, Democrats Have Work Cut Out. In her Washington Post column (1/17, A19), Ruth Marcus says, "The first 100 hours agenda gave Democrats the framework to avoid that befuddlement at the start of the 110th Congress. But when the clock runs out, Speaker Nancy Pelosi (D-Calif.) may start to wonder whether Newt Gingrich had a point in pacing his Contract With America agenda over days, not hours." Marcus notes the "first 100 hours agenda will quickly collide with Senate and White House reality," and having "picked the low-hanging legislative fruit, Democrats have far more back-breaking work ahead" on issues such as climate change, healthcare, and farm subsidies. In addition, the "fissures, internal and external, in the Democratic Party, will start to emerge, like cracks in the Arctic ice shelf."

House Expected To Approve Repeal Of Oil Industry Tax Breaks. The Los Angeles Times (1/17, Simon, 850K) reports, "[W]ith Democrats in charge, perhaps no industry will find the new Congress less hospitable than the oil industry. That will be underscored Thursday when the House is expected to approve a bill that would repeal billions of dollars in oil industry tax breaks passed by the GOP-controlled Congress." The Times adds, "The measure would raise about $14 billion over 10 years by repealing the tax breaks and by closing a loophole that allowed royalty-free offshore oil leases. The money would be used to promote energy conservation and develop alternative fuels." The "measure is expected to easily pass the House but is likely to face a tougher time in the Senate. And it could run into trouble at the White House." President Bush "opposed the tax breaks for the oil and gas industry that were included in the 2005 energy bill. But the administration has been cool to the idea of forcing oil companies to renegotiate drilling leases."

Six Utilities Endorse Bill To Limit Carbon Dioxide Emissions. The Hill (1/17, Snyder) reports, "Six electric companies plan to support a Senate bill to cut greenhouse-gas emissions to curb global warming. The bill, cosponsored by Sens. Dianne Feinstein (D-Calif.) and Tom Carper (D-Del.), would establish a national 'cap and trade' program to limit power-plant carbon-dioxide emissions by 25 percent by 2020 from current projections." The Hill adds, "The companies are members of the Clean Energy Group, which has advocated for a carbon cap in the past." The "companies supporting the bill are Calpine, Entergy, Exelon, Florida Power & Light, PG&E Corp. and Public Service Enterprise Group."

WPost Gives Democrats' Energy Policy Mixed Rating. The Washington Post (1/17, A18, 690K) says in an editorial, "The House Democrats plan to pass an energy bill Thursday that combines the good, the bad and a large dose of missed opportunity. Thankfully, it faces an uncertain future in the Senate. Energy policy deserves more serious treatment." The "good part of the bill revokes tax breaks for oil and gas production in the United States that should never have been granted." The "bad part of the bill would effectively revoke lease contracts granted in 1998 and 1999 for offshore drilling." The House bill "would break this deadlock by imposing heavy penalties on firms that do not

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renegotiate on terms imposed by the government. This heavy-handed attack on the stability of contracts would be welcomed in Russia, Bolivia and other countries that have been criticized for tearing up revenue-sharing agreements with private energy companies." The main "problem with the House bill is that hitting up oil companies is a poor substitute for a real energy policy. The nation needs to accelerate the development of less-carbon-intensive fuels by capping or taxing carbon consumption."

Judges Seek More Experienced Clerks. The Legal Times (1/17, Palmer) reports, "Julia Kiraly doesn't fit the profile of a judicial clerk, the Ivy Leaguer who jumps directly from law school to a judge's chambers. After hopscotching from Venable to Hogan & Hartson and back to Venable in her first four years of practice as a litigator in Washington, D.C., Kiraly did the unthinkable for many young lawyers looking to scale the law firm ladder: She passed up a growing six-figure salary to clerk for Chief Judge Thomas Hogan of the U.S. District Court for the District of Columbia." The Times continues, "However unconventional, Kiraly, now entering her second year clerking for Hogan, is emblematic of a growing number of lawyers leaving private practice to clerk on one of the most competitive circuit courts. … Though the graying of Supreme Court clerks has been well documented (think Justice Samuel Alito Jr.'s first-term pick of Adam Ciongoli, former senior vice president and general counsel of Time Warner Europe, as his clerk), the increasingly older talent pool applying for federal circuit court clerkships has risen over the past couple of years as lawyers seek to boost their résumés. The trend also reflects the growing number of federal judges who have done an about-face by requiring, or strongly preferring, law clerks who draft opinions and research questions of the law to obtain some real-world experience beyond school." The Times adds, "Applying for a clerkship after entering the marketplace hasn't always been in vogue. For decades, judges relied on the nation's top law schools to fill clerk positions. Even five years ago it was almost unheard of at most Washington firms to clerk after becoming an associate. But in-house recruiters and hiring partners say they have seen a distinct change in the number of associates exiting for clerkships. … Instead of viewing associates departing for clerkships as a negative trend, law firms have framed it as a recruiting tool to lure clerks back to firms with incentive packages."

House Expected To Approve Student Loan Interest Rate Reduction. The Washington Times (1/17, Fagan, 88K) reports, "Democrats, trying to deliver on expensive campaign promises, are offering a slimmer version of legislation to cut interest rates on student loans." The College Student Relief Act of 2007 "would cut interest rates gradually on need-based federal loans for college undergraduates from 6.8 percent to 3.4 percent by 2011." The reduction could "save the average student borrower about $4,400 over the life of a loan." The bill is estimated to cost "$5.85 billion over five years." The Bush administration opposes the bill, arguing that it "won't help current students or their families and that encouraging more student debt can fuel higher tuition costs."

The AP (1/17, Zuckerbrod) reports the bill "would help an estimated 5.5 million students." And "to avoid increasing the deficit, the bill's cost would be offset by reducing the yield on college loans the government guarantees to lenders and cutting the guaranteed return banks get when students default. Banks also would have to pay more in fees." The House "was expected to approve the bill, though its future is uncertain beyond that."

McClatchy Newspapers (1/16, Barrett) reports the bill "falls short of a proposal" Democrats "pitched nearly a year ago when the Republicans controlled Congress." It "doesn't cover all student loans…and it will take five years to phase in. And though education advocates praise the effort as a nice start, they say it won't do much to boost college access at a time of soaring tuition increases."

Bloomberg (1/16, Basken) reports the Bush administration "preferred that Congress concentrate on funding direct-aid programs." The plan "also has drawn criticism from banks, which oppose provisions that would make them pay the estimated $6 billion cost of the lower rates, and congressional Republicans, who want more pressure on colleges to reduce costs."

WSJournal Says Bill Mostly Benefits Professors And Administrators. The Wall Street Journal (1/17, 2.04M) in an editorial criticizes the bill arguing that it "isn't really about making college more affordable for low-income families. It's about expanding federal subsidies for college grads." In addition, "colleges will raise tuition to capture the additional funds." So "the biggest winners from this latest subsidy will be the relatively well off professors and administrators who run higher education."

Boehner Says GOP Needs New Ideas. Roll Call (1/17, Davis) reports that for "all the hurdles House Republican leaders face in the minority, the biggest one simply may be getting their rank-and-file Members to accept the realities of their new deflated status." Minority Leader John Boehner said, "I had a Member one night last week moaning and groaning about the schedule. And I just had to look at him and say, 'Why don't you go talk to Mr. Hoyer?' It is what it is." Roll Call adds Boehner "makes no excuses for the electoral losses of the party he now leads." Boehner said, "We've got to work harder, we've got to work smarter, and probably the biggest thing we need to do is energize our Members to create new ideas for solving the problems the American people sent us here to solve." While Democrats

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"continue to tick off a list of early legislative accomplishments, most with considerable Republican support, Boehner is quick to dismiss speculation that there are rifts in the GOP ranks."

Boehner Criticized For Booting Flake From Judiciary Panel. The Los Angeles Times (1/17, 850K), in an editorial, criticizes Minority Leader John Boehner's "decision to remove Rep. Jeff Flake of Arizona from his seat on the House Judiciary Committee. Flake has made a name for himself with his long-standing effort to eliminate excessive congressional 'earmarks' — not through any complex new ethics legislation but by publicly fighting individual earmarks on the House floor. It's not certain that this was the reason he lost his Judiciary Committee job. Flake believes that he's being punished for supporting comprehensive immigration reform. Other D.C. observers say Boehner (R-Ohio) is making good on his promise last year to punish 'bad behavior' by Republicans who vote against the party's leadership. What is clear is that Flake, the kind of fiscal conservative who has the potential to reverse the GOP's woes, is being held back not for his behavior but for his beliefs."

McConnell, Kyl Plan New Communications Strategy. The Hill (1/17, Bolton) reports senior aides "to Senate Minority Leader Mitch McConnell (R-Ky.) and Senate Republican Conference Chairman Jon Kyl (R-Ariz.) met with Senate Republican press secretaries yesterday to address last year's communications shortcomings under former Sen. Bill Frist (R-Tenn.)." McConnell and Kyl "have decided that more members of their conference must actively voice the GOP's vision both in the national media and to constituents. Senate Republicans have felt increasing pressure to reform their communications strategy following the success of Senate Majority Leader Harry Reid's (D-Nev.) war room, which is part of a 20-person Democratic communications team that specializes in rapid response." Kyl said, "This week alone we're already seeing progress in the effort to promote small business growth, restrain wasteful spending, and prevent government from price-fixing prescription drugs."

Senate To Vote On Banning Lobbying By Spouses. The Washington Post (1/17, A1, Solomon, 690K) reports in a front page story that "at least half a dozen congressional spouses have jobs as registered lobbyists and several more are connected with lobbying firms, but reining in the practice to prevent potential conflicts or the appearance of them has not been a priority among congressional leaders. Even modest proposals such as banning wives and husbands from lobbying their spouses or using their spouses' floor privileges for lobbying have gone nowhere." Democrats made "ethics reform a major issue in last fall's congressional elections, but the ethics package the House approved earlier this month didn't address the issue and neither did the one proposed by Senate Democrats. Last week, however, Sen. David Vitter (R-La.) proposed banning spouses of senators from lobbying any part of the chamber. The lone exception is for spouses who were lobbying at least one year before their husband or wife was elected." The Senate is "scheduled to vote on the legislation as soon as today. Senate Majority Leader Harry M. Reid (D-Nev.) called Vitter and said he would support the proposal with one caveat: It should exempt spouses who are already lobbyists."

Senate Passes Bill To Disclose Earmarks. The AP (1/17, Abrams) reports the Senate "voted Tuesday to shine more light on thousands of expensive pet projects buried in legislation every year after the new Democratic majority bowed to a successful push by Republicans to make new disclosure rules even tougher than originally planned." The vote "was 98-0 to require senators to reveal the water projects, hiking trails, defense contracts or tax breaks for specific industries they insert in legislation. That unanimity came five days after Democrats, holding a slim majority, were thwarted by a GOP-led rebellion in advancing their own version of 'earmark' reform."

The Washington Times (1/17, Miller, 88K) reports the Senate "voted unanimously yesterday to adopt a Republican-backed measure to limit pork-barrel spending despite initial opposition by Democratic leaders." Majority Leader Reid "changed course and embraced the bill last week after delaying a final vote when the proposal unexpectedly survived a procedural vote to kill it." The amendment "would mandate public disclosure of all earmarks for federal projects and require members of Congress seeking earmarks to provide written information -- which also must be made available on an Internet database -- 48 hours before the legislation is considered."

Record 16 Women Serving In Senate. ABC World News (1/16, story 5, 1:05, Snow, 8.78M) reported Sen. Hillary Clinton "was part of an extraordinary gathering today. There are a record 16 women in the Senate this year. 15 of them sat down with ABC's Diane Sawyer this afternoon in Washington." ABC (Sawyer) added, "This group, this gathering." Sen. Diane Feinstein: "You know, when we were nine, and we would gather at the well of the Senate. I think people remember. The men would come over and say, what are you up to now? And, you know, there was a curiosity that we must be plotting something. I don't think that exists anymore."

Unlikely Coalition Forms To Urge Healthcare Reform. The Wall Street Journal (1/17, A10, Solomon, Maher, 2.04M) reports an "unlikely coalition of business, labor and consumer interests plans to prod lawmakers to tackle

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health-care overhaul, but agreement among the group so far extends only to a consensus that the lack of affordable health care is a critical problem." Rather than "coalesce around a single idea for how to overhaul health care, leaders of the Business Roundtable, AARP and the Service Employees International Union said yesterday that they plan to force lawmakers to address the issue of health-care overhaul through a mix of advertising, lobbying and public outreach." The "likelihood of these three groups -- which have vastly different constituencies and political leanings -- agreeing on a single approach is unlikely. But the fact that they're looking to coordinate their efforts shows how dominant the issue of overhauling health care is becoming." Later this week, "another group of 16 disparate organizations, including health insurers, physician associations, the U.S. Chamber of Commerce and health advocacy groups, plans to introduce its own bipartisan approach to address the plight of uninsured Americans."

In his Washington Post column (1/17, D1), Steven Pearlstein says, "There, at the National Press Club, stood the president of the Business Roundtable, representing the country's largest corporations; the president of the Service Employees International Union, the country's most vibrant union and one of its fastest-growing; and the president of AARP, the formidable seniors lobby. They put aside their usual differences to deliver a clear, simple message to President Bush and congressional leaders of both parties: We stand ready to give you the political cover you need for a centrist, bipartisan fix for a broken health-care system. Or, if you refuse, we stand ready to embarrass you and run you out of office." The "outlines of a genuinely comprehensive reform plan are coming into focus." It "starts with universal coverage, accomplished either through a mandate on everyone to purchase basic health insurance or a mandate on all employers to offer it. It includes subsidies for families with incomes up to 300 percent of the poverty level to help defray the cost of that insurance and the deductibles and co-payments that go with it."

Bill Would Authorize $3.2 Billion Annually For Amtrak. The Washington Post (1/17, A4, Weiss, 690K) reports Sens. Frank Lautenberg (D-N.J.) and Trent Lott (R-Miss.) "introduced legislation yesterday that would authorize $3.2 billion a year for Amtrak over six years in exchange for greater efficiency and increased investments by states." Supporters said the plan "would place Amtrak on a firm financial footing after years of instability." A similar bill "was passed by the Senate in November, 93 to 6, but was not taken up by the House of Representatives. Lautenberg said prospects were much improved with Democrats now in control of both houses of Congress."

Federal Workers Support More Options For Thrift Savings Plan. The Washington Post's (1/17, D4, Barr) "Federal Diary" column reports, "TIPS. Bonds. Roth 401(k) accounts. These are among the investment options that government employees would support adding to the Thrift Savings Plan, according to a survey released yesterday." The Post adds, "The survey, released at a meeting of the Federal Retirement Thrift Investment Board, found that thrift plan participants are generally more satisfied with the plan than private-sector employees are with their 401(k) plans," but the "thrift board has been considering new rules and investment options for the TSP for much of the past year, in part because of recent changes to pension law and because some members of Congress and the National Association of Real Estate Investment Trusts have pushed for adding a real estate fund as a way of helping government employees diversify their portfolios." The Post adds, "Sixty percent said providing a Roth 401(k) account would make the TSP a better program, and 46 percent said offering a wide selection of investment options would improve the plan."

Bush Honors Baseball's Cardinals At White House. The AP (1/17, Feller) reports President Bush "said Tuesday that even in a losing streak, it is possible to win by sticking with your goal and showing character no matter what the doubters say about you. He was talking, of course, about baseball." Bush "honored the World Series champion St. Louis Cardinals by commending them for winning the hard way. To be sure, the Cardinals were not a powerhouse on their way to the White House." Bush "lauded the team's entire operation — its management, coaches, players and fans. He had plenty of nice words for his old business partner, Cardinals Chairman Bill DeWitt Jr., who worked with Bush when the president was managing partner of the Texas Rangers."

WSJournal Says Deficit Picture Brightening. The Wall Street Journal (1/17, 2.04M) says in an editorial, "The myth persists in some media circles that the federal budget deficit is 'surging' or ballooning or something terrible -- all of which is served up as ammunition for those in Congress who want a tax increase. At the risk of being drummed out of the guild, we thought you'd rather have the real story." The deficit "has in fact declined by some $165 billion over the past two fiscal years, and according to the most recent data has continued to fall in the first quarter of fiscal 2007." All in all, "despite huge outlays for wars in Iraq and Afghanistan, the nation's fiscal picture is brightening. We hate to ruin the press corps's day with such cheerful news, but there it is."

Census Bureau Urged To Count Inmates At Home Addresses. The New York Times (1/17, 1.16M)

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says in an editorial, "The Census Bureau typically uses the decennial census to test data-collection methods that become routine later on. The 2010 census should include a test run at counting the nation's 1.4 million prison inmates at their permanent addresses instead of in prisons. That would help bring an end to a corrosive but little known practice that distorts the political process in virtually every corner of the country." State lawmakers treat inmates "as residents of the prisons when drawing legislative maps, to inflate the head count in lightly populated rural areas where prisons are typically built. This creates legislative districts where none would ordinarily be, shifting political influence from the heavily populated urban districts where inmates live. Once inflated, these towns and counties siphon an outsized portion of state and federal aid."

OTHER NEWS:

Plunge In Oil Prices Continues. ABC World News (1/16, story 6, :20, Snow, 8.78M) reported, "Oil prices continued to plunge today, dropping to an almost two-year low with no sign that a cut in production is coming anytime soon. Oil closed down almost $2 a barrel [to $51.21 per barrel]. That's the lowest since May 2005. There's also been a slide at the pump, with the average price of a gallon of gas down 8 cents last week [to $2.23 per gallon]." The CBS Evening News (1/16, story 5, 2:15, Couric, 7.66M) reported, "[T]he news about oil and gas prices lately just keeps getting better and better." CBS (Mason) reported, "Gas is falling because crude is plummeting. The price of oil down $10 since the end of last year, has plunged $25 a barrel since its high last July, a 33 percent drop." CBS added, "The era of cheap gas isn't coming back. Mother Nature is just giving us a break. Gas prices are expected to head back up in the spring."

Saudi Energy Minister Rejects Call For Further OPEC Production Cut. The Financial Times (1/17, Hoyos) reports Saudi Energy Minister Ali Naimi said OPEC "did not need to further reduce its production. The oil price fell sharply following the remarks." The news "dimmed the prospect of an imminent emergency meeting of the group and prompted international oil prices to fall $1 to $52 a barrel, a 19-month low. Mr Naimi said: 'Do not panic. Actually there is no reason for a meeting.' He added: 'The market is in a healthy condition and moving in the right direction.'" The Times adds, "Edmund Daukoru, Nigeria's energy minister, was less sanguine about the market, believing it to be oversupplied. But he said: 'I think we have to take a wait-and-see [approach]. After we implement 500,000 barrels a day [cut], we have to see how the market responds.'" The Saudi and Nigerian "positions contradict the view expressed by other Opec members, including Iran and Venezuela, who have recently publicly backed further action."

Dow Soars To New Record Closing. USA Today (1/17, 4B, Krantz, 2.27M) reports, "Investors returned from the long weekend Tuesday in the mood to buy blue-chip stocks and pushed the Dow Jones industrial average to another high. Cheered by another fall in the price of crude oil and encouraging corporate earnings reports, the Dow added 26.51 points to 12,582.59, its third-consecutive record close. The Dow is up 1.0% this year." The Standard & Poor's 500 "gained 1.17 points to 1431.90, thanks largely to stocks in the fertilizer, railroads and retail real estate investment trust industries. The S&P 500 is up 1.0% this year." The Nasdaq "fell 5.04 points to 2497.78. The index is still up 3.4% this year, though." The Wall Street Journal (1/17, C1, McKay, 2.04M), NBC Nightly News (1/16, story 8, :10, Williams, 9.87M) and ABC World News (1/16, story 7, :10, Snow, 8.78M) also noted the market numbers.

Forecasts Suggest Housing Market Still Struggling. The Wall Street Journal (1/17, Wei, Hagerty, 2.04M) reports, "Mortgage lender IndyMac Bancorp Inc. slashed its forecast for fourth-quarter earnings and home builder Centex Corp. projected a loss from continuing operations for its latest quarter as the US housing industry struggles with slow sales and rising loan defaults." The Journal adds, "Though some economists say the worst of the housing slump is over, the latest developments show that bad news from lenders and builders can still jolt the market. Steeper discounts from builders desperate to unload excess homes could add further downward pressure on prices, as could rising foreclosures, which dump more properties on the market."

Obama Enters Presidential Fray To Glowing Reviews. Sen. Barack Obama announced yesterday the formation on a exploratory committee with an eye on a 2008 White House run. Obama's move is being treated as a major news story, with all three networks running extensive reports on it, and major newspapers devoting front-page headlines to Obama and what his entry into the race could mean. In general, the coverage is markedly laudatory of the Illinois senator, with pieces noting his quick rise and the diversity of the emerging Democratic field. The Washington Post (1/17, A1, Balz, 690K), for example, runs a front-page piece titled "Race And Gender Make Democrats' Field Historic," in which it says "Democrats moved a step closer yesterday to what shapes up as one of the most historic and compelling contests ever for their party's presidential nomination." The news media, adds the Post, "will find the story line" of a contest between Obama and Sen. Hillary Clinton "irresistible, and Democrats around the country are eagerly anticipating the competition." In a similar story, USA Today (1/17, 4A, Lawrence, 2.27M) also notes the "historic Democratic

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nomination race dominated by a black man and a first lady-turned-senator."

The Chicago Tribune (1/17, Dorning, Parsons, 617K) reports Obama would be "the most formidable African-American candidate ever, offering a call to common purpose as a remedy to bitter partisan divisions and marking a potential turning point in the nation's race relations." The CBS Evening News (1/16, story 4, 3:15, Borger, 7.66M) described Obama as "the candidate who says it's time for a younger generation to change America's future," and notes that "just two years ago, Obama was a novice mounting the national stage, a young Illinois state Senator with a great story. … His message is twofold, that American politics is too divisive, and the baby boomers, who have been fighting the same old fights for years, need to move over." NBC Nightly News (1/16, story 3, 1:40, Reid, 9.87M) showed the senator saying, "I certainly didn't expect to find myself in this position a year ago. But as I've spoken with many of you in my travels across the states these past months, I've been struck by how hungry we all are for a different kind of politics." The AP (1/17, Pickler) praises him this morning, calling him a man of "uncommon political talents," and McClatchy (1/17, Thomma) reports his decision "propels him into the top tier for the 2008 Democratic presidential nomination and puts him in position to test how much his party and his country hunger for change."

Even what commentators view as his greatest weakness – his lack of experience – is seen as a possible advantage this time around. ABC World News (1/16, story 3, 2:55, Tapper, 8.78M) reported, "Obama's message, his charisma, and his personal story, he's the son of an African father and white mother from Kansas, have found an audience. In recent trips to Iowa and New Hampshire, Obama drew raves for presenting fairly traditional liberal views at fresh and inspiring." Obama "has few legislative accomplishments. But he's aggressively trying to turn his inexperience into an asset, by arguing those with the most experience created an ugly partisan atmosphere -- and led the nation into the war in Iraq."

The Wall Street Journal (1/17, A12, Calmes, 2.04M) reports Obama "now will test just how eager voters are, in the wake of his Democratic Party's recent takeover of Congress, to further shake up Washington. … For many in his party, and some independents, the freshman senator has come to personify a hopeful prospect of change from the polarizing politics of recent years." Democratic strategist Stephanie Cutter, "a top adviser to Massachusetts Sen. John Kerry's 2004 presidential campaign and now neutral in Democrats' 2008 contest, said Mr. Obama is 'perfectly positioned to run against Washington,' and that theme also serves 'to defuse the experience argument' against him." Likewise, the Los Angeles Times (1/17, Hook, Finnegan, 850K) says Obama "is gambling that voters will see his lack of national governing experience as an asset, not a liability," and adds "the electorate is seething with discontent with the Washington establishment."

The Washington Post (1/17, A1, Murray, Cillizza, 690K), meanwhile, reports, that "despite all the hype about his potential candidacy, some of Obama's closest associates worry that the senator remains untested. After winning a tough Senate primary in 2004, he sailed through the general election, aided by a Republican nominee with extensive personal travails. 'There will be bumps; there always are,' said one senior Obama adviser, speaking on the condition of anonymity. 'He's going to have to manage expectations and show he has the strength and endurance for the long haul.'" However, says the AP (1/17, Pickler), "for all those historians and political naysayers…Obama's allies like to point out that Abraham Lincoln served just two years in the House before becoming president. It's a comparison certain to be repeated as Obama, with slightly more than two years in the Senate, continues to align himself with the Civil War president." The AP adds, "The senator's expected campaign kickoff is scheduled for Feb. 10 in Lincoln's hometown of Springfield, Ill. -- where both men served in the state legislature."

The Christian Science Monitor (1/17, Feldmann, 59K) says that with his exploratory committee, what Obama is "really testing, political analysts say, is the strength of his fundraising ability. To make a serious play for a major-party nomination, a candidate needs to raise tens of millions of dollars in the next few months – a task that…Clinton should accomplish easily." But "the Illinois Democrat may begin to see the downside of being a media darling. In his latest book, 'The Audacity of Hope,' he describes President Bush warning him just after he joined the Senate about life in the spotlight – especially for a senator who practically waltzed into his seat (after his competition imploded). The media are notorious for building people up, only to tear them down."

Yet USA Today (1/17, Keen, 2.27M) notes Obama "wouldn't be the youngest presidential nominee or chief executive. … Nor would Obama be the least experienced nominee or president. Wendell Wilkie had never been elected to any office before he became the Republican presidential nominee in 1940. Woodrow Wilson had been New Jersey's governor for two years when he was elected in 1912. George W. Bush served six years as Texas governor before being elected president." However, "some Democrats say they need a more seasoned nominee who's prepared to tackle foreign policy issues such as the war in Iraq and dangerous relationships with Iran and North Korea. Obama's inexperience is 'the big question mark' about his candidacy, says Rep. Beth Arsenault, a Democrat who was just elected to the New Hampshire Legislature." USA Today also reports, "None of the Democratic activists interviewed about Obama's chances suggested that his ethnicity matters, and the fact

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that he is black has not been a dominant factor in his campaigns."

George Stephanopoulos, on ABC World News (1/16, story 4, 1:20, Snow, 8.78M) noted the last ABC News poll showing that Sen. Hillary Clinton "was pretty far ahead of Senator Obama" nationally, 39% to his 17%." Said Stephanopoulos, "Not to worry if you're…Obama yet. Here's why. … Democratic primary voters like" Clinton "a little more than they like Obama, 56% (have favorable opinion of Clinton) compared to 44% (who have a favorable opinion of Obama). But she's a known quantity. Look at that 'no opinion,' only 4% (have no opinion of Clinton). 33% of voters don't know who Barack Obama is yet. As they learn more, he's going to close that gap. Here are his three, big advantages versus Hillary Clinton. Number one, he is the face of change. Number two, the war, as Jake said, the only candidate who is against the war from the start. Number three, he's going to cut into her support among African-American voters." Obama's entry into the race, added Stephanopoulos, "starves" less known candidates "of oxygen. It's going to be more difficult if you're a senator like Joe Biden or Chris Dodd or John Kerry to get media attention. Or a governor like Tom Vilsack or Bill Richardson. Going to be very, very difficult for them to raise money." Similarly, the Boston Herald (1/17, Ratliff, 184K) says Obama's move puts "more heat on…Kerry to decide whether he'll stay on the sidelines or step onto the stage."

The Baltimore Sun (1/17, West, 257K) reports Democrats "active in other campaigns, or watching from the sidelines, said Obama's candidacy poses a significant threat to the other leading candidates." Clinton, "widely regarded as the early front-runner, is counting on support from African-Americans, who strongly backed her husband, Bill, in his two presidential runs and who historically cast about one of every four votes in Democratic primaries. 'Now, all of a sudden, she has a competitor,' said Democratic pollster Paul Maslin, an adviser to Indiana Sen. Evan Bayh, who abandoned the 2008 race last month shortly after being out shone in New Hampshire by Obama."

The New Hampshire Union-Leader (1/17) says that "during his much-publicized 'Obama-mania' visit on Dec. 10, Illinois Sen. Barack Obama looked, acted and sounded like a Presidential candidate when he spoke to a 1,500 people at a state Democratic Party rally in downtown Manchester. So it was no surprise to New Hampshire yesterday that Obama announced the formation of an exploratory committee to raise money in preparation for a Presidential run." Jim Demers, a lobbyist and former state representative "who said he expects to be an unpaid volunteer for Obama in the First-in-the-Nation Primary state," said yesterday, "I'm in the process of helping them find some staff. I have more than 35 resumes, and they hope to have a campaign manager very soon." Demers "said Obama called him yesterday morning, and 'he was extremely pumped. The call came after the announcement at 10 a.m. and I could feel the energy and excitement.'" The Hill (1/17, Schor) reports Kathy Sullivan, chairwoman of New Hampshire's Democratic Party, said yesterday, ""Obama could do quite well in New Hampshire. … [He] has a message of hope and unity, which I think is a good message. People are very tired of the divisiveness that's been a hallmark of the Bush administration." Sullivan "has spoken with Obama about his nascent bid in recent days, though she declined to give details"

In a piece titled "Obama Starts '08 Bid, Reshaping Democratic Field," the New York Times (1/17, Zeleny, 1.16M) reports that "in Washington, Mr. Obama's announcement caused a stir among Democratic political operatives, who rushed to make inquiries about joining his campaign. A list of telephone numbers for local offices in Iowa, New Hampshire and Chicago -- none of which have even opened yet -- were being circulated via e-mail."

The Washington Times (1/17, Bellantoni, 88K) notes Obama made his announcement in a Web video found at www.barackobama.com and "touted in an e-mail titled 'My plans for 2008.'"

Morris Says Obama's Recent "Pro-Nepotism" Vote May Come Back To Haunt Him. In a column in The Hill (1/17), political analyst Dick Morris writes that Obama "made his first misstep a few days ago when he joined only a handful of Democrats in opposing a Senate reform banning the increasingly widespread practice of legislators hiring their family members on their campaign or PAC payrolls." New York Sen. Hillary Clinton (D) "who opposes wives cashing in on their husbands' positions, voted righteously in favor of the reform and will probably use the Illinois senator's vote against him in the presidential primaries. When a legislator hires his or her spouse on the campaign or PAC payroll, he is effectively converting contributions to his campaign committee into personal income that flows into the family's checking account, blurring the line between contribution and bribe." Morris adds, "Obama's inexplicable pro-nepotism vote may have been cast in sympathy with Rep. Jesse Jackson Jr. (D-Ill.), whose hiring of his wife, Sandi, to work on his campaign prompted an FEC ruling allowing the practice. … But whatever the reason for his vote, Obama has screwed up. The public will not take kindly to a senator who pledged to clean up the political process voting to allow wives to be hired with special-interest campaign funds."

McCain Says He'd Like To Mend Ties With Dobson. The AP (1/17, Davenport) reports that Arizona Sen. John McCain (R) "said Tuesday he hopes to patch things up with conservative Christian leader James Dobson, who recently said he wouldn't support the Republican's presidential bid under any circumstances. In a radio interview

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with KCBI, a Dallas Christian station, Dobson argued that McCain didn't support traditional marriage values and complained that the campaign finance legislation he co-authored hurt Christian broadcasters. 'Speaking as a private individual, I would not vote for John McCain under any circumstances,' Dobson said on KCBI." The AP notes, "During a campaign stop" yesterday "in Columbia, S.C., McCain said: 'I'm obviously disappointed and I'd like to continue and have a dialogue with Dr. Dobson and other members of the community.' … 'I'm happy to say that I've established a dialogue with a number of other leaders,' including the Rev. Jerry Falwell, 'Purpose Driven Life' author Rick Warren and Dr. Richard Land of the Southern Baptist Convention."

Tancredo Says He Will Form Presidential Exploratory Panel. The AP (1/17, Talhelm) reports that CO6 Rep. Tom Tancredo (R), "an outspoken opponent of illegal immigration, said Tuesday he will form an exploratory committee this week for a possible presidential campaign. After making a weekend trip to Iowa, home to the first nominating caucus in January 2008, Tancredo said voters there told him other presidential candidates don't share their views. 'They believe that there is a void in this race that none of the other candidates are willing or able to fill,' said Tancredo, who plans to remain in the House. Tancredo has said immigration would be a central issue if he does run. Campaign spokesman Tim Haley said on Tuesday that Tancredo would also push opposition to abortion and other conservative themes as well."

NBC Nightly News (1/16, story 4, :20, Williams, 9.87M) made brief mention of Tancredo's announcement that he would form a presidential exploratory panel, noting that the Congressman, "who admits he is a long shot, is running on one issue here for the most part, against illegal immigration."

The Washington Post (1/17, A6, 690K) reports that Tancredo, referring to Iowans he spoke with during his visit to the Hawkeye State this past weekend, said, "The one thing I heard over and over is that they don't believe the other contenders care about the same things that they do." No other presidential candidate, Tancredo "added, 'reflects the grass-roots, majority belief of Americans that our borders must be secured, that employers who hire illegals must be prosecuted, and that no one who has broken our immigration laws should ever be put on a 'pathway to citizenship.'"

CQ Politics (1/17, Horrigan) reports, "Though little known to most of the nation's voters, the five-term congressman from suburban Denver has a following among some conservative activists -- particularly those who favor his leadership role in efforts to crack down on illegal immigration and also limit the numbers of legal immigrants in the United States. The 61-year-old Tancredo's ostensible reason for visiting Iowa was to promote his book on his trademark issue, 'In Mortal Danger: The Battle for America's Border and Security.'"

The Washington Times (1/17, Dinan, 88K) reports that Tancredo "on Monday ruled out a run for the U.S. Senate seat that will open in 2008 with the retirement of Sen. Wayne Allard. … Bay Buchanan, a friend and confidante of Mr. Tancredo's who runs his political action committee, Team America, said that immigration is the issue that will help Mr. Tancredo stand out from the pack of candidates. She also said his record, consistently conservative up and down the line, will go over well with Iowa's pro-life, conservative caucusgoers. 'He is an across-the-board social conservative -- one that the Christian right can feel completely comfortable with, that he has been with them on those issues for his whole life,' she said."

The Denver Post (1/17, Mulkern, 256K) reports, "A Tancredo presidential bid would be a quixotic quest, analysts said." However, political observers also said that "Tancredo's position on immigration would grant him credibility with some conservative caucus voters in Iowa and elsewhere. 'I wouldn't underestimate the power of this immigration issue to become one of the litmus tests' for Republican candidates, said Chuck Todd, editor of the Hotline, a nonpartisan political blog attached to National Journal." The Post adds, "Tancredo's presence in Iowa would put pressure on" Arizona Sen. John McCain (R), "who would have a hard time appeasing the wing of the Republican Party that agrees with Tancredo on immigration, said Norman Ornstein, political analyst with American Enterprise Institute, a Washington think tank. Tancredo also could boost" ex-Massachusetts Gov. Mitt Romney (R) "by allowing him to withhold criticism of McCain and let Tancredo voice it instead."

Gingrich, Gordon Call For More Investment In Defense Technology. In a Washington Times op-ed (1/17), Newt Gingrich and Rep. Bart Gordon, Chairman of the House Committee on Science and Technology, say, "Unfortunately, the nation has forgotten one of the most important ways our economic prosperity and national security are linked — investment in fundamental scientific research. Investments made in fundamental scientific research after World War II and during the Cold War have been essential to making our fighting men and women today the best equipped in the world." But our "commitment to that defense-oriented fundamental research — the kind of research that pays off not in a year or two but in the long run, sometimes decades in the future — has eroded. If we do not renew this commitment, it will harm our global economic competitiveness as well as the effectiveness and safety of our troops."

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Fundraising Race Among Presidential Hopefuls Well Underway. USA Today (1/17, Schouten, 2.27M) reports, "The competition among presidential contenders for the Democratic Party's most influential donors and fundraisers grew more intense Tuesday with Sen. Barack Obama's decision to raise money to explore a 2008 race. The move by the Illinois senator comes as many of the party's top-tier fundraisers sit on the sidelines and size up the potential rivalry between Obama and New York Sen. Hillary Rodham Clinton." USA Notes, "Chicago investment banker Lou Susman, a major Democratic fundraiser, said just hours after Obama's announcement that he would work with the Illinois senator." On the GOP "side, financial backers of President Bush have started to migrate to" Arizona Sen. John McCain, whose PAC "raised more than twice the amount from Bush's 2004 donors than the PAC of a potential rival," ex-New York City Mayor Rudy Giuliani (R), according to The Arizona Republic." Meanwhile, ex-Massachusetts Gov. Mitt Romney (R) "recently raised $6.5 million in one day and has attracted several big Bush fundraisers, including Mel Sembler, former ambassador to Italy." Ex-DNC Chairman Steve Grossman said of key Democratic fundraisers eyeing the '08 presidential field: "People are playing their cards very close to their chests."

Frist Plans 2010 Gubernatorial Run In Tennessee. The Hill (1/17, Youngman) reports former Majority Leader Sen. Bill Frist (R-Tenn.) "is seriously considering a gubernatorial run in Tennessee in 2010, possibly setting up a White House bid further down the road." Sources "in Washington and Tennessee say Frist, who will turn 55 next month, is leaning heavily toward a run for the governor's office, where he could gain executive experience that might position him to try for the presidency in either 2012 or 2016." The Hill adds, "Waiting three to eight years before making a gubernatorial or presidential bid would provide Frist needed distance from his unenviable tenure as Senate majority leader, a period that culminated in the Democrats' takeover of Congress last November. Such a significant layoff would also allow Frist to distance himself from allegations of conflict of interest involving his ownership of stock in Hospital Corporation of America, a company founded by his brother and father, allegations that could have further derailed his White House hopes this year."

Speculation Grows About Elway Senate Run. The Hill (1/17, Blake) reports whether Hall-of-Fame quarterback John Elway "has the drive to score a big win for Colorado Republicans in 2008 is another matter, and it's the subject of growing speculation now that Sen. Wayne Allard (R-Colo.) is not running." Elway's office "at the Colorado Crush of the Arena Football League said yesterday that Elway 'has no intentions of running,' and observers say a 2008 Senate bid that could muddy his popular image is unlikely, though attractive to the party." But a "candidate with top name recognition and a golden image like Elway's would have a serious leg up." Former Rep. Scott McInnis (R-Colo.), "who said he will run if former Gov. Bill Owens doesn't, told the Associated Press last month that if Owens bows out, the major parties would also likely search for celebrity candidates such as Elway. He said he thought 'Elway could clear the field.'"

Samuelson Says Both Parties Failing To Make Hard Choices. In a Washington Post (1/17, A19, 690K) op-ed, Robert J. Samuelson writes that the House's vote to increase the minimum wage is "a metaphor for what ails our politics: It's mostly about gestures and giveaways; it's not about hard choices." Republicans and Democrats alike "are long on self-promotion and short on self-discipline. ... Let me engage in a fantasy. Let me assume that Democrats and Republicans actually intended to address two serious national problems: first, our huge dependence on insecure sources of foreign oil; and second, the persistent mismatch between public resources (taxes) and public obligations (spending)." On oil dependence, Samuelson proposes an energy tax, increased fuel-efficiency standards, and opening the ANWR to oil production. On the budget imbalance, Samuelson calls for a tax increase on dividends and capital gains, restraints on Congressional spending, and an increase in the eligibility age for Social Security and Medicare. Samuelson adds, "That something like this won't soon be proposed -- let alone passed -- speaks volumes about our politics."

Virginia Lawmaker Draws Fire For Criticism Of Slavery Apology. The Washington Post (1/17, B1, Gardner, 690K) reports, "A veteran Virginia lawmaker from suburban Richmond ignited a hot exchange in the House of Delegates on Tuesday after criticizing a proposal for the state to issue an apology for slavery and likening it to requiring Jews to apologize for 'killing Christ.'" Republican Del. Frank D. Hargrove Sr. "told lawmakers that his comments were intended only to make the point that 'not a soul in this legislature' had anything to do with slavery -- and that there is no point in dwelling on a chapter of U.S. history that all agree was repugnant." The Post adds, "Hargrove's remarks, first made in a newspaper interview on the holiday honoring civil rights leader Martin Luther King Jr., prompted a blistering censure from the 17-member Legislative Black Caucus. The Anti-Defamation League condemned Hargrove's comments about Jews." His statements "caused further consternation for Virginia Republicans, who are recovering from the defeat of U.S. Sen. George Allen last year and who are preparing for

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a tough election year in which all 140 General Assembly seats will come open."

TV Programs Portraying Several Conservative Women. In a USA Today op-ed (1/17, 13A), Melana Zyla Vickers, a columnist for TCSDaily.com, says, "Long neglected, often stereotyped, red-state America can see a glimpse (or two) of hope emerging on the small screen. And that's good news for all viewers. It's no exaggeration to say that conservative female characters have been rarer on prime-time TV than either space aliens or same-sex kissing." This season, "there's Harriet Hayes (Sarah Paulson), the socially conservative Christian comedienne on NBC's Studio 60 on the Sunset Strip, a drama about the making of a weekly comedy show. There's also Kitty Walker (Calista Flockhart), the Republican aide on ABC's Brothers & Sisters, a California family drama. Vague hints of the new diversity came in 2005-06, with Bree Van De Kamp (Marcia Cross) owning a gun on ABC's Desperate Housewives, the muscular if apolitical patriotism of Sidney Bristow (Jennifer Garner) on Alias, and patriotic, God-referencing dialogue from the soldiers' wives on CBS' The Unit."

Hill, North Korean Officials Meet In Germany. The AP (1/17, Lim) reports Assistant Secretary Christopher Hill and his North Korean counterpart Kim Kye Gwan will meet Wednesday in Germany for a second day of talks, South Korea's foreign minister said. Hill and Kim Kye Gwan met in Berlin "for several hours Tuesday," according to the State Department. South Korean Foreign Minister Song Min-soon told reporters the two would meet again Wednesday. Song said the "meeting should produce the groundwork for reaching agreements on measures to implement the initial steps of" an accord reached in September 2005. Hill and Kim were trying "to set the groundwork for the next round of six-party talks, to ensure those talks will be productive," State Department spokesman Tom Casey told reporters in Washington Tuesday.

AFP (1/17) notes that Hill "was reportedly in the German capital to attend a forum and the meeting was not expected." The assistant secretary is scheduled to begin visits Friday to South Korea, China and Japan to continue consultations on the six-party talks, the State Department said last week.

South Korea Denies Report It Neglected Refugees From North. In a letter to the editor of the Wall Street Journal (1/17, 2.04M), Kim Heung-soo, director of press relation at South Korea's Ministry of Foreign Affairs and Trade, writes, "In response to the article 'Defections Tweak Seoul' (Jan. 9), Evan Ramstad made a number of incorrect assertions about the South Korean government's handling of Mr. Choi Wook-Il, a South Korean citizen who recently escaped 31 years of captivity in North Korea." The article "claims the South Korean consulate in Shenyang refused to assist Mr. Choi, until public pressure forced officials to provide refuge for the 67-year-old." However, Kim says the consulate began "working to secure Mr. Choi's protection…ever since it became aware of his defection from the North."

DIA Director Says Moscow, Beijing Eyeing Space Weapons. The Washington Times (1/17, Gertz, 88K) reports, "China and Russia are developing space weapons and are among several nations working on systems to threaten U.S. satellites with lasers or missiles, says the director of the Defense Intelligence Agency." Lt. Gen. Michael Maples last week, in Senate Intelligence Committee testimony, "for the first time raised Pentagon concerns about secret Chinese and Russian space weapons programs." Maples "did not discuss the reported testing of a Chinese anti-satellite laser against a U.S. satellite, which triggered high-level Bush administration worries about Beijing's growing space-weapons program. ... Russia developed anti-satellite weapons during the Cold War, and U.S. officials think the Russian military is continuing work on the weapons, which include both anti-satellite missiles and ground-based lasers."

Egypt Refuses To Shutdown "Offensive" TV Station. The Christian Science Monitor (1/17, Gauch, 59K) reports Egypt's Al Zawraa television station is broadcasting "blatant anti-Americanism…24/7… Even though Iraq and the US have asked Egypt to pull the plug, the station remains on the air." While Nilesat, which broadcasts Al Zawraa, "argues that it's airing the channel for purely commercial reasons, analysts point to the political benefits for Egypt. Some say the country's reluctance to shut down the channel shows that Egypt, predominantly Sunni, may be taking a stand against what it sees as the unjust aggressiveness of Iraq's Shiite-led government and the dangers of Iran's influence there." American officials have reportedly called the station "utterly offensive," saying that closing it down is "a priority." But one Egyptian government official "reiterated Nilesat's stand that the station remains on air purely for commercial reasons."

Daniel Pearl's Father Urges US To Scrutinize Content Of Al Jazeera English. Judea Pearl, father of slain Wall Street Journal reporter Daniel Pearl, writes in the New York Times (1/17, 1.16M) that the "influential Qatari cleric Sheik Yusuf al-Qaradawi," the host of a weekly program on Al Jazeera called "Sharia and Life," uses his program "to preach his new morality" supporting suicide attacks against Israelis and American civilian in Iraq "to millions of Arabic-speaking viewers, including Hamas operatives, Al Qaeda recruits, schoolteachers and impressionable Muslim youths." However, Pearl writes, "None of this might seem to matter much to Americans except that for two months now Al Jazeera has been taking its mixture of news coverage and

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extremist propagandizing to our front door through an English-language station." Although he says he "wouldn't call for banning Al Jazeera English in the United States even if that were possible," Pearl says "it is important to extend a hand to the network because it can become a force for good; but it is as important for our news organizations to scrutinize its content and let its viewers know when anti-Western wishes are subverting objective truth."

Israeli General Resigns Following Criticism Of Lebanon War. The New York Times (1/17, Myre, 1.16M) reports the Israeli military's chief of staff, Lt. Gen. Dan Halutz, "submitted his resignation after facing months of fierce criticism over the military's performance in last summer's war in Lebanon," officials said early Wednesday. In a separate development, an Israeli prosecutor on Tuesday ordered a criminal investigation "to determine whether Prime Minister Ehud Olmert exercised improper influence in the privatization of the country's second-largest bank in 2005." The two developments were "the latest blows to a political and military leadership that have been tarnished by its collective handling of the Lebanon war and a number of scandals." The Israeli public has "widely blamed" General Halutz, along with Olmert and Defense Minister Amir Peretz, "for mismanaging" the war in Lebanon.

The Washington Post (1/17, A10, Wilson, 690K) says Halutz resigned "abruptly" after one of his predecessors "presented findings of an internal review that sharply criticized the military's leadership during the war with Hezbollah last summer." However, the Washington Times/AP (1/17, Teibel) notes that he has been "under pressure to step down since the end of the 34-day war."

UN's Ban Pledges To Work With US. AFP (1/17, Knox) reports President Bush and UN chief Ban Ki-moon "worked to push past any lingering US-UN ill will and vowed to work together on issues like Middle East peace and violence in Darfur." During "an hour-long meeting" Tuesday, the two also discussed "Iran, Iraq and climate change," according to UN sources. After the meeting, Ban told reporters he would push "vigorously" for UN reforms and urged the world community to give war-torn Iraq "all possible assistance." He also said the Middle East "is a source of grave concern. This deteriorating situation in Iraq and Israel needs (the) urgent attention of the international community."

On its front page, the Washington Times (1/17, A1, Curl, 88K) reports Ban also "pledged to complete much-needed reforms at the United Nations and urged all nations to make efforts to secure Iraq, saying the war-torn nation 'is the whole world's problem.'" After meeting with President Bush in the Oval Office yesterday, Ban said, "The United Nations should change with much more efficiency and effectiveness and mobility, and highest level of ethical standard."

The Washington Post (1/17, A13, Lynch, 690K) says Bush "welcomed Ban with a slap on the back and urged him to 'pick up the phone' and call whenever he wanted to discuss political affairs, according to U.N. sources."

Russia Placed On High Terror Alert. The AP (1/17, Gutterman) reports Russian authorities have ordered security forces "on high alert after receiving information from foreign officials pointing to the threat of a terrorist attack on public transportation," officials said Tuesday. Authorities are verifying information about the potential threat, they said. A federal anti-terrorism headquarters received information "from foreign partners...about the possibility a subversive terrorist act could be committed on ground transport and in the metro," according to a statement confirmed by a Federal Security Service official. It was "unclear what country the information about the potential threat came from," and the statement "did not say whether the threat was limited to any particular location in Russia."

The New York Times (1/17, Chivers, 1.16M) adds, "Russian intelligence officials placed the country on an unusual high alert on Tuesday night, appealing to citizens for vigilance and saying that the government had been informed by 'foreign partners' of a possible terrorist act."

Castro Seen Preparing For Transition Of Power. The AP (1/17, Shrader) reports Cuban President Fidel Castro "has been meeting with a trickle of international guests in recent months," a US government official said Tuesday. The official "declined to say with whom Castro was meeting," but the meetings, "generally with visitors from Latin America, suggest he may be setting the stage for a transition of power that he hopes will protect the government he has built over four decades." Meanwhile, last week National Intelligence Director John Negroponte said that Castro and his brother Raul "are trying to create a 'soft landing' during the transfer of control," but stressed that "from the point of the United States policy, we don't want to see that happen. We want to see the prospects for freedom in that country enhanced as a result of the transition" from Fidel Castro.

However, the Washington Times (1/17, Hirsch, 88K) reports Castro's "exit from Cuba's political scene is unlikely to spur major changes in the situation there, two House members who recently visited the country told reporters yesterday." Reps. Jim McGovern, Massachusetts Democrat, and Jo Ann Emerson, Missouri Republican, were part of a 10-member congressional delegation that visited Havana last month. McGovern insisted, "There's no indication at all that what this administration's been telling people for a long time, that there's going to be this massive uprising, is going to happen -- that's not going to happen." Both House members said that "without a shift in US policy, political changes are not likely in Cuba."

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Separately, the AP (1/17, Cheng) reports the intestinal disease Castro is reportedly suffering from is "usually easy to treat -- but if complications develop in an elderly patient like the Cuban leader, it can quickly become a death sentence." The Spanish newspaper El Pais reported Tuesday that t Castro is suffering from diverticulitis, which the AP says has a mortality rate "as high as 90 percent" in the elderly.

UN Says Global AIDS Effort For Children Falls Far Short. The New York Times (1/17, Altman, 1.16M) reports, "Some countries are making progress in treating children with AIDS and preventing others from becoming infected, but the overall global response is 'tragically insufficient,' Unicef said yesterday." In a report, the UN agency found, "Children affected by AIDS are now more visible and are taken more seriously in global, regional and national forums where they had received little consideration before." Better testing to find children with HIV and "simpler formulations of the antiretroviral drugs that combat the infection have increased the number of children under treatment," Unicef said.

Scotland Consider Independence Move. The Washington Times/AP (1/17, Ben McConville) reports, "The anniversary yesterday of the Scottish Parliament's vote for the Treaty of Union is focusing attention more on the perennial discord than the ties that bind these two members of the United Kingdom of Great Britain and Northern Ireland." Polls show advocates of Scottish independence "are gaining strength in their campaign for a referendum on breaking the union." British Prime Minister Tony Blair, however, "said any attempt to split England and Scotland would be a 'crazy' idea."

Defense, State Departments Urged To Coordinate Military At Embassies. The Washington Times/UPI (1/17, Waterman) reports, "A report by Senate Republican staffers urges the departments of Defense and State to better coordinate the role of military personnel in US embassies and warns that a growing military presence is causing anxiety among some host governments." A report last month by the outgoing Republican majority on the Senate Foreign Relations Committee said, "Blurred lines of authority between the State Department and the Defense Department could lead to interagency turf wars that undermine the effectiveness of the overall US effort against terrorism." The report also recommends that Secretary of State Condoleezza Rice "pursue a more systemic solution" and negotiate "a global memorandum of agreement" with the new defense secretary.

WSJournal Criticizes Dodd, Delahunt's Defense Of Chavez. In an editorial, the Wall Street Journal (1/17, A18, 2.04M) writes, "We've known for some time that Hugo Chávez is a menace to the economic well-being of his own people. But the question that seems increasingly urgent is whether he's becoming a threat to US security interests -- both in the Western Hemisphere and beyond. Specifically, we'd like to know what Senator Chris Dodd and Congressman Bill Delahunt make of Mr. Chávez's weekend summit with Mahmoud Ahmadinejad." Chávez, the Journal continues, "has had American enablers who excused his growing repression, or blamed it on a reaction to US policy. Foremost among them has been Mr. Dodd," who has defended Chávez as "democratically elected" despite his "clear trend toward authoritarianism." Other politicians, such as Delahunt, "embraced and flattered Mr. Chávez for his PR stunt of offering cut-rate oil to poor Americans. Perhaps it's time these Americans paid attention to the kind of 'socialism' and 'revolution' that their support is helping Mr. Chávez to build in Venezuela."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Breathing Life Into A Faded Desert Landmark."
"No One Wants This LA Classic To End."
"Obama Raises Stakes For Democrats."
"Key Tactic In Hate-Crime Case Assailed."
"70 Killed In Baghdad University Bombings."
"Snow's A No-Show In Europe."

USA Today:
"New Scanner Gets Off On Wrong Foot; Fliers End Up Shedding Shoes Anyway."
"The Big Question About Barack Obama."
"Bush: Saddam Hanging Botched."

New York Times:
"Iraqi Death Toll Exceeded 34,000 in '06, U.N. Says."
"Botched Hangings In Iraq Speed Sectarianism."
"As Trial Begins, Cheney's Ex-Aide Is Still A Puzzle."
"Obama Starts '08 Bid, Reshaping Democratic Field."
"A City's Violence Feeds On Black-Hispanic Rivalry."
"Oil Lease Chief Knew Of Error, Report Asserts."
"Bloomberg To Propose Cutting Property Taxes."

Washington Post:
"Bombings Kill 60 At University In Baghdad."
"Race And Gender Make Democrats' Field Historic."
"Civilian Pilots Provide Target Practice."
"Lawmakers' Lobbying Spouses Avoid Hill Reforms."
"A Crowded Field."
"Obama Jumps Into Presidential Fray."

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Washington Times:
"Ban Vows Reform At UN."
"Arab States Raise Doubts About al-Maliki."
"Strikes On US, Afghan Forces Up Founded."
"China Goes Global In Its Pursuit Of Gold."
"Big Handbags Can Be Pain In the Neck."

Detroit Free Press:
"Can $2 Gas Give SUV Sales A Jump?"
"His Appeal may Trump Experience."
"Witness In Detroit Club Deaths Killed."
"Dogs To get Day In Supreme Court."

Atlanta Journal-Constitution:
"Iraqi Toll In '06 Hit 34,000 UN Says."
"Winter juggernaut May Graze Georgia Tonight."
"A Hefty Raise For Gwinnett Commission."
"Fight For Airport Creates Waves In Panama City."

Houston Chronicle:
"Bombs Kill 65 Students In Baghdad."
"On Icy Inauguration Day, Perry Urges Warmer relations In State."
"2 Details ring Clear; Baby Safe, Unharmed."
"BP Flaws Unattended For Years, Report Says."
"Ice May Slow Commutes Today."

Story Lineup From Last Night's Network News:
ABC: Iraq Sectarian Violence; 4 US Soldiers Die; Sen. Barack Obama Presidential Bid; Obama Presidential Bid-Analysis; Women Of The Senate; Oil Prices; Stock Market; Train Derailment-Kentucky; Castro's Health; Women Living Single; Severe Winter Weather-Aftermath; Kidnapped Children Found-Missouri; Katrina Baby Born; Bennie Parsons Obit; Family 360.
CBS: Iraq Sectarian Violence; Iraq-Death Toll; New Iraq Strategy; Sen. Obama's Exploratory Committee; Oil Prices; Libby Trial; US Attack Taliban; Train Derailment; Severe Winter Weather Aftermath; Dietary Supplements; Women Living Single.
NBC: Iraq Sectarian Violence; Secretary Rice Visits Kuwait; Sen. Obama's Exploratory Committee; Tom Tancredo Exploratory Committee; Libby Trial; Libby Trial; Severe Winter Weather Aftermath; Train Derailment; Stock Market; Ford Honored; Home Insurance Crisis-Florida; Toyota VS US Auto Makers; Bennie Parsons Obit; Women Living Alone.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq Violence; Bush-PBS Newshour Interview On Iraq; Obama, Tancredo Forming Presidential Exploratory Committees; TX-Freezing Rain; Northeast U.S.-Cold Temperatures; Wall Street; Libby Trial; Donald Trump-Hollywood Walk Of Fame Star.
CBS: CA-Cold Temperatures, Gov. Schwarzenegger Wants State Declared A Federal Disaster Area; Northeast U.S.-Cold Temperatures; House-Student Loan Bill; Obama Forming Presidential Exploratory Committee; Oil Prices; VA-Flap Over Lawmaker's Dismissal Of Slavery Apology Resolution; Orlando-Shoe Scanner Experiencing Problems.
NPR: TX-Freezing Rain; CA-Cold Temperatures Wiping Out Citrus Products; Head Of Israel's Military Resigns Amid Investigations Into Handling Of Last Year's War In Lebanon; Iraq Violence; Tokyo Stock Exchange; Safety Report On North American BP Refineries; Obama Forming Presidential Exploratory Committee; Senate-Disclosure Bill.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Visits National Institutes of Health labs, Bethesda; participates in roundtable on advances in cancer prevention, NIH, Bethesda.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in Conference on Missing and Exploited Children. Elysee Palace, Paris.

US Senate: 9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on the conservation security program and environmental quality incentives. Arlen Lancaster, chief, Natural Resources Conservation Service; Lisa Shames, GAO; Craig Cox, Soil and Water Conservation Society; Kathleen Merrigan, Friedman School of Nutrition and Science and Policy; Duane Hovorka, National Wildlife Federation; James Ham, Georgia Association of Conservation District Supervisors. Location: Room 328A, Russell.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on regional diplomatic strategy, regarding Iraq. Vali Nasr, Council on Foreign Relations; Richard Haass, Council on Foreign Relations; Dennis Ross, Washington Institute for Near East Policy. Location: Room 216, Hart.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on aviation security and the 9/11 Commission recommendations. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Organizational business and a markup of legislation for tax relief for small business. Location: Room 215, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Hearing on ``Paying Off Generics to Prevent Competititon with Brand Name Drugs: Should it be Prohibited?" FTC Commissioner John Lebowitz; Billy Tauzin, PhRMA; Merril Hirsh, RFoss, Dixon and Bell; Bruce Downey, Barr Pharmaceuticals; Michael Wroblewski, Consumers Union. Location: Room 226, Dirksen.

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2:30 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. Hearing on DoD contracting for services and inter-agency contracting. Acting DoD Inspector General Thomas Gimble; Katherine Schinasi, GAO.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Iraq's regional neighbors and their impact on the war. Location: Room 219, Hart.

US House: 10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on 2008 appropriations concerning Army and Marine Corps readiness. Closed. Location: Room H-140, Capitol.

10 a.m. ARMED SERVICES _ Full Clmmittee. Hearing on Iraq. Location: Room 2118, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iraq policy. Former Secretary of State Madelaine Albright. Location: Room 2172, Rayburn.

10:30 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Organizational meeting. Location: Room 2167, Rayburn.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Army and Marine Corps operations and equipment reconstitution. Closed. Location: Room H-140, Capitol.

2 p.m. WAYS AND MEANS _ Full Committee. Organizational meeting. Location: Room 1100, Longworth.

Other: FEINGOLD-SOMALIA _ 8:30 a.m. Sen. Russ Feingold discusses the situation in Somalia, sponsored by the Center for Strategic and International Relations. Location: CSIS, 1800 K St. NW.

IRAQ-CIVILITY _ 8:30 a.m. The Center for the Study of the Presidency holds a news conference to urge greater civility and bipartisianship in discussing Iraq and other issues. Location: National Press Club.

TORTURE PROTESTERS _ 8:30 a.m. News conference by 16 people preceding their federal court trial for attempting to present to the White House a statement opposing the Military Commissions Act of 2006. Location: In front of the federal courthouse, 3rd St. and Constitution Ave. NW.

WHITE COLLAR CRIME _ 9 a.m. - 10:15 a.m. The Washington Legal Foundation hosts a media briefing to focus on recent changes to federal white collar enforcement guidelines and assess whether the revised policies will adequately protect the civil liberties of businesses and their employees. The conversation, led by former Attorney General Dick Thornburgh, will discuss the ``McNulty Memo and whether it addresses concerns voiced over how the Justice Department approaches issues such as waiver of the attorney-client privilege and companies coverage of employees legal fees. In addition to Thornburgh, participants are Roscoe C. Howard Jr., partner, Troutman Sanders LLP, and former U.S. Attorney, District of Columbia; and Stephanie Martz, director, White Collar Crime Project, National Association of Criminal Defense Lawyers. Location: 2009 Massachusetts Ave. NW.

BATTLEGROUND POLL _ 9:30 a.m. Release of the George Washington University Battleground Poll on Iraq, Bush, and 2008 presidential hopefuls, with pollsters Celinda Lake and Ed Goeas. Location: National Press Club.

CLIMATE CHANGE-CONGRESS _ 9:30 a.m. Environmental Defense holds a breakfast news briefing on ``Climate Change and the New Congress." Briefers are: Steve Cochran, Environmental Defense director, National Climate Campaign; and Dr. Bill Chameides, climate scientist, Environmental Defense member; National Academy of Sciences; and fellow, American Geophysical Union. Location: National Press Club, Murrow Room.

ENERGY _ 9:30 a.m. The Institute for Energy Research (IER), a non-profit Houston-based research foundation, hosts a host a breakfast briefing to examine the effectiveness of proposed energy and discuss the effect they will have on U.S. consumers. Location: The Hotel George- Leaders Room C, 15 E St. NW.

FCC AGENDA _ 9:30 a.m. The Federal Communications Commission holds an open meeting to focus on presentations by senior agency officials regarding implementations of the agency's strategic plan and a comprehensive review of FCC policies and procedures. Location: FCC, Room TW-C305, 445 12th St. SW.

FUNDAMENTALISTS-ENVIRONMENT _ 9:30 a.m. Leading scientists and evangelicals hold a news conference to release a joint statement calling attention to their concerns about the environment and global warming. Location: National Press Club.

OBERSTAR-TRANSPORTATION _ 9:30 a.m. Rep. James L. Oberstar, D-Minn., chairman of the House Transportation and Infrastructure Committee, holds a news conference to introduce subcommittee chairs and discuss the agenda for the 110th Congress. Location: Room 2253, Rayburn House Office Building.

GONZALES-JUDICIAL SELECTION _ 10 a.m. The American Enterprise Institute (AEI) hosts an address by U.S. Attoney General Alberto Gonzales, ``Democracy and the Third Branch," in which he will discuss judicial philosophy and the judicial selection process. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

HEALTH CARE REFORM _ 10 a.m. Sens. Jeff Bingaman, D-N.M., and George Voinovich, R-Ohio; join Reps. Tammy Baldwin, D-Wis., Tom Price, R-Ga., and John Tierney, D-Mass., hold a press conference to introduce their bipartisan health care reform bills. Location: Senate TV Gallery, Room S-325, Capitol.

IRAQ REFUGEES _ 10 a.m. Sen. Edward M. Kennedy and United Nations Secretary-General Ban Ki-moon hold a

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brief media availability following their meeting on the Iraqi refugee crisis and the future of sectarian violence in Iraq. Location: Room S-330, Capitol.

REPUBLICANS _ 10 a.m. House Republican leadership holds a news conference immediately following the House GOP Conference meeting at 9 a.m. Location: Cannon Caucus Room stakeout position.

UNINSURED-HEALTH CARE _ 10 a.m. Sens. Jeff Bingaman, George Voinovich, Reps. Tammy Baldwin, Tom Price and John Tierney introduce a bill to provide health care for the uninsured. Location: Senate Radio-TV Gallery.

ELECTRICITY LEGISLATION _ 10:30 a.m. Six major electricity sector companies hold a press briefing to announce their endorsement of legislation sponsored by Sens. Dianne Feinstein, D-Calif., and Tom Carper, D-Del., to establish a national program to reduce greenhouse gas emissions from the electricity sector. Peter Darbee, CEO, PG&E Corporation; Bob May, CEO, Calpine; Michael Wilson, Vice President of Government Affairs, Florida Power & Light; Michael Bradley, Executive Director, Clean Energy Group. Location: oom 301, Russell Senate Office Building.

STATE DEPARTMENT-IRAQ _ 10:30 a.m. There will be a Digital Video Conference by Baghdad Provisonal Regional Team (PRT) Leader Joseph P. Gregoire and Deputy Team Leader Lt. Col. Robert Ruch. They will begin with an overview of PRT activities to date, discuss capacity building in terms of governance, as well as the economic situation and microfinance for reconstruction. Location: Room 2208, State Department.

ENERGY INDEPENDENCE _ 11:30 a.m. House Resources Committee Chairman Nick Rahall joins Congressmen Ed Markey, Jim McDermott, Mark Udall and Jerry McNerny hold a press conference to discuss making America energy independent. Location: Room HC-8, Capitol.

OIL-TAXES _ 11:30 a.m. Public citizen holds a telephone press conference to release a report that calls on Congress to revoke what the group calls a multimillion-dollar boondoggle when lawmakers consider the repeal of other oil industry subsidies and tax breaks on Thursday. Public Citizen says American taxpayers soon will soon begin doling out about $400 million - and possibly more than a billion dollars - over 10 years to a research consortium that includes oil companies due to a provision included in the 2005 energy bill. Participants are: Joan Claybrook, president, Public Citizen; Laura MacCleery, director, Public Citizen's Congress Watch division; and John O'Donnell, senior researcher, Public Citizen's Congress Watch division. Contacts: Rachel Pleatman, 202-588-7742. Notes: Call-in: To access the press conference, call 1-800-377-8846 and enter passcode 36707396.

CLIMATE CHANGE _ 12 p.m. Climate change experts hold a telephone briefing to discuss the preparation of the upcoming Intergovernmental Panel on Climate Change report, its significance and the scientific consensus behind global warming. Notes: 2nd teleconference at 2 p.m. Callin number: 800-311-9408; passcode IPCC.

CLIMATE CHANGE-ENERGY _ 12 p.m. Elliot Morley MP, president of GLOBE International, and UK prime ministers, hold a news briefing on the objectives and specific press arrangements of the February Forum on Climate Change and Energy Security to be held February 14-15, 2007. Location: National Press Club, Lisagor Room.

FOREIGN-US COURTS _ 12 p.m. - 2 p.m. The American Society of International Law, in conjunction with the Washington Foreign Law Society, hosts a luncheon talk on the use of foreign and international law in U.S. courts by Dr. Rubens Medina, Law Librarian, Director of Legal Research, and Director of the Global Legal Information Network at the Law Library of Congress. Location: The American Society of International Law, 2223 Massachusetts Ave. NW.

ARLINGTON BURIAL _ 1 p.m. Burial for Army SPC Eric T. Caldwell of Salisbury, Md., willl be at Arlington National Cemetery. Location: Arlington National Cemetery.

TRANSPORTATION-REVENUE _ 1:15 p.m. Transportation Secretary Peters convenes the meeting of the National Surface Transportation Policy and Revenue Study Commission. Location: Room 2230, DOT, 400 7th St. SW.

ENERGY INDUSTRY _ 2 p.m. The US Energy Association holds a discussion on the 3rd annual State of the Energy Industry. Location: National Press Club.

IRAQ _ 2 p.m. Rep. Lynn Woolsey holds a news conference on new Iraq legislation. Location: House Radio-TV Gallery.

MILITARY-SIZE _ 2 p.m. The American Enterprise Institute holds a discussion with scholars Gary Schmitt and Thomas Donnelly about the size of the US military and its resources. Location: 12th floor, AEI, 1150 17th St. NW.

PROGRESSIVES-IRAQ _ 2 p.m. Reps. Lynn Woolsey, D-Calif., Barbara Lee, D-Calif., co-chairs of the Congressional Progressive Caucus, and Congresswoman Maxine Waters, chair and co-founder of the Out of Iraq Caucus, hold a press conference to introduce The Bring the Troops Home and Iraq Sovereignty Restoration Act, new legislation, which would force President Bush to withdraw all US forces, currently in Iraq, within 6-months. Location: House Radio/TV Gallery.

CONGRESS-TROOPS VISIT _ 3 p.m. Sens. Evan Bayh, D-Ind., and Hillary Rodham Clinton, D-N.Y., and Rep. John M. McHugh, R-N.Y., will hold a press conference to discuss their Congressional Delegation visit to U.S. Forces serving in the Central Command Area of Responsibility, including Iraq. Location: Senate Radio/TV Gallery.

HOUSE-SCHOOL LOANS _ 3 p.m. Congressional leaders and students hold a press conference after the House votes on legislation to cut interest rates on federal need-based student loans in half over five years. Location: Room 2261, Rayburn House Office Building.

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STUDENT LOANS _ 3 p.m. Rep. George Miller holds a news conference on new student loan legislation. Location: House Radio-TV Gallery.

COUNTERTERRORISM _ 4 p.m. The International Center for Terrorism Studies at the Potomac Institute for Policy Studies, the Inter-University Center for Terrorism Studies, and the Homeland Security Policy Institute at The George Washington University hold a forum, ``Counterterrorism Strategy for the 21st Century,'' with featured speaker, Henry Crumpton, Coordinator for Counterterrorism, State Department. Location: National Press Club.

GUANTANAMO DETAINEE _ 6:30 p.m. - 8:30 p.m. Georgetown University Law Center hosts ``Face to Face with a Guantanamo Detainee,'' a videoconference with former Guantanamo detainee, Moazzam Begg, followed with remarks by Gitanjali Gutierrez, attorney, Guantanamo Global Justice Initiative, Center for Constitutional Rights. Location: Georgetown University Law Center, Hart Auditorium, McDonough Hall, 600 New Jersey Ave. NW.

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From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 17, 2007 8:17 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Wednesday, January 17, 2007
Attachments:	dojclips070117.pdf; dojclips070117.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 17, 2007 7:45 AM EST

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TERRORISM NEWS:

AG Criticizes Judges For Terror Rulings (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 17, 2007

WASHINGTON -- Attorney General Alberto Gonzales says federal judges are unqualified to make rulings affecting national security policy, ramping up his criticism of how they handle terrorism cases.

In remarks prepared for delivery Wednesday, Gonzales says judges generally should defer to the will of the president and Congress when deciding national security cases. He also raps jurists who "apply an activist philosophy that stretches the law to suit policy preferences."

The text of the speech, scheduled for delivery at the American Enterprise Institute, was obtained Tuesday by The Associated Press. It outlines, in part, what qualities the Bush administration looks for when selecting candidates for the federal bench.

"We want to determine whether he understands the inherent limits that make an unelected judiciary inferior to Congress or the president in making policy judgments," Gonzales says in the prepared speech. "That, for example, a judge will never be in the best position to know what is in the national security interests of our country."

Gonzales did not cite any specific activist jurists, or give examples of national security cases, in his prepared text. The Justice Department is appealing an August decision by U.S. District Judge Anna Diggs Taylor in Detroit, who ruled the government's warrantless surveillance program unconstitutional and ordered it stopped immediately.

The Justice Department appealed her decision and the 6th U.S. Circuit Court of Appeals in Cincinnati has ruled that the administration can keep the program in place during the appeal.

Attorneys representing terrorism suspects held at Guantanamo Bay are challenging the legality of a law, signed by President Bush in October, that authorizes military trials. Those challenges raise the possibility that trials will be struck down by a federal appeals court or the Supreme Court.

Gonzales, a former Texas Supreme Court justice, has in the past warned about judges who inject their personal beliefs in cases. But his prepared remarks Wednesday mark his sharpest words over concerns about the federal judiciary - the third, and equal, branch of government.

Judges who "apply an activist philosophy that stretches the law to suit policy preferences, they actually reduce the credibility and authority of the judiciary," Gonzales says. "In so doing, they undermine the rule of law that strengthens our democracy."

Even so, Gonzales characterized efforts to retaliate against unpopular rulings as misguided, noting a failed South Dakota proposal to sue or jail judges for making unpopular court decisions. He also called for Congress to consider increasing the number of federal judges to handle heavy workloads, and to offer them higher salaries to lure and keep the best jurists on the bench.

Gonzales: Gitmo Trials Delayed Because Of Challenges By Detainees' Lawyer (AP)

By Lara Jakes Jordan, Associated Press

AP, January 17, 2007

WASHINGTON – Trials for detainees at Guantanamo Bay have been delayed because of numerous challenges by their own lawyers, Attorney General Alberto Gonzales said Tuesday in defending the Bush administration's treatment of terror suspects.

A leading human rights attorney called the attorney general's comments “a convoluted view of the world.”

Gonzales, meeting with Associated Press reporters and editors, said the trials of terror detainees may begin as early as this summer, and that rules for military commissions in carrying them out will be sent to Capitol Hill this week.

But he acknowledged the delays, of up to five years in some cases, in deciding the legal fate of detainees being held at the military facility in Cuba.

“It's not for lack of trying,” Gonzales said. “We are challenged every step of the way.”

“A lot will depend on the courts and the legal challenges brought by detainees at Guantanamo,” he said. “But we are trying as hard as we can to bring these individuals to justice.”

DOJ_NMG_0117406

The Bush administration has been widely criticized for its detention of about 395 men at Guantanamo, some without being officially charged, on suspicion of links to al-Qaeda or the Taliban. The government has characterized the detainees as enemy combatants who should have fewer legal protections than civilians in U.S. courts.

Military officials say 60 to 80 detainees will be charged and brought to trial. Another 85 men have been cleared for release or transfer to other countries.

Last October, President Bush signed a law authorizing military trials and harsh interrogations of terrorism suspects. Defense lawyers have challenged the validity of the law and have raised the possibility that the military trials will be struck down by a federal appeals court or the Supreme Court.

Michael Ratner, president of the Center for Constitutional Rights, called Gonzales' remarks “a convoluted view of the world.”

“We've been trying for five years to get the majority of the detainees in federal court,” Ratner said. “They've resisted from the first day, when they took people to Guantanamo.”

The Guantanamo issue was one of several topics during the hourlong AP interview that had Gonzales on the defensive over Bush administration policies criticized by Democrats and civil libertarians as overstepping legal boundaries.

Others included:

Little-known but recently revealed powers authorizing the Pentagon to examine banking records of Americans suspected of terrorism or espionage. Congress authorized such investigations decades ago, and recently affirmed them in the USA Patriot Act, but some lawmakers question whether it is an improper expansion of the Defense Department's domestic role.

“If Congress gives them the authority, I think they probably ought to be exercising that authority in connection with national security investigations,” Gonzales said.

Bush's use of so-called signing statements, which accompany legislation he inks into law. Gonzales said the president used the statements to identify for federal agencies which parts of the law he believes could be viewed as unconstitutional. But critics believe Bush is using them to publicly interpret how to expand his powers.

The issue boiled over earlier this month when it appeared that the president authorized his administration to open mail without a warrant. Gonzales denied that, and said the government continues to only open mail with court approval. The signing statements “do not give the president any more authority than he already has,” he said.

Justice Department requests for the resignations of several U.S. attorneys. Democratic senators have suggested that the department's demands were politically motivated or intended to circumvent the Senate confirmation process. “Nothing could be further from the truth,” Gonzales said.

Additionally, Gonzales announced the indictments of 148 illegal immigrants who acquired other peoples' Social Security numbers and other personal information to get jobs at Swift & Co. meat packing plants.

The indictments, in six states, follow federal raids on the plants last month in the largest-ever workplace crackdown on illegal immigration. The raids led to the arrests of nearly 1,300 employees and temporarily halted operations at the Greeley, Colo.-based meat processor.

“Obviously, we're concerned about identity theft in this country,” Gonzales said. He said the Bush administration is studying ways to curb identity theft, including better ways for police to report the crime, and to reduce the access that thieves have to Social Security numbers.

The federal indictments include: 53 in Texas, 30 in Iowa, 26 in Nebraska, 20 in Minnesota, 18 in Utah and one in Colorado. Local prosecutors are bringing state charges against the immigrants, including 80 in Cache County, Utah, and 18 in Weld County, Colo.

On the Net:

Justice Department: www.usdoj.gov/

Excerpts From Gonzales Interview (AP)

AP, January 17, 2007

Excerpts from Attorney General Alberto Gonzales' interview Tuesday with reporters and editors from The Associated Press.

On his upcoming priorities:

I'm doing, making sure that we're doing everything that we can to prevent another terrorist attack. ... But in addition to terrorism we'll also be focusing on things, what additional measures we can do to protect our children.

(We) want to engage in a dialogue with the Congress about what additional tools are necessary to protect children, particularly with respect to, quite frankly, maintaining information within Internet service providers. We are discovering in

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connection with certain investigations relating to child pornography and pedophiles, oftentimes the information is no longer available within Internet service providers and there is no obligation to retain that data.

On sentencing:

I am concerned about the disparity we're seeing in sentencing around the country. We're seeing disparities with respect to certain kinds of cases. Ten percent, I think, disparity from the guidelines with respect to offenses involving children. That is troubling.

We're seeing disparities with respect to races, different races. It appears that maybe if you're of a certain race, maybe you get a tougher sentence, or a lighter sentence. And I think in this country you can't have that.

On Guantanamo detainees:

I mean I have every expectation that we'll see commissions hopefully this summer. But again a lot will depend on the courts and the challenges, legal challenges brought by, by detainees at Guantanamo.

But we are trying as hard as we can to, to bring these individuals to justice. And I think we now have, we have a framework under the Military Commissions Act to do, that provides certainty as to the legality of, of these proceedings.

On criticism about replacing U.S. attorneys:

U.S. attorneys, like the attorney general of the United States, we serve at the pleasure of the president of the United States. We can, we can be removed at any time for any reason by the president of the United States.

And, of course, like any big organization -- and the, and the Department of Justice is a big organization -- we constantly make evaluations as to the performance of individuals. And sometimes decisions are made that we can, hopefully, achieve greater success, better performance, by making changes in personnel. And so I would just leave it at that.

With respect to politicizing the process, I mean nothing could be further from the truth.

On immigration:

I will play a role if it's appropriate. You know, obviously the administration needs to settle given the recent elections, and you know, changing circumstances as to what we'd like to see happen and develop a strategy about how to ... achieve that outcome. Obviously, you know, we're talking about dealing with the Congress -- or working with the Congress.

On President Bush's use of signing statements:

Let me just say that what we are doing is nothing new. It began with Thomas Jefferson and I could give you a whole list of presidents that have used signing statements. ... It's a discussion between the president and the American people, the Congress and particularly the executive branch about provisions in a bill which he is concerned about may be unconstitutional if applied in a certain way.

In the particular -- the most recent case relating to physical searches of mail, what the president was trying to do was to preserve existing authority already to engage in physical searches of certain kinds of mail without warrants. That authority already exists. ... And what the president wanted to make clear is that that this new reauthorization of the Postal Act did not in any way affect the existing authority the president has to engage in physical searches of mail under certain circumstances. That was the purpose of that signing statement.

U.S. Official Apologizes For Guantanamo Remarks (WP)

By Josh White

The Washington Post, January 17, 2007

A Pentagon official who criticized large U.S. law firms for representing terrorism suspects at the U.S. detention facility at Guantanamo Bay, Cuba, has apologized for his comments, saying that his discussion on a local radio program does not reflect his "core beliefs."

Charles D. "Cully" Stimson, deputy assistant secretary of defense for detainee affairs, said yesterday that he regrets what he told Federal News Radio on Thursday, when he suggested that chief executives of U.S. companies should question being represented by lawyers who do pro bono work for terrorism suspects. The Washington Post editorial page reported Stimson's comments Friday.

In a letter to the editor that appears today on The Post's editorial page, Stimson said he believes that both sides of a legal case should have "competent legal counsel." Stimson is a former prosecutor and defense lawyer.

"Regrettably, my comments left the impression that I question the integrity of those engaged in the zealous defense of detainees in Guantanamo," Stimson wrote. "I do not."

Bryan Whitman, a Pentagon spokesman, said yesterday that Stimson's original comments "do not reflect the department's position, nor are they the views of the senior leadership."

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The remarks drew condemnation on the floor of the Senate yesterday from Sen. Arlen Specter (R-Pa.), and more than 130 law school deans have signed an Internet petition declaring themselves "appalled" by them.

Attorney General Alberto R. Gonzales pointed at the detainees' attorneys himself yesterday, telling the Associated Press that their numerous challenges have delayed trials for their clients at Guantanamo Bay.

In an interview with The Post later yesterday, Gonzales said the remarks were "not intended as criticism of defense attorneys doing their jobs" but were "a statement of reality."

"We had to fight many legal battles to get where we are today," he said.

Staff writer Dan Eggen contributed to this report.

An Apology To Detainees' Attorneys (WP)

The Washington Post, January 17, 2007

During a radio interview last week, I brought up the topic of pro bono work and habeas corpus representation of detainees in Guantanamo Bay, Cuba. Regrettably, my comments left the impression that I question the integrity of those engaged in the zealous defense of detainees in Guantanamo. I do not.

I believe firmly that a foundational principle of our legal system is that the system works best when both sides are represented by competent legal counsel. I support pro bono work, as I said in the interview. I was a criminal defense attorney in two of my three tours in the Navy Judge Advocate General's Corps. I zealously represented unpopular clients -- people charged with crimes that did not make them, or their attorneys, popular in the military. I believe that our justice system requires vigorous representation.

I apologize for what I said and to those lawyers and law firms who are representing clients at Guantanamo. I hope that my record of public service makes clear that those comments do not reflect my core beliefs.

CULLY STIMSON
Deputy Assistant Secretary of Defense for Detainee Affairs
Defense Department
Washington

Law School Deans Criticize Pentagon Statement On Detainees (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, January 17, 2007

More than 130 deans of American law schools have signed a letter deploring a Pentagon official's statement criticizing major law firms for representing detainees at Guantanamo Bay.

The law deans wrote that they were "appalled" by an interview last week in which the Pentagon's point man on detainee affairs, Charles Stimson, said corporations should be disturbed by the law firms' pro bono work for detainees and might want to reconsider sending business to the firms involved.

"We find Secretary Stimson's statement to be contrary to basic tenets of American law," the deans wrote. "Our American legal tradition has honored lawyers who, despite their personal beliefs, have zealously represented mass murderers, suspected terrorists, and Nazi marchers…. In a free and democratic society, government officials should not encourage intimidation of or retaliation against lawyers who are fulfilling their pro bono obligations."

A Pentagon spokesman said Friday that Mr. Stimson's views were not shared by the department's leadership. The letter asks the administration to repudiate the statement.

The missive was circulated by the dean of Yale Law School, Harold Hongju Koh, and the dean of Northeastern University's law school, Emily Spieler. The signers include the deans of law schools at Columbia, Fordham, New York University, and New York Law School.

A liberal Web log, tpmmuckraker.com, noted that two of the law firms representing a former White House official now on criminal trial in Washington, I. Lewis Libby, have also done work for Guantanamo detainees. The firms are Paul, Weiss, Rifkind, Wharton & Garrison LLP of Manhattan and Dechert LLP of Philadelphia.

Gitmo Defense Counsel Stand Accused (WP)

By Andrew Cohen, Special To Washingtonpost.com

The Washington Post, January 17, 2007

Here is how our executive branch last week waged its legal war on terrorism against the detainees at Guantanamo Bay, Cuba. While federal lawyers and intelligence officials earnestly prepared behind the scenes to put on trial some of the major

terror suspects, a skuzzy Pentagon lawyer was front and center on the radio attacking the motives and integrity and even the patriotism of detainee defense attorneys and the law firms that support them.

One hand of government prepares in secret for the upcoming battle by identifying workarounds to constitutional due process and the congressional mandate that information gleaned from torture may not be used in the military commissions that may be up and running this summer. The other hand of government works in broad daylight to undercut perceptions about the loyal opposition by suggesting that the law firms whose attorneys work for free on these detainee cases -- it's called pro bono work and it is the law's highest calling -- may be taking money from terrorists or other nefarious sources.

On Friday we learned from the New York Times that the "Bush administration has set up a secret war room in a Virginia suburb" so that government attorneys and military officials can sort through "classified files" containing among other things the "interrogation reports" of top-shelf detainees like Khalid Sheik Mohammed. Their goal is to prepare to try Mohammed and other high-level terror suspects (like fellow 9/11 planner Ramzi Binalshibh) under the Military Commissions Act of 2006, a new federal law that set the rules that govern how the men may be tried.

"Prosecutors could use hearsay evidence or second-hand testimony, but could not use information obtained under torture," report the Times' Neil Lewis and David Johnston. "Even so," they add, "that would mean virtually any information obtained by the C.I.A would appear to be admissible because, under Justice Department legal opinions, none of the harsh techniques amounted to torture." That's certainly convenient in theory -- we'll see how viable it is in practice. Remember, the new Congress has the right to look anew at the Commissions Act and the federal courts have yet to resolve the new questions it raises.

If there is nothing surprising about a group of prosecutors preparing for trial -- even the sort of one-sided terror mega-trial that U.S v. Mohammed would become -- it is, as The Washington Post suggested Friday, downright shocking that a government attorney would denigrate the work of attorneys and their colleagues who have chosen to help men who sometimes quite literally have no one else on their side. The malfeasant culprit is a man named Charles "Cully" Stimson, deputy assistant secretary of defense for detainee affairs, and there is simply no excuse for the tone or the tenor of the remarks he made Thursday on Federal News Radio.

Usually, administration officials take pot shots at the detainees -- calling them "killers," for example, even when the vast majority of them are not. But Stimson took his shots at the powerful law firms that have allowed and in many cases encouraged their bright attorneys to represent the detainees. According to The Post, Stimson said: "when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms...."

Stimson also attacked the motives of the men and women, and their bosses, who have accomplished so much in defending the rights of the grim men in Guantanamo Bay. "Some will maintain that they are doing it out of the goodness of their heart, that they're doing it pro bono, and I suspect they are; others are receiving monies from who knows where, and I'd be curious to have them explain that." You don't need to understand the rich history of pro bono work in this country to understand how odious Stimson's remarks are, or how much of a threat they constitute to men and women of goodwill everywhere.

For the sake of argument, however, let's look a bit at the American Bar Association's Model Rules of Professional Conduct -- guidelines for how lawyers ought to behave. Rule 6.1 "Voluntary Pro Bono Publico Service" states that "every lawyer has a professional responsibility to provide legal services to those unable to pay. A lawyer should aspire to render at least (50) hours of pro bono... legal services per year and should "provide any additional services through delivery of legal services at no fee or substantially reduced fee to individuals, groups or organizations seeking to secure or protect civil rights, civil liberties or public rights." I can think of no other cause that better satisfies this solemn responsibility than providing legal help to the Gitmo detainees. Can you?

Now let's spend a minute looking at Stimson's responsibilities as a government lawyer or as a spokesman for federal attorneys. First, Rule 3.4 "Fairness to Opposing Party and Counsel" states that a lawyer "shall not... allude to any matter that the lawyer does not reasonably believe is relevant or that will not be supported by admissible evidence, assert personal knowledge of facts in issue except when testifying as a witness, or state a personal opinion as to the justness of a cause, the credibility of a witnesses, the culpability of a civil litigant or the guilt or innocence of an accused."

Even though Stimson is not now technically a prosecutor, he was one, once, and thus should know about Rule 3.8, too. It states that a prosecutor in a criminal case shall "refrain from making extrajudicial comments that have a substantial likelihood of heightening public condemnation of the accused..." and shall "make reasonable efforts to assure that the accused.... has been given reasonable opportunity to retain counsel." No doubt Stimson and his supporters would argue that the detainees do not deserve these "courtesies" because they are not defendants in our civilian courts. That is no argument against treating opposing counsel with the respect and dignity they deserve.

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American Bar Association President Karen J. Mathis wrote Friday: "Lawyers represent people in criminal cases to fulfill a core American value: the treatment of all people equally before the law. To impugn those who are doing this critical work -- and doing it on a volunteer basis -- is deeply offensive to members of the legal profession, and we hope to all Americans." She is right. Stimson should be immediately fired for what he said last week and, furthermore, he should be investigated for breaching the code of professional ethics. Not only were the remarks nasty, they were politically and diplomatically unwise.

What Stimson said, and why, and how, constitutes conduct unbecoming a member of government and a member of the bar. One hand may be acting aggressively, if not mercifully and justly, toward prosecuting suspected terrorists. But the other hand, Stimson's hand, is undercutting the very principles we fight for. This is how our government waged the legal war on terror in our name last week.

Andrew Cohen writes Bench Conference and this regular law column for washingtonpost.com. He is also CBS News Chief Legal Analyst. His columns for CBS can be found online here.

Editorial: Clueless 'Cully' Stimson (BOSH)

By Boston Herald Editorial Staff

Boston Herald, January 17, 2007

Well, it's official now: Deputy Assistant Secretary of Defense for Detainee Affairs Charles "Cully" Stimson has made himself a household name virtually overnight with a comment that is beyond idiotic.

Interviewed by Federal News Radio on the fifth anniversary of the opening of the Guantanamo Bay prison, Stimson said, "It's shocking . . . The major law firms in this country . . . are out there representing detainees."

Then the former Navy lawyer went so far as to suggest a boycott of those firms, noting, "when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms."

Many of the nation's largest law firms are defending detainees pro bono, including Wilmer Hale, Covington & Burling, and Pillsbury Winthrop. It's what good, public-spirited law firms - and lawyers - do and have done since the very founding of this nation. It was, after all, John Adams who defended the British soldiers accused of killing Americans in the Boston Massacre. What is it about that long and proud tradition that Stimson doesn't get?

Now deans of the nation's major law schools have signed a letter taking him to task for his remarks and asking the Bush administration to repudiate them.

A Pentagon spokesman has already distanced the Defense Department from Stimson's comments. And Attorney General Alberto Gonzales told The New York Times [NYT], "Good lawyers representing the detainees is the best way to ensure that justice is done in these cases."

Anyone clueless about that concept ought to be out the door.

Letter Tells Of Difficulties In Prosecuting Detainee Abuse (NYT)

By David Johnston

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — A Justice Department team responsible for reviewing accusations of abuse of detainees by civilian government employees in Iraq and Afghanistan has encountered "delays" and "unique difficulties," the department said in a letter on Tuesday.

The letter, to Senator Patrick J. Leahy, Democrat of Vermont, said prosecutors found that some accusations were not credible. Some victims could not be identified, it said, and a few had been released from custody and could not be found.

In one case, two lawyers were prepared to travel to an unidentified Middle Eastern country to interview people who say they had been abused, but canceled the trip because the country's officials refused to allow the prosecutors to meet with them.

"As with an American suspected of a crime, those Americans who are the subject of the referrals are innocent until proven guilty," the letter said. "When career prosecutors conclude that we cannot prove allegations of a crime beyond a reasonable doubt, the department — consistent with its longstanding practices and policies — will not prosecute."

The Justice Department provided the report in response to questions posed by Senator Richard J. Durbin, Democrat of Illinois, who in a letter on Dec. 18 asked government lawyers for a progress report. Democrats have expressed skepticism about the department's inability to bring cases to trial.

The letter described the reasons no charges would be brought in most of the cases, saying, "All were declined for insufficient evidence to warrant criminal prosecution for one or more of the following reasons: insufficient evidence of criminal conduct; insufficient evidence of the subject's involvement; insufficient evidence of criminal intent; low probability of conviction."

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A government lawyer who worked on some of the cases said Tuesday that the problems made prosecutions unlikely in nearly all of the 21 abuse accusations the team reviewed.

But the official, who did not want to speak on the record about pending investigations, said prosecutors had tried hard to assemble cases.

“We took these allegations very seriously,” the official said. “We tried hard to get the complete story, to get these cases to prosecution. A lot of effort has gone into this.”

Of 10 accusations referred to the Justice Department by the inspector general of the Central Intelligence Agency, one remains under investigation, the official said. The unclassified version of the letter, which is heavily edited to remove classified information, provides no details.

Some human rights lawyers said the open case could be that of an Iraqi man who died during an interrogation at Abu Ghraib prison in November 2004 after he was turned over to the C.I.A. by the military. Of 10 accusations referred by military authorities against civilian contractors, one was dropped, the official said. Nine remain open, but the officials said it was uncertain if any action would be taken because the offenses could be misdemeanors.

One additional case, stemming from an F.B.I. accusation of abuse at the detention center in Guantánamo Bay, Cuba, also remains open. The official said there had been no referrals from any agency to the Justice Department after January 2006.

Appeals Court Throws Out Sentence Of Man Convicted In Plot To Bomb Los Angeles Airport (AP)

By David Kravets, Ap Legal Affairs Writer

AP, January 17, 2007

(AP) - SAN FRANCISCO-A federal appeals court on Tuesday threw out the sentence of a man who was convicted of plotting to bomb Los Angeles International Airport at the turn of the millennium.

Ahmed Ressam was arrested near the U.S.-Canadian border in December 1999 after customs agents found 124 pounds (56 kilograms) of explosives in the trunk of his car.

Prosecutors said he was intent on bombing the airport on the eve of the millennium. The arrest raised fears of terrorism attacks and prompted the cancellation of millennium celebrations at Seattle's Space Needle.

Ressam was sentenced to 22 years in prison after being convicted off all nine charges. On Tuesday, the 9th U.S. Circuit Court of Appeals in San Francisco reversed his conviction on one of the charges and sent the case back to a lower court to issue a new sentence and explain the rationale behind the 22-year term. No new sentencing date was immediately set.

The decision does not necessarily mean Ressam will get a shorter term. Judges are given wide latitude to sentence defendants as they see fit.

Defense attorney Thomas Hillier II said the reversal might not reduce his client's sentence but "helps in fending off the government's argument that the original sentence was too lenient."

Two of the three appellate judges said Ressam was improperly convicted of carrying an explosive while committing a felony by lying on a customs form.

The government failed to show the "explosives somehow aided or emboldened" him to provide a false name at the border because he had not intended to detonate explosives at the border when he was arrested weeks before Jan. 1, 2000, Judge Pamela Rymer wrote for the majority.

After his conviction in 2001, Ressam began cooperating with authorities in hopes of winning a reduced sentence. He faced a maximum of 65 years in prison.

Over the next two years, according to court documents, he provided information on more than 100 potential terrorists and testified against coconspirator Moktar Haouari and Sept. 11 plotter Mounir el-Motassadeq.

Ressam told authorities he saw Zacarias Moussaoui, , a Moroccan-born Frenchman, at a training camp in Afghanistan in 1998. He also told investigators about the type of shoe bomb Richard Reid attempted to detonate on a U.S.-bound airline flight in 2001, and provided information about a network of Algerian terrorists in Europe.

U.S. District Judge John Coughenour of Seattle, who sentenced Ressam, said the information he provided was "startlingly helpful."

But Ressam's cooperation came to a halt by early 2003, resulting in charges being dropped against two other co-conspirators. His lawyers said years of solitary confinement, broken by periods of intense interrogation, had taken their toll on his mental health and corrupted his memory.

Emily Langlie, spokesman for U.S. attorney John McKay in Seattle, said the government was mulling whether to ask the 9th Circuit to rehear the case with 15 judges. They maintain Ressam should get a 35-year term.

"I don't see any reason why that should change," Langlie said.

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Millenium Bomb Plotter's Sentence Is Thrown Out (BLOOM)

By Karen Gullo, Bloomberg News

Bloomberg, January 17, 2007

A federal appeals court threw out the 22-year prison sentence of Ahmed Ressam, convicted of plotting to blow up Los Angeles International Airport, and sent his case back to a lower court for resentencing.

The U.S. Court of Appeals in San Francisco said today the sentence should be recalculated in part because the court overturned one of Ressam's convictions, for carrying an explosive during the commission of a felony. The charge carried a 10-year minimum sentence under federal guidelines.

"We vacate the entire sentence so that the district court can resentence in light of this decision and developments in the law of sentencing," the court said in its ruling.

The U.S. Justice Department had sought a tougher sentence for Ressam after he stopped cooperating with investigators. The 9th Circuit declined to address the government's appeal because of its reversal of one of his convictions.

"We are studying the ruling to determine whether or not to seek an appeal," said Dean Boyd, a Justice Department spokesman in Washington. Thomas Hillier, a federal public defender who represented Ressam, didn't immediately return a message seeking comment.

Ressam, a native of Algeria, was convicted in 2001 of conspiracy and carrying explosives and sentenced to 22 years in prison in 2005. Ressam was arrested in Port Angeles, Wash., in December 1999 as he drove off a ferry from British Columbia, Canada, with a trunk filled with bomb-making materials.

After his conviction, Ressam cooperated with the government until early 2003, the appeals court said. Ressam then sought to be sentenced and the U.S. filed a motion to allow for a prison term shorter than the normal range. Ressam was sentenced to 22 years after he failed to resume cooperating, the ruling said.

Hot-button Law Prof Ready To Take The Podium (STPPP)

By Paul Tosto

The St. Paul Pioneer-Press, January 17, 2007

It may be the most anxiously awaited constitutional law class ever at the University of Minnesota.

At the podium Tuesday will stand Robert Delahunty. A recognized scholar and U.S. Justice Department veteran, he is better known as co-author of one of the most controversial legal opinions in the nation's war on terrorism.

His one-term appointment to the U triggered waves of praise — and scorn — from students and faculty in the fall.

While he's kept a low profile, supporters and detractors continue to slug it out in letters and on the Web. The latest volley came two weeks ago, when eight of Delahunty's former Justice Department bosses wrote to praise him — and to scold U professors for deriding his hiring as being akin to the U paying Enron executives to teach accounting.

With that kind of tension, how will spring term begin Tuesday?

"I expect it to be a normal class and for him to do a pretty good job," said Jon Taylor, a first-year law student who opposed Delahunty's selection. He and other students met with Delahunty in the fall to ask questions about the memo. The reception was mixed.

"It didn't change my mind," said Taylor, who petitioned law school leaders to reconsider their choice.

Written while Delahunty was a Justice attorney, the 2002 memo concluded al-Qaida and Taliban prisoners were not protected by international treaties or federal law.

Critics charged the memo paved the way for the Bush administration to mistreat prisoners and ignore the Geneva Conventions. Amnesty International has called for Delahunty and other attorneys to be investigated for failing to meet professional standards in advising the president — accusations his supporters ridicule.

Delahunty joined the University of St. Thomas Law School faculty in 2004. The St. Thomas law dean defended Delahunty then, noting his "long and distinguished career" working for several presidents, including Bill Clinton.

He fell out of the public eye until last fall, when the U began looking to fill a constitutional law teaching slot after a professor took an unexpected leave.

The class is required for first-year students, and the spring class is an extension of the fall course, so it was a critical position to fill. The U first looked to William Mitchell College of Law and then to St. Thomas, where Delahunty's federal experience appeared to make him the perfect choice.

U law school leaders signed him, apparently without realizing he was co-author of the controversial memo and that his hiring could divide the law school. They found out quickly, however, when professors began tossing barbs over issues of academic free speech and the ethics of lawyers.

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Delahunty said Friday he hopes he and the students can focus on constitutional law once the classroom door closes.

"I think everyone who wanted to say their piece has said their piece," he said. "My job is to teach these students. I don't think they're served by the spectacle of teachers falling out with each other."

He said he's left an open invitation to his students to answer any questions.

"Academic diversity is good for our school, and the university should not have ideological or political litmus tests for its professors," said Sam Diehl, a third-year law student and president of the Federalist Society, a group of conservative and libertarian law students at the U. The society, he added, has invited supporters and opponents to debate Jan. 23.

Taylor said his opposition was never about ideology; he worried Delahunty's hiring might tarnish the law school's reputation.

Of the petition drive: "I think we totally accomplished a lot," Taylor said. "We feel like across the country people will look more closely at professors … the legal community respects human rights even if a few professors don't."

Delahunty said he doesn't relish the controversy and has no desire to prolong it: "I am looking forward to teaching my students at both the U and St. Thomas next term."

Class starts Tuesday morning, 9:05 a.m., Mondale Hall.

Paul Tosto covers higher education and can be reached at ptosto@pioneerpress.com or 651-228-2119.

ONLINE

Go to the online version of this story at www.twincities.com to find links to the Delahunty memo, the letter by U professors critical of his hiring and a recent letter from his former Justice Department supervisors praising his work.

Jury Sees Tape From London Bomb Scare (WP)

By Kevin Sullivan And Karla Adam

The Washington Post, January 17, 2007

LONDON, Jan. 16 -- The grainy security video showed a London subway car crowded with midday riders, a man with a backpack among them. He looked around, then turned his back toward a woman with a child in a stroller. Suddenly, a large puff of dust shot out of his pack, and panic erupted among the other passengers.

British prosecutors played the video to a jury in London on Tuesday. The man, they said, was Ramzi Mohammed, 25, one of six men on trial for conspiracy to murder commuters that day, July 21, 2005. The dust, they said, was residue from a bomb hidden in his backpack. Its detonator fired and caused the puff of dust, prosecutors said, but the shrapnel-laced main charge failed to explode.

Prosecutor Nigel Sweeney told jurors that three other bombs carried onto subway trains and a bus that day also failed to explode, preventing a repeat of a nearly identical attack two weeks earlier, July 7, that had killed 52 commuters and wounded about 700 others.

With the four July 7 bombers dead, the six July 21 defendants are the first people to face trial on charges relating to a pair of incidents that were the first major Islamic extremist attacks on British soil and created chaos in one of the world's biggest cities. The attacks spurred a continuing national debate over how young Muslim men, all either British citizens or residents, could have become so radicalized that they could have plotted mass murder in Britain.

The video footage played at the high-security Woolwich Crown Court showed panicked commuters, still jittery two weeks after the July 7 bombings, running off the train at the next stop, while an off-duty firefighter remained on board to confront the man with the backpack. Sweeney told the jury that Mohammed dropped his load to the train floor and told the firefighter, "What's the matter -- it is bread," before running away into the chaos on the train platform.

Mohammed and his five co-defendants -- Muktar Said Ibrahim, 28; Yassin Hassan Omar, 26; Hussain Osman, 28; Manfo Asiedu, 33; and Adel Yahya, 24 -- watched silently as Sweeney played the surveillance footage. They have denied the charges.

All six are London residents originally from Africa and face charges of conspiracy to commit murder. Eleven other people charged with helping them, or with failing to alert police to their plot, face trial later this year.

Britain has perhaps the world's highest concentration of closed-circuit surveillance cameras in public places. Those cameras were a critical tool used by police to identify the suspects in the July 7 and July 21 incidents and trace their movements on the day of the attacks and leading up to them.

The footage played in court showed the man identified as Mohammed running from the Oval subway station into a nearby housing project, where he pulled off a hooded sweatshirt with "New York" emblazoned across the front. Sweeney told jurors that this was a reference to the Sept. 11, 2001, attacks in the United States, which included the destruction of the World Trade Center in New York. Mohammed was arrested several days after the July 21 incidents.

Sweeney also showed jurors photos of the abandoned backpack oozing a substance that police explosives specialists later identified as hydrogen peroxide. In the trial's opening session Monday, Sweeney told the jurors that the backpack bombs carried

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onto three subway trains and a bus that day were made from hydrogen peroxide mixed with flour for making chapati, an Indian flatbread.

Jurors on Tuesday also saw surveillance footage allegedly showing Ibrahim attempting to detonate his bomb on the upper level of a double-decker bus, causing panicked passengers to flee.

They also saw footage alleging to show Omar entering and leaving the subway train he is accused of trying to blow up.

Sweeney told jurors that as Omar ran away from the Warren Street station, he approached a woman in full Muslim dress and demanded that she take him home.

"When she declined, he said words to the effect of, 'What kind of Muslim are you not helping another Muslim?' " Sweeney said.

The trial is expected to last three or four months.

U.S. Examines Footage Of Embassy Attack (AP)

By Nicholas Paphitis

AP, January 17, 2007

FBI agents are helping investigate last week's rocket-propelled grenade attack on the U.S. Embassy, trying to enhance security camera footage, the American ambassador said Tuesday.

The Jan. 12 attack was the first major strike on a Western target by suspected left-wing Greek militants in six years. It smashed a window and damaged a third-floor bathroom in the heavily fortified glass and concrete embassy. Nobody was hurt.

FBI experts flew in over the weekend and were working on the security footage, said U.S. Ambassador Charles Ries.

"It shows the missile streaking across the street and into the embassy," he told state NET television. "It was dark, it's not as good as we want. We're bringing in some experts to see what they can do in terms of looking at the files, ways to enhance it."

"The FBI is involved ... providing us their best people," he said.

Police have blamed Greek left-wing militants for the attack, but there have been no arrests and no claim of responsibility.

Greek law enforcement authorities are also seeking access to footage recorded by traffic cameras just outside the embassy compound.

But the move has provoked a debate about privacy rights, and the country's Data Protection Agency has imposed restrictions blocking police access to the footage.

The camera network was part of a $1.3 billion security umbrella bought for the 2004 Athens Olympics. Government spokesman Evangelos Antonaros said it proved useful during the games.

"How can some people now persuasively claim that this efficient system should not be used to protect Greek citizens' life and security?" Antonaros said.

HOMELAND RESPONSE:

Vast Data Collection Plan Faces Big Delay (WP)

By Ellen Nakashima

The Washington Post, January 17, 2007

The Treasury Department reported to Congress yesterday that a data-collection program to give counterterrorism analysts routine access to as many as 500 million cross-border financial transactions a year could not be implemented until 2010. The department had hoped to implement it by the end of this year.

The Cross-Border Electronic Funds Transfer Program was part of the 2004 Intelligence Reform Act, and Congress directed the Treasury secretary to determine if the program would be effective in tracking terrorist financing. In a report to Congress to be released today, the Treasury Department concluded that the program was technologically feasible and has value, but said it needs to determine whether the counterterrorism benefit outweighs banks' costs of compliance and to address privacy concerns.

The program is opposed by bankers, who view it as burdensome and invasive.

Unlike another Treasury program, which uses administrative powers that bypass traditional banking privacy protections to tap into the vast global database of transactions maintained by the Brussels-based Society for Worldwide Interbank Financial Telecommunication, the cross-border plan is the result of legislation sought by Treasury and would require congressional oversight.

Both programs were inspired by the Sept. 11, 2001, terrorist attacks.

DOJ_NMG_0117415

Banks and money services are required by law to keep records on all wire transfers of $3,000 or more. The proposed program would mandate that each of those transactions -- if they cross the U.S. border -- be reported to the Treasury Department's Financial Crimes Enforcement Network (FinCEN).

The type of data captured would include the names and addresses of senders, the amount and dates of the transfers, the names and addresses of the beneficiaries and their financial institutions.

Treasury officials said in interviews and in the report to Congress that the data would give analysts more information to ferret out illicit activity as they try to detect links between suspects.

FinCEN said that Australia and Canada had used similar data effectively. Australia has used it to catch tax evaders and predict the movement of drugs into and out of the country. But those countries deal with much smaller numbers of transactions.

Treasury receives more than 16 million currency transaction records and suspicious activity reports a year from banks and other financial institutions, which help officials track money launderers and terrorist activity.

Bankers say the additional reporting requirement would be a tremendous burden.

"We're talking about a volume of transactions that dwarfs anything that has been done in the name of [financial regulatory reporting] up to now," said Richard R. Riese, director of the American Bankers Association Center for Regulatory Compliance.

Beyond the reporting burden, he said, privacy concerns are significant. "All this information will now end up in the hands of the U.S. government for them to sift through at their leisure without any apparent process to assure that it is being used for the most significant national security investigations," Riese said. He likened it to a "fishing expedition" -- "except that the government no longer has to go and put their hook in the water. We have to give all the fish."

To streamline reporting, Treasury officials are recommending a "first in" and "last out" system so that only a single U.S. financial institution -- the last one in a transfer out of the country, or the first one in a transfer in -- would have to report each transaction.

"It's another example of the U.S. government's pattern of sweeping up massive amounts of data that it can't possibly analyze, that is not likely to have any significant security benefit, but does threaten privacy" -- that of Americans and of foreigners doing business with Americans, said Barry Steinhardt, director of the American Civil Liberties Union technology project.

European officials, too, raised privacy concerns. "If the program affects non-U.S. citizens, it should be developed in close cooperation with these other countries," said Sophie in't Veld, a member of the European Parliament from the Netherlands.

Stephen R. Kroll, former Democratic special counsel for the Senate Banking Committee, said the statute "wasn't designed to require reporting of every wire transfer that goes in and out of America -- both because that's billions of transactions and because most of them are perfectly ordinary."

He said the law was designed to give the Treasury Department power for "targeted data collection," aimed, for example, at a country where there is known terrorist activity.

In an October interview, Robert W. Werner, who then was director of FinCEN, said most of the data collected would be "commercial oriented" transactions and "irrelevant" to FinCEN's mission to detect and prevent illicit activity. "The key is to have a system that allows you to be able to pull the relevant data without people worrying that irrelevant data is being browsed and used inappropriately," he said.

FinCEN would also need to develop the technical capability to store and analyze the information, the study noted. FinCEN is considering setting up a "federated data warehouse" to store the data, which would be held separately from other financial records data.

Officials said there would be strict rules to ensure that the data is not shared inappropriately, including audit trails to check for improper access. The program would be developed through a public rulemaking process over an extended period, officials said.

"We know there will be costs. We believe there is value. How do those two play out?" said Eric Kringel, senior policy adviser at FinCEN. He said that as a regulatory body, FinCEN "would not want to proceed" without determining if the benefit is worth the cost.

FinCEN has proposed taking a year to conduct a $1.1 million cost benefit analysis. Implementation would cost $32.6 million and take 3 1/2 years, officials said.

Protesters Found In Database (WP)

By Walter Pincus

The Washington Post, January 17, 2007

DOJ_NMG_0117416

A Defense Department database devoted to gathering information on potential threats to military facilities and personnel, known as Talon, had 13,000 entries as of a year ago -- including 2,821 reports involving American citizens, according to an internal Pentagon memo to be released today by the American Civil Liberties Union.

The Pentagon memo says an examination of the system led to the deletion of 1,131 reports involving Americans, 186 of which dealt with "anti-military protests or demonstrations in the U.S."

Titled "Review of the TALON Reporting System," the four-page memo produced in February 2006 summarizes some interim results from an inquiry ordered by then-Defense Secretary Donald H. Rumsfeld after disclosure in December 2005 that the system had collected and circulated data on anti-military protests and other peaceful demonstrations.

The released memo, one of a series of Talon documents made public over the past year by the ACLU under a Freedom of Information Act lawsuit, said that the deleted reports did not meet a 2003 Defense Department requirement that they have some foreign terrorist connection or relate to what was believed to be "a force protection threat."

The number of deleted reports far exceeds the estimate provided to The Washington Post just over a year ago by senior officials of Counterintelligence Field Activity (CIFA), the Defense Department agency that manages the Talon program. At that time, then-CIFA Director David A. Burtt II said the review had disclosed that only 1 percent of the then 12,500 Talon reports appeared to be problematic.

The ACLU said in its own report that past disclosures about Talon "cried out for congressional oversight yet Congress was silent." It said the new memo indicated there "may be even more disturbing" information to discover and declared "it is time for Congress to act."

The ACLU noted the memo showed that Talon reports had a much wider circulation than previously disclosed, with about 28 organizations and 3,589 individuals authorized to submit reports or have access to the database. The organizations with access include various military agencies as well as state, federal and local law enforcement officials.

In early 2006, Burtt also said CIFA had not devised a formal way to notify its users when it decided to delete a Talon report on American citizens. The newly released memo says that a software enhancement was being initiated to permit users to edit and delete entries from the database and that it was scheduled for completion in April 2006.

A Pentagon spokesman said there are 7,700 reports in the Talon database. Some involve U.S. citizens, but the spokesman declined to say how many. Over the past year the program has instituted multiple layers of review for screening which reports should go into the database, the spokesman said.

CIFA has begun a process for analysts to review materials to make sure they fit the program's criteria before being uploaded and made available to Talon users. CIFA was established in 2002 in the aftermath of the Sept. 11, 2001, terrorist attacks, originally to coordinate the counterterrorism and counterintelligence operations of the various branches and agencies of the Defense Department. It has grown rapidly over the past four years, but not without problems. Along with discovery of the Talon data collection, CIFA was linked to the lobbying and earmarking activities that led to the conviction of former congressman Randy "Duke" Cunningham (R-Calif.). Burtt and his top deputy retired in August 2006, and federal investigators are still looking at CIFA contracting activities.

Last week, the New York Times disclosed that CIFA had been using national security letters to gather financial data on U.S. citizens, but a Pentagon spokesman said yesterday that such information was for particular investigations and not made part of the Talon database.

Talon was started in May 2003 to capture raw, non-validated information about suspicious activity or potential terrorist threats to military personnel or facilities at home and abroad.

Civilian Pilots Provide Target Practice (WP)

By Mary Beth Sheridan

The Washington Post, January 17, 2007

As his watch ticks toward midnight, Paul Gardella checks the oil on the small Cessna 182 parked on a cold, dark airstrip in Fairfax County. He knows what he soon could be facing: Coast Guard helicopters chasing him. F-16s intercepting him. Ground-to-air missiles tracking his every turn.

That's because Gardella -- a software engineer and former military officer -- is taking on a new role.

Enemy of the U.S. government.

"In the Navy, I was on the other side. I was on the side of the ones that were shooting," he muses.

Gardella, 50, is among a group of pilots who pose as nighttime intruders, penetrating restricted airspace over Washington in drills that take place every few weeks. While area residents slumber, the volunteers allow the U.S. military to practice intercepting them -- or worse.

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The pilots are with the Civil Air Patrol, a national organization with a proud history of service. During World War II, its daredevil pilots chased German U-boats along the U.S. coast. In the ensuing decades, volunteers ran bomb-shelter exercises and helped the Air Force search for crashed planes.

Now, with the country facing terrorist threats, the Civil Air Patrol is returning to its homeland-defense roots.

"I understand there has to be practice," said Gardella, a laid-back father of three from Burke. If bad guys are what Uncle Sam needs, he declared, "I'm happy to help out."

In the low-slung flight operations center at Fort Belvoir, Gardella and three other pilots met on a recent wintry night to prepare for their mission. Clad in olive flight suits with Civil Air Patrol patches, they sat on couches in a wood-paneled room, studying maps and listening to a flight briefing from Gene Hartman, 72, a patrol member from Springfield.

It was Gardella's first homeland security exercise, but his companions were veteran invaders.

Air Force Col. Keith Zuegel, 47, won a Silver Star for bombing an Iraqi-held air base in the 1991 Persian Gulf War. After being promoted to a desk job, he joined the Civil Air Patrol to fly in his spare time. After the Sept. 11, 2001, attacks, he was asked to take part in military exercises again -- this time, over Washington.

As the target.

"I said, 'Can you assure me I won't be shot down?' " the Vienna resident laughed.

Kylie McDonald, 35, has been flying the missions for two years. The Centreville resident grew up in a military family and always felt the tug of national service.

"Now I'm getting a similar opportunity, even though I'm a civilian," said McDonald, who works for a company that provides aviation services.

Outside the room, in a pressed navy-blue uniform, sat Jane Davies, 52, of Springfield, who joined the Civil Air Patrol in 1969 as a "Star Trek"-obsessed teenager. She is commander of the patrol's D.C. area branch, or wing, which includes more than 200 adult volunteers and nearly 300 cadets under age 21.

Only a small group of them are allowed to fly the Civil Air Patrol's red-white-and-blue Cessnas, Davies explained. Other patrol members are trained in activities such as hunting for vanished planes or handing out relief supplies after floods or hurricanes. For decades, the roughly 56,000 members nationwide have helped out the Air Force or local governments with such tasks.

Now they are back doing homeland security -- "exactly what we did 65 years ago," Davies said, referring to the founding of the Civil Air Patrol by aviation enthusiasts at the dawn of World War II.

Nationally, the patrol takes part in a variety of anti-terror activities. Some pilots periodically snap aerial photographs of sensitive sites such as nuclear plants or dams for the government. Sometimes patrol members are asked to fly military officers or government officials over certain areas.

"We're not necessarily made privy to what they're looking at," said Rick Greenhut, head of homeland security for the patrol. "We're kind of the bus driver."

Perhaps the most exciting missions, though, are the exercises known as Falcon Virgo, which take place over cities such as New York and Washington. They are directed by officials from the 1st Air Force at Tyndall Air Force Base in Florida, who coordinate air defense for the continental United States.

Details of the Falcon Virgo exercises are often secret.

"They ask us not to discuss it, for everyone's safety," McDonald said. The volunteer pilot simply informs friends she's "on a special mission for homeland security."

But this much is known: The exercises test Washington's air-defense radar system and the aircraft that might have to confront an intruder. Those include the Air Force jets that fly continuously over the capital, planes that scramble from Andrews Air Force base and Coast Guard helicopters.

Participants include officials up the chain of command who must decide whether to intercept or shoot down an aircraft. Many involved in the exercises are not told that the Cessnas are "friendlies" until after they have been picked up by radar -- but well before any decision would be made to shoot them down.

During some exercises, the military also tracks the Cessnas with ground-to-air missiles. "Which can be kind of disconcerting if you're flying them," observed Lt. Col. Gerry Sohan of the Air Force District of Washington. None are fired, though.

The Civil Air Patrol is an auxiliary of the Air Force, which evaluates each wing every two years and provides about $30 million a year for planes, fuel and other expenses. The patrol owns more than 500 Cessnas, the biggest fleet in the world.

But the Air Force doesn't pay the volunteers, thus saving a huge amount of money.

"Just for the national capital region, one exercise would probably save close to $10,000," said Mark O'Brien, an employee with the 1st Air Force who is in charge of liaison with the Civil Air Patrol.

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Civil Air Patrol members pay $65 a year in dues and buy their own uniforms. In return, they get the opportunity to fly at reduced rates or take cheap flying lessons. But, Gardella said, they receive something more important.

"Most of my flying has been for myself, for my own enjoyment," he said, referring to his many years as a private pilot. "I started to feel the Lord gave me the ability and resources and passion to fly, and so I ought to give something back."

That explains why he was lifting off into the sky in a Cessna shortly before midnight with Zuegel at his side. It was to be a long night; they were supposed to invade Washington twice.

Gardella isn't allowed to reveal what transpired in the nightlong exercise. But, contacted a few days later, he said he finished with such an adrenaline rush that he actually went to work instead of taking time off to sleep.

And were his co-workers impressed that he had been out all night trying to help defend the United States from enemies, zooming his little Cessna into restricted airspace to be a target for fighter planes, helicopters and ground-to-air missiles?

"They're not that into it," he said. "They're like, 'That's nice.' "

New Scanner Gets Off On Wrong Foot; Fliers End Up Shedding Shoes Anyway (USAT)

By Thomas Frank

USA Today, January 17, 2007

ORLANDO — Many air travelers who were screened Tuesday by a revolutionary new machine aimed at letting them keep their shoes on through airport security got an unexpected surprise — they had to take their shoes off anyway.

About half of the travelers using Orlando International Airport's first-in-the-nation ShoeScanner underwent the very hassle the machines were designed to ease — putting shoes through checkpoint X-rays — because the ShoeScanner detected metal in their shoes.

"It's a waste of time," Tracey Grenkoski of Orlando said after spending more than a minute on a ShoeScanner only to be told to remove her high-heeled shoes. "What's the point of me standing there if I still have to take my shoes off?"

Grenkoski had company. Of 50 travelers who used the ShoeScanner in a one-hour period here Tuesday, 28 had to remove their metal-laden shoes, according to USA TODAY's observation.

Steven Brill, whose Manhattan company, Verified Identity Pass, operates the ShoeScanners, said 52% of hundreds of passengers using the machine Tuesday morning had to remove shoes. In about a third of the cases in which travelers were told to take their shoes off, the ShoeScanner couldn't do an electronic scan for weapons because people moved their feet, he said.

Up to 1,500 of Orlando's 47,000 daily departing passengers will use its ShoeScanners.

ShoeScanners were intended to boost the fledgling Registered Traveler program, which promises fast trips through airport security for people who voluntarily pay about $100 a year and pass a background check.

The program, which has operated only in Orlando, started Tuesday in Terminal 7 at New York's Kennedy International. It opens Thursday in Indianapolis and next week in Cincinnati and San Jose, Calif. All are awaiting approval from the Transportation Security Administration (TSA) to use ShoeScanners.

Brill's company submitted the machine last year to the TSA for approval. General Electric's GE Security, which makes the $200,000 machine, hoped it would detect explosives and distinguish between metal commonly found in shoes and metal that could be a weapon, said company product manager Daniel Mahlum. The company is trying to upgrade the machine so it can allow passengers to wear shoes that contain harmless metal.

For now, TSA spokesman Christopher White said, if the ShoeScanner senses any explosives or metal, "it's going to require additional scrutiny."

Brill said he expects people in Registered Traveler to stop wearing shoes with metal.

Some Orlando passengers didn't mind having to remove their shoes after they were screened for explosives.

"It doesn't make much (time) difference," said Bob Halcrow, noting that even with a one-minute shoe scan, there was no line at the Registered Traveler lane. Regular security checkpoints had a 20-minute backup.

Registered Traveler Starts At JFK Airport (USAT)

By Thomas Frank

USA Today, January 17, 2007

A long-delayed program aimed at speeding trusted travelers through airport security took a small but dramatic step Tuesday when it opened at one terminal in New York's John F. Kennedy International Airport.

The opening marks the official launch of Registered Traveler beyond Orlando International Airport, which since July 2005 has run the only airport-sponsored program to put airline travelers at the front of security lines if they pay about $100 a year and pass a background check.

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Many airlines give first-class and other preferred passengers their own line leading to security checkpoints. Registered Traveler opens such privileges to a potentially much wider market.

"People have been clamoring for this for years," said Caleb Tiller of the National Business Travel Association. "It's available to anybody. Airline programs are really limited to passengers carrying a certain class of ticket or a certain mileage status."

Indianapolis International Airport plans to start a Registered Traveler program Thursday. Airports in San Jose, Calif., and Cincinnati are scheduled to join next week, said Steven Brill, whose Manhattan company, Verified Identity Pass, will manage the programs.

Other airports are likely to follow when they see Registered Traveler grow, Brill said. "The next five airports are infinitely easier than the first five, and the five after that are a cakewalk," he said.

Some travelers are skeptical. "I'm very doubtful it will expand," Patrick Richmond said Tuesday as he bypassed Orlando's regular 20-minute security line for the Registered Traveler "line" that had two other passengers. "The cost seems enormous."

Orlando has four $200,000 machines — two at each checkpoint — that read fingerprint-embedded ID cards to verify the identities of people in the program and that check their shoes for weapons. The ShoeScanner machines aim to spare passengers from having to take off their shoes when going through security.

Indianapolis and San Jose will have six each, and there will be two at Cincinnati and at Kennedy's Terminal 7, which British Airways owns.

"That makes no difference to me whatsoever," Richmond said of the four airports joining Orlando. "I never go to any of those cities."

More than 30,000 people have joined Registered Traveler at Orlando, which does not have airline-run security lines for elite travelers. About 5,000 total have signed up at the other four airports since enrollment began last fall.

Some Orlando passengers said Tuesday that being able to keep their shoes on while passing through security was a step forward. "It's a little bit less of a hassle," said Derek Simonds of Deland, Fla. "But to have Registered Traveler at other airports would be tremendous."

Last year, 22 airports told the Transportation Security Administration they were interested in starting Registered Traveler, including Los Angeles, Chicago O'Hare, Denver, Miami and Washington's Dulles and Reagan National.

Miami security director Lauren Stover said the ShoeScanner could make Registered Traveler more appealing.

She said the airport is still weighing the "customer-service value and the impact it will have on (security) wait times for passengers throughout the airport."

Keep Your Shoes On, For A Price (NYT)

The New York Times, January 17, 2007

Of all the hassles at the airport in this age of heightened security, perhaps the most annoying is the requirement to take off your shoes to send them through the X-ray screener. That burden will be lifted at some airports shortly — for those willing to pay about $100 a year for the privilege.

The Transportation Security Administration has recently approved a new device that will scan your shoes while you are still wearing them. It uses quadrupole resonance technology, similar to a medical M.R.I., to determine whether explosives or weapons might be hidden in your shoes. It is the first important new technology to emerge from the for-profit registered traveler programs.

The hitch is that, for now, you have to pay to join a program in which private companies pledge to move you through the security lines a bit faster if you submit to a government background check in advance and supply biometric data — like a thumbprint or iris scan — that can be used to identify you at the airport.

The lead company in the field, founded by Steven Brill, operates the registered traveler lanes in Orlando, Fla., where use of the shoe scanner started yesterday, and plans to open lanes at four more airports in coming weeks. That will include Kennedy Airport, where one lane opened yesterday but with its shoe scanner not yet operational.

The scanner was developed for Mr. Brill's company by G.E. Security, a subsidiary of General Electric. It is part of a kiosk that also includes a device to scan fingertips for traces of chemicals that might indicate recent contact with explosives. That technology, if approved by the federal government, could make it possible for travelers to be X-rayed for hidden explosives without first having to take off their coats. Another company is exploring backscatter X-ray technology that can see through clothing to detect hidden objects, although that carries privacy implications. Also down the road is a technology to scan laptops without removing them from their cases.

These technology advances could become the major contribution of registered traveler programs, which otherwise simply offer those willing to pay an annual fee a designated fast lane to a set of the airport's standard metal detectors and X-ray

scanners. The kiosks cost a hefty $150,000, probably too much for the government to swallow. But G.E. would surely relish a broad market, and volume production would presumably reduce the price. Someday these technologies may trickle down to us all, and the registered traveler companies will have to keep finding new devices to stay ahead.

Muslims Cite Discrimination In Denial Of Flight (WT)

By Audrey Hudson

The Washington Times, January 17, 2007

An Islamic civil rights group is calling for an investigation to determine why 40 Muslims were not allowed to board a flight from Germany to Detroit after their pilgrimage to Mecca, Saudi Arabia.

Northwest Airlines officials said the passengers arrived too late to catch the flight, but some of the Muslims, appearing at a press conference yesterday with the Council on American-Islamic Relations (CAIR), called it religious discrimination.

The Muslims arrived at the Frankfurt airport at 7:30 a.m. Jan. 7 on a charter plane from Saudi Arabia. They did not show up at the ticket counter until about 20 minutes before the Detroit-bound Flight 51 left at 10:20 a.m., said Dean Breest, a Northwest Airlines spokesman.

The airline industry and governmental agencies have check-in and boarding deadlines to help ensure on-time departures, and Northwest Airlines policy states that passengers must check in for international flights at least 60 minutes before departure and be aboard the aircraft at least 30 minutes before departure.

"The rules are the rules," said Roman Blahoski, spokesman for Northwest Airlines. "It does not matter who they are; they would be turned away because the flight had already closed."

Mr. Blahoski said, "Northwest takes these accusations very seriously," but "these passengers were denied boarding because they did not meet the standard check-in deadline."

Imam Sayed Hassan Al-Qazwini of the Islamic Center of America in Dearborn, Mich., told reporters that the travelers, who included two imams, were stranded and left on their own to find flights home.

Mr. Breest, however, said those who arrived at the gate in time with boarding passes were allowed onto the plane, and that those who could not be accommodated were rescheduled for other flights.

"It has nothing to do with religion, but when you have to be on the plane," Mr. Breest said. "They just were not there in time.

"We're sorry, but we did get them to the next destination as soon as possible. We were still able to process some of them and get them on the flight, then rebooked the rest of the group the same day for flights via Amsterdam."

Mr. Al-Qazwini demanded an apology from the airline as well as unspecified compensation.

If the airline does not meet their demands, Mr. Al-Qazwini said, he may call for a Muslim boycott of Northwest.

In November, six imams who were removed from a US Airways flight after exhibiting suspicious behavior called for a boycott of that airline. The Muslims retained CAIR as their legal representatives and have threatened to file a lawsuit.

US Airways spokeswoman Andrea Rader said: "We're in contact with them but we have no resolution."

Intelligence Agency's $100M Leasing Deal Examined (USAT)

By Matt Kelley, Usa Today

USA Today, January 17, 2007

Auditors: CIFA lacked authority to sign contract

WASHINGTON — A Pentagon domestic intelligence agency overpaid and might have broken the law in awarding a $100 million contract to lease office space, federal investigators say.

The Pentagon's Counterintelligence Field Activity (CIFA) awarded the no-bid deal in 2003 to TKC Communications. Federal auditors say the agency lacked the authority to sign the contract and overpaid by more than $2 million.

Internal watchdogs at the Pentagon and Interior Department, as well as Congress' Government Accountability Office, began questioning the contract last year. Still, federal contracting records show CIFA has paid TKC more than $11 million since Pentagon auditors raised their concerns in May, including more than $6 million in late November.

Interior investigators wrote in a report released last week that department officials defended the deal as legal and refused to stop paying the company. "Congressional involvement may be required to sort out this contract," the investigators wrote.

The contracting questions come as CIFA faces criticism over its surveillance tactics. Created in 2002, the agency oversees investigations and efforts to block terrorism or espionage against military bases or personnel in the USA.

The agency has issued hundreds of "national security letters" to obtain the banking records of suspects, a practice The New York Times revealed this weekend.

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The American Civil Liberties Union criticized the practice, as it did in December 2005 after reports that a CIFA database included information about non-violent war protesters. Vice President Cheney defended the surveillance as legal during a TV interview Sunday.

The 10-year contract with TKC calls for the company to obtain and renovate office space in the Washington area for other contractors working for CIFA. TKC has leased nine floors of an office building near the Pentagon, and has been paid about $66.7 million for its work, federal records show.

The agency used an Interior Department office that was created to help all federal departments order supplies or services more quickly. Auditors from the Pentagon, Interior and Congress have repeatedly criticized using the Interior office, saying it often means the deals aren't scrutinized as carefully as other Pentagon contracts.

Thomas Gimble, acting Defense Department inspector general, is expected to testify before a Senate Armed Services subcommittee today about the contract, spokesman Gary Comerford said.

The Interior Department report released Jan. 9 says the contract was "likely void from its inception" because only the federal General Services Administration has leasing authority.

A Pentagon audit released last month cites other problems with the contract. CIFA didn't notify House and Senate intelligence committees about the contract as required and apparently paid the company out of the wrong accounts, the audit found.

Brooke Smith, TKC Communications' chief operating officer, said the company didn't know about the audits until a reporter asked about them Tuesday. CIFA spokeswoman Louise Dreuth did not respond to questions about the contract Tuesday.

TKC got the no-bid contract because it's a subsidiary of two Alaska Native corporations, which get preferred treatment under federal contracting laws.

Congressional investigators reported last year that CIFA officials specifically requested the company because it had done work for another Pentagon agency.

In a written response to that GAO report, Interior official Thomas Weiner disagreed, saying TKC won the deal because its proposal met the agency's requirements. Investigators said government and company employees contradicted him.

WAR NEWS:

President Says His Iraq Policy Was Failing (WP)

By Michael Abramowitz

The Washington Post, January 17, 2007

President Bush said that his Iraq policy was headed to "a slow failure" until he changed course last week with the announcement that he was sending more than 21,000 additional U.S. troops to bolster flagging security in Baghdad.

The comment, perhaps the president's frankest admission that the previous strategy was not working, came during an interview yesterday with Jim Lehrer of PBS's "NewsHour," in which Bush detailed some of his decision-making regarding Iraq.

"I had a choice to make," Bush said. "Do what we're doing -- and one could define that maybe a slow failure. Secondly, withdraw out of Baghdad and hope for the best. I think that would be expedited failure. And thirdly is to help this Iraqi government with additional forces -- help them do what they need to do, which is to provide security in Baghdad."

Bush added: "I chose the latter because I think it's going to more likely be successful."

The interview was part of an ongoing White House campaign to sell the new Iraq policy in the face of intense skepticism from Congress and the American public. Bush acknowledged this view while sharpening his criticism of the Iraqi government over its handling of the execution of Saddam Hussein and security in Baghdad.

Bush said the Hussein execution was "fumbled" and "reinforced doubts in people's minds that the Maliki government and the unity government of Iraq is a serious government."

"It looked like it was kind of a revenge killing," Bush added. "And it sent a mixed signal to the American people and the people around the world. And it just goes to show that this is a government that has still got some maturation to do."

Bush also said the U.S. and Iraq governments share blame for the failure to stop sectarian violence from escalating in the aftermath of February's bombing of one of Shiite Islam's holiest sites, the Askariya shrine in Samarra.

"We should have found troops and moved them," Bush said. "But part of it was that the Iraqis didn't move troops. And I take responsibility for us not moving our own troops into Baghdad."

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Asked why the troops were not provided, Bush replied: "I think the commanders there felt like it was important to make sure the Iraqis did first, or that the Iraqis made a focused, concerted effort. And they just didn't. There were supposedly six brigades committed and they sent two." He said that will change with the latest Baghdad security plan.

Bush was also asked by Lehrer why he was not willing to ask more Americans to sacrifice something, given the importance he has attached to the struggle in Iraq.

"I think a lot of people are in this fight," Bush replied. "I mean, they -- they sacrifice peace of mind when they see the terrible images of violence on TV every night. I mean, we got a fantastic economy here in the United States, but yet, when you think about the psychology of the country, it is -- it is somewhat down because of this war."

Bush said talk of sacrifice in Washington means raising taxes.

"If that's the kind of sacrifice people are talking about, I'm not for it because raising taxes will hurt this growing economy," the president said.

Bush Chides Iraq Over Recent Executions (AP)

By Jennifer Loven

AP, January 17, 2007

President Bush said Tuesday the unruly execution of Saddam Hussein "looked like it was kind of a revenge killing," making it harder to persuade a skeptical U.S. public that Iraq's government will keep promises central to Bush's plan for a troop increase.

In his toughest assessment yet, Bush criticized the circumstances of Saddam's hanging last month, as well as Monday's execution of two top aides, including Saddam's half brother.

"I was disappointed and felt like they fumbled the — particularly the Saddam Hussein execution," the president said in an interview with PBS' Jim Lehrer.

A cell phone video of Saddam's Dec. 30 hanging showed the deposed Iraqi leader being taunted as he stood on the gallows with a noose around his neck. An official video of the execution of Saddam's half brother showed that the hangman's noose decapitated him. Both hangings provoked outrage around the world, but particularly among Saddam's fellow Sunnis in Iraq.

Bush said he had expressed his displeasure about the way Saddam's execution was handled to Iraqi Prime Minister Nouri al-Maliki. The president announced what he called a new strategy for the war last week, with much of it hinging on his trust in al-Maliki's government to make radical changes.

"It basically says to people, `Look, you conducted a trial and gave Saddam justice that he didn't give to others. But then, when it came to execute him, it looked like it was kind of a revenge killing,'" the president said.

"It makes it harder for me to make the case to the American people that this is a government that does want to unify the country and move forward," Bush said. "And it just goes to show that this is a government that has still got some maturation to do."

Bush agreed to the interview, to be telecast Tuesday evening on PBS' "NewsHour With Jim Lehrer," as well as one last weekend on CBS' "60 Minutes" to help sell his revised war plan to the public.

Polls show that Americans are overwhelmingly unhappy with Bush's Iraq policy. Seventy percent oppose sending more troops to Iraq, as he intends to do, according to an Associated Press-Ipsos poll last week

Bush said if a pollster asked for his opinion about Iraq, "I would be one of those that said, 'No, I don't approve of what's taking place in Iraq.'"

He said that keeping his old policies in place in the war would lead to "a slow failure," but withdrawing from Iraq, as some critics suggest, would result in an "expedited failure."

"I am frustrated with the progress," the president said. "A year ago, I felt pretty good about the situation. I felt like we were achieving our objective, which is a country that can govern, sustain, and defend itself. No question, 2006 was a lousy year for Iraq."

Senate Democrats plan by Thursday to introduce a resolution denouncing the president's plan, with floor debate to begin next week — around the time Bush delivers his State of the Union speech on Jan. 23.

The bill, by not eliminating funding for either current troops or the additions, would be merely an expression of Congress' position. But it would help Democrats gauge Republican support for more aggressive legislative tactics, as well as embarrass Bush.

On Tuesday, Democrats were reaching out to potential Republican cosponsors. Several GOP senators have spoken out against sending more troops.

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"The hope is to introduce a bill that would be a bipartisan resolution," said Jim Manley, spokesman for Senate Majority Leader Harry Reid, D-Nev.

House Democrats say they will wait for the Senate to debate the resolution before taking up their own. House Majority Leader Steny Hoyer, D-Md., told reporters Tuesday he anticipates the Senate will have a "significant bipartisan vote" that will help set the tone for the House debate.

White House press secretary Tony Snow suggested that Congress' Democratic leaders think through the ramifications of any vote.

"In an age of instant and global communication, what message does it send to the people who are fighting democracy in Iraq, and also what message does it send to the troops?" he said. "But, you know, the House and Senate are going to do whatever they do. What the president is determined to do is continue moving forward in a way that creates conditions for success in Iraq."

As the president pressed the case for his troop additions, there were ugly reminders from Iraq of the tough job ahead.

More than 100 people died in several attacks on predominantly Shiite areas, including an explosion outside a Baghdad university that killed at least 65 people and a blast at a marketplace for used motorcycles. The United Nations, meanwhile, said more than 34,000 Iraqi civilians died last year in sectarian violence.

Bush Widens Iraq Criticism Over Handling Of Executions (NYT)

By Jim Rutenberg

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — President Bush said Tuesday that Iraq had “fumbled” the executions of Saddam Hussein and two of his deputies, and that the government of Prime Minister Nuri Kamal al-Maliki “has still got some maturation to do.”

The president’s remarks were the most extensive yet on the executions, and they pointed up the continued tensions between Mr. Bush and Mr. Maliki as they try to forge a joint plan to calm the violence plaguing Iraq.

Mr. Bush expressed particular displeasure with the handling of Mr. Hussein’s hanging in late December, at which guards chanted their allegiance to the radical Shiite cleric Moktada al-Sadr, who backs Mr. Maliki and whose militia has been a major source of anti-Sunni violence.

“It basically says to people, ‘Look, you conducted a trial and gave Saddam justice that he didn’t give to others,’ ” Mr. Bush said in an interview with Jim Lehrer of PBS. “But then when it came to execute him, it looked like it was kind of a revenge killing.”

The president has said that Mr. Maliki has given him assurances that political considerations will not hinder Iraqi and American forces from going after the militias, including Mr. Sadr’s.

But the notion that Mr. Maliki’s government will crack down on Mr. Sadr, a course considered crucial to the success of Mr. Bush’s new plan for Iraq, has been met with skepticism. And Mr. Bush said the handling of the execution only added to the questions.

“It reinforced doubts in people’s minds that the Maliki government and the unity government of Iraq is a serious government,” Mr. Bush said, “which makes it harder for me to make the case to the American people that this is a government that does want to unify the country and move forward.”

Mr. Bush spoke with Mr. Lehrer, host of the “The NewsHour With Jim Lehrer” on PBS, as part of a media tour aimed at rebuilding support for the war and, more specifically, the new war plan he announced last week. Officials have said that Mr. Bush was in part trying to build credibility after so many setbacks in Iraq by nodding to troubles there.

“We have to swallow hard and remind people the president realizes how hard it is,” said a White House official involved in the strategy.

The interview on PBS was the second shown in three days in which Mr. Bush went into detail acknowledging setbacks and public frustration.

“If you were to take it and put me in an opinion poll and said, ‘Do I approve of Iraq?’ I’d be one of those that said, ‘No, I don’t approve of what’s taking place in Iraq,’ ” Mr. Bush said in the interview.

“On the other hand, I do believe we can succeed,” he said.

Mr. Bush said on “60 Minutes” on Sunday night, “No question decisions have made things unstable,” though he added, “But the question is, can we succeed? And I believe we can.”

Democrats and even some Republicans have interpreted Mr. Bush’s plan to send more than 20,000 additional troops to Iraq as a refutation of the suggestions of the bipartisan Iraq Study Group, which had as its chairmen Lee H. Hamilton, a former Democratic congressman, and a longtime Republican aide to Mr. Bush’s father, James A. Baker III.

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Mr. Bush said he did not disagree with the report's overall suggestion that United States military operations shift their focus to training the Iraqis and going after terrorists. But he said the Iraqis were not yet strong enough to take the lead in combating sectarian strife.

"They have a good strategy inherent in their report towards the role of U.S. troops inside Iraq," Mr. Bush said. "It's just that there needs to be an interim stage in order to achieve that objective."

Bush: Saddam Hanging Botched (USAT)

By Bill Nichols

USA Today, January 17, 2007

President Bush on Tuesday criticized the handling of Saddam Hussein's execution, saying it looked like "kind of a revenge killing" that had eroded the American public's faith in the Iraqi government.

Bush said the hanging showed that Iraqi Prime Minister Nouri al-Maliki's government "still has some maturation to do" as U.S. and Iraqi forces make a new push to secure Baghdad.

The president's criticism, in an interview with public television's Jim Lehrer, came on a particularly bloody day in Iraq. At least 65 people died in an explosion outside a Baghdad university. Overall, more than 140 Iraqis were killed or found dead.

Bush said that while he was "pleased" with the trials received by Saddam and his top aides, he was troubled with the circus atmosphere surrounding Saddam's execution Dec. 30. Cellphone video showed Saddam being taunted as he stood on the gallows.

"I was disappointed and felt like they fumbled the — particularly the Saddam Hussein — execution," Bush said. Bush acknowledged that the way the execution was conducted made it harder for him "to make the case to the American people that this is a government that does want to unify the country."

Bush has called on al-Maliki, a Shiite, to reach out to disgruntled Sunnis and to help disarm sectarian militias as 21,500 additional U.S. troops begin arriving in Iraq.

An official video of Monday's execution of Saddam's half brother showed him being decapitated by the noose. Al-Maliki said Tuesday's violence was the work of people seeking revenge for the executions. He called those responsible "a desperate group of terrorists and Saddamists." Also Tuesday:

•The U.S. military said four U.S. soldiers were killed Monday in the northwestern province of Ninevah.

•In Baghdad, deadly attacks were staged in primarily Shiite neighborhoods, including an explosion that killed 13 at a marketplace for used motorcycles and a drive-by shooting. Raad Abbas, 26, who was wounded in the attack at the motorcycle market, said he had gone there because the city had been quieter of late.

"Shortly after midday, I heard an explosion. Motorcycles were flying in the air. People were falling dead and wounded," Abbas told the Associated Press.

At Al-Mustansiriya University, Dean Taqi al-Moussawi told Al-Iraqiya TV that there had been two explosions. Another suicide attacker was thwarted, he said. Most of the dead were women waiting for vehicles to take them home.

"The terrorists want to stop education," he said. "Those students had nothing to do with politics. They only came to the university to learn."

•A new United Nations report said 34,452 Iraqi civilians were killed last year — an average of 94 per day — and 36,685 were wounded.

The U.N. report was based on information from Iraq's government and hospitals. "Unfortunately it is a war," White House spokesman Tony Snow said. "The actual number, whatever it is, is too high."

Botched Hangings In Iraq Speed Sectarianism (NYT)

By Michael Slackman

The New York Times, January 17, 2007

CAIRO, Jan. 16 — The botched hanging of Saddam Hussein and two lieutenants in Iraq by its Shiite-led government has helped to accelerate Sunni-Shiite sectarianism across an already fragile Middle East, according to experts across the region.

The chaotic executions and the calm with which Mr. Hussein confronted the gallows and mocking Shiite guards have bolstered his image among many of his fellow Sunni Muslims.

But something else is happening too: a pan-Muslim unity that surged after the summer war between Israel and Hezbollah, the Lebanese Shiite militia, is waning.

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And while political analysts and government officials in the region say the spreading Sunni disillusionment with Shiites and their backers in Iran will benefit Sunni-led governments and the United States, they and others worry that the tensions could start to balkanize the region as they have in Iraq itself.

"The reality of the current situation is that we are approaching an open Sunni-Shiite conflict in the region," said Emad Gad, a specialist in international relations at the government-financed Al Ahram Center for Political and Strategic Studies in Cairo. "And Egypt will also be a part of it as a part of the Sunni axis. No one will be able to avoid or escape it."

This changing dynamic in the region, described by many scholars, analysts and officials in recent days, is a result not only of the hangings, the Iraq war and the Lebanese political struggle. It has also been encouraged by Sunni-led governments like those in Egypt, Jordan and Saudi Arabia, and some Sunni religious leaders alarmed by the rising influence of Iran, the region's biggest Shiite power. Far from Cairo, in a sprawling farming village in the Nile Delta region north of the city, Hamada Abdullah, a Sunni Muslim, said that after the war between Hezbollah and Israel, he posted a small picture of Sheik Hassan Nasrallah, the Hezbollah leader, on the bare wall of his home. It did not matter that Sheik Nasrallah was a Shiite Muslim aligned with the Shiite state of Iran.

To Mr. Abdullah, Sheik Nasrallah was first and foremost a bold Arab resistance leader. But since the hanging of Mr. Hussein and since Hezbollah has pushed to topple the Sunni-led government in Lebanon, he has begun to reconsider.

He says he is suspicious of Sheik Nasrallah and his politics. "His whole army in the south of Lebanon, they are Shiites," Mr. Abdullah said. While some American officials and Sunni leaders say that increased tension leads to reduced Iranian influence, others say that sectarian loyalties are difficult to control.

"When Hezbollah did what they did in Lebanon in the summer, no one thought of it as a Shiite party; it was a nationalist party," said Taher Masri, a former prime minister of Jordan. "Now with the events in Iraq culminating in the way Saddam Hussein was executed and the lack of condemnation and total silence of Hezbollah, many people are examining the position of Hezbollah as a Shiite party."

Some of the region's Sunni-led governments and religious leaders used the hanging of Mr. Hussein on a Sunni Muslim holy day as a weapon in the jockeying for regional power.

"Sunni states are using this sectarian card to undercut Iran's influence because they feel that Iran was able to penetrate the Arab world after the fall of Iraq, which was acting as a shield against Iranian influence," said Marwan Kabalan, a political science professor at Damascus University.

Sunnis make up a vast majority of the Islamic world. Shiites, who lead Iran and the Iraqi government, are the next largest sect. The two split over who would lead Islam after the death of the Prophet Muhammad.

While the two have theological differences — and similarities — the gathering conflict is being stoked by a determination by Sunni leaders to preserve, or reinvigorate, their waning influence in the region — while emboldened Shiites have pressed for more influence.

After the war between Hezbollah and Israel, Shiite leaders seemed to reach their zenith as an antidote to a Sunni Muslim leadership widely viewed as corrupt, impotent and stooges of the West, analysts said.

Iran's president, Mahmoud Ahmadinejad, and Sheik Nasrallah of Hezbollah, each won wide followings across the region for their willingness to defy the United States. Hezbollah and its allies pressed for more power in Lebanon and when rebuffed, began demonstrations intended to topple the government.

Now, fueled by state controlled media in many Sunni Muslim states, a divide, or at least an estrangement, is growing across the Middle East between Sunni Muslims and Shiites. Egyptians, for example, are inundated nearly daily with headlines, commentaries and television reports alleging Shiite transgressions.

An Egyptian-government controlled satellite service, called Nilesat, has been broadcasting across the Arab world Al Zawraa, a television station that shows what is billed as heroic footage of the Sunni insurgency in Iraq, American soldiers being killed and wounded, and unflattering images of Shiite leaders.

"Raising the ugly face of Shiites, expanding Iranian influence in the region," read a headline in a recent edition of Rose el-Youssef, a pro-government Egyptian newspaper.

In December, a top religious leader close to the Saudi royal family, Abdul Rahman al-Barak, said that Shiites, whom he called rejectionists, were worse than Jews or Christians.

"By and large, rejectionists are the most evil sect of the nation and they have all the ingredients of the infidels," he wrote.

Such talk is causing a creeping sectarian tension, political analysts said. In Mr. Abdullah's village in the Nile Delta region of Egypt, where many people had posted a picture of Sheik Nasrallah, there is a growing sense of disunity with Shiites that mirrors partly what is happening in Iraq. "Saddam Hussein was the one courageous man among Arab leaders," said Ibrahim Mustafa Ibrahim, a school janitor. "We saw how he was executed. We saw everything."

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Forget Cash -- Lobbyists Should Set Support For Lawmakers In Stone (WP)

By Al Kamen

The Washington Post, January 17, 2007

It looks increasingly likely that the Democrats will pass some sort of ethics reform legislation that, on the off chance that it would close some cash spigots to lawmakers, could require more creative approaches by lobbyists.

Well, not too creative. Fortunately, neither the House nor Senate proposals, we're told, restrict our favorite way for lobbyists to curry favor and gratitude -- and get extended face time with lawmakers: funding those eponymous charitable or educational centers -- the Sen. Preston Flubus Center for the Study of Left-Handed People, and the like.

Granted, these member-connected projects, such as the Joyce Murtha Breast Cancer Center in Rep. Jack Murtha's Pennsylvania district, are often worthwhile. Ditto the Sen. Trent Lott Library at the University of Mississippi or even the Burns Telecom Center at Montana State University in Bozeman, there because of former senator Conrad Burns. There are countless other buildings, programs and chairs named for lawmakers. (Best to give to the building funds, as the programs and chairs most likely will disappear the moment the lawmaker leaves office.) But either way, special-interest groups get to give money for things very near and dear to the hearts of lawmakers -- literally to a monument lasting far longer than a member's tenure. Nothing is as important to our representatives save reelection itself. And some contributions lead to those annual gala dinners at members' alma maters or schools where more face time may be had.

Best of all, such contributions don't even require disclosure. The institutional recipients may disclose the donations in their annual reports, or use the donor list to raise more money, but the individual members obviously don't need to.Once Lawless, Always Lawless?

New Defense Secretary Robert Gates is said to be putting together his inner office staff and perhaps bringing more new blood to the Pentagon. But it's not going to be easy.

First, there's the problem of recruiting top people to join an embattled administration in its last two years. It's especially hard to recruit someone not in government for a job that requires confirmation. In addition, Gates was happily ensconced in academia for several years and hardly thinking of returning in this position. Finally, he comes from the intelligence community, not the DOD world.

But maybe he could follow the example of Bill Casey, his late boss at the CIA, who was looking for ways around the agency bureaucracy to set up back channels with business leaders to make contact with some of the world's more odious dictators, such as Libya's Moammar Gaddafi.

As Gates recounts in his 1996 book "From the Shadows," Casey "bypassed" the operations directorate structure, "reached down and found an individual case officer he liked and trusted, and gave him the task of making these contacts. The officer's improbable pseudonym was 'Lawless.' "

Still is. And now Richard Lawless works for Gates. He's the deputy undersecretary of defense for Asia and Pacific affairs. Maybe Gates will introduce himself.Cheney's Smooth Talking

Administration officials -- Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and others -- seemed a bit off-stride, less self-assured, last week as they got a bipartisan hammering on the Hill and from the media about the war in Iraq.

It fell, once again, to Vice President Cheney to show how to take the long view in handling this sniping. On "Fox News Sunday," he told Chris Wallace: "Well, I think if you look at what's transpired in Iraq, Chris, we have, in fact, made enormous progress," and he noted that Saddam Hussein is dead. "The fact is we've come a long way from where we started in Iraq," he said. "Now, no war ever goes smoothly all the way. . . . Lots of times you have to make adjustments, and that's what we're doing here."

That's the ticket. Always bumps in the road in any war.Lawyers Group Name on Trial

Seems that the Association of Trial Lawyers of America (ATLA) was onto something when members voted to change its name to the American Association for Justice (AAJ).

Its archrivals at the U.S. Chamber Institute for Legal Reform (ILR) have proof that it was a smart move, according to a Jan. 4 memo to donors by ILR President Lisa Rickard. ILR paid for two national surveys and focus groups in three cities and found that the name ATLA produced a decidedly "unfavorable" response from participants.

But the name AAJ scored substantially better on the favorability scale, she said, "at 56 points, a 13-point difference, which is a statistically significant gap." What's more, "the name change has a lasting impression." However, when told of the name change, focus groups were aghast and quite "skeptical." And trial lawyers still come off badly.

So here's the plan: "If we begin to use the name American Association for Justice in referring to ATLA," Rickard said, "we become willing participants in their scheme to hide their real identity and we elevate their favorability rating. ILR will continue to

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refer to AAJ as the trial lawyers association in all public comments and written materials and we encourage all of you to do the same."

AAJ -- that's the trial lawyers -- spokeswoman Chris Mather said this "endorsement from the Chamber of Commerce gives me second thoughts" about the name change. She suggested the ILR might be called the "Chamber of Corporate Criminals." "They defend Halliburton, Philip Morris, Exxon and Enron," she said. "We are fighting for people and they are fighting for corporate bottom lines."

These folks really, really don't like each other.

Like Nixon Or Like Ike? (WP)

By Harold Meyerson

The Washington Post, January 17, 2007

For the Republicans, there are two ways out of Iraq. They can either go out like Eisenhower or like Nixon.

As the first Republican to occupy the White House since the coming of the New Deal, Dwight Eisenhower could have chosen to divide the public and try to roll back Franklin Roosevelt's handiwork. In fact, he didn't give that option a moment's consideration. Social Security and unions, he concluded, were here to stay; any attempt to undo them, he wrote, would consign the Republicans to permanent minority status. Ike also ended the Korean War without attacking Democrats in the process.

His vice president, Richard Nixon, became president largely because of the public's massive discontent with the Vietnam War. We now know that Nixon and Henry Kissinger had no illusions that the war could be won, and Nixon probably could have withdrawn U.S. troops in a way that didn't polarize the public. Such a stance, however, ran counter to Nixon's deepest instincts. For Nixon, politics was about dividing the electorate and demonizing enemies. Even as he drew down U.S. forces, he did all he could to inflame the war's already flammable opponents in the hope that however much the people might dislike the war, they would dislike its critics more.

Today's Republicans now must choose between Eisenhower's way and Nixon's way. If they're like Ike, they will recognize that the war is lost and that public support for it isn't likely to be rekindled. A USA Today/Gallup Poll conducted over the weekend shows more than 60 percent support for a congressional resolution opposing President Bush's escalation. Even reliably conservative Republicans who are up for reelection in 2008 from shaky states or districts are bailing on the war (New Hampshire Sen. John Sununu is questioning the surge) or on their careers (Colorado Sen. Wayne Allard just announced he's not going to run again). To continue dispatching and keeping troops in a country racked by an intra-Islamic civil war, looked at from this perspective, only guarantees that November's Republican defeat will be a prelude to 2008's Republican rout.

A Nixonian perspective also acknowledges that the war cannot be won but believes that blame for the defeat can still, somehow, be placed on the Democrats. If only the Democrats can be held responsible for defunding the troops, if only the U.S. presence in Iraq can be prolonged until it falls to the next administration (which may be Democratic) to end it, if only enough Republicans on the Hill can be dissuaded from voting with the Democrats' attempts to rein in the war, if only the surge engenders some wild and crazy antiwar demonstrations, then maybe, just maybe, there's a way to keep the war going without destroying the GOP. These options may seem a bit far-fetched, but who believes that Karl Rove hasn't at least thought about them in his more contemplative moments?

How Rove defines his job these days is an interesting question. Since November, he's no longer the Republicans' master political strategist -- not just because November was such a debacle but also because the political interests of the Bush White House, congressional Republicans and the Republican presidential candidates are de-aligned and in some cases even adversarial. The man who'd hoped to make Bush the second coming of William McKinley -- a harbinger of a long-term Republican realignment -- now handles a president whose electoral impact on his own party could be nearer to Herbert Hoover's.

For a time, at least, the Republicans' presidential hopefuls can't really rule out a Nixonian tack. For New York's reflexively combative Rudy Giuliani, such politics may come naturally. But the need to win support among Republican primary voters -- the last group in American politics still sticking with Bush and his war -- could compel any number of primary candidates to bash Democrats for their dovishness. Besides, will Bush and Vice President Cheney really cease to defend their war even if the Republicans' eventual nominee wants to wrap it up? If Republican congressional leaders tell Bush that his war has no more support, will Bush and Cheney fold, or will they insist on continuing the war with invocations of executive power or any other doctrine that might work? (Memo to David Addington: The divine right of kings? The infield fly rule?)

The guy to watch in all this is the pooh-bah of Fox News, Roger Ailes. Nixon's onetime aide guides a TV network that is Nixonian to its bones -- Fox's raison d'?tre is to bash liberals, real or imagined. But Ailes can't be insensible to the war's effects on Republican electoral prospects. If Fox News were to break with Bush on Iraq, that would be proof positive that even the Nixonians believe there's no way, politically, they can salvage this miserable war.

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The Right Bet In The Mideast (WP)

By David Ignatius

The Washington Post, January 17, 2007

It was axiomatic during the Cold War that presidents should not gamble with matters of national security. The stakes were too high. The Bush administration's Iraq policy has long suffered from a lack of that prudence -- and the misplaced gambler's instinct is especially evident in the administration's plan to send more troops to Baghdad.

President Bush's "surge" is a mistake because it is piling more precious chips -- more human lives -- on what so far has been a losing bet. The public sent a clear message in the November election that it wants to take some of those chips off the table. That cautionary theme -- that it's time to reduce America's bet on the long shot that Iraq's sectarian mess can be fixed quickly -- was ably distilled by the Iraq Study Group in its December report.

Bush chose to go the other way, to pursue "an experiment based on high risks," in the words of Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies who has written extensively about Iraq.

What prompted Bush's decision, by the president's own account, was his concern about the consequences for regional stability of an American failure in Iraq. To avoid the Baker-Hamilton problem of negotiating from weakness, Bush has chosen instead to signal American resolve in the region in various ways: by sending more troops to Baghdad; by seizing Iranian agents operating in Iraq; by sending additional warships into the Persian Gulf; and finally, according to the well-sourced foreign policy Web site TheSwoop.net, by working covertly with Saudi Arabia to support the Lebanese government of Prime Minister Fouad Siniora against the Iranian-backed Shiite militia Hezbollah.

These moves are especially risky now because they are played against the background of a Middle East riven by conflict between Shiite and Sunni Muslims. This sectarian war is destroying Iraq, and a similar war is perilously close in Lebanon. In this larger arena, U.S. strategy is hard to understand: We are allied with the Shiite government in Iraq against Sunni insurgents; and we are allied with the Sunni government in Lebanon against Shiite insurgents.

Edward Luttwak, a contrarian strategist, argued in the Wall Street Journal last week that by riding Shiite and Sunni horses at the same time, we have accidentally hit upon the divide-and-rule strategy that "past imperial statesmen strove to achieve with much cunning and cynicism." I fear that Luttwak is being uncharacteristically overoptimistic. The reality is that in neither Iraq nor Lebanon are we checking the rising regional power, Iran.

And it seems to me that our adversaries are doing a better job at this business of cynical alliances: Iran and Syria are the key supporters, respectively, of Shiite death squads and Sunni insurgents in Iraq. Yet although they are backing different sides in Iraq, Iran and Syria remain close and effective allies. Two years ago, a pro-Syrian Lebanese warned me in an e-mail that the United States would be caught in a "sandwich strategy" in Iraq -- squeezed by Sunni and Shiite fighters who shared a hatred of American interference. His warnings have proved chillingly accurate. He wrote me a few days ago to reiterate that, for Arabs who oppose American intervention, the operating rule is: "You kill us, we kill you."

The lesson of the Cold War was to be tough -- but also to be careful. I wish I saw more evidence of that prudence now. When U.S. officials encourage the Saudis to check Hezbollah by sending money to Sunni groups in northern Lebanon, do they understand that this region is a stronghold of al-Qaeda and that they are pushing Sunni-Shiite tensions toward the point of explosion? When officials contemplate regime change in Syria, as the Bush administration again seems to be doing, do they understand that they may be creating a wider band of chaos that would stretch from Lebanon to the Iranian border?

When the administration decides to send more ships into the Gulf as a signal to Iran, do officials understand that there are members of the Iranian Revolutionary Guards who might favor a torpedo attack -- so as to provoke an American retaliation and suck us deeper into an apocalyptic battle for control of the region?

In this volatile part of the world, there's just one area where I wish President Bush would take more risks -- and that's in diplomatic efforts to resolve the Israeli-Palestinian dispute. If you want to strike a blow at Iran, Sunni insurgents and Shiite death squads all at once, that's the way to do it. Secretary of State Condoleezza Rice made a start this week, but this is one poker game where we should be adding more chips -- doubling down the American stake in peace.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Aux Barricades! (NYT)

By Maureen Dowd

The New York Times, January 17, 2007

WASHINGTON

Being president can be really, really hard.

DOJ_NMG_0117429

"Sometimes you're the commander in chief," W. explained to Scott Pelley on "60 Minutes." "Sometimes you're the educator in chief, and a lot of times you're both when it comes to war."

President Bush has been dutifully making the rounds of TV news shows, trying to make the case that victory in Iraq is "doable." He thinks the public will support the Surge if he can simply illuminate a few things that we may have been too thick to understand. For instance, he says he needs to "explain to people that what happens in the Middle East will affect the future of this country." Yes, Mr. President, we get it.

He also told Jim Lehrer last night that in 20 years, radical Shiites could be warring with radical Sunnis and Middle Eastern oil could fall into the hands of radicals, who might also get weapons of mass destruction.

So after scaring Americans into backing the Sack of Iraq by warning that radicals could get W.M.D., now he's trying to scare Americans into supporting the Surge in Iraq by warning that radicals could get W.M.D.

So many deaths, so little progress.

It's unnerving to be tutored by an educator in chief who is himself being tutored. The president elucidating the Iraqi insurgency for us is learning about the Algerian insurgency from the man who failed to quell the Vietcong insurgency.

During his "60 Minutes" interview, Mr. Bush mentioned that he was reading Alistair Horne's classic history, "A Savage War of Peace," about why the French suffered a colonial disaster in a guerrilla war against Muslims in Algiers from 1954 to 1962.

The book was recommended to W. by Henry Kissinger, who is working on an official biography of himself with Mr. Horne.

Mr. Horne recalled that Dr. Kissinger told him: "The president's one of my best students. He reads all the books I send him." The author asked the president's foreign affairs adviser if W. ever wrote any essays on the books. "Henry just laughed," Mr. Horne said.

It seems far too late for Mr. Bush to begin studying about counterinsurgency now that Iraq has cratered into civil war. Can't someone get the president a copy of "Gone With the Wind"?

Maybe it was inevitable, once W. started reading Camus's "L'Etranger," set in Algeria, that he would move on to Mr. Horne. As The Washington Post military correspondent Tom Ricks wrote in November, the Horne book has been an underground best-seller among U.S. military officers for three years, and "Algeria" has become almost a code word among counterinsurgency specialists for the mess in Iraq. The Pentagon screened the 1966 movie "The Battle of Algiers" in 2003, but the commander in chief must have missed it.

I asked Mr. Horne, who was at his home in a small village outside Oxford, England, what the president could learn from his book.

"The depressing problem of getting entangled in the Muslim world," he replied. "Algeria was a thoroughly bloodthirsty war that ended horribly and cost the lives of about 20,000 Frenchmen and a million Algerians. There was a terrible civil war. ...De Gaulle ended up giving literally everything away and left without his pants."

President de Gaulle had all the same misconceptions as W., that his prestige could persuade the Muslims to accept his terms; that the guerrillas would recognize military defeat and accept sensible compromise; and that, as Mr. Horne writes, "time would wait while he found the correct formula and then imposed peace with it."

Mr. Horne also sees sad parallels in the torture issue: "The French had experience under the Nazis in the occupation and practiced methods the Germans used in Algeria and extracted information that helped them win the Battle of Algiers. But in the long run it lost the war, because it caused such revulsion in France when the news came out, and there was huge opposition to the war from Sartre and Simone de Beauvoir."

In May 2005, Mr. Horne gave a copy of his book to Rummy, with passages about torture underlined. "I got a savage letter back from him," the author said.

The best thing now, he said, is to try to "get around the mullahs" and "get non-Christian forces in there as quickly as possible, mercenaries. As Henry said the other day, if only we had two brigades of Gurkhas to send to Baghdad."

Meanwhile, maybe W. should move on to reading Sartre. "No Exit," perhaps.

No Better Idea (LAT)

Max Boot

The Los Angeles Times, January 17, 2007

Both sides' strategies in Iraq are big ifs with big risks. The president's is worth a try.

PRESIDENT BUSH'S plan to send 21,500 more troops to Iraq has not, to put it kindly, been well received. But does anyone have a better idea?

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Should we just declare defeat and go home? Not even most leading Democrats are willing to go that far. At least not yet. Most instead talk of gradually drawing down forces and possibly redeploying them either to Iraq's borders or to other bases in the region. There is something to be said for this strategy. But it also entails huge risks.

If the U.S. is seen as retreating — which is how it would look even if it were labeled "redeployment" — the fragile Iraqi security forces might completely disintegrate. U.S. advisors with Iraqi units could be imperiled. An all-out civil war could break out. Neighboring states such as Jordan could be destabilized by massive refugee flows. Western Iraq could become a Taliban-style haven for Sunni terrorists. Southern Iraq could become a launching pad for Shiite extremists bent on liberating their oppressed brethren in Saudi Arabia and other Persian Gulf states.

It is doubtful that an "over the horizon" presence of U.S. forces could do much to mitigate these catastrophic effects. Iraq is a big country — about the size of California. You cannot police Los Angeles from San Francisco any more than you can police Ramadi in western Iraq from Irbil in northern Iraq, much less from Kuwait.

It sounds reassuring to say that U.S. forces could be positioned on its borders to "contain" Iraq's civil war, but it's not clear what they would do there. Sure, they could prevent Iranian or Syrian troop formations from entering Iraq. But a conventional invasion is unlikely. U.S. soldiers would have much less success stopping the influx of foreign terrorists, cash and arms that goes on now disguised as normal commercial traffic. Besides, is it really politically possible for U.S. troops to cavalierly sit by while a few miles away ethnic cleansing or even genocide is being perpetrated?

Such a dire outcome is by no means foreordained if U.S. troops start withdrawing. Perhaps, as some advocates of drawdown suggest, the Iraqi government will succeed in establishing law and order on its own. But that's not the way I'd bet. And that's not the way Bush is betting.

After years of taking a rosy view of the war, he has finally acknowledged that conditions are grim and require more troops. Ironically, he is being pilloried for this stance by many of the same people who have been saying for years that we didn't have enough troops in Iraq.

Perhaps the objection now is that 21,500 troops won't make much difference. It's true that, according to the new Army-Marine Counterinsurgency Manual, effective operations generally require at least one soldier or police officer per 40 or 50 inhabitants. That would suggest doubling our current force of 132,000 to secure Baghdad and the entire Sunni Triangle (population 13 million). But it would be difficult to find that many soldiers in the overstretched and undersized U.S. armed forces.

That doesn't mean, however, that the reinforcements Bush is sending are useless. As called for under a plan formulated by military historian Frederick Kagan and retired Army Gen. Jack Keane, the five newly arriving brigades should be deployed alongside Iraqi units to live in Sunni and mixed Sunni-Shiite neighborhoods in Baghdad. This is a classic counterinsurgency approach focused on securing the populace, and it has never really been tried before in the capital. It could work, especially if the surge is long lasting and if it's coupled with other vital steps — such as increasing the number of American advisors in the Iraqi security forces, instituting a biometric identity card to make it easier to detain terrorism suspects and enhancing the capacity of the Iraqi legal system to incarcerate more violent offenders.

If everything goes right, large swathes of Baghdad could gradually be brought under control. Then American and Iraqi units could pursue a "spreading inkblot" strategy — another classic counterinsurgency concept — to increase the pacified zone outward.

Of course that's a big if. It may be that we still don't have enough troops to successfully carry out this strategy. It may be that we don't have the will to see it through. It may be that we don't have enough reliable Iraqi partners. But considering the massive investment we have already made in Iraq, and the lack of good alternatives, it seems worth one final effort to see if we can salvage something from this dire situation.

Petraeus Time (WSJ)

By Reuel Marc Gerecht

The Wall Street Journal, January 17, 2007

Can one back President Bush's new strategy in Iraq? Yes. For all its serious faults, his new approach is the first one since the fall of Baghdad to offer a chance to reverse the radicalization of Iraq. But it needs revision quickly.

Too much of this new plan leaves unchanged the disastrous approach of John Abizaid and George Casey, the two top generals on Iraq. The new offensive, assuming it doesn't peter out through a slow arrival of soldiers, or become enfeebled by "Iraqi leadership" in its execution, envisions a too-small U.S. force doing too much. Recent remarks by Defense Secretary Robert Gates -- predicting troop reductions within a year, and saying that we might not need an additional five brigades in Baghdad for a successful operation -- are a frightening echo of the self-defeating, undermanned optimism that came from the U.S. military under Mr. Gates's predecessor. * * *

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The good news is that by emphasizing a military, not political, strategy to diminish Iraq's debilitating violence, the president has correctly set aside one of the primary factors destroying the Shiite Arab center. While waiting for a "political solution" to the Sunni insurgency, we watched Shiite timidity and patience turn to anger -- and to a revenge which now threatens the integrity of the Shiite-led Iraqi government. Gens. Abizaid and Casey had gambled that they could stand up an effective Iraqi military and police against the Sunnis before violence threatened everything in Baghdad. That bet collapsed with the destruction of the Shiite shrine in Samarra in February 2006 -- but the administration kept playing the same hand as if nothing had happened. The reversal of this soft-power, politics-not-troops mentality is an essential step forward.

Still, David Petraeus, who will succeed Gen. Casey as the overall boss in Iraq and who is one of America's finest, most adaptable commanders, may have to perform a miracle to compensate for this shortfall in manpower, especially if the required five brigades for Baghdad take months to arrive, and if Washington allows the offensive to move forward before he is even in charge. The president can pre-empt these lethal problems by ensuring Gen. Petraeus's rapid arrival in Iraq and by allowing him to determine how many soldiers he needs.

Nevertheless, there is a dismaying hesitancy in the military's and the White House's deliberations on this conflict. Although the president wants a new approach, the Pentagon, the State Department and even the National Security Council appear wedded to the past. The contradiction between what the president says and what his government does has never been greater. We need to move rapidly: The enemy is digging in and the drift to full-scale civil war is gaining speed.

The administration needs to rethink its understanding of Iraqi culture and politics, as the "new" strategy still contains ideas that have catastrophically guided American officials in the Green Zone ever since Sunni Arab insurgents started killing Americans in significant numbers. U.S. officials still believe they must soon see sectarian reconciliation, a reversal of de-Baathification, and a nonsectarian, equitable distribution of oil wealth.

All these achievements are meant to placate the aggrieved Sunni Arabs, who represent 15% of the population. But no one knows how many Sunni Arabs sympathize with their brethren who've been killing Shia. It certainly seemed like a very large number before the Shiites started counterattacking through their militias. The statements of Iraqi Sunni Arab organizations, the coverage of the Iraqi Sunni press and the region's Sunni Arab media, which often quotes and echoes the opinions of Iraqi Sunnis, suggest strongly that there is substantial communitarian support for both domestic and foreign suicide bombers.

For the serious ex-Baathists, Sunni supremacists and Iraqi Sunni fundamentalists -- the lethal hardcore of the insurgency -- it's still a good bet that they're not into democratic negotiations. They probably don't think much at all about an equitable distribution of oil revenues -- or wanting their jobs back in the new army's officer corps.

De-Baathification for the Shiites and the Sunnis is really about only one thing: the army. But from the moment the U.S. started building a more representative Iraqi military in 2003, there was no way in hell the old Baathist Sunni officer corps could come back. And now, with the Shiites killing Sunnis, even the most enlightened of the proscribed Baathist officers (this isn't a large group) know that return would be suicide. No one knows how many Sunni Arabs would turn against their uncompromising, murderous brethren and align themselves with Shiites if the right "deal" were struck. It's a very good guess that such men, if they exist in any number, would get mowed down by their radical compatriots.

If the U.S. and Iraqi governments are going to bring peace to the "Sunni triangle," they must break the back of the insurgency. A minority, used to the prerogatives of a communitarian dictatorship, the Sunnis have been trying to derail the new Iraq: They must come to know that they will lose everything if they don't abandon violence as their principal political tool. They must know that if they choose to cease their violent opposition, they will not be murdered for doing so. This means, as it has always meant, a combined American and Shiite Iraqi occupation of major Sunni Arab cities. If the Sunni community hasn't hopelessly gone into a dominance-or-death opposition, then it could still come to its senses, provided the violent hardcore among them is neutralized and the Shiites and the Kurds allow them sufficient access to oil wealth. Shiite death squads have certainly taught the Sunnis of Baghdad that there are worse things than infidel U.S. troops in their neighborhoods.

Baghdad is the first step. And as retired general Jack Keane and the military historian Frederick Kagan have been pointing out, restoring security in Baghdad will take at least 18 months and all the troops the president pledged. To quote Gen. Keane: "We need all five brigades in Baghdad as soon as possible. It will take three to four months to clear neighborhoods of death squads and insurgents, and at least the rest of the year to establish proper security for the population." This is going to be a long, hard slog. And the Americans, not the Iraqis, are going to have to lead it.

The president's stated contention -- that Prime Minister Nouri al-Maliki's army and police will lead efforts to cleanse the city, while the Americans just support them -- will produce dismal results. Mr. Maliki's pride doesn't win battles. George Bush has been fond of underscoring the counterinsurgency success in Tal Afar, in which the Iraqi army played an important supporting role. If Gen. Petraeus is really put into a supporting role in the Battle of Baghdad, then we've lost already.

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Gen. Petraeus will have to deal with Muqtada al-Sadr. The thuggish son of Iraq's most revered clerical family, he has become for many Shiites in Baghdad a rapturously praised defender. This esteem is merited: He, not any American general, increased the security of the average Shiite in the capital. And if he is smart, he'll attack the Americans before they have the chance to deploy much new strength. If the Americans successfully down Sunni insurgents in the capital, then they will go after Mr. Sadr.

But the U.S. military should absolutely not go after Mr. Sadr first. We may barely have sufficient forces to handle a one-front war against Sunni insurgents and holy warriors. We need to show the Shiite community, which by no means has embraced Mr. Sadr's radicalism en masse, that the Battle of Baghdad's primary thrust isn't against the capital's large Shiite ghetto.

The key here is how Shiites view the first encounter. If it goes against the insurgents, then a subsequent attack on Mr. Sadr and his militia might not provoke a large-scale uprising. And he just may play along. He and his forces were mauled by the Americans in 2004. Since then they haven't been particularly bold in attacking U.S. soldiers. Mr. Sadr has recently manifested some statesmen-like behavior, and has been more correct in his behavior toward Grand Ayatollah Ali Sistani, the spiritual guide of Iraq's Shia and a bulwark of moderation. Yet Washington ought to plan on Mr. Sadr hitting U.S. forces -- another reason why Gen. Petraeus, who appears acutely sensitive to the Sadr conundrum, should be given as many brigades as the U.S. can rapidly pull together.

Wars are often decided by one battle, where the genius and resources of one commander proves decisive. We are undoubtedly at that point in Iraq. The Bush administration should ensure that Gen. Petraeus has everything he needs, and that any opposition inside the military to him and a larger, longer counterinsurgency campaign is squelched. America and Iraq probably won't get a second chance.

Mr. Gerecht is a resident fellow at the American Enterprise Institute.

Senators To Introduce Resolution Opposing Bush's Iraq Policy (WP)

By Jonathan Weisman

The Washington Post, January 17, 2007

Senate leaders will introduce a bipartisan resolution of opposition to President Bush's new Iraq policy as early as today, taking the lead from House Democrats who are increasingly divided on how far to go to thwart additional troop deployments to Iraq.

The resolution -- crafted by Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.), Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.) -- will not come to a vote before Bush's State of the Union address on Tuesday. But by sending it to Biden's committee this week, Democratic leaders will give senators from both parties multiple opportunities to voice concerns about the president's policy.

In another high-profile move, Democratic leaders yesterday tapped Sen. James Webb (D-Va.), a Reagan administration Navy secretary who secured victory in November on an antiwar push, to deliver the party's nationally televised response to Bush's speech.

House leaders opted to allow the Senate to strike first, reasoning that a strong, bipartisan vote there would splinter Republican support in the House, Democratic leadership aides said. The Senate resolution will not only express opposition to the president's deployment of 21,500 additional troops to Iraq but also lay out policy alternatives that have bipartisan appeal, according to a senior Senate Democratic aide familiar with the negotiations.

House leaders are beset by division over efforts to choke off the deployment through Congress's power of the purse. Moreover, antiwar groups are growing uneasy about a nonbinding resolution of opposition.

Thomas Andrews, a former House Democrat who heads the Win Without War coalition, said any such resolution would allow Republicans to voice their opposition to the president's policy, giving them political cover when they later oppose binding legislative efforts to stifle that policy.

"The whole thing could let Republicans off the hook with a meaningless, toothless vote," said Andrews, who has been meeting with senior Democrats on war issues. "It's a pressure valve that could work against us."

House Majority Leader Steny H. Hoyer (D-Md.) promised yesterday that the House will move forward with its resolution, but he added that more legislation will follow.

"Iraq will not disappear with the vote on a resolution," he said. "Substantively, we're going to move ahead" through the appropriations process.

But it is not clear what that substantive legislation will be. The chairman of the House Appropriations subcommittee on defense, John P. Murtha (D-Pa.), and his allies on the House Armed Services Committee are continuing to push for a

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requirement that the administration may deploy troops only from military units that are certified as combat-ready. That requirement would seriously curtail future deployments.

Murtha's committee will begin closed-door hearings today with military officials on Army, Marine Corps, Navy and Air Force readiness; equipment conditions; the state of the National Guard and reserves; and the readiness of military medical personnel.

"We will most likely move carefully within constitutional bounds to cordon the funding in the Iraq supplemental appropriations bill . . . so that our troops in the field will be supported and the personnel, as well as the equipment, exhausted by the Iraq war can be rested, retrained and refurbished," said Rep. David Wu (D-Ore.), a Murtha ally on the issue.

Democratic voters appear to be solidly behind that effort. In a poll released yesterday by the Pew Research Center for the People and the Press, 61 percent of Americans said they oppose Bush's decision to increase U.S. troop strength in Iraq, while 62 percent of Democrats said Congress should withhold funding for the plan.

Antiwar activists yesterday presented Democratic House members an "appeal for redress," signed by more than 1,000 active-duty service members, reservists and National Guardsmen -- including more than a hundred officers -- urging that U.S. troops be withdrawn from Iraq.

House Speaker Nancy Pelosi (D-Calif.) is backing Murtha's insistence that Bush must meet benchmarks for troop preparedness and safety before funds for deployments are released, said Brendan Daly, the speaker's spokesman.

But some senior Democrats are skeptical that such a move would be politically wise, constitutionally permissible or legislatively possible. The Pew poll found that overall support for the withholding of funds was a tepid 43 percent. One senior Armed Services Committee member asked why Democrats would want to put their fingerprints on a war policy that is likely to prove fruitless long before legislation could have any impact.

House Appropriations Committee Chairman David R. Obey (D-Wis.) noted that many of the additional troops Bush wants to deploy will already be in Iraq by the time Congress completes work on an emergency war-spending bill. That bill will not even be sent to Capitol Hill until next month.

Moreover, setting aside the money for the president's "surge" from the funds to support the 132,000 troops that are already there may be impossible.

"If you've got a shirt that's 90 percent cotton and 10 percent polyester, it's pretty hard to separate the fibers," Obey said.

Anti-Buildup Measure To Have Bipartisan Stamp (NYT)

By Carl Hulse And Jim Rutenberg

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — Senator Chuck Hagel of Nebraska, an outspoken Republican critic of the administration's Iraq policy, will join two leading Democrats in introducing a resolution opposing President Bush's buildup of troops in Iraq, putting a bipartisan stamp on the looming Congressional showdown over the war.

Lawmakers and aides said Mr. Hagel had been consulting for the past few days with the two Democrats, Senators Joseph R. Biden Jr. of Delaware, chairman of the Foreign Relations Committee, and Carl Levin of Michigan, chairman of the Armed Services Committee, to develop the wording of the resolution, which could be introduced as early as Wednesday.

"Senator Levin, Senator Biden and I have been working together on it and we are pretty close," Mr. Hagel, a potential Republican presidential candidate, said Tuesday night as he left the Senate.

Mr. Hagel said the intent of the resolution was not to "bash the president" or to call for the immediate withdrawal of United States troops from Iraq, but a responsible way for senators to register their opinion on the increase of more than 20,000 additional troops announced by Mr. Bush last week.

While Senate opponents of the buildup were preparing to move forward, Senate Republicans backing the president were trying to map their own strategy, considering proposals that could appeal to Republicans frustrated with events in Iraq but keep them from supporting the most critical resolution.

"There will be alternatives," said Senator Jon Kyl of Arizona, the third-ranking Senate Republican.

At the White House, officials were continuing to discuss the new plan with members of Congress, with an emphasis on lining up Republicans behind Mr. Bush's approach. "We knew this was not going to be an easy policy to explain or one that was going to be met with open arms," said a White House official, speaking on condition of anonymity.

That official said that the message to Congressional Republicans was similar to the one the White House spokesman, Tony Snow, conveyed Tuesday at his press briefing: that approval of any resolution critical of Mr. Bush's approach, even if nonbinding, would send a damaging message.

"In an age of instant and global communication, what message does it send to the people who are fighting democracy in Iraq?" asked Mr. Snow. "And, also, what message does it send to the troops?"

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Mr. Bush on Tuesday stepped up his challenge to Congress to provide an alternative plan if it is going to criticize his.

"My only call to Congress is that if you've got a better way to succeed, step up and explain it," he said in an interview on "The NewsHour With Jim Lehrer" on PBS. "What's your prescription for success? And I think they owe that explanation to the American people."

In the House, the Democratic leadership said it would wait for the Senate to act before bringing its own resolution up for a vote. "We think it will be useful for the Senate to go first," said Representative Steny H. Hoyer, Democrat of Maryland and the majority leader, who predicted a bipartisan vote in the House against the troop buildup.

Members of both parties in the Senate have said as many as a dozen Republicans may ultimately support a resolution against the president's policy. Mr. Hagel's participation could ease the concerns of other Republicans about breaking from the president.

But some Republicans, including Senator Lindsey Graham of South Carolina, suggested that Republicans critical of the plan could be reluctant to cast such a clear vote in opposition to the president and might be willing to hold off until they hear from Lt. Gen. David H. Petraeus, the newly selected ground commander in Iraq.

The level of Democratic support for a resolution is not certain, though the overwhelming majority of Senate Democrats have expressed opposition to the buildup.

"If they have the language right, I will be right there," said Senator Ben Nelson, Democrat of Nebraska.

Senator Mitch McConnell of Kentucky, the Republican leader, has promised to raise procedural arguments against any proposal he sees as undermining the president.

Mr. Hagel was brutally critical of the president's new strategy during a Foreign Relations Committee hearing last week and spent some time on the floor Tuesday night discussing the Iraq resolution privately with Mr. McConnell. But Mr. Hagel said he did not anticipate an angry reaction from his colleagues for joining with Democrats, since he had such a strong record of opposition on the issue.

White House officials have dismissed Mr. Hagel as an established critic of the war who is now seeking to stake out antiwar ground in the nascent Republican primary fight for president.

Still, the officials said in interviews that while they believed any substantial Republican support for the resolution would be a symbolic blow, they were far more concerned about threats from Congressional Democrats to take aim at spending on the president's new plan. Officials say that they will rely upon Mr. McConnell to help head off any such move.

Senate Democrats Ready Resolution On 'Surge' (RC)

By John Stanton

Roll Call, January 17, 2007

Senate Democrats will introduce their Iraq "surge" resolution as soon as today, as Majority Leader Harry Reid (D-Nev.) moves to increase the pressure on President Bush to make dramatic changes to his war policy, a Democratic leadership aide said Tuesday.

At the same time, Reid's "war room" has launched the Iraq Accountability Project, designed to publicize Democratic oversight activities of the Bush administration's prosecution of the war.

Although details of the resolution were still being worked out at press time, the leadership aide said it would be a "vote on whether or not [members] support the president's plan" to boost troop levels by more than 21,000 in Iraq. It does not appear likely, however, that it will include language condemning the approach or explicitly disavowing a surge. Rather the resolution appears to be focused more on putting Members on record as to whether they support Bush.

Aides said Reid is attempting to carefully craft the resolution to appeal to as many Republicans as possible in the hopes of piecing together a truly bipartisan coalition. As a result, the language of the resolution will remain as neutral as possible to allow Republicans to feel comfortable casting their votes with Democrats on such a high-profile issue.

Additionally, while there has been talk in Democratic circles of holding a vote on the resolution the day of Bush's State of the Union address, a Reid aide said it was unlikely that would occur, since it likely would provoke claims of partisanship.

A number of Republicans, including Sens. Norm Coleman (Minn.), Gordon Smith (Ore.) and presidential hopeful Sam Brownback (Kan.), already have come out against the plan, while other members of the GOP — notably Nebraska Sen. Chuck Hagel, who also has presidential ambitions — have been critical of the surge notion and Bush's handling of the war.

Last week Reid told reporters that he believed he would have at least 12 Republican supporters and predicted that he easily would make the 60-vote threshold needed to beat back any attempt to filibuster the resolution by Senate Minority Leader Mitch McConnell (R-Ky.).

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According to aides familiar with the Iraq Accountability Project, it is part of Democrats' broader public relations push to further strengthen public opinion against the White House's handling of the war as well as heighten the profile of Congressional oversight activities.

As part of the project, the war room will release a weekly schedule of Senate committee hearings focused on various aspects of the war, ranging from contractor abuses to emerging terrorist threats and appropriations requests. This week the Senate Judiciary Committee is holding hearings on "the plight of Iraqi Refugees," while the Foreign Relations Committee is holding a series of hearings on the "remaining options" for dealing with Iraq, according to a release from the war room.

At the end of each week, the war room will release "highlights of important hearing testimony, summaries of the latest news out of Iraq and a compilation of key themes emerging from hearings across multiple committees," according to a Reid aide.

Reid appears to be modeling the Iraq Accountability Project on his successful opposition to the White House's Social Security reform plan in 2005. At the time, Reid used a series of well-publicized Democratic Policy Committee hearings on Social Security, floor speeches by traditionally high-profile Members such as Sen. Edward Kennedy (D-Mass.) and "red state" lawmakers including Sen. Tim Johnson (D-S.D.), and public events to vilify the plan and build an early tide of public opposition to it.

Democrats Aim To Exploit GOP Split Over War (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 17, 2007

Congress is gearing up for a big vote next week to oppose President Bush's troop buildup in Iraq, beginning with a nonbinding resolution that could draw strong Republican support.

It's the first step in a long struggle between the White House and the new Democratic-controlled Congress over the endgame in Iraq.

If a nonbinding resolution opposing the surge of 21,500 troops into Iraq is approved, Democrats could quickly move stronger legislation to build a congressional firewall against any future move to broaden the war to Iran or Syria. Others are testing the waters for GOP support for the ultimate weapon in a showdown with the White House – curbs on funding.

But the key to an effective push back – including the 67 votes needed to overturn a presidential veto – is building bridges to Republicans. The blitz of oversight hearings continuing this week gives lawmakers on both sides of the aisle time to sound each other out.

Congressional committees plan 10 hearings this week on issues ranging from defense contracting practices and US force protection to alternative Iraq strategies and the influence of Iraq's neighbors. Especially on the Senate side, Republicans have been among the strongest critics of administration policy.

"It's fair to say you saw 21 very concerned senators today," said Sen. Chuck Hagel (R) of Nebraska, after hearings on the administration's plan for Iraq before the Senate Foreign Relations Committee last week. An early opponent of the war, Senator Hagel called Mr. Bush's proposed troop surge "the most dangerous foreign policy blunder in this country since Vietnam."

"It's now up to the Congress to give to our friends in the Middle East some reassurance that we can govern," he says. "Someone has to start framing up some reality, and this administration is disconnected from reality."

In public comments, Senate majority leader Harry Reid has claimed up to a dozen Republicans who could join Democrats in votes opposing the surge of troops into Iraq.

"It's possible that you could see 12 Republicans split" with the president, says Jennifer Duffy, who covers the Senate for the Cook Political Report. "They're in the minority now, Bush is a lame duck, and Republicans think that Iraq played a big part in losing their majorities. It's become every man for himself."

GOP leadership aides say that the size of the defection will depend on the precise wording of the resolution, which has yet to be finalized. Should Democrats go too far in their criticism of the commander in chief at a time of war, it could pull the GOP caucus closer together.

"One thing that will unite the Republican conference is if there is an attempt to cut off funds to our troops at a time of war. That will provoke a backlash from the American people," says Sen. John Cornyn (R) of Texas.

Sens. Gordon Smith (R) of Oregon and Norm Coleman (R) of Minnesota, who are up for reelection in 2008, were among the first Republicans to break with the White House over Iraq. Last week, they were joined by other critics from within GOP ranks.

"I am skeptical that a surge of troops will bring an end to the escalation of violence and the insurgency in Iraq," says Sen. George Voinovich (R) of Ohio. "I don't see that you'll end up having the democracy I once hoped for. I'm absolutely against the surge."

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The pressure is especially strong on Republicans in states swinging Democratic. Sen. John Sununu (R) of New Hampshire, who is also up for reelection next year, says that the burden has to shift to the Iraqi government. "There's very strong expectation that they follow up on commitments, and this isn't an open-ended commitment. I have [doubts] that troops preparing to be used in Iraq can be effective against sectarian organizations," he says.

"I'm also disappointed that there still is not a formal framework for other countries in the region to play a more effective, constructive role in supporting the Iraqi government," he says.

Sen. John Warner, the ranking Republican on the Senate Armed Services Committee, has been attempting to develop a bipartisan consensus on Iraq. "So far, he has expressed concern about putting US forces in the middle of a sectarian conflict," says spokesman John Ullyot, who says the senator will make his position known this week.

Meanwhile, Republicans still supporting the White House on the war say it's important that Lt. Gen. David Petraeus, the new American commander in Iraq, appears quickly before Congress.

"He's the strongest spokesman the administration has, and he needs to get here fast," says Sen. Lindsey Graham (R) of South Carolina.

Sen. Jeff Sessions (R) of Alabama, who has been a strong supporter of the administration's policy on Iraq, says that he's encouraged that the White House is taking up some of his concerns. In talks with the president last Monday, he raised the issue that Iraq needs to quickly "create a court system that deals with threats to the Iraqi state promptly."

He adds: "When people don't feel safe, you can't wait five years to create a court system."

Groundwork For A War Debate (WSJ)

By David Rogers

Wall Street Journal, January 17, 2007

Democrats Expect A Series of Fights Over Iraq Spending

WASHINGTON -- Republican votes will decide the coming debate in Congress over the Iraq war, so Democrats are first working to build bipartisan support for nonbinding criticism before taking on the White House over funding.

The two-part strategy is on display this week as top Republicans and Democrats on the Senate Foreign Relations Committee expect to announce agreement on a resolution challenging President Bush's decision to increase U.S. troop levels. As those talks proceed, the House Appropriations Committee will also begin hearings this morning to lay the groundwork for tougher fights over war-related spending requests this spring and summer.

The Iraq debate won't be one single battle but a series of firefights over the coming months during which events on the ground in Baghdad will be pivotal. Much as Democrats are emboldened by November's victories, they also have their own divisions on the issue. And Mr. Bush, whose powers as commander in chief give him immense leverage, has said he has no intention of backing down.

But the landscape has changed and left him more vulnerable on three points:

November's election shook rank-and-file Republicans, who are fearful of going into 2008 with the war still a major issue.

The planned troop increase has aggravated divisions in the Republican foreign-policy establishment, best captured by the opposition from Nebraska Sen. Chuck Hagel, a Vietnam veteran with ties to two former secretaries of State, James Baker and Colin Powell.

The growing financial strain of Iraq will be spelled out as never before in a series of defense and war-related spending requests by the White House next month, expected to total more than $700 billion through Sept. 30, 2008.

Former North Carolina Sen. John Edwards, the Democrats' 2004 vice presidential nominee who already is running for the White House in 2008, is pressing hard for a vote to cut off funding for any military escalation in Iraq. But Oregon Sen. Gordon Smith, whose December floor speech against the war captured the post-election shift among Republicans, cautions Democrats against moving too fast.

"Democrats are wise not to push this too hard, but I think within this year, the issue will have ripened enough that the correct course of action will be clear," Mr. Smith said.

In the House, the skittish Republican mood was apparent last week as party leaders faced warnings that there must be real progress in Iraq before July 4 to keep members in line. That date also coincides with when Democrats hope to have begun debate on the 2008 defense appropriations bill.

The measure will include not only funding for basic defense operations but, for the first time, a request by the White House budget office for what it anticipates will be the annual war costs in Iraq and Afghanistan for the new fiscal year that begins Oct. 1.

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The total package, to be revealed with the president's budget next month, could exceed $600 billion. On top of this, the administration is expected to ask for 2007 emergency supplemental funding, providing an estimated $100 billion in emergency appropriations to sustain military operations overseas for the remainder of this fiscal year ending Sept. 30.

Taken together, that means lawmakers will be asked to address -- in a matter of months -- defense and war-related requests in the range of $700 billion. Driven up by Iraq, annual spending on defense already matches -- in terms of dollars adjusted for inflation -- expenditures at the height of the Vietnam War. And these numbers could further shake Republican resolve.

"I think it will have an impact. Money issues may be put in play for real," said New Hampshire Sen. Judd Gregg, the ranking Republican on the Senate Budget Committee.

"For those of us from the Northeast, it's pretty evident that people are losing patience and want to get out," said Rep. Rodney Frelinghuysen (R., N.J.), a member of the defense appropriations panel. "A lot of people are peeling off from supporting the president."

Among Republicans, Sen. Hagel is most crucial given his standing on the Senate Foreign Relations panel, war experience and long attachment to prominent Republican foreign-policy figures. "This is not just Chuck Hagel charging out based on some 12 months in Vietnam," Mr. Hagel said in an interview. And if he should enter the 2008 presidential campaign, it could emphasize the divide among Republicans.

Mr. Hagel has stressed to Democrats that they must let "the system work" to build ties with Republicans on the war debate. "The American people have to have some hope that we're not just a bunch of political animals and we can come together."

Senate Majority Leader Harry Reid (D., Nev.) has kept himself one step removed and left the early negotiations to his Armed Services and Foreign Relations committee chairmen, Sens. Carl Levin (D., Mich.) and Joseph Biden (D., Del.), respectively. One option would be to have the resolution reported out of the Senate Foreign Relations Committee to give it more standing, and House Democrats have signaled that they could use the Senate product as a model for their own resolution next week. "I expect it to be a bipartisan vote," said House Majority Leader Steny Hoyer (D., Md.)

The nervousness among House Republicans is striking after November's losses. "Two years before the elections, people are worried about their political skins," said Rep. Ray LaHood (R., Ill.). A Pew Research Center survey shows Republican voters rallying behind the president, but independents were the swing force in 2006 and by a 2-1 margin the same Pew poll shows independents opposing the plan to send more troops.

Thus, Rep. John Murtha (D., Pa.), who will manage the Iraq spending bill this spring, is convinced he can get bipartisan support even as he proposes to add restrictions that could impede the planned deployment of four more Army combat infantry brigades into Iraq. And, rather than cutting funds, lawmakers could add more money to defense bills, but then attach readiness requirements that must be met for it to be used. "It is not going to end because of any legislative action we take, but the legislative actions we take can help to bring it to an end," said House Appropriations Committee Chairman David Obey (D., Wis.).

Dems Struggle To Shift Focus To Afghanistan From Iraq (HILL)

By Roxana Tiron

The Hill, January 17, 2007

In addition to addressing the White House's Iraq "surge" plan, Democrats could be facing another quandary: redirecting attention to the war in Afghanistan and the search for al Qaeda's leader, Osama bin Laden.

Several top Democrats, including 2008 presidential hopefuls Sens. Joseph Biden Jr. (D-Del.) and Hillary Rodham Clinton (D-N.Y.), said a troop increase should occur in Afghanistan rather than Iraq.

Clinton, Sen. Evan Bayh (D-Ind.) and Rep. John McHugh (R-N.Y.) returned from a congressional delegation to Afghanistan, Pakistan and Iraq and are expected to talk about the trip today.

But congressional plans have yet to emerge for keeping a firm grip on Afghanistan, which is dealing with rampant poppy production and is at risk of sliding back into the hands of Taliban insurgents.

Several lawmakers fear that the Iraq plan will overshadow any efforts related to Afghanistan.

"Afghanistan is the biggest concern, but I see no concerted effort" to deal with the issues there, Sen. Frank Lautenberg (D-N.J.) said. "Iraq is the dominant thing and we have to deal with that."

Two years ago, Lautenberg sent a letter to Bush asking him why the United States had not captured bin Laden after then-CIA Director Porter Goss said he had an "excellent idea" where the 9/11 plotter was hiding.

"I would like to continue that pursuit," Lautenberg recently said of the military's efforts to track down al Qaeda's leader. "But the picture is so clouded by the discussion on Iraq that you can't really be sure that it is going to be successful."

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U.S. commanders in Afghanistan whose troops are fighting alongside NATO coalition forces have called for reinforcements against resurgent Taliban fighters. Military officials said the number of attacks against NATO forces tripled year-over-year in 2006, to 5,000.

It has been reported that at least one Army battalion fighting in Afghanistan could be deployed within weeks to fight in Iraq as part of the president's "surge" plan.

The chairman of the Joint Chiefs of Staff, Gen. Peter Pace, said the Pentagon could send more troops into Afghanistan despite the strain the military faces in Iraq.

Although he said the U.S. focus should shift to Afghanistan, Senate Majority Whip Dick Durbin (D-Ill.) plans to refrain from calling for additional troops there because he wants to ensure any effort is multinational.

"Democrats feel very strongly that the war in Afghanistan is much more directly related to the war on terror," Sen. Charles Schumer (D-N.Y.) said. "I am sad that they are taking another [battalion] out."

Schumer last year passed an amendment to the 2007 defense appropriations bill, allocating $700 million for narcotics eradication in Afghanistan.

Schumer was not alone in his victory. Two other Democrats, Sens. Kent Conrad (D-N.D.) and Byron Dorgan (D-N.D.) were successful in reactivating a CIA unit dedicated to finding bin Laden in an amendment to the same Senate bill that provided $200 million for the mission.

"We know from the 9/11 Commission Iraq was not involved in the attacks of 9/11. It was ... al Qaeda led by Osama bin Laden," Conrad said at the time. "That is where we have to focus." Conrad is now the chairman of the Senate Budget Committee.

"Everyone would agree that the effort in Iraq has diverted efforts from the operations in Afghanistan," said Rep. Gene Taylor (D-Miss.), chairman of the House Armed Services Seapower and Expeditionary Forces subcommittee. "We are engaged in two simultaneous wars and we do not have the resources that we would have had on Sept. 12, 2001."

Taylor, however, commended the U.S. military's efforts to find bin Laden under less-than-conducive circumstances.

"Seeing how big the place is, steep valleys and extremes of hot and cold — I can empathize [with] how difficult and dangerous it is for our troops," said Taylor, who has been to Afghanistan several times. "Osama bin Laden needs to be caught and brought to justice."

He added that the committees with jurisdiction over the military need to allocate resources for the fight in Afghanistan, but also take into consideration how difficult the terrain is in Afghanistan, complicating the military's mission.

Rep. Ike Skelton (D-Mo.), chairman of the armed services panel, is planning to hold hearings about the situation in Afghanistan this month. Skelton has been concerned that Afghanistan has been ignored and has called the conflict there "the forgotten war."

The key to finding bin Laden may not lie with spending more money on technology. Rather, dedicating Army Special Forces (known as white special operations forces) to missions wherein soldiers spend time in Afghan villages, establishing long-term relationships and building trust, could lead to information on the al Qaeda leader, according to André Hollis, a former Pentagon official with knowledge of special operations.

Unfortunately, Pentagon deployment policy (12 to 18 months) limits soldiers' ability to foster relationships with locals, added Hollis, who is now a vice president at Van Scoyoc Associates.

Afghanistan will be the topic of Senate Armed Services and Foreign Relations Committee hearings, according to Sen. Edward Kennedy (D-Mass.), a senior member of the armed services panel. He said, however, that the military has not asked for additional resources to find Osama bin Laden.

"They have not made any requests; they thought they had sufficient funds," he said.

Rep. John Murtha (D-Pa.), chairman of the House defense appropriations subcommittee, said his panel will look at the problems in Afghanistan, including the Taliban resurgence and the growing poppy-seed production.

"Afghanistan is a little bit of a problem," he said in a short interview. Murtha plans to meet with Marine Gen. Jim Jones, the retiring NATO supreme allied commander in Europe, to talk about the problems facing Afghanistan.

Rep. Marty Meehan (D-Mass.), who will chair the House Armed Services investigations and oversight subcommittee, said he has solicited ideas from all members of his panel on how to go forward in Afghanistan. "There has been a discussion but we have to agree on a plan to do that," he said.

"It is clear that al Qaeda does not have its headquarters in Iraq; it's in Afghanistan and at the border with Pakistan," he added.

"The war in Iraq has taken [focus] away from finding Osama."

Bush Adviser To Join Staff Of Top War Critic (WT)

DOJ_NMG_0117439

By Rowan Scarborough

The Washington Times, January 17, 2007

A counterterrorism adviser to President Bush is leaving the White House to join the staff of a prominent Democratic senator gearing up to investigate the administration's war policies.

A Senate source said Todd M. Hinnen, a director for combating terrorism on the staff of the president's National Security Council (NSC), will become the chief counsel for Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Senate Foreign Relations Committee.

Mr. Biden has announced that he is running for president and is planning a series of committee inquiries. Some Republicans reacted to word of Mr. Hinnen's move by wondering whether he will go from Bush adviser to Bush inquisitor.

"Once again, people on the Bush White House staff turn on him while our soldiers and Marines fight to protect the rest of us," a Republican staffer said.

A spokeswoman for Mr. Biden did not return a phone message or e-mail. Mr. Hinnen did not return a phone message.

Gordon Johndroe, NSC spokesman, said Mr. Hinnen was a career prosecutor at the Justice Department who completed an 18-month detail to the White House.

"I think this is a career prosecutor who serves the government well whether in the executive or the legislative branch and who had done an excellent job here at the White House and will continue to serve the American people the rest of his career in government," Mr. Johndroe said.

Some key NSC staffers have left Mr. Bush's staff and worked for his opponents.

Most notably was Richard A. Clarke, a top adviser on counterterrorism. Mr. Clarke left after he failed to win the post of deputy secretary of homeland security. He joined the 2004 presidential campaign of Sen. John Kerry, Massachusetts Democrat, and wrote a book critical of Mr. Bush.

Before that, Rand Beers left the Bush NSC staff and served as Mr. Kerry's chief campaign adviser on national security.

Republicans have contrasted the way Mr. Bush handled his presidential transition compared with his predecessor. The Clinton administration fired all U.S. attorneys and tried to ferret out Republican loyalists, right down to the White House Travel Office. The Bush administration, on the other hand, kept on several senior Clinton advisers.

Mr. Bush retained George J. Tenet, President Clinton's CIA director. Mr. Tenet resigned in 2004, and has written a book that is expected to be critical of Mr. Bush. The CIA's Publication Review Board has been reviewing the manuscript since October. The CIA sent portions to the White House for its review. A CIA spokesman said the review focuses on the deletion of any classified material and does not censor criticism.

Last month, Flynt Leverett, a former CIA analyst who worked on the NSC before leaving in 2003, accused the White House and CIA of censoring for no good reason an opinion article written for the New York Times.

Purse Strings And Pragmatism (WP)

By Melvin R. Laird

The Washington Post, January 17, 2007

The brewing fight in Congress over continued funding of the war in Iraq will not be the country's first. It is an ominous reminder of 1975, when Congress cut off funding for the Vietnam War three years after our combat troops had left. With the assistance we promised South Vietnam in the 1972 Paris Accords -- U.S. equipment, replacement parts and ammunition -- it had won every major battle since we left. But Congress lost the will to keep our promise and killed the appropriation. The result was a bloodbath.

I spent 16 years in Congress, much of the time on the Appropriations defense subcommittee grilling defense secretaries about the conduct of the Vietnam War. Then, as defense secretary I spent four years on the other side of the table, holding fast to an exit strategy I believed in, "Vietnamization." I never lost a vote during those four years. But it would have been devastating if Congress had cut the purse strings before our troops were withdrawn and before the South Vietnamese had learned to stand on their own.

Democrats are positioned to offer a plan for Iraq, but cutting off funding is not a plan. Holding hearings to excoriate the executive branch is not a plan. Emotional oratory about casualties is not a plan. Such is the stuff of dinner-party debates and protest rallies. It is not what the American people need from their elected representatives, and it is not what they voted for in November.

To Congress, which has the opportunity to make a difference, I offer some perspective:

? Congress must stop the partisan gamesmanship that feeds on itself and becomes an end rather than a means. It is a foolish sport that feeds the ego of the players and wearies the spectators. House Speaker Nancy Pelosi and Senate Majority

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Leader Harry Reid have already begun to squander the trust they were given in November. Surprisingly, at least from an old Republican such as myself, the best hope for leadership I see now in the majority party is Sen. Hillary Clinton. She is highly motivated to tread a path to success in Iraq; she knows that without it, she will never be president. Those who hope to win reelection in less than two years would do well to follow her example. In 1972, the Democratic presidential nominee, George McGovern, carried only two states because he had no plan for the war; he only criticized the Vietnamization withdrawal plan.

? The best thing Congress could do now is look at the bigger picture with civility and bipartisanship. America needs a broad national security strategy whose elements include the defense of democracy at home and abroad, the economy, the environment, health care, Social Security and commitments to our allies. In military jargon, simply fighting terrorism is not strategic; it is tactical. In crafting a larger national security strategy, Congress needs to both know and inform the will of the people. We never did this during the Vietnam War; nor has any Congress or administration in recent memory seemed willing to trust the American people to understand and make choices about what is at stake and what we are willing to pay in time, money and lives. Congress must also realize that if there is no settlement in the Middle East, the price of oil will more than double. Lawmakers must recognize the threat this poses to our economy.

? Defense spending must be substantially increased. Since 1986 the defense budget has been slighted while needs have only grown. The all-volunteer military needs better wages and better equipment. The troops today have what we lacked in Vietnam -- the will to win and unit cohesiveness and pride. What they don't need is a Congress that thinks it is doing them a favor by cutting off funding for Iraq. They need a Congress that makes national defense a budget priority. Even including the war in Iraq, defense spending is still a sliver of gross domestic product.

? Congress must take the lead in demanding accountability from the Iraqi government. Our troops are in escalating danger from Shiite militias because Iraq's elected leaders do not have the will or the ability to crack down. Prime Minister Nouri al-Maliki has been unable to keep the tribal and sectarian factions of Iraq in balance. We cannot do that for him. If he can't or won't do it, he should step down, or we cannot justify the continued presence of U.S. troops in Iraq.

? Finally, Congress must set the tone by admitting who the enemy is -- political correctness be damned. There is the moderate, Westernized Islam on which we have hung our hopes, and there is everyone else. The call to jihad is powerful, and it is apparently irresistible in the Third World where attempts to export Western culture and values have failed. If widely adopted, radical Islam will fail them even more in the end. And if allowed to play out to its goal of world domination, radical Islam will make the "domino theory" of Southeast Asia pale by comparison.

The writer served as a Republican House member from 1953 to 1969 and as secretary of defense from 1969 to 1973.

Kucinich Receives Petition Signed By Troops Opposed To Iraq War (AP)

AP, January 17, 2007

WASHINGTON, D.C. - Several anti-war groups that include members of the military on Tuesday delivered petitions against the war in Iraq to U.S. Rep. Dennis Kucinich, a Democrat who's long been against the conflict.

Iraq Veterans Against the War, Veterans for Peace and Military Families Speak Out sponsored the "appeal for redress" petition, which was signed by more than 1,000 active duty military members, according to Kucinich's office.

Among those who signed was 24-year-old Sgt. Jabbar Magruder of Los Angeles, a member of the Army National Guard who served about a year in Iraq beginning in late 2004.

Magruder said he was recently promoted and respects the military but does not believe in the war because he believes the United State's presence in Iraq is only making things worse.

"I cannot allow my fellow serviceman to continue to have to fight in Iraq when it's in no way winnable," Magruder said. "This might come at a great moral cost to me, but I'm willing to do that so they may be able to come home."

Active-duty military personnel are allowed to publicly object to the war, as long as they do not wear their uniforms when expressing their opinions.

Magruder said he signed the petition because he wants Congress to know there are some active-duty military members against the war. He said he is worried his unit may suffer because of his speaking out.

"But it's easier to sit back and wait for somebody to do something. I'm not going to wait," he said.

Kucinich, a long-shot candidate for president, said in a statement that "there is a compelling need for a new direction in Iraq." He suggested more use of diplomacy.

Troops Add Their Voices To Chorus Calling For Reversal Of Iraq Policy (MCT)

By Renee Schoof

McClatchy Newspapers, January 17, 2007

DOJ_NMG_0117441

WASHINGTON - Pressure on Congress intensified Tuesday to stop President Bush's plan to increase troops in Iraq, as some 1,000 active-duty soldiers and Marines urged lawmakers to support a quick withdrawal and anti-war groups planned to rally state legislatures.

Although most Democrats and some Republicans oppose Bush's 21,500-member troop increase, Congress isn't moving very fast to try to stop or alter the plan. Democratic leaders in both houses want their first step to be a resolution calling on lawmakers to go on record as being for or against Bush's Iraq plan.

Democrats say they have a solid Senate majority against the plan, including perhaps one dozen Republicans, so the resolution is effectively a symbolic vote of no confidence in Bush's war plan. Only after that vote will they look at ways to use Congress' power over funding as a hammer.

The Senate resolution will be introduced on Wednesday, but it was unlikely a vote would occur before Bush gives his State of the Union address next Tuesday night. Sen. Craig Thomas, R-Wyo., said Republicans would offer an alternative resolution.

House leaders plan to let the Senate go first, then vote on a similar resolution. Rep. John Murtha, D-Pa., the chairman of the House Appropriations Defense subcommittee, planned to start hearings Wednesday about how Congress might use the threat of spending cutoffs to demand changes in policy, but they'll be closed so that lawmakers can consider classified information.

White House spokesman Tony Snow suggested that Congress would undermine U.S. interests if it votes for a no-confidence resolution.

"In an age of instant and global communication, what message does it send to the people who are fighting democracy in Iraq? And also, what message does it send to the troops?" Snow said.

Separately, Bush acknowledged setbacks in Iraq.

"I am frustrated with the progress," Bush said in an interview taped for telecast Tuesday on PBS's "NewsHour."

"A year ago, I felt pretty good about the situation. I felt like we were achieving our objective, which is a country that can govern, sustain and defend itself. No question, 2006 was a lousy year for Iraq," Bush said.

Also Tuesday, the Senate Judiciary Committee examined the plight of Iraqi refugees. Some 1.7 million Iraqis have been driven from their homes, and hundreds of thousands have become refugees in Jordan, Syria and elsewhere.

Sen. Edward Kennedy, who chairs a subcommittee on immigration and refugees, called for more humanitarian aid for displaced Iraqis and refuge here for those who risked their lives to work for Americans in Iraq. Last year the United States admitted 202 Iraqi refugees, Kennedy said.

Meanwhile, more than 1,000 active-duty servicemen and women who oppose the war sent an "appeal for redress" to Congress. Although they're duty-bound to carry out the president's orders, they have a legal right to use this means to express their views.

The statement, carried on the Web site AppealforRedress.org, was signed by 1,080 troops as of Tuesday afternoon, according to the site. It urged Congress to support "the prompt withdrawal of all American military forces and bases from Iraq," adding, "Staying in Iraq will not work and is not worth the price."

"Despite our best efforts, Iraq fell further into chaos," said Marine Corps Sgt. Liam Madden, wearing a jacket and tie for a press conference on the steps of a House office building. Madden said he believed that the war "benefits neither the United States nor Iraq, and especially not the American military.

"Our brothers are dying, and politicians are squabbling," he said. "If you are funding a war that puts them in harm's way, you are not supporting them."

"Somewhere those of us who represent the American people, and the American people themselves, must follow the lead of these men and women in uniform today and find a way to speak up and speak out about this unnecessary war," Rep. John Lewis, D-Ga., said in a statement.

Meanwhile, the group Progressive States Network planned a conference call on Wednesday with state legislators to try to start a grassroots campaign opposing the president's troop buildup plan.

"States have the power and authority to speak out on issues that will impact them and their citizens," Steve Doherty and David Sirota, chairmen of the group, said in a statement.

The influential Web-based pressure group MoveOn.org is urging citizens to write their state lawmakers as well.

A Pew Research Center poll released Tuesday showed that 61 percent of Americans oppose sending more troops to Iraq. Some 60 percent of Republicans support Bush's plan and 33 percent oppose it. Among Democrats, 12 percent support it and 82 percent oppose it. Among independents, 31 percent support the plan, and 62 percent oppose.

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The Senate hearings on Iraqi refugees took on a personal tone when a 27-year-old former translator for U.S. forces in Iraq, who used a pseudonym and sat hidden behind a folding screen, told senators about the dangerous work he did as a translator - including working in plain sight of Iraqis who covertly sided with terrorists.

He said he knew of many Iraqis who were tortured and publicly killed as examples of what could happen to those who helped Americans. He said he resigned after working more than a year for U.S. forces and receiving death threats. He received special immigrant status in the United States in June.

McClatchy Newspapers correspondent Margaret Talev contributed to this report.

Military Members Make An Anti-war Plea On Capitol Hill (LAT)

By Noam N. Levey

The Los Angeles Times, January 17, 2007

President Bush's plan to send additional troops to Iraq is facing public opposition from a slice of the American population that rarely speaks out: the military rank and file.

A group of service members came to Capitol Hill on Tuesday armed with signatures from more than 1,000 military personnel who oppose the war.

"We will not be silent while thousands die," said Sgt. Liam Madden, a 22-year-old active-duty Marine and Iraq war veteran who is helping lead the effort to organize resistance to the war from inside the military.

Madden and other service members leading the campaign, which they are calling Appeal for Redress, urged Congress to stop the troop escalation and find a way to begin bringing forces home from Iraq.

When the campaign began three months ago, White House spokesman Tony Snow dismissed the first signatories as "65 people who are going to be able to get more press than the hundreds of thousands who have come back and said they're proud of their service."

The 1,000 signatories still represent a tiny fraction of the military personnel who have served in and around Iraq since the 2003 invasion.

But according to the group, those who have signed the appeal include about 100 officers. Approximately 70% of the signatories are active-duty military, while the rest are reservists or members of the National Guard, said Madden, who added that the group will not reveal the names of the signatories to protect them.

The Appeal for Redress reads simply: "As a patriotic American proud to serve the nation in uniform, I respectfully urge my political leaders in Congress to support the prompt withdrawal of all American military forces and bases from Iraq. Staying in Iraq will not work and is not worth the price. It is time for U.S. troops to come home."

Madden and other leaders of the campaign arrived on Capitol Hill as members of Congress moved closer to challenging Bush's plans to send 21,500 more troops to Baghdad and Al Anbar province.

A spokesman for Senate Majority Leader Harry Reid (D-Nev.) said senators plan to introduce a resolution opposing the plan today or Thursday, with a vote planned for next week after the president's State of the Union speech Tuesday.

House Majority Leader Steny H. Hoyer (D-Md.) said a House vote on a resolution would soon follow.

Democrats also announced Tuesday that newly elected Virginia Sen. Jim Webb, a pugnacious war critic whose son has served in Iraq, will deliver the party's response to the State of the Union.

Today, a group of anti-war members of the House, led by California Reps. Lynn Woolsey (D-Petaluma), Maxine Waters (D-Los Angeles) and Barbara Lee (D-Oakland), plan to introduce legislation outlining a detailed plan to withdraw U.S. forces from Iraq over the next six months.

The servicemen who came to Capitol Hill were greeted Tuesday by other newly energized anti-war lawmakers, including Reps. Dennis J. Kucinich (D-Ohio) and Jim McGovern (D-Mass.).

They were also joined by the anti-war group Military Families Speak Out, which says it has more than 3,200 members.

And drawing a deliberate link to another controversial war, a group of Vietnam veterans, several in green jungle camouflage jackets, also stood up with the current soldiers outside the Cannon House Office Building across the street from the Capitol.

"The movement in the military is growing just as the movement grew in the military 30 years ago," said David Cline, president of Veterans for Peace, a group based in St. Louis that was founded more than two decades ago.

Madden and other members of the Iraq war opposition have been careful to avoid the more extreme actions of some of their anti-war forebears who openly challenged their officers in Vietnam.

But they have said they were inspired by how soldiers helped build public opposition to the war in the late 1960s and early 1970s.

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"If the war is to end, there needs to be a movement from within the military that is heard from," Madden said Tuesday.

Troops Uncertain About Iraq's Future (AP)

By Lauren Frayer

AP, January 17, 2007

Their alarm clocks went off at 3:30 a.m., sending members of the U.S. Army's 10th Mountain Division reaching for their M-4 assault rifles then trudging from their tents and trailers into six-inch deep mud.

Piling into Humvees, they rumbled through verdant brush along irrigation canals south of Baghdad, which provides excellent cover for bombs. Hundreds of American soldiers have died in these mostly Sunni Muslim villages since the war began.

But nearly four years into the fighting, some soldiers say it's getting more difficult to swing their legs over the edge of the cot each morning. With America's Iraq policy in flux, some troops say they're asking themselves for the first time whether the U.S. can win the war — or what winning really means here.

"It's hard to tell what's right here anymore," said Case Dewinkel, a 23-year-old Army specialist from Madison, Wis.

The soldiers said they do their jobs and leave politics to the generals. But the debate in the U.S. over the legitimacy of the Iraq conflict has trickled down to the soldiers patrolling this dangerous area.

Dewinkel and other members of the 1st Squadron, 89th Cavalry Regiment, 2nd Brigade, 10th Mountain Division gathered one recent rainy morning in a schoolhouse south of Baghdad to set up a makeshift medical clinic for villagers.

While Iraqis lined up in a dank corridor outside, a few American soldiers leaned against desks in a ramshackle classroom, chomping candy, chatting, pacing to keep warm.

They were reticent at first to express their thoughts about the war, but finally said they felt a certain apathy and ambiguity.

"There are a lot of reasons why we're here, but they're complex. This isn't a war like they used to be, like in World War II when there was good and evil and the direction was clear," Dewinkel said, scuffling his feet on the muddy schoolhouse floor. Rain poured outside.

He pulled off his camouflaged helmet and bulletproof glasses, exposing youthful cheeks turned pink from the cold.

"It's hard to tell who the good guys are," Dewinkel said.

President Bush announced last week that he would add 21,500 more American soldiers to the 132,000 already in Iraq. The plan would cost $5.6 billion, on top of $100 billion Bush is expected to ask Congress for in February for the wars in Iraq and Afghanistan.

While soldiers back home prepare for the call to deploy, some here are asking if there was more they could have done. Others fault Iraqis for their slow progress. Some look inward, demoralized. Others dig in their heels, or urge patience.

"People have always said it's a critical juncture, but now we're really about to crest," said Maj. Web Wright, 39, an Annapolis, Md., native also assigned to the 2nd Brigade.

Wright said he worried U.S. public support for the war was waning and that U.S. troops could be withdrawn prematurely. He has worked too hard, for too long to strengthen Iraq just to walk away.

"I don't want to see what we've done go to waste," he said. "What's the solution then? If we pull the troops out, who fills that void?"

Wright said he worries that it is difficult to define what victory would mean in Iraq.

"I've spent two years here, and I want to see us win," he said. "I don't want to rush to get it over with. The problem is, what's a win here, in this a counterinsurgency fight?"

Sgt. Maj. Fred Morris found himself on a blighted Baghdad street corner at dusk, arguing with barefoot Iraqis about electricity.

Six men, surrounded by their children in tattered clothes, pleaded with Morris for help. They had no power or water or fuel, they said, and they had given up looking for work. Militiamen had infiltrated the local police station. Even their revered sheik left town.

"Look at what I'm up against," Morris told a visiting reporter. "They've got six grown men here, each owns a weapon, and they're complaining to me."

"I'm telling them, `Look, leave your families in the protection of some of the other men in town, and take up your problems with the local Iraqi authorities. Walk down to the nearest Iraqi police station or Iraqi army outpost and tell them, not me,'" he said.

Morris, 45, is on his third tour in Iraq, including Desert Storm. He said he's grown frustrated with Iraqis, who have become increasingly demoralized and more dependent than ever on U.S. troops.

"You guys have got to start figuring this out yourself," Morris said, shaking his head as he turned to walk away.

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His Humvee circled through Baghdad's Dora neighborhood, filled with signs of the capital's decline. Women draped in black shuffled in flip-flops across sidewalks littered with broken glass. Downed power lines snaked through the roadside mud, where a black market fuel seller had lined up multicolored plastic gas cans. A boy stretched out his arms and pretended to fly, leaping across mounds of garbage.

Dewinkel, the Army specialist staffing a medical clinic south of Baghdad, pondered the future of the Sunni enclave where he serves, and of Iraq as a whole.

"I don't think it'll get any better. Once we leave, I think they'll go back to killing each other," he said. "They've already started."

Blasts Kill At Least 70 In Baghdad; U.N. Reports 34,000 Iraqis Died In '06 (LAT)

By Borzou Daragahi

The Los Angeles Times, January 17, 2007

BAGHDAD , Iraq — At least 70 Iraqi college students were killed and more than 170 others were wounded Tuesday afternoon when a pair of car bombs exploded nearly simultaneously on a Shiite-dominated university campus, the latest apparent salvo in the ongoing civil war between Sunni Arab insurgents and Shiite militants.

One of the bombs blew up a minivan filled with homeward-bound students of Mustansiriya University, which has come under the sway of a militia loyal to radical Shiite cleric Muqtada Sadr. Less than a minute later, the other bomb detonated amid hundreds of students streaming out of another campus exit.

The bombs sprayed fire, shrapnel and body parts across asphalt and sent flames and plumes of smoke into the air. Uninjured students and passersby rushed the dead and dying to an already overburdened and chaotic Kindi Hospital, less than a mile away, piling the victims onto wooden carts and the flatbeds of pickup trucks.

The attacks came on an already grueling day of sectarian and political violence in the capital that left at least 64 more Iraqis dead, underscoring the findings of a United Nations report released Tuesday that said at least 34,000 Iraqi civilians died last year in acts of violence. The figure, nearly triple the number recently released by the Iraqi Health Ministry, jibes with Times estimates that about 100 people a day have perished in political violence since the bombing of a revered Shiite shrine last February.

Also on Tuesday, the U.S. military reported the deaths of four American soldiers, killed a day earlier by an improvised explosive device near the mostly Sunni Arab northern Iraqi city of Mosul.

The university attack stood out for its grisliness and cruelty even amid Baghdad's grim standards. It appeared calculated to inflict maximum civilian casualties and heartbreak.

"I heard a powerful sound and I felt myself being thrown to the ground," said Qassim Salman, a 21-year-old law student who suffered shrapnel wounds to his head and left shoulder. "A minute later another explosion happened. I passed out and I woke up to find myself in a hospital. I feel sorry, sad and afraid."

The day's violence came as the U.S. and the government of Iraqi Prime Minister Nouri Maliki stood under pressure to restore some semblance of order to Baghdad by implementing a new security plan and increasing the U.S. troop presence in the capital by 16,000 troops.

"It's like a disaster that cannot be described," said a police official at Kindi Hospital, who asked that his name not be published. The hospital, he said, was already flooded with patients from the day's previous violence and was short on bandages, doctors, gurneys, beds, medicine, blood and fuel for ambulances. Many of the victims were laid on the bloodied floor of the hospital lobby, moaning in agony.

"Most of those who are injured are about to die," he said.

As with many of the most gruesome attacks in Iraq, no group claimed responsibility.

The report issued by the U.N. said the anonymous nature of such violence fuels random counterattacks between Shiites and Sunni militants. "The root causes of the sectarian violence lie in revenge killings and lack of accountability for past crimes as well as in the growing sense of impunity for ongoing human rights violations," the report said.

The synchronized nature of the attack suggested the handiwork of Sunni insurgents with possible links to foreign Islamic radicals, including members of Al Qaeda in Iraq, which has made coordinated attacks its signature.

The blasts followed the botched hangings Monday of two former leading officials of the Sunni-dominated regime of Saddam Hussein, former judge Awad Hamed Bandar and Barzan Ibrahim Hasan. Hasan's head came off during the execution, which came just weeks after Hussein was hanged after being taunted by Shiite guards who chanted Sadr's name as the former Iraqi president stood on the scaffold.

Mustansiriya University, which lies in a religiously mixed area between Shiite Sadr City and Sunni Adhamiya, has been the site of sectarian tensions since Hussein was toppled from power in the 2003 U.S.-led invasion of Iraq.

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Many of those attending the college are Shiites from impoverished Sadr City such as Arabic literature student Mohammad Jabbar, 24, who was wounded in the blast and watched his friend Ali Abdul-Hussein and his girlfriend Zainab die.

"He dreamt about graduation," Jabbar said. "He wanted to teach students."

Iraq's entire university system has become an ideological battleground since the invasion.

The Sunni-controlled Ministry of Higher Education was targeted in a mass kidnapping by suspected Shiite militiamen last year. Mustansiriya has largely come under the influence of followers of Sadr, whose campus deputies enforce dress codes and monitor students' lives.

Some students derisively call the campus Mustansiriya Seminary because students practice Shiite religious rituals on campus and alleged Shiite militiamen patrol the school.

"They are responsible for the university's security and they have done a good job regarding that," said one female Sunni Arab student, who asked that her name not be published. "We know that many of the students are members in Mahdi army."

Others say the activities of the security officers encroach on students' personal lives and heighten sectarian tensions. They sometimes demand identification cards and ask female students to cover their heads to show Islamic modesty.

The militiamen hold demonstrations on campus in which they call out Sadr's name and have shut down the school to honor fallen Shiite martyrs.

"The university's condition is miserable," one student wrote on an online message board. "The Sunni students are always targeted, and because of that, they can't attend."

Less than two hours after the university bombings, gunmen on a motorcycle and inside a minivan opened fire on a crowded market in the Shiite neighborhood of Ur, killing 13 people and injuring 19.

Several bombs targeting police officers in various downtown locations killed 25 people and injured 98.

Insurgents struck a bus in the mostly Shiite Muslim neighborhood of Sadr City, killing two people and injuring seven, and an ambulance, killing the driver and a paramedic.

Authorities discovered the bodies of at least 25 men in mostly Sunni Arab areas of west Baghdad, all shot dead execution-style in a manner associated with Shiite death squads.

Barrages of mortars struck several neighborhoods around Baghdad, killing one person and injuring 19. Gunmen shot dead a police officer in west Baghdad.

Protecting the lives of civilians is the major aim of the Baghdad security plan being implemented by the U.S. military and Maliki's government. The U.N. report said 6,376 civilians were killed and 6,875 were wounded during the last two months of 2006, a reduction of 2% from the previous two-month period.

The report painted a harrowing picture of contemporary Iraqi life. At least 470,000 Iraqis have become refugees in their own country since the Feb. 22 bombing of the Golden Mosque in Samarra heralded the start of Iraq's civil war.

Baghdad accounted for almost 75% of all deaths during the last two months of the year, according to the report. Most victims were killed after being detained by gunmen, bound and blind-folded, tortured with electrical appliances, shot at point-blank range and dumped into ditches. Among those targeted have been university professors, lawyers, doctors, clerics, journalists and musicians, as well as members of religious and ethnic minorities, according to the report.

Often, the misery doesn't end with death.

"Victims' families are all too often reluctant to claim the bodies … for fear of reprisals," the report said.

University Attack Kills 65 In Baghdad (WT/AP)

By Steven R. Hurst

The Washington Times, January 17, 2007

BAGHDAD -- Twin car bombs tore through a leading Baghdad university as students left classes yesterday in the deadliest attack in Iraq in nearly two months, and the United Nations reported 34,452 civilians were slain last year, nearly three times more than the government reported.

At least 65 students died, boosting the number of Iraqis killed or found dead yesterday to 142 in what appeared to be a renewed campaign of Sunni insurgent violence against Shi'ite targets.

The sharp uptick in deadly attacks coincided with the release of U.N. figures that showed an average of 94 civilians died each day in sectarian bloodshed in 2006.

The university blasts wrecked two small buses as students at Al-Mustansiriya University were lining up for the ride home at about 3:45 p.m., according to Taqi al-Moussawi, a university dean.

The attackers stationed a man wearing a suicide belt in the expected path of fleeing students to take even more lives, but he was spotted and shot by security men before he could blow himself up, the dean said.

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"The only guilt of our martyred students is that they pursued education. They belong to all religions, sects and ethnic groups," said an angry Mr. al-Moussawi, himself a Shi'ite. "The terrorists want to stop education. ... Those students had nothing to do with politics."

The university's well-shaded campus occupies several square blocks in north central Baghdad, a mostly Shi'ite area. The school ranks second among institutions of higher education in Iraq. Founded in 1963, it was named after one of the oldest Islamic schools, established in the 13th century during the Abbasid dynasty that ruled the Muslim world.

Thousands attend the university, known especially for its colleges of science, literature and education.

Prime Minister Nouri al-Maliki blamed the attack on "terrorists and Saddamists" seeking revenge for Monday's hanging of two of Saddam Hussein's top aides, convicted with him for the slaying of more than 140 Shi'ite men and boys after a 1982 assassination attempt in the northern town of Dujail.

The violence yesterday against Shi'ites may signal a campaign by Sunni insurgents to shed as much blood as possible before the deployment of 21,500 more American troops.

Yesterday's death toll from the Al-Mustansiriya bombings made it the single most deadly attack against civilians in Iraq since Nov. 23, when a series of car bombs and mortar attacks by suspected al Qaeda in Iraq fighters in Baghdad's Sadr City Shi'ite slum killed at least 215 persons.

The U.N. civilian casualty count for last year was announced in Baghdad by Gianni Magazzeni, the chief of the U.N. Assistance Mission for Iraq in Baghdad. He said 34,452 civilians died -- an average of 94 a day -- and 36,685 were wounded.

The U.N. report also said that 30,842 persons were detained in the country as of Dec. 31, including 14,534 held in U.S. military-run prisons.

As bombs detonated at Al-Mustansiriya University yesterday, there were a series of other attacks on Shi'ite neighborhoods in central Baghdad.

Of the 142 Iraqis killed or found dead yesterday, 124 died in Baghdad. Police said they had been unable to complete their tally of corpses dumped in the eastern half of the city.

Bombing At Baghdad University Kills 65 (AP)

By Kim Gamel

AP, January 17, 2007

An explosion outside a Baghdad university as students were heading home for the day killed at least 65 people on Tuesday in the deadliest of several attacks on predominantly Shiite areas. The attacks — and the announcement of four U.S. military deaths — came on a day the United Nations said more than 34,000 Iraqi civilians died last year in sectarian violence.

Attacks in Baghdad — including the university explosion, blasts at a marketplace for used motorcycles and a drive-by shooting — killed more than 100 people in a spasm of violence ahead of a promised drive by the Iraqi government and U.S. forces to secure the capital.

On Monday, the Iraqi government hanged two of Saddam Hussein's henchmen in an execution that left many of the ousted leader's fellow Sunni Muslims seething after one of the accused, the ousted leader's half brother, was decapitated on the gallows.

Prime Minister Nouri al-Maliki said Tuesday's violence was the work of those seeking revenge for the executions, calling those responsible "a desperate group of terrorists and Saddamists."

The military said four U.S. soldiers with Task Force Lightning were killed Monday in the northwestern province of Ninevah, home to the city of Mosul, which has seen a recent increase in violence. The deaths raised to at least 3,026 members of the U.S. military who have died since the Iraq war started in March 2003, according to an Associated Press count.

In Baghdad, the deadliest attacks took place in primarily Shiite neighborhoods and appeared to be the work of Sunnis, who largely make up the insurgency targeting the Iraqi government and U.S. forces.

Raad Abbas, a 26-year-old wounded in the attack at the motorcycle market that killed 13, said he went to the market because the city had been quieter over the past two weeks.

"Shortly after midday, I heard an explosion. Motorcycles were flying in the air, people were falling dead and wounded," he said from his hospital bed.

As the curious gathered to look at the aftermath of the first explosion — a bomb attached to a motorcycle — a suicide car bomber drove into the crowd and blew up his vehicle. The attack appeared to target the mainly Shiite neighborhood near the market but also was near the Sheik al-Gailani shrine, one of the holiest Sunni locations in the capital.

The bombing near Al-Mustansiriya University took place as students were boarding minivans waiting outside the building to take them home, police said. Some police said the explosion was caused by a suicide car bomber and others said two of the minivans blew up as students were boarding.

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Taqi al-Moussawi, dean of the university — one of Iraq's most prestigious — told state-run al-Iraqiya TV there were two explosions. He said a suicide attacker was later discovered with the apparent aim of targeting students as they fled but the attacker's explosives belt was detonated before students got close to him. He also said the students belonged to all religions, sects and ethnic groups.

"The terrorists want to stop education. ... those students had nothing to do with politics. They only came to the university to learn," he said.

About 45 minutes after the university attack, gunmen in a minivan and on two motorcycles opened fire on an outdoor market in a mainly Shiite neighborhood in nearby section of eastern Baghdad, police said. At least 11 people were killed.

Gianni Magazzeni, the chief of the U.N. Assistance Mission for Iraq in Baghdad, said 34,452 civilians were killed — an average of 94 per day — and 36,685 were wounded last year in sectarian violence.

The Iraqi Health Ministry did not comment on the U.N. report, which was based on information released by the Iraqi government and hospitals. The government has disputed previous figures released by the U.N. as "inaccurate and exaggerated."

Iraqi government figures announced in early January put last year's civilian death toll at 12,357. Magazzeni said the U.N. figures were compiled from information obtained through the Iraqi Health Ministry, hospitals across the country and the Medico-Legal Institute in Baghdad.

According to the U.N. report women were particularly vulnerable to violence, but it said an accurate female mortality rate was difficult to obtain because female corpses are usually abandoned at the morgue because of fears the family's honor would be damaged. More than 140 of the bodies were unclaimed and buried in Najaf in November and December alone, according to the report.

Bodies of victims of sectarian violence often go unclaimed at the morgue due to security concerns or because the family cannot find them. Agreements are in place to allow unidentified remains to be buried in the Shiite holy city.

The U.N. report also said that 30,842 people were detained in the country as of Dec. 31, including 14,534 in detention facilities run by U.S.-led multinational forces.

It pointed to killings targeting police, who are seen by insurgents as collaborating with the U.S. effort in Iraq. The report said the Interior Ministry had reported on Dec. 24 that 12,000 police officers had been killed since the war started in 2003.

The report also painted a grim picture for other sectors of Iraqi society, saying the violence has disrupted education by forcing schools and universities to close as well as sending professionals fleeing from the country. At least 470,094 people throughout Iraq have been forced to leave their homes since the bombing in Samarra, according to the report.

In Monday's execution, a thickset Barzan Ibrahim plunged through the trap door and was beheaded by the jerk of the thick rope at the end of his fall, in the same execution chamber where Saddam was hanged a little over two weeks earlier.

Dozens of people, mostly schoolchildren, read Quranic verses at the graves near Tikrit, 80 miles north of Baghdad, as mourning continued for Ibrahim, Saddam's half brother and former intelligence chief, and Awad Hamed al-Bandar, head of Iraq's Revolutionary Court under Saddam.

Some 150 youths also staged a demonstration, chanting "down with the pro-Iranian government" and "glory to Barzan," and hundreds later assembled for a memorial service, but it was calmer than the day before when at least 3,000 angry Sunnis assembled for the burials in nearby Ouja.

3 Bombs Kill At Least 70 At University In Baghdad (NYT)

By Damien Cave

The New York Times, January 17, 2007

BAGHDAD, Jan. 16 — At least 70 people were killed at a largely Shiite university in northeastern Baghdad on Tuesday when a wave of explosions tore through a crowd of students and employees leaving the main gate minutes after classes ended.

Witnesses said the lethal strike of two car bombs and a suicide bomber at Mustansiriya University left the campus littered with shattered glass, body parts, ashen books and charred metal.

As one of the most deadly attacks on Shiites since the summer, it suggested that Sunni insurgents remain unfazed, even brash, in the face of the American military's newest plan to secure the capital.

The attacks came only a day after a fresh spark for Sunni outrage: on Monday, the sudden hanging of Barzan Ibrahim al-Tikriti, Saddam Hussein's half brother, and Awad Hamad al-Bandar, Mr. Hussein's former chief judge, ended with Mr. Ibrahim's head being severed from his body by the noose.

And if the bombs at Mustansiriya — capping a day of attacks in other Shiite neighborhoods of Baghdad — amounted to a show of Sunni force, they also highlighted the divisions between the Shiite-led government and the Americans.

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In all, at least 108 people were killed in the capital, an Interior Ministry official said, and 25 more were found dead, many showing signs of torture.

American officials have emphasized that such violence justifies the imminent addition of 20,000 troops to make an immediate push to pacify the country.

Prime Minister Nuri Kamal Al-Maliki, by contrast, issued a statement after the bombings blaming supporters of Iraq's "buried regime" for the violence, stressing again that Sunnis lay at the heart of the country's problems. He has repeatedly rejected American efforts to crack down on Shiite militias that attack Sunnis, and has demanded control of the effort to bring peace to the country.

His support for the American plan to add troops and stamp out violence from both sects has been tepid at best. On Tuesday, his office released a statement emphasizing that Iraq would continue to build up its armed forces "to prepare for the withdrawal of the multinational forces from the cities or the withdrawal of 50,000 American soldiers from Iraq."

Meanwhile, four American soldiers, from the First Cavalry Division, were killed Monday by a roadside bomb in Ninewa Province, northwest of Baghdad.

Sectarian vigilantes, insurgents and criminals seem to be directing Baghdad's daily life. For many Iraqis on Tuesday at least, the additional 20,000 American troops called for under President Bush's latest strategy were still understudies to the pounding drama of sectarian revenge.

Mr. Maliki announced that he had met with the Sunni speaker of Parliament, Mahmoud al-Mashadani, to address plans for national reconciliation, yet Iraqis seemed to barely notice. For much of the day, the reach of both the American military and the Iraqi government seemed to stop at the university's main gate.

Taqi al-Mussawi, president of Mustansiriya University, said it had not been the first strike at the university, one of the country's most prominent, which takes its name from a medieval college of Sunni Islam.

All over Iraq, academics have been a magnet for bombings, kidnappings and assassinations for more than a year, in what appears to be a concerted effort to drive out the middle class, the secular and the educated.

But Mr. Mussawi and other witnesses said Tuesday's violence seemed to be an escalation of the campaign. The force of the car bombs in particular shattered glass in the university's academic headquarters 100 yards away, and turned windows, desks and supplies into shrapnel.

Mariam Hussein, 20, a literature student, said she had barely escaped injury while standing near the front gate in the crowd. The first blast seemed to come from a minibus a few steps away, she said; the second from near a restaurant down the block.

"I saw remains of human flesh," she said. "It was horrifying. Flesh and blood were everywhere. People started to run, and there was a state of chaos. Some people fell on the ground and got trampled by others."

The death toll from the blasts seemed to have been Baghdad's largest from a single coordinated attack since this summer, when a series of explosions killed dozens in Sadr City, the capital's largest Shiite enclave.

Mr. Mussawi said it could have been worse: the suicide bomber detonated his load only after guards discovered his intent and shot him. He said the guards were able to warn people away from the bomber before he could kill anyone else, though two were wounded.

At least 169 people were wounded from the three blasts, according to an Interior Ministry official.

For some, the consequences arrived slowly. Ali Kamal, 25, survived intact, with only shards of glass strewn through the photography store nearby where he worked. He said he had run outside and watched, shocked.

"Later I heard that two of my relatives who own a small shop near the university to sell soft drinks and cigarettes were taken to the hospital," he said. "One of them died, and the other is in a coma. I still can't believe what happened."

Elsewhere in Baghdad, a car bomb killed six people in Sadr City, an Interior Ministry official said. Twelve others were killed in a Shiite area near downtown when gunmen opened fire.

Two policemen and two civilians in the Shiite area of Karada in central Baghdad also died when a roadside bomb exploded after the police had set out to defuse it.

They had already knocked out one bomb when they discovered the second.

The familiar mix of shock, disgust and sadness could be found wherever the violence appeared. On Kifah Street, in a mixed Sunni and Shiite neighborhood, two bombs exploded in quick succession near a market for motorcycle parts and car stereos, killing at least 15 people.

"I lost my uncle," one man shouted. "I lost my brother," said another.

As a group gathered at the site, a convoy of American Humvees drove past. An old man spit on them, shouting, "You are the ones who brought to us all this disaster."

DOJ_NMG_0117449

Bombings Kill 60 At University In Baghdad (WP)

By Joshua Partlow

The Washington Post, January 17, 2007

BAGHDAD, Jan. 16 -- The coordinated detonation of two bombs during the after-school rush at a Baghdad university killed at least 60 people Tuesday and wounded more than 140 in what university officials described as one of the deadliest attacks on academia since the 2003 U.S.-led invasion.

The spate of killings, which also included a bombing outside a Sunni Muslim shrine in a predominantly Shiite neighborhood of central Baghdad, made plain the difficulties facing U.S. and Iraqi troops poised for their latest effort to tamp down rampant violence in the capital. It coincided with a report from the United Nations that said 34,452 Iraqi civilians died violently last year -- an average of 94 per day -- an estimate nearly triple the death toll provided by three Iraqi government ministries.

Gianni Magazzeni, chief of the U.N. Assistance Mission for Iraq, said the killings were driven by strife between Sunni and Shiite militants. "Without significant progress in the rule of law, sectarian violence will continue indefinitely and eventually spiral out of control," he said.

News agencies reported that at least 30 other people died violently in Iraq on Tuesday, bringing the day's total to about 100.

At Mustansiriya University, sophomore Dyana Ayad had finished her Arabic elocution test, then walked through the college gardens, turned right toward a pedestrian overpass and joined the crowd of students waiting for buses. The pressure filled her ears a split second before she heard the sound of a bomb.

"I saw unbelievable things," the 20-year-old recalled Tuesday night. "There were tiny pieces of papers, burned papers everywhere. And dark smoke, white smoke. . . . I saw arms, legs, body parts flying in the air. The sky was raining burning paper and body parts."

Firefighters and police sped to the scene of the wreckage, near Palestine Street in eastern Baghdad, doused the flaming cars and buses, and ferried bloodied students to hospitals throughout the city. Students ran in panic to find their friends, witnesses said, picking through what one student called "pieces of meat."

The university's assistant president, Fadhil al-Amri, found a human head on the ground outside his office, next to a severed hand.

"No matter what I say to you, it is nothing like what happened. It is terrible," Amri said. "The terrorists are walking the streets in larger numbers than the policemen or the soldiers in the army. They can't do anything. There is no safety in this country."

About 24,000 students attend state-run Mustansiriya University's three colleges, in a middle-class Sunni Arab and Shiite Muslim neighborhood. University officials said there was no obvious sectarian motive behind the attack. Iraqi Prime Minister Nouri al-Maliki blamed the bombings on supporters of deposed president Saddam Hussein. On Monday, two of Hussein's co-defendants were hanged for crimes against humanity; Hussein was executed Dec. 30.

"The followers of the ousted regime have been dealt a blow and their dreams buried forever," Maliki said in a statement. "So Saddamists and terrorists now target the world of knowledge and committed this act today against the innocent students of Mustansiriya University."Insurgent Threats

In early December, the insurgent group Ansar al-Sunna distributed statements at mosques in western Baghdad, and on Web sites, calling on students and professors to cancel classes in preparation for a purge of Shiite militias from campuses. A Dec. 3 statement named Mustansiriya University as one of the schools that should be closed.

Following a mass kidnapping at a government educational agency in November, Maliki issued a statement Dec. 5 calling on students and teachers to "not pay attention to those desperate attempts" and said students "who will not attend lectures will be dismissed."

According to the Iraqi Ministry of Higher Education, at least 155 education professionals have been killed since 2003 in a climate of growing Islamic extremism.

President Bush is sending an additional 21,500 troops to Iraq, and the majority will deploy to a capital city ever more entrenched in sectarian enclaves, guarded by homespun militias. Defense Ministry spokesman Mohammed al-Askari said in a televised interview that the insurgents were expending their surplus bombs in anticipation of the security crackdown.

The U.S. military said Tuesday that four U.S. soldiers were killed Monday in Nineveh province in northern Iraq. The soldiers were members of Task Force Lightning assigned to the 4th Brigade, 1st Cavalry Division. The military did not release the soldiers' names or other information about the circumstances of their deaths.Varying Death Counts

In the last two months of 2006, 6,376 civilians were killed in Iraq, three-quarters of them in Baghdad, the U.N. report said. While the figure represents a slight decrease from the previous two-month period, the "extra-judicial executions, rampant and indiscriminate killings of civilians went virtually unchecked during the months of November and December," the report said.

Death tolls in Iraq are controversial because they vary so widely and because there is no uniform, transparent system of tabulating killings throughout the country. The 2006 civilian death toll of 34,452 provided by the United Nations -- drawn from the Health Ministry, hospital reports and the Medico-Legal Institute in Baghdad -- exceeded figures released by the Iraqi government.

Iraq's ministries of defense, health and interior said in early January that there were 12,357 violent civilian deaths last year. An Interior Ministry spokesman, Abdul Kareem al-Kinani, said Tuesday that the U.N. figures were "incorrect, unsuccessful and very exaggerated."Mayhem at Campus

Just before the 4 p.m. bombing at Mustansiriya, sophomore Zainab Rashid, 20, stood near the campus waiting for a bus and was coping with a pounding headache, she said later. She heard an explosion and saw a mushroom of smoke rise into the air. At one point in the chaos that followed, her friend started screaming and suddenly backed up.

"When I looked down I saw a man's head between her legs on the ground," Rashid said.

As police cordoned off the neighborhood, students and faculty members began loading wounded people into cars to take them to hospitals. Several male students were leading Rashid and her friends away from the bombing site when the second explosion occurred.

"They said, 'Don't stop, keep going, keep going,' and pushed us away," she said. "We were asking, 'Are our friends okay?' They said, 'Don't ask.' "

Many of the injured were taken to Kindi Hospital, the major hospital for eastern Baghdad. A piece of notebook paper taped to a wall of the emergency room listed 69 names under the heading "the university wounded." At the entrance to the ward, a hospital employee pushed a mop through blood and mud, soap and water.

In one corridor, a woman dressed in black stood alone sobbing into her cellphone. She said her son was bleeding all over his body, and when doctors gave him more blood he bled that out, too.

Three seniors from the chemistry department, whose friend died in the bombings, stood near the entrance to the emergency room. A cellphone rang. One of the students spoke into the phone: "Is it true?" He knelt down by a desk, put his head between his arms and started to cry.

When Rashid made it home, she said, she found her mother slumped on the pavement outside. At the sight of Rashid, her mother pushed herself up and ran to her. "She held me tight, kissed me, and kept kissing and kissing me in a hysterical way," Rashid said.

Her mother pushed Rashid out to arm's length, studied her face and looked her up and down as if she doubted her presence.

"You will never leave the house again," her mother said, Rashid recalled. "You will never go to the university. That's it. We will never stay in Iraq."

Special correspondents Saad al-Izzi, Naseer Nouri and Waleed Saffar contributed to this report.

Iraqi Death Toll Exceeded 34,000 In '06, U.N. Says (NYT)

By Sabrina Tavernise

The New York Times, January 17, 2007

BAGHDAD, Jan. 16 — The United Nations reported Tuesday that more than 34,000 Iraqis were killed in violence last year, a figure that represents the first comprehensive annual count of civilian deaths and a vivid measure of the failure of the Iraqi government and American military to provide security.

The report was the first attempt at hand-counting individual deaths for an entire year. It was compiled using reports from morgues, hospitals and municipal authorities across Iraq, and was nearly three times higher than an estimate for 2006 compiled from Iraqi ministry tallies by The Associated Press earlier this month.

Numbers of civilian deaths have become the central indicator for the trajectory of the war, and are extremely delicate for both Iraqi and American officials. Both follow the tallies, but neither will release them.

An Iraqi government spokesman called the count exaggerated, and said that it had been obtained using “incorrect sources.” Though the government closely tracks deaths through the Interior and Health Ministries, he said it did not have a system in place for compiling a comprehensive figure.

Despite the criticism from the Iraqi government, the United Nations said it used only official sources, most of which relied on counts of death certificates. A vast majority of Iraqi deaths are registered, at least to local authorities, so that Iraqis can prove inheritance and receive government compensation. Some deaths still go unreported, however, and the United Nations tally may in fact be lower than the true number of deaths nationwide.

As death tolls have risen, the lack of security has become the single most important barrier to success of the American enterprise here. The numbers of dead, at least at the Baghdad morgue, are running at double their number in 2005.

DOJ_NMG_0117451

Underscoring the challenge, even as the United Nations released its figure — 34,452 deaths, a number that does not yet include the December totals from all provinces — at least 70 more Iraqis were killed on Tuesday when a series of bomb blasts struck a largely Shiite university in northeast Baghdad.

After almost four years of war, in which Americans have focused largely on fighting an elusive enemy — Sunni militants and, more recently, Shiite death squads — military commanders say keeping Iraqis alive has now moved to the center of the new strategy proposed by President Bush.

For many Iraqis, the pledge comes too late. The numbers reported by the United Nations were more than tenfold the number of American deaths for the entire war. As previous attempts to secure Baghdad have failed, tens of thousands of middle-class Iraqis have given up and fled the country. Those who remain are becoming increasingly radicalized as the violence draws them into a cycle of revenge.

The United Nations report said an average of 94 Iraqis died every day in 2006, with about half the deaths occurring in the capital. A majority died from gunshot wounds, in execution-style killings that are a common method for death squads, both Sunni and Shiite. The report registered the most lethal month as October, with deaths declining slightly in November and December.

Violence between Sunnis and Shiites, virtually unheard of in the early years of the war, has become the main driver of the tallies.

Military commanders have acknowledged that they underestimated the seriousness of the sectarian killings, which took off after the bombing of a Shiite shrine in Samarra last year drew Shiites into the war. Before that, Sunni militants did most of the killing. Now, the capital is mired in violence, as the two groups fight bitterly over territory.

In the shootings, bodies surface days later in sewers and garbage dumps. The report said that most unidentified bodies were found in six neighborhoods of Baghdad, three Sunni — Dora, Rashidiya and Adhamiya — and three Shiite — Sadr City, New Baghdad and the hardscrabble slum of Shuala.

"It's important to identify the root cause of the violence," said Gianni Magazzeni, chief of the United Nations Assistance Mission to Iraq's Human Rights Office, which compiled the report. "Lack of accountability for crimes generates the urge for justice through armed groups."

One result, described by the report, is a society in collapse. At least 470,094 Iraqis have fled their homes since February. The number of displaced Iraqis was the highest in the embattled Sunni province of Anbar, where 10,105 families fled, followed by Karbala in the south, Baghdad, and Dohuk in the north.

Iraqi government forces also suffered painful losses. The report cited an Interior Ministry figure of 12,000 Iraqi security forces killed, both the Army and the police, since 2003.

The general breakdown in order has led to a wave of crime, and many of the killings were part of that.

"This law and order vacuum has an encouraging effect on criminal groups of various affiliations, many of whom use the Internet, mobile phone messaging systems, videos and pamphlets to promote their criminal activities," the report said.

The Iraqis most tormented by the violence are those least able to protect themselves against it: the poor. Um Qasim, a Baghdad cleaning lady, has lost three brothers, a sister-in-law, a nephew, a stepson and a son, all in the past three years. Two of her other sons are in jail in the northern city of Mosul for playing minor roles in a kidnapping arranged by her brother.

Her life improved in a brief but joyous spurt immediately after the invasion. During the looting that followed, her family stole pieces of metal and bricks to build a solid roof and second story on their modest house.

But her life quickly unraveled as two of her sons, looking for money, got involved in a kidnapping and got caught. Another son, just 16 years old, was killed by Sunni extremists not far from their house near Haifa Street, a poor, mostly Sunni area that has been the scene of intense fighting in recent weeks.

Ms. Qasim works several jobs cleaning affluent homes; she takes minivans around the city to get to work. Under Saddam Hussein, her main worry was how to feed her family. Now it is how to keep them alive.

"I never thought that one day I would have to think about how to keep them alive," she said. "Now, when I go out of my house in the morning, I pray to God that when I return, I will see all of them there alive."

The violence has expanded to the point of leaving hospitals and morgues overflowing with bodies. The report described the discovery of several recent mass graves. In the southern city of Najaf, one grave was shallow, with bodies partly visible, and local people asked authorities to dig it up to protect children in the area. In Baquba, north of Baghdad, 28 bodies were found of members of the Shimari tribe, who had been kidnapped and killed.

In Baghdad, where dozens of broken bodies turn up daily, the most feared site is on the edge of Sadr City, the largest Shiite enclave in northeastern Baghdad. Bodies are dumped in pre-prepared holes in the area, called al-Sadda, the report said.

"The area is considered very dangerous and controlled by the militias," it said. "No one, including Iraqi security forces, can visit the area without authorization of the militias."

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The report also provided details on the outcomes of a number of mass kidnappings that tormented Iraqis throughout the fall. The attacks seem to be a signature of Shiite militias.

Around 70 Iraqis, almost all Sunnis, are still missing after being kidnapped in November from the Ministry of Higher Education in downtown Baghdad. The attack took place on a day when teachers from the Sunni areas of Anbar, Salahuddin and Mosul were visiting.

The kidnappings have completely redrawn the composition of neighborhoods. Sinek, a wholesale market in the heart of Baghdad, once thoroughly mixed, is slowly emptying of Sunnis. Men in uniforms seized around 50 merchants on Dec. 2. About 29 were later released. All were Shiite.

Arab Group Signals Iran To Avoid Meddling In Iraq (WP)

By Glenn Kessler

The Washington Post, January 17, 2007

KUWAIT CITY, Jan. 16 -- A group of eight Arab nations on Tuesday joined the United States in issuing a veiled warning to Iran against interfering in Iraq's affairs but offered only tepid support for President Bush's new plan for stabilizing Iraq.

The statement was written in diplomatic jargon and did not mention Iran by name or even cite concerns about Iran's nuclear program. It warned against "destabilization" of the Persian Gulf, expressed support for the "principle of noninterference" and said it did not want Iraq to become "a battleground for regional and international powers," code for Iran and the United States.

The statement welcomed Bush's speech as expressing "a commitment by the United States" to saving Iraq, but made no mention of Bush's proposed troop buildup.

"Nine foreign ministers are meeting in Kuwait precisely to prevent Iraq from slipping into civil war," said Kuwait's foreign minister, Mohammed al-Sabah, at a news conference with Secretary of State Condoleezza Rice. The statement was also joined by five other Gulf Arab states -- Saudi Arabia, Qatar, Bahrain, Oman and the United Arab Emirates -- and Egypt and Jordan.

The meeting came as the United States deployed a second aircraft carrier in the Persian Gulf region for the first time since the 2003 U.S.-led invasion of Iraq. Rice is touring the Middle East to win support for Bush's plan and bolster what she calls a "mainstream" alliance of Arab states opposed to violent extremists such as Iran, Syria, Hezbollah and Hamas.

Since September, Rice has prodded the eight nations, America's closest friends in the Middle East apart from Israel, to create an informal group to discuss regional issues. Arab officials have said privately they are reluctant participants in the meetings, in part because they are wary of being perceived as an anti-Iran alliance. The meeting Tuesday, in a vast palace here, was the fourth such gathering and the first to result in a joint statement.

In contrast to the statement, Sabah offered a relatively firm endorsement of the Bush plan. "We expressed our desire to see the president's plan to reinforce the American military presence in Baghdad as a vehicle and a venue to stabilize Baghdad," he said. He also acknowledged the joint statement was aimed at Iran.

But earlier, when Rice visited Riyadh, Saudi Foreign Minister Saud al-Faisal offered only lukewarm support for the Bush plan, saying it was up to the Iraqi government to demonstrate that it could end sectarian violence and unite the fractured nation. "Other countries can help," Saud said, "but the main responsibility in taking decisions rests on the Iraqis."

Saud, speaking after Rice had evening and morning meetings with King Abdullah and other Saudi officials, declined to comment on the specifics of Bush's plan, which calls for an increase of 21,500 troops, in part to help secure Baghdad.

"The details of how to implement those objectives, I don't think we can cover in one night of discussions," Saud said.

Rice told reporters traveling with her that she has received support for Bush's plan but acknowledged the skittishness in the predominately Sunni Arab states of the Gulf.

"There are concerns about whether the Maliki government is prepared to take an even-handed, nonsectarian path here. There is no doubt about that," Rice said, referring to the Shiite-led administration of Prime Minister Nouri al-Maliki. "After all the years of deep grievance in the region, within Iraq, it's not surprising that that's the case. But everyone wants to give this a chance. That's the position of people in the region."

Saud, at a news conference with Rice, described the situation in Iraq as a "morass," which he said "serves no one. It serves no neighboring country, no regional power and no international power."

He added that Iraq "is an old historic country with a civilization that goes back thousands of years. I cannot for the life of me conceive that a country like that would commit suicide."

Saudi Arabia, a majority Sunni country with a history of rivalry with Iran, has been alarmed at the dominance of the Shiites in the Iraqi government and the rising influence of Iran in the region.

The day before Rice arrived here, Ali Larijani, Iran's top national security official, visited Riyadh for talks with the king.

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"We, Saudis and other neighboring countries can help the Iraqi people to take the lead to consolidate their government's capability to stabilize and maintain security in their country," Iranian President Mahmoud Ahmadinejad said in an interview taped Saturday, the Associated Press reported. "I sent a message to King Abdullah in this regard and the answer, generally, was positive," Ahmadinejad said.

Saudi news reports suggested that the message requested mediation in the growing battle of nerves between the United States and Iran. Iran denied the report, and Rice and Saud both said there was "no need" for mediation.

Arab Support Vague For U.S. Iraq Plan (AP)

By Anne Gearan

AP, January 17, 2007

The carefully worded encouragement that Arab allies are offering for President Bush's new Iraq strategy belies deep suspicion among the United States' few real friends in the region that Iraq may already be a lost cause.

Secretary of State Condoleezza Rice has made sales calls the past several days in Jordan, Egypt, Saudi Arabia and Kuwait, presenting the U.S. plan and prospecting for tangible help from Iraq's neighbors. What she collected instead were polite versions of a blunt message: Good luck with that.

Eight Arab foreign ministers joined Rice in a vague statement Tuesday that welcomed a U.S. commitment to defend "the territorial 110 and guarantees the stability of the country."

The host, Kuwaiti Foreign Minister Sheik Mohammed Al Sabah, was plain about the stakes. Asked if it was already too late to stop the rising cycle of Sunni-Shiite killings in Iraq, he had a succinct reply.

"Nine foreign ministers are meeting in Kuwait today to try to prevent Iraq from sliding into a civil war," al-Sabah said. "I think that speaks volumes."

The group met on the same day that the United Nations said more than 34,000 Iraqi civilians died last year in sectarian violence. An explosion outside a Baghdad university as students were heading home for the day killed at least 65 people in the deadliest of several attacks on predominantly Shiite areas.

At Rice's earlier stops, key Sunni Arab allies endorsed the goals of Bush's plan, and expressed hopes that it will work. Almost in the same breath, however, many suggested that the Shiite-led government in Baghdad cannot or will not follow through.

Saudi Arabian Foreign Minister Saud al-Faisal was perhaps the most upbeat, but his doubts were obvious.

"We agree with the full objectives set by the new plan, the strategy," Saud said earlier Tuesday, following a briefing session with Rice. "This has objectives that ... if it were applied, it will solve the problems facing Iraq."

So far so good for Rice, but Saud wasn't finished. He went on to pin success squarely on the Iraq government, saying there is only so much that any outsider can do. He implied that others cannot help the Iraqis if they will not help themselves.

"We cannot be Iraqis more than Iraqis," Saud said. "Other countries can help, but the burden, the whole burden and taking a decision will be the Iraqis'."

Many in the Sunni Arab world profoundly distrust Iraqi Prime Minister Nouri al-Maliki's government, believing it is serving the interests of Shiite Iran and has no intention of giving Iraq's minority Sunnis much stake in the oil-rich nation's future.

Rice knew that going in, and acknowledged it in a session with reporters traveling with her in Kuwait on Tuesday.

"There are concerns about whether the Maliki government is prepared to take an evenhanded, nonsectarian path here," Rice said. "There's no doubt about that."

Bush's plan depends heavily on al-Maliki to use Iraqi troops to crack down on militants from both sides and meet a series of benchmarks to promote reconciliation between Sunnis and Shiites.

The Bush strategy has met with strong skepticism across the Mideast, where many have predicted that even with more soldiers, America will fail to break the cycle of violence.

Rice's trip began with an emphasis on rejuvenating the Israeli-Palestinian peace process, which the Arab powerbrokers have long urged the United States to do. But the move was widely portrayed in the Arab press as simply an attempt to change the subject.

"The Americans are trying to get out of the Baghdad bottleneck and they are looking for agent players in managing their conflict with Tehran to make their new strategy in Iraq successful," the Saudi newspaper Al Jazirah said Monday.

Ahead of Rice's visit, there were deep doubts across the region that U.S. troops, or the Shiite-led government, would tackle Shiite militias that many in the Sunni-dominated Arab world see as the chief threat to Iraq.

Al-Maliki has resisted U.S. pressure in the past to move against militias, but before Bush rolled out his plan al-Maliki pledged to crack down on political ally Muqtada al-Sadr's Mahdi Army.

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Egypt, Saudi Arabia, and Jordan are openly concerned about the growing Shiite Muslim influence, stretching from Iran through Iraq, Syria and Lebanon. The fear is that the hardline Tehran government will dominate the Mideast and give rise to more extremism, jeopardizing a Mideast settlement and threatening those nations.

Rice has tried to use fear of Iran as a lever to draw support for the U.S. plan in Iraq, with some success.

The nine-way statement issued Tuesday contained a coded reference to Iran, which was not part of the group's discussions.

"Relations among all countries should be based on mutual respect for the sovereignty and territorial integrity of all states and on the principle of noninterference in the internal affairs of other nations," the group's statement said.

Gulf Allies Support Goals Of New U.S. Strategy In Iraq (NYT)

By Thom Shanker

The New York Times, January 17, 2007

KUWAIT, Jan. 16 — America's Persian Gulf allies on Tuesday endorsed the goals of President Bush's new Iraq strategy. But even one of Washington's staunchest partners in the region, Saudi Arabia, indicated deep concerns about whether the Shiite-led government in Baghdad had the capacity and will to halt sectarian violence and protect Sunni Arabs.

The six foreign ministers of the Gulf Cooperation Council, along with those of Egypt and Jordan and Secretary of State Condoleezza Rice, issued a statement that "welcomed the commitment" of the United States to stabilizing Iraq, but made no commitments to help stabilize or rebuild the country.

The Bush administration's blunt warnings to Iran in recent days echoed throughout the session, and the official communiqué broadly criticized any nation that interfered in the internal affairs of Iraq — a clear reference to Iran, although the official document never mentioned it by name.

Kuwait was the final stop of a diplomatic swing by Ms. Rice across the Middle East to explain the president's new military, diplomatic and economic initiatives for Iraq, and to build support among the region's Arab states, most of which have majority Sunni populations. The meeting in Kuwait was held 16 years to the day after a United States-led coalition began an offensive to drive the Iraqi Army out of Kuwait.

But it was the threat of rising sectarian violence following a second American-led invasion that was the topic of Tuesday's meeting.

"Nine foreign ministers are meeting in Kuwait today to precisely prevent Iraq from sliding into civil war, and that speaks volumes," said Sheik Muhammad al-Sabah al-Salim al-Sabah, the foreign minister of Kuwait.

"The participants welcomed the commitment by the United States as stated in President Bush's recent speech to defend the security of the gulf, the territorial integrity of Iraq and to ensure a successful, fair and inclusive political process that engages all Iraqi communities and guarantees the stability of the country," said the communiqué, in language that the Bush administration could cite to prove broad regional support for its initiatives.

But earlier on Tuesday, Prince Saud al-Faisal, the foreign minister of Saudi Arabia, issued a more guarded and carefully worded endorsement of the new Bush strategy.

"We agree fully with the goals set by the new strategy, which in our view are the goals that — if implemented — would solve the problems that face Iraq," he said.

Prince Saud said he could not comment on specifics of the plan, which Bush administration officials acknowledge relies heavily on the actions of Prime Minister Nuri Kamal al-Maliki of Iraq, a Shiite political leader who has shown a reluctance to crack down on violent Shiite militias. Yet he also declined to be drawn into a discussion of possible Saudi action to protect Sunni Arabs in Iraq in the event of a full-blown sectarian civil war.

"Why speculate on such dire consequences?" he said, urging unity among Iraq's Shiites, Sunnis, Turkmen and Kurds. "Why not speculate on the positive side? I cannot for the life of me concede that a country like that would commit suicide given the good will and the desire of all to help in this."

Ms. Rice acknowledged the legitimacy of those worries within powerful Sunni-majority states, where the Baghdad government has remained either unwilling or unable to stop Shiite death squads from murdering Sunnis, in what appeared to be a campaign of ethnic killings.

"There are concerns about whether the Maliki government is prepared to take an evenhanded, nonsectarian path," Ms. Rice said. "After all the years of deep grievance in the region, within Iraq, it's not surprising that that's the case."

But Ms. Rice stressed that each of the Middle Eastern leaders with whom she has met "wants to give this a chance," adding, "That's the position of people in the region, and there is, in fact, a burden on the Iraqi government to perform."

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The communiqué contained no specific reference to Mr. Bush's order for adding more than 20,000 troops to the Iraq mission. But Sheik Muhammad, the Kuwaiti foreign minister, said, "We expressed our desire to see the president's plan to reinforce the American military presence in Baghdad as a vehicle and a venue to stabilize Baghdad and to prevent Iraq from sliding into ugly war, the civil war."

The statement never challenged the Maliki government directly, but it used standard diplomatic code to make the point: it called for disarming militias and ending sectarian violence. "The ministers expressed the hope that the Iraqi government will actively engage all components of the Iraqi people in a real political process and act in a manner that ensures inclusiveness and paves the way for the success of national reconciliation," it said.

Asked about regional worries over Iran, Sheik Muhammad said the other ministers had agreed to a "call for all countries to refrain from interfering in Iraqi internal affairs." He added, "This is something that we are all concerned about."

Arab States Raise Doubts About Al-Maliki (WT)

By Nicholas Kralev

The Washington Times, January 17, 2007

KUWAIT CITY -- Arab governments are skeptical about the ability of Iraqi Prime Minister Nouri al-Maliki to improve the security situation in his country, Secretary of State Condoleezza Rice said yesterday after a series of meetings with leaders in the Middle East.

Arab officials support the goals of President Bush's new Iraq policy -- quelling the violence and stabilizing the country -- but are not prepared to fully back the proposal because of its reliance on Mr. al-Maliki's performance, she said.

"There is skepticism about whether or not the Iraqi government is going to do the things it has said it's going to do," Miss Rice told a group of reporters in Kuwait, the last stop on her tour in the region.

Miss Rice has met principally with Sunni leaders in Saudi Arabia, Egypt and the Persian Gulf, most of whom share concern about the rising power of Mr. al-Maliki and his fellow Shi'ite leaders in Iran and southern Lebanon.

"There are concerns about whether the Maliki government is prepared to take an evenhanded, nonsectarian path. There is no doubt about that," Miss Rice said.

"But not because this isn't a group of people who want very desperately to get it done [or] because they are people who don't understand the responsibilities, but [because] this is very hard."

Mr. Bush said yesterday that the chaotic execution of former Iraqi dictator Saddam Hussein looked like "kind of a revenge killing" and showed that the al-Maliki government "has still got some maturation to do."

"I was disappointed and felt like they fumbled -- particularly the Saddam Hussein execution," Mr. Bush said in an interview with PBS' Jim Lehrer.

At least 65 students and staff were killed and more than 100 injured in a car bombing outside Baghdad's Mustansiriyah University yesterday.

Also, the United Nations released a report estimating that 34,000 Iraqi civilians died in violence last year.

Miss Rice, who came to the region to seek support for Mr. Bush's new plan to add 21,500 U.S. troops in Iraq, met in Kuwait with eight Arab foreign ministers.

In a joint statement, the six Gulf Cooperation Council (GCC) states -- Kuwait, Qatar, Saudi Arabia, the United Arab Emirates, Bahrain and Oman -- joined Egypt, Jordan and the United States in pledging to help Iraq find a way out of its crisis.

"Nine foreign ministers are meeting in Kuwait today precisely to prevent Iraq from sliding into civil war," Kuwaiti Foreign Minister Sheik Mohammed al-Sabah said at a press conference with Miss Rice.

In Riyadh earlier yesterday, Saudi Foreign Minister Saud al-Faisal pointedly refused to back Mr. Bush's plan, offering support only for its objectives.

"We agree fully with the goals set by the new strategy, which in our view are the goals that if implemented would solve the problems that face Iraq," he said. "I cannot, for the life of me, conceive that a country like that would commit suicide."

In Egypt on Monday, Foreign Minister Ahmed Aboul Gheit was more generous in his backing, although he expressed hope, rather than confidence, that the new strategy will succeed.

"We are supportive of that plan because we are hopeful that [it would] ensure the stability, unity and cohesion of the Iraqi government," Mr. Gheit said.

"We are hopeful that the plan would lead toward the dismantlement of whatever terror organizations, as well as the military militias, that are tormenting the Iraqi scene."

Prince al-Faisal declined to say what Saudi Arabia might do if Mr. Bush's plan does not work. But Saudi officials have suggested that they might help Iraq's Sunnis defend themselves against Shi'ite militias.

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Miss Rice warned yesterday that foreign involvement in Iraq's infighting, no matter where it comes from, would be "disastrous." The GCC statement also contained a warning to Iran without naming it.

"The participants expressed their collective desire to prevent Iraq from becoming a battleground for regional and international powers," it said.

Rice Lobbies Arabs For Backing In Iraq (AP)

By Anne Gearan

AP, January 17, 2007

Secretary of State Condoleezza Rice's appeal for Arab allies to help support the fragile government in Iraq drew only a tepid endorsement Tuesday from the administration's strongest ally in the region.

Saudi Foreign Minister Saud al-Faisal said Saudis hope President Bush's plans to turn around the situation in Iraq is successful, but was plainly skeptical that the Iraqi government is up to the task of doing its part.

"We are hoping these objectives will be implemented, but the means are not in our hands," he said. "They are in the hands of the Iraqis themselves."

Al-Faisal spoke at length about the centuries old civilization in Iraq where Sunni and Shiite Muslims have been living together for years, but are now threatened by sectarian violence that has killed thousands.

"I cannot for the life of me conceive that a country like that would commit suicide," said al-Faisal, adding that he prefers not to speculate about he called the "dire consequences" of a Sunni-Shia civil war.

Rice is nearing the end of her tour of Arab allies meant to draw support for Bush's blueprint, which relies heavily on the Iraq government's will and ability to curb sectarian violence and rally confidence among disaffected Sunni Arabs.

Rice traveled to Kuwait later Tuesday, where she was meeting with diplomats from Persian Gulf countries.

"I've briefed the president's plan on Iraq at all the different stops," Rice told reporters traveling with her. "There is, I think, very good support for the American commitment there, very good support for the objectives the president wants to achieve."

Rice acknowledged the doubts, however.

"Everyone says exactly the same thing, which we are all saying too, that it requires now that everybody fulfills the obligations of the plan, particularly that the Iraqis have to carry through on their obligations."

Bush's strategy to send thousands more troops to Iraq met with skepticism across the Mideast before Rice arrived, with diplomats and editorialists predicting that even with more soldiers, America would fail to break the cycle of violence.

There were deep doubts that U.S. troops, or the Shiite-led Iraqi government, would tackle what many in the Sunni-dominated Arab world see as the chief threat to Iraq: Shiite militias, blamed for fueling the cycle of sectarian slayings.

Iraqi Prime Minister Nouri Al-Maliki has resisted U.S. pressure in the past to move against militias, but last week he pledged to crack down on political ally Muqtada al-Sadr's Mahdi Army.

Many in the Arab world profoundly distrust al-Maliki's government, believing it is serving Iran's interests at the expense of Sunnis. Bush's plan depends heavily on al-Maliki to use Iraqi troops to crack down on militants from both sides and meet a series of benchmarks to promote reconciliation between Sunnis and Shiites.

In Saudi Arabia, Rice thanked her hosts for their past help in urging national reconciliation in Iraq, but did not press specific new requests for the predominantly Sunni kingdom's help.

Although a distinct minority, Sunnis had dominated the government in Iraq until the U.S.-led ouster of Saddam Hussein left Shias in control.

Rice, who has said debt relief would be a good way for Saudi Arabia to help its neighbor, sounded more optimistic than al-Faisal about the will of the Iraqi government.

"As the president has said, Iraqis have to decide what kind of country they will be," Rice said, alluding to Bush's assertion that the ultimate future of Iraq is in the hands of Iraqis.

Rice and al-Faisal commented after a morning meeting that followed a Monday evening dinner for Rice hosted by Saudi King Abdullah.

"We share risk and we share responsibility, because this is an area of the world which will very much be affected by how Iraq turns out," Rice said during a news conference Monday in Egypt.

Egyptian Foreign Minister Ahmed Aboul Gheit, a frequent critic, was ready to give Bush's plan the benefit of the doubt.

"We are supportive of that plan because we are hopeful that that plan would lead to ensure the stability, the unity and the cohesion of the Iraqi government," he said Monday.

Troop Increase Gains Support Of 8 Arab States (USAT)

DOJ_NMG_0117457

By Barbara Slavin

USA Today, January 17, 2007

KUWAIT CITY — Eight Arab countries voiced support Tuesday for President Bush's new strategy of boosting U.S. troop strength in Iraq as part of an effort to secure Baghdad and provide an opportunity for the fragile Iraqi government to establish legitimacy.

Secretary of State Condoleezza Rice acknowledged, however, that Sunni Arab leaders in the region worry that the Shiite-dominated government of Prime Minister Nouri al-Maliki will not deliver on its promises to treat Sunnis fairly and stop the spiraling violence in Baghdad.

"There are concerns about whether the Maliki government is prepared to take an evenhanded, non-sectarian path," Rice told reporters accompanying her on a quick tour of the Middle East.

Rice met here with foreign ministers from six Arab Gulf countries — Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates — plus Jordan and Egypt. They issued a statement supporting the Bush plan.

That plan would increase the number of troops in Iraq by more than 20,000. Most of the troops would be added in Baghdad, the rest in Anbar province, a hotbed of the insurgency west of the capital.

Hours after Rice and the others issued their statement, a car bomb exploded outside a university in Baghdad, killing at least 65 people and wounding 100. It was another attack in a cycle of violence that, according to the United Nations, killed more than 34,000 Iraqi civilians last year.

"Nine foreign ministers are meeting in Kuwait today precisely to prevent Iraq from sliding into a civil war," Kuwaiti Foreign Minister Mohammad al-Sabah said.

The joint statement "welcomed the commitment by the United States … to defend the security of the Gulf, the territorial integrity of Iraq and to ensure an … inclusive political process that engages all Iraqi communities."

Earlier in Saudi Arabia, Foreign Minister Saud al-Faisal gave a more qualified endorsement of the Bush strategy. Saud said that although his government hopes Bush's "objectives will be implemented, the … means are not in our hands. They're in the hands of the Iraqis."

The joint statement also warned countries against interfering in Iraq. The Bush administration has accused Syria and Iran of fostering violence in Iraq and contributing to instability. The statement expressed a "collective desire to prevent Iraq from becoming a battleground for regional and international powers."

Tensions between Iran and the United States over Iraq have intensified in recent days.

U.S. authorities are holding five Iranians seized last Thursday in Irbil, in Kurdish northern Iraq, on suspicion of aiding Iraqi militants.

Both Rice and Defense Secretary Robert Gates have issued warnings to Iran to stop supporting violence. The Bush administration has charged that Iran supports Shiite death squads that target Sunnis and provides sophisticated explosives for roadside bombs that have killed American troops.

Iranian President Mahmoud Ahmadinejad said Tuesday that he sent a message to Saudi King Abdullah proposing that they cooperate in helping stabilize Iraq.

Saudis Give Cautious Backing To Bush Plan (FT)

By Andrew England

Financial Times, January 17, 2007

Saudi Arabia, a key US ally in the Middle East, on Tuesday gave cautious support to President George W. Bush's new plan to end the bitter sectarian conflict in Iraq, but said the initiative's success hinged on the Iraqi administration.

After meeting Condoleezza Rice, US secretary of state, Saud al-Feisal, the Saudi foreign minister, said the kingdom agreed "fully with the goals set by the new strategy" which, if implemented, "would solve the problems that face Iraq".

However, he added that while other countries could help, "the main responsibility in taking decisions rests on the Iraqis".

The new US plan includes an increase of 21,500 American troops in Iraq, destined mainly for Baghdad, and increased pressure on Iran, which Washington accuses of supporting Shia groups in Iraq. However, it is highly dependent on the actions of the Iraqi government and rests on the hope that it will adopt policies it has previously resisted.

Ms Rice was in Saudi Arabia – the region's most powerful Sunni country – as part of a Middle East tour to drum up support for the initiative. She dined with King Abdullah on Monday evening.

Outlining the plan last week, Mr Bush called on Saudi Arabia, Egypt and Jordan, all pro-western Sunni states, to "step up" their support for the Shia-dominated Iraqi administration.

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Although Arab officials have questioned Washington's emphasis on a military, rather than political, solution, they have also been arguing against an abrupt US withdrawal, fearing it would exacerbate Iraq's civil conflict and destabilise the region.

They have said that to bring some order to Iraq, the Baghdad government must be willing to deal with Shia militias and make political concessions, including am-ending the constitution to give the minority Sunni a greater stake in the country.

"[The Iraq government] must stop the resistance, bring everyone into the political process and realise the hopes of the people," Mr Feisal said.

Ms Rice said the US would continue to work with the Iraqi government "to make sure the networks running dangerous militias were stopped".

Sunni nations have also been alarmed both by Shia Iran's growing influence in the region and its nuclear ambitions.

The day before Ms Rice's visit to Saudi Arabia, Ali Larijani, Iran's top security official, held meetings in Riyadh. However, Mr Feisal played down suggestions that his government had been asked to ease tensions between Washington and Tehran.

"There is no need for mediation," Mr Feisal said. "Our relations with the United States are long standing...Iran is a neighbour of Saudi Arabia, so obviously we hope to avoid any conflict."

Egypt also appeared to have given its backing to the US plan, with Ahmed Aboul Gheit, the country's foreign minister, saying on Monday that his government would support the strategy in the hope that it would lead to "the stability, the unity and the cohesion of the Iraqi government".

Ms Rice was due to meet eight Gulf foreign ministers in Kuwait on Tuesday night.

US, Arab Allies Call On Iran Not To Meddle In Iraq (AFP)

By Sylvie Lanteaume

AFP, January 17, 2007

US Secretary of State Condoleezza Rice and eight Arab counterparts called on Iran not to meddle in Iraq's affairs after discussing Washington's plan to quell sectarian violence in the country, Kuwait's foreign minister said.

"With respect to US policy towards Iran... the US and the Gulf expressed in (a) joint communique that we call to all countries to refrain from interfering in Iraqi internal affairs," Sheikh Mohammad al-Sabah told a joint news conference with Rice after the talks in Kuwait.

"That is something that we are all concerned about. We would like the neighbouring countries to work together for peace and stability in Iraq," he said.

Rice met with the foreign ministers of the "GCC+2" group of US allies that brings together Gulf Cooperation Council members Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates as well as Egypt and Jordan.

The joint communique did not mention Iran by name but said that relations among countries "should be based on mutual respect for sovereignty and territorial integrity of all states, and on the principle of noninterference in the internal affairs of other nations."

The two sides said they wanted to prevent Iraq "becoming a battleground for regional and international powers."

Rice, on a regional tour, was aiming to drum up support for US President George W. Bush's "surge" strategy to tackle violence in Iraq with the deployment of an additional 21,500 troops.

She was also seeking financial aid from the oil-rich Gulf countries for the government of Prime Minister Nuri al-Maliki, chiefly through debt forgiveness.

"The participants welcomed the commitment by the United States, as stated in President Bush's recent speech, to defend the security of the Gulf, the territorial integrity of Iraq, and to ensure a successful, fair and inclusive political process that engages all Iraqi communities," the joint statement said.

"We expressed our desire to see the president's plan to reinforce the American military presence in Baghdad as a vehicle... to stabilize Baghdad and to prevent Iraq from sliding into this ugly war," the Kuwaiti foreign minister said.

Rice earlier received cautious Saudi backing for Bush's last-ditch strategy for Iraq.

"We agree with the objectives" of the US plan to bring peace to the war-torn country, Saudi Foreign Minister Prince Saud al-Faisal said at a joint press conference with Rice in Riyadh earlier Tuesday.

But he was cautious about the means of reaching the objective.

"We cannot comment on the means that will be applied... We're hoping that these objectives will be implemented, but the means are not in our hands. They are in the hands of the Iraqis," he said.

Rice praised Saudi Arabia's role in "urging national reconciliation" in Iraq, and welcomed a greater Arab engagement in efforts to reunify the Iraqis.

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"If the Arab League is prepared to go forward with a reconciliation conference, that will also be very useful to the Iraqis," she said.

The secretary of state turned her attention to Iraq and the Gulf after focusing on reviving the Israeli-Palestinian peace process in the first part of her regional tour that began at the weekend.

She admitted that Iraq's predominantly Sunni Arab neighbours were skeptical about the ability of Maliki's Shiite government to halt the sectarian violence that has pitted Sunni Arabs against Shiites.

"There are concerns about whether the Maliki government is prepared to take an even-handed, non-sectarian path... But everybody wants to give this a chance. That is the position of the people in the region and there is in fact a burden on the Iraqi government to perform," Rice told reporters after arriving in Kuwait.

The joint statement stressed the need to dismantle militias in Iraq and expressed hope that Maliki's government will "actively engage all components of the Iraqi people in a real political process and act in a manner that ensures inclusiveness."

The US plan revealed last week has come under fire in many Arab capitals, even among staunch allies in the Gulf, with critics saying it provides a recipe for more sectarian violence in Iraq that could spread elsewhere in the region.

But Rice on Monday won support from Cairo after meeting with President Hosni Mubarak in the southern Egyptian city of Luxor.

8 Mideast States Back U.S. On Iraq (LAT)

By Paul Richter

The Los Angeles Times, January 17, 2007

KUWAIT CITY — A group of eight Middle Eastern countries joined the United States on Tuesday in warning against foreign interference in Iraq, marking a small step in U.S. efforts to win regional support for pacifying Iraq and resisting Iranian influence.

The group, which consists of Egypt, Jordan, Saudi Arabia and five other neighboring states, cited in their first joint communique "the principle of noninterference."

The countries, dominated by Sunni Muslims, also welcomed U.S. efforts to rebuild Shiite-led Iraq with an "inclusive political process" and to defend the Persian Gulf.

Foreign ministers of the group issued the statement during a meeting with Secretary of State Condoleezza Rice, who has been traveling the region this week to build support for President Bush's new Iraq policy.

The Bush administration convened the group for the first time in September, proposing collaboration on security and other issues. But though Sunni nations in the region are anxious about the rise of Iran, which, like Iraq, is led by Shiites, some members of the group have resisted suggestions to form a stronger alliance, fearing it could provoke Tehran.

The statement doesn't mention Iran by name, nor does it warn against nuclear proliferation by the regime, despite American concerns about Tehran's work to enrich uranium.

The statement welcomes Bush's commitment to Iraq and the region but doesn't specifically endorse his plan announced last week to increase U.S. forces in Iraq by 21,500 troops.

The American effort to build support got a lukewarm reception in Saudi Arabia, a key ally.

In an appearance with Rice on Tuesday morning, Saudi Foreign Minister Saud al Faisal said his government agreed with Bush's goals. But he stopped short of saying he favored the troop increase.

"We agree with the objectives," said Faisal, whose government is concerned about what it sees as the mistreatment of the Sunni minority in Iraq. "We are hoping these objectives will be implemented, but the means are not in our hands. They are in the hands of the Iraqis themselves."

The other states in the group are Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates.

Rice, who has also visited Egypt, Israel, the West Bank and Jordan this week, portrayed the regional reaction in a more positive light.

Although she did not claim backing for the specifics of the Bush plan, she told reporters that "there's very good support for the American commitment there. There's very good support for the objective the president wants to achieve."

Asked about the Saudi foreign minister's comments, she acknowledged: "I do think there's skepticism about whether or not the Iraqi government is going to do the things it says it's going to do…. Everyone is concerned as to the Iraqi willingness now to do all the things that it needs to do."

Rice: Diplomacy Not About Making Deals (WP)

By Glenn Kessler

The Washington Post, January 17, 2007

DOJ_NMG_0117460

Secretary of State Condoleezza Rice, during a tour of the Middle East, met yesterday in Kuwait City with reporters traveling with her for an extended discussion. During the session, one reporter noted that Rice, a Russian specialist, frequently says she is a "student of history" and often cites examples and analogies from the Cold War. He asked if there were any moments in Arab history, as opposed to European history, that informed her thinking, such as Britain's occupation of Mesopotamia, Britain's experience in Egypt or France's experience in Algeria. The question spurred Rice to give a six-minute philosophical lecture on her view of diplomatic history. Diplomacy, she said, "is not dealmaking." Following are excerpts from her comments.

-- I've read the British experience and I know a number of things that went right and I know things that went wrong. I also know that one of the challenges is the particular way this map [of Iraq] was drawn. . . . You have to recognize that a country drawn on the religious fault lines of the Middle East is going to have a complicated way of moving forward to be able to overcome those fault lines. The way that they've been overcome in the past was either through repression if they were the majority if they were in Iraq, or in some cases even worse, expulsion or whatever.

It's not easy to have those differences overcome through a political process. . . . There have been people who have taken great chances and great risks -- you know, the names [former Israeli prime minister Yitzhak] Rabin or [former Egyptian president Anwar] Sadat or whatever -- and it reminds you that sometimes coming out of very bad crises there's an opportunity for leadership on the part of individuals in those positions to do something very major. So sure, I look at the history of this region all the time.

But I want to be clear. I'm not using history to make analogues between any historical period and now because I actually think that history doesn't repeat itself. I think that conditions change so fundamentally that you're rarely looking at the same circumstances and you're certainly not looking at the same circumstances when you look at Europe and you look at the Middle East or Asia.

But there's a tendency to look at where you are now and say, "Oh my goodness, there are all these problems, we'll never get out of them, this is so difficult, it must be failing, it must be failing."

And the reason that I cite some of these other times like Europe is that it is so clear in everybody's mind that the United States and its allies came out victorious at the end of the Cold War. . . . But if you actually go back and look at the events that ultimately led to that, you would have thought that this was failing every single day between 1945-1946 and probably 1987 or 1988.

There's a tendency to think about diplomacy as something that is done untethered to the conditions underlying it or the balance underlying it. And in fact, that's not the way that it works. You aren't going to be successful as a diplomat if you don't understand the strategic context in which you are actually negotiating. It is not dealmaking. It's not. There are a set of underlying relationships, underlying balance of power, leverage on different sides, and you have to recognize when you are in a position to then on top of that find a solution given the underlying balance. . . .

My favorite case of this is if you had tried to negotiate German unification for any period of time until 1990, you would have not been able to do it because the underlying circumstances were not there. I was part of the team that worked on German unification. You know, I feel terrific that we were able to do it, but let's not overestimate that it was somehow just that we did the diplomacy well. . . .

That's why I think reading the Middle East right now, I tend to place a lot of emphasis on the fact that people see their interests differently now than they did five years ago or 10 years ago. They see their interests less as continuing or having maximalist positions about this conflict and are more concerned about the kind of broad strategic picture. I think Lebanon was a major contributor to that shift in alignment; and with that shift in alignment, I think you now have a chance to perhaps make progress on this issue in ways that you didn't before.

The Missing Partner In Iraq (NYT)

The New York Times, January 17, 2007

The one crucial assumption behind everything President Bush proposed on Iraq last week was that Washington would have the wholehearted support of Prime Minister Nuri Kamal al-Maliki. None of Mr. Bush's ideas — his plan to send more American soldiers to fight alongside Iraqi units in Baghdad, his program for jump-starting the Iraqi economy, his hope of reconciling rival sectarian communities and heading off civil war — can possibly succeed without the full cooperation of the Iraqi government.

Yet in the days following Mr. Bush's address, as in the days before, Mr. Maliki has demonstrated how far his own goals diverge from America's best interests or any reasonable path for containing Iraq's civil war. Consider, for example, Mr. Maliki's designation of Lt. Gen. Aboud Qanbar — a Shiite officer known for his combative resistance to American tutelage — to be the overall military commander of the new Baghdad security drive.

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Any hope that this campaign will prove more effective than past failed efforts depends on soldiers' being able to finally move against Shiite militias. If General Qanbar and Mr. Maliki plan to continue shielding militias like the Mahdi Army, this new drive will be doomed before it begins.

What another failure would mean was underscored in a particularly grim way yesterday when the United Nations reported that some 34,000 Iraqi civilians died violently last year, a staggering number in a country of less than 27 million people. Yesterday, more than 100 Iraqis died in Baghdad alone.

Consider also the grisly decapitation over the weekend of Barzan Ibrahim al-Tikriti, Saddam Hussein's co-defendant and half brother. Two weeks of watching how the lynch mob atmosphere of Mr. Hussein's execution instantly turned a monster into a martyr throughout the Sunni Arab world should have put Mr. Maliki on notice to get this one right. But whether deliberately or through breathtaking incompetence, the Iraqi government did not get it right, once again fanning sectarian flames.

Unless President Bush insists that Mr. Maliki accept specific and enforceable policy benchmarks and timelines — starting with the disarming of sectarian militias — the United States will remain hostage to the Iraqi prime minister and his radical Shiite agenda.

Mr. Bush needs to make clear to the Iraqi leader that continued American support will depend on his active cooperation. And that, ultimately, the Iraqis have even more to lose than the Americans from an unending civil war.

Lost In The Middle East (WP)

The Washington Post, January 17, 2007

SECRETARY OF State Condoleezza Rice's tour through the Middle East this week has been designed to exploit the "opportunities" of what she views as a new divide in the region, "between extremism on the one hand and mainstream states on the other." On one side, she told The Post recently, "you have Iran, Hezbollah, Hamas and Syria. . . . On the other you have the so-called moderate Arab states, I'll call them mainstream states -- Saudi Arabia, Jordan, Egypt and the Gulf states."

Ms. Rice is trying to solidify an alliance of "the mainstream" against Iran and in support of U.S. policy in Iraq. To do that, she is making a high-profile effort to revive the Israeli-Palestinian peace process -- in spite of an unfavorable situation in the region -- because "the mainstream states . . . would actually really like to see a resolution of this conflict now."

The new strategy explains a series of reversals of U.S. policy that otherwise would be baffling. In addition to embracing the Middle East peacemaker role that it has shunned for six years, the administration has decided to seek $98 million in funding for Palestinian security forces -- the same forces it rightly condemned in the past as hopelessly corrupt and compromised by involvement in terrorism. Those forces haven't changed, but since they are nominally loyal to "mainstream" Palestinian President Mahmoud Abbas and serve as a check on the power of the "extremist" Hamas, they are on the right side of Ms. Rice's new divide.

So is Egyptian President Hosni Mubarak, a thuggish autocrat who was on the wrong side of Ms. Rice's previous Mideast divide between pro-democracy forces and defenders of the illiberal status quo. In past visits to Cairo, Ms. Rice sparred with Mr. Mubarak's foreign minister over the imprisonment of democratic opposition leaders such as Ayman Nour and the failure to fulfill promises of political reform. On Monday, she opened her Cairo news conference by declaring that "the relationship with Egypt is an important strategic relationship, one that we value greatly." There was no mention of Mr. Nour or democracy.

The administration's concern about Iran is well founded. Even as it defies a U.N. Security Council order to freeze its nuclear program, Iran is attacking U.S. forces and interests in Iraq and across the Middle East. And it's true that Egypt, Saudi Arabia and other Arab states are also interested in containing Iran, as is Israel, which never liked the push for democracy anyway.

The attempt to divide the Middle East into two opposing camps is nevertheless wrongheaded and dangerous. It ignores the many differences among the "extremists" -- including internal divisions within Iran -- that could be exploited by a subtler policy. The "mainstream" coalition of U.S. allies, all Sunni-led states, must look threatening to Iraq's Shiite government, which itself considers Iran a close ally. That Sunni leaders are publicly supporting the U.S. escalation in Baghdad is at best a mixed blessing, since they have made it clear their motive is sectarian: They hope Shiite militias will be confronted.

Finally the new U.S. policy betrays President Bush's freedom agenda, giving a free pass to dictators who support the new geopolitical cause. Mr. Bush and Ms. Rice have said again and again that such trade-offs during the Cold War helped lay the groundwork for groups such as al-Qaeda -- which was founded and is led by Saudis and Egyptians. In its zeal to counter a crudely defined ideological enemy, the administration risks repeating that history.

Iran President Sends Note To Saudi King (AP)

By Maamoun Youssef

AP, January 17, 2007

DOJ_NMG_0117462

Iran's hard-line President Mahmoud Ahmadinejad said Tuesday that he sent a message to Saudi King Abdullah proposing that they cooperate in helping stabilize Iraq.

Ahmadinejad's comments came as Washington is trying to rally its Arab allies and isolate Iran.

"We, Saudis and other neighboring countries can help the Iraqi people to take the lead to consolidate their government's capability to stabilize and maintain security in their country," Ahmadinejad told the Saudi-owned satellite television channel.

"I sent a message to King Abdullah in this regard and the answer, generally, was positive," the Iranian president said in the interview taped Saturday in Venezuela, one of the countries on his Latin American tour.

Iran's top national security official, Ali Larijani, had delivered a message to Abdullah, the official Saudi Press Agency reported Sunday, but did not reveal its contents.

Iran's overture to Saudi Arabia appeared to be an attempt to counter American efforts to rally its allies in the region and isolate Tehran.

Saudi Arabia has shown increasing alarm over Iran's growing influence in Iraq and across the Arab world, even as it has grown more worried over Iraq's chaos.

The U.S. has previously asked Saudi Arabia to use its close ties to Iraq's Sunni minority to encourage reconciliation with the Shiite-led government. Saudi Arabia has pressed the U.S. to ensure that Shiite militias are reined in.

Secretary of State Condoleezza Rice, ahead of her regional tour, rejected anew proposals for opening a diplomatic dialogue with Iran and Syria as a way to help stabilize Iraq.

She said Iran would demand U.S. concessions on its nuclear program while Damascus would ask for an easing of the U.S. opposition to Syrian policies in Lebanon as a price for cooperation.

Ahmadinejad said the Americans were in "trouble and they are seeking a way to get out of it while ensuring their economic interests and increase their hegemony over the region."

Addressing Iran's nuclear program, Ahmadinejad reiterated that "we are always ready to talk, but if the dialogue is used as a means to impose something which is illegal then they should realize that it is a dead end."

Iranian officials have said that efforts to make Iran roll back its nuclear activities are not legal because it has the right to a peaceful nuclear program as a signatory to the Nuclear Nonproliferation Treaty.

U.S. Bringing Second Carrier To Mideast (AP)

By Jim Krane

AP, January 17, 2007

The deployment of the USS John C. Stennis to the Middle East will put two U.S. aircraft carriers in the Persian Gulf region for the first time since the 2003 Iraq invasion, in a clear response to Iran's aggressive posture in the region.

Defense Secretary Robert Gates said Monday that Iran and other U.S. adversaries believe the U.S. is vulnerable in Iraq, where the Pentagon is preparing to send more than 20,000 additional troops as part of a new security plan that envisions a crackdown on Iranian-backed militias.

Some analysts believe that a U.S. offensive against those militias could trigger retaliatory attacks elsewhere in the region, although the Navy described the deployment in broader strategic terms.

"This demonstrates our resolve to do what we can to bring security and stability to the region," Cmdr. Kevin Aandahl of the U.S. Navy's Fifth Fleet in Bahrain said Tuesday.

Aandahl said the Stennis carrier strike group of eight ships and nine air squadrons would arrive in Mideast waters in a matter of weeks, after crossing the Pacific and Indian oceans.

U.S. diplomats, including Secretary of State Condoleezza Rice, have been touring the region to shore up American credibility. The United States' Arab allies are dismayed over the chaos in Iraq, while a resurgent Iran — the Arab world's centuries-old rival — is supporting militants across the region.

"Rice is promising the U.S. will stand firm against Iran. But without a show of force, without backing these words with muscle, no one will take the U.S. seriously, whether in Tehran or any Arab capital," said Mustafa Alani, a military analyst with the Dubai-based Gulf Research Center. "Now is the time. They have to stand or shut up."

The Stennis strike group, which was previously in line to deploy to the Pacific, will augment another Navy task force in Mideast waters led by the aircraft carrier USS Dwight D. Eisenhower, Aandahl said.

A second U.S. carrier will significantly boost U.S. air power in the region and serve to remind Iran of American firepower. Its arrival will give the Pentagon two carriers in the region for the first time since 2003, Aandahl said.

After departing Tuesday from its homeport of Bremerton, Wash., the Stennis will stop in San Diego to pick up an air wing of more than 80 planes, including F/A-18 Hornet and Superhornet fighter-bombers, the Navy said.

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The Stennis could also shore up air cover for U.S. and NATO ground troops in Afghanistan, now relying on about 20 ground-based warplanes after the Eisenhower was sent to the Somali coast.

Britain sent two Royal Navy mine sweepers to the Gulf last month. The Pentagon said it is also sending an additional Patriot anti-missile battalion to a U.S. allied Gulf Arab country, as well as 21,500 more U.S. troops to Iraq.

In Brussels on Monday, Gates indicated that Iran's perception of U.S. vulnerability in the region was part of the reason the Pentagon needs to dispatch the Stennis and the Patriot missiles.

"The Iranians clearly believe that we are tied down in Iraq, that they have the initiative, that they are able to press us in many ways," Gates said.

Patriots defend against short-range missiles of the type that Iran could use to hit U.S. bases in the Gulf. The Pentagon has not said exactly where the Patriots will be based.

The escalating American combat power doesn't mean Washington is bent on a showdown with Tehran, Alani said. But the Pentagon may be preparing for tough U.S. action against Iranian-backed militias in Iraq, and the retaliation by Iran that could follow.

"They're not trying to pick a fight" with Iran, Alani said. "But if Iran makes any mistakes, the U.S. will deal with them."

Iran has denounced the Patriot deployment as part of U.S. plan to turn Arab countries into the front line of defense for Israel.

In December, Tehran's top national security official, Ali Larijani, asked Arab leaders to shut down U.S. military bases in the Gulf and instead join a security alliance with Iran. Gulf leaders have shown no inclination to give up their U.S. security umbrella.

The Stennis and its 3,200 sailors lead a strike group consisting of the guided-missile cruiser USS Antietam, three Navy destroyers — the USS O'Kane, Preble and Paul Hamilton — the submarine USS Key West, the guided-missile frigate USS Rentz, as well as the supply ship USNS Bridge, the Navy said.

Washington will keep two carriers in the Middle East "as long as the situation demands it," Aandahl said. A typical carrier deployment lasts six months.

The United States maintains nearly 40,000 troops in Gulf countries other than Iraq, including about 25,000 in Kuwait, 6,500 in Qatar, 3,000 in Bahrain, 1,300 in the United Arab Emirates and a few hundred in Oman and Saudi Arabia, according to figures from the Dubai-based Gulf Research Center.

AP: Iran Gets Army Gear In Pentagon Sale (AP)

By Sharon Theimer

AP, January 17, 2007

Fighter jet parts and other sensitive U.S. military gear seized from front companies for Iran and brokers for China have been traced in criminal cases to a surprising source: the Pentagon.

In one case, federal investigators said, contraband purchased in Defense Department surplus auctions was delivered to Iran, a country President Bush has branded part of an "axis of evil."

In that instance, a Pakistani arms broker convicted of exporting U.S. missile parts to Iran resumed business after his release from prison. He purchased Chinook helicopter engine parts for Iran from a U.S. company that had bought them in a Pentagon surplus sale. Immigration and Customs Enforcement agents say those parts did make it to Iran.

Sensitive military surplus items are supposed to be demilitarized or "de-milled" — rendered useless for military purposes — or, if auctioned, sold only to buyers who promise to obey U.S. arms embargoes, export controls and other laws.

Yet the surplus sales can operate like a supermarket for arms dealers.

"Right Item, Right Time, Right Place, Right Price, Every Time. Best Value Solutions for America's Warfighters," the Defense Reutilization and Marketing Service says on its Web site, calling itself "the place to obtain original U.S. Government surplus property."

Federal investigators are increasingly anxious that Iran is within easy reach of a top priority on its shopping list: parts for the precious fleet of F-14 "Tomcat" fighter jets the United States let Iran buy in the 1970s when it was an ally.

In one case, convicted middlemen for Iran bought Tomcat parts from the Defense Department's surplus division. Customs agents confiscated them and returned them to the Pentagon, which sold them again — customs evidence tags still attached — to another buyer, a suspected broker for Iran.

"That would be evidence of a significant breakdown, in my view, in controls and processes," said Greg Kutz, the Government Accountability Office's head of special investigations. "It shouldn't happen the first time, let alone the second time."

A Defense Department official, Fred Baillie, said his agency followed procedures.

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"The fact that those individuals chose to violate the law and the fact that the customs people caught them really indicates that the process is working," said Baillie, the Defense Logistics Agency's executive director of distribution. "Customs is supposed to check all exports to make sure that all the appropriate certifications and licenses had been granted."

The Pentagon recently retired its Tomcats and is shipping tens of thousands of spare parts to its surplus office — the Defense Reutilization and Marketing Service — where they could be sold in public auctions. Iran is the only other country flying F-14s.

"It stands to reason Iran will be even more aggressive in seeking F-14 parts," said Stephen Bogni, head of Immigration and Customs Enforcement's arms export investigations. Iran can produce only about 15 percent of the parts itself, he said.

The GAO, the investigative arm of Congress, found it alarmingly easy to acquire sensitive surplus. Last year, its agents bought $1.1 million worth — including rocket launchers, body armor and surveillance antennas — by driving onto a base and posing as defense contractors.

"They helped us load our van," Kutz said. Investigators used a fake identity to access a surplus Web site operated by a Pentagon contractor and bought still more, including a dozen microcircuits used on F-14 fighters.

The undercover buyers received phone calls from the Defense Department asking why they had no Social Security number or credit history, but they deflected the questions by presenting a phony utility bill and claiming to be an identity theft victim.

The Pentagon's public surplus sales took in $57 million in fiscal 2005. The agency also moves extra supplies around within the government and gives surplus military gear such as weapons, armored personnel carriers and aircraft to state and local law enforcement.

Investigators have found the Pentagon's inventory and sales controls rife with errors. They say sales are closely watched by friends and foes of the United States.

Among cases in which U.S. military technology made its way from surplus auctions to brokers for Iran, China and others:

_Items seized in December 2000 at a Bakersfield, Calif., warehouse that belonged to Multicore, described by U.S. prosecutors as a front company for Iran. Among the weaponry it acquired were fighter jet and missile components, including F-14 parts from Pentagon surplus sales, customs agents said. The surplus purchases were returned after two Multicore officers were sentenced to prison for weapons export violations. London-based Multicore is now out of business, but customs continues to investigate whether U.S. companies sold it military equipment illegally.

In 2005, customs agents came upon the same surplus F-14 parts with the evidence labels still attached while investigating a different company suspected of serving as an Iranian front. They seized the items again. They declined to provide details because the investigation is still under way.

_Arif Ali Durrani, a Pakistani, was convicted last year in California in the illegal export of weapons components to the United Arab Emirates, Malaysia and Belgium in 2004 and 2005 and sentenced to just over 12 years in prison. Customs investigators say the items included Chinook helicopter engine parts for Iran that he bought from a U.S. company that acquired them from a Pentagon surplus sale, and that those parts made it to Iran via Malaysia. Durrani is appealing his conviction.

An accomplice, former Naval intelligence officer George Budenz, pleaded guilty and was sentenced in July to a year in prison. Durrani's prison term is his second; he was convicted in 1987 of illegally exporting U.S. missile parts to Iran.

_State Metal Industries, a Camden, N.J., company convicted in June of violating export laws over a shipment of AIM-7 Sparrow missile guidance parts it bought from Pentagon surplus in 2003 and sold to an entity partly owned by the Chinese government. The company pleaded guilty, was fined $250,000 and placed on probation for three years. Customs and Border Protection inspectors seized the parts — nearly 200 pieces of the guidance system for the Sparrow missile system — while inspecting cargo at a New Jersey port.

"Our mistake was selling it for export," said William Robertson, State Metal's attorney. He said the company knew the material was going to China but didn't know the Chinese government partially owned the buyer.

_In October, Ronald Wiseman, a longtime Pentagon surplus employee in the Middle East, pleaded guilty and was sentenced to 18 months in prison for stealing surplus military Humvees and selling them to a customer in Saudi Arabia from 1999 to 2002. An accomplice, fellow surplus employee Gayden Woodson, will be sentenced this month.

The Humvees were equipped for combat zones and some weren't recovered, Assistant U.S. Attorney Laura Ingersoll said.

_A California company, All Ports, shipped hundreds of containers of U.S. military technology to China between 1994 and 1999, much of it acquired in Pentagon surplus sales, court documents show. Customs agents discovered the sales in May 1999 when All Ports tried to ship to China components for guided missiles, bombs, the B-1 bomber and underwater mines. The company and its owners were convicted in 2000; an appeals court upheld the conviction in 2002.

Rep. Christopher Shays, R-Conn., called the cases "a huge breakdown, an absolute, huge breakdown."

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"The military should not sell or give away any sensitive military equipment. If we no longer need it, it needs to be destroyed — totally destroyed," said Shays, until this month the chairman of a House panel on national security. "The Department of Defense should not be supplying sensitive military equipment to our adversaries, our enemies, terrorists."

It's no secret to defense experts that valuable technology can be found amid surplus scrap.

On a visit to a Defense Department surplus site about five years ago, defense consultant Randall Sweeney literally stumbled upon some that shouldn't have been up for sale.

"I was walking through a pile of supposedly de-milled electrical items and found a heat-seeking missile warhead intact," Sweeney said, declining to identify the surplus location for security reasons. "I carried it over and showed them. I said, 'This shouldn't be in here.'"

Sweeney, president of Defense and Aerospace International in West Palm Beach, Fla., sees human error as a big problem. Surplus items are numbered, and an error of a single digit can make sensitive technology available, he said. Knowledgeable buyers could easily spot a valuable item, he added: "I'm not the only sophisticated eye in the world."

Baillie said the Pentagon is working to tighten security. Steps include setting up property centers to better identify surplus parts and employing people skilled at spotting sensitive items. If there is uncertainty about an item, he said, it is destroyed.

Of the 76,000 parts for the F-14, 60 percent are "general hardware" such as nuts and bolts and can be sold to the public without restriction, Baillie said. About 10,000 are unique to Tomcats and will be destroyed.

An additional 23,000 parts are valuable for military and commercial use and are being studied to see whether they can be sold, Baillie said.

Asked why the Pentagon would sell any F-14 parts, given their value to Iran, Baillie said: "Our first priority truly is national security, and we take that very seriously. However, we have to balance that with our other requirement to be good stewards of the taxpayers' money."

Kutz, the government investigator, said surplus F-14 parts shouldn't be sold. He believes Iran already has Tomcat parts from Pentagon surplus sales: "The key now is, going forward, to shut that down and not let it happen again."

French Visit To Tehran, Seen As Diplomatic Faux Pas, Is Aborted (NYT)

By Elaine Sciolino

The New York Times, January 17, 2007

PARIS, Jan. 16 — At a time when most world powers have forged a united front against Iran because of its nuclear program, President Jacques Chirac arranged to send his foreign minister to Tehran to talk about a side issue, then abruptly canceled the visit earlier this month in embarrassing failure.

Mr. Chirac's troubles stemmed from his deep desire to help resolve the crisis in Lebanon before his term runs out in May. To that end, he decided to seek the support of Iran, which, along with Syria, backs the radical Shiite organization Hezbollah, three senior French officials said in describing the effort.

So he planned to send Foreign Minister Philippe Douste-Blazy to Tehran, only to call off the trip two days before it was to have taken place, said the officials, who spoke on condition of anonymity because they are not authorized to speak publicly on diplomatic issues.

Both Mr. Douste-Blazy and senior Foreign Ministry officials concluded that such a trip was doomed to fail and that it would send the wrong signal just weeks after the United Nations Security Council unanimously approved sanctions intended to curb Iran's nuclear program, they added.

That put Mr. Douste-Blazy in the uncomfortable position of having to tell Mr. Chirac that he did not want to go, one senior official said.

"This is not French diplomacy at its best," the official said of the initiative, which was disclosed in the newspaper Le Monde on Tuesday afternoon.

When Mr. Douste-Blazy visited Saudi Arabia and Egypt this month, the foreign ministers of both countries also informed him that they strongly opposed any such initiative.

Prince Saud al-Faisal, the Saudi foreign minister, was so determined to stop the visit that he spoke to Mr. Douste-Blazy in uncharacteristically blunt terms — "I am going to tell you, do not go" — according to a senior official familiar with the conversation.

The French plan contradicted the Bush administration strategy of trying to isolate and punish Iran. Rather than negotiating with Tehran, the United States is building up American forces in the Persian Gulf, persuading many international businesses to cut off dealings with Iran and trying to curtail Iranian operations in Iraq.

The Bush administration apparently was not consulted in advance about the plan, and Stephen J. Hadley, the Bush administration's national security adviser, protested to Jean-David Levitte, France's ambassador in Washington.

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In subsequent communications with R. Nicholas Burns, the under secretary of state for political affairs, and Craig R. Stapleton, the American ambassador to France, the Foreign Ministry gave assurances that it was trying hard to ensure that Mr. Douste-Blazy did not travel to Iran.

Iran, meanwhile, has officially expressed its displeasure that the trip was canceled.

For the moment, Jean-Claude Cousseran, a former head of France's foreign intelligence service and former ambassador to Egypt, is planning to make the trip to Tehran, leaving open the face-saving possibility that the foreign minister could follow at a later, unspecified, date, a senior French official said.

But the initiative is so ad hoc and divisive that one senior official said even Mr. Cousseran's trip might not take place.

Mr. Chirac's initiative is surprising because he has consistently taken a hard line against Iran and its nuclear program, privately expressing the view that the Islamic republic cannot be trusted. While other global players, including Russia and China, regularly send senior officials to Tehran, France had joined with Britain, Germany and the United States in pressuring Iran to suspend its uranium enrichment activities or face sanctions in the Security Council. In fact, France largely drafted the initial resolution in tough language that was watered down in the end.

French officials stressed that discussion of Iran's nuclear program was not part of the new initiative, and that Mr. Chirac was simply trying anything he could think of to help Lebanon, where about 1,700 French troops are stationed as part of a United Nations peacekeeping force.

Mr. Chirac's interest in Lebanon is described by some of his close aides as an obsession, and he seems driven to help bolster its weak government before his presidential mandate ends, even if it means courting Tehran.

Specifically, Mr. Chirac would like Iran's help to curb the activities of Hezbollah. He also wants to win Iran's support for an international tribunal to try the killers of Lebanon's former prime minister, Rafik Hariri, who was a close friend.

Mr. Chirac has repeatedly ruled out any dialogue with Syria, which he blames for Mr. Hariri's assassination.

On Jan. 25, Mr. Chirac is playing host to an international donors' conference for the reconstruction of Lebanon, and he is determined that it be a success. Neither Iran nor Hezbollah, which is part of the Lebanese government, have been invited.

But Hezbollah and its backers in Lebanon have relentlessly criticized the government of Prime Minister Fouad Siniora, saying it has lost its legitimacy and calling on it to resign.

Mr. Douste-Blazy's visit would have been a diplomatic coup for Iran. The last time France sent a senior delegation to Tehran was in October 2003, when Dominique de Villepin, who was then foreign minister, spent less than a day there along with his British and German counterparts.

The trio announced an ambitious nuclear plan aimed at rewarding Iran with political, economic and security incentives in return for the suspension of its uranium enrichment activities. The plan foundered after Iran rejected international demands to stop making enriched uranium, which can be used to make energy or nuclear weapons.

The French initiative on Iran underscores the disarray of French foreign policy as Mr. Chirac nears the end of his second term as president.

It had been developed inside Élysée Palace by Maurice Gourdault-Montagne, Mr. Chirac's national security adviser. When Mr. Gourdault-Montagne met with Iran's foreign minister, Manouchehr Mottaki, on the fringes of a security conference in Bahrain last month, Mr. Mottaki suggested that Mr. Douste-Blazy visit Tehran.

Mr. Douste-Blazy met with Mr. Mottaki twice last year, in Lebanon and at the United Nations. But Mr. Douste-Blazy concluded that it would be impossible to meet with him in Iran, particularly after he was told that Mr. Mottaki was the Iranian official who opened a conference on Holocaust denial in Tehran that was condemned around the world.

Senators Denounce Bush Policy Limiting Refuge For Iraqis (NYT)

By Rachel L. Swarns

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — Senate lawmakers sharply criticized the Bush administration on Tuesday for failing to provide refuge in the United States for the most vulnerable of the Iraqis fleeing the violence at home.

The United Nations estimates that two million Iraqis have fled the country and that 1.7 million are currently displaced within the country. Of those, roughly 500,000 have been displaced since February, with roughly 40,000 to 50,000 more fleeing their homes each month. Among them are Iraqis who have been threatened or attacked for working with American troops and companies.

In testimony before the Senate Judiciary Committee, Ellen Sauerbrey, an assistant secretary of state, acknowledged that only 466 Iraqis had been admitted as refugees since the American invasion of Iraq in 2003. She said that expanding the resettlement of vulnerable Iraqis in the United States was "a top priority."

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Ms. Sauerbrey said the State Department was considering several options, including offering the Iraqis refugee or other special status, and expediting the processing of Iraqi religious minorities and of refugees who have worked for the American government.

The bipartisan panel of senators called for prompt action, warning that the United States was abandoning many Iraqis who had helped the United States — as translators, guides and contractors — at great personal risk.

Two Iraqis who were recently granted political asylum in the United States testified at the hearing about being threatened and beaten before they escaped their country.

Several senators and some outside witnesses also called on the United States to increase its assistance for Iraqi refugees and to support an international conference to address the crisis. The conference, which would be held by the United Nations, would most likely include Syria and Iran, which have received hundreds of thousands of Iraqi refugees but are also viewed by the Bush administration as sponsors of the insurgency in Iraq.

"We have a special obligation to keep faith with the Iraqis who have bravely worked for us and have often paid a terrible price for it by providing them with safe refuge in the U.S.," said Senator Edward M. Kennedy, the Massachusetts Democrat who leads the Judiciary Committee's immigration subcommittee.

Senator Arlen Specter, Republican of Pennsylvania, asked Ms. Sauerbrey why the Bush administration was not doing more. "That's a very small percentage of those who are in need," Senator Specter said of the number of Iraqis resettled in the United States.

He raised particular concerns about the status of 20,000 available refugee slots for the current fiscal year, which have yet to be allocated to any refugee group. "Why not use them now when there is such a crushing need?" Mr. Specter asked.

Ms. Sauerbrey said it was still uncertain whether financing would be provided for those slots. She also said a rigorous and often time-consuming process of security screening to distinguish bona fide refugees from terrorists had slowed the resettlement of Iraqis and discouraged the United Nations from screening applicants and referring them to American officials.

From Feb. 1, 2003, through Sept. 30, 2006, the United Nations screened 3,964 Iraqi refugees for resettlement to various nations, with Australia accepting the largest number. Of that group, only 483 were referred to the United States because of long processing times for resettlement. The United States admitted 202 Iraqi refugees last year, officials said.

Ms. Sauerbrey said Iraqis would fill most of the 20,000 refugee slots, if the financing for those slots becomes available. "We are working very diligently," said Ms. Sauerbrey, who oversees the State Department's bureau of population, refugees and migration. "This issue is the very top priority in my bureau."

Pressure on the Bush administration has been mounting in recent weeks, with advocacy groups and some former government officials calling for the United States to accept a larger share of the refugee burden. Most Iraqi refugees have fled to neighboring countries like Syria and Jordan. But those countries are staggering under the load.

Within the Bush administration, there was, until quite recently, considerable hope that improving security in Iraq would lead many of the displaced to return home. In the Bush administration's proposed report on refugee admissions, which was submitted to Congress last fall, officials said they hoped that "significant numbers of Iraqi refugees will ultimately be able to return to Iraq."

That view has changed, officials say.

"At present more Iraqis are fleeing their homes to other areas of Iraq and to neighboring countries than are returning," Ms. Sauerbrey said.

Senate Panel Seeks Asylum For Iraqis (WT)

By Jon Ward

The Washington Times, January 17, 2007

Senators yesterday urged a State Department official to expedite the flow of Iraqi refugees into the U.S., a process that has been slowed to a trickle by security measures designed to stop terrorists from entering the country.

"One of the reasons you are seeing so few Iraqis come into the United States since 2003 is because of an enhanced security review," said Ellen R. Sauerbrey, assistant secretary of state for population, refugees and migration policy.

During Iraqi dictator Saddam Hussein's rule, about 37,000 Iraqis were granted asylum in the U.S., she told the Senate Judiciary Committee. Since Congress passed a 2003 law mandating stricter screening of immigrants, however, only 466 Iraqis have made their way to America, she said.

Meanwhile, a humanitarian crisis has been brewing in the war-torn country, Mrs. Sauerbrey said. One million to 2 million of Iraq's roughly 27 million people have been displaced by an increasingly vicious sectarian conflict between Shi'ites and Sunnis.

"We bear a heavy responsibility for their plight," said Sen. Edward M. Kennedy, Massachusetts Democrat and committee member. "America must respond."

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Mrs. Sauerbrey said the refugee crisis began to develop in February, when the bombing of a prominent Shi'ite mosque in the city of Samarra heightened sectarian fighting.

"I came into my position just about exactly a year ago, and at that time, we were touting the fact that repatriation was so successful because most of the resources that we were sending at that time were to return people. And a very large number of Iraqis were returning to Iraq," Mrs. Sauerbrey said.

Mr. Kennedy and Sen. Arlen Specter, Pennsylvania Republican, pressed Mrs. Sauerbrey to do more for the refugees.

"Our nation is spending $8 billion a month to wage the war in Iraq. Yet to meet the urgent humanitarian needs of the refugees who have fled the war, the State Department plans to spend only $20 million in the current fiscal year," Mr. Kennedy said.

Mrs. Sauerbrey said the U.S. government is most focused on aiding Iraqi refugees who have fled to neighboring countries but is looking at ways to allow more Iraqis into the United States.

"We are looking at special visas, we are looking at special benefit parole, we are looking at some way to do special in-country processing [in Iraq]," she said, adding that unrest makes it hard to run a stable processing operation.

Two Iraqi men who worked with American military forces, and then fled their country after being hunted by insurgents, testified before the panel.

One Iraqi man, using the name Sammy and testifying behind a large wooden panel to protect his identity, was a 27-year old Sunni who translated for U.S. troops in Mosul. He was targeted for execution by insurgents and fled to the U.S. from Iraq under a special immigrant translator visa.

"My hope is that all brave Iraqis who work and brave so much will have the same chance I have to live in freedom," Sammy said.

Mr. Specter, the ranking Republican on the panel, said more should be done to educate Iraqis about this visa, because few know about it.

Iraqi Refugee Crisis Seen Deepening (WP)

By Ann Scott Tyson

The Washington Post, January 17, 2007

Iraq is emerging as one of the fastest-growing refugee crises in the world, with an estimated 1.7 million Iraqis displaced from their homes and up to 100,000 fleeing the country to Jordan, Syria and other nations amid intensifying sectarian violence, U.S. officials and experts testified yesterday.

Yet the United States has allowed only 466 Iraqis to immigrate under refugee status since 2003 -- including 202 out of 70,000 slots for refugees last year -- in part because of more stringent security screenings, officials said at a hearing of the Senate Judiciary Committee.

Democratic lawmakers and advocates for refugees called for increased U.S. funding and other initiatives to help the fleeing Iraqis, and in particular those who have risked their lives working with American forces.

"We should not repeat the tragic and immoral mistake from the Vietnam era and leave friends without a refuge and subject to violent reprisals," said Sen. Patrick J. Leahy (D-Vt.), the committee's chairman. The Bush administration has $20 million in its fiscal 2007 budget for Iraqi refugee assistance; the United States is spending $8 billion a month on the wars in Iraq and Afghanistan.

The refugee explosion predicted by the United Nations that did not materialize immediately after the U.S.-led invasion of Iraq is taking place now, Ellen R. Sauerbrey, the assistant secretary of state for population, refugees and migration, told the committee.

The exodus of Iraqis from their neighborhoods and across international borders has burgeoned since the February bombing of a Shiite shrine in Samarra ignited widespread killings between religious sects, reversing an earlier trend in which 300,000 Iraqis returned to their homeland from 2003 through 2006, Sauerbrey said.

"Due to the upsurge in sectarian violence in 2006, this trend of repatriation has reversed itself, and at present more Iraqis are fleeing their homes to other areas of Iraq and to neighboring countries than are returning," Sauerbrey said.

As many as 2 million Iraqis have fled the country in recent years and before the war, including about 700,000 to Jordan and 600,000 to Syria, nations that have taken the bulk of the exodus, according to the Office of the U.N. High Commissioner for Refugees. Many of the refugees have been "left with minimal resources and are living on the margins," Sauerbrey said, with children lacking access to school and adequate health care.

The most practical, immediate way to alleviate the crisis is to step up aid for refugees in these host countries to ensure they do not close their borders, officials and experts said, calling for a regional conference on the topic.

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"We have to focus on ways to accommodate them in the countries nearby -- Egypt, Syria, Jordan, Lebanon," said Ken Bacon, president of Refugees International. "Otherwise they will be rejected, and there will be no safety valve whatsoever," said Bacon, who called for the Bush administration to double its contribution to the UNHCR budget for Iraqi displacement.

Still, Democratic lawmakers stressed that the United States can and should do more to resettle Iraqis in this country.

"We have a special obligation to keep faith with the Iraqis who have bravely worked for us -- and have often paid a terrible price for it -- by providing them with safe refuge in the U.S.," said Sen. Edward M. Kennedy (D-Mass.), chairman of the committee's immigration panel.

Still, two Iraqis who testified yesterday -- using pseudonyms and speaking from behind a screen to protect their identities -- illustrated how difficult it is for even the most loyal Iraqi allies to gain sanctuary in the United States.

One man, a 42-year-old truck driver who delivered water to U.S. military forces, recounted how insurgents had blocked his truck one morning, beat him and broken the arm of his son, and threatened to kill him if he kept working for the Americans. "I stayed up every night" afterward watching for attackers, he said, but continued delivering water.

Five months later, he said, insurgents stopped him again, ordered him to drive to the desert and then beat him unconscious. He then decided to flee Iraq with his wife and six children. After passing through five countries on four continents, the family arrived in the United States two years ago by taxi from Mexico on a fake Greek passport with the aid of smugglers. He was detained by U.S. authorities but finally gained asylum.

Another man, a 27-year-old interpreter for the U.S. military, was targeted for assassination, he testified. Fleeing Mosul "just hoping to stay alive," he was injured by a car bomb. He won U.S. asylum after an Army general intervened.

"Without our translators, we are deaf and dumb," testified Marine Capt. Zachary J. Iscol. Iscol's interpreter faced death threats and risked his life at Iscol's side during a battle in Fallujah but has not gained refuge in the United States.

Few Iraqis Are Able To Find Sanctuary Within The U.S. (LAT)

By Nicole Gaouette

The Los Angeles Times, January 17, 2007

Two years ago, an Iraqi man shepherded his wife and six children onto a bus that would take them to Turkey and away from the militants threatening to kill him for delivering water to the U.S. military.

Five countries, four continents and almost 18 months later, they arrived at the U.S.-Mexico border crossing at San Ysidro. The man, an Iraqi Christian who calls himself John, handed border officials a fake Greek passport and told them that "I was an Iraqi" and "needed their help."

John and his family were granted asylum two months ago, but they are among the very few Iraqis able to resettle in the United States, where laws put in place after Sept. 11, 2001, have made it difficult for refugees to gain entry. The United Nations High Commissioner for Refugees estimates that about 2 million Iraqis have fled their country and an additional 40,000 to 50,000 more leave every month — but only 466 have been granted entry to the United States since 2003.

On Tuesday, John and others testified before a Senate Judiciary Committee hearing intended to highlight the region's refugee crisis, which has gained momentum since sectarian violence increased dramatically last year. Though State Department officials say the problem is one of their top priorities, lawmakers questioned the administration's commitment to the issue, especially regarding Iraqis who worked for the United States.

Drawing comparisons to the refugee problem created after the Vietnam War, lawmakers framed the issue as one of moral obligation, strategic prudence and opportunity — particularly to reopen contacts with Syria, where about 500,000 Iraqis have sought refuge, according to UNHCR.

"We should not repeat the tragic and immoral mistake from the Vietnam era and leave friends without a refuge and subject to violent reprisals," said Sen. Patrick J. Leahy (D-Vt.), chairman of the Judiciary Committee.

"We have a special obligation to keep faith with the Iraqis who have bravely worked for us — and have often paid a terrible price for it — by providing them with safe refuge in the U.S.," said Sen. Edward M. Kennedy (D-Mass.), chairman of the immigration subcommittee.

One new U.S. program offers special immigrant visas to Afghan and Iraqi translators working with the U.S. military, but only 50 are available each year.

The president also sets an annual quota for refugee admissions, including a set number for emergencies. For the 2006 fiscal year, which ended Sept. 30, Bush allocated 70,000 refugee admissions, 5,500 of which were designated for the Middle East and 10,000 of which were for emergencies. About 50,000 refugees were allowed into the U.S. last year, only 202 of whom were from Iraq.

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Ellen Sauerbrey, the State Department's assistant secretary for population, refugees and migration, said a lack of funding was one reason the administration has not gotten anywhere near the admissions ceiling for Iraqis.

Kennedy noted that the administration has budgeted $20 million for Iraqi refugees in fiscal 2007, while it is spending $8 billion a month to wage the war.

Sauerbrey also said that regulations put in place since the Sept. 11 attacks required all refugees to be individually screened by the Department of Homeland Security. "It's one reason so few have been admitted since 2003," she said. "It's made it very difficult ... for people to pass through."

In a separate news conference Tuesday, State Department spokesman Tom Casey responded to a question about the low numbers of Iraqi admissions by saying that "the important thing to understand is that Iraqi refugees are being treated no differently than refugees from any other country in the world."

On Capitol Hill, John, who used only his first name, testified in Aramaic from behind a wooden screen, because he feared for the safety of his family. A Chaldean, or Iraqi Eastern Rite Catholic, John said that persecution was rendering Christianity almost extinct in Iraq and that his family had been "blessed" by asylum in the U.S.

"I ask that you continue to be as gracious to my former countrymen and fellow Chaldeans who have been forced to leave their homes," he said.

Boxer-Rice Exchange Resonates For Women (AP)

By Jocelyn Noveck

AP, January 17, 2007

A "leap backward" for feminism, the White House spokesman calls it. Nothing of the sort, feminists reply. Mean-spirited, say some. Perfectly appropriate, say others.

However one interprets Sen. Barbara Boxer's remark last week to Condoleezza Rice that the secretary of state, single and childless, doesn't have a "personal price" to pay in Iraq, the brief exchange still has people debating.

And for some women, it highlights a larger question: Just how do you define "personal price" when talking about your country's war?

Boxer's comment came during a contentious Senate Foreign Relations Committee hearing last week, as Rice was grilled on Iraq by mostly skeptical senators. "Who pays the price?" asked Boxer, a California Democrat. "I'm not going to pay a personal price. My kids are too old and my grandchild is too young. You're not going to pay a particular price, as I understand it, with immediate family. So who pays the price? The American military and their families."

The reference to Rice's personal status was an instant catalyst for vigorous chatter on blogs, TV and talk radio, ranging from the conservative Rush Limbaugh (Boxer hit "below the ovaries") to the liberal Joy Behar on ABC's "The View" (Rice "deserved it.")

As for Rice, who assured Boxer she understood the sacrifice of military families, she later had a more pointed response, telling Fox News: "Gee, I thought single women had come further than that." On the same network, White House spokesman Tony Snow called Boxer's remark "a great leap backward for feminism."

Not to the country's most prominent feminist, Gloria Steinem, who said Snow's remark "takes your breath away."

"It had nothing to do with feminism," Steinem told The Associated Press. "It was perfectly reasonable, and it could have come from anyone — a grandfather as well as a grandmother. Sen. Boxer was trying to draw a parallel" between herself and the secretary.

For Christina Hoff Sommers, a scholar at the conservative American Enterprise Institute, Boxer's comments were not so much a "leap backward" as merely "mean-spirited and thoughtless," not to mention "sexist and politically absurd."

"She seems to be saying that an unmarried, childless woman should not be involved in decisions that affect traditional families," Sommers said. "By that standard, Susan B. Anthony would be disqualified. And how about Elizabeth I?"

"But I don't expect to hear much protest (from feminists)," said Sommers, "because their left-wing politics always trump their commitment to the cause of women."

Obvious political divides aside, did the Boxer-Rice incident tap into genuine feelings among ordinary Americans? Women interviewed seemed much less ready with a quick verdict on the exchange, but said it evoked struggles they're having in their own hearts and minds.

Linda Martin, owner of a graphics design firm in Miami, hasn't closely followed news of the Boxer-Rice exchange. But she understands what may have motivated Boxer's remarks, which she characterizes as an "emotional way of putting the situation."

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"If you don't have kids, it's hard to put yourself in the position of someone who does," said Martin, 53, who has a 19-year-old son. Martin has opposed the war from the beginning. But as it's gone on, she's grown increasingly fearful that one day, her family might have to confront a reinstated draft.

"It's just this nagging thing at the back of my mind," Martin said. "We still don't have an idea how long this war is going to go on. My husband and I have talked about it: What would happen if there was a draft? It's an awful situation to be in."

Barbara Van Bogart is demographically in the same category as Boxer — children that are too old, and grandchildren too young. Yet asked if the draft is ever on her mind, she said, "You bet it is."

"I feel like we've dodged a bullet with our kids," said Van Bogart, 58, of Seattle, who works in the financial field. "I'm not so sure about our grandchildren. I hope they never, ever have to face this."

Marla Lasine, a year younger than Rice at 51, wasn't offended by Boxer's comments, which she didn't interpret as unfair to the secretary. She emphasizes, however, that as a single woman with no children, she feels a strong personal stake in the war like anyone else.

"This war affects me because it affects the guy next door, who does have children," says Lasine of Ft. Lauderdale, Fla.

"I am not distant from the consequences of this war, because this is the country that I live in."

Former U.N. Oil-for-food Program Chief Charged With Bribery (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, January 17, 2007

NEW YORK -- The former United Nations oil-for-food chief was charged Tuesday with bribery and conspiracy to commit wire fraud for allegedly accepting $160,000 to illegally influence the $64 billion program.

Benon Sevan, 69, of Nicosia, Cyprus, countered through his lawyer that he was a political scapegoat and had accounted for every penny as he successfully ran the largest humanitarian program in U.N. history, helping to save "tens of thousands of innocent people from death by disease and starvation."

The charges were contained in a rewrite of an indictment stemming from the scandal over the program set up from 1996 to 2003 to permit the Iraqi government to sell oil primarily to buy food and medicine for suffering Iraqis.

The program was designed to help Iraqis cope with U.N. sanctions imposed after Saddam Hussein's 1990 invasion of Iraq, but a yearlong investigation concluded that it was corrupted by bureaucrats, oil tycoons and Saddam after the former Iraqi leader was allowed to choose the buyers of Iraqi oil and the sellers of humanitarian goods.

Federal and state prosecutors also announced the indictment of Ephraim Nadler, 79, of Manhattan, on the same charges. The U.N.-appointed investigation said he "alternates among New York, Geneva and Egypt" but his whereabouts were unknown.

Nadler, a brother-in-law of former U.N. Secretary-General Boutros Boutros-Ghali, who is Egyptian, allegedly helped a coconspirator obtain the right to buy Iraqi oil under the program in exchange for commissions from the oil sales and then funneled approximately $160,000 of these oil commissions to Sevan, the indictment said.

Attorney Eric Lewis called Sevan, who had worked for the United Nations for 40 years, "a scapegoat and a distraction from the United States' own massive failures and mismanagement in Iraq." He said Sevan turned over more than $10 billion from the oil-for-food program to the United States when the program ended in 2003 and charged that the money "has effectively vanished and has not been accounted for since then."

Asked about the allegation, Richard Grenell, spokesman for the U.S. Mission to the United Nations, said: "Benon Sevan's record speaks for itself. We will have no further comment."

Lewis said Sevan had fully reported on his U.N. disclosure form that he had accepted as family gifts some $144,000 in cash, beginning more than seven years ago.

If convicted, Sevan could face up to 50 years in prison.

Nadler, who was also charged with conspiracy to commit wire fraud by engaging in prohibited financial transactions with Iraq and violating the International Emergency Economic Powers Act, could face up to 112 years in prison.

U.S. Attorney Michael Garcia said the United States has lodged warrants for the arrest of both men with Interpol and will seek their arrest and extradition to the United States.

Garcia said the charges against Sevan demonstrated "how pervasive the corruption was."

FBI Assistant Director Mark J. Mershon said the indictment brings to 14 the number of individuals charged in the case and "strikes at the heart of the corruption that pervaded the oil-for-food program."

Since 2004, Sevan has been the subject of a U.N.-backed probe of fraud and waste in the oil-for-food program.

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In August 2005, the U.N. investigation led by former U.S. Federal Reserve chairman Paul Volcker accused Sevan of a conflict of interest in his handling of oil-for-food contracts. Sevan resigned from the U.N. that same month and returned to his native Cyprus.

Volcker's investigating committee also accused him of accepting $147,184 in kickbacks for steering the contracts to a company in which Nadler was a director.

It said his finances were "precarious" before the kickbacks started.

An earlier report questioned $160,000 in cash that Sevan said he received between 1999 and 2003 from his aunt in Cyprus. The report called the money "unexplained wealth" and noted that the aunt, who has died, was a retired government photographer living on a modest pension.

His attorney said Sevan knew nothing of Nadler's arrangements and credited his client with bringing reports of surcharges being paid to Saddam's regime to the attention of the U.N. Security Council.

On Feb. 22, South Korean businessman Tongsun Park is scheduled to be sentenced for his conviction on charges he accepted at least $2 million to serve Iraq's interests in the scandal. He could face up to five years in prison.

Assistant U.S. Attorney Stephen Miller told the jury in Park's trial last July that Park was part of a decade-long conspiracy to bring about the lifting of sanctions imposed on Iraq after it invaded Kuwait and brought about the first Gulf War.

Miller said Park used his relationship with Boutros-Ghali to join an effort by Samir A. Vincent, an Iraqi-American, to earn the favor of Iraq and share as much as $45 million in windfall gains if the sanctions were lifted.

Vincent, who testified against Park, has pleaded guilty to federal charges and is cooperating with the government. He testified that Park arranged meetings during 1993 with himself, Boutros-Ghali and Vincent, including three meetings at Boutros-Ghali's Manhattan residence.

Miller told the jury that Park and Vincent arranged a 1993 meeting in Geneva, Switzerland, with Boutros-Ghali and Tariq Aziz, then Iraq's deputy foreign minister, and Barzan al-Tikriti, the half brother of Saddam who then was the Iraqi ambassador to the United Nations in Geneva.

Several others accused in the conspiracy are awaiting trial, including Texas oilman Oscar S. Wyatt Jr., who has pleaded not guilty.

A 623-page final U.N. report documenting massive corruption in the U.N. oil-for-food program cleared Boutros-Ghali, who headed the world body when the oil-for-food program was launched, of accepting bribes.

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Associated Press writer Edith M. Lederer at the United Nations contributed to this report.

Oil-for-Food Chief Faces Bribe Charge (WSJ/AP)

Associated Press

The Wall Street Journal, January 17, 2007

NEW YORK -- The former United Nations oil-for-food chief was charged with taking a $160,000 bribe to influence who could buy Iraqi oil under the scandal-tainted humanitarian program.

The indictment of Benon Sevan, 69 years old, of Nicosia, Cyprus, brings to 14 the number of people charged in the case, and "strikes at the heart of the corruption that pervaded the oil-for-food program," said Federal Bureau of Investigation Assistant Director Mark J. Mershon. Mr. Sevan was charged with bribery and conspiracy to commit fraud.

The $64 billion program ran from 1996 to 2003 and allowed Iraq to sell oil primarily to buy food and medicine for Iraqis suffering under U.N. sanctions. But the operation was riddled with corruption involving bureaucrats, oil tycoons and Saddam Hussein's regime.

Mr. Sevan, who had worked for the U.N. for 40 years, said through his lawyer that he was being made a political scapegoat, and that he had accounted for every penny.

Former Chief Of U.N. Effort Faces Charges Of Corruption (NYT)

By Julia Preston

New York Times, January 17, 2007

Federal prosecutors announced charges yesterday against the former head of the United Nations oil-for-food program, accusing him of receiving $160,000 in kickbacks from sales of Iraqi oil under the government of Saddam Hussein.

The seven-count indictment, unsealed in Federal District Court in Manhattan, was brought against Benon V. Sevan, 69, a Cypriot who served as executive director of the $64 billion aid program from 1997 until mid-2003. He was accused together with

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Ephraim Nadler, 79, a naturalized American citizen born in Egypt, of taking illegal commissions from an Egyptian oil trader in exchange for helping him secure contracts to purchase Iraqi oil. Both were charged with conspiracy and wire fraud.

Mr. Sevan has known for some time that he was under federal investigation. The charges echo an Aug. 8, 2005, report by a commission headed by Paul A. Volcker, a former Federal Reserve chairman, which found that Mr. Sevan had profited from illicit transactions with the trader, Fakhry Abdelnour.

The indictment highlights the lingering corruption scandals at the United Nations in the first weeks of the term of a new secretary general, Ban Ki-moon, a South Korean. The Volcker commission concluded that the United Nations needed "thoroughgoing reform" of its management. So far Mr. Ban has not made clear if he intends to carry out sweeping change.

Mr. Nadler is the brother of Leia Boutros-Ghali, the wife of the former secretary general of the United Nations, Boutros Boutros-Ghali. Mr. Abdelnour is also related to Mr. Boutros-Ghali, who is from Egypt. There is no mention of Mr. Boutros-Ghali in the new charges.

Mr. Abdelnour was the president of a small company, African Middle East Petroleum Company, known as AMEP, and the Volcker commission said Mr. Nadler was its treasurer. The indictment describes an August 2001 transaction in which it says Mr. Abdelnour arranged to purchase one million barrels of oil from Iraq, paying a secret surcharge to Saddam Hussein's government. The charges assert that Mr. Nadler had helped Mr. Abdelnour obtain the contract. (Mr. Abdelnour appears in the indictment as an unidentified co-conspirator, but was identified in the Volcker report.)

Soon after, the indictment says, Mr. Abdelnour transferred $50,000 to a Geneva bank account belonging to Mr. Nadler. At a meeting in Geneva in late August 2001, Mr. Nadler made cash payments of as much as $40,000 to Mr. Sevan, the indictment says.

Mr. Sevan's lawyer, Eric L. Lewis, called the allegations "ludicrous." He said Mr. Sevan had received cash payments in that period from an elderly aunt who was giving away her assets. Mr. Sevan fully declared the gifts in his United Nations financial disclosures, Mr. Lewis said.

"Whatever arrangement Mr. Nadler had with Mr. Abdelnour, Mr. Sevan had no knowledge," Mr. Lewis said. He said the government was trying to distract attention from "financial fraud and ineptitude by the United States in Iraq on an unprecedented scale."

The United Nations program was set up to ease the impact on Iraqi citizens of international sanctions by allowing Iraq to sell oil and use the proceeds to purchase food and medicine. Mark J. Mershon, the assistant director in charge of the F.B.I.'s New York office, said Mr. Sevan's management of the program "was marked by profiteering and profligacy."

After leaving the program, Mr. Sevan remained at the United Nations on a salary of $1 a year while Mr. Volcker's investigation was underway. On Aug. 7, 2005, one day before Mr. Volcker's report was released, Mr. Sevan resigned and moved back to Cyprus.

Federal prosecutors said they would seek his extradition. If found guilty, he faces a maximum of 50 years in prison. Mr. Nadler is also out of the country, but prosecutors did not say where.

Ex-U.N. Official Indicted In Oil-food Scam (WT)

By Betsy Pisik And Jerry Seper

The Washington Times, January 17, 2007

A federal grand jury in New York yesterday indicted Benon Sevan, former administrator of the United Nations' oil-for-food program, on charges of bribery and conspiracy to commit wire fraud, the first criminal charges filed against a U.N. official in connection with the humanitarian program.

The indictment, unsealed in U.S. District Court in New York, also named a brother-in-law of former U.N. Secretary-General Boutros Boutros-Ghali, New York businessman Efraim Nadler, a dual U.S.-Egyptian citizen.

Because both men are assumed to be abroad -- Mr. Sevan in his native Cyprus and Mr. Nadler in Europe -- the U.S. government has lodged arrest warrants with Interpol to extradite them to the United States for trial.

"The oil-for-food program was created to provide critical humanitarian aid to the Iraqi people," said U.S. Attorney Michael J. Garcia in New York. "But the former government of Iraq thoroughly corrupted the program by employing undisclosed Iraqi agents in the United States to try to influence the terms under which the program was adopted and by demanding secret kickbacks from participants in the program during its operation."

Mr. Sevan, 69, is accused of illegally receiving $160,000 "generated from the sale of Iraqi oil under the program -- from Nadler on behalf of the government of Iraq," according to the indictment.

Eric Lewis, an attorney for Mr. Sevan, dismissed the charges, saying the U.S. government is using his client "as a scapegoat and a distraction from the United States' own massive failures and mismanagement in Iraq." He said the money Mr. Sevan is accused of accepting as a bribe was reported to the United Nations years ago as family gifts.

Mr. Nadler, 79, was named on charges of helping an unnamed co-conspirator obtain the right to buy Iraqi oil under the oil-for-food program in exchange for commissions from the oil sales, and then diverting $160,000 of the commissions to Mr. Sevan.

The connections were first exposed in 2005 by the Independent Inquiry Committee -- led by former Federal Reserve Chairman Paul A. Volcker -- investigating the program.

U.N. Secretary-General Ban Ki-moon "would like to convey that the United Nations has been cooperating with the authorities about follow-up to the Volcker reports and the U.N. will continue to do so," said spokesman Farhan Haq. "He reiterates his commitment to have the United Nations uphold the highest ethical standards."

Former Secretary-General Kofi Annan waived Mr. Sevan's immunity upon the request of prosecutors more than a year ago. If convicted, Mr. Sevan faces 50 years in prison and Mr. Nadler faces 112 years, prosecutors said.

Mr. Haq said U.N. officials could be allowed to testify in a case, depending on the circumstances.

The oil-for-food program was a seven-year $64 billion U.N. effort to sell Iraq's oil and buy food and essential goods to alleviate civilian suffering caused by international economic sanctions imposed on Saddam Hussein's government after his 1990 invasion of Kuwait.

The sanctions remained in place, with modifications, until the government was overthrown by U.S.-led coalition forces in 2003.

The program was administered by Mr. Sevan, but its rules were set by Security Council members and its contracts were awarded by Saddam's regime.

Over time, companies were required to give kickbacks to Iraq to win contracts to sell merchandise or buy oil, creating a slush fund for the regime at a time of acute hardship for civilians.

FBI Assistant Director Mark J. Mershon, who heads the bureau's New York office, said the indictment "strikes at the heart of the corruption" that pervaded the oil-for-food program.

"As executive director of the program and undersecretary-general of the U.N., Benon Sevan was responsible for maintaining the program's probity and propriety," Mr. Mershon said. "Instead, his administration of the program was marked by profiteering and profligacy."

The Sevan and Nadler indictments bring to 14 the number of persons charged or convicted in the oil-for-food investigation.

Former U.N. Oil-for-Food Chief Indicted (WP)

By Colum Lynch

The Washington Post, January 17, 2007

The former executive director of the United Nations oil-for-food program in Iraq was indicted yesterday by a Manhattan federal prosecutor for taking about $160,000 in bribes.

Benon V. Sevan of Cyprus is the third U.N. official to be charged with or convicted of crimes in a federal probe of corruption at the world body. Sevan had overseen a $64 billion program created in December 1996 to permit Iraq to sell oil to buy food and medicine and repay billions in war reparations over its 1990 invasion of Kuwait.

Michael J. Garcia, the U.S. attorney from the Southern District of New York, issued a warrant through Interpol for the arrest of Sevan at his home in Cyprus, as well as a warrant for Efraim "Fred" Nadler, a New York businessman who was indicted on charges of channeling the illegal payments to Sevan. Nadler's whereabouts are unknown.

If convicted, Sevan, 69, could face up to 50 years in prison and Nadler, 79, could be sentenced to a maximum of 112 years. Garcia said he would seek their extradition to face charges. Sevan's indictment marks the culmination of a 2 1/2 -year criminal investigation by two New York prosecutors into corruption at the United Nations that has led to the indictment or conviction of 14 people.

"The oil-for-food program was established to provide humanitarian relief to the Iraqi people, not to line the pockets of corrupt officials," said Robert M. Morgenthau, the Manhattan district attorney who participated in the investigation. Garcia said in a statement that the indictment "demonstrates how pervasive the corruption was, and how that corruption undermined the operation of the program."

Sevan's lawyer, Eric L. Lewis, dismissed the charges as "baseless" and said his client is a "scapegoat and a distraction from the United States' own massive failures and mismanagement in Iraq." Lewis said that Sevan -- who served in some of the world's most dangerous capitals during his 40 years at the United Nations -- had previously disclosed the money as a "family gift."

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The U.N. oil-for-food program was marked by scandal. Former Iraqi president Saddam Hussein siphoned at least $2 billion in illegal kickbacks from companies trading in the program, before it was placed under the control of the U.S.-led military coalition that invaded Iraq in March 2003.

Kofi Annan, then the U.N. secretary general, appointed former U.S. Federal Reserve chairman Paul A. Volcker to lead an inquiry into allegations that Iraq granted U.N. officials, including Sevan, lucrative rights to buy discounted Iraqi oil in exchange for favorable treatment.

Volcker accused Sevan of engaging in "a grave conflict of interest" by using his contacts with the Iraqi leadership to steer millions of dollars in contracts to an Egyptian businessman. He accused Nadler -- the brother-in-law of ex-U.N. secretary general Boutros Boutros Ghali -- of channeling nearly $160,000 in proceeds from Iraqi oil sales to Sevan.

The indictment unsealed yesterday affirms some of Volcker's findings, noting that Nadler is alleged to have helped an unnamed co-conspirator "obtain the right to buy Iraqi oil under the oil-for-food program in exchange for commissions from the oil sales, and then allegedly funnelled approximately $160,000 of these oil commissions to Sevan."

Sevan is charged with bribery, wire fraud and conspiracy to commit wire fraud and theft or bribery. Nadler is charged with seven counts of bribery, wire fraud, conspiracy to commit wire fraud and the violation of a 1990 U.N. arms embargo and a 1979 law banning trade with terrorist states. It remains unclear whether Cyprus, which does not have an extradition treaty governing financial crimes with the United States, will surrender Sevan.

Federal authorities announced the indictment as the new U.N. secretary general, Ban Ki Moon, traveled to Washington yesterday to shore up U.N. relations with the United States. Ban told a gathering of Washington Post executives, editors and reporters that he has "a strong and firm commitment" to raise the United Nations to the "highest level of ethical standards." He said he intends to "lead by example," citing a recent pledge to publicly disclose his financial statement each year.

Also yesterday, Ban held his first meeting as secretary general with President Bush, discussing a range of political crises, including Darfur, the Middle East and North Korea. He also pressed Bush to ensure continued U.S. funding for the world body, to support international efforts to halt global warming and to back U.N. efforts to increase assistance to the world's poorest.

Bush welcomed Ban with a slap on the back and urged him to "pick up the phone" and call whenever he wanted to discuss political affairs, according to U.N. sources. He also pressed Ban to have the United Nations play a larger, unspecified political role in Iraq. The U.N. chief responded that while the United Nations is doing everything it can to support Iraq's transition, it is constrained by the lack of security on the ground, the sources said.

"I appreciate so very much how you opened up the discussion with a strong commitment to democracy and freedom," Bush said after the hour-long meeting. "And the United States . . . wants to work with the United Nations to achieve a peace through the spread of freedom."

Ex-Iraqi Minister Back Home After Jail Escape (CHIT)

By Aamer Madhani, Tribune Staff Reporter

Chicago Tribune, January 17, 2007

Engineer returns to work after month of hopping through Mideast countries

After spending four months in an Iraqi prison and pulling off an audacious jail break, Aiham Alsammarae flew quietly back into Chicago and was behind the desk of his Downers Grove engineering firm Tuesday.

In an hourlong interview, the former Iraqi electricity minister who is still wanted on corruption charges in his native Iraq gave new details of his escape. The dramatic jailbreak included a high-speed run to Baghdad International Airport, a private jet that flew him out of the country and back-channel talks with Iraqi politicians.

The Iraqi judge overseeing the case expressed surprise that Alsammarae had turned up in Chicago and vowed to take "all legal measures" to return him to Iraq. "We have undertaken legal procedures to get him back to Iraq because he escaped in an illegal way," said Judge Radhi Hamza al-Ridha, who heads the Public Integrity Commission responsible for prosecuting corruption cases in Iraq.

Alsammarae also said he has reached out to officials in the U.S. attorney's office in Chicago and Washington who have assured him, he says, that they are not interested in sending him back to Iraq. A spokeswoman for the U.S. attorney's office in Chicago declined to comment.

Alsammarae, a dual U.S.-Iraqi citizen from Oak Brook who is accused of misappropriating millions of dollars in Iraqi funds, flew into O'Hare International Airport late Monday.

He had been convicted in October on one charge of misspending public funds that centered on the $200,000 purchase of a generator in southern Iraq months after the U.S.-led invasion. The conviction was overturned in December, but Iraqi authorities

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said they continued to hold him until they could resolve as many as 12 other corruption cases in which they said he was implicated.

Alsammarae said he had been cleared of all charges and that a judge ordered his release. He said he decided to escape after his jailers told him that he would be transferred to another police station for fingerprinting before being released.

"Technically, I did escape, but they were supposed to let me go in a matter of a few hours," said Alsammarae, who added that he had a private jet waiting for him at the airport for a week before his escape. "If I would have let them take me to the other police station, I feared that I would be killed."

The U.S. and Iraq have an extradition treaty, but it was uncertain whether Alsammarae risks being returned to Iraq to face the unresolved charges. A State Department spokesman said the agency was unaware of any requests for extradition. He declined to provide further information about Alsammarae's case citing privacy rules.

Alsammarae, a secular Sunni who ran the Electricity Ministry in the first post-invasion Iraqi government, said throughout his detention that he was vulnerable to kidnapping at the police station where he was being held. He said he would be killed if Iraqi authorities moved him to a jail run by the Shiite-dominated security forces.

Al-Ridha, the Iraqi judge, said the government still had not managed to pin down responsibility for the jailbreak. The Iraqi police guarding Alsammarae have told investigators only that he was whisked away by "foreigners" speaking a language they didn't understand.

Alsammarae escaped Dec. 17 from the police station jail inside the heavily fortified walls of the Green Zone in central Baghdad. He said he enlisted the help of several Iraqis and Westerners.

During the interview Tuesday, Alsammarae said U.S. government officials did not assist him in his escape. He said he did not want to disclose many details of his jailbreak, but confirmed that it took about 2? hours from the time he broke out of the prison to his arrival in Amman, Jordan. The airport is only a few miles away from the Green Zone, but he twice switched cars to avoid being followed. He also changed his clothes before arriving at the airport.

He said he spent about a month between Amman, and Dubai and Abu Dhabi, both in the United Arab Emirates, consulting with Iraqi leaders and U.S. officials before flying back to the U.S.

Alsammarae, who has long been friends with indicted political fundraiser Antoin "Tony" Rezko, also sought to distance himself from allegations that he oversaw Rezko's bid to build a power plant in northern Iraq.

Alsammarae said he learned through news reports that federal authorities are interested in speaking to him about his relationship with Rezko, but he said authorities have made no attempts to contact him. The two have been "good friends" since they met while studying for advanced degrees at the Illinois Institute of Technology in the late 1970s, Alsammarae said.

The power plant was never built and Rezko's $150 million contract is no longer in effect. Alsammarae declined to give further details about the project, but said he would be willing to speak with federal authorities about it. He added that the project was under the Kurdish Regional Government authority and outside his purview.

Nadeem Majeed contributed to this report as did Tribune staff reporters Liz Sly, John Chase and Jeff Coen.

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U.S. Says Attacks Are Surging In Afghanistan (NYT)

By David S. Cloud

The New York Times, January 17, 2007

KABUL, Afghanistan, Jan. 16 — Attacks by militants crossing into Afghanistan from Pakistan have tripled since September along portions of the border, a senior American intelligence official said Tuesday, prompting calls for a greater effort by Pakistan to curb the influx and a larger deployment of American and other NATO soldiers here.

Of particular concern, officials said, has been a rise in attacks by Taliban and other militants from remote and largely ungoverned tribal areas in Pakistan in eastern Afghanistan, where most of the American combat forces in the country are based.

“The border area is a problem,” Defense Secretary Robert M. Gates told reporters after meeting on Tuesday with President Hamid Karzai of Afghanistan. Mr. Gates said more attacks were coming from across the border and from “Al Qaeda networks operating across the border.”

On his first visit to Afghanistan since taking office six weeks ago, Mr. Gates flew by helicopter to a small joint American-Afghan base in Khost Province, less than a mile from the border.

A senior American military intelligence officer, speaking on condition of anonymity, said cross-border attacks had tripled in that part of the border region.

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Staff Sgt. Ronald Locklear, one of the 120 American soldiers at the base, said fighters based in Pakistan "cross the border on a regular basis." He said the base was being hit by rocket and mortar fire at least once a week. Officials said they had evidence that Pakistani border guards ignored infiltration of Taliban fighters.

The senior American commander in Afghanistan, Lt. Gen. Karl Eikenberry, told reporters after meeting with Mr. Gates that he was hopeful that the Bush administration would seek a much larger aid package from Congress for the training of Afghanistan security forces and for reconstruction projects.

Other officials said that the total budget request was likely to be at least twice last year's level of nearly $3 billion, but that the exact number had not been determined.

The resurgence in attacks by Taliban fighters and other militants began last summer and has continued in eastern Afghanistan even this winter, when fighting would normally subside, officials said.

While praising Pakistan as a "strong ally," Mr. Gates said the border problem "clearly has to be pursued with the Pakistani government."

General Eikenberry said that the "enemy is using both sides of the border" and that even after five years of pressing the Pakistani government to shut down Taliban infiltration, "there is no easy solution to the problem."

American commanders say the surge in cross-border attacks has coincided with an agreement reached last September in which the Pakistani government pulled back its soldiers in the North Waziristan region in return for a pledge from tribal elders not to shelter militants or allow them to engage in illegal behavior.

In the two months before the agreement, the senior American intelligence official said, there were 40 cross-border attacks in Khost and Paktika Provinces. But in the two months after the agreement there were 140 attacks.

Pakistan's president, Gen. Pervez Musharraf, has sent 80,000 troops into the Waziristan tribal areas. On Tuesday, shortly before Mr. Gates arrived on the Afghan side of the border, General Musharraf's military announced that it had destroyed three compounds in South Waziristan used by militants as hide-outs.

In a strike shortly before 7 a.m., helicopters hovering above a complex of five compounds fired a volley of missiles, Pakistani officials said. Three compounds were destroyed, but officials gave different figures for the number of dead.

A security official in Peshawar said at least 20 militants had been killed. Maj. Gen. Shaukat Sultan, the chief military spokesman, said 25 to 30 had been killed. But later he told state-run television that the airstrike had killed "eight militants, along with their local supporters."

He said that no ground troops had been involved and that "no high-value targets were believed to be there," a reference to top Qaeda leaders like Osama bin Laden and Ayman al-Zawahri.

Eight bodies were retrieved from the rubble, five of them Afghans and three from the local Kikari Mehsud tribe. Ten wounded people were taken to private hospitals in North Waziristan, officials said.

Addressing a military conference in Rawalpindi, General Musharraf reiterated his resolve to fight terrorism and militancy in his country. "Any hide-out or sanctuary being used by terrorists or miscreants shall be knocked out, wherever it is found," the state-run news agency quoted him as saying.

In Afghanistan, General Eikenberry, who is leaving his post this month as the senior American commander in the country, said American and NATO troops as well as Afghan Army units had inflicted heavy casualties on the Taliban, which he said remained too weak to undertake anything other than hit-and-run attacks or suicide bombings.

The American military intelligence officer disclosed for the first time statistics on the rise in insurgent attacks last year. There were 139 suicide attacks, up from 27 in 2005, and use of roadside bombs more than doubled, to 1,677 last year from from 783 in 2005. The number of what the military calls "direct attacks," meaning attacks by insurgents using small arms, grenades and other weapons, increased to 4,542 last year from 1,558 in 2005.

But even with 21,000 American troops and an additional 20,000 soldiers from other NATO countries, military officials are pushing for more forces before spring, when the Taliban is widely expected to intensify its attacks.

General Eikenberry is seeking to extend the deployment of a 1,200-soldier American battalion, which is halfway through a four-month deployment. The unit, part of the 10th Mountain Division, based in Fort Drum, N.Y., is scheduled to go to Iraq in eight months, but General Eikenberry has argued that he needs the unit to remain in Afghanistan.

Asked about increasing American troop levels in Afghanistan, Mr. Gates said that if military commanders sought more, "I would be strongly inclined to recommend that to the president."

He also urged other NATO counties to fulfill their pledges to send more troops and equipment to Afghanistan. NATO governments still have not sent the additional 1,200 troops that Gen. David Richards, the British commander of NATO forces here, has requested to serve as a reserve force he can send wherever violence flares around Afghanistan, according Mark Laity, a NATO spokesman.

DOJ_NMG_0117478

Gates Visits Kabul, Cites Rise In Cross-Border Attacks (WP)

By Pamela Constable

The Washington Post, January 17, 2007

KABUL, Jan. 16 -- Defense Secretary Robert M. Gates, on his first visit to Afghanistan, said Tuesday that there had been a "significant increase" in cross-border attacks from Pakistan, adding his voice to a chorus of U.S. and international officials who have begun taking Pakistan to task for harboring Islamic insurgents.

Gates praised Pakistan as a "strong American ally in the war on terror," but he also said there was a "problem" in Pakistan's border areas and that "al-Qaeda networks are operating on the Pakistan side." He said that the United States needed to "work with Pakistan" to reduce the violence and attacks emanating from within its borders.

Speaking at a news conference here with Afghan President Hamid Karzai, Gates was the latest of several U.S. and U.N. officials to publicly raise the border issue after several years of international silence because of Pakistan's cooperation in the hunt for al-Qaeda fugitives.

U.S. military officials cited year-end statistics showing a sharp increase in insurgent attacks here, especially by the revived Taliban militia, and predicted a strong new surge of violence in the spring.

Lt. Gen. Karl Eikenberry, the senior U.S. commander in Afghanistan, told journalists traveling with Gates that the number of suicide attacks had increased from 27 in 2005 to 139 in 2006, remotely detonated bombings more than doubled from 783 to 1,677, and armed attacks nearly tripled from 1,558 to 4,542.

The violence led to more than 4,000 deaths in Afghanistan last year. It was by far the bloodiest year in the country since 2001, when a U.S.-led invasion drove the Taliban from power.

Gates, who was sworn in last month as defense secretary, said he would be "strongly inclined" to recommend a troop increase if commanders believe it is needed, the Associated Press reported. Eikenberry said he wanted to extend the combat tours of 1,200 soldiers in Afghanistan to help stem the rising violence, the news service reported. There are currently 24,000 American troops here, 11,000 of them operating under command of the NATO alliance and the rest under U.S. command.

The senior U.S. military spokesman in Kabul, Col. Thomas Collins, said that enemy forces were taking advantage of a peace pact reached in September between Pakistan's government and tribal leaders near the Afghan border. The government had promised the agreement would curb extremist activity and cross-border movements into Pakistan.

Other U.S. military officials said Pakistani forces had been turning a blind eye to insurgent border crossings despite official policies against such activities. In the past, U.S. officials have been reluctant to criticize Pakistan, whose military leaders are under pressure from domestic Islamic and tribal groups that sympathize with the Taliban.

In the past few days, several incidents have appeared to bolster the new international concern about Pakistan's role in violence.

Last Wednesday, officials said, two groups of insurgents were tracked crossing from Pakistan into Afghanistan, where they were attacked by U.S. and Afghan forces. At least 30 insurgents were killed. Taliban officials reportedly called on villagers in the Pakistani tribal areas to hold special funerals for them as Islamic martyrs.

On Tuesday, Afghan police said they caught a suicide bomber attempting to blow up a foreign military compound in Kabul. They said he was from North Waziristan, the Pakistani border region where officials made the truce with local officials in September.

Pakistani officials deny they are abetting Islamic terrorists or cross-border attacks. On Tuesday, the Pakistani army spokesman reported that military forces had attacked an al-Qaeda training camp in North Waziristan, killing 20 to 30 suspected insurgent fighters.

Gates's visit was the third by a senior U.S. official in a week, a flurry of attention that has perplexed many Afghans. Richard A. Boucher, the assistant secretary of state for the region, visited Kabul en route to Islamabad, Pakistan, earlier this week. Sen. Hillary Rodham Clinton (D-N.Y.), a likely presidential candidate in 2008, also visited both capitals.

Strikes On U.S., Afghan Forces Up Fourfold (WT)

By David R. Sands

The Washington Times, January 17, 2007

KABUL, Afghanistan -- Cross-border attacks against U.S. and Afghan forces have increased fourfold since Pakistan signed a pact in September giving tribal groups greater control of some border areas, U.S. military officials said yesterday.

Pakistani officials hailed the agreement that was drawn up as a way to entice local tribe and clan leaders to monitor the porous border in North Waziristan, where the central government has historically had little sway. A similar deal was reached earlier for South Waziristan.

DOJ_NMG_0117479

But U.S. and Afghan officials say the results to date have been very disappointing, predicting 2007 and 2008 would be the most violent years in battling the insurgency since the U.S.-led invasion that toppled the Taliban in early 2002.

"We do have a problem," said Lt. Gen. Karl Eikenberry, commander of U.S. forces in Afghanistan.

Defense Secretary Robert M. Gates, in Kabul for two days of briefings on the security situation in Afghanistan, said after a meeting with Afghan President Hamid Karzai that there was "no question there has been a significant increase in cross-border attacks and it is a problem."

But he added that Pakistan had proven itself a strong ally in the global war on terrorism.

The U.S. commander in Afghanistan said yesterday he wants to extend the combat tours of 1,200 soldiers amid rising violence, and Mr. Gates said he was "strongly inclined" to recommend a troop increase to President Bush if commanders think it is needed.

The defense secretary also said Pakistan must act to stem an increasing flow of Taliban fighters into Afghanistan.

Pakistan's ambassador in Washington, Mahmud Ali Durrani, told The Washington Times on Monday that Islamabad was planning a number of steps to improve border security, including the addition of new border posts and the closing of four Afghan refugee camps located near the border.

Nevertheless, U.S. military officials here were scathing about the results of the Waziristan accords, struck at a time when Taliban forces already were increasing the number and sophistication of their attacks on U.S., NATO and Afghan forces.

Just last week, 150 Islamist fighters in six trucks drove to the Pakistan border and slipped unimpeded into Afghanistan's Khost province for a planned attack on a U.S.-manned forward operating base. The incursion was detected by coalition forces and most of the fighters were killed, but the ease with which they crossed the border upset U.S. officials.

The Taliban's open use of Pakistan as a sanctuary and recruiting base "is critically challenging the ability of the government of Afghanistan to stand itself up," a U.S. military briefer, speaking on background, said yesterday, summarizing the latest intelligence on the insurgent threat. Officials said at least three Taliban- and al Qaeda-affiliated groups were involved in attacks.

Statistics show a startling increase in the number of confrontations with Islamist anti-government forces, which U.S. and NATO officials attribute in part to their own stepped-up operations to find and hit terrorist sanctuaries.

Suicide bombings in Afghanistan jumped from 27 in 2005 to 139 last year, while direct and indirect fire incidents nearly tripled to 6,053. Anti-government forces planted 1,677 improvised explosive devices, or IEDs, last year, compared to just 783 in 2005.

More worrisome, the attacks have not tapered off in the winter months of 2006 as they had in the past.

"The Taliban kind of got their legs under them last year," another U.S. general, also briefing on background, said yesterday.

Both Gen. Eikenberry and Mr. Karzai said Afghan and coalition forces are prepared for another bloody year.

With nearly 23,000 U.S. troops in the country, the American military presence is at an all-time high and Gen. Eikenberry said he is lobbying to keep 1,200 U.S. troops now in the country from being transferred to Iraq.

The general said he thought it was unlikely that the number of U.S. troops in Afghanistan could be brought down before 2009 at the earliest.

Commanders at the NATO-led International Security Assistance Force (ISAF) painted a more optimistic picture, saying a NATO offensive in the summer of 2006 had dealt Taliban forces a major tactical defeat around the southern city of Kandahar. ISAF officials said they had received excellent cooperation from the Pakistan government in the fight.

Pakistani officials in Islamabad said Pakistan's army destroyed suspected al Qaeda hide-outs in an air strike near the Afghan border in South Waziristan yesterday, killing 10 persons, the Associated Press reported.

Mr. Gates yesterday traveled to Afghanistan's eastern mountains to visit Forward Operating Base Tillman, which is named for former Arizona Cardinals football star Pat Tillman, killed by "friendly fire" in a U.S. Special Forces operation in Afghanistan in 2004.

With the Pakistan border clearly visible from the camp, Cpl. Travis Phillips, a mortar gunner from Brazoria, Texas, told Mr. Gates that insurgents had fired "rockets galore" at the base recently, from both Pakistani and Afghan territory.

While U.S. troops can return fire at Pakistani targets in extraordinary situations with top-level clearance, Cpl. Phillips said he had never done so during his time at the base. "You don't want to start an international incident," he said.

In Afghanistan, Commanders Ask For Money In Lieu Of Troops (WSJ)

By Greg Jaffe

The Wall Street Journal, January 17, 2007

DOJ_NMG_0117480

KABUL, Afghanistan -- As the Bush administration presses for a surge of U.S. troops in Iraq, military officials in Afghanistan are proposing a surge of their own. Instead of troops, U.S. commanders here, hoping to counter a sharp rise in attacks by Taliban forces, are seeking as much as $6 billion to build roads and speed development of the Afghan army and police forces.

The request comes as the U.S. has quietly increased the size of its force here to about 24,000 soldiers, the highest level yet. Dim prospects for getting substantially more troops are forcing commanders here to take an approach dramatically different from that in Iraq, where the U.S. plans to surge to a force of about 150,000 soldiers focused largely on Baghdad.

"We are talking about a major infusion of money to get things going where they need to go," a military official said in Kabul. The request is for twice the amount set aside for Afghan aid in 2005. It must be approved by the Bush administration, which could pare it down under pressure to reduce spending, following President Bush's decision to send about 21,500 new soldiers into Baghdad, which is estimated to cost about $5.6 billion.

As a rule, Democrats in Congress have been more sympathetic to requests for aid to Afghanistan than to Iraq, which has access to oil funds. Afghanistan's role in the drug trade could hurt its cause in the Capitol, however, and such a large increase could be harder to sell because of the other demands posed by the Bush administration for the military and foreign aid.

Defense Secretary Robert Gates made his first visit to Afghanistan yesterday to talk with U.S. military and officials of the North Atlantic Treaty Organization about their plan to reverse a steady increase in violence. The number of roadside bombs more than doubled to 1,677 in 2006 from 783 a year earlier, according to a military intelligence official. Suicide bombings have grown in sophistication and increased fivefold during the same period to about 139, the official said.

U.S. military officials say violence along Afghanistan's border with Pakistan has increased threefold to about 75 attacks a month since a September agreement in which Pakistani troops pulled out of the Waziristan region in exchange for a pledge from tribal leaders not to harbor Taliban fighters. "We are seeing evidence that the enemy is taking advantage of the agreement to launch attacks into Afghanistan," said Col. Tom Collins, a U.S. spokesman in Kabul.

Amid the surging violence, the U.S. commander in Afghanistan, Lt. Gen. Karl Eikenberry, said the level of U.S. troops isn't likely to decline. "In fact, these numbers could go up with our growing commitment to the Afghan National Army and police," he said. But U.S. forces are stretched thin by the Iraq surge. NATO troops, which currently number about 20,000 in Afghanistan, are also in short supply.

At the center of Gen. Eikenberry's plan to reduce the violence is the massive road-building campaign, which could cost as much as $2.4 billion. Backers say the work would provide jobs to young men who might otherwise be recruited by the Taliban, and it would connect isolated towns to the central government, making it harder for them to fall under the enemy's sway. When Taliban fighters try to attack road crews, they can be picked off relatively easily by U.S. and Afghan forces, said one commander, who added that road building has become the centerpiece of his operations. It has become a mantra for Gen. Eikenberry that "where the roads end in Afghanistan, the Taliban begin."

To deal with the growing incursions, a battalion of about 800 soldiers from the 10th Mountain Division arrived in Afghanistan late last year for a four-month tour. Recently, Gen. Eikenberry asked that the battalion, which had been scheduled to deploy to Iraq this year, stay in Afghanistan. It is unclear whether his request will be granted. Military officials say they are also short about 2,000 NATO troops, which were pledged by alliance members but not delivered.

Write to Greg Jaffe at greg.jaffe@wsj.com1

Pakistan In Strike Against Taliban (FT)

By Farhan Bokhari And Daniel Dombey

Financial Times, January 17, 2007

Pakistan said on Tuesday it had attacked Taliban and al-Qaeda positions in an airstrike that coincided with a visit to Afghanistan by Robert Gates, the new US defence secretary.

The attack, in the south Waziristan region, near the Afghan border, comes amid mounting western concerns that Nato's struggle against the Taliban cannot be won without greater co-operation from Islamabad.

Last week John Negroponte, the US's director of national intelligence and nominee for deputy secretary of state, said Pakistan remained al-Qaeda's centre for global operations.

Nato officials add that the Taliban retains a command centre in the Quetta area and that Pakistan has become a safe haven for the insurgents, so crippling the alliance's long-term strategy.

Nato is seeking to address such problems in advance of the resumption of Afghanistan's fighting season when the winter snows melt in a few weeks' time.

DOJ_NMG_0117481

This month Shaukat Aziz, Pakistan's prime minister, is due to visit Nato's headquarters, where he is likely to face pressure from Nato nations for increased co-operation. Afghanistan will also be at the centre of meetings of Nato foreign ministers and defence ministers over the next few weeks.

Nato expects a Taliban spring offensive and is seeking to counter it but has experienced severe problems in increasing its 31,000 troops in the country. The US has a further 13,000 troops there focused on counter-terrorism rather than providing security for Afghanistan.

Some diplomats argue that Pakistan is the biggest problem in the Afghanistan conflict, particularly because of the limited remit of Pervez Musharraf, Pakistan's president, in the tribal areas in his country's border region.

Pakistan rejects such claims but has stepped up its activities along the border.

Last week the Pakistani army participated with Nato in a large-scale operation against the Taliban, striking what it said were support units for the insurgents.

In Tuesday's pre-dawn raid, Pakistani military helicopters fired missiles and ammunition at three compounds Pakistan says were being used by Islamist militants.

"The attack was carried out based on information that 25 to 30 miscreants, including foreign elements, were present there," said Major General Shaukat Sultan, head of the military's information wing.

He added that up to eight bodies had been retrieved and 10 others had been wounded. But local tribesmen said the men who had been killed were Afghan woodcutters.

The attack came the morning after Mr Gates arrived in Afghanistan, prompting speculation that it was intended to signal Pakistan's commitment in the battle against the Taliban and al-Qaeda. But on Tuesday US officials said Taliban fighters had exploited a peace deal with the Pakistan government last year in north Waziristan to increase attacks in Afghanistan.

Lieutenant General Karl Eikenberry, Washington's top commander in Afghanistan, said the number of cross-border attacks in north Waziristan last month was triple the level of the same period a year ago.

More than 4,000 people died in the violence in Afghanistan last year, the highest level since the fall of the Taliban in 2001.

"Pakistan is seen as part of a problem but the difficulty for the Americans is that it is also seen as part of the solution" said retired General Talat Masood, a Pakistani commentator on defence and security affairs, referring to Pakistan's role in killing or arresting a large number of militant suspects.

Pakistan Airstrike Targets Tribes (CSM)

By David Montero

The Christian Science Monitor, January 17, 2007

For the second time in a week, the Pakistan Army has rained missiles on suspected militant targets, seeming to confirm in deeds what it has denied in words: That a controversial peace deal with Islamic militants has turned Pakistan's tribal belt into a sanctuary for attacks against Afghanistan.

Tuesday's attack, coming after an attack last week on militant supply trucks, underscores a troubling division of rhetoric and clouded policies on both the Pakistani and American sides that are hampering the war on terror, analysts here said. A peace deal signed with Taliban-linked militants in September of last year, the government said, was supposed to bring peace. Now Pakistani officials appear to be contradicting themselves by targeting the very same militants they were supposed to have appeased.

Similar mixed messages came out of Washington last week. In a blunt written statement to the Senate Select Committee on Intelligence last Thursday, US Director of National Intelligence John Negroponte characterized Pakistan as a base of operations for Al Qaeda and Taliban attacks against Afghanistan. One day later, Richard Boucher, the US assistant secretary of state for south and central Asian affairs, applauded Pakistan's efforts in the war on terror during a visit to Islamabad on Friday. Analysts here say such mixed messages only frustrate the collective efforts of the US and Afghan governments to target Islamist militants.

"Washington needs to get its act together," says Samina Ahmed, the South Asia Project Director for the International Crisis Group. "The government in Pakistan's actions will confuse the message they're trying to send."

Pakistani military intelligence officials said Tuesday morning's airstrike killed up to 20 militants in the village of Zamzola in the restive province of South Waziristan. The attack came hours after US Defense Secretary Robert Gates landed in Afghanistan for talks with President Hamid Karzai.

The timing prompted some observers to speculate whether the attacks were meant as a demonstration of Pakistan's continued cooperation in the face of a growing chorus of criticism from US and NATO officials. Pakistani government offiicials, for their part, rejected suggestions that the airstrikes were anything other than conventional military strategy.

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"This is not related to anything. There is absolutely no way that we would go and kill our own people to please anyone," says Tasneem Aslam, spokeswoman for the Pakistani Foreign Ministry. "There must have been terrorists present," she says.

In another blow to the Taliban Tuesday, Afghan security forces arrested a man who is believed to be Mohammed Hanif, the spokesman for Taliban leader Mullah Mohammad Omar, as he crossed the border from Afghanistan into Pakistan.

The heightened international criticism underscores the Catch-22 in which Pakistan finds itself. "On the one hand, the government is saying that peace is working," says Rahimullah Yusufzai, a prominent journalist in Peshawar. "But it is also admitting that there are militants in the area in hideouts."

The contradictions in officials' statements damage the credibility of Pakistan's military. Analysts say that the differing comments undermine military morale and, even worse, scuttle the already little public support among ordinary Pakistanis for the largely US-led war on terror.

Instead of killing militants, analysts say, the US, Pakistani, and Afghan governments need to set a strong example of justice.

"What you need are arrests made, trials, and transparency. The kinds of thing that send signals to the extremists," says Ms. Ahmed.

Defense Reloads (WSJ)

By Jonathan Karp

The Wall Street Journal, January 17, 2007

Rising Pentagon Spending Quells Talk of Profit Plateau

Defense contractors have enjoyed surging profits in recent years as the government spent heavily to fight wars in Iraq and Afghanistan and combat terrorism in other parts of the world. Recently, some investors have worried that ballooning federal deficits could bring the flush times to an end.

But with the makers of warplanes, tanks and battlefield technology expected to report strong fourth-quarter results beginning next week, the latest Pentagon plans suggest that the long-expected spending plateau is still another year away.

The January financial-reporting season for defense companies traditionally is tricky: It comes just days before the Pentagon unveils its budget for the next fiscal year, a document that frames investor expectations.

Major defense companies are expected to meet or exceed their quarterly targets, given that federal funds spent to buy and develop weapons in the October-to-December quarter rose 19% from the year-earlier period. That surge was in part a result of spending approved for the Iraq war in the previous fiscal year, analysts said.

Record Iraq war funding is likely to boost previously issued conservative profit outlooks for 2007 as well. Despite opposition to the Bush administration's Iraq policy and saber rattling about closer budget scrutiny, Congress's new Democratic leadership doesn't pose an immediate risk for the industry, analysts agree. Democrats are expected to broadly support Pentagon spending, though legislators may make modest trims and modifications to specific weapons programs.

To be sure, even as overall Pentagon spending rises, some of the biggest weapons programs face budget pressure because of cost growth. Potential trims to Boeing Co.'s Future Combat Systems modernization program for the Army or Lockheed Martin Corp.'s Joint Strike Fighter jet are unlikely to have immediate material impact on profits but could influence investors' longer-term outlook.

Even before President Bush announced he is sending extra troops to Iraq, the Pentagon in recent weeks telegraphed an imminent tsunami of spending requests. The fiscal 2008 budget will be followed by two separate emergency war-fund requests, for the current and coming fiscal years. These latest so-called supplemental budgets have wide scope to include weapons development and procurement.

"The outlook for the defense industry in 2007, and probably 2008, is quite good," says Steven Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments, an independent think tank in Washington. Between the annual Pentagon budget and supplemental war requests, weapons purchases will be "about $135 billion in 2007, the highest level since the late '80s," he says, even when adjusted for inflation.

That leaves breathing room for an industry that approached 2007 cautiously. Lockheed, the biggest contractor by sales, had a stellar 2006, and raised its full-year revenue and profit outlook when it reported third-quarter earnings in October. Yet at the time, the Bethesda, Md., aerospace giant outlined modest performance expectations for this year: up to 7.7% sales growth; up to 8.8% in operating-profit growth and a per-share earnings range from flat to 6.4% growth.

That was before the supplemental budget, which includes funds for two of Lockheed's Joint Strike Fighter and for 17 C-130 cargo planes, part of an Air Force request that will extend the production line of the venerable propeller-driven transport. Analysts

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expect Lockheed to beat consensus estimates for the fourth quarter and, along with other defense companies, set more ambitious 2007 financial targets.

Counting weapons research and development, the Pentagon's total investment account is expected to rise 22% to $213 billion, compared with $175 billion in fiscal 2006, according to George Shapiro, a defense analyst at Citigroup Inc.'s Citigroup Global Markets Inc. He foresees a solid 8% boost in weapons spending in the fiscal 2008 annual Pentagon budget, compared with the current year, not including supplemental war funding.

Howard Rubel, a Jeffries & Co. analyst, estimates that average operating margins at the 20 aerospace and defense companies he covers rose to 9.5% in 2006, compared with 8.7% in 2005, and he believes there is room to grow. Per-share earnings grew 16% last year, he predicts, compared with estimates of about 12% for the full Standard & Poor's 500-stock index.

"The aerospace and defense group outperformed the market last year and is likely to deliver double-digit EPS growth again and beat the market again," Mr. Rubel says. Besides the favorable budget environment, he cites: operating improvements, astute cash management through buybacks and debt reduction, and the rebound in commercial aviation. He favors companies with exposure to the Army, where weapons and equipment spending will grow fastest.

Among the five biggest defense contractors, General Dynamics Corp. is benefiting from the surge in both Army and corporate-jet business. The Falls Church, Va., company makes Abrams tanks and Stryker troop carriers, two mainstays of the ground forces in Iraq, and it is positioning itself to be a player in new, smaller Army vehicles. Its Gulfstream unit has fat order backlogs as the demand for high-end business jets spreads globally.

Boeing's airliner business is booming, but its biggest Army program is likely to be trimmed in the coming budget. Future Combat Systems, or FCS, aims to modernize U.S. ground forces with a family of new manned and unmanned vehicles, high-tech sensors and an ambitious wireless data network linking all the pieces. The Boeing-led program, whose cost has grown to an estimated $165 billion, is being reshaped again, though not dramatically: The Army is pulling back on plans for some unmanned aircraft, reviewing ground robotic vehicles and slowing the initial production rate.

People briefed on the Army's budget say FCS is slated to lose about $3 billion between fiscal 2008 and 2012, the planning period covered in the next Pentagon budget. Lockheed's Joint Strike Fighter is getting support for fiscal 2008, Pentagon officials say, but the Air Force and Navy plan to decrease spending on the stealth fighter over the five ensuing years to free up money for other needs.

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Psychologist: Navy Faces Crisis (USAT)

By Gregg Zoroya

USA Today, January 16, 2007

An experienced Navy psychologist warns that the U.S. military does not have enough mental health professionals to meet the growing number of emotionally damaged war veterans.

Moreover, Navy Cmdr. Mark Russell says, many of the mental health professionals on staff lack formal training in core therapies for post-traumatic stress syndrome. Russell predicts a "perfect storm" of dire health care consequences.

From his distant vantage point treating Marines at a base in Iwakuni, Japan, Russell, 46, has been speaking out for three years that the U.S. military faces a mental health crisis in the treatment of its combat veterans.

He has fired off memos to higher command and has gone public with his views, an unusual step for many in the military. Russell discussed his concerns in phone and Internet interviews.

"We cannot provide the standard of care to treat PTSD via psychotherapy when we can barely keep up with new referrals and have to manage crises while filling in for the staffing gaps and vacancies due to deployment, attrition or no billeting," Russell says. "This is why I have been so outspoken."

Addressing the issue

Military mental health officials downplay Russell's grim assessment, noting that training is increasing, aggressive mental health programs are being created, and civilian mental health professionals are being hired to provide additional resources.

"Mark really has a tremendous amount of compassion and a real desire to make sure that everyone gets what they need," says Navy Capt. Warren Klam, a psychiatrist and senior medical officer for mental health at the Naval Medical Center in San Diego and a member of the Mental Health Task Force. "I just think if you look at the bigger picture, it's not nearly as much of a concern as it might sound. I think DOD (Department of Defense) is very sensitive to this issue and is trying to work very hard."

The Navy serves all the medical and mental health needs of the Marine Corps.

Russell says his immediate commanders at the Marine Corps base have been supportive and encouraged him to speak out. Most recently, they arranged for him to testify at a San Diego hearing held by the Pentagon's Task Force on Mental Health.

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Congress authorized the task force to examine mental health care in the military. The title of Russell's presentation was "Perfect Storm."

During that testimony, Russell presented data showing:

•Mental health trauma is on the rise. Army studies show that more than a third of combat-deployed troops seek mental health care when they return home.

•Training for mental health professionals is inadequate. A survey by Russell of 133 military mental health providers done from 2003-05 shows that 90% of the psychiatrists, psychologists and social workers reported no formal training or supervision in four PTSD therapies recommended by the Pentagon and Department of Veterans Affairs.

•Staffing is down. Russell says vacancies remain for mental health providers in the Navy. In addition, psychiatrists and psychologists deployed overseas deplete resources at home, and burnout makes it hard to keep skilled therapists on staff, he says. His concerns were supported by a 2005 Army study showing one of three mental health providers deployed in the war zone report high burnout or low motivation or morale.

Klam says the Army and Navy have emphasized providing mental health counseling in war zones at an unprecedented level.

As a result, he says, the military has a record of returning more than 98% of troops with emotional issues back to their units.

In addition, he says, the Pentagon has aggressively worked to screen troops as they leave the battlefield and after they arrive home to learn about lingering physical or mental problems. Klam says training in the core therapy areas has been increasing.

He concedes, however, that staffing continues to be an issue. His complement of a dozen psychology positions at the medical center is down by half. He has brought in four civilian psychologists to fill in.

Staff shortages

Navy Cmdr. Richard Bergthold, a psychologist, says he has no way to verify Russell's assertions about the broad lack of formal training in key therapies.

Bergthold agreed that recruitment and retention of psychologists and psychiatrists in the Navy is a continuing problem. He says the Navy has 72% of the psychologists and 62% of the psychiatrists it needs, although trainees will raise staffing levels to 85% for psychologists and 91% for psychiatrists.

After Russell raised his concerns, Bergthold says he canvassed several senior mental health officials within the Navy.

"They do not believe we are currently in a crisis," Bergthold says. "However, if the Navy were to stand still and do nothing — which it's not — we would find ourselves quickly overwhelmed. … If we see this conflict go on with an increased number of folks returning with stress disorders, it's a question of mathematics."

Army staffing levels for uniformed psychiatrists and psychologist are at 80%-85%, but the Army has contracted with large numbers of civilian mental health officials to help in assisting soldiers.

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Federal Prosecutors' Resignations Raise Red Flag (LAT)

By Richard Marosi, Times Staff Writer

The Los Angeles Times, January 17, 2007

SAN DIEGO -- The top federal prosecutors in San Diego and San Francisco announced their resignations Tuesday as critics charged the Bush administration with forcing out a growing number of U.S. attorneys without cause.

The U.S. attorneys in San Diego and San Francisco, Carol Lam and Kevin V. Ryan, respectively, did not comment on whether they had been forced to resign. Lam said she would step down Feb. 15; Ryan did not name a date.

Sen. Dianne Feinstein, D-Calif., in a Senate speech Tuesday, said at least five other U.S. attorneys have been forced to resign without explanation. She accused the Bush administration of trying to circumvent Senate confirmation of their replacements.

Such appointments were subject to Senate review until last year when the Patriot Act was reauthorized with a provision that allowed the U.S. attorney general to appoint longer-term, interim replacements without Senate approval.

The departures, Feinstein said, come at a sensitive time when federal prosecutors are pursuing political corruption cases.

"The U.S. attorney's job is too important for there to be unnecessary disruptions, or, worse, any appearance of undue influence," Feinstein said.

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A Justice Department spokesman, Brian Roehrkasse, said senators would be consulted before the nomination of replacements, as has been the routine since the law was changed.

"It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process," Roehrkasse said.

Feinstein said she planned to bring up the issue at a Senate Judiciary committee hearing Thursday at which U.S. Attorney General Alberto Gonzales was scheduled to appear.

Lam, a former judge, oversaw the corruption prosecutions of former U.S. Rep.Randy "Duke" Cunningham, a Republican, and two San Diego City Council members. She was criticized by some U.S. Border Patrol agents who accused her office of not focusing enough attention on immigration and alien-smuggling cases.

Ryan's notable prosecutions included the BALCO steroids case. His office also launched investigations of Silicon Valley giants Hewlett-Packard Co. and Apple Inc.

Times staff writer Rick Schmitt contributed to this report.

Gonzales Discusses Attorney Vacancies (AP)

By Laurie Kellman

AP, January 17, 2007

Senate Democrats want to take away Attorney General Alberto Gonzales' power to replace U.S. attorneys who fall out of favor and return that authority to federal district judges.

Democratic Sens. Dianne Feinstein of California and Mark Pryor of Arkansas complained Tuesday that the White House is using an obscure provision in the newly reauthorized USA Patriot Act to reward Republican political allies with jobs as federal prosecutors.

"The Bush administration is pushing out U.S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements," Feinstein said.

"It appears that the administration has chosen to use this provision, which was intended to help protect our nation, to circumvent the transparent constitutional Senate confirmation process to reward political allies," Pryor said in the joint Democratic statement.

Not true, Gonzales told The Associated Press.

"We are fully committed to ensuring that with respect to every position we have a Senate-confirmed, presidentially appointed U.S. attorney," Gonzales told editors and reporters during an interview Tuesday.

"We in no way politicize these decisions," he added.

U.S. District Court judges, Gonzales said, tend to appoint friends and others not properly qualified to be prosecutors.

Better that judges do the hiring than the White House, say Democrats, who have introduced legislation to return the appointment process to the courts.

The subject is headed for a public airing Thursday when Gonzales appears before the Senate Judiciary Committee for its first oversight hearing of his department since the Democrats took control of Congress.

At issue is whether the administration is using an obscure provision in the terrorism-fighting USA Patriot Act to oust federal prosecutors and replace them for the duration of the Bush administration with White House allies.

The intent of the law was to ensure continuity of law enforcement when federal prosecutors are lost in terrorist attacks or other crises. Under it, the attorney general would be permitted to appoint replacements, indefinitely, without Senate confirmation.

In the year since the reauthorization took effect, 11 federal prosecutors have resigned or announced their resignations - some at the urging of the Bush administration, Gonzales said. He described a range of reasons for ousting sitting U.S. attorneys, from their job performance to their standing in their communities, and noted that federal prosecutors serve at the pleasure of the president.

Gonzales repeatedly cited the Patriot Act when discussing the replacements, but twice refused to say when asked whether any of the personnel changes at issue pertained to national security.

But he stressed that anyone named to replace the departing prosecutors have their jobs only temporarily, pending Senate confirmation. His comments encouraged some Democrats.

"That's good news, if that's the case," Pryor said in a telephone interview later Tuesday. But he stood by his assertion that in his state, the Justice Department improperly ousted U.S. Attorney Bud Cummins (nyse: CMI - news - people) and replaced him with Tim Griffin, a protege of Bush adviser Karl Rove.

Feinstein, meanwhile, complained on the Senate floor Tuesday that U.S. Attorneys Carol Lam of San Diego and Kevin Ryan of San Francisco were ousted from their positions for political reasons. Lam prosecuted and obtained the conviction of former Rep. Randy "Duke" Cunningham, R-Calif.

Justice Dept. Names New Prosecutors, Forcing Some Out (NYT)

By David Johnston

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — The Justice Department is removing several United States attorneys from their jobs, among them Carol C. Lam, the top federal prosecutor in San Diego, who led the corruption prosecution of former Representative Randy Cunningham.

Justice Department officials said Tuesday that Ms. Lam's dismissal had nothing to do with the prosecution of Mr. Cunningham, Republican of California, but was based on her overall record in prosecuting firearms violations and crimes along the California border with Mexico.

But Senator Dianne Feinstein, Democrat of California, said that Ms. Lam and Kevin V. Ryan, the United States attorney from San Francisco, among others, were being pushed out "without cause." Mr. Ryan's office has been investigating the backdating of stock options granted to corporate executives.

Ms. Feinstein said on the Senate floor on Tuesday that Ms. Lam, appointed in 2002, was "a straight shooter and a good prosecutor."

"To my knowledge," Ms. Feinstein said, "there are no allegations of misconduct having to do with Carol Lam. She is a distinguished former judge. Rather, the only explanation I have seen are concerns that were expressed about prioritizing corruption cases over smuggling and gun cases."

Representative Darrell Issa, a Republican from San Diego County who has criticized Ms. Lam's record on illegal immigration, called the Cunningham prosecution "a credit to her leadership and her office" in a statement on Tuesday, but repeated his call for border enforcement and said her replacement "will bring new ideas and new strategies that will benefit our area."

It is not clear how many United States attorneys are being forced out. Ms. Feinstein said the number was 5 to 10; Justice Department officials said the number was lower but would not provide a specific number.

"We in no way politicize these decisions," Attorney General Alberto R. Gonzales told The Associated Press on Tuesday. Other Justice Department officials said some prosecutors were being dismissed and others were leaving voluntarily.

The Justice Department sent a letter defending its actions on Tuesday to Ms. Feinstein and Senator Patrick J. Leahy, Democrat of Vermont, chairman of the Judiciary Committee. "That on occasion in an organization as large as the Justice Department some United States attorneys are removed or are asked or encouraged to resign, should come as no surprise," the letter said. It added that no action had been taken against United States attorneys "to retaliate against them or interfere with or inappropriately influence a particular investigation, criminal prosecution or civil case."

Ms. Feinstein said in her statement that she knew of seven United States attorneys who had been dismissed without cause.

Those the Justice Department officials said had been asked to leave were Ms. Lam, Mr. Ryan, Daniel G. Bogden of Nevada, David C. Iglesias of New Mexico and H. E. Cummins III of Arkansas. Others who are said to be stepping down are Paul K. Charlton of Arizona and John McKay of Washington State. All were appointed by President Bush.

Ms. Feinstein noted that the two Arkansas senators, Mark Pryor and Blanche Lincoln, both Democrats, had raised concerns about Mr. Cummins's replacement, J. Timothy Griffin, who was research director for the Republican National Committee. Justice Department officials said Mr. Griffin had a strong background as a military and civilian prosecutor.

The officials said that most of those being removed were being replaced based on a review of their performance in carrying out Mr. Gonzales's violent crime priorities.

These officials sought to minimize the significance of the action. They said there were frequently changes in the ranks of United States attorneys after an election and that there were often 10 to 15 vacancies among the 93 posts around the country. But as presidential appointees, United States attorneys are rarely removed without a specific reason.

Ms. Feinstein said the departmentmight be removing the prosecutors to take advantage of a little-noticed provision in the 2006 reauthorization of the USA Patriot Act that expanded its authority to make indefinite interim appointments.

Previously, a federal judge would appoint an interim United States attorney to serve until the Senate confirmed the president's nominee. Now the attorney general can nominate someone to serve without confirmation for the remainder of Mr.

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Bush's term. Ms. Feinstein, Mr. Pryor and Mr. Leahy have introduced legislation to restore the role of naming interim prosecutors to the judiciary.

Justice Department officials said that there was no intention to use the law to skirt the confirmation process now that the Senate is in Democratic hands, and that the administration would submit nominees for Senate confirmation.

Lam's Ouster Concerns Lawmakers (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 16, 2007

Senators to seek answers about U.S. attorneys' exits

A national political storm is brewing over the departures of several top prosecutors, including San Diego U.S. Attorney Carol Lam.

Lam has not commented since reports surfaced last week that she was asked to resign as the chief federal law enforcement officer in San Diego.

Sources told The San Diego Union-Tribune that superiors in the Justice Department are unhappy with decreased prosecutions for gun and immigration violations.

Lam, a political independent, was appointed by President Bush in 2002.

In recent months, at least four other U.S. attorneys have announced their departures, two of them confirming that they've been asked to resign.

With reports yesterday that the Department of Justice has demanded the resignation of another top prosecutor, in Las Vegas, Attorney General Alberto Gonzales is scheduled this week to answer questions from skeptical senators.

Democratic lawmakers have criticized the recent departures from the ranks of top federal prosecutors as worrisome.

"We have no idea why this is happening," Sen. Dianne Feinstein, a California Democrat, said in a statement last week. "The attorney general could have a legitimate reason for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations."

A Feinstein spokesman yesterday declined to comment on the situation in San Diego.

Typically, the nation's 93 U.S. attorneys are appointed by the president and confirmed by the Senate, but a provision in last year's Patriot Act allows the attorney general to make interim appointments with indefinite terms.

Feinstein and other senators introduced legislation that would return the power to appoint interim U.S. attorneys to federal judges.

Gonzales is scheduled to testify Thursday before the Senate Judiciary Committee, of which Feinstein is a member.

Both U.S. senators from Nevada said this weekend that U.S. Attorney Daniel Bogden had been asked to step down, according to a report published yesterday in the Las Vegas Review-Journal.

Bogden's spokeswoman wasn't available yesterday, a federal holiday. When asked about her boss' future last week, she told the Union-Tribune "I can't comment on that right now."

Meanwhile, H.E. "Bud" Cummins, the former U.S. Attorney in Little Rock, Ark., said this weekend that he was, asked to leave his job so the Bush administration could fill it with a political appointee.

Cummins said he had planned to leave the post anyway, so was not troubled by the request.

Arkansas' senators, both Democrats, criticized the appointment of Tim Griffin, a former White House lawyer who also worked for the Republican National Committee, as Cummins' successor.

Outgoing New Mexico U.S. Attorney David Iglesias also said he was asked to resign, but without explanation.

Other U.S. Attorneys who recently announced they are leaving include John McKay in Seattle and Paul Charlton in Phoenix. Neither has said he was pushed out; McKay said he would "be returning to the private sector" while Charlton said he was leaving to join a law firm.

Lam's replacement will say a lot about why she was asked to leave, said former San Diego U.S. Attorney Peter Nuñez.

"If they drag in somebody nobody's ever heard of from D.C. or somebody's cousin or some rich guy's nephew, that will tell you more about what happened than anything else," he said.

Feinstein: Administration Forcing Resignation Of Seven U.S. Attorneys (HILL)

By Kelly Mccormack

The Hill, January 17, 2007

Sen. Dianne Feinstein (D-Calif.) lambasted the Bush administration yesterday, saying it is forcing several U.S. attorneys to step down from their posts in order to cherry-pick new political appointments without Senate confirmation.

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On the Senate floor yesterday afternoon, Feinstein scrutinized the activities of the administration, which she says has asked seven U.S. attorneys to resign, without evidence of misconduct.

"The attorney general can nominate someone who [then] goes in without any confirmation hearing by this body and serves as U.S. attorney for the remainder of the president's term in office," Feinstein said. "This is a way, simply stated, of avoiding Senate confirmation of a United States attorney."

In last year's reauthorization of the Patriot Act, a provision was changed to allow interim appointees to serve indefinitely, instead of limiting an appointed U.S. attorney's tenure to 120 days. Previously, the Department of Justice (DoJ) could appoint an interim U.S. attorney and, after a period of 120 days, a district judge could influence who was chosen for the position.

Two of the U.S. attorneys forced to resign were from California; the others were from New Mexico, Nevada, Arkansas, Texas, Washington and Arizona, Feinstein said.

She noted that Carol Lam, the U.S. attorney for Southern California involved in the probe of former Rep. Randy "Duke" Cunningham (R-Calif.), recently resigned.

Rumor has it that Lam has other cases in which members of Congress have been subpoenaed, Feinstein said.

But she admitted to knowing little of the circumstances surrounding Lam's departure. "The only explanation I've seen are concerns that were expressed about prioritizing public corruption cases over smuggling and gun cases," the senator said.

U.S. Attorney H.E. Bud Cummins, of Little Rock, Ark., recently was replaced by Timothy Griffin, a former White House lawyer who has worked for the Republican National Committee.

"The United States attorney's job is too important for there to be unnecessary disruptions or, worse, any appearance of undue influence," Feinstein said. "At a time when we're talking about toughening the consequences for public corruption, I believe we should change the law to ensure that our top prosecutors who are taking these cases are free from interference or the appearance of impropriety."

Last week, Feinstein, Senate Judiciary Chairman Patrick Leahy (D-Vt.) and Sen. Mark Pryor (D-Ark.) introduced legislation that would restore "the statute to what it once was" and give the "authority to appoint interim U.S. attorneys back to the district court where the vacancy arises," Feinstein said on the Senate floor.

"I've been told that this really interrupts the flow of the prosecution of these cases, to have the present U.S. attorney be forced to resign," she added.

Feinstein today plans to question U.S. Attorney General Alberto Gonzales about the issue at a hearing of the Senate Judiciary Committee.

However, the DoJ upheld its process, saying that Senate confirmation was a top priority.

"We are fully committed and it is in our best interest to have a U.S. attorney that is confirmed by the Senate," DoJ spokesman Brian Roehrkasse said. "It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process."

U.S. Attorney Ryan Leaving Post Amid Reports Of His Being Forced Out (MERCN)

By Howard Mintz

The San Jose Mercury News, January 17, 2007

U.S. Attorney Kevin Ryan has notified his staff that he is leaving amid reports that he and six other federal prosecutors are being forced out by the Bush Administration.

Ryan has been the administration's point person for the Justice Department in Northern California since 2002.

Ryan sent an e-mail to his staff today notifying them that he is leaving, saying ``for some months now I have been considering the possibility of pursuing other challenges for a variety of personal and professional reasons." The e-mail did not specify the date that Ryan is leaving, just stating that ``it is a good time for me to move on."

Former prosecutors under Ryan say they've been told he has been asked to leave his post under the cloud of an internal Justice Department probe of his leadership of the 90-plus lawyer office. But most lawyers say Ryan's departure will have little impact on the big ticket cases he has been pursuing, including the Apple stock options probe and Balco.

``I don't think there's much of a hiccup in terms of already filed cases from one U.S. attorney to another," said a former federal prosecutor who asked not to be identified.

Ryan's tenure has been marked by internal chaos and controversy within his office balanced against his lead role in some of the nation's most high-profile federal prosecutions, including the Balco steroid scandal, the stock options backdating probe and, more recently, his decision to pursue the Hewlett-Packard spying scandal.

Rumors that Ryan might be planning to resign have circulated within his office for months, particularly since the Justice Department sent a team of auditors to the Bay Area last fall to interview current and former prosecutors about his management.

Whether Ryan resigned or was asked to resign, his status has been on shaky ground as a result of a constant stream of criticism from current and former prosecutors who've questioned his insular leadership style.

Current and former prosecutors have complained of low morale, a reason cited for a lag in the numbers of criminal cases filed by Ryan's office. A Mercury News review in 2004 found felony cases at one of the lowest levels in recent history. There also have been a steady stream of defections by top prosecutors in recent years.

Ryan, a former state prosecutor and San Francisco Superior Court judge, came to the position in 2002 as an outsider to the region's federal court system, getting the job as U.S. attorney only after an unsuccessful bid to be a federal judge. He pushed prosecutions of high-tech crime in Silicon Valley and stock market fraud, gaining national prominence when his office took on the Balco case.

But after about two years in the job, Ryan's stock started to plummet among his own staff of prosecutors. One top San Francisco prosecutor, John Hemann, who was part of the Enron task force, issued a blistering critique of Ryan's leadership in an e-mail to his colleagues when Hemann resigned. Another veteran prosecutor last year asked the Justice Department to interview departed prosecutors about problems in the office.

Ryan inherited the job from former U.S. Attorney Robert Mueller III, who left to become FBI director and helped improve the office after years of many of the same problems that appear to be behind Ryan's downfall. In fact, Mueller succeeded former U.S. Attorney Michael Yamaguchi, who was forced to resign in 1998 under pressure from the Justice Department and the local federal judges.

Most local lawyers say they expect an interim U.S. attorney to be named, particularly because local Republicans have had trouble quickly finding qualified candidates in the past. There are about two years left in Ryan's term, and if the White House names a full-time replacement he or she must be confirmed by the Senate.

``It's kind of a short amount of time to name another U.S. attorney," said Barry Portman, the Bay Area's federal public defender for more than 20 years.

U.S. Attorney Lam Announces Resignation (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 17, 2007

SAN DIEGO – U.S. Attorney Carol Lam announced Tuesday that she is resigning effective Feb. 15.

"It has been both a great honor and a great privilege to have served the nation and the Southern District of California as United States attorney for the past 4½ years," she said in a statement.

"The dedication shown by the men and women of the U.S. Attorney's Office can be seen every day in the important cases they prosecute, including cases relating to terrorism, immigration, narcotics, public corruption, and fraud."

The San Diego Union-Tribune reported on Friday that Lam was asked to resign because of decreasing prosecutions in gun and immigration matters.

In her statement issued midafternoon Tuesday, Lam did not address whether she was asked to resign.

Her spokeswoman said in an e-mail that "there will be no further comment today."

Kevin V. Ryan, the U.S. Attorney in San Francisco, also announced his resignation Tuesday.

Sen. Dianne Feinstein, a California Democrat, criticized the "forced resignations" of U.S. attorneys, including Lam and Ryan. U.S. attorneys in California, New Mexico, Nevada, Arkansas, Texas, Washington and Arizona have been asked to step down, Feinstein said, according to Bloomberg News.

Advertisement But U.S. Attorney General Alberto Gonzales bristled at the suggestion by Democratic senators that the Justice Department's request for the resignations was politically motivated or intended to circumvent the Senate confirmation process.

"Nothing could be further from the truth," Gonzales told The Associated Press.

Instead of handling hundreds of routine border cases, Lam said she preferred to focus the limited resources of the U.S. Attorney's Office on more significant prosecutions.

"During the past four years, we have obtained higher sentences for illegal aliens with serious criminal histories, and the violent crime rate has declined in San Diego," she said in her statement.

"We have prosecuted serious cases involving public corruption, dismantled the leadership of large narcotics cartels and prison gangs, and protected the public (treasury) in civil litigation."

Lam prosecuted former Rep. Randy "Duke" Cunningham, a Republican, who pleaded guilty to conspiracy and tax evasion charges.

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A federal prosecutor for many years, Lam, 47, was a Superior Court judge when President Bush appointed her as the top federal prosecutor for San Diego and Imperial counties.

"I thank the President for giving me the opportunity to serve as United States attorney," Lam said.

U.S. Attorney Lam Resigns (NCT)

By William Finn Bennett, Staff Writer

North County (CA) Times, January 17, 2007

SAN DIEGO -- Ending days of speculation, San Diego-area U.S. Attorney Carol Lam announced Tuesday afternoon in a news release that she will step down from the job on Feb. 15.

News stories first surfaced last week that she had been asked to resign, but no government source was willing to go on the record with the information.

The release did not provide a reason for Lam's resignation nor did it say if she had been asked to resign. Reached by phone late Tuesday, a spokeswoman for the 47-year-old Lam said that there would be no other comment.

In a Tuesday phone interview from his Washington office, U.S. Rep. Darrell Issa, R-Vista, said Lam was asked to step down.

Issa declined to name the source of the information, but said "it was a high-ranking administration official involved in the decision process."

U.S. attorneys serve at the pleasure of the president.

Department of Justice officials in Washington, D.C., did not respond to requests for interviews Tuesday.

For years, Issa has been critical of Lam for what he said was her failure to more aggressively prosecute illegal-immigrant smugglers.

"And I have had one-on-one conversations with Ms. Lam, urging her to be more aware of the policy priority that the president has given," he said, referring to Bush's promises to secure the nation's borders.

In an October 2005 letter to Attorney General Alberto Gonzales, for example, Issa blasted Lam's office for failing to prosecute two cases of smugglers who were repeat offenders. In the letter, Issa called her failure to do so the result of "lax prosecutorial standard."

On Tuesday, Issa said that Lam, who was appointed to the post by President Bush in 2002, had done a good job in prosecuting white-collar crime and commended her for her successful investigation of the now-imprisoned former 50th District Congressman and conservative Republican Randy "Duke" Cunningham.

Issa said it would be too strong to say that he was instrumental in Lam's resignation.

In her news release, Lam appeared to respond to her critics, saying that "during the past four years, we have obtained higher sentences for illegal aliens with serious criminal histories, and the violent crime rate has declined in San Diego."

The release also included laudatory statements from a number of local federal officials, including Adele Fasano, San Diego director of field operations for U.S. Customs and Border Protection. Fasano said that his department has had a "strong, collaborative" relationship with Lam's office to combat smuggling activity through the San Diego area.

"This focused effort has been particularly effective in the area of alien smuggling and has resulted in the aggressive prosecution of serious violators," Fasano said.

Issa disagreed with the praise of Lam's handling of human smuggling cases.

"It's very clear she had a weakness, that she liked big cases but shunned what she saw as more mundane cases of human smugglers, which have grown," he said.

Former San Diego-area U.S. Attorney Alan Bersin said he found the call to ask Lam to resign "highly unusual."

Bersin, who now serves as the chairman of the San Diego County Regional Airport Authority, said he found it "peculiar" that no one stood up and took responsibility for asking Lam to step down or state what the reasons were for asking her to leave.

"The failure to provide a reason leads to all sorts of speculation," said Bersin, who served as U.S. attorney from 1993 to 1998.

After leaving that job in 1998, he became superintendent of San Diego Schools and later left that job to become the state secretary of education.

"The community is entitled to a statement of responsibility and somebody should step forward to account for the reasons," for the decision, he said.

Lam, a graduate of Yale University, Stanford Law School and a former San Diego Superior Court judge, is one of several U.S. attorneys being asked to resign, according to news reports.

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In a speech on the Senate floor Tuesday, U.S. Sen. Dianne Feinstein, D-Calif., said that it was recently brought to her attention that several U.S. attorneys have been asked to resign, some by the end of the month and prior to the end of their terms.

She said the resignation requests were not based on any allegation of misconduct.

"In other words, they are forced resignations," Feinstein said.

She expressed concern that Gonzales plans to appoint interim replacements and "potentially avoid Senate confirmation."

A little-known provision in the Patriot Act reauthorization last year changed existing law so that if a vacancy occurs, the attorney general can appoint a replacement for an indefinite period of time.

In an interview several days ago, a spokesman for the Department of Justice said that Gonzales was not trying to avoid the Senate confirmation process and that it is always the goal of the Bush administration to have U.S. attorneys that are confirmed by the Senate.

Bersin said that Lam did not have to leave voluntarily.

The president "can fire, but the U.S. attorney can take the position that 'There is not sufficient cause and I am not going to resign -- go ahead and fire me and provide a statement of the reasons why,' " Bersin said.

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CORPORATE SCANDALS:

Former CA Chief Counsel Gets 2-year Jail Term (NSDY)

By Dan Wagner And James Bernstein, Newsday Staff Writers

Long Island Newsday, January 17, 2007

Choking back tears, former Computer Associates chief counsel Steve Woghin apologized in U.S. District Court in Brooklyn Tuesday for his role in a $2.2 billion accounting scandal at the company before he was sentenced to a two-year jail term.

Woghin, who pleaded guilty in September 2004 to securities fraud conspiracy and obstruction of justice charges, faced U.S. District Court Judge I. Leo Glasser and said in an emotional voice that he was sorry for the role he had played in the scandal that toppled most of the company's top management, including chief executive officer Sanjay Kumar, who also plead guilty and is to begin serving a 12 year jail sentence next month.

The Islandia-based company, one of the country's largest manufacturers of software for large banks, insurance companies and airlines, is now known as CA Inc.

Woghin said his part in the affair was "not a legacy I would like to leave... It was not for personal gain or hubris," he added, choking back tears as about 15 of his friends and relatives looked on in the courtroom.

"I'm deeply sorry for what I have done," Woghin said.

Glasser told Woghin "I'm sorry you're here. I would be happier of I had never seen you before."

In addition to the two-year prison sentence, Woghin was also sentenced to three years supervised release and a fine to be determined at a later date.

Woghin worked at the U.S. Justice Department for 10 years before joining CA in 1992. He was charged with overseeing a team of CA lawyers who "routinely" drafted software licensing contracts with clients after a quarter had closed and with drafting at least one of the contracts himself. He stepped down from CA in May 2004.

Additionally, prosecutors said, Woghin and another top CA executive traveled to Hawaii to buy the silence of Enterprise Management Systems's president, who was not identified in court papers. Prosecutors said the CA officials orchestrated a "revenue swap" with EMS in which CA improperly booked $5 million in revenue in March 2000 and $18.5 million in June 2000.

CA's Ex-Counsel Receives Sentence Of 2 Years In Prison (WSJ)

The Wall Street Journal, January 17, 2007

Steven Woghin, CA Inc.'s former general counsel, was sentenced to two years in prison in connection with a scheme to artificially boost the software maker's quarterly revenue through backdated sales contracts, prosecutors said.

At a hearing in federal court in Brooklyn, U.S. District Judge I. Leo Glasser also sentenced Mr. Woghin to three years of supervised release, said Robert Nardoza, a spokesman for the U.S. attorney's office in Brooklyn.

A lawyer for Mr. Woghin didn't return a phone call seeking comment.

Mr. Woghin pleaded guilty to conspiracy to commit securities fraud and obstruction of justice in 2004. Several former executives at the company formerly known as Computer Associates, including onetime Chief Executive Sanjay Kumar, have pleaded guilty to criminal charges in the matter.

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The Islandia, N.Y., company itself avoided indictment by reaching a deferred-prosecution pact in 2004.

Former Refco President Is Added To Fraud Case (WSJ)

By Chad Bray

The Wall Street Journal, January 17, 2007

Refco Inc.'s former president was indicted on securities fraud and other charges in connection with an alleged scheme to hide hundreds of millions of dollars in trading losses by Refco and its customers from the investing public, prosecutors said.

The U.S. attorney's office in Manhattan said Tone Grant, 62 years old, has been charged with conspiracy, securities fraud, bank fraud, wire fraud and money laundering. Mr. Grant, of Chicago, is the latest former Refco executive to be charged in the matter. He was the company's president from 1997 to June 1998 and at times held a significant ownership interest in the firm.

Phillip Bennett, Refco's former chief executive, and Robert Trosten, the commodities broker's former chief financial officer, are already facing criminal charges in the matter.

The superseding indictment adds additional charges of bank fraud and money laundering against Messrs. Bennett and Trosten and wire fraud against Mr. Bennett.

Mr. Bennett, of Gladstone, N.J., previously has been charged with conspiracy, securities fraud, wire fraud, making false filings with the Securities and Exchange Commission and making material misstatements to auditors. Mr. Trosten, of Sarasota, Fla., previously had been charged with conspiracy, securities fraud and wire fraud.

Prosecutors have alleged that Mr. Bennett, with the help of Messrs. Grant, Trosten and others, sought to hide from Refco's auditors and investors hundreds of millions of dollars in trading losses sustained by the commodities broker and by customers trading through its accounts.

Refco sought bankruptcy protection in 2005, shortly after the company announced it had discovered $430 million in debt owed to a private entity controlled by Mr. Bennett and his subsequent arrest on federal fraud charges.

Mr. Grant's lawyer, Norm Eisen of Zuckerman Spaeder LLP in Washington, said Mr. Grant "is innocent and will vigorously fight these charges and clear his name."

Mr. Trosten's lawyer, Robert G. Morvillo of Morvillo, Abramowitz, Grand, Iason, Anello & Bohrer PC, declined to comment. Mr. Bennett's lawyer, Gary Naftalis of Kramer Levin Naftalis & Frankel LLP, said, "Mr. Bennett has consistently affirmed that he is not guilty of any of the government's charges and he looks forward to his day in court."

Westar Pay Battle Turns (WSJ)

By Rebecca Smith

Wall Street Journal, January 17, 2007

The effective unraveling of government efforts to prosecute former Westar Energy Inc. Chief Executive David C. Wittig has given new life to his hope of getting the company to pay him millions of dollars he claims to be owed under an employment agreement.

Earlier this month, a federal appeals court in Topeka, Kan., vacated Mr. Wittig's convictions in a 2003 indictment springing largely from personal use of corporate aircraft.

Late last week, attorneys for the former Westar chief, who has been in prison in Minnesota for a year, asked a federal court in Topeka to order their client released, arguing there is "no lawful basis for ... continued imprisonment."

What happens next in the civil and criminal cases will have direct bearing on Mr. Wittig's and the Kansas utility's finances. The company has reserved more than $73 million to cover any adverse decisions. Westar's total potential exposure for legal costs and employment issues related to Mr. Wittig and a onetime subordinate, former Westar Vice President Douglas Lake, is about $94 million.

The company had argued in an arbitration proceeding that it doesn't owe Mr. Wittig severance payments called for under his employment contract because he was let go "for cause."

In a separate civil dispute in Topeka federal court, Westar has argued it must pay only "reasonable" attorney fees and has disagreed with the men about what's reasonable.

To date, the utility has paid $8.4 million of legal expenses for Mr. Witting and co-defendant Mr. Lake, who also was convicted. Westar has declined to pay $12 million more in legal costs. A Westar spokesman declined comment.

Mr. Wittig's attorneys say he also is owed $52 million under his employment contract. Mr. Lake has said he is owed about $21 million in a similar contract dispute.

In addition to the Westar fraud case, Mr. Wittig was convicted of bank fraud in an unrelated case in Topeka federal court. Westar isn't on the hook for those defense costs since the matter doesn't concern Mr. Wittig in his role as utility chief.

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Until recently, Mr. Wittig faced prison time of 18 years in the Westar "looting" case and five years in the separate bank case. But two major appeals court setbacks for the government since November have altered Mr. Wittig's prospects, legal experts say.

To prevail in the contract arbitration, the company likely would have to prove misconduct including intentional wrongdoing, said former federal prosecutor Roma Theus II, who now chairs the white-collar crime unit of the Defense Research Institute, an association of defense lawyers. That is harder to do with the most important convictions now overturned.

The arbitration case is on hold pending resolution of the criminal cases.

On Jan. 5, the Tenth Circuit Court of Appeals in Topeka overturned the Westar convictions reached in 2005, vacating counts of wire fraud, money laundering, conspiracy and circumvention of internal controls. The court said the most serious counts can't be retried. Prosecutors have declined to comment.

In early 2004, Mr. Wittig was convicted in the separate bank-fraud case. The sentences in that case were overturned twice. In November, the appeals court said the proper sentence was zero to six months, not five years. A hearing is set for Feb. 5.

Write to Rebecca Smith at rebecca.smith@wsj.com1

Forbes Could Get Nearly 16 Years In Cendant Case (USAT)

By Greg Farrell

USA Today, January 17, 2007

The final chapter in one of the longest-running sagas of corporate crime is scheduled to conclude today in a Connecticut courtroom.

Walter Forbes, the blue-blooded former chairman of Cendant, is due to be sentenced in Bridgeport, Conn., for his role in a $252 million accounting fraud that was exposed nearly a decade ago.

At the time, the Cendant fraud was the largest on record, and its exposure in April 1998 wiped out $14 billion of the company's market capitalization, nearly half its total, in a single day.

Since then, Cendant's scandal has been eclipsed in magnitude by accounting meltdowns at Enron and WorldCom. The CEOs who presided over those companies were convicted of spawning those frauds and given stiff jail sentences, 24 years for Jeff Skilling of Enron and 25 years for Bernie Ebbers of WorldCom.

Forbes' sentence probably will be lighter, but when he stands in front of U.S. District Judge Alan Nevas, he still faces a stretch of more than 10 years. That was the jail term given his top lieutenant, Kirk Shelton, who was convicted two years ago of participating in the same fraud.

The reason Forbes might get only half of what Skilling and Ebbers got is that his timing was better. The accounting fraud that occurred at Forbes' company (which was known as CUC International before a merger transformed it into Cendant), took place from 1995 to 1997. That was several years before a harsh new set of mandatory sentencing guidelines was adopted by Congress.

Skilling and Ebbers committed their misdeeds after the new guidelines went into effect.

Still, for Forbes, who was born into an affluent family in Rockford, Ill., attended Harvard Business School and became one of the leading proponents of shopping by computer in the 1990s, any sentence north of 10 years will secure him a place in what has become an infamous group of former CEOs convicted of felonies.

Realizing that their client will have to get at least as much time as Shelton, Forbes' lawyers are trying to minimize the damage. In a motion filed earlier this month, they recommended that Forbes be given no more than 10 years, although sentencing guidelines call for him to receive between 121/2 and just under 16 years.

Brendan Sullivan, lead attorney for Forbes, argued that because of his client's age, 64, he should be given only a 10-year sentence. Further, according to his lawyers, Forbes has led an "admirable life," and therefore merits a lower prison term. According to Sullivan, Forbes has "demonstrated extraordinary philanthropy," giving away some $2.5 million in cash, stock and gifts to worthy causes since 1990.

The prosecutors who won a conviction against Forbes in October after two mistrials have a different view.

In a pre-sentencing memorandum filed Monday, they argued that Forbes already has benefited from the fact that the U.S. Probation Office applied the 1997 guidelines, even though recent court decisions would allow for sentencing him under the harsher guidelines that could have meant a 25-year term.

Moreover, they noted, Forbes perjured himself in all three of his trials, testifying that he knew nothing about the fraud at Cendant.

The prosecutors also scoffed at his $2.5 million in charitable contributions. They pointed out that according to his own testimony, Forbes had a net worth of $200 million in 1997 and that he reported $85 million in income from 1995 to 1999.

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Noting that Forbes received an $11 million windfall in March 1998 by selling stock in Cendant, they argued that "the defendant stole more from Cendant's shareholders in a single day … than he ever donated to charity." Prosecutors are also seeking $3.2 billion in restitution.

Whatever Forbes' sentence, one former prosecutor thinks the 12-to-15-year range is appropriate.

"The 1997 guidelines got it right," says Andrew Weissmann, former head of the Justice Department's Enron Task Force and now an attorney at Jenner & Block. "If the guidelines are too draconian, judges are going to ignore them."

Regulators Examining Commerce Bank (NYT)

By Vikas Bajaj

The New York Times, January 17, 2007

Commerce Bancorp, which calls itself "America's most convenient bank," rattled investors yesterday after it disclosed that federal regulators were investigating the bank's real estate deals with executives.

Shares of Commerce fell 8.3 percent, or $2.89, to $31.83, after the bank said the Office of the Comptroller of the Currency and the Federal Reserve were conducting an inquiry.

Commerce has become one of the fastest-growing banks in the nation, thanks in part to its extended branch hours, and has made an aggressive and successful push into New York's crowded banking market.

Commerce, based in Cherry Hill, N.J., said, "The scope of the investigation will include but not be limited to transactions with its officers, directors and related parties, including transactions involving bank premises."

Investors were unnerved by the announcement, in large part, because "it was so vague," said Meredith Whitney, an analyst with CIBC World Markets. "It could be the lightest offense or it could be the most severe offense."

Bank executives declined to answer questions about the investigation on a conference call with analysts and reporters yesterday. Commerce said it had appointed a committee of independent board members to oversee the investigation.

Critics have long complained about the bank's business ties with firms that are either owned or controlled by Commerce's chairman and president, Vernon W. Hill II, and his wife, Shirley Hill.

Mr. Hill and his family trusts own or are partners in real estate firms that lease property to Commerce for bank branches; the firms earned about $1.9 million in annual rent in 2005. Also, Mrs. Hill runs a firm that designs Commerce branches; she earned $7.5 million from the bank in 2005. That year, Commerce spent $482,000 at Galloway National Golf Club, an 18-hole course near Atlantic City that is owned by Mr. Hill.

Analysts said the re-emergence of issues that were widely believed to have been resolved is unsettling, because it suggests that regulators have uncovered new problems.

"Many were of the mind-set that the regulatory clouds were behind them, and then all of a sudden, wham, you see this today," said Adam Barkstrom, an analyst with Stifel Nicolaus & Company. "It's befuddling."

Mr. Barkstrom, who was once a bank examiner, said it was common for regulators to scrutinize how banks treat loans and other relationships with executives, directors and other insiders.

Officials at the Office of the Comptroller of the Currency and the Federal Reserve declined to comment, citing polices of not discussing individual banks.

Mr. Hill, 61, founded Commerce in Marlton, N.J., near Philadelphia at the age of 27 soon after he started a commercial real estate business and graduated with an economics degree from the Wharton School of the University of Pennsylvania. He has cultivated the image of a maverick in the staid banking industry by bucking the trend toward automation and by publicly belittling the policies and approaches of competitors.

The company reported yesterday that its assets grew 18 percent in 2006, to $45.27 billion, as deposits rose 18 percent and loans climbed 23 percent. Profits increased 11 percent, to $315.1 million. Commerce added 55 branches last year and said that it expected to add another 65 in 2007, nearly half of them in metropolitan New York.

The bank's growth comes as rivals are struggling to increase deposits and profits because short-term interest rates, which determine the cost of money for banks, are higher than long-term rates, which often determine how much money banks can make from loans and investments.

Mr. Hill, who declined to comment yesterday, has said the company has been forthright in disclosing its business relationships with his family and the transactions were always conducted at an arm's length.

The company, however, has suggested in previous filings that it would alter how it does business with firms connected to the Hills in response to criticism of the deals. But it is unclear if it has made any significant changes.

In 2002, for instance, a Commerce spokesman, David Flaherty, told The Record of Bergen County, N.J., referring to Mrs. Hill: "Our association with her will change. We don't know what that change is going to be yet."

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Mrs. Hill's firm, InterArch, earned $8.1 million in revenue from Commerce in 2002.

In 2005, the last year for which the company has provided information, it did $7.5 million in business with Mrs. Hill.

Commerce has also faced scrutiny for the close ties some of its executives have had with local and state officials in the Northeast. In November, the company said the office of the United States attorney in Philadelphia had informed it that it would not bring charges against the company in a corruption investigation in which two former bank officials and a former treasurer for the city of Philadelphia were convicted of trying to steer municipal business to the bank in exchange for favors.

Senators To Target Executive Benefit (WP)

By Lori Montgomery And Jeffrey H. Birnbaum

The Washington Post, January 17, 2007

The Senate Finance Committee is considering a proposal to sharply limit the earnings corporate executives and other highly paid employees can place tax-free into deferred compensation plans, one of the most popular executive benefits in corporate America.

Under the proposal, expected to be discussed today by committee members, an individual taxpayer could defer no more than $1 million annually in compensation, beginning this year. The shift in tax policy would be likely to affect top executives at hundreds of corporations and would raise taxes on some of the nation's wealthiest workers by an estimated $806 million over 10 years.

The proposal tracks rhetoric that some Democrats employed during the midterm elections, when they portrayed the Republicans who controlled Congress as being too close to special interests and the wealthy. It also offers a response to controversies that have erupted over executive pay in recent months, including scandals over backdated stock options and multimillion-dollar compensation packages paid to current and former corporate chieftains.

The proposal is among more than a dozen provisions aimed at shrinking corporate tax shelters and closing tax loopholes that Chairman Max Baucus (D-Mont.) is expected to propose when the committee meets today, Finance Committee aides said. Together, they would boost federal tax revenue by more than $8 billion over a decade, according to preliminary committee estimates -- nearly enough to pay for a series of tax breaks Baucus and others want to push through Congress for businesses likely to be hit hard by a proposed increase in the minimum wage.

Last week, the House voted to raise the minimum wage to $7.25 an hour from $5.15, the first such increase in a nearly a decade, making good on one of the Democrats' campaign promises.

The minimum-wage increase faces difficulty in the Senate, however, unless it is accompanied by tax breaks for small businesses, according to a leadership aide. On Friday, Baucus and the senior Republican on the Finance Committee, Sen. Charles E. Grassley of Iowa, unveiled a package of "small-business tax incentives" that would extend credits for employers who hire former welfare recipients and change the tax code to simplify bookkeeping for certain companies, among other provisions.

It is estimated by the committee that that package will cost $8.3 billion over 10 years. Because Democrats have promised not to increase the deficit, that sum must be offset by spending cuts or tax increases.

In addition to limiting deferred compensation for executives, the committee is expected to target several controversial corporate tax shelters, as well as Americans who renounce their citizenship for tax reasons. But the deferred compensation provision appears likely to generate alarm among business leaders.

Limiting deferred compensation would be "earthshaking" to American executives, said Patrick McGurn, executive vice president of Institutional Shareholder Services in Rockville.

"A lot of executives are deferring the lion's share of their compensation these days. And the typical executive at a Fortune 100 company makes well over $1 million. So there is a huge amount of compensation that would go into deferral accounts that could not be deferred if the tax code were changed," McGurn said.

Business lobbyists reacted to the proposal with deep skepticism.

"There are lots of technical problems with this. For instance, we're not sure what the definition of deferred compensation is," said Lynn D. Dudley, a vice president of the American Benefits Council, an advocate of employer-sponsored benefit plans. "It makes sense to me to have this discussion; Congress is sensitive to this issue, and we want to work with them. But more needs to be done to vet the practical implications of this."

Other lobbyists were surprised at the measure, saying they had not even known it was under discussion.

"I didn't know it was coming," said Dan Danner, executive vice president of the National Federation of Independent Business, a small-business lobby. "It's not something that we proposed or had anything to do with."

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CRIMINAL LAW:

Justice Department Outlines Plans To Combat Uptick In Violent Crime (MCT)

By Greg Gordon And Marisa Taylor

McClatchy Newspapers, January 17, 2007

WASHINGTON - Bush administration officials are scrambling to demonstrate that they're addressing sharp jumps in violent crime in some cities, in an attempt to reclaim a traditionally Republican issue amid criticism from some Democrats, mayors and police chiefs.

Senior Justice Department officials sought Tuesday to highlight the administration's multipronged programs for combating growing gang violence and outbreaks of juvenile crime. The renewed emphasis comes as some experts, as well as politicians, cite federal cuts in city and state law enforcement funding as a possible contributor to spikes in murders, robberies and assaults in medium-sized cities.

While criminal justice experts stress that the jumps in crime over the last 18 months in cities such as Charlotte, N.C.; Cleveland, Ohio; Memphis, Tenn.; Minneapolis and Sacramento, Calif., may not represent a long-term upswing, they're watching to see if President Bush proposes more anti-crime funding in his State of the Union Address next week.

"There's no locomotive coming down the track saying we have to have a high homicide rate," Lawrence Sherman, director of the University of Pennsylvania's Jerry Lee Center of Criminology, said Tuesday. "What it's more like is a bubbling cauldron that could either boil over or go back down to simmer."

Chuck Wexler, who heads a think tank for police departments across the country that has monitored crime trends in cities, said the data over the last 18 months suggest that the crime surge "isn't a statistical aberration."

After 14 years of declines in crime, police in some communities began to report double-digit increases. That left the administration vulnerable to criticism because the crime jumps came after the White House instigated $1 billion in cuts in anti-crime funding since 2001 as it shifted its focus to the war on terrorism.

Among the casualties was a Clinton administration program to hire 100,000 police officers.

Justice Department spokesman Brian Roehrkasse said that federal anti-crime funding has never made up more than 4 percent of total state and local law enforcement spending nationwide.

Sherman said that while federal funding would help police patrol hot spots during high-crime periods, local police departments could address the issue by renegotiating police union contracts that limit officers' shifts.

Other researchers agree that the reasons for the rise in crime are more complicated than money, and they vary from city to city. They point to factors such as increasing gun-, gang- and drug-related violence; growing juvenile crime; a deep hopelessness among poor, young black men; and an upsurge in prison releases after years of record numbers of incarcerations.

The rise in gang activity, in particular, has drawn the attention of the Justice Department and the FBI. At a briefing Tuesday, Alice Fisher, chief of the department's Criminal Division, Assistant FBI Director Chip Burrus and two other officials described efforts to crack down on gangs, especially national and international gangs, such as the Salvadoran la Mara Salvatrucha, also known as MS-13.

Unlike the centralized, crack-dealing gangs of the 1990s, Burrus said today's gangs are more neighborhood-based. "They're local, they're violent, and we really have to do something about it," Burrus said.

Attorney General Alberto Gonzales set up a National Anti-Gang Task Force last year, and a coordinating center now links half a dozen federal law enforcement agencies with local police departments.

Shortly before November's elections, Gonzales announced a Justice Department study of 18 cities to assess what local anti-crime tactics were working best.

The government also has learned from the intelligence failures before the Sept. 11 terror attacks and has set up a National Gang Intelligence Center to ensure that local and national law enforcement agencies share the latest data, Burrus said. In addition, the Justice Department has distributed $2.5 million to cities with acute gang problems: Los Angeles, Tampa, Fla.; Cleveland, Dallas-Ft. Worth, Milwaukee and a string of cities in eastern Pennsylvania.

Alfred Blumstein, a Carnegie-Mellon University professor who studies crime trends, said that in many cases, the gun violence isn't generated by a formal gang but by loose groups of young men who "have a low threshold of insult" and will do whatever is needed to take revenge.

Democrats have seized on the issue in recent weeks. Sen. Dianne Feinstein, D-Calif., recently wrote the FBI urging a response to the "alarming" crime data and noting the "drastic cuts" in federal anti-crime funding. The Milwaukee Police Department, for example, has blamed $1 million in federal funding cuts for the loss of 55 police officers.

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Wexler, who heads the Police Executive Research Forum, met recently with top Justice Department officials and said that there is "no question" they're refocusing attention on crime.

"I think the Justice Department is getting it," he said.

U.S. Justice Department Helps One South GA Community Deal With Violence (WALB)

WALB-TV, NBC 10, Albany, GA, January 17, 2007

Moultrie- Representatives from the U.S. Department of Justice came to Moultrie Tuesday to listen to complaints from citizens upset over a fatal police shooting.

The Justice Department held a community forum after Hispanic crimes escalated last year in Colquitt County. In the wake of the recent Willie Banks shooting, the justice department was called in again.

They met with community groups Tuesday afternoon to discuss how the community as a whole can better respond when shootings and violence like those acts occur.

Officer Bruce Hamm shot Banks as officers tried to serve a warrant against him in November.

After Marches And The Speeches - What Does New Orleans Do Now? (AP)

By Mary Foster, Associated Press Writer

AP, January 17, 2007

They came by the thousands last week, carrying signs and pictures of the dead and demanding action.

A bloody murder spree that opened the year by littering the city with nine bodies in 10 days galvanized residents from across the city's neighborhoods and class lines.

The dramatic march against crime in New Orleans echoed the outcry that grew in the mid-1990s from the slayings in the French Quarter that became known as the Pizza Kitchen killings. People took to the streets then and public officials developed concrete plans to attack a murder problem that left more than 400 people a year dead.

But in the post-Katrina environment, the decision-makers have many issues to cope with, and a major difference is the lack of a solid plan by either Mayor Ray Nagin or the police department to stem the violence, said criminologist and University of New Orleans professor Peter Scharf.

"The difference between the march now and the one after Pizza Kitchen murders is that back then the police said, give us the money and we'll reduce the homicides by half," Scharf said. "The second is that they came up with a plan. They sought help from focus groups in the community and developed a very carefully thought out strategic plan."

Mayor Ray Nagin and police superintendent Warren Riley outlined a plan to stop the violence earlier in the week. It included shuffling police officers from administrative jobs and using deputies from the jail to beef up patrols, speeding up delivery of murder cases to the district attorney, stopping cars on the streets between 2 a.m. and 6 a.m., when most of the murders take place.

"I think the plan is thin to say the least," Scharf said. "The proposals are tactics, not strategies. They need long-term strategies."

The slaying of three employees at the French Quarter restaurant on Dec. 1, 1996, sparked a public outcry that led then-Mayor Marc Morial and the city council to reverse their positions on providing more money for police.

"I had been to the city council many times asking for more officers, more money to pay them so I could recruit good people, and nothing happened," Richard Pennington, now police chief in Atlanta, said on Thursday. "Then the killings happened in the French Quarter and people came out carrying signs saying `Give Chief Pennington What He Needs.' Right after that we got dramatic pay increases, more officers and money for equipment."

After the Pizza Kitchen killings, the city was able to get a number of grants from the Justice Department to institute community police programs that put cops in closer contact with citizens. That money is no longer available, Scharf said, drained to pay for the Iraq War.

"I think getting officers in with the people was the most important thing we did," Pennington said. "In 1994 there were 427 murders in New Orleans and 180 of those were in the housing projects, so that's where we put our officers."

Pennington set up mini police stations in the projects and the cops not only patrolled, they started youth programs and got to know residents.

"When I started in New Orleans it was the most violent city in America," said Pennington, who could boast not a single 2007 murder 11 days into the new year. "When I left it was down to 30th."

Pennington applauded the effort to start foot and bike patrols, saying that will help win the confidence of the public.

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"And it's good that they know what's causing the majority of the murders - drugs, guns and gangs," Pennington said. "That means they need good intelligence on them now, whose selling the drugs and where."

Last Thursday's march may also indicate that the public is much more willing to get involved now than they were in the mid-90s, said Rafael Goyeneche, executive director of the watchdog group, Metropolitan Crime Commission of Greater New Orleans.

"I think this was a defining moment in the history of this city," Goyeneche said. "Citizens stepped up from all over the city. As long as it doesn't stop when the crowd dissipated it will mean something. And I don't think it will stop. I got a sense of momentum and that people will not to accept the statis quo."

The personal stories of the marchers were frequently frightening and horrifying. One marcher survived a gunshot wound to his chest but moved to San Francisco after his attacker was released without charges. A man beaten by three attackers said he was still afraid to walk alone after dark. A woman who had five family members gunned down - including her pregnant sister-in-law - spoke of the pain the losses caused.

Rev. Emanuel Smith Jr., pastor of the Israelite Baptist Church stood at the rally holding a picture of three young black men in coffins in his church. They were three of the teenagers shot to death as they sat in a SUV in June. Smith conducted the funeral, one of more than 32 he said he's conducted for victims of violence since Katrina.

"We have to get mad, not scared," Smith said. "We have to help the police. We will identify the drug dealers on our blocks. We will tell the police who the pushers are. We will get back to our communities and get to work."

Jury Selection Begins In Trial Of Cheney's Former Top Aide (NYT)

By Neil A. Lewis

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — The perjury trial of I. Lewis Libby Jr. began Tuesday with his lawyers trying to eliminate as jurors anyone who might have strongly negative feelings about the Bush administration in general and Vice President Dick Cheney in particular.

Mr. Libby, who was the vice president's chief of staff, is facing five felony counts charging that he lied to F.B.I. agents and to a grand jury investigating who leaked the name of a Central Intelligence Agency operative and why. Judge Reggie M. Walton, who is presiding over the case in Federal District Court, has said he hopes to have the jury in place for opening statements on Monday.

The first day of jury selection on Tuesday went slowly, with only nine potential jurors interviewed. Two of them were excused by Judge Walton after they made it clear they were critics of the administration and Mr. Cheney.

One woman lasted barely 40 seconds on the witness stand before she was dismissed. She said "nothing that could be said here" would make her believe anything good about the administration. Another man, after about 15 minutes, acknowledged that his low regard for Mr. Cheney might figure into how he evaluated his testimony if it was in conflict with other witnesses.

Mr. Cheney is expected to be one of the star witnesses for the defense.

Mr. Libby's lawyers, Theodore V. Wells and William H. Jeffress Jr., also explored whether potential jurors were open to one of their main lines of argument: that if Mr. Libby gave incorrect answers to the Federal Bureau of Investigation and the grand jury, it could have been a simple case of faulty memory.

They asked the potential jurors if they ever had the experience of believing something had happened only to learn later that they had remembered it incorrectly. They also asked if two people gave "different accounts of a conversation they had," did that necessarily mean one of the participants was lying.

After the name of the C.I.A. officer, Valerie Wilson — who was known by her maiden name, Valerie Plame — appeared in a column by Robert D. Novak in July 2003, Patrick J. Fitzgerald was named as a special prosecutor to investigate the leak.

Mr. Fitzgerald looked into who leaked Ms. Wilson's name, whether it violated the law against disclosing the identities of C.I.A. officers and whether the disclosure was devised to punish her husband, Joseph C. Wilson IV. Days before the column appeared, Mr. Wilson, a former ambassador, asserted in a commentary in The New York Times that the administration had knowingly distorted intelligence about Saddam Hussein's efforts to obtain nuclear material to help the case for going to war in Iraq.

The indictment of Mr. Libby charges that he lied when he said he did not discuss Ms. Wilson's identity in conversations with two reporters. The two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper of Time magazine, testified that Mr. Libby had, in fact, discussed Ms. Wilson and her employment at the C.I.A.

Mr. Libby's defense is that those two reporters' memories of their conversations may not be accurate. And, even if they were, Mr. Libby, also Mr. Cheney's national security adviser, was preoccupied with far weightier issues than Ms. Wilson's identity.

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Potential jurors were also asked if they believed that the administration distorted intelligence to bolster the case for war with Iraq.

Jurors Questioned About War, Memory As Libby Trial Opens (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 17, 2007

The trial of Vice President Cheney's former chief of staff opened yesterday with defense lawyers carefully scrutinizing potential jurors for strong opinions about the Bush administration, the war in Iraq and the fallibility of human memory.

The questioning signaled the key issues in the case against I. Lewis "Scooter" Libby, who is accused of lying to investigators and a grand jury during the investigation of the leak of a CIA officer's identity to the media in 2003. The prosecution alleges that Libby deliberately misled FBI agents and a grand jury about several conversations he had with journalists then. Defense lawyers contend their client was too busy to recall the details of those conversations.

U.S. District Judge Reggie B. Walton, who is presiding over the trial, yesterday dismissed three of the nine potential jurors interviewed. Two were released after expressing strong feelings about the Bush administration.

"I am completely without objectivity," said a woman in her 30s, who was dressed in tailored brown trousers and a sweater. "There is nothing they could say or do that would make me think anything positive." Walton excused her immediately. Libby turned to watch her walk out of court.

Libby, the most senior Bush administration official to face a criminal trial, is charged with five felony counts. CIA operative Valerie Plame's name and undercover role were revealed in a syndicated column days after her husband, former U.S. ambassador Joseph C. Wilson IV, publicly accused President Bush of twisting information Wilson had gathered on a CIA-sponsored mission to investigate Iraq's efforts to develop a nuclear weapons program. Libby, 56, is not accused of the leak itself.

The trial is likely to feature members of the government and the media elite as witnesses, including Cheney, NBC's Tim Russert and Washington Post Assistant Managing Editor Bob Woodward. It will center, in part, on administration efforts in the spring of 2003 to defend the decision to go to war in Iraq.

The difficulty of finding 12 jurors and four alternates became apparent as jury selection began. Walton started by asking prospective jurors 38 pre-screening questions, telling them the inquiry would help determine whether they had "certain sympathies or prejudices" that could interfere with their responsibility to be impartial.

Presaging a key element of the defense, jurors were asked several questions about the reliability of memory. In one question that mirrors a dispute in the case, the judge asked jurors if they thought it was impossible for a person to honestly believe he or she was told some information by one person just weeks or months after learning that same information from a completely different person. Libby told FBI agents that he learned about Plame's identity from Russert in July, and forgot that Cheney had told him about her a month earlier.

But in a city where Democrats outnumber Republicans nearly 10 to 1, one of the most sensitive questions for the defense was No. 2: "Do any of you have feelings or opinions about the Bush administration or any of its policies or actions, whether positive or negative, that might affect your ability to give a former member of the Bush administration a fair trial?"

The judge dismissed a young man in his 20s after he told lawyers and the judge: "I don't have the highest opinion" of the vice president.

A female jury candidate said she believed she could fairly weigh Libby's guilt or innocence but described having a cousin in Iraq and not supporting the president's policy of keeping troops there for extended tours of duty.

"I thought to myself, 'Why would he be so cold, not let the troops come home? . . . They're tired,' " she said. "I also think Bush knows this. He just wants the war." Defense attorneys Theodore V. Wells Jr. and William Jeffress Jr. sought to dismiss the woman, but the judge kept her in the prospective pool.

A woman who said she was a soprano opera singer and mother of three said she believed the American public had not gotten the real justification for going to war in Iraq but did not think Bush had intentionally misled the nation. "Somewhere in there, there seems to be a credibility gap," she said. "Who [did it]? I don't know."

Possible Libby Jurors Quizzed (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 17, 2007

WASHINGTON — Jury selection in the trial of I. Lewis "Scooter" Libby turned into an assessment of the credibility of the Bush administration Tuesday, with lawyers for the former White House aide asking potential jurors how they feel about the war in Iraq and whether they think present and former administration officials who may be called to testify can be believed.

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Libby is charged with lying to investigators about conversations he had with journalists about a CIA operative who is married to a critic of the administration's war policies. Libby's lawyers signaled Tuesday that even though the case was about perjury and obstruction, they were concerned that strong feelings among the jurors about the war — and whether President Bush misled the public about it — could influence their verdict.

Two potential jurors were dismissed after expressing strongly negative feelings about administration officials.

The questioning about the Bush administration and the Iraq war drew repeated objections from prosecutor Patrick J. Fitzgerald, who said that the defense lawyers were engaged in "an open-ended Rorschach test," alluding to the famous ink-blot test in which people are believed to project their feelings onto ambiguous stimuli.

But U.S. District Judge Reggie B. Walton said the defense had a right to fully explore whether any of the jurors were biased.

In court papers filed Tuesday, Libby's lawyers argued that the questioning was needed because of an unusual amount of pretrial publicity in the case, which they said had in some cases been "inaccurate and inflammatory" and "unduly prejudicial." They cited a press conference that Fitzgerald had given after Libby was indicted, among other examples.

The judge dismissed a financial analyst who said he would have problems believing Vice President Dick Cheney, Libby's former boss, who is expected to testify on behalf of his former aide. A young woman was dismissed after she acknowledged she was "completely without objectivity" about the Bush administration, and could not find "anything positive" to say about it.

As part of the pretrial scrutiny, Walton read the names of 80 prominent figures who he said would probably be mentioned at the trial or called as witnesses, to see whether any were familiar to the jurors. Besides Cheney, the list included Secretary of State Condoleezza Rice, former CIA Director George J. Tenet, and a raft of journalists including Washington Post editor and reporter Bob Woodward.

Rice was Bush's national security advisor when Libby worked for Cheney. If she were to emerge as a witness for the government, it could provide an additional glimpse into the inner workings of the administration.

A State Department spokeswoman said she had no information about whether Rice would testify, and referred calls to the Justice Department. A spokesman for Fitzgerald declined to elaborate.

Libby was indicted after a three-year investigation by Fitzgerald that began when the name of CIA operative Valerie Plame was mentioned in a July 14, 2003, column by syndicated columnist Robert Novak. Plame is married to former envoy Joseph C. Wilson IV, who in a New York Times op-ed article eight days earlier had accused the Bush administration of twisting prewar intelligence.

Though it is a felony to publicize the name of a covert agent, Fitzgerald did not charge anyone with that crime. Libby, the only person charged in the investigation, was accused of misleading investigators by suggesting he had heard about Plame from reporters, when according to Fitzgerald, Libby was giving reporters that information.

Jury selection is expected to last several days. The trial is expected to last six weeks; opening statements are set for early next week.

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38 Questions Used To Screen Potential Jurors In Libby Case (WP)

By Amy Goldstein

The Washington Post, January 17, 2007

In the opening moments yesterday of the trial of I. Lewis "Scooter" Libby on charges that he lied during a federal investigation into a CIA leak, U.S. District Judge Reggie B. Walton read aloud 38 questions that lawyers for both sides had agreed on to help screen potential jurors. They included mundane questions about whether potential members of the jury panel knew the people involved in the case, had ever been a victim or perpetrator of a crime, had read news about Libby's alleged crime.

And then there were four intriguing questions exploring potential jurors' beliefs about human memory.

The memory questions go to the core of Libby's defense. The prosecution plans to try to prove that Libby, the former chief of staff of Vice President Cheney, deliberately lied to FBI investigators and a grand jury about how he learned that Valerie Plame worked for the CIA and what he said to several reporters about her. The defense wants to establish that Libby told the investigators what he believed to be true -- but that his memory simply failed because his job was so demanding. Here is what the jurors were asked:

? Is there anyone who believes that everyone's memory is like a tape recorder and therefore all individuals are able to remember exactly what they said and were told in the past?

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? Is there anyone who feels that a person could not honestly say something about a matter he or she truly believed to be . . . true when that person several months earlier actually said something totally different about that same matter?

? Is there anyone who believes that it is impossible for a person to mistakenly believe that he or she was told something by one person when in fact the person was actually told the information by someone totally different several months earlier?

? Is there anyone who believes that it is absolutely impossible for a person to believe very strongly that he or she has certain memories about something, even though it is determined that those memories are inaccurate?

As Trial Begins, Cheney's Ex-Aide Is Still A Puzzle (NYT)

By Scott Shane

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — Paradox seems to define I. Lewis Libby Jr., who remains a bit mysterious even to close colleagues. He is the White House policy enforcer who also wrote a literary novel; a buttoned-down Washington lawyer who likes knocking back tequila shots in cowboy bars and hurtling down mountains on skis and bikes; and a 56-year-old intellectual known to all by his childhood nickname, Scooter.

But now comes the most baffling paradox of all, as Mr. Libby, former chief of staff and alter ego to Vice President Dick Cheney, began his trial in federal court here on Tuesday on charges of perjury and obstruction of justice. By all accounts a first-rate legal mind and a hypercautious aide whose discretion frustrated reporters, he is charged with repeatedly lying to a grand jury and to the F.B.I. about his leaks to the news media in the battle over Iraq war intelligence.

"I don't often use the word 'incomprehensible,' but this is incomprehensible to me," said Dennis Ross, the veteran Middle East troubleshooter who is now at the Washington Institute for Near East Policy. "He's a lawyer who's as professional and competent as anyone I know. He's a friend, and when he says he's innocent, I believe him. I just can't account for this case."

Among Mr. Libby's friends and former colleagues, the case brought by Patrick J. Fitzgerald, the special prosecutor, is considered not only unjust, but also a terrible irony.

"He's going to be the poster boy for the criminalization of politics, and he's not even political," said Mary Matalin, Mr. Cheney's former political adviser.

Critics of the Bush administration say nothing was more political than the administration's use of defective intelligence to take the country to war, in which Mr. Libby was deeply involved. At a time of deep public distress over events in Iraq, the trial will inevitably carry symbolic weight beyond the legal question of whether Mr. Libby lied.

He was "Cheney's Cheney," in Ms. Matalin's words, "an absolutely salient translator" of the ideas of the man considered perhaps the most powerful vice president in history. Mr. Libby had a role in virtually every national security initiative of the administration's first five years.

It was Mr. Libby who helped assemble a dossier on Saddam Hussein and unconventional weapons and ties to Al Qaeda for Secretary of State Colin L. Powell's speech to the United Nations on Feb. 5, 2003, fighting to keep in the speech evidence that Mr. Powell found questionable. It was Mr. Libby, at Mr. Cheney's direction, who repeatedly spoke to reporters to rebut Joseph C. Wilson IV after Mr. Wilson, a former ambassador, publicly accused the White House of distorting intelligence.

"Libby didn't plan the war," said John Prados, a historian of national security who wrote a book in 2004 on the flawed Iraq intelligence. "But he did enable the administration to set out on that course. He was the facilitator."

Both fans and critics of Mr. Libby might be surprised by some anecdotes from Yale, where Mr. Libby graduated in 1972. Fellow students recall his helping silkscreen T-shirts proclaiming "solidarity" between Yalies and the Black Panthers and going with shoulder-length blond hair and in a leather jacket to help at an anti-Vietnam War demonstration.

A couple of years after graduation, a classmate, Donald Hindle, met Mr. Libby, then a student at the Columbia Law School, and noted a decidedly nonpolitical talent.

"He could remember not only all 79 'Star Trek' episodes, as I could, but he knew all the titles, too," Mr. Hindle said. "I think he always liked fantasy."

Mr. Libby and his brother Hank, a retired tax lawyer, were the first in the family to graduate from college. Their father, Irve Lewis Libby Sr., had dropped out to support his family in the Depression. The senior Mr. Libby, who called his son Scooter after seeing him scurry about his crib, became a successful businessman. The family lived in the Washington region, Miami and Connecticut before Scooter graduated from the Phillips Andover Academy in Massachusetts.

At college, Mr. Libby began writing a novel, a mystery set at a country inn in 1903 in Japan, where he had spent the summer of 1969. He rewrote the book off and on for 25 years before it was published as "The Apprentice" in 1996, to glowing reviews ("a small triumph of meticulous craftsmanship," The Washington Post said), though after his indictment The New Yorker mocked its sex scenes.

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Also at Yale, Mr. Libby took courses from a young political science instructor, Paul D. Wolfowitz, who became the chief intellectual theorist of the Iraq war. Seven years older, Mr. Wolfowitz was the critical mentor in recruiting Mr. Libby to the neoconservative camp, hiring him first in 1981 as a speechwriter and an Asia analyst at the State Department under President Ronald Reagan and in 1989 as a strategist in the Defense Department, headed by Mr. Cheney in the administration of the first President George Bush.

"He was fascinated by Paul's thinking," recalled a friend, Francis Fukuyama, who worked with him at the State Department. Some experts find the seeds of the current president's assertive foreign policy in a 1992 military policy paper that Mr. Libby helped draft.

Between government stints, Mr. Libby practiced law with the firm of Leonard Garment, counsel to President Richard M. Nixon. Mr. Garment remembers him as "reliable, immensely hard working and guarded."

Presented with the seemingly intractable tax problems of a fugitive commodities trader, Marc Rich, Mr. Libby "went off for a year and worked on it, closeted with his own intellect," Mr. Garment said.

He emerged with a creative analysis, Mr. Garment added, that would ultimately help persuade President Bill Clinton to pardon Mr. Rich, an act that Republicans criticized because Mr. Rich's former wife, Denise, was a Democratic donor.

It was in Mr. Garment's firm that Mr. Libby met his future wife, Harriet Grant, a lawyer and onetime Democratic staff member of the Senate Judiciary Committee, where she handled Anita F. Hill's challenge to the Supreme Court nomination of Clarence Thomas.

"She probably cancels his vote every four years," said Jackson Hogen, a friend of Mr. Libby since his Andover days, a ski partner and a liberal Democrat. "It's a credit to Scooter that he can maintain a friend like me and a wife like her all these years."

Friends praise Mr. Libby's courtly manners and dry humor, but they also note his reserve. As a lawyer and an aide, he has generally advocated for others, whether Mr. Rich or Mr. Cheney. Many in Washington saw his views as indistinguishable from the vice president's, but some friends say they are uncertain about his personal opinions.

"He never struck me, even knowing him as I do, as an ideologue," said Mr. Fukuyama, who has skied with Mr. Libby and both of whose children were on the same Little League team. "I wouldn't say I have a particularly good handle on his worldview."

In 2001, when Mr. Cheney lured Mr. Libby from his $535-an-hour law practice to the White House, one attraction for the vice president was his discretion, said Juleanna Glover Weiss, Mr. Cheney's former press secretary.

"Like Cheney, Scooter's a tomb," Ms. Glover Weiss said. "Information can go in, but most of the time it doesn't come out."

Yet it is clear that long before Sept. 11, 2001, Mr. Libby, who studied the possibility of biological attacks in the Persian Gulf war in 1991, focused on the terrorist threat.

"What animates him is security," Ms. Matalin said. "On 9/12, there were but a handful of people who had the strategic grasp of terrorism that he did."

Some colleagues later wondered whether his focus on the threat had became too single-minded. Mr. Libby and his boss repeatedly pushed for widespread immunization against smallpox, disturbing others in the administration who worried about fatal reactions that some people might have.

C. Dean McGrath Jr., Mr. Libby's deputy until the end of 2005, said that particularly after the shock of Sept. 11 "Scooter considered it to be part of his job to think about dire possibilities."

By all accounts, Mr. Libby brought his worst-case approach to the debate over Mr. Hussein's threat. When that debate led to the leak of a C.I.A. officer's identity, the resulting criminal investigation produced one indictment, that of Mr. Libby for perjury and obstruction of justice. It landed just after the death of Mr. Libby's mother and a fall that broke his foot and left him hobbling into the federal courthouse on crutches.

"He puts up a tough front," said Mr. Hogen, his school and ski buddy. "But there's a kind human being in there who's really gotten beat up in this affair."

Mr. Libby's friends, including Mr. Cheney, have rallied behind him. The Hudson Institute, a research institution, has provided Mr. Libby with a place to work. His legal defense fund has a board that would be the envy of any conservative institution, including five former cabinet members, five former members of Congress and seven former ambassadors.

Friends say Mr. Libby, 56, has spent a lot of time at his home in McLean, Va., with his wife and children, a son in middle school and a daughter in elementary school. He has focused his legal acumen on a new client — himself.

Kenneth Adelman, a friend from the Reagan administration, invited the family for a week's vacation in Colorado last summer and took Mr. Libby to lunch with a liberal, pacifist local columnist, Paul Andersen.

The two men had a long talk about wilderness and recited poetry from memory. Mr. Andersen learned later that he had been talking with a man whom he had considered a symbol for all that was wrong with an administration that he holds in contempt.

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If Mr. Libby broke the law, Mr. Andersen said, he should be held accountable. But he said his views were more complicated after the lunch encounter.

"I got a feeling for him as a family man, a guy who likes the mountains," Mr. Andersen said. "Later, it seemed like he was nursing some serious pain. It seemed a dreadful shame that circumstances can sometimes ruin lives."

Courts Checking Jurors' Histories More Frequently (LAW)

By Emma Schwartz, Legal Times

Legal Times, January 17, 2007

The case involved the largest single drug bust in D.C. history, and after eight weeks of trial, the last thing a defense attorney wanted to hear was concerns about the jury.

But just after closing statements in a drug-conspiracy trial last month at the U.S. District Court for the District of Columbia, Judge Ellen Huvelle thought there could be a problem.

Only then had she run the jurors' names through criminal-background checks. The system flagged four jurors -- something none of them had disclosed during jury selection.

Had they lied? Or were the data -- run by the FBI and notoriously unreliable -- incorrect?

The question was hardly incidental. Last year, Chicago-based U.S. District Judge Rebecca Pallmeyer dismissed two jurors during deliberations in the corruption trial of former Illinois Gov. George Ryan, after the Chicago Tribune found that they had concealed their arrest records during jury selection. Ryan is free on bail while an appeals court looks at whether the jury problems merit a reversal.

The Ryan case drew attention across the legal world. Convicted felons are barred from serving on federal juries. But most courts rely on individual jurors to tell the court about any convictions, rather than run criminal-background checks on the jury pool. Indeed, the Administrative Office of the U.S. Courts, which oversees the federal judicial system, keeps no data on which courts run background checks.

But that may be changing. At the upcoming trial of Vice President Dick Cheney's former chief of staff, I. Lewis "Scooter" Libby Jr., Judge Reggie Walton will check the criminal backgrounds of potential jurors before lawyers make their final selections. The move comes at the request of Special Counsel Patrick Fitzgerald, who specifically noted the Ryan incident during a recent court hearing.

Following the former governor's trial, judges on the district court in Chicago said they would start running checks for some high-profile trials. In Washington's federal court, criminal-background checks occur only in big cases, and the ultimate decision is left to the individual judge. Judge Royce Lamberth, for instance, ran background checks during the trial of the notorious drug gang Murder Inc. in 2002. Assistant U.S. Attorney Amy Jeffress, who was a prosecutor in the case, says that although some of the jurors weren't immediately forthcoming about prior arrests, nobody was dismissed because of criminal history.

"In a longer trial where you don't want to have any problems, it's worth doing, but it's not necessarily worth doing in an average trial," she says of background checks.

But running such checks is not the practice in D.C. Superior Court, says spokeswoman Leah Gurowitz.

Although some judges and attorneys are concerned that the background checks could be an invasion of privacy, U.S. District Judge Paul Friedman is not opposed to the practice because, he says, "if they are supposed to answer a questionnaire under oath and tell the truth, why not have a fail-safe mechanism of preventing" convicted felons from becoming jurors?

But during the drug case before Huvelle, the background checks were put off until the trial was nearly complete. Two defense attorneys in the case say Huvelle forgot to run the checks until then. "That was the reason it was kind of a surprising issue," says Rudy Acree, who represented one of the four defendants.

Huvelle could not be reached for comment.

The trial featured four defendants charged in a cocaine-trafficking conspiracy that centered on the seizure of nearly 100 kilos of cocaine and almost $1 million in cash -- all of which the prosecutors displayed in the courtroom during trial. Two defendants were acquitted, and the jury has yet to decide the fate of the last two.

When the system flagged four jurors, Huvelle called three of them -- one of whom was an alternate -- in for further questioning, the defense attorneys say. (Huvelle did not call the fourth because he was far down the list of alternates.)

Two said the names were wrong, claiming either that their Social Security numbers did not match or they had never been in the jurisdiction where the incident occurred.

The jurors' responses were not entirely unexpected. FBI data do not always show whether an arrest or charge resulted in a conviction. Sometimes names come up that are similar but not exactly the same, which is why the data cannot be the sole basis for dismissing a juror.

But the third juror had two possible criminal charges flagged. Attorneys say that at first, she denied having anything to do with the charges. But after they peppered her with more questions, the attorneys say, she admitted that one of the charges, a 22-year-old arrest, could have been her, but that her arrest had never led to a formal conviction.

Neither side decided to throw the woman off the jury, but the incident could become part of an appeal, Acree says. "It's one of those things where you can't really rule anything out," he says. The jury began deliberations in the case on Dec. 12 and broke for the holidays on Dec. 21.

Either way, says Jon Norris, a defense attorney whose client in the case was acquitted, "you expect to have some reliance that the jurors you pick are going to be the ones that deliberate."

Editorial: Rein In All The Rogue Prosecutors (IBD)

Investor's Business Daily, January 17, 2007

Justice: Like the Duke lacrosse players, Scooter Libby faces jail for alleged involvement in a crime that was never committed, pursued by a vindictive prosecutor. And also like the Duke case, it's a national disgrace.

The trial of Libby, the only person charged with anything in the three-year probe of who "leaked" the name of CIA desk jockey Valerie Plame, officially got under way Tuesday. Actually, it might be called the second trial. The first, in the media, already found Libby guilty.

It is perhaps a sign of how much a media pariah Libby has become that "Fox News Sunday" host Chris Wallace felt compelled to ask why, "given his legal troubles," Libby was invited to the Christmas party of his old boss, Vice President Dick Cheney. Please.

When Cheney responded that Libby was "one of the finest individuals I've ever known," a "friend" and "a good man," Wallace queried: "Is he honest?" The only dishonesty being perpetrated these days is by reporters who forget about the presumption of innocence and by prosecutors who pursue the demonstrably innocent with a mindless vengeance unseen since Ahab pursued his white whale.

At least Wallace got it right when he asked Cheney, "Given the fact that it now turns out that Libby wasn't the one who first leaked the name of Valerie Plame, what do you think of the fact that he's the only one who's being prosecuted in this case?" And for what? we might add.

If lying to law enforcement, officers of the court or Congress warrants jail time, then both Bill Clinton and Sandy Berger might still be writing their memoirs in Leavenworth. For that's what Libby is charged with -- lying to investigators. Not stuffing secret documents in his pants, not even outing a secret agent, but simply having a recollection that is different from reporters of what he said when and to whom.

Berger, the second Clinton administration official to have trouble with his trousers, roams free after a slap on the wrist for destroying classified information. So does Richard Armitage, former deputy secretary of state, who was the one who "outed" the wife of Joe Wilson, former ambassador and serial liar, in what the Washington Post called "an offhand manner, virtually as gossip."

Armitage told the FBI in October 2003 that he was the source. The Justice Department knew it, and so must have special persecutor, er, prosecutor Patrick Fitzgerald two months later when he was appointed to investigate Plamegate.

We know, and Fitzgerald knew, Libby didn't "out" Valerie Plame. Columnist Robert Novak, who noted Plame's employment in a July 14, 2003, column, has written: "I learned about Valerie Plame's name from Joe Wilson's entry on Who's Who In America."

That column was written eight days after Plame's hubby wrote a low-profile op-ed in the New York Times about his CIA-sponsored trip to Africa, saying it proved President Bush lied about Iraq seeking yellowcake uranium there.

So Libby didn't out Plame, whose identity was publicly known or could be found out by anyone at the nearest public library. Nor was revealing her identity even a crime, a crime for which no one has been charged. She was a desk analyst at CIA headquarters in Langley, Va., not an overseas undercover operative as the law requires.

Like District Attorney Michael Nifong in the Duke case, Fitzgerald knew early that he had no real crime and no real criminal. But he had to come up with something. So he charged with lying someone who in his job got hundreds of phone calls every day and talked to dozens of reporters because his memory of earlier conversations differed with those reporters' notes.

Duke lacrosse players still twist in the wind, as does Libby, who stands accused of lying about a crime that never occurred in an investigation that never should have happened. Justice should be blind, not those administering it. That's the real crime in both cases.

How Legal Codes Can Hinder Hacker Cases (WSJ)

DOJ_NMG_0117505

By CASSELL BRYAN-LOW

Wall Street Journal, January 17, 2007

Prosecutions of Virus Writers Find Complex Issues, Soft Penalties -- but Laws May Stiffen

As police around the world become more skilled at tracking down criminals who spread computer viruses, they are realizing there are some bugs in their own system: hurdles to trying their cases in court.

The problems lie in both building cases and securing stiff sentences, say legal and security experts. Prosecutors can have a hard time explaining the complex crimes to the courts. It often is difficult for law enforcers to quantify the damage caused by a virus that infects computer networks. And judges often hand down light sentences to the culprits, who typically are young, first-time offenders, among other factors.

"The main obstacle in any complex computer-crime case is convincing a judge or a jury about the seriousness of the case," says Arif Alikhan, a former federal prosecutor in Los Angeles. "It's a lot harder than a bank robbery or other crimes."

As a result, some countries -- including the U.S., United Kingdom and Germany -- are reviewing their laws. The British Parliament in November passed the Police and Justice Act which, among other things, updates the country's cybercrime laws by raising the maximum prison penalty for unauthorized access to a computer to two years from six months. It also seeks to plug a loophole by criminalizing so-called denial-of-service attacks, by which one party attempts to knock another party's computer system offline by bombarding it with data via the Internet. Perpetrators now face as many as 10 years in prison; previously, such cases typically were prosecuted for unauthorized modification of a computer, which carries a maximum five-year sentence.

In the U.S., legislation proposed last year advocated raising the maximum sentence for most computer crimes to 30 years in prison. Current penalties for computer crimes vary and generally reach up to 20 years in prison. The bill also tackles certain virus-related activities by outlawing the creation of networks of infected computers, known as botnets. Such networks are frequently used by criminals to launch Internet attacks, fire out the unsolicited email known as spam and swipe personal data stored in other computers. The Cyber-Security Enhancement and Consumer Data Protection bill had broad support in the House, but it wasn't voted on by either chamber during the last session of Congress. It is unclear whether it will be reintroduced.

The push for tougher laws comes as prosecutors have won some high-profile cases that nonetheless resulted in light punishments. An example is the case of the writer of the Agobot virus, a widespread and powerful piece of malicious code that was one of the first major viruses to allow the person spreading it to remotely control armies of infected machines. Since starting to spread in about 2003, the code and the hundreds of offshoot viruses it spawned have affected millions of computers that use Microsoft Corp.'s operating-system software. While the virus wouldn't necessarily shut computers down, it could create a back door through which identity thieves and other criminals could gain access.

But its author, Axel Gembe, a 24-year-old German, received just two years' probation following his conviction on charges of computer sabotage and modifying data at his trial in Germany in November. Prosecutors in the case weren't able to demonstrate the total damage caused by the virus around the world or show Mr. Gembe was directly responsible for infecting all of the machines.

Mr. Gembe admitted in court to writing the virus and supplying it to another hacker but said he didn't widely disseminate it. In Germany, as in the U.S. and many Western countries, writing a computer virus isn't in itself illegal. Distributing a virus with intent to cause harm is a crime in most of those countries, but showing that intent often is difficult for prosecutors to prove. Virus writers often claim to have written a piece of code merely to win bragging rights for the accomplishment among their peers.

The judge also took into account that Mr. Gembe had a difficult home life as a child, including being abandoned by his mother, and that he has recently taken steps to improve his situation. Mr. Gembe currently lives in the city of Freiburg with friends and has an apprenticeship at a security firm that produces alarm systems.

While some legal experts say Mr. Gembe's sentence may be appropriate considering his personal circumstances, they consider it light considering the disruption his virus caused. "Agobot was an industry-changing code" in terms of the rate at which it spread and the ability it gave a remote user to manipulate infected machines, says James Aquilina, a former assistant U.S. attorney in Los Angeles who prosecuted Internet crimes and now is a lawyer at Stroz Friedberg LLP. "Given the way the hacker community regale, revere and admire [Mr. Gembe], I'm sure they think, 'He gets a slap on the wrist, and I'm in the clear.' "

Some prosecutors say the problem in general isn't so much that available penalties aren't sufficient. "The bigger challenge in the penalty sense is making sure that we can actually quantify the harm that is caused" to persuade a judge to issue a punishment that fits the crime, says Christopher Painter, deputy chief of the U.S. Justice Department's Computer Crime Section. Damages can play a key part in sentencing, but collecting comprehensive data is practically impossible as a virus can affect millions of machines, which often are scattered across many countries.

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There have been some lengthy sentences. In the U.S., a federal judge in Los Angeles last May sentenced 21-year-old Jeanson James Ancheta to 57 months in prison for computer-virus related crimes. Mr. Ancheta pleaded guilty to several charges, including conspiracy to commit computer fraud and unauthorized access to computers.

Prosecutors said he secretly hijacked tens of thousands of computers, including those at two military sites. Mr. Ancheta then rented the armies of infected computers -- the botnets -- to others for the purpose of launching Internet attacks and sending spam, complete with advice on how many machines would be needed for a specific task. In addition, he received about $60,000 of advertising revenue by directing hundreds of thousands of infected computers in his networks to other computer servers he controlled where so-called adware would surreptitiously download onto the zombie machines, the court filings show.

Feds Offer Cybercrime Tips To Local Cops (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, January 17, 2007

Because many police agencies may lack computer skills, the Justice Department created an investigator's manual.

Police trying to learn how to use the Internet to investigate everything from cyberstalking to spam and illegal hacking have some new advice, thanks to the U.S. Department of Justice.

The department's Office of Justice Programs on Tuesday published what amounts to a manual for tech-challenged gumshoes, covering everything from how to track suspects through an Internet Relay Chat network to targeting copyright thieves on peer-to-peer networks.

Local and state law enforcement have bungled some high-tech investigations recently. The Pennsylvania Supreme Court rejected prosecutors' attempts to seize newspaper reporters' hard drives, and the 8th Circuit Court of Appeals ruled that police illegally seized a computer in a methamphetamine investigation. A federal judge permitted an Internet service provider to sue police after it was raided because of Usenet posts its employees knew nothing about.

The new 137-page manual (click for PDF) appears to represent the Justice Department's attempt to offer at least some basic technical and legal tips to law enforcement agencies that may not have computer experts on the payroll.

"Criminals can trade and share information, mask their identity, identify and gather information on victims, and communicate with co-conspirators," the manual says. "Web sites, electronic mail, chat rooms, and file sharing networks can all yield evidence in an investigation of computer-related crime."

The manual warns of the perils of assuming that the owner of a computer--especially Windows PCs, which can be vulnerable to security breaches--is responsible for what's actually on it.

"Because investigations involving the Internet and computer networks mean that the sus¬pect's computer communicated with other computers, investigators should be aware that the suspect may assert that the incriminating evidence was placed on the media by a Trojan program," it says. "A proper seizure and forensic examination of a suspect's hard drive may determine whether evidence exists of the presence and use of Trojan programs."

Neteller Execs Charged In Gambling Case (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, January 17, 2007

NEW YORK -- Two founders of a company that processes Internet gambling transactions were arrested and charged with funneling billions of dollars in gambling proceeds to overseas betting operations, federal prosecutors announced Tuesday.

The charges mark the latest in a series of crackdowns by the federal government against the online gambling industry.

The charges against the former Neteller PLC directors, John David Lefebvre, 55, and Stephen Eric Lawrence, 46, both Canadian citizens, were contained in two criminal complaints unsealed in U.S. District Court in Manhattan on Monday, U.S. Attorney Michael Garcia said in a statement.

The prosecutor said the men knew when they took their company public that its activities were illegal. FBI Assistant Director Mark J. Mershon said the multibillion-dollar online gambling industry is "a colossal criminal enterprise masquerading as legitimate business."

Neteller is an Internet payment services company that has grown in popularity as an increasing number of credit card companies have begun refusing to accept payments to online gambling sites.

Neteller essentially acts as a middleman between gamblers and offshore betting operations. For example, a gambler who wants to place bets at offshore sports books can fund an account with Neteller, which in turn will transfer the money to the betting sites. Prosecutors say Neteller facilitated the transfer of billions of dollars of illegal gambling proceeds.

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Lefebvre was arrested Monday in Malibu, Calif., and was scheduled to appear in U.S. District Court in Los Angeles on Tuesday. Lawrence, who lives in the Bahamas, was arrested Monday in the U.S. Virgin Islands and will appear in federal court on Wednesday.

Peter Neiman, a lawyer for Lawrence, said he had no comment. A lawyer for Lefebvre did not immediately return a telephone message seeking comment.

In 1999, the men founded Neteller, which is based in the Isle of Man and is publicly traded in the United Kingdom.

The company began processing Internet gambling transactions in 2000.

Lawrence left the company's board of directors in October, while Lefebvre left in December 2005, prosecutors said. Together, the men owned as much as 35 percent of the company's outstanding shares.

Prosecutors cited Neteller's 2005 annual report in saying that Lawrence and Lefebvre enabled the company to provide payment services to more than 80 percent of worldwide gaming merchants.

Garcia noted that the company acknowledged when it went public that U.S. law prohibited people from promoting certain forms of gambling, including Internet gambling and transmitting funds that are known to have been derived from criminal activity.

Lefebvre and Lawrence also conceded in the company's offering documents that they were risking prosecution by the U.S. government, he said.

Prosecutors said Neteller in 2005 alone processed more than $7.3 billion in financial transactions, 95 percent of which was derived from money transfers involving Internet gambling.

Lawrence and Lefebvre were charged with conspiring to transfer funds with the intent to promote illegal gambling, and could face up to 20 years in prison if convicted.

Online Purge Sees NETeller Chiefs Arrested In US (DAILYIND)

By Karen Attwood

Daily Independent, January 17, 2007

Shares in NETeller, an online payment processing business, were suspended yesterday after its two founders were arrested and charged with laundering billions of dollars in gaming proceeds in the US.

Stephen Lawrence, the company's former chairman, and John Lefebvre, the former group president, were arrested on Monday. Mr Lawrence, 46, was detained in New York while Mr Lefebvre, 55, was held in Los Angeles.

The FBI's assistant director Mark Mershon said that the multibillion-dollar online gambling industry was "a colossal criminal enterprise masquerading as legitimate business."

The AIM-listed company, which provides e-wallets for online gamblers, has continued to do business in the US, despite the country's crackdown on internet gaming. Most companies pulled out of the US last year but as NETeller is not directly involved in gambling it was thought to be safe. Some 90 per cent of its business is with US customers.

"Blatant violations of US law are not a mere 'risk' to be disclosed to prospective investors," the prosecuting US attorney Michael Garcia said. "Criminal prosecutions related to online gambling will be pursued even in cases where assets and defendants are positioned outside of the US."

NETeller said the two men, who are both Canadian, are no longer involved in the company other than as shareholders, with stakes of 5.9 per cent and 5.5 per cent respectively.

The company asked for its shares to suspended in London yesterday pending clarification of the situation in the US, before the charges were unsealed later last night.

Shares across the sector slipped yesterday but analysts said this could be a time to buy companies that haveclosed their US operations. Shares in NETeller, which has more than 3 million customers and $7bn in annual transactions, fell 79 per cent last year.

Neteller Founders Charged After Sting Operation By FBI (TIMES)

By James Doran In New York

The Times, January 17, 2007

Stephen Lawrence and John Lefebvre, founders of Neteller, the UK-listed online payments company, were last night charged with conspiracy in connection with a multibillion-dollar money laundering scheme linked to internet gambling.

The pair were arrested on Monday after an FBI sting operation discovered that Neteller was being used to allow Americans to place illegal bets on sporting events via internet gambling companies based in foreign countries.

Mr Lawrence, 46, who lives in a luxury home on Paradise Island in The Bahamas, was arrested in the United States Virgin Islands and has been ordered to appear later today in the federal court of St Thomas.

Mr Lefebvre, 55, was arrested at the same time in Malibu, California, and was expected to appear in Los Angeles federal Court last night.

Neither Mr Lawrence nor Mr Lefebvre were available to comment in response to the allegations made in the indictment. If found guilty, the pair face 20 years in jail.

The seven-page indictment, filed in New York last night, claims that the pair set up Neteller in 1999 with the express purpose of providing online payment services to gambling companies. The indictment also claims that between 2000 and 2003 Neteller Inc, a Canadian corporation, offered payment services to various internet gambling companies so that they could illegally access customers in the United States.

From 2004 to the present day, the same operation was conducted by Neteller plc, an Isle of Man-based company which in April 2004 raised some $70 million via a listing on London's AIM. An agent with the FBI named in the indictment claims she used Neteller as a middle man between her US-based bank account and an offshore internet gambling company.

Shares of Neteller were suspended on AIM yesterday before the indictment was released as the company was seeking clarification of its status with US authorities.

A spokesman for Neteller stressed that the founders were no longer employees or directors of the company. "Because of that, this arrest has nothing to do with the company," he added.

Mr Lawrence resigned as a non-executive director of the company on October 13, having stepped down as non-executive chairman last May. Mr Lefebvre resigned as a non-executive director on December 15, 2005. However, the pair still own large stakes of Neteller. Mr Lawrence holds 5.91 per cent of the company, while Mr Lefebvre owns 5.54 per cent.

Neteller claims to operate the largest independent online money transfer business in the world with 3 million customers in 160 countries and over $7 billion in annual transactions.

It specialises in providing instant payment services where money transfer is difficult or risky because of issues of identity, trust, currency exchange, or distance. In the past, it handled funds for online gamblers in the US but it is said to have stopped the practice when tough new laws banned internet gambling in America last October.

Last year authorities arrested a number of prominent executives for breaching US gambling laws, including two from Britain. David Carruthers, the former chief executive of BetOnSports, was arrested in July while Peter Dicks, former non-executive chairman of Sportingbet, was arrested in September.

Other arrests

July 2006 David Carruthers, chief executive of BetOnSports, the AIM-listed bookmaker, is arrested in Dallas

Sept 2006 Peter Dicks, then Sportingbet chairman, is arrested at JFK airport in New York, on request of Louisiana state authorities

Sept 2006 Manfred Bodner and Norbert Teufelberger, joint chief executives of Bwin, the Austrian internet betting group, are detained in Monaco on charges of violating France's internet gaming laws

Arrests In US Rekindle Fears For Future Of Online Gambling (FT)

By James Wilson In Manchester, Gordon Smith And Lucy,warwick-ching In London And Daniel Pimlott In New York

Financial Times, January 17, 2007

US authorities yesterday charged two founders of UK-listed Neteller, one of the leading payment processors for online gamblers, with laundering billions of dollars of gambling proceeds, intensifying concern about the US stance on internet gaming.

Stephen Lawrence, a former chief executive and chairman, was detained on Monday in the US Virgin Islands and was due to appear in court today.

John Lefebvre was held in California and was set to appear in court in Los Angeles yesterday.

The US attorney's office in the southern district of New York said the men, who are Canadian, had been charged with conspiring to transfer funds with the intent to promote illegal gambling. If convicted they could face 20 years in prison.

The two men set up Neteller in 1999 and remain its biggest individual shareholders. But the money transfer company said neither had any current involvement other than as investors.

Mr Lawrence, 46, stepped down from the board last October. Mr Lefebvre, 55, left the board in December 2005.

Michael Garcia, the US attorney for the southern district of New York, said the arrested men "knew when they took their company public that its activities, as well as those of the internet gambling companies it assisted, were illegal in the US".

Neteller, which has its headquarters in the Isle of Man and is listed on Aim in London, had "not received any communication or correspondence from any US authority regarding this or any related matter". Trading in Neteller shares was suspended after the arrests.

Simon Holliday, partner at Global Betting and Gaming Consultants, said: "It could mean anyone . . . ever . . . involved in the online gambling industry faces the possibility of arrest if they travel to the US."

These are the latest in a series of arrests of online gaming executives. David Carruthers, former chief executive of BetonSports and a prominent advocate of regulated online gambling, was arrested in Texas last July. He is, in effect, under house arrest.

Peter Dicks, former chairman of Sportingbet, was arrested in New York but was released and allowed to return to London.

On Monday, shares in Neteller closed down 7 per cent at 163¾p.

Net Execs Face Fed Bet Charge (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, January 17, 2007

The founders of a company that helped send billions of Internet gambling dollars overseas were arrested as part of a government crackdown on wagering on the Web, Manhattan federal prosecutors said yesterday.

Stephen Lawrence, 46, and John Lefebvre, 55, were charged with conspiring to use their Internet payment service company to promote illegal gambling.

Lawrence and Lefebvre, both Canadian citizens, founded Neteller in 1999 and by 2005 they were providing payment services to more than 80% of the world's gaming merchants, prosecutors said. In 2005, the company processed $7.3 billion in transactions, with 95% coming from money transfers for Internet gambling companies.

Lawrence was arrested Monday in St. Thomas in the U.S. Virgin Islands and Lefebvre was arrested the same day in Malibu, Calif. They each face a maximum of 20 years in prison. Their company is based in the Isle of Man, near England, and publicly traded in the U.K.

"Stephen Eric Lawrence and John David Lefebvre knew when they took their company public that its activities as well as those of the Internet gambling companies it assisted were illegal in the United States," said Manhattan U.S. Attorney Michael Garcia.

In recent months, the Justice Department has used money laundering laws to charge two offshore gambling operations. And in 2003, Pay-Pal and parent company eBay forfeited $10 million to settle a lawsuit, that claimed t the company aided illegal online gambling activities.

Neteller Arrests Bode Ill For Online Gambling (BSWK)

By Catherine Holahan

BusinessWeek, January 17, 2007

Two of the company's former directors have been arrested as part of the U.S. government's crackdown on gambling Web sites

When President George W. Bush signed anti-online-gambling legislation into law last October, publicly traded gambling companies folded their cards and left the U.S. table. For instance, PartyGaming, the Gibraltar-based parent of once-leading gambling site PartyPoker, withdrew from the $6-billion-a-year U.S. market. Other companies traded on the London Stock Exchange, such as Sportingbet, followed suit, closing betting sites to U.S. customers and selling off other gambling businesses for $1 to whomever would take them.

However, the game wasn't over for all gambling sites. Private companies such as Antigua-based Bodog Entertainment Group, FullTiltPoker.com, and PokerStars.com kept their virtual doors open to U.S. customers. They took their cues, in part, from Neteller, a publicly traded Internet payment processor used by many online gambling sites, which was making a fortune from transaction fees paid by online bettors. Instead of closing its doors to U.S.-based online gamblers—and forgoing as much as 70% of the $846.7 million it made in fees during the first half of 2006 alone—the company took a wait-and-see approach.

Neteller got an eyeful on Jan. 15. That's when U.S. law enforcement officials arrested two of the company's former directors and founding shareholders, Stephen Lawrence and John Lefebvre. The U.S. Attorney for the Southern District of New York and the Federal Bureau of Investigation have charged that the two men helped transfer billions of dollars in illegal gambling proceeds from Americans to overseas Internet gambling companies. According to the complaint, more than 95% of the $7.3 billion processed by Neteller in 2005 were transactions involving Internet gambling companies. Lawrence's attorney, Peter Neiman of Wilmer Cutler Pickering Hale & Dorr, declined to comment. Calls to Lefebvre's attorney were not immediately returned. Left in a Lurch

The moves demonstrate how far the U.S. government is prepared to take its crackdown on gambling, and they bode ill for the closely held Internet gambling sites that continue to cater to U.S. clients even after October. "In the eyes of the U.S. Justice

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Dept., what Neteller is doing is even worse [than the gaming companies] because they are acting like a bank and helping all this money leave U.S. accounts," says Christopher Costigan, president of the online gaming industry publication Gambling911.com, which initially reported the arrests. He speculates that Neteller will withdraw from the U.S. market.

The case focuses on sports bets placed by a then-Miami resident. According to a statement by an FBI agent involved in the case, the witness bet on National Football League games in August and September with gambling businesses based in Antigua and Costa Rica. In each case, the witness used Neteller to transfer funds. Unlike online poker bets, which are considered illegal by the Justice Dept., though not expressly banned by U.S. laws, sports betting is explicitly outlawed under the 1961 Wire Act (see BusinessWeek.com, 10/3/06, "Online Gambling Still in the Cards?").

The action against Neteller will likely leave the gambling companies that did not withdraw from the U.S. market in a lurch. As long as Neteller was processing payments, companies such as FullTiltPoker.com were able to continue business as usual. After all, many U.S. Internet gamblers were already using Neteller accounts to transfer funds between their checking accounts and online gambling sites because U.S. banks had stopped processing such transactions as early as 2001. Thus, gamblers already on the still-open-for-business private sites could simply continue playing. Those with accounts on sites closed to U.S. business simply needed to transfer whatever money remained with those sites to their Neteller accounts and then transfer the money again to an account with an open site (see BusinessWeek.com, 10/19/06 "Online Gambling Goes Underground"). Riskier Environment

Indeed, sites that remained open in the U.S. by processing payments through Neteller and other services experienced a jump in enrollment, thanks to reduced competition from PartyGaming's sites. While PartyPoker.com saw a 67% drop in its numbers between September and October, when the company withdrew from the U.S. market, FullTiltPoker.com had a 42% increase in audience, according to a November report by Nielsen//NetRatings (NTRT). The site's audience increased to 939,000 in December from 751,000 in November. The total U.S. audience for the top gambling sites, however, decreased 56%.

Meanwhile, PokerStars.com saw its audience jump to 1.5 million U.S. users in December from 1.4 million in November. Bodog.com saw an increase to 771,000 in December from 728,000 in November. Even PartyPoker saw an increase, as U.S. users figured out how to get around the ban on the sites. The company's U.S. audience increased to 1.3 million in December from 1.18 million in November, according to Nielsen//NetRatings.

Without Neteller to process payments, the sites will have to rely more on other, smaller payment processors such as Instant eChecks and ePassporte to process U.S. transactions. However, now that the government has shown it is willing to go after payment processors, that would be risky. In addition, online gamblers may be more skittish about betting now that the state of their funds is in flux. Eleventh-Hour Reprieve?

So far, Neteller says it has not stopped processing U.S. transactions, and it is not clear how the action against the company could affect U.S. customers. Similarly, it is not clear whether the gaming sites are considering dropping Neteller from their list of approved payment services. As of late in the evening on Jan. 16, neither PokerStars.com nor FullTiltPoker.com had taken Neteller off of their lists of approved services. There hands will be tied, however, if Neteller does in fact decide not to process U.S. gambling transactions.

Even if Neteller chooses to leave the U.S. market, however, it would not spell the end for all gambling companies. To date, U.S. law enforcement action has centered on sports betting. Other executives who have been arrested, such as BETonSPORTS Chief Executive David Carruthers, were involved in companies that processed U.S. sports bets (see BusinessWeek.com, 7/19/06, "Justice Gambles on Net Crackdown"). There is still a chance that online poker will receive a reprieve from the new law, which does not explicitly ban poker. Indeed, several U.S. land-based casinos have expressed interest in starting their own online poker sites that would be regulated by U.S. law, in a sign that not all hope is lost for the cause of U.S. online gambling.

Holahan is a writer for BusinessWeek.com in New York.

Indicted Senator Seeks Case Dismissal (KNOXNS/AP)

By Associated Press

Knoxville News Sentinel (TN), January 17, 2007

CHATTANOOGA - Indicted state Sen. Jerry Cooper contends in court filings aimed at getting his federal mail fraud, bank fraud and conspiracy case dismissed that law enforcement officials coached grand jury witnesses.

Cooper, D-Morrison, is accused of using a fraudulent appraisal and political influence to help an Alabama businessman get a loan from a bank co-owned by then-Lt. Gov. John Wilder in a borrowing scheme involving the 1999 sale of Cooper's lumber mill in Warren County.

Cooper's attorney, Jerry Summers of Chattanooga, has requested government evidence that he believes is grounds for dismissing the charges because of prosecutorial misconduct, court records show.

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Summers declined to comment, saying his "motion speaks for itself."

"We're still in the process of trying to get more and more of the evidence as it keeps dribbling in," he said. "We'll address it at the proper time."

Records filed in the case show that Summers is awaiting evidence he expects will show that law enforcement officials coached witnesses in the case "to change their testimony" for a grand jury appearance.

Assistant U.S. Attorney Gary Humble declined comment about the pending case.

The documents were filed during an attempt by Cooper to postpone his March 5 trial until after the legislative session. Prosecutors are opposing a delay.

Court records show the charges were brought against Cooper after he obtained an appraisal that inflated the value of a lumber mill he was trying to sell by falsely claiming that the property contained a railroad spur.

The fraudulent appraisal by McMinnville real estate appraiser James Passons was used to acquire a $1.7 million loan for Alabama businessman Anthony Auyer to buy the property.

Records show that the loan likely would not have been approved without Wilder's help.

Auyer and his wife, Theresa Auyer, pleaded guilty to charges against them. Auyer is serving a 34-month prison sentence. Theresa Auyer is serving an 18-month sentence.

A jury acquitted Passons.

Another Blow For Pirro (AP)

By Jim Fitzgerald, Associated Press

AP, January 17, 2007

WHITE PLAINS, N.Y. (AP) - The federal investigation of former Westchester County District Attorney Jeanine Pirro has branched out to include the jewelry business she set up while she was in office, a Pirro spokesman said Tuesday.

The spokesman, Pirro family friend Michael Edelman, said agents have begun questioning some of the people who bought the bead jewelry she made several years ago in what he said was an attempt to raise money for charity.

He said clerks, an assistant district attorney and others who were "around the courthouse" when Pirro was district attorney have been summoned by federal prosecutors and several were questioned Tuesday.

"They've subpoenaed a lot of the people who bought the beads," Edelman said.

He said he did not know specifically what interested the investigators, but he said Pirro was cooperating and had turned over all requested records.

U.S. Attorney Michael Garcia's spokesman Herb Hadad said he couldn't comment on an ongoing investigation.

Pirro acknowledged last year, while she was the Republican candidate for state attorney general, that she was under investigation for plotting to eavesdrop on her husband, Albert Pirro, in 2005, when she believed he was having an affair. She said she had sought help from disgraced former New York police Commissioner Bernard Kerik to plant a bug on the family boat, but she said she never went through with it and broke no law.

Jury Selection Starts In Coke Theft Case (NSDY/AP)

By Harry R. Weber, Ap Business Writer

Long Island Newsday, January 17, 2007

ATLANTA -- One hundred potential jurors filed into a federal courtroom Tuesday for the start of the conspiracy trial of a former Coca-Cola secretary accused of stealing trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi.

The potential jurors answered questions from U.S. District Judge J. Owen Forrester about whether they work for or have relatives who work for Atlanta-based Coca-Cola, then filled out a questionnaire drafted by the lawyers in the case and were sent home for the day.

Individual questioning of potential jurors by the defense lawyers and prosecutors will begin Wednesday, and opening statements are scheduled for Monday. The trial is expected to last up to two weeks.

Joya Williams, who was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light, faces up to 10 years in prison if convicted of the single federal charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and at least one is expected to testify against her.

The questionnaire, a copy of which was provided to The Associated Press, asks the potential jurors about their educational background, whether they've held management jobs before, whether they've ever brought documents from their job to their home and whether they or their spouse has ever worked for The Coca-Cola Co. or any of its affiliates.

DOJ_NMG_0117512

The questionnaire also asks potential jurors what magazines and newspapers they read, what television shows they watch regularly, whether they own Coca-Cola stock and what they know about this case.

Another question asks if the potential jurors drink Coca-Cola products such as Coke, Diet Coke, Fanta or Dasani and, if so, how often. The potential jurors won't be excluded on the basis of how they answer that question alone, said Williams' defense lawyer, Janice Singer.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July on the single federal charge of stealing new product samples and confidential documents from Coca-Cola and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Coca-Cola and an undercover FBI investigation was launched.

Singer has said she plans to attack the credibility of Dimson and Duhaney.

The two men served prison terms at the same time at a federal penitentiary in Montgomery, Ala. Duhaney served nearly five years of a seven-year sentence on a cocaine charge before being released in 2005; Dimson served less than one year of a two-year sentence on a bank fraud charge before his release in 2004.

Williams does not have a criminal record, another attorney who previously represented her has said.

But prosecutors say they have a strong case. That includes video surveillance showing Williams at her desk at Coke headquarters going through multiple files looking for documents and stuffing them into bags, according to court records. She also was observed holding a liquid container with a white label, which resembled the description of a new product sample, before placing it into her personal bag, prosecutors say.

The prosecution says a box containing two undisclosed product samples and other confidential company papers were found in Duhaney's home during a search on July 5, the day all three were arrested.

Coke has declined to give details about the samples, including which products they are for. The indictment only refers to a mysterious "Project N....."

Strip-club Owners Will Surrender On Tax Charges (PHI)

By John Sullivan

The Philadelphia Inquirer, January 17, 2007

Two owners of the Philadelphia strip club Dangerous Curves agreed to turn themselves in to authorities this morning to face federal charges that they sought to avoid paying more than $300,000 in federal taxes, according to the U.S. Attorney's Office and a defendant's attorney.

The case grew out of the federal corruption probe into convicted City Councilman Rick Mariano, according to Rich Manieri, a spokesman for U.S. Attorney Patrick Meehan. Mariano was sentenced last summer to 61/2 years in prison for taking bribes to help navigate tax and regulatory issues. At some point during the two-year investigation, agents thought Mariano had an interest in the club, but he did not, court documents say.

Chris Warren, an attorney for club owner Kevin Rankin, said agents began looking into his client after suspecting that Mariano may have helped Rankin, his former high school football coach, win zoning for the club.

"That was also untrue," Warren said last night. Federal agents raided the Tacony strip club in October 2005 and arrested Rankin, 60, of Philadelphia, and co-owner Bishop Krabsz 59, of Cherry Hill, on gun charges after finding four firearms at the club and the men's homes. The men still face charges in connection with those arrests.

Now, however, they face a 40-count indictment charging that they hid more than $800,000 in income from 2000 to 2004, skirting a $200,000 tax bill. They are also accused of not paying $107,000 in payroll taxes.

"This was a deliberate deception by an accountant and his clients," Meehan said in a statement.

Also indicted yesterday was accountant Enrico Nardini, 67, of Boothwyn, who Meehan said filed false tax returns for the men.

The indictment says Reinaldo Pastrana, a developer who paid Mariano's gym fees in exchange for help on a city land deal, was a client of Nardini's, who underreported Pastrana's earnings by $150,000 for three years. Pastrana, who was sentenced to 21/2 years in prison in 2006 after pleading guilty in August to three counts of bribery in connection with the Mariano case, was not charged in yesterday's indictment.

Also named as defendants were businessmen James Sanford, 68, of Berlin, N.J.; William Lavan Sr., 73, of Ventnor, N.J.; and William Lavan Jr., 28, of Egg Harbor, N.J. They were charged with submitting false returns prepared with Nardini's help.

Warren, Rankin's attorney, questioned prosecutors' motive for going after his client.

"This is a face-saving move," Warren said.

"They went after them because they thought Mariano was involved, then for guns, and now, for tax evasion," Warren said. "We look forward to defending against these charges."

DOJ_NMG_0117513

Warren said Rankin and Krabsz would surrender to the FBI this morning. The men are expected to be arraigned at 1:30 p.m. in federal court in Philadelphia.

Regulators Investigate Commerce (PHI)

By Harold Brubaker

The Philadelphia Inquirer, January 17, 2007

Shares in Commerce Bancorp Inc. fell more than 8 percent yesterday after the Cherry Hill company said it was under investigation by federal banking regulators.

The Office of the Comptroller of Currency and the Federal Reserve are looking into the company's transactions with directors, officers and related parties, "including deals involving banking premises," Commerce said deep in its fourth-quarter earnings report.

The disclosure, in a single paragraph, came just 10 weeks after it said an unrelated federal probe had ended.

For years, Commerce has disclosed in its annual proxy statements that it leases land for some of its 428 branches from a real estate firm partly owned by chairman and president Vernon W. Hill II and uses an architectural design firm owned by his wife.

The bank paid nearly $60 million from 1996 through 2005 to Hill's Site Development Inc. and Shirley Hill's InterArch Inc., both of Mount Laurel. In its April 2006 proxy, the bank said payments to the two companies were at market rates.

The investigation's inclusion of insider deals related to banking sites raises the possibility that investigators suspect additional, unreported transactions.

"There are always questions when an executive of a bank has something to do with outside companies that in turn do business with the bank," said Wilson L. Smith, director of financial services research at Boenning & Scattergood Inc., a West Conshohocken investment firm.

In the case of Commerce, Smith, who owns shares of the company, said he "would certainly hope that the auditors had taken a close look at these transactions over the years."

The comptroller's office would not comment on the case, because it "does not comment on individual bank matters," spokesman Kevin Mukri said.

In a conference call with investors and analysts to discuss the earnings, Commerce officials said they could not comment on the case. In the disclosure in the earnings report, the bank said it was cooperating with the federal agencies.

Commerce is no stranger to federal investigations, having been caught up in Philadelphia's pay-to-play scandal starting in June 2004.

Commerce's attempts to win Philadelphia city business after Mayor Street's election in 1999 brought the bank under the scrutiny of a federal probe of city contracting practices. Also, in the summer of 2005, U.S. Attorney Patrick Meehan said the FBI had seized Commerce records to determine whether the bank had given municipal officials in the suburbs preferential treatment to win government business.

But the company said Nov. 1 that it was no longer being investigated by Meehan. Two of the company's former officers in Pennsylvania were convicted on corruption charges in 2005 and sentenced to prison.

Yesterday, Commerce shares lost $2.89, or 8.3 percent, on the New York Stock Exchange to $31.83.

Heather Wolf, a banking analyst with Merrill Lynch & Co. Inc., said in a research note that the current investigation was likely to "overhang the stock, if not pressure it further, until there is greater information in the marketplace."

As for Commerce's operations, Wolf said she was most concerned about the decline in the bank's deposit growth rate to 19 percent in the fourth quarter from more than 40 percent at its peak.

Commerce, whose hallmark has been gathering deposits from competitors by keeping late hours and operating seven days a week, reduced its long-term goal for increasing deposits to 20 percent from 24 percent to 26 percent a year.

Net income for 2006 was $315.1 million, or $1.63 a share, up 11 percent from $282.9 million, or $1.61 a share, the year before.

Fourth-quarter profit was $78.66 million, or 40 cents a share, up from $46.94 million, or 26 cents a share in the same period of 2005, when the company recorded a $19.3 million nonrecurring charge.

Hill said in a conference call with investors and analysts that the investigation would not get in the way of expansion plans.

He declined to say when the bank learned about the investigation.

2 Arrested In Molestation, Porn Cases (LAT)

From A Times Staff Writer

The Los Angeles Times, January 17, 2007

DOJ_NMG_0117514

Authorities have announced arrests in separate child molestation and child pornography cases, one involving a website bulletin board used to trade illicit images of minors.

Jeffrey Blaine Hall, 51, subscribed to "North American Man Girl Love Assn." website, where he downloaded and posted child pornography, a federal criminal complaint alleges. Authorities announced the arrest Friday.

Hall is being held without bail at the downtown Metropolitan Detention Center, federal officials said.

In the second case, a Lancaster man was facing dozens of felony counts in state court after being accused of repeatedly molesting and taking explicit photographs of a young girl in his neighborhood.

Christopher Jarold Hoff, 41, also could face federal charges based on evidence seized from four home computers. Authorities also took dozens of movies and computer discs.

Hoff is being held on $5-million bail at Men's Central Jail in Los Angeles.

Ryan Trial Judge Went All Out To Be Fair, Prosecutors Say (AP)

By Mike Robinson

AP, January 17, 2007

CHICAGO - The judge who presided over former Gov. George Ryan's racketeering and fraud trial took "superlative care" to see that the proceedings were fair, prosecutors told a federal appeals court Tuesday.

In a 97-page response to Ryan's appeal, the government said U.S. District Judge Rebecca R. Pallmeyer had worked hard and effectively to see that the former governor got a fair trial, and succeeded in doing so.

"During these proceedings, Judge Pallmeyer expressed no fewer than 12 times her view that the defendants' right to a fair trial was paramount and that, if fairness could not be achieved, she would not hesitate to declare a mistrial and start the trial over, despite the amount of time that had gone into the trial," prosecutors said.

Ryan, 72, was convicted in April along with longtime friend Larry Warner of racketeering and other offenses.

Ryan was accused of steering lucrative state leases and contracts to Warner and other cronies and receiving rewards ranging from vacations in Jamaica to a free golf bag. He also was accused of using state money and workers to operate his campaigns and burying an investigation of bribes paid in exchange for drivers licenses when he was secretary of state.

Ryan still maintains nothing he did was illegal. His appeal focuses heavily on the dismissal of two jurors, Evelyn Ezell and Robert Pavlick, who were found to have omitted mention on a pre-trial questionnaire of their encounters with police.

Pallmeyer replaced them with alternates after the jury already had deliberated eight times. But she did not replace other jurors when it was discovered that they too had brushes with the law on their records.

Prosecutors said Pallmeyer was right because Ezell and Pavlick's problems were substantially worse than those of the other jurors.

Prosecutors noted that at one time Ezell had been questioned by police and rather than giving her correct name identified herself as "Thora Jones." They said that plainly disqualified her from deliberating charges that Ryan lied when questioned by the FBI about alleged corruption.

"Acting with superlative care, the court made findings of fact that those two jurors, Pavlick and Ezell, and no others had been dishonest ... when honest answers would have been cause for dismissal," they said. They said "no other jurors met the standard for dismissal."

Ryan's attorneys had argued that the alternate jurors brought in as replacements for Pavlick and Ezell may have been biased by news stories.

But prosecutors took issue with that.

"The court meticulously ensured that the alternates had not been exposed to media coverage or other extraneous influences," they said.

They also brushed aside a defense argument that the action of a juror who found legal papers on the Internet and brought them into the jury room wrecked the deliberations.

"The material was consistent with the court's instructions and clearly did not burden the expression of jurors' views," they said. It said the judge was right "in concluding that there was no reasonable possibility that this material prejudiced the jury."

CIVIL LAW:

Insurers Get Backing At U.S. High Court On Credit-Reporting Law (BLOOM)

By Greg Stohr

DOJ_NMG_0117515

Bloomberg, January 17, 2007

Jan. 16 (Bloomberg) -- U.S. Supreme Court justices signaled they may limit the duty of insurance companies to tell consumers about flaws in their credit histories, questioning a ruling that insurers say would open them to billions of dollars in damages.

More than half the court's nine members today in Washington voiced support for arguments by Safeco Corp. and Berkshire Hathaway Inc.'s Geico Corp. The insurance companies are fighting class-action lawsuits by consumers who sought price quotes, weren't offered the lowest rates and now say they should have been told the insurer relied on their less-than-perfect credit histories. A federal appeals court let the case go forward.

Several justices questioned whether Congress intended for the Fair Credit Reporting Act to require notification of every consumer who doesn't get the best rate. Justice Stephen Breyer said an Internet search he conducted indicated that only 1 percent of Americans have the highest possible credit score.

``There will be tens of millions of these notices going out," Breyer told Scott A. Shorr, the lawyer for the consumers. Breyer predicted the notices ``will become meaningless" to consumers and most will go ``right in the wastebasket."

The insurance industry says the 9th U.S. Circuit Court of Appeals misinterpreted a provision in the federal law that requires disclosure only when a low credit score results in ``adverse action" by an insurer.

Insurers also say the San Francisco-based 9th Circuit made it far too easy for consumers to win large awards. The court said companies can be forced to pay penalties of at least $100 per customer when they violate the law based on an ``implausible" interpretation of its requirements.

Skeptical Justices

Some 2,600 lawsuits alleging violations of the fair-credit law are pending in federal courts, according to a filing by State Farm Mutual Automobile Insurance Co. in a related case.

Breyer was one of several justices who either suggested or directly said they disagreed with the lower court's interpretation of the ``adverse action" requirement. Justice David Souter joined Breyer in asking whether consumers might receive so many notices as to render them ``meaningless."

Justice Samuel Alito questioned Shorr's contention that the best possible rate should be the ``baseline" for determining whether notification is required. ``I don't understand where that comes from," Alito said.

Several justices said the statutory definition of ``adverse action" includes ``an increase in any charge" as opposed to simply a failure to get the lowest rate. Chief Justice John Roberts questioned whether, as Shorr argued, that definition would be met when an insurer cuts a customer's rate to something short of the company's lowest charge.

Blunt Scalia

Justice Antonin Scalia was even more blunt in questioning a Justice Department lawyer who offered partial support for the consumers' position.

``I find it hard to shoehorn your case into that language," Scalia told the government lawyer, Patricia A. Millett.

Shorr told the justices that ``charging someone more than you charge others is an increase." He said that interpretation squared with Congress's goal of protecting individuals from inaccurate credit-history information.

Seattle-based Safeco is fighting a class action suit filed in federal court in Oregon. The three representative plaintiffs include two customers whose cases center on their premiums -- one for auto insurance and one for renters insurance -- and a third who says her credit report was one reason Safeco wouldn't reinstate her auto policy after it lapsed.

Geico, which is based in Chevy Chase, Maryland, is also battling a class action suit in federal court in Oregon. The lead plaintiff, Ajene Edo, didn't get the company's lowest rate when she called for a quote in 2000.

State Farm and Hartford Financial Services Group Inc. are waging similar fights and have appeals pending at the high court.

Willfulness Questioned

The insurers' Supreme Court lawyer, Maureen Mahoney, argued that the 9th Circuit also misapplied a provision that subjects ``willful" violators to penalties ranging from $100 to $1,000 per consumer, plus punitive damages. The 9th Circuit said the willfulness requirement includes actions taken in ``reckless disregard" of the law.

Mahoney said that the term ``willful" encompasses only intentional wrongdoing and that the companies and their lawyers made a good-faith interpretation of the law -- one later adopted by the trial judge who handled the cases.

``They could not have known anything more about these statutory issues of first impression than the district court did," Mahoney said.

Several justices said Mahoney was going too far in restricting the statute. ``You're changing it to mean `willfully and blatantly' violating the law," Scalia said.

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The court is scheduled to rule by July in the cases, Safeco v. Burr, 06-84, and Geico v. Edo, 06-100.

CIVIL RIGHTS:

Justice Department Won't Investigate Duke Lacrosse Prosecutor (AP)

AP, January 17, 2007

Officials from the Department of Justice have told a North Carolina congressman that it's too early to launch a federal investigation into the handling of the Duke lacrosse case, a spokeswoman said Tuesday.

Rep. Walter Jones wrote Attorney General Alberto Gonzales last month, asking that the Department of Justice investigate whether the district attorney prosecuting three Duke lacrosse players charged with sexual assault has violated the athletes' civil rights.

The department's Office of Legislative Affairs responded last week that it was premature to initiate a federal investigation while criminal charges and other investigations at the state level are ongoing, said Cynthia J. Magnuson, a Department of Justice spokeswoman.

Jones' spokeswoman Kathleen Joyce said Tuesday that the congressman still planned to meet next week with the head of the department's Civil Rights Division.

"He doesn't consider the letter received as a final response," Joyce said. "He's still pushing forward."

In the letter to Gonzales, Jones asked that the conduct of Durham County District Attorney Mike Nifong be reviewed.

Nifong turned the case over to state Attorney General Roy Cooper last week. The North Carolina State Bar has filed ethics charges accusing Nifong of making misleading and inflammatory comments about the lacrosse team.

Cooper's office took possession of all the files in the lacrosse case late Tuesday afternoon.

"Today we transferred to our office six boxes and two folders of files from the Durham District Attorneys Office," Cooper said in a statement. "Our attorneys will immediately begin examining this material. These files contain a substantial amount of information and we will work carefully to ensure a full and fair review."

Cooper said Saturday that two prosecutors in his office would review the files and interview witnesses in the case, including the accuser, before making a recommendation on how to proceed.

No Justice Department Probe Of Duke Case For Now (WITN)

WITN-TV, NBC 7, Greenville, NC, January 17, 2007

Officials from the Department of Justice have told a North Carolina congressman that it's too early to launch a federal investigation into the handling of the Duke lacrosse case.

Representative Walter Jones wrote Attorney General Alberto Gonzales last month. He asked that the Department of Justice investigate whether the district attorney prosecuting three Duke lacrosse players has violated the athletes' civil rights.

The three players are charged with sexual assault and kidnapping.

The Justice Department's Office of Legislative Affairs responded last week that it was premature to initiate a federal investigation while criminal charges and other investigations at the state level are ongoing.

The state attorney general's office took possession of all Duke lacrosse files late Tuesday afternoon. Durham County District Attorney Mike Nifong requested that a special prosecutor take over the case.

Justice Department Officially Ends Probe Of Santa Clara County Juvenile Hall (MERCN)

By Mary Anne Ostrom

The San Jose Mercury News, January 17, 2007

The U.S. Department of Justice has closed its three-year investigation into allegations of abuse and excessive force at Santa Clara County juvenile hall.

The department wrote in a letter, dated Tuesday, to Board of Supervisors Chairman Don Gage that after reviewing updated policies -- which give youth offenders due process when they file complaints or are disciplined for misbehavior and include improving the reporting of child abuse -- ``the county has satisfactorily addressed the deficiencies identified over the course of our investigation."

In September, the department had signaled that the county was on the right track, pending final review of the new policies.

The Justice Department also praised the county for working hard to resolve the original complaints and in the letter said the county is ``dedicated to providing the appropriate care for youth in their custody."

DOJ_NMG_0117517

The original abuse investigation, launched in early 2003, led to sweeping changes and dramatic reductions in use of force at juvenile hall and created more independent oversight.

Student Now Wants $2M For School Scuffle, Federal Charges Against Officer (AP)

By Holbrook Mohr

AP, January 17, 2007

JACKSON, Miss. - A lawsuit seeking damages from a Greenwood police officer and others after school security cameras captured the officer twice drawing his weapon on a teenager in front of classmates has been doubled to $2 million.

Carlos Moore, the attorney for 18-year-old James Marshall, had earlier sought $1 million in damages after obtaining the school videotapes that show a portion of the Dec. 6 encounter between the white officer, Casey Wiggins, and the unarmed black teenager.

The case has sparked accusations of racism and calls for Wiggins' dismissal. Wiggins' attorney says the officer did "nothing wrong."

Moore obtained copies of the tapes on Jan. 5, after filing a motion with the court. The tapes show Wiggins, who was on a security detail at the predominantly black school, twice pointing his gun at Marshall - once in a crowded school hall - before putting the teen in a choke hold.

Moore told The Associated Press on Tuesday that he's expanded the civil lawsuit to include Greenwood High School, school Principal Percy Powell and Superintendent Leslie Daniels.

Margaret Dean, a spokeswoman for the Greenwood Public School District, said Tuesday that school officials would have no comment because of the pending litigation.

The Mississippi chapter of the American Civil Liberties Union on Monday issued statement supporting legal action "in seeking justice for the Marshall family."

Wiggins, 26, Greenwood Police Chief Henry Harris, Greenwood Mayor Sheriel Perkins and the city of Greenwood had already been named in the lawsuit.

Messages left with the mayor's officer and the police department on Tuesday were not immediately returned.

Moore said he had planned to file a separate civil suit against the school, but decided to lump the complaints together and seek twice as much money because of the detrimental emotional impact the scuffle had on his client.

Marshall's "emotional condition is steadily deteriorating," Moore said. "He's getting worse instead of better. He's withdrawn and hasn't been eating much."

Moore also filed a federal criminal complaint this week with the U.S Justice Department, accusing Wiggins of violating Marshall's civil rights with excessive force and false arrest under the color of law.

State charges had already been filed in the case, but Moore said those were only misdemeanor simple assault charges and did not fit the crime. The federal charges are felonies.

"This is a serious crime ... and we want him prosecuted for a felony," Moore said.

Wiggins' attorney, Mitchell Creel, said Tuesday he was not aware that Marshall was seeking federal criminal charges.

"Obviously, I feel like those charges hold no more water than ... the simple assault charges already pending," Creel said. "As I indicated earlier, I look forward to a court date where Officer Wiggins will be exonerated of the charges so he can get on with his life because in this case he has done nothing wrong."

Meanwhile, Moore tried to derail revelations this week that his teenage client was allegedly involved in a robbery in June of 2006, saying the charges were filed in juvenile court and should not have become public knowledge.

Marshall was accused along with another youth of stealing an $80 necklace from another teen, Moore said. Moore said he is concerned Greenwood officials could push the case into adult court as revenge over the lawsuit.

"My client will be vindicated," Moore said. "Marshall will not back down from his civil suit or his state and federal criminal complaints filed against Wiggins and the Greenwood Police Department."

A message left with the district attorney's office was not immediately returned.

Marshall claims he was standing in the hall at the school Dec. 6 showing his new tattoo - his name on his left forearm - when he was accosted by Wiggins for no reason.

Wiggins' police report says the officer saw Marshall and two other students in the hall standing in a circle, "looking at something the suspect was holding."

The officer claims that when he approached, Marshall became "hostile" and began to struggle.

Inmate's Body Returned To Family; Death Still A Mystery (WILNJ)

DOJ_NMG_0117518

By Lee Williams, The News Journal

Wilmington (DE) News Journal, January 17, 2007

Family demanding answers from Department of Correction

Family members of the 24-year-old Dover man who was found dead in the state's newest prison infirmary last week are demanding answers about the death, and getting nothing but silence from the Department of Correction.

Demetrius Caldwell had been undergoing unspecified treatment for a month in the prison infirmary at the Delaware Correctional Center in Smyrna before he was found dead, laying on a mattress on the floor of his cell.

A medical staffer had checked on him 25 minutes before he died.

The Department of Correction has released Caldwell's body to his family, who plan to bury him Saturday, but they have not told them what caused the young man's death.

"It's mind-blowing. They won't even tell us why he died," said uncle Lionel Dixon. "He was a healthy young man, who was getting ready to get out. They had him in the infirmary for a month, and they don't know how he died? They know. They're just not saying."

Dixon viewed his nephew's body at the funeral home, and was shocked by what he saw.

"They cut his head and chest all open, and they don't tell us how he died? That's brutal, man. That's cruel and brutal," he said. "They're not saying anything and they're hoping we don't either."

Calls to Correction Commissioner Stan Taylor and Chief Medical Examiner Dr. Richard T. Callery were not returned today.

Prison officials ruled out meningococcal meningitis as the cause of death late last week, after naming it as a possibility. They've said doctors from the prison's medical provider, St. Louis-based Correctional Medical Services, the Department of Correction, Public Health and the Medical Examiner's Office are still trying to determine a cause of death.

All of Caldwell's family described him as a healthy young man with no known medical issues. Caldwell had been an inmate since Nov. 6 for violating his probation on a 2005 drug charge, to which he pleaded guilty. Nearly half of his incarceration was spent in the infirmary.

Another uncle, Joe Caldwell, said he was contacted a week before his nephew's death by a prison staffer he has known for years.

"He said my nephew was spitting at female guards and cussing male guards in the infirmary," Joe Caldwell said. "He told me they were tired of him, and that they can hurt him."

Joe said his nephew was not allowed visitors, phone calls or even clothes.

"His dad, my brother, is blaming himself because of that warning," Joe Caldwell said. "He feels there's more he could have done."

Demetrius' sister Dominique Caldwell said she'd been told her brother was taken to the infirmary for a psychiatric evaluation.

"But he was only seen by one psychiatrist, one time, in a month -- one time in 30 days," she said. "They never notified us he was even ill."

Dominique said the family had scheduled numerous visits, but all of them were canceled by prison officials at the last minute.

"We drove out there to see him several times, but were told we couldn't see him," she said. "People called us as said we needed to check on him. He was a healthy boy when he went into prison."

The family knew Demetrius as "Dumpy."

"He was always fond of his grandma's homemade dumplings," said aunt Juliette Caldwell. "Of all the people in our family, he was so sweet. He has a good, loving family. His parents have been together for years, and his sister cares about him."

Dominique said her brother enjoyed video games, nice sneakers and drawing.

"I miss him already," she said. "A 24-year-old man shouldn't have died in a manner of minutes."

Last month, the U.S. Justice Department found "substantial civil rights violations" in four Delaware prisons. The federal investigation was prompted by a series of articles in The News Journal that revealed inadequate health care and questionable treatment within the prisons.

The state signed an 87-point settlement with the Justice Department, ending the investigation but setting up Contact investigative reporter Lee Williams at 324-2362 or lwilliams@delawareonline.com.

Texas District Says DOJ Oversight Is Unlawful (LAW)

By Emma Schwartz, Legal Times

Legal Times, January 16, 2007

The small utility district on the outskirts of Austin, Texas, had a simple wish: to move its polling place from a residence to a school.

It may have been simple, but it wasn't easy. The move needed approval from the Justice Department in Washington.

As it happens, the Northwest Austin Municipal Utility District No. 1 (population 3,500) is one of the areas of the country required by federal law to get permission from the government before making any changes to its voting rules.

Now the utility district — with the help of some conservative legal firepower — has decided to mount the most significant assault on the Voting Rights Act in a quarter of a century.

The case, filed last year in the U.S. District Court for the District of Columbia, argues that the federal government's oversight of local voting rules is unconstitutional. And it was selected and prepared with one goal in mind, to get the issue before the Supreme Court. Unsurprisingly, it's drawing attention from civil-rights groups, who fear the wolf is at the door. The National Association for the Advancement of Colored People, for instance, has hired former Clinton administration solicitor general Seth Waxman to fend off the challenge.

The suit targets the section of the act — which Congress overwhelmingly voted to reauthorize last summer — that requires certain counties and states to seek federal approval before making changes to their voting rules. Known as "pre-clearance," the section was one of the ways the federal government prevented Southern states from continuing to discriminate against African-Americans after the landmark civil-rights legislation passed in 1965.

But the federal government only oversees certain states and counties, the ones that most egregiously suppressed minority voting during the 1964 election. The jurisdictions under such federal authority have remained virtually unchanged, except for a few additions in the 1970s.

"Our primary thing is, when they reauthorized the act this time, nobody went back and said, 'Let's update the test,' " says Gregory Coleman, a partner at Weil, Gotshal & Manges, where he is representing the Texas district pro bono. "What are jurisdictions doing in 2004 and 2006?"

Coleman and other conservatives see the continued oversight as an overreach of federal power. For the federal government to apply a rule to an entity that has no history of discrimination is "arbitrary and irrational," Coleman wrote in his Aug. 4 complaint, and it "infringes on the rights of an entire generation of voters who were not even alive when those discriminatory practices were ended."

As Edward Blum, a fellow at the American Enterprise Institute working with Coleman, puts it, "Congress didn't want to make a very hard political argument that one of the provisions of the Voting Rights Act may have outlived its usefulness."

They are hoping that the case will end the federal oversight — or at least force Congress to revise which areas are covered.

But Coleman and Blum are up against the weight of history. The Supreme Court has upheld the pre-clearance provision twice — once in the 1966 case South Carolina v. Katzenbach and again 14 years later in City of Rome v. United States.

"Overwhelming evidence suggests that racial discrimination in elections still exists and still needs to be addressed by the federal government," says David Becker, an attorney with People for the American Way, whose organization has intervened against the case. Other groups that have entered the fray include the Lawyers' Committee for Civil Rights Under Law, the Mexican American Legal Defense and Educational Fund, and the American Civil Liberties Union.

Such opposition is hardly surprising. More than almost any other piece of legislation in recent time, the Voting Rights Act is synonymous with civil rights. Historians have pointed to it as the foundation of the "quiet revolution" against deep-rooted voting discrimination across the South.

"This has been a source of considerable constitutional controversy since it was first enacted," says Samuel Issacharoff, a New York University law professor. "These are very hefty positions, each of which has a constitutional pedigree."

The district line

The Northwest Austin Municipal Utility District is a 700-square-mile swath of suburban tract housing on the edge of Austin. It was formed in 1988 by a Texas developer to build bond-financed sewage and water lines in what was then an undeveloped neighborhood.

Elections to the five-person utility board were not heavily contested until 2002. By then, the neighborhood had grown from barely a dozen residents to more than 3,500, and the homeowners association had grown weary of the developer-backed board. Residents accused the utility district's attorney of suppressing voter turnout by holding utility-board elections in a different location — a resident's home — than the citywide elections. "We had an attorney who had some conflicts of interests," says Donald Zimmerman, a board member.

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That year, the candidates backed by the homeowners association swept out the sitting board. Zimmerman, who works at a local car dealership, became president. His first act: to move the polls from the residential house to a local school, where all of the other municipal elections are held.

It was then the rookie board members learned about pre-clearance. "We've never done anything to discriminate against anyone, so we don't know why we are subject to it," says William Ferguson, now president of the board.

Indeed, the district was hardly a microcosm of the city. For one, residents are nearly 80 percent white. The single biggest minority by far is Asian — not Hispanic or African-American — and the neighborhood's median income is nearly double that of the average Austin resident. But the district's lawyer saw no way out of the federal oversight, so the board forked over $1,250 in legal fees and, within a few months, won approval from the Justice Department.

Zimmerman wasn't pleased with the situation, but in 2002 the district had more pressing legal problems. He believed the city of Austin was overcharging the district's residents in property taxes, but lawyer after lawyer turned his idea down. Taking on Austin, they told him, was too "politically charged," Zimmerman says.

Then he found Coleman. Zimmerman says Coleman took one look at the Austin tax issue and said he would take the case for free because he believed they were right. "I was just stunned," Zimmerman says. "Most people have to have monetary incentives or something. He took it because he's an incredibly honest guy."

A true believer

Coleman, 43, has long had an interest in litigation over the scope of federal power. A 1992 graduate of the University of Texas School of Law, he clerked for Judge Edith Hollen Jones of the U.S. Court of Appeals for the 5th Circuit and, later, for Supreme Court Justice Clarence Thomas. He headed into private practice but remained an active member of the Federalist Society.

In 1997, Coleman met Blum, a one-time investment banker turned political activist who had organized a series of lawsuits against racial gerrymandering across the country. One of those cases, Bush v. Vera, challenged the use of race in creating the Houston congressional district where Blum lost to an African-American incumbent. Blum won at the Supreme Court.

Blum had expanded his legal interests to other race-related cases and wanted to challenge a Houston school district's racial preferences for its gifted and talented program. He found Coleman to file suit. Just days before the case was set for trial, the school district dropped its race-based policy, ending the suit. In 1999, Coleman joined then-Texas Attorney General John Cornyn (now a U.S. senator) as solicitor general, where he unsuccessfully — and somewhat ironically — defended the state's affirmative-action policy at the University of Texas before the 5th Circuit.

In 2001, Coleman turned back to private practice at Weil, Gotshal in Austin, where he developed a reputation as an up-and-coming Supreme Court lawyer.

But he was no stranger to Washington, either. Cornyn, who was elected to the Senate in 2002, called Coleman to testify in 2004 about potential legal ramifications of the Federal Marriage Amendment. So it was no surprise that when the Senate Judiciary Committee, of which Cornyn is a member, began debating the Voting Rights Act last spring, Coleman was called in to testify once again.

His point was simple: if pre-clearance remained intact, it would face a constitutional test. "I believe that it is unnecessary, unfair, and that it would probably be unconstitutional," he testified in May.

Though some conservative Republicans voiced opposition to pre-clearance, they were in the minority. Other proposed changes to the renewed Voting Rights Act gave conservatives like Coleman another reason to oppose its passage. New language essentially rewrote portions of the law that the Supreme Court in two cases had recently found to be unconstitutional.

When Coleman returned to Texas, he asked Zimmerman if the district would be willing to challenge the constitutionality of pre-clearance. He explained how counties and states can ask the Justice Department to drop them from the list of pre-clearance areas if they can prove a significant period without discrimination. Few counties had actually done so and the Texas utility district cannot.

Despite the fact that in the district's nearly 20-year history it had easily won pre-clearance all eight times it asked for it, the district was restricted from applying for an exemption because it did not register its own voters, relying instead on the countywide voter lists. Technically, the case would ask for a simple exemption from federal oversight, but because it's unlikely the case would succeed, Coleman told them, they needed to make a constitutional claim.

In Coleman's mind, the district's lack of options made the case a winner. It couldn't get out from under government oversight, even if it could prove that it no longer discriminated. Zimmerman was interested. After all, the one-time state-representative hopeful was no fan of big government and had run two local anti-tax campaigns. He brought the idea to the board. At first, the community was reluctant. "A number of people on the board were concerned," says Ferguson, the board president. "This community doesn't want to be tainted as against voter rights or discriminating in any way."

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But on June 14, Coleman spoke to the board, which then unanimously agreed to sue the Justice Department. A little more than a month later, Congress voted in favor of reauthorizing the Voting Rights Act.

Less discrimination?

To make its case, the district is relying on a 1997 Supreme Court ruling in a dispute that originated less than 100 miles southwest of Austin. In City of Boerne v. Flores, the Court struck down the Religious Freedom Restoration Act of 1993, saying Congress went beyond its authority in granting religious groups an exception to local laws.

The Flores ruling has been successfully used in other cases at the high court by conservatives challenging federal laws on disability rights and violence against women. Coleman hopes to extend that jurisprudence to race in the voting context.

Certainly, fewer jurisdictions discriminate, he says, pointing to Justice Department figures. Between 1968 and 2004, the Justice Department rejected only 1,116 proposed changes to local voting rules nationwide — less than 1 percent of the total proposals. What's more, Coleman says that since 1982, there have been more violations of the Voting Rights Act in jurisdictions without federal oversight than in those with oversight He points to a 2006 University of Michigan study that found that, of the 211 successful voting-rights lawsuits filed since 1982, 53.5 percent were in areas outside federal oversight.

But civil-rights organizations say pre-clearance is still a central part of making the law function, especially as a deterrent. "Every time I represent a state or local government, when they are getting ready to make voting change, the first question is, 'How will this affect minorities?' " says J. Gerald Hebert, a former Justice Department lawyer representing Travis County, which includes Austin, in the suit. "That's a good thing."

He points to a study last year by civil-rights groups, which found that Texas jurisdictions scrapped voting changes in 54 cases after officials realized the alterations would fail federal scrutiny. And they cite one instance in which a federal court found that between 1976 and 2002, South Dakota had put 600 laws on the books but submitted only 10 percent of them for pre-clearance.

And those districts under federal authority can request a bailout. Hebert says that since 1982, 13 counties — all in Virginia — have done so successfully. Hebert should know — he represented them.

The Texas case is expected to be heard this summer by a special three-judge panel from the district and appellate courts, which is part of the required process for any jurisdiction applying for an exemption. Meanwhile, Blum has been meeting with other local government officials who are interested in filing similar suits and trying to figure out "what it is we need to do to win this case," he says.

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Lawmakers, Advocacy Groups Launch Last-Ditch Effort To Save Two Border Patrol Agents From Jail (FOX)

Fox News, January 17, 2007

Two Texas Border Patrol agents who shot a Mexican drug runner in the backside on the U.S. side of the border are hoping a last-ditch pardon from President Bush will save them from serving more than a decade in prison.

Ignacio Ramos and Jose Alonso Compean are scheduled to turn themselves in to authorities Wednesday to begin serving 11 and 12 years, respectively, for the February 2005 non-fatal shooting.

Several groups, including Friends of the Border Patrol, The Minutemen and Grassfire.org, have been trying through petitions to keep the agents out of prison — through either a motion to U.S. District Judge Kathleen Cardone to allow them to remain free on bond during an appeal or through a presidential pardon from Bush. About a dozen rallies took place across the country in support of the agents last week.

"Grassroots support for these gentlemen is just through the roof," said Grassfire.org spokesman Ron De Jong. He said people signing the petitions are saying to themselves, "'something just doesn't add up' and they're starting to make great waves."

"We are extremely hopeful that the light of justice will shine and this wrong will be right, because otherwise it would be an absolute travesty if these gentlemen had to go to jail for doing their jobs," De Jong added.

Compean and Ramos were found guilty in a jury trial of violating the civil rights of Osvaldo Aldrete Davila when they shot him in Fabens, Texas, about 30 miles east of El Paso, then tampering with evidence by picking up shell casings from the shooting.

The ex-agents say Davila had a gun, and that's why they fired at him, but a gun was never found.

In exchange for his testimony against the two agents, Davila was granted immunity from prosecution by the U.S. government for attempting to smuggle nearly 750 pounds of marijuana — which had a street value of over $1 million — into the United States on the day he was shot.

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Several lawmakers, including Reps. Ted Poe, R-Texas; Dana Rohrabacher, R-Calif.; Walter Jones, R-N.C.; Tom Tancredo, R-Colo.; and Duncan Hunter, R-Calif. last week sent a letter to Attorney General Alberto Gonzales asking him to allow Ramos and Compean to remain free on bond pending the appeal of their convictions.

The letter also notes that several "discrepancies" in the government's case question whether justice has been served and that permitting Ramos and Compean to be jailed puts their lives at risk.

Petitions with more than 225,000 signatures will be delivered to the White House Tuesday afternoon, Poe told FOX News.

"Based on my experience as a former judge, I have looked at this case and our federal government was on the wrong side," Poe said Tuesday.

"They took the side of a drug dealer over the side of the border agents who were just doing their job. Prosecute the border agents and let the criminal go free," he said. "Injustice has occurred, so I think that both of these men who were convicted deserve to be pardoned by the president."

Earlier this month, a letter circulated by Poe and signed by 24 lawmakers requested that the Justice Department not oppose a motion filed to allow the men to remain free pending the appeal.

But Poe said he hasn't heard much from the Oval Office.

"We have been getting some information from low-level members of the attorney general's office," he said. "The White House has not contacted us directly, even though we corresponded with them several times and have called. I'm a little concerned about that."

White House: Look at the Facts

Last month, Bush issued 16 year-end pardons: Five cases involved drug crimes, while others involved bank fraud, mail fraud and the acceptance of a kickback.

In September 2005 the president pardoned 14 people, including a member of the mineworkers union who was convicted for his role in bombings at a West Virginia coal mine; a counterfeiter; several dealers of marijuana and LSD; and a bootlegger.

The president has pardoned 113 people since taking office in 2001.

White House spokesman Tony Snow last week would not comment specifically on pardon proceedings, but he said the facts presented in court showed that Ramos and Compean tried to cover up what occurred.

Apparently, when they tried to pull over Davila, someone pulled out a gun and a scuffle ensued, Snow said. Davila got out of the car and tried to run away, and the agents fired about 14 shots at him — one of which hit him in the "fleshy hindquarters," as Snow said.

Avila then made his way into Mexico, where the agents say a van picked him up.

"Now, at the time this happened, they did not know if he was an illegal. They did not know that there were 700 pounds of marijuana. They didn't know any of those things. But instead you had this," Snow said.

"They also had received arms training the day before; that said, if you have an incident like this, you must preserve the evidence and you must report it promptly. Instead, according to court documents, they went around and picked up the shell casings. Furthermore, they asked one of their colleagues also to help pick up shell casings. They disposed of them."

Ramos and Compean were convicted on 11 of 12 counts.

"The facts of this case are such that I would invite everybody to take a full look at the documented record," Snow said. "This is not the case of the United States saying, 'We are not going to support people who go after drug dealers.' Of course, we are. We think it's incumbent to go after drug dealers, and we also think that it's vitally important to make sure that we provide border security so our people are secure.

"We also believe that the people who are working to secure that border themselves obey the law."

He added: "I do think that there's been a characterization that somehow the government is turning a blind eye toward the law in enforcing the law."

Agent Says He Did Nothing Wrong

Compean, a married man with three children ages 12, 2 and 4 months — all of whom have been living with relatives since the incident — told FOXNews.com he's not even worried so much about whether he will get the pardon but what will happen to his family when he's gone.

"We've basically lost everything — all we have left is our car," he said, adding that his wife hasn't been working since she had their last child.

Compean has been going to school at El Paso Community College, pursuing an education degree on a GI bill; he served in the U.S. Navy from 1994 to 1999.

While he said the judge in the case had no choice but to go along with the sentence and abide by federal gun laws, Compean said Border Patrol agents are trained when to use their weapons, and firing their weapons was warranted in this case.

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"That's what we're trained to do — we see somebody armed — they're obviously not going to surrender, as what was stated in court, that he was trying to surrender and he was simply trying to get home. That wasn't the case," he said.

Compean said his case is already causing other agents to be hesitant on the job.

"A lot of the other agents coming in now, they are afraid. They're afraid of drawing their weapons," he said, adding that a firearms instructor told him recently that he was asked by a student whether he had to wait until he was shot at before he drew his weapon.

"That's what's going on now. A lot of people are afraid to and I know they've been trained [to think] it hasn't affected morale and I know it has," he added.

Asked whether he would ever consider going back to being a Border Patrol agent if allowed, Compean, who spent five years on the job before the Davila shooting, said he's not sure.

"I would like to, just because I enjoy doing the job, but if it's going to mean having to be questioned every time I draw my weapon, then there's no way. That's going to get somebody killed. It may not be me but another agent — they're going to be hesitating."

Court Lets IBM Pension Plan Stand (WSJ)

By Mark H. Anderson

The Wall Street Journal, January 17, 2007

WASHINGTON -- The U.S. Supreme Court let stand a lower court ruling that said International Business Machines Corp.'s switch to a cash-balance pension plan didn't discriminate against older workers, ending a lawsuit that could have cost the company $1.4 billion.

The Supreme Court's decision adds additional certainty to the legality of corporate shifts from defined-benefit pensions to so-called cash-balance retirement plans.

Congress last year also clarified the legality of the plans, but the IBM case could have bearing on a number of corporate retirement plans altered prior to the June 29, 2005 effective date in the legislation.

The class-action lawsuit against IBM was filed by older employees who claimed the company's 1999 retirement benefit changes amounted to illegal age discrimination under federal pension laws.

Cash-balance plans accrue value much like a savings account with regular contributions. They are paid out to employees whenever they leave a company rather than at retirement. Two employees who, regardless of age, work for the same number of years will receive the same benefit. But a younger worker can over time accrue more benefits than an older worker starting in the plan because they have more years before retirement.

IBM's switch to the plan prompted the filing of a class-action lawsuit by two workers. The lawsuit covers about 250,000 current and former employees, court filings said.

A U.S. District Court ruled the plan violated the Employee Retirement Income Security Act, prompting a $1.4 billion settlement that hinged on the outcome of appeals. The Seventh U.S. Circuit Court of Appeals overturned the lower court in August 2006 in a decision that said the IBM plan didn't discriminate.

"IBM's pension plan plainly discriminates on the basis of age," attorneys for the workers said in the appeal. "Millions of workers are subject to pension plans similar to that at issue in this case and the Seventh Circuit's misapplication of ERISA's nondiscrimination mandate threatens to deprive them of its essential protection."

IBM's pension plan said the Seventh Circuit decision correctly validated its cash-balance plan. "The court stressed that IBM's cash balance formula is age-neutral," attorneys for the IBM plan said.

The case is Cooper v. IBM personal Pension Plan.

Tuesday's announcement will not change IBM's plans to eliminate its cash-balance plan Jan. 1, 2008. IBM announced in January 2006 that it will eliminate the plan and enhance its 401(k) plan.

Issues Left Unresolved On Pensions (NYT)

By Mary Williams Walsh

The New York Times, January 17, 2007

The Supreme Court’s decision yesterday not to hear arguments that I.B.M. illegally discriminated on the basis of age when it changed its traditional pension plan in the 1990s saves I.B.M. a significant amount of money. But it resolves almost nothing for the many other companies that made similar changes to their own pension plans.

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I.B.M. and the current and former workers who filed the lawsuit had previously reached a settlement in which the plaintiffs would receive $320 million to settle certain legal questions. But had the workers also won on the central question of age discrimination, I.B.M. would have had to pay them an additional $1 billion.

But experts said they did not expect a stampede of companies to start changing their pension plans in light of I.B.M.'s success.

"It's not as clear as it would have been three or four years ago that a green light would mean a rush of traffic through the intersection," said Mark Iwry, a former Treasury official in charge of pension policy.

Too much has changed in the pension industry for that, said Mr. Iwry, now a senior fellow at the Brookings Institution, a research organization in Washington. In the seven years since the pension dispute first erupted at I.B.M., companies have gone from showing healthy pension surpluses to suffering painful pension shortfalls. Companies have also heard from investors, regulators and employees angry about pension accounting maneuvers and demanding greater clarity.

The Financial Accounting Standards Board, increasingly concerned about flaws in the pension standards, is now in the process of writing new rules aimed at ending some of the gimmickry and showing much more clearly whether companies can really afford the benefits they have promised their workers.

Along with these changes, Mr. Iwry said he was also seeing a broad shift in attitude among the thousands of companies that offer their workers traditional pensions. In the past, he said, such companies were generally loath to shut their pension plans, and they did so only when their survival hung in the balance.

"But that taboo has to some degree been broken," he said. Today, even healthy companies are sometimes freezing their pension plans, he said. They are making their decisions on the basis of what their competitors are doing, and "unfortunately traditional pensions over all are in decline," he said.

I.B.M. itself makes a good example. In January 2006, it announced plans to freeze the pension plan that gave rise to the lawsuit, citing the need to keep its compensation costs on par with the rest of its industry. When a company freezes a pension plan, its workers keep the benefits they have earned until that date, but they no longer build bigger benefits with each new year of service. When the freeze goes into effect, in 2008, workers at I.B.M. will get 401(k) benefits instead. The company has not reported any difficulty recruiting new workers as a result.

Typically, the people who most value a pension plans are not new hires, but the workers nearing retirement. This is why changes in pension plans so often draw complaints about age discrimination.

The type of pension plan at the heart of the I.B.M. lawsuit is known as a cash balance plan. The plans became widespread in the 1990s when many pension plans were showing surplus assets. The cash balance design gave companies a way to reduce their pension liability to older employees, who in traditional plans earned the biggest part of their benefits in their later years. In the new design, liabilities grow at a steady rate over the years, but often do not reach the heights of the defined-benefit plans they have replaced.

Moreover, many companies with cash balance plans found that when they reduced their pension liability, the accounting rules gave them a boost to their bottom line.

Such pensions have given rise to lawsuits at a number of companies, but the I.B.M. case was the most closely watched because of the company's size, the large amount of money at stake, and the initial victory the employees had won at the federal trial court level, in 2003.

In that trial, the federal judge not only found I.B.M.'s pension changes illegal, but he reasoned that cash balance plans inherently discriminated on the basis of age — no matter which company put them in place.

This opinion, which angered many employers, was overturned by an appellate panel in Chicago that said that terms of the plan were "age neutral." The I.B.M. plaintiffs had hoped to persuade the Supreme Court to reverse that decision.

"For I.B.M., for I.B.M.'s employees and for I.B.M.'s retirees, this sort of closes a book and produces certainty," said Dallas L. Salisbury, president of the Employee Benefit Research Institute, a nonpartisan research center in Washington.

But Mr. Salisbury said the I.B.M. case offered no one-size-fits-all answers. He pointed to a number of other lawsuits involving cash balance pension plans in other parts of the country, and said the plaintiffs in those cases were often disputing other issues or using different legal arguments and strategies.

In the Second Circuit, which covers New York State, Connecticut and Vermont, several lawsuits are still pending at the trial court level. Some courts have issued rulings that favor the employers, while some seem to favor the employees.

"Others will have to wait and see what happens with court cases that haven't been decided yet, or even to see if someone still sues them," Mr. Salisbury said.

For companies wondering whether they should set up cash balance pension plans, the Pension Protection Act — the far-reaching package of pension law amendments signed by President Bush last summer — offers some legal certainty. The act

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states that companies that convert to cash balance plans after June 30, 2005, cannot be held liable for age discrimination as long as they pass certain basic tests. The tests are intended to protect older workers from the benefit erosion that occurs when employers freeze more senior workers' pension accruals for a period of time as the new plan goes into effect. This erosion is known among pension specialists as "wearaway."

After the Pension Protection Act became law, the Internal Revenue Service began writing the regulations needed to administer it. The I.R.S. also announced in December that it was ending its longstanding moratorium on approvals of pension conversions to the cash-balance format. The I.R.S. normally helps companies make sure any changes in their pension plans are legal.

In 1999, amid Congressional hearings and suits on cash balance pensions, the I.R.S. stopped issuing those letters when companies adopted the cash balance design. That has compounded the uncertainty for the roughly 1,200 companies that adopted such plans from 1999 to 2005.

Supreme Court Refuses To Hear Two IBM Employment Cases (AP)

By Christopher S. Rugaber, The Associated Press

AP, January 17, 2007

The Supreme Court on Tuesday refused to consider an appeal brought by a group of IBM Corp. employees who accused the company of age discrimination when it altered its pension plan. The lawsuit could have cost the company $1.4 billion.

The Court also declined to rule on a separate dispute between IBM and a former employee who accused the company of retaliating against him after he complained about how company managers handled overtime.

In the pension case, a former IBM employee named Kathi Cooper served as the lead plaintiff in a class action suit brought on behalf of 250,000 current and former IBM workers. The suit argued that IBM's "cash balance" pension plan was discriminatory because it allowed younger workers to accrue benefits in the plan at a faster rate than older workers.

IBM switched to a cash balance plan in 1999. Such plans provide workers with individual accounts that can be cashed out when they leave the company and are intended to appeal to younger workers who are more likely to switch jobs.

The IBM case has been closely watched, as roughly 1,500 companies have adopted cash-balance plans. The company earlier agreed to settle the case for $1.4 billion if it lost in the courts.

But the 7th U.S. Circuit Court of Appeals, based in Chicago, sided with IBM in August, ruling that the "terms of IBM's plan are age-neutral."

In addition, Congress passed legislation, also in August, that clarified that cash-balance plans complied with the age discrimination provisions of ERISA, the Employee Retirement Income Security Act.

Cooper's lawyers argued in court papers that the legislation applied only to future cash-balance plans and did not affect existing cases such as IBM's.

The case is Cooper v. IBM, 06-760.

In the employment retaliation case, an IBM employee named Michael Saville worked for the company for 32 years before accepting early retirement in October 1998. Saville filed suit in August 2000, arguing that he was forced to leave the company in retaliation for his complaints that IBM was violating federal labor law by requiring employees to work overtime without being paid.

The company responded in court filings that Saville was offered a choice to take early retirement or undergo a performance review due to unsatisfactory job performance, not because of his complaints about overtime. Saville voluntarily chose early retirement, the company said.

Furthermore, Saville only made general, limited complaints about overtime that did not qualify for protection under the Fair Labor Standards Act, the company argued.

A federal district court in Utah sided with IBM, and so did the 10th U.S. Circuit Court of Appeals, which ruled in June 2006 that Saville chose to leave the company and was not forced out in retaliation for his complaints.

Saville's lawyers argued that it isn't clear under previous Supreme Court rulings whether forced early retirement qualifies as an unfair employment action that a company might take in retaliation against an employee. IBM argued that the law is clear and the lower courts applied it correctly.

The case is Saville v. IBM, 06-407.

Shares of IBM rose 60 cents to $99.94 in early trading on the New York Stock Exchange.

2 Men Freed In Girl's Killing (LAT)

By Richard Winton And Tami Abdollah

The Los Angeles Times, January 17, 2007

DOJ_NMG_0117526

A few days after a bullet from a gang shooting tore into an Angelino Heights home last month, killing a 9-year-old girl, police announced with much fanfare that they had arrested the two gunmen.

But the suspects — Cesar Zamora, 23, and Steven Castanon, 20 — are now out of jail and back in their old neighborhood, to the dismay of residents who held candlelight vigils to memorialize Charupha Wongwisetsiri.

Police released the men without filing charges after determining that Zamora or Castanon fired the shot that killed Charupha in self-defense when a rival gang member pulled up in a car and tried to shoot them in front of their apartment complex next to Charupha's home.

The situation has shaken and angered residents of Angelino Heights, a diverse neighborhood with commanding views of downtown Los Angeles. The area includes rows of grand Victorian houses restored by television writers and downtown office workers side-by-side with apartments housing working-class families.

"They made it big news when they arrested them and then they quietly let them go," community activist James McHargue said. "I think it is outrageous if the prosecutors don't charge the people who fired these guns."

Bob and Patti Good, who helped organize a candlelight vigil for the girl, can't understand why the two shooters are back on the street.

All of sudden "who gunned down that little girl" are back, said Bob Good, 62, a title insurance officer. "They are looking for him and he's looking for them. Is there going to be more violence now?

"Usually if someone gets killed it's a bad guy, but now it's an innocent party. You cannot get more innocent than a little girl, and people identify with that."

Authorities insist that they are simply following the law.

"Evidence was presented that it was self-defense, and we did not feel we could charge the two people at this time," said Jane Robison of the Los Angeles County district attorney's office.

Instead, police detectives say they now are trying to build a murder case against the man who tried to shoot at Zamora and Castanon — even though his gun jammed and he didn't get off a shot.

He caused "this horrible event, and we hope to make a strong case against him in this murder," LAPD Lt. Paul Vernon said.

Legal experts said the circumstances of the shooting would make it difficult to build a murder case against Zamora and Castanon.

According to police, the men were sitting outside an apartment on East Kensington Road when a car pulled up. One man got out, walked onto the apartment property and pulled out a gun. Witnesses said he tried to shoot but his gun apparently jammed, according to law enforcement sources.

Zamora and Castanon pulled guns of their own and fired several times. None of the shots hit the gunman, who fled in the car. But one bullet traveled down the street and into Charupha's home.

Police believe the shooting was gang-related. But detectives concluded that the pair had the right to shoot because the gunman had pulled out a weapon and seemed ready to fire at them.

Robert Pugsley, a criminal law professor at Southwestern Law School of Law, said the circumstances of the shooting would give Zamora and Castanon a strong self-defense case in court.

"A person has a right of self-defense, and third-party damage, as sad as it may be, is considered an unintended consequence," Pugsley said.

Prosecutors could bring charges if the shooting suggested an act of recklessness, but the sudden nature of the Angelino Heights attack — a gunman leaping out of a car and aiming a weapon — would make that a hard point to prove, he said.

Peter Keane, a professor of law and former dean of Golden Gate Law School, agreed. But prosecutors can pursue an "unreasonable self-defense" manslaughter charge if they believe the gunman's actions were based on an unreasonable belief compared to the threat, Keane said. In that case the killing is not a murder but a manslaughter because they did not act with malice, he added.

The issue of self-defense in gang shootings in which bystanders are killed or wounded has been a matter of debate for years in Los Angeles.

In 2003, a mother decorating her Christmas tree in South Los Angeles was killed by a stray bullet fired during a gun battle between two gangs.

The LAPD eventually arrested the two suspects who fired the shots after someone in a passing car sprayed bullets in their direction. But prosecutors decided not to pursue the case, agreeing with investigators that the men apparently acted in self-defense.

The reasoning doesn't sit well with some residents of Angelino Heights.

Jim Prager, 60, an attorney, said Zamora and Castanon need to be held accountable.

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"They ran away to another known gang house ... they are not innocent people. This represents a lazy" prosecution, he said.

Neither Zamora nor Castanon could be reached for comment. (Castanon was arrested Monday night in Hollywood on suspicion of weapons possession.)

Prosecutors and police say they are doing all they can. They said they could still charge Zamora and Castanon with a lesser crime — such as a weapons or probation violation — but it remains unclear whether they will.

Before the shooting, LAPD officials had identified the apartment where the shooting took place as a gathering point for gang associates. The city attorney's office has taken initial steps to have the residence declared a nuisance property because of gang activity.

On the streets of Angelino Heights, Charupha's killing has sparked a new push by residents to work with police to reduce crime and take other steps to improve the neighborhood.

But Charupha's stepfather, Allan Maxwell, said he'll now sell their home and move to his wife's native Thailand, where they have already bought a home.

"With a self-defense plea there's nothing the guy can do," he said. "I talked to the detectives, and from their point of view it sounded like nothing is going to come of this. I'd like to see them suffer some consequence. But short of becoming a vigilante, I don't know what to do."

Maxwell, who has Parkinson's disease, said that when he heard the first shot that night he screamed for his wife and daughter to get on the floor in the kitchen, where his daughter was playing and his wife was doing dishes.

He said if politicians continue to do no more than pay lip service to combating gangs, others also would leave the neighborhood.

"Politicos make their statements about how they're going to end gang violence and get these creeps out of the area.

"People just sold the house next door to [the gang house] and moved to Arcadia because they had two younger children," he said.

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A City's Violence Feeds On Black-Hispanic Rivalry (NYT)

By Randal C. Archibold

The New York Times, January 17, 2007

LOS ANGELES, Jan. 16 — The Latino gang members were looking for a black person, any black person, to shoot, the police said, and they found one. Cheryl Green, perched near her scooter chatting with friends, was shot dead in a spray of bullets that left several other young people injured.

She was 14, an eighth grader who loved junk food and watching Court TV with her mother and had recently written a poem beginning: "I am black and beautiful. I wonder how I will be living in the future."

"I never thought something like this could happen here in L.A.," said her mother, Charlene Lovett, fighting tears.

Cheryl's killing last month, which the police said followed a confrontation between the gang members and a black man, stands out in a wave of bias-related attacks and incidents in a city that promotes its diversity as much as frets over it.

Ethnic and racial tension comes to Los Angeles as regularly as the Santa Ana winds. Race-related fights afflict school campuses and jails, and two major riots, in 1965 and 1992, are hardly forgotten. But civil rights advocates say that the violence grew at an alarming rate last year, continuing a trend of more Latino versus black confrontations and prompting street demonstrations and long discussions on talk-radio programs and in community meetings.

Much of the violence springs from rivalries between black and Latino gangs, especially in neighborhoods where the black population has been declining and the Latino population surging. A 14 percent increase in gang crime last year, at a time when overall violent crime was down, has been attributed in good measure to the interracial conflict.

This month, the authorities reported that crimes in the city motivated by racial, religious or sexual orientation discrimination had increased 34 percent in 2005 over the previous year. Statistics for 2006 have not yet been compiled.

Rabbi Allen Freehling, executive director of the Los Angeles Human Relations Commission, a group created after the 1965 riots, said the recent growth in hate crimes reflected a failure by government and community leaders to prepare residents for socioeconomic changes in many neighborhoods, "and therefore people have a tendency to lash out, out of desperation."

In November, three Latino gang members received sentences of life in federal prison for crimes that included the murder of two black men — one waiting for a bus, another searching for a parking spot — and assaults on others in a conspiracy to intimidate black residents of a northeast Los Angeles neighborhood.

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In another case, a twist on past racial dramas, 10 black youths, some of whom prosecutors say had connections to a gang, are on trial for what prosecutors contend was a racially motivated attack in neighboring Long Beach on three young white women who were visiting a haunted house on Halloween. Long Beach also experienced an increase in hate crimes in 2005.

But even with the alarm caused by the recent increase in bias crimes, Constance L. Rice, a veteran civil rights lawyer, said that, considering Los Angeles's diversity, race relations remained relatively calm and were even marked by many examples of groups getting along.

Still, in several corners of the city, particularly where poverty is high and demographics are shifting, tensions have been flaring.

"You don't find entire segments of the city against one another," Ms. Rice said, "but in the hot spots and areas of friction you find it is because the demographics are in transition and there is an assertion of power by one group or the other and you get friction."

In Harbor Gateway, the neighborhood where Cheryl Green was killed, tension had grown so severe that blacks and Latinos formed a dividing line on a street that both sides understood never to cross and a small market was unofficially declared off-limits to blacks. Ms. Lovett had warned her children not to go near the line, 206th Street, but Cheryl had ridden her scooter near it to talk to friends when she was shot.

Neighbors said the dominant 204th Street gang, which is Latino, had harassed blacks and Latinos alike and effectively kept the groups divided, though language and cultural differences also have contributed to segregation.

"We wave hello, but I cannot really talk to blacks because my English is limited and I don't want to mess with the gang," said Armando Lopez, speaking in Spanish, who lives near where Cheryl was shot.

A man who described himself as a former member of the 204th Street gang said black gang members had shot or assaulted Latinos, too, and explained the violence as a deadly tit-for-tat.

"They shot a Mexican guy right around the corner from here and nobody protested or said anything," said the man, who asked that his name not be used for fear of retaliation. He referred to neighborhood speculation that Cheryl's killing was in retaliation for the killing of Arturo Mercado, a Latino shot to death in the neighborhood a week before Cheryl in what the police call an unexplained shooting.

The violence in that neighborhood and others has prompted a flurry of announcements by Mayor Antonio R. Villaraigosa and police officials promising a renewed crackdown on gangs, particularly those responsible for hate-related crimes. Mr. Villaraigosa plans to meet Friday with Robert S. Mueller III, the director of the Federal Bureau of Investigation, about expanding its assistance in investigating gang and hate-related violence; the agency has been working with the police on such investigations in the San Fernando Valley, where gang violence has increased the most.

Chief William J. Bratton has said the Police Department would soon issue a most-wanted list of the city's 10 to 20 worst gangs, with those most active in hate crimes likely to land on it.

"It's to say, 'We're coming after you,' " Mr. Bratton said.

A city-financed report by Ms. Rice released Friday said Los Angeles needed a "Marshall plan" to address gang violence in light of a growth in gang membership and a lack of a comprehensive strategy to curb the problem.

Despite the spike in hate crimes in 2005, the total number of bias-related incidents in Los Angeles, 333 in a city of 3.8 million people, was down from peaks in violent crime in the mid-1990s and just after the Sept. 11 attacks.

Cheryl Green's killing particularly alarmed community and civil rights advocates because of her age and the indication that the neighborhood's long history of racial violence was continuing. Two Latino gang members have been charged with murder in the case. With the district attorney having filed a formal allegation that the men were motivated by hate, they could be eligible for the death penalty or life in prison without parole if convicted.

Mr. Villaraigosa, the city's first Latino mayor in over a century, was elected in 2005 in part on a promise of keeping peace among racial and ethnic groups. He attended a rally in the Harbor Gateway neighborhood Saturday, one of a few demonstrations calling for unity. He hugged Ms. Lovett and Beatriz Villa, the sister-in-law of Mr. Mercado, the Latino killed earlier.

"Our cultural and ethnic diversity are cornerstones of a strong L.A.," the mayor said Friday, "and violent crime motivated by the victim's skin color will not be tolerated."

Earl Ofari Hutchinson, an African-American syndicated columnist who plays host to the Los Angeles Urban Policy Roundtable, a weekly gathering in the Leimert Park neighborhood of South Los Angeles, said blacks complained that illegal Latin American immigrants were stealing jobs. Latinos, particularly newcomers unaccustomed to living among large numbers of African-Americans, in turn accuse blacks of criminal activity and harassing them.

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"I think L.A. is a microcosm of what could happen in big cities in the future," Mr. Hutchinson said. "When we have the kind of tension you see in L.A. in the schools, the workplace and now hate-crime violence, my great concern is this is a horrific view of what could happen in other cities."

Ms. Lovett, Cheryl's mother, said the family moved to Harbor Gateway six years ago to get away from a high-crime neighborhood in another part of Los Angeles. A relative of a black neighbor was shot by the gang a few years ago, she said, and recently she had begun looking for a safer area.

"I feel it is unfortunate my daughter had to be the sacrificial lamb," she said. "But I just hope there is a change in this neighborhood."

Key Tactic In Hate-crime Case Assailed (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, January 17, 2007

Long Beach trial turns largely on an ID method that experts say is inherently fallible and rarely used in isolation.

With closing arguments set to begin today, the case against 10 Long Beach youths accused of beating three white women Halloween night hinges almost entirely on identifications made in a Ralphs parking lot the night of the attack.

In a procedure known as a field show-up, police told the victims and a reputed witness that the youths — nine girls and a boy, ages 12 to 17 — were suspects and asked if they recognized them from the melee. In several subsequent police interviews, witnesses were never asked to pick the juveniles out of a lineup that included non-suspects: a means to test their memory that experts say is a standard and crucial procedure. Nor were they asked to identify them in open court.

Long Beach Police Cmdr. Jeffry Johnson said the field show-up is the most accurate form of identification in a case like this. "Especially when you talk about numerous suspects, you have to go with immediate recollection," he said.

But experts say field show-ups are inherently fallible and rarely used in isolation.

"I can't remember ever seeing a case go to trial in which the only identification is a field show-up," said Kathy Pezdek, a professor at Claremont Graduate University and expert witness in the area of eyewitness identification, in an interview. "It's extremely unusual."

Much of what has occurred in the Long Beach courtroom of Judge Gibson W. Lee, however, is unusual. The mild-mannered jurist has let attorneys deliver long fiery speeches, make objection after objection that all but stopped the testimony and ignore his orders to stick to the facts of the case.

Deputy Dist. Atty. Andrea Bouas has accused the youths of having gang connections, of orchestrating the destruction of a witness' car, of calling the witness "a stupid bitch" outside of court to intimidate her. None of Bouas' accusations are based on evidence in the case, and they normally would have been heard out of the presence of a jury.

But the Long Beach hate-crime case highlights a critical — and many experts say troublesome — difference between adult and juvenile court: There are no juries in juvenile court; a judge decides the minors' fate.

"A jury is the great equalizer," said Cyn Yamashiro, a professor at Loyola Law School and director of its Center for Juvenile Law and Policy. "It is the true challenge to the people's case. That is the component of due process that is absent in the juvenile system."

The public doesn't often see the juvenile system at work, because the proceedings are usually closed. In this case, Lee opened the doors based on the seriousness of the allegations: All 10 are charged with assault with intent to cause great bodily injury, and eight face hate-crime sentencing enhancements.

The result is a glimpse into how justice is administered for children that raises questions about whether they would get a fairer trial in adult court.

Seven of the defendants have court-appointed attorneys, who are paid a flat rate of $325 to try the entire case, now in its seventh week. Court-appointed attorneys in adult court are paid an hourly rate of $68 to $91.

The Long Beach minors, none of whom have criminal records, have been in custody since Halloween, with no chance for bail.

The first day of trial, Nov. 28, Deputy Public Defender Stephanie Sauter voiced concern that the youths could not get a fair trial in Long Beach because of heated local press coverage.

Lee — a judge for 21 years with deep ties to the city, where he grew up and his father practiced law for 50 years — denied her motion for a change of venue. He indicated that public pressure would not influence him.

From the get-go, the prosecution has depicted the assault as a vicious, unprovoked attack motivated by racial hatred:

Three young white women — Loren Hyman, 21; Laura Schneider, 19; and Michelle Smith, 19 — were trick-or-treating on a street known for its Halloween displays, when a crowd of 30 or more black youths began shouting racial epithets and pelting

them with pieces of fruit. The women tried to get away, but the crowd set upon them, severely beating all three before a good Samaritan rescued them, Bouas has argued.

But the version of events that emerged in court was messier.

The good Samaritan, Marice Huff, testified that the attack began when a boy tried to trip Hyman and she turned around and punched or slapped one of the black girls in the face. Schneider and seven of the minors independently told the same story to police. Huff also said he saw the white women fighting back and holding their own.

Although Hyman testified that she had not been drinking that night, the doctor who treated her testified that she had. Although she said most of the assailants were girls, a neighbor who called 911 in the presence of the victims described the culprits as 10 or 12 "black men."

And although witnesses testified that they heard someone yell racial slurs, no one could say who.

Undisputed is a key piece of circumstantial evidence — Hyman's cellphone, knocked from her hand during the attack and later recovered from the car of one of the defendants — as well as the victims' injuries. Hyman suffered a broken nose, along with what physicians call a tripod fracture: a cracking of the cheekbone and two paper-thin bones around the eye. Schneider may have suffered a concussion, a doctor testified. There was no testimony of injuries to Smith.

For the field identifications, the three victims and an 18-year-old woman, Kiana Alford, who said she had witnessed the attack, were driven separately to the parking lot where the minors were detained.

Alford would testify later that officers told her, 'We caught the people who did this,' and that she felt it was her responsibility to identify them.

Hyman identified four of the minors as attackers. Schneider identified three, Smith none and Alford eight. Only Hyman and Alford were called to testify.

Pezdek, the eyewitness identification expert, said it is highly unlikely that a witness could make out what numerous individuals did in a mob, even more so at night and at a distance. "To say in this melee there are eight people who did this and that is kind of silly," she said.

On the stand, Alford first gave a cinematic account of the attack. But under cross-examination, she said that she saw the fight as she drove away, looking over her shoulder and in the rearview mirror, and that the distance — up to 175 feet — and darkness made it impossible to pick out individuals.

The day after Alford stepped down, police moved to shore up the case with more physical evidence. Officers went to Los Padrinos Juvenile Hall to look at the minors' clothes, kept in a locker since Halloween night.

Analysts found bloodstains on the jeans of a 16-year-old girl. A week later, Bouas told the court in a closed hearing that a DNA analysis showed the blood was from Hyman. But the judge barred the evidence, saying presenting it would take too long.

Police Cmdr. Johnson said investigators had scrambled to do everything they could, given the time crunch.

"Normally, between the time of the arrest and the trial, you have months," he said. "We had two weeks."

In the end, the prosecution's strongest witness was Hyman, who testified that she and her friends were simply walking by when a group of black youths began to taunt them, then yelled slurs and pelted them with small pumpkins. Schneider was pulled by the hair into the mob and hit with a skateboard by a male, Hyman testified. As she went to help her friend, the crowd — most of them girls — began to pummel her too, she said.

In a bid to undermine the prosecution's case, the defense played the 911 tapes that described the attackers as male and called two witnesses: Lineshia Hill, who was with Alford that night and says they arrived after the fight was over, and a defendant, Anthony Ross, now 18.

Ross testified calmly that, sitting in a car just feet away, he saw a male he didn't know kick Hyman in the back of the leg. She then slapped his sister in the face, he said, and a group of males jumped in and started beating the women. Ross said he leapt out of the car when a boy hit the woman with the skateboard and that he ripped the board from the boy's hands.

After the prosecution rested its case, Lee gave some indication he believed that its evidence, taken alone, was sufficient.

Tom Harmon, the attorney for a girl who turned 12 the night before the attack, argued that the only evidence against her specifically was Alford's statement that she saw her "throwing newspapers around at the girls," an observation she made from 300 feet away.

Bouas did not dispute Harmon, but Lee swiftly denied Harmon's motion to dismiss the case against the girl.

Gay Lawyer's Suit Accuses Firm Of Bias (NYT)

By Julie Creswell

The New York Times, January 17, 2007

DOJ_NMG_0117531

An associate at one of the country's most prestigious law firms, Sullivan & Cromwell, filed a state lawsuit in Manhattan yesterday accusing the firm of a systematic campaign of discrimination and retaliation against him because of his sexual orientation.

Aaron B. Charney, 28, who is a fourth-year associate, asserts in the lawsuit, filed in New York State Supreme Court in Manhattan, that several partners in Sullivan & Cromwell's highly regarded mergers and acquisitions practice subjected him to "lewd and illegal conduct," beginning in the fall of 2005. He is seeking a jury trial and unspecified compensatory and punitive damages.

In his lawsuit, Mr. Charney accuses members of the firm of demanding he be terminated for carrying on an "unnatural" gay relationship with another Sullivan & Cromwell associate; Mr. Charney denies the relationship. The suit also contends that after he filed a formal internal complaint, members of the firm suggested that he move to a foreign office and then fabricated reviews to accuse him of overbilling clients, among other things.

While Mr. Charney has not been terminated, he says he was told he should not come to the office while an internal investigation is continuing.

In an e-mailed statement, the firm's chairman, H. Rodgin Cohen, said the firm "categorically denies Mr. Charney's allegations of discrimination and retaliation."

Another of the firm's partners, David H. Braff, said that the firm had a strong culture of acceptance and that it had handled several landmark cases over the years that protected gay and lesbian rights.

"I've been openly gay since I arrived at this firm in 1984," Mr. Braff added. "There's absolutely no atmosphere of hostility toward gay people here."

A handful of suits against law firms asserting discrimination or harassment have been filed by assistants or secretaries, including one filed against Baker & McKenzie by a secretary who contended she had been sexually harassed by one of its partners. That suit resulted in $3 million in damages.

Yet it is virtually unheard-of for associates, who typically work long hours in their quest to become partners, to file such suits, which can stall or even end their legal careers.

"The day I derailed my career was the day I complained about the discrimination," said Mr. Charney, who said he was representing himself in the case because no other lawyers wanted to take on the law firm.

Mr. Charney, who joined the firm in the fall of 2003 after graduating from Columbia University Law School, contends that hostility toward him because of his sexual orientation began in the fall of 2005.

In his complaint, Mr. Charney claims that a partner in the mergers practice, Eric M. Krautheimer, began to make lewd sexual remarks to him based on his sexual orientation.

The next month, he said, James C. Morphy, the managing partner of the merger group, gave Mr. Charney his semiannual review, in which he conveyed outstanding work evaluations that had been written by several partners and clients on Mr. Charney's behalf.

At the conclusion of the evaluation, however, Mr. Charney asserts that Mr. Morphy said that several partners had complained about seeing Mr. Charney and another male associate in the group "walking the halls together" and "eating lunch together" and that this "needs to stop." In his complaint, Mr. Charney said it was a thinly veiled and false accusation that the two were engaged in a gay relationship.

In May 2006, Mr. Charney lodged a formal complaint with David B. Harms, a co-managing partner of the firm's general practice. A few days later, Mr. Harms said that Mr. Krauthemier and another partner whom Mr. Charney asserted had made inappropriate remarks denied doing so.

Mr. Harms assured Mr. Charney that making the complaint would not result in any change to his employment status at the firm.

But a few hours later, Mr. Charney said he learned he was not included on a mentoring list for the 2006 summer associate program. Messages left with Mr. Krautheimer, Mr. Morphy and Mr. Harms were not immediately answered.

ANTITRUST:

If XM, Sirius Pursue Merger, Hurdles At FCC, Justice Loom (WSJ)

By SARAH MCBRIDE And AMY SCHATZ

Wall Street Journal, January 17, 2007

DOJ_NMG_0117532

With speculation on the upswing about a possible merger between satellite-radio rivals Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc., the companies face a serious obstacle: Federal Communications Commission regulations that appear to specifically forbid a merger.

Winning approval for any deal, from both the FCC and the Justice Department, may rest in persuading regulators that the two companies face many more competitors than just each other. Competing technologies that have helped damp satellite radio's growth -- like iPods, podcasts and Internet radio -- may give the companies ammunition to persuade regulators that a merger of the only two satellite-radio players isn't a threat to competition.

Merger rumors involving the companies have surfaced periodically over the last year, stoked by Sirius officials like Chief Executive Mel Karmazin, who has said he would be interested in buying XM. Officials at XM typically dismissed the possibility.

But in recent weeks, XM has notably softened its stance. While XM still stops short of saying it is exploring a deal, it no longer rules out the possibility. That has given new life to hopes for a deal. Since the beginning of the year, XM's stock has risen almost 19% and Sirius's 17%.

"I think that absolutely [XM executives] have softened their public posture," says Barton Crockett, an analyst at J.P. Morgan who upgraded both companies to "overweight" positions yesterday. "To my mind, that is a strong indication that they are open to this, at least attempting it."

An XM-Sirius merger is gaining more urgency in the industry as both companies struggle to win consumers. While both firms add new listeners each quarter, neither is reaching the lofty subscriber levels that were expected a few years ago.

The merger talk, to some, seems like a trial balloon intended to gauge the reaction of both investors and regulators. Such advance work may be necessary given that any deal would face significant hurdles.

The companies would need to persuade the Justice Department that a merger wouldn't be anticompetitive, even though it would likely result in higher subscription rates and less consumer choice. The companies, however, say thinking about satellite radio on its own defines the options too narrowly.

"I don't know how you come up with a market definition so that we and they compete only against each other," says David Frear, chief financial officer at Sirius. "We see ourselves competing primarily with terrestrial radio as well as this plethora of new services, including MP3s, Internet radio and cellphones."

Indeed, when satellite radio was first conceived, it was difficult to imagine it would compete with a device like the iPod, which offers the kind of broader listening choice that was the heart of satellite radio's appeal. Much like satellite radio, iPods offer hours of advertisement-free music.

The companies would also need to make a case at the FCC, where there are several regulatory hurdles facing a potential deal. Primary among them is an FCC rule that on the face of it appears to prohibit the two companies from merging. In 1997, when the companies won their licenses, the FCC stipulated that one satellite-radio company wouldn't be permitted to "acquire control" of the other license. The prohibition "will help assure sufficient continuing competition," the regulation states.

Communications lawyers say that the rule could be overturned after a public comment period. Mr. Crockett, the J.P. Morgan analyst, suggested in a report yesterday that the FCC could also permit XM, of Washington, and Sirius, of New York, to hold their licenses in two separate companies while consolidating operating and financial efficiencies.

FCC chairman Kevin Martin hasn't said how he might view a deal, but he could be leaning toward a stricter definition of competition in the satellite-radio arena. When asked about a potential XM-Sirius deal last week at the Consumer Electronics Show in Las Vegas, Mr. Martin pointed to how the agency viewed competition in the satellite-television market during its review of EchoStar Communications Corp. and DirecTV Group Inc.'s failed merger attempt a few years ago. In that case, the FCC took a narrow approach to defining the market for video competition.

Mr. Martin's support for a deal would be critical to its success. The political climate at the Republican-controlled commission has been more strained than usual since Democrats took control of Congress, and it isn't clear that the five-member commission's two Democrats could be persuaded to support a further consolidation of the market, given their staunch opposition to relaxing media-ownership rules.

So far, XM and Sirius don't appear to be lobbying regulators or lawmakers directly to allow a merger. While both companies meet regularly with the FCC to discuss various issues, commission officials say they haven't been meeting with satellite-radio companies or their representatives to discuss a potential merger. Staffers at some key congressional offices -- such as Democrats who oversee commerce and antitrust issues -- also say they haven't taken meetings to discuss a merger.

Some communications lawyers say that if the Justice Department decided not to block a merger, the FCC could likely fall in line, as it has with some recent telecommunications mergers.

Of course, issues between XM and Sirius themselves could be difficult to resolve. Those include how to value each company and which company would end up with more control. Even if they merged, cost savings wouldn't necessarily be as

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good as investors believe, in large part because each company is locked into long-term contracts with talent such as Sirius's Howard Stern and XM's Oprah Winfrey.

RBC Capital Markets' David Bank says programming costs could fall 50%, but not until 2010; because the companies use different encoding technologies, it would be difficult to merge operating platforms. By 2015, he believes the companies would be saving $360 million annually in costs including advertising and subsidies.

In order to merge, the companies would need to act fast. Lawyers say they would need to get a proposal before the FCC within the next couple of months so the heavy lifting would be finished by the time the 2008 election cycle kicks in. If a Democrat took the presidency, control of the FCC would also switch, making a merger that much harder to pull off.

Write to Sarah McBride at sarah.mcbride@wsj.com and Amy Schatz at Amy.Schatz@wsj.com

Deutsche Bank Swap Makes Pennsylvania Taxpayers Lose $230,000 (BLOOM)

By Martin Z. Braun

Bloomberg, January 17, 2007

Jan. 17 (Bloomberg) -- The third-poorest city in Pennsylvania is a lot poorer because of a 28-year bet on interest rates that already has gone awry.

The Reading, Pennsylvania, school district, which has 18,323 students, this week must pay $230,000 to Deutsche Bank AG, Germany's largest bank, because it's on the losing side of a wager that long-term interest rates will rise faster than short-term interest rates. In April, the board rushed approval of the so-called interest rate swap in eight days after its adviser said the transaction may earn the district $16 million by 2034.

While Reading's taxpayers are liable for the loss, bankers and advisers already have pocketed $1 million in fees for arranging the swap, enough to buy 11 Mercedes-Benz S-550 sedans. This week's payment to Deutsche Bank would have covered the school district's monthly utility bill.

``It was all done in a real hurry," said Keith Stamm, the only member of the board to vote against the deal. ``The whole board is so desperate to try to find a way to raise money, they see this floated in front of them as a big-time amount of money and they want to go forward with it."

Local governments from Augusta, Georgia, to Oakland, California, are being lured by similar opportunities to speculate with derivatives created by the world's biggest banks. Most of the $400 billion of private agreements sold to municipalities escape taxpayers' notice and are little understood by the public officials and administrators who approve them.

Risky Practice

``It's a recipe for disaster and it's also a recipe for sharp practices by charlatans," said James Cox, the Brainerd Currie Professor of Law at Duke University and a securities law specialist. ``The gains that a community stands to derive from this are at the margins and the risks they're exposing themselves to, frequently, are greatly in excess of what the expected rewards are."

While financial firms often promote the agreements as a way for municipalities to lock in borrowing costs for future projects, the swap bought by Reading amounts to a bet on the relationship between short-term and long-term interest rates. If long-term rates rise higher than short-term rates, the municipalities will profit from the agreement and vice-versa.

Trading, Not Hedging

``It's more of a trading strategy than a hedging strategy," said Peter Shapiro, managing director of South Orange, New Jersey-based Swap Financial Group, which advises governments on derivatives including interest-rate swaps. ``All transactions include an element of speculation. The ones which are more speculative, like the yield-curve swap, are only suitable for issuers who are more sophisticated."

A derivative is a financial contract whose value is derived from stocks, bonds, loans, currencies and commodities, or linked to specific events such as changes in interest rates or the weather. A swap is a type of derivative, where parties agree to exchange interest payments, usually a fixed payment for one that varies based on the movements of benchmark indexes.

The school board paid Frankfurt-based Deutsche Bank $575,000 to arrange the contract, known as a constant maturity swap, and awarded $400,000 to its financial advisers, including Reading-based Concord Public Financial Advisors Inc. and lawyers for arranging the trade, school officials said.

Ted Meyer, a spokesman for Deutsche Bank in New York, declined to comment on whether the agreement, also called a yield-curve swap, was suitable for the school district. Concord principal Mike Setley didn't return calls seeking comment.

Unemployment Rate

Dennis Kelley, the school district's director of finance, said he was ``surprised" to learn he owes $230,000. He said the district would pay the money using proceeds from another interest-rate swap.

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Reading is a town of 80,000 about 60 miles (96.5 kilometers) northwest of Philadelphia where the unemployment rate is almost twice the U.S. average.

The town depends on state funding for $106 million of its $162 million school budget. Enrollment has grown 24 percent in the past decade, while the tax base dropped by about 6 percent, according to school district documents. Almost 70 percent of the students come from poor families. Schools are overcrowded and some are more than 80 years old.

The contract was approved after Concord said the swap ``would allow us to get some cash now to help the district," said Pierre Cooper, a social worker and the former board president. ``I don't know the particulars off the top of my head."

William Cinfici, another board member and a registrar for the state's division of vital records, said Concord didn't provide enough financial information to evaluate the transaction.

`Nobody Questioned It'

``It was arcane, nobody questioned it," Cinfici said. ``Everything was presented to us at the last minute. I said, `Well, I'll trust in the guys' judgment.'"

Stamm, a real estate broker and the current president of the nine-member board, said Concord told the board the swap was ``a roll of the dice."

Reading, like most municipalities, borrows with long-term bonds. The most recent bond the school district sold in December 2005 has a final maturity of 2036. The interest-rate swaps that Reading and other borrowers are purchasing are typically matched to the maturities of bonds that have been issued.

Reading Swap

The Reading contract is based on $103 million of zero-coupon bonds issued by the district in 2003 that come due from 2026 to 2034. Reading is required to pay Deutsche Bank the equivalent of 67 percent of the one-month London interbank offered rate, a lending benchmark, plus 0.3 percent every Jan. 15 and July 15. That amounts to about $2 million for the period ending this week.

In return, Deutsche Bank must give the district a rate equivalent to 66 percent of the so-called five-year swap rate, which is the interest rate a borrower is willing to pay to exchange fixed payments for those that reset each month. That totals about $1.77 million for the period. The difference amounts to the $230,000 the district owes Deutsche Bank. Only the net payment changes hands.

The contract became a money loser because the five-year swap rate has declined to 5.145 percent from 5.5945 percent in July. Meantime, Libor dropped to 5.32 percent from 5.37 percent, according to data compiled by Bloomberg.

Reading's schools will profit if five-year rates are higher relative to one-month yields. That's been the case 80 percent of the time during the past 10 years, according to Citigroup Inc., the biggest underwriter of municipal debt.

``So long as interest-rate relationships return to normal conditions, this transaction should provide a significant financial benefit to the school district," Concord said in a memo to the district May 22. While Reading is paying now, it may earn money on the swap over time.

Over the Counter

The swap market is unregulated and trading occurs over the counter, so municipalities can't be sure they are getting the best price on contracts. In Jefferson County, Alabama, one of the tens of thousands of borrowers in the municipal bond market, officials have bought $5.8 billion of swaps. Officials there have received subpoenas from the U.S. Securities and Exchange Commission asking about the swaps.

An August 2005 Bloomberg News article reported that New York-based JPMorgan Chase & Co. overcharged Jefferson County by $45 million for swaps tied to sewer debt. The SEC has subpoenaed three current and two former county commissioners asking for records related to bond issues and swaps sold since January 2002.

Diverging Interests

The Internal Revenue Service has probed whether the mispricing of municipal swaps has allowed advisers and banks to make excessive fees, depriving the federal government of earnings from the investment of tax-exempt bond proceeds. The U.S. Justice Department and SEC have asked for information on swaps as part of an antitrust investigation into alleged bid- rigging in the $2.3 trillion municipal market.

In the Reading deal, Pottstown, Pennsylvania-based Investment Management Advisory Group worked with Concord to set up the swap, according to the May 22 memo from Concord to the district. The firm, known as Image, also worked as a consultant to Deutsche Bank, records of the swap contract show.

Federal regulators haven't said if they are probing the Reading deal. Reading hasn't been contracted by any regulator agency about the investigation, said Stamm.

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The dual roles illustrate conflicts of interest that occur in the market, said Andrew Kalotay, chief executive officer of Andrew Kalotay Associates Inc., which advises corporations, federal agencies and municipalities on debt management.

Image Raided

``Even though the swap adviser's client is the municipality, their financial interests are not aligned," Kalotay said. ``The swap adviser is paid only if there is a transaction, and the larger the transaction the larger the fee, so there is an inherent conflict."

Deutsche Bank spokesman Meyer said the bank doesn't have a business relationship with Image. ``The school district directed us to make that payment," Meyer said. ``It's as if they had a lawyer and had to pay their attorneys."

Image was among three brokers raided in November as part of the U.S. antitrust probe. The firm, which is cooperating with investigators, declined to comment on the Reading deal. Image has said it is ``confident that our business practices and employees will be fully vindicated as this investigation continues."

Concord said Deutsche Bank won the business after beating proposals from four banks, according to the May 22 memo. Concord didn't arrange a public auction to get the lowest cost for taxpayers. Deutsche Bank offered to do the swap for a commission of 5.75 basis points, compared with no less than 6 basis points from the other companies, Concord said in the memo. A basis point is 0.01 percentage point.

`Pay for Ingenuity'

Kentucky's Louisville-Jefferson County Metropolitan Sewer District, the city of Port St. Lucie, Florida, and Augusta, Georgia have purchased similar swaps. Image made $400,000 brokering two swaps with New York-based Morgan Stanley and Deutsche Bank for the Louisville sewer district.

Mountain States Health Alliance, a 1,100-bed hospital system in eastern Tennessee bordering the Appalachian Mountains, paid an adviser, Public Advisory Corp., almost $3 million to help arrange three swaps totaling $483 million with Merrill Lynch & Co.

``We really act as bankers," said Steven Pischke, president and chief executive officer of Atlanta-based Public Advisory. ``We come up with ideas, we develop them. You need to pay for ingenuity and for new ideas." Pischke said the cost to Mountain States was within ``industry standards."

Lowest Fees

Marvin Eichorn, the hospital system's chief financial officer, said he understood the risk and got the best deal possible. The hospital took bids from two banks and New York- based Merrill proposed the lowest cost, Eichorn said. He declined to name the other bank and said the hospital didn't need to seek more bids because Public Advisory would ensure fair pricing.

``We've always gone with whoever had the lowest fees," Eichorn said. Swaps have saved the hospital more than $1 million on its debt-service costs, he said.

More than 70 Pennsylvania school districts have notified the state they planned swaps with banks including Morgan Stanley, Wachovia Corp. and JPMorgan since 2003, when state legislators permitted them. The law requires districts to hire an independent financial adviser to ensure the swap is appropriate and help develop an ``interest-rate management plan," which analyzes the benefits and risks of swaps.

Reading has done two other swaps with Charlotte, North Carolina-based Wachovia.

``Why are municipalities doing these swaps?" Kalotay said. ``There may be legitimate reasons such as managing their mix of fixed- and floating-rate debt, but all too often they get talked into speculative deals. And if speculation is the goal, why not pork belly futures?"

Commentary: What Is The Proper Level Of Judicial Review For Mergers? (LAW)

By David T. Blonder, The Deal

The Deal, January 17, 2007

The controversy surrounding Judge Emmet Sullivan's review of the merger consent decrees entered into among Verizon Communications Inc., AT&T Corp. and the U.S. Department of Justice is shining the spotlight both on the boundaries of independent judicial review in assessing the impact of antitrust consent decrees on market competition, and on the implications of a more stringent evaluation of future mergers.

Sullivan, of the U.S. District Court in Washington, has delayed a ruling on whether to grant his required approval of the SBC Communications Inc.-AT&T Corp. and Verizon Communications-MCI Inc. mergers. The judge recently took umbrage at comments from a Verizon attorney who said that company's merger would not be undone by the court, and he vowed to finish his independent review.

The Antitrust Procedures and Penalties Act, 15 U.S.C. §16, referred to as the Tunney Act, was enacted in 1974 to prevent the federal antitrust agencies from entering into any settlement agreement that was contrary to the "public interest." In 2004, in

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response to a widespread perception that judges were simply "rubber-stamping" antitrust consent decrees, Congress amended the act to require courts to more closely scrutinize settlement agreements entered into by the DOJ, making the public interest evaluation mandatory. The amendments also allowed courts to evaluate the impact that the consent judgment might have on market competition and whether any ambiguity exists in the consent judgment.

At press time, the outcome of Sullivan's proceedings was unknown, but sideline spectators wonder whether the case will change the role of courts operating under the "new and improved" Tunney Act and whether courts may consider the need for remedies for violations not alleged in the complaint.

Commentators claim that increased judicial scrutiny may alter how merging parties negotiate settlement agreements with the DOJ. If the prospect of settlement dims due to increased oversight, the parties' negotiating tactics may change, and the incentives for either side to make early concessions may be eliminated. This might further create a perception that the DOJ has to litigate cases even though a structural settlement is available to remedy competitive harm.

The facts, however, seem to belie the inference that settlements are less likely. Judicial review of the decrees that have followed the Tunney Act amendments suggests that Sullivan's role in these proceedings is anomalous to that of other courts. Since the amendments, courts, including the D.C. court, have approved at least eight merger settlement agreements. Of these, no court engaged in the type of review that Sullivan is contemplating.

As evidenced by the telecom mergers, greater judicial scrutiny of merger agreements is providing parties' competitors a second bite at the apple through their judicially blessed "amici-intervenor" status. If competitors don't like the proposed remedy, they can go to court and throw stones at the DOJ. While competitors may choose this path, it is questionable whether judges would view this as an efficient use of limited resources, whether it would benefit consumers or whether Congress intended such a result in amending the Tunney Act. This is significant, as third-party intervention is not expressly mandated by the act.

In merger investigations, competitors are often subpoenaed for information and data relevant to competition in the affected market and often have significant access to agency staff to present their case. If competitors are permitted active involvement in the review process, they clearly may pursue strategic action to further delay approval of the merger and to extract concessions from the merging parties. In the end, it is suspect whether this aids the review process or even helps consumers. When competitors aren't entirely happy about a merger remedy but readily line up to purchase divestiture assets, it may signal that the settlement is tailored adequately to the competitive harm and is a favorable result for competition.

Despite best intentions to comply with mandates, busy district court judges are generally ill-equipped to evaluate the merits of a complex merger settlement agreement without conducting a protracted and fact-intensive investigation of the competitive dynamics of an entire industry. This is presumably why the antitrust agencies (not judges) conduct investigations, develop industry expertise and are therefore better situated to make these determinations. The judge's role is to evaluate the harm as articulated in the complaint and competitive impact statement and to review whether the settlement meets the public interest. The scope of a court's review cannot be unlimited, and anything more might be considered constitutional overreaching into executive enforcement discretion.

It seems unlikely that Congress intended the Tunney amendments to effectively eliminate the utility of negotiated merger settlements or to put judges in the role of Monday morning quarterback. More important, the "public interest" standard itself is an amorphous concept.

The current judicial hullabaloo likely is limited to the confines of Judge Sullivan's courtroom. Only time, and possibly a decision from an appeals court, will tell whether Sullivan is ushering in a new era for merger settlement review or whether this exercise was simply much ado about nothing. This interested spectator thinks it will be the latter.

David T. Blonder is an associate in the antitrust practice in the Washington office of Chadbourne & Parke and was formerly an attorney with the Antitrust Division of the United States Department of Justice.

CVS Raises Caremark Bid, Pressuring Express Scripts (WSJ)

By Dennis K. Berman

The Wall Street Journal, January 17, 2007

Challenging a rival bid from Express Scripts Inc., drugstore chain CVS Corp. bumped up its offer for pharmacy manager Caremark Rx Inc. by $2 a share, to be paid in the form of a dividend, while also agreeing to a large share buyback that would shrink the combined companies' shares about 10%.

The moves ratcheted up the competitive dynamic between Express Scripts and CVS, which are battling for the allegiances of Caremark shareholders in an increasingly caustic battle of words and takeover tactics.

CVS's move was the first acknowledgment that holders were uncomfortable with the company's Caremark offer, which previously valued the manager of pharmacy benefits at around $53.09 a share, and is now valued at $55.09. Yesterday,

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Caremark shares traded at $56.25 in 4 p.m. composite trading on the New York Stock Exchange. Express Scripts' cash and stock offer is valued at about $57.24 a share.

The Express offer put CVS in an increasingly untenable position, particularly as it headed on the road to sell its deal to shareholders. The question now is how well the $2-a-share dividend -- coupled with a $5 billion share buyback -- will placate shareholders.

The initial reaction was a positive one from John Ransom, an analyst with Raymond James Financial Inc. He said the improved CVS bid significantly narrows the gap between the two offers. "At its peak, there was a 16% difference in the premium between the Express Script and CVS offers. The difference is now 4%. I would think at the moment, the CVS bid would have to be considered superior. It's not hostile, you don't have the antitrust risk and you still have the same synergies as before."

People in the Express camp took exception with the improved offer terms, arguing that the special dividend was really valued at $1.09 a share. They pointed out that the cash would come only after the deal was closed -- and thus would be financed by the 45% of the new company that will be comprised of Caremark. "It's like taking cash out of your own pocket and putting it in the other," said one person close to the Express camp.

CVS also is hoping to woo shareholders with estimates of what it calls "revenue synergies" -- basically new sales it hopes to drive by putting the two companies together. CVS put those synergies at as much as $1 billion by 2008, coming from increased CVS store traffic, greater mail-order usage and more generic-drug prescriptions.

"Revenue synergies" nonetheless are discounted heavily by shareholders, who came to distrust them after many overly optimistic figures surfaced in the past decade's merger boom. Investors tend to take cost synergies more seriously, because things like jobs and factories can be cut more easily than new sales are produced.

Express is sure to apply pressure of its own as the Feb. 23 voting deadline for the CVS deal approaches. Yesterday, the company took the first step by launching an official $25 billion exchange offer for Caremark shares, a transaction that the Caremark board has continued to rebuff.

As recently as last year, Express and Caremark explored a deal of their own, according to Securities and Exchange Commission filings. That deal never led to anything substantive, and at least by Express's reckoning, faltered primarily on valuation.

That undercuts Caremark's contention that the two would be unworthy partners because of antitrust concerns and strategic fit, said Express Chief Executive George Paz in an interview yesterday.

"I was at all those meetings," Mr. Paz said. "No one ever raised antitrust concerns. We felt it could get through. ... I'm at a loss for what they're doing" by not speaking to Express.

--David Armstrong contributed to this article.

Write to Dennis K. Berman at dennis.berman@wsj.com1

Express Scripts Begins Exchange Offer For Caremark (Update6) (BLOOM)

By Lisa Rapaport

Bloomberg, January 17, 2007

Jan. 16 (Bloomberg) -- Express Scripts Inc. began a hostile tender offer for all outstanding shares of Caremark Rx Inc., seeking shareholder support for its $24.3 billion takeover bid over a smaller offer from CVS Corp.

Express Scripts offered Caremark stockholders $29.25 in cash and 0.426 share of Express Scripts stock for each share of Caremark, Express Scripts said today in a statement. Based on closing prices from Jan. 12, the offer has a value of $56.87 a share. CVS, the second-largest U.S. drugstore chain, offered $48.53 a share on Nov. 1., or $22.3 billion.

Express Scripts' unsolicited offer was rejected last week by Caremark's board. Buying Caremark would make Express Scripts, based in Maryland Heights, Missouri, the largest manager of drug benefits in the U.S. CVS, based in Woonsocket, Rhode Island, wants Caremark to help give it more bargaining power in negotiating the price of medicines.

``There is nothing new in this Express Scripts offer and nothing unexpected," Caremark spokeswoman Nina Devlin said in a telephone interview today. ``We remain committed to our merger agreement with CVS." Caremark said Jan. 8 that an alliance with Express Scripts ``would result in a highly leveraged and weakened business."

Shares of Express Scripts rose 88 cents, or 1.4 percent, to $65.71 at 4:00 p.m. New York time in Nasdaq Stock Market composite trading. Caremark fell 58 cents, or 1 percent, to $56.25 in New York Stock Exchange composite trading, while CVS slipped 15 cents to $31.79.

`Numerous Times'

Express Scripts has spoken with Caremark ``numerous times over the past four years" about a possible alliance, said George Paz, Express Scripts' chief executive officer, during a conference call with investors today.

``Our offer delivers superior value," Paz said. ``It's fully financed and the regulatory process is well under way."

Between Feb. 2001 and mid-2005, Caremark and Express Scripts had ``several series of discussions and meetings concerning potential strategic transactions, including the acquisition of Caremark by Express Scripts and the acquisition of Express Scripts by Caremark," Express Scripts said today in a regulatory filing.

Express Scripts on Jan. 3 asked U.S. antitrust regulators to approve both its proposed tender offer and its takeover bid, the company said in the filing. The deadline for the U.S. Federal Trade Commission to review these proposals is midnight Feb. 2, unless regulators extend the waiting period by seeking additional information, Express Scripts said.

Lose Contracts

Caremark may lose contracts that would generate more than $8 billion in revenue because of a threatened proxy fight, Caremark Chief Executive Officer Mac Crawford said Jan. 10 at a meeting with investors in San Francisco.

Uncertainty generated by the Express Scripts Caremark's ability to sign new contracts for managing drug benefits, Crawford said. Caremark has said a combination with CVS could lower costs by $400 million.

``We are already being shut out by decision makers" because of the possibility that Express Scripts may take over Caremark, Crawford said. ``They like us and our pricing, but they can't take the risk that we won't be in charge."

Crawford accused Express Scripts of setting out to disrupt Caremark's planned combination with CVS and of making an estimate of $500 million in savings that was ``plucked entirely out of the air."

`Committed'

CVS spokeswoman Eileen Howard Dunn said in a telephone interview today that the company ``remains committed to closing its merger with Caremark in the first quarter of 2007."

Express Scripts said at a Jan. 8 meeting with investors in San Francisco it expected its takeover of Caremark to be completed by the end of the third quarter of 2007. Express Scripts said it started the tender offer ``in light of the Caremark board's rejection of and refusal to even discuss our superior proposal."

The company sued Caremark on Jan. 10 in Delaware Chancery Court in Wilmington, asking a judge to rule that a $675 million breakup fee if the CVS deal fails is ``unreasonable, unlawful and invalid."

``Express Scripts shares are likely to be volatile over the next few months as investors determine whether Caremark will be acquired by CVS or Express Scripts," said Matt Perry, an analyst with Wachovia Capital Markets LLC in New York, in a Jan. 12 note.

Caremark said Jan. 8 in a regulatory filing that it couldn't ``envision any scenario where it would be willing to trigger the imposition of a $675 million breakup fee without having the competing party obligated to fund the payment."

Paz today said Caremark was interpreting that fee as ``a speaking fee" and as ``the price of admission just for having a conversation" about a possible alliance.

Express Scripts Launches Caremark Offer (MRKTWTCH)

By Angela Moore, MarketWatch

Market Watch, January 17, 2007

CVS says remains committed to deal with PBM Caremark

NEW YORK (MarketWatch) -- Pharmacy-benefit manager Express Scripts Inc. said Tuesday it launched a $25 billion exchange offer for the outstanding shares of larger rival Caremark Rx Inc., pressing ahead after Caremark last week rejected the offer in favor of a deal with drugstore operator CVS Corp.

Under the terms of the deal, St. Louis-based Express Scripts is offering to pay Caremark stockholders $29.25 in cash and 0.426 of a share of Express Scripts for each share of Caremark held. Based on Jan. 12 closing stock prices, Express Scripts said its offer has a value of $56.87 per share, or about $25 billion, and gives Caremark stockholders a 7% premium to the current value of the rival offer from CVS .

For its part, CVS said it remains committed to closing its merger with Caremark in the first quarter. Under the terms of its offer, Caremark shareholders will receive 1.67 shares of CVS for each share of Caremark held.

Express Scripts shares closed up about 1.4%, while Caremark lost about 1% and CVS slipped fractionally.

The offer from Express Scripts and withdrawal rights are scheduled to expire at midnight Eastern Standard Time on Feb. 13, subject to extension.

Last week, Caremark spurned Express Scripts' offer, saying it lacked a "strategic rationale." See full story.

"While we would prefer to meet with the Caremark Board and management to negotiate a transaction ... we are taking this action in light of the Caremark board's rejection of and refusal to even discuss our superior proposal," Express Scripts said in a

statement. "We remain committed to pursuing a combination of our two companies to create superior value for our respective stockholders, plan sponsors and patients."

The move is the latest development in the fight for Caremark. In November, Caremark and CVS said they would combine in a "merger of equals." The combined company, to be called CVS/Caremark, would be based in Woonsocket, R.I., where CVS has its headquarters.

Express Scripts, which announced its intention to bid for Caremark in December, has said it would nominate four members to Caremark's board and has asked a Delaware court to void the $675 million breakup fee protecting the Caremark and CVS combination.

Weighing the odds of success

"CVS remains in the driver's seat in this contest with this latest effort no more likely to succeed than the others that have preceded it," Goldman Sachs analyst John Heinbockel wrote in a note to clients.

Heinbockel said key factors are the spread between the two bids as well as antitrust approval and how combining with Caremark would transform the winner's business. The spread on the Express Scripts offer has narrowed from 16% to 7%, he said.

In other words, the bid by Express Scripts "is no longer notably superior" to what CVS has offered, Heinbockel said.

All the same, the closing of a deal with CVS is far from certain. Some industry watchers have said that CVS needs to sweeten its offer in order to get more shareholders on board.

As it is, the companies are promoting the fact they the deal has received antitrust approval and is expected to close by the end of the first quarter.

Express Scripts has just started the antitrust process, Caremark has said, and that proposed deal -- which could meet with antitrust resistance since it would pair up two pharmacy-benefit managers, or PBMs -- has a closing target of the third quarter at the earliest.

The battle comes at a time when health-care costs are rising. The pressure to rein in retail drug prices, however, is increasing as well, and discount retailer Wal-Mart Stores Inc. upped the ante in this market by launching a $4-per-prescription program for certain monthly supplies of generic drugs.

PBMs administer drug-benefit programs for health insurers and employers. Through their mail-order and specialty-pharmacy businesses, PBMs also dispense drugs directly to patients, much like retail pharmacies. Angela Moore is a MarketWatch editor based in New York.

In Search Of . . . Better Ways To Search (WSJ)

By JESSICA E. VASCELLARO

Wall Street Journal, January 17, 2007

Google, Microsoft, Ask.Com Quietly Use Spinoff Sites To Test New Features, Solicit Feedback; Pulling Up Videos

Kevin McCarty, long a devout Google user, recently discovered a search engine he often finds more helpful. It's called SearchMash.com, and unlike Google and other major search sites, it pulls up video, images and text all at the same time.

"I absolutely hate having to go from page to page to get a combination of image and Web results," says Mr. McCarty, a 42-year-old computer consultant in Nashville, Tenn. "SearchMash saves lots of time."

It turns out, though, that SearchMash is Google. In recent months, the top search engine and its main rivals have stealthily set up a new generation of search engines where they try out new tools and features on consumers -- without putting their tried-and-true formulas at risk. If something proves to be a hit -- the combined search results that Mr. McCarty likes so much, for instance -- it could eventually be folded into the parent site. For now, though, these sites provide an entertaining and even useful glimpse into the evolution of Web, and in particular, search engines, which in their basic operation haven't changed much in years.

Google Inc. launched SearchMash.com in September without the Google name, although it is mentioned in the site's privacy policy. SearchMash displays a subset of the normal Google search results in an entirely different interface with collapsible menus for video, blog and image results on the same screen. In December, IAC/InterActiveCorp.'s Ask.com launched Ask X, which chops up the results page into an unconventional three-panel format. Standard search results are flanked on the left by suggested terms to help you narrow or expand your search and, on the right, by results broken down by categories such as news and dictionary results.

Yahoo Inc. now uses AlltheWeb.com and AltaVista.com, both of which it acquired in recent years, to experiment with processes like livesearch, a feature that will start suggesting search terms for you when you type just one letter. Microsoft Corp.'s Windows Live unit recently launched MsDewey.com, a search engine where users pose their query to prerecorded video clips of

an actress playing the role of Ms. Dewey, a brassy and attractive woman in a low-cut black dress. The site is helping Microsoft test users' tolerance for a fancy interface with high-resolution images and audio. In response to a particular search query, Ms. Dewey pipes back with one of some 1,000 scripted responses pegged to what the user typed. (The search results appear on the side). If you search for "President Bush," for instance, one possible response from the actress may be: "Hey there, big guy, watch it ... or maybe I should just turn your name over to the Justice Department."

All of the leading search brands have operated their own internal test sites and labs for years. They frequently test layout and formatting tweaks on their main sites, often without users knowing. But now they are making their bold new ideas more public and asking users for feedback. Ask X links to a feedback form where users can submit random thoughts about the quality of the results. SearchMash devotes space on its results page to a box that asks users to select whether the results in categories like Web, image, blog and video search were useful.

With the exception of MsDewey.com, which is largely for entertainment, the sites aim to test new features that may make search more successful, often hoping to fold them back into core sites if they prove popular. Users don't have to rate the features to try them. Unlike other search sites that ask users to rate the accuracy of results to create a community-driven search formula, these sites generally stick to the same set of search results you would find on the branded site, but package them in new ways. For example, all four search engines so far have resisted combining various types of search -- like image search, video search and local search -- on one screen, worried that consumers would find it too messy.

But the spinoffs are embracing that approach, often displaying results from multiple sources on the same screen. Another theme: trying to better guess users' intentions and help them change their mind without starting their search all over again. Google's SearchMash, which swaps new features in and out every few weeks, has experimented with blending in spell-check adjusted results. Yahoo's livesearch -- which pulls up possible queries before the user is finished typing -- was launched first on AlltheWeb.com and is now on next.yahoo.com, the company's site for test projects.

The companies are starting to show their cards as Internet users demand more than just the basics from Internet search services. After all, the standard search model hasn't changed much in almost a decade. "For 90% of Internet users, search today is exactly like it was in 1998," says Ken Cassar, chief analyst for Nielsen/NetRatings.

But the new content from videos to maps to social networking profiles and the spread of broadband that makes searching it faster has many predicting that radically new approaches to search are just around the corner. "It is still the early days in search and in the user interface," says Justin Osmer, senior product manager for Windows Live.

That sense -- and with paid search spending forecast to climb to $7.6 billion in 2007, according to Jupiter Research -- have motivated a host of start-ups, including a soon-to-be launched search engine from the founder of Wikipedia, called Search Wikia (search.wikia.com).

The companies approach their public testing grounds with varying degrees of secrecy. Google, Yahoo and Microsoft haven't prominently branded the sister sites with their name, although they disclose their affiliations in the "terms and conditions" and privacy policies or in the fine print. The anonymity ensures users aren't potentially biased when they rate results, says Mike Bostock, a software engineer at Google. To further cloak their affiliations, the properties generally have a remarkably different look than the core brands with alternate colors, graphics and fonts.

Ask's approach with Ask X is slightly different. The company plans to use the site, launched in December, as a home for gathering feedback on a variety of possible products before they launch, starting with Web search. The three-panel interface currently being tested is likely to become the backbone of Ask's new home page expected out this year, says Daniel Read, vice president for products and user experience at the company. Ask X also has a video search tool, a feature currently not available through Ask.

Christina Pikas, a 34-year-old librarian, says Ask X surfaces some useful details that are buried in other search engines. When Ms. Pikas of Laurel, Md., recently searched for her last name, Ask X pulled out not only results pertaining to the animal the Pikas, but also a photo, encyclopedia entry, and, to her surprise, a characterization of its kingdom, phylum, class and order. It also found her personal Web page, which was listed a few links below.

A DVD Copy Protection Is Overcome By Hackers (NYT)

By Brad Stone

The New York Times, January 17, 2007

SAN FRANCISCO, Jan. 16 — The 2005 science fiction film “Serenity” portrayed a ragtag crew of space pirates fighting to unravel the mysteries of their galaxy.

Reality may now be mimicking fiction.

DOJ_NMG_0117541

Last weekend, a loose-knit coalition of hackers around the world defeated the antipiracy software protecting several high-resolution movies in the HD DVD format. They then began distributing copies of the films — starting with Universal Pictures' "Serenity" — using BitTorrent, a popular file-sharing tool.

The move could send the technology companies behind the new wave of advanced DVDs scrambling back to the drawing board to improve their copy protection, and prompt Hollywood studios to rethink their alliances in the war between the HD DVD and Blu-ray formats.

The HD DVD standard is backed by Toshiba, Microsoft and Intel and uses copy protection technology known as the Advanced Access Content System. The rival Blu-ray format, supported by Sony, Hewlett-Packard and Dell, uses the same system but adds a level of software that acts as a backup when the first level is compromised, so it is considered to be slightly more secure.

A spokeswoman for Universal, the only film studio to back the HD DVD format exclusively, said no executives were available to discuss the HD DVD issue.

The new intrusions came less than a month after a programmer calling himself Muslix64 announced in a Web forum that he had unraveled at least part of the HD DVD protection system. Muslix64 released free software that allows users to insert HD DVDs into their computers and make copies of those films without the original encryption. However, to make it work, users still needed a special title key, generated by the A.A.C.S. software, for each movie they were trying to copy.

Muslix did not provide any title keys — in a sense challenging others to finish his work. On Saturday, the response came in the form of dozens of keys for movies like "King Kong," "Mission Impossible: 3" and "Superman Returns," posted on Web forums like those at Doom9.net. At least two Web sites were created to provide lists of the keys.

Security experts said that the hackers appeared to have discovered the secret keys on their own computers — stashed there by WinDVD, a commercial program for playing DVDs.

Michael Ayers, a lawyer for Toshiba who is chairman of the business group of the trade organization that administers A.A.C.S., acknowledged that the intrusion was serious, but said he viewed it as an attack on DVD-playing software and not the overall protection system for HD DVD.

"It's like somebody picked the lock on an individual house, but he has not discovered the secrets to lock-making at the master padlock company," Mr. Ayers said.

He added that A.A.C.S. was explicitly designed so that compromised players and programs like WinDVD can be disabled remotely by revoking their licenses. He said the A.A.C.S. group might take that approach after an investigation.

Bill Rosenblatt, president of the consulting firm GiantSteps which specializes in content protection issues, said the intrusion was less of a crisis than the 1999 defeat of the encryption that protects standard DVDs, which allowed movie files to be freely copied and shared online.

"It's a pretty nice victory for hackers, but this newer scheme was designed to fail more gracefully and not be as brittle as the DVD scheme," Mr. Rosenblatt said.

However, some security experts said the intrusions were more serious. Bruce Schneier, the chief technology officer of the security company BT Counterpane, said it was unclear what effect revoking licenses would have. If new discs of the movies are updated with new title codes, the old discs in stores will still be vulnerable. And hackers will surely redouble efforts to crack the new discs.

Mr. Schneier said the new DVDs would inevitably be vulnerable to hacking. "Data is inherently copyable, just as water is inherently wet," he said. "All the technology companies are doing is putting in tricks to make it harder to copy. But all they are is tricks."

Nike Appears Primed To Seek Acquisitions (WSJ)

By Paula L. Stepankowsky

The Wall Street Journal, January 17, 2007

Nike Inc. hasn't made an acquisition since it bought the Starter brand in 2004. But with a lot of cash on its balance sheet, and fast growth in its niche brands, the Beaverton, Ore., athletic footwear and apparel company appears poised to pounce when the time is right.

During the past two years, Nike has focused on internal reorganization and developing its core Nike brand. During its fiscal second-quarter conference call, however, executives appeared more open to the acquisition idea than they have been recently.

"In the past, they've been kind of defensive about acquisitions," said Sara Hasan, an analyst with financial-services firm McAdams Wright Ragen. "But now they are seeing those brands give them additional penetration into new markets."

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While Nike continues to see steady growth globally in its Nike brand, the potential for faster growth comes from some of the smaller brands it has bought over the years.

These include Cole Haan for upscale dress shoes, Bauer Nike Hockey, Hurley International for the surf/skate market, Converse, and Starter, which has been renamed Exeter Brands, for the discount market. Nike developed its golf business internally.

"With the Nike brand mature and few opportunities to grow in the double digits except BRIC (Brazil, Russia, India and China) countries, this is the area of their business that will provide them with higher growth," said Kate McShane, an analyst for Citigroup.

Revenue for non-Nike brands in the 2007 fiscal second quarter grew 21% to $526.8 million from $434.8 million last year. Pretax income increased 136% to $54.3 million for the quarter. For the company overall in the same quarter, revenue grew 10% to $3.8 billion, while net income rose 8% to $325.6 million.

Nike has pleased investors by buying back about 1.47 million shares for about $126 million in the second quarter as part of the company's four-year, $3 billion share-repurchase program approved in June 2006. In November, Nike increased its dividend by 19%.

The company also counted cash and short-term investments of $1.9 billion at the end of the second quarter.

"There has been a lot of speculation about what Nike may do with the cash hoard they are sitting on besides buy back shares and increase the dividend," said John Shanley, an analyst with Susquehanna Financial Group.

A Nike spokesman said the company doesn't comment on speculation.

But on Nike's fiscal 2007 conference call last month, Chief Executive Mark Parker said the company is actively looking for acquisitions, although it has "nothing specific on the radar screen right now."

"In our history, it's safe to say we've been more reactive, but now we're taking a more active view," Mr. Parker said during the call. "We're looking at underpenetrated segments where we feel we can add some value."

Nike has mentioned interest in the outdoor sector, as well as the action/sports sector.

The company has pursued the outdoor segment with its All Condition Gear division, and the surf/skate sector with Hurley. While these have done well, they haven't been huge successes, Ms. McShane said.

"There are certain industries where you need credibility and authenticity," Ms. McShane said.

While some have speculated that Nike might be interested in acquiring a large company like Germany's Puma AG Rudolf Dassler Sport or Columbia Sportswear Co. of Portland, Ore., analysts don't believe such a move is likely.

Mr. Shanley said Puma's ownership structure, dominated by insiders and two German banks, make it unlikely the company will fall into non-German hands.

Columbia Sportswear would be an expensive acquisition, and the founding Boyle family has a large ownership stake, making it unlikely an acquisition will take place, analysts said.

Outdoor footwear company Timberland Co. is a possibility, although a shift in fashion away from bulky boots, and the expense of acquiring Timberland would be stoppers, Mr. Shanley said. Nike would have to pay a premium of 20% to 25% over Timberland's roughly $2 billion market cap to make it work. Timberland is based in Stratham, N.H.

Under Armour Inc. would also be an expensive acquisition and duplicates existing Nike product lines, analysts say.

Rather than making large acquisitions, Nike is likely to look at smaller companies that can benefit from its marketing muscle.

A case in point is Converse, which saw sales jump from $200 million to nearly $600 million since Nike bought it, Mr. Shanley said.

Smaller-brands analysts say possible Nike matches include urban boot and footwear maker Lugz Shoes, snowboard and apparel company Burton, hybrid footwear-maker Keen Footwear, and Wolverine World Wide Inc., which makes the Merrell and Hush Puppies brands. An accessory maker like New Era Cap Co. is also a possibility, analysts said.

Cablevision Board Rejects Offer By The Dolans (NYT)

By Andrew Ross Sorkin

The New York Times, January 17, 2007

The board of the Cablevision Systems Corporation rejected an $8.9 billion offer yesterday to sell the company to the Dolans, its founding family.

The rebuff was a rare example of a board standing up to and denying a request by a controlling shareholder.

The rejection by the board, which set up a special committee to review the Dolans' proposal, is the second time it has refused to sell the company to the family.

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In 2005, the Dolans, led by the founder, Charles F. Dolan, and his son James, offered to break the company in two and buy Cablevision's cable television assets. But they were forced to withdraw the offer before the board formally rejected it.

The Dolans' latest effort, though, was much more public, and at times it appeared acrimonious. Rather than withdraw its offer when told it would be rejected, the family increased its bid last Friday by about $1 billion and tried to put pressure on the board by setting a deadline tomorrow, declaring that the proposal was its "best and final" offer.

In rejecting the bid, the board said in a letter to the family that the offer "does not represent fair value for the company's public shareholders nor does it contemplate a transaction that is in their best interest."

It said it had warned the family that it would reject the bid, noting that "indications were given" about the "the inadequacy of the prior proposal" and that the directors had provided "general guidance" about how much the family would need to pay to strike a deal.

A spokesman for the Dolans declined to comment last night.

Yesterday's decision leaves the company publicly owned but at the mercy of the Dolan family, which owns 20 percent of Cablevision equity and controls 70.4 percent of the voting power.

With little chance of a sale of the company to anyone else, Cablevision's future remains clouded. Some analysts last night questioned why the Dolans did not bring in a private equity firm as a partner to allow them to increase their bid further.

Investors have worried for weeks that the Dolans would buy the company at a steep discount to its value.

While the Dolans had offered $30 a share, most analysts estimate that the company would be worth at least $40 a share if it were put up for auction. When the Dolan family made its bid, it insisted that it would not sell the company to anyone besides itself.

"It's a corporate governance victory," said Richard Greenfield, an analyst at Pali Research, who wrote a note to investors last week titled, "Do Not Let Chuck and Jim Dolan Steal CVC."

"This is exactly what the independent committee should have done," Mr. Greenfield said. "The price was not fair for shareholders. If they had put it up for auction, it would have fetched far more."

In his note, he suggested that the company was worth at least $33.50 a share and said that there was "a strong likelihood of a Time Warner Cable takeover attempt over the next 12-18 months."

Time Warner has long been mentioned as a potential suitor because Cablevision's systems, which are centered in New York suburbs, fit neatly into Time Warner's regional network.

Some cable industry analysts speculated last night that the Dolans might attempt to raise the offer while also orchestrating a sale of assets — perhaps some cable networks — or trying to close some start-ups like the Fuse network, that are part of efforts to develop business. By doing either, the Dolans could keep the debt-to-cash flow levels acceptable to the banks.

The push by the Dolans comes as enthusiasm for cable companies has rebounded. Only a year ago, investors were concerned that as telephone companies entered the video market the value of distribution assets would fall. But perception has shifted, and many investors now argue that rival services to cable TV will materialize slowly and that cable is still the best-positioned rival to the phone companies and satellite TV.

With the recent boom in buyouts led by management, shareholders have become increasingly anxious about whether their interests are being properly represented and whether a board's links to management might be too cozy. For instance, when the energy company Kinder Morgan was sold to a group led by its founder, Richard D. Kinder, shareholders were irate about what they considered a sweetheart deal.

The special committee in this case was Thomas V. Reifenheiser, a former media banker at Chase who had represented Cablevision, and a retired Navy vice admiral, John R. Ryan, who is chancellor of the State University of New York. Both joined the board in 2002, and neither is a personal friend of the family.

The committee was advised by Lehman Brothers and Morgan Stanley. Its legal adviser was the firm of Willkie Farr & Gallagher.

ENVIRONMENT:

Oil Lease Chief Knew Of Error, Report Asserts (NYT)

By Edmund L. Andrews

New York Times, January 17, 2007

DOJ_NMG_0117544

WASHINGTON, Jan. 16 — A top Interior Department official was told nearly three years ago about a legal blunder that allowed drilling companies to avoid billions of dollars in payments for oil and gas pumped from publicly owned waters, a report by the department's chief independent investigator has found.

The report, which was sent lawmakers on Tuesday, suggested that Interior officials could have fixed the mistake far more easily if they had taken action when they first recognized it. Oil and gas prices were far lower than they are today.

The report contradicts statements by the official, Johnnie M. Burton, the director of the department's Minerals Management Service, who told a House hearing last September that she first learned about the royalties problem in January 2006.

Confronted by e-mail messages from subordinates from early 2004, the report said, Ms. Burton conceded that she probably had been told earlier, but "did not remember putting a great deal of thought into the matter."

Investigators calculated that the government could have collected an additional $865 million in the last three years alone if officials had told companies drilling in the Gulf of Mexico that they owed all the royalties required on oil and coal extracted from federal waters.

Unless the leases are changed, administration officials expect the mistake to cost billions of dollars in royalties that drilling companies usually are required to pay the federal government for oil and gas pumped from the gulf.

The report is the result of a nine-month investigation by the Interior Department's inspector general in response to questions raised by the Senate Energy Committee and the House Natural Resources Committee. It will be the focus of a hearing Thursday by Senator Jeff Bingaman, Democrat of New Mexico and chairman of the Senate Energy Committee.

And while the report confirms that the original leasing blunders were made under the Clinton administration, it provides new details about the reluctance of the Bush administration to discuss the issue publicly or find a fix for the problem for nearly six years.

At issue are more than 1,000 offshore drilling leases for the gulf that the Interior Department signed in 1998 and 1999, during the Clinton administration.

The government offered drillers lucrative "royalty relief," a holiday from the standard 12 percent royalty, as an incentive to increase exploration and production in waters that were thousands of feet deep.

But as a result of what investigators believe was bureaucratic bumbling, the leases for 1998 and 1999 omitted a standard escape clause that rescinded the special inducements if oil prices climbed above $34 a barrel.

Midlevel officials at Interior spotted the omission in 2000, and quietly made sure to include the escape clause in all subsequent leases. But no one tried to fix the leases that had already been signed, and almost no one talked about them until oil prices started to climb above $34 a barrel in 2004.

At a hearing of the House Government Reform Committee last September, Ms. Burton testified that she had first learned about the problem in late 2005 or January 2006. Ms. Burton and other senior officials publicly confirmed the error in February 2006, after The New York Times published an article about it.

But investigators have unearthed a series of e-mail messages by officials working under Ms. Burton in March 2004. At the time, energy prices had recently climbed above the thresholds that were supposed to stop the incentives, and oil companies were pressing the Interior Department to confirm how it would treat the leases from 1998 and 1999.

Marshall Rose, chief economist for the Minerals Management Service, wrote the agency's associate director at the time, Thomas Readinger, that the decision had to be made by the "directorate" — Ms. Burton and her top deputies.

Mr. Rose told Mr. Readinger that he believed the leases entitled companies to the incentive regardless of oil price levels, and that he had told his own subordinates that "you and the director were aware of the need to make a decision on this matter." Mr. Readinger, who retired last year, responded to Mr. Rose a few hours later by writing, "Sounds like we have an answer. Let's go with it."

According to the report, Mr. Readinger told investigators "he was sure" that he had discussed the issue with Ms. Burton.

Ms. Burton, after seeing the e-mail messages from her subordinates and with Mr. Readinger's recollections, told the investigators that Mr. Readinger "must have mentioned the issue to her at that time," the report said.

In a written statement Tuesday night, the Minerals Management Service said Ms. Burton did not deny but could not remember being told about the mistake three years ago.

"Director Burton responded that if an employee said that to her, it was likely true but she could not remember the event nor the circumstances," the agency said.

Walter Cruickshank, Ms. Burton's deputy director, originally told investigators he had first learned about the problem around January 2006. But investigators found an e-mail message by Mr. Cruickshank from 2000 in which he said the provisions had been "inadvertently omitted" from leases in 1998 and 1999.

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Shown his own messages, Mr. Cruickshank told investigators that "he did not remember" the discussion, but he was "probably in the room during the meeting" at which it took place.

On Thursday, House Democrats hope to pass a bill that would put a heavy tax on companies that refuse to change their leases and would repeal several other tax breaks and royalty incentives for companies that drill in deep waters.

White House Denies Climate Change U-turn (FT)

By Caroline Daniel In Washington

Financial Times, January 17, 2007

The White House on Tuesday denied it was planning a U-turn on its climate change policy by embracing a system of formal caps on greenhouse emissions, despite rising pressure from European governments to change its stance.

Although energy security will be a key theme in President George W. Bush's State of the Union address next week, the White House issued an unusually public rebuttal of rumours about its climate change policy. Tony Snow, White House spokesman, said: "I want to walk you back from the whole carbon cap story...The carbon cap stuff is not accurate. It's wrong."

International pressure for Mr Bush to consider reducing US emissions via a form of "cap and trade" system like that in force in the European Union has intensified. The issue has been raised in the last two weeks by Angela Merkel, the German chancellor, and José Manuel Barroso, European Commission president. Tony Blair, the British premier, has also been persistent in lobbying the president.

The Bush administration has consistently stressed technological solutions, rather than formal treaties such as the Kyoto accord. Mr Snow said: "What the president has talked about all along is the importance of innovation," adding there was a need to focus on change "consistent with economic growth".

After meeting Ms Merkel, Mr Bush said he would focus on "technological developments that will enable us to be good stewards of the environment, and enable us to become less dependent on oil and hydrocarbons from parts of the world that may not like us".

The president is also under pressure at home. Last Friday six US senators – including two presidential hopefuls for 2008, the Republican John McCain and the Democrat Barack Obama – presented a cap and trade proposal to force industries, such as electricity utilities, to cut by 2050 greenhouse gas emissions to one third of the levels of 2000.

White House officials remain privately sceptical about a British report produced in October by Sir Nicholas Stern on the economics of climate change, suggesting it would be wrong to make big decisions based on what some officials dismiss as "popular science". Mr Stern is due to testify next month before a Senate committee that will address emissions legislation.

Bush Set Against Carbon Emission Limits (WT)

By Stephen Dinan

The Washington Times, January 17, 2007

The White House said yesterday that President Bush has ruled out Kyoto-style caps on carbon emissions as the solution to global warming, rejecting the proposal favored by Democrats and most European leaders.

Spokesman Tony Snow said Mr. Bush will lay out his new climate-change policy in his State of the Union address next week, but sources familiar with the drafting of the speech said the president will argue that global warming can be better addressed through technology and greater use of renewable energy sources than through caps imposed on businesses and industries.

Analysts and observers have speculated for months that Mr. Bush is due for a change in his global-warming policy, not least because some of his top advisers, including Treasury Secretary Henry M. Paulson Jr., support such a move.

Reports from London this week said British officials were predicting Mr. Bush would adopt mandatory carbon caps, the type of solution called for in the Kyoto Protocol negotiated by President Clinton but rejected by Mr. Bush.

Yesterday, though, Mr. Snow shot those reports down. "That's not something we're talking about," he said.

Michael McKenna, a Republican strategist and lobbyist on energy issues, said Mr. Bush will continue and expand his policy of pushing technology and renewable energy fuels, such as ethanol.

"What he's doing is simply amping up what he has said all along -- that the answer to this thing is technology, technology that gets developed as quickly as possible and shared as quickly as possible," Mr. McKenna said.

After years of calling for more science on the issue, Mr. Bush announced last year that he has concluded humans are a component of global warming. But he also has concluded that mandatory Kyoto-style caps -- which set a limit for carbon emissions, which are cited by many scientists as the cause of global warming -- wouldn't work and would harm the U.S economy.

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Mr. Bush also argues that the Kyoto Protocol fails because it doesn't include developing nations such as China and India. That was also one of the primary reasons the treaty was rebuffed 95-0 by the Senate in July 1997 in a sense of the Senate resolution and was never submitted for ratification.

Mr. Bush has pushed for international cooperation to encourage transfer of clean technology to those nations as an alternative to mandatory caps.

House Majority Leader Steny H. Hoyer, Maryland Democrat, said that his party will work with Mr. Bush on the issue, but that the president has been in "a state of denial with respect to global warming."

For months, there has been a debate inside the administration about which path Mr. Bush should follow, but Mr. McKenna said the speech will end that -- and signal a victory for those who oppose Kyoto-style caps.

"It is going to be an implicit rebuke to folks ... who are pressing for mandates. It's really going to be sort of a relatively clear restatement of 'Here's how I think we should go about this,' " Mr. McKenna said.

Mr. Snow said that Mr. Bush has committed $29 billion to climate science and clean-energy technology, and that although funding for climate research at NASA is falling, the budget for the National Oceanic and Atmospheric Administration is increasing.

"We're not only putting more money into it, but we're also trying to figure out ways to use technology so that you can handle the complex business of trying to measure and characterize changes in global temperature to try to figure out what the precise causes are," he said.

Bush Prepares State Of The Union Address (AP)

By Deb Riechmann

AP, January 17, 2007

President Bush, already facing fierce opposition to his decision to send more U.S. troops to Iraq, will confront a tough audience next Tuesday when he delivers his State of the Union address to the first Democratic Congress in 12 years.

Reducing U.S. dependence on foreign oil and supporting alternative fuels are expected to be prominent themes of his speech. Bush also will challenge Congress to fix Social Security's long-term solvency problem, find a way to compromise on immigration and preserve tax cuts. Lawmakers also will be listening for hints of what he might veto.

Republicans see the speech as a chance for Bush to put a wide-angle lens on the nation's problems, taking the focus away from Iraq. Still, the war's shadow will hang over the joint session of Congress when Bush speaks.

Democratic Sen. Jim Webb of Virginia, whose upset victory over Republican Sen. George Allen was the decisive race that gave Democrats control of Congress in last year's midterm elections, will give the Democratic response to Bush's address. The selection was made Tuesday by House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, said Webb spokeswoman Jessica Smith.

A former Navy secretary to President Reagan and a decorated Marine combat veteran of the Vietnam War, Webb was among the earliest and most vocal opponents of Bush's decision to invade Iraq. His son is in the Marines, serving in Iraq.

During the nationally televised address, Bush will be flanked by Vice President Dick Cheney and House Speaker Nancy Pelosi, sitting like symbolic bookends of the political divide over the war and other issues.

"Probably the most interesting part of the speech is going to be the tone," said presidential speech expert Kathleen Hall Jamieson, who directs the Annenberg Public Policy Center at the University of Pennsylvania.

"Pelosi is going to be signaling the Democrats by when she applauds and when she doesn't, and Cheney is going to be signaling the Republicans," she said. "In parts where Bush seems more accommodating than Cheney might like, what are Cheney's nonverbal cues going to say to the public?"

Pelosi said Monday that Democrats will counter Bush's proposal to send more troops to Iraq with a plan changing the U.S. mission there "from combat to training, to fighting terrorism, to protecting our forces."

"We are saying to the president, 'What you are doing, first and foremost, has cost over 3,000 lives, every one of them precious to us,'" Pelosi said at a Martin Luther King Jr. Day speech in San Francisco. "The president does not have a plan. Democrats will hold him accountable."

Bush could use his speech to challenge war critics to propose a plan of their own. But he'll leave room to cover domestic issues and other foreign policy concerns such as North Korea and Iran's nuclear programs. The costs of the war and the deficit will likely preclude him from announcing expensive new initiatives.

While one team of writers was working on the Iraq speech Bush gave last week, those charged with crafting Bush's sixth State of the Union address were continuing the work they began months ago. White House officials say Bush has met with the speechwriters and given them direction, but the staff is not yet editing drafts of the address.

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"President Bush will use the State of the Union to unveil a positive, comprehensive agenda that will improve the daily lives of the American people and explain how our actions in the world will make our nation safer and better," White House counselor Dan Bartlett said.

In a recent speech, Al Hubbard, chairman of the National Economic Council, predicted Bush will generate "headlines above the fold that will knock your socks off in terms of our commitment to energy independence."

The hint was that Bush, who exclaimed in his 2006 State of the Union address that America is "addicted to oil," is ready to pump more tax dollars into finding alternative sources of energy and developing domestic production of oil.

The White House has expressed interest in a recent government energy report that calls for the United States to produce more biofuels made from corn, wood chips and switchgrass. The report says the U.S. goal should be to produce 13 billion gallons of biofuels by 2015 — up from 1.1 billion gallons when Bush took office.

At this time last year, Bush was driving toward an election in which Republican control of Congress was at stake. This year, he'll speak for the first time to a Congress led by the opposition party.

Last year, he rebuked critics of his stay-the-course strategy in Iraq, where more than 2,240 American troops had died. This year, he'll defend his new strategic plan in Iraq, where the U.S. death toll now exceeds 3,000.

Last year, Bush was a politically weakened president with a job approval rating of 40 percent. This time, he's weaker. The most recent AP-Ipsos poll shows the president's overall job approval rating at 32 percent.

Congress' approval rating isn't any better, also at 32 percent.

Bush has pledged to work more closely with Democrats and has signaled a willingness to compromise on some issues of interest to both parties.

Webb To Give State Of The Union Response (AP)

AP, January 17, 2007

Freshman Sen. Jim Webb, a Vietnam War veteran, will deliver the official Democratic response to President Bush's State of the Union Address, where the war in Iraq is expected to be a central topic.

As a combat veteran, Webb, D-Va., "understands personally how crucial it is to find a new direction in Iraq and begin to bring the war to a close," Senate Majority Leader Harry Reid and Speaker Nancy Pelosi said Tuesday in announcing their choice of Webb to respond to Bush's Jan. 23 address to Congress.

Webb, 60, a former Marine who served as Navy secretary in the Reagan administration, upset incumbent Sen. George Allen, R-Va., in the November election, helping the Democrats capture a slender majority in the Senate.

Webb Tapped For Democrats' State Of The Union Response (CQ)

By Greg Giroux

Congressional Quarterly, January 17, 2007

Newly elected Virginia Sen. Jim Webb — an early opponent of the Iraq war, a critic of President Bush's current proposal to increase troop strength there, and a vocal advocate of economic populism — will deliver the Democratic Party's response to Bush's State of the Union address on Jan. 23.

Webb's political credentials and background in the military surely were the major factors in the decision by House Speaker Nancy Pelosi of California and Senate Majority Leader Harry Reid of Nevada to choose Webb for the role.

Webb's defeat of Republican Sen. George Allen last November clinched a Democratic Senate majority, installing Reid in his role as the top-ranking senator.

And with Bush pressing his plan to add more than 20,000 U.S. military personnel to the current troop commitment in Iraq — in the face of strong public opposition to the war — Webb emerged as a natural spokesman for the Democrats' contrary views.

Webb is a Vietnam War veteran and a former Navy secretary under President Ronald Reagan, who only in recent years has broken longstanding ties with the Republican Party — mainly because of his disagreements with the Bush administration's Iraq policy.

In September 2002, Webb expressed his misgivings about an invasion of Iraq in a Washington Post opinion piece entitled, "Heading for Trouble; Do We Really Want to Occupy Iraq for the Next 30 Years?" This was published a few weeks before the Senate, then narrowly controlled by Democrats, and the Republican-controlled House overwhelmingly passed the resolution sought by Bush that authorized military operations in Iraq.

Throughout his Senate campaign — which was his debut as a candidate for public office — Webb called for a region-wide Middle Eastern political solution to the crisis, involving countries that are historically and politically invested in a stable Iraq.

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But even though Webb's views on Iraq and other national security got the most attention, his campaign for the Senate and his agenda as a new lawmaker are hardly uni-dimensional.

During the campaign, Webb also promoted "economic fairness" proposals that would arrest stagnating wage growth for many Americans and ameliorate a growing gap in compensation between executives and workers. Webb emphasized these populist tenets in a speech last Thursday to the Economic Policy Institute, a liberal think tank. [Please LINK to http://www.cqpolitics.com/2007/01/webbs_economic_fairness_marked.html]

Webb's remarks will mark the second consecutive year that a Virginia Democrat will be delivering the party's official response to Bush's annual message to Congress. In 2006, Democratic Gov. Tim Kaine — elected to his office in 2005 — delivered the party's response.

This is symbolic of Democratic inroads in conservative-leaning Virginia that can be traced to the 2001 victory for governor by Mark Warner, who was highly popular during his single four-year term. Virginia is the only state in which the governor is barred from serving two consecutive terms, though a former governor can come back and seek the office again in a later election.

Despite big wins by Warner, Kaine and Webb, though, Republicans still maintain the state's other Senate seat, held by the long-tenured John W. Warner (no relation to Mark Warner); an 8-3 edge in the state's U.S. House delegation; and sizable majorities in the state legislature.

Webb Picked To Give Democrats' Response To Bush (WP)

By Tim Craig

The Washington Post, January 17, 2007

Virginia Sen. James Webb, a former Marine elected in November after vehemently opposing the Iraq war, will give the Democratic response to President Bush's State of the Union speech next week, party leaders announced yesterday.

Webb's five-minute speech Tuesday will mark the second consecutive year that a Virginia Democrat has been selected to respond to the president. Timothy M. Kaine (D), then Virginia's newly elected governor, gave the response last year.

The selection of Webb by Senate Majority Leader Harry Reid (D-Nev.) and House Speaker Nancy Pelosi (D-Calif.) underscores the party's efforts to counteract Bush's decision to send 21,500 more troops to Iraq at a time when opinion polls show most Americans want to begin exploring ways to bring more troops home.

Webb, a former secretary of the Navy who has a son in Iraq, has been one of the Bush administration's most vocal foreign policy critics. Webb has stopped short of calling for an immediate withdrawal, but wants to start repositioning troops to other Arab nations to get them out of harm's way.

"I ran for the Senate to bring an experienced set of eyes to the problems that face our country, ranging from the need for a new direction in Iraq to assuring economic fairness for American workers," Webb said.

On the campaign trail, Webb was fond of saying Bush was going to wake up the day after the election and say "we've got a problem" because the Democrats are in charge.

Webb's upset victory over former senator George Allen (R) provided Democrats with the sixth seat they needed to take control of the Senate. "In a call echoed by Americans across this nation, the people of Virginia sent Senator Webb to Congress to help take our country in a new direction," Reid and Pelosi said in a joint statement.

Webb serves on the Senate Foreign Relations, Armed Services, Joint Economic and Veterans Affairs Committees. At a Foreign Relations Committee hearing on Iraq last week, Webb chastised the decision to go to war.

"We went to war in Iraq recklessly; we must move forward responsibly. The war's costs to our nation have been staggering. These costs encompass what we hold to be most precious: the blood of our citizens. They also extend to the many thousands more Iraqi people killed and wounded as their country slides into the chaos of sectarian violence and civil war."

Several Democrats said the decision to have two Virginia lawmakers in a row give the speech highlights the party's efforts to continue to make inroads into what has long been a conservative-leaning state. Some political observers believe Virginia could be competitive in the 2008 presidential race, even though the state has not voted for a Democrat for president since 1964.

"It's a wonderful recognition of the state of the Virginia Democratic Party," said Del. Brian J. Moran (D-Arlington), chairman of the House Democratic caucus.

Webb To Give Response To State Of The Union (WT)

By Seth Mclaughlin

The Washington Times, January 17, 2007

National Democratic leaders have selected Virginia Sen. James H. Webb Jr. to deliver the party's response to President Bush's State of the Union address next week.

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Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi said Mr. Webb, a Vietnam War veteran, "understands personally how crucial it is to find a new direction in Iraq and begin to bring the war to a close." Mr. Webb's son, Jimmy, is a Marine serving in Iraq.

"In a call echoed by Americans across this nation, the people of Virginia sent Senator Webb to Congress to help take our country in a new direction," Mr. Reid and Mrs. Pelosi said. "Senator Webb represents the sweeping demand for leaders who will put aside gridlock in Washington to deliver change at home and abroad."

A former Navy secretary and early-warning voice against the 2003 Iraq invasion, Mr. Webb said he was honored to deliver the response and hoped Bush would discuss "fresh, creative solutions" that would "move the country forward."

"I ran for the United States Senate to bring an experienced set of eyes to the problems that face our country, ranging from the need for a new direction in Iraq to assuring economic fairness for American workers," Mr. Webb said.

Since ousting Sen. George Allen in November, Mr. Webb has continued to question Mr. Bush's handling of the war, including the recent decision to send 21,500 additional troops to the region.

Mr. Webb's selection to deliver the response also has fueled further speculation that Democrats plan to push harder to win Virginia, known as a "red state," in the 2008 presidential election.

Virginia Gov. Timothy M. Kaine delivered the Democratic response to the State of the Union last year.

Craig Shirley, a Republican strategist, said Democrats are smart to select Mr. Webb because it helps them get away from the perception that liberals from northern "blue states," such as Sen. John Kerry of Massachusetts, rule the national party.

"Choosing Denver for the Democratic convention [in 2008] is the right thing to do, and picking centrist Democrats from red states is the right thing to do," Mr. Shirley said. "Democrats want to widen their mainstream appeal, and one way to do that is to send a message to the rest of the world that they are drawing a spokesman for a red state that has elected quote-unquote moderate Democrats."

Dave Saunders, a Democratic strategist working for presidential contender and former Sen. John Edwards of North Carolina, seemed to agree.

"If the Democrats are trying to remove the [weak] factor from the public perception, they sent the right guy out there because [Mr. Webb] is a pure man," he said.

Mr. Webb's win tipped control of the U.S. Senate to Democrats and marked the party's third consecutive victory in prominent statewide elections. It also stung Virginia Republicans, many of whom considered Mr. Allen their party's modern-day patriarch.

Republicans and Democrats now say Virginia will be a battleground in the 2008 presidential election.

"In 2008, Democrats will come hard after Virginia's 13 Electoral College votes," Ed Gillespie, state Republican party chairman, said last week. "John Kerry's campaign was here through July of 2004, and I guarantee you the Democrats' nominee will stay through November in 2008, and we will know the joys of target-state status every time we turn on our television."

Virginia has been a Republican stronghold in previous presidential contests. The last time the state supported a Democrat for president was in 1964, when President Johnson defeated Sen. Barry Goldwater, Arizona Republican.

"For Democrats to take Virginia in '08 would be nothing less than astonishing, but I think it is possible," Mr. Shirley said.

Virginia's Feb. 12, 2008 presidential primary also could play a hand in deciding the party's nominee if a clear front-runner does not emerge from the January caucuses and primaries in Iowa, Nevada, New Hampshire and South Carolina.

Bush Vs. Webb, Round 2 (HILL)

By Elana Schor

The Hill, January 17, 2007

The freshman senator who confronted President Bush face to face on the war in Iraq last month will again rebut the White House before millions of viewers, as Democratic leaders yesterday tapped Sen. Jim Webb (D-Va.) to deliver their party's response to the State of the Union address on Tuesday.

Webb will be the second rising Virginian in a row to deliver the Democratic response, following Gov. Tim Kaine (D), who gave the traditional high-profile speech last year. But Webb will bring a unique vantage point on the war as a military expert who served as Navy secretary under President Reagan and did not flinch from challenging Bush to begin troop withdrawal during a visit just after Webb unseated Sen. George Allen (R).

"As a combat veteran, he understands personally how crucial it is to find a new direction in Iraq and to bring the war to a close," Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) said in a joint statement on Webb's selection.

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BP Failed To Emphasize Safety At U.S. Plants Before Deadly Explosion, Panel Report Says (FINDLAW/AP)

By John Porretto, Ap Business Writer

AP, January 17, 2007

(AP) - HOUSTON-British oil company BP failed to emphasize safety at its U.S. refineries before the 2005 Texas City explosion that killed 15, according to a report released Tuesday by an independent panel led by former U.S. Secretary of State James A. Baker III.

The panel, in a statement summarizing its 300-plus page report on BP PLC's operations, said the company had made strides in personal accident prevention but came up short on the bigger picture.

"The panel maintains a central theme that prior to the Texas City tragedy BP emphasized personal safety and had achieved significant improvements in personal injury rates, but the company did not emphasize process safety," the statement said. "BP mistakenly interpreted improving personal injury rates as an indication of acceptable process safety performance at its U.S. refineries."

The 11-member panel made 10 recommendations, including that an independent monitor report to the company's board of directors for five years.

"BP gets it and I get it, too," BP CEO John Browne told reporters by video link from London. "I recognize the need for improvement."

Browne, who got the report from Baker on Sunday, called the report a "hard-hitting and critical analysis that focused on deficiencies and negatives."

Browne defended the company's overall safety record, which the Baker report acknowledged was sufficient in terms of personal injury prevention and environmental safety.

But on so-called process safety, "it wasn't excellent enough," Browne said. "And the standard is excellence."

The chief executive said the company would implement the panel's recommendations, including the independent monitor. But he said the company needs to compare Baker's report with a companywide safety examination that began soon after the Texas City explosion and gave no time frame for making the changes Baker's group suggested.

Baker has led the panel investigating corporate management at Houston-based BP Products North America following the March 2005 blast that killed 15 people and injured more than 170 others.

The U.S. Chemical Safety and Hazard Investigation Board, known as the CSB, urged BP in August 2005 to hire outside experts to look at the company's oversight of safety management systems and make its findings public - similar to an investigation at NASA following the space shuttle Columbia tragedy.

The panel, announced in October 2005, has traveled to BP's five U.S. refineries and interviewed hundreds of employees.

"BP tended to have a short-term focus in its U.S. refining operations, and its decentralized management system and entrepreneurial culture delegated substantial discretion to U.S. refinery plant managers without clearly defining process safety expectations, responsibilities or accountabilities," the panel said in the report.

Baker, a senior partner at the Houston-based Baker Botts law firm, was White House chief of staff and treasury secretary in the Reagan administration and secretary of state in the first Bush administration. The release of the BP report was twice delayed because of his work with the Iraq Study Group, which made its recommendations to President George W. Bush last month on how to revamp U.S. policy in Iraq.

The release of the report comes less than a week after London-based BP said Chief Executive John Browne would step down by the end of July, more than a year ahead of schedule.

BP said Friday that Browne, 58, will be succeeded by Tony Hayward, the head of exploration and production, who will assume the task of trying to repair the company's reputation with the public and investors. Problems stem from a series of well-publicized mishaps that include the Texas explosion and last year's giant oil spill in Alaska.

Browne said Tuesday the report had "nothing to do" with his decision to retire earlier than expected, noting that he decided in December that when the company's board found a successor, he would step aside.

John Manzoni, the company's head of refining and marketing, said Tuesday he had no plans to resign.

The 2005 explosion has so far cost the company around $2 billion (â‚¬1.54 billion) in compensation payouts, repairs and lost profits. BP has settled hundreds of lawsuits related to the accident, putting aside $1.6 billion (â‚¬1.24 billion) just to resolve legal disputes.

Based on its investigation, the CSB has criticized BP for its safety systems at Texas City, about 40 miles (65 kilometers) southeast of Houston, finding the company fostered bad management at the plant and failed to fix problems.

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In September 2005, the U.S. Occupational Safety and Health Administration found BP committed more than 300 willful violations of its rules and fined the company $21.3 million (â,¬16.5 million).

BP's own December 2005 report blamed failures by management at the refinery, saying it didn't make safety a priority, tolerated risks and failed to communicate. But BP added it "found no evidence of anyone consciously or intentionally taking actions or decisions that put others at risk."

The CSB has credited BP for cooperating with its investigation, making sweeping changes in how it recognizes potential hazards and hiring the Baker panel.

BP has said it will invest about $1 billion (â,¬770 million) over five years to improve and maintain the Texas City site. BP also operates refineries in California, Indiana, Washington and Ohio.

BP shares fell 1.5 percent to close at 541 pence ($10.62, â,¬8.20) on the London Stock Exchange.

Panel Criticizes BP Safety Efforts (HC)

By Anne Belli And Brett Clanton, Houston Chronicle

Houston Chronicle, January 17, 2007

Sources say the Baker-led group found the oil giant ignored broader refinery problems

BP's most senior executives failed to emphasize the importance of safe operations within their U.S. refineries, resulting in widespread problems throughout the plants, a harshly worded and highly critical report released today says.

Federal investigators have said such problems have led to the March 2005 blast in Texas City, where 15 people were killed and scores more injured.

However, the report's authors said their goal was not to affix blame for the accident. Rather, it was to evaluate BP's corporate safety culture and its oversight of safety management programs at its five U.S. refineries.

The report was prepared by an independent safety review panel chaired by former Secretary of State James A. Baker III. The panel is made up of 11 people with expertise ranging from process safety to risk management to nuclear power.

The report says BP's board should appoint an independent monitor to routinely report back over the next five years on progress the company is making toward implementing 10 recommendations being made by the panel.

The panel found no evidence, though, that BP purposely turned a blind eye toward operational safety or intentionally short-changed safety.

Instead, it found that BP chiefs were focused on personal safety statistics concerning such minor accidents as slip and falls and vehicle collisions. Meanwhile, they were oblivious to the broader problems brewing in operations, which the panel refers to as "process safety," at all five of their domestic refineries.

"Based on its review, the panel believes that BP has not provided effective process safety leadership and has not adequately established process safety as a core value across all its five U.S. refineries," the panel's report said.

The lapse has resulted in a scatter-shot safety culture that is different at each of the five factories.

In a press conference Tuesday morning, in which the report was made public, Baker said if BP implements the panel's recommendations, it could become an industry leader in process safety. But he cautioned that the "ultimate effectiveness of the company's commitment to process safety can only be determined over time."

In a statement Tuesday morning, BP said it takes the panel's findings seriously. The company said it already has taken steps to address issues raised in the panel's recommendations and "after a more thorough review" will develop plans for additional action at its U.S. refineries.

"Many of the Panel's recommendations are consistent with the findings of our own internal reviews," said BP Group Chief Executive John Browne. "As a result, we have been in action on many of their recommendations for a year or more. Our progress has been encouraging but there is much more to do."

BP announced last week that Browne, the embattled company head, will move up his retirement from 2008 to this summer.

The Texas City explosion occurred as workers were restarting a unit after a maintenance shutdown. Federal investigators looking into causes of the blast have said that malfunctioning equipment, poor communication between workers and managers, outdated or nonexistent safety plans, even worker fatigue were contributing factors.

Although their final report isn't due out for two months, the U.S. Chemical Safety and Hazard Investigation Board last year urged BP to create an independent panel to review the corporate safety culture after finding evidence that management may have a lax attitude toward process.

BP acknowledged last year in its own final investigation report that upper management seemed more concerned about personal safety statistics than process safety. And it has said it has worked to make managers more accountable for the kinds of mishaps that can lead to explosions.

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In addition to the Texas City plant, BP operates refineries in Whiting, Ind.; Carson, Calif.; Cherry Point, Wash.; and Toledo, Ohio. The Texas City site is the largest refinery in BP's portfolio.

Last month, in what the panel described as an "encouraging" sign, BP said C.J. Warner, a regional vice president for health, safety and the environment, would become BP's new refining global vice president. She replaces Mike Hoffman, who will leave the company on April 30.

BP Rejects 'profits Above Safety' Accusation (FT)

Financial Times, January 17, 2007

BP on Tuesday night hit back at suggestions it put profits over safety after a damning independent report found "material deficiencies" and systemic problems in stewardship of all five of its US refineries.VIDEO ANALYSIS

Ed Crooks, Energy editor, on the Baker report and its implications for BP

A panel led by James Baker, former US secretary of state, commissioned after the fatal 2005 Texas City refinery explosion, identified a series of weaknesses in BP's safety practices. "Significant process safety culture issues exist at each refinery, not just the Texas City facility," it said.

The explosion killed 15 people and 170 were injured. It was America's worst industrial accident in a decade.

The panel's 374-page report was intended to make recommendations about all BP's US refineries. It refrained from criticising individuals but it said Lord Browne – who made the surprise announcement last week he would step down in July and hand over to Tony Hayward – was "instrumental in shaping BP's corporate culture".

It added: "While BP has an aspirational goal of 'no accidents, no harm to people' BP has not provided effective leadership in making certain its management and US refining workforce understand what is expected of them regarding process safety. The panel believes that BP has not provided effective process safety leadership and has not adequately established process safety as a core value."

Lord Browne – who denied his early departure was prompted by the report – said: "If I had to say one thing which I hope you will all hear today it is this: BP gets it. And I get it too." He denied cost-cutting was responsible for failings: "We've never focused on profits above safety." He added: "I certainly never turned down a request [for safety funds]."

The report's findings are likely to be used against BP in many outstanding civil cases and could be seized by the grand jury investigating whether to bring criminal charges.

Mr Baker said Peter Sutherland, BP chairman, described his findings as "quite a harsh report".

The inquiry acknowledged BP had improved its safety record since the blast, but said management failed to provide leadership when tackling the systemic problems in the rest of the US.

Mr Baker said earlier: "There are some changes [in management] that we believe perhaps could be helpful" but did not discuss individuals. John Manzoni, BP's board director with responsibility for refining and marketing at the time, remains in that position. He said he would not resign after Mr Baker's findings.

The report made 10 recommendations that BP is expected to follow in full. It said executive board members must show leadership on safety and establish integrated, comprehensive safety management. It also urged BP to establish a more open safety culture at each refinery and advised it to work with government agencies and unions to develop indicators to monitor safety.

It said BP had failed to ensure that suffiicent resources "were effectively allocated to support or sustain a high level of process safety performance" but that it did not have enough information to conclude whether BP had "intentionally withheld resources on any safety-related assets or projects for budgetary or cost reasons."

BP expects to fund the recommendations from within the US safety, compliance and regulatory affairs budget which it increased last July from $6bn to $7bn.

BP Failed On Safety, Report Says (WP)

By Steven Mufson

The Washington Post, January 17, 2007

BP's safety practices came under fire yesterday from a blue-ribbon panel that said the oil company skimped on spending and failed to take other steps that might have prevented a deadly refinery explosion in March 2005.

In a 347-page report, the panel chaired by former secretary of state James A. Baker III said that the London company failed to provide "effective" leadership to make the safety of its industrial equipment "a core value" at its five U.S. refineries."

The 11-member panel, asked by BP to study all of its U.S. refineries at the urging of the U.S. Chemical Safety Board, made 10 recommendations for BP to improve safety, including hiring a special monitor to check on the company's progress.

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BP said it would adopt all the recommendations and noted that it had already taken many steps to fix the problems that led to the blast at its Texas City, Tex., refinery, which killed 15 workers and injured more than 170 others.

"BP gets it, and I get it too," chief executive John Browne said yesterday in a teleconference with reporters. "I recognize the need for improvement."

But he took issue with those who criticized him for failing to devote enough money to refinery safety. "We've never focused on profits above safety," he said.

The Texas City refinery explosion was the first of a series of setbacks over the past two years that sent BP reeling and contributed to the announcement Friday that Browne would retire early. Browne, who built BP into one of the world's supermajor oil companies in 10 years as chief executive, had said he would stay until the end of 2008. He now plans to leave in July and join a private equity firm.

The Baker panel's report did not point a finger at Browne or any other BP executive, but it targeted some of the same issues cited by government regulators and lawyers suing BP on behalf of those injured in the blast.

The panel said that BP had not learned from a long string of past accidents , had "a false sense of confidence" about safety, "did not always ensure that adequate resources were effectively allocated to support or sustain a high level" of safety in the industrial process and rotated refinery chiefs too quickly.

The Texas City refinery, built in 1934, has had eight managers since 2000. BP executives said yesterday that managers would now remain at one refinery for three to five years.

The panel also cited earlier reports that some Texas City refinery workers had put in 12-hour shifts for 30 consecutive days, and that even if fatigue did not cause the accident, it contributed to safety risks.

Some BP critics have said that top executives are culpable because of cost cutting that might have led to the accident. The Baker report notes that before the accident, Amoco, which was later bought by BP, had cut maintenance spending at the Texas City refinery by 41 percent and capital spending by 84 percent from 1992 to 1998. Despite those cuts, BP asked for a 25 percent reduction in costs after it took over the refinery in 2000 as part of its purchase of Amoco. The panel noted that managers' performance was measured in part by their ability to meet that target. Texas City came close, the panel said.

The Texas City plant was not the only refinery in need of greater company spending. The panel said that many hourly workers interviewed at BP's Whiting, Ind., refinery reported that as a result of underfunding, "preventive maintenance was seldom practiced, the refinery had a 'run until it breaks' mentality, and the workforce had a great deal of experience running equipment with 'Band-Aids.' " A survey of people working at a Toledo refinery showed that 33 percent of operations managers, 44 percent of maintenance technicians and 63 percent of health-and-safety employees disagreed with the statement that "process safety programs . . . have adequate funding."

After a consultant hired by BP urged bigger refinery budgets, BP increased spending somewhat. But in late 2004, weeks before the explosion, BP headquarters had asked its refineries to trim costs by an additional 25 percent. "It is not clear to the Panel why the U.S. refineries did not receive greater funding," the Baker report says.

Browne said yesterday that no specific request for spending on safety was ever turned down, though he acknowledged that he only set broad budget guidelines.

The Baker panel will not have the last word on the Texas City disaster. The Chemical Safety Board expects to issue a report in March. Daniel Horowitz, a spokesman for the board, said yesterday that the Baker panel's report showed that many things contribute to accidents like the one in Texas City. "It is a very significant finding that BP does not effectively investigate incidents throughout the corporation," he said. "If you're not learning from near misses, you're not in a position to prevent major disasters like the one in Texas City."

Browne, who visited the refinery the day after the blast, said: "I will always remember that day vividly." He said it "was a watershed" that would "forever change BP."

Inquiry Faults Management At BP In Blast That Killed 15 (NYT)

By Heather Timmons

New York Times, January 17, 2007

LONDON, Jan. 16 — An investigation led by former Secretary of State James A. Baker III has concluded that weak leadership at BP and a lack of attention to effective safety helped create a dangerous setting that led to 15 deaths at the oil giant's Texas refinery, according to the report released Tuesday.

Based on hundreds of interviews with employees, the 374-page report painted a layered picture of recurring neglect, avoidance and wrong-headed corporate directives that culminated in the fatal explosion at the refinery in 2005.

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The panel made 10 recommendations, including the creation of an independent monitor to report to the company's board over a five-year period. BP responded that it would carry out the 11-member panel's findings.

The company's departing chief executive, John Browne, denied that there were fundamental problems with BP's structure or that a succession of problems were related. But he said he "has a responsibility to implement these findings" and a "moral responsibility" to make sure the company is improved.

Mr. Browne said last week that he would retire from BP in July, 18 months sooner than expected. He will be succeeded by Tony Hayward, the head of exploration and production, who will face the challenge of trying to repair the company's reputation with investors and the public.

The Baker report said the company had fundamental problems in its "decentralized management system and entrepreneurial culture," which left safety processes to the discretion of managers and did not define what was expected of them. Executive management was not held accountable for safety process of the United States refineries, the report said.

Though the panel did not explicitly blame Mr. Browne, he was a key proponent of the entrepreneurial culture.

The Baker report said that workers at BP's United States refineries were overworked and the refineries thinly staffed and that employees there did not report accidents and safety concerns because they feared repercussions or judged that the company would not do anything about them.

Internal company audits were focused on making sure that refineries were in compliance with laws, rather than ensuring that management systems were making the refineries safe, it added.

The report made a series of suggestions about improving safety culture, including improving the auditing and safety education at all the United States refineries. Since the explosion, BP has created a safety and operations division that reports to the chief executive and has increased its budget for its refining operations.

BP has said in the past that it will spend $200 million to pay for 300 external experts to conduct audits and redesigns. It has also said it has set aside money to compensate victims of the explosion at Texas City, Tex., near Galveston, which also injured 170 people.

Though it did not conclude that BP purposely reduced safety spending, the report said that cost-cutting at BP had been severe. At the Texas City refinery, total maintenance spending fell 41 percent from 1992 to 1999, and total capital spending fell 84 percent from 1992 to 2000. On top of those cuts, BP challenged its managers to reduce costs by 25 percent after its merger with Amoco in 1998.

The investigation was initiated after the Texas City refinery explosion. Investigators at the Chemical Safety and Hazard Investigation Board say that flammable liquids overflowed at the plant, creating a cloud of vapor that ignited.

BP has had a succession of diverse problems in recent years, including leaks in its Alaska pipeline and accusations of market manipulation at its trading desks, leading some to re-examine a once highly praised company and its longtime chief executive, Mr. Browne.

Many workers at Texas City, Toledo and Whiting refineries complained about a lack of funds that helped create unsafe conditions, the report said, telling investigators they thought that "profit comes before safety" at the company.

On Tuesday, BP officials denied that this was the case.

Mr. Baker served as chairman of a panel reviewing BP's safety practices.

The chairman and president of BP America, Robert A. Malone, said in an interview that the report is "hard-hitting and it hurts." Mr. Malone emphasized that reducing costs did not necessarily translate into safety problems, and that the company had never refused to finance a safety matter.

BP managers were flooded with what the report called "initiative overload." The company required that managers follow numerous initiatives, on issues as diverse as health, environmental matters and asset sales, which took attention away from day-to-day safety concerns. The "large number of initiatives and related paperwork contributed to a heavy workload and prevented the work force from being as focused on safety and operations as they would like," the report found.

Employees at BP's United States refineries also worked significant amounts of overtime, it found. According to minutes of a 2003 meeting, some laboratory staff members worked 24 hours consecutively. High turnover at BP refineries, particularly in management, also contributed to inconsistent safety procedures.

It was clear from the report that BP managers had been aware there were problems at refineries. In 2003 and 2004, managers said the refinery in Texas City was at risk because of "infrastructure integrity and mechanical reliability."

BP Neglected Refinery Safety, Says Report On '05 Plant Explosion (USAT)

By Edward Iwata

USA Today, January 17, 2007

British oil giant BP (BP) suffered from safety deficiencies at all five of its U.S. refineries, according to a report released Tuesday by a panel investigating the energy company.

Led by former Secretary of State James Baker, the panel's report comes two years after an explosion and fire at BP's refinery in Texas City, Texas, killed 15 people and injured 170 in one of the worst U.S. workplace disasters in history.

REPORT: Read the full report of the BP U.S. Refineries Independent Safety Review Panel and BP's response

The panel said BP had improved "personal safety" procedures and lowered the injury rates for workers in recent years. But BP failed to create company-wide safety performance systems and oversight that could prevent fatal serious blasts, fires and spills.

As a result, BP had "a false sense of confidence" that it was "properly addressing process safety risks," said Baker, a partner at the Baker Botts law firm in Houston.

The panel found no evidence that BP made "any deliberate and conscious efforts to short-circuit safety," added Slade Gorton, a panel member and former U.S. senator from Washington.

But the 374-page report concluded that:

•The refineries in Texas City; Toledo, Ohio; Whiting, Ind.; Carson, Calif. and Cherry Point, Wash., suffered from "a lack of operating discipline," complacency and a tolerance of serious safety risks.

•BP failed to provide effective safety leadership and performance at all corporate levels, partly because of high turnover of plant managers.

•High overtime by operations and maintenance workers may have hurt their ability to perform their jobs safely.

•Top-level BP executives and managers were not held accountable for poor safety performance.

•Many workers believed that profits, production goals and budgetary constraints overrode safety at the plants.

The panel recommended a range of safety measures, including a strong safety audit system and an independent monitor to follow BP's progress for five years.

BP said it will adopt the panel's recommendations at its 23 refineries worldwide, adding that its internal reviews found similar problems. "We asked for a candid assessment from this diverse group of experts and they delivered one," said BP CEO John Browne.

The panel was appointed by Browne in 2005 at the urging of the U.S. Chemical Safety and Hazard Investigation Board, which is conducting a separate investigation and report on the Texas City explosion to be released early this year.

Browne said Friday that he will retire in July, a year earlier than expected. He will be succeeded by Tony Hayward, BP's head of exploration and production.

BP will increase its spending on safety from $1.2 billion in 2005 to $1.7 billion annually from 2007 to 2010. BP also has set aside $1.6 billion for victims of the explosion, and it will pay $21 million to settle 300 suspected safety violations alleged by the U.S. Occupational Safety and Health Administration.

Baker said the safety deficiencies found by the panel are not unique to BP, and that the oil and chemical industries would have safer workplaces if it used the panel's recommendations.

Safety Report Will Test BP's Incoming CEO (WSJ)

By Chip Cummins

Wall Street Journal, January 17, 2007

LONDON -- BP PLC'S effort to minimize damage from a critical independent safety review of its U.S. operations presents the first big test for BP's next chief executive, Tony Hayward.

The London-based oil titan, reacting to the review released yesterday by an independent panel, promised to embrace a number of sweeping changes at its U.S. oil refineries, including engaging an independent body to monitor safety practices at the company. The panel, led by former U.S. Secretary of State James Baker III, sharply criticized practices at BP's American refineries, saying the company lacked strong leadership on safety.

The panel said it found significant problems at BP's five U.S. refineries. BP commissioned the panel after an explosion at its plant in Texas City, Texas, killed 15 workers in March 2005. "BP has not provided effective process safety leadership and has not adequately established process safety as a core value across all its five U.S. refineries," the report said.

Mr. Baker, in a news conference in Houston yesterday, said BP appeared to take safety seriously. But he said the company focused on "personal safety" improvements, for instance tracking statistics such as frequency of accidents and days lost to injuries. Such statistics led to a "false sense of confidence" in the company's safety culture and didn't enable the company to develop adequate, corporatewide safety procedures, Mr. Baker said.

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The report also cited BP for not always ensuring that adequate funding and manpower were devoted to safety. But the panel never found that BP "purposefully withheld resources" that shortchanged safety, Mr. Baker said.

BP itself has issued stinging self-critiques of its Texas City plant after the accident. The U.S. Occupational Safety and Health Administration and the U.S. Chemical Safety and Hazard Investigation Board have both alleged specific safety shortfalls in Texas. Officials at the chemical-safety board, for instance, said that BP's cost cutting there played a direct role in causing the accident, an allegation BP has denied and that the Baker report said it couldn't substantiate.

The report is the most recent rebuke to longtime BP CEO John Browne. Last week, Lord Browne said he would step down about a year and a half earlier than expected. It comes amid other major problems for the company in the U.S., from oil spills and corrosion in Alaska to alleged improper energy trading, a charge BP denies.

Still, the Baker report contained little in the way of dramatic revelations, and its findings weren't as blistering as many BP executives and industry experts had anticipated. Thus, the publication of the report could provide the company an opportunity to show investors and regulators that it is acting quickly to shore up what has become a big American liability: safety.

The effort will be the first big test for a new management team led by Mr. Hayward that is gearing up to take over from Lord Browne. Currently BP's head of exploration and production, Mr. Hayward will take over as CEO in August. 9

Mr. Hayward will have to deliver on BP's promises to improve safety and make the structural and cultural changes pushed by the Baker panel. BP said yesterday it had already moved to shore up safety at its plants and was spending more money on its refineries.

The company said it would embrace all of the panel's recommendations, including agreeing to an outside body to monitor safety for five years. That recommendation was reported over the weekend by The Wall Street Journal. The Baker panel said that the outside body should report periodically to the board about how well the company is living up to its promises to improve safety and that BP should make those findings public.

BP's Safety Failures Are Not Yet Resolved (FT)

Financial Times, January 17, 2007

Another month, another Baker report. December's report from the Iraq Study Group, co-chaired by James A. Baker III, former US secretary of state, has been largely ignored by America's president. But the management of BP, the oil giant, must not ignore yesterday's report from a panel chaired by Mr Baker into the safety and management of the company's US operations.

The independent panel was formed on the recommendation of a safety watchdog investigating the explosions at BP's Texas City refinery, which killed 15 workers and injured 500 more in March 2005. The panel looked at safety culture across BP Products North America, not just at Texas City, reflecting other accidents, including some at BP's Alaskan operations.

The Baker panel found that BP "has not provided effective process safety leadership", that "material deficiencies in process safety exist at BP's five US refineries" and that "BP's executive management either did not receive refinery-specific information on process safety deficiencies . . . or did not effectively respond to the information that it did receive".

That is a damning verdict. The panel's conclusions suggest that BP's executives were most at fault, but the board of directors does not escape. The board relied on information about safety given to it by management. But, implies the report, the board did not question that information. As a result it failed to ensure that effective management systems for process safety were actually put in place.

When management failures lie behind a tragedy on the scale of Texas City there must be accountability. BP has convened the Baker panel and conducted a thorough review of its own safety procedures: for that it deserves applause. Lord Browne, the company's iconic chief executive, announced last week that he will step down a year earlier than planned.

For Lord Browne, who as CEO must bear ultimate responsibility, the safety failures are a blot on an otherwise stellar career. But his departure does not draw a line under the Texas City disaster. The executives in charge of BP's North American refineries should consider their positions. The boardroom, meanwhile, where many non-executives have been in place for almost a decade, needs to be revamped.

There should be no schadenfreude inside other companies. Instead they should realise that, despite increased board-level scrutiny of financial affairs in the wake of the Enron scandal, businesses face other grave risks. At an industrial company, safety is one. Non-executives need to start asking the right questions.

The Baker panel goes on to set out how BP can improve its process safety: through better management, monitoring, accountability and, most important of all, leadership. If BP and others follow that advice, it will be a big step towards better industrial safety.

Justices Decline To Take Up New Eminent Domain Case (NYT)

DOJ_NMG_0117557

By Linda Greenhouse

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — The Supreme Court on Tuesday bypassed an opportunity to revisit or limit its much-disputed 2005 ruling that upheld governmental power to use eminent domain to foster economic development.

Without comment, the justices declined to hear a case from Port Chester in Westchester County, N.Y., that challenged the village's use of eminent domain in a dispute between a property owner and a private company designated as the developer of a run-down 27-acre urban renewal area.

The redevelopment plan, adopted by Port Chester in 1999, envisioned a retail area that would include a drugstore. In 2002, the developer, G & S Port Chester LLC, announced that a Walgreens store would be part of the project. But Bart Didden, the owner of the parcel where the store was to sit, had by that time separately entered into a lease with a competing drugstore chain, CVS.

After negotiations between Mr. Didden and G & S Port Chester failed, the village sided with its developer and notified the property owner that his half-acre parcel would be taken by eminent domain and made available for the developer's use. Mr. Didden and his business partner, Domenick Bologna, brought a lawsuit in 2004 arguing that Port Chester's condemnation of the property was not for a true "public use," the phrase that identifies the constitutionally permissible use of the eminent domain power, but rather for the private financial benefit of the developer.

The lawsuit accused Gregg Wasser, G & S Port Chester's owner, of having improperly demanded a financial stake in the plan for the CVS store as the price for permission to proceed with it. Both the Federal District Court in Manhattan and the United States Court of Appeals for the Second Circuit dismissed the lawsuit.

In their Supreme Court appeal, Didden v. Village of Port Chester, No. 06-652, Mr. Didden and Mr. Bologna were represented by the Institute for Justice, a public interest law firm in Arlington, Va., that litigated on behalf of the property owners in the 2005 Supreme Court case and that has organized a national campaign against what it calls eminent domain abuse.

Partly in response to the Supreme Court's ruling in that case, Kelo v. City of New London, 34 states have adopted measures limiting the use of eminent domain. The Institute for Justice publicized the Port Chester case widely and looked to it as an opportunity for the court to clarify "that Kelo did not suddenly turn every redevelopment area in the United States into a Constitution-free zone," as Dana Berliner, a senior attorney with the institute, said when the appeal was filed in November.

"The court will have to review an eminent domain case sometime soon," Ms. Berliner said on Tuesday.

The vote in the Kelo case was 5 to 4. The recent changes at the court are not likely to have an impact, however, because both Chief Justice William H. Rehnquist and Justice Sandra Day O'Connor, the two justices who have since been succeeded, were among the dissenters.

Even if there was interest on the court in revisiting the issue, the justices might have seen the Port Chester case as a poor vehicle for doing so, because the lower courts based their dismissal on the property owner's failure to file his lawsuit within the three-year statute of limitations. The suit should have been filed within three years of the village's July 1999 adoption of the redevelopment plan, the courts ruled, rejecting Mr. Didden's argument that the clock did not start running until late 2003, when the village announced that it would take his property.

"I'm so disillusioned with the whole court system at this point," Mr. Didden said on Tuesday.

Mark S. Tulis, special counsel to the village, said in an interview that the village had had to choose between condemning Mr. Didden's property or breaching its 1999 contract with the developer. "Either way," Mr. Tulis said, "we knew there was no way both sides would be happy."

The amount that Port Chester has to compensate Mr. Didden is the subject of a separate lawsuit.

In other action on Tuesday, the court declined to hear a California utility company's appeal of a ruling that required administrative review of the potential environmental impact of a terrorist attack on the Diablo Canyon nuclear power plant in San Luis Obispo.

The utility, Pacific Gas and Electric, is seeking a 20-year license from the Nuclear Regulatory Commission to build and operate a spent-fuel storage installation there. Responding to a lawsuit brought by a local antinuclear group, San Luis Obispo Mothers for Peace, the United States Court of Appeals for the Ninth Circuit ruled that before granting the license, the nuclear agency had to take account of the potential environmental risk of terrorism.

The utility's appeal, Pacific Gas and Electric v. San Luis Obispo Mothers for Peace, No. 06-466, argued that the ruling was a misinterpretation of federal environmental law that would place unnecessary burdens on license applicants.

The government itself did not file a Supreme Court appeal, however. Solicitor General Paul D. Clement told the court in his brief that while the decision was incorrect and potentially "disruptive," it was too soon to know how disruptive it would prove to be

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in practice. While the government would support the utility if the justices nonetheless wanted to accept the case, the brief said, the appeal "does not clearly satisfy the court's criteria" for taking up appeals and should be denied.

Order For Diablo Review Stands Up (SLOT)

By David Sneed

San Luis Obispo Tribune, January 17, 2007

The U.S. Supreme Court will not review a lower court decision requiring an examination of how a terrorist attack on Diablo Canyon nuclear power plant's aboveground waste storage could harm the environment.

The court announced Tuesday it will not hear the case. Doing so exhausted all review of the lawsuit, forcing the federal Nuclear Regulatory Commission and plant owner Pacific Gas and Electric Co. to comply with a ruling of the 9th Circuit Court of Appeals.

That ruling will likely force the agency and PG&E to redo the environmental analysis of the dry-cask storage facility, complete with more public hearings to specifically address how the environment could be harmed if terrorists attack the facility. NRC officials do not yet have a timeline for fulfilling the court ruling, said Dave McIntyre, NRC spokesman.

"It's early in the process, but the word we are getting from upstairs is that they will act soon," he said.

PG&E officials are encouraging the agency to act quickly to avoid any delays in the project. Construction is continuing on the storage facility, which consists of a thick concrete slab behind the plant upon which large casks containing highly radioactive spent fuel rods will eventually be stored.

"It's up to the NRC to define whatever steps we need to take to resolve this issue," PG&E spokesman Jeff Lewis said. "The ball is in their court."

An attorney for the plaintiffs in the case, the San Luis Obispo Mothers for Peace, said the utility cannot load any casks with spent fuel until it complies with the court ruling.

The question of whether PG&E can load the casks is a moot point, McIntyre said; the utility will not start loading until early 2008, and the NRC plans to have the case resolved by then.

Mothers for Peace spokeswoman Jane Swanson said the group is elated by the Supreme Court's decision. It will force the NRC and the nuclear industry to more openly consider health and environmental risks associated with terrorist attacks when designing and building nuclear facilities, she said.

"Now, after years of resistance, the NRC and PG&E are forced to address these concerns," she said.

The NRC and PG&E argued that additional reviews under the National Environmental Policy Act are unnecessary, because protecting nuclear facilities is already covered by the Atomic Energy Act.

While the PG&E case is lost, the NRC has other cases before it that deal with the NEPA and terrorism issue.

"There may be opportunities for the NRC to raise the issue again in future court cases," McIntyre said.

Diablo Canyon's used but still highly radioactive nuclear waste is now stored in two pools at the plant. These pools are nearly full, and PG&E needs to transfer some of the older spent fuel to dry casks to make way for newer spent fuel.

PG&E applied to build the dry-cask facility in 2001. The Sept. 11 terrorist attacks of that year prompted the Mothers for Peace and other groups to ask the NRC for hearings into the adequacy of the storage facility.

The agency denied the request, prompting a federal lawsuit. On June 2, the federal appeals court in San Francisco ruled in favor of the Mothers for Peace.

The ruling caused utilities and infrastructure managers across the country to re-evaluate how they protect their facilities from terrorist attacks and, specifically, how much public involvement in the process is appropriate. PG&E, with the backing of the NRC, appealed the ruling to the Supreme Court and lost.

Supreme Court Won't Hear PG&E Appeal Of Diablo Canyon Nuclear Storage Ruling (SLOT)

By David Sneed

San Luis Obispo Tribune, January 17, 2007

The U.S. Supreme Court announced today that it will not review a lower court ruling, which requires the federal Nuclear Regulatory Commission and Pacific Gas and Electric Co. to analyze the environmental impacts of a terrorist attack on an aboveground storage facility for highly radioactive used fuel at Diablo Canyon nuclear power plant.

The ruling settles the case once and for all. It is now up to the commission to decide what additional action must be taken to comply with a June 2 ruling by the Ninth Circuit Court of Appeals in San Francisco.

Dave McIntyre, an NRC spokesman, said it is too early to know exactly what the commission will do to satisfy the court ruling. Redoing the environmental review including more public hearings is possible.

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Jane Swanson, spokeswoman for the San Luis Obispo Mothers for Peace, said the group is elated by the ruling. The nuclear watchdog group filed the original lawsuit against the agency.

"What the little Mothers for Peace has done is truly amazing," she said. "We have changed the rules the nuclear industry must follow."

Spokesmen for PG&E and the NRC said they are disappointed with the decision. PG&E spokesman Jeff Lewis said the utility calls on the NRC to decide quickly how it will comply with the ruling.

"It's up to them to decide whatever steps we need to take to resolve this issue," he said.

PG&E had filed the appeal to the Supreme Court.

Construction is continuing on the dry casks and is not expected to be delayed as the NRC decides how to respond to the court ruling. PG&E may not be able to load spent fuel into the casks before the NRC decides how to act. However, the fuel wouldn't be loaded for at least another year anyway.

Supreme Court Refuses To Hear PG&E Appeal (LR)

By April Charlton

Lompoc Record, January 17, 2007

San Luis Obispo Mothers for Peace, a local Diablo Canyon Nuclear Power Plant watchdog group, has won a victory against utility giant Pacific Gas and Electric Co.

On Tuesday, the U.S. Supreme Court ruled the Nuclear Regulatory Commission must follow an earlier ruling by a lower court that the agency consider environmental impacts of a terrorist attack on the dry-cask storage facility planned for the nuclear plant.

The NRC issued PG&E a permit to construct an above-ground storage facility on the hillside above Diablo Canyon, where the power plant's spent-fuel rods would be stored.

At that time, the regulatory agency found that a potential terrorist attack on the dry-cask storage facility was “remote and speculative” and didn't warrant examination.

Mothers for Peace challenged the federal agency's ruling, and in June, the 9th U.S. Circuit Court of Appeals disagreed with the NRC's 2003 finding, ordering the commission to reconsider the likelihood of an intentional attack on the storage facility.

PG&E appealed the lower court's ruling, requesting that the Supreme Court review the decision, which it formally declined on Tuesday, leaving Mothers for Peace members elated.

“After the events of Sept. 11, it is only reasonable that the significant health and environmental risks of terrorist attacks be considered when designing and building nuclear facilities,” said Jane Swanson, Mothers for Peace spokeswoman. “Now, after years of resistance, the NRC and PG&E are forced to address these concerns.”

Jeff Lewis, PG&E Diablo Canyon spokesman, said the utility company is disappointed but plans to proceed with the dry-cask project while the NRC decides how it will comply with the Supreme Court's ruling.

“To this point, we've spent $74 million on this project,” Lewis said, “and we're on schedule to start the initial loading (of the casks) late this year, pending any other developments.”

Lewis added that to keep the dry-cask project on schedule, “PG&E expects the NRC to clearly define the issues to be resolved to address the Ninth Circuit's concerns, the procedures to be followed and the schedule for resolution.”

U.S Supreme Court Rules Diablo Must Consider Environmental Impact Of Terrorist Attacks On Nuclear Facilities (KSBY-TV)

By Andrew Masuda

KSBY-TV, January 16, 2007

Decision could significantly impact the future of Diablo Canyon

The U.S. Supreme Court delivers a major victory today to nuclear power opponents here on the Central Coast. The decision could significantly impact the future of Diablo Canyon and other nuclear power plants.

Today, the U.S. Supreme Court said it won't consider PG&E's appeal of a previous ruling that involves the storage of used nuclear fuel at Diablo Canyon.

It's a major victory for the local watchdog group, Mothers for Peace, and nuclear opponents nationwide.

"Today's ruling is a real triumph," says Mothers for Peace spokesperson Jane Swanson.

The "triumph" to which Swanson is referring is a setback for PG&E, which operates Diablo Canyon.

Tuesday, the U.S. Supreme Court upheld a U.S. Court of Appeals ruling that the NRC -- or Nuclear Regulatory Commission -- must consider the environmental impacts of a terrorist attack on nuclear facilities.

Mothers for Peace raised the issue over PG&E's already NRC-approved dry cask storage project at Diablo.

"Since 1973," says Swanson, "we've been plugging away. So it feels really good to be validated by the highest court in the land.

PG&E actually started construction last October of its dry cask storage facility, which will store used nuclear fuel above ground.

PG&E says the $95 million project is essential to the plant's future, because they're running out of space in their used fuel pools.

"If we're not able to continue with this project, you know, ultimately the plant would have to shut down sooner than it's licensed," says PG&E spokesperson Jeff Lewis.

PG&E planned to begin storing spent fuel when construction is completed in November. Now, they must wait for the NRC to comply with the law and consider the impact of an attack.

"We're saying that's redundant," says Lewis.

Redundant to Jeff Lewis, but a precedent to Jane Swanson, who says her local group has finally prevailed over nuclear giants. Swanson hopes the ruling will be applied to nuclear operators nationwide.

PG&E officials say, without the storage project, Diablo could be forced to shut down in three years -- 15 years early. Not only would that hurt the state's power grid; Diablo is also the largest private employer in San Luis Obispo County. Experts estimate it has a $643 million impact on the local economy -- that's 7% of the county's entire economy.

PG&E hopes the NRC will comply by November. A spokesperson for the NRC says it's too early to know exactly when that will happen. A new environmental review with more public hearings is possible.

Supreme Court Action May Jeopardize Oyster Creek Relicensing (PofAC)

Press of Atlantic City, January 17, 2007

The U.S. Supreme Court let stand today a decision by a lower federal court that could jeopardize the re-licensing of the Oyster Creek nuclear generating station.

The justices decided against reviewing a 9th Circuit Court of Appeals in San Francisco decision on the storage of spent nuclear fuel rods at Diablo Canyon nuclear power plant in California. In June 2006, the 9th Circuit Court ruled that the Nuclear Regulatory Commission was wrong when it refused to consider the possibility of a terrorist attack in preparing an environmental impact statement under the National Environmental Policy Act, or NEPA.

That ruling came in a California case, brought by the San Luis Obispo Mothers for Peace, who challenged the NRC's view that the possibility of a terrorist attack on a nuclear facility is so remote that the potential consequences of an attack need not be considered in such a review.

Although that ruling was aimed at the storage of spent nuclear fuel rods at Diablo Canyon Power Plant in California, the ruling by the Supreme Court could force a re-evaluation of Oyster Creek's ongoing attempt at license renewal. The Oyster Creek plant stores spent nuclear fuel rods in a pool which is 119 feet above the ground and holds about 375 tons of highly radioactive fuel rods.

The state of New Jersey last year filed a contention nearly identical to the one filed with the 9th Circuit Court by the San Luis Obispo Mothers for Peace.

Utility Ruling Could Have Effect On New Jersey (CHCP)

Cherry Hills Courier Post, January 17, 2007

The U.S. Supreme Court on Tuesday may have strengthened New Jersey's case to have federal regulators consider the impact of a terrorist attack on the Oyster Creek nuclear power plant in Lacey before renewing its operating license.

The justices, without comment, turned away an appeal by a California utility, which had unsuccessfully argued that regulators should not have had to evaluate an attack's impact before approving a storage site for radioactive waste.

But the Ninth U.S. Circuit Court of Appeals in June said such an evaluation should have occurred. The Supreme Court let that decision stand on Tuesday.

The arguments presented by the plaintiff in the California case, a citizens' group, and those presented by New Jersey officials in seeking a federal administrative hearing on the terrorism issue were nearly identical.

Calif. Court Ruling Could Have Bearing On Oyster Creek Relicensing Bid (APP)

By Nick Clunn

Asbury Park Press, January 17, 2007

Threat of attack must be weighed at plant in Calif.

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The U.S. Supreme Court on Tuesday might have indirectly bolstered the state's case for requiring federal regulators to assess the potential impact of a terrorist attack on the Oyster Creek nuclear power plant in order for it to receive a renewed license.

The justices, without comment, decided not to hear an appeal by California utility PG&E, which argued that regulators should not have to evaluate the possible impact of an attack before approving a storage site for radioactive waste.

In June, the 9th U.S. Circuit Court of Appeals said such an evaluation should have occurred, and the Supreme Court let that decision stand.

Neil Sheehan, a spokesman for the Nuclear Regulatory Commission, said it is now up to the NRC to decide what additional action must be taken in regards to the California waste site proposal for the agency to comply with the appellate court ruling.

The winning arguments presented by the citizens' group San Luis Obispo Mothers for Peace and then by New Jersey environmental officials seeking a federal hearing on the terrorism issue were nearly identical.

Both argued that the National Environmental Policy Act, a landmark law created 36 years ago, requires the U.S. Nuclear Regulatory Commission to take terrorism into account when reviewing license and permit applications.

"It's certainly validation of the point we've made to the NRC about Oyster Creek," said state Department of Environmental Protection Commissioner Lisa Jackson, referring to the Supreme Court's decision.

Considering that the policy act requires all federal agencies to assess the environmental consequences of major projects, Tuesday's decision might eventually have effects beyond the Lacey plant and the nuclear power industry. Susceptible to change are the approval processes for liquefied natural gas terminals, dams, highways and railways.

Implications debated

Before Tuesday's ruling, the Nuclear Energy Institute, an advocacy group for the industry in Washington, said a terrorism review triggered by the policy act might impede the licensing of nuclear power plants and delay important federal projects.

But Sheehan said the appellate decision only applies to the 9th Circuit.

"If the Supreme Court would have taken this up and ruled on it, then it could have had national implications," he said.

Sheehan said it is now up to the NRC to decide what additional action must be taken in the California waste site case to comply with the appellate court ruling.

The state Department of Environmental Protection believes the policy act requires that a terrorism vulnerability study be part of the review performed on plants seeking renewed licenses, which are for 20 years.

Oyster Creek, the nation's oldest operating commercial reactor, might have a decision on its renewal application as soon as May.

According to the NRC, renewal reviews do not currently include terrorism because that threat is evaluated regularly through drills and inspections.

State officials want to change that, and have a hearing request on the issue pending before the top five officials at the NRC.

More formal than most governmental hearings, the one sought by the state would involve lawyers presenting positions before a three-judge NRC panel. In the end, the judges could require the plant to meet certain conditions to obtain a renewal.

The commissioners were supposed to grant or deny the request in September, but decided to table it until they heard from the Supreme Court on the Ninth Circuit ruling.

Sheehan said the commission will soon decide on the request.

State's position unchanged

Jackson, the DEP commissioner, said her department has stated its case and will not attempt to file any additional arguments with the federal commission.

The case hinges on how to characterize the likelihood of a terrorist attack. Although the NRC contends that such attacks are "remote and speculative," the state has described an attack on Oyster Creek as "reasonably foreseeable."

"A reasonably foreseeable impact is the usual trigger-point for NEPA reviews," state lawyers argued in a brief submitted to the commission.

At the core of its argument, the state said it is difficult to reconcile the NRC's stance on the risk of a terrorist attack and the great steps the agency took after the attacks of Sept. 11, 2001, to bolster security at the nation's 103 reactors.

"It is illogical for the Commission to consider the threat of terrorist attacks extremely serious outside the NEPA context but only speculative and theoretical within it," state lawyers wrote.

NRC lawyers pointed to numerous agency and court decisions, which advise that terrorism should not be looked at during licensing decisions under NEPA. Doing so would be redundant and nonsensical — the agency should not wait for a licensing decision to consider terrorism concerns at a particular facility, regulators have said.

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Signed into law by President Nixon in 1970, the National Environmental Protection Act served as the cornerstone of the environmental programs built by federal, state and local governments that decade. It's credited for mandating that government consider the environ-mental consequences of proposed actions before decisions are made.

ON THE WEB: Visit our Web site, www.app.com, and look under Special Reports' for a link to Relicensing Oyster Creek: Is It Worth It? for past editorials and stories, related links, an interactive graphic that shows how the plant works, and more. If you care to comment, join the online conversation about this topic.

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Jamestown 400th Anniversary Commission Member Resigns Amid Probe (AP)

By Sonja Barisic, Associated Press Writer

AP, January 17, 2007

NORFOLK, Va. - The Interior Department's former No. 2 official has resigned from a federal commission for Jamestown's 400th anniversary amid reports that he is a target of a probe involving imprisoned lobbyist Jack Abramoff.

"As you have no doubt seen, recently there have (been) published reports concerning investigations of actions involving me," J. Steven Griles wrote in a letter to Frank Atkinson, chairman of the Jamestown 400th Commemoration Commission.

"Without commenting on those reports, I have come to the conclusion that it would be better for the commission that I withdraw my membership," Griles wrote in the letter, dated Jan. 10 and provided to reporters by the commission on Tuesday.

Griles, an energy lobbyist, did not immediately return a telephone call Tuesday seeking comment to the Washington, D.C., firm where he works.

Atkinson was unavailable for comment Tuesday and has made no statement about the resignation, commission spokesman William Allcott said. The commission's office in Williamsburg received the letter Saturday, Allcott said.

The commission works with the state agency planning events for the 400th anniversary of Jamestown, America's first permanent English settlement. Its responsibilities include a series of conferences on the future of democracy.

Griles, former deputy interior secretary during President Bush's first term, was notified by letter and told of possible charges - including lying to Congress - at a meeting this month with Justice Department prosecutors, The Associated Press reported last week, citing people familiar with the probe who spoke on condition of anonymity.

The charges involve questions about whether Griles falsely testified in 2005 before the Senate Indian Affairs Committee about Abramoff's attempts to hire Griles away from Interior.

Griles told the committee that Abramoff had no special access to him. Griles' attorney, Barry Hartman, has said that committee's report in September found no evidence that Griles acted improperly.

Abramoff is serving about six years in prison for a fraudulent Florida casino business deal and awaits sentencing in a Washington bribery scandal. The Abramoff investigation ensnared former Rep. Bob Ney, R-Ohio, this fall when the congressman acknowledged accepting gifts in exchange for government action. Several Capitol Hill staffers and a former Bush administration official also have pleaded guilty or have been convicted in the case.

The Senate committee's investigation and e-mails detailed numerous contacts with Abramoff and Italia Federici, who was a go-between for Abramoff. Federici headed the Council of Republicans for Environmental Advocacy, and federal investigators have been looking at donations the group received from Abramoff's Indian tribal clients and from energy and mining companies, including some that were Griles' ex-clients.

Appeal Of Pollution Limits Rejected (WP)

By David A. Fahrenthold

The Washington Post, January 17, 2007

The U.S. Supreme Court let stand yesterday a lower court's ruling that would set stricter pollution limits for the Anacostia River, giving environmentalists a victory in a long-running battle over the river's gluts of raw sewage.

The court's decision means that there will be daily caps on the amounts of various pollutants dumped into the Anacostia, although federal officials said it could take until next year for the details to be worked out.

Previously, the Environmental Protection Agency had required only annual or seasonal pollution caps, which can be easier to meet. A panel of the U.S. Court of Appeals for the D.C. Circuit rejected that approach in April, and yesterday the Supreme Court declined to hear an appeal from the EPA and the D.C. Water and Sewer Authority.

The river has fecal bacteria, trash and toxic chemicals that make it one of the most unhealthy streams in the region.

The most significant effect of the decision probably will be on the District's antiquated sewer system, which dumps out raw sewage and rainwater during storms. Environmentalists had argued that the damage done by each one of these "overflows" was so severe that an annual limit was not adequate.

"If you have these big slugs of pollution, over a day or two days, the oxygen level goes down [in the river] and fish die," said David Baron, an attorney for Earthjustice, which filed the suit on behalf of a group called Friends of the Earth. "It doesn't help the fish that, a week or two weeks later, the water's clean again."

Although the environmental groups celebrated yesterday's decision as a victory, it was unclear what the immediate impact on the river's pollution would be. Participants in the case said the EPA might not have the details of the daily limits ready until next year.

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If the standards are violated after that, polluters could be fined, Baron said. But he said environmental groups acknowledge that it could take years for that to happen. The EPA had fought for less stringent standards in this case on the grounds that they were more obtainable and easier to measure.

The head of the D.C. sewer authority, which is responsible for the damaging sewage "overflows," said he believed the ruling might actually slow down the pace of the river's cleanup.

He said the agency might have to put some or all of its $2 billion, 20-year cleanup plan on hold while it waits for the EPA to issue details on the daily limits. General Manager Jerry N. Johnson said the agency was concerned that the EPA might call for different alterations at that point than the ones WASA had planned.

"The net effect is that we'd have to slow down the long-term control plan," Johnson said. "Because we don't know what we're designing to.

"I really think that this is not the best outcome for the river," he added. The agency's plan involves digging massive tunnels under the city, where water can be stored during a storm and afterward pumped to a sewage plant for treatment.

The lawsuit itself turned on an unusual semantic argument. The Clean Water Act requires states to determine "total maximum daily loads" of various pollutants, determining how much of each a water body can take without becoming too polluted.

Environmental groups used that language to justify their call for a daily pollution cap. The EPA had argued that the law should be construed to allow annual or seasonal limits in some cases.

In the April ruling, Judge David S. Tatel -- writing for the appeals court panel -- sided with the environmentalists.

"The law says 'daily.' We see nothing ambiguous about this command," Tatel wrote. " 'Daily' connotes 'every day.' "

FBI/DEA/ATF/USMS:

Cleveland's New FBI Chief Calls Terrorism A Priority (CLPD)

By Mike Tobin, Plain Dealer Reporter

The Cleveland Plain Dealer, January 17, 2007

The new head of the Cleveland FBI just bought a house in Bay Village and is moving his family here.

That might not sound like much, but it's a leap of faith for C. Frank Figliuzzi, who last month became the fourth man in five years to head the local FBI office.

"I'm here for as long as I can be," Figliuzzi said. "We want to be here and plant roots in the community."

Figliuzzi, 44, will lead a field office for the first time after running large FBI units in San Francisco, Miami and Washington, D.C.

Figliuzzi said he will follow the priorities outlined by the FBI's leaders, which puts counter-terrorism at the top.

In 2001, Figliuzzi was running the FBI's white-collar crime squad in Miami, investigating corrupt politicians and police. Then came the Sept. 11 terrorist attacks, and he was chosen to lead the counter-terrorism squad in Miami.

"To realize that the majority of the 9/11 attackers operated right under our noses in South Florida," he said, "it was an eye-opener to say the least."

"The threat is very real," Figliuzzi said. "The fact that there hasn't been an attack since Sept. 11 is not the result of luck."

Figliuzzi repeats the mantra of local law enforcement, that cooperation among the various agencies is paramount. One of Figliuzzi's first acts after coming to Cleveland was to have lunch with Police Chief Mi chael McGrath.

McGrath said he is eager to continue work ing with the FBI. "We've never had a bet ter relationship with our federal partners, and we'll continue moving forward," McGrath said.

Figliuzzi's background seems to have prepared him for the wide range of responsibilities he'll face as the local head of the FBI.

A Connecticut native, Figliuzzi joined the FBI after graduating from the University of Connecticut law school. He investigated economic espionage cases before taking over the FBI's Palo Alto office -- a satellite of the San Francisco field office -- where he investigated trade-secret thefts from high-tech companies in Silicon Valley.

Figliuzzi's most recent assignment was as the FBI's chief inspector, responsible for assessing FBI operations around the world.

In recent years, the local FBI and U.S. attorney's office have teamed to prosecute a variety of kickback and bribery schemes involving politicians and, more recently, to target street gangs in Cleveland. Those efforts will continue, Figliuzzi said.

"These gangs provide jobs for kids who hang around and serve as lookouts," Figliuzzi said. "We have to find something better for them to do."

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Figliuzzi is proud that he was able to forge relationships with Arab and Muslim groups in Florida while investigating terrorism there. He looks forward to doing the same with groups here.

Altaf Ali, director of the Florida chapter of the Council on American Islamic Relations, said Figliuzzi often visited and met with leaders at mosques while working in Miami. Muslims will find him a good working partner, Ali said.

"He was an individual who actually understood and recognized that the Muslim community is the best tool in helping protect our country," Ali said.

In his free time, Figliuzzi likes to fish and snorkel. The wall of his Lakeside Avenue office is adorned with photos of his big catches in the Florida Keys.

Snorkeling on Lake Erie is probably out, but Figliuzzi said he's ready to try some freshwater fishing.

"I've been hearing a lot about walleye," he said.

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Israeli Drug Kingpin Strikes Plea Deal (MH)

By Jay Weaver

The Miami Herald, January 17, 2007

International narcotics kingpin Ze'ev Rosenstein pleaded guilty Tuesday in federal court to conspiring to import and distribute hundreds of kilos of the popular nightclub drug Ecstasy -- but he will serve his sentence in his native Israel.

U.S. District Judge William Dimitrouleas of Fort Lauderdale sentenced Rosenstein to 12 years in prison. But under an extradition agreement with Israel, he will be allowed to return home to serve the sentence -- and could qualify for parole in five years and four months with time off for good behavior.

Under federal sentencing guidelines, he faced 11 to 14 years in prison.

Rosenstein, 52, listed among the top 50 traffickers worldwide by the Justice Department, agreed to the plea deal on conspiracy charges of peddling and smuggling about 850,000 pills of MDMA, a synthetic drug commonly known as Ecstasy.

The notorious Israeli criminal, who had initially pleaded not guilty, was scheduled for trial next week. He has been in custody in Israel and Miami since late 2004, so at the minimum he would end up serving a total of about 7 ½ years.

His plea agreement Tuesday is bound by conditions in Rosenstein's extradition agreement between the United States and Israel, which initially paved the way for him to be prosecuted in South Florida.

Those conditions, approved by the Israeli Supreme Court, allow Rosenstein to serve his prison sentence in his homeland, where there is a provision for early release for good behavior. There is no parole of any kind today in the federal criminal justice system.

"To the extent that system differs from ours, I cannot comment," said U.S. Attorney R. Alexander Acosta in Miami. ``He would be serving [his prison sentence] under the Israeli rules."

Acosta said Rosenstein's conviction marks the end of his worldwide organization -- ``his organization is no more."

When Rosenstein returns to Israel, he will plead guilty to a separate charge of conspiring to commit murder, which carries a three-year sentence in that country. But it will run concurrent with his U.S. sentence, defense lawyers said.

Attorney Roy Black, who represented Rosenstein with partner Howard Srebnick, said that both sides had worked diligently on the complicated plea agreement.

Rosenstein is being held in solitary confinement at the Miami Federal Detention Center. He is considered one of Israel's most powerful crime figures -- a household name whose exploits reportedly rivaled those of the infamous Chicago gangster Al Capone.

"If you were to walk down the street in Israel and ask anyone if they knew Ze'ev Rosenstein, they would say yes," Black said.

"He's a household name," added Srebnick.

According to several stories in the Jerusalem Post, Rosenstein allegedly headed one of the six main crime groups operating in Israel and was sometimes described as ``Public Enemy No. 1."

He survived at least four assassination attempts by rival gangs -- including one in December 2003, when a bomb detonated as he left a Tel Aviv money-changer's shop. Three bystanders were killed, but Rosenstein escaped with minor injuries.

Rosenstein was arrested by Israeli National Police in Tel Aviv in November 2004, which marks the beginning of his prison sentence under the plea deal.

He was charged under U.S. law in connection with the seizure of a stash of Ecstasy as well as $187,000 in cash in a New York apartment in the summer of 2001.

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But it wasn't until last March -- because of months involved in hammering out the extradition agreement -- that Rosenstein was extradited to South Florida to face conspiracy charges of distributing and smuggling Ecstasy through a narcotics network extending from the Middle East to New York and Miami.

The Miami link: Authorities said they learned about the Israeli network after an informant for the Miami-Dade police and the U.S. Drug Enforcement Administration was approached by a Rosenstein associate, who offered to sell the informant part of the New York stash on consignment.

Seven co-defendants have been convicted and sentenced in the DEA case, handled by prosecutors Benjamin Greenberg and Michael "Pat" Sullivan.

Israeli Mob Suspect Pleads Guilty To Drug Charges, Will Face Prison At Home (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 17, 2007

After his March extradition to the United States, alleged Israeli crime boss Ze'ev Rosenstein had a few words for his supporters: "This year a prisoner in Miami; next year a free man in Israel."

He got his fate half right. On Tuesday, the reputed godfather of the Israeli mob pleaded guilty to two drug smuggling charges as part of an unusual deal that could have him back in his native country within a week, although not as a free man.

Lawyers on both sides agreed Rosenstein, 52, would receive a 12-year prison term with credit for time spent in jail since his November 2004 arrest. U.S. District Judge William Dimitrouleas imposed the sentence immediately.

The government's extradition agreement with Israel ensures Rosenstein will serve his sentence in Israel. Under Israeli law, Rosenstein becomes eligible for parole in 2012, his lawyer Roy Black said after the hearing in Fort Lauderdale federal court.

As part of a separate arrangement with the Israeli government, Rosenstein agreed to plead guilty and accept a three-year sentence for his role in an aborted plot to assassinate a rival, Black said.

Several area lawyers said the terms of his plea agreement seemed unusual for such a high-profile criminal defendant.

As part of the deal, prosecutors agreed to a sentence reduction under a provision designed for nonviolent offenders and minor players with no criminal history. The terms of the plea agreement also bound Dimitrouleas to adopt all provisions and the recommended sentence or reject the deal entirely.

Miami attorney Michael Tein, who is not affiliated with the case, called such agreements "as rare as four-leaf clovers."

"It shows both sides are extremely happy with this result," Tein said.

Prosecuting the case grew more complicated for government lawyers in November after Dimitrouleas refused to permit Israeli undercover agents to testify using false names. Israeli courts allow the use of pseudonyms to prevent the exposure of undercover agents, prosecutors said.

Defense lawyers opposed the request, saying it would prevent them from thoroughly investigating the agents' backgrounds.

Defense lawyer David O. Markus said negotiations with Israel could have put pressure on the U.S. government to reach an agreement, rather than go to trial.

"When there's an extradition agreement, the government can't just worry about the prosecution. There are a lot of other things to consider," he said.

Rosenstein admitted he took part in a plot to import 850,000 Ecstasy pills into the United States in 2001 to be sold in Miami and New York. Law enforcement agents learned of the shipment from an undercover informant who had been approached about purchasing some pills.

In July 2001, the agents executed a search warrant on a New York apartment where the Ecstasy was held, seizing approximately 700,000 pills. Rosenstein's arrest in Tel Aviv was touted at news conferences in Israel and the United States, where law enforcement officials said they had caught one of the most wanted drug traffickers in the world.

While Rosenstein's alleged crimes went beyond the one Ecstasy shipment, the plea agreement and 12-year sentence reflect only those charges.Rosenstein's lawyer said the father of six was motivated to reach a deal so he could return to Israel more quickly.

Miami Court Approves Rosenstein Plea Bargain (HAARETZ)

By Roni Singer-Heruti

Haaretz, January 17, 2007

A Miami court approved yesterday a plea deal between reputed crime boss Ze'ev Rosenstein and U.S. prosecutors. Rosenstein plead guilty to conspiring to smuggle 700,000 Ecstasy pills from Europe into the United States, and was sentenced to 12 years in prison. He will serve his sentence in Israel, and his property will not be confiscated.

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"Now we must return him to Israel as soon as possible," Rosenstein's attorney, Keren Nahari, said yesterday. "I believe it will happen within two weeks."

Once in Israel, Rosenstein will admit in court here to hiring Colombian mercenaries to target members of the Alperon family, also seen as crime kingpins.

For that crime, Rosenstein will be sentenced to three years in prison, to be served concurrently with his 12-year sentence.

The plea agreement was signed and approved after a month of intensive negotiations between Rosenstein's attorneys, American prosecutors and the Justice Ministry here. The deal was struck roughly a week before his trial was scheduled to begin.

Rosenstein is expected to serve six to nine years, and not 12, with expected time off for good behavior.

10 Arrested In Heroin Trafficking Ring (AP)

AP, January 17, 2007

The federal government continued its attack on a large Colombiabased heroin trafficking organization yesterday by announcing that 10 more people were charged in Manhattan and 20 others face charges in Colombia.

The charges bring to 110 the number of people charged internationally in an investigation nicknamed Operation Death Merchant. The operation has resulted in arrests in Manhattan, Baltimore, Detroit, Colombia, the Dominican Republic, and Curacao.

Of the 10 people charged in new cases brought in U.S. District Court in Manhattan, six were arrested in Colombia yesterday and two were arrested in New York. Two remained at large.

30 Busted In Heroin-smuggle Cruise Ruse (NYDN)

By Alison Gendar, Daily News Police Bureau Chief

New York Daily News, January 17, 2007

Federal agents dismantled a Colombian heroin ring by arresting several couriers who stitched packets of drugs into their britches and then took cruise ships to the United States, authorities said yesterday.

"Drug traffickers have never lacked creativity in trying to smuggle in their drugs," said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York office.

"But smuggling drugs aboard cruise ships is a new twist, as traffickers try to do an end run around airport security."

The investigation, dubbed "Operation Death Merchant," charged 10 people in Manhattan and 20 others in Colombia with smuggling more than $7.5 million worth of heroin into the U.S.

Several couriers hid the drugs inside running shorts and the soles of their shoes. Others carried suitcases and purses packed with smack.

Agents seized 55 kilos of heroin in all, enough to flood the streets with more than a million glassine bags of smack. Seventy-six kilos of coke also were seized off a "go-fast" boat that had departed from Venezuela.

The drugs made their way from Pereira, Colombia, to New York, Baltimore and Detroit, authorities said.

The probe was a joint venture between the DEA, NYPD, New York state police and Department of Homeland Security's U.S. Immigration and Customs Enforcement agency.

Yesterday's charges bring to 110 the number of people charged internationally during the three-year probe.

10 Accused Of Smuggling Heroin In 'Death Merchant' Probe (WNBC)

WNBC-TV, January 17, 2007

Joseph Valiquette Reports For The Investigative Team

NEW YORK -- Charges were unsealed Tuesday naming 10 members of an alleged heroin and cocaine trafficking organization accused of smuggling more than $7.5 million worth of heroin into the United States from Colombia.

Earlier Tuesday, two arrests were made in New York City. Twenty arrests were made in Colombia, five of which were based upon the New York charges.

These charges are the latest to result from Operation Death Merchant, a 3-year international investigation by federal, state and local law enforcement agencies in the United States working with Colombian police agencies.

The probe targeted a drug distribution organization based in Pereira, Colombia, allegedly responsible for transporting heroin and cocaine through South America and the Caribbean into the United States.

Describing the overall results of Operation Death Merchant, DEA Special Agent in Charge John Gilbride said, "Over 117 members have been arrested. Over 170 kilograms of cocaine and 55 kilograms of heroin seized and destroyed."

The smuggled drugs were destined for the eastern part of the United States and distributed throughout New York, Baltimore and Detroit, authorities said.

Authorities said the smuggling methods used by the drug traffickers included couriers who would swallow the heroin pellets and then fly into Kennedy Airport; smugglers who would arrive in the United States aboard cruise ships, taking with them double-sided suitcases filled with heroin; and couriers who carried heroin in the lining of handbags or in the soles of their shoes.

Colombia Nabs Alleged Drug Kingpin (UPI)

UPI, January 16, 2007

BOGOTA, Colombia (UPI) -- An alleged Colombian drug kingpin wanted on charges of smuggling tons of cocaine into the United States has been captured, Caracol Radio reported Monday.

Eugenio Montoya was arrested after a prolonged police shootout in which no one was injured, police said.

Montoya`s Norte del Valle cartel is believed to be one of the largest in Colombia and responsible for smuggling a large portion of the cocaine that reached U.S. shores.

The reputed drug boss is sought for extradition to face smuggling charges in a Miami court.

Colombian 'drugs Baron' Captured (BBC)

BBC, January 17, 2007

Eugenio Montoya rejects the accusations Police have captured a suspected top member of Colombia's biggest drug cartel, following a shoot-out.

Eugenio Montoya, who also is known as Don Hugo, is alleged to be a leader of the Norte del Valle group. He denies being a drug trafficker.

The FBI lists the group as the most powerful and violent drug-trafficking organisation in Colombia.

Mr Montoya's capture has ended a lengthy manhunt in which the US had offered a $5m reward for his arrest.

He was captured in one of the Norte del Valle's strongholds, the town of El Dovio, 200km (125 miles) west of the capital Bogota. Police say no-one was injured in the shoot-out.

In a news conference, Mr Montoya was presented to journalists, surrounded by heavily-armed police.

He denied being a drug trafficker and said he was there to resolve his situation.

Most-wanted

Officials in Colombia say the Norte del Valle cartel became the country's most powerful after the dismantling of the Medellin and Cali cartels in the 1980s and early 90s.

It is believed to be responsible for as much as 30% of the more than 500 metric tons of Colombian cocaine smuggled each year to the US.

The cartel is accused of having worked with right-wing death squads to protect its valuable drug routes.

Norte del Valle is alleged to be jointly run by Eugenio's brother Diego, who sits alongside Osama Bin Laden on the FBI's most-wanted list.

Ex-city Worker In Water Dept. Drug Ring Gets 5 Years (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, January 17, 2007

A former city laborer was sentenced to 5 years in federal prison Tuesday for dealing heroin as part of a drug ring run by a former city hoisting engineer.

Michael Hart, who worked for the city's Water Management Department, was hooked on heroin when he turned to dealing to support his habit, said his attorney Eugene O'Malley.

Hart, 41, of Chicago, pleaded guilty in August to dealing large quantities of heroin through the drug ring run by George Prado, a veteran water management employee.

Prado has also pleaded guilty in the case but has not been sentenced.

So severe was Hart's addiction that when federal agents seized him for drug conspiracy they found him sitting over a "breakfast" of heroin, said Assistant U.S. Atty. Michael Gurland.

As he was arrested, Hart requested that he be allowed to get his fix, Gurland said.

Since his arrest in June 2005, Hart has stayed clean through drug treatment, O'Malley said.

His mother, Betty Hart, asked U.S. District Judge Harry Leinenweber to show her son mercy.

"Some of us fall from grace, and Mark is sorry he ever started using," she said.

Hart spoke only briefly, quietly apologizing for the pain he caused his family.

O'Malley requested that Hart serve 1 to 2 years in prison, far less than the 7 years he faced under sentencing guidelines.

Leinenweber gave Hart 5 years because he had no criminal history and was working on beating his drug addiction.

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"Being caught was probably the best thing that happened to you. You're a good person who got off on the bad side," Leinenweber said.

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Moratorium Sought On New Pot Clinics (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, January 17, 2007

Bratton cites opening of 94 medical marijuana dispensaries in L.A. in a year and calls for rules to regulate the facilities.

Concerned by a 2,350% increase in the number of medical marijuana dispensaries in Los Angeles in a one-year period, Police Chief William J. Bratton is calling for a moratorium on new facilities until strict rules can be adopted governing them.

In a report to the Police Commission, Bratton said he wants to ban existing dispensaries within 1,000 feet of schools, churches, parks and places designated exclusively for the care of children. He also advocates limiting their hours to 10 a.m. to 6 p.m.

The establishments are allowed under a 1996 state ballot measure and a more recent state law making marijuana available to patients by prescription to relieve pain or nausea.

Bratton said the number of dispensaries increased from four in November 2005 to 98 a year later.

"This has fostered an increase in … crime problems and caused quality-of-life issues for families and communities, as evidenced by the 110 complaints received from neighbors, business owners and concerned citizens concerning these dispensaries," Bratton's report states.

The Police Commission will consider his recommendations today.

Los Angeles Police Department officers have been called to clinics because of problems including robberies, burglaries and drug use in front of the clinics, Lt. Paul Vernon said. Without regulations, he said, officers are hamstrung.

In the absence of specific zoning rules, 12 of the medical marijuana dispensaries in Los Angeles have opened within 1,000 feet of schools, Bratton said.

"One clinic blatantly resorted to placing fliers on the windshields of vehicles parked in and around Grant High School in an obvious effort to entice children," Bratton said.

The chief did not identify the clinic, but said its flier stated that it is legal to own, grow and smoke medical marijuana and that "qualification is simple and our experienced physicians are more than happy to help you," adding that the visit is free if the applicant does not qualify.

"This was not the intent of the voters when they passed Proposition 215," the chief said.

The clinics have proliferated elsewhere as well, although Los Angeles, as the state's largest city, has the most, said Joseph Elford of Americans for Safe Access, a group in support of the clinics. But San Francisco, with about 30 clinics, has more per capita, or about one per 25,400 residents, while Los Angeles has one dispensary for every 39,200 people.

On Monday, advocates for medical marijuana disputed that the dispensaries are magnets for crime, and expressed concerns that Los Angeles officials may reduce patients' access to the drug.

"A blanket ruling saying you can't be within a number of feet within a school or park is entirely unnecessary and overbroad," said Bruce Mirken, a spokesman for the Marijuana Policy Project, another advocacy group.

He said a lengthy moratorium on new dispensaries would have an adverse effect on medical patients who rely on marijuana in their battles with disease.

The proliferation of dispensaries followed passage of Proposition 215, called the Compassionate Use Act, and Senate Bill 420, which took effect in 2004; together, they legalized possession and cultivation of marijuana for qualified medical patients.

Marijuana is used for medical purposes by thousands of people suffering from painful and appetite-killing diseases, including cancer, AIDS, anorexia and arthritis.

"However, the spirit and intent of this act has been exploited and abused for both profit and recreational drug use by many of the medical marijuana dispensaries in the city of Los Angeles," Bratton said. "Absent stringent regulations and enforcement actions, these dispensaries have flourished throughout the city."

The chief's recommendations were welcomed Monday by Councilman Dennis Zine, who already has asked the Planning Department to draft a moratorium ordinance, banning any new outlets for six months, with an option to extend it for another six months while new rules are being formulated. "There is no regulation as far as zoning and hours of operation," Zine said. "What I want to do is bring a semblance of order and not go against the public's will in favor of these clinics."

Steve Leon, owner of the medical marijuana outlet Highland Park Patient Collective, disagreed with the allegation that the clinics spur criminal activity.

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"I think it's quite the opposite," he said. "I'm in an area that is gang-infested, but there is no graffiti on my building. It is very clean. And other businesses have moved in. We have created quite a nice little artistic community."

Leon said his building is more than 1,000 feet from schools and parks, and that the LAPD has been "very gracious."

The proposed moratorium found favor with at least some owners of current dispensaries.

"The moratorium is kind of a good idea. It's getting out of control, with a new one opening every week," said Billy Astorga, manager of the Eagle Rock Herbal Collective, adding that his business already has strict operating rules.

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Police Commission Votes To Delay New Pot Clinics (LAT)

The Los Angeles Times, January 17, 2007

The Police Commission voted Tuesday to support a moratorium on new marijuana dispensaries and tougher regulations of existing enterprises, even as Police Chief William J. Bratton promised to work with federal authorities to prosecute businesses found to be violating the law.

"It's my intent to get rid of these places," Bratton said after the commission voted to ask the City Council to impose a moratorium and adopt new restrictions.

The distribution of marijuana for medical purposes is allowed under state law, but Bratton said he believed the majority of people using the dispensaries were recreational drug users.

Bratton Wants City To Examine Medical Marijuana Dispensaries (NBC4)

NBC4, January 17, 2007

Police Commission Agrees To Moratorium

LOS ANGELES -- The Los Angeles Police Commission agreed Tuesday to a moratorium on the issuance of permits for new medical marijuana dispensaries in Los Angeles.

Without discussion, the commission agreed with police Chief William Bratton's report that new dispensaries cannot be opened until new rules are adopted in governing where and when they can operate.

"There's a lot of money to be made," Bratton said. "There's nobody minding the store, if you will. They're hiding behind the guise that there's this incredible medical need out there. I'm sorry. The vast majority of people who use these premises are using them for recreational drug use."

In his report, Bratton said he wants to ban existing marijuana dispensaries within 1,000 feet from schools, churches, parks and other areas used by children. He also recommended that the businesses operate between 10 a.m. and 6 p.m.

In October, the City Council's Public Safety Committee agreed to a one-year moratorium on granted permits for new dispensaries as city official seek out stricter operating regulations.

Councilman Dennis Zine proposed the moratorium in September, saying that too many of the dispensaries were operating in the city, oftentimes illegally selling pot to those without prescriptions.

Nearly 100 medical marijuana dispensaries currently operate in Los Angeles, according to Bratton's report.

Calvin Frye runs a medical marijuana clinic in Studio City. He said federal agents raided a nearby clinic after residents complained.

"Guys came in acting like stoned drug dealers -- smoking pot outside in the parking lot, kids coming out and opening their bags, exchanging medicines because there are not regulations," Frye said. "If there were regulations like the board of supervisors did for unincorporated L.A., they wouldn't be able to do that."

Frye said that he supports Bratton's call for more regulations.

Medical marijuana dispensaries are defined as "facilities that provide marijuana for medical purposes to patients or primary caregivers who have a related recommendation from a physician."

Ten years ago, 56 percent of California's voters approved proposition 215, which says marijuana should be made available to people with medical problems, including nausea from cancer and AIDS treatments.

Federal law still bans marijuana use in all cases.

In May, the county Board of Supervisors approved an ordinance regulating medical marijuana dispensaries in unincorporated areas of Los Angeles County, including provisions on where the drug can be consumed.

Bratton said he supports the use of marijuana for medicinal purposes.

Cops: Undercover Agent Infiltrates Robbery Ring (DEN)

By Iveory Perkins, The Detroit News

Detroit News, January 17, 2007

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LINCOLN PARK -- Authorities announced today that an undercover federal officer infiltrated an alleged robbery conspiracy, leading to the arrest of a man and teenager charged with plotting a series of heists Downriver.

The Lincoln Park Police and federal Bureau of Alcohol, Tobacco, Firearms and Explosives learned of the plan when a federal agent working another case was informed about the alleged conspiracy.

Authorities claim 19-year-old William Musser of Lincoln Park, and a 16-year-old Dearborn Heights male conspired to rob businesses by targeting employees at gunpoint. They were arrested Friday.

"So often law enforcement is successful at solving crimes after the fact," ATF Special Agent in Charge Valerie Goddard said in a statement. "However in this instance, we prevented this violent crime from ever occurring."

The duo was arrested in a parking lot in Lincoln Park the morning they allegedly planned to commit armed robbery of a tavern in that city, followed by a second robbery of a Taylor restaurant, said Vera Fedorak, public information officer for the ATF.

Musser was charged with conspiracy to commit robbery armed and attempted robbery armed. He remains jailed on a $30,000 bond. The juvenile is in the Wayne County Youth Home until prosecutors determine whether he will be charged as an adult.

"I'm proud of the flawless and cooperative effort of our detectives and agents of the ATF and their special response team members," Police Chief Thomas Karnes said in a written statement.

You can reach Iveory Perkins at (734) 462-2672 or iveory.perkins@detnews.com.

IMMIGRATION:

Gonzales: 148 Immigrants Indicted In Swift Raids (AP)

AP, January 17, 2007

WASHINGTON Attorney General Alberto Gonzales says 148 illegal immigrants have been indicted for allegedly acquiring other peoples' Social Security numbers and other information to get jobs at Swift meat packing plants.The indictments, issued in Iowa and five other states, follow federal raids on the plants last month in the largest-ever workplace crackdown on illegal immigration. The raids led to the arrests of nearly 13 hundred employees and temporarily halted operations for the meat processor.Gonzales says the Bush administration is studying ways to curb identity theft, including better ways for police to report the crime, and to reduce the access that thieves have to Social Security numbers.The federal indictments include: 53 in Texas, 30 in Iowa, 26 in Nebraska, 20 in Minnesota, 18 in Utah and one in Colorado.

Fence Advocate Calls Estimates Exaggerated (WT)

By Charles Hurt

The Washington Times, January 17, 2007

Rep. Duncan Hunter has a name for people like the congressional researchers who recently determined that the fence he proposes to build along the southern border could cost about 25 times the roughly $2 billion he estimated.

"I call them the 'Mission Impossible' crowd," the California Republican said, referring to the nonpartisan Congressional Research Service and others who predict that the fence will cost nearly $50 billion.

As chairman of the House Armed Services Committee, Mr. Hunter authored legislation in the last Congress to build 850 miles of fencing along the U.S.-Mexico border.

He might lump into that crowd Majority Leader Steny H. Hoyer, Maryland Democrat, who yesterday expressed his own skepticism about the fence.

"I think the fence will be revisited," he told reporters gathered in his office for a weekly briefing. "The appropriators will look at whether or not this is an expenditure that continues to make sense."

Like Speaker Nancy Pelosi of California and most other members of the Democratic House leadership, Mr. Hoyer opposed the legislation to build the fence.

President Bush might fall into that group as well. The administration, Mr. Hoyer noted yesterday, "has not been enthusiastic" about implementing the Secure Fence Act of 2006.

When Mr. Hunter first floated the bill, it was widely attacked as hateful and un-American. Democrats and liberals tarred him and its supporters as "anti-immigrant."

But by last fall, as members of both parties began to grasp the depth of outrage among voters about illegal entry, the proposal sailed through both chambers.

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The House voted 283-138 to build the fence, and the Senate, which has been much more lenient toward illegal aliens, approved it by a vote of 80-19.

"The American people want this fence," said Rep. Steve King, Iowa Republican. "They want us to secure our borders."

Mr. Hoyer agreed with that ultimate goal.

"The objective would be, as we move forward, to secure the border," he said, but "there has not been agreement that the fence is the best way to do it."

Supporters point to the success of the fence that runs through San Diego and hope that by extending it through other high-traffic areas they will curb illegal entry as well as halt the drug trade across the border.

Mr. Hunter said government analysts and outside interest groups have grossly inflated estimates for a fence that he said will cost between $2 billion and $3 billion. He and Mr. King produced three estimates provided by a trade group and two construction companies vying for the job.

Douglas E. Barnhart Inc., a California-based construction firm, estimated $2.6 million per mile, or roughly $2.3 billion. Alabama Metal Industries Corp. estimated the work would cost $2.5 million per mile, or about $2.1 billion.

The fence consists of two security fences with a road in between for Border Patrol vehicles. The Chain Link Fence Manufacturers Institute provided an estimate of $1.3 million per mile of heavy industrial chain-link fence that is 12 feet high with an 11-foot overhang, much like the backstop on a baseball diamond.

"If we had a secure border, you could pay for the entire border fence in one year with the money you save by not having to incarcerate these criminal aliens," Mr. Hunter said.

Added Mr. King, who was in the construction business before serving in Congress: "We are now paying $8 billion a year on the southern border as it is. That's $4 million per mile and we're not stopping anybody."

Immigrants Mistreated, Report Says (WP)

By Spencer S. Hsu

The Washington Post, January 17, 2007

U.S. authorities mistreated suspected illegal immigrants at five prisons and jails nationwide, violating federal standards meant to ensure safe and humane custody, according to a government report released yesterday.

U.S. Immigration and Customs Enforcement (ICE) officials and contractors denied timely medical treatment to some of the immigrants, failed to disclose and justify disciplinary actions against them, and improperly limited access to relatives, lawyers and immigration authorities, according to the Department of Homeland Security inspector general.

Detention officers failed to establish a system to report abuse and violated health and safety rules by neglecting to monitor prisoners on hunger strikes or suicide watches and by serving undercooked food, the report said.

The report comes amid a sharp increase in illegal immigrants in U.S. detention as Congress and the Bush administration debate an overhaul of immigration laws and promise tougher enforcement of existing laws. Civil liberties and immigrant advocacy groups are stepping up scrutiny of conditions. Jorge Bustamante, the U.N. special rapporteur on human rights of immigrants, has asked to visit U.S. detention centers next month.

Critics of the agency called the report disappointing, contending that it watered down recommendations and ignored the most serious allegations of abuse collected since June 2004, which they said included physical beatings, medical neglect, food shortages and mixing of illegal immigrants in administrative custody with criminals.

"It took two years for them to come out with this? It's incredibly disappointing," said Judy Rabinovitz, a lawyer with the ACLU immigrants rights project.

Eric Lerner, a spokesman for the New Jersey Civil Rights Defense Committee, called the report a "whitewash" that was delayed to suppress controversy. Bryan Lonegan, a lawyer with the Legal Aid Society in New York City, said that DHS has not designated 38 detention standards implemented since 2000 as federal regulations, making them unenforceable.

A spokeswoman for Richard L. Skinner, the DHS inspector general, said the report was delayed because its scope was reduced.

In a written response to the report, DHS Assistant Secretary Julie L. Myers concurred at least partly with nine of 13 findings and promised changes. But she said they "do not indicate any systemic failure" at nearly 400 facilities where ICE is authorized to house as many as 27,500 people a night, because they were based on individual allegations at a small sample of sites.

ICE operations are "generally in compliance with its National Detention Standards," Myers said.

The audit examined the U.S.-owned and operated Krome Service Processing Center in Miami, a contract Corrections Corporation of American facility in San Diego, and local jails and prisons in Berks County, Pa., and Hudson and Passaic counties, N.J.

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In December 2005, ICE ordered all suspected illegal immigrants removed from the Passaic jail in Paterson, N.J., after a string of critical news accounts, including the disclosure that guards used police dogs against prisoners. DHS has since barred that practice.

Although illegal immigrants are held on administrative grounds and are supposed to be segregated by high, medium and low risk, authorities often house them together with criminals, the report said.

Many contract and state and local correction officers were unaware of separate U.S. standards for detained immigrants, the 54-page report noted. ICE itself overlooks violations in annual inspections, the report said. "A final rating of Acceptable was given to all five detention facilities," the report said. "However, our review of the five facilities identified instances of non-compliance . . . that were not identified during the ICE annual inspection."

Immigrant Centers Inspected (NYT)

By Rachel Swarns

The New York Times, January 17, 2007

A federal inspection of 5 of the nation's 325 immigrant detention centers found that most did not provide timely and responsive health care and sometimes failed to comply with the government's standards of disciplining, classifying and housing detainees. The audit by the Department of Homeland Security also found a rape of a detainee in one center and a failure to provide access to legal services in another. Three centers did not translate handbooks into Spanish and other languages. Homeland security officials said the study was too small to be representative of the country's detention centers.

REVERSAL OF FORTUNE An Immigration Raid Aids Blacks -- For A Time (WSJ)

By Evan Pérez And Corey Dade

The Wall Street Journal, January 17, 2007

STILLMORE, Ga. -- After a wave of raids by federal immigration agents on Labor Day weekend, a local chicken-processing company called Crider Inc. lost 75% of its mostly Hispanic 900-member work force. The crackdown threatened to cripple the economic anchor of this fading rural town.

But for local African-Americans, the dramatic appearance of federal agents presented an unexpected opportunity. Crider suddenly raised pay at the plant. An advertisement in the weekly Forest-Blade newspaper blared "Increased Wages" at Crider, starting at $7 to $9 an hour -- more than a dollar above what the company had paid many immigrant workers. The company began offering free transportation from nearby towns and free rooms in a company-owned dormitory near to the plant. For the first time in years, local officials say, Crider aggressively sought workers from the area's state-funded employment office -- a key avenue for low-skilled workers to find jobs. Of 400 candidates sent to Crider -- most of them black -- the plant hired about 200.

A customer at a convenience store in Douglas, Ga., told April Paulk, a part-time clerk, that a recruiter was in town looking for workers. Ms. Paulk passed the word to her husband, 32-year-old Germaine Royals, who had just been laid off from the latest in a series of temporary jobs. Both are African-American.

Less than a month after the raids on illegal immigrants, Mr. Royals and three other workers met at a gas station parking lot and piled into a van sent by Peacock Poultry Inc., one of several contractors hired to fill the ranks of Crider's production lines. Two hours later they pulled into an austere complex of brown dormitories owned by Crider that three weeks earlier had teemed with Hispanics. Mr. Royals stashed two small bags of belongings and a boom box in a dingy room and took his place the next morning on a production line at the chicken plant.

For the first time since significant numbers of Latinos began arriving in Stillmore in the late 1990s, the plant's processing lines were made up predominantly of African-Americans.

The sudden reversal of economic fortunes in Stillmore underscores some of the most complex aspects of the pitched debate over immigration: Do illegal immigrants take jobs from low-skilled American workers? The answer in Stillmore initially appeared to be yes.

But in the months since Crider began hiring hundreds of African-Americans, the answer has become more complex. The plant has struggled with high turnover among black workers, lower productivity and pay disputes between the new employees and labor contractors. The allure of compliant Latino workers willing to accept grueling conditions despite rock-bottom pay has proved a difficult habit for Crider to shake, particularly because the local, native-born workers who replaced them are more likely to complain about working conditions and aggressively assert what they believe to be legal pay and workplace rights.

Americans avoid such labor because "they can't live on those wages, and refuse to," says Debra Sabia, a professor at nearby Georgia Southern University who founded a social-service organization for the area's Latino immigrants. "If you gave a

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survey to Americans and asked them where they'd want to work, a slaughterhouse would not be on the list. These are not jobs we aspire for our children to take."

The impact of immigration on low-wage workers is likely to come under increasing scrutiny as the new Congress prepares to tackle immigration reform. Last month, federal officials raided facilities owned by meat processor Swift & Co. in six states, which resulted in the arrests of about 1,200 people on alleged identity theft and immigration violations.

Georgia, and particularly the Atlanta region in the north of the state, is home to a large concentration of wealthy and middle-class African-Americans. But in struggling rural towns, the scarcity of work is particularly felt by low-skilled African-Americans who by virtue of poor education, lack of transportation or choice have been unable to follow jobs as they moved away.

Stillmore began the 20th century as a timber and cotton town, sitting at the intersection of three rail lines connecting the busy port town of Savannah to the center of Georgia's cotton kingdom. For decades, anyone willing to grasp a hoe could find at least minimal work every spring and fall, when cotton was planted and harvested. But by the 1950s, cotton was fading, the rail lines were abandoned and a chicken-processing plant -- later acquired by Crider in 1977 -- had become the hub of the local economy.

Until the late 1990s, the plant employed a majority black production line, with whites and some blacks as supervisors, according to current and former employees. By 2000, Latino migrant workers who had long come and gone with the cotton and onion seasons were putting down roots, part of a national trend. The NAFTA free trade agreement hurt many Mexican farmers, prompting a surge of illegal immigration. At the same time U.S. immigration crackdowns made crossing the border more treacherous, prompting workers to settle in the U.S. The South became home to more than a third of the nation's Hispanics. Georgia's share tripled during the 1990s to 435,227, according to U.S. Census estimates. In 2005, the number of Hispanics topped 625,000 in Georgia, making up 7% of the population.

The influx of Hispanics meant Crider could maintain its Stillmore roots while drawing on a pool of low-skilled foreign workers to do jobs that held little appeal for native-born Americans. A 2005 Government Accountability Office report on working conditions in the meat and poultry industry found injury rates among the highest of any U.S. industry and cited slippery floors and cold temperatures among the harsh conditions workers endure. Federal workplace-safety inspectors cited Crider in 1997 for a forklift accident in which a worker was run over and killed. Other plants in Georgia have even higher incidences of violations, according to federal records.

With the arrival of so many immigrants willing to toil for rock-bottom wages on brutal round-the-clock shifts, the number of black workers at Crider declined steadily to 14% in early 2006 from as high as 70% a decade ago, the company says. Wages stagnated at about $6 an hour, just above the U.S. minimum wage of $5.15 an hour, current and former workers say. Crider says it also paid incentives and bonuses not accounted for in hourly wages. As African-Americans left, seeking better pay or to escape the difficult and often bloody work, most were replaced by Latinos, employees say.

Crider officials say the transformation to majority Hispanic work force happened gradually over most of a decade, without any encouragement by the company. David Purtle, Crider's president, says any impression that the company didn't want to hire African-Americans then was "concocted in people's minds who don't know what's going on. The first people you see in our employment office are African-Americans.... We've never skewed our hiring toward any ethnic group."

But he says Crider faces the same problems that employers in many small towns grapple with. "We have to find a source of employees, and Stillmore will not provide that source. It's not big enough," he says. "We want people who want to work and are willing to work every day."

The presence of so many illegal workers became routine at Crider too. José Sauceda first came to the U.S. as an illegal immigrant in 1979 but qualified for legal status under a Reagan administration amnesty program and became a U.S. citizen in 2002. He arrived at Crider in 2004. His wife, Socorro, whom Mr. Sauceda had paid smugglers to sneak across the border, followed him to the poultry plant. As she filled out a job application at the plant, she tried to use for a Social Security number a taxpayer identification number starting with the number "9." According to Ms. Sauceda, a Crider clerk stopped her and said valid Social Security numbers never begin with a nine. "She was very helpful," Ms. Sauceda says. "She kept saying, 'Perhaps you meant to put down a four, or a six?' And I was nervous, so I just chose a six. And that worked." Her application was accepted. Ms. Sauceda went to work on the production line.

Crider officials said recently they doubted Ms. Sauceda's account of her hiring, and that the company wasn't "aiding and abetting" illegal Hispanic workers. Mr. Purtle, the company president, said in an interview that Crider never knowingly violated U.S. immigration laws and wasn't aware that so many of its Latino workers were illegally in the U.S. "Our personnel people have always complied with the hiring laws," Mr. Purtle said.

The company was "taken aback" when federal agents showed up in May asserting that about 700 of its workers were suspected of having false work documents, Mr. Purtle says. Two Crider employees were among four men arrested for allegedly

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running a document mill, churning out fake green cards and other fake documents. Immigration officials initially worked with Crider over several months to gradually weed out those workers who couldn't prove legal worker status. Then, federal officials became much more aggressive, launching the raid over Labor Day weekend. Agents hauled away about 120 mostly Mexican immigrants, according to immigration officials.

The rest fled Stillmore or went into hiding nearby. Some women and children hid for days in the scrubland and pine woods outside of town without food or shelter while they waited for immigration agents to leave. In the week after the raids, dozens of Latinos crowded a vacant lot beside a bodega, across from Stillmore's city hall, to get on buses operated by a Mexican bus line leaving for other cities in the U.S. or back to Mexico.

For African-Americans, the departure of the Hispanics was a boon. Lisa Shinhoster, 45, and Chris Butler, 22, heard about Crider when an acquaintance of a Crider recruiter walked into an after-hours bar where they were playing cards and announced to the patrons: "Anybody want a job?" The two were soon working at the plant gutting chickens.

For Mr. Royals, the new opportunities at Crider amounted to a windfall after months of erratic work through a temporary labor agency. A high-school dropout who earned his General Education Diploma two years ago, Mr. Royals previously worked nights at a succession of factory jobs. He had just been laid off for the second time in a month when Ms. Paulk came home with word of the Crider recruiter.

Mr. Royals went to Crider with a plan to work as many hours as possible -- he sometimes worked 17 hours a day -- and earn enough to save for a new home and pay off bills. His wife recently took a full-time job as a private nurse for an elderly woman and attends classes at a technical college to earn a license as a practical nurse.

Mr. Royals rose daily before dawn, often eating a breakfast of grits, eggs and sausage served shortly after 5 a.m. at the Crider cafeteria. Mr. Royals was assigned to the plant's packing department, where his squat burly frame and muscular arms made him a natural fit, lifting crates of processed chicken. He says he enjoyed the physical nature of the work and the quick pace made the hours go by quickly.

But for some of the African-American workers who surged into the plant, the unexpected chance to work at Crider didn't turn out well. They described long, arduous schedules, alleged health and safety hazards, and unrelenting supervisors. A Crider spokeswoman says the allegations are the sentiment of "people who are not intent on working."

On Oct. 10, Barbara Smiley, a gregarious and tall 42-year-old from Mount Vernon, about two hours away, was reaching for a chicken that had fallen off a conveyor belt when she smacked her head into a solid steel pole. She went to the nurse's station for an ice pack and then the bathroom to wash down a pain reliever. She says her supervisor reprimanded her for leaving her post, igniting an argument. Ms. Smiley was fired.

"They cussed at me," Mrs. Smiley said after the incident, a lump visible in center of her forehead in the shape of a half-dollar coin. "I'm 42 years old. If you cuss at me, I'm going to cuss you back."

The company spokeswoman said Ms. Smiley suffered a mild injury and quit but couldn't confirm other details of the incident.

Legal Hispanic workers who remained at Crider after the raid complain that the new black production line workers are getting higher pay but don't work as hard as their Latino cohorts did. When the plant operated with majority Latino laborers, says Mr. Sauceda, his six-person assembly line produced 80 pallets of poultry daily, with each pallet holding 48 32-pound boxes of chicken. Now, with 15 workers on the line, most of them black, only 45 pallets a day are completed, he says. "The blacks sit in the cafeteria and don't come to the line until the chickens are brought in, but the Hispanics, we spend the time cleaning and doing things that need to be done," says Mr. Sauceda, who has subsequently left the company. Mr. Royals counters that blacks work just as hard as Latinos. He says he sees groups of Hispanics taking extra rests on overnight shifts. "I'm thinking to myself, man, I don't get that many breaks," he says.

Several African-American workers found themselves in pay disputes. Since the illegal immigrants were run out of the plant, Crider no longer directly employs many entry-level workers. Instead, Mr. Royals and many others are classified as independent contractors, working under an agreement between Crider and Allen Peacock, an African-American owner of a recruiting business. Crider paid Mr. Peacock a set rate for the hours his employees work, and he paid the workers. Using Mr. Peacock allowed Crider to quickly hire workers, since the contractor has provided laborers to the poultry industry for years.

Every Friday, Mr. Peacock pulled into the parking lot of the dormitory complex and handed out checks, most of which he cashed on the spot -- leaving his employees with no documentation of how much they received in wages or paid in taxes, according to several workers.

After a few weeks on the job, Mr. Royals and other black workers claimed Mr. Peacock was short changing them on hours worked. They said taxes were being deducted even though workers never filled out federal and state tax forms. At one point, Ms. Paulk, Mr. Royals's wife, telephoned Mr. Peacock and demanded an explanation about the paychecks.

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Mr. Peacock denied mishandling their wages. "Everybody has to pay taxes," he said in an interview. Mr. Peacock said his workers were all being fully paid and that their taxes were properly collected.

Despite his frustrations, Mr. Royals vowed to keep working. But one morning, Mr. Peacock arrived at the Crider dormitory complex and several workers gathered to register their complaints about wages. In front of the other employees, Mr. Royals says, Mr. Peacock fired him.

Mr. Royals says Mr. Peacock seemed upset that Ms. Paulk had called him on his cellphone on her husband's behalf. "He said I couldn't put my wife in her place," Mr. Royals says. Mr. Peacock didn't respond to subsequent calls seeking comment.

Mr. Royals moved to Augusta, Ga. where he began doing landscaping work.

Since the raids, African-Americans have made up about 65% of Crider's work force, while whites are 30% and Hispanics 5%, according to the company. Turnover has been high. The population of workers hired since last September's immigration raids has turned over three times, according to Crider.

Still struggling to fill its ranks, Crider began busing in felons on probation from a state prison and residents of a homeless mission from nearby Macon. Crider also hired another labor contractor who specializes in Hispanic workers. In recent weeks, dozens of mostly Hispanic workers have appeared at the plant, largely on the overnight sanitation shift. A Hispanic worker at the plant said he recognized some of the new workers as among those who had been dismissed prior to the federal raids for having false immigration documents. A few weeks later, immigration agents returned to Stillmore, and were seen questioning Hispanics at a grocery store.

Crider says it has ended its relationship with the temporary labor provider that rehired some former illegal Crider workers. It says it has also ended its relationship with Mr. Peacock, saying it was a financial decision based on the additional fees they had to pay to the staffing company.

But Crider is still about 300 people short of its work force before the immigration raids. It is now bringing Laotian Hmong immigrant workers and their families from Minnesota and Wisconsin, with hopes that they'll stay on the job and build new roots in Stillmore.

TAX:

Judge Takes Plea To Court Over Ancillary Proceeding (WSJ)

By Peter Lattman

The Wall Street Journal, January 17, 2007

New York federal Judge Lewis A. Kaplan, a former litigator, is getting to play lawyer again. Judge Kaplan recently filed a brief with the Second U.S. Circuit Court of Appeals -- on behalf of himself.

The filing came as part of a high-profile case the judge is overseeing, the indictment of 16 former partners of accounting firm KPMG LLP and two others on criminal tax-fraud charges. Judge Kaplan got the bar buzzing when he ruled in June that prosecutors violated the constitutional rights of the KPMG defendants by pressuring the firm not to pay their legal fees.

The ground-breaking decision was followed by another unusual one: Judge Kaplan created a separate civil proceeding, under his watch, about the legal-fee dispute between the firm and the defendants.

When KPMG appealed, the appeals court wanted to know what Judge Kaplan was thinking when he ordered a side proceeding, and did he have the authority to do it? Ralph Winter, one of the appeals judges, called the move "extremely dubious."

Injecting yet another twist in the case, the appeals court invited the judge to defend himself.

In his 47-page response, Judge Kaplan acknowledged his move was unusual but said the complex issues surrounding this case are unlikely to recur again, if ever. "In short, this case is a perfect storm," he wrote. Creating the ancillary proceeding should only be used in "exceptional cases." He added: "This is such a case." The issue is pending.

Wordsmithing

Both Louis Begley and Thomas Evans are retired septuagenarian corporate lawyers from big New York firms. Both also are authors with books out this month and plans hatching for others.

Mr. Evans -- who was a managing partner at the now defunct Mudge Rose Guthrie Alexander & Ferdon, where he worked for 30 years -- has written "The Education of Ronald Reagan," a history focused on the period from 1954 to 1962 when Mr. Reagan worked as a spokesman for General Electric. The book offers new insight into Mr. Reagan's transformation from a liberal actor to a conservative politician, reviewers say.

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Though Mr. Evans worked as an adviser to the Reagan White House, he had closer ties to another president, Richard Nixon. Mr. Evans worked with Mr. Nixon at the Mudge Rose firm in the 1960s after Mr. Nixon's failed bids for the presidency and governor of California. Mr. Evans hints that his next book may examine the impact Mr. Nixon's years at Mudge Rose had on his political career.

"People came to have greater respect for Mr. Nixon after his stint as a Wall Street lawyer," he says.

Mr. Begley, who spent more than four decades at Debevoise & Plimpton before retiring in 2004, isn't a newcomer to the literary world. His eighth novel -- "Matters of Honor" -- will be published at the end of the month.

Mr. Begley says he is working on a short biography of another lawyer/writer, Franz Kafka, who holds a curious appeal for him: "I think he was wretched...and fascinating."

Benched

Last Wednesday was supposed to be a highlight of Milton Chappell's 30-year legal career. For the first time, he was going to argue a case before the U.S. Supreme Court.

Events didn't unfold exactly the way Mr. Chappell might have liked. Since Mr. Chappell joined the National Right to Work Legal Defense Foundation fresh out of law school in 1976, he has pursued cases aiming to rein in organized labor. He was thrilled when the justices took his appeal of a Washington state decision throwing out a statute making it tougher for unions to use fees from nonmembers for political campaign purposes.

Mr. Chappell had high-powered legal help, with Washington Attorney General Robert McKenna arguing alongside him. Under Supreme Court rules, each side gets 30 minutes, so Mr. Chappell and the attorney general divvied up their time -- 20 minutes for Mr. McKenna, 10 for Mr. Chappell.

Then Mr. Chappell got a call from the office of the government's Supreme Court lawyer, U.S. Solicitor General Paul Clement, saying he wanted to argue for 10 minutes -- on Mr. Chappell's side. The hitch: "They take the time the solicitor wants out of the side the solicitor is supporting," Mr. Chappell says, and "I couldn't find a situation where the court had allowed three attorneys to argue for 10 minutes each."

That meant he and Mr. McKenna had to decide who would make the argument. "The [Supreme Court] marshal's office consoled us and tried to get us to be adults and work something out." In the end, Mr. Chappell agreed to cede his time -- and watch the two government lawyers make his case.

Cutting Your Capital-Gains Tax Bill To Zero (WSJ)

By Tom Herman And Rachel Emma Silverman

The Wall Street Journal, January 17, 2007

A tax break that could benefit many investors is scheduled to arrive next January, and it's not too soon to start planning ahead.

At first glance, the provision appears relevant only to lower-income taxpayers: Beginning in 2008, the tax rate on long-term capital gains from sales of stocks, mutual funds and other securities is scheduled to drop to zero -- yes, zero -- for people in the two lowest ordinary income brackets. (For higher-income taxpayers, the top long-term capital-gains rate is scheduled to remain at 15%.)

But financial planners say many people with higher income also may be able to take advantage of the zero tax rate if they can reduce their taxable income through deductions, such as mortgage interest and charitable donations, or by socking away money in tax-advantaged accounts, such as 401(k) plans.

"A lot of middle-income people will qualify for this," says Tony DeChellis, senior manager of product development at Thomson Corp.'s PPC/Quickfinder, a Fort Worth, Texas, publisher of tax information.

Families in an upper tax bracket may benefit, too, by making gifts of stock, mutual-fund shares and other securities that have increased in value over the years to low-income family members, such as their young-adult kids, grandchildren or parents, who may then be able to turn around and sell the securities tax free next year.

But use caution: Such gifts may cause problems for students applying for college financial aid, or to seniors seeking Medicaid eligibility, including for nursing-home care. They could make a senior's Social Security benefits subject to tax, or increase the tax on those benefits. Also, because of the recently expanded reach of the so-called kiddie tax, investment income above $1,700 for a child younger than 18 typically is charged at the parents' higher tax rates. It's always smart to check with a financial adviser before making a large transfer of shares.

Nadine Gordon Lee, president of Prosper Advisors LLC, an Armonk, N.Y., wealth-management firm, says she is already planning to take advantage of the upcoming 0% rate. She and her husband have begun transferring shares of equity-based mutual funds, purchased at a lower cost, to one of their sons, now 16. The plan is that he will begin selling them in 2008, when

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he turns 18, Ms. Lee says. The Lees also are giving highly appreciated stock to their other son, who is 19, and those shares are being sold this year at the current capital-gains-tax rate of 5% for lower-income brackets.

Giving appreciated stock "works nicely for funding the lifestyle of your college and graduate students who are not eligible for financial aid," Ms. Lee says.

Before making any such gifts, be sure to check with a tax adviser on any possible gift-tax or estate-tax consequences, or other possible hitches, Ms. Lee says. However, a gift of this type may be an efficient way to use the annual gift-tax exclusion, she says. That means you can give away as much as $12,000 this year to anyone else -- and to as many other people as you wish -- without any federal gift-tax consequences. (Gifts that exceed that amount typically must be reported to the Internal Revenue Service. Generally, there's a lifetime gift-tax exclusion of $1 million per donor. Gifts above that limit typically are subject to gift tax, and the top rate now is 45%. Gifts don't count as taxable income to the recipient. They also aren't deductible on the giver's income tax returns.)

Investors should never sell securities solely because of tax considerations. But if you're thinking of selling anyway, understanding the tax considerations can help you and your family keep more of the gains.

The 0% rate for lower-income taxpayers was part of the 2003 tax act passed by Congress that, among other things, set the maximum long-term capital-gains rate at 15%. But these rates are set to expire after 2010 unless Congress extends them. Many members of Congress are concerned that an extension could exacerbate the budget deficit.

How low must someone's income be to qualify for the 0% capital-gains-tax rate? Nobody knows for sure because income brackets are adjusted annually for inflation, and the IRS won't release the numbers for 2008 until late this year. But for 2007, a single person falls into the 15% bracket with taxable income of not more than $31,850. For joint filers, this figure is $63,700.

A few pointers: Favorable capital-gains rates apply only to "long-term" gains, or gains on shares held for more than a year. Short-term gains (on shares held a year or less) typically are taxed at regular federal income-tax rates, which can be as high as 35%. What's more, the low capital-gains-tax rates apply only to shares in taxable accounts. They also don't apply to sales of appreciated art and other collectibles; there, the top capital-gains rate typically is 28%.

If you do decide to sell, make sure to unload the shares that will result in the best tax result. This can get tricky. For example, suppose you own 300 shares of a stock purchased many years ago. You bought 100 shares at $5 a share, another 100 shares at $10, and another 100 shares at $50. Now you decide to sell 100 shares. Unless you specify otherwise, the shares of a stock that you bought first are considered to be the ones sold first. If you prefer to sell more-recent shares, make sure to notify your broker at the time of sale and get a confirmation. With mutual funds, you can use the average cost of the shares purchased. There are two averaging methods. See IRS Publication 564 for details.

If you still have confidence in your investment, but you want to take advantage of the zero rate next year, here's a strategy to consider: Sell some of the investment at a gain in 2008, and then immediately buy back shares of the same investment. That means you can still enjoy that zero rate, maintain your position in the security but have a higher basis when you eventually sell the new shares. (The strategy doesn't run afoul of so-called wash-sale rules, because these only apply when selling an investment at a loss, not for gains.) * * *

THE IRS OPENS its doors to electronic filing this year -- for most people.

Opening day for e-filing your federal income-tax return for 2006 generally was this past Friday, the IRS said. But you can't e-file until Feb. 3 if you're claiming key tax provisions enacted last month. Both e-filed returns and paper returns claiming these provisions -- deductions for state and local sales taxes, higher education tuition and fees, and educator expenses for classroom supplies -- won't be processed if submitted before Feb. 3.

Tax returns filed on paper will be accepted but won't be processed until after IRS systems are updated Feb. 3, the IRS said.

IRS officials strongly urge taxpayers to file electronically. E-filing is "the fastest, safest and most accurate way" to file, said IRS Commissioner Mark W. Everson. He said people will get their refunds more quickly that way than filing the old-fashioned paper way. E-filing also "greatly reduces the chances for making an error."

Last year the IRS received more than 73 million returns electronically, up 7% from the prior year. A spokesman said almost 54% of all returns were filed electronically. * * *

CONGRESS-ADMINISTRATION:

Bush Pulls Back Court Nomination (AP)

AP, January 17, 2007

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President Bush on Tuesday withdrew a controversial federal appeals court nominee, a nod to the Senate's new Democratic leadership.

Bush had just resubmitted Norman Randy Smith of Idaho to the Senate last week for a seat on the San Francisco-based 9th U.S. Circuit Court of Appeals. At the time, Bush also withdrew four nominees.

The president sent Smith's name to the Senate in December 2005, again last August, before his original nomination expired, and again in November, as required after Congress goes on an extended break.

Smith has been part of a group that Democrats, then in the minority but with the ability to block nominations, branded too conservative for the federal bench.

Last February, Sen. Dianne Feinstein, D-Calif., blocked a vote on Smith, saying the nomination would give Idaho undue weight on the West's top appellate court. California has 36 million people, compared with 1.5 million in Idaho.

Democrats Go On Offensive (RC)

By Erin P. Billings

Roll Call, January 17, 2007

Democratic leaders are launching a broad counteroffensive on issues ranging from Iraq to energy policy in advance of President Bush's State of the Union address next week, hoping to separate the president from the typical popularity boost that comes with the nationally televised speech.

Senate Majority Leader Harry Reid (Nev.) and Speaker Nancy Pelosi (Calif.) are still putting in place the specifics of their plan, but senior Democratic sources say the new leaders are orchestrating a "strong push-back" beginning today on some of Bush's major proposals.

The Democrats will hold numerous events on both sides of the Capitol to try to ensure they go into Tuesday night's speech with an upper hand on the issues they believe Bush is set to address, including the Iraq War, balancing the budget, global warming and energy independence. Democrats already are fanning out to the rank-and-file Members, urging them to set expectations high, so that the onus is on Bush to measure up.

"Democrats are not going to let the president come here and have a clean slate for where he thinks the country should be going and force Democrats into looking like he's already sitting at the table ready to work with us," said a senior House Democratic aide. "We want to make it clear that we are ready to work with him, but he needs to be realistic and honest in his proposals."

A second Democratic leadership source said the atmosphere is much different for Bush, given that for the first time in his tenure he will go before more Democratic faces than Republican. Democrats, for the first time, have the opportunity to walk into the State of the Union address with the advantage.

"Because we control both houses of Congress and the president is trying to defend an unpopular war, we have a chance to set the agenda and say what needs to be done," said the leadership aide.

While Senators are expected to keep the heat on Bush over his expected call to address global warming and energy independence, House Democrats will spend the balance of the week touting their "100 hours" package of accomplishments from ethics reform to an increase in the minimum wage.

Reid and Pelosi will close out the week with their take on the State of the Union in an address at the National Press Club. Formerly known as the "prebuttal" and now dubbed the "Report to the American People on the State of Our Union," Reid will focus his remarks on U.S. foreign policy in Iraq and Afghanistan, while Pelosi largely will stick to domestic themes such as energy reform, climate change and innovation.

The two leaders are expected to try to put Bush on the defensive heading into next week, questioning his policies and demanding explanations from the president. Reid, in particular, is likely to make clear in his address Friday that Bush won't get a blank check from Congress to fund the Iraq War and will hold the president accountable for his plan, sources say.

Reid spokesman Jim Manley said that while the Democratic leaders will not abandon their call for bipartisanship, they also plan to make clear that Democrats will not negotiate on Bush's terms.

"Democrats are prepared to work with the president where we can, but he needs to move toward us more than he has in the past," Manley said.

Pelosi spokesman Brendan Daly said the new Speaker will remind the public that Democrats — in power for a few short weeks — already have laid down "a down payment" on their promises and will pledge to do more in the majority.

"We will talk about what we think needs to be done to make the future better for America's working families," Daly said. "We delivered exactly what we said we would."

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Democratic leaders have tapped freshman Sen. Jim Webb (D-Va.) to deliver the party's official response to the State of the Union. Democrats believe Webb, a former Navy secretary and Vietnam War veteran whose son is serving in Iraq, represents their broader Democratic platform of change and a new direction in the country.

Webb was elected from conservative-leaning Virginia and serves as symbol of Democratic inroads in Republican-leaning states.

"Sen. Webb represents the sweeping demand for leaders who will put aside gridlock in Washington to deliver change at home and abroad," Reid and Pelosi said of Webb.

Speeches aside, Democratic leaders also will spend the coming days holding press events and working with key committee chairmen and other leaders to advance their message. Democrats already are urging Members to come up with a set of specific questions to pose to the president in advance of his speech.

Today, Reid will join leading Senators on energy matters to outline their expectations for Bush's expected policy proposals. Later in the week, Reid will hold a similar event with outside energy experts and a pen-and-pad session with fellow Senate leaders to try to set the tone for the upcoming State of the Union. Senators likely will hold a similar pen-and-pad meeting the day of the address.

Democratic leaders didn't waste any time warming up on Tuesday. House Majority Leader Steny Hoyer (D-Md.) scoffed at news reports that signaled Bush would try to use the State of the Union to put the burden on Democrats to balance the federal books and take on key issues such as energy and global warming.

Hoyer said Democrats "are prepared to work with him in a constructive and positive way," but the president will have to prove his credibility.

The Second 100 Hours (WP)

By Ruth Marcus

The Washington Post, January 17, 2007

As the 100 Hours clock ticks, or digitally elapses, to a close, the newly installed House Democratic majority may start wishing it could slow the hands of legislative time. In hindsight, this is quickly going to look like the easy part, and the Democrats are going to find themselves suffering from a case of delayed Redfordism.

"What do we do now?" Robert Redford, playing newly elected Sen. Bill McKay, famously asks at the end of the 1972 movie "The Candidate." The first 100 hours agenda gave Democrats the framework to avoid that befuddlement at the start of the 110th Congress. But when the clock runs out, Speaker Nancy Pelosi (D-Calif.) may start to wonder whether Newt Gingrich had a point in pacing his Contract With America agenda over days, not hours.

? The first 100 hours agenda will quickly collide with Senate and White House reality.

However gratifying it may feel to check items off the to-do list, House Democrats -- and the folks to whom they made their promises -- are about to discover the limits of their ability to deliver. On some proposals (Medicare prescription drug negotiations), the cooling saucer of the Senate could be a deep freeze. Others that pass the Senate (stem cell research) will still confront President Bush's veto.

? Having picked the low-hanging legislative fruit, Democrats have far more back-breaking work ahead.

Now come issues, from climate change to health care to immigration to farm subsidies, on which there is less agreement, inside and outside the party. Democrats may choose to punt on some, but unavoidably unpleasant budget choices begin next month. An already tight spending situation will be exacerbated by the pent-up demand resulting from the decision to freeze this year's spending at 2006 levels. But there are countervailing pressures from budget hawks within the Democratic caucus and from a president eager to veto appropriations bills and cast Democrats as the same old spendthrifts.

? The fissures, internal and external, in the Democratic Party, will start to emerge, like cracks in the Arctic ice shelf.

Internally, Pelosi presides over a motley caucus that agreed to agree on her Six for '06. Don't bet on similar unanimity over Seven for '07. She's got some Grumpy Old Chairmen miffed at being elbowed aside during the first 100 hours and put out by the GOP term limits that the new leadership left in place. She's got Blue Dogs vs. the Black Caucus, urban liberals vs. Western and Southern moderates, all with their own conflicting agendas and electoral pressures.

Externally, the party's natives -- the liberal blogosphere, labor, gays, trial lawyers, environmentalists -- will begin to get restless, like a carful of cranky children on a long trip. If you don't toss them snacks every so often, they're going to have a meltdown. But the snack supply is limited, and there's going to be back-seat bickering over who gets theirs first.

? The consequences of promises will come home to roost.

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First, the strictures of self-imposed pay-as-you-go budgeting, in which the Democrats have bound themselves not to increase entitlement spending without finding offsetting savings, have already started to pinch. The Democrats quietly but dramatically scaled back the scope of their promise to cut interest rates on student loans in half.

It's going to be a lot harder for them to comply with pay-as-you-go while shielding growing numbers of middle-class families from the alternative minimum tax -- a $50 billion a year cost. You'll hear lots of talk about collecting unpaid taxes to finance the fix, but the Congressional Budget Office isn't likely to score savings from the tax gap any more than it will visits from the Tooth Fairy.

Second, as the decision to dump the promise of an open process to muscle through the first 100 hours agenda shows, it's a lot easier to vow fairness to the oppressed minority when you are it. Giving Republicans a real opportunity to offer alternatives and amendments is like handing them a loaded gun to aim at vulnerable Democratic freshmen. (Not that Democrats are anti-gun!)

? Iraq is the elephant in the chamber.

Democrats don't agree among themselves about what should be done. Even if they did, they are trapped between their fear of looking like micromanaging undercutters of the troops and the clamor of their base for cut-off and withdrawal. It's not clear that tut-tutting their disapproval will prove to be a successful strategy for exiting from this bind.

For the second 100 hours, and the third, and beyond, Iraq is likely to eclipse everything else on the Democrats' agenda -- whatever that turns out to be.

Democrats Drying Up Oil Industry Tax Breaks (LAT)

By Richard Simon

The Los Angeles Times, January 17, 2007

WASHINGTON — When oil company executives came before the Republican-controlled Congress in 2005 to defend their record profits amid high gasoline prices, they were spared the indignity of being sworn in under bright TV lights, as the tobacco chiefs had been a decade earlier.

But with Democrats in charge, perhaps no industry will find the new Congress less hospitable than the oil industry.

That will be underscored Thursday when the House is expected to approve a bill that would repeal billions of dollars in oil industry tax breaks passed by the GOP-controlled Congress.

The measure would raise about $14 billion over 10 years by repealing the tax breaks and by closing a loophole that allowed royalty-free offshore oil leases. The money would be used to promote energy conservation and develop alternative fuels.

Currently, the government spends about $1.2 billion a year on projects to promote energy efficiency and renewable fuels.

"It looks like Congress is looking to rebalance the equation," said Bill Prindle, acting executive director of the American Council for an Energy-Efficient Economy, an energy think tank based in Washington.

Repealing the tax breaks will be the last of a spate of measures, including today's vote to cut interest rates for student loans, that House Democrats pledged to pass in their first 100 legislative hours.

Gasoline prices have eased from the record high of more than $3 per gallon set in 2005 after Hurricane Katrina damaged Gulf Coast energy facilities; the average price nationally Tuesday was $2.23 per gallon for regular unleaded, according to the Auto Club. But energy remains a potent political issue, as evidenced by the nearly 200 lawmakers who have signed up as co-sponsors of the House bill.

President Bush is expected to propose energy initiatives in his State of the Union speech next week, and Democrats are spotlighting the tax repeal bill as a down payment on their plans to pursue a new energy policy.

The tax breaks were aimed at reducing U.S. dependence on foreign oil by encouraging domestic production of oil and natural gas. But even usually industry-friendly Republicans have found it hard to defend the oil companies after they recorded record profits.

One Republican who supports the House measure says it is smart to move the country away from fossil fuels. "Oil and natural gas are not forever," said Rep. Roscoe G. Bartlett of Maryland.

The measure is expected to easily pass the House but is likely to face a tougher time in the Senate. And it could run into trouble at the White House. Bush opposed the tax breaks for the oil and gas industry that were included in the 2005 energy bill. But the administration has been cool to the idea of forcing oil companies to renegotiate drilling leases.

A number of energy companies were permitted to drill royalty-free in the Gulf of Mexico in the 1990s, when energy prices were lower, to spur domestic production. But, in an apparent clerical error, a standard stipulation was left out of the leases that would have required the companies to pay royalties if oil prices rose. That oversight has shortchanged the Treasury by billions of dollars.

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White House spokesman Scott Stanzel said the administration recently moved to increase the royalty rate on new deepwater leases in the Gulf, but he said the faulty leases need to be honored. "The government should be a reliable partner with private industry and should not change the rules in the middle of the game," he said.

Some companies have voluntarily renegotiated leases. Under the House measure, the others would be required to renegotiate or pay a $9-per-barrel "conservation" fee. If they refuse, they would be barred from bidding on new offshore drilling leases.

The big oil companies have stayed in the background, largely leaving it to their trade groups to attack the bill.

"This measure is purely political with the goal of punishing an industry that has low favorability on Capitol Hill," said Barry Russell, president of the Independent Petroleum Assn. of America. "This is a time to encourage American investment in energy projects here at home, not discourage it."

The House bill would roll back a tax break included in the 2005 energy bill for only the five largest integrated oil companies.

And it would create a special exemption to exclude only oil and gas companies from a tax break included in a 2004 corporate tax bill aimed at encouraging domestic production.

Don Duncan, vice president of federal and international affairs for ConocoPhillips, criticized that provision, saying it was discriminatory.

The House bill doesn't go after all of the $32 billion in tax breaks and subsidies that Friends of the Earth, an environmental group, has estimated the oil and gas industries receive, including a $500-million research program put into the energy bill at the urging of then-House Majority Leader Tom DeLay (R-Texas).

That program, designed to fund research into "ultra deepwater" drilling, has been assailed as a "giveaway" to the oil industry by some Democrats. But other Democrats support it.

Environmentalists on Capitol Hill lobbying for the House measure said they hope it is just the first step toward eliminating all tax breaks and subsidies for the oil and gas industries.

Industry allies are worried about the new Congress.

"Those of us who want a pro-production energy policy are going to have our hands full in this Congress preventing too many bad things [from] happening," said Rep. Joe L. Barton of Texas, the top Republican on the House Energy and Commerce Committee.

Rep. Jim McCrery of Louisiana, the top Republican on the tax-writing House Ways and Means Committee, said, "If you're interested in trying to lower the cost of energy, raising taxes is not the way to do that."

Unlike some other initiatives on the 100-hour agenda that have drawn unanimous support from Democrats, such as increasing the minimum wage, repealing the tax breaks may draw opposition from Democrats from energy-producing states.

"There will probably be Democrats who vote no," said Rep. Gene Green (D-Texas). He plans to vote for measure, however. "We've tried to make the best of what we consider bad legislation."

No decision has been made on how the nearly $14 billion that the bill would generate over a 10-year period would be divvied up. Possible uses could include expanding funding or tax breaks for development and use of fuel-efficient vehicles and alternative energy sources, such as solar and wind power.

The measure's supporters hope the prospect of additional funds for home-state energy projects, such as increased ethanol production, will help generate bipartisan support for it in the Senate.

"It's long overdue, but Congress is finally ready to strip big oil of unjustified taxpayer subsidies and kick-start the nation's clean, renewable energy industry," said Rep. Henry A. Waxman (D-Los Angeles), a leading critic of subsidies to the oil and gas industries.

Utilities Endorse Climate-change Bill (HILL)

By Jim Snyder

The Hill, January 17, 2007

Six electric companies plan to support a Senate bill to cut greenhouse-gas emissions to curb global warming.

The bill, cosponsored by Sens. Dianne Feinstein (D-Calif.) and Tom Carper (D-Del.), would establish a national “cap and trade” program to limit power-plant carbon-dioxide emissions by 25 percent by 2020 from current projections.

The companies are members of the Clean Energy Group, which has advocated for a carbon cap in the past. The Carper-Feinstein bill is the “most aggressive emission reduction bill supported by industry to date,” according to a news release.

The companies supporting the bill are Calpine, Entergy, Exelon, Florida Power & Light, PG&E Corp. and Public Service Enterprise Group.

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A Low-Watt Bill (WP)

The Washington Post, January 17, 2007

THE HOUSE Democrats plan to pass an energy bill Thursday that combines the good, the bad and a large dose of missed opportunity. Thankfully, it faces an uncertain future in the Senate. Energy policy deserves more serious treatment.

The good part of the bill revokes tax breaks for oil and gas production in the United States that should never have been granted. In 2004, Congress reduced the tax rate on U.S. manufacturers and extended the definition of manufacturing to include oil and gas projects. This had the effect of subsidizing energy sources that contribute to global warming; Congress ought to be raising the carbon tax, not cutting it. The House bill would correct this error and use the proceeds to finance climate-friendly energy technology.

The bad part of the bill would effectively revoke lease contracts granted in 1998 and 1999 for offshore drilling. The leases mistakenly omitted a standard clause requiring energy companies to pay royalties to the Treasury if the price of oil rose above $34 per barrel. Now this omission is costing the budget an estimated $10 billion over the life of the leases. The administration, rightly, has tried to renegotiate the terms, and some leaseholders have cooperated. But Chevron and ExxonMobil, the companies with the most money at stake, feel that their responsibility to shareholders compels them to get something back if they are to give up large expected profits.

The House bill would break this deadlock by imposing heavy penalties on firms that do not renegotiate on terms imposed by the government. This heavy-handed attack on the stability of contracts would be welcomed in Russia, Bolivia and other countries that have been criticized for tearing up revenue-sharing agreements with private energy companies. Legitimizing that sort of behavior might be justified if it were the only way of fixing the leases. But Chevron, for example, says it would be willing to yield on the royalty payments if the duration of its leases could be extended.

The main problem with the House bill is that hitting up oil companies is a poor substitute for a real energy policy. The nation needs to accelerate the development of less-carbon-intensive fuels by capping or taxing carbon consumption. Members of Congress sometimes present half-measures such as the House bill as the most that can be achieved, given political constraints. But the oft-cited defeat of the BTU tax in Congress occurred more than a decade ago. The evidence on global warming has changed radically since then, and so, too, has the politics. Even ExxonMobil, traditionally the fiercest opponent of climate action, has cut funding to "research" groups that question global warming and is starting to engage in the debate about which sorts of carbon restrictions should be adopted.

Judges Look To Clerks With Experience (LAW)

By Anna Palmer, Legal Times

Legal Times, January 17, 2007

Julia Kiraly doesn't fit the profile of a judicial clerk, the Ivy Leaguer who jumps directly from law school to a judge's chambers. After hopscotching from Venable to Hogan & Hartson and back to Venable in her first four years of practice as a litigator in Washington, D.C., Kiraly did the unthinkable for many young lawyers looking to scale the law firm ladder: She passed up a growing six-figure salary to clerk for Chief Judge Thomas Hogan of the U.S. District Court for the District of Columbia.

However unconventional, Kiraly, now entering her second year clerking for Hogan, is emblematic of a growing number of lawyers leaving private practice to clerk on one of the most competitive circuit courts.

Though the graying of Supreme Court clerks has been well documented (think Justice Samuel Alito Jr.'s first-term pick of Adam Ciongoli, former senior vice president and general counsel of Time Warner Europe, as his clerk), the increasingly older talent pool applying for federal circuit court clerkships has risen over the past couple of years as lawyers seek to boost their résumés. The trend also reflects the growing number of federal judges who have done an about-face by requiring, or strongly preferring, law clerks who draft opinions and research questions of the law to obtain some real-world experience beyond school.

"I think I'm clearly in the growing minority," says Judge Richard Leon, of the U.S. District Court for the District of Columbia, about requiring his clerks to work at least a year prior to their clerkships. "Each clerk is monitoring as part of his or her job 125 to 150 cases across the entire spectrum of the law. I just find that the law clerks are much more confident, able, and their writing skills have been perfected after working for a couple of years."

A HUGE ADVANTAGE

Applying for a clerkship after entering the marketplace hasn't always been in vogue. For decades, judges relied on the nation's top law schools to fill clerk positions. Even five years ago it was almost unheard of at most Washington firms to clerk after becoming an associate. But in-house recruiters and hiring partners say they have seen a distinct change in the number of associates exiting for clerkships.

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"We have at least three and we may have four first-year associates who are leaving to clerk next fall," says Brian Brooks, a partner in O'Melveny & Myers' Washington office. "Three years ago it would have been zero."

Brooks, who is hiring partner in the firm's D.C. office, was the firm's first nontraditional clerk in 1997 when he left after working for two years to clerk for Judge Danny Boggs on the 6th U.S. Circuit Court of Appeals. Since then, he's used his experience to help mentor associates applying for clerkships.

"There's a huge advantage once you've practiced for a year in deciding what kind of [clerk] experience you want," says Brooks. "It's very tough to choose which judges are right; you have much more of a sense of what areas of law interest you, geography and things you might have in common with the judge."

O'Melveny isn't alone. Firms such as Kirkland & Ellis, Arnold & Porter and Gibson, Dunn & Crutcher all say they've noticed the increase in judges picking associates from inside their law firms.

Instead of viewing associates departing for clerkships as a negative trend, law firms have framed it as a recruiting tool to lure clerks back to firms with incentive packages.

Latham & Watkins, for example, typically offers federal judicial clerks hoping to join the firm a one-year credit and a $35,000 signing bonus. Arnold & Porter's Deborah Feinstein, who is on the firm's management committee and is a former hiring partner, says the firm usually allows associates to hold an offer with the firm if the judge allows or otherwise tries to recruit them back after their service.

The Code of Conduct for Judicial Employees leaves the decision of whether a clerk can hold an offer at a firm up to the individual judge.

Although the reasons vary among lawyers looking to exit private practice, many current and former clerks point to paying off student loans and starting at a high government salary as incentives to wait at least a year before applying for a clerkship.

"I actually didn't apply as a third-year, mainly, because I just couldn't afford the application process," says Kiraly, who graduated from William & Mary's Marshall-Wythe School of Law in 2001 during the associate salary boom.

Lawrence VanDyke, a former Gibson Dunn associate who clerks for Judge Janice Rogers Brown of the D.C. Circuit, says the financial pressures of being married with three kids also played into his waiting a year before applying.

Associates also use clerkships as an easy transition to leave a firm or to get expertise in a different practice area.

Although Schan Duff, now a fifth-year associate at O'Melveny, returned to the firm after a one-year clerkship with Chief Judge Anthony Scirica on the 3rd Circuit, he says he was able to transition away from litigation and antitrust work into the firm's financial services and regulatory practice.

A COMMON BACKGROUND

Judges with prior law firm experience appear more apt to choose associates as clerks. D.C. District Judge Leon, a former partner at Baker & Hostetler and Vorys, Sater, Seymour and Pease, still hires clerks during their third year of law school but requires them to work a year or two post-law school before coming on board. Judge Rosemary Collyer of the U.S. District Court for the District of Columbia, formerly a partner at Crowell & Moring, also requires at least one year of experience.

"I have clerks that come from the courts of appeals, but mostly, I have clerks who have spent anywhere from about 18 to 35 months in a law firm environment, and then they decide they want to be a clerk," says Collyer.

Weil, Gotshal & Manges partner Gregory Coleman sees the practical experience as a bonus for judges. Coleman, who clerked for both Judge Edith Hollan Jones of the 5th Circuit and Supreme Court Justice Clarence Thomas, accepted a position with Weil Gotshal before clerking for Jones and then returned to Weil before departing again to clerk for Thomas.

"I think I brought a more practical perspective, so when you read things and petitions and other things, I tended to be a little more skeptical of certain types of claims, and also you can kind of see how the procedural aspects build up better," Coleman says.

Collyer agrees.

"I spent many years in law firms hiring people right out of law schools, which is what law firms do mostly, and I think that the first year out of law school [they] have a lot of settling in to do," says Collyer. "If a judge who has been used to hiring out of law school happens to hire somebody with a little more experience, [the judge] discovers what a difference it makes."

Gradual Rate Cuts Trim Cost Of House Student Loan Bill (WT)

By Amy Fagan

The Washington Times, January 17, 2007

Democrats, trying to deliver on expensive campaign promises, are offering a slimmer version of legislation to cut interest rates on student loans.

The House today is expected to approve the College Student Relief Act of 2007, with some Republican votes, which would cut interest rates gradually on need-based federal loans for college undergraduates from 6.8 percent to 3.4 percent by 2011.

It ultimately would save the average student borrower about $4,400 over the life of a loan.

"This legislation will be a vital first step towards helping lower college costs for millions of low- and middle-income students, while keeping our promises to taxpayers to maintain responsible spending," said Rep. George Miller, California Democrat and chairman of the House Education and the Workforce Committee.

Mr. Miller is a sponsor of the bill, a signature item on the Democrats' first 100 hours agenda. The version is trimmer than legislation crafted last year, which would have cut interest rates on student loans immediately rather than gradually.

"They're running into reality," said Rep. Howard P. "Buck" McKeon of California, the top Republican on the education panel.

Democrats estimate that the legislation will cost $5.85 billion over five years. The National Taxpayers Union said the original version from last year would have cost $37 billion.

The Bush administration opposes the bill. The Office of Management and Budget said the legislation won't help current students or their families and that encouraging more student debt can fuel higher tuition costs. Colleges must join the effort to make education affordable, an OMB memo said.

"The Administration will continue to work with Congress on a comprehensive approach to improve college access for the neediest students, in a fiscally responsible manner," the memo said.

Democrats call the bill a first step in addressing higher education costs, which have risen 41 percent since 2001 and leave the average graduate with $17,500 in federal loan debt. Similar legislation will move in the Senate as well.

Democrats also have pledged other measures to ease the load of student loans, such as increasing the maximum Pell Grant award.

The Young America's Foundation suggested that increased federal funding would create "a perverse market incentive" for schools to inflate costs.

More federal dollars to higher education "will only expand the problem of affordability while allowing schools to amass even larger fortunes on the backs of beleaguered American taxpayers," a foundation memo said.

Mr. McKeon called the House bill "well-intentioned" but said Congress should address the root of tuition increases, in part by asking education institutions to account for big-ticket spending items that help drive up costs. He will offer his own legislation today as an amendment to the Democrats' bill.

House To Vote Student Loan Interest Bill (AP)

By Nancy Zuckerbrod

AP, January 17, 2007

WASHINGTON — Continuing its march through an agenda of popular legislative initiatives, the Democratic-led House is considering cutting interest rates on some college student loans in half.

The House was scheduled to vote Wednesday on the measure, which would help an estimated 5.5 million students who get need-based federal loans.

The government pays the interest that accrues on those loans while students are in college. Students pick up the payments after they leave school.

The rates would drop from 6.8 percent to 3.4 percent in stages over a five-year period under the House proposal. That would cost nearly $6 billion, according to the Congressional Budget Office.

To avoid increasing the deficit, the bill's cost would be offset by reducing the yield on college loans the government guarantees to lenders and cutting the guaranteed return banks get when students default. Banks also would have to pay more in fees.

The House was expected to approve the bill, though its future is uncertain beyond that. The Bush administration and some top Republican lawmakers oppose it. Sen. Edward Kennedy, D-Mass., head of the Senate's education committee, plans to pursue broader education legislation that addresses the proposed interest rate cut.

Democrats, who took over Congress this year, are trying to make good on a campaign pledge. However, the plan has been scaled back.

During last year's campaign season, Democrats did not spell out that the cut they were talking about passing in the first 100 hours of the new Congress would only affect need-based loans. They also pledged to lower interest rates for parents who take out college loans for their children, and said they wanted to increase the maximum Pell grant award from $4,050 to $5,100. Pell grants go only to the neediest students and do not have to be paid back.

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California Democratic Rep. George Miller, chairman of the House committee on education, said lawmakers plan to address those issues later.

California Rep. Howard "Buck" McKeon, the highest-ranking Republican on the education committee, criticized Democrats for considering the legislation without hearings. He also said he worried the cuts could lessen the services and benefits students receive.

McKeon noted Congress cut $12 billion from the student loan program last year as part of a budget bill.

"If we make it so unattractive to be in the student loan business, they'll go into the car business," McKeon said of lenders.

Luke Swarthout, who lobbies on higher education issues for the U.S. Public Interest Research Group, said the industry is highly profitable and can sustain this round of cuts.

"This is one of the most heavily subsidized and lucrative industries," he said. "These lenders receive guaranteed profits with virtually no risk."

The House bill is H.R. 5.

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On the Net:

http://www.house.gov/ed_workforce/

House Democrats Scale Back Plan To Cut Rates On Student Loans (MCT)

By Barbara Barrett

McClatchy Newspapers, January 16, 2007

WASHINGTON - The plan House Democrats will push Wednesday to slash rates on some student loans falls short of a proposal they pitched nearly a year ago when the Republicans controlled Congress.

The House Democrats' plan doesn't cover all student loans - only federally subsidized Stafford loans targeting some middle-income families - and it will take five years to phase in. And though education advocates praise the effort as a nice start, they say it won't do much to boost college access at a time of soaring tuition increases.

Many would rather see Congress focus its efforts on increasing Pell Grants, which focus primarily on low-income families and don't have to be repaid.

"It's a great way to communicate that you support students and their families," Kimrey Rhinehardt, vice president for government affairs at the 16-campus University of North Carolina system, said of Wednesday's vote. "But this is not the panacea for the problem. It's a much bigger problem."

The rate cut would be unlikely to encourage more students to go to college, some advocates say, and it doesn't affect students while they're in school. Instead, it would lower monthly payments for college graduates, saving the average borrower more than $4,200 over the life of the loan.

Democrats say the rate cut begins to tackle the affordability issue. Since 2001, tuition has jumped 41 percent at the nation's public colleges and universities and 17 percent at private schools.

In December 2005, Republicans cut $12 billion from the federal student loan program in the budget reconciliation bill. Pell Grants, which go to the neediest students, have been flat for five years.

In March, Democrats wanted to halve the interest rate to 3.4 percent on all student loans. Their effort in the House failed, but it became a campaign issue for the party.

"We should support (students) with a real federal investment in their education - not a sham that does not help American students and families pay for college," said then-Minority Leader Nancy Pelosi.

After doing the numbers, Democrats announced this month that they hope to cut rates on just federally subsidized Stafford loans, used now by about 5.5 million students.

Even then, the reductions would be phased in over five years and would cost nearly $6 billion to implement.

"This is a down payment on addressing the college affordability crisis," said Tom Kiley, Democratic spokesman for the House Education Committee. "It is a first step we can take."

Some Republicans labeled the plan "hypocrisy."

"It's a sham and a lie," said Rep. Virginia Foxx of North Carolina, a member of the Education Committee and former community college president. "It wouldn't guarantee that one more student would go to college because of this."

Educators hope Democrats will do more in coming months. The Senate version of the bill comes as part of a larger higher education package and would increase Pell Grants.

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The subsidized loans target mostly middle-income families, with about half of the loans going to students in families earning between $26,000 and $68,000 a year, said Bill Parsons, associate director of government affairs at the American Council for Education in Washington. Those students leave college with an average debt of $13,800.

Democrats plan to offset the costs by increasing the money they get from lenders who administer the program. Some lenders warn the interest rate cuts could actually penalize students as lenders pass on fee increases to students.

"A lot of lenders say they won't be able to offer as high-quality services to students," said Joe Cronin, president of The Student Loan Network, a lender in Quincy, Mass. He, too, favors increasing Pell Grants, but said few would outright oppose cutting student interest rates.

"I think the Democrats in Congress are in favor of it because it sounds really nice," Cronin said. "Overall, there's definitely better ways that money could be spent."

Bush Rejects Democrats' Plan To Cut Student-Loan Rate (BLOOM)

By Paul Basken

Bloomberg, January 16, 2007

Jan. 16 (Bloomberg) -- The Bush administration rejected a Democratic plan to cut interest rates on federally backed student loans, saying it instead preferred that Congress concentrate on funding direct-aid programs.

``Student debt loads have soared in recent years, and it is not clear that encouraging more loans is a wise course," the White House's Office of Management and Budget said in a written statement. The administration instead favors increasing grant aid to low-income students, the OMB said.

The U.S. House of Representatives, as part of a legislative package it has promised to enact in its ``first 100 hours" after taking control this year from Republicans, plans to cut in half over five years the 6.8 percent rate on federally backed college loans.

The plan also has drawn criticism from banks, which oppose provisions that would make them pay the estimated $6 billion cost of the lower rates, and congressional Republicans, who want more pressure on colleges to reduce costs.

The legislation, drafted by Representative George Miller of California, the new Democratic chairman of the House education committee, is scheduled for debate and a vote tomorrow on the House floor.

Miller's plan would pay for the interest rate cut through steps that include reducing the return on federal loans by 0.1 percentage points. That cut only would apply to the largest 32 lenders, defined as those holding 90 percent of all student loans.

Affected Lenders

Affected student lenders include SLM Corp., Bank of America Corp., Citigroup Inc. and Wells Fargo Bank. They aren't opposed to cutting the rate, since the federally backed loans provide a guaranteed return, though they have criticized Democrats for proposing that they bear the cost.

The size of the cuts proposed by Miller could force some banks out of the student lending business, said Moshe Orenbuch, a banking industry analyst at Credit Suisse AG in New York. Orenbuch, in a note last week to investors, predicted Bush wouldn't sign such a measure into law.

The American Council on Education, the major Washington- based university association, supports Miller's plan even though it agrees Congress might be able to spend the same money in ways that benefit more needy students, said Becky Timmons, the group's director of government relations.

Pell Grants

Bush and the Republican-led Congress had six years to increase Pell Grants, the main federal grant program for low-income students, if they wanted to do it, said Timmons, whose group represents about 1,800 colleges and educational organizations.

The only increase in the program during that period, however, was due to gains in the number of participating students, Timmons said.

The previous chairman of the House education committee, Republican Representative Buck McKeon of California, today wrote to Miller saying his plan was ``well-intentioned." McKeon said he would argue instead, however, for legislation giving colleges incentives to hold down costs.

McKeon's plan proposes government-organized studies to evaluate college costs and rate schools on their financial performance.

The Bush administration, in its statement, said it too believes that increasing affordability is a job that ``must be shared with colleges."

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U.S. colleges are willing to discuss such ideas, though they're wary of McKeon's proposals in such areas as suggesting that small businesses give advice on holding down costs, Timmons said. ``It's got some very odd aspects to it that we would oppose,'' she said of McKeon's plan.

Educating Democrats (WSJ)

The Wall Street Journal, January 17, 2007

House Democrats have scheduled a vote for today on a proposal that would reduce the interest rate on student loans. The ostensible goal is to make college more affordable, but such a move could well wind up having the opposite effect.

Democrats campaigned last fall on a pledge to lower the interest rate on subsidized student loans to 3.4% from the current 6.8%. "We will broaden college opportunity," says Nancy Pelosi, the new House Speaker, "and we will begin by cutting interest rates for student loans in half." It makes for a good sound bite, but on closer inspection the connection between lower interest rates and "college opportunity" is far from clear.

The interest rate doesn't affect whether a student can pay his or her tuition bill, which means that no one unable to afford college today will suddenly be able to do so because of a reduction in the rate. Rather, lowering the rate will simply boost the federal subsidy for loan repayments after graduation. That's because the financial institutions that handle these loans are guaranteed a rate of return, regardless of the interest rate. Halving the rate that lenders can charge borrowers means larger government (read: taxpayer) subsidies for the banks.

In other words, the Democratic loan proposal isn't really about making college more affordable for low-income families. It's about expanding federal subsidies for college grads, including millions of middle-class men and women who will go on to do very well in life and hardly need such a government handout.

"The average college graduate leaves school with a debt of $17,500, which after consolidation and tax breaks comes to about $102 a month," says Brian Riedl of the Heritage Foundation. "If a college degree adds about a million dollars to your lifetime income, 102 bucks a month is manageable." Democrats know that subsidizing college graduates doesn't sound all that great as a political theme, so instead they pretend that cutting student-loan interest rates will somehow make higher education more "accessible."

The Democrat proposal also has the potential to exacerbate perverse incentives already associated with the government student loan programs. Since 1992, tuition at public and private colleges has risen 86% and 52%, respectively. The only other segment of the economy where costs have outpaced inflation by similar leaps and bounds is health care. And it's no coincidence that third parties foot the bill for big chunks of both higher ed and health care spending; this has predictably increased demand relative to supply and resulted in prices rising faster than they would otherwise.

Like any business, colleges will charge as much as their customers are willing to pay. And you can be sure that, as quickly as student aid increases, colleges will raise tuition to capture the additional funds. In the absence of all this subsidization, colleges would have to be more cautious about raising tuition because their customers would be affected more directly. So the biggest winners from this latest subsidy will be the relatively well off professors and administrators who run higher education.

Rather than scaling back these interest rate subsidies, Democrats want to make them more generous. This can only have the effect of further distorting the true cost of a college education by pushing more and more of that cost on to taxpayers. Ultimately, increasing the government's role is a recipe for making college less affordable.

Boehner: New Ideas Wanted (RC)

By Susan Davis

Roll Call, January 17, 2007

For all the hurdles House Republican leaders face in the minority, the biggest one simply may be getting their rank-and-file Members to accept the realities of their new deflated status.

“I had a Member one night last week moaning and groaning about the schedule,” House Minority Leader John Boehner (R-Ohio) said in an interview Tuesday. “And I just had to look at him and say, ‘Why don’t you go talk to Mr. Hoyer?’ It is what it is.”

While House Majority Leader Steny Hoyer (D-Md.) now holds Boehner’s old job, Boehner makes no excuses for the electoral losses of the party he now leads.

“You could say that our reservoir of new ideas is low ... to some extent, you could argue that we got lazy. We’ve been the party of ideas and the American people, by and large, agreed with us for a long time,” he said.

Boehner defined the challenges of the GOP in the minority: “We’ve got to work harder, we’ve got to work smarter, and probably the biggest thing we need to do is energize our Members to create new ideas for solving the problems the American people sent us here to solve.”

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While Democrats continue to tick off a list of early legislative accomplishments, most with considerable Republican support, Boehner is quick to dismiss speculation that there are rifts in the GOP ranks.

"I think we have to remember that we're in the midst of a honeymoon. I find it interesting the stories that are being written about disunity among Republicans," he said, "I've told our Members, 'Smile, we'll deal with it, let's not get too excited.'"

But looking beyond the popular measures included in the Democrats' "100 hours" agenda, House Republicans now face a much more divisive issue as a Democratic-led Congress takes on President Bush's plan to commit an additional 20,000 troops to the Iraq War as a means to bolster chances of success in the region.

"We have a case here in regard to Iraq where many of our Members are skeptical about the president's plan, and this is going to be a difficult moment for our Conference as a whole," Boehner acknowledged.

House leaders, including Boehner, GOP Conference Chairman Adam Putnam (Fla.) and Republican Policy Committee Chairman Thaddeus McCotter (Mich.) recently have begun a series of informal listening sessions to gauge Member support. Another was scheduled for Tuesday evening, according to Putnam.

"We're still in that listening mode, and we're going to have to come to some decision on how to proceed here soon," Boehner said.

Hoyer told reporters Tuesday that Democrats in both chambers would bring a nonbinding resolution to the floor in the coming weeks to serve as a referendum on the "surge" plan. Hoyer said he anticipated a "very significant bipartisan vote" against Bush's proposal.

Boehner said Tuesday that he generally does not support making such votes a question of party loyalty, noting that one of his first votes as a Member of Congress related to the first Persian Gulf War.

"The Congress has a responsibility to provide proper oversight of the administration whether you're a Democrat or a Republican, [and] especially when it comes to war I think it's incumbent upon us to do our constitutional duty," he said, "I'm a bit sensitive about Members' ability to do what their conscience tells them."

House Minority Whip Roy Blunt (R-Mo.) and Putnam told reporters Tuesday that it remains to be seen if the GOP will whip against the resolution. "Let's see what they come up with," Blunt said. "We'll have to see what the resolution says to see how much conscience is involved or whether it is just a partisan ploy to embarrass the president."

Putnam echoed the sentiment, calling a nonbinding resolution a "legislative fig leaf," and said Democrats have yet to put forward their own plan for success in Iraq.

"Let's put this resolution into the correct category of just more political rhetoric," added Boehner. "It's a nonbinding resolution that means nothing. If Democrats were serious about this, they'd offer their own plan. If they were really serious the would decide, 'We disagree, we're going to shut down all funds for this.'"

Individually, Boehner, Blunt and Putnam have all said they support what the president has put forth — a position that heightens pressure on the new leadership team to balance the views of a number of their Members who believe that they lost the majority largely due to the war — and that House Republicans need to operate more independently from the White House in the 110th Congress.

"There is a sense that we've been carrying the water for the White House for too long," said one senior Republican late last week.

Boehner said the GOP would not give the White House a free pass on Iraq.

"My role and House Republicans' role is twofold," he said. "While the president is of our party, and there's an inclination to be supportive, we're also Members of Congress, a different branch of the government, with the responsibility to look closely at what the administration is doing."

With Democrats in the driver's seat, Bush will now have to negotiate with Congress in a way he never had to face in his first six years in office. Boehner expressed confidence that the new power structure would not mean that Congressional Republicans could be side-lined in the process.

"I have absolutely no fears that we won't be in full communication with each other," he said, adding that the president has given him personal assurances on that front.

Boehner said he shares a "close" relationship with Bush. "I don't expect that to change at all," he said.

Boehner likewise expressed confidence in his new leadership team and said his relationship with Speaker Nancy Pelosi (D-Calif.) has been "nice" so far.

Boehner said he believed he could work with Pelosi particularly on matters of institutional importance. "I think it's important we have conversations and work together for the good of the institution," he said.

Despite his personal opposition, Boehner has agreed to work with Pelosi to set up a bipartisan ethics task force, tentatively made up of four Members on each side, to examine the creation of an independent ethics body to police Members.

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"I've had grave concerns about us abdicating our responsibility as outlined in the Constitution," he said. "The Constitution makes it very clear that Congress is to decide its rules and enforce them, so I have concerns."

And while House Democrats led by Pelosi and Hoyer in the minority largely employed a strategy of party-line opposition to major GOP policy initiatives to forge renewed party unity, Boehner said he has three options as Minority Leader on a daily basis: work with Democrats, work against Democrats or get out of their way.

"I think the key to my job and the key to success of our Conference is making the right decision every day," he said. "It's not in our interest to make our Members march in lock step every day in total opposition to what the majority wants. I don't think that's constructive, I don't think that's helpful."

Flaking Out (LAT)

The Los Angeles Times, January 17, 2007

NOW THAT THE time has arrived for congressional Republicans to show what they've learned from November's elections, they seem more concerned with the party line than with the party's performance. Consider House Minority Leader John A. Boehner's decision to remove Rep. Jeff Flake of Arizona from his seat on the House Judiciary Committee.

Flake has made a name for himself with his long-standing effort to eliminate excessive congressional "earmarks" — not through any complex new ethics legislation but by publicly fighting individual earmarks on the House floor. It's not certain that this was the reason he lost his Judiciary Committee job. Flake believes that he's being punished for supporting comprehensive immigration reform. Other D.C. observers say Boehner (R-Ohio) is making good on his promise last year to punish "bad behavior" by Republicans who vote against the party's leadership. What is clear is that Flake, the kind of fiscal conservative who has the potential to reverse the GOP's woes, is being held back not for his behavior but for his beliefs.

So is Rep. Walter B. Jones (R-N.C.), who has been passed over for a leadership position on the House Subcommittee on Readiness . Though Rep. Duncan Hunter (R-El Cajon), the ranking Republican on the House Armed Services Committee, did not characterize his decision to promote a lawmaker with less seniority, Jones has called for the withdrawal of U.S. troops from Iraq.

Party discipline is not without value, and it's worth noting that the charismatic Flake has been more effective at building his own reputation than at reining in pork. Still, Flake is a skilled advocate for his party's core fiscal beliefs. And Jones is one of a growing number of Republicans who are disenchanted with the war. If Boehner and company want to restore the GOP as a party of ideas, rigor and credibility, they'll stop expecting all its members to march in lock step.

Senate GOP Begins Repair Of Messaging (HILL)

By Alexander Bolton

The Hill, January 17, 2007

Senior aides to Senate Minority Leader Mitch McConnell (R-Ky.) and Senate Republican Conference Chairman Jon Kyl (R-Ariz.) met with Senate Republican press secretaries yesterday to address last year's communications shortcomings under former Sen. Bill Frist (R-Tenn.).

McConnell and Kyl have decided that more members of their conference must actively voice the GOP's vision both in the national media and to constituents. Senate Republicans have felt increasing pressure to reform their communications strategy following the success of Senate Majority Leader Harry Reid's (D-Nev.) war room, which is part of a 20-person Democratic communications team that specializes in rapid response.

"We learned that our policies are best communicated when we're working as a team," Kyl told The Hill. "All our Republican Senators are leaders, and it's our mission to help highlight the contributions they're making to our policy agenda."

"This week alone we're already seeing progress in the effort to promote small business growth, restrain wasteful spending, and prevent government from price-fixing prescription drugs."

"It's long overdue," Senate Republican Conference Vice Chairman John Cornyn (R-Texas) said of McConnell's plans. "We have been on the short end of the stick when it comes to defining ourselves to the American public."

Frist attempted to implement a coordinated communications program such as McConnell and Kyl now envision, but it was widely viewed as an ineffective effort. Some Republicans attribute Frist's failure to push the initiative to the former majority leader's presidential ambitions. They argue that Frist's concern over voters in presidential primary states constrained his ability to speak effectively on behalf of the GOP conference.

"I thought it left something to be desired," Cornyn said of last year's communications strategy. "You can't serve two masters. When you have divided allegiances, something has to suffer. No one now in leadership is running for president."

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One of Frist's famous communications gaffes came in the summer of 2005 when he unexpectedly announced his support for federal funding of stem-cell research. The pronouncement came as a "bolt out of the blue," according to Republican aides, and obscured a message with which Republicans carefully had planned to kick off the August recess. Another stumble came last year when Frist told reporters that Republicans would consider a compromise on repealing the estate tax. Conservatives were angered that Frist's statement came in the middle of a floor debate on full repeal that they felt they had been winning.

Cornyn's former spokesman, Don Stewart, who now serves as communications director for McConnell and Kyl aid Ryan Loskarn are arranging meetings with the offices of all 49 Republican senators to craft a coordinated communications plan.

Stewart outlined his proposal during Tuesday's meeting with GOP aides. Senate Republican Conference aides also attended the session, during which they also presented Kyl's ideas for integrating more rank-and-file lawmakers in party message-shaping.

Rank-and-file GOP aides have criticized what they perceived as Frist's hierarchical approach to coordinating the Republican line. Frist, they say, tended to concentrate more on issuing talking points than soliciting feedback.

"There are two ways of initiating a communications strategy," a GOP Senate aide said. "One is to go to offices and ask what the offices are working on and the second way is to say, 'Here are the talking points, if you want to be on the team you have to use these.' Most offices don't find [the latter] very effective."

When McConnell brought Stewart onboard last year, GOP aides and lobbyists interpreted the move as a signal that the incoming Republican leader would take an aggressive approach to communications because of Stewart's outspoken work on Cornyn's behalf. Kyl's hiring of Ron Bonjean to serve as conference staff director is being viewed in the same way. Bonjean previously handled communications for former Senate Majority Leader Trent Lott (R-Miss.) and former House Speaker Dennis Hastert (R-Ill.)

The new Republican leadership has told fellow Republicans that it intends to spread the party's message in a more collaborative way. In meetings with rank-and-file Republican aides, McConnell's and Kyl's staff have asked lawmakers on which issues they are most focused and would be willing to serve as party spokesmen. The communications team would also like Republican senators to appear more frequently on television and radio and better use Internet platforms.

With an eye toward meeting those targets, the Senate Republican conference is advertising to members the services they provide, such as a satellite feed through which lawmakers can conduct television interviews in their home states from Washington. Senators can also use a studio located on the fourth floor of the Hart office building to record video greetings and public service announcements for play at home. The conference also has told lawmakers it will provide camera crews to cover them at press conferences, hearings and meetings with constituents.

The conference is the communications arm of the Senate Republican leadership, but last year it was hampered because then-chairman Rick Santorum (R-Pa.) was preoccupied by a difficult reelection race, one he ultimately lost. Republican leaders last year tapped Cornyn and Sen. Jim DeMint (R-S.C.) to help Santorum, but the solution came too late, say Republicans.

"This year will be more focused," said DeMint, whom colleagues recently elected to head the Republican Steering Committee. "I know the idea of trying to set up a coordinated approach was one we tried to work with that last year but, frankly, I don't think we did it in time."

Asked about Frist's divided attentions, DeMint said, "I don't know if it was a presidential thing or whatever but we never got a coordinated communication package. Mitch McConnell is trying to do that right out of the box and I think [the] focus is on doing what we need to do here completely."

DeMint endorsed the plan to get more lawmakers involved in the communications effort, which he took up last year — albeit too late in the election cycle to pay political dividends. DeMint said in his new leadership role, however, he will focus more on crafting policy.

"The media tends to go to a few high-profile members and want to hear from them, but I think it's important to get members with particular expertise and push them out front," he said. "My priority will be to work with the steering committee to communicate conservative principles and try to steer our whole conference and the Congress in a more constructive conservative way."

Cornyn still is developing his plans as conference vice chairman. But he will meet with Republican senators who are facing reelection in 2008 to understand their political and policy priorities and to weave them into an overarching message for the conference.

Lawmakers' Lobbying Spouses Avoid Hill Reforms (WP)

By John Solomon

The Washington Post, January 17, 2007

DOJ_NMG_0117592

When Sen. Byron L. Dorgan (D-N.D.) rose to the Senate floor last summer and passionately argued for keeping the federal estate tax, he left one person with an interest in retaining the tax unmentioned.

The multibillion-dollar life-insurance industry, which was fighting to preserve the tax because life insurers have a lucrative business selling policies and annuities to Americans for estate planning, has employed Dorgan's wife as a lobbyist since 1999.

A few months earlier, Sen. Elizabeth Dole (R-N.C.) had pleaded for restraint as she urged colleagues to avoid overreacting to the news that the Bush administration had let a United Arab Emirates company take over operations at six U.S. ports. At the same time, her husband, Robert J. Dole, a former senator and presidential nominee, was registered to lobby for that company and was advising it on how to save the deal from the political firestorm.

At least half a dozen congressional spouses have jobs as registered lobbyists and several more are connected with lobbying firms, but reining in the practice to prevent potential conflicts or the appearance of them has not been a priority among congressional leaders. Even modest proposals such as banning wives and husbands from lobbying their spouses or using their spouses' floor privileges for lobbying have gone nowhere.

Democrats made ethics reform a major issue in last fall's congressional elections, but the ethics package the House approved earlier this month didn't address the issue and neither did the one proposed by Senate Democrats. Last week, however, Sen. David Vitter (R-La.) proposed banning spouses of senators from lobbying any part of the chamber. The lone exception is for spouses who were lobbying at least one year before their husband or wife was elected.

The Senate is scheduled to vote on the legislation as soon as today. Senate Majority Leader Harry M. Reid (D-Nev.) called Vitter and said he would support the proposal with one caveat: It should exempt spouses who are already lobbyists.

"As long as it is not retroactive, Senator Reid supports efforts to ban spouses of sitting members from lobbying in the future," spokesman Jim Manley said. Vitter said he will not support Reid's proposal. "I think this goes to one of the fundamental issues in this whole debate and that is officeholders using their office to increase their personal and family income. It doesn't get any more basic than that," Vitter said.

Massie Ritsch of the Center for Responsive Politics, a nonpartisan group that studies political donations and ethics in Washington, said that if senators decide that a lobbying ban is necessary, it makes no sense to exempt current spouses.

"If there is a problem here, it is that family members can get access to lawmakers that other people don't. And if they exempt the current spouses, then they are making it all the more exclusive. Those family members will seem all the more special."

Vitter's legislation does not apply to the House. It also does not address lawmakers' siblings and children, another growth area in lobbying. Vitter said he wanted to make the plan broader but was not assured of a vote, so he scaled it back to Senate spouses.

Elected to the Senate in 2004, Vitter took an initial foray into ethics reform more than a year ago, proposing the spousal lobbying ban as well as the end of large tribal donations like those seen in the Jack Abramoff lobbying scandal. But his plans went nowhere when his own party was in charge.

Vitter had garnered scrutiny during the scandal when it was learned that, as a House member in 2002, he had written a letter opposing a casino for an Indian tribe that rivaled Abramoff's clients. Vitter had taken donations from Abramoff's tribal clients but had refunded the money. He said he always has opposed gambling.

With Democrats in control of Congress and promising broad ethics reform, Vitter tried again. Last week the Senate rejected another of his proposals -- one to end the practice of lawmakers hiring relatives and paying them with Senate office, campaign or political action committee money.

Typically, according to their offices, those senators with lobbyist-spouses do not let their spouses lobby them or their staff personally. The rest of the Senate and Congress, however, is usually fair game.

Robert Dole's office said that while he registered to lobby for DP World, he never contacted the Senate and instead focused on giving advice. Nonetheless, his work during the political firestorm over port security helped earn his firm $320,000 in the first half of 2006, records show.

Kimberly Olson Dorgan is registered as a lobbyist for the American Council of Life Insurers and worked on several issues, including the estate tax. She now has moved into an executive job. Barry Piatt, a spokesman for Byron Dorgan, said that the senator long opposed repealing the estate tax, that his position was consistent with that of most Democrats and that his wife's job had no bearing.

Piatt noted that Dorgan once was at odds with his wife's lobby when he supported exempting income under $10 million from the estate tax.

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Though the Dorgans built a voluntary wall between them, it doesn't extend to the senator's reelection campaign. His wife's lobbying group gave the senator's campaign $2,000 from its political action committee in 2004. And other life insurers have donated tens of thousands of dollars to Dorgan's campaign, Federal Election Commission records show.

Among the other senators with lobbyist wives are Ted Stevens (R-Alaska) and Kent Conrad (D-N.D.).

Catherine A. Stevens has been a registered lobbyist for the Washington firm of Mayer, Brown, Rowe & Maw, whose past clients include media giant Bertelsmann AG and the famed King Ranch in Texas, lobbying records show. She did not return calls to her office seeking comment.

Lucy Calautti, Conrad's wife and a former chief of staff to Dorgan, is registered to lobby for Major League Baseball's commissioner's office, which paid her firm at least $360,000 in the first half of 2006, according to the most recent lobbying reports on record with the Senate. She did not return calls to her office seeking comment. Conrad spokesman Chris Thorne said that the senator and his wife have a firm rule prohibiting her from lobbying his Senate office and staff.

On the House side, Abigail Blunt, the wife of House Minority Whip Roy Blunt (R-Mo.), has lobbied for years for Altria Group, the parent company for Kraft Foods and tobacco firm Philip Morris. The couple were married in 2003 and decided about a year ago that Abigail would no longer lobby any part of the House, Blunt's office said yesterday. And Jennifer LaTourette, the wife of Rep. Steven C. LaTourette (R-Ohio), has been registered in recent years to lobby for several interests, including health-care companies and Cleveland's port authority.

Other congressional spouses have ties to lobbying even though they aren't formally registered in Washington. Ray Hutchison, the husband of Sen. Kay Bailey Hutchison (R-Tex.), works at the Vinson & Elkins firm, whose lobbying clients have included corporate giants such as 7-Eleven, Goldman Sachs and Halliburton.

Senate Democratic Whip Richard J. Durbin's wife, Loretta Durbin, runs a lobbying firm called Government Affairs Specialists. But Durbin's office said she limits her lobbying to their home state of Illinois and recuses herself from any federal matters that could affect her husband's work in the Senate.

Senate Votes To Disclose Pet Projects (AP)

By Jim Abrams, Associated Press Writer

AP, January 17, 2007

The Senate voted Tuesday to shine more light on thousands of expensive pet projects buried in legislation every year after the new Democratic majority bowed to a successful push by Republicans to make new disclosure rules even tougher than originally planned.

The vote was 98-0 to require senators to reveal the water projects, hiking trails, defense contracts or tax breaks for specific industries they insert in legislation. That unanimity came five days after Democrats, holding a slim majority, were thwarted by a GOP-led rebellion in advancing their own version of "earmark" reform.

Bringing transparency to earmarks is a major objective of the ethics and lobbying reform legislation that the Senate has been debating since the new congressional session began.

Senate Majority Leader Harry Reid, D-Nev., who last week led opposition to the Republican approach, lauded the final product, saying it "combined the best ideas from both sides of the aisle."

Sen. Jim DeMint, R-S.C., the author of the amendment to the ethics bill, said the ability of the two sides to come together on the issue was "a good signal for the new Congress."

DeMint last Thursday proposed that the Senate adapt for its bill the more expansive definition of an earmark previously approved by the House. Under that definition, an earmark subject to public disclosure would include special projects tucked in federal agency budgets, such as a Pentagon contract, as well as nonfederal projects such as state parks and municipal museums. The definition in the original Senate bill would have applied only to nonfederal entities.

"Specifically, federal earmarks will be disclosed as well as those earmarks contained in committee reports that are not written in the text of a bill," DeMint said.

Sen. Tom Coburn, R-Okla., DeMint's ally on the issue, said the Democratic approach would catch less than 5 percent of the almost 13,000 earmarks that made it into legislation last year.

Democrats countered that making public disclosures of every project designated by federal agencies was unworkable. But after Democratic leaders failed in an attempt to kill the DeMint provision, Reid on Friday acknowledged moving too quickly on the issue and pledged to work with DeMint to strengthen his amendment.

The Senate first voted 98-0 to accept changes to the DeMint amendment offered by Senate Majority Whip Dick Durbin, D-Ill., that would make it more difficult for legislators to slip in tax breaks that help a single company or a limited number of people.

Lawmakers would also be required to post their earmarks on the Internet 48 hours before a vote.

The Senate on Tuesday also approved, by voice vote, an amendment that would bar lawmakers from including earmarks in the classified parts of a bill or a conference report without language in unclassified terms describing the project, funding levels and the sponsor.

Sen. Dianne Feinstein, D-Calif., sponsor of the amendment with Sen. Jay Rockefeller, D-W.Va., said former Rep. Randy "Duke" Cunningham, R-Calif., now serving an eight-year prison term for accepting bribes from defense contractors, over a five-year period used classified reports to gain some $70 to $80 million in earmarks that helped his friends.

The Senate is trying to finish work on the ethics and lobbying bill, which seeks to restrict the ability of lobbyists to shower meals, gifts and travel on lawmakers, by the end of this week.

Senate Adopts Limits On Pork (WT)

By S.a. Miller

The Washington Times, January 17, 2007

The Senate voted unanimously yesterday to adopt a Republican-backed measure to limit pork-barrel spending despite initial opposition by Democratic leaders.

Majority Leader Harry Reid, Nevada Democrat, changed course and embraced the bill last week after delaying a final vote when the proposal unexpectedly survived a procedural vote to kill it.

Mr. Reid praised the amendment, which was tweaked by Democratic leaders, for requiring "full and timely disclosure" of earmarks, which are spending projects and tax breaks buried in complex legislation.

"We have combined the best ideas from both sides of the aisle to establish the strongest possible disclosure rules," Mr. Reid said. "Once we are done, the Senate earmark rules will be even stronger than the recently adopted House rules."

The Senate voted 98-0 to adopt the measure as an amendment to ethics legislation.

The amendment would mandate public disclosure of all earmarks for federal projects and require members of Congress seeking earmarks to provide written information -- which also must be made available on an Internet database -- 48 hours before the legislation is considered.

Sen. Jim DeMint, the South Carolina Republican who introduced the original amendment, commended the Democratic leadership for working in a bipartisan fashion.

"This is a very important first step in earmark reform, and it is a victory for American taxpayers," he said. "The outcome we achieved on earmark disclosure demonstrates that we can work together to achieve meaningful results, and I hope we can continue this progress by considering several important reform amendments that are currently pending."

Mr. DeMint's amendment was approved narrowly in a 51-48 procedural vote Thursday. Mr. Reid delayed a final vote on the amendment, which is similar to ethics rules adopted with fanfare as one of the first acts of the Democrat-led House.

All but two of eight freshmen Democrats voted Thursday to kill the DeMint amendment. Sens. James H. Webb Jr. of Virginia and Jon Tester of Montana supported the measure and helped keep it alive.

Mr. Tester said that opposing Washington corruption was a top campaign pledge, and he applauded his colleagues for backing the amendment. "They are doing the right thing," he said.

Some freshmen Democrats who switched their votes -- Sens. Sherrod Brown of Ohio, Claire McCaskill of Missouri and Benjamin L. Cardin of Maryland -- said they had been holding out for a stronger reform package.

"There was stronger language being negotiated," Brown spokeswoman Joanna Kuebler said. "Senator Brown is very much in favor of taking a prudent look at how [pork projects] are handed out."

McCaskill spokeswoman Adrianne Marsh said that supporting the DeMint amendment would have precluded stronger action in the future.

"The overall goal is to continue the discussion and come up with the hardest bill in the end," she said. "By passing [the DeMint amendment], it might have limited that discussion."

Mr. DeMint's staff said Democrats did not begin negotiating earmark reform until Mr. Reid delayed the final vote on the Republican amendment. "There was no effort to modify the amendment until after the whole shenanigans on the floor,"DeMint spokesman Wesley Denton said.

The other freshmen Democrats who originally opposed the measure were Sens. Robert P. Casey of Pennsylvania, Amy Klobuchar of Minnesota and Sheldon Whitehouse of Rhode Island.

Health Care Galvanizes Key Groups (WSJ)

By Deborah Solomon And Kris Maher

The Wall Street Journal, January 17, 2007

DOJ_NMG_0117595

An unlikely coalition of business, labor and consumer interests plans to prod lawmakers to tackle health-care overhaul, but agreement among the group so far extends only to a consensus that the lack of affordable health care is a critical problem.

Rather than coalesce around a single idea for how to overhaul health care, leaders of the Business Roundtable, AARP and the Service Employees International Union said yesterday that they plan to force lawmakers to address the issue of health-care overhaul through a mix of advertising, lobbying and public outreach.

"We want to work together to create the political environment and the political will, where leaders believe that it's to their advantage to solve these problems, instead of running away from them," said John Castellani, president of the Business Roundtable, which represents top chief executives. "If we don't do it, we believe that our ability to compete in a world-wide market will be jeopardized."

The likelihood of these three groups -- which have vastly different constituencies and political leanings -- agreeing on a single approach is unlikely. But the fact that they're looking to coordinate their efforts shows how dominant the issue of overhauling health care is becoming.

Later this week, another group of 16 disparate organizations, including health insurers, physician associations, the U.S. Chamber of Commerce and health advocacy groups, plans to introduce its own bipartisan approach to address the plight of uninsured Americans. The group, which has been meeting since October 2004 and engaged two conflict-management organizations to coordinate the process, plans to unveil a phased-in approach to help cover those who are uninsured.

"These are groups who have disagreed with each other on a host of different health-care issues, but we've decided to come together to achieve a consensus and to work together," said Ron Pollack, executive director of Families USA, a liberal advocacy group that is part of the coalition.

Separately, several lawmakers on Capitol Hill are announcing their own ideas for how to help make health care more affordable and accessible, including a bill that will be introduced today by Sens. Jeff Bingaman (D., N.M.) and George Voinovich (R., Ohio). President Bush is expected to discuss health care in his State of the Union address next week, and is considering calling for changes that would make it easier for individuals to buy health coverage.

The push to discuss health care comes as health-insurance costs and the number of uninsured Americans continue to rise. About 47 million Americans are uninsured, including more than eight million children, according to the Census Bureau.

"Health-care costs are out of control for employers and employees," said AARP CEO William Novelli. He added that by joining together, "we've got the ability through this coalition to reach out into boardrooms, into policy makers' offices, as well as to the public."

Andrew Stern, who heads the SEIU, cited a report from consultants McKinsey & Co. saying that by 2008, major U.S. employers will spend as much in health-care costs as they earn in profits. "The winds of change are blowing. I think it's now time for our Congress to step up to the plate," he said.

Some companies have been seeking new ways to handle the rising health-care costs of unionized workers. In a recent contract with the United Steelworkers union, Goodyear Tire & Rubber Co. agreed to transfer all retiree medical obligations to a trust, to reduce legacy costs while preserving benefits for current and retired unionized workers.

While many unions feel that the issue of rising health-care costs can't be resolved through bargaining, the SEIU has sought to take a progressive approach to providing health care to workers. The union, which has 1.8 million members, represents more health-care industry workers than any other union.

A New Consensus On Universal Health Care (WP)

By Steven Pearlstein

The Washington Post, January 17, 2007

On the surface, it looked to be just another Washington news conference, part of the white noise of the political and policy process.

But this one was different. There, at the National Press Club, stood the president of the Business Roundtable, representing the country's largest corporations; the president of the Service Employees International Union, the country's most vibrant union and one of its fastest-growing; and the president of AARP, the formidable seniors lobby. They put aside their usual differences to deliver a clear, simple message to President Bush and congressional leaders of both parties:

We stand ready to give you the political cover you need for a centrist, bipartisan fix for a broken health-care system.

Or, if you refuse, we stand ready to embarrass you and run you out of office.

"Washington is behind where the rest of the country is," said Andy Stern, a labor leader. "Democratic leaders in Congress say this is not the time. The White House has said now is not the time. And we are saying, 'Now is the time.' "

Stern and his new friends are right about one thing: Something's going on.

DOJ_NMG_0117596

A Republican governor of Massachusetts, working with Sen. Ted Kennedy and a Democratic legislature, hammered out a comprehensive reform plan last year. And last week, another Republican governor proposed a similarly bold plan for California.

Not coincidentally, both state plans conform roughly to a consensus that has been taking shape in Washington over the past two years, in behind-the-scenes negotiations among health insurers, hospitals, physicians, business and labor groups, drug companies and consumer groups such as Families USA. The first draft of their effort will be unveiled tomorrow. And while the "consensus" will fudge some of the most difficult issues in an effort to keep the coalition together, the outlines of a genuinely comprehensive reform plan are coming into focus.

What does that consensus look like?

It starts with universal coverage, accomplished either through a mandate on everyone to purchase basic health insurance or a mandate on all employers to offer it.

It includes subsidies for families with incomes up to 300 percent of the poverty level to help defray the cost of that insurance and the deductibles and co-payments that go with it.

It involves changes in tax law so that individuals who purchase health insurance enjoy the same tax benefits as those who get it as a fringe benefit at work.

It sets up a pooling arrangement in every state to allow individuals and small businesses to buy health insurance at the same price as large corporations.

Finally, it sets a deadline for physicians and hospitals to switch to computerized health records, along with a program to provide no-interest loans to buy the necessary hardware and software.

Of course, in health care, the details are always tricky. To get a plan that hangs together, all of the major interest groups would have to make important concessions.

Doctors would have to agree to have their compensation from insurers tied, in part, to how well they conform to treatment protocols established by the various medical specialties.

Hospitals and insurers would have to agree that 85 percent of their revenue would go to providing direct care, capping profit and administrative expenses at 15 percent.

Health insurers would have to accept the obligation to sell insurance to everyone, with only modest variation in rates for age and health status.

And to raise some money and hold down the growth in insurance premiums, union members and high-income workers would have to accept a cap on the amount of health benefits they receive tax-free.

To avoid government "negotiated" prices, drug companies would have to submit new drugs to a rigorous cost-benefit test by an independent agency, such as the Institute of Medicine, as a condition for being included on the Medicare and Medicaid formularies.

Conservatives and their small-business allies would have to swallow some form of "pay or play" -- either providing employer-paid health insurance or paying a tax to the state subsidy pool.

And liberals would have to accept a "basic" insurance package that provides full coverage for preventive care and catastrophic illness but requires patient cost-sharing for routine care.

These concessions won't come easy, which is why there has been no significant progress on health-care reform in the decade since the Clinton debacle. But the current system has become such a problem for so many providers and consumers that many are now willing to compromise on long-held positions.

Unfortunately, pulling it all together will require the active engagement of Congress and the White House, who, so far, have been missing in action.

It remains unclear whether Democrats would prefer to make progress now or have an issue to run on in the 2008 presidential election. If they're interested in a deal, the go-to guys will be Kennedy, who played a crucial role in negotiating the Massachusetts plan, and Rep. George Miller, a Californian and confidant of Speaker Nancy Pelosi who chairs the House Education and Labor Committee.

It is also unclear whether the Bush administration is prepared to move beyond its narrow ideological fixation on "consumer-driven health care" and become an honest broker. As head of Medicare and Medicaid, economist-physician Mark McClellan might have played that role, but he has resigned. And the obvious candidate to replace him -- Mike Leavitt, the secretary of Health and Human Services and former governor of Utah -- has yet to be given the same broad mandate and authority from the White House that Treasury Secretary Hank Paulson got to tackle budget balancing and entitlement reform.

All of which explains why the SEIU's Andy Stern, the Roundtable's John Castellani and AARP's Bill Novelli decided to put aside their differences and put it to the politicians. As Stern said yesterday, "The answer to the health-care problem is not one of policy but one of politics."

DOJ_NMG_0117597

Senators Try Again To Fund And Reform Amtrak (WP)

By Eric M. Weiss

The Washington Post, January 17, 2007

Sens. Frank Lautenberg (D-N.J.) and Trent Lott (R-Miss.) introduced legislation yesterday that would authorize $3.2 billion a year for Amtrak over six years in exchange for greater efficiency and increased investments by states.

Supporters said the plan would place Amtrak on a firm financial footing after years of instability.

A similar bill was passed by the Senate in November, 93 to 6, but was not taken up by the House of Representatives. Lautenberg said prospects were much improved with Democrats now in control of both houses of Congress.

"It's not going to be that difficult this year," Lautenberg said yesterday at a news conference at Union Station, where he was joined by Lott and Alexander K. Kummant, Amtrak's chief executive.

Amtrak, the main operator of passenger trains in the country, has been beset with money-losing routes, hobbled by technical troubles, criticized for mismanagement and crippled by a lack of capital investment. Conservatives especially have questioned whether large operating subsidies for Amtrak are a wise investment.

Amtrak received $1.3 billion in federal funding last fiscal year.

Jim Berard, spokesman for U.S. Rep. James L. Oberstar (D-Minn.), chairman of the House Transportation and Infrastructure Committee, agreed that Democratic control of the House will help place Amtrak funding on an express track this year.

"Given the change in management and the new management's more favorable view of Amtrak, we expect it to get through the committee and to the floor," Berard said.

Lautenberg and Lott said that having a viable passenger rail option is vital to the nation's economy and environment.

"We cannot depend entirely on airplanes and roads," Lautenberg said.

In addition to all the carrots, the bill offers several sticks, such as expecting Amtrak to reduce operating costs by 40 percent over six years.

"This is about reform and accountability," Lott said. "It's not just a big chunk of money."

Kummant declined to specify how he would reduce operating costs, but he said that encouraging passenger growth is just as important as cutting services to achieve efficiencies.

The bill would authorize $1.7 billion in debt repayment, $7.8 billion in new bonding authority and $300 million a year in grants that would have to be matched by states.

Lautenberg and Lott said that local matching grants would encourage overall investment in the system as well as states' sharing in the cost of providing services to less popular destinations, which generally require the largest subsidies.

Kummant said the bill fits his vision of the rail network of the future, which would be a series of state rail networks threaded into national corridors.

Hurdles remain, such as the House's new pay-as-you-go budget rules and the Bush administration's skepticism on Amtrak funding.

Lautenberg was asked how he would find the money to pay for the bill.

"The same way we find money to pay for other things," he said.

FEDERAL DIARY: Thrift Savings Plan Could Use More Options, Workers Say (WP)

By Stephen Barr

Washington Post, January 17, 2007

TIPS. Bonds. Roth 401(k) accounts.

These are among the investment options that government employees would support adding to the Thrift Savings Plan, according to a survey released yesterday.

The survey was the first since 1991 to query civil service employees, postal workers, military personnel and others in government about their satisfaction with the TSP, a 401(k)-type retirement program that has $206.6 billion in assets.

The survey, released at a meeting of the Federal Retirement Thrift Investment Board, found that thrift plan participants are generally more satisfied with the plan than private-sector employees are with their 401(k) plans. But could it be better? The survey included questions on potential changes to the TSP to gauge employee interest in changing the plan's design and options.

The TSP offers four primary stock and bond index funds and a government securities fund. It also includes five life-cycle funds, where participants select an investment mix of the primary funds that are weighted to minimize market risks as they move closer to when they expect to draw down their savings.

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The thrift board has been considering new rules and investment options for the TSP for much of the past year, in part because of recent changes to pension law and because some members of Congress and the National Association of Real Estate Investment Trusts have pushed for adding a real estate fund as a way of helping government employees diversify their portfolios.

The board is interested in modifying the TSP, which operates as an opt-in system, so that new federal employees and military personnel are automatically enrolled, in hopes that it will encourage employees to get in the habit of saving for retirement. Sixty-six percent of survey respondents were in favor of that change to the TSP.

Employees surveyed also supported adding new investment options. Sixty percent said providing a Roth 401(k) account would make the TSP a better program, and 46 percent said offering a wide selection of investment options would improve the plan.

With a Roth option, participants would make contributions with money that had been taxed, but the contributions would grow tax-free and account balances could be withdrawn tax-free. Employees investing in the current TSP funds contribute pretax dollars and pay taxes when they withdraw their savings.

The strongest supporters for adding a Roth option came from the military and other uniformed services, the survey found. For many in the military, current incomes and tax rates may be as low or lower than their expected incomes and tax rates.

The survey also found support for several other investment options, including a Treasury Inflation-Protected Securities (or TIPS) fund, an emerging-markets bond fund and an international bond fund.

Gregory Long, who headed up the survey project as the thrift board's director of product development, suggested that the cost of new funds should be considered in any debate on whether to expand the TSP.

The TSP funds cost participants about $4 a year for every $10,000 they have in their accounts. "If new funds are added to the TSP, they might have expenses that are significantly higher than this," the survey report said.

In the survey, 19 percent disagreed that adding options would make the program better, and most in this group signaled that they were not interested in expanding TSP options if it increased administrative and other overhead costs.

Despite concerns about costs, many survey respondents appear interested in adding investment options. For example, of those who believe expanding the TSP will make it a better program, 59 percent support adding a TIPS fund "if costs are the same" and 35 percent favor adding TIPS "even if costs are higher." TIPS are tied to the consumer price index, eliminating the risk of inflation eroding the investment.

Of the respondents favoring an expanded TSP, 53 percent supported adding a real estate investment trust fund if costs stay the same and 35 percent favored the real estate option even if costs were higher.

The survey was conducted by mail in November, and 3,467 TSP participants completed it, a response rate of 20 percent. While the rate was lower than TSP officials expected, Long said the results were "representative of what people think." The survey's margin of error was 1.7 percentage points.

Bush Lauds Series Champion Cardinals (AP)

By Ben Feller

AP, January 17, 2007

President Bush said Tuesday that even in a losing streak, it is possible to win by sticking with your goal and showing character no matter what the doubters say about you.

He was talking, of course, about baseball.

Bush, a lifelong fan of the sport, honored the World Series champion St. Louis Cardinals by commending them for winning the hard way.

To be sure, the Cardinals were not a powerhouse on their way to the White House.

The team limped into the playoffs with the worst record of any World Series champion in a non-strike season. The Cardinals played with castoffs in key positions and a sense of being slighted by people other than their fans.

"When you overcome the odds this team overcame, you've got to play as a team," Bush said. "And they did."

In beating the Detroit Tigers last fall, the team was led by a little guy: David Eckstein, a sparkplug of a shortstop who stands 5-foot-7.

"They said he can't hit. They said he can't throw," Bush said of Eckstein, who stood smiling behind the president with his teammates.

"Listen, David. I've made a career out of people underestimating me," Bush said, drawing laughs from a packed East Room audience.

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Bush lauded the team's entire operation — its management, coaches, players and fans. He had plenty of nice words for his old business partner, Cardinals Chairman Bill DeWitt Jr., who worked with Bush when the president was managing partner of the Texas Rangers.

"The Cardinals now have won 10 World Series. That's 10 more than the Texas Rangers," Bush said.

The biggest applause, though, came when Bush introduced an injured Marine, Lance Cpl. Chad Watson. Bush met him at Walter Reed Army Medical Center recently and noticed the soldier was wearing a Cardinals hat. So he invited him to the ceremony.

"You never know where you're going to find a St. Louis Cardinal fan," Bush said.

A few notable players, chiefly slugger Albert Pujols, did not attend because of schedule conflicts. Pitcher Jeff Suppan led the team into the room even though he is with another team now, the Milwaukee Brewers, after signing a $42 million contract in the off-season.

For this event, the business attire typically required in the Bush White House gave way to some Cardinal red. A few fans wore baseball caps. Others wore Cardinal jerseys. A little girl came with a bright red bow, while a young boy sported a sharp red tie.

More than a few players, despite being used to a spotlight, seemed a bit overwhelmed around the president.

Said Eckstein after the event: "It's just an honor to have him even mention you, to have him even know your name."

Surging Revenues (WSJ)

The Wall Street Journal, January 17, 2007

The myth persists in some media circles that the federal budget deficit is "surging" or ballooning or something terrible -- all of which is served up as ammunition for those in Congress who want a tax increase. At the risk of being drummed out of the guild, we thought you'd rather have the real story.

The deficit has in fact declined by some $165 billion over the past two fiscal years, and according to the most recent data has continued to fall in the first quarter of fiscal 2007. The latest Treasury estimates for January show that tax receipts in December were $18 billion higher than a year earlier, helping to boost the budget surplus for the month to $40 billion, up from $11 billion a year ago. December is typically a good month for revenues due to year-end tax payments.

Meanwhile, for the first three months of fiscal 2007 through December, revenues climbed 8.1%, building on double-digit revenue increases in the previous two years. Corporate income taxes were up a remarkable 22.2% in the first fiscal quarter, showing that the government continues to grab a nice chunk of the rising business profits that so many of our politicians like to deplore. Individual income taxes rose 8.8%, thanks to strong wage and salary growth. Much of this revenue comes from "the rich," believe it or not.

In the most surprising budget news, federal spending was nearly flat in the first fiscal quarter. This was despite a 22.1% increase in Medicare spending due largely to the new prescription drug benefit, and a 10.7% increase in defense. Those increases were offset by lower spending for flood insurance and disaster assistance compared with the peak of post-Katrina payments a year ago. So the first quarter deficit was $85 billion, down sharply from $119 billion a year earlier.

All in all, despite huge outlays for wars in Iraq and Afghanistan, the nation's fiscal picture is brightening. We hate to ruin the press corps's day with such cheerful news, but there it is.

Ending The Prison Windfall (NYT)

The New York Times, January 17, 2007

The Census Bureau typically uses the decennial census to test data-collection methods that become routine later on. The 2010 census should include a test run at counting the nation's 1.4 million prison inmates at their permanent addresses instead of in prisons. That would help bring an end to a corrosive but little known practice that distorts the political process in virtually every corner of the country.

Inmates are denied the right to vote in all but two states. But state lawmakers treat them as residents of the prisons when drawing legislative maps, to inflate the head count in lightly populated rural areas where prisons are typically built. This creates legislative districts where none would ordinarily be, shifting political influence from the heavily populated urban districts where inmates live.

Once inflated, these towns and counties siphon an outsized portion of state and federal aid. Politicians in districts with prisons sometimes brag openly about the windfall, as they mock "constituents" who are powerless to remove them from office and are packed onto buses and driven hundreds of miles to their real homes the minute they leave the prison walls.

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The Census Bureau was made pointedly aware of this problem last fall. A report it commissioned noted that counting inmates at prisons distorted the political process and raised legitimate concerns about the fairness of the census itself. That report, by the National Research Council, recognized that the methods would not be simple to change, but urged the bureau to seeks ways to do it.

Collecting and verifying residential information for prison inmates is a complicated job. But the report suggested a perfectly reasonable interim solution. The bureau could publish detailed counts of the prison populations, so that the inmates could be subtracted at redistricting time. These figures would illuminate corrupt redistricting committees that use prison counts to pad districts that fall short of federal population requirements.

The Census Bureau has a crucial role to play in putting and end to this despicable practice. The 2010 census is as good a time as any to get started.

OTHER NEWS:

No Need For More Opec Cuts, Says Naimi (FT)

By Carola Hoyos In London

Financial Times, January 17, 2007

Ali Naimi, Saudi Arabia's energy minister, on Tuesday said Opec, the oil cartel, did not need to further reduce its production. The oil price fell sharply following the remarks.

The news from the most influential member of the Organisation of Petroleum Exporting Countries dimmed the prospect of an imminent emergency meeting of the group and prompted international oil prices to fall $1 to $52 a barrel, a 19-month low.

Mr Naimi said: "Do not panic. Actually there is no reason for a meeting."

He added: "The market is in a healthy condition and moving in the right direction."

Edmund Daukoru, Nigeria's energy minister, was less sanguine about the market, believing it to be oversupplied. But he said: "I think we have to take a wait-and-see [approach]. After we implement 500,000 barrels a day [cut], we have to see how the market responds."

The two men were speaking on the sidelines of an oil conference in New Delhi.

Their positions contradict the view expressed by other Opec members, including Iran and Venezuela, who have recently publicly backed further action.

Rafael Ramirez, Venezuela's energy minister, has warned that prices have dropped "too much" and has spent the past week trying to gain support among Opec members for an immediate emergency meeting.

He said on Tuesday, despite Saudi Arabia's announcement, that he expected Opec to hold such a meeting soon.

But people who watch Opec closely warned on Tuesday not to assume that Saudi Arabia would stick to its position that Opec should sit tight. Mr Naimi has a track record of reducing market expectations for robust action only to quickly reverse his position and advocate production curtailments, thereby achieving a maximum jump in the oil price.

Oil prices have fallen about 15 per cent since the start of the year and are well below the record $78.40 a barrel they hit in July.

Rodrigo Rato, managing director of the International Monetary Fund, on Tuesday indicated just how important the lower oil price had been to the US and world economy.

"Although the US economy has slowed down, in large part because of a continued weaker housing market, what I can say now is that a soft landing seems more assured, as lower energy prices have supported employment growth and consumption," he said.

But for Opec, which supplies more than a third of the world's oil, the goal until recently was to keep oil prices at about $60 a barrel. In October the group agreed to reduce its production by 1.2m barrels a day, but have so far only achieved half that amount. In December the 11-nation group met again and decided to further reduce output by 500,000 barrels a day from February 1. "I believe these measures are working well. Inventories in the fourth quarter have come down...which puts the market closer to balance," Mr Naimi said, adding: "I think we have succeeded very well."

Part of Opec's conundrum is that the most recent price drop cannot be fully explained by changes in demand and supply. Though mild weather in Europe and the north-eastern US has reduced demand for heating oil, financial movements of institutional investors active in energy futures markets have also played a significant role.

Dow Hits Another Record As Oil Drops (USAT)

DOJ_NMG_0117601

By Matt Krantz

USA Today, January 17, 2007

Investors returned from the long weekend Tuesday in the mood to buy blue-chip stocks and pushed the Dow Jones industrial average to another high.

Cheered by another fall in the price of crude oil and encouraging corporate earnings reports, the Dow added 26.51 points to 12,582.59, its third-consecutive record close. The Dow is up 1.0% this year.

The broader stock market, measured by the Standard & Poor's 500, gained 1.17 points to 1431.90, thanks largely to stocks in the fertilizer, railroads and retail real estate investment trust industries. The S&P 500 is up 1.0% this year.

Tech stocks, which have been leading markets in 2007, were left behind. The tech-heavy Nasdaq composite index fell 5.04 points to 2497.78. The index is still up 3.4% this year, though.

Declining oil prices have been a theme all year. Tuesday, the price of a barrel of crude for next-month delivery fell $1.78 to $51.21, touching its lowest level in 19 months, after Saudi Arabia said it wasn't planning production cuts.

While investors have worried about how falling oil prices would affect energy company stocks, many are hopeful the lower energy costs will help consumers, says Scott Pape, portfolio manager at CastleArk Management. He's also hopeful lower crude prices will help corporate earnings come in strong. "Earnings are above average and above trend," he says.

Strong profit reports from financial firms Wells Fargo and TD Ameritrade Tuesday built the case for earnings. But those were countered by weaker-than-expected results from software maker Symantec and home-builder Centex.

Many investors basing their bets on earnings were waiting to see what computer chip giant Intel reported after the market closed, says Joe Saluzzi, trader at Themis Trading. "The talk of the day was the anticipation of Intel earnings. It's the first big test of earnings season." (Intel revenue slips, 1B.)

Highlights:

Wells Fargo gained 72 cents to $36.23 after the bank posted 12.3% higher quarterly earnings of $2.2 billion, or 64 cents a share.

•Brokerage TD Ameritrade rose 65 cents to $18 when it reported 14% higher earnings per share of 24 cents. The results were 27% higher than analysts expected.

•Software maker Symantec fell $2.69 to $17.79 after saying profit this year would miss estimates.

Dow Clears Another Record As Oil Prices Continue To Fall (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 17, 2007

A plunge in crude-oil prices to their lowest level in nearly 20 months helped the stock market finish higher, but technology shares were a notable laggard.

The Dow Jones Industrial Average rose 26.51 points, or 0.2%, to 12582.59, up 1% this year and its 25th record close since Oct. 3. Energy company Exxon Mobil was the blue-chip average's weakest component in percentage terms, off 1.4%.

Except for energy producers, most companies are helped by cheaper fuel costs, which free up money in consumers' wallets to spend on products other than gasoline at their local filling station. Yesterday's trading was driven by investors' faith in that dynamic, which has been on stark display in 2007's early going.

"The oil selloff has definitely helped to unlock the rally," in stocks this month, said Wendell Perkins, chief investment officer at the mutual-fund firm Johnson Asset Management. "Energy has been a momentum-driven market, which isn't surprising if you look at the way it traded back when it was on the way up."

Oil's decline extended the contract's year-to-date decline to 16.1%.

The Standard & Poor's 500-stock index nudged up 0.1%, or 1.17 points, to 1431.90, up 1% on the year.

The technology-stock-heavy Nasdaq Composite Index, however, slipped 0.2%, or 5.04 points, to 2497.78. Many Wall Street analysts remain confident tech stocks will be among the market's strongest performers this year.

Ken Tower, chief market strategist at CyberTrader, a unit of Charles Schwab, said that shifting expectations about if and when the Federal Reserve might cut its interest-rate target could curb the market's gains in the short term.

He added: "I don't think there's any way you can get away from how powerful the market was in the fourth quarter last year. The bears can't really get traction for long."

In major U.S. market action:

Stocks fell1; bond prices rose2. The 10-year note increased 5/32 point, or $1.56 for each $1,000 invested, pushing the yield down to 4.751%. The 30-year bond rose 8/32 to yield 4.844%.

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The dollar strengthened3. It rose to 120.63 yen, compared with 120.45. The euro fell against the dollar to $1.2915, compared with $1.2937.

Write to Peter A. McKay at peter.mckay@wsj.com4

Weak Forecasts Mount In Housing Industry (WSJ)

By Lingling Wei And James R. Hagerty

The Wall Street Journal, January 17, 2007

Mortgage lender IndyMac Bancorp Inc. slashed its forecast for fourth-quarter earnings and home builder Centex Corp. projected a loss from continuing operations for its latest quarter as the U.S. housing industry struggles with slow sales and rising loan defaults.

Though some economists say the worst of the housing slump is over, the latest developments show that bad news from lenders and builders can still jolt the market. Steeper discounts from builders desperate to unload excess homes could add further downward pressure on prices, as could rising foreclosures, which dump more properties on the market.

"There are going to be more negative surprises," said Ivy Zelman, a Cleveland-based housing analyst for Credit Suisse who has long had a bearish view on the industry. "I think it's just getting started."

Residential Capital LLC, a real-estate financing company owned by GMAC Financial Services, said it will eliminate 1,000 positions by October to reduce costs as the mortgage lender grapples with "the continued deterioration" in the subprime mortgage sector. The company now has 14,000 employees world-wide. In a filing with the Securities & Exchange Commission, ResCap estimated that it would incur about $10 million in severance and related costs associated with the work-force reduction.

Meanwhile, in a sign of bargain hunting, shares of builder WCI Communities Inc. were up $1.45, or 6.9%, at $22.47, in 4 p.m. New York Stock Exchange composite trading after financier Carl Icahn said in a regulatory filing that he has raised his stake in the company to about 14.6% of the company's outstanding shares.

IndyMac, Pasadena, Calif., one of the top 10 U.S. mortgage lenders, said it now expects to earn about 97 cents a share for the fourth quarter, down from the range of $1.30 to $1.40 it previously projected. That compares with $1.06 a year earlier. IndyMac shares slumped $3.05, or 7%, to $40.50 in 4 p.m. Big Board composite trading.

IndyMac blamed higher provisions for loan losses, repurchases of soured loans earlier sold to investors and declines in the value of loans and mortgage securities retained by the company. Among other factors, the lender also cited a squeeze on the margin between its funding costs and the interest it earns from borrowers.

IndyMac promised to present an "action plan" for dealing with the tougher market when it reports quarterly earnings Jan. 25.

Dallas-based Centex said it expects to record a loss from continuing operations of about $2 per share for the fiscal third quarter ended Dec. 31, compared with earnings of $2.37 a share a year earlier. The company, which is due to report quarterly results Tuesday, said it plans to write down the value of land by about $300 million and to record costs of $150 million on deposits paid for options to buy land that are being abandoned.

Centex is the latest in a series of home builders to write down the value of land and options to buy land. As home builders have reduced construction, the value of undeveloped land has fallen sharply in parts of the country over the past year.

Centex shares were off $1.55, or 2.9%, at $51.61 in 4 p.m. composite trading on the New York Stock Exchange.

The builder said it is dealing with "one of the most challenging housing environments in the past 25 years."

Write to Lingling Wei at lingling.wei@dowjones.com1 and James R. Hagerty at bob.hagerty@wsj.com2

Race And Gender Make Democrats' Field Historic (WP)

By Dan Balz

The Washington Post, January 17, 2007

Democrats moved a step closer yesterday to what shapes up as one of the most historic and compelling contests ever for their party's presidential nomination, a study in contrasting styles and candidacies in which race and gender play central roles in the competition.

At center stage stand Sen. Barack Obama of Illinois, who set up his presidential exploratory committee yesterday, and Sen. Hillary Rodham Clinton of New York, who is set to make clear her intentions soon. Never has a party begun a nomination contest with its two most celebrated candidates a woman and an African American.

The 2008 nomination contest that will play out over the coming year is far more than a two-person race. Former senator John Edwards of North Carolina has already established himself as a genuine contender for the nomination, and the rest of the prospective Democratic field is among the strongest in years.

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But initially, the electricity will be generated by the Clinton and Obama candidacies. The news media will find the story line irresistible, and Democrats around the country are eagerly anticipating the competition. "Senator Obama's got the magic, but Hillary Clinton's got the muscle," said Jamal Simmons, a Democratic strategist who is neutral in the nomination campaign. "This is going to be a titanic fight between energy and charisma on one hand and money and organization on the other."

There are many ways to describe the differences in the two candidacies. Obama will cast the contest as the future vs. the past. Clinton can counter with experience vs. inexperience. Obama opposed the Iraq war from the beginning; Clinton long supported it but has become more critical over time. Clinton begins as the candidate of the party establishment, while Obama will attempt to mount a challenge that draws new voters into the process.

Each will have to overcome perceived liabilities. Many Democrats fear Clinton cannot win a general election because of the baggage she carries from the administration of her husband, former president Bill Clinton. Others see her as so cautious and careful that she cannot convey the warmth and authenticity many voters want in a president.

Obama's readiness to serve as president at a time of such uncertainty and danger in the world will clearly be questioned as he moves into active campaigning. Nor has he faced the competition and scrutiny of a presidential race. Making the transition from political phenomenon to serious aspirant for the presidency could prove to be a significant challenge.

"I think he very much recognizes that if this is just about hoisting the icon, it's an empty exercise and one probably doomed to failure," said David Axelrod, Obama's chief strategist. "But if it is a movement for real political change at the grass roots, it can be very powerful."

Neither will have the luxury of missteps. Unlike other candidates, they will have their every move and every mistake magnified by the media lens that will follow them at every step.

The coming campaign will provide ample opportunity for Democratic voters to decide what they want in their nominee, and in Clinton and Obama they will have strikingly different models to choose from.

"An Obama campaign would bank on an idea that voters are looking for inspirational and motivational leadership, that rises above the traditional political calculations," said Democratic pollster Geoffrey Garin, who is neutral in the race. "The Clinton campaign is hoping that voters put a premium on experience and a long record of fighting the good fight and making a difference."

A few years ago, an Obama-style candidacy would have been seen as implausible, given the fact that the 45-year-old politician has been in the Senate for just two years. Today, with an apparent yearning among the electorate for a break from the divisive politics of the past decade, his freshness may be seen as an asset.

For all the potential history-in-the-making of their candidacies, neither Clinton nor Obama enters the campaign primarily because of race or gender. Obama is the son of a Kenyan father and white American mother, but his candidacy is not comparable to that of Jesse L. Jackson in 1984, when the civil rights leader first sought the presidency. Jackson's candidacy was largely about breaking racial barriers. Although Obama's could become that, his appeal appears not fundamentally based on his race.

Clinton has risen to the top of the Democratic field not principally because she is a woman but because she is part of a power couple that has dominated the party since the early 1990s, as well as by virtue of her long experience as a party activist, first lady and now senator.

Still, there is no way to underestimate the significance of race and gender in the coming campaign. "They certainly have not practiced identity politics, but it is a huge part of who they are when they go out and present themselves as presidential candidates," said Democratic strategist Anita Dunn.

The election of Rep. Nancy Pelosi (D-Calif.) as the nation's first female House speaker underscored to many Democrats the potential power of Clinton's candidacy, and Clinton strategists agree. "I think a serious female candidate for president will generate an awful lot of excitement and enthusiasm, especially among younger voters and among women," Clinton spokesman Howard Wolfson said in an e-mail message.

Party strategists say it would be a mistake to cast the Democratic contest as a two-person race, even though Clinton and Obama occupy a significant amount of space and both may be able to raise more money than others in the field.

Obama and Clinton advisers already see Edwards as a formidable candidate, in part because of his strong support in Iowa, whose caucuses will kick off the nominating calendar. The rest of the prospective field includes two of the most senior senators in the party and two governors with notable attributes. Waiting on the sidelines is former vice president Al Gore.

"There is such a compulsion on the part of the political community and political media community to create a steel cage match between Clinton and Obama you can almost see the fight posters," Axelrod said. "That's not the way he views it."

Still, there is no doubting the amount of space Obama and Clinton occupy as the campaign begins -- or the significance if either ends up as the Democratic nominee in 2008.

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Obama Move Jolts Democrats (USAT)

By Jill Lawrence

USA Today, January 17, 2007

WASHINGTON — Illinois Sen. Barack Obama's decision Tuesday to formally explore a run for president sets the stage for a historic Democratic nomination race dominated by a black man and a first lady-turned-senator.

Obama, 45, said he would spend the next few weeks traveling and listening to voters and would announce his plans Feb. 10 in Illinois. His initial move sent a jolt of electricity through a field that is likely to include New York Sen. Hillary Rodham Clinton as well as New Mexico Gov. Bill Richardson, who is Hispanic. John Edwards, the 2004 vice presidential nominee, already is in the race.

Obama "raises the charisma quotient to a new high. He'll really energize the process and probably attract people to the primaries that may not have been involved before," says Doug Hattaway, a Democratic strategist based in Boston.

Hattaway and others said they are excited about the unprecedented diversity of the emerging Democratic field. Gina Glantz, who managed Bill Bradley's 2000 campaign, said it could signal "a glorious transitional moment to leadership that includes all Americans."

In a videotaped statement on his website, Obama said he did not expect to be weighing a presidential race. But he said the country is "in a precarious place" as a result of decisions made in Washington over the past six years. Working people are struggling to pay for health care and college tuition, Obama said, and "we're still mired in a tragic and costly war that should have never been waged."

As a state legislator in 2002, Obama opposed the Iraq invasion before it started. A draft-Obama group launched a website Tuesday called obamawasright.com.

"It highlights Senator Obama's uniquely consistent position in opposition to the war in Iraq" among the three leading Democratic hopefuls, the group said.

Clinton and former North Carolina senator Edwards voted in 2002 to authorize the war. Edwards calls his vote a mistake and wants Congress to deny money for more troops. Clinton says she would not have voted for the war if she had known then what she knows now.

Clinton returned Monday from visiting U.S. troops in Iraq and Afghanistan. A news conference set for Tuesday was delayed until today so Rep. John McHugh, R-N.Y., could take part. He fell ill in Germany and had to stay there an extra day.

Clinton adviser Howard Wolfson said it was no secret Obama was moving forward. "A good, strong field is a good thing," he said.

Asked Tuesday on CNN if Obama is qualified to be president, Edwards said he wouldn't "pass judgment" on other candidates. He added that "we want good people in the race, because we desperately need new leadership in 2009."

Steve Elmendorf, who was deputy campaign manager for Massachusetts Sen. John Kerry's 2004 general election campaign, says the problem for Edwards and others is that Clinton and Obama "are going to take up a lot of the fundraising and political oxygen for this race." Still, he says, "the excitement that they get initially will take them only so far."

Ultimately, Elmendorf says, the pair will have to prove themselves to voters in the diners and living rooms of early primary and caucus states.

They'll also participate in debates that he says will have a leveling effect: "When everybody gets on the stage … they're all equal."

Obama's background sets him apart from the rest of the field. His mother was a white woman from Kansas. His father was a black man from Kenya. In his 1995 book, Dreams from My Father, he writes about identity struggles and adolescent confusion that led him to use cocaine and other drugs in high school and part of college. He later became a community organizer, lawyer and state legislator.

Rep. Artur Davis, D-Ala., offered a hint of Obama's potential appeal to black voters by declaring his support for a candidacy as yet undeclared. He said Obama would "ignite a feeling of national purpose" and "crystallize this country's movement beyond race and ethnicity as political impediments. That promise is too powerful for me to equivocate, maneuver or sit on the sidelines."

Last year, Massachusetts voters elected Gov. Deval Patrick, the nation's second African-American governor since the Reconstruction era, after a campaign with minimal focus on his race.

"It was not a factor for voters," said Hattaway, a Patrick adviser.

Obama Takes First Step In White House Bid (CHIT)

By Mike Dorning And Christi Parsons, Washington Bureau

Chicago Tribune, January 17, 2007

DOJ_NMG_0117605

WASHINGTON -- Sen. Barack Obama took an important formal step on Tuesday toward a Democratic presidential campaign that would make him the most formidable African-American candidate ever, offering a call to common purpose as a remedy to bitter partisan divisions and marking a potential turning point in the nation's race relations.

By filing papers to form a presidential exploratory committee, the first-term Illinois senator signaled his intent to run for the presidency, a move that he has been publicly considering for months. Advisers said Obama and his family had made the personal commitment to a grueling, two-year presidential bid and the senator now would concentrate on assembling a campaign apparatus and testing support among financial backers and grass-roots activists.

The Democratic lawmaker will make a formal announcement on his candidacy Feb. 10 in Springfield, Ill., where barely two years ago he served as a mere state senator. He will return a cultural phenomenon, a best-selling author coveted as a guest by television talk show hosts and followed by celebrity photographers. He has come to embody the hopes and dreams of many Americans.

His candidacy would create a historic moment, as the American public contemplates a leader of mixed-race heritage, the son of an African father and white Kansan mother. Race would be a spoken and unspoken subtext to a campaign that also would raise grave policy issues on the war in Iraq, with Obama an early and consistent critic of the ongoing U.S. military mission there.

His efforts to reach toward the center with appeals to common ground is a reversal of the recently successful political formula of polarization to drive up turnout among base voters that won President Bush re-election in 2004.

Obama made the official announcement of his exploratory committee on his Web site, in a simple video that featured him seated, wearing a coat and no tie, telling viewers he wanted to be the first to tell them of the development. He sounded a theme of change, saying he was "struck by how hungry we all are for a different kind of politics."

"Our leaders in Washington seem incapable of working together in a practical, common-sense way," Obama said. "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

Right after the spot was placed on the Web, Obama got on the telephone and spoke to dozens and dozens of people throughout the day, including a morning telephone conference call with more than 100 people. He spent the day at the offices of his exploratory committee in Washington

Interviewed on the way to a vote on the Senate floor early in the evening, Obama said the response had been "very positive." American voters, he added, "want honesty and they want bold approaches to some of the problems we're facing."

In a campaign, he would faces challenges to his lack of experience in high government office. He has only two years in the U.S. Senate and no major accomplishments in that body, although his limited time in office is counted as a virtue by some who seek a break with the political past.

Whit Ayres, a Republican pollster and political strategist, said, "He is a political phenomenon. But being a political phenomenon does not make you a credible candidate to be commander in chief of the armed forces and leader of the free world in a time of war. Normally, qualifications are the first consideration when you're thinking about a candidate for president in a time of war."

But Obama brings to a presidential bid eloquence, the political power of celebrity, a hopeful vision and a sense that his candidacy would be a clear break with the established order.

Geoffrey Garin, a Democratic pollster and strategist for the 2004 Wesley Clark campaign, said, "In the next year, Democrats will be weighing those assets against his experience and what it takes in their view to become a capable president. I think we're at a special moment in America where there's a real yearning for change and a different kind of leadership that rises above it all. It's that yearning that is such an asset to his campaign."

Obama's path to victory would be a gauntlet of relentless fundraising, laser-like scrutiny and an exhausting grind of campaigning. Mounting a presidential campaign would present a huge organizational and financial undertaking for a candidate who is relatively new to the national political scene and did not even face a serious Republican opponent in his only prior high-level campaign, for the U.S. Senate in 2004.

In both the Democratic primary and the general election, he would face opponents who have been laying the groundwork for their bids for years. Political opponents and the voting public will watching to see how he stands up to the rigorous testing of a national campaign.

Likely Democratic candidate Sen. Hillary Clinton (D-N.Y.) can rely on a political organization that she and her husband have nurtured for years. And former vice presidential nominee John Edwards, who already has announced his candidacy, began cultivating supporters in early primary states almost immediately after the 2004 election.

Howard Wolfson, a spokesman for Clinton, said, "The field is shaping up as a strong field. It's an exciting time to be a Democrat. We obviously wish Sen. Obama well."

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Edwards' camp sounded a similar note. "The country's going to face some tremendous challenges in 2009 and we need the very best candidates to run," said Edwards adviser Jennifer Palmieri. "He thinks that anyone who has good ideas on how we tackle these problems should get into the race."

In the 2008 campaign, presidential candidates face an unusually compressed schedule of early contests. The Iowa caucuses and primaries in New Hampshire, South Carolina and Nevada unfold over four weeks about a year from now, allowing candidates little margin for error and little time to raise additional money in between those critical contests. In the early contests Obama must do well—probably first or second—to prove his appeal matches the hype.

An adviser to Obama said fundraising proceeds of $50 million "is a kind of ante to this process." Since most political operatives believe that a serious candidate must be collect at least that much by Dec. 31, that translates in to donations of more than $1 million per week, which must by law come in increments of no more than $2,100 per person. Others believe a successful campaign may require more money.

An Obama adviser said the exploratory committee hopes to raise $7 million by the end of March. Under federal election law, an exploratory committee can transfer its assets directly to a presidential campaign.

Most political professionals involved in presidential politics believe that Obama's celebrity and his ability to reach small donors through the Internet position him well to meet the financial challenges ahead. His advisers also expressed optimism that he will be financially competitive.

"I am highly confident," said John Rogers, a friend of Obama and a prodigious Democratic fundraiser for many years. "People around the country who know that I'm engaged in this process have been calling me, people from coast to coast, Republicans and Democrats. They're experienced fundraisers and people wanting to get involved for the first time. I've never seen anything like it."

Despite his renown, Obama's public persona also is an unfinished canvas and he must work to fill that in before his opponents do. The campaign will force him to take more detailed positions on complex issues.

He already is being pressed in uncomfortable ways on his approach to Iraq. While Obama has opposed Bush's increase in troop levels in Iraq, he has not joined those calling for a congressional cut-off of funding for the "surge," while Edwards has demanded just that.

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Obama Launches 2008 White House Bid (AP)

By Nedra Pickler
AP, January 17, 2007

Sen. Barack Obama launched a presidential campaign Tuesday that would make him the first black to occupy the White House, and immediately tried to turn his political inexperience into an asset with voters seeking change.

The freshman Illinois senator — and top contender for the Democratic nomination — said the past six years have left the country in a precarious place and he promoted himself as the standard-bearer for a new kind of politics.

"Our leaders in Washington seem incapable of working together in a practical, commonsense way," Obama said in a video posted on his Web site. "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions. And that's what we have to change first."

Obama filed paperwork forming a presidential exploratory committee that allows him to raise money and put together a campaign structure. He is expected to announce a full-fledged candidacy on Feb. 10 in Springfield, Ill., where he can tout his experience in the state legislature and tap into the legacy of hometown hero Abraham Lincoln.

In a brief interview on Capitol Hill, Obama said the reaction has been positive and added, "we wouldn't have gone forward this far if it hadn't been this positive."

Obama's soft-spoken appeal on the stump, his unique background, his opposition to the Iraq war and his fresh face set him apart in a competitive race that also is expected to include front-runner Sen. Hillary Rodham Clinton of New York.

Obama has uncommon political talents, drawing adoring crowds even among the studious voters in New Hampshire during a much-hyped visit there last month. His star has risen on the force of his personality and message of hope — helped along by celebrity endorsements from the likes of Oprah Winfrey, billionaire investor Warren Buffett and actors Matt Damon and Edward Norton.

"I certainly didn't expect to find myself in this position a year ago," said Obama, who added that as he talked to Americans about a possible presidential campaign, "I've been struck by how hungry we all are for a different kind of politics."

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The 45-year-old has few accomplishments on the national stage after serving little more than two years in the Senate. But at a time when many voters say they are unhappy with the direction of the country, a lack of experience in the nation's capital may not be a liability.

"The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put our country in a precarious place," Obama said.

He said people are struggling financially, dependence on foreign oil threatens the environment and national security and "we're still mired in a tragic and costly war that should have never been waged."

Clinton is expected to announce her presidential campaign within days, but her spokesman said there would be no comment on Obama's decision from the Clinton camp. Back from Iraq, she abruptly canceled a Capitol Hill news conference minutes after word of Obama's announcement, citing the unavailability of a New York congressman to participate.

Other Democrats who have announced a campaign or exploratory committee are 2004 vice presidential nominee John Edwards, former Iowa Gov. Tom Vilsack, Connecticut Sen. Chris Dodd and Ohio Rep. Dennis Kucinich. Sens. John Kerry of Massachusetts and Joe Biden of Delaware and New Mexico Gov. Bill Richardson also are considering a run.

Obama's decision was relatively low-key after months of hype, with no speech or media appearance to accompany his online announcement. He said he will discuss a presidential campaign with people around the country before his Feb. 10 event, and he wasted no time calling key activists Tuesday.

New Hampshire lobbyist Jim Demers talked with Obama for about five minutes. "He is extremely pumped and excited that this campaign is coming together," said Demers, who accompanied Obama on his visit to the state last month.

Obama's quick rise to national prominence began with his keynote speech at the 2004 Democratic National Convention and his election to the Senate that year. He's written two best-selling autobiographies — "The Audacity of Hope: Thoughts on Reclaiming the American Dream" and "Dreams from My Father: A Story of Race and Inheritance."

Obama was born in Honolulu, Hawaii, where his parents met while studying at the University of Hawaii. His father was black and from Kenya; his mother, white and from Wichita, Kan.

Obama's parents divorced when he was two and his father returned to Kenya. His mother later married an Indonesian student and the family moved to Jakarta. Obama returned to Hawaii when he was 10 to live with his maternal grandparents.

He graduated from Columbia University and Harvard Law School, where he was the first African-American elected editor of the Harvard Law Review. Obama settled in Chicago, where he joined a law firm, helped local churches establish job training programs and met his future wife, Michelle Robinson. They have two daughters, Malia and Sasha.

In 1996, he was elected to the Illinois state Senate, where he earned a reputation as a consensus-building Democrat who was strongly liberal on social and economic issues, backing gay rights, abortion rights, gun control, universal health care and tax breaks for the poor.

The retirement of Republican Sen. Peter Fitzgerald of Illinois in 2004 drew a raft of candidates to the Democratic primary, but Obama easily outdistanced his competitors. He was virtually assured of victory in the general election when the designated Republican candidate was forced from the race by scandal late in the election.

Obama insisted during the 2004 campaign and through his first year in the Senate that he had no intention of running for president, but by late 2006 his public statements had begun to leave open that possibility.

Obama's Youth Stands As His Greatest Asset And Greatest Weakness (MERCN/MCT)

By Steven Thomma

The San Jose Mercury News, January 17, 2007

WASHINGTON - Illinois Sen. Barack Obama's preliminary decision Tuesday to seek the presidency propels him into the top tier for the 2008 Democratic presidential nomination and puts him in position to test how much his party and his country hunger for change.

Just 45 years old and two years into his first term in the Senate, Obama brings to the campaign the prospect of a new generation and style of leadership, with less experience in Washington and far fewer ties to the political polarization of the past two decades there.

An Obama campaign also would test whether America is ready for a nonwhite president.

Obama filed papers Tuesday with the Federal Election Commission that allow him to form a committee to raise money and hire staff toward a presidential campaign. He's scheduled a formal announcement of his candidacy for Feb. 10.

In a statement, Obama lamented that "our leaders in Washington seem incapable of working together in a practical, commonsense way. Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

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Obama's youth and lack of experience in Washington are, at once, among his strongest assets and most glaring weaknesses. Yet while many politicians in similar circumstances invoke the youthful John F. Kennedy, watch for Obama to conjure up a bolder comparison: Abraham Lincoln.

Obama's formal declaration of candidacy will come two days before Lincoln's birthday - in the Illinois state capitol of Springfield, where he and Lincoln both served, rather than his hometown of Chicago. The speech could be in the Old State Capitol, where Lincoln served, though details hadn't been worked out Tuesday.

Obama approaches the campaign with polls showing him in the top ranks of a largely open race for his party's nomination, along with Sen. Hillary Rodham Clinton of New York and former Sen. John Edwards of North Carolina.

Obama is competitive in each of the first four states that are scheduled to vote for a Democratic nominee next year - he's running fourth in Iowa, second in Nevada, second in New Hampshire and third in South Carolina - according to recent polls by the American Research Group.

Clinton leads in all four states, but she commands only about a third of total support. She's expected to declare her intentions soon.

Other announced Democratic candidates include Sens. Christopher Dodd of Connecticut and Joseph Biden of Delaware, Gov. Tom Vilsack of Iowa and Rep. Dennis Kucinich of Ohio. New Mexico's Gov. Bill Richardson is expected to announce his candidacy later this month. All score lower in early polls than Clinton, Obama and Edwards.

So far, being the new face with the new message of bipartisan cooperation has helped Obama, particularly as many Democrats have soured on Washington politicians who endorsed the Iraq war at the outset and might be portrayed as too ingrained in Washington to change.

Indeed, Obama sought Tuesday to use his short time in Washington to his advantage, distancing himself from the partisan politics that many Americans despise and subtly criticizing fellow Democrats for going along. It also was noteworthy that he didn't criticize President Bush by name, a staple of Democratic politics.

He'd disappointed some Democrats when he appeared Sunday on CBS's "Face the Nation" and sidestepped questions about whether he'd support cutting off money to force an end to the Iraq war.

"He wasn't very good," said an Illinois Democrat who's supporting Obama and asked for anonymity because he was criticizing him. "Too cautious. He's starting to sound too much like a senator."

Obama also faces other challenges and questions, including his race and how he'd flesh out his national agenda.

Traditional politics in America would argue that the son of a white woman from Kansas and a black man from Kenya still faces skepticism, if not hostility.

Yet in an age when Tiger Woods leads pro golf, Oprah Winfrey dominates the airwaves, and Colin Powell and Condoleezza Rice take turns as the country's chief diplomat, those barriers might be falling. And Obama could appeal to many Americans eager to show that they and their country have moved beyond racism, especially since he presents himself as a leader determined to move beyond conventional political divisions.

While Obama doesn't shy from his heritage, he doesn't want to be marginalized as a "black candidate" who appeals primarily to black voters.

That's part of the rationale for launching his campaign in Springfield, according to Illinois Democrats who spoke on condition of anonymity because they weren't authorized to speak for the campaign.

A speech on the South Side of Chicago could draw an overwhelmingly black audience. A Springfield event would draw a more diverse group.

Those pushing for Springfield gave two other reasons:

_It would draw attention to Obama's seven years in the Illinois Senate before his election to the U.S. Senate. His campaign aides have found that focus groups of voters were favorably impressed with his time in the Illinois legislature, a possible counter to complaints that his two years in Congress leave him too inexperienced.

_It could invite comparisons to Lincoln, who served eight years in the Illinois legislature. And Lincoln served only two years in Congress, two less than Obama will have served by Inauguration Day 2009.

For more on Obama's campaign online, go to http://www.barackobama.com

Obama May Test Voter Discontent (WSJ)

By Jackie Calmes

The Wall Street Journal, January 17, 2007

With his first official step toward a run for the presidency, Illinois Sen. Barack Obama now will test just how eager voters are, in the wake of his Democratic Party's recent takeover of Congress, to further shake up Washington.

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Mr. Obama's low-key announcement on his Web site Tuesday that he had formed a presidential exploratory committee followed months of celebrity buzz and crowds at his appearances across the country. For many in his party, and some independents, the freshman senator has come to personify a hopeful prospect of change from the polarizing politics of recent years.

Yet he has vaulted near the top in presidential polls, threatening longtime front-runner Sen. Hillary Clinton of New York, who is expected to enter the race soon; 2004 vice-presidential nominee John Edwards and other Democratic aspirants, without a clear sense of his own policy agenda, and in spite of the question of whether Americans will elect a black candidate to the nation's highest office.

Mr. Obama, raised by his white mother from Kansas but the namesake son of a Kenyan father he hardly knew, seeks to be the first African-American nominee of a major party, let alone president. At 45 years old, he also must overcome doubts whether he is too green to be commander-in-chief of a nation at war, after two years in the U.S. Senate and eight years as a state senator. While his current popularity transcends those questions of race and credentials, they are certain to figure in a presidential campaign.

TESTING THE WATERS

• What's New: Sen. Barack Obama sets up an exploratory committee, first step in possible presidential run.

• The Issue: The Democrat's message of change resonates with many, but will voters elect a president of his race and relative inexperience?

• What's Next: Final decision on running will come Feb. 10.

With the first nominating contests a year away, the senator said he would announce a final decision about his candidacy in Springfield, Ill., on Feb. 10 -- Abraham Lincoln's birthday weekend. Meanwhile, his video announcement on his Web site Tuesday previewed how anti-Washington an Obama campaign would be.

"The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put our country in a precarious place," Mr. Obama said, citing families' struggles with health care, pensions and college costs, the nation's dependence on foreign oil and "a tragic and costly war that should have never been waged." But, he continued, "it's not the magnitude of our problems that concerns me the most. It's the smallness of our politics."

Democratic strategist Stephanie Cutter, a top adviser to Massachusetts Sen. John Kerry's 2004 presidential campaign and now neutral in Democrats' 2008 contest, said Mr. Obama is "perfectly positioned to run against Washington," and that theme also serves "to defuse the experience argument" against him.

Rep. Rahm Emanuel, a veteran of Bill Clinton's campaigns who helped engineer Democrats' congressional victories last fall, said the potential candidacy of Mr. Obama, his fellow Chicagoan, reflects the first "truly grass-roots draft" he's ever seen. "It should be a wake-up call to the party establishment in both parties."

WALL STREET JOURNAL VIDEO

1

WSJ's John Harwood discusses2 Democratic Sen. Barack Obama's initial steps in a presidential bid.

Seeking to explain Mr. Obama's appeal, Mr. Emanuel, who also remains uncommitted, said, "Every president is an answer to their predecessor in some capacity. If you think, as I do, that George Bush is the most divisive president in recent memory, Barack as a force for unity is a perfect antidote to the Bush years."

Republicans have their own take. Todd Harris, who worked on Arizona Sen. John McCain's 2000 presidential campaign, said, "I think what he represents is the fact that the rank-and-file of the Democrats' base is hungry for a fresh face, and has little or no confidence in the current crop of Democratic contenders" -- "Hillary and the Has-beens," he called them.

In his video, Mr. Obama nodded to the "media hype" and political pressures that propelled him toward the 2008 race. "I certainly didn't expect to find myself in this position a year ago," he said.

He first gained national notice as keynote speaker at the 2004 Democratic convention, recounting his father's dreams and his own rise as a tribute to America: "In no other country on Earth is my story even possible." What has come to be called "Obama-mania" really took off this fall, as the senator drew crowds on a national tour promoting his book "The Audacity of Hope: Thoughts on Reclaiming the American Dream" and at campaign stops for Democratic congressional candidates.

Scenes of jostling fans were reminiscent of the early days of Republican Sen. McCain's 2000 presidential campaign, when he was running as an anti-Washington maverick. Mr. McCain ultimately was beaten by the money and party-establishment muscle of then-Texas Gov. George W. Bush, as well as by media scrutiny -- the sorts of pressures Mr. Obama faces. "The snows of Iowa and New Hampshire have a way of dulling even the brightest star," Mr. Harris said.

Obama Raises Stakes For Democrats (LAT)

By Janet Hook And Michael Finnegan

The Los Angeles Times, January 17, 2007

WASHINGTON — Sen. Barack Obama's decision to take the first formal step toward running for president marks an extraordinarily rapid rise in politics — and sets up a high-stakes competition for campaign money, staff and supporters with the presumed front-runner for the Democratic nomination, Sen. Hillary Rodham Clinton of New York.

Obama's announcement Tuesday that he had established a presidential exploratory committee opens the door to a marquee race offering the most serious test yet of whether the nation is ready to elect a black or female president.

Having served barely two years in the Senate, Obama also is testing a sturdy piece of conventional political wisdom after the Sept. 11, 2001, terrorist attacks: that voters are wary of electing a president who might need on-the-job training in foreign policy.

The Illinois Democrat, 45, is gambling that voters will see his lack of national governing experience as an asset, not a liability, at a time when the electorate is seething with discontent with the Washington establishment.

"I am struck by how hungry we all are for a different kind of politics," Obama said in his announcement Tuesday. "The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put us in a precarious place." In a sign of the importance of the Internet to political campaigning, Obama made his announcement not in a public appearance but in an e-mail statement and a video posted on his website.

A charismatic speaker with an unusual life story, Obama has been enthusiastically received by audiences around the country as he has traveled to promote his latest book and, increasingly, to sound out voters in states with early presidential primaries and caucuses.

His announcement steps up pressure on Clinton to formally launch her own campaign, a move that is expected soon. Howard Wolfson, a senior Clinton advisor, declined to comment on Obama but said, "Sen. Clinton has a strong case to make for her own candidacy, and is going to have to make the best case for herself."

The combined star power and national fame of Clinton and Obama threaten to siphon off vast amounts of money and attention from lesser-known candidates in the crowded Democratic field.

Obama already is competing with Clinton for donors in California, the No. 1 source of money for Democrats. So far, he has been popular among major donors.

San Francisco lawyer Jeffrey L. Bleich, who raises money in the Bay Area for Obama, said contributors "feel like you've done them a favor by inviting them" to a reception for the Illinois senator — far from the norm in fundraising.

That surge of enthusiasm, which could easily fade, has caught the attention of Clinton advisors.

"He's going to have an effect on our fundraising — no question about it," said Sim Farar, a major Clinton fundraiser in Los Angeles. "But at the end of the day, we will raise enough money for Hillary's campaign."

Clinton, who hired Los Angeles fundraiser Diane Hamwi on Sunday to oversee her West Coast effort, has a huge head start.

As of last month, she had $14.4 million in campaign money in the bank; Obama had $756,000. Drawing on her husband's White House fundraising network, the former first lady expects support from many Democratic heavyweights, including supermarket magnate Ron Burkle and Hollywood moguls Haim Saban and Stephen L. Bing.

Despite that "amazing machine," said Margery Tabankin, a top Hollywood political consultant, Clinton faces resistance from some donors over her early support for the war in Iraq, which Obama opposed.

Hollywood donors expect music and film tycoon David Geffen, a major supporter of Bill Clinton when he was president, to play a role in Obama's effort to raise money from the entertainment industry.

Film producer Lawrence Bender, another major fundraiser who often holds receptions for presidential candidates at his Holmby Hills house, said he would raise money for Obama, and possibly for other Democrats running for president.

In Silicon Valley, Obama has sparked interest among venture capitalists and high-tech donors, said Katie Merrill, a Democratic strategist in the Bay Area. "It's something the Clinton campaign should take notice of," she said.

Noah Mamet, a Los Angeles consultant who has raised money for many Democrats, said California's overall importance for the 2008 White House contenders will be heightened by Clinton's automatic edge among donors in New York, where she can largely box out her rivals.

"California — and in particular Los Angeles — is going to be the biggest battle for fundraising on the Democratic side," he said.

Another Democratic candidate challenged by Obama's entry is former Sen. John Edwards of North Carolina, the Democrats' vice presidential nominee in 2004, who has been trying to position himself as the leading alternative to Clinton.

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Other announced Democratic candidates include Sen. Christopher J. Dodd of Connecticut, Rep. Dennis J. Kucinich of Ohio, and former Iowa Gov. Tom Vilsack. Also considering White House bids are Sens. Joseph R. Biden Jr. of Delaware and John F. Kerry of Massachusetts, and New Mexico Gov. Bill Richardson.

By establishing an exploratory committee, Obama can begin raising money and assembling staff for a formal campaign. He said he would announce his final decision about running on Feb. 10 in Illinois. Sources close to him say it is all but certain he will be a candidate.

The son of a black Kenyan father and a white American mother, Barack Hussein Obama was born in 1961 in Hawaii. He is a graduate of Columbia University and Harvard Law School, where he was the first black president of the Law Review. He settled in Chicago to practice law and also worked as a community organizer. Married since 1992, he and his wife have two daughters.

Obama was elected to the Illinois state Senate in 1996, where he served until he ran for the U.S. Senate in 2004.

The little-known lawmaker was catapulted to national prominence when he gave an acclaimed speech at the 2004 Democratic convention. During the 2006 campaign, he was widely sought by Democratic candidates for appearances on the stump.

Obama lacks the deep roots other candidates have cultivated in states with early primaries and caucuses, such as Iowa — where Edwards has been leading in many polls — and New Hampshire. Still, he drew huge crowds during his first trip to New Hampshire, in December.

Mark Mellman, a Democratic pollster who is not allied with any particular candidate, said concern about Obama's inexperience may be eclipsed by a more powerful political force — voters' hunger for change, in evidence in the 2006 midterm election.

"People want something new and different, and there is nobody in this contest who can better lay claim to being new and different than Barack Obama," Mellman said.

Now, Obama will face heightened scrutiny that may spotlight less-flattering aspects of his past. In his first book, Obama acknowledged that he experimented with cocaine and marijuana in his youth.

His record also will get closer scrutiny. He has a traditionally liberal voting history — supporting gay rights, abortion rights and gun control. The only vote in 2006 with which he opposed the liberal Americans for Democratic Action was in supporting a free-trade agreement with Oman.

A Los Angeles Times/Bloomberg poll in December indicated that Obama's race and Clinton's gender were not major liabilities. Four percent of registered voters polled said they would not vote for a woman for president; 3% said they would not vote for an African American.

Obama has been a harsher critic of the war in Iraq than Clinton has. Although he was not in the U.S. Senate in 2002, when Clinton voted to authorize the invasion of Iraq, Obama at the time spoke out against the war.

Now, both Obama and Clinton are opposing Bush's proposal to increase troop levels in Iraq, but Clinton has been more moderate in her tone. Neither has supported efforts to cut off funding to tie Bush's hands.

Obama Jumps Into Presidential Fray (WP)

By Shailagh Murray And Chris Cillizza

The Washington Post, January 17, 2007

Sen. Barack Obama of Illinois, whose best-selling books and political travels generated huge pressure to run for the White House, joined a crowded Democratic field yesterday, vowing to advance "a different kind of politics" in a campaign that could make him the nation's first African American president.

Obama, a state legislator just three years ago, announced that he has formed a presidential exploratory committee, accelerating his already rapid emergence in national politics and establishing him as his party's most formidable rival to Sen. Hillary Rodham Clinton of New York, the Democratic front-runner.

Obama, 45, portrayed his youth and short tenure in Congress as an asset in a statement distributed via Web video and e-mail. "Today, our leaders in Washington seem incapable of working together in a practical, common sense way," the senator declared. "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

But it is Obama's ethnic profile and life story that set him apart. His late father was a black Kenyan, his mother the white daughter of a Kansas farmer. Obama was born in Hawaii, lived in Indonesia in his youth and was the first African American to be elected Harvard Law Review president. His autobiography, "Dreams From My Father," was published in 1995, nine years before his keynote address electrified the Democratic National Convention in Boston. Another book, "The Audacity of Hope: Thoughts on Reclaiming the American Dream," has been a bestseller since it was published in October.

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"This is an opportunity for a new generation of leaders to step forward to remake America," said Senate Majority Whip Richard J. Durbin, the senior senator from Illinois and a key Obama ally. Rep. Artur Davis (D-Ala.), another up-and-coming black lawmaker, called Obama "the kind of unique transformational candidate who surfaces once in a generation."

Obama and Clinton are considered the leaders of the Democratic field, but they have plenty of company. Former senator John Edwards (N.C.), the party's 2004 vice presidential nominee, has already announced his candidacy. Others who are lining up include Sens. Christopher J. Dodd (Conn.) and Joseph R. Biden Jr. (Del.), New Mexico Gov. Bill Richardson, and former Iowa governor Tom Vilsack. Former vice president Al Gore could jump in, as could Sen. John F. Kerry (Mass.), who narrowly lost the presidential election in 2004.

Obama is expected to spend the next several weeks fundraising, with no trips to early primary or caucus states. Unlike the other candidates except Clinton, Obama should have little trouble raising the $50 million to $100 million necessary to compete in the four states -- Iowa, Nevada, New Hampshire and South Carolina -- that will vote in January 2008.

During last year's midterm elections, Obama barnstormed the country for Democratic congressional and gubernatorial candidates, collecting more than $4.5 million for his political action committee and building up a national network of donors. He has also built support among the "Net roots" -- the loose affiliation of progressive bloggers and activists who provided much of the financing for former Vermont governor Howard Dean's 2004 presidential campaign.

After he was elected to the Senate, Obama vowed to serve out his term. But he opened the door to a 2008 presidential campaign during an appearance on NBC's "Meet the Press" in October, saying that, "given the response I've been getting," he would consider the possibility after the midterm elections.

Despite all the hype about his potential candidacy, some of Obama's closest associates worry that the senator remains untested. After winning a tough Senate primary in 2004, he sailed through the general election, aided by a Republican nominee with extensive personal travails. "There will be bumps; there always are," said one senior Obama adviser, speaking on the condition of anonymity. "He's going to have to manage expectations and show he has the strength and endurance for the long haul."

In yesterday's statement, Obama said that his campaign will emphasize traditional Democratic goals such as lowering health-care costs, providing college-tuition assistance and developing new energy sources. He only briefly mentioned the Iraq war, the issue that could well drive the 2008 election. "We're still mired in a tragic and costly war that should never have been waged," Obama said.

His Iraq views are complicated and could require some tricky navigation in the months ahead. The Senate authorized the war in the fall of 2002, two years before Obama was elected. But although he opposed the conflict from the beginning, he has not endorsed a timetable for withdrawing U.S. troops, a position forcefully advocated by Edwards.

According to his Senate Web site, Obama supports "a phased redeployment of American troops to signal to the government and people of Iraq that ours is not an open-ended commitment." But his unwillingness to set a date has infuriated war opponents, who also fumed last year over Obama's support for the reelection campaign of Sen. Joseph I. Lieberman (I-Conn.), one of President Bush's strongest allies on Iraq. The Web site Antiwar.com called him "O-bomb-a."

Last week, Obama was quick to criticize Bush's plan to deploy an additional 21,500 troops in Iraq, comparing the move to that of a gambler who increases his bet in a bid to cover his losses. Yet he has refused to back a proposal by some Democrats to require congressional authorization before additional troops are sent to Iraq.

"We need to look at what options do we have available to constrain the president, to hopefully right the course that we are on right now, but to do so in a way that makes sure that the troops that are on the ground have all the equipment and the resources they need to fulfill their mission and come home safely," Obama said Sunday on CBS's "Face the Nation."

In most matters before the Senate, Obama has maintained a relatively low profile, tending to home-state concerns while promoting narrow causes such as congressional ethics reform, an issue now being debated on the Senate floor. Last year, Senate Democratic leaders asked Obama to help lead the reform charge, and he responded with proposals that went further than many of his colleagues had wanted to go.

While Obama paints himself as a reform-minded outsider, the small group of senior advisers who will guide his campaign -- should he pursue it -- are longtime Washington hands.

Nearly two-thirds of the Obama inner circle has political roots in the offices of then-Rep. Richard A. Gephardt (D-Mo.) or then-Sen. Thomas A. Daschle (D-S.D.). His staff's long experience in state and national politics should help Obama to compensate for his lack of campaign experience. He has made only a few cursory stops in Iowa, for example, where the first votes of the presidential race are likely to be cast on Jan. 14, 2008, but he has signed up Steve Hildebrand, who ran the Iowa caucus campaign of then-Vice President Al Gore in 2000, and Paul Tewes, Hildebrand's second-in-command in that campaign.

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In New Hampshire, Obama drew a rock-star reception during a Dec. 9 visit. Jim Demers, a longtime party activist who squired Obama around the state for the day, said that his phone has not stopped ringing since, with people seeking to work for the campaign. "People here are excited to see and hear him," said Demers, who said he may volunteer himself.

Remember Lincoln, Obama Allies Say (AP)

By Nedra Pickler, Associated Press Writer

AP, January 17, 2007

For all those historians and political naysayers, Sen. Barack Obama's allies like to point out that Abraham Lincoln served just two years in the House before becoming president.

It's a comparison certain to be repeated as Obama, with slightly more than two years in the Senate, continues to align himself with the Civil War president. The senator's expected campaign kickoff is scheduled for Feb. 10 in Lincoln's hometown of Springfield, Ill. — where both men served in the state legislature.

Obama filed paperwork for a presidential exploratory committee Tuesday, which allows him to raise money and organize a campaign structure before his formal announcement. He also talked about his plans in a video on his Web site.

If elected, he would be an obvious subject for the history books — the first black president.

Obama said the past six years have left the country in a precarious place and he promoted himself as the standard-bearer for a new kind of politics.

"Our leaders in Washington seem incapable of working together in a practical, commonsense way," Obama said in a video posted on his Web site. "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions. And that's what we have to change first."

Obama's soft-spoken appeal on the stump, his unique background, his opposition to the Iraq war and his fresh face set him apart in a competitive race that also is expected to include front-runner Sen. Hillary Rodham Clinton of New York.

Obama has uncommon political talents, drawing adoring crowds even among the studious voters in New Hampshire during a much-hyped visit there last month. His star has risen on the force of his personality and message of hope — helped along by celebrity endorsements from the likes of Oprah Winfrey, billionaire investor Warren Buffett and actors Matt Damon and Edward Norton.

"I certainly didn't expect to find myself in this position a year ago," said Obama, who added that as he talked to Americans about a possible presidential campaign, "I've been struck by how hungry we all are for a different kind of politics."

The 45-year-old has few accomplishments on the national stage after serving little more than two years in the Senate. But at a time when many voters say they are unhappy with the direction of the country, a lack of experience in the nation's capital may not be a liability.

"The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put our country in a precarious place," Obama said.

He said people are struggling financially, dependence on foreign oil threatens the environment and national security and "we're still mired in a tragic and costly war that should have never been waged."

Clinton is expected to announce her presidential campaign within days, but her spokesman said there would be no comment on Obama's decision from the Clinton camp. Back from Iraq, she abruptly canceled a Capitol Hill news conference minutes after word of Obama's announcement, citing the unavailability of a New York congressman to participate.

Other Democrats who have announced a campaign or exploratory committee are 2004 vice presidential nominee John Edwards, former Iowa Gov. Tom Vilsack, Connecticut Sen. Chris Dodd and Ohio Rep. Dennis Kucinich. Sens. John Kerry of Massachusetts and Joe Biden of Delaware and New Mexico Gov. Bill Richardson also are considering a run.

Obama's decision was relatively low-key after months of hype, with no speech or media appearance to accompany his online announcement. He said he will discuss a presidential campaign with people around the country before his Feb. 10 event, and he wasted no time calling key activists Tuesday.

New Hampshire lobbyist Jim Demers talked with Obama for about five minutes. "He is extremely pumped and excited that this campaign is coming together," said Demers, who accompanied Obama on his visit to the state last month.

Obama's quick rise to national prominence began with his keynote speech at the 2004 Democratic National Convention and his election to the Senate that year. He's written two best-selling autobiographies — "The Audacity of Hope: Thoughts on Reclaiming the American Dream" and "Dreams from My Father: A Story of Race and Inheritance."

Obama was born in Honolulu where his parents met while studying at the University of Hawaii. His father was black and from Kenya; his mother, white and from Wichita, Kan.

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Obama's parents divorced when he was two and his father returned to Kenya. His mother later married an Indonesian student and the family moved to Jakarta. Obama returned to Hawaii when he was 10 to live with his maternal grandparents.

He graduated from Columbia University and Harvard Law School, where he was the first black elected editor of the Harvard Law Review. Obama settled in Chicago, where he joined a law firm, helped local churches establish job training programs and met his future wife, Michelle Robinson. They have two daughters, Malia and Sasha.

In 1996, he was elected to the Illinois state Senate. He won a seat in the U.S. Senate in 2004.

Obama insisted during the 2004 campaign and through his first year in the Senate that he had no intention of running for president, but by late 2006 his public statements had begun to leave open that possibility.

Much Buzz, Many Questions Over Barack Obama's Bid (CSM)

By Linda Feldmann

The Christian Science Monitor, January 17, 2007

For the first time in American history, a black man is stepping toward a presidential run with the potential to win his party's nomination – and even the presidency itself.

Sen. Barack Obama (D) of Illinois filed papers Tuesday with the Federal Election Commission, establishing an exploratory committee that allows him to raise funds toward a possible presidential campaign. But the jolt of electricity even this step sent through the political world was enough to light up Chicago for the rest of the day.

Speculation that Senator Obama might run has raged for weeks, and so the announcement comes as little surprise. But the confirmation that the charismatic young senator with the exotic heritage has now entered the "money primary" raises a series of crucial questions: With only two years in the Senate, does he have enough experience to persuade voters that he's ready to be the most powerful person in the world? Can he topple the presumed front-runner for the Democratic nomination, Sen. Hillary Rodham Clinton of New York? Can he and his young family withstand the intense public scrutiny any top-tier candidate must endure?

And is America ready to elect its first black president?

Obama's new website, BarackObama.com, says the senator will announce his decision on whether to run Feb. 10 in Chicago. In a video statement released Tuesday morning on his site, Obama tried to capture the gravity of the choice he faces.

"Running for the presidency is a profound decision – a decision no one should make on the basis of media hype or personal ambition alone – and so before I committed myself and my family to this race, I wanted to be sure that this was right for us, and more importantly, right for the country," Obama said.

What he's really testing, political analysts say, is the strength of his fundraising ability. To make a serious play for a major-party nomination, a candidate needs to raise tens of millions of dollars in the next few months – a task that Senator Clinton should accomplish easily.

It's hot in the media's glare

But, too, the Illinois Democrat may begin to see the downside of being a media darling. In his latest book, "The Audacity of Hope," he describes President Bush warning him just after he joined the Senate about life in the spotlight – especially for a senator who practically waltzed into his seat (after his competition imploded). The media are notorious for building people up, only to tear them down.

So far, Obama has faced criticism over a questionable deal he made in the purchase of his home in Chicago, a transaction he later called "boneheaded." In his first book, "Dreams From My Father" – published in 1995 after he was elected the first African-American president of the Harvard Law Review – he admits to using marijuana and cocaine in his youth, another point that could diminish his appeal among some donors and voters.

But the more central questions he faces involve his readiness for the presidency and the public's comfort level with his identity. With the nation at war, he will have to convince voters that he is prepared to step into the commander in chief role with a plan that satisfies, first, the vehemently antiwar Democratic base and then, if nominated, the general electorate.

In a way, his limited tenure in the Senate could work to his advantage. Only two Americans have ever made the leap directly from the Senate to the White House: Warren Harding and John Kennedy. More often, senators who try to run for president (and sooner or later, many of them do) get caught up in tangled legislative language that does not play well in a campaign.

But his biggest advantage could be his persona – young, attractive, articulate, a fresh face.

"He's a dynamic speaker; he's got charisma that engages people," says independent pollster Del Ali. "He's similar to [Bill] Clinton, similar to [Ronald] Reagan in that respect, similar to Kennedy."

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As a member of the Illinois state Senate, before his election to the US Senate, he wowed the arena with his keynote address at the Democratic National Convention in 2004. And his personal background provides the classic "log cabin" story on which presidential politics thrives. The son of a white woman from Kansas and a black man from Kenya, Obama was raised mostly in Hawaii. In his first book, he laid out his struggle to come to terms with his mixed-race heritage and absent father, who left the family when Barack was 2 years old.

His name an obstacle?

It may be that his unusual name – including the middle name Hussein – proves trickier than his color in bringing Americans to a comfort level that would win their votes. Unlike past African-American presidential candidates, such as Jesse Jackson, he does not come from the civil rights movement of the 1960s, but rather represents the new face of black politics: pinstriped suits and an Ivy League pedigree.

"He seems to transcend the race issue to a degree," says Bruce Buchanan, a presidential scholar at the University of Texas, Austin. But on policy, he adds, Obama is "going to be under a lot of pressure to come up with lots of answers to lots of questions."

The Big Question About Barack Obama (USAT)

By Judy Keen

USA Today, January 17, 2007

CHICAGO — Two years in the U.S. Senate. Seven years in the Illinois Senate. One loss in a primary election for the U.S. House of Representatives. One stirring keynote address at a Democratic National Convention. Two best-selling books.

That's Barack Obama's political résumé. Is it enough to qualify him to be president?

Sure, says Carol Hood, Democratic Party chairman in Calhoun County, Iowa. "Anymore, that might be a good factor," she says. "He doesn't have a lot of people he owes things to."

Probably not, says Matt Pearson, Democratic Party chairman in Buena Vista County, Iowa. "He could use a little more experience," he says. "A lot of the people I know say they really like him, but just don't think it's his time yet."

Obama said Tuesday that this could be his time to run for the Democratic presidential nomination.

"I certainly didn't expect to find myself in this position a year ago," Obama, 45, said in a statement released as he created a presidential exploratory committee. "But as I've spoken to many of you in my travels … I've been struck by how hungry we all are for a different kind of politics."

Obama's personal story, eloquence and hopeful approach to politics have made the only black in the U.S. Senate a top prospective 2008 candidate. When a USA TODAY/Gallup Poll asked Democrats and independents who lean toward Democratic candidates to choose among 15 presidential prospects last weekend, 18% said they would be most likely to support Obama. He ranked second to New York Sen. Hillary Rodham Clinton, the choice of 29%, and ahead of Al Gore, the 2000 presidential nominee; John Kerry, the 2004 nominee; and Kerry's running mate, John Edwards.

Edwards was a presidential candidate before he became Kerry's running mate in 2004. During his campaign, Edwards, who served one Senate term, also faced the experience issue.

"Of course" Obama will have to answer similar questions, Edwards told USA TODAY in December. "Just as I did and will, and as anybody else who wants to be president of the United States will have to do," Edwards said. "The test applies to all of us."

Obama wouldn't be the youngest presidential nominee or chief executive. William Jennings Bryan was 36 when he first became a Democratic nominee. John F. Kennedy was 43 when he was elected. Theodore Roosevelt was 42 when he was sworn in after the assassination of William McKinley.

Nor would Obama be the least experienced nominee or president. Wendell Wilkie had never been elected to any office before he became the Republican presidential nominee in 1940. Woodrow Wilson had been New Jersey's governor for two years when he was elected in 1912. George W. Bush served six years as Texas governor before being elected president.

Still, some Democrats say they need a more seasoned nominee who's prepared to tackle foreign policy issues such as the war in Iraq and dangerous relationships with Iran and North Korea.

Obama's inexperience is "the big question mark" about his candidacy, says Rep. Beth Arsenault, a Democrat who was just elected to the New Hampshire Legislature.

"It's not a deal-stopper necessarily," she says, "but two years in the Senate? It's not a lot."

The campaign crucible

David Axelrod, Obama's political strategist, says presidential campaigns aren't ultimately about candidates' job histories.

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"Campaigns themselves are a gantlet in which you get tested," he says. "People get to see how you handle pressure and how you react to complicated questions. It's an imperfect and sometimes maddening system, but at the end of the day it works, because you have to be tough and smart and skilled to survive that process."

Some legislators who worked with Obama in the Illinois Senate say he proved he can overcome gaps in experience with his ability to quickly grasp complicated issues.

Republican Sen. Kirk Dillard, who took office in 1993, says he gravitated to Obama when the rookie arrived in Springfield in 1997.

"Sen. Obama was someone who I thought — and I was right — could tackle extremely complex things like ethics reform, the death penalty or racial profiling by law enforcement," Dillard says.

Obama was "a full partner" in drafting and passing the state's first major ethics law in 25 years, Dillard says. Obama also helped pass laws requiring that police interrogations and confessions in capital cases be videotaped and creating a state earned-income tax credit.

Such successes are rare, "especially in a rough-and-tumble place driven by seniority like Illinois is," he says.

State Sen. Donne Trotter, a Democrat, says Obama is "a quick read, a quick study."

Obama's tenure as a constitutional lawyer, he says, "prepares him to learn the intricacies and nuances of what the federal government is all about."

Trotter watched the newcomer research a universal health care system, educate other senators and become the architect of the legislation. Obama "is a reader, a learner of different approaches and philosophies," he says. "He has the brainpower to absorb the facts … and make good decisions."

'Managed to get it right on Iraq'

Obama has proved that, Axelrod says, with one decision that sets him apart from other possible Democratic presidential candidates, including Clinton: His opposition from the start to the war in Iraq. "However many gray hairs he has, he managed to get it right on Iraq," Axelrod told Chicago's WTTW-TV last week.

Experience doesn't guarantee success in the White House, historians and political scientists say.

Lyndon Johnson had a long career in Congress before becoming president, but history considers his White House record mixed because of the Vietnam War, says Dean Spiliotes, a political scientist at St. Anselm College in Manchester, N.H. Phil Gramm was a veteran senator and Lamar Alexander a former governor and Cabinet member when they ran for president in 1996, but neither won the Republican nomination, he notes.

"What really matters is your temperament and your ability to make good decisions," Spiliotes says. Voters, he says, "make their decision at a very intuitive, gut level. … They have a mental checklist of what a president looks like, sounds like and acts like."

Richard Norton Smith, a historian who has run several presidential libraries and museums, says it would be better "for Obama's sake, not to mention for the country's" if he had more experience. It would also be better if the campaign season were long enough for voters to fully gauge his character and aptitude for the presidency, Smith says.

As Obama's supporters often point out, Lincoln was a former member of the Illinois Legislature who had served briefly in Congress before becoming president. But the parallels in the men's careers are no indication of success for Obama, Smith says. Sometimes the election of inexperienced candidates whose charisma is their greatest asset "produced great presidents, and sometimes it produced decidedly mediocre ones," he says.

Nicole Schilling, chairman of the Democratic Party in Greene County, Iowa, says Obama's lack of a long political record will work to his advantage. "Some people are saying he's young, he needs to wait," she says. "I think it's going to work to his advantage here. … He's kind of a blank slate, and people are projecting what they think onto him."

'Not your Mayflower Americans'

Obama's experience is broader than his time in elected office. He was a community organizer in Chicago and led voter-registration drives. He taught constitutional law at the University of Chicago. He lived for a time in Indonesia, a Muslim country. He has traveled to the Middle East, Africa and Iraq.

"He has lived abroad and has relatives who are certainly not your Mayflower Americans and understands different cultures," Dillard says. "Many presidents with foreign-policy experience have not lived firsthand the type of life that Barack has."

None of the Democratic activists interviewed about Obama's chances suggested that his ethnicity matters, and the fact that he is black has not been a dominant factor in his campaigns.

In his 2006 book, The Audacity of Hope, he wrote that "white guilt has largely exhausted itself in America" and said it's not always easy for black politicians "to gauge the right tone to take — Too angry? Not angry enough? — when discussing the enormous hardships facing his or her constituents."

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Obama's rawness has sometimes been evident since he went to Washington.

Last year, Sen. John McCain, R-Ariz., sent Obama a biting letter accusing the Illinois senator of playing partisan politics in wrangling over an overhaul of ethics rules. "I concluded your professed concern for the institution and the public interest was genuine and admirable. Thank you for disabusing me of such notions," McCain, a likely Republican presidential candidate in 2008, wrote to Obama. The two later reconciled.

At a town meeting last year in Wheeling, Ill., Obama was asked by a youngster what he would do if someone gave him $1 billion. First, Obama said he'd pay off his mortgage and give the rest to his wife. He thought a moment and revised his reply, adding that he'd give "most of it" to charity. Then he said he'd put "several hundred million into buying mosquito nets" to prevent malaria in Africa.

In The Audacity of Hope, Obama wrote about his ambition. He describes his failed 2000 campaign for Congress as a consequence of "restlessness." He described feeling "envy of seeing younger politicians succeed where I had failed, moving into higher offices, getting more things done."

Obama also wrote about his distaste for "the meaner tasks" of politics: "the begging for money, the long drives home after the banquet had run two hours longer than scheduled, the bad food and stale air and clipped phone conversations with a wife … who was pretty fed up with raising our children alone and was beginning to question my priorities."

Last fall, Obama sounded like a man planning to run for president in an interview with Men's Vogue. "My attitude about something like the presidency is that you don't want to just be the president," he said. "You want to change the country. You want to make a unique contribution. You want to be a great president."

Mell Brooks, Democratic chairman in Littleton, N.H., says he thinks Obama can achieve that goal despite his inexperience.

"No doubt 20 years' experience is better than 10," he says." For some individuals, it might well be a drawback, but it depends on the intellect, the knowledge and the ability of the candidate," he says. "For Obama, inexperience is not a big drawback."

Obama's Decision Puts Heat On Kerry (BOSH)

By Emma Ratliff

Boston Herald, January 17, 2007

Barack Obama seized the presidential spotlight yesterday as he announced the creation of a committee to explore a White House run, putting more heat on John Kerry to decide whether he'll stay on the sidelines or step onto the stage.

"Barack is seen as a rock star. People see him as an idol," said Morgan Felchner, editor of Campaigns and Elections magazine. "Kerry needs to get in soon."

The popular U.S. senator from Illinois was in Manchester, N.H., in December for a national Democratic victory tour after the midterm elections, a celebration that drew almost 1,700 people.

"He really impressed everyone in the crowd. Speaking to 1,700 people he was still very personable," said Joan Ashwell, chairman of the Strafford County Democratic Committee in New Hampshire. "Kerry's gotta get in there pretty soon. John Kerry has a lot of support in New Hampshire."

Kerry (D-Mass) has said he will announce in the near future whether he will make another presidential bid next year or opt to run for re-election to the Senate.

Obama, a 45-year-old who is little more than two years into his Senate term, rose rapidly to national prominence when he gave the keynote speech at the 2004 Democratic National Convention in Boston as Kerry was nominated. But his lack of a track record in government and foreign policy makes him little more than a celebrity name to many voters.

"Our leaders in Washington seem incapable of working together in a practical, commonsense way," Obama said in a video posted on his Web site. "Politics has become so bitter and partisan."

Despite Kerry's 2004 New Hampshire primary win, activists say he must lay new groundwork if he wants to wage another campaign. "Right now since there is not any mudslinging, it would help for him to get in sooner rather than later," said Felchner.

With Obama taking a step closer to the race, New Hampshire Democrats are waiting for the next big name to make a move. "Hillary hasn't been here, and rumor has it she will be here before long," Ashwell said.

Other Democrats who have announced a campaign or exploratory committee are Kerry's 2004 running mate and former Sen. John Edwards of North Carolina, former Iowa Gov. Tom Vilsack, Connecticut Sen. Chris Dodd and Ohio Rep. Dennis Kucinich.

Obama Signals 2008 Run For President (BSUN)

By Paul West

DOJ_NMG_0117618

The Baltimore Sun, January 17, 2007

WASHINGTON -- Sen. Barack Obama, bidding to become the first African-American to win a major-party presidential nomination, signaled his entry into the 2008 presidential contest Tuesday.

The Illinois Democrat, who joins the race near the top of a crowded field, made it clear that he would run as an outsider. In a brief online video announcement, he used the word change five times, criticized Washington's bitter partisanship and cast his decision to form an exploratory committee as a response to those "hungry for a different kind of politics."

Obama, who is expected to formally declare his candidacy next month, starts out as a serious contender in a nomination chase so top-heavy with talent that it has relegated a number of well-regarded and more experienced candidates to secondary status -- or forced them to quit altogether -- more than a year before the first primary vote has been cast.

Party strategists said Obama's strength in early polling and his fundraising potential exceed those of most other '08 Democrats. But the liberal senator faces a number of hurdles, including a lack of seasoning as a presidential campaigner and a still-undefined national image.

"His biggest challenge will be to show he has gravitas," said Kenneth Baer, a Democratic strategist, and to avoid being defined in negative terms by his opponents or the news media. "Nobody knows his record. Nobody really knows the Illinois Senate record, and believe me, all of that will be coming out in bucketfuls."

A biographic video, posted Tuesday on Obama's campaign Web site, tried to fill in some of the blanks. It indicated, for example, that Obama plans to emphasize the "results" he achieved during two terms as an state legislator on issues such as the death penalty, racial profiling and welfare reform.

The formal declaration of his candidacy is set for Feb. 10 in Springfield, the Illinois capital -- distancing himself, in geographic terms, from the old-fashioned politics of Chicago, where Obama makes his home; but cozying up to the legend of Abraham Lincoln as well as offering a chance to promote his record as a state senator.

Democrats active in other campaigns, or watching from the sidelines, said Obama's candidacy poses a significant threat to the other leading candidates, Sen. Hillary Rodham Clinton of New York and former Sen. John Edwards, the 2004 vice presidential nominee from North Carolina.

Clinton, widely regarded as the early front-runner, is counting on support from African-Americans, who strongly backed her husband, Bill, in his two presidential runs and who historically cast about one of every four votes in Democratic primaries.

"Now, all of a sudden, she has a competitor," said Democratic pollster Paul Maslin, an adviser to Indiana Sen. Evan Bayh, who abandoned the 2008 race last month shortly after being out shone in New Hampshire by Obama.

Maslin, who advised a Democratic rival in Obama's 2004 Senate primary campaign, said early polls in that contest showed Obama getting only about half the black vote. He wound up taking 85 percent, once it became clear that he had a serious chance to win.

Edwards, a vocal anti-war candidate since renouncing his Senate vote to authorize force against Iraq, is running well in Iowa, which holds the first delegate contest. But Obama, from neighboring Illinois, is the only major candidate in the Democratic field who opposed the war from the start.

"We're still mired in a tragic and costly war that should have never been waged," said Obama, appearing tieless in his video announcement, whose low-key tone and informal setting appeared designed to convey an image of a new and different type of politician.

"It's not the magnitude of our problems that concerns me the most," he said. "It's the smallness of our politics."

He criticized "our leaders in Washington" who "seem incapable of working together in a practical, common-sense way. Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

Anita Dunn, who has advised Obama's political action committee but is currently neutral in the 2008 contest, noted that he has never had to face tough competition in a campaign before.

A presidential campaign "is like climbing Mount Everest," she said. "People start out with all this enthusiasm, and by the end, they're just trying to survive. It's miserable and you can't breathe the air and you can't eat and your brain cells are dying. That's why those who get to the top tend to be those who have done it before."

Other Democrats said Obama would now have to shift away from "his Kumbaya message," as more than one put it, and start laying out the specifics of what he would do as president.

"He's getting a free ride right now," said one Democratic consultant, who requested anonymity because his firm is representing another potential presidential contender. "But that's about to change, and the hard questions are going to come, including about his lack of experience."

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Obama's dizzying rise has been built, in part, on his personal appeal to voters, his speaking skills and his ability to attract money for fellow Democrats in 2006. He has been widely featured on national television, newspapers and magazines, including a recent Newsweek cover that paired him with Hillary Clinton.

He has played off of the media boom, even as he has nurtured it. In his statement Tuesday, Obama called running for the presidency a "profound decision [that] no one should make on the basis of media hype and personal ambition alone."

"I certainly didn't expect to find myself in this position a year ago," he said, couching his decision in terms of conversations with supporters, and their e-mails and letters. His decision followed a period spent "thinking about how I could best advance the cause of change and progress that we so desperately need."

At least 10 Democrats are expected to seek the '08 nomination, which is likely to be decided in little more than a year. Edwards, Sens. Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut, former Iowa Gov. Tom Vilsack and Rep. Dennis J. Kucinich of Ohio are already running. Clinton has yet to say when she will announce her candidacy. New Mexico Gov. Bill Richardson is expected to make his intentions known this month. Massachusetts Sen. John Kerry, the party's 2004 nominee, and retired Gen. Wesley K. Clark are among those who haven't in dicated their plans.

Some Democrats speculated Tuesday that Obama's entry, by further dividing the Democratic vote, might increase the chance that former Vice President Al Gore would decide to get in. Gore has said he has no plans to run.

The first set of appearances by likely contenders is scheduled to take place in just over two weeks, at the winter meeting of the Democratic National Committee in Washington. Democrat ic debates or candidate forums have also been scheduled this spring in early primary or caucus states, including Nevada in March, and New Hampshire and South Carolina in April.

It is still nearly a year until the first primaries and caucuses, but the process has been compressed into the early weeks of 2008, and some Democrats believe the nomination will effectively be decided by Valentine's Day.

NH Democrats Not Surprised By Obama Announcement (NHUL)

New Hampshire Union-Leader, January 17, 2007

During his much-publicized "Obama-mania" visit on Dec. 10, Illinois Sen. Barack Obama looked, acted and sounded like a Presidential candidate when he spoke to a 1,500 people at a state Democratic Party rally in downtown Manchester.

So it was no surprise to New Hampshire yesterday that Obama announced the formation of an exploratory committee to raise money in preparation for a Presidential run.

Officially, he is not a candidate, but his point man in New Hampshire says it's just a formality.

"I think today was the first step toward an official candidacy," said lobbyist Jim Demers, a former state representative, who said he expects to be an unpaid volunteer for Obama in the First-in-the-Nation Primary state.

Obama said he intends to announce whether he will be a full-fledged candidate on Feb. 10.

Demers said he expects Obama to come to New Hampshire "sometime around that time."

For now, Demers said, "I'm in the process of helping them find some staff. I have more than 35 resumes, and they hope to have a campaign manager very soon."

He said he will not do the hiring, but simply make recommendations to exploratory committee officials.

Demers said Obama called him yesterday morning, and "he was extremely pumped. The call came after the announcement at 10 a.m. and I could feel the energy and excitement."

Demers said he expects Obama's next visit to be on a smaller scale than the December rally.

"While that first event was a mammoth event, the plan is for this to be your typical New Hampshire Presidential campaign with living room receptions, coffee shops and discussions directly with the voters," Demers said. "I don't think you're going to see anything like that again."

"The outpouring of support he received in New Hampshire in December was humbling to him," Obama spokesman Robert Gibbs said. "That's one of the things he's going to be spending the next three weeks doing is talking to folks in some of the early primary and caucus states such as New Hampshire, trying to gauge support."

Demers said Obama understands the importance of the New Hampshire primary.

?Obama fever grips NH

?After sold-out appearance, Obama pulls even with Clinton in NH

"He certainly addressed that when he was here the last time," said Demers. "But I did emphasize to him how important I feel it is to have a staff that understands New Hampshire politics and New Hampshire campaigns. And he agreed that the process we're going through right now is aimed at ensuring the staff has New Hampshire experience and understands how things are done here.

"Ideally, I'd like to have everything up and running with a staff within the next month," Demers said.

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State Democratic Chairman Kathy Sullivan also received a call from Obama yesterday.

"I anticipate that Senator Obama, like the rest of the field, is going to visit New Hampshire often and wage an aggressive campaign here if he goes forward," she said. "There are a lot of voters who want to see some real change, and his message of hope and unity has a lot of appeal given the current divisiveness in Washington, especially the (Bush adviser) Karl Rove 'divide-and-conquer' strategy."

A Maryland-based movement to draft Obama to run for President has recently spread to New Hampshire.

Yesterday's exploratory committee filing "is a positive sign," said state draft leader Robert Cushing, a former state representative.

"It means we have another four weeks while he listens to what the response is, and we are going to continue organizing New Hampshire to try to build a network to support a campaign."

Steve Sullivan, the state draft movement spokesman, said, "We're currently trying to figure out what we can do to raise awareness. We're considering putting together some kind of large event in Manchester before he makes his announcement."

Obama Readies '08 Bid (HILL)

By Elana Schor

The Hill, January 17, 2007

Sen. Barack Obama (D-Ill.) yesterday opened an exploratory committee to pursue a presidential run in 2008.

Obama's announcement was widely anticipated to arrive this month, but more unexpected was his dedication of the next 25 days to continued discussion with voters and associates before revealing his ultimate decision from his Illinois base.

"The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put our country in a precarious place," Obama said in a statement posted on his website, adding: "But challenging as they are, it's not the magnitude of our problems that concerns me the most. It's the smallness of our politics."

Obama is the fifth senator to form an exploratory committee with the Federal Election Commission (FEC) or declare candidacy in recent weeks, following Sam Brownback (R-Kan.), Joseph Biden Jr. (D-Del.), John McCain (R-Ariz.) and Chris Dodd (D-Conn.). The remaining holdouts seen in the Senate's White House-wannabe caucus are John Kerry (D-Mass.) and Hillary Rodham Clinton (D-N.Y.), who cancelled a planned press event yesterday discussing her weekend codel to Iraq and Afghanistan to give Rep. John McHugh (R-N.Y.) time to return to the Capitol.

Of Obama's prospective primary foes, only former Iowa Gov. Tom Vilsack (D) commented openly yesterday on his exploratory move, which was accompanied by two video presentations but no public appearances. Fellow Illinois Sen. Dick Durbin, the Democrats' second-in-command, and Rep. Artur Davis (D-Ala.), like Obama a Congressional Black Caucus member, released statements of support.

"Today's announcement is the first step in a long journey to the White House," Durbin said. "Barack Obama brings to this race a promise of reconciliation and a feeling of hope that America desperately needs."

"I am hopeful and confident that an Obama presidency would ignite a feeling of national purpose and renewal that our country has not witnessed in my lifetime," Davis said. "Finally, Obama's victory would crystallize this country's movement beyond race and ethnicity as political impediments."

One House leader with potentially divided loyalties is Rahm Emanuel (Ill.). The Democratic Caucus chairman and 2006 electoral hero has close ties to the Chicago political community certain to back Obama as well as to Sen. Clinton and her husband, whom Emanuel served as a campaign strategist and senior White House aide. Emanuel has demurred on the question of his 2008 allegiances, although his brother Ari has helped raise money for Obama.

Obama has laid out his biography in two best-selling books and a 2004 speech to the Democratic National Convention that sparked his meteoric rise to fame. He was born in Hawaii to a white Kansan mother and a black Kenyan father, spent childhood years in Indonesia and went on to a degree from Harvard University, where he was the first African-American president of the prestigious law review.

"Obama could do quite well in New Hampshire," said Kathy Sullivan, chairwoman of the Democratic Party in that first-in-the-nation primary state. "[He] has a message of hope and unity, which I think is a good message. People are very tired of the divisiveness that's been a hallmark of the Bush administration."

Sullivan has spoken with Obama about his nascent bid in recent days, though she declined to give details. She said the 45-year-old senator's path to national politics is "representative of America these days … You don't necessarily have to have the same identification with a state your entire life."

The Iowa Democratic organization, which hosted Obama for a pre-election rally for new Gov. Chet Culver (D), issued Obama its traditional welcome to the race through spokeswoman Erin Seidler.

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And Obama got a warm welcome from DraftObama.org, a volunteer movement born last year but conceived in the wake of his 2004 convention speech. DraftObama, a registered PAC, recently ran TV spots in New Hampshire, Iowa, Hawaii and Washington urging Obama to seek the presidency and has organized in 22 states, spokeswoman Kris Schultz said yesterday.

Schultz said Obama's deadline of Feb. 10 for an official decision presented a mandate for her group. "We've almost been tasked to encourage the senator during this exploratory phase … We do feel like the senator basically sent a message" to his supporters, she said.

Amid the acclamation from grass roots and establishment alike that has greeted Obama's ascent to presidential contender, some potential roadblocks have emerged that could test a freshman who faced little serious opposition during his 2004 Senate campaign.

Obama has a long record of opposition to the war in Iraq, stating in 2004 that he would have challenged that year's $87 billion war supplemental, which notoriously dogged then-nominee Sen. John Kerry (D-Mass.) on the trail, if he had been in Congress at the time. But this year, Obama has refrained from making similar vows about the imminent $100 billion-plus war supplemental and has not yet embraced Sen. Edward Kennedy's (D-Mass.) bill to require congressional approval of the troop "surge" planned by President Bush.

Two months before Obama was elected, he told an Illinois broadcasters' group that he would be open to a temporary increase in U.S. troops as part of a broader plan to begin withdrawal from a stabilized Iraq. Such comments could alarm anti-war Democrats in search of a 2008 candidate fully committed to ending U.S. involvement in Iraq.

In addition, Obama wrote in his announcement yesterday that "our continued dependence on oil has put our security and our very planet at risk," yet he has befuddled some environmentalists by cosponsoring a measure with Sen. Jim Bunning (R-Ky.) that would provide tax breaks, loan guarantees and Pentagon support for coal-to-oil conversion, a costly process that can cause more environmental harm than burning traditional fossil fuel.

But for the moment, Obama's party spoke exultantly in one voice about his arrival on the presidential scene. One big winner is the Virginia Democratic Party, which will host Obama for a Jefferson-Jackson Day fundraiser on Feb. 17 that spokesman Mark Bergman said would likely sell out by today in the wake of the presidential news.

Renowned campaign-finance lawyer Bob Bauer of Perkins Coie, who has done past work for Obama, will serve as treasurer of his exploratory committee, according to papers filed yesterday. The announcement was e-mailed from Robert Gibbs, who previously had served as Obama's Senate press secretary, a signal that Gibbs may be shifting full-time to exploratory committee duties.

Obama Takes 1st Step To '08 Run (WT)

By Christina Bellantoni

The Washington Times, January 17, 2007

Sen. Barack Obama yesterday formed a presidential exploratory committee, citing a fundamental desire to change the "bitter and partisan" nature of politics and positioning himself as an anti-war candidate, drawing implicit contrasts with Sen. Hillary Rodham Clinton.

The Illinois Democrat, 45, made the announcement in a uniquely 21st-century manner -- telling voters in a Web video that he needs their help to "change our politics and come together around our common interests and concerns as Americans."

"I certainly didn't expect to find myself in this position a year ago," said Mr. Obama, two years into his first term in the U.S. Senate. "But as I've spoken to many of you in my travels across the states these past months ... I've been struck by how hungry we all are for a different kind of politics."

In a theme sure to be repeated in the coming weeks as voters and pundits compare Mr. Obama to Mrs. Clinton, the senator reminded supporters of his early opposition to the Iraq war, calling it a "tragic and costly war that should never have been waged."

Mrs. Clinton, the former first lady and now a New York senator, had long been seen as the front-runner for the Democratic nomination. But press and voter attention to Mr. Obama, coupled with an electorate increasingly frustrated by the war, have contributed to Mrs. Clinton's slipping in some recent polls.

Former Sen. John Edwards of North Carolina and Mr. Obama were tied for first place in a December Iowa presidential poll that left Mrs. Clinton in fourth place in the state that holds the nation's first caucus vote on Jan. 14, 2008.

In New Hampshire, which holds the nation's first primary election, Mr. Obama and Mrs. Clinton are virtually tied for the lead. Mr. Edwards, the 2004 vice-presidential nominee, came in third place in that poll.

But Mrs. Clinton, just elected by an overwhelming margin to a second Senate term by New York voters, still holds a significant lead over her potential opponents in national polls conducted through January.

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In the three-minute Web video found at www.barackobama.com and touted in an e-mail titled "My plans for 2008," the senator says he will announce his final decision Feb. 10.

In the meantime, Mr. Obama will attempt to raise the millions necessary for a presidential bid. Reported to be a secret upcoming guest on the Oprah Winfrey show to discuss his candidacy, he is expected to travel to Iowa this weekend.

"For the next several weeks, I am going to talk with people from around the country, listening and learning more about the challenges we face as a nation, the opportunities that lie before us, and the role that a presidential campaign might play in bringing our country together," said Mr. Obama, who served in the Illinois Senate from 1996 to 2005.

The early polls suggest that Mr. Obama, who is black, has significant momentum one year before the country holds its nominating contests. A CBS News poll conducted the first week of January showed Mr. Obama's popularity growing, although his name recognition is still lacking nationally, especially compared with Mrs. Clinton's.

In December, 62 percent of voters in a CNN poll said America is "ready" for a black president.

Mrs. Clinton -- with a deep fundraising base, an ex-president husband and near-universal name recognition -- is widely expected to announce her presidential ambitions this week, perhaps as early as today.

Although Mrs. Clinton is likely to be Mr. Obama's most formidable opponent, the Democratic field is crowded.

Other announced Democratic candidates include Mr. Edwards, former Iowa Gov. Tom Vilsack, Rep. Dennis J. Kucinich of Ohio and Sen. Christopher J. Dodd of Connecticut.

Mr. Dodd said the field is "getting crowded" but dismissed the common cliche that Mr. Obama and Mrs. Clinton are "sucking the oxygen" from the field, saying: "There's a lot of oxygen."

Sen. Joseph R. Biden Jr. of Delaware has said he will form a presidential exploratory committee this month. Also thought to be interested are Sen. John Kerry of Massachusetts, the 2004 Democratic nominee; New Mexico Gov. Bill Richardson; and retired Gen. Wesley Clark, who also ran in 2004.

The Iraq war is a defining issue for Democratic hopefuls, and Mr. Obama is one of the few in the crowd who does not have to defend a vote to go to war. Unlike Mrs. Clinton and Mr. Edwards, who voted to give the president authority for the war in October 2002, Mr. Obama was not in the Senate.

In just a few years, Mr. Obama quickly rose from a local politician with a self-described "funny name" to a man who thinks he can be president.

In a biographical video on his newly designed Web site, the best-selling author and lawyer highlights some of his career and personal achievements and replays excerpts from his 2004 speech at the Democratic National Convention that made him a political star.

Obama's First Blunder (HILL)

The Hill, January 17, 2007

Presidential hopeful Sen. Barack Obama (D-Ill.) made his first misstep a few days ago when he joined only a handful of Democrats in opposing a Senate reform banning the increasingly widespread practice of legislators hiring their family members on their campaign or PAC payrolls. Obama has not heard the last of this vote. Sen. Hillary Rodham Clinton (D-N.Y.), who opposes wives cashing in on their husbands' positions, voted righteously in favor of the reform and will probably use the Illinois senator's vote against him in the presidential primaries.

When a legislator hires his or her spouse on the campaign or PAC payroll, he is effectively converting contributions to his campaign committee into personal income that flows into the family's checking account, blurring the line between contribution and bribe.

In the past, senators and House members routinely hired their spouses and other family members on their public payrolls. In the early 1940s, for example, Harry S. Truman hired his wife, Bess, to work on his Senate staff. She got $2,500 a year in salary at a time when senators themselves only earned $8,500. But nepotism on the public payroll is now banned. So inventive congressmen and senators have filled the void by hiring family on their campaign or PAC payrolls.

Hiring family members and paying them with campaign donations is, if anything, more pernicious than doing so with public funds. Where tax money is involved, the sin is against the taxpayer for wasting his funds. But where campaign contributions are involved, the congressman is profiting personally from the largesse of special interest donors. In plain English, that's a payoff.

There is, of course, a certain hypocrisy in the Senate action since very few senators, in fact, hire their families on their payrolls. It is, though, widely practiced in the House of Representatives, where 30 members have their families on their payrolls. But senators are much less likely to do so. Sen. Barbara Boxer (D-Calif.), who voted "present" on the reform, hired her son, Douglas, a lobbyist, to manage her PAC, paying him $130,000 over a four-year period. Connecticut Sen. Joe Lieberman, then a

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Democrat, hired his son, Matthew, for $34,000 and his daughter, Rebecca, for $36,000 to work on his 2004 presidential campaign.

So the congressional ethics reform of 2007 boils down to this: The House banned the use of corporate jets but the Senate did not, even though senators are more likely to avail themselves of the luxury than is the average House member. The Senate banned hiring family members but the House did not, even though House members are far more likely to hire their significant others to work for them.

Obama's inexplicable pro-nepotism vote may have been cast in sympathy with Rep. Jesse Jackson Jr. (D-Ill.), whose hiring of his wife, Sandi, to work on his campaign prompted an FEC ruling allowing the practice. Jackson might be afraid that the Senate action will catalyze a similar reform in the House, which could cut way back on his disposable family income.

But whatever the reason for his vote, Obama has screwed up. The public will not take kindly to a senator who pledged to clean up the political process voting to allow wives to be hired with special-interest campaign funds.

The FEC required, in allowing the practice, that the contract for the services of the family member contain the language customarily used between campaign committees and consultants. The FEC also ruled that any payment to a family member in excess of the fair market value of the services would be considered to be a "personal use of campaign funds."

But, as usual, the FEC has missed the point. Any payment from campaign money to a spouse is, in fact, an appropriation of campaign funds by the member of Congress for his own personal use, however camouflaged or disguised. The Senate was right to ban the practice and the House should follow suit.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

McCain To Make Amends With Dobson (AP)

By Jim Davenport

AP, January 17, 2007

Sen. John McCain said Tuesday he hopes to patch things up with conservative Christian leader James Dobson, who recently said he wouldn't support the Republican's presidential bid under any circumstances.

In a radio interview with KCBI, a Dallas Christian station, Dobson argued that McCain didn't support traditional marriage values and complained that the campaign finance legislation he co-authored hurt Christian broadcasters.

"Speaking as a private individual, I would not vote for John McCain under any circumstances," Dobson said on KCBI.

The 2002 McCain-Feingold campaign finance legislation stifled "Christian radio" and "kept us from telling the truth right before elections," Dobson contended. "He is not in favor of traditional marriage and I pray that we will not get stuck with him."

During a campaign stop in Columbia, S.C., McCain said: "I'm obviously disappointed and I'd like to continue and have a dialogue with Dr. Dobson and other members of the community."

McCain has said gay marriage should not be legal but has angered some conservatives with his opposition to a constitutional amendment banning same-sex unions. The Arizona senator said the issue should be left to the states.

"I'm happy to say that I've established a dialogue with a number of other leaders," including the Rev. Jerry Falwell, "Purpose Driven Life" author Rick Warren and Dr. Richard Land of the Southern Baptist Convention.

McCain has reached out to conservatives he once crossed. Last May, he spoke at Falwell's Liberty University in Virginia. In 2000, Falwell opposed McCain's campaign for the GOP nomination and supported George W. Bush. At the time, McCain labeled Falwell and others on the right and the left as "agents of intolerance."

During his 2000 presidential bid, McCain also criticized Bob Jones University, a Christian fundamentalist college, for its ban on interracial dating.

In a GOP debate with Bush, McCain said that given the opportunity to speak at the school as Bush had, he would have said: "Look, what you're doing in this ban on interracial dating is stupid, it's idiotic, and it is incredibly cruel to many people."

McCain said last year that he wouldn't turn down an opportunity to speak at Bob Jones.

Since 2000, the school has lifted its interracial dating ban.

Tancredo Forms Exploratory Committee (AP)

By Jennifer Talhelm

AP, January 17, 2007

Colorado Republican Rep. Tom Tancredo, an outspoken opponent of illegal immigration, said Tuesday he will form an exploratory committee this week for a possible presidential campaign.

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After making a weekend trip to Iowa, home to the first nominating caucus in January 2008, Tancredo said voters there told him other presidential candidates don't share their views.

"They believe that there is a void in this race that none of the other candidates are willing or able to fill," said Tancredo, who plans to remain in the House.

Tancredo has said immigration would be a central issue if he does run. Campaign spokesman Tim Haley said on Tuesday that Tancredo would also push opposition to abortion and other conservative themes as well.

Haley said grass-roots leaders in Iowa told Tancredo they want a "true conservative" in the race to counter other potential GOP candidates, including Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York Mayor Rudy Giuliani, who are seen as moderates by some.

While in Iowa, Tancredo promoted his book, "In Mortal Danger," which warns about the need to secure U.S. borders.

Tancredo was partly testing the support among Iowa Republicans for McCain, who has proposed a guest worker program for illegal immigrants.

Tancredo and other anti-immigration activists have heavily criticized McCain for being too soft on immigration.

A bill McCain helped sponsor would have provided a path to citizenship for some of the estimated 11 million illegal immigrants in the country now. Tancredo advocate securing the border before creating a guest worker program.

Tancredo met with activists and GOP leaders in Iowa.

"Too many people believe that their leaders in Washington have forgotten them," Tancredo said after the visit. "I want to make sure that their voices are heard in the upcoming election."

Colo. Lawmaker Considers Run For President (WP)

The Washington Post, January 17, 2007

Rep. Tom Tancredo (R-Colo.), one of Congress's most outspoken opponents of illegal immigration and guest-worker programs, said yesterday that he will take the first step toward a 2008 presidential bid.

Tancredo said in a statement that he decided to form a presidential exploratory committee after visiting Iowa last weekend.

"The one thing I heard over and over is that they don't believe the other contenders care about the same things that they do," Tancredo, 61, said.

None of the White House candidates, the five-term lawmaker added, "reflects the grass-roots, majority belief of Americans that our borders must be secured, that employers who hire illegals must be prosecuted, and that no one who has broken our immigration laws should ever be put on a 'pathway to citizenship.' "

Tancredo Forms Presidential Exploratory Committee (CQ)

By Marie Horrigan

CQ Politics Tancredo, '08, January 17, 2007

After spending last weekend consulting with Republican insiders in the first-in-the-nation presidential caucus state of Iowa, Colorado Republican Rep. Tom Tancredo has decided to form an exploratory committee for a possible White House run in 2008.

Though little known to most of the nation's voters, the five-term congressman from suburban Denver has a following among some conservative activists — particularly those who favor his leadership role in efforts to crack down on illegal immigration and also limit the numbers of legal immigrants in the United States.

The 61-year-old Tancredo's ostensible reason for visiting Iowa was to promote his book on his trademark issue, "In Mortal Danger: The Battle for America's Border and Security."

According to a report Tuesday by the Associated Press, Tancredo said he found Iowa Republicans who think the other potential candidates for the party's presidential nomination do not share their views. "They believe that there is a void in this race that none of the other candidates are willing or able to fill," he said.

The news that Tancredo plans to move ahead with a presidential exploratory committee comes just a day after another Colorado Republican made headlines: Sen. Wayne Allard announced Monday in Denver that he will not run for a third term in 2008.

Tancredo is considered a possible Republican contender for Allard's seat in a contest that Democrats — who have made significant gains in Colorado over the past two election cycles — are targeting for a takeover bid in 2008.

But Tancredo, following Allard's announcement, appeared to signal a preference for his longshot presidential prospects, with his spokesman telling the state press that Tancredo is urging Republican former Rep. Scott McInnis to run for the Senate next year.

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Tancredo is one of 13 Republicans listed by CQPolitics.com as having a stated interest in running for president in 2008, a group that includes much better known figures such as Arizona Sen. John McCain, former New York City Mayor Rudolph Giuliani and former Massachusetts Gov. Mitt Romney.

The only officially announced GOP candidate at the moment is a distinct long-shot, attorney John H. Cox of Illinois, who happens to share many of Tancredo's views on immigration.

Tancredo Begins White House Bid (WT)

By Stephen Dinan

The Washington Times, January 17, 2007

Rep. Tom Tancredo yesterday formed a committee to explore a run for the Republican nomination for president, hoping to force the issue of immigration into the primary debates and push the candidates to embrace stricter enforcement.

"As I look at the current presidential candidates -- Republican and Democratic -- I simply do not see one who reflects the grass-roots, majority belief of Americans that our borders must be secured, that employers who hire illegals must be prosecuted, and that no one who has broken our immigration laws should ever be put on a 'pathway to citizenship,' " Mr. Tancredo wrote in his first fundraising letter.

The Colorado Republican's political rise has tracked closely with the immigration issue, which went from being a "sleeper" issue to a dominant part of the 2006 congressional campaigns. Mr. Tancredo on Monday ruled out a run for the U.S. Senate seat that will open in 2008 with the retirement of Sen. Wayne Allard.

Mr. Tancredo, 61, has spent time during the past two years traveling in the early primary and caucus states of Iowa, New Hampshire and South Carolina. He said at the time that those trips were designed to put the issue of immigration on the minds of voters and said he would only enter the race if no credible candidate stepped in to represent the immigration-enforcement approach.

Yesterday, Mr. Tancredo said nobody has picked up the banner.

Bay Buchanan, a friend and confidante of Mr. Tancredo's who runs his political action committee, Team America, said that immigration is the issue that will help Mr. Tancredo stand out from the pack of candidates. She also said his record, consistently conservative up and down the line, will go over well with Iowa's pro-life, conservative caucusgoers.

"He is an across-the-board social conservative -- one that the Christian right can feel completely comfortable with, that he has been with them on those issues for his whole life," she said.

His advisers say Mr. Tancredo will not raise the sort of money that Republican heavyweights Sen. John McCain, former New York Mayor Rudolph W. Giuliani and former Massachusetts Gov. Mitt Romney expect to raise. Advisers to Mr. Romney say their target is $70 million this year, while a campaign document from Mr. Giuliani says his target is $100 million.

Mr. Tancredo is in the smaller-budget group that includes Rep. Duncan Hunter of California, Rep. Ron Paul of Texas, former Virginia Gov. James S. Gilmore III, former Wisconsin Gov. Tommy G. Thompson and Sen. Sam Brownback of Kansas.

But Mr. Tancredo stands out from that pack because he brings to the race a dedicated army of talk-radio show hosts and activists who oppose illegal immigration.

"His strength is that he already has a national following. He has enormous grass-roots support. He is well-known across this country by the Republican base," said Mrs. Buchanan, who was chairman in all three of her brother Pat Buchanan's presidential campaigns.

She said Mr. Tancredo's candidacy should excite those who supported Mr. Buchanan in 1992 and 1996, but said that as a five-term congressman, Mr. Tancredo also brings his own national following.

Tancredo Officially Eyeing Bid (DENP)

By Anne C. Mulkern

Denver Post, January 17, 2007

Washington - Colorado's Tom Tancredo took his first official step Tuesday toward running for president.

The Republican congressman from Littleton - known for his hard-line stance on immigration - announced his plan to file paperwork for a presidential exploratory committee. He set up a website and within four hours, he said, collected about $10,000 in campaign contributions.

After spending the weekend in Iowa, where the earliest presidential nominating caucus is to be held in mid-January 2008, Tancredo, 61, said he decided there's a need for a candidate with traditional Republican beliefs of small government, reduced spending and conservative social values.

"It appears to me that there is a void,

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Talk back

Discuss this story. Join the conversation. which I think I can fill, (being) a true conservative with a conservative history," Tancredo said. "I believe I can play a role, and I believe I can be viable."

Tancredo's move comes as others are stepping forward on the presidential front, including Sen. Barack Obama, D-Ill.

Tancredo is one of the first to do so on the Republican side, a step he said he needs in order to determine whether he can raise enough money to make a respectable showing. Under campaign rules, setting up such a committee allows a potential candidate to raise and spend money to explore a run without yet declaring for office.

Spokesman Carlos Espinosa said Tancredo may announce this summer whether he'll run or not.

A Tancredo presidential bid would be a quixotic quest, analysts said. Though he's trying to broaden his appeal, Tancredo is known mostly for wanting to tighten immigration policies.

At the same time, analysts said, Tancredo's position on immigration would grant him credibility with some conservative caucus voters in Iowa and elsewhere.

"I wouldn't underestimate the power of this immigration issue to become one of the litmus tests" for Republican candidates, said Chuck Todd, editor of the Hotline, a nonpartisan political blog attached to National Journal.

Tancredo for two years has flirted with the idea of running for president, saying previously that he'd do so primarily to push the immigration issue.

Several recent events propelled him closer to an official run, including the near certainty that the new Democratic-controlled Congress will pass immigration reform Tancredo finds objectionable. The presidency in 2008, he said, "is for all the marbles."

A resounding welcome from Iowa Republicans last weekend cemented his decision to form the exploratory committee, he said. "I had to know that I had a good solid base."

Tancredo acknowledges he has no chance to raise the "hundreds of millions of dollars" that likely candidates such as Sen. John McCain, R-Ariz.; former Massachusetts Gov. Mitt Romney; and former New York Mayor Rudy Giuliani could potentially acquire.

He said for now he needs to determine whether he can raise the $1 million or so he'd need to compete in Iowa. Tancredo has hired a representative to run his campaign there.

Tancredo has name recognition in Iowa, said Chuck Laudner, executive director of the Iowa Republican Party, but "it's a crowded field," with McCain and Romney seen as the front runners. Giuliani also has traction, Laudner said.

But his immigration stance, Laudner said, "is enough to get (Tancredo) into the game. But staying power will mean broadening his message."

Espinosa said Tancredo would consider a third-place finish in Iowa a victory.

"I don't think he's there yet," Laudner said. "If you announce you're playing for third, you'll never get there. You have to be in the game."

Tancredo's presence in Iowa would put pressure on McCain, who would have a hard time appeasing the wing of the Republican Party that agrees with Tancredo on immigration, said Norman Ornstein, political analyst with American Enterprise Institute, a Washington think tank.

Tancredo also could boost Romney by allowing him to withhold criticism of McCain and let Tancredo voice it instead.

Invest More Now (WT)

By Newt Gingrich And Bart Gordon

The Washington Times, January 17, 2007

Throughout history, national security has been dependent on economic prosperity, and visa versa. An economically strong America is better able to defend itself. Likewise, the nation's ability to defend itself is a prerequisite to maintaining the infrastructure and other elements of a strong national economy.

Unfortunately, the nation has forgotten one of the most important ways our economic prosperity and national security are linked — investment in fundamental scientific research. Investments made in fundamental scientific research after World War II and during the Cold War have been essential to making our fighting men and women today the best equipped in the world. These previous investments and the new knowledge they generated also made enormous contributions to our economic vitality.

But our commitment to that defense-oriented fundamental research — the kind of research that pays off not in a year or two but in the long run, sometimes decades in the future — has eroded. If we do not renew this commitment, it will harm our global economic competitiveness as well as the effectiveness and safety of our troops.

The extraordinary technologies upon which today's military equipment is based come from an extraordinary research and development enterprise. The foundation of that enterprise is the basic scientific research funded by the Department of Defense.

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Unfortunately, the national commitment to investing in basic defense research has waned in recent years, with funding levels essentially flat for several years and the overall percentage of the Pentagon budget devoted to such research significantly less than it was in the 1980s.

While spending on overall defense research and development has increased significantly over this period, this spending has been focused on development and testing of major weapons systems and advanced technologies. Yet even these advanced weapons systems are dependent on fundamental discoveries made years or even decades ago.

We take for granted advances in military equipment from decade to decade, but imagine having fought wars from World War II to the defeat of the Taliban in Afghanistan and Saddam in Iraq without the use of radar, lasers, stealth technology, fiber-optic-based communications, satellite and global positioning system (GPS) navigation, and precision guidance technologies. These technologies have at least one thing in common — all are the end result of basic research — much of which, by the way, took place on the campuses of our nation's universities.

Most of them have something else in common. Consider how some of these technologies — GPS, radar, lasers, fiber-optic communications — have been converted to civilian uses in areas ranging from manufacturing and transportation to telecommunications and health care, with great benefit to our economy and our quality of life. And then there is the Internet, which was the result of defense researchers looking for a fail-safe communications network that could survive a nuclear attack.

In addition to creating specific "dual-use" technologies, defense research plays an important role supporting scientific fields essential to both our economy and our security. Historically, the Defense Department has invested heavily in research in the physical sciences and engineering. More than one-third of all engineering research comes from the Defense Department, and it is one of the largest supporters of research in electronics, computers, mathematics, aeronautics, material science, mechanics and the environmental sciences, especially oceanography.

President Bush and Congress have shown over the past decade that they understand the importance of basic research to the economy and to our health. First, Congress, with both the Clinton and Bush administrations, doubled the size of the National Institutes of Health, laying the groundwork for extraordinary advances in biomedical research.

Last year, the president took the next logical step — his most important new economic proposal — doubling basic research in the physical sciences and engineering at three key research agencies that fund basic university research: the National Science Foundation, the Department of Energy Office of Science and the National Institute of Standards and Technology.

Notably absent from the president's proposal, however, were major increases for basic research at the Defense Department. But like the research supported by these other agencies, funding for basic defense research is essential to our economic competitiveness.

Therefore, we are joining the Task Force on the Future of American Innovation, a coalition of business and academic organizations, in calling on the president to add Department of Defense research to his competitiveness initiative, make this a part of his State of the Union address later this month, and include it in his budget in February.

National security and economic competitiveness are linked in reality — they should be linked by national policy as well.

Newt Gingrich is the former speaker of the House. Rep. Bart Gordon is chairman of the House Committee on Science and Technology.

Scramble For Cash Underway (USAT)

By Fredreka Schouten

USA Today, January 17, 2007

WASHINGTON — The competition among presidential contenders for the Democratic Party's most influential donors and fundraisers grew more intense Tuesday with Sen. Barack Obama's decision to raise money to explore a 2008 race.

The move by the Illinois senator comes as many of the party's top-tier fundraisers sit on the sidelines and size up the potential rivalry between Obama and New York Sen. Hillary Rodham Clinton.

The scramble to win prominent fundraisers is critical in the first contest since 1928 in which neither the president nor his vice president is seeking the office. The top candidates are likely to raise $100 million before the first primary.

Chicago investment banker Lou Susman, a major Democratic fundraiser, said just hours after Obama's announcement that he would work with the Illinois senator. "I think he has struck the right chord with Americans in terms of his philosophy," Susman said.

On the Republican side, financial backers of President Bush have started to migrate to Sen. John McCain. The Arizona senator's political action committee raised more than twice the amount from Bush's 2004 donors than the PAC of a potential rival, former New York City mayor Rudy Giuliani, The Arizona Republic found.

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Former Massachusetts governor Mitt Romney, however, recently raised $6.5 million in one day and has attracted several big Bush fundraisers, including Mel Sembler, former ambassador to Italy.

In an election that could set fundraising and spending records, "who can round up a ball team of $100,000 fundraisers" will be crucial to success, said Steve Grossman, a former Democratic National Committee chairman who has not yet backed a candidate. "People are playing their cards very close to their chests," he said.

Some examples:

•Alan Solomont, who raised more than $35 million for John Kerry's 2004 White House bid, is weighing his options. Solomont said he's getting so many calls about 2008 that his wife jokes "my phone number is written on the restroom wall of the Capitol."

•Billionaire George Soros, who gave more than $15 million to liberal groups working to defeat President Bush in 2004, will probably give to several Democrats but "has no plans to become actively involved in the primary," aide Michael Vachon said.

•Margery Tabankin, a Democratic activist who advises Barbra Streisand and other Hollywood figures on giving, says many Hollywood Democrats are looking closely at Clinton, Obama and former senator John Edwards. "You will see people writing checks to all three — not cynically, but to let them each get their message out there," she said.

Clinton aide Jonathan Mantz said big donors will support the former first lady. "We are going to be in a very solid position going into this race, if we decide to do it," he said.

Clinton has $14 million left over from her Senate campaign that she can use for a White House bid.

Among those with Clinton: Philadelphia lawyer Alan Kessler. Former president Bill Clinton and his wife "were very good to most of us, not just in appointments to federal commissions," he said. "He was incredibly helpful to Pennsylvania."

Frist Looking At Governor Run In 2010 (HILL)

By Sam Youngman

The Hill, January 17, 2007

Former Majority Leader Sen. Bill Frist (R-Tenn.) is seriously considering a gubernatorial run in Tennessee in 2010, possibly setting up a White House bid further down the road.

Sources in Washington and Tennessee say Frist, who will turn 55 next month, is leaning heavily toward a run for the governor's office, where he could gain executive experience that might position him to try for the presidency in either 2012 or 2016.

"It's a done deal," said a source with knowledge of Frist's plans.

Frist was considering a 2008 presidential run until late last year, when he announced he would not run, opening the door for a bid at the Volunteer State's governor's office.

Waiting three to eight years before making a gubernatorial or presidential bid would provide Frist needed distance from his unenviable tenure as Senate majority leader, a period that culminated in the Democrats' takeover of Congress last November.

Such a significant layoff would also allow Frist to distance himself from allegations of conflict of interest involving his ownership of stock in Hospital Corporation of America, a company founded by his brother and father, allegations that could have further derailed his White House hopes this year.

Frist could not be reached and an official at his Volunteer PAC office in Nashville declined to comment.

Bob Davis, chairman of the Tennessee GOP and a friend of Frist's, said that while the former senator has not told him he will run, there has been a lot of talk and encouragement for Frist to do so.

"If he chooses to do something like that, he'd have a lot of support," Davis said.

Davis said a number of Republicans in the state are being mentioned as possible candidates, including Beth Harwell, a state representative and former chairwoman of the state GOP who was considering a run for Frist's Senate seat last year.

Lt. Gov. Ron Ramsey, who recently ended Democratic state Sen. John Wilder's 36-year hold on the seat, is also being mentioned as a possibility.

Bruce Oppenheimer, a political scientist at Vanderbilt University, said a number of Republicans have been positioning themselves to run for governor, including Reps. Zach Wamp and Marsha Blackburn, and possibly former Reps. Ed Bryant and Van Hilleary, both of whom lost to Sen. Bob Corker in the GOP primary for Frist's seat.

"I believe some of that field might clear if [Frist] decides to run," Davis said.

Oppenheimer said Frist's vast resources could scare away much of the competition.

"He raises the ante," Oppenheimer said. "He makes the cost of getting in quite a bit higher. That's the real difficulty other Republicans face."

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Frist's Volunteer PAC, or VOLPAC, had about $166,000 cash on hand according to post-election filings, but Tennessee state law would only allow for PAC contributions to a gubernatorial run totaling $15,000; $7,500 for both the primary and general elections.

Oppenheimer said raising money would not be an early concern for Frist, but maintaining relevance and overcoming other political "liabilities" could prove a challenge.

Frist's approval ratings have been consistently lower than Sen. Lamar Alexander (R-Tenn.), who is up for reelection in 2008, Oppenheimer said. But voters in Tennessee were less likely to pass a harsh judgment on Frist's tenure as majority leader than national voters would.

"I don't think the people in Tennessee have as critical an evaluation of the job he did as majority leader as they do in Washington," he said.

Oppenheimer cautioned that making political predictions this far out is "risky."

But Davis said that while it is early, the time to raise money, raise a profile and really start running comes sooner that most people think.

"It's really not four [years]; it's really two," he said.

Allard's Exit Opens Door To Elway (HILL)

By Aaron Blake

The Hill, January 17, 2007

Former Denver Broncos quarterback John Elway will always be remembered by Coloradoans as the orchestrator of "The Drive" — a 98-yard touchdown march in the closing moments of the 1987 American Football Conference Championship game.

Whether the Hall-of-Famer and statewide sports hero has the drive to score a big win for Colorado Republicans in 2008 is another matter, and it's the subject of growing speculation now that Sen. Wayne Allard (R-Colo.) is not running.

Elway's office at the Colorado Crush of the Arena Football League said yesterday that Elway "has no intentions of running," and observers say a 2008 Senate bid that could muddy his popular image is unlikely, though attractive to the party.

Colorado Republicans have shown an interest in celebrity candidates in the past — Republican beer baron Pete Coors lost narrowly in 2004 to current Sen. Ken Salazar (D) — and some have suggested they will look in that direction now that the other Senate seat is open and top statewide candidates appear unlikely to run.

And there is no bigger celebrity in the state than Elway.

Allard's announcement on Monday that he would not seek a third term has left Republicans searching for a candidate in what's set to be among the toughest and most expensive Senate races in the country. A candidate with top name recognition and a golden image like Elway's would have a serious leg up.

Former Rep. Scott McInnis (R-Colo.), who said he will run if former Gov. Bill Owens doesn't, told the Associated Press last month that if Owens bows out, the major parties would also likely search for celebrity candidates such as Elway. He said he thought "Elway could clear the field."

Owens has defused talk that he would run.

If Colorado Republicans go after Elway, the situation would be similar to the Illinois Senate race of 2004, when Republicans tried hard to recruit former Chicago Bears Coach and Hall-of-Famer Mike Ditka to run against now-Sen. Barack Obama (D-Ill.) for an open seat.

Ditka decided not to run, and Republicans settled for Alan Keyes, who lost badly.

Elway, a two-time Super Bowl winner, has been involved mostly behind the scenes in Republican politics since retiring in the late 1990s. He has generally focused on the top-of-the-ticket races — the Senate in 2004 and governorship in 2006 — while dabbling in business ventures like car dealerships and the Crush.

Elway's nine-year relationship with a Denver-area car dealership chain ended late last year, prompting some to suggest politics was next.

He has given thousands to Colorado GOP candidates including McInnis, Coors, Rep. Tom Tancredo and 2006 7th district House candidate Rick O'Donnell. He has also contributed to former Rep. Rick Lazio (R-N.Y.) and the Republican National Committee, according to Federal Election Commission reports. He contributed more in the 2006 cycle than previous cycles.

Colorado GOP consultant Katy Atkinson said Elway increased his activity this past cycle, but she also emphasized that his name has previously been thrown out as a potential House candidate and in 2004 for the Senate seat.

"I think if John Elway wants it, it's his," Atkinson said, referring to the Republican nomination and likely the seat too. "He has god-like status in Colorado."

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The Colorado Republican Party is on the verge of changing chairmen, with Dick Wadhams likely to become the new head in March, and the decision whether to woo Elway could rest with him.

State party spokesman Bryant Adams said Elway would be "a viable candidate," and it would help that he could self-fund to some extent.

"I'd say his name I.D.'s probably pretty close to 100 [percent]," Adams said. "The question is: Would he want to get in? I just don't know, frankly."

Many in Colorado politics subscribe to the view that Elway would be formidable, but they still doubt he would give up his private life.

"You just don't see him do the whole policy-strengthening and intense schmoozing you see from somebody thinking about it," independent pollster Floyd Ciruli said.

Others see Elway as neither a likely candidate nor an attractive one. Mort Marks, a longtime GOP operative in Arapahoe County, where Elway conducts his business, said Republicans are tossing Elway's name out "for no reason."

"It would not be an automatic win," Marks said. "It's very equivalent to running Pete Coors."

The Coors comparison is just one Elway would have to deal with while his prospects are being assessed. Coors was well known and well liked in Colorado, but he proved a less-than-polished politician and lost 51-47 to Salazar.

Bruce Peterson, a former Arapahoe County GOP chairman, said he's encouraged about the Elway talk, which he's heard both publicly and privately. But he said Coors and others might have ruined it for Elway by turning Coloradoans sour on "rich Republicans."

"I think there's a concern that we might have a similar situation with Elway, entering the picture with similar credentials," Peterson said.

The other main comparisons would be with sports figures like Ditka. Numerous athletes and coaches have served or are serving in Congress, including: NBA Hall-of-Famer former Sen. Bill Bradley (D-N.J.); NFL Hall-of-Famer former Rep. Steve Largent (R-Okla.); Hall of Fame baseball pitcher Sen. Jim Bunning (R-Ky.); and former Rep. J.C. Watts (R-Okla.), a college football star at the University of Oklahoma.

Recent sports-to-politics pathways have proven less successful.

Last cycle, Republican Lynn Swann, an NFL Hall-of-Famer with the Pittsburgh Steelers, proved politically inept in his bid to unseat Pennsylvania Gov. Ed Rendell (D). Also, former Rep. Tom Osborne (R-Neb.), a famous University of Nebraska football coach, lost in the Republican gubernatorial primary.

Democrats for now appear set to go with Rep. Mark Udall (D-Colo.) who yielded to Salazar in 2004 and said soon after that he would run for Allard's seat. Denver Mayor John Hickenlooper (D), who packs some celebrity appeal, has said he's not interested and appears the only alternative to Udall right now.

On the Republican side, another local celebrity, radio show host Dan Caplis, is also reportedly considering running.

McInnis, who left Congress after 2004, had more than $900,000 in his most recent FEC filing.

Seven Tough Choices We Will Not Make (WP)

By Robert J. Samuelson

The Washington Post, January 17, 2007

Fulfilling their promise, Democrats in the House have voted to raise the minimum wage from its current $5.15 an hour to $7.25 by 2009. But before you count the big gains for low-income families, consider this fact: Among the poorest fifth of U.S. households (their 2005 incomes: less than $19,178), only one in seven has a full-time, year-round worker. About 60 percent have no worker at all, says the Census Bureau. The rest have part-time or part-year workers. A higher minimum wage won't help most of these households, which consist heavily of single parents and the elderly.

Among social scientists, it's no secret that the minimum wage is a weak weapon against poverty. Modest numbers of workers are affected; many are teenagers, often from middle-class homes; and many of the poor don't work. And a higher minimum wage may destroy some jobs. No matter. Democrats plunged ahead because raising the minimum wage is symbolically powerful. It says that you care about "economic justice."

This is, I think, a metaphor for what ails our politics: It's mostly about gestures and giveaways; it's not about hard choices.

I certainly don't exempt Republicans from this indictment. After all, the Bush administration and Republican Congresses devoted six years to cutting taxes, increasing spending and ignoring budget deficits. Republicans and Democrats often differ on causes and constituencies. But they share a political culture. They are long on self-promotion and short on self-discipline. They do what sounds good and pleases partisans.

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Let me engage in a fantasy. Let me assume that Democrats and Republicans actually intended to address two serious national problems: first, our huge dependence on insecure sources of foreign oil; and second, the persistent mismatch between public resources (taxes) and public obligations (spending). What might they do? Herewith, a package of proposals:

Â· Enact an energy tax equivalent to $2 a gallon on gasoline -- introduced over six years, or about 33 cents annually. The purpose: to increase tax revenue and induce Americans to buy more fuel-efficient vehicles.

Â· Raise federal fuel-efficiency standards for cars from the present 27.5 miles per gallon to 40 mpg by 2020 and make similar increases for light trucks and SUVs. If fuel-efficient vehicles are to be favored, they must be available.

Â· Open the Arctic National Wildlife Refuge to oil production. This would help offset declining U.S. output elsewhere.

Â· Increase the top tax rate on dividends and capital gains (profits on stocks and other assets) from today's 15 percent to at least 25 percent.

Â· Require Congress to cut $1 of spending for each dollar of tax increase until the budget balances. After that, tax and spending changes would have to offset each other. Higher spending would require higher taxes -- and vice versa with exceptions for recessions.

Â· Require the Congressional Budget Office to confirm spending cuts -- and if they're not made, mandate automatic cuts to all non-defense programs, including Social Security and Medicare (Social Security checks would shrink, Medicare premiums would rise).

Â· Raise the eligibility ages for Social Security and Medicare gradually to 70 by 2029. At 65, people would have to buy into Medicare (that is, pay for coverage) until they reached eligibility for subsidized benefits.

A package like this would eliminate the budget deficit, probably within two or three years. It would temper our dependence on foreign oil (gasoline accounts for almost half of U.S. oil use) and let us begin to adapt to an older, healthier society (since 1970, life expectancy has increased seven years). Although it would be controversial, the package would be balanced. Budget measures would be split between tax increases and spending cuts; energy measures would be split between more production and more conservation. Finally, this approach would compel legislators to debate openly the value of higher spending vs. higher taxes.

That something like this won't soon be proposed -- let alone passed -- speaks volumes about our politics. Both parties have marketed government as a source of aid and comfort. Benefits are to be pursued, burdens shifted and choices avoided. Problems are to be blamed on scapegoats ("the liberals," "the rich"). There is little sense of common interests and shared obligations. Politicians resort to symbolic acts that seem more meaningful than they actually are: the minimum wage, for instance.

What results is a politically expedient world of make-believe that takes many sensible compromises off the table. Drilling in the Arctic National Wildlife Refuge, for example, wouldn't ravage the environment. But for many Democrats, it's a cause celebre. Voting to open ANWR would be politically unpardonable. Similarly, some tax increases wouldn't destroy the economy; it has operated satisfactorily at higher levels of taxation. But for many Republicans, voting for any tax increase would also be a political death sentence. We are condemned to rituals that usually get us nowhere.

Fury Over Delegate's Remarks On Slavery (WP)

By Amy Gardner

The Washington Post, January 17, 2007

RICHMOND, Jan. 16 -- A veteran Virginia lawmaker from suburban Richmond ignited a hot exchange in the House of Delegates on Tuesday after criticizing a proposal for the state to issue an apology for slavery and likening it to requiring Jews to apologize for "killing Christ."

Del. Frank D. Hargrove Sr., a Republican from Hanover County, told lawmakers that his comments were intended only to make the point that "not a soul in this legislature" had anything to do with slavery -- and that there is no point in dwelling on a chapter of U.S. history that all agree was repugnant.

"If we keep bringing this up, bringing this up -- I think this is a harmful idea just to keep recycling this thing which we all know and all despise and have no respect for," said Hargrove, a 25-year veteran of the House.

But Hargrove's remarks, first made in a newspaper interview on the holiday honoring civil rights leader Martin Luther King Jr., prompted a blistering censure from the 17-member Legislative Black Caucus. The Anti-Defamation League condemned Hargrove's comments about Jews.

His statements caused further consternation for Virginia Republicans, who are recovering from the defeat of U.S. Sen. George Allen last year and who are preparing for a tough election year in which all 140 General Assembly seats will come open.

Allen's defeat was attributed in part to his use of the word macaca -- a slur in some cultures -- to describe a young man of Indian descent. The one-term senator and former governor was accused of racial insensitivity, and his popularity plummeted --

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notably in Northern Virginia, where affluent and well-educated newcomers are swaying the state's politics away from its more conservative, less racially tolerant past.

Hargrove's remarks don't help the GOP's image, said Del. Vincent F. Callahan Jr., a Fairfax County Republican and a 39-year House veteran whose district has been targeted by Democrats for the fall elections.

"People ought to have learned a lesson from this past year's senatorial campaign in Virginia," Callahan said. "We live in a different age as far as sensitivity goes and personal feelings. Particularly in a legislative body, where we operate in a goldfish bowl, we ought to be very careful about what we say in public."

The flap caused much greater outrage among Democrats and blacks in the legislature, who bristled at the timing of the remarks, not only on the King holiday but also at the start of a year during which Virginia is celebrating the 400th anniversary of the founding of Jamestown, where blacks were once sold as slaves.

"For 400 years, this commonwealth has not apologized, and I for one believe it is high time for that apology," said Del. A. Donald McEachin (D-Richmond), sponsor of the resolution, which would require the General Assembly to "atone for the involuntary servitude of Africans and call for reconciliation among all Virginians."

McEachin also rebuked Hargrove for making a theologically incorrect statement: that Jews killed Christ. "My faith teaches me that Christ died for the sins of all of mankind," he said.

Del. David L. Englin (D-Alexandria), who is Jewish, said that such comments give him reason to fear for his 7-year-old son's safety and self-esteem.

"As a young child, I dealt with verbal attacks and physical attacks from other children who believed that, as a Jew, I killed Christ," Englin said. "When people of the respect and stature of a member of this body perpetuate that notion, it troubles me."

Del. Dwight Clinton Jones (D-Richmond), chairman of the black caucus, scoffed at the idea that people should "get over" slavery "as if slavery was a birthday party that somebody had last Saturday night."

"If there are those who do not feel the need to apologize, I want to apologize," Jones continued. "I want to apologize to the mothers and fathers of my ancestors who were transported to this nation against their will in order that this nation might be built upon their backs. I want to apologize to the mothers and fathers of the civil rights generation who were hosed and bitten by dogs, and their children killed in churches as they burned, because of hatred that was put upon them. I want to apologize to them."

Hargrove, whose original remarks were reported in the Charlottesville Daily Progress, tried to make amends during a speech on the House floor. As fellow Republicans looked on warily -- notably House Majority Leader H. Morgan Griffith (R-Salem), who stood stiffly and silently at the back of the chamber -- Hargrove told Englin, his seatmate, that Englin's "skin was a little too thin."

"I didn't even know you were Jewish," said Hargrove, who turns 80 this month. "I don't care what your religion is. I really don't care."

Conservatives? On Network TV? It's True. (USAT)

By Melana Zyla Vickers

USA Today, January 17, 2007

It's no exaggeration to say that conservative female characters have been rarer on prime-time TV than either space aliens or same-sex kissing.

ABC's Invasion gave us semi-human aliens last year, and Fox's The OC gave us girl-on-girl kissing the year before that. Neither was a first — in 2001, Buffy the Vampire Slayer offered same-sex kissing between semi-humans. By contrast, it's rare, indeed, to find a prime-time character whose politics are similar to the 31 million American women who voted Republican in 2004.

Sure, TV has had about one conservative male per decade — over-the-top Reaganite Alex P. Keaton on Family Ties in the '80s, and over-the-top elitist Denny Crane on Boston Legal these days — as well as plenty of Donna Reed-type housewives whose views might have been conservative had they been aired along with the laundered sheets. But in the 50 years since The Loretta Young Show, there have been few female characters whose conservatism is a central element of a show, according to TV historian Walter Podrazik.

Lately, viewers have begun to see that perhaps times are changing.

This season, there's Harriet Hayes (Sarah Paulson), the socially conservative Christian comedienne on NBC's Studio 60 on the Sunset Strip, a drama about the making of a weekly comedy show. There's also Kitty Walker (Calista Flockhart), the Republican aide on ABC's Brothers & Sisters, a California family drama. Vague hints of the new diversity came in 2005-06, with Bree Van De Kamp (Marcia Cross) owning a gun on ABC's Desperate Housewives, the muscular if apolitical patriotism of Sidney Bristow (Jennifer Garner) on Alias, and patriotic, God-referencing dialogue from the soldiers' wives on CBS' The Unit.

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Now the conservatives are fully out of the closet, delivering heretofore unheard-of dialogue that may well be music to the ears of millions of conservative viewers. Consider this line from Brothers & Sisters' Kitty about African children dying of malaria: "What could save them? DDT. But environmentalists don't want to lift the ban on DDT because it might thin the shells of bird eggs. Excuse me while I projectile vomit on Al Gore." Meanwhile, Studio 60's Harriet praises her pastor and wittily dismisses cynicism about her values.

If the shows' producers can sustain the characters through the entire season, they may find they've germinated the entertainment-TV equivalent of Fox News: Mutually beneficial programming in which conservative viewers get one of their own to watch and cheer for, and network executives get a valuable demographic for advertisers.

The value of such shows may also reach beyond conservative viewers. When they depict a conservative in a positive, normal light instead of in the shadowy, conspiratorial darkness of Hollywood stereotypes, the shows play a small but important role in adjusting unfair perceptions.

But being able to sustain the characters' conservatism is a big "if." After all, TV writers are unlikely to meet many Republicans in Hollywood, says Jon Robin Baitz, creator and executive producer of Brothers & Sisters. This isn't to say that there are no such conservatives in Hollywood. There must be one or two toiling away out there. But as historian Podrazik puts it, Hollywood's social values "seem to coincide with the Democratic Party agenda."

The leftward lean opens the risk that Kitty and Harriet will become liberal caricatures of conservatives, or worse, go wobbly ideologically. Kitty on Brothers & Sisters has already been taking heat. After saying in an early episode that the Iraq war "was necessary when it began," she later said the war "is in desperate need of re-examination … that cannot come until we acknowledge that the war itself was a mistake." While the shift is consistent with that of some real-world conservatives, producer Baitz says many viewers wrote to complain.

Criticism of such shows is likely to keep coming. Ted Baehr, chairman of the Christian Film & Television Commission, a private group that reviews movies and TV shows, says conservative Christians' wider complaint about TV is they don't "want to be appeased by one character, the token character. They want a worldview."

Whether conservatives get that worldview remains to be seen. But Baitz predicts TV will keep pace with the times. "It flies in the face of the empirical reality of our time," namely the patriotic, post-9/11 era, for Hollywood to continue to ignore conservatives. But diversifying won't be easy. Baitz admits, "I am not comfortable with (Kitty). She is not me." To develop her character, Baitz talked to GOP pundit Mary Matalin and gets a litmus test from "family and friends who don't just live on the two coasts and who aren't rushing out to buy (leftist magazine) The Nation."

Baitz says that while he might not be comfortable with Kitty, neither is he comfortable having her abandon "what she believes because what she believes is harder to believe in."

Such discomfort is a good thing if it stiffens TV script writers' spines: Brothers & Sisters rates highly with about 13 million viewers who are primarily female, suburban and Midwestern — red-state viewers if ever there were such a Nielsen category. If their new heroines abandon their conservatism because Hollywood finds it hard to believe in, Hollywood shouldn't be surprised to see these viewers leave in search of programming that doesn't treat them like alien beings.

Melana Zyla Vickers is a columnist for TCSDaily.com.

U.S., N.Korean Nuke Negotiators To Meet (AP)

By Bo-mi Lim

AP, January 17, 2007

The U.S. negotiator at North Korean nuclear talks will meet Wednesday with his North Korean counterpart in Germany for a second day, South Korea's foreign minister said.

Assistant Secretary of State Christopher Hill and the North's Kim Kye Gwan met in Berlin for several hours Tuesday, according to the U.S. State Department. South Korean Foreign Minister Song Min-soon told reporters the two would meet again Wednesday.

Song said the "meeting should produce the groundwork for reaching agreements on measures to implement the initial steps of" a September 2005 accord, in which the North agreed to give up its nuclear program in exchange for aid and security guarantees.

No progress has been made in implementing that agreement, and in October, North Korea tested a nuclear weapon, drawing strong criticism from world leaders.

Hill and Kim were trying "to set the groundwork for the next round of six-party talks, to ensure those talks will be productive," State Department spokesman Tom Casey told reporters in Washington on Tuesday.

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The latest round of negotiations — involving the two Koreas, Russia, China, Japan and the U.S. — ended in December with no agreement on disarmament nor a date for further talks.

During five days of meetings in Beijing, negotiators from other delegations said North Korean negotiators refused to talk about the country's nuclear weapons program and stuck instead to its demand that the United States first had to remove its financial restrictions on North Korea.

Washington imposed the restrictions against a Macau-based bank holding North Korean accounts for Pyongyang's alleged involvement in counterfeiting and money laundering. That led to a freezing of the North's assets at the bank worth around $24 million.

The U.S. held separate financial talks with North Korea on the sidelines of the Beijing talks but made no progress. The two sides have provisionally agreed to hold financial talks next week.

Song cautioned that the Berlin meeting does not signal any shift in North Korea's position that the financial issue be addressed first. However, he said the meeting could mean North Korean negotiators are now ready to present the government's position on U.S. proposals.

The U.S. has offered security guarantees, a peace treaty and normalization of relations with the North if the communist country dismantles its atomic weapons program and laid out a timeline for implementation. The North has yet to respond to the U.S. proposal.

Casey said Hill had traveled to Berlin for a speech Wednesday at the American Academy. It was unclear why Kim was in Germany.

Hill is scheduled to travel to Asia this week for discussions with his counterparts. He will be in Seoul Friday, in Beijing Saturday and in Tokyo Sunday.

US, North Korea Envoys Meet On Renewing Nuclear Talks (AFP)

AFP, January 17, 2007

Top US envoy Christopher Hill met with his North Korean counterpart Kim Kye-gwan in Berlin to discuss the possibility of resuming multilateral nuclear talks, the State Department said.

"They did meet in Berlin," Gonzo Gallegos, a department spokesman, confirmed, saying details of the discussions were not immediately available.

Assistant secretary of state Hill was reportedly in the German capital to attend a forum and the meeting was not expected.

In a recent statement, Hill said that the nuclear talks aimed to end North Korea's atomic weapons program were slow but progressing. "It requires a lot of patience," he said.

The Berlin meeting came ahead of Hill's visits beginning Friday to South Korea, China and Japan to continue consultations with key partners in the six-party talks on how to make progress in the next round, the State Department said last week.

China, Japan, the two Koreas, Russia and the United States met for five days in December after a year-long break, but no progress was made toward dismantling North Korea's nuclear weapons program.

The six-party negotiations were suspended in late 2005 after North Korea walked out in protest at US financial sanctions imposed on a Macau bank accused of illicit dealings on behalf of Pyongyang.

Before the breakdown, North Korea signed a statement agreeing to give up its nuclear weapons program in exchange for economic aid and security guarantees from the other five states.

But it then went ahead and conducted its first nuclear weapons test in October, sparking international condemnation and UN sanctions.

Under intense pressure from its main ally, China, and with a promise from the United States that it would discuss the financial sanctions issue, North Korea agreed to return to the talks last month.

Seoul Helps All North Korean Defectors (WSJ)

The Wall Street Journal, January 17, 2007

In response to the article "Defections Tweak Seoul" ("Leading the News," Jan. 9), Evan Ramstad made a number of incorrect assertions about the South Korean government's handling of Mr. Choi Wook-Il, a South Korean citizen who recently escaped 31 years of captivity in North Korea. The article claims the South Korean consulate in Shenyang refused to assist Mr. Choi, until public pressure forced officials to provide refuge for the 67-year-old. I would like to correct your accounting of the events.

First, it is not true that the South Korean consulate general in Shenyang started working to secure Mr. Choi's protection only after the Korean public expressed outrage at the government. In fact, ever since it became aware of his defection from the

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North, the South Korean government has consistently exerted its utmost diplomatic efforts for Mr. Choi's speedy repatriation home.

Second, it is a completely unfounded allegation that the South Korean government is walking a tightrope with North Korea and the United States, and consequently showing a passive attitude in supporting South Koreans kidnapped by the North. The South Korean government has dealt with the North Korean refugee problem in the spirit of brotherhood and from a humanitarian basis -- and has accepted all North Korean refugees in foreign countries in all cases, if they wish to come to South Korea. The South Korean government has also cooperated closely with related international organizations such as the the Office of the United Nations High Commissioner for Refugees and the governments of countries in which North Korean defectors are likely to stay, in a bid to prevent the possibility of such defectors being sent back to North Korea against their will.

Third, it is not true that the South Korean government has reduced the resettlement subsidy for North Korean defectors. There has only been a change in the way the subsidy is provided. Originally, the South Korean government provided a portion of the subsidy in a lump sum, to resettle North Korean defectors. However, these defectors experienced many difficulties in spending the government subsidy effectively, often stemming from their unfamiliarity with a market-based economic system. As a result, while maintaining the overall size of the resettlement subsidy, the South Korean government decided to reduce the initial cash support and provide, instead, other supporting services to the defectors, such as expanded job training, educational opportunities and increased workplace salaries.

Kim Heung-soo
Director, Press Relations
Ministry of Foreign Affairs and Trade
Seoul, South Korea

Moscow, Beijing Eye Space Weapons (WT)

By Bill Gertz
The Washington Times, January 17, 2007

China and Russia are developing space weapons and are among several nations working on systems to threaten U.S. satellites with lasers or missiles, says the director of the Defense Intelligence Agency.

In Senate testimony last week, Army Lt. Gen. Michael Maples for the first time raised Pentagon concerns about secret Chinese and Russian space weapons programs.

"Russia and China continue to be the primary states of concern regarding military space and counterspace programs," Gen. Maples said at the annual threat briefing of the Senate intelligence committee.

Gen. Maples said that "several countries continue to develop capabilities that have the potential to threaten U.S. space assets, and some have already deployed systems with inherent anti-satellite capabilities, such as satellite-tracking laser range-finding devices and nuclear-armed ballistic missiles."

Other countries are working on improving space-object tracking and "kinetic or directed energy weapons capabilities."

Gen. Maples did not discuss the reported testing of a Chinese anti-satellite laser against a U.S. satellite, which triggered high-level Bush administration worries about Beijing's growing space-weapons program.

U.S. officials said details about the Chinese anti-satellite laser shot remain classified so as not to alert China about U.S. knowledge of what intelligence officials say may have been a test shot of an anti-satellite weapon.

China has developed several types of ground-based lasers with Russian and Israeli technology, U.S. officials have said.

Russia developed anti-satellite weapons during the Cold War, and U.S. officials think the Russian military is continuing work on the weapons, which include both anti-satellite missiles and ground-based lasers.

Both Russia and China deny that they are building space weapons and have sought to curb U.S. space defenses through a proposed international ban on weapons in space.

The Air Force in 2004 deployed the 76th Space Control Squadron, which can disrupt or knock out foreign satellites using electronic jammers from the ground.

Nations other than Russia and China that have space capabilities in key areas also "will acquire military and commercial space-based assets," Gen. Maples said.

"Increasing levels of international cooperation, along with the growing number of commercial space consortia, is allowing the proliferation of advanced satellite technologies and knowledge of space systems operations to become available to nations lacking a domestic space capability," he said.

Gen. Maples said that building space weapons is "financially taxing" and that "most countries assessed to be pursuing these capabilities are not expected to acquire them within the next few years."

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He warned, however, that less-developed states and "nonstate entities" also "are pursuing more limited and asymmetric approaches that do not require excessive financial resources or a high-tech industrial base."

Why Is Egypt Airing Insurgent TV From Iraq? (CSM)

By Sarah Gauch

The Christian Science Monitor, January 17, 2007

Al Zawraa television station, the face of Iraq's Sunni insurgency, shows roadside bombs blowing up American tanks, dead and bloody Iraqi children, and insurgent snipers taking aim and firing.

And all this blatant anti-Americanism is broadcasting 24/7 on an Egyptian government-controlled satellite provider from one of Washington's closest allies. Even though Iraq and the US have asked Egypt to pull the plug, the station remains on the air.

The question is, why? While Nilesat, which broadcasts Al Zawraa, argues that it's airing the channel for purely commercial reasons, analysts point to the political benefits for Egypt.

Some say the country's reluctance to shut down the channel shows that Egypt, predominantly Sunni, may be taking a stand against what it sees as the unjust aggressiveness of Iraq's Shiite-led government and the dangers of Iran's influence there.

"With Iran flexing its muscles in Iraq and Lebanon and talking about becoming a nuclear power, all of this puts the Sunni Arab regimes – Egypt, Saudi Arabia, Jordan – on the defensive," says Lawrence Pintak, director of American University in Cairo's television journalism program and author of "Reflections in a Bloodshot Lens: America, Islam, & the War of Ideas."

Mr. Pintak says Egypt's decision to keep Al Zawraa on the air plays into the Sunni-Shiite cold war that has descended on the region, caused largely by sectarian bloodshed in Iraq and Iran's nuclear ambitions. In essence, he says, it's a show of support for fellow Sunnis.

American officials have reportedly called the station "utterly offensive," saying that closing it down is a priority.

But one Egyptian government official, who asked to remain anonymous, reiterated Nilesat's stand that the station remains on air purely for commercial reasons. "We're merely a carrier of this station. We're not producing it. This is a straightforward business deal," he says, adding that, "none of us would reject the principle of freedom of speech and broadcasting for everyone."

Egypt has a history, though, of arresting bloggers and journalists and violently dispersing protests critical of Egyptian President Hosni Mubarak's government. On Saturday, Egyptian authorities detained an Al Jazeera journalist for allegedly fabricating scenes of torture in Egyptian police stations. The journalist was later released.

If Nilesat should buckle under US pressure, however, Al Zawraa will soon have other venues.

Station owner Mishan al-Jabouri says he's just signed contracts with Paris-based satellite provider Hot Bird and Emirates-based Arabsat. He also hopes to sign a contract soon with an American satellite company, which he didn't want to name, and to open new studios in Paris. American subtitles, too, are in the offing, he says.

"I want to show people everywhere what the Americans are doing to my country," says Mr. Jabouri, a former member of Iraq's parliament, now based in Damascus, "what American democracy has done to Iraq, how it has killed children, what has happened in the prisons, how the Americans gave Iraq to Iran."

While many see Nilesat as Al Zawraa's staunch supporter, Jabouri complains that the satellite provider is already reacting to US pressure by raising technical obstacles that prevent him from sending new footage from the field, forcing him to loop already-broadcast material.

Al Zawraa began two years ago as an above-ground, hard-line Sunni TV station, based in Iraq, until the Iraqi government closed it down last November, around the time Saddam Hussein was sentenced to death. Today, it's an underground station with brutal, no-holds-barred content, often amateur, shaky footage showing American soldiers crumpling to the ground after being shoot, and alleged American atrocities against Iraqi civilians. The station's anchors wear military fatigues and rail against the Shiite-led Iraqi government.

The Iranian flag is superimposed over Iraq's Shiite leaders shown on air and news crawls call on viewers "to liberate Iraq from occupying US and Iranian forces" and say that "the mafia" of Moqtada al-Sadr are all "criminals and thieves."

The station closely resembles Islamic extremist websites, with even religious chanting backing up some footage, although Jabouri emphasizes that his station has no ties to Al Qaeda.

The business deal between Al Zawraa and Nilesat is all the more curious, commentators say, since Islamic extremism remains a threat in Egypt and Al Zawraa appears the perfect militant recruiting tool. But, it seems Egypt is more concerned about reasserting its leadership in the Sunni Arab world than it is in gagging a possible militant mouthpiece, analysts say.

This is also a sign that Egypt may be further distancing itself from Washington. Recently, it defiantly announced a nuclear energy program of its own and criticized Mr. Hussein's execution last month.

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However, US Secretary of State Condoleezza Rice met with Egyptian officials Monday to shore up this country's support for American efforts in Iraq. Ms. Rice is traveling through the Middle East on a trip intended largely to bolster support for President Bush's new plan to stabilize Iraq and to reassure the US's Arab allies of its commitment to Israeli-Palestinian peacemaking. Arab states are anxious for Washington to renew efforts to find a solution to the historical conflict, which they say is the underlying cause of the region's political problems.

In Egypt, Ms. Rice said, "We share risk and we share responsibility, because this is an area of the world which will very much be affected by how Iraq turns out."

Egyptian Foreign Minister Ahmed Aboul Gheit, a frequent critic, was ready to give Mr. Bush's plan the benefit of the doubt. "We are supportive of that plan because we are hopeful that the plan would lead ensure the stability, the unity, and the cohesion of the Iraqi government."

Another Perspective, Or Jihad TV? (NYT)

By Judea Pearl

The New York Times, January 17, 2007

Los Angeles

IN late 2001, three months before my son, the Wall Street Journal reporter Daniel Pearl, was kidnapped, he interviewed the influential Qatari cleric Sheik Yusuf al-Qaradawi, and asked him about suicide bombings against Israeli civilians. The sheik replied with a novel twist of logic. “Israeli society in general is armed,” he said, implying that Israeli civilians — including women and children, doctors and journalists — are legitimate targets.

At the time, it was still surprising to see an authoritative Muslim cleric give religious license to the ideology of terror — granting the faithful permission to elevate their own grievances above the norms of civilized society.

Daniel would fall victim to that same ideology when he was abducted and murdered in Pakistan. After his death, I discovered that Sheik Qaradawi is the host of a weekly program on the Qatar-based TV news network Al Jazeera called “Sharia and Life.” He uses this forum to preach his new morality to millions of Arabic-speaking viewers, including Hamas operatives, Al Qaeda recruits, schoolteachers and impressionable Muslim youths. “We have the ‘children bomb,’ and these human bombs must continue until liberation,” he told his audience in 2002. Consistent with this logic and morality, Sheik Qaradawi later extended his Koranic blessing to suicide bombing against American civilians in Iraq.

A few in the Arab world have taken issue with his calls for violence. Al Ittihad, a newspaper in the United Arab Emirates, editorialized in 2004 that the beheading of two American hostages in Iraq happened “in direct response to Qaradawi’s fatwa and incitement, which permits the killing of American civilians.” Yet few, in the Middle East or the West, seem willing to condemn Al Jazeera’s management for giving the cleric regular airtime.

None of this might seem to matter much to Americans except that for two months now Al Jazeera has been taking its mixture of news coverage and extremist propagandizing to our front door through an English-language station. Called Al Jazeera English, the network can be received via satellite or streamed over the Internet. It has bureaus in London and Washington, and has recruited such high-profile Western journalists as Sir David Frost as correspondents.

In part, this is promising. The Arabic version of Al Jazeera and its various spinoffs on satellite TV and the Internet are usually credited with having a positive influence on Arab society. True, Al Jazeera’s coverage has placed an emphasis on younger leaders, reformers and successful businessmen who may serve as role models for today’s Arab youth. And it has brought — as the press usually does — a degree of inquisitiveness and openness that could become a useful engine of reform in the region.

Westerners have been quick to point out these benefits. A critic for The Times said that “though Al Jazeera English looks at news events through a non-Western prism, it also points to where East and West actually meet.” Time magazine noted, “arguably nothing — including the Bush administration’s panoply of democratization programs — has done more than Al Jazeera to open minds and challenge authority in the Middle East.”

But what should concern Westerners is that the ideology of men like Sheik Qaradawi saturates many of the network’s programs, and is gaining wider acceptance among Muslim youths in the West. In its “straight” news coverage on its Arabic TV broadcasts and Web sites, Al Jazeera’s reports consistently amplify radical Islamist sentiments (although without endorsing violence explicitly).

For example, the phrase “war on terror” is invariably preceded by the contemptuous prefix “so-called.” The words “terror” and “insurgency” are rarely uttered with a straight face, usually replaced with “resistance” or “struggle.” The phrase “war in Iraq” is often replaced by “war on Iraq” or “war against Iraq.” A suicide bombing is called a “commando attack” or, occasionally, a “paradise operation.”

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Al Jazeera's Web site can be less subtle. On Dec. 12, after religious leaders and heads of state all over the world condemned President Mahmoud Ahmadinejad of Iran for staging a Holocaust denial conference in Tehran, the headline on the site read, "Ahmadinejad Praised by Participants of the Holocaust Conference in Tehran, but Condemned by Zionists in Europe."

In short, Al Jazeera's editors choreograph a worldview in which an irreconcilable struggle rages between an evil-meaning Western oppressor and its helpless, righteous Arab victims. Most worrisome, perhaps, it often reports on supposed Western conspiracies behind most Arab hardships or failings, thus fueling the sense of helplessness, humiliation and anger among Muslim youths and helping turn them into potential recruits for terrorist organizations.

The question is, to what extent will this pathological worldview infiltrate Al Jazeera's English channel, which is still trying to find its voice? David Marash, a former "Nightline" correspondent who is the American anchor on Al Jazeera English, acknowledges such a possibility, but dismisses the responsibility of the network. "Undoubtedly, some Al Jazeera programs may have inspired some social misfits to undertake terrorism," he told The New York Sun. "The danger with information is that some people will take it the wrong way."

Still, with the growing number of social misfits in society, and the growing confusion between "information" and deception in the news media, the danger of fueling combustible anger in some viewers cannot be ignored, especially when pumped subliminally by well-respected Western anchors.

Let's face it: when a terrorist attack is described as a "martyrdom" in a thick Middle Eastern accent, it can be dismissed by Americans as a peculiarity of cultural differences. But imagine the effect of the word if spoken in David Frost's cultured British tones. This is why, even if Al Jazeera English waters down its alarmist content, it should still be seen as a potential threat: it will bestow respectability upon the practices of its parent network in Qatar, which continues, among other things, to broadcast Sheik Qaradawi's teachings.

I wouldn't call for banning Al Jazeera English in the United States even if that were possible. It is important to extend a hand to the network because it can become a force for good; but it is as important for our news organizations to scrutinize its content and let its viewers know when anti-Western wishes are subverting objective truth. As Al Jazeera on the whole feels the heat of world media attention, we can hope that it will learn to harness its popularity in the service of humanity, progress and moderation.

Israeli General Who Led War Against Hezbollah Resigns (NYT)

By Greg Myre

The New York Times, January 17, 2007

JERUSALEM, Wednesday, Jan. 17 — The Israeli military's chief of staff, Lt. Gen. Dan Halutz, submitted his resignation after facing months of fierce criticism over the military's performance in last summer's war in Lebanon, officials said early Wednesday.

In a separate development, an Israeli prosecutor on Tuesday ordered a criminal investigation to determine whether Prime Minister Ehud Olmert exercised improper influence in the privatization of the country's second-largest bank in 2005.

The two developments were the latest blows to a political and military leadership that have been tarnished by its collective handling of the Lebanon war and a number of scandals.

The Israeli public has widely blamed General Halutz, along with Mr. Olmert and Defense Minister Amir Peretz, for mismanaging the 34 days of fighting with Hezbollah guerrillas in Lebanon, which turned into a much tougher battle than Israelis expected.

General Halutz, 58, sent his letter of resignation to Mr. Olmert, saying he was taking responsibility for the war. "For me, the concept of responsibility is everything," General Halutz wrote, according to Israeli Army radio.

General Halutz rose through the ranks and was head of the air force before becoming the military's chief of staff in 2005.

When Hezbollah staged a surprise cross-border raid on July 12, killing three Israeli soldiers and seizing two more, Israel immediately responded with intense airstrikes, and the war was under way.

Israel relied heavily on the air force to strike at Hezbollah's rocket launchers, but the Lebanese group was able to continue firing 100 or more rockets daily on northern Israel throughout the war, to the great frustration of the Israelis.

Mr. Olmert and Mr. Peretz, who both have limited military experience, were seen by many as indecisive and reluctant to send a large ground force into southern Lebanon, fearing heavy casualties.

General Halutz, in turn, was seen as overly reliant on air power. In addition, the Lebanese reported that many of their casualties were civilians, which worked in many quarters to turn international opinion against the Israeli campaign.

A United Nations resolution brought the fighting to a halt on Aug. 14, and Israel claimed victory, but many saw the battle as inconclusive, or at least far short of a decisive victory that many Israelis had expected.

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General Halutz faced further criticism when it was disclosed that he sold part of his stock portfolio only hours after the fighting began on July 12.

He said he had left a message for his broker before the Hezbollah raid. When the broker called back several hours later, the fighting had already begun. The general told the broker to sell some mutual funds as planned. But the episode only added to the sense of public outrage.

Just hours before General Halutz resigned, Mr. Olmert received the news that he would be formally investigated for his role in the 2005 privatization of Bank Leumi.

The criminal investigation, which is expected to last months, only adds to Mr. Olmert's woes. Elected less than a year ago, his popularity has plummeted in opinion polls.

Mr. Olmert is the fourth consecutive Israeli prime minister to be investigated. No charges were brought in the other three cases, involving Benjamin Netanyahu, Ehud Barak and Ariel Sharon.

According to reports in the Israeli news media, the investigation will seek to determine whether Mr. Olmert, as finance minister in 2005, tried to guide the privatization sale of Bank Leumi toward friends.

Ultimately, a stake in the bank was sold to companies that have not been linked to the investigation.

However, the Justice Ministry said in a statement that "preliminary findings have led to the conclusion that enough evidence has been gathered to justify opening a criminal investigation."

Mr. Olmert has denied any wrongdoing, saying last week that, "I have no doubt that the process was conducted in the best way possible." His office said Tuesday evening that the "prime minister will cooperate with any investigation."

Israeli Head Of Military Quits After War Critique (WP)

By Scott Wilson

The Washington Post, January 17, 2007

JERUSALEM, Jan. 17 -- Lt. Gen. Dan Halutz, head of the Israel Defense Forces, resigned abruptly Tuesday after one of his predecessors presented findings of an internal review that sharply criticized the military's leadership during the war with Hezbollah last summer.

Since the end of the 33-day war, Halutz has come under heavy pressure from senior reserve officers to step down. The war failed to achieve the stated goals of freeing two Israeli soldiers captured by the Lebanese Shiite militia in July and stopping Hezbollah rocket attacks on Israeli cities.

But Halutz insisted as recently as two weeks ago that he would remain in his post unless called on to resign by the Winograd Commission, an inquiry panel established by Prime Minister Ehud Olmert to examine the performance of the military and political leadership during the war.

The commission's interim report was due in coming weeks. Olmert, who has also been severely criticized for his management of the war, reportedly expressed regret over Halutz's decision to resign after trying to persuade him to change his mind.

"It is the nature of people not to be overjoyed serving in a system that is not appreciated and not protected by those it represents," Halutz wrote in his letter of resignation, according to a translation published online by the newspaper Haaretz.

"We must promise never to reach a situation in which people of quality would hesitate to tie their fate and future with" the Israel Defense Forces, he wrote. "Neither good education nor a strong economy would help us then, and there is a danger that the threats the state of Israel faces will become more substantial."

Halutz was appointed the first air force officer to lead Israel's military in July 2005 by then-Prime Minister Ariel Sharon.

Among his first duties was to oversee the withdrawal of Israeli settlements and military installations from the Gaza Strip, an operation praised for its speed and precision. But it won him few supporters among hawkish lawmakers and reserve officers, some of whom opposed the withdrawal on strategic and ideological grounds.

Sharon's decision to appoint Halutz reflected the shifting priorities within the military from infantry to air power. Most Israelis serve in the military because of mandatory service requirements, making the chief of staff position one of the most highly esteemed and scrutinized in the country.

Born in 1948 in the Israeli town of Hagor to a Jewish family of Iranian descent, Halutz joined the air force in 1966. He flew F-4 Phantoms during the war of attrition in the Sinai between the 1967 and 1973 Arab-Israeli wars and was credited with shooting down three combat aircraft in the 1973 Arab-Israeli conflict, known in Israel as the Yom Kippur War.

The sharp public criticism of his leadership during the most recent Lebanon war, much of it from senior reserve officers, has focused on Halutz's heavy reliance on air power against an entrenched guerrilla force often fighting from residential areas.

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Hezbollah fired about 4,000 short- and medium-range rockets into Israel, including more than 100 on the last day of fighting. The Israeli military said 117 soldiers died in combat during the fighting. In addition, 41 Israeli civilians were killed, most of them by rocket fire.

Halutz also came under public pressure when it was revealed that in the first hours of the war he took the time to phone his stockbroker with instructions to sell portions of his portfolio, fearing a decline in value because of the conflict.

Earlier Tuesday, Dan Shomron, a retired lieutenant general who led Israel's military from 1987 to 1991, told the Israeli parliament's defense and foreign affairs committee that the summer war in Lebanon was "run without any goal."

"The prime minister instructed the army to halt the rocket fire on Israel, but the army failed to translate it into a military objective," Shomron told the committee, although he did not call on Halutz to step down.

Halutz is the third general to resign as a result of the war against Hezbollah, whose performance against Israel's modern military has strengthened its position within Lebanon's fractious political system and drawn praise across the Arab world.

Maj. Gen. Udi Adam, head of the Northern Command, resigned in September. Halutz accepted the resignation two months later of Brig. Gen. Gal Hirsch, an esteemed younger officer who led the Galilee Division, the unit responsible for the Israel-Lebanon border. Hirsch called on Halutz to resign at the same time.

In his resignation letter, Halutz expressed "great pride" in his career and said he had "fulfilled my obligations."

Maj. Gen. Moshe Kaplinsky, the deputy chief of staff, will at least temporarily replace Halutz.

Military Leader Resigns Over War (WT/AP)

By Amy Teibel

The Washington Times, January 17, 2007

JERUSALEM -- Israeli army commander Lt. Gen. Dan Halutz, under fire for failures in last summer's war in Lebanon, has resigned, the Defense Ministry said early today.

Gen. Halutz has been under pressure to step down since the end of the 34-day war, which failed to defeat the anti-Israel militant group Hezbollah and force the return of two captured soldiers.

Israeli launched a full-scale attack on Lebanese Hezbollah guerrillas after they seized the two men and killed three other soldiers in a cross-border raid July 12.

Army Radio reported that the general sent his letter of resignation to Prime Minister Ehud Olmert and took responsibility for the outcome of the war.

"For me, the concept of responsibility is everything," Gen. Halutz wrote, according to Army Radio.

Mr. Olmert and Defense Minister Amir Peretz also have been criticized for decisions made before and during the war.

In its announcement of Gen. Halutz's resignation, the military spokesman's office said the general submitted his resignation because the dozens of military inquiries into the war had been completed.

None of the inquiries concluded that he should step aside or be replaced.

The spokesman's office said both Mr. Olmert and Mr. Peretz have to accept the resignation before it can go into effect.

The offices of the two Israeli leaders did not release any comments.

The United Nations, Israeli and Lebanese officials said the war left more than 1,000 people dead on both sides. Lebanon's Higher Relief Council, a government organization, said the majority of those killed were Lebanese civilians. UNICEF said about a third were children.

The fatalities included 159 in Israel, including 39 civilians killed in rocket attacks.

Israel said 600 Hezbollah fighters were killed, but that figure has not been substantiated. Hezbollah said 250 of its fighters were killed.

An inquiry by a former chief of staff found that the war's goals were vaguely defined and that command centers performed faulty work.

Reserve generals have criticized Gen. Halutz, a former air force chief, for focusing too much on aerial bombardments and not enough on ground operations.

Maj. Gen. Moshe Kaplinski, who was dispatched to the Lebanon front to assume command during the war, told Israeli television last week that he would be a candidate for chief of staff after Gen. Halutz leaves. Gen. Kaplinski is serving as deputy chief of staff.

Bush, UN's Ban See Cooperation On Darfur, Iran (AFP)

By Olivier Knox

AFP, January 17, 2007

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US President George W. Bush and UN chief Ban Ki-moon worked to push past any lingering US-UN ill will and vowed to work together on issues like Middle East peace and violence in Darfur.

"You want to talk, pick up the phone and call me," Bush twice encouraged Ban as they wrapped up an hour-long meeting that also covered Iran, Iraq and climate change, according to UN sources.

Ban, who took over January 1 as secretary general, told reporters after the meeting that he would push "vigorously" for UN reforms and urged the world community to give war-torn Iraq "all possible assistance."

"The Middle East is a source of grave concern. This deteriorating situation in Iraq and Israel needs (the) urgent attention of the international community," Ban said outside the White House.

"Particularly when it comes to Iraq, the international community should have all possible assistance to help the Iraqi government and people to restore peace and stability and recover from economic devastation," said Ban.

During their joint public appearance in the Oval Office, Ban and Bush struck a cordial tone, noting their past cooperation on the North Korean nuclear crisis when the UN chief was South Korea's foreign minister, and vowed to work closely on other issues like Iran's atomic ambitions and violence in Darfur.

"The United States wants to work with the United Nations to achieve peace through the spread of freedom," said Bush. "I admired the way you handled your previous job, and I'm confident you'll do a fine job now."

"I want to thank you for your commitment to help the suffering people of Darfur. I wish you all the best as you work hard to convince the president of the Sudan that it's in his interests and in the world's interest that he allow enhanced African Union peacekeepers in," said Bush.

Bush did not mention Washington's repeated called for UN reforms -- in US Security Council membership, peacekeeping operations and transparency following the ethics scandals surrounding the oil-for-food deal with Iraq.

But Ban told reporters after the meeting that he was pushing "vigorously" for such changes, while a UN source said Ban was leading the way towards greater financial disclosures by top UN officials.

"The United Nations should change with much more efficiency and effectiveness and mobility and the highest level of ethical standard," said the secretary general.

Behind closed doors, Bush and Ban worked to banish any lingering tensions between the United Nations, which did not explicitly authorize the war in Iraq, and the United States, the world body's biggest donor and frequent critic.

But the meeting yielded no breakthroughs on Iraq, the Middle East peace process and efforts to limit climate change -- an issue the secretary general brought up as their face-to-face talks wrapped up, the sources said.

Ban called climate change "a global problem that needs to be addressed globally," while Bush retorted that "folks who sign on to protocols like Kyoto need to live by them," referring to the UN pact aiming to cut emissions of so-called "greenhouse gases," according to one UN source.

The US president was expected to lay out his climate change approach in his annual State of the Union speech on January 23.

On Iraq, Bush told Ban the United States "would appreciate any further role, political, not military" for the United Nations, while Ban said the world body was "constrained by the ongoing security problems," the UN source said.

On North Korea, Ban and Bush agreed on the need to pursue six-nation talks grouping China, Japan, North and South Korea, Russia, and the United States, the source said.

But UN sources said Ban was also "contemplating" the possibility of naming a special envoy, while stressing that "it's not going to happen immediately."

Ban Vows Reform At U.N. (WT)

By Joseph Curl

The Washington Times, January 17, 2007

New U.N. Secretary-General Ban Ki-moon yesterday pledged to complete much-needed reforms at the United Nations and urged all nations to make efforts to secure Iraq, saying the war-torn nation "is the whole world's problem."

Meeting with President Bush in the Oval Office yesterday, the South Korean vowed to tackle the world's most pressing issues -- Iraq, the Middle East, Sudan, Lebanon, Somalia and North Korea.

Afterward, speaking with reporters, Mr. Ban promised to revamp the troubled organization, which has been a sore point with the Bush administration.

"The United Nations should change with much more efficiency and effectiveness and mobility, and highest level of ethical standard," he said. "I'm very much committed to carrying out this reform and I need strong support of all member states and staff of the United Nations in carrying these reform measures."

The Bush administration has long complained that U.N. bureaucracy has compromised the once-effective organization, and dispatched staunch critic John R. Bolton to New York to address its concerns. During the run-up to the Iraq war, Mr. Bush said the body was teetering on the brink of irrelevancy, but in more recent times has effectively pressed member states into action on several issues, including Lebanon and Iran.

While neither Mr. Bush nor Mr. Ban mentioned Iraq in their brief Oval Office comments, the new secretary-general sounded a far more agreeable tone than did his predecessor, Kofi Annan. Before departing his post, Mr. Annan called the Iraq war "illegal" and declared the country safer under dictator Saddam Hussein, who slaughtered hundreds of thousands of Iraqis during his rule.

The secretary-general's long day in Washington ended with a dinner for "120 of his best new friends" at the Kalorama home of Esther Coopersmith, Washington's reigning "hostest with the mostest." Rep. Tom Lantos, California Democrat, saluted him with an emotional toast to the United States as a partner with the U.N. "Had it not been for the United States I would not be here," said Mr. Lantos, a Holocaust survivor, "and had it not been for the United States your country would not have survived. You and I have a special bond. We do not believe the United States to be the 'great Satan.' "

Mr. Ban answered in kind, taking note of South Korea's debt to the United States and the U.N. In a lighter vein, he quipped that if the New Orleans Saints should oppose the New England Patriots in the Super Bowl, "I'm glad that as a diplomat I won't be forced to choose between God and country."

Earlier in the day, Mr. Bush appeared pleased to be starting with a clean slate, and smiled often as he assured Mr. Ban that he planned to continue to work with the world body -- although he stopped mid-sentence to change a word he may not have meant to use.

"The United States is willing -- wants to work with the United Nations to achieve a peace through the spread of freedom," Mr. Bush said. "I appreciate so very much how you opened up the discussion with a strong commitment to democracy and freedom," he told Mr. Ban.

For his part, Mr. Ban expressed hope that the United States would continue its role as a U.N. leader as he urged continued support for the organization.

"I would need strong participation and support of the United States in all activities of the United Nations. In fact, I believe that the United Nations and United States have shared objectives -- peace and security, freedom, democracy. All these important goals and ideas are what the United States is also trying to achieve," he said.

While neither leader spoke of Iraq after their meeting, Mr. Ban spoke freely afterward with reporters on the White House driveway.

"Iraq and elsewhere needs an urgent attention of the international community," he said. "Particularly when it comes to Iraq, the international community should have all possible assistance to help Iraqi government and people to restore peace and stability and recover from economic devastation."

He expanded on the topic in a speech later in the day, delivered at the Center for Strategic and International Studies.

"Iraq is the whole world's problem. I pledge my best efforts to help the Iraqi people in their quest for a more stable and prosperous Iraq. The U.N. role can assist in building an inclusive political process, helping to cultivate a regional environment supportive of a transition to stability, and pursuing reconstruction," he said.

During his speech, the South Korean spoke of his first visit to Washington 45 years ago, when, at 18, he visited the White House and met President Kennedy.

"That was a magical experience for a young person like me. It gave me something even more significant than the thrill of the moment. It offered me a personal connection to this country, and to the ideas and principles it stands for," he said.

Mr. Ban laid out four areas he plans to focus on in his new post: the genocide in Darfur, the Middle East, North Korea, and Kosovo, where he said the world must continue "working for a conclusive resolution to the uncertainty that still hangs over Kosovo's status."

On North Korea, Mr. Ban said he would "try my best" to facilitate six-party talks, which seek to discourage the communist state from pursuing nuclear weapons.

Russian Forces On High Terror Alert (AP)

By Steve Gutterman

AP, January 17, 2007

Russian authorities have ordered security forces on high alert after receiving information from foreign officials pointing to the threat of a terrorist attack on public transportation, officials said Tuesday.

Authorities were checking information about the potential threat, they said.

DOJ_NMG_0117643

A federal anti-terrorism headquarters received information "from foreign partners ... about the possibility a subversive terrorist act could be committed on ground transport and in the metro," according to a statement confirmed by a Federal Security Service official who said he was not authorized to give his name.

Federal Security Service chief Nikolai Patrushev, who also heads the anti-terror center, ordered anti-terror forces on high alert and called for stepped-up measures to prevent any attack, the statement said. It offered no details on the nature of the threat or the measures to be taken.

It was unclear what country the information about the potential threat came from; Russia cooperates against terrorism with countries around the world, including the United States.

The statement did not say whether the threat was limited to any particular location in Russia, where several cities have subway systems. Security was stepped up in Moscow's extensive subway system, including by increasing the number of teams with bomb-sniffing dogs, the RIA-Novosti news agency quoted a Moscow police official as saying.

The statement, read in part during news programs on state-run television, urged Russians to be alert and to cooperate with law enforcement authorities and inform them of anything suspicious.

It said the warning was received by the Federal Operative Headquarters, which is under the auspices of the National Anti-terrorism Committee, a body created by President Vladimir Putin early last year to coordinate anti-terror efforts.

The potential threat was discussed at a meeting of the headquarters Tuesday and law enforcement agencies gave reports on measures they were taking to avert an attack, the statement said. That suggested the information was received earlier, but it was unclear when.

Several bombings have occurred in the Moscow subway system and on ground transport in the capital and elsewhere during more than 12 years of conflict in mostly Muslim Chechnya, where large-scale fighting ended years ago but an insurgency continues. Separatist rebels from Chechnya and other restive parts of southern Russia's troubled Caucasus region have claimed responsibility for or been blamed for most of the many terrorist attacks that have plagued the country.

Russia Warns Citizens Of Possible Security Threat (NYT)

By C. J. Chivers

The New York Times, January 17, 2007

MOSCOW, Jan. 16 — Russian intelligence officials placed the country on an unusual high alert on Tuesday night, appealing to citizens for vigilance and saying that the government had been informed by “foreign partners” of a possible terrorist act.

The warning was at once detailed and vague. Issued at the end of a 9 p.m. national news broadcast, it said that the National Antiterrorist Committee was checking information about a possible attack on public ground transportation or subway systems, but it did not specify in what city an attack was feared, or when.

It also did not identify the “foreign partners” who had provided the information.

The National Antiterrorist Committee is led by Nikolai P. Patrushev, the director of the Federal Security Service, or F.S.B., Russia’s domestic successor to the K.G.B.

The broadcast said Mr. Patrushev had ordered “antiterrorist forces and resources to a state of increased readiness and to carry out preventive measures.”

An unidentified antiterrorist official also urged that “the population take this information seriously, raise their degree of vigilance, render necessary assistance to law enforcement structures and, in the event of coming across what appear to be suspicious signs, to notify security and law enforcement agencies immediately,” according to Interfax.

Russia has suffered severe and widely varied terrorist attacks since the 1990s, including truck, subway and suicide bombings, the in-flight destruction of civilian passenger jets and mass hostage-takings in a hospital, a theater and a school. Chechen separatists have claimed responsibility for most of the most lethal attacks.

But the attacks have slowed markedly since the seizure of a public school in Beslan in 2004 ended with more than 300 civilian deaths, and as Russia and pro-Kremlin Chechen forces have gained the upper hand over separatists in the lingering war in Chechnya. Moreover, Shamil Basayev, the terrorist leader who often claimed responsibility for ordering or organizing previous attacks, was killed in an explosion last summer near Chechnya, and no similar figure has emerged.

A spokeswoman for the national electricity monopoly said the guard had been increased at its facilities around the country, but there were no immediate reports of disruptions from Mr. Patrushev’s warning. Worries about the safety of public transportation in 2004 after a bombing on a subway car led to huge traffic jams on Moscow’s already clogged roads.

Castro Sets Stage For Power Transition (AP)

DOJ_NMG_0117644

By Katherine Shrader

AP, January 17, 2007

Cuban President Fidel Castro, ailing and out of sight, has been meeting with a trickle of international guests in recent months, a U.S. government official said Tuesday.

The official, who spoke on condition of anonymity because of the sensitive situation with Cuba, declined to say with whom Castro was meeting. But the meetings, generally with visitors from Latin America, suggest he may be setting the stage for a transition of power that he hopes will protect the government he has built over four decades.

In a review of global threats last week, National Intelligence Director John Negroponte said that Castro and his brother Raul, who has taken over as Cuba's temporary leader, are trying to create a "soft landing" during the transfer of control.

"From the point of the United States policy, we don't want to see that happen," Negroponte said. "We want to see the prospects for freedom in that country enhanced as a result of the transition" from Fidel Castro.

Negroponte also said Castro's days "seem to be numbered," a view supported Tuesday by the U.S. government official. That official said U.S. intelligence believes that Castro is likely to die within a month or two, although analysts don't yet know the precise nature of his illness.

That assessment narrowed the life-expectancy estimate of U.S. intelligence agencies, which previously had said Castro was not expected to make it through the end of this year.

The Spanish newspaper El Pais reported on Tuesday that Castro has had at least three failed operations and is suffering complications from an intestinal infection, leaving him with a "grave prognosis."

The reported rare details about his medical treatment, citing two unidentified sources from Madrid's Gregorio Maranon hospital, which employs surgeon Jose Luis Garcia Sabrido. An expert in the digestive system, Sabrido flew to Cuba in December to treat Castro and returned insisting that the 80-year-old was recovering slowly from a serious operation.

One of the journalists who wrote the article told The Associated Press that Sabrido was not one of the two sources. The journalist, Oriol Guell, said the sources were both doctors at the hospital, but he declined to identify them.

A Cuban diplomat in Madrid said the El Pais report was false. "If anyone has to talk about Castro's illness, it's Havana," the diplomat said, speaking on condition of anonymity because of official policy.

U.S. officials will not disclose how they glean clues to Castro's health. But American spy agencies employ physicians who study images, public statements and other information coming out of Cuba and other countries.

Some intelligence officials believe Castro is suffering from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. Others believe that Castro has cancer of the stomach, the colon or perhaps the pancreas.

Yet Cuban officials told a delegation of U.S. lawmakers visiting last month that Castro did not have cancer, and the Spanish doctor who came to check on him said the same.

Havana's public position is that Castro is alive, healthy and will return to power, which U.S. analysts discount.

Negroponte said last week it is an open question whether Castro's death could trigger a popular demand for democratic change.

"What is not known is whether people are holding back — maybe we're not seeing the kind of the ferment yet that one might expect to see once Mr. Castro has definitively departed the scene," said Negroponte, who has been nominated by President Bush to be deputy secretary of state.

Pressed further by senators on whether the U.S. knows what to expect in Cuba, Negroponte added: "We don't know in large measure because it is a repressive society. They've repressed their opposition so severely over all these years, so people aren't exactly speaking up yet."

Despite uncertainty about the future of Cuba, the island's Communist Party retains firm control on the island. And the head of the Defense Intelligence Agency, Lt. Gen. Michael Maples, said Raul Castro probably will maintain power and stability after his older brother dies — "at least for the short term."

"Raul Castro has widespread respect and support among Cuban military leaders who will be crucial in permanent government succession," Maples said in written testimony to the Senate Intelligence Committee.

Venezuelan President Hugo Chavez, a close friend and political ally of Castro, said Tuesday that he had spoken with the Cuban leader a few days ago and denied that Castro's condition was grave.

"I'm not a doctor, I'm not at the foot of Fidel's bed, but it's not like they say: neither grave, nor does he have cancer," Chavez told journalists while visiting Ecuador. "I received recent reports that Fidel continues a slow process of recovery that is not easy — I'm not going to give details — but I'm far from sure of all these catastrophic versions that have already killed him several times."

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Two In House See No 'Uprising' After Castro (WT)

By Steve Hirsch

The Washington Times, January 17, 2007

President Fidel Castro's exit from Cuba's political scene is unlikely to spur major changes in the situation there, two House members who recently visited the country told reporters yesterday.

Reps. Jim McGovern, Massachusetts Democrat, and Jo Ann Emerson, Missouri Republican, were part of a 10-member congressional delegation that visited Havana last month.

"There's no indication at all that what this administration's been telling people for a long time, that there's going to be this massive uprising, is going to happen -- that's not going to happen," Mr. McGovern said.

Mr. Castro ceded power to his brother, Raul, in July, until he could recover from surgery, but the notion that his death would lead to a fundamental shake-up in Cuban politics is dismissed by some analysts, including the Economist Intelligence Unit in London.

Although Cuba's government may still be hanging onto the idea that Fidel Castro will return, average Cubans "have already kind of moved on," Mr. McGovern said.

Both House members said that without a shift in U.S. policy, political changes are not likely in Cuba. Mr. McGovern suggested that eased relations with the United States could lead to political liberalization.

He also said some senior Cuban officials might not want the United States to ease its embargo or otherwise loosen relations, saying that every time the two countries start to get close, "they do something stupid," such as arrest dissidents or shoot down a plane.

Mrs. Emerson criticized U.S. isolation of Cuba for providing Venezuelan President Hugo Chavez an opportunity to exert influence and was critical of Radio and TV Marti, the U.S. government program to broadcast U.S. values into Cuba.

She called the program a "waste of taxpayer dollars" and said the money could be better spent on cooperative counternarcotics or counterterrorism efforts with Cuba.

Yesterday the Spanish newspaper El Pais reported that Mr. Castro was suffering from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In severe cases, emergency surgery may be required.

"In the summer, the Cuban leader bled abundantly in the intestine," El Pais reported. "This adversity led him to the operating table, according to the medical sources. His condition, moreover, was aggravated because the infection spread and caused peritonitis, the inflammation of the membrane that covers the digestive organs."

The recovery from the first operation, in which part of his large intestine was extracted and the colon was connected to the rectum, did not go well, resulting in peritonitis, the report said.

A second operation to clean and drain the infected area was conducted. Doctors removed the remainder of Mr. Castro's large intestine and created an artificial anus. But this operation also failed, El Pais said.

The Cuban leader was then hit with inflammation of the bile duct. He developed a condition called cholecystitis, which is an inflammation of the gall bladder. El Pais said this condition has an 80 percent mortality rate.

A prosthetic device made in South Korea was implanted in the bile duct and failed, and was replaced with one made in Spain, the report said.

El Pais said that in December, when Spanish surgeon Dr. Jose Luis Garcia Sabrido visited, Mr. Castro had an abdominal wound that was leaking more than a pint of fluid a day, causing "a severe loss of nutrients." The Cuban leader was being fed intravenously, the report said.

c This story was based in part on wire service reports.

Castro Reportedly Struggles With Disease (AP)

By Maria Cheng

AP, January 17, 2007

The intestinal disease Fidel Castro is reportedly suffering from is usually easy to treat — but if complications develop in an elderly patient like the Cuban leader, it can quickly become a death sentence.

The Spanish newspaper El Pais reported Tuesday that the 80-year-old Castro is suffering from diverticulitis, an inflammation of the colon that can lead to serious infection if contents from the intestine leak into the abdomen.

In the elderly, the prognosis for this kind of infection is generally very poor — with the mortality rate as high as 90 percent. "Castro would definitely qualify as critically ill," said Dr. Roshini Rajapaksa, a gastroenterologist at New York University School of Medicine, referring to the report.

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In a younger patient, even the severe complications Castro has reportedly suffered are not necessarily fatal. But Castro's advanced age is a major factor.

"When you're in your 80s, any complication can be fatal," said Dr. Joel Weinstock, director of the gastroenterology department at Tufts Medical School.

Still, it is possible that Castro could recover.

"If they get the infections under control, he should get stronger in the next few weeks," Weinstock said. "But given everything he's supposedly been through, it would be difficult. He's had a tough run."

About 65 percent of people develop weak spots, or bulges called diverticula, on their colons by age 85. In about 10 percent of cases, these pouches become inflamed, causing pain and other problems, a condition called diverticulitis. The illness can become life-threatening if other complications, such as infection, occur, requiring removal of part or all of the large intestine.

Patients with mild diverticulitis are usually treated with antibiotics, as well as being put on a liquid diet. El Pais reported that Castro had his entire large intestine removed, suggesting the infection was extremely severe.

Doctors then reportedly implanted a bile duct device, presumably to help drain the infected area, as Castro may have been too ill to have his gall bladder removed.

Additional problems — such as a clot caused by remaining immobile in bed, a heart attack due to increased stress or kidney failure — are still possible, experts said. In his weakened condition, Castro is also vulnerable to additional infections.

The El Pais report was not made public in Cuba, where the government controls the media and Cubans have become accustomed to very limited details about their ailing leader's health.

A Cuban diplomat called the report a "lie," and the government has not otherwise reacted.

In its report, El Pais cited two unidentified sources from Gregorio Maranon Hospital in Madrid, which employs surgeon Jose Luis Garcia Sabrido, who flew to Cuba in December to treat Castro. It said a grave infection in the large intestine, at least three failed operations and various complications have left Castro with a "very grave prognosis."

El Pais said that in December, when Garcia Sabrido visited, Castro had an abdominal wound that was leaking more than half a pint of fluids a day, causing "a severe loss of nutrients." The Cuban leader was being fed intravenously, the report said.

Garcia Sabrido, the Madrid hospital's chief surgeon, could not immediately be reached for comment Tuesday. A secretary who answered the phone at his office said the doctor did not plan to comment on the report.

U.N. Says Global AIDS Effort For Children Falls Far Short (NYT)

By Lawrence K. Altman

The New York Times, January 17, 2007

Some countries are making progress in treating children with AIDS and preventing others from becoming infected, but the overall global response is “tragically insufficient,” Unicef said yesterday.

“Children affected by AIDS are now more visible and are taken more seriously in global, regional and national forums where they had received little consideration before,” the United Nations agency said in a report. Better testing to find children with H.I.V., the virus that causes AIDS, and simpler formulations of the antiretroviral drugs that combat the infection have increased the number of children under treatment, Unicef said. Additional factors were lower prices for the drugs and improved skills among health workers.

But the overall statistics for children are grim, Unicef found. It took stock of changes in 2005 and 2006, when the agency began a program to put what it called the “missing face” of children at the center of the world effort to halt and reverse the spread of H.I.V. by 2015.

Central to that effort is testing pregnant women, providing short-term drug therapy to prevent them from transmitting the virus to their newborns, testing children and treating those infected.

About two years ago, Unicef was concerned that a number of factors stopped children from getting treatment. One was the ability to detect infected children. Two others were whether the available drugs were safe for children and affordable for poor countries.

The progress since then, though small, has exceeded Unicef’s expectations, Peter McDermott, who runs Unicef’s AIDS program, told reporters by telephone. “Children do very well on treatment,” he said.

Still, about 10 percent of pregnant women in capital cities in sub-Saharan Africa are infected with H.I.V. But the vast majority of pregnant African women do not have access to drugs that would prevent transmitting the virus to their infants. So about one-third of their children will become infected at or shortly after birth, Unicef said.

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Progress in providing drugs to infected pregnant women to prevent transmission to their infants was small. The 9 percent of such women in low- and middle-income countries worldwide who received antiretroviral drugs in 2005 rose from 3 percent in 2003.

The data available for 2005 shows that only seven countries cited in the report provided drugs to at least 40 percent of infected pregnant women to prevent H.I.V. among newborns: Argentina (87 percent), Brazil (48 percent), Botswana (54 percent), Jamaica (86 percent), Russia (84 percent), Thailand (46 percent) and Ukraine (90 percent).

Of the estimated 2.3 million children under 15 who had H.I.V. in 2005, 780,000 needed antiretroviral therapy, Unicef said, and only 10 percent of them received it.

Untreated, about one-third of infected infants die in their first year, and half die by their second birthday. That translated into 380,000 children dying from AIDS last year, Unicef said.

Only seven countries identified in the report provided antiretroviral therapy to at least 20 percent of children needing it. They were Botswana (84 percent), Cape Verde (47 percent), the Dominican Republic (23 percent), Jamaica (47 percent), Namibia (52 percent), Rwanda (20 percent) and Thailand (95 percent).

Lack of prevention and treatment has left an estimated 15.2 million children as orphans. The number is expected to grow to 20 million by 2010.

The actual problem is worse, the report said, because “many more children live with parents who are chronically ill, live in households that have taken in orphans due to AIDS or have lost teachers and other adult members of the community to AIDS.”

In issuing the report, Unicef said it was trying to establish a baseline for future monitoring. Because data from 2005 was the latest available, the agency said it could not provide statistical comparisons for changes in the year since it began its effort. Even so, it said it could make some determinations about progress, of the lack thereof, based on the work it has been doing in the field.

An additional problem is that national data on pediatric care and treatment is limited in most countries.

Scotland Ponders Going Its Own Way (WT/AP)

By Ben Mcconville

The Washington Times, January 17, 2007

EDINBURGH, Scotland -- With barely the raising of a glass, Scotland is marking 300 years since it accepted union with England and officially put the Great in Britain.

The anniversary yesterday of the Scottish Parliament's vote for the Treaty of Union is focusing attention more on the perennial discord than the ties that bind these two members of the United Kingdom of Great Britain and Northern Ireland.

Polls show advocates of Scottish independence are gaining strength in their campaign for a referendum on breaking the union.

"This treaty can and will be undone, and at the moment there is a wellspring of Scottish nationalism," said Murray Ritchie, convener of the Scottish Independence Convention, an advocacy group. "What we need is a referendum to settle the issue of independence."

The feeling seems mutual, judging from opinion polls in recent months, which have said that a bit more than half of Scots -- and of the English -- support independence for Scotland, while much smaller percentages are opposed.

Prime Minister Tony Blair, however, said any attempt to split England and Scotland would be a "crazy" idea.

"In commerce, in trade, in security and above all in shared values, the union of England and Scotland continues to be good for England, good for Scotland and right for the future of Britain," Agence France-Presse quoted Mr. Blair saying at his regular press briefing yesterday.

The union has been contested since 1707, when protesting mobs took to the streets of Edinburgh and Glasgow. The Scottish poet Robert Burns labeled those who voted for union a "parcel of rogues."

Though Scotland's Parliament dissolved, the country maintained much of its national identity, its own legal and education systems and its own religion -- Presbyterianism, although Queen Elizabeth II is the head of the Church of Scotland.

Ten years ago, Scotland voted overwhelmingly to accept a proposal from Prime Minister Tony Blair to have its own elected assembly with limited tax-raising powers.

Now the tercentenary, and the strong opinion poll standings of the pro-independence Scottish National Party (SNP), are giving the topic fresh impetus among Scots, who number 5 million to England's 50 million.

Without the leveling effect of national tax rates, Scots would probably have to pay more to make up for what would be lost in parting with England.

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North Sea oil revenue is the cornerstone of the separatists' dream; oil prices have doubled the value of the industry since 2000, netting a fifth of Britain's total corporate tax revenue, and much of that revenue would go directly to an independent Scotland, according to the SNP. But North Sea reserves are expected to run out by 2020.

Some in England grumble that Scotland effectively rules the United Kingdom with its abundance of Scottish lawmakers in high-ranking roles, as well as polling districts that make the Scottish votes a determining factor in national elections.

Mr. Blair is one of four Scottish-born prime ministers in the past century, as is Gordon Brown, Mr. Blair's likely successor when he steps down in September.

Embassies In 'Turf Wars'? (WT/UPI)

By Shaun Waterman

The Washington Times, January 17, 2007

A report by Senate Republican staffers urges the departments of Defense and State to better coordinate the role of military personnel in U.S. embassies and warns that a growing military presence is causing anxiety among some host governments.

"Blurred lines of authority between the State Department and the Defense Department could lead to interagency turf wars that undermine the effectiveness of the overall U.S. effort against terrorism," the report says.

It adds: "There is evidence that some host countries are questioning the increasingly military component of America's profile overseas."

The report, titled "Embassies as Command Posts in the Anti-Terror Campaign," was prepared last month by staff from the outgoing Republican majority on the Senate Foreign Relations Committee.

Then-Chairman Richard G. Lugar, Indiana Republican, sent six staffers to visit 20 countries in Latin America, Africa, Asia and the Middle East to examine the relationship between the State Department and the Defense Department in U.S. embassies and the effect it was having in the war on terror.

The report, which was filed with little fanfare Dec. 15, warns of the risk of bruising policy and management conflicts in four areas:

•Development assistance to foreign countries, especially in the Horn of Africa.

•Training and materiel support for foreign militaries.

•The deployment of special-operations forces to more than 50 countries.

•The operation in many embassies of small teams of military personnel conducting so-called "information operations."

Such teams of three or four persons have been deployed to 18 embassies in "key countries to carry out informational programs" and are expected in a dozen more "if current plans are realized," the report says.

"Some foreign officials question what appears to them as a new emphasis by the United States on military approaches to problems that are not seen as lending themselves to military solutions," it adds.

"Some host countries have elements in both government and general society who are highly suspicious of potential American coercion."

The report says some ambassadors insisted on having memorandums of understanding signed by regional combatant commanders "to clarify lines of authority" for military personnel operating in their country.

"The situation should not be left for resolution in the heat of the moment," it warns, recommending that Secretary of State Condoleezza Rice "pursue a more systemic solution" and negotiate "a global memorandum of agreement" with the new defense secretary.

"It is important," the report concludes, "to get lines-of-authority questions sorted out before directives from the ambassador and the combatant commander conflict in an urgent situation."

Hugo And Mahmoud (WSJ)

The Wall Street Journal, January 17, 2007

We've known for some time that Hugo Chávez is a menace to the economic well-being of his own people. But the question that seems increasingly urgent is whether he's becoming a threat to U.S. security interests -- both in the Western Hemisphere and beyond.

Specifically, we'd like to know what Senator Chris Dodd and Congressman Bill Delahunt make of Mr. Chávez's weekend summit with Mahmoud Ahmadinejad. The Iranian President stopped by Caracas on Saturday as part of a four-day engagement with Latin America's new leftist governments. On Sunday, the Iranian communed with Nicaragua's new boss, Daniel Ortega, and then on Monday he hit the inauguration of Ecuador's new pro-Chávez President Rafael Correa.

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The Caracas visit was Mr. Ahmadinejad's second in four months. "This is just a prelude of what we will do," declared Mr. Chávez, in a televised speech announcing the creation of a joint $2 billion fund to finance development and other projects. "This large and strategic fund, brother, is going to be converted into a mechanism of liberation," he added, saying their goal is to build "a network of alliances."

In Managua, the Iranian also signed a "broad cooperation accord" with Mr. Ortega. Mr. Chávez openly funded the Sandinista's Presidential campaign last year, and he earlier supported Evo Morales in Bolivia. Venezuelan soldiers have reported that they are under orders to give Colombian rebels safe haven, and Mr. Chávez signed contracts last year to buy Russian MiGs and open a Kalishnakov factory at home.

Meanwhile, the Venezuelan is using his recent election victory to consolidate his grip on the economy. A week ago, he announced he would nationalize the country's electricity and telephone companies; he already controls the oil business. His goal here is to redistribute income but especially to shrink the private economy in order to reduce the space in which any political opposition can operate.

The Caracas Stock Exchange Index fell 16% last week, but that didn't phase Señor Chávez. He's moving to withdraw the license of a prominent independent television network, and he has asked Congress to grant him temporary executive power to rule by decree. "The world should know: Our revolution is not turning back," he said. "This is the path our boat is on: socialism. Country, socialism, or death."

The world should have known this a long time ago but too many people chose to ignore it. Mr. Chávez took office in 1999 on a promise to end corruption and injustice. By 2000, human rights groups warned of a deterioration in constitutional protections, and Mr. Chávez began importing Cuban security agents along with Cuban doctors and teachers to spread propaganda.

Each time Mr. Chávez has faced resistance, he has tightened the screws. Price and capital controls and property seizures became state policy. Employees of the state-owned oil company and its contractors were fired if they opposed the government; political opponents were jailed.

All the while, Mr. Chávez has had American enablers who excused his growing repression, or blamed it on a reaction to U.S. policy. Foremost among them has been Mr. Dodd, who has defended Mr. Chávez as "democratically elected" despite his clear trend toward authoritarianism. In 2004, the circumstances surrounding a recall referendum were so anti-democratic that the European Union refused to act as an observer. Jimmy Carter nonetheless blessed the outcome amid heavy irregularities, and the U.S. State Department endorsed the process. Other politicians, such as Mr. Delahunt, embraced and flattered Mr. Chávez for his PR stunt of offering cut-rate oil to poor Americans.

Perhaps it's time these Americans paid attention to the kind of "socialism" and "revolution" that their support is helping Mr. Chávez to build in Venezuela.

DOJ_NMG_0117650

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 17, 2007 7:45 AM EST

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TERRORISM NEWS:

AG Criticizes Judges For Terror Rulings (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 17, 2007

WASHINGTON -- Attorney General Alberto Gonzales says federal judges are unqualified to make rulings affecting national security policy, ramping up his criticism of how they handle terrorism cases.

In remarks prepared for delivery Wednesday, Gonzales says judges generally should defer to the will of the president and Congress when deciding national security cases. He also raps jurists who "apply an activist philosophy that stretches the law to suit policy preferences."

The text of the speech, scheduled for delivery at the American Enterprise Institute, was obtained Tuesday by The Associated Press. It outlines, in part, what qualities the Bush administration looks for when selecting candidates for the federal bench.

"We want to determine whether he understands the inherent limits that make an unelected judiciary inferior to Congress or the president in making policy judgments," Gonzales says in the prepared speech. "That, for example, a judge will never be in the best position to know what is in the national security interests of our country."

Gonzales did not cite any specific activist jurists, or give examples of national security cases, in his prepared text. The Justice Department is appealing an August decision by U.S. District Judge Anna Diggs Taylor in Detroit, who ruled the government's warrantless surveillance program unconstitutional and ordered it stopped immediately.

The Justice Department appealed her decision and the 6th U.S. Circuit Court of Appeals in Cincinnati has ruled that the administration can keep the program in place during the appeal.

Attorneys representing terrorism suspects held at Guantanamo Bay are challenging the legality of a law, signed by President Bush in October, that authorizes military trials. Those challenges raise the possibility that trials will be struck down by a federal appeals court or the Supreme Court.

Gonzales, a former Texas Supreme Court justice, has in the past warned about judges who inject their personal beliefs in cases. But his prepared remarks Wednesday mark his sharpest words over concerns about the federal judiciary - the third, and equal, branch of government.

Judges who "apply an activist philosophy that stretches the law to suit policy preferences, they actually reduce the credibility and authority of the judiciary," Gonzales says. "In so doing, they undermine the rule of law that strengthens our democracy."

Even so, Gonzales characterized efforts to retaliate against unpopular rulings as misguided, noting a failed South Dakota proposal to sue or jail judges for making unpopular court decisions. He also called for Congress to consider increasing the number of federal judges to handle heavy workloads, and to offer them higher salaries to lure and keep the best jurists on the bench.

Gonzales: Gitmo Trials Delayed Because Of Challenges By Detainees' Lawyer (AP)

By Lara Jakes Jordan, Associated Press

AP, January 17, 2007

WASHINGTON – Trials for detainees at Guantanamo Bay have been delayed because of numerous challenges by their own lawyers, Attorney General Alberto Gonzales said Tuesday in defending the Bush administration's treatment of terror suspects.

A leading human rights attorney called the attorney general's comments “a convoluted view of the world.”

Gonzales, meeting with Associated Press reporters and editors, said the trials of terror detainees may begin as early as this summer, and that rules for military commissions in carrying them out will be sent to Capitol Hill this week.

But he acknowledged the delays, of up to five years in some cases, in deciding the legal fate of detainees being held at the military facility in Cuba.

“It's not for lack of trying,” Gonzales said. “We are challenged every step of the way.”

“A lot will depend on the courts and the legal challenges brought by detainees at Guantanamo,” he said. “But we are trying as hard as we can to bring these individuals to justice.”

DOJ_NMG_0117655

The Bush administration has been widely criticized for its detention of about 395 men at Guantanamo, some without being officially charged, on suspicion of links to al-Qaeda or the Taliban. The government has characterized the detainees as enemy combatants who should have fewer legal protections than civilians in U.S. courts.

Military officials say 60 to 80 detainees will be charged and brought to trial. Another 85 men have been cleared for release or transfer to other countries.

Last October, President Bush signed a law authorizing military trials and harsh interrogations of terrorism suspects. Defense lawyers have challenged the validity of the law and have raised the possibility that the military trials will be struck down by a federal appeals court or the Supreme Court.

Michael Ratner, president of the Center for Constitutional Rights, called Gonzales' remarks “a convoluted view of the world.”

“We've been trying for five years to get the majority of the detainees in federal court,” Ratner said. “They've resisted from the first day, when they took people to Guantanamo.”

The Guantanamo issue was one of several topics during the hourlong AP interview that had Gonzales on the defensive over Bush administration policies criticized by Democrats and civil libertarians as overstepping legal boundaries.

Others included:

Little-known but recently revealed powers authorizing the Pentagon to examine banking records of Americans suspected of terrorism or espionage. Congress authorized such investigations decades ago, and recently affirmed them in the USA Patriot Act, but some lawmakers question whether it is an improper expansion of the Defense Department's domestic role.

“If Congress gives them the authority, I think they probably ought to be exercising that authority in connection with national security investigations,” Gonzales said.

Bush's use of so-called signing statements, which accompany legislation he inks into law. Gonzales said the president used the statements to identify for federal agencies which parts of the law he believes could be viewed as unconstitutional. But critics believe Bush is using them to publicly interpret how to expand his powers.

The issue boiled over earlier this month when it appeared that the president authorized his administration to open mail without a warrant. Gonzales denied that, and said the government continues to only open mail with court approval. The signing statements “do not give the president any more authority than he already has,” he said.

Justice Department requests for the resignations of several U.S. attorneys. Democratic senators have suggested that the department's demands were politically motivated or intended to circumvent the Senate confirmation process. “Nothing could be further from the truth,” Gonzales said.

Additionally, Gonzales announced the indictments of 148 illegal immigrants who acquired other peoples' Social Security numbers and other personal information to get jobs at Swift & Co. meat packing plants.

The indictments, in six states, follow federal raids on the plants last month in the largest-ever workplace crackdown on illegal immigration. The raids led to the arrests of nearly 1,300 employees and temporarily halted operations at the Greeley, Colo.-based meat processor.

“Obviously, we're concerned about identity theft in this country,” Gonzales said. He said the Bush administration is studying ways to curb identity theft, including better ways for police to report the crime, and to reduce the access that thieves have to Social Security numbers.

The federal indictments include: 53 in Texas, 30 in Iowa, 26 in Nebraska, 20 in Minnesota, 18 in Utah and one in Colorado. Local prosecutors are bringing state charges against the immigrants, including 80 in Cache County, Utah, and 18 in Weld County, Colo.

On the Net:

Justice Department: www.usdoj.gov/

Excerpts From Gonzales Interview (AP)

AP, January 17, 2007

Excerpts from Attorney General Alberto Gonzales' interview Tuesday with reporters and editors from The Associated Press.

On his upcoming priorities:

I'm doing, making sure that we're doing everything that we can to prevent another terrorist attack. ... But in addition to terrorism we'll also be focusing on things, what additional measures we can do to protect our children.

(We) want to engage in a dialogue with the Congress about what additional tools are necessary to protect children, particularly with respect to, quite frankly, maintaining information within Internet service providers. We are discovering in

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connection with certain investigations relating to child pornography and pedophiles, oftentimes the information is no longer available within Internet service providers and there is no obligation to retain that data.

On sentencing:

I am concerned about the disparity we're seeing in sentencing around the country. We're seeing disparities with respect to certain kinds of cases. Ten percent, I think, disparity from the guidelines with respect to offenses involving children. That is troubling.

We're seeing disparities with respect to races, different races. It appears that maybe if you're of a certain race, maybe you get a tougher sentence, or a lighter sentence. And I think in this country you can't have that.

On Guantanamo detainees:

I mean I have every expectation that we'll see commissions hopefully this summer. But again a lot will depend on the courts and the challenges, legal challenges brought by, by detainees at Guantanamo.

But we are trying as hard as we can to, to bring these individuals to justice. And I think we now have, we have a framework under the Military Commissions Act to do, that provides certainty as to the legality of, of these proceedings.

On criticism about replacing U.S. attorneys:

U.S. attorneys, like the attorney general of the United States, we serve at the pleasure of the president of the United States. We can, we can be removed at any time for any reason by the president of the United States.

And, of course, like any big organization -- and the, and the Department of Justice is a big organization -- we constantly make evaluations as to the performance of individuals. And sometimes decisions are made that we can, hopefully, achieve greater success, better performance, by making changes in personnel. And so I would just leave it at that.

With respect to politicizing the process, I mean nothing could be further from the truth.

On immigration:

I will play a role if it's appropriate. You know, obviously the administration needs to settle given the recent elections, and you know, changing circumstances as to what we'd like to see happen and develop a strategy about how to ... achieve that outcome. Obviously, you know, we're talking about dealing with the Congress -- or working with the Congress.

On President Bush's use of signing statements:

Let me just say that what we are doing is nothing new. It began with Thomas Jefferson and I could give you a whole list of presidents that have used signing statements. ... It's a discussion between the president and the American people, the Congress and particularly the executive branch about provisions in a bill which he is concerned about may be unconstitutional if applied in a certain way.

In the particular -- the most recent case relating to physical searches of mail, what the president was trying to do was to preserve existing authority already to engage in physical searches of certain kinds of mail without warrants. That authority already exists. ... And what the president wanted to make clear is that that this new reauthorization of the Postal Act did not in any way affect the existing authority the president has to engage in physical searches of mail under certain circumstances. That was the purpose of that signing statement.

U.S. Official Apologizes For Guantanamo Remarks (WP)

By Josh White

The Washington Post, January 17, 2007

A Pentagon official who criticized large U.S. law firms for representing terrorism suspects at the U.S. detention facility at Guantanamo Bay, Cuba, has apologized for his comments, saying that his discussion on a local radio program does not reflect his "core beliefs."

Charles D. "Cully" Stimson, deputy assistant secretary of defense for detainee affairs, said yesterday that he regrets what he told Federal News Radio on Thursday, when he suggested that chief executives of U.S. companies should question being represented by lawyers who do pro bono work for terrorism suspects. The Washington Post editorial page reported Stimson's comments Friday.

In a letter to the editor that appears today on The Post's editorial page, Stimson said he believes that both sides of a legal case should have "competent legal counsel." Stimson is a former prosecutor and defense lawyer.

"Regrettably, my comments left the impression that I question the integrity of those engaged in the zealous defense of detainees in Guantanamo," Stimson wrote. "I do not."

Bryan Whitman, a Pentagon spokesman, said yesterday that Stimson's original comments "do not reflect the department's position, nor are they the views of the senior leadership."

The remarks drew condemnation on the floor of the Senate yesterday from Sen. Arlen Specter (R-Pa.), and more than 130 law school deans have signed an Internet petition declaring themselves "appalled" by them.

DOJ_NMG_0117657

Attorney General Alberto R. Gonzales pointed at the detainees' attorneys himself yesterday, telling the Associated Press that their numerous challenges have delayed trials for their clients at Guantanamo Bay.

In an interview with The Post later yesterday, Gonzales said the remarks were "not intended as criticism of defense attorneys doing their jobs" but were "a statement of reality."

"We had to fight many legal battles to get where we are today," he said.

Staff writer Dan Eggen contributed to this report.

An Apology To Detainees' Attorneys (WP)

The Washington Post, January 17, 2007

During a radio interview last week, I brought up the topic of pro bono work and habeas corpus representation of detainees in Guantanamo Bay, Cuba. Regrettably, my comments left the impression that I question the integrity of those engaged in the zealous defense of detainees in Guantanamo. I do not.

I believe firmly that a foundational principle of our legal system is that the system works best when both sides are represented by competent legal counsel. I support pro bono work, as I said in the interview. I was a criminal defense attorney in two of my three tours in the Navy Judge Advocate General's Corps. I zealously represented unpopular clients -- people charged with crimes that did not make them, or their attorneys, popular in the military. I believe that our justice system requires vigorous representation.

I apologize for what I said and to those lawyers and law firms who are representing clients at Guantanamo. I hope that my record of public service makes clear that those comments do not reflect my core beliefs.

CULLY STIMSON
Deputy Assistant Secretary of Defense for Detainee Affairs
Defense Department
Washington

Law School Deans Criticize Pentagon Statement On Detainees (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, January 17, 2007

More than 130 deans of American law schools have signed a letter deploring a Pentagon official's statement criticizing major law firms for representing detainees at Guantanamo Bay.

The law deans wrote that they were "appalled" by an interview last week in which the Pentagon's point man on detainee affairs, Charles Stimson, said corporations should be disturbed by the law firms' pro bono work for detainees and might want to reconsider sending business to the firms involved.

"We find Secretary Stimson's statement to be contrary to basic tenets of American law," the deans wrote. "Our American legal tradition has honored lawyers who, despite their personal beliefs, have zealously represented mass murderers, suspected terrorists, and Nazi marchers…. In a free and democratic society, government officials should not encourage intimidation of or retaliation against lawyers who are fulfilling their pro bono obligations."

A Pentagon spokesman said Friday that Mr. Stimson's views were not shared by the department's leadership. The letter asks the administration to repudiate the statement.

The missive was circulated by the dean of Yale Law School, Harold Hongju Koh, and the dean of Northeastern University's law school, Emily Spieler. The signers include the deans of law schools at Columbia, Fordham, New York University, and New York Law School.

A liberal Web log, tpmmuckraker.com, noted that two of the law firms representing a former White House official now on criminal trial in Washington, I. Lewis Libby, have also done work for Guantanamo detainees. The firms are Paul, Weiss, Rifkind, Wharton & Garrison LLP of Manhattan and Dechert LLP of Philadelphia.

Gitmo Defense Counsel Stand Accused (WP)

By Andrew Cohen, Special To Washingtonpost.com

The Washington Post, January 17, 2007

Here is how our executive branch last week waged its legal war on terrorism against the detainees at Guantanamo Bay, Cuba. While federal lawyers and intelligence officials earnestly prepared behind the scenes to put on trial some of the major terror suspects, a skuzzy Pentagon lawyer was front and center on the radio attacking the motives and integrity and even the patriotism of detainee defense attorneys and the law firms that support them.

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One hand of government prepares in secret for the upcoming battle by identifying workarounds to constitutional due process and the congressional mandate that information gleaned from torture may not be used in the military commissions that may be up and running this summer. The other hand of government works in broad daylight to undercut perceptions about the loyal opposition by suggesting that the law firms whose attorneys work for free on these detainee cases -- it's called pro bono work and it is the law's highest calling -- may be taking money from terrorists or other nefarious sources.

On Friday we learned from the New York Times that the "Bush administration has set up a secret war room in a Virginia suburb" so that government attorneys and military officials can sort through "classified files" containing among other things the "interrogation reports" of top-shelf detainees like Khalid Sheik Mohammed. Their goal is to prepare to try Mohammed and other high-level terror suspects (like fellow 9/11 planner Ramzi Binalshibh) under the Military Commissions Act of 2006, a new federal law that set the rules that govern how the men may be tried.

"Prosecutors could use hearsay evidence or second-hand testimony, but could not use information obtained under torture," report the Times' Neil Lewis and David Johnston. "Even so," they add, "that would mean virtually any information obtained by the C.I.A would appear to be admissible because, under Justice Department legal opinions, none of the harsh techniques amounted to torture." That's certainly convenient in theory -- we'll see how viable it is in practice. Remember, the new Congress has the right to look anew at the Commissions Act and the federal courts have yet to resolve the new questions it raises.

If there is nothing surprising about a group of prosecutors preparing for trial -- even the sort of one-sided terror mega-trial that U.S v. Mohammed would become -- it is, as The Washington Post suggested Friday, downright shocking that a government attorney would denigrate the work of attorneys and their colleagues who have chosen to help men who sometimes quite literally have no one else on their side. The malfeasant culprit is a man named Charles "Cully" Stimson, deputy assistant secretary of defense for detainee affairs, and there is simply no excuse for the tone or the tenor of the remarks he made Thursday on Federal News Radio.

Usually, administration officials take pot shots at the detainees -- calling them "killers," for example, even when the vast majority of them are not. But Stimson took his shots at the powerful law firms that have allowed and in many cases encouraged their bright attorneys to represent the detainees. According to The Post, Stimson said: "when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms...."

Stimson also attacked the motives of the men and women, and their bosses, who have accomplished so much in defending the rights of the grim men in Guantanamo Bay. "Some will maintain that they are doing it out of the goodness of their heart, that they're doing it pro bono, and I suspect they are; others are receiving monies from who knows where, and I'd be curious to have them explain that." You don't need to understand the rich history of pro bono work in this country to understand how odious Stimson's remarks are, or how much of a threat they constitute to men and women of goodwill everywhere.

For the sake of argument, however, let's look a bit at the American Bar Association's Model Rules of Professional Conduct -- guidelines for how lawyers ought to behave. Rule 6.1 "Voluntary Pro Bono Publico Service" states that "every lawyer has a professional responsibility to provide legal services to those unable to pay. A lawyer should aspire to render at least (50) hours of pro bono... legal services per year and should "provide any additional services through delivery of legal services at no fee or substantially reduced fee to individuals, groups or organizations seeking to secure or protect civil rights, civil liberties or public rights." I can think of no other cause that better satisfies this solemn responsibility than providing legal help to the Gitmo detainees. Can you?

Now let's spend a minute looking at Stimson's responsibilities as a government lawyer or as a spokesman for federal attorneys. First, Rule 3.4 "Fairness to Opposing Party and Counsel" states that a lawyer "shall not... allude to any matter that the lawyer does not reasonably believe is relevant or that will not be supported by admissible evidence, assert personal knowledge of facts in issue except when testifying as a witness, or state a personal opinion as to the justness of a cause, the credibility of a witnesses, the culpability of a civil litigant or the guilt or innocence of an accused."

Even though Stimson is not now technically a prosecutor, he was one, once, and thus should know about Rule 3.8, too. It states that a prosecutor in a criminal case shall "refrain from making extrajudicial comments that have a substantial likelihood of heightening public condemnation of the accused..." and shall "make reasonable efforts to assure that the accused.... has been given reasonable opportunity to retain counsel." No doubt Stimson and his supporters would argue that the detainees do not deserve these "courtesies" because they are not defendants in our civilian courts. That is no argument against treating opposing counsel with the respect and dignity they deserve.

American Bar Association President Karen J. Mathis wrote Friday: "Lawyers represent people in criminal cases to fulfill a core American value: the treatment of all people equally before the law. To impugn those who are doing this critical work -- and doing it on a volunteer basis -- is deeply offensive to members of the legal profession, and we hope to all Americans." She is

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right. Stimson should be immediately fired for what he said last week and, furthermore, he should be investigated for breaching the code of professional ethics. Not only were the remarks nasty, they were politically and diplomatically unwise.

What Stimson said, and why, and how, constitutes conduct unbecoming a member of government and a member of the bar. One hand may be acting aggressively, if not mercifully and justly, toward prosecuting suspected terrorists. But the other hand, Stimson's hand, is undercutting the very principles we fight for. This is how our government waged the legal war on terror in our name last week.

Andrew Cohen writes Bench Conference and this regular law column for washingtonpost.com. He is also CBS News Chief Legal Analyst. His columns for CBS can be found online here.

Editorial: Clueless 'Cully' Stimson (BOSH)

By Boston Herald Editorial Staff

Boston Herald, January 17, 2007

Well, it's official now: Deputy Assistant Secretary of Defense for Detainee Affairs Charles "Cully" Stimson has made himself a household name virtually overnight with a comment that is beyond idiotic.

Interviewed by Federal News Radio on the fifth anniversary of the opening of the Guantanamo Bay prison, Stimson said, "It's shocking . . . The major law firms in this country . . . are out there representing detainees."

Then the former Navy lawyer went so far as to suggest a boycott of those firms, noting, "when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms."

Many of the nation's largest law firms are defending detainees pro bono, including Wilmer Hale, Covington & Burling, and Pillsbury Winthrop. It's what good, public-spirited law firms - and lawyers - do and have done since the very founding of this nation. It was, after all, John Adams who defended the British soldiers accused of killing Americans in the Boston Massacre. What is it about that long and proud tradition that Stimson doesn't get?

Now deans of the nation's major law schools have signed a letter taking him to task for his remarks and asking the Bush administration to repudiate them.

A Pentagon spokesman has already distanced the Defense Department from Stimson's comments. And Attorney General Alberto Gonzales told The New York Times [NYT], "Good lawyers representing the detainees is the best way to ensure that justice is done in these cases."

Anyone clueless about that concept ought to be out the door.

Letter Tells Of Difficulties In Prosecuting Detainee Abuse (NYT)

By David Johnston

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — A Justice Department team responsible for reviewing accusations of abuse of detainees by civilian government employees in Iraq and Afghanistan has encountered "delays" and "unique difficulties," the department said in a letter on Tuesday.

The letter, to Senator Patrick J. Leahy, Democrat of Vermont, said prosecutors found that some accusations were not credible. Some victims could not be identified, it said, and a few had been released from custody and could not be found.

In one case, two lawyers were prepared to travel to an unidentified Middle Eastern country to interview people who say they had been abused, but canceled the trip because the country's officials refused to allow the prosecutors to meet with them.

"As with an American suspected of a crime, those Americans who are the subject of the referrals are innocent until proven guilty," the letter said. "When career prosecutors conclude that we cannot prove allegations of a crime beyond a reasonable doubt, the department — consistent with its longstanding practices and policies — will not prosecute."

The Justice Department provided the report in response to questions posed by Senator Richard J. Durbin, Democrat of Illinois, who in a letter on Dec. 18 asked government lawyers for a progress report. Democrats have expressed skepticism about the department's inability to bring cases to trial.

The letter described the reasons no charges would be brought in most of the cases, saying, "All were declined for insufficient evidence to warrant criminal prosecution for one or more of the following reasons: insufficient evidence of criminal conduct; insufficient evidence of the subject's involvement; insufficient evidence of criminal intent; low probability of conviction."

A government lawyer who worked on some of the cases said Tuesday that the problems made prosecutions unlikely in nearly all of the 21 abuse accusations the team reviewed.

But the official, who did not want to speak on the record about pending investigations, said prosecutors had tried hard to assemble cases.

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“We took these allegations very seriously,” the official said. “We tried hard to get the complete story, to get these cases to prosecution. A lot of effort has gone into this.”

Of 10 accusations referred to the Justice Department by the inspector general of the Central Intelligence Agency, one remains under investigation, the official said. The unclassified version of the letter, which is heavily edited to remove classified information, provides no details.

Some human rights lawyers said the open case could be that of an Iraqi man who died during an interrogation at Abu Ghraib prison in November 2004 after he was turned over to the C.I.A. by the military. Of 10 accusations referred by military authorities against civilian contractors, one was dropped, the official said. Nine remain open, but the officials said it was uncertain if any action would be taken because the offenses could be misdemeanors.

One additional case, stemming from an F.B.I. accusation of abuse at the detention center in Guantánamo Bay, Cuba, also remains open. The official said there had been no referrals from any agency to the Justice Department after January 2006.

Appeals Court Throws Out Sentence Of Man Convicted In Plot To Bomb Los Angeles Airport (AP)

By David Kravets, Ap Legal Affairs Writer

AP, January 17, 2007

(AP) - SAN FRANCISCO-A federal appeals court on Tuesday threw out the sentence of a man who was convicted of plotting to bomb Los Angeles International Airport at the turn of the millennium.

Ahmed Ressam was arrested near the U.S.-Canadian border in December 1999 after customs agents found 124 pounds (56 kilograms) of explosives in the trunk of his car.

Prosecutors said he was intent on bombing the airport on the eve of the millennium. The arrest raised fears of terrorism attacks and prompted the cancellation of millennium celebrations at Seattle's Space Needle.

Ressam was sentenced to 22 years in prison after being convicted off all nine charges. On Tuesday, the 9th U.S. Circuit Court of Appeals in San Francisco reversed his conviction on one of the charges and sent the case back to a lower court to issue a new sentence and explain the rationale behind the 22-year term. No new sentencing date was immediately set.

The decision does not necessarily mean Ressam will get a shorter term. Judges are given wide latitude to sentence defendants as they see fit.

Defense attorney Thomas Hillier II said the reversal might not reduce his client's sentence but "helps in fending off the government's argument that the original sentence was too lenient."

Two of the three appellate judges said Ressam was improperly convicted of carrying an explosive while committing a felony by lying on a customs form.

The government failed to show the "explosives somehow aided or emboldened" him to provide a false name at the border because he had not intended to detonate explosives at the border when he was arrested weeks before Jan. 1, 2000, Judge Pamela Rymer wrote for the majority.

After his conviction in 2001, Ressam began cooperating with authorities in hopes of winning a reduced sentence. He faced a maximum of 65 years in prison.

Over the next two years, according to court documents, he provided information on more than 100 potential terrorists and testified against coconspirator Moktar Haouari and Sept. 11 plotter Mounir el-Motassadeq.

Ressam told authorities he saw Zacarias Moussaoui, , a Moroccan-born Frenchman, at a training camp in Afghanistan in 1998. He also told investigators about the type of shoe bomb Richard Reid attempted to detonate on a U.S.-bound airline flight in 2001, and provided information about a network of Algerian terrorists in Europe.

U.S. District Judge John Coughenour of Seattle, who sentenced Ressam, said the information he provided was "startlingly helpful."

But Ressam's cooperation came to a halt by early 2003, resulting in charges being dropped against two other co-conspirators. His lawyers said years of solitary confinement, broken by periods of intense interrogation, had taken their toll on his mental health and corrupted his memory.

Emily Langlie, spokesman for U.S. attorney John McKay in Seattle, said the government was mulling whether to ask the 9th Circuit to rehear the case with 15 judges. They maintain Ressam should get a 35-year term.

"I don't see any reason why that should change," Langlie said.

Millenium Bomb Plotter's Sentence Is Thrown Out (BLOOM)

By Karen Gullo, Bloomberg News

Bloomberg, January 17, 2007

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A federal appeals court threw out the 22-year prison sentence of Ahmed Ressam, convicted of plotting to blow up Los Angeles International Airport, and sent his case back to a lower court for resentencing.

The U.S. Court of Appeals in San Francisco said today the sentence should be recalculated in part because the court overturned one of Ressam's convictions, for carrying an explosive during the commission of a felony. The charge carried a 10-year minimum sentence under federal guidelines.

"We vacate the entire sentence so that the district court can resentence in light of this decision and developments in the law of sentencing," the court said in its ruling.

The U.S. Justice Department had sought a tougher sentence for Ressam after he stopped cooperating with investigators. The 9th Circuit declined to address the government's appeal because of its reversal of one of his convictions.

"We are studying the ruling to determine whether or not to seek an appeal," said Dean Boyd, a Justice Department spokesman in Washington. Thomas Hillier, a federal public defender who represented Ressam, didn't immediately return a message seeking comment.

Ressam, a native of Algeria, was convicted in 2001 of conspiracy and carrying explosives and sentenced to 22 years in prison in 2005. Ressam was arrested in Port Angeles, Wash., in December 1999 as he drove off a ferry from British Columbia, Canada, with a trunk filled with bomb-making materials.

After his conviction, Ressam cooperated with the government until early 2003, the appeals court said. Ressam then sought to be sentenced and the U.S. filed a motion to allow for a prison term shorter than the normal range. Ressam was sentenced to 22 years after he failed to resume cooperating, the ruling said.

Hot-button Law Prof Ready To Take The Podium (STPPP)

By Paul Tosto

The St. Paul Pioneer-Press, January 17, 2007

It may be the most anxiously awaited constitutional law class ever at the University of Minnesota.

At the podium Tuesday will stand Robert Delahunty. A recognized scholar and U.S. Justice Department veteran, he is better known as co-author of one of the most controversial legal opinions in the nation's war on terrorism.

His one-term appointment to the U triggered waves of praise — and scorn — from students and faculty in the fall.

While he's kept a low profile, supporters and detractors continue to slug it out in letters and on the Web. The latest volley came two weeks ago, when eight of Delahunty's former Justice Department bosses wrote to praise him — and to scold U professors for deriding his hiring as being akin to the U paying Enron executives to teach accounting.

With that kind of tension, how will spring term begin Tuesday?

"I expect it to be a normal class and for him to do a pretty good job," said Jon Taylor, a first-year law student who opposed Delahunty's selection. He and other students met with Delahunty in the fall to ask questions about the memo. The reception was mixed.

"It didn't change my mind," said Taylor, who petitioned law school leaders to reconsider their choice.

Written while Delahunty was a Justice attorney, the 2002 memo concluded al-Qaida and Taliban prisoners were not protected by international treaties or federal law.

Critics charged the memo paved the way for the Bush administration to mistreat prisoners and ignore the Geneva Conventions. Amnesty International has called for Delahunty and other attorneys to be investigated for failing to meet professional standards in advising the president — accusations his supporters ridicule.

Delahunty joined the University of St. Thomas Law School faculty in 2004. The St. Thomas law dean defended Delahunty then, noting his "long and distinguished career" working for several presidents, including Bill Clinton.

He fell out of the public eye until last fall, when the U began looking to fill a constitutional law teaching slot after a professor took an unexpected leave.

The class is required for first-year students, and the spring class is an extension of the fall course, so it was a critical position to fill. The U first looked to William Mitchell College of Law and then to St. Thomas, where Delahunty's federal experience appeared to make him the perfect choice.

U law school leaders signed him, apparently without realizing he was co-author of the controversial memo and that his hiring could divide the law school. They found out quickly, however, when professors began tossing barbs over issues of academic free speech and the ethics of lawyers.

Delahunty said Friday he hopes he and the students can focus on constitutional law once the classroom door closes.

"I think everyone who wanted to say their piece has said their piece," he said. "My job is to teach these students. I don't think they're served by the spectacle of teachers falling out with each other."

He said he's left an open invitation to his students to answer any questions.

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"Academic diversity is good for our school, and the university should not have ideological or political litmus tests for its professors," said Sam Diehl, a third-year law student and president of the Federalist Society, a group of conservative and libertarian law students at the U. The society, he added, has invited supporters and opponents to debate Jan. 23.

Taylor said his opposition was never about ideology; he worried Delahunty's hiring might tarnish the law school's reputation.

Of the petition drive: "I think we totally accomplished a lot," Taylor said. "We feel like across the country people will look more closely at professors … the legal community respects human rights even if a few professors don't."

Delahunty said he doesn't relish the controversy and has no desire to prolong it: "I am looking forward to teaching my students at both the U and St. Thomas next term."

Class starts Tuesday morning, 9:05 a.m., Mondale Hall.

Paul Tosto covers higher education and can be reached at ptosto@pioneerpress.com or 651-228-2119.

ONLINE

Go to the online version of this story at www.twincities.com to find links to the Delahunty memo, the letter by U professors critical of his hiring and a recent letter from his former Justice Department supervisors praising his work.

Jury Sees Tape From London Bomb Scare (WP)

By Kevin Sullivan And Karla Adam

The Washington Post, January 17, 2007

LONDON, Jan. 16 -- The grainy security video showed a London subway car crowded with midday riders, a man with a backpack among them. He looked around, then turned his back toward a woman with a child in a stroller. Suddenly, a large puff of dust shot out of his pack, and panic erupted among the other passengers.

British prosecutors played the video to a jury in London on Tuesday. The man, they said, was Ramzi Mohammed, 25, one of six men on trial for conspiracy to murder commuters that day, July 21, 2005. The dust, they said, was residue from a bomb hidden in his backpack. Its detonator fired and caused the puff of dust, prosecutors said, but the shrapnel-laced main charge failed to explode.

Prosecutor Nigel Sweeney told jurors that three other bombs carried onto subway trains and a bus that day also failed to explode, preventing a repeat of a nearly identical attack two weeks earlier, July 7, that had killed 52 commuters and wounded about 700 others.

With the four July 7 bombers dead, the six July 21 defendants are the first people to face trial on charges relating to a pair of incidents that were the first major Islamic extremist attacks on British soil and created chaos in one of the world's biggest cities. The attacks spurred a continuing national debate over how young Muslim men, all either British citizens or residents, could have become so radicalized that they could have plotted mass murder in Britain.

The video footage played at the high-security Woolwich Crown Court showed panicked commuters, still jittery two weeks after the July 7 bombings, running off the train at the next stop, while an off-duty firefighter remained on board to confront the man with the backpack. Sweeney told the jury that Mohammed dropped his load to the train floor and told the firefighter, "What's the matter -- it is bread," before running away into the chaos on the train platform.

Mohammed and his five co-defendants -- Muktar Said Ibrahim, 28; Yassin Hassan Omar, 26; Hussain Osman, 28; Manfo Asiedu, 33; and Adel Yahya, 24 -- watched silently as Sweeney played the surveillance footage. They have denied the charges.

All six are London residents originally from Africa and face charges of conspiracy to commit murder. Eleven other people charged with helping them, or with failing to alert police to their plot, face trial later this year.

Britain has perhaps the world's highest concentration of closed-circuit surveillance cameras in public places. Those cameras were a critical tool used by police to identify the suspects in the July 7 and July 21 incidents and trace their movements on the day of the attacks and leading up to them.

The footage played in court showed the man identified as Mohammed running from the Oval subway station into a nearby housing project, where he pulled off a hooded sweatshirt with "New York" emblazoned across the front. Sweeney told jurors that this was a reference to the Sept. 11, 2001, attacks in the United States, which included the destruction of the World Trade Center in New York. Mohammed was arrested several days after the July 21 incidents.

Sweeney also showed jurors photos of the abandoned backpack oozing a substance that police explosives specialists later identified as hydrogen peroxide. In the trial's opening session Monday, Sweeney told the jurors that the backpack bombs carried onto three subway trains and a bus that day were made from hydrogen peroxide mixed with flour for making chapati, an Indian flatbread.

Jurors on Tuesday also saw surveillance footage allegedly showing Ibrahim attempting to detonate his bomb on the upper level of a double-decker bus, causing panicked passengers to flee.

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They also saw footage alleging to show Omar entering and leaving the subway train he is accused of trying to blow up.

Sweeney told jurors that as Omar ran away from the Warren Street station, he approached a woman in full Muslim dress and demanded that she take him home.

"When she declined, he said words to the effect of, 'What kind of Muslim are you not helping another Muslim?' " Sweeney said.

The trial is expected to last three or four months.

U.S. Examines Footage Of Embassy Attack (AP)

By Nicholas Paphitis

AP, January 17, 2007

FBI agents are helping investigate last week's rocket-propelled grenade attack on the U.S. Embassy, trying to enhance security camera footage, the American ambassador said Tuesday.

The Jan. 12 attack was the first major strike on a Western target by suspected left-wing Greek militants in six years. It smashed a window and damaged a third-floor bathroom in the heavily fortified glass and concrete embassy. Nobody was hurt.

FBI experts flew in over the weekend and were working on the security footage, said U.S. Ambassador Charles Ries.

"It shows the missile streaking across the street and into the embassy," he told state NET television. "It was dark, it's not as good as we want. We're bringing in some experts to see what they can do in terms of looking at the files, ways to enhance it."

"The FBI is involved ... providing us their best people," he said.

Police have blamed Greek left-wing militants for the attack, but there have been no arrests and no claim of responsibility.

Greek law enforcement authorities are also seeking access to footage recorded by traffic cameras just outside the embassy compound.

But the move has provoked a debate about privacy rights, and the country's Data Protection Agency has imposed restrictions blocking police access to the footage.

The camera network was part of a $1.3 billion security umbrella bought for the 2004 Athens Olympics. Government spokesman Evangelos Antonaros said it proved useful during the games.

"How can some people now persuasively claim that this efficient system should not be used to protect Greek citizens' life and security?" Antonaros said.

HOMELAND RESPONSE:

Vast Data Collection Plan Faces Big Delay (WP)

By Ellen Nakashima

The Washington Post, January 17, 2007

The Treasury Department reported to Congress yesterday that a data-collection program to give counterterrorism analysts routine access to as many as 500 million cross-border financial transactions a year could not be implemented until 2010. The department had hoped to implement it by the end of this year.

The Cross-Border Electronic Funds Transfer Program was part of the 2004 Intelligence Reform Act, and Congress directed the Treasury secretary to determine if the program would be effective in tracking terrorist financing. In a report to Congress to be released today, the Treasury Department concluded that the program was technologically feasible and has value, but said it needs to determine whether the counterterrorism benefit outweighs banks' costs of compliance and to address privacy concerns.

The program is opposed by bankers, who view it as burdensome and invasive.

Unlike another Treasury program, which uses administrative powers that bypass traditional banking privacy protections to tap into the vast global database of transactions maintained by the Brussels-based Society for Worldwide Interbank Financial Telecommunication, the cross-border plan is the result of legislation sought by Treasury and would require congressional oversight.

Both programs were inspired by the Sept. 11, 2001, terrorist attacks.

Banks and money services are required by law to keep records on all wire transfers of $3,000 or more. The proposed program would mandate that each of those transactions -- if they cross the U.S. border -- be reported to the Treasury Department's Financial Crimes Enforcement Network (FinCEN).

The type of data captured would include the names and addresses of senders, the amount and dates of the transfers, the names and addresses of the beneficiaries and their financial institutions.

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Treasury officials said in interviews and in the report to Congress that the data would give analysts more information to ferret out illicit activity as they try to detect links between suspects.

FinCEN said that Australia and Canada had used similar data effectively. Australia has used it to catch tax evaders and predict the movement of drugs into and out of the country. But those countries deal with much smaller numbers of transactions.

Treasury receives more than 16 million currency transaction records and suspicious activity reports a year from banks and other financial institutions, which help officials track money launderers and terrorist activity.

Bankers say the additional reporting requirement would be a tremendous burden.

"We're talking about a volume of transactions that dwarfs anything that has been done in the name of [financial regulatory reporting] up to now," said Richard R. Riese, director of the American Bankers Association Center for Regulatory Compliance.

Beyond the reporting burden, he said, privacy concerns are significant. "All this information will now end up in the hands of the U.S. government for them to sift through at their leisure without any apparent process to assure that it is being used for the most significant national security investigations," Riese said. He likened it to a "fishing expedition" -- "except that the government no longer has to go and put their hook in the water. We have to give all the fish."

To streamline reporting, Treasury officials are recommending a "first in" and "last out" system so that only a single U.S. financial institution -- the last one in a transfer out of the country, or the first one in a transfer in -- would have to report each transaction.

"It's another example of the U.S. government's pattern of sweeping up massive amounts of data that it can't possibly analyze, that is not likely to have any significant security benefit, but does threaten privacy" -- that of Americans and of foreigners doing business with Americans, said Barry Steinhardt, director of the American Civil Liberties Union technology project.

European officials, too, raised privacy concerns. "If the program affects non-U.S. citizens, it should be developed in close cooperation with these other countries," said Sophie in't Veld, a member of the European Parliament from the Netherlands.

Stephen R. Kroll, former Democratic special counsel for the Senate Banking Committee, said the statute "wasn't designed to require reporting of every wire transfer that goes in and out of America -- both because that's billions of transactions and because most of them are perfectly ordinary."

He said the law was designed to give the Treasury Department power for "targeted data collection," aimed, for example, at a country where there is known terrorist activity.

In an October interview, Robert W. Werner, who then was director of FinCEN, said most of the data collected would be "commercial oriented" transactions and "irrelevant" to FinCEN's mission to detect and prevent illicit activity. "The key is to have a system that allows you to be able to pull the relevant data without people worrying that irrelevant data is being browsed and used inappropriately," he said.

FinCEN would also need to develop the technical capability to store and analyze the information, the study noted. FinCEN is considering setting up a "federated data warehouse" to store the data, which would be held separately from other financial records data.

Officials said there would be strict rules to ensure that the data is not shared inappropriately, including audit trails to check for improper access. The program would be developed through a public rulemaking process over an extended period, officials said.

"We know there will be costs. We believe there is value. How do those two play out?" said Eric Kringel, senior policy adviser at FinCEN. He said that as a regulatory body, FinCEN "would not want to proceed" without determining if the benefit is worth the cost.

FinCEN has proposed taking a year to conduct a $1.1 million cost benefit analysis. Implementation would cost $32.6 million and take 3 1/2 years, officials said.

Protesters Found In Database (WP)

By Walter Pincus

The Washington Post, January 17, 2007

A Defense Department database devoted to gathering information on potential threats to military facilities and personnel, known as Talon, had 13,000 entries as of a year ago -- including 2,821 reports involving American citizens, according to an internal Pentagon memo to be released today by the American Civil Liberties Union.

The Pentagon memo says an examination of the system led to the deletion of 1,131 reports involving Americans, 186 of which dealt with "anti-military protests or demonstrations in the U.S."

Titled "Review of the TALON Reporting System," the four-page memo produced in February 2006 summarizes some interim results from an inquiry ordered by then-Defense Secretary Donald H. Rumsfeld after disclosure in December 2005 that the system had collected and circulated data on anti-military protests and other peaceful demonstrations.

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The released memo, one of a series of Talon documents made public over the past year by the ACLU under a Freedom of Information Act lawsuit, said that the deleted reports did not meet a 2003 Defense Department requirement that they have some foreign terrorist connection or relate to what was believed to be "a force protection threat."

The number of deleted reports far exceeds the estimate provided to The Washington Post just over a year ago by senior officials of Counterintelligence Field Activity (CIFA), the Defense Department agency that manages the Talon program. At that time, then-CIFA Director David A. Burtt II said the review had disclosed that only 1 percent of the then 12,500 Talon reports appeared to be problematic.

The ACLU said in its own report that past disclosures about Talon "cried out for congressional oversight yet Congress was silent." It said the new memo indicated there "may be even more disturbing" information to discover and declared "it is time for Congress to act."

The ACLU noted the memo showed that Talon reports had a much wider circulation than previously disclosed, with about 28 organizations and 3,589 individuals authorized to submit reports or have access to the database. The organizations with access include various military agencies as well as state, federal and local law enforcement officials.

In early 2006, Burtt also said CIFA had not devised a formal way to notify its users when it decided to delete a Talon report on American citizens. The newly released memo says that a software enhancement was being initiated to permit users to edit and delete entries from the database and that it was scheduled for completion in April 2006.

A Pentagon spokesman said there are 7,700 reports in the Talon database. Some involve U.S. citizens, but the spokesman declined to say how many. Over the past year the program has instituted multiple layers of review for screening which reports should go into the database, the spokesman said.

CIFA has begun a process for analysts to review materials to make sure they fit the program's criteria before being uploaded and made available to Talon users. CIFA was established in 2002 in the aftermath of the Sept. 11, 2001, terrorist attacks, originally to coordinate the counterterrorism and counterintelligence operations of the various branches and agencies of the Defense Department. It has grown rapidly over the past four years, but not without problems. Along with discovery of the Talon data collection, CIFA was linked to the lobbying and earmarking activities that led to the conviction of former congressman Randy "Duke" Cunningham (R-Calif.). Burtt and his top deputy retired in August 2006, and federal investigators are still looking at CIFA contracting activities.

Last week, the New York Times disclosed that CIFA had been using national security letters to gather financial data on U.S. citizens, but a Pentagon spokesman said yesterday that such information was for particular investigations and not made part of the Talon database.

Talon was started in May 2003 to capture raw, non-validated information about suspicious activity or potential terrorist threats to military personnel or facilities at home and abroad.

Civilian Pilots Provide Target Practice (WP)

By Mary Beth Sheridan

The Washington Post, January 17, 2007

As his watch ticks toward midnight, Paul Gardella checks the oil on the small Cessna 182 parked on a cold, dark airstrip in Fairfax County. He knows what he soon could be facing: Coast Guard helicopters chasing him. F-16s intercepting him. Ground-to-air missiles tracking his every turn.

That's because Gardella -- a software engineer and former military officer -- is taking on a new role.

Enemy of the U.S. government.

"In the Navy, I was on the other side. I was on the side of the ones that were shooting," he muses.

Gardella, 50, is among a group of pilots who pose as nighttime intruders, penetrating restricted airspace over Washington in drills that take place every few weeks. While area residents slumber, the volunteers allow the U.S. military to practice intercepting them -- or worse.

The pilots are with the Civil Air Patrol, a national organization with a proud history of service. During World War II, its daredevil pilots chased German U-boats along the U.S. coast. In the ensuing decades, volunteers ran bomb-shelter exercises and helped the Air Force search for crashed planes.

Now, with the country facing terrorist threats, the Civil Air Patrol is returning to its homeland-defense roots.

"I understand there has to be practice," said Gardella, a laid-back father of three from Burke. If bad guys are what Uncle Sam needs, he declared, "I'm happy to help out."

In the low-slung flight operations center at Fort Belvoir, Gardella and three other pilots met on a recent wintry night to prepare for their mission. Clad in olive flight suits with Civil Air Patrol patches, they sat on couches in a wood-paneled room, studying maps and listening to a flight briefing from Gene Hartman, 72, a patrol member from Springfield.

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It was Gardella's first homeland security exercise, but his companions were veteran invaders.

Air Force Col. Keith Zuegel, 47, won a Silver Star for bombing an Iraqi-held air base in the 1991 Persian Gulf War. After being promoted to a desk job, he joined the Civil Air Patrol to fly in his spare time. After the Sept. 11, 2001, attacks, he was asked to take part in military exercises again -- this time, over Washington.

As the target.

"I said, 'Can you assure me I won't be shot down?' " the Vienna resident laughed.

Kylie McDonald, 35, has been flying the missions for two years. The Centreville resident grew up in a military family and always felt the tug of national service.

"Now I'm getting a similar opportunity, even though I'm a civilian," said McDonald, who works for a company that provides aviation services.

Outside the room, in a pressed navy-blue uniform, sat Jane Davies, 52, of Springfield, who joined the Civil Air Patrol in 1969 as a "Star Trek"-obsessed teenager. She is commander of the patrol's D.C. area branch, or wing, which includes more than 200 adult volunteers and nearly 300 cadets under age 21.

Only a small group of them are allowed to fly the Civil Air Patrol's red-white-and-blue Cessnas, Davies explained. Other patrol members are trained in activities such as hunting for vanished planes or handing out relief supplies after floods or hurricanes. For decades, the roughly 56,000 members nationwide have helped out the Air Force or local governments with such tasks.

Now they are back doing homeland security -- "exactly what we did 65 years ago," Davies said, referring to the founding of the Civil Air Patrol by aviation enthusiasts at the dawn of World War II.

Nationally, the patrol takes part in a variety of anti-terror activities. Some pilots periodically snap aerial photographs of sensitive sites such as nuclear plants or dams for the government. Sometimes patrol members are asked to fly military officers or government officials over certain areas.

"We're not necessarily made privy to what they're looking at," said Rick Greenhut, head of homeland security for the patrol. "We're kind of the bus driver."

Perhaps the most exciting missions, though, are the exercises known as Falcon Virgo, which take place over cities such as New York and Washington. They are directed by officials from the 1st Air Force at Tyndall Air Force Base in Florida, who coordinate air defense for the continental United States.

Details of the Falcon Virgo exercises are often secret.

"They ask us not to discuss it, for everyone's safety," McDonald said. The volunteer pilot simply informs friends she's "on a special mission for homeland security."

But this much is known: The exercises test Washington's air-defense radar system and the aircraft that might have to confront an intruder. Those include the Air Force jets that fly continuously over the capital, planes that scramble from Andrews Air Force base and Coast Guard helicopters.

Participants include officials up the chain of command who must decide whether to intercept or shoot down an aircraft. Many involved in the exercises are not told that the Cessnas are "friendlies" until after they have been picked up by radar -- but well before any decision would be made to shoot them down.

During some exercises, the military also tracks the Cessnas with ground-to-air missiles. "Which can be kind of disconcerting if you're flying them," observed Lt. Col. Gerry Sohan of the Air Force District of Washington. None are fired, though.

The Civil Air Patrol is an auxiliary of the Air Force, which evaluates each wing every two years and provides about $30 million a year for planes, fuel and other expenses. The patrol owns more than 500 Cessnas, the biggest fleet in the world.

But the Air Force doesn't pay the volunteers, thus saving a huge amount of money.

"Just for the national capital region, one exercise would probably save close to $10,000," said Mark O'Brien, an employee with the 1st Air Force who is in charge of liaison with the Civil Air Patrol.

Civil Air Patrol members pay $65 a year in dues and buy their own uniforms. In return, they get the opportunity to fly at reduced rates or take cheap flying lessons. But, Gardella said, they receive something more important.

"Most of my flying has been for myself, for my own enjoyment," he said, referring to his many years as a private pilot. "I started to feel the Lord gave me the ability and resources and passion to fly, and so I ought to give something back."

That explains why he was lifting off into the sky in a Cessna shortly before midnight with Zuegel at his side. It was to be a long night; they were supposed to invade Washington twice.

Gardella isn't allowed to reveal what transpired in the nightlong exercise. But, contacted a few days later, he said he finished with such an adrenaline rush that he actually went to work instead of taking time off to sleep.

And were his co-workers impressed that he had been out all night trying to help defend the United States from enemies, zooming his little Cessna into restricted airspace to be a target for fighter planes, helicopters and ground-to-air missiles?

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"They're not that into it," he said. "They're like, 'That's nice.' "

New Scanner Gets Off On Wrong Foot; Fliers End Up Shedding Shoes Anyway (USAT)

By Thomas Frank

USA Today, January 17, 2007

ORLANDO — Many air travelers who were screened Tuesday by a revolutionary new machine aimed at letting them keep their shoes on through airport security got an unexpected surprise — they had to take their shoes off anyway.

About half of the travelers using Orlando International Airport's first-in-the-nation ShoeScanner underwent the very hassle the machines were designed to ease — putting shoes through checkpoint X-rays — because the ShoeScanner detected metal in their shoes.

"It's a waste of time," Tracey Grenkoski of Orlando said after spending more than a minute on a ShoeScanner only to be told to remove her high-heeled shoes. "What's the point of me standing there if I still have to take my shoes off?"

Grenkoski had company. Of 50 travelers who used the ShoeScanner in a one-hour period here Tuesday, 28 had to remove their metal-laden shoes, according to USA TODAY's observation.

Steven Brill, whose Manhattan company, Verified Identity Pass, operates the ShoeScanners, said 52% of hundreds of passengers using the machine Tuesday morning had to remove shoes. In about a third of the cases in which travelers were told to take their shoes off, the ShoeScanner couldn't do an electronic scan for weapons because people moved their feet, he said.

Up to 1,500 of Orlando's 47,000 daily departing passengers will use its ShoeScanners.

ShoeScanners were intended to boost the fledgling Registered Traveler program, which promises fast trips through airport security for people who voluntarily pay about $100 a year and pass a background check.

The program, which has operated only in Orlando, started Tuesday in Terminal 7 at New York's Kennedy International. It opens Thursday in Indianapolis and next week in Cincinnati and San Jose, Calif. All are awaiting approval from the Transportation Security Administration (TSA) to use ShoeScanners.

Brill's company submitted the machine last year to the TSA for approval. General Electric's GE Security, which makes the $200,000 machine, hoped it would detect explosives and distinguish between metal commonly found in shoes and metal that could be a weapon, said company product manager Daniel Mahlum. The company is trying to upgrade the machine so it can allow passengers to wear shoes that contain harmless metal.

For now, TSA spokesman Christopher White said, if the ShoeScanner senses any explosives or metal, "it's going to require additional scrutiny."

Brill said he expects people in Registered Traveler to stop wearing shoes with metal.

Some Orlando passengers didn't mind having to remove their shoes after they were screened for explosives.

"It doesn't make much (time) difference," said Bob Halcrow, noting that even with a one-minute shoe scan, there was no line at the Registered Traveler lane. Regular security checkpoints had a 20-minute backup.

Registered Traveler Starts At JFK Airport (USAT)

By Thomas Frank

USA Today, January 17, 2007

A long-delayed program aimed at speeding trusted travelers through airport security took a small but dramatic step Tuesday when it opened at one terminal in New York's John F. Kennedy International Airport.

The opening marks the official launch of Registered Traveler beyond Orlando International Airport, which since July 2005 has run the only airport-sponsored program to put airline travelers at the front of security lines if they pay about $100 a year and pass a background check.

Many airlines give first-class and other preferred passengers their own line leading to security checkpoints. Registered Traveler opens such privileges to a potentially much wider market.

"People have been clamoring for this for years," said Caleb Tiller of the National Business Travel Association. "It's available to anybody. Airline programs are really limited to passengers carrying a certain class of ticket or a certain mileage status."

Indianapolis International Airport plans to start a Registered Traveler program Thursday. Airports in San Jose, Calif., and Cincinnati are scheduled to join next week, said Steven Brill, whose Manhattan company, Verified Identity Pass, will manage the programs.

Other airports are likely to follow when they see Registered Traveler grow, Brill said. "The next five airports are infinitely easier than the first five, and the five after that are a cakewalk," he said.

Some travelers are skeptical. "I'm very doubtful it will expand," Patrick Richmond said Tuesday as he bypassed Orlando's regular 20-minute security line for the Registered Traveler "line" that had two other passengers. "The cost seems enormous."

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Orlando has four $200,000 machines — two at each checkpoint — that read fingerprint-embedded ID cards to verify the identities of people in the program and that check their shoes for weapons. The ShoeScanner machines aim to spare passengers from having to take off their shoes when going through security.

Indianapolis and San Jose will have six each, and there will be two at Cincinnati and at Kennedy's Terminal 7, which British Airways owns.

"That makes no difference to me whatsoever," Richmond said of the four airports joining Orlando. "I never go to any of those cities."

More than 30,000 people have joined Registered Traveler at Orlando, which does not have airline-run security lines for elite travelers. About 5,000 total have signed up at the other four airports since enrollment began last fall.

Some Orlando passengers said Tuesday that being able to keep their shoes on while passing through security was a step forward. "It's a little bit less of a hassle," said Derek Simonds of Deland, Fla. "But to have Registered Traveler at other airports would be tremendous."

Last year, 22 airports told the Transportation Security Administration they were interested in starting Registered Traveler, including Los Angeles, Chicago O'Hare, Denver, Miami and Washington's Dulles and Reagan National.

Miami security director Lauren Stover said the ShoeScanner could make Registered Traveler more appealing.

She said the airport is still weighing the "customer-service value and the impact it will have on (security) wait times for passengers throughout the airport."

Keep Your Shoes On, For A Price (NYT)

The New York Times, January 17, 2007

Of all the hassles at the airport in this age of heightened security, perhaps the most annoying is the requirement to take off your shoes to send them through the X-ray screener. That burden will be lifted at some airports shortly — for those willing to pay about $100 a year for the privilege.

The Transportation Security Administration has recently approved a new device that will scan your shoes while you are still wearing them. It uses quadrupole resonance technology, similar to a medical M.R.I., to determine whether explosives or weapons might be hidden in your shoes. It is the first important new technology to emerge from the for-profit registered traveler programs.

The hitch is that, for now, you have to pay to join a program in which private companies pledge to move you through the security lines a bit faster if you submit to a government background check in advance and supply biometric data — like a thumbprint or iris scan — that can be used to identify you at the airport.

The lead company in the field, founded by Steven Brill, operates the registered traveler lanes in Orlando, Fla., where use of the shoe scanner started yesterday, and plans to open lanes at four more airports in coming weeks. That will include Kennedy Airport, where one lane opened yesterday but with its shoe scanner not yet operational.

The scanner was developed for Mr. Brill's company by G.E. Security, a subsidiary of General Electric. It is part of a kiosk that also includes a device to scan fingertips for traces of chemicals that might indicate recent contact with explosives. That technology, if approved by the federal government, could make it possible for travelers to be X-rayed for hidden explosives without first having to take off their coats. Another company is exploring backscatter X-ray technology that can see through clothing to detect hidden objects, although that carries privacy implications. Also down the road is a technology to scan laptops without removing them from their cases.

These technology advances could become the major contribution of registered traveler programs, which otherwise simply offer those willing to pay an annual fee a designated fast lane to a set of the airport's standard metal detectors and X-ray scanners. The kiosks cost a hefty $150,000, probably too much for the government to swallow. But G.E. would surely relish a broad market, and volume production would presumably reduce the price. Someday these technologies may trickle down to us all, and the registered traveler companies will have to keep finding new devices to stay ahead.

Muslims Cite Discrimination In Denial Of Flight (WT)

By Audrey Hudson

The Washington Times, January 17, 2007

An Islamic civil rights group is calling for an investigation to determine why 40 Muslims were not allowed to board a flight from Germany to Detroit after their pilgrimage to Mecca, Saudi Arabia.

Northwest Airlines officials said the passengers arrived too late to catch the flight, but some of the Muslims, appearing at a press conference yesterday with the Council on American-Islamic Relations (CAIR), called it religious discrimination.

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The Muslims arrived at the Frankfurt airport at 7:30 a.m. Jan. 7 on a charter plane from Saudi Arabia. They did not show up at the ticket counter until about 20 minutes before the Detroit-bound Flight 51 left at 10:20 a.m., said Dean Breest, a Northwest Airlines spokesman.

The airline industry and governmental agencies have check-in and boarding deadlines to help ensure on-time departures, and Northwest Airlines policy states that passengers must check in for international flights at least 60 minutes before departure and be aboard the aircraft at least 30 minutes before departure.

"The rules are the rules," said Roman Blahoski, spokesman for Northwest Airlines. "It does not matter who they are; they would be turned away because the flight had already closed."

Mr. Blahoski said, "Northwest takes these accusations very seriously," but "these passengers were denied boarding because they did not meet the standard check-in deadline."

Imam Sayed Hassan Al-Qazwini of the Islamic Center of America in Dearborn, Mich., told reporters that the travelers, who included two imams, were stranded and left on their own to find flights home.

Mr. Breest, however, said those who arrived at the gate in time with boarding passes were allowed onto the plane, and that those who could not be accommodated were rescheduled for other flights.

"It has nothing to do with religion, but when you have to be on the plane," Mr. Breest said. "They just were not there in time.

"We're sorry, but we did get them to the next destination as soon as possible. We were still able to process some of them and get them on the flight, then rebooked the rest of the group the same day for flights via Amsterdam."

Mr. Al-Qazwini demanded an apology from the airline as well as unspecified compensation.

If the airline does not meet their demands, Mr. Al-Qazwini said, he may call for a Muslim boycott of Northwest.

In November, six imams who were removed from a US Airways flight after exhibiting suspicious behavior called for a boycott of that airline. The Muslims retained CAIR as their legal representatives and have threatened to file a lawsuit.

US Airways spokeswoman Andrea Rader said: "We're in contact with them but we have no resolution."

Intelligence Agency's $100M Leasing Deal Examined (USAT)

By Matt Kelley, Usa Today

USA Today, January 17, 2007

Auditors: CIFA lacked authority to sign contract

WASHINGTON — A Pentagon domestic intelligence agency overpaid and might have broken the law in awarding a $100 million contract to lease office space, federal investigators say.

The Pentagon's Counterintelligence Field Activity (CIFA) awarded the no-bid deal in 2003 to TKC Communications. Federal auditors say the agency lacked the authority to sign the contract and overpaid by more than $2 million.

Internal watchdogs at the Pentagon and Interior Department, as well as Congress' Government Accountability Office, began questioning the contract last year. Still, federal contracting records show CIFA has paid TKC more than $11 million since Pentagon auditors raised their concerns in May, including more than $6 million in late November.

Interior investigators wrote in a report released last week that department officials defended the deal as legal and refused to stop paying the company. "Congressional involvement may be required to sort out this contract," the investigators wrote.

The contracting questions come as CIFA faces criticism over its surveillance tactics. Created in 2002, the agency oversees investigations and efforts to block terrorism or espionage against military bases or personnel in the USA.

The agency has issued hundreds of "national security letters" to obtain the banking records of suspects, a practice The New York Times revealed this weekend.

The American Civil Liberties Union criticized the practice, as it did in December 2005 after reports that a CIFA database included information about non-violent war protesters. Vice President Cheney defended the surveillance as legal during a TV interview Sunday.

The 10-year contract with TKC calls for the company to obtain and renovate office space in the Washington area for other contractors working for CIFA. TKC has leased nine floors of an office building near the Pentagon, and has been paid about $66.7 million for its work, federal records show.

The agency used an Interior Department office that was created to help all federal departments order supplies or services more quickly. Auditors from the Pentagon, Interior and Congress have repeatedly criticized using the Interior office, saying it often means the deals aren't scrutinized as carefully as other Pentagon contracts.

Thomas Gimble, acting Defense Department inspector general, is expected to testify before a Senate Armed Services subcommittee today about the contract, spokesman Gary Comerford said.

The Interior Department report released Jan. 9 says the contract was "likely void from its inception" because only the federal General Services Administration has leasing authority.

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A Pentagon audit released last month cites other problems with the contract. CIFA didn't notify House and Senate intelligence committees about the contract as required and apparently paid the company out of the wrong accounts, the audit found.

Brooke Smith, TKC Communications' chief operating officer, said the company didn't know about the audits until a reporter asked about them Tuesday. CIFA spokeswoman Louise Dreuth did not respond to questions about the contract Tuesday.

TKC got the no-bid contract because it's a subsidiary of two Alaska Native corporations, which get preferred treatment under federal contracting laws.

Congressional investigators reported last year that CIFA officials specifically requested the company because it had done work for another Pentagon agency.

In a written response to that GAO report, Interior official Thomas Weiner disagreed, saying TKC won the deal because its proposal met the agency's requirements. Investigators said government and company employees contradicted him.

WAR NEWS:

President Says His Iraq Policy Was Failing (WP)

By Michael Abramowitz

The Washington Post, January 17, 2007

President Bush said that his Iraq policy was headed to "a slow failure" until he changed course last week with the announcement that he was sending more than 21,000 additional U.S. troops to bolster flagging security in Baghdad.

The comment, perhaps the president's frankest admission that the previous strategy was not working, came during an interview yesterday with Jim Lehrer of PBS's "NewsHour," in which Bush detailed some of his decision-making regarding Iraq.

"I had a choice to make," Bush said. "Do what we're doing -- and one could define that maybe a slow failure. Secondly, withdraw out of Baghdad and hope for the best. I think that would be expedited failure. And thirdly is to help this Iraqi government with additional forces -- help them do what they need to do, which is to provide security in Baghdad."

Bush added: "I chose the latter because I think it's going to more likely be successful."

The interview was part of an ongoing White House campaign to sell the new Iraq policy in the face of intense skepticism from Congress and the American public. Bush acknowledged this view while sharpening his criticism of the Iraqi government over its handling of the execution of Saddam Hussein and security in Baghdad.

Bush said the Hussein execution was "fumbled" and "reinforced doubts in people's minds that the Maliki government and the unity government of Iraq is a serious government."

"It looked like it was kind of a revenge killing," Bush added. "And it sent a mixed signal to the American people and the people around the world. And it just goes to show that this is a government that has still got some maturation to do."

Bush also said the U.S. and Iraq governments share blame for the failure to stop sectarian violence from escalating in the aftermath of February's bombing of one of Shiite Islam's holiest sites, the Askariya shrine in Samarra.

"We should have found troops and moved them," Bush said. "But part of it was that the Iraqis didn't move troops. And I take responsibility for us not moving our own troops into Baghdad."

Asked why the troops were not provided, Bush replied: "I think the commanders there felt like it was important to make sure the Iraqis did first, or that the Iraqis made a focused, concerted effort. And they just didn't. There were supposedly six brigades committed and they sent two." He said that will change with the latest Baghdad security plan.

Bush was also asked by Lehrer why he was not willing to ask more Americans to sacrifice something, given the importance he has attached to the struggle in Iraq.

"I think a lot of people are in this fight," Bush replied. "I mean, they -- they sacrifice peace of mind when they see the terrible images of violence on TV every night. I mean, we got a fantastic economy here in the United States, but yet, when you think about the psychology of the country, it is -- it is somewhat down because of this war."

Bush said talk of sacrifice in Washington means raising taxes.

"If that's the kind of sacrifice people are talking about, I'm not for it because raising taxes will hurt this growing economy," the president said.

Bush Chides Iraq Over Recent Executions (AP)

By Jennifer Loven

AP, January 17, 2007

DOJ_NMG_0117671

President Bush said Tuesday the unruly execution of Saddam Hussein "looked like it was kind of a revenge killing," making it harder to persuade a skeptical U.S. public that Iraq's government will keep promises central to Bush's plan for a troop increase.

In his toughest assessment yet, Bush criticized the circumstances of Saddam's hanging last month, as well as Monday's execution of two top aides, including Saddam's half brother.

"I was disappointed and felt like they fumbled the — particularly the Saddam Hussein execution," the president said in an interview with PBS' Jim Lehrer.

A cell phone video of Saddam's Dec. 30 hanging showed the deposed Iraqi leader being taunted as he stood on the gallows with a noose around his neck. An official video of the execution of Saddam's half brother showed that the hangman's noose decapitated him. Both hangings provoked outrage around the world, but particularly among Saddam's fellow Sunnis in Iraq.

Bush said he had expressed his displeasure about the way Saddam's execution was handled to Iraqi Prime Minister Nouri al-Maliki. The president announced what he called a new strategy for the war last week, with much of it hinging on his trust in al-Maliki's government to make radical changes.

"It basically says to people, `Look, you conducted a trial and gave Saddam justice that he didn't give to others. But then, when it came to execute him, it looked like it was kind of a revenge killing,'" the president said.

"It makes it harder for me to make the case to the American people that this is a government that does want to unify the country and move forward," Bush said. "And it just goes to show that this is a government that has still got some maturation to do."

Bush agreed to the interview, to be telecast Tuesday evening on PBS' "NewsHour With Jim Lehrer," as well as one last weekend on CBS' "60 Minutes" to help sell his revised war plan to the public.

Polls show that Americans are overwhelmingly unhappy with Bush's Iraq policy. Seventy percent oppose sending more troops to Iraq, as he intends to do, according to an Associated Press-Ipsos poll last week

Bush said if a pollster asked for his opinion about Iraq, "I would be one of those that said, 'No, I don't approve of what's taking place in Iraq.'"

He said that keeping his old policies in place in the war would lead to "a slow failure," but withdrawing from Iraq, as some critics suggest, would result in an "expedited failure."

"I am frustrated with the progress," the president said. "A year ago, I felt pretty good about the situation. I felt like we were achieving our objective, which is a country that can govern, sustain, and defend itself. No question, 2006 was a lousy year for Iraq."

Senate Democrats plan by Thursday to introduce a resolution denouncing the president's plan, with floor debate to begin next week — around the time Bush delivers his State of the Union speech on Jan. 23.

The bill, by not eliminating funding for either current troops or the additions, would be merely an expression of Congress' position. But it would help Democrats gauge Republican support for more aggressive legislative tactics, as well as embarrass Bush.

On Tuesday, Democrats were reaching out to potential Republican cosponsors. Several GOP senators have spoken out against sending more troops.

"The hope is to introduce a bill that would be a bipartisan resolution," said Jim Manley, spokesman for Senate Majority Leader Harry Reid, D-Nev.

House Democrats say they will wait for the Senate to debate the resolution before taking up their own. House Majority Leader Steny Hoyer, D-Md., told reporters Tuesday he anticipates the Senate will have a "significant bipartisan vote" that will help set the tone for the House debate.

White House press secretary Tony Snow suggested that Congress' Democratic leaders think through the ramifications of any vote.

"In an age of instant and global communication, what message does it send to the people who are fighting democracy in Iraq, and also what message does it send to the troops?" he said. "But, you know, the House and Senate are going to do whatever they do. What the president is determined to do is continue moving forward in a way that creates conditions for success in Iraq."

As the president pressed the case for his troop additions, there were ugly reminders from Iraq of the tough job ahead.

More than 100 people died in several attacks on predominantly Shiite areas, including an explosion outside a Baghdad university that killed at least 65 people and a blast at a marketplace for used motorcycles. The United Nations, meanwhile, said more than 34,000 Iraqi civilians died last year in sectarian violence.

Bush Widens Iraq Criticism Over Handling Of Executions (NYT)

By Jim Rutenberg

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — President Bush said Tuesday that Iraq had "fumbled" the executions of Saddam Hussein and two of his deputies, and that the government of Prime Minister Nuri Kamal al-Maliki "has still got some maturation to do."

The president's remarks were the most extensive yet on the executions, and they pointed up the continued tensions between Mr. Bush and Mr. Maliki as they try to forge a joint plan to calm the violence plaguing Iraq.

Mr. Bush expressed particular displeasure with the handling of Mr. Hussein's hanging in late December, at which guards chanted their allegiance to the radical Shiite cleric Moktada al-Sadr, who backs Mr. Maliki and whose militia has been a major source of anti-Sunni violence.

"It basically says to people, 'Look, you conducted a trial and gave Saddam justice that he didn't give to others,' " Mr. Bush said in an interview with Jim Lehrer of PBS. "But then when it came to execute him, it looked like it was kind of a revenge killing."

The president has said that Mr. Maliki has given him assurances that political considerations will not hinder Iraqi and American forces from going after the militias, including Mr. Sadr's.

But the notion that Mr. Maliki's government will crack down on Mr. Sadr, a course considered crucial to the success of Mr. Bush's new plan for Iraq, has been met with skepticism. And Mr. Bush said the handling of the execution only added to the questions.

"It reinforced doubts in people's minds that the Maliki government and the unity government of Iraq is a serious government," Mr. Bush said, "which makes it harder for me to make the case to the American people that this is a government that does want to unify the country and move forward."

Mr. Bush spoke with Mr. Lehrer, host of the "The NewsHour With Jim Lehrer" on PBS, as part of a media tour aimed at rebuilding support for the war and, more specifically, the new war plan he announced last week. Officials have said that Mr. Bush was in part trying to build credibility after so many setbacks in Iraq by nodding to troubles there.

"We have to swallow hard and remind people the president realizes how hard it is," said a White House official involved in the strategy.

The interview on PBS was the second shown in three days in which Mr. Bush went into detail acknowledging setbacks and public frustration.

"If you were to take it and put me in an opinion poll and said, 'Do I approve of Iraq?' I'd be one of those that said, 'No, I don't approve of what's taking place in Iraq,' " Mr. Bush said in the interview.

"On the other hand, I do believe we can succeed," he said.

Mr. Bush said on "60 Minutes" on Sunday night, "No question decisions have made things unstable," though he added, "But the question is, can we succeed? And I believe we can."

Democrats and even some Republicans have interpreted Mr. Bush's plan to send more than 20,000 additional troops to Iraq as a refutation of the suggestions of the bipartisan Iraq Study Group, which had as its chairmen Lee H. Hamilton, a former Democratic congressman, and a longtime Republican aide to Mr. Bush's father, James A. Baker III.

Mr. Bush said he did not disagree with the report's overall suggestion that United States military operations shift their focus to training the Iraqis and going after terrorists. But he said the Iraqis were not yet strong enough to take the lead in combating sectarian strife.

"They have a good strategy inherent in their report towards the role of U.S. troops inside Iraq," Mr. Bush said. "It's just that there needs to be an interim stage in order to achieve that objective."

Bush: Saddam Hanging Botched (USAT)

By Bill Nichols

USA Today, January 17, 2007

President Bush on Tuesday criticized the handling of Saddam Hussein's execution, saying it looked like "kind of a revenge killing" that had eroded the American public's faith in the Iraqi government.

Bush said the hanging showed that Iraqi Prime Minister Nouri al-Maliki's government "still has some maturation to do" as U.S. and Iraqi forces make a new push to secure Baghdad.

The president's criticism, in an interview with public television's Jim Lehrer, came on a particularly bloody day in Iraq. At least 65 people died in an explosion outside a Baghdad university. Overall, more than 140 Iraqis were killed or found dead.

Bush said that while he was "pleased" with the trials received by Saddam and his top aides, he was troubled with the circus atmosphere surrounding Saddam's execution Dec. 30. Cellphone video showed Saddam being taunted as he stood on the gallows.

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"I was disappointed and felt like they fumbled the — particularly the Saddam Hussein — execution," Bush said. Bush acknowledged that the way the execution was conducted made it harder for him "to make the case to the American people that this is a government that does want to unify the country."

Bush has called on al-Maliki, a Shiite, to reach out to disgruntled Sunnis and to help disarm sectarian militias as 21,500 additional U.S. troops begin arriving in Iraq.

An official video of Monday's execution of Saddam's half brother showed him being decapitated by the noose. Al-Maliki said Tuesday's violence was the work of people seeking revenge for the executions. He called those responsible "a desperate group of terrorists and Saddamists." Also Tuesday:

·The U.S. military said four U.S. soldiers were killed Monday in the northwestern province of Ninevah.

·In Baghdad, deadly attacks were staged in primarily Shiite neighborhoods, including an explosion that killed 13 at a marketplace for used motorcycles and a drive-by shooting. Raad Abbas, 26, who was wounded in the attack at the motorcycle market, said he had gone there because the city had been quieter of late.

"Shortly after midday, I heard an explosion. Motorcycles were flying in the air. People were falling dead and wounded," Abbas told the Associated Press.

At Al-Mustansiriya University, Dean Taqi al-Moussawi told Al-Iraqiya TV that there had been two explosions. Another suicide attacker was thwarted, he said. Most of the dead were women waiting for vehicles to take them home.

"The terrorists want to stop education," he said. "Those students had nothing to do with politics. They only came to the university to learn."

·A new United Nations report said 34,452 Iraqi civilians were killed last year — an average of 94 per day — and 36,685 were wounded.

The U.N. report was based on information from Iraq's government and hospitals. "Unfortunately it is a war," White House spokesman Tony Snow said. "The actual number, whatever it is, is too high."

Botched Hangings In Iraq Speed Sectarianism (NYT)

By Michael Slackman

The New York Times, January 17, 2007

CAIRO, Jan. 16 — The botched hanging of Saddam Hussein and two lieutenants in Iraq by its Shiite-led government has helped to accelerate Sunni-Shiite sectarianism across an already fragile Middle East, according to experts across the region.

The chaotic executions and the calm with which Mr. Hussein confronted the gallows and mocking Shiite guards have bolstered his image among many of his fellow Sunni Muslims.

But something else is happening too: a pan-Muslim unity that surged after the summer war between Israel and Hezbollah, the Lebanese Shiite militia, is waning.

And while political analysts and government officials in the region say the spreading Sunni disillusionment with Shiites and their backers in Iran will benefit Sunni-led governments and the United States, they and others worry that the tensions could start to balkanize the region as they have in Iraq itself.

“The reality of the current situation is that we are approaching an open Sunni-Shiite conflict in the region,” said Emad Gad, a specialist in international relations at the government-financed Al Ahram Center for Political and Strategic Studies in Cairo. “And Egypt will also be a part of it as a part of the Sunni axis. No one will be able to avoid or escape it.”

This changing dynamic in the region, described by many scholars, analysts and officials in recent days, is a result not only of the hangings, the Iraq war and the Lebanese political struggle. It has also been encouraged by Sunni-led governments like those in Egypt, Jordan and Saudi Arabia, and some Sunni religious leaders alarmed by the rising influence of Iran, the region’s biggest Shiite power. Far from Cairo, in a sprawling farming village in the Nile Delta region north of the city, Hamada Abdullah, a Sunni Muslim, said that after the war between Hezbollah and Israel, he posted a small picture of Sheik Hassan Nasrallah, the Hezbollah leader, on the bare wall of his home. It did not matter that Sheik Nasrallah was a Shiite Muslim aligned with the Shiite state of Iran.

To Mr. Abdullah, Sheik Nasrallah was first and foremost a bold Arab resistance leader. But since the hanging of Mr. Hussein and since Hezbollah has pushed to topple the Sunni-led government in Lebanon, he has begun to reconsider.

He says he is suspicious of Sheik Nasrallah and his politics. “His whole army in the south of Lebanon, they are Shiites,” Mr. Abdullah said. While some American officials and Sunni leaders say that increased tension leads to reduced Iranian influence, others say that sectarian loyalties are difficult to control.

“When Hezbollah did what they did in Lebanon in the summer, no one thought of it as a Shiite party; it was a nationalist party,” said Taher Masri, a former prime minister of Jordan. “Now with the events in Iraq culminating in the way Saddam Hussein

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was executed and the lack of condemnation and total silence of Hezbollah, many people are examining the position of Hezbollah as a Shiite party."

Some of the region's Sunni-led governments and religious leaders used the hanging of Mr. Hussein on a Sunni Muslim holy day as a weapon in the jockeying for regional power.

"Sunni states are using this sectarian card to undercut Iran's influence because they feel that Iran was able to penetrate the Arab world after the fall of Iraq, which was acting as a shield against Iranian influence," said Marwan Kabalan, a political science professor at Damascus University.

Sunnis make up a vast majority of the Islamic world. Shiites, who lead Iran and the Iraqi government, are the next largest sect. The two split over who would lead Islam after the death of the Prophet Muhammad.

While the two have theological differences — and similarities — the gathering conflict is being stoked by a determination by Sunni leaders to preserve, or reinvigorate, their waning influence in the region — while emboldened Shiites have pressed for more influence.

After the war between Hezbollah and Israel, Shiite leaders seemed to reach their zenith as an antidote to a Sunni Muslim leadership widely viewed as corrupt, impotent and stooges of the West, analysts said.

Iran's president, Mahmoud Ahmadinejad, and Sheik Nasrallah of Hezbollah, each won wide followings across the region for their willingness to defy the United States. Hezbollah and its allies pressed for more power in Lebanon and when rebuffed, began demonstrations intended to topple the government.

Now, fueled by state controlled media in many Sunni Muslim states, a divide, or at least an estrangement, is growing across the Middle East between Sunni Muslims and Shiites. Egyptians, for example, are inundated nearly daily with headlines, commentaries and television reports alleging Shiite transgressions.

An Egyptian-government controlled satellite service, called Nilesat, has been broadcasting across the Arab world Al Zawraa, a television station that shows what is billed as heroic footage of the Sunni insurgency in Iraq, American soldiers being killed and wounded, and unflattering images of Shiite leaders.

"Raising the ugly face of Shiites, expanding Iranian influence in the region," read a headline in a recent edition of Rose el-Youssef, a pro-government Egyptian newspaper.

In December, a top religious leader close to the Saudi royal family, Abdul Rahman al-Barak, said that Shiites, whom he called rejectionists, were worse than Jews or Christians.

"By and large, rejectionists are the most evil sect of the nation and they have all the ingredients of the infidels," he wrote.

Such talk is causing a creeping sectarian tension, political analysts said. In Mr. Abdullah's village in the Nile Delta region of Egypt, where many people had posted a picture of Sheik Nasrallah, there is a growing sense of disunity with Shiites that mirrors partly what is happening in Iraq. "Saddam Hussein was the one courageous man among Arab leaders," said Ibrahim Mustafa Ibrahim, a school janitor. "We saw how he was executed. We saw everything."

Forget Cash -- Lobbyists Should Set Support For Lawmakers In Stone (WP)

By Al Kamen

The Washington Post, January 17, 2007

It looks increasingly likely that the Democrats will pass some sort of ethics reform legislation that, on the off chance that it would close some cash spigots to lawmakers, could require more creative approaches by lobbyists.

Well, not too creative. Fortunately, neither the House nor Senate proposals, we're told, restrict our favorite way for lobbyists to curry favor and gratitude -- and get extended face time with lawmakers: funding those eponymous charitable or educational centers -- the Sen. Preston Flubus Center for the Study of Left-Handed People, and the like.

Granted, these member-connected projects, such as the Joyce Murtha Breast Cancer Center in Rep. Jack Murtha's Pennsylvania district, are often worthwhile. Ditto the Sen. Trent Lott Library at the University of Mississippi or even the Burns Telecom Center at Montana State University in Bozeman, there because of former senator Conrad Burns. There are countless other buildings, programs and chairs named for lawmakers. (Best to give to the building funds, as the programs and chairs most likely will disappear the moment the lawmaker leaves office.) But either way, special-interest groups get to give money for things very near and dear to the hearts of lawmakers -- literally to a monument lasting far longer than a member's tenure. Nothing is as important to our representatives save reelection itself. And some contributions lead to those annual gala dinners at members' alma maters or schools where more face time may be had.

Best of all, such contributions don't even require disclosure. The institutional recipients may disclose the donations in their annual reports, or use the donor list to raise more money, but the individual members obviously don't need to.Once Lawless, Always Lawless?

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New Defense Secretary Robert Gates is said to be putting together his inner office staff and perhaps bringing more new blood to the Pentagon. But it's not going to be easy.

First, there's the problem of recruiting top people to join an embattled administration in its last two years. It's especially hard to recruit someone not in government for a job that requires confirmation. In addition, Gates was happily ensconced in academia for several years and hardly thinking of returning in this position. Finally, he comes from the intelligence community, not the DOD world.

But maybe he could follow the example of Bill Casey, his late boss at the CIA, who was looking for ways around the agency bureaucracy to set up back channels with business leaders to make contact with some of the world's more odious dictators, such as Libya's Moammar Gaddafi.

As Gates recounts in his 1996 book "From the Shadows," Casey "bypassed" the operations directorate structure, "reached down and found an individual case officer he liked and trusted, and gave him the task of making these contacts. The officer's improbable pseudonym was 'Lawless.' "

Still is. And now Richard Lawless works for Gates. He's the deputy undersecretary of defense for Asia and Pacific affairs. Maybe Gates will introduce himself.Cheney's Smooth Talking

Administration officials -- Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and others -- seemed a bit off-stride, less self-assured, last week as they got a bipartisan hammering on the Hill and from the media about the war in Iraq.

It fell, once again, to Vice President Cheney to show how to take the long view in handling this sniping. On "Fox News Sunday," he told Chris Wallace: "Well, I think if you look at what's transpired in Iraq, Chris, we have, in fact, made enormous progress," and he noted that Saddam Hussein is dead. "The fact is we've come a long way from where we started in Iraq," he said. "Now, no war ever goes smoothly all the way. . . . Lots of times you have to make adjustments, and that's what we're doing here."

That's the ticket. Always bumps in the road in any war.Lawyers Group Name on Trial

Seems that the Association of Trial Lawyers of America (ATLA) was onto something when members voted to change its name to the American Association for Justice (AAJ).

Its archrivals at the U.S. Chamber Institute for Legal Reform (ILR) have proof that it was a smart move, according to a Jan. 4 memo to donors by ILR President Lisa Rickard. ILR paid for two national surveys and focus groups in three cities and found that the name ATLA produced a decidedly "unfavorable" response from participants.

But the name AAJ scored substantially better on the favorability scale, she said, "at 56 points, a 13-point difference, which is a statistically significant gap." What's more, "the name change has a lasting impression." However, when told of the name change, focus groups were aghast and quite "skeptical." And trial lawyers still come off badly.

So here's the plan: "If we begin to use the name American Association for Justice in referring to ATLA," Rickard said, "we become willing participants in their scheme to hide their real identity and we elevate their favorability rating. ILR will continue to refer to AAJ as the trial lawyers association in all public comments and written materials and we encourage all of you to do the same."

AAJ -- that's the trial lawyers -- spokeswoman Chris Mather said this "endorsement from the Chamber of Commerce gives me second thoughts" about the name change. She suggested the ILR might be called the "Chamber of Corporate Criminals." "They defend Halliburton, Philip Morris, Exxon and Enron," she said. "We are fighting for people and they are fighting for corporate bottom lines."

These folks really, really don't like each other.

Like Nixon Or Like Ike? (WP)

By Harold Meyerson

The Washington Post, January 17, 2007

For the Republicans, there are two ways out of Iraq. They can either go out like Eisenhower or like Nixon.

As the first Republican to occupy the White House since the coming of the New Deal, Dwight Eisenhower could have chosen to divide the public and try to roll back Franklin Roosevelt's handiwork. In fact, he didn't give that option a moment's consideration. Social Security and unions, he concluded, were here to stay; any attempt to undo them, he wrote, would consign the Republicans to permanent minority status. Ike also ended the Korean War without attacking Democrats in the process.

His vice president, Richard Nixon, became president largely because of the public's massive discontent with the Vietnam War. We now know that Nixon and Henry Kissinger had no illusions that the war could be won, and Nixon probably could have withdrawn U.S. troops in a way that didn't polarize the public. Such a stance, however, ran counter to Nixon's deepest instincts. For Nixon, politics was about dividing the electorate and demonizing enemies. Even as he drew down U.S. forces, he did all he

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could to inflame the war's already flammable opponents in the hope that however much the people might dislike the war, they would dislike its critics more.

Today's Republicans now must choose between Eisenhower's way and Nixon's way. If they're like Ike, they will recognize that the war is lost and that public support for it isn't likely to be rekindled. A USA Today/Gallup Poll conducted over the weekend shows more than 60 percent support for a congressional resolution opposing President Bush's escalation. Even reliably conservative Republicans who are up for reelection in 2008 from shaky states or districts are bailing on the war (New Hampshire Sen. John Sununu is questioning the surge) or on their careers (Colorado Sen. Wayne Allard just announced he's not going to run again). To continue dispatching and keeping troops in a country racked by an intra-Islamic civil war, looked at from this perspective, only guarantees that November's Republican defeat will be a prelude to 2008's Republican rout.

A Nixonian perspective also acknowledges that the war cannot be won but believes that blame for the defeat can still, somehow, be placed on the Democrats. If only the Democrats can be held responsible for defunding the troops, if only the U.S. presence in Iraq can be prolonged until it falls to the next administration (which may be Democratic) to end it, if only enough Republicans on the Hill can be dissuaded from voting with the Democrats' attempts to rein in the war, if only the surge engenders some wild and crazy antiwar demonstrations, then maybe, just maybe, there's a way to keep the war going without destroying the GOP. These options may seem a bit far-fetched, but who believes that Karl Rove hasn't at least thought about them in his more contemplative moments?

How Rove defines his job these days is an interesting question. Since November, he's no longer the Republicans' master political strategist -- not just because November was such a debacle but also because the political interests of the Bush White House, congressional Republicans and the Republican presidential candidates are de-aligned and in some cases even adversarial. The man who'd hoped to make Bush the second coming of William McKinley -- a harbinger of a long-term Republican realignment -- now handles a president whose electoral impact on his own party could be nearer to Herbert Hoover's.

For a time, at least, the Republicans' presidential hopefuls can't really rule out a Nixonian tack. For New York's reflexively combative Rudy Giuliani, such politics may come naturally. But the need to win support among Republican primary voters -- the last group in American politics still sticking with Bush and his war -- could compel any number of primary candidates to bash Democrats for their dovishness. Besides, will Bush and Vice President Cheney really cease to defend their war even if the Republicans' eventual nominee wants to wrap it up? If Republican congressional leaders tell Bush that his war has no more support, will Bush and Cheney fold, or will they insist on continuing the war with invocations of executive power or any other doctrine that might work? (Memo to David Addington: The divine right of kings? The infield fly rule?)

The guy to watch in all this is the pooh-bah of Fox News, Roger Ailes. Nixon's onetime aide guides a TV network that is Nixonian to its bones -- Fox's raison d'?tre is to bash liberals, real or imagined. But Ailes can't be insensible to the war's effects on Republican electoral prospects. If Fox News were to break with Bush on Iraq, that would be proof positive that even the Nixonians believe there's no way, politically, they can salvage this miserable war.

The Right Bet In The Mideast (WP)

By David Ignatius

The Washington Post, January 17, 2007

It was axiomatic during the Cold War that presidents should not gamble with matters of national security. The stakes were too high. The Bush administration's Iraq policy has long suffered from a lack of that prudence -- and the misplaced gambler's instinct is especially evident in the administration's plan to send more troops to Baghdad.

President Bush's "surge" is a mistake because it is piling more precious chips -- more human lives -- on what so far has been a losing bet. The public sent a clear message in the November election that it wants to take some of those chips off the table. That cautionary theme -- that it's time to reduce America's bet on the long shot that Iraq's sectarian mess can be fixed quickly -- was ably distilled by the Iraq Study Group in its December report.

Bush chose to go the other way, to pursue "an experiment based on high risks," in the words of Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies who has written extensively about Iraq.

What prompted Bush's decision, by the president's own account, was his concern about the consequences for regional stability of an American failure in Iraq. To avoid the Baker-Hamilton problem of negotiating from weakness, Bush has chosen instead to signal American resolve in the region in various ways: by sending more troops to Baghdad; by seizing Iranian agents operating in Iraq; by sending additional warships into the Persian Gulf; and finally, according to the well-sourced foreign policy Web site TheSwoop.net, by working covertly with Saudi Arabia to support the Lebanese government of Prime Minister Fouad Siniora against the Iranian-backed Shiite militia Hezbollah.

These moves are especially risky now because they are played against the background of a Middle East riven by conflict between Shiite and Sunni Muslims. This sectarian war is destroying Iraq, and a similar war is perilously close in Lebanon. In this

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larger arena, U.S. strategy is hard to understand: We are allied with the Shiite government in Iraq against Sunni insurgents; and we are allied with the Sunni government in Lebanon against Shiite insurgents.

Edward Luttwak, a contrarian strategist, argued in the Wall Street Journal last week that by riding Shiite and Sunni horses at the same time, we have accidentally hit upon the divide-and-rule strategy that "past imperial statesmen strove to achieve with much cunning and cynicism." I fear that Luttwak is being uncharacteristically overoptimistic. The reality is that in neither Iraq nor Lebanon are we checking the rising regional power, Iran.

And it seems to me that our adversaries are doing a better job at this business of cynical alliances: Iran and Syria are the key supporters, respectively, of Shiite death squads and Sunni insurgents in Iraq. Yet although they are backing different sides in Iraq, Iran and Syria remain close and effective allies. Two years ago, a pro-Syrian Lebanese warned me in an e-mail that the United States would be caught in a "sandwich strategy" in Iraq -- squeezed by Sunni and Shiite fighters who shared a hatred of American interference. His warnings have proved chillingly accurate. He wrote me a few days ago to reiterate that, for Arabs who oppose American intervention, the operating rule is: "You kill us, we kill you."

The lesson of the Cold War was to be tough -- but also to be careful. I wish I saw more evidence of that prudence now. When U.S. officials encourage the Saudis to check Hezbollah by sending money to Sunni groups in northern Lebanon, do they understand that this region is a stronghold of al-Qaeda and that they are pushing Sunni-Shiite tensions toward the point of explosion? When officials contemplate regime change in Syria, as the Bush administration again seems to be doing, do they understand that they may be creating a wider band of chaos that would stretch from Lebanon to the Iranian border?

When the administration decides to send more ships into the Gulf as a signal to Iran, do officials understand that there are members of the Iranian Revolutionary Guards who might favor a torpedo attack -- so as to provoke an American retaliation and suck us deeper into an apocalyptic battle for control of the region?

In this volatile part of the world, there's just one area where I wish President Bush would take more risks -- and that's in diplomatic efforts to resolve the Israeli-Palestinian dispute. If you want to strike a blow at Iran, Sunni insurgents and Shiite death squads all at once, that's the way to do it. Secretary of State Condoleezza Rice made a start this week, but this is one poker game where we should be adding more chips -- doubling down the American stake in peace.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Aux Barricades! (NYT)

By Maureen Dowd

The New York Times, January 17, 2007

WASHINGTON

Being president can be really, really hard.

“Sometimes you’re the commander in chief,” W. explained to Scott Pelley on “60 Minutes.” “Sometimes you’re the educator in chief, and a lot of times you’re both when it comes to war.”

President Bush has been dutifully making the rounds of TV news shows, trying to make the case that victory in Iraq is “doable.” He thinks the public will support the Surge if he can simply illuminate a few things that we may have been too thick to understand. For instance, he says he needs to “explain to people that what happens in the Middle East will affect the future of this country.” Yes, Mr. President, we get it.

He also told Jim Lehrer last night that in 20 years, radical Shiites could be warring with radical Sunnis and Middle Eastern oil could fall into the hands of radicals, who might also get weapons of mass destruction.

So after scaring Americans into backing the Sack of Iraq by warning that radicals could get W.M.D., now he’s trying to scare Americans into supporting the Surge in Iraq by warning that radicals could get W.M.D.

So many deaths, so little progress.

It’s unnerving to be tutored by an educator in chief who is himself being tutored. The president elucidating the Iraqi insurgency for us is learning about the Algerian insurgency from the man who failed to quell the Vietcong insurgency.

During his “60 Minutes” interview, Mr. Bush mentioned that he was reading Alistair Horne’s classic history, “A Savage War of Peace,” about why the French suffered a colonial disaster in a guerrilla war against Muslims in Algiers from 1954 to 1962.

The book was recommended to W. by Henry Kissinger, who is working on an official biography of himself with Mr. Horne.

Mr. Horne recalled that Dr. Kissinger told him: “The president’s one of my best students. He reads all the books I send him.” The author asked the president’s foreign affairs adviser if W. ever wrote any essays on the books. “Henry just laughed,” Mr. Horne said.

It seems far too late for Mr. Bush to begin studying about counterinsurgency now that Iraq has cratered into civil war. Can’t someone get the president a copy of “Gone With the Wind”?

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Maybe it was inevitable, once W. started reading Camus's "L'Etranger," set in Algeria, that he would move on to Mr. Horne. As The Washington Post military correspondent Tom Ricks wrote in November, the Horne book has been an underground best-seller among U.S. military officers for three years, and "Algeria" has become almost a code word among counterinsurgency specialists for the mess in Iraq. The Pentagon screened the 1966 movie "The Battle of Algiers" in 2003, but the commander in chief must have missed it.

I asked Mr. Horne, who was at his home in a small village outside Oxford, England, what the president could learn from his book.

"The depressing problem of getting entangled in the Muslim world," he replied. "Algeria was a thoroughly bloodthirsty war that ended horribly and cost the lives of about 20,000 Frenchmen and a million Algerians. There was a terrible civil war. ...De Gaulle ended up giving literally everything away and left without his pants."

President de Gaulle had all the same misconceptions as W., that his prestige could persuade the Muslims to accept his terms; that the guerrillas would recognize military defeat and accept sensible compromise; and that, as Mr. Horne writes, "time would wait while he found the correct formula and then imposed peace with it."

Mr. Horne also sees sad parallels in the torture issue: "The French had experience under the Nazis in the occupation and practiced methods the Germans used in Algeria and extracted information that helped them win the Battle of Algiers. But in the long run it lost the war, because it caused such revulsion in France when the news came out, and there was huge opposition to the war from Sartre and Simone de Beauvoir."

In May 2005, Mr. Horne gave a copy of his book to Rummy, with passages about torture underlined. "I got a savage letter back from him," the author said.

The best thing now, he said, is to try to "get around the mullahs" and "get non-Christian forces in there as quickly as possible, mercenaries. As Henry said the other day, if only we had two brigades of Gurkhas to send to Baghdad."

Meanwhile, maybe W. should move on to reading Sartre. "No Exit," perhaps.

No Better Idea (LAT)

Max Boot

The Los Angeles Times, January 17, 2007

Both sides' strategies in Iraq are big ifs with big risks. The president's is worth a try.

PRESIDENT BUSH'S plan to send 21,500 more troops to Iraq has not, to put it kindly, been well received. But does anyone have a better idea?

Should we just declare defeat and go home? Not even most leading Democrats are willing to go that far. At least not yet. Most instead talk of gradually drawing down forces and possibly redeploying them either to Iraq's borders or to other bases in the region. There is something to be said for this strategy. But it also entails huge risks.

If the U.S. is seen as retreating — which is how it would look even if it were labeled "redeployment" — the fragile Iraqi security forces might completely disintegrate. U.S. advisors with Iraqi units could be imperiled. An all-out civil war could break out. Neighboring states such as Jordan could be destabilized by massive refugee flows. Western Iraq could become a Taliban-style haven for Sunni terrorists. Southern Iraq could become a launching pad for Shiite extremists bent on liberating their oppressed brethren in Saudi Arabia and other Persian Gulf states.

It is doubtful that an "over the horizon" presence of U.S. forces could do much to mitigate these catastrophic effects. Iraq is a big country — about the size of California. You cannot police Los Angeles from San Francisco any more than you can police Ramadi in western Iraq from Irbil in northern Iraq, much less from Kuwait.

It sounds reassuring to say that U.S. forces could be positioned on its borders to "contain" Iraq's civil war, but it's not clear what they would do there. Sure, they could prevent Iranian or Syrian troop formations from entering Iraq. But a conventional invasion is unlikely. U.S. soldiers would have much less success stopping the influx of foreign terrorists, cash and arms that goes on now disguised as normal commercial traffic. Besides, is it really politically possible for U.S. troops to cavalierly sit by while a few miles away ethnic cleansing or even genocide is being perpetrated?

Such a dire outcome is by no means foreordained if U.S. troops start withdrawing. Perhaps, as some advocates of drawdown suggest, the Iraqi government will succeed in establishing law and order on its own. But that's not the way I'd bet. And that's not the way Bush is betting.

After years of taking a rosy view of the war, he has finally acknowledged that conditions are grim and require more troops. Ironically, he is being pilloried for this stance by many of the same people who have been saying for years that we didn't have enough troops in Iraq.

Perhaps the objection now is that 21,500 troops won't make much difference. It's true that, according to the new Army-Marine Counterinsurgency Manual, effective operations generally require at least one soldier or police officer per 40 or 50

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inhabitants. That would suggest doubling our current force of 132,000 to secure Baghdad and the entire Sunni Triangle (population 13 million). But it would be difficult to find that many soldiers in the overstretched and undersized U.S. armed forces.

That doesn't mean, however, that the reinforcements Bush is sending are useless. As called for under a plan formulated by military historian Frederick Kagan and retired Army Gen. Jack Keane, the five newly arriving brigades should be deployed alongside Iraqi units to live in Sunni and mixed Sunni-Shiite neighborhoods in Baghdad. This is a classic counterinsurgency approach focused on securing the populace, and it has never really been tried before in the capital. It could work, especially if the surge is long lasting and if it's coupled with other vital steps — such as increasing the number of American advisors in the Iraqi security forces, instituting a biometric identity card to make it easier to detain terrorism suspects and enhancing the capacity of the Iraqi legal system to incarcerate more violent offenders.

If everything goes right, large swathes of Baghdad could gradually be brought under control. Then American and Iraqi units could pursue a "spreading inkblot" strategy — another classic counterinsurgency concept — to increase the pacified zone outward.

Of course that's a big if. It may be that we still don't have enough troops to successfully carry out this strategy. It may be that we don't have the will to see it through. It may be that we don't have enough reliable Iraqi partners. But considering the massive investment we have already made in Iraq, and the lack of good alternatives, it seems worth one final effort to see if we can salvage something from this dire situation.

Petraeus Time (WSJ)

By Reuel Marc Gerecht

The Wall Street Journal, January 17, 2007

Can one back President Bush's new strategy in Iraq? Yes. For all its serious faults, his new approach is the first one since the fall of Baghdad to offer a chance to reverse the radicalization of Iraq. But it needs revision quickly.

Too much of this new plan leaves unchanged the disastrous approach of John Abizaid and George Casey, the two top generals on Iraq. The new offensive, assuming it doesn't peter out through a slow arrival of soldiers, or become enfeebled by "Iraqi leadership" in its execution, envisions a too-small U.S. force doing too much. Recent remarks by Defense Secretary Robert Gates -- predicting troop reductions within a year, and saying that we might not need an additional five brigades in Baghdad for a successful operation -- are a frightening echo of the self-defeating, undermanned optimism that came from the U.S. military under Mr. Gates's predecessor. * * *

The good news is that by emphasizing a military, not political, strategy to diminish Iraq's debilitating violence, the president has correctly set aside one of the primary factors destroying the Shiite Arab center. While waiting for a "political solution" to the Sunni insurgency, we watched Shiite timidity and patience turn to anger -- and to a revenge which now threatens the integrity of the Shiite-led Iraqi government. Gens. Abizaid and Casey had gambled that they could stand up an effective Iraqi military and police against the Sunnis before violence threatened everything in Baghdad. That bet collapsed with the destruction of the Shiite shrine in Samarra in February 2006 -- but the administration kept playing the same hand as if nothing had happened. The reversal of this soft-power, politics-not-troops mentality is an essential step forward.

Still, David Petraeus, who will succeed Gen. Casey as the overall boss in Iraq and who is one of America's finest, most adaptable commanders, may have to perform a miracle to compensate for this shortfall in manpower, especially if the required five brigades for Baghdad take months to arrive, and if Washington allows the offensive to move forward before he is even in charge. The president can pre-empt these lethal problems by ensuring Gen. Petraeus's rapid arrival in Iraq and by allowing him to determine how many soldiers he needs.

Nevertheless, there is a dismaying hesitancy in the military's and the White House's deliberations on this conflict. Although the president wants a new approach, the Pentagon, the State Department and even the National Security Council appear wedded to the past. The contradiction between what the president says and what his government does has never been greater. We need to move rapidly: The enemy is digging in and the drift to full-scale civil war is gaining speed.

The administration needs to rethink its understanding of Iraqi culture and politics, as the "new" strategy still contains ideas that have catastrophically guided American officials in the Green Zone ever since Sunni Arab insurgents started killing Americans in significant numbers. U.S. officials still believe they must soon see sectarian reconciliation, a reversal of de-Baathification, and a nonsectarian, equitable distribution of oil wealth.

All these achievements are meant to placate the aggrieved Sunni Arabs, who represent 15% of the population. But no one knows how many Sunni Arabs sympathize with their brethren who've been killing Shia. It certainly seemed like a very large number before the Shiites started counterattacking through their militias. The statements of Iraqi Sunni Arab organizations, the coverage of the Iraqi Sunni press and the region's Sunni Arab media, which often quotes and echoes the opinions of Iraqi Sunnis, suggest strongly that there is substantial communitarian support for both domestic and foreign suicide bombers.

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For the serious ex-Baathists, Sunni supremacists and Iraqi Sunni fundamentalists -- the lethal hardcore of the insurgency -- it's still a good bet that they're not into democratic negotiations. They probably don't think much at all about an equitable distribution of oil revenues -- or wanting their jobs back in the new army's officer corps.

De-Baathification for the Shiites and the Sunnis is really about only one thing: the army. But from the moment the U.S. started building a more representative Iraqi military in 2003, there was no way in hell the old Baathist Sunni officer corps could come back. And now, with the Shiites killing Sunnis, even the most enlightened of the proscribed Baathist officers (this isn't a large group) know that return would be suicide. No one knows how many Sunni Arabs would turn against their uncompromising, murderous brethren and align themselves with Shiites if the right "deal" were struck. It's a very good guess that such men, if they exist in any number, would get mowed down by their radical compatriots.

If the U.S. and Iraqi governments are going to bring peace to the "Sunni triangle," they must break the back of the insurgency. A minority, used to the prerogatives of a communitarian dictatorship, the Sunnis have been trying to derail the new Iraq: They must come to know that they will lose everything if they don't abandon violence as their principal political tool. They must know that if they choose to cease their violent opposition, they will not be murdered for doing so. This means, as it has always meant, a combined American and Shiite Iraqi occupation of major Sunni Arab cities. If the Sunni community hasn't hopelessly gone into a dominance-or-death opposition, then it could still come to its senses, provided the violent hardcore among them is neutralized and the Shiites and the Kurds allow them sufficient access to oil wealth. Shiite death squads have certainly taught the Sunnis of Baghdad that there are worse things than infidel U.S. troops in their neighborhoods.

Baghdad is the first step. And as retired general Jack Keane and the military historian Frederick Kagan have been pointing out, restoring security in Baghdad will take at least 18 months and all the troops the president pledged. To quote Gen. Keane: "We need all five brigades in Baghdad as soon as possible. It will take three to four months to clear neighborhoods of death squads and insurgents, and at least the rest of the year to establish proper security for the population." This is going to be a long, hard slog. And the Americans, not the Iraqis, are going to have to lead it.

The president's stated contention -- that Prime Minister Nouri al-Maliki's army and police will lead efforts to cleanse the city, while the Americans just support them -- will produce dismal results. Mr. Maliki's pride doesn't win battles. George Bush has been fond of underscoring the counterinsurgency success in Tal Afar, in which the Iraqi army played an important supporting role. If Gen. Petraeus is really put into a supporting role in the Battle of Baghdad, then we've lost already.

Gen. Petraeus will have to deal with Muqtada al-Sadr. The thuggish son of Iraq's most revered clerical family, he has become for many Shiites in Baghdad a rapturously praised defender. This esteem is merited: He, not any American general, increased the security of the average Shiite in the capital. And if he is smart, he'll attack the Americans before they have the chance to deploy much new strength. If the Americans successfully down Sunni insurgents in the capital, then they will go after Mr. Sadr.

But the U.S. military should absolutely not go after Mr. Sadr first. We may barely have sufficient forces to handle a one-front war against Sunni insurgents and holy warriors. We need to show the Shiite community, which by no means has embraced Mr. Sadr's radicalism en masse, that the Battle of Baghdad's primary thrust isn't against the capital's large Shiite ghetto.

The key here is how Shiites view the first encounter. If it goes against the insurgents, then a subsequent attack on Mr. Sadr and his militia might not provoke a large-scale uprising. And he just may play along. He and his forces were mauled by the Americans in 2004. Since then they haven't been particularly bold in attacking U.S. soldiers. Mr. Sadr has recently manifested some statesmen-like behavior, and has been more correct in his behavior toward Grand Ayatollah Ali Sistani, the spiritual guide of Iraq's Shia and a bulwark of moderation. Yet Washington ought to plan on Mr. Sadr hitting U.S. forces -- another reason why Gen. Petraeus, who appears acutely sensitive to the Sadr conundrum, should be given as many brigades as the U.S. can rapidly pull together.

Wars are often decided by one battle, where the genius and resources of one commander proves decisive. We are undoubtedly at that point in Iraq. The Bush administration should ensure that Gen. Petraeus has everything he needs, and that any opposition inside the military to him and a larger, longer counterinsurgency campaign is squelched. America and Iraq probably won't get a second chance.

Mr. Gerecht is a resident fellow at the American Enterprise Institute.

Senators To Introduce Resolution Opposing Bush's Iraq Policy (WP)

By Jonathan Weisman

The Washington Post, January 17, 2007

Senate leaders will introduce a bipartisan resolution of opposition to President Bush's new Iraq policy as early as today, taking the lead from House Democrats who are increasingly divided on how far to go to thwart additional troop deployments to Iraq.

DOJ_NMG_0117681

The resolution -- crafted by Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.), Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.) -- will not come to a vote before Bush's State of the Union address on Tuesday. But by sending it to Biden's committee this week, Democratic leaders will give senators from both parties multiple opportunities to voice concerns about the president's policy.

In another high-profile move, Democratic leaders yesterday tapped Sen. James Webb (D-Va.), a Reagan administration Navy secretary who secured victory in November on an antiwar push, to deliver the party's nationally televised response to Bush's speech.

House leaders opted to allow the Senate to strike first, reasoning that a strong, bipartisan vote there would splinter Republican support in the House, Democratic leadership aides said. The Senate resolution will not only express opposition to the president's deployment of 21,500 additional troops to Iraq but also lay out policy alternatives that have bipartisan appeal, according to a senior Senate Democratic aide familiar with the negotiations.

House leaders are beset by division over efforts to choke off the deployment through Congress's power of the purse. Moreover, antiwar groups are growing uneasy about a nonbinding resolution of opposition.

Thomas Andrews, a former House Democrat who heads the Win Without War coalition, said any such resolution would allow Republicans to voice their opposition to the president's policy, giving them political cover when they later oppose binding legislative efforts to stifle that policy.

"The whole thing could let Republicans off the hook with a meaningless, toothless vote," said Andrews, who has been meeting with senior Democrats on war issues. "It's a pressure valve that could work against us."

House Majority Leader Steny H. Hoyer (D-Md.) promised yesterday that the House will move forward with its resolution, but he added that more legislation will follow.

"Iraq will not disappear with the vote on a resolution," he said. "Substantively, we're going to move ahead" through the appropriations process.

But it is not clear what that substantive legislation will be. The chairman of the House Appropriations subcommittee on defense, John P. Murtha (D-Pa.), and his allies on the House Armed Services Committee are continuing to push for a requirement that the administration may deploy troops only from military units that are certified as combat-ready. That requirement would seriously curtail future deployments.

Murtha's committee will begin closed-door hearings today with military officials on Army, Marine Corps, Navy and Air Force readiness; equipment conditions; the state of the National Guard and reserves; and the readiness of military medical personnel.

"We will most likely move carefully within constitutional bounds to cordon the funding in the Iraq supplemental appropriations bill . . . so that our troops in the field will be supported and the personnel, as well as the equipment, exhausted by the Iraq war can be rested, retrained and refurbished," said Rep. David Wu (D-Ore.), a Murtha ally on the issue.

Democratic voters appear to be solidly behind that effort. In a poll released yesterday by the Pew Research Center for the People and the Press, 61 percent of Americans said they oppose Bush's decision to increase U.S. troop strength in Iraq, while 62 percent of Democrats said Congress should withhold funding for the plan.

Antiwar activists yesterday presented Democratic House members an "appeal for redress," signed by more than 1,000 active-duty service members, reservists and National Guardsmen -- including more than a hundred officers -- urging that U.S. troops be withdrawn from Iraq.

House Speaker Nancy Pelosi (D-Calif.) is backing Murtha's insistence that Bush must meet benchmarks for troop preparedness and safety before funds for deployments are released, said Brendan Daly, the speaker's spokesman.

But some senior Democrats are skeptical that such a move would be politically wise, constitutionally permissible or legislatively possible. The Pew poll found that overall support for the withholding of funds was a tepid 43 percent. One senior Armed Services Committee member asked why Democrats would want to put their fingerprints on a war policy that is likely to prove fruitless long before legislation could have any impact.

House Appropriations Committee Chairman David R. Obey (D-Wis.) noted that many of the additional troops Bush wants to deploy will already be in Iraq by the time Congress completes work on an emergency war-spending bill. That bill will not even be sent to Capitol Hill until next month.

Moreover, setting aside the money for the president's "surge" from the funds to support the 132,000 troops that are already there may be impossible.

"If you've got a shirt that's 90 percent cotton and 10 percent polyester, it's pretty hard to separate the fibers," Obey said.

Anti-Buildup Measure To Have Bipartisan Stamp (NYT)

By Carl Hulse And Jim Rutenberg

The New York Times, January 17, 2007

DOJ_NMG_0117682

WASHINGTON, Jan. 16 — Senator Chuck Hagel of Nebraska, an outspoken Republican critic of the administration's Iraq policy, will join two leading Democrats in introducing a resolution opposing President Bush's buildup of troops in Iraq, putting a bipartisan stamp on the looming Congressional showdown over the war.

Lawmakers and aides said Mr. Hagel had been consulting for the past few days with the two Democrats, Senators Joseph R. Biden Jr. of Delaware, chairman of the Foreign Relations Committee, and Carl Levin of Michigan, chairman of the Armed Services Committee, to develop the wording of the resolution, which could be introduced as early as Wednesday.

"Senator Levin, Senator Biden and I have been working together on it and we are pretty close," Mr. Hagel, a potential Republican presidential candidate, said Tuesday night as he left the Senate.

Mr. Hagel said the intent of the resolution was not to "bash the president" or to call for the immediate withdrawal of United States troops from Iraq, but a responsible way for senators to register their opinion on the increase of more than 20,000 additional troops announced by Mr. Bush last week.

While Senate opponents of the buildup were preparing to move forward, Senate Republicans backing the president were trying to map their own strategy, considering proposals that could appeal to Republicans frustrated with events in Iraq but keep them from supporting the most critical resolution.

"There will be alternatives," said Senator Jon Kyl of Arizona, the third-ranking Senate Republican.

At the White House, officials were continuing to discuss the new plan with members of Congress, with an emphasis on lining up Republicans behind Mr. Bush's approach. "We knew this was not going to be an easy policy to explain or one that was going to be met with open arms," said a White House official, speaking on condition of anonymity.

That official said that the message to Congressional Republicans was similar to the one the White House spokesman, Tony Snow, conveyed Tuesday at his press briefing: that approval of any resolution critical of Mr. Bush's approach, even if nonbinding, would send a damaging message.

"In an age of instant and global communication, what message does it send to the people who are fighting democracy in Iraq?" asked Mr. Snow. "And, also, what message does it send to the troops?"

Mr. Bush on Tuesday stepped up his challenge to Congress to provide an alternative plan if it is going to criticize his.

"My only call to Congress is that if you've got a better way to succeed, step up and explain it," he said in an interview on "The NewsHour With Jim Lehrer" on PBS. "What's your prescription for success? And I think they owe that explanation to the American people."

In the House, the Democratic leadership said it would wait for the Senate to act before bringing its own resolution up for a vote. "We think it will be useful for the Senate to go first," said Representative Steny H. Hoyer, Democrat of Maryland and the majority leader, who predicted a bipartisan vote in the House against the troop buildup.

Members of both parties in the Senate have said as many as a dozen Republicans may ultimately support a resolution against the president's policy. Mr. Hagel's participation could ease the concerns of other Republicans about breaking from the president.

But some Republicans, including Senator Lindsey Graham of South Carolina, suggested that Republicans critical of the plan could be reluctant to cast such a clear vote in opposition to the president and might be willing to hold off until they hear from Lt. Gen. David H. Petraeus, the newly selected ground commander in Iraq.

The level of Democratic support for a resolution is not certain, though the overwhelming majority of Senate Democrats have expressed opposition to the buildup.

"If they have the language right, I will be right there," said Senator Ben Nelson, Democrat of Nebraska.

Senator Mitch McConnell of Kentucky, the Republican leader, has promised to raise procedural arguments against any proposal he sees as undermining the president.

Mr. Hagel was brutally critical of the president's new strategy during a Foreign Relations Committee hearing last week and spent some time on the floor Tuesday night discussing the Iraq resolution privately with Mr. McConnell. But Mr. Hagel said he did not anticipate an angry reaction from his colleagues for joining with Democrats, since he had such a strong record of opposition on the issue.

White House officials have dismissed Mr. Hagel as an established critic of the war who is now seeking to stake out antiwar ground in the nascent Republican primary fight for president.

Still, the officials said in interviews that while they believed any substantial Republican support for the resolution would be a symbolic blow, they were far more concerned about threats from Congressional Democrats to take aim at spending on the president's new plan. Officials say that they will rely upon Mr. McConnell to help head off any such move.

Senate Democrats Ready Resolution On 'Surge' (RC)

By John Stanton

DOJ_NMG_0117683

Roll Call, January 17, 2007

Senate Democrats will introduce their Iraq "surge" resolution as soon as today, as Majority Leader Harry Reid (D-Nev.) moves to increase the pressure on President Bush to make dramatic changes to his war policy, a Democratic leadership aide said Tuesday.

At the same time, Reid's "war room" has launched the Iraq Accountability Project, designed to publicize Democratic oversight activities of the Bush administration's prosecution of the war.

Although details of the resolution were still being worked out at press time, the leadership aide said it would be a "vote on whether or not [members] support the president's plan" to boost troop levels by more than 21,000 in Iraq. It does not appear likely, however, that it will include language condemning the approach or explicitly disavowing a surge. Rather the resolution appears to be focused more on putting Members on record as to whether they support Bush.

Aides said Reid is attempting to carefully craft the resolution to appeal to as many Republicans as possible in the hopes of piecing together a truly bipartisan coalition. As a result, the language of the resolution will remain as neutral as possible to allow Republicans to feel comfortable casting their votes with Democrats on such a high-profile issue.

Additionally, while there has been talk in Democratic circles of holding a vote on the resolution the day of Bush's State of the Union address, a Reid aide said it was unlikely that would occur, since it likely would provoke claims of partisanship.

A number of Republicans, including Sens. Norm Coleman (Minn.), Gordon Smith (Ore.) and presidential hopeful Sam Brownback (Kan.), already have come out against the plan, while other members of the GOP — notably Nebraska Sen. Chuck Hagel, who also has presidential ambitions — have been critical of the surge notion and Bush's handling of the war.

Last week Reid told reporters that he believed he would have at least 12 Republican supporters and predicted that he easily would make the 60-vote threshold needed to beat back any attempt to filibuster the resolution by Senate Minority Leader Mitch McConnell (R-Ky.).

According to aides familiar with the Iraq Accountability Project, it is part of Democrats' broader public relations push to further strengthen public opinion against the White House's handling of the war as well as heighten the profile of Congressional oversight activities.

As part of the project, the war room will release a weekly schedule of Senate committee hearings focused on various aspects of the war, ranging from contractor abuses to emerging terrorist threats and appropriations requests. This week the Senate Judiciary Committee is holding hearings on "the plight of Iraqi Refugees," while the Foreign Relations Committee is holding a series of hearings on the "remaining options" for dealing with Iraq, according to a release from the war room.

At the end of each week, the war room will release "highlights of important hearing testimony, summaries of the latest news out of Iraq and a compilation of key themes emerging from hearings across multiple committees," according to a Reid aide.

Reid appears to be modeling the Iraq Accountability Project on his successful opposition to the White House's Social Security reform plan in 2005. At the time, Reid used a series of well-publicized Democratic Policy Committee hearings on Social Security, floor speeches by traditionally high-profile Members such as Sen. Edward Kennedy (D-Mass.) and "red state" lawmakers including Sen. Tim Johnson (D-S.D.), and public events to vilify the plan and build an early tide of public opposition to it.

Democrats Aim To Exploit GOP Split Over War (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 17, 2007

Congress is gearing up for a big vote next week to oppose President Bush's troop buildup in Iraq, beginning with a nonbinding resolution that could draw strong Republican support.

It's the first step in a long struggle between the White House and the new Democratic-controlled Congress over the endgame in Iraq.

If a nonbinding resolution opposing the surge of 21,500 troops into Iraq is approved, Democrats could quickly move stronger legislation to build a congressional firewall against any future move to broaden the war to Iran or Syria. Others are testing the waters for GOP support for the ultimate weapon in a showdown with the White House – curbs on funding.

But the key to an effective push back – including the 67 votes needed to overturn a presidential veto – is building bridges to Republicans. The blitz of oversight hearings continuing this week gives lawmakers on both sides of the aisle time to sound each other out.

Congressional committees plan 10 hearings this week on issues ranging from defense contracting practices and US force protection to alternative Iraq strategies and the influence of Iraq's neighbors. Especially on the Senate side, Republicans have been among the strongest critics of administration policy.

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"It's fair to say you saw 21 very concerned senators today," said Sen. Chuck Hagel (R) of Nebraska, after hearings on the administration's plan for Iraq before the Senate Foreign Relations Committee last week. An early opponent of the war, Senator Hagel called Mr. Bush's proposed troop surge "the most dangerous foreign policy blunder in this country since Vietnam."

"It's now up to the Congress to give to our friends in the Middle East some reassurance that we can govern," he says. "Someone has to start framing up some reality, and this administration is disconnected from reality."

In public comments, Senate majority leader Harry Reid has claimed up to a dozen Republicans who could join Democrats in votes opposing the surge of troops into Iraq.

"It's possible that you could see 12 Republicans split" with the president, says Jennifer Duffy, who covers the Senate for the Cook Political Report. "They're in the minority now, Bush is a lame duck, and Republicans think that Iraq played a big part in losing their majorities. It's become every man for himself."

GOP leadership aides say that the size of the defection will depend on the precise wording of the resolution, which has yet to be finalized. Should Democrats go too far in their criticism of the commander in chief at a time of war, it could pull the GOP caucus closer together.

"One thing that will unite the Republican conference is if there is an attempt to cut off funds to our troops at a time of war. That will provoke a backlash from the American people," says Sen. John Cornyn (R) of Texas.

Sens. Gordon Smith (R) of Oregon and Norm Coleman (R) of Minnesota, who are up for reelection in 2008, were among the first Republicans to break with the White House over Iraq. Last week, they were joined by other critics from within GOP ranks.

"I am skeptical that a surge of troops will bring an end to the escalation of violence and the insurgency in Iraq," says Sen. George Voinovich (R) of Ohio. "I don't see that you'll end up having the democracy I once hoped for. I'm absolutely against the surge."

The pressure is especially strong on Republicans in states swinging Democratic. Sen. John Sununu (R) of New Hampshire, who is also up for reelection next year, says that the burden has to shift to the Iraqi government. "There's very strong expectation that they follow up on commitments, and this isn't an open-ended commitment. I have [doubts] that troops preparing to be used in Iraq can be effective against sectarian organizations," he says.

"I'm also disappointed that there still is not a formal framework for other countries in the region to play a more effective, constructive role in supporting the Iraqi government," he says.

Sen. John Warner, the ranking Republican on the Senate Armed Services Committee, has been attempting to develop a bipartisan consensus on Iraq. "So far, he has expressed concern about putting US forces in the middle of a sectarian conflict," says spokesman John Ullyot, who says the senator will make his position known this week.

Meanwhile, Republicans still supporting the White House on the war say it's important that Lt. Gen. David Petraeus, the new American commander in Iraq, appears quickly before Congress.

"He's the strongest spokesman the administration has, and he needs to get here fast," says Sen. Lindsey Graham (R) of South Carolina.

Sen. Jeff Sessions (R) of Alabama, who has been a strong supporter of the administration's policy on Iraq, says that he's encouraged that the White House is taking up some of his concerns. In talks with the president last Monday, he raised the issue that Iraq needs to quickly "create a court system that deals with threats to the Iraqi state promptly."

He adds: "When people don't feel safe, you can't wait five years to create a court system."

Groundwork For A War Debate (WSJ)

By David Rogers

Wall Street Journal, January 17, 2007

Democrats Expect A Series of Fights Over Iraq Spending

WASHINGTON -- Republican votes will decide the coming debate in Congress over the Iraq war, so Democrats are first working to build bipartisan support for nonbinding criticism before taking on the White House over funding.

The two-part strategy is on display this week as top Republicans and Democrats on the Senate Foreign Relations Committee expect to announce agreement on a resolution challenging President Bush's decision to increase U.S. troop levels. As those talks proceed, the House Appropriations Committee will also begin hearings this morning to lay the groundwork for tougher fights over war-related spending requests this spring and summer.

The Iraq debate won't be one single battle but a series of firefights over the coming months during which events on the ground in Baghdad will be pivotal. Much as Democrats are emboldened by November's victories, they also have their own divisions on the issue. And Mr. Bush, whose powers as commander in chief give him immense leverage, has said he has no intention of backing down.

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But the landscape has changed and left him more vulnerable on three points:

November's election shook rank-and-file Republicans, who are fearful of going into 2008 with the war still a major issue.

The planned troop increase has aggravated divisions in the Republican foreign-policy establishment, best captured by the opposition from Nebraska Sen. Chuck Hagel, a Vietnam veteran with ties to two former secretaries of State, James Baker and Colin Powell.

The growing financial strain of Iraq will be spelled out as never before in a series of defense and war-related spending requests by the White House next month, expected to total more than $700 billion through Sept. 30, 2008.

Former North Carolina Sen. John Edwards, the Democrats' 2004 vice presidential nominee who already is running for the White House in 2008, is pressing hard for a vote to cut off funding for any military escalation in Iraq. But Oregon Sen. Gordon Smith, whose December floor speech against the war captured the post-election shift among Republicans, cautions Democrats against moving too fast.

"Democrats are wise not to push this too hard, but I think within this year, the issue will have ripened enough that the correct course of action will be clear," Mr. Smith said.

In the House, the skittish Republican mood was apparent last week as party leaders faced warnings that there must be real progress in Iraq before July 4 to keep members in line. That date also coincides with when Democrats hope to have begun debate on the 2008 defense appropriations bill.

The measure will include not only funding for basic defense operations but, for the first time, a request by the White House budget office for what it anticipates will be the annual war costs in Iraq and Afghanistan for the new fiscal year that begins Oct. 1.

The total package, to be revealed with the president's budget next month, could exceed $600 billion. On top of this, the administration is expected to ask for 2007 emergency supplemental funding, providing an estimated $100 billion in emergency appropriations to sustain military operations overseas for the remainder of this fiscal year ending Sept. 30.

Taken together, that means lawmakers will be asked to address -- in a matter of months -- defense and war-related requests in the range of $700 billion. Driven up by Iraq, annual spending on defense already matches -- in terms of dollars adjusted for inflation -- expenditures at the height of the Vietnam War. And these numbers could further shake Republican resolve.

"I think it will have an impact. Money issues may be put in play for real," said New Hampshire Sen. Judd Gregg, the ranking Republican on the Senate Budget Committee.

"For those of us from the Northeast, it's pretty evident that people are losing patience and want to get out," said Rep. Rodney Frelinghuysen (R., N.J.), a member of the defense appropriations panel. "A lot of people are peeling off from supporting the president."

Among Republicans, Sen. Hagel is most crucial given his standing on the Senate Foreign Relations panel, war experience and long attachment to prominent Republican foreign-policy figures. "This is not just Chuck Hagel charging out based on some 12 months in Vietnam," Mr. Hagel said in an interview. And if he should enter the 2008 presidential campaign, it could emphasize the divide among Republicans.

Mr. Hagel has stressed to Democrats that they must let "the system work" to build ties with Republicans on the war debate. "The American people have to have some hope that we're not just a bunch of political animals and we can come together."

Senate Majority Leader Harry Reid (D., Nev.) has kept himself one step removed and left the early negotiations to his Armed Services and Foreign Relations committee chairmen, Sens. Carl Levin (D., Mich.) and Joseph Biden (D., Del.), respectively. One option would be to have the resolution reported out of the Senate Foreign Relations Committee to give it more standing, and House Democrats have signaled that they could use the Senate product as a model for their own resolution next week. "I expect it to be a bipartisan vote," said House Majority Leader Steny Hoyer (D., Md.)

The nervousness among House Republicans is striking after November's losses. "Two years before the elections, people are worried about their political skins," said Rep. Ray LaHood (R., Ill.). A Pew Research Center survey shows Republican voters rallying behind the president, but independents were the swing force in 2006 and by a 2-1 margin the same Pew poll shows independents opposing the plan to send more troops.

Thus, Rep. John Murtha (D., Pa.), who will manage the Iraq spending bill this spring, is convinced he can get bipartisan support even as he proposes to add restrictions that could impede the planned deployment of four more Army combat infantry brigades into Iraq. And, rather than cutting funds, lawmakers could add more money to defense bills, but then attach readiness requirements that must be met for it to be used. "It is not going to end because of any legislative action we take, but the legislative actions we take can help to bring it to an end," said House Appropriations Committee Chairman David Obey (D., Wis.).

Dems Struggle To Shift Focus To Afghanistan From Iraq (HILL)

By Roxana Tiron

DOJ_NMG_0117686

The Hill, January 17, 2007

In addition to addressing the White House's Iraq "surge" plan, Democrats could be facing another quandary: redirecting attention to the war in Afghanistan and the search for al Qaeda's leader, Osama bin Laden.

Several top Democrats, including 2008 presidential hopefuls Sens. Joseph Biden Jr. (D-Del.) and Hillary Rodham Clinton (D-N.Y.), said a troop increase should occur in Afghanistan rather than Iraq.

Clinton, Sen. Evan Bayh (D-Ind.) and Rep. John McHugh (R-N.Y.) returned from a congressional delegation to Afghanistan, Pakistan and Iraq and are expected to talk about the trip today.

But congressional plans have yet to emerge for keeping a firm grip on Afghanistan, which is dealing with rampant poppy production and is at risk of sliding back into the hands of Taliban insurgents.

Several lawmakers fear that the Iraq plan will overshadow any efforts related to Afghanistan.

"Afghanistan is the biggest concern, but I see no concerted effort" to deal with the issues there, Sen. Frank Lautenberg (D-N.J.) said. "Iraq is the dominant thing and we have to deal with that."

Two years ago, Lautenberg sent a letter to Bush asking him why the United States had not captured bin Laden after then-CIA Director Porter Goss said he had an "excellent idea" where the 9/11 plotter was hiding.

"I would like to continue that pursuit," Lautenberg recently said of the military's efforts to track down al Qaeda's leader. "But the picture is so clouded by the discussion on Iraq that you can't really be sure that it is going to be successful."

U.S. commanders in Afghanistan whose troops are fighting alongside NATO coalition forces have called for reinforcements against resurgent Taliban fighters. Military officials said the number of attacks against NATO forces tripled year-over-year in 2006, to 5,000.

It has been reported that at least one Army battalion fighting in Afghanistan could be deployed within weeks to fight in Iraq as part of the president's "surge" plan.

The chairman of the Joint Chiefs of Staff, Gen. Peter Pace, said the Pentagon could send more troops into Afghanistan despite the strain the military faces in Iraq.

Although he said the U.S. focus should shift to Afghanistan, Senate Majority Whip Dick Durbin (D-Ill.) plans to refrain from calling for additional troops there because he wants to ensure any effort is multinational.

"Democrats feel very strongly that the war in Afghanistan is much more directly related to the war on terror," Sen. Charles Schumer (D-N.Y.) said. "I am sad that they are taking another [battalion] out."

Schumer last year passed an amendment to the 2007 defense appropriations bill, allocating $700 million for narcotics eradication in Afghanistan.

Schumer was not alone in his victory. Two other Democrats, Sens. Kent Conrad (D-N.D.) and Byron Dorgan (D-N.D.) were successful in reactivating a CIA unit dedicated to finding bin Laden in an amendment to the same Senate bill that provided $200 million for the mission.

"We know from the 9/11 Commission Iraq was not involved in the attacks of 9/11. It was ... al Qaeda led by Osama bin Laden," Conrad said at the time. "That is where we have to focus." Conrad is now the chairman of the Senate Budget Committee.

"Everyone would agree that the effort in Iraq has diverted efforts from the operations in Afghanistan," said Rep. Gene Taylor (D-Miss.), chairman of the House Armed Services Seapower and Expeditionary Forces subcommittee. "We are engaged in two simultaneous wars and we do not have the resources that we would have had on Sept. 12, 2001."

Taylor, however, commended the U.S. military's efforts to find bin Laden under less-than-conducive circumstances.

"Seeing how big the place is, steep valleys and extremes of hot and cold — I can empathize [with] how difficult and dangerous it is for our troops," said Taylor, who has been to Afghanistan several times. "Osama bin Laden needs to be caught and brought to justice."

He added that the committees with jurisdiction over the military need to allocate resources for the fight in Afghanistan, but also take into consideration how difficult the terrain is in Afghanistan, complicating the military's mission.

Rep. Ike Skelton (D-Mo.), chairman of the armed services panel, is planning to hold hearings about the situation in Afghanistan this month. Skelton has been concerned that Afghanistan has been ignored and has called the conflict there "the forgotten war."

The key to finding bin Laden may not lie with spending more money on technology. Rather, dedicating Army Special Forces (known as white special operations forces) to missions wherein soldiers spend time in Afghan villages, establishing long-term relationships and building trust, could lead to information on the al Qaeda leader, according to André Hollis, a former Pentagon official with knowledge of special operations.

Unfortunately, Pentagon deployment policy (12 to 18 months) limits soldiers' ability to foster relationships with locals, added Hollis, who is now a vice president at Van Scoyoc Associates.

Afghanistan will be the topic of Senate Armed Services and Foreign Relations Committee hearings, according to Sen. Edward Kennedy (D-Mass.), a senior member of the armed services panel. He said, however, that the military has not asked for additional resources to find Osama bin Laden.

"They have not made any requests; they thought they had sufficient funds," he said.

Rep. John Murtha (D-Pa.), chairman of the House defense appropriations subcommittee, said his panel will look at the problems in Afghanistan, including the Taliban resurgence and the growing poppy-seed production.

"Afghanistan is a little bit of a problem," he said in a short interview. Murtha plans to meet with Marine Gen. Jim Jones, the retiring NATO supreme allied commander in Europe, to talk about the problems facing Afghanistan.

Rep. Marty Meehan (D-Mass.), who will chair the House Armed Services investigations and oversight subcommittee, said he has solicited ideas from all members of his panel on how to go forward in Afghanistan. "There has been a discussion but we have to agree on a plan to do that," he said.

"It is clear that al Qaeda does not have its headquarters in Iraq; it's in Afghanistan and at the border with Pakistan," he added.

"The war in Iraq has taken [focus] away from finding Osama."

Bush Adviser To Join Staff Of Top War Critic (WT)

By Rowan Scarborough

The Washington Times, January 17, 2007

A counterterrorism adviser to President Bush is leaving the White House to join the staff of a prominent Democratic senator gearing up to investigate the administration's war policies.

A Senate source said Todd M. Hinnen, a director for combating terrorism on the staff of the president's National Security Council (NSC), will become the chief counsel for Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Senate Foreign Relations Committee.

Mr. Biden has announced that he is running for president and is planning a series of committee inquiries. Some Republicans reacted to word of Mr. Hinnen's move by wondering whether he will go from Bush adviser to Bush inquisitor.

"Once again, people on the Bush White House staff turn on him while our soldiers and Marines fight to protect the rest of us," a Republican staffer said.

A spokeswoman for Mr. Biden did not return a phone message or e-mail. Mr. Hinnen did not return a phone message.

Gordon Johndroe, NSC spokesman, said Mr. Hinnen was a career prosecutor at the Justice Department who completed an 18-month detail to the White House.

"I think this is a career prosecutor who serves the government well whether in the executive or the legislative branch and who had done an excellent job here at the White House and will continue to serve the American people the rest of his career in government," Mr. Johndroe said.

Some key NSC staffers have left Mr. Bush's staff and worked for his opponents.

Most notably was Richard A. Clarke, a top adviser on counterterrorism. Mr. Clarke left after he failed to win the post of deputy secretary of homeland security. He joined the 2004 presidential campaign of Sen. John Kerry, Massachusetts Democrat, and wrote a book critical of Mr. Bush.

Before that, Rand Beers left the Bush NSC staff and served as Mr. Kerry's chief campaign adviser on national security.

Republicans have contrasted the way Mr. Bush handled his presidential transition compared with his predecessor. The Clinton administration fired all U.S. attorneys and tried to ferret out Republican loyalists, right down to the White House Travel Office. The Bush administration, on the other hand, kept on several senior Clinton advisers.

Mr. Bush retained George J. Tenet, President Clinton's CIA director. Mr. Tenet resigned in 2004, and has written a book that is expected to be critical of Mr. Bush. The CIA's Publication Review Board has been reviewing the manuscript since October. The CIA sent portions to the White House for its review. A CIA spokesman said the review focuses on the deletion of any classified material and does not censor criticism.

Last month, Flynt Leverett, a former CIA analyst who worked on the NSC before leaving in 2003, accused the White House and CIA of censoring for no good reason an opinion article written for the New York Times.

Purse Strings And Pragmatism (WP)

By Melvin R. Laird

The Washington Post, January 17, 2007

The brewing fight in Congress over continued funding of the war in Iraq will not be the country's first. It is an ominous reminder of 1975, when Congress cut off funding for the Vietnam War three years after our combat troops had left. With the

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assistance we promised South Vietnam in the 1972 Paris Accords -- U.S. equipment, replacement parts and ammunition -- it had won every major battle since we left. But Congress lost the will to keep our promise and killed the appropriation. The result was a bloodbath.

I spent 16 years in Congress, much of the time on the Appropriations defense subcommittee grilling defense secretaries about the conduct of the Vietnam War. Then, as defense secretary I spent four years on the other side of the table, holding fast to an exit strategy I believed in, "Vietnamization." I never lost a vote during those four years. But it would have been devastating if Congress had cut the purse strings before our troops were withdrawn and before the South Vietnamese had learned to stand on their own.

Democrats are positioned to offer a plan for Iraq, but cutting off funding is not a plan. Holding hearings to excoriate the executive branch is not a plan. Emotional oratory about casualties is not a plan. Such is the stuff of dinner-party debates and protest rallies. It is not what the American people need from their elected representatives, and it is not what they voted for in November.

To Congress, which has the opportunity to make a difference, I offer some perspective:

? Congress must stop the partisan gamesmanship that feeds on itself and becomes an end rather than a means. It is a foolish sport that feeds the ego of the players and wearies the spectators. House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid have already begun to squander the trust they were given in November. Surprisingly, at least from an old Republican such as myself, the best hope for leadership I see now in the majority party is Sen. Hillary Clinton. She is highly motivated to tread a path to success in Iraq; she knows that without it, she will never be president. Those who hope to win reelection in less than two years would do well to follow her example. In 1972, the Democratic presidential nominee, George McGovern, carried only two states because he had no plan for the war; he only criticized the Vietnamization withdrawal plan.

? The best thing Congress could do now is look at the bigger picture with civility and bipartisanship. America needs a broad national security strategy whose elements include the defense of democracy at home and abroad, the economy, the environment, health care, Social Security and commitments to our allies. In military jargon, simply fighting terrorism is not strategic; it is tactical. In crafting a larger national security strategy, Congress needs to both know and inform the will of the people. We never did this during the Vietnam War; nor has any Congress or administration in recent memory seemed willing to trust the American people to understand and make choices about what is at stake and what we are willing to pay in time, money and lives. Congress must also realize that if there is no settlement in the Middle East, the price of oil will more than double. Lawmakers must recognize the threat this poses to our economy.

? Defense spending must be substantially increased. Since 1986 the defense budget has been slighted while needs have only grown. The all-volunteer military needs better wages and better equipment. The troops today have what we lacked in Vietnam -- the will to win and unit cohesiveness and pride. What they don't need is a Congress that thinks it is doing them a favor by cutting off funding for Iraq. They need a Congress that makes national defense a budget priority. Even including the war in Iraq, defense spending is still a sliver of gross domestic product.

? Congress must take the lead in demanding accountability from the Iraqi government. Our troops are in escalating danger from Shiite militias because Iraq's elected leaders do not have the will or the ability to crack down. Prime Minister Nouri al-Maliki has been unable to keep the tribal and sectarian factions of Iraq in balance. We cannot do that for him. If he can't or won't do it, he should step down, or we cannot justify the continued presence of U.S. troops in Iraq.

? Finally, Congress must set the tone by admitting who the enemy is -- political correctness be damned. There is the moderate, Westernized Islam on which we have hung our hopes, and there is everyone else. The call to jihad is powerful, and it is apparently irresistible in the Third World where attempts to export Western culture and values have failed. If widely adopted, radical Islam will fail them even more in the end. And if allowed to play out to its goal of world domination, radical Islam will make the "domino theory" of Southeast Asia pale by comparison.

The writer served as a Republican House member from 1953 to 1969 and as secretary of defense from 1969 to 1973.

Kucinich Receives Petition Signed By Troops Opposed To Iraq War (AP)

AP, January 17, 2007

WASHINGTON, D.C. - Several anti-war groups that include members of the military on Tuesday delivered petitions against the war in Iraq to U.S. Rep. Dennis Kucinich, a Democrat who's long been against the conflict.

Iraq Veterans Against the War, Veterans for Peace and Military Families Speak Out sponsored the "appeal for redress" petition, which was signed by more than 1,000 active duty military members, according to Kucinich's office.

Among those who signed was 24-year-old Sgt. Jabbar Magruder of Los Angeles, a member of the Army National Guard who served about a year in Iraq beginning in late 2004.

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Magruder said he was recently promoted and respects the military but does not believe in the war because he believes the United State's presence in Iraq is only making things worse.

"I cannot allow my fellow serviceman to continue to have to fight in Iraq when it's in no way winnable," Magruder said. "This might come at a great moral cost to me, but I'm willing to do that so they may be able to come home."

Active-duty military personnel are allowed to publicly object to the war, as long as they do not wear their uniforms when expressing their opinions.

Magruder said he signed the petition because he wants Congress to know there are some active-duty military members against the war. He said he is worried his unit may suffer because of his speaking out.

"But it's easier to sit back and wait for somebody to do something. I'm not going to wait," he said.

Kucinich, a long-shot candidate for president, said in a statement that "there is a compelling need for a new direction in Iraq." He suggested more use of diplomacy.

Troops Add Their Voices To Chorus Calling For Reversal Of Iraq Policy (MCT)

By Renee Schoof

McClatchy Newspapers, January 17, 2007

WASHINGTON - Pressure on Congress intensified Tuesday to stop President Bush's plan to increase troops in Iraq, as some 1,000 active-duty soldiers and Marines urged lawmakers to support a quick withdrawal and anti-war groups planned to rally state legislatures.

Although most Democrats and some Republicans oppose Bush's 21,500-member troop increase, Congress isn't moving very fast to try to stop or alter the plan. Democratic leaders in both houses want their first step to be a resolution calling on lawmakers to go on record as being for or against Bush's Iraq plan.

Democrats say they have a solid Senate majority against the plan, including perhaps one dozen Republicans, so the resolution is effectively a symbolic vote of no confidence in Bush's war plan. Only after that vote will they look at ways to use Congress' power over funding as a hammer.

The Senate resolution will be introduced on Wednesday, but it was unlikely a vote would occur before Bush gives his State of the Union address next Tuesday night. Sen. Craig Thomas, R-Wyo., said Republicans would offer an alternative resolution.

House leaders plan to let the Senate go first, then vote on a similar resolution. Rep. John Murtha, D-Pa., the chairman of the House Appropriations Defense subcommittee, planned to start hearings Wednesday about how Congress might use the threat of spending cutoffs to demand changes in policy, but they'll be closed so that lawmakers can consider classified information.

White House spokesman Tony Snow suggested that Congress would undermine U.S. interests if it votes for a no-confidence resolution.

"In an age of instant and global communication, what message does it send to the people who are fighting democracy in Iraq? And also, what message does it send to the troops?" Snow said.

Separately, Bush acknowledged setbacks in Iraq.

"I am frustrated with the progress," Bush said in an interview taped for telecast Tuesday on PBS's "NewsHour."

"A year ago, I felt pretty good about the situation. I felt like we were achieving our objective, which is a country that can govern, sustain and defend itself. No question, 2006 was a lousy year for Iraq," Bush said.

Also Tuesday, the Senate Judiciary Committee examined the plight of Iraqi refugees. Some 1.7 million Iraqis have been driven from their homes, and hundreds of thousands have become refugees in Jordan, Syria and elsewhere.

Sen. Edward Kennedy, who chairs a subcommittee on immigration and refugees, called for more humanitarian aid for displaced Iraqis and refuge here for those who risked their lives to work for Americans in Iraq. Last year the United States admitted 202 Iraqi refugees, Kennedy said.

Meanwhile, more than 1,000 active-duty servicemen and women who oppose the war sent an "appeal for redress" to Congress. Although they're duty-bound to carry out the president's orders, they have a legal right to use this means to express their views.

The statement, carried on the Web site AppealforRedress.org, was signed by 1,080 troops as of Tuesday afternoon, according to the site. It urged Congress to support "the prompt withdrawal of all American military forces and bases from Iraq," adding, "Staying in Iraq will not work and is not worth the price."

"Despite our best efforts, Iraq fell further into chaos," said Marine Corps Sgt. Liam Madden, wearing a jacket and tie for a press conference on the steps of a House office building. Madden said he believed that the war "benefits neither the United States nor Iraq, and especially not the American military.

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"Our brothers are dying, and politicians are squabbling," he said. "If you are funding a war that puts them in harm's way, you are not supporting them."

"Somewhere those of us who represent the American people, and the American people themselves, must follow the lead of these men and women in uniform today and find a way to speak up and speak out about this unnecessary war," Rep. John Lewis, D-Ga., said in a statement.

Meanwhile, the group Progressive States Network planned a conference call on Wednesday with state legislators to try to start a grassroots campaign opposing the president's troop buildup plan.

"States have the power and authority to speak out on issues that will impact them and their citizens," Steve Doherty and David Sirota, chairmen of the group, said in a statement.

The influential Web-based pressure group MoveOn.org is urging citizens to write their state lawmakers as well.

A Pew Research Center poll released Tuesday showed that 61 percent of Americans oppose sending more troops to Iraq. Some 60 percent of Republicans support Bush's plan and 33 percent oppose it. Among Democrats, 12 percent support it and 82 percent oppose it. Among independents, 31 percent support the plan, and 62 percent oppose.

The Senate hearings on Iraqi refugees took on a personal tone when a 27-year-old former translator for U.S. forces in Iraq, who used a pseudonym and sat hidden behind a folding screen, told senators about the dangerous work he did as a translator - including working in plain sight of Iraqis who covertly sided with terrorists.

He said he knew of many Iraqis who were tortured and publicly killed as examples of what could happen to those who helped Americans. He said he resigned after working more than a year for U.S. forces and receiving death threats. He received special immigrant status in the United States in June.

McClatchy Newspapers correspondent Margaret Talev contributed to this report.

Military Members Make An Anti-war Plea On Capitol Hill (LAT)

By Noam N. Levey

The Los Angeles Times, January 17, 2007

President Bush's plan to send additional troops to Iraq is facing public opposition from a slice of the American population that rarely speaks out: the military rank and file.

A group of service members came to Capitol Hill on Tuesday armed with signatures from more than 1,000 military personnel who oppose the war.

"We will not be silent while thousands die," said Sgt. Liam Madden, a 22-year-old active-duty Marine and Iraq war veteran who is helping lead the effort to organize resistance to the war from inside the military.

Madden and other service members leading the campaign, which they are calling Appeal for Redress, urged Congress to stop the troop escalation and find a way to begin bringing forces home from Iraq.

When the campaign began three months ago, White House spokesman Tony Snow dismissed the first signatories as "65 people who are going to be able to get more press than the hundreds of thousands who have come back and said they're proud of their service."

The 1,000 signatories still represent a tiny fraction of the military personnel who have served in and around Iraq since the 2003 invasion.

But according to the group, those who have signed the appeal include about 100 officers. Approximately 70% of the signatories are active-duty military, while the rest are reservists or members of the National Guard, said Madden, who added that the group will not reveal the names of the signatories to protect them.

The Appeal for Redress reads simply: "As a patriotic American proud to serve the nation in uniform, I respectfully urge my political leaders in Congress to support the prompt withdrawal of all American military forces and bases from Iraq. Staying in Iraq will not work and is not worth the price. It is time for U.S. troops to come home."

Madden and other leaders of the campaign arrived on Capitol Hill as members of Congress moved closer to challenging Bush's plans to send 21,500 more troops to Baghdad and Al Anbar province.

A spokesman for Senate Majority Leader Harry Reid (D-Nev.) said senators plan to introduce a resolution opposing the plan today or Thursday, with a vote planned for next week after the president's State of the Union speech Tuesday.

House Majority Leader Steny H. Hoyer (D-Md.) said a House vote on a resolution would soon follow.

Democrats also announced Tuesday that newly elected Virginia Sen. Jim Webb, a pugnacious war critic whose son has served in Iraq, will deliver the party's response to the State of the Union.

Today, a group of anti-war members of the House, led by California Reps. Lynn Woolsey (D-Petaluma), Maxine Waters (D-Los Angeles) and Barbara Lee (D-Oakland), plan to introduce legislation outlining a detailed plan to withdraw U.S. forces from Iraq over the next six months.

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The servicemen who came to Capitol Hill were greeted Tuesday by other newly energized anti-war lawmakers, including Reps. Dennis J. Kucinich (D-Ohio) and Jim McGovern (D-Mass.).

They were also joined by the anti-war group Military Families Speak Out, which says it has more than 3,200 members.

And drawing a deliberate link to another controversial war, a group of Vietnam veterans, several in green jungle camouflage jackets, also stood up with the current soldiers outside the Cannon House Office Building across the street from the Capitol.

"The movement in the military is growing just as the movement grew in the military 30 years ago," said David Cline, president of Veterans for Peace, a group based in St. Louis that was founded more than two decades ago.

Madden and other members of the Iraq war opposition have been careful to avoid the more extreme actions of some of their anti-war forebears who openly challenged their officers in Vietnam.

But they have said they were inspired by how soldiers helped build public opposition to the war in the late 1960s and early 1970s.

"If the war is to end, there needs to be a movement from within the military that is heard from," Madden said Tuesday.

Troops Uncertain About Iraq's Future (AP)

By Lauren Frayer

AP, January 17, 2007

Their alarm clocks went off at 3:30 a.m., sending members of the U.S. Army's 10th Mountain Division reaching for their M-4 assault rifles then trudging from their tents and trailers into six-inch deep mud.

Piling into Humvees, they rumbled through verdant brush along irrigation canals south of Baghdad, which provides excellent cover for bombs. Hundreds of American soldiers have died in these mostly Sunni Muslim villages since the war began.

But nearly four years into the fighting, some soldiers say it's getting more difficult to swing their legs over the edge of the cot each morning. With America's Iraq policy in flux, some troops say they're asking themselves for the first time whether the U.S. can win the war — or what winning really means here.

"It's hard to tell what's right here anymore," said Case Dewinkel, a 23-year-old Army specialist from Madison, Wis.

The soldiers said they do their jobs and leave politics to the generals. But the debate in the U.S. over the legitimacy of the Iraq conflict has trickled down to the soldiers patrolling this dangerous area.

Dewinkel and other members of the 1st Squadron, 89th Cavalry Regiment, 2nd Brigade, 10th Mountain Division gathered one recent rainy morning in a schoolhouse south of Baghdad to set up a makeshift medical clinic for villagers.

While Iraqis lined up in a dank corridor outside, a few American soldiers leaned against desks in a ramshackle classroom, chomping candy, chatting, pacing to keep warm.

They were reticent at first to express their thoughts about the war, but finally said they felt a certain apathy and ambiguity.

"There are a lot of reasons why we're here, but they're complex. This isn't a war like they used to be, like in World War II when there was good and evil and the direction was clear," Dewinkel said, scuffling his feet on the muddy schoolhouse floor. Rain poured outside.

He pulled off his camouflaged helmet and bulletproof glasses, exposing youthful cheeks turned pink from the cold.

"It's hard to tell who the good guys are," Dewinkel said.

President Bush announced last week that he would add 21,500 more American soldiers to the 132,000 already in Iraq. The plan would cost $5.6 billion, on top of $100 billion Bush is expected to ask Congress for in February for the wars in Iraq and Afghanistan.

While soldiers back home prepare for the call to deploy, some here are asking if there was more they could have done. Others fault Iraqis for their slow progress. Some look inward, demoralized. Others dig in their heels, or urge patience.

"People have always said it's a critical juncture, but now we're really about to crest," said Maj. Web Wright, 39, an Annapolis, Md., native also assigned to the 2nd Brigade.

Wright said he worried U.S. public support for the war was waning and that U.S. troops could be withdrawn prematurely. He has worked too hard, for too long to strengthen Iraq just to walk away.

"I don't want to see what we've done go to waste," he said. "What's the solution then? If we pull the troops out, who fills that void?"

Wright said he worries that it is difficult to define what victory would mean in Iraq.

"I've spent two years here, and I want to see us win," he said. "I don't want to rush to get it over with. The problem is, what's a win here, in this a counterinsurgency fight?"

Sgt. Maj. Fred Morris found himself on a blighted Baghdad street corner at dusk, arguing with barefoot Iraqis about electricity.

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Six men, surrounded by their children in tattered clothes, pleaded with Morris for help. They had no power or water or fuel, they said, and they had given up looking for work. Militiamen had infiltrated the local police station. Even their revered sheik left town.

"Look at what I'm up against," Morris told a visiting reporter. "They've got six grown men here, each owns a weapon, and they're complaining to me."

"I'm telling them, `Look, leave your families in the protection of some of the other men in town, and take up your problems with the local Iraqi authorities. Walk down to the nearest Iraqi police station or Iraqi army outpost and tell them, not me,'" he said.

Morris, 45, is on his third tour in Iraq, including Desert Storm. He said he's grown frustrated with Iraqis, who have become increasingly demoralized and more dependent than ever on U.S. troops.

"You guys have got to start figuring this out yourself," Morris said, shaking his head as he turned to walk away.

His Humvee circled through Baghdad's Dora neighborhood, filled with signs of the capital's decline. Women draped in black shuffled in flip-flops across sidewalks littered with broken glass. Downed power lines snaked through the roadside mud, where a black market fuel seller had lined up multicolored plastic gas cans. A boy stretched out his arms and pretended to fly, leaping across mounds of garbage.

Dewinkel, the Army specialist staffing a medical clinic south of Baghdad, pondered the future of the Sunni enclave where he serves, and of Iraq as a whole.

"I don't think it'll get any better. Once we leave, I think they'll go back to killing each other," he said. "They've already started."

Blasts Kill At Least 70 In Baghdad; U.N. Reports 34,000 Iraqis Died In '06 (LAT)

By Borzou Daragahi

The Los Angeles Times, January 17, 2007

BAGHDAD , Iraq — At least 70 Iraqi college students were killed and more than 170 others were wounded Tuesday afternoon when a pair of car bombs exploded nearly simultaneously on a Shiite-dominated university campus, the latest apparent salvo in the ongoing civil war between Sunni Arab insurgents and Shiite militants.

One of the bombs blew up a minivan filled with homeward-bound students of Mustansiriya University, which has come under the sway of a militia loyal to radical Shiite cleric Muqtada Sadr. Less than a minute later, the other bomb detonated amid hundreds of students streaming out of another campus exit.

The bombs sprayed fire, shrapnel and body parts across asphalt and sent flames and plumes of smoke into the air. Uninjured students and passersby rushed the dead and dying to an already overburdened and chaotic Kindi Hospital, less than a mile away, piling the victims onto wooden carts and the flatbeds of pickup trucks.

The attacks came on an already grueling day of sectarian and political violence in the capital that left at least 64 more Iraqis dead, underscoring the findings of a United Nations report released Tuesday that said at least 34,000 Iraqi civilians died last year in acts of violence. The figure, nearly triple the number recently released by the Iraqi Health Ministry, jibes with Times estimates that about 100 people a day have perished in political violence since the bombing of a revered Shiite shrine last February.

Also on Tuesday, the U.S. military reported the deaths of four American soldiers, killed a day earlier by an improvised explosive device near the mostly Sunni Arab northern Iraqi city of Mosul.

The university attack stood out for its grisliness and cruelty even amid Baghdad's grim standards. It appeared calculated to inflict maximum civilian casualties and heartbreak.

"I heard a powerful sound and I felt myself being thrown to the ground," said Qassim Salman, a 21-year-old law student who suffered shrapnel wounds to his head and left shoulder. "A minute later another explosion happened. I passed out and I woke up to find myself in a hospital. I feel sorry, sad and afraid."

The day's violence came as the U.S. and the government of Iraqi Prime Minister Nouri Maliki stood under pressure to restore some semblance of order to Baghdad by implementing a new security plan and increasing the U.S. troop presence in the capital by 16,000 troops.

"It's like a disaster that cannot be described," said a police official at Kindi Hospital, who asked that his name not be published. The hospital, he said, was already flooded with patients from the day's previous violence and was short on bandages, doctors, gurneys, beds, medicine, blood and fuel for ambulances. Many of the victims were laid on the bloodied floor of the hospital lobby, moaning in agony.

"Most of those who are injured are about to die," he said.

As with many of the most gruesome attacks in Iraq, no group claimed responsibility.

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The report issued by the U.N. said the anonymous nature of such violence fuels random counterattacks between Shiites and Sunni militants. "The root causes of the sectarian violence lie in revenge killings and lack of accountability for past crimes as well as in the growing sense of impunity for ongoing human rights violations," the report said.

The synchronized nature of the attack suggested the handiwork of Sunni insurgents with possible links to foreign Islamic radicals, including members of Al Qaeda in Iraq, which has made coordinated attacks its signature.

The blasts followed the botched hangings Monday of two former leading officials of the Sunni-dominated regime of Saddam Hussein, former judge Awad Hamed Bandar and Barzan Ibrahim Hasan. Hasan's head came off during the execution, which came just weeks after Hussein was hanged after being taunted by Shiite guards who chanted Sadr's name as the former Iraqi president stood on the scaffold.

Mustansiriya University, which lies in a religiously mixed area between Shiite Sadr City and Sunni Adhamiya, has been the site of sectarian tensions since Hussein was toppled from power in the 2003 U.S.-led invasion of Iraq.

Many of those attending the college are Shiites from impoverished Sadr City such as Arabic literature student Mohammad Jabbar, 24, who was wounded in the blast and watched his friend Ali Abdul-Hussein and his girlfriend Zainab die.

"He dreamt about graduation," Jabbar said. "He wanted to teach students."

Iraq's entire university system has become an ideological battleground since the invasion.

The Sunni-controlled Ministry of Higher Education was targeted in a mass kidnapping by suspected Shiite militiamen last year. Mustansiriya has largely come under the influence of followers of Sadr, whose campus deputies enforce dress codes and monitor students' lives.

Some students derisively call the campus Mustansiriya Seminary because students practice Shiite religious rituals on campus and alleged Shiite militiamen patrol the school.

"They are responsible for the university's security and they have done a good job regarding that," said one female Sunni Arab student, who asked that her name not be published. "We know that many of the students are members in Mahdi army."

Others say the activities of the security officers encroach on students' personal lives and heighten sectarian tensions. They sometimes demand identification cards and ask female students to cover their heads to show Islamic modesty.

The militiamen hold demonstrations on campus in which they call out Sadr's name and have shut down the school to honor fallen Shiite martyrs.

"The university's condition is miserable," one student wrote on an online message board. "The Sunni students are always targeted, and because of that, they can't attend."

Less than two hours after the university bombings, gunmen on a motorcycle and inside a minivan opened fire on a crowded market in the Shiite neighborhood of Ur, killing 13 people and injuring 19.

Several bombs targeting police officers in various downtown locations killed 25 people and injured 98.

Insurgents struck a bus in the mostly Shiite Muslim neighborhood of Sadr City, killing two people and injuring seven, and an ambulance, killing the driver and a paramedic.

Authorities discovered the bodies of at least 25 men in mostly Sunni Arab areas of west Baghdad, all shot dead execution-style in a manner associated with Shiite death squads.

Barrages of mortars struck several neighborhoods around Baghdad, killing one person and injuring 19. Gunmen shot dead a police officer in west Baghdad.

Protecting the lives of civilians is the major aim of the Baghdad security plan being implemented by the U.S. military and Maliki's government. The U.N. report said 6,376 civilians were killed and 6,875 were wounded during the last two months of 2006, a reduction of 2% from the previous two-month period.

The report painted a harrowing picture of contemporary Iraqi life. At least 470,000 Iraqis have become refugees in their own country since the Feb. 22 bombing of the Golden Mosque in Samarra heralded the start of Iraq's civil war.

Baghdad accounted for almost 75% of all deaths during the last two months of the year, according to the report. Most victims were killed after being detained by gunmen, bound and blind-folded, tortured with electrical appliances, shot at point-blank range and dumped into ditches. Among those targeted have been university professors, lawyers, doctors, clerics, journalists and musicians, as well as members of religious and ethnic minorities, according to the report.

Often, the misery doesn't end with death.

"Victims' families are all too often reluctant to claim the bodies … for fear of reprisals," the report said.

University Attack Kills 65 In Baghdad (WT/AP)

By Steven R. Hurst

The Washington Times, January 17, 2007

DOJ_NMG_0117694

BAGHDAD -- Twin car bombs tore through a leading Baghdad university as students left classes yesterday in the deadliest attack in Iraq in nearly two months, and the United Nations reported 34,452 civilians were slain last year, nearly three times more than the government reported.

At least 65 students died, boosting the number of Iraqis killed or found dead yesterday to 142 in what appeared to be a renewed campaign of Sunni insurgent violence against Shi'ite targets.

The sharp uptick in deadly attacks coincided with the release of U.N. figures that showed an average of 94 civilians died each day in sectarian bloodshed in 2006.

The university blasts wrecked two small buses as students at Al-Mustansiriya University were lining up for the ride home at about 3:45 p.m., according to Taqi al-Moussawi, a university dean.

The attackers stationed a man wearing a suicide belt in the expected path of fleeing students to take even more lives, but he was spotted and shot by security men before he could blow himself up, the dean said.

"The only guilt of our martyred students is that they pursued education. They belong to all religions, sects and ethnic groups," said an angry Mr. al-Moussawi, himself a Shi'ite. "The terrorists want to stop education. ... Those students had nothing to do with politics."

The university's well-shaded campus occupies several square blocks in north central Baghdad, a mostly Shi'ite area. The school ranks second among institutions of higher education in Iraq. Founded in 1963, it was named after one of the oldest Islamic schools, established in the 13th century during the Abbasid dynasty that ruled the Muslim world.

Thousands attend the university, known especially for its colleges of science, literature and education.

Prime Minister Nouri al-Maliki blamed the attack on "terrorists and Saddamists" seeking revenge for Monday's hanging of two of Saddam Hussein's top aides, convicted with him for the slaying of more than 140 Shi'ite men and boys after a 1982 assassination attempt in the northern town of Dujail.

The violence yesterday against Shi'ites may signal a campaign by Sunni insurgents to shed as much blood as possible before the deployment of 21,500 more American troops.

Yesterday's death toll from the Al-Mustansiriya bombings made it the single most deadly attack against civilians in Iraq since Nov. 23, when a series of car bombs and mortar attacks by suspected al Qaeda in Iraq fighters in Baghdad's Sadr City Shi'ite slum killed at least 215 persons.

The U.N. civilian casualty count for last year was announced in Baghdad by Gianni Magazzeni, the chief of the U.N. Assistance Mission for Iraq in Baghdad. He said 34,452 civilians died -- an average of 94 a day -- and 36,685 were wounded.

The U.N. report also said that 30,842 persons were detained in the country as of Dec. 31, including 14,534 held in U.S. military-run prisons.

As bombs detonated at Al-Mustansiriya University yesterday, there were a series of other attacks on Shi'ite neighborhoods in central Baghdad.

Of the 142 Iraqis killed or found dead yesterday, 124 died in Baghdad. Police said they had been unable to complete their tally of corpses dumped in the eastern half of the city.

Bombing At Baghdad University Kills 65 (AP)

By Kim Gamel

AP, January 17, 2007

An explosion outside a Baghdad university as students were heading home for the day killed at least 65 people on Tuesday in the deadliest of several attacks on predominantly Shiite areas. The attacks — and the announcement of four U.S. military deaths — came on a day the United Nations said more than 34,000 Iraqi civilians died last year in sectarian violence.

Attacks in Baghdad — including the university explosion, blasts at a marketplace for used motorcycles and a drive-by shooting — killed more than 100 people in a spasm of violence ahead of a promised drive by the Iraqi government and U.S. forces to secure the capital.

On Monday, the Iraqi government hanged two of Saddam Hussein's henchmen in an execution that left many of the ousted leader's fellow Sunni Muslims seething after one of the accused, the ousted leader's half brother, was decapitated on the gallows.

Prime Minister Nouri al-Maliki said Tuesday's violence was the work of those seeking revenge for the executions, calling those responsible "a desperate group of terrorists and Saddamists."

The military said four U.S. soldiers with Task Force Lightning were killed Monday in the northwestern province of Ninevah, home to the city of Mosul, which has seen a recent increase in violence. The deaths raised to at least 3,026 members of the U.S. military who have died since the Iraq war started in March 2003, according to an Associated Press count.

DOJ_NMG_0117695

In Baghdad, the deadliest attacks took place in primarily Shiite neighborhoods and appeared to be the work of Sunnis, who largely make up the insurgency targeting the Iraqi government and U.S. forces.

Raad Abbas, a 26-year-old wounded in the attack at the motorcycle market that killed 13, said he went to the market because the city had been quieter over the past two weeks.

"Shortly after midday, I heard an explosion. Motorcycles were flying in the air, people were falling dead and wounded," he said from his hospital bed.

As the curious gathered to look at the aftermath of the first explosion — a bomb attached to a motorcycle — a suicide car bomber drove into the crowd and blew up his vehicle. The attack appeared to target the mainly Shiite neighborhood near the market but also was near the Sheik al-Gailani shrine, one of the holiest Sunni locations in the capital.

The bombing near Al-Mustansiriya University took place as students were boarding minivans waiting outside the building to take them home, police said. Some police said the explosion was caused by a suicide car bomber and others said two of the minivans blew up as students were boarding.

Taqi al-Moussawi, dean of the university — one of Iraq's most prestigious — told state-run al-Iraqiya TV there were two explosions. He said a suicide attacker was later discovered with the apparent aim of targeting students as they fled but the attacker's explosives belt was detonated before students got close to him. He also said the students belonged to all religions, sects and ethnic groups.

"The terrorists want to stop education. ... those students had nothing to do with politics. They only came to the university to learn," he said.

About 45 minutes after the university attack, gunmen in a minivan and on two motorcycles opened fire on an outdoor market in a mainly Shiite neighborhood in nearby section of eastern Baghdad, police said. At least 11 people were killed.

Gianni Magazzeni, the chief of the U.N. Assistance Mission for Iraq in Baghdad, said 34,452 civilians were killed — an average of 94 per day — and 36,685 were wounded last year in sectarian violence.

The Iraqi Health Ministry did not comment on the U.N. report, which was based on information released by the Iraqi government and hospitals. The government has disputed previous figures released by the U.N. as "inaccurate and exaggerated."

Iraqi government figures announced in early January put last year's civilian death toll at 12,357. Magazzeni said the U.N. figures were compiled from information obtained through the Iraqi Health Ministry, hospitals across the country and the Medico-Legal Institute in Baghdad.

According to the U.N. report women were particularly vulnerable to violence, but it said an accurate female mortality rate was difficult to obtain because female corpses are usually abandoned at the morgue because of fears the family's honor would be damaged. More than 140 of the bodies were unclaimed and buried in Najaf in November and December alone, according to the report.

Bodies of victims of sectarian violence often go unclaimed at the morgue due to security concerns or because the family cannot find them. Agreements are in place to allow unidentified remains to be buried in the Shiite holy city.

The U.N. report also said that 30,842 people were detained in the country as of Dec. 31, including 14,534 in detention facilities run by U.S.-led multinational forces.

It pointed to killings targeting police, who are seen by insurgents as collaborating with the U.S. effort in Iraq. The report said the Interior Ministry had reported on Dec. 24 that 12,000 police officers had been killed since the war started in 2003.

The report also painted a grim picture for other sectors of Iraqi society, saying the violence has disrupted education by forcing schools and universities to close as well as sending professionals fleeing from the country. At least 470,094 people throughout Iraq have been forced to leave their homes since the bombing in Samarra, according to the report.

In Monday's execution, a thickset Barzan Ibrahim plunged through the trap door and was beheaded by the jerk of the thick rope at the end of his fall, in the same execution chamber where Saddam was hanged a little over two weeks earlier.

Dozens of people, mostly schoolchildren, read Quranic verses at the graves near Tikrit, 80 miles north of Baghdad, as mourning continued for Ibrahim, Saddam's half brother and former intelligence chief, and Awad Hamed al-Bandar, head of Iraq's Revolutionary Court under Saddam.

Some 150 youths also staged a demonstration, chanting "down with the pro-Iranian government" and "glory to Barzan," and hundreds later assembled for a memorial service, but it was calmer than the day before when at least 3,000 angry Sunnis assembled for the burials in nearby Ouja.

3 Bombs Kill At Least 70 At University In Baghdad (NYT)

By Damien Cave

The New York Times, January 17, 2007

DOJ_NMG_0117696

BAGHDAD, Jan. 16 — At least 70 people were killed at a largely Shiite university in northeastern Baghdad on Tuesday when a wave of explosions tore through a crowd of students and employees leaving the main gate minutes after classes ended.

Witnesses said the lethal strike of two car bombs and a suicide bomber at Mustansiriya University left the campus littered with shattered glass, body parts, ashen books and charred metal.

As one of the most deadly attacks on Shiites since the summer, it suggested that Sunni insurgents remain unfazed, even brash, in the face of the American military's newest plan to secure the capital.

The attacks came only a day after a fresh spark for Sunni outrage: on Monday, the sudden hanging of Barzan Ibrahim al-Tikriti, Saddam Hussein's half brother, and Awad Hamad al-Bandar, Mr. Hussein's former chief judge, ended with Mr. Ibrahim's head being severed from his body by the noose.

And if the bombs at Mustansiriya — capping a day of attacks in other Shiite neighborhoods of Baghdad — amounted to a show of Sunni force, they also highlighted the divisions between the Shiite-led government and the Americans.

In all, at least 108 people were killed in the capital, an Interior Ministry official said, and 25 more were found dead, many showing signs of torture.

American officials have emphasized that such violence justifies the imminent addition of 20,000 troops to make an immediate push to pacify the country.

Prime Minister Nuri Kamal Al-Maliki, by contrast, issued a statement after the bombings blaming supporters of Iraq's "buried regime" for the violence, stressing again that Sunnis lay at the heart of the country's problems. He has repeatedly rejected American efforts to crack down on Shiite militias that attack Sunnis, and has demanded control of the effort to bring peace to the country.

His support for the American plan to add troops and stamp out violence from both sects has been tepid at best. On Tuesday, his office released a statement emphasizing that Iraq would continue to build up its armed forces "to prepare for the withdrawal of the multinational forces from the cities or the withdrawal of 50,000 American soldiers from Iraq."

Meanwhile, four American soldiers, from the First Cavalry Division, were killed Monday by a roadside bomb in Ninewa Province, northwest of Baghdad.

Sectarian vigilantes, insurgents and criminals seem to be directing Baghdad's daily life. For many Iraqis on Tuesday at least, the additional 20,000 American troops called for under President Bush's latest strategy were still understudies to the pounding drama of sectarian revenge.

Mr. Maliki announced that he had met with the Sunni speaker of Parliament, Mahmoud al-Mashadani, to address plans for national reconciliation, yet Iraqis seemed to barely notice. For much of the day, the reach of both the American military and the Iraqi government seemed to stop at the university's main gate.

Taqi al-Mussawi, president of Mustansiriya University, said it had not been the first strike at the university, one of the country's most prominent, which takes its name from a medieval college of Sunni Islam.

All over Iraq, academics have been a magnet for bombings, kidnappings and assassinations for more than a year, in what appears to be a concerted effort to drive out the middle class, the secular and the educated.

But Mr. Mussawi and other witnesses said Tuesday's violence seemed to be an escalation of the campaign. The force of the car bombs in particular shattered glass in the university's academic headquarters 100 yards away, and turned windows, desks and supplies into shrapnel.

Mariam Hussein, 20, a literature student, said she had barely escaped injury while standing near the front gate in the crowd. The first blast seemed to come from a minibus a few steps away, she said; the second from near a restaurant down the block.

"I saw remains of human flesh," she said. "It was horrifying. Flesh and blood were everywhere. People started to run, and there was a state of chaos. Some people fell on the ground and got trampled by others."

The death toll from the blasts seemed to have been Baghdad's largest from a single coordinated attack since this summer, when a series of explosions killed dozens in Sadr City, the capital's largest Shiite enclave.

Mr. Mussawi said it could have been worse: the suicide bomber detonated his load only after guards discovered his intent and shot him. He said the guards were able to warn people away from the bomber before he could kill anyone else, though two were wounded.

At least 169 people were wounded from the three blasts, according to an Interior Ministry official.

For some, the consequences arrived slowly. Ali Kamal, 25, survived intact, with only shards of glass strewn through the photography store nearby where he worked. He said he had run outside and watched, shocked.

"Later I heard that two of my relatives who own a small shop near the university to sell soft drinks and cigarettes were taken to the hospital," he said. "One of them died, and the other is in a coma. I still can't believe what happened."

DOJ_NMG_0117697

Elsewhere in Baghdad, a car bomb killed six people in Sadr City, an Interior Ministry official said. Twelve others were killed in a Shiite area near downtown when gunmen opened fire.

Two policemen and two civilians in the Shiite area of Karada in central Baghdad also died when a roadside bomb exploded after the police had set out to defuse it.

They had already knocked out one bomb when they discovered the second.

The familiar mix of shock, disgust and sadness could be found wherever the violence appeared. On Kifah Street, in a mixed Sunni and Shiite neighborhood, two bombs exploded in quick succession near a market for motorcycle parts and car stereos, killing at least 15 people.

“I lost my uncle,” one man shouted. “I lost my brother,” said another.

As a group gathered at the site, a convoy of American Humvees drove past. An old man spit on them, shouting, “You are the ones who brought to us all this disaster.”

Bombings Kill 60 At University In Baghdad (WP)

By Joshua Partlow

The Washington Post, January 17, 2007

BAGHDAD, Jan. 16 -- The coordinated detonation of two bombs during the after-school rush at a Baghdad university killed at least 60 people Tuesday and wounded more than 140 in what university officials described as one of the deadliest attacks on academia since the 2003 U.S.-led invasion.

The spate of killings, which also included a bombing outside a Sunni Muslim shrine in a predominantly Shiite neighborhood of central Baghdad, made plain the difficulties facing U.S. and Iraqi troops poised for their latest effort to tamp down rampant violence in the capital. It coincided with a report from the United Nations that said 34,452 Iraqi civilians died violently last year -- an average of 94 per day -- an estimate nearly triple the death toll provided by three Iraqi government ministries.

Gianni Magazzeni, chief of the U.N. Assistance Mission for Iraq, said the killings were driven by strife between Sunni and Shiite militants. "Without significant progress in the rule of law, sectarian violence will continue indefinitely and eventually spiral out of control," he said.

News agencies reported that at least 30 other people died violently in Iraq on Tuesday, bringing the day's total to about 100.

At Mustansiriya University, sophomore Dyana Ayad had finished her Arabic elocution test, then walked through the college gardens, turned right toward a pedestrian overpass and joined the crowd of students waiting for buses. The pressure filled her ears a split second before she heard the sound of a bomb.

"I saw unbelievable things," the 20-year-old recalled Tuesday night. "There were tiny pieces of papers, burned papers everywhere. And dark smoke, white smoke. . . . I saw arms, legs, body parts flying in the air. The sky was raining burning paper and body parts."

Firefighters and police sped to the scene of the wreckage, near Palestine Street in eastern Baghdad, doused the flaming cars and buses, and ferried bloodied students to hospitals throughout the city. Students ran in panic to find their friends, witnesses said, picking through what one student called "pieces of meat."

The university's assistant president, Fadhil al-Amri, found a human head on the ground outside his office, next to a severed hand.

"No matter what I say to you, it is nothing like what happened. It is terrible," Amri said. "The terrorists are walking the streets in larger numbers than the policemen or the soldiers in the army. They can't do anything. There is no safety in this country."

About 24,000 students attend state-run Mustansiriya University's three colleges, in a middle-class Sunni Arab and Shiite Muslim neighborhood. University officials said there was no obvious sectarian motive behind the attack. Iraqi Prime Minister Nouri al-Maliki blamed the bombings on supporters of deposed president Saddam Hussein. On Monday, two of Hussein's co-defendants were hanged for crimes against humanity; Hussein was executed Dec. 30.

"The followers of the ousted regime have been dealt a blow and their dreams buried forever," Maliki said in a statement. "So Saddamists and terrorists now target the world of knowledge and committed this act today against the innocent students of Mustansiriya University."Insurgent Threats

In early December, the insurgent group Ansar al-Sunna distributed statements at mosques in western Baghdad, and on Web sites, calling on students and professors to cancel classes in preparation for a purge of Shiite militias from campuses. A Dec. 3 statement named Mustansiriya University as one of the schools that should be closed.

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Following a mass kidnapping at a government educational agency in November, Maliki issued a statement Dec. 5 calling on students and teachers to "not pay attention to those desperate attempts" and said students "who will not attend lectures will be dismissed."

According to the Iraqi Ministry of Higher Education, at least 155 education professionals have been killed since 2003 in a climate of growing Islamic extremism.

President Bush is sending an additional 21,500 troops to Iraq, and the majority will deploy to a capital city ever more entrenched in sectarian enclaves, guarded by homespun militias. Defense Ministry spokesman Mohammed al-Askari said in a televised interview that the insurgents were expending their surplus bombs in anticipation of the security crackdown.

The U.S. military said Tuesday that four U.S. soldiers were killed Monday in Nineveh province in northern Iraq. The soldiers were members of Task Force Lightning assigned to the 4th Brigade, 1st Cavalry Division. The military did not release the soldiers' names or other information about the circumstances of their deaths.Varying Death Counts

In the last two months of 2006, 6,376 civilians were killed in Iraq, three-quarters of them in Baghdad, the U.N. report said. While the figure represents a slight decrease from the previous two-month period, the "extra-judicial executions, rampant and indiscriminate killings of civilians went virtually unchecked during the months of November and December," the report said.

Death tolls in Iraq are controversial because they vary so widely and because there is no uniform, transparent system of tabulating killings throughout the country. The 2006 civilian death toll of 34,452 provided by the United Nations -- drawn from the Health Ministry, hospital reports and the Medico-Legal Institute in Baghdad -- exceeded figures released by the Iraqi government.

Iraq's ministries of defense, health and interior said in early January that there were 12,357 violent civilian deaths last year. An Interior Ministry spokesman, Abdul Kareem al-Kinani, said Tuesday that the U.N. figures were "incorrect, unsuccessful and very exaggerated."Mayhem at Campus

Just before the 4 p.m. bombing at Mustansiriya, sophomore Zainab Rashid, 20, stood near the campus waiting for a bus and was coping with a pounding headache, she said later. She heard an explosion and saw a mushroom of smoke rise into the air. At one point in the chaos that followed, her friend started screaming and suddenly backed up.

"When I looked down I saw a man's head between her legs on the ground," Rashid said.

As police cordoned off the neighborhood, students and faculty members began loading wounded people into cars to take them to hospitals. Several male students were leading Rashid and her friends away from the bombing site when the second explosion occurred.

"They said, 'Don't stop, keep going, keep going,' and pushed us away," she said. "We were asking, 'Are our friends okay?' They said, 'Don't ask.' "

Many of the injured were taken to Kindi Hospital, the major hospital for eastern Baghdad. A piece of notebook paper taped to a wall of the emergency room listed 69 names under the heading "the university wounded." At the entrance to the ward, a hospital employee pushed a mop through blood and mud, soap and water.

In one corridor, a woman dressed in black stood alone sobbing into her cellphone. She said her son was bleeding all over his body, and when doctors gave him more blood he bled that out, too.

Three seniors from the chemistry department, whose friend died in the bombings, stood near the entrance to the emergency room. A cellphone rang. One of the students spoke into the phone: "Is it true?" He knelt down by a desk, put his head between his arms and started to cry.

When Rashid made it home, she said, she found her mother slumped on the pavement outside. At the sight of Rashid, her mother pushed herself up and ran to her. "She held me tight, kissed me, and kept kissing and kissing me in a hysterical way," Rashid said.

Her mother pushed Rashid out to arm's length, studied her face and looked her up and down as if she doubted her presence.

"You will never leave the house again," her mother said, Rashid recalled. "You will never go to the university. That's it. We will never stay in Iraq."

Special correspondents Saad al-Izzi, Naseer Nouri and Waleed Saffar contributed to this report.

Iraqi Death Toll Exceeded 34,000 In '06, U.N. Says (NYT)

By Sabrina Tavernise

The New York Times, January 17, 2007

BAGHDAD, Jan. 16 — The United Nations reported Tuesday that more than 34,000 Iraqis were killed in violence last year, a figure that represents the first comprehensive annual count of civilian deaths and a vivid measure of the failure of the Iraqi government and American military to provide security.

DOJ_NMG_0117699

The report was the first attempt at hand-counting individual deaths for an entire year. It was compiled using reports from morgues, hospitals and municipal authorities across Iraq, and was nearly three times higher than an estimate for 2006 compiled from Iraqi ministry tallies by The Associated Press earlier this month.

Numbers of civilian deaths have become the central indicator for the trajectory of the war, and are extremely delicate for both Iraqi and American officials. Both follow the tallies, but neither will release them.

An Iraqi government spokesman called the count exaggerated, and said that it had been obtained using "incorrect sources." Though the government closely tracks deaths through the Interior and Health Ministries, he said it did not have a system in place for compiling a comprehensive figure.

Despite the criticism from the Iraqi government, the United Nations said it used only official sources, most of which relied on counts of death certificates. A vast majority of Iraqi deaths are registered, at least to local authorities, so that Iraqis can prove inheritance and receive government compensation. Some deaths still go unreported, however, and the United Nations tally may in fact be lower than the true number of deaths nationwide.

As death tolls have risen, the lack of security has become the single most important barrier to success of the American enterprise here. The numbers of dead, at least at the Baghdad morgue, are running at double their number in 2005.

Underscoring the challenge, even as the United Nations released its figure — 34,452 deaths, a number that does not yet include the December totals from all provinces — at least 70 more Iraqis were killed on Tuesday when a series of bomb blasts struck a largely Shiite university in northeast Baghdad.

After almost four years of war, in which Americans have focused largely on fighting an elusive enemy — Sunni militants and, more recently, Shiite death squads — military commanders say keeping Iraqis alive has now moved to the center of the new strategy proposed by President Bush.

For many Iraqis, the pledge comes too late. The numbers reported by the United Nations were more than tenfold the number of American deaths for the entire war. As previous attempts to secure Baghdad have failed, tens of thousands of middle-class Iraqis have given up and fled the country. Those who remain are becoming increasingly radicalized as the violence draws them into a cycle of revenge.

The United Nations report said an average of 94 Iraqis died every day in 2006, with about half the deaths occurring in the capital. A majority died from gunshot wounds, in execution-style killings that are a common method for death squads, both Sunni and Shiite. The report registered the most lethal month as October, with deaths declining slightly in November and December.

Violence between Sunnis and Shiites, virtually unheard of in the early years of the war, has become the main driver of the tallies.

Military commanders have acknowledged that they underestimated the seriousness of the sectarian killings, which took off after the bombing of a Shiite shrine in Samarra last year drew Shiites into the war. Before that, Sunni militants did most of the killing. Now, the capital is mired in violence, as the two groups fight bitterly over territory.

In the shootings, bodies surface days later in sewers and garbage dumps. The report said that most unidentified bodies were found in six neighborhoods of Baghdad, three Sunni — Dora, Rashidiya and Adhamiya — and three Shiite — Sadr City, New Baghdad and the hardscrabble slum of Shuala.

"It's important to identify the root cause of the violence," said Gianni Magazzeni, chief of the United Nations Assistance Mission to Iraq's Human Rights Office, which compiled the report. "Lack of accountability for crimes generates the urge for justice through armed groups."

One result, described by the report, is a society in collapse. At least 470,094 Iraqis have fled their homes since February. The number of displaced Iraqis was the highest in the embattled Sunni province of Anbar, where 10,105 families fled, followed by Karbala in the south, Baghdad, and Dohuk in the north.

Iraqi government forces also suffered painful losses. The report cited an Interior Ministry figure of 12,000 Iraqi security forces killed, both the Army and the police, since 2003.

The general breakdown in order has led to a wave of crime, and many of the killings were part of that.

"This law and order vacuum has an encouraging effect on criminal groups of various affiliations, many of whom use the Internet, mobile phone messaging systems, videos and pamphlets to promote their criminal activities," the report said.

The Iraqis most tormented by the violence are those least able to protect themselves against it: the poor. Um Qasim, a Baghdad cleaning lady, has lost three brothers, a sister-in-law, a nephew, a stepson and a son, all in the past three years. Two of her other sons are in jail in the northern city of Mosul for playing minor roles in a kidnapping arranged by her brother.

Her life improved in a brief but joyous spurt immediately after the invasion. During the looting that followed, her family stole pieces of metal and bricks to build a solid roof and second story on their modest house.

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But her life quickly unraveled as two of her sons, looking for money, got involved in a kidnapping and got caught. Another son, just 16 years old, was killed by Sunni extremists not far from their house near Haifa Street, a poor, mostly Sunni area that has been the scene of intense fighting in recent weeks.

Ms. Qasim works several jobs cleaning affluent homes; she takes minivans around the city to get to work. Under Saddam Hussein, her main worry was how to feed her family. Now it is how to keep them alive.

“I never thought that one day I would have to think about how to keep them alive,” she said. “Now, when I go out of my house in the morning, I pray to God that when I return, I will see all of them there alive.”

The violence has expanded to the point of leaving hospitals and morgues overflowing with bodies. The report described the discovery of several recent mass graves. In the southern city of Najaf, one grave was shallow, with bodies partly visible, and local people asked authorities to dig it up to protect children in the area. In Baquba, north of Baghdad, 28 bodies were found of members of the Shimari tribe, who had been kidnapped and killed.

In Baghdad, where dozens of broken bodies turn up daily, the most feared site is on the edge of Sadr City, the largest Shiite enclave in northeastern Baghdad. Bodies are dumped in pre-prepared holes in the area, called al-Sadda, the report said.

“The area is considered very dangerous and controlled by the militias,” it said. “No one, including Iraqi security forces, can visit the area without authorization of the militias.”

The report also provided details on the outcomes of a number of mass kidnappings that tormented Iraqis throughout the fall. The attacks seem to be a signature of Shiite militias.

Around 70 Iraqis, almost all Sunnis, are still missing after being kidnapped in November from the Ministry of Higher Education in downtown Baghdad. The attack took place on a day when teachers from the Sunni areas of Anbar, Salahuddin and Mosul were visiting.

The kidnappings have completely redrawn the composition of neighborhoods. Sinek, a wholesale market in the heart of Baghdad, once thoroughly mixed, is slowly emptying of Sunnis. Men in uniforms seized around 50 merchants on Dec. 2. About 29 were later released. All were Shiite.

Arab Group Signals Iran To Avoid Meddling In Iraq (WP)

By Glenn Kessler

The Washington Post, January 17, 2007

KUWAIT CITY, Jan. 16 -- A group of eight Arab nations on Tuesday joined the United States in issuing a veiled warning to Iran against interfering in Iraq's affairs but offered only tepid support for President Bush's new plan for stabilizing Iraq.

The statement was written in diplomatic jargon and did not mention Iran by name or even cite concerns about Iran's nuclear program. It warned against "destabilization" of the Persian Gulf, expressed support for the "principle of noninterference" and said it did not want Iraq to become "a battleground for regional and international powers," code for Iran and the United States.

The statement welcomed Bush's speech as expressing "a commitment by the United States" to saving Iraq, but made no mention of Bush's proposed troop buildup.

"Nine foreign ministers are meeting in Kuwait precisely to prevent Iraq from slipping into civil war," said Kuwait's foreign minister, Mohammed al-Sabah, at a news conference with Secretary of State Condoleezza Rice. The statement was also joined by five other Gulf Arab states -- Saudi Arabia, Qatar, Bahrain, Oman and the United Arab Emirates -- and Egypt and Jordan.

The meeting came as the United States deployed a second aircraft carrier in the Persian Gulf region for the first time since the 2003 U.S.-led invasion of Iraq. Rice is touring the Middle East to win support for Bush's plan and bolster what she calls a "mainstream" alliance of Arab states opposed to violent extremists such as Iran, Syria, Hezbollah and Hamas.

Since September, Rice has prodded the eight nations, America's closest friends in the Middle East apart from Israel, to create an informal group to discuss regional issues. Arab officials have said privately they are reluctant participants in the meetings, in part because they are wary of being perceived as an anti-Iran alliance. The meeting Tuesday, in a vast palace here, was the fourth such gathering and the first to result in a joint statement.

In contrast to the statement, Sabah offered a relatively firm endorsement of the Bush plan. "We expressed our desire to see the president's plan to reinforce the American military presence in Baghdad as a vehicle and a venue to stabilize Baghdad," he said. He also acknowledged the joint statement was aimed at Iran.

But earlier, when Rice visited Riyadh, Saudi Foreign Minister Saud al-Faisal offered only lukewarm support for the Bush plan, saying it was up to the Iraqi government to demonstrate that it could end sectarian violence and unite the fractured nation. "Other countries can help," Saud said, "but the main responsibility in taking decisions rests on the Iraqis."

Saud, speaking after Rice had evening and morning meetings with King Abdullah and other Saudi officials, declined to comment on the specifics of Bush's plan, which calls for an increase of 21,500 troops, in part to help secure Baghdad.

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"The details of how to implement those objectives, I don't think we can cover in one night of discussions," Saud said.

Rice told reporters traveling with her that she has received support for Bush's plan but acknowledged the skittishness in the predominately Sunni Arab states of the Gulf.

"There are concerns about whether the Maliki government is prepared to take an even-handed, nonsectarian path here. There is no doubt about that," Rice said, referring to the Shiite-led administration of Prime Minister Nouri al-Maliki. "After all the years of deep grievance in the region, within Iraq, it's not surprising that that's the case. But everyone wants to give this a chance. That's the position of people in the region."

Saud, at a news conference with Rice, described the situation in Iraq as a "morass," which he said "serves no one. It serves no neighboring country, no regional power and no international power."

He added that Iraq "is an old historic country with a civilization that goes back thousands of years. I cannot for the life of me conceive that a country like that would commit suicide."

Saudi Arabia, a majority Sunni country with a history of rivalry with Iran, has been alarmed at the dominance of the Shiites in the Iraqi government and the rising influence of Iran in the region.

The day before Rice arrived here, Ali Larijani, Iran's top national security official, visited Riyadh for talks with the king.

"We, Saudis and other neighboring countries can help the Iraqi people to take the lead to consolidate their government's capability to stabilize and maintain security in their country," Iranian President Mahmoud Ahmadinejad said in an interview taped Saturday, the Associated Press reported. "I sent a message to King Abdullah in this regard and the answer, generally, was positive," Ahmadinejad said.

Saudi news reports suggested that the message requested mediation in the growing battle of nerves between the United States and Iran. Iran denied the report, and Rice and Saud both said there was "no need" for mediation.

Arab Support Vague For U.S. Iraq Plan (AP)

By Anne Gearan

AP, January 17, 2007

The carefully worded encouragement that Arab allies are offering for President Bush's new Iraq strategy belies deep suspicion among the United States' few real friends in the region that Iraq may already be a lost cause.

Secretary of State Condoleezza Rice has made sales calls the past several days in Jordan, Egypt, Saudi Arabia and Kuwait, presenting the U.S. plan and prospecting for tangible help from Iraq's neighbors. What she collected instead were polite versions of a blunt message: Good luck with that.

Eight Arab foreign ministers joined Rice in a vague statement Tuesday that welcomed a U.S. commitment to defend "the territorial 110 and guarantees the stability of the country."

The host, Kuwaiti Foreign Minister Sheik Mohammed Al Sabah, was plain about the stakes. Asked if it was already too late to stop the rising cycle of Sunni-Shiite killings in Iraq, he had a succinct reply.

"Nine foreign ministers are meeting in Kuwait today to try to prevent Iraq from sliding into a civil war," al-Sabah said. "I think that speaks volumes."

The group met on the same day that the United Nations said more than 34,000 Iraqi civilians died last year in sectarian violence. An explosion outside a Baghdad university as students were heading home for the day killed at least 65 people in the deadliest of several attacks on predominantly Shiite areas.

At Rice's earlier stops, key Sunni Arab allies endorsed the goals of Bush's plan, and expressed hopes that it will work. Almost in the same breath, however, many suggested that the Shiite-led government in Baghdad cannot or will not follow through.

Saudi Arabian Foreign Minister Saud al-Faisal was perhaps the most upbeat, but his doubts were obvious.

"We agree with the full objectives set by the new plan, the strategy," Saud said earlier Tuesday, following a briefing session with Rice. "This has objectives that ... if it were applied, it will solve the problems facing Iraq."

So far so good for Rice, but Saud wasn't finished. He went on to pin success squarely on the Iraq government, saying there is only so much that any outsider can do. He implied that others cannot help the Iraqis if they will not help themselves.

"We cannot be Iraqis more than Iraqis," Saud said. "Other countries can help, but the burden, the whole burden and taking a decision will be the Iraqis'."

Many in the Sunni Arab world profoundly distrust Iraqi Prime Minister Nouri al-Maliki's government, believing it is serving the interests of Shiite Iran and has no intention of giving Iraq's minority Sunnis much stake in the oil-rich nation's future.

Rice knew that going in, and acknowledged it in a session with reporters traveling with her in Kuwait on Tuesday.

"There are concerns about whether the Maliki government is prepared to take an evenhanded, nonsectarian path here," Rice said. "There's no doubt about that."

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Bush's plan depends heavily on al-Maliki to use Iraqi troops to crack down on militants from both sides and meet a series of benchmarks to promote reconciliation between Sunnis and Shiites.

The Bush strategy has met with strong skepticism across the Mideast, where many have predicted that even with more soldiers, America will fail to break the cycle of violence.

Rice's trip began with an emphasis on rejuvenating the Israeli-Palestinian peace process, which the Arab powerbrokers have long urged the United States to do. But the move was widely portrayed in the Arab press as simply an attempt to change the subject.

"The Americans are trying to get out of the Baghdad bottleneck and they are looking for agent players in managing their conflict with Tehran to make their new strategy in Iraq successful," the Saudi newspaper Al Jazirah said Monday.

Ahead of Rice's visit, there were deep doubts across the region that U.S. troops, or the Shiite-led government, would tackle Shiite militias that many in the Sunni-dominated Arab world see as the chief threat to Iraq.

Al-Maliki has resisted U.S. pressure in the past to move against militias, but before Bush rolled out his plan al-Maliki pledged to crack down on political ally Muqtada al-Sadr's Mahdi Army.

Egypt, Saudi Arabia, and Jordan are openly concerned about the growing Shiite Muslim influence, stretching from Iran through Iraq, Syria and Lebanon. The fear is that the hardline Tehran government will dominate the Mideast and give rise to more extremism, jeopardizing a Mideast settlement and threatening those nations.

Rice has tried to use fear of Iran as a lever to draw support for the U.S. plan in Iraq, with some success.

The nine-way statement issued Tuesday contained a coded reference to Iran, which was not part of the group's discussions.

"Relations among all countries should be based on mutual respect for the sovereignty and territorial integrity of all states and on the principle of noninterference in the internal affairs of other nations," the group's statement said.

Gulf Allies Support Goals Of New U.S. Strategy In Iraq (NYT)

By Thom Shanker

The New York Times, January 17, 2007

KUWAIT, Jan. 16 — America's Persian Gulf allies on Tuesday endorsed the goals of President Bush's new Iraq strategy. But even one of Washington's staunchest partners in the region, Saudi Arabia, indicated deep concerns about whether the Shiite-led government in Baghdad had the capacity and will to halt sectarian violence and protect Sunni Arabs.

The six foreign ministers of the Gulf Cooperation Council, along with those of Egypt and Jordan and Secretary of State Condoleezza Rice, issued a statement that "welcomed the commitment" of the United States to stabilizing Iraq, but made no commitments to help stabilize or rebuild the country.

The Bush administration's blunt warnings to Iran in recent days echoed throughout the session, and the official communiqué broadly criticized any nation that interfered in the internal affairs of Iraq — a clear reference to Iran, although the official document never mentioned it by name.

Kuwait was the final stop of a diplomatic swing by Ms. Rice across the Middle East to explain the president's new military, diplomatic and economic initiatives for Iraq, and to build support among the region's Arab states, most of which have majority Sunni populations. The meeting in Kuwait was held 16 years to the day after a United States-led coalition began an offensive to drive the Iraqi Army out of Kuwait.

But it was the threat of rising sectarian violence following a second American-led invasion that was the topic of Tuesday's meeting.

"Nine foreign ministers are meeting in Kuwait today to precisely prevent Iraq from sliding into civil war, and that speaks volumes," said Sheik Muhammad al-Sabah al-Salim al-Sabah, the foreign minister of Kuwait.

"The participants welcomed the commitment by the United States as stated in President Bush's recent speech to defend the security of the gulf, the territorial integrity of Iraq and to ensure a successful, fair and inclusive political process that engages all Iraqi communities and guarantees the stability of the country," said the communiqué, in language that the Bush administration could cite to prove broad regional support for its initiatives.

But earlier on Tuesday, Prince Saud al-Faisal, the foreign minister of Saudi Arabia, issued a more guarded and carefully worded endorsement of the new Bush strategy.

"We agree fully with the goals set by the new strategy, which in our view are the goals that — if implemented — would solve the problems that face Iraq," he said.

Prince Saud said he could not comment on specifics of the plan, which Bush administration officials acknowledge relies heavily on the actions of Prime Minister Nuri Kamal al-Maliki of Iraq, a Shiite political leader who has shown a reluctance to crack

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down on violent Shiite militias. Yet he also declined to be drawn into a discussion of possible Saudi action to protect Sunni Arabs in Iraq in the event of a full-blown sectarian civil war.

"Why speculate on such dire consequences?" he said, urging unity among Iraq's Shiites, Sunnis, Turkmen and Kurds. "Why not speculate on the positive side? I cannot for the life of me concede that a country like that would commit suicide given the good will and the desire of all to help in this."

Ms. Rice acknowledged the legitimacy of those worries within powerful Sunni-majority states, where the Baghdad government has remained either unwilling or unable to stop Shiite death squads from murdering Sunnis, in what appeared to be a campaign of ethnic killings.

"There are concerns about whether the Maliki government is prepared to take an evenhanded, nonsectarian path," Ms. Rice said. "After all the years of deep grievance in the region, within Iraq, it's not surprising that that's the case."

But Ms. Rice stressed that each of the Middle Eastern leaders with whom she has met "wants to give this a chance," adding, "That's the position of people in the region, and there is, in fact, a burden on the Iraqi government to perform."

The communiqué contained no specific reference to Mr. Bush's order for adding more than 20,000 troops to the Iraq mission. But Sheik Muhammad, the Kuwaiti foreign minister, said, "We expressed our desire to see the president's plan to reinforce the American military presence in Baghdad as a vehicle and a venue to stabilize Baghdad and to prevent Iraq from sliding into ugly war, the civil war."

The statement never challenged the Maliki government directly, but it used standard diplomatic code to make the point: it called for disarming militias and ending sectarian violence. "The ministers expressed the hope that the Iraqi government will actively engage all components of the Iraqi people in a real political process and act in a manner that ensures inclusiveness and paves the way for the success of national reconciliation," it said.

Asked about regional worries over Iran, Sheik Muhammad said the other ministers had agreed to a "call for all countries to refrain from interfering in Iraqi internal affairs." He added, "This is something that we are all concerned about."

Arab States Raise Doubts About Al-Maliki (WT)

By Nicholas Kralev

The Washington Times, January 17, 2007

KUWAIT CITY -- Arab governments are skeptical about the ability of Iraqi Prime Minister Nouri al-Maliki to improve the security situation in his country, Secretary of State Condoleezza Rice said yesterday after a series of meetings with leaders in the Middle East.

Arab officials support the goals of President Bush's new Iraq policy -- quelling the violence and stabilizing the country -- but are not prepared to fully back the proposal because of its reliance on Mr. al-Maliki's performance, she said.

"There is skepticism about whether or not the Iraqi government is going to do the things it has said it's going to do," Miss Rice told a group of reporters in Kuwait, the last stop on her tour in the region.

Miss Rice has met principally with Sunni leaders in Saudi Arabia, Egypt and the Persian Gulf, most of whom share concern about the rising power of Mr. al-Maliki and his fellow Shi'ite leaders in Iran and southern Lebanon.

"There are concerns about whether the Maliki government is prepared to take an evenhanded, nonsectarian path. There is no doubt about that," Miss Rice said.

"But not because this isn't a group of people who want very desperately to get it done [or] because they are people who don't understand the responsibilities, but [because] this is very hard."

Mr. Bush said yesterday that the chaotic execution of former Iraqi dictator Saddam Hussein looked like "kind of a revenge killing" and showed that the al-Maliki government "has still got some maturation to do."

"I was disappointed and felt like they fumbled -- particularly the Saddam Hussein execution," Mr. Bush said in an interview with PBS' Jim Lehrer.

At least 65 students and staff were killed and more than 100 injured in a car bombing outside Baghdad's Mustansiriyah University yesterday.

Also, the United Nations released a report estimating that 34,000 Iraqi civilians died in violence last year.

Miss Rice, who came to the region to seek support for Mr. Bush's new plan to add 21,500 U.S. troops in Iraq, met in Kuwait with eight Arab foreign ministers.

In a joint statement, the six Gulf Cooperation Council (GCC) states -- Kuwait, Qatar, Saudi Arabia, the United Arab Emirates, Bahrain and Oman -- joined Egypt, Jordan and the United States in pledging to help Iraq find a way out of its crisis.

"Nine foreign ministers are meeting in Kuwait today precisely to prevent Iraq from sliding into civil war," Kuwaiti Foreign Minister Sheik Mohammed al-Sabah said at a press conference with Miss Rice.

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In Riyadh earlier yesterday, Saudi Foreign Minister Saud al-Faisal pointedly refused to back Mr. Bush's plan, offering support only for its objectives.

"We agree fully with the goals set by the new strategy, which in our view are the goals that if implemented would solve the problems that face Iraq," he said. "I cannot, for the life of me, conceive that a country like that would commit suicide."

In Egypt on Monday, Foreign Minister Ahmed Aboul Gheit was more generous in his backing, although he expressed hope, rather than confidence, that the new strategy will succeed.

"We are supportive of that plan because we are hopeful that [it would] ensure the stability, unity and cohesion of the Iraqi government," Mr. Gheit said.

"We are hopeful that the plan would lead toward the dismantlement of whatever terror organizations, as well as the military militias, that are tormenting the Iraqi scene."

Prince al-Faisal declined to say what Saudi Arabia might do if Mr. Bush's plan does not work. But Saudi officials have suggested that they might help Iraq's Sunnis defend themselves against Shi'ite militias.

Miss Rice warned yesterday that foreign involvement in Iraq's infighting, no matter where it comes from, would be "disastrous." The GCC statement also contained a warning to Iran without naming it.

"The participants expressed their collective desire to prevent Iraq from becoming a battleground for regional and international powers," it said.

Rice Lobbies Arabs For Backing In Iraq (AP)

By Anne Gearan

AP, January 17, 2007

Secretary of State Condoleezza Rice's appeal for Arab allies to help support the fragile government in Iraq drew only a tepid endorsement Tuesday from the administration's strongest ally in the region.

Saudi Foreign Minister Saud al-Faisal said Saudis hope President Bush's plans to turn around the situation in Iraq is successful, but was plainly skeptical that the Iraqi government is up to the task of doing its part.

"We are hoping these objectives will be implemented, but the means are not in our hands," he said. "They are in the hands of the Iraqis themselves."

Al-Faisal spoke at length about the centuries old civilization in Iraq where Sunni and Shiite Muslims have been living together for years, but are now threatened by sectarian violence that has killed thousands.

"I cannot for the life of me conceive that a country like that would commit suicide," said al-Faisal, adding that he prefers not to speculate about he called the "dire consequences" of a Sunni-Shia civil war.

Rice is nearing the end of her tour of Arab allies meant to draw support for Bush's blueprint, which relies heavily on the Iraq government's will and ability to curb sectarian violence and rally confidence among disaffected Sunni Arabs.

Rice traveled to Kuwait later Tuesday, where she was meeting with diplomats from Persian Gulf countries.

"I've briefed the president's plan on Iraq at all the different stops," Rice told reporters traveling with her. "There is, I think, very good support for the American commitment there, very good support for the objectives the president wants to achieve."

Rice acknowledged the doubts, however.

"Everyone says exactly the same thing, which we are all saying too, that it requires now that everybody fulfills the obligations of the plan, particularly that the Iraqis have to carry through on their obligations."

Bush's strategy to send thousands more troops to Iraq met with skepticism across the Mideast before Rice arrived, with diplomats and editorialists predicting that even with more soldiers, America would fail to break the cycle of violence.

There were deep doubts that U.S. troops, or the Shiite-led Iraqi government, would tackle what many in the Sunni-dominated Arab world see as the chief threat to Iraq: Shiite militias, blamed for fueling the cycle of sectarian slayings.

Iraqi Prime Minister Nouri Al-Maliki has resisted U.S. pressure in the past to move against militias, but last week he pledged to crack down on political ally Muqtada al-Sadr's Mahdi Army.

Many in the Arab world profoundly distrust al-Maliki's government, believing it is serving Iran's interests at the expense of Sunnis. Bush's plan depends heavily on al-Maliki to use Iraqi troops to crack down on militants from both sides and meet a series of benchmarks to promote reconciliation between Sunnis and Shiites.

In Saudi Arabia, Rice thanked her hosts for their past help in urging national reconciliation in Iraq, but did not press specific new requests for the predominantly Sunni kingdom's help.

Although a distinct minority, Sunnis had dominated the government in Iraq until the U.S.-led ouster of Saddam Hussein left Shias in control.

Rice, who has said debt relief would be a good way for Saudi Arabia to help its neighbor, sounded more optimistic than al-Faisal about the will of the Iraqi government.

"As the president has said, Iraqis have to decide what kind of country they will be," Rice said, alluding to Bush's assertion that the ultimate future of Iraq is in the hands of Iraqis.

Rice and al-Faisal commented after a morning meeting that followed a Monday evening dinner for Rice hosted by Saudi King Abdullah.

"We share risk and we share responsibility, because this is an area of the world which will very much be affected by how Iraq turns out," Rice said during a news conference Monday in Egypt.

Egyptian Foreign Minister Ahmed Aboul Gheit, a frequent critic, was ready to give Bush's plan the benefit of the doubt.

"We are supportive of that plan because we are hopeful that that plan would lead to ensure the stability, the unity and the cohesion of the Iraqi government," he said Monday.

Troop Increase Gains Support Of 8 Arab States (USAT)

By Barbara Slavin

USA Today, January 17, 2007

KUWAIT CITY — Eight Arab countries voiced support Tuesday for President Bush's new strategy of boosting U.S. troop strength in Iraq as part of an effort to secure Baghdad and provide an opportunity for the fragile Iraqi government to establish legitimacy.

Secretary of State Condoleezza Rice acknowledged, however, that Sunni Arab leaders in the region worry that the Shiite-dominated government of Prime Minister Nouri al-Maliki will not deliver on its promises to treat Sunnis fairly and stop the spiraling violence in Baghdad.

"There are concerns about whether the Maliki government is prepared to take an evenhanded, non-sectarian path," Rice told reporters accompanying her on a quick tour of the Middle East.

Rice met here with foreign ministers from six Arab Gulf countries — Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates — plus Jordan and Egypt. They issued a statement supporting the Bush plan.

That plan would increase the number of troops in Iraq by more than 20,000. Most of the troops would be added in Baghdad, the rest in Anbar province, a hotbed of the insurgency west of the capital.

Hours after Rice and the others issued their statement, a car bomb exploded outside a university in Baghdad, killing at least 65 people and wounding 100. It was another attack in a cycle of violence that, according to the United Nations, killed more than 34,000 Iraqi civilians last year.

"Nine foreign ministers are meeting in Kuwait today precisely to prevent Iraq from sliding into a civil war," Kuwaiti Foreign Minister Mohammad al-Sabah said.

The joint statement "welcomed the commitment by the United States … to defend the security of the Gulf, the territorial integrity of Iraq and to ensure an … inclusive political process that engages all Iraqi communities."

Earlier in Saudi Arabia, Foreign Minister Saud al-Faisal gave a more qualified endorsement of the Bush strategy. Saud said that although his government hopes Bush's "objectives will be implemented, the … means are not in our hands. They're in the hands of the Iraqis."

The joint statement also warned countries against interfering in Iraq. The Bush administration has accused Syria and Iran of fostering violence in Iraq and contributing to instability. The statement expressed a "collective desire to prevent Iraq from becoming a battleground for regional and international powers."

Tensions between Iran and the United States over Iraq have intensified in recent days.

U.S. authorities are holding five Iranians seized last Thursday in Irbil, in Kurdish northern Iraq, on suspicion of aiding Iraqi militants.

Both Rice and Defense Secretary Robert Gates have issued warnings to Iran to stop supporting violence. The Bush administration has charged that Iran supports Shiite death squads that target Sunnis and provides sophisticated explosives for roadside bombs that have killed American troops.

Iranian President Mahmoud Ahmadinejad said Tuesday that he sent a message to Saudi King Abdullah proposing that they cooperate in helping stabilize Iraq.

Saudis Give Cautious Backing To Bush Plan (FT)

By Andrew England

Financial Times, January 17, 2007

Saudi Arabia, a key US ally in the Middle East, on Tuesday gave cautious support to President George W. Bush's new plan to end the bitter sectarian conflict in Iraq, but said the initiative's success hinged on the Iraqi administration.

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After meeting Condoleezza Rice, US secretary of state, Saud al-Feisal, the Saudi foreign minister, said the kingdom agreed "fully with the goals set by the new strategy" which, if implemented, "would solve the problems that face Iraq".

However, he added that while other countries could help, "the main responsibility in taking decisions rests on the Iraqis".

The new US plan includes an increase of 21,500 American troops in Iraq, destined mainly for Baghdad, and increased pressure on Iran, which Washington accuses of supporting Shia groups in Iraq. However, it is highly dependent on the actions of the Iraqi government and rests on the hope that it will adopt policies it has previously resisted.

Ms Rice was in Saudi Arabia – the region's most powerful Sunni country – as part of a Middle East tour to drum up support for the initiative. She dined with King Abdullah on Monday evening.

Outlining the plan last week, Mr Bush called on Saudi Arabia, Egypt and Jordan, all pro-western Sunni states, to "step up" their support for the Shia-dominated Iraqi administration.

Although Arab officials have questioned Washington's emphasis on a military, rather than political, solution, they have also been arguing against an abrupt US withdrawal, fearing it would exacerbate Iraq's civil conflict and destabilise the region.

They have said that to bring some order to Iraq, the Baghdad government must be willing to deal with Shia militias and make political concessions, including am-ending the constitution to give the minority Sunni a greater stake in the country.

"[The Iraq government] must stop the resistance, bring everyone into the political process and realise the hopes of the people," Mr Feisal said.

Ms Rice said the US would continue to work with the Iraqi government "to make sure the networks running dangerous militias were stopped".

Sunni nations have also been alarmed both by Shia Iran's growing influence in the region and its nuclear ambitions.

The day before Ms Rice's visit to Saudi Arabia, Ali Larijani, Iran's top security official, held meetings in Riyadh. However, Mr Feisal played down suggestions that his government had been asked to ease tensions between Washington and Tehran.

"There is no need for mediation," Mr Feisal said. "Our relations with the United States are long standing...Iran is a neighbour of Saudi Arabia, so obviously we hope to avoid any conflict."

Egypt also appeared to have given its backing to the US plan, with Ahmed Aboul Gheit, the country's foreign minister, saying on Monday that his government would support the strategy in the hope that it would lead to "the stability, the unity and the cohesion of the Iraqi government".

Ms Rice was due to meet eight Gulf foreign ministers in Kuwait on Tuesday night.

US, Arab Allies Call On Iran Not To Meddle In Iraq (AFP)

By Sylvie Lanteaume

AFP, January 17, 2007

US Secretary of State Condoleezza Rice and eight Arab counterparts called on Iran not to meddle in Iraq's affairs after discussing Washington's plan to quell sectarian violence in the country, Kuwait's foreign minister said.

"With respect to US policy towards Iran... the US and the Gulf expressed in (a) joint communique that we call to all countries to refrain from interfering in Iraqi internal affairs," Sheikh Mohammad al-Sabah told a joint news conference with Rice after the talks in Kuwait.

"That is something that we are all concerned about. We would like the neighbouring countries to work together for peace and stability in Iraq," he said.

Rice met with the foreign ministers of the "GCC+2" group of US allies that brings together Gulf Cooperation Council members Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates as well as Egypt and Jordan.

The joint communique did not mention Iran by name but said that relations among countries "should be based on mutual respect for sovereignty and territorial integrity of all states, and on the principle of noninterference in the internal affairs of other nations."

The two sides said they wanted to prevent Iraq "becoming a battleground for regional and international powers."

Rice, on a regional tour, was aiming to drum up support for US President George W. Bush's "surge" strategy to tackle violence in Iraq with the deployment of an additional 21,500 troops.

She was also seeking financial aid from the oil-rich Gulf countries for the government of Prime Minister Nuri al-Maliki, chiefly through debt forgiveness.

"The participants welcomed the commitment by the United States, as stated in President Bush's recent speech, to defend the security of the Gulf, the territorial integrity of Iraq, and to ensure a successful, fair and inclusive political process that engages all Iraqi communities," the joint statement said.

"We expressed our desire to see the president's plan to reinforce the American military presence in Baghdad as a vehicle... to stabilize Baghdad and to prevent Iraq from sliding into this ugly war," the Kuwaiti foreign minister said.

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Rice earlier received cautious Saudi backing for Bush's last-ditch strategy for Iraq.

"We agree with the objectives" of the US plan to bring peace to the war-torn country, Saudi Foreign Minister Prince Saud al-Faisal said at a joint press conference with Rice in Riyadh earlier Tuesday.

But he was cautious about the means of reaching the objective.

"We cannot comment on the means that will be applied... We're hoping that these objectives will be implemented, but the means are not in our hands. They are in the hands of the Iraqis," he said.

Rice praised Saudi Arabia's role in "urging national reconciliation" in Iraq, and welcomed a greater Arab engagement in efforts to reunify the Iraqis.

"If the Arab League is prepared to go forward with a reconciliation conference, that will also be very useful to the Iraqis," she said.

The secretary of state turned her attention to Iraq and the Gulf after focusing on reviving the Israeli-Palestinian peace process in the first part of her regional tour that began at the weekend.

She admitted that Iraq's predominantly Sunni Arab neighbours were skeptical about the ability of Maliki's Shiite government to halt the sectarian violence that has pitted Sunni Arabs against Shiites.

"There are concerns about whether the Maliki government is prepared to take an even-handed, non-sectarian path... But everybody wants to give this a chance. That is the position of the people in the region and there is in fact a burden on the Iraqi government to perform," Rice told reporters after arriving in Kuwait.

The joint statement stressed the need to dismantle militias in Iraq and expressed hope that Maliki's government will "actively engage all components of the Iraqi people in a real political process and act in a manner that ensures inclusiveness."

The US plan revealed last week has come under fire in many Arab capitals, even among staunch allies in the Gulf, with critics saying it provides a recipe for more sectarian violence in Iraq that could spread elsewhere in the region.

But Rice on Monday won support from Cairo after meeting with President Hosni Mubarak in the southern Egyptian city of Luxor.

8 Mideast States Back U.S. On Iraq (LAT)

By Paul Richter

The Los Angeles Times, January 17, 2007

KUWAIT CITY — A group of eight Middle Eastern countries joined the United States on Tuesday in warning against foreign interference in Iraq, marking a small step in U.S. efforts to win regional support for pacifying Iraq and resisting Iranian influence.

The group, which consists of Egypt, Jordan, Saudi Arabia and five other neighboring states, cited in their first joint communique "the principle of noninterference."

The countries, dominated by Sunni Muslims, also welcomed U.S. efforts to rebuild Shiite-led Iraq with an "inclusive political process" and to defend the Persian Gulf.

Foreign ministers of the group issued the statement during a meeting with Secretary of State Condoleezza Rice, who has been traveling the region this week to build support for President Bush's new Iraq policy.

The Bush administration convened the group for the first time in September, proposing collaboration on security and other issues. But though Sunni nations in the region are anxious about the rise of Iran, which, like Iraq, is led by Shiites, some members of the group have resisted suggestions to form a stronger alliance, fearing it could provoke Tehran.

The statement doesn't mention Iran by name, nor does it warn against nuclear proliferation by the regime, despite American concerns about Tehran's work to enrich uranium.

The statement welcomes Bush's commitment to Iraq and the region but doesn't specifically endorse his plan announced last week to increase U.S. forces in Iraq by 21,500 troops.

The American effort to build support got a lukewarm reception in Saudi Arabia, a key ally.

In an appearance with Rice on Tuesday morning, Saudi Foreign Minister Saud al Faisal said his government agreed with Bush's goals. But he stopped short of saying he favored the troop increase.

"We agree with the objectives," said Faisal, whose government is concerned about what it sees as the mistreatment of the Sunni minority in Iraq. "We are hoping these objectives will be implemented, but the means are not in our hands. They are in the hands of the Iraqis themselves."

The other states in the group are Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates.

Rice, who has also visited Egypt, Israel, the West Bank and Jordan this week, portrayed the regional reaction in a more positive light.

Although she did not claim backing for the specifics of the Bush plan, she told reporters that "there's very good support for the American commitment there. There's very good support for the objective the president wants to achieve."

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Asked about the Saudi foreign minister's comments, she acknowledged: "I do think there's skepticism about whether or not the Iraqi government is going to do the things it says it's going to do…. Everyone is concerned as to the Iraqi willingness now to do all the things that it needs to do."

Rice: Diplomacy Not About Making Deals (WP)

By Glenn Kessler

The Washington Post, January 17, 2007

Secretary of State Condoleezza Rice, during a tour of the Middle East, met yesterday in Kuwait City with reporters traveling with her for an extended discussion. During the session, one reporter noted that Rice, a Russian specialist, frequently says she is a "student of history" and often cites examples and analogies from the Cold War. He asked if there were any moments in Arab history, as opposed to European history, that informed her thinking, such as Britain's occupation of Mesopotamia, Britain's experience in Egypt or France's experience in Algeria. The question spurred Rice to give a six-minute philosophical lecture on her view of diplomatic history. Diplomacy, she said, "is not dealmaking." Following are excerpts from her comments.

-- I've read the British experience and I know a number of things that went right and I know things that went wrong. I also know that one of the challenges is the particular way this map [of Iraq] was drawn. . . . You have to recognize that a country drawn on the religious fault lines of the Middle East is going to have a complicated way of moving forward to be able to overcome those fault lines. The way that they've been overcome in the past was either through repression if they were the majority if they were in Iraq, or in some cases even worse, expulsion or whatever.

It's not easy to have those differences overcome through a political process. . . . There have been people who have taken great chances and great risks -- you know, the names [former Israeli prime minister Yitzhak] Rabin or [former Egyptian president Anwar] Sadat or whatever -- and it reminds you that sometimes coming out of very bad crises there's an opportunity for leadership on the part of individuals in those positions to do something very major. So sure, I look at the history of this region all the time.

But I want to be clear. I'm not using history to make analogues between any historical period and now because I actually think that history doesn't repeat itself. I think that conditions change so fundamentally that you're rarely looking at the same circumstances and you're certainly not looking at the same circumstances when you look at Europe and you look at the Middle East or Asia.

But there's a tendency to look at where you are now and say, "Oh my goodness, there are all these problems, we'll never get out of them, this is so difficult, it must be failing, it must be failing."

And the reason that I cite some of these other times like Europe is that it is so clear in everybody's mind that the United States and its allies came out victorious at the end of the Cold War. . . . But if you actually go back and look at the events that ultimately led to that, you would have thought that this was failing every single day between 1945-1946 and probably 1987 or 1988.

There's a tendency to think about diplomacy as something that is done untethered to the conditions underlying it or the balance underlying it. And in fact, that's not the way that it works. You aren't going to be successful as a diplomat if you don't understand the strategic context in which you are actually negotiating. It is not dealmaking. It's not. There are a set of underlying relationships, underlying balance of power, leverage on different sides, and you have to recognize when you are in a position to then on top of that find a solution given the underlying balance. . . .

My favorite case of this is if you had tried to negotiate German unification for any period of time until 1990, you would have not been able to do it because the underlying circumstances were not there. I was part of the team that worked on German unification. You know, I feel terrific that we were able to do it, but let's not overestimate that it was somehow just that we did the diplomacy well. . . .

That's why I think reading the Middle East right now, I tend to place a lot of emphasis on the fact that people see their interests differently now than they did five years ago or 10 years ago. They see their interests less as continuing or having maximalist positions about this conflict and are more concerned about the kind of broad strategic picture. I think Lebanon was a major contributor to that shift in alignment; and with that shift in alignment, I think you now have a chance to perhaps make progress on this issue in ways that you didn't before.

The Missing Partner In Iraq (NYT)

The New York Times, January 17, 2007

The one crucial assumption behind everything President Bush proposed on Iraq last week was that Washington would have the wholehearted support of Prime Minister Nuri Kamal al-Maliki. None of Mr. Bush's ideas — his plan to send more American soldiers to fight alongside Iraqi units in Baghdad, his program for jump-starting the Iraqi economy, his hope of

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reconciling rival sectarian communities and heading off civil war — can possibly succeed without the full cooperation of the Iraqi government.

Yet in the days following Mr. Bush's address, as in the days before, Mr. Maliki has demonstrated how far his own goals diverge from America's best interests or any reasonable path for containing Iraq's civil war. Consider, for example, Mr. Maliki's designation of Lt. Gen. Aboud Qanbar — a Shiite officer known for his combative resistance to American tutelage — to be the overall military commander of the new Baghdad security drive.

Any hope that this campaign will prove more effective than past failed efforts depends on soldiers' being able to finally move against Shiite militias. If General Qanbar and Mr. Maliki plan to continue shielding militias like the Mahdi Army, this new drive will be doomed before it begins.

What another failure would mean was underscored in a particularly grim way yesterday when the United Nations reported that some 34,000 Iraqi civilians died violently last year, a staggering number in a country of less than 27 million people. Yesterday, more than 100 Iraqis died in Baghdad alone.

Consider also the grisly decapitation over the weekend of Barzan Ibrahim al-Tikriti, Saddam Hussein's co-defendant and half brother. Two weeks of watching how the lynch mob atmosphere of Mr. Hussein's execution instantly turned a monster into a martyr throughout the Sunni Arab world should have put Mr. Maliki on notice to get this one right. But whether deliberately or through breathtaking incompetence, the Iraqi government did not get it right, once again fanning sectarian flames.

Unless President Bush insists that Mr. Maliki accept specific and enforceable policy benchmarks and timelines — starting with the disarming of sectarian militias — the United States will remain hostage to the Iraqi prime minister and his radical Shiite agenda.

Mr. Bush needs to make clear to the Iraqi leader that continued American support will depend on his active cooperation. And that, ultimately, the Iraqis have even more to lose than the Americans from an unending civil war.

Lost In The Middle East (WP)

The Washington Post, January 17, 2007

SECRETARY OF State Condoleezza Rice's tour through the Middle East this week has been designed to exploit the "opportunities" of what she views as a new divide in the region, "between extremism on the one hand and mainstream states on the other." On one side, she told The Post recently, "you have Iran, Hezbollah, Hamas and Syria. . . . On the other you have the so-called moderate Arab states, I'll call them mainstream states -- Saudi Arabia, Jordan, Egypt and the Gulf states."

Ms. Rice is trying to solidify an alliance of "the mainstream" against Iran and in support of U.S. policy in Iraq. To do that, she is making a high-profile effort to revive the Israeli-Palestinian peace process -- in spite of an unfavorable situation in the region -- because "the mainstream states . . . would actually really like to see a resolution of this conflict now."

The new strategy explains a series of reversals of U.S. policy that otherwise would be baffling. In addition to embracing the Middle East peacemaker role that it has shunned for six years, the administration has decided to seek $98 million in funding for Palestinian security forces -- the same forces it rightly condemned in the past as hopelessly corrupt and compromised by involvement in terrorism. Those forces haven't changed, but since they are nominally loyal to "mainstream" Palestinian President Mahmoud Abbas and serve as a check on the power of the "extremist" Hamas, they are on the right side of Ms. Rice's new divide.

So is Egyptian President Hosni Mubarak, a thuggish autocrat who was on the wrong side of Ms. Rice's previous Mideast divide between pro-democracy forces and defenders of the illiberal status quo. In past visits to Cairo, Ms. Rice sparred with Mr. Mubarak's foreign minister over the imprisonment of democratic opposition leaders such as Ayman Nour and the failure to fulfill promises of political reform. On Monday, she opened her Cairo news conference by declaring that "the relationship with Egypt is an important strategic relationship, one that we value greatly." There was no mention of Mr. Nour or democracy.

The administration's concern about Iran is well founded. Even as it defies a U.N. Security Council order to freeze its nuclear program, Iran is attacking U.S. forces and interests in Iraq and across the Middle East. And it's true that Egypt, Saudi Arabia and other Arab states are also interested in containing Iran, as is Israel, which never liked the push for democracy anyway.

The attempt to divide the Middle East into two opposing camps is nevertheless wrongheaded and dangerous. It ignores the many differences among the "extremists" -- including internal divisions within Iran -- that could be exploited by a subtler policy. The "mainstream" coalition of U.S. allies, all Sunni-led states, must look threatening to Iraq's Shiite government, which itself considers Iran a close ally. That Sunni leaders are publicly supporting the U.S. escalation in Baghdad is at best a mixed blessing, since they have made it clear their motive is sectarian: They hope Shiite militias will be confronted.

Finally the new U.S. policy betrays President Bush's freedom agenda, giving a free pass to dictators who support the new geopolitical cause. Mr. Bush and Ms. Rice have said again and again that such trade-offs during the Cold War helped lay the

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groundwork for groups such as al-Qaeda -- which was founded and is led by Saudis and Egyptians. In its zeal to counter a crudely defined ideological enemy, the administration risks repeating that history.

Iran President Sends Note To Saudi King (AP)

By Maamoun Youssef

AP, January 17, 2007

Iran's hard-line President Mahmoud Ahmadinejad said Tuesday that he sent a message to Saudi King Abdullah proposing that they cooperate in helping stabilize Iraq.

Ahmadinejad's comments came as Washington is trying to rally its Arab allies and isolate Iran.

"We, Saudis and other neighboring countries can help the Iraqi people to take the lead to consolidate their government's capability to stabilize and maintain security in their country," Ahmadinejad told the Saudi-owned satellite television channel.

"I sent a message to King Abdullah in this regard and the answer, generally, was positive," the Iranian president said in the interview taped Saturday in Venezuela, one of the countries on his Latin American tour.

Iran's top national security official, Ali Larijani, had delivered a message to Abdullah, the official Saudi Press Agency reported Sunday, but did not reveal its contents.

Iran's overture to Saudi Arabia appeared to be an attempt to counter American efforts to rally its allies in the region and isolate Tehran.

Saudi Arabia has shown increasing alarm over Iran's growing influence in Iraq and across the Arab world, even as it has grown more worried over Iraq's chaos.

The U.S. has previously asked Saudi Arabia to use its close ties to Iraq's Sunni minority to encourage reconciliation with the Shiite-led government. Saudi Arabia has pressed the U.S. to ensure that Shiite militias are reined in.

Secretary of State Condoleezza Rice, ahead of her regional tour, rejected anew proposals for opening a diplomatic dialogue with Iran and Syria as a way to help stabilize Iraq.

She said Iran would demand U.S. concessions on its nuclear program while Damascus would ask for an easing of the U.S. opposition to Syrian policies in Lebanon as a price for cooperation.

Ahmadinejad said the Americans were in "trouble and they are seeking a way to get out of it while ensuring their economic interests and increase their hegemony over the region."

Addressing Iran's nuclear program, Ahmadinejad reiterated that "we are always ready to talk, but if the dialogue is used as a means to impose something which is illegal then they should realize that it is a dead end."

Iranian officials have said that efforts to make Iran roll back its nuclear activities are not legal because it has the right to a peaceful nuclear program as a signatory to the Nuclear Nonproliferation Treaty.

U.S. Bringing Second Carrier To Mideast (AP)

By Jim Krane

AP, January 17, 2007

The deployment of the USS John C. Stennis to the Middle East will put two U.S. aircraft carriers in the Persian Gulf region for the first time since the 2003 Iraq invasion, in a clear response to Iran's aggressive posture in the region.

Defense Secretary Robert Gates said Monday that Iran and other U.S. adversaries believe the U.S. is vulnerable in Iraq, where the Pentagon is preparing to send more than 20,000 additional troops as part of a new security plan that envisions a crackdown on Iranian-backed militias.

Some analysts believe that a U.S. offensive against those militias could trigger retaliatory attacks elsewhere in the region, although the Navy described the deployment in broader strategic terms.

"This demonstrates our resolve to do what we can to bring security and stability to the region," Cmdr. Kevin Aandahl of the U.S. Navy's Fifth Fleet in Bahrain said Tuesday.

Aandahl said the Stennis carrier strike group of eight ships and nine air squadrons would arrive in Mideast waters in a matter of weeks, after crossing the Pacific and Indian oceans.

U.S. diplomats, including Secretary of State Condoleezza Rice, have been touring the region to shore up American credibility. The United States' Arab allies are dismayed over the chaos in Iraq, while a resurgent Iran — the Arab world's centuries-old rival — is supporting militants across the region.

"Rice is promising the U.S. will stand firm against Iran. But without a show of force, without backing these words with muscle, no one will take the U.S. seriously, whether in Tehran or any Arab capital," said Mustafa Alani, a military analyst with the Dubai-based Gulf Research Center. "Now is the time. They have to stand or shut up."

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The Stennis strike group, which was previously in line to deploy to the Pacific, will augment another Navy task force in Mideast waters led by the aircraft carrier USS Dwight D. Eisenhower, Aandahl said.

A second U.S. carrier will significantly boost U.S. air power in the region and serve to remind Iran of American firepower. Its arrival will give the Pentagon two carriers in the region for the first time since 2003, Aandahl said.

After departing Tuesday from its homeport of Bremerton, Wash., the Stennis will stop in San Diego to pick up an air wing of more than 80 planes, including F/A-18 Hornet and Superhornet fighter-bombers, the Navy said.

The Stennis could also shore up air cover for U.S. and NATO ground troops in Afghanistan, now relying on about 20 ground-based warplanes after the Eisenhower was sent to the Somali coast.

Britain sent two Royal Navy mine sweepers to the Gulf last month. The Pentagon said it is also sending an additional Patriot anti-missile battalion to a U.S. allied Gulf Arab country, as well as 21,500 more U.S. troops to Iraq.

In Brussels on Monday, Gates indicated that Iran's perception of U.S. vulnerability in the region was part of the reason the Pentagon needs to dispatch the Stennis and the Patriot missiles.

"The Iranians clearly believe that we are tied down in Iraq, that they have the initiative, that they are able to press us in many ways," Gates said.

Patriots defend against short-range missiles of the type that Iran could use to hit U.S. bases in the Gulf. The Pentagon has not said exactly where the Patriots will be based.

The escalating American combat power doesn't mean Washington is bent on a showdown with Tehran, Alani said. But the Pentagon may be preparing for tough U.S. action against Iranian-backed militias in Iraq, and the retaliation by Iran that could follow.

"They're not trying to pick a fight" with Iran, Alani said. "But if Iran makes any mistakes, the U.S. will deal with them."

Iran has denounced the Patriot deployment as part of U.S. plan to turn Arab countries into the front line of defense for Israel.

In December, Tehran's top national security official, Ali Larijani, asked Arab leaders to shut down U.S. military bases in the Gulf and instead join a security alliance with Iran. Gulf leaders have shown no inclination to give up their U.S. security umbrella.

The Stennis and its 3,200 sailors lead a strike group consisting of the guided-missile cruiser USS Antietam, three Navy destroyers — the USS O'Kane, Preble and Paul Hamilton — the submarine USS Key West, the guided-missile frigate USS Rentz, as well as the supply ship USNS Bridge, the Navy said.

Washington will keep two carriers in the Middle East "as long as the situation demands it," Aandahl said. A typical carrier deployment lasts six months.

The United States maintains nearly 40,000 troops in Gulf countries other than Iraq, including about 25,000 in Kuwait, 6,500 in Qatar, 3,000 in Bahrain, 1,300 in the United Arab Emirates and a few hundred in Oman and Saudi Arabia, according to figures from the Dubai-based Gulf Research Center.

AP: Iran Gets Army Gear In Pentagon Sale (AP)

By Sharon Theimer

AP, January 17, 2007

Fighter jet parts and other sensitive U.S. military gear seized from front companies for Iran and brokers for China have been traced in criminal cases to a surprising source: the Pentagon.

In one case, federal investigators said, contraband purchased in Defense Department surplus auctions was delivered to Iran, a country President Bush has branded part of an "axis of evil."

In that instance, a Pakistani arms broker convicted of exporting U.S. missile parts to Iran resumed business after his release from prison. He purchased Chinook helicopter engine parts for Iran from a U.S. company that had bought them in a Pentagon surplus sale. Immigration and Customs Enforcement agents say those parts did make it to Iran.

Sensitive military surplus items are supposed to be demilitarized or "de-milled" — rendered useless for military purposes — or, if auctioned, sold only to buyers who promise to obey U.S. arms embargoes, export controls and other laws.

Yet the surplus sales can operate like a supermarket for arms dealers.

"Right Item, Right Time, Right Place, Right Price, Every Time. Best Value Solutions for America's Warfighters," the Defense Reutilization and Marketing Service says on its Web site, calling itself "the place to obtain original U.S. Government surplus property."

Federal investigators are increasingly anxious that Iran is within easy reach of a top priority on its shopping list: parts for the precious fleet of F-14 "Tomcat" fighter jets the United States let Iran buy in the 1970s when it was an ally.

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In one case, convicted middlemen for Iran bought Tomcat parts from the Defense Department's surplus division. Customs agents confiscated them and returned them to the Pentagon, which sold them again — customs evidence tags still attached — to another buyer, a suspected broker for Iran.

"That would be evidence of a significant breakdown, in my view, in controls and processes," said Greg Kutz, the Government Accountability Office's head of special investigations. "It shouldn't happen the first time, let alone the second time."

A Defense Department official, Fred Baillie, said his agency followed procedures.

"The fact that those individuals chose to violate the law and the fact that the customs people caught them really indicates that the process is working," said Baillie, the Defense Logistics Agency's executive director of distribution. "Customs is supposed to check all exports to make sure that all the appropriate certifications and licenses had been granted."

The Pentagon recently retired its Tomcats and is shipping tens of thousands of spare parts to its surplus office — the Defense Reutilization and Marketing Service — where they could be sold in public auctions. Iran is the only other country flying F-14s.

"It stands to reason Iran will be even more aggressive in seeking F-14 parts," said Stephen Bogni, head of Immigration and Customs Enforcement's arms export investigations. Iran can produce only about 15 percent of the parts itself, he said.

The GAO, the investigative arm of Congress, found it alarmingly easy to acquire sensitive surplus. Last year, its agents bought $1.1 million worth — including rocket launchers, body armor and surveillance antennas — by driving onto a base and posing as defense contractors.

"They helped us load our van," Kutz said. Investigators used a fake identity to access a surplus Web site operated by a Pentagon contractor and bought still more, including a dozen microcircuits used on F-14 fighters.

The undercover buyers received phone calls from the Defense Department asking why they had no Social Security number or credit history, but they deflected the questions by presenting a phony utility bill and claiming to be an identity theft victim.

The Pentagon's public surplus sales took in $57 million in fiscal 2005. The agency also moves extra supplies around within the government and gives surplus military gear such as weapons, armored personnel carriers and aircraft to state and local law enforcement.

Investigators have found the Pentagon's inventory and sales controls rife with errors. They say sales are closely watched by friends and foes of the United States.

Among cases in which U.S. military technology made its way from surplus auctions to brokers for Iran, China and others:

_Items seized in December 2000 at a Bakersfield, Calif., warehouse that belonged to Multicore, described by U.S. prosecutors as a front company for Iran. Among the weaponry it acquired were fighter jet and missile components, including F-14 parts from Pentagon surplus sales, customs agents said. The surplus purchases were returned after two Multicore officers were sentenced to prison for weapons export violations. London-based Multicore is now out of business, but customs continues to investigate whether U.S. companies sold it military equipment illegally.

In 2005, customs agents came upon the same surplus F-14 parts with the evidence labels still attached while investigating a different company suspected of serving as an Iranian front. They seized the items again. They declined to provide details because the investigation is still under way.

_Arif Ali Durrani, a Pakistani, was convicted last year in California in the illegal export of weapons components to the United Arab Emirates, Malaysia and Belgium in 2004 and 2005 and sentenced to just over 12 years in prison. Customs investigators say the items included Chinook helicopter engine parts for Iran that he bought from a U.S. company that acquired them from a Pentagon surplus sale, and that those parts made it to Iran via Malaysia. Durrani is appealing his conviction.

An accomplice, former Naval intelligence officer George Budenz, pleaded guilty and was sentenced in July to a year in prison. Durrani's prison term is his second; he was convicted in 1987 of illegally exporting U.S. missile parts to Iran.

_State Metal Industries, a Camden, N.J., company convicted in June of violating export laws over a shipment of AIM-7 Sparrow missile guidance parts it bought from Pentagon surplus in 2003 and sold to an entity partly owned by the Chinese government. The company pleaded guilty, was fined $250,000 and placed on probation for three years. Customs and Border Protection inspectors seized the parts — nearly 200 pieces of the guidance system for the Sparrow missile system — while inspecting cargo at a New Jersey port.

"Our mistake was selling it for export," said William Robertson, State Metal's attorney. He said the company knew the material was going to China but didn't know the Chinese government partially owned the buyer.

_In October, Ronald Wiseman, a longtime Pentagon surplus employee in the Middle East, pleaded guilty and was sentenced to 18 months in prison for stealing surplus military Humvees and selling them to a customer in Saudi Arabia from 1999 to 2002. An accomplice, fellow surplus employee Gayden Woodson, will be sentenced this month.

The Humvees were equipped for combat zones and some weren't recovered, Assistant U.S. Attorney Laura Ingersoll said.

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_A California company, All Ports, shipped hundreds of containers of U.S. military technology to China between 1994 and 1999, much of it acquired in Pentagon surplus sales, court documents show. Customs agents discovered the sales in May 1999 when All Ports tried to ship to China components for guided missiles, bombs, the B-1 bomber and underwater mines. The company and its owners were convicted in 2000; an appeals court upheld the conviction in 2002.

Rep. Christopher Shays, R-Conn., called the cases "a huge breakdown, an absolute, huge breakdown."

"The military should not sell or give away any sensitive military equipment. If we no longer need it, it needs to be destroyed — totally destroyed," said Shays, until this month the chairman of a House panel on national security. "The Department of Defense should not be supplying sensitive military equipment to our adversaries, our enemies, terrorists."

It's no secret to defense experts that valuable technology can be found amid surplus scrap.

On a visit to a Defense Department surplus site about five years ago, defense consultant Randall Sweeney literally stumbled upon some that shouldn't have been up for sale.

"I was walking through a pile of supposedly de-milled electrical items and found a heat-seeking missile warhead intact," Sweeney said, declining to identify the surplus location for security reasons. "I carried it over and showed them. I said, 'This shouldn't be in here.'"

Sweeney, president of Defense and Aerospace International in West Palm Beach, Fla., sees human error as a big problem. Surplus items are numbered, and an error of a single digit can make sensitive technology available, he said. Knowledgeable buyers could easily spot a valuable item, he added: "I'm not the only sophisticated eye in the world."

Baillie said the Pentagon is working to tighten security. Steps include setting up property centers to better identify surplus parts and employing people skilled at spotting sensitive items. If there is uncertainty about an item, he said, it is destroyed.

Of the 76,000 parts for the F-14, 60 percent are "general hardware" such as nuts and bolts and can be sold to the public without restriction, Baillie said. About 10,000 are unique to Tomcats and will be destroyed.

An additional 23,000 parts are valuable for military and commercial use and are being studied to see whether they can be sold, Baillie said.

Asked why the Pentagon would sell any F-14 parts, given their value to Iran, Baillie said: "Our first priority truly is national security, and we take that very seriously. However, we have to balance that with our other requirement to be good stewards of the taxpayers' money."

Kutz, the government investigator, said surplus F-14 parts shouldn't be sold. He believes Iran already has Tomcat parts from Pentagon surplus sales: "The key now is, going forward, to shut that down and not let it happen again."

French Visit To Tehran, Seen As Diplomatic Faux Pas, Is Aborted (NYT)

By Elaine Sciolino

The New York Times, January 17, 2007

PARIS, Jan. 16 — At a time when most world powers have forged a united front against Iran because of its nuclear program, President Jacques Chirac arranged to send his foreign minister to Tehran to talk about a side issue, then abruptly canceled the visit earlier this month in embarrassing failure.

Mr. Chirac's troubles stemmed from his deep desire to help resolve the crisis in Lebanon before his term runs out in May. To that end, he decided to seek the support of Iran, which, along with Syria, backs the radical Shiite organization Hezbollah, three senior French officials said in describing the effort.

So he planned to send Foreign Minister Philippe Douste-Blazy to Tehran, only to call off the trip two days before it was to have taken place, said the officials, who spoke on condition of anonymity because they are not authorized to speak publicly on diplomatic issues.

Both Mr. Douste-Blazy and senior Foreign Ministry officials concluded that such a trip was doomed to fail and that it would send the wrong signal just weeks after the United Nations Security Council unanimously approved sanctions intended to curb Iran's nuclear program, they added.

That put Mr. Douste-Blazy in the uncomfortable position of having to tell Mr. Chirac that he did not want to go, one senior official said.

"This is not French diplomacy at its best," the official said of the initiative, which was disclosed in the newspaper Le Monde on Tuesday afternoon.

When Mr. Douste-Blazy visited Saudi Arabia and Egypt this month, the foreign ministers of both countries also informed him that they strongly opposed any such initiative.

Prince Saud al-Faisal, the Saudi foreign minister, was so determined to stop the visit that he spoke to Mr. Douste-Blazy in uncharacteristically blunt terms — "I am going to tell you, do not go" — according to a senior official familiar with the conversation.

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The French plan contradicted the Bush administration strategy of trying to isolate and punish Iran. Rather than negotiating with Tehran, the United States is building up American forces in the Persian Gulf, persuading many international businesses to cut off dealings with Iran and trying to curtail Iranian operations in Iraq.

The Bush administration apparently was not consulted in advance about the plan, and Stephen J. Hadley, the Bush administration's national security adviser, protested to Jean-David Levitte, France's ambassador in Washington.

In subsequent communications with R. Nicholas Burns, the under secretary of state for political affairs, and Craig R. Stapleton, the American ambassador to France, the Foreign Ministry gave assurances that it was trying hard to ensure that Mr. Douste-Blazy did not travel to Iran.

Iran, meanwhile, has officially expressed its displeasure that the trip was canceled.

For the moment, Jean-Claude Cousseran, a former head of France's foreign intelligence service and former ambassador to Egypt, is planning to make the trip to Tehran, leaving open the face-saving possibility that the foreign minister could follow at a later, unspecified, date, a senior French official said.

But the initiative is so ad hoc and divisive that one senior official said even Mr. Cousseran's trip might not take place.

Mr. Chirac's initiative is surprising because he has consistently taken a hard line against Iran and its nuclear program, privately expressing the view that the Islamic republic cannot be trusted. While other global players, including Russia and China, regularly send senior officials to Tehran, France had joined with Britain, Germany and the United States in pressuring Iran to suspend its uranium enrichment activities or face sanctions in the Security Council. In fact, France largely drafted the initial resolution in tough language that was watered down in the end.

French officials stressed that discussion of Iran's nuclear program was not part of the new initiative, and that Mr. Chirac was simply trying anything he could think of to help Lebanon, where about 1,700 French troops are stationed as part of a United Nations peacekeeping force.

Mr. Chirac's interest in Lebanon is described by some of his close aides as an obsession, and he seems driven to help bolster its weak government before his presidential mandate ends, even if it means courting Tehran.

Specifically, Mr. Chirac would like Iran's help to curb the activities of Hezbollah. He also wants to win Iran's support for an international tribunal to try the killers of Lebanon's former prime minister, Rafik Hariri, who was a close friend.

Mr. Chirac has repeatedly ruled out any dialogue with Syria, which he blames for Mr. Hariri's assassination.

On Jan. 25, Mr. Chirac is playing host to an international donors' conference for the reconstruction of Lebanon, and he is determined that it be a success. Neither Iran nor Hezbollah, which is part of the Lebanese government, have been invited.

But Hezbollah and its backers in Lebanon have relentlessly criticized the government of Prime Minister Fouad Siniora, saying it has lost its legitimacy and calling on it to resign.

Mr. Douste-Blazy's visit would have been a diplomatic coup for Iran. The last time France sent a senior delegation to Tehran was in October 2003, when Dominique de Villepin, who was then foreign minister, spent less than a day there along with his British and German counterparts.

The trio announced an ambitious nuclear plan aimed at rewarding Iran with political, economic and security incentives in return for the suspension of its uranium enrichment activities. The plan foundered after Iran rejected international demands to stop making enriched uranium, which can be used to make energy or nuclear weapons.

The French initiative on Iran underscores the disarray of French foreign policy as Mr. Chirac nears the end of his second term as president.

It had been developed inside Élysée Palace by Maurice Gourdault-Montagne, Mr. Chirac's national security adviser. When Mr. Gourdault-Montagne met with Iran's foreign minister, Manouchehr Mottaki, on the fringes of a security conference in Bahrain last month, Mr. Mottaki suggested that Mr. Douste-Blazy visit Tehran.

Mr. Douste-Blazy met with Mr. Mottaki twice last year, in Lebanon and at the United Nations. But Mr. Douste-Blazy concluded that it would be impossible to meet with him in Iran, particularly after he was told that Mr. Mottaki was the Iranian official who opened a conference on Holocaust denial in Tehran that was condemned around the world.

Senators Denounce Bush Policy Limiting Refuge For Iraqis (NYT)

By Rachel L. Swarns

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — Senate lawmakers sharply criticized the Bush administration on Tuesday for failing to provide refuge in the United States for the most vulnerable of the Iraqis fleeing the violence at home.

The United Nations estimates that two million Iraqis have fled the country and that 1.7 million are currently displaced within the country. Of those, roughly 500,000 have been displaced since February, with roughly 40,000 to 50,000 more fleeing their

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homes each month. Among them are Iraqis who have been threatened or attacked for working with American troops and companies.

In testimony before the Senate Judiciary Committee, Ellen Sauerbrey, an assistant secretary of state, acknowledged that only 466 Iraqis had been admitted as refugees since the American invasion of Iraq in 2003. She said that expanding the resettlement of vulnerable Iraqis in the United States was "a top priority."

Ms. Sauerbrey said the State Department was considering several options, including offering the Iraqis refugee or other special status, and expediting the processing of Iraqi religious minorities and of refugees who have worked for the American government.

The bipartisan panel of senators called for prompt action, warning that the United States was abandoning many Iraqis who had helped the United States — as translators, guides and contractors — at great personal risk.

Two Iraqis who were recently granted political asylum in the United States testified at the hearing about being threatened and beaten before they escaped their country.

Several senators and some outside witnesses also called on the United States to increase its assistance for Iraqi refugees and to support an international conference to address the crisis. The conference, which would be held by the United Nations, would most likely include Syria and Iran, which have received hundreds of thousands of Iraqi refugees but are also viewed by the Bush administration as sponsors of the insurgency in Iraq.

"We have a special obligation to keep faith with the Iraqis who have bravely worked for us and have often paid a terrible price for it by providing them with safe refuge in the U.S.," said Senator Edward M. Kennedy, the Massachusetts Democrat who leads the Judiciary Committee's immigration subcommittee.

Senator Arlen Specter, Republican of Pennsylvania, asked Ms. Sauerbrey why the Bush administration was not doing more. "That's a very small percentage of those who are in need," Senator Specter said of the number of Iraqis resettled in the United States.

He raised particular concerns about the status of 20,000 available refugee slots for the current fiscal year, which have yet to be allocated to any refugee group. "Why not use them now when there is such a crushing need?" Mr. Specter asked.

Ms. Sauerbrey said it was still uncertain whether financing would be provided for those slots. She also said a rigorous and often time-consuming process of security screening to distinguish bona fide refugees from terrorists had slowed the resettlement of Iraqis and discouraged the United Nations from screening applicants and referring them to American officials.

From Feb. 1, 2003, through Sept. 30, 2006, the United Nations screened 3,964 Iraqi refugees for resettlement to various nations, with Australia accepting the largest number. Of that group, only 483 were referred to the United States because of long processing times for resettlement. The United States admitted 202 Iraqi refugees last year, officials said.

Ms. Sauerbrey said Iraqis would fill most of the 20,000 refugee slots, if the financing for those slots becomes available. "We are working very diligently," said Ms. Sauerbrey, who oversees the State Department's bureau of population, refugees and migration. "This issue is the very top priority in my bureau."

Pressure on the Bush administration has been mounting in recent weeks, with advocacy groups and some former government officials calling for the United States to accept a larger share of the refugee burden. Most Iraqi refugees have fled to neighboring countries like Syria and Jordan. But those countries are staggering under the load.

Within the Bush administration, there was, until quite recently, considerable hope that improving security in Iraq would lead many of the displaced to return home. In the Bush administration's proposed report on refugee admissions, which was submitted to Congress last fall, officials said they hoped that "significant numbers of Iraqi refugees will ultimately be able to return to Iraq."

That view has changed, officials say.

"At present more Iraqis are fleeing their homes to other areas of Iraq and to neighboring countries than are returning," Ms. Sauerbrey said.

Senate Panel Seeks Asylum For Iraqis (WT)

By Jon Ward

The Washington Times, January 17, 2007

Senators yesterday urged a State Department official to expedite the flow of Iraqi refugees into the U.S., a process that has been slowed to a trickle by security measures designed to stop terrorists from entering the country.

"One of the reasons you are seeing so few Iraqis come into the United States since 2003 is because of an enhanced security review," said Ellen R. Sauerbrey, assistant secretary of state for population, refugees and migration policy.

During Iraqi dictator Saddam Hussein's rule, about 37,000 Iraqis were granted asylum in the U.S., she told the Senate Judiciary Committee. Since Congress passed a 2003 law mandating stricter screening of immigrants, however, only 466 Iraqis have made their way to America, she said.

Meanwhile, a humanitarian crisis has been brewing in the war-torn country, Mrs. Sauerbrey said. One million to 2 million of Iraq's roughly 27 million people have been displaced by an increasingly vicious sectarian conflict between Shi'ites and Sunnis.

"We bear a heavy responsibility for their plight," said Sen. Edward M. Kennedy, Massachusetts Democrat and committee member. "America must respond."

Mrs. Sauerbrey said the refugee crisis began to develop in February, when the bombing of a prominent Shi'ite mosque in the city of Samarra heightened sectarian fighting.

"I came into my position just about exactly a year ago, and at that time, we were touting the fact that repatriation was so successful because most of the resources that we were sending at that time were to return people. And a very large number of Iraqis were returning to Iraq," Mrs. Sauerbrey said.

Mr. Kennedy and Sen. Arlen Specter, Pennsylvania Republican, pressed Mrs. Sauerbrey to do more for the refugees.

"Our nation is spending $8 billion a month to wage the war in Iraq. Yet to meet the urgent humanitarian needs of the refugees who have fled the war, the State Department plans to spend only $20 million in the current fiscal year," Mr. Kennedy said.

Mrs. Sauerbrey said the U.S. government is most focused on aiding Iraqi refugees who have fled to neighboring countries but is looking at ways to allow more Iraqis into the United States.

"We are looking at special visas, we are looking at special benefit parole, we are looking at some way to do special in-country processing [in Iraq]," she said, adding that unrest makes it hard to run a stable processing operation.

Two Iraqi men who worked with American military forces, and then fled their country after being hunted by insurgents, testified before the panel.

One Iraqi man, using the name Sammy and testifying behind a large wooden panel to protect his identity, was a 27-year old Sunni who translated for U.S. troops in Mosul. He was targeted for execution by insurgents and fled to the U.S. from Iraq under a special immigrant translator visa.

"My hope is that all brave Iraqis who work and brave so much will have the same chance I have to live in freedom," Sammy said.

Mr. Specter, the ranking Republican on the panel, said more should be done to educate Iraqis about this visa, because few know about it.

Iraqi Refugee Crisis Seen Deepening (WP)

By Ann Scott Tyson

The Washington Post, January 17, 2007

Iraq is emerging as one of the fastest-growing refugee crises in the world, with an estimated 1.7 million Iraqis displaced from their homes and up to 100,000 fleeing the country to Jordan, Syria and other nations amid intensifying sectarian violence, U.S. officials and experts testified yesterday.

Yet the United States has allowed only 466 Iraqis to immigrate under refugee status since 2003 -- including 202 out of 70,000 slots for refugees last year -- in part because of more stringent security screenings, officials said at a hearing of the Senate Judiciary Committee.

Democratic lawmakers and advocates for refugees called for increased U.S. funding and other initiatives to help the fleeing Iraqis, and in particular those who have risked their lives working with American forces.

"We should not repeat the tragic and immoral mistake from the Vietnam era and leave friends without a refuge and subject to violent reprisals," said Sen. Patrick J. Leahy (D-Vt.), the committee's chairman. The Bush administration has $20 million in its fiscal 2007 budget for Iraqi refugee assistance; the United States is spending $8 billion a month on the wars in Iraq and Afghanistan.

The refugee explosion predicted by the United Nations that did not materialize immediately after the U.S.-led invasion of Iraq is taking place now, Ellen R. Sauerbrey, the assistant secretary of state for population, refugees and migration, told the committee.

The exodus of Iraqis from their neighborhoods and across international borders has burgeoned since the February bombing of a Shiite shrine in Samarra ignited widespread killings between religious sects, reversing an earlier trend in which 300,000 Iraqis returned to their homeland from 2003 through 2006, Sauerbrey said.

"Due to the upsurge in sectarian violence in 2006, this trend of repatriation has reversed itself, and at present more Iraqis are fleeing their homes to other areas of Iraq and to neighboring countries than are returning," Sauerbrey said.

As many as 2 million Iraqis have fled the country in recent years and before the war, including about 700,000 to Jordan and 600,000 to Syria, nations that have taken the bulk of the exodus, according to the Office of the U.N. High Commissioner for

Refugees. Many of the refugees have been "left with minimal resources and are living on the margins," Sauerbrey said, with children lacking access to school and adequate health care.

The most practical, immediate way to alleviate the crisis is to step up aid for refugees in these host countries to ensure they do not close their borders, officials and experts said, calling for a regional conference on the topic.

"We have to focus on ways to accommodate them in the countries nearby -- Egypt, Syria, Jordan, Lebanon," said Ken Bacon, president of Refugees International. "Otherwise they will be rejected, and there will be no safety valve whatsoever," said Bacon, who called for the Bush administration to double its contribution to the UNHCR budget for Iraqi displacement.

Still, Democratic lawmakers stressed that the United States can and should do more to resettle Iraqis in this country.

"We have a special obligation to keep faith with the Iraqis who have bravely worked for us -- and have often paid a terrible price for it -- by providing them with safe refuge in the U.S.," said Sen. Edward M. Kennedy (D-Mass.), chairman of the committee's immigration panel.

Still, two Iraqis who testified yesterday -- using pseudonyms and speaking from behind a screen to protect their identities -- illustrated how difficult it is for even the most loyal Iraqi allies to gain sanctuary in the United States.

One man, a 42-year-old truck driver who delivered water to U.S. military forces, recounted how insurgents had blocked his truck one morning, beat him and broken the arm of his son, and threatened to kill him if he kept working for the Americans. "I stayed up every night" afterward watching for attackers, he said, but continued delivering water.

Five months later, he said, insurgents stopped him again, ordered him to drive to the desert and then beat him unconscious. He then decided to flee Iraq with his wife and six children. After passing through five countries on four continents, the family arrived in the United States two years ago by taxi from Mexico on a fake Greek passport with the aid of smugglers. He was detained by U.S. authorities but finally gained asylum.

Another man, a 27-year-old interpreter for the U.S. military, was targeted for assassination, he testified. Fleeing Mosul "just hoping to stay alive," he was injured by a car bomb. He won U.S. asylum after an Army general intervened.

"Without our translators, we are deaf and dumb," testified Marine Capt. Zachary J. Iscol. Iscol's interpreter faced death threats and risked his life at Iscol's side during a battle in Fallujah but has not gained refuge in the United States.

Few Iraqis Are Able To Find Sanctuary Within The U.S. (LAT)

By Nicole Gaouette

The Los Angeles Times, January 17, 2007

Two years ago, an Iraqi man shepherded his wife and six children onto a bus that would take them to Turkey and away from the militants threatening to kill him for delivering water to the U.S. military.

Five countries, four continents and almost 18 months later, they arrived at the U.S.-Mexico border crossing at San Ysidro. The man, an Iraqi Christian who calls himself John, handed border officials a fake Greek passport and told them that "I was an Iraqi" and "needed their help."

John and his family were granted asylum two months ago, but they are among the very few Iraqis able to resettle in the United States, where laws put in place after Sept. 11, 2001, have made it difficult for refugees to gain entry. The United Nations High Commissioner for Refugees estimates that about 2 million Iraqis have fled their country and an additional 40,000 to 50,000 more leave every month — but only 466 have been granted entry to the United States since 2003.

On Tuesday, John and others testified before a Senate Judiciary Committee hearing intended to highlight the region's refugee crisis, which has gained momentum since sectarian violence increased dramatically last year. Though State Department officials say the problem is one of their top priorities, lawmakers questioned the administration's commitment to the issue, especially regarding Iraqis who worked for the United States.

Drawing comparisons to the refugee problem created after the Vietnam War, lawmakers framed the issue as one of moral obligation, strategic prudence and opportunity — particularly to reopen contacts with Syria, where about 500,000 Iraqis have sought refuge, according to UNHCR.

"We should not repeat the tragic and immoral mistake from the Vietnam era and leave friends without a refuge and subject to violent reprisals," said Sen. Patrick J. Leahy (D-Vt.), chairman of the Judiciary Committee.

"We have a special obligation to keep faith with the Iraqis who have bravely worked for us — and have often paid a terrible price for it — by providing them with safe refuge in the U.S.," said Sen. Edward M. Kennedy (D-Mass.), chairman of the immigration subcommittee.

One new U.S. program offers special immigrant visas to Afghan and Iraqi translators working with the U.S. military, but only 50 are available each year.

The president also sets an annual quota for refugee admissions, including a set number for emergencies. For the 2006 fiscal year, which ended Sept. 30, Bush allocated 70,000 refugee admissions, 5,500 of which were designated for the Middle

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East and 10,000 of which were for emergencies. About 50,000 refugees were allowed into the U.S. last year, only 202 of whom were from Iraq.

Ellen Sauerbrey, the State Department's assistant secretary for population, refugees and migration, said a lack of funding was one reason the administration has not gotten anywhere near the admissions ceiling for Iraqis.

Kennedy noted that the administration has budgeted $20 million for Iraqi refugees in fiscal 2007, while it is spending $8 billion a month to wage the war.

Sauerbrey also said that regulations put in place since the Sept. 11 attacks required all refugees to be individually screened by the Department of Homeland Security. "It's one reason so few have been admitted since 2003," she said. "It's made it very difficult ... for people to pass through."

In a separate news conference Tuesday, State Department spokesman Tom Casey responded to a question about the low numbers of Iraqi admissions by saying that "the important thing to understand is that Iraqi refugees are being treated no differently than refugees from any other country in the world."

On Capitol Hill, John, who used only his first name, testified in Aramaic from behind a wooden screen, because he feared for the safety of his family. A Chaldean, or Iraqi Eastern Rite Catholic, John said that persecution was rendering Christianity almost extinct in Iraq and that his family had been "blessed" by asylum in the U.S.

"I ask that you continue to be as gracious to my former countrymen and fellow Chaldeans who have been forced to leave their homes," he said.

Boxer-Rice Exchange Resonates For Women (AP)

By Jocelyn Noveck

AP, January 17, 2007

A "leap backward" for feminism, the White House spokesman calls it. Nothing of the sort, feminists reply. Mean-spirited, say some. Perfectly appropriate, say others.

However one interprets Sen. Barbara Boxer's remark last week to Condoleezza Rice that the secretary of state, single and childless, doesn't have a "personal price" to pay in Iraq, the brief exchange still has people debating.

And for some women, it highlights a larger question: Just how do you define "personal price" when talking about your country's war?

Boxer's comment came during a contentious Senate Foreign Relations Committee hearing last week, as Rice was grilled on Iraq by mostly skeptical senators. "Who pays the price?" asked Boxer, a California Democrat. "I'm not going to pay a personal price. My kids are too old and my grandchild is too young. You're not going to pay a particular price, as I understand it, with immediate family. So who pays the price? The American military and their families."

The reference to Rice's personal status was an instant catalyst for vigorous chatter on blogs, TV and talk radio, ranging from the conservative Rush Limbaugh (Boxer hit "below the ovaries") to the liberal Joy Behar on ABC's "The View" (Rice "deserved it.")

As for Rice, who assured Boxer she understood the sacrifice of military families, she later had a more pointed response, telling Fox News: "Gee, I thought single women had come further than that." On the same network, White House spokesman Tony Snow called Boxer's remark "a great leap backward for feminism."

Not to the country's most prominent feminist, Gloria Steinem, who said Snow's remark "takes your breath away."

"It had nothing to do with feminism," Steinem told The Associated Press. "It was perfectly reasonable, and it could have come from anyone — a grandfather as well as a grandmother. Sen. Boxer was trying to draw a parallel" between herself and the secretary.

For Christina Hoff Sommers, a scholar at the conservative American Enterprise Institute, Boxer's comments were not so much a "leap backward" as merely "mean-spirited and thoughtless," not to mention "sexist and politically absurd."

"She seems to be saying that an unmarried, childless woman should not be involved in decisions that affect traditional families," Sommers said. "By that standard, Susan B. Anthony would be disqualified. And how about Elizabeth I?"

"But I don't expect to hear much protest (from feminists)," said Sommers, "because their left-wing politics always trump their commitment to the cause of women."

Obvious political divides aside, did the Boxer-Rice incident tap into genuine feelings among ordinary Americans? Women interviewed seemed much less ready with a quick verdict on the exchange, but said it evoked struggles they're having in their own hearts and minds.

Linda Martin, owner of a graphics design firm in Miami, hasn't closely followed news of the Boxer-Rice exchange. But she understands what may have motivated Boxer's remarks, which she characterizes as an "emotional way of putting the situation."

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"If you don't have kids, it's hard to put yourself in the position of someone who does," said Martin, 53, who has a 19-year-old son. Martin has opposed the war from the beginning. But as it's gone on, she's grown increasingly fearful that one day, her family might have to confront a reinstated draft.

"It's just this nagging thing at the back of my mind," Martin said. "We still don't have an idea how long this war is going to go on. My husband and I have talked about it: What would happen if there was a draft? It's an awful situation to be in."

Barbara Van Bogart is demographically in the same category as Boxer — children that are too old, and grandchildren too young. Yet asked if the draft is ever on her mind, she said, "You bet it is."

"I feel like we've dodged a bullet with our kids," said Van Bogart, 58, of Seattle, who works in the financial field. "I'm not so sure about our grandchildren. I hope they never, ever have to face this."

Marla Lasine, a year younger than Rice at 51, wasn't offended by Boxer's comments, which she didn't interpret as unfair to the secretary. She emphasizes, however, that as a single woman with no children, she feels a strong personal stake in the war like anyone else.

"This war affects me because it affects the guy next door, who does have children," says Lasine of Ft. Lauderdale, Fla.

"I am not distant from the consequences of this war, because this is the country that I live in."

Former U.N. Oil-for-food Program Chief Charged With Bribery (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, January 17, 2007

NEW YORK -- The former United Nations oil-for-food chief was charged Tuesday with bribery and conspiracy to commit wire fraud for allegedly accepting $160,000 to illegally influence the $64 billion program.

Benon Sevan, 69, of Nicosia, Cyprus, countered through his lawyer that he was a political scapegoat and had accounted for every penny as he successfully ran the largest humanitarian program in U.N. history, helping to save "tens of thousands of innocent people from death by disease and starvation."

The charges were contained in a rewrite of an indictment stemming from the scandal over the program set up from 1996 to 2003 to permit the Iraqi government to sell oil primarily to buy food and medicine for suffering Iraqis.

The program was designed to help Iraqis cope with U.N. sanctions imposed after Saddam Hussein's 1990 invasion of Iraq, but a yearlong investigation concluded that it was corrupted by bureaucrats, oil tycoons and Saddam after the former Iraqi leader was allowed to choose the buyers of Iraqi oil and the sellers of humanitarian goods.

Federal and state prosecutors also announced the indictment of Ephraim Nadler, 79, of Manhattan, on the same charges. The U.N.-appointed investigation said he "alternates among New York, Geneva and Egypt" but his whereabouts were unknown.

Nadler, a brother-in-law of former U.N. Secretary-General Boutros Boutros-Ghali, who is Egyptian, allegedly helped a coconspirator obtain the right to buy Iraqi oil under the program in exchange for commissions from the oil sales and then funneled approximately $160,000 of these oil commissions to Sevan, the indictment said.

Attorney Eric Lewis called Sevan, who had worked for the United Nations for 40 years, "a scapegoat and a distraction from the United States' own massive failures and mismanagement in Iraq." He said Sevan turned over more than $10 billion from the oil-for-food program to the United States when the program ended in 2003 and charged that the money "has effectively vanished and has not been accounted for since then."

Asked about the allegation, Richard Grenell, spokesman for the U.S. Mission to the United Nations, said: "Benon Sevan's record speaks for itself. We will have no further comment."

Lewis said Sevan had fully reported on his U.N. disclosure form that he had accepted as family gifts some $144,000 in cash, beginning more than seven years ago.

If convicted, Sevan could face up to 50 years in prison.

Nadler, who was also charged with conspiracy to commit wire fraud by engaging in prohibited financial transactions with Iraq and violating the International Emergency Economic Powers Act, could face up to 112 years in prison.

U.S. Attorney Michael Garcia said the United States has lodged warrants for the arrest of both men with Interpol and will seek their arrest and extradition to the United States.

Garcia said the charges against Sevan demonstrated "how pervasive the corruption was."

FBI Assistant Director Mark J. Mershon said the indictment brings to 14 the number of individuals charged in the case and "strikes at the heart of the corruption that pervaded the oil-for-food program."

Since 2004, Sevan has been the subject of a U.N.-backed probe of fraud and waste in the oil-for-food program.

In August 2005, the U.N. investigation led by former U.S. Federal Reserve chairman Paul Volcker accused Sevan of a conflict of interest in his handling of oil-for-food contracts. Sevan resigned from the U.N. that same month and returned to his native Cyprus.

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Volcker's investigating committee also accused him of accepting $147,184 in kickbacks for steering the contracts to a company in which Nadler was a director.

It said his finances were "precarious" before the kickbacks started.

An earlier report questioned $160,000 in cash that Sevan said he received between 1999 and 2003 from his aunt in Cyprus. The report called the money "unexplained wealth" and noted that the aunt, who has died, was a retired government photographer living on a modest pension.

His attorney said Sevan knew nothing of Nadler's arrangements and credited his client with bringing reports of surcharges being paid to Saddam's regime to the attention of the U.N. Security Council.

On Feb. 22, South Korean businessman Tongsun Park is scheduled to be sentenced for his conviction on charges he accepted at least $2 million to serve Iraq's interests in the scandal. He could face up to five years in prison.

Assistant U.S. Attorney Stephen Miller told the jury in Park's trial last July that Park was part of a decade-long conspiracy to bring about the lifting of sanctions imposed on Iraq after it invaded Kuwait and brought about the first Gulf War.

Miller said Park used his relationship with Boutros-Ghali to join an effort by Samir A. Vincent, an Iraqi-American, to earn the favor of Iraq and share as much as $45 million in windfall gains if the sanctions were lifted.

Vincent, who testified against Park, has pleaded guilty to federal charges and is cooperating with the government. He testified that Park arranged meetings during 1993 with himself, Boutros-Ghali and Vincent, including three meetings at Boutros-Ghali's Manhattan residence.

Miller told the jury that Park and Vincent arranged a 1993 meeting in Geneva, Switzerland, with Boutros-Ghali and Tariq Aziz, then Iraq's deputy foreign minister, and Barzan al-Tikriti, the half brother of Saddam who then was the Iraqi ambassador to the United Nations in Geneva.

Several others accused in the conspiracy are awaiting trial, including Texas oilman Oscar S. Wyatt Jr., who has pleaded not guilty.

A 623-page final U.N. report documenting massive corruption in the U.N. oil-for-food program cleared Boutros-Ghali, who headed the world body when the oil-for-food program was launched, of accepting bribes.

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Associated Press writer Edith M. Lederer at the United Nations contributed to this report.

Oil-for-Food Chief Faces Bribe Charge (WSJ/AP)

Associated Press

The Wall Street Journal, January 17, 2007

NEW YORK -- The former United Nations oil-for-food chief was charged with taking a $160,000 bribe to influence who could buy Iraqi oil under the scandal-tainted humanitarian program.

The indictment of Benon Sevan, 69 years old, of Nicosia, Cyprus, brings to 14 the number of people charged in the case, and "strikes at the heart of the corruption that pervaded the oil-for-food program," said Federal Bureau of Investigation Assistant Director Mark J. Mershon. Mr. Sevan was charged with bribery and conspiracy to commit fraud.

The $64 billion program ran from 1996 to 2003 and allowed Iraq to sell oil primarily to buy food and medicine for Iraqis suffering under U.N. sanctions. But the operation was riddled with corruption involving bureaucrats, oil tycoons and Saddam Hussein's regime.

Mr. Sevan, who had worked for the U.N. for 40 years, said through his lawyer that he was being made a political scapegoat, and that he had accounted for every penny.

Former Chief Of U.N. Effort Faces Charges Of Corruption (NYT)

By Julia Preston

New York Times, January 17, 2007

Federal prosecutors announced charges yesterday against the former head of the United Nations oil-for-food program, accusing him of receiving $160,000 in kickbacks from sales of Iraqi oil under the government of Saddam Hussein.

The seven-count indictment, unsealed in Federal District Court in Manhattan, was brought against Benon V. Sevan, 69, a Cypriot who served as executive director of the $64 billion aid program from 1997 until mid-2003. He was accused together with Ephraim Nadler, 79, a naturalized American citizen born in Egypt, of taking illegal commissions from an Egyptian oil trader in exchange for helping him secure contracts to purchase Iraqi oil. Both were charged with conspiracy and wire fraud.

Mr. Sevan has known for some time that he was under federal investigation. The charges echo an Aug. 8, 2005, report by a commission headed by Paul A. Volcker, a former Federal Reserve chairman, which found that Mr. Sevan had profited from illicit transactions with the trader, Fakhry Abdelnour.

The indictment highlights the lingering corruption scandals at the United Nations in the first weeks of the term of a new secretary general, Ban Ki-moon, a South Korean. The Volcker commission concluded that the United Nations needed "thoroughgoing reform" of its management. So far Mr. Ban has not made clear if he intends to carry out sweeping change.

Mr. Nadler is the brother of Leia Boutros-Ghali, the wife of the former secretary general of the United Nations, Boutros Boutros-Ghali. Mr. Abdelnour is also related to Mr. Boutros-Ghali, who is from Egypt. There is no mention of Mr. Boutros-Ghali in the new charges.

Mr. Abdelnour was the president of a small company, African Middle East Petroleum Company, known as AMEP, and the Volcker commission said Mr. Nadler was its treasurer. The indictment describes an August 2001 transaction in which it says Mr. Abdelnour arranged to purchase one million barrels of oil from Iraq, paying a secret surcharge to Saddam Hussein's government. The charges assert that Mr. Nadler had helped Mr. Abdelnour obtain the contract. (Mr. Abdelnour appears in the indictment as an unidentified co-conspirator, but was identified in the Volcker report.)

Soon after, the indictment says, Mr. Abdelnour transferred $50,000 to a Geneva bank account belonging to Mr. Nadler. At a meeting in Geneva in late August 2001, Mr. Nadler made cash payments of as much as $40,000 to Mr. Sevan, the indictment says.

Mr. Sevan's lawyer, Eric L. Lewis, called the allegations "ludicrous." He said Mr. Sevan had received cash payments in that period from an elderly aunt who was giving away her assets. Mr. Sevan fully declared the gifts in his United Nations financial disclosures, Mr. Lewis said.

"Whatever arrangement Mr. Nadler had with Mr. Abdelnour, Mr. Sevan had no knowledge," Mr. Lewis said. He said the government was trying to distract attention from "financial fraud and ineptitude by the United States in Iraq on an unprecedented scale."

The United Nations program was set up to ease the impact on Iraqi citizens of international sanctions by allowing Iraq to sell oil and use the proceeds to purchase food and medicine. Mark J. Mershon, the assistant director in charge of the F.B.I.'s New York office, said Mr. Sevan's management of the program "was marked by profiteering and profligacy."

After leaving the program, Mr. Sevan remained at the United Nations on a salary of $1 a year while Mr. Volcker's investigation was underway. On Aug. 7, 2005, one day before Mr. Volcker's report was released, Mr. Sevan resigned and moved back to Cyprus.

Federal prosecutors said they would seek his extradition. If found guilty, he faces a maximum of 50 years in prison. Mr. Nadler is also out of the country, but prosecutors did not say where.

Ex-U.N. Official Indicted In Oil-food Scam (WT)

By Betsy Pisik And Jerry Seper

The Washington Times, January 17, 2007

A federal grand jury in New York yesterday indicted Benon Sevan, former administrator of the United Nations' oil-for-food program, on charges of bribery and conspiracy to commit wire fraud, the first criminal charges filed against a U.N. official in connection with the humanitarian program.

The indictment, unsealed in U.S. District Court in New York, also named a brother-in-law of former U.N. Secretary-General Boutros Boutros-Ghali, New York businessman Efraim Nadler, a dual U.S.-Egyptian citizen.

Because both men are assumed to be abroad -- Mr. Sevan in his native Cyprus and Mr. Nadler in Europe -- the U.S. government has lodged arrest warrants with Interpol to extradite them to the United States for trial.

"The oil-for-food program was created to provide critical humanitarian aid to the Iraqi people," said U.S. Attorney Michael J. Garcia in New York. "But the former government of Iraq thoroughly corrupted the program by employing undisclosed Iraqi agents in the United States to try to influence the terms under which the program was adopted and by demanding secret kickbacks from participants in the program during its operation."

Mr. Sevan, 69, is accused of illegally receiving $160,000 "generated from the sale of Iraqi oil under the program -- from Nadler on behalf of the government of Iraq," according to the indictment.

Eric Lewis, an attorney for Mr. Sevan, dismissed the charges, saying the U.S. government is using his client "as a scapegoat and a distraction from the United States' own massive failures and mismanagement in Iraq." He said the money Mr. Sevan is accused of accepting as a bribe was reported to the United Nations years ago as family gifts.

Mr. Nadler, 79, was named on charges of helping an unnamed co-conspirator obtain the right to buy Iraqi oil under the oil-for-food program in exchange for commissions from the oil sales, and then diverting $160,000 of the commissions to Mr. Sevan.

The connections were first exposed in 2005 by the Independent Inquiry Committee -- led by former Federal Reserve Chairman Paul A. Volcker -- investigating the program.

U.N. Secretary-General Ban Ki-moon "would like to convey that the United Nations has been cooperating with the authorities about follow-up to the Volcker reports and the U.N. will continue to do so," said spokesman Farhan Haq. "He reiterates his commitment to have the United Nations uphold the highest ethical standards."

Former Secretary-General Kofi Annan waived Mr. Sevan's immunity upon the request of prosecutors more than a year ago. If convicted, Mr. Sevan faces 50 years in prison and Mr. Nadler faces 112 years, prosecutors said.

Mr. Haq said U.N. officials could be allowed to testify in a case, depending on the circumstances.

The oil-for-food program was a seven-year $64 billion U.N. effort to sell Iraq's oil and buy food and essential goods to alleviate civilian suffering caused by international economic sanctions imposed on Saddam Hussein's government after his 1990 invasion of Kuwait.

The sanctions remained in place, with modifications, until the government was overthrown by U.S.-led coalition forces in 2003.

The program was administered by Mr. Sevan, but its rules were set by Security Council members and its contracts were awarded by Saddam's regime.

Over time, companies were required to give kickbacks to Iraq to win contracts to sell merchandise or buy oil, creating a slush fund for the regime at a time of acute hardship for civilians.

FBI Assistant Director Mark J. Mershon, who heads the bureau's New York office, said the indictment "strikes at the heart of the corruption" that pervaded the oil-for-food program.

"As executive director of the program and undersecretary-general of the U.N., Benon Sevan was responsible for maintaining the program's probity and propriety," Mr. Mershon said. "Instead, his administration of the program was marked by profiteering and profligacy."

The Sevan and Nadler indictments bring to 14 the number of persons charged or convicted in the oil-for-food investigation.

Former U.N. Oil-for-Food Chief Indicted (WP)

By Colum Lynch

The Washington Post, January 17, 2007

The former executive director of the United Nations oil-for-food program in Iraq was indicted yesterday by a Manhattan federal prosecutor for taking about $160,000 in bribes.

Benon V. Sevan of Cyprus is the third U.N. official to be charged with or convicted of crimes in a federal probe of corruption at the world body. Sevan had overseen a $64 billion program created in December 1996 to permit Iraq to sell oil to buy food and medicine and repay billions in war reparations over its 1990 invasion of Kuwait.

Michael J. Garcia, the U.S. attorney from the Southern District of New York, issued a warrant through Interpol for the arrest of Sevan at his home in Cyprus, as well as a warrant for Efraim "Fred" Nadler, a New York businessman who was indicted on charges of channeling the illegal payments to Sevan. Nadler's whereabouts are unknown.

If convicted, Sevan, 69, could face up to 50 years in prison and Nadler, 79, could be sentenced to a maximum of 112 years. Garcia said he would seek their extradition to face charges. Sevan's indictment marks the culmination of a 2 1/2 -year criminal investigation by two New York prosecutors into corruption at the United Nations that has led to the indictment or conviction of 14 people.

"The oil-for-food program was established to provide humanitarian relief to the Iraqi people, not to line the pockets of corrupt officials," said Robert M. Morgenthau, the Manhattan district attorney who participated in the investigation. Garcia said in a statement that the indictment "demonstrates how pervasive the corruption was, and how that corruption undermined the operation of the program."

Sevan's lawyer, Eric L. Lewis, dismissed the charges as "baseless" and said his client is a "scapegoat and a distraction from the United States' own massive failures and mismanagement in Iraq." Lewis said that Sevan -- who served in some of the world's most dangerous capitals during his 40 years at the United Nations -- had previously disclosed the money as a "family gift."

The U.N. oil-for-food program was marked by scandal. Former Iraqi president Saddam Hussein siphoned at least $2 billion in illegal kickbacks from companies trading in the program, before it was placed under the control of the U.S.-led military coalition that invaded Iraq in March 2003.

Kofi Annan, then the U.N. secretary general, appointed former U.S. Federal Reserve chairman Paul A. Volcker to lead an inquiry into allegations that Iraq granted U.N. officials, including Sevan, lucrative rights to buy discounted Iraqi oil in exchange for favorable treatment.

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Volcker accused Sevan of engaging in "a grave conflict of interest" by using his contacts with the Iraqi leadership to steer millions of dollars in contracts to an Egyptian businessman. He accused Nadler -- the brother-in-law of ex-U.N. secretary general Boutros Boutros Ghali -- of channeling nearly $160,000 in proceeds from Iraqi oil sales to Sevan.

The indictment unsealed yesterday affirms some of Volcker's findings, noting that Nadler is alleged to have helped an unnamed co-conspirator "obtain the right to buy Iraqi oil under the oil-for-food program in exchange for commissions from the oil sales, and then allegedly funnelled approximately $160,000 of these oil commissions to Sevan."

Sevan is charged with bribery, wire fraud and conspiracy to commit wire fraud and theft or bribery. Nadler is charged with seven counts of bribery, wire fraud, conspiracy to commit wire fraud and the violation of a 1990 U.N. arms embargo and a 1979 law banning trade with terrorist states. It remains unclear whether Cyprus, which does not have an extradition treaty governing financial crimes with the United States, will surrender Sevan.

Federal authorities announced the indictment as the new U.N. secretary general, Ban Ki Moon, traveled to Washington yesterday to shore up U.N. relations with the United States. Ban told a gathering of Washington Post executives, editors and reporters that he has "a strong and firm commitment" to raise the United Nations to the "highest level of ethical standards." He said he intends to "lead by example," citing a recent pledge to publicly disclose his financial statement each year.

Also yesterday, Ban held his first meeting as secretary general with President Bush, discussing a range of political crises, including Darfur, the Middle East and North Korea. He also pressed Bush to ensure continued U.S. funding for the world body, to support international efforts to halt global warming and to back U.N. efforts to increase assistance to the world's poorest.

Bush welcomed Ban with a slap on the back and urged him to "pick up the phone" and call whenever he wanted to discuss political affairs, according to U.N. sources. He also pressed Ban to have the United Nations play a larger, unspecified political role in Iraq. The U.N. chief responded that while the United Nations is doing everything it can to support Iraq's transition, it is constrained by the lack of security on the ground, the sources said.

"I appreciate so very much how you opened up the discussion with a strong commitment to democracy and freedom," Bush said after the hour-long meeting. "And the United States . . . wants to work with the United Nations to achieve a peace through the spread of freedom."

Ex-Iraqi Minister Back Home After Jail Escape (CHIT)

By Aamer Madhani, Tribune Staff Reporter

Chicago Tribune, January 17, 2007

Engineer returns to work after month of hopping through Mideast countries

After spending four months in an Iraqi prison and pulling off an audacious jail break, Aiham Alsammarae flew quietly back into Chicago and was behind the desk of his Downers Grove engineering firm Tuesday.

In an hourlong interview, the former Iraqi electricity minister who is still wanted on corruption charges in his native Iraq gave new details of his escape. The dramatic jailbreak included a high-speed run to Baghdad International Airport, a private jet that flew him out of the country and back-channel talks with Iraqi politicians.

The Iraqi judge overseeing the case expressed surprise that Alsammarae had turned up in Chicago and vowed to take "all legal measures" to return him to Iraq. "We have undertaken legal procedures to get him back to Iraq because he escaped in an illegal way," said Judge Radhi Hamza al-Ridha, who heads the Public Integrity Commission responsible for prosecuting corruption cases in Iraq.

Alsammarae also said he has reached out to officials in the U.S. attorney's office in Chicago and Washington who have assured him, he says, that they are not interested in sending him back to Iraq. A spokeswoman for the U.S. attorney's office in Chicago declined to comment.

Alsammarae, a dual U.S.-Iraqi citizen from Oak Brook who is accused of misappropriating millions of dollars in Iraqi funds, flew into O'Hare International Airport late Monday.

He had been convicted in October on one charge of misspending public funds that centered on the $200,000 purchase of a generator in southern Iraq months after the U.S.-led invasion. The conviction was overturned in December, but Iraqi authorities said they continued to hold him until they could resolve as many as 12 other corruption cases in which they said he was implicated.

Alsammarae said he had been cleared of all charges and that a judge ordered his release. He said he decided to escape after his jailers told him that he would be transferred to another police station for fingerprinting before being released.

"Technically, I did escape, but they were supposed to let me go in a matter of a few hours," said Alsammarae, who added that he had a private jet waiting for him at the airport for a week before his escape. "If I would have let them take me to the other police station, I feared that I would be killed."

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The U.S. and Iraq have an extradition treaty, but it was uncertain whether Alsammarae risks being returned to Iraq to face the unresolved charges. A State Department spokesman said the agency was unaware of any requests for extradition. He declined to provide further information about Alsammarae's case citing privacy rules.

Alsammarae, a secular Sunni who ran the Electricity Ministry in the first post-invasion Iraqi government, said throughout his detention that he was vulnerable to kidnapping at the police station where he was being held. He said he would be killed if Iraqi authorities moved him to a jail run by the Shiite-dominated security forces.

Al-Ridha, the Iraqi judge, said the government still had not managed to pin down responsibility for the jailbreak. The Iraqi police guarding Alsammarae have told investigators only that he was whisked away by "foreigners" speaking a language they didn't understand.

Alsammarae escaped Dec. 17 from the police station jail inside the heavily fortified walls of the Green Zone in central Baghdad. He said he enlisted the help of several Iraqis and Westerners.

During the interview Tuesday, Alsammarae said U.S. government officials did not assist him in his escape. He said he did not want to disclose many details of his jailbreak, but confirmed that it took about 2? hours from the time he broke out of the prison to his arrival in Amman, Jordan. The airport is only a few miles away from the Green Zone, but he twice switched cars to avoid being followed. He also changed his clothes before arriving at the airport.

He said he spent about a month between Amman, and Dubai and Abu Dhabi, both in the United Arab Emirates, consulting with Iraqi leaders and U.S. officials before flying back to the U.S.

Alsammarae, who has long been friends with indicted political fundraiser Antoin "Tony" Rezko, also sought to distance himself from allegations that he oversaw Rezko's bid to build a power plant in northern Iraq.

Alsammarae said he learned through news reports that federal authorities are interested in speaking to him about his relationship with Rezko, but he said authorities have made no attempts to contact him. The two have been "good friends" since they met while studying for advanced degrees at the Illinois Institute of Technology in the late 1970s, Alsammarae said.

The power plant was never built and Rezko's $150 million contract is no longer in effect. Alsammarae declined to give further details about the project, but said he would be willing to speak with federal authorities about it. He added that the project was under the Kurdish Regional Government authority and outside his purview.

Nadeem Majeed contributed to this report as did Tribune staff reporters Liz Sly, John Chase and Jeff Coen.

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U.S. Says Attacks Are Surging In Afghanistan (NYT)

By David S. Cloud

The New York Times, January 17, 2007

KABUL, Afghanistan, Jan. 16 — Attacks by militants crossing into Afghanistan from Pakistan have tripled since September along portions of the border, a senior American intelligence official said Tuesday, prompting calls for a greater effort by Pakistan to curb the influx and a larger deployment of American and other NATO soldiers here.

Of particular concern, officials said, has been a rise in attacks by Taliban and other militants from remote and largely ungoverned tribal areas in Pakistan in eastern Afghanistan, where most of the American combat forces in the country are based.

“The border area is a problem,” Defense Secretary Robert M. Gates told reporters after meeting on Tuesday with President Hamid Karzai of Afghanistan. Mr. Gates said more attacks were coming from across the border and from “Al Qaeda networks operating across the border.”

On his first visit to Afghanistan since taking office six weeks ago, Mr. Gates flew by helicopter to a small joint American-Afghan base in Khost Province, less than a mile from the border.

A senior American military intelligence officer, speaking on condition of anonymity, said cross-border attacks had tripled in that part of the border region.

Staff Sgt. Ronald Locklear, one of the 120 American soldiers at the base, said fighters based in Pakistan “cross the border on a regular basis.” He said the base was being hit by rocket and mortar fire at least once a week. Officials said they had evidence that Pakistani border guards ignored infiltration of Taliban fighters.

The senior American commander in Afghanistan, Lt. Gen. Karl Eikenberry, told reporters after meeting with Mr. Gates that he was hopeful that the Bush administration would seek a much larger aid package from Congress for the training of Afghanistan security forces and for reconstruction projects.

Other officials said that the total budget request was likely to be at least twice last year’s level of nearly $3 billion, but that the exact number had not been determined.

The resurgence in attacks by Taliban fighters and other militants began last summer and has continued in eastern Afghanistan even this winter, when fighting would normally subside, officials said.

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While praising Pakistan as a “strong ally,” Mr. Gates said the border problem “clearly has to be pursued with the Pakistani government.”

General Eikenberry said that the “enemy is using both sides of the border” and that even after five years of pressing the Pakistani government to shut down Taliban infiltration, “there is no easy solution to the problem.”

American commanders say the surge in cross-border attacks has coincided with an agreement reached last September in which the Pakistani government pulled back its soldiers in the North Waziristan region in return for a pledge from tribal elders not to shelter militants or allow them to engage in illegal behavior.

In the two months before the agreement, the senior American intelligence official said, there were 40 cross-border attacks in Khost and Paktika Provinces. But in the two months after the agreement there were 140 attacks.

Pakistan’s president, Gen. Pervez Musharraf, has sent 80,000 troops into the Waziristan tribal areas. On Tuesday, shortly before Mr. Gates arrived on the Afghan side of the border, General Musharraf’s military announced that it had destroyed three compounds in South Waziristan used by militants as hide-outs.

In a strike shortly before 7 a.m., helicopters hovering above a complex of five compounds fired a volley of missiles, Pakistani officials said. Three compounds were destroyed, but officials gave different figures for the number of dead.

A security official in Peshawar said at least 20 militants had been killed. Maj. Gen. Shaukat Sultan, the chief military spokesman, said 25 to 30 had been killed. But later he told state-run television that the airstrike had killed “eight militants, along with their local supporters.”

He said that no ground troops had been involved and that “no high-value targets were believed to be there,” a reference to top Qaeda leaders like Osama bin Laden and Ayman al-Zawahri.

Eight bodies were retrieved from the rubble, five of them Afghans and three from the local Kikari Mehsud tribe. Ten wounded people were taken to private hospitals in North Waziristan, officials said.

Addressing a military conference in Rawalpindi, General Musharraf reiterated his resolve to fight terrorism and militancy in his country. “Any hide-out or sanctuary being used by terrorists or miscreants shall be knocked out, wherever it is found,” the state-run news agency quoted him as saying.

In Afghanistan, General Eikenberry, who is leaving his post this month as the senior American commander in the country, said American and NATO troops as well as Afghan Army units had inflicted heavy casualties on the Taliban, which he said remained too weak to undertake anything other than hit-and-run attacks or suicide bombings.

The American military intelligence officer disclosed for the first time statistics on the rise in insurgent attacks last year. There were 139 suicide attacks, up from 27 in 2005, and use of roadside bombs more than doubled, to 1,677 last year from from 783 in 2005. The number of what the military calls “direct attacks,” meaning attacks by insurgents using small arms, grenades and other weapons, increased to 4,542 last year from 1,558 in 2005.

But even with 21,000 American troops and an additional 20,000 soldiers from other NATO countries, military officials are pushing for more forces before spring, when the Taliban is widely expected to intensify its attacks.

General Eikenberry is seeking to extend the deployment of a 1,200-soldier American battalion, which is halfway through a four-month deployment. The unit, part of the 10th Mountain Division, based in Fort Drum, N.Y., is scheduled to go to Iraq in eight months, but General Eikenberry has argued that he needs the unit to remain in Afghanistan.

Asked about increasing American troop levels in Afghanistan, Mr. Gates said that if military commanders sought more, “I would be strongly inclined to recommend that to the president.”

He also urged other NATO counties to fulfill their pledges to send more troops and equipment to Afghanistan. NATO governments still have not sent the additional 1,200 troops that Gen. David Richards, the British commander of NATO forces here, has requested to serve as a reserve force he can send wherever violence flares around Afghanistan, according Mark Laity, a NATO spokesman.

Gates Visits Kabul, Cites Rise In Cross-Border Attacks (WP)

By Pamela Constable

The Washington Post, January 17, 2007

KABUL, Jan. 16 -- Defense Secretary Robert M. Gates, on his first visit to Afghanistan, said Tuesday that there had been a "significant increase" in cross-border attacks from Pakistan, adding his voice to a chorus of U.S. and international officials who have begun taking Pakistan to task for harboring Islamic insurgents.

Gates praised Pakistan as a "strong American ally in the war on terror," but he also said there was a "problem" in Pakistan's border areas and that "al-Qaeda networks are operating on the Pakistan side." He said that the United States needed to "work with Pakistan" to reduce the violence and attacks emanating from within its borders.

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Speaking at a news conference here with Afghan President Hamid Karzai, Gates was the latest of several U.S. and U.N. officials to publicly raise the border issue after several years of international silence because of Pakistan's cooperation in the hunt for al-Qaeda fugitives.

U.S. military officials cited year-end statistics showing a sharp increase in insurgent attacks here, especially by the revived Taliban militia, and predicted a strong new surge of violence in the spring.

Lt. Gen. Karl Eikenberry, the senior U.S. commander in Afghanistan, told journalists traveling with Gates that the number of suicide attacks had increased from 27 in 2005 to 139 in 2006, remotely detonated bombings more than doubled from 783 to 1,677, and armed attacks nearly tripled from 1,558 to 4,542.

The violence led to more than 4,000 deaths in Afghanistan last year. It was by far the bloodiest year in the country since 2001, when a U.S.-led invasion drove the Taliban from power.

Gates, who was sworn in last month as defense secretary, said he would be "strongly inclined" to recommend a troop increase if commanders believe it is needed, the Associated Press reported. Eikenberry said he wanted to extend the combat tours of 1,200 soldiers in Afghanistan to help stem the rising violence, the news service reported. There are currently 24,000 American troops here, 11,000 of them operating under command of the NATO alliance and the rest under U.S. command.

The senior U.S. military spokesman in Kabul, Col. Thomas Collins, said that enemy forces were taking advantage of a peace pact reached in September between Pakistan's government and tribal leaders near the Afghan border. The government had promised the agreement would curb extremist activity and cross-border movements into Pakistan.

Other U.S. military officials said Pakistani forces had been turning a blind eye to insurgent border crossings despite official policies against such activities. In the past, U.S. officials have been reluctant to criticize Pakistan, whose military leaders are under pressure from domestic Islamic and tribal groups that sympathize with the Taliban.

In the past few days, several incidents have appeared to bolster the new international concern about Pakistan's role in violence.

Last Wednesday, officials said, two groups of insurgents were tracked crossing from Pakistan into Afghanistan, where they were attacked by U.S. and Afghan forces. At least 30 insurgents were killed. Taliban officials reportedly called on villagers in the Pakistani tribal areas to hold special funerals for them as Islamic martyrs.

On Tuesday, Afghan police said they caught a suicide bomber attempting to blow up a foreign military compound in Kabul. They said he was from North Waziristan, the Pakistani border region where officials made the truce with local officials in September.

Pakistani officials deny they are abetting Islamic terrorists or cross-border attacks. On Tuesday, the Pakistani army spokesman reported that military forces had attacked an al-Qaeda training camp in North Waziristan, killing 20 to 30 suspected insurgent fighters.

Gates's visit was the third by a senior U.S. official in a week, a flurry of attention that has perplexed many Afghans. Richard A. Boucher, the assistant secretary of state for the region, visited Kabul en route to Islamabad, Pakistan, earlier this week. Sen. Hillary Rodham Clinton (D-N.Y.), a likely presidential candidate in 2008, also visited both capitals.

Strikes On U.S., Afghan Forces Up Fourfold (WT)

By David R. Sands

The Washington Times, January 17, 2007

KABUL, Afghanistan -- Cross-border attacks against U.S. and Afghan forces have increased fourfold since Pakistan signed a pact in September giving tribal groups greater control of some border areas, U.S. military officials said yesterday.

Pakistani officials hailed the agreement that was drawn up as a way to entice local tribe and clan leaders to monitor the porous border in North Waziristan, where the central government has historically had little sway. A similar deal was reached earlier for South Waziristan.

But U.S. and Afghan officials say the results to date have been very disappointing, predicting 2007 and 2008 would be the most violent years in battling the insurgency since the U.S.-led invasion that toppled the Taliban in early 2002.

"We do have a problem," said Lt. Gen. Karl Eikenberry, commander of U.S. forces in Afghanistan.

Defense Secretary Robert M. Gates, in Kabul for two days of briefings on the security situation in Afghanistan, said after a meeting with Afghan President Hamid Karzai that there was "no question there has been a significant increase in cross-border attacks and it is a problem."

But he added that Pakistan had proven itself a strong ally in the global war on terrorism.

The U.S. commander in Afghanistan said yesterday he wants to extend the combat tours of 1,200 soldiers amid rising violence, and Mr. Gates said he was "strongly inclined" to recommend a troop increase to President Bush if commanders think it is needed.

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The defense secretary also said Pakistan must act to stem an increasing flow of Taliban fighters into Afghanistan.

Pakistan's ambassador in Washington, Mahmud Ali Durrani, told The Washington Times on Monday that Islamabad was planning a number of steps to improve border security, including the addition of new border posts and the closing of four Afghan refugee camps located near the border.

Nevertheless, U.S. military officials here were scathing about the results of the Waziristan accords, struck at a time when Taliban forces already were increasing the number and sophistication of their attacks on U.S., NATO and Afghan forces.

Just last week, 150 Islamist fighters in six trucks drove to the Pakistan border and slipped unimpeded into Afghanistan's Khost province for a planned attack on a U.S.-manned forward operating base. The incursion was detected by coalition forces and most of the fighters were killed, but the ease with which they crossed the border upset U.S. officials.

The Taliban's open use of Pakistan as a sanctuary and recruiting base "is critically challenging the ability of the government of Afghanistan to stand itself up," a U.S. military briefer, speaking on background, said yesterday, summarizing the latest intelligence on the insurgent threat. Officials said at least three Taliban- and al Qaeda-affiliated groups were involved in attacks.

Statistics show a startling increase in the number of confrontations with Islamist anti-government forces, which U.S. and NATO officials attribute in part to their own stepped-up operations to find and hit terrorist sanctuaries.

Suicide bombings in Afghanistan jumped from 27 in 2005 to 139 last year, while direct and indirect fire incidents nearly tripled to 6,053. Anti-government forces planted 1,677 improvised explosive devices, or IEDs, last year, compared to just 783 in 2005.

More worrisome, the attacks have not tapered off in the winter months of 2006 as they had in the past.

"The Taliban kind of got their legs under them last year," another U.S. general, also briefing on background, said yesterday.

Both Gen. Eikenberry and Mr. Karzai said Afghan and coalition forces are prepared for another bloody year.

With nearly 23,000 U.S. troops in the country, the American military presence is at an all-time high and Gen. Eikenberry said he is lobbying to keep 1,200 U.S. troops now in the country from being transferred to Iraq.

The general said he thought it was unlikely that the number of U.S. troops in Afghanistan could be brought down before 2009 at the earliest.

Commanders at the NATO-led International Security Assistance Force (ISAF) painted a more optimistic picture, saying a NATO offensive in the summer of 2006 had dealt Taliban forces a major tactical defeat around the southern city of Kandahar. ISAF officials said they had received excellent cooperation from the Pakistan government in the fight.

Pakistani officials in Islamabad said Pakistan's army destroyed suspected al Qaeda hide-outs in an air strike near the Afghan border in South Waziristan yesterday, killing 10 persons, the Associated Press reported.

Mr. Gates yesterday traveled to Afghanistan's eastern mountains to visit Forward Operating Base Tillman, which is named for former Arizona Cardinals football star Pat Tillman, killed by "friendly fire" in a U.S. Special Forces operation in Afghanistan in 2004.

With the Pakistan border clearly visible from the camp, Cpl. Travis Phillips, a mortar gunner from Brazoria, Texas, told Mr. Gates that insurgents had fired "rockets galore" at the base recently, from both Pakistani and Afghan territory.

While U.S. troops can return fire at Pakistani targets in extraordinary situations with top-level clearance, Cpl. Phillips said he had never done so during his time at the base. "You don't want to start an international incident," he said.

In Afghanistan, Commanders Ask For Money In Lieu Of Troops (WSJ)

By Greg Jaffe

The Wall Street Journal, January 17, 2007

KABUL, Afghanistan -- As the Bush administration presses for a surge of U.S. troops in Iraq, military officials in Afghanistan are proposing a surge of their own. Instead of troops, U.S. commanders here, hoping to counter a sharp rise in attacks by Taliban forces, are seeking as much as $6 billion to build roads and speed development of the Afghan army and police forces.

The request comes as the U.S. has quietly increased the size of its force here to about 24,000 soldiers, the highest level yet. Dim prospects for getting substantially more troops are forcing commanders here to take an approach dramatically different from that in Iraq, where the U.S. plans to surge to a force of about 150,000 soldiers focused largely on Baghdad.

"We are talking about a major infusion of money to get things going where they need to go," a military official said in Kabul. The request is for twice the amount set aside for Afghan aid in 2005. It must be approved by the Bush administration, which could pare it down under pressure to reduce spending, following President Bush's decision to send about 21,500 new soldiers into Baghdad, which is estimated to cost about $5.6 billion.

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As a rule, Democrats in Congress have been more sympathetic to requests for aid to Afghanistan than to Iraq, which has access to oil funds. Afghanistan's role in the drug trade could hurt its cause in the Capitol, however, and such a large increase could be harder to sell because of the other demands posed by the Bush administration for the military and foreign aid.

Defense Secretary Robert Gates made his first visit to Afghanistan yesterday to talk with U.S. military and officials of the North Atlantic Treaty Organization about their plan to reverse a steady increase in violence. The number of roadside bombs more than doubled to 1,677 in 2006 from 783 a year earlier, according to a military intelligence official. Suicide bombings have grown in sophistication and increased fivefold during the same period to about 139, the official said.

U.S. military officials say violence along Afghanistan's border with Pakistan has increased threefold to about 75 attacks a month since a September agreement in which Pakistani troops pulled out of the Waziristan region in exchange for a pledge from tribal leaders not to harbor Taliban fighters. "We are seeing evidence that the enemy is taking advantage of the agreement to launch attacks into Afghanistan," said Col. Tom Collins, a U.S. spokesman in Kabul.

Amid the surging violence, the U.S. commander in Afghanistan, Lt. Gen. Karl Eikenberry, said the level of U.S. troops isn't likely to decline. "In fact, these numbers could go up with our growing commitment to the Afghan National Army and police," he said. But U.S. forces are stretched thin by the Iraq surge. NATO troops, which currently number about 20,000 in Afghanistan, are also in short supply.

At the center of Gen. Eikenberry's plan to reduce the violence is the massive road-building campaign, which could cost as much as $2.4 billion. Backers say the work would provide jobs to young men who might otherwise be recruited by the Taliban, and it would connect isolated towns to the central government, making it harder for them to fall under the enemy's sway. When Taliban fighters try to attack road crews, they can be picked off relatively easily by U.S. and Afghan forces, said one commander, who added that road building has become the centerpiece of his operations. It has become a mantra for Gen. Eikenberry that "where the roads end in Afghanistan, the Taliban begin."

To deal with the growing incursions, a battalion of about 800 soldiers from the 10th Mountain Division arrived in Afghanistan late last year for a four-month tour. Recently, Gen. Eikenberry asked that the battalion, which had been scheduled to deploy to Iraq this year, stay in Afghanistan. It is unclear whether his request will be granted. Military officials say they are also short about 2,000 NATO troops, which were pledged by alliance members but not delivered.

Write to Greg Jaffe at greg.jaffe@wsj.com1

Pakistan In Strike Against Taliban (FT)

By Farhan Bokhari And Daniel Dombey

Financial Times, January 17, 2007

Pakistan said on Tuesday it had attacked Taliban and al-Qaeda positions in an airstrike that coincided with a visit to Afghanistan by Robert Gates, the new US defence secretary.

The attack, in the south Waziristan region, near the Afghan border, comes amid mounting western concerns that Nato's struggle against the Taliban cannot be won without greater co-operation from Islamabad.

Last week John Negroponte, the US's director of national intelligence and nominee for deputy secretary of state, said Pakistan remained al-Qaeda's centre for global operations.

Nato officials add that the Taliban retains a command centre in the Quetta area and that Pakistan has become a safe haven for the insurgents, so crippling the alliance's long-term strategy.

Nato is seeking to address such problems in advance of the resumption of Afghanistan's fighting season when the winter snows melt in a few weeks' time.

This month Shaukat Aziz, Pakistan's prime minister, is due to visit Nato's headquarters, where he is likely to face pressure from Nato nations for increased co-operation. Afghanistan will also be at the centre of meetings of Nato foreign ministers and defence ministers over the next few weeks.

Nato expects a Taliban spring offensive and is seeking to counter it but has experienced severe problems in increasing its 31,000 troops in the country. The US has a further 13,000 troops there focused on counter-terrorism rather than providing security for Afghanistan.

Some diplomats argue that Pakistan is the biggest problem in the Afghanistan conflict, particularly because of the limited remit of Pervez Musharraf, Pakistan's president, in the tribal areas in his country's border region.

Pakistan rejects such claims but has stepped up its activities along the border.

Last week the Pakistani army participated with Nato in a large-scale operation against the Taliban, striking what it said were support units for the insurgents.

In Tuesday's pre-dawn raid, Pakistani military helicopters fired missiles and ammunition at three compounds Pakistan says were being used by Islamist militants.

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"The attack was carried out based on information that 25 to 30 miscreants, including foreign elements, were present there," said Major General Shaukat Sultan, head of the military's information wing.

He added that up to eight bodies had been retrieved and 10 others had been wounded. But local tribesmen said the men who had been killed were Afghan woodcutters.

The attack came the morning after Mr Gates arrived in Afghanistan, prompting speculation that it was intended to signal Pakistan's commitment in the battle against the Taliban and al-Qaeda. But on Tuesday US officials said Taliban fighters had exploited a peace deal with the Pakistan government last year in north Waziristan to increase attacks in Afghanistan.

Lieutenant General Karl Eikenberry, Washington's top commander in Afghanistan, said the number of cross-border attacks in north Waziristan last month was triple the level of the same period a year ago.

More than 4,000 people died in the violence in Afghanistan last year, the highest level since the fall of the Taliban in 2001.

"Pakistan is seen as part of a problem but the difficulty for the Americans is that it is also seen as part of the solution" said retired General Talat Masood, a Pakistani commentator on defence and security affairs, referring to Pakistan's role in killing or arresting a large number of militant suspects.

Pakistan Airstrike Targets Tribes (CSM)

By David Montero

The Christian Science Monitor, January 17, 2007

For the second time in a week, the Pakistan Army has rained missiles on suspected militant targets, seeming to confirm in deeds what it has denied in words: That a controversial peace deal with Islamic militants has turned Pakistan's tribal belt into a sanctuary for attacks against Afghanistan.

Tuesday's attack, coming after an attack last week on militant supply trucks, underscores a troubling division of rhetoric and clouded policies on both the Pakistani and American sides that are hampering the war on terror, analysts here said. A peace deal signed with Taliban-linked militants in September of last year, the government said, was supposed to bring peace. Now Pakistani officials appear to be contradicting themselves by targeting the very same militants they were supposed to have appeased.

Similar mixed messages came out of Washington last week. In a blunt written statement to the Senate Select Committee on Intelligence last Thursday, US Director of National Intelligence John Negroponte characterized Pakistan as a base of operations for Al Qaeda and Taliban attacks against Afghanistan. One day later, Richard Boucher, the US assistant secretary of state for south and central Asian affairs, applauded Pakistan's efforts in the war on terror during a visit to Islamabad on Friday. Analysts here say such mixed messages only frustrate the collective efforts of the US and Afghan governments to target Islamist militants.

"Washington needs to get its act together," says Samina Ahmed, the South Asia Project Director for the International Crisis Group. "The government in Pakistan's actions will confuse the message they're trying to send."

Pakistani military intelligence officials said Tuesday morning's airstrike killed up to 20 militants in the village of Zamzola in the restive province of South Waziristan. The attack came hours after US Defense Secretary Robert Gates landed in Afghanistan for talks with President Hamid Karzai.

The timing prompted some observers to speculate whether the attacks were meant as a demonstration of Pakistan's continued cooperation in the face of a growing chorus of criticism from US and NATO officials. Pakistani government offiicials, for their part, rejected suggestions that the airstrikes were anything other than conventional military strategy.

"This is not related to anything. There is absolutely no way that we would go and kill our own people to please anyone," says Tasneem Aslam, spokeswoman for the Pakistani Foreign Ministry. "There must have been terrorists present," she says.

In another blow to the Taliban Tuesday, Afghan security forces arrested a man who is believed to be Mohammed Hanif, the spokesman for Taliban leader Mullah Mohammad Omar, as he crossed the border from Afghanistan into Pakistan.

The heightened international criticism underscores the Catch-22 in which Pakistan finds itself. "On the one hand, the government is saying that peace is working," says Rahimullah Yusufzai, a prominent journalist in Peshawar. "But it is also admitting that there are militants in the area in hideouts."

The contradictions in officials' statements damage the credibility of Pakistan's military. Analysts say that the differing comments undermine military morale and, even worse, scuttle the already little public support among ordinary Pakistanis for the largely US-led war on terror.

Instead of killing militants, analysts say, the US, Pakistani, and Afghan governments need to set a strong example of justice.

"What you need are arrests made, trials, and transparency. The kinds of thing that send signals to the extremists," says Ms. Ahmed.

DOJ_NMG_0117730

Defense Reloads (WSJ)

By Jonathan Karp

The Wall Street Journal, January 17, 2007

Rising Pentagon Spending Quells Talk of Profit Plateau

Defense contractors have enjoyed surging profits in recent years as the government spent heavily to fight wars in Iraq and Afghanistan and combat terrorism in other parts of the world. Recently, some investors have worried that ballooning federal deficits could bring the flush times to an end.

But with the makers of warplanes, tanks and battlefield technology expected to report strong fourth-quarter results beginning next week, the latest Pentagon plans suggest that the long-expected spending plateau is still another year away.

The January financial-reporting season for defense companies traditionally is tricky: It comes just days before the Pentagon unveils its budget for the next fiscal year, a document that frames investor expectations.

Major defense companies are expected to meet or exceed their quarterly targets, given that federal funds spent to buy and develop weapons in the October-to-December quarter rose 19% from the year-earlier period. That surge was in part a result of spending approved for the Iraq war in the previous fiscal year, analysts said.

Record Iraq war funding is likely to boost previously issued conservative profit outlooks for 2007 as well. Despite opposition to the Bush administration's Iraq policy and saber rattling about closer budget scrutiny, Congress's new Democratic leadership doesn't pose an immediate risk for the industry, analysts agree. Democrats are expected to broadly support Pentagon spending, though legislators may make modest trims and modifications to specific weapons programs.

To be sure, even as overall Pentagon spending rises, some of the biggest weapons programs face budget pressure because of cost growth. Potential trims to Boeing Co.'s Future Combat Systems modernization program for the Army or Lockheed Martin Corp.'s Joint Strike Fighter jet are unlikely to have immediate material impact on profits but could influence investors' longer-term outlook.

Even before President Bush announced he is sending extra troops to Iraq, the Pentagon in recent weeks telegraphed an imminent tsunami of spending requests. The fiscal 2008 budget will be followed by two separate emergency war-fund requests, for the current and coming fiscal years. These latest so-called supplemental budgets have wide scope to include weapons development and procurement.

"The outlook for the defense industry in 2007, and probably 2008, is quite good," says Steven Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments, an independent think tank in Washington. Between the annual Pentagon budget and supplemental war requests, weapons purchases will be "about $135 billion in 2007, the highest level since the late '80s," he says, even when adjusted for inflation.

That leaves breathing room for an industry that approached 2007 cautiously. Lockheed, the biggest contractor by sales, had a stellar 2006, and raised its full-year revenue and profit outlook when it reported third-quarter earnings in October. Yet at the time, the Bethesda, Md., aerospace giant outlined modest performance expectations for this year: up to 7.7% sales growth; up to 8.8% in operating-profit growth and a per-share earnings range from flat to 6.4% growth.

That was before the supplemental budget, which includes funds for two of Lockheed's Joint Strike Fighter and for 17 C-130 cargo planes, part of an Air Force request that will extend the production line of the venerable propeller-driven transport. Analysts expect Lockheed to beat consensus estimates for the fourth quarter and, along with other defense companies, set more ambitious 2007 financial targets.

Counting weapons research and development, the Pentagon's total investment account is expected to rise 22% to $213 billion, compared with $175 billion in fiscal 2006, according to George Shapiro, a defense analyst at Citigroup Inc.'s Citigroup Global Markets Inc. He foresees a solid 8% boost in weapons spending in the fiscal 2008 annual Pentagon budget, compared with the current year, not including supplemental war funding.

Howard Rubel, a Jeffries & Co. analyst, estimates that average operating margins at the 20 aerospace and defense companies he covers rose to 9.5% in 2006, compared with 8.7% in 2005, and he believes there is room to grow. Per-share earnings grew 16% last year, he predicts, compared with estimates of about 12% for the full Standard & Poor's 500-stock index.

"The aerospace and defense group outperformed the market last year and is likely to deliver double-digit EPS growth again and beat the market again," Mr. Rubel says. Besides the favorable budget environment, he cites: operating improvements, astute cash management through buybacks and debt reduction, and the rebound in commercial aviation. He favors companies with exposure to the Army, where weapons and equipment spending will grow fastest.

Among the five biggest defense contractors, General Dynamics Corp. is benefiting from the surge in both Army and corporate-jet business. The Falls Church, Va., company makes Abrams tanks and Stryker troop carriers, two mainstays of the

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ground forces in Iraq, and it is positioning itself to be a player in new, smaller Army vehicles. Its Gulfstream unit has fat order backlogs as the demand for high-end business jets spreads globally.

Boeing's airliner business is booming, but its biggest Army program is likely to be trimmed in the coming budget. Future Combat Systems, or FCS, aims to modernize U.S. ground forces with a family of new manned and unmanned vehicles, high-tech sensors and an ambitious wireless data network linking all the pieces. The Boeing-led program, whose cost has grown to an estimated $165 billion, is being reshaped again, though not dramatically: The Army is pulling back on plans for some unmanned aircraft, reviewing ground robotic vehicles and slowing the initial production rate.

People briefed on the Army's budget say FCS is slated to lose about $3 billion between fiscal 2008 and 2012, the planning period covered in the next Pentagon budget. Lockheed's Joint Strike Fighter is getting support for fiscal 2008, Pentagon officials say, but the Air Force and Navy plan to decrease spending on the stealth fighter over the five ensuing years to free up money for other needs.

Write to Jonathan Karp at jonathan.karp@wsj.com1

Psychologist: Navy Faces Crisis (USAT)

By Gregg Zoroya

USA Today, January 16, 2007

An experienced Navy psychologist warns that the U.S. military does not have enough mental health professionals to meet the growing number of emotionally damaged war veterans.

Moreover, Navy Cmdr. Mark Russell says, many of the mental health professionals on staff lack formal training in core therapies for post-traumatic stress syndrome. Russell predicts a "perfect storm" of dire health care consequences.

From his distant vantage point treating Marines at a base in Iwakuni, Japan, Russell, 46, has been speaking out for three years that the U.S. military faces a mental health crisis in the treatment of its combat veterans.

He has fired off memos to higher command and has gone public with his views, an unusual step for many in the military. Russell discussed his concerns in phone and Internet interviews.

"We cannot provide the standard of care to treat PTSD via psychotherapy when we can barely keep up with new referrals and have to manage crises while filling in for the staffing gaps and vacancies due to deployment, attrition or no billeting," Russell says. "This is why I have been so outspoken."

Addressing the issue

Military mental health officials downplay Russell's grim assessment, noting that training is increasing, aggressive mental health programs are being created, and civilian mental health professionals are being hired to provide additional resources.

"Mark really has a tremendous amount of compassion and a real desire to make sure that everyone gets what they need," says Navy Capt. Warren Klam, a psychiatrist and senior medical officer for mental health at the Naval Medical Center in San Diego and a member of the Mental Health Task Force. "I just think if you look at the bigger picture, it's not nearly as much of a concern as it might sound. I think DOD (Department of Defense) is very sensitive to this issue and is trying to work very hard."

The Navy serves all the medical and mental health needs of the Marine Corps.

Russell says his immediate commanders at the Marine Corps base have been supportive and encouraged him to speak out. Most recently, they arranged for him to testify at a San Diego hearing held by the Pentagon's Task Force on Mental Health. Congress authorized the task force to examine mental health care in the military. The title of Russell's presentation was "Perfect Storm."

During that testimony, Russell presented data showing:

·Mental health trauma is on the rise. Army studies show that more than a third of combat-deployed troops seek mental health care when they return home.

·Training for mental health professionals is inadequate. A survey by Russell of 133 military mental health providers done from 2003-05 shows that 90% of the psychiatrists, psychologists and social workers reported no formal training or supervision in four PTSD therapies recommended by the Pentagon and Department of Veterans Affairs.

·Staffing is down. Russell says vacancies remain for mental health providers in the Navy. In addition, psychiatrists and psychologists deployed overseas deplete resources at home, and burnout makes it hard to keep skilled therapists on staff, he says. His concerns were supported by a 2005 Army study showing one of three mental health providers deployed in the war zone report high burnout or low motivation or morale.

Klam says the Army and Navy have emphasized providing mental health counseling in war zones at an unprecedented level.

As a result, he says, the military has a record of returning more than 98% of troops with emotional issues back to their units.

In addition, he says, the Pentagon has aggressively worked to screen troops as they leave the battlefield and after they arrive home to learn about lingering physical or mental problems. Klam says training in the core therapy areas has been increasing.

He concedes, however, that staffing continues to be an issue. His complement of a dozen psychology positions at the medical center is down by half. He has brought in four civilian psychologists to fill in.

Staff shortages

Navy Cmdr. Richard Bergthold, a psychologist, says he has no way to verify Russell's assertions about the broad lack of formal training in key therapies.

Bergthold agreed that recruitment and retention of psychologists and psychiatrists in the Navy is a continuing problem. He says the Navy has 72% of the psychologists and 62% of the psychiatrists it needs, although trainees will raise staffing levels to 85% for psychologists and 91% for psychiatrists.

After Russell raised his concerns, Bergthold says he canvassed several senior mental health officials within the Navy.

"They do not believe we are currently in a crisis," Bergthold says. "However, if the Navy were to stand still and do nothing — which it's not — we would find ourselves quickly overwhelmed. … If we see this conflict go on with an increased number of folks returning with stress disorders, it's a question of mathematics."

Army staffing levels for uniformed psychiatrists and psychologist are at 80%-85%, but the Army has contracted with large numbers of civilian mental health officials to help in assisting soldiers.

DOJ:

Federal Prosecutors' Resignations Raise Red Flag (LAT)

By Richard Marosi, Times Staff Writer

The Los Angeles Times, January 17, 2007

SAN DIEGO -- The top federal prosecutors in San Diego and San Francisco announced their resignations Tuesday as critics charged the Bush administration with forcing out a growing number of U.S. attorneys without cause.

The U.S. attorneys in San Diego and San Francisco, Carol Lam and Kevin V. Ryan, respectively, did not comment on whether they had been forced to resign. Lam said she would step down Feb. 15; Ryan did not name a date.

Sen. Dianne Feinstein, D-Calif., in a Senate speech Tuesday, said at least five other U.S. attorneys have been forced to resign without explanation. She accused the Bush administration of trying to circumvent Senate confirmation of their replacements.

Such appointments were subject to Senate review until last year when the Patriot Act was reauthorized with a provision that allowed the U.S. attorney general to appoint longer-term, interim replacements without Senate approval.

The departures, Feinstein said, come at a sensitive time when federal prosecutors are pursuing political corruption cases.

"The U.S. attorney's job is too important for there to be unnecessary disruptions, or, worse, any appearance of undue influence," Feinstein said.

A Justice Department spokesman, Brian Roehrkasse, said senators would be consulted before the nomination of replacements, as has been the routine since the law was changed.

"It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process," Roehrkasse said.

Feinstein said she planned to bring up the issue at a Senate Judiciary committee hearing Thursday at which U.S. Attorney General Alberto Gonzales was scheduled to appear.

Lam, a former judge, oversaw the corruption prosecutions of former U.S. Rep.Randy "Duke" Cunningham, a Republican, and two San Diego City Council members. She was criticized by some U.S. Border Patrol agents who accused her office of not focusing enough attention on immigration and alien-smuggling cases.

Ryan's notable prosecutions included the BALCO steroids case. His office also launched investigations of Silicon Valley giants Hewlett-Packard Co. and Apple Inc.

Times staff writer Rick Schmitt contributed to this report.

Gonzales Discusses Attorney Vacancies (AP)

By Laurie Kellman

AP, January 17, 2007

DOJ_NMG_0117733

Senate Democrats want to take away Attorney General Alberto Gonzales' power to replace U.S. attorneys who fall out of favor and return that authority to federal district judges.

Democratic Sens. Dianne Feinstein of California and Mark Pryor of Arkansas complained Tuesday that the White House is using an obscure provision in the newly reauthorized USA Patriot Act to reward Republican political allies with jobs as federal prosecutors.

"The Bush administration is pushing out U.S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements," Feinstein said.

"It appears that the administration has chosen to use this provision, which was intended to help protect our nation, to circumvent the transparent constitutional Senate confirmation process to reward political allies," Pryor said in the joint Democratic statement.

Not true, Gonzales told The Associated Press.

"We are fully committed to ensuring that with respect to every position we have a Senate-confirmed, presidentially appointed U.S. attorney," Gonzales told editors and reporters during an interview Tuesday.

"We in no way politicize these decisions," he added.

U.S. District Court judges, Gonzales said, tend to appoint friends and others not properly qualified to be prosecutors.

Better that judges do the hiring than the White House, say Democrats, who have introduced legislation to return the appointment process to the courts.

The subject is headed for a public airing Thursday when Gonzales appears before the Senate Judiciary Committee for its first oversight hearing of his department since the Democrats took control of Congress.

At issue is whether the administration is using an obscure provision in the terrorism-fighting USA Patriot Act to oust federal prosecutors and replace them for the duration of the Bush administration with White House allies.

The intent of the law was to ensure continuity of law enforcement when federal prosecutors are lost in terrorist attacks or other crises. Under it, the attorney general would be permitted to appoint replacements, indefinitely, without Senate confirmation.

In the year since the reauthorization took effect, 11 federal prosecutors have resigned or announced their resignations - some at the urging of the Bush administration, Gonzales said. He described a range of reasons for ousting sitting U.S. attorneys, from their job performance to their standing in their communities, and noted that federal prosecutors serve at the pleasure of the president.

Gonzales repeatedly cited the Patriot Act when discussing the replacements, but twice refused to say when asked whether any of the personnel changes at issue pertained to national security.

But he stressed that anyone named to replace the departing prosecutors have their jobs only temporarily, pending Senate confirmation. His comments encouraged some Democrats.

"That's good news, if that's the case," Pryor said in a telephone interview later Tuesday. But he stood by his assertion that in his state, the Justice Department improperly ousted U.S. Attorney Bud Cummins (nyse: CMI - news - people) and replaced him with Tim Griffin, a protege of Bush adviser Karl Rove.

Feinstein, meanwhile, complained on the Senate floor Tuesday that U.S. Attorneys Carol Lam of San Diego and Kevin Ryan of San Francisco were ousted from their positions for political reasons. Lam prosecuted and obtained the conviction of former Rep. Randy "Duke" Cunningham, R-Calif.

Justice Dept. Names New Prosecutors, Forcing Some Out (NYT)

By David Johnston

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — The Justice Department is removing several United States attorneys from their jobs, among them Carol C. Lam, the top federal prosecutor in San Diego, who led the corruption prosecution of former Representative Randy Cunningham.

Justice Department officials said Tuesday that Ms. Lam's dismissal had nothing to do with the prosecution of Mr. Cunningham, Republican of California, but was based on her overall record in prosecuting firearms violations and crimes along the California border with Mexico.

But Senator Dianne Feinstein, Democrat of California, said that Ms. Lam and Kevin V. Ryan, the United States attorney from San Francisco, among others, were being pushed out "without cause." Mr. Ryan's office has been investigating the backdating of stock options granted to corporate executives.

Ms. Feinstein said on the Senate floor on Tuesday that Ms. Lam, appointed in 2002, was "a straight shooter and a good prosecutor."

"To my knowledge," Ms. Feinstein said, "there are no allegations of misconduct having to do with Carol Lam. She is a distinguished former judge. Rather, the only explanation I have seen are concerns that were expressed about prioritizing corruption cases over smuggling and gun cases."

Representative Darrell Issa, a Republican from San Diego County who has criticized Ms. Lam's record on illegal immigration, called the Cunningham prosecution "a credit to her leadership and her office" in a statement on Tuesday, but repeated his call for border enforcement and said her replacement "will bring new ideas and new strategies that will benefit our area."

It is not clear how many United States attorneys are being forced out. Ms. Feinstein said the number was 5 to 10; Justice Department officials said the number was lower but would not provide a specific number.

"We in no way politicize these decisions," Attorney General Alberto R. Gonzales told The Associated Press on Tuesday. Other Justice Department officials said some prosecutors were being dismissed and others were leaving voluntarily.

The Justice Department sent a letter defending its actions on Tuesday to Ms. Feinstein and Senator Patrick J. Leahy, Democrat of Vermont, chairman of the Judiciary Committee. "That on occasion in an organization as large as the Justice Department some United States attorneys are removed or are asked or encouraged to resign, should come as no surprise," the letter said. It added that no action had been taken against United States attorneys "to retaliate against them or interfere with or inappropriately influence a particular investigation, criminal prosecution or civil case."

Ms. Feinstein said in her statement that she knew of seven United States attorneys who had been dismissed without cause.

Those the Justice Department officials said had been asked to leave were Ms. Lam, Mr. Ryan, Daniel G. Bogden of Nevada, David C. Iglesias of New Mexico and H. E. Cummins III of Arkansas. Others who are said to be stepping down are Paul K. Charlton of Arizona and John McKay of Washington State. All were appointed by President Bush.

Ms. Feinstein noted that the two Arkansas senators, Mark Pryor and Blanche Lincoln, both Democrats, had raised concerns about Mr. Cummins's replacement, J. Timothy Griffin, who was research director for the Republican National Committee. Justice Department officials said Mr. Griffin had a strong background as a military and civilian prosecutor.

The officials said that most of those being removed were being replaced based on a review of their performance in carrying out Mr. Gonzales's violent crime priorities.

These officials sought to minimize the significance of the action. They said there were frequently changes in the ranks of United States attorneys after an election and that there were often 10 to 15 vacancies among the 93 posts around the country. But as presidential appointees, United States attorneys are rarely removed without a specific reason.

Ms. Feinstein said the departmentmight be removing the prosecutors to take advantage of a little-noticed provision in the 2006 reauthorization of the USA Patriot Act that expanded its authority to make indefinite interim appointments.

Previously, a federal judge would appoint an interim United States attorney to serve until the Senate confirmed the president's nominee. Now the attorney general can nominate someone to serve without confirmation for the remainder of Mr. Bush's term. Ms. Feinstein, Mr. Pryor and Mr. Leahy have introduced legislation to restore the role of naming interim prosecutors to the judiciary.

Justice Department officials said that there was no intention to use the law to skirt the confirmation process now that the Senate is in Democratic hands, and that the administration would submit nominees for Senate confirmation.

Lam's Ouster Concerns Lawmakers (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 16, 2007

Senators to seek answers about U.S. attorneys' exits

A national political storm is brewing over the departures of several top prosecutors, including San Diego U.S. Attorney Carol Lam.

Lam has not commented since reports surfaced last week that she was asked to resign as the chief federal law enforcement officer in San Diego.

Sources told The San Diego Union-Tribune that superiors in the Justice Department are unhappy with decreased prosecutions for gun and immigration violations.

Lam, a political independent, was appointed by President Bush in 2002.

In recent months, at least four other U.S. attorneys have announced their departures, two of them confirming that they've been asked to resign.

With reports yesterday that the Department of Justice has demanded the resignation of another top prosecutor, in Las Vegas, Attorney General Alberto Gonzales is scheduled this week to answer questions from skeptical senators.

Democratic lawmakers have criticized the recent departures from the ranks of top federal prosecutors as worrisome.

"We have no idea why this is happening," Sen. Dianne Feinstein, a California Democrat, said in a statement last week. "The attorney general could have a legitimate reason for asking for specific resignations, or this could be motivated by political concerns or worse, derailing ongoing investigations."

A Feinstein spokesman yesterday declined to comment on the situation in San Diego.

Typically, the nation's 93 U.S. attorneys are appointed by the president and confirmed by the Senate, but a provision in last year's Patriot Act allows the attorney general to make interim appointments with indefinite terms.

Feinstein and other senators introduced legislation that would return the power to appoint interim U.S. attorneys to federal judges.

Gonzales is scheduled to testify Thursday before the Senate Judiciary Committee, of which Feinstein is a member.

Both U.S. senators from Nevada said this weekend that U.S. Attorney Daniel Bogden had been asked to step down, according to a report published yesterday in the Las Vegas Review-Journal.

Bogden's spokeswoman wasn't available yesterday, a federal holiday. When asked about her boss' future last week, she told the Union-Tribune "I can't comment on that right now."

Meanwhile, H.E. "Bud" Cummins, the former U.S. Attorney in Little Rock, Ark., said this weekend that he was, asked to leave his job so the Bush administration could fill it with a political appointee.

Cummins said he had planned to leave the post anyway, so was not troubled by the request.

Arkansas' senators, both Democrats, criticized the appointment of Tim Griffin, a former White House lawyer who also worked for the Republican National Committee, as Cummins' successor.

Outgoing New Mexico U.S. Attorney David Iglesias also said he was asked to resign, but without explanation.

Other U.S. Attorneys who recently announced they are leaving include John McKay in Seattle and Paul Charlton in Phoenix. Neither has said he was pushed out; McKay said he would "be returning to the private sector" while Charlton said he was leaving to join a law firm.

Lam's replacement will say a lot about why she was asked to leave, said former San Diego U.S. Attorney Peter Nuñez.

"If they drag in somebody nobody's ever heard of from D.C. or somebody's cousin or some rich guy's nephew, that will tell you more about what happened than anything else," he said.

Feinstein: Administration Forcing Resignation Of Seven U.S. Attorneys (HILL)

By Kelly Mccormack

The Hill, January 17, 2007

Sen. Dianne Feinstein (D-Calif.) lambasted the Bush administration yesterday, saying it is forcing several U.S. attorneys to step down from their posts in order to cherry-pick new political appointments without Senate confirmation.

On the Senate floor yesterday afternoon, Feinstein scrutinized the activities of the administration, which she says has asked seven U.S. attorneys to resign, without evidence of misconduct.

"The attorney general can nominate someone who [then] goes in without any confirmation hearing by this body and serves as U.S. attorney for the remainder of the president's term in office," Feinstein said. "This is a way, simply stated, of avoiding Senate confirmation of a United States attorney."

In last year's reauthorization of the Patriot Act, a provision was changed to allow interim appointees to serve indefinitely, instead of limiting an appointed U.S. attorney's tenure to 120 days. Previously, the Department of Justice (DoJ) could appoint an interim U.S. attorney and, after a period of 120 days, a district judge could influence who was chosen for the position.

Two of the U.S. attorneys forced to resign were from California; the others were from New Mexico, Nevada, Arkansas, Texas, Washington and Arizona, Feinstein said.

She noted that Carol Lam, the U.S. attorney for Southern California involved in the probe of former Rep. Randy "Duke" Cunningham (R-Calif.), recently resigned.

Rumor has it that Lam has other cases in which members of Congress have been subpoenaed, Feinstein said.

But she admitted to knowing little of the circumstances surrounding Lam's departure. "The only explanation I've seen are concerns that were expressed about prioritizing public corruption cases over smuggling and gun cases," the senator said.

U.S. Attorney H.E. Bud Cummins, of Little Rock, Ark., recently was replaced by Timothy Griffin, a former White House lawyer who has worked for the Republican National Committee.

"The United States attorney's job is too important for there to be unnecessary disruptions or, worse, any appearance of undue influence," Feinstein said. "At a time when we're talking about toughening the consequences for public corruption, I believe we should change the law to ensure that our top prosecutors who are taking these cases are free from interference or the appearance of impropriety."

Last week, Feinstein, Senate Judiciary Chairman Patrick Leahy (D-Vt.) and Sen. Mark Pryor (D-Ark.) introduced legislation that would restore "the statute to what it once was" and give the "authority to appoint interim U.S. attorneys back to the district court where the vacancy arises," Feinstein said on the Senate floor.

"I've been told that this really interrupts the flow of the prosecution of these cases, to have the present U.S. attorney be forced to resign," she added.

Feinstein today plans to question U.S. Attorney General Alberto Gonzales about the issue at a hearing of the Senate Judiciary Committee.

However, the DoJ upheld its process, saying that Senate confirmation was a top priority.

"We are fully committed and it is in our best interest to have a U.S. attorney that is confirmed by the Senate," DoJ spokesman Brian Roehrkasse said. "It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process."

U.S. Attorney Ryan Leaving Post Amid Reports Of His Being Forced Out (MERCN)

By Howard Mintz

The San Jose Mercury News, January 17, 2007

U.S. Attorney Kevin Ryan has notified his staff that he is leaving amid reports that he and six other federal prosecutors are being forced out by the Bush Administration.

Ryan has been the administration's point person for the Justice Department in Northern California since 2002.

Ryan sent an e-mail to his staff today notifying them that he is leaving, saying ``for some months now I have been considering the possibility of pursuing other challenges for a variety of personal and professional reasons.'' The e-mail did not specify the date that Ryan is leaving, just stating that ``it is a good time for me to move on.''

Former prosecutors under Ryan say they've been told he has been asked to leave his post under the cloud of an internal Justice Department probe of his leadership of the 90-plus lawyer office. But most lawyers say Ryan's departure will have little impact on the big ticket cases he has been pursuing, including the Apple stock options probe and Balco.

``I don't think there's much of a hiccup in terms of already filed cases from one U.S. attorney to another,'' said a former federal prosecutor who asked not to be identified.

Ryan's tenure has been marked by internal chaos and controversy within his office balanced against his lead role in some of the nation's most high-profile federal prosecutions, including the Balco steroid scandal, the stock options backdating probe and, more recently, his decision to pursue the Hewlett-Packard spying scandal.

Rumors that Ryan might be planning to resign have circulated within his office for months, particularly since the Justice Department sent a team of auditors to the Bay Area last fall to interview current and former prosecutors about his management. Whether Ryan resigned or was asked to resign, his status has been on shaky ground as a result of a constant stream of criticism from current and former prosecutors who've questioned his insular leadership style.

Current and former prosecutors have complained of low morale, a reason cited for a lag in the numbers of criminal cases filed by Ryan's office. A Mercury News review in 2004 found felony cases at one of the lowest levels in recent history. There also have been a steady stream of defections by top prosecutors in recent years.

Ryan, a former state prosecutor and San Francisco Superior Court judge, came to the position in 2002 as an outsider to the region's federal court system, getting the job as U.S. attorney only after an unsuccessful bid to be a federal judge. He pushed prosecutions of high-tech crime in Silicon Valley and stock market fraud, gaining national prominence when his office took on the Balco case.

But after about two years in the job, Ryan's stock started to plummet among his own staff of prosecutors. One top San Francisco prosecutor, John Hemann, who was part of the Enron task force, issued a blistering critique of Ryan's leadership in an e-mail to his colleagues when Hemann resigned. Another veteran prosecutor last year asked the Justice Department to interview departed prosecutors about problems in the office.

Ryan inherited the job from former U.S. Attorney Robert Mueller III, who left to become FBI director and helped improve the office after years of many of the same problems that appear to be behind Ryan's downfall. In fact, Mueller succeeded former U.S. Attorney Michael Yamaguchi, who was forced to resign in 1998 under pressure from the Justice Department and the local federal judges.

Most local lawyers say they expect an interim U.S. attorney to be named, particularly because local Republicans have had trouble quickly finding qualified candidates in the past. There are about two years left in Ryan's term, and if the White House names a full-time replacement he or she must be confirmed by the Senate.

``It's kind of a short amount of time to name another U.S. attorney,'' said Barry Portman, the Bay Area's federal public defender for more than 20 years.

U.S. Attorney Lam Announces Resignation (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 17, 2007

SAN DIEGO – U.S. Attorney Carol Lam announced Tuesday that she is resigning effective Feb. 15.

"It has been both a great honor and a great privilege to have served the nation and the Southern District of California as United States attorney for the past 4½ years," she said in a statement.

"The dedication shown by the men and women of the U.S. Attorney's Office can be seen every day in the important cases they prosecute, including cases relating to terrorism, immigration, narcotics, public corruption, and fraud."

The San Diego Union-Tribune reported on Friday that Lam was asked to resign because of decreasing prosecutions in gun and immigration matters.

In her statement issued midafternoon Tuesday, Lam did not address whether she was asked to resign.

Her spokeswoman said in an e-mail that "there will be no further comment today."

Kevin V. Ryan, the U.S. Attorney in San Francisco, also announced his resignation Tuesday.

Sen. Dianne Feinstein, a California Democrat, criticized the "forced resignations" of U.S. attorneys, including Lam and Ryan. U.S. attorneys in California, New Mexico, Nevada, Arkansas, Texas, Washington and Arizona have been asked to step down, Feinstein said, according to Bloomberg News.

Advertisement But U.S. Attorney General Alberto Gonzales bristled at the suggestion by Democratic senators that the Justice Department's request for the resignations was politically motivated or intended to circumvent the Senate confirmation process.

"Nothing could be further from the truth," Gonzales told The Associated Press.

Instead of handling hundreds of routine border cases, Lam said she preferred to focus the limited resources of the U.S. Attorney's Office on more significant prosecutions.

"During the past four years, we have obtained higher sentences for illegal aliens with serious criminal histories, and the violent crime rate has declined in San Diego," she said in her statement.

"We have prosecuted serious cases involving public corruption, dismantled the leadership of large narcotics cartels and prison gangs, and protected the public (treasury) in civil litigation."

Lam prosecuted former Rep. Randy "Duke" Cunningham, a Republican, who pleaded guilty to conspiracy and tax evasion charges.

A federal prosecutor for many years, Lam, 47, was a Superior Court judge when President Bush appointed her as the top federal prosecutor for San Diego and Imperial counties.

"I thank the President for giving me the opportunity to serve as United States attorney," Lam said.

U.S. Attorney Lam Resigns (NCT)

By William Finn Bennett, Staff Writer

North County (CA) Times, January 17, 2007

SAN DIEGO -- Ending days of speculation, San Diego-area U.S. Attorney Carol Lam announced Tuesday afternoon in a news release that she will step down from the job on Feb. 15.

News stories first surfaced last week that she had been asked to resign, but no government source was willing to go on the record with the information.

The release did not provide a reason for Lam's resignation nor did it say if she had been asked to resign. Reached by phone late Tuesday, a spokeswoman for the 47-year-old Lam said that there would be no other comment.

In a Tuesday phone interview from his Washington office, U.S. Rep. Darrell Issa, R-Vista, said Lam was asked to step down.

Issa declined to name the source of the information, but said "it was a high-ranking administration official involved in the decision process."

U.S. attorneys serve at the pleasure of the president.

Department of Justice officials in Washington, D.C., did not respond to requests for interviews Tuesday.

For years, Issa has been critical of Lam for what he said was her failure to more aggressively prosecute illegal-immigrant smugglers.

"And I have had one-on-one conversations with Ms. Lam, urging her to be more aware of the policy priority that the president has given," he said, referring to Bush's promises to secure the nation's borders.

In an October 2005 letter to Attorney General Alberto Gonzales, for example, Issa blasted Lam's office for failing to prosecute two cases of smugglers who were repeat offenders. In the letter, Issa called her failure to do so the result of "lax prosecutorial standard."

On Tuesday, Issa said that Lam, who was appointed to the post by President Bush in 2002, had done a good job in prosecuting white-collar crime and commended her for her successful investigation of the now-imprisoned former 50th District Congressman and conservative Republican Randy "Duke" Cunningham.

Issa said it would be too strong to say that he was instrumental in Lam's resignation.

In her news release, Lam appeared to respond to her critics, saying that "during the past four years, we have obtained higher sentences for illegal aliens with serious criminal histories, and the violent crime rate has declined in San Diego."

The release also included laudatory statements from a number of local federal officials, including Adele Fasano, San Diego director of field operations for U.S. Customs and Border Protection. Fasano said that his department has had a "strong, collaborative" relationship with Lam's office to combat smuggling activity through the San Diego area.

"This focused effort has been particularly effective in the area of alien smuggling and has resulted in the aggressive prosecution of serious violators," Fasano said.

Issa disagreed with the praise of Lam's handling of human smuggling cases.

"It's very clear she had a weakness, that she liked big cases but shunned what she saw as more mundane cases of human smugglers, which have grown," he said.

Former San Diego-area U.S. Attorney Alan Bersin said he found the call to ask Lam to resign "highly unusual."

Bersin, who now serves as the chairman of the San Diego County Regional Airport Authority, said he found it "peculiar" that no one stood up and took responsibility for asking Lam to step down or state what the reasons were for asking her to leave.

"The failure to provide a reason leads to all sorts of speculation," said Bersin, who served as U.S. attorney from 1993 to 1998.

After leaving that job in 1998, he became superintendent of San Diego Schools and later left that job to become the state secretary of education.

"The community is entitled to a statement of responsibility and somebody should step forward to account for the reasons," for the decision, he said.

Lam, a graduate of Yale University, Stanford Law School and a former San Diego Superior Court judge, is one of several U.S. attorneys being asked to resign, according to news reports.

In a speech on the Senate floor Tuesday, U.S. Sen. Dianne Feinstein, D-Calif., said that it was recently brought to her attention that several U.S. attorneys have been asked to resign, some by the end of the month and prior to the end of their terms.

She said the resignation requests were not based on any allegation of misconduct.

"In other words, they are forced resignations," Feinstein said.

She expressed concern that Gonzales plans to appoint interim replacements and "potentially avoid Senate confirmation."

A little-known provision in the Patriot Act reauthorization last year changed existing law so that if a vacancy occurs, the attorney general can appoint a replacement for an indefinite period of time.

In an interview several days ago, a spokesman for the Department of Justice said that Gonzales was not trying to avoid the Senate confirmation process and that it is always the goal of the Bush administration to have U.S. attorneys that are confirmed by the Senate.

Bersin said that Lam did not have to leave voluntarily.

The president "can fire, but the U.S. attorney can take the position that 'There is not sufficient cause and I am not going to resign -- go ahead and fire me and provide a statement of the reasons why,' " Bersin said.

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CORPORATE SCANDALS:

Former CA Chief Counsel Gets 2-year Jail Term (NSDY)

By Dan Wagner And James Bernstein, Newsday Staff Writers

Long Island Newsday, January 17, 2007

Choking back tears, former Computer Associates chief counsel Steve Woghin apologized in U.S. District Court in Brooklyn Tuesday for his role in a $2.2 billion accounting scandal at the company before he was sentenced to a two-year jail term.

Woghin, who pleaded guilty in September 2004 to securities fraud conspiracy and obstruction of justice charges, faced U.S. District Court Judge I. Leo Glasser and said in an emotional voice that he was sorry for the role he had played in the

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scandal that toppled most of the company's top management, including chief executive officer Sanjay Kumar, who also plead guilty and is to begin serving a 12 year jail sentence next month.

The Islandia-based company, one of the country's largest manufacturers of software for large banks, insurance companies and airlines, is now known as CA Inc.

Woghin said his part in the affair was "not a legacy I would like to leave... It was not for personal gain or hubris," he added, choking back tears as about 15 of his friends and relatives looked on in the courtroom.

"I'm deeply sorry for what I have done," Woghin said.

Glasser told Woghin "I'm sorry you're here. I would be happier of I had never seen you before."

In addition to the two-year prison sentence, Woghin was also sentenced to three years supervised release and a fine to be determined at a later date.

Woghin worked at the U.S. Justice Department for 10 years before joining CA in 1992. He was charged with overseeing a team of CA lawyers who "routinely" drafted software licensing contracts with clients after a quarter had closed and with drafting at least one of the contracts himself. He stepped down from CA in May 2004.

Additionally, prosecutors said, Woghin and another top CA executive traveled to Hawaii to buy the silence of Enterprise Management Systems's president, who was not identified in court papers. Prosecutors said the CA officials orchestrated a "revenue swap" with EMS in which CA improperly booked $5 million in revenue in March 2000 and $18.5 million in June 2000.

CA's Ex-Counsel Receives Sentence Of 2 Years In Prison (WSJ)

The Wall Street Journal, January 17, 2007

Steven Woghin, CA Inc.'s former general counsel, was sentenced to two years in prison in connection with a scheme to artificially boost the software maker's quarterly revenue through backdated sales contracts, prosecutors said.

At a hearing in federal court in Brooklyn, U.S. District Judge I. Leo Glasser also sentenced Mr. Woghin to three years of supervised release, said Robert Nardoza, a spokesman for the U.S. attorney's office in Brooklyn.

A lawyer for Mr. Woghin didn't return a phone call seeking comment.

Mr. Woghin pleaded guilty to conspiracy to commit securities fraud and obstruction of justice in 2004. Several former executives at the company formerly known as Computer Associates, including onetime Chief Executive Sanjay Kumar, have pleaded guilty to criminal charges in the matter.

The Islandia, N.Y., company itself avoided indictment by reaching a deferred-prosecution pact in 2004.

Former Refco President Is Added To Fraud Case (WSJ)

By Chad Bray

The Wall Street Journal, January 17, 2007

Refco Inc.'s former president was indicted on securities fraud and other charges in connection with an alleged scheme to hide hundreds of millions of dollars in trading losses by Refco and its customers from the investing public, prosecutors said.

The U.S. attorney's office in Manhattan said Tone Grant, 62 years old, has been charged with conspiracy, securities fraud, bank fraud, wire fraud and money laundering. Mr. Grant, of Chicago, is the latest former Refco executive to be charged in the matter. He was the company's president from 1997 to June 1998 and at times held a significant ownership interest in the firm.

Phillip Bennett, Refco's former chief executive, and Robert Trosten, the commodities broker's former chief financial officer, are already facing criminal charges in the matter.

The superseding indictment adds additional charges of bank fraud and money laundering against Messrs. Bennett and Trosten and wire fraud against Mr. Bennett.

Mr. Bennett, of Gladstone, N.J., previously has been charged with conspiracy, securities fraud, wire fraud, making false filings with the Securities and Exchange Commission and making material misstatements to auditors. Mr. Trosten, of Sarasota, Fla., previously had been charged with conspiracy, securities fraud and wire fraud.

Prosecutors have alleged that Mr. Bennett, with the help of Messrs. Grant, Trosten and others, sought to hide from Refco's auditors and investors hundreds of millions of dollars in trading losses sustained by the commodities broker and by customers trading through its accounts.

Refco sought bankruptcy protection in 2005, shortly after the company announced it had discovered $430 million in debt owed to a private entity controlled by Mr. Bennett and his subsequent arrest on federal fraud charges.

Mr. Grant's lawyer, Norm Eisen of Zuckerman Spaeder LLP in Washington, said Mr. Grant "is innocent and will vigorously fight these charges and clear his name."

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Mr. Trosten's lawyer, Robert G. Morvillo of Morvillo, Abramowitz, Grand, Iason, Anello & Bohrer PC, declined to comment. Mr. Bennett's lawyer, Gary Naftalis of Kramer Levin Naftalis & Frankel LLP, said, "Mr. Bennett has consistently affirmed that he is not guilty of any of the government's charges and he looks forward to his day in court."

Westar Pay Battle Turns (WSJ)

By Rebecca Smith

Wall Street Journal, January 17, 2007

The effective unraveling of government efforts to prosecute former Westar Energy Inc. Chief Executive David C. Wittig has given new life to his hope of getting the company to pay him millions of dollars he claims to be owed under an employment agreement.

Earlier this month, a federal appeals court in Topeka, Kan., vacated Mr. Wittig's convictions in a 2003 indictment springing largely from personal use of corporate aircraft.

Late last week, attorneys for the former Westar chief, who has been in prison in Minnesota for a year, asked a federal court in Topeka to order their client released, arguing there is "no lawful basis for ... continued imprisonment."

What happens next in the civil and criminal cases will have direct bearing on Mr. Wittig's and the Kansas utility's finances. The company has reserved more than $73 million to cover any adverse decisions. Westar's total potential exposure for legal costs and employment issues related to Mr. Wittig and a onetime subordinate, former Westar Vice President Douglas Lake, is about $94 million.

The company had argued in an arbitration proceeding that it doesn't owe Mr. Wittig severance payments called for under his employment contract because he was let go "for cause."

In a separate civil dispute in Topeka federal court, Westar has argued it must pay only "reasonable" attorney fees and has disagreed with the men about what's reasonable.

To date, the utility has paid $8.4 million of legal expenses for Mr. Witting and co-defendant Mr. Lake, who also was convicted. Westar has declined to pay $12 million more in legal costs. A Westar spokesman declined comment.

Mr. Wittig's attorneys say he also is owed $52 million under his employment contract. Mr. Lake has said he is owed about $21 million in a similar contract dispute.

In addition to the Westar fraud case, Mr. Wittig was convicted of bank fraud in an unrelated case in Topeka federal court. Westar isn't on the hook for those defense costs since the matter doesn't concern Mr. Wittig in his role as utility chief.

Until recently, Mr. Wittig faced prison time of 18 years in the Westar "looting" case and five years in the separate bank case. But two major appeals court setbacks for the government since November have altered Mr. Wittig's prospects, legal experts say.

To prevail in the contract arbitration, the company likely would have to prove misconduct including intentional wrongdoing, said former federal prosecutor Roma Theus II, who now chairs the white-collar crime unit of the Defense Research Institute, an association of defense lawyers. That is harder to do with the most important convictions now overturned.

The arbitration case is on hold pending resolution of the criminal cases.

On Jan. 5, the Tenth Circuit Court of Appeals in Topeka overturned the Westar convictions reached in 2005, vacating counts of wire fraud, money laundering, conspiracy and circumvention of internal controls. The court said the most serious counts can't be retried. Prosecutors have declined to comment.

In early 2004, Mr. Wittig was convicted in the separate bank-fraud case. The sentences in that case were overturned twice. In November, the appeals court said the proper sentence was zero to six months, not five years. A hearing is set for Feb. 5.

Write to Rebecca Smith at rebecca.smith@wsj.com1

Forbes Could Get Nearly 16 Years In Cendant Case (USAT)

By Greg Farrell

USA Today, January 17, 2007

The final chapter in one of the longest-running sagas of corporate crime is scheduled to conclude today in a Connecticut courtroom.

Walter Forbes, the blue-blooded former chairman of Cendant, is due to be sentenced in Bridgeport, Conn., for his role in a $252 million accounting fraud that was exposed nearly a decade ago.

At the time, the Cendant fraud was the largest on record, and its exposure in April 1998 wiped out $14 billion of the company's market capitalization, nearly half its total, in a single day.

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Since then, Cendant's scandal has been eclipsed in magnitude by accounting meltdowns at Enron and WorldCom. The CEOs who presided over those companies were convicted of spawning those frauds and given stiff jail sentences, 24 years for Jeff Skilling of Enron and 25 years for Bernie Ebbers of WorldCom.

Forbes' sentence probably will be lighter, but when he stands in front of U.S. District Judge Alan Nevas, he still faces a stretch of more than 10 years. That was the jail term given his top lieutenant, Kirk Shelton, who was convicted two years ago of participating in the same fraud.

The reason Forbes might get only half of what Skilling and Ebbers got is that his timing was better. The accounting fraud that occurred at Forbes' company (which was known as CUC International before a merger transformed it into Cendant), took place from 1995 to 1997. That was several years before a harsh new set of mandatory sentencing guidelines was adopted by Congress.

Skilling and Ebbers committed their misdeeds after the new guidelines went into effect.

Still, for Forbes, who was born into an affluent family in Rockford, Ill., attended Harvard Business School and became one of the leading proponents of shopping by computer in the 1990s, any sentence north of 10 years will secure him a place in what has become an infamous group of former CEOs convicted of felonies.

Realizing that their client will have to get at least as much time as Shelton, Forbes' lawyers are trying to minimize the damage. In a motion filed earlier this month, they recommended that Forbes be given no more than 10 years, although sentencing guidelines call for him to receive between 121/2 and just under 16 years.

Brendan Sullivan, lead attorney for Forbes, argued that because of his client's age, 64, he should be given only a 10-year sentence. Further, according to his lawyers, Forbes has led an "admirable life," and therefore merits a lower prison term. According to Sullivan, Forbes has "demonstrated extraordinary philanthropy," giving away some $2.5 million in cash, stock and gifts to worthy causes since 1990.

The prosecutors who won a conviction against Forbes in October after two mistrials have a different view.

In a pre-sentencing memorandum filed Monday, they argued that Forbes already has benefited from the fact that the U.S. Probation Office applied the 1997 guidelines, even though recent court decisions would allow for sentencing him under the harsher guidelines that could have meant a 25-year term.

Moreover, they noted, Forbes perjured himself in all three of his trials, testifying that he knew nothing about the fraud at Cendant.

The prosecutors also scoffed at his $2.5 million in charitable contributions. They pointed out that according to his own testimony, Forbes had a net worth of $200 million in 1997 and that he reported $85 million in income from 1995 to 1999.

Noting that Forbes received an $11 million windfall in March 1998 by selling stock in Cendant, they argued that "the defendant stole more from Cendant's shareholders in a single day … than he ever donated to charity." Prosecutors are also seeking $3.2 billion in restitution.

Whatever Forbes' sentence, one former prosecutor thinks the 12-to-15-year range is appropriate.

"The 1997 guidelines got it right," says Andrew Weissmann, former head of the Justice Department's Enron Task Force and now an attorney at Jenner & Block. "If the guidelines are too draconian, judges are going to ignore them."

Regulators Examining Commerce Bank (NYT)

By Vikas Bajaj

The New York Times, January 17, 2007

Commerce Bancorp, which calls itself “America’s most convenient bank,” rattled investors yesterday after it disclosed that federal regulators were investigating the bank’s real estate deals with executives.

Shares of Commerce fell 8.3 percent, or $2.89, to $31.83, after the bank said the Office of the Comptroller of the Currency and the Federal Reserve were conducting an inquiry.

Commerce has become one of the fastest-growing banks in the nation, thanks in part to its extended branch hours, and has made an aggressive and successful push into New York’s crowded banking market.

Commerce, based in Cherry Hill, N.J., said, “The scope of the investigation will include but not be limited to transactions with its officers, directors and related parties, including transactions involving bank premises.”

Investors were unnerved by the announcement, in large part, because “it was so vague,” said Meredith Whitney, an analyst with CIBC World Markets. “It could be the lightest offense or it could be the most severe offense.”

Bank executives declined to answer questions about the investigation on a conference call with analysts and reporters yesterday. Commerce said it had appointed a committee of independent board members to oversee the investigation.

Critics have long complained about the bank’s business ties with firms that are either owned or controlled by Commerce’s chairman and president, Vernon W. Hill II, and his wife, Shirley Hill.

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Mr. Hill and his family trusts own or are partners in real estate firms that lease property to Commerce for bank branches; the firms earned about $1.9 million in annual rent in 2005. Also, Mrs. Hill runs a firm that designs Commerce branches; she earned $7.5 million from the bank in 2005. That year, Commerce spent $482,000 at Galloway National Golf Club, an 18-hole course near Atlantic City that is owned by Mr. Hill.

Analysts said the re-emergence of issues that were widely believed to have been resolved is unsettling, because it suggests that regulators have uncovered new problems.

"Many were of the mind-set that the regulatory clouds were behind them, and then all of a sudden, wham, you see this today," said Adam Barkstrom, an analyst with Stifel Nicolaus & Company. "It's befuddling."

Mr. Barkstrom, who was once a bank examiner, said it was common for regulators to scrutinize how banks treat loans and other relationships with executives, directors and other insiders.

Officials at the Office of the Comptroller of the Currency and the Federal Reserve declined to comment, citing polices of not discussing individual banks.

Mr. Hill, 61, founded Commerce in Marlton, N.J., near Philadelphia at the age of 27 soon after he started a commercial real estate business and graduated with an economics degree from the Wharton School of the University of Pennsylvania. He has cultivated the image of a maverick in the staid banking industry by bucking the trend toward automation and by publicly belittling the policies and approaches of competitors.

The company reported yesterday that its assets grew 18 percent in 2006, to $45.27 billion, as deposits rose 18 percent and loans climbed 23 percent. Profits increased 11 percent, to $315.1 million. Commerce added 55 branches last year and said that it expected to add another 65 in 2007, nearly half of them in metropolitan New York.

The bank's growth comes as rivals are struggling to increase deposits and profits because short-term interest rates, which determine the cost of money for banks, are higher than long-term rates, which often determine how much money banks can make from loans and investments.

Mr. Hill, who declined to comment yesterday, has said the company has been forthright in disclosing its business relationships with his family and the transactions were always conducted at an arm's length.

The company, however, has suggested in previous filings that it would alter how it does business with firms connected to the Hills in response to criticism of the deals. But it is unclear if it has made any significant changes.

In 2002, for instance, a Commerce spokesman, David Flaherty, told The Record of Bergen County, N.J., referring to Mrs. Hill: "Our association with her will change. We don't know what that change is going to be yet."

Mrs. Hill's firm, InterArch, earned $8.1 million in revenue from Commerce in 2002.

In 2005, the last year for which the company has provided information, it did $7.5 million in business with Mrs. Hill.

Commerce has also faced scrutiny for the close ties some of its executives have had with local and state officials in the Northeast. In November, the company said the office of the United States attorney in Philadelphia had informed it that it would not bring charges against the company in a corruption investigation in which two former bank officials and a former treasurer for the city of Philadelphia were convicted of trying to steer municipal business to the bank in exchange for favors.

Senators To Target Executive Benefit (WP)

By Lori Montgomery And Jeffrey H. Birnbaum

The Washington Post, January 17, 2007

The Senate Finance Committee is considering a proposal to sharply limit the earnings corporate executives and other highly paid employees can place tax-free into deferred compensation plans, one of the most popular executive benefits in corporate America.

Under the proposal, expected to be discussed today by committee members, an individual taxpayer could defer no more than $1 million annually in compensation, beginning this year. The shift in tax policy would be likely to affect top executives at hundreds of corporations and would raise taxes on some of the nation's wealthiest workers by an estimated $806 million over 10 years.

The proposal tracks rhetoric that some Democrats employed during the midterm elections, when they portrayed the Republicans who controlled Congress as being too close to special interests and the wealthy. It also offers a response to controversies that have erupted over executive pay in recent months, including scandals over backdated stock options and multimillion-dollar compensation packages paid to current and former corporate chieftains.

The proposal is among more than a dozen provisions aimed at shrinking corporate tax shelters and closing tax loopholes that Chairman Max Baucus (D-Mont.) is expected to propose when the committee meets today, Finance Committee aides said. Together, they would boost federal tax revenue by more than $8 billion over a decade, according to preliminary committee

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estimates -- nearly enough to pay for a series of tax breaks Baucus and others want to push through Congress for businesses likely to be hit hard by a proposed increase in the minimum wage.

Last week, the House voted to raise the minimum wage to $7.25 an hour from $5.15, the first such increase in a nearly a decade, making good on one of the Democrats' campaign promises.

The minimum-wage increase faces difficulty in the Senate, however, unless it is accompanied by tax breaks for small businesses, according to a leadership aide. On Friday, Baucus and the senior Republican on the Finance Committee, Sen. Charles E. Grassley of Iowa, unveiled a package of "small-business tax incentives" that would extend credits for employers who hire former welfare recipients and change the tax code to simplify bookkeeping for certain companies, among other provisions.

It is estimated by the committee that that package will cost $8.3 billion over 10 years. Because Democrats have promised not to increase the deficit, that sum must be offset by spending cuts or tax increases.

In addition to limiting deferred compensation for executives, the committee is expected to target several controversial corporate tax shelters, as well as Americans who renounce their citizenship for tax reasons. But the deferred compensation provision appears likely to generate alarm among business leaders.

Limiting deferred compensation would be "earthshaking" to American executives, said Patrick McGurn, executive vice president of Institutional Shareholder Services in Rockville.

"A lot of executives are deferring the lion's share of their compensation these days. And the typical executive at a Fortune 100 company makes well over $1 million. So there is a huge amount of compensation that would go into deferral accounts that could not be deferred if the tax code were changed," McGurn said.

Business lobbyists reacted to the proposal with deep skepticism.

"There are lots of technical problems with this. For instance, we're not sure what the definition of deferred compensation is," said Lynn D. Dudley, a vice president of the American Benefits Council, an advocate of employer-sponsored benefit plans. "It makes sense to me to have this discussion; Congress is sensitive to this issue, and we want to work with them. But more needs to be done to vet the practical implications of this."

Other lobbyists were surprised at the measure, saying they had not even known it was under discussion.

"I didn't know it was coming," said Dan Danner, executive vice president of the National Federation of Independent Business, a small-business lobby. "It's not something that we proposed or had anything to do with."

CRIMINAL LAW:

Justice Department Outlines Plans To Combat Uptick In Violent Crime (MCT)

By Greg Gordon And Marisa Taylor

McClatchy Newspapers, January 17, 2007

WASHINGTON - Bush administration officials are scrambling to demonstrate that they're addressing sharp jumps in violent crime in some cities, in an attempt to reclaim a traditionally Republican issue amid criticism from some Democrats, mayors and police chiefs.

Senior Justice Department officials sought Tuesday to highlight the administration's multipronged programs for combating growing gang violence and outbreaks of juvenile crime. The renewed emphasis comes as some experts, as well as politicians, cite federal cuts in city and state law enforcement funding as a possible contributor to spikes in murders, robberies and assaults in medium-sized cities.

While criminal justice experts stress that the jumps in crime over the last 18 months in cities such as Charlotte, N.C.; Cleveland, Ohio; Memphis, Tenn.; Minneapolis and Sacramento, Calif., may not represent a long-term upswing, they're watching to see if President Bush proposes more anti-crime funding in his State of the Union Address next week.

"There's no locomotive coming down the track saying we have to have a high homicide rate," Lawrence Sherman, director of the University of Pennsylvania's Jerry Lee Center of Criminology, said Tuesday. "What it's more like is a bubbling cauldron that could either boil over or go back down to simmer."

Chuck Wexler, who heads a think tank for police departments across the country that has monitored crime trends in cities, said the data over the last 18 months suggest that the crime surge "isn't a statistical aberration."

After 14 years of declines in crime, police in some communities began to report double-digit increases. That left the administration vulnerable to criticism because the crime jumps came after the White House instigated $1 billion in cuts in anti-crime funding since 2001 as it shifted its focus to the war on terrorism.

Among the casualties was a Clinton administration program to hire 100,000 police officers.

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Justice Department spokesman Brian Roehrkasse said that federal anti-crime funding has never made up more than 4 percent of total state and local law enforcement spending nationwide.

Sherman said that while federal funding would help police patrol hot spots during high-crime periods, local police departments could address the issue by renegotiating police union contracts that limit officers' shifts.

Other researchers agree that the reasons for the rise in crime are more complicated than money, and they vary from city to city. They point to factors such as increasing gun-, gang- and drug-related violence; growing juvenile crime; a deep hopelessness among poor, young black men; and an upsurge in prison releases after years of record numbers of incarcerations.

The rise in gang activity, in particular, has drawn the attention of the Justice Department and the FBI. At a briefing Tuesday, Alice Fisher, chief of the department's Criminal Division, Assistant FBI Director Chip Burrus and two other officials described efforts to crack down on gangs, especially national and international gangs, such as the Salvadoran la Mara Salvatrucha, also known as MS-13.

Unlike the centralized, crack-dealing gangs of the 1990s, Burrus said today's gangs are more neighborhood-based. "They're local, they're violent, and we really have to do something about it," Burrus said.

Attorney General Alberto Gonzales set up a National Anti-Gang Task Force last year, and a coordinating center now links half a dozen federal law enforcement agencies with local police departments.

Shortly before November's elections, Gonzales announced a Justice Department study of 18 cities to assess what local anti-crime tactics were working best.

The government also has learned from the intelligence failures before the Sept. 11 terror attacks and has set up a National Gang Intelligence Center to ensure that local and national law enforcement agencies share the latest data, Burrus said. In addition, the Justice Department has distributed $2.5 million to cities with acute gang problems: Los Angeles, Tampa, Fla.; Cleveland, Dallas-Ft. Worth, Milwaukee and a string of cities in eastern Pennsylvania.

Alfred Blumstein, a Carnegie-Mellon University professor who studies crime trends, said that in many cases, the gun violence isn't generated by a formal gang but by loose groups of young men who "have a low threshold of insult" and will do whatever is needed to take revenge.

Democrats have seized on the issue in recent weeks. Sen. Dianne Feinstein, D-Calif., recently wrote the FBI urging a response to the "alarming" crime data and noting the "drastic cuts" in federal anti-crime funding. The Milwaukee Police Department, for example, has blamed $1 million in federal funding cuts for the loss of 55 police officers.

Wexler, who heads the Police Executive Research Forum, met recently with top Justice Department officials and said that there is "no question" they're refocusing attention on crime.

"I think the Justice Department is getting it," he said.

U.S. Justice Department Helps One South GA Community Deal With Violence (WALB)

WALB-TV, NBC 10, Albany, GA, January 17, 2007

Moultrie- Representatives from the U.S. Department of Justice came to Moultrie Tuesday to listen to complaints from citizens upset over a fatal police shooting.

The Justice Department held a community forum after Hispanic crimes escalated last year in Colquitt County. In the wake of the recent Willie Banks shooting, the justice department was called in again.

They met with community groups Tuesday afternoon to discuss how the community as a whole can better respond when shootings and violence like those acts occur.

Officer Bruce Hamm shot Banks as officers tried to serve a warrant against him in November.

After Marches And The Speeches - What Does New Orleans Do Now? (AP)

By Mary Foster, Associated Press Writer

AP, January 17, 2007

They came by the thousands last week, carrying signs and pictures of the dead and demanding action.

A bloody murder spree that opened the year by littering the city with nine bodies in 10 days galvanized residents from across the city's neighborhoods and class lines.

The dramatic march against crime in New Orleans echoed the outcry that grew in the mid-1990s from the slayings in the French Quarter that became known as the Pizza Kitchen killings. People took to the streets then and public officials developed concrete plans to attack a murder problem that left more than 400 people a year dead.

But in the post-Katrina environment, the decision-makers have many issues to cope with, and a major difference is the lack of a solid plan by either Mayor Ray Nagin or the police department to stem the violence, said criminologist and University of New Orleans professor Peter Scharf.

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"The difference between the march now and the one after Pizza Kitchen murders is that back then the police said, give us the money and we'll reduce the homicides by half," Scharf said. "The second is that they came up with a plan. They sought help from focus groups in the community and developed a very carefully thought out strategic plan."

Mayor Ray Nagin and police superintendent Warren Riley outlined a plan to stop the violence earlier in the week. It included shuffling police officers from administrative jobs and using deputies from the jail to beef up patrols, speeding up delivery of murder cases to the district attorney, stopping cars on the streets between 2 a.m. and 6 a.m., when most of the murders take place.

"I think the plan is thin to say the least," Scharf said. "The proposals are tactics, not strategies. They need long-term strategies."

The slaying of three employees at the French Quarter restaurant on Dec. 1, 1996, sparked a public outcry that led then-Mayor Marc Morial and the city council to reverse their positions on providing more money for police.

"I had been to the city council many times asking for more officers, more money to pay them so I could recruit good people, and nothing happened," Richard Pennington, now police chief in Atlanta, said on Thursday. "Then the killings happened in the French Quarter and people came out carrying signs saying `Give Chief Pennington What He Needs.' Right after that we got dramatic pay increases, more officers and money for equipment."

After the Pizza Kitchen killings, the city was able to get a number of grants from the Justice Department to institute community police programs that put cops in closer contact with citizens. That money is no longer available, Scharf said, drained to pay for the Iraq War.

"I think getting officers in with the people was the most important thing we did," Pennington said. "In 1994 there were 427 murders in New Orleans and 180 of those were in the housing projects, so that's where we put our officers."

Pennington set up mini police stations in the projects and the cops not only patrolled, they started youth programs and got to know residents.

"When I started in New Orleans it was the most violent city in America," said Pennington, who could boast not a single 2007 murder 11 days into the new year. "When I left it was down to 30th."

Pennington applauded the effort to start foot and bike patrols, saying that will help win the confidence of the public.

"And it's good that they know what's causing the majority of the murders - drugs, guns and gangs," Pennington said. "That means they need good intelligence on them now, whose selling the drugs and where."

Last Thursday's march may also indicate that the public is much more willing to get involved now than they were in the mid-90s, said Rafael Goyeneche, executive director of the watchdog group, Metropolitan Crime Commission of Greater New Orleans.

"I think this was a defining moment in the history of this city," Goyeneche said. "Citizens stepped up from all over the city. As long as it doesn't stop when the crowd dissipated it will mean something. And I don't think it will stop. I got a sense of momentum and that people will not to accept the statis quo."

The personal stories of the marchers were frequently frightening and horrifying. One marcher survived a gunshot wound to his chest but moved to San Francisco after his attacker was released without charges. A man beaten by three attackers said he was still afraid to walk alone after dark. A woman who had five family members gunned down - including her pregnant sister-in-law - spoke of the pain the losses caused.

Rev. Emanuel Smith Jr., pastor of the Israelite Baptist Church stood at the rally holding a picture of three young black men in coffins in his church. They were three of the teenagers shot to death as they sat in a SUV in June. Smith conducted the funeral, one of more than 32 he said he's conducted for victims of violence since Katrina.

"We have to get mad, not scared," Smith said. "We have to help the police. We will identify the drug dealers on our blocks. We will tell the police who the pushers are. We will get back to our communities and get to work."

Jury Selection Begins In Trial Of Cheney's Former Top Aide (NYT)

By Neil A. Lewis

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — The perjury trial of I. Lewis Libby Jr. began Tuesday with his lawyers trying to eliminate as jurors anyone who might have strongly negative feelings about the Bush administration in general and Vice President Dick Cheney in particular.

Mr. Libby, who was the vice president's chief of staff, is facing five felony counts charging that he lied to F.B.I. agents and to a grand jury investigating who leaked the name of a Central Intelligence Agency operative and why. Judge Reggie M. Walton, who is presiding over the case in Federal District Court, has said he hopes to have the jury in place for opening statements on Monday.

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The first day of jury selection on Tuesday went slowly, with only nine potential jurors interviewed. Two of them were excused by Judge Walton after they made it clear they were critics of the administration and Mr. Cheney.

One woman lasted barely 40 seconds on the witness stand before she was dismissed. She said “nothing that could be said here” would make her believe anything good about the administration. Another man, after about 15 minutes, acknowledged that his low regard for Mr. Cheney might figure into how he evaluated his testimony if it was in conflict with other witnesses.

Mr. Cheney is expected to be one of the star witnesses for the defense.

Mr. Libby’s lawyers, Theodore V. Wells and William H. Jeffress Jr., also explored whether potential jurors were open to one of their main lines of argument: that if Mr. Libby gave incorrect answers to the Federal Bureau of Investigation and the grand jury, it could have been a simple case of faulty memory.

They asked the potential jurors if they ever had the experience of believing something had happened only to learn later that they had remembered it incorrectly. They also asked if two people gave “different accounts of a conversation they had,” did that necessarily mean one of the participants was lying.

After the name of the C.I.A. officer, Valerie Wilson — who was known by her maiden name, Valerie Plame — appeared in a column by Robert D. Novak in July 2003, Patrick J. Fitzgerald was named as a special prosecutor to investigate the leak.

Mr. Fitzgerald looked into who leaked Ms. Wilson’s name, whether it violated the law against disclosing the identities of C.I.A. officers and whether the disclosure was devised to punish her husband, Joseph C. Wilson IV. Days before the column appeared, Mr. Wilson, a former ambassador, asserted in a commentary in The New York Times that the administration had knowingly distorted intelligence about Saddam Hussein’s efforts to obtain nuclear material to help the case for going to war in Iraq.

The indictment of Mr. Libby charges that he lied when he said he did not discuss Ms. Wilson’s identity in conversations with two reporters. The two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper of Time magazine, testified that Mr. Libby had, in fact, discussed Ms. Wilson and her employment at the C.I.A.

Mr. Libby’s defense is that those two reporters’ memories of their conversations may not be accurate. And, even if they were, Mr. Libby, also Mr. Cheney’s national security adviser, was preoccupied with far weightier issues than Ms. Wilson’s identity.

Potential jurors were also asked if they believed that the administration distorted intelligence to bolster the case for war with Iraq.

Jurors Questioned About War, Memory As Libby Trial Opens (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 17, 2007

The trial of Vice President Cheney's former chief of staff opened yesterday with defense lawyers carefully scrutinizing potential jurors for strong opinions about the Bush administration, the war in Iraq and the fallibility of human memory.

The questioning signaled the key issues in the case against I. Lewis "Scooter" Libby, who is accused of lying to investigators and a grand jury during the investigation of the leak of a CIA officer's identity to the media in 2003. The prosecution alleges that Libby deliberately misled FBI agents and a grand jury about several conversations he had with journalists then. Defense lawyers contend their client was too busy to recall the details of those conversations.

U.S. District Judge Reggie B. Walton, who is presiding over the trial, yesterday dismissed three of the nine potential jurors interviewed. Two were released after expressing strong feelings about the Bush administration.

"I am completely without objectivity," said a woman in her 30s, who was dressed in tailored brown trousers and a sweater. "There is nothing they could say or do that would make me think anything positive." Walton excused her immediately. Libby turned to watch her walk out of court.

Libby, the most senior Bush administration official to face a criminal trial, is charged with five felony counts. CIA operative Valerie Plame's name and undercover role were revealed in a syndicated column days after her husband, former U.S. ambassador Joseph C. Wilson IV, publicly accused President Bush of twisting information Wilson had gathered on a CIA-sponsored mission to investigate Iraq's efforts to develop a nuclear weapons program. Libby, 56, is not accused of the leak itself.

The trial is likely to feature members of the government and the media elite as witnesses, including Cheney, NBC's Tim Russert and Washington Post Assistant Managing Editor Bob Woodward. It will center, in part, on administration efforts in the spring of 2003 to defend the decision to go to war in Iraq.

The difficulty of finding 12 jurors and four alternates became apparent as jury selection began. Walton started by asking prospective jurors 38 pre-screening questions, telling them the inquiry would help determine whether they had "certain sympathies or prejudices" that could interfere with their responsibility to be impartial.

Presaging a key element of the defense, jurors were asked several questions about the reliability of memory. In one question that mirrors a dispute in the case, the judge asked jurors if they thought it was impossible for a person to honestly believe he or she was told some information by one person just weeks or months after learning that same information from a completely different person. Libby told FBI agents that he learned about Plame's identity from Russert in July, and forgot that Cheney had told him about her a month earlier.

But in a city where Democrats outnumber Republicans nearly 10 to 1, one of the most sensitive questions for the defense was No. 2: "Do any of you have feelings or opinions about the Bush administration or any of its policies or actions, whether positive or negative, that might affect your ability to give a former member of the Bush administration a fair trial?"

The judge dismissed a young man in his 20s after he told lawyers and the judge: "I don't have the highest opinion" of the vice president.

A female jury candidate said she believed she could fairly weigh Libby's guilt or innocence but described having a cousin in Iraq and not supporting the president's policy of keeping troops there for extended tours of duty.

"I thought to myself, 'Why would he be so cold, not let the troops come home? . . . They're tired,' " she said. "I also think Bush knows this. He just wants the war." Defense attorneys Theodore V. Wells Jr. and William Jeffress Jr. sought to dismiss the woman, but the judge kept her in the prospective pool.

A woman who said she was a soprano opera singer and mother of three said she believed the American public had not gotten the real justification for going to war in Iraq but did not think Bush had intentionally misled the nation. "Somewhere in there, there seems to be a credibility gap," she said. "Who [did it]? I don't know."

Possible Libby Jurors Quizzed (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 17, 2007

WASHINGTON — Jury selection in the trial of I. Lewis "Scooter" Libby turned into an assessment of the credibility of the Bush administration Tuesday, with lawyers for the former White House aide asking potential jurors how they feel about the war in Iraq and whether they think present and former administration officials who may be called to testify can be believed.

Libby is charged with lying to investigators about conversations he had with journalists about a CIA operative who is married to a critic of the administration's war policies. Libby's lawyers signaled Tuesday that even though the case was about perjury and obstruction, they were concerned that strong feelings among the jurors about the war — and whether President Bush misled the public about it — could influence their verdict.

Two potential jurors were dismissed after expressing strongly negative feelings about administration officials.

The questioning about the Bush administration and the Iraq war drew repeated objections from prosecutor Patrick J. Fitzgerald, who said that the defense lawyers were engaged in "an open-ended Rorschach test," alluding to the famous ink-blot test in which people are believed to project their feelings onto ambiguous stimuli.

But U.S. District Judge Reggie B. Walton said the defense had a right to fully explore whether any of the jurors were biased.

In court papers filed Tuesday, Libby's lawyers argued that the questioning was needed because of an unusual amount of pretrial publicity in the case, which they said had in some cases been "inaccurate and inflammatory" and "unduly prejudicial." They cited a press conference that Fitzgerald had given after Libby was indicted, among other examples.

The judge dismissed a financial analyst who said he would have problems believing Vice President Dick Cheney, Libby's former boss, who is expected to testify on behalf of his former aide. A young woman was dismissed after she acknowledged she was "completely without objectivity" about the Bush administration, and could not find "anything positive" to say about it.

As part of the pretrial scrutiny, Walton read the names of 80 prominent figures who he said would probably be mentioned at the trial or called as witnesses, to see whether any were familiar to the jurors. Besides Cheney, the list included Secretary of State Condoleezza Rice, former CIA Director George J. Tenet, and a raft of journalists including Washington Post editor and reporter Bob Woodward.

Rice was Bush's national security advisor when Libby worked for Cheney. If she were to emerge as a witness for the government, it could provide an additional glimpse into the inner workings of the administration.

A State Department spokeswoman said she had no information about whether Rice would testify, and referred calls to the Justice Department. A spokesman for Fitzgerald declined to elaborate.

Libby was indicted after a three-year investigation by Fitzgerald that began when the name of CIA operative Valerie Plame was mentioned in a July 14, 2003, column by syndicated columnist Robert Novak. Plame is married to former envoy Joseph C. Wilson IV, who in a New York Times op-ed article eight days earlier had accused the Bush administration of twisting prewar intelligence.

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Though it is a felony to publicize the name of a covert agent, Fitzgerald did not charge anyone with that crime. Libby, the only person charged in the investigation, was accused of misleading investigators by suggesting he had heard about Plame from reporters, when according to Fitzgerald, Libby was giving reporters that information.

Jury selection is expected to last several days. The trial is expected to last six weeks; opening statements are set for early next week.

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38 Questions Used To Screen Potential Jurors In Libby Case (WP)

By Amy Goldstein

The Washington Post, January 17, 2007

In the opening moments yesterday of the trial of I. Lewis "Scooter" Libby on charges that he lied during a federal investigation into a CIA leak, U.S. District Judge Reggie B. Walton read aloud 38 questions that lawyers for both sides had agreed on to help screen potential jurors. They included mundane questions about whether potential members of the jury panel knew the people involved in the case, had ever been a victim or perpetrator of a crime, had read news about Libby's alleged crime.

And then there were four intriguing questions exploring potential jurors' beliefs about human memory.

The memory questions go to the core of Libby's defense. The prosecution plans to try to prove that Libby, the former chief of staff of Vice President Cheney, deliberately lied to FBI investigators and a grand jury about how he learned that Valerie Plame worked for the CIA and what he said to several reporters about her. The defense wants to establish that Libby told the investigators what he believed to be true -- but that his memory simply failed because his job was so demanding. Here is what the jurors were asked:

? Is there anyone who believes that everyone's memory is like a tape recorder and therefore all individuals are able to remember exactly what they said and were told in the past?

? Is there anyone who feels that a person could not honestly say something about a matter he or she truly believed to be . . . true when that person several months earlier actually said something totally different about that same matter?

? Is there anyone who believes that it is impossible for a person to mistakenly believe that he or she was told something by one person when in fact the person was actually told the information by someone totally different several months earlier?

? Is there anyone who believes that it is absolutely impossible for a person to believe very strongly that he or she has certain memories about something, even though it is determined that those memories are inaccurate?

As Trial Begins, Cheney's Ex-Aide Is Still A Puzzle (NYT)

By Scott Shane

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — Paradox seems to define I. Lewis Libby Jr., who remains a bit mysterious even to close colleagues. He is the White House policy enforcer who also wrote a literary novel; a buttoned-down Washington lawyer who likes knocking back tequila shots in cowboy bars and hurtling down mountains on skis and bikes; and a 56-year-old intellectual known to all by his childhood nickname, Scooter.

But now comes the most baffling paradox of all, as Mr. Libby, former chief of staff and alter ego to Vice President Dick Cheney, began his trial in federal court here on Tuesday on charges of perjury and obstruction of justice. By all accounts a first-rate legal mind and a hypercautious aide whose discretion frustrated reporters, he is charged with repeatedly lying to a grand jury and to the F.B.I. about his leaks to the news media in the battle over Iraq war intelligence.

“I don’t often use the word ‘incomprehensible,’ but this is incomprehensible to me,” said Dennis Ross, the veteran Middle East troubleshooter who is now at the Washington Institute for Near East Policy. “He’s a lawyer who’s as professional and competent as anyone I know. He’s a friend, and when he says he’s innocent, I believe him. I just can’t account for this case.”

Among Mr. Libby’s friends and former colleagues, the case brought by Patrick J. Fitzgerald, the special prosecutor, is considered not only unjust, but also a terrible irony.

“He’s going to be the poster boy for the criminalization of politics, and he’s not even political,” said Mary Matalin, Mr. Cheney’s former political adviser.

Critics of the Bush administration say nothing was more political than the administration’s use of defective intelligence to take the country to war, in which Mr. Libby was deeply involved. At a time of deep public distress over events in Iraq, the trial will inevitably carry symbolic weight beyond the legal question of whether Mr. Libby lied.

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He was "Cheney's Cheney," in Ms. Matalin's words, "an absolutely salient translator" of the ideas of the man considered perhaps the most powerful vice president in history. Mr. Libby had a role in virtually every national security initiative of the administration's first five years.

It was Mr. Libby who helped assemble a dossier on Saddam Hussein and unconventional weapons and ties to Al Qaeda for Secretary of State Colin L. Powell's speech to the United Nations on Feb. 5, 2003, fighting to keep in the speech evidence that Mr. Powell found questionable. It was Mr. Libby, at Mr. Cheney's direction, who repeatedly spoke to reporters to rebut Joseph C. Wilson IV after Mr. Wilson, a former ambassador, publicly accused the White House of distorting intelligence.

"Libby didn't plan the war," said John Prados, a historian of national security who wrote a book in 2004 on the flawed Iraq intelligence. "But he did enable the administration to set out on that course. He was the facilitator."

Both fans and critics of Mr. Libby might be surprised by some anecdotes from Yale, where Mr. Libby graduated in 1972. Fellow students recall his helping silkscreen T-shirts proclaiming "solidarity" between Yalies and the Black Panthers and going with shoulder-length blond hair and in a leather jacket to help at an anti-Vietnam War demonstration.

A couple of years after graduation, a classmate, Donald Hindle, met Mr. Libby, then a student at the Columbia Law School, and noted a decidedly nonpolitical talent.

"He could remember not only all 79 'Star Trek' episodes, as I could, but he knew all the titles, too," Mr. Hindle said. "I think he always liked fantasy."

Mr. Libby and his brother Hank, a retired tax lawyer, were the first in the family to graduate from college. Their father, Irve Lewis Libby Sr., had dropped out to support his family in the Depression. The senior Mr. Libby, who called his son Scooter after seeing him scurry about his crib, became a successful businessman. The family lived in the Washington region, Miami and Connecticut before Scooter graduated from the Phillips Andover Academy in Massachusetts.

At college, Mr. Libby began writing a novel, a mystery set at a country inn in 1903 in Japan, where he had spent the summer of 1969. He rewrote the book off and on for 25 years before it was published as "The Apprentice" in 1996, to glowing reviews ("a small triumph of meticulous craftsmanship," The Washington Post said), though after his indictment The New Yorker mocked its sex scenes.

Also at Yale, Mr. Libby took courses from a young political science instructor, Paul D. Wolfowitz, who became the chief intellectual theorist of the Iraq war. Seven years older, Mr. Wolfowitz was the critical mentor in recruiting Mr. Libby to the neoconservative camp, hiring him first in 1981 as a speechwriter and an Asia analyst at the State Department under President Ronald Reagan and in 1989 as a strategist in the Defense Department, headed by Mr. Cheney in the administration of the first President George Bush.

"He was fascinated by Paul's thinking," recalled a friend, Francis Fukuyama, who worked with him at the State Department. Some experts find the seeds of the current president's assertive foreign policy in a 1992 military policy paper that Mr. Libby helped draft.

Between government stints, Mr. Libby practiced law with the firm of Leonard Garment, counsel to President Richard M. Nixon. Mr. Garment remembers him as "reliable, immensely hard working and guarded."

Presented with the seemingly intractable tax problems of a fugitive commodities trader, Marc Rich, Mr. Libby "went off for a year and worked on it, closeted with his own intellect," Mr. Garment said.

He emerged with a creative analysis, Mr. Garment added, that would ultimately help persuade President Bill Clinton to pardon Mr. Rich, an act that Republicans criticized because Mr. Rich's former wife, Denise, was a Democratic donor.

It was in Mr. Garment's firm that Mr. Libby met his future wife, Harriet Grant, a lawyer and onetime Democratic staff member of the Senate Judiciary Committee, where she handled Anita F. Hill's challenge to the Supreme Court nomination of Clarence Thomas.

"She probably cancels his vote every four years," said Jackson Hogen, a friend of Mr. Libby since his Andover days, a ski partner and a liberal Democrat. "It's a credit to Scooter that he can maintain a friend like me and a wife like her all these years."

Friends praise Mr. Libby's courtly manners and dry humor, but they also note his reserve. As a lawyer and an aide, he has generally advocated for others, whether Mr. Rich or Mr. Cheney. Many in Washington saw his views as indistinguishable from the vice president's, but some friends say they are uncertain about his personal opinions.

"He never struck me, even knowing him as I do, as an ideologue," said Mr. Fukuyama, who has skied with Mr. Libby and both of whose children were on the same Little League team. "I wouldn't say I have a particularly good handle on his worldview."

In 2001, when Mr. Cheney lured Mr. Libby from his $535-an-hour law practice to the White House, one attraction for the vice president was his discretion, said Juleanna Glover Weiss, Mr. Cheney's former press secretary.

"Like Cheney, Scooter's a tomb," Ms. Glover Weiss said. "Information can go in, but most of the time it doesn't come out."

Yet it is clear that long before Sept. 11, 2001, Mr. Libby, who studied the possibility of biological attacks in the Persian Gulf war in 1991, focused on the terrorist threat.

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"What animates him is security," Ms. Matalin said. "On 9/12, there were but a handful of people who had the strategic grasp of terrorism that he did."

Some colleagues later wondered whether his focus on the threat had became too single-minded. Mr. Libby and his boss repeatedly pushed for widespread immunization against smallpox, disturbing others in the administration who worried about fatal reactions that some people might have.

C. Dean McGrath Jr., Mr. Libby's deputy until the end of 2005, said that particularly after the shock of Sept. 11 "Scooter considered it to be part of his job to think about dire possibilities."

By all accounts, Mr. Libby brought his worst-case approach to the debate over Mr. Hussein's threat. When that debate led to the leak of a C.I.A. officer's identity, the resulting criminal investigation produced one indictment, that of Mr. Libby for perjury and obstruction of justice. It landed just after the death of Mr. Libby's mother and a fall that broke his foot and left him hobbling into the federal courthouse on crutches.

"He puts up a tough front," said Mr. Hogen, his school and ski buddy. "But there's a kind human being in there who's really gotten beat up in this affair."

Mr. Libby's friends, including Mr. Cheney, have rallied behind him. The Hudson Institute, a research institution, has provided Mr. Libby with a place to work. His legal defense fund has a board that would be the envy of any conservative institution, including five former cabinet members, five former members of Congress and seven former ambassadors.

Friends say Mr. Libby, 56, has spent a lot of time at his home in McLean, Va., with his wife and children, a son in middle school and a daughter in elementary school. He has focused his legal acumen on a new client — himself.

Kenneth Adelman, a friend from the Reagan administration, invited the family for a week's vacation in Colorado last summer and took Mr. Libby to lunch with a liberal, pacifist local columnist, Paul Andersen.

The two men had a long talk about wilderness and recited poetry from memory. Mr. Andersen learned later that he had been talking with a man whom he had considered a symbol for all that was wrong with an administration that he holds in contempt.

If Mr. Libby broke the law, Mr. Andersen said, he should be held accountable. But he said his views were more complicated after the lunch encounter.

"I got a feeling for him as a family man, a guy who likes the mountains," Mr. Andersen said. "Later, it seemed like he was nursing some serious pain. It seemed a dreadful shame that circumstances can sometimes ruin lives."

Courts Checking Jurors' Histories More Frequently (LAW)

By Emma Schwartz, Legal Times

Legal Times, January 17, 2007

The case involved the largest single drug bust in D.C. history, and after eight weeks of trial, the last thing a defense attorney wanted to hear was concerns about the jury.

But just after closing statements in a drug-conspiracy trial last month at the U.S. District Court for the District of Columbia, Judge Ellen Huvelle thought there could be a problem.

Only then had she run the jurors' names through criminal-background checks. The system flagged four jurors -- something none of them had disclosed during jury selection.

Had they lied? Or were the data -- run by the FBI and notoriously unreliable -- incorrect?

The question was hardly incidental. Last year, Chicago-based U.S. District Judge Rebecca Pallmeyer dismissed two jurors during deliberations in the corruption trial of former Illinois Gov. George Ryan, after the Chicago Tribune found that they had concealed their arrest records during jury selection. Ryan is free on bail while an appeals court looks at whether the jury problems merit a reversal.

The Ryan case drew attention across the legal world. Convicted felons are barred from serving on federal juries. But most courts rely on individual jurors to tell the court about any convictions, rather than run criminal-background checks on the jury pool. Indeed, the Administrative Office of the U.S. Courts, which oversees the federal judicial system, keeps no data on which courts run background checks.

But that may be changing. At the upcoming trial of Vice President Dick Cheney's former chief of staff, I. Lewis "Scooter" Libby Jr., Judge Reggie Walton will check the criminal backgrounds of potential jurors before lawyers make their final selections. The move comes at the request of Special Counsel Patrick Fitzgerald, who specifically noted the Ryan incident during a recent court hearing.

Following the former governor's trial, judges on the district court in Chicago said they would start running checks for some high-profile trials. In Washington's federal court, criminal-background checks occur only in big cases, and the ultimate decision is left to the individual judge. Judge Royce Lamberth, for instance, ran background checks during the trial of the notorious drug

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gang Murder Inc. in 2002. Assistant U.S. Attorney Amy Jeffress, who was a prosecutor in the case, says that although some of the jurors weren't immediately forthcoming about prior arrests, nobody was dismissed because of criminal history.

"In a longer trial where you don't want to have any problems, it's worth doing, but it's not necessarily worth doing in an average trial," she says of background checks.

But running such checks is not the practice in D.C. Superior Court, says spokeswoman Leah Gurowitz.

Although some judges and attorneys are concerned that the background checks could be an invasion of privacy, U.S. District Judge Paul Friedman is not opposed to the practice because, he says, "if they are supposed to answer a questionnaire under oath and tell the truth, why not have a fail-safe mechanism of preventing" convicted felons from becoming jurors?

But during the drug case before Huvelle, the background checks were put off until the trial was nearly complete. Two defense attorneys in the case say Huvelle forgot to run the checks until then. "That was the reason it was kind of a surprising issue," says Rudy Acree, who represented one of the four defendants.

Huvelle could not be reached for comment.

The trial featured four defendants charged in a cocaine-trafficking conspiracy that centered on the seizure of nearly 100 kilos of cocaine and almost $1 million in cash -- all of which the prosecutors displayed in the courtroom during trial. Two defendants were acquitted, and the jury has yet to decide the fate of the last two.

When the system flagged four jurors, Huvelle called three of them -- one of whom was an alternate -- in for further questioning, the defense attorneys say. (Huvelle did not call the fourth because he was far down the list of alternates.)

Two said the names were wrong, claiming either that their Social Security numbers did not match or they had never been in the jurisdiction where the incident occurred.

The jurors' responses were not entirely unexpected. FBI data do not always show whether an arrest or charge resulted in a conviction. Sometimes names come up that are similar but not exactly the same, which is why the data cannot be the sole basis for dismissing a juror.

But the third juror had two possible criminal charges flagged. Attorneys say that at first, she denied having anything to do with the charges. But after they peppered her with more questions, the attorneys say, she admitted that one of the charges, a 22-year-old arrest, could have been her, but that her arrest had never led to a formal conviction.

Neither side decided to throw the woman off the jury, but the incident could become part of an appeal, Acree says. "It's one of those things where you can't really rule anything out," he says. The jury began deliberations in the case on Dec. 12 and broke for the holidays on Dec. 21.

Either way, says Jon Norris, a defense attorney whose client in the case was acquitted, "you expect to have some reliance that the jurors you pick are going to be the ones that deliberate."

Editorial: Rein In All The Rogue Prosecutors (IBD)

Investor's Business Daily, January 17, 2007

Justice: Like the Duke lacrosse players, Scooter Libby faces jail for alleged involvement in a crime that was never committed, pursued by a vindictive prosecutor. And also like the Duke case, it's a national disgrace.

The trial of Libby, the only person charged with anything in the three-year probe of who "leaked" the name of CIA desk jockey Valerie Plame, officially got under way Tuesday. Actually, it might be called the second trial. The first, in the media, already found Libby guilty.

It is perhaps a sign of how much a media pariah Libby has become that "Fox News Sunday" host Chris Wallace felt compelled to ask why, "given his legal troubles," Libby was invited to the Christmas party of his old boss, Vice President Dick Cheney. Please.

When Cheney responded that Libby was "one of the finest individuals I've ever known," a "friend" and "a good man," Wallace queried: "Is he honest?" The only dishonesty being perpetrated these days is by reporters who forget about the presumption of innocence and by prosecutors who pursue the demonstrably innocent with a mindless vengeance unseen since Ahab pursued his white whale.

At least Wallace got it right when he asked Cheney, "Given the fact that it now turns out that Libby wasn't the one who first leaked the name of Valerie Plame, what do you think of the fact that he's the only one who's being prosecuted in this case?" And for what? we might add.

If lying to law enforcement, officers of the court or Congress warrants jail time, then both Bill Clinton and Sandy Berger might still be writing their memoirs in Leavenworth. For that's what Libby is charged with -- lying to investigators. Not stuffing secret documents in his pants, not even outing a secret agent, but simply having a recollection that is different from reporters of what he said when and to whom.

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Berger, the second Clinton administration official to have trouble with his trousers, roams free after a slap on the wrist for destroying classified information. So does Richard Armitage, former deputy secretary of state, who was the one who "outed" the wife of Joe Wilson, former ambassador and serial liar, in what the Washington Post called "an offhand manner, virtually as gossip."

Armitage told the FBI in October 2003 that he was the source. The Justice Department knew it, and so must have special persecutor, er, prosecutor Patrick Fitzgerald two months later when he was appointed to investigate Plamegate.

We know, and Fitzgerald knew, Libby didn't "out" Valerie Plame. Columnist Robert Novak, who noted Plame's employment in a July 14, 2003, column, has written: "I learned about Valerie Plame's name from Joe Wilson's entry on Who's Who In America."

That column was written eight days after Plame's hubby wrote a low-profile op-ed in the New York Times about his CIA-sponsored trip to Africa, saying it proved President Bush lied about Iraq seeking yellowcake uranium there.

So Libby didn't out Plame, whose identity was publicly known or could be found out by anyone at the nearest public library. Nor was revealing her identity even a crime, a crime for which no one has been charged. She was a desk analyst at CIA headquarters in Langley, Va., not an overseas undercover operative as the law requires.

Like District Attorney Michael Nifong in the Duke case, Fitzgerald knew early that he had no real crime and no real criminal. But he had to come up with something. So he charged with lying someone who in his job got hundreds of phone calls every day and talked to dozens of reporters because his memory of earlier conversations differed with those reporters' notes.

Duke lacrosse players still twist in the wind, as does Libby, who stands accused of lying about a crime that never occurred in an investigation that never should have happened. Justice should be blind, not those administering it. That's the real crime in both cases.

How Legal Codes Can Hinder Hacker Cases (WSJ)

By CASSELL BRYAN-LOW

Wall Street Journal, January 17, 2007

Prosecutions of Virus Writers Find Complex Issues, Soft Penalties -- but Laws May Stiffen

As police around the world become more skilled at tracking down criminals who spread computer viruses, they are realizing there are some bugs in their own system: hurdles to trying their cases in court.

The problems lie in both building cases and securing stiff sentences, say legal and security experts. Prosecutors can have a hard time explaining the complex crimes to the courts. It often is difficult for law enforcers to quantify the damage caused by a virus that infects computer networks. And judges often hand down light sentences to the culprits, who typically are young, first-time offenders, among other factors.

"The main obstacle in any complex computer-crime case is convincing a judge or a jury about the seriousness of the case," says Arif Alikhan, a former federal prosecutor in Los Angeles. "It's a lot harder than a bank robbery or other crimes."

As a result, some countries -- including the U.S., United Kingdom and Germany -- are reviewing their laws. The British Parliament in November passed the Police and Justice Act which, among other things, updates the country's cybercrime laws by raising the maximum prison penalty for unauthorized access to a computer to two years from six months. It also seeks to plug a loophole by criminalizing so-called denial-of-service attacks, by which one party attempts to knock another party's computer system offline by bombarding it with data via the Internet. Perpetrators now face as many as 10 years in prison; previously, such cases typically were prosecuted for unauthorized modification of a computer, which carries a maximum five-year sentence.

In the U.S., legislation proposed last year advocated raising the maximum sentence for most computer crimes to 30 years in prison. Current penalties for computer crimes vary and generally reach up to 20 years in prison. The bill also tackles certain virus-related activities by outlawing the creation of networks of infected computers, known as botnets. Such networks are frequently used by criminals to launch Internet attacks, fire out the unsolicited email known as spam and swipe personal data stored in other computers. The Cyber-Security Enhancement and Consumer Data Protection bill had broad support in the House, but it wasn't voted on by either chamber during the last session of Congress. It is unclear whether it will be reintroduced.

The push for tougher laws comes as prosecutors have won some high-profile cases that nonetheless resulted in light punishments. An example is the case of the writer of the Agobot virus, a widespread and powerful piece of malicious code that was one of the first major viruses to allow the person spreading it to remotely control armies of infected machines. Since starting to spread in about 2003, the code and the hundreds of offshoot viruses it spawned have affected millions of computers that use Microsoft Corp.'s operating-system software. While the virus wouldn't necessarily shut computers down, it could create a back door through which identity thieves and other criminals could gain access.

But its author, Axel Gembe, a 24-year-old German, received just two years' probation following his conviction on charges of computer sabotage and modifying data at his trial in Germany in November. Prosecutors in the case weren't able to demonstrate

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the total damage caused by the virus around the world or show Mr. Gembe was directly responsible for infecting all of the machines.

Mr. Gembe admitted in court to writing the virus and supplying it to another hacker but said he didn't widely disseminate it. In Germany, as in the U.S. and many Western countries, writing a computer virus isn't in itself illegal. Distributing a virus with intent to cause harm is a crime in most of those countries, but showing that intent often is difficult for prosecutors to prove. Virus writers often claim to have written a piece of code merely to win bragging rights for the accomplishment among their peers.

The judge also took into account that Mr. Gembe had a difficult home life as a child, including being abandoned by his mother, and that he has recently taken steps to improve his situation. Mr. Gembe currently lives in the city of Freiburg with friends and has an apprenticeship at a security firm that produces alarm systems.

While some legal experts say Mr. Gembe's sentence may be appropriate considering his personal circumstances, they consider it light considering the disruption his virus caused. "Agobot was an industry-changing code" in terms of the rate at which it spread and the ability it gave a remote user to manipulate infected machines, says James Aquilina, a former assistant U.S. attorney in Los Angeles who prosecuted Internet crimes and now is a lawyer at Stroz Friedberg LLP. "Given the way the hacker community regale, revere and admire [Mr. Gembe], I'm sure they think, 'He gets a slap on the wrist, and I'm in the clear.' "

Some prosecutors say the problem in general isn't so much that available penalties aren't sufficient. "The bigger challenge in the penalty sense is making sure that we can actually quantify the harm that is caused" to persuade a judge to issue a punishment that fits the crime, says Christopher Painter, deputy chief of the U.S. Justice Department's Computer Crime Section. Damages can play a key part in sentencing, but collecting comprehensive data is practically impossible as a virus can affect millions of machines, which often are scattered across many countries.

There have been some lengthy sentences. In the U.S., a federal judge in Los Angeles last May sentenced 21-year-old Jeanson James Ancheta to 57 months in prison for computer-virus related crimes. Mr. Ancheta pleaded guilty to several charges, including conspiracy to commit computer fraud and unauthorized access to computers.

Prosecutors said he secretly hijacked tens of thousands of computers, including those at two military sites. Mr. Ancheta then rented the armies of infected computers -- the botnets -- to others for the purpose of launching Internet attacks and sending spam, complete with advice on how many machines would be needed for a specific task. In addition, he received about $60,000 of advertising revenue by directing hundreds of thousands of infected computers in his networks to other computer servers he controlled where so-called adware would surreptitiously download onto the zombie machines, the court filings show.

Feds Offer Cybercrime Tips To Local Cops (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, January 17, 2007

Because many police agencies may lack computer skills, the Justice Department created an investigator's manual.

Police trying to learn how to use the Internet to investigate everything from cyberstalking to spam and illegal hacking have some new advice, thanks to the U.S. Department of Justice.

The department's Office of Justice Programs on Tuesday published what amounts to a manual for tech-challenged gumshoes, covering everything from how to track suspects through an Internet Relay Chat network to targeting copyright thieves on peer-to-peer networks.

Local and state law enforcement have bungled some high-tech investigations recently. The Pennsylvania Supreme Court rejected prosecutors' attempts to seize newspaper reporters' hard drives, and the 8th Circuit Court of Appeals ruled that police illegally seized a computer in a methamphetamine investigation. A federal judge permitted an Internet service provider to sue police after it was raided because of Usenet posts its employees knew nothing about.

The new 137-page manual (click for PDF) appears to represent the Justice Department's attempt to offer at least some basic technical and legal tips to law enforcement agencies that may not have computer experts on the payroll.

"Criminals can trade and share information, mask their identity, identify and gather information on victims, and communicate with co-conspirators," the manual says. "Web sites, electronic mail, chat rooms, and file sharing networks can all yield evidence in an investigation of computer-related crime."

The manual warns of the perils of assuming that the owner of a computer--especially Windows PCs, which can be vulnerable to security breaches--is responsible for what's actually on it.

"Because investigations involving the Internet and computer networks mean that the sus¬pect's computer communicated with other computers, investigators should be aware that the suspect may assert that the incriminating evidence was placed on the media by a Trojan program," it says. "A proper seizure and forensic examination of a suspect's hard drive may determine whether evidence exists of the presence and use of Trojan programs."

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Neteller Execs Charged In Gambling Case (NSDY/AP)

By Larry Neumeister, Associated Press Writer

Long Island Newsday, January 17, 2007

NEW YORK -- Two founders of a company that processes Internet gambling transactions were arrested and charged with funneling billions of dollars in gambling proceeds to overseas betting operations, federal prosecutors announced Tuesday.

The charges mark the latest in a series of crackdowns by the federal government against the online gambling industry.

The charges against the former Neteller PLC directors, John David Lefebvre, 55, and Stephen Eric Lawrence, 46, both Canadian citizens, were contained in two criminal complaints unsealed in U.S. District Court in Manhattan on Monday, U.S. Attorney Michael Garcia said in a statement.

The prosecutor said the men knew when they took their company public that its activities were illegal. FBI Assistant Director Mark J. Mershon said the multibillion-dollar online gambling industry is "a colossal criminal enterprise masquerading as legitimate business."

Neteller is an Internet payment services company that has grown in popularity as an increasing number of credit card companies have begun refusing to accept payments to online gambling sites.

Neteller essentially acts as a middleman between gamblers and offshore betting operations. For example, a gambler who wants to place bets at offshore sports books can fund an account with Neteller, which in turn will transfer the money to the betting sites. Prosecutors say Neteller facilitated the transfer of billions of dollars of illegal gambling proceeds.

Lefebvre was arrested Monday in Malibu, Calif., and was scheduled to appear in U.S. District Court in Los Angeles on Tuesday. Lawrence, who lives in the Bahamas, was arrested Monday in the U.S. Virgin Islands and will appear in federal court on Wednesday.

Peter Neiman, a lawyer for Lawrence, said he had no comment. A lawyer for Lefebvre did not immediately return a telephone message seeking comment.

In 1999, the men founded Neteller, which is based in the Isle of Man and is publicly traded in the United Kingdom.

The company began processing Internet gambling transactions in 2000.

Lawrence left the company's board of directors in October, while Lefebvre left in December 2005, prosecutors said. Together, the men owned as much as 35 percent of the company's outstanding shares.

Prosecutors cited Neteller's 2005 annual report in saying that Lawrence and Lefebvre enabled the company to provide payment services to more than 80 percent of worldwide gaming merchants.

Garcia noted that the company acknowledged when it went public that U.S. law prohibited people from promoting certain forms of gambling, including Internet gambling and transmitting funds that are known to have been derived from criminal activity.

Lefebvre and Lawrence also conceded in the company's offering documents that they were risking prosecution by the U.S. government, he said.

Prosecutors said Neteller in 2005 alone processed more than $7.3 billion in financial transactions, 95 percent of which was derived from money transfers involving Internet gambling.

Lawrence and Lefebvre were charged with conspiring to transfer funds with the intent to promote illegal gambling, and could face up to 20 years in prison if convicted.

Online Purge Sees NETeller Chiefs Arrested In US (DAILYIND)

By Karen Attwood

Daily Independent, January 17, 2007

Shares in NETeller, an online payment processing business, were suspended yesterday after its two founders were arrested and charged with laundering billions of dollars in gaming proceeds in the US.

Stephen Lawrence, the company's former chairman, and John Lefebvre, the former group president, were arrested on Monday. Mr Lawrence, 46, was detained in New York while Mr Lefebvre, 55, was held in Los Angeles.

The FBI's assistant director Mark Mershon said that the multibillion-dollar online gambling industry was "a colossal criminal enterprise masquerading as legitimate business."

The AIM-listed company, which provides e-wallets for online gamblers, has continued to do business in the US, despite the country's crackdown on internet gaming. Most companies pulled out of the US last year but as NETeller is not directly involved in gambling it was thought to be safe. Some 90 per cent of its business is with US customers.

"Blatant violations of US law are not a mere 'risk' to be disclosed to prospective investors," the prosecuting US attorney Michael Garcia said. "Criminal prosecutions related to online gambling will be pursued even in cases where assets and defendants are positioned outside of the US."

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NETeller said the two men, who are both Canadian, are no longer involved in the company other than as shareholders, with stakes of 5.9 per cent and 5.5 per cent respectively.

The company asked for its shares to suspended in London yesterday pending clarification of the situation in the US, before the charges were unsealed later last night.

Shares across the sector slipped yesterday but analysts said this could be a time to buy companies that haveclosed their US operations. Shares in NETeller, which has more than 3 million customers and $7bn in annual transactions, fell 79 per cent last year.

Neteller Founders Charged After Sting Operation By FBI (TIMES)

By James Doran In New York

The Times, January 17, 2007

Stephen Lawrence and John Lefebvre, founders of Neteller, the UK-listed online payments company, were last night charged with conspiracy in connection with a multibillion-dollar money laundering scheme linked to internet gambling.

The pair were arrested on Monday after an FBI sting operation discovered that Neteller was being used to allow Americans to place illegal bets on sporting events via internet gambling companies based in foreign countries.

Mr Lawrence, 46, who lives in a luxury home on Paradise Island in The Bahamas, was arrested in the United States Virgin Islands and has been ordered to appear later today in the federal court of St Thomas.

Mr Lefebvre, 55, was arrested at the same time in Malibu, California, and was expected to appear in Los Angeles federal Court last night.

Neither Mr Lawrence nor Mr Lefebvre were available to comment in response to the allegations made in the indictment. If found guilty, the pair face 20 years in jail.

The seven-page indictment, filed in New York last night, claims that the pair set up Neteller in 1999 with the express purpose of providing online payment services to gambling companies. The indictment also claims that between 2000 and 2003 Neteller Inc, a Canadian corporation, offered payment services to various internet gambling companies so that they could illegally access customers in the United States.

From 2004 to the present day, the same operation was conducted by Neteller plc, an Isle of Man-based company which in April 2004 raised some $70 million via a listing on London's AIM. An agent with the FBI named in the indictment claims she used Neteller as a middle man between her US-based bank account and an offshore internet gambling company.

Shares of Neteller were suspended on AIM yesterday before the indictment was released as the company was seeking clarification of its status with US authorities.

A spokesman for Neteller stressed that the founders were no longer employees or directors of the company. "Because of that, this arrest has nothing to do with the company," he added.

Mr Lawrence resigned as a non-executive director of the company on October 13, having stepped down as non-executive chairman last May. Mr Lefebvre resigned as a non-executive director on December 15, 2005. However, the pair still own large stakes of Neteller. Mr Lawrence holds 5.91 per cent of the company, while Mr Lefebvre owns 5.54 per cent.

Neteller claims to operate the largest independent online money transfer business in the world with 3 million customers in 160 countries and over $7 billion in annual transactions.

It specialises in providing instant payment services where money transfer is difficult or risky because of issues of identity, trust, currency exchange, or distance. In the past, it handled funds for online gamblers in the US but it is said to have stopped the practice when tough new laws banned internet gambling in America last October.

Last year authorities arrested a number of prominent executives for breaching US gambling laws, including two from Britain. David Carruthers, the former chief executive of BetOnSports, was arrested in July while Peter Dicks, former non-executive chairman of Sportingbet, was arrested in September.

Other arrests

July 2006 David Carruthers, chief executive of BetOnSports, the AIM-listed bookmaker, is arrested in Dallas

Sept 2006 Peter Dicks, then Sportingbet chairman, is arrested at JFK airport in New York, on request of Louisiana state authorities

Sept 2006 Manfred Bodner and Norbert Teufelberger, joint chief executives of Bwin, the Austrian internet betting group, are detained in Monaco on charges of violating France's internet gaming laws

Arrests In US Rekindle Fears For Future Of Online Gambling (FT)

By James Wilson In Manchester, Gordon Smith And Lucy,warwick-ching In London And Daniel Pimlott In New York

Financial Times, January 17, 2007

US authorities yesterday charged two founders of UK-listed Neteller, one of the leading payment processors for online gamblers, with laundering billions of dollars of gambling proceeds, intensifying concern about the US stance on internet gaming.

Stephen Lawrence, a former chief executive and chairman, was detained on Monday in the US Virgin Islands and was due to appear in court today.

John Lefebvre was held in California and was set to appear in court in Los Angeles yesterday.

The US attorney's office in the southern district of New York said the men, who are Canadian, had been charged with conspiring to transfer funds with the intent to promote illegal gambling. If convicted they could face 20 years in prison.

The two men set up Neteller in 1999 and remain its biggest individual shareholders. But the money transfer company said neither had any current involvement other than as investors.

Mr Lawrence, 46, stepped down from the board last October. Mr Lefebvre, 55, left the board in December 2005.

Michael Garcia, the US attorney for the southern district of New York, said the arrested men "knew when they took their company public that its activities, as well as those of the internet gambling companies it assisted, were illegal in the US".

Neteller, which has its headquarters in the Isle of Man and is listed on Aim in London, had "not received any communication or correspondence from any US authority regarding this or any related matter". Trading in Neteller shares was suspended after the arrests.

Simon Holliday, partner at Global Betting and Gaming Consultants, said: "It could mean anyone . . . ever . . . involved in the online gambling industry faces the possibility of arrest if they travel to the US."

These are the latest in a series of arrests of online gaming executives. David Carruthers, former chief executive of BetonSports and a prominent advocate of regulated online gambling, was arrested in Texas last July. He is, in effect, under house arrest.

Peter Dicks, former chairman of Sportingbet, was arrested in New York but was released and allowed to return to London.

On Monday, shares in Neteller closed down 7 per cent at 163¾p.

Net Execs Face Fed Bet Charge (NYDN)

By Thomas Zambito, Daily News Staff Writer

New York Daily News, January 17, 2007

The founders of a company that helped send billions of Internet gambling dollars overseas were arrested as part of a government crackdown on wagering on the Web, Manhattan federal prosecutors said yesterday.

Stephen Lawrence, 46, and John Lefebvre, 55, were charged with conspiring to use their Internet payment service company to promote illegal gambling.

Lawrence and Lefebvre, both Canadian citizens, founded Neteller in 1999 and by 2005 they were providing payment services to more than 80% of the world's gaming merchants, prosecutors said. In 2005, the company processed $7.3 billion in transactions, with 95% coming from money transfers for Internet gambling companies.

Lawrence was arrested Monday in St. Thomas in the U.S. Virgin Islands and Lefebvre was arrested the same day in Malibu, Calif. They each face a maximum of 20 years in prison. Their company is based in the Isle of Man, near England, and publicly traded in the U.K.

"Stephen Eric Lawrence and John David Lefebvre knew when they took their company public that its activities as well as those of the Internet gambling companies it assisted were illegal in the United States," said Manhattan U.S. Attorney Michael Garcia.

In recent months, the Justice Department has used money laundering laws to charge two offshore gambling operations. And in 2003, Pay-Pal and parent company eBay forfeited $10 million to settle a lawsuit, that claimed t the company aided illegal online gambling activities.

Neteller Arrests Bode Ill For Online Gambling (BSWK)

By Catherine Holahan

BusinessWeek, January 17, 2007

Two of the company's former directors have been arrested as part of the U.S. government's crackdown on gambling Web sites

When President George W. Bush signed anti-online-gambling legislation into law last October, publicly traded gambling companies folded their cards and left the U.S. table. For instance, PartyGaming, the Gibraltar-based parent of once-leading gambling site PartyPoker, withdrew from the $6-billion-a-year U.S. market. Other companies traded on the London Stock Exchange, such as Sportingbet, followed suit, closing betting sites to U.S. customers and selling off other gambling businesses for $1 to whomever would take them.

However, the game wasn't over for all gambling sites. Private companies such as Antigua-based Bodog Entertainment Group, FullTiltPoker.com, and PokerStars.com kept their virtual doors open to U.S. customers. They took their cues, in part, from Neteller, a publicly traded Internet payment processor used by many online gambling sites, which was making a fortune from transaction fees paid by online bettors. Instead of closing its doors to U.S.-based online gamblers—and forgoing as much as 70% of the $846.7 million it made in fees during the first half of 2006 alone—the company took a wait-and-see approach.

Neteller got an eyeful on Jan. 15. That's when U.S. law enforcement officials arrested two of the company's former directors and founding shareholders, Stephen Lawrence and John Lefebvre. The U.S. Attorney for the Southern District of New York and the Federal Bureau of Investigation have charged that the two men helped transfer billions of dollars in illegal gambling proceeds from Americans to overseas Internet gambling companies. According to the complaint, more than 95% of the $7.3 billion processed by Neteller in 2005 were transactions involving Internet gambling companies. Lawrence's attorney, Peter Neiman of Wilmer Cutler Pickering Hale & Dorr, declined to comment. Calls to Lefebvre's attorney were not immediately returned. Left in a Lurch

The moves demonstrate how far the U.S. government is prepared to take its crackdown on gambling, and they bode ill for the closely held Internet gambling sites that continue to cater to U.S. clients even after October. "In the eyes of the U.S. Justice Dept., what Neteller is doing is even worse [than the gaming companies] because they are acting like a bank and helping all this money leave U.S. accounts," says Christopher Costigan, president of the online gaming industry publication Gambling911.com, which initially reported the arrests. He speculates that Neteller will withdraw from the U.S. market.

The case focuses on sports bets placed by a then-Miami resident. According to a statement by an FBI agent involved in the case, the witness bet on National Football League games in August and September with gambling businesses based in Antigua and Costa Rica. In each case, the witness used Neteller to transfer funds. Unlike online poker bets, which are considered illegal by the Justice Dept., though not expressly banned by U.S. laws, sports betting is explicitly outlawed under the 1961 Wire Act (see BusinessWeek.com, 10/3/06, "Online Gambling Still in the Cards?").

The action against Neteller will likely leave the gambling companies that did not withdraw from the U.S. market in a lurch. As long as Neteller was processing payments, companies such as FullTiltPoker.com were able to continue business as usual. After all, many U.S. Internet gamblers were already using Neteller accounts to transfer funds between their checking accounts and online gambling sites because U.S. banks had stopped processing such transactions as early as 2001. Thus, gamblers already on the still-open-for-business private sites could simply continue playing. Those with accounts on sites closed to U.S. business simply needed to transfer whatever money remained with those sites to their Neteller accounts and then transfer the money again to an account with an open site (see BusinessWeek.com, 10/19/06 "Online Gambling Goes Underground"). Riskier Environment

Indeed, sites that remained open in the U.S. by processing payments through Neteller and other services experienced a jump in enrollment, thanks to reduced competition from PartyGaming's sites. While PartyPoker.com saw a 67% drop in its numbers between September and October, when the company withdrew from the U.S. market, FullTiltPoker.com had a 42% increase in audience, according to a November report by Nielsen//NetRatings (NTRT). The site's audience increased to 939,000 in December from 751,000 in November. The total U.S. audience for the top gambling sites, however, decreased 56%.

Meanwhile, PokerStars.com saw its audience jump to 1.5 million U.S. users in December from 1.4 million in November. Bodog.com saw an increase to 771,000 in December from 728,000 in November. Even PartyPoker saw an increase, as U.S. users figured out how to get around the ban on the sites. The company's U.S. audience increased to 1.3 million in December from 1.18 million in November, according to Nielsen//NetRatings.

Without Neteller to process payments, the sites will have to rely more on other, smaller payment processors such as Instant eChecks and ePassporte to process U.S. transactions. However, now that the government has shown it is willing to go after payment processors, that would be risky. In addition, online gamblers may be more skittish about betting now that the state of their funds is in flux. Eleventh-Hour Reprieve?

So far, Neteller says it has not stopped processing U.S. transactions, and it is not clear how the action against the company could affect U.S. customers. Similarly, it is not clear whether the gaming sites are considering dropping Neteller from their list of approved payment services. As of late in the evening on Jan. 16, neither PokerStars.com nor FullTiltPoker.com had taken Neteller off of their lists of approved services. There hands will be tied, however, if Neteller does in fact decide not to process U.S. gambling transactions.

Even if Neteller chooses to leave the U.S. market, however, it would not spell the end for all gambling companies. To date, U.S. law enforcement action has centered on sports betting. Other executives who have been arrested, such as BETonSPORTS Chief Executive David Carruthers, were involved in companies that processed U.S. sports bets (see BusinessWeek.com, 7/19/06, "Justice Gambles on Net Crackdown"). There is still a chance that online poker will receive a reprieve from the new law,

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which does not explicitly ban poker. Indeed, several U.S. land-based casinos have expressed interest in starting their own online poker sites that would be regulated by U.S. law, in a sign that not all hope is lost for the cause of U.S. online gambling.

Holahan is a writer for BusinessWeek.com in New York.

Indicted Senator Seeks Case Dismissal (KNOXNS/AP)

By Associated Press

Knoxville News Sentinel (TN), January 17, 2007

CHATTANOOGA - Indicted state Sen. Jerry Cooper contends in court filings aimed at getting his federal mail fraud, bank fraud and conspiracy case dismissed that law enforcement officials coached grand jury witnesses.

Cooper, D-Morrison, is accused of using a fraudulent appraisal and political influence to help an Alabama businessman get a loan from a bank co-owned by then-Lt. Gov. John Wilder in a borrowing scheme involving the 1999 sale of Cooper's lumber mill in Warren County.

Cooper's attorney, Jerry Summers of Chattanooga, has requested government evidence that he believes is grounds for dismissing the charges because of prosecutorial misconduct, court records show.

Summers declined to comment, saying his "motion speaks for itself."

"We're still in the process of trying to get more and more of the evidence as it keeps dribbling in," he said. "We'll address it at the proper time."

Records filed in the case show that Summers is awaiting evidence he expects will show that law enforcement officials coached witnesses in the case "to change their testimony" for a grand jury appearance.

Assistant U.S. Attorney Gary Humble declined comment about the pending case.

The documents were filed during an attempt by Cooper to postpone his March 5 trial until after the legislative session. Prosecutors are opposing a delay.

Court records show the charges were brought against Cooper after he obtained an appraisal that inflated the value of a lumber mill he was trying to sell by falsely claiming that the property contained a railroad spur.

The fraudulent appraisal by McMinnville real estate appraiser James Passons was used to acquire a $1.7 million loan for Alabama businessman Anthony Auyer to buy the property.

Records show that the loan likely would not have been approved without Wilder's help.

Auyer and his wife, Theresa Auyer, pleaded guilty to charges against them. Auyer is serving a 34-month prison sentence. Theresa Auyer is serving an 18-month sentence.

A jury acquitted Passons.

Another Blow For Pirro (AP)

By Jim Fitzgerald, Associated Press

AP, January 17, 2007

WHITE PLAINS, N.Y. (AP) - The federal investigation of former Westchester County District Attorney Jeanine Pirro has branched out to include the jewelry business she set up while she was in office, a Pirro spokesman said Tuesday.

The spokesman, Pirro family friend Michael Edelman, said agents have begun questioning some of the people who bought the bead jewelry she made several years ago in what he said was an attempt to raise money for charity.

He said clerks, an assistant district attorney and others who were "around the courthouse" when Pirro was district attorney have been summoned by federal prosecutors and several were questioned Tuesday.

"They've subpoenaed a lot of the people who bought the beads," Edelman said.

He said he did not know specifically what interested the investigators, but he said Pirro was cooperating and had turned over all requested records.

U.S. Attorney Michael Garcia's spokesman Herb Hadad said he couldn't comment on an ongoing investigation.

Pirro acknowledged last year, while she was the Republican candidate for state attorney general, that she was under investigation for plotting to eavesdrop on her husband, Albert Pirro, in 2005, when she believed he was having an affair. She said she had sought help from disgraced former New York police Commissioner Bernard Kerik to plant a bug on the family boat, but she said she never went through with it and broke no law.

Jury Selection Starts In Coke Theft Case (NSDY/AP)

By Harry R. Weber, Ap Business Writer

Long Island Newsday, January 17, 2007

DOJ_NMG_0117759

ATLANTA -- One hundred potential jurors filed into a federal courtroom Tuesday for the start of the conspiracy trial of a former Coca-Cola secretary accused of stealing trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi.

The potential jurors answered questions from U.S. District Judge J. Owen Forrester about whether they work for or have relatives who work for Atlanta-based Coca-Cola, then filled out a questionnaire drafted by the lawyers in the case and were sent home for the day.

Individual questioning of potential jurors by the defense lawyers and prosecutors will begin Wednesday, and opening statements are scheduled for Monday. The trial is expected to last up to two weeks.

Joya Williams, who was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light, faces up to 10 years in prison if convicted of the single federal charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and at least one is expected to testify against her.

The questionnaire, a copy of which was provided to The Associated Press, asks the potential jurors about their educational background, whether they've held management jobs before, whether they've ever brought documents from their job to their home and whether they or their spouse has ever worked for The Coca-Cola Co. or any of its affiliates.

The questionnaire also asks potential jurors what magazines and newspapers they read, what television shows they watch regularly, whether they own Coca-Cola stock and what they know about this case.

Another question asks if the potential jurors drink Coca-Cola products such as Coke, Diet Coke, Fanta or Dasani and, if so, how often. The potential jurors won't be excluded on the basis of how they answer that question alone, said Williams' defense lawyer, Janice Singer.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July on the single federal charge of stealing new product samples and confidential documents from Coca-Cola and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Coca-Cola and an undercover FBI investigation was launched.

Singer has said she plans to attack the credibility of Dimson and Duhaney.

The two men served prison terms at the same time at a federal penitentiary in Montgomery, Ala. Duhaney served nearly five years of a seven-year sentence on a cocaine charge before being released in 2005; Dimson served less than one year of a two-year sentence on a bank fraud charge before his release in 2004.

Williams does not have a criminal record, another attorney who previously represented her has said.

But prosecutors say they have a strong case. That includes video surveillance showing Williams at her desk at Coke headquarters going through multiple files looking for documents and stuffing them into bags, according to court records. She also was observed holding a liquid container with a white label, which resembled the description of a new product sample, before placing it into her personal bag, prosecutors say.

The prosecution says a box containing two undisclosed product samples and other confidential company papers were found in Duhaney's home during a search on July 5, the day all three were arrested.

Coke has declined to give details about the samples, including which products they are for. The indictment only refers to a mysterious "Project N....."

Strip-club Owners Will Surrender On Tax Charges (PHI)

By John Sullivan

The Philadelphia Inquirer, January 17, 2007

Two owners of the Philadelphia strip club Dangerous Curves agreed to turn themselves in to authorities this morning to face federal charges that they sought to avoid paying more than $300,000 in federal taxes, according to the U.S. Attorney's Office and a defendant's attorney.

The case grew out of the federal corruption probe into convicted City Councilman Rick Mariano, according to Rich Manieri, a spokesman for U.S. Attorney Patrick Meehan. Mariano was sentenced last summer to 61/2 years in prison for taking bribes to help navigate tax and regulatory issues. At some point during the two-year investigation, agents thought Mariano had an interest in the club, but he did not, court documents say.

Chris Warren, an attorney for club owner Kevin Rankin, said agents began looking into his client after suspecting that Mariano may have helped Rankin, his former high school football coach, win zoning for the club.

"That was also untrue," Warren said last night. Federal agents raided the Tacony strip club in October 2005 and arrested Rankin, 60, of Philadelphia, and co-owner Bishop Krabsz 59, of Cherry Hill, on gun charges after finding four firearms at the club and the men's homes. The men still face charges in connection with those arrests.

Now, however, they face a 40-count indictment charging that they hid more than $800,000 in income from 2000 to 2004, skirting a $200,000 tax bill. They are also accused of not paying $107,000 in payroll taxes.

"This was a deliberate deception by an accountant and his clients," Meehan said in a statement.

Also indicted yesterday was accountant Enrico Nardini, 67, of Boothwyn, who Meehan said filed false tax returns for the men.

The indictment says Reinaldo Pastrana, a developer who paid Mariano's gym fees in exchange for help on a city land deal, was a client of Nardini's, who underreported Pastrana's earnings by $150,000 for three years. Pastrana, who was sentenced to 21/2 years in prison in 2006 after pleading guilty in August to three counts of bribery in connection with the Mariano case, was not charged in yesterday's indictment.

Also named as defendants were businessmen James Sanford, 68, of Berlin, N.J.; William Lavan Sr., 73, of Ventnor, N.J.; and William Lavan Jr., 28, of Egg Harbor, N.J. They were charged with submitting false returns prepared with Nardini's help.

Warren, Rankin's attorney, questioned prosecutors' motive for going after his client.

"This is a face-saving move," Warren said.

"They went after them because they thought Mariano was involved, then for guns, and now, for tax evasion," Warren said. "We look forward to defending against these charges."

Warren said Rankin and Krabsz would surrender to the FBI this morning. The men are expected to be arraigned at 1:30 p.m. in federal court in Philadelphia.

Regulators Investigate Commerce (PHI)

By Harold Brubaker

The Philadelphia Inquirer, January 17, 2007

Shares in Commerce Bancorp Inc. fell more than 8 percent yesterday after the Cherry Hill company said it was under investigation by federal banking regulators.

The Office of the Comptroller of Currency and the Federal Reserve are looking into the company's transactions with directors, officers and related parties, "including deals involving banking premises," Commerce said deep in its fourth-quarter earnings report.

The disclosure, in a single paragraph, came just 10 weeks after it said an unrelated federal probe had ended.

For years, Commerce has disclosed in its annual proxy statements that it leases land for some of its 428 branches from a real estate firm partly owned by chairman and president Vernon W. Hill II and uses an architectural design firm owned by his wife.

The bank paid nearly $60 million from 1996 through 2005 to Hill's Site Development Inc. and Shirley Hill's InterArch Inc., both of Mount Laurel. In its April 2006 proxy, the bank said payments to the two companies were at market rates.

The investigation's inclusion of insider deals related to banking sites raises the possibility that investigators suspect additional, unreported transactions.

"There are always questions when an executive of a bank has something to do with outside companies that in turn do business with the bank," said Wilson L. Smith, director of financial services research at Boenning & Scattergood Inc., a West Conshohocken investment firm.

In the case of Commerce, Smith, who owns shares of the company, said he "would certainly hope that the auditors had taken a close look at these transactions over the years."

The comptroller's office would not comment on the case, because it "does not comment on individual bank matters," spokesman Kevin Mukri said.

In a conference call with investors and analysts to discuss the earnings, Commerce officials said they could not comment on the case. In the disclosure in the earnings report, the bank said it was cooperating with the federal agencies.

Commerce is no stranger to federal investigations, having been caught up in Philadelphia's pay-to-play scandal starting in June 2004.

Commerce's attempts to win Philadelphia city business after Mayor Street's election in 1999 brought the bank under the scrutiny of a federal probe of city contracting practices. Also, in the summer of 2005, U.S. Attorney Patrick Meehan said the FBI had seized Commerce records to determine whether the bank had given municipal officials in the suburbs preferential treatment to win government business.

But the company said Nov. 1 that it was no longer being investigated by Meehan. Two of the company's former officers in Pennsylvania were convicted on corruption charges in 2005 and sentenced to prison.

Yesterday, Commerce shares lost $2.89, or 8.3 percent, on the New York Stock Exchange to $31.83.

Heather Wolf, a banking analyst with Merrill Lynch & Co. Inc., said in a research note that the current investigation was likely to "overhang the stock, if not pressure it further, until there is greater information in the marketplace."

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As for Commerce's operations, Wolf said she was most concerned about the decline in the bank's deposit growth rate to 19 percent in the fourth quarter from more than 40 percent at its peak.

Commerce, whose hallmark has been gathering deposits from competitors by keeping late hours and operating seven days a week, reduced its long-term goal for increasing deposits to 20 percent from 24 percent to 26 percent a year.

Net income for 2006 was $315.1 million, or $1.63 a share, up 11 percent from $282.9 million, or $1.61 a share, the year before.

Fourth-quarter profit was $78.66 million, or 40 cents a share, up from $46.94 million, or 26 cents a share in the same period of 2005, when the company recorded a $19.3 million nonrecurring charge.

Hill said in a conference call with investors and analysts that the investigation would not get in the way of expansion plans.

He declined to say when the bank learned about the investigation.

2 Arrested In Molestation, Porn Cases (LAT)

From A Times Staff Writer

The Los Angeles Times, January 17, 2007

Authorities have announced arrests in separate child molestation and child pornography cases, one involving a website bulletin board used to trade illicit images of minors.

Jeffrey Blaine Hall, 51, subscribed to "North American Man Girl Love Assn." website, where he downloaded and posted child pornography, a federal criminal complaint alleges. Authorities announced the arrest Friday.

Hall is being held without bail at the downtown Metropolitan Detention Center, federal officials said.

In the second case, a Lancaster man was facing dozens of felony counts in state court after being accused of repeatedly molesting and taking explicit photographs of a young girl in his neighborhood.

Christopher Jarold Hoff, 41, also could face federal charges based on evidence seized from four home computers. Authorities also took dozens of movies and computer discs.

Hoff is being held on $5-million bail at Men's Central Jail in Los Angeles.

Ryan Trial Judge Went All Out To Be Fair, Prosecutors Say (AP)

By Mike Robinson

AP, January 17, 2007

CHICAGO - The judge who presided over former Gov. George Ryan's racketeering and fraud trial took "superlative care" to see that the proceedings were fair, prosecutors told a federal appeals court Tuesday.

In a 97-page response to Ryan's appeal, the government said U.S. District Judge Rebecca R. Pallmeyer had worked hard and effectively to see that the former governor got a fair trial, and succeeded in doing so.

"During these proceedings, Judge Pallmeyer expressed no fewer than 12 times her view that the defendants' right to a fair trial was paramount and that, if fairness could not be achieved, she would not hesitate to declare a mistrial and start the trial over, despite the amount of time that had gone into the trial," prosecutors said.

Ryan, 72, was convicted in April along with longtime friend Larry Warner of racketeering and other offenses.

Ryan was accused of steering lucrative state leases and contracts to Warner and other cronies and receiving rewards ranging from vacations in Jamaica to a free golf bag. He also was accused of using state money and workers to operate his campaigns and burying an investigation of bribes paid in exchange for drivers licenses when he was secretary of state.

Ryan still maintains nothing he did was illegal. His appeal focuses heavily on the dismissal of two jurors, Evelyn Ezell and Robert Pavlick, who were found to have omitted mention on a pre-trial questionnaire of their encounters with police.

Pallmeyer replaced them with alternates after the jury already had deliberated eight times. But she did not replace other jurors when it was discovered that they too had brushes with the law on their records.

Prosecutors said Pallmeyer was right because Ezell and Pavlick's problems were substantially worse than those of the other jurors.

Prosecutors noted that at one time Ezell had been questioned by police and rather than giving her correct name identified herself as "Thora Jones." They said that plainly disqualified her from deliberating charges that Ryan lied when questioned by the FBI about alleged corruption.

"Acting with superlative care, the court made findings of fact that those two jurors, Pavlick and Ezell, and no others had been dishonest ... when honest answers would have been cause for dismissal," they said. They said "no other jurors met the standard for dismissal."

Ryan's attorneys had argued that the alternate jurors brought in as replacements for Pavlick and Ezell may have been biased by news stories.

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But prosecutors took issue with that.

"The court meticulously ensured that the alternates had not been exposed to media coverage or other extraneous influences," they said.

They also brushed aside a defense argument that the action of a juror who found legal papers on the Internet and brought them into the jury room wrecked the deliberations.

"The material was consistent with the court's instructions and clearly did not burden the expression of jurors' views," they said. It said the judge was right "in concluding that there was no reasonable possibility that this material prejudiced the jury."

CIVIL LAW:

Insurers Get Backing At U.S. High Court On Credit-Reporting Law (BLOOM)

By Greg Stohr

Bloomberg, January 17, 2007

Jan. 16 (Bloomberg) -- U.S. Supreme Court justices signaled they may limit the duty of insurance companies to tell consumers about flaws in their credit histories, questioning a ruling that insurers say would open them to billions of dollars in damages.

More than half the court's nine members today in Washington voiced support for arguments by Safeco Corp. and Berkshire Hathaway Inc.'s Geico Corp. The insurance companies are fighting class-action lawsuits by consumers who sought price quotes, weren't offered the lowest rates and now say they should have been told the insurer relied on their less-than-perfect credit histories. A federal appeals court let the case go forward.

Several justices questioned whether Congress intended for the Fair Credit Reporting Act to require notification of every consumer who doesn't get the best rate. Justice Stephen Breyer said an Internet search he conducted indicated that only 1 percent of Americans have the highest possible credit score.

``There will be tens of millions of these notices going out," Breyer told Scott A. Shorr, the lawyer for the consumers. Breyer predicted the notices ``will become meaningless" to consumers and most will go ``right in the wastebasket."

The insurance industry says the 9th U.S. Circuit Court of Appeals misinterpreted a provision in the federal law that requires disclosure only when a low credit score results in ``adverse action" by an insurer.

Insurers also say the San Francisco-based 9th Circuit made it far too easy for consumers to win large awards. The court said companies can be forced to pay penalties of at least $100 per customer when they violate the law based on an ``implausible" interpretation of its requirements.

Skeptical Justices

Some 2,600 lawsuits alleging violations of the fair-credit law are pending in federal courts, according to a filing by State Farm Mutual Automobile Insurance Co. in a related case.

Breyer was one of several justices who either suggested or directly said they disagreed with the lower court's interpretation of the ``adverse action" requirement. Justice David Souter joined Breyer in asking whether consumers might receive so many notices as to render them ``meaningless."

Justice Samuel Alito questioned Shorr's contention that the best possible rate should be the ``baseline" for determining whether notification is required. ``I don't understand where that comes from," Alito said.

Several justices said the statutory definition of ``adverse action" includes ``an increase in any charge" as opposed to simply a failure to get the lowest rate. Chief Justice John Roberts questioned whether, as Shorr argued, that definition would be met when an insurer cuts a customer's rate to something short of the company's lowest charge.

Blunt Scalia

Justice Antonin Scalia was even more blunt in questioning a Justice Department lawyer who offered partial support for the consumers' position.

``I find it hard to shoehorn your case into that language," Scalia told the government lawyer, Patricia A. Millett.

Shorr told the justices that ``charging someone more than you charge others is an increase." He said that interpretation squared with Congress's goal of protecting individuals from inaccurate credit-history information.

Seattle-based Safeco is fighting a class action suit filed in federal court in Oregon. The three representative plaintiffs include two customers whose cases center on their premiums -- one for auto insurance and one for renters insurance -- and a third who says her credit report was one reason Safeco wouldn't reinstate her auto policy after it lapsed.

Geico, which is based in Chevy Chase, Maryland, is also battling a class action suit in federal court in Oregon. The lead plaintiff, Ajene Edo, didn't get the company's lowest rate when she called for a quote in 2000.

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State Farm and Hartford Financial Services Group Inc. are waging similar fights and have appeals pending at the high court.

Willfulness Questioned

The insurers' Supreme Court lawyer, Maureen Mahoney, argued that the 9th Circuit also misapplied a provision that subjects ``willful'' violators to penalties ranging from $100 to $1,000 per consumer, plus punitive damages. The 9th Circuit said the willfulness requirement includes actions taken in ``reckless disregard'' of the law.

Mahoney said that the term ``willful'' encompasses only intentional wrongdoing and that the companies and their lawyers made a good-faith interpretation of the law -- one later adopted by the trial judge who handled the cases.

``They could not have known anything more about these statutory issues of first impression than the district court did,'' Mahoney said.

Several justices said Mahoney was going too far in restricting the statute. ``You're changing it to mean `willfully and blatantly' violating the law,'' Scalia said.

The court is scheduled to rule by July in the cases, Safeco v. Burr, 06-84, and Geico v. Edo, 06-100.

CIVIL RIGHTS:

Justice Department Won't Investigate Duke Lacrosse Prosecutor (AP)

AP, January 17, 2007

Officials from the Department of Justice have told a North Carolina congressman that it's too early to launch a federal investigation into the handling of the Duke lacrosse case, a spokeswoman said Tuesday.

Rep. Walter Jones wrote Attorney General Alberto Gonzales last month, asking that the Department of Justice investigate whether the district attorney prosecuting three Duke lacrosse players charged with sexual assault has violated the athletes' civil rights.

The department's Office of Legislative Affairs responded last week that it was premature to initiate a federal investigation while criminal charges and other investigations at the state level are ongoing, said Cynthia J. Magnuson, a Department of Justice spokeswoman.

Jones' spokeswoman Kathleen Joyce said Tuesday that the congressman still planned to meet next week with the head of the department's Civil Rights Division.

"He doesn't consider the letter received as a final response," Joyce said. "He's still pushing forward."

In the letter to Gonzales, Jones asked that the conduct of Durham County District Attorney Mike Nifong be reviewed.

Nifong turned the case over to state Attorney General Roy Cooper last week. The North Carolina State Bar has filed ethics charges accusing Nifong of making misleading and inflammatory comments about the lacrosse team.

Cooper's office took possession of all the files in the lacrosse case late Tuesday afternoon.

"Today we transferred to our office six boxes and two folders of files from the Durham District Attorneys Office," Cooper said in a statement. "Our attorneys will immediately begin examining this material. These files contain a substantial amount of information and we will work carefully to ensure a full and fair review."

Cooper said Saturday that two prosecutors in his office would review the files and interview witnesses in the case, including the accuser, before making a recommendation on how to proceed.

No Justice Department Probe Of Duke Case For Now (WITN)

WITN-TV, NBC 7, Greenville, NC, January 17, 2007

Officials from the Department of Justice have told a North Carolina congressman that it's too early to launch a federal investigation into the handling of the Duke lacrosse case.

Representative Walter Jones wrote Attorney General Alberto Gonzales last month. He asked that the Department of Justice investigate whether the district attorney prosecuting three Duke lacrosse players has violated the athletes' civil rights.

The three players are charged with sexual assault and kidnapping.

The Justice Department's Office of Legislative Affairs responded last week that it was premature to initiate a federal investigation while criminal charges and other investigations at the state level are ongoing.

The state attorney general's office took possession of all Duke lacrosse files late Tuesday afternoon. Durham County District Attorney Mike Nifong requested that a special prosecutor take over the case.

Justice Department Officially Ends Probe Of Santa Clara County Juvenile Hall (MERCN)

DOJ_NMG_0117764

By Mary Anne Ostrom

The San Jose Mercury News, January 17, 2007

The U.S. Department of Justice has closed its three-year investigation into allegations of abuse and excessive force at Santa Clara County juvenile hall.

The department wrote in a letter, dated Tuesday, to Board of Supervisors Chairman Don Gage that after reviewing updated policies -- which give youth offenders due process when they file complaints or are disciplined for misbehavior and include improving the reporting of child abuse -- ``the county has satisfactorily addressed the deficiencies identified over the course of our investigation."

In September, the department had signaled that the county was on the right track, pending final review of the new policies.

The Justice Department also praised the county for working hard to resolve the original complaints and in the letter said the county is ``dedicated to providing the appropriate care for youth in their custody."

The original abuse investigation, launched in early 2003, led to sweeping changes and dramatic reductions in use of force at juvenile hall and created more independent oversight.

Student Now Wants $2M For School Scuffle, Federal Charges Against Officer (AP)

By Holbrook Mohr

AP, January 17, 2007

JACKSON, Miss. - A lawsuit seeking damages from a Greenwood police officer and others after school security cameras captured the officer twice drawing his weapon on a teenager in front of classmates has been doubled to $2 million.

Carlos Moore, the attorney for 18-year-old James Marshall, had earlier sought $1 million in damages after obtaining the school videotapes that show a portion of the Dec. 6 encounter between the white officer, Casey Wiggins, and the unarmed black teenager.

The case has sparked accusations of racism and calls for Wiggins' dismissal. Wiggins' attorney says the officer did "nothing wrong."

Moore obtained copies of the tapes on Jan. 5, after filing a motion with the court. The tapes show Wiggins, who was on a security detail at the predominantly black school, twice pointing his gun at Marshall - once in a crowded school hall - before putting the teen in a choke hold.

Moore told The Associated Press on Tuesday that he's expanded the civil lawsuit to include Greenwood High School, school Principal Percy Powell and Superintendent Leslie Daniels.

Margaret Dean, a spokeswoman for the Greenwood Public School District, said Tuesday that school officials would have no comment because of the pending litigation.

The Mississippi chapter of the American Civil Liberties Union on Monday issued statement supporting legal action "in seeking justice for the Marshall family."

Wiggins, 26, Greenwood Police Chief Henry Harris, Greenwood Mayor Sheriel Perkins and the city of Greenwood had already been named in the lawsuit.

Messages left with the mayor's officer and the police department on Tuesday were not immediately returned.

Moore said he had planned to file a separate civil suit against the school, but decided to lump the complaints together and seek twice as much money because of the detrimental emotional impact the scuffle had on his client.

Marshall's "emotional condition is steadily deteriorating," Moore said. "He's getting worse instead of better. He's withdrawn and hasn't been eating much."

Moore also filed a federal criminal complaint this week with the U.S Justice Department, accusing Wiggins of violating Marshall's civil rights with excessive force and false arrest under the color of law.

State charges had already been filed in the case, but Moore said those were only misdemeanor simple assault charges and did not fit the crime. The federal charges are felonies.

"This is a serious crime ... and we want him prosecuted for a felony," Moore said.

Wiggins' attorney, Mitchell Creel, said Tuesday he was not aware that Marshall was seeking federal criminal charges.

"Obviously, I feel like those charges hold no more water than ... the simple assault charges already pending," Creel said. "As I indicated earlier, I look forward to a court date where Officer Wiggins will be exonerated of the charges so he can get on with his life because in this case he has done nothing wrong."

Meanwhile, Moore tried to derail revelations this week that his teenage client was allegedly involved in a robbery in June of 2006, saying the charges were filed in juvenile court and should not have become public knowledge.

Marshall was accused along with another youth of stealing an $80 necklace from another teen, Moore said. Moore said he is concerned Greenwood officials could push the case into adult court as revenge over the lawsuit.

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"My client will be vindicated," Moore said. "Marshall will not back down from his civil suit or his state and federal criminal complaints filed against Wiggins and the Greenwood Police Department."

A message left with the district attorney's office was not immediately returned.

Marshall claims he was standing in the hall at the school Dec. 6 showing his new tattoo - his name on his left forearm - when he was accosted by Wiggins for no reason.

Wiggins' police report says the officer saw Marshall and two other students in the hall standing in a circle, "looking at something the suspect was holding."

The officer claims that when he approached, Marshall became "hostile" and began to struggle.

Inmate's Body Returned To Family; Death Still A Mystery (WILNJ)

By Lee Williams, The News Journal

Wilmington (DE) News Journal, January 17, 2007

Family demanding answers from Department of Correction

Family members of the 24-year-old Dover man who was found dead in the state's newest prison infirmary last week are demanding answers about the death, and getting nothing but silence from the Department of Correction.

Demetrius Caldwell had been undergoing unspecified treatment for a month in the prison infirmary at the Delaware Correctional Center in Smyrna before he was found dead, laying on a mattress on the floor of his cell.

A medical staffer had checked on him 25 minutes before he died.

The Department of Correction has released Caldwell's body to his family, who plan to bury him Saturday, but they have not told them what caused the young man's death.

"It's mind-blowing. They won't even tell us why he died," said uncle Lionel Dixon. "He was a healthy young man, who was getting ready to get out. They had him in the infirmary for a month, and they don't know how he died? They know. They're just not saying."

Dixon viewed his nephew's body at the funeral home, and was shocked by what he saw.

"They cut his head and chest all open, and they don't tell us how he died? That's brutal, man. That's cruel and brutal," he said. "They're not saying anything and they're hoping we don't either."

Calls to Correction Commissioner Stan Taylor and Chief Medical Examiner Dr. Richard T. Callery were not returned today.

Prison officials ruled out meningococcal meningitis as the cause of death late last week, after naming it as a possibility. They've said doctors from the prison's medical provider, St. Louis-based Correctional Medical Services, the Department of Correction, Public Health and the Medical Examiner's Office are still trying to determine a cause of death.

All of Caldwell's family described him as a healthy young man with no known medical issues. Caldwell had been an inmate since Nov. 6 for violating his probation on a 2005 drug charge, to which he pleaded guilty. Nearly half of his incarceration was spent in the infirmary.

Another uncle, Joe Caldwell, said he was contacted a week before his nephew's death by a prison staffer he has known for years.

"He said my nephew was spitting at female guards and cussing male guards in the infirmary," Joe Caldwell said. "He told me they were tired of him, and that they can hurt him."

Joe said his nephew was not allowed visitors, phone calls or even clothes.

"His dad, my brother, is blaming himself because of that warning," Joe Caldwell said. "He feels there's more he could have done."

Demetrius' sister Dominique Caldwell said she'd been told her brother was taken to the infirmary for a psychiatric evaluation.

"But he was only seen by one psychiatrist, one time, in a month -- one time in 30 days," she said. "They never notified us he was even ill."

Dominique said the family had scheduled numerous visits, but all of them were canceled by prison officials at the last minute.

"We drove out there to see him several times, but were told we couldn't see him," she said. "People called us as said we needed to check on him. He was a healthy boy when he went into prison."

The family knew Demetrius as "Dumpy."

"He was always fond of his grandma's homemade dumplings," said aunt Juliette Caldwell. "Of all the people in our family, he was so sweet. He has a good, loving family. His parents have been together for years, and his sister cares about him."

Dominique said her brother enjoyed video games, nice sneakers and drawing.

"I miss him already," she said. "A 24-year-old man shouldn't have died in a manner of minutes."

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Last month, the U.S. Justice Department found "substantial civil rights violations" in four Delaware prisons. The federal investigation was prompted by a series of articles in The News Journal that revealed inadequate health care and questionable treatment within the prisons.

The state signed an 87-point settlement with the Justice Department, ending the investigation but setting up Contact investigative reporter Lee Williams at 324-2362 or lwilliams@delawareonline.com.

Texas District Says DOJ Oversight Is Unlawful (LAW)

By Emma Schwartz, Legal Times

Legal Times, January 16, 2007

The small utility district on the outskirts of Austin, Texas, had a simple wish: to move its polling place from a residence to a school.

It may have been simple, but it wasn't easy. The move needed approval from the Justice Department in Washington.

As it happens, the Northwest Austin Municipal Utility District No. 1 (population 3,500) is one of the areas of the country required by federal law to get permission from the government before making any changes to its voting rules.

Now the utility district — with the help of some conservative legal firepower — has decided to mount the most significant assault on the Voting Rights Act in a quarter of a century.

The case, filed last year in the U.S. District Court for the District of Columbia, argues that the federal government's oversight of local voting rules is unconstitutional. And it was selected and prepared with one goal in mind, to get the issue before the Supreme Court. Unsurprisingly, it's drawing attention from civil-rights groups, who fear the wolf is at the door. The National Association for the Advancement of Colored People, for instance, has hired former Clinton administration solicitor general Seth Waxman to fend off the challenge.

The suit targets the section of the act — which Congress overwhelmingly voted to reauthorize last summer — that requires certain counties and states to seek federal approval before making changes to their voting rules. Known as "pre-clearance," the section was one of the ways the federal government prevented Southern states from continuing to discriminate against African-Americans after the landmark civil-rights legislation passed in 1965.

But the federal government only oversees certain states and counties, the ones that most egregiously suppressed minority voting during the 1964 election. The jurisdictions under such federal authority have remained virtually unchanged, except for a few additions in the 1970s.

"Our primary thing is, when they reauthorized the act this time, nobody went back and said, 'Let's update the test,' " says Gregory Coleman, a partner at Weil, Gotshal & Manges, where he is representing the Texas district pro bono. "What are jurisdictions doing in 2004 and 2006?"

Coleman and other conservatives see the continued oversight as an overreach of federal power. For the federal government to apply a rule to an entity that has no history of discrimination is "arbitrary and irrational," Coleman wrote in his Aug. 4 complaint, and it "infringes on the rights of an entire generation of voters who were not even alive when those discriminatory practices were ended."

As Edward Blum, a fellow at the American Enterprise Institute working with Coleman, puts it, "Congress didn't want to make a very hard political argument that one of the provisions of the Voting Rights Act may have outlived its usefulness."

They are hoping that the case will end the federal oversight — or at least force Congress to revise which areas are covered.

But Coleman and Blum are up against the weight of history. The Supreme Court has upheld the pre-clearance provision twice — once in the 1966 case South Carolina v. Katzenbach and again 14 years later in City of Rome v. United States.

"Overwhelming evidence suggests that racial discrimination in elections still exists and still needs to be addressed by the federal government," says David Becker, an attorney with People for the American Way, whose organization has intervened against the case. Other groups that have entered the fray include the Lawyers' Committee for Civil Rights Under Law, the Mexican American Legal Defense and Educational Fund, and the American Civil Liberties Union.

Such opposition is hardly surprising. More than almost any other piece of legislation in recent time, the Voting Rights Act is synonymous with civil rights. Historians have pointed to it as the foundation of the "quiet revolution" against deep-rooted voting discrimination across the South.

"This has been a source of considerable constitutional controversy since it was first enacted," says Samuel Issacharoff, a New York University law professor. "These are very hefty positions, each of which has a constitutional pedigree."

The district line

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The Northwest Austin Municipal Utility District is a 700-square-mile swath of suburban tract housing on the edge of Austin. It was formed in 1988 by a Texas developer to build bond-financed sewage and water lines in what was then an undeveloped neighborhood.

Elections to the five-person utility board were not heavily contested until 2002. By then, the neighborhood had grown from barely a dozen residents to more than 3,500, and the homeowners association had grown weary of the developer-backed board. Residents accused the utility district's attorney of suppressing voter turnout by holding utility-board elections in a different location — a resident's home — than the citywide elections. "We had an attorney who had some conflicts of interests," says Donald Zimmerman, a board member.

That year, the candidates backed by the homeowners association swept out the sitting board. Zimmerman, who works at a local car dealership, became president. His first act: to move the polls from the residential house to a local school, where all of the other municipal elections are held.

It was then the rookie board members learned about pre-clearance. "We've never done anything to discriminate against anyone, so we don't know why we are subject to it," says William Ferguson, now president of the board.

Indeed, the district was hardly a microcosm of the city. For one, residents are nearly 80 percent white. The single biggest minority by far is Asian — not Hispanic or African-American — and the neighborhood's median income is nearly double that of the average Austin resident. But the district's lawyer saw no way out of the federal oversight, so the board forked over $1,250 in legal fees and, within a few months, won approval from the Justice Department.

Zimmerman wasn't pleased with the situation, but in 2002 the district had more pressing legal problems. He believed the city of Austin was overcharging the district's residents in property taxes, but lawyer after lawyer turned his idea down. Taking on Austin, they told him, was too "politically charged," Zimmerman says.

Then he found Coleman. Zimmerman says Coleman took one look at the Austin tax issue and said he would take the case for free because he believed they were right. "I was just stunned," Zimmerman says. "Most people have to have monetary incentives or something. He took it because he's an incredibly honest guy."

A true believer

Coleman, 43, has long had an interest in litigation over the scope of federal power. A 1992 graduate of the University of Texas School of Law, he clerked for Judge Edith Hollen Jones of the U.S. Court of Appeals for the 5th Circuit and, later, for Supreme Court Justice Clarence Thomas. He headed into private practice but remained an active member of the Federalist Society.

In 1997, Coleman met Blum, a one-time investment banker turned political activist who had organized a series of lawsuits against racial gerrymandering across the country. One of those cases, Bush v. Vera, challenged the use of race in creating the Houston congressional district where Blum lost to an African-American incumbent. Blum won at the Supreme Court.

Blum had expanded his legal interests to other race-related cases and wanted to challenge a Houston school district's racial preferences for its gifted and talented program. He found Coleman to file suit. Just days before the case was set for trial, the school district dropped its race-based policy, ending the suit. In 1999, Coleman joined then-Texas Attorney General John Cornyn (now a U.S. senator) as solicitor general, where he unsuccessfully — and somewhat ironically — defended the state's affirmative-action policy at the University of Texas before the 5th Circuit.

In 2001, Coleman turned back to private practice at Weil, Gotshal in Austin, where he developed a reputation as an up-and-coming Supreme Court lawyer.

But he was no stranger to Washington, either. Cornyn, who was elected to the Senate in 2002, called Coleman to testify in 2004 about potential legal ramifications of the Federal Marriage Amendment. So it was no surprise that when the Senate Judiciary Committee, of which Cornyn is a member, began debating the Voting Rights Act last spring, Coleman was called in to testify once again.

His point was simple: if pre-clearance remained intact, it would face a constitutional test. "I believe that it is unnecessary, unfair, and that it would probably be unconstitutional," he testified in May.

Though some conservative Republicans voiced opposition to pre-clearance, they were in the minority. Other proposed changes to the renewed Voting Rights Act gave conservatives like Coleman another reason to oppose its passage. New language essentially rewrote portions of the law that the Supreme Court in two cases had recently found to be unconstitutional.

When Coleman returned to Texas, he asked Zimmerman if the district would be willing to challenge the constitutionality of pre-clearance. He explained how counties and states can ask the Justice Department to drop them from the list of pre-clearance areas if they can prove a significant period without discrimination. Few counties had actually done so and the Texas utility district cannot.

Despite the fact that in the district's nearly 20-year history it had easily won pre-clearance all eight times it asked for it, the district was restricted from applying for an exemption because it did not register its own voters, relying instead on the countywide

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voter lists. Technically, the case would ask for a simple exemption from federal oversight, but because it's unlikely the case would succeed, Coleman told them, they needed to make a constitutional claim.

In Coleman's mind, the district's lack of options made the case a winner. It couldn't get out from under government oversight, even if it could prove that it no longer discriminated. Zimmerman was interested. After all, the one-time state-representative hopeful was no fan of big government and had run two local anti-tax campaigns. He brought the idea to the board. At first, the community was reluctant. "A number of people on the board were concerned," says Ferguson, the board president. "This community doesn't want to be tainted as against voter rights or discriminating in any way."

But on June 14, Coleman spoke to the board, which then unanimously agreed to sue the Justice Department. A little more than a month later, Congress voted in favor of reauthorizing the Voting Rights Act.

Less discrimination?

To make its case, the district is relying on a 1997 Supreme Court ruling in a dispute that originated less than 100 miles southwest of Austin. In City of Boerne v. Flores, the Court struck down the Religious Freedom Restoration Act of 1993, saying Congress went beyond its authority in granting religious groups an exception to local laws.

The Flores ruling has been successfully used in other cases at the high court by conservatives challenging federal laws on disability rights and violence against women. Coleman hopes to extend that jurisprudence to race in the voting context.

Certainly, fewer jurisdictions discriminate, he says, pointing to Justice Department figures. Between 1968 and 2004, the Justice Department rejected only 1,116 proposed changes to local voting rules nationwide — less than 1 percent of the total proposals. What's more, Coleman says that since 1982, there have been more violations of the Voting Rights Act in jurisdictions without federal oversight than in those with oversight He points to a 2006 University of Michigan study that found that, of the 211 successful voting-rights lawsuits filed since 1982, 53.5 percent were in areas outside federal oversight.

But civil-rights organizations say pre-clearance is still a central part of making the law function, especially as a deterrent. "Every time I represent a state or local government, when they are getting ready to make voting change, the first question is, 'How will this affect minorities?' " says J. Gerald Hebert, a former Justice Department lawyer representing Travis County, which includes Austin, in the suit. "That's a good thing."

He points to a study last year by civil-rights groups, which found that Texas jurisdictions scrapped voting changes in 54 cases after officials realized the alterations would fail federal scrutiny. And they cite one instance in which a federal court found that between 1976 and 2002, South Dakota had put 600 laws on the books but submitted only 10 percent of them for pre-clearance.

And those districts under federal authority can request a bailout. Hebert says that since 1982, 13 counties — all in Virginia — have done so successfully. Hebert should know — he represented them.

The Texas case is expected to be heard this summer by a special three-judge panel from the district and appellate courts, which is part of the required process for any jurisdiction applying for an exemption. Meanwhile, Blum has been meeting with other local government officials who are interested in filing similar suits and trying to figure out "what it is we need to do to win this case," he says.

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Lawmakers, Advocacy Groups Launch Last-Ditch Effort To Save Two Border Patrol Agents From Jail (FOX)

Fox News, January 17, 2007

Two Texas Border Patrol agents who shot a Mexican drug runner in the backside on the U.S. side of the border are hoping a last-ditch pardon from President Bush will save them from serving more than a decade in prison.

Ignacio Ramos and Jose Alonso Compean are scheduled to turn themselves in to authorities Wednesday to begin serving 11 and 12 years, respectively, for the February 2005 non-fatal shooting.

Several groups, including Friends of the Border Patrol, The Minutemen and Grassfire.org, have been trying through petitions to keep the agents out of prison — through either a motion to U.S. District Judge Kathleen Cardone to allow them to remain free on bond during an appeal or through a presidential pardon from Bush. About a dozen rallies took place across the country in support of the agents last week.

"Grassroots support for these gentlemen is just through the roof," said Grassfire.org spokesman Ron De Jong. He said people signing the petitions are saying to themselves, "'something just doesn't add up' and they're starting to make great waves."

"We are extremely hopeful that the light of justice will shine and this wrong will be right, because otherwise it would be an absolute travesty if these gentlemen had to go to jail for doing their jobs," De Jong added.

DOJ_NMG_0117769

Compean and Ramos were found guilty in a jury trial of violating the civil rights of Osvaldo Aldrete Davila when they shot him in Fabens, Texas, about 30 miles east of El Paso, then tampering with evidence by picking up shell casings from the shooting.

The ex-agents say Davila had a gun, and that's why they fired at him, but a gun was never found.

In exchange for his testimony against the two agents, Davila was granted immunity from prosecution by the U.S. government for attempting to smuggle nearly 750 pounds of marijuana — which had a street value of over $1 million — into the United States on the day he was shot.

Several lawmakers, including Reps. Ted Poe, R-Texas; Dana Rohrabacher, R-Calif.; Walter Jones, R-N.C.; Tom Tancredo, R-Colo.; and Duncan Hunter, R-Calif. last week sent a letter to Attorney General Alberto Gonzales asking him to allow Ramos and Compean to remain free on bond pending the appeal of their convictions.

The letter also notes that several "discrepancies" in the government's case question whether justice has been served and that permitting Ramos and Compean to be jailed puts their lives at risk.

Petitions with more than 225,000 signatures will be delivered to the White House Tuesday afternoon, Poe told FOX News.

"Based on my experience as a former judge, I have looked at this case and our federal government was on the wrong side," Poe said Tuesday.

"They took the side of a drug dealer over the side of the border agents who were just doing their job. Prosecute the border agents and let the criminal go free," he said. "Injustice has occurred, so I think that both of these men who were convicted deserve to be pardoned by the president."

Earlier this month, a letter circulated by Poe and signed by 24 lawmakers requested that the Justice Department not oppose a motion filed to allow the men to remain free pending the appeal.

But Poe said he hasn't heard much from the Oval Office.

"We have been getting some information from low-level members of the attorney general's office," he said. "The White House has not contacted us directly, even though we corresponded with them several times and have called. I'm a little concerned about that."

White House: Look at the Facts

Last month, Bush issued 16 year-end pardons: Five cases involved drug crimes, while others involved bank fraud, mail fraud and the acceptance of a kickback.

In September 2005 the president pardoned 14 people, including a member of the mineworkers union who was convicted for his role in bombings at a West Virginia coal mine; a counterfeiter; several dealers of marijuana and LSD; and a bootlegger.

The president has pardoned 113 people since taking office in 2001.

White House spokesman Tony Snow last week would not comment specifically on pardon proceedings, but he said the facts presented in court showed that Ramos and Compean tried to cover up what occurred.

Apparently, when they tried to pull over Davila, someone pulled out a gun and a scuffle ensued, Snow said. Davila got out of the car and tried to run away, and the agents fired about 14 shots at him — one of which hit him in the "fleshy hindquarters," as Snow said.

Avila then made his way into Mexico, where the agents say a van picked him up.

"Now, at the time this happened, they did not know if he was an illegal. They did not know that there were 700 pounds of marijuana. They didn't know any of those things. But instead you had this," Snow said.

"They also had received arms training the day before; that said, if you have an incident like this, you must preserve the evidence and you must report it promptly. Instead, according to court documents, they went around and picked up the shell casings. Furthermore, they asked one of their colleagues also to help pick up shell casings. They disposed of them."

Ramos and Compean were convicted on 11 of 12 counts.

"The facts of this case are such that I would invite everybody to take a full look at the documented record," Snow said. "This is not the case of the United States saying, 'We are not going to support people who go after drug dealers.' Of course, we are. We think it's incumbent to go after drug dealers, and we also think that it's vitally important to make sure that we provide border security so our people are secure.

"We also believe that the people who are working to secure that border themselves obey the law."

He added: "I do think that there's been a characterization that somehow the government is turning a blind eye toward the law in enforcing the law."

Agent Says He Did Nothing Wrong

Compean, a married man with three children ages 12, 2 and 4 months — all of whom have been living with relatives since the incident — told FOXNews.com he's not even worried so much about whether he will get the pardon but what will happen to his family when he's gone.

"We've basically lost everything — all we have left is our car," he said, adding that his wife hasn't been working since she had their last child.

Compean has been going to school at El Paso Community College, pursuing an education degree on a GI bill; he served in the U.S. Navy from 1994 to 1999.

While he said the judge in the case had no choice but to go along with the sentence and abide by federal gun laws, Compean said Border Patrol agents are trained when to use their weapons, and firing their weapons was warranted in this case.

"That's what we're trained to do — we see somebody armed — they're obviously not going to surrender, as what was stated in court, that he was trying to surrender and he was simply trying to get home. That wasn't the case," he said.

Compean said his case is already causing other agents to be hesitant on the job.

"A lot of the other agents coming in now, they are afraid. They're afraid of drawing their weapons," he said, adding that a firearms instructor told him recently that he was asked by a student whether he had to wait until he was shot at before he drew his weapon.

"That's what's going on now. A lot of people are afraid to and I know they've been trained [to think] it hasn't affected morale and I know it has," he added.

Asked whether he would ever consider going back to being a Border Patrol agent if allowed, Compean, who spent five years on the job before the Davila shooting, said he's not sure.

"I would like to, just because I enjoy doing the job, but if it's going to mean having to be questioned every time I draw my weapon, then there's no way. That's going to get somebody killed. It may not be me but another agent — they're going to be hesitating."

Court Lets IBM Pension Plan Stand (WSJ)

By Mark H. Anderson

The Wall Street Journal, January 17, 2007

WASHINGTON -- The U.S. Supreme Court let stand a lower court ruling that said International Business Machines Corp.'s switch to a cash-balance pension plan didn't discriminate against older workers, ending a lawsuit that could have cost the company $1.4 billion.

The Supreme Court's decision adds additional certainty to the legality of corporate shifts from defined-benefit pensions to so-called cash-balance retirement plans.

Congress last year also clarified the legality of the plans, but the IBM case could have bearing on a number of corporate retirement plans altered prior to the June 29, 2005 effective date in the legislation.

The class-action lawsuit against IBM was filed by older employees who claimed the company's 1999 retirement benefit changes amounted to illegal age discrimination under federal pension laws.

Cash-balance plans accrue value much like a savings account with regular contributions. They are paid out to employees whenever they leave a company rather than at retirement. Two employees who, regardless of age, work for the same number of years will receive the same benefit. But a younger worker can over time accrue more benefits than an older worker starting in the plan because they have more years before retirement.

IBM's switch to the plan prompted the filing of a class-action lawsuit by two workers. The lawsuit covers about 250,000 current and former employees, court filings said.

A U.S. District Court ruled the plan violated the Employee Retirement Income Security Act, prompting a $1.4 billion settlement that hinged on the outcome of appeals. The Seventh U.S. Circuit Court of Appeals overturned the lower court in August 2006 in a decision that said the IBM plan didn't discriminate.

"IBM's pension plan plainly discriminates on the basis of age," attorneys for the workers said in the appeal. "Millions of workers are subject to pension plans similar to that at issue in this case and the Seventh Circuit's misapplication of ERISA's nondiscrimination mandate threatens to deprive them of its essential protection."

IBM's pension plan said the Seventh Circuit decision correctly validated its cash-balance plan. "The court stressed that IBM's cash balance formula is age-neutral," attorneys for the IBM plan said.

The case is Cooper v. IBM personal Pension Plan.

Tuesday's announcement will not change IBM's plans to eliminate its cash-balance plan Jan. 1, 2008. IBM announced in January 2006 that it will eliminate the plan and enhance its 401(k) plan.

Issues Left Unresolved On Pensions (NYT)

By Mary Williams Walsh

The New York Times, January 17, 2007

DOJ_NMG_0117771

The Supreme Court's decision yesterday not to hear arguments that I.B.M. illegally discriminated on the basis of age when it changed its traditional pension plan in the 1990s saves I.B.M. a significant amount of money. But it resolves almost nothing for the many other companies that made similar changes to their own pension plans.

I.B.M. and the current and former workers who filed the lawsuit had previously reached a settlement in which the plaintiffs would receive $320 million to settle certain legal questions. But had the workers also won on the central question of age discrimination, I.B.M. would have had to pay them an additional $1 billion.

But experts said they did not expect a stampede of companies to start changing their pension plans in light of I.B.M.'s success.

"It's not as clear as it would have been three or four years ago that a green light would mean a rush of traffic through the intersection," said Mark Iwry, a former Treasury official in charge of pension policy.

Too much has changed in the pension industry for that, said Mr. Iwry, now a senior fellow at the Brookings Institution, a research organization in Washington. In the seven years since the pension dispute first erupted at I.B.M., companies have gone from showing healthy pension surpluses to suffering painful pension shortfalls. Companies have also heard from investors, regulators and employees angry about pension accounting maneuvers and demanding greater clarity.

The Financial Accounting Standards Board, increasingly concerned about flaws in the pension standards, is now in the process of writing new rules aimed at ending some of the gimmickry and showing much more clearly whether companies can really afford the benefits they have promised their workers.

Along with these changes, Mr. Iwry said he was also seeing a broad shift in attitude among the thousands of companies that offer their workers traditional pensions. In the past, he said, such companies were generally loath to shut their pension plans, and they did so only when their survival hung in the balance.

"But that taboo has to some degree been broken," he said. Today, even healthy companies are sometimes freezing their pension plans, he said. They are making their decisions on the basis of what their competitors are doing, and "unfortunately traditional pensions over all are in decline," he said.

I.B.M. itself makes a good example. In January 2006, it announced plans to freeze the pension plan that gave rise to the lawsuit, citing the need to keep its compensation costs on par with the rest of its industry. When a company freezes a pension plan, its workers keep the benefits they have earned until that date, but they no longer build bigger benefits with each new year of service. When the freeze goes into effect, in 2008, workers at I.B.M. will get 401(k) benefits instead. The company has not reported any difficulty recruiting new workers as a result.

Typically, the people who most value a pension plans are not new hires, but the workers nearing retirement. This is why changes in pension plans so often draw complaints about age discrimination.

The type of pension plan at the heart of the I.B.M. lawsuit is known as a cash balance plan. The plans became widespread in the 1990s when many pension plans were showing surplus assets. The cash balance design gave companies a way to reduce their pension liability to older employees, who in traditional plans earned the biggest part of their benefits in their later years. In the new design, liabilities grow at a steady rate over the years, but often do not reach the heights of the defined-benefit plans they have replaced.

Moreover, many companies with cash balance plans found that when they reduced their pension liability, the accounting rules gave them a boost to their bottom line.

Such pensions have given rise to lawsuits at a number of companies, but the I.B.M. case was the most closely watched because of the company's size, the large amount of money at stake, and the initial victory the employees had won at the federal trial court level, in 2003.

In that trial, the federal judge not only found I.B.M.'s pension changes illegal, but he reasoned that cash balance plans inherently discriminated on the basis of age — no matter which company put them in place.

This opinion, which angered many employers, was overturned by an appellate panel in Chicago that said that terms of the plan were "age neutral." The I.B.M. plaintiffs had hoped to persuade the Supreme Court to reverse that decision.

"For I.B.M., for I.B.M.'s employees and for I.B.M.'s retirees, this sort of closes a book and produces certainty," said Dallas L. Salisbury, president of the Employee Benefit Research Institute, a nonpartisan research center in Washington.

But Mr. Salisbury said the I.B.M. case offered no one-size-fits-all answers. He pointed to a number of other lawsuits involving cash balance pension plans in other parts of the country, and said the plaintiffs in those cases were often disputing other issues or using different legal arguments and strategies.

In the Second Circuit, which covers New York State, Connecticut and Vermont, several lawsuits are still pending at the trial court level. Some courts have issued rulings that favor the employers, while some seem to favor the employees.

"Others will have to wait and see what happens with court cases that haven't been decided yet, or even to see if someone still sues them," Mr. Salisbury said.

DOJ_NMG_0117772

For companies wondering whether they should set up cash balance pension plans, the Pension Protection Act — the far-reaching package of pension law amendments signed by President Bush last summer — offers some legal certainty. The act states that companies that convert to cash balance plans after June 30, 2005, cannot be held liable for age discrimination as long as they pass certain basic tests. The tests are intended to protect older workers from the benefit erosion that occurs when employers freeze more senior workers' pension accruals for a period of time as the new plan goes into effect. This erosion is known among pension specialists as "wearaway."

After the Pension Protection Act became law, the Internal Revenue Service began writing the regulations needed to administer it. The I.R.S. also announced in December that it was ending its longstanding moratorium on approvals of pension conversions to the cash-balance format. The I.R.S. normally helps companies make sure any changes in their pension plans are legal.

In 1999, amid Congressional hearings and suits on cash balance pensions, the I.R.S. stopped issuing those letters when companies adopted the cash balance design. That has compounded the uncertainty for the roughly 1,200 companies that adopted such plans from 1999 to 2005.

Supreme Court Refuses To Hear Two IBM Employment Cases (AP)

By Christopher S. Rugaber, The Associated Press

AP, January 17, 2007

The Supreme Court on Tuesday refused to consider an appeal brought by a group of IBM Corp. employees who accused the company of age discrimination when it altered its pension plan. The lawsuit could have cost the company $1.4 billion.

The Court also declined to rule on a separate dispute between IBM and a former employee who accused the company of retaliating against him after he complained about how company managers handled overtime.

In the pension case, a former IBM employee named Kathi Cooper served as the lead plaintiff in a class action suit brought on behalf of 250,000 current and former IBM workers. The suit argued that IBM's "cash balance" pension plan was discriminatory because it allowed younger workers to accrue benefits in the plan at a faster rate than older workers.

IBM switched to a cash balance plan in 1999. Such plans provide workers with individual accounts that can be cashed out when they leave the company and are intended to appeal to younger workers who are more likely to switch jobs.

The IBM case has been closely watched, as roughly 1,500 companies have adopted cash-balance plans. The company earlier agreed to settle the case for $1.4 billion if it lost in the courts.

But the 7th U.S. Circuit Court of Appeals, based in Chicago, sided with IBM in August, ruling that the "terms of IBM's plan are age-neutral."

In addition, Congress passed legislation, also in August, that clarified that cash-balance plans complied with the age discrimination provisions of ERISA, the Employee Retirement Income Security Act.

Cooper's lawyers argued in court papers that the legislation applied only to future cash-balance plans and did not affect existing cases such as IBM's.

The case is Cooper v. IBM, 06-760.

In the employment retaliation case, an IBM employee named Michael Saville worked for the company for 32 years before accepting early retirement in October 1998. Saville filed suit in August 2000, arguing that he was forced to leave the company in retaliation for his complaints that IBM was violating federal labor law by requiring employees to work overtime without being paid.

The company responded in court filings that Saville was offered a choice to take early retirement or undergo a performance review due to unsatisfactory job performance, not because of his complaints about overtime. Saville voluntarily chose early retirement, the company said.

Furthermore, Saville only made general, limited complaints about overtime that did not qualify for protection under the Fair Labor Standards Act, the company argued.

A federal district court in Utah sided with IBM, and so did the 10th U.S. Circuit Court of Appeals, which ruled in June 2006 that Saville chose to leave the company and was not forced out in retaliation for his complaints.

Saville's lawyers argued that it isn't clear under previous Supreme Court rulings whether forced early retirement qualifies as an unfair employment action that a company might take in retaliation against an employee. IBM argued that the law is clear and the lower courts applied it correctly.

The case is Saville v. IBM, 06-407.

Shares of IBM rose 60 cents to $99.94 in early trading on the New York Stock Exchange.

2 Men Freed In Girl's Killing (LAT)

By Richard Winton And Tami Abdollah

DOJ_NMG_0117773

The Los Angeles Times, January 17, 2007

A few days after a bullet from a gang shooting tore into an Angelino Heights home last month, killing a 9-year-old girl, police announced with much fanfare that they had arrested the two gunmen.

But the suspects — Cesar Zamora, 23, and Steven Castanon, 20 — are now out of jail and back in their old neighborhood, to the dismay of residents who held candlelight vigils to memorialize Charupha Wongwisetsiri.

Police released the men without filing charges after determining that Zamora or Castanon fired the shot that killed Charupha in self-defense when a rival gang member pulled up in a car and tried to shoot them in front of their apartment complex next to Charupha's home.

The situation has shaken and angered residents of Angelino Heights, a diverse neighborhood with commanding views of downtown Los Angeles. The area includes rows of grand Victorian houses restored by television writers and downtown office workers side-by-side with apartments housing working-class families.

"They made it big news when they arrested them and then they quietly let them go," community activist James McHargue said. "I think it is outrageous if the prosecutors don't charge the people who fired these guns."

Bob and Patti Good, who helped organize a candlelight vigil for the girl, can't understand why the two shooters are back on the street.

All of sudden "who gunned down that little girl" are back, said Bob Good, 62, a title insurance officer. "They are looking for him and he's looking for them. Is there going to be more violence now?

"Usually if someone gets killed it's a bad guy, but now it's an innocent party. You cannot get more innocent than a little girl, and people identify with that."

Authorities insist that they are simply following the law.

"Evidence was presented that it was self-defense, and we did not feel we could charge the two people at this time," said Jane Robison of the Los Angeles County district attorney's office.

Instead, police detectives say they now are trying to build a murder case against the man who tried to shoot at Zamora and Castanon — even though his gun jammed and he didn't get off a shot.

He caused "this horrible event, and we hope to make a strong case against him in this murder," LAPD Lt. Paul Vernon said.

Legal experts said the circumstances of the shooting would make it difficult to build a murder case against Zamora and Castanon.

According to police, the men were sitting outside an apartment on East Kensington Road when a car pulled up. One man got out, walked onto the apartment property and pulled out a gun. Witnesses said he tried to shoot but his gun apparently jammed, according to law enforcement sources.

Zamora and Castanon pulled guns of their own and fired several times. None of the shots hit the gunman, who fled in the car. But one bullet traveled down the street and into Charupha's home.

Police believe the shooting was gang-related. But detectives concluded that the pair had the right to shoot because the gunman had pulled out a weapon and seemed ready to fire at them.

Robert Pugsley, a criminal law professor at Southwestern Law School of Law, said the circumstances of the shooting would give Zamora and Castanon a strong self-defense case in court.

"A person has a right of self-defense, and third-party damage, as sad as it may be, is considered an unintended consequence," Pugsley said.

Prosecutors could bring charges if the shooting suggested an act of recklessness, but the sudden nature of the Angelino Heights attack — a gunman leaping out of a car and aiming a weapon — would make that a hard point to prove, he said.

Peter Keane, a professor of law and former dean of Golden Gate Law School, agreed. But prosecutors can pursue an "unreasonable self-defense" manslaughter charge if they believe the gunman's actions were based on an unreasonable belief compared to the threat, Keane said. In that case the killing is not a murder but a manslaughter because they did not act with malice, he added.

The issue of self-defense in gang shootings in which bystanders are killed or wounded has been a matter of debate for years in Los Angeles.

In 2003, a mother decorating her Christmas tree in South Los Angeles was killed by a stray bullet fired during a gun battle between two gangs.

The LAPD eventually arrested the two suspects who fired the shots after someone in a passing car sprayed bullets in their direction. But prosecutors decided not to pursue the case, agreeing with investigators that the men apparently acted in self-defense.

The reasoning doesn't sit well with some residents of Angelino Heights.

Jim Prager, 60, an attorney, said Zamora and Castanon need to be held accountable.

"They ran away to another known gang house ... they are not innocent people. This represents a lazy" prosecution, he said.

Neither Zamora nor Castanon could be reached for comment. (Castanon was arrested Monday night in Hollywood on suspicion of weapons possession.)

Prosecutors and police say they are doing all they can. They said they could still charge Zamora and Castanon with a lesser crime — such as a weapons or probation violation — but it remains unclear whether they will.

Before the shooting, LAPD officials had identified the apartment where the shooting took place as a gathering point for gang associates. The city attorney's office has taken initial steps to have the residence declared a nuisance property because of gang activity.

On the streets of Angelino Heights, Charupha's killing has sparked a new push by residents to work with police to reduce crime and take other steps to improve the neighborhood.

But Charupha's stepfather, Allan Maxwell, said he'll now sell their home and move to his wife's native Thailand, where they have already bought a home.

"With a self-defense plea there's nothing the guy can do," he said. "I talked to the detectives, and from their point of view it sounded like nothing is going to come of this. I'd like to see them suffer some consequence. But short of becoming a vigilante, I don't know what to do."

Maxwell, who has Parkinson's disease, said that when he heard the first shot that night he screamed for his wife and daughter to get on the floor in the kitchen, where his daughter was playing and his wife was doing dishes.

He said if politicians continue to do no more than pay lip service to combating gangs, others also would leave the neighborhood.

"Politicos make their statements about how they're going to end gang violence and get these creeps out of the area.

"People just sold the house next door to [the gang house] and moved to Arcadia because they had two younger children," he said.

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A City's Violence Feeds On Black-Hispanic Rivalry (NYT)

By Randal C. Archibold

The New York Times, January 17, 2007

LOS ANGELES, Jan. 16 — The Latino gang members were looking for a black person, any black person, to shoot, the police said, and they found one. Cheryl Green, perched near her scooter chatting with friends, was shot dead in a spray of bullets that left several other young people injured.

She was 14, an eighth grader who loved junk food and watching Court TV with her mother and had recently written a poem beginning: "I am black and beautiful. I wonder how I will be living in the future."

"I never thought something like this could happen here in L.A.," said her mother, Charlene Lovett, fighting tears.

Cheryl's killing last month, which the police said followed a confrontation between the gang members and a black man, stands out in a wave of bias-related attacks and incidents in a city that promotes its diversity as much as frets over it.

Ethnic and racial tension comes to Los Angeles as regularly as the Santa Ana winds. Race-related fights afflict school campuses and jails, and two major riots, in 1965 and 1992, are hardly forgotten. But civil rights advocates say that the violence grew at an alarming rate last year, continuing a trend of more Latino versus black confrontations and prompting street demonstrations and long discussions on talk-radio programs and in community meetings.

Much of the violence springs from rivalries between black and Latino gangs, especially in neighborhoods where the black population has been declining and the Latino population surging. A 14 percent increase in gang crime last year, at a time when overall violent crime was down, has been attributed in good measure to the interracial conflict.

This month, the authorities reported that crimes in the city motivated by racial, religious or sexual orientation discrimination had increased 34 percent in 2005 over the previous year. Statistics for 2006 have not yet been compiled.

Rabbi Allen Freehling, executive director of the Los Angeles Human Relations Commission, a group created after the 1965 riots, said the recent growth in hate crimes reflected a failure by government and community leaders to prepare residents for socioeconomic changes in many neighborhoods, "and therefore people have a tendency to lash out, out of desperation."

In November, three Latino gang members received sentences of life in federal prison for crimes that included the murder of two black men — one waiting for a bus, another searching for a parking spot — and assaults on others in a conspiracy to intimidate black residents of a northeast Los Angeles neighborhood.

DOJ_NMG_0117775

In another case, a twist on past racial dramas, 10 black youths, some of whom prosecutors say had connections to a gang, are on trial for what prosecutors contend was a racially motivated attack in neighboring Long Beach on three young white women who were visiting a haunted house on Halloween. Long Beach also experienced an increase in hate crimes in 2005.

But even with the alarm caused by the recent increase in bias crimes, Constance L. Rice, a veteran civil rights lawyer, said that, considering Los Angeles's diversity, race relations remained relatively calm and were even marked by many examples of groups getting along.

Still, in several corners of the city, particularly where poverty is high and demographics are shifting, tensions have been flaring.

"You don't find entire segments of the city against one another," Ms. Rice said, "but in the hot spots and areas of friction you find it is because the demographics are in transition and there is an assertion of power by one group or the other and you get friction."

In Harbor Gateway, the neighborhood where Cheryl Green was killed, tension had grown so severe that blacks and Latinos formed a dividing line on a street that both sides understood never to cross and a small market was unofficially declared off-limits to blacks. Ms. Lovett had warned her children not to go near the line, 206th Street, but Cheryl had ridden her scooter near it to talk to friends when she was shot.

Neighbors said the dominant 204th Street gang, which is Latino, had harassed blacks and Latinos alike and effectively kept the groups divided, though language and cultural differences also have contributed to segregation.

"We wave hello, but I cannot really talk to blacks because my English is limited and I don't want to mess with the gang," said Armando Lopez, speaking in Spanish, who lives near where Cheryl was shot.

A man who described himself as a former member of the 204th Street gang said black gang members had shot or assaulted Latinos, too, and explained the violence as a deadly tit-for-tat.

"They shot a Mexican guy right around the corner from here and nobody protested or said anything," said the man, who asked that his name not be used for fear of retaliation. He referred to neighborhood speculation that Cheryl's killing was in retaliation for the killing of Arturo Mercado, a Latino shot to death in the neighborhood a week before Cheryl in what the police call an unexplained shooting.

The violence in that neighborhood and others has prompted a flurry of announcements by Mayor Antonio R. Villaraigosa and police officials promising a renewed crackdown on gangs, particularly those responsible for hate-related crimes. Mr. Villaraigosa plans to meet Friday with Robert S. Mueller III, the director of the Federal Bureau of Investigation, about expanding its assistance in investigating gang and hate-related violence; the agency has been working with the police on such investigations in the San Fernando Valley, where gang violence has increased the most.

Chief William J. Bratton has said the Police Department would soon issue a most-wanted list of the city's 10 to 20 worst gangs, with those most active in hate crimes likely to land on it.

"It's to say, 'We're coming after you,' " Mr. Bratton said.

A city-financed report by Ms. Rice released Friday said Los Angeles needed a "Marshall plan" to address gang violence in light of a growth in gang membership and a lack of a comprehensive strategy to curb the problem.

Despite the spike in hate crimes in 2005, the total number of bias-related incidents in Los Angeles, 333 in a city of 3.8 million people, was down from peaks in violent crime in the mid-1990s and just after the Sept. 11 attacks.

Cheryl Green's killing particularly alarmed community and civil rights advocates because of her age and the indication that the neighborhood's long history of racial violence was continuing. Two Latino gang members have been charged with murder in the case. With the district attorney having filed a formal allegation that the men were motivated by hate, they could be eligible for the death penalty or life in prison without parole if convicted.

Mr. Villaraigosa, the city's first Latino mayor in over a century, was elected in 2005 in part on a promise of keeping peace among racial and ethnic groups. He attended a rally in the Harbor Gateway neighborhood Saturday, one of a few demonstrations calling for unity. He hugged Ms. Lovett and Beatriz Villa, the sister-in-law of Mr. Mercado, the Latino killed earlier.

"Our cultural and ethnic diversity are cornerstones of a strong L.A.," the mayor said Friday, "and violent crime motivated by the victim's skin color will not be tolerated."

Earl Ofari Hutchinson, an African-American syndicated columnist who plays host to the Los Angeles Urban Policy Roundtable, a weekly gathering in the Leimert Park neighborhood of South Los Angeles, said blacks complained that illegal Latin American immigrants were stealing jobs. Latinos, particularly newcomers unaccustomed to living among large numbers of African-Americans, in turn accuse blacks of criminal activity and harassing them.

"I think L.A. is a microcosm of what could happen in big cities in the future," Mr. Hutchinson said. "When we have the kind of tension you see in L.A. in the schools, the workplace and now hate-crime violence, my great concern is this is a horrific view of what could happen in other cities."

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Ms. Lovett, Cheryl's mother, said the family moved to Harbor Gateway six years ago to get away from a high-crime neighborhood in another part of Los Angeles. A relative of a black neighbor was shot by the gang a few years ago, she said, and recently she had begun looking for a safer area.

"I feel it is unfortunate my daughter had to be the sacrificial lamb," she said. "But I just hope there is a change in this neighborhood."

Key Tactic In Hate-crime Case Assailed (LAT)

By Joe Mozingo, Times Staff Writer

The Los Angeles Times, January 17, 2007

Long Beach trial turns largely on an ID method that experts say is inherently fallible and rarely used in isolation.

With closing arguments set to begin today, the case against 10 Long Beach youths accused of beating three white women Halloween night hinges almost entirely on identifications made in a Ralphs parking lot the night of the attack.

In a procedure known as a field show-up, police told the victims and a reputed witness that the youths — nine girls and a boy, ages 12 to 17 — were suspects and asked if they recognized them from the melee. In several subsequent police interviews, witnesses were never asked to pick the juveniles out of a lineup that included non-suspects: a means to test their memory that experts say is a standard and crucial procedure. Nor were they asked to identify them in open court.

Long Beach Police Cmdr. Jeffry Johnson said the field show-up is the most accurate form of identification in a case like this. "Especially when you talk about numerous suspects, you have to go with immediate recollection," he said.

But experts say field show-ups are inherently fallible and rarely used in isolation.

"I can't remember ever seeing a case go to trial in which the only identification is a field show-up," said Kathy Pezdek, a professor at Claremont Graduate University and expert witness in the area of eyewitness identification, in an interview. "It's extremely unusual."

Much of what has occurred in the Long Beach courtroom of Judge Gibson W. Lee, however, is unusual. The mild-mannered jurist has let attorneys deliver long fiery speeches, make objection after objection that all but stopped the testimony and ignore his orders to stick to the facts of the case.

Deputy Dist. Atty. Andrea Bouas has accused the youths of having gang connections, of orchestrating the destruction of a witness' car, of calling the witness "a stupid bitch" outside of court to intimidate her. None of Bouas' accusations are based on evidence in the case, and they normally would have been heard out of the presence of a jury.

But the Long Beach hate-crime case highlights a critical — and many experts say troublesome — difference between adult and juvenile court: There are no juries in juvenile court; a judge decides the minors' fate.

"A jury is the great equalizer," said Cyn Yamashiro, a professor at Loyola Law School and director of its Center for Juvenile Law and Policy. "It is the true challenge to the people's case. That is the component of due process that is absent in the juvenile system."

The public doesn't often see the juvenile system at work, because the proceedings are usually closed. In this case, Lee opened the doors based on the seriousness of the allegations: All 10 are charged with assault with intent to cause great bodily injury, and eight face hate-crime sentencing enhancements.

The result is a glimpse into how justice is administered for children that raises questions about whether they would get a fairer trial in adult court.

Seven of the defendants have court-appointed attorneys, who are paid a flat rate of $325 to try the entire case, now in its seventh week. Court-appointed attorneys in adult court are paid an hourly rate of $68 to $91.

The Long Beach minors, none of whom have criminal records, have been in custody since Halloween, with no chance for bail.

The first day of trial, Nov. 28, Deputy Public Defender Stephanie Sauter voiced concern that the youths could not get a fair trial in Long Beach because of heated local press coverage.

Lee — a judge for 21 years with deep ties to the city, where he grew up and his father practiced law for 50 years — denied her motion for a change of venue. He indicated that public pressure would not influence him.

From the get-go, the prosecution has depicted the assault as a vicious, unprovoked attack motivated by racial hatred:

Three young white women — Loren Hyman, 21; Laura Schneider, 19; and Michelle Smith, 19 — were trick-or-treating on a street known for its Halloween displays, when a crowd of 30 or more black youths began shouting racial epithets and pelting them with pieces of fruit. The women tried to get away, but the crowd set upon them, severely beating all three before a good Samaritan rescued them, Bouas has argued.

But the version of events that emerged in court was messier.

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The good Samaritan, Marice Huff, testified that the attack began when a boy tried to trip Hyman and she turned around and punched or slapped one of the black girls in the face. Schneider and seven of the minors independently told the same story to police. Huff also said he saw the white women fighting back and holding their own.

Although Hyman testified that she had not been drinking that night, the doctor who treated her testified that she had. Although she said most of the assailants were girls, a neighbor who called 911 in the presence of the victims described the culprits as 10 or 12 "black men."

And although witnesses testified that they heard someone yell racial slurs, no one could say who.

Undisputed is a key piece of circumstantial evidence — Hyman's cellphone, knocked from her hand during the attack and later recovered from the car of one of the defendants — as well as the victims' injuries. Hyman suffered a broken nose, along with what physicians call a tripod fracture: a cracking of the cheekbone and two paper-thin bones around the eye. Schneider may have suffered a concussion, a doctor testified. There was no testimony of injuries to Smith.

For the field identifications, the three victims and an 18-year-old woman, Kiana Alford, who said she had witnessed the attack, were driven separately to the parking lot where the minors were detained.

Alford would testify later that officers told her, 'We caught the people who did this,' and that she felt it was her responsibility to identify them.

Hyman identified four of the minors as attackers. Schneider identified three, Smith none and Alford eight. Only Hyman and Alford were called to testify.

Pezdek, the eyewitness identification expert, said it is highly unlikely that a witness could make out what numerous individuals did in a mob, even more so at night and at a distance. "To say in this melee there are eight people who did this and that is kind of silly," she said.

On the stand, Alford first gave a cinematic account of the attack. But under cross-examination, she said that she saw the fight as she drove away, looking over her shoulder and in the rearview mirror, and that the distance — up to 175 feet — and darkness made it impossible to pick out individuals.

The day after Alford stepped down, police moved to shore up the case with more physical evidence. Officers went to Los Padrinos Juvenile Hall to look at the minors' clothes, kept in a locker since Halloween night.

Analysts found bloodstains on the jeans of a 16-year-old girl. A week later, Bouas told the court in a closed hearing that a DNA analysis showed the blood was from Hyman. But the judge barred the evidence, saying presenting it would take too long.

Police Cmdr. Johnson said investigators had scrambled to do everything they could, given the time crunch.

"Normally, between the time of the arrest and the trial, you have months," he said. "We had two weeks."

In the end, the prosecution's strongest witness was Hyman, who testified that she and her friends were simply walking by when a group of black youths began to taunt them, then yelled slurs and pelted them with small pumpkins. Schneider was pulled by the hair into the mob and hit with a skateboard by a male, Hyman testified. As she went to help her friend, the crowd — most of them girls — began to pummel her too, she said.

In a bid to undermine the prosecution's case, the defense played the 911 tapes that described the attackers as male and called two witnesses: Lineshia Hill, who was with Alford that night and says they arrived after the fight was over, and a defendant, Anthony Ross, now 18.

Ross testified calmly that, sitting in a car just feet away, he saw a male he didn't know kick Hyman in the back of the leg. She then slapped his sister in the face, he said, and a group of males jumped in and started beating the women. Ross said he leapt out of the car when a boy hit the woman with the skateboard and that he ripped the board from the boy's hands.

After the prosecution rested its case, Lee gave some indication he believed that its evidence, taken alone, was sufficient.

Tom Harmon, the attorney for a girl who turned 12 the night before the attack, argued that the only evidence against her specifically was Alford's statement that she saw her "throwing newspapers around at the girls," an observation she made from 300 feet away.

Bouas did not dispute Harmon, but Lee swiftly denied Harmon's motion to dismiss the case against the girl.

Gay Lawyer's Suit Accuses Firm Of Bias (NYT)

By Julie Creswell

The New York Times, January 17, 2007

An associate at one of the country's most prestigious law firms, Sullivan & Cromwell, filed a state lawsuit in Manhattan yesterday accusing the firm of a systematic campaign of discrimination and retaliation against him because of his sexual orientation.

Aaron B. Charney, 28, who is a fourth-year associate, asserts in the lawsuit, filed in New York State Supreme Court in Manhattan, that several partners in Sullivan & Cromwell's highly regarded mergers and acquisitions practice subjected him to

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"lewd and illegal conduct," beginning in the fall of 2005. He is seeking a jury trial and unspecified compensatory and punitive damages.

In his lawsuit, Mr. Charney accuses members of the firm of demanding he be terminated for carrying on an "unnatural" gay relationship with another Sullivan & Cromwell associate; Mr. Charney denies the relationship. The suit also contends that after he filed a formal internal complaint, members of the firm suggested that he move to a foreign office and then fabricated reviews to accuse him of overbilling clients, among other things.

While Mr. Charney has not been terminated, he says he was told he should not come to the office while an internal investigation is continuing.

In an e-mailed statement, the firm's chairman, H. Rodgin Cohen, said the firm "categorically denies Mr. Charney's allegations of discrimination and retaliation."

Another of the firm's partners, David H. Braff, said that the firm had a strong culture of acceptance and that it had handled several landmark cases over the years that protected gay and lesbian rights.

"I've been openly gay since I arrived at this firm in 1984," Mr. Braff added. "There's absolutely no atmosphere of hostility toward gay people here."

A handful of suits against law firms asserting discrimination or harassment have been filed by assistants or secretaries, including one filed against Baker & McKenzie by a secretary who contended she had been sexually harassed by one of its partners. That suit resulted in $3 million in damages.

Yet it is virtually unheard-of for associates, who typically work long hours in their quest to become partners, to file such suits, which can stall or even end their legal careers.

"The day I derailed my career was the day I complained about the discrimination," said Mr. Charney, who said he was representing himself in the case because no other lawyers wanted to take on the law firm.

Mr. Charney, who joined the firm in the fall of 2003 after graduating from Columbia University Law School, contends that hostility toward him because of his sexual orientation began in the fall of 2005.

In his complaint, Mr. Charney claims that a partner in the mergers practice, Eric M. Krautheimer, began to make lewd sexual remarks to him based on his sexual orientation.

The next month, he said, James C. Morphy, the managing partner of the merger group, gave Mr. Charney his semiannual review, in which he conveyed outstanding work evaluations that had been written by several partners and clients on Mr. Charney's behalf.

At the conclusion of the evaluation, however, Mr. Charney asserts that Mr. Morphy said that several partners had complained about seeing Mr. Charney and another male associate in the group "walking the halls together" and "eating lunch together" and that this "needs to stop." In his complaint, Mr. Charney said it was a thinly veiled and false accusation that the two were engaged in a gay relationship.

In May 2006, Mr. Charney lodged a formal complaint with David B. Harms, a co-managing partner of the firm's general practice. A few days later, Mr. Harms said that Mr. Krauthemier and another partner whom Mr. Charney asserted had made inappropriate remarks denied doing so.

Mr. Harms assured Mr. Charney that making the complaint would not result in any change to his employment status at the firm.

But a few hours later, Mr. Charney said he learned he was not included on a mentoring list for the 2006 summer associate program. Messages left with Mr. Krautheimer, Mr. Morphy and Mr. Harms were not immediately answered.

ANTITRUST:

If XM, Sirius Pursue Merger, Hurdles At FCC, Justice Loom (WSJ)

By SARAH MCBRIDE And AMY SCHATZ

Wall Street Journal, January 17, 2007

With speculation on the upswing about a possible merger between satellite-radio rivals Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc., the companies face a serious obstacle: Federal Communications Commission regulations that appear to specifically forbid a merger.

Winning approval for any deal, from both the FCC and the Justice Department, may rest in persuading regulators that the two companies face many more competitors than just each other. Competing technologies that have helped damp satellite radio's growth -- like iPods, podcasts and Internet radio -- may give the companies ammunition to persuade regulators that a merger of the only two satellite-radio players isn't a threat to competition.

Merger rumors involving the companies have surfaced periodically over the last year, stoked by Sirius officials like Chief Executive Mel Karmazin, who has said he would be interested in buying XM. Officials at XM typically dismissed the possibility.

But in recent weeks, XM has notably softened its stance. While XM still stops short of saying it is exploring a deal, it no longer rules out the possibility. That has given new life to hopes for a deal. Since the beginning of the year, XM's stock has risen almost 19% and Sirius's 17%.

"I think that absolutely [XM executives] have softened their public posture," says Barton Crockett, an analyst at J.P. Morgan who upgraded both companies to "overweight" positions yesterday. "To my mind, that is a strong indication that they are open to this, at least attempting it."

An XM-Sirius merger is gaining more urgency in the industry as both companies struggle to win consumers. While both firms add new listeners each quarter, neither is reaching the lofty subscriber levels that were expected a few years ago.

The merger talk, to some, seems like a trial balloon intended to gauge the reaction of both investors and regulators. Such advance work may be necessary given that any deal would face significant hurdles.

The companies would need to persuade the Justice Department that a merger wouldn't be anticompetitive, even though it would likely result in higher subscription rates and less consumer choice. The companies, however, say thinking about satellite radio on its own defines the options too narrowly.

"I don't know how you come up with a market definition so that we and they compete only against each other," says David Frear, chief financial officer at Sirius. "We see ourselves competing primarily with terrestrial radio as well as this plethora of new services, including MP3s, Internet radio and cellphones."

Indeed, when satellite radio was first conceived, it was difficult to imagine it would compete with a device like the iPod, which offers the kind of broader listening choice that was the heart of satellite radio's appeal. Much like satellite radio, iPods offer hours of advertisement-free music.

The companies would also need to make a case at the FCC, where there are several regulatory hurdles facing a potential deal. Primary among them is an FCC rule that on the face of it appears to prohibit the two companies from merging. In 1997, when the companies won their licenses, the FCC stipulated that one satellite-radio company wouldn't be permitted to "acquire control" of the other license. The prohibition "will help assure sufficient continuing competition," the regulation states.

Communications lawyers say that the rule could be overturned after a public comment period. Mr. Crockett, the J.P. Morgan analyst, suggested in a report yesterday that the FCC could also permit XM, of Washington, and Sirius, of New York, to hold their licenses in two separate companies while consolidating operating and financial efficiencies.

FCC chairman Kevin Martin hasn't said how he might view a deal, but he could be leaning toward a stricter definition of competition in the satellite-radio arena. When asked about a potential XM-Sirius deal last week at the Consumer Electronics Show in Las Vegas, Mr. Martin pointed to how the agency viewed competition in the satellite-television market during its review of EchoStar Communications Corp. and DirecTV Group Inc.'s failed merger attempt a few years ago. In that case, the FCC took a narrow approach to defining the market for video competition.

Mr. Martin's support for a deal would be critical to its success. The political climate at the Republican-controlled commission has been more strained than usual since Democrats took control of Congress, and it isn't clear that the five-member commission's two Democrats could be persuaded to support a further consolidation of the market, given their staunch opposition to relaxing media-ownership rules.

So far, XM and Sirius don't appear to be lobbying regulators or lawmakers directly to allow a merger. While both companies meet regularly with the FCC to discuss various issues, commission officials say they haven't been meeting with satellite-radio companies or their representatives to discuss a potential merger. Staffers at some key congressional offices -- such as Democrats who oversee commerce and antitrust issues -- also say they haven't taken meetings to discuss a merger.

Some communications lawyers say that if the Justice Department decided not to block a merger, the FCC could likely fall in line, as it has with some recent telecommunications mergers.

Of course, issues between XM and Sirius themselves could be difficult to resolve. Those include how to value each company and which company would end up with more control. Even if they merged, cost savings wouldn't necessarily be as good as investors believe, in large part because each company is locked into long-term contracts with talent such as Sirius's Howard Stern and XM's Oprah Winfrey.

RBC Capital Markets' David Bank says programming costs could fall 50%, but not until 2010; because the companies use different encoding technologies, it would be difficult to merge operating platforms. By 2015, he believes the companies would be saving $360 million annually in costs including advertising and subsidies.

In order to merge, the companies would need to act fast. Lawyers say they would need to get a proposal before the FCC within the next couple of months so the heavy lifting would be finished by the time the 2008 election cycle kicks in. If a Democrat took the presidency, control of the FCC would also switch, making a merger that much harder to pull off.

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Write to Sarah McBride at sarah.mcbride@wsj.com and Amy Schatz at Amy.Schatz@wsj.com

Deutsche Bank Swap Makes Pennsylvania Taxpayers Lose $230,000 (BLOOM)

By Martin Z. Braun

Bloomberg, January 17, 2007

Jan. 17 (Bloomberg) -- The third-poorest city in Pennsylvania is a lot poorer because of a 28-year bet on interest rates that already has gone awry.

The Reading, Pennsylvania, school district, which has 18,323 students, this week must pay $230,000 to Deutsche Bank AG, Germany's largest bank, because it's on the losing side of a wager that long-term interest rates will rise faster than short-term interest rates. In April, the board rushed approval of the so-called interest rate swap in eight days after its adviser said the transaction may earn the district $16 million by 2034.

While Reading's taxpayers are liable for the loss, bankers and advisers already have pocketed $1 million in fees for arranging the swap, enough to buy 11 Mercedes-Benz S-550 sedans. This week's payment to Deutsche Bank would have covered the school district's monthly utility bill.

``It was all done in a real hurry," said Keith Stamm, the only member of the board to vote against the deal. ``The whole board is so desperate to try to find a way to raise money, they see this floated in front of them as a big-time amount of money and they want to go forward with it."

Local governments from Augusta, Georgia, to Oakland, California, are being lured by similar opportunities to speculate with derivatives created by the world's biggest banks. Most of the $400 billion of private agreements sold to municipalities escape taxpayers' notice and are little understood by the public officials and administrators who approve them.

Risky Practice

``It's a recipe for disaster and it's also a recipe for sharp practices by charlatans," said James Cox, the Brainerd Currie Professor of Law at Duke University and a securities law specialist. ``The gains that a community stands to derive from this are at the margins and the risks they're exposing themselves to, frequently, are greatly in excess of what the expected rewards are."

While financial firms often promote the agreements as a way for municipalities to lock in borrowing costs for future projects, the swap bought by Reading amounts to a bet on the relationship between short-term and long-term interest rates. If long-term rates rise higher than short-term rates, the municipalities will profit from the agreement and vice-versa.

Trading, Not Hedging

``It's more of a trading strategy than a hedging strategy," said Peter Shapiro, managing director of South Orange, New Jersey-based Swap Financial Group, which advises governments on derivatives including interest-rate swaps. ``All transactions include an element of speculation. The ones which are more speculative, like the yield-curve swap, are only suitable for issuers who are more sophisticated."

A derivative is a financial contract whose value is derived from stocks, bonds, loans, currencies and commodities, or linked to specific events such as changes in interest rates or the weather. A swap is a type of derivative, where parties agree to exchange interest payments, usually a fixed payment for one that varies based on the movements of benchmark indexes.

The school board paid Frankfurt-based Deutsche Bank $575,000 to arrange the contract, known as a constant maturity swap, and awarded $400,000 to its financial advisers, including Reading-based Concord Public Financial Advisors Inc. and lawyers for arranging the trade, school officials said.

Ted Meyer, a spokesman for Deutsche Bank in New York, declined to comment on whether the agreement, also called a yield-curve swap, was suitable for the school district. Concord principal Mike Setley didn't return calls seeking comment.

Unemployment Rate

Dennis Kelley, the school district's director of finance, said he was ``surprised" to learn he owes $230,000. He said the district would pay the money using proceeds from another interest-rate swap.

Reading is a town of 80,000 about 60 miles (96.5 kilometers) northwest of Philadelphia where the unemployment rate is almost twice the U.S. average.

The town depends on state funding for $106 million of its $162 million school budget. Enrollment has grown 24 percent in the past decade, while the tax base dropped by about 6 percent, according to school district documents. Almost 70 percent of the students come from poor families. Schools are overcrowded and some are more than 80 years old.

The contract was approved after Concord said the swap ``would allow us to get some cash now to help the district," said Pierre Cooper, a social worker and the former board president. ``I don't know the particulars off the top of my head."

William Cinfici, another board member and a registrar for the state's division of vital records, said Concord didn't provide enough financial information to evaluate the transaction.

`Nobody Questioned It'

``It was arcane, nobody questioned it," Cinfici said. ``Everything was presented to us at the last minute. I said, `Well, I'll trust in the guys' judgment.'"

Stamm, a real estate broker and the current president of the nine-member board, said Concord told the board the swap was ``a roll of the dice."

Reading, like most municipalities, borrows with long-term bonds. The most recent bond the school district sold in December 2005 has a final maturity of 2036. The interest-rate swaps that Reading and other borrowers are purchasing are typically matched to the maturities of bonds that have been issued.

Reading Swap

The Reading contract is based on $103 million of zero-coupon bonds issued by the district in 2003 that come due from 2026 to 2034. Reading is required to pay Deutsche Bank the equivalent of 67 percent of the one-month London interbank offered rate, a lending benchmark, plus 0.3 percent every Jan. 15 and July 15. That amounts to about $2 million for the period ending this week.

In return, Deutsche Bank must give the district a rate equivalent to 66 percent of the so-called five-year swap rate, which is the interest rate a borrower is willing to pay to exchange fixed payments for those that reset each month. That totals about $1.77 million for the period. The difference amounts to the $230,000 the district owes Deutsche Bank. Only the net payment changes hands.

The contract became a money loser because the five-year swap rate has declined to 5.145 percent from 5.5945 percent in July. Meantime, Libor dropped to 5.32 percent from 5.37 percent, according to data compiled by Bloomberg.

Reading's schools will profit if five-year rates are higher relative to one-month yields. That's been the case 80 percent of the time during the past 10 years, according to Citigroup Inc., the biggest underwriter of municipal debt.

``So long as interest-rate relationships return to normal conditions, this transaction should provide a significant financial benefit to the school district," Concord said in a memo to the district May 22. While Reading is paying now, it may earn money on the swap over time.

Over the Counter

The swap market is unregulated and trading occurs over the counter, so municipalities can't be sure they are getting the best price on contracts. In Jefferson County, Alabama, one of the tens of thousands of borrowers in the municipal bond market, officials have bought $5.8 billion of swaps. Officials there have received subpoenas from the U.S. Securities and Exchange Commission asking about the swaps.

An August 2005 Bloomberg News article reported that New York-based JPMorgan Chase & Co. overcharged Jefferson County by $45 million for swaps tied to sewer debt. The SEC has subpoenaed three current and two former county commissioners asking for records related to bond issues and swaps sold since January 2002.

Diverging Interests

The Internal Revenue Service has probed whether the mispricing of municipal swaps has allowed advisers and banks to make excessive fees, depriving the federal government of earnings from the investment of tax-exempt bond proceeds. The U.S. Justice Department and SEC have asked for information on swaps as part of an antitrust investigation into alleged bid- rigging in the $2.3 trillion municipal market.

In the Reading deal, Pottstown, Pennsylvania-based Investment Management Advisory Group worked with Concord to set up the swap, according to the May 22 memo from Concord to the district. The firm, known as Image, also worked as a consultant to Deutsche Bank, records of the swap contract show.

Federal regulators haven't said if they are probing the Reading deal. Reading hasn't been contracted by any regulator agency about the investigation, said Stamm.

The dual roles illustrate conflicts of interest that occur in the market, said Andrew Kalotay, chief executive officer of Andrew Kalotay Associates Inc., which advises corporations, federal agencies and municipalities on debt management.

Image Raided

``Even though the swap adviser's client is the municipality, their financial interests are not aligned," Kalotay said. ``The swap adviser is paid only if there is a transaction, and the larger the transaction the larger the fee, so there is an inherent conflict."

Deutsche Bank spokesman Meyer said the bank doesn't have a business relationship with Image. ``The school district directed us to make that payment," Meyer said. ``It's as if they had a lawyer and had to pay their attorneys."

Image was among three brokers raided in November as part of the U.S. antitrust probe. The firm, which is cooperating with investigators, declined to comment on the Reading deal. Image has said it is ``confident that our business practices and employees will be fully vindicated as this investigation continues."

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Concord said Deutsche Bank won the business after beating proposals from four banks, according to the May 22 memo. Concord didn't arrange a public auction to get the lowest cost for taxpayers. Deutsche Bank offered to do the swap for a commission of 5.75 basis points, compared with no less than 6 basis points from the other companies, Concord said in the memo. A basis point is 0.01 percentage point.

`Pay for Ingenuity'

Kentucky's Louisville-Jefferson County Metropolitan Sewer District, the city of Port St. Lucie, Florida, and Augusta, Georgia have purchased similar swaps. Image made $400,000 brokering two swaps with New York-based Morgan Stanley and Deutsche Bank for the Louisville sewer district.

Mountain States Health Alliance, a 1,100-bed hospital system in eastern Tennessee bordering the Appalachian Mountains, paid an adviser, Public Advisory Corp., almost $3 million to help arrange three swaps totaling $483 million with Merrill Lynch & Co.

``We really act as bankers," said Steven Pischke, president and chief executive officer of Atlanta-based Public Advisory. ``We come up with ideas, we develop them. You need to pay for ingenuity and for new ideas." Pischke said the cost to Mountain States was within ``industry standards."

Lowest Fees

Marvin Eichorn, the hospital system's chief financial officer, said he understood the risk and got the best deal possible. The hospital took bids from two banks and New York- based Merrill proposed the lowest cost, Eichorn said. He declined to name the other bank and said the hospital didn't need to seek more bids because Public Advisory would ensure fair pricing.

``We've always gone with whoever had the lowest fees," Eichorn said. Swaps have saved the hospital more than $1 million on its debt-service costs, he said.

More than 70 Pennsylvania school districts have notified the state they planned swaps with banks including Morgan Stanley, Wachovia Corp. and JPMorgan since 2003, when state legislators permitted them. The law requires districts to hire an independent financial adviser to ensure the swap is appropriate and help develop an ``interest-rate management plan," which analyzes the benefits and risks of swaps.

Reading has done two other swaps with Charlotte, North Carolina-based Wachovia.

``Why are municipalities doing these swaps?" Kalotay said. ``There may be legitimate reasons such as managing their mix of fixed- and floating-rate debt, but all too often they get talked into speculative deals. And if speculation is the goal, why not pork belly futures?"

Commentary: What Is The Proper Level Of Judicial Review For Mergers? (LAW)

By David T. Blonder, The Deal

The Deal, January 17, 2007

The controversy surrounding Judge Emmet Sullivan's review of the merger consent decrees entered into among Verizon Communications Inc., AT&T Corp. and the U.S. Department of Justice is shining the spotlight both on the boundaries of independent judicial review in assessing the impact of antitrust consent decrees on market competition, and on the implications of a more stringent evaluation of future mergers.

Sullivan, of the U.S. District Court in Washington, has delayed a ruling on whether to grant his required approval of the SBC Communications Inc.-AT&T Corp. and Verizon Communications-MCI Inc. mergers. The judge recently took umbrage at comments from a Verizon attorney who said that company's merger would not be undone by the court, and he vowed to finish his independent review.

The Antitrust Procedures and Penalties Act, 15 U.S.C. §16, referred to as the Tunney Act, was enacted in 1974 to prevent the federal antitrust agencies from entering into any settlement agreement that was contrary to the "public interest." In 2004, in response to a widespread perception that judges were simply "rubber-stamping" antitrust consent decrees, Congress amended the act to require courts to more closely scrutinize settlement agreements entered into by the DOJ, making the public interest evaluation mandatory. The amendments also allowed courts to evaluate the impact that the consent judgment might have on market competition and whether any ambiguity exists in the consent judgment.

At press time, the outcome of Sullivan's proceedings was unknown, but sideline spectators wonder whether the case will change the role of courts operating under the "new and improved" Tunney Act and whether courts may consider the need for remedies for violations not alleged in the complaint.

Commentators claim that increased judicial scrutiny may alter how merging parties negotiate settlement agreements with the DOJ. If the prospect of settlement dims due to increased oversight, the parties' negotiating tactics may change, and the incentives for either side to make early concessions may be eliminated. This might further create a perception that the DOJ has to litigate cases even though a structural settlement is available to remedy competitive harm.

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The facts, however, seem to belie the inference that settlements are less likely. Judicial review of the decrees that have followed the Tunney Act amendments suggests that Sullivan's role in these proceedings is anomalous to that of other courts. Since the amendments, courts, including the D.C. court, have approved at least eight merger settlement agreements. Of these, no court engaged in the type of review that Sullivan is contemplating.

As evidenced by the telecom mergers, greater judicial scrutiny of merger agreements is providing parties' competitors a second bite at the apple through their judicially blessed "amici-intervenor" status. If competitors don't like the proposed remedy, they can go to court and throw stones at the DOJ. While competitors may choose this path, it is questionable whether judges would view this as an efficient use of limited resources, whether it would benefit consumers or whether Congress intended such a result in amending the Tunney Act. This is significant, as third-party intervention is not expressly mandated by the act.

In merger investigations, competitors are often subpoenaed for information and data relevant to competition in the affected market and often have significant access to agency staff to present their case. If competitors are permitted active involvement in the review process, they clearly may pursue strategic action to further delay approval of the merger and to extract concessions from the merging parties. In the end, it is suspect whether this aids the review process or even helps consumers. When competitors aren't entirely happy about a merger remedy but readily line up to purchase divestiture assets, it may signal that the settlement is tailored adequately to the competitive harm and is a favorable result for competition.

Despite best intentions to comply with mandates, busy district court judges are generally ill-equipped to evaluate the merits of a complex merger settlement agreement without conducting a protracted and fact-intensive investigation of the competitive dynamics of an entire industry. This is presumably why the antitrust agencies (not judges) conduct investigations, develop industry expertise and are therefore better situated to make these determinations. The judge's role is to evaluate the harm as articulated in the complaint and competitive impact statement and to review whether the settlement meets the public interest. The scope of a court's review cannot be unlimited, and anything more might be considered constitutional overreaching into executive enforcement discretion.

It seems unlikely that Congress intended the Tunney amendments to effectively eliminate the utility of negotiated merger settlements or to put judges in the role of Monday morning quarterback. More important, the "public interest" standard itself is an amorphous concept.

The current judicial hullabaloo likely is limited to the confines of Judge Sullivan's courtroom. Only time, and possibly a decision from an appeals court, will tell whether Sullivan is ushering in a new era for merger settlement review or whether this exercise was simply much ado about nothing. This interested spectator thinks it will be the latter.

David T. Blonder is an associate in the antitrust practice in the Washington office of Chadbourne & Parke and was formerly an attorney with the Antitrust Division of the United States Department of Justice.

CVS Raises Caremark Bid, Pressuring Express Scripts (WSJ)

By Dennis K. Berman

The Wall Street Journal, January 17, 2007

Challenging a rival bid from Express Scripts Inc., drugstore chain CVS Corp. bumped up its offer for pharmacy manager Caremark Rx Inc. by $2 a share, to be paid in the form of a dividend, while also agreeing to a large share buyback that would shrink the combined companies' shares about 10%.

The moves ratcheted up the competitive dynamic between Express Scripts and CVS, which are battling for the allegiances of Caremark shareholders in an increasingly caustic battle of words and takeover tactics.

CVS's move was the first acknowledgment that holders were uncomfortable with the company's Caremark offer, which previously valued the manager of pharmacy benefits at around $53.09 a share, and is now valued at $55.09. Yesterday, Caremark shares traded at $56.25 in 4 p.m. composite trading on the New York Stock Exchange. Express Scripts' cash and stock offer is valued at about $57.24 a share.

The Express offer put CVS in an increasingly untenable position, particularly as it headed on the road to sell its deal to shareholders. The question now is how well the $2-a-share dividend -- coupled with a $5 billion share buyback -- will placate shareholders.

The initial reaction was a positive one from John Ransom, an analyst with Raymond James Financial Inc. He said the improved CVS bid significantly narrows the gap between the two offers. "At its peak, there was a 16% difference in the premium between the Express Script and CVS offers. The difference is now 4%. I would think at the moment, the CVS bid would have to be considered superior. It's not hostile, you don't have the antitrust risk and you still have the same synergies as before."

People in the Express camp took exception with the improved offer terms, arguing that the special dividend was really valued at $1.09 a share. They pointed out that the cash would come only after the deal was closed -- and thus would be financed

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by the 45% of the new company that will be comprised of Caremark. "It's like taking cash out of your own pocket and putting it in the other," said one person close to the Express camp.

CVS also is hoping to woo shareholders with estimates of what it calls "revenue synergies" -- basically new sales it hopes to drive by putting the two companies together. CVS put those synergies at as much as $1 billion by 2008, coming from increased CVS store traffic, greater mail-order usage and more generic-drug prescriptions.

"Revenue synergies" nonetheless are discounted heavily by shareholders, who came to distrust them after many overly optimistic figures surfaced in the past decade's merger boom. Investors tend to take cost synergies more seriously, because things like jobs and factories can be cut more easily than new sales are produced.

Express is sure to apply pressure of its own as the Feb. 23 voting deadline for the CVS deal approaches. Yesterday, the company took the first step by launching an official $25 billion exchange offer for Caremark shares, a transaction that the Caremark board has continued to rebuff.

As recently as last year, Express and Caremark explored a deal of their own, according to Securities and Exchange Commission filings. That deal never led to anything substantive, and at least by Express's reckoning, faltered primarily on valuation.

That undercuts Caremark's contention that the two would be unworthy partners because of antitrust concerns and strategic fit, said Express Chief Executive George Paz in an interview yesterday.

"I was at all those meetings," Mr. Paz said. "No one ever raised antitrust concerns. We felt it could get through. ... I'm at a loss for what they're doing" by not speaking to Express.

--David Armstrong contributed to this article.

Write to Dennis K. Berman at dennis.berman@wsj.com1

Express Scripts Begins Exchange Offer For Caremark (Update6) (BLOOM)

By Lisa Rapaport

Bloomberg, January 17, 2007

Jan. 16 (Bloomberg) -- Express Scripts Inc. began a hostile tender offer for all outstanding shares of Caremark Rx Inc., seeking shareholder support for its $24.3 billion takeover bid over a smaller offer from CVS Corp.

Express Scripts offered Caremark stockholders $29.25 in cash and 0.426 share of Express Scripts stock for each share of Caremark, Express Scripts said today in a statement. Based on closing prices from Jan. 12, the offer has a value of $56.87 a share. CVS, the second-largest U.S. drugstore chain, offered $48.53 a share on Nov. 1., or $22.3 billion.

Express Scripts' unsolicited offer was rejected last week by Caremark's board. Buying Caremark would make Express Scripts, based in Maryland Heights, Missouri, the largest manager of drug benefits in the U.S. CVS, based in Woonsocket, Rhode Island, wants Caremark to help give it more bargaining power in negotiating the price of medicines.

``There is nothing new in this Express Scripts offer and nothing unexpected," Caremark spokeswoman Nina Devlin said in a telephone interview today. ``We remain committed to our merger agreement with CVS." Caremark said Jan. 8 that an alliance with Express Scripts ``would result in a highly leveraged and weakened business."

Shares of Express Scripts rose 88 cents, or 1.4 percent, to $65.71 at 4:00 p.m. New York time in Nasdaq Stock Market composite trading. Caremark fell 58 cents, or 1 percent, to $56.25 in New York Stock Exchange composite trading, while CVS slipped 15 cents to $31.79.

`Numerous Times'

Express Scripts has spoken with Caremark ``numerous times over the past four years" about a possible alliance, said George Paz, Express Scripts' chief executive officer, during a conference call with investors today.

``Our offer delivers superior value," Paz said. ``It's fully financed and the regulatory process is well under way."

Between Feb. 2001 and mid-2005, Caremark and Express Scripts had ``several series of discussions and meetings concerning potential strategic transactions, including the acquisition of Caremark by Express Scripts and the acquisition of Express Scripts by Caremark," Express Scripts said today in a regulatory filing.

Express Scripts on Jan. 3 asked U.S. antitrust regulators to approve both its proposed tender offer and its takeover bid, the company said in the filing. The deadline for the U.S. Federal Trade Commission to review these proposals is midnight Feb. 2, unless regulators extend the waiting period by seeking additional information, Express Scripts said.

Lose Contracts

Caremark may lose contracts that would generate more than $8 billion in revenue because of a threatened proxy fight, Caremark Chief Executive Officer Mac Crawford said Jan. 10 at a meeting with investors in San Francisco.

Uncertainty generated by the Express Scripts Caremark's ability to sign new contracts for managing drug benefits, Crawford said. Caremark has said a combination with CVS could lower costs by $400 million.

``We are already being shut out by decision makers" because of the possibility that Express Scripts may take over Caremark, Crawford said. ``They like us and our pricing, but they can't take the risk that we won't be in charge."

Crawford accused Express Scripts of setting out to disrupt Caremark's planned combination with CVS and of making an estimate of $500 million in savings that was ``plucked entirely out of the air."

`Committed'

CVS spokeswoman Eileen Howard Dunn said in a telephone interview today that the company ``remains committed to closing its merger with Caremark in the first quarter of 2007."

Express Scripts said at a Jan. 8 meeting with investors in San Francisco it expected its takeover of Caremark to be completed by the end of the third quarter of 2007. Express Scripts said it started the tender offer ``in light of the Caremark board's rejection of and refusal to even discuss our superior proposal."

The company sued Caremark on Jan. 10 in Delaware Chancery Court in Wilmington, asking a judge to rule that a $675 million breakup fee if the CVS deal fails is ``unreasonable, unlawful and invalid."

``Express Scripts shares are likely to be volatile over the next few months as investors determine whether Caremark will be acquired by CVS or Express Scripts," said Matt Perry, an analyst with Wachovia Capital Markets LLC in New York, in a Jan. 12 note.

Caremark said Jan. 8 in a regulatory filing that it couldn't ``envision any scenario where it would be willing to trigger the imposition of a $675 million breakup fee without having the competing party obligated to fund the payment."

Paz today said Caremark was interpreting that fee as ``a speaking fee" and as ``the price of admission just for having a conversation" about a possible alliance.

Express Scripts Launches Caremark Offer (MRKTWTCH)

By Angela Moore, MarketWatch

Market Watch, January 17, 2007

CVS says remains committed to deal with PBM Caremark

NEW YORK (MarketWatch) -- Pharmacy-benefit manager Express Scripts Inc. said Tuesday it launched a $25 billion exchange offer for the outstanding shares of larger rival Caremark Rx Inc., pressing ahead after Caremark last week rejected the offer in favor of a deal with drugstore operator CVS Corp.

Under the terms of the deal, St. Louis-based Express Scripts is offering to pay Caremark stockholders $29.25 in cash and 0.426 of a share of Express Scripts for each share of Caremark held. Based on Jan. 12 closing stock prices, Express Scripts said its offer has a value of $56.87 per share, or about $25 billion, and gives Caremark stockholders a 7% premium to the current value of the rival offer from CVS .

For its part, CVS said it remains committed to closing its merger with Caremark in the first quarter. Under the terms of its offer, Caremark shareholders will receive 1.67 shares of CVS for each share of Caremark held.

Express Scripts shares closed up about 1.4%, while Caremark lost about 1% and CVS slipped fractionally.

The offer from Express Scripts and withdrawal rights are scheduled to expire at midnight Eastern Standard Time on Feb. 13, subject to extension.

Last week, Caremark spurned Express Scripts' offer, saying it lacked a "strategic rationale." See full story.

"While we would prefer to meet with the Caremark Board and management to negotiate a transaction ... we are taking this action in light of the Caremark board's rejection of and refusal to even discuss our superior proposal," Express Scripts said in a statement. "We remain committed to pursuing a combination of our two companies to create superior value for our respective stockholders, plan sponsors and patients."

The move is the latest development in the fight for Caremark. In November, Caremark and CVS said they would combine in a "merger of equals." The combined company, to be called CVS/Caremark, would be based in Woonsocket, R.I., where CVS has its headquarters.

Express Scripts, which announced its intention to bid for Caremark in December, has said it would nominate four members to Caremark's board and has asked a Delaware court to void the $675 million breakup fee protecting the Caremark and CVS combination.

Weighing the odds of success

"CVS remains in the driver's seat in this contest with this latest effort no more likely to succeed than the others that have preceded it," Goldman Sachs analyst John Heinbockel wrote in a note to clients.

Heinbockel said key factors are the spread between the two bids as well as antitrust approval and how combining with Caremark would transform the winner's business. The spread on the Express Scripts offer has narrowed from 16% to 7%, he said.

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In other words, the bid by Express Scripts "is no longer notably superior" to what CVS has offered, Heinbockel said.

All the same, the closing of a deal with CVS is far from certain. Some industry watchers have said that CVS needs to sweeten its offer in order to get more shareholders on board.

As it is, the companies are promoting the fact they the deal has received antitrust approval and is expected to close by the end of the first quarter.

Express Scripts has just started the antitrust process, Caremark has said, and that proposed deal -- which could meet with antitrust resistance since it would pair up two pharmacy-benefit managers, or PBMs -- has a closing target of the third quarter at the earliest.

The battle comes at a time when health-care costs are rising. The pressure to rein in retail drug prices, however, is increasing as well, and discount retailer Wal-Mart Stores Inc. upped the ante in this market by launching a $4-per-prescription program for certain monthly supplies of generic drugs.

PBMs administer drug-benefit programs for health insurers and employers. Through their mail-order and specialty-pharmacy businesses, PBMs also dispense drugs directly to patients, much like retail pharmacies. Angela Moore is a MarketWatch editor based in New York.

In Search Of . . . Better Ways To Search (WSJ)

By JESSICA E. VASCELLARO

Wall Street Journal, January 17, 2007

Google, Microsoft, Ask.Com Quietly Use Spinoff Sites To Test New Features, Solicit Feedback; Pulling Up Videos

Kevin McCarty, long a devout Google user, recently discovered a search engine he often finds more helpful. It's called SearchMash.com, and unlike Google and other major search sites, it pulls up video, images and text all at the same time.

"I absolutely hate having to go from page to page to get a combination of image and Web results," says Mr. McCarty, a 42-year-old computer consultant in Nashville, Tenn. "SearchMash saves lots of time."

It turns out, though, that SearchMash is Google. In recent months, the top search engine and its main rivals have stealthily set up a new generation of search engines where they try out new tools and features on consumers -- without putting their tried-and-true formulas at risk. If something proves to be a hit -- the combined search results that Mr. McCarty likes so much, for instance -- it could eventually be folded into the parent site. For now, though, these sites provide an entertaining and even useful glimpse into the evolution of Web, and in particular, search engines, which in their basic operation haven't changed much in years.

Google Inc. launched SearchMash.com in September without the Google name, although it is mentioned in the site's privacy policy. SearchMash displays a subset of the normal Google search results in an entirely different interface with collapsible menus for video, blog and image results on the same screen. In December, IAC/InterActiveCorp.'s Ask.com launched Ask X, which chops up the results page into an unconventional three-panel format. Standard search results are flanked on the left by suggested terms to help you narrow or expand your search and, on the right, by results broken down by categories such as news and dictionary results.

Yahoo Inc. now uses AlltheWeb.com and AltaVista.com, both of which it acquired in recent years, to experiment with processes like livesearch, a feature that will start suggesting search terms for you when you type just one letter. Microsoft Corp.'s Windows Live unit recently launched MsDewey.com, a search engine where users pose their query to prerecorded video clips of an actress playing the role of Ms. Dewey, a brassy and attractive woman in a low-cut black dress. The site is helping Microsoft test users' tolerance for a fancy interface with high-resolution images and audio. In response to a particular search query, Ms. Dewey pipes back with one of some 1,000 scripted responses pegged to what the user typed. (The search results appear on the side). If you search for "President Bush," for instance, one possible response from the actress may be: "Hey there, big guy, watch it ... or maybe I should just turn your name over to the Justice Department."

All of the leading search brands have operated their own internal test sites and labs for years. They frequently test layout and formatting tweaks on their main sites, often without users knowing. But now they are making their bold new ideas more public and asking users for feedback. Ask X links to a feedback form where users can submit random thoughts about the quality of the results. SearchMash devotes space on its results page to a box that asks users to select whether the results in categories like Web, image, blog and video search were useful.

With the exception of MsDewey.com, which is largely for entertainment, the sites aim to test new features that may make search more successful, often hoping to fold them back into core sites if they prove popular. Users don't have to rate the features to try them. Unlike other search sites that ask users to rate the accuracy of results to create a community-driven search formula, these sites generally stick to the same set of search results you would find on the branded site, but package them in new ways.

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For example, all four search engines so far have resisted combining various types of search -- like image search, video search and local search -- on one screen, worried that consumers would find it too messy.

But the spinoffs are embracing that approach, often displaying results from multiple sources on the same screen. Another theme: trying to better guess users' intentions and help them change their mind without starting their search all over again. Google's SearchMash, which swaps new features in and out every few weeks, has experimented with blending in spell-check adjusted results. Yahoo's livesearch -- which pulls up possible queries before the user is finished typing -- was launched first on AlltheWeb.com and is now on next.yahoo.com, the company's site for test projects.

The companies are starting to show their cards as Internet users demand more than just the basics from Internet search services. After all, the standard search model hasn't changed much in almost a decade. "For 90% of Internet users, search today is exactly like it was in 1998," says Ken Cassar, chief analyst for Nielsen/NetRatings.

But the new content from videos to maps to social networking profiles and the spread of broadband that makes searching it faster has many predicting that radically new approaches to search are just around the corner. "It is still the early days in search and in the user interface," says Justin Osmer, senior product manager for Windows Live.

That sense -- and with paid search spending forecast to climb to $7.6 billion in 2007, according to Jupiter Research -- have motivated a host of start-ups, including a soon-to-be launched search engine from the founder of Wikipedia, called Search Wikia (search.wikia.com).

The companies approach their public testing grounds with varying degrees of secrecy. Google, Yahoo and Microsoft haven't prominently branded the sister sites with their name, although they disclose their affiliations in the "terms and conditions" and privacy policies or in the fine print. The anonymity ensures users aren't potentially biased when they rate results, says Mike Bostock, a software engineer at Google. To further cloak their affiliations, the properties generally have a remarkably different look than the core brands with alternate colors, graphics and fonts.

Ask's approach with Ask X is slightly different. The company plans to use the site, launched in December, as a home for gathering feedback on a variety of possible products before they launch, starting with Web search. The three-panel interface currently being tested is likely to become the backbone of Ask's new home page expected out this year, says Daniel Read, vice president for products and user experience at the company. Ask X also has a video search tool, a feature currently not available through Ask.

Christina Pikas, a 34-year-old librarian, says Ask X surfaces some useful details that are buried in other search engines. When Ms. Pikas of Laurel, Md., recently searched for her last name, Ask X pulled out not only results pertaining to the animal the Pikas, but also a photo, encyclopedia entry, and, to her surprise, a characterization of its kingdom, phylum, class and order. It also found her personal Web page, which was listed a few links below.

A DVD Copy Protection Is Overcome By Hackers (NYT)

By Brad Stone

The New York Times, January 17, 2007

SAN FRANCISCO, Jan. 16 — The 2005 science fiction film “Serenity” portrayed a ragtag crew of space pirates fighting to unravel the mysteries of their galaxy.

Reality may now be mimicking fiction.

Last weekend, a loose-knit coalition of hackers around the world defeated the antipiracy software protecting several high-resolution movies in the HD DVD format. They then began distributing copies of the films — starting with Universal Pictures’ “Serenity” — using BitTorrent, a popular file-sharing tool.

The move could send the technology companies behind the new wave of advanced DVDs scrambling back to the drawing board to improve their copy protection, and prompt Hollywood studios to rethink their alliances in the war between the HD DVD and Blu-ray formats.

The HD DVD standard is backed by Toshiba, Microsoft and Intel and uses copy protection technology known as the Advanced Access Content System. The rival Blu-ray format, supported by Sony, Hewlett-Packard and Dell, uses the same system but adds a level of software that acts as a backup when the first level is compromised, so it is considered to be slightly more secure.

A spokeswoman for Universal, the only film studio to back the HD DVD format exclusively, said no executives were available to discuss the HD DVD issue.

The new intrusions came less than a month after a programmer calling himself Muslix64 announced in a Web forum that he had unraveled at least part of the HD DVD protection system. Muslix64 released free software that allows users to insert HD DVDs into their computers and make copies of those films without the original encryption. However, to make it work, users still needed a special title key, generated by the A.A.C.S. software, for each movie they were trying to copy.

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Muslix did not provide any title keys — in a sense challenging others to finish his work. On Saturday, the response came in the form of dozens of keys for movies like “King Kong,” “Mission Impossible: 3” and “Superman Returns,” posted on Web forums like those at Doom9.net. At least two Web sites were created to provide lists of the keys.

Security experts said that the hackers appeared to have discovered the secret keys on their own computers — stashed there by WinDVD, a commercial program for playing DVDs.

Michael Ayers, a lawyer for Toshiba who is chairman of the business group of the trade organization that administers A.A.C.S., acknowledged that the intrusion was serious, but said he viewed it as an attack on DVD-playing software and not the overall protection system for HD DVD.

“It’s like somebody picked the lock on an individual house, but he has not discovered the secrets to lock-making at the master padlock company,” Mr. Ayers said.

He added that A.A.C.S. was explicitly designed so that compromised players and programs like WinDVD can be disabled remotely by revoking their licenses. He said the A.A.C.S. group might take that approach after an investigation.

Bill Rosenblatt, president of the consulting firm GiantSteps which specializes in content protection issues, said the intrusion was less of a crisis than the 1999 defeat of the encryption that protects standard DVDs, which allowed movie files to be freely copied and shared online.

“It’s a pretty nice victory for hackers, but this newer scheme was designed to fail more gracefully and not be as brittle as the DVD scheme,” Mr. Rosenblatt said.

However, some security experts said the intrusions were more serious. Bruce Schneier, the chief technology officer of the security company BT Counterpane, said it was unclear what effect revoking licenses would have. If new discs of the movies are updated with new title codes, the old discs in stores will still be vulnerable. And hackers will surely redouble efforts to crack the new discs.

Mr. Schneier said the new DVDs would inevitably be vulnerable to hacking. “Data is inherently copyable, just as water is inherently wet,” he said. “All the technology companies are doing is putting in tricks to make it harder to copy. But all they are is tricks.”

Nike Appears Primed To Seek Acquisitions (WSJ)

By Paula L. Stepankowsky

The Wall Street Journal, January 17, 2007

Nike Inc. hasn't made an acquisition since it bought the Starter brand in 2004. But with a lot of cash on its balance sheet, and fast growth in its niche brands, the Beaverton, Ore., athletic footwear and apparel company appears poised to pounce when the time is right.

During the past two years, Nike has focused on internal reorganization and developing its core Nike brand. During its fiscal second-quarter conference call, however, executives appeared more open to the acquisition idea than they have been recently.

"In the past, they've been kind of defensive about acquisitions," said Sara Hasan, an analyst with financial-services firm McAdams Wright Ragen. "But now they are seeing those brands give them additional penetration into new markets."

While Nike continues to see steady growth globally in its Nike brand, the potential for faster growth comes from some of the smaller brands it has bought over the years.

These include Cole Haan for upscale dress shoes, Bauer Nike Hockey, Hurley International for the surf/skate market, Converse, and Starter, which has been renamed Exeter Brands, for the discount market. Nike developed its golf business internally.

"With the Nike brand mature and few opportunities to grow in the double digits except BRIC (Brazil, Russia, India and China) countries, this is the area of their business that will provide them with higher growth," said Kate McShane, an analyst for Citigroup.

Revenue for non-Nike brands in the 2007 fiscal second quarter grew 21% to $526.8 million from $434.8 million last year. Pretax income increased 136% to $54.3 million for the quarter. For the company overall in the same quarter, revenue grew 10% to $3.8 billion, while net income rose 8% to $325.6 million.

Nike has pleased investors by buying back about 1.47 million shares for about $126 million in the second quarter as part of the company's four-year, $3 billion share-repurchase program approved in June 2006. In November, Nike increased its dividend by 19%.

The company also counted cash and short-term investments of $1.9 billion at the end of the second quarter.

"There has been a lot of speculation about what Nike may do with the cash hoard they are sitting on besides buy back shares and increase the dividend," said John Shanley, an analyst with Susquehanna Financial Group.

A Nike spokesman said the company doesn't comment on speculation.

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But on Nike's fiscal 2007 conference call last month, Chief Executive Mark Parker said the company is actively looking for acquisitions, although it has "nothing specific on the radar screen right now."

"In our history, it's safe to say we've been more reactive, but now we're taking a more active view," Mr. Parker said during the call. "We're looking at underpenetrated segments where we feel we can add some value."

Nike has mentioned interest in the outdoor sector, as well as the action/sports sector.

The company has pursued the outdoor segment with its All Condition Gear division, and the surf/skate sector with Hurley. While these have done well, they haven't been huge successes, Ms. McShane said.

"There are certain industries where you need credibility and authenticity," Ms. McShane said.

While some have speculated that Nike might be interested in acquiring a large company like Germany's Puma AG Rudolf Dassler Sport or Columbia Sportswear Co. of Portland, Ore., analysts don't believe such a move is likely.

Mr. Shanley said Puma's ownership structure, dominated by insiders and two German banks, make it unlikely the company will fall into non-German hands.

Columbia Sportswear would be an expensive acquisition, and the founding Boyle family has a large ownership stake, making it unlikely an acquisition will take place, analysts said.

Outdoor footwear company Timberland Co. is a possibility, although a shift in fashion away from bulky boots, and the expense of acquiring Timberland would be stoppers, Mr. Shanley said. Nike would have to pay a premium of 20% to 25% over Timberland's roughly $2 billion market cap to make it work. Timberland is based in Stratham, N.H.

Under Armour Inc. would also be an expensive acquisition and duplicates existing Nike product lines, analysts say.

Rather than making large acquisitions, Nike is likely to look at smaller companies that can benefit from its marketing muscle.

A case in point is Converse, which saw sales jump from $200 million to nearly $600 million since Nike bought it, Mr. Shanley said.

Smaller-brands analysts say possible Nike matches include urban boot and footwear maker Lugz Shoes, snowboard and apparel company Burton, hybrid footwear-maker Keen Footwear, and Wolverine World Wide Inc., which makes the Merrell and Hush Puppies brands. An accessory maker like New Era Cap Co. is also a possibility, analysts said.

Cablevision Board Rejects Offer By The Dolans (NYT)

By Andrew Ross Sorkin

The New York Times, January 17, 2007

The board of the Cablevision Systems Corporation rejected an $8.9 billion offer yesterday to sell the company to the Dolans, its founding family.

The rebuff was a rare example of a board standing up to and denying a request by a controlling shareholder.

The rejection by the board, which set up a special committee to review the Dolans' proposal, is the second time it has refused to sell the company to the family.

In 2005, the Dolans, led by the founder, Charles F. Dolan, and his son James, offered to break the company in two and buy Cablevision's cable television assets. But they were forced to withdraw the offer before the board formally rejected it.

The Dolans' latest effort, though, was much more public, and at times it appeared acrimonious. Rather than withdraw its offer when told it would be rejected, the family increased its bid last Friday by about $1 billion and tried to put pressure on the board by setting a deadline tomorrow, declaring that the proposal was its "best and final" offer.

In rejecting the bid, the board said in a letter to the family that the offer "does not represent fair value for the company's public shareholders nor does it contemplate a transaction that is in their best interest."

It said it had warned the family that it would reject the bid, noting that "indications were given" about the "the inadequacy of the prior proposal" and that the directors had provided "general guidance" about how much the family would need to pay to strike a deal.

A spokesman for the Dolans declined to comment last night.

Yesterday's decision leaves the company publicly owned but at the mercy of the Dolan family, which owns 20 percent of Cablevision equity and controls 70.4 percent of the voting power.

With little chance of a sale of the company to anyone else, Cablevision's future remains clouded. Some analysts last night questioned why the Dolans did not bring in a private equity firm as a partner to allow them to increase their bid further.

Investors have worried for weeks that the Dolans would buy the company at a steep discount to its value.

While the Dolans had offered $30 a share, most analysts estimate that the company would be worth at least $40 a share if it were put up for auction. When the Dolan family made its bid, it insisted that it would not sell the company to anyone besides itself.

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"It's a corporate governance victory," said Richard Greenfield, an analyst at Pali Research, who wrote a note to investors last week titled, "Do Not Let Chuck and Jim Dolan Steal CVC."

"This is exactly what the independent committee should have done," Mr. Greenfield said. "The price was not fair for shareholders. If they had put it up for auction, it would have fetched far more."

In his note, he suggested that the company was worth at least $33.50 a share and said that there was "a strong likelihood of a Time Warner Cable takeover attempt over the next 12-18 months."

Time Warner has long been mentioned as a potential suitor because Cablevision's systems, which are centered in New York suburbs, fit neatly into Time Warner's regional network.

Some cable industry analysts speculated last night that the Dolans might attempt to raise the offer while also orchestrating a sale of assets — perhaps some cable networks — or trying to close some start-ups like the Fuse network, that are part of efforts to develop business. By doing either, the Dolans could keep the debt-to-cash flow levels acceptable to the banks.

The push by the Dolans comes as enthusiasm for cable companies has rebounded. Only a year ago, investors were concerned that as telephone companies entered the video market the value of distribution assets would fall. But perception has shifted, and many investors now argue that rival services to cable TV will materialize slowly and that cable is still the best-positioned rival to the phone companies and satellite TV.

With the recent boom in buyouts led by management, shareholders have become increasingly anxious about whether their interests are being properly represented and whether a board's links to management might be too cozy. For instance, when the energy company Kinder Morgan was sold to a group led by its founder, Richard D. Kinder, shareholders were irate about what they considered a sweetheart deal.

The special committee in this case was Thomas V. Reifenheiser, a former media banker at Chase who had represented Cablevision, and a retired Navy vice admiral, John R. Ryan, who is chancellor of the State University of New York. Both joined the board in 2002, and neither is a personal friend of the family.

The committee was advised by Lehman Brothers and Morgan Stanley. Its legal adviser was the firm of Willkie Farr & Gallagher.

ENVIRONMENT:

Oil Lease Chief Knew Of Error, Report Asserts (NYT)

By Edmund L. Andrews

New York Times, January 17, 2007

WASHINGTON, Jan. 16 — A top Interior Department official was told nearly three years ago about a legal blunder that allowed drilling companies to avoid billions of dollars in payments for oil and gas pumped from publicly owned waters, a report by the department's chief independent investigator has found.

The report, which was sent lawmakers on Tuesday, suggested that Interior officials could have fixed the mistake far more easily if they had taken action when they first recognized it. Oil and gas prices were far lower than they are today.

The report contradicts statements by the official, Johnnie M. Burton, the director of the department's Minerals Management Service, who told a House hearing last September that she first learned about the royalties problem in January 2006.

Confronted by e-mail messages from subordinates from early 2004, the report said, Ms. Burton conceded that she probably had been told earlier, but "did not remember putting a great deal of thought into the matter."

Investigators calculated that the government could have collected an additional $865 million in the last three years alone if officials had told companies drilling in the Gulf of Mexico that they owed all the royalties required on oil and coal extracted from federal waters.

Unless the leases are changed, administration officials expect the mistake to cost billions of dollars in royalties that drilling companies usually are required to pay the federal government for oil and gas pumped from the gulf.

The report is the result of a nine-month investigation by the Interior Department's inspector general in response to questions raised by the Senate Energy Committee and the House Natural Resources Committee. It will be the focus of a hearing Thursday by Senator Jeff Bingaman, Democrat of New Mexico and chairman of the Senate Energy Committee.

And while the report confirms that the original leasing blunders were made under the Clinton administration, it provides new details about the reluctance of the Bush administration to discuss the issue publicly or find a fix for the problem for nearly six years.

At issue are more than 1,000 offshore drilling leases for the gulf that the Interior Department signed in 1998 and 1999, during the Clinton administration.

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The government offered drillers lucrative "royalty relief," a holiday from the standard 12 percent royalty, as an incentive to increase exploration and production in waters that were thousands of feet deep.

But as a result of what investigators believe was bureaucratic bumbling, the leases for 1998 and 1999 omitted a standard escape clause that rescinded the special inducements if oil prices climbed above $34 a barrel.

Midlevel officials at Interior spotted the omission in 2000, and quietly made sure to include the escape clause in all subsequent leases. But no one tried to fix the leases that had already been signed, and almost no one talked about them until oil prices started to climb above $34 a barrel in 2004.

At a hearing of the House Government Reform Committee last September, Ms. Burton testified that she had first learned about the problem in late 2005 or January 2006. Ms. Burton and other senior officials publicly confirmed the error in February 2006, after The New York Times published an article about it.

But investigators have unearthed a series of e-mail messages by officials working under Ms. Burton in March 2004. At the time, energy prices had recently climbed above the thresholds that were supposed to stop the incentives, and oil companies were pressing the Interior Department to confirm how it would treat the leases from 1998 and 1999.

Marshall Rose, chief economist for the Minerals Management Service, wrote the agency's associate director at the time, Thomas Readinger, that the decision had to be made by the "directorate" — Ms. Burton and her top deputies.

Mr. Rose told Mr. Readinger that he believed the leases entitled companies to the incentive regardless of oil price levels, and that he had told his own subordinates that "you and the director were aware of the need to make a decision on this matter." Mr. Readinger, who retired last year, responded to Mr. Rose a few hours later by writing, "Sounds like we have an answer. Let's go with it."

According to the report, Mr. Readinger told investigators "he was sure" that he had discussed the issue with Ms. Burton.

Ms. Burton, after seeing the e-mail messages from her subordinates and with Mr. Readinger's recollections, told the investigators that Mr. Readinger "must have mentioned the issue to her at that time," the report said.

In a written statement Tuesday night, the Minerals Management Service said Ms. Burton did not deny but could not remember being told about the mistake three years ago.

"Director Burton responded that if an employee said that to her, it was likely true but she could not remember the event nor the circumstances," the agency said.

Walter Cruickshank, Ms. Burton's deputy director, originally told investigators he had first learned about the problem around January 2006. But investigators found an e-mail message by Mr. Cruickshank from 2000 in which he said the provisions had been "inadvertently omitted" from leases in 1998 and 1999.

Shown his own messages, Mr. Cruickshank told investigators that "he did not remember" the discussion, but he was "probably in the room during the meeting" at which it took place.

On Thursday, House Democrats hope to pass a bill that would put a heavy tax on companies that refuse to change their leases and would repeal several other tax breaks and royalty incentives for companies that drill in deep waters.

White House Denies Climate Change U-turn (FT)

By Caroline Daniel In Washington

Financial Times, January 17, 2007

The White House on Tuesday denied it was planning a U-turn on its climate change policy by embracing a system of formal caps on greenhouse emissions, despite rising pressure from European governments to change its stance.

Although energy security will be a key theme in President George W. Bush's State of the Union address next week, the White House issued an unusually public rebuttal of rumours about its climate change policy. Tony Snow, White House spokesman, said: "I want to walk you back from the whole carbon cap story...The carbon cap stuff is not accurate. It's wrong."

International pressure for Mr Bush to consider reducing US emissions via a form of "cap and trade" system like that in force in the European Union has intensified. The issue has been raised in the last two weeks by Angela Merkel, the German chancellor, and José Manuel Barroso, European Commission president. Tony Blair, the British premier, has also been persistent in lobbying the president.

The Bush administration has consistently stressed technological solutions, rather than formal treaties such as the Kyoto accord. Mr Snow said: "What the president has talked about all along is the importance of innovation," adding there was a need to focus on change "consistent with economic growth".

After meeting Ms Merkel, Mr Bush said he would focus on "technological developments that will enable us to be good stewards of the environment, and enable us to become less dependent on oil and hydrocarbons from parts of the world that may not like us".

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The president is also under pressure at home. Last Friday six US senators – including two presidential hopefuls for 2008, the Republican John McCain and the Democrat Barack Obama – presented a cap and trade proposal to force industries, such as electricity utilities, to cut by 2050 greenhouse gas emissions to one third of the levels of 2000.

White House officials remain privately sceptical about a British report produced in October by Sir Nicholas Stern on the economics of climate change, suggesting it would be wrong to make big decisions based on what some officials dismiss as "popular science". Mr Stern is due to testify next month before a Senate committee that will address emissions legislation.

Bush Set Against Carbon Emission Limits (WT)

By Stephen Dinan

The Washington Times, January 17, 2007

The White House said yesterday that President Bush has ruled out Kyoto-style caps on carbon emissions as the solution to global warming, rejecting the proposal favored by Democrats and most European leaders.

Spokesman Tony Snow said Mr. Bush will lay out his new climate-change policy in his State of the Union address next week, but sources familiar with the drafting of the speech said the president will argue that global warming can be better addressed through technology and greater use of renewable energy sources than through caps imposed on businesses and industries.

Analysts and observers have speculated for months that Mr. Bush is due for a change in his global-warming policy, not least because some of his top advisers, including Treasury Secretary Henry M. Paulson Jr., support such a move.

Reports from London this week said British officials were predicting Mr. Bush would adopt mandatory carbon caps, the type of solution called for in the Kyoto Protocol negotiated by President Clinton but rejected by Mr. Bush.

Yesterday, though, Mr. Snow shot those reports down. "That's not something we're talking about," he said.

Michael McKenna, a Republican strategist and lobbyist on energy issues, said Mr. Bush will continue and expand his policy of pushing technology and renewable energy fuels, such as ethanol.

"What he's doing is simply amping up what he has said all along -- that the answer to this thing is technology, technology that gets developed as quickly as possible and shared as quickly as possible," Mr. McKenna said.

After years of calling for more science on the issue, Mr. Bush announced last year that he has concluded humans are a component of global warming. But he also has concluded that mandatory Kyoto-style caps -- which set a limit for carbon emissions, which are cited by many scientists as the cause of global warming -- wouldn't work and would harm the U.S economy.

Mr. Bush also argues that the Kyoto Protocol fails because it doesn't include developing nations such as China and India. That was also one of the primary reasons the treaty was rebuffed 95-0 by the Senate in July 1997 in a sense of the Senate resolution and was never submitted for ratification.

Mr. Bush has pushed for international cooperation to encourage transfer of clean technology to those nations as an alternative to mandatory caps.

House Majority Leader Steny H. Hoyer, Maryland Democrat, said that his party will work with Mr. Bush on the issue, but that the president has been in "a state of denial with respect to global warming."

For months, there has been a debate inside the administration about which path Mr. Bush should follow, but Mr. McKenna said the speech will end that -- and signal a victory for those who oppose Kyoto-style caps.

"It is going to be an implicit rebuke to folks ... who are pressing for mandates. It's really going to be sort of a relatively clear restatement of 'Here's how I think we should go about this,' " Mr. McKenna said.

Mr. Snow said that Mr. Bush has committed $29 billion to climate science and clean-energy technology, and that although funding for climate research at NASA is falling, the budget for the National Oceanic and Atmospheric Administration is increasing.

"We're not only putting more money into it, but we're also trying to figure out ways to use technology so that you can handle the complex business of trying to measure and characterize changes in global temperature to try to figure out what the precise causes are," he said.

Bush Prepares State Of The Union Address (AP)

By Deb Riechmann

AP, January 17, 2007

President Bush, already facing fierce opposition to his decision to send more U.S. troops to Iraq, will confront a tough audience next Tuesday when he delivers his State of the Union address to the first Democratic Congress in 12 years.

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Reducing U.S. dependence on foreign oil and supporting alternative fuels are expected to be prominent themes of his speech. Bush also will challenge Congress to fix Social Security's long-term solvency problem, find a way to compromise on immigration and preserve tax cuts. Lawmakers also will be listening for hints of what he might veto.

Republicans see the speech as a chance for Bush to put a wide-angle lens on the nation's problems, taking the focus away from Iraq. Still, the war's shadow will hang over the joint session of Congress when Bush speaks.

Democratic Sen. Jim Webb of Virginia, whose upset victory over Republican Sen. George Allen was the decisive race that gave Democrats control of Congress in last year's midterm elections, will give the Democratic response to Bush's address. The selection was made Tuesday by House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, said Webb spokeswoman Jessica Smith.

A former Navy secretary to President Reagan and a decorated Marine combat veteran of the Vietnam War, Webb was among the earliest and most vocal opponents of Bush's decision to invade Iraq. His son is in the Marines, serving in Iraq.

During the nationally televised address, Bush will be flanked by Vice President Dick Cheney and House Speaker Nancy Pelosi, sitting like symbolic bookends of the political divide over the war and other issues.

"Probably the most interesting part of the speech is going to be the tone," said presidential speech expert Kathleen Hall Jamieson, who directs the Annenberg Public Policy Center at the University of Pennsylvania.

"Pelosi is going to be signaling the Democrats by when she applauds and when she doesn't, and Cheney is going to be signaling the Republicans," she said. "In parts where Bush seems more accommodating than Cheney might like, what are Cheney's nonverbal cues going to say to the public?"

Pelosi said Monday that Democrats will counter Bush's proposal to send more troops to Iraq with a plan changing the U.S. mission there "from combat to training, to fighting terrorism, to protecting our forces."

"We are saying to the president, 'What you are doing, first and foremost, has cost over 3,000 lives, every one of them precious to us,'" Pelosi said at a Martin Luther King Jr. Day speech in San Francisco. "The president does not have a plan. Democrats will hold him accountable."

Bush could use his speech to challenge war critics to propose a plan of their own. But he'll leave room to cover domestic issues and other foreign policy concerns such as North Korea and Iran's nuclear programs. The costs of the war and the deficit will likely preclude him from announcing expensive new initiatives.

While one team of writers was working on the Iraq speech Bush gave last week, those charged with crafting Bush's sixth State of the Union address were continuing the work they began months ago. White House officials say Bush has met with the speechwriters and given them direction, but the staff is not yet editing drafts of the address.

"President Bush will use the State of the Union to unveil a positive, comprehensive agenda that will improve the daily lives of the American people and explain how our actions in the world will make our nation safer and better," White House counselor Dan Bartlett said.

In a recent speech, Al Hubbard, chairman of the National Economic Council, predicted Bush will generate "headlines above the fold that will knock your socks off in terms of our commitment to energy independence."

The hint was that Bush, who exclaimed in his 2006 State of the Union address that America is "addicted to oil," is ready to pump more tax dollars into finding alternative sources of energy and developing domestic production of oil.

The White House has expressed interest in a recent government energy report that calls for the United States to produce more biofuels made from corn, wood chips and switchgrass. The report says the U.S. goal should be to produce 13 billion gallons of biofuels by 2015 — up from 1.1 billion gallons when Bush took office.

At this time last year, Bush was driving toward an election in which Republican control of Congress was at stake. This year, he'll speak for the first time to a Congress led by the opposition party.

Last year, he rebuked critics of his stay-the-course strategy in Iraq, where more than 2,240 American troops had died. This year, he'll defend his new strategic plan in Iraq, where the U.S. death toll now exceeds 3,000.

Last year, Bush was a politically weakened president with a job approval rating of 40 percent. This time, he's weaker. The most recent AP-Ipsos poll shows the president's overall job approval rating at 32 percent.

Congress' approval rating isn't any better, also at 32 percent.

Bush has pledged to work more closely with Democrats and has signaled a willingness to compromise on some issues of interest to both parties.

Webb To Give State Of The Union Response (AP)

AP, January 17, 2007

Freshman Sen. Jim Webb, a Vietnam War veteran, will deliver the official Democratic response to President Bush's State of the Union Address, where the war in Iraq is expected to be a central topic.

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As a combat veteran, Webb, D-Va., "understands personally how crucial it is to find a new direction in Iraq and begin to bring the war to a close," Senate Majority Leader Harry Reid and Speaker Nancy Pelosi said Tuesday in announcing their choice of Webb to respond to Bush's Jan. 23 address to Congress.

Webb, 60, a former Marine who served as Navy secretary in the Reagan administration, upset incumbent Sen. George Allen, R-Va., in the November election, helping the Democrats capture a slender majority in the Senate.

Webb Tapped For Democrats' State Of The Union Response (CQ)

By Greg Giroux

Congressional Quarterly, January 17, 2007

Newly elected Virginia Sen. Jim Webb — an early opponent of the Iraq war, a critic of President Bush's current proposal to increase troop strength there, and a vocal advocate of economic populism — will deliver the Democratic Party's response to Bush's State of the Union address on Jan. 23.

Webb's political credentials and background in the military surely were the major factors in the decision by House Speaker Nancy Pelosi of California and Senate Majority Leader Harry Reid of Nevada to choose Webb for the role.

Webb's defeat of Republican Sen. George Allen last November clinched a Democratic Senate majority, installing Reid in his role as the top-ranking senator.

And with Bush pressing his plan to add more than 20,000 U.S. military personnel to the current troop commitment in Iraq — in the face of strong public opposition to the war — Webb emerged as a natural spokesman for the Democrats' contrary views.

Webb is a Vietnam War veteran and a former Navy secretary under President Ronald Reagan, who only in recent years has broken longstanding ties with the Republican Party — mainly because of his disagreements with the Bush administration's Iraq policy.

In September 2002, Webb expressed his misgivings about an invasion of Iraq in a Washington Post opinion piece entitled, "Heading for Trouble; Do We Really Want to Occupy Iraq for the Next 30 Years?" This was published a few weeks before the Senate, then narrowly controlled by Democrats, and the Republican-controlled House overwhelmingly passed the resolution sought by Bush that authorized military operations in Iraq.

Throughout his Senate campaign — which was his debut as a candidate for public office — Webb called for a region-wide Middle Eastern political solution to the crisis, involving countries that are historically and politically invested in a stable Iraq.

But even though Webb's views on Iraq and other national security got the most attention, his campaign for the Senate and his agenda as a new lawmaker are hardly uni-dimensional.

During the campaign, Webb also promoted "economic fairness" proposals that would arrest stagnating wage growth for many Americans and ameliorate a growing gap in compensation between executives and workers. Webb emphasized these populist tenets in a speech last Thursday to the Economic Policy Institute, a liberal think tank. [Please LINK to http://www.cqpolitics.com/2007/01/webbs_economic_fairness_marked.html]

Webb's remarks will mark the second consecutive year that a Virginia Democrat will be delivering the party's official response to Bush's annual message to Congress. In 2006, Democratic Gov. Tim Kaine — elected to his office in 2005 — delivered the party's response.

This is symbolic of Democratic inroads in conservative-leaning Virginia that can be traced to the 2001 victory for governor by Mark Warner, who was highly popular during his single four-year term. Virginia is the only state in which the governor is barred from serving two consecutive terms, though a former governor can come back and seek the office again in a later election.

Despite big wins by Warner, Kaine and Webb, though, Republicans still maintain the state's other Senate seat, held by the long-tenured John W. Warner (no relation to Mark Warner); an 8-3 edge in the state's U.S. House delegation; and sizable majorities in the state legislature.

Webb Picked To Give Democrats' Response To Bush (WP)

By Tim Craig

The Washington Post, January 17, 2007

Virginia Sen. James Webb, a former Marine elected in November after vehemently opposing the Iraq war, will give the Democratic response to President Bush's State of the Union speech next week, party leaders announced yesterday.

Webb's five-minute speech Tuesday will mark the second consecutive year that a Virginia Democrat has been selected to respond to the president. Timothy M. Kaine (D), then Virginia's newly elected governor, gave the response last year.

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The selection of Webb by Senate Majority Leader Harry Reid (D-Nev.) and House Speaker Nancy Pelosi (D-Calif.) underscores the party's efforts to counteract Bush's decision to send 21,500 more troops to Iraq at a time when opinion polls show most Americans want to begin exploring ways to bring more troops home.

Webb, a former secretary of the Navy who has a son in Iraq, has been one of the Bush administration's most vocal foreign policy critics. Webb has stopped short of calling for an immediate withdrawal, but wants to start repositioning troops to other Arab nations to get them out of harm's way.

"I ran for the Senate to bring an experienced set of eyes to the problems that face our country, ranging from the need for a new direction in Iraq to assuring economic fairness for American workers," Webb said.

On the campaign trail, Webb was fond of saying Bush was going to wake up the day after the election and say "we've got a problem" because the Democrats are in charge.

Webb's upset victory over former senator George Allen (R) provided Democrats with the sixth seat they needed to take control of the Senate. "In a call echoed by Americans across this nation, the people of Virginia sent Senator Webb to Congress to help take our country in a new direction," Reid and Pelosi said in a joint statement.

Webb serves on the Senate Foreign Relations, Armed Services, Joint Economic and Veterans Affairs Committees. At a Foreign Relations Committee hearing on Iraq last week, Webb chastised the decision to go to war.

"We went to war in Iraq recklessly; we must move forward responsibly. The war's costs to our nation have been staggering. These costs encompass what we hold to be most precious: the blood of our citizens. They also extend to the many thousands more Iraqi people killed and wounded as their country slides into the chaos of sectarian violence and civil war."

Several Democrats said the decision to have two Virginia lawmakers in a row give the speech highlights the party's efforts to continue to make inroads into what has long been a conservative-leaning state. Some political observers believe Virginia could be competitive in the 2008 presidential race, even though the state has not voted for a Democrat for president since 1964.

"It's a wonderful recognition of the state of the Virginia Democratic Party," said Del. Brian J. Moran (D-Arlington), chairman of the House Democratic caucus.

Webb To Give Response To State Of The Union (WT)

By Seth Mclaughlin

The Washington Times, January 17, 2007

National Democratic leaders have selected Virginia Sen. James H. Webb Jr. to deliver the party's response to President Bush's State of the Union address next week.

Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi said Mr. Webb, a Vietnam War veteran, "understands personally how crucial it is to find a new direction in Iraq and begin to bring the war to a close." Mr. Webb's son, Jimmy, is a Marine serving in Iraq.

"In a call echoed by Americans across this nation, the people of Virginia sent Senator Webb to Congress to help take our country in a new direction," Mr. Reid and Mrs. Pelosi said. "Senator Webb represents the sweeping demand for leaders who will put aside gridlock in Washington to deliver change at home and abroad."

A former Navy secretary and early-warning voice against the 2003 Iraq invasion, Mr. Webb said he was honored to deliver the response and hoped Bush would discuss "fresh, creative solutions" that would "move the country forward."

"I ran for the United States Senate to bring an experienced set of eyes to the problems that face our country, ranging from the need for a new direction in Iraq to assuring economic fairness for American workers," Mr. Webb said.

Since ousting Sen. George Allen in November, Mr. Webb has continued to question Mr. Bush's handling of the war, including the recent decision to send 21,500 additional troops to the region.

Mr. Webb's selection to deliver the response also has fueled further speculation that Democrats plan to push harder to win Virginia, known as a "red state," in the 2008 presidential election.

Virginia Gov. Timothy M. Kaine delivered the Democratic response to the State of the Union last year.

Craig Shirley, a Republican strategist, said Democrats are smart to select Mr. Webb because it helps them get away from the perception that liberals from northern "blue states," such as Sen. John Kerry of Massachusetts, rule the national party.

"Choosing Denver for the Democratic convention [in 2008] is the right thing to do, and picking centrist Democrats from red states is the right thing to do," Mr. Shirley said. "Democrats want to widen their mainstream appeal, and one way to do that is to send a message to the rest of the world that they are drawing a spokesman for a red state that has elected quote-unquote moderate Democrats."

Dave Saunders, a Democratic strategist working for presidential contender and former Sen. John Edwards of North Carolina, seemed to agree.

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"If the Democrats are trying to remove the [weak] factor from the public perception, they sent the right guy out there because [Mr. Webb] is a pure man," he said.

Mr. Webb's win tipped control of the U.S. Senate to Democrats and marked the party's third consecutive victory in prominent statewide elections. It also stung Virginia Republicans, many of whom considered Mr. Allen their party's modern-day patriarch.

Republicans and Democrats now say Virginia will be a battleground in the 2008 presidential election.

"In 2008, Democrats will come hard after Virginia's 13 Electoral College votes," Ed Gillespie, state Republican party chairman, said last week. "John Kerry's campaign was here through July of 2004, and I guarantee you the Democrats' nominee will stay through November in 2008, and we will know the joys of target-state status every time we turn on our television."

Virginia has been a Republican stronghold in previous presidential contests. The last time the state supported a Democrat for president was in 1964, when President Johnson defeated Sen. Barry Goldwater, Arizona Republican.

"For Democrats to take Virginia in '08 would be nothing less than astonishing, but I think it is possible," Mr. Shirley said.

Virginia's Feb. 12, 2008 presidential primary also could play a hand in deciding the party's nominee if a clear front-runner does not emerge from the January caucuses and primaries in Iowa, Nevada, New Hampshire and South Carolina.

Bush Vs. Webb, Round 2 (HILL)

By Elana Schor

The Hill, January 17, 2007

The freshman senator who confronted President Bush face to face on the war in Iraq last month will again rebut the White House before millions of viewers, as Democratic leaders yesterday tapped Sen. Jim Webb (D-Va.) to deliver their party's response to the State of the Union address on Tuesday.

Webb will be the second rising Virginian in a row to deliver the Democratic response, following Gov. Tim Kaine (D), who gave the traditional high-profile speech last year. But Webb will bring a unique vantage point on the war as a military expert who served as Navy secretary under President Reagan and did not flinch from challenging Bush to begin troop withdrawal during a visit just after Webb unseated Sen. George Allen (R).

"As a combat veteran, he understands personally how crucial it is to find a new direction in Iraq and to bring the war to a close," Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) said in a joint statement on Webb's selection.

BP Failed To Emphasize Safety At U.S. Plants Before Deadly Explosion, Panel Report Says (FINDLAW/AP)

By John Porretto, Ap Business Writer

AP, January 17, 2007

(AP) - HOUSTON-British oil company BP failed to emphasize safety at its U.S. refineries before the 2005 Texas City explosion that killed 15, according to a report released Tuesday by an independent panel led by former U.S. Secretary of State James A. Baker III.

The panel, in a statement summarizing its 300-plus page report on BP PLC's operations, said the company had made strides in personal accident prevention but came up short on the bigger picture.

"The panel maintains a central theme that prior to the Texas City tragedy BP emphasized personal safety and had achieved significant improvements in personal injury rates, but the company did not emphasize process safety," the statement said. "BP mistakenly interpreted improving personal injury rates as an indication of acceptable process safety performance at its U.S. refineries."

The 11-member panel made 10 recommendations, including that an independent monitor report to the company's board of directors for five years.

"BP gets it and I get it, too," BP CEO John Browne told reporters by video link from London. "I recognize the need for improvement."

Browne, who got the report from Baker on Sunday, called the report a "hard-hitting and critical analysis that focused on deficiencies and negatives."

Browne defended the company's overall safety record, which the Baker report acknowledged was sufficient in terms of personal injury prevention and environmental safety.

But on so-called process safety, "it wasn't excellent enough," Browne said. "And the standard is excellence."

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The chief executive said the company would implement the panel's recommendations, including the independent monitor. But he said the company needs to compare Baker's report with a companywide safety examination that began soon after the Texas City explosion and gave no time frame for making the changes Baker's group suggested.

Baker has led the panel investigating corporate management at Houston-based BP Products North America following the March 2005 blast that killed 15 people and injured more than 170 others.

The U.S. Chemical Safety and Hazard Investigation Board, known as the CSB, urged BP in August 2005 to hire outside experts to look at the company's oversight of safety management systems and make its findings public - similar to an investigation at NASA following the space shuttle Columbia tragedy.

The panel, announced in October 2005, has traveled to BP's five U.S. refineries and interviewed hundreds of employees.

"BP tended to have a short-term focus in its U.S. refining operations, and its decentralized management system and entrepreneurial culture delegated substantial discretion to U.S. refinery plant managers without clearly defining process safety expectations, responsibilities or accountabilities," the panel said in the report.

Baker, a senior partner at the Houston-based Baker Botts law firm, was White House chief of staff and treasury secretary in the Reagan administration and secretary of state in the first Bush administration. The release of the BP report was twice delayed because of his work with the Iraq Study Group, which made its recommendations to President George W. Bush last month on how to revamp U.S. policy in Iraq.

The release of the report comes less than a week after London-based BP said Chief Executive John Browne would step down by the end of July, more than a year ahead of schedule.

BP said Friday that Browne, 58, will be succeeded by Tony Hayward, the head of exploration and production, who will assume the task of trying to repair the company's reputation with the public and investors. Problems stem from a series of well-publicized mishaps that include the Texas explosion and last year's giant oil spill in Alaska.

Browne said Tuesday the report had "nothing to do" with his decision to retire earlier than expected, noting that he decided in December that when the company's board found a successor, he would step aside.

John Manzoni, the company's head of refining and marketing, said Tuesday he had no plans to resign.

The 2005 explosion has so far cost the company around $2 billion (â‚¬1.54 billion) in compensation payouts, repairs and lost profits. BP has settled hundreds of lawsuits related to the accident, putting aside $1.6 billion (â‚¬1.24 billion) just to resolve legal disputes.

Based on its investigation, the CSB has criticized BP for its safety systems at Texas City, about 40 miles (65 kilometers) southeast of Houston, finding the company fostered bad management at the plant and failed to fix problems.

In September 2005, the U.S. Occupational Safety and Health Administration found BP committed more than 300 willful violations of its rules and fined the company $21.3 million (â‚¬16.5 million).

BP's own December 2005 report blamed failures by management at the refinery, saying it didn't make safety a priority, tolerated risks and failed to communicate. But BP added it "found no evidence of anyone consciously or intentionally taking actions or decisions that put others at risk."

The CSB has credited BP for cooperating with its investigation, making sweeping changes in how it recognizes potential hazards and hiring the Baker panel.

BP has said it will invest about $1 billion (â‚¬770 million) over five years to improve and maintain the Texas City site. BP also operates refineries in California, Indiana, Washington and Ohio.

BP shares fell 1.5 percent to close at 541 pence ($10.62, â‚¬8.20) on the London Stock Exchange.

Panel Criticizes BP Safety Efforts (HC)

By Anne Belli And Brett Clanton, Houston Chronicle

Houston Chronicle, January 17, 2007

Sources say the Baker-led group found the oil giant ignored broader refinery problems

BP's most senior executives failed to emphasize the importance of safe operations within their U.S. refineries, resulting in widespread problems throughout the plants, a harshly worded and highly critical report released today says.

Federal investigators have said such problems have led to the March 2005 blast in Texas City, where 15 people were killed and scores more injured.

However, the report's authors said their goal was not to affix blame for the accident. Rather, it was to evaluate BP's corporate safety culture and its oversight of safety management programs at its five U.S. refineries.

The report was prepared by an independent safety review panel chaired by former Secretary of State James A. Baker III. The panel is made up of 11 people with expertise ranging from process safety to risk management to nuclear power.

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The report says BP's board should appoint an independent monitor to routinely report back over the next five years on progress the company is making toward implementing 10 recommendations being made by the panel.

The panel found no evidence, though, that BP purposely turned a blind eye toward operational safety or intentionally short-changed safety.

Instead, it found that BP chiefs were focused on personal safety statistics concerning such minor accidents as slip and falls and vehicle collisions. Meanwhile, they were oblivious to the broader problems brewing in operations, which the panel refers to as "process safety," at all five of their domestic refineries.

"Based on its review, the panel believes that BP has not provided effective process safety leadership and has not adequately established process safety as a core value across all its five U.S. refineries," the panel's report said.

The lapse has resulted in a scatter-shot safety culture that is different at each of the five factories.

In a press conference Tuesday morning, in which the report was made public, Baker said if BP implements the panel's recommendations, it could become an industry leader in process safety. But he cautioned that the "ultimate effectiveness of the company's commitment to process safety can only be determined over time."

In a statement Tuesday morning, BP said it takes the panel's findings seriously. The company said it already has taken steps to address issues raised in the panel's recommendations and "after a more thorough review" will develop plans for additional action at its U.S. refineries.

"Many of the Panel's recommendations are consistent with the findings of our own internal reviews," said BP Group Chief Executive John Browne. "As a result, we have been in action on many of their recommendations for a year or more. Our progress has been encouraging but there is much more to do."

BP announced last week that Browne, the embattled company head, will move up his retirement from 2008 to this summer.

The Texas City explosion occurred as workers were restarting a unit after a maintenance shutdown. Federal investigators looking into causes of the blast have said that malfunctioning equipment, poor communication between workers and managers, outdated or nonexistent safety plans, even worker fatigue were contributing factors.

Although their final report isn't due out for two months, the U.S. Chemical Safety and Hazard Investigation Board last year urged BP to create an independent panel to review the corporate safety culture after finding evidence that management may have a lax attitude toward process.

BP acknowledged last year in its own final investigation report that upper management seemed more concerned about personal safety statistics than process safety. And it has said it has worked to make managers more accountable for the kinds of mishaps that can lead to explosions.

In addition to the Texas City plant, BP operates refineries in Whiting, Ind.; Carson, Calif.; Cherry Point, Wash.; and Toledo, Ohio. The Texas City site is the largest refinery in BP's portfolio.

Last month, in what the panel described as an "encouraging" sign, BP said C.J. Warner, a regional vice president for health, safety and the environment, would become BP's new refining global vice president. She replaces Mike Hoffman, who will leave the company on April 30.

BP Rejects 'profits Above Safety' Accusation (FT)

Financial Times, January 17, 2007

BP on Tuesday night hit back at suggestions it put profits over safety after a damning independent report found "material deficiencies" and systemic problems in stewardship of all five of its US refineries.VIDEO ANALYSIS

Ed Crooks, Energy editor, on the Baker report and its implications for BP

A panel led by James Baker, former US secretary of state, commissioned after the fatal 2005 Texas City refinery explosion, identified a series of weaknesses in BP's safety practices. "Significant process safety culture issues exist at each refinery, not just the Texas City facility," it said.

The explosion killed 15 people and 170 were injured. It was America's worst industrial accident in a decade.

The panel's 374-page report was intended to make recommendations about all BP's US refineries. It refrained from criticising individuals but it said Lord Browne – who made the surprise announcement last week he would step down in July and hand over to Tony Hayward – was "instrumental in shaping BP's corporate culture".

It added: "While BP has an aspirational goal of 'no accidents, no harm to people' BP has not provided effective leadership in making certain its management and US refining workforce understand what is expected of them regarding process safety. The panel believes that BP has not provided effective process safety leadership and has not adequately established process safety as a core value."

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Lord Browne – who denied his early departure was prompted by the report – said: "If I had to say one thing which I hope you will all hear today it is this: BP gets it. And I get it too." He denied cost-cutting was responsible for failings: "We've never focused on profits above safety." He added: "I certainly never turned down a request [for safety funds]."

The report's findings are likely to be used against BP in many outstanding civil cases and could be seized by the grand jury investigating whether to bring criminal charges.

Mr Baker said Peter Sutherland, BP chairman, described his findings as "quite a harsh report".

The inquiry acknowledged BP had improved its safety record since the blast, but said management failed to provide leadership when tackling the systemic problems in the rest of the US.

Mr Baker said earlier: "There are some changes [in management] that we believe perhaps could be helpful" but did not discuss individuals. John Manzoni, BP's board director with responsibility for refining and marketing at the time, remains in that position. He said he would not resign after Mr Baker's findings.

The report made 10 recommendations that BP is expected to follow in full. It said executive board members must show leadership on safety and establish integrated, comprehensive safety management. It also urged BP to establish a more open safety culture at each refinery and advised it to work with government agencies and unions to develop indicators to monitor safety.

It said BP had failed to ensure that suffiicent resources "were effectively allocated to support or sustain a high level of process safety performance" but that it did not have enough information to conclude whether BP had "intentionally withheld resources on any safety-related assets or projects for budgetary or cost reasons."

BP expects to fund the recommendations from within the US safety, compliance and regulatory affairs budget which it increased last July from $6bn to $7bn.

BP Failed On Safety, Report Says (WP)

By Steven Mufson

The Washington Post, January 17, 2007

BP's safety practices came under fire yesterday from a blue-ribbon panel that said the oil company skimped on spending and failed to take other steps that might have prevented a deadly refinery explosion in March 2005.

In a 347-page report, the panel chaired by former secretary of state James A. Baker III said that the London company failed to provide "effective" leadership to make the safety of its industrial equipment "a core value" at its five U.S. refineries."

The 11-member panel, asked by BP to study all of its U.S. refineries at the urging of the U.S. Chemical Safety Board, made 10 recommendations for BP to improve safety, including hiring a special monitor to check on the company's progress.

BP said it would adopt all the recommendations and noted that it had already taken many steps to fix the problems that led to the blast at its Texas City, Tex., refinery, which killed 15 workers and injured more than 170 others.

"BP gets it, and I get it too," chief executive John Browne said yesterday in a teleconference with reporters. "I recognize the need for improvement."

But he took issue with those who criticized him for failing to devote enough money to refinery safety. "We've never focused on profits above safety," he said.

The Texas City refinery explosion was the first of a series of setbacks over the past two years that sent BP reeling and contributed to the announcement Friday that Browne would retire early. Browne, who built BP into one of the world's supermajor oil companies in 10 years as chief executive, had said he would stay until the end of 2008. He now plans to leave in July and join a private equity firm.

The Baker panel's report did not point a finger at Browne or any other BP executive, but it targeted some of the same issues cited by government regulators and lawyers suing BP on behalf of those injured in the blast.

The panel said that BP had not learned from a long string of past accidents , had "a false sense of confidence" about safety, "did not always ensure that adequate resources were effectively allocated to support or sustain a high level" of safety in the industrial process and rotated refinery chiefs too quickly.

The Texas City refinery, built in 1934, has had eight managers since 2000. BP executives said yesterday that managers would now remain at one refinery for three to five years.

The panel also cited earlier reports that some Texas City refinery workers had put in 12-hour shifts for 30 consecutive days, and that even if fatigue did not cause the accident, it contributed to safety risks.

Some BP critics have said that top executives are culpable because of cost cutting that might have led to the accident. The Baker report notes that before the accident, Amoco, which was later bought by BP, had cut maintenance spending at the Texas City refinery by 41 percent and capital spending by 84 percent from 1992 to 1998. Despite those cuts, BP asked for a 25 percent

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reduction in costs after it took over the refinery in 2000 as part of its purchase of Amoco. The panel noted that managers' performance was measured in part by their ability to meet that target. Texas City came close, the panel said.

The Texas City plant was not the only refinery in need of greater company spending. The panel said that many hourly workers interviewed at BP's Whiting, Ind., refinery reported that as a result of underfunding, "preventive maintenance was seldom practiced, the refinery had a 'run until it breaks' mentality, and the workforce had a great deal of experience running equipment with 'Band-Aids.' " A survey of people working at a Toledo refinery showed that 33 percent of operations managers, 44 percent of maintenance technicians and 63 percent of health-and-safety employees disagreed with the statement that "process safety programs . . . have adequate funding."

After a consultant hired by BP urged bigger refinery budgets, BP increased spending somewhat. But in late 2004, weeks before the explosion, BP headquarters had asked its refineries to trim costs by an additional 25 percent. "It is not clear to the Panel why the U.S. refineries did not receive greater funding," the Baker report says.

Browne said yesterday that no specific request for spending on safety was ever turned down, though he acknowledged that he only set broad budget guidelines.

The Baker panel will not have the last word on the Texas City disaster. The Chemical Safety Board expects to issue a report in March. Daniel Horowitz, a spokesman for the board, said yesterday that the Baker panel's report showed that many things contribute to accidents like the one in Texas City. "It is a very significant finding that BP does not effectively investigate incidents throughout the corporation," he said. "If you're not learning from near misses, you're not in a position to prevent major disasters like the one in Texas City."

Browne, who visited the refinery the day after the blast, said: "I will always remember that day vividly." He said it "was a watershed" that would "forever change BP."

Inquiry Faults Management At BP In Blast That Killed 15 (NYT)

By Heather Timmons

New York Times, January 17, 2007

LONDON, Jan. 16 — An investigation led by former Secretary of State James A. Baker III has concluded that weak leadership at BP and a lack of attention to effective safety helped create a dangerous setting that led to 15 deaths at the oil giant's Texas refinery, according to the report released Tuesday.

Based on hundreds of interviews with employees, the 374-page report painted a layered picture of recurring neglect, avoidance and wrong-headed corporate directives that culminated in the fatal explosion at the refinery in 2005.

The panel made 10 recommendations, including the creation of an independent monitor to report to the company's board over a five-year period. BP responded that it would carry out the 11-member panel's findings.

The company's departing chief executive, John Browne, denied that there were fundamental problems with BP's structure or that a succession of problems were related. But he said he "has a responsibility to implement these findings" and a "moral responsibility" to make sure the company is improved.

Mr. Browne said last week that he would retire from BP in July, 18 months sooner than expected. He will be succeeded by Tony Hayward, the head of exploration and production, who will face the challenge of trying to repair the company's reputation with investors and the public.

The Baker report said the company had fundamental problems in its "decentralized management system and entrepreneurial culture," which left safety processes to the discretion of managers and did not define what was expected of them. Executive management was not held accountable for safety process of the United States refineries, the report said.

Though the panel did not explicitly blame Mr. Browne, he was a key proponent of the entrepreneurial culture.

The Baker report said that workers at BP's United States refineries were overworked and the refineries thinly staffed and that employees there did not report accidents and safety concerns because they feared repercussions or judged that the company would not do anything about them.

Internal company audits were focused on making sure that refineries were in compliance with laws, rather than ensuring that management systems were making the refineries safe, it added.

The report made a series of suggestions about improving safety culture, including improving the auditing and safety education at all the United States refineries. Since the explosion, BP has created a safety and operations division that reports to the chief executive and has increased its budget for its refining operations.

BP has said in the past that it will spend $200 million to pay for 300 external experts to conduct audits and redesigns. It has also said it has set aside money to compensate victims of the explosion at Texas City, Tex., near Galveston, which also injured 170 people.

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Though it did not conclude that BP purposely reduced safety spending, the report said that cost-cutting at BP had been severe. At the Texas City refinery, total maintenance spending fell 41 percent from 1992 to 1999, and total capital spending fell 84 percent from 1992 to 2000. On top of those cuts, BP challenged its managers to reduce costs by 25 percent after its merger with Amoco in 1998.

The investigation was initiated after the Texas City refinery explosion. Investigators at the Chemical Safety and Hazard Investigation Board say that flammable liquids overflowed at the plant, creating a cloud of vapor that ignited.

BP has had a succession of diverse problems in recent years, including leaks in its Alaska pipeline and accusations of market manipulation at its trading desks, leading some to re-examine a once highly praised company and its longtime chief executive, Mr. Browne.

Many workers at Texas City, Toledo and Whiting refineries complained about a lack of funds that helped create unsafe conditions, the report said, telling investigators they thought that "profit comes before safety" at the company.

On Tuesday, BP officials denied that this was the case.

Mr. Baker served as chairman of a panel reviewing BP's safety practices.

The chairman and president of BP America, Robert A. Malone, said in an interview that the report is "hard-hitting and it hurts." Mr. Malone emphasized that reducing costs did not necessarily translate into safety problems, and that the company had never refused to finance a safety matter.

BP managers were flooded with what the report called "initiative overload." The company required that managers follow numerous initiatives, on issues as diverse as health, environmental matters and asset sales, which took attention away from day-to-day safety concerns. The "large number of initiatives and related paperwork contributed to a heavy workload and prevented the work force from being as focused on safety and operations as they would like," the report found.

Employees at BP's United States refineries also worked significant amounts of overtime, it found. According to minutes of a 2003 meeting, some laboratory staff members worked 24 hours consecutively. High turnover at BP refineries, particularly in management, also contributed to inconsistent safety procedures.

It was clear from the report that BP managers had been aware there were problems at refineries. In 2003 and 2004, managers said the refinery in Texas City was at risk because of "infrastructure integrity and mechanical reliability."

BP Neglected Refinery Safety, Says Report On '05 Plant Explosion (USAT)

By Edward Iwata

USA Today, January 17, 2007

British oil giant BP (BP) suffered from safety deficiencies at all five of its U.S. refineries, according to a report released Tuesday by a panel investigating the energy company.

Led by former Secretary of State James Baker, the panel's report comes two years after an explosion and fire at BP's refinery in Texas City, Texas, killed 15 people and injured 170 in one of the worst U.S. workplace disasters in history.

REPORT: Read the full report of the BP U.S. Refineries Independent Safety Review Panel and BP's response

The panel said BP had improved "personal safety" procedures and lowered the injury rates for workers in recent years. But BP failed to create company-wide safety performance systems and oversight that could prevent fatal serious blasts, fires and spills.

As a result, BP had "a false sense of confidence" that it was "properly addressing process safety risks," said Baker, a partner at the Baker Botts law firm in Houston.

The panel found no evidence that BP made "any deliberate and conscious efforts to short-circuit safety," added Slade Gorton, a panel member and former U.S. senator from Washington.

But the 374-page report concluded that:

·The refineries in Texas City; Toledo, Ohio; Whiting, Ind.; Carson, Calif. and Cherry Point, Wash., suffered from "a lack of operating discipline," complacency and a tolerance of serious safety risks.

·BP failed to provide effective safety leadership and performance at all corporate levels, partly because of high turnover of plant managers.

·High overtime by operations and maintenance workers may have hurt their ability to perform their jobs safely.

·Top-level BP executives and managers were not held accountable for poor safety performance.

·Many workers believed that profits, production goals and budgetary constraints overrode safety at the plants.

The panel recommended a range of safety measures, including a strong safety audit system and an independent monitor to follow BP's progress for five years.

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BP said it will adopt the panel's recommendations at its 23 refineries worldwide, adding that its internal reviews found similar problems. "We asked for a candid assessment from this diverse group of experts and they delivered one," said BP CEO John Browne.

The panel was appointed by Browne in 2005 at the urging of the U.S. Chemical Safety and Hazard Investigation Board, which is conducting a separate investigation and report on the Texas City explosion to be released early this year.

Browne said Friday that he will retire in July, a year earlier than expected. He will be succeeded by Tony Hayward, BP's head of exploration and production.

BP will increase its spending on safety from $1.2 billion in 2005 to $1.7 billion annually from 2007 to 2010. BP also has set aside $1.6 billion for victims of the explosion, and it will pay $21 million to settle 300 suspected safety violations alleged by the U.S. Occupational Safety and Health Administration.

Baker said the safety deficiencies found by the panel are not unique to BP, and that the oil and chemical industries would have safer workplaces if it used the panel's recommendations.

Safety Report Will Test BP's Incoming CEO (WSJ)

By Chip Cummins

Wall Street Journal, January 17, 2007

LONDON -- BP PLC'S effort to minimize damage from a critical independent safety review of its U.S. operations presents the first big test for BP's next chief executive, Tony Hayward.

The London-based oil titan, reacting to the review released yesterday by an independent panel, promised to embrace a number of sweeping changes at its U.S. oil refineries, including engaging an independent body to monitor safety practices at the company. The panel, led by former U.S. Secretary of State James Baker III, sharply criticized practices at BP's American refineries, saying the company lacked strong leadership on safety.

The panel said it found significant problems at BP's five U.S. refineries. BP commissioned the panel after an explosion at its plant in Texas City, Texas, killed 15 workers in March 2005. "BP has not provided effective process safety leadership and has not adequately established process safety as a core value across all its five U.S. refineries," the report said.

Mr. Baker, in a news conference in Houston yesterday, said BP appeared to take safety seriously. But he said the company focused on "personal safety" improvements, for instance tracking statistics such as frequency of accidents and days lost to injuries. Such statistics led to a "false sense of confidence" in the company's safety culture and didn't enable the company to develop adequate, corporatewide safety procedures, Mr. Baker said.

The report also cited BP for not always ensuring that adequate funding and manpower were devoted to safety. But the panel never found that BP "purposefully withheld resources" that shortchanged safety, Mr. Baker said.

BP itself has issued stinging self-critiques of its Texas City plant after the accident. The U.S. Occupational Safety and Health Administration and the U.S. Chemical Safety and Hazard Investigation Board have both alleged specific safety shortfalls in Texas. Officials at the chemical-safety board, for instance, said that BP's cost cutting there played a direct role in causing the accident, an allegation BP has denied and that the Baker report said it couldn't substantiate.

The report is the most recent rebuke to longtime BP CEO John Browne. Last week, Lord Browne said he would step down about a year and a half earlier than expected. It comes amid other major problems for the company in the U.S., from oil spills and corrosion in Alaska to alleged improper energy trading, a charge BP denies.

Still, the Baker report contained little in the way of dramatic revelations, and its findings weren't as blistering as many BP executives and industry experts had anticipated. Thus, the publication of the report could provide the company an opportunity to show investors and regulators that it is acting quickly to shore up what has become a big American liability: safety.

The effort will be the first big test for a new management team led by Mr. Hayward that is gearing up to take over from Lord Browne. Currently BP's head of exploration and production, Mr. Hayward will take over as CEO in August. 9

Mr. Hayward will have to deliver on BP's promises to improve safety and make the structural and cultural changes pushed by the Baker panel. BP said yesterday it had already moved to shore up safety at its plants and was spending more money on its refineries.

The company said it would embrace all of the panel's recommendations, including agreeing to an outside body to monitor safety for five years. That recommendation was reported over the weekend by The Wall Street Journal. The Baker panel said that the outside body should report periodically to the board about how well the company is living up to its promises to improve safety and that BP should make those findings public.

BP's Safety Failures Are Not Yet Resolved (FT)

Financial Times, January 17, 2007

DOJ_NMG_0117803

Another month, another Baker report. December's report from the Iraq Study Group, co-chaired by James A. Baker III, former US secretary of state, has been largely ignored by America's president. But the management of BP, the oil giant, must not ignore yesterday's report from a panel chaired by Mr Baker into the safety and management of the company's US operations.

The independent panel was formed on the recommendation of a safety watchdog investigating the explosions at BP's Texas City refinery, which killed 15 workers and injured 500 more in March 2005. The panel looked at safety culture across BP Products North America, not just at Texas City, reflecting other accidents, including some at BP's Alaskan operations.

The Baker panel found that BP "has not provided effective process safety leadership", that "material deficiencies in process safety exist at BP's five US refineries" and that "BP's executive management either did not receive refinery-specific information on process safety deficiencies . . . or did not effectively respond to the information that it did receive".

That is a damning verdict. The panel's conclusions suggest that BP's executives were most at fault, but the board of directors does not escape. The board relied on information about safety given to it by management. But, implies the report, the board did not question that information. As a result it failed to ensure that effective management systems for process safety were actually put in place.

When management failures lie behind a tragedy on the scale of Texas City there must be accountability. BP has convened the Baker panel and conducted a thorough review of its own safety procedures: for that it deserves applause. Lord Browne, the company's iconic chief executive, announced last week that he will step down a year earlier than planned.

For Lord Browne, who as CEO must bear ultimate responsibility, the safety failures are a blot on an otherwise stellar career. But his departure does not draw a line under the Texas City disaster. The executives in charge of BP's North American refineries should consider their positions. The boardroom, meanwhile, where many non-executives have been in place for almost a decade, needs to be revamped.

There should be no schadenfreude inside other companies. Instead they should realise that, despite increased board-level scrutiny of financial affairs in the wake of the Enron scandal, businesses face other grave risks. At an industrial company, safety is one. Non-executives need to start asking the right questions.

The Baker panel goes on to set out how BP can improve its process safety: through better management, monitoring, accountability and, most important of all, leadership. If BP and others follow that advice, it will be a big step towards better industrial safety.

Justices Decline To Take Up New Eminent Domain Case (NYT)

By Linda Greenhouse

The New York Times, January 17, 2007

WASHINGTON, Jan. 16 — The Supreme Court on Tuesday bypassed an opportunity to revisit or limit its much-disputed 2005 ruling that upheld governmental power to use eminent domain to foster economic development.

Without comment, the justices declined to hear a case from Port Chester in Westchester County, N.Y., that challenged the village's use of eminent domain in a dispute between a property owner and a private company designated as the developer of a run-down 27-acre urban renewal area.

The redevelopment plan, adopted by Port Chester in 1999, envisioned a retail area that would include a drugstore. In 2002, the developer, G & S Port Chester LLC, announced that a Walgreens store would be part of the project. But Bart Didden, the owner of the parcel where the store was to sit, had by that time separately entered into a lease with a competing drugstore chain, CVS.

After negotiations between Mr. Didden and G & S Port Chester failed, the village sided with its developer and notified the property owner that his half-acre parcel would be taken by eminent domain and made available for the developer's use. Mr. Didden and his business partner, Domenick Bologna, brought a lawsuit in 2004 arguing that Port Chester's condemnation of the property was not for a true "public use," the phrase that identifies the constitutionally permissible use of the eminent domain power, but rather for the private financial benefit of the developer.

The lawsuit accused Gregg Wasser, G & S Port Chester's owner, of having improperly demanded a financial stake in the plan for the CVS store as the price for permission to proceed with it. Both the Federal District Court in Manhattan and the United States Court of Appeals for the Second Circuit dismissed the lawsuit.

In their Supreme Court appeal, Didden v. Village of Port Chester, No. 06-652, Mr. Didden and Mr. Bologna were represented by the Institute for Justice, a public interest law firm in Arlington, Va., that litigated on behalf of the property owners in the 2005 Supreme Court case and that has organized a national campaign against what it calls eminent domain abuse.

Partly in response to the Supreme Court's ruling in that case, Kelo v. City of New London, 34 states have adopted measures limiting the use of eminent domain. The Institute for Justice publicized the Port Chester case widely and looked to it as

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an opportunity for the court to clarify "that Kelo did not suddenly turn every redevelopment area in the United States into a Constitution-free zone," as Dana Berliner, a senior attorney with the institute, said when the appeal was filed in November.

"The court will have to review an eminent domain case sometime soon," Ms. Berliner said on Tuesday.

The vote in the Kelo case was 5 to 4. The recent changes at the court are not likely to have an impact, however, because both Chief Justice William H. Rehnquist and Justice Sandra Day O'Connor, the two justices who have since been succeeded, were among the dissenters.

Even if there was interest on the court in revisiting the issue, the justices might have seen the Port Chester case as a poor vehicle for doing so, because the lower courts based their dismissal on the property owner's failure to file his lawsuit within the three-year statute of limitations. The suit should have been filed within three years of the village's July 1999 adoption of the redevelopment plan, the courts ruled, rejecting Mr. Didden's argument that the clock did not start running until late 2003, when the village announced that it would take his property.

"I'm so disillusioned with the whole court system at this point," Mr. Didden said on Tuesday.

Mark S. Tulis, special counsel to the village, said in an interview that the village had had to choose between condemning Mr. Didden's property or breaching its 1999 contract with the developer. "Either way," Mr. Tulis said, "we knew there was no way both sides would be happy."

The amount that Port Chester has to compensate Mr. Didden is the subject of a separate lawsuit.

In other action on Tuesday, the court declined to hear a California utility company's appeal of a ruling that required administrative review of the potential environmental impact of a terrorist attack on the Diablo Canyon nuclear power plant in San Luis Obispo.

The utility, Pacific Gas and Electric, is seeking a 20-year license from the Nuclear Regulatory Commission to build and operate a spent-fuel storage installation there. Responding to a lawsuit brought by a local antinuclear group, San Luis Obispo Mothers for Peace, the United States Court of Appeals for the Ninth Circuit ruled that before granting the license, the nuclear agency had to take account of the potential environmental risk of terrorism.

The utility's appeal, Pacific Gas and Electric v. San Luis Obispo Mothers for Peace, No. 06-466, argued that the ruling was a misinterpretation of federal environmental law that would place unnecessary burdens on license applicants.

The government itself did not file a Supreme Court appeal, however. Solicitor General Paul D. Clement told the court in his brief that while the decision was incorrect and potentially "disruptive," it was too soon to know how disruptive it would prove to be in practice. While the government would support the utility if the justices nonetheless wanted to accept the case, the brief said, the appeal "does not clearly satisfy the court's criteria" for taking up appeals and should be denied.

Order For Diablo Review Stands Up (SLOT)

By David Sneed

San Luis Obispo Tribune, January 17, 2007

The U.S. Supreme Court will not review a lower court decision requiring an examination of how a terrorist attack on Diablo Canyon nuclear power plant's aboveground waste storage could harm the environment.

The court announced Tuesday it will not hear the case. Doing so exhausted all review of the lawsuit, forcing the federal Nuclear Regulatory Commission and plant owner Pacific Gas and Electric Co. to comply with a ruling of the 9th Circuit Court of Appeals.

That ruling will likely force the agency and PG&E to redo the environmental analysis of the dry-cask storage facility, complete with more public hearings to specifically address how the environment could be harmed if terrorists attack the facility. NRC officials do not yet have a timeline for fulfilling the court ruling, said Dave McIntyre, NRC spokesman.

"It's early in the process, but the word we are getting from upstairs is that they will act soon," he said.

PG&E officials are encouraging the agency to act quickly to avoid any delays in the project. Construction is continuing on the storage facility, which consists of a thick concrete slab behind the plant upon which large casks containing highly radioactive spent fuel rods will eventually be stored.

"It's up to the NRC to define whatever steps we need to take to resolve this issue," PG&E spokesman Jeff Lewis said. "The ball is in their court."

An attorney for the plaintiffs in the case, the San Luis Obispo Mothers for Peace, said the utility cannot load any casks with spent fuel until it complies with the court ruling.

The question of whether PG&E can load the casks is a moot point, McIntyre said; the utility will not start loading until early 2008, and the NRC plans to have the case resolved by then.

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Mothers for Peace spokeswoman Jane Swanson said the group is elated by the Supreme Court's decision. It will force the NRC and the nuclear industry to more openly consider health and environmental risks associated with terrorist attacks when designing and building nuclear facilities, she said.

"Now, after years of resistance, the NRC and PG&E are forced to address these concerns," she said.

The NRC and PG&E argued that additional reviews under the National Environmental Policy Act are unnecessary, because protecting nuclear facilities is already covered by the Atomic Energy Act.

While the PG&E case is lost, the NRC has other cases before it that deal with the NEPA and terrorism issue.

"There may be opportunities for the NRC to raise the issue again in future court cases," McIntyre said.

Diablo Canyon's used but still highly radioactive nuclear waste is now stored in two pools at the plant. These pools are nearly full, and PG&E needs to transfer some of the older spent fuel to dry casks to make way for newer spent fuel.

PG&E applied to build the dry-cask facility in 2001. The Sept. 11 terrorist attacks of that year prompted the Mothers for Peace and other groups to ask the NRC for hearings into the adequacy of the storage facility.

The agency denied the request, prompting a federal lawsuit. On June 2, the federal appeals court in San Francisco ruled in favor of the Mothers for Peace.

The ruling caused utilities and infrastructure managers across the country to re-evaluate how they protect their facilities from terrorist attacks and, specifically, how much public involvement in the process is appropriate. PG&E, with the backing of the NRC, appealed the ruling to the Supreme Court and lost.

Supreme Court Won't Hear PG&E Appeal Of Diablo Canyon Nuclear Storage Ruling (SLOT)

By David Sneed

San Luis Obispo Tribune, January 17, 2007

The U.S. Supreme Court announced today that it will not review a lower court ruling, which requires the federal Nuclear Regulatory Commission and Pacific Gas and Electric Co. to analyze the environmental impacts of a terrorist attack on an aboveground storage facility for highly radioactive used fuel at Diablo Canyon nuclear power plant.

The ruling settles the case once and for all. It is now up to the commission to decide what additional action must be taken to comply with a June 2 ruling by the Ninth Circuit Court of Appeals in San Francisco.

Dave McIntyre, an NRC spokesman, said it is too early to know exactly what the commission will do to satisfy the court ruling. Redoing the environmental review including more public hearings is possible.

Jane Swanson, spokeswoman for the San Luis Obispo Mothers for Peace, said the group is elated by the ruling. The nuclear watchdog group filed the original lawsuit against the agency.

"What the little Mothers for Peace has done is truly amazing," she said. "We have changed the rules the nuclear industry must follow."

Spokesmen for PG&E and the NRC said they are disappointed with the decision. PG&E spokesman Jeff Lewis said the utility calls on the NRC to decide quickly how it will comply with the ruling.

"It's up to them to decide whatever steps we need to take to resolve this issue," he said.

PG&E had filed the appeal to the Supreme Court.

Construction is continuing on the dry casks and is not expected to be delayed as the NRC decides how to respond to the court ruling. PG&E may not be able to load spent fuel into the casks before the NRC decides how to act. However, the fuel wouldn't be loaded for at least another year anyway.

Supreme Court Refuses To Hear PG&E Appeal (LR)

By April Charlton

Lompoc Record, January 17, 2007

San Luis Obispo Mothers for Peace, a local Diablo Canyon Nuclear Power Plant watchdog group, has won a victory against utility giant Pacific Gas and Electric Co.

On Tuesday, the U.S. Supreme Court ruled the Nuclear Regulatory Commission must follow an earlier ruling by a lower court that the agency consider environmental impacts of a terrorist attack on the dry-cask storage facility planned for the nuclear plant.

The NRC issued PG&E a permit to construct an above-ground storage facility on the hillside above Diablo Canyon, where the power plant's spent-fuel rods would be stored.

At that time, the regulatory agency found that a potential terrorist attack on the dry-cask storage facility was "remote and speculative" and didn't warrant examination.

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Mothers for Peace challenged the federal agency's ruling, and in June, the 9th U.S. Circuit Court of Appeals disagreed with the NRC's 2003 finding, ordering the commission to reconsider the likelihood of an intentional attack on the storage facility.

PG&E appealed the lower court's ruling, requesting that the Supreme Court review the decision, which it formally declined on Tuesday, leaving Mothers for Peace members elated.

"After the events of Sept. 11, it is only reasonable that the significant health and environmental risks of terrorist attacks be considered when designing and building nuclear facilities," said Jane Swanson, Mothers for Peace spokeswoman. "Now, after years of resistance, the NRC and PG&E are forced to address these concerns."

Jeff Lewis, PG&E Diablo Canyon spokesman, said the utility company is disappointed but plans to proceed with the dry-cask project while the NRC decides how it will comply with the Supreme Court's ruling.

"To this point, we've spent $74 million on this project," Lewis said, "and we're on schedule to start the initial loading (of the casks) late this year, pending any other developments."

Lewis added that to keep the dry-cask project on schedule, "PG&E expects the NRC to clearly define the issues to be resolved to address the Ninth Circuit's concerns, the procedures to be followed and the schedule for resolution."

U.S Supreme Court Rules Diablo Must Consider Environmental Impact Of Terrorist Attacks On Nuclear Facilities (KSBY-TV)

By Andrew Masuda

KSBY-TV, January 16, 2007

Decision could significantly impact the future of Diablo Canyon

The U.S. Supreme Court delivers a major victory today to nuclear power opponents here on the Central Coast. The decision could significantly impact the future of Diablo Canyon and other nuclear power plants.

Today, the U.S. Supreme Court said it won't consider PG&E's appeal of a previous ruling that involves the storage of used nuclear fuel at Diablo Canyon.

It's a major victory for the local watchdog group, Mothers for Peace, and nuclear opponents nationwide.

"Today's ruling is a real triumph," says Mothers for Peace spokesperson Jane Swanson.

The "triumph" to which Swanson is referring is a setback for PG&E, which operates Diablo Canyon.

Tuesday, the U.S. Supreme Court upheld a U.S. Court of Appeals ruling that the NRC -- or Nuclear Regulatory Commission -- must consider the environmental impacts of a terrorist attack on nuclear facilities.

Mothers for Peace raised the issue over PG&E's already NRC-approved dry cask storage project at Diablo.

"Since 1973," says Swanson, "we've been plugging away. So it feels really good to be validated by the highest court in the land.

PG&E actually started construction last October of its dry cask storage facility, which will store used nuclear fuel above ground.

PG&E says the $95 million project is essential to the plant's future, because they're running out of space in their used fuel pools.

"If we're not able to continue with this project, you know, ultimately the plant would have to shut down sooner than it's licensed," says PG&E spokesperson Jeff Lewis.

PG&E planned to begin storing spent fuel when construction is completed in November. Now, they must wait for the NRC to comply with the law and consider the impact of an attack.

"We're saying that's redundant," says Lewis.

Redundant to Jeff Lewis, but a precedent to Jane Swanson, who says her local group has finally prevailed over nuclear giants. Swanson hopes the ruling will be applied to nuclear operators nationwide.

PG&E officials say, without the storage project, Diablo could be forced to shut down in three years -- 15 years early. Not only would that hurt the state's power grid; Diablo is also the largest private employer in San Luis Obispo County. Experts estimate it has a $643 million impact on the local economy -- that's 7% of the county's entire economy.

PG&E hopes the NRC will comply by November. A spokesperson for the NRC says it's too early to know exactly when that will happen. A new environmental review with more public hearings is possible.

Supreme Court Action May Jeopardize Oyster Creek Relicensing (PofAC)

Press of Atlantic City, January 17, 2007

The U.S. Supreme Court let stand today a decision by a lower federal court that could jeopardize the re-licensing of the Oyster Creek nuclear generating station.

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The justices decided against reviewing a 9th Circuit Court of Appeals in San Francisco decision on the storage of spent nuclear fuel rods at Diablo Canyon nuclear power plant in California. In June 2006, the 9th Circuit Court ruled that the Nuclear Regulatory Commission was wrong when it refused to consider the possibility of a terrorist attack in preparing an environmental impact statement under the National Environmental Policy Act, or NEPA.

That ruling came in a California case, brought by the San Luis Obispo Mothers for Peace, who challenged the NRC's view that the possibility of a terrorist attack on a nuclear facility is so remote that the potential consequences of an attack need not be considered in such a review.

Although that ruling was aimed at the storage of spent nuclear fuel rods at Diablo Canyon Power Plant in California, the ruling by the Supreme Court could force a re-evaluation of Oyster Creek's ongoing attempt at license renewal. The Oyster Creek plant stores spent nuclear fuel rods in a pool which is 119 feet above the ground and holds about 375 tons of highly radioactive fuel rods.

The state of New Jersey last year filed a contention nearly identical to the one filed with the 9th Circuit Court by the San Luis Obispo Mothers for Peace.

Utility Ruling Could Have Effect On New Jersey (CHCP)

Cherry Hills Courier Post, January 17, 2007

The U.S. Supreme Court on Tuesday may have strengthened New Jersey's case to have federal regulators consider the impact of a terrorist attack on the Oyster Creek nuclear power plant in Lacey before renewing its operating license.

The justices, without comment, turned away an appeal by a California utility, which had unsuccessfully argued that regulators should not have had to evaluate an attack's impact before approving a storage site for radioactive waste.

But the Ninth U.S. Circuit Court of Appeals in June said such an evaluation should have occurred. The Supreme Court let that decision stand on Tuesday.

The arguments presented by the plaintiff in the California case, a citizens' group, and those presented by New Jersey officials in seeking a federal administrative hearing on the terrorism issue were nearly identical.

Calif. Court Ruling Could Have Bearing On Oyster Creek Relicensing Bid (APP)

By Nick Clunn

Asbury Park Press, January 17, 2007

Threat of attack must be weighed at plant in Calif.

The U.S. Supreme Court on Tuesday might have indirectly bolstered the state's case for requiring federal regulators to assess the potential impact of a terrorist attack on the Oyster Creek nuclear power plant in order for it to receive a renewed license.

The justices, without comment, decided not to hear an appeal by California utility PG&E, which argued that regulators should not have to evaluate the possible impact of an attack before approving a storage site for radioactive waste.

In June, the 9th U.S. Circuit Court of Appeals said such an evaluation should have occurred, and the Supreme Court let that decision stand.

Neil Sheehan, a spokesman for the Nuclear Regulatory Commission, said it is now up to the NRC to decide what additional action must be taken in regards to the California waste site proposal for the agency to comply with the appellate court ruling.

The winning arguments presented by the citizens' group San Luis Obispo Mothers for Peace and then by New Jersey environmental officials seeking a federal hearing on the terrorism issue were nearly identical.

Both argued that the National Environmental Policy Act, a landmark law created 36 years ago, requires the U.S. Nuclear Regulatory Commission to take terrorism into account when reviewing license and permit applications.

"It's certainly validation of the point we've made to the NRC about Oyster Creek," said state Department of Environmental Protection Commissioner Lisa Jackson, referring to the Supreme Court's decision.

Considering that the policy act requires all federal agencies to assess the environmental consequences of major projects, Tuesday's decision might eventually have effects beyond the Lacey plant and the nuclear power industry. Susceptible to change are the approval processes for liquefied natural gas terminals, dams, highways and railways.

Implications debated

Before Tuesday's ruling, the Nuclear Energy Institute, an advocacy group for the industry in Washington, said a terrorism review triggered by the policy act might impede the licensing of nuclear power plants and delay important federal projects.

But Sheehan said the appellate decision only applies to the 9th Circuit.

"If the Supreme Court would have taken this up and ruled on it, then it could have had national implications," he said.

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Sheehan said it is now up to the NRC to decide what additional action must be taken in the California waste site case to comply with the appellate court ruling.

The state Department of Environmental Protection believes the policy act requires that a terrorism vulnerability study be part of the review performed on plants seeking renewed licenses, which are for 20 years.

Oyster Creek, the nation's oldest operating commercial reactor, might have a decision on its renewal application as soon as May.

According to the NRC, renewal reviews do not currently include terrorism because that threat is evaluated regularly through drills and inspections.

State officials want to change that, and have a hearing request on the issue pending before the top five officials at the NRC.

More formal than most governmental hearings, the one sought by the state would involve lawyers presenting positions before a three-judge NRC panel. In the end, the judges could require the plant to meet certain conditions to obtain a renewal.

The commissioners were supposed to grant or deny the request in September, but decided to table it until they heard from the Supreme Court on the Ninth Circuit ruling.

Sheehan said the commission will soon decide on the request.

State's position unchanged

Jackson, the DEP commissioner, said her department has stated its case and will not attempt to file any additional arguments with the federal commission.

The case hinges on how to characterize the likelihood of a terrorist attack. Although the NRC contends that such attacks are "remote and speculative," the state has described an attack on Oyster Creek as "reasonably foreseeable."

"A reasonably foreseeable impact is the usual trigger-point for NEPA reviews," state lawyers argued in a brief submitted to the commission.

At the core of its argument, the state said it is difficult to reconcile the NRC's stance on the risk of a terrorist attack and the great steps the agency took after the attacks of Sept. 11, 2001, to bolster security at the nation's 103 reactors.

"It is illogical for the Commission to consider the threat of terrorist attacks extremely serious outside the NEPA context but only speculative and theoretical within it," state lawyers wrote.

NRC lawyers pointed to numerous agency and court decisions, which advise that terrorism should not be looked at during licensing decisions under NEPA. Doing so would be redundant and nonsensical — the agency should not wait for a licensing decision to consider terrorism concerns at a particular facility, regulators have said.

Signed into law by President Nixon in 1970, the National Environmental Protection Act served as the cornerstone of the environmental programs built by federal, state and local governments that decade. It's credited for mandating that government consider the environ-mental consequences of proposed actions before decisions are made.

ON THE WEB: Visit our Web site, www.app.com, and look under Special Reports' for a link to Relicensing Oyster Creek: Is It Worth It? for past editorials and stories, related links, an interactive graphic that shows how the plant works, and more. If you care to comment, join the online conversation about this topic.

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Jamestown 400th Anniversary Commission Member Resigns Amid Probe (AP)

By Sonja Barisic, Associated Press Writer

AP, January 17, 2007

NORFOLK, Va. - The Interior Department's former No. 2 official has resigned from a federal commission for Jamestown's 400th anniversary amid reports that he is a target of a probe involving imprisoned lobbyist Jack Abramoff.

"As you have no doubt seen, recently there have (been) published reports concerning investigations of actions involving me," J. Steven Griles wrote in a letter to Frank Atkinson, chairman of the Jamestown 400th Commemoration Commission.

"Without commenting on those reports, I have come to the conclusion that it would be better for the commission that I withdraw my membership," Griles wrote in the letter, dated Jan. 10 and provided to reporters by the commission on Tuesday.

Griles, an energy lobbyist, did not immediately return a telephone call Tuesday seeking comment to the Washington, D.C., firm where he works.

Atkinson was unavailable for comment Tuesday and has made no statement about the resignation, commission spokesman William Allcott said. The commission's office in Williamsburg received the letter Saturday, Allcott said.

The commission works with the state agency planning events for the 400th anniversary of Jamestown, America's first permanent English settlement. Its responsibilities include a series of conferences on the future of democracy.

Griles, former deputy interior secretary during President Bush's first term, was notified by letter and told of possible charges - including lying to Congress - at a meeting this month with Justice Department prosecutors, The Associated Press reported last week, citing people familiar with the probe who spoke on condition of anonymity.

The charges involve questions about whether Griles falsely testified in 2005 before the Senate Indian Affairs Committee about Abramoff's attempts to hire Griles away from Interior.

Griles told the committee that Abramoff had no special access to him. Griles' attorney, Barry Hartman, has said that committee's report in September found no evidence that Griles acted improperly.

Abramoff is serving about six years in prison for a fraudulent Florida casino business deal and awaits sentencing in a Washington bribery scandal. The Abramoff investigation ensnared former Rep. Bob Ney, R-Ohio, this fall when the congressman

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acknowledged accepting gifts in exchange for government action. Several Capitol Hill staffers and a former Bush administration official also have pleaded guilty or have been convicted in the case.

The Senate committee's investigation and e-mails detailed numerous contacts with Abramoff and Italia Federici, who was a go-between for Abramoff. Federici headed the Council of Republicans for Environmental Advocacy, and federal investigators have been looking at donations the group received from Abramoff's Indian tribal clients and from energy and mining companies, including some that were Griles' ex-clients.

Appeal Of Pollution Limits Rejected (WP)

By David A. Fahrenthold

The Washington Post, January 17, 2007

The U.S. Supreme Court let stand yesterday a lower court's ruling that would set stricter pollution limits for the Anacostia River, giving environmentalists a victory in a long-running battle over the river's gluts of raw sewage.

The court's decision means that there will be daily caps on the amounts of various pollutants dumped into the Anacostia, although federal officials said it could take until next year for the details to be worked out.

Previously, the Environmental Protection Agency had required only annual or seasonal pollution caps, which can be easier to meet. A panel of the U.S. Court of Appeals for the D.C. Circuit rejected that approach in April, and yesterday the Supreme Court declined to hear an appeal from the EPA and the D.C. Water and Sewer Authority.

The river has fecal bacteria, trash and toxic chemicals that make it one of the most unhealthy streams in the region.

The most significant effect of the decision probably will be on the District's antiquated sewer system, which dumps out raw sewage and rainwater during storms. Environmentalists had argued that the damage done by each one of these "overflows" was so severe that an annual limit was not adequate.

"If you have these big slugs of pollution, over a day or two days, the oxygen level goes down [in the river] and fish die," said David Baron, an attorney for Earthjustice, which filed the suit on behalf of a group called Friends of the Earth. "It doesn't help the fish that, a week or two weeks later, the water's clean again."

Although the environmental groups celebrated yesterday's decision as a victory, it was unclear what the immediate impact on the river's pollution would be. Participants in the case said the EPA might not have the details of the daily limits ready until next year.

If the standards are violated after that, polluters could be fined, Baron said. But he said environmental groups acknowledge that it could take years for that to happen. The EPA had fought for less stringent standards in this case on the grounds that they were more obtainable and easier to measure.

The head of the D.C. sewer authority, which is responsible for the damaging sewage "overflows," said he believed the ruling might actually slow down the pace of the river's cleanup.

He said the agency might have to put some or all of its $2 billion, 20-year cleanup plan on hold while it waits for the EPA to issue details on the daily limits. General Manager Jerry N. Johnson said the agency was concerned that the EPA might call for different alterations at that point than the ones WASA had planned.

"The net effect is that we'd have to slow down the long-term control plan," Johnson said. "Because we don't know what we're designing to.

"I really think that this is not the best outcome for the river," he added. The agency's plan involves digging massive tunnels under the city, where water can be stored during a storm and afterward pumped to a sewage plant for treatment.

The lawsuit itself turned on an unusual semantic argument. The Clean Water Act requires states to determine "total maximum daily loads" of various pollutants, determining how much of each a water body can take without becoming too polluted.

Environmental groups used that language to justify their call for a daily pollution cap. The EPA had argued that the law should be construed to allow annual or seasonal limits in some cases.

In the April ruling, Judge David S. Tatel -- writing for the appeals court panel -- sided with the environmentalists.

"The law says 'daily.' We see nothing ambiguous about this command," Tatel wrote. " 'Daily' connotes 'every day.' "

FBI/DEA/ATF/USMS:

Cleveland's New FBI Chief Calls Terrorism A Priority (CLPD)

By Mike Tobin, Plain Dealer Reporter

The Cleveland Plain Dealer, January 17, 2007

The new head of the Cleveland FBI just bought a house in Bay Village and is moving his family here.

That might not sound like much, but it's a leap of faith for C. Frank Figliuzzi, who last month became the fourth man in five years to head the local FBI office.

"I'm here for as long as I can be," Figliuzzi said. "We want to be here and plant roots in the community."

Figliuzzi, 44, will lead a field office for the first time after running large FBI units in San Francisco, Miami and Washington, D.C.

Figliuzzi said he will follow the priorities outlined by the FBI's leaders, which puts counter-terrorism at the top.

In 2001, Figliuzzi was running the FBI's white-collar crime squad in Miami, investigating corrupt politicians and police. Then came the Sept. 11 terrorist attacks, and he was chosen to lead the counter-terrorism squad in Miami.

"To realize that the majority of the 9/11 attackers operated right under our noses in South Florida," he said, "it was an eye-opener to say the least."

"The threat is very real," Figliuzzi said. "The fact that there hasn't been an attack since Sept. 11 is not the result of luck."

Figliuzzi repeats the mantra of local law enforcement, that cooperation among the various agencies is paramount. One of Figliuzzi's first acts after coming to Cleveland was to have lunch with Police Chief Mi chael McGrath.

McGrath said he is eager to continue work ing with the FBI. "We've never had a bet ter relationship with our federal partners, and we'll continue moving forward," McGrath said.

Figliuzzi's background seems to have prepared him for the wide range of responsibilities he'll face as the local head of the FBI.

A Connecticut native, Figliuzzi joined the FBI after graduating from the University of Connecticut law school. He investigated economic espionage cases before taking over the FBI's Palo Alto office -- a satellite of the San Francisco field office -- where he investigated trade-secret thefts from high-tech companies in Silicon Valley.

Figliuzzi's most recent assignment was as the FBI's chief inspector, responsible for assessing FBI operations around the world.

In recent years, the local FBI and U.S. attorney's office have teamed to prosecute a variety of kickback and bribery schemes involving politicians and, more recently, to target street gangs in Cleveland. Those efforts will continue, Figliuzzi said.

"These gangs provide jobs for kids who hang around and serve as lookouts," Figliuzzi said. "We have to find something better for them to do."

Figliuzzi is proud that he was able to forge relationships with Arab and Muslim groups in Florida while investigating terrorism there. He looks forward to doing the same with groups here.

Altaf Ali, director of the Florida chapter of the Council on American Islamic Relations, said Figliuzzi often visited and met with leaders at mosques while working in Miami. Muslims will find him a good working partner, Ali said.

"He was an individual who actually understood and recognized that the Muslim community is the best tool in helping protect our country," Ali said.

In his free time, Figliuzzi likes to fish and snorkel. The wall of his Lakeside Avenue office is adorned with photos of his big catches in the Florida Keys.

Snorkeling on Lake Erie is probably out, but Figliuzzi said he's ready to try some freshwater fishing.

"I've been hearing a lot about walleye," he said.

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Israeli Drug Kingpin Strikes Plea Deal (MH)

By Jay Weaver

The Miami Herald, January 17, 2007

International narcotics kingpin Ze'ev Rosenstein pleaded guilty Tuesday in federal court to conspiring to import and distribute hundreds of kilos of the popular nightclub drug Ecstasy -- but he will serve his sentence in his native Israel.

U.S. District Judge William Dimitrouleas of Fort Lauderdale sentenced Rosenstein to 12 years in prison. But under an extradition agreement with Israel, he will be allowed to return home to serve the sentence -- and could qualify for parole in five years and four months with time off for good behavior.

Under federal sentencing guidelines, he faced 11 to 14 years in prison.

Rosenstein, 52, listed among the top 50 traffickers worldwide by the Justice Department, agreed to the plea deal on conspiracy charges of peddling and smuggling about 850,000 pills of MDMA, a synthetic drug commonly known as Ecstasy.

The notorious Israeli criminal, who had initially pleaded not guilty, was scheduled for trial next week. He has been in custody in Israel and Miami since late 2004, so at the minimum he would end up serving a total of about 7 ½ years.

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His plea agreement Tuesday is bound by conditions in Rosenstein's extradition agreement between the United States and Israel, which initially paved the way for him to be prosecuted in South Florida.

Those conditions, approved by the Israeli Supreme Court, allow Rosenstein to serve his prison sentence in his homeland, where there is a provision for early release for good behavior. There is no parole of any kind today in the federal criminal justice system.

"To the extent that system differs from ours, I cannot comment," said U.S. Attorney R. Alexander Acosta in Miami. ``He would be serving [his prison sentence] under the Israeli rules."

Acosta said Rosenstein's conviction marks the end of his worldwide organization -- ``his organization is no more."

When Rosenstein returns to Israel, he will plead guilty to a separate charge of conspiring to commit murder, which carries a three-year sentence in that country. But it will run concurrent with his U.S. sentence, defense lawyers said.

Attorney Roy Black, who represented Rosenstein with partner Howard Srebnick, said that both sides had worked diligently on the complicated plea agreement.

Rosenstein is being held in solitary confinement at the Miami Federal Detention Center. He is considered one of Israel's most powerful crime figures -- a household name whose exploits reportedly rivaled those of the infamous Chicago gangster Al Capone.

"If you were to walk down the street in Israel and ask anyone if they knew Ze'ev Rosenstein, they would say yes," Black said.

"He's a household name," added Srebnick.

According to several stories in the Jerusalem Post, Rosenstein allegedly headed one of the six main crime groups operating in Israel and was sometimes described as ``Public Enemy No. 1."

He survived at least four assassination attempts by rival gangs -- including one in December 2003, when a bomb detonated as he left a Tel Aviv money-changer's shop. Three bystanders were killed, but Rosenstein escaped with minor injuries.

Rosenstein was arrested by Israeli National Police in Tel Aviv in November 2004, which marks the beginning of his prison sentence under the plea deal.

He was charged under U.S. law in connection with the seizure of a stash of Ecstasy as well as $187,000 in cash in a New York apartment in the summer of 2001.

But it wasn't until last March -- because of months involved in hammering out the extradition agreement -- that Rosenstein was extradited to South Florida to face conspiracy charges of distributing and smuggling Ecstasy through a narcotics network extending from the Middle East to New York and Miami.

The Miami link: Authorities said they learned about the Israeli network after an informant for the Miami-Dade police and the U.S. Drug Enforcement Administration was approached by a Rosenstein associate, who offered to sell the informant part of the New York stash on consignment.

Seven co-defendants have been convicted and sentenced in the DEA case, handled by prosecutors Benjamin Greenberg and Michael "Pat" Sullivan.

Israeli Mob Suspect Pleads Guilty To Drug Charges, Will Face Prison At Home (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 17, 2007

After his March extradition to the United States, alleged Israeli crime boss Ze'ev Rosenstein had a few words for his supporters: "This year a prisoner in Miami; next year a free man in Israel."

He got his fate half right. On Tuesday, the reputed godfather of the Israeli mob pleaded guilty to two drug smuggling charges as part of an unusual deal that could have him back in his native country within a week, although not as a free man.

Lawyers on both sides agreed Rosenstein, 52, would receive a 12-year prison term with credit for time spent in jail since his November 2004 arrest. U.S. District Judge William Dimitrouleas imposed the sentence immediately.

The government's extradition agreement with Israel ensures Rosenstein will serve his sentence in Israel. Under Israeli law, Rosenstein becomes eligible for parole in 2012, his lawyer Roy Black said after the hearing in Fort Lauderdale federal court.

As part of a separate arrangement with the Israeli government, Rosenstein agreed to plead guilty and accept a three-year sentence for his role in an aborted plot to assassinate a rival, Black said.

Several area lawyers said the terms of his plea agreement seemed unusual for such a high-profile criminal defendant.

As part of the deal, prosecutors agreed to a sentence reduction under a provision designed for nonviolent offenders and minor players with no criminal history. The terms of the plea agreement also bound Dimitrouleas to adopt all provisions and the recommended sentence or reject the deal entirely.

Miami attorney Michael Tein, who is not affiliated with the case, called such agreements "as rare as four-leaf clovers."

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"It shows both sides are extremely happy with this result," Tein said.

Prosecuting the case grew more complicated for government lawyers in November after Dimitrouleas refused to permit Israeli undercover agents to testify using false names. Israeli courts allow the use of pseudonyms to prevent the exposure of undercover agents, prosecutors said.

Defense lawyers opposed the request, saying it would prevent them from thoroughly investigating the agents' backgrounds.

Defense lawyer David O. Markus said negotiations with Israel could have put pressure on the U.S. government to reach an agreement, rather than go to trial.

"When there's an extradition agreement, the government can't just worry about the prosecution. There are a lot of other things to consider," he said.

Rosenstein admitted he took part in a plot to import 850,000 Ecstasy pills into the United States in 2001 to be sold in Miami and New York. Law enforcement agents learned of the shipment from an undercover informant who had been approached about purchasing some pills.

In July 2001, the agents executed a search warrant on a New York apartment where the Ecstasy was held, seizing approximately 700,000 pills. Rosenstein's arrest in Tel Aviv was touted at news conferences in Israel and the United States, where law enforcement officials said they had caught one of the most wanted drug traffickers in the world.

While Rosenstein's alleged crimes went beyond the one Ecstasy shipment, the plea agreement and 12-year sentence reflect only those charges.Rosenstein's lawyer said the father of six was motivated to reach a deal so he could return to Israel more quickly.

Miami Court Approves Rosenstein Plea Bargain (HAARETZ)

By Roni Singer-Heruti

Haaretz, January 17, 2007

A Miami court approved yesterday a plea deal between reputed crime boss Ze'ev Rosenstein and U.S. prosecutors. Rosenstein plead guilty to conspiring to smuggle 700,000 Ecstasy pills from Europe into the United States, and was sentenced to 12 years in prison. He will serve his sentence in Israel, and his property will not be confiscated.

"Now we must return him to Israel as soon as possible," Rosenstein's attorney, Keren Nahari, said yesterday. "I believe it will happen within two weeks."

Once in Israel, Rosenstein will admit in court here to hiring Colombian mercenaries to target members of the Alperon family, also seen as crime kingpins.

For that crime, Rosenstein will be sentenced to three years in prison, to be served concurrently with his 12-year sentence.

The plea agreement was signed and approved after a month of intensive negotiations between Rosenstein's attorneys, American prosecutors and the Justice Ministry here. The deal was struck roughly a week before his trial was scheduled to begin.

Rosenstein is expected to serve six to nine years, and not 12, with expected time off for good behavior.

10 Arrested In Heroin Trafficking Ring (AP)

AP, January 17, 2007

The federal government continued its attack on a large Colombiabased heroin trafficking organization yesterday by announcing that 10 more people were charged in Manhattan and 20 others face charges in Colombia.

The charges bring to 110 the number of people charged internationally in an investigation nicknamed Operation Death Merchant. The operation has resulted in arrests in Manhattan, Baltimore, Detroit, Colombia, the Dominican Republic, and Curacao.

Of the 10 people charged in new cases brought in U.S. District Court in Manhattan, six were arrested in Colombia yesterday and two were arrested in New York. Two remained at large.

30 Busted In Heroin-smuggle Cruise Ruse (NYDN)

By Alison Gendar, Daily News Police Bureau Chief

New York Daily News, January 17, 2007

Federal agents dismantled a Colombian heroin ring by arresting several couriers who stitched packets of drugs into their britches and then took cruise ships to the United States, authorities said yesterday.

"Drug traffickers have never lacked creativity in trying to smuggle in their drugs," said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York office.

"But smuggling drugs aboard cruise ships is a new twist, as traffickers try to do an end run around airport security."

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The investigation, dubbed "Operation Death Merchant," charged 10 people in Manhattan and 20 others in Colombia with smuggling more than $7.5 million worth of heroin into the U.S.

Several couriers hid the drugs inside running shorts and the soles of their shoes. Others carried suitcases and purses packed with smack.

Agents seized 55 kilos of heroin in all, enough to flood the streets with more than a million glassine bags of smack. Seventy-six kilos of coke also were seized off a "go-fast" boat that had departed from Venezuela.

The drugs made their way from Pereira, Colombia, to New York, Baltimore and Detroit, authorities said.

The probe was a joint venture between the DEA, NYPD, New York state police and Department of Homeland Security's U.S. Immigration and Customs Enforcement agency.

Yesterday's charges bring to 110 the number of people charged internationally during the three-year probe.

10 Accused Of Smuggling Heroin In 'Death Merchant' Probe (WNBC)

WNBC-TV, January 17, 2007

Joseph Valiquette Reports For The Investigative Team

NEW YORK -- Charges were unsealed Tuesday naming 10 members of an alleged heroin and cocaine trafficking organization accused of smuggling more than $7.5 million worth of heroin into the United States from Colombia.

Earlier Tuesday, two arrests were made in New York City. Twenty arrests were made in Colombia, five of which were based upon the New York charges.

These charges are the latest to result from Operation Death Merchant, a 3-year international investigation by federal, state and local law enforcement agencies in the United States working with Colombian police agencies.

The probe targeted a drug distribution organization based in Pereira, Colombia, allegedly responsible for transporting heroin and cocaine through South America and the Caribbean into the United States.

Describing the overall results of Operation Death Merchant, DEA Special Agent in Charge John Gilbride said, "Over 117 members have been arrested. Over 170 kilograms of cocaine and 55 kilograms of heroin seized and destroyed."

The smuggled drugs were destined for the eastern part of the United States and distributed throughout New York, Baltimore and Detroit, authorities said.

Authorities said the smuggling methods used by the drug traffickers included couriers who would swallow the heroin pellets and then fly into Kennedy Airport; smugglers who would arrive in the United States aboard cruise ships, taking with them double-sided suitcases filled with heroin; and couriers who carried heroin in the lining of handbags or in the soles of their shoes.

Colombia Nabs Alleged Drug Kingpin (UPI)

UPI, January 16, 2007

BOGOTA, Colombia (UPI) -- An alleged Colombian drug kingpin wanted on charges of smuggling tons of cocaine into the United States has been captured, Caracol Radio reported Monday.

Eugenio Montoya was arrested after a prolonged police shootout in which no one was injured, police said.

Montoya`s Norte del Valle cartel is believed to be one of the largest in Colombia and responsible for smuggling a large portion of the cocaine that reached U.S. shores.

The reputed drug boss is sought for extradition to face smuggling charges in a Miami court.

Colombian 'drugs Baron' Captured (BBC)

BBC, January 17, 2007

Eugenio Montoya rejects the accusations Police have captured a suspected top member of Colombia's biggest drug cartel, following a shoot-out.

Eugenio Montoya, who also is known as Don Hugo, is alleged to be a leader of the Norte del Valle group. He denies being a drug trafficker.

The FBI lists the group as the most powerful and violent drug-trafficking organisation in Colombia.

Mr Montoya's capture has ended a lengthy manhunt in which the US had offered a $5m reward for his arrest.

He was captured in one of the Norte del Valle's strongholds, the town of El Dovio, 200km (125 miles) west of the capital Bogota. Police say no-one was injured in the shoot-out.

In a news conference, Mr Montoya was presented to journalists, surrounded by heavily-armed police.

He denied being a drug trafficker and said he was there to resolve his situation.

Most-wanted

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Officials in Colombia say the Norte del Valle cartel became the country's most powerful after the dismantling of the Medellin and Cali cartels in the 1980s and early 90s.

It is believed to be responsible for as much as 30% of the more than 500 metric tons of Colombian cocaine smuggled each year to the US.

The cartel is accused of having worked with right-wing death squads to protect its valuable drug routes.

Norte del Valle is alleged to be jointly run by Eugenio's brother Diego, who sits alongside Osama Bin Laden on the FBI's most-wanted list.

Ex-city Worker In Water Dept. Drug Ring Gets 5 Years (CHIT)

By Rudolph Bush, Tribune Staff Reporter

Chicago Tribune, January 17, 2007

A former city laborer was sentenced to 5 years in federal prison Tuesday for dealing heroin as part of a drug ring run by a former city hoisting engineer.

Michael Hart, who worked for the city's Water Management Department, was hooked on heroin when he turned to dealing to support his habit, said his attorney Eugene O'Malley.

Hart, 41, of Chicago, pleaded guilty in August to dealing large quantities of heroin through the drug ring run by George Prado, a veteran water management employee.

Prado has also pleaded guilty in the case but has not been sentenced.

So severe was Hart's addiction that when federal agents seized him for drug conspiracy they found him sitting over a "breakfast" of heroin, said Assistant U.S. Atty. Michael Gurland.

As he was arrested, Hart requested that he be allowed to get his fix, Gurland said.

Since his arrest in June 2005, Hart has stayed clean through drug treatment, O'Malley said.

His mother, Betty Hart, asked U.S. District Judge Harry Leinenweber to show her son mercy.

"Some of us fall from grace, and Mark is sorry he ever started using," she said.

Hart spoke only briefly, quietly apologizing for the pain he caused his family.

O'Malley requested that Hart serve 1 to 2 years in prison, far less than the 7 years he faced under sentencing guidelines.

Leinenweber gave Hart 5 years because he had no criminal history and was working on beating his drug addiction.

"Being caught was probably the best thing that happened to you. You're a good person who got off on the bad side," Leinenweber said.

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Moratorium Sought On New Pot Clinics (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, January 17, 2007

Bratton cites opening of 94 medical marijuana dispensaries in L.A. in a year and calls for rules to regulate the facilities.

Concerned by a 2,350% increase in the number of medical marijuana dispensaries in Los Angeles in a one-year period, Police Chief William J. Bratton is calling for a moratorium on new facilities until strict rules can be adopted governing them.

In a report to the Police Commission, Bratton said he wants to ban existing dispensaries within 1,000 feet of schools, churches, parks and places designated exclusively for the care of children. He also advocates limiting their hours to 10 a.m. to 6 p.m.

The establishments are allowed under a 1996 state ballot measure and a more recent state law making marijuana available to patients by prescription to relieve pain or nausea.

Bratton said the number of dispensaries increased from four in November 2005 to 98 a year later.

"This has fostered an increase in … crime problems and caused quality-of-life issues for families and communities, as evidenced by the 110 complaints received from neighbors, business owners and concerned citizens concerning these dispensaries," Bratton's report states.

The Police Commission will consider his recommendations today.

Los Angeles Police Department officers have been called to clinics because of problems including robberies, burglaries and drug use in front of the clinics, Lt. Paul Vernon said. Without regulations, he said, officers are hamstrung.

In the absence of specific zoning rules, 12 of the medical marijuana dispensaries in Los Angeles have opened within 1,000 feet of schools, Bratton said.

"One clinic blatantly resorted to placing fliers on the windshields of vehicles parked in and around Grant High School in an obvious effort to entice children," Bratton said.

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The chief did not identify the clinic, but said its flier stated that it is legal to own, grow and smoke medical marijuana and that "qualification is simple and our experienced physicians are more than happy to help you," adding that the visit is free if the applicant does not qualify.

"This was not the intent of the voters when they passed Proposition 215," the chief said.

The clinics have proliferated elsewhere as well, although Los Angeles, as the state's largest city, has the most, said Joseph Elford of Americans for Safe Access, a group in support of the clinics. But San Francisco, with about 30 clinics, has more per capita, or about one per 25,400 residents, while Los Angeles has one dispensary for every 39,200 people.

On Monday, advocates for medical marijuana disputed that the dispensaries are magnets for crime, and expressed concerns that Los Angeles officials may reduce patients' access to the drug.

"A blanket ruling saying you can't be within a number of feet within a school or park is entirely unnecessary and overbroad," said Bruce Mirken, a spokesman for the Marijuana Policy Project, another advocacy group.

He said a lengthy moratorium on new dispensaries would have an adverse effect on medical patients who rely on marijuana in their battles with disease.

The proliferation of dispensaries followed passage of Proposition 215, called the Compassionate Use Act, and Senate Bill 420, which took effect in 2004; together, they legalized possession and cultivation of marijuana for qualified medical patients.

Marijuana is used for medical purposes by thousands of people suffering from painful and appetite-killing diseases, including cancer, AIDS, anorexia and arthritis.

"However, the spirit and intent of this act has been exploited and abused for both profit and recreational drug use by many of the medical marijuana dispensaries in the city of Los Angeles," Bratton said. "Absent stringent regulations and enforcement actions, these dispensaries have flourished throughout the city."

The chief's recommendations were welcomed Monday by Councilman Dennis Zine, who already has asked the Planning Department to draft a moratorium ordinance, banning any new outlets for six months, with an option to extend it for another six months while new rules are being formulated. "There is no regulation as far as zoning and hours of operation," Zine said. "What I want to do is bring a semblance of order and not go against the public's will in favor of these clinics."

Steve Leon, owner of the medical marijuana outlet Highland Park Patient Collective, disagreed with the allegation that the clinics spur criminal activity.

"I think it's quite the opposite," he said. "I'm in an area that is gang-infested, but there is no graffiti on my building. It is very clean. And other businesses have moved in. We have created quite a nice little artistic community."

Leon said his building is more than 1,000 feet from schools and parks, and that the LAPD has been "very gracious."

The proposed moratorium found favor with at least some owners of current dispensaries.

"The moratorium is kind of a good idea. It's getting out of control, with a new one opening every week," said Billy Astorga, manager of the Eagle Rock Herbal Collective, adding that his business already has strict operating rules.

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Police Commission Votes To Delay New Pot Clinics (LAT)

The Los Angeles Times, January 17, 2007

The Police Commission voted Tuesday to support a moratorium on new marijuana dispensaries and tougher regulations of existing enterprises, even as Police Chief William J. Bratton promised to work with federal authorities to prosecute businesses found to be violating the law.

"It's my intent to get rid of these places," Bratton said after the commission voted to ask the City Council to impose a moratorium and adopt new restrictions.

The distribution of marijuana for medical purposes is allowed under state law, but Bratton said he believed the majority of people using the dispensaries were recreational drug users.

Bratton Wants City To Examine Medical Marijuana Dispensaries (NBC4)

NBC4, January 17, 2007

Police Commission Agrees To Moratorium

LOS ANGELES -- The Los Angeles Police Commission agreed Tuesday to a moratorium on the issuance of permits for new medical marijuana dispensaries in Los Angeles.

Without discussion, the commission agreed with police Chief William Bratton's report that new dispensaries cannot be opened until new rules are adopted in governing where and when they can operate.

"There's a lot of money to be made," Bratton said. "There's nobody minding the store, if you will. They're hiding behind the guise that there's this incredible medical need out there. I'm sorry. The vast majority of people who use these premises are using them for recreational drug use."

In his report, Bratton said he wants to ban existing marijuana dispensaries within 1,000 feet from schools, churches, parks and other areas used by children. He also recommended that the businesses operate between 10 a.m. and 6 p.m.

In October, the City Council's Public Safety Committee agreed to a one-year moratorium on granted permits for new dispensaries as city official seek out stricter operating regulations.

Councilman Dennis Zine proposed the moratorium in September, saying that too many of the dispensaries were operating in the city, oftentimes illegally selling pot to those without prescriptions.

Nearly 100 medical marijuana dispensaries currently operate in Los Angeles, according to Bratton's report.

Calvin Frye runs a medical marijuana clinic in Studio City. He said federal agents raided a nearby clinic after residents complained.

"Guys came in acting like stoned drug dealers -- smoking pot outside in the parking lot, kids coming out and opening their bags, exchanging medicines because there are not regulations," Frye said. "If there were regulations like the board of supervisors did for unincorporated L.A., they wouldn't be able to do that."

Frye said that he supports Bratton's call for more regulations.

Medical marijuana dispensaries are defined as "facilities that provide marijuana for medical purposes to patients or primary caregivers who have a related recommendation from a physician."

Ten years ago, 56 percent of California's voters approved proposition 215, which says marijuana should be made available to people with medical problems, including nausea from cancer and AIDS treatments.

Federal law still bans marijuana use in all cases.

In May, the county Board of Supervisors approved an ordinance regulating medical marijuana dispensaries in unincorporated areas of Los Angeles County, including provisions on where the drug can be consumed.

Bratton said he supports the use of marijuana for medicinal purposes.

Cops: Undercover Agent Infiltrates Robbery Ring (DEN)

By Iveory Perkins, The Detroit News

Detroit News, January 17, 2007

LINCOLN PARK -- Authorities announced today that an undercover federal officer infiltrated an alleged robbery conspiracy, leading to the arrest of a man and teenager charged with plotting a series of heists Downriver.

The Lincoln Park Police and federal Bureau of Alcohol, Tobacco, Firearms and Explosives learned of the plan when a federal agent working another case was informed about the alleged conspiracy.

Authorities claim 19-year-old William Musser of Lincoln Park, and a 16-year-old Dearborn Heights male conspired to rob businesses by targeting employees at gunpoint. They were arrested Friday.

"So often law enforcement is successful at solving crimes after the fact," ATF Special Agent in Charge Valerie Goddard said in a statement. "However in this instance, we prevented this violent crime from ever occurring."

The duo was arrested in a parking lot in Lincoln Park the morning they allegedly planned to commit armed robbery of a tavern in that city, followed by a second robbery of a Taylor restaurant, said Vera Fedorak, public information officer for the ATF.

Musser was charged with conspiracy to commit robbery armed and attempted robbery armed. He remains jailed on a $30,000 bond. The juvenile is in the Wayne County Youth Home until prosecutors determine whether he will be charged as an adult.

"I'm proud of the flawless and cooperative effort of our detectives and agents of the ATF and their special response team members," Police Chief Thomas Karnes said in a written statement.

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IMMIGRATION:

Gonzales: 148 Immigrants Indicted In Swift Raids (AP)

AP, January 17, 2007

WASHINGTON Attorney General Alberto Gonzales says 148 illegal immigrants have been indicted for allegedly acquiring other peoples' Social Security numbers and other information to get jobs at Swift meat packing plants.The indictments, issued in Iowa and five other states, follow federal raids on the plants last month in the largest-ever workplace crackdown on illegal

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immigration. The raids led to the arrests of nearly 13 hundred employees and temporarily halted operations for the meat processor.Gonzales says the Bush administration is studying ways to curb identity theft, including better ways for police to report the crime, and to reduce the access that thieves have to Social Security numbers.The federal indictments include: 53 in Texas, 30 in Iowa, 26 in Nebraska, 20 in Minnesota, 18 in Utah and one in Colorado.

Fence Advocate Calls Estimates Exaggerated (WT)

By Charles Hurt

The Washington Times, January 17, 2007

Rep. Duncan Hunter has a name for people like the congressional researchers who recently determined that the fence he proposes to build along the southern border could cost about 25 times the roughly $2 billion he estimated.

"I call them the 'Mission Impossible' crowd," the California Republican said, referring to the nonpartisan Congressional Research Service and others who predict that the fence will cost nearly $50 billion.

As chairman of the House Armed Services Committee, Mr. Hunter authored legislation in the last Congress to build 850 miles of fencing along the U.S.-Mexico border.

He might lump into that crowd Majority Leader Steny H. Hoyer, Maryland Democrat, who yesterday expressed his own skepticism about the fence.

"I think the fence will be revisited," he told reporters gathered in his office for a weekly briefing. "The appropriators will look at whether or not this is an expenditure that continues to make sense."

Like Speaker Nancy Pelosi of California and most other members of the Democratic House leadership, Mr. Hoyer opposed the legislation to build the fence.

President Bush might fall into that group as well. The administration, Mr. Hoyer noted yesterday, "has not been enthusiastic" about implementing the Secure Fence Act of 2006.

When Mr. Hunter first floated the bill, it was widely attacked as hateful and un-American. Democrats and liberals tarred him and its supporters as "anti-immigrant."

But by last fall, as members of both parties began to grasp the depth of outrage among voters about illegal entry, the proposal sailed through both chambers.

The House voted 283-138 to build the fence, and the Senate, which has been much more lenient toward illegal aliens, approved it by a vote of 80-19.

"The American people want this fence," said Rep. Steve King, Iowa Republican. "They want us to secure our borders."

Mr. Hoyer agreed with that ultimate goal.

"The objective would be, as we move forward, to secure the border," he said, but "there has not been agreement that the fence is the best way to do it."

Supporters point to the success of the fence that runs through San Diego and hope that by extending it through other high-traffic areas they will curb illegal entry as well as halt the drug trade across the border.

Mr. Hunter said government analysts and outside interest groups have grossly inflated estimates for a fence that he said will cost between $2 billion and $3 billion. He and Mr. King produced three estimates provided by a trade group and two construction companies vying for the job.

Douglas E. Barnhart Inc., a California-based construction firm, estimated $2.6 million per mile, or roughly $2.3 billion. Alabama Metal Industries Corp. estimated the work would cost $2.5 million per mile, or about $2.1 billion.

The fence consists of two security fences with a road in between for Border Patrol vehicles. The Chain Link Fence Manufacturers Institute provided an estimate of $1.3 million per mile of heavy industrial chain-link fence that is 12 feet high with an 11-foot overhang, much like the backstop on a baseball diamond.

"If we had a secure border, you could pay for the entire border fence in one year with the money you save by not having to incarcerate these criminal aliens," Mr. Hunter said.

Added Mr. King, who was in the construction business before serving in Congress: "We are now paying $8 billion a year on the southern border as it is. That's $4 million per mile and we're not stopping anybody."

Immigrants Mistreated, Report Says (WP)

By Spencer S. Hsu

The Washington Post, January 17, 2007

U.S. authorities mistreated suspected illegal immigrants at five prisons and jails nationwide, violating federal standards meant to ensure safe and humane custody, according to a government report released yesterday.

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U.S. Immigration and Customs Enforcement (ICE) officials and contractors denied timely medical treatment to some of the immigrants, failed to disclose and justify disciplinary actions against them, and improperly limited access to relatives, lawyers and immigration authorities, according to the Department of Homeland Security inspector general.

Detention officers failed to establish a system to report abuse and violated health and safety rules by neglecting to monitor prisoners on hunger strikes or suicide watches and by serving undercooked food, the report said.

The report comes amid a sharp increase in illegal immigrants in U.S. detention as Congress and the Bush administration debate an overhaul of immigration laws and promise tougher enforcement of existing laws. Civil liberties and immigrant advocacy groups are stepping up scrutiny of conditions. Jorge Bustamante, the U.N. special rapporteur on human rights of immigrants, has asked to visit U.S. detention centers next month.

Critics of the agency called the report disappointing, contending that it watered down recommendations and ignored the most serious allegations of abuse collected since June 2004, which they said included physical beatings, medical neglect, food shortages and mixing of illegal immigrants in administrative custody with criminals.

"It took two years for them to come out with this? It's incredibly disappointing," said Judy Rabinovitz, a lawyer with the ACLU immigrants rights project.

Eric Lerner, a spokesman for the New Jersey Civil Rights Defense Committee, called the report a "whitewash" that was delayed to suppress controversy. Bryan Lonegan, a lawyer with the Legal Aid Society in New York City, said that DHS has not designated 38 detention standards implemented since 2000 as federal regulations, making them unenforceable.

A spokeswoman for Richard L. Skinner, the DHS inspector general, said the report was delayed because its scope was reduced.

In a written response to the report, DHS Assistant Secretary Julie L. Myers concurred at least partly with nine of 13 findings and promised changes. But she said they "do not indicate any systemic failure" at nearly 400 facilities where ICE is authorized to house as many as 27,500 people a night, because they were based on individual allegations at a small sample of sites.

ICE operations are "generally in compliance with its National Detention Standards," Myers said.

The audit examined the U.S.-owned and operated Krome Service Processing Center in Miami, a contract Corrections Corporation of American facility in San Diego, and local jails and prisons in Berks County, Pa., and Hudson and Passaic counties, N.J.

In December 2005, ICE ordered all suspected illegal immigrants removed from the Passaic jail in Paterson, N.J., after a string of critical news accounts, including the disclosure that guards used police dogs against prisoners. DHS has since barred that practice.

Although illegal immigrants are held on administrative grounds and are supposed to be segregated by high, medium and low risk, authorities often house them together with criminals, the report said.

Many contract and state and local correction officers were unaware of separate U.S. standards for detained immigrants, the 54-page report noted. ICE itself overlooks violations in annual inspections, the report said. "A final rating of Acceptable was given to all five detention facilities," the report said. "However, our review of the five facilities identified instances of non-compliance . . . that were not identified during the ICE annual inspection."

Immigrant Centers Inspected (NYT)

By Rachel Swarns

The New York Times, January 17, 2007

A federal inspection of 5 of the nation's 325 immigrant detention centers found that most did not provide timely and responsive health care and sometimes failed to comply with the government's standards of disciplining, classifying and housing detainees. The audit by the Department of Homeland Security also found a rape of a detainee in one center and a failure to provide access to legal services in another. Three centers did not translate handbooks into Spanish and other languages. Homeland security officials said the study was too small to be representative of the country's detention centers.

REVERSAL OF FORTUNE An Immigration Raid Aids Blacks -- For A Time (WSJ)

By Evan Pérez And Corey Dade

The Wall Street Journal, January 17, 2007

STILLMORE, Ga. -- After a wave of raids by federal immigration agents on Labor Day weekend, a local chicken-processing company called Crider Inc. lost 75% of its mostly Hispanic 900-member work force. The crackdown threatened to cripple the economic anchor of this fading rural town.

But for local African-Americans, the dramatic appearance of federal agents presented an unexpected opportunity. Crider suddenly raised pay at the plant. An advertisement in the weekly Forest-Blade newspaper blared "Increased Wages" at Crider,

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starting at $7 to $9 an hour -- more than a dollar above what the company had paid many immigrant workers. The company began offering free transportation from nearby towns and free rooms in a company-owned dormitory near to the plant. For the first time in years, local officials say, Crider aggressively sought workers from the area's state-funded employment office -- a key avenue for low-skilled workers to find jobs. Of 400 candidates sent to Crider -- most of them black -- the plant hired about 200.

A customer at a convenience store in Douglas, Ga., told April Paulk, a part-time clerk, that a recruiter was in town looking for workers. Ms. Paulk passed the word to her husband, 32-year-old Germaine Royals, who had just been laid off from the latest in a series of temporary jobs. Both are African-American.

Less than a month after the raids on illegal immigrants, Mr. Royals and three other workers met at a gas station parking lot and piled into a van sent by Peacock Poultry Inc., one of several contractors hired to fill the ranks of Crider's production lines. Two hours later they pulled into an austere complex of brown dormitories owned by Crider that three weeks earlier had teemed with Hispanics. Mr. Royals stashed two small bags of belongings and a boom box in a dingy room and took his place the next morning on a production line at the chicken plant.

For the first time since significant numbers of Latinos began arriving in Stillmore in the late 1990s, the plant's processing lines were made up predominantly of African-Americans.

The sudden reversal of economic fortunes in Stillmore underscores some of the most complex aspects of the pitched debate over immigration: Do illegal immigrants take jobs from low-skilled American workers? The answer in Stillmore initially appeared to be yes.

But in the months since Crider began hiring hundreds of African-Americans, the answer has become more complex. The plant has struggled with high turnover among black workers, lower productivity and pay disputes between the new employees and labor contractors. The allure of compliant Latino workers willing to accept grueling conditions despite rock-bottom pay has proved a difficult habit for Crider to shake, particularly because the local, native-born workers who replaced them are more likely to complain about working conditions and aggressively assert what they believe to be legal pay and workplace rights.

Americans avoid such labor because "they can't live on those wages, and refuse to," says Debra Sabia, a professor at nearby Georgia Southern University who founded a social-service organization for the area's Latino immigrants. "If you gave a survey to Americans and asked them where they'd want to work, a slaughterhouse would not be on the list. These are not jobs we aspire for our children to take."

The impact of immigration on low-wage workers is likely to come under increasing scrutiny as the new Congress prepares to tackle immigration reform. Last month, federal officials raided facilities owned by meat processor Swift & Co. in six states, which resulted in the arrests of about 1,200 people on alleged identity theft and immigration violations.

Georgia, and particularly the Atlanta region in the north of the state, is home to a large concentration of wealthy and middle-class African-Americans. But in struggling rural towns, the scarcity of work is particularly felt by low-skilled African-Americans who by virtue of poor education, lack of transportation or choice have been unable to follow jobs as they moved away.

Stillmore began the 20th century as a timber and cotton town, sitting at the intersection of three rail lines connecting the busy port town of Savannah to the center of Georgia's cotton kingdom. For decades, anyone willing to grasp a hoe could find at least minimal work every spring and fall, when cotton was planted and harvested. But by the 1950s, cotton was fading, the rail lines were abandoned and a chicken-processing plant -- later acquired by Crider in 1977 -- had become the hub of the local economy.

Until the late 1990s, the plant employed a majority black production line, with whites and some blacks as supervisors, according to current and former employees. By 2000, Latino migrant workers who had long come and gone with the cotton and onion seasons were putting down roots, part of a national trend. The NAFTA free trade agreement hurt many Mexican farmers, prompting a surge of illegal immigration. At the same time U.S. immigration crackdowns made crossing the border more treacherous, prompting workers to settle in the U.S. The South became home to more than a third of the nation's Hispanics. Georgia's share tripled during the 1990s to 435,227, according to U.S. Census estimates. In 2005, the number of Hispanics topped 625,000 in Georgia, making up 7% of the population.

The influx of Hispanics meant Crider could maintain its Stillmore roots while drawing on a pool of low-skilled foreign workers to do jobs that held little appeal for native-born Americans. A 2005 Government Accountability Office report on working conditions in the meat and poultry industry found injury rates among the highest of any U.S. industry and cited slippery floors and cold temperatures among the harsh conditions workers endure. Federal workplace-safety inspectors cited Crider in 1997 for a forklift accident in which a worker was run over and killed. Other plants in Georgia have even higher incidences of violations, according to federal records.

With the arrival of so many immigrants willing to toil for rock-bottom wages on brutal round-the-clock shifts, the number of black workers at Crider declined steadily to 14% in early 2006 from as high as 70% a decade ago, the company says. Wages

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stagnated at about $6 an hour, just above the U.S. minimum wage of $5.15 an hour, current and former workers say. Crider says it also paid incentives and bonuses not accounted for in hourly wages. As African-Americans left, seeking better pay or to escape the difficult and often bloody work, most were replaced by Latinos, employees say.

Crider officials say the transformation to majority Hispanic work force happened gradually over most of a decade, without any encouragement by the company. David Purtle, Crider's president, says any impression that the company didn't want to hire African-Americans then was "concocted in people's minds who don't know what's going on. The first people you see in our employment office are African-Americans.... We've never skewed our hiring toward any ethnic group."

But he says Crider faces the same problems that employers in many small towns grapple with. "We have to find a source of employees, and Stillmore will not provide that source. It's not big enough," he says. "We want people who want to work and are willing to work every day."

The presence of so many illegal workers became routine at Crider too. José Sauceda first came to the U.S. as an illegal immigrant in 1979 but qualified for legal status under a Reagan administration amnesty program and became a U.S. citizen in 2002. He arrived at Crider in 2004. His wife, Socorro, whom Mr. Sauceda had paid smugglers to sneak across the border, followed him to the poultry plant. As she filled out a job application at the plant, she tried to use for a Social Security number a taxpayer identification number starting with the number "9." According to Ms. Sauceda, a Crider clerk stopped her and said valid Social Security numbers never begin with a nine. "She was very helpful," Ms. Sauceda says. "She kept saying, 'Perhaps you meant to put down a four, or a six?' And I was nervous, so I just chose a six. And that worked." Her application was accepted. Ms. Sauceda went to work on the production line.

Crider officials said recently they doubted Ms. Sauceda's account of her hiring, and that the company wasn't "aiding and abetting" illegal Hispanic workers. Mr. Purtle, the company president, said in an interview that Crider never knowingly violated U.S. immigration laws and wasn't aware that so many of its Latino workers were illegally in the U.S. "Our personnel people have always complied with the hiring laws," Mr. Purtle said.

The company was "taken aback" when federal agents showed up in May asserting that about 700 of its workers were suspected of having false work documents, Mr. Purtle says. Two Crider employees were among four men arrested for allegedly running a document mill, churning out fake green cards and other fake documents. Immigration officials initially worked with Crider over several months to gradually weed out those workers who couldn't prove legal worker status. Then, federal officials became much more aggressive, launching the raid over Labor Day weekend. Agents hauled away about 120 mostly Mexican immigrants, according to immigration officials.

The rest fled Stillmore or went into hiding nearby. Some women and children hid for days in the scrubland and pine woods outside of town without food or shelter while they waited for immigration agents to leave. In the week after the raids, dozens of Latinos crowded a vacant lot beside a bodega, across from Stillmore's city hall, to get on buses operated by a Mexican bus line leaving for other cities in the U.S. or back to Mexico.

For African-Americans, the departure of the Hispanics was a boon. Lisa Shinhoster, 45, and Chris Butler, 22, heard about Crider when an acquaintance of a Crider recruiter walked into an after-hours bar where they were playing cards and announced to the patrons: "Anybody want a job?" The two were soon working at the plant gutting chickens.

For Mr. Royals, the new opportunities at Crider amounted to a windfall after months of erratic work through a temporary labor agency. A high-school dropout who earned his General Education Diploma two years ago, Mr. Royals previously worked nights at a succession of factory jobs. He had just been laid off for the second time in a month when Ms. Paulk came home with word of the Crider recruiter.

Mr. Royals went to Crider with a plan to work as many hours as possible -- he sometimes worked 17 hours a day -- and earn enough to save for a new home and pay off bills. His wife recently took a full-time job as a private nurse for an elderly woman and attends classes at a technical college to earn a license as a practical nurse.

Mr. Royals rose daily before dawn, often eating a breakfast of grits, eggs and sausage served shortly after 5 a.m. at the Crider cafeteria. Mr. Royals was assigned to the plant's packing department, where his squat burly frame and muscular arms made him a natural fit, lifting crates of processed chicken. He says he enjoyed the physical nature of the work and the quick pace made the hours go by quickly.

But for some of the African-American workers who surged into the plant, the unexpected chance to work at Crider didn't turn out well. They described long, arduous schedules, alleged health and safety hazards, and unrelenting supervisors. A Crider spokeswoman says the allegations are the sentiment of "people who are not intent on working."

On Oct. 10, Barbara Smiley, a gregarious and tall 42-year-old from Mount Vernon, about two hours away, was reaching for a chicken that had fallen off a conveyor belt when she smacked her head into a solid steel pole. She went to the nurse's station for an ice pack and then the bathroom to wash down a pain reliever. She says her supervisor reprimanded her for leaving her post, igniting an argument. Ms. Smiley was fired.

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"They cussed at me," Mrs. Smiley said after the incident, a lump visible in center of her forehead in the shape of a half-dollar coin. "I'm 42 years old. If you cuss at me, I'm going to cuss you back."

The company spokeswoman said Ms. Smiley suffered a mild injury and quit but couldn't confirm other details of the incident.

Legal Hispanic workers who remained at Crider after the raid complain that the new black production line workers are getting higher pay but don't work as hard as their Latino cohorts did. When the plant operated with majority Latino laborers, says Mr. Sauceda, his six-person assembly line produced 80 pallets of poultry daily, with each pallet holding 48 32-pound boxes of chicken. Now, with 15 workers on the line, most of them black, only 45 pallets a day are completed, he says. "The blacks sit in the cafeteria and don't come to the line until the chickens are brought in, but the Hispanics, we spend the time cleaning and doing things that need to be done," says Mr. Sauceda, who has subsequently left the company. Mr. Royals counters that blacks work just as hard as Latinos. He says he sees groups of Hispanics taking extra rests on overnight shifts. "I'm thinking to myself, man, I don't get that many breaks," he says.

Several African-American workers found themselves in pay disputes. Since the illegal immigrants were run out of the plant, Crider no longer directly employs many entry-level workers. Instead, Mr. Royals and many others are classified as independent contractors, working under an agreement between Crider and Allen Peacock, an African-American owner of a recruiting business. Crider paid Mr. Peacock a set rate for the hours his employees work, and he paid the workers. Using Mr. Peacock allowed Crider to quickly hire workers, since the contractor has provided laborers to the poultry industry for years.

Every Friday, Mr. Peacock pulled into the parking lot of the dormitory complex and handed out checks, most of which he cashed on the spot -- leaving his employees with no documentation of how much they received in wages or paid in taxes, according to several workers.

After a few weeks on the job, Mr. Royals and other black workers claimed Mr. Peacock was short changing them on hours worked. They said taxes were being deducted even though workers never filled out federal and state tax forms. At one point, Ms. Paulk, Mr. Royals's wife, telephoned Mr. Peacock and demanded an explanation about the paychecks.

Mr. Peacock denied mishandling their wages. "Everybody has to pay taxes," he said in an interview. Mr. Peacock said his workers were all being fully paid and that their taxes were properly collected.

Despite his frustrations, Mr. Royals vowed to keep working. But one morning, Mr. Peacock arrived at the Crider dormitory complex and several workers gathered to register their complaints about wages. In front of the other employees, Mr. Royals says, Mr. Peacock fired him.

Mr. Royals says Mr. Peacock seemed upset that Ms. Paulk had called him on his cellphone on her husband's behalf. "He said I couldn't put my wife in her place," Mr. Royals says. Mr. Peacock didn't respond to subsequent calls seeking comment.

Mr. Royals moved to Augusta, Ga. where he began doing landscaping work.

Since the raids, African-Americans have made up about 65% of Crider's work force, while whites are 30% and Hispanics 5%, according to the company. Turnover has been high. The population of workers hired since last September's immigration raids has turned over three times, according to Crider.

Still struggling to fill its ranks, Crider began busing in felons on probation from a state prison and residents of a homeless mission from nearby Macon. Crider also hired another labor contractor who specializes in Hispanic workers. In recent weeks, dozens of mostly Hispanic workers have appeared at the plant, largely on the overnight sanitation shift. A Hispanic worker at the plant said he recognized some of the new workers as among those who had been dismissed prior to the federal raids for having false immigration documents. A few weeks later, immigration agents returned to Stillmore, and were seen questioning Hispanics at a grocery store.

Crider says it has ended its relationship with the temporary labor provider that rehired some former illegal Crider workers. It says it has also ended its relationship with Mr. Peacock, saying it was a financial decision based on the additional fees they had to pay to the staffing company.

But Crider is still about 300 people short of its work force before the immigration raids. It is now bringing Laotian Hmong immigrant workers and their families from Minnesota and Wisconsin, with hopes that they'll stay on the job and build new roots in Stillmore.

TAX:

Judge Takes Plea To Court Over Ancillary Proceeding (WSJ)

By Peter Lattman

The Wall Street Journal, January 17, 2007

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New York federal Judge Lewis A. Kaplan, a former litigator, is getting to play lawyer again. Judge Kaplan recently filed a brief with the Second U.S. Circuit Court of Appeals -- on behalf of himself.

The filing came as part of a high-profile case the judge is overseeing, the indictment of 16 former partners of accounting firm KPMG LLP and two others on criminal tax-fraud charges. Judge Kaplan got the bar buzzing when he ruled in June that prosecutors violated the constitutional rights of the KPMG defendants by pressuring the firm not to pay their legal fees.

The ground-breaking decision was followed by another unusual one: Judge Kaplan created a separate civil proceeding, under his watch, about the legal-fee dispute between the firm and the defendants.

When KPMG appealed, the appeals court wanted to know what Judge Kaplan was thinking when he ordered a side proceeding, and did he have the authority to do it? Ralph Winter, one of the appeals judges, called the move "extremely dubious."

Injecting yet another twist in the case, the appeals court invited the judge to defend himself.

In his 47-page response, Judge Kaplan acknowledged his move was unusual but said the complex issues surrounding this case are unlikely to recur again, if ever. "In short, this case is a perfect storm," he wrote. Creating the ancillary proceeding should only be used in "exceptional cases." He added: "This is such a case." The issue is pending.

Wordsmithing

Both Louis Begley and Thomas Evans are retired septuagenarian corporate lawyers from big New York firms. Both also are authors with books out this month and plans hatching for others.

Mr. Evans -- who was a managing partner at the now defunct Mudge Rose Guthrie Alexander & Ferdon, where he worked for 30 years -- has written "The Education of Ronald Reagan," a history focused on the period from 1954 to 1962 when Mr. Reagan worked as a spokesman for General Electric. The book offers new insight into Mr. Reagan's transformation from a liberal actor to a conservative politician, reviewers say.

Though Mr. Evans worked as an adviser to the Reagan White House, he had closer ties to another president, Richard Nixon. Mr. Evans worked with Mr. Nixon at the Mudge Rose firm in the 1960s after Mr. Nixon's failed bids for the presidency and governor of California. Mr. Evans hints that his next book may examine the impact Mr. Nixon's years at Mudge Rose had on his political career.

"People came to have greater respect for Mr. Nixon after his stint as a Wall Street lawyer," he says.

Mr. Begley, who spent more than four decades at Debevoise & Plimpton before retiring in 2004, isn't a newcomer to the literary world. His eighth novel -- "Matters of Honor" -- will be published at the end of the month.

Mr. Begley says he is working on a short biography of another lawyer/writer, Franz Kafka, who holds a curious appeal for him: "I think he was wretched...and fascinating."

Benched

Last Wednesday was supposed to be a highlight of Milton Chappell's 30-year legal career. For the first time, he was going to argue a case before the U.S. Supreme Court.

Events didn't unfold exactly the way Mr. Chappell might have liked. Since Mr. Chappell joined the National Right to Work Legal Defense Foundation fresh out of law school in 1976, he has pursued cases aiming to rein in organized labor. He was thrilled when the justices took his appeal of a Washington state decision throwing out a statute making it tougher for unions to use fees from nonmembers for political campaign purposes.

Mr. Chappell had high-powered legal help, with Washington Attorney General Robert McKenna arguing alongside him. Under Supreme Court rules, each side gets 30 minutes, so Mr. Chappell and the attorney general divvied up their time -- 20 minutes for Mr. McKenna, 10 for Mr. Chappell.

Then Mr. Chappell got a call from the office of the government's Supreme Court lawyer, U.S. Solicitor General Paul Clement, saying he wanted to argue for 10 minutes -- on Mr. Chappell's side. The hitch: "They take the time the solicitor wants out of the side the solicitor is supporting," Mr. Chappell says, and "I couldn't find a situation where the court had allowed three attorneys to argue for 10 minutes each."

That meant he and Mr. McKenna had to decide who would make the argument. "The [Supreme Court] marshal's office consoled us and tried to get us to be adults and work something out." In the end, Mr. Chappell agreed to cede his time -- and watch the two government lawyers make his case.

Cutting Your Capital-Gains Tax Bill To Zero (WSJ)

By Tom Herman And Rachel Emma Silverman

The Wall Street Journal, January 17, 2007

A tax break that could benefit many investors is scheduled to arrive next January, and it's not too soon to start planning ahead.

At first glance, the provision appears relevant only to lower-income taxpayers: Beginning in 2008, the tax rate on long-term capital gains from sales of stocks, mutual funds and other securities is scheduled to drop to zero -- yes, zero -- for people in the two lowest ordinary income brackets. (For higher-income taxpayers, the top long-term capital-gains rate is scheduled to remain at 15%.)

But financial planners say many people with higher income also may be able to take advantage of the zero tax rate if they can reduce their taxable income through deductions, such as mortgage interest and charitable donations, or by socking away money in tax-advantaged accounts, such as 401(k) plans.

"A lot of middle-income people will qualify for this," says Tony DeChellis, senior manager of product development at Thomson Corp.'s PPC/Quickfinder, a Fort Worth, Texas, publisher of tax information.

Families in an upper tax bracket may benefit, too, by making gifts of stock, mutual-fund shares and other securities that have increased in value over the years to low-income family members, such as their young-adult kids, grandchildren or parents, who may then be able to turn around and sell the securities tax free next year.

But use caution: Such gifts may cause problems for students applying for college financial aid, or to seniors seeking Medicaid eligibility, including for nursing-home care. They could make a senior's Social Security benefits subject to tax, or increase the tax on those benefits. Also, because of the recently expanded reach of the so-called kiddie tax, investment income above $1,700 for a child younger than 18 typically is charged at the parents' higher tax rates. It's always smart to check with a financial adviser before making a large transfer of shares.

Nadine Gordon Lee, president of Prosper Advisors LLC, an Armonk, N.Y., wealth-management firm, says she is already planning to take advantage of the upcoming 0% rate. She and her husband have begun transferring shares of equity-based mutual funds, purchased at a lower cost, to one of their sons, now 16. The plan is that he will begin selling them in 2008, when he turns 18, Ms. Lee says. The Lees also are giving highly appreciated stock to their other son, who is 19, and those shares are being sold this year at the current capital-gains-tax rate of 5% for lower-income brackets.

Giving appreciated stock "works nicely for funding the lifestyle of your college and graduate students who are not eligible for financial aid," Ms. Lee says.

Before making any such gifts, be sure to check with a tax adviser on any possible gift-tax or estate-tax consequences, or other possible hitches, Ms. Lee says. However, a gift of this type may be an efficient way to use the annual gift-tax exclusion, she says. That means you can give away as much as $12,000 this year to anyone else -- and to as many other people as you wish -- without any federal gift-tax consequences. (Gifts that exceed that amount typically must be reported to the Internal Revenue Service. Generally, there's a lifetime gift-tax exclusion of $1 million per donor. Gifts above that limit typically are subject to gift tax, and the top rate now is 45%. Gifts don't count as taxable income to the recipient. They also aren't deductible on the giver's income tax returns.)

Investors should never sell securities solely because of tax considerations. But if you're thinking of selling anyway, understanding the tax considerations can help you and your family keep more of the gains.

The 0% rate for lower-income taxpayers was part of the 2003 tax act passed by Congress that, among other things, set the maximum long-term capital-gains rate at 15%. But these rates are set to expire after 2010 unless Congress extends them. Many members of Congress are concerned that an extension could exacerbate the budget deficit.

How low must someone's income be to qualify for the 0% capital-gains-tax rate? Nobody knows for sure because income brackets are adjusted annually for inflation, and the IRS won't release the numbers for 2008 until late this year. But for 2007, a single person falls into the 15% bracket with taxable income of not more than $31,850. For joint filers, this figure is $63,700.

A few pointers: Favorable capital-gains rates apply only to "long-term" gains, or gains on shares held for more than a year. Short-term gains (on shares held a year or less) typically are taxed at regular federal income-tax rates, which can be as high as 35%. What's more, the low capital-gains-tax rates apply only to shares in taxable accounts. They also don't apply to sales of appreciated art and other collectibles; there, the top capital-gains rate typically is 28%.

If you do decide to sell, make sure to unload the shares that will result in the best tax result. This can get tricky. For example, suppose you own 300 shares of a stock purchased many years ago. You bought 100 shares at $5 a share, another 100 shares at $10, and another 100 shares at $50. Now you decide to sell 100 shares. Unless you specify otherwise, the shares of a stock that you bought first are considered to be the ones sold first. If you prefer to sell more-recent shares, make sure to notify your broker at the time of sale and get a confirmation. With mutual funds, you can use the average cost of the shares purchased. There are two averaging methods. See IRS Publication 564 for details.

If you still have confidence in your investment, but you want to take advantage of the zero rate next year, here's a strategy to consider: Sell some of the investment at a gain in 2008, and then immediately buy back shares of the same investment. That means you can still enjoy that zero rate, maintain your position in the security but have a higher basis when you eventually sell

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the new shares. (The strategy doesn't run afoul of so-called wash-sale rules, because these only apply when selling an investment at a loss, not for gains.) * * *

THE IRS OPENS its doors to electronic filing this year -- for most people.

Opening day for e-filing your federal income-tax return for 2006 generally was this past Friday, the IRS said. But you can't e-file until Feb. 3 if you're claiming key tax provisions enacted last month. Both e-filed returns and paper returns claiming these provisions -- deductions for state and local sales taxes, higher education tuition and fees, and educator expenses for classroom supplies -- won't be processed if submitted before Feb. 3.

Tax returns filed on paper will be accepted but won't be processed until after IRS systems are updated Feb. 3, the IRS said.

IRS officials strongly urge taxpayers to file electronically. E-filing is "the fastest, safest and most accurate way" to file, said IRS Commissioner Mark W. Everson. He said people will get their refunds more quickly that way than filing the old-fashioned paper way. E-filing also "greatly reduces the chances for making an error."

Last year the IRS received more than 73 million returns electronically, up 7% from the prior year. A spokesman said almost 54% of all returns were filed electronically. * * *

CONGRESS-ADMINISTRATION:

Bush Pulls Back Court Nomination (AP)

AP, January 17, 2007

President Bush on Tuesday withdrew a controversial federal appeals court nominee, a nod to the Senate's new Democratic leadership.

Bush had just resubmitted Norman Randy Smith of Idaho to the Senate last week for a seat on the San Francisco-based 9th U.S. Circuit Court of Appeals. At the time, Bush also withdrew four nominees.

The president sent Smith's name to the Senate in December 2005, again last August, before his original nomination expired, and again in November, as required after Congress goes on an extended break.

Smith has been part of a group that Democrats, then in the minority but with the ability to block nominations, branded too conservative for the federal bench.

Last February, Sen. Dianne Feinstein, D-Calif., blocked a vote on Smith, saying the nomination would give Idaho undue weight on the West's top appellate court. California has 36 million people, compared with 1.5 million in Idaho.

Democrats Go On Offensive (RC)

By Erin P. Billings

Roll Call, January 17, 2007

Democratic leaders are launching a broad counteroffensive on issues ranging from Iraq to energy policy in advance of President Bush's State of the Union address next week, hoping to separate the president from the typical popularity boost that comes with the nationally televised speech.

Senate Majority Leader Harry Reid (Nev.) and Speaker Nancy Pelosi (Calif.) are still putting in place the specifics of their plan, but senior Democratic sources say the new leaders are orchestrating a "strong push-back" beginning today on some of Bush's major proposals.

The Democrats will hold numerous events on both sides of the Capitol to try to ensure they go into Tuesday night's speech with an upper hand on the issues they believe Bush is set to address, including the Iraq War, balancing the budget, global warming and energy independence. Democrats already are fanning out to the rank-and-file Members, urging them to set expectations high, so that the onus is on Bush to measure up.

"Democrats are not going to let the president come here and have a clean slate for where he thinks the country should be going and force Democrats into looking like he's already sitting at the table ready to work with us," said a senior House Democratic aide. "We want to make it clear that we are ready to work with him, but he needs to be realistic and honest in his proposals."

A second Democratic leadership source said the atmosphere is much different for Bush, given that for the first time in his tenure he will go before more Democratic faces than Republican. Democrats, for the first time, have the opportunity to walk into the State of the Union address with the advantage.

"Because we control both houses of Congress and the president is trying to defend an unpopular war, we have a chance to set the agenda and say what needs to be done," said the leadership aide.

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While Senators are expected to keep the heat on Bush over his expected call to address global warming and energy independence, House Democrats will spend the balance of the week touting their "100 hours" package of accomplishments from ethics reform to an increase in the minimum wage.

Reid and Pelosi will close out the week with their take on the State of the Union in an address at the National Press Club. Formerly known as the "prebuttal" and now dubbed the "Report to the American People on the State of Our Union," Reid will focus his remarks on U.S. foreign policy in Iraq and Afghanistan, while Pelosi largely will stick to domestic themes such as energy reform, climate change and innovation.

The two leaders are expected to try to put Bush on the defensive heading into next week, questioning his policies and demanding explanations from the president. Reid, in particular, is likely to make clear in his address Friday that Bush won't get a blank check from Congress to fund the Iraq War and will hold the president accountable for his plan, sources say.

Reid spokesman Jim Manley said that while the Democratic leaders will not abandon their call for bipartisanship, they also plan to make clear that Democrats will not negotiate on Bush's terms.

"Democrats are prepared to work with the president where we can, but he needs to move toward us more than he has in the past," Manley said.

Pelosi spokesman Brendan Daly said the new Speaker will remind the public that Democrats — in power for a few short weeks — already have laid down "a down payment" on their promises and will pledge to do more in the majority.

"We will talk about what we think needs to be done to make the future better for America's working families," Daly said. "We delivered exactly what we said we would."

Democratic leaders have tapped freshman Sen. Jim Webb (D-Va.) to deliver the party's official response to the State of the Union. Democrats believe Webb, a former Navy secretary and Vietnam War veteran whose son is serving in Iraq, represents their broader Democratic platform of change and a new direction in the country.

Webb was elected from conservative-leaning Virginia and serves as symbol of Democratic inroads in Republican-leaning states.

"Sen. Webb represents the sweeping demand for leaders who will put aside gridlock in Washington to deliver change at home and abroad," Reid and Pelosi said of Webb.

Speeches aside, Democratic leaders also will spend the coming days holding press events and working with key committee chairmen and other leaders to advance their message. Democrats already are urging Members to come up with a set of specific questions to pose to the president in advance of his speech.

Today, Reid will join leading Senators on energy matters to outline their expectations for Bush's expected policy proposals. Later in the week, Reid will hold a similar event with outside energy experts and a pen-and-pad session with fellow Senate leaders to try to set the tone for the upcoming State of the Union. Senators likely will hold a similar pen-and-pad meeting the day of the address.

Democratic leaders didn't waste any time warming up on Tuesday. House Majority Leader Steny Hoyer (D-Md.) scoffed at news reports that signaled Bush would try to use the State of the Union to put the burden on Democrats to balance the federal books and take on key issues such as energy and global warming.

Hoyer said Democrats "are prepared to work with him in a constructive and positive way," but the president will have to prove his credibility.

The Second 100 Hours (WP)

By Ruth Marcus

The Washington Post, January 17, 2007

As the 100 Hours clock ticks, or digitally elapses, to a close, the newly installed House Democratic majority may start wishing it could slow the hands of legislative time. In hindsight, this is quickly going to look like the easy part, and the Democrats are going to find themselves suffering from a case of delayed Redfordism.

"What do we do now?" Robert Redford, playing newly elected Sen. Bill McKay, famously asks at the end of the 1972 movie "The Candidate." The first 100 hours agenda gave Democrats the framework to avoid that befuddlement at the start of the 110th Congress. But when the clock runs out, Speaker Nancy Pelosi (D-Calif.) may start to wonder whether Newt Gingrich had a point in pacing his Contract With America agenda over days, not hours.

? The first 100 hours agenda will quickly collide with Senate and White House reality.

However gratifying it may feel to check items off the to-do list, House Democrats -- and the folks to whom they made their promises -- are about to discover the limits of their ability to deliver. On some proposals (Medicare prescription drug negotiations), the cooling saucer of the Senate could be a deep freeze. Others that pass the Senate (stem cell research) will still confront President Bush's veto.

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? Having picked the low-hanging legislative fruit, Democrats have far more back-breaking work ahead.

Now come issues, from climate change to health care to immigration to farm subsidies, on which there is less agreement, inside and outside the party. Democrats may choose to punt on some, but unavoidably unpleasant budget choices begin next month. An already tight spending situation will be exacerbated by the pent-up demand resulting from the decision to freeze this year's spending at 2006 levels. But there are countervailing pressures from budget hawks within the Democratic caucus and from a president eager to veto appropriations bills and cast Democrats as the same old spendthrifts.

? The fissures, internal and external, in the Democratic Party, will start to emerge, like cracks in the Arctic ice shelf.

Internally, Pelosi presides over a motley caucus that agreed to agree on her Six for '06. Don't bet on similar unanimity over Seven for '07. She's got some Grumpy Old Chairmen miffed at being elbowed aside during the first 100 hours and put out by the GOP term limits that the new leadership left in place. She's got Blue Dogs vs. the Black Caucus, urban liberals vs. Western and Southern moderates, all with their own conflicting agendas and electoral pressures.

Externally, the party's natives -- the liberal blogosphere, labor, gays, trial lawyers, environmentalists -- will begin to get restless, like a carful of cranky children on a long trip. If you don't toss them snacks every so often, they're going to have a meltdown. But the snack supply is limited, and there's going to be back-seat bickering over who gets theirs first.

? The consequences of promises will come home to roost.

First, the strictures of self-imposed pay-as-you-go budgeting, in which the Democrats have bound themselves not to increase entitlement spending without finding offsetting savings, have already started to pinch. The Democrats quietly but dramatically scaled back the scope of their promise to cut interest rates on student loans in half.

It's going to be a lot harder for them to comply with pay-as-you-go while shielding growing numbers of middle-class families from the alternative minimum tax -- a $50 billion a year cost. You'll hear lots of talk about collecting unpaid taxes to finance the fix, but the Congressional Budget Office isn't likely to score savings from the tax gap any more than it will visits from the Tooth Fairy.

Second, as the decision to dump the promise of an open process to muscle through the first 100 hours agenda shows, it's a lot easier to vow fairness to the oppressed minority when you are it. Giving Republicans a real opportunity to offer alternatives and amendments is like handing them a loaded gun to aim at vulnerable Democratic freshmen. (Not that Democrats are anti-gun!)

? Iraq is the elephant in the chamber.

Democrats don't agree among themselves about what should be done. Even if they did, they are trapped between their fear of looking like micromanaging undercutters of the troops and the clamor of their base for cut-off and withdrawal. It's not clear that tut-tutting their disapproval will prove to be a successful strategy for exiting from this bind.

For the second 100 hours, and the third, and beyond, Iraq is likely to eclipse everything else on the Democrats' agenda -- whatever that turns out to be.

Democrats Drying Up Oil Industry Tax Breaks (LAT)

By Richard Simon

The Los Angeles Times, January 17, 2007

WASHINGTON — When oil company executives came before the Republican-controlled Congress in 2005 to defend their record profits amid high gasoline prices, they were spared the indignity of being sworn in under bright TV lights, as the tobacco chiefs had been a decade earlier.

But with Democrats in charge, perhaps no industry will find the new Congress less hospitable than the oil industry.

That will be underscored Thursday when the House is expected to approve a bill that would repeal billions of dollars in oil industry tax breaks passed by the GOP-controlled Congress.

The measure would raise about $14 billion over 10 years by repealing the tax breaks and by closing a loophole that allowed royalty-free offshore oil leases. The money would be used to promote energy conservation and develop alternative fuels.

Currently, the government spends about $1.2 billion a year on projects to promote energy efficiency and renewable fuels.

"It looks like Congress is looking to rebalance the equation," said Bill Prindle, acting executive director of the American Council for an Energy-Efficient Economy, an energy think tank based in Washington.

Repealing the tax breaks will be the last of a spate of measures, including today's vote to cut interest rates for student loans, that House Democrats pledged to pass in their first 100 legislative hours.

Gasoline prices have eased from the record high of more than $3 per gallon set in 2005 after Hurricane Katrina damaged Gulf Coast energy facilities; the average price nationally Tuesday was $2.23 per gallon for regular unleaded, according to the Auto Club. But energy remains a potent political issue, as evidenced by the nearly 200 lawmakers who have signed up as co-sponsors of the House bill.

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President Bush is expected to propose energy initiatives in his State of the Union speech next week, and Democrats are spotlighting the tax repeal bill as a down payment on their plans to pursue a new energy policy.

The tax breaks were aimed at reducing U.S. dependence on foreign oil by encouraging domestic production of oil and natural gas. But even usually industry-friendly Republicans have found it hard to defend the oil companies after they recorded record profits.

One Republican who supports the House measure says it is smart to move the country away from fossil fuels. "Oil and natural gas are not forever," said Rep. Roscoe G. Bartlett of Maryland.

The measure is expected to easily pass the House but is likely to face a tougher time in the Senate. And it could run into trouble at the White House. Bush opposed the tax breaks for the oil and gas industry that were included in the 2005 energy bill. But the administration has been cool to the idea of forcing oil companies to renegotiate drilling leases.

A number of energy companies were permitted to drill royalty-free in the Gulf of Mexico in the 1990s, when energy prices were lower, to spur domestic production. But, in an apparent clerical error, a standard stipulation was left out of the leases that would have required the companies to pay royalties if oil prices rose. That oversight has shortchanged the Treasury by billions of dollars.

White House spokesman Scott Stanzel said the administration recently moved to increase the royalty rate on new deepwater leases in the Gulf, but he said the faulty leases need to be honored. "The government should be a reliable partner with private industry and should not change the rules in the middle of the game," he said.

Some companies have voluntarily renegotiated leases. Under the House measure, the others would be required to renegotiate or pay a $9-per-barrel "conservation" fee. If they refuse, they would be barred from bidding on new offshore drilling leases.

The big oil companies have stayed in the background, largely leaving it to their trade groups to attack the bill.

"This measure is purely political with the goal of punishing an industry that has low favorability on Capitol Hill," said Barry Russell, president of the Independent Petroleum Assn. of America. "This is a time to encourage American investment in energy projects here at home, not discourage it."

The House bill would roll back a tax break included in the 2005 energy bill for only the five largest integrated oil companies.

And it would create a special exemption to exclude only oil and gas companies from a tax break included in a 2004 corporate tax bill aimed at encouraging domestic production.

Don Duncan, vice president of federal and international affairs for ConocoPhillips, criticized that provision, saying it was discriminatory.

The House bill doesn't go after all of the $32 billion in tax breaks and subsidies that Friends of the Earth, an environmental group, has estimated the oil and gas industries receive, including a $500-million research program put into the energy bill at the urging of then-House Majority Leader Tom DeLay (R-Texas).

That program, designed to fund research into "ultra deepwater" drilling, has been assailed as a "giveaway" to the oil industry by some Democrats. But other Democrats support it.

Environmentalists on Capitol Hill lobbying for the House measure said they hope it is just the first step toward eliminating all tax breaks and subsidies for the oil and gas industries.

Industry allies are worried about the new Congress.

"Those of us who want a pro-production energy policy are going to have our hands full in this Congress preventing too many bad things [from] happening," said Rep. Joe L. Barton of Texas, the top Republican on the House Energy and Commerce Committee.

Rep. Jim McCrery of Louisiana, the top Republican on the tax-writing House Ways and Means Committee, said, "If you're interested in trying to lower the cost of energy, raising taxes is not the way to do that."

Unlike some other initiatives on the 100-hour agenda that have drawn unanimous support from Democrats, such as increasing the minimum wage, repealing the tax breaks may draw opposition from Democrats from energy-producing states.

"There will probably be Democrats who vote no," said Rep. Gene Green (D-Texas). He plans to vote for measure, however. "We've tried to make the best of what we consider bad legislation."

No decision has been made on how the nearly $14 billion that the bill would generate over a 10-year period would be divvied up. Possible uses could include expanding funding or tax breaks for development and use of fuel-efficient vehicles and alternative energy sources, such as solar and wind power.

The measure's supporters hope the prospect of additional funds for home-state energy projects, such as increased ethanol production, will help generate bipartisan support for it in the Senate.

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"It's long overdue, but Congress is finally ready to strip big oil of unjustified taxpayer subsidies and kick-start the nation's clean, renewable energy industry," said Rep. Henry A. Waxman (D-Los Angeles), a leading critic of subsidies to the oil and gas industries.

Utilities Endorse Climate-change Bill (HILL)

By Jim Snyder

The Hill, January 17, 2007

Six electric companies plan to support a Senate bill to cut greenhouse-gas emissions to curb global warming.

The bill, cosponsored by Sens. Dianne Feinstein (D-Calif.) and Tom Carper (D-Del.), would establish a national "cap and trade" program to limit power-plant carbon-dioxide emissions by 25 percent by 2020 from current projections.

The companies are members of the Clean Energy Group, which has advocated for a carbon cap in the past. The Carper-Feinstein bill is the "most aggressive emission reduction bill supported by industry to date," according to a news release.

The companies supporting the bill are Calpine, Entergy, Exelon, Florida Power & Light, PG&E Corp. and Public Service Enterprise Group.

A Low-Watt Bill (WP)

The Washington Post, January 17, 2007

THE HOUSE Democrats plan to pass an energy bill Thursday that combines the good, the bad and a large dose of missed opportunity. Thankfully, it faces an uncertain future in the Senate. Energy policy deserves more serious treatment.

The good part of the bill revokes tax breaks for oil and gas production in the United States that should never have been granted. In 2004, Congress reduced the tax rate on U.S. manufacturers and extended the definition of manufacturing to include oil and gas projects. This had the effect of subsidizing energy sources that contribute to global warming; Congress ought to be raising the carbon tax, not cutting it. The House bill would correct this error and use the proceeds to finance climate-friendly energy technology.

The bad part of the bill would effectively revoke lease contracts granted in 1998 and 1999 for offshore drilling. The leases mistakenly omitted a standard clause requiring energy companies to pay royalties to the Treasury if the price of oil rose above $34 per barrel. Now this omission is costing the budget an estimated $10 billion over the life of the leases. The administration, rightly, has tried to renegotiate the terms, and some leaseholders have cooperated. But Chevron and ExxonMobil, the companies with the most money at stake, feel that their responsibility to shareholders compels them to get something back if they are to give up large expected profits.

The House bill would break this deadlock by imposing heavy penalties on firms that do not renegotiate on terms imposed by the government. This heavy-handed attack on the stability of contracts would be welcomed in Russia, Bolivia and other countries that have been criticized for tearing up revenue-sharing agreements with private energy companies. Legitimizing that sort of behavior might be justified if it were the only way of fixing the leases. But Chevron, for example, says it would be willing to yield on the royalty payments if the duration of its leases could be extended.

The main problem with the House bill is that hitting up oil companies is a poor substitute for a real energy policy. The nation needs to accelerate the development of less-carbon-intensive fuels by capping or taxing carbon consumption. Members of Congress sometimes present half-measures such as the House bill as the most that can be achieved, given political constraints. But the oft-cited defeat of the BTU tax in Congress occurred more than a decade ago. The evidence on global warming has changed radically since then, and so, too, has the politics. Even ExxonMobil, traditionally the fiercest opponent of climate action, has cut funding to "research" groups that question global warming and is starting to engage in the debate about which sorts of carbon restrictions should be adopted.

Judges Look To Clerks With Experience (LAW)

By Anna Palmer, Legal Times

Legal Times, January 17, 2007

Julia Kiraly doesn't fit the profile of a judicial clerk, the Ivy Leaguer who jumps directly from law school to a judge's chambers. After hopscotching from Venable to Hogan & Hartson and back to Venable in her first four years of practice as a litigator in Washington, D.C., Kiraly did the unthinkable for many young lawyers looking to scale the law firm ladder: She passed up a growing six-figure salary to clerk for Chief Judge Thomas Hogan of the U.S. District Court for the District of Columbia.

However unconventional, Kiraly, now entering her second year clerking for Hogan, is emblematic of a growing number of lawyers leaving private practice to clerk on one of the most competitive circuit courts.

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Though the graying of Supreme Court clerks has been well documented (think Justice Samuel Alito Jr.'s first-term pick of Adam Ciongoli, former senior vice president and general counsel of Time Warner Europe, as his clerk), the increasingly older talent pool applying for federal circuit court clerkships has risen over the past couple of years as lawyers seek to boost their résumés. The trend also reflects the growing number of federal judges who have done an about-face by requiring, or strongly preferring, law clerks who draft opinions and research questions of the law to obtain some real-world experience beyond school.

"I think I'm clearly in the growing minority," says Judge Richard Leon, of the U.S. District Court for the District of Columbia, about requiring his clerks to work at least a year prior to their clerkships. "Each clerk is monitoring as part of his or her job 125 to 150 cases across the entire spectrum of the law. I just find that the law clerks are much more confident, able, and their writing skills have been perfected after working for a couple of years."

A HUGE ADVANTAGE

Applying for a clerkship after entering the marketplace hasn't always been in vogue. For decades, judges relied on the nation's top law schools to fill clerk positions. Even five years ago it was almost unheard of at most Washington firms to clerk after becoming an associate. But in-house recruiters and hiring partners say they have seen a distinct change in the number of associates exiting for clerkships.

"We have at least three and we may have four first-year associates who are leaving to clerk next fall," says Brian Brooks, a partner in O'Melveny & Myers' Washington office. "Three years ago it would have been zero."

Brooks, who is hiring partner in the firm's D.C. office, was the firm's first nontraditional clerk in 1997 when he left after working for two years to clerk for Judge Danny Boggs on the 6th U.S. Circuit Court of Appeals. Since then, he's used his experience to help mentor associates applying for clerkships.

"There's a huge advantage once you've practiced for a year in deciding what kind of [clerk] experience you want," says Brooks. "It's very tough to choose which judges are right; you have much more of a sense of what areas of law interest you, geography and things you might have in common with the judge."

O'Melveny isn't alone. Firms such as Kirkland & Ellis, Arnold & Porter and Gibson, Dunn & Crutcher all say they've noticed the increase in judges picking associates from inside their law firms.

Instead of viewing associates departing for clerkships as a negative trend, law firms have framed it as a recruiting tool to lure clerks back to firms with incentive packages.

Latham & Watkins, for example, typically offers federal judicial clerks hoping to join the firm a one-year credit and a $35,000 signing bonus. Arnold & Porter's Deborah Feinstein, who is on the firm's management committee and is a former hiring partner, says the firm usually allows associates to hold an offer with the firm if the judge allows or otherwise tries to recruit them back after their service.

The Code of Conduct for Judicial Employees leaves the decision of whether a clerk can hold an offer at a firm up to the individual judge.

Although the reasons vary among lawyers looking to exit private practice, many current and former clerks point to paying off student loans and starting at a high government salary as incentives to wait at least a year before applying for a clerkship.

"I actually didn't apply as a third-year, mainly, because I just couldn't afford the application process," says Kiraly, who graduated from William & Mary's Marshall-Wythe School of Law in 2001 during the associate salary boom.

Lawrence VanDyke, a former Gibson Dunn associate who clerks for Judge Janice Rogers Brown of the D.C. Circuit, says the financial pressures of being married with three kids also played into his waiting a year before applying.

Associates also use clerkships as an easy transition to leave a firm or to get expertise in a different practice area.

Although Schan Duff, now a fifth-year associate at O'Melveny, returned to the firm after a one-year clerkship with Chief Judge Anthony Scirica on the 3rd Circuit, he says he was able to transition away from litigation and antitrust work into the firm's financial services and regulatory practice.

A COMMON BACKGROUND

Judges with prior law firm experience appear more apt to choose associates as clerks. D.C. District Judge Leon, a former partner at Baker & Hostetler and Vorys, Sater, Seymour and Pease, still hires clerks during their third year of law school but requires them to work a year or two post-law school before coming on board. Judge Rosemary Collyer of the U.S. District Court for the District of Columbia, formerly a partner at Crowell & Moring, also requires at least one year of experience.

"I have clerks that come from the courts of appeals, but mostly, I have clerks who have spent anywhere from about 18 to 35 months in a law firm environment, and then they decide they want to be a clerk," says Collyer.

Weil, Gotshal & Manges partner Gregory Coleman sees the practical experience as a bonus for judges. Coleman, who clerked for both Judge Edith Hollan Jones of the 5th Circuit and Supreme Court Justice Clarence Thomas, accepted a position with Weil Gotshal before clerking for Jones and then returned to Weil before departing again to clerk for Thomas.

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"I think I brought a more practical perspective, so when you read things and petitions and other things, I tended to be a little more skeptical of certain types of claims, and also you can kind of see how the procedural aspects build up better," Coleman says.

Collyer agrees.

"I spent many years in law firms hiring people right out of law schools, which is what law firms do mostly, and I think that the first year out of law school [they] have a lot of settling in to do," says Collyer. "If a judge who has been used to hiring out of law school happens to hire somebody with a little more experience, [the judge] discovers what a difference it makes."

Gradual Rate Cuts Trim Cost Of House Student Loan Bill (WT)

By Amy Fagan

The Washington Times, January 17, 2007

Democrats, trying to deliver on expensive campaign promises, are offering a slimmer version of legislation to cut interest rates on student loans.

The House today is expected to approve the College Student Relief Act of 2007, with some Republican votes, which would cut interest rates gradually on need-based federal loans for college undergraduates from 6.8 percent to 3.4 percent by 2011.

It ultimately would save the average student borrower about $4,400 over the life of a loan.

"This legislation will be a vital first step towards helping lower college costs for millions of low- and middle-income students, while keeping our promises to taxpayers to maintain responsible spending," said Rep. George Miller, California Democrat and chairman of the House Education and the Workforce Committee.

Mr. Miller is a sponsor of the bill, a signature item on the Democrats' first 100 hours agenda. The version is trimmer than legislation crafted last year, which would have cut interest rates on student loans immediately rather than gradually.

"They're running into reality," said Rep. Howard P. "Buck" McKeon of California, the top Republican on the education panel.

Democrats estimate that the legislation will cost $5.85 billion over five years. The National Taxpayers Union said the original version from last year would have cost $37 billion.

The Bush administration opposes the bill. The Office of Management and Budget said the legislation won't help current students or their families and that encouraging more student debt can fuel higher tuition costs. Colleges must join the effort to make education affordable, an OMB memo said.

"The Administration will continue to work with Congress on a comprehensive approach to improve college access for the neediest students, in a fiscally responsible manner," the memo said.

Democrats call the bill a first step in addressing higher education costs, which have risen 41 percent since 2001 and leave the average graduate with $17,500 in federal loan debt. Similar legislation will move in the Senate as well.

Democrats also have pledged other measures to ease the load of student loans, such as increasing the maximum Pell Grant award.

The Young America's Foundation suggested that increased federal funding would create "a perverse market incentive" for schools to inflate costs.

More federal dollars to higher education "will only expand the problem of affordability while allowing schools to amass even larger fortunes on the backs of beleaguered American taxpayers," a foundation memo said.

Mr. McKeon called the House bill "well-intentioned" but said Congress should address the root of tuition increases, in part by asking education institutions to account for big-ticket spending items that help drive up costs. He will offer his own legislation today as an amendment to the Democrats' bill.

House To Vote Student Loan Interest Bill (AP)

By Nancy Zuckerbrod

AP, January 17, 2007

WASHINGTON — Continuing its march through an agenda of popular legislative initiatives, the Democratic-led House is considering cutting interest rates on some college student loans in half.

The House was scheduled to vote Wednesday on the measure, which would help an estimated 5.5 million students who get need-based federal loans.

The government pays the interest that accrues on those loans while students are in college. Students pick up the payments after they leave school.

The rates would drop from 6.8 percent to 3.4 percent in stages over a five-year period under the House proposal. That would cost nearly $6 billion, according to the Congressional Budget Office.

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To avoid increasing the deficit, the bill's cost would be offset by reducing the yield on college loans the government guarantees to lenders and cutting the guaranteed return banks get when students default. Banks also would have to pay more in fees.

The House was expected to approve the bill, though its future is uncertain beyond that. The Bush administration and some top Republican lawmakers oppose it. Sen. Edward Kennedy, D-Mass., head of the Senate's education committee, plans to pursue broader education legislation that addresses the proposed interest rate cut.

Democrats, who took over Congress this year, are trying to make good on a campaign pledge. However, the plan has been scaled back.

During last year's campaign season, Democrats did not spell out that the cut they were talking about passing in the first 100 hours of the new Congress would only affect need-based loans. They also pledged to lower interest rates for parents who take out college loans for their children, and said they wanted to increase the maximum Pell grant award from $4,050 to $5,100. Pell grants go only to the neediest students and do not have to be paid back.

California Democratic Rep. George Miller, chairman of the House committee on education, said lawmakers plan to address those issues later.

California Rep. Howard "Buck" McKeon, the highest-ranking Republican on the education committee, criticized Democrats for considering the legislation without hearings. He also said he worried the cuts could lessen the services and benefits students receive.

McKeon noted Congress cut $12 billion from the student loan program last year as part of a budget bill.

"If we make it so unattractive to be in the student loan business, they'll go into the car business," McKeon said of lenders.

Luke Swarthout, who lobbies on higher education issues for the U.S. Public Interest Research Group, said the industry is highly profitable and can sustain this round of cuts.

"This is one of the most heavily subsidized and lucrative industries," he said. "These lenders receive guaranteed profits with virtually no risk."

The House bill is H.R. 5.

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On the Net:

http://www.house.gov/ed_workforce/

House Democrats Scale Back Plan To Cut Rates On Student Loans (MCT)

By Barbara Barrett

McClatchy Newspapers, January 16, 2007

WASHINGTON - The plan House Democrats will push Wednesday to slash rates on some student loans falls short of a proposal they pitched nearly a year ago when the Republicans controlled Congress.

The House Democrats' plan doesn't cover all student loans - only federally subsidized Stafford loans targeting some middle-income families - and it will take five years to phase in. And though education advocates praise the effort as a nice start, they say it won't do much to boost college access at a time of soaring tuition increases.

Many would rather see Congress focus its efforts on increasing Pell Grants, which focus primarily on low-income families and don't have to be repaid.

"It's a great way to communicate that you support students and their families," Kimrey Rhinehardt, vice president for government affairs at the 16-campus University of North Carolina system, said of Wednesday's vote. "But this is not the panacea for the problem. It's a much bigger problem."

The rate cut would be unlikely to encourage more students to go to college, some advocates say, and it doesn't affect students while they're in school. Instead, it would lower monthly payments for college graduates, saving the average borrower more than $4,200 over the life of the loan.

Democrats say the rate cut begins to tackle the affordability issue. Since 2001, tuition has jumped 41 percent at the nation's public colleges and universities and 17 percent at private schools.

In December 2005, Republicans cut $12 billion from the federal student loan program in the budget reconciliation bill. Pell Grants, which go to the neediest students, have been flat for five years.

In March, Democrats wanted to halve the interest rate to 3.4 percent on all student loans. Their effort in the House failed, but it became a campaign issue for the party.

"We should support (students) with a real federal investment in their education - not a sham that does not help American students and families pay for college," said then-Minority Leader Nancy Pelosi.

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After doing the numbers, Democrats announced this month that they hope to cut rates on just federally subsidized Stafford loans, used now by about 5.5 million students.

Even then, the reductions would be phased in over five years and would cost nearly $6 billion to implement.

"This is a down payment on addressing the college affordability crisis," said Tom Kiley, Democratic spokesman for the House Education Committee. "It is a first step we can take."

Some Republicans labeled the plan "hypocrisy."

"It's a sham and a lie," said Rep. Virginia Foxx of North Carolina, a member of the Education Committee and former community college president. "It wouldn't guarantee that one more student would go to college because of this."

Educators hope Democrats will do more in coming months. The Senate version of the bill comes as part of a larger higher education package and would increase Pell Grants.

The subsidized loans target mostly middle-income families, with about half of the loans going to students in families earning between $26,000 and $68,000 a year, said Bill Parsons, associate director of government affairs at the American Council for Education in Washington. Those students leave college with an average debt of $13,800.

Democrats plan to offset the costs by increasing the money they get from lenders who administer the program. Some lenders warn the interest rate cuts could actually penalize students as lenders pass on fee increases to students.

"A lot of lenders say they won't be able to offer as high-quality services to students," said Joe Cronin, president of The Student Loan Network, a lender in Quincy, Mass. He, too, favors increasing Pell Grants, but said few would outright oppose cutting student interest rates.

"I think the Democrats in Congress are in favor of it because it sounds really nice," Cronin said. "Overall, there's definitely better ways that money could be spent."

Bush Rejects Democrats' Plan To Cut Student-Loan Rate (BLOOM)

By Paul Basken

Bloomberg, January 16, 2007

Jan. 16 (Bloomberg) -- The Bush administration rejected a Democratic plan to cut interest rates on federally backed student loans, saying it instead preferred that Congress concentrate on funding direct-aid programs.

``Student debt loads have soared in recent years, and it is not clear that encouraging more loans is a wise course," the White House's Office of Management and Budget said in a written statement. The administration instead favors increasing grant aid to low-income students, the OMB said.

The U.S. House of Representatives, as part of a legislative package it has promised to enact in its ``first 100 hours" after taking control this year from Republicans, plans to cut in half over five years the 6.8 percent rate on federally backed college loans.

The plan also has drawn criticism from banks, which oppose provisions that would make them pay the estimated $6 billion cost of the lower rates, and congressional Republicans, who want more pressure on colleges to reduce costs.

The legislation, drafted by Representative George Miller of California, the new Democratic chairman of the House education committee, is scheduled for debate and a vote tomorrow on the House floor.

Miller's plan would pay for the interest rate cut through steps that include reducing the return on federal loans by 0.1 percentage points. That cut only would apply to the largest 32 lenders, defined as those holding 90 percent of all student loans.

Affected Lenders

Affected student lenders include SLM Corp., Bank of America Corp., Citigroup Inc. and Wells Fargo Bank. They aren't opposed to cutting the rate, since the federally backed loans provide a guaranteed return, though they have criticized Democrats for proposing that they bear the cost.

The size of the cuts proposed by Miller could force some banks out of the student lending business, said Moshe Orenbuch, a banking industry analyst at Credit Suisse AG in New York. Orenbuch, in a note last week to investors, predicted Bush wouldn't sign such a measure into law.

The American Council on Education, the major Washington- based university association, supports Miller's plan even though it agrees Congress might be able to spend the same money in ways that benefit more needy students, said Becky Timmons, the group's director of government relations.

Pell Grants

Bush and the Republican-led Congress had six years to increase Pell Grants, the main federal grant program for low-income students, if they wanted to do it, said Timmons, whose group represents about 1,800 colleges and educational organizations.

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The only increase in the program during that period, however, was due to gains in the number of participating students, Timmons said.

The previous chairman of the House education committee, Republican Representative Buck McKeon of California, today wrote to Miller saying his plan was ``well-intentioned." McKeon said he would argue instead, however, for legislation giving colleges incentives to hold down costs.

McKeon's plan proposes government-organized studies to evaluate college costs and rate schools on their financial performance.

The Bush administration, in its statement, said it too believes that increasing affordability is a job that ``must be shared with colleges."

U.S. colleges are willing to discuss such ideas, though they're wary of McKeon's proposals in such areas as suggesting that small businesses give advice on holding down costs, Timmons said. ``It's got some very odd aspects to it that we would oppose," she said of McKeon's plan.

Educating Democrats (WSJ)

The Wall Street Journal, January 17, 2007

House Democrats have scheduled a vote for today on a proposal that would reduce the interest rate on student loans. The ostensible goal is to make college more affordable, but such a move could well wind up having the opposite effect.

Democrats campaigned last fall on a pledge to lower the interest rate on subsidized student loans to 3.4% from the current 6.8%. "We will broaden college opportunity," says Nancy Pelosi, the new House Speaker, "and we will begin by cutting interest rates for student loans in half." It makes for a good sound bite, but on closer inspection the connection between lower interest rates and "college opportunity" is far from clear.

The interest rate doesn't affect whether a student can pay his or her tuition bill, which means that no one unable to afford college today will suddenly be able to do so because of a reduction in the rate. Rather, lowering the rate will simply boost the federal subsidy for loan repayments after graduation. That's because the financial institutions that handle these loans are guaranteed a rate of return, regardless of the interest rate. Halving the rate that lenders can charge borrowers means larger government (read: taxpayer) subsidies for the banks.

In other words, the Democratic loan proposal isn't really about making college more affordable for low-income families. It's about expanding federal subsidies for college grads, including millions of middle-class men and women who will go on to do very well in life and hardly need such a government handout.

"The average college graduate leaves school with a debt of $17,500, which after consolidation and tax breaks comes to about $102 a month," says Brian Riedl of the Heritage Foundation. "If a college degree adds about a million dollars to your lifetime income, 102 bucks a month is manageable." Democrats know that subsidizing college graduates doesn't sound all that great as a political theme, so instead they pretend that cutting student-loan interest rates will somehow make higher education more "accessible."

The Democrat proposal also has the potential to exacerbate perverse incentives already associated with the government student loan programs. Since 1992, tuition at public and private colleges has risen 86% and 52%, respectively. The only other segment of the economy where costs have outpaced inflation by similar leaps and bounds is health care. And it's no coincidence that third parties foot the bill for big chunks of both higher ed and health care spending; this has predictably increased demand relative to supply and resulted in prices rising faster than they would otherwise.

Like any business, colleges will charge as much as their customers are willing to pay. And you can be sure that, as quickly as student aid increases, colleges will raise tuition to capture the additional funds. In the absence of all this subsidization, colleges would have to be more cautious about raising tuition because their customers would be affected more directly. So the biggest winners from this latest subsidy will be the relatively well off professors and administrators who run higher education.

Rather than scaling back these interest rate subsidies, Democrats want to make them more generous. This can only have the effect of further distorting the true cost of a college education by pushing more and more of that cost on to taxpayers. Ultimately, increasing the government's role is a recipe for making college less affordable.

Boehner: New Ideas Wanted (RC)

By Susan Davis

Roll Call, January 17, 2007

For all the hurdles House Republican leaders face in the minority, the biggest one simply may be getting their rank-and-file Members to accept the realities of their new deflated status.

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"I had a Member one night last week moaning and groaning about the schedule," House Minority Leader John Boehner (R-Ohio) said in an interview Tuesday. "And I just had to look at him and say, 'Why don't you go talk to Mr. Hoyer?' It is what it is."

While House Majority Leader Steny Hoyer (D-Md.) now holds Boehner's old job, Boehner makes no excuses for the electoral losses of the party he now leads.

"You could say that our reservoir of new ideas is low ... to some extent, you could argue that we got lazy. We've been the party of ideas and the American people, by and large, agreed with us for a long time," he said.

Boehner defined the challenges of the GOP in the minority: "We've got to work harder, we've got to work smarter, and probably the biggest thing we need to do is energize our Members to create new ideas for solving the problems the American people sent us here to solve."

While Democrats continue to tick off a list of early legislative accomplishments, most with considerable Republican support, Boehner is quick to dismiss speculation that there are rifts in the GOP ranks.

"I think we have to remember that we're in the midst of a honeymoon. I find it interesting the stories that are being written about disunity among Republicans," he said, "I've told our Members, 'Smile, we'll deal with it, let's not get too excited.'"

But looking beyond the popular measures included in the Democrats' "100 hours" agenda, House Republicans now face a much more divisive issue as a Democratic-led Congress takes on President Bush's plan to commit an additional 20,000 troops to the Iraq War as a means to bolster chances of success in the region.

"We have a case here in regard to Iraq where many of our Members are skeptical about the president's plan, and this is going to be a difficult moment for our Conference as a whole," Boehner acknowledged.

House leaders, including Boehner, GOP Conference Chairman Adam Putnam (Fla.) and Republican Policy Committee Chairman Thaddeus McCotter (Mich.) recently have begun a series of informal listening sessions to gauge Member support. Another was scheduled for Tuesday evening, according to Putnam.

"We're still in that listening mode, and we're going to have to come to some decision on how to proceed here soon," Boehner said.

Hoyer told reporters Tuesday that Democrats in both chambers would bring a nonbinding resolution to the floor in the coming weeks to serve as a referendum on the "surge" plan. Hoyer said he anticipated a "very significant bipartisan vote" against Bush's proposal.

Boehner said Tuesday that he generally does not support making such votes a question of party loyalty, noting that one of his first votes as a Member of Congress related to the first Persian Gulf War.

"The Congress has a responsibility to provide proper oversight of the administration whether you're a Democrat or a Republican, [and] especially when it comes to war I think it's incumbent upon us to do our constitutional duty," he said, "I'm a bit sensitive about Members' ability to do what their conscience tells them."

House Minority Whip Roy Blunt (R-Mo.) and Putnam told reporters Tuesday that it remains to be seen if the GOP will whip against the resolution. "Let's see what they come up with," Blunt said. "We'll have to see what the resolution says to see how much conscience is involved or whether it is just a partisan ploy to embarrass the president."

Putnam echoed the sentiment, calling a nonbinding resolution a "legislative fig leaf," and said Democrats have yet to put forward their own plan for success in Iraq.

"Let's put this resolution into the correct category of just more political rhetoric," added Boehner. "It's a nonbinding resolution that means nothing. If Democrats were serious about this, they'd offer their own plan. If they were really serious the would decide, 'We disagree, we're going to shut down all funds for this.'"

Individually, Boehner, Blunt and Putnam have all said they support what the president has put forth — a position that heightens pressure on the new leadership team to balance the views of a number of their Members who believe that they lost the majority largely due to the war — and that House Republicans need to operate more independently from the White House in the 110th Congress.

"There is a sense that we've been carrying the water for the White House for too long," said one senior Republican late last week.

Boehner said the GOP would not give the White House a free pass on Iraq.

"My role and House Republicans' role is twofold," he said. "While the president is of our party, and there's an inclination to be supportive, we're also Members of Congress, a different branch of the government, with the responsibility to look closely at what the administration is doing."

With Democrats in the driver's seat, Bush will now have to negotiate with Congress in a way he never had to face in his first six years in office. Boehner expressed confidence that the new power structure would not mean that Congressional Republicans could be side-lined in the process.

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"I have absolutely no fears that we won't be in full communication with each other," he said, adding that the president has given him personal assurances on that front.

Boehner said he shares a "close" relationship with Bush. "I don't expect that to change at all," he said.

Boehner likewise expressed confidence in his new leadership team and said his relationship with Speaker Nancy Pelosi (D-Calif.) has been "nice" so far.

Boehner said he believed he could work with Pelosi particularly on matters of institutional importance. "I think it's important we have conversations and work together for the good of the institution," he said.

Despite his personal opposition, Boehner has agreed to work with Pelosi to set up a bipartisan ethics task force, tentatively made up of four Members on each side, to examine the creation of an independent ethics body to police Members.

"I've had grave concerns about us abdicating our responsibility as outlined in the Constitution," he said. "The Constitution makes it very clear that Congress is to decide its rules and enforce them, so I have concerns."

And while House Democrats led by Pelosi and Hoyer in the minority largely employed a strategy of party-line opposition to major GOP policy initiatives to forge renewed party unity, Boehner said he has three options as Minority Leader on a daily basis: work with Democrats, work against Democrats or get out of their way.

"I think the key to my job and the key to success of our Conference is making the right decision every day," he said. "It's not in our interest to make our Members march in lock step every day in total opposition to what the majority wants. I don't think that's constructive, I don't think that's helpful."

Flaking Out (LAT)

The Los Angeles Times, January 17, 2007

NOW THAT THE time has arrived for congressional Republicans to show what they've learned from November's elections, they seem more concerned with the party line than with the party's performance. Consider House Minority Leader John A. Boehner's decision to remove Rep. Jeff Flake of Arizona from his seat on the House Judiciary Committee.

Flake has made a name for himself with his long-standing effort to eliminate excessive congressional "earmarks" — not through any complex new ethics legislation but by publicly fighting individual earmarks on the House floor. It's not certain that this was the reason he lost his Judiciary Committee job. Flake believes that he's being punished for supporting comprehensive immigration reform. Other D.C. observers say Boehner (R-Ohio) is making good on his promise last year to punish "bad behavior" by Republicans who vote against the party's leadership. What is clear is that Flake, the kind of fiscal conservative who has the potential to reverse the GOP's woes, is being held back not for his behavior but for his beliefs.

So is Rep. Walter B. Jones (R-N.C.), who has been passed over for a leadership position on the House Subcommittee on Readiness . Though Rep. Duncan Hunter (R-El Cajon), the ranking Republican on the House Armed Services Committee, did not characterize his decision to promote a lawmaker with less seniority, Jones has called for the withdrawal of U.S. troops from Iraq.

Party discipline is not without value, and it's worth noting that the charismatic Flake has been more effective at building his own reputation than at reining in pork. Still, Flake is a skilled advocate for his party's core fiscal beliefs. And Jones is one of a growing number of Republicans who are disenchanted with the war. If Boehner and company want to restore the GOP as a party of ideas, rigor and credibility, they'll stop expecting all its members to march in lock step.

Senate GOP Begins Repair Of Messaging (HILL)

By Alexander Bolton

The Hill, January 17, 2007

Senior aides to Senate Minority Leader Mitch McConnell (R-Ky.) and Senate Republican Conference Chairman Jon Kyl (R-Ariz.) met with Senate Republican press secretaries yesterday to address last year's communications shortcomings under former Sen. Bill Frist (R-Tenn.).

McConnell and Kyl have decided that more members of their conference must actively voice the GOP's vision both in the national media and to constituents. Senate Republicans have felt increasing pressure to reform their communications strategy following the success of Senate Majority Leader Harry Reid's (D-Nev.) war room, which is part of a 20-person Democratic communications team that specializes in rapid response.

"We learned that our policies are best communicated when we're working as a team," Kyl told The Hill. "All our Republican Senators are leaders, and it's our mission to help highlight the contributions they're making to our policy agenda."

"This week alone we're already seeing progress in the effort to promote small business growth, restrain wasteful spending, and prevent government from price-fixing prescription drugs."

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"It's long overdue," Senate Republican Conference Vice Chairman John Cornyn (R-Texas) said of McConnell's plans. "We have been on the short end of the stick when it comes to defining ourselves to the American public."

Frist attempted to implement a coordinated communications program such as McConnell and Kyl now envision, but it was widely viewed as an ineffective effort. Some Republicans attribute Frist's failure to push the initiative to the former majority leader's presidential ambitions. They argue that Frist's concern over voters in presidential primary states constrained his ability to speak effectively on behalf of the GOP conference.

"I thought it left something to be desired," Cornyn said of last year's communications strategy. "You can't serve two masters. When you have divided allegiances, something has to suffer. No one now in leadership is running for president."

One of Frist's famous communications gaffes came in the summer of 2005 when he unexpectedly announced his support for federal funding of stem-cell research. The pronouncement came as a "bolt out of the blue," according to Republican aides, and obscured a message with which Republicans carefully had planned to kick off the August recess. Another stumble came last year when Frist told reporters that Republicans would consider a compromise on repealing the estate tax. Conservatives were angered that Frist's statement came in the middle of a floor debate on full repeal that they felt they had been winning.

Cornyn's former spokesman, Don Stewart, who now serves as communications director for McConnell and Kyl aid Ryan Loskarn are arranging meetings with the offices of all 49 Republican senators to craft a coordinated communications plan.

Stewart outlined his proposal during Tuesday's meeting with GOP aides. Senate Republican Conference aides also attended the session, during which they also presented Kyl's ideas for integrating more rank-and-file lawmakers in party message-shaping.

Rank-and-file GOP aides have criticized what they perceived as Frist's hierarchical approach to coordinating the Republican line. Frist, they say, tended to concentrate more on issuing talking points than soliciting feedback.

"There are two ways of initiating a communications strategy," a GOP Senate aide said. "One is to go to offices and ask what the offices are working on and the second way is to say, 'Here are the talking points, if you want to be on the team you have to use these.' Most offices don't find [the latter] very effective."

When McConnell brought Stewart onboard last year, GOP aides and lobbyists interpreted the move as a signal that the incoming Republican leader would take an aggressive approach to communications because of Stewart's outspoken work on Cornyn's behalf. Kyl's hiring of Ron Bonjean to serve as conference staff director is being viewed in the same way. Bonjean previously handled communications for former Senate Majority Leader Trent Lott (R-Miss.) and former House Speaker Dennis Hastert (R-Ill.)

The new Republican leadership has told fellow Republicans that it intends to spread the party's message in a more collaborative way. In meetings with rank-and-file Republican aides, McConnell's and Kyl's staff have asked lawmakers on which issues they are most focused and would be willing to serve as party spokesmen. The communications team would also like Republican senators to appear more frequently on television and radio and better use Internet platforms.

With an eye toward meeting those targets, the Senate Republican conference is advertising to members the services they provide, such as a satellite feed through which lawmakers can conduct television interviews in their home states from Washington. Senators can also use a studio located on the fourth floor of the Hart office building to record video greetings and public service announcements for play at home. The conference also has told lawmakers it will provide camera crews to cover them at press conferences, hearings and meetings with constituents.

The conference is the communications arm of the Senate Republican leadership, but last year it was hampered because then-chairman Rick Santorum (R-Pa.) was preoccupied by a difficult reelection race, one he ultimately lost. Republican leaders last year tapped Cornyn and Sen. Jim DeMint (R-S.C.) to help Santorum, but the solution came too late, say Republicans.

"This year will be more focused," said DeMint, whom colleagues recently elected to head the Republican Steering Committee. "I know the idea of trying to set up a coordinated approach was one we tried to work with that last year but, frankly, I don't think we did it in time."

Asked about Frist's divided attentions, DeMint said, "I don't know if it was a presidential thing or whatever but we never got a coordinated communication package. Mitch McConnell is trying to do that right out of the box and I think [the] focus is on doing what we need to do here completely."

DeMint endorsed the plan to get more lawmakers involved in the communications effort, which he took up last year — albeit too late in the election cycle to pay political dividends. DeMint said in his new leadership role, however, he will focus more on crafting policy.

"The media tends to go to a few high-profile members and want to hear from them, but I think it's important to get members with particular expertise and push them out front," he said. "My priority will be to work with the steering committee to communicate conservative principles and try to steer our whole conference and the Congress in a more constructive conservative way."

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Cornyn still is developing his plans as conference vice chairman. But he will meet with Republican senators who are facing reelection in 2008 to understand their political and policy priorities and to weave them into an overarching message for the conference.

Lawmakers' Lobbying Spouses Avoid Hill Reforms (WP)

By John Solomon

The Washington Post, January 17, 2007

When Sen. Byron L. Dorgan (D-N.D.) rose to the Senate floor last summer and passionately argued for keeping the federal estate tax, he left one person with an interest in retaining the tax unmentioned.

The multibillion-dollar life-insurance industry, which was fighting to preserve the tax because life insurers have a lucrative business selling policies and annuities to Americans for estate planning, has employed Dorgan's wife as a lobbyist since 1999.

A few months earlier, Sen. Elizabeth Dole (R-N.C.) had pleaded for restraint as she urged colleagues to avoid overreacting to the news that the Bush administration had let a United Arab Emirates company take over operations at six U.S. ports. At the same time, her husband, Robert J. Dole, a former senator and presidential nominee, was registered to lobby for that company and was advising it on how to save the deal from the political firestorm.

At least half a dozen congressional spouses have jobs as registered lobbyists and several more are connected with lobbying firms, but reining in the practice to prevent potential conflicts or the appearance of them has not been a priority among congressional leaders. Even modest proposals such as banning wives and husbands from lobbying their spouses or using their spouses' floor privileges for lobbying have gone nowhere.

Democrats made ethics reform a major issue in last fall's congressional elections, but the ethics package the House approved earlier this month didn't address the issue and neither did the one proposed by Senate Democrats. Last week, however, Sen. David Vitter (R-La.) proposed banning spouses of senators from lobbying any part of the chamber. The lone exception is for spouses who were lobbying at least one year before their husband or wife was elected.

The Senate is scheduled to vote on the legislation as soon as today. Senate Majority Leader Harry M. Reid (D-Nev.) called Vitter and said he would support the proposal with one caveat: It should exempt spouses who are already lobbyists.

"As long as it is not retroactive, Senator Reid supports efforts to ban spouses of sitting members from lobbying in the future," spokesman Jim Manley said. Vitter said he will not support Reid's proposal. "I think this goes to one of the fundamental issues in this whole debate and that is officeholders using their office to increase their personal and family income. It doesn't get any more basic than that," Vitter said.

Massie Ritsch of the Center for Responsive Politics, a nonpartisan group that studies political donations and ethics in Washington, said that if senators decide that a lobbying ban is necessary, it makes no sense to exempt current spouses.

"If there is a problem here, it is that family members can get access to lawmakers that other people don't. And if they exempt the current spouses, then they are making it all the more exclusive. Those family members will seem all the more special."

Vitter's legislation does not apply to the House. It also does not address lawmakers' siblings and children, another growth area in lobbying. Vitter said he wanted to make the plan broader but was not assured of a vote, so he scaled it back to Senate spouses.

Elected to the Senate in 2004, Vitter took an initial foray into ethics reform more than a year ago, proposing the spousal lobbying ban as well as the end of large tribal donations like those seen in the Jack Abramoff lobbying scandal. But his plans went nowhere when his own party was in charge.

Vitter had garnered scrutiny during the scandal when it was learned that, as a House member in 2002, he had written a letter opposing a casino for an Indian tribe that rivaled Abramoff's clients. Vitter had taken donations from Abramoff's tribal clients but had refunded the money. He said he always has opposed gambling.

With Democrats in control of Congress and promising broad ethics reform, Vitter tried again. Last week the Senate rejected another of his proposals -- one to end the practice of lawmakers hiring relatives and paying them with Senate office, campaign or political action committee money.

Typically, according to their offices, those senators with lobbyist-spouses do not let their spouses lobby them or their staff personally. The rest of the Senate and Congress, however, is usually fair game.

Robert Dole's office said that while he registered to lobby for DP World, he never contacted the Senate and instead focused on giving advice. Nonetheless, his work during the political firestorm over port security helped earn his firm $320,000 in the first half of 2006, records show.

Kimberly Olson Dorgan is registered as a lobbyist for the American Council of Life Insurers and worked on several issues, including the estate tax. She now has moved into an executive job. Barry Piatt, a spokesman for Byron Dorgan, said that the

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senator long opposed repealing the estate tax, that his position was consistent with that of most Democrats and that his wife's job had no bearing.

Piatt noted that Dorgan once was at odds with his wife's lobby when he supported exempting income under $10 million from the estate tax.

Though the Dorgans built a voluntary wall between them, it doesn't extend to the senator's reelection campaign. His wife's lobbying group gave the senator's campaign $2,000 from its political action committee in 2004. And other life insurers have donated tens of thousands of dollars to Dorgan's campaign, Federal Election Commission records show.

Among the other senators with lobbyist wives are Ted Stevens (R-Alaska) and Kent Conrad (D-N.D.).

Catherine A. Stevens has been a registered lobbyist for the Washington firm of Mayer, Brown, Rowe & Maw, whose past clients include media giant Bertelsmann AG and the famed King Ranch in Texas, lobbying records show. She did not return calls to her office seeking comment.

Lucy Calautti, Conrad's wife and a former chief of staff to Dorgan, is registered to lobby for Major League Baseball's commissioner's office, which paid her firm at least $360,000 in the first half of 2006, according to the most recent lobbying reports on record with the Senate. She did not return calls to her office seeking comment. Conrad spokesman Chris Thorne said that the senator and his wife have a firm rule prohibiting her from lobbying his Senate office and staff.

On the House side, Abigail Blunt, the wife of House Minority Whip Roy Blunt (R-Mo.), has lobbied for years for Altria Group, the parent company for Kraft Foods and tobacco firm Philip Morris. The couple were married in 2003 and decided about a year ago that Abigail would no longer lobby any part of the House, Blunt's office said yesterday. And Jennifer LaTourette, the wife of Rep. Steven C. LaTourette (R-Ohio), has been registered in recent years to lobby for several interests, including health-care companies and Cleveland's port authority.

Other congressional spouses have ties to lobbying even though they aren't formally registered in Washington. Ray Hutchison, the husband of Sen. Kay Bailey Hutchison (R-Tex.), works at the Vinson & Elkins firm, whose lobbying clients have included corporate giants such as 7-Eleven, Goldman Sachs and Halliburton.

Senate Democratic Whip Richard J. Durbin's wife, Loretta Durbin, runs a lobbying firm called Government Affairs Specialists. But Durbin's office said she limits her lobbying to their home state of Illinois and recuses herself from any federal matters that could affect her husband's work in the Senate.

Senate Votes To Disclose Pet Projects (AP)

By Jim Abrams, Associated Press Writer

AP, January 17, 2007

The Senate voted Tuesday to shine more light on thousands of expensive pet projects buried in legislation every year after the new Democratic majority bowed to a successful push by Republicans to make new disclosure rules even tougher than originally planned.

The vote was 98-0 to require senators to reveal the water projects, hiking trails, defense contracts or tax breaks for specific industries they insert in legislation. That unanimity came five days after Democrats, holding a slim majority, were thwarted by a GOP-led rebellion in advancing their own version of "earmark" reform.

Bringing transparency to earmarks is a major objective of the ethics and lobbying reform legislation that the Senate has been debating since the new congressional session began.

Senate Majority Leader Harry Reid, D-Nev., who last week led opposition to the Republican approach, lauded the final product, saying it "combined the best ideas from both sides of the aisle."

Sen. Jim DeMint, R-S.C., the author of the amendment to the ethics bill, said the ability of the two sides to come together on the issue was "a good signal for the new Congress."

DeMint last Thursday proposed that the Senate adapt for its bill the more expansive definition of an earmark previously approved by the House. Under that definition, an earmark subject to public disclosure would include special projects tucked in federal agency budgets, such as a Pentagon contract, as well as nonfederal projects such as state parks and municipal museums. The definition in the original Senate bill would have applied only to nonfederal entities.

"Specifically, federal earmarks will be disclosed as well as those earmarks contained in committee reports that are not written in the text of a bill," DeMint said.

Sen. Tom Coburn, R-Okla., DeMint's ally on the issue, said the Democratic approach would catch less than 5 percent of the almost 13,000 earmarks that made it into legislation last year.

Democrats countered that making public disclosures of every project designated by federal agencies was unworkable. But after Democratic leaders failed in an attempt to kill the DeMint provision, Reid on Friday acknowledged moving too quickly on the issue and pledged to work with DeMint to strengthen his amendment.

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The Senate first voted 98-0 to accept changes to the DeMint amendment offered by Senate Majority Whip Dick Durbin, D-Ill., that would make it more difficult for legislators to slip in tax breaks that help a single company or a limited number of people.

Lawmakers would also be required to post their earmarks on the Internet 48 hours before a vote.

The Senate on Tuesday also approved, by voice vote, an amendment that would bar lawmakers from including earmarks in the classified parts of a bill or a conference report without language in unclassified terms describing the project, funding levels and the sponsor.

Sen. Dianne Feinstein, D-Calif., sponsor of the amendment with Sen. Jay Rockefeller, D-W.Va., said former Rep. Randy "Duke" Cunningham, R-Calif., now serving an eight-year prison term for accepting bribes from defense contractors, over a five-year period used classified reports to gain some $70 to $80 million in earmarks that helped his friends.

The Senate is trying to finish work on the ethics and lobbying bill, which seeks to restrict the ability of lobbyists to shower meals, gifts and travel on lawmakers, by the end of this week.

Senate Adopts Limits On Pork (WT)

By S.a. Miller

The Washington Times, January 17, 2007

The Senate voted unanimously yesterday to adopt a Republican-backed measure to limit pork-barrel spending despite initial opposition by Democratic leaders.

Majority Leader Harry Reid, Nevada Democrat, changed course and embraced the bill last week after delaying a final vote when the proposal unexpectedly survived a procedural vote to kill it.

Mr. Reid praised the amendment, which was tweaked by Democratic leaders, for requiring "full and timely disclosure" of earmarks, which are spending projects and tax breaks buried in complex legislation.

"We have combined the best ideas from both sides of the aisle to establish the strongest possible disclosure rules," Mr. Reid said. "Once we are done, the Senate earmark rules will be even stronger than the recently adopted House rules."

The Senate voted 98-0 to adopt the measure as an amendment to ethics legislation.

The amendment would mandate public disclosure of all earmarks for federal projects and require members of Congress seeking earmarks to provide written information -- which also must be made available on an Internet database -- 48 hours before the legislation is considered.

Sen. Jim DeMint, the South Carolina Republican who introduced the original amendment, commended the Democratic leadership for working in a bipartisan fashion.

"This is a very important first step in earmark reform, and it is a victory for American taxpayers," he said. "The outcome we achieved on earmark disclosure demonstrates that we can work together to achieve meaningful results, and I hope we can continue this progress by considering several important reform amendments that are currently pending."

Mr. DeMint's amendment was approved narrowly in a 51-48 procedural vote Thursday. Mr. Reid delayed a final vote on the amendment, which is similar to ethics rules adopted with fanfare as one of the first acts of the Democrat-led House.

All but two of eight freshmen Democrats voted Thursday to kill the DeMint amendment. Sens. James H. Webb Jr. of Virginia and Jon Tester of Montana supported the measure and helped keep it alive.

Mr. Tester said that opposing Washington corruption was a top campaign pledge, and he applauded his colleagues for backing the amendment. "They are doing the right thing," he said.

Some freshmen Democrats who switched their votes -- Sens. Sherrod Brown of Ohio, Claire McCaskill of Missouri and Benjamin L. Cardin of Maryland -- said they had been holding out for a stronger reform package.

"There was stronger language being negotiated," Brown spokeswoman Joanna Kuebler said. "Senator Brown is very much in favor of taking a prudent look at how [pork projects] are handed out."

McCaskill spokeswoman Adrianne Marsh said that supporting the DeMint amendment would have precluded stronger action in the future.

"The overall goal is to continue the discussion and come up with the hardest bill in the end," she said. "By passing [the DeMint amendment], it might have limited that discussion."

Mr. DeMint's staff said Democrats did not begin negotiating earmark reform until Mr. Reid delayed the final vote on the Republican amendment. "There was no effort to modify the amendment until after the whole shenanigans on the floor,"DeMint spokesman Wesley Denton said.

The other freshmen Democrats who originally opposed the measure were Sens. Robert P. Casey of Pennsylvania, Amy Klobuchar of Minnesota and Sheldon Whitehouse of Rhode Island.

Health Care Galvanizes Key Groups (WSJ)

DOJ_NMG_0117841

By Deborah Solomon And Kris Maher

The Wall Street Journal, January 17, 2007

An unlikely coalition of business, labor and consumer interests plans to prod lawmakers to tackle health-care overhaul, but agreement among the group so far extends only to a consensus that the lack of affordable health care is a critical problem.

Rather than coalesce around a single idea for how to overhaul health care, leaders of the Business Roundtable, AARP and the Service Employees International Union said yesterday that they plan to force lawmakers to address the issue of health-care overhaul through a mix of advertising, lobbying and public outreach.

"We want to work together to create the political environment and the political will, where leaders believe that it's to their advantage to solve these problems, instead of running away from them," said John Castellani, president of the Business Roundtable, which represents top chief executives. "If we don't do it, we believe that our ability to compete in a world-wide market will be jeopardized."

The likelihood of these three groups -- which have vastly different constituencies and political leanings -- agreeing on a single approach is unlikely. But the fact that they're looking to coordinate their efforts shows how dominant the issue of overhauling health care is becoming.

Later this week, another group of 16 disparate organizations, including health insurers, physician associations, the U.S. Chamber of Commerce and health advocacy groups, plans to introduce its own bipartisan approach to address the plight of uninsured Americans. The group, which has been meeting since October 2004 and engaged two conflict-management organizations to coordinate the process, plans to unveil a phased-in approach to help cover those who are uninsured.

"These are groups who have disagreed with each other on a host of different health-care issues, but we've decided to come together to achieve a consensus and to work together," said Ron Pollack, executive director of Families USA, a liberal advocacy group that is part of the coalition.

Separately, several lawmakers on Capitol Hill are announcing their own ideas for how to help make health care more affordable and accessible, including a bill that will be introduced today by Sens. Jeff Bingaman (D., N.M.) and George Voinovich (R., Ohio). President Bush is expected to discuss health care in his State of the Union address next week, and is considering calling for changes that would make it easier for individuals to buy health coverage.

The push to discuss health care comes as health-insurance costs and the number of uninsured Americans continue to rise. About 47 million Americans are uninsured, including more than eight million children, according to the Census Bureau.

"Health-care costs are out of control for employers and employees," said AARP CEO William Novelli. He added that by joining together, "we've got the ability through this coalition to reach out into boardrooms, into policy makers' offices, as well as to the public."

Andrew Stern, who heads the SEIU, cited a report from consultants McKinsey & Co. saying that by 2008, major U.S. employers will spend as much in health-care costs as they earn in profits. "The winds of change are blowing. I think it's now time for our Congress to step up to the plate," he said.

Some companies have been seeking new ways to handle the rising health-care costs of unionized workers. In a recent contract with the United Steelworkers union, Goodyear Tire & Rubber Co. agreed to transfer all retiree medical obligations to a trust, to reduce legacy costs while preserving benefits for current and retired unionized workers.

While many unions feel that the issue of rising health-care costs can't be resolved through bargaining, the SEIU has sought to take a progressive approach to providing health care to workers. The union, which has 1.8 million members, represents more health-care industry workers than any other union.

A New Consensus On Universal Health Care (WP)

By Steven Pearlstein

The Washington Post, January 17, 2007

On the surface, it looked to be just another Washington news conference, part of the white noise of the political and policy process.

But this one was different. There, at the National Press Club, stood the president of the Business Roundtable, representing the country's largest corporations; the president of the Service Employees International Union, the country's most vibrant union and one of its fastest-growing; and the president of AARP, the formidable seniors lobby. They put aside their usual differences to deliver a clear, simple message to President Bush and congressional leaders of both parties:

We stand ready to give you the political cover you need for a centrist, bipartisan fix for a broken health-care system.

Or, if you refuse, we stand ready to embarrass you and run you out of office.

"Washington is behind where the rest of the country is," said Andy Stern, a labor leader. "Democratic leaders in Congress say this is not the time. The White House has said now is not the time. And we are saying, 'Now is the time.' "

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Stern and his new friends are right about one thing: Something's going on.

A Republican governor of Massachusetts, working with Sen. Ted Kennedy and a Democratic legislature, hammered out a comprehensive reform plan last year. And last week, another Republican governor proposed a similarly bold plan for California.

Not coincidentally, both state plans conform roughly to a consensus that has been taking shape in Washington over the past two years, in behind-the-scenes negotiations among health insurers, hospitals, physicians, business and labor groups, drug companies and consumer groups such as Families USA. The first draft of their effort will be unveiled tomorrow. And while the "consensus" will fudge some of the most difficult issues in an effort to keep the coalition together, the outlines of a genuinely comprehensive reform plan are coming into focus.

What does that consensus look like?

It starts with universal coverage, accomplished either through a mandate on everyone to purchase basic health insurance or a mandate on all employers to offer it.

It includes subsidies for families with incomes up to 300 percent of the poverty level to help defray the cost of that insurance and the deductibles and co-payments that go with it.

It involves changes in tax law so that individuals who purchase health insurance enjoy the same tax benefits as those who get it as a fringe benefit at work.

It sets up a pooling arrangement in every state to allow individuals and small businesses to buy health insurance at the same price as large corporations.

Finally, it sets a deadline for physicians and hospitals to switch to computerized health records, along with a program to provide no-interest loans to buy the necessary hardware and software.

Of course, in health care, the details are always tricky. To get a plan that hangs together, all of the major interest groups would have to make important concessions.

Doctors would have to agree to have their compensation from insurers tied, in part, to how well they conform to treatment protocols established by the various medical specialties.

Hospitals and insurers would have to agree that 85 percent of their revenue would go to providing direct care, capping profit and administrative expenses at 15 percent.

Health insurers would have to accept the obligation to sell insurance to everyone, with only modest variation in rates for age and health status.

And to raise some money and hold down the growth in insurance premiums, union members and high-income workers would have to accept a cap on the amount of health benefits they receive tax-free.

To avoid government "negotiated" prices, drug companies would have to submit new drugs to a rigorous cost-benefit test by an independent agency, such as the Institute of Medicine, as a condition for being included on the Medicare and Medicaid formularies.

Conservatives and their small-business allies would have to swallow some form of "pay or play" -- either providing employer-paid health insurance or paying a tax to the state subsidy pool.

And liberals would have to accept a "basic" insurance package that provides full coverage for preventive care and catastrophic illness but requires patient cost-sharing for routine care.

These concessions won't come easy, which is why there has been no significant progress on health-care reform in the decade since the Clinton debacle. But the current system has become such a problem for so many providers and consumers that many are now willing to compromise on long-held positions.

Unfortunately, pulling it all together will require the active engagement of Congress and the White House, who, so far, have been missing in action.

It remains unclear whether Democrats would prefer to make progress now or have an issue to run on in the 2008 presidential election. If they're interested in a deal, the go-to guys will be Kennedy, who played a crucial role in negotiating the Massachusetts plan, and Rep. George Miller, a Californian and confidant of Speaker Nancy Pelosi who chairs the House Education and Labor Committee.

It is also unclear whether the Bush administration is prepared to move beyond its narrow ideological fixation on "consumer-driven health care" and become an honest broker. As head of Medicare and Medicaid, economist-physician Mark McClellan might have played that role, but he has resigned. And the obvious candidate to replace him -- Mike Leavitt, the secretary of Health and Human Services and former governor of Utah -- has yet to be given the same broad mandate and authority from the White House that Treasury Secretary Hank Paulson got to tackle budget balancing and entitlement reform.

All of which explains why the SEIU's Andy Stern, the Roundtable's John Castellani and AARP's Bill Novelli decided to put aside their differences and put it to the politicians. As Stern said yesterday, "The answer to the health-care problem is not one of policy but one of politics."

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Senators Try Again To Fund And Reform Amtrak (WP)

By Eric M. Weiss

The Washington Post, January 17, 2007

Sens. Frank Lautenberg (D-N.J.) and Trent Lott (R-Miss.) introduced legislation yesterday that would authorize $3.2 billion a year for Amtrak over six years in exchange for greater efficiency and increased investments by states.

Supporters said the plan would place Amtrak on a firm financial footing after years of instability.

A similar bill was passed by the Senate in November, 93 to 6, but was not taken up by the House of Representatives. Lautenberg said prospects were much improved with Democrats now in control of both houses of Congress.

"It's not going to be that difficult this year," Lautenberg said yesterday at a news conference at Union Station, where he was joined by Lott and Alexander K. Kummant, Amtrak's chief executive.

Amtrak, the main operator of passenger trains in the country, has been beset with money-losing routes, hobbled by technical troubles, criticized for mismanagement and crippled by a lack of capital investment. Conservatives especially have questioned whether large operating subsidies for Amtrak are a wise investment.

Amtrak received $1.3 billion in federal funding last fiscal year.

Jim Berard, spokesman for U.S. Rep. James L. Oberstar (D-Minn.), chairman of the House Transportation and Infrastructure Committee, agreed that Democratic control of the House will help place Amtrak funding on an express track this year.

"Given the change in management and the new management's more favorable view of Amtrak, we expect it to get through the committee and to the floor," Berard said.

Lautenberg and Lott said that having a viable passenger rail option is vital to the nation's economy and environment.

"We cannot depend entirely on airplanes and roads," Lautenberg said.

In addition to all the carrots, the bill offers several sticks, such as expecting Amtrak to reduce operating costs by 40 percent over six years.

"This is about reform and accountability," Lott said. "It's not just a big chunk of money."

Kummant declined to specify how he would reduce operating costs, but he said that encouraging passenger growth is just as important as cutting services to achieve efficiencies.

The bill would authorize $1.7 billion in debt repayment, $7.8 billion in new bonding authority and $300 million a year in grants that would have to be matched by states.

Lautenberg and Lott said that local matching grants would encourage overall investment in the system as well as states' sharing in the cost of providing services to less popular destinations, which generally require the largest subsidies.

Kummant said the bill fits his vision of the rail network of the future, which would be a series of state rail networks threaded into national corridors.

Hurdles remain, such as the House's new pay-as-you-go budget rules and the Bush administration's skepticism on Amtrak funding.

Lautenberg was asked how he would find the money to pay for the bill.

"The same way we find money to pay for other things," he said.

FEDERAL DIARY: Thrift Savings Plan Could Use More Options, Workers Say (WP)

By Stephen Barr

Washington Post, January 17, 2007

TIPS. Bonds. Roth 401(k) accounts.

These are among the investment options that government employees would support adding to the Thrift Savings Plan, according to a survey released yesterday.

The survey was the first since 1991 to query civil service employees, postal workers, military personnel and others in government about their satisfaction with the TSP, a 401(k)-type retirement program that has $206.6 billion in assets.

The survey, released at a meeting of the Federal Retirement Thrift Investment Board, found that thrift plan participants are generally more satisfied with the plan than private-sector employees are with their 401(k) plans. But could it be better? The survey included questions on potential changes to the TSP to gauge employee interest in changing the plan's design and options.

The TSP offers four primary stock and bond index funds and a government securities fund. It also includes five life-cycle funds, where participants select an investment mix of the primary funds that are weighted to minimize market risks as they move closer to when they expect to draw down their savings.

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The thrift board has been considering new rules and investment options for the TSP for much of the past year, in part because of recent changes to pension law and because some members of Congress and the National Association of Real Estate Investment Trusts have pushed for adding a real estate fund as a way of helping government employees diversify their portfolios.

The board is interested in modifying the TSP, which operates as an opt-in system, so that new federal employees and military personnel are automatically enrolled, in hopes that it will encourage employees to get in the habit of saving for retirement. Sixty-six percent of survey respondents were in favor of that change to the TSP.

Employees surveyed also supported adding new investment options. Sixty percent said providing a Roth 401(k) account would make the TSP a better program, and 46 percent said offering a wide selection of investment options would improve the plan.

With a Roth option, participants would make contributions with money that had been taxed, but the contributions would grow tax-free and account balances could be withdrawn tax-free. Employees investing in the current TSP funds contribute pretax dollars and pay taxes when they withdraw their savings.

The strongest supporters for adding a Roth option came from the military and other uniformed services, the survey found. For many in the military, current incomes and tax rates may be as low or lower than their expected incomes and tax rates.

The survey also found support for several other investment options, including a Treasury Inflation-Protected Securities (or TIPS) fund, an emerging-markets bond fund and an international bond fund.

Gregory Long, who headed up the survey project as the thrift board's director of product development, suggested that the cost of new funds should be considered in any debate on whether to expand the TSP.

The TSP funds cost participants about $4 a year for every $10,000 they have in their accounts. "If new funds are added to the TSP, they might have expenses that are significantly higher than this," the survey report said.

In the survey, 19 percent disagreed that adding options would make the program better, and most in this group signaled that they were not interested in expanding TSP options if it increased administrative and other overhead costs.

Despite concerns about costs, many survey respondents appear interested in adding investment options. For example, of those who believe expanding the TSP will make it a better program, 59 percent support adding a TIPS fund "if costs are the same" and 35 percent favor adding TIPS "even if costs are higher." TIPS are tied to the consumer price index, eliminating the risk of inflation eroding the investment.

Of the respondents favoring an expanded TSP, 53 percent supported adding a real estate investment trust fund if costs stay the same and 35 percent favored the real estate option even if costs were higher.

The survey was conducted by mail in November, and 3,467 TSP participants completed it, a response rate of 20 percent. While the rate was lower than TSP officials expected, Long said the results were "representative of what people think." The survey's margin of error was 1.7 percentage points.

Bush Lauds Series Champion Cardinals (AP)

By Ben Feller

AP, January 17, 2007

President Bush said Tuesday that even in a losing streak, it is possible to win by sticking with your goal and showing character no matter what the doubters say about you.

He was talking, of course, about baseball.

Bush, a lifelong fan of the sport, honored the World Series champion St. Louis Cardinals by commending them for winning the hard way.

To be sure, the Cardinals were not a powerhouse on their way to the White House.

The team limped into the playoffs with the worst record of any World Series champion in a non-strike season. The Cardinals played with castoffs in key positions and a sense of being slighted by people other than their fans.

"When you overcome the odds this team overcame, you've got to play as a team," Bush said. "And they did."

In beating the Detroit Tigers last fall, the team was led by a little guy: David Eckstein, a sparkplug of a shortstop who stands 5-foot-7.

"They said he can't hit. They said he can't throw," Bush said of Eckstein, who stood smiling behind the president with his teammates.

"Listen, David. I've made a career out of people underestimating me," Bush said, drawing laughs from a packed East Room audience.

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Bush lauded the team's entire operation — its management, coaches, players and fans. He had plenty of nice words for his old business partner, Cardinals Chairman Bill DeWitt Jr., who worked with Bush when the president was managing partner of the Texas Rangers.

"The Cardinals now have won 10 World Series. That's 10 more than the Texas Rangers," Bush said.

The biggest applause, though, came when Bush introduced an injured Marine, Lance Cpl. Chad Watson. Bush met him at Walter Reed Army Medical Center recently and noticed the soldier was wearing a Cardinals hat. So he invited him to the ceremony.

"You never know where you're going to find a St. Louis Cardinal fan," Bush said.

A few notable players, chiefly slugger Albert Pujols, did not attend because of schedule conflicts. Pitcher Jeff Suppan led the team into the room even though he is with another team now, the Milwaukee Brewers, after signing a $42 million contract in the off-season.

For this event, the business attire typically required in the Bush White House gave way to some Cardinal red. A few fans wore baseball caps. Others wore Cardinal jerseys. A little girl came with a bright red bow, while a young boy sported a sharp red tie.

More than a few players, despite being used to a spotlight, seemed a bit overwhelmed around the president.

Said Eckstein after the event: "It's just an honor to have him even mention you, to have him even know your name."

Surging Revenues (WSJ)

The Wall Street Journal, January 17, 2007

The myth persists in some media circles that the federal budget deficit is "surging" or ballooning or something terrible -- all of which is served up as ammunition for those in Congress who want a tax increase. At the risk of being drummed out of the guild, we thought you'd rather have the real story.

The deficit has in fact declined by some $165 billion over the past two fiscal years, and according to the most recent data has continued to fall in the first quarter of fiscal 2007. The latest Treasury estimates for January show that tax receipts in December were $18 billion higher than a year earlier, helping to boost the budget surplus for the month to $40 billion, up from $11 billion a year ago. December is typically a good month for revenues due to year-end tax payments.

Meanwhile, for the first three months of fiscal 2007 through December, revenues climbed 8.1%, building on double-digit revenue increases in the previous two years. Corporate income taxes were up a remarkable 22.2% in the first fiscal quarter, showing that the government continues to grab a nice chunk of the rising business profits that so many of our politicians like to deplore. Individual income taxes rose 8.8%, thanks to strong wage and salary growth. Much of this revenue comes from "the rich," believe it or not.

In the most surprising budget news, federal spending was nearly flat in the first fiscal quarter. This was despite a 22.1% increase in Medicare spending due largely to the new prescription drug benefit, and a 10.7% increase in defense. Those increases were offset by lower spending for flood insurance and disaster assistance compared with the peak of post-Katrina payments a year ago. So the first quarter deficit was $85 billion, down sharply from $119 billion a year earlier.

All in all, despite huge outlays for wars in Iraq and Afghanistan, the nation's fiscal picture is brightening. We hate to ruin the press corps's day with such cheerful news, but there it is.

Ending The Prison Windfall (NYT)

The New York Times, January 17, 2007

The Census Bureau typically uses the decennial census to test data-collection methods that become routine later on. The 2010 census should include a test run at counting the nation's 1.4 million prison inmates at their permanent addresses instead of in prisons. That would help bring an end to a corrosive but little known practice that distorts the political process in virtually every corner of the country.

Inmates are denied the right to vote in all but two states. But state lawmakers treat them as residents of the prisons when drawing legislative maps, to inflate the head count in lightly populated rural areas where prisons are typically built. This creates legislative districts where none would ordinarily be, shifting political influence from the heavily populated urban districts where inmates live.

Once inflated, these towns and counties siphon an outsized portion of state and federal aid. Politicians in districts with prisons sometimes brag openly about the windfall, as they mock "constituents" who are powerless to remove them from office and are packed onto buses and driven hundreds of miles to their real homes the minute they leave the prison walls.

The Census Bureau was made pointedly aware of this problem last fall. A report it commissioned noted that counting inmates at prisons distorted the political process and raised legitimate concerns about the fairness of the census itself. That

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report, by the National Research Council, recognized that the methods would not be simple to change, but urged the bureau to seeks ways to do it.

Collecting and verifying residential information for prison inmates is a complicated job. But the report suggested a perfectly reasonable interim solution. The bureau could publish detailed counts of the prison populations, so that the inmates could be subtracted at redistricting time. These figures would illuminate corrupt redistricting committees that use prison counts to pad districts that fall short of federal population requirements.

The Census Bureau has a crucial role to play in putting and end to this despicable practice. The 2010 census is as good a time as any to get started.

OTHER NEWS:

No Need For More Opec Cuts, Says Naimi (FT)

By Carola Hoyos In London

Financial Times, January 17, 2007

Ali Naimi, Saudi Arabia's energy minister, on Tuesday said Opec, the oil cartel, did not need to further reduce its production. The oil price fell sharply following the remarks.

The news from the most influential member of the Organisation of Petroleum Exporting Countries dimmed the prospect of an imminent emergency meeting of the group and prompted international oil prices to fall $1 to $52 a barrel, a 19-month low.

Mr Naimi said: "Do not panic. Actually there is no reason for a meeting."

He added: "The market is in a healthy condition and moving in the right direction."

Edmund Daukoru, Nigeria's energy minister, was less sanguine about the market, believing it to be oversupplied. But he said: "I think we have to take a wait-and-see [approach]. After we implement 500,000 barrels a day [cut], we have to see how the market responds."

The two men were speaking on the sidelines of an oil conference in New Delhi.

Their positions contradict the view expressed by other Opec members, including Iran and Venezuela, who have recently publicly backed further action.

Rafael Ramirez, Venezuela's energy minister, has warned that prices have dropped "too much" and has spent the past week trying to gain support among Opec members for an immediate emergency meeting.

He said on Tuesday, despite Saudi Arabia's announcement, that he expected Opec to hold such a meeting soon.

But people who watch Opec closely warned on Tuesday not to assume that Saudi Arabia would stick to its position that Opec should sit tight. Mr Naimi has a track record of reducing market expectations for robust action only to quickly reverse his position and advocate production curtailments, thereby achieving a maximum jump in the oil price.

Oil prices have fallen about 15 per cent since the start of the year and are well below the record $78.40 a barrel they hit in July.

Rodrigo Rato, managing director of the International Monetary Fund, on Tuesday indicated just how important the lower oil price had been to the US and world economy.

"Although the US economy has slowed down, in large part because of a continued weaker housing market, what I can say now is that a soft landing seems more assured, as lower energy prices have supported employment growth and consumption," he said.

But for Opec, which supplies more than a third of the world's oil, the goal until recently was to keep oil prices at about $60 a barrel. In October the group agreed to reduce its production by 1.2m barrels a day, but have so far only achieved half that amount. In December the 11-nation group met again and decided to further reduce output by 500,000 barrels a day from February 1. "I believe these measures are working well. Inventories in the fourth quarter have come down...which puts the market closer to balance," Mr Naimi said, adding: "I think we have succeeded very well."

Part of Opec's conundrum is that the most recent price drop cannot be fully explained by changes in demand and supply. Though mild weather in Europe and the north-eastern US has reduced demand for heating oil, financial movements of institutional investors active in energy futures markets have also played a significant role.

Dow Hits Another Record As Oil Drops (USAT)

By Matt Krantz

USA Today, January 17, 2007

DOJ_NMG_0117847

Investors returned from the long weekend Tuesday in the mood to buy blue-chip stocks and pushed the Dow Jones industrial average to another high.

Cheered by another fall in the price of crude oil and encouraging corporate earnings reports, the Dow added 26.51 points to 12,582.59, its third-consecutive record close. The Dow is up 1.0% this year.

The broader stock market, measured by the Standard & Poor's 500, gained 1.17 points to 1431.90, thanks largely to stocks in the fertilizer, railroads and retail real estate investment trust industries. The S&P 500 is up 1.0% this year.

Tech stocks, which have been leading markets in 2007, were left behind. The tech-heavy Nasdaq composite index fell 5.04 points to 2497.78. The index is still up 3.4% this year, though.

Declining oil prices have been a theme all year. Tuesday, the price of a barrel of crude for next-month delivery fell $1.78 to $51.21, touching its lowest level in 19 months, after Saudi Arabia said it wasn't planning production cuts.

While investors have worried about how falling oil prices would affect energy company stocks, many are hopeful the lower energy costs will help consumers, says Scott Pape, portfolio manager at CastleArk Management. He's also hopeful lower crude prices will help corporate earnings come in strong. "Earnings are above average and above trend," he says.

Strong profit reports from financial firms Wells Fargo and TD Ameritrade Tuesday built the case for earnings. But those were countered by weaker-than-expected results from software maker Symantec and home-builder Centex.

Many investors basing their bets on earnings were waiting to see what computer chip giant Intel reported after the market closed, says Joe Saluzzi, trader at Themis Trading. "The talk of the day was the anticipation of Intel earnings. It's the first big test of earnings season." (Intel revenue slips, 1B.)

Highlights:

Wells Fargo gained 72 cents to $36.23 after the bank posted 12.3% higher quarterly earnings of $2.2 billion, or 64 cents a share.

·Brokerage TD Ameritrade rose 65 cents to $18 when it reported 14% higher earnings per share of 24 cents. The results were 27% higher than analysts expected.

·Software maker Symantec fell $2.69 to $17.79 after saying profit this year would miss estimates.

Dow Clears Another Record As Oil Prices Continue To Fall (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 17, 2007

A plunge in crude-oil prices to their lowest level in nearly 20 months helped the stock market finish higher, but technology shares were a notable laggard.

The Dow Jones Industrial Average rose 26.51 points, or 0.2%, to 12582.59, up 1% this year and its 25th record close since Oct. 3. Energy company Exxon Mobil was the blue-chip average's weakest component in percentage terms, off 1.4%.

Except for energy producers, most companies are helped by cheaper fuel costs, which free up money in consumers' wallets to spend on products other than gasoline at their local filling station. Yesterday's trading was driven by investors' faith in that dynamic, which has been on stark display in 2007's early going.

"The oil selloff has definitely helped to unlock the rally," in stocks this month, said Wendell Perkins, chief investment officer at the mutual-fund firm Johnson Asset Management. "Energy has been a momentum-driven market, which isn't surprising if you look at the way it traded back when it was on the way up."

Oil's decline extended the contract's year-to-date decline to 16.1%.

The Standard & Poor's 500-stock index nudged up 0.1%, or 1.17 points, to 1431.90, up 1% on the year.

The technology-stock-heavy Nasdaq Composite Index, however, slipped 0.2%, or 5.04 points, to 2497.78. Many Wall Street analysts remain confident tech stocks will be among the market's strongest performers this year.

Ken Tower, chief market strategist at CyberTrader, a unit of Charles Schwab, said that shifting expectations about if and when the Federal Reserve might cut its interest-rate target could curb the market's gains in the short term.

He added: "I don't think there's any way you can get away from how powerful the market was in the fourth quarter last year. The bears can't really get traction for long."

In major U.S. market action:

Stocks fell1; bond prices rose2. The 10-year note increased 5/32 point, or $1.56 for each $1,000 invested, pushing the yield down to 4.751%. The 30-year bond rose 8/32 to yield 4.844%.

The dollar strengthened3. It rose to 120.63 yen, compared with 120.45. The euro fell against the dollar to $1.2915, compared with $1.2937.

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DOJ_NMG_0117848

Weak Forecasts Mount In Housing Industry (WSJ)

By Lingling Wei And James R. Hagerty

The Wall Street Journal, January 17, 2007

Mortgage lender IndyMac Bancorp Inc. slashed its forecast for fourth-quarter earnings and home builder Centex Corp. projected a loss from continuing operations for its latest quarter as the U.S. housing industry struggles with slow sales and rising loan defaults.

Though some economists say the worst of the housing slump is over, the latest developments show that bad news from lenders and builders can still jolt the market. Steeper discounts from builders desperate to unload excess homes could add further downward pressure on prices, as could rising foreclosures, which dump more properties on the market.

"There are going to be more negative surprises," said Ivy Zelman, a Cleveland-based housing analyst for Credit Suisse who has long had a bearish view on the industry. "I think it's just getting started."

Residential Capital LLC, a real-estate financing company owned by GMAC Financial Services, said it will eliminate 1,000 positions by October to reduce costs as the mortgage lender grapples with "the continued deterioration" in the subprime mortgage sector. The company now has 14,000 employees world-wide. In a filing with the Securities & Exchange Commission, ResCap estimated that it would incur about $10 million in severance and related costs associated with the work-force reduction.

Meanwhile, in a sign of bargain hunting, shares of builder WCI Communities Inc. were up $1.45, or 6.9%, at $22.47, in 4 p.m. New York Stock Exchange composite trading after financier Carl Icahn said in a regulatory filing that he has raised his stake in the company to about 14.6% of the company's outstanding shares.

IndyMac, Pasadena, Calif., one of the top 10 U.S. mortgage lenders, said it now expects to earn about 97 cents a share for the fourth quarter, down from the range of $1.30 to $1.40 it previously projected. That compares with $1.06 a year earlier. IndyMac shares slumped $3.05, or 7%, to $40.50 in 4 p.m. Big Board composite trading.

IndyMac blamed higher provisions for loan losses, repurchases of soured loans earlier sold to investors and declines in the value of loans and mortgage securities retained by the company. Among other factors, the lender also cited a squeeze on the margin between its funding costs and the interest it earns from borrowers.

IndyMac promised to present an "action plan" for dealing with the tougher market when it reports quarterly earnings Jan. 25.

Dallas-based Centex said it expects to record a loss from continuing operations of about $2 per share for the fiscal third quarter ended Dec. 31, compared with earnings of $2.37 a share a year earlier. The company, which is due to report quarterly results Tuesday, said it plans to write down the value of land by about $300 million and to record costs of $150 million on deposits paid for options to buy land that are being abandoned.

Centex is the latest in a series of home builders to write down the value of land and options to buy land. As home builders have reduced construction, the value of undeveloped land has fallen sharply in parts of the country over the past year.

Centex shares were off $1.55, or 2.9%, at $51.61 in 4 p.m. composite trading on the New York Stock Exchange.

The builder said it is dealing with "one of the most challenging housing environments in the past 25 years."

Write to Lingling Wei at lingling.wei@dowjones.com1 and James R. Hagerty at bob.hagerty@wsj.com2

Race And Gender Make Democrats' Field Historic (WP)

By Dan Balz

The Washington Post, January 17, 2007

Democrats moved a step closer yesterday to what shapes up as one of the most historic and compelling contests ever for their party's presidential nomination, a study in contrasting styles and candidacies in which race and gender play central roles in the competition.

At center stage stand Sen. Barack Obama of Illinois, who set up his presidential exploratory committee yesterday, and Sen. Hillary Rodham Clinton of New York, who is set to make clear her intentions soon. Never has a party begun a nomination contest with its two most celebrated candidates a woman and an African American.

The 2008 nomination contest that will play out over the coming year is far more than a two-person race. Former senator John Edwards of North Carolina has already established himself as a genuine contender for the nomination, and the rest of the prospective Democratic field is among the strongest in years.

But initially, the electricity will be generated by the Clinton and Obama candidacies. The news media will find the story line irresistible, and Democrats around the country are eagerly anticipating the competition. "Senator Obama's got the magic, but Hillary Clinton's got the muscle," said Jamal Simmons, a Democratic strategist who is neutral in the nomination campaign. "This is going to be a titanic fight between energy and charisma on one hand and money and organization on the other."

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There are many ways to describe the differences in the two candidacies. Obama will cast the contest as the future vs. the past. Clinton can counter with experience vs. inexperience. Obama opposed the Iraq war from the beginning; Clinton long supported it but has become more critical over time. Clinton begins as the candidate of the party establishment, while Obama will attempt to mount a challenge that draws new voters into the process.

Each will have to overcome perceived liabilities. Many Democrats fear Clinton cannot win a general election because of the baggage she carries from the administration of her husband, former president Bill Clinton. Others see her as so cautious and careful that she cannot convey the warmth and authenticity many voters want in a president.

Obama's readiness to serve as president at a time of such uncertainty and danger in the world will clearly be questioned as he moves into active campaigning. Nor has he faced the competition and scrutiny of a presidential race. Making the transition from political phenomenon to serious aspirant for the presidency could prove to be a significant challenge.

"I think he very much recognizes that if this is just about hoisting the icon, it's an empty exercise and one probably doomed to failure," said David Axelrod, Obama's chief strategist. "But if it is a movement for real political change at the grass roots, it can be very powerful."

Neither will have the luxury of missteps. Unlike other candidates, they will have their every move and every mistake magnified by the media lens that will follow them at every step.

The coming campaign will provide ample opportunity for Democratic voters to decide what they want in their nominee, and in Clinton and Obama they will have strikingly different models to choose from.

"An Obama campaign would bank on an idea that voters are looking for inspirational and motivational leadership, that rises above the traditional political calculations," said Democratic pollster Geoffrey Garin, who is neutral in the race. "The Clinton campaign is hoping that voters put a premium on experience and a long record of fighting the good fight and making a difference."

A few years ago, an Obama-style candidacy would have been seen as implausible, given the fact that the 45-year-old politician has been in the Senate for just two years. Today, with an apparent yearning among the electorate for a break from the divisive politics of the past decade, his freshness may be seen as an asset.

For all the potential history-in-the-making of their candidacies, neither Clinton nor Obama enters the campaign primarily because of race or gender. Obama is the son of a Kenyan father and white American mother, but his candidacy is not comparable to that of Jesse L. Jackson in 1984, when the civil rights leader first sought the presidency. Jackson's candidacy was largely about breaking racial barriers. Although Obama's could become that, his appeal appears not fundamentally based on his race.

Clinton has risen to the top of the Democratic field not principally because she is a woman but because she is part of a power couple that has dominated the party since the early 1990s, as well as by virtue of her long experience as a party activist, first lady and now senator.

Still, there is no way to underestimate the significance of race and gender in the coming campaign. "They certainly have not practiced identity politics, but it is a huge part of who they are when they go out and present themselves as presidential candidates," said Democratic strategist Anita Dunn.

The election of Rep. Nancy Pelosi (D-Calif.) as the nation's first female House speaker underscored to many Democrats the potential power of Clinton's candidacy, and Clinton strategists agree. "I think a serious female candidate for president will generate an awful lot of excitement and enthusiasm, especially among younger voters and among women," Clinton spokesman Howard Wolfson said in an e-mail message.

Party strategists say it would be a mistake to cast the Democratic contest as a two-person race, even though Clinton and Obama occupy a significant amount of space and both may be able to raise more money than others in the field.

Obama and Clinton advisers already see Edwards as a formidable candidate, in part because of his strong support in Iowa, whose caucuses will kick off the nominating calendar. The rest of the prospective field includes two of the most senior senators in the party and two governors with notable attributes. Waiting on the sidelines is former vice president Al Gore.

"There is such a compulsion on the part of the political community and political media community to create a steel cage match between Clinton and Obama you can almost see the fight posters," Axelrod said. "That's not the way he views it."

Still, there is no doubting the amount of space Obama and Clinton occupy as the campaign begins -- or the significance if either ends up as the Democratic nominee in 2008.

Obama Move Jolts Democrats (USAT)

By Jill Lawrence
USA Today, January 17, 2007

DOJ_NMG_0117850

WASHINGTON — Illinois Sen. Barack Obama's decision Tuesday to formally explore a run for president sets the stage for a historic Democratic nomination race dominated by a black man and a first lady-turned-senator.

Obama, 45, said he would spend the next few weeks traveling and listening to voters and would announce his plans Feb. 10 in Illinois. His initial move sent a jolt of electricity through a field that is likely to include New York Sen. Hillary Rodham Clinton as well as New Mexico Gov. Bill Richardson, who is Hispanic. John Edwards, the 2004 vice presidential nominee, already is in the race.

Obama "raises the charisma quotient to a new high. He'll really energize the process and probably attract people to the primaries that may not have been involved before," says Doug Hattaway, a Democratic strategist based in Boston.

Hattaway and others said they are excited about the unprecedented diversity of the emerging Democratic field. Gina Glantz, who managed Bill Bradley's 2000 campaign, said it could signal "a glorious transitional moment to leadership that includes all Americans."

In a videotaped statement on his website, Obama said he did not expect to be weighing a presidential race. But he said the country is "in a precarious place" as a result of decisions made in Washington over the past six years. Working people are struggling to pay for health care and college tuition, Obama said, and "we're still mired in a tragic and costly war that should have never been waged."

As a state legislator in 2002, Obama opposed the Iraq invasion before it started. A draft-Obama group launched a website Tuesday called obamawasright.com.

"It highlights Senator Obama's uniquely consistent position in opposition to the war in Iraq" among the three leading Democratic hopefuls, the group said.

Clinton and former North Carolina senator Edwards voted in 2002 to authorize the war. Edwards calls his vote a mistake and wants Congress to deny money for more troops. Clinton says she would not have voted for the war if she had known then what she knows now.

Clinton returned Monday from visiting U.S. troops in Iraq and Afghanistan. A news conference set for Tuesday was delayed until today so Rep. John McHugh, R-N.Y., could take part. He fell ill in Germany and had to stay there an extra day.

Clinton adviser Howard Wolfson said it was no secret Obama was moving forward. "A good, strong field is a good thing," he said.

Asked Tuesday on CNN if Obama is qualified to be president, Edwards said he wouldn't "pass judgment" on other candidates. He added that "we want good people in the race, because we desperately need new leadership in 2009."

Steve Elmendorf, who was deputy campaign manager for Massachusetts Sen. John Kerry's 2004 general election campaign, says the problem for Edwards and others is that Clinton and Obama "are going to take up a lot of the fundraising and political oxygen for this race." Still, he says, "the excitement that they get initially will take them only so far."

Ultimately, Elmendorf says, the pair will have to prove themselves to voters in the diners and living rooms of early primary and caucus states.

They'll also participate in debates that he says will have a leveling effect: "When everybody gets on the stage … they're all equal."

Obama's background sets him apart from the rest of the field. His mother was a white woman from Kansas. His father was a black man from Kenya. In his 1995 book, Dreams from My Father, he writes about identity struggles and adolescent confusion that led him to use cocaine and other drugs in high school and part of college. He later became a community organizer, lawyer and state legislator.

Rep. Artur Davis, D-Ala., offered a hint of Obama's potential appeal to black voters by declaring his support for a candidacy as yet undeclared. He said Obama would "ignite a feeling of national purpose" and "crystallize this country's movement beyond race and ethnicity as political impediments. That promise is too powerful for me to equivocate, maneuver or sit on the sidelines."

Last year, Massachusetts voters elected Gov. Deval Patrick, the nation's second African-American governor since the Reconstruction era, after a campaign with minimal focus on his race.

"It was not a factor for voters," said Hattaway, a Patrick adviser.

Obama Takes First Step In White House Bid (CHIT)

By Mike Dorning And Christi Parsons, Washington Bureau

Chicago Tribune, January 17, 2007

WASHINGTON -- Sen. Barack Obama took an important formal step on Tuesday toward a Democratic presidential campaign that would make him the most formidable African-American candidate ever, offering a call to common purpose as a remedy to bitter partisan divisions and marking a potential turning point in the nation's race relations.

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By filing papers to form a presidential exploratory committee, the first-term Illinois senator signaled his intent to run for the presidency, a move that he has been publicly considering for months. Advisers said Obama and his family had made the personal commitment to a grueling, two-year presidential bid and the senator now would concentrate on assembling a campaign apparatus and testing support among financial backers and grass-roots activists.

The Democratic lawmaker will make a formal announcement on his candidacy Feb. 10 in Springfield, Ill., where barely two years ago he served as a mere state senator. He will return a cultural phenomenon, a best-selling author coveted as a guest by television talk show hosts and followed by celebrity photographers. He has come to embody the hopes and dreams of many Americans.

His candidacy would create a historic moment, as the American public contemplates a leader of mixed-race heritage, the son of an African father and white Kansan mother. Race would be a spoken and unspoken subtext to a campaign that also would raise grave policy issues on the war in Iraq, with Obama an early and consistent critic of the ongoing U.S. military mission there.

His efforts to reach toward the center with appeals to common ground is a reversal of the recently successful political formula of polarization to drive up turnout among base voters that won President Bush re-election in 2004.

Obama made the official announcement of his exploratory committee on his Web site, in a simple video that featured him seated, wearing a coat and no tie, telling viewers he wanted to be the first to tell them of the development. He sounded a theme of change, saying he was "struck by how hungry we all are for a different kind of politics."

"Our leaders in Washington seem incapable of working together in a practical, common-sense way," Obama said. "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

Right after the spot was placed on the Web, Obama got on the telephone and spoke to dozens and dozens of people throughout the day, including a morning telephone conference call with more than 100 people. He spent the day at the offices of his exploratory committee in Washington

Interviewed on the way to a vote on the Senate floor early in the evening, Obama said the response had been "very positive." American voters, he added, "want honesty and they want bold approaches to some of the problems we're facing."

In a campaign, he would faces challenges to his lack of experience in high government office. He has only two years in the U.S. Senate and no major accomplishments in that body, although his limited time in office is counted as a virtue by some who seek a break with the political past.

Whit Ayres, a Republican pollster and political strategist, said, "He is a political phenomenon. But being a political phenomenon does not make you a credible candidate to be commander in chief of the armed forces and leader of the free world in a time of war. Normally, qualifications are the first consideration when you're thinking about a candidate for president in a time of war."

But Obama brings to a presidential bid eloquence, the political power of celebrity, a hopeful vision and a sense that his candidacy would be a clear break with the established order.

Geoffrey Garin, a Democratic pollster and strategist for the 2004 Wesley Clark campaign, said, "In the next year, Democrats will be weighing those assets against his experience and what it takes in their view to become a capable president. I think we're at a special moment in America where there's a real yearning for change and a different kind of leadership that rises above it all. It's that yearning that is such an asset to his campaign."

Obama's path to victory would be a gauntlet of relentless fundraising, laser-like scrutiny and an exhausting grind of campaigning. Mounting a presidential campaign would present a huge organizational and financial undertaking for a candidate who is relatively new to the national political scene and did not even face a serious Republican opponent in his only prior high-level campaign, for the U.S. Senate in 2004.

In both the Democratic primary and the general election, he would face opponents who have been laying the groundwork for their bids for years. Political opponents and the voting public will watching to see how he stands up to the rigorous testing of a national campaign.

Likely Democratic candidate Sen. Hillary Clinton (D-N.Y.) can rely on a political organization that she and her husband have nurtured for years. And former vice presidential nominee John Edwards, who already has announced his candidacy, began cultivating supporters in early primary states almost immediately after the 2004 election.

Howard Wolfson, a spokesman for Clinton, said, "The field is shaping up as a strong field. It's an exciting time to be a Democrat. We obviously wish Sen. Obama well."

Edwards' camp sounded a similar note. "The country's going to face some tremendous challenges in 2009 and we need the very best candidates to run," said Edwards adviser Jennifer Palmieri. "He thinks that anyone who has good ideas on how we tackle these problems should get into the race."

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In the 2008 campaign, presidential candidates face an unusually compressed schedule of early contests. The Iowa caucuses and primaries in New Hampshire, South Carolina and Nevada unfold over four weeks about a year from now, allowing candidates little margin for error and little time to raise additional money in between those critical contests. In the early contests Obama must do well—probably first or second—to prove his appeal matches the hype.

An adviser to Obama said fundraising proceeds of $50 million "is a kind of ante to this process." Since most political operatives believe that a serious candidate must be collect at least that much by Dec. 31, that translates in to donations of more than $1 million per week, which must by law come in increments of no more than $2,100 per person. Others believe a successful campaign may require more money.

An Obama adviser said the exploratory committee hopes to raise $7 million by the end of March. Under federal election law, an exploratory committee can transfer its assets directly to a presidential campaign.

Most political professionals involved in presidential politics believe that Obama's celebrity and his ability to reach small donors through the Internet position him well to meet the financial challenges ahead. His advisers also expressed optimism that he will be financially competitive.

"I am highly confident," said John Rogers, a friend of Obama and a prodigious Democratic fundraiser for many years. "People around the country who know that I'm engaged in this process have been calling me, people from coast to coast, Republicans and Democrats. They're experienced fundraisers and people wanting to get involved for the first time. I've never seen anything like it."

Despite his renown, Obama's public persona also is an unfinished canvas and he must work to fill that in before his opponents do. The campaign will force him to take more detailed positions on complex issues.

He already is being pressed in uncomfortable ways on his approach to Iraq. While Obama has opposed Bush's increase in troop levels in Iraq, he has not joined those calling for a congressional cut-off of funding for the "surge," while Edwards has demanded just that.

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Obama Launches 2008 White House Bid (AP)

By Nedra Pickler
AP, January 17, 2007

Sen. Barack Obama launched a presidential campaign Tuesday that would make him the first black to occupy the White House, and immediately tried to turn his political inexperience into an asset with voters seeking change.

The freshman Illinois senator — and top contender for the Democratic nomination — said the past six years have left the country in a precarious place and he promoted himself as the standard-bearer for a new kind of politics.

"Our leaders in Washington seem incapable of working together in a practical, commonsense way," Obama said in a video posted on his Web site. "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions. And that's what we have to change first."

Obama filed paperwork forming a presidential exploratory committee that allows him to raise money and put together a campaign structure. He is expected to announce a full-fledged candidacy on Feb. 10 in Springfield, Ill., where he can tout his experience in the state legislature and tap into the legacy of hometown hero Abraham Lincoln.

In a brief interview on Capitol Hill, Obama said the reaction has been positive and added, "we wouldn't have gone forward this far if it hadn't been this positive."

Obama's soft-spoken appeal on the stump, his unique background, his opposition to the Iraq war and his fresh face set him apart in a competitive race that also is expected to include front-runner Sen. Hillary Rodham Clinton of New York.

Obama has uncommon political talents, drawing adoring crowds even among the studious voters in New Hampshire during a much-hyped visit there last month. His star has risen on the force of his personality and message of hope — helped along by celebrity endorsements from the likes of Oprah Winfrey, billionaire investor Warren Buffett and actors Matt Damon and Edward Norton.

"I certainly didn't expect to find myself in this position a year ago," said Obama, who added that as he talked to Americans about a possible presidential campaign, "I've been struck by how hungry we all are for a different kind of politics."

The 45-year-old has few accomplishments on the national stage after serving little more than two years in the Senate. But at a time when many voters say they are unhappy with the direction of the country, a lack of experience in the nation's capital may not be a liability.

"The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put our country in a precarious place," Obama said.

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He said people are struggling financially, dependence on foreign oil threatens the environment and national security and "we're still mired in a tragic and costly war that should have never been waged."

Clinton is expected to announce her presidential campaign within days, but her spokesman said there would be no comment on Obama's decision from the Clinton camp. Back from Iraq, she abruptly canceled a Capitol Hill news conference minutes after word of Obama's announcement, citing the unavailability of a New York congressman to participate.

Other Democrats who have announced a campaign or exploratory committee are 2004 vice presidential nominee John Edwards, former Iowa Gov. Tom Vilsack, Connecticut Sen. Chris Dodd and Ohio Rep. Dennis Kucinich. Sens. John Kerry of Massachusetts and Joe Biden of Delaware and New Mexico Gov. Bill Richardson also are considering a run.

Obama's decision was relatively low-key after months of hype, with no speech or media appearance to accompany his online announcement. He said he will discuss a presidential campaign with people around the country before his Feb. 10 event, and he wasted no time calling key activists Tuesday.

New Hampshire lobbyist Jim Demers talked with Obama for about five minutes. "He is extremely pumped and excited that this campaign is coming together," said Demers, who accompanied Obama on his visit to the state last month.

Obama's quick rise to national prominence began with his keynote speech at the 2004 Democratic National Convention and his election to the Senate that year. He's written two best-selling autobiographies — "The Audacity of Hope: Thoughts on Reclaiming the American Dream" and "Dreams from My Father: A Story of Race and Inheritance."

Obama was born in Honolulu, Hawaii, where his parents met while studying at the University of Hawaii. His father was black and from Kenya; his mother, white and from Wichita, Kan.

Obama's parents divorced when he was two and his father returned to Kenya. His mother later married an Indonesian student and the family moved to Jakarta. Obama returned to Hawaii when he was 10 to live with his maternal grandparents.

He graduated from Columbia University and Harvard Law School, where he was the first African-American elected editor of the Harvard Law Review. Obama settled in Chicago, where he joined a law firm, helped local churches establish job training programs and met his future wife, Michelle Robinson. They have two daughters, Malia and Sasha.

In 1996, he was elected to the Illinois state Senate, where he earned a reputation as a consensus-building Democrat who was strongly liberal on social and economic issues, backing gay rights, abortion rights, gun control, universal health care and tax breaks for the poor.

The retirement of Republican Sen. Peter Fitzgerald of Illinois in 2004 drew a raft of candidates to the Democratic primary, but Obama easily outdistanced his competitors. He was virtually assured of victory in the general election when the designated Republican candidate was forced from the race by scandal late in the election.

Obama insisted during the 2004 campaign and through his first year in the Senate that he had no intention of running for president, but by late 2006 his public statements had begun to leave open that possibility.

Obama's Youth Stands As His Greatest Asset And Greatest Weakness (MERCN/MCT)

By Steven Thomma

The San Jose Mercury News, January 17, 2007

WASHINGTON - Illinois Sen. Barack Obama's preliminary decision Tuesday to seek the presidency propels him into the top tier for the 2008 Democratic presidential nomination and puts him in position to test how much his party and his country hunger for change.

Just 45 years old and two years into his first term in the Senate, Obama brings to the campaign the prospect of a new generation and style of leadership, with less experience in Washington and far fewer ties to the political polarization of the past two decades there.

An Obama campaign also would test whether America is ready for a nonwhite president.

Obama filed papers Tuesday with the Federal Election Commission that allow him to form a committee to raise money and hire staff toward a presidential campaign. He's scheduled a formal announcement of his candidacy for Feb. 10.

In a statement, Obama lamented that "our leaders in Washington seem incapable of working together in a practical, commonsense way. Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

Obama's youth and lack of experience in Washington are, at once, among his strongest assets and most glaring weaknesses. Yet while many politicians in similar circumstances invoke the youthful John F. Kennedy, watch for Obama to conjure up a bolder comparison: Abraham Lincoln.

Obama's formal declaration of candidacy will come two days before Lincoln's birthday - in the Illinois state capitol of Springfield, where he and Lincoln both served, rather than his hometown of Chicago. The speech could be in the Old State Capitol, where Lincoln served, though details hadn't been worked out Tuesday.

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Obama approaches the campaign with polls showing him in the top ranks of a largely open race for his party's nomination, along with Sen. Hillary Rodham Clinton of New York and former Sen. John Edwards of North Carolina.

Obama is competitive in each of the first four states that are scheduled to vote for a Democratic nominee next year - he's running fourth in Iowa, second in Nevada, second in New Hampshire and third in South Carolina - according to recent polls by the American Research Group.

Clinton leads in all four states, but she commands only about a third of total support. She's expected to declare her intentions soon.

Other announced Democratic candidates include Sens. Christopher Dodd of Connecticut and Joseph Biden of Delaware, Gov. Tom Vilsack of Iowa and Rep. Dennis Kucinich of Ohio. New Mexico's Gov. Bill Richardson is expected to announce his candidacy later this month. All score lower in early polls than Clinton, Obama and Edwards.

So far, being the new face with the new message of bipartisan cooperation has helped Obama, particularly as many Democrats have soured on Washington politicians who endorsed the Iraq war at the outset and might be portrayed as too ingrained in Washington to change.

Indeed, Obama sought Tuesday to use his short time in Washington to his advantage, distancing himself from the partisan politics that many Americans despise and subtly criticizing fellow Democrats for going along. It also was noteworthy that he didn't criticize President Bush by name, a staple of Democratic politics.

He'd disappointed some Democrats when he appeared Sunday on CBS's "Face the Nation" and sidestepped questions about whether he'd support cutting off money to force an end to the Iraq war.

"He wasn't very good," said an Illinois Democrat who's supporting Obama and asked for anonymity because he was criticizing him. "Too cautious. He's starting to sound too much like a senator."

Obama also faces other challenges and questions, including his race and how he'd flesh out his national agenda.

Traditional politics in America would argue that the son of a white woman from Kansas and a black man from Kenya still faces skepticism, if not hostility.

Yet in an age when Tiger Woods leads pro golf, Oprah Winfrey dominates the airwaves, and Colin Powell and Condoleezza Rice take turns as the country's chief diplomat, those barriers might be falling. And Obama could appeal to many Americans eager to show that they and their country have moved beyond racism, especially since he presents himself as a leader determined to move beyond conventional political divisions.

While Obama doesn't shy from his heritage, he doesn't want to be marginalized as a "black candidate" who appeals primarily to black voters.

That's part of the rationale for launching his campaign in Springfield, according to Illinois Democrats who spoke on condition of anonymity because they weren't authorized to speak for the campaign.

A speech on the South Side of Chicago could draw an overwhelmingly black audience. A Springfield event would draw a more diverse group.

Those pushing for Springfield gave two other reasons:

_It would draw attention to Obama's seven years in the Illinois Senate before his election to the U.S. Senate. His campaign aides have found that focus groups of voters were favorably impressed with his time in the Illinois legislature, a possible counter to complaints that his two years in Congress leave him too inexperienced.

_It could invite comparisons to Lincoln, who served eight years in the Illinois legislature. And Lincoln served only two years in Congress, two less than Obama will have served by Inauguration Day 2009.

For more on Obama's campaign online, go to http://www.barackobama.com

Obama May Test Voter Discontent (WSJ)

By Jackie Calmes

The Wall Street Journal, January 17, 2007

With his first official step toward a run for the presidency, Illinois Sen. Barack Obama now will test just how eager voters are, in the wake of his Democratic Party's recent takeover of Congress, to further shake up Washington.

Mr. Obama's low-key announcement on his Web site Tuesday that he had formed a presidential exploratory committee followed months of celebrity buzz and crowds at his appearances across the country. For many in his party, and some independents, the freshman senator has come to personify a hopeful prospect of change from the polarizing politics of recent years.

Yet he has vaulted near the top in presidential polls, threatening longtime front-runner Sen. Hillary Clinton of New York, who is expected to enter the race soon; 2004 vice-presidential nominee John Edwards and other Democratic aspirants, without a

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clear sense of his own policy agenda, and in spite of the question of whether Americans will elect a black candidate to the nation's highest office.

Mr. Obama, raised by his white mother from Kansas but the namesake son of a Kenyan father he hardly knew, seeks to be the first African-American nominee of a major party, let alone president. At 45 years old, he also must overcome doubts whether he is too green to be commander-in-chief of a nation at war, after two years in the U.S. Senate and eight years as a state senator. While his current popularity transcends those questions of race and credentials, they are certain to figure in a presidential campaign.

TESTING THE WATERS

· What's New: Sen. Barack Obama sets up an exploratory committee, first step in possible presidential run.

· The Issue: The Democrat's message of change resonates with many, but will voters elect a president of his race and relative inexperience?

· What's Next: Final decision on running will come Feb. 10.

With the first nominating contests a year away, the senator said he would announce a final decision about his candidacy in Springfield, Ill., on Feb. 10 -- Abraham Lincoln's birthday weekend. Meanwhile, his video announcement on his Web site Tuesday previewed how anti-Washington an Obama campaign would be.

"The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put our country in a precarious place," Mr. Obama said, citing families' struggles with health care, pensions and college costs, the nation's dependence on foreign oil and "a tragic and costly war that should have never been waged." But, he continued, "it's not the magnitude of our problems that concerns me the most. It's the smallness of our politics."

Democratic strategist Stephanie Cutter, a top adviser to Massachusetts Sen. John Kerry's 2004 presidential campaign and now neutral in Democrats' 2008 contest, said Mr. Obama is "perfectly positioned to run against Washington," and that theme also serves "to defuse the experience argument" against him.

Rep. Rahm Emanuel, a veteran of Bill Clinton's campaigns who helped engineer Democrats' congressional victories last fall, said the potential candidacy of Mr. Obama, his fellow Chicagoan, reflects the first "truly grass-roots draft" he's ever seen. "It should be a wake-up call to the party establishment in both parties."

WALL STREET JOURNAL VIDEO

1

WSJ's John Harwood discusses2 Democratic Sen. Barack Obama's initial steps in a presidential bid.

Seeking to explain Mr. Obama's appeal, Mr. Emanuel, who also remains uncommitted, said, "Every president is an answer to their predecessor in some capacity. If you think, as I do, that George Bush is the most divisive president in recent memory, Barack as a force for unity is a perfect antidote to the Bush years."

Republicans have their own take. Todd Harris, who worked on Arizona Sen. John McCain's 2000 presidential campaign, said, "I think what he represents is the fact that the rank-and-file of the Democrats' base is hungry for a fresh face, and has little or no confidence in the current crop of Democratic contenders" -- "Hillary and the Has-beens," he called them.

In his video, Mr. Obama nodded to the "media hype" and political pressures that propelled him toward the 2008 race. "I certainly didn't expect to find myself in this position a year ago," he said.

He first gained national notice as keynote speaker at the 2004 Democratic convention, recounting his father's dreams and his own rise as a tribute to America: "In no other country on Earth is my story even possible." What has come to be called "Obama-mania" really took off this fall, as the senator drew crowds on a national tour promoting his book "The Audacity of Hope: Thoughts on Reclaiming the American Dream" and at campaign stops for Democratic congressional candidates.

Scenes of jostling fans were reminiscent of the early days of Republican Sen. McCain's 2000 presidential campaign, when he was running as an anti-Washington maverick. Mr. McCain ultimately was beaten by the money and party-establishment muscle of then-Texas Gov. George W. Bush, as well as by media scrutiny -- the sorts of pressures Mr. Obama faces. "The snows of Iowa and New Hampshire have a way of dulling even the brightest star," Mr. Harris said.

Obama Raises Stakes For Democrats (LAT)

By Janet Hook And Michael Finnegan

The Los Angeles Times, January 17, 2007

WASHINGTON — Sen. Barack Obama's decision to take the first formal step toward running for president marks an extraordinarily rapid rise in politics — and sets up a high-stakes competition for campaign money, staff and supporters with the presumed front-runner for the Democratic nomination, Sen. Hillary Rodham Clinton of New York.

Obama's announcement Tuesday that he had established a presidential exploratory committee opens the door to a marquee race offering the most serious test yet of whether the nation is ready to elect a black or female president.

Having served barely two years in the Senate, Obama also is testing a sturdy piece of conventional political wisdom after the Sept. 11, 2001, terrorist attacks: that voters are wary of electing a president who might need on-the-job training in foreign policy.

The Illinois Democrat, 45, is gambling that voters will see his lack of national governing experience as an asset, not a liability, at a time when the electorate is seething with discontent with the Washington establishment.

"I am struck by how hungry we all are for a different kind of politics," Obama said in his announcement Tuesday. "The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put us in a precarious place." In a sign of the importance of the Internet to political campaigning, Obama made his announcement not in a public appearance but in an e-mail statement and a video posted on his website.

A charismatic speaker with an unusual life story, Obama has been enthusiastically received by audiences around the country as he has traveled to promote his latest book and, increasingly, to sound out voters in states with early presidential primaries and caucuses.

His announcement steps up pressure on Clinton to formally launch her own campaign, a move that is expected soon. Howard Wolfson, a senior Clinton advisor, declined to comment on Obama but said, "Sen. Clinton has a strong case to make for her own candidacy, and is going to have to make the best case for herself."

The combined star power and national fame of Clinton and Obama threaten to siphon off vast amounts of money and attention from lesser-known candidates in the crowded Democratic field.

Obama already is competing with Clinton for donors in California, the No. 1 source of money for Democrats. So far, he has been popular among major donors.

San Francisco lawyer Jeffrey L. Bleich, who raises money in the Bay Area for Obama, said contributors "feel like you've done them a favor by inviting them" to a reception for the Illinois senator — far from the norm in fundraising.

That surge of enthusiasm, which could easily fade, has caught the attention of Clinton advisors.

"He's going to have an effect on our fundraising — no question about it," said Sim Farar, a major Clinton fundraiser in Los Angeles. "But at the end of the day, we will raise enough money for Hillary's campaign."

Clinton, who hired Los Angeles fundraiser Diane Hamwi on Sunday to oversee her West Coast effort, has a huge head start.

As of last month, she had $14.4 million in campaign money in the bank; Obama had $756,000. Drawing on her husband's White House fundraising network, the former first lady expects support from many Democratic heavyweights, including supermarket magnate Ron Burkle and Hollywood moguls Haim Saban and Stephen L. Bing.

Despite that "amazing machine," said Margery Tabankin, a top Hollywood political consultant, Clinton faces resistance from some donors over her early support for the war in Iraq, which Obama opposed.

Hollywood donors expect music and film tycoon David Geffen, a major supporter of Bill Clinton when he was president, to play a role in Obama's effort to raise money from the entertainment industry.

Film producer Lawrence Bender, another major fundraiser who often holds receptions for presidential candidates at his Holmby Hills house, said he would raise money for Obama, and possibly for other Democrats running for president.

In Silicon Valley, Obama has sparked interest among venture capitalists and high-tech donors, said Katie Merrill, a Democratic strategist in the Bay Area. "It's something the Clinton campaign should take notice of," she said.

Noah Mamet, a Los Angeles consultant who has raised money for many Democrats, said California's overall importance for the 2008 White House contenders will be heightened by Clinton's automatic edge among donors in New York, where she can largely box out her rivals.

"California — and in particular Los Angeles — is going to be the biggest battle for fundraising on the Democratic side," he said.

Another Democratic candidate challenged by Obama's entry is former Sen. John Edwards of North Carolina, the Democrats' vice presidential nominee in 2004, who has been trying to position himself as the leading alternative to Clinton.

Other announced Democratic candidates include Sen. Christopher J. Dodd of Connecticut, Rep. Dennis J. Kucinich of Ohio, and former Iowa Gov. Tom Vilsack. Also considering White House bids are Sens. Joseph R. Biden Jr. of Delaware and John F. Kerry of Massachusetts, and New Mexico Gov. Bill Richardson.

By establishing an exploratory committee, Obama can begin raising money and assembling staff for a formal campaign. He said he would announce his final decision about running on Feb. 10 in Illinois. Sources close to him say it is all but certain he will be a candidate.

The son of a black Kenyan father and a white American mother, Barack Hussein Obama was born in 1961 in Hawaii. He is a graduate of Columbia University and Harvard Law School, where he was the first black president of the Law Review. He

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settled in Chicago to practice law and also worked as a community organizer. Married since 1992, he and his wife have two daughters.

Obama was elected to the Illinois state Senate in 1996, where he served until he ran for the U.S. Senate in 2004.

The little-known lawmaker was catapulted to national prominence when he gave an acclaimed speech at the 2004 Democratic convention. During the 2006 campaign, he was widely sought by Democratic candidates for appearances on the stump.

Obama lacks the deep roots other candidates have cultivated in states with early primaries and caucuses, such as Iowa — where Edwards has been leading in many polls — and New Hampshire. Still, he drew huge crowds during his first trip to New Hampshire, in December.

Mark Mellman, a Democratic pollster who is not allied with any particular candidate, said concern about Obama's inexperience may be eclipsed by a more powerful political force — voters' hunger for change, in evidence in the 2006 midterm election.

"People want something new and different, and there is nobody in this contest who can better lay claim to being new and different than Barack Obama," Mellman said.

Now, Obama will face heightened scrutiny that may spotlight less-flattering aspects of his past. In his first book, Obama acknowledged that he experimented with cocaine and marijuana in his youth.

His record also will get closer scrutiny. He has a traditionally liberal voting history — supporting gay rights, abortion rights and gun control. The only vote in 2006 with which he opposed the liberal Americans for Democratic Action was in supporting a free-trade agreement with Oman.

A Los Angeles Times/Bloomberg poll in December indicated that Obama's race and Clinton's gender were not major liabilities. Four percent of registered voters polled said they would not vote for a woman for president; 3% said they would not vote for an African American.

Obama has been a harsher critic of the war in Iraq than Clinton has. Although he was not in the U.S. Senate in 2002, when Clinton voted to authorize the invasion of Iraq, Obama at the time spoke out against the war.

Now, both Obama and Clinton are opposing Bush's proposal to increase troop levels in Iraq, but Clinton has been more moderate in her tone. Neither has supported efforts to cut off funding to tie Bush's hands.

Obama Jumps Into Presidential Fray (WP)

By Shailagh Murray And Chris Cillizza

The Washington Post, January 17, 2007

Sen. Barack Obama of Illinois, whose best-selling books and political travels generated huge pressure to run for the White House, joined a crowded Democratic field yesterday, vowing to advance "a different kind of politics" in a campaign that could make him the nation's first African American president.

Obama, a state legislator just three years ago, announced that he has formed a presidential exploratory committee, accelerating his already rapid emergence in national politics and establishing him as his party's most formidable rival to Sen. Hillary Rodham Clinton of New York, the Democratic front-runner.

Obama, 45, portrayed his youth and short tenure in Congress as an asset in a statement distributed via Web video and e-mail. "Today, our leaders in Washington seem incapable of working together in a practical, common sense way," the senator declared. "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

But it is Obama's ethnic profile and life story that set him apart. His late father was a black Kenyan, his mother the white daughter of a Kansas farmer. Obama was born in Hawaii, lived in Indonesia in his youth and was the first African American to be elected Harvard Law Review president. His autobiography, "Dreams From My Father," was published in 1995, nine years before his keynote address electrified the Democratic National Convention in Boston. Another book, "The Audacity of Hope: Thoughts on Reclaiming the American Dream," has been a bestseller since it was published in October.

"This is an opportunity for a new generation of leaders to step forward to remake America," said Senate Majority Whip Richard J. Durbin, the senior senator from Illinois and a key Obama ally. Rep. Artur Davis (D-Ala.), another up-and-coming black lawmaker, called Obama "the kind of unique transformational candidate who surfaces once in a generation."

Obama and Clinton are considered the leaders of the Democratic field, but they have plenty of company. Former senator John Edwards (N.C.), the party's 2004 vice presidential nominee, has already announced his candidacy. Others who are lining up include Sens. Christopher J. Dodd (Conn.) and Joseph R. Biden Jr. (Del.), New Mexico Gov. Bill Richardson, and former Iowa governor Tom Vilsack. Former vice president Al Gore could jump in, as could Sen. John F. Kerry (Mass.), who narrowly lost the presidential election in 2004.

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Obama is expected to spend the next several weeks fundraising, with no trips to early primary or caucus states. Unlike the other candidates except Clinton, Obama should have little trouble raising the $50 million to $100 million necessary to compete in the four states -- Iowa, Nevada, New Hampshire and South Carolina -- that will vote in January 2008.

During last year's midterm elections, Obama barnstormed the country for Democratic congressional and gubernatorial candidates, collecting more than $4.5 million for his political action committee and building up a national network of donors. He has also built support among the "Net roots" -- the loose affiliation of progressive bloggers and activists who provided much of the financing for former Vermont governor Howard Dean's 2004 presidential campaign.

After he was elected to the Senate, Obama vowed to serve out his term. But he opened the door to a 2008 presidential campaign during an appearance on NBC's "Meet the Press" in October, saying that, "given the response I've been getting," he would consider the possibility after the midterm elections.

Despite all the hype about his potential candidacy, some of Obama's closest associates worry that the senator remains untested. After winning a tough Senate primary in 2004, he sailed through the general election, aided by a Republican nominee with extensive personal travails. "There will be bumps; there always are," said one senior Obama adviser, speaking on the condition of anonymity. "He's going to have to manage expectations and show he has the strength and endurance for the long haul."

In yesterday's statement, Obama said that his campaign will emphasize traditional Democratic goals such as lowering health-care costs, providing college-tuition assistance and developing new energy sources. He only briefly mentioned the Iraq war, the issue that could well drive the 2008 election. "We're still mired in a tragic and costly war that should never have been waged," Obama said.

His Iraq views are complicated and could require some tricky navigation in the months ahead. The Senate authorized the war in the fall of 2002, two years before Obama was elected. But although he opposed the conflict from the beginning, he has not endorsed a timetable for withdrawing U.S. troops, a position forcefully advocated by Edwards.

According to his Senate Web site, Obama supports "a phased redeployment of American troops to signal to the government and people of Iraq that ours is not an open-ended commitment." But his unwillingness to set a date has infuriated war opponents, who also fumed last year over Obama's support for the reelection campaign of Sen. Joseph I. Lieberman (I-Conn.), one of President Bush's strongest allies on Iraq. The Web site Antiwar.com called him "O-bomb-a."

Last week, Obama was quick to criticize Bush's plan to deploy an additional 21,500 troops in Iraq, comparing the move to that of a gambler who increases his bet in a bid to cover his losses. Yet he has refused to back a proposal by some Democrats to require congressional authorization before additional troops are sent to Iraq.

"We need to look at what options do we have available to constrain the president, to hopefully right the course that we are on right now, but to do so in a way that makes sure that the troops that are on the ground have all the equipment and the resources they need to fulfill their mission and come home safely," Obama said Sunday on CBS's "Face the Nation."

In most matters before the Senate, Obama has maintained a relatively low profile, tending to home-state concerns while promoting narrow causes such as congressional ethics reform, an issue now being debated on the Senate floor. Last year, Senate Democratic leaders asked Obama to help lead the reform charge, and he responded with proposals that went further than many of his colleagues had wanted to go.

While Obama paints himself as a reform-minded outsider, the small group of senior advisers who will guide his campaign -- should he pursue it -- are longtime Washington hands.

Nearly two-thirds of the Obama inner circle has political roots in the offices of then-Rep. Richard A. Gephardt (D-Mo.) or then-Sen. Thomas A. Daschle (D-S.D.). His staff's long experience in state and national politics should help Obama to compensate for his lack of campaign experience. He has made only a few cursory stops in Iowa, for example, where the first votes of the presidential race are likely to be cast on Jan. 14, 2008, but he has signed up Steve Hildebrand, who ran the Iowa caucus campaign of then-Vice President Al Gore in 2000, and Paul Tewes, Hildebrand's second-in-command in that campaign.

In New Hampshire, Obama drew a rock-star reception during a Dec. 9 visit. Jim Demers, a longtime party activist who squired Obama around the state for the day, said that his phone has not stopped ringing since, with people seeking to work for the campaign. "People here are excited to see and hear him," said Demers, who said he may volunteer himself.

Remember Lincoln, Obama Allies Say (AP)

By Nedra Pickler, Associated Press Writer

AP, January 17, 2007

For all those historians and political naysayers, Sen. Barack Obama's allies like to point out that Abraham Lincoln served just two years in the House before becoming president.

DOJ_NMG_0117859

It's a comparison certain to be repeated as Obama, with slightly more than two years in the Senate, continues to align himself with the Civil War president. The senator's expected campaign kickoff is scheduled for Feb. 10 in Lincoln's hometown of Springfield, Ill. — where both men served in the state legislature.

Obama filed paperwork for a presidential exploratory committee Tuesday, which allows him to raise money and organize a campaign structure before his formal announcement. He also talked about his plans in a video on his Web site.

If elected, he would be an obvious subject for the history books — the first black president.

Obama said the past six years have left the country in a precarious place and he promoted himself as the standard-bearer for a new kind of politics.

"Our leaders in Washington seem incapable of working together in a practical, commonsense way," Obama said in a video posted on his Web site. "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions. And that's what we have to change first."

Obama's soft-spoken appeal on the stump, his unique background, his opposition to the Iraq war and his fresh face set him apart in a competitive race that also is expected to include front-runner Sen. Hillary Rodham Clinton of New York.

Obama has uncommon political talents, drawing adoring crowds even among the studious voters in New Hampshire during a much-hyped visit there last month. His star has risen on the force of his personality and message of hope — helped along by celebrity endorsements from the likes of Oprah Winfrey, billionaire investor Warren Buffett and actors Matt Damon and Edward Norton.

"I certainly didn't expect to find myself in this position a year ago," said Obama, who added that as he talked to Americans about a possible presidential campaign, "I've been struck by how hungry we all are for a different kind of politics."

The 45-year-old has few accomplishments on the national stage after serving little more than two years in the Senate. But at a time when many voters say they are unhappy with the direction of the country, a lack of experience in the nation's capital may not be a liability.

"The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put our country in a precarious place," Obama said.

He said people are struggling financially, dependence on foreign oil threatens the environment and national security and "we're still mired in a tragic and costly war that should have never been waged."

Clinton is expected to announce her presidential campaign within days, but her spokesman said there would be no comment on Obama's decision from the Clinton camp. Back from Iraq, she abruptly canceled a Capitol Hill news conference minutes after word of Obama's announcement, citing the unavailability of a New York congressman to participate.

Other Democrats who have announced a campaign or exploratory committee are 2004 vice presidential nominee John Edwards, former Iowa Gov. Tom Vilsack, Connecticut Sen. Chris Dodd and Ohio Rep. Dennis Kucinich. Sens. John Kerry of Massachusetts and Joe Biden of Delaware and New Mexico Gov. Bill Richardson also are considering a run.

Obama's decision was relatively low-key after months of hype, with no speech or media appearance to accompany his online announcement. He said he will discuss a presidential campaign with people around the country before his Feb. 10 event, and he wasted no time calling key activists Tuesday.

New Hampshire lobbyist Jim Demers talked with Obama for about five minutes. "He is extremely pumped and excited that this campaign is coming together," said Demers, who accompanied Obama on his visit to the state last month.

Obama's quick rise to national prominence began with his keynote speech at the 2004 Democratic National Convention and his election to the Senate that year. He's written two best-selling autobiographies — "The Audacity of Hope: Thoughts on Reclaiming the American Dream" and "Dreams from My Father: A Story of Race and Inheritance."

Obama was born in Honolulu where his parents met while studying at the University of Hawaii. His father was black and from Kenya; his mother, white and from Wichita, Kan.

Obama's parents divorced when he was two and his father returned to Kenya. His mother later married an Indonesian student and the family moved to Jakarta. Obama returned to Hawaii when he was 10 to live with his maternal grandparents.

He graduated from Columbia University and Harvard Law School, where he was the first black elected editor of the Harvard Law Review. Obama settled in Chicago, where he joined a law firm, helped local churches establish job training programs and met his future wife, Michelle Robinson. They have two daughters, Malia and Sasha.

In 1996, he was elected to the Illinois state Senate. He won a seat in the U.S. Senate in 2004.

Obama insisted during the 2004 campaign and through his first year in the Senate that he had no intention of running for president, but by late 2006 his public statements had begun to leave open that possibility.

Much Buzz, Many Questions Over Barack Obama's Bid (CSM)

By Linda Feldmann

DOJ_NMG_0117860

The Christian Science Monitor, January 17, 2007

For the first time in American history, a black man is stepping toward a presidential run with the potential to win his party's nomination – and even the presidency itself.

Sen. Barack Obama (D) of Illinois filed papers Tuesday with the Federal Election Commission, establishing an exploratory committee that allows him to raise funds toward a possible presidential campaign. But the jolt of electricity even this step sent through the political world was enough to light up Chicago for the rest of the day.

Speculation that Senator Obama might run has raged for weeks, and so the announcement comes as little surprise. But the confirmation that the charismatic young senator with the exotic heritage has now entered the "money primary" raises a series of crucial questions: With only two years in the Senate, does he have enough experience to persuade voters that he's ready to be the most powerful person in the world? Can he topple the presumed front-runner for the Democratic nomination, Sen. Hillary Rodham Clinton of New York? Can he and his young family withstand the intense public scrutiny any top-tier candidate must endure?

And is America ready to elect its first black president?

Obama's new website, BarackObama.com, says the senator will announce his decision on whether to run Feb. 10 in Chicago. In a video statement released Tuesday morning on his site, Obama tried to capture the gravity of the choice he faces.

"Running for the presidency is a profound decision – a decision no one should make on the basis of media hype or personal ambition alone – and so before I committed myself and my family to this race, I wanted to be sure that this was right for us, and more importantly, right for the country," Obama said.

What he's really testing, political analysts say, is the strength of his fundraising ability. To make a serious play for a major-party nomination, a candidate needs to raise tens of millions of dollars in the next few months – a task that Senator Clinton should accomplish easily.

It's hot in the media's glare

But, too, the Illinois Democrat may begin to see the downside of being a media darling. In his latest book, "The Audacity of Hope," he describes President Bush warning him just after he joined the Senate about life in the spotlight – especially for a senator who practically waltzed into his seat (after his competition imploded). The media are notorious for building people up, only to tear them down.

So far, Obama has faced criticism over a questionable deal he made in the purchase of his home in Chicago, a transaction he later called "boneheaded." In his first book, "Dreams From My Father" – published in 1995 after he was elected the first African-American president of the Harvard Law Review – he admits to using marijuana and cocaine in his youth, another point that could diminish his appeal among some donors and voters.

But the more central questions he faces involve his readiness for the presidency and the public's comfort level with his identity. With the nation at war, he will have to convince voters that he is prepared to step into the commander in chief role with a plan that satisfies, first, the vehemently antiwar Democratic base and then, if nominated, the general electorate.

In a way, his limited tenure in the Senate could work to his advantage. Only two Americans have ever made the leap directly from the Senate to the White House: Warren Harding and John Kennedy. More often, senators who try to run for president (and sooner or later, many of them do) get caught up in tangled legislative language that does not play well in a campaign.

But his biggest advantage could be his persona – young, attractive, articulate, a fresh face.

"He's a dynamic speaker; he's got charisma that engages people," says independent pollster Del Ali. "He's similar to [Bill] Clinton, similar to [Ronald] Reagan in that respect, similar to Kennedy."

As a member of the Illinois state Senate, before his election to the US Senate, he wowed the arena with his keynote address at the Democratic National Convention in 2004. And his personal background provides the classic "log cabin" story on which presidential politics thrives. The son of a white woman from Kansas and a black man from Kenya, Obama was raised mostly in Hawaii. In his first book, he laid out his struggle to come to terms with his mixed-race heritage and absent father, who left the family when Barack was 2 years old.

His name an obstacle?

It may be that his unusual name – including the middle name Hussein – proves trickier than his color in bringing Americans to a comfort level that would win their votes. Unlike past African-American presidential candidates, such as Jesse Jackson, he does not come from the civil rights movement of the 1960s, but rather represents the new face of black politics: pinstriped suits and an Ivy League pedigree.

"He seems to transcend the race issue to a degree," says Bruce Buchanan, a presidential scholar at the University of Texas, Austin. But on policy, he adds, Obama is "going to be under a lot of pressure to come up with lots of answers to lots of questions."

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The Big Question About Barack Obama (USAT)

By Judy Keen

USA Today, January 17, 2007

CHICAGO — Two years in the U.S. Senate. Seven years in the Illinois Senate. One loss in a primary election for the U.S. House of Representatives. One stirring keynote address at a Democratic National Convention. Two best-selling books.

That's Barack Obama's political résumé. Is it enough to qualify him to be president?

Sure, says Carol Hood, Democratic Party chairman in Calhoun County, Iowa. "Anymore, that might be a good factor," she says. "He doesn't have a lot of people he owes things to."

Probably not, says Matt Pearson, Democratic Party chairman in Buena Vista County, Iowa. "He could use a little more experience," he says. "A lot of the people I know say they really like him, but just don't think it's his time yet."

Obama said Tuesday that this could be his time to run for the Democratic presidential nomination.

"I certainly didn't expect to find myself in this position a year ago," Obama, 45, said in a statement released as he created a presidential exploratory committee. "But as I've spoken to many of you in my travels … I've been struck by how hungry we all are for a different kind of politics."

Obama's personal story, eloquence and hopeful approach to politics have made the only black in the U.S. Senate a top prospective 2008 candidate. When a USA TODAY/Gallup Poll asked Democrats and independents who lean toward Democratic candidates to choose among 15 presidential prospects last weekend, 18% said they would be most likely to support Obama. He ranked second to New York Sen. Hillary Rodham Clinton, the choice of 29%, and ahead of Al Gore, the 2000 presidential nominee; John Kerry, the 2004 nominee; and Kerry's running mate, John Edwards.

Edwards was a presidential candidate before he became Kerry's running mate in 2004. During his campaign, Edwards, who served one Senate term, also faced the experience issue.

"Of course" Obama will have to answer similar questions, Edwards told USA TODAY in December. "Just as I did and will, and as anybody else who wants to be president of the United States will have to do," Edwards said. "The test applies to all of us."

Obama wouldn't be the youngest presidential nominee or chief executive. William Jennings Bryan was 36 when he first became a Democratic nominee. John F. Kennedy was 43 when he was elected. Theodore Roosevelt was 42 when he was sworn in after the assassination of William McKinley.

Nor would Obama be the least experienced nominee or president. Wendell Wilkie had never been elected to any office before he became the Republican presidential nominee in 1940. Woodrow Wilson had been New Jersey's governor for two years when he was elected in 1912. George W. Bush served six years as Texas governor before being elected president.

Still, some Democrats say they need a more seasoned nominee who's prepared to tackle foreign policy issues such as the war in Iraq and dangerous relationships with Iran and North Korea.

Obama's inexperience is "the big question mark" about his candidacy, says Rep. Beth Arsenault, a Democrat who was just elected to the New Hampshire Legislature.

"It's not a deal-stopper necessarily," she says, "but two years in the Senate? It's not a lot."

The campaign crucible

David Axelrod, Obama's political strategist, says presidential campaigns aren't ultimately about candidates' job histories.

"Campaigns themselves are a gantlet in which you get tested," he says. "People get to see how you handle pressure and how you react to complicated questions. It's an imperfect and sometimes maddening system, but at the end of the day it works, because you have to be tough and smart and skilled to survive that process."

Some legislators who worked with Obama in the Illinois Senate say he proved he can overcome gaps in experience with his ability to quickly grasp complicated issues.

Republican Sen. Kirk Dillard, who took office in 1993, says he gravitated to Obama when the rookie arrived in Springfield in 1997.

"Sen. Obama was someone who I thought — and I was right — could tackle extremely complex things like ethics reform, the death penalty or racial profiling by law enforcement," Dillard says.

Obama was "a full partner" in drafting and passing the state's first major ethics law in 25 years, Dillard says. Obama also helped pass laws requiring that police interrogations and confessions in capital cases be videotaped and creating a state earned-income tax credit.

Such successes are rare, "especially in a rough-and-tumble place driven by seniority like Illinois is," he says.

State Sen. Donne Trotter, a Democrat, says Obama is "a quick read, a quick study."

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Obama's tenure as a constitutional lawyer, he says, "prepares him to learn the intricacies and nuances of what the federal government is all about."

Trotter watched the newcomer research a universal health care system, educate other senators and become the architect of the legislation. Obama "is a reader, a learner of different approaches and philosophies," he says. "He has the brainpower to absorb the facts … and make good decisions."

'Managed to get it right on Iraq'

Obama has proved that, Axelrod says, with one decision that sets him apart from other possible Democratic presidential candidates, including Clinton: His opposition from the start to the war in Iraq. "However many gray hairs he has, he managed to get it right on Iraq," Axelrod told Chicago's WTTW-TV last week.

Experience doesn't guarantee success in the White House, historians and political scientists say.

Lyndon Johnson had a long career in Congress before becoming president, but history considers his White House record mixed because of the Vietnam War, says Dean Spiliotes, a political scientist at St. Anselm College in Manchester, N.H. Phil Gramm was a veteran senator and Lamar Alexander a former governor and Cabinet member when they ran for president in 1996, but neither won the Republican nomination, he notes.

"What really matters is your temperament and your ability to make good decisions," Spiliotes says. Voters, he says, "make their decision at a very intuitive, gut level. … They have a mental checklist of what a president looks like, sounds like and acts like."

Richard Norton Smith, a historian who has run several presidential libraries and museums, says it would be better "for Obama's sake, not to mention for the country's" if he had more experience. It would also be better if the campaign season were long enough for voters to fully gauge his character and aptitude for the presidency, Smith says.

As Obama's supporters often point out, Lincoln was a former member of the Illinois Legislature who had served briefly in Congress before becoming president. But the parallels in the men's careers are no indication of success for Obama, Smith says. Sometimes the election of inexperienced candidates whose charisma is their greatest asset "produced great presidents, and sometimes it produced decidedly mediocre ones," he says.

Nicole Schilling, chairman of the Democratic Party in Greene County, Iowa, says Obama's lack of a long political record will work to his advantage. "Some people are saying he's young, he needs to wait," she says. "I think it's going to work to his advantage here. … He's kind of a blank slate, and people are projecting what they think onto him."

'Not your Mayflower Americans'

Obama's experience is broader than his time in elected office. He was a community organizer in Chicago and led voter-registration drives. He taught constitutional law at the University of Chicago. He lived for a time in Indonesia, a Muslim country. He has traveled to the Middle East, Africa and Iraq.

"He has lived abroad and has relatives who are certainly not your Mayflower Americans and understands different cultures," Dillard says. "Many presidents with foreign-policy experience have not lived firsthand the type of life that Barack has."

None of the Democratic activists interviewed about Obama's chances suggested that his ethnicity matters, and the fact that he is black has not been a dominant factor in his campaigns.

In his 2006 book, The Audacity of Hope, he wrote that "white guilt has largely exhausted itself in America" and said it's not always easy for black politicians "to gauge the right tone to take — Too angry? Not angry enough? — when discussing the enormous hardships facing his or her constituents."

Obama's rawness has sometimes been evident since he went to Washington.

Last year, Sen. John McCain, R-Ariz., sent Obama a biting letter accusing the Illinois senator of playing partisan politics in wrangling over an overhaul of ethics rules. "I concluded your professed concern for the institution and the public interest was genuine and admirable. Thank you for disabusing me of such notions," McCain, a likely Republican presidential candidate in 2008, wrote to Obama. The two later reconciled.

At a town meeting last year in Wheeling, Ill., Obama was asked by a youngster what he would do if someone gave him $1 billion. First, Obama said he'd pay off his mortgage and give the rest to his wife. He thought a moment and revised his reply, adding that he'd give "most of it" to charity. Then he said he'd put "several hundred million into buying mosquito nets" to prevent malaria in Africa.

In The Audacity of Hope, Obama wrote about his ambition. He describes his failed 2000 campaign for Congress as a consequence of "restlessness." He described feeling "envy of seeing younger politicians succeed where I had failed, moving into higher offices, getting more things done."

Obama also wrote about his distaste for "the meaner tasks" of politics: "the begging for money, the long drives home after the banquet had run two hours longer than scheduled, the bad food and stale air and clipped phone conversations with a wife … who was pretty fed up with raising our children alone and was beginning to question my priorities."

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Last fall, Obama sounded like a man planning to run for president in an interview with Men's Vogue. "My attitude about something like the presidency is that you don't want to just be the president," he said. "You want to change the country. You want to make a unique contribution. You want to be a great president."

Mell Brooks, Democratic chairman in Littleton, N.H., says he thinks Obama can achieve that goal despite his inexperience.

"No doubt 20 years' experience is better than 10," he says." For some individuals, it might well be a drawback, but it depends on the intellect, the knowledge and the ability of the candidate," he says. "For Obama, inexperience is not a big drawback."

Obama's Decision Puts Heat On Kerry (BOSH)

By Emma Ratliff

Boston Herald, January 17, 2007

Barack Obama seized the presidential spotlight yesterday as he announced the creation of a committee to explore a White House run, putting more heat on John Kerry to decide whether he'll stay on the sidelines or step onto the stage.

"Barack is seen as a rock star. People see him as an idol," said Morgan Felchner, editor of Campaigns and Elections magazine. "Kerry needs to get in soon."

The popular U.S. senator from Illinois was in Manchester, N.H., in December for a national Democratic victory tour after the midterm elections, a celebration that drew almost 1,700 people.

"He really impressed everyone in the crowd. Speaking to 1,700 people he was still very personable," said Joan Ashwell, chairman of the Strafford County Democratic Committee in New Hampshire. "Kerry's gotta get in there pretty soon. John Kerry has a lot of support in New Hampshire."

Kerry (D-Mass) has said he will announce in the near future whether he will make another presidential bid next year or opt to run for re-election to the Senate.

Obama, a 45-year-old who is little more than two years into his Senate term, rose rapidly to national prominence when he gave the keynote speech at the 2004 Democratic National Convention in Boston as Kerry was nominated. But his lack of a track record in government and foreign policy makes him little more than a celebrity name to many voters.

"Our leaders in Washington seem incapable of working together in a practical, commonsense way," Obama said in a video posted on his Web site. "Politics has become so bitter and partisan."

Despite Kerry's 2004 New Hampshire primary win, activists say he must lay new groundwork if he wants to wage another campaign. "Right now since there is not any mudslinging, it would help for him to get in sooner rather than later," said Felchner.

With Obama taking a step closer to the race, New Hampshire Democrats are waiting for the next big name to make a move. "Hillary hasn't been here, and rumor has it she will be here before long," Ashwell said.

Other Democrats who have announced a campaign or exploratory committee are Kerry's 2004 running mate and former Sen. John Edwards of North Carolina, former Iowa Gov. Tom Vilsack, Connecticut Sen. Chris Dodd and Ohio Rep. Dennis Kucinich.

Obama Signals 2008 Run For President (BSUN)

By Paul West

The Baltimore Sun, January 17, 2007

WASHINGTON -- Sen. Barack Obama, bidding to become the first African-American to win a major-party presidential nomination, signaled his entry into the 2008 presidential contest Tuesday.

The Illinois Democrat, who joins the race near the top of a crowded field, made it clear that he would run as an outsider. In a brief online video announcement, he used the word change five times, criticized Washington's bitter partisanship and cast his decision to form an exploratory committee as a response to those "hungry for a different kind of politics."

Obama, who is expected to formally declare his candidacy next month, starts out as a serious contender in a nomination chase so top-heavy with talent that it has relegated a number of well-regarded and more experienced candidates to secondary status -- or forced them to quit altogether -- more than a year before the first primary vote has been cast.

Party strategists said Obama's strength in early polling and his fundraising potential exceed those of most other '08 Democrats. But the liberal senator faces a number of hurdles, including a lack of seasoning as a presidential campaigner and a still-undefined national image.

"His biggest challenge will be to show he has gravitas," said Kenneth Baer, a Democratic strategist, and to avoid being defined in negative terms by his opponents or the news media. "Nobody knows his record. Nobody really knows the Illinois Senate record, and believe me, all of that will be coming out in bucketfuls."

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A biographic video, posted Tuesday on Obama's campaign Web site, tried to fill in some of the blanks. It indicated, for example, that Obama plans to emphasize the "results" he achieved during two terms as an state legislator on issues such as the death penalty, racial profiling and welfare reform.

The formal declaration of his candidacy is set for Feb. 10 in Springfield, the Illinois capital -- distancing himself, in geographic terms, from the old-fashioned politics of Chicago, where Obama makes his home; but cozying up to the legend of Abraham Lincoln as well as offering a chance to promote his record as a state senator.

Democrats active in other campaigns, or watching from the sidelines, said Obama's candidacy poses a significant threat to the other leading candidates, Sen. Hillary Rodham Clinton of New York and former Sen. John Edwards, the 2004 vice presidential nominee from North Carolina.

Clinton, widely regarded as the early front-runner, is counting on support from African-Americans, who strongly backed her husband, Bill, in his two presidential runs and who historically cast about one of every four votes in Democratic primaries.

"Now, all of a sudden, she has a competitor," said Democratic pollster Paul Maslin, an adviser to Indiana Sen. Evan Bayh, who abandoned the 2008 race last month shortly after being out shone in New Hampshire by Obama.

Maslin, who advised a Democratic rival in Obama's 2004 Senate primary campaign, said early polls in that contest showed Obama getting only about half the black vote. He wound up taking 85 percent, once it became clear that he had a serious chance to win.

Edwards, a vocal anti-war candidate since renouncing his Senate vote to authorize force against Iraq, is running well in Iowa, which holds the first delegate contest. But Obama, from neighboring Illinois, is the only major candidate in the Democratic field who opposed the war from the start.

"We're still mired in a tragic and costly war that should have never been waged," said Obama, appearing tieless in his video announcement, whose low-key tone and informal setting appeared designed to convey an image of a new and different type of politician.

"It's not the magnitude of our problems that concerns me the most," he said. "It's the smallness of our politics."

He criticized "our leaders in Washington" who "seem incapable of working together in a practical, common-sense way. Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

Anita Dunn, who has advised Obama's political action committee but is currently neutral in the 2008 contest, noted that he has never had to face tough competition in a campaign before.

A presidential campaign "is like climbing Mount Everest," she said. "People start out with all this enthusiasm, and by the end, they're just trying to survive. It's miserable and you can't breathe the air and you can't eat and your brain cells are dying. That's why those who get to the top tend to be those who have done it before."

Other Democrats said Obama would now have to shift away from "his Kumbaya message," as more than one put it, and start laying out the specifics of what he would do as president.

"He's getting a free ride right now," said one Democratic consultant, who requested anonymity because his firm is representing another potential presidential contender. "But that's about to change, and the hard questions are going to come, including about his lack of experience."

Obama's dizzying rise has been built, in part, on his personal appeal to voters, his speaking skills and his ability to attract money for fellow Democrats in 2006. He has been widely featured on national television, newspapers and magazines, including a recent Newsweek cover that paired him with Hillary Clinton.

He has played off of the media boom, even as he has nurtured it. In his statement Tuesday, Obama called running for the presidency a "profound decision [that] no one should make on the basis of media hype and personal ambition alone."

"I certainly didn't expect to find myself in this position a year ago," he said, couching his decision in terms of conversations with supporters, and their e-mails and letters. His decision followed a period spent "thinking about how I could best advance the cause of change and progress that we so desperately need."

At least 10 Democrats are expected to seek the '08 nomination, which is likely to be decided in little more than a year. Edwards, Sens. Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut, former Iowa Gov. Tom Vilsack and Rep. Dennis J. Kucinich of Ohio are already running. Clinton has yet to say when she will announce her candidacy. New Mexico Gov. Bill Richardson is expected to make his intentions known this month. Massachusetts Sen. John Kerry, the party's 2004 nominee, and retired Gen. Wesley K. Clark are among those who haven't in dicated their plans.

Some Democrats speculated Tuesday that Obama's entry, by further dividing the Democratic vote, might increase the chance that former Vice President Al Gore would decide to get in. Gore has said he has no plans to run.

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The first set of appearances by likely contenders is scheduled to take place in just over two weeks, at the winter meeting of the Democratic National Committee in Washington. Democrat ic debates or candidate forums have also been scheduled this spring in early primary or caucus states, including Nevada in March, and New Hampshire and South Carolina in April.

It is still nearly a year until the first primaries and caucuses, but the process has been compressed into the early weeks of 2008, and some Democrats believe the nomination will effectively be decided by Valentine's Day.

NH Democrats Not Surprised By Obama Announcement (NHUL)

New Hampshire Union-Leader, January 17, 2007

During his much-publicized "Obama-mania" visit on Dec. 10, Illinois Sen. Barack Obama looked, acted and sounded like a Presidential candidate when he spoke to a 1,500 people at a state Democratic Party rally in downtown Manchester.

So it was no surprise to New Hampshire yesterday that Obama announced the formation of an exploratory committee to raise money in preparation for a Presidential run.

Officially, he is not a candidate, but his point man in New Hampshire says it's just a formality.

"I think today was the first step toward an official candidacy," said lobbyist Jim Demers, a former state representative, who said he expects to be an unpaid volunteer for Obama in the First-in-the-Nation Primary state.

Obama said he intends to announce whether he will be a full-fledged candidate on Feb. 10.

Demers said he expects Obama to come to New Hampshire "sometime around that time."

For now, Demers said, "I'm in the process of helping them find some staff. I have more than 35 resumes, and they hope to have a campaign manager very soon."

He said he will not do the hiring, but simply make recommendations to exploratory committee officials.

Demers said Obama called him yesterday morning, and "he was extremely pumped. The call came after the announcement at 10 a.m. and I could feel the energy and excitement."

Demers said he expects Obama's next visit to be on a smaller scale than the December rally.

"While that first event was a mammoth event, the plan is for this to be your typical New Hampshire Presidential campaign with living room receptions, coffee shops and discussions directly with the voters," Demers said. "I don't think you're going to see anything like that again."

"The outpouring of support he received in New Hampshire in December was humbling to him," Obama spokesman Robert Gibbs said. "That's one of the things he's going to be spending the next three weeks doing is talking to folks in some of the early primary and caucus states such as New Hampshire, trying to gauge support."

Demers said Obama understands the importance of the New Hampshire primary.

?Obama fever grips NH

?After sold-out appearance, Obama pulls even with Clinton in NH

"He certainly addressed that when he was here the last time," said Demers. "But I did emphasize to him how important I feel it is to have a staff that understands New Hampshire politics and New Hampshire campaigns. And he agreed that the process we're going through right now is aimed at ensuring the staff has New Hampshire experience and understands how things are done here.

"Ideally, I'd like to have everything up and running with a staff within the next month," Demers said.

State Democratic Chairman Kathy Sullivan also received a call from Obama yesterday.

"I anticipate that Senator Obama, like the rest of the field, is going to visit New Hampshire often and wage an aggressive campaign here if he goes forward," she said. "There are a lot of voters who want to see some real change, and his message of hope and unity has a lot of appeal given the current divisiveness in Washington, especially the (Bush adviser) Karl Rove 'divide-and-conquer' strategy."

A Maryland-based movement to draft Obama to run for President has recently spread to New Hampshire.

Yesterday's exploratory committee filing "is a positive sign," said state draft leader Robert Cushing, a former state representative.

"It means we have another four weeks while he listens to what the response is, and we are going to continue organizing New Hampshire to try to build a network to support a campaign."

Steve Sullivan, the state draft movement spokesman, said, "We're currently trying to figure out what we can do to raise awareness. We're considering putting together some kind of large event in Manchester before he makes his announcement."

Obama Readies '08 Bid (HILL)

By Elana Schor

The Hill, January 17, 2007

DOJ_NMG_0117866

Sen. Barack Obama (D-Ill.) yesterday opened an exploratory committee to pursue a presidential run in 2008.

Obama's announcement was widely anticipated to arrive this month, but more unexpected was his dedication of the next 25 days to continued discussion with voters and associates before revealing his ultimate decision from his Illinois base.

"The decisions that have been made in Washington these past six years, and the problems that have been ignored, have put our country in a precarious place," Obama said in a statement posted on his website, adding: "But challenging as they are, it's not the magnitude of our problems that concerns me the most. It's the smallness of our politics."

Obama is the fifth senator to form an exploratory committee with the Federal Election Commission (FEC) or declare candidacy in recent weeks, following Sam Brownback (R-Kan.), Joseph Biden Jr. (D-Del.), John McCain (R-Ariz.) and Chris Dodd (D-Conn.). The remaining holdouts seen in the Senate's White House-wannabe caucus are John Kerry (D-Mass.) and Hillary Rodham Clinton (D-N.Y.), who cancelled a planned press event yesterday discussing her weekend codel to Iraq and Afghanistan to give Rep. John McHugh (R-N.Y.) time to return to the Capitol.

Of Obama's prospective primary foes, only former Iowa Gov. Tom Vilsack (D) commented openly yesterday on his exploratory move, which was accompanied by two video presentations but no public appearances. Fellow Illinois Sen. Dick Durbin, the Democrats' second-in-command, and Rep. Artur Davis (D-Ala.), like Obama a Congressional Black Caucus member, released statements of support.

"Today's announcement is the first step in a long journey to the White House," Durbin said. "Barack Obama brings to this race a promise of reconciliation and a feeling of hope that America desperately needs."

"I am hopeful and confident that an Obama presidency would ignite a feeling of national purpose and renewal that our country has not witnessed in my lifetime," Davis said. "Finally, Obama's victory would crystallize this country's movement beyond race and ethnicity as political impediments."

One House leader with potentially divided loyalties is Rahm Emanuel (Ill.). The Democratic Caucus chairman and 2006 electoral hero has close ties to the Chicago political community certain to back Obama as well as to Sen. Clinton and her husband, whom Emanuel served as a campaign strategist and senior White House aide. Emanuel has demurred on the question of his 2008 allegiances, although his brother Ari has helped raise money for Obama.

Obama has laid out his biography in two best-selling books and a 2004 speech to the Democratic National Convention that sparked his meteoric rise to fame. He was born in Hawaii to a white Kansan mother and a black Kenyan father, spent childhood years in Indonesia and went on to a degree from Harvard University, where he was the first African-American president of the prestigious law review.

"Obama could do quite well in New Hampshire," said Kathy Sullivan, chairwoman of the Democratic Party in that first-in-the-nation primary state. "[He] has a message of hope and unity, which I think is a good message. People are very tired of the divisiveness that's been a hallmark of the Bush administration."

Sullivan has spoken with Obama about his nascent bid in recent days, though she declined to give details. She said the 45-year-old senator's path to national politics is "representative of America these days … You don't necessarily have to have the same identification with a state your entire life."

The Iowa Democratic organization, which hosted Obama for a pre-election rally for new Gov. Chet Culver (D), issued Obama its traditional welcome to the race through spokeswoman Erin Seidler.

And Obama got a warm welcome from DraftObama.org, a volunteer movement born last year but conceived in the wake of his 2004 convention speech. DraftObama, a registered PAC, recently ran TV spots in New Hampshire, Iowa, Hawaii and Washington urging Obama to seek the presidency and has organized in 22 states, spokeswoman Kris Schultz said yesterday.

Schultz said Obama's deadline of Feb. 10 for an official decision presented a mandate for her group. "We've almost been tasked to encourage the senator during this exploratory phase … We do feel like the senator basically sent a message" to his supporters, she said.

Amid the acclamation from grass roots and establishment alike that has greeted Obama's ascent to presidential contender, some potential roadblocks have emerged that could test a freshman who faced little serious opposition during his 2004 Senate campaign.

Obama has a long record of opposition to the war in Iraq, stating in 2004 that he would have challenged that year's $87 billion war supplemental, which notoriously dogged then-nominee Sen. John Kerry (D-Mass.) on the trail, if he had been in Congress at the time. But this year, Obama has refrained from making similar vows about the imminent $100 billion-plus war supplemental and has not yet embraced Sen. Edward Kennedy's (D-Mass.) bill to require congressional approval of the troop "surge" planned by President Bush.

Two months before Obama was elected, he told an Illinois broadcasters' group that he would be open to a temporary increase in U.S. troops as part of a broader plan to begin withdrawal from a stabilized Iraq. Such comments could alarm anti-war Democrats in search of a 2008 candidate fully committed to ending U.S. involvement in Iraq.

In addition, Obama wrote in his announcement yesterday that “our continued dependence on oil has put our security and our very planet at risk,” yet he has befuddled some environmentalists by cosponsoring a measure with Sen. Jim Bunning (R-Ky.) that would provide tax breaks, loan guarantees and Pentagon support for coal-to-oil conversion, a costly process that can cause more environmental harm than burning traditional fossil fuel.

But for the moment, Obama’s party spoke exultantly in one voice about his arrival on the presidential scene. One big winner is the Virginia Democratic Party, which will host Obama for a Jefferson-Jackson Day fundraiser on Feb. 17 that spokesman Mark Bergman said would likely sell out by today in the wake of the presidential news.

Renowned campaign-finance lawyer Bob Bauer of Perkins Coie, who has done past work for Obama, will serve as treasurer of his exploratory committee, according to papers filed yesterday. The announcement was e-mailed from Robert Gibbs, who previously had served as Obama’s Senate press secretary, a signal that Gibbs may be shifting full-time to exploratory committee duties.

Obama Takes 1st Step To '08 Run (WT)

By Christina Bellantoni

The Washington Times, January 17, 2007

Sen. Barack Obama yesterday formed a presidential exploratory committee, citing a fundamental desire to change the "bitter and partisan" nature of politics and positioning himself as an anti-war candidate, drawing implicit contrasts with Sen. Hillary Rodham Clinton.

The Illinois Democrat, 45, made the announcement in a uniquely 21st-century manner -- telling voters in a Web video that he needs their help to "change our politics and come together around our common interests and concerns as Americans."

"I certainly didn't expect to find myself in this position a year ago," said Mr. Obama, two years into his first term in the U.S. Senate. "But as I've spoken to many of you in my travels across the states these past months ... I've been struck by how hungry we all are for a different kind of politics."

In a theme sure to be repeated in the coming weeks as voters and pundits compare Mr. Obama to Mrs. Clinton, the senator reminded supporters of his early opposition to the Iraq war, calling it a "tragic and costly war that should never have been waged."

Mrs. Clinton, the former first lady and now a New York senator, had long been seen as the front-runner for the Democratic nomination. But press and voter attention to Mr. Obama, coupled with an electorate increasingly frustrated by the war, have contributed to Mrs. Clinton's slipping in some recent polls.

Former Sen. John Edwards of North Carolina and Mr. Obama were tied for first place in a December Iowa presidential poll that left Mrs. Clinton in fourth place in the state that holds the nation's first caucus vote on Jan. 14, 2008.

In New Hampshire, which holds the nation's first primary election, Mr. Obama and Mrs. Clinton are virtually tied for the lead. Mr. Edwards, the 2004 vice-presidential nominee, came in third place in that poll.

But Mrs. Clinton, just elected by an overwhelming margin to a second Senate term by New York voters, still holds a significant lead over her potential opponents in national polls conducted through January.

In the three-minute Web video found at www.barackobama.com and touted in an e-mail titled "My plans for 2008," the senator says he will announce his final decision Feb. 10.

In the meantime, Mr. Obama will attempt to raise the millions necessary for a presidential bid. Reported to be a secret upcoming guest on the Oprah Winfrey show to discuss his candidacy, he is expected to travel to Iowa this weekend.

"For the next several weeks, I am going to talk with people from around the country, listening and learning more about the challenges we face as a nation, the opportunities that lie before us, and the role that a presidential campaign might play in bringing our country together," said Mr. Obama, who served in the Illinois Senate from 1996 to 2005.

The early polls suggest that Mr. Obama, who is black, has significant momentum one year before the country holds its nominating contests. A CBS News poll conducted the first week of January showed Mr. Obama's popularity growing, although his name recognition is still lacking nationally, especially compared with Mrs. Clinton's.

In December, 62 percent of voters in a CNN poll said America is "ready" for a black president.

Mrs. Clinton -- with a deep fundraising base, an ex-president husband and near-universal name recognition -- is widely expected to announce her presidential ambitions this week, perhaps as early as today.

Although Mrs. Clinton is likely to be Mr. Obama's most formidable opponent, the Democratic field is crowded.

Other announced Democratic candidates include Mr. Edwards, former Iowa Gov. Tom Vilsack, Rep. Dennis J. Kucinich of Ohio and Sen. Christopher J. Dodd of Connecticut.

Mr. Dodd said the field is "getting crowded" but dismissed the common cliche that Mr. Obama and Mrs. Clinton are "sucking the oxygen" from the field, saying: "There's a lot of oxygen."

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Sen. Joseph R. Biden Jr. of Delaware has said he will form a presidential exploratory committee this month. Also thought to be interested are Sen. John Kerry of Massachusetts, the 2004 Democratic nominee; New Mexico Gov. Bill Richardson; and retired Gen. Wesley Clark, who also ran in 2004.

The Iraq war is a defining issue for Democratic hopefuls, and Mr. Obama is one of the few in the crowd who does not have to defend a vote to go to war. Unlike Mrs. Clinton and Mr. Edwards, who voted to give the president authority for the war in October 2002, Mr. Obama was not in the Senate.

In just a few years, Mr. Obama quickly rose from a local politician with a self-described "funny name" to a man who thinks he can be president.

In a biographical video on his newly designed Web site, the best-selling author and lawyer highlights some of his career and personal achievements and replays excerpts from his 2004 speech at the Democratic National Convention that made him a political star.

Obama's First Blunder (HILL)

The Hill, January 17, 2007

Presidential hopeful Sen. Barack Obama (D-Ill.) made his first misstep a few days ago when he joined only a handful of Democrats in opposing a Senate reform banning the increasingly widespread practice of legislators hiring their family members on their campaign or PAC payrolls. Obama has not heard the last of this vote. Sen. Hillary Rodham Clinton (D-N.Y.), who opposes wives cashing in on their husbands' positions, voted righteously in favor of the reform and will probably use the Illinois senator's vote against him in the presidential primaries.

When a legislator hires his or her spouse on the campaign or PAC payroll, he is effectively converting contributions to his campaign committee into personal income that flows into the family's checking account, blurring the line between contribution and bribe.

In the past, senators and House members routinely hired their spouses and other family members on their public payrolls. In the early 1940s, for example, Harry S. Truman hired his wife, Bess, to work on his Senate staff. She got $2,500 a year in salary at a time when senators themselves only earned $8,500. But nepotism on the public payroll is now banned. So inventive congressmen and senators have filled the void by hiring family on their campaign or PAC payrolls.

Hiring family members and paying them with campaign donations is, if anything, more pernicious than doing so with public funds. Where tax money is involved, the sin is against the taxpayer for wasting his funds. But where campaign contributions are involved, the congressman is profiting personally from the largesse of special interest donors. In plain English, that's a payoff.

There is, of course, a certain hypocrisy in the Senate action since very few senators, in fact, hire their families on their payrolls. It is, though, widely practiced in the House of Representatives, where 30 members have their families on their payrolls. But senators are much less likely to do so. Sen. Barbara Boxer (D-Calif.), who voted "present" on the reform, hired her son, Douglas, a lobbyist, to manage her PAC, paying him $130,000 over a four-year period. Connecticut Sen. Joe Lieberman, then a Democrat, hired his son, Matthew, for $34,000 and his daughter, Rebecca, for $36,000 to work on his 2004 presidential campaign.

So the congressional ethics reform of 2007 boils down to this: The House banned the use of corporate jets but the Senate did not, even though senators are more likely to avail themselves of the luxury than is the average House member. The Senate banned hiring family members but the House did not, even though House members are far more likely to hire their significant others to work for them.

Obama's inexplicable pro-nepotism vote may have been cast in sympathy with Rep. Jesse Jackson Jr. (D-Ill.), whose hiring of his wife, Sandi, to work on his campaign prompted an FEC ruling allowing the practice. Jackson might be afraid that the Senate action will catalyze a similar reform in the House, which could cut way back on his disposable family income.

But whatever the reason for his vote, Obama has screwed up. The public will not take kindly to a senator who pledged to clean up the political process voting to allow wives to be hired with special-interest campaign funds.

The FEC required, in allowing the practice, that the contract for the services of the family member contain the language customarily used between campaign committees and consultants. The FEC also ruled that any payment to a family member in excess of the fair market value of the services would be considered to be a "personal use of campaign funds."

But, as usual, the FEC has missed the point. Any payment from campaign money to a spouse is, in fact, an appropriation of campaign funds by the member of Congress for his own personal use, however camouflaged or disguised. The Senate was right to ban the practice and the House should follow suit.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

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McCain To Make Amends With Dobson (AP)

By Jim Davenport

AP, January 17, 2007

Sen. John McCain said Tuesday he hopes to patch things up with conservative Christian leader James Dobson, who recently said he wouldn't support the Republican's presidential bid under any circumstances.

In a radio interview with KCBI, a Dallas Christian station, Dobson argued that McCain didn't support traditional marriage values and complained that the campaign finance legislation he co-authored hurt Christian broadcasters.

"Speaking as a private individual, I would not vote for John McCain under any circumstances," Dobson said on KCBI.

The 2002 McCain-Feingold campaign finance legislation stifled "Christian radio" and "kept us from telling the truth right before elections," Dobson contended. "He is not in favor of traditional marriage and I pray that we will not get stuck with him."

During a campaign stop in Columbia, S.C., McCain said: "I'm obviously disappointed and I'd like to continue and have a dialogue with Dr. Dobson and other members of the community."

McCain has said gay marriage should not be legal but has angered some conservatives with his opposition to a constitutional amendment banning same-sex unions. The Arizona senator said the issue should be left to the states.

"I'm happy to say that I've established a dialogue with a number of other leaders," including the Rev. Jerry Falwell, "Purpose Driven Life" author Rick Warren and Dr. Richard Land of the Southern Baptist Convention.

McCain has reached out to conservatives he once crossed. Last May, he spoke at Falwell's Liberty University in Virginia. In 2000, Falwell opposed McCain's campaign for the GOP nomination and supported George W. Bush. At the time, McCain labeled Falwell and others on the right and the left as "agents of intolerance."

During his 2000 presidential bid, McCain also criticized Bob Jones University, a Christian fundamentalist college, for its ban on interracial dating.

In a GOP debate with Bush, McCain said that given the opportunity to speak at the school as Bush had, he would have said: "Look, what you're doing in this ban on interracial dating is stupid, it's idiotic, and it is incredibly cruel to many people."

McCain said last year that he wouldn't turn down an opportunity to speak at Bob Jones.

Since 2000, the school has lifted its interracial dating ban.

Tancredo Forms Exploratory Committee (AP)

By Jennifer Talhelm

AP, January 17, 2007

Colorado Republican Rep. Tom Tancredo, an outspoken opponent of illegal immigration, said Tuesday he will form an exploratory committee this week for a possible presidential campaign.

After making a weekend trip to Iowa, home to the first nominating caucus in January 2008, Tancredo said voters there told him other presidential candidates don't share their views.

"They believe that there is a void in this race that none of the other candidates are willing or able to fill," said Tancredo, who plans to remain in the House.

Tancredo has said immigration would be a central issue if he does run. Campaign spokesman Tim Haley said on Tuesday that Tancredo would also push opposition to abortion and other conservative themes as well.

Haley said grass-roots leaders in Iowa told Tancredo they want a "true conservative" in the race to counter other potential GOP candidates, including Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York Mayor Rudy Giuliani, who are seen as moderates by some.

While in Iowa, Tancredo promoted his book, "In Mortal Danger," which warns about the need to secure U.S. borders.

Tancredo was partly testing the support among Iowa Republicans for McCain, who has proposed a guest worker program for illegal immigrants.

Tancredo and other anti-immigration activists have heavily criticized McCain for being too soft on immigration.

A bill McCain helped sponsor would have provided a path to citizenship for some of the estimated 11 million illegal immigrants in the country now. Tancredo advocate securing the border before creating a guest worker program.

Tancredo met with activists and GOP leaders in Iowa.

"Too many people believe that their leaders in Washington have forgotten them," Tancredo said after the visit. "I want to make sure that their voices are heard in the upcoming election."

Colo. Lawmaker Considers Run For President (WP)

The Washington Post, January 17, 2007

DOJ_NMG_0117870

Rep. Tom Tancredo (R-Colo.), one of Congress's most outspoken opponents of illegal immigration and guest-worker programs, said yesterday that he will take the first step toward a 2008 presidential bid.

Tancredo said in a statement that he decided to form a presidential exploratory committee after visiting Iowa last weekend.

"The one thing I heard over and over is that they don't believe the other contenders care about the same things that they do," Tancredo, 61, said.

None of the White House candidates, the five-term lawmaker added, "reflects the grass-roots, majority belief of Americans that our borders must be secured, that employers who hire illegals must be prosecuted, and that no one who has broken our immigration laws should ever be put on a 'pathway to citizenship.' "

Tancredo Forms Presidential Exploratory Committee (CQ)

By Marie Horrigan

CQ Politics Tancredo, '08, January 17, 2007

After spending last weekend consulting with Republican insiders in the first-in-the-nation presidential caucus state of Iowa, Colorado Republican Rep. Tom Tancredo has decided to form an exploratory committee for a possible White House run in 2008.

Though little known to most of the nation's voters, the five-term congressman from suburban Denver has a following among some conservative activists — particularly those who favor his leadership role in efforts to crack down on illegal immigration and also limit the numbers of legal immigrants in the United States.

The 61-year-old Tancredo's ostensible reason for visiting Iowa was to promote his book on his trademark issue, "In Mortal Danger: The Battle for America's Border and Security."

According to a report Tuesday by the Associated Press, Tancredo said he found Iowa Republicans who think the other potential candidates for the party's presidential nomination do not share their views. "They believe that there is a void in this race that none of the other candidates are willing or able to fill," he said.

The news that Tancredo plans to move ahead with a presidential exploratory committee comes just a day after another Colorado Republican made headlines: Sen. Wayne Allard announced Monday in Denver that he will not run for a third term in 2008.

Tancredo is considered a possible Republican contender for Allard's seat in a contest that Democrats — who have made significant gains in Colorado over the past two election cycles — are targeting for a takeover bid in 2008.

But Tancredo, following Allard's announcement, appeared to signal a preference for his longshot presidential prospects, with his spokesman telling the state press that Tancredo is urging Republican former Rep. Scott McInnis to run for the Senate next year.

Tancredo is one of 13 Republicans listed by CQPolitics.com as having a stated interest in running for president in 2008, a group that includes much better known figures such as Arizona Sen. John McCain, former New York City Mayor Rudolph Giuliani and former Massachusetts Gov. Mitt Romney.

The only officially announced GOP candidate at the moment is a distinct long-shot, attorney John H. Cox of Illinois, who happens to share many of Tancredo's views on immigration.

Tancredo Begins White House Bid (WT)

By Stephen Dinan

The Washington Times, January 17, 2007

Rep. Tom Tancredo yesterday formed a committee to explore a run for the Republican nomination for president, hoping to force the issue of immigration into the primary debates and push the candidates to embrace stricter enforcement.

"As I look at the current presidential candidates -- Republican and Democratic -- I simply do not see one who reflects the grass-roots, majority belief of Americans that our borders must be secured, that employers who hire illegals must be prosecuted, and that no one who has broken our immigration laws should ever be put on a 'pathway to citizenship,' " Mr. Tancredo wrote in his first fundraising letter.

The Colorado Republican's political rise has tracked closely with the immigration issue, which went from being a "sleeper" issue to a dominant part of the 2006 congressional campaigns. Mr. Tancredo on Monday ruled out a run for the U.S. Senate seat that will open in 2008 with the retirement of Sen. Wayne Allard.

Mr. Tancredo, 61, has spent time during the past two years traveling in the early primary and caucus states of Iowa, New Hampshire and South Carolina. He said at the time that those trips were designed to put the issue of immigration on the minds of voters and said he would only enter the race if no credible candidate stepped in to represent the immigration-enforcement approach.

Yesterday, Mr. Tancredo said nobody has picked up the banner.

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Bay Buchanan, a friend and confidante of Mr. Tancredo's who runs his political action committee, Team America, said that immigration is the issue that will help Mr. Tancredo stand out from the pack of candidates. She also said his record, consistently conservative up and down the line, will go over well with Iowa's pro-life, conservative caucusgoers.

"He is an across-the-board social conservative -- one that the Christian right can feel completely comfortable with, that he has been with them on those issues for his whole life," she said.

His advisers say Mr. Tancredo will not raise the sort of money that Republican heavyweights Sen. John McCain, former New York Mayor Rudolph W. Giuliani and former Massachusetts Gov. Mitt Romney expect to raise. Advisers to Mr. Romney say their target is $70 million this year, while a campaign document from Mr. Giuliani says his target is $100 million.

Mr. Tancredo is in the smaller-budget group that includes Rep. Duncan Hunter of California, Rep. Ron Paul of Texas, former Virginia Gov. James S. Gilmore III, former Wisconsin Gov. Tommy G. Thompson and Sen. Sam Brownback of Kansas.

But Mr. Tancredo stands out from that pack because he brings to the race a dedicated army of talk-radio show hosts and activists who oppose illegal immigration.

"His strength is that he already has a national following. He has enormous grass-roots support. He is well-known across this country by the Republican base," said Mrs. Buchanan, who was chairman in all three of her brother Pat Buchanan's presidential campaigns.

She said Mr. Tancredo's candidacy should excite those who supported Mr. Buchanan in 1992 and 1996, but said that as a five-term congressman, Mr. Tancredo also brings his own national following.

Tancredo Officially Eyeing Bid (DENP)

By Anne C. Mulkern

Denver Post, January 17, 2007

Washington - Colorado's Tom Tancredo took his first official step Tuesday toward running for president.

The Republican congressman from Littleton - known for his hard-line stance on immigration - announced his plan to file paperwork for a presidential exploratory committee. He set up a website and within four hours, he said, collected about $10,000 in campaign contributions.

After spending the weekend in Iowa, where the earliest presidential nominating caucus is to be held in mid-January 2008, Tancredo, 61, said he decided there's a need for a candidate with traditional Republican beliefs of small government, reduced spending and conservative social values.

"It appears to me that there is a void,

Talk back

Discuss this story. Join the conversation. which I think I can fill, (being) a true conservative with a conservative history," Tancredo said. "I believe I can play a role, and I believe I can be viable."

Tancredo's move comes as others are stepping forward on the presidential front, including Sen. Barack Obama, D-Ill.

Tancredo is one of the first to do so on the Republican side, a step he said he needs in order to determine whether he can raise enough money to make a respectable showing. Under campaign rules, setting up such a committee allows a potential candidate to raise and spend money to explore a run without yet declaring for office.

Spokesman Carlos Espinosa said Tancredo may announce this summer whether he'll run or not.

A Tancredo presidential bid would be a quixotic quest, analysts said. Though he's trying to broaden his appeal, Tancredo is known mostly for wanting to tighten immigration policies.

At the same time, analysts said, Tancredo's position on immigration would grant him credibility with some conservative caucus voters in Iowa and elsewhere.

"I wouldn't underestimate the power of this immigration issue to become one of the litmus tests" for Republican candidates, said Chuck Todd, editor of the Hotline, a nonpartisan political blog attached to National Journal.

Tancredo for two years has flirted with the idea of running for president, saying previously that he'd do so primarily to push the immigration issue.

Several recent events propelled him closer to an official run, including the near certainty that the new Democratic-controlled Congress will pass immigration reform Tancredo finds objectionable. The presidency in 2008, he said, "is for all the marbles."

A resounding welcome from Iowa Republicans last weekend cemented his decision to form the exploratory committee, he said. "I had to know that I had a good solid base."

Tancredo acknowledges he has no chance to raise the "hundreds of millions of dollars" that likely candidates such as Sen. John McCain, R-Ariz.; former Massachusetts Gov. Mitt Romney; and former New York Mayor Rudy Giuliani could potentially acquire.

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He said for now he needs to determine whether he can raise the $1 million or so he'd need to compete in Iowa. Tancredo has hired a representative to run his campaign there.

Tancredo has name recognition in Iowa, said Chuck Laudner, executive director of the Iowa Republican Party, but "it's a crowded field," with McCain and Romney seen as the front runners. Giuliani also has traction, Laudner said.

But his immigration stance, Laudner said, "is enough to get (Tancredo) into the game. But staying power will mean broadening his message."

Espinosa said Tancredo would consider a third-place finish in Iowa a victory.

"I don't think he's there yet," Laudner said. "If you announce you're playing for third, you'll never get there. You have to be in the game."

Tancredo's presence in Iowa would put pressure on McCain, who would have a hard time appeasing the wing of the Republican Party that agrees with Tancredo on immigration, said Norman Ornstein, political analyst with American Enterprise Institute, a Washington think tank.

Tancredo also could boost Romney by allowing him to withhold criticism of McCain and let Tancredo voice it instead.

Invest More Now (WT)

By Newt Gingrich And Bart Gordon

The Washington Times, January 17, 2007

Throughout history, national security has been dependent on economic prosperity, and visa versa. An economically strong America is better able to defend itself. Likewise, the nation's ability to defend itself is a prerequisite to maintaining the infrastructure and other elements of a strong national economy.

Unfortunately, the nation has forgotten one of the most important ways our economic prosperity and national security are linked — investment in fundamental scientific research. Investments made in fundamental scientific research after World War II and during the Cold War have been essential to making our fighting men and women today the best equipped in the world. These previous investments and the new knowledge they generated also made enormous contributions to our economic vitality.

But our commitment to that defense-oriented fundamental research — the kind of research that pays off not in a year or two but in the long run, sometimes decades in the future — has eroded. If we do not renew this commitment, it will harm our global economic competitiveness as well as the effectiveness and safety of our troops.

The extraordinary technologies upon which today's military equipment is based come from an extraordinary research and development enterprise. The foundation of that enterprise is the basic scientific research funded by the Department of Defense. Unfortunately, the national commitment to investing in basic defense research has waned in recent years, with funding levels essentially flat for several years and the overall percentage of the Pentagon budget devoted to such research significantly less than it was in the 1980s.

While spending on overall defense research and development has increased significantly over this period, this spending has been focused on development and testing of major weapons systems and advanced technologies. Yet even these advanced weapons systems are dependent on fundamental discoveries made years or even decades ago.

We take for granted advances in military equipment from decade to decade, but imagine having fought wars from World War II to the defeat of the Taliban in Afghanistan and Saddam in Iraq without the use of radar, lasers, stealth technology, fiber-optic-based communications, satellite and global positioning system (GPS) navigation, and precision guidance technologies. These technologies have at least one thing in common — all are the end result of basic research — much of which, by the way, took place on the campuses of our nation's universities.

Most of them have something else in common. Consider how some of these technologies — GPS, radar, lasers, fiber-optic communications — have been converted to civilian uses in areas ranging from manufacturing and transportation to telecommunications and health care, with great benefit to our economy and our quality of life. And then there is the Internet, which was the result of defense researchers looking for a fail-safe communications network that could survive a nuclear attack.

In addition to creating specific "dual-use" technologies, defense research plays an important role supporting scientific fields essential to both our economy and our security. Historically, the Defense Department has invested heavily in research in the physical sciences and engineering. More than one-third of all engineering research comes from the Defense Department, and it is one of the largest supporters of research in electronics, computers, mathematics, aeronautics, material science, mechanics and the environmental sciences, especially oceanography.

President Bush and Congress have shown over the past decade that they understand the importance of basic research to the economy and to our health. First, Congress, with both the Clinton and Bush administrations, doubled the size of the National Institutes of Health, laying the groundwork for extraordinary advances in biomedical research.

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Last year, the president took the next logical step — his most important new economic proposal — doubling basic research in the physical sciences and engineering at three key research agencies that fund basic university research: the National Science Foundation, the Department of Energy Office of Science and the National Institute of Standards and Technology.

Notably absent from the president's proposal, however, were major increases for basic research at the Defense Department. But like the research supported by these other agencies, funding for basic defense research is essential to our economic competitiveness.

Therefore, we are joining the Task Force on the Future of American Innovation, a coalition of business and academic organizations, in calling on the president to add Department of Defense research to his competitiveness initiative, make this a part of his State of the Union address later this month, and include it in his budget in February.

National security and economic competitiveness are linked in reality — they should be linked by national policy as well.

Newt Gingrich is the former speaker of the House. Rep. Bart Gordon is chairman of the House Committee on Science and Technology.

Scramble For Cash Underway (USAT)

By Fredreka Schouten

USA Today, January 17, 2007

WASHINGTON — The competition among presidential contenders for the Democratic Party's most influential donors and fundraisers grew more intense Tuesday with Sen. Barack Obama's decision to raise money to explore a 2008 race.

The move by the Illinois senator comes as many of the party's top-tier fundraisers sit on the sidelines and size up the potential rivalry between Obama and New York Sen. Hillary Rodham Clinton.

The scramble to win prominent fundraisers is critical in the first contest since 1928 in which neither the president nor his vice president is seeking the office. The top candidates are likely to raise $100 million before the first primary.

Chicago investment banker Lou Susman, a major Democratic fundraiser, said just hours after Obama's announcement that he would work with the Illinois senator. "I think he has struck the right chord with Americans in terms of his philosophy," Susman said.

On the Republican side, financial backers of President Bush have started to migrate to Sen. John McCain. The Arizona senator's political action committee raised more than twice the amount from Bush's 2004 donors than the PAC of a potential rival, former New York City mayor Rudy Giuliani, The Arizona Republic found.

Former Massachusetts governor Mitt Romney, however, recently raised $6.5 million in one day and has attracted several big Bush fundraisers, including Mel Sembler, former ambassador to Italy.

In an election that could set fundraising and spending records, "who can round up a ball team of $100,000 fundraisers" will be crucial to success, said Steve Grossman, a former Democratic National Committee chairman who has not yet backed a candidate. "People are playing their cards very close to their chests," he said.

Some examples:

·Alan Solomont, who raised more than $35 million for John Kerry's 2004 White House bid, is weighing his options. Solomont said he's getting so many calls about 2008 that his wife jokes "my phone number is written on the restroom wall of the Capitol."

·Billionaire George Soros, who gave more than $15 million to liberal groups working to defeat President Bush in 2004, will probably give to several Democrats but "has no plans to become actively involved in the primary," aide Michael Vachon said.

·Margery Tabankin, a Democratic activist who advises Barbra Streisand and other Hollywood figures on giving, says many Hollywood Democrats are looking closely at Clinton, Obama and former senator John Edwards. "You will see people writing checks to all three — not cynically, but to let them each get their message out there," she said.

Clinton aide Jonathan Mantz said big donors will support the former first lady. "We are going to be in a very solid position going into this race, if we decide to do it," he said.

Clinton has $14 million left over from her Senate campaign that she can use for a White House bid.

Among those with Clinton: Philadelphia lawyer Alan Kessler. Former president Bill Clinton and his wife "were very good to most of us, not just in appointments to federal commissions," he said. "He was incredibly helpful to Pennsylvania."

Frist Looking At Governor Run In 2010 (HILL)

By Sam Youngman

The Hill, January 17, 2007

Former Majority Leader Sen. Bill Frist (R-Tenn.) is seriously considering a gubernatorial run in Tennessee in 2010, possibly setting up a White House bid further down the road.

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Sources in Washington and Tennessee say Frist, who will turn 55 next month, is leaning heavily toward a run for the governor's office, where he could gain executive experience that might position him to try for the presidency in either 2012 or 2016.

"It's a done deal," said a source with knowledge of Frist's plans.

Frist was considering a 2008 presidential run until late last year, when he announced he would not run, opening the door for a bid at the Volunteer State's governor's office.

Waiting three to eight years before making a gubernatorial or presidential bid would provide Frist needed distance from his unenviable tenure as Senate majority leader, a period that culminated in the Democrats' takeover of Congress last November.

Such a significant layoff would also allow Frist to distance himself from allegations of conflict of interest involving his ownership of stock in Hospital Corporation of America, a company founded by his brother and father, allegations that could have further derailed his White House hopes this year.

Frist could not be reached and an official at his Volunteer PAC office in Nashville declined to comment.

Bob Davis, chairman of the Tennessee GOP and a friend of Frist's, said that while the former senator has not told him he will run, there has been a lot of talk and encouragement for Frist to do so.

"If he chooses to do something like that, he'd have a lot of support," Davis said.

Davis said a number of Republicans in the state are being mentioned as possible candidates, including Beth Harwell, a state representative and former chairwoman of the state GOP who was considering a run for Frist's Senate seat last year.

Lt. Gov. Ron Ramsey, who recently ended Democratic state Sen. John Wilder's 36-year hold on the seat, is also being mentioned as a possibility.

Bruce Oppenheimer, a political scientist at Vanderbilt University, said a number of Republicans have been positioning themselves to run for governor, including Reps. Zach Wamp and Marsha Blackburn, and possibly former Reps. Ed Bryant and Van Hilleary, both of whom lost to Sen. Bob Corker in the GOP primary for Frist's seat.

"I believe some of that field might clear if [Frist] decides to run," Davis said.

Oppenheimer said Frist's vast resources could scare away much of the competition.

"He raises the ante," Oppenheimer said. "He makes the cost of getting in quite a bit higher. That's the real difficulty other Republicans face."

Frist's Volunteer PAC, or VOLPAC, had about $166,000 cash on hand according to post-election filings, but Tennessee state law would only allow for PAC contributions to a gubernatorial run totaling $15,000; $7,500 for both the primary and general elections.

Oppenheimer said raising money would not be an early concern for Frist, but maintaining relevance and overcoming other political "liabilities" could prove a challenge.

Frist's approval ratings have been consistently lower than Sen. Lamar Alexander (R-Tenn.), who is up for reelection in 2008, Oppenheimer said. But voters in Tennessee were less likely to pass a harsh judgment on Frist's tenure as majority leader than national voters would.

"I don't think the people in Tennessee have as critical an evaluation of the job he did as majority leader as they do in Washington," he said.

Oppenheimer cautioned that making political predictions this far out is "risky."

But Davis said that while it is early, the time to raise money, raise a profile and really start running comes sooner that most people think.

"It's really not four [years]; it's really two," he said.

Allard's Exit Opens Door To Elway (HILL)

By Aaron Blake

The Hill, January 17, 2007

Former Denver Broncos quarterback John Elway will always be remembered by Coloradoans as the orchestrator of "The Drive" — a 98-yard touchdown march in the closing moments of the 1987 American Football Conference Championship game.

Whether the Hall-of-Famer and statewide sports hero has the drive to score a big win for Colorado Republicans in 2008 is another matter, and it's the subject of growing speculation now that Sen. Wayne Allard (R-Colo.) is not running.

Elway's office at the Colorado Crush of the Arena Football League said yesterday that Elway "has no intentions of running," and observers say a 2008 Senate bid that could muddy his popular image is unlikely, though attractive to the party.

Colorado Republicans have shown an interest in celebrity candidates in the past — Republican beer baron Pete Coors lost narrowly in 2004 to current Sen. Ken Salazar (D) — and some have suggested they will look in that direction now that the other Senate seat is open and top statewide candidates appear unlikely to run.

And there is no bigger celebrity in the state than Elway.

Allard's announcement on Monday that he would not seek a third term has left Republicans searching for a candidate in what's set to be among the toughest and most expensive Senate races in the country. A candidate with top name recognition and a golden image like Elway's would have a serious leg up.

Former Rep. Scott McInnis (R-Colo.), who said he will run if former Gov. Bill Owens doesn't, told the Associated Press last month that if Owens bows out, the major parties would also likely search for celebrity candidates such as Elway. He said he thought "Elway could clear the field."

Owens has defused talk that he would run.

If Colorado Republicans go after Elway, the situation would be similar to the Illinois Senate race of 2004, when Republicans tried hard to recruit former Chicago Bears Coach and Hall-of-Famer Mike Ditka to run against now-Sen. Barack Obama (D-Ill.) for an open seat.

Ditka decided not to run, and Republicans settled for Alan Keyes, who lost badly.

Elway, a two-time Super Bowl winner, has been involved mostly behind the scenes in Republican politics since retiring in the late 1990s. He has generally focused on the top-of-the-ticket races — the Senate in 2004 and governorship in 2006 — while dabbling in business ventures like car dealerships and the Crush.

Elway's nine-year relationship with a Denver-area car dealership chain ended late last year, prompting some to suggest politics was next.

He has given thousands to Colorado GOP candidates including McInnis, Coors, Rep. Tom Tancredo and 2006 7th district House candidate Rick O'Donnell. He has also contributed to former Rep. Rick Lazio (R-N.Y.) and the Republican National Committee, according to Federal Election Commission reports. He contributed more in the 2006 cycle than previous cycles.

Colorado GOP consultant Katy Atkinson said Elway increased his activity this past cycle, but she also emphasized that his name has previously been thrown out as a potential House candidate and in 2004 for the Senate seat.

"I think if John Elway wants it, it's his," Atkinson said, referring to the Republican nomination and likely the seat too. "He has god-like status in Colorado."

The Colorado Republican Party is on the verge of changing chairmen, with Dick Wadhams likely to become the new head in March, and the decision whether to woo Elway could rest with him.

State party spokesman Bryant Adams said Elway would be "a viable candidate," and it would help that he could self-fund to some extent.

"I'd say his name I.D.'s probably pretty close to 100 [percent]," Adams said. "The question is: Would he want to get in? I just don't know, frankly."

Many in Colorado politics subscribe to the view that Elway would be formidable, but they still doubt he would give up his private life.

"You just don't see him do the whole policy-strengthening and intense schmoozing you see from somebody thinking about it," independent pollster Floyd Ciruli said.

Others see Elway as neither a likely candidate nor an attractive one. Mort Marks, a longtime GOP operative in Arapahoe County, where Elway conducts his business, said Republicans are tossing Elway's name out "for no reason."

"It would not be an automatic win," Marks said. "It's very equivalent to running Pete Coors."

The Coors comparison is just one Elway would have to deal with while his prospects are being assessed. Coors was well known and well liked in Colorado, but he proved a less-than-polished politician and lost 51-47 to Salazar.

Bruce Peterson, a former Arapahoe County GOP chairman, said he's encouraged about the Elway talk, which he's heard both publicly and privately. But he said Coors and others might have ruined it for Elway by turning Coloradoans sour on "rich Republicans."

"I think there's a concern that we might have a similar situation with Elway, entering the picture with similar credentials," Peterson said.

The other main comparisons would be with sports figures like Ditka. Numerous athletes and coaches have served or are serving in Congress, including: NBA Hall-of-Famer former Sen. Bill Bradley (D-N.J.); NFL Hall-of-Famer former Rep. Steve Largent (R-Okla.); Hall of Fame baseball pitcher Sen. Jim Bunning (R-Ky.); and former Rep. J.C. Watts (R-Okla.), a college football star at the University of Oklahoma.

Recent sports-to-politics pathways have proven less successful.

Last cycle, Republican Lynn Swann, an NFL Hall-of-Famer with the Pittsburgh Steelers, proved politically inept in his bid to unseat Pennsylvania Gov. Ed Rendell (D). Also, former Rep. Tom Osborne (R-Neb.), a famous University of Nebraska football coach, lost in the Republican gubernatorial primary.

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Democrats for now appear set to go with Rep. Mark Udall (D-Colo.) who yielded to Salazar in 2004 and said soon after that he would run for Allard's seat. Denver Mayor John Hickenlooper (D), who packs some celebrity appeal, has said he's not interested and appears the only alternative to Udall right now.

On the Republican side, another local celebrity, radio show host Dan Caplis, is also reportedly considering running.

McInnis, who left Congress after 2004, had more than $900,000 in his most recent FEC filing.

Seven Tough Choices We Will Not Make (WP)

By Robert J. Samuelson

The Washington Post, January 17, 2007

Fulfilling their promise, Democrats in the House have voted to raise the minimum wage from its current $5.15 an hour to $7.25 by 2009. But before you count the big gains for low-income families, consider this fact: Among the poorest fifth of U.S. households (their 2005 incomes: less than $19,178), only one in seven has a full-time, year-round worker. About 60 percent have no worker at all, says the Census Bureau. The rest have part-time or part-year workers. A higher minimum wage won't help most of these households, which consist heavily of single parents and the elderly.

Among social scientists, it's no secret that the minimum wage is a weak weapon against poverty. Modest numbers of workers are affected; many are teenagers, often from middle-class homes; and many of the poor don't work. And a higher minimum wage may destroy some jobs. No matter. Democrats plunged ahead because raising the minimum wage is symbolically powerful. It says that you care about "economic justice."

This is, I think, a metaphor for what ails our politics: It's mostly about gestures and giveaways; it's not about hard choices.

I certainly don't exempt Republicans from this indictment. After all, the Bush administration and Republican Congresses devoted six years to cutting taxes, increasing spending and ignoring budget deficits. Republicans and Democrats often differ on causes and constituencies. But they share a political culture. They are long on self-promotion and short on self-discipline. They do what sounds good and pleases partisans.

Let me engage in a fantasy. Let me assume that Democrats and Republicans actually intended to address two serious national problems: first, our huge dependence on insecure sources of foreign oil; and second, the persistent mismatch between public resources (taxes) and public obligations (spending). What might they do? Herewith, a package of proposals:

Â· Enact an energy tax equivalent to $2 a gallon on gasoline -- introduced over six years, or about 33 cents annually. The purpose: to increase tax revenue and induce Americans to buy more fuel-efficient vehicles.

Â· Raise federal fuel-efficiency standards for cars from the present 27.5 miles per gallon to 40 mpg by 2020 and make similar increases for light trucks and SUVs. If fuel-efficient vehicles are to be favored, they must be available.

Â· Open the Arctic National Wildlife Refuge to oil production. This would help offset declining U.S. output elsewhere.

Â· Increase the top tax rate on dividends and capital gains (profits on stocks and other assets) from today's 15 percent to at least 25 percent.

Â· Require Congress to cut $1 of spending for each dollar of tax increase until the budget balances. After that, tax and spending changes would have to offset each other. Higher spending would require higher taxes -- and vice versa with exceptions for recessions.

Â· Require the Congressional Budget Office to confirm spending cuts -- and if they're not made, mandate automatic cuts to all non-defense programs, including Social Security and Medicare (Social Security checks would shrink, Medicare premiums would rise).

Â· Raise the eligibility ages for Social Security and Medicare gradually to 70 by 2029. At 65, people would have to buy into Medicare (that is, pay for coverage) until they reached eligibility for subsidized benefits.

A package like this would eliminate the budget deficit, probably within two or three years. It would temper our dependence on foreign oil (gasoline accounts for almost half of U.S. oil use) and let us begin to adapt to an older, healthier society (since 1970, life expectancy has increased seven years). Although it would be controversial, the package would be balanced. Budget measures would be split between tax increases and spending cuts; energy measures would be split between more production and more conservation. Finally, this approach would compel legislators to debate openly the value of higher spending vs. higher taxes.

That something like this won't soon be proposed -- let alone passed -- speaks volumes about our politics. Both parties have marketed government as a source of aid and comfort. Benefits are to be pursued, burdens shifted and choices avoided. Problems are to be blamed on scapegoats ("the liberals," "the rich"). There is little sense of common interests and shared obligations. Politicians resort to symbolic acts that seem more meaningful than they actually are: the minimum wage, for instance.

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What results is a politically expedient world of make-believe that takes many sensible compromises off the table. Drilling in the Arctic National Wildlife Refuge, for example, wouldn't ravage the environment. But for many Democrats, it's a cause celebre. Voting to open ANWR would be politically unpardonable. Similarly, some tax increases wouldn't destroy the economy; it has operated satisfactorily at higher levels of taxation. But for many Republicans, voting for any tax increase would also be a political death sentence. We are condemned to rituals that usually get us nowhere.

Fury Over Delegate's Remarks On Slavery (WP)

By Amy Gardner

The Washington Post, January 17, 2007

RICHMOND, Jan. 16 -- A veteran Virginia lawmaker from suburban Richmond ignited a hot exchange in the House of Delegates on Tuesday after criticizing a proposal for the state to issue an apology for slavery and likening it to requiring Jews to apologize for "killing Christ."

Del. Frank D. Hargrove Sr., a Republican from Hanover County, told lawmakers that his comments were intended only to make the point that "not a soul in this legislature" had anything to do with slavery -- and that there is no point in dwelling on a chapter of U.S. history that all agree was repugnant.

"If we keep bringing this up, bringing this up -- I think this is a harmful idea just to keep recycling this thing which we all know and all despise and have no respect for," said Hargrove, a 25-year veteran of the House.

But Hargrove's remarks, first made in a newspaper interview on the holiday honoring civil rights leader Martin Luther King Jr., prompted a blistering censure from the 17-member Legislative Black Caucus. The Anti-Defamation League condemned Hargrove's comments about Jews.

His statements caused further consternation for Virginia Republicans, who are recovering from the defeat of U.S. Sen. George Allen last year and who are preparing for a tough election year in which all 140 General Assembly seats will come open.

Allen's defeat was attributed in part to his use of the word macaca -- a slur in some cultures -- to describe a young man of Indian descent. The one-term senator and former governor was accused of racial insensitivity, and his popularity plummeted -- notably in Northern Virginia, where affluent and well-educated newcomers are swaying the state's politics away from its more conservative, less racially tolerant past.

Hargrove's remarks don't help the GOP's image, said Del. Vincent F. Callahan Jr., a Fairfax County Republican and a 39-year House veteran whose district has been targeted by Democrats for the fall elections.

"People ought to have learned a lesson from this past year's senatorial campaign in Virginia," Callahan said. "We live in a different age as far as sensitivity goes and personal feelings. Particularly in a legislative body, where we operate in a goldfish bowl, we ought to be very careful about what we say in public."

The flap caused much greater outrage among Democrats and blacks in the legislature, who bristled at the timing of the remarks, not only on the King holiday but also at the start of a year during which Virginia is celebrating the 400th anniversary of the founding of Jamestown, where blacks were once sold as slaves.

"For 400 years, this commonwealth has not apologized, and I for one believe it is high time for that apology," said Del. A. Donald McEachin (D-Richmond), sponsor of the resolution, which would require the General Assembly to "atone for the involuntary servitude of Africans and call for reconciliation among all Virginians."

McEachin also rebuked Hargrove for making a theologically incorrect statement: that Jews killed Christ. "My faith teaches me that Christ died for the sins of all of mankind," he said.

Del. David L. Englin (D-Alexandria), who is Jewish, said that such comments give him reason to fear for his 7-year-old son's safety and self-esteem.

"As a young child, I dealt with verbal attacks and physical attacks from other children who believed that, as a Jew, I killed Christ," Englin said. "When people of the respect and stature of a member of this body perpetuate that notion, it troubles me."

Del. Dwight Clinton Jones (D-Richmond), chairman of the black caucus, scoffed at the idea that people should "get over" slavery "as if slavery was a birthday party that somebody had last Saturday night."

"If there are those who do not feel the need to apologize, I want to apologize," Jones continued. "I want to apologize to the mothers and fathers of my ancestors who were transported to this nation against their will in order that this nation might be built upon their backs. I want to apologize to the mothers and fathers of the civil rights generation who were hosed and bitten by dogs, and their children killed in churches as they burned, because of hatred that was put upon them. I want to apologize to them."

Hargrove, whose original remarks were reported in the Charlottesville Daily Progress, tried to make amends during a speech on the House floor. As fellow Republicans looked on warily -- notably House Majority Leader H. Morgan Griffith (R-Salem), who stood stiffly and silently at the back of the chamber -- Hargrove told Englin, his seatmate, that Englin's "skin was a little too thin."

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"I didn't even know you were Jewish," said Hargrove, who turns 80 this month. "I don't care what your religion is. I really don't care."

Conservatives? On Network TV? It's True. (USAT)

By Melana Zyla Vickers

USA Today, January 17, 2007

It's no exaggeration to say that conservative female characters have been rarer on prime-time TV than either space aliens or same-sex kissing.

ABC's Invasion gave us semi-human aliens last year, and Fox's The OC gave us girl-on-girl kissing the year before that. Neither was a first — in 2001, Buffy the Vampire Slayer offered same-sex kissing between semi-humans. By contrast, it's rare, indeed, to find a prime-time character whose politics are similar to the 31 million American women who voted Republican in 2004.

Sure, TV has had about one conservative male per decade — over-the-top Reaganite Alex P. Keaton on Family Ties in the '80s, and over-the-top elitist Denny Crane on Boston Legal these days — as well as plenty of Donna Reed-type housewives whose views might have been conservative had they been aired along with the laundered sheets. But in the 50 years since The Loretta Young Show, there have been few female characters whose conservatism is a central element of a show, according to TV historian Walter Podrazik.

Lately, viewers have begun to see that perhaps times are changing.

This season, there's Harriet Hayes (Sarah Paulson), the socially conservative Christian comedienne on NBC's Studio 60 on the Sunset Strip, a drama about the making of a weekly comedy show. There's also Kitty Walker (Calista Flockhart), the Republican aide on ABC's Brothers & Sisters, a California family drama. Vague hints of the new diversity came in 2005-06, with Bree Van De Kamp (Marcia Cross) owning a gun on ABC's Desperate Housewives, the muscular if apolitical patriotism of Sidney Bristow (Jennifer Garner) on Alias, and patriotic, God-referencing dialogue from the soldiers' wives on CBS' The Unit.

Now the conservatives are fully out of the closet, delivering heretofore unheard-of dialogue that may well be music to the ears of millions of conservative viewers. Consider this line from Brothers & Sisters' Kitty about African children dying of malaria: "What could save them? DDT. But environmentalists don't want to lift the ban on DDT because it might thin the shells of bird eggs. Excuse me while I projectile vomit on Al Gore." Meanwhile, Studio 60's Harriet praises her pastor and wittily dismisses cynicism about her values.

If the shows' producers can sustain the characters through the entire season, they may find they've germinated the entertainment-TV equivalent of Fox News: Mutually beneficial programming in which conservative viewers get one of their own to watch and cheer for, and network executives get a valuable demographic for advertisers.

The value of such shows may also reach beyond conservative viewers. When they depict a conservative in a positive, normal light instead of in the shadowy, conspiratorial darkness of Hollywood stereotypes, the shows play a small but important role in adjusting unfair perceptions.

But being able to sustain the characters' conservatism is a big "if." After all, TV writers are unlikely to meet many Republicans in Hollywood, says Jon Robin Baitz, creator and executive producer of Brothers & Sisters. This isn't to say that there are no such conservatives in Hollywood. There must be one or two toiling away out there. But as historian Podrazik puts it, Hollywood's social values "seem to coincide with the Democratic Party agenda."

The leftward lean opens the risk that Kitty and Harriet will become liberal caricatures of conservatives, or worse, go wobbly ideologically. Kitty on Brothers & Sisters has already been taking heat. After saying in an early episode that the Iraq war "was necessary when it began," she later said the war "is in desperate need of re-examination … that cannot come until we acknowledge that the war itself was a mistake." While the shift is consistent with that of some real-world conservatives, producer Baitz says many viewers wrote to complain.

Criticism of such shows is likely to keep coming. Ted Baehr, chairman of the Christian Film & Television Commission, a private group that reviews movies and TV shows, says conservative Christians' wider complaint about TV is they don't "want to be appeased by one character, the token character. They want a worldview."

Whether conservatives get that worldview remains to be seen. But Baitz predicts TV will keep pace with the times. "It flies in the face of the empirical reality of our time," namely the patriotic, post-9/11 era, for Hollywood to continue to ignore conservatives. But diversifying won't be easy. Baitz admits, "I am not comfortable with (Kitty). She is not me." To develop her character, Baitz talked to GOP pundit Mary Matalin and gets a litmus test from "family and friends who don't just live on the two coasts and who aren't rushing out to buy (leftist magazine) The Nation."

Baitz says that while he might not be comfortable with Kitty, neither is he comfortable having her abandon "what she believes because what she believes is harder to believe in."

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Such discomfort is a good thing if it stiffens TV script writers' spines: Brothers & Sisters rates highly with about 13 million viewers who are primarily female, suburban and Midwestern — red-state viewers if ever there were such a Nielsen category. If their new heroines abandon their conservatism because Hollywood finds it hard to believe in, Hollywood shouldn't be surprised to see these viewers leave in search of programming that doesn't treat them like alien beings.

Melana Zyla Vickers is a columnist for TCSDaily.com.

U.S., N.Korean Nuke Negotiators To Meet (AP)

By Bo-mi Lim

AP, January 17, 2007

The U.S. negotiator at North Korean nuclear talks will meet Wednesday with his North Korean counterpart in Germany for a second day, South Korea's foreign minister said.

Assistant Secretary of State Christopher Hill and the North's Kim Kye Gwan met in Berlin for several hours Tuesday, according to the U.S. State Department. South Korean Foreign Minister Song Min-soon told reporters the two would meet again Wednesday.

Song said the "meeting should produce the groundwork for reaching agreements on measures to implement the initial steps of" a September 2005 accord, in which the North agreed to give up its nuclear program in exchange for aid and security guarantees.

No progress has been made in implementing that agreement, and in October, North Korea tested a nuclear weapon, drawing strong criticism from world leaders.

Hill and Kim were trying "to set the groundwork for the next round of six-party talks, to ensure those talks will be productive," State Department spokesman Tom Casey told reporters in Washington on Tuesday.

The latest round of negotiations — involving the two Koreas, Russia, China, Japan and the U.S. — ended in December with no agreement on disarmament nor a date for further talks.

During five days of meetings in Beijing, negotiators from other delegations said North Korean negotiators refused to talk about the country's nuclear weapons program and stuck instead to its demand that the United States first had to remove its financial restrictions on North Korea.

Washington imposed the restrictions against a Macau-based bank holding North Korean accounts for Pyongyang's alleged involvement in counterfeiting and money laundering. That led to a freezing of the North's assets at the bank worth around $24 million.

The U.S. held separate financial talks with North Korea on the sidelines of the Beijing talks but made no progress. The two sides have provisionally agreed to hold financial talks next week.

Song cautioned that the Berlin meeting does not signal any shift in North Korea's position that the financial issue be addressed first. However, he said the meeting could mean North Korean negotiators are now ready to present the government's position on U.S. proposals.

The U.S. has offered security guarantees, a peace treaty and normalization of relations with the North if the communist country dismantles its atomic weapons program and laid out a timeline for implementation. The North has yet to respond to the U.S. proposal.

Casey said Hill had traveled to Berlin for a speech Wednesday at the American Academy. It was unclear why Kim was in Germany.

Hill is scheduled to travel to Asia this week for discussions with his counterparts. He will be in Seoul Friday, in Beijing Saturday and in Tokyo Sunday.

US, North Korea Envoys Meet On Renewing Nuclear Talks (AFP)

AFP, January 17, 2007

Top US envoy Christopher Hill met with his North Korean counterpart Kim Kye-gwan in Berlin to discuss the possibility of resuming multilateral nuclear talks, the State Department said.

"They did meet in Berlin," Gonzo Gallegos, a department spokesman, confirmed, saying details of the discussions were not immediately available.

Assistant secretary of state Hill was reportedly in the German capital to attend a forum and the meeting was not expected.

In a recent statement, Hill said that the nuclear talks aimed to end North Korea's atomic weapons program were slow but progressing. "It requires a lot of patience," he said.

The Berlin meeting came ahead of Hill's visits beginning Friday to South Korea, China and Japan to continue consultations with key partners in the six-party talks on how to make progress in the next round, the State Department said last week.

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China, Japan, the two Koreas, Russia and the United States met for five days in December after a year-long break, but no progress was made toward dismantling North Korea's nuclear weapons program.

The six-party negotiations were suspended in late 2005 after North Korea walked out in protest at US financial sanctions imposed on a Macau bank accused of illicit dealings on behalf of Pyongyang.

Before the breakdown, North Korea signed a statement agreeing to give up its nuclear weapons program in exchange for economic aid and security guarantees from the other five states.

But it then went ahead and conducted its first nuclear weapons test in October, sparking international condemnation and UN sanctions.

Under intense pressure from its main ally, China, and with a promise from the United States that it would discuss the financial sanctions issue, North Korea agreed to return to the talks last month.

Seoul Helps All North Korean Defectors (WSJ)

The Wall Street Journal, January 17, 2007

In response to the article "Defections Tweak Seoul" ("Leading the News," Jan. 9), Evan Ramstad made a number of incorrect assertions about the South Korean government's handling of Mr. Choi Wook-Il, a South Korean citizen who recently escaped 31 years of captivity in North Korea. The article claims the South Korean consulate in Shenyang refused to assist Mr. Choi, until public pressure forced officials to provide refuge for the 67-year-old. I would like to correct your accounting of the events.

First, it is not true that the South Korean consulate general in Shenyang started working to secure Mr. Choi's protection only after the Korean public expressed outrage at the government. In fact, ever since it became aware of his defection from the North, the South Korean government has consistently exerted its utmost diplomatic efforts for Mr. Choi's speedy repatriation home.

Second, it is a completely unfounded allegation that the South Korean government is walking a tightrope with North Korea and the United States, and consequently showing a passive attitude in supporting South Koreans kidnapped by the North. The South Korean government has dealt with the North Korean refugee problem in the spirit of brotherhood and from a humanitarian basis -- and has accepted all North Korean refugees in foreign countries in all cases, if they wish to come to South Korea. The South Korean government has also cooperated closely with related international organizations such as the the Office of the United Nations High Commissioner for Refugees and the governments of countries in which North Korean defectors are likely to stay, in a bid to prevent the possibility of such defectors being sent back to North Korea against their will.

Third, it is not true that the South Korean government has reduced the resettlement subsidy for North Korean defectors. There has only been a change in the way the subsidy is provided. Originally, the South Korean government provided a portion of the subsidy in a lump sum, to resettle North Korean defectors. However, these defectors experienced many difficulties in spending the government subsidy effectively, often stemming from their unfamiliarity with a market-based economic system. As a result, while maintaining the overall size of the resettlement subsidy, the South Korean government decided to reduce the initial cash support and provide, instead, other supporting services to the defectors, such as expanded job training, educational opportunities and increased workplace salaries.

Kim Heung-soo
Director, Press Relations
Ministry of Foreign Affairs and Trade
Seoul, South Korea

Moscow, Beijing Eye Space Weapons (WT)

By Bill Gertz

The Washington Times, January 17, 2007

China and Russia are developing space weapons and are among several nations working on systems to threaten U.S. satellites with lasers or missiles, says the director of the Defense Intelligence Agency.

In Senate testimony last week, Army Lt. Gen. Michael Maples for the first time raised Pentagon concerns about secret Chinese and Russian space weapons programs.

"Russia and China continue to be the primary states of concern regarding military space and counterspace programs," Gen. Maples said at the annual threat briefing of the Senate intelligence committee.

Gen. Maples said that "several countries continue to develop capabilities that have the potential to threaten U.S. space assets, and some have already deployed systems with inherent anti-satellite capabilities, such as satellite-tracking laser range-finding devices and nuclear-armed ballistic missiles."

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Other countries are working on improving space-object tracking and "kinetic or directed energy weapons capabilities."

Gen. Maples did not discuss the reported testing of a Chinese anti-satellite laser against a U.S. satellite, which triggered high-level Bush administration worries about Beijing's growing space-weapons program.

U.S. officials said details about the Chinese anti-satellite laser shot remain classified so as not to alert China about U.S. knowledge of what intelligence officials say may have been a test shot of an anti-satellite weapon.

China has developed several types of ground-based lasers with Russian and Israeli technology, U.S. officials have said.

Russia developed anti-satellite weapons during the Cold War, and U.S. officials think the Russian military is continuing work on the weapons, which include both anti-satellite missiles and ground-based lasers.

Both Russia and China deny that they are building space weapons and have sought to curb U.S. space defenses through a proposed international ban on weapons in space.

The Air Force in 2004 deployed the 76th Space Control Squadron, which can disrupt or knock out foreign satellites using electronic jammers from the ground.

Nations other than Russia and China that have space capabilities in key areas also "will acquire military and commercial space-based assets," Gen. Maples said.

"Increasing levels of international cooperation, along with the growing number of commercial space consortia, is allowing the proliferation of advanced satellite technologies and knowledge of space systems operations to become available to nations lacking a domestic space capability," he said.

Gen. Maples said that building space weapons is "financially taxing" and that "most countries assessed to be pursuing these capabilities are not expected to acquire them within the next few years."

He warned, however, that less-developed states and "nonstate entities" also "are pursuing more limited and asymmetric approaches that do not require excessive financial resources or a high-tech industrial base."

Why Is Egypt Airing Insurgent TV From Iraq? (CSM)

By Sarah Gauch

The Christian Science Monitor, January 17, 2007

Al Zawraa television station, the face of Iraq's Sunni insurgency, shows roadside bombs blowing up American tanks, dead and bloody Iraqi children, and insurgent snipers taking aim and firing.

And all this blatant anti-Americanism is broadcasting 24/7 on an Egyptian government-controlled satellite provider from one of Washington's closest allies. Even though Iraq and the US have asked Egypt to pull the plug, the station remains on the air.

The question is, why? While Nilesat, which broadcasts Al Zawraa, argues that it's airing the channel for purely commercial reasons, analysts point to the political benefits for Egypt.

Some say the country's reluctance to shut down the channel shows that Egypt, predominantly Sunni, may be taking a stand against what it sees as the unjust aggressiveness of Iraq's Shiite-led government and the dangers of Iran's influence there.

"With Iran flexing its muscles in Iraq and Lebanon and talking about becoming a nuclear power, all of this puts the Sunni Arab regimes – Egypt, Saudi Arabia, Jordan – on the defensive," says Lawrence Pintak, director of American University in Cairo's television journalism program and author of "Reflections in a Bloodshot Lens: America, Islam, & the War of Ideas."

Mr. Pintak says Egypt's decision to keep Al Zawraa on the air plays into the Sunni-Shiite cold war that has descended on the region, caused largely by sectarian bloodshed in Iraq and Iran's nuclear ambitions. In essence, he says, it's a show of support for fellow Sunnis.

American officials have reportedly called the station "utterly offensive," saying that closing it down is a priority.

But one Egyptian government official, who asked to remain anonymous, reiterated Nilesat's stand that the station remains on air purely for commercial reasons. "We're merely a carrier of this station. We're not producing it. This is a straightforward business deal," he says, adding that, "none of us would reject the principle of freedom of speech and broadcasting for everyone."

Egypt has a history, though, of arresting bloggers and journalists and violently dispersing protests critical of Egyptian President Hosni Mubarak's government. On Saturday, Egyptian authorities detained an Al Jazeera journalist for allegedly fabricating scenes of torture in Egyptian police stations. The journalist was later released.

If Nilesat should buckle under US pressure, however, Al Zawraa will soon have other venues.

Station owner Mishan al-Jabouri says he's just signed contracts with Paris-based satellite provider Hot Bird and Emirates-based Arabsat. He also hopes to sign a contract soon with an American satellite company, which he didn't want to name, and to open new studios in Paris. American subtitles, too, are in the offing, he says.

"I want to show people everywhere what the Americans are doing to my country," says Mr. Jabouri, a former member of Iraq's parliament, now based in Damascus, "what American democracy has done to Iraq, how it has killed children, what has happened in the prisons, how the Americans gave Iraq to Iran."

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While many see Nilesat as Al Zawraa's staunch supporter, Jabouri complains that the satellite provider is already reacting to US pressure by raising technical obstacles that prevent him from sending new footage from the field, forcing him to loop already-broadcast material.

Al Zawraa began two years ago as an above-ground, hard-line Sunni TV station, based in Iraq, until the Iraqi government closed it down last November, around the time Saddam Hussein was sentenced to death. Today, it's an underground station with brutal, no-holds-barred content, often amateur, shaky footage showing American soldiers crumpling to the ground after being shoot, and alleged American atrocities against Iraqi civilians. The station's anchors wear military fatigues and rail against the Shiite-led Iraqi government.

The Iranian flag is superimposed over Iraq's Shiite leaders shown on air and news crawls call on viewers "to liberate Iraq from occupying US and Iranian forces" and say that "the mafia" of Moqtada al-Sadr are all "criminals and thieves."

The station closely resembles Islamic extremist websites, with even religious chanting backing up some footage, although Jabouri emphasizes that his station has no ties to Al Qaeda.

The business deal between Al Zawraa and Nilesat is all the more curious, commentators say, since Islamic extremism remains a threat in Egypt and Al Zawraa appears the perfect militant recruiting tool. But, it seems Egypt is more concerned about reasserting its leadership in the Sunni Arab world than it is in gagging a possible militant mouthpiece, analysts say.

This is also a sign that Egypt may be further distancing itself from Washington. Recently, it defiantly announced a nuclear energy program of its own and criticized Mr. Hussein's execution last month.

However, US Secretary of State Condoleezza Rice met with Egyptian officials Monday to shore up this country's support for American efforts in Iraq. Ms. Rice is traveling through the Middle East on a trip intended largely to bolster support for President Bush's new plan to stabilize Iraq and to reassure the US's Arab allies of its commitment to Israeli-Palestinian peacemaking. Arab states are anxious for Washington to renew efforts to find a solution to the historical conflict, which they say is the underlying cause of the region's political problems.

In Egypt, Ms. Rice said, "We share risk and we share responsibility, because this is an area of the world which will very much be affected by how Iraq turns out."

Egyptian Foreign Minister Ahmed Aboul Gheit, a frequent critic, was ready to give Mr. Bush's plan the benefit of the doubt. "We are supportive of that plan because we are hopeful that the plan would lead ensure the stability, the unity, and the cohesion of the Iraqi government."

Another Perspective, Or Jihad TV? (NYT)

By Judea Pearl

The New York Times, January 17, 2007

Los Angeles

IN late 2001, three months before my son, the Wall Street Journal reporter Daniel Pearl, was kidnapped, he interviewed the influential Qatari cleric Sheik Yusuf al-Qaradawi, and asked him about suicide bombings against Israeli civilians. The sheik replied with a novel twist of logic. “Israeli society in general is armed,” he said, implying that Israeli civilians — including women and children, doctors and journalists — are legitimate targets.

At the time, it was still surprising to see an authoritative Muslim cleric give religious license to the ideology of terror — granting the faithful permission to elevate their own grievances above the norms of civilized society.

Daniel would fall victim to that same ideology when he was abducted and murdered in Pakistan. After his death, I discovered that Sheik Qaradawi is the host of a weekly program on the Qatar-based TV news network Al Jazeera called “Sharia and Life.” He uses this forum to preach his new morality to millions of Arabic-speaking viewers, including Hamas operatives, Al Qaeda recruits, schoolteachers and impressionable Muslim youths. “We have the ‘children bomb,’ and these human bombs must continue until liberation,” he told his audience in 2002. Consistent with this logic and morality, Sheik Qaradawi later extended his Koranic blessing to suicide bombing against American civilians in Iraq.

A few in the Arab world have taken issue with his calls for violence. Al Ittihad, a newspaper in the United Arab Emirates, editorialized in 2004 that the beheading of two American hostages in Iraq happened “in direct response to Qaradawi’s fatwa and incitement, which permits the killing of American civilians.” Yet few, in the Middle East or the West, seem willing to condemn Al Jazeera’s management for giving the cleric regular airtime.

None of this might seem to matter much to Americans except that for two months now Al Jazeera has been taking its mixture of news coverage and extremist propagandizing to our front door through an English-language station. Called Al Jazeera English, the network can be received via satellite or streamed over the Internet. It has bureaus in London and Washington, and has recruited such high-profile Western journalists as Sir David Frost as correspondents.

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In part, this is promising. The Arabic version of Al Jazeera and its various spinoffs on satellite TV and the Internet are usually credited with having a positive influence on Arab society. True, Al Jazeera's coverage has placed an emphasis on younger leaders, reformers and successful businessmen who may serve as role models for today's Arab youth. And it has brought — as the press usually does — a degree of inquisitiveness and openness that could become a useful engine of reform in the region.

Westerners have been quick to point out these benefits. A critic for The Times said that "though Al Jazeera English looks at news events through a non-Western prism, it also points to where East and West actually meet." Time magazine noted, "arguably nothing — including the Bush administration's panoply of democratization programs — has done more than Al Jazeera to open minds and challenge authority in the Middle East."

But what should concern Westerners is that the ideology of men like Sheik Qaradawi saturates many of the network's programs, and is gaining wider acceptance among Muslim youths in the West. In its "straight" news coverage on its Arabic TV broadcasts and Web sites, Al Jazeera's reports consistently amplify radical Islamist sentiments (although without endorsing violence explicitly).

For example, the phrase "war on terror" is invariably preceded by the contemptuous prefix "so-called." The words "terror" and "insurgency" are rarely uttered with a straight face, usually replaced with "resistance" or "struggle." The phrase "war in Iraq" is often replaced by "war on Iraq" or "war against Iraq." A suicide bombing is called a "commando attack" or, occasionally, a "paradise operation."

Al Jazeera's Web site can be less subtle. On Dec. 12, after religious leaders and heads of state all over the world condemned President Mahmoud Ahmadinejad of Iran for staging a Holocaust denial conference in Tehran, the headline on the site read, "Ahmadinejad Praised by Participants of the Holocaust Conference in Tehran, but Condemned by Zionists in Europe."

In short, Al Jazeera's editors choreograph a worldview in which an irreconcilable struggle rages between an evil-meaning Western oppressor and its helpless, righteous Arab victims. Most worrisome, perhaps, it often reports on supposed Western conspiracies behind most Arab hardships or failings, thus fueling the sense of helplessness, humiliation and anger among Muslim youths and helping turn them into potential recruits for terrorist organizations.

The question is, to what extent will this pathological worldview infiltrate Al Jazeera's English channel, which is still trying to find its voice? David Marash, a former "Nightline" correspondent who is the American anchor on Al Jazeera English, acknowledges such a possibility, but dismisses the responsibility of the network. "Undoubtedly, some Al Jazeera programs may have inspired some social misfits to undertake terrorism," he told The New York Sun. "The danger with information is that some people will take it the wrong way."

Still, with the growing number of social misfits in society, and the growing confusion between "information" and deception in the news media, the danger of fueling combustible anger in some viewers cannot be ignored, especially when pumped subliminally by well-respected Western anchors.

Let's face it: when a terrorist attack is described as a "martyrdom" in a thick Middle Eastern accent, it can be dismissed by Americans as a peculiarity of cultural differences. But imagine the effect of the word if spoken in David Frost's cultured British tones. This is why, even if Al Jazeera English waters down its alarmist content, it should still be seen as a potential threat: it will bestow respectability upon the practices of its parent network in Qatar, which continues, among other things, to broadcast Sheik Qaradawi's teachings.

I wouldn't call for banning Al Jazeera English in the United States even if that were possible. It is important to extend a hand to the network because it can become a force for good; but it is as important for our news organizations to scrutinize its content and let its viewers know when anti-Western wishes are subverting objective truth. As Al Jazeera on the whole feels the heat of world media attention, we can hope that it will learn to harness its popularity in the service of humanity, progress and moderation.

Israeli General Who Led War Against Hezbollah Resigns (NYT)

By Greg Myre

The New York Times, January 17, 2007

JERUSALEM, Wednesday, Jan. 17 — The Israeli military's chief of staff, Lt. Gen. Dan Halutz, submitted his resignation after facing months of fierce criticism over the military's performance in last summer's war in Lebanon, officials said early Wednesday.

In a separate development, an Israeli prosecutor on Tuesday ordered a criminal investigation to determine whether Prime Minister Ehud Olmert exercised improper influence in the privatization of the country's second-largest bank in 2005.

The two developments were the latest blows to a political and military leadership that have been tarnished by its collective handling of the Lebanon war and a number of scandals.

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The Israeli public has widely blamed General Halutz, along with Mr. Olmert and Defense Minister Amir Peretz, for mismanaging the 34 days of fighting with Hezbollah guerrillas in Lebanon, which turned into a much tougher battle than Israelis expected.

General Halutz, 58, sent his letter of resignation to Mr. Olmert, saying he was taking responsibility for the war. “For me, the concept of responsibility is everything,” General Halutz wrote, according to Israeli Army radio.

General Halutz rose through the ranks and was head of the air force before becoming the military’s chief of staff in 2005.

When Hezbollah staged a surprise cross-border raid on July 12, killing three Israeli soldiers and seizing two more, Israel immediately responded with intense airstrikes, and the war was under way.

Israel relied heavily on the air force to strike at Hezbollah’s rocket launchers, but the Lebanese group was able to continue firing 100 or more rockets daily on northern Israel throughout the war, to the great frustration of the Israelis.

Mr. Olmert and Mr. Peretz, who both have limited military experience, were seen by many as indecisive and reluctant to send a large ground force into southern Lebanon, fearing heavy casualties.

General Halutz, in turn, was seen as overly reliant on air power. In addition, the Lebanese reported that many of their casualties were civilians, which worked in many quarters to turn international opinion against the Israeli campaign.

A United Nations resolution brought the fighting to a halt on Aug. 14, and Israel claimed victory, but many saw the battle as inconclusive, or at least far short of a decisive victory that many Israelis had expected.

General Halutz faced further criticism when it was disclosed that he sold part of his stock portfolio only hours after the fighting began on July 12.

He said he had left a message for his broker before the Hezbollah raid. When the broker called back several hours later, the fighting had already begun. The general told the broker to sell some mutual funds as planned. But the episode only added to the sense of public outrage.

Just hours before General Halutz resigned, Mr. Olmert received the news that he would be formally investigated for his role in the 2005 privatization of Bank Leumi.

The criminal investigation, which is expected to last months, only adds to Mr. Olmert’s woes. Elected less than a year ago, his popularity has plummeted in opinion polls.

Mr. Olmert is the fourth consecutive Israeli prime minister to be investigated. No charges were brought in the other three cases, involving Benjamin Netanyahu, Ehud Barak and Ariel Sharon.

According to reports in the Israeli news media, the investigation will seek to determine whether Mr. Olmert, as finance minister in 2005, tried to guide the privatization sale of Bank Leumi toward friends.

Ultimately, a stake in the bank was sold to companies that have not been linked to the investigation.

However, the Justice Ministry said in a statement that “preliminary findings have led to the conclusion that enough evidence has been gathered to justify opening a criminal investigation.”

Mr. Olmert has denied any wrongdoing, saying last week that, “I have no doubt that the process was conducted in the best way possible.” His office said Tuesday evening that the “prime minister will cooperate with any investigation.”

Israeli Head Of Military Quits After War Critique (WP)

By Scott Wilson

The Washington Post, January 17, 2007

JERUSALEM, Jan. 17 -- Lt. Gen. Dan Halutz, head of the Israel Defense Forces, resigned abruptly Tuesday after one of his predecessors presented findings of an internal review that sharply criticized the military's leadership during the war with Hezbollah last summer.

Since the end of the 33-day war, Halutz has come under heavy pressure from senior reserve officers to step down. The war failed to achieve the stated goals of freeing two Israeli soldiers captured by the Lebanese Shiite militia in July and stopping Hezbollah rocket attacks on Israeli cities.

But Halutz insisted as recently as two weeks ago that he would remain in his post unless called on to resign by the Winograd Commission, an inquiry panel established by Prime Minister Ehud Olmert to examine the performance of the military and political leadership during the war.

The commission's interim report was due in coming weeks. Olmert, who has also been severely criticized for his management of the war, reportedly expressed regret over Halutz's decision to resign after trying to persuade him to change his mind.

"It is the nature of people not to be overjoyed serving in a system that is not appreciated and not protected by those it represents," Halutz wrote in his letter of resignation, according to a translation published online by the newspaper Haaretz.

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"We must promise never to reach a situation in which people of quality would hesitate to tie their fate and future with" the Israel Defense Forces, he wrote. "Neither good education nor a strong economy would help us then, and there is a danger that the threats the state of Israel faces will become more substantial."

Halutz was appointed the first air force officer to lead Israel's military in July 2005 by then-Prime Minister Ariel Sharon.

Among his first duties was to oversee the withdrawal of Israeli settlements and military installations from the Gaza Strip, an operation praised for its speed and precision. But it won him few supporters among hawkish lawmakers and reserve officers, some of whom opposed the withdrawal on strategic and ideological grounds.

Sharon's decision to appoint Halutz reflected the shifting priorities within the military from infantry to air power. Most Israelis serve in the military because of mandatory service requirements, making the chief of staff position one of the most highly esteemed and scrutinized in the country.

Born in 1948 in the Israeli town of Hagor to a Jewish family of Iranian descent, Halutz joined the air force in 1966. He flew F-4 Phantoms during the war of attrition in the Sinai between the 1967 and 1973 Arab-Israeli wars and was credited with shooting down three combat aircraft in the 1973 Arab-Israeli conflict, known in Israel as the Yom Kippur War.

The sharp public criticism of his leadership during the most recent Lebanon war, much of it from senior reserve officers, has focused on Halutz's heavy reliance on air power against an entrenched guerrilla force often fighting from residential areas.

Hezbollah fired about 4,000 short- and medium-range rockets into Israel, including more than 100 on the last day of fighting. The Israeli military said 117 soldiers died in combat during the fighting. In addition, 41 Israeli civilians were killed, most of them by rocket fire.

Halutz also came under public pressure when it was revealed that in the first hours of the war he took the time to phone his stockbroker with instructions to sell portions of his portfolio, fearing a decline in value because of the conflict.

Earlier Tuesday, Dan Shomron, a retired lieutenant general who led Israel's military from 1987 to 1991, told the Israeli parliament's defense and foreign affairs committee that the summer war in Lebanon was "run without any goal."

"The prime minister instructed the army to halt the rocket fire on Israel, but the army failed to translate it into a military objective," Shomron told the committee, although he did not call on Halutz to step down.

Halutz is the third general to resign as a result of the war against Hezbollah, whose performance against Israel's modern military has strengthened its position within Lebanon's fractious political system and drawn praise across the Arab world.

Maj. Gen. Udi Adam, head of the Northern Command, resigned in September. Halutz accepted the resignation two months later of Brig. Gen. Gal Hirsch, an esteemed younger officer who led the Galilee Division, the unit responsible for the Israel-Lebanon border. Hirsch called on Halutz to resign at the same time.

In his resignation letter, Halutz expressed "great pride" in his career and said he had "fulfilled my obligations."

Maj. Gen. Moshe Kaplinsky, the deputy chief of staff, will at least temporarily replace Halutz.

Military Leader Resigns Over War (WT/AP)

By Amy Teibel

The Washington Times, January 17, 2007

JERUSALEM -- Israeli army commander Lt. Gen. Dan Halutz, under fire for failures in last summer's war in Lebanon, has resigned, the Defense Ministry said early today.

Gen. Halutz has been under pressure to step down since the end of the 34-day war, which failed to defeat the anti-Israel militant group Hezbollah and force the return of two captured soldiers.

Israeli launched a full-scale attack on Lebanese Hezbollah guerrillas after they seized the two men and killed three other soldiers in a cross-border raid July 12.

Army Radio reported that the general sent his letter of resignation to Prime Minister Ehud Olmert and took responsibility for the outcome of the war.

"For me, the concept of responsibility is everything," Gen. Halutz wrote, according to Army Radio.

Mr. Olmert and Defense Minister Amir Peretz also have been criticized for decisions made before and during the war.

In its announcement of Gen. Halutz's resignation, the military spokesman's office said the general submitted his resignation because the dozens of military inquiries into the war had been completed.

None of the inquiries concluded that he should step aside or be replaced.

The spokesman's office said both Mr. Olmert and Mr. Peretz have to accept the resignation before it can go into effect.

The offices of the two Israeli leaders did not release any comments.

The United Nations, Israeli and Lebanese officials said the war left more than 1,000 people dead on both sides. Lebanon's Higher Relief Council, a government organization, said the majority of those killed were Lebanese civilians. UNICEF said about a third were children.

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The fatalities included 159 in Israel, including 39 civilians killed in rocket attacks.

Israel said 600 Hezbollah fighters were killed, but that figure has not been substantiated. Hezbollah said 250 of its fighters were killed.

An inquiry by a former chief of staff found that the war's goals were vaguely defined and that command centers performed faulty work.

Reserve generals have criticized Gen. Halutz, a former air force chief, for focusing too much on aerial bombardments and not enough on ground operations.

Maj. Gen. Moshe Kaplinski, who was dispatched to the Lebanon front to assume command during the war, told Israeli television last week that he would be a candidate for chief of staff after Gen. Halutz leaves. Gen. Kaplinski is serving as deputy chief of staff.

Bush, UN's Ban See Cooperation On Darfur, Iran (AFP)

By Olivier Knox

AFP, January 17, 2007

US President George W. Bush and UN chief Ban Ki-moon worked to push past any lingering US-UN ill will and vowed to work together on issues like Middle East peace and violence in Darfur.

"You want to talk, pick up the phone and call me," Bush twice encouraged Ban as they wrapped up an hour-long meeting that also covered Iran, Iraq and climate change, according to UN sources.

Ban, who took over January 1 as secretary general, told reporters after the meeting that he would push "vigorously" for UN reforms and urged the world community to give war-torn Iraq "all possible assistance."

"The Middle East is a source of grave concern. This deteriorating situation in Iraq and Israel needs (the) urgent attention of the international community," Ban said outside the White House.

"Particularly when it comes to Iraq, the international community should have all possible assistance to help the Iraqi government and people to restore peace and stability and recover from economic devastation," said Ban.

During their joint public appearance in the Oval Office, Ban and Bush struck a cordial tone, noting their past cooperation on the North Korean nuclear crisis when the UN chief was South Korea's foreign minister, and vowed to work closely on other issues like Iran's atomic ambitions and violence in Darfur.

"The United States wants to work with the United Nations to achieve peace through the spread of freedom," said Bush. "I admired the way you handled your previous job, and I'm confident you'll do a fine job now."

"I want to thank you for your commitment to help the suffering people of Darfur. I wish you all the best as you work hard to convince the president of the Sudan that it's in his interests and in the world's interest that he allow enhanced African Union peacekeepers in," said Bush.

Bush did not mention Washington's repeated called for UN reforms -- in US Security Council membership, peacekeeping operations and transparency following the ethics scandals surrounding the oil-for-food deal with Iraq.

But Ban told reporters after the meeting that he was pushing "vigorously" for such changes, while a UN source said Ban was leading the way towards greater financial disclosures by top UN officials.

"The United Nations should change with much more efficiency and effectiveness and mobility and the highest level of ethical standard," said the secretary general.

Behind closed doors, Bush and Ban worked to banish any lingering tensions between the United Nations, which did not explicitly authorize the war in Iraq, and the United States, the world body's biggest donor and frequent critic.

But the meeting yielded no breakthroughs on Iraq, the Middle East peace process and efforts to limit climate change -- an issue the secretary general brought up as their face-to-face talks wrapped up, the sources said.

Ban called climate change "a global problem that needs to be addressed globally," while Bush retorted that "folks who sign on to protocols like Kyoto need to live by them," referring to the UN pact aiming to cut emissions of so-called "greenhouse gases," according to one UN source.

The US president was expected to lay out his climate change approach in his annual State of the Union speech on January 23.

On Iraq, Bush told Ban the United States "would appreciate any further role, political, not military" for the United Nations, while Ban said the world body was "constrained by the ongoing security problems," the UN source said.

On North Korea, Ban and Bush agreed on the need to pursue six-nation talks grouping China, Japan, North and South Korea, Russia, and the United States, the source said.

But UN sources said Ban was also "contemplating" the possibility of naming a special envoy, while stressing that "it's not going to happen immediately."

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Ban Vows Reform At U.N. (WT)

By Joseph Curl

The Washington Times, January 17, 2007

New U.N. Secretary-General Ban Ki-moon yesterday pledged to complete much-needed reforms at the United Nations and urged all nations to make efforts to secure Iraq, saying the war-torn nation "is the whole world's problem."

Meeting with President Bush in the Oval Office yesterday, the South Korean vowed to tackle the world's most pressing issues -- Iraq, the Middle East, Sudan, Lebanon, Somalia and North Korea.

Afterward, speaking with reporters, Mr. Ban promised to revamp the troubled organization, which has been a sore point with the Bush administration.

"The United Nations should change with much more efficiency and effectiveness and mobility, and highest level of ethical standard," he said. "I'm very much committed to carrying out this reform and I need strong support of all member states and staff of the United Nations in carrying these reform measures."

The Bush administration has long complained that U.N. bureaucracy has compromised the once-effective organization, and dispatched staunch critic John R. Bolton to New York to address its concerns. During the run-up to the Iraq war, Mr. Bush said the body was teetering on the brink of irrelevancy, but in more recent times has effectively pressed member states into action on several issues, including Lebanon and Iran.

While neither Mr. Bush nor Mr. Ban mentioned Iraq in their brief Oval Office comments, the new secretary-general sounded a far more agreeable tone than did his predecessor, Kofi Annan. Before departing his post, Mr. Annan called the Iraq war "illegal" and declared the country safer under dictator Saddam Hussein, who slaughtered hundreds of thousands of Iraqis during his rule.

The secretary-general's long day in Washington ended with a dinner for "120 of his best new friends" at the Kalorama home of Esther Coopersmith, Washington's reigning "hostest with the mostest." Rep. Tom Lantos, California Democrat, saluted him with an emotional toast to the United States as a partner with the U.N. "Had it not been for the United States I would not be here," said Mr. Lantos, a Holocaust survivor, "and had it not been for the United States your country would not have survived. You and I have a special bond. We do not believe the United States to be the 'great Satan.' "

Mr. Ban answered in kind, taking note of South Korea's debt to the United States and the U.N. In a lighter vein, he quipped that if the New Orleans Saints should oppose the New England Patriots in the Super Bowl, "I'm glad that as a diplomat I won't be forced to choose between God and country."

Earlier in the day, Mr. Bush appeared pleased to be starting with a clean slate, and smiled often as he assured Mr. Ban that he planned to continue to work with the world body -- although he stopped mid-sentence to change a word he may not have meant to use.

"The United States is willing -- wants to work with the United Nations to achieve a peace through the spread of freedom," Mr. Bush said. "I appreciate so very much how you opened up the discussion with a strong commitment to democracy and freedom," he told Mr. Ban.

For his part, Mr. Ban expressed hope that the United States would continue its role as a U.N. leader as he urged continued support for the organization.

"I would need strong participation and support of the United States in all activities of the United Nations. In fact, I believe that the United Nations and United States have shared objectives -- peace and security, freedom, democracy. All these important goals and ideas are what the United States is also trying to achieve," he said.

While neither leader spoke of Iraq after their meeting, Mr. Ban spoke freely afterward with reporters on the White House driveway.

"Iraq and elsewhere needs an urgent attention of the international community," he said. "Particularly when it comes to Iraq, the international community should have all possible assistance to help Iraqi government and people to restore peace and stability and recover from economic devastation."

He expanded on the topic in a speech later in the day, delivered at the Center for Strategic and International Studies.

"Iraq is the whole world's problem. I pledge my best efforts to help the Iraqi people in their quest for a more stable and prosperous Iraq. The U.N. role can assist in building an inclusive political process, helping to cultivate a regional environment supportive of a transition to stability, and pursuing reconstruction," he said.

During his speech, the South Korean spoke of his first visit to Washington 45 years ago, when, at 18, he visited the White House and met President Kennedy.

"That was a magical experience for a young person like me. It gave me something even more significant than the thrill of the moment. It offered me a personal connection to this country, and to the ideas and principles it stands for," he said.

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Mr. Ban laid out four areas he plans to focus on in his new post: the genocide in Darfur, the Middle East, North Korea, and Kosovo, where he said the world must continue "working for a conclusive resolution to the uncertainty that still hangs over Kosovo's status."

On North Korea, Mr. Ban said he would "try my best" to facilitate six-party talks, which seek to discourage the communist state from pursuing nuclear weapons.

Russian Forces On High Terror Alert (AP)

By Steve Gutterman

AP, January 17, 2007

Russian authorities have ordered security forces on high alert after receiving information from foreign officials pointing to the threat of a terrorist attack on public transportation, officials said Tuesday.

Authorities were checking information about the potential threat, they said.

A federal anti-terrorism headquarters received information "from foreign partners ... about the possibility a subversive terrorist act could be committed on ground transport and in the metro," according to a statement confirmed by a Federal Security Service official who said he was not authorized to give his name.

Federal Security Service chief Nikolai Patrushev, who also heads the anti-terror center, ordered anti-terror forces on high alert and called for stepped-up measures to prevent any attack, the statement said. It offered no details on the nature of the threat or the measures to be taken.

It was unclear what country the information about the potential threat came from; Russia cooperates against terrorism with countries around the world, including the United States.

The statement did not say whether the threat was limited to any particular location in Russia, where several cities have subway systems. Security was stepped up in Moscow's extensive subway system, including by increasing the number of teams with bomb-sniffing dogs, the RIA-Novosti news agency quoted a Moscow police official as saying.

The statement, read in part during news programs on state-run television, urged Russians to be alert and to cooperate with law enforcement authorities and inform them of anything suspicious.

It said the warning was received by the Federal Operative Headquarters, which is under the auspices of the National Anti-terrorism Committee, a body created by President Vladimir Putin early last year to coordinate anti-terror efforts.

The potential threat was discussed at a meeting of the headquarters Tuesday and law enforcement agencies gave reports on measures they were taking to avert an attack, the statement said. That suggested the information was received earlier, but it was unclear when.

Several bombings have occurred in the Moscow subway system and on ground transport in the capital and elsewhere during more than 12 years of conflict in mostly Muslim Chechnya, where large-scale fighting ended years ago but an insurgency continues. Separatist rebels from Chechnya and other restive parts of southern Russia's troubled Caucasus region have claimed responsibility for or been blamed for most of the many terrorist attacks that have plagued the country.

Russia Warns Citizens Of Possible Security Threat (NYT)

By C. J. Chivers

The New York Times, January 17, 2007

MOSCOW, Jan. 16 — Russian intelligence officials placed the country on an unusual high alert on Tuesday night, appealing to citizens for vigilance and saying that the government had been informed by “foreign partners” of a possible terrorist act.

The warning was at once detailed and vague. Issued at the end of a 9 p.m. national news broadcast, it said that the National Antiterrorist Committee was checking information about a possible attack on public ground transportation or subway systems, but it did not specify in what city an attack was feared, or when.

It also did not identify the “foreign partners” who had provided the information.

The National Antiterrorist Committee is led by Nikolai P. Patrushev, the director of the Federal Security Service, or F.S.B., Russia’s domestic successor to the K.G.B.

The broadcast said Mr. Patrushev had ordered “antiterrorist forces and resources to a state of increased readiness and to carry out preventive measures.”

An unidentified antiterrorist official also urged that “the population take this information seriously, raise their degree of vigilance, render necessary assistance to law enforcement structures and, in the event of coming across what appear to be suspicious signs, to notify security and law enforcement agencies immediately,” according to Interfax.

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Russia has suffered severe and widely varied terrorist attacks since the 1990s, including truck, subway and suicide bombings, the in-flight destruction of civilian passenger jets and mass hostage-takings in a hospital, a theater and a school. Chechen separatists have claimed responsibility for most of the most lethal attacks.

But the attacks have slowed markedly since the seizure of a public school in Beslan in 2004 ended with more than 300 civilian deaths, and as Russia and pro-Kremlin Chechen forces have gained the upper hand over separatists in the lingering war in Chechnya. Moreover, Shamil Basayev, the terrorist leader who often claimed responsibility for ordering or organizing previous attacks, was killed in an explosion last summer near Chechnya, and no similar figure has emerged.

A spokeswoman for the national electricity monopoly said the guard had been increased at its facilities around the country, but there were no immediate reports of disruptions from Mr. Patrushev's warning. Worries about the safety of public transportation in 2004 after a bombing on a subway car led to huge traffic jams on Moscow's already clogged roads.

Castro Sets Stage For Power Transition (AP)

By Katherine Shrader

AP, January 17, 2007

Cuban President Fidel Castro, ailing and out of sight, has been meeting with a trickle of international guests in recent months, a U.S. government official said Tuesday.

The official, who spoke on condition of anonymity because of the sensitive situation with Cuba, declined to say with whom Castro was meeting. But the meetings, generally with visitors from Latin America, suggest he may be setting the stage for a transition of power that he hopes will protect the government he has built over four decades.

In a review of global threats last week, National Intelligence Director John Negroponte said that Castro and his brother Raul, who has taken over as Cuba's temporary leader, are trying to create a "soft landing" during the transfer of control.

"From the point of the United States policy, we don't want to see that happen," Negroponte said. "We want to see the prospects for freedom in that country enhanced as a result of the transition" from Fidel Castro.

Negroponte also said Castro's days "seem to be numbered," a view supported Tuesday by the U.S. government official. That official said U.S. intelligence believes that Castro is likely to die within a month or two, although analysts don't yet know the precise nature of his illness.

That assessment narrowed the life-expectancy estimate of U.S. intelligence agencies, which previously had said Castro was not expected to make it through the end of this year.

The Spanish newspaper El Pais reported on Tuesday that Castro has had at least three failed operations and is suffering complications from an intestinal infection, leaving him with a "grave prognosis."

The reported rare details about his medical treatment, citing two unidentified sources from Madrid's Gregorio Maranon hospital, which employs surgeon Jose Luis Garcia Sabrido. An expert in the digestive system, Sabrido flew to Cuba in December to treat Castro and returned insisting that the 80-year-old was recovering slowly from a serious operation.

One of the journalists who wrote the article told The Associated Press that Sabrido was not one of the two sources. The journalist, Oriol Guell, said the sources were both doctors at the hospital, but he declined to identify them.

A Cuban diplomat in Madrid said the El Pais report was false. "If anyone has to talk about Castro's illness, it's Havana," the diplomat said, speaking on condition of anonymity because of official policy.

U.S. officials will not disclose how they glean clues to Castro's health. But American spy agencies employ physicians who study images, public statements and other information coming out of Cuba and other countries.

Some intelligence officials believe Castro is suffering from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. Others believe that Castro has cancer of the stomach, the colon or perhaps the pancreas.

Yet Cuban officials told a delegation of U.S. lawmakers visiting last month that Castro did not have cancer, and the Spanish doctor who came to check on him said the same.

Havana's public position is that Castro is alive, healthy and will return to power, which U.S. analysts discount.

Negroponte said last week it is an open question whether Castro's death could trigger a popular demand for democratic change.

"What is not known is whether people are holding back — maybe we're not seeing the kind of the ferment yet that one might expect to see once Mr. Castro has definitively departed the scene," said Negroponte, who has been nominated by President Bush to be deputy secretary of state.

Pressed further by senators on whether the U.S. knows what to expect in Cuba, Negroponte added: "We don't know in large measure because it is a repressive society. They've repressed their opposition so severely over all these years, so people aren't exactly speaking up yet."

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Despite uncertainty about the future of Cuba, the island's Communist Party retains firm control on the island. And the head of the Defense Intelligence Agency, Lt. Gen. Michael Maples, said Raul Castro probably will maintain power and stability after his older brother dies — "at least for the short term."

"Raul Castro has widespread respect and support among Cuban military leaders who will be crucial in permanent government succession," Maples said in written testimony to the Senate Intelligence Committee.

Venezuelan President Hugo Chavez, a close friend and political ally of Castro, said Tuesday that he had spoken with the Cuban leader a few days ago and denied that Castro's condition was grave.

"I'm not a doctor, I'm not at the foot of Fidel's bed, but it's not like they say: neither grave, nor does he have cancer," Chavez told journalists while visiting Ecuador. "I received recent reports that Fidel continues a slow process of recovery that is not easy — I'm not going to give details — but I'm far from sure of all these catastrophic versions that have already killed him several times."

Two In House See No 'Uprising' After Castro (WT)

By Steve Hirsch

The Washington Times, January 17, 2007

President Fidel Castro's exit from Cuba's political scene is unlikely to spur major changes in the situation there, two House members who recently visited the country told reporters yesterday.

Reps. Jim McGovern, Massachusetts Democrat, and Jo Ann Emerson, Missouri Republican, were part of a 10-member congressional delegation that visited Havana last month.

"There's no indication at all that what this administration's been telling people for a long time, that there's going to be this massive uprising, is going to happen -- that's not going to happen," Mr. McGovern said.

Mr. Castro ceded power to his brother, Raul, in July, until he could recover from surgery, but the notion that his death would lead to a fundamental shake-up in Cuban politics is dismissed by some analysts, including the Economist Intelligence Unit in London.

Although Cuba's government may still be hanging onto the idea that Fidel Castro will return, average Cubans "have already kind of moved on," Mr. McGovern said.

Both House members said that without a shift in U.S. policy, political changes are not likely in Cuba. Mr. McGovern suggested that eased relations with the United States could lead to political liberalization.

He also said some senior Cuban officials might not want the United States to ease its embargo or otherwise loosen relations, saying that every time the two countries start to get close, "they do something stupid," such as arrest dissidents or shoot down a plane.

Mrs. Emerson criticized U.S. isolation of Cuba for providing Venezuelan President Hugo Chavez an opportunity to exert influence and was critical of Radio and TV Marti, the U.S. government program to broadcast U.S. values into Cuba.

She called the program a "waste of taxpayer dollars" and said the money could be better spent on cooperative counternarcotics or counterterrorism efforts with Cuba.

Yesterday the Spanish newspaper El Pais reported that Mr. Castro was suffering from diverticular disease, which can cause bleeding in the lower intestine, especially in people over 60. In severe cases, emergency surgery may be required.

"In the summer, the Cuban leader bled abundantly in the intestine," El Pais reported. "This adversity led him to the operating table, according to the medical sources. His condition, moreover, was aggravated because the infection spread and caused peritonitis, the inflammation of the membrane that covers the digestive organs."

The recovery from the first operation, in which part of his large intestine was extracted and the colon was connected to the rectum, did not go well, resulting in peritonitis, the report said.

A second operation to clean and drain the infected area was conducted. Doctors removed the remainder of Mr. Castro's large intestine and created an artificial anus. But this operation also failed, El Pais said.

The Cuban leader was then hit with inflammation of the bile duct. He developed a condition called cholecystitis, which is an inflammation of the gall bladder. El Pais said this condition has an 80 percent mortality rate.

A prosthetic device made in South Korea was implanted in the bile duct and failed, and was replaced with one made in Spain, the report said.

El Pais said that in December, when Spanish surgeon Dr. Jose Luis Garcia Sabrido visited, Mr. Castro had an abdominal wound that was leaking more than a pint of fluid a day, causing "a severe loss of nutrients." The Cuban leader was being fed intravenously, the report said.

c This story was based in part on wire service reports.

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Castro Reportedly Struggles With Disease (AP)

By Maria Cheng

AP, January 17, 2007

The intestinal disease Fidel Castro is reportedly suffering from is usually easy to treat — but if complications develop in an elderly patient like the Cuban leader, it can quickly become a death sentence.

The Spanish newspaper El Pais reported Tuesday that the 80-year-old Castro is suffering from diverticulitis, an inflammation of the colon that can lead to serious infection if contents from the intestine leak into the abdomen.

In the elderly, the prognosis for this kind of infection is generally very poor — with the mortality rate as high as 90 percent. "Castro would definitely qualify as critically ill," said Dr. Roshini Rajapaksa, a gastroenterologist at New York University School of Medicine, referring to the report.

In a younger patient, even the severe complications Castro has reportedly suffered are not necessarily fatal. But Castro's advanced age is a major factor.

"When you're in your 80s, any complication can be fatal," said Dr. Joel Weinstock, director of the gastroenterology department at Tufts Medical School.

Still, it is possible that Castro could recover.

"If they get the infections under control, he should get stronger in the next few weeks," Weinstock said. "But given everything he's supposedly been through, it would be difficult. He's had a tough run."

About 65 percent of people develop weak spots, or bulges called diverticula, on their colons by age 85. In about 10 percent of cases, these pouches become inflamed, causing pain and other problems, a condition called diverticulitis. The illness can become life-threatening if other complications, such as infection, occur, requiring removal of part or all of the large intestine.

Patients with mild diverticulitis are usually treated with antibiotics, as well as being put on a liquid diet. El Pais reported that Castro had his entire large intestine removed, suggesting the infection was extremely severe.

Doctors then reportedly implanted a bile duct device, presumably to help drain the infected area, as Castro may have been too ill to have his gall bladder removed.

Additional problems — such as a clot caused by remaining immobile in bed, a heart attack due to increased stress or kidney failure — are still possible, experts said. In his weakened condition, Castro is also vulnerable to additional infections.

The El Pais report was not made public in Cuba, where the government controls the media and Cubans have become accustomed to very limited details about their ailing leader's health.

A Cuban diplomat called the report a "lie," and the government has not otherwise reacted.

In its report, El Pais cited two unidentified sources from Gregorio Maranon Hospital in Madrid, which employs surgeon Jose Luis Garcia Sabrido, who flew to Cuba in December to treat Castro. It said a grave infection in the large intestine, at least three failed operations and various complications have left Castro with a "very grave prognosis."

El Pais said that in December, when Garcia Sabrido visited, Castro had an abdominal wound that was leaking more than half a pint of fluids a day, causing "a severe loss of nutrients." The Cuban leader was being fed intravenously, the report said.

Garcia Sabrido, the Madrid hospital's chief surgeon, could not immediately be reached for comment Tuesday. A secretary who answered the phone at his office said the doctor did not plan to comment on the report.

U.N. Says Global AIDS Effort For Children Falls Far Short (NYT)

By Lawrence K. Altman

The New York Times, January 17, 2007

Some countries are making progress in treating children with AIDS and preventing others from becoming infected, but the overall global response is “tragically insufficient,” Unicef said yesterday.

“Children affected by AIDS are now more visible and are taken more seriously in global, regional and national forums where they had received little consideration before,” the United Nations agency said in a report. Better testing to find children with H.I.V., the virus that causes AIDS, and simpler formulations of the antiretroviral drugs that combat the infection have increased the number of children under treatment, Unicef said. Additional factors were lower prices for the drugs and improved skills among health workers.

But the overall statistics for children are grim, Unicef found. It took stock of changes in 2005 and 2006, when the agency began a program to put what it called the “missing face” of children at the center of the world effort to halt and reverse the spread of H.I.V. by 2015.

Central to that effort is testing pregnant women, providing short-term drug therapy to prevent them from transmitting the virus to their newborns, testing children and treating those infected.

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About two years ago, Unicef was concerned that a number of factors stopped children from getting treatment. One was the ability to detect infected children. Two others were whether the available drugs were safe for children and affordable for poor countries.

The progress since then, though small, has exceeded Unicef's expectations, Peter McDermott, who runs Unicef's AIDS program, told reporters by telephone. "Children do very well on treatment," he said.

Still, about 10 percent of pregnant women in capital cities in sub-Saharan Africa are infected with H.I.V. But the vast majority of pregnant African women do not have access to drugs that would prevent transmitting the virus to their infants. So about one-third of their children will become infected at or shortly after birth, Unicef said.

Progress in providing drugs to infected pregnant women to prevent transmission to their infants was small. The 9 percent of such women in low- and middle-income countries worldwide who received antiretroviral drugs in 2005 rose from 3 percent in 2003.

The data available for 2005 shows that only seven countries cited in the report provided drugs to at least 40 percent of infected pregnant women to prevent H.I.V. among newborns: Argentina (87 percent), Brazil (48 percent), Botswana (54 percent), Jamaica (86 percent), Russia (84 percent), Thailand (46 percent) and Ukraine (90 percent).

Of the estimated 2.3 million children under 15 who had H.I.V. in 2005, 780,000 needed antiretroviral therapy, Unicef said, and only 10 percent of them received it.

Untreated, about one-third of infected infants die in their first year, and half die by their second birthday. That translated into 380,000 children dying from AIDS last year, Unicef said.

Only seven countries identified in the report provided antiretroviral therapy to at least 20 percent of children needing it. They were Botswana (84 percent), Cape Verde (47 percent), the Dominican Republic (23 percent), Jamaica (47 percent), Namibia (52 percent), Rwanda (20 percent) and Thailand (95 percent).

Lack of prevention and treatment has left an estimated 15.2 million children as orphans. The number is expected to grow to 20 million by 2010.

The actual problem is worse, the report said, because "many more children live with parents who are chronically ill, live in households that have taken in orphans due to AIDS or have lost teachers and other adult members of the community to AIDS."

In issuing the report, Unicef said it was trying to establish a baseline for future monitoring. Because data from 2005 was the latest available, the agency said it could not provide statistical comparisons for changes in the year since it began its effort. Even so, it said it could make some determinations about progress, of the lack thereof, based on the work it has been doing in the field.

An additional problem is that national data on pediatric care and treatment is limited in most countries.

Scotland Ponders Going Its Own Way (WT/AP)

By Ben Mcconville

The Washington Times, January 17, 2007

EDINBURGH, Scotland -- With barely the raising of a glass, Scotland is marking 300 years since it accepted union with England and officially put the Great in Britain.

The anniversary yesterday of the Scottish Parliament's vote for the Treaty of Union is focusing attention more on the perennial discord than the ties that bind these two members of the United Kingdom of Great Britain and Northern Ireland.

Polls show advocates of Scottish independence are gaining strength in their campaign for a referendum on breaking the union.

"This treaty can and will be undone, and at the moment there is a wellspring of Scottish nationalism," said Murray Ritchie, convener of the Scottish Independence Convention, an advocacy group. "What we need is a referendum to settle the issue of independence."

The feeling seems mutual, judging from opinion polls in recent months, which have said that a bit more than half of Scots -- and of the English -- support independence for Scotland, while much smaller percentages are opposed.

Prime Minister Tony Blair, however, said any attempt to split England and Scotland would be a "crazy" idea.

"In commerce, in trade, in security and above all in shared values, the union of England and Scotland continues to be good for England, good for Scotland and right for the future of Britain," Agence France-Presse quoted Mr. Blair saying at his regular press briefing yesterday.

The union has been contested since 1707, when protesting mobs took to the streets of Edinburgh and Glasgow. The Scottish poet Robert Burns labeled those who voted for union a "parcel of rogues."

Though Scotland's Parliament dissolved, the country maintained much of its national identity, its own legal and education systems and its own religion -- Presbyterianism, although Queen Elizabeth II is the head of the Church of Scotland.

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Ten years ago, Scotland voted overwhelmingly to accept a proposal from Prime Minister Tony Blair to have its own elected assembly with limited tax-raising powers.

Now the tercentenary, and the strong opinion poll standings of the pro-independence Scottish National Party (SNP), are giving the topic fresh impetus among Scots, who number 5 million to England's 50 million.

Without the leveling effect of national tax rates, Scots would probably have to pay more to make up for what would be lost in parting with England.

North Sea oil revenue is the cornerstone of the separatists' dream; oil prices have doubled the value of the industry since 2000, netting a fifth of Britain's total corporate tax revenue, and much of that revenue would go directly to an independent Scotland, according to the SNP. But North Sea reserves are expected to run out by 2020.

Some in England grumble that Scotland effectively rules the United Kingdom with its abundance of Scottish lawmakers in high-ranking roles, as well as polling districts that make the Scottish votes a determining factor in national elections.

Mr. Blair is one of four Scottish-born prime ministers in the past century, as is Gordon Brown, Mr. Blair's likely successor when he steps down in September.

Embassies In 'Turf Wars'? (WT/UPI)

By Shaun Waterman

The Washington Times, January 17, 2007

A report by Senate Republican staffers urges the departments of Defense and State to better coordinate the role of military personnel in U.S. embassies and warns that a growing military presence is causing anxiety among some host governments.

"Blurred lines of authority between the State Department and the Defense Department could lead to interagency turf wars that undermine the effectiveness of the overall U.S. effort against terrorism," the report says.

It adds: "There is evidence that some host countries are questioning the increasingly military component of America's profile overseas."

The report, titled "Embassies as Command Posts in the Anti-Terror Campaign," was prepared last month by staff from the outgoing Republican majority on the Senate Foreign Relations Committee.

Then-Chairman Richard G. Lugar, Indiana Republican, sent six staffers to visit 20 countries in Latin America, Africa, Asia and the Middle East to examine the relationship between the State Department and the Defense Department in U.S. embassies and the effect it was having in the war on terror.

The report, which was filed with little fanfare Dec. 15, warns of the risk of bruising policy and management conflicts in four areas:

·Development assistance to foreign countries, especially in the Horn of Africa.

·Training and materiel support for foreign militaries.

·The deployment of special-operations forces to more than 50 countries.

·The operation in many embassies of small teams of military personnel conducting so-called "information operations."

Such teams of three or four persons have been deployed to 18 embassies in "key countries to carry out informational programs" and are expected in a dozen more "if current plans are realized," the report says.

"Some foreign officials question what appears to them as a new emphasis by the United States on military approaches to problems that are not seen as lending themselves to military solutions," it adds.

"Some host countries have elements in both government and general society who are highly suspicious of potential American coercion."

The report says some ambassadors insisted on having memorandums of understanding signed by regional combatant commanders "to clarify lines of authority" for military personnel operating in their country.

"The situation should not be left for resolution in the heat of the moment," it warns, recommending that Secretary of State Condoleezza Rice "pursue a more systemic solution" and negotiate "a global memorandum of agreement" with the new defense secretary.

"It is important," the report concludes, "to get lines-of-authority questions sorted out before directives from the ambassador and the combatant commander conflict in an urgent situation."

Hugo And Mahmoud (WSJ)

The Wall Street Journal, January 17, 2007

We've known for some time that Hugo Chávez is a menace to the economic well-being of his own people. But the question that seems increasingly urgent is whether he's becoming a threat to U.S. security interests -- both in the Western Hemisphere and beyond.

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Specifically, we'd like to know what Senator Chris Dodd and Congressman Bill Delahunt make of Mr. Chávez's weekend summit with Mahmoud Ahmadinejad. The Iranian President stopped by Caracas on Saturday as part of a four-day engagement with Latin America's new leftist governments. On Sunday, the Iranian communed with Nicaragua's new boss, Daniel Ortega, and then on Monday he hit the inauguration of Ecuador's new pro-Chávez President Rafael Correa.

The Caracas visit was Mr. Ahmadinejad's second in four months. "This is just a prelude of what we will do," declared Mr. Chávez, in a televised speech announcing the creation of a joint $2 billion fund to finance development and other projects. "This large and strategic fund, brother, is going to be converted into a mechanism of liberation," he added, saying their goal is to build "a network of alliances."

In Managua, the Iranian also signed a "broad cooperation accord" with Mr. Ortega. Mr. Chávez openly funded the Sandinista's Presidential campaign last year, and he earlier supported Evo Morales in Bolivia. Venezuelan soldiers have reported that they are under orders to give Colombian rebels safe haven, and Mr. Chávez signed contracts last year to buy Russian MiGs and open a Kalishnakov factory at home.

Meanwhile, the Venezuelan is using his recent election victory to consolidate his grip on the economy. A week ago, he announced he would nationalize the country's electricity and telephone companies; he already controls the oil business. His goal here is to redistribute income but especially to shrink the private economy in order to reduce the space in which any political opposition can operate.

The Caracas Stock Exchange Index fell 16% last week, but that didn't phase Señor Chávez. He's moving to withdraw the license of a prominent independent television network, and he has asked Congress to grant him temporary executive power to rule by decree. "The world should know: Our revolution is not turning back," he said. "This is the path our boat is on: socialism. Country, socialism, or death."

The world should have known this a long time ago but too many people chose to ignore it. Mr. Chávez took office in 1999 on a promise to end corruption and injustice. By 2000, human rights groups warned of a deterioration in constitutional protections, and Mr. Chávez began importing Cuban security agents along with Cuban doctors and teachers to spread propaganda.

Each time Mr. Chávez has faced resistance, he has tightened the screws. Price and capital controls and property seizures became state policy. Employees of the state-owned oil company and its contractors were fired if they opposed the government; political opponents were jailed.

All the while, Mr. Chávez has had American enablers who excused his growing repression, or blamed it on a reaction to U.S. policy. Foremost among them has been Mr. Dodd, who has defended Mr. Chávez as "democratically elected" despite his clear trend toward authoritarianism. In 2004, the circumstances surrounding a recall referendum were so anti-democratic that the European Union refused to act as an observer. Jimmy Carter nonetheless blessed the outcome amid heavy irregularities, and the U.S. State Department endorsed the process. Other politicians, such as Mr. Delahunt, embraced and flattered Mr. Chávez for his PR stunt of offering cut-rate oil to poor Americans.

Perhaps it's time these Americans paid attention to the kind of "socialism" and "revolution" that their support is helping Mr. Chávez to build in Venezuela.

DOJ_NMG_0117895

From: USDOJ- Office of Public Affairs
Sent: Wednesday, January 17, 2007 5:49 PM
To: USDOJ- Office of Public Affairs
Subject: TRANSCRIPT OF BACKGROUND BRIEFING BY SENIOR JUSTICE DEPARTMENT OFFICIALS ON FISA AUTHORITY OF ELECTRONIC SURVEILLANCE

Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, JANUARY 17, 2007
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TRANSCRIPT OF BACKGROUND BRIEFING BY SENIOR JUSTICE DEPARTMENT OFFICIALS ON FISA AUTHORITY OF ELECTRONIC SURVEILLANCE

WASHINGTON, D.C.

2:33 P.M. EST

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Hi. This is (Senior Department of Justice Official). We're speaking on background as senior Justice Department officials. I think everyone has the Attorney General letter he sent up to the Chair and Ranking Member of the Judiciary with copies to the Chair and Ranking Member of Intel.

And the Attorney General in the letter is informing these members of Congress that we've now obtained orders from -- approved by a judge of the FISA Court that will enable the government to target for collection international communications into or out of the United States, where there's probable cause to believe that a party to the communication is a member agent of al Qaeda or affiliated groups.

And as a result of receiving these orders approved by a FISA judge, electronic surveillance that was occurring as part of the terrorist surveillance program that the President has previously described, will now be conducted subject to the approval of the Foreign Intelligence Surveillance Court, the FISA Court.

And the President has determined based on advice from the Director of the National Security Agency and the Director of National Intelligence that with these orders, we are able effectively to undertake the surveillance that's necessary to protect the country from the terrorist threat.

These orders can provide the speed and agility that is needed and that was available under the terrorist surveillance program. And in these circumstances, as a result of the approval of these orders, the President has determined that he will not be reauthorizing the terrorist surveillance program when the current authorization expires.

So that is the news that the Attorney General has conveyed now to the Judiciary Committees and Intel Committees. And we're making it public obviously because, we wouldn't ordinarily do that. We don't ordinarily (audio gap) FISA orders, and we don't ordinarily talk about intelligence programs like this, but obviously, this is an issue that's

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been the subject of much public debate and debate on the Hill as the result of press reports, et cetera. So the President has determined that it's appropriate to make this announcement publicly.

So I'm happy and (Senior Department of Justice Official) here is happy to take any questions you may have.

QUESTION: Is the orders authorizing the government, is that a standing order, or does that mean you still have to seek a warrant every time you want to use the program?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, I really can't get into the particulars of the orders, but just like any orders from the FISA court, they're for a period of time. These are orders for 90 days. There's more than one order. And these orders give us what we believe we need to effectively conduct the surveillance that's needed and that's described in the letter.

QUESTION: But they're orders sought for specific individuals, or are kind of standing -- standing permission to use this authority on whomever you deem it necessary?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, again, I'm really not in a position to describe the classified details of the orders.

I will say that these are not -- these orders are not some sort of advisory opinion ruling on the program as a whole. These are orders that comply with the terms and requirements of the FISA statute, just like other orders issued by the FISA court.

I will say, however, that the orders we're talking about here are not some cookie cutter order where you can just take a book down off the shelf with a model application and slap it together and file it with the court.

These orders are complex. It took a long time to work on them. People have been working very hard on this for almost two years actually, and it has just now been approved a week ago by the judge of the FISA court.

QUESTION: Can we then interpret what you're saying as meaning that this is not a blanket authorization for the activities?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, as the letter describes, there's still the requirement that there's probable cause to believe that one of the parties of the communication is an agent or member of al Qaeda.

QUESTION: So does there have to therefore be some sort of finding in each specific like application to conduct some surveillance just so that there is al Qaeda connection?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Again, I'm really am not in a position to describe the mechanics of the orders and to get into the details about what is or isn't available under the FISA statute, because it really does say something about the intelligence activities involved.

But I will say that the probable cause determinations we're talking about are subject to review and approval by the (audio gap).

QUESTION: But (Senior Department of Justice Official) --

QUESTION: How do you make the determinations in the first place, please?

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SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Again, the surveillance is approved by the FISA court. Beyond that, I'm not going to discuss the specifics of the order.

QUESTION: (Senior Department of Justice Official), if I can just try one more time, why is the -- I mean, we already know that the FISA court issues warrants in all kinds of other cases that are individualized. How is it a classified -- how is it a big secret as to whether these orders that you're talking about are individualized or broader than that?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Let's just say I'm not in a position now to talk about the specifics of how things will happen under particular orders, because that really talks -- that really provides a lot of information about (audio gap) of what we're doing, the capabilities we have under the FISA statute.

I will say that these are complex orders, that the approach taken in the orders is innovative, as indicated in the Attorney General's letter. And I think beyond that, I'm not going to get into specifics.

QUESTION: I'm sorry. You --

QUESTION: What has changed here? What has changed that allows you now allows the FISA court to approve this on whatever basis?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: I don't know that anything has changed. First of all, let me say that we continue to believe as we've always said and as we've explained at length that the President has the authority to authorize the terrorist surveillance program, that he has that authority under the authorization for the use of military force and under Article II of the Constitution. That's not changing.

These orders, however, are orders that have taken a long time to put together, to work on. They're orders that take advantage of use of the use of the FISA statute and developments in the law. I can't really get into developments in the law before the FISA court. But it's a process that began nearly two years ago, and it's just now that the court has approved these orders.

QUESTION: This is Peter Tomlin. How is this different than going to the court for the warrants before 9/11, which you had the authority to do? I mean, what is different than just the regular statute?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, again, I'm not, I'm really not going to talk about the particulars of how these orders may differ from prior orders.

I will emphasize that the FISA court, the judge of the FISA court who approved these orders, specifically found that they meet all the requirements of the FISA statute.

QUESTION: If it was necessary to go outside the FISA court for national security when the terrorist surveillance program began, why is no longer necessary?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, as I think the President has made clear all along, the question is always how can you obtain the speed and agility that intelligence officers needed to detect without delay these critical communications coming in and out of the United States and to conduct the surveillance that was needed to protect the country. That was always the issue.

It's not a simple question of fitting that within the FISA statute. And this is a project, again, that we've been working on for some time.

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QUESTION: I want you to back for a moment to when this process started. Can you give us an indication of whether the court approached you after learning about this process, or did you approach the court and say, hey, we're doing this, and did the court give any indication that it thought the program was appropriate or -- under the Constitution?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, as indicated in the Attorney General's letter, we here in the Department of Justice began to look at it, and so, therefore, ultimately we approached the court with it, and the court has now approved it.

One thing I really don't want to do is talk about our process before the court or our communications with the court. And we don't -- we have a policy of not talking about the FISA process and the FISA court.

So I don't want to characterize communications with the court or the court's view on this or that. But it is fair to say that we initiated looking into this issue into the court, and it's been a long process, but last week --

QUESTION: I have a question. How many orders have been issued and how many U.S. citizens are subject to them?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: It's more than one order. That's all I will say.

QUESTION: How would you describe the --

QUESTION: What about the U.S. citizens, though?

QUESTION: How --

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, as the letter describes the communications that are the subject here, it's similar to what the terrorist surveillance program covered.

QUESTION: You seem to in the letter to the Intelligence committees, you seem to suggest that the speed with which they are able to approve warrants is a factor in what you have -- what you're announcing here today.

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, it certainly was a critical and necessary in determining whether this was an alternative that was available that continued to protect national security and achieve the objectives that we're achieving.

So, regardless of what happened, that was a critical requirement, and the President and the DNI needed to be satisfied that there wouldn't be any significant operational impact, continue to do everything we needed to do.

QUESTION: Just a moment. We're having trouble hearing what you're saying because somebody keeps breathing into the phone. Please don't make noise into the phone. It cuts the other people off. Sorry. Go ahead.

MODERATOR: Actually, Pete, real quick, I think maybe what would be helpful is if everybody could put their phone on mute. That might actually help cut down some of the static and you can hear Pete better. Also for those, it seems like we've had some join over the last 10 minutes. I just want to reiterate that this is a background call with Senior Department of Justice Officials.

QUESTION: Could you describe what the FISA court's continuing role over this program will be? Just without getting into specifics, what will their role be going forward? What will they actually do now?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, again, the orders are approved by a judge of the FISA court for a period of 90 days. As is usual with FISA orders, the judge will remain involved very closely in supervising the order, and everything that happens under the order is subject to the review and approval of the judge.

QUESTION: Who makes the determination of probable cause here? Is it the judge that has to approve that there is probable cause in each individual circumstance?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, there are probable cause requirements under the FISA statute that the FISA statute requires that the judge make findings as to the probable cause basis, in order to assert jurisdiction under the FISA statute, those findings have been made. Statutory probable cause findings have been made by the judge. And again, all surveillance, all collection of communications that may occur under these orders will be subject to the approval of the court.

QUESTION: So each individual case, the judge has to make a probable cause finding, it's not an executive branch official who can make that determination?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: There are probable cause findings required by the statute that the judge has to make, and he has made those findings.

QUESTION: You say the judge has already made essentially a blanket probable cause finding. Is that correct?

VOICES: No.

QUESTION: Well, that's what he seems to be saying.

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: That's not an accurate statement.

QUESTION: Okay.

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: But beyond what I'm saying, I'm not really going to get into the specifics of how the order is configured and how the operation under the orders --

QUESTION: Well, let me ask it this way. What are the substantial advantages referred to in the third paragraph of the letter?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, there are some advantages that I can't get into because they have to do with the order itself and operations under the order. But apart from that, I think they're just generally speaking clear advantages with -- provided it's consistent with the requirements of national security and the operational needs of the program -- to have a judge review and approve surveillance under the program.

There's obviously an advantage in having all three branches involved. As we've said all along, if it could be done (audio gap). Obviously this issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny on the Hill. And just in all -- considering all these circumstances, the President determined that this was the appropriate course.

QUESTION: In your view, does this mean that the judiciary committees now should get out of this process and leave it between the FISA court, the Administration and the Intelligence Committee?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: No, I'm not going to tell the Judiciary committees how to conduct their oversight role. They clearly have an important role to play in terms of oversight of the FISA.

QUESTION: Well, your letter says that you've already briefed Senator Rockefeller's committee and that you intend to brief the Judiciary Committee, or at least Spector and Leahy. Are you going to be able to brief Leahy and Spector before tomorrow's testimony by the Attorney General?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: We hope to. In terms of the Intelligence committees, of course, as you know, the full Intelligence committees, both in the Senate and the House, are fully briefed into the terrorist surveillance program and have been involved in very extensive oversight of the program. So they are fully up to speed on the program. And so, very shortly after obtaining these orders from the FISA judge, we went up to the Hill and briefed both committees.

QUESTION: So are the judges now approving these wiretaps after the wiretap actually begins?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, again, let me just say that when a FISA judge approves a FISA application, at the time he approves the FISA application, he needs to make the determination of probable cause as provided for in the statute. That determination is made, and that's, like any FISA application, those requirements need to be made.

QUESTION: But that doesn't answer the question, though. Are you guys going back to a judge after you've started it and saying, here's our application; please approve what we've already started?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, as you may be aware, there is -- the emergency authorization provision in FISA provides, already provides for that kind of approach.

QUESTION: Can I ask, is one of the factors that is an advantage to going through the process of getting a FISA warrant the use of that information as a predicate or as evidence in a future criminal prosecution?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, I will say that there is well established authorities and patterns for the use of information obtained through FISA surveillance, and that is something that was designed to be part of the system and part of the statute. And so those authorities are there.

QUESTION: Just one question --

QUESTION: Hang on. Hang on. Just looking ahead, what happens after 90 days? Because you said that these orders now are in effect for 90 days. Are you guys going back and reviewing them every 90 days, or what happens?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, that's typical for FISA orders. They're not in perpetuity. They usually are in operation or approved for a 90-day period or a similar period. And so it would be our intent and our expectation to seek reauthorization of the order after that period. Of course, it's always, you know, dependent upon the intelligence community's determinations and advice to the President as to the need. But assuming that doesn't change, and I don't see that changing --

QUESTION: Let me just ask whether or not the orders are retroactive. I'm trying to figure out if they deal at all with prior activities that you've conducted under the TSP, and also, I mean, do you believe that these orders insulate you from all legal attack? I mean, do you expect that the case, the NSA case before the 6th Circuit is now moot, or what?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: You just asked a lot of questions. I mean, FISA orders are prospective in the sense that you're seeking authority under a FISA court approval to do X, Y or Z. So we're

talking about a -- it's not unusual in that sense. This is an order to approve surveillance for this 90-day period covered by the order.

Now in terms of the litigation, some of the litigation -- and I'm not going to comment on the ongoing litigation, but as you know, some of it is retrospective in seeking damages, including against private parties. Some of it is forward-looking in terms of litigation seeking injunctive relief to try to stop something from happening, including challenging the terrorist surveillance program and the President's authority as we described it to take that.

So, an order like this will likely have a significant impact one way or the other. Obviously, it's up to the courts in those cases to decide what the significance of the order is. And they'll have an opportunity to do that.

QUESTION: Let me just go first. You're saying that this program now fully complies in every aspect with FISA and is no longer in any respect warrantless, is that correct?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Just as the AG's letter said, any surveillance, any electronic surveillance as defined in FISA that may have been occurring under the terrorist surveillance program will now, going forward, be subject to the approval of the FISA court and will comply in all respects with the requirements of the FISA statute.

And the President has determined that we have achieved a way of doing that that is consistent with the intelligence needs, and that will protect the country as he promised to do, and that in light of these circumstances, he's made the determination that he will not be reauthorizing the Terrorist Surveillance Program when the current authorization expires.

QUESTION: Which is when? When does that expire?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, as the President has said, each authorization is good for approximately only 45 days, and we're in the middle of one now. So I'm not going to tell you the date, but it's pretty soon.

QUESTION: Just to be clear though, you're saying that the program, once this new system kicks in, it will in no respect be warrantless, correct?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: It will be subject to court order and approval by court order.

QUESTION: Okay, but that's a 'yes,' right?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: That's a 'yes.'

QUESTION: Is it your view that this will now make it unnecessary for Congress to completely basically undermine any effort by Congress to impose further statutory limitations on this program or make such legislation unnecessary?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, certainly I don't believe, as we've always said, that there's any need for statutory limitations on the Terrorist Surveillance Program or the President's conduct of the program, and certainly this should remove or take away the heat for such a debate or the need for such a debate.

But let me say very quickly that we in the administration continue to believe that Congress should enact FISA reform legislation to modernize FISA statute to reestablish what we think is the proper, original focus of FISA on the domestic communications of U.S. persons. We believe that debate should continue to happen, that Congress

should consider modernizing FISA very quickly in the new Congress. And frankly, I think that this development should make that debate because it should take some of the political heat off the debate and allow members of Congress and the President to focus on things that are needed.

QUESTION: Okay. Just one clarification here. Are you doing anything different than you were doing before or did you just work out a way for the FISA court to be involved at every stage and in every case?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: I'm not going to discuss precise modifications. Obviously the details of the program were never publicly discussed. The general contours of the program were, and as the letter from the Attorney General explains, the general contours under these orders allow us to do the same thing and to target the same types of communications. And critically the determination was made that operating under the orders that we've obtained here provides the speed and agility necessary to effectively conduct that surveillance in a way that will protect -- there's no compromise in national security.

I think the President would not have allowed this to go forward if it were determined that it would compromise national security.

QUESTION: So you're saying you're not doing anything different, all you're doing is working out a way for this to be handled in a bureaucratic fashion that does not in any way impinge on what you thought needed to be done?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Let me just say it this way, the objectives of the program haven't changed and the capabilities of the intelligence agencies to operate such a program have not changed as a result of these orders.

QUESTION: You mentioned something about development of the FISA statute. Has there been an additional ruling from the FISA Appeals Court? Is there something that has actually happened in the case law regarding FISA?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: I'm not talking about a court of review decision.

QUESTION: So there has not been one or there has been one?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: There's only been one court of review, FISA court review ever.

QUESTION: Okay. So nothing else has happened, because I'm wondering what you mean by the development of the statute, if anything has happened to actually cause it?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: I guess the general statement that we take full advantage of all the relevant case law. That includes our own approach to the statute. That includes rulings from the FISA Court. That includes significant precedents from the FISA Court, other related things. But I'm obviously not in a position to discuss every significant ruling that deals with FISA.

QUESTION: Is there a redacted version of some opinion we can see so we can learn -- have some idea what is it you're talking about, because right now it's almost impossible to understand anything about what has changed?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Keep in mind, if I could jump in for a second, one thing that has changed -- and this goes back to speed and agility issues, not only did we need to make sure that the legal approach we're using provided the necessary speed and agility, we need to make sure that we over here at the Department of Justice have the infrastructure we need in place -- process. And one thing that did change was -- authorization earlier this year, last year, the National Security Division, which is a new agency in the Department of

Justice, which will -- be coordinating with the FISA Court on all kinds of matters including this one. So we're now equipped in a way we weren't before to handle this work.

QUESTION: Let me try to this for both of you if you can (BACKGROUND NOISE) but are you saying that the FISA Court in essence now has a 24-hour hotline that you can call in or that you can use the emergency authority to bridge the gap until your much faster process can take over?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Well, I'm not going to get into the specifics, but I will say that the FISA Court is always remarkably available to the needs of the intelligence community. And as my colleague can attest, the judges of the FISA court often make themselves available at all hours to approve emergency authorizations. So that's not something that's new. I mean -- but a major development here guys is that the FISA Court has approved these orders and that these orders enable us to do what we need to do. I mean that in and of itself is a major development in the law.

QUESTION: Well, can you help us understand what an order is and how that's different from a normal warrant application?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: That's -- the warrant terminology is a little bit misleading because we talk about warrantless surveillance. The FISA Court issues orders. You hear the warrant terminology typically in the -- under the federal rules of criminal procedure. But what they issue is, they issue warrants that provide authority for us to do electronic surveillance.

QUESTION: Well, now wait a minute. You just said 'warrants'. Do you mean 'orders'?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: Order, I'm sorry. I misspoke, orders that give us the authorization we need to conduct electronic surveillance under FISA, and that's exactly what was done here.

QUESTION: All right. So if they've issued orders here, that, again, just helping us with the term of art here, that means you've made an application in a specific case and they've issued an order allowing you to conduct the surveillance in that case, right? That's not some general thing; it applies to a specific case, it's like a warrant?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: We have, just as my colleague said, the Attorney General's letter explains we filed an application, we received orders authorizing electronic surveillance that covers what -- and that none of the electronic surveillance that was previously covered by the Terrorist Surveillance Program is going to be ongoing.

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: We've got time for one more question, guys. I got to wrap this up for time. Do we have one last question maybe?

QUESTION: Yes, about the time line, can you give any more -- a better fix on when you first went to the court?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: I'm sorry. We're really not going to talk about interactions with the court.

QUESTION: Do you expect workload to increase? I mean already since 2001, FISA applications have doubled. What do you think this is going to do to the workload for the FISA Court?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: The workload for the FISA Court is increasing. There's no doubt about it. It's increasing all the time, and this is a very significant development that will likely very significantly increase the workload on the court. One of the things that was achieved by the FISA modernization legislation that Congress has been considering is that it would very significantly refine the scope of what the FISA

Court needs to do in a way that will make it much more efficient and streamlined and will cut down significantly on the burden currently facing the FISA Court.

QUESTION: How many applications have been rejected in the last five years? Can you tell us that?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: I don't know off the top of my head, but --

QUESTION: Can you guess?

QUESTION: Were any of these applications initially rejected?

QUESTION: Can we just answer the first question first?

QUESTION: Can you make a guess at how many have been rejected?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: You know, I know we report on that on a semi-annual basis, and it's a very small number, but I wouldn't want to commit to an exact number. Keep in mind that there is also a mechanism whereby the FISA Court will ask for modifications in an application that's presented to them.

QUESTION: Did that happen in this case?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: We can't really get into -- you said we don't want to get into our interaction with the court on this case.

QUESTION: There's a lot of discussion about the standard of truth, and an Attorney General long ago used the language of 'reasonable suspicion,' and that led some of us to think that that was different than 'probable cause.' I guess what we want to figure out is are you all compromising on the question of the legal standard at issue here. Are you having to provide more evidence than you had under the prior program?

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: I think maybe what you're talking about is early on we talked about reasonable belief and then we explained that under the law, under the Supreme Court precedents, 'reasonable belief' is functionally the equivalent legally of 'probable cause.' Obviously not -- in this context you're not talking about reasonable belief to belief or probable cause to believe that a crime has been committed so much as that a certain fact is involved. So probable cause is really equivalent to reasonable belief, but that's --

QUESTION: If I could ask a real quick question --

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: This call needs to end because my colleague is already late for another call.

QUESTION: Just one real quick question --

SENIOR DEPARTMENT OF JUSTICE OFFICIAL: This is the end of the call. Again, these are U.S. DOJ officials on background. If you have any other questions that you guys really feel you need to write your stories, please call the press office and we'll do the best we can to try to get you the answer. But we do appreciate your time today and we will have a transcript of this available later today. Thank you.

# # #

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From:	USDOJ- Office of Public Affairs
Sent:	Thursday, January 18, 2007 8:26 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, January 18, 2007
Attachments:	agnb070118.pdf; agnb070118.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 18, 2007 7:45 AM EST

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TERRORISM NEWS:

Gonzales Says Judges Are Unqualified To Make Terror Rulings. The AP (1/18, Jordan) reports, "Attorney General Alberto Gonzales rapped federal judges Wednesday for ruling on cases that affect national security policy. Judges, he contended, are unqualified to decide terrorism issues that he said are best settled by Congress or the president." The AP continues, "In a sharply worded speech directed at the third, and equal, branch of the government, Gonzales outlined some of the qualities the Bush administration looks for when selecting candidates for the federal bench. He condemned what he termed activist judges with lifetime appointments who 'undermine the right of the people to govern themselves.' … In nominating a judge, 'we want to determine whether he understands the inherent limits that make an unelected judiciary inferior to Congress or the president in making policy judgments,' Gonzales said in the 20-minute speech to American Enterprise Institute, a Washington think tank. 'That, for example, a judge will never be in the best position to know what is in the national security interests of our country.'" The AP notes, "Gonzales did not cite any specific activist jurists or give examples of national security cases. … Pressed later for examples, he noted that Congress approved the Military Commissions Act, which authorizes military trials for terrorism suspects, four months after the Supreme Court ruled the trials would violate U.S. and international law. … 'I don't think the judiciary is equipped at all to make decisions about what's in the national security interests of our country,' Gonzales said. 'How would they go about doing that? They don't have embassies around the world to give them that information. They don't have intelligence agencies gathering up intelligence information. ... It was never intended that they would have that role.' … Gonzales, a former Texas Supreme Court justice, also characterized efforts to retaliate against unpopular rulings as misguided. He mentioned a failed South Dakota proposal to sue or jail judges for making unpopular court decisions. … He also urged Congress to consider increasing the number of federal judges to handle heavy workloads and to offer them higher salaries to lure and keep the best ones on the bench."

In Reversal, Administration Will Seek Court Approval For Domestic Wiretaps. In what's being termed a "surprise" and "major reversal," the AP (1/18, Jordan) reports the Bush Administration "has agreed to shift course and let a secret but independent panel of federal judges oversee the government's controversial domestic spying program." The Foreign Intelligence Surveillance Court "will have final say in approving wiretaps on communications involving people with suspected terror links, Attorney General Alberto Gonzales said Wednesday in a letter to the leaders of the Senate Judiciary Committee."

The Washington Post (1/18, A1, Eggen, 690K) reports on the "abrupt reversal by the administration," and says "many details of the new approach remained unclear yesterday, because administration officials declined to describe specifically how the program will work. Officials would not say, for example, whether the administration will be required to seek a warrant for each person it wants to monitor or whether the FISA court has issued a broader set of orders to cover multiple cases. Authorities also would not say how many court orders are involved or which judge on the surveillance court had issued them."

The New York Times (1/18, Lichtblau, Johnston, 1.16M), which first disclosed the existence on the secret program, terms the move "a surprise reversal," and notes the Justice Department "said it had worked out an 'innovative' arrangement with the Foreign Intelligence Surveillance Court that provided the 'necessary speed and agility' to provide court approval to monitor international communications of people inside the United States without jeopardizing national security." A "Justice Department official" said "the department would file a motion with the Court of Appeals for the Sixth Circuit in Cincinnati, arguing that the court's review of the issue in a lawsuit brought by the American Civil Liberties Union "is now moot" in light of this week's developments." But "several legal analysts said the issue might not be resolved that simply. … Anthony D. Romero, executive director of the ACLU, said the appellate court should still examine the legality of the program and whether the it had violated intelligence law for the last five years. 'It's not academic when the president violates the law,' Mr. Romero said."

The Financial Times (1/18, Sevastopulo, Remtulla) headlines its report "White House In U-turn On Wiretapping,"

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and quotes Romero describing "the move as a 'quintessential flip-flop.' 'The NSA was operating illegally and this 11th-hour ploy is clearly an effort to avoid judicial and congressional scrutiny,' said Anthony Romero, ACLU executive director. 'Despite this adroit back flip, the constitutional problems with the president's actions remain unaddressed.'"

The Washington Times (1/18, Seper, Dinan, 88K) reports Sen. Charles E. Schumer, "New York Democrat and a Judiciary Committee member, said the decision to give the court the authority to monitor the surveillance program 'flies in the face of the fundamentals of American justice.' He said the decision should have come after the matter was fully and openly debated." Said Schumer, "This announcement can give little solace to the American people, who believe in the rule of law and ask for adequate judicial review."

All three network newscasts reported the story. NBC Nightly News (1/17, story 7, 1:05, P. Williams, 9.87M) reported, "What has changed is that the Administration has insisted for the past year that it did not need court approval to do this because it said the President had the wartime power to order these taps on his own. Now the government is abandoning that approach." The National Security Agency can still listen in on the conversations of suspected Al Qaeda members, even if that includes phone calls involving US citizens as long as it gets the court's approval."

ABC World News (1/17, story 5, 1:20, Gibson, 8.78M) referred to "a major reversal…in the war on terrorism." ABC (Raddatz) said "political objections" to the previous Administration position were behind the change" "We have a Democratic Congress now. Attorney General Alberto Gonzales is heading up to the hill tomorrow. And he doesn't want the grilling to be quite as bad. And the White House wants this issue to be behind it." The CBS Evening News (1/17, story 5, 1:35, Couric, 7.66M) called the move "a surprising development." Later in the story, CBS (Axelrod) also noted Gonzales "goes to Capitol Hill" today, and "if they hadn't pulled this U-turn, Gonzalez would have been blistered tomorrow."

The Wall Street Journal (1/18, A11, Bravin, 2.04M) says the "reversal…could help it dodge a confrontation with the Democratic majority in Congress and head off chances a federal appeals court will find the program illegal." The announcement "was the administration's latest nod to the new political reality on Capitol Hill."

The Los Angeles Times (1/18, Schmitt, Miller, 850K) also says "the administration's about-face comes as it confronts a much different political landscape than it did five years ago. Democrats are vowing closer scrutiny of its use of executive power. And White House-backed legislation that would have amended the law to allow for the sort of surveillance Bush was conducting died when the GOP Congress was voted out." In fact, "a federal court in Detroit ruled in August that the warrantless program was unconstitutional, and many legal experts believe the Supreme Court would agree. … Lawyers challenging the program said it was bound to be struck down by the courts."

USA Today (1/18, 1A, Leinwand, 2.27M) notes Senate Judiciary Committee Chairman Patrick Leahy "has been particularly critical of the NSA surveillance program. Pennsylvania Sen. Arlen Specter, the panel's top Republican, also has criticized the program and said he still has questions about whether it is legal." House Intelligence Committee "member" Jane Harman "said the administration's move was long overdue. 'We could have been here a year ago,' she said."

Under the headline "White House Retreats Under Pressure," the New York Times (1/18, Shane, 1.16M) reports the Administration's "abrupt abandonment on Wednesday of its program to eavesdrop inside the United States without court approval is the latest in a series of concessions to Congress, the courts and public opinion that have dismantled major elements of its strategy to counter the terrorist threat. … 'I think there's no question that both politically and legally, the president has been chastened,' said Douglas W. Kmiec, professor of constitutional law at Pepperdine University and generally a supporter of the administration's interpretation of executive power."

McClatchy Newspapers (1/18, Taylor, Gordon) reports, "Attorney General Alberto Gonzales revealed the secret arrangement with the Foreign Intelligence Surveillance Court on the eve of his first appearance before the Democratic-controlled Congress and amid an appeals court fight over a federal judge's ruling striking down the spying program as illegal and unconstitutional. … But Gonzales' disclosure left unclear whether the secret court has set up a special program that simply gives broad authority for wiretaps or requires the administration to seek warrants the same as always under a 1978 national security law. Under that law, the government obtained warrants on a case-by-case basis, after demonstrating a likelihood that the subject was a terrorist."

CNET News (1/18, McCullagh) reports, "In a two-page letter to the U.S. Senate's Judiciary committee, Gonzales did

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not specify what prompted the abrupt policy change. Gonzales did say that it took 'considerable time and work' for the Justice Department to devise a method that suited both prosecutors and the judges on the court." CNET continues, "The change appears to represent a concession to critics of the NSA program, who have charged that it was illegal and unconstitutional for the government to spy on Americans without any judicial oversight. The Bush administration claims that only international communications involving someone with ties to terrorism are targeted. … Democratic politicians welcomed the news. 'We must engage in all surveillance necessary to prevent acts of terrorism, but we can and should do so in ways that protect the basic rights of all Americans including the right to privacy,' Vermont Sen. Patrick Leahy, the head of the Judiciary committee, said in a statement. 'The issue has never been whether to monitor suspected terrorists, but doing it legally and with proper checks and balances to prevent abuses.'"

Bloomberg (1/18, Schmidt, Rowley) reports that Gonzales "said the Justice Department had been 'exploring options' for judicial oversight since early 2005. Still, his announcement comes as Democrats, highly critical of the program, have taken power in both houses of Congress pledging greater oversight of the administration's conduct of the war on terror. … President George W. Bush spent a year defending the legality of the spying since it was disclosed in December 2005. The program, established in 2001 after the Sept. 11 attacks, allows monitoring of international communications into or out of the U.S. when one of the parties is tied to al-Qaeda." Bloomberg adds, "The Justice Department briefed both the House and Senate intelligence committees on the change several days ago and plans to brief Senate Judiciary Committee Chairman Patrick Leahy, a Vermont Democrat, and the panel's senior Republican, Arlen Specter of Pennsylvania, shortly, officials said."

CNN.com (1/18) reports, "House Speaker Nancy Pelosi, D-California, called the move 'a long-overdue recognition' that existing laws can protect the country. 'Although the judge's order announced today needs to be reviewed thoroughly, the fact that the president will no longer be authorizing unilaterally intrusive surveillance of people in the United States is good news,' Pelosi said in a written statement." CNN adds, "The government now will ask the court to approve surveillance requests for 90 days, after which it must seek renewed permission. Justice Department officials said the court issued more than one order governing the program, but they refused to provide details of the still-classified program. … The officials also refused to comment on how the procedures could be implemented without damaging national security, as top administration figures insisted."

IDG News Service (1/18, Gross) reports, "Civil liberties groups had protested the NSA program, saying its lack of court oversight violated the U.S. Constitution. The Electronic Frontier Foundation (EFF) has filed a lawsuit against AT&T for allegedly participating in the NSA program, and in August, a U.S. district judge in Michigan ruled the NSA program was illegal. … Bush administration officials denied that the FISA court acted to provide political and legal cover for the NSA program, but (a) DOJ official said the FISA ruling will allow Congress to step back and look at the wiretap program without legal questions hanging over it. The FISA ruling 'should take some of the political heat off the debate,' the DOJ official said."

Cable And Local Television. CNN The Situation Room (1/17, 5:08 p.m.) broadcasted, "The Bush Administration has now decided to let the FISA Court to monitor the domestic spying program. Alberto Gonzales wrote a letter that a judge on the FISA Court has agreed to authorize the program. Apparently it took a midterm election in which the Democrats grabbed control of both houses of Congress, to persuade members of the Bush Administration that out ought to start playing by the rules."

CNN Lou Dobbs Tonight (1/17, 6:11 p.m.) broadcasted, "The White House today announcing what appears to be a reversal saying it will allow a Federal court to oversee its previously described warrantless wiretap program or, as it prefers, domestic surveillance. It is a remarkable retreat for Attorney General Alberto Gonzales and the President. Gonzales has repeatedly said Federal judges should defer to the Executive branch on issues of National security. … In a letter to leaders of the Senate Judiciary Committee, Attorney General Alberto Gonzales called the court orders innovative and complex…" ABC World News (1/17, 6:39 p.m.) and FNC Fox News Live (1/17, 2:31 p.m.) also broadcasted this story. Several major cities covered this story on local news. Some examples are: WRNN-TV, New York, NY (1/17, 7:00 p.m.), WLS-TV, Chicago, IL (1/17, 10:00 p.m.), KGO-TV, San Francisco, Oakland, San Jose, CA (1/17, 5:30 p.m.), WXYZ-TV, Detroit, MI (1/17, 7:00 p.m.), and KOMO-TV, Seattle, Tacoma, WA (1/17, 4:00 p.m.). Some other cities that the story was covered were Cleveland and Denver.

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NYTimes Says Move Doesn't End "This Constitutional Crisis." The New York Times (1/18, 1.16M) editorializes, "Of the many ways that…Bush has trampled civil liberties and the balance of powers since the 9/11 attacks, one of the most egregious was his decision to order wiretaps of Americans' international calls and e-mail without court approval. It was good news, then, when the administration announced yesterday that it would now seek a warrant from the proper court for that sort of eavesdropping." But "the president's decision hardly ends this constitutional crisis. Among other things, the public needs to know why Mr. Bush broke the law for more than five years and what should be done to ensure there will be no more abuses of the wiretap statute."

USA Today Criticizes Pentagon, CIA Use Of National Security Letters. In an editorial, USA Today (1/18, 2.27M) says that the "stunning about-face" on FISA oversight "doesn't mean the government can't still gather personal information about Americans without a court order" through National Security Letters. "It's bad enough that the FBI has issued thousands of these letters; now, according to a New York Times report confirmed by Vice President Cheney, the Defense Department and CIA are also getting into the act. The Bush administration has trampled so many civil liberties in the name of the war on terror that it's tempting to shrug off yet another example. Yet the Pentagon's expanding role in domestic intelligence is alarming," and "for the CIA, it suggests that the longtime divide between it and FBI has not been fully bridged." USA adds, "If the letters continue to be sanctioned by law, the program should at least be consolidated into the Justice Department."

Letters Are First From "High-Value" Detainee To Be Publicly Disclosed. The Washington Post (1/18, A4, Rich, 690K) runs a feature on letters from Guantanamo Bay detainee Majid Khan to his family in suburban Baltimore, saying the four letters "are the first substantial communication from any of the 14 'high-value' detainees to become public since the captives were transferred in September from what were called CIA 'black' sites to the U.S. military prison at Guantanamo." The letters "were delivered through the International Committee of the Red Cross, whose representatives are permitted to visit the detainees on the condition that the agency does not publicly disclose information gathered during the meetings."

Stimson Apologizes To Detainees' Lawyers. The New York Times (1/18, Abruzzese, 1.16M) reports Deputy Assistant Secretary of Defense Cully Stimson "apologized on Wednesday to the lawyers of Guantánamo Bay detainees for suggesting that corporations should consider severing business ties with law firms that represent the detainees." Stimson "wrote in a letter published on Wednesday in The Washington Post that his comments in a radio interview last week did not reflect his 'core beliefs.' Mr. Stimson wrote: 'Regrettably, my comments left the impression that I question the integrity of those engaged in the zealous defense of detainees in Guantánamo. I do not.'"

Key Witness Against Posada Reports Discovering Bomb Under Truck. The Miami Herald (1/18, Weaver, Chardy) reports, "An FBI informant who is a key witness against anti-Castro militant Luis Posada Carriles discovered a pipe bomb attached to the bottom of his pickup truck Sunday and drove it to the Hialeah Police Department, law-enforcement authorities say." The Herald continues, "Gilberto Abascal -- whose testimoney also helped convict anti-Castro activists Santiago Alvarez and Osvaldo Mitat on weapons charges -- somehow spotted the device strapped to the undercarriage of his red 2005 Ford F-150 truck while he cruised around Hialeah, two federal investigators familiar with the incident said. … Despite finding the explosive device, Abascal drove several blocks to the Hialeah police station." The Herald adds, "Hialeah police and Miami-Dade bomb squad officers shut down the area and detonated the device. The police picked up the bomb scraps, which included wires and gun shells. The FBI is now investigating, although spokeswoman Judy Orihuela declined to comment.. … Sunday was not the first time that Abascal -- who is supposed to be in a witness protection program well outside Miami-Dade County -- has claimed an attempt on his life. Last August, he told police that an unknown gunman pulled alongside his pickup at a Hialeah eatery, Rancho Grande, and shot at him, according to a police report. Abascal told police he pulled a 9mm pistol from his glove box and shot back."

Philippine Army Kills Terrorist Wanted In Kidnapping Of US Missionaries. The Los Angeles Times (1/18, Watson, Jacinto, 850K) reports, "A militant leader linked to Al Qaeda and wanted in the beheading of a California tourist was killed in a jungle battle,

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the Philippine army announced Wednesday. The military first reported that it had wounded Jainal Antel Sali Jr., also known as Abu Solaiman, on Tuesday when special forces raided a hide-out of the Abu Sayyaf militant group on Jolo island," but "Sali, also wanted in the kidnapping of two American missionaries, was later confirmed dead at a news conference in Manila, where the chief of the armed forces, Gen. Hermogenes Esperon, showed photographs of the corpse." The Times notes, "Sali was on the FBI's list of most wanted terrorists, and the U.S. State Department had offered a reward of up to $5 million for his capture."

HOMELAND RESPONSE:

TSA Chief Says Inspection Of All Cargo On Passenger Planes Could Reduce Security. USA Today (1/18, 3A, Frank, 2.27M) reports, "In his first public comments on a bill approved by the House on Jan. 9, Transportation Security Administration (TSA) chief Kip Hawley said" yesterday that a requirement for the inspection of all cargo on passenger planes "could potentially make them more vulnerable to terrorist attack while also hindering commerce." Hawley said such a move "would add 'a very small, incremental benefit for security,'" while potentially diverting "airport screeners from other activities such as screening airport employees, inspecting passenger travel documents and looking for suspicious travelers." USA Today adds, "The Senate Aviation Subcommittee plans to propose its own aviation-security bill that is likely to be less far-reaching on cargo than the House bill." Near the end of its article, USA Today notes, "Hawley also said agencies are reviewing a watch list that keeps people off airplanes and removing about half the names."

Hawley Says Reforms Should Make Watch List Problems "A Thing Of The Past." In an article appearing on more than 100 news websites, the AP (1/17, Lumpkin) reported speaking at a hearing of the Senate Commerce Committee, Hawley said a "more accurate" no-fly list that will emerge from the review, "combined with a new passenger screening system, should take care of most incidents of people wrongly being prevented from boarding a flight or frequently being picked out for additional scrutiny." However, "Even cutting the list in half is 'nice but not all that meaningful,' said Barry Steinhardt, an attorney with the American Civil Liberties Union. He noted that various estimates of the list's size, which is classified, have ranged from 50,000 to 350,000 names." At the senate hearing, "Hawley ran into inquiries from lawmakers with family members or friends who had encountered problems at airport checkpoints," but he "explained that Secure Flight, the new passenger screening program, which he hopes will be running in 2008, would make such problems 'a thing of the past.'" In a brief article focusing on the Traveler Redress Inquiry Program, the New York Times (1/18, Lipton, 1.16M) reports that it "will allow the person to file and track the status of the claim online and is scheduled to start late next month."

Heritage Scholar Warns Against "Demonizing Security." In a USA Today (1/18, 11A, 2.27M) op-ed, Heritage Foundation senior research fellow James Jay Carafano writes, "Here's the recipe for a scary, post-9/11 news story about liberties vs. security: First, find a legitimate domestic surveillance program. … Next, find an 'expert' to denounce the program as an unnecessary expansion of executive authority. … Finally, stimulate the 'Luddite response' -- a fear of technology. … Combining these ingredients is guaranteed to shock sensibilities and spark congressional hearings. It's been done many times, starting with the tools authorized in the Patriot Act to fight terrorism, like delayed-notification warrants. … Keeping America safe, free and prosperous requires both liberty and order. Protecting the safety and freedom of Americans is not served well by simply demonizing security."

Grand Jury In Mississippi Begins Hearing Katrina Insurer Case. The New York Times (1/18, Treaster, 1.16M) reports, "A grand jury in Mississippi began hearing testimony yesterday on possible criminal charges against State Farm for its handling of claims after Hurricane Katrina, people close to the proceedings said." The start of proceedings there "raised new questions about efforts to settle hundreds of lawsuits filed after the storm in 2005." State Farm has been pushing for an agreement under which Jim Hood, the attorney general of Mississippi, would "drop a criminal investigation into the company's handling of claims and call off the grand jury, which would decide whether there was probable cause to return an indictment." However, "according to several participants, Mr. Hood refused to sign off on the deal. That enabled the grand jury to be seated in Pascagoula. It also meant that another of State Farm's conditions was not met: A requirement that Mr. Hood also drop a civil lawsuit against it and other insurers."

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WAR NEWS:

White House Seeks To Tamp Down GOP Revolt Over Iraq. A bipartisan Senate resolution was unveiled yesterday in opposition to President Bush's new Iraq strategy. The New York Times (1/18, Hulse, 1.16M) reports "sponsors of the measure said Congressional passage would send a powerful message that the president could not ignore, and its adoption could be a precursor to further efforts by opponents of the war to place limits on his use of the military in Iraq or to limit financing for the war." In a similar story, the Los Angeles Times (1/18, Levey, 850K) says the "bipartisan resolution…would not place any legal limits on what the president can do in Iraq." But "it marks the leading edge of a rapidly expanding legislative front that will confront Bush as he tries to chart a new Iraq policy."

The White House is trying to hold Republicans together as the battle over the Iraq strategy approaches – and media reports suggest the President is not meeting with much success. The AP (1/18, Flaherty) reports, "Even as skeptical Republicans were summoned to private meetings" with Bush and national security adviser Stephen Hadley yesterday at the White House, "Bush's aides made clear that the Capitol Hill challenge would be met aggressively by the administration." The Washington Post (1/18, A1, Weisman, 690K) says that "a week after Bush addressed the nation on his policy shift, bipartisan opposition appears to be gaining steam, despite continuing White House efforts to tamp down a congressional revolt. … 'A lot of members of Congress at this point, I think, are still trying to figure out what are all the parts of the plan, how does it work,' said White House press secretary Tony Snow. 'They've got questions, and they have concerns.'"

The Washington Times (1/18, Hurt, Dinan, 88K) reports, "Some House and Senate Republicans skeptical of Mr. Bush's proposal went to the White House yesterday to hear the administration's case, while Vice President Dick Cheney met with Republican senators on Capitol Hill. Now Republican leaders are trying to craft a unified position." Senate Minority Leader Mitch McConnell "emerged from the meeting with the vice president to tell reporters that Republican senators unanimously support 'fair procedures' for voting on the new resolution. It was a stance far short of the nearly full support they've shown the White House on the war during the past four years." In the House, GOP Rep. Sam Johnson "offered a bill to ensure that Congress does not cut off or restrict funding for troops in a combat zone such as Iraq, and Republican House leaders urged support." But "opposition to Mr. Bush's plan is firming up."

Roll Call (1/18, Stanton, Davis) reports that yesterday, Republican leaders "were fighting a losing battle to maintain a unified front in support of the White House and were hunkering down for what could be a months-long political storm over the Iraq War. … Senate Republican leaders emerged from their weekly luncheon — which included an appearance by Vice President Cheney — with a Conference deeply divided over the surge proposal. Despite lobbying from President Bush, Cheney and other top administration officials, GOP leadership aides said their party is too fractured on Iraq for a unified position." Roll Call adds, "One aide said that while GOP leaders will engage Democrats on the issue, the divisions are so deep that it is unlikely major pressure will be brought to bear on wayward Republicans."

In a column titled "The GOP In A Quagmire," which runs in this morning's Washington Post (1/18, A23, 690K), Bob Novak comments on "the sense of impending political doom that clutches Republican hearts one week after…Bush presented his new strategy on Iraq to the nation. … 'Iraq is a black hole for the Republican Party,' a prominent party strategist told me this week. What makes his comments so important is that he is not a maverick Republican in Congress but one of Bush's principal political advisers." Novak adds, "As they adjust to the 2006 election returns, Republicans recognize that this was no isolated bump in the road. The loss of about 320 state legislative seats across the country to the Democrats classifies last year's election as a midrange electoral disaster."

Snowe, Hagel Back Resolution Against Bush's Iraq Plan. The AP (1/18, Flaherty) reports, "A second Republican signed onto a Senate resolution on Wednesday opposing…Bush's 21,500-troop buildup in Iraq, setting a marker for a major clash between the White House and Congress over the unpopular war." Sen. Olympia Snowe," a moderate from Maine, said she would support a nonbinding resolution that would put the Senate on record as saying the U.S. commitment in Iraq can be sustained only with support from the American public and Congress." Snowe's decision "to join the effort came as the White House and GOP leaders struggled to keep Republicans from endorsing the resolution, and raised questions about how many more defections there might be. … Earlier, Sen. Chuck Hagel, a Nebraska

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Republican and potential 2008 presidential candidate, joined Democrats at a news conference announcing the resolution."

McClatchy (1/18, Schoof) says the resolution, sponsored by Sen. Joseph Biden, Democratic Sen. Carl Levin, Hagel and Snowe "is the leading tool that congressional opponents of Bush's war plan are using to persuade him to change course. Democrats consider it their best chance to attract broad backing from members of both parties."

The New York Times (1/18, Hulse, 1.16M) reports Biden's committee expects to take up the resolution next Wednesday, pushing any votes on the measure past Mr. Bush's State of the Union address on Tuesday night. Senate Democratic leaders have said they will bring it to the floor relatively quickly. House Democrats have made it clear that they will not take up any similar proposal until after the Senate has voted on one." Republican leaders "promised to offer an alternative that would call for time to allow Mr. Bush's new policy to work -- an attempt to provide Republicans unhappy with the war an avenue to express their view without backing the more critical proposal." Sen. Jon Kyl, chairman of the Senate Republican Conference, said Senator Joseph I. Lieberman, "a longtime Democrat who was re-elected last year as an independent, was the only non-Republican to pledge support so far."

The CBS Evening News (1/17, story 2, 2:05, Couric, 7.66M) reported that it "looks like quite a battle is coming over the President's plan." CBS (Attkisson) added, "Members of Congress who opposed the President's troop surge today made good on their promise to fight him introducing a non-binding resolution condemning the plan and a vote could come as early as next week. … It's not just Senate Democrats lining up against the President, there are about a dozen from his own party, including…Hagel, who today called the troop surge an 'Alice in Wonderland policy.'" Hagel was shown saying, "What's up is down and down is up. I think it's a misguided policy that's going to dig us deep into an already very dangerous bog that we can't get out of." Bush "is concerned enough about losing more Republican support that he met privately this afternoon with selected GOP members of Congress, presumably to nudge them back in his direction."

Hagel said on CNN's The Situation Room (1/17, Blitzer), "I think you're seeing a number of senators and congressmen over the last few days start to express themselves rather directly about what the President proposed Wednesday night. I don't believe that the best interests of our country, for the long-term and short-term, is served by escalating our military involvement in Iraq. … We can't just pull out, nor should we, nor will we. But we've got to be wiser in how we use our people. To feed more young men and women into a civil war that we cannot stop or change is wrong." On MSNBC's Hardball (1/17, Matthews), Hagel said, "We have not had a national debate on this issue of Iraq. This is the most divisive issue in this country since Vietnam. It will continue to drive families against families. It's not in the interest of America, nor of the world."

NBC Nightly News (1/17, story 4, 1:55, Williams, 9.87M) began its report noting a "a prominent Republican" was among the senators introducing the resolution. Hagel was shown saying, "I think it is dangerously irresponsible to continue to put American lives in the middle of a clearly defined tribal, sectarian civil war." NBC (Reid) also reported the White House" insisted the nonbinding resolution will have little or no effect." Tony Snow, White House Press Secretary: "At this point the President has obligations as the Commander in Chief and he will go ahead and execute them."

Snow said on Fox News (1/17, Skinner), "Members of Congress are certainly free to express their views. The President is committed to winning in Iraq because it's important. It's in our national interest. … The one thing we want to make sure is that soldiers in Iraq understand not only that the American people say we support you, but they support the mission of succeeding in Iraq, and furthermore, that our neighbors and our allies and people in the region all understand that the United States is a reliable partner in the war on terror."

Clinton, Other White House Hopefuls Take On Bush Strategy. Sen. Hillary Clinton's comments on the President's Iraq plans are receiving a lot of media play, much of which puts her remarks in the context of the 2008 presidential race. McClatchy (1/18, Schoof) says Clinton "announced Wednesday that she'd support the resolution but also planned to propose a cap on US troop deployments in Iraq at Jan. 1 levels and a funding cut for Iraqi forces unless Iraq's government takes steps to end the violence." Dow Jones (1/18) reports that responding to Clinton's proposal, Tony Snow said, "The idea of placing a cap on troops... what it does is something that no commander in chief, I think, would want to have, which is it binds the hands of the commander in chief and also the generals and, frankly, also the troops on the ground in terms of responding to situations

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and contingencies that may occur there. … To tie one's hand in a time of war is a pretty extreme move."

NBC Nightly News (1/17, story 5, 2:05, Williams, 9.87M), for example, said Clinton, "a presumed contender for the Democratic presidential nomination staking out her position on the war." NBC (Gregory) added, "As the debate over deeper involvement in Iraq heats up…Clinton…stepped up her opposition to the war. Still officially on the sidelines of the White House race, today she sounded every bit like a candidate." Clinton was shown saying, "The President's team is pursuing a failed strategy in Iraq as it edges closer to collapse." Clinton "sought to block the President's call for a troop increase by capping the number of US forces in Iraq and advocated a phased troop withdrawal. She proposed instead sending additional soldiers to Afghanistan where the Taliban is coming back."

The Chicago Tribune (1/18, Zuckman, 617K) notes that "last year, liberal Democratic activists booed, hissed and heckled…Clinton as she reiterated her firm opposition to setting a date for the withdrawal of American troops from Iraq." But "now, fresh from her third trip to Iraq, Clinton has launched a public relations blitz, emphatically declaring her opposition to…Bush's decision to send 21,500 additional troops and calling for American forces to begin leaving Baghdad." The Tribune adds, "For Clinton, widely considered to be at the top of the list of potential Democratic presidential nominees in 2008, the conflict in Iraq is proving to be a tightrope walk of the highest order. She is trying to keep pace with public opinion against the war." The Los Angeles Times (1/18, Braun, 850K), New York Times (1/18, Healy, 1.16M), Washington Post (1/18, A6, Balz, 690K) and AP (1/18, Barrett) also run stories on Clinton's comments.

In an editorial, the Los Angeles Times (1/18, 850K) says Clinton "is scrambling to get on what her party's primary voters deem the right side of history. For Bush, the evolution in Clinton's position is another reminder that, in his own words, Americans' patience with the Iraqi government 'is not unlimited' and that the surge must be a final effort to stabilize Iraq, not 'stay the course' under another name." The Times concludes, "For Democrats, Clinton's dialing-up of her opposition to the war may mean that they will have to choose between her and other would-be nominees…on other grounds. That could be a positive development."

USA Today (1/18, 4A, Kiely, 2.27M) reports Clinton "led a parade of potential 2008 presidential candidates -- including two Republicans -- in blasting President Bush's plan to increase troop levels in Iraq." Biden and Hagel "have said they are considering running for president in 2008. Other potential presidential candidates who aired misgivings about the president's policy Wednesday," including Dodd, Sen. Barack Obama and GOP Sen. Sam Brownback, "who said he returned from a trip to Iraq discouraged about its prospects, observed in a floor speech: 'The United States seems to care more about a peaceful Iraq than the Iraqis do. If that is the case, it is difficult to understand why more US troops would make a difference.'" The Washington Post (1/18, Branigin, Schneider, 690K) reports on Dodd's Iraq proposal, a "cap on American forces there," while the AP (1/18, Hananel) runs a dispatch on Brownback's comments. The Hill (1/18, Schor), meanwhile, surveys the proposals of different Democratic White House hopefuls.

Dodd said on PBS' NewsHour (1/17, Ifill), "Almost anyone you'll talk to who's spent any time examining the issue, including our most recent commanders on the ground in Iraq, the Baker-Hamilton report," have rejected "the idea that escalating military involvement is going to produce the desired results will work. I'm very much opposed to it, and I think we ought to be coming up with a different strategy, one that can make some sense."

GOP Rep. Duncan Hunter said on MSNBC's Hardball (1/17, Matthews), "I don't care what you call it, a surge, an increase -- what the Republican president is doing is sending reinforcements to Iraq to carry out his plan. And if the Democrats cut off the reinforcements, the American troops will never forgive them and I think the American people will never forgive them."

Newt Gingrich said on Fox News' On The Record (1/17, Van Susteren), "If we want to win in Iraq, the President went about halfway there the other night. It's not about the number of troops, it's about the speed and intensity and aggressiveness of decision-making. It's about the relentlessness of being able to support our military. And we don't have it today."

Competing Proposals Seen As Possible Boon To Bush. In his "Washington Sketch" column in the Washington Post (1/18, A2, 690K), Dana Milbank says "lawmakers were introducing Iraq legislation at a mad pace yesterday, at one point in the afternoon scheduling news conferences in half-hour intervals. By the end of the day, they had issued more bills than Pepco." But "the excitement," writes Milbank, "was misplaced. For all the bills introduced yesterday, none is likely to force President Bush to change course in Iraq. Proposals

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such as Biden's are 'nonbinding' and others don't have enough votes to pass. 'There is very little chance in the short run that we are going to pass any legislation,' Clinton confided during her news conference. Asked to elaborate, she explained: 'I can count.'" Molbank adds, "If anything, the competing proposals could strengthen Bush's hand. Though largely united in opposition to Bush's plan, members of Congress, carved up by the presidential ambitions of Clinton, Obama, Dodd, Biden and others, can't unite around an alternative."

ABC and NBC suggested the opposite may be true. ABC World News (1/17, story 3, 2:30, Gibson, 8.78M) reported, "The problem for Democrats has always been: What's the alternative? On Capitol Hill, there are almost as many answers to that as there are Democrats." However, ABC (Tapper) added, "politically, Democratic strategists say it makes little sense for their party to coalesce around one strategy. They don't want ownership or blame, they say, for the President's war." NBC Nightly News (1/17, story 5, 2:05, Gregory, 9.87M), also said "strategists say what Democrats want most at this stage is distance from the war. … Facing an angry, anti-war Democratic base, the big campaign test now is how far to go in challenging the President."

Silvestre Appears To Have Backed "Surge" Until Bush Proposed It. The Washington Times (1/18, McCaslin, 88K) reports in its "Inside The Beltway" column, "On Dec. 5, Newsweek magazine touted an interview with then-incoming House Permanent Select Committee on Intelligence Chairman Rep. Silvestre Reyes as an 'exclusive.' And for good reason. 'In a surprise twist in the debate over Iraq,' the story began, Mr. Reyes 'said he wants to see an increase of 20,000 to 30,000 US troops as part of a "stepped up effort to dismantle the militias."' … Then came President Bush's expected announcement last week, virtually matching Mr. Reyes' recommendation and argument word-for-word -- albeit the president proposed only 21,500 troops. Wouldn't you know, hours after Mr. Bush announced his proposal, Mr. Reyes told the El Paso Times that such a troop buildup was unthinkable. 'We don't have the capability to escalate even to this minimum level,' he said."

Poll Finds Widespread Opposition To Boost In Troop Levels. The Los Angeles Times (1/18, Brownstein, 850K) reports, "A commanding majority of Americans oppose President Bush's decision to send more troops to Iraq and just over half the country wants Congress to block the deployment, a Times/Bloomberg poll has found. … Asked about Bush's recent announcement that he would dispatch another 21,500 troops to Iraq, three-fifths said they opposed the move, while just over one-third backed it. Even Bush's political base, a source of support throughout his presidency, showed signs of cracking: about one-fourth of Republicans said they do not believe the war was worth fighting and a roughly equal number opposed the troop increase. … On Iraq, only 33% approved of Bush's handling of the war, with 65% disapproving." The Times adds, "The sole ray of light for Bush in the poll may be signs of public ambivalence about Congress' proper response to his plans on Iraq. … A narrow majority -- 51% -- want Congress to try to block Bush from sending more troops to Iraq. Of those, 25% said lawmakers should deny funding for the increase and 26% said they should find other legislative measures to stop him. Forty-one percent said Congress should not attempt to stop Bush, with the rest unsure."

More Commentary. Jonathan Turley writes in USA Today (1/18, 13A, 2.27M), "With all of its power, Congress' use of a non-binding resolution is akin to a surgeon trying to shout out a malignant tumor. Congress has the means; it is only a question of its will. … When members finally feel comfortable with acting to end this war, they will find all the authority they need in the Constitution and all the reasons they need in Iraq."

Former White House counterterrorism adviser Richard Clarke said on CNN's The Situation Room (1/17, Blitzer), "I think the President's plan just delays the inevitable. At some point, whether it's next year or two years from now or five years from now, all US major combat units will leave Iraq. And when they do, there's going to be chaos. We have created that situation for ourselves, and there's nothing that we can do, in my analysis, between now and next year or five years from now that will change that outcome."

David Broder, in the Washington Post (1/18, A23, 690K), writes, "The third or fourth time I heard Vice President Cheney tell Fox News's Chris Wallace on Sunday that al-Qaeda was gambling that the United States 'doesn't have the stomach' to keep up the fight in Iraq, it crossed my mind that Cheney may be staring at the wrong part of the national anatomy. The question, really, is not whether we have the stomach for the fight but the brains to figure out what to do in Iraq." Cheney's "effort to reduce it to a question of courage -- to suggest that those who want to expand the war are braver than those urging steps to limit it -- is a standard rhetorical trick. Whenever any Bush policy is questioned, someone from the

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administration almost automatically charges that its critics are soft on terrorism." Iraq "requires thought, not just gut instinct."

Maliki Says Iraq's Need For US Troops Could "Dramatically Go Down." The Washington Post (1/18, Partlow, 690K) reports on its front page that Iraqi Prime Minister Nouri al-Maliki said his government's "need for American troops would 'dramatically go down' in three to six months if the United States accelerated the process of equipping and arming Iraq's security forces." Maliki "defended his country's independence and sovereignty and called on U.S. leaders to show faith in his ability to lead." He also "disputed President Bush's remarks broadcast Tuesday that the execution of former Iraqi president Saddam Hussein 'looked like it was kind of a revenge killing' and took exception to Secretary of State Condoleezza Rice's Senate testimony last week that Maliki's administration was on 'borrowed time.'" Under the headline "Maliki Talks Tough, Sees U.S. Withdrawal Near," the Los Angeles Times (1/18, Roug, 850K) says Maliki said if "better U.S. training and supplies had come earlier, lives could have been saved."

Hamilton Expresses Doubts About Maliki. The Hill (1/18, Eisele) reports Iraq Study Group co-chairman Lee Hamilton says he "has serious doubts" about Maliki's ability "to reduce the level of sectarian violence and achieve national reconciliation, and warned that President Bush's new Iraq strategy is likely to fail if he isn't able to." Hamilton said, "The rhetoric of Maliki is fine but his performance has been disappointing. So here we find ourselves in this extraordinary position. The US is the superpower of the world, the sole superpower, and the success of our policy in Iraq depends on the actions of the Maliki government, a government that has been weak and that has not performed on these central benchmarks of national reconciliation."

Khalilzad Says Iraqi Leaders Need More Time On Political Deals. USA Today (1/18, 8A, Jervis, 2.27M) reports exiting US Ambassador to Iraq Zalmay Khalilzad said Iraqi leaders "will need at least a few more months to hammer out political deals central to President Bush's security overhaul." Khalilzad also said the US "was 'committed to going after' Iranian operatives in Iraq, who he said were responsible for supplying sophisticated bombs used against U.S. forces."

Iraqi Government Moves Against Mahdi Army. The New York Times (1/18, Tavernise, 1.16M) reports on its front page that senior Iraqi officials said they had moved against the Mahdi Army, "arresting several dozen senior members in the past few weeks. It was the first time the Shiite government" of Prime Minister Nouri al-Maliki "had claimed significant action against the militia." Maliki said Wednesday that "400 Mahdi militiamen had been arrested 'within the last few days.'"

Iraq Welcoming Former Baathists Back Into Public Life. The Los Angeles Times (1/18, Rifai, Daragahi, 850K) reports Ahmad Chalabi, "a perennial Iraqi insider and political survivor, held out an olive branch to his former enemies Wednesday by publicly welcoming" onetime Baath Party members "back into the public life. Chalabi, who heads a commission charged with removing former ranking Baath Party members from public office, told reporters at a Baghdad news conference that the Iraqi government had changed course and was trying to lure more Baathists back into government." Chalabi said "more than 2,300 high-ranking Baath Party members had been or were being reinstated to their former government jobs or were being given pensions." The New York Times (1/18, A10, Cave, 1.16M) says the reversal is part of an Iraqi effort to "persuade the world that they were tackling the country's thorniest problems."

US, Iraqi Officials See Hope In Surviving Factories. The New York Times (1/18, Glanz, 1.16M) reports on its front page that Iraqi and US officials believe factories in Iraq that have survived the war "could present a last chance of sorts for dealing with two problems that have remained stubbornly unsolved since the invasion: Iraq's reconstruction and its insurgency. The factories, state-owned enterprises under Saddam Hussein's government, would appear to be the unlikeliest of saviors." Officials "are returning to the shuttered plants in hopes of finding a cheaper way to help the economy and perhaps create jobs to attract young men who might otherwise join the insurgency."

Timing Of Senate Petraeus Hearing Seen As "Setback" For White House. The Los Angeles Times (1/18, Barnes, Spiegel, 850K) says the Senate Armed Services Committee's plan to hold a hearing next Tuesday on the nomination of Lt. Gen. David H. Petraeus to head military operations in Iraq is a "setback for the White House." The move "could set the stage for a potentially bitter battle over the

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future of the current top general in the war, congressional officials said Wednesday. White House officials are concerned that Congress may try to 'scapegoat' Gen. George W. Casey Jr., who has overseen the Iraq war since 2004 and has been nominated as Army chief of staff, the service's highest post. Army and administration officials had planned for Casey to be considered first, in the belief that the urgency of appointing Petraeus as his successor would dissuade lawmakers from engaging in a long and divisive fight over his handling of the war."

US Woman Among Those Killed In Iraq Ambush. The Los Angeles Times (1/18, Daragahi, Spiegel, 850K) reports, "An American woman working for a US nonprofit organization in Iraq to help strengthen the fledgling government was among four people killed Wednesday in a roadside ambush. The woman, whose name was withheld pending notification of her family, worked for the National Democratic Institute, a Washington organization that advises political parties around the world." All three networks reported on the ambush, with ABC World News (1/17, story 2, :20, Gibson, 8.78M) and NBC Nightly News (1/17, story 6, 0:30, Williams, 9.87M) running brief items and CBS a longer report.

The CBS Evening News (1/17, story 3, 1:55, Couric, 7.66M) called it "yet another example of how chaotic and dangerous Iraq has become. Four members of a group that promotes democracy there, including an American woman, were gunned down and killed." CBS (Logan): "There were three vehicles in their convoy and that they were attacked just as they were leaving the scene of a meeting. They came under very heavy fire and only the third vehicle managed to fight back and to radio for assistance. All four of the people that were killed were in the first two vehicles, this American woman and three security contractors. And we were told that all four of them died at the scene. … One of her colleagues described her as an incredibly motivated and dedicated individual and said that all she wanted to do was to help make people's lives better and she'd been working for several months in Iraq to achieve that."

Sadr City Bombing Kills 17 Shiites. The Washington Times (1/18, Gamel, 88K) reports on the ambush in a story that also says 17 Shiites were killed by a suicide car bomber "at a teeming Sadr City market yesterday." The CBS Evening News (1/17, story 4, :20, Couric, 7.66M) also briefly reported on the Sadr City attack.

Injured Iraqi Interpreters Fear Return To Native Country. The Wall Street Journal (1/18, Millman, Chon, 2.04M) runs a 3,200-word front-page feature on "Iraq's Injured 'Terps'" -- wounded Iraqi interpreters now in Jordan who "look at a return to Iraq as a death sentence. Their absence from home already may have endangered their families. … Since the start of the war, 257 Iraqi interpreters have been killed, says Titan Corp. of San Diego, which just completed a five-year, $4.6 billion Pentagon contract to provide linguists to U.S. forces. Most of those killed were assassinated while on home leave, the company says."

Dissenting Officer Watada Urges Public To "Stop The War." The Los Angeles Times (1/18, Watanabe, 850K) reports Army First Lt. Ehren Watada, the first officer to refuse deployment to Iraq, "urged the public in a statement Wednesday to 'stop the war so that the death and sacrifices of American soldiers will not be in vain' after a major legal setback in his court-martial proceedings." Watada "faces six years in prison for failing to deploy to Iraq last year with his Stryker brigade and for criticizing President Bush and the war in statements to the media and at a peace convention."

Gates, Pace Say Commanders Seek More Troops For Afghanistan. The Chicago Tribune (1/18, Barker, 617K) reports Defense Secretary Robert Gates said military commanders in Afghanistan "have appealed for more U.S. soldiers to reverse the gains of Taliban insurgents at a time of growing violence. Gates, wrapping up his first visit to Afghanistan, did not say how many troops were requested. But other military officials have suggested that an additional 1,000 or 1,200 troops are needed, especially in anticipation of a spring offensive by the Taliban. Gates indicated he would likely recommend a troop increase to President Bush." The AP (1/17, Burns) says Joint Chiefs of Staff Chairman Gen. Peter Pace "said new troop commitments for Afghanistan would further strain the U.S. military in the short run. But if done as part of a successful strategy against the Taliban, it might hasten the day when the U.S. military can withdraw its combat forces altogether, said Pace, who joined Gates for part of his Mideast trip."

The New York Times (1/18, Cloud, 1.16M) headlines its report "Gates Backs Generals' Afghan Distress Call," saying that "any significant increase in the current force levels in Afghanistan of 21,000 American troops and 20,000 from other

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NATO countries could be problematic" for the US, "which has been strained by deployments over the last five years and is struggling to come up with the new forces for Iraq." The Times says Gates' "openness to adding troops to Afghanistan as well as Iraq is a sharp contrast" to the approach of former Secretary Donald Rumsfeld, "who argued for holding down force levels to speed two countries toward taking the lead in military operations on their soil."

ABC World News (1/17, story 4, :25, Gibson, 8.78M) reported, "As much focus as there is in Iraq, there is the other war, the one in Afghanistan." Gates "said today he would ask for more troops to fight the Taliban, no more than a few thousand." The Washington Times (1/18, Sands, 88K) notes that 2006 "saw the highest number of attacks on U.S., Afghan and NATO forces since the U.S.-led invasion in late 2001 that ousted the Taliban from power."

Jones Also Says More Troops Needed. Former NATO commander Gen. James Jones said on PBS' NewsHour (1/17, Lehrer), "When I left the theater about a month ago, we were busily trying to raise the troop level to the level that nations had committed to the plan some six months before. … I don't think there's a crying need for a dramatic increase; I think that the nations should still resource the plan that they agreed to. … It would amount to about another 1,500 to 2,000 troops."

Gates Presses Pakistan To Crack Down On Taliban. The Financial Times (1/18, Sevastopulo, Bokhari) reports the US is "stepping up pressure" on Pakistan "to clamp down on Taliban havens inside Pakistan." Gates "this week laid down clear markers that it wanted General Pervez Musharraf, president of Pakistan, to crack down on Taliban militants in Pakistan." In Kabul, Gates said, "There are more attacks coming across the border, there are al-Qaeda networks operating on the Pakistan side of the border, and these are issues that we clearly will have to pursue with the Pakistani government."

High-Level Abu Sayyaf Figure Killed In Philippines. The Washington Post/AP (1/18, A17, Gomez) reports Jainal Antel Sali Jr., also known as Abu Sulaiman, has been killed in a shootout in the Philippines, according to that country's military. The high-ranking Abu Sayyaf figure "died in a fierce gun battle Tuesday with army special forces. … Sulaiman was the highest-ranking Abu Sayyaf commander to be killed by U.S.-backed troops."

D'Souza Says Carter, Clinton Policies Helped Create 9/11. Under the headline "How The Left Led Us Into 9/11," Dinesh D'Souza of the Hoover Institution writes in a Los Angeles Times (1/18, 850K) op-ed, "The U.S. made two gigantic foreign policy blunders in recent decades that did sow the seeds of 9/11. What the liberals haven't recognized is that these blunders were the direct result of their policies and actions, and were carried out by Democratic presidents -- Jimmy Carter and Bill Clinton." D'Souza says Iranian Ayatollah Ruhollah Khomeini's "ascent to power was aided by Carter's policies. Carter came into office stressing his support for human rights. His advisors told him that he could not consistently support the shah of Iran, who had secret police and was widely accused of violating human rights." D'Souza says Clinton's policies "also helped to provoke 9/11. After the Cold War, leading Islamic radicals returned to their home countries. Bin Laden left Afghanistan and went back to Saudi Arabia; Ayman Zawahiri returned to Egypt. They focused on fighting their own rulers -- what they termed the 'near enemy' -- in order to establish states under Islamic law. But in the mid- to late 1990s, these radicals shifted strategy. They decided to stop fighting the near enemy and to attack the 'far enemy,' the U.S."

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Conyers, Berman Want Explanation For US Attorney's Resignation. The Hill (1/18, Crabtree) reports House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) and ranking member Howard Berman (D-Calif.) "called on Attorney General Alberto Gonzales to clarify the administration's request for U.S. Attorney Carol Lam's resignation." Lam, "the U.S. attorney for the Southern District of California, announced Tuesday that she has submitted her resignation Feb. 15. A report in the San Diego Union-Tribune suggested that Lam was asked to resign because she had led a wide-ranging corruption case against former Rep. Randy 'Duke' Cunningham (R-Calif.) that has spawned pending probes involving other GOP members."

The Los Angeles Times (1/18, Krikorian) reports that Conyers and Berman "said they were 'perplexed' that Lam was being removed at a time when her leadership of the office has drawn praise from law enforcement officials in San Diego. … 'Since her appointment as U.S. attorney in 2002, we have heard no suggestion that she was either unqualified

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for the position or that she was guilty of misconduct in her office,' the congressmen wrote." The Times adds, "Moreover, they noted, Lam had been heading a continuing high-profile public corruption probe that already has led to the federal conviction and imprisonment of former Rep. Randy 'Duke' Cunningham for bribery and tax evasion. … 'We do not doubt that removing Lam from the U.S. attorney's office in San Diego now will disrupt this investigation,' the congressmen wrote, adding that the forced resignation 'leaves the appearance that this growing public corruption probe may be part of the administration's motivation in removing her. … If this is untrue, it is vitally important that this perception be corrected, and we ask you to share with us the basis of your request for her resignation,' they said." The Times notes, "While Lam has not been available for comment, a Justice Department spokesman denied that the career prosecutor and former Superior Court judge was asked to resign because of her work in public corruption cases. .. 'These allegations are reckless and inaccurate since the department does not make decisions about the criminal justice system based on politics,' said Justice Department spokesman Brian Roehrkasse."

NYTimes Criticizes Firing Of Key US Attorneys. In an editorial, the New York Times (1/18, 1.16M) says, "In its secretive purge of key United States attorneys, the Bush administration is needlessly giving comfort to any number of individuals now under federal investigation. Most prominently, there is Representative Jerry Lewis, the California Republican whose dealings as appropriations chairman have been under scrutiny in the continuing investigation of lawmakers delivering quid pro quo favors for contractors and lobbyists." US Attorney Carol Lam of San Diego "is one of a number of prosecutors (there's no official tally) being forced from office without the courtesy of an explanation." After investigating now-convicted Rep. Randy Cunningham, Lam "turned her attention to Mr. Lewis as she plumbed Congress's weakness for 'earmarks' — legislation that lawmakers customize on behalf of deep-pocketed campaign contributors. The focus moved to Mr. Lewis — who has denied any wrongdoing — after the disclosure that one of his staff aides became a lobbyist and arranged windfall contracts worth hundreds of millions." The administration "owes the nation a full explanation of a move that reeks of politics."

Ryan Announces Resignation As Northern California US Attorney. The AP (1/18) reports, "The federal prosecutor who has led the high-profile probe into U.S. athlete doping abuse announced he was stepping down, and critics alleged it was because of political pressure from the government." The AP continues, "Kevin Ryan, U.S. attorney for California's Northern District, has headed the investigation into the Bay Area Laboratory Co-Operative, the Burlingame supplements lab at the center of the doping scandal that has touched some of U.S. professional sports' biggest stars. … The BALCO investigation has led to five guilty pleas, spurred congressional hearings and cast suspicion on San Francisco Giants slugger Barry Bonds. A federal grand jury is probing whether Bonds lied to an earlier grand jury about whether he knowingly used performance-enhancing substances. … Two San Francisco Chronicle reporters are facing jail for refusing to tell prosecutors who leaked secret BALCO grand jury testimony to them." The AP adds, "Ryan is one of 11 top federal prosecutors who have resigned or announced their resignations since an obscure provision in the USA Patriot Act reauthorization last year enabled the U.S. attorney general to appoint replacements without Senate confirmation. Carol Lam, who headed California's Southern District, also announced on Tuesday she would be leaving. … California Senator Dianne Feinstein, a Democrat, complained on the Senate floor on Tuesday that the White House is using the provision to oust Ryan, Lam and other federal prosecutors and replace them with Republican allies. … Attorney General Alberto Gonzales denied the claim, saying administration officials 'in no way politicize these decisions.'"

The California Recorder (1/18, Scheck) reports, "Just about the entire San Francisco federal bar figured U.S. Attorney Kevin Ryan would be on his way out this year. … They just didn't bank on his departure being part of an apparent Bush administration purge of U.S. Attorneys." The Recorder continues, "Rumors of Ryan's departure have gained steam over the past year, as his first four-year term neared its end last July -- and since two Department of Justice audits knocked his management style and cited the office's flagging morale. … Then there was the fact that in recent weeks, law firms have been receiving resumes from Ryan and his top deputy, Eumi Choi, according to several sources. … But in a surprising twist, it appeared that Ryan may have been swept up in what some are calling a Bush administration housecleaning of several U.S. Attorneys -- and

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not a victim of the audits performed last spring by the Department of Justice's Evaluation and Review Staff." The Recorder notes, "Ryan spokesman Luke Macaulay had no comment on whether Ryan was leaving in connection with the audits. But Macaulay acknowledged that the decision was not Ryan's alone. … 'Like all U.S. Attorneys, Kevin has always served at the pleasure of the president,' Macaulay said. 'It's a mutually agreeable departure.'"

Resignation Raises Questions About BALCO Investigation. The New York Times (1/18, Pogash) reports the "sudden resignation of Kevin V. Ryan, the United States attorney for the Northern District of California, raises questions of what this will mean for [Barry] Bonds. … The BALCO investigation has been a high-profile case for much of Ryan's four-year tenure as United States attorney. Last year, four men involved in steroid distribution pleaded guilty and were given what were considered light sentences. But Bonds's former trainer, Greg Anderson, who pleaded guilty and was sentenced to three months in prison, remains jailed for his refusal to talk about Bonds. Mark Geragos, the lawyer for Anderson, said, 'One would hope that a new U.S. attorney would take a fresh look and recognize it's an exercise in futility because he's never going to talk.'"

The AP (1/17) reported Ryan "has handled the probe into the Bay Area Laboratory Co-Operative, the lab at the center of a doping scandal that has touched some of sports' biggest stars. Ryan, appointed to the post in 2002, did not give a date for his last day on the job."

USA Today (1/18, Nightengale) reports Ryan "says he wants to continue his efforts even after announcing plans to leave his job as U.S. attorney. … 'I don't know what the future holds for me,' Ryan told USA Today, 'but when I leave, this (investigation) won't just fall off the map. The infrastructure is in place. … So when I move on, there are those that can carry forward with it without a problem.'"

Bush Nominates Wood As Kansas City US Attorney. The AP (1/18) reports, "The White House has nominated John Wood, a former Bush administration official, to be the new U.S. attorney for Kansas City." The AP continues, "Wood most recently served as chief of staff to Homeland Security Secretary Michael Chertoff. He resigned from that post in November." The AP adds, "If he is confirmed by the Senate, Wood would replace interim U.S. Attorney Bradley J. Schlozman, who took over last March after U.S. Attorney Todd Graves resigned. The White House announced Woods' nomination late Tuesday. … The U.S. attorney's office in Kansas City is responsible for prosecuting violations of federal law and representing the U.S. government in civil litigation in the 66 counties in the western half of the state."

CORPORATE SCANDALS:

US Widens Options Probe Of Monster Worldwide. The Wall Street Journal (1/18, A4, Bandler) reports, "Federal prosecutors are intensifying their criminal probe into stock-option manipulation at Monster Worldwide Inc., prompted in part by emails written by the company's former general counsel that suggest he knew the accounting implications of backdated options, say people familiar with the probe." The Journal continues, "The emails were written by Myron Olesnyckyj, the former general counsel who was suspended and then fired by Monster last year." The Journal adds, "The company, the parent of the popular Monster.com job-search Web site, last month admitted to 'intentional' backdating of stock options over a six-year period by former officials, without naming anybody. Monster's founder, Andrew McKelvey, stepped down from his chief executive post last fall, and soon after resigned from the board after declining to be reinterviewed by lawyers conducting an internal probe of the options matter. Monster Worldwide lowered nine years of net income by $272 million to account for extra compensation costs associated with improperly dated options. … The probe into options abuses at Monster is being handled by the U.S. Attorney for the Southern District of New York., considered among the most experienced in the country in prosecuting white-collar securities cases. At least two assistant U.S. attorneys have been assigned to the Monster case. … People familiar with the case say prosecutors may be seeking to focus on Mr. Olesnyckyj, or may try to win his cooperation in investigating more senior officials. Prosecutors have sought to interview several former and current Monster employees."

Former Cendant Chairman Sentenced For Fraud. The Wall Street Journal/AP (1/18, B7) reports, "Former Cendant Corp. Chairman Walter Forbes was sentenced to 12 years and seven months in prison and ordered to pay $3.28 billion in restitution for leading the largest accounting fraud of the 1990s." The AP continues, "In October, a jury found Mr. Forbes guilty of conspiracy to

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commit securities fraud and two counts of making false statements in a massive fraud scheme that cost the travel and real-estate company and its investors more than $3 billion. He was found not guilty of a fourth count, securities fraud." The AP adds, "The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years. .. 'We're very pleased with the result,' said New Jersey U.S. Attorney Chris Christie, whose office prosecuted the case. 'The public has waited many years for Walter Forbes to be brought to justice.'" The AP notes, "It was the latest lengthy sentence handed down to a corporate executive convicted of corruption, experts said. … Mr. Forbes, 64 years old, was released on $1.2 million bond. No date was set for him to report to prison. His attorney, Brendan Sullivan, indicated in court that Mr. Forbes intends to appeal."

USA Today (1/18, 1B, Farrell) reports, "In a two-hour hearing Wednesday morning, Nevas rejected arguments from Forbes' lawyers that he should get the same 10-year sentence received by a subordinate, Kirk Shelton, who was convicted in the same fraud two years ago." USA adds, "Nevas also rebuffed Forbes' attempt to get a reduced sentence based on the $2.5 million in charitable contributions he had made over a 17-year period. Noting that Forbes was worth more than $200 million in 1997, Nevas described Forbes' generosity as 'very modest.' … As Nevas read his sentence, Forbes, 64, stood erect, betraying no emotion. His wife, Caren, seated directly behind him, also remained composed. For now, Forbes is free on $1.2 million bail until the judge decides whether he can remain free while his conviction is appealed."

The Washington Post/Bloomberg (1/18, Voreacos, Mills) reports, "Cendant and its auditors, Ernst & Young, paid $3.34 billion to settle investor lawsuits and will divide the restitution. Forbes, who testified he was worth $200 million in 1997, claimed he couldn't afford a fine because he has a negative net worth. Nevas waived a fine. … Forbes didn't speak during the hearing and showed no reaction to the sentence. Nevas said he woul decide if Forbes can remain free on $1.2 million bail while he appeals." Bloomberg adds, "Assistant U.S. Attorney Michael Martinez urged Nevas to impose a term within the range of 12 1/2 to 15 1/2 years under advisory guidelines in effect at the time of the crimes. Current standards would recommend a 25-year term, he said. … Former CUC president E. Kirk Shelton was convicted at the first trial, sentenced to 10 years and ordered to pay Cendant $3.28 billion. Brendan Sullivan, an attorney for Forbes, asked for 10 years for his client, saying he and Shelton faced 'virtually identical circumstances.'"

Attorneys Seek To Bar Statements From Conrad Black's Co-Defendants. The AP (1/18, Robinson) reports, "Former newspaper tycoon Conrad M. Black's lawyers urged the judge presiding over his racketeering case to bar prosecutors from using statements his co-defendants made against him." The AP continues, "The Canadian and his three co-defendants are charged with plundering millions of dollars from the Hollinger International newspaper empire Black once ran in Britain, Israel and elsewhere." The AP adds, "The investigation focused on the sell-off of small newspapers across the United States and Canada by Hollinger and so-called non-compete agreements that sent millions of dollars to Black and fellow executives. … Prosecutors say Black and the other executives were not entitled to the non-compete payments and effectively swindled Hollinger shareholders." The AP notes, "Under Black, Hollinger International owned the Chicago Sun-Times, the Daily Telegraph of London and the Jerusalem Post, among other newspapers. The Daily Telegraph and the Jerusalem Post have been sold, and the name of the company is now the Sun-Times Media Group Inc. … Prosecutors want to use remarks that the co-defendants, top executives under Black at Hollinger, made during an internal investigation at the company. … But Black's lawyers said the request was 'the culmination of a lengthy campaign of leveling baseless allegations against Mr. Black.' They argued his constitutional rights to confront his accusers would be violated if the statements are allowed into evidence."

Senate Committee Approves Executive Pay Limits. The Washington Post (1/18, D1, Montgomery, Birnbaum, 690K) reports, "The Senate Finance Committee approved legislation yesterday to limit one element of the big pay packages awarded to corporate executives, a move that business lobbyists saw as the harbinger of an assault on corporations and the wealthy now that Democrats control Congress." The committee "agreed to change rules permitting some executives to amass millions of dollars in tax-deferred accounts." The bill "symbolizes an effort on Capitol Hill to find a new political center in a Congress that Democrats control by a narrow margin."

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Former Volkswagen Official Admits Endorsing Illegal Payments. The Financial Times (1/18, Williamson) reports, "Peter Hartz, former Volkswagen executive and German labour market reformer, on Wednesday admitted personally endorsing €2.5m in illegal payments in a perks-and-prostitutes scandal that damaged Europe's largest carmaker and prompted the former personnel chief's dramatic fall from grace." The Times continues, "Speaking through his lawyer on the opening day of his trial in Braunschweig, northern Germany, Mr Hartz admitted that between 1995 and 2004 he organised secret bonuses worth €1.9m ($2.5m, £1.2m) for Klaus Volkert, head of the VW works council. He also endorsed €600,000 in payments for luxury holidays, clothing, jewellery and fake consultancy fees for the employee representative and his Brazilian girlfriend." The Times adds, "The court also heard how a slush fund, named after VW's internal account '1860', was used for holidays in India, Mexico, Brazil and elsewhere for VW employees, top managers and accompanying prostitutes. … Mr Hartz admitted to 44 charges of misusing VW funds without the company's knowledge, and breaking Germany's co-determination laws, which bar companies from favouring workers' representatives."

FASB Will Not Delay Issuing New Accounting Rules. The Wall Street Journal (1/18, C3, Reilly) reports, "Accounting-rule makers decided unanimously against postponing new rules coming into force this year that require companies to take a more-stringent approach to reporting uncertain tax positions on their financial statements." The Journal continues, "Led by industry group Tax Executives Institute, companies had called on the Financial Accounting Standards Board to delay the rule, which takes effect this year. The FASB, meeting in its Norwalk, Conn., offices, rejected any postponement." The Journal adds, "The rule, known as Fin 48, requires companies to examine and document their tax positions, evaluating whether those that aren't certain are more likely than not to withstand a challenge by the Internal Revenue Service. Companies will be able to book only a portion of the tax benefit from positions that meet this threshold. In the past, companies had great leeway in deciding what tax benefits may withstand scrutiny. … Previously taken tax benefits that don't stand up to the new standard will result in adjustments to companies' tax reserves as they start applying the new standard in their first-quarter results. Companies will give a range of the likely impact in their annual reports for 2006, but they won't actually begin applying the rule on an annual basis until next year. … Regulators, along with FASB, hope the more stringent approach will help make companies' tax practices more comparable for investors, while additional disclosure will give them more information about the types of tax positions companies are taking."

CRIMINAL LAW:

Political Opinions Complicate Jury Selection In Libby Trial. The New York Times (1/18, Lewis, 1.16M) reports the "difficulties of seating a jury for the perjury trial of Vice President Dick Cheney's former chief of staff were evident on Wednesday as more prospective jurors expressed criticism of the Bush administration. Other potential jurors demonstrated the complications thrown up by the number of journalists, lawyers and officials here." One "prospective juror testified that he once worked for Bob Woodward of The Washington Post, lived across an alley from Tim Russert of NBC News and went to school with Maureen Dowd of The New York Times." Judge Reggie M. Walton "has voiced hope that opening arguments can be given on Monday. But by the end of Wednesday, only 24 jurors had qualified for what is supposed to be a panel of 36 that will then be whittled down to 12 jurors and 4 alternates."

The Washington Post (1/18, A1, Leonnig, Goldstein, 690K) reports on the front page, "So far nearly every juror candidate seems to have a connection to the players or events surrounding the leak of an undercover CIA officer's identity." There is "the software database manager whose wife works as a prosecutor for the Justice Department, and who counts the local U.S. attorney and a top official in Justice's criminal division as neighbors and friends. A housecleaner who works at the Watergate and knows Condoleezza Rice, not by her title of secretary of state, but as the 'lady who lives up on the fifth floor.' And a former Washington Post reporter whose editor was now-Assistant Managing Editor Bob Woodward; he went to barbecues at the house of NBC's Tim Russert, a neighbor, and just published a book on the CIA and spying." By the "end of yesterday's session, Walton and lawyers for both sides had quizzed 33 potential jurors and excused nine. The 24 remaining in the pool, and others who will be questioned starting this morning, still could be struck by lawyers on either side." But "not every potential juror knew the people in the case. A retired math

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teacher who moved here from North Carolina said he had no basis for judging the credibility of White House officials, including Cheney -- although he admitted that he was 'not sure I would like to go bird hunting with him, either.'"

The AP (1/18, Apuzzo) reports a "potential juror in the perjury trial of former White House aide 'Scooter' Libby was allowed to remain in the jury pool Wednesday after saying she would be impartial and put aside her tepid impression of Vice President Dick Cheney, an expected defense witness." Cheney's credibility "has emerged as a key issue, with defense lawyers looking for a panel that can trust the vice president, expected to testify on behalf of Libby, his former chief of staff." Libby's attorneys "say it's critical they know whether potential jurors view the vice president as credible. Two people who expressed doubts about that were dismissed from the jury pool Tuesday."

Memphis Councilman's Lawyer Calls FBI Probe Racist. WMC-TV Memphis (1/17) reported on its Web site from a broadcast story that after entering a not-guilty plea yesterday for indicted Memphis City Councilman Rickey Peete, "attorney Handel Durham, Jr. alleged racism in the corruption case against Peete. 'There has never been, in Memphis, Tennessee, a successful black man in this city that has not suffered some form of attack,' he said." Durham cited "the large number of black elected officials that have been indicted in federal stings, including Operation Tennessee Waltz and Operation Main Street Sweeper. 'I mean, what would a reasonable individual come to? They would have to say something,'" Durham said.

California Man Convicted Of Violating CAN-SPAM Act. The Austin American-Statesman (1/18, Keefe) reports from San Diego, "A California man has been found guilty under the federal CAN-SPAM Act of using fraudulent, unsolicited e-mail to trick America Online users into giving up bank account numbers and other personal information. … At a weeklong trial that ended Friday, 16 victims testified they had been tricked by the e-mail. Some said they lost hundreds of dollars." The American-Statesman continues, "Jeffrey Goodin, 45, was found guilty by a Los Angeles jury of using accounts he set up through Atlanta-based EarthLink Inc. to send e-mail that appeared to come from AOL's billing department. The messages warned AOL users that their accounts were in jeopardy unless they sent credit card or bank account information to 'update' them. … Goodin, of Azusa, Calif., is to be sentenced June 11. He could face 101 years in prison for violating the 2003 CAN-SPAM Act and other laws, although prosecutors acknowledged it's highly unlikely he'll get such a lengthy sentence." The American-Statesman adds, "Goodin set up and shut down the EarthLink e-mail accounts in rapid succession, according to prosecutors. … An EarthLink official testified that the company lost more than $1 million because of Goodin's 'phishing' scam, according to prosecutor Wesley Hsu. On more than one occasion, AOL barred EarthLink subscribers from its network because of spam coming from EarthLink accounts, according to Hsu. … 'This was sort of the ideal case that I think Congress had targeted with the CAN-SPAM Act,' said Hsu, an assistant U.S. attorney in the Justice Department's central California district office."

Illinois Woman Sentenced To Four Years For Katrina Fraud. The AP (1/18, Suhr) reports, "Among the many accounts of heartache and horror swept in by Hurricane Katrina, Tina Marie Winston's story was certainly disturbing. … Winston, 34, said she watched helplessly as a torrent of water from the Gulf of Mexico rolled in and swept away her two daughters, ages 5 and 6. The floodwaters swamped her New Orleans home, she said, costing her everything else. … She said the tragedy left her unable to function, in need of counseling and desperate for money to pay for a memorial service held for her two dead daughters under a St. Louis bridge. … But the gripping, chilling tale that brought Winston thousands of dollars in federal aid turned out to be a lie." The AP continues, "And on Wednesday, the woman who cried for sympathy after the disaster got little of it from a federal judge who ordered her to spend four years in prison and repay about $24,000 for various scams over more than a decade, including $4,358 she defrauded from the Federal Emergency Management Agency after the hurricane. … U.S. District Judge William Stiehl told Winston that he understood she had a troubled, possibly abusive upbringing and mental illness, but duping the government with tales of dead daughters 'was simply outrageous.' … Winston never had daughters, much less a New Orleans home. When Katrina knocked the Gulf coast to its knees in August 2005, Winston was 600 miles away, safe in the St. Louis suburb of Belleville, Ill., where she had moved from Arkansas in July 2004 - more than a year before Katrina. … 'These are the types of crimes that absolutely outrage taxpayers,' eroding their confidence in government, federal prosecutor Suzanne

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Garrison told Stiehl in labeling Winston's conduct 'extraordinarily undignified.'"

Another Dallas Convict Exonerated By DNA Evidence. The New York Times (1/18, Blumenthal) reports from Houston, "A 50-year-old Dallas man whose conviction of raping a boy in 1982 cost him nearly half his life in prison and on parole won a court ruling Wednesday declaring him innocent. He said he was not angry, 'because the Lord has given me so much.'" The Times continues, "The parolee, James Waller, was exonerated by DNA testing, the 12th person since 2001 whose conviction in Dallas County has been overturned long after the fact as a result of genetic evidence, lawyers said. … 'Nowhere else in the nation have so many individual wrongful convictions been proven in one county in such a short span,' said Barry C. Scheck, co-founder of the Innocence Project, the legal clinic that championed Mr. Waller's case. In fact, Mr. Scheck said, those 12 such instances are more than have occurred anywhere else except the entire states of New York and Illinois since the nation's first DNA exoneration, in 1989." The Times adds, "In the aftermath of the new evidence, prosecutors had joined defense lawyers in calling for the clearing of Mr. Waller, who spent more than 10 years behind bars before he was paroled in 1993. … 'I'm sorry that happened to you, man,' Craig Watkins, the county's new district attorney, told Mr. Waller on Wednesday, shaking his hand in the Dallas courtroom where a judge later approved a motion to vacate the conviction. That motion now goes to the Texas Court of Criminal Appeals for formal approval."

Expansion Of States' DNA Databases Raises Concerns. The National Law Journal (1/18, Jaksic) reports, "As state DNA databases expand, a growing number of 'cold cases' are getting solved, but that's leading to a new problem: Local jurisdictions can't keep up with their burgeoning caseloads. … 'I see it nationally as becoming a major problem,' said Ted Hunt, chief trial assistant in the Jackson County Prosecutor's Office in Kansas City, Mo. 'We're lucky to have a cold case homicide unit and a branch of sex crimes that works on cold cases, but many jurisdictions lack those resources.' … And DNA databases are certain to grow even more in several states." The Journal adds, "While all states now require that samples be collected from convicted felons, a growing number of states -- including Texas and Virginia -- collect samples from certain arrestees, such as those picked up for violent crimes. Kansas and New Mexico are scheduled to expand their databases to include arrestees this month. California is expected to do the same in 2009. … As of October 2006, the FBI's national database contained profiles for more than 3.7 million convicted offenders, which helped with more than 40,000 investigations. Florida topped the list with 4,907 investigations aided, followed by Illinois, New York and Virginia, according to the FBI. … The state of Virginia illustrates how fast databases have grown. When the state's cold case program started in 1993, the Virginia Department of Forensic Science's database contained 2,184 samples. It currently holds 253,156 samples. Since 2001, Virginia's database has grown by 50 percent."

New Jersey Mayor Pleads Guilty To Taking Bribes. The Newark Star-Ledger (1/18, Sterling) reports former Keyport, N.J., Mayor John Merla "admitted to a federal judge yesterday that he accepted a $2,500 bribe in exchange for helping a federal informant posing as the owner of a construction and demolition business obtain an emergency, no-bid contract to fix a local bulkhead." Merla "had been charged with taking the money at his brother's birthday party on Dec. 7, 2003. … He later acknowledged to U.S. District Judge William Martini in Newark that he also pocketed three other illegal cash payments from the informant and undercover FBI agents in 2003 and 2004. In all, the payoffs totaled $24,000, said Mark McCarren, the other federal prosecutor handling the matter." The Star-Ledger adds, "Leslie Wiser Jr., the special agent in charge of the FBI's office in Newark, sat in on yesterday's plea and afterward said he had no doubt Merla would have been convicted had the case gone to trial." The Jersey Journal (1/18) notes, "Merla, 45, was among a dozen officials snared by the undercover sting, 'Operation Bid Rig,' in Monmouth County February 2005. Many have pleaded guilty, along with several contractors. … Merla faces 24 years to 30 years in federal prison."

FBI Seeks Borough Records On New Jersey Development Project. The Bridgewater (NJ) Courier-News (1/18, Bricketto) reports, "Borough offices have been served with subpoenas from the U.S. Attorney's Office requesting information related to developer Jack Morris, the mayor confirmed Wednesday. Somerville officials declined to speculate on the motivation behind the subpoenas. … Mayor Brian Gallagher said the FBI served subpoenas…on Friday afternoon, seeking all documents involving JSM at Somerville, Edgewood Properties and Jack Morris since

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2003." The Courier-News notes, "Pathmark, a holdout tenant at the center, filed a legal brief in September that said Edgewood made a $10,000 contribution to the Somerset County Republican Executive Committee in 2003, the day after the Somerville Planning Board passed a resolution designating the shopping center as a redevelopment area. … The Borough Council then passed a resolution designating JSM as the redeveloper of the center the day after Gallagher was elected mayor, according to the brief."

Supreme Court Hears Arguments On Death Penalty. The New York Times (1/18, Greenhouse, 1.16M) reports, "The Supreme Court on Wednesday resumed its long-running effort to monitor the use of the death penalty in Texas, hearing arguments in three cases that put the strains and internal contradictions of the court's capital punishment jurisprudence fully on display. One case was familiar, at least to the seven justices who were on the court when LaRoyce L. Smith's previous appeal of his death sentence came before them in 2004. At that time, the court voted 7 to 2 to overturn the sentence, only to see it promptly reinstated by the Texas Court of Criminal Appeals on the ground that the constitutional error the justices had identified was 'harmless.' The question now is whether that was an acceptable response by the state court to the Supreme Court's mandate." The other two cases, "while unfamiliar in their particulars, were very familiar in what they represented: the latest, but almost certainly not the last round in a fitful dialogue between the Supreme Court and the federal appeals court that oversees habeas corpus cases filed in federal court by Texas inmates."

The Washington Post (1/18, A3, Barnes, 690K) notes "the cases of at least nine death row inmates nationwide -- who are not proclaiming innocence but are protesting their sentences -- are on the court's docket in this term. Just as the justices scrutinized Virginia's system for carrying out the death penalty several years ago, they are examining four cases from Texas this year, including the three heard yesterday." The number of capital cases "is not unusual for the court, those who follow the issue say. But because the justices so far this year have taken a smaller number of cases overall, the death penalty accounts for 'a larger fraction of their work,' said Richard Dieter, executive director of the Death Penalty Information Center."

The Legal Times (1/18, Mauro) reports, "The Supreme Court heard arguments Wednesday in three Texas death penalty cases that were billed as a test of wills between the high court and lower court judges who have effectively defied its decisions on the use of mitigating evidence. … But whatever anger the Court held toward the Texas Court of Criminal Appeals and the 5th U.S. Circuit Court of Appeals seems to have largely dissipated. On Wednesday, its newest members, Chief Justice John Roberts Jr. and Justice Samuel Alito Jr., appeared ready to give greater deference to Texas in administering its capital-punishment laws." The Times continues, "It was a marked contrast to 2004, when the Supreme Court had angrily sent one of the cases back to the Texas appeals court, only to have the Texas court reaffirm its prior ruling. At the Jan. 17 argument, Roberts seemed to show sympathy for the state court's desire to exercise its own judgment instead of just following the Supreme Court's guidance. 'Why do we remand these cases,' Roberts asked rhetorically, 'if there's nothing further to be considered?'" The Times adds, "As the cases were argued inside the Court, outside nine anti-death penalty demonstrators were arrested on the steps for unfurling a banner that read 'STOP EXECUTIONS!' The civil-disobedience action coincided with the Texas arguments but was also intended to mark the 30th anniversary of the resumption of capital punishment in 1977, when Gary Gilmore was put to death in Utah. … In all three cases argued before the Court on Wednesday, guilt was not in doubt; at issue instead was the much-litigated question of how jurors should give weight to mitigating evidence. All three defendants were sentenced to death by jurors who were given a jury instruction on mitigating evidence that the Supreme Court has since struck down."

First Lady Touts International Teamwork To Combat Child Porn. The AP (1/18, Ollivier) reports First Lady Laura Bush "said at a gathering of first ladies Wednesday that police must work with counterparts in other countries to keep children safe from abuse and Internet pornographers." French first lady Bernadette Chirac "hosted the one-day conference on missing and exploited children, which brought together first ladies including Suzanne Mubarak of Egypt and Lyudmila Putin of Russia, as well as Queen Silvia of Sweden and Queen Paola of Belgium." Mrs. Bush "briefed participants on efforts to protect children in the United States, touting the Amber Alert system that mobilizes TV, radio and highway signs to get word out whenever a child goes missing." The First Lady "also urged international cooperation in fighting online child pornography."

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Bruno Attacks Spitzer's Ethics Over Fundraiser. The New York Times (1/18, Cooper, 1.16M) reports, "Joseph L. Bruno, the Republican Senate majority leader, accused Gov. Eliot Spitzer on Wednesday of being hypocritical for championing campaign finance reform while headlining a $25,000-a-couple fund-raiser later this week for the state Democratic Party. … 'I wouldn't be talking campaign finance reform on one hand, and then on the other hand, doing 25,000 price of admission to funnel money — funnel money, launder money — into a Senate contest,' Mr. Bruno said. 'I think it's inappropriate, I think it's inequitable, I think it's unfair, and I think it's time to step up and tell it like it is.'" The Times notes, "Mr. Bruno's decision to criticize the popular new governor's ethics was something of a gamble, given his announcement late last year that the F.B.I. has been looking into his business dealings."

Jurors Selected For Coke Formula Theft Trial. In a widely-distributed story, the AP (1/18, Weber) reports, "Twelve jurors were selected Wednesday to decide the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant in an effort to sell them to rival Pepsi. Opening statements in Joya Williams' trial remain scheduled for Monday, her lawyer, Janice Singer, said." The AP notes, "The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched."

Los Angeles Printing Business Owner Faces Art Fraud Allegations. The Los Angeles Times (1/18, Kennedy, 850K) reports on the art fraud charges against Los Angeles printing business owner Kristine Eubanks, who allegedly used "a new technology called giclee…which reproduces art without the telltale dots of color printing" to defraud artists and consumers. The Times notes, "In September, a team of investigators from the FBI, the IRS and the Los Angeles Police Department seized 15 bank accounts connected to Eubanks," and she "was arrested and held without bail. … Christopher Calarco, a Los Angeles-based FBI agent specializing in art crime, said that the case is continuing and that there is more evidence that investigators cannot yet discuss." The Times adds, "Investigators said they are hoping they can expand their inquiry to encompass similar alleged scams while spreading the word that buyers should use caution when purchasing art. But even with the warnings, Calarco worries that buyers could go for years not knowing they have fakes on the wall. He also described art scams as a 'target-rich environment' that's growing worldwide because of television and the Internet."

Son Of Former New York Gambino Boss Arrested For Medicaid Fraud. Newsday (1/18, Epstein) reports, "A Lido Beach man filed more than $420,000 in fraudulent Medicaid claims, Nassau County Executive Thomas Suozzi said yesterday. Police and Department of Social Services officials said Ricky DiBernardo lied about his finances to qualify for Medicaid benefits. DiBernardo was arrested and pleaded not guilty Monday on a charge of grand larceny, a felony, and remained in jail yesterday on bail of $400,000." Newsday notes that DiBernardo is "the son of Robert DiBernardo, the Gambino crime family pornography boss who disappeared June 5, 1986. John Gotti admitted in FBI tapes played at his 1992 trial that he ordered the elder DiBernardo to be killed."

Neteller Ceases Transactions With US Gamblers. In a widely-distributed story, the AP (1/18, Barr) reports, "Neteller PLC, a Britain-based online money transfer business, said Thursday it is ceasing to handle gambling transactions from U.S. customers because of restrictive legislation and uncertainties about regulations. The company's move came three days after former directors arrested and charged in the United States with funneling billions of dollars in gambling proceeds to overseas betting operations." The AP notes that after the arrest of former directors John David Lefebvre and Stephen Eric Lawrence, "FBI Assistant Director Mark J. Mershon, assistant director of the U.S. Federal Bureau of Investigation, said the multibillion-dollar online gambling industry is 'a colossal criminal enterprise masquerading as legitimate business.'"

Two Convicted In California Kidnap-Ransom Scheme. The AP (1/18, Risling) reports from Los Angeles, "Two men were convicted Wednesday of orchestrating a ruthless kidnapping-for-ransom scheme targeting Russian immigrants that resulted in the killings of five people whose bodies were found at the bottom of a Northern California reservoir." The AP continues, "A federal jury found Iouri Mikhel, 41, and Jurijus Kadamovas, 40, guilty of three counts of hostage-taking and three counts of conspiracy. Both could face the death penalty. … Neither defendant showed reaction. Relatives of some victims sobbed and held each other as the

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jury's decision was announced." The AP adds, "During the 4 1/2-month trial, federal prosecutors portrayed the two defendants as the leaders of a group that sought to amass a fortune by kidnapping affluent Russian immigrants from Los Angeles in late 2001 and early 2002 and extorting money from their families and friends. … Regardless of whether ransoms were paid, prosecutors said, victims were killed and their bodies tied with weights and dumped in a reservoir near Yosemite National Park. The kidnappers had promised some of their hostages that they would be freed, prosecutors said. … Defense attorneys countered that accomplices who cut deals with prosecutors for lesser prison sentences were the brains of the operation. Mikhel's attorney Richard Callahan said his client may have been involved in money laundering but would have been too smart to leave behind crucial evidence."

US Charges Former Red Cross Official With Fraud. The New York Times (1/18, Archibold) reports from Los Angeles, "A former California accounting executive at the Orange County Chapter of the American Red Cross was indicted Wednesday on federal embezzling charges, adding to concerns raised by watchdogs over the financial management of the Red Cross and some of its chapters." The Times continues, "The official, Karen Shuerger, 58, who was the assistant director of accounting, was charged with misappropriating more than $100,000 over the final five years of a 17-year career at the chapter. The investigation, however, is continuing to determine if the misdeeds were broader, said officials in the United States attorney's office in Los Angeles, which is prosecuting the case." The Times adds, "Ms. Shuerger, the indictment said, used the chapter's traveler's checks and a credit card issued by the organization to make purchases for herself at places that included a gambling hall in Nevada, a beach resort in Hawaii and the San Diego Zoo. The embezzlement came to light, prosecutors said, after Ms. Shuerger, who had been in charge of monitoring money received by the chapter and preparing financial records, retired in the fall of 2005. … Her replacement noticed discrepancies in the accounting books, and the organization conducted an audit in 2006 that suggested possible criminal activity, said Robb C. Adkins, the assistant United States attorney prosecuting the case. The results were turned over to the Federal Bureau of Investigation, leading to Ms. Shuerger's indictment."

Boston Globe Retraces Hunt For Federal Fugitive In Racketeering Case. According to the Boston Globe (1/18), "It was a two-year game of cat and mouse, as federal investigators monitored the movements of gangster James 'Whitey' Bulger and his lieutenants in a frustrating quest to snare him for extorting profits from drug dealers in the neighborhood. The investigation by the DEA and Boston Police led to federal cocaine charges against 51 people in 1990, but no charges against Bulger." Bulger, "a longtime FBI informant, was indicted in 1995 on federal racketeering charges but fled just before the indictment and has been a fugitive since." Investigators "involved in the surveillance operation…were always suspicious that the FBI hindered their attempts to get Bulger."

TJX Reports Theft Of Customer Data. The New York Times (1/18, Stone, Dash) reports, "The TJX Companies, the retailer that operates the T. J. Maxx and Marshalls discount clothing chains, has joined the ignominious list of companies that have had sensitive customer financial data pilfered by identity thieves." The Times continues, "Yesterday the company, based in Framingham, Mass., said that as early as 2003 and during most of last year, an intruder had gained access to a computer system containing the private records of customers, including credit and debit cards, checks and driver's license numbers." The Times adds, "Both its flagship chains were affected, as well as HomeGoods and A. J. Wright stores in the United States, and its Winners and HomeSense chains in Canada. The company said it was still trying to determine whether data from its 36 Bob's Stores locations in the United States had also been compromised. … The company did not specify precisely how many customers were put at risk. Sherry Lang, vice president for investor and public relations, said that the intruder had taken the credit and debit card records of 'a limited number of people, substantially less than millions of people,' as well as a small number of driver's license numbers. Ms. Lang said the company did not know whether other account information was also stolen, and declined to be more specific. … The major credit card companies said yesterday that they were aware of the breach and had notified the banks that issue their cards to monitor for suspicious account activity."

False Witness To 2002 Sniper Shooting Convicted Of Rape, Murder. The Washington Post

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(1/18, B2, Jackman) reports, "Matthew M. Dowdy served a short but well-publicized jail stint for his false claim that he witnessed a sniper shooting in 2002. His latest offense was far less notorious but probably will land him in prison for the rest of his life." The Post continues, "A Fairfax County jury convicted Dowdy yesterday of first-degree murder and rape for the September 2005 stabbing of Judy J. 'Jaimie' Coate in the Falls Church area. The jury then sentenced Dowdy, 42, to life in prison on the murder charge and 30 years on the rape charge -- terms that Circuit Court Judge Stanley P. Klein can impose or decrease at sentencing April 20." The Post adds, "The slaying of Coate, 31, of Falls Church, whose body was discovered behind a large utility box on Lee Highway on Sept. 27, 2005, was unrelated to Dowdy's arrest in October 2002, at the height of the region's terror over the sniper slayings. Dowdy claimed he saw a man with a rifle fire from the parking lot at the Home Depot in the Seven Corners area, killing Linda G. Franklin. … Surveillance tapes soon showed that Dowdy was inside the store and could not have seen the shooting. His lawyer later claimed that Dowdy was simply relaying information from a friend, though the shot was actually fired from a community center across the street from the store. Dowdy pleaded no contest to a charge of making a false statement to an officer, was fined $1,000 and was sentenced to six months in jail." The Post notes, "In 2005, Dowdy was living in a motel in the city of Falls Church. When Coate's body was found in some underbrush, she had been stabbed in the neck, head, stomach and back, said Fairfax Commonwealth's Attorney Robert F. Horan Jr. And "a great deal of blood," Coate's blood, was on the utility box, he said. … Examiners testified that Dowdy's fingerprint and palm print were in Coate's blood on the box, and they said his DNA was found at the scene. There were no witnesses to the killing."

Missouri Kidnapping Suspect May Be Linked To 1991 Abduction. The New York Times (1/18, Saulny) reports from Potosi, MO, "The investigation of a suburban St. Louis man accused of kidnapping widened Wednesday as law enforcement officials pursued links between him and a 1991 abduction." The Times continues, "Prosecutors in Washington County on Wednesday charged the man, Michael Devlin, 41, with kidnapping and using a deadly weapon, asserting that Shawn Hornbeck, 15, may have faced a handgun when he was abducted four years ago near his home in Redwoods, Mo., a rural town southwest of St. Louis." The Times adds, "The police found Shawn at Mr. Devlin's apartment in Kirkwood, a St. Louis suburb, on Friday while searching for another boy, William Ownby, 13, who had been missing for four days. Mr. Devlin was arrested Friday and charged with one count of kidnapping William, who is known as Ben. He is being held on $3 million bail and is to be arraigned Thursday. … In Lincoln County, northwest of St. Louis, investigators named Mr. Devlin as a possible suspect in the 1991 disappearance of Charles Arlin Henderson. Charles, known as Arlin, disappeared — like Shawn — while riding his bike, near his home in Moscow Mills. He was also 11, and, a police spokesman said, looked a lot like Shawn and Ben."

CIVIL LAW:

10th Circuit Hears Arguments In Suit By Inmate's Family Against US. The Salt Lake Tribune (1/18, Coffman) reports, "In the past dozen years, Salt Lake City attorney Jesse Trentadue has lost his parents, his law partner and his younger brother. … The latter was the most traumatic. Kenneth Trentadue was found hanged in 1995 in a federal prison in Oklahoma." The Tribune continues, "Since then, Trentadue has fought to disprove the official finding of suicide and prove his theory that Kenneth Trentade was murdered by guards who mistook him for an accomplice in the Oklahoma City bombing. … On Wednesday, in the latest hearing in a bitter legal wrangle, the 10th U.S. Circuit Court of Appeals heard arguments on two issues in the case." The Tribune adds, "The first was the federal government's request to overturn a judge's ruling giving $1.1 million to the family for emotional distress caused by how Bureau of Prisons (BOP) officials handled the aftermath of Trentadue's death. … The second was whether to allow family members to press ahead with their claim that authorities tried to derail their quest to prove murder by attempting to bring bogus obstruction of justice charges against Jesse Trentadue." The Tribune notes, "Michael E. Robinson, a Justice Department attorney, said the record showed that emotional distress allegedly caused by the handling of the inmate's death did not affect the daily activities of all Trentadue family members. … He also pointed out that only a few family members saw the bruises and autopsy incisions on Trentadue's body after it had been sent to a California funeral home. Oklahoma law distinguishes between bystanders and individuals who were directly involved, Robinson said. … 'They were more like bystanders,'

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he said of the Trentadues who were not present when funeral home workers removed the body from a coffin and photographed it. … Judge Terrence O'Brien questioned Robinson about whether the emotional distress the Trentadues suffered came 'from the runaround they got from the BOP.'"

Schering Sales Settles Drug Pricing, Marketing Charges For $435 Million. The AP (1/18, Lavoie) reports, "Schering Sales Corp. and its parent company were sentenced to pay $435 million Wednesday as part of a settlement with the Justice Department over accusations it improperly marketed drugs for unapproved uses and lied to the government about drug prices." The AP continues, "Under a settlement announced in August, Schering Sales pleaded guilty to conspiracy and agreed to pay a criminal fine of $180 million. Its parent company, Schering-Plough Corp., agreed to pay another $255 million to resolve civil aspects of the case." The AP adds, "The sentencing closes the loop on an investigation by the Justice Department and the U.S. Attorney's Office in Boston that began in 2001. ... Investigators said Schering-Plough marketed drugs for uses that had not been approved by the Food & Drug Administration. One example was Temodar, a drug the FDA had approved to treat a type of brain tumor called anaplastic astrocytoma. Prosecutors said Schering promoted Temodar to treat several other types of brain cancer, which the FDA had not approved. The company also promoted the unapproved use of Intron A for the treatment of cancer on the surface of the bladder, prosecutors said. … Although doctors are allowed to prescribe drugs for unapproved uses, drug companies are prohibited from marketing drugs for these so-called "off-label" uses. … As part of the settlement, the company pleaded guilty to making false statements to the Food & Drug Administration and the Health Care Financing Administration."

Suit Alleges MRI Kickbacks. The Wall Street Journal (1/18, Armstrong) reports, "A whistleblower lawsuit unsealed Wednesday details a widespread scheme among Chicago-area MRI operators to win referrals from doctors by allegedly signing the doctors to phony equipment lease deals that result in the physicians getting a kickback when they order scans for patients." The Journal continues, "The action, originally filed last February, was unsealed after the Illinois attorney general decided to intervene in the case. … The lawsuit strikes at an increasingly common arrangement between magnetic-resonance-imaging centers and doctors that is blamed for helping to fuel a staggering increase in the number of medical imaging tests done each year in the U.S. … The action names 11 MRI centers allegedly engaged in the illegal kickback scheme." The Journal adds, "According to the complaint, the MRI service centers sign lease deals with physicians that purportedly call for the doctors to rent time on MRI machines to scan their patients. In reality, the lawsuit charges, the physicians never perform any of the scans. The scans are done by the MRI center employees at their facility. … The arrangements are 'subterfuge' to hide kickbacks to the doctors, the lawsuit alleges. By entering into a 'lease arrangement,' the referring physician can claim part of the insurance payment even though he hasn't done any work related to the scan. For the MRI centers, the arrangements help generate referrals."

CIVIL RIGHTS:

Man Sentenced To 33 Months For Hate Crimes In Cleveland. The AP (1/18) reports from Cleveland, "A man who admitted he spread mercury around an interracial couple's house two years ago to try to scare black families from his neighborhood was sentenced Wednesday to nearly three years in federal prison, the Justice Department announced." The AP continues, "U.S. District Judge Patricia Gaughan said she wanted to send a clear message with the 33-month prison term that such conduct won't be tolerated. … David Fredericy, 50, who is white, pleaded guilty in October to conspiracy, making false statements to federal investigators and interference with housing rights." The AP adds, "In his signed plea agreement, Fredericy said he and neighbor Joseph Kuzlik, who is also white, wanted to drive black residents out of their Slavic Village neighborhood. The two would yell racial slurs and threaten black neighbors, the agreement said. … The neighborhood in southeast Cleveland has been filled with racial tension in recent years. … Kuzlik, who pleaded guilty in November to similar charges, is to be sentenced next month."

Mississippi Democratic Party Official On Trial For Disenfranchising White Voters. The AP (1/18, Mohr) reports from Jackson, MS, "A black Noxubee County (MS) Democratic Party official and his allies exploit racial tensions to disenfranchise white candidates and voters,

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a federal judge was told Wednesday in the government's first use of the Voting Rights Act to allege discrimination against whites." The AP continues, "Theodore Arrington, a political science professor at the University of North Carolina, testified as an expert witness for the U.S. Justice Department. He compared the current treatment of whites in east Mississippi's Noxubee County to the disfranchisement of black voters in the racially segregated South of the past." The AP adds, "Noxubee County has a majority black population. The Justice Department accuses Ike Brown - chairman of the county's Democratic Executive Committee - of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Mississippi and other Southern states strictly enforced segregation. … 'Ike Brown and his associates do not uphold the law and customs that prevent bias and fraud in the administration of the Democratic primary, which is tantamount to elections in Noxubee County,' Arrington testified. 'And he cannot be trusted to do so in the future. Indeed, he is behind much of that fraud.'" The AP notes, "Wil Colom, one of Brown's defense attorneys, strongly objected to Arrington's statements, but U.S. District Judge Tom S. Lee allowed the testimony to continue. Lee is hearing the case without a jury. … Arrington said Brown and others use racial slurs as 'bullying techniques' to bring people in line and further polarize elections. .. The testimony came in the second day of the trial that accuses Brown and his associates of allowing unqualified black candidates to run in the county's elections. Brown, among other things, is also accused of rejecting whites' absentee ballots while accepting blacks' ballots with similar defects."

DOJ Asked To Probe Georgia Mental Hospitals. The Atlanta Journal-Constitution (1/18, Judd, Miller) reports, "The National Alliance on Mental Illness, a consumer advocacy group, Wednesday asked the U.S. Justice Department to investigate what it called 'unacceptable and intolerable' conditions in Georgia's seven state mental hospitals." The AJC continues, "The group said its letter to U.S. Attorney General Alberto Gonzales was prompted by an Atlanta Journal-Constitution investigation that found a pattern of neglect, abuse and poor medical care in the Georgia psychiatric hospitals. … The newspaper reported at least 115 suspicious deaths of patients and more than 190 substantiated cases of physical or sexual abuse by hospital employees since 2002." The AJC adds, "The suspicious deaths included 36 who died from choking on food, vomit or foreign objects, or by aspirating those substances into their lungs. A similar number died for lack of emergency treatment or from questionable medical care. Twelve committed suicide. … A Department of Justice spokeswoman said late Wednesday that its Civil Rights Division had not yet received the letter. 'But when we do, we will certainly review it,'' said Cynthia Magnuson, the spokeswoman. … Under a federal civil rights statute intended to protect people in government institutional care, Justice has investigated conditions in mental hospitals and facilities for the mentally retarded in several states. The federal investigations often lead to a state agreement to launch reforms."

Rep. King Seeks DOJ Probe Of Duke Lacrosse Prosecutor. The AP (1/18, Barrett) reports, "A second congressman has urged the Department of Justice to investigate whether the district attorney in the Duke lacrosse sexual assault violated the rights of the defendants." The AP continues, "Rep. Peter King, whose Long Island district includes relatives of one of the accused students, Collin Finnerty, urged Attorney General Alberto Gonzales to begin an investigation into Mike Nifong, who asked last week to be recused from the case. … 'I am deeply disappointed by your apparent decision to defer a decision whether to investigate Mr. Nifong's prosecution of this case,' King wrote to Gonzales, arguing that the FBI should investigate whether the prosecutor may have violated Finnerty's civil rights, including the right to due process under the law." The AP adds, "Justice Department spokeswoman Cynthia Magnuson said it was too early to launch a federal probe. … 'It would be premature to initiate a federal investigation while criminal charges and other procedures are pending in the state of North Carolina,' Magnuson said." The AP notes, "King, the top Republican on the House Homeland Security Committee, is the son of a New York Police Department lieutenant. His request for an investigation is the latest addition to the chorus of public criticism of Nifong's handling of the case. … Justice Department officials said Tuesday they had rejected a similar request from North Carolina Rep. Walter Jones, also a Republican. Jones' spokeswoman, Kathleen Joyce, said the congressman still planned to meet next week with the head of the department's Civil Rights Division. … Special prosecutors with the North Carolina attorney general's office have been assigned to take over the case against the three accused lacrosse players - Finnerty, Dave Evans and Reade

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Seligmann. … The three are accused of attacking a stripper hired to perform at a team party in March."

WBTV-TV, Charlotte, NC (1/17, 7:00 p.m.) broadcasted, "Now New York Congressman Peter King has asked Attorney General Alberto Gonzalez to look into whether Nifong violated the defendants' rights. The Justice Department already rejected a similar request from North Carolina Representative Walter Jones." Severak other TV stations from Charlotte and Durham, NC also broadcasted this story.

Convicted Border Agents Surrender To Prison Officials. The Washington Times (1/18, Seper) reports, "Two former U.S. Border Patrol agents surrendered yesterday to begin prison sentences for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico." The Times continues, "Ignacio Ramos, 37, and Jose Alonso Compean, 28, said goodbye to their wives and six children -- three each -- as they turned themselves over to U.S. Marshals shortly after 1:30 p.m. at the federal courthouse in El Paso, Texas, to begin 11- and 12-year sentences, respectively." The Times adds, "Rep. Dana Rohrabacher, the California Republican who has been at the forefront of efforts to have the prosecution reviewed and the agents re-tried, yesterday criticized the White House for not acting in the case. … 'This is the worst betrayal of American defenders I have ever seen,' Mr. Rohrabacher said of President Bush. 'It's shameful this was done by someone who is in the Republican Party. He obviously thinks more about his agreements with Mexico than the lives of American people and backing up his defenders. … Our border agents risk their lives daily to uphold our immigration laws and defend our borders,' he said. 'If the conviction of Ramos and Compean is an indication of how our government will repay them, we can be certain good men and women will soon flee the ranks of Border Patrol service.'" The Times notes, "Ramos, a 10-year Border Patrol veteran and former 'Agent of the Year' nominee, and Compean, a five-year member of the agency, were sentenced in October in federal court in El Paso on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation."

Bush Urges Passage Of Genetic Privacy Bill. The New York Times (1/18, Stolberg, 1.16M) reports, "President Bush on Wednesday urged Congress to pass long-stalled legislation to safeguard genetic privacy, a measure experts say would encourage millions of Americans to undergo testing that could lead to prevention and treatment of cancer and other diseases." At the National Institutes of Health, President Bush said, "If a person is willing to share his or her genetic information, it is important that that information not be exploited in improper ways."

Expansion Of Credit Checks Seen As Civil Rights Issue. The Christian Science Monitor (1/18, Arnoldy) reports from Boston, "Lisa Bailey worked for five months at Harvard University as a temp entering donations into a database. When the university made the job a salaried position, Ms. Bailey, who is black, saw a chance to lift herself out of dead-end jobs. … Bailey's superiors encouraged her to apply, she says, but turned her down after discovering her bad credit history. … Bailey, with her lawyer, has lodged a complaint against Harvard charging racial discrimination. The reason: Studies show that minorities are more likely to have bad credit, but credit problems have not been shown to negatively affect job performance." The Monitor continues, "Some privacy and minority advocates are now seeing credit as a civil rights issue as minorities start to fight employers and insurers who base decisions on credit histories. Their effort could slow the near doubling in credit checks by employers in the past decade, which impacts millions of Americans who are struggling with debt." The Monitor adds, "In a 2004 study involving 2 million people, the Texas Department of Insurance found that blacks have an average credit score roughly 10 percent to 35 percent worse than whites; Hispanics have scores 5 percent to 25 percent worse than whites. … Credit checks are a growing factor in hiring, with 35 percent of employers checking applicants' credit in 2003, up from 19 percent in 1996, according to the Society of Human Resource Management (SHRM). Typically credit reports are done if a person is going to deal with money, says John Dooney, a manager of strategic research at SHRM."

Writer Argues For More Accessible Currency. In an op-ed in the Washington Post (1/18, A23), Cyrus Habib, a Rhodes Scholar and JD candidate at Yale Law School, writes, "Blind Americans may soon find themselves able to use money just like anyone else. That is unless the Treasury Department is successful this month in its appeal of a recent federal court order that paper currency be made recognizable to the blind, who are currently unable

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to distinguish one denomination from another." Habib continues, "I, for example, rely on the generosity of cab drivers, baristas and store clerks each time I make a purchase with cash. That I have rarely been ripped off is a testament to their honesty or my charm, but I cannot help but protest the perpetual necessity for either. After all, there are 180 countries in which this is not the case, because their currency is designed to be distinguishable by all." Habib adds, "Blind people in the United States suffer from a staggering 70 percent unemployment rate, and a disproportionately high percentage of those who are employed occupy jobs in the low end of the service sector. There is no question that the catastrophic poverty of America's blind requires a solution. Why not begin by giving us access to money at the most atomic level? How can blind Americans become truly independent, achieving the success we deserve and leaving behind the stigma of federal and state aid, without being able to differentiate between a dollar bill and a fifty?" Habib notes, "The Treasury Department suggests using debit and credit cards, disregarding the fact that the lives of many blind Americans hinge upon financial exchanges for which plastic is often useless, such as catching a crosstown bus, purchasing a cup of coffee or getting change for laundry. … These basic day-to-day experiences may not constitute reality for Treasury Secretary Henry Paulson and his team, but they certainly do for millions of blind and low-vision Americans." Habib concludes, "When it comes to accommodating disabilities such as blindness, let us continue to lead the world in practice as well as in principle. More important still, let us tell the world that we, too, believe that blindness should not be an obstacle to financial independence. In doing so, let us also take a significant step toward ameliorating the living conditions of blind Americans, now and for years to come. … The Treasury Department should obey Judge Robertson's order and show us the money."

Herbert Says US Needs To Recall King's Lessons. In his New York Times column (1/18), Bob Herbert notes the Rev. Dr. Martin Luther King Jr.'s April 4, 1967 speech at Riverside Church in Manhattan "that was among his least well known, yet most controversial." The speech "was an eloquent, full-throated denunciation of the war in Vietnam, one of the earliest public critiques by such a high-profile American. Silence in the face of the horrors of that war, said Dr. King, amounted to a 'betrayal.'" Hebert adds, "It's both gratifying and important that we honor this great man with a national holiday. But it's disturbing that we pay so much more attention to the celebrations than we do to the absolutely crucial lessons that he spent much of his life trying to teach us."

ANTITRUST:

Microsoft Case Plaintiffs To Report Noncompliance Information To DOJ. The AP (1/18, Pitt) reports from Des Moines, IA, "The plaintiffs in a class-action antitrust lawsuit against Microsoft Corp. claim they have uncovered information that indicates the software manufacturer is violating an agreement with the U.S. Department of Justice." The AP continues, "Des Moines attorney Roxanne Conlin and her co-counsel Richard Hagstrom, of Minneapolis, claim that during their research for the class-action case under way in Polk County District Court they discovered information that indicates the company isn't complying with a 2002 federal court decree. … Conlin asked Judge Scott Rosenberg's permission to tell the DOJ and the Iowa attorney general about the information." The AP adds, "Conlin said she will discuss two issues with the DOJ and Iowa attorney general's office within a few days. … 'We feel as officers of the court it is our responsibility to do this,' Conlin said Wednesday. 'It's simply our duty as citizens and lawyers to let the Department of Justice know that we are in possession of information that goes to the issue of whether Microsoft is in compliance.'" The AP notes, "She plans to write letters to the agencies but, according to Rosenberg's ruling, can only provide the information if a court order or subpoena is issued seeking it. … She said she could not be specific about what she's uncovered because Rosenberg's ruling prohibits the information from being shared beyond the appropriate authorities. … 'The court finds that the plaintiffs and its expert witnesses may contact the appropriate authorities responsible for the enforcement and compliance of any orders, judgments or decrees in the other judicial matter concerning the defendant and inform such authorities that it is in possession of information that may be relevant to such enforcement and compliance,' Rosenberg said in his ruling filed on Tuesday."

FTC Updates Thresholds For Merger Filings. The Deal (1/18, McConnell) reports, "The Federal Trade Commission Tuesday announced this year's increase in the

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size of deals that must be submitted to antitrust enforcers before a merger is completed." The Deal continues, "The new thresholds determine whether merging parties must file Hart-Scott-Rodino Act notification with the FTC and the Department of Justice and take effect 30 days after their upcoming publication in the Federal Register. … The agency must revise the thresholds annually, based on the change in the gross national product." The Deal adds, "Hart-Scott-Rodino Act notification must be filed if a deal meets thresholds contained in one of two tests. … Under the first test, notification is required if the assets being acquired exceed $59.8 million and total assets for one of parties exceeds $119.6 million and the other party exceeds $12 million. Previously, notification was required if assets acquired were valued at more than $56.7 million and the size of the merging parties was greater than $113.4 million and the other party exceeded $11.3 million, respectively. … Under the second test, notification is mandatory if the total value of the transaction exceeds $239.2 million, regardless of the size of the merging parties. The previous threshold was $226.8 million. … To adjust for the threshold changes, the FTC also updated its filing fee levels. For transactions between $59.8 million and $119.6 million, the fee is $45,000; for deals up to $597.9 million, the fee is $125,000; and for those of $597.9 million or more, the charge is $280,000."

Rivals Bid $38 Billion For Equity Office Properties. The New York Times (1/18, Sorkin, Pristin) reports, "The gloves have come off in buyouts. … Late yesterday, a group of investors offered $38 billion for the nation's largest office landlord, setting off the biggest buyout battle since the landmark fight for RJR Nabisco nearly two decades ago." The Times continues, "The upstart bid for Equity Office Properties, the real estate investment trust that was founded by Samuel Zell, tops a $36 billion deal that Equity Office had reached with the Blackstone Group in November. Either bid would win the crown as the largest buyout ever, surpassing last summer's $33 billion deal for HCA." The Times adds, "The battle for Equity Office pits some of the most powerful and colorful financiers against each other. Blackstone is controlled by Stephen A. Schwarzman, who has created one of the largest, if not the largest, private equity firms in the nation. … The rival group includes Steven Roth of Vornado, once the king of New Jersey strip malls; Barry Sternlicht of Starwood Capital, who created the hotel chain and then left the company after a falling-out with its board; and Neil Bluhm, a Chicago real estate mogul who backed Barack Obama's successful run for the United States Senate. Mr. Sternlicht worked for Mr. Bluhm as a young analyst in the late 1980s." The Times notes, "Since the Blackstone offer was announced, James S. Corl, the chief investment officer for real estate at Cohen & Steers, the largest institutional investor in Equity Office, has argued that the price of $48.50 a share was too low because the office market is expected to keep improving over the next couple of years. … But the battle may not be tilted in favor of the new bidders, Vornado Realty Trust, the Starwood Capital Group and Walton Street Capital. For one, 40 percent of their $52-a-share offer is in shares of Vornado, at an unspecified ratio, compared with Blackstone's all-cash bid. And Blackstone has already completed many of the steps needed to close the deal. In addition, Blackstone has the right to match any rival offer."

Mills Corp Agrees To Buyout. The Washington Post (1/18, D1, Hedgpeth) reports, "Chevy Chase shopping-mall pioneer Mills Corp. yesterday agreed to a $1.35 billion sale to a Canadian investment company, capping months of turmoil in which the firm struggled with heavy debt and an accounting scandal." The Post continues, "The deal, which at least one major Mills shareholder called inferior to other offers, would give the owner of Potomac Mills in Virginia and Arundel Mills in Maryland a financial boost after the company reported it had enough cash to operate only through March 31." The Post adds, "The buyer, Brookfield Asset Management, the owner of New York's World Financial Center, would take control at a time when Mills is under investigation by the Securities and Exchange Commission for possible misconduct by management and for accounting errors totaling up to $352 million. … The sale marks the latest chapter in the Mills saga. The local company helped popularize the notion that a shopping mall could be an entertainment destination. It also built sprawling 'shoppertainment' centers throughout the United States and Europe that combined retail outlets with outsize restaurants, movie theaters and other amenities. … But in recent weeks, an internal review at Mills found the company's rapid growth may have contributed to its accounting problems. The company has been working to restate earnings dating to 2001, and its stock price has been battered in the past year. The review concluded that Mills' 'overall culture and "tone at the top" were heavily focused on meeting external and

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internal expectations,' according to a summary filed with the SEC."

The Washington Times (1/18, Haberkorn) reports, "The deal, which comes to $7.5 billion including assumed debt and preferred stock, was approved unanimously by the company's board of directors. But it still must be voted on by shareholders, leaving the window open for counterbids." The Times adds, "Under the Brookfield offer, Mills would become a publicly traded entity of the company, which manages more than $50 billion worth of office space in the United States and Canada and shopping centers in Brazil."

GE Nears Purchase Of Abbott's Diagnostic Unit. The Wall Street Journal (1/18, A4, Berman, Kranhold, Johnson) reports, "General Electric Co. last night was nearing a deal to purchase the diagnostics division of Abbott Laboratories, people familiar with the matter said, as the conglomerate makes a deeper push into the world of health care and medical devices." The Journal continues, "Details of GE's plans couldn't be learned last night, and it is possible GE may be purchasing a large part but not all of the Abbott unit. Through last year's first nine months, the division posted revenue of about $2.9 billion and an operating profit of approximately $300 million, according to Securities and Exchange Commission filings, representing about 18% of Abbott's revenue and just 7% of its operating profit." The Journal adds, "The deal would broaden GE's $17 billion health-care business, which has moved aggressively into health-care-information technology and molecular diagnostics in the past few years. The deal could mark GE's entry into 'in vitro' diagnostics, which includes routine instrumentation and test kits for diseases such as HIV and cancer. The revenue of Abbott's core in-vitro diagnostics business has been flat for several years."

The New York Times (1/18, Sorkin, Deutsch) reports, "The G.E. unit, GE Healthcare, has annual revenue of about $16 billion and has long been a leader in expensive diagnostic machines like CAT scanners and MRI equipment. The Abbott product line would help G.E. add nursing homes and other nonhospital medical settings to its base, analysts said. … They predicted that G.E. would quickly wring efficiencies from the Abbott Diagnostics unit. GE Healthcare's margins generally top 16 percent, they said, while Abbott Diagnostics' margins are about 7 percent." The Times adds, "Abbott is now hoping to win federal approval to enter the lucrative market of selling drug-coated stents — tiny metal devices that are designed to prop open coronary arteries after blockages have been cleared. … Abbott's diagnostics business, though, has been under something of a cloud since the company agreed in 1999 to pay $100 million to settle accusations that it had failed to meet federal quality standards in producing its test kits."

EOP Bids Demonstrate Real Estate Viability. The Wall Street Journal (1/18, C1, Sender, Forsyth, Berman) reports, "The high-stakes game for the country's largest office landlord is the strongest sign yet of the seemingly limitless appreciation of big-city office real estate -- at a time when the prices of homes and condominiums are suffering." The Journal continues, "Yesterday, a consortium of real-estate investors launched a competing $21.5 billion offer for Equity Office Properties Trust, hoping to knock off an existing $20.1 billion deal with buyout shop Blackstone Group. … The battle reveals a series of tight friendships and rivalries that, behind the scenes, is influencing the flow of billions of dollars in capital and personal prestige alike. Blackstone's deal is regarded as the largest leveraged buyout in history, at $36 billion, when factoring in Equity Office's $16 billion in existing debt." The Journal adds, "In this atmosphere, a topping bid that bests Blackstone's by some measures might have shocked real-estate experts a year ago. Today, it gets merely a shrug. … In a short statement released last night, real-estate firms Vornado Realty Trust, Starwood Capital and Walton Street Capital offered to purchase Chicago-based Equity Office for $52 a share, 60% of it in Vornado shares and the remainder in cash. That represents a 7% premium to the $48.50-a-share offer that Equity Office agreed to last November. In response, Blackstone termed the Vornado-led bid as 'inferior,' adding that the competing bid 'carries vastly more risk' than its own deal, which is set to close in about two weeks."

South Korea Antitrust Authorities Fine Hyundai For Unfair Practices. The AP (1/18) reports from Seoul, South Korea, "South Korea's antitrust regulator said Thursday it has fined Hyundai Motor Co. 23 billion won (US$25 million; euro19 million) for unfair market practices, the latest in a series of woes to hit the world's sixth-largest automaker." The AP continues, "The Fair Trade Commission said the company issued warnings to and discontinued contracts with car dealerships which failed to meet 'excessive' sales targets. … 'Hyundai Motor used its

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monopolistic market status to set excessive annual sales targets for car dealers,' the commission said in a statement." The AP adds, In addition, the carmaker didn't allow the dealers to move to other areas or to recruit salespeople to help achieve their sales goals last year, the commission said. … Hyundai and affiliate Kia Motors Corp. accounted for 73.3 percent of the domestic market last year. … The regulator said it carried out an investigation into suspected violations of fair trading rules by Hyundai Motor between February and November last year."

EU Moves Closer To Antitrust Charges Against Intel. IDG News Service (1/18, Meller) reports, "Formal antitrust charges against computer chip maker Intel in Europe are coming closer, after officials working on the case advised European Union Competition Commissioner Neelie Kroes to push ahead with legal action, according to reports." IDG continues, "The reports said a decision to send Intel a so-called statement of objections could be taken at any time now, although Kroes is understood to be proceeding cautiously. … The Commission has been examining Intel's behavior in the European chip market for more than six years. Rival chip maker Advanced Micro Devices complained to the European regulator in 2000 that Intel, with around 80 percent market share, was pressuring computer manufacturers to remain loyal to its products by offering them rebates."

ENVIRONMENT:

Nebraska Egg Processing Company Fined $1.05 Million For CWA Violations. The AP (1/18) reports from Wakefield, NE, "An egg processing company has been fined $1.05 million for violating the federal Clean Water Act." The AP continues, "M.G. Waldbaum Co., a subsidiary of Minnetonka, Minn.-based Michael Foods, has agreed to complete a $16 million wastewater treatment plant for its egg processing plant in 2009. And it will better manage manure from several area poultry farms, the U.S. Department of Justice said in a news release." The AP adds, "According to the original consent decree that averted further litigation, the state and federal governments will split the fine. … Treasurer and secretary Mark Witmer of Michael Foods said Waldbaum has resolved the pollution issues that first arose in 2004 and that work on the wastewater plant will finished in 2008." The AP notes, "The city of Wakefield, which is about 30 miles northeast of Norfolk, will pay a $20,000 fine for letting its sewage lagoons be overloaded by waste from the egg plant, the Justice Department said in a recent news release."

Lobbying Firm Cuts Ties To Griles Amid Abramoff Probe. The Legal Times (1/18, McLure) reports, "Lobbying firm Lundquist, Nethercutt & Griles has severed ties with former Department of the Interior Deputy Secretary J. Steven Griles." The Times continues, "Griles has been targeted in the Justice Department's ongoing corruption probe stemming from the lobbying activities of Jack Abramoff. … Griles, who had been a name partner at the firm, was a lobbyist for coal and energy interests both before and after his tenure at the Interior Department from 2001 to 2005. During Griles' stint at Interior, which oversees lucrative drilling and mining licenses on millions of acres of federal land, his ties to industry were the subject of a number of internal investigations." The Times adds, "Lundquist, Nethercutt & Griles did not respond to detailed questions about Griles' departure, including whether Griles was forced out by his partners and whether the firm would be renaming itself. Instead, the firm provided a statement saying Griles resigned as a partner effective Jan. 10. That same day, a number of news outlets reported Griles had been informed he was a target of federal prosecutors. A lawyer for Griles declined to comment on his departure. … In testimony before Congress in 2005, Griles told senators that as the Interior Department's No. 2, he had been approached by Abramoff about joining Greenberg Traurig, the firm where Abramoff worked. Griles told the senators, however, that he had not granted Abramoff or his Indian tribal clients special access to the department. In January 2006, Abramoff pleaded guilty to defrauding several of those clients, among other charges. He was later sentenced to five years in prison. .. A source with knowledge of the investigation says prosecutors are exploring whether to charge Griles with lying to Congress and honest-services fraud."

Global Warming Legislation Gathers Momentum. The New York Times (1/18, Barringer, Revkin, 1.16M) reports, "Legislation to control global warming that once had a passionate but quixotic ring to it is now serious business. Congressional Democrats are increasingly determined to wrest control of the issue from the White House and impose the mandatory controls on carbon dioxide emissions." A major Democratic bill "stands an excellent chance of passage in this Congress or the next, industry and

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environmental lobbyists said in interviews." There "was evidence of the changed mood all over Washington this week." The "big unanswered question was what will President Bush do?" The Times says comments Tuesday by James L. Connaughton, chairman of the president's Council on Environmental Quality, suggest "that some version of an emissions cap may eventually win White House support."

The Wall Street Journal (1/18, A1, Fialka, Rogers, 2.04M) reports, "Bills already circulating in the Senate have in common a mandatory cap on emissions, a step that, according to the White House, President Bush isn't prepared to advocate in next week's State of the Union address. However, industry and environmental groups see Mr. Bush as a potential broker who could help shape a consensus." The "effort has enormous implications for American businesses and manufacturers, which are split on the best course. The coal-mining, oil-production and utility sectors are likely to be hardest hit ... . Among the forces urging action are industries worried that states are producing a patchwork of regulations."

Pelosi May Create Special Committee For Climate Change Legislation. The AP (1/18, Heilprin) reports Pelosi, "intent on putting global warming atop the Democratic agenda, is shaking up traditional committee fiefdoms dominated by some of Congress' oldest and most powerful members. She's moving to create a special committee to recommend legislation for cutting greenhouse gases, most likely to be chaired by Rep. Edward Markey, D-Mass., a Democratic leadership aide said Wednesday." The "move, to some degree, would sidestep two of the House's most powerful Democratic committee bosses," "Energy and Commerce Committee Chairman John Dingell of Michigan, a defender of the auto industry," and Ways and Means Committee Chairman Charles Rangel of New York.

The New York Times (1/18, Barringer, Revkin, 1.16M) says the move is "apparently an end run around" Dingell, whose "firm support of the automobile industry, a leading source of carbon dioxide emissions, and his earlier lack of enthusiasm for climate measures have made him suspect among advocates of strong climate laws."

The Wall Street Journal (1/18, A1, Fialka, Rogers, 2.04M) reports Dingell "has expressed his ire at what he considers an intrusion into his House Energy and Commerce Committee's jurisdiction over energy and climate-change legislation." The Washington Post (1/18, Romano, 690K) runs a similar story.

Evangelical Christians, Scientists Call For Action On Climate Change. The Los Angeles Times/Newsday (1/18, Nelson) reports, "In an extraordinary display of the mounting concern over climate change, an international group of physicists and an alliance of scientists and evangelical Christians each issued calls to action Wednesday aimed at preventing a doomsday that includes global environmental catastrophe. The independent initiatives...reflect the new bonds forged from a growing consensus that human-wrought environmental damage is a moral issue for Christians and scientists alike." The "Bulletin of the Atomic Scientists moved the minute hand of its famous 'Doomsday Clock' to 11:55 p.m., with midnight being the figurative end of civilization. For the first time since the clock's creation in 1947, the organization's board of directors added the threat of climate change to unresolved nuclear dangers in the decision to advance the clock. Meanwhile, a coalition of scientific and religious leaders affirmed their commitment to protecting the environment, calling for 'fundamental changes in values, lifestyles and public policies required to address these worsening problems before it is too late.'"

WPost Condemns Cuts In NASA Climate Monitoring. In an editorial, the Washington Post (1/18, A22, 690K) writes that a National Academy of Science study warning of inadequate funding for climate-monitoring systems "is a stunning indictment of an administration that has parried complaints about inaction on climate change with claims of at least having generously funded research. The chief problem is President Bush's misplaced funding priorities at NASA, the space agency that doesn't just launch rockets but, along with the National Oceanic and Atmospheric Administration, also maintains a series of satellites and other sensors to monitor global climate and weather patterns." The Post concludes, "If the president must go to the moon or Mars, he should find the money for it responsibly, not by chopping away at other, more vital programs."

Gore Faulted For Canceling Interview On Global Warming. In a Wall Street Journal (1/18, 2.04M) op-ed, "Flemming Rose, culture editor of Jyllands-Posten, in Copenhagen, and Bjorn Lomborg a professor at the Copenhagen Business School, write that months after Jyllands-Posten, Denmark's largest newspaper, scheduled an interview with Al Gore, Gore's agent "came back to tell us that Bjorn Lomborg should be excluded from the interview because he's been very critical of Mr. Gore's message about

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global warming and has questioned Mr. Gore's evenhandedness." After Jyllands-Posten accepted this condition, Gore cancelled the interview. If Gore "has his way, we could end up choosing a future, based on dubious claims, that could cost us, according to a U.N. estimate, $553 trillion over this century. Getting answers to hard questions is not an unreasonable expectation before we take his project seriously." The right decisions "are best achieved through open debate, and we invite him to take the time to answer our questions: We are ready to interview you any time, Mr. Gore -- and anywhere."

FBI/DEA/ATF/USMS:

Former FBI Agent Denies Fighting Connecticut Police. The Connecticut Post (1/18, Mayko) reports, "A retired FBI agent said he stood with his arms raised, looking down at the snow under his feet, when a deputy U.S. marshal charged at him and struck him with a 'cold, metallic instrument.' … Gary John's testimony Wednesday contradicted that of Deputy U.S. Marshal James Masterson, who said the former agent kept moving around, refused to show his hands and punched him during a Dec. 8, 2005, arrest in Stratford's Oronoque Village." The Post continues, "At the time, federal marshals were seeking John for allegedly violating a no-contact restraining order involving his ex-wife in Rhode Island. They traced him to a condominium on Piute Lane, where John was living with the mother of his now ex-girlfriend from Milford. … Early this afternoon, U.S. District Judge Janet C. Hall is expected to send the case to the 12-member jury to determine whether John should be convicted of assaulting a federal law enforcement officer. … John has been in custody since his arrest." The Post adds, "Assistant U.S. Attorney Anthony Kaplan questioned John about a letter he sent to his ex-Milford girl friend last summer about 'not wanting to go back to prison.' … John claimed he meant he did not want to spend the summer incarcerated, but outside enjoying 'Connecticut's coastline.' … The 58-year-old, 6-foot, 165-pound former FBI agent took the stand to tell his side of the story after spending a day listening to marshals and police officers testify about his conduct."

DEA Raids 11 Marijuana Dispensaries In Los Angeles County. The Los Angeles Times (1/18) reports federal drug agents "raided eleven medical marijuana outlets in Los Angeles Wednesday afternoon, seizing several thousand pounds of processed marijuana, along with weapons and money, as part of an ongoing investigation, a Drug Enforcement Administration spokeswoman said. At least three people in West Hollywood were taken into custody in a raid of five outlets there. Six other outlets in Venice, Hollywood, Sherman Oaks and Woodland Hills were also raided." The federal drug agency "recently stepped up enforcement, contending that the amount of money involved proves that the burgeoning dispensaries are nothing more than fronts for high-stakes drug dealing."

The AP (1/18) reports federal drug agents "raided nearly a dozen medical marijuana clinics Wednesday, seizing several thousand pounds of processed marijuana, along with weapons and money, authorities said. … Officials in West Hollywood said they were surprised by the action, learning of the raid as it was happening." The widely-reported AP story was used by FOX News, the San Francisco Chronicle, Miami Herald, Houston Chronicle, San Jose Mercury News, Contra Costa Times, San Luis Obispo Tribune, and Monterey County Herald.

KCAL-TV, Los Angeles (1/17) reports on its Web site that federal agents "raided five of the seven medical marijuana dispensaries in West Hollywood Wednesday, along with six others throughout Los Angeles County. … Sarah Pullen of the DEA said six other dispensaries were searched, including four in the San Fernando Valley, one in Hollywood and one in Venice. … Pullen said the places that were served with search warrants were chosen through 'citizen complaints and increased criminal activities surrounding the establishments, from parking violations to armed robbery to break-ins to graffiti to hand-to-hand sales outside.'"

Local TV Coverage. KABC-TV, Los Angeles (1/17, 11:00 p.m.) aired, "Federal drug agents raided eleven medical marijuana [dispensaries] in LA County, five in West Hollywood. DEA agents made the arrests and confiscated marijuana along with weapons and cash in some locations. Angry supporters demonstrated outside this clinic while the raids took place. California allows the clinics but they are a violation of federal law. West Hollywood officials defended what they call the compassionate use of marijuana for the seriously ill. The DEA claims the outlets are trafficking organizations, bringing criminal activity…to neighborhoods."

KTLA-TV, Los Angeles (1/17, 10:00 p.m.) aired, "Several medical marijuana dispensaries were searched

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today, four on Santa Monica Boulevard. It prompted several residents to protest."

KTTV-TV, Los Angeles (1/17, 10:00 p.m.) aired, "Federal agents are cracking down on medical marijuana clinics. Eleven clinics were raided in LA County today." Reporter: "Medical marijuana clinics say they provide a legitimate service, one that California voters approve. But federal officials say the only thing clinics like this behind me do is break the law. … Supporters of these medical marijuana clinics will be appearing before the West Hollywood City Council tomorrow morning to protest these raids."

Eight Arrested As Investigation Of "Pot Houses" Continues In California. On its Web site, KNBC-TV, Los Angeles (1/17) reports federal agents "are breaking up a multi-million dollar drug operation that stretches from the Bay Area to the Central Valley. Drug Enforcement Agency agents found pot and indoor pot-growing equipment in 48 homes in suburbs such as Lathrop and Stockton. … Agents served several search warrants and arrested eight people in Chinatown and the outer Mission on Friday. Investigators are still trying to figure out who is in charge of the operation, which produced $20 million worth of pot every year."

The Sacramento (CA) Bee (1/18) reports authorities "raided three Bay Area homes Wednesday that they believe are connected to an alleged large-scale indoor marijuana operation uncovered in the Sacramento region last year. … Agents found 'documentary evidence' that the homes were connected to 48 homes raided as part of the widespread investigation the past six months," DEA agent Gordon Taylor said. Tuesday's raids "followed a series of busts last week in which search warrants were served at homes in Lathrop, Tracy, San Francisco and Oakland, Taylor said."

In New Hampshire, Four Face Drug Charges In "Clavo" Scheme. The Nashua (NH) Telegraph (1/18) reports federal prosecutors "charge that four men at two Massachusetts auto repair shops" helped devise "well-hidden, mechanized compartments large enough to hold several kilograms of cocaine or heroin." Prosecutors say two of the men "installed a hidden compartment, or 'clavo,' in a Honda Odyssey van for two informants last March at DeLeon Auto Sales in Lawrence. 'Clavo'…is slang for a compartment used to stash drugs, DEA Special Agent Todd Prough wrote in an affidavit describing the investigation." The men "are charged with conspiracy to sell drug paraphernalia and aiding and abetting drug distribution, according to federal court records."

Colombian National Police Seize Nearly $50 Million Following Tip From DEA Source. CNN (1/18) reported Colombian National Police "recovered close to $50 million in U.S. currency as well as other money during three raids in the past week on houses used to stash drug proceeds. … It is thought to be the most money ever seized by a law enforcement agency in the world, said [an] official, who requested anonymity. The raids were conducted following a tip from a source working with the U.S. Drug Enforcement Administration, the official told CNN. The DEA then provided information to the Colombian National Police." CNN reported the money is believed to belong to a member of the Norte Valle cartel.

IMMIGRATION:

High Court Upholds Deportation Of Immigrant For Car Theft. The Los Angeles Times (1/18, Savage) reports, "The Supreme Court made it easier today for the government to deport thousands of legal immigrants who have been involved in car thefts." The Times continues, "In a 9-0 decision, the justices said noncitizens who have been convicted or plead guilty in California to the theft of a motor vehicle are also guilty of an 'aggravated felony' under the immigration laws, even if they simply helped another person carry out the theft." The Times adds, "Under a strict 1996 law, legal immigrants who have an aggravated felony on their records are automatically deported from the United States. … Today's ruling reverses a decision of the U.S. 9th Circuit Court of Appeals in San Francisco, which said California's law swept too broadly and could brand some minor participants as serious criminals deserving of deportation." The Times notes, "Justice Stephen G. Breyer disagreed. California's law on vehicle thefts applies not only to those who steal a car, but also to others who 'aid or abet' the thief. 'We cannot agree that California's law is somehow special,' he wrote. … Government lawyers said the 9th Circuit's ruling, which applied throughout the West, had blocked the deportation of more 8,000 immigrants."

The Washington Times (1/18, Seper) reports, "Joining Justice Breyer were Chief Justice John G. Roberts Jr. and

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Justices Antonin Scalia, Anthony M. Kennedy, David H. Souter, Clarence Thomas, Ruth Bader Ginsburg and Samuel A. Alito Jr. Justice John Paul Stevens sided with his colleagues on three of four issues under debate, but he said the court should withhold comment on the issue of California law until after the appeals court has addressed it." The times adds, "In 2002, Duenas-Alvarez pleaded guilty to violating the California Vehicle Code, which makes it 'illegal to take a vehicle without the owner's consent or to aid or abet in such a taking.' He was sentenced to three years in prison. …. The Department of Homeland Security sought Duenas-Alvarez's deportation based on the INA. Theft offenses are one type of crime included in the category of aggravated felonies for which the government can deport aliens. … In February 2004, Homeland Security initiated removal proceedings, and a U.S. immigration judge ruled that the California offense of unlawful driving or taking of a vehicle was a theft offense and ordered Duenas-Alvarez removed to Peru. The Board of Immigration Appeals dismissed Duenas-Alvarez's appeal."

Democrats Says There's "No Rush" To Build Border Fence. The AP (1/18) reports, "A law to erect hundreds of miles of fence on the US-Mexican border is on the books, and money to start it has been approved. Still, the next step is uncertain." This week, House Majority Leader Steny Hoyer (D) said Democrats "want 'the best possibly way' to secure the border," based on his and other Democrats' comments, "there is no rush." A few Republicans "have written President Bush asking him to request more money for the fence's construction in his 2008 budget."

TAX:

Senate Panel Passes Tax Breaks Designed To Accompany Minimum Wage Hike. The AP (1/18, Taylor) reports, "Tax breaks aimed at easing the burden of a minimum-wage increase on small businesses sailed through the Senate's tax-writing committee Wednesday. The unanimous voice vote by the Senate Finance Committee paves the way for the full Senate to consider boosting the minimum wage to $7.25 over the next two years." The plan "is next in line for debate after the Senate wraps up work on an ethics and lobbying overhaul." But "the committee's action drew protests from the House's No. 2 Democrat, who said it would 'complicate and delay' passage of the minimum-wage increase. … 'Minimum-wage earners have already waited nine years and four months for a raise. Congress should not make them wait any longer,' said House Majority Leader Steny Hoyer, D-Md."

The Wall Street Journal (1/18, A6, Lueck, 2.04M) says the Senate move "shows the changed dynamic in the new Congress. … Rather than pairing the pay boost for low-income workers with a cut in the estate tax, as was the case last year, the Senate is combining the minimum-wage increase with a narrow package of tax breaks for small firms that is offset with tax restrictions for other companies." The debate, adds the Journal, "is an early test of the ability of Democratic leaders in the Senate and House to bridge differences between the chambers. To pay for the tax breaks, the panel agreed to further restrict a tax shelter known as a 'sale-in, lease-out,' or SILO, transaction. The committee also agreed to collect taxes from more companies that have used 'corporate inversion' deals to avoid them -- essentially reincorporating in a foreign country to avoid paying US taxes on foreign income. In addition, the panel agreed to greatly limit the earnings that executives and other highly paid workers can put tax-free into deferred compensation plans, among other changes."

CONGRESS-ADMINISTRATION:

Leadership Feud Stalls Ethics Reform Bill In Senate. The New York Times (1/18, Kirkpatrick, 1.16M) reports, "A proposed ethics overhaul collapsed when a procedural question turned into a feud between the Democratic and Republican leaders, each accusing the other of failing to address a major theme of the fall elections." The proposals "appeared dead for now after 46 Senate Republicans blocked a vote on a broad ethics and lobbying bill." Senate Majority Leader Harry Reid said, "The Republicans killed ethics reform, period. There is no way to put frosting on this. This is as sour as any piece of legislation." The Times adds Minority Leader Mitch McConnell "called Mr. Reid's accusations spin. He said the issue was Mr. Reid's refusal to hold a vote on a Republican proposal to include in the ethics bill a version of a presidential line-item veto, a provision that Mr. Reid said was irrelevant to ethics."

Roll Call (1/18, Newmyer) reports Republican Senators "threatened Wednesday to derail a lobbying and ethics overhaul package if Democrats block consideration of a presidential line-item veto the GOP wants added to the bill." Sen. Reid "tried to avert a showdown by guaranteeing he

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would provide floor time before the Easter recess for a stand-alone bill granting the president rescission authority, and, if it passed, would send it to conference negotiations with the House. But in a floor debate with Reid, Sen. Judd Gregg (R-N.H.), who offered the amendment, appeared to reject the offer." Democrats "charged Republicans with grasping for a last-minute way to torpedo the ethics legislation."

The Washington Times (1/18, Miller, 88K) reports, "In the session's first display of the muscle that even a minority party has in the upper chamber, the entire ethics bill was jeopardized when Republicans blocked a procedural vote. Majority Leader Harry Reid, Nevada Democrat, had refused to allow a vote on an amendment to give the president authority to strip spending 'earmarks' from bills." Republicans "retaliated by voting in near-lockstep against a parliamentary motion needed to vote on the entire bill. The motion won a 51-46 majority, far short of the two-thirds majority needed."

McCain Reverses Course On Grassroots Lobbying Disclosure. The Hill (1/18, Bolton) reports Sen. John McCain "has told conservative activists that he will vote to strip a key provision on grassroots lobbying from the reform package he previously supported." The provision would "require grassroots organizations to report on their fundraising activities and is strongly opposed by groups such as the National Right to Life Committee, Gun Owners of America, and the American Civil Liberties Union." While "grassroots groups on both sides of the political spectrum oppose the proposal, social conservative leaders such as Dr. James Dobson, founder of Focus on the Family, who broadcasts a radio program to hundreds of thousands of evangelical Christians, have been its most vehement critics." The Hill notes it "would be politically dangerous for McCain to support disclosure because it would anger many conservative activists, including those who advocate against abortion rights or for gun ownership rights."

Senate Ethics Bill Would Treat Political Activists As Lobbyists. The Washington Times (1/18, Miller, 88K) reports the Senate ethics bill "not only cracks down on lawmakers, but also subjects politically active ministers and neighborhood groups to the same rules as K Street lobbyists." Under the legislation, "grass-roots organizations that attempt to 'influence the general public' to contact members of Congress would have to register as lobbyists and file financial reports -- or face a $200,000 fine. The requirements could apply to a preacher who goes on TV or radio and tells listeners to call their congressman in support of a particular issue, such as a constitutional amendment against homosexual 'marriage.'"

Senate Democrats Resist Ban On Lobbying By Spouses. USA Today (1/18, Schouten, 2.27M) reports that Majority Leader Reid "and other leading Democrats are resisting changes that strike close to home. A proposal by Sen. David Vitter, R-La., that would ban senators' spouses from lobbying the chamber has triggered intense debate with key senators such as Reid and Dianne Feinstein, D-Calif., promising to oppose it if it affects senators already married to lobbyists." Reid spokesman Jim Manley said Reid "would support the ban 'as along as it's not retroactive." Feinstein, "who oversees the committee that governs Senate rules, also backs a provision that would exempt current senator-lobbyist couples." But Vitter said "that if Democrats move to more broadly exempt current lobbyists and senators from his proposal, it would send a 'cynical' message: 'Yeah, we're going to get serious about ethics as long as it doesn't affect our friends.'"

Ethics Bill Would Limit Use Of Corporate Jets. The AP (1/18, Abrams) reports the Senate ethics bill "would end one of the most beloved benefits of Congress, being able to hitch rides on corporate jets at heavily subsidized rates. Instead, senators would be required to pay far more expensive charter rates for private air travel." The rule "would apply both to official business, when senators skip airport lines to use private planes for trips to their districts or tour areas in their states, and to political or fundraising trips." The House would bar "its members from using official or campaign funds to pay for noncommercial, corporate jets." The change, "when enacted, will be particularly painful for senators from large western states who depend on private aircraft to get them to areas inaccessible by road or commercial flights."

WSJournal Praises Senate GOP Success On Earmark Reform. The Wall Street Journal (1/18, 2.04M) says in an editorial, "If Republicans are wondering how best to shorten their time in the minority, they could do worse than to build on this week's Senate earmark victory. That reform success proves how good policy translates into good politics." The Senate "on Tuesday passed significant earmark reform, 98-0. But that unanimous tally masks the bitter battle that preceded the vote. When Republican freshmen Tom Coburn and Jim DeMint first launched an effort last summer to make earmarks more transparent, they struggled." But "minority status has a way of focusing the mind, and combined with

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continued DeMint-Coburn shaming, Senate Republicans appear to have re-embraced some principles. When Majority Leader Harry Reid last week attempted to water down House Democrats' earmark reform, Messrs. Coburn and DeMint rallied enough fellow Republicans (and a few Democrats) to outmaneuver the spenders."

House Democrats Pass First Five Bills Of "100 Hour" Agenda. The AP (1/18, Hunt) reports, "Five down, one more on tap as House Democrats sprint through their list of promises, not even in sight of the 100 hours set aside for that goal." The "final piece was on deck for a vote Thursday: energy legislation that imposes billions in fees, taxes and royalties on oil and gas companies and uses the money to promote renewable fuels." According "to Pelosi's count, it has taken just over 34 hours to pass the first five bills, including a measure approved Wednesday to lower interest rates on some student loans. The House actually has been in session for more than 72 hours since the 110th Congress was sworn in on Jan. 4. But the clock on Pelosi's Web site suggested that 34 hours, 5 minutes had elapsed by the close of House business Wednesday."

House Agenda Faces Barriers To Final Enactment. The Washington Times (1/18, Hurt, 88K) reports House Democrats "are proudly trumpeting the conclusion today of their initial spurt of legislative items, but few -- if any -- are likely to become law as passed." Of the "six items they promised to approve in the first '100 hours' of a new Democratic Congress, three have met resistance from the Democratic Senate, at least one appears likely to be vetoed by President Bush and two others have come under heavy criticism from outside groups." Senate Democrats on Wednesday "attached tax cuts to the bill raising the minimum wage, a condition House Democrats have called unacceptable."

Democrats' Agenda Called "Qualified Success." In a New York Times editorial op-ed (1/18), Thomas Edsall says the "House Democratic leadership's 100-hour agenda — actually turned into a ...qualified success." Democrats have "shown basic competence and authority after four decades of defeat and division, whether in the majority or minority. Second, the House has now approved legislation directly addressing public concerns: raising the minimum wage, ethics reform, interest rate reductions on subsidized college loans and expanded federal support for stem cell research."

House Approves Student Loan Rate Cuts. The CBS Evening News (1/17, story 7, :20, Couric, 7.66M) reported, "The House approved a bill to provide some relief to 5.5 million college students. This is part of the Democrats' 100-hours agenda. They voted to cut in half the interest rate on student loans that are based on need. The cut would be phased in over five years. The bill now goes on to the Senate."

The Washington Post (1/18, A3, Kane, 690K) notes "the Democrats broke into loud applause when the final gavel came down on the vote, the fifth of their 'Six for '06' agenda items to pass since the party took over the chamber earlier this month." But "the bill marks an early instance of conflict between two Democratic campaign promises: The interest-rate-reduction measure runs up against a pledge to install strict spending limits known as pay-as-you-go, or pay-go, creating a budgetary restriction on how far the newly empowered caucus can go in keeping its word." The plan "would cost $6 billion over five years, according to congressional estimates. But the reduction would sunset after five years, cutting in half the benefits for borrowers. According to Democratic estimates, the plan could nearly double the $2,300 in savings for borrowers if the rate were left at 3.4 percent into the future."

The Wall Street Journal (1/18, D2, Chaker, 2.04M) reports, "Democrats, who had talked about halving interest rates on student loans before the election, have narrowed their focus to just a segment of the federal Stafford loan program. Aides say they plan on examining broader college affordability measures later, such as raising the maximum amount needy students can receive from the federal Pell Grant program." The legislation, approved 356-71, "applies only to new, undergraduate borrowers of 'subsidized' Stafford loans, which are available to needier students." The Journal adds, "It is unclear how the proposal will fare in the Senate, and there is always the specter of a presidential veto: The White House released a statement this week saying it opposes the legislation. Instead, it favors increasing grants to low-income students."

The New York Times (1/18, Schemo, 1.16M) reports, "The White House statement also said access to higher education should be improved by containing costs. The responsibility for helping families, the statement said, 'must be shared with colleges, which also have a central role in making higher education affordable.'" The White House "did not threaten a veto, but the size of Wednesday's majority

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indicated that Democrats would have the strength to override one." The Los Angeles Times (1/18, Neumann, 850K) also reports the story.

House Poised To Approve Bill To Cut Oil Company Benefits. USA Today (1/18, Wolf, 2.27M) reports, "House Democrats top off their first 100 hours of majority status Thursday with a swipe at Big Oil. Their legislation would roll back tax breaks and rewrite drilling leases given to oil and gas companies during the last 12 years of Republican rule." USA Today adds, "Less clear is where the estimated $14 billion over 10 years would go; the bill creates a fund for alternative forms of energy but leaves out specifics." A "policy statement issued by the White House on Wednesday said the administration opposes the major provisions of the House bill." It "criticized Democrats' 'tax and spend' use of the revenue to promote alternative forms of energy."

The New York Times (1/18, Andrews, 1.16M) reports, "House Democrats, brushing aside objections from the Bush administration, said on Wednesday that they had ample votes" to pass the bill. The Times adds, "In a sign of how political sentiment on energy issues has shifted, lawmakers in both parties expect the bill to draw considerable support from Republicans, many of whom voted in favor of the tax breaks three years ago. ... Few lawmakers expect Mr. Bush to resort to a veto, if only because the energy bill would lead to a tiny increase in revenue in its first year." The White House "said the bill would unfairly single out the oil industry by making it ineligible for a tax break offered to 'domestic manufacturers.'" The "administration also reiterated its opposition to a provision that would pressure oil companies to renegotiate the offshore drilling leases."

The Christian Science Monitor (1/18, Clayton, 59K) says the House "is poised Thursday to play Robin Hood with energy policy. It aims to cut $14 billion in federal oil and gas tax breaks and other benefits over the next 10 years and give them instead to renewable-energy programs." The Monitor adds, "Such a change would represent a noticeable trim in government support for the oil and gas industry at a time when it is trying to boost domestic production. It would provide a huge boost to renewable energy industries as they try to replace fossil fuels with cleaner energy that's also domestically produced." But "[e]ven if the House's new clean-energy legislation becomes law, the oil and gas industry will remain by far the largest recipient of federal energy largesse, receiving by some estimates four times the money of the next largest recipient: the nuclear industry."

US To Seek "Substantive Adjustment" Of Free Trade Deals. The AP (1/18, Crutsinger) reports, "The Bush administration, facing a Democratic Congress, said Wednesday it would seek a 'substantive adjustment' to the labor provisions in free trade agreements already negotiated with Peru, Colombia and Panama." Deputy US Trade Representative John Veroneau said that "the three countries had been notified," and "predicted that an agreement on revised language could be reached without a lengthy delay." The announcement was the "strongest signal to date that President Bush is prepared to modify his trade policies in light of last November's election in which Democrats gained control of the House and Senate."

The Washington Times (1/18, Hirsch, 88K) reports that the Bush administration wants the agreements "approved before the president's trade promotion authority." According to a US Trade official, "the administration is responding to concerns by House Ways and Means Committee Chairman Charles B. Rangel of New York and other Democrats about pay and other labor conditions in the three countries." The official "stressed that the free-trade agreements themselves will not be renegotiated, but that the administration is trying to work out how to address those concerns outside of the formal pacts."

Dorgan Says Baucus Is Wrong On Democratic Support For Trade. In a Wall Street Journal letter to the editor (1/17), Sen. Byron Dorgan says, "My friend and Senate colleague Max Baucus suggests there may be a Democratic consensus for once again ceding congressional authority over trade agreements to the president, in effect renewing the trade strategy that the Bush administration has pursued over the last five years ('A Democratic Trade Agenda,' editorial page, Jan. 4)." Dorgan says there "is, indeed, a growing Democratic consensus on trade -- but in the opposite direction. Many of the new senators campaigned on a platform of demanding trade agreements that are fair to our workers and our country." There is "a growing public sense that blind support for unfettered 'free trade' in Washington has cost our country dearly."

Pentagon's Acting IG Says DOD Hid Unused Funds With Other Agencies. USA Today (1/18, Kelley, 2.27M) reports Defense Department Acting Inspector

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General Thomas Gimble told Congress that the Pentagon "has hidden at least $1.4 billion in other agencies' accounts instead of returning unspent money to the U.S. Treasury." Gimble said between 2002 and 2005, DOD offices "used the General Services Administration (GSA) and the Interior Department 'to "park" or "bank" funds that were expiring.' GSA and Interior then spent the money on Pentagon contracts, circumventing the law, Gimble said."

Four FEC Commissioners To Appear Before Rules Panel. Roll Call (1/18, Murray) reports Senate Rules and Administration Chairwoman Dianne Feinstein (D-Calif.) "said Wednesday that the Federal Election Commission's four reappointed commissioners will appear before her committee this year, a rare move that could reignite controversy avoided last Congress though presidential recess appointments." The FEC commissioners' appearance "could create a debate not seen in more than a half-decade when former Republican Commissioner Bradley Smith went through the Rules panel confirmation process in 2000." Of the FEC's "current six-member panel, Republican nominee Hans von Spakovsky and Democratic nominees Steven Walther and Chairman Robert Lenhard must be confirmed by the Senate by year's end in order to maintain their positions. The agency's Republican-nominated Vice Chairman David Mason also must go through the confirmation process."

SMU President Defends Plans For Bush Library. The New York Times (1/18, Kovach, 1.16M) reports Southern Methodist University president R. Gerald Turner "told professors on Wednesday evening that the university would benefit if it became the site of President Bush's presidential library." Turner "spoke at the spring faculty meeting and addressed questions posed by professors after Southern Methodist learned on Dec. 21 that it had emerged as the sole finalist for the library." Many professors, "including some who want the library on campus, are concerned about the relationship between a proposed Bush policy institute and the library and the effects the institute might have on the university's academic independence." Turner "said the library and the institute would raise the national profile of the private university, spur economic development in the community and, most importantly, enhance academic resources and professional interaction."

The Washington Post (1/18, A21, Wright, 690K) reports, "Many SMU professors are wary and at a recent closed meeting declared that 'our fundamental role as faculty is to ensure that the university holds to fundamental principles of academic freedom and that the best interests of the university are protected,' according to memo summarizing the meeting."

Federal Workers Lack Confidence In Agency Leaders, Survey Shows. The Washington Post's (1/18, D4, Barr) "Federal Diary" column reports, "Uncle Sam's leadership woes apparently are not going away anytime soon. Only 49 percent of federal employees have a high level of respect for senior leaders in their agencies, and only 41 percent say they are satisfied with their leaders' policies and practices, the third in a series of government-wide surveys, released yesterday, showed." The Post adds that only 47 percent "of federal employees said they were satisfied with the information they get from management. They also were fairly evenly split on whether their leaders spur high levels of motivation and commitment in the federal workforce." OPM Director Linda M. Springer, "said the survey findings show that many federal employees do not believe their agencies reward high performance and that the government has a long way to go in dealing with poor performers."

SBA Emergency Aid Program Running Short Of Funds. The New York Times (1/18, Nixon, Eaton, 1.16M) reports, "The federal government's biggest program to help people rebuild after natural disasters is on the verge of running out of operating money because of budgeting problems at the agency that runs it, the Small Business Administration. If Congress does not intervene in the next month or so to cover the administrative costs of the program, it will have to shut down, according to an internal agency memorandum given to The New York Times by a critic of the agency. Agency officials say, and Congressional leaders agree, that the legislature will almost certainly act to keep the program running." However, "even a temporary shutdown could delay aid to victims of the ice storms in the Midwest and other recent natural disasters, and would further hamper a program that was widely criticized for its slow response to the hurricanes that hit the Gulf Coast in 2005." S.B.A. critics "said the current problem highlighted a continuing pattern of mismanagement and poor planning."

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Democratic Lawmakers' Living Arrangement Examined. The New York Times (1/18, Leibovich, 1.16M) reports on the state of the Capitol Hill row house owned by Rep. George Miller, where he rooms with Rep. William Delahunt and Sens. Charles Schumer and Richard Durbin: "Think MTV's 'Real World' with a slovenly cast of Democratic power brokers. While Washington may have more than its share of crash pads for policy-debating workaholics, few, if any, have sheltered a quorum as powerful as this one." The "inelegantly decorated two-bedroom house has become an unlikely center of influence in Washington's changing power grid. It is home to the second- and third-ranking senators in the new Democratic majority (Mr. Durbin, the majority whip, and Mr. Schumer, the vice chairman of the Democratic caucus) and the chairman of the House Democratic Policy Committee (Mr. Miller)."

Partisan Conflicts Seen As Limiting Chances For Balanced Budget. In his Roll Call column (1/18), Morton Kondracke says, "The good news on the budget front is that both the Bush administration and Congressional Democrats want to eliminate the deficit by 2012. The bad news is that they are at daggers-drawn about how to do it. President Bush wants to keep all of his tax cuts alive indefinitely and freeze domestic spending, while Democrats have a huge spending wish list and want to end the tax cuts for the richest Americans." That's the "short-term picture as the two sides try to pare an estimated $260 billion deficit down to zero in five years. Bad news. Longer term, the news is much worse."

Armey Criticizes Democrats' Plans To Revive Paygo. In a Wall Street Journal op-ed (1/18), former House Majority Leader Dick Armey says, "Promising to bring new ideas and a fresh commitment to fiscal discipline, House Democrats launched their new majority by embracing Pay As You Go budgeting -- one of the worst fiscal management tools Republicans ever invented." While paygo "might restrain Democrat promises to further expand prescription drug benefits under Medicare Part D, its most certain outcome will be massive tax increases."

OTHER NEWS:

Positive Manufacturing Data Adds To Optimism About The Economy. The Wall Street Journal (1/18, A2, Whitehouse, 2.04M) reports, "The US manufacturing sector, one of the weak links in the nation's economy, might not be a drag on economic growth much longer, the latest data suggest. It's also doing its part to keep inflation in check." The Federal Reserve "reported yesterday that US industrial production increased a seasonally adjusted 0.4% in December from the previous month, driven largely by a 0.7% rise in manufacturing output. … The overall rise in output contrasts sharply with the previous three months: After revisions, industrial production showed declines in all three." Economists "saw the production data as broadly consistent with their consensus forecast for 2007: that the economy should regain momentum as slowdowns in housing and manufacturing fade."

Also, the Wall Street Journal (1/18, Blackstone, 2.04M) reports Federal Reserve governor Frederic Mishkin said Wednesday "monetary-policy makers should focus on stable inflation and employment and not be drawn into any attempt to prevent bubbles from developing in asset markets such as housing." Mishkin "cited examples in Europe when policy makers seemed to use house prices as a justification for an interest-rate decision." USA Today (1/18, Kirchhoff, 2.27M) also reports on Mishkin's speech, in a story titled "Fed Officials' Comments Point To Little Chance Of Rate Cuts Anytime Soon."

The Financial Times (1/18, Callan) reports, "US producer prices rose more than expected last month, according to government figures which underlined the Federal Reserve's concern about persistent inflation pressures. Core prices – which exclude volatile food and energy prices – gained 0.2 per cent following a 1.3 per cent increase in November, data released on Wednesday showed." The increase "will add to the Fed's concern that elevated wholesale costs could lead to higher prices for consumers that would erode purchasing power."

Stocks Down. NBC Nightly News (1/17, story 8, 0:10, Williams, 9.87M) reported, "Here on Wall Street today, stocks lost ground. The Dow was down more than five points on the day [to close at 12,577.15]. NASDAQ lost just over 18 points on trading today in New York [to close at 2479.42]." The Wall Street Journal (1/18, C1, McKay, 2.04M) notes "the broad Standard & Poor's 500-stock index slipped 0.1%, or 1.28 points, to 1430.62, up 0.9% on the year."

Gasoline Prices Slow To Fall Despite Oil Plunge. NBC Nightly News (1/17, story 9, 2:05, Williams,

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9.87M) reported, "If you have been watching this broadcast and others lately, you know we've been reporting the steady drop in oil prices of late. Now some are beginning to ask why gasoline prices aren't dropping just as much and just as fast." NBC (Quintanilla) added, "[I]n the last two months, oil has plummeted $7. And gasoline? It's down only a penny. ... One reason for all this is the gas you see at the pump was bought by the gas station owner weeks ago when oil prices were higher. No surprise, the owner is still trying to make his money back. They also may figure being human after all, what is the rush. Analysts say they cut prices only as quickly as the competition down the street." Quintanilla: "Oil industry officials say that is not gouging and the market for gas is among the most competitive in the country."

Falling Oil Prices Boost US Consumers. ABC World News (1/17, story 7, 2:30, Gibson, 8.78M) took "A Closer Look" at "unexpected benefits coming to American consumers with a plunge in oil prices." ABC (Stark) reported, "The plunge in oil prices is a windfall for Northeasterners who fill their furnaces with heating oil and paid record prices for it last year." The more oil prices fall, "the more consumers benefit, particularly at the gas pump. The 34% decline in oil from its peak in July has driven a 27% decline in gas prices." ABC added, "Economists estimate that every $10 drop in the price of oil translates into a half-point boost in the nation's GDP."

Virginia Anti-Solicitation Law Challenged. The Washington Post (1/18, B1, Turque) reports, "A Reston man ticketed by police for hiring a day laborer in the parking lot of a Herndon 7-Eleven is taking the town to court, contending that its anti-solicitation ordinance is unconstitutional." The Post continues, "The legal challenge, filed in Fairfax County District Court, is the newest turn in Herndon's campaign to discourage illegal immigrants from living and finding work in the town of 23,000 near Dulles International Airport. It is also the latest in a series of court actions around the country questioning the legitimacy of similar laws." The Post adds, "According to court documents, Stephen A. Thomas, 44, drove into the parking lot on Elden Street on Sept. 16, got out and approached two men about doing yard work. After reaching agreement with one of them, Thomas was driving home with the worker when he was stopped by Herndon police and cited for violating the ordinance. … He faces up to six months in jail and a fine of up to $1,000. Lt. Jerry Keys, a police spokesman, said yesterday that the laborer in the car with Thomas was not cited, although it was not clear why, other than that the officer involved was exercising his discretion." The Post notes, "The ordinance, enacted in September 2005, bars anyone in a vehicle from trying to hire someone standing on the sidewalk or street. Conversely, it prohibits anyone on the street from asking someone in a vehicle -- or who has just gotten out of one -- for work. … Although town officials cited traffic safety as their chief concern, the law was passed in the midst of a debate over the impact of immigrant day laborers, who congregated in the parking lot on Elden Street in the mornings to seek work."

4th Circuit Rules For Wal-Mart In Maryland Health Care Case. The New York Times (1/18, Barbaro) reports, "When Maryland legislators passed a first-of-its-kind law in 2006 forcing Wal-Mart Stores to spend more on employee health care, the measure was held up as a model for other states grappling with mounting Medicaid bills. … But yesterday, after a second court found that the Maryland's fair-share health care rule violated federal labor laws, the concept that states can compel companies to offer more generous health care is suddenly in doubt, experts said." The Times continues, "By a 2-to-1 ruling, the United States Court of Appeals for the Fourth Circuit in Baltimore found that the Maryland requirement — which affected only Wal-Mart — violated a 32-year-old federal labor law known by its shorthand, Erisa. … The law, known to regulators as the Employee Retirement Income Security Act, was intended to allow big companies to set up uniform health benefits across the country, rather than navigate state-by-state requirements." The Times adds, "By forcing Wal-Mart to revamp health care plans in Maryland, the court found, the Maryland law directly violated Erisa. .. That decision, upholding a lower court decision in July, threatens to derail health care legislation known as fair share that is under consideration in states across the country."

The Washington Times (1/18, Haberkorn) reports, "A year ago, the General Assembly passed the law, which said state employers of 10,000 or more employees were required to contribute at least 8 percent of their payroll to health care. Because of the size requirement and exceptions for the three other employers with that many employees in the state -- Johns Hopkins University, Giant Food and Northrop Grumman -- Wal-Mart was the only company affected by the law." The Times adds, "Democratic lawmakers who

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supported the bill said it was a necessary attempt to address out-of-control health care costs. … But opponents, including former Gov. Robert L. Ehrlich Jr., a Republican, who unsuccessfully vetoed the bill, said it unfairly targeted one employer." The Times notes, "The Retail Industry Leaders Association (RILA), an Arlington trade group that includes Wal-Mart, appealed the law and argued that it violated ERISA, which is designed to eliminate a patchwork of state and local employer health guidelines. … In July, U.S. District Judge J. Frederick Motz agreed; yesterday, the federal appeals court upheld that decision."

Texas RNC Member Seeks To Block Martinez. The Washington Times (1/18, Hallow, 88K) reports Texas RNC member Denise McNamara "escalated the rebellion against" President Bush's "choice to head the committee going into the 2008 presidential elections." McNamara "said the attempt by Mr. Bush's supporters on the national committee to name Sen. Mel Martinez of Florida as general chairman 'is like pouring gas on an already smoldering electorate,' citing Mr. Martinez's role in promoting last year's 'comprehensive' immigration bill in the Senate." McNamara said, "Choosing an RNC chairman who supports amnesty [for illegal aliens] is tantamount to telling the conservative majority of Americans that they do not matter." The Times adds the "fight over the party chairmanship reflects grass-roots discontent, heightened by Republican midterm election losses in November, as the 168-member RNC convenes for its annual winter meeting today at the Grand Hyatt Hotel downtown."

Stem Cell Funding Advocates Target Coleman, Sununu. The Hill (1/18, Blake) reports advocates of increased funding for embryonic stem cell research "are hoping for more converts, and many see the heaviest pressure likely to land squarely on the shoulders of two swing-state senators up in 2008 — Norm Coleman (R-Minn.) and John Sununu (R-N.H.)." Democrats are "already trying to drive a wedge into Coleman's and Sununu's reelection bids, hoping it could hurt them as it was supposed to have hurt former Sen. Jim Talent (R-Mo.) in November. But experts are divided about the issue's impact." Coleman will "again vote against the measure, as it currently stands, his office said. Sununu's office did not return numerous calls seeking comment."

Cole Sees Kansas 2nd CD One Of Top GOP Targets. The Hill (1/18, Youngman) reports that when "newly elected National Republican Campaign Committee chief Rep. Tom Cole talks about specific seats he wants to take back in 2008, he repeatedly mentions Kansas's 2nd district." Cole said the seat won by Democrat Nancy Boyda is "one of the targets that fits the criteria for an NRCC priority in 2008. It is one of 61 seats Democrats hold that voted for President Bush in 2004, and the Democrat who won it in the midterms did so with less than 55 percent of the vote." Rep. Boyda "may have just been sworn in, but Republicans from Washington to Topeka are marking her name with a big, red bulls-eye."

Landrieu May Be Senate's Most Vulnerable Incumbent. Roll Call (1/18, Duran) reports Democratic Sen. Mary Landrieu "might be the most vulnerable incumbent this cycle." In the 2004 cycle "alone, Democrats lost five open-Senate seats in the South — including one in Louisiana. Factor in Landrieu's narrow 2002 re-election — in which she received 52 percent of the vote — and the population loss in her stronghold of New Orleans, and the scion of one of the Pelican State's best known political families faces unfavorable odds." Louisiana political observer John Maginnis said, "She's always just seemed vulnerable; she's moved as much to the right as she could and still be a Democrat in Washington but there's still the thought in many parts of Louisiana that she's too liberal." Landrieu "owes her 2002 re-election to the wide margin of victory she racked up in the Big Easy. If the huge number of voters displaced by Hurricane Katrina never return, Democrats will be at a fundamental disadvantage, the source added." But "despite such dire predictions, and Republicans' desire to make her their top target, no Republican has stepped up to challenge Landrieu this early in the cycle."

Chambliss Seen As Unlikely Democratic Target In 2008. In his Roll Call column (1/18), Stuart Rothenberg says, "A couple of days after the midterm elections, I checked out the Senate class of 2008 and noticed that Sen. Saxby Chambliss (R-Ga.) is on the list. I wondered, could Democrats, who held both of Georgia's Senate seats and the state's governorship as recently as 1990, knock off Chambliss? The wise answer is that it may be possible, but at this point it's unlikely. The better answer may well be a resounding, 'Are you nuts?'" While 49 states "seemed to

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move toward the Democratic Party in November's elections, Georgia, the state that gave the nation Jimmy Carter, Martin Luther King Jr. and Jackie Robinson, continued its shift toward the GOP. In fact, Georgia was the only state in the nation where Republicans significantly improved their standing in the 2006 midterms." So far, "the only name circulating as a possible challenger to Chambliss is DeKalb County CEO Vernon Jones. But whatever Jones' personal qualifications and appeal (I have not met him), it is very difficult to imagine a young, Democratic, African-American officeholder from Atlanta with some personal and legal baggage winning a Senate race next year — even one who has admitted voting for President Bush in 2004."

Obama's Record As State Senator, Personal History May Provide Grist For Foes. The AP (1/18, Keith) reports that Illinois Sen. Barack Obama (D), who is exploring a bid for president, "may have a lot of explaining to do." Obama "voted against requiring medical care for aborted fetuses who survive," and "supported allowing retired police officers to carry concealed weapons, but opposed allowing people to use banned handguns to defend against intruders in their homes. … With only a slim, two-year record in the U.S. Senate, Obama doesn't have many controversial congressional votes which political opponents can frame into attack ads. But his eight years as an Illinois state senator are sprinkled with potentially explosive land mines, such as his abortion and gun control votes." Obama "may also find himself fielding questions about his actions outside public office, from his acknowledgment of cocaine use in his youth to a more recent land purchase from a political supporter who is facing charges in an unrelated kickback scheme involving investment firms seeking state business." Noting that Obama "was known in the Illinois Capitol as a consistently liberal senator," the AP adds, "He had a 100 percent rating from the Illinois Planned Parenthood Council for his support of abortion rights, family planning services and health insurance coverage for female contraceptives," and "regularly supported gun-control measures."

The AP (1/18) runs an article detailing "some of the key issues" Obama "sponsored or voted on during his eight years as a state senator." A few examples: "Voted to end $300 million worth of tax breaks for businesses. (2004)," "Voted against restrictions on public funding of abortion. (2000)," and "Voted against letting people argue self-defense in court if charged with violating local weapons bans by using a gun in their home. (2004).

Meanwhile, the New York Times (1/18, Zeleny, 1.16M) reports, "There is always, it seems, a fresh new face breezing into a presidential race, offering himself as the person to change the tone, eliminate the vitriol and transform the old ways of politics." Obama "is auditioning for that role in the 2008 campaign," but a number "of Democrats, Republicans and independents have gone before him, casting themselves as the sparkling candidate of the new politics only to find that their freshness withers well before the balloting begins. Think John Anderson, Gary Hart, Ross Perot." As a U.S. Senator, Obama "has sought to build a reputation for occasionally stepping across party boundaries. And in his announcement on Tuesday, he did not so much as utter the word 'Democrat,' perhaps signaling a desire to expand his appeal." The Times adds that "an early test of his candidacy could come as candidates try to distinguish themselves and emerge from a field of up to 10 contenders during a series of presidential debates that are scheduled to begin by April. That is when an appealing biography gives way to questions about whether a candidate is actually prepared to govern."

Media Swarm Descends On Obama. The AP (1/18, Pickler) reports, "A photographer or two on the beach in Hawaii is nothing compared to the Capitol Hill swarm that greeted the newest presidential hopeful -- Sen. Barack Obama. Emerging from a lunch with colleagues Wednesday, reporters pressed" Obama, "who gave away little about his budding campaign. His appearance at a routine committee hearing drew every camera in the room, while the more senior senators who are thinking of running were ignored." The AP notes, "Obama avoided media appearances Tuesday when he announced his decision" to form a presidential exploratory committee "on his Web site. Reporters found him Wednesday as he walked into the Senate Foreign Relations Committee hearing to the rat-a-tat-tat of camera clicks." The AP adds that once Obama finished up his questioning for the day on the Foreign Relations panel and left the room, "most of the media left the room, too, on the heels of Obama. The media reassembled -- and grew in ranks -- outside the weekly Democratic caucus lunch in the Capitol. Reporters surrounded Obama as he tried to leave," quizzing him on his nascent presidential bid.

Black Support For Obama Creates Challenge For Clinton, Other Democratic Hopefuls. USA Today (1/18, Lawrence, 2.27M) reports, "The first black presidential

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candidate with a real shot at the White House is generating excitement and early support among blacks who see a chance to help make history." Sen. Obama "is all but certain to compete for the Democratic nomination and win a large share of black votes. That creates challenges for New York Sen. Hillary Rodham Clinton and other hopefuls. … 'I would expect him in most places to get the majority of the black votes' in primaries, says David Bositis, an expert on black voting behavior at the Joint Center for Economic and Political Studies." USA Today notes, "Black voters don't figure largely in the nomination race until early February 2008. The competition moves at that point to South Carolina and Alabama, two states in which nearly half of Democratic primary voters are black. 'There is no question in my mind that Sen. Obama will get the lion's share of that vote,'" said AL7 Rep. Artur Davis (D), "a Harvard Law School classmate already pledged to Obama." SC6 Rep. James Clyburn (D) "said Obama's presence in his state will make it 'very difficult' for Clinton and former North Carolina senator John Edwards, who was born in South Carolina and won its primary in 2004."

More Commentary. An editorial in the Washington Post (1/18, A22, 690K), commenting on Obama's "decision to compete for the Democratic presidential nomination," relates, "The excitement about Mr. Obama speaks in part to Americans' desire to believe, whether true or not, that this country has come to a point when it can rise above its ugly history of racism; and in part to the desire to believe that, if it could just overcome the divisions that foul modern politics, the nation could get unstuck on many fronts. … Obama has demonstrated the ability to see all sides of any issue; his willingness to try to understand rather than to dismiss the arguments of the other side is admirable. Less proven is his capacity to choose wisely from among competing imperatives -- he's had a scant two years in the Senate -- or his ability to withstand the unrelenting scrutiny of a presidential race. … Obama knows he's 'bound to disappoint' some voters. But given his talent, and the depth of the growing field of candidates, it may not be too much to hope for a more thoughtful, less scripted debate than usual."

The Wall Street Journal (1/18, A16, 2.04M) editorializes that the "media attention" Sen. Obama is garnering "doesn't change the basic truth of the 2008" Democratic "primary contest: The race is between Hillary Rodham Clinton and everybody else." Though she "hasn't announced yet," Clinton's "troops have long been massing, ready to march on her orders. And what a political machine it is, starting with her husband. … Then there are those Clinton legions -- of fund-raisers, union chiefs, party bosses, think tank operatives, media consultants." The Journal goes on to point out the challenges facing other Democratic hopefuls, then adds, "If we were betting on a wild card challenger, we'd look instead to Al Gore." Though he's "been coy about his intentions," Gore "might be getting a ton of free publicity for his global warming 'documentary' come Oscar time, and there's little doubt he could raise money if he got in. Unlike Mrs. Clinton, there are a lot of Democrats who feel passionately about him and his near-win in 2000." The Journal concludes, "The main Democratic drama of the coming months will be whether" Clinton's "party really trusts that she and her husband have learned enough not to repeat the mistakes of the 1990s."

Poll Finds McCain Hurt By Support For Iraq "Surge." The Los Angeles Times (1/18, Gerstenzang, 850K) reports Sen. John McCain's "vocal support for sending more U.S. troops to Iraq has set him apart from most of the emerging crop of major presidential contenders. And that position could harm his political prospects, according to a Los Angeles Times/Bloomberg poll." More than "one-third of those polled — 36% — said they would be 'much less likely' to back the Arizona Republican for the White House because of his position. Six percent said his stand made them 'somewhat less likely' to vote for him." Perhaps "most ominously for McCain, the survey found that his advocacy of a troop buildup could undercut what has been one of his political strengths: the ability to attract independents. In the poll, 43% of independents said they were somewhat or much less likely to vote for him because he has backed President's Bush plan to deploy 21,500 additional troops to Iraq."

Moveon.org Ads Target McCain For Supporting Troop "Surge." CQ Politics (1/18, Giroux) reports the "political arm of the liberal organization Moveon.org launched television advertisements Wednesday that assail" McCain "over his stance on the Iraq war." The TV ads by Moveon.org Political Action, "will cost an estimated $250,000. The ads are airing in television markets in Iowa and New Hampshire, which respectively will hold the first caucuses and primary of the 2008 nomination season next January. They also will appear on cable television in New York and Washington, D.C." The ads "take McCain to task for supporting President Bush's plan to increase U.S. troop strength in Iraq. The move, long advocated by McCain, is aimed at quelling sectarian

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violence that is greatly destabilizing that war-torn nation and threatening to turn into an all-out civil war."

Gingrich Plans To Decide On '08 Run Over Labor Day. Asked about a possible presidential run on Fox News' On The Record (1/17, Van Susteren), Newt Gingrich said, "Callista and I will sit down with our family, probably at Labor Day, and look at this and take it very seriously. I'm very flattered at where we're running in the polls and the fact that there's a continued interest." He said one thing that "will come into play" is whether "one of the three front runners," Rudy Giuliani, Sen. John McCain, or Mitt Romney, "locks it up. They've got seven months here to go out and try to do that."

Hunter Says His Views Mesh With Those Of GOP Base. On MSNBC's Hardball (1/17), host Chris Matthews asked Rep. Duncan Hunter, "You're doing well, you won that little straw vote out in Arizona. Are you on your way to winning the Republican nomination?" Hunter replied, "A strong national defense, a strong border, and bringing back some of those jobs we've lost on this one-way street, especially to China -- I think that resonates with the Republican base and it obviously did in Arizona."

Hagel Promises Presidential Decision Soon. Asked about a possible presidential run on CNN's The Situation Room (1/17, Blitzer), Sen. Chuck Hagel said, "I've got to make a decision soon and I will make that decision."

Presidential Candidates' Use Of Exploratory Committees Noted. The Washington Post (1/18, A3, Murray, Mosk, 690K) reports it is the "season's must-have political entity: the presidential exploratory committee. The legal equivalent of sticking one toe in the campaign waters, an exploratory committee allows prospective candidates to begin raising money for a campaign while they are still deciding whether to take the plunge." Democratic Sen. Barack Obama "hand-delivered his committee paperwork to the Federal Election Commission on Tuesday morning, explaining that he would announce a formal decision Feb. 10." The "straggler" is Sen. Hillary Clinton, "the Democratic front-runner, who has been mum on her plans. An aide said yesterday evening that the senator 'would likely be making her intentions clear in a matter of weeks, not months.'" Clinton "may also find it increasingly difficult to sidestep the array of legal triggers that, if tripped, would require her to form a committee, said Scott Thomas, a former FEC chairman."

Battle Erupts For Control Of "Connecticut For Lieberman" Party. The New York Times (1/18, Medina, 1.16M) reports supporters of Sen. Joseph Lieberman crated the Connecticut for Lieberman party line "last summer, solely to give Mr. Lieberman a spot on the ballot in the general election after he lost the Democratic primary to Ned Lamont. With the knowledge that neither Mr. Lieberman nor his supporters planned to take the reins, one of Mr. Lieberman's loudest critics, John Orman, filed papers after the election with the secretary of state declaring himself chairman of the party. His rules stated that anyone who shared a name with Mr. Lieberman or disagreed with him could join." While the "secretary of state's office said everything appeared in order with Mr. Orman's filing," Lieberman supporter Stuart R. Korchin "was furious to learn that Mr. Orman was hijacking the party. After reading the news of Mr. Orman's self-appointed leadership position, Mr. Korchin sent him an e-mail message, stating that he, in fact, was the sole member and chairman of the newly created political organization." Korchin, in "a personal protest over the results of the Democratic primary, changed his party registration on Aug. 9 to Connecticut for Lieberman." Now the "two men are at loggerheads over who controls the party, which, to anyone's knowledge, includes only the two of them."

Feasibility Of Schwarzenegger Health Care Plan Questioned. John Fund, in his column in the Wall Street Journal (1/18, 2.04M), criticizes California Gov. Arnold Schwarzenegger's proposal for universal state coverage, linking it to similar efforts by former President Richard Nixon in 1971 and other by national and state Democrats. The plan, he writes, "may be fatally flawed, politically. He insists it doesn't raise taxes, despite billions in new charges on doctors, hospitals and employers. He prefers to call the new revenue 'in-lieu fees' and 'coverage dividends.'" Schwarzenegger "should have pursued the universal access he used to tout. He could sign up more of the nearly one million Californians eligible for current health programs but not yet enrolled. The 49 coverage mandates that make insurance so expensive (Idaho has only 13) could be reduced and residents allowed to buy coverage from other states. Nurse practitioners could be allowed to set up their own clinics."

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Progress Cited In Combating Homelessness. In a Wall Street Journal op-ed (1/18), Julia Vitullo-Martin of the Manhattan Institute says, "Can urban street homelessness be ended? In a sort of Nixon-goes-to-China reversal of expectations, the Bush White House argues that the answer is yes -- and is putting substantial effort and resources (over $4 billion annually) into proving it." Philip Mangano, executive director of the White House's US Interagency Council on Homelessness, said, "We're setting a new marker in front of the country. After 20 years of seeing the problem get worse, we're no longer 'managing' the homeless crisis. We're ending the disgrace." Mangano "cites impressive declines in street counts since the White House started their big push in 2003: 50% in Philadelphia, 30% in Miami, 28% in San Francisco, 26% in Dallas, 21% in Nashville. New York City has seen a 13% decrease since 2005, the first year in which a citywide street census was taken." Vitullo-Martin adds, "Traditional homeless advocates have seldom paid attention to the destructive effects some street people had on neighborhoods. That's been changing, in part at the insistence of mayors, who fund most homeless services, and corporate leaders."

Business Seen As Needed For Doha Round Success. In a Wall Street Journal op-ed (1/18), Fredrik Erixon and Andreas Freytag of the Brussels-based think tank Ecipe say, "The Doha train has started to run again. The trade talks are still moving at a snail's pace, but the meetings in Washington last week between the Bush administration and European leaders have spurred some optimism." But if "this new optimism is going to materialize, movement is also required from an actor that has been conspicuously absent from this round: business." The World Trade Organization has "often been portrayed by antitrade groups as a corporate puppet. But one key problem in this round has been the relative silence on industry's part. Business has been the dog that didn't bark." The "presence of free-trade-minded businesses is necessary to accelerate the Doha train."

WSJournal Notes New York, California Population Losses. The Wall Street Journal (1/18, 2.04M) says in an editorial, "The Empire Center think tank of New York has inspected the latest Census Data on migration, and it finds that two of the three biggest losers of people from 2005 to 2006 were California and New York. Louisiana was the biggest net loser, as 241,000 fled the state for a rate of 54.85 per 1,000 residents, but it is a special case after Hurricane Katrina." New York, "which finished second, has no such act-of-God excuse. It lost more than 225,000, or a rate of 11.69 per 1,000 from 2005 to 2006, and more than 1.2 million New Yorkers have moved out since 2000. California lost the most people (287,000) of any state from 2005 to 2006, but because it is the most populous state its out-migration rate was a merely dreadful 7.92." The Journal adds, "Our own guess is that taxes and economic opportunity are decisive in many cases, especially for the mobile young and the well-to-do old."

NYTimes Says Bloomberg's Tax Cuts Not Well-Managed. The New York Times (1/18, 1.16M) editorializes, "The latest tax cuts can only help his standing with voters," but Mayor Michael Bloomberg's proposal "is not always good municipal management." The cuts are "not wildly prudent," as the proposal for a 5 percent property tax cut will "largely be offset by the increases homeowners will see because New York real estate values have continued their steady rise…" The tax cuts "The tax cuts could end up helping the city's fiscal outlook by improving its competitiveness," but Bloomberg "will have to make the case that any such gains would not come at the expense of the fiscal responsibility he himself has long championed."

Rice To Host Mideast Strategy Session Next Month. AFP (1/18, Lanteaume) reports Secretary of State Condoleezza Rice and German Foreign Minister Frank-Walter Steinmeier announced Wednesday that the Quartet would meet next month in Washington, "calling the time ripe for a fresh initiative." Rice and Steinmeier told reporters after talks in Berlin that representatives from the United Nations, the United States, Russia and the European Union would meet "probably February 1 or 2." The Secretary said she "look[s] forward to that meeting as we reenergize the quartet in its efforts to support the progress in the Middle East that could lead to a two-state solution and a Palestinian state living side by side in peace, democracy and freedom."

The AP (1/18, Gearan) notes the Quartet meeting "will come before a US-backed summit in the Mideast among Rice, Israeli Prime Minister Ehud Olmert and Palestinian Leader Mahmoud Abbas."

Rice "Cool" To Idea Of Temporary Palestinian State. The AP (1/17, Gearan) reports Secretary Rice "sounded cool to the notion of a placeholder Palestinian state

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in temporary borders, an idea that Israelis had said might energize the dormant peace process." Speaking to reporters earlier this week, Rice "did not rule out the idea," saying, "My own view, and I frankly have been telling people this, (is) that if we get to that point it seems to me that it may be more difficult to negotiate a provisional state than just to go to the end game" of final borders.

Syria, Israel Talks Indication Region May Be Ready To Restart Peace Process. The Christian Science Monitor (1/18, Prusher, 59K) reports on news that "broke this week in Israel's respected newspaper Haaretz, that Israel and Syria had reached a series of secret understandings," which "sent shock waves through a region often plagued by stalemate and violence." However, in Jerusalem, officials "are distancing themselves from the meetings that took place between Israelis and Syrians in Europe from September 2004 to June 2006, portraying them as an 'academic' exercise." However, Monitor says "the very fact that Israelis have been meeting with Syrian representatives is indicative of a willingness on the part of some of the region's players to restart a peace track that has long been viewed as derailed indefinitely."

Carter Says Debate Over Book Diverting Attention From Message. Writing in the Washington Post (1/18, A23, 690K), former President Jimmy Carter expresses concern "that public discussion" of his book "Palestine Peace Not Apartheid" has "been diverted from the book's basic proposals: that peace talks be resumed after six years of delay and that the tragic persecution of Palestinians be ended." Most critics, he says, "have not seriously disputed or even mentioned the facts and suggestions about these two issues, an apparently concerted campaign has been focused on the book's title, combined with allegations that I am anti-Israel." Such rhetoric, he says, "is not good for any of us who are committed to Israel's status as a peaceful nation living in harmony with its neighbors." However, Carter said he is "encouraged" that President Bush "has announced that peace in the Holy Land will be a high priority for his administration during the next two years," and that "on her current trip to the region, Secretary of State Condoleezza Rice has called for an early US-Israeli-Palestinian meeting."

Arab Leaders "Deeply Skeptical" Of Bush's Iraq Plan. The AP (1/18, Nasrawi) reports, "Arab leaders were deeply skeptical Wednesday of the US plan for Iraq," a day after Secretary of State Condoleezza Rice "tried to sell it to them." In a move seen as "underscoring the obstacles to US efforts to win over Arab leaders," a US diplomat said the Bush administration plans to send Undersecretary of State Nicholas Burns "on another Mideast shuttle to offer more details of the president's plan." Burns' mission to the region next week will "flesh out specifics" of US policy changes that Rice outlined this week, said Hilary Olsin-Windecker, spokeswoman for the US Embassy in Abu Dhabi. Burns also is expected to make "a major policy address" that details new US steps in Iraq.

In a separate analysis, the AP (1/18, Gearan) says Rice "got what she came for -- or as much as she might have really expected: a bland statement from the group welcoming the US commitment in Iraq."

Kuwait Urges US To Talk To Iran, Syria. The AP (1/18, Elias) reports Kuwait's emir told Secretary Rice that Washington "should talk to Syria and Iran to improve the situation in Iraq," the Kuwaiti foreign minister said Wednesday. Sheik Mohammed Al Sabah told reporters that when Rice met Emir Sheik Sabah Al Ahmed Al Sabah Tuesday, she had spoken of the "the difficulties facing the Iraqi government in imposing security, and (difficulties caused by) outside interference." That, he noted, "is why his highness (the emir) stressed the importance of a dialogue with (Iraq's) neighbors, and the importance that there is no estrangement between them and America."

Discontent With Ahmadinejad Growing In Iran. The Washington Times/AP (1/18, Dareini) reports, "Prices for vegetables have tripled in the past month, housing prices have doubled since last summer -- and as costs have gone up, so has Iranians' discontent with hard-line President Mahmoud Ahmadinejad and his focus on confrontation with the West." Ahmadinejad was elected last year "on a populist agenda promising to bring oil revenues to every family, eradicate poverty and tackle unemployment," but "now he is facing increasingly fierce criticism for his failure to meet those promises." He is being challenged "not only by reformers, but by the conservatives who paved the way for his stunning victory in 2005 presidential elections."

Similarly, the Financial Times (1/18, Bozorgmehr, Smyth) reports a "new political coalition is emerging in Iran in response to growing US pressure, especially over Tehran's nuclear programme, and in concern over the radical approach of President Mahmoud Ahmadinejad in both foreign and domestic policy." Although it "remains unclear

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what direct impact" this so-called "coalition of the concerned" can have on nuclear policy or Iran's relationship with Iraq, "its aim is to put Tehran's case more clearly internationally and perhaps craft conciliatory measures."

IAEA Stops Some Aid To Iran. The AP (1/18, Jahn) reports the IAEA has "suspended some aid to Iran in line with Security Council sanctions calling for an end to assistance for programs that could be misused to make an atomic weapon," diplomats said Wednesday. The diplomats "emphasized that the freeze was temporary for now and subject to review and approval by the 35-nation board" of the agency. Agency officials "now are looking at the full list of technical aid programs to Iran and will propose culling those that could serve non-peaceful nuclear aims when the board next meets in March."

Saudis Tightening Control Of Shiites. The Christian Science Monitor (1/18, Farrell, 59K) reports although Saudi Arabia's Shiite population has "managed to gain a larger stake in Saudi Arabian society" over the past decade with "incremental reforms," now "many worry that their steady progress is being checked." With a "Sunni-Shiite cold war descending on the region," Saudi Arabia "appears to be hardening its sectarian battle lines." For example, the Monitor notes that "last month, 30 top Saudi clerics released a statement calling on Sunnis throughout the region to back the Sunni insurgents in Iraq against Shiites. This was followed by a fatwa from prominent cleric Abdul Rahman al-Barak on Dec. 29 attacking Shiites."

Olmert Faces Mounting Pressure To Resign. The AP (1/18, Teibel) reports Israeli Prime Minister Ehud Olmert and Defense Minister Amir Peretz "came under renewed pressure to resign Wednesday after the Israeli army's chief of staff stepped down in the wake of the flawed Lebanon war." The "sudden departure" of Israel's top military official, Lt. Gen. Dan Halutz, "delivered another setback to the prime minister, whose popularity has plummeted following last summer's war and a string of political scandals." On Tuesday, Israel's attorney general opened a criminal probe into Olmert's role in a 2005 bank privatization.

Separately, the AP (1/18, Federman) says Olmert, "who is supported by a solid majority in parliament," is "not expected to resign soon. But the uproar over the alleged mishandling of the war against Hezbollah could harm his chances to remain in office in the long term."

US Continues Nuclear Talks With Pyongyang In Berlin. AFP (1/18, Cole) reports Assistant Secretary of State Christopher Hill said he was having "useful discussions" with his Pyongyang counterpart in Berlin and hoped negotiations would resume this month. In Washington, State Department deputy spokesman Tom Casey "said that discussion was followed up with one or two hours of talks Wednesday at the North Korean embassy in Berlin before Hill travels to Asia Thursday." Hill, speaking at an American Academy event in Berlin, "declined to answer questions on the substance of the meeting" but said he hoped the six-party talks would start again "in January." Meanwhile, Secretary of State Condoleezza Rice said during a stop in Germany Wednesday that Hill's talks ""should help prepare the way for a more favorable atmosphere at the time of the resumption of the six-party talks, which we would hope would be soon." However, she stressed that Washington would not consider normalizing relations with Pyongyang until it implemented "a complete, verifiable nuclearization -- and I should say irreversible denuclearization."

The New York Times (1/18, Landler, Shanker, 1.16M) says the "unusual one-on-one sessions" were "signs of progress." In an interview Wednesday, Hill said, "It was a substantive discussion," but refused to provide details, saying only, "The proof of the pudding will be when we all sit down together in the six-party negotiations."

US Now Open To "Bilateral Process." The Washington Post (1/18, A18, Kessler, 690K) reports that during an address Wednesday, Hill said the US is willing to engage in "a bilateral process" to establish "a normal relationship" with Pyongyang, marking "the first time a US official has publicly emphasized the possibility of such bilateral discussions, something the Pyongyang government has long sought."

US General In Korea Warns Of Command Structure Changes. The AP (1/18, Herman) reports the top US general in South Korea, Army Gen. B.B. Bell, "warned Thursday that changes to the command structure on the peninsula could damage the ability of allied forces to maintain the more than half-century-old armistice with North Korea." Bell told a news conference, "Unless addressed, this situation will make it impossible to credibly maintain the armistice." He said the problem should be carefully considered during peacetime because on the Korean Peninsula "crisis escalation could quickly, indeed almost instantaneously, lead to combat operations."

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Frazer, Feingold Call For US To Act On Somalia. The Washington Post (1/18, A16, De Young, 690K) reports assistant secretary of state for African affairs, Jendayi Frazer, "expressed concern yesterday over the slow pace of efforts to form a unity government" in Somalia. A "lack of willingness by the internationally backed transitional government to reach out to other groups," including "moderate" representatives of an ousted Islamic movement, "remains our greatest challenge," said Frazer at a conference on Somalia at the Center for Strategic and International Studies in Washington. In particular, the government's decision yesterday "to fire the parliamentary speaker, Sharif Hassan Sheik Aden, who had made peace overtures to the Islamic movement, would have a 'negative impact,'" Frazer noted.

AFP (1/18) reports Senator Russ Feingold urged the Bush administration to "work urgently to establish a peacekeeping force and an international trust fund for stricken Somalia." Washington needs to "quickly and aggressively on all fronts," Feingold said, "warning that without action, Somalia's status as a security threat to US interests would grow." Targeting al-Qaeda cells in Somalia in US strikes was "not enough," Feingold said, opening the CSIS conference.

UN Agencies Warn Of Growing Crisis In Darfur. The AP (1/18, De Montesquiou) reports, "In a sweeping call for help, a wide range of U.N. aid agencies appealed Wednesday to warring parties to end the violence in Darfur, warning the relief keeping millions alive will be 'irreversibly jeopardized' if it does not stop." The groups "said a massive influx of foreign aid was the only thing 'holding the line' for 2.5 million refugees and over 1 million other civilians in Darfur." They also noted that "what pushed them to issue the appeal Wednesday was the increased targeting of aid workers in the region."

UN's Ban Vows Reform. The AP (1/18, Hunt) reports U.N. Secretary General Ban Ki-moon said Wednesday the body will see a series of reforms and be "reborn" under his leadership. After meeting with members of the House Foreign Affairs Committee in Washington, Ban "also called on Congress to reverse a law that caps US spending on U.N. peacekeeping missions at 25 percent of the total cost." The committee's chairman, Rep. Tom Lantos of California, "praised Ban for promising reforms and pledging to release his own financial records," calling it "a first in the U.N.'s history."

Domestic Workers Allege Abuse By Kuwaiti Attaché. The Washington Post (1/18, A12, Cauvin, 690K) reports, "Three Indian women who worked in the McLean home of a Kuwaiti military attaché filed a lawsuit yesterday alleging that they were brought to the United States illegally and abused and exploited by the diplomat and his wife." Filed against the couple and the government of Kuwait, the lawsuit is "the latest legal effort to curb the exploitation of foreign domestic workers, particularly by diplomats, whose immunity can make it difficult for authorities to investigate allegations of abuse, let alone act to halt such conduct."

US Firm Burned By Nationalization Of Venezuelan Utility. The Washington Post (1/18, D1, Mufson, 690K) reports on reactions to Venezuelan President Hugo Chavez's announcement "that he would nationalize the telecommunications and electric utility industries," including the 82 percent stake of US-based AES in Grupo La Electricidad de Caracas." Venezuela's minister of mines and energy, Rafael Ramirez, "suggested that Chavez had 'serious complaints' about the way AES has been running the utility, but Michael Shifter, vice president of the Inter-American Dialogue, said AES has simply been caught in Venezuela's political vortex." The Post adds, "Critics say that the government's plan to create a new state power firm, 40 percent owned by the state oil company, is a recipe for inefficiency." Dennis W. Bakke, who was AES's chief executive at the time it invested in Chavez's Venezuela, called the venture a "mistake."

Chavez's Closure Of TV Station Sparks Concerns. The Washington Post (1/18, A16, Forero, 690K) reports as Chavez "accelerates his country's shift toward '21st-century socialism,' a decision not to renew RCTV's broadcast license is among the government's more dramatic steps, and one that has caused serious concern among free-press advocates." While Venezuelan officials have accused the station of "having collaborated with organizers of a 2002 coup against Chavez," the Committee to Protect Journalists in New York, the Organization of American States and the Catholic Church "have warned that press freedoms in Venezuela are in danger." The case has also "attracted widespread attention from officials in Washington and Latin America, for whom the

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non-renewal of a license has echoes of right-wing dictatorships of the past."

Immigrant Killing Sparks Mexican Protest, Federal Investigation. The New York Times (1/18, Clark, 1.16M) reports, "A Mexican immigrant was shot and killed on Friday by a Border Patrol agent in Arizona, prompting an investigation by federal authorities and condemnation from President Felipe Calderón of Mexico." The immigrant was shot "as he and six others were being taken into custody by a Border Patrol agent, shortly after they crossed illegally" into southeastern Arizona. Arizona's Cochise County Sheriff's Department and the federal Department of Homeland Security are investigating the shooting. The FBI is "also looking at the case and will review the results of the other inquiries before determining whether to expand its investigation," said an agency spokeswoman in Phoenix.

US Border Agents To Serve Prison Term. The Washington Times (1/18, Seper, 88K) reports two former US Border Patrol agents "surrendered yesterday to begin prison sentences for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico." Rep. Dana Rohrabacher, the California Republican "who has been at the forefront of efforts to have the prosecution reviewed and the agents re-tried, yesterday criticized the White House for not acting in the case." The White House "refused last week a request by Republican House members to keep the two men out of prison pending their appeal." White House spokesman Tony Snow "said that the case against the agents had been mischaracterized, that they had violated regulations and that they had been convicted by a jury."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Poll: Most Oppose Troop Buildup"
"Not A Pretty Picture"
"U.S. Ceases Warrantless Spy Operation"
"It's Winter For A Day As Snow Dusts Parts Of L.A."
"Chandlers, Moguls In Battle For Tribune"
"Cancer deaths drop for 2nd year"
"Iraqi Premier Pledges Firm Hand With Militants"

USA Today:
"O'Toole Still Has An Eye On That Elusive Statue"
"Overall Cancer Deaths Decline Again, But Statistics Not As Rosy For Blacks"
"Court To Oversee Wiretap Program"

New York Times:
"Court to Oversee U.S. Wiretapping in Terror Cases"
"Disaster Fund Faces Financial Shortfall"
"Shiite Fighters Arrested in Crackdown, Iraq Says"
"Expert Ties Ex-Player's Suicide to Brain Damage"
"Bills on Climate Move to Spotlight in New Congress"
"Regulators Say Con Ed Failures Led to Blackout"

Washington Post:
"O'Malley Begins With a Call for Unity"
"President Overhauls Wiretap Program"
"Maliki Stresses Urgency In Arming Iraqi Forces"
"Cancer Deaths Decline For Second Straight Year"
"In Libby Trial, Big Names Make Jury Picks a Tall Order"

Washington Times:
"Grass-Roots Groups Qualify As Lobbyists Under Ethics Bill"
"Cancer Deaths Decline For Second Year In A Row"
"Past Missteps Haunt Several Fenty Picks"
"Senate Plans Vote Against Troop Surge"
"Commanders Seek More Troops In Afghanistan"
"Prison 'Rewards' Border Agents"
"U.S. Holds Face-To-Face Talks With N. Korea"

Atlanta Journal-Constitution:
"Restaurant Grades: Up Front And Visible"
"Mayors Of Border Towns Don't See Fence In Future"
"Senate Anti-War Resolution Lures GOP Support"
"Immigrant's Success At Life Scarred By Ambush"
"Perdue Hints Veto Of Sunday Booze Sales"

Dallas Morning News:
"Ready For Another Slippery Trip?"
"Cancer Deaths Fall Again"
"9-Year-Old Runaway Takes Airline For A Ride"
"Iraqis: Scores Arrested In Powerful Shiite Militia"

Houston Chronicle:
"Icy Roadways Remain, But Worst Is Over"
"Rockets Can't Survive Suns' Second-Half Surge"
"Hurtt Tries To Calm Sunnyside Anger At Shooting"
"'Franken-Fungus' Push In Drug War Greeted By Fear"
"Nugent Wears Confederate Flag Shirt At Perry Ball"
"Ex-Supreme At Center Of Knockoff-Band Battle"

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Story Lineup From Last Night's Network News:

ABC: Cancer Deaths Down; Iraq-Violence Continues; Iraq-Democratic Plans, Secretary Gates-Afghanistan; Domestic Eavesdropping Reversal; Winter Weather; Falling Oil Prices; Cancer Report Analysis; Comair Crash Transcript; Chimp Paternity Scandal; Rubik Cube Revival

CBS: Cancer Deaths Down; Iraq-Democrat Plans; Iraq-Democratic Convoy Attacked; Iraq-Violence Continues; Domestic Eavesdropping Reversal; Winter Weather; House Approves Student Loan Rate Cuts; Brain Research; Missouri Kidnapping Update; Violence In Girls; Muhammad Ali Turns 65

NBC: Cancer Deaths Drop; Winter Weather; California Citrus Crop; Iraq-Senate Resolution; Iraq-Senator Clinton Plan, Iraq-Violence Continues; Domestic Eavesdropping Reversal, Economic Update; Stagnant Gas Prices; Stomach Virus Outbreak; Muhammad Ali Turns 65; Detroit Auto Show

Story Lineup From This Morning's Radio News Broadcasts:

ABC: GA-Winter Storm; TX-Power Outages; U.S. Cancer Deaths Down; Iraq Violence; Loyalists to Al Sadr Arrested; Non-Binding Senate Resolution Opposing Bush Iraq Plan; Tokyo Stock Exchange; QB Michael Vick's Water Bottle Suspected Of Containing Drugs; CA-Water Intoxication Death; Actress Lindsay Lohan Enters Rehab.

CBS: Congress-Debate Over Number Of Troops In Iraq, Iraq Violence; Marine Pleads Guilty In Death Of Iraqi Man; CA-Freezing Temperatures Destroying Citrus Crop; TX-Nine-Year-Old Gets Past Airport Security Screeners.

NPR: GA-Winter Storm; Los Angeles-Snow Advisory; CA-Freezing Temperatures Destroying Citrus Crop; Non-Binding Senate Resolution Opposing Bush Iraq Plan; Iraq Violence; United Nations-Afghan Refugee Repatriation Program; Senate-Ethics And Lobbying Reform Bill; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Organizational meeting. Location: Room 428A, Russell.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on Interior Department management of oil and gas royalties from public lands. DOI Inspector General Earl Devaney; Mark Gaffigan, GAO; Assistant Interior Secretary Stephen Allred. Location: Room SD-G50, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on military and diplomatic strategy in Iraq. Retired Lt. Gen. William Odom; retired Gen. Joseph Hoar; retired Gen. Barry CMcCaffrey. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full Committee. Oversight hearing on the Justice Department. Attorney General Gonzales. Location: Room 106, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Copmmittee. Organizational meeting, followed by a hearing on transit security. Tim O'Toole, Managing Director, London Underground; Stamford, Conn. Mayor Dannel Mallory for the U.S. Conference of Mayors; American Public Transportation Association President William Millar; Amalgamated Transit Union President Warren George; Aurelio Rojo Garrido of the Association of Latin American Metros and Subways. Location: Room 538, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on the long-term economic and budget challenges. Federal Reserve Board Chairman Ben Bernanke. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on rail and surface transportation security. Location: Room 253, Russell.

10 a.m. INDIAN AFFAIRS _ Full Committee. Organizational meeting. Location: Room 485, Russell.

2 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on the Iraq Study Group report. Former Rep. Lee Hamilton, co-chair, Iraq Study Group. Location: Room 216, Hart.

2:30 p.m. ARMED SERVICES _ Full Committee. Closed. Briefing on intelligence assessments in Iraq. Location: Room S-407, Capitol.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on terrorist safe-havens. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 6- Encouraging U.S. Dependence on Foreign Energy. Postponed Suspension Vote (1 bill): 1) H.Res. 62-Congratulating the Grand Valley State University Lakers.

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10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Navy and Air Force readiness. Closed. Location: Room H-140, Capitol.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on the audit work of the Special Inspector General for Iraq Reconstruction. Comptroller General David Walker; Acting DoD Inspector General Thomas Gimble; DoD Special Inspector General Stuart Bowen, Jr. Location: Room 2118, Rayburn.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Organizational meeting. Location: Room 2154, Rayburn.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Guard and reserve readiness. Closed. Location: Room H-140, Capitol.

1:30 p.m. FOREIGN AFFAIRS _ Full Committee. Hearing on North Korea. Former Defense Secretary William Perry; former Amb. James Lilley. Location: Room 2172, Rayburn.

2 p.m. ARMED SERVICES _ Air and Land Forces Subcommittee. Hearing on Hearing on on army force protection equipment for Operation Iraqi Freedom and Operation Enduring Freedom. Lt. Gen. Stephen M. Speakes, USA, Deputy Chief of Staff, Army G-8; Maj. Gen. Jeffrey A. Sorenson, USA, Deputy for Acquisition and Systems Management, Assistant Secretary of the Army for Acquisition, Logistics and Technology; Maj. Gen. Jeffrey A. Sorenson, USA, Deputy for Acquisition and Systems Management, Assistant Secretary of the Army for Acquisition, Logistics and Technology; Dr. Robert L. Buhrkuhl, Director, Joint Rapid Acquisition Cell, Office of Undersecretary of Defense for Acquisition, Technology & Logistics; Rear Adm. Archer M. Macy, Jr., Commander, Naval Surface Warfare Center, Deputy Commander for Warfare Systems Engineering, Naval Sea Systems Command. Location: Room 2118, Rayburn.

3 p.m. RULES _ Full Committee. Meeting on rules for floor debate. Location: Room H-313, Capitol.

Other: HOMELAND SECURITY-LEGAL _ The American Bar Association Section of Administrative Law and Regulatory Practice sponsors the 2nd Annual Homeland Security Law Institute. Highlights: 9 a.m. - 10:15 a.m. Session on ``Homeland Security: The Year in Review," with Philip Perry, general counsel, Department of Homeland Security. 9:45 a.m. Chief Privacy Officer Hugo Tuefell III discusses privacy issues. 10:30 a.m. Panel on ``Regulatory Developments for 2007," with Lisa Branch, counselor to the admininstrator, OMB, others. 12 p.m. Luncheon address by Asa Hutchinson, former undersecretary for border and transportation security, Department of Homeland Security. 1:45 p.m. - 3 p.m. Panel on ``State and Local Emergency Preparedness -- Lessons Learned from Katrina," moderated by Ernie Abbott, principal, FEMA Associates, Washington, D.C. Panelists include FEMA Chief Counsel David Trissell, and Penya Moses-Fileds, New Orleans city attorney. 3:15 p.m. Breakout sessions on varous issues, including homeland security and the law enforcement agenda, with Kenneth Wainstein, assistant attorney general for national security, Justice Department, others; and business continuity issues, with Ava Hartner, senior attorney, Dow Chemical Company, Midland, Mich., others. 4:45 p.m. HS Secretary Chertoff. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza SW.

REPUBLICANS-WINTER MEETING _ The Republican National Committee holds its 2007 Winter Meeting. Highlights: 9 a.m. Standing Committee On Rules meeting. Lafayette Park/Farragut Square Rooms. 11:30 a.m. Welcoming luncheon, with House Minority Leader John Boehner. 12:30 p.m. General session, with RNC Chairman Ken Mehlman. 2:45 p.m. Convention hosts city media availability. Wilson/Roosevelt Rooms. Location: Grand Hyatt Hotel, 1000 H St. NW.

KUCINICH-IRAQ _ 9 a.m. Rep. Dennis Kucinich meets with 100 Grannies, members of the Granny Peace Brigade, as they state their case for ending the Iraq War. Location: Room HC-6, Capitol.

CANTOR-IRAQ _ 10 a.m. Rep. Eric Cantor, R-Va., others, hold a press briefing on the GOP Iraq Bill. Location: House Studio.

JACKSON-EXPORTS _ 10 a.m. Deputy DHS Secretary Robert Jackson addresses the President's Export Council roundtable on the Rice-Chertoff Initiative and the Western Hemisphere Travel Initiative. Location: Room 4830, 1441 L St. NW.

NCLB _ 10 a.m. The Business Coalition for Student Achievement holds a news conference to release recommendations for sustaining and strengthening the No Child Left Behind Act. Location: Room HC-8, Capitol.

DARFUR _ 11 a.m. The Save Darfur Coalition holds a telephone briefing to discuss the oppolrtunity the Darfur cease fire has created for a political settlement. Participants include Lawrence Rossin of the coalition, adviser Amjad Attalah and Kenneth Bacon of Refugees International.

Contacts: Ashley Roberts, 202-478-6181. Notes: Callin number: 888-694-4768.

FINANCIAL FORECAST _ 11 a.m. The Institute of International Finance, the global association of financial services institutions, holds a news conference to release its 2007 forecasts for private capital flows into emerging markets - portfolio equities, bonds, commercial bank lending and direct investment. Location: 8th floor, 1333 H. St. NW.

GUANTANAMO _ 11 a.m. Retired Colonel Ann Wright, detainee attorney Bill Goodman, human rights advocate Medea Benjamin, and Ann Wilcox of the National Lawyers Guild hold a press conference to outline a new plan to pressure Congress to close Guantanamo prison and restore habeas corpus. Location: Room 2237, Rayburn.

HEALTH CARE-UNINSURED _ 11 a.m. The Health Coverage Coalition for the Uninsured, a diverse group of national advocacy organizations with usually divergent viewpoints, holds a news briefing to release a compromise proposal to cover a significant portion of Americas 47 million uninsured. Speakers: Karen Ignagni, America's Health Insurance Plans; Ron Pollack, Families USA; Reed Tuckson, UnitedHealth Group; Jeremy A. Lazarus, MD, American Medical Association; and Kevin E. Lofton, American Hospital Association. Location: Columbus Club, Union Station Foyer, 50 Massachusetts Ave. NE.

BOEHNER _ 11:05 a.m. House Minority Leader John Boehner holds an on-camera media briefing. Location: House Radio-TV Gallery.

ENERGY INDEPENDENCE _ 11:30 a.m. Sen. Evan Bayh, D-Ind., joins Sens. Norm Coleman, R-Minn., Joseph Lieberman, I-Conn.; and Ken Salazar, D-Colo., other Senate co-sponsors, for a press conference to announce the reintroduction of comprehensive energy legislation designed to reduce Americas dependence on foreign oil. Location: Senate Radio/TV Gallery.

IRAN _ 11:30 a.m. Reps. Neal Abercrombie, Walter Jones, Wayne Gilchrist, Martin Meehan, others, hold a news conference on the Iran resolution. Location: House Radio-TV Gallery.

US-CANADA _ 11:30 a.m. Media availability with DHS Secretary Chertoff and Canaidan Minister of Public Safety Stockwell Day. Location: CBP briefing room, Reagan Trade Center.

IMMIGRATION _ 12:30 p.m. The Council on Foreign Relations holds a discussion on immigration and U.S. global competitiveness, with former Energy Secretary Spencer Abraham, Wilson Center President Lee Hamilton, and former INS Commissioner Doris Meissner. Location: 1779 Massachusetts Ave. NW.

GOVERNMENT INTERNET _ 1 p.m. The General Services Administration holds a news conference to unveil the new name for the official portal of the U.S. government, formerly known as FirstGov.gov. Location: National Press Club.

IMMIGRATION _ 1 p.m. The Alliance for Immigration Reform 2007 holds a telephone briefing announcing the group's formation. Participants include Tamar Jacoby of the Manhattan Institute, R. Bruce Josten of the U.S. Chamber of Commerce, Eliseo Medina of SEIU, Cecilia Munoz of the National Council of La Raza, and Bishop Thomas Wenbski of the U.S. Conference of Catholic Bishops. Notes: Callin number: 800-565-5442; passcode: 4558789.

LEGISLATIVE ACCOUNTABILITY _ 1 p.m. The ACLU and the Traditional Values Coalition sponsors a ``right/left" teleconference briefing to discuss First Amendment concerns that both sides say are posed by S.1, the ``Legislative Transparency and Accountability Act of 2007." Notes: Dial-in number is 800-816-4134. The access code is 69922.

CHERTOFF _ 1:15 p.m. DHS Secretary Chertoff addresses the American Society of Newspaper Editors. Location: National Press Club.

DEMOCRATS-100 HOURS _ 3:30 p.m. The House Democratic Caucus holds a news conference on the first 100 hours of the 110th Congress. Location: Room HC-5, Capitol.

CHRISTIAN EVANGELICALS _ 6:30 p.m. Filmmaker Alexandra Pelosi, House Speaker Nancy Pelosi, Moby, others, attend the premiere of ``Friends of God" reception, screening and panel discussion featuring Alexandra Pelosi, political strategists Tony Fabrizio and Anna Greenberg. The event will be moderated by MSNBC ``Hardball" host Chris Matthews. The documentary explores America's growing Christian evangelical movement. Location: Ritz Carlton Ballroom, 1150 22nd St. NW.

DOJ_NMG_0117962

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 18, 2007 7:45 AM EST

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TERRORISM NEWS:

Gonzales Says Judges Are Unqualified To Make Terror Rulings. The AP (1/18, Jordan) reports, "Attorney General Alberto Gonzales rapped federal judges Wednesday for ruling on cases that affect national security policy. Judges, he contended, are unqualified to decide terrorism issues that he said are best settled by Congress or the president." The AP continues, "In a sharply worded speech directed at the third, and equal, branch of the government, Gonzales outlined some of the qualities the Bush administration looks for when selecting candidates for the federal bench. He condemned what he termed activist judges with lifetime appointments who 'undermine the right of the people to govern themselves.' … In nominating a judge, 'we want to determine whether he understands the inherent limits that make an unelected judiciary inferior to Congress or the president in making policy judgments,' Gonzales said in the 20-minute speech to American Enterprise Institute, a Washington think tank. 'That, for example, a judge will never be in the best position to know what is in the national security interests of our country.'" The AP notes, "Gonzales did not cite any specific activist jurists or give examples of national security cases. … Pressed later for examples, he noted that Congress approved the Military Commissions Act, which authorizes military trials for terrorism suspects, four months after the Supreme Court ruled the trials would violate U.S. and international law. … 'I don't think the judiciary is equipped at all to make decisions about what's in the national security interests of our country,' Gonzales said. 'How would they go about doing that? They don't have embassies around the world to give them that information. They don't have intelligence agencies gathering up intelligence information. ... It was never intended that they would have that role.' … Gonzales, a former Texas Supreme Court justice, also characterized efforts to retaliate against unpopular rulings as misguided. He mentioned a failed South Dakota proposal to sue or jail judges for making unpopular court decisions. … He also urged Congress to consider increasing the number of federal judges to handle heavy workloads and to offer them higher salaries to lure and keep the best ones on the bench."

In Reversal, Administration Will Seek Court Approval For Domestic Wiretaps. In what's being termed a "surprise" and "major reversal," the AP (1/18, Jordan) reports the Bush Administration "has agreed to shift course and let a secret but independent panel of federal judges oversee the government's controversial domestic spying program." The Foreign Intelligence Surveillance Court "will have final say in approving wiretaps on communications involving people with suspected terror links, Attorney General Alberto Gonzales said Wednesday in a letter to the leaders of the Senate Judiciary Committee."

The Washington Post (1/18, A1, Eggen, 690K) reports on the "abrupt reversal by the administration," and says "many details of the new approach remained unclear yesterday, because administration officials declined to describe specifically how the program will work. Officials would not say, for example, whether the administration will be required to seek a warrant for each person it wants to monitor or whether the FISA court has issued a broader set of orders to cover multiple cases. Authorities also would not say how many court orders are involved or which judge on the surveillance court had issued them."

The New York Times (1/18, Lichtblau, Johnston, 1.16M), which first disclosed the existence on the secret program, terms the move "a surprise reversal," and notes the Justice Department "said it had worked out an 'innovative' arrangement with the Foreign Intelligence Surveillance Court that provided the 'necessary speed and agility' to provide court approval to monitor international communications of people inside the United States without jeopardizing national security." A "Justice Department official" said "the department would file a motion with the Court of Appeals for the Sixth Circuit in Cincinnati, arguing that the court's review of the issue in a lawsuit brought by the American Civil Liberties Union "is now moot" in light of this week's developments." But "several legal analysts said the issue might not be resolved that simply. … Anthony D. Romero, executive director of the ACLU, said the appellate court should still examine the legality of the program and whether the it had violated intelligence law for the last five years. 'It's not academic when the president violates the law,' Mr. Romero said."

The Financial Times (1/18, Sevastopulo, Remtulla) headlines its report "White House In U-turn On Wiretapping," and quotes Romero describing "the move as a 'quintessential flip-flop.' 'The NSA was operating illegally and this 11th-hour ploy is clearly an effort to avoid judicial and congressional scrutiny,' said Anthony Romero, ACLU executive director. 'Despite this adroit back flip, the constitutional problems with the president's actions remain unaddressed.'"

The Washington Times (1/18, Seper, Dinan, 88K) reports Sen. Charles E. Schumer, "New York Democrat and a Judiciary Committee member, said the decision to give the court the authority to monitor the surveillance program 'flies in the face of the fundamentals of American justice.' He said the decision should have come after the matter was fully and openly debated." Said Schumer, "This announcement can

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give little solace to the American people, who believe in the rule of law and ask for adequate judicial review."

All three network newscasts reported the story. NBC Nightly News (1/17, story 7, 1:05, P. Williams, 9.87M) reported, "What has changed is that the Administration has insisted for the past year that it did not need court approval to do this because it said the President had the wartime power to order these taps on his own. Now the government is abandoning that approach." The National Security Agency can still listen in on the conversations of suspected Al Qaeda members, even if that includes phone calls involving US citizens as long as it gets the court's approval."

ABC World News (1/17, story 5, 1:20, Gibson, 8.78M) referred to "a major reversal…in the war on terrorism." ABC (Raddatz) said "political objections" to the previous Administration position were behind the change" "We have a Democratic Congress now. Attorney General Alberto Gonzales is heading up to the hill tomorrow. And he doesn't want the grilling to be quite as bad. And the White House wants this issue to be behind it." The CBS Evening News (1/17, story 5, 1:35, Couric, 7.66M) called the move "a surprising development." Later in the story, CBS (Axelrod) also noted Gonzales "goes to Capitol Hill" today, and "if they hadn't pulled this U-turn, Gonzalez would have been blistered tomorrow."

The Wall Street Journal (1/18, A11, Bravin, 2.04M) says the "reversal…could help it dodge a confrontation with the Democratic majority in Congress and head off chances a federal appeals court will find the program illegal." The announcement "was the administration's latest nod to the new political reality on Capitol Hill."

The Los Angeles Times (1/18, Schmitt, Miller, 850K) also says "the administration's about-face comes as it confronts a much different political landscape than it did five years ago. Democrats are vowing closer scrutiny of its use of executive power. And White House-backed legislation that would have amended the law to allow for the sort of surveillance Bush was conducting died when the GOP Congress was voted out." In fact, "a federal court in Detroit ruled in August that the warrantless program was unconstitutional, and many legal experts believe the Supreme Court would agree. … Lawyers challenging the program said it was bound to be struck down by the courts."

USA Today (1/18, 1A, Leinwand, 2.27M) notes Senate Judiciary Committee Chairman Patrick Leahy "has been particularly critical of the NSA surveillance program. Pennsylvania Sen. Arlen Specter, the panel's top Republican, also has criticized the program and said he still has questions about whether it is legal." House Intelligence Committee "member" Jane Harman "said the administration's move was long overdue. 'We could have been here a year ago,' she said."

Under the headline "White House Retreats Under Pressure," the New York Times (1/18, Shane, 1.16M) reports the Administration's "abrupt abandonment on Wednesday of its program to eavesdrop inside the United States without court approval is the latest in a series of concessions to Congress, the courts and public opinion that have dismantled major elements of its strategy to counter the terrorist threat. … 'I think there's no question that both politically and legally, the president has been chastened,' said Douglas W. Kmiec, professor of constitutional law at Pepperdine University and generally a supporter of the administration's interpretation of executive power."

McClatchy Newspapers (1/18, Taylor, Gordon) reports, "Attorney General Alberto Gonzales revealed the secret arrangement with the Foreign Intelligence Surveillance Court on the eve of his first appearance before the Democratic-controlled Congress and amid an appeals court fight over a federal judge's ruling striking down the spying program as illegal and unconstitutional. … But Gonzales' disclosure left unclear whether the secret court has set up a special program that simply gives broad authority for wiretaps or requires the administration to seek warrants the same as always under a 1978 national security law. Under that law, the government obtained warrants on a case-by-case basis, after demonstrating a likelihood that the subject was a terrorist."

CNET News (1/18, McCullagh) reports, "In a two-page letter to the U.S. Senate's Judiciary committee, Gonzales did not specify what prompted the abrupt policy change. Gonzales did say that it took 'considerable time and work' for the Justice Department to devise a method that suited both prosecutors and the judges on the court." CNET continues, "The change appears to represent a concession to critics of the NSA program, who have charged that it was illegal and unconstitutional for the government to spy on Americans without any judicial oversight. The Bush administration claims that only international communications involving someone with ties to terrorism are targeted. … Democratic politicians welcomed the news. 'We must engage in all surveillance necessary to prevent acts of terrorism, but we can and should do so in ways that protect the basic rights of all Americans including the right to privacy,' Vermont Sen. Patrick Leahy, the head of the Judiciary committee, said in a statement. 'The issue has never been whether to monitor suspected terrorists, but doing it legally and with proper checks and balances to prevent abuses.'"

Bloomberg (1/18, Schmidt, Rowley) reports that Gonzales "said the Justice Department had been 'exploring options' for judicial oversight since early 2005. Still, his announcement comes as Democrats, highly critical of the program, have taken power in both houses of Congress pledging greater oversight of the administration's conduct of the war on terror. … President George W. Bush spent a year

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defending the legality of the spying since it was disclosed in December 2005. The program, established in 2001 after the Sept. 11 attacks, allows monitoring of international communications into or out of the U.S. when one of the parties is tied to al-Qaeda." Bloomberg adds, "The Justice Department briefed both the House and Senate intelligence committees on the change several days ago and plans to brief Senate Judiciary Committee Chairman Patrick Leahy, a Vermont Democrat, and the panel's senior Republican, Arlen Specter of Pennsylvania, shortly, officials said."

CNN.com (1/18) reports, "House Speaker Nancy Pelosi, D-California, called the move 'a long-overdue recognition' that existing laws can protect the country. 'Although the judge's order announced today needs to be reviewed thoroughly, the fact that the president will no longer be authorizing unilaterally intrusive surveillance of people in the United States is good news,' Pelosi said in a written statement." CNN adds, "The government now will ask the court to approve surveillance requests for 90 days, after which it must seek renewed permission. Justice Department officials said the court issued more than one order governing the program, but they refused to provide details of the still-classified program. … The officials also refused to comment on how the procedures could be implemented without damaging national security, as top administration figures insisted."

IDG News Service (1/18, Gross) reports, "Civil liberties groups had protested the NSA program, saying its lack of court oversight violated the U.S. Constitution. The Electronic Frontier Foundation (EFF) has filed a lawsuit against AT&T for allegedly participating in the NSA program, and in August, a U.S. district judge in Michigan ruled the NSA program was illegal. … Bush administration officials denied that the FISA court acted to provide political and legal cover for the NSA program, but (a) DOJ official said the FISA ruling will allow Congress to step back and look at the wiretap program without legal questions hanging over it. The FISA ruling 'should take some of the political heat off the debate,' the DOJ official said."

Cable And Local Television. CNN The Situation Room (1/17, 5:08 p.m.) broadcasted, "The Bush Administration has now decided to let the FISA Court to monitor the domestic spying program. Alberto Gonzales wrote a letter that a judge on the FISA Court has agreed to authorize the program. Apparently it took a midterm election in which the Democrats grabbed control of both houses of Congress, to persuade members of the Bush Administration that out ought to start playing by the rules."

CNN Lou Dobbs Tonight (1/17, 6:11 p.m.) broadcasted, "The White House today announcing what appears to be a reversal saying it will allow a Federal court to oversee its previously described warrantless wiretap program or, as it prefers, domestic surveillance. It is a remarkable retreat for Attorney General Alberto Gonzales and the President. Gonzales has repeatedly said Federal judges should defer to the Executive branch on issues of National security. … In a letter to leaders of the Senate Judiciary Committee, Attorney General Alberto Gonzales called the court orders innovative and complex…" ABC World News (1/17, 6:39 p.m.) and FNC Fox News Live (1/17, 2:31 p.m.) also broadcasted this story. Several major cities covered this story on local news. Some examples are: WRNN-TV, New York, NY (1/17, 7:00 p.m.), WLS-TV, Chicago, IL (1/17, 10:00 p.m.), KGO-TV, San Francisco, Oakland, San Jose, CA (1/17, 5:30 p.m.), WXYZ-TV, Detroit, MI (1/17, 7:00 p.m.), and KOMO-TV, Seattle, Tacoma, WA (1/17, 4:00 p.m.). Some other cities that the story was covered were Cleveland and Denver.

NYTimes Says Move Doesn't End "This Constitutional Crisis." The New York Times (1/18, 1.16M) editorializes, "Of the many ways that…Bush has trampled civil liberties and the balance of powers since the 9/11 attacks, one of the most egregious was his decision to order wiretaps of Americans' international calls and e-mail without court approval. It was good news, then, when the administration announced yesterday that it would now seek a warrant from the proper court for that sort of eavesdropping." But "the president's decision hardly ends this constitutional crisis. Among other things, the public needs to know why Mr. Bush broke the law for more than five years and what should be done to ensure there will be no more abuses of the wiretap statute."

USA Today Criticizes Pentagon, CIA Use Of National Security Letters. In an editorial, USA Today (1/18, 2.27M) says that the "stunning about-face" on FISA oversight "doesn't mean the government can't still gather personal information about Americans without a court order" through National Security Letters. "It's bad enough that the FBI has issued thousands of these letters; now, according to a New York Times report confirmed by Vice President Cheney, the Defense Department and CIA are also getting into the act. The Bush administration has trampled so many civil liberties in the name of the war on terror that it's tempting to shrug off yet another example. Yet the Pentagon's expanding role in domestic intelligence is alarming," and "for the CIA, it suggests that the longtime divide between it and FBI has not been fully bridged." USA adds, "If the letters continue to be sanctioned by law, the program should at least be consolidated into the Justice Department."

Letters Are First From "High-Value" Detainee To Be Publicly Disclosed. The Washington Post (1/18, A4, Rich, 690K) runs a feature on letters from Guantanamo Bay detainee Majid Khan to his family in suburban Baltimore, saying the four letters "are the first substantial communication from any of the 14 'high-value' detainees to become public since the captives were

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transferred in September from what were called CIA 'black' sites to the U.S. military prison at Guantanamo." The letters "were delivered through the International Committee of the Red Cross, whose representatives are permitted to visit the detainees on the condition that the agency does not publicly disclose information gathered during the meetings."

Stimson Apologizes To Detainees' Lawyers. The New York Times (1/18, Abruzzese, 1.16M) reports Deputy Assistant Secretary of Defense Cully Stimson "apologized on Wednesday to the lawyers of Guantánamo Bay detainees for suggesting that corporations should consider severing business ties with law firms that represent the detainees." Stimson "wrote in a letter published on Wednesday in The Washington Post that his comments in a radio interview last week did not reflect his 'core beliefs.' Mr. Stimson wrote: 'Regrettably, my comments left the impression that I question the integrity of those engaged in the zealous defense of detainees in Guantánamo. I do not.'"

Key Witness Against Posada Reports Discovering Bomb Under Truck. The Miami Herald (1/18, Weaver, Chardy) reports, "An FBI informant who is a key witness against anti-Castro militant Luis Posada Carriles discovered a pipe bomb attached to the bottom of his pickup truck Sunday and drove it to the Hialeah Police Department, law-enforcement authorities say." The Herald continues, "Gilberto Abascal -- whose testimoney also helped convict anti-Castro activists Santiago Alvarez and Osvaldo Mitat on weapons charges -- somehow spotted the device strapped to the undercarriage of his red 2005 Ford F-150 truck while he cruised around Hialeah, two federal investigators familiar with the incident said. … Despite finding the explosive device, Abascal drove several blocks to the Hialeah police station." The Herald adds, "Hialeah police and Miami-Dade bomb squad officers shut down the area and detonated the device. The police picked up the bomb scraps, which included wires and gun shells. The FBI is now investigating, although spokeswoman Judy Orihuela declined to comment.. … Sunday was not the first time that Abascal -- who is supposed to be in a witness protection program well outside Miami-Dade County -- has claimed an attempt on his life. Last August, he told police that an unknown gunman pulled alongside his pickup at a Hialeah eatery, Rancho Grande, and shot at him, according to a police report. Abascal told police he pulled a 9mm pistol from his glove box and shot back."

Philippine Army Kills Terrorist Wanted In Kidnapping Of US Missionaries. The Los Angeles Times (1/18, Watson, Jacinto, 850K) reports, "A militant leader linked to Al Qaeda and wanted in the beheading of a California tourist was killed in a jungle battle, the Philippine army announced Wednesday. The military first reported that it had wounded Jainal Antel Sali Jr., also known as Abu Solaiman, on Tuesday when special forces raided a hide-out of the Abu Sayyaf militant group on Jolo island," but "Sali, also wanted in the kidnapping of two American missionaries, was later confirmed dead at a news conference in Manila, where the chief of the armed forces, Gen. Hermogenes Esperon, showed photographs of the corpse." The Times notes, "Sali was on the FBI's list of most wanted terrorists, and the U.S. State Department had offered a reward of up to $5 million for his capture."

HOMELAND RESPONSE:

TSA Chief Says Inspection Of All Cargo On Passenger Planes Could Reduce Security. USA Today (1/18, 3A, Frank, 2.27M) reports, "In his first public comments on a bill approved by the House on Jan. 9, Transportation Security Administration (TSA) chief Kip Hawley said" yesterday that a requirement for the inspection of all cargo on passenger planes "could potentially make them more vulnerable to terrorist attack while also hindering commerce." Hawley said such a move "would add 'a very small, incremental benefit for security,'" while potentially diverting "airport screeners from other activities such as screening airport employees, inspecting passenger travel documents and looking for suspicious travelers." USA Today adds, "The Senate Aviation Subcommittee plans to propose its own aviation-security bill that is likely to be less far-reaching on cargo than the House bill." Near the end of its article, USA Today notes, "Hawley also said agencies are reviewing a watch list that keeps people off airplanes and removing about half the names."

Hawley Says Reforms Should Make Watch List Problems "A Thing Of The Past." In an article appearing on more than 100 news websites, the AP (1/17, Lumpkin) reported speaking at a hearing of the Senate Commerce Committee, Hawley said a "more accurate" no-fly list that will emerge from the review, "combined with a new passenger screening system, should take care of most incidents of people wrongly being prevented from boarding a flight or frequently being picked out for additional scrutiny." However, "Even cutting the list in half is 'nice but not all that meaningful,' said Barry Steinhardt, an attorney with the American Civil Liberties Union. He noted that various estimates of the list's size, which is classified, have ranged from 50,000 to 350,000 names." At the senate hearing, "Hawley ran into inquiries from lawmakers with family members or friends who had encountered problems at airport checkpoints," but he "explained that Secure Flight, the new passenger screening program, which he hopes will be running in 2008, would make such problems 'a thing of the

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past.'" In a brief article focusing on the Traveler Redress Inquiry Program, the New York Times (1/18, Lipton, 1.16M) reports that it "will allow the person to file and track the status of the claim online and is scheduled to start late next month."

Heritage Scholar Warns Against "Demonizing Security." In a USA Today (1/18, 11A, 2.27M) op-ed, Heritage Foundation senior research fellow James Jay Carafano writes, "Here's the recipe for a scary, post-9/11 news story about liberties vs. security: First, find a legitimate domestic surveillance program. … Next, find an 'expert' to denounce the program as an unnecessary expansion of executive authority. … Finally, stimulate the 'Luddite response' -- a fear of technology. … Combining these ingredients is guaranteed to shock sensibilities and spark congressional hearings. It's been done many times, starting with the tools authorized in the Patriot Act to fight terrorism, like delayed-notification warrants. … Keeping America safe, free and prosperous requires both liberty and order. Protecting the safety and freedom of Americans is not served well by simply demonizing security."

Grand Jury In Mississippi Begins Hearing Katrina Insurer Case. The New York Times (1/18, Treaster, 1.16M) reports, "A grand jury in Mississippi began hearing testimony yesterday on possible criminal charges against State Farm for its handling of claims after Hurricane Katrina, people close to the proceedings said." The start of proceedings there "raised new questions about efforts to settle hundreds of lawsuits filed after the storm in 2005." State Farm has been pushing for an agreement under which Jim Hood, the attorney general of Mississippi, would "drop a criminal investigation into the company's handling of claims and call off the grand jury, which would decide whether there was probable cause to return an indictment." However, "according to several participants, Mr. Hood refused to sign off on the deal. That enabled the grand jury to be seated in Pascagoula. It also meant that another of State Farm's conditions was not met: A requirement that Mr. Hood also drop a civil lawsuit against it and other insurers."

WAR NEWS:

White House Seeks To Tamp Down GOP Revolt Over Iraq. A bipartisan Senate resolution was unveiled yesterday in opposition to President Bush's new Iraq strategy. The New York Times (1/18, Hulse, 1.16M) reports "sponsors of the measure said Congressional passage would send a powerful message that the president could not ignore, and its adoption could be a precursor to further efforts by opponents of the war to place limits on his use of the military in Iraq or to limit financing for the war." In a similar story, the Los Angeles Times (1/18, Levey, 850K) says the "bipartisan resolution…would not place any legal limits on what the president can do in Iraq." But "it marks the leading edge of a rapidly expanding legislative front that will confront Bush as he tries to chart a new Iraq policy."

The White House is trying to hold Republicans together as the battle over the Iraq strategy approaches – and media reports suggest the President is not meeting with much success. The AP (1/18, Flaherty) reports, "Even as skeptical Republicans were summoned to private meetings" with Bush and national security adviser Stephen Hadley yesterday at the White House, "Bush's aides made clear that the Capitol Hill challenge would be met aggressively by the administration." The Washington Post (1/18, A1, Weisman, 690K) says that "a week after Bush addressed the nation on his policy shift, bipartisan opposition appears to be gaining steam, despite continuing White House efforts to tamp down a congressional revolt. … 'A lot of members of Congress at this point, I think, are still trying to figure out what are all the parts of the plan, how does it work,' said White House press secretary Tony Snow. 'They've got questions, and they have concerns.'"

The Washington Times (1/18, Hurt, Dinan, 88K) reports, "Some House and Senate Republicans skeptical of Mr. Bush's proposal went to the White House yesterday to hear the administration's case, while Vice President Dick Cheney met with Republican senators on Capitol Hill. Now Republican leaders are trying to craft a unified position." Senate Minority Leader Mitch McConnell "emerged from the meeting with the vice president to tell reporters that Republican senators unanimously support 'fair procedures' for voting on the new resolution. It was a stance far short of the nearly full support they've shown the White House on the war during the past four years." In the House, GOP Rep. Sam Johnson "offered a bill to ensure that Congress does not cut off or restrict funding for troops in a combat zone such as Iraq, and Republican House leaders urged support." But "opposition to Mr. Bush's plan is firming up."

Roll Call (1/18, Stanton, Davis) reports that yesterday, Republican leaders "were fighting a losing battle to maintain a unified front in support of the White House and were hunkering down for what could be a months-long political storm over the Iraq War. … Senate Republican leaders emerged from their weekly luncheon — which included an appearance by Vice President Cheney — with a Conference deeply divided over the surge proposal. Despite lobbying from President Bush, Cheney and other top administration officials, GOP leadership aides said their party is too fractured on Iraq for a unified position." Roll Call adds, "One aide said that while GOP leaders will engage Democrats on the issue, the divisions are so deep that it is unlikely major pressure will be brought to bear on wayward Republicans."

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In a column titled "The GOP In A Quagmire," which runs in this morning's Washington Post (1/18, A23, 690K), Bob Novak comments on "the sense of impending political doom that clutches Republican hearts one week after…Bush presented his new strategy on Iraq to the nation. … 'Iraq is a black hole for the Republican Party,' a prominent party strategist told me this week. What makes his comments so important is that he is not a maverick Republican in Congress but one of Bush's principal political advisers." Novak adds, "As they adjust to the 2006 election returns, Republicans recognize that this was no isolated bump in the road. The loss of about 320 state legislative seats across the country to the Democrats classifies last year's election as a midrange electoral disaster."

Snowe, Hagel Back Resolution Against Bush's Iraq Plan. The AP (1/18, Flaherty) reports, "A second Republican signed onto a Senate resolution on Wednesday opposing…Bush's 21,500-troop buildup in Iraq, setting a marker for a major clash between the White House and Congress over the unpopular war." Sen. Olympia Snowe," a moderate from Maine, said she would support a nonbinding resolution that would put the Senate on record as saying the U.S. commitment in Iraq can be sustained only with support from the American public and Congress." Snowe's decision "to join the effort came as the White House and GOP leaders struggled to keep Republicans from endorsing the resolution, and raised questions about how many more defections there might be. … Earlier, Sen. Chuck Hagel, a Nebraska Republican and potential 2008 presidential candidate, joined Democrats at a news conference announcing the resolution."

McClatchy (1/18, Schoof) says the resolution, sponsored by Sen. Joseph Biden, Democratic Sen. Carl Levin, Hagel and Snowe "is the leading tool that congressional opponents of Bush's war plan are using to persuade him to change course. Democrats consider it their best chance to attract broad backing from members of both parties."

The New York Times (1/18, Hulse, 1.16M) reports Biden's committee expects to take up the resolution next Wednesday, pushing any votes on the measure past Mr. Bush's State of the Union address on Tuesday night. Senate Democratic leaders have said they will bring it to the floor relatively quickly. House Democrats have made it clear that they will not take up any similar proposal until after the Senate has voted on one." Republican leaders "promised to offer an alternative that would call for time to allow Mr. Bush's new policy to work -- an attempt to provide Republicans unhappy with the war an avenue to express their view without backing the more critical proposal." Sen. Jon Kyl, chairman of the Senate Republican Conference, said Senator Joseph I. Lieberman, "a longtime Democrat who was re-elected last year as an independent, was the only non-Republican to pledge support so far."

The CBS Evening News (1/17, story 2, 2:05, Couric, 7.66M) reported that it "looks like quite a battle is coming over the President's plan." CBS (Attkisson) added, "Members of Congress who opposed the President's troop surge today made good on their promise to fight him introducing a non-binding resolution condemning the plan and a vote could come as early as next week. … It's not just Senate Democrats lining up against the President, there are about a dozen from his own party, including…Hagel, who today called the troop surge an 'Alice in Wonderland policy.'" Hagel was shown saying, "What's up is down and down is up. I think it's a misguided policy that's going to dig us deep into an already very dangerous bog that we can't get out of." Bush "is concerned enough about losing more Republican support that he met privately this afternoon with selected GOP members of Congress, presumably to nudge them back in his direction."

Hagel said on CNN's The Situation Room (1/17, Blitzer), "I think you're seeing a number of senators and congressmen over the last few days start to express themselves rather directly about what the President proposed Wednesday night. I don't believe that the best interests of our country, for the long-term and short-term, is served by escalating our military involvement in Iraq. … We can't just pull out, nor should we, nor will we. But we've got to be wiser in how we use our people. To feed more young men and women into a civil war that we cannot stop or change is wrong." On MSNBC's Hardball (1/17, Matthews), Hagel said, "We have not had a national debate on this issue of Iraq. This is the most divisive issue in this country since Vietnam. It will continue to drive families against families. It's not in the interest of America, nor of the world."

NBC Nightly News (1/17, story 4, 1:55, Williams, 9.87M) began its report noting a "a prominent Republican" was among the senators introducing the resolution. Hagel was shown saying, "I think it is dangerously irresponsible to continue to put American lives in the middle of a clearly defined tribal, sectarian civil war." NBC (Reid) also reported the White House" insisted the nonbinding resolution will have little or no effect." Tony Snow, White House Press Secretary: "At this point the President has obligations as the Commander in Chief and he will go ahead and execute them."

Snow said on Fox News (1/17, Skinner), "Members of Congress are certainly free to express their views. The President is committed to winning in Iraq because it's important. It's in our national interest. … The one thing we want to make sure is that soldiers in Iraq understand not only that the American people say we support you, but they support the mission of succeeding in Iraq, and furthermore, that our neighbors and our allies and people in the region all understand that the United States is a reliable partner in the war on terror."

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Clinton, Other White House Hopefuls Take On Bush Strategy. Sen. Hillary Clinton's comments on the President's Iraq plans are receiving a lot of media play, much of which puts her remarks in the context of the 2008 presidential race. McClatchy (1/18, Schoof) says Clinton "announced Wednesday that she'd support the resolution but also planned to propose a cap on US troop deployments in Iraq at Jan. 1 levels and a funding cut for Iraqi forces unless Iraq's government takes steps to end the violence." Dow Jones (1/18) reports that responding to Clinton's proposal, Tony Snow said, "The idea of placing a cap on troops... what it does is something that no commander in chief, I think, would want to have, which is it binds the hands of the commander in chief and also the generals and, frankly, also the troops on the ground in terms of responding to situations and contingencies that may occur there. … To tie one's hand in a time of war is a pretty extreme move."

NBC Nightly News (1/17, story 5, 2:05, Williams, 9.87M), for example, said Clinton, "a presumed contender for the Democratic presidential nomination staking out her position on the war." NBC (Gregory) added, "As the debate over deeper involvement in Iraq heats up…Clinton…stepped up her opposition to the war. Still officially on the sidelines of the White House race, today she sounded every bit like a candidate." Clinton was shown saying, "The President's team is pursuing a failed strategy in Iraq as it edges closer to collapse." Clinton "sought to block the President's call for a troop increase by capping the number of US forces in Iraq and advocated a phased troop withdrawal. She proposed instead sending additional soldiers to Afghanistan where the Taliban is coming back."

The Chicago Tribune (1/18, Zuckman, 617K) notes that "last year, liberal Democratic activists booed, hissed and heckled…Clinton as she reiterated her firm opposition to setting a date for the withdrawal of American troops from Iraq." But "now, fresh from her third trip to Iraq, Clinton has launched a public relations blitz, emphatically declaring her opposition to…Bush's decision to send 21,500 additional troops and calling for American forces to begin leaving Baghdad." The Tribune adds, "For Clinton, widely considered to be at the top of the list of potential Democratic presidential nominees in 2008, the conflict in Iraq is proving to be a tightrope walk of the highest order. She is trying to keep pace with public opinion against the war." The Los Angeles Times (1/18, Braun, 850K), New York Times (1/18, Healy, 1.16M), Washington Post (1/18, A6, Balz, 690K) and AP (1/18, Barrett) also run stories on Clinton's comments.

In an editorial, the Los Angeles Times (1/18, 850K) says Clinton "is scrambling to get on what her party's primary voters deem the right side of history. For Bush, the evolution in Clinton's position is another reminder that, in his own words, Americans' patience with the Iraqi government 'is not unlimited' and that the surge must be a final effort to stabilize Iraq, not 'stay the course' under another name." The Times concludes, "For Democrats, Clinton's dialing-up of her opposition to the war may mean that they will have to choose between her and other would-be nominees…on other grounds. That could be a positive development."

USA Today (1/18, 4A, Kiely, 2.27M) reports Clinton "led a parade of potential 2008 presidential candidates -- including two Republicans -- in blasting President Bush's plan to increase troop levels in Iraq." Biden and Hagel "have said they are considering running for president in 2008. Other potential presidential candidates who aired misgivings about the president's policy Wednesday," including Dodd, Sen. Barack Obama and GOP Sen. Sam Brownback, "who said he returned from a trip to Iraq discouraged about its prospects, observed in a floor speech: 'The United States seems to care more about a peaceful Iraq than the Iraqis do. If that is the case, it is difficult to understand why more US troops would make a difference.'" The Washington Post (1/18, Branigin, Schneider, 690K) reports on Dodd's Iraq proposal, a "cap on American forces there," while the AP (1/18, Hananel) runs a dispatch on Brownback's comments. The Hill (1/18, Schor), meanwhile, surveys the proposals of different Democratic White House hopefuls.

Dodd said on PBS' NewsHour (1/17, Ifill), "Almost anyone you'll talk to who's spent any time examining the issue, including our most recent commanders on the ground in Iraq, the Baker-Hamilton report," have rejected "the idea that escalating military involvement is going to produce the desired results will work. I'm very much opposed to it, and I think we ought to be coming up with a different strategy, one that can make some sense."

GOP Rep. Duncan Hunter said on MSNBC's Hardball (1/17, Matthews), "I don't care what you call it, a surge, an increase -- what the Republican president is doing is sending reinforcements to Iraq to carry out his plan. And if the Democrats cut off the reinforcements, the American troops will never forgive them and I think the American people will never forgive them."

Newt Gingrich said on Fox News' On The Record (1/17, Van Susteren), "If we want to win in Iraq, the President went about halfway there the other night. It's not about the number of troops, it's about the speed and intensity and aggressiveness of decision-making. It's about the relentlessness of being able to support our military. And we don't have it today."

Competing Proposals Seen As Possible Boon To Bush. In his "Washington Sketch" column in the Washington Post (1/18, A2, 690K), Dana Milbank says "lawmakers were introducing Iraq legislation at a mad pace yesterday, at one point in the afternoon scheduling news conferences in half-hour intervals. By the end of the day, they had issued more bills than Pepco." But "the excitement," writes Milbank, "was misplaced. For all the bills introduced yesterday, none is likely

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to force President Bush to change course in Iraq. Proposals such as Biden's are 'nonbinding' and others don't have enough votes to pass. 'There is very little chance in the short run that we are going to pass any legislation,' Clinton confided during her news conference. Asked to elaborate, she explained: 'I can count.'" Molbank adds, "If anything, the competing proposals could strengthen Bush's hand. Though largely united in opposition to Bush's plan, members of Congress, carved up by the presidential ambitions of Clinton, Obama, Dodd, Biden and others, can't unite around an alternative."

ABC and NBC suggested the opposite may be true. ABC World News (1/17, story 3, 2:30, Gibson, 8.78M) reported, "The problem for Democrats has always been: What's the alternative? On Capitol Hill, there are almost as many answers to that as there are Democrats." However, ABC (Tapper) added, "politically, Democratic strategists say it makes little sense for their party to coalesce around one strategy. They don't want ownership or blame, they say, for the President's war." NBC Nightly News (1/17, story 5, 2:05, Gregory, 9.87M), also said "strategists say what Democrats want most at this stage is distance from the war. … Facing an angry, anti-war Democratic base, the big campaign test now is how far to go in challenging the President."

Silvestre Appears To Have Backed "Surge" Until Bush Proposed It. The Washington Times (1/18, McCaslin, 88K) reports in its "Inside The Beltway" column, "On Dec. 5, Newsweek magazine touted an interview with then-incoming House Permanent Select Committee on Intelligence Chairman Rep. Silvestre Reyes as an 'exclusive.' And for good reason. 'In a surprise twist in the debate over Iraq,' the story began, Mr. Reyes 'said he wants to see an increase of 20,000 to 30,000 US troops as part of a "stepped up effort to dismantle the militias."' … Then came President Bush's expected announcement last week, virtually matching Mr. Reyes' recommendation and argument word-for-word -- albeit the president proposed only 21,500 troops. Wouldn't you know, hours after Mr. Bush announced his proposal, Mr. Reyes told the El Paso Times that such a troop buildup was unthinkable. 'We don't have the capability to escalate even to this minimum level,' he said."

Poll Finds Widespread Opposition To Boost In Troop Levels. The Los Angeles Times (1/18, Brownstein, 850K) reports, "A commanding majority of Americans oppose President Bush's decision to send more troops to Iraq and just over half the country wants Congress to block the deployment, a Times/Bloomberg poll has found. … Asked about Bush's recent announcement that he would dispatch another 21,500 troops to Iraq, three-fifths said they opposed the move, while just over one-third backed it. Even Bush's political base, a source of support throughout his presidency, showed signs of cracking: about one-fourth of Republicans said they do not believe the war was worth fighting and a roughly equal number opposed the troop increase. … On Iraq, only 33% approved of Bush's handling of the war, with 65% disapproving." The Times adds, "The sole ray of light for Bush in the poll may be signs of public ambivalence about Congress' proper response to his plans on Iraq. … A narrow majority -- 51% -- want Congress to try to block Bush from sending more troops to Iraq. Of those, 25% said lawmakers should deny funding for the increase and 26% said they should find other legislative measures to stop him. Forty-one percent said Congress should not attempt to stop Bush, with the rest unsure."

More Commentary. Jonathan Turley writes in USA Today (1/18, 13A, 2.27M), "With all of its power, Congress' use of a non-binding resolution is akin to a surgeon trying to shout out a malignant tumor. Congress has the means; it is only a question of its will. … When members finally feel comfortable with acting to end this war, they will find all the authority they need in the Constitution and all the reasons they need in Iraq."

Former White House counterterrorism adviser Richard Clarke said on CNN's The Situation Room (1/17, Blitzer), "I think the President's plan just delays the inevitable. At some point, whether it's next year or two years from now or five years from now, all US major combat units will leave Iraq. And when they do, there's going to be chaos. We have created that situation for ourselves, and there's nothing that we can do, in my analysis, between now and next year or five years from now that will change that outcome."

David Broder, in the Washington Post (1/18, A23, 690K), writes, "The third or fourth time I heard Vice President Cheney tell Fox News's Chris Wallace on Sunday that al-Qaeda was gambling that the United States 'doesn't have the stomach' to keep up the fight in Iraq, it crossed my mind that Cheney may be staring at the wrong part of the national anatomy. The question, really, is not whether we have the stomach for the fight but the brains to figure out what to do in Iraq." Cheney's "effort to reduce it to a question of courage -- to suggest that those who want to expand the war are braver than those urging steps to limit it -- is a standard rhetorical trick. Whenever any Bush policy is questioned, someone from the administration almost automatically charges that its critics are soft on terrorism." Iraq "requires thought, not just gut instinct."

Maliki Says Iraq's Need For US Troops Could "Dramatically Go Down." The Washington Post (1/18, Partlow, 690K) reports on its front page that Iraqi Prime Minister Nouri al-Maliki said his government's "need for American troops would 'dramatically go down' in three to six months if the United States accelerated the process of equipping and arming Iraq's security forces." Maliki "defended his country's independence and sovereignty and

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called on U.S. leaders to show faith in his ability to lead." He also "disputed President Bush's remarks broadcast Tuesday that the execution of former Iraqi president Saddam Hussein 'looked like it was kind of a revenge killing' and took exception to Secretary of State Condoleezza Rice's Senate testimony last week that Maliki's administration was on 'borrowed time.'" Under the headline "Maliki Talks Tough, Sees U.S. Withdrawal Near," the Los Angeles Times (1/18, Roug, 850K) says Maliki said if "better U.S. training and supplies had come earlier, lives could have been saved."

Hamilton Expresses Doubts About Maliki. The Hill (1/18, Eisele) reports Iraq Study Group co-chairman Lee Hamilton says he "has serious doubts" about Maliki's ability "to reduce the level of sectarian violence and achieve national reconciliation, and warned that President Bush's new Iraq strategy is likely to fail if he isn't able to." Hamilton said, "The rhetoric of Maliki is fine but his performance has been disappointing. So here we find ourselves in this extraordinary position. The US is the superpower of the world, the sole superpower, and the success of our policy in Iraq depends on the actions of the Maliki government, a government that has been weak and that has not performed on these central benchmarks of national reconciliation."

Khalilzad Says Iraqi Leaders Need More Time On Political Deals. USA Today (1/18, 8A, Jervis, 2.27M) reports exiting US Ambassador to Iraq Zalmay Khalilzad said Iraqi leaders "will need at least a few more months to hammer out political deals central to President Bush's security overhaul." Khalilzad also said the US "was 'committed to going after' Iranian operatives in Iraq, who he said were responsible for supplying sophisticated bombs used against U.S. forces."

Iraqi Government Moves Against Mahdi Army. The New York Times (1/18, Tavernise, 1.16M) reports on its front page that senior Iraqi officials said they had moved against the Mahdi Army, "arresting several dozen senior members in the past few weeks. It was the first time the Shiite government" of Prime Minister Nouri al-Maliki "had claimed significant action against the militia." Maliki said Wednesday that "400 Mahdi militiamen had been arrested 'within the last few days.'"

Iraq Welcoming Former Baathists Back Into Public Life. The Los Angeles Times (1/18, Rifai, Daragahi, 850K) reports Ahmad Chalabi, "a perennial Iraqi insider and political survivor, held out an olive branch to his former enemies Wednesday by publicly welcoming" onetime Baath Party members "back into the public life. Chalabi, who heads a commission charged with removing former ranking Baath Party members from public office, told reporters at a Baghdad news conference that the Iraqi government had changed course and was trying to lure more Baathists back into government." Chalabi said "more than 2,300 high-ranking Baath Party members had been or were being reinstated to their former government jobs or were being given pensions." The New York Times (1/18, A10, Cave, 1.16M) says the reversal is part of an Iraqi effort to "persuade the world that they were tackling the country's thorniest problems."

US, Iraqi Officials See Hope In Surviving Factories. The New York Times (1/18, Glanz, 1.16M) reports on its front page that Iraqi and US officials believe factories in Iraq that have survived the war "could present a last chance of sorts for dealing with two problems that have remained stubbornly unsolved since the invasion: Iraq's reconstruction and its insurgency. The factories, state-owned enterprises under Saddam Hussein's government, would appear to be the unlikeliest of saviors." Officials "are returning to the shuttered plants in hopes of finding a cheaper way to help the economy and perhaps create jobs to attract young men who might otherwise join the insurgency."

Timing Of Senate Petraeus Hearing Seen As "Setback" For White House. The Los Angeles Times (1/18, Barnes, Spiegel, 850K) says the Senate Armed Services Committee's plan to hold a hearing next Tuesday on the nomination of Lt. Gen. David H. Petraeus to head military operations in Iraq is a "setback for the White House." The move "could set the stage for a potentially bitter battle over the future of the current top general in the war, congressional officials said Wednesday. White House officials are concerned that Congress may try to 'scapegoat' Gen. George W. Casey Jr., who has overseen the Iraq war since 2004 and has been nominated as Army chief of staff, the service's highest post. Army and administration officials had planned for Casey to be considered first, in the belief that the urgency of appointing Petraeus as his successor would dissuade lawmakers from engaging in a long and divisive fight over his handling of the war."

US Woman Among Those Killed In Iraq Ambush. The Los Angeles Times (1/18, Daragahi, Spiegel, 850K) reports, "An American woman working for a US nonprofit organization in Iraq to help strengthen the fledgling government was among four people killed Wednesday in a roadside ambush. The woman, whose name was withheld pending notification of her family, worked for the National Democratic Institute, a Washington organization that advises political parties around the world." All three networks reported on the ambush, with ABC World News (1/17, story 2, :20, Gibson, 8.78M) and NBC Nightly News (1/17, story 6, 0:30, Williams, 9.87M) running brief items and CBS a longer report.

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The CBS Evening News (1/17, story 3, 1:55, Couric, 7.66M) called it "yet another example of how chaotic and dangerous Iraq has become. Four members of a group that promotes democracy there, including an American woman, were gunned down and killed." CBS (Logan): "There were three vehicles in their convoy and that they were attacked just as they were leaving the scene of a meeting. They came under very heavy fire and only the third vehicle managed to fight back and to radio for assistance. All four of the people that were killed were in the first two vehicles, this American woman and three security contractors. And we were told that all four of them died at the scene. … One of her colleagues described her as an incredibly motivated and dedicated individual and said that all she wanted to do was to help make people's lives better and she'd been working for several months in Iraq to achieve that."

Sadr City Bombing Kills 17 Shiites. The Washington Times (1/18, Gamel, 88K) reports on the ambush in a story that also says 17 Shiites were killed by a suicide car bomber "at a teeming Sadr City market yesterday." The CBS Evening News (1/17, story 4, :20, Couric, 7.66M) also briefly reported on the Sadr City attack.

Injured Iraqi Interpreters Fear Return To Native Country. The Wall Street Journal (1/18, Millman, Chon, 2.04M) runs a 3,200-word front-page feature on "Iraq's Injured 'Terps'" -- wounded Iraqi interpreters now in Jordan who "look at a return to Iraq as a death sentence. Their absence from home already may have endangered their families. … Since the start of the war, 257 Iraqi interpreters have been killed, says Titan Corp. of San Diego, which just completed a five-year, $4.6 billion Pentagon contract to provide linguists to U.S. forces. Most of those killed were assassinated while on home leave, the company says."

Dissenting Officer Watada Urges Public To "Stop The War." The Los Angeles Times (1/18, Watanabe, 850K) reports Army First Lt. Ehren Watada, the first officer to refuse deployment to Iraq, "urged the public in a statement Wednesday to 'stop the war so that the death and sacrifices of American soldiers will not be in vain' after a major legal setback in his court-martial proceedings." Watada "faces six years in prison for failing to deploy to Iraq last year with his Stryker brigade and for criticizing President Bush and the war in statements to the media and at a peace convention."

Gates, Pace Say Commanders Seek More Troops For Afghanistan. The Chicago Tribune (1/18, Barker, 617K) reports Defense Secretary Robert Gates said military commanders in Afghanistan "have appealed for more U.S. soldiers to reverse the gains of Taliban insurgents at a time of growing violence. Gates, wrapping up his first visit to Afghanistan, did not say how many troops were requested. But other military officials have suggested that an additional 1,000 or 1,200 troops are needed, especially in anticipation of a spring offensive by the Taliban. Gates indicated he would likely recommend a troop increase to President Bush." The AP (1/17, Burns) says Joint Chiefs of Staff Chairman Gen. Peter Pace "said new troop commitments for Afghanistan would further strain the U.S. military in the short run. But if done as part of a successful strategy against the Taliban, it might hasten the day when the U.S. military can withdraw its combat forces altogether, said Pace, who joined Gates for part of his Mideast trip."

The New York Times (1/18, Cloud, 1.16M) headlines its report "Gates Backs Generals' Afghan Distress Call," saying that "any significant increase in the current force levels in Afghanistan of 21,000 American troops and 20,000 from other NATO countries could be problematic" for the US, "which has been strained by deployments over the last five years and is struggling to come up with the new forces for Iraq." The Times says Gates' "openness to adding troops to Afghanistan as well as Iraq is a sharp contrast" to the approach of former Secretary Donald Rumsfeld, "who argued for holding down force levels to speed two countries toward taking the lead in military operations on their soil."

ABC World News (1/17, story 4, :25, Gibson, 8.78M) reported, "As much focus as there is in Iraq, there is the other war, the one in Afghanistan." Gates "said today he would ask for more troops to fight the Taliban, no more than a few thousand." The Washington Times (1/18, Sands, 88K) notes that 2006 "saw the highest number of attacks on U.S., Afghan and NATO forces since the U.S.-led invasion in late 2001 that ousted the Taliban from power."

Jones Also Says More Troops Needed. Former NATO commander Gen. James Jones said on PBS' NewsHour (1/17, Lehrer), "When I left the theater about a month ago, we were busily trying to raise the troop level to the level that nations had committed to the plan some six months before. … I don't think there's a crying need for a dramatic increase; I think that the nations should still resource the plan that they agreed to. … It would amount to about another 1,500 to 2,000 troops."

Gates Presses Pakistan To Crack Down On Taliban. The Financial Times (1/18, Sevastopulo, Bokhari) reports the US is "stepping up pressure" on Pakistan "to clamp down on Taliban havens inside Pakistan." Gates "this week laid down clear markers that it wanted General Pervez Musharraf, president of Pakistan, to crack down on Taliban militants in Pakistan." In Kabul, Gates said, "There are more attacks coming across the border, there are al-Qaeda networks operating on the Pakistan side of the border, and these are issues that we clearly will have to pursue with the Pakistani government."

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High-Level Abu Sayyaf Figure Killed In Philippines. The Washington Post/AP (1/18, A17, Gomez) reports Jainal Antel Sali Jr., also known as Abu Sulaiman, has been killed in a shootout in the Philippines, according to that country's military. The high-ranking Abu Sayyaf figure "died in a fierce gun battle Tuesday with army special forces. … Sulaiman was the highest-ranking Abu Sayyaf commander to be killed by U.S.-backed troops."

D'Souza Says Carter, Clinton Policies Helped Create 9/11. Under the headline "How The Left Led Us Into 9/11," Dinesh D'Souza of the Hoover Institution writes in a Los Angeles Times (1/18, 850K) op-ed, "The U.S. made two gigantic foreign policy blunders in recent decades that did sow the seeds of 9/11. What the liberals haven't recognized is that these blunders were the direct result of their policies and actions, and were carried out by Democratic presidents -- Jimmy Carter and Bill Clinton." D'Souza says Iranian Ayatollah Ruhollah Khomeini's "ascent to power was aided by Carter's policies. Carter came into office stressing his support for human rights. His advisors told him that he could not consistently support the shah of Iran, who had secret police and was widely accused of violating human rights." D'Souza says Clinton's policies "also helped to provoke 9/11. After the Cold War, leading Islamic radicals returned to their home countries. Bin Laden left Afghanistan and went back to Saudi Arabia; Ayman Zawahiri returned to Egypt. They focused on fighting their own rulers -- what they termed the 'near enemy' -- in order to establish states under Islamic law. But in the mid- to late 1990s, these radicals shifted strategy. They decided to stop fighting the near enemy and to attack the 'far enemy,' the U.S."

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Conyers, Berman Want Explanation For US Attorney's Resignation. The Hill (1/18, Crabtree) reports House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) and ranking member Howard Berman (D-Calif.) "called on Attorney General Alberto Gonzales to clarify the administration's request for U.S. Attorney Carol Lam's resignation." Lam, "the U.S. attorney for the Southern District of California, announced Tuesday that she has submitted her resignation Feb. 15. A report in the San Diego Union-Tribune suggested that Lam was asked to resign because she had led a wide-ranging corruption case against former Rep. Randy 'Duke' Cunningham (R-Calif.) that has spawned pending probes involving other GOP members."

The Los Angeles Times (1/18, Krikorian) reports that Conyers and Berman "said they were 'perplexed' that Lam was being removed at a time when her leadership of the office has drawn praise from law enforcement officials in San Diego. … 'Since her appointment as U.S. attorney in 2002, we have heard no suggestion that she was either unqualified for the position or that she was guilty of misconduct in her office,' the congressmen wrote." The Times adds, "Moreover, they noted, Lam had been heading a continuing high-profile public corruption probe that already has led to the federal conviction and imprisonment of former Rep. Randy 'Duke' Cunningham for bribery and tax evasion. … 'We do not doubt that removing Lam from the U.S. attorney's office in San Diego now will disrupt this investigation,' the congressmen wrote, adding that the forced resignation 'leaves the appearance that this growing public corruption probe may be part of the administration's motivation in removing her. … If this is untrue, it is vitally important that this perception be corrected, and we ask you to share with us the basis of your request for her resignation,' they said." The Times notes, "While Lam has not been available for comment, a Justice Department spokesman denied that the career prosecutor and former Superior Court judge was asked to resign because of her work in public corruption cases. .. 'These allegations are reckless and inaccurate since the department does not make decisions about the criminal justice system based on politics,' said Justice Department spokesman Brian Roehrkasse."

NYTimes Criticizes Firing Of Key US Attorneys. In an editorial, the New York Times (1/18, 1.16M) says, "In its secretive purge of key United States attorneys, the Bush administration is needlessly giving comfort to any number of individuals now under federal investigation. Most prominently, there is Representative Jerry Lewis, the California Republican whose dealings as appropriations chairman have been under scrutiny in the continuing investigation of lawmakers delivering quid pro quo favors for contractors and lobbyists." US Attorney Carol Lam of San Diego "is one of a number of prosecutors (there's no official tally) being forced from office without the courtesy of an explanation." After investigating now-convicted Rep. Randy Cunningham, Lam "turned her attention to Mr. Lewis as she plumbed Congress's weakness for 'earmarks' — legislation that lawmakers customize on behalf of deep-pocketed campaign contributors. The focus moved to Mr. Lewis — who has denied any wrongdoing — after the disclosure that one of his staff aides became a lobbyist and arranged windfall contracts worth hundreds of millions." The administration "owes the nation a full explanation of a move that reeks of politics."

Ryan Announces Resignation As Northern California US Attorney. The AP (1/18) reports, "The federal prosecutor who has led the high-profile probe into U.S. athlete doping abuse announced he was stepping down,

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and critics alleged it was because of political pressure from the government." The AP continues, "Kevin Ryan, U.S. attorney for California's Northern District, has headed the investigation into the Bay Area Laboratory Co-Operative, the Burlingame supplements lab at the center of the doping scandal that has touched some of U.S. professional sports' biggest stars. … The BALCO investigation has led to five guilty pleas, spurred congressional hearings and cast suspicion on San Francisco Giants slugger Barry Bonds. A federal grand jury is probing whether Bonds lied to an earlier grand jury about whether he knowingly used performance-enhancing substances. … Two San Francisco Chronicle reporters are facing jail for refusing to tell prosecutors who leaked secret BALCO grand jury testimony to them." The AP adds, "Ryan is one of 11 top federal prosecutors who have resigned or announced their resignations since an obscure provision in the USA Patriot Act reauthorization last year enabled the U.S. attorney general to appoint replacements without Senate confirmation. Carol Lam, who headed California's Southern District, also announced on Tuesday she would be leaving. … California Senator Dianne Feinstein, a Democrat, complained on the Senate floor on Tuesday that the White House is using the provision to oust Ryan, Lam and other federal prosecutors and replace them with Republican allies. … Attorney General Alberto Gonzales denied the claim, saying administration officials 'in no way politicize these decisions.'"

The California Recorder (1/18, Scheck) reports, "Just about the entire San Francisco federal bar figured U.S. Attorney Kevin Ryan would be on his way out this year. … They just didn't bank on his departure being part of an apparent Bush administration purge of U.S. Attorneys." The Recorder continues, "Rumors of Ryan's departure have gained steam over the past year, as his first four-year term neared its end last July -- and since two Department of Justice audits knocked his management style and cited the office's flagging morale. … Then there was the fact that in recent weeks, law firms have been receiving resumes from Ryan and his top deputy, Eumi Choi, according to several sources. … But in a surprising twist, it appeared that Ryan may have been swept up in what some are calling a Bush administration housecleaning of several U.S. Attorneys -- and not a victim of the audits performed last spring by the Department of Justice's Evaluation and Review Staff." The Recorder notes, "Ryan spokesman Luke Macaulay had no comment on whether Ryan was leaving in connection with the audits. But Macaulay acknowledged that the decision was not Ryan's alone. … 'Like all U.S. Attorneys, Kevin has always served at the pleasure of the president,' Macaulay said. 'It's a mutually agreeable departure.'"

Resignation Raises Questions About BALCO Investigation. The New York Times (1/18, Pogash) reports the "sudden resignation of Kevin V. Ryan, the United States attorney for the Northern District of California, raises questions of what this will mean for [Barry] Bonds. … The BALCO investigation has been a high-profile case for much of Ryan's four-year tenure as United States attorney. Last year, four men involved in steroid distribution pleaded guilty and were given what were considered light sentences. But Bonds's former trainer, Greg Anderson, who pleaded guilty and was sentenced to three months in prison, remains jailed for his refusal to talk about Bonds. Mark Geragos, the lawyer for Anderson, said, 'One would hope that a new U.S. attorney would take a fresh look and recognize it's an exercise in futility because he's never going to talk.'"

The AP (1/17) reported Ryan "has handled the probe into the Bay Area Laboratory Co-Operative, the lab at the center of a doping scandal that has touched some of sports' biggest stars. Ryan, appointed to the post in 2002, did not give a date for his last day on the job."

USA Today (1/18, Nightengale) reports Ryan "says he wants to continue his efforts even after announcing plans to leave his job as U.S. attorney. … 'I don't know what the future holds for me,' Ryan told USA Today, 'but when I leave, this (investigation) won't just fall off the map. The infrastructure is in place. … So when I move on, there are those that can carry forward with it without a problem.'"

Bush Nominates Wood As Kansas City US Attorney. The AP (1/18) reports, "The White House has nominated John Wood, a former Bush administration official, to be the new U.S. attorney for Kansas City." The AP continues, "Wood most recently served as chief of staff to Homeland Security Secretary Michael Chertoff. He resigned from that post in November." The AP adds, "If he is confirmed by the Senate, Wood would replace interim U.S. Attorney Bradley J. Schlozman, who took over last March after U.S. Attorney Todd Graves resigned. The White House announced Woods' nomination late Tuesday. … The U.S. attorney's office in Kansas City is responsible for prosecuting violations of federal law and representing the U.S. government in civil litigation in the 66 counties in the western half of the state."

CORPORATE SCANDALS:

US Widens Options Probe Of Monster Worldwide. The Wall Street Journal (1/18, A4, Bandler) reports, "Federal prosecutors are intensifying their criminal probe into stock-option manipulation at Monster Worldwide Inc., prompted in part by emails written by the company's former general counsel that suggest he knew the accounting implications of backdated options, say people familiar with the probe." The Journal continues, "The emails were written by Myron Olesnyckyj, the former general counsel who was

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suspended and then fired by Monster last year." The Journal adds, "The company, the parent of the popular Monster.com job-search Web site, last month admitted to 'intentional' backdating of stock options over a six-year period by former officials, without naming anybody. Monster's founder, Andrew McKelvey, stepped down from his chief executive post last fall, and soon after resigned from the board after declining to be reinterviewed by lawyers conducting an internal probe of the options matter. Monster Worldwide lowered nine years of net income by $272 million to account for extra compensation costs associated with improperly dated options. … The probe into options abuses at Monster is being handled by the U.S. Attorney for the Southern District of New York., considered among the most experienced in the country in prosecuting white-collar securities cases. At least two assistant U.S. attorneys have been assigned to the Monster case. … People familiar with the case say prosecutors may be seeking to focus on Mr. Olesnyckyj, or may try to win his cooperation in investigating more senior officials. Prosecutors have sought to interview several former and current Monster employees."

Former Cendant Chairman Sentenced For Fraud. The Wall Street Journal/AP (1/18, B7) reports, "Former Cendant Corp. Chairman Walter Forbes was sentenced to 12 years and seven months in prison and ordered to pay $3.28 billion in restitution for leading the largest accounting fraud of the 1990s." The AP continues, "In October, a jury found Mr. Forbes guilty of conspiracy to commit securities fraud and two counts of making false statements in a massive fraud scheme that cost the travel and real-estate company and its investors more than $3 billion. He was found not guilty of a fourth count, securities fraud." The AP adds, "The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years. .. 'We're very pleased with the result,' said New Jersey U.S. Attorney Chris Christie, whose office prosecuted the case. 'The public has waited many years for Walter Forbes to be brought to justice.'" The AP notes, "It was the latest lengthy sentence handed down to a corporate executive convicted of corruption, experts said. … Mr. Forbes, 64 years old, was released on $1.2 million bond. No date was set for him to report to prison. His attorney, Brendan Sullivan, indicated in court that Mr. Forbes intends to appeal."

USA Today (1/18, 1B, Farrell) reports, "In a two-hour hearing Wednesday morning, Nevas rejected arguments from Forbes' lawyers that he should get the same 10-year sentence received by a subordinate, Kirk Shelton, who was convicted in the same fraud two years ago." USA adds, "Nevas also rebuffed Forbes' attempt to get a reduced sentence based on the $2.5 million in charitable contributions he had made over a 17-year period. Noting that Forbes was worth more than $200 million in 1997, Nevas described Forbes' generosity as 'very modest.' … As Nevas read his sentence, Forbes, 64, stood erect, betraying no emotion. His wife, Caren, seated directly behind him, also remained composed. For now, Forbes is free on $1.2 million bail until the judge decides whether he can remain free while his conviction is appealed."

The Washington Post/Bloomberg (1/18, Voreacos, Mills) reports, "Cendant and its auditors, Ernst & Young, paid $3.34 billion to settle investor lawsuits and will divide the restitution. Forbes, who testified he was worth $200 million in 1997, claimed he couldn't afford a fine because he has a negative net worth. Nevas waived a fine. … Forbes didn't speak during the hearing and showed no reaction to the sentence. Nevas said he woul decide if Forbes can remain free on $1.2 million bail while he appeals." Bloomberg adds, "Assistant U.S. Attorney Michael Martinez urged Nevas to impose a term within the range of 12 1/2 to 15 1/2 years under advisory guidelines in effect at the time of the crimes. Current standards would recommend a 25-year term, he said. … Former CUC president E. Kirk Shelton was convicted at the first trial, sentenced to 10 years and ordered to pay Cendant $3.28 billion. Brendan Sullivan, an attorney for Forbes, asked for 10 years for his client, saying he and Shelton faced 'virtually identical circumstances.'"

Attorneys Seek To Bar Statements From Conrad Black's Co-Defendants. The AP (1/18, Robinson) reports, "Former newspaper tycoon Conrad M. Black's lawyers urged the judge presiding over his racketeering case to bar prosecutors from using statements his co-defendants made against him." The AP continues, "The Canadian and his three co-defendants are charged with plundering millions of dollars from the Hollinger International newspaper empire Black once ran in Britain, Israel and elsewhere." The AP adds, "The investigation focused on the sell-off of small newspapers across the United States and Canada by Hollinger and so-called non-compete agreements that sent millions of dollars to Black and fellow executives. … Prosecutors say Black and the other executives were not entitled to the non-compete payments and effectively swindled Hollinger shareholders." The AP notes, "Under Black, Hollinger International owned the Chicago Sun-Times, the Daily Telegraph of London and the Jerusalem Post, among other newspapers. The Daily Telegraph and the Jerusalem Post have been sold, and the name of the company is now the Sun-Times Media Group Inc. … Prosecutors want to use remarks that the co-defendants, top executives under Black at Hollinger, made during an internal investigation at the company. … But Black's lawyers said the request was 'the culmination of a lengthy campaign of

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leveling baseless allegations against Mr. Black.' They argued his constitutional rights to confront his accusers would be violated if the statements are allowed into evidence."

Senate Committee Approves Executive Pay Limits. The Washington Post (1/18, D1, Montgomery, Birnbaum, 690K) reports, "The Senate Finance Committee approved legislation yesterday to limit one element of the big pay packages awarded to corporate executives, a move that business lobbyists saw as the harbinger of an assault on corporations and the wealthy now that Democrats control Congress." The committee "agreed to change rules permitting some executives to amass millions of dollars in tax-deferred accounts." The bill "symbolizes an effort on Capitol Hill to find a new political center in a Congress that Democrats control by a narrow margin."

Former Volkswagen Official Admits Endorsing Illegal Payments. The Financial Times (1/18, Williamson) reports, "Peter Hartz, former Volkswagen executive and German labour market reformer, on Wednesday admitted personally endorsing €2.5m in illegal payments in a perks-and-prostitutes scandal that damaged Europe's largest carmaker and prompted the former personnel chief's dramatic fall from grace." The Times continues, "Speaking through his lawyer on the opening day of his trial in Braunschweig, northern Germany, Mr Hartz admitted that between 1995 and 2004 he organised secret bonuses worth €1.9m ($2.5m, £1.2m) for Klaus Volkert, head of the VW works council. He also endorsed €600,000 in payments for luxury holidays, clothing, jewellery and fake consultancy fees for the employee representative and his Brazilian girlfriend." The Times adds, "The court also heard how a slush fund, named after VW's internal account '1860', was used for holidays in India, Mexico, Brazil and elsewhere for VW employees, top managers and accompanying prostitutes. … Mr Hartz admitted to 44 charges of misusing VW funds without the company's knowledge, and breaking Germany's co-determination laws, which bar companies from favouring workers' representatives."

FASB Will Not Delay Issuing New Accounting Rules. The Wall Street Journal (1/18, C3, Reilly) reports, "Accounting-rule makers decided unanimously against postponing new rules coming into force this year that require companies to take a more-stringent approach to reporting uncertain tax positions on their financial statements." The Journal continues, "Led by industry group Tax Executives Institute, companies had called on the Financial Accounting Standards Board to delay the rule, which takes effect this year. The FASB, meeting in its Norwalk, Conn., offices, rejected any postponement." The Journal adds, "The rule, known as Fin 48, requires companies to examine and document their tax positions, evaluating whether those that aren't certain are more likely than not to withstand a challenge by the Internal Revenue Service. Companies will be able to book only a portion of the tax benefit from positions that meet this threshold. In the past, companies had great leeway in deciding what tax benefits may withstand scrutiny. … Previously taken tax benefits that don't stand up to the new standard will result in adjustments to companies' tax reserves as they start applying the new standard in their first-quarter results. Companies will give a range of the likely impact in their annual reports for 2006, but they won't actually begin applying the rule on an annual basis until next year. … Regulators, along with FASB, hope the more stringent approach will help make companies' tax practices more comparable for investors, while additional disclosure will give them more information about the types of tax positions companies are taking."

CRIMINAL LAW:

Political Opinions Complicate Jury Selection In Libby Trial. The New York Times (1/18, Lewis, 1.16M) reports the "difficulties of seating a jury for the perjury trial of Vice President Dick Cheney's former chief of staff were evident on Wednesday as more prospective jurors expressed criticism of the Bush administration. Other potential jurors demonstrated the complications thrown up by the number of journalists, lawyers and officials here." One "prospective juror testified that he once worked for Bob Woodward of The Washington Post, lived across an alley from Tim Russert of NBC News and went to school with Maureen Dowd of The New York Times." Judge Reggie M. Walton "has voiced hope that opening arguments can be given on Monday. But by the end of Wednesday, only 24 jurors had qualified for what is supposed to be a panel of 36 that will then be whittled down to 12 jurors and 4 alternates."

The Washington Post (1/18, A1, Leonnig, Goldstein, 690K) reports on the front page, "So far nearly every juror candidate seems to have a connection to the players or events surrounding the leak of an undercover CIA officer's identity." There is "the software database manager whose wife works as a prosecutor for the Justice Department, and who counts the local U.S. attorney and a top official in Justice's criminal division as neighbors and friends. A housecleaner who works at the Watergate and knows Condoleezza Rice, not by her title of secretary of state, but as the 'lady who lives up on the fifth floor.' And a former Washington Post reporter whose editor was now-Assistant Managing Editor Bob Woodward; he went to barbecues at the house of NBC's Tim Russert, a neighbor, and just published a book on the CIA and spying." By the "end of yesterday's

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session, Walton and lawyers for both sides had quizzed 33 potential jurors and excused nine. The 24 remaining in the pool, and others who will be questioned starting this morning, still could be struck by lawyers on either side." But "not every potential juror knew the people in the case. A retired math teacher who moved here from North Carolina said he had no basis for judging the credibility of White House officials, including Cheney -- although he admitted that he was 'not sure I would like to go bird hunting with him, either.'"

The AP (1/18, Apuzzo) reports a "potential juror in the perjury trial of former White House aide 'Scooter' Libby was allowed to remain in the jury pool Wednesday after saying she would be impartial and put aside her tepid impression of Vice President Dick Cheney, an expected defense witness." Cheney's credibility "has emerged as a key issue, with defense lawyers looking for a panel that can trust the vice president, expected to testify on behalf of Libby, his former chief of staff." Libby's attorneys "say it's critical they know whether potential jurors view the vice president as credible. Two people who expressed doubts about that were dismissed from the jury pool Tuesday."

Memphis Councilman's Lawyer Calls FBI Probe Racist. WMC-TV Memphis (1/17) reported on its Web site from a broadcast story that after entering a not-guilty plea yesterday for indicted Memphis City Councilman Rickey Peete, "attorney Handel Durham, Jr. alleged racism in the corruption case against Peete. 'There has never been, in Memphis, Tennessee, a successful black man in this city that has not suffered some form of attack,' he said." Durham cited "the large number of black elected officials that have been indicted in federal stings, including Operation Tennessee Waltz and Operation Main Street Sweeper. 'I mean, what would a reasonable individual come to? They would have to say something,'" Durham said.

California Man Convicted Of Violating CAN-SPAM Act. The Austin American-Statesman (1/18, Keefe) reports from San Diego, "A California man has been found guilty under the federal CAN-SPAM Act of using fraudulent, unsolicited e-mail to trick America Online users into giving up bank account numbers and other personal information. … At a weeklong trial that ended Friday, 16 victims testified they had been tricked by the e-mail. Some said they lost hundreds of dollars." The American-Statesman continues, "Jeffrey Goodin, 45, was found guilty by a Los Angeles jury of using accounts he set up through Atlanta-based EarthLink Inc. to send e-mail that appeared to come from AOL's billing department. The messages warned AOL users that their accounts were in jeopardy unless they sent credit card or bank account information to 'update' them. … Goodin, of Azusa, Calif., is to be sentenced June 11. He could face 101 years in prison for violating the 2003 CAN-SPAM Act and other laws, although prosecutors acknowledged it's highly unlikely he'll get such a lengthy sentence." The American-Statesman adds, "Goodin set up and shut down the EarthLink e-mail accounts in rapid succession, according to prosecutors. … An EarthLink official testified that the company lost more than $1 million because of Goodin's 'phishing' scam, according to prosecutor Wesley Hsu. On more than one occasion, AOL barred EarthLink subscribers from its network because of spam coming from EarthLink accounts, according to Hsu. … 'This was sort of the ideal case that I think Congress had targeted with the CAN-SPAM Act,' said Hsu, an assistant U.S. attorney in the Justice Department's central California district office."

Illinois Woman Sentenced To Four Years For Katrina Fraud. The AP (1/18, Suhr) reports, "Among the many accounts of heartache and horror swept in by Hurricane Katrina, Tina Marie Winston's story was certainly disturbing. … Winston, 34, said she watched helplessly as a torrent of water from the Gulf of Mexico rolled in and swept away her two daughters, ages 5 and 6. The floodwaters swamped her New Orleans home, she said, costing her everything else. … She said the tragedy left her unable to function, in need of counseling and desperate for money to pay for a memorial service held for her two dead daughters under a St. Louis bridge. … But the gripping, chilling tale that brought Winston thousands of dollars in federal aid turned out to be a lie." The AP continues, "And on Wednesday, the woman who cried for sympathy after the disaster got little of it from a federal judge who ordered her to spend four years in prison and repay about $24,000 for various scams over more than a decade, including $4,358 she defrauded from the Federal Emergency Management Agency after the hurricane. … U.S. District Judge William Stiehl told Winston that he understood she had a troubled, possibly abusive upbringing and mental illness, but duping the government with tales of dead daughters 'was simply outrageous.' … Winston never had daughters, much less a New Orleans home. When Katrina knocked the Gulf coast to its knees in August 2005, Winston was 600 miles away, safe in the St. Louis suburb of Belleville, Ill., where she had moved from Arkansas in July 2004 - more than a year before Katrina. … 'These are the types of crimes that absolutely outrage taxpayers,' eroding their confidence in government, federal prosecutor Suzanne Garrison told Stiehl in labeling Winston's conduct 'extraordinarily undignified.'"

Another Dallas Convict Exonerated By DNA Evidence. The New York Times (1/18, Blumenthal) reports from Houston, "A 50-year-old Dallas man whose conviction of raping a boy in 1982 cost him nearly half his life

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in prison and on parole won a court ruling Wednesday declaring him innocent. He said he was not angry, 'because the Lord has given me so much.'" The Times continues, "The parolee, James Waller, was exonerated by DNA testing, the 12th person since 2001 whose conviction in Dallas County has been overturned long after the fact as a result of genetic evidence, lawyers said. … 'Nowhere else in the nation have so many individual wrongful convictions been proven in one county in such a short span,' said Barry C. Scheck, co-founder of the Innocence Project, the legal clinic that championed Mr. Waller's case. In fact, Mr. Scheck said, those 12 such instances are more than have occurred anywhere else except the entire states of New York and Illinois since the nation's first DNA exoneration, in 1989." The Times adds, "In the aftermath of the new evidence, prosecutors had joined defense lawyers in calling for the clearing of Mr. Waller, who spent more than 10 years behind bars before he was paroled in 1993. … 'I'm sorry that happened to you, man,' Craig Watkins, the county's new district attorney, told Mr. Waller on Wednesday, shaking his hand in the Dallas courtroom where a judge later approved a motion to vacate the conviction. That motion now goes to the Texas Court of Criminal Appeals for formal approval."

Expansion Of States' DNA Databases Raises Concerns. The National Law Journal (1/18, Jaksic) reports, "As state DNA databases expand, a growing number of 'cold cases' are getting solved, but that's leading to a new problem: Local jurisdictions can't keep up with their burgeoning caseloads. … 'I see it nationally as becoming a major problem,' said Ted Hunt, chief trial assistant in the Jackson County Prosecutor's Office in Kansas City, Mo. 'We're lucky to have a cold case homicide unit and a branch of sex crimes that works on cold cases, but many jurisdictions lack those resources.' … And DNA databases are certain to grow even more in several states." The Journal adds, "While all states now require that samples be collected from convicted felons, a growing number of states -- including Texas and Virginia -- collect samples from certain arrestees, such as those picked up for violent crimes. Kansas and New Mexico are scheduled to expand their databases to include arrestees this month. California is expected to do the same in 2009. … As of October 2006, the FBI's national database contained profiles for more than 3.7 million convicted offenders, which helped with more than 40,000 investigations. Florida topped the list with 4,907 investigations aided, followed by Illinois, New York and Virginia, according to the FBI. … The state of Virginia illustrates how fast databases have grown. When the state's cold case program started in 1993, the Virginia Department of Forensic Science's database contained 2,184 samples. It currently holds 253,156 samples. Since 2001, Virginia's database has grown by 50 percent."

New Jersey Mayor Pleads Guilty To Taking Bribes. The Newark Star-Ledger (1/18, Sterling) reports former Keyport, N.J., Mayor John Merla "admitted to a federal judge yesterday that he accepted a $2,500 bribe in exchange for helping a federal informant posing as the owner of a construction and demolition business obtain an emergency, no-bid contract to fix a local bulkhead." Merla "had been charged with taking the money at his brother's birthday party on Dec. 7, 2003. … He later acknowledged to U.S. District Judge William Martini in Newark that he also pocketed three other illegal cash payments from the informant and undercover FBI agents in 2003 and 2004. In all, the payoffs totaled $24,000, said Mark McCarren, the other federal prosecutor handling the matter." The Star-Ledger adds, "Leslie Wiser Jr., the special agent in charge of the FBI's office in Newark, sat in on yesterday's plea and afterward said he had no doubt Merla would have been convicted had the case gone to trial." The Jersey Journal (1/18) notes, "Merla, 45, was among a dozen officials snared by the undercover sting, 'Operation Bid Rig,' in Monmouth County February 2005. Many have pleaded guilty, along with several contractors. … Merla faces 24 years to 30 years in federal prison."

FBI Seeks Borough Records On New Jersey Development Project. The Bridgewater (NJ) Courier-News (1/18, Bricketto) reports, "Borough offices have been served with subpoenas from the U.S. Attorney's Office requesting information related to developer Jack Morris, the mayor confirmed Wednesday. Somerville officials declined to speculate on the motivation behind the subpoenas. … Mayor Brian Gallagher said the FBI served subpoenas…on Friday afternoon, seeking all documents involving JSM at Somerville, Edgewood Properties and Jack Morris since 2003." The Courier-News notes, "Pathmark, a holdout tenant at the center, filed a legal brief in September that said Edgewood made a $10,000 contribution to the Somerset County Republican Executive Committee in 2003, the day after the Somerville Planning Board passed a resolution designating the shopping center as a redevelopment area. … The Borough Council then passed a resolution designating JSM as the redeveloper of the center the day after Gallagher was elected mayor, according to the brief."

Supreme Court Hears Arguments On Death Penalty. The New York Times (1/18, Greenhouse, 1.16M) reports, "The Supreme Court on Wednesday resumed its long-running effort to monitor the use of the death penalty in Texas, hearing arguments in three cases that put the strains and internal contradictions of the court's capital punishment jurisprudence fully on display. One case was familiar, at least to the seven justices who were on the court when LaRoyce L. Smith's previous appeal of his death sentence came before

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them in 2004. At that time, the court voted 7 to 2 to overturn the sentence, only to see it promptly reinstated by the Texas Court of Criminal Appeals on the ground that the constitutional error the justices had identified was 'harmless.' The question now is whether that was an acceptable response by the state court to the Supreme Court's mandate." The other two cases, "while unfamiliar in their particulars, were very familiar in what they represented: the latest, but almost certainly not the last round in a fitful dialogue between the Supreme Court and the federal appeals court that oversees habeas corpus cases filed in federal court by Texas inmates."

The Washington Post (1/18, A3, Barnes, 690K) notes "the cases of at least nine death row inmates nationwide -- who are not proclaiming innocence but are protesting their sentences -- are on the court's docket in this term. Just as the justices scrutinized Virginia's system for carrying out the death penalty several years ago, they are examining four cases from Texas this year, including the three heard yesterday." The number of capital cases "is not unusual for the court, those who follow the issue say. But because the justices so far this year have taken a smaller number of cases overall, the death penalty accounts for 'a larger fraction of their work,' said Richard Dieter, executive director of the Death Penalty Information Center."

The Legal Times (1/18, Mauro) reports, "The Supreme Court heard arguments Wednesday in three Texas death penalty cases that were billed as a test of wills between the high court and lower court judges who have effectively defied its decisions on the use of mitigating evidence. … But whatever anger the Court held toward the Texas Court of Criminal Appeals and the 5th U.S. Circuit Court of Appeals seems to have largely dissipated. On Wednesday, its newest members, Chief Justice John Roberts Jr. and Justice Samuel Alito Jr., appeared ready to give greater deference to Texas in administering its capital-punishment laws." The Times continues, "It was a marked contrast to 2004, when the Supreme Court had angrily sent one of the cases back to the Texas appeals court, only to have the Texas court reaffirm its prior ruling. At the Jan. 17 argument, Roberts seemed to show sympathy for the state court's desire to exercise its own judgment instead of just following the Supreme Court's guidance. 'Why do we remand these cases,' Roberts asked rhetorically, 'if there's nothing further to be considered?'" The Times adds, "As the cases were argued inside the Court, outside nine anti-death penalty demonstrators were arrested on the steps for unfurling a banner that read 'STOP EXECUTIONS!' The civil-disobedience action coincided with the Texas arguments but was also intended to mark the 30th anniversary of the resumption of capital punishment in 1977, when Gary Gilmore was put to death in Utah. … In all three cases argued before the Court on Wednesday, guilt was not in doubt; at issue instead was the much-litigated question of how jurors should give weight to mitigating evidence. All three defendants were sentenced to death by jurors who were given a jury instruction on mitigating evidence that the Supreme Court has since struck down."

First Lady Touts International Teamwork To Combat Child Porn. The AP (1/18, Ollivier) reports First Lady Laura Bush "said at a gathering of first ladies Wednesday that police must work with counterparts in other countries to keep children safe from abuse and Internet pornographers." French first lady Bernadette Chirac "hosted the one-day conference on missing and exploited children, which brought together first ladies including Suzanne Mubarak of Egypt and Lyudmila Putin of Russia, as well as Queen Silvia of Sweden and Queen Paola of Belgium." Mrs. Bush "briefed participants on efforts to protect children in the United States, touting the Amber Alert system that mobilizes TV, radio and highway signs to get word out whenever a child goes missing." The First Lady "also urged international cooperation in fighting online child pornography."

Bruno Attacks Spitzer's Ethics Over Fundraiser. The New York Times (1/18, Cooper, 1.16M) reports, "Joseph L. Bruno, the Republican Senate majority leader, accused Gov. Eliot Spitzer on Wednesday of being hypocritical for championing campaign finance reform while headlining a $25,000-a-couple fund-raiser later this week for the state Democratic Party. … 'I wouldn't be talking campaign finance reform on one hand, and then on the other hand, doing 25,000 price of admission to funnel money — funnel money, launder money — into a Senate contest,' Mr. Bruno said. 'I think it's inappropriate, I think it's inequitable, I think it's unfair, and I think it's time to step up and tell it like it is.'" The Times notes, "Mr. Bruno's decision to criticize the popular new governor's ethics was something of a gamble, given his announcement late last year that the F.B.I. has been looking into his business dealings."

Jurors Selected For Coke Formula Theft Trial. In a widely-distributed story, the AP (1/18, Weber) reports, "Twelve jurors were selected Wednesday to decide the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant in an effort to sell them to rival Pepsi. Opening statements in Joya Williams' trial remain scheduled for Monday, her lawyer, Janice Singer, said." The AP notes, "The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched."

Los Angeles Printing Business Owner Faces Art Fraud Allegations. The Los Angeles Times (1/18, Kennedy, 850K) reports on the art fraud charges against Los Angeles printing business owner Kristine Eubanks, who

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allegedly used "a new technology called giclee…which reproduces art without the telltale dots of color printing" to defraud artists and consumers. The Times notes, "In September, a team of investigators from the FBI, the IRS and the Los Angeles Police Department seized 15 bank accounts connected to Eubanks," and she "was arrested and held without bail. … Christopher Calarco, a Los Angeles-based FBI agent specializing in art crime, said that the case is continuing and that there is more evidence that investigators cannot yet discuss." The Times adds, "Investigators said they are hoping they can expand their inquiry to encompass similar alleged scams while spreading the word that buyers should use caution when purchasing art. But even with the warnings, Calarco worries that buyers could go for years not knowing they have fakes on the wall. He also described art scams as a 'target-rich environment' that's growing worldwide because of television and the Internet."

Son Of Former New York Gambino Boss Arrested For Medicaid Fraud. Newsday (1/18, Epstein) reports, "A Lido Beach man filed more than $420,000 in fraudulent Medicaid claims, Nassau County Executive Thomas Suozzi said yesterday. Police and Department of Social Services officials said Ricky DiBernardo lied about his finances to qualify for Medicaid benefits. DiBernardo was arrested and pleaded not guilty Monday on a charge of grand larceny, a felony, and remained in jail yesterday on bail of $400,000." Newsday notes that DiBernardo is "the son of Robert DiBernardo, the Gambino crime family pornography boss who disappeared June 5, 1986. John Gotti admitted in FBI tapes played at his 1992 trial that he ordered the elder DiBernardo to be killed."

Neteller Ceases Transactions With US Gamblers. In a widely-distributed story, the AP (1/18, Barr) reports, "Neteller PLC, a Britain-based online money transfer business, said Thursday it is ceasing to handle gambling transactions from U.S. customers because of restrictive legislation and uncertainties about regulations. The company's move came three days after former directors arrested and charged in the United States with funneling billions of dollars in gambling proceeds to overseas betting operations." The AP notes that after the arrest of former directors John David Lefebvre and Stephen Eric Lawrence, "FBI Assistant Director Mark J. Mershon, assistant director of the U.S. Federal Bureau of Investigation, said the multibillion-dollar online gambling industry is 'a colossal criminal enterprise masquerading as legitimate business.'"

Two Convicted In California Kidnap-Ransom Scheme. The AP (1/18, Risling) reports from Los Angeles, "Two men were convicted Wednesday of orchestrating a ruthless kidnapping-for-ransom scheme targeting Russian immigrants that resulted in the killings of five people whose bodies were found at the bottom of a Northern California reservoir." The AP continues, "A federal jury found Iouri Mikhel, 41, and Jurijus Kadamovas, 40, guilty of three counts of hostage-taking and three counts of conspiracy. Both could face the death penalty. … Neither defendant showed reaction. Relatives of some victims sobbed and held each other as the jury's decision was announced." The AP adds, "During the 4 1/2-month trial, federal prosecutors portrayed the two defendants as the leaders of a group that sought to amass a fortune by kidnapping affluent Russian immigrants from Los Angeles in late 2001 and early 2002 and extorting money from their families and friends. … Regardless of whether ransoms were paid, prosecutors said, victims were killed and their bodies tied with weights and dumped in a reservoir near Yosemite National Park. The kidnappers had promised some of their hostages that they would be freed, prosecutors said. … Defense attorneys countered that accomplices who cut deals with prosecutors for lesser prison sentences were the brains of the operation. Mikhel's attorney Richard Callahan said his client may have been involved in money laundering but would have been too smart to leave behind crucial evidence."

US Charges Former Red Cross Official With Fraud. The New York Times (1/18, Archibold) reports from Los Angeles, "A former California accounting executive at the Orange County Chapter of the American Red Cross was indicted Wednesday on federal embezzling charges, adding to concerns raised by watchdogs over the financial management of the Red Cross and some of its chapters." The Times continues, "The official, Karen Shuerger, 58, who was the assistant director of accounting, was charged with misappropriating more than $100,000 over the final five years of a 17-year career at the chapter. The investigation, however, is continuing to determine if the misdeeds were broader, said officials in the United States attorney's office in Los Angeles, which is prosecuting the case." The Times adds, "Ms. Shuerger, the indictment said, used the chapter's traveler's checks and a credit card issued by the organization to make purchases for herself at places that included a gambling hall in Nevada, a beach resort in Hawaii and the San Diego Zoo. The embezzlement came to light, prosecutors said, after Ms. Shuerger, who had been in charge of monitoring money received by the chapter and preparing financial records, retired in the fall of 2005. … Her replacement noticed discrepancies in the accounting books, and the organization conducted an audit in 2006 that suggested possible criminal activity, said Robb C. Adkins, the assistant United States attorney prosecuting the case. The

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results were turned over to the Federal Bureau of Investigation, leading to Ms. Shuerger's indictment."

Boston Globe Retraces Hunt For Federal Fugitive In Racketeering Case. According to the Boston Globe (1/18), "It was a two-year game of cat and mouse, as federal investigators monitored the movements of gangster James 'Whitey' Bulger and his lieutenants in a frustrating quest to snare him for extorting profits from drug dealers in the neighborhood. The investigation by the DEA and Boston Police led to federal cocaine charges against 51 people in 1990, but no charges against Bulger." Bulger, "a longtime FBI informant, was indicted in 1995 on federal racketeering charges but fled just before the indictment and has been a fugitive since." Investigators "involved in the surveillance operation…were always suspicious that the FBI hindered their attempts to get Bulger."

TJX Reports Theft Of Customer Data. The New York Times (1/18, Stone, Dash) reports, "The TJX Companies, the retailer that operates the T. J. Maxx and Marshalls discount clothing chains, has joined the ignominious list of companies that have had sensitive customer financial data pilfered by identity thieves." The Times continues, "Yesterday the company, based in Framingham, Mass., said that as early as 2003 and during most of last year, an intruder had gained access to a computer system containing the private records of customers, including credit and debit cards, checks and driver's license numbers." The Times adds, "Both its flagship chains were affected, as well as HomeGoods and A. J. Wright stores in the United States, and its Winners and HomeSense chains in Canada. The company said it was still trying to determine whether data from its 36 Bob's Stores locations in the United States had also been compromised. … The company did not specify precisely how many customers were put at risk. Sherry Lang, vice president for investor and public relations, said that the intruder had taken the credit and debit card records of 'a limited number of people, substantially less than millions of people,' as well as a small number of driver's license numbers. Ms. Lang said the company did not know whether other account information was also stolen, and declined to be more specific. … The major credit card companies said yesterday that they were aware of the breach and had notified the banks that issue their cards to monitor for suspicious account activity."

False Witness To 2002 Sniper Shooting Convicted Of Rape, Murder. The Washington Post (1/18, B2, Jackman) reports, "Matthew M. Dowdy served a short but well-publicized jail stint for his false claim that he witnessed a sniper shooting in 2002. His latest offense was far less notorious but probably will land him in prison for the rest of his life." The Post continues, "A Fairfax County jury convicted Dowdy yesterday of first-degree murder and rape for the September 2005 stabbing of Judy J. 'Jaimie' Coate in the Falls Church area. The jury then sentenced Dowdy, 42, to life in prison on the murder charge and 30 years on the rape charge -- terms that Circuit Court Judge Stanley P. Klein can impose or decrease at sentencing April 20." The Post adds, "The slaying of Coate, 31, of Falls Church, whose body was discovered behind a large utility box on Lee Highway on Sept. 27, 2005, was unrelated to Dowdy's arrest in October 2002, at the height of the region's terror over the sniper slayings. Dowdy claimed he saw a man with a rifle fire from the parking lot at the Home Depot in the Seven Corners area, killing Linda G. Franklin. … Surveillance tapes soon showed that Dowdy was inside the store and could not have seen the shooting. His lawyer later claimed that Dowdy was simply relaying information from a friend, though the shot was actually fired from a community center across the street from the store. Dowdy pleaded no contest to a charge of making a false statement to an officer, was fined $1,000 and was sentenced to six months in jail." The Post notes, "In 2005, Dowdy was living in a motel in the city of Falls Church. When Coate's body was found in some underbrush, she had been stabbed in the neck, head, stomach and back, said Fairfax Commonwealth's Attorney Robert F. Horan Jr. And "a great deal of blood," Coate's blood, was on the utility box, he said. … Examiners testified that Dowdy's fingerprint and palm print were in Coate's blood on the box, and they said his DNA was found at the scene. There were no witnesses to the killing."

Missouri Kidnapping Suspect May Be Linked To 1991 Abduction. The New York Times (1/18, Saulny) reports from Potosi, MO, "The investigation of a suburban St. Louis man accused of kidnapping widened Wednesday as law enforcement officials pursued links between him and a 1991 abduction." The Times continues, "Prosecutors in Washington County on Wednesday charged the man, Michael Devlin, 41, with kidnapping and using a deadly weapon, asserting that Shawn Hornbeck, 15, may have faced a handgun when he was abducted four years ago near his home in Redwoods, Mo., a rural town southwest of St. Louis." The Times adds, "The police found Shawn at Mr. Devlin's apartment in Kirkwood, a St. Louis suburb, on Friday while searching for another boy, William Ownby, 13, who had been missing for four days. Mr. Devlin was arrested Friday and charged with one count of kidnapping William, who is known as Ben. He is being held on $3 million bail and is to be arraigned Thursday. … In Lincoln County, northwest of St. Louis, investigators named Mr. Devlin as a possible suspect in the 1991 disappearance of Charles Arlin Henderson. Charles, known as Arlin, disappeared — like Shawn — while riding his bike, near his home in Moscow Mills. He was also

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11, and, a police spokesman said, looked a lot like Shawn and Ben."

CIVIL LAW:

10th Circuit Hears Arguments In Suit By Inmate's Family Against US. The Salt Lake Tribune (1/18, Coffman) reports, "In the past dozen years, Salt Lake City attorney Jesse Trentadue has lost his parents, his law partner and his younger brother. … The latter was the most traumatic. Kenneth Trentadue was found hanged in 1995 in a federal prison in Oklahoma." The Tribune continues, "Since then, Trentadue has fought to disprove the official finding of suicide and prove his theory that Kenneth Trentade was murdered by guards who mistook him for an accomplice in the Oklahoma City bombing. … On Wednesday, in the latest hearing in a bitter legal wrangle, the 10th U.S. Circuit Court of Appeals heard arguments on two issues in the case." The Tribune adds, "The first was the federal government's request to overturn a judge's ruling giving $1.1 million to the family for emotional distress caused by how Bureau of Prisons (BOP) officials handled the aftermath of Trentadue's death. … The second was whether to allow family members to press ahead with their claim that authorities tried to derail their quest to prove murder by attempting to bring bogus obstruction of justice charges against Jesse Trentadue." The Tribune notes, "Michael E. Robinson, a Justice Department attorney, said the record showed that emotional distress allegedly caused by the handling of the inmate's death did not affect the daily activities of all Trentadue family members. … He also pointed out that only a few family members saw the bruises and autopsy incisions on Trentadue's body after it had been sent to a California funeral home. Oklahoma law distinguishes between bystanders and individuals who were directly involved, Robinson said. … 'They were more like bystanders,' he said of the Trentadues who were not present when funeral home workers removed the body from a coffin and photographed it. … Judge Terrence O'Brien questioned Robinson about whether the emotional distress the Trentadues suffered came 'from the runaround they got from the BOP.'"

Schering Sales Settles Drug Pricing, Marketing Charges For $435 Million. The AP (1/18, Lavoie) reports, "Schering Sales Corp. and its parent company were sentenced to pay $435 million Wednesday as part of a settlement with the Justice Department over accusations it improperly marketed drugs for unapproved uses and lied to the government about drug prices." The AP continues, "Under a settlement announced in August, Schering Sales pleaded guilty to conspiracy and agreed to pay a criminal fine of $180 million. Its parent company, Schering-Plough Corp., agreed to pay another $255 million to resolve civil aspects of the case." The AP adds, "The sentencing closes the loop on an investigation by the Justice Department and the U.S. Attorney's Office in Boston that began in 2001. ... Investigators said Schering-Plough marketed drugs for uses that had not been approved by the Food & Drug Administration. One example was Temodar, a drug the FDA had approved to treat a type of brain tumor called anaplastic astrocytoma. Prosecutors said Schering promoted Temodar to treat several other types of brain cancer, which the FDA had not approved. The company also promoted the unapproved use of Intron A for the treatment of cancer on the surface of the bladder, prosecutors said. … Although doctors are allowed to prescribe drugs for unapproved uses, drug companies are prohibited from marketing drugs for these so-called "off-label" uses. … As part of the settlement, the company pleaded guilty to making false statements to the Food & Drug Administration and the Health Care Financing Administration."

Suit Alleges MRI Kickbacks. The Wall Street Journal (1/18, Armstrong) reports, "A whistleblower lawsuit unsealed Wednesday details a widespread scheme among Chicago-area MRI operators to win referrals from doctors by allegedly signing the doctors to phony equipment lease deals that result in the physicians getting a kickback when they order scans for patients." The Journal continues, "The action, originally filed last February, was unsealed after the Illinois attorney general decided to intervene in the case. … The lawsuit strikes at an increasingly common arrangement between magnetic-resonance-imaging centers and doctors that is blamed for helping to fuel a staggering increase in the number of medical imaging tests done each year in the U.S. … The action names 11 MRI centers allegedly engaged in the illegal kickback scheme." The Journal adds, "According to the complaint, the MRI service centers sign lease deals with physicians that purportedly call for the doctors to rent time on MRI machines to scan their patients. In reality, the lawsuit charges, the physicians never perform any of the scans. The scans are done by the MRI center employees at their facility. … The arrangements are 'subterfuge' to hide kickbacks to the doctors, the lawsuit alleges. By entering into a 'lease arrangement,' the referring physician can claim part of the insurance payment even though he hasn't done any work related to the scan. For the MRI centers, the arrangements help generate referrals."

CIVIL RIGHTS:

Man Sentenced To 33 Months For Hate Crimes In Cleveland. The AP (1/18) reports from Cleveland, "A man who admitted he spread mercury around an interracial

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couple's house two years ago to try to scare black families from his neighborhood was sentenced Wednesday to nearly three years in federal prison, the Justice Department announced." The AP continues, "U.S. District Judge Patricia Gaughan said she wanted to send a clear message with the 33-month prison term that such conduct won't be tolerated. … David Fredericy, 50, who is white, pleaded guilty in October to conspiracy, making false statements to federal investigators and interference with housing rights." The AP adds, "In his signed plea agreement, Fredericy said he and neighbor Joseph Kuzlik, who is also white, wanted to drive black residents out of their Slavic Village neighborhood. The two would yell racial slurs and threaten black neighbors, the agreement said. … The neighborhood in southeast Cleveland has been filled with racial tension in recent years. … Kuzlik, who pleaded guilty in November to similar charges, is to be sentenced next month."

Mississippi Democratic Party Official On Trial For Disenfranchising White Voters. The AP (1/18, Mohr) reports from Jackson, MS, "A black Noxubee County (MS) Democratic Party official and his allies exploit racial tensions to disenfranchise white candidates and voters, a federal judge was told Wednesday in the government's first use of the Voting Rights Act to allege discrimination against whites." The AP continues, "Theodore Arrington, a political science professor at the University of North Carolina, testified as an expert witness for the U.S. Justice Department. He compared the current treatment of whites in east Mississippi's Noxubee County to the disfranchisement of black voters in the racially segregated South of the past." The AP adds, "Noxubee County has a majority black population. The Justice Department accuses Ike Brown - chairman of the county's Democratic Executive Committee - of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Mississippi and other Southern states strictly enforced segregation. … 'Ike Brown and his associates do not uphold the law and customs that prevent bias and fraud in the administration of the Democratic primary, which is tantamount to elections in Noxubee County,' Arrington testified. 'And he cannot be trusted to do so in the future. Indeed, he is behind much of that fraud.'" The AP notes, "Wil Colom, one of Brown's defense attorneys, strongly objected to Arrington's statements, but U.S. District Judge Tom S. Lee allowed the testimony to continue. Lee is hearing the case without a jury. … Arrington said Brown and others use racial slurs as 'bullying techniques' to bring people in line and further polarize elections. .. The testimony came in the second day of the trial that accuses Brown and his associates of allowing unqualified black candidates to run in the county's elections. Brown, among other things, is also accused of rejecting whites' absentee ballots while accepting blacks' ballots with similar defects."

DOJ Asked To Probe Georgia Mental Hospitals. The Atlanta Journal-Constitution (1/18, Judd, Miller) reports, "The National Alliance on Mental Illness, a consumer advocacy group, Wednesday asked the U.S. Justice Department to investigate what it called 'unacceptable and intolerable' conditions in Georgia's seven state mental hospitals." The AJC continues, "The group said its letter to U.S. Attorney General Alberto Gonzales was prompted by an Atlanta Journal-Constitution investigation that found a pattern of neglect, abuse and poor medical care in the Georgia psychiatric hospitals. … The newspaper reported at least 115 suspicious deaths of patients and more than 190 substantiated cases of physical or sexual abuse by hospital employees since 2002." The AJC adds, "The suspicious deaths included 36 who died from choking on food, vomit or foreign objects, or by aspirating those substances into their lungs. A similar number died for lack of emergency treatment or from questionable medical care. Twelve committed suicide. … A Department of Justice spokeswoman said late Wednesday that its Civil Rights Division had not yet received the letter. 'But when we do, we will certainly review it," said Cynthia Magnuson, the spokeswoman. … Under a federal civil rights statute intended to protect people in government institutional care, Justice has investigated conditions in mental hospitals and facilities for the mentally retarded in several states. The federal investigations often lead to a state agreement to launch reforms."

Rep. King Seeks DOJ Probe Of Duke Lacrosse Prosecutor. The AP (1/18, Barrett) reports, "A second congressman has urged the Department of Justice to investigate whether the district attorney in the Duke lacrosse sexual assault violated the rights of the defendants." The AP continues, "Rep. Peter King, whose Long Island district includes relatives of one of the accused students, Collin Finnerty, urged Attorney General Alberto Gonzales to begin an investigation into Mike Nifong, who asked last week to be recused from the case. … 'I am deeply disappointed by your apparent decision to defer a decision whether to investigate Mr. Nifong's prosecution of this case,' King wrote to Gonzales, arguing that the FBI should investigate whether the prosecutor may have violated Finnerty's civil rights, including the right to due process under the law." The AP adds, "Justice Department spokeswoman Cynthia Magnuson said it was too early to launch a federal probe. … 'It would be premature to initiate a federal investigation while criminal charges and other procedures are pending in the state of North Carolina,' Magnuson said." The AP notes, "King, the top Republican on the House Homeland Security Committee, is the son of a New York Police Department lieutenant. His

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request for an investigation is the latest addition to the chorus of public criticism of Nifong's handling of the case. … Justice Department officials said Tuesday they had rejected a similar request from North Carolina Rep. Walter Jones, also a Republican. Jones' spokeswoman, Kathleen Joyce, said the congressman still planned to meet next week with the head of the department's Civil Rights Division. … Special prosecutors with the North Carolina attorney general's office have been assigned to take over the case against the three accused lacrosse players - Finnerty, Dave Evans and Reade Seligmann. … The three are accused of attacking a stripper hired to perform at a team party in March."

WBTV-TV, Charlotte, NC (1/17, 7:00 p.m.) broadcasted, "Now New York Congressman Peter King has asked Attorney General Alberto Gonzalez to look into whether Nifong violated the defendants' rights. The Justice Department already rejected a similar request from North Carolina Representative Walter Jones." Severak other TV stations from Charlotte and Durham, NC also broadcasted this story.

Convicted Border Agents Surrender To Prison Officials. The Washington Times (1/18, Seper) reports, "Two former U.S. Border Patrol agents surrendered yesterday to begin prison sentences for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico." The Times continues, "Ignacio Ramos, 37, and Jose Alonso Compean, 28, said goodbye to their wives and six children -- three each -- as they turned themselves over to U.S. Marshals shortly after 1:30 p.m. at the federal courthouse in El Paso, Texas, to begin 11- and 12-year sentences, respectively." The Times adds, "Rep. Dana Rohrabacher, the California Republican who has been at the forefront of efforts to have the prosecution reviewed and the agents re-tried, yesterday criticized the White House for not acting in the case. … 'This is the worst betrayal of American defenders I have ever seen,' Mr. Rohrabacher said of President Bush. 'It's shameful this was done by someone who is in the Republican Party. He obviously thinks more about his agreements with Mexico than the lives of American people and backing up his defenders. … Our border agents risk their lives daily to uphold our immigration laws and defend our borders,' he said. 'If the conviction of Ramos and Compean is an indication of how our government will repay them, we can be certain good men and women will soon flee the ranks of Border Patrol service.'" The Times notes, "Ramos, a 10-year Border Patrol veteran and former 'Agent of the Year' nominee, and Compean, a five-year member of the agency, were sentenced in October in federal court in El Paso on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation."

Bush Urges Passage Of Genetic Privacy Bill. The New York Times (1/18, Stolberg, 1.16M) reports, "President Bush on Wednesday urged Congress to pass long-stalled legislation to safeguard genetic privacy, a measure experts say would encourage millions of Americans to undergo testing that could lead to prevention and treatment of cancer and other diseases." At the National Institutes of Health, President Bush said, "If a person is willing to share his or her genetic information, it is important that that information not be exploited in improper ways."

Expansion Of Credit Checks Seen As Civil Rights Issue. The Christian Science Monitor (1/18, Arnoldy) reports from Boston, "Lisa Bailey worked for five months at Harvard University as a temp entering donations into a database. When the university made the job a salaried position, Ms. Bailey, who is black, saw a chance to lift herself out of dead-end jobs. … Bailey's superiors encouraged her to apply, she says, but turned her down after discovering her bad credit history. … Bailey, with her lawyer, has lodged a complaint against Harvard charging racial discrimination. The reason: Studies show that minorities are more likely to have bad credit, but credit problems have not been shown to negatively affect job performance." The Monitor continues, "Some privacy and minority advocates are now seeing credit as a civil rights issue as minorities start to fight employers and insurers who base decisions on credit histories. Their effort could slow the near doubling in credit checks by employers in the past decade, which impacts millions of Americans who are struggling with debt." The Monitor adds, "In a 2004 study involving 2 million people, the Texas Department of Insurance found that blacks have an average credit score roughly 10 percent to 35 percent worse than whites; Hispanics have scores 5 percent to 25 percent worse than whites. … Credit checks are a growing factor in hiring, with 35 percent of employers checking applicants' credit in 2003, up from 19 percent in 1996, according to the Society of Human Resource Management (SHRM). Typically credit reports are done if a person is going to deal with money, says John Dooney, a manager of strategic research at SHRM."

Writer Argues For More Accessible Currency. In an op-ed in the Washington Post (1/18, A23), Cyrus Habib, a Rhodes Scholar and JD candidate at Yale Law School, writes, "Blind Americans may soon find themselves able to use money just like anyone else. That is unless the Treasury Department is successful this month in its appeal of a recent federal court order that paper currency be made recognizable to the blind, who are currently unable to distinguish one denomination from another." Habib continues, "I, for example,

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rely on the generosity of cab drivers, baristas and store clerks each time I make a purchase with cash. That I have rarely been ripped off is a testament to their honesty or my charm, but I cannot help but protest the perpetual necessity for either. After all, there are 180 countries in which this is not the case, because their currency is designed to be distinguishable by all." Habib adds, "Blind people in the United States suffer from a staggering 70 percent unemployment rate, and a disproportionately high percentage of those who are employed occupy jobs in the low end of the service sector. There is no question that the catastrophic poverty of America's blind requires a solution. Why not begin by giving us access to money at the most atomic level? How can blind Americans become truly independent, achieving the success we deserve and leaving behind the stigma of federal and state aid, without being able to differentiate between a dollar bill and a fifty?" Habib notes, "The Treasury Department suggests using debit and credit cards, disregarding the fact that the lives of many blind Americans hinge upon financial exchanges for which plastic is often useless, such as catching a crosstown bus, purchasing a cup of coffee or getting change for laundry. … These basic day-to-day experiences may not constitute reality for Treasury Secretary Henry Paulson and his team, but they certainly do for millions of blind and low-vision Americans." Habib concludes, "When it comes to accommodating disabilities such as blindness, let us continue to lead the world in practice as well as in principle. More important still, let us tell the world that we, too, believe that blindness should not be an obstacle to financial independence. In doing so, let us also take a significant step toward ameliorating the living conditions of blind Americans, now and for years to come. … The Treasury Department should obey Judge Robertson's order and show us the money."

Herbert Says US Needs To Recall King's Lessons. In his New York Times column (1/18), Bob Herbert notes the Rev. Dr. Martin Luther King Jr.'s April 4, 1967 speech at Riverside Church in Manhattan "that was among his least well known, yet most controversial." The speech "was an eloquent, full-throated denunciation of the war in Vietnam, one of the earliest public critiques by such a high-profile American. Silence in the face of the horrors of that war, said Dr. King, amounted to a 'betrayal.'" Hebert adds, "It's both gratifying and important that we honor this great man with a national holiday. But it's disturbing that we pay so much more attention to the celebrations than we do to the absolutely crucial lessons that he spent much of his life trying to teach us."

ANTITRUST:

Microsoft Case Plaintiffs To Report Noncompliance Information To DOJ. The AP (1/18, Pitt) reports from Des Moines, IA, "The plaintiffs in a class-action antitrust lawsuit against Microsoft Corp. claim they have uncovered information that indicates the software manufacturer is violating an agreement with the U.S. Department of Justice." The AP continues, "Des Moines attorney Roxanne Conlin and her co-counsel Richard Hagstrom, of Minneapolis, claim that during their research for the class-action case under way in Polk County District Court they discovered information that indicates the company isn't complying with a 2002 federal court decree. … Conlin asked Judge Scott Rosenberg's permission to tell the DOJ and the Iowa attorney general about the information." The AP adds, "Conlin said she will discuss two issues with the DOJ and Iowa attorney general's office within a few days. … 'We feel as officers of the court it is our responsibility to do this,' Conlin said Wednesday. 'It's simply our duty as citizens and lawyers to let the Department of Justice know that we are in possession of information that goes to the issue of whether Microsoft is in compliance.'" The AP notes, "She plans to write letters to the agencies but, according to Rosenberg's ruling, can only provide the information if a court order or subpoena is issued seeking it. … She said she could not be specific about what she's uncovered because Rosenberg's ruling prohibits the information from being shared beyond the appropriate authorities. … 'The court finds that the plaintiffs and its expert witnesses may contact the appropriate authorities responsible for the enforcement and compliance of any orders, judgments or decrees in the other judicial matter concerning the defendant and inform such authorities that it is in possession of information that may be relevant to such enforcement and compliance,' Rosenberg said in his ruling filed on Tuesday."

FTC Updates Thresholds For Merger Filings. The Deal (1/18, McConnell) reports, "The Federal Trade Commission Tuesday announced this year's increase in the size of deals that must be submitted to antitrust enforcers before a merger is completed." The Deal continues, "The new thresholds determine whether merging parties must file Hart-Scott-Rodino Act notification with the FTC and the Department of Justice and take effect 30 days after their upcoming publication in the Federal Register. … The agency must revise the thresholds annually, based on the change in the gross national product." The Deal adds, "Hart-Scott-Rodino Act notification must be filed if a deal meets thresholds contained in one of two tests. … Under the first test, notification is required if the assets being acquired

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exceed $59.8 million and total assets for one of parties exceeds $119.6 million and the other party exceeds $12 million. Previously, notification was required if assets acquired were valued at more than $56.7 million and the size of the merging parties was greater than $113.4 million and the other party exceeded $11.3 million, respectively. … Under the second test, notification is mandatory if the total value of the transaction exceeds $239.2 million, regardless of the size of the merging parties. The previous threshold was $226.8 million. … To adjust for the threshold changes, the FTC also updated its filing fee levels. For transactions between $59.8 million and $119.6 million, the fee is $45,000; for deals up to $597.9 million, the fee is $125,000; and for those of $597.9 million or more, the charge is $280,000."

Rivals Bid $38 Billion For Equity Office Properties. The New York Times (1/18, Sorkin, Pristin) reports, "The gloves have come off in buyouts. … Late yesterday, a group of investors offered $38 billion for the nation's largest office landlord, setting off the biggest buyout battle since the landmark fight for RJR Nabisco nearly two decades ago." The Times continues, "The upstart bid for Equity Office Properties, the real estate investment trust that was founded by Samuel Zell, tops a $36 billion deal that Equity Office had reached with the Blackstone Group in November. Either bid would win the crown as the largest buyout ever, surpassing last summer's $33 billion deal for HCA." The Times adds, "The battle for Equity Office pits some of the most powerful and colorful financiers against each other. Blackstone is controlled by Stephen A. Schwarzman, who has created one of the largest, if not the largest, private equity firms in the nation. … The rival group includes Steven Roth of Vornado, once the king of New Jersey strip malls; Barry Sternlicht of Starwood Capital, who created the hotel chain and then left the company after a falling-out with its board; and Neil Bluhm, a Chicago real estate mogul who backed Barack Obama's successful run for the United States Senate. Mr. Sternlicht worked for Mr. Bluhm as a young analyst in the late 1980s." The Times notes, "Since the Blackstone offer was announced, James S. Corl, the chief investment officer for real estate at Cohen & Steers, the largest institutional investor in Equity Office, has argued that the price of $48.50 a share was too low because the office market is expected to keep improving over the next couple of years. … But the battle may not be tilted in favor of the new bidders, Vornado Realty Trust, the Starwood Capital Group and Walton Street Capital. For one, 40 percent of their $52-a-share offer is in shares of Vornado, at an unspecified ratio, compared with Blackstone's all-cash bid. And Blackstone has already completed many of the steps needed to close the deal. In addition, Blackstone has the right to match any rival offer."

Mills Corp Agrees To Buyout. The Washington Post (1/18, D1, Hedgpeth) reports, "Chevy Chase shopping-mall pioneer Mills Corp. yesterday agreed to a $1.35 billion sale to a Canadian investment company, capping months of turmoil in which the firm struggled with heavy debt and an accounting scandal." The Post continues, "The deal, which at least one major Mills shareholder called inferior to other offers, would give the owner of Potomac Mills in Virginia and Arundel Mills in Maryland a financial boost after the company reported it had enough cash to operate only through March 31." The Post adds, "The buyer, Brookfield Asset Management, the owner of New York's World Financial Center, would take control at a time when Mills is under investigation by the Securities and Exchange Commission for possible misconduct by management and for accounting errors totaling up to $352 million. … The sale marks the latest chapter in the Mills saga. The local company helped popularize the notion that a shopping mall could be an entertainment destination. It also built sprawling 'shoppertainment' centers throughout the United States and Europe that combined retail outlets with outsize restaurants, movie theaters and other amenities. … But in recent weeks, an internal review at Mills found the company's rapid growth may have contributed to its accounting problems. The company has been working to restate earnings dating to 2001, and its stock price has been battered in the past year. The review concluded that Mills' 'overall culture and "tone at the top" were heavily focused on meeting external and internal expectations,' according to a summary filed with the SEC."

The Washington Times (1/18, Haberkorn) reports, "The deal, which comes to $7.5 billion including assumed debt and preferred stock, was approved unanimously by the company's board of directors. But it still must be voted on by shareholders, leaving the window open for counterbids." The Times adds, "Under the Brookfield offer, Mills would become a publicly traded entity of the company, which manages more than $50 billion worth of office space in the United States and Canada and shopping centers in Brazil."

GE Nears Purchase Of Abbott's Diagnostic Unit. The Wall Street Journal (1/18, A4, Berman, Kranhold, Johnson) reports, "General Electric Co. last night was nearing a deal to purchase the diagnostics division of Abbott Laboratories, people familiar with the matter said, as the conglomerate makes a deeper push into the world of health care and medical devices." The Journal continues, "Details of GE's plans couldn't be learned last night, and it is possible GE may be purchasing a large part but not all of the Abbott unit. Through last year's first nine months, the division posted revenue of about $2.9 billion and an operating profit of approximately $300 million, according to Securities and

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Exchange Commission filings, representing about 18% of Abbott's revenue and just 7% of its operating profit." The Journal adds, "The deal would broaden GE's $17 billion health-care business, which has moved aggressively into health-care-information technology and molecular diagnostics in the past few years. The deal could mark GE's entry into 'in vitro' diagnostics, which includes routine instrumentation and test kits for diseases such as HIV and cancer. The revenue of Abbott's core in-vitro diagnostics business has been flat for several years."

The New York Times (1/18, Sorkin, Deutsch) reports, "The G.E. unit, GE Healthcare, has annual revenue of about $16 billion and has long been a leader in expensive diagnostic machines like CAT scanners and MRI equipment. The Abbott product line would help G.E. add nursing homes and other nonhospital medical settings to its base, analysts said. … They predicted that G.E. would quickly wring efficiencies from the Abbott Diagnostics unit. GE Healthcare's margins generally top 16 percent, they said, while Abbott Diagnostics' margins are about 7 percent." The Times adds, "Abbott is now hoping to win federal approval to enter the lucrative market of selling drug-coated stents — tiny metal devices that are designed to prop open coronary arteries after blockages have been cleared. … Abbott's diagnostics business, though, has been under something of a cloud since the company agreed in 1999 to pay $100 million to settle accusations that it had failed to meet federal quality standards in producing its test kits."

EOP Bids Demonstrate Real Estate Viability. The Wall Street Journal (1/18, C1, Sender, Forsyth, Berman) reports, "The high-stakes game for the country's largest office landlord is the strongest sign yet of the seemingly limitless appreciation of big-city office real estate -- at a time when the prices of homes and condominiums are suffering." The Journal continues, "Yesterday, a consortium of real-estate investors launched a competing $21.5 billion offer for Equity Office Properties Trust, hoping to knock off an existing $20.1 billion deal with buyout shop Blackstone Group. … The battle reveals a series of tight friendships and rivalries that, behind the scenes, is influencing the flow of billions of dollars in capital and personal prestige alike. Blackstone's deal is regarded as the largest leveraged buyout in history, at $36 billion, when factoring in Equity Office's $16 billion in existing debt." The Journal adds, "In this atmosphere, a topping bid that bests Blackstone's by some measures might have shocked real-estate experts a year ago. Today, it gets merely a shrug. … In a short statement released last night, real-estate firms Vornado Realty Trust, Starwood Capital and Walton Street Capital offered to purchase Chicago-based Equity Office for $52 a share, 60% of it in Vornado shares and the remainder in cash. That represents a 7% premium to the $48.50-a-share offer that Equity Office agreed to last November. In response, Blackstone termed the Vornado-led bid as 'inferior,' adding that the competing bid 'carries vastly more risk' than its own deal, which is set to close in about two weeks."

South Korea Antitrust Authorities Fine Hyundai For Unfair Practices. The AP (1/18) reports from Seoul, South Korea, "South Korea's antitrust regulator said Thursday it has fined Hyundai Motor Co. 23 billion won (US$25 million; euro19 million) for unfair market practices, the latest in a series of woes to hit the world's sixth-largest automaker." The AP continues, "The Fair Trade Commission said the company issued warnings to and discontinued contracts with car dealerships which failed to meet 'excessive' sales targets. … 'Hyundai Motor used its monopolistic market status to set excessive annual sales targets for car dealers,' the commission said in a statement." The AP adds, In addition, the carmaker didn't allow the dealers to move to other areas or to recruit salespeople to help achieve their sales goals last year, the commission said. … Hyundai and affiliate Kia Motors Corp. accounted for 73.3 percent of the domestic market last year. … The regulator said it carried out an investigation into suspected violations of fair trading rules by Hyundai Motor between February and November last year."

EU Moves Closer To Antitrust Charges Against Intel. IDG News Service (1/18, Meller) reports, "Formal antitrust charges against computer chip maker Intel in Europe are coming closer, after officials working on the case advised European Union Competition Commissioner Neelie Kroes to push ahead with legal action, according to reports." IDG continues, "The reports said a decision to send Intel a so-called statement of objections could be taken at any time now, although Kroes is understood to be proceeding cautiously. … The Commission has been examining Intel's behavior in the European chip market for more than six years. Rival chip maker Advanced Micro Devices complained to the European regulator in 2000 that Intel, with around 80 percent market share, was pressuring computer manufacturers to remain loyal to its products by offering them rebates."

ENVIRONMENT:

Nebraska Egg Processing Company Fined $1.05 Million For CWA Violations. The AP (1/18) reports from Wakefield, NE, "An egg processing company has been fined $1.05 million for violating the federal Clean Water Act." The AP continues, "M.G. Waldbaum Co., a subsidiary of Minnetonka, Minn.-based Michael Foods, has agreed to complete a $16 million wastewater treatment plant

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for its egg processing plant in 2009. And it will better manage manure from several area poultry farms, the U.S. Department of Justice said in a news release." The AP adds, "According to the original consent decree that averted further litigation, the state and federal governments will split the fine. … Treasurer and secretary Mark Witmer of Michael Foods said Waldbaum has resolved the pollution issues that first arose in 2004 and that work on the wastewater plant will finished in 2008." The AP notes, "The city of Wakefield, which is about 30 miles northeast of Norfolk, will pay a $20,000 fine for letting its sewage lagoons be overloaded by waste from the egg plant, the Justice Department said in a recent news release."

Lobbying Firm Cuts Ties To Griles Amid Abramoff Probe. The Legal Times (1/18, McLure) reports, "Lobbying firm Lundquist, Nethercutt & Griles has severed ties with former Department of the Interior Deputy Secretary J. Steven Griles." The Times continues, "Griles has been targeted in the Justice Department's ongoing corruption probe stemming from the lobbying activities of Jack Abramoff. … Griles, who had been a name partner at the firm, was a lobbyist for coal and energy interests both before and after his tenure at the Interior Department from 2001 to 2005. During Griles' stint at Interior, which oversees lucrative drilling and mining licenses on millions of acres of federal land, his ties to industry were the subject of a number of internal investigations." The Times adds, "Lundquist, Nethercutt & Griles did not respond to detailed questions about Griles' departure, including whether Griles was forced out by his partners and whether the firm would be renaming itself. Instead, the firm provided a statement saying Griles resigned as a partner effective Jan. 10. That same day, a number of news outlets reported Griles had been informed he was a target of federal prosecutors. A lawyer for Griles declined to comment on his departure. … In testimony before Congress in 2005, Griles told senators that as the Interior Department's No. 2, he had been approached by Abramoff about joining Greenberg Traurig, the firm where Abramoff worked. Griles told the senators, however, that he had not granted Abramoff or his Indian tribal clients special access to the department. In January 2006, Abramoff pleaded guilty to defrauding several of those clients, among other charges. He was later sentenced to five years in prison. .. A source with knowledge of the investigation says prosecutors are exploring whether to charge Griles with lying to Congress and honest-services fraud."

Global Warming Legislation Gathers Momentum. The New York Times (1/18, Barringer, Revkin, 1.16M) reports, "Legislation to control global warming that once had a passionate but quixotic ring to it is now serious business. Congressional Democrats are increasingly determined to wrest control of the issue from the White House and impose the mandatory controls on carbon dioxide emissions." A major Democratic bill "stands an excellent chance of passage in this Congress or the next, industry and environmental lobbyists said in interviews." There "was evidence of the changed mood all over Washington this week." The "big unanswered question was what will President Bush do?" The Times says comments Tuesday by James L. Connaughton, chairman of the president's Council on Environmental Quality, suggest "that some version of an emissions cap may eventually win White House support."

The Wall Street Journal (1/18, A1, Fialka, Rogers, 2.04M) reports, "Bills already circulating in the Senate have in common a mandatory cap on emissions, a step that, according to the White House, President Bush isn't prepared to advocate in next week's State of the Union address. However, industry and environmental groups see Mr. Bush as a potential broker who could help shape a consensus." The "effort has enormous implications for American businesses and manufacturers, which are split on the best course. The coal-mining, oil-production and utility sectors are likely to be hardest hit ... . Among the forces urging action are industries worried that states are producing a patchwork of regulations."

Pelosi May Create Special Committee For Climate Change Legislation. The AP (1/18, Heilprin) reports Pelosi, "intent on putting global warming atop the Democratic agenda, is shaking up traditional committee fiefdoms dominated by some of Congress' oldest and most powerful members. She's moving to create a special committee to recommend legislation for cutting greenhouse gases, most likely to be chaired by Rep. Edward Markey, D-Mass., a Democratic leadership aide said Wednesday." The "move, to some degree, would sidestep two of the House's most powerful Democratic committee bosses," "Energy and Commerce Committee Chairman John Dingell of Michigan, a defender of the auto industry," and Ways and Means Committee Chairman Charles Rangel of New York.

The New York Times (1/18, Barringer, Revkin, 1.16M) says the move is "apparently an end run around" Dingell, whose "firm support of the automobile industry, a leading source of carbon dioxide emissions, and his earlier lack of enthusiasm for climate measures have made him suspect among advocates of strong climate laws."

The Wall Street Journal (1/18, A1, Fialka, Rogers, 2.04M) reports Dingell "has expressed his ire at what he considers an intrusion into his House Energy and Commerce Committee's jurisdiction over energy and climate-change legislation." The Washington Post (1/18, Romano, 690K) runs a similar story.

Evangelical Christians, Scientists Call For Action On Climate Change. The Los Angeles Times/Newsday

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(1/18, Nelson) reports, "In an extraordinary display of the mounting concern over climate change, an international group of physicists and an alliance of scientists and evangelical Christians each issued calls to action Wednesday aimed at preventing a doomsday that includes global environmental catastrophe. The independent initiatives...reflect the new bonds forged from a growing consensus that human-wrought environmental damage is a moral issue for Christians and scientists alike." The "Bulletin of the Atomic Scientists moved the minute hand of its famous 'Doomsday Clock' to 11:55 p.m., with midnight being the figurative end of civilization. For the first time since the clock's creation in 1947, the organization's board of directors added the threat of climate change to unresolved nuclear dangers in the decision to advance the clock. Meanwhile, a coalition of scientific and religious leaders affirmed their commitment to protecting the environment, calling for 'fundamental changes in values, lifestyles and public policies required to address these worsening problems before it is too late.'"

WPost Condemns Cuts In NASA Climate Monitoring. In an editorial, the Washington Post (1/18, A22, 690K) writes that a National Academy of Science study warning of inadequate funding for climate-monitoring systems "is a stunning indictment of an administration that has parried complaints about inaction on climate change with claims of at least having generously funded research. The chief problem is President Bush's misplaced funding priorities at NASA, the space agency that doesn't just launch rockets but, along with the National Oceanic and Atmospheric Administration, also maintains a series of satellites and other sensors to monitor global climate and weather patterns." The Post concludes, "If the president must go to the moon or Mars, he should find the money for it responsibly, not by chopping away at other, more vital programs."

Gore Faulted For Canceling Interview On Global Warming. In a Wall Street Journal (1/18, 2.04M) op-ed, "Flemming Rose, culture editor of Jyllands-Posten, in Copenhagen, and Bjorn Lomborg a professor at the Copenhagen Business School, write that months after Jyllands-Posten, Denmark's largest newspaper, scheduled an interview with Al Gore, Gore's agent "came back to tell us that Bjorn Lomborg should be excluded from the interview because he's been very critical of Mr. Gore's message about global warming and has questioned Mr. Gore's evenhandedness." After Jyllands-Posten accepted this condition, Gore cancelled the interview. If Gore "has his way, we could end up choosing a future, based on dubious claims, that could cost us, according to a U.N. estimate, $553 trillion over this century. Getting answers to hard questions is not an unreasonable expectation before we take his project seriously." The right decisions "are best achieved through open debate, and we invite him to take the time to answer our questions: We are ready to interview you any time, Mr. Gore -- and anywhere."

FBI/DEA/ATF/USMS:

Former FBI Agent Denies Fighting Connecticut Police. The Connecticut Post (1/18, Mayko) reports, "A retired FBI agent said he stood with his arms raised, looking down at the snow under his feet, when a deputy U.S. marshal charged at him and struck him with a 'cold, metallic instrument.' … Gary John's testimony Wednesday contradicted that of Deputy U.S. Marshal James Masterson, who said the former agent kept moving around, refused to show his hands and punched him during a Dec. 8, 2005, arrest in Stratford's Oronoque Village." The Post continues, "At the time, federal marshals were seeking John for allegedly violating a no-contact restraining order involving his ex-wife in Rhode Island. They traced him to a condominium on Piute Lane, where John was living with the mother of his now ex-girlfriend from Milford. … Early this afternoon, U.S. District Judge Janet C. Hall is expected to send the case to the 12-member jury to determine whether John should be convicted of assaulting a federal law enforcement officer. … John has been in custody since his arrest." The Post adds, "Assistant U.S. Attorney Anthony Kaplan questioned John about a letter he sent to his ex- Milford girl friend last summer about 'not wanting to go back to prison.' … John claimed he meant he did not want to spend the summer incarcerated, but outside enjoying 'Connecticut's coastline.' … The 58-year-old, 6-foot, 165- pound former FBI agent took the stand to tell his side of the story after spending a day listening to marshals and police officers testify about his conduct."

DEA Raids 11 Marijuana Dispensaries In Los Angeles County. The Los Angeles Times (1/18) reports federal drug agents "raided eleven medical marijuana outlets in Los Angeles Wednesday afternoon, seizing several thousand pounds of processed marijuana, along with weapons and money, as part of an ongoing investigation, a Drug Enforcement Administration spokeswoman said. At least three people in West Hollywood were taken into custody in a raid of five outlets there. Six other outlets in Venice, Hollywood, Sherman Oaks and Woodland Hills were also raided." The federal drug agency "recently stepped up enforcement, contending that the amount of money involved proves that the burgeoning dispensaries are nothing more than fronts for high-stakes drug dealing."

The AP (1/18) reports federal drug agents "raided nearly a dozen medical marijuana clinics Wednesday, seizing several thousand pounds of processed marijuana, along with weapons and money, authorities said. … Officials in West Hollywood said they were surprised by the action, learning of

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the raid as it was happening." The widely-reported AP story was used by FOX News, the San Francisco Chronicle, Miami Herald, Houston Chronicle, San Jose Mercury News, Contra Costa Times, San Luis Obispo Tribune, and Monterey County Herald.

KCAL-TV, Los Angeles (1/17) reports on its Web site that federal agents "raided five of the seven medical marijuana dispensaries in West Hollywood Wednesday, along with six others throughout Los Angeles County. … Sarah Pullen of the DEA said six other dispensaries were searched, including four in the San Fernando Valley, one in Hollywood and one in Venice. … Pullen said the places that were served with search warrants were chosen through 'citizen complaints and increased criminal activities surrounding the establishments, from parking violations to armed robbery to break-ins to graffiti to hand-to-hand sales outside.'"

Local TV Coverage. KABC-TV, Los Angeles (1/17, 11:00 p.m.) aired, "Federal drug agents raided eleven medical marijuana [dispensaries] in LA County, five in West Hollywood. DEA agents made the arrests and confiscated marijuana along with weapons and cash in some locations. Angry supporters demonstrated outside this clinic while the raids took place. California allows the clinics but they are a violation of federal law. West Hollywood officials defended what they call the compassionate use of marijuana for the seriously ill. The DEA claims the outlets are trafficking organizations, bringing criminal activity…to neighborhoods."

KTLA-TV, Los Angeles (1/17, 10:00 p.m.) aired, "Several medical marijuana dispensaries were searched today, four on Santa Monica Boulevard. It prompted several residents to protest."

KTTV-TV, Los Angeles (1/17, 10:00 p.m.) aired, "Federal agents are cracking down on medical marijuana clinics. Eleven clinics were raided in LA County today." Reporter: "Medical marijuana clinics say they provide a legitimate service, one that California voters approve. But federal officials say the only thing clinics like this behind me do is break the law. … Supporters of these medical marijuana clinics will be appearing before the West Hollywood City Council tomorrow morning to protest these raids."

Eight Arrested As Investigation Of "Pot Houses" Continues In California. On its Web site, KNBC-TV, Los Angeles (1/17) reports federal agents "are breaking up a multi-million dollar drug operation that stretches from the Bay Area to the Central Valley. Drug Enforcement Agency agents found pot and indoor pot-growing equipment in 48 homes in suburbs such as Lathrop and Stockton. … Agents served several search warrants and arrested eight people in Chinatown and the outer Mission on Friday. Investigators are still trying to figure out who is in charge of the operation, which produced $20 million worth of pot every year."

The Sacramento (CA) Bee (1/18) reports authorities "raided three Bay Area homes Wednesday that they believe are connected to an alleged large-scale indoor marijuana operation uncovered in the Sacramento region last year. … Agents found 'documentary evidence' that the homes were connected to 48 homes raided as part of the widespread investigation the past six months," DEA agent Gordon Taylor said. Tuesday's raids "followed a series of busts last week in which search warrants were served at homes in Lathrop, Tracy, San Francisco and Oakland, Taylor said."

In New Hampshire, Four Face Drug Charges In "Clavo" Scheme. The Nashua (NH) Telegraph (1/18) reports federal prosecutors "charge that four men at two Massachusetts auto repair shops" helped devise "well-hidden, mechanized compartments large enough to hold several kilograms of cocaine or heroin." Prosecutors say two of the men "installed a hidden compartment, or 'clavo,' in a Honda Odyssey van for two informants last March at DeLeon Auto Sales in Lawrence. 'Clavo'…is slang for a compartment used to stash drugs, DEA Special Agent Todd Prough wrote in an affidavit describing the investigation." The men "are charged with conspiracy to sell drug paraphernalia and aiding and abetting drug distribution, according to federal court records."

Colombian National Police Seize Nearly $50 Million Following Tip From DEA Source. CNN (1/18) reported Colombian National Police "recovered close to $50 million in U.S. currency as well as other money during three raids in the past week on houses used to stash drug proceeds. … It is thought to be the most money ever seized by a law enforcement agency in the world, said [an] official, who requested anonymity. The raids were conducted following a tip from a source working with the U.S. Drug Enforcement Administration, the official told CNN. The DEA then provided information to the Colombian National Police." CNN reported the money is believed to belong to a member of the Norte Valle cartel.

IMMIGRATION:

High Court Upholds Deportation Of Immigrant For Car Theft. The Los Angeles Times (1/18, Savage) reports, "The Supreme Court made it easier today for the government to deport thousands of legal immigrants who have been involved in car thefts." The Times continues, "In a 9-0 decision, the justices said noncitizens who have been

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convicted or plead guilty in California to the theft of a motor vehicle are also guilty of an 'aggravated felony' under the immigration laws, even if they simply helped another person carry out the theft." The Times adds, "Under a strict 1996 law, legal immigrants who have an aggravated felony on their records are automatically deported from the United States. … Today's ruling reverses a decision of the U.S. 9th Circuit Court of Appeals in San Francisco, which said California's law swept too broadly and could brand some minor participants as serious criminals deserving of deportation." The Times notes, "Justice Stephen G. Breyer disagreed. California's law on vehicle thefts applies not only to those who steal a car, but also to others who 'aid or abet' the thief. 'We cannot agree that California's law is somehow special,' he wrote. … Government lawyers said the 9th Circuit's ruling, which applied throughout the West, had blocked the deportation of more 8,000 immigrants."

The Washington Times (1/18, Seper) reports, "Joining Justice Breyer were Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Anthony M. Kennedy, David H. Souter, Clarence Thomas, Ruth Bader Ginsburg and Samuel A. Alito Jr. Justice John Paul Stevens sided with his colleagues on three of four issues under debate, but he said the court should withhold comment on the issue of California law until after the appeals court has addressed it." The times adds, "In 2002, Duenas-Alvarez pleaded guilty to violating the California Vehicle Code, which makes it 'illegal to take a vehicle without the owner's consent or to aid or abet in such a taking.' He was sentenced to three years in prison. …. The Department of Homeland Security sought Duenas-Alvarez's deportation based on the INA. Theft offenses are one type of crime included in the category of aggravated felonies for which the government can deport aliens. … In February 2004, Homeland Security initiated removal proceedings, and a U.S. immigration judge ruled that the California offense of unlawful driving or taking of a vehicle was a theft offense and ordered Duenas-Alvarez removed to Peru. The Board of Immigration Appeals dismissed Duenas-Alvarez's appeal."

Democrats Says There's "No Rush" To Build Border Fence. The AP (1/18) reports, "A law to erect hundreds of miles of fence on the US-Mexican border is on the books, and money to start it has been approved. Still, the next step is uncertain." This week, House Majority Leader Steny Hoyer (D) said Democrats "want 'the best possibly way' to secure the border," based on his and other Democrats' comments, "there is no rush." A few Republicans "have written President Bush asking him to request more money for the fence's construction in his 2008 budget."

TAX:

Senate Panel Passes Tax Breaks Designed To Accompany Minimum Wage Hike. The AP (1/18, Taylor) reports, "Tax breaks aimed at easing the burden of a minimum-wage increase on small businesses sailed through the Senate's tax-writing committee Wednesday. The unanimous voice vote by the Senate Finance Committee paves the way for the full Senate to consider boosting the minimum wage to $7.25 over the next two years." The plan "is next in line for debate after the Senate wraps up work on an ethics and lobbying overhaul." But "the committee's action drew protests from the House's No. 2 Democrat, who said it would 'complicate and delay' passage of the minimum-wage increase. … 'Minimum-wage earners have already waited nine years and four months for a raise. Congress should not make them wait any longer,' said House Majority Leader Steny Hoyer, D-Md."

The Wall Street Journal (1/18, A6, Lueck, 2.04M) says the Senate move "shows the changed dynamic in the new Congress. … Rather than pairing the pay boost for low-income workers with a cut in the estate tax, as was the case last year, the Senate is combining the minimum-wage increase with a narrow package of tax breaks for small firms that is offset with tax restrictions for other companies." The debate, adds the Journal, "is an early test of the ability of Democratic leaders in the Senate and House to bridge differences between the chambers. To pay for the tax breaks, the panel agreed to further restrict a tax shelter known as a 'sale-in, lease-out,' or SILO, transaction. The committee also agreed to collect taxes from more companies that have used 'corporate inversion' deals to avoid them -- essentially reincorporating in a foreign country to avoid paying US taxes on foreign income. In addition, the panel agreed to greatly limit the earnings that executives and other highly paid workers can put tax-free into deferred compensation plans, among other changes."

CONGRESS-ADMINISTRATION:

Leadership Feud Stalls Ethics Reform Bill In Senate. The New York Times (1/18, Kirkpatrick, 1.16M) reports, "A proposed ethics overhaul collapsed when a procedural question turned into a feud between the Democratic and Republican leaders, each accusing the other of failing to address a major theme of the fall elections." The proposals "appeared dead for now after 46 Senate Republicans blocked a vote on a broad ethics and lobbying bill." Senate Majority Leader Harry Reid said, "The Republicans killed ethics reform, period. There is no way to

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put frosting on this. This is as sour as any piece of legislation." The Times adds Minority Leader Mitch McConnell "called Mr. Reid's accusations spin. He said the issue was Mr. Reid's refusal to hold a vote on a Republican proposal to include in the ethics bill a version of a presidential line-item veto, a provision that Mr. Reid said was irrelevant to ethics."

Roll Call (1/18, Newmyer) reports Republican Senators "threatened Wednesday to derail a lobbying and ethics overhaul package if Democrats block consideration of a presidential line-item veto the GOP wants added to the bill." Sen. Reid "tried to avert a showdown by guaranteeing he would provide floor time before the Easter recess for a stand-alone bill granting the president rescission authority, and, if it passed, would send it to conference negotiations with the House. But in a floor debate with Reid, Sen. Judd Gregg (R-N.H.), who offered the amendment, appeared to reject the offer." Democrats "charged Republicans with grasping for a last-minute way to torpedo the ethics legislation."

The Washington Times (1/18, Miller, 88K) reports, "In the session's first display of the muscle that even a minority party has in the upper chamber, the entire ethics bill was jeopardized when Republicans blocked a procedural vote. Majority Leader Harry Reid, Nevada Democrat, had refused to allow a vote on an amendment to give the president authority to strip spending 'earmarks' from bills." Republicans "retaliated by voting in near-lockstep against a parliamentary motion needed to vote on the entire bill. The motion won a 51-46 majority, far short of the two-thirds majority needed."

McCain Reverses Course On Grassroots Lobbying Disclosure. The Hill (1/18, Bolton) reports Sen. John McCain "has told conservative activists that he will vote to strip a key provision on grassroots lobbying from the reform package he previously supported." The provision would "require grassroots organizations to report on their fundraising activities and is strongly opposed by groups such as the National Right to Life Committee, Gun Owners of America, and the American Civil Liberties Union." While "grassroots groups on both sides of the political spectrum oppose the proposal, social conservative leaders such as Dr. James Dobson, founder of Focus on the Family, who broadcasts a radio program to hundreds of thousands of evangelical Christians, have been its most vehement critics." The Hill notes it "would be politically dangerous for McCain to support disclosure because it would anger many conservative activists, including those who advocate against abortion rights or for gun ownership rights."

Senate Ethics Bill Would Treat Political Activists As Lobbyists. The Washington Times (1/18, Miller, 88K) reports the Senate ethics bill "not only cracks down on lawmakers, but also subjects politically active ministers and neighborhood groups to the same rules as K Street lobbyists." Under the legislation, "grass-roots organizations that attempt to 'influence the general public' to contact members of Congress would have to register as lobbyists and file financial reports -- or face a $200,000 fine. The requirements could apply to a preacher who goes on TV or radio and tells listeners to call their congressman in support of a particular issue, such as a constitutional amendment against homosexual 'marriage.'"

Senate Democrats Resist Ban On Lobbying By Spouses. USA Today (1/18, Schouten, 2.27M) reports that Majority Leader Reid "and other leading Democrats are resisting changes that strike close to home. A proposal by Sen. David Vitter, R-La., that would ban senators' spouses from lobbying the chamber has triggered intense debate with key senators such as Reid and Dianne Feinstein, D-Calif., promising to oppose it if it affects senators already married to lobbyists." Reid spokesman Jim Manley said Reid "would support the ban 'as along as it's not retroactive." Feinstein, "who oversees the committee that governs Senate rules, also backs a provision that would exempt current senator-lobbyist couples." But Vitter said "that if Democrats move to more broadly exempt current lobbyists and senators from his proposal, it would send a 'cynical' message: 'Yeah, we're going to get serious about ethics as long as it doesn't affect our friends.'"

Ethics Bill Would Limit Use Of Corporate Jets. The AP (1/18, Abrams) reports the Senate ethics bill "would end one of the most beloved benefits of Congress, being able to hitch rides on corporate jets at heavily subsidized rates. Instead, senators would be required to pay far more expensive charter rates for private air travel." The rule "would apply both to official business, when senators skip airport lines to use private planes for trips to their districts or tour areas in their states, and to political or fundraising trips." The House would bar "its members from using official or campaign funds to pay for noncommercial, corporate jets." The change, "when enacted, will be particularly painful for senators from large western states who depend on private aircraft to get them to areas inaccessible by road or commercial flights."

WSJournal Praises Senate GOP Success On Earmark Reform. The Wall Street Journal (1/18, 2.04M) says in an editorial, "If Republicans are wondering how best to shorten their time in the minority, they could do worse than to build on this week's Senate earmark victory. That reform success proves how good policy translates into good politics." The Senate "on Tuesday passed significant earmark reform, 98-0. But that unanimous tally masks the bitter battle that preceded the vote. When Republican freshmen Tom Coburn and Jim DeMint first launched an effort last summer to make earmarks more transparent, they struggled." But "minority status has a way of focusing the mind, and combined with continued DeMint-Coburn shaming, Senate Republicans appear to have re-embraced some principles. When Majority

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Leader Harry Reid last week attempted to water down House Democrats' earmark reform, Messrs. Coburn and DeMint rallied enough fellow Republicans (and a few Democrats) to outmaneuver the spenders."

House Democrats Pass First Five Bills Of "100 Hour" Agenda. The AP (1/18, Hunt) reports, "Five down, one more on tap as House Democrats sprint through their list of promises, not even in sight of the 100 hours set aside for that goal." The "final piece was on deck for a vote Thursday: energy legislation that imposes billions in fees, taxes and royalties on oil and gas companies and uses the money to promote renewable fuels." According "to Pelosi's count, it has taken just over 34 hours to pass the first five bills, including a measure approved Wednesday to lower interest rates on some student loans. The House actually has been in session for more than 72 hours since the 110th Congress was sworn in on Jan. 4. But the clock on Pelosi's Web site suggested that 34 hours, 5 minutes had elapsed by the close of House business Wednesday."

House Agenda Faces Barriers To Final Enactment. The Washington Times (1/18, Hurt, 88K) reports House Democrats "are proudly trumpeting the conclusion today of their initial spurt of legislative items, but few -- if any -- are likely to become law as passed." Of the "six items they promised to approve in the first '100 hours' of a new Democratic Congress, three have met resistance from the Democratic Senate, at least one appears likely to be vetoed by President Bush and two others have come under heavy criticism from outside groups." Senate Democrats on Wednesday "attached tax cuts to the bill raising the minimum wage, a condition House Democrats have called unacceptable."

Democrats' Agenda Called "Qualified Success." In a New York Times editorial op-ed (1/18), Thomas Edsall says the "House Democratic leadership's 100-hour agenda — actually turned into a ...qualified success." Democrats have "shown basic competence and authority after four decades of defeat and division, whether in the majority or minority. Second, the House has now approved legislation directly addressing public concerns: raising the minimum wage, ethics reform, interest rate reductions on subsidized college loans and expanded federal support for stem cell research."

House Approves Student Loan Rate Cuts. The CBS Evening News (1/17, story 7, :20, Couric, 7.66M) reported, "The House approved a bill to provide some relief to 5.5 million college students. This is part of the Democrats' 100-hours agenda. They voted to cut in half the interest rate on student loans that are based on need. The cut would be phased in over five years. The bill now goes on to the Senate."

The Washington Post (1/18, A3, Kane, 690K) notes "the Democrats broke into loud applause when the final gavel came down on the vote, the fifth of their 'Six for '06' agenda items to pass since the party took over the chamber earlier this month." But "the bill marks an early instance of conflict between two Democratic campaign promises: The interest-rate-reduction measure runs up against a pledge to install strict spending limits known as pay-as-you-go, or pay-go, creating a budgetary restriction on how far the newly empowered caucus can go in keeping its word." The plan "would cost $6 billion over five years, according to congressional estimates. But the reduction would sunset after five years, cutting in half the benefits for borrowers. According to Democratic estimates, the plan could nearly double the $2,300 in savings for borrowers if the rate were left at 3.4 percent into the future."

The Wall Street Journal (1/18, D2, Chaker, 2.04M) reports, "Democrats, who had talked about halving interest rates on student loans before the election, have narrowed their focus to just a segment of the federal Stafford loan program. Aides say they plan on examining broader college affordability measures later, such as raising the maximum amount needy students can receive from the federal Pell Grant program." The legislation, approved 356-71, "applies only to new, undergraduate borrowers of 'subsidized' Stafford loans, which are available to needier students." The Journal adds, "It is unclear how the proposal will fare in the Senate, and there is always the specter of a presidential veto: The White House released a statement this week saying it opposes the legislation. Instead, it favors increasing grants to low-income students."

The New York Times (1/18, Schemo, 1.16M) reports, "The White House statement also said access to higher education should be improved by containing costs. The responsibility for helping families, the statement said, 'must be shared with colleges, which also have a central role in making higher education affordable.'" The White House "did not threaten a veto, but the size of Wednesday's majority indicated that Democrats would have the strength to override one." The Los Angeles Times (1/18, Neumann, 850K) also reports the story.

House Poised To Approve Bill To Cut Oil Company Benefits. USA Today (1/18, Wolf, 2.27M) reports, "House Democrats top off their first 100 hours of majority status Thursday with a swipe at Big Oil. Their legislation would roll back tax breaks and rewrite drilling leases given to oil and gas companies during the last 12 years of Republican rule." USA Today adds, "Less clear is where the estimated $14 billion over 10 years would go; the bill creates a fund for alternative forms of energy but leaves out specifics." A "policy statement issued by the White House

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on Wednesday said the administration opposes the major provisions of the House bill." It "criticized Democrats' 'tax and spend' use of the revenue to promote alternative forms of energy."

The New York Times (1/18, Andrews, 1.16M) reports, "House Democrats, brushing aside objections from the Bush administration, said on Wednesday that they had ample votes" to pass the bill. The Times adds, "In a sign of how political sentiment on energy issues has shifted, lawmakers in both parties expect the bill to draw considerable support from Republicans, many of whom voted in favor of the tax breaks three years ago. ... Few lawmakers expect Mr. Bush to resort to a veto, if only because the energy bill would lead to a tiny increase in revenue in its first year." The White House "said the bill would unfairly single out the oil industry by making it ineligible for a tax break offered to 'domestic manufacturers.'" The "administration also reiterated its opposition to a provision that would pressure oil companies to renegotiate the offshore drilling leases."

The Christian Science Monitor (1/18, Clayton, 59K) says the House "is poised Thursday to play Robin Hood with energy policy. It aims to cut $14 billion in federal oil and gas tax breaks and other benefits over the next 10 years and give them instead to renewable-energy programs." The Monitor adds, "Such a change would represent a noticeable trim in government support for the oil and gas industry at a time when it is trying to boost domestic production. It would provide a huge boost to renewable energy industries as they try to replace fossil fuels with cleaner energy that's also domestically produced." But "[e]ven if the House's new clean-energy legislation becomes law, the oil and gas industry will remain by far the largest recipient of federal energy largesse, receiving by some estimates four times the money of the next largest recipient: the nuclear industry."

US To Seek "Substantive Adjustment" Of Free Trade Deals. The AP (1/18, Crutsinger) reports, "The Bush administration, facing a Democratic Congress, said Wednesday it would seek a 'substantive adjustment' to the labor provisions in free trade agreements already negotiated with Peru, Colombia and Panama." Deputy US Trade Representative John Veroneau said that "the three countries had been notified," and "predicted that an agreement on revised language could be reached without a lengthy delay." The announcement was the "strongest signal to date that President Bush is prepared to modify his trade policies in light of last November's election in which Democrats gained control of the House and Senate."

The Washington Times (1/18, Hirsch, 88K) reports that the Bush administration wants the agreements "approved before the president's trade promotion authority." According to a US Trade official, "the administration is responding to concerns by House Ways and Means Committee Chairman Charles B. Rangel of New York and other Democrats about pay and other labor conditions in the three countries." The official "stressed that the free-trade agreements themselves will not be renegotiated, but that the administration is trying to work out how to address those concerns outside of the formal pacts."

Dorgan Says Baucus Is Wrong On Democratic Support For Trade. In a Wall Street Journal letter to the editor (1/17), Sen. Byron Dorgan says, "My friend and Senate colleague Max Baucus suggests there may be a Democratic consensus for once again ceding congressional authority over trade agreements to the president, in effect renewing the trade strategy that the Bush administration has pursued over the last five years ('A Democratic Trade Agenda,' editorial page, Jan. 4)." Dorgan says there "is, indeed, a growing Democratic consensus on trade -- but in the opposite direction. Many of the new senators campaigned on a platform of demanding trade agreements that are fair to our workers and our country." There is "a growing public sense that blind support for unfettered 'free trade' in Washington has cost our country dearly."

Pentagon's Acting IG Says DOD Hid Unused Funds With Other Agencies. USA Today (1/18, Kelley, 2.27M) reports Defense Department Acting Inspector General Thomas Gimble told Congress that the Pentagon "has hidden at least $1.4 billion in other agencies' accounts instead of returning unspent money to the U.S. Treasury." Gimble said between 2002 and 2005, DOD offices "used the General Services Administration (GSA) and the Interior Department 'to "park" or "bank" funds that were expiring.' GSA and Interior then spent the money on Pentagon contracts, circumventing the law, Gimble said."

Four FEC Commissioners To Appear Before Rules Panel. Roll Call (1/18, Murray) reports Senate Rules and Administration Chairwoman Dianne Feinstein (D-Calif.) "said Wednesday that the Federal Election Commission's four reappointed commissioners will appear before her committee this year, a rare move that could reignite controversy avoided last Congress though presidential recess appointments." The FEC commissioners' appearance "could create a debate not seen in more than a half-decade when former Republican Commissioner Bradley Smith went through the Rules panel confirmation process in 2000." Of the FEC's "current six-member panel, Republican nominee Hans von Spakovsky and Democratic nominees Steven Walther and Chairman Robert Lenhard must be confirmed by the Senate by year's end in order to maintain their positions. The agency's Republican-nominated Vice

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Chairman David Mason also must go through the confirmation process."

SMU President Defends Plans For Bush Library. The New York Times (1/18, Kovach, 1.16M) reports Southern Methodist University president R. Gerald Turner "told professors on Wednesday evening that the university would benefit if it became the site of President Bush's presidential library." Turner "spoke at the spring faculty meeting and addressed questions posed by professors after Southern Methodist learned on Dec. 21 that it had emerged as the sole finalist for the library." Many professors, "including some who want the library on campus, are concerned about the relationship between a proposed Bush policy institute and the library and the effects the institute might have on the university's academic independence." Turner "said the library and the institute would raise the national profile of the private university, spur economic development in the community and, most importantly, enhance academic resources and professional interaction."

The Washington Post (1/18, A21, Wright, 690K) reports, "Many SMU professors are wary and at a recent closed meeting declared that 'our fundamental role as faculty is to ensure that the university holds to fundamental principles of academic freedom and that the best interests of the university are protected,' according to memo summarizing the meeting."

Federal Workers Lack Confidence In Agency Leaders, Survey Shows. The Washington Post's (1/18, D4, Barr) "Federal Diary" column reports, "Uncle Sam's leadership woes apparently are not going away anytime soon. Only 49 percent of federal employees have a high level of respect for senior leaders in their agencies, and only 41 percent say they are satisfied with their leaders' policies and practices, the third in a series of government-wide surveys, released yesterday, showed." The Post adds that only 47 percent "of federal employees said they were satisfied with the information they get from management. They also were fairly evenly split on whether their leaders spur high levels of motivation and commitment in the federal workforce." OPM Director Linda M. Springer, "said the survey findings show that many federal employees do not believe their agencies reward high performance and that the government has a long way to go in dealing with poor performers."

SBA Emergency Aid Program Running Short Of Funds. The New York Times (1/18, Nixon, Eaton, 1.16M) reports, "The federal government's biggest program to help people rebuild after natural disasters is on the verge of running out of operating money because of budgeting problems at the agency that runs it, the Small Business Administration. If Congress does not intervene in the next month or so to cover the administrative costs of the program, it will have to shut down, according to an internal agency memorandum given to The New York Times by a critic of the agency. Agency officials say, and Congressional leaders agree, that the legislature will almost certainly act to keep the program running." However, "even a temporary shutdown could delay aid to victims of the ice storms in the Midwest and other recent natural disasters, and would further hamper a program that was widely criticized for its slow response to the hurricanes that hit the Gulf Coast in 2005." S.B.A. critics "said the current problem highlighted a continuing pattern of mismanagement and poor planning."

Democratic Lawmakers' Living Arrangement Examined. The New York Times (1/18, Leibovich, 1.16M) reports on the state of the Capitol Hill row house owned by Rep. George Miller, where he rooms with Rep. William Delahunt and Sens. Charles Schumer and Richard Durbin: "Think MTV's 'Real World' with a slovenly cast of Democratic power brokers. While Washington may have more than its share of crash pads for policy-debating workaholics, few, if any, have sheltered a quorum as powerful as this one." The "inelegantly decorated two-bedroom house has become an unlikely center of influence in Washington's changing power grid. It is home to the second- and third-ranking senators in the new Democratic majority (Mr. Durbin, the majority whip, and Mr. Schumer, the vice chairman of the Democratic caucus) and the chairman of the House Democratic Policy Committee (Mr. Miller)."

Partisan Conflicts Seen As Limiting Chances For Balanced Budget. In his Roll Call column (1/18), Morton Kondracke says, "The good news on the budget front is that both the Bush administration and Congressional Democrats want to eliminate the deficit by 2012. The bad news is that they are at daggers-drawn about how to do it. President Bush wants to keep all of his tax cuts alive indefinitely and freeze domestic spending, while Democrats have a huge spending wish list and want to end the tax cuts for the richest Americans." That's the "short-term picture as the two sides try to pare an estimated $260 billion deficit down to zero in five years. Bad news. Longer term, the news is much worse."

Armey Criticizes Democrats' Plans To Revive Paygo. In a Wall Street Journal op-ed (1/18), former House Majority Leader Dick Armey says, "Promising to bring new ideas and a fresh commitment to fiscal discipline, House Democrats launched their new majority by embracing Pay As

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You Go budgeting -- one of the worst fiscal management tools Republicans ever invented." While paygo "might restrain Democrat promises to further expand prescription drug benefits under Medicare Part D, its most certain outcome will be massive tax increases."

OTHER NEWS:

Positive Manufacturing Data Adds To Optimism About The Economy. The Wall Street Journal (1/18, A2, Whitehouse, 2.04M) reports, "The US manufacturing sector, one of the weak links in the nation's economy, might not be a drag on economic growth much longer, the latest data suggest. It's also doing its part to keep inflation in check." The Federal Reserve "reported yesterday that US industrial production increased a seasonally adjusted 0.4% in December from the previous month, driven largely by a 0.7% rise in manufacturing output. … The overall rise in output contrasts sharply with the previous three months: After revisions, industrial production showed declines in all three." Economists "saw the production data as broadly consistent with their consensus forecast for 2007: that the economy should regain momentum as slowdowns in housing and manufacturing fade."

Also, the Wall Street Journal (1/18, Blackstone, 2.04M) reports Federal Reserve governor Frederic Mishkin said Wednesday "monetary-policy makers should focus on stable inflation and employment and not be drawn into any attempt to prevent bubbles from developing in asset markets such as housing." Mishkin "cited examples in Europe when policy makers seemed to use house prices as a justification for an interest-rate decision." USA Today (1/18, Kirchhoff, 2.27M) also reports on Mishkin's speech, in a story titled "Fed Officials' Comments Point To Little Chance Of Rate Cuts Anytime Soon."

The Financial Times (1/18, Callan) reports, "US producer prices rose more than expected last month, according to government figures which underlined the Federal Reserve's concern about persistent inflation pressures. Core prices – which exclude volatile food and energy prices – gained 0.2 per cent following a 1.3 per cent increase in November, data released on Wednesday showed." The increase "will add to the Fed's concern that elevated wholesale costs could lead to higher prices for consumers that would erode purchasing power."

Stocks Down. NBC Nightly News (1/17, story 8, 0:10, Williams, 9.87M) reported, "Here on Wall Street today, stocks lost ground. The Dow was down more than five points on the day [to close at 12,577.15]. NASDAQ lost just over 18 points on trading today in New York [to close at 2479.42]." The Wall Street Journal (1/18, C1, McKay, 2.04M) notes "the broad Standard & Poor's 500-stock index slipped 0.1%, or 1.28 points, to 1430.62, up 0.9% on the year."

Gasoline Prices Slow To Fall Despite Oil Plunge. NBC Nightly News (1/17, story 9, 2:05, Williams, 9.87M) reported, "If you have been watching this broadcast and others lately, you know we've been reporting the steady drop in oil prices of late. Now some are beginning to ask why gasoline prices aren't dropping just as much and just as fast." NBC (Quintanilla) added, "[I]n the last two months, oil has plummeted $7. And gasoline? It's down only a penny. ... One reason for all this is the gas you see at the pump was bought by the gas station owner weeks ago when oil prices were higher. No surprise, the owner is still trying to make his money back. They also may figure being human after all, what is the rush. Analysts say they cut prices only as quickly as the competition down the street." Quintanilla: "Oil industry officials say that is not gouging and the market for gas is among the most competitive in the country."

Falling Oil Prices Boost US Consumers. ABC World News (1/17, story 7, 2:30, Gibson, 8.78M) took "A Closer Look" at "unexpected benefits coming to American consumers with a plunge in oil prices." ABC (Stark) reported, "The plunge in oil prices is a windfall for Northeasterners who fill their furnaces with heating oil and paid record prices for it last year." The more oil prices fall, "the more consumers benefit, particularly at the gas pump. The 34% decline in oil from its peak in July has driven a 27% decline in gas prices." ABC added, "Economists estimate that every $10 drop in the price of oil translates into a half-point boost in the nation's GDP."

Virginia Anti-Solicitation Law Challenged. The Washington Post (1/18, B1, Turque) reports, "A Reston man ticketed by police for hiring a day laborer in the parking lot of a Herndon 7-Eleven is taking the town to court, contending that its anti-solicitation ordinance is unconstitutional." The Post continues, "The legal challenge, filed in Fairfax County District Court, is the newest turn in Herndon's campaign to discourage illegal immigrants from living and finding work in the town of 23,000 near Dulles International Airport. It is also the latest in a series of court actions around the country questioning the legitimacy of similar laws." The Post adds, "According to court documents, Stephen A. Thomas, 44, drove into the parking lot on Elden Street on Sept. 16, got out and approached two men about doing yard work. After reaching agreement with one of them, Thomas was driving home with the worker when he was stopped by Herndon police and cited for violating the ordinance. … He faces up to six months in jail and a fine of up to $1,000. Lt. Jerry Keys, a police spokesman, said yesterday that the laborer in the car with Thomas was not cited, although it was not clear why, other than that the officer involved was exercising his

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discretion." The Post notes, "The ordinance, enacted in September 2005, bars anyone in a vehicle from trying to hire someone standing on the sidewalk or street. Conversely, it prohibits anyone on the street from asking someone in a vehicle -- or who has just gotten out of one -- for work. … Although town officials cited traffic safety as their chief concern, the law was passed in the midst of a debate over the impact of immigrant day laborers, who congregated in the parking lot on Elden Street in the mornings to seek work."

4th Circuit Rules For Wal-Mart In Maryland Health Care Case. The New York Times (1/18, Barbaro) reports, "When Maryland legislators passed a first-of-its-kind law in 2006 forcing Wal-Mart Stores to spend more on employee health care, the measure was held up as a model for other states grappling with mounting Medicaid bills. … But yesterday, after a second court found that the Maryland's fair-share health care rule violated federal labor laws, the concept that states can compel companies to offer more generous health care is suddenly in doubt, experts said." The Times continues, "By a 2-to-1 ruling, the United States Court of Appeals for the Fourth Circuit in Baltimore found that the Maryland requirement — which affected only Wal-Mart — violated a 32-year-old federal labor law known by its shorthand, Erisa. … The law, known to regulators as the Employee Retirement Income Security Act, was intended to allow big companies to set up uniform health benefits across the country, rather than navigate state-by-state requirements." The Times adds, "By forcing Wal-Mart to revamp health care plans in Maryland, the court found, the Maryland law directly violated Erisa. .. That decision, upholding a lower court decision in July, threatens to derail health care legislation known as fair share that is under consideration in states across the country."

The Washington Times (1/18, Haberkorn) reports, "A year ago, the General Assembly passed the law, which said state employers of 10,000 or more employees were required to contribute at least 8 percent of their payroll to health care. Because of the size requirement and exceptions for the three other employers with that many employees in the state -- Johns Hopkins University, Giant Food and Northrop Grumman -- Wal-Mart was the only company affected by the law." The Times adds, "Democratic lawmakers who supported the bill said it was a necessary attempt to address out-of-control health care costs. … But opponents, including former Gov. Robert L. Ehrlich Jr., a Republican, who unsuccessfully vetoed the bill, said it unfairly targeted one employer." The Times notes, "The Retail Industry Leaders Association (RILA), an Arlington trade group that includes Wal-Mart, appealed the law and argued that it violated ERISA, which is designed to eliminate a patchwork of state and local employer health guidelines. … In July, U.S. District Judge J. Frederick Motz agreed; yesterday, the federal appeals court upheld that decision."

Texas RNC Member Seeks To Block Martinez. The Washington Times (1/18, Hallow, 88K) reports Texas RNC member Denise McNamara "escalated the rebellion against" President Bush's "choice to head the committee going into the 2008 presidential elections." McNamara "said the attempt by Mr. Bush's supporters on the national committee to name Sen. Mel Martinez of Florida as general chairman 'is like pouring gas on an already smoldering electorate,' citing Mr. Martinez's role in promoting last year's 'comprehensive' immigration bill in the Senate." McNamara said, "Choosing an RNC chairman who supports amnesty [for illegal aliens] is tantamount to telling the conservative majority of Americans that they do not matter." The Times adds the "fight over the party chairmanship reflects grass-roots discontent, heightened by Republican midterm election losses in November, as the 168-member RNC convenes for its annual winter meeting today at the Grand Hyatt Hotel downtown."

Stem Cell Funding Advocates Target Coleman, Sununu. The Hill (1/18, Blake) reports advocates of increased funding for embryonic stem cell research "are hoping for more converts, and many see the heaviest pressure likely to land squarely on the shoulders of two swing-state senators up in 2008 — Norm Coleman (R-Minn.) and John Sununu (R-N.H.)." Democrats are "already trying to drive a wedge into Coleman's and Sununu's reelection bids, hoping it could hurt them as it was supposed to have hurt former Sen. Jim Talent (R-Mo.) in November. But experts are divided about the issue's impact." Coleman will "again vote against the measure, as it currently stands, his office said. Sununu's office did not return numerous calls seeking comment."

Cole Sees Kansas 2nd CD One Of Top GOP Targets. The Hill (1/18, Youngman) reports that when "newly elected National Republican Campaign Committee chief Rep. Tom Cole talks about specific seats he wants to take back in 2008, he repeatedly mentions Kansas's 2nd district." Cole said the seat won by Democrat Nancy Boyda is "one of the targets that fits the criteria for an NRCC priority in 2008. It is one of 61 seats Democrats hold that voted for President Bush in 2004, and the Democrat who won it in the midterms did so with less than 55 percent of the vote." Rep. Boyda "may have just been sworn in, but Republicans from Washington to Topeka are marking her name with a big, red bulls-eye."

Landrieu May Be Senate's Most Vulnerable Incumbent. Roll Call (1/18, Duran) reports Democratic

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Sen. Mary Landrieu "might be the most vulnerable incumbent this cycle." In the 2004 cycle "alone, Democrats lost five open-Senate seats in the South — including one in Louisiana. Factor in Landrieu's narrow 2002 re-election — in which she received 52 percent of the vote — and the population loss in her stronghold of New Orleans, and the scion of one of the Pelican State's best known political families faces unfavorable odds." Louisiana political observer John Maginnis said, "She's always just seemed vulnerable; she's moved as much to the right as she could and still be a Democrat in Washington but there's still the thought in many parts of Louisiana that she's too liberal." Landrieu "owes her 2002 re-election to the wide margin of victory she racked up in the Big Easy. If the huge number of voters displaced by Hurricane Katrina never return, Democrats will be at a fundamental disadvantage, the source added." But "despite such dire predictions, and Republicans' desire to make her their top target, no Republican has stepped up to challenge Landrieu this early in the cycle."

Chambliss Seen As Unlikely Democratic Target In 2008. In his Roll Call column (1/18), Stuart Rothenberg says, "A couple of days after the midterm elections, I checked out the Senate class of 2008 and noticed that Sen. Saxby Chambliss (R-Ga.) is on the list. I wondered, could Democrats, who held both of Georgia's Senate seats and the state's governorship as recently as 1990, knock off Chambliss? The wise answer is that it may be possible, but at this point it's unlikely. The better answer may well be a resounding, 'Are you nuts?'" While 49 states "seemed to move toward the Democratic Party in November's elections, Georgia, the state that gave the nation Jimmy Carter, Martin Luther King Jr. and Jackie Robinson, continued its shift toward the GOP. In fact, Georgia was the only state in the nation where Republicans significantly improved their standing in the 2006 midterms." So far, "the only name circulating as a possible challenger to Chambliss is DeKalb County CEO Vernon Jones. But whatever Jones' personal qualifications and appeal (I have not met him), it is very difficult to imagine a young, Democratic, African-American officeholder from Atlanta with some personal and legal baggage winning a Senate race next year — even one who has admitted voting for President Bush in 2004."

Obama's Record As State Senator, Personal History May Provide Grist For Foes. The AP (1/18, Keith) reports that Illinois Sen. Barack Obama (D), who is exploring a bid for president, "may have a lot of explaining to do." Obama "voted against requiring medical care for aborted fetuses who survive," and "supported allowing retired police officers to carry concealed weapons, but opposed allowing people to use banned handguns to defend against intruders in their homes. … With only a slim, two-year record in the U.S. Senate, Obama doesn't have many controversial congressional votes which political opponents can frame into attack ads. But his eight years as an Illinois state senator are sprinkled with potentially explosive land mines, such as his abortion and gun control votes." Obama "may also find himself fielding questions about his actions outside public office, from his acknowledgment of cocaine use in his youth to a more recent land purchase from a political supporter who is facing charges in an unrelated kickback scheme involving investment firms seeking state business." Noting that Obama "was known in the Illinois Capitol as a consistently liberal senator," the AP adds, "He had a 100 percent rating from the Illinois Planned Parenthood Council for his support of abortion rights, family planning services and health insurance coverage for female contraceptives," and "regularly supported gun-control measures."

The AP (1/18) runs an article detailing "some of the key issues" Obama "sponsored or voted on during his eight years as a state senator." A few examples: "Voted to end $300 million worth of tax breaks for businesses. (2004)," "Voted against restrictions on public funding of abortion. (2000)," and "Voted against letting people argue self-defense in court if charged with violating local weapons bans by using a gun in their home. (2004).

Meanwhile, the New York Times (1/18, Zeleny, 1.16M) reports, "There is always, it seems, a fresh new face breezing into a presidential race, offering himself as the person to change the tone, eliminate the vitriol and transform the old ways of politics." Obama "is auditioning for that role in the 2008 campaign," but a number "of Democrats, Republicans and independents have gone before him, casting themselves as the sparkling candidate of the new politics only to find that their freshness withers well before the balloting begins. Think John Anderson, Gary Hart, Ross Perot." As a U.S. Senator, Obama "has sought to build a reputation for occasionally stepping across party boundaries. And in his announcement on Tuesday, he did not so much as utter the word 'Democrat,' perhaps signaling a desire to expand his appeal." The Times adds that "an early test of his candidacy could come as candidates try to distinguish themselves and emerge from a field of up to 10 contenders during a series of presidential debates that are scheduled to begin by April. That is when an appealing biography gives way to questions about whether a candidate is actually prepared to govern."

Media Swarm Descends On Obama. The AP (1/18, Pickler) reports, "A photographer or two on the beach in Hawaii is nothing compared to the Capitol Hill swarm that greeted the newest presidential hopeful -- Sen. Barack Obama. Emerging from a lunch with colleagues Wednesday, reporters pressed" Obama, "who gave away little about his budding campaign. His appearance at a routine committee hearing drew every camera in the room, while the more

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senior senators who are thinking of running were ignored." The AP notes, "Obama avoided media appearances Tuesday when he announced his decision" to form a presidential exploratory committee "on his Web site. Reporters found him Wednesday as he walked into the Senate Foreign Relations Committee hearing to the rat-a-tat-tat of camera clicks." The AP adds that once Obama finished up his questioning for the day on the Foreign Relations panel and left the room, "most of the media left the room, too, on the heels of Obama. The media reassembled -- and grew in ranks -- outside the weekly Democratic caucus lunch in the Capitol. Reporters surrounded Obama as he tried to leave," quizzing him on his nascent presidential bid.

Black Support For Obama Creates Challenge For Clinton, Other Democratic Hopefuls. USA Today (1/18, Lawrence, 2.27M) reports, "The first black presidential candidate with a real shot at the White House is generating excitement and early support among blacks who see a chance to help make history." Sen. Obama "is all but certain to compete for the Democratic nomination and win a large share of black votes. That creates challenges for New York Sen. Hillary Rodham Clinton and other hopefuls. … 'I would expect him in most places to get the majority of the black votes' in primaries, says David Bositis, an expert on black voting behavior at the Joint Center for Economic and Political Studies." USA Today notes, "Black voters don't figure largely in the nomination race until early February 2008. The competition moves at that point to South Carolina and Alabama, two states in which nearly half of Democratic primary voters are black. 'There is no question in my mind that Sen. Obama will get the lion's share of that vote,'" said AL7 Rep. Artur Davis (D), "a Harvard Law School classmate already pledged to Obama." SC6 Rep. James Clyburn (D) "said Obama's presence in his state will make it 'very difficult' for Clinton and former North Carolina senator John Edwards, who was born in South Carolina and won its primary in 2004."

More Commentary. An editorial in the Washington Post (1/18, A22, 690K), commenting on Obama's "decision to compete for the Democratic presidential nomination," relates, "The excitement about Mr. Obama speaks in part to Americans' desire to believe, whether true or not, that this country has come to a point when it can rise above its ugly history of racism; and in part to the desire to believe that, if it could just overcome the divisions that foul modern politics, the nation could get unstuck on many fronts. … Obama has demonstrated the ability to see all sides of any issue; his willingness to try to understand rather than to dismiss the arguments of the other side is admirable. Less proven is his capacity to choose wisely from among competing imperatives -- he's had a scant two years in the Senate -- or his ability to withstand the unrelenting scrutiny of a presidential race. … Obama knows he's 'bound to disappoint' some voters. But given his talent, and the depth of the growing field of candidates, it may not be too much to hope for a more thoughtful, less scripted debate than usual."

The Wall Street Journal (1/18, A16, 2.04M) editorializes that the "media attention" Sen. Obama is garnering "doesn't change the basic truth of the 2008" Democratic "primary contest: The race is between Hillary Rodham Clinton and everybody else." Though she "hasn't announced yet," Clinton's "troops have long been massing, ready to march on her orders. And what a political machine it is, starting with her husband. … Then there are those Clinton legions -- of fund-raisers, union chiefs, party bosses, think tank operatives, media consultants." The Journal goes on to point out the challenges facing other Democratic hopefuls, then adds, "If we were betting on a wild card challenger, we'd look instead to Al Gore." Though he's "been coy about his intentions," Gore "might be getting a ton of free publicity for his global warming 'documentary' come Oscar time, and there's little doubt he could raise money if he got in. Unlike Mrs. Clinton, there are a lot of Democrats who feel passionately about him and his near-win in 2000." The Journal concludes, "The main Democratic drama of the coming months will be whether" Clinton's "party really trusts that she and her husband have learned enough not to repeat the mistakes of the 1990s."

Poll Finds McCain Hurt By Support For Iraq "Surge." The Los Angeles Times (1/18, Gerstenzang, 850K) reports Sen. John McCain's "vocal support for sending more U.S. troops to Iraq has set him apart from most of the emerging crop of major presidential contenders. And that position could harm his political prospects, according to a Los Angeles Times/Bloomberg poll." More than "one-third of those polled — 36% — said they would be 'much less likely' to back the Arizona Republican for the White House because of his position. Six percent said his stand made them 'somewhat less likely' to vote for him." Perhaps "most ominously for McCain, the survey found that his advocacy of a troop buildup could undercut what has been one of his political strengths: the ability to attract independents. In the poll, 43% of independents said they were somewhat or much less likely to vote for him because he has backed President's Bush plan to deploy 21,500 additional troops to Iraq."

Moveon.org Ads Target McCain For Supporting Troop "Surge." CQ Politics (1/18, Giroux) reports the "political arm of the liberal organization Moveon.org launched television advertisements Wednesday that assail" McCain "over his stance on the Iraq war." The TV ads by Moveon.org Political Action, "will cost an estimated $250,000. The ads are airing in television markets in Iowa and New Hampshire, which respectively will hold the first caucuses and primary of the 2008 nomination season next January. They also will appear on cable television in New York and Washington,

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D.C." The ads "take McCain to task for supporting President Bush's plan to increase U.S. troop strength in Iraq. The move, long advocated by McCain, is aimed at quelling sectarian violence that is greatly destabilizing that war-torn nation and threatening to turn into an all-out civil war."

Gingrich Plans To Decide On '08 Run Over Labor Day. Asked about a possible presidential run on Fox News' On The Record (1/17, Van Susteren), Newt Gingrich said, "Callista and I will sit down with our family, probably at Labor Day, and look at this and take it very seriously. I'm very flattered at where we're running in the polls and the fact that there's a continued interest." He said one thing that "will come into play" is whether "one of the three front runners," Rudy Giuliani, Sen. John McCain, or Mitt Romney, "locks it up. They've got seven months here to go out and try to do that."

Hunter Says His Views Mesh With Those Of GOP Base. On MSNBC's Hardball (1/17), host Chris Matthews asked Rep. Duncan Hunter, "You're doing well, you won that little straw vote out in Arizona. Are you on your way to winning the Republican nomination?" Hunter replied, "A strong national defense, a strong border, and bringing back some of those jobs we've lost on this one-way street, especially to China -- I think that resonates with the Republican base and it obviously did in Arizona."

Hagel Promises Presidential Decision Soon. Asked about a possible presidential run on CNN's The Situation Room (1/17, Blitzer), Sen. Chuck Hagel said, "I've got to make a decision soon and I will make that decision."

Presidential Candidates' Use Of Exploratory Committees Noted. The Washington Post (1/18, A3, Murray, Mosk, 690K) reports it is the "season's must-have political entity: the presidential exploratory committee. The legal equivalent of sticking one toe in the campaign waters, an exploratory committee allows prospective candidates to begin raising money for a campaign while they are still deciding whether to take the plunge." Democratic Sen. Barack Obama "hand-delivered his committee paperwork to the Federal Election Commission on Tuesday morning, explaining that he would announce a formal decision Feb. 10." The "straggler" is Sen. Hillary Clinton, "the Democratic front-runner, who has been mum on her plans. An aide said yesterday evening that the senator 'would likely be making her intentions clear in a matter of weeks, not months.'" Clinton "may also find it increasingly difficult to sidestep the array of legal triggers that, if tripped, would require her to form a committee, said Scott Thomas, a former FEC chairman."

Battle Erupts For Control Of "Connecticut For Lieberman" Party. The New York Times (1/18, Medina, 1.16M) reports supporters of Sen. Joseph Lieberman crated the Connecticut for Lieberman party line "last summer, solely to give Mr. Lieberman a spot on the ballot in the general election after he lost the Democratic primary to Ned Lamont. With the knowledge that neither Mr. Lieberman nor his supporters planned to take the reins, one of Mr. Lieberman's loudest critics, John Orman, filed papers after the election with the secretary of state declaring himself chairman of the party. His rules stated that anyone who shared a name with Mr. Lieberman or disagreed with him could join." While the "secretary of state's office said everything appeared in order with Mr. Orman's filing," Lieberman supporter Stuart R. Korchin "was furious to learn that Mr. Orman was hijacking the party. After reading the news of Mr. Orman's self-appointed leadership position, Mr. Korchin sent him an e-mail message, stating that he, in fact, was the sole member and chairman of the newly created political organization." Korchin, in "a personal protest over the results of the Democratic primary, changed his party registration on Aug. 9 to Connecticut for Lieberman." Now the "two men are at loggerheads over who controls the party, which, to anyone's knowledge, includes only the two of them."

Feasibility Of Schwarzenegger Health Care Plan Questioned. John Fund, in his column in the Wall Street Journal (1/18, 2.04M), criticizes California Gov. Arnold Schwarzenegger's proposal for universal state coverage, linking it to similar efforts by former President Richard Nixon in 1971 and other by national and state Democrats. The plan, he writes, "may be fatally flawed, politically. He insists it doesn't raise taxes, despite billions in new charges on doctors, hospitals and employers. He prefers to call the new revenue 'in-lieu fees' and 'coverage dividends.'" Schwarzenegger "should have pursued the universal access he used to tout. He could sign up more of the nearly one million Californians eligible for current health programs but not yet enrolled. The 49 coverage mandates that make insurance so expensive (Idaho has only 13) could be reduced and residents allowed to buy coverage from other states. Nurse practitioners could be allowed to set up their own clinics."

Progress Cited In Combating Homelessness. In a Wall Street Journal op-ed (1/18), Julia Vitullo-Martin of the Manhattan Institute says, "Can urban street homelessness be ended? In a sort of Nixon-goes-to-China reversal of expectations, the Bush White House argues that the answer is yes -- and is putting substantial effort and resources (over $4 billion annually) into proving it." Philip Mangano, executive director of the White House's US Interagency Council on

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Homelessness, said, "We're setting a new marker in front of the country. After 20 years of seeing the problem get worse, we're no longer 'managing' the homeless crisis. We're ending the disgrace." Mangano "cites impressive declines in street counts since the White House started their big push in 2003: 50% in Philadelphia, 30% in Miami, 28% in San Francisco, 26% in Dallas, 21% in Nashville. New York City has seen a 13% decrease since 2005, the first year in which a citywide street census was taken." Vitullo-Martin adds, "Traditional homeless advocates have seldom paid attention to the destructive effects some street people had on neighborhoods. That's been changing, in part at the insistence of mayors, who fund most homeless services, and corporate leaders."

Business Seen As Needed For Doha Round Success. In a Wall Street Journal op-ed (1/18), Fredrik Erixon and Andreas Freytag of the Brussels-based think tank Ecipe say, "The Doha train has started to run again. The trade talks are still moving at a snail's pace, but the meetings in Washington last week between the Bush administration and European leaders have spurred some optimism." But if "this new optimism is going to materialize, movement is also required from an actor that has been conspicuously absent from this round: business." The World Trade Organization has "often been portrayed by antitrade groups as a corporate puppet. But one key problem in this round has been the relative silence on industry's part. Business has been the dog that didn't bark." The "presence of free-trade-minded businesses is necessary to accelerate the Doha train."

WSJournal Notes New York, California Population Losses. The Wall Street Journal (1/18, 2.04M) says in an editorial, "The Empire Center think tank of New York has inspected the latest Census Data on migration, and it finds that two of the three biggest losers of people from 2005 to 2006 were California and New York. Louisiana was the biggest net loser, as 241,000 fled the state for a rate of 54.85 per 1,000 residents, but it is a special case after Hurricane Katrina." New York, "which finished second, has no such act-of-God excuse. It lost more than 225,000, or a rate of 11.69 per 1,000 from 2005 to 2006, and more than 1.2 million New Yorkers have moved out since 2000. California lost the most people (287,000) of any state from 2005 to 2006, but because it is the most populous state its out-migration rate was a merely dreadful 7.92." The Journal adds, "Our own guess is that taxes and economic opportunity are decisive in many cases, especially for the mobile young and the well-to-do old."

NYTimes Says Bloomberg's Tax Cuts Not Well-Managed. The New York Times (1/18, 1.16M) editorializes, "The latest tax cuts can only help his standing with voters," but Mayor Michael Bloomberg's proposal "is not always good municipal management." The cuts are "not wildly prudent," as the proposal for a 5 percent property tax cut will "largely be offset by the increases homeowners will see because New York real estate values have continued their steady rise…" The tax cuts "The tax cuts could end up helping the city's fiscal outlook by improving its competitiveness," but Bloomberg "will have to make the case that any such gains would not come at the expense of the fiscal responsibility he himself has long championed."

Rice To Host Mideast Strategy Session Next Month. AFP (1/18, Lanteaume) reports Secretary of State Condoleezza Rice and German Foreign Minister Frank-Walter Steinmeier announced Wednesday that the Quartet would meet next month in Washington, "calling the time ripe for a fresh initiative." Rice and Steinmeier told reporters after talks in Berlin that representatives from the United Nations, the United States, Russia and the European Union would meet "probably February 1 or 2." The Secretary said she "look[s] forward to that meeting as we reenergize the quartet in its efforts to support the progress in the Middle East that could lead to a two-state solution and a Palestinian state living side by side in peace, democracy and freedom."

The AP (1/18, Gearan) notes the Quartet meeting "will come before a US-backed summit in the Mideast among Rice, Israeli Prime Minister Ehud Olmert and Palestinian Leader Mahmoud Abbas."

Rice "Cool" To Idea Of Temporary Palestinian State. The AP (1/17, Gearan) reports Secretary Rice "sounded cool to the notion of a placeholder Palestinian state in temporary borders, an idea that Israelis had said might energize the dormant peace process." Speaking to reporters earlier this week, Rice "did not rule out the idea," saying, "My own view, and I frankly have been telling people this, (is) that if we get to that point it seems to me that it may be more difficult to negotiate a provisional state than just to go to the end game" of final borders.

Syria, Israel Talks Indication Region May Be Ready To Restart Peace Process. The Christian Science Monitor (1/18, Prusher, 59K) reports on news that "broke this week in Israel's respected newspaper Haaretz, that Israel and Syria had reached a series of secret understandings," which "sent shock waves through a region often plagued by stalemate and violence." However, in Jerusalem, officials "are distancing themselves from the meetings that took place between Israelis and Syrians in Europe from September 2004 to June 2006, portraying them as an 'academic' exercise." However, Monitor says "the very fact that Israelis have been meeting with Syrian representatives is indicative of a willingness on the part of some of the region's players to

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restart a peace track that has long been viewed as derailed indefinitely."

Carter Says Debate Over Book Diverting Attention From Message. Writing in the Washington Post (1/18, A23, 690K), former President Jimmy Carter expresses concern "that public discussion" of his book "Palestine Peace Not Apartheid" has "been diverted from the book's basic proposals: that peace talks be resumed after six years of delay and that the tragic persecution of Palestinians be ended." Most critics, he says, "have not seriously disputed or even mentioned the facts and suggestions about these two issues, an apparently concerted campaign has been focused on the book's title, combined with allegations that I am anti-Israel." Such rhetoric, he says, "is not good for any of us who are committed to Israel's status as a peaceful nation living in harmony with its neighbors." However, Carter said he is "encouraged" that President Bush "has announced that peace in the Holy Land will be a high priority for his administration during the next two years," and that "on her current trip to the region, Secretary of State Condoleezza Rice has called for an early US-Israeli-Palestinian meeting."

Arab Leaders "Deeply Skeptical" Of Bush's Iraq Plan. The AP (1/18, Nasrawi) reports, "Arab leaders were deeply skeptical Wednesday of the US plan for Iraq," a day after Secretary of State Condoleezza Rice "tried to sell it to them." In a move seen as "underscoring the obstacles to US efforts to win over Arab leaders," a US diplomat said the Bush administration plans to send Undersecretary of State Nicholas Burns "on another Mideast shuttle to offer more details of the president's plan." Burns' mission to the region next week will "flesh out specifics" of US policy changes that Rice outlined this week, said Hilary Olsin-Windecker, spokeswoman for the US Embassy in Abu Dhabi. Burns also is expected to make "a major policy address" that details new US steps in Iraq.

In a separate analysis, the AP (1/18, Gearan) says Rice "got what she came for -- or as much as she might have really expected: a bland statement from the group welcoming the US commitment in Iraq."

Kuwait Urges US To Talk To Iran, Syria. The AP (1/18, Elias) reports Kuwait's emir told Secretary Rice that Washington "should talk to Syria and Iran to improve the situation in Iraq," the Kuwaiti foreign minister said Wednesday. Sheik Mohammed Al Sabah told reporters that when Rice met Emir Sheik Sabah Al Ahmed Al Sabah Tuesday, she had spoken of the "the difficulties facing the Iraqi government in imposing security, and (difficulties caused by) outside interference." That, he noted, "is why his highness (the emir) stressed the importance of a dialogue with (Iraq's) neighbors, and the importance that there is no estrangement between them and America."

Discontent With Ahmadinejad Growing In Iran. The Washington Times/AP (1/18, Dareini) reports, "Prices for vegetables have tripled in the past month, housing prices have doubled since last summer -- and as costs have gone up, so has Iranians' discontent with hard-line President Mahmoud Ahmadinejad and his focus on confrontation with the West." Ahmadinejad was elected last year "on a populist agenda promising to bring oil revenues to every family, eradicate poverty and tackle unemployment," but "now he is facing increasingly fierce criticism for his failure to meet those promises." He is being challenged "not only by reformers, but by the conservatives who paved the way for his stunning victory in 2005 presidential elections."

Similarly, the Financial Times (1/18, Bozorgmehr, Smyth) reports a "new political coalition is emerging in Iran in response to growing US pressure, especially over Tehran's nuclear programme, and in concern over the radical approach of President Mahmoud Ahmadinejad in both foreign and domestic policy." Although it "remains unclear what direct impact" this so-called "coalition of the concerned" can have on nuclear policy or Iran's relationship with Iraq, "its aim is to put Tehran's case more clearly internationally and perhaps craft conciliatory measures."

IAEA Stops Some Aid To Iran. The AP (1/18, Jahn) reports the IAEA has "suspended some aid to Iran in line with Security Council sanctions calling for an end to assistance for programs that could be misused to make an atomic weapon," diplomats said Wednesday. The diplomats "emphasized that the freeze was temporary for now and subject to review and approval by the 35-nation board" of the agency. Agency officials "now are looking at the full list of technical aid programs to Iran and will propose culling those that could serve non-peaceful nuclear aims when the board next meets in March."

Saudis Tightening Control Of Shiites. The Christian Science Monitor (1/18, Farrell, 59K) reports although Saudi Arabia's Shiite population has "managed to gain a larger stake in Saudi Arabian society" over the past decade with "incremental reforms," now "many worry that their steady progress is being checked." With a "Sunni-Shiite cold war descending on the region," Saudi Arabia "appears to be hardening its sectarian battle lines." For example, the Monitor notes that "last month, 30 top Saudi clerics released a statement calling on Sunnis throughout the region to back the Sunni insurgents in Iraq against Shiites. This was followed by a fatwa from prominent cleric Abdul Rahman al-Barak on Dec. 29 attacking Shiites."

Olmert Faces Mounting Pressure To Resign. The AP (1/18, Teibel) reports Israeli Prime Minister Ehud Olmert and Defense Minister Amir Peretz "came under renewed pressure to resign Wednesday after the Israeli

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army's chief of staff stepped down in the wake of the flawed Lebanon war." The "sudden departure" of Israel's top military official, Lt. Gen. Dan Halutz, "delivered another setback to the prime minister, whose popularity has plummeted following last summer's war and a string of political scandals." On Tuesday, Israel's attorney general opened a criminal probe into Olmert's role in a 2005 bank privatization.

Separately, the AP (1/18, Federman) says Olmert, "who is supported by a solid majority in parliament," is "not expected to resign soon. But the uproar over the alleged mishandling of the war against Hezbollah could harm his chances to remain in office in the long term."

US Continues Nuclear Talks With Pyongyang In Berlin. AFP (1/18, Cole) reports Assistant Secretary of State Christopher Hill said he was having "useful discussions" with his Pyongyang counterpart in Berlin and hoped negotiations would resume this month. In Washington, State Department deputy spokesman Tom Casey "said that discussion was followed up with one or two hours of talks Wednesday at the North Korean embassy in Berlin before Hill travels to Asia Thursday." Hill, speaking at an American Academy event in Berlin, "declined to answer questions on the substance of the meeting" but said he hoped the six-party talks would start again "in January." Meanwhile, Secretary of State Condoleezza Rice said during a stop in Germany Wednesday that Hill's talks ""should help prepare the way for a more favorable atmosphere at the time of the resumption of the six-party talks, which we would hope would be soon." However, she stressed that Washington would not consider normalizing relations with Pyongyang until it implemented "a complete, verifiable nuclearization -- and I should say irreversible denuclearization."

The New York Times (1/18, Landler, Shanker, 1.16M) says the "unusual one-on-one sessions" were "signs of progress." In an interview Wednesday, Hill said, "It was a substantive discussion," but refused to provide details, saying only, "The proof of the pudding will be when we all sit down together in the six-party negotiations."

US Now Open To "Bilateral Process." The Washington Post (1/18, A18, Kessler, 690K) reports that during an address Wednesday, Hill said the US is willing to engage in "a bilateral process" to establish "a normal relationship" with Pyongyang, marking "the first time a US official has publicly emphasized the possibility of such bilateral discussions, something the Pyongyang government has long sought."

US General In Korea Warns Of Command Structure Changes. The AP (1/18, Herman) reports the top US general in South Korea, Army Gen. B.B. Bell, "warned Thursday that changes to the command structure on the peninsula could damage the ability of allied forces to maintain the more than half-century-old armistice with North Korea." Bell told a news conference, "Unless addressed, this situation will make it impossible to credibly maintain the armistice." He said the problem should be carefully considered during peacetime because on the Korean Peninsula "crisis escalation could quickly, indeed almost instantaneously, lead to combat operations."

Frazer, Feingold Call For US To Act On Somalia. The Washington Post (1/18, A16, De Young, 690K) reports assistant secretary of state for African affairs, Jendayi Frazer, "expressed concern yesterday over the slow pace of efforts to form a unity government" in Somalia. A "lack of willingness by the internationally backed transitional government to reach out to other groups," including "moderate" representatives of an ousted Islamic movement, "remains our greatest challenge," said Frazer at a conference on Somalia at the Center for Strategic and International Studies in Washington. In particular, the government's decision yesterday "to fire the parliamentary speaker, Sharif Hassan Sheik Aden, who had made peace overtures to the Islamic movement, would have a 'negative impact,'" Frazer noted.

AFP (1/18) reports Senator Russ Feingold urged the Bush administration to "work urgently to establish a peacekeeping force and an international trust fund for stricken Somalia." Washington needs to "quickly and aggressively on all fronts," Feingold said, "warning that without action, Somalia's status as a security threat to US interests would grow." Targeting al-Qaeda cells in Somalia in US strikes was "not enough," Feingold said, opening the CSIS conference.

UN Agencies Warn Of Growing Crisis In Darfur. The AP (1/18, De Montesquiou) reports, "In a sweeping call for help, a wide range of U.N. aid agencies appealed Wednesday to warring parties to end the violence in Darfur, warning the relief keeping millions alive will be 'irreversibly jeopardized' if it does not stop." The groups "said a massive influx of foreign aid was the only thing 'holding the line' for 2.5 million refugees and over 1 million other civilians in Darfur." They also noted that "what pushed them to issue the appeal Wednesday was the increased targeting of aid workers in the region."

UN's Ban Vows Reform. The AP (1/18, Hunt) reports U.N. Secretary General Ban Ki-moon said Wednesday the body will see a series of reforms and be "reborn" under his leadership. After meeting with members of the House Foreign Affairs Committee in Washington, Ban "also called on Congress to reverse a law that caps US spending on U.N. peacekeeping missions at 25 percent of the total cost." The committee's chairman, Rep. Tom Lantos of California,

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"praised Ban for promising reforms and pledging to release his own financial records," calling it "a first in the U.N.'s history."

Domestic Workers Allege Abuse By Kuwaiti Attaché. The Washington Post (1/18, A12, Cauvin, 690K) reports, "Three Indian women who worked in the McLean home of a Kuwaiti military attaché filed a lawsuit yesterday alleging that they were brought to the United States illegally and abused and exploited by the diplomat and his wife." Filed against the couple and the government of Kuwait, the lawsuit is "the latest legal effort to curb the exploitation of foreign domestic workers, particularly by diplomats, whose immunity can make it difficult for authorities to investigate allegations of abuse, let alone act to halt such conduct."

US Firm Burned By Nationalization Of Venezuelan Utility. The Washington Post (1/18, D1, Mufson, 690K) reports on reactions to Venezuelan President Hugo Chavez's announcement "that he would nationalize the telecommunications and electric utility industries," including the 82 percent stake of US-based AES in Grupo La Electricidad de Caracas." Venezuela's minister of mines and energy, Rafael Ramirez, "suggested that Chavez had 'serious complaints' about the way AES has been running the utility, but Michael Shifter, vice president of the Inter-American Dialogue, said AES has simply been caught in Venezuela's political vortex." The Post adds, "Critics say that the government's plan to create a new state power firm, 40 percent owned by the state oil company, is a recipe for inefficiency." Dennis W. Bakke, who was AES's chief executive at the time it invested in Chavez's Venezuela, called the venture a "mistake."

Chavez's Closure Of TV Station Sparks Concerns. The Washington Post (1/18, A16, Forero, 690K) reports as Chavez "accelerates his country's shift toward '21st-century socialism,' a decision not to renew RCTV's broadcast license is among the government's more dramatic steps, and one that has caused serious concern among free-press advocates." While Venezuelan officials have accused the station of "having collaborated with organizers of a 2002 coup against Chavez," the Committee to Protect Journalists in New York, the Organization of American States and the Catholic Church "have warned that press freedoms in Venezuela are in danger." The case has also "attracted widespread attention from officials in Washington and Latin America, for whom the non-renewal of a license has echoes of right-wing dictatorships of the past."

Immigrant Killing Sparks Mexican Protest, Federal Investigation. The New York Times (1/18, Clark, 1.16M) reports, "A Mexican immigrant was shot and killed on Friday by a Border Patrol agent in Arizona, prompting an investigation by federal authorities and condemnation from President Felipe Calderón of Mexico." The immigrant was shot "as he and six others were being taken into custody by a Border Patrol agent, shortly after they crossed illegally" into southeastern Arizona. Arizona's Cochise County Sheriff's Department and the federal Department of Homeland Security are investigating the shooting. The FBI is "also looking at the case and will review the results of the other inquiries before determining whether to expand its investigation," said an agency spokeswoman in Phoenix.

US Border Agents To Serve Prison Term. The Washington Times (1/18, Seper, 88K) reports two former US Border Patrol agents "surrendered yesterday to begin prison sentences for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico." Rep. Dana Rohrabacher, the California Republican "who has been at the forefront of efforts to have the prosecution reviewed and the agents re-tried, yesterday criticized the White House for not acting in the case." The White House "refused last week a request by Republican House members to keep the two men out of prison pending their appeal." White House spokesman Tony Snow "said that the case against the agents had been mischaracterized, that they had violated regulations and that they had been convicted by a jury."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Poll: Most Oppose Troop Buildup"
"Not A Pretty Picture"
"U.S. Ceases Warrantless Spy Operation"
"It's Winter For A Day As Snow Dusts Parts Of L.A."
"Chandlers, Moguls In Battle For Tribune"
"Cancer deaths drop for 2nd year"
"Iraqi Premier Pledges Firm Hand With Militants"

USA Today:
"O'Toole Still Has An Eye On That Elusive Statue"
"Overall Cancer Deaths Decline Again, But Statistics Not As Rosy For Blacks"
"Court To Oversee Wiretap Program"

New York Times:
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"Disaster Fund Faces Financial Shortfall"
"Shiite Fighters Arrested in Crackdown, Iraq Says"
"Expert Ties Ex-Player's Suicide to Brain Damage"

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"Bills on Climate Move to Spotlight in New Congress"
"Regulators Say Con Ed Failures Led to Blackout"

Washington Post:
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"President Overhauls Wiretap Program"
"Maliki Stresses Urgency In Arming Iraqi Forces"
"Cancer Deaths Decline For Second Straight Year"
"In Libby Trial, Big Names Make Jury Picks a Tall Order"

Washington Times:
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"Cancer Deaths Decline For Second Year In A Row"
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"U.S. Holds Face-To-Face Talks With N. Korea"

Atlanta Journal-Constitution:
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"Mayors Of Border Towns Don't See Fence In Future"
"Senate Anti-War Resolution Lures GOP Support"
"Immigrant's Success At Life Scarred By Ambush"
"Perdue Hints Veto Of Sunday Booze Sales"

Dallas Morning News:
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"Cancer Deaths Fall Again"
"9-Year-Old Runaway Takes Airline For A Ride"
"Iraqis: Scores Arrested In Powerful Shiite Militia"

Houston Chronicle:
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"Rockets Can't Survive Suns' Second-Half Surge"
"Hurtt Tries To Calm Sunnyside Anger At Shooting"
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"Ex-Supreme At Center Of Knockoff-Band Battle"

Story Lineup From Last Night's Network News:
ABC: Cancer Deaths Down; Iraq-Violence Continues; Iraq-Democratic Plans, Secretary Gates-Afghanistan; Domestic Eavesdropping Reversal; Winter Weather; Falling Oil Prices; Cancer Report Analysis; Comair Crash Transcript; Chimp Paternity Scandal; Rubik Cube Revival
CBS: Cancer Deaths Down; Iraq-Democrat Plans; Iraq-Democratic Convoy Attacked; Iraq-Violence Continues; Domestic Eavesdropping Reversal; Winter Weather; House Approves Student Loan Rate Cuts; Brain Research; Missouri Kidnapping Update; Violence In Girls; Muhammad Ali Turns 65
NBC: Cancer Deaths Drop; Winter Weather; California Citrus Crop; Iraq-Senate Resolution; Iraq-Senator Clinton Plan, Iraq-Violence Continues; Domestic Eavesdropping Reversal, Economic Update; Stagnant Gas Prices; Stomach Virus Outbreak; Muhammad Ali Turns 65; Detroit Auto Show

Story Lineup From This Morning's Radio News Broadcasts:
ABC: GA-Winter Storm; TX-Power Outages; U.S. Cancer Deaths Down; Iraq Violence; Loyalists to Al Sadr Arrested; Non-Binding Senate Resolution Opposing Bush Iraq Plan; Tokyo Stock Exchange; QB Michael Vick's Water Bottle Suspected Of Containing Drugs; CA-Water Intoxication Death; Actress Lindsay Lohan Enters Rehab.
CBS: Congress-Debate Over Number Of Troops In Iraq, Iraq Violence; Marine Pleads Guilty In Death Of Iraqi Man; CA-Freezing Temperatures Destroying Citrus Crop; TX-Nine-Year-Old Gets Past Airport Security Screeners.
NPR: GA-Winter Storm; Los Angeles-Snow Advisory; CA-Freezing Temperatures Destroying Citrus Crop; Non-Binding Senate Resolution Opposing Bush Iraq Plan; Iraq Violence; United Nations-Afghan Refugee Repatriation Program; Senate-Ethics And Lobbying Reform Bill; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Organizational meeting. Location: Room 428A, Russell.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on Interior Department management of oil and gas royalties from public lands. DOI Inspector General Earl Devaney; Mark Gaffigan, GAO; Assistant Interior Secretary Stephen Allred. Location: Room SD-G50, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on military and diplomatic strategy in Iraq. Retired Lt. Gen. William Odom; retired Gen. Joseph Hoar; retired Gen. Barry CMcCaffrey. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full Committee. Oversight hearing on the Justice Department. Attorney General Gonzales. Location: Room 106, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Copmmittee. Organizational meeting, followed by a hearing on transit security. Tim O'Toole, Managing Director, London Underground; Stamford, Conn. Mayor Dannel Mallory for the U.S. Conference of Mayors; American Public Transportation Association President William Millar; Amalgamated Transit Union President Warren George; Aurelio Rojo Garrido of the Association of Latin American Metros and Subways. Location: Room 538, Dirksen.

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10 a.m. BUDGET _ Full Committee. Hearing on the long-term economic and budget challenges. Federal Reserve Board Chairman Ben Bernanke. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on rail and surface transportation security. Location: Room 253, Russell.

10 a.m. INDIAN AFFAIRS _ Full Committee. Organizational meeting. Location: Room 485, Russell.

2 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on the Iraq Study Group report. Former Rep. Lee Hamilton, co-chair, Iraq Study Group. Location: Room 216, Hart.

2:30 p.m. ARMED SERVICES _ Full Committee. Closed. Briefing on intelligence assessments in Iraq. Location: Room S-407, Capitol.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on terrorist safe-havens. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 6- Encouraging U.S. Dependence on Foreign Energy. Postponed Suspension Vote (1 bill): 1) H.Res. 62-Congratulating the Grand Valley State University Lakers.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Navy and Air Force readiness. Closed. Location: Room H-140, Capitol.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on the audit work of the Special Inspector General for Iraq Reconstruction. Comptroller General David Walker; Acting DoD Inspector General Thomas Gimble; DoD Special Inspector General Stuart Bowen, Jr. Location: Room 2118, Rayburn.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Organizational meeting. Location: Room 2154, Rayburn.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Guard and reserve readiness. Closed. Location: Room H-140, Capitol.

1:30 p.m. FOREIGN AFFAIRS _ Full Committee. Hearing on North Korea. Former Defense Secretary William Perry; former Amb. James Lilley. Location: Room 2172, Rayburn.

2 p.m. ARMED SERVICES _ Air and Land Forces Subcommittee. Hearing on Hearing on on army force protection equipment for Operation Iraqi Freedom and Operation Enduring Freedom. Lt. Gen. Stephen M. Speakes, USA, Deputy Chief of Staff, Army G-8; Maj. Gen. Jeffrey A. Sorenson, USA, Deputy for Acquisition and Systems Management, Assistant Secretary of the Army for Acquisition, Logistics and Technology; Maj. Gen. Jeffrey A. Sorenson, USA, Deputy for Acquisition and Systems Management, Assistant Secretary of the Army for Acquisition, Logistics and Technology; Dr. Robert L. Buhrkuhl, Director, Joint Rapid Acquisition Cell, Office of Undersecretary of Defense for Acquisition, Technology & Logistics; Rear Adm. Archer M. Macy, Jr., Commander, Naval Surface Warfare Center, Deputy Commander for Warfare Systems Engineering, Naval Sea Systems Command. Location: Room 2118, Rayburn.

3 p.m. RULES _ Full Committee. Meeting on rules for floor debate. Location: Room H-313, Capitol.

Other: HOMELAND SECURITY-LEGAL _ The American Bar Association Section of Administrative Law and Regulatory Practice sponsors the 2nd Annual Homeland Security Law Institute. Highlights: 9 a.m. - 10:15 a.m. Session on ``Homeland Security: The Year in Review," with Philip Perry, general counsel, Department of Homeland Security. 9:45 a.m. Chief Privacy Officer Hugo Tuefell III discusses privacy issues. 10:30 a.m. Panel on ``Regulatory Developments for 2007," with Lisa Branch, counselor to the admininstrator, OMB, others. 12 p.m. Luncheon address by Asa Hutchinson, former undersecretary for border and transportation security, Department of Homeland Security. 1:45 p.m. - 3 p.m. Panel on ``State and Local Emergency Preparedness -- Lessons Learned from Katrina," moderated by Ernie Abbott, principal, FEMA Associates, Washington, D.C. Panelists include FEMA Chief Counsel David Trissell, and Penya Moses-Fileds, New Orleans city attorney. 3:15 p.m. Breakout sessions on varous issues, including homeland security and the law enforcement agenda, with Kenneth Wainstein, assistant attorney general for national security, Justice Department, others; and business continuity issues, with Ava Hartner, senior attorney, Dow Chemical Company, Midland, Mich., others. 4:45 p.m. HS Secretary Chertoff. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza SW.

REPUBLICANS-WINTER MEETING _ The Republican National Committee holds its 2007 Winter Meeting. Highlights: 9 a.m. Standing Committee On Rules meeting. Lafayette Park/Farragut Square Rooms. 11:30 a.m. Welcoming luncheon, with House Minority Leader John Boehner. 12:30 p.m. General session, with RNC Chairman Ken Mehlman. 2:45 p.m. Convention hosts city media availability. Wilson/Roosevelt Rooms. Location: Grand Hyatt Hotel, 1000 H St. NW.

KUCINICH-IRAQ _ 9 a.m. Rep. Dennis Kucinich meets with 100 Grannies, members of the Granny Peace Brigade, as they state their case for ending the Iraq War. Location: Room HC-6, Capitol.

CANTOR-IRAQ _ 10 a.m. Rep. Eric Cantor, R-Va., others, hold a press briefing on the GOP Iraq Bill. Location: House Studio.

JACKSON-EXPORTS _ 10 a.m. Deputy DHS Secretary Robert Jackson addresses the President's Export Council

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roundtable on the Rice-Chertoff Initiative and the Western Hemisphere Travel Initiative. Location: Room 4830, 1441 L St. NW.

NCLB _ 10 a.m. The Business Coalition for Student Achievement holds a news conference to release recommendations for sustaining and strengthening the No Child Left Behind Act. Location: Room HC-8, Capitol.

DARFUR _ 11 a.m. The Save Darfur Coalition holds a telephone briefing to discuss the oppolrtunity the Darfur cease fire has created for a political settlement. Participants include Lawrence Rossin of the coalition, adviser Amjad Attalah and Kenneth Bacon of Refugees International. Contacts: Ashley Roberts, 202-478-6181. Notes: Callin number: 888-694-4768.

FINANCIAL FORECAST _ 11 a.m. The Institute of International Finance, the global association of financial services institutions, holds a news conference to release its 2007 forecasts for private capital flows into emerging markets - portfolio equities, bonds, commercial bank lending and direct investment. Location: 8th floor, 1333 H. St. NW.

GUANTANAMO _ 11 a.m. Retired Colonel Ann Wright, detainee attorney Bill Goodman, human rights advocate Medea Benjamin, and Ann Wilcox of the National Lawyers Guild hold a press conference to outline a new plan to pressure Congress to close Guantanamo prison and restore habeas corpus. Location: Room 2237, Rayburn.

HEALTH CARE-UNINSURED _ 11 a.m. The Health Coverage Coalition for the Uninsured, a diverse group of national advocacy organizations with usually divergent viewpoints, holds a news briefing to release a compromise proposal to cover a significant portion of Americas 47 million uninsured. Speakers: Karen Ignagni, America's Health Insurance Plans; Ron Pollack, Families USA; Reed Tuckson, UnitedHealth Group; Jeremy A. Lazarus, MD, American Medical Association; and Kevin E. Lofton, American Hospital Association. Location: Columbus Club, Union Station Foyer, 50 Massachusetts Ave. NE.

BOEHNER _ 11:05 a.m. House Minority Leader John Boehner holds an on-camera media briefing. Location: House Radio-TV Gallery.

ENERGY INDEPENDENCE _ 11:30 a.m. Sen. Evan Bayh, D-Ind., joins Sens. Norm Coleman, R-Minn., Joseph Lieberman, I-Conn.; and Ken Salazar, D-Colo., other Senate co-sponsors, for a press conference to announce the reintroduction of comprehensive energy legislation designed to reduce Americas dependence on foreign oil. Location: Senate Radio/TV Gallery.

IRAN _ 11:30 a.m. Reps. Neal Abercrombie, Walter Jones, Wayne Gilchrist, Martin Meehan, others, hold a news conference on the Iran resolution. Location: House Radio-TV Gallery.

US-CANADA _ 11:30 a.m. Media availability with DHS Secretary Chertoff and Canaidan Minister of Public Safety Stockwell Day. Location: CBP briefing room, Reagan Trade Center.

IMMIGRATION _ 12:30 p.m. The Council on Foreign Relations holds a discussion on immigration and U.S. global competitiveness, with former Energy Secretary Spencer Abraham, Wilson Center President Lee Hamilton, and former INS Commissioner Doris Meissner. Location: 1779 Massachusetts Ave. NW.

GOVERNMENT INTERNET _ 1 p.m. The General Services Administration holds a news conference to unveil the new name for the official portal of the U.S. government, formerly known as FirstGov.gov. Location: National Press Club.

IMMIGRATION _ 1 p.m. The Alliance for Immigration Reform 2007 holds a telephone briefing announcing the group's formation. Participants include Tamar Jacoby of the Manhattan Institute, R. Bruce Josten of the U.S. Chamber of Commerce, Eliseo Medina of SEIU, Cecilia Munoz of the National Council of La Raza, and Bishop Thomas Wenbski of the U.S. Conference of Catholic Bishops. Notes: Callin number: 800-565-5442; passcode: 4558789.

LEGISLATIVE ACCOUNTABILITY _ 1 p.m. The ACLU and the Traditional Values Coalition sponsors a ``right/left'' teleconference briefing to discuss First Amendment concerns that both sides say are posed by S.1, the ``Legislative Transparency and Accountability Act of 2007.'' Notes: Dial-in number is 800-816-4134. The access code is 69922.

CHERTOFF _ 1:15 p.m. DHS Secretary Chertoff addresses the American Society of Newspaper Editors. Location: National Press Club.

DEMOCRATS-100 HOURS _ 3:30 p.m. The House Democratic Caucus holds a news conference on the first 100 hours of the 110th Congress. Location: Room HC-5, Capitol.

CHRISTIAN EVANGELICALS _ 6:30 p.m. Filmmaker Alexandra Pelosi, House Speaker Nancy Pelosi, Moby, others, attend the premiere of ``Friends of God'' reception, screening and panel discussion featuring Alexandra Pelosi, political strategists Tony Fabrizio and Anna Greenberg. The event will be moderated by MSNBC ``Hardball'' host Chris Matthews. The documentary explores America's growing Christian evangelical movement. Location: Ritz Carlton Ballroom, 1150 22nd St. NW.

DOJ_NMG_0118010

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, January 18, 2007 8:26 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Thursday, January 18, 2007
Attachments:	dojclips070118.pdf; dojclips070118.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 18, 2007 7:45 AM EST

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TERRORISM NEWS:

Gonzales Faults Judges' Terror Rulings (AP)

By Lara Jakes Jordan, ASSOCIATED PRESS

AP, January 18, 2007

WASHINGTON (AP) - Attorney General Alberto Gonzales rapped federal judges Wednesday for ruling on cases that affect national security policy. Judges, he contended, are unqualified to decide terrorism issues that he said are best settled by Congress or the president.

In a sharply worded speech directed at the third, and equal, branch of the government, Gonzales outlined some of the qualities the Bush administration looks for when selecting candidates for the federal bench. He condemned what he termed activist judges with lifetime appointments who "undermine the right of the people to govern themselves."

In nominating a judge, "we want to determine whether he understands the inherent limits that make an unelected judiciary inferior to Congress or the president in making policy judgments," Gonzales said in the 20-minute speech to American Enterprise

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Institute, a Washington think tank. "That, for example, a judge will never be in the best position to know what is in the national security interests of our country."

Gonzales did not cite any specific activist jurists or give examples of national security cases.

Pressed later for examples, he noted that Congress approved the Military Commissions Act, which authorizes military trials for terrorism suspects, four months after the Supreme Court ruled the trials would violate U.S. and international law.

"I don't think the judiciary is equipped at all to make decisions about what's in the national security interests of our country," Gonzales said. "How would they go about doing that? They don't have embassies around the world to give them that information. They don't have intelligence agencies gathering up intelligence information. ... It was never intended that they would have that role."

Carl Tobias, a constitutional law professor at the University of Richmond in Virginia, said it is inevitable that courts would decide some of the most contentious questions involving national security.

"Some of the most difficult issues are about national security, how to balance national security and civil liberties - especially in the context of domestic surveillance and enemy combatants," Tobias said. "Those are critically important issues that the courts are being asked to resolve."

Gonzales, a former Texas Supreme Court justice, also characterized efforts to retaliate against unpopular rulings as misguided. He mentioned a failed South Dakota proposal to sue or jail judges for making unpopular court decisions.

He also urged Congress to consider increasing the number of federal judges to handle heavy workloads and to offer them higher salaries to lure and keep the best ones on the bench.

Secret Court To Govern Wiretapping Plan (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 18, 2007

The Bush administration has agreed to shift course and let a secret but independent panel of federal judges oversee the government's controversial domestic spying program.

The Foreign Intelligence Surveillance Court will have final say in approving wiretaps on communications involving people with suspected terror links, Attorney General Alberto Gonzales said Wednesday in a letter to the leaders of the Senate Judiciary Committee.

Since Jan. 10, when the court began overseeing the program, at least one request has been approved to monitor communications of a person believed to be linked to al-Qaida or an associated terror group.

In his letter to Sens. Patrick Leahy, D-Vt., and Arlen Specter, R-Pa., Gonzales wrote that "any electronic surveillance that was occurring as part of the Terrorist Surveillance Program will now be conducted subject to the approval of the Foreign Intelligence Surveillance Court."

The Bush administration secretly launched the Terrorist Surveillance Program in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. Gonzales said Bush would not reauthorize the program.

The shift in oversight means that all wiretaps or other eavesdropping tools by the federal government must be approved by court order. Previously, the program allowed investigators to spy without a warrant — resulting in widespread criticism from lawmakers and others who questioned the legality.

"The issue has never been whether to monitor suspected terrorists but doing it legally and with proper checks and balances to prevent abuses," Leahy, chairman of the Judiciary Committee, said Wednesday in welcoming the change. "Providing efficient but meaningful court review is a major step toward addressing those concerns."

The turnaround came after more than a year of stubborn insistence by the White House that oversight by the secret court was not required by law and, in fact, would be a hindrance to stopping terrorists. The FISA court was established in the late 1970s to review requests for warrants to conduct surveillance inside the United States.

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Bush has maintained that the warrantless surveillance program's existence was "fully consistent with my constitutional responsibilities and authorities," and has said he would continue to reauthorize it "for as long as our nation faces a continuing threat from al-Qaida and related groups." He has said circumventing the FISA court "enables us to move faster and quicker."

On Wednesday, the White House said it is satisfied with the new guidelines to address administration officials' concerns about national security.

"The Foreign Intelligence Surveillance Court has put together its guidelines and its rules and those have met administration concerns about speed and agility when it comes to responding to bits of intelligence where we may to be able to save American lives," White House press secretary Tony Snow said.

Snow said he could not explain why those concerns could not have been addressed before the program was started. He said the president will not reauthorize the present program because the new rules will serve as guideposts.

A federal judge in Detroit last August declared the program unconstitutional, saying it violates the rights to free speech and privacy and the separation of powers. In October, a three-judge panel of the Cincinnati-based appeals court ruled that the administration could keep the program in place while it appeals the Detroit decision.

Additionally, the Justice Department's inspector general is investigating the agency's use of information gathered in the spying program. In testimony last fall in front of the Senate panel, FBI Director Robert Mueller said he was not allowed to discuss classified details that could show whether it has curbed terrorist activity in the United States.

Congressional intelligence committees have already been briefed on the court's orders, Gonzales said in his letter. It was sent to the Senate Judiciary Committee the day before he is set to testify before the panel, which oversees the Justice Department.

Some Democrats said the change still may not go far enough.

"While this may be a step in the right direction, it should not deflect the attention of the American people or the Congress from seeking answers about the current and past operation of this program," said House Judiciary Chairman John Conyers, D-Mich.

Court Will Oversee Wiretap Program (WP)

By Dan Eggen

The Washington Post, January 18, 2007

The Bush administration said yesterday that it has agreed to disband a controversial warrantless surveillance program run by the National Security Agency, replacing it with a new effort that will be overseen by the secret court that governs clandestine spying in the United States.

The change -- revealed by Attorney General Alberto R. Gonzales in a letter to the leaders of the Senate Judiciary Committee -- marks an abrupt reversal by the administration, which for more than a year has aggressively defended the legality of the NSA surveillance program and disputed court authority to oversee it.

Under the new plan, Gonzales said, the secret court that administers the Foreign Intelligence Surveillance Act, or FISA, will oversee eavesdropping on telephone calls and e-mails to and from the United States when "there is probable cause to believe" that one of the parties is a member of al-Qaeda or an associated terrorist group.

Under the previous approach, such intercepts were authorized by intelligence officers without the involvement of any court or judge -- prompting objections from privacy advocates and many Democrats that the program was illegal.

Administration officials suggested that the move was aimed in part at quelling persistent objections to the NSA spying by Democrats who now control Congress and that it is intended to slow or even derail challenges making their way through the federal courts. The Justice Department immediately filed a notice with the U.S. Court of Appeals for the 6th Circuit yesterday informing the panel of the new program and promising to file papers "addressing the implications of this development" on pending litigation.

Some Justice officials also said that receiving approval from the secret court will enable authorities to more easily use the information they obtain in future criminal prosecutions.

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But many details of the new approach remained unclear yesterday, because administration officials declined to describe specifically how the program will work.

Officials would not say, for example, whether the administration will be required to seek a warrant for each person it wants to monitor or whether the FISA court has issued a broader set of orders to cover multiple cases. Authorities also would not say how many court orders are involved or which judge on the surveillance court had issued them.

One official familiar with the discussions characterized the change as "programmatic," rather than based on warrants targeting specific cases. This official, who spoke on the condition of anonymity, said the judge who issued the Jan. 10 order was not U.S. District Judge Colleen Kollar-Kotelly, the FISA panel's chief judge, but rather one of that court's rotating members who was assigned to hear cases that week.

President Bush first issued a secret order in October 2001 authorizing the NSA to monitor telephone calls and e-mail between the United States and overseas if one party was thought to be linked to al-Qaeda or related groups. The initiative, revealed publicly by the New York Times in December 2005, was later dubbed the "Terrorist Surveillance Program" by the administration.

Many Democrats and privacy advocates who had questioned the legality of the program argued yesterday that the administration had effectively conceded defeat by agreeing to place its surveillance efforts under the secret judicial panel whose members approve wiretaps and searches under FISA.

"The issue has never been whether to monitor suspected terrorists but doing it legally and with proper checks and balances to prevent abuses," said Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee. "Providing efficient but meaningful court review is a major step toward addressing those concerns."

Sen. John D. Rockefeller IV (D-W.Va.), chairman of the Senate intelligence committee, said the decision was "confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary."

Rockefeller, who had secretly lodged an early challenge to the NSA program in a confidential letter to Vice President Cheney, said the committee still intends to investigate the program's legality and effectiveness.

Rep. Heather A. Wilson (R-N.M.), a member of the House intelligence panel, also referred to the new approach as "programmatic approval" and said it "does not have the protections for civil liberties" in FISA or in a bill she introduced last year.

In his letter to lawmakers, Gonzales said that the administration has been exploring ways to seek approval from the surveillance court since spring 2005 but that "it took considerable time and work to develop" an approach that "would have the speed and agility necessary to protect the nation from al-Qaeda." An unidentified judge on the FISA court issued orders on Jan. 10 that effectively bring the NSA program under the secret court's authority, Gonzales wrote.

He and other administration officials had argued that operating the NSA spying program through the surveillance court would be slow and cumbersome. Justice officials released statistics yesterday showing improvements in the amount of time it takes to obtain intelligence warrants.

White House and Justice officials said the president was not retreating from his stance that he has the constitutional and legislative authority to order warrantless surveillance on international calls but said the new rules promulgated by the surveillance court have satisfied concerns about whether the FISA process can move quickly enough to authorize surveillance.

"They moot any questions we have had in the past about speed and agility," White House press secretary Tony Snow said. "We're satisfied that this will be effective. We found a happy agreement that allows the whole thing to be placed under the FISA court."

Another official, not authorized to discuss the matter publicly, said both the director of national intelligence and the head of the NSA "have assured the president that the program and that the capabilities to protect this country remain intact under this new order."

Some Democrats remained critical of the secretive process that resulted in yesterday's announcement. Some staff members of the Senate and House intelligence committees were briefed on the plans last week, officials said, but the Judiciary panel was not notified until yesterday.

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"This announcement can give little solace to the American people, who believe in the rule of law and ask for adequate judicial review," said Sen. Charles E. Schumer (D-N.Y.), a member of the Judiciary Committee. "And why it took five years to go to even this secret court is beyond comprehension."

Anthony D. Romero, executive director of the American Civil Liberties Union, which has been sharply critical of the NSA spying program, called the decision "an adroit back flip" by the Bush administration.

"It's clearly a flip-flop because they saw the writing on the wall," Romero said. "But it still does not address questions about whether the president broke the law. Complying with FISA now does not make his actions over the last 4 1/2 years legal."

Even before it was revealed publicly, the NSA program had infuriated Kollar-Kotelly and some other members of the FISA court, who questioned the program's legality and who warned the Justice Department that it could not use information from such monitoring to obtain warrants under FISA.

Advocacy groups filed lawsuits challenging the legality of the NSA surveillance. In August, U.S. District Judge Anna Diggs Taylor in Detroit ruled that the program was unconstitutional and should be halted. The government took the case to the 6th Circuit in Cincinnati, which allowed the program to continue on appeal and is scheduled to hear arguments in the case on Jan. 31.

The fight over the NSA program also raged in Congress, which did not act last year on dueling proposals to authorize the surveillance. A proposal by Sen. Arlen Specter (R-Pa.), then chairman of Judiciary, would have allowed -- but not required -- the administration to receive blanket approval for the program from the FISA court.

In a background briefing with reporters, one Justice Department official said the change to FISA oversight is likely to have a "significant impact" on a number of the court cases now pending, particularly lawsuits seeking to halt a program that is now being abandoned.

The official also said the administration hopes that the change will slow attempts by Congress to hold hearings on the NSA program. "This should remove or take away the heat or need for such a debate," the official said.

Officials said that Bush has issued orders every 45 days to reauthorize the NSA surveillance program and that he will not seek to renew it when the current term expires. The new orders from the FISA court will last 90 days, officials said.

Gonzales had been mum on the topic during media and public appearances in recent days, including a speech yesterday during which he contended that federal judges are unqualified to decide terrorism issues best handled by Congress or the president. Gonzales is scheduled to appear today before the Senate Judiciary Committee.

Court To Oversee U.S. Wiretapping In Terror Cases (NYT)

By Eric Lichtblau And David Johnston

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The Bush administration, in a surprise reversal, said on Wednesday that it had agreed to give a secret court jurisdiction over the National Security Agency's wiretapping program and would end its practice of eavesdropping without warrants on Americans suspected of ties to terrorists.

The Justice Department said it had worked out an "innovative" arrangement with the Foreign Intelligence Surveillance Court that provided the "necessary speed and agility" to provide court approval to monitor international communications of people inside the United States without jeopardizing national security.

The decision capped 13 months of bruising national debate over the reach of the president's wartime authorities and his claims of executive power, and it came as the administration faced legal and political hurdles in its effort to continue the surveillance program.

The new Democratic-led Congress has pledged several investigations. More immediately, Attorney General Alberto R. Gonzales is expected to face hostile questioning on Thursday from the Senate Judiciary Committee on the program. And an appellate court in Cincinnati is scheduled to hear arguments in two weeks on the government's appeal of an earlier ruling declaring the program illegal and unconstitutional.

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Some legal analysts said the administration's pre-emptive move could effectively make the court review moot, but Democrats and civil rights advocates said they would press for the courts and Congress to continue their scrutiny of the program of wiretapping without warrants, which began shortly after the terrorist attacks of Sept. 11, 2001.

Democrats praised the administration's decision, but said it should have come much sooner.

"The announcement today is welcome news," said Senator John D. Rockefeller IV, the West Virginia Democrat who leads the Intelligence Committee. "But it is also confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary."

Mr. Rockefeller added, "I intend to move forward with the committee's review of all aspects of this program's legality and effectiveness."

Since the surveillance program was publicly disclosed in December 2005 by The New York Times, the White House has maintained, in scores of court filings, policy papers and press statements, that the president has the inherent power to conduct wiretaps without a court warrant even though a 1978 law put intelligence surveillance under judicial review. The administration failed to win Congressional approval for the program last year after months of lobbying, and some Democrats are still trying to ban it outright.

The administration continued to assert on Wednesday that the N.S.A. program had operated legally, but it also said the time had come to allow the intelligence surveillance court, known as the FISA court, to review all warrants on all wiretaps in terrorism investigations.

"There's obviously an advantage to having all three branches involved," said a senior Justice Department official, who briefed reporters on the decision on condition of anonymity. "This issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny on the Hill, and just considering all these circumstances, the president determined that this is the appropriate course."

President Bush has authorized the continuation of the N.S.A. program every 45 days by executive order to allow the N.S.A. to conduct wiretaps on international communications without a court warrant. When the current order expires, however, President Bush has decided not to reauthorize the program, officials said.

The Justice Department said Wednesday that it had obtained multiple orders, or warrants, a week ago from the FISA court allowing it to monitor international communications in cases where there was probable cause to believe one of the participants was linked to Al Qaeda or an affiliated terrorist group.

"As a result of these orders," Mr. Gonzales told leaders of Congressional Intelligence and Judiciary Committees in a letter dated Wednesday, "any electronic surveillance that was occurring as part of the Terrorist Surveillance Program will now be conducted subject to the approval of the Foreign Intelligence Surveillance Court."

Justice Department officials said that the FISA court orders, which were not made public, were not a broad approval of the surveillance program as a whole, an idea that was proposed last year in Congressional debate over the program. They strongly suggested that the orders secured from the court were for individual targets, but they refused to provide details of the process used to identify targets — or how court approval had been expedited — because they said it remained classified. The senior Justice Department official said that discussing "the mechanics of the orders" could compromise intelligence activities.

Justice Department officials would not describe whether the court had agreed to new procedures to streamline the process of issuing orders or accepted new standards to make it easier for the government to get approval to monitor suspect e-mail and phone communications.

But the officials suggested that the effort to obtain the court's approval for orders on Jan. 10 was not easy. "These aren't some sort of advisory rulings," one official said. "These are orders issued by the FISA court, not some cookie-cutter order. These orders are complex. It took a long time to work on this."

The officials said the new approach was based on evolving legal interpretations of the foreign surveillance law by the Justice Department, changes in the foreign surveillance statute in recent years and precedents set by the FISA court in approving specific requests to conduct electronic monitoring.

The N.S.A., which has run the program of surveillance without warrants since Mr. Bush secretly approved it in October 2001, is known to have used broad pattern analysis in tracking terrorist communications and identifying possible terrorists.

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But senior lawmakers said they were still uncertain Wednesday, even after the administration's announcement, about how the court would go about approving warrants, how targets would be identified, and whether that process would differ from the court's practices since 1978.

The administration said it had briefed the full House and Senate Intelligence Committees in closed sessions on its decision.

But Representative Heather A. Wilson, Republican of New Mexico, who serves on the Intelligence committee, disputed that, and some Congressional aides said staff members were briefed Friday without lawmakers present.

Ms. Wilson, who has scrutinized the program for the last year, said she believed the new approach relied on a blanket, "programmatic" approval of the president's surveillance program, rather than approval of individual warrants.

Administration officials "have convinced a single judge in a secret session, in a nonadversarial session, to issue a court order to cover the president's terrorism surveillance program," Ms. Wilson said in a telephone interview. She said Congress needed to investigate further to determine how the program is run.

Democrats have pledged to investigate the N.S.A. program and other counterterrorism programs they say may rely on excessive presidential authority. Senator Charles E. Schumer of New York said the announcement appeared to be intended in part to head off criticism Mr. Gonzales was likely to face at Thursday's judiciary committee hearing.

"I don't think the timing is coincidental," Mr. Schumer said in a telephone interview. "They knew they had a very real problem, and they're trying to deflect it."

But Justice Department officials said the timing of the announcement was driven solely by the FISA court's notification in recent days that it had approved the new orders. The officials said the orders were the result of two years of discussing with the court how to bring the eavesdropping program under court review, a process they said began long before the program become public.

A Justice Department official said the department would file a motion with the Court of Appeals for the Sixth Circuit in Cincinnati, arguing that the court's review of the issue in a lawsuit brought by the American Civil Liberties Union "is now moot" in light of this week's developments.

But several legal analysts said the issue might not be resolved that simply.

Bruce Fein, a Justice Department official in the Reagan administration who has been critical of the program, said the appellate court was likely to send the issue back to the trial court to re-examine the issue.

Anthony D. Romero, executive director of the A.C.L.U., said the appellate court should still examine the legality of the program and whether the it had violated intelligence law for the last five years.

"It's not academic when the president violates the law," Mr. Romero said.

White House In U-turn On Wiretapping (FT)

By Demetri Sevastopulo And Alim Remtulla In Washington

Financial Times, January 18, 2007

The White House has agreed to place its controversial domestic spying programme under court supervision in a major policy reversal.

The move came the day before the Senate judiciary committee was expected to grill Alberto Gonzales, the attorney-general, over the Terrorist Surveillance Programme, which Mr Bush approved after the September 11 attacks of 2001.

The White House has argued that the programme – which allows the National Security Agency to intercept the communications of Americans with suspected links to al-Qaeda without obtaining a warrant – is legal because of the president's inherent powers as commander-in-chief.

But critics accused him of ignoring a 1978 law that requires the government to seek approval from the Foreign Intelligence Surveillance Court. In declaring the programme unconstitutional last year, a federal court rebuked Mr Bush by ruling that there were "no hereditary kings in America".

The Justice d\Department has appealed the decision. Asked whether the latest move was linked to the pending appeals case, Tony Snow, White House spokesman, replied: "No, no, no, no, no, no, no."

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But the American Civil Liberties Union described the move as a “quintessential flip-flop”.

“The NSA was operating illegally and this 11th-hour ploy is clearly an effort to avoid judicial and congressional scrutiny,” said Anthony Romero, ACLU executive director. “Despite this adroit back flip, the constitutional problems with the president’s actions remain unaddressed.”

Officials said the administration had asked the intelligence court to find a way to bring the programme under the auspices of the 1978 Foreign Intelligence Surveillance Act before details of the programme were leaked to the media in 2005.

Arlen Specter, the top Republican on the Senate judiciary committee, questioned why the administration had not made that clear to Congress earlier.

“It is regrettable that these steps weren’t taken a long time ago,” said Mr Specter, who was one of the few Republican critics of the programme. “I’d like to have an explanation as to why it took from last spring of 2005...when there has been such a public furore and public concern.”

Mr Specter added that he wanted the administration to explain whether the court would approve warrants on a case-by-case basis, or whether the administration had blanket authority to monitor communications of Americans where there is “probable cause” they have links to al-Qaeda and its affiliates.

A senior Justice Department official said the move should “take some of the political heat off the debate” in Congress over the programme. But he said the administration still wanted Congress to pass legislation to reform the FISA court process.

Democrats, before regaining control of Congress in November, were previously cautious about criticising the programme out of fear they would be labelled weak on national security. Nancy Pelosi, the House Democratic majority leader, said the move invalidated the administration’s argument that the FISA court was too cumbersome.

But Justice Department officials briefing reporters said the administration still wanted Congress to update the FISA to make the process more efficient.

FISA Court Will Monitor Domestic Wiretapping (WT)

By Jerry Seper And Stephen Dinan

The Washington Times, January 18, 2007

Attorney General Alberto R. Gonzales yesterday said that an independent court will monitor Justice Department intercepts of international calls involving terror suspects in this country, allowing independent oversight of President Bush's domestic surveillance program.

In a letter to Senate Judiciary Committee Chairman Patrick J. Leahy, Vermont Democrat, and the panel's ranking Republican, Sen. Arlen Specter of Pennsylvania, Mr. Gonzales said that the department had agreed to let the Foreign Intelligence Surveillance Court oversee the program and that the court already had approved one request.

Mr. Gonzales said an order establishing the court's oversight was issued Jan. 10 and gives the department, which conducts the program through the National Security Agency (NSA), the "necessary speed and agility while providing substantial advantages."

The move is a major concession for Mr. Bush, who since the program was publicly disclosed in 2005, has argued he did not need -- or want -- to use the special intelligence court.

White House press secretary Tony Snow yesterday said it was the court that changed its procedures, which is what made the new arrangement possible.

But members of Congress and others wondered why the White House could not have simply proposed these changes itself a year ago.

"Since this program was first revealed, I have urged this administration to inform Congress what the government is doing and to comply with the checks and balances Congress wrote into law," Mr. Leahy said. "We must engage in all surveillance necessary to prevent acts of terrorism, but we can and should do so in ways that protect the basic rights of all Americans, including the right to privacy."

Sen. Charles E. Schumer, New York Democrat and a Judiciary Committee member, said the decision to give the court the authority to monitor the surveillance program "flies in the face of the fundamentals of American justice."

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He said the decision should have come after the matter was fully and openly debated.

"This announcement can give little solace to the American people, who believe in the rule of law and ask for adequate judicial review," he said. "And why it took five years to go to even this secret court is beyond comprehension."

Anthony D. Romero, executive director of the American Civil Liberties Union, called the announcement "a quintessential flip-flop."

"The NSA was operating illegally and this 11th-hour ploy is clearly an effort to avoid judicial and congressional scrutiny," he said. "Despite this adroit back flip, the constitutional problems with the president's actions remain unaddressed."

The surveillance program had secretly given law-enforcement authorities the ability to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links.

The Bush administration had vigorously defended the legality of the program, saying it would be impossible to obtain warrants in time to intercept international phone calls of those suspected of belonging to al Qaeda to and from the United States.

Mr. Gonzales is scheduled to testify today before the Senate Judiciary Committee, where he has come under fire from Democrats and Republicans over his refusal to release documents detailing the program.

•Charles Hurt contributed to this article.

Warrantless Wiretaps To Cease (WSJ)

By Jess Bravin

The Wall Street Journal, January 18, 2007

WASHINGTON -- The Bush administration said it would discontinue warrantless wiretaps of calls between the U.S. and overseas, a reversal that could help it dodge a confrontation with the Democratic majority in Congress and head off chances a federal appeals court will find the program illegal.

Justice Department officials said future surveillance targeting those suspected of links to terrorism will be conducted under authority of the Foreign Intelligence Surveillance Court, a special panel of federal judges that oversees counterintelligence investigations.

The announcement on the eve of Attorney General Alberto Gonzales's first appearance before the Democratic-controlled Senate Judiciary Committee was the administration's latest nod to the new political reality on Capitol Hill. The administration dropped plans this week to install a conservative Idahoan into a federal appellate judgeship traditionally held by a Californian, an act that had irritated California's Democratic senators. Earlier, the White House said it was giving up hopes to confirm four other appellate-judge nominees that Democrats considered unacceptable.

After the warrantless-surveillance program was disclosed by the New York Times in December 2005, President Bush insisted national-security concerns made it too risky to seek warrants even from the surveillance court. The program involved the National Security Agency tapping conversations of people suspected of terrorist links where one party resided in the U.S. and the other overseas.

Critics contended the program ran afoul of the 1978 Foreign Intelligence Surveillance Act, which established the secretive court as a compromise between counterespionage investigations and civil-liberties concerns. The law requires "a prior judicial warrant for all electronic surveillance for foreign intelligence or counterintelligence purposes in the United States in which communications of U.S. persons might be intercepted," according to the statement President Carter appended when signing the bill into law. Last year, a federal judge in Detroit ruled the wiretaps were illegal. Yesterday, the government advised an appellate court that the program had been discontinued and suggested it would seek to dismiss the case before a scheduled hearing on Jan. 31.

In a press briefing yesterday, two Justice Department officials wouldn't discuss details of the new approach. They suggested that last year's amendments to the surveillance act, along with the department's establishment of a National Security Division to oversee counterterrorism operations, had streamlined procedures needed to get warrant applications before a surveillance-court judge.

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Democrats offered guarded approval. House Judiciary Committee Chairman John Conyers (D., Mich.) said in a statement, "This may be a step in the right direction," but "it should not deflect the attention of the American people or the Congress from seeking answers about the current and past operation of this program."

Write to Jess Bravin at jess.bravin@wsj.com3

U.S. Ceases Warrantless Spy Operation (LAT)

By Richard B. Schmitt And Greg Miller, Times Staff Writers

The Los Angeles Times, January 18, 2007

Domestic surveillance will be conducted only with a court order.

WASHINGTON — The Bush administration, reversing itself on one of its most controversial counterintelligence measures, said Wednesday that it would no longer secretly eavesdrop on the international calls of terrorism suspects in this country without first getting a court order.

The so-called Terrorist Surveillance Program was launched weeks after the Sept. 11 attacks and remained secret until it was exposed in news reports in late 2005, provoking a public outcry. The program was cited by civil liberties groups and others as a leading example of how the administration's war on terrorism was infringing on privacy rights of ordinary citizens.

The change, announced in a letter from U.S. Atty. Gen. Alberto R. Gonzales to senior members of the Senate Judiciary Committee, appears to be a concession to mounting political and legal challenges to the program.

The administration had been attempting to get congressional authority for the National Security Agency's warrantless eavesdropping, but the chances of that happening in a Democratic Congress are considered slim. And legal challenges to the program are working their way through the courts.

Gonzales said the administration already had obtained "orders" from a special court that reviews surveillance requests, allowing it to continue the wiretapping in some form. But it was not clear whether the secret tribunal, known as the FISA court after the Foreign Intelligence Surveillance Act that created it, had agreed to give the administration substantial latitude or whether major changes were made.

After the existence of the program was reported in the New York Times, administration officials defended the warrantless process as necessary, saying the court reviews were too cumbersome.

In his letter Wednesday, Gonzales wrote: "The orders the government has obtained will allow the necessary speed and agility while providing substantial advantages. Accordingly, under these circumstances the president has determined not to reauthorize the Terrorist Surveillance Program."

Gonzales and other officials refused to divulge details of the orders that the FISA court adopted Jan. 10. A senior Justice Department official, speaking on condition of anonymity, acknowledged there had been "modifications" in the program. But the official said the court did not grant blanket approval to the program, indicating that officials would continue to have to establish probable cause of individual links to terrorism, at least in some cases. The surveillance orders are good for 90 days and can be renewed.

White House Press Secretary Tony Snow said that the new procedures culminated a nearly two-year process begun in spring 2005, and that the shift was not in response to court action or legislation.

But Snow acknowledged that the new plan answered "political objections a number of people have been raising" about the program. He said that the congressional intelligence committees were notified last week and that the Senate Judiciary Committee was informed Wednesday.

Action applauded

Rep. Jane Harman (D-Venice), formerly the ranking Democrat on the House Intelligence Committee, said the Bush administration faced the difficulty of justifying a range of national security programs to "a much more active Congress. I think they are picking their battles and, frankly, [the wiretapping program] was a very unpopular position with the Republican base."

Harman said the reversal by the White House was not brought about by any modification to FISA. "The bottom line here is they will have to get individualized warrants if they want to listen to the communications of Americans in America," she said.

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However, she added, "I'm not talking about people who are not Americans or U.S. persons." Harman declined to elaborate, saying that the details in the FISA procedures are classified. But her comment suggests that individuals who do not meet the legal definition of "U.S. persons" might fall under a more lenient legal standard that would allow the government to place them under surveillance without going through the same FISA application process.

The action was embraced Wednesday by lawmakers and civil liberties groups who said the move was an overdue recognition by the administration that it had been overstepping legal bounds.

"The announcement today is welcome news, but it is also confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary," said Sen. John D. Rockefeller IV (D-W.Va.), chairman of the Senate Intelligence Committee. "The president could have and should have worked with the Congress immediately following Sept. 11, 2001, to fashion a surveillance program that was in compliance with all existing statutes."

Sen. Charles E. Schumer (D-N.Y.) said: "This announcement can give little solace to the American people, who believe in the rule of law and ask for adequate judicial review. And why it took five years to go to even this secret court is beyond comprehension."

Other lawmakers called on the Justice Department and the FISA court to release further details. Sens. Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee, and Arlen Specter of Pennsylvania, the panel's ranking Republican, wrote to the court's presiding judge Wednesday, asking that she supply the committee with copies of the new orders authorizing the surveillance and, when possible, make them public.

Gonzales is set to testify this morning before the Senate Judiciary Committee.

Changed landscape

The administration's about-face comes as it confronts a much different political landscape than it did five years ago. Democrats are vowing closer scrutiny of its use of executive power. And White House-backed legislation that would have amended the law to allow for the sort of surveillance Bush was conducting died when the GOP Congress was voted out.

In fact, a federal court in Detroit ruled in August that the warrantless program was unconstitutional, and many legal experts believe the Supreme Court would agree.

The Justice Department on Wednesday wrote the federal appellate court in Cincinnati that is hearing an appeal of the Detroit ruling to inform the court that the department was now subjecting the program to court oversight. It was unclear what the impact would be on the appeal.

Lawyers challenging the program said it was bound to be struck down by the courts.

The administration decision "restores the rule of law and ends a program that rested on the president's assertion that as commander in chief he can secretly order that federal criminal statutes be violated and Americans spied upon," said David Cole, a Georgetown University law professor who has been representing the Center for Constitutional Rights in a lawsuit challenging the wiretap program. "That position was lawless."

Court To Oversee Wiretap Program (USAT)

By Donna Leinwand

USA Today, January 18, 2007

WASHINGTON — The Bush administration said Wednesday that it will allow an independent court to oversee its controversial surveillance program in which the National Security Agency has electronically eavesdropped on Americans and others without obtaining court warrants.

The move, announced by Attorney General Alberto Gonzales, comes amid increasing criticism from Democrats and some Republicans in Congress who say the NSA's Terrorist Surveillance Program has infringed on privacy rights and wrongly bypassed a special court of federal judges that secretly monitors classified intelligence-gathering within the USA.

Established by the 1978 Foreign Intelligence Surveillance Act (FISA), the panel issues what essentially are secret search warrants to FBI, CIA and other federal agents who want to set up wiretaps or other electronic surveillance in cases in which

national security is thought to be at stake. The court's workload has soared since the Sept. 11, 2001, terrorist attacks; last year it approved more than 2,000 requests for surveillance, the Justice Department says.

The administration, however, repeatedly has questioned whether the FISA court could move quickly enough to approve surveillance requests to respond to emerging threats. After the 9/11 attacks, President Bush secretly issued an executive order authorizing NSA terrorism investigators to conduct warrantless surveillance on communications coming into or going out of the USA. It's unclear how many people have been subject to such surveillance, or what threats have been targeted.

The NSA program was disclosed by The New York Times in December 2005, prompting a vigorous debate over whether the administration was trying to avoid judicial oversight and violating the Constitution in its efforts to prevent terrorism. Gonzales and other officials continue to say the warrantless surveillance program is legal, but say they now are satisfied the FISA court can respond quickly to developing threats. They say it has dramatically cut its backlog of surveillance requests and the time it takes to approve them.

In a letter to leaders of the Senate Judiciary Committee, Gonzales said the NSA program now will answer to the FISA court. He said that on Jan. 10, the court issued orders authorizing the government to monitor phone calls and e-mails into and out of the USA in cases in which one of the parties is suspected of having ties to al-Qaeda or other terrorist groups. The FISA court will review each request for surveillance, he said.

The White House's reversal on warrantless searches came as Gonzales was preparing for tough questions today from the Judiciary Committee, which like the rest of Congress swung to Democratic control after the November elections. Chairman Patrick Leahy, D-Vt., has been particularly critical of the NSA surveillance program. Pennsylvania Sen. Arlen Specter, the panel's top Republican, also has criticized the program and said he still has questions about whether it is legal.

House Intelligence Committee member Jane Harman, D-Calif., said the administration's move was long overdue. "We could have been here a year ago," she said. "America operates under the rule of law, and eavesdropping on Americans in America must comply with our laws and Constitution."

In 2005, the FISA court approved all 2,072 applications for surveillance the government submitted, a Justice Department report says. However, the court altered the requests in 61 of the cases, the report says.

White House Retreats Under Pressure (NYT)

By Scott Shane

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The Bush administration's abrupt abandonment on Wednesday of its program to eavesdrop inside the United States without court approval is the latest in a series of concessions to Congress, the courts and public opinion that have dismantled major elements of its strategy to counter the terrorist threat.

In the aftermath of the 2001 attacks, President Bush asserted sweeping powers to conduct the hunt for operatives of Al Qaeda, the detention of suspects and their interrogation to uncover the next plot. But facing no new attack to justify emergency measures, as well as a series of losses in the courts and finally the Democratic sweep of the November election, Mr. Bush has had to retreat across the board.

"I think there's no question that both politically and legally, the president has been chastened," said Douglas W. Kmiec, professor of constitutional law at Pepperdine University and generally a supporter of the administration's interpretation of executive power.

Harold Hongju Koh, the dean of Yale Law School and a critic of the administration's legal theories, said the president's strategy might have provoked so strong a judicial and Congressional rebuff that it would ultimately accomplish the opposite of his goal. "I think historians will see it as an exorbitant and extreme theory of executive power that ended up weakening the presidency," Mr. Koh said.

That would be an extraordinary outcome, and one that is far from assured. In some areas, the administration has preserved its freedom to act, notably in persuading Congress last fall to deny prisoners held in Guantánamo Bay, Cuba, the right to challenge their detention in American courts. The full details of the new approach to the domestic eavesdropping program have not been publicly disclosed.

Mr. Bush's legal strategy has been directed not only by the practical need to prevent attacks but also by the belief, expressed most fervently by Vice President Dick Cheney, that presidential powers, and the war-making power in particular, were excessively curbed in reaction to the Vietnam War and the Watergate scandal.

Among the laws passed in the post-Vietnam, post-Watergate era was the Foreign Intelligence Surveillance Act of 1978, a hard-fought compromise between the security agencies and civil libertarians. The National Security Agency and the F.B.I. could keep eavesdropping on spy and terror suspects in the United States, but only by justifying their actions to a federal judge in secret hearings before the Foreign Intelligence Surveillance Court.

For more than two decades, that compromise served, and government eavesdropping on American soil took place only under court order. But after the Sept. 11 attacks, the White House decided that the court approval process was too slow and cumbersome to match the terrorist threat and that the president had the power to bypass the FISA act and order surveillance on his own authority as commander in chief.

In December 2005, a few days after the program of eavesdropping without warrants was disclosed by The New York Times, Mr. Cheney linked it explicitly to the broader question of executive power. "It was true during the cold war, as well as I think what is true now, the president of the United States needs to have his constitutional powers unimpaired, if you will, in terms of the conduct of national security policy," Mr. Cheney told reporters. "So when you're asking about my view of the presidency, yes, I believe in a strong, robust executive authority."

The same philosophy guided administration actions in other areas. Hundreds of men were labeled unlawful enemy combatants and imprisoned at Guantánamo Bay, a location chosen in the hope that it would be beyond the reach of American courts. Dozens of terrorist suspects were seized by the Central Intelligence Agency and held in secret overseas locations.

Some of those C.I.A. prisoners were interrogated using techniques far harsher than anything approved in earlier wars, including waterboarding, a simulated drowning that many human rights advocates believe crossed the line into torture.

Slowly but surely, each of those programs has been eroded. In some cases, the press has uncovered them, creating an outcry from civil libertarians and some Democrats in Congress and often revealing a rift inside the administration.

In others, the courts have weighed in, upholding some of the administration's moves but setting firm limits to others. In the Hamdi case in 2004, Justice Sandra Day O'Connor wrote for the Supreme Court's majority, "We have long since made clear that a state of war is not a blank check for the president when it comes to the rights of the nation's citizens."

Last year, in Hamdan v. Rumsfeld, the court rejected the rules for military commissions to try unlawful combatants. Mr. Bush subsequently ordered the C.I.A. to move its 14 so-called high-value Qaeda suspects to Guantánamo to await legal proceedings. Though a new list of approved interrogation techniques has not been finalized, officials say it will not include waterboarding.

The N.S.A. program, too, has faced tough scrutiny.

A federal judge in Detroit ruled the program unconstitutional, a finding now on appeal. Under pressure from some Republicans as well as Democrats in Congress, the administration first agreed to brief the full Senate and House intelligence committees on the closely guarded program and then accepted the idea of legislation to bring the program under the law. The several proposals pending in Congress to rein in the N.S.A.'s eavesdropping may now become moot.

But even if Mr. Bush has again backed away in the face of legal and political trouble, he has by no means given up on the national security agenda that he clearly sees as his legacy, for better or worse. Despite strong opposition from Congress and the public, he has decided to send more American troops into combat in Iraq. Mr. Bush remains commander in chief, whose constitutional powers remain formidable.

Democrats may have been empowered by the election and by the administration's recent setbacks, but while voicing loud protests over Mr. Bush's new plan for Iraq, they are moving cautiously, with most willing at least for now to embrace only symbolic resistance.

Court To Monitor Bush Eavesdropping Program (MCT)

By Marisa Taylor And Greg Gordon

McClatchy Newspapers, January 18, 2007

DOJ_NMG_0118028

WASHINGTON - In a major retreat, the Bush administration disclosed Wednesday that it has obtained approval for its domestic spying program from a special national security court and no longer will resort to warrantless telephone taps to search for terrorists.

Attorney General Alberto Gonzales revealed the secret arrangement with the Foreign Intelligence Surveillance Court on the eve of his first appearance before the Democratic-controlled Congress and amid an appeals court fight over a federal judge's ruling striking down the spying program as illegal and unconstitutional.

But Gonzales' disclosure left unclear whether the secret court has set up a special program that simply gives broad authority for wiretaps or requires the administration to seek warrants the same as always under a 1978 national security law. Under that law, the government obtained warrants on a case-by-case basis, after demonstrating a likelihood that the subject was a terrorist.

Since shortly after the Sept. 11, 2001, terror attacks, the National Security Agency has been wiretapping Americans' international phone calls, e-mail and other electronic communications when at least one party is suspected of supporting or engaging in terrorist activities. The disclosure of the program in 2005 provoked an outcry from civil liberties groups and members of Congress, including some Republicans.

The new procedures appeared to mark a dramatic shift from the administration's previous position that the president had the authority to eavesdrop on Americans without court scrutiny to ensure the nation's security. Justice Department lawyers, however, maintained that the president retains that power.

Administration officials said the shift results from secret "orders" issued by a judge on the seven-member court that authorize the surveillance so long as the government has probable cause to believe the subject of the eavesdropping is linked to al-Qaida or affiliated terrorist groups - conditions that mirror those in the original law.

In a letter to the leaders of the Senate Judiciary Committee announcing the new arrangement, Gonzales said any electronic surveillance that was occurring under the old program would now be subject to approval by the FISA court.

Gonzales said the administration began exploring options for seeking such approval in the spring of 2005 - months before the media revealed the program's existence. He said it took "considerable time and work for the government to develop the approach that was proposed to the court" to approve the orders.

He didn't explain the reason for the shift in policy, other than to say that the government was seeking a way under the 28-year-old Foreign Intelligence Surveillance Act to obtain the "speed and agility necessary to protect the nation from al Qaida."

But Democrats and some Republicans questioned why the administration waited years to bring the controversial program under the oversight of the FISA court when both parties were willing to adjust the law to address the administration's concerns.

"This decision is welcome news, if long overdue," said Rep. Silvestre Reyes, D-Texas, chairman of the House Permanent Select Committee on Intelligence. "It proves that this surveillance has always been possible under the Foreign Intelligence Surveillance Act and that there was never a good reason to evade the law."

Sen. Arlen Specter, R-Pa., a leading critic of the program, said, "It is regrettable that these steps weren't taken a long time ago."

In a Senate floor speech, Specter questioned what evidence the administration will have to disclose to the court before undertaking the surveillance and whether the Justice Department is required to seek warrants on a case-by-case basis, or whether it has been given some sort of blanket authority by the court.

Senior Justice Department officials, in a briefing to reporters, refused to go into detail about the arrangement, but denied that they have such blanket authority.

"These are orders that comply with the terms and requirements of the FISA statute, just like other orders issued by the FISA court," said the official, who spoke on condition on anonymity because of agency policy. "The orders we're talking about here are not some cookie-cutter order where you can just ... slap it together and file it with the court."

President Bush confirmed the existence of the program only after The New York Times reported it. Bush said the revelation had seriously damaged national security, and he rejected charges that the program was illegal.

Democrats, civil liberties advocates and some Republicans contended that Bush violated the Fourth Amendment protection against unreasonable searches and violated the current laws that require approval from the court.

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Ann Beeson, national security director for the American Civil Liberties Union, which won a lawsuit over the program, said it hardly seems a coincidence that the administration backed off just two weeks before a federal appeals court hearing on the ACLU's injunction on the surveillance program.

Beeson said Bush had allowed for the court's involvement only "under pressure." How much involvement, she said, wasn't revealed in the letter to leaders of the Senate Judiciary Committee.

Sen. John Rockefeller, D-W. Va., the new chairman of the Senate Intelligence Committee and who first raised questions about the program in a letter to the White House in 2003, said the new arrangement was "confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary.

"The president could have and should have worked with the Congress immediately following September 11, 2001, to fashion a surveillance program that was in compliance with all existing statutes."

Rockefeller said his committee will move ahead with a review "of all aspects of this program's legality and effectiveness."

Democrats on the Senate intelligence and judiciary committees are likely to demand more details on how the program worked, who was under surveillance and the legal justification for the program.

Jonathan S. Landay contributed to this story.

Attorney General: NSA Spy Program To Be Reformed (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, January 18, 2007

Alberto Gonzales said the controversial domestic surveillance program will now be overseen by a secret court in Washington.

The Bush administration will substantially alter its controversial domestic surveillance program by seeking approval for wiretaps from a secret court, Attorney General Alberto Gonzales said Wednesday.

The surprise announcement by Gonzales said President Bush has agreed that "any electronic surveillance that was occurring" under the program will be conducted subject to the approval of the Foreign Intelligence Surveillance Court in Washington, D.C. The program is conducted by the National Security Agency.

In a two-page letter (PDF) to the U.S. Senate's Judiciary committee, Gonzales did not specify what prompted the abrupt policy change. Gonzales did say that it took "considerable time and work" for the Justice Department to devise a method that suited both prosecutors and the judges on the court.

The change appears to represent a concession to critics of the NSA program, who have charged that it was illegal and unconstitutional for the government to spy on Americans without any judicial oversight. The Bush administration claims that only international communications involving someone with ties to terrorism are targeted.

It's not clear if the letter was prompted by legal or political concerns. Gonzales' announcement came less than 24 hours before he is scheduled to appear before the now Democrat-controlled Senate for a public hearing about Justice Department activities.

Democratic politicians welcomed the news. "We must engage in all surveillance necessary to prevent acts of terrorism, but we can and should do so in ways that protect the basic rights of all Americans including the right to privacy," Vermont Sen. Patrick Leahy, the head of the Judiciary committee, said in a statement. "The issue has never been whether to monitor suspected terrorists, but doing it legally and with proper checks and balances to prevent abuses."

In addition, the Bush administration signaled on Wednesday that it would use the announcement to delay or derail lawsuits that arose out of the NSA program. In a letter (click for PDF) sent to the 6th Circuit Court of Appeals, the government said it will file legal briefs "addressing the implications of this development on the litigation." (One federal judge already has ruled the program to be unconstitutional.)

Cindy Cohn, legal director of the Electronic Frontier Foundation in San Francisco, said it's too early to say whether her group's lawsuit against AT&T would be affected. "It's too early for us to comment," Cohn said. "I don't think we can say anything definitive one way or another."

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That lawsuit, which a federal judge let proceed on November 17, claims that the telecommunications company unlawfully opened its networks to the NSA. AT&T has not confirmed or denied participating, though one of its lobbyists has pointedly described "very specific federal statutes that prescribe means, in black and white law, for provision of information to the government under certain circumstances."

The Foreign Intelligence Surveillance Court, created by the 1978 Foreign Intelligence Surveillance Act, is known as a secret court because its hearings are held behind closed doors and its proceedings are kept confidential. Only certain Justice Department attorneys may attend its sessions.

Bush's decision does not take effect immediately. He has renewed the NSA surveillance program every 45 days since it began shortly after the terrorist attacks of September 11, 2001, and Gonzales' letter says only that Bush has "determined not to reauthorize" it after the current period expires.

What Gonzales' letter did not do is reveal, even in general terms, how the FISA court will oversee the administration's electronic surveillance requests.

One possibility is that the secret court has approved the entire surveillance program with a blanket order for future use--and did not require the Justice Department to provide case-by-case information about eavesdropping targets. Justice Department officials refused to confirm or deny that there was a blanket order, according to a Washington Post article.

Last year, former judges of the Foreign Intelligence Surveillance Court urged Congress to enact a law forcing the president to use the court and expressed skepticism about the executive branch's constitutional authority to bypass it.

If a blanket order exists, attorneys from groups like the EFF or American Civil Liberties Union could argue that it amounts to an unconstitutional "general warrant" of the sort used by the British against the American colonists, which was banned in the Bill of Rights.

The ACLU said it will ask the court to release information on how the new surveillance orders work. "The legality of this unprecedented surveillance program should not be decided by a secret court in one-sided proceedings," said ACLU attorney Ann Beeson. "And without a court order that prohibits warrantless wiretapping, Americans can't be sure that their private calls and e-mails are safe from unchecked government intrusion."

On January 31, the 6th Circuit is scheduled to hear the Bush administration's appeal of a case brought by the ACLU in which a trial judge declared the NSA program to be unconstitutional. The Justice Department could use Gonzales' announcement to argue the case is "moot" and should be dismissed without further proceedings.

But White House spokesman Tony Snow said Wednesday that the timing of the announcement had nothing to do with the avalanche of lawsuits. "No, no, no, no, no. No. No," Snow said. "As a matter of fact, it may be interesting to see how it plays out in federal courts, but no, this is not a response." (Gonzales' letter alluded to discussions with the FISA court beginning in early 2005.)

The Foreign Intelligence Surveillance Act permits the secret court to authorize telephone surveillance, Internet monitoring, and even physical "black bag jobs." It was amended by the 2001 Patriot Act to allow surveillance for terrorism-related offenses, defined as violent acts that appear to be intended "to intimidate or coerce a civilian population" or "to influence the policy of a government by intimidation."

In a statement Wednesday, House Speaker Nancy Pelosi said that "the judge's order announced today needs to be reviewed thoroughly." Pelosi earlier had called for hearings on the topic.

Another open question is whether Gonzales' letter, which talks about only the "Terrorist Surveillance Program" that Bush has publicly discussed, is meant to sweep in other eavesdropping or Internet monitoring programs that are even more highly classified.

Documents that came to light in the EFF case against AT&T suggest that the telecommunications company has opened its data network to the federal government far more than Bush or his allies have ever acknowledged publicly. One declaration (PDF) in the case says that AT&T has created a facility "well suited to process huge volumes of data, including user content, in real time. It is thus well suited to the capture and analysis of large volumes of data for purposes of surveillance."

Secret Court Will Oversee Spying Program, U.S. Says (Update3) (BLOOM)

By Robert Schmidt And James Rowley

Bloomberg, January 18, 2007

Jan. 17 (Bloomberg) -- The Bush administration, after a year of refusing to allow outside supervision of its domestic eavesdropping program, agreed to seek approval for the electronic surveillance from a secret federal court.

Attorney General Alberto Gonzales disclosed the change in a letter today to leaders of the Senate Judiciary Committee. He said the Foreign Intelligence Surveillance Court last week issued orders approving Justice Department requests for eavesdropping under the program, which previously had bypassed judicial oversight.

``As a result of these orders, any electronic surveillance that was occurring as part of the Terrorist Surveillance Program will now be conducted subject to the approval'' of the court, Gonzales wrote.

He said the Justice Department had been ``exploring options'' for judicial oversight since early 2005. Still, his announcement comes as Democrats, highly critical of the program, have taken power in both houses of Congress pledging greater oversight of the administration's conduct of the war on terror.

President George W. Bush spent a year defending the legality of the spying since it was disclosed in December 2005. The program, established in 2001 after the Sept. 11 attacks, allows monitoring of international communications into or out of the U.S. when one of the parties is tied to al-Qaeda.

Congressional Resolution

Bush has said he had power to conduct the surveillance under a congressional resolution authorizing the war on terror and under his constitutional role as commander-in-chief. In his letter today, Gonzales said Bush wouldn't renew the program, instead letting the court review requests for surveillance.

White House Press Secretary Tony Snow said today the administration is satisfied the change won't sacrifice ``speed and agility when it comes to responding to bits of intelligence where you may be able to save American lives.''

Some lawmakers and administration officials said permitting court oversight of the program may defuse tensions on Capitol Hill. Gonzales will testify before the Senate Judiciary Committee tomorrow.

``If it happens to be true, it solves most of our problems,'' said Jay Rockefeller, a West Virginia Democrat and the new chairman of the Senate Intelligence Committee. The shift in policy suggests ``a rather large inconsistency with what the administration said'' months ago, he added.

Justice Department Briefing

The Justice Department briefed both the House and Senate intelligence committees on the change several days ago and plans to brief Senate Judiciary Committee Chairman Patrick Leahy, a Vermont Democrat, and the panel's senior Republican, Arlen Specter of Pennsylvania, shortly, officials said.

``It appears they have done a complete back flip,'' Leahy said. ``But, if they are doing a back flip toward following the law, that's a lot better than their original position.''

The announcement is ``good news, it will help keep the country safe,'' said Senator Pat Roberts, a Kansas Republican and former Intelligence Committee chairman. Roberts said the change should eliminate any need for Congress to pass legislation concerning the program.

International Communications

In his letter today, Gonzales said the surveillance court issued orders Jan. 10 ``authorizing the government to target for collection international communications into or out of the United States where there is a probable cause to believe that'' one of the parties is ``a member or agent of al-Qaeda or an associated terrorist organization.''

The attorney general didn't give details of the court's orders. A senior Justice Department official, speaking on background to a group of reporters, said the court approved more than one order allowing monitoring for 90 days. He also declined to be more specific.

The court, created by a 1978 law, meets in secret at the Justice Department's Washington headquarters and has authority to approve government eavesdropping of U.S. citizens linked to a foreign power.

Administration To Let Court Monitor Domestic Spying (CNN)

DOJ_NMG_0118032

CNN.com, January 18, 2007

WASHINGTON (CNN) -- Reversing a position it defended for more than a year, the Bush administration announced Wednesday that it has begun getting court approval before eavesdropping on the communications of suspected terrorists or their associates.

The Justice Department notified Congress that a court set up to specialize in wiretapping would oversee its "terrorist surveillance program," which the administration has said could operate without judicial review. Critics said that violated the Foreign Intelligence Surveillance Act of 1978, which set up a special court to review wiretap applications in intelligence cases.

In a letter to the Senate Judiciary Committee, Attorney General Alberto Gonzales wrote that the administration still believes the program is legal, but that a judge on the court has set rules that preserve "the speed and agility necessary" to battle terrorism.

"The president is committed to using all lawful tools to protect our nation from the terrorist threat, including making maximum use of the authorities provided by FISA and taking full advantage of developments in the law," Gonzales wrote. (Read Gonzales' letter to the Senate Judiciary Committee)

Neither Gonzales nor Justice Department officials disclosed details of the rules set by the court, arguing that details were classified. But Gonzales said President Bush would no longer authorize the existing program, which administration officials said was necessary because the court set up under FISA was too slow to respond to new terrorist threats.

"To save American lives, we must be able to act fast and to detect these conversations so we can prevent new attacks," Bush said in December 2005.Gonzales to face Senate committee

The administration's reversal comes a day before Gonzales was scheduled to appear before the Senate Judiciary Committee. Its chairman, Vermont Democrat Patrick Leahy, said he welcomed the decision.

"As I pointed out for some time, and as other senators on both sides of the aisle pointed out, that was, at the very best, of doubtful legality," Leahy said. He said surveillance was needed to prevent terrorist attacks, "but we can and we should do it in ways that protect the basic rights of all Americans."

House Speaker Nancy Pelosi, D-California, called the move "a long-overdue recognition" that existing laws can protect the country. "Although the judge's order announced today needs to be reviewed thoroughly, the fact that the president will no longer be authorizing unilaterally intrusive surveillance of people in the United States is good news," Pelosi said in a written statement.

Democratic Rep. Silvestre Reyes of Texas, the chairman of the House Intelligence Committee, called the decision "welcome news, if long overdue."

"It proves that this surveillance has always been possible under the Foreign Intelligence Surveillance Act and that there was never a good reason to evade the law," Reyes said in a written statement.

The government now will ask the court to approve surveillance requests for 90 days, after which it must seek renewed permission. Justice Department officials said the court issued more than one order governing the program, but they refused to provide details of the still-classified program.

The officials also refused to comment on how the procedures could be implemented without damaging national security, as top administration figures insisted.

Gonzales wrote that the administration has been working with the court for two years to bring the program under FISA, even as it defended the program and resisted calls for greater oversight. But the White House dismissed suggestions that the announcement was influenced by political concerns.

"It's an example of a case where we take hits for doing what's right rather than getting credit for what seems to be expedient," White House spokesman Tony Snow said.

Bush authorized the National Security Agency to eavesdrop on calls to or from people suspected of having ties to al Qaeda shortly after the terror network's September 2001 attacks on New York and Washington. The program remained secret for four years, and ignited a controversy once it was disclosed.

Sen. Arlen Specter, then chairman of the Senate Judiciary Committee, said FISA "flatly prohibits" electronic eavesdropping without a judge's permission. A federal judge ruled the program unconstitutional in July.ACLU skeptical of motives

The American Civil Liberties Union, which led the court challenge to the program, called the decision to submit the program to the FISA court "an effort to avoid judicial and congressional scrutiny."

"The legality of this unprecedented surveillance program should not be decided by a secret court in one-sided proceedings," said Ann Beeson, the lead attorney in the group's lawsuit. The group said it would urge the FISA court to release more information about its new orders, which Gonzales said were issued January 10.

Specter, now the Judiciary Committee's ranking Republican, said he wants to see more detail about how the program will now be run.

"I think we need to know more about the procedures on the determination of probable cause, whether it is on individualized warrants or it is a group program," he said. "And we will need to know more about the determination of the individual being an agent of al Qaeda."

A senior Justice Department official, who spoke on condition of anonymity because of the sensitivity of the information, said the department still believes the 1978 law should be modified to account for advances in electronic communication. Wednesday's announcement will "take some political heat off the debate," he said.

"These orders allow us to do the same thing that we've been doing, but we will be operating under the orders we've obtained from a FISA judge," the official said.

US DOJ: Surveillance Program Now Court-approved (IDG)

By Grant Gross, IDG News Service

IDG News Service, January 18, 2007

NSA wiretapping program to be replaced by a FISA program that requires court approval

A controversial surveillance program to wiretap telephone and Internet communications in and out of the U.S. will now fall under the jurisdiction of a U.S. court, the U.S. Department of Justice (DOJ) said Wednesday.

A judge with the secret U.S. Foreign Intelligence Surveillance Court (FISA) on Jan. 10 authorized the U.S. government to wiretap phone or Internet communications involving suspected members of al Qaeda or other terrorist organizations, the DOJ said. The FISA-approved surveillance would replace the Terrorist Surveillance Program at the U.S. National Security Agency (NSA), authorized by U.S. President George Bush in 2002 to create wiretaps without court-issued warrants.

The FISA ruling will allow the surveillance program to essentially continue as it has, only with court approval, a senior DOJ official said. Under the NSA program, U.S. agents were allowed to wiretap Internet and telephone communications into and out of the U.S. in which one participant was suspected to be linked to al Qaeda.

Civil liberties groups had protested the NSA program, saying its lack of court oversight violated the U.S. Constitution. The Electronic Frontier Foundation (EFF) has filed a lawsuit against AT&T for allegedly participating in the NSA program, and in August, a U.S. district judge in Michigan ruled the NSA program was illegal.

Bush is "committed to using all lawful tools to protect our nation from the terrorist threat," U.S. Attorney General Alberto Gonzales wrote in a Wednesday letter to members of the U.S. Congress. "Although ... the Terrorist Surveillance Program fully complies with the law, the orders the government has obtained will allow the necessary speed and agility while providing substantial advantages," Gonzales wrote.

Bush will not reauthorize the old NSA program when it expires sometime in the next 45 days, the senior DOJ official, who requested anonymity, said Wednesday. But the FISA-authorized program will have the same capability as the old program, the official said.

The FISA court will approve wiretap requests for 90 days at a time, the DOJ official said. The court will have authority to review individual wiretap requests, but the DOJ official declined to provide specific information about how the FISA program will work.

Bush administration officials denied that the FISA court acted to provide political and legal cover for the NSA program, but the DOJ official said the FISA ruling will allow Congress to step back and look at the wiretap program without legal questions hanging over it. The FISA ruling "should take some of the political heat off the debate," the DOJ official said.

The EFF didn't have an immediate comment on the FISA decision.

A Spy Program In From The Cold (NYT)

The New York Times, January 18, 2007

Of the many ways that President Bush has trampled civil liberties and the balance of powers since the 9/11 attacks, one of the most egregious was his decision to order wiretaps of Americans' international calls and e-mail without court approval. It was good news, then, when the administration announced yesterday that it would now seek a warrant from the proper court for that sort of eavesdropping.

The president's decision hardly ends this constitutional crisis. Among other things, the public needs to know why Mr. Bush broke the law for more than five years and what should be done to ensure there will be no more abuses of the wiretap statute.

But we're pleased that Attorney General Alberto Gonzales informed leaders of the Senate Judiciary Committee that Mr. Bush had decided to end the warrantless program. He said the administration had worked out a way to speed the process of getting a warrant from the Foreign Intelligence Surveillance Court to intercept communications to and from the United States "where there is probable cause to believe that one of the communicants is a member or agent of Al Qaeda or an associated terrorist organization."

He said the court — created by the 1978 law on domestic wiretapping — issued an order on Jan. 10 governing this new process and that eavesdropping under "the terrorist surveillance program" would be subject to the court's approval. There are still some big unanswered questions. For one thing, because the new warrant process is secret, we don't know whether the court has issued a blanket approval for wiretapping, which would undermine the intent of the law, or whether the administration agreed to seek individual warrants.

It was also troubling that Mr. Gonzales repeated his insistence that the warrantless spying was legal. That suggests that the administration — which has never explained why it could not have sought warrants from the start and turned down offers to amend the law — will continue to resist legislative oversight of the wiretapping. It's also likely to argue that the lawsuits challenging the eavesdropping should be dismissed. The damage has already been done by the president's decision to ignore the law, and the lawsuits should proceed.

Mr. Gonzales's announcement clearly was politically timed: he will appear today before the Judiciary Committee, now controlled by Democrats who have vowed to investigate the eavesdropping.

We hope they will do that. Congress has a legitimate interest in the creation of this program, which has always seemed motivated more by the president's relentless campaign to expand his powers than by a real need to speed intelligence gathering.

We strongly agree with John Rockefeller IV, the Democratic chairman of the Senate Intelligence Committee, that "the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary" and that the White House should turn over documents on the creation of the wiretapping program. If the 1978 law needs to be updated, that should happen in public, not in a secret court.

This administration long ago forfeited the public trust on these issues.

No Court Order Needed (USAT)

USA Today, January 18, 2007

The Bush administration did a stunning about-face on Wednesday. After insisting for more than a year that its warrantless wiretapping program was perfectly proper, the administration agreed to put the program under the supervision of a special court.

The move, as welcome as it was belated, was a nod to legal and political reality: A federal judge in Detroit had declared the program unconstitutional, and it faced a hostile reception in the new Democratic Congress.

The turnaround means that government eavesdropping will at least have judicial oversight, although the details remain murky. But it doesn't mean the government can't still gather personal information about Americans without a court order.

How? Through something called a National Security Letter. Unlike the warrantless wiretapping program, these letters don't violate any laws, though perhaps they should.

National Security Letters have their origin in the 1970s as exceptions to laws that bar companies from divulging their customers' data. After 9/11 and the passage of the USA Patriot Act, their use greatly expanded.

These letters — which government agencies can use to demand or request information about people's phone, credit and banking records — have a number of troubling features. Chief among them are that they can be issued without judicial review and that their recipients are subject to a gag order.

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It's bad enough that the FBI has issued thousands of these letters; now, according to a New York Times report confirmed by Vice President Cheney, the Defense Department and CIA are also getting into the act.

The Bush administration has trampled so many civil liberties in the name of the war on terror that it's tempting to shrug off yet another example. Yet the Pentagon's expanding role in domestic intelligence is alarming. This country has tried to keep the military out of law enforcement since the Posse Comitatus Act in 1878, with exceptions for such things as drug interdiction and border enforcement.

Perhaps even more important, however, is what this latest disclosure says about how the war on terror is going. If the United States is going to prevent terror attacks, it needs its departments and agencies to work together better than they did before 9/11.

The fact that the CIA and the Pentagon are conducting their own domestic investigations does not bode well for this cause. It suggests that turf wars and empire building remain more important than collaboration.

For the military, this behavior fits all too well into the campaign of mission creep advanced by former Defense Secretary Donald Rumsfeld. For him it wasn't enough to have a military that fights the nation's wars. He wanted one that did diplomacy, intelligence gathering and, apparently, domestic law enforcement. For the CIA, it suggests that the longtime divide between it and FBI has not been fully bridged.

If the letters continue to be sanctioned by law, the program should at least be consolidated into the Justice Department. If not, the administration may have found a way to simultaneously go too far in undermining individual liberties while not going far enough to fight the war on terror.

Detainee's Letters Give Peek At Life At Guantanamo (WP)

By Eric Rich

The Washington Post, January 18, 2007

Majid Khan, a terrorism suspect secretly detained for years by the CIA and now held in the military prison at Guantanamo Bay, Cuba, told his Pakistani wife in a letter that she should not dwell on the thought of his return because "if I come back, it will be a miracle of God."

The handwritten letter and three others to his family in suburban Baltimore are the first substantial communication from any of the 14 "high-value" detainees to become public since the captives were transferred in September from what were called CIA "black" sites to the U.S. military prison at Guantanamo.

Khan's letters, redacted in places by military censors, reveal that he has embraced religion in ways that he had not as a high school student in Owings Mills, according to family members and teachers. Khan commanded his wife, Rabia Yaqoob, to study the Koran "with all the footnotes and the explanations" and thanked her for "giving me a daughter in the midst of your sadness."

"Our life is not less than a story from the movies," he wrote. "If you add a few songs to it, it would make a very good film."

The government has denied Khan, 26, and the other high-value detainees access to lawyers, asserting in court that the "alternative interrogation methods" to which Khan was subjected are among the nation's most sensitive national security secrets. As a result, little is known about the arrests, detentions or interrogations of those captives.

U.S. officials say Khan, a Pakistani national, took orders from Khalid Sheik Mohammed, the man accused of orchestrating the Sept. 11, 2001, attacks, and who is also a high-value detainee at Guantanamo. Khan was allegedly asked to research the poisoning of U.S. reservoirs and the blowing up of U.S. gas stations, and was considered for an operation to assassinate the Pakistani president.

The letters Khan wrote to his wife and family were delivered through the International Committee of the Red Cross, whose representatives are permitted to visit the detainees on the condition that the agency does not publicly disclose information gathered during the meetings.

Khan's letter to his wife, written in Urdu, was introduced in court in Pakistan and has been published on an Urdu-language Web site operated by the BBC. Yaqoob's attorney, Nisar A. Mujahid, said the letter, by revealing Khan's desperation, supports his contention that the government of Pakistan should use diplomatic pressure to help protect Khan's rights.

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Khan's oldest brother, Mahmood Khan, said yesterday that the family was releasing the letters it received to draw attention to the case. Mahmood Khan said that, for several days after the letters arrived last month, he could not bring himself to read them.

"The more you read about how much he loves us, the things going through his mind, what he's been through -- what am I going to say to him?" asked Mahmood Khan, speaking at the family's home.

The letters in English are rife with spelling and grammatical errors. Khan wrote that he is held in solitary confinement, that he is allowed to leave his cell "to get sunburn" for one hour each day, and that he can sometimes talk with other inmates through cell walls. Beyond those particulars, the details of his confinement are few.

"In this letter I am going to mention some of the things I have been through," he wrote on Oct. 20. The next 19 lines of text are blacked out. After the redaction comes Khan's complaint that he did not have his glasses during his first two years of detention and that the military prison lacks basketball courts and other comforts common in U.S. prisons.

"But in some way this place is still better and in some way other were better," he wrote.

Gitanjali Gutierrez, a lawyer who has been seeking access to Khan, said the redactions, although expected, raised questions. "So many of the interrogation techniques are already known," said Gutierrez, a lawyer with the Center for Constitutional Rights, which represents many detainees at Guantanamo.

Majid Khan was detained while he was staying with a brother in Pakistan in March 2003, according to his family and court filings by his attorneys. They said men who were not in uniform burst into the brother's apartment in Karachi late one night and put hoods over the faces of those inside: Majid, his brother Mohammad and his brother's wife. The couple's one-month-old son was also taken into custody.

Although the others were released without charges over the course of three months, Majid Khan's whereabouts were not officially disclosed until September, when President Bush named him as one of the 14 high-value detainees.

Mahmood Khan said his brother, a 1999 graduate of Owings Mills High School, dreamed of being a deejay or a rap musician, even for a time a U.S. Marine, but not a terrorist.

Khan was most recognizable as that young man in the earliest of the notes. He thanked his family for the letters they had sent, bragged that he could do 100 push-ups in 80 seconds, and asked for news of deaths and marriages. "And I don't need to tell you how much I love and miss you guys," he wrote.

Khan was more serious in the second letter. He wrote that he had grown a beard and had studied Islam deeply since his capture, that he now wrote poetry and could read the Koran without translation.

He asked his father for forgiveness and wrote that he had sinned, a reference, according to Mahmood Khan, not to criminal activity but to the pursuit of material indulgences.

"Things never stay the same, and life goes on, so please don't worry about me," he wrote. "Remember it's my sins who brought me here. When my sins are forgiven then I'll get freedom, so it's between me and Allah."

Pentagon Aide Regrets Stance On Law Firms For Detainees (NYT)

By Sarah Abruzzese

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — A senior Pentagon official apologized on Wednesday to the lawyers of Guantánamo Bay detainees for suggesting that corporations should consider severing business ties with law firms that represent the detainees.

The official, Charles D. Stimson, deputy assistant secretary for detainee affairs, wrote in a letter published on Wednesday in The Washington Post that his comments in a radio interview last week did not reflect his “core beliefs.”

Mr. Stimson wrote: “Regrettably, my comments left the impression that I question the integrity of those engaged in the zealous defense of detainees in Guantánamo. I do not.”

Mr. Stimson sparked outrage with his interview for Federal News Radio in which he named more than 12 law firms defending the detainees.

He said, “I think, quite honestly, when corporate C.E.O.’s see that those firms are representing the very terrorists who hit their bottom line back in 2001, those C.E.O.’s are going to make those law firms choose between representing terrorists or representing reputable firms.”

The president of the American Bar Association, Karen J. Mathis of Denver, said it was proper for Mr. Stimson to apologize, but she added that his original comments reminded Americans "that every accused person deserves legal representation."

Mr. Stimson, a former Navy defense lawyer, wrote in his letter that "I believe that our justice system requires vigorous representation."

He said he "zealously represented unpopular clients."

On Friday, a spokesman for the Pentagon, Bryan Whitman, said Mr. Stimson's comments did "not represent the views of the Defense Department or the thinking of its leadership." Michael Ratner, president of the Center for Constitutional Rights, a human rights group that is coordinating the detainees' legal representation, said of the apology: "It is the minimum they should have done. It is basically a message to Stimson and the government to let people be represented."

Witness Against Militant Posada Reports A Bomb Under His Pickup (MH)

By Jay Weaver And Alfonso Chardy

The Miami Herald, January 18, 2007

An FBI informant who is a key witness against anti-Castro militant Luis Posada Carriles discovered a pipe bomb attached to the bottom of his pickup truck Sunday and drove it to the Hialeah Police Department, law-enforcement authorities say.

Gilberto Abascal -- whose testimoney also helped convict anti-Castro activists Santiago Alvarez and Osvaldo Mitat on weapons charges -- somehow spotted the device strapped to the undercarriage of his red 2005 Ford F-150 truck while he cruised around Hialeah, two federal investigators familiar with the incident said.

Despite finding the explosive device, Abascal drove several blocks to the Hialeah police station.

Hialeah police and Miami-Dade bomb squad officers shut down the area and detonated the device. The police picked up the bomb scraps, which included wires and gun shells. The FBI is now investigating, although spokeswoman Judy Orihuela declined to comment.

Sunday was not the first time that Abascal -- who is supposed to be in a witness protection program well outside Miami-Dade County -- has claimed an attempt on his life. Last August, he told police that an unknown gunman pulled alongside his pickup at a Hialeah eatery, Rancho Grande, and shot at him, according to a police report. Abascal told police he pulled a 9mm pistol from his glove box and shot back.

WORK FOR THE FBI

Abascal did not return calls to his cellphone or home phone. He has worked off and on as an FBI informant on probes involving Cuban exile militants since at least 2001. Abascal has received more than $25,000 from the FBI for his testimony, expenses and relocation.

Defense attorneys for the Cuban exiles implicated in recent criminal investigations called Abascal a "double agent" whose clients are the FBI and Cuban leader Fidel Castro. Abascal -- along with federal authorities -- has repeatedly denied that he is a double agent, although Coast Guard officers found him among a small group that was illegally trying to motor a boat to Cuba in 1999.

Last fall, Abascal was the main federal witness who helped convict ant-Castro militants Alvarez and Mitat on weapons-conspiracy charges in South Florida, and in last week's indictment of former CIA operative Posada on fraud offenses.

A federal grand jury in El Paso, Texas, charged Posada, 78, with lying about how he sneaked into the United States in March 2005.

The same grand jury also charged Alvarez, 65, and Mitat, 64, with contempt of court for refusing to testify about Posada's entry. Three other associates have been charged with contempt.

Attorneys for Posada, Alvarez and Mitat -- all in federal custody -- said their clients were not involved in any attempt on Abascal's life.

"My client had nothing to do with it," Posada's immigration attorney, Eduardo Soto, told The Miami Herald.

One defense lawyer questioned why Abascal, after spotting a pipe bomb, would drive several blocks to the police instead of just calling them to come and get him.

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"If your information is correct, I caution law enforcement to be very careful in verifying the claim," said attorney Ben Kuehne, a member of Alvarez's legal team. ``Abascal, we believe, has an active history of being an agent for the Castro government and engaging in his own brand of wrongdoing."

Kuehne also said Alvarez had nothing to do with the alleged bomb threat: ``As much as Mr. Alvarez has spent his life trying to bring democracy to his native land, he remains governed by the rule of law in the United States. He would not attempt self-help remedies against any Castro operatives in the United States."

Many in the exile community have dubbed Abascal a traitor for informing on Alvarez, Mitat and Posada.

HOW POSADA ARRIVED

Posada has long maintained that he came into the United States by crossing the Mexican border with the assistance of a migrant smuggler, not by sea -- as prosecutors now allege. By charging Posada, the Justice Department signaled its willingness to target a man who has been in investigators' cross hairs since 1997, when he was first suspected of masterminding tourist-site bombings in Cuba.

A grand jury in New Jersey is looking at evidence gathered anew by the FBI, which is focusing on money wire transfers and a reporter's tape in which Posada allegedly confesses to plotting the Cuba bombings, which killed one Italian tourist.

Last week's indictment is built on a statement given to the FBI by Abascal, who said Posada entered the country on a shrimping boat called Santrina manned by Alvarez, Mitat and others, including the informant himself. He said the crew on the Santrina picked up Posada on the Mexican island of Isla Mujeres and took him to the United States.

"I have always told the truth and have not lied about anything," Abascal told a Miami Herald reporter by telephone last week, before the pipe-bomb event. ``Even if they insult me or kill me, I'll continue telling the truth."

Posada supporters have scheduled a rally for noon to 6 p.m. Friday at Little Havana's Bay of Pigs monument, Southwest Eighth Street at 13th Avenue. The monument honors exiles who died trying to overthrow Castro in 1962.

Miguel Saavedra, an organizer of the rally, said the demonstration is designed to send a message to the White House that Posada and other "Cuban exile patriots in American jails" should be pardoned.

Philippine Militant Slain (LAT)

By Paul Watson And Al Jacinto, Special To The Times

The Los Angeles Times, January 18, 2007

Jainal Antel Sali Jr., a leader of Abu Sayyaf, was linked to Al Qaeda and had been sought in a Californian's killing.

JOLO ISLAND, PHILIPPINES — A militant leader linked to Al Qaeda and wanted in the beheading of a California tourist was killed in a jungle battle, the Philippine army announced Wednesday.

The military first reported that it had wounded Jainal Antel Sali Jr., also known as Abu Solaiman, on Tuesday when special forces raided a hide-out of the Abu Sayyaf militant group on Jolo island, about 600 miles south of Manila.

But Sali, also wanted in the kidnapping of two American missionaries, was later confirmed dead at a news conference in Manila, where the chief of the armed forces, Gen. Hermogenes Esperon, showed photographs of the corpse.

"We have resolved that this group and their major commanders must be finished off, that this notorious group should see its end," the general said.

Sali was buried Wednesday on Jolo island after relatives and friends identified the body. He had the hole of a soldier's bullet in his chest and a piece of wood, about an inch long, embedded in his left cheek. It was pulled out by two imams hired by the military to clean and bury the corpse in accordance with Muslim custom.

"It was him, all right. It was Abu Solaiman," said Karim Muktar, a Muslim rebel turned government soldier. "His time finally has come, and it's the end of the road for Solaiman."

Sali, a 42-year-old native of Zamboanga who was a civil engineer, commanded an Abu Sayyaf unit known as the urban terrorist group, blamed for a series of bombings in the southern Philippines. He was also an Abu Sayyaf spokesman.

Philippine officials linked Sali to a February 2004 bombing on a ferry, which triggered a fire that killed 116 people.

Wanted by the FBI

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Sali was on the FBI's list of most wanted terrorists, and the U.S. State Department had offered a reward of up to $5 million for his capture. He was indicted by a U.S. court in 2002 on charges including the murder of an American outside the U.S. and kidnapping resulting in death, the FBI said. Guillermo Sobero, 40, of Corona, Calif., was beheaded after he was kidnapped in May 2001 with American missionaries Martin and Gracia Burnham, of Wichita, Kan., and 17 Filipinos at an island resort in the southern Philippines.

Sobero's torso was found months after his abduction. Abu Sayyaf, which says it is fighting to establish Islamic rule in the region, said it had executed him.

The Burnhams and other hostages were held for more than a year, during which they were constantly on the move in forced marches through the jungle. Martin Burnham was killed in June 2002 when Philippine commandos launched a rescue mission. Gracia Burnham was wounded in the leg but survived. A Philippine nurse also died, as did several soldiers and guerrillas.

Gracia Burnham released a statement Wednesday after the death of Sali.

"Based on the six months I had close contact with Solaiman during our year of captivity, I would say he was the most dangerous of the Abu Sayyaf leaders because he was filled with hate," the Associated Press reported her saying in the statement.

"Martin and Solaiman had long talks about their beliefs and beliefs in general while we were in the jungle, so today my heart is filled with sadness for Solaiman because his next step is to face almighty God to be judged."

In early 2002, President Bush sent hundreds of American troops, including Special Forces, to advise and train Philippine soldiers battling militants in the south.

The U.S. forces were restricted to noncombat roles and are permitted to fire only in self-defense.

The battle that led to Sali's death raged for more than three hours Tuesday as Philippine troops clashed with about 60 Abu Sayyaf fighters at a hide-out on Mt. Daho, army Lt. Col. Bartolome Bacarro said as the operation was underway. Two Philippine soldiers were wounded.

Plenty of cover

Mt. Daho is an active volcano whose thick canopy of trees and countless crevices provide excellent cover for guerrillas.

Bacarro said Philippine forces had found at least 17 bunkers, camouflaged by large trees, at the guerrillas' camp. Troops also recovered assorted materials used for making crude bombs, including blasting caps.

On Wednesday, the Philippine military sent troops to join the hundreds of soldiers on Jolo who launched an offensive against Abu Sayyaf guerrillas in August.

An air force C-130 cargo plane transported soldiers and weapons, including rockets, that were delivered in a convoy of trucks and armored vehicles to an army base in the town of Jolo, where U.S. troops are stationed.

Secretary of State Condoleezza Rice plans to visit Jolo to inspect U.S. troops before the start of joint anti-terrorism exercises with Philippine forces next month, a Philippine government source said.

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Times staff writer Watson reported from Jakarta, Indonesia, and special correspondent Jacinto from Jolo island.

HOMELAND RESPONSE:

TSA Chief Hits Plan To Check Cargo (USAT)

By Thomas Frank

USA Today, January 18, 2007

WASHINGTON — Requiring inspection of all cargo on passenger planes could potentially make them more vulnerable to terrorist attack while also hindering commerce, the nation's aviation security chief said Wednesday.

In his first public comments on a bill approved by the House on Jan. 9, Transportation Security Administration (TSA) chief Kip Hawley said inspecting all passenger-plane cargo would add "a very small, incremental benefit for security."

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Hawley said it also could divert airport screeners from other activities such as screening airport employees, inspecting passenger travel documents and looking for suspicious travelers.

"If you spend all your resources opening boxes and not applying your resources more generally, that opens up another vulnerability," Hawley told the Senate Aviation Subcommittee. "The adaptive terrorist will go there."

Passenger planes carry about 6 billion tons of cargo a year, typically goods that need fast shipment such as seafood and auto parts. The items are held in the belly of jets with passenger luggage, which is inspected for bombs. Only a small portion of such cargo is checked by bomb-detection machines or dogs.

The House bill aimed at strengthening domestic security would require the cargo to get the same screening as luggage by October 2009.

Hawley said requiring the cargo inspection by late 2009 "is not feasible without impeding the legitimate flow of commerce and imposing an unreasonable cost on the government." Much air cargo is brought to airports in large containers that won't fit through a luggage-bomb detector, Hawley said.

The House bill does not specify whether the TSA or airlines would inspect cargo.

The Senate Aviation Subcommittee plans to propose its own aviation-security bill that is likely to be less far-reaching on cargo than the House bill.

Subcommittee Chairman Jay Rockefeller, D-W.Va., wants to give TSA flexibility in improving cargo security and will "carefully weigh" how a new law affects airlines and the economy, spokeswoman Wendy Morigi said.

Airline and cargo-shipping groups oppose inspecting all passenger-plane cargo. The Air Transport Association, which represents major airlines, welcomed Hawley's testimony, saying it "has always believed that physical screening of air cargo is not the most effective way to assure the security of air travelers."

Rep. Ed Markey, D-Mass., a leading advocate for inspecting cargo, said technology could do the job without disrupting commerce.

Hawley said the TSA has strengthened cargo security by requiring packages that people bring directly to airports to go through luggage-bomb detectors, and by adding dog teams. The agency largely regulates cargo by setting security requirements for companies that ship goods on passenger planes.

Hawley also said agencies are reviewing a watch list that keeps people off airplanes and removing about half the names. That should reduce incidents in which innocent travelers' names match those of terrorism suspects, and the travelers are barred from flying.

No-fly List Checked For Accuracy, Cut (AP)

By Beverley Lumpkin

The AP, January 17, 2007

WASHINGTON - The Bush administration is checking the accuracy of a watch list of suspected terrorists banned from traveling on airliners in the U.S. and will probably cut the list in half, the head of the Transportation Security Administration said Wednesday.

Kip Hawley told Congress that the more accurate list, combined with a new passenger screening system, should take care of most incidents of people wrongly being prevented from boarding a flight or frequently being picked out for additional scrutiny.

A "no-fly" list of suspected terrorists and criminals considered too dangerous to travel on commercial airliners in this country has existed for decades. But since the terrorist attacks of Sept. 11, 2001, the list expanded. Tightened security procedures have led to closer scrutiny of air travelers and resulted in many complaints.

The TSA has been working with intelligence agencies and the FBI to improve the watch list. Before the 9/11 attacks, almost every intelligence agency had its own list of undesirables and resisted sharing it with other agencies.

Even cutting the list in half is "nice but not all that meaningful," said Barry Steinhardt, an attorney with the American Civil Liberties Union. He noted that various estimates of the list's size, which is classified, have ranged from 50,000 to 350,000 names.

"Cutting a list of 350,000 names is not all that impressive," Steinhardt added.

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At a hearing of the Senate Commerce Committee, Hawley ran into inquiries from lawmakers with family members or friends who had encountered problems at airport checkpoints.

Among them was Sen. Ted Stevens, R-Alaska, who complained that his wife, Catherine, was being identified as "Cat" Stevens and frequently stopped due to confusion with the former name of the folk singer now known as Yusuf Islam, whose name is on the list. In 2004 he was denied entry into the U.S., but officials declined to explain why.

Hawley explained that Secure Flight, the new passenger screening program, which he hopes will be running in 2008, would make such problems "a thing of the past."

Hawley said his agency sends correctives to the airlines.

"Unfortunately, it depends airline by airline how their individual systems work as to how effectively that's done," he said.

Hawley was questioned by Sen. Jay Rockefeller, D-W.Va., about the lack of screening for passengers on private aircraft, which Rockefeller called "very disturbing."

Hawley said there are many security measures in place on the ground around general aviation terminals, but that the department is considering the longer-term issue of whether such private flight passengers should be subjected to individual screening.

Senators also asked Hawley about a provision recommended by the 9/11 Commission, and passed by the House last week, that would require 100 percent physical inspection of all air cargo loaded onto passenger planes. The Senate has yet to act on the measure.

"We prefer not to have a 100 percent requirement on anything," Hawley said. "Because you tend to be focused then on, how do we accomplish what is written in the law, as opposed to a smarter security that says, okay, we're in a risk-based business, how are we going to stop the bomb from being in here?"

Also Wednesday, the Homeland Security Department launched a new program for passengers who feel wronged to try correcting the list.

The program will give travelers "a clearly-defined process" to report problems, said Homeland Security Secretary Michael Chertoff in a written statement.

Beginning Feb. 20, the program, dubbed Traveler Redress Inquiry Program, will serve as a central processing point for all inquiries about Homeland Security agencies' databases.

Appeals For Delayed Travelers (NYT)

By Eric Lipton

The New York Times, January 18, 2007

The Department of Homeland Security is setting up a new, simplified way for travelers to file an appeal if their journey is disrupted by security queries. The new system will allow travelers who have been denied or delayed boarding an airplane or entering the United States, or have been subjected to more intense searches or questioning by a department official to question why they were the target of such scrutiny. The new system, called the Traveler Redress Inquiry Program, will allow the person to file and track the status of the claim online and is scheduled to start late next month.

Don't Demonize Security (USAT)

By James Jay Carafano

USA Today, January 18, 2007

Here's the recipe for a scary, post-9/11 news story about liberties vs. security:

•First, find a legitimate domestic surveillance program. Make sure it's one most Americans ignore — the more obscure, the better. It doesn't matter if the courts have ruled it constitutional. It doesn't matter if it helps fight crime or protect national security.

•Next, find an "expert" to denounce the program as an unnecessary expansion of executive authority. Rail about the potential for abuse (even when there's no evidence of actual abuse). Argue that the program could be a threat, even if it hasn't, in fact, been misused.

•Finally, stimulate the "Luddite response" — a fear of technology. Rant about how the information age is destroying any hope of privacy. More information and technology equals power. And with more power comes more abuse.

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Combining these ingredients is guaranteed to shock sensibilities and spark congressional hearings. It's been done many times, starting with the tools authorized in the Patriot Act to fight terrorism, like delayed-notification warrants.

U.S. military domestic investigations are the latest intelligence and law enforcement tool to receive the treatment. A spate of recent news reports revealed that the armed forces use "national security" letters to request business records, such as phone and bank data. It sounds scary, but it shouldn't.

The military has a legitimate, limited mission to conduct intelligence inside the United States. It is written into law and funded by Congress. National security letters are perfectly legal, and the Defense Department is authorized to issue them. Requesting business records is a common intelligence and law enforcement practice and does not in many cases require a warrant.

Finally, there is a domestic security threat to worry about. On 9/11, there was an attack on American soil, and others have been plotted since then. Keeping America safe, free and prosperous requires both liberty and order. Protecting the safety and freedom of Americans is not served well by simply demonizing security.

James Jay Carafano is a senior research fellow at the Heritage Foundation, a conservative think tank, and author of G.I. Ingenuity. (The Bush administration declined to provide an opposing view to this editorial.)

Grand Jury Looking At Katrina Insurer (NYT)

By Joseph B. Treaster

The New York Times, January 18, 2007

A grand jury in Mississippi began hearing testimony yesterday on possible criminal charges against State Farm for its handling of claims after Hurricane Katrina, people close to the proceedings said.

The start of the grand jury proceedings in the marble circuit courthouse in Pascagoula, on the Gulf Coast, raised new questions about efforts to settle hundreds of lawsuits filed after the storm in 2005.

Early last week, State Farm and other participants in the settlement talks said they were close to an agreement that could put hundreds of millions of dollars into the hands of policyholders along the coast who have been waiting for insurance money to begin rebuilding.

Several participants in the talks said State Farm wanted to reach agreement before a grand jury began hearing evidence on whether it ordered adjusters and independent engineers to file paperwork that would lead to underpayments to homeowners. As part of the agreement, State Farm was insisting that Jim Hood, the attorney general of Mississippi, drop a criminal investigation into the company's handling of claims and call off the grand jury, which would decide whether there was probable cause to return an indictment.

But the talks were jolted last Thursday by decisions by a federal judge and jury in Gulfport that awarded a couple in Biloxi $2.7 million, mostly in punitive damages, in a separate lawsuit against State Farm.

Lawyers opposing State Farm said they feared that the insurer, the biggest in Mississippi and the nation, would break off the talks.

The next day, however, State Farm was back at the table with trial lawyers and Mississippi officials.

The negotiations gathered speed throughout the long holiday weekend, and some participants thought an agreement might be announced as early as Tuesday.

But, according to several participants, Mr. Hood refused to sign off on the deal. That enabled the grand jury to be seated in Pascagoula. It also meant that another of State Farm's conditions was not met: A requirement that Mr. Hood also drop a civil lawsuit against it and other insurers.

When the grand jury began hearing testimony yesterday, participants in the talks said, State Farm lawyers seemed on the verge of ending the negotiations.

But in a brief interview late yesterday, Phil Supple, a spokesman for State Farm, said that the insurer continued "talking with all parties" and remained optimistic a settlement could be reached.

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As for the grand jury proceedings, Mr. Supple said State Farm "is cooperating fully with the attorney general's grand jury investigation." He would not confirm reports that one witness had been Terry Blalock, State Farm's senior claims executive in Mississippi.

In late summer, two independent adjusters provided evidence to Mississippi officials that they said supported claims of impropriety against State Farm. The two adjusters contended that State Farm destroyed large numbers of documents related to their payments for Hurricane Katrina damage. State Farm has insisted that it did nothing wrong.

An aide to Mr. Hood said late Wednesday that he was in a meeting and could not speak with a reporter.

Lawyers and others who have been following the settlement talks and the claims disputes with insurers along the Mississippi coast, where tens of thousands of homes were damaged or destroyed by high wind and surging floodwaters, said several witnesses went before the grand jury yesterday.

WAR NEWS:

Measure In Senate Urges No Troop Rise In Iraq (NYT)

By Carl Hulse

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The Senate set the stage on Wednesday for a direct clash with President Bush over the war, with two senior Democrats and a prominent Republican introducing a symbolic measure to declare that the administration's plan to send additional troops to Iraq runs counter to the national interest.

The resolution, proposed by Senators Joseph R. Biden Jr. of Delaware and Carl Levin of Michigan, both Democrats, and Chuck Hagel of Nebraska, a Republican, would not be binding, and the White House said it would have no effect on Mr. Bush's plan to send more than 20,000 additional troops to Iraq.

But sponsors of the measure said Congressional passage would send a powerful message that the president could not ignore, and its adoption could be a precursor to further efforts by opponents of the war to place limits on his use of the military in Iraq or to limit financing for the war.

The measure says that the United States cannot sustain an open-ended commitment to Iraq, that the chief responsibility for quelling unrest there rests with Iraqi security forces and that the United States should seek a political solution. [Resolution text: nytimes.com/washington.]

"This resolution will demonstrate — and it will demonstrate it right away — that support is not there for the president's policy in Iraq," said Mr. Biden, the Foreign Relations Committee chairman. "The sooner he recognizes that reality and acts on it, the better off all of us will be."

Mr. Biden's committee expects to take up the resolution next Wednesday, pushing any votes on the measure past Mr. Bush's State of the Union address on Tuesday night. Senate Democratic leaders have said they will bring it to the floor relatively quickly. House Democrats have made it clear that they will not take up any similar proposal until after the Senate has voted on one.

Republican leaders promised to offer an alternative that would call for time to allow Mr. Bush's new policy to work — an attempt to provide Republicans unhappy with the war an avenue to express their view without backing the more critical proposal.

Senator Jon Kyl of Arizona, chairman of the Senate Republican Conference, said Senator Joseph I. Lieberman of Connecticut, a longtime Democrat who was re-elected last year as an independent, was the only non-Republican to pledge support so far. But Mr. Kyl said he believed that many of his Republican colleagues would ultimately find it difficult to vote against the White House.

"You cannot micromanage a war from the United States Senate," Mr. Kyl said. "At least, you can't effectively or constitutionally do that. If you vote to fund the military, then you need to leave the tactical decisions to the commanders on the ground and the commander in chief."

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But another Republican senator, Olympia J. Snowe of Maine, quickly got behind the new resolution, and Mr. Hagel predicted that others would as well. “Now is the time for the Congress to make its voice heard on a policy that has such significant implications for the nation, the Middle East and the world,” Ms. Snowe said in a statement.

Other Republicans who have expressed unease about the troop buildup, including Senators Susan Collins of Maine and Norm Coleman of Minnesota, took no immediate stance on the resolution. They expressed some reservations about the tone and scope of the proposal, which refers to escalating the war, which some Republicans believe has become a loaded partisan description.

In an effort to limit defections, wavering Republicans were invited to the White House for briefings on Wednesday. Tony Snow, Mr. Bush’s press secretary, reiterated the administration’s contention that a vote in opposition to Mr. Bush’s policy would send a mixed message about American intentions.

“What signal does it send to the Iraqis in terms of steadfastness ?” he asked. “What does it say — does it make the troops feel better about their support from the United States?”

Senator John Cornyn, Republican of Texas, accused the resolution’s three sponsors of political gamesmanship in advocating a nonbinding vote rather than taking on the more difficult issue of limiting funding for American forces. “Rather than have a serious debate we see this kind of posturing,” Mr. Cornyn said.

Mr. Hagel bristled at that comment. “This is a serious resolution put forward by serious people who care about our country,” he said. “There is no moral high ground that one group of senators has over the other.”

Democratic leaders in the House and Senate say they believe that they can reach an early consensus on symbolic votes opposing the president and then later consider putting restrictions on spending for the war after gauging the depth of resistance. The House Defense Appropriations subcommittee on Wednesday began a series of closed hearings on potential limits on military spending.

Senator Christopher J. Dodd, Democrat of Connecticut, gained Democratic support for requiring the president to seek new authority from Congress before raising troop levels.

House Republicans introduced a measure that would prohibit Congress from cutting off or restricting “funding for units and members of the armed forces in harm’s way.”

Congress Unleashes Antiwar Proposals (LAT)

By Noam N. Levey

The Los Angeles Times, January 18, 2007

WASHINGTON — Setting up a showdown with the White House that could come next week, several antiwar senators, including one Republican, introduced a resolution Wednesday opposing President Bush's plan to send more troops to Iraq.

The bipartisan resolution drafted by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.) and Carl Levin (D-Mich.) would not place any legal limits on what the president can do in Iraq.

But it marks the leading edge of a rapidly expanding legislative front that will confront Bush as he tries to chart a new Iraq policy.

Wednesday, Sens. Hillary Rodham Clinton (D-N.Y.) and Christopher J. Dodd (D-Conn.) also touted separate plans to halt the deployment of more troops to Iraq. And later in the day, a second GOP senator joined Hagel to support the resolution.

On the other side of the Capitol, liberal Democrats in the House, led by three Californians, unveiled an even more sweeping plan for withdrawing all U.S. troops from Iraq over the next six months.

"The November elections showed just how fed up the American public is with the president's failed Iraq policy," Rep. Lynn Woolsey (D-Petaluma) said while unveiling her measure, co-sponsored by Reps. Maxine Waters (D-Los Angeles) and Barbara Lee (D-Oakland). "It is now up to the Congress to catch up with the will of the American public."

White House Press Secretary Tony Snow said congressional resolutions would not deter Bush. "The president has obligations as commander in chief, and he will go ahead and execute them," Snow said.

Senate plan

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Senate leaders have shown little interest in pushing as far as the more aggressive antiwar lawmakers in the House, who want to mandate a phased withdrawal in law. But, stern and defiant, the three authors of the Senate resolution cast it as an important first step in building bipartisan congressional support for challenging the White House. "I cannot believe the president of the United States will not pay attention," Biden said.

Hagel, a conservative Republican who has lambasted Bush's plan, called it "dangerously irresponsible" and promised, "I will do everything I can to stop the president's policy as he outlined it Wednesday night."

"The Congress of the United States has a role to play," Hagel said at a news conference with Biden and Levin in the U.S. Capitol. "I don't believe we have played that role very effectively over the last four years."

The carefully worded five-page resolution restates in 18 detailed "whereas" clauses the critiques made by war critics in Congress and elsewhere about rising U.S. casualties, strains on the military and past failures of the Iraqi government.

"It is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq," the resolution reads in the first of six conclusions.

It also calls for American forces to shift their mission to protecting Iraq's borders, training Iraqi forces and conducting counterterrorism activities.

And it concludes by calling for the United States to "transfer, under an appropriately expedited timeline, responsibility for internal security and halting sectarian violence in Iraq to the government of Iraq and Iraqi security forces."

At the news conference, Biden said, "When the president goes way off course … the single and most effective way to get him to change course is to demonstrate that his policy has waning or no support from both parties."

Since announcing his plans last week, the president has insisted in several television interviews that he would not be stopped by congressional opposition.

But over the last 10 days, the White House has worked to persuade GOP lawmakers to stick with the president, and on Wednesday morning invited a group of senators to meet with national security advisor Stephen J. Hadley, a leading architect of the president's plan.

Sen. John Cornyn (R-Texas), normally a loyal Bush ally, said White House officials expressed frustration that their message wasn't getting out. "To some extent, people have tuned the president out," he said.

Sen. Norm Coleman (R-Minn.), who has spoken out against the Bush plan, said Hadley mainly listened to the lawmakers, many of whom have publicly criticized the president's proposal since he announced it last week.

Cornered by reporters outside the Senate chamber, Coleman said there was some discussion of delaying the deployment of additional troops to give the Iraqi government a chance to demonstrate its commitment. Lawmakers on both sides of the aisle have complained about the failure of Prime Minister Nouri Maliki's administration to do more to halt sectarian violence.

But Coleman said nothing was decided at the meeting. "I went there with concerns. I left with concerns," he said. "I would suspect there was very little mind changing that went on there."

Coleman said he was still reviewing the language of the resolution, which calls the troop buildup an "escalation," a word some Republicans have complained is politically loaded because it harks back to the Vietnam War.

Wednesday evening, Maine Sen. Olympia J. Snowe, a moderate Republican who has frequently criticized the Bush administration's war policy, became the second Republican to support the Biden-Hagel-Levin resolution.

"Now is the time for the Congress to make its voice heard," Snowe said.

Facing the threat of a Republican filibuster, Senate Democrats would need at least 10 Republicans to get the 60 votes needed to bring the resolution to a vote.

House plan

In the House, Republicans, including Minority Leader John A. Boehner (R-Ohio), were lining up behind a proposal by Rep. Sam Johnson (R-Texas) to explicitly prohibit any cuts in funding for troops "in harm's way."

Biden said the Foreign Relations Committee, which he chairs, would consider the resolution on Wednesday, the day after the president delivers his State of the Union address, in hopes of getting it to the floor as soon as the end of next week.

Neither he nor Levin, who chairs the Senate Armed Services Committee, would say whether they planned to pursue legislation to cut funds for the buildup. "What goes on beyond that is going to depend on the reaction to it," Levin said.

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But other Democrats are already pushing forward.

Dodd said Wednesday that he planned to try to amend the resolution to require Bush to get congressional authorization for any increase in troop levels in Iraq, explaining that he believes the president has exceeded the power that Congress gave him in the original war resolution.

"I do not believe that the authorization provided by the Congress in 2002 gives the president the unlimited authority to send additional troops to Iraq for a mission which is totally different," Dodd said.

Clinton, who until now has remained largely in the background while debate over the war escalated, said she would introduce a bill next week requiring congressional authorization for any troop increases.

Sen. Edward M. Kennedy (D-Mass.) introduced legislation last week to do much the same thing.

In a conference call with antiwar activists Wednesday, Kennedy said he wanted to move forward with his bill in the next week to 10 days. "This is the moment for congressional action to bring this war to an end," he said.

Second Republican Opposes Bush Iraq Plan (AP)

By Anne Flaherty, Associated Press Writer

AP, January 18, 2007

A second Republican signed onto a Senate resolution on Wednesday opposing President Bush's 21,500-troop buildup in Iraq, setting a marker for a major clash between the White House and Congress over the unpopular war.

Sen. Olympia Snowe, a moderate from Maine, said she would support a nonbinding resolution that would put the Senate on record as saying the U.S. commitment in Iraq can be sustained only with support from the American public and Congress.

Snowe's decision to join the effort came as the White House and GOP leaders struggled to keep Republicans from endorsing the resolution, and raised questions about how many more defections there might be.

"Now is time for the Congress to make its voice heard on a policy that has such significant implications for the nation, the Middle East and the world," Snowe said in a written statement.

Earlier, Sen. Chuck Hagel, a Nebraska Republican and potential 2008 presidential candidate, joined Democrats at a news conference announcing the resolution.

"I will do everything I can to stop the president's policy as he outlined it Wednesday night," Hagel said. "I think it is dangerously irresponsible."

Even as skeptical Republicans were summoned to private meetings with Bush and national security adviser Stephen Hadley at the White House, Bush's aides made clear that the Capitol Hill challenge would be met aggressively by the administration.

Presidential spokesman Tony Snow said resolutions passed by Congress will not affect Bush's decision-making.

"The president has obligations as a commander in chief," he said. "And he will go ahead and execute them."

Senate Armed Services Committee Chairman Carl Levin, D-Mich., a chief author of the Senate resolution, said it says "we do not support increased troops, deeper military involvement" and calls for shifting the mission of U.S. troops from combat to training, counterterrorism and protecting Iraq's territorial integrity.

He said it also calls for "the greater engagement of other countries in the region in the stabilization and reconstruction of Iraq."

The resolution does not call for a withdrawal of troops or threaten funding of military operations, as many Democrats have suggested. Instead, the legislation says the U.S. should transfer responsibility to the Iraqis "under an appropriately expedited timeline," though it is not specific.

Sen. Olympia Snowe, R-Maine, told reporters that she is considering supporting the resolution and said she believed it heads in the right direction.

"I want to make sure it's something I can support," said Snowe, who has been adamantly opposed to the increase in troops.

The group planned to introduce the resolution Wednesday, with a review by the Senate Foreign Relations Committee on Jan. 24, one day after Bush delivers his State of the Union address.

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Hagel's agreement to help Democrats champion the resolution amounts to a setback to the administration and to Bush, who has argued vehemently that some 21,500 additional U.S. troops are needed to help the Iraqi government calm sectarian violence in Baghdad and Anbar province.

Bush announced on Jan. 10 that he planned to increase the 130,000 U.S. forces in Iraq with an additional 21,5000 troops.

The resolutions in Congress seemed likely to be largely symbolic and they would not affect the Pentagon's war budget or challenge the president's authority over U.S. forces. Such votes, however, could be a shot across the bow to Bush.

The resolutions also would help Democrats measure GOP support for more aggressive legislative tactics, such as cutting off funds for the war.

Such a vote puts many Republicans in an uncomfortable position. They will have to decide whether to stay loyal to an unpopular GOP president and risk angering voters disillusioned by the war or buck the party line.

Republicans are crafting alternative proposals, including a House bill introduced by Minority Leader John Boehner, R-Ohio, that would vow to protect funding for U.S. troops in combat. Sen. John Warner, R-Va., is considering a resolution expressing support for the findings by the bipartisan Iraq Study Group.

Sen. Hillary Rodham Clinton, D-N.Y., said Wednesday she thinks there should be a cap on U.S. troops in Iraq and said she wants "to condition American aid to the Iraqis on their meeting political benchmarks."

"I am opposed to this escalation," she said on NBC's "Today" program. "The Bush administration has frankly failed to put any leverage on this government," said Clinton, considered a likely 2008 Democratic presidential front-runner, although she has not yet entered the race.

Bush has been trying to sell his revised war plan to the public in a series of television interviews. He told PBS's Jim Lehrer in an interview this week that keeping his old policies in place would lead to "a slow failure," but withdrawing from Iraq, as some Democrats and other critics suggest, would result in an "expedited failure."

Several GOP members of Congress have offered only lukewarm endorsements of Bush's plan. Lining up behind Bush in the Senate are Republican stalwarts and a few members who have long backed sending more troops to Iraq, including Sen. John McCain, R-Ariz.

Bipartisan Senate Measure Confronts Bush Over Iraq (WP)

By Jonathan Weisman

The Washington Post, January 18, 2007

A bipartisan group of senators announced a formal resolution of opposition yesterday to President Bush's buildup of troops in Iraq, calling for more diplomacy, international cooperation and an "appropriately expedited" transfer of military responsibilities to Iraqi security forces.

The nonbinding resolution, which could come to a vote within two weeks, moves Congress a major step closer to a public confrontation with the Bush administration over war policy. A Senate vote would be followed quickly by action in the House. But even before the resolution's introduction, prominent lawmakers, including Sen. Hillary Rodham Clinton (D-N.Y.), were pushing for far tougher measures that could cut off funding for the war and legislatively thwart Bush's "surge" of 21,500 additional troops.

Clinton said yesterday that she intends to support the resolution, drafted by Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.), Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.). But, she added, "we will eventually have to move to tougher requirements on the administration to get their attention."

A week after Bush addressed the nation on his policy shift, bipartisan opposition appears to be gaining steam, despite continuing White House efforts to tamp down a congressional revolt. No fewer than four measures were introduced yesterday to block the war policy, including the Senate resolution and multiple proposals demanding congressional authorization before additional troop deployments. By day's end, the resolution of opposition had picked up another Republican co-sponsor, Sen. Olympia J. Snowe (Maine).

"I will do everything I can to stop the president's policy, as he outlined it Wednesday night," Hagel said, referring to Bush's speech last week. "I think it is dangerously irresponsible."

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Administration officials summoned at least half a dozen skeptical Republican senators to the White House and dispatched Vice President Cheney to the Senate GOP's weekly policy lunch.

"A lot of members of Congress at this point, I think, are still trying to figure out what are all the parts of the plan, how does it work," said White House press secretary Tony Snow. "They've got questions, and they have concerns."

While the White House kept its pronouncements low key, Bush's allies in Congress ratcheted up their rhetoric, questioning the wisdom and seriousness of colleagues who are pushing toward a confrontation with the administration. Sen. John Cornyn (R-Tex.) dismissed the resolution as a "political ploy."

Sen. Lindsey O. Graham (R-S.C.) called the resolution "the worst of all outcomes . . . a symbolic going-to-the-pier before the troops ship off to say, 'We believe in you, but you're going to lose.' "

But the president's position continued to erode.

"The bottom line is: I went there with concerns, I left with concerns," said Sen. Norm Coleman (R-Minn.), a participant in the White House meeting.

"I think we clarified for them what the reality is," added Sen. George V. Voinovich (R-Ohio), another attendee.

The Senate resolution minces no words, declaring that "it is not in the national interest of the United States to deepen its military involvement in Iraq." But it goes well beyond a simple statement of opposition. Drawing heavily from the recommendations of the bipartisan Iraq Study Group, it calls for an acceleration of the training of Iraqi forces and the use of U.S. troops to secure Iraq's borders to prevent meddling by its neighbors.

It requests an "appropriately expedited timeline" for the transfer of internal security duties to the Iraqi government, and it urges the administration to "engage nations in the Middle East to develop a regional, internationally-sponsored peace and reconciliation process."

The measure will come before the Senate Foreign Relations Committee after Tuesday's State of the Union address and is likely to be reported out for action in the full Senate the following week. A few lawmakers, as well as antiwar activists, have decried the resolution as toothless, but its sponsors said yesterday that a strong bipartisan vote would have a resounding impact.

"The single most important thing to do is generate a consensus here in the United States Congress," Biden said. "I cannot believe that the president of the United States would not pay heed to a bipartisan resolution" from the Senate.

But there is no shortage of legislative proposals to follow the resolution. Clinton, an expected contender for the White House, proposed limiting troop levels in Iraq to about 135,000, bolstering troop strength in Afghanistan, and delivering both Bush and Iraq an ultimatum: Disarm the sectarian militia, reach agreement on Iraqi oil-revenue sharing, amend the Iraqi constitution to ensure minority rights, and convene a regional peace conference -- or lose funding for the fledgling Iraqi security forces.

It was the strongest statement of dissent yet from Clinton, who has taken heat from liberal activists for her initial support for the war. Sen. Christopher J. Dodd (D-Conn.), a White House aspirant, proposed his own bill, demanding that Bush seek congressional authorization before any additional troop deployments to Iraq. The bill differs only slightly from one introduced by Sen. Edward M. Kennedy (D-Mass.) that would require congressional authorization before any money could be spent on additional troops. House Democrats introduced several other measures, most of which were in line with the growing consensus that Congress should demand the right of reauthorization.

House Republicans countered with a bill to block the cutoff of any funds that would affect troops in the field, while Senate GOP leaders neared completion of their own resolution calling the Iraq war part of the "global struggle" against terrorism and saying the president's new policy will ensure victory in Iraq.

Senate Plans Vote Against Troop Surge (WT)

By Charles Hurt And Stephen Dinan

The Washington Times, January 18, 2007

Senators introduced a resolution yesterday disapproving of President Bush's plan to send more troops to Iraq, setting up a confrontation with the White House, which warned that those who vote for it will face charges that they don't support the troops.

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The resolution -- written by the top Democrats on the Senate Foreign Relations and Armed Services committees and Republican Sen. Chuck Hagel of Nebraska -- has no binding effect on Mr. Bush, but the authors said they hope an overwhelming vote will prove the president lacks the support to move forward.

"This resolution will give every senator a chance to say where he or she stands on the president's plan," said Sen. Joseph R. Biden Jr., Delaware Democrat and Foreign Relations chairman. "The single and most effective way to get him to change course is to demonstrate that his policy has waning or no support from both parties."

The White House pleaded for lawmakers to take more time, study the president's plan and ask more questions.

Mr. Bush last week proposed sending more than 17,000 additional soldiers to Baghdad to help Iraqi troops stem sectarian violence and 4,000 more Marines to Anbar province to fight al Qaeda. He said Iraqi officials have promised more troops of their own and have pledged not to interfere as the U.S. and Iraqi forces go after politically sensitive targets.

The president's spokesman, Tony Snow, said yesterday that Mr. Bush is going to forge ahead with his plan and said members of Congress should be wary of how their opposition will affect the troops.

"Think about what message resolutions would send," Mr. Snow said. He said he will not be the judge of what does or does not support the troops, but said, "It is a question that those are talking about these resolutions will have to answer to themselves and to the public."

Some House and Senate Republicans skeptical of Mr. Bush's proposal went to the White House yesterday to hear the administration's case, while Vice President Dick Cheney met with Republican senators on Capitol Hill. Now Republican leaders are trying to craft a unified position.

Senate Minority Leader Mitch McConnell, Kentucky Republican, emerged from the meeting with the vice president to tell reporters that Republican senators unanimously support "fair procedures" for voting on the new resolution. It was a stance far short of the nearly full support they've shown the White House on the war during the past four years.

In the House, Rep. Sam Johnson, Texas Republican, offered a bill to ensure that Congress does not cut off or restrict funding for troops in a combat zone such as Iraq, and Republican House leaders urged support.

But opposition to Mr. Bush's plan is firming up.

Sen. Olympia J. Snowe, Maine Republican, announced her support for the Senate resolution opposing the troop surge, and Sen. Sam Brownback said sending more troops to the region is a bad idea.

The Kansas Republican who has long been supportive of Mr. Bush and is now considering a White House run, said he's "been committed to a free, safe and secure Iraq from the very beginning."

But after a visit to the front lines last week, he said he "found less reason for optimism."

"Sunni leaders blame everything on the Shi'a. Shi'a leaders, likewise, blame everything on the Sunnis. The Kurdish leadership pointed out that the Sunni and Shi'a only meet when the Kurds call the meeting," he said in a speech on the Senate floor.

Even more frustrating, he said: "All of this suggests that at the present time, the United States cares more about a peaceful Iraq than the Iraqis do. If that is the case, it is difficult to understand why more U.S. troops would make a difference."

Also back from a trip to Iraq was Sen. Hillary Rodham Clinton, New York Democrat.

"We saw American service men and women performing bravely and magnificently, and we also saw a strategy that is not working," said the likely presidential contender. "I, personally, did not see the kind of tangible evidence of actions that we should be expecting from the Iraqi government."

She, along with fellow Democratic Sen. Evan Bayh of Indiana, called for more troops to be deployed in Afghanistan.

Meanwhile Sen. Christopher J. Dodd, Connecticut Democrat and another possible 2008 candidate, said he will offer legislation capping the number of troops in Iraq and requiring the president to get congressional approval before adding more.

But Mr. Snow said that would "bind the hands of the commander in chief."

"To tie one's hand in a time of war is a pretty extreme move," he said.

GOP Struggles For War Unity (RC)

By John Stanton And Susan Davis

DOJ_NMG_0118050

Roll Call, January 18, 2007

Even as a bipartisan group of Senators unveiled a nonbinding resolution Wednesday opposing President Bush's plan to boost troop levels in Iraq by 21,500 soldiers, Republican leaders were fighting a losing battle to maintain a unified front in support of the White House and were hunkering down for what could be a months-long political storm over the Iraq War.

The tensions among Congressional Republicans spilled into the public Wednesday during a press conference by Sens. Chuck Hagel (R-Neb.), Carl Levin (D-Mich.) and Joseph Biden (D-Del.) to unveil the bipartisan "surge" resolution. Sen. Olympia Snowe (R-Maine) endorsed the resolution later in the day.

But as the lawmakers were detailing the proposal, the office of Sen. John Cornyn (R-Texas) sent out a blistering press release accusing the sponsors of playing politics with the Iraq issue and questioning the seriousness of proposing a nonbinding resolution.

Hagel, a Vietnam veteran, bristled at the charges. "To somehow come to the conclusion that it's a 'lack of seriousness,' I'm a little befuddled by the Senator from Texas," Hagel said, adding that those who "question the motivation of someone who challenges the president ... need a little more schooling on this business."

At the same time, Senate Democrats appear to be preparing for the second phase of the fight over Bush's surge proposal that will start when the White House makes its formal budget pitch later this year.

Senate Majority Whip Dick Durbin (D-Ill.) broached the topic during his party's weekly policy luncheon Wednesday, highlighting the administration's $1 billion Iraqi economic reconstruction plan as a potentially plum target for Democrats.

During his presentation of recent polling data on various aspects of the troop surge, Durbin highlighted the fact that in recent polls the Iraqi economic stimulus package is opposed by overwhelming majorities of Americans — significantly more than the basic troop increase underlying the plan, a source familiar with the presentation said.

A senior Democratic leadership aide said that while it is difficult to know how much opposition the plan would draw until Bush outlines the spending proposal, Democrats will use the Appropriations Committee and other committees with oversight authority to scrutinize it closely.

"Democrats are prepared to give the troops everything they need, but not everything Halliburton and the other contractors want," the aide said.

Senate Republican leaders emerged from their weekly luncheon — which included an appearance by Vice President Cheney — with a Conference deeply divided over the surge proposal.

Despite lobbying from President Bush, Cheney and other top administration officials, GOP leadership aides said their party is too fractured on Iraq for a unified position. One aide said that while GOP leaders will engage Democrats on the issue, the divisions are so deep that it is unlikely major pressure will be brought to bear on wayward Republicans.

"At some point twisting arms has the opposite effect. You don't want to go around pissing off the [Ohio Republican Sen. George] Voinoviches of the world," the aide said.

Senate Minority Leader Mitch McConnell (R-Ky.) did not directly address his party's divisions, but he told reporters Wednesday that Republicans would go into the Iraq debate unified around a demand for "a fair process that gives us several different votes."

Senate Republicans, unlike the Democrats, are not planning a major public relations push on Iraq, although McConnell and his leadership team will coordinate floor speeches and other messaging activities.

Instead, Republicans are discussing proposing a series of amendments or alternative resolutions during the Iraq debate, which will not start until the end of next week at the earliest.

"There's a lot of interest in trying to widen the net and bring more people into the resolution. ... The idea was to bring a broad cross-section of people in on a bipartisan basis," Cornyn said about GOP efforts to present an alternative Iraq resolution.

When asked if the Republican alternative would be supportive of Bush's plan, Cornyn said the resolution instead would be "broadly supportive of not giving up in Iraq."

Senate Minority Whip Trent Lott (R-Miss.) said Republicans would be looking to put Democrats on record on some of the more controversial proposals their Members have floated. "We may want Democrats to vote on some of the things they say they're for," said Lott, who mentioned Biden's plan to partition Iraq as one of the issues Republicans might seek a vote on.

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Another option under consideration would be to propose an amendment or resolution defunding troops, which would surely be defeated, allowing Republicans to "say 'Look, even Democrats say it's a bad idea,'" a GOP aide said.

In the House, Republican leaders have yet to coalesce around a single strategy to respond to the Democratic resolution expected on the House floor in the coming weeks.

"The issue of war is a delicate one," Minority Leader John Boehner (R-Ohio) conceded Wednesday, as he called for full Congressional hearings on the president's strategy.

The House GOP leadership made its first offensive effort on Iraq on Wednesday as they rallied behind a piece of legislation by Rep. Sam Johnson (R-Texas), a popular Member and Vietnam War veteran, that would prevent Congress from restricting funds for U.S. military forces in the field.

However, Speaker Nancy Pelosi (D-Calif.) and leading House Democrats have repeatedly said they will make no moves to cut money from troops already on the ground.

Yet Republicans are using the legislation as a counter-punch to the expected Democratic resolution that will serve as a referendum on Bush's plan for Iraq,

House GOP leaders cast the resolution as meaningless because it is nonbinding and has no force of law. On Tuesday, Boehner called such resolutions "just more political rhetoric" that "means nothing." GOP Conference Chairman Adam Putnam (Fla.) called the move a "legislative fig leaf," and House Minority Whip Roy Blunt (Mo.) questioned whether such votes are a matter of conscience because he viewed it as a political document.

But on Wednesday, Republican leaders rallied behind Johnson's bill and made a pointed effort to make it a piece of legislation rather than a resolution. Johnson's bill is unlikely to make it to the House floor.

"Mr. Johnson introduced a bill, not just a Sense of the Congress resolution to bind the House to a firm funding commitment for our troops," said Brian Kennedy, a spokesman for Boehner. "The debate and vote on the Johnson bill will come with consequences rather than empty political rhetoric."

In a separate attempt to build consensus, Republican Policy Committee Chairman Thaddeus McCotter (Mich.) has led a number of "listening sessions" with rank-and-file Members along with Putnam.

McCotter said Wednesday that approximately 60 Members have attended the sessions and more could be scheduled this week. He acknowledged that Members' views are spread across the spectrum on Iraq.

"It's very heartening in the sense that our Members are conscientiously dealing with the issue," McCotter said. "Our Members are unified in that we don't want this to be viewed as a political situation, it's a national situation."

Bush has been meeting with lawmakers this week to continue to build support for his strategy. Rep. Heather Wilson (R-N.M.), an Air Force veteran, said Wednesday that she is undecided on the resolution. Wilson was one of a group of Republicans on the House Intelligence Committee scheduled to meet with Bush on Wednesday afternoon to discuss Iraq. Wilson also noted that Republicans are overwhelmingly united in opposing any legislative effort to starve funds from U.S. military forces on the ground.

A House vote on a resolution is not expected until after the president's State of the Union address next Tuesday, and more likely toward the end of the month.

Emily Pierce contributed to this report.

The GOP In A Quagmire (WP)

By Robert D. Novak

The Washington Post, January 18, 2007

The sense of impending political doom that clutches Republican hearts one week after President Bush presented his new strategy on Iraq to the nation is stoked by the alarming intelligence brought back from Baghdad by Republican Sen. Norm Coleman of Minnesota and passed around Capitol Hill.

In a pre-Christmas visit to Iraq, Coleman and Democratic Sen. Bill Nelson of Florida met with Mowaffak al-Rubaie, the Iraqi government's national security adviser. Coleman described their astounding encounter in a Dec. 19 blog entry: Dr. Rubaie "maintains that the major challenge facing Iraq is not a sectarian conflict, but rather al-Qaeda and disgruntled Baathists seeking

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to regain power. Both Senator Nelson and I react with incredulity to that assessment. Rubaie cautions against more troops in Baghdad."

Rubaie denied the overriding reality of sectarian violence in Baghdad because his government is tied to the Shiite belligerents in that conflict. While Prime Minister Nouri al-Maliki pays lip service to Bush's demand that he crack down on Mahdi Army commander Moqtada al-Sadr, U.S. officials recognize that Maliki's political support depends on the Shiite militia leader. Thus, Maliki's government is in denial about sectarian conflict. Maliki did not show up for a news conference in which he was scheduled to comment on Bush's new strategy, and he personally remains silent about the plan at this writing.

This hastens the desire of Republicans, who once cheered the Bush Doctrine in the Middle East, to remove U.S. forces from a politically deteriorating condition as soon as possible. "Iraq is a black hole for the Republican Party," a prominent party strategist told me this week. What makes his comments so important is that he is not a maverick Republican in Congress but one of Bush's principal political advisers.

As they adjust to the 2006 election returns, Republicans recognize that this was no isolated bump in the road. The loss of about 320 state legislative seats across the country to the Democrats classifies last year's election as a midrange electoral disaster.

The internal Republican debate concerns how much Iraq contributed to this outcome. The White House and Republican members of Congress who voted for intervention in Iraq contend that many issues led to their defeat: incompetent management of the Hurricane Katrina crisis, widespread cases of corruption and abandonment of spending restraint. But Republicans at the grass roots tell me that Iraq was the central problem and must be erased as an issue.

Former Maryland governor Robert Ehrlich, a popular and effective Republican who had nothing to do with Iraq policy, believes his defeat was wholly caused by the war. Republicans in a variety of states -- such as Maryland, New Hampshire, Oregon and Missouri -- blame defeats, down to the local level, on Iraq.

One nationally prominent Republican pollster reported confidentially on Capitol Hill after the president's speech that if at the end of the year U.S. troops are still in Iraq and U.S. blood is still being spilled there, the GOP disaster in 2008 will eclipse 2006. Thus, many Republican members of Congress have tied their hopes to Bush's pledge that Iraqi forces will take over local security by September.

But Republican opposition has intensified rather than diminished since the president's speech. What was whispered privately is now declared publicly. At last week's hearing, the Senate Foreign Relations Committee's second-ranking Republican -- Chuck Hagel -- called Bush's new strategy "the most dangerous foreign policy blunder in this country since Vietnam."

The conservative elite of the House of Representatives, members who had 100 percent positive voting records as measured by the American Conservative Union, gathered Wednesday morning for an ACU breakfast on Capitol Hill. They still talked about "winning" in Iraq and deplored the consequences of "surrendering."

But they do not know how that victory can be achieved if the Iraqi government is tied to the Shiite militias, a political dilemma in Iraq that no increase in U.S. troops can solve. Republicans can only hope that Democratic House Speaker Nancy Pelosi and her sidekick, Rep. John Murtha of Pennsylvania, overplay their hands by cutting off funds to U.S. troops in the field. It is a slim hope for now.

Senators Introduce Resolution Opposing More Troops For Iraq (MCT)

By Renee Schoof

McClatchy Newspapers, January 18, 2007

WASHINGTON - Four leading senators - two Democrats and two Republicans - introduced a resolution Wednesday that says President Bush's plan to add 21,500 American troops in Iraq isn't in the United States' national interests.

The resolution, effectively a vote of no confidence in Bush's plan, also calls for more regional and international pressure on Iraqi politicians to make compromises and end rampant killings.

The resolution, sponsored by Sens. Joseph Biden, D-Del.; Carl Levin, D-Mich.; Chuck Hagel, R-Neb.; and Olympia Snowe, R-Maine, is the leading tool that congressional opponents of Bush's war plan are using to persuade him to change course. Democrats consider it their best chance to attract broad backing from members of both parties.

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Other Democrats are floating tougher plans.

Sen. Hillary Rodham Clinton, D-N.Y., announced Wednesday that she'd support the resolution but also planned to propose a cap on U.S. troop deployments in Iraq at Jan. 1 levels and a funding cut for Iraqi forces unless Iraq's government takes steps to end the violence.

Sen. Christopher Dodd, D-Conn., introduced a plan that would require a new congressional authorization for the war. Dodd argued that the 2002 authorization was obsolete because the reasons given for the war then are obsolete, as weapons of mass destruction never were found and dictator Saddam Hussein is now dead.

The no-confidence resolution wouldn't have the force of law, but Biden argued that it was important nonetheless.

"I believe that when a president goes way off course on something as important as Iraq, the single most effective way to get him to change course is to demonstrate that his policy has waning or no support from both parties," Biden said.

Hagel called Iraq "one of the most challenging issues that has ever faced our country," and said a national debate was needed to find agreement on a new strategy.

"No one wants to see this country humiliated, defeated or lose its purpose," said Hagel, a Vietnam veteran and possible Republican presidential contender in 2008 who has been a longtime critic of the war.

The resolution doesn't assign blame for the war and doesn't venture into some of the thorny specifics of how to proceed.

For example, it doesn't address the timing of a U.S. withdrawal. Instead, it says the United States should turn over responsibility for security to the Iraqis "under an appropriately expedited timeline."

It calls for regional and international support for a peace process for Iraq, but doesn't specify which nations should be involved. Secretary of State Condoleezza Rice has rejected talks with Iran and Syria.

Biden said he would present the resolution to the Senate Foreign Relations Committee, which he chairs, on Thursday for debate. The committee probably will vote on it after the president's State of the Union speech next Tuesday night. The House of Representatives plans to let the Senate go first, then consider a similar resolution.

Rep. Adam Putnam of Florida, a member of the House Republican leadership, criticized the Democrats' tactics.

"House Democrats continue to be divided over the war in Iraq. Now in the majority, they wish to wait on the Senate before coming forward with a resolution opposing the president's plan, which allows them to debate amongst themselves over which course of cut-and-run they support," he said in a statement.

Sen. Norm Coleman, R-Minn., said he opposed Bush's troop increase and might support the no-confidence resolution if some of the language were changed. Coleman was among a group of Republican senators who met Wednesday at the White House with national security adviser Stephen Hadley.

"A lot of us talked. He took notes," Coleman said. "The bottom line is that I went in there with a lot of concerns. I left with a lot of concerns. ... There was very little mind changing that went on."

Separately, Democratic Reps. Barbara Lee, Lynn Woolsey and Maxine Waters of California announced a bill that calls for withdrawing all American forces in six months, more money for Iraqi forces and a ban on permanent U.S. military bases in Iraq.

Margaret Talev contributed to this report.

White House: Capping Iraq Troop Levels Would Be "Extreme" (WSJ)

By Henry J. Pulizzi

Wall Street Journal/Dow Jones, January 18, 2007

WASHINGTON (Dow Jones)--Capping the number of troops in Iraq, as Sen. Hillary Clinton proposed Wednesday, would be a "pretty extreme move" that weakens President George W. Bush's ability to address the situation there, the White House said.

Fresh off a trip to Iraq, the New York Democrat suggested the U.S. boost the number of U.S. forces in Afghanistan and cap the number in Iraq. Clinton - who is against Bush's new strategy of injecting 21,500 additional troops into Iraq - also said she's in favor of redeploying troops out of Baghdad and eventually all of Iraq.

"The idea of placing a cap on troops... what it does is something that no commander in chief, I think, would want to have, which is it binds the hands of the commander in chief and also the generals and, frankly, also the troops on the ground in terms of responding to situations and contingencies that may occur there," White House spokesman Tony Snow said.

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"To tie one's hand in a time of war is a pretty extreme move."

The spokesman said Clinton's proposal on redeployment would raise the risk of "fast failure" by damaging security in Baghdad.

"The other thing is it raises the question in terms of the Iraqis -- will they take us at our word when we say we support them? And will it in fact make it easier for suitors, whether they be Iranians or al-Qaida members, to say, well, look, you can count on us," Snow said.

A trio of senators, including Republican Chuck Hagel of Nebraska, have unveiled a resolution opposing Bush's new Iraq strategy. Bush is meeting with House Republicans at the White House later Wednesday, a group of lawmakers that Snow said is mostly skeptical of the administration's Iraq plans.

Snow said some lawmakers haven't had a chance to evaluate Bush's plan, and actually agree with the president in some critical areas. Like Clinton, Bush supports putting conditions on the Iraqi government before giving more economic aid.

"The president made it very clear that the American public has limited patience when it come to Iraq, and we do expect to see things happening," Snow said. "We understand that despite the conditions of violence, it's important to go ahead and continue on the political track, where it's possible."

Sen. Clinton Keeps Pace With Public Opinion Against Iraq War (CHIT)

By Jill Zuckman

Chicago Tribune, January 18, 2007

WASHINGTON -- Last year, liberal Democratic activists booed, hissed and heckled Sen. Hillary Clinton (D-N.Y.) as she reiterated her firm opposition to setting a date for the withdrawal of American troops from Iraq.

But now, fresh from her third trip to Iraq, Clinton has launched a public relations blitz, emphatically declaring her opposition to President Bush's decision to send 21,500 additional troops and calling for American forces to begin leaving Baghdad.

For Clinton, widely considered to be at the top of the list of potential Democratic presidential nominees in 2008, the conflict in Iraq is proving to be a tightrope walk of the highest order. She is trying to keep pace with public opinion against the war.

She's contending with likely Democratic opponents, such as Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina, eager to outflank her. But she's also working to preserve her credibility on military matters for the general election.

Meanwhile, Democratic senators and Republicans Chuck Hagel of Nebraska and Olympia Snowe of Maine introduced a symbolic, non-binding resolution Wednesday opposing the increase in U.S. troops in Iraq and America's deepening military involvement there. It is a tack that Clinton said she supports.

"What I came away with is a strong opposition to the president's plan for escalation," Clinton said on National Public Radio Wednesday morning following an appearance on NBC's "Today Show." "Instead, I would like to see us cap the number of American troops in Iraq at the level we had as of Jan. 1, and begin to deploy them out of Baghdad and eventually out of Iraq." There now are about 132,000 U.S. troops in Iraq.

In that same interview, Clinton pointedly refused to answer the question of whether Obama, who on Tuesday established a presidential exploratory committee, was qualified to be president. She insisted that was an issue for voters to decide.

Of all the Democratic candidates for president, none has struck a more hawkish stance than Clinton, a member of the Senate Armed Services Committee. She voted for the resolution to go to war in Iraq and has resisted calls to leave precipitously. Now that position is decidedly out of sync with most Democrats.

Meanwhile, her likely opponents in the Democratic field have either renounced their earlier support for the war, or, like Obama, have noted longstanding opposition.

A spokesman for Obama, Robert Gibbs, declined to comment on Clinton's position on the war, but pointedly noted that Obama never supported the war in the first place. Obama was an Illinois state senator when Congress voted in 2002 to authorize military action against Iraq.

"Barack Obama is proud that he's been a consistent opponent against this war," Gibbs said. "And that the critique that he gave in 2002 as to why this was a bad idea and what would happen in its aftermath has sadly become true. As a United States

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senator, he's frustrated that we are dealing with an open-ended commitment of authority that was given to the president that should never (have) been given."

A strategist for a rival Democratic campaign accused Clinton of being "trapped by gender" in needing to appear tough enough to govern, in the mold of Israeli Prime Minister Golda Meir, British Prime Minister Margaret Thatcher, or India Prime Minister Indira Gandhi.

"She and her campaign understandably have been obsessed with preserving her general election viability," said the strategist, who would speak only on the condition of anonymity. "They understand that a liberal dovish woman is not about to be elected president in a post-9/11 America. So they find themselves trailing public opinion on the war, badly trailing Democratic primary opinion on the war and just hoping the left gives her a pass."

Friends and supporters of Clinton, however, point out that she has been consistent in her own way, criticizing the poor execution of the war and the lack of post-war planning and pressing for the ouster of former Defense Secretary Donald Rumsfeld.

"She's been clear about that," said Rep. Rahm Emanuel (D-Ill.), a former high-ranking aide to President Bill Clinton.

And those who know her scoff at the notion that Clinton is trying too hard to be tough because of her gender.

"She just doesn't project a sense of weakness," said Paul Begala, another former Clinton White House official. "I think generally where she is, is where Americans are. There's always going to be people to the left of you and to the right of you, so you just have to decide what's best and be true to that."

However, Ruth Mandel, director of the Eagleton Institute of Politics at Rutgers University, said every candidate for president must demonstrate a capacity to be commander-in-chief, including Clinton.

"Since no other woman has been commander-in-chief, any woman who aspires to that and is the first woman to run for that, is going to have to answer the unspoken question," Mandel said. "It's there, in the air, it hovers and has to be taken into account."

Of greater concern for Clinton, perhaps, is a lack of enthusiasm among liberal, grassroots activists who play a pivotal role in the Democratic primary process.

"I think it's because the grassroots of the party has been critical of the war from the beginning and thought she was slow to come to the realization that we were on the wrong track," said Roger Hickey, co-director of the Campaign for America's Future, where Clinton was booed last year.

Tom Matzzie, the Washington director for MoveOn.Org, said voters will reward candidates who are working to get the nation out of Iraq—not just opposing the increase in troops.

"If people think that she's not being genuine in her advocacy, then that's a problem for her," he said. "Right now I think she's making a good step forward, but she needs to do more. Not just how she's trying to stop the escalation, but how we're going to get out."

At a jam-packed news conference on Capitol Hill Wednesday, Clinton described the Bush administration's priorities as "upside down." She criticized the president for providing an "open-ended presence" of U.S. troops in Iraq. And she called for fewer American soldiers in Iraq and more in Afghanistan.

Clinton also said she would introduce legislation to cap the number of troops in Iraq and require the administration to get congressional authorization to send any additional troops there, similar to a measure announced by Sen. Christopher Dodd (D-Conn.), another candidate for the presidential nomination.

Further, Clinton's bill would impose conditions for the continued funding of Iraqi security forces and the private contractors working for the Iraqis.

"We could demonstrate your failure to do X, Y, and Z leads to these consequences," she said. "And that's why I am arguing that in the first instance we link the consequences to funding for Iraqi security forces, including the private contractors, because I think nothing short of that will concentrate the mind and attention of the Iraqi leadership."

Clinton insisted that she's been entirely consistent on Iraq policy for the last year and a half as she voted for resolutions calling for a phased redeployment without specific deadlines.

And yet, when pushed during an interview last month, Clinton grudgingly acknowledged a small sense of regret about her 2002 vote authorizing the invasion.

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"Obviously, if we knew then what we know now, there wouldn't have been a vote and I certainly wouldn't have voted that way," Clinton said during a December appearance on the "Today Show."

Hillary Clinton Opposes Buildup (LAT)

By Stephen Braun

The Los Angeles Times, January 18, 2007

Newly returned from a fact-finding trip to Iraq and under growing pressure from antiwar Democrats as she weighs entering the 2008 presidential race, Sen. Hillary Rodham Clinton called Wednesday for a cap on the number of U.S. troops stationed in the war zone.

The New York senator's proposal to freeze troop levels faces dubious prospects in a divided Congress and was quickly spurned by the White House. But the political urge to weigh in against President Bush's "surge" of military personnel to Iraq appeared irresistible. Even as Clinton unveiled her plan, two of her possible presidential rivals — Sen. Barack Obama (D-Ill.) and Sen. Christopher J. Dodd, (D-Conn.) — announced their own troop cap proposals.

Accusing the Bush administration of a "failed strategy" in Iraq, Clinton said she wanted to freeze the number of U.S. military personnel in Iraq as of Jan. 1, before President Bush announced a planned increase of 21,500 troops to help patrol strife-racked Baghdad and Al Anbar province.

"The president is sending mixed signals. We need to change course," Clinton said.

The New York senator also said she would introduce legislation that would limit funds for Iraqi security forces if they failed to take an effective role in quelling internecine violence between Shiite and Sunni factions. At the same time, Clinton called for more U.S. troops in Afghanistan to ward against a feared Taliban offensive and voiced concern that some "surge" forces in Iraq would be siphoned off from Afghan units.

Clinton did not elaborate on how Congress could impose a troop cap, an action that probably would be complicated by the rapid moves already made by the administration to set its troop increase in motion. And she acknowledged the dim prospects of nudging a troop cap through Congress despite the slim Democratic majority.

"We're all going to try to do whatever we can" to pressure the administration, she said. "But I can count," Clinton added, referring to the deepening divisions over the war between the two parties.

As she explained her nuanced new stance, Clinton appeared to carefully navigate between the urge to hone her antiwar credentials while protecting her flank from White House attacks that she was not supporting U.S. troops. Even as she insisted she would press for a "phased redeployment" from Iraq, she was unwilling to name a target date for completing a military pullout.

"I'm not going to support a specific deadline," she said. "We still have vital national security interests in Iraq."

Clinton's careful posturing did not impress the White House. In remarks during his daily briefing, White House spokesman Tony Snow said her proposed troop cap was "a pretty extreme move" that would "bind the hands of the commander in chief and also the generals, and frankly, also, the troops on the ground."

The liberal advocacy group MoveOn.org, also weighed in Wednesday, urging Clinton to take a stronger stance against the Iraq call-up.

Clinton's vote in 2002 to authorize the Bush administration's war in Iraq has long been a sore point among war critics and could be an Achilles heel in the 2008 presidential race. Former North Carolina Sen. John Edwards, who has already announced his intention to run in 2008 and publicly recanted his 2002 vote for the Iraq war authorization, appeared at a church in Harlem over the weekend and warned Democratic legislators: "It is no longer OK to study your options and keep your own private counsel. Silence is betrayal. Speak out and stop this escalation now."

Clinton's aides, interpreting Edwards' remarks as an attack on her, responded quickly. "In 2004, John Edwards used to constantly brag about running a positive campaign," said Clinton spokesman Howard Wolfson. "He has unfortunately chosen to open his campaign with political attacks on Democrats who are fighting the Bush administration's Iraq policy."

Edwards later denied he was talking about Clinton.

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While Clinton tied her proposed troop cap to the Jan. 1 military presence in Iraq, Dodd introduced a measure Wednesday that would simply cap the number of troops at roughly 130,000. Congress should vote directly on Bush's plan to send additional troops to the country, added Dodd, who announced last week that he would run for the presidency in 2008.

Obama, who said Tuesday that he had formed an exploratory committee for a presidential run, said Wednesday in a statement that he would also introduce a bill to press for a troop cap and a "phased redeployment I called for two months ago."

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Senator Clinton Calls Bush Plan 'a Losing Strategy' (NYT)

By Patrick Healy

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — Fresh from a weekend trip to Iraq, Senator Hillary Rodham Clinton this morning intensified her opposition to President Bush's new plan to send more than 20,000 additional troops to Baghdad, calling it "a losing strategy" and a "very bad mission" and proposing new limits and conditions on the overall war effort.

In laying out her latest set of positions and talking points on Iraq during appearances on the NBC and CBS morning shows, and on National Public Radio, Mrs. Clinton — a likely candidate for president in 2008 — did not call for a fixed deadline for withdrawing all American forces, saying only that the troops should leave Iraq "eventually." Nor did she endorse blocking money for the new troop deployment. Those two positions are favored by many antiwar Democrats who are expected to be a force in the presidential primaries, and by at least one likely rival in 2008, former Senator John Edwards of North Carolina.

Instead, Mrs. Clinton called for capping the number of American forces in Iraq to the total number there on Jan. 1 — before Mr. Bush proposed adding forces. That total is roughly 140,000. She also proposed making a new threat to Iraqi government leaders to force their cooperation: the loss of American funds to train and equip Iraqi forces, rebuild the economy, and, to make the pressure more acute, to provide security for the leaders themselves.

Mrs. Clinton did not outline benchmarks for that progress, but she indicated that the Shiite-led government would be expected to crack down on sectarian militias in Baghdad and elsewhere and to find new ways to work with Sunni political groups.

She also called for sending more troops to support the American military mission in Afghanistan, which she referred to as "quite a success story." And she opposed any shift of forces out of Afghanistan as part of the troop expansion in Iraq.

Yet when it came to a threshold political issue for many Democrats — the end of the American military effort in Iraq — Senator Clinton did not embrace an instant withdrawal or a specific timetable for doing so.

"I'm for redeploying our troops out of Baghdad and eventually out of Iraq so we can make sure that they're not in the midst of a civil war," she said on CBS's "Early Show."

Mrs. Clinton's appearances on the morning shows had the effect of cutting into some of the coverage of Tuesday's announcement by Senator Barack Obama of Illinois that he would run for president. Clinton advisers said that she was not trying to upstage Mr. Obama; rather, her trip to Iraq on Saturday was always intended to bolster a new set of statements by Mrs. Clinton about the war, and she used network television and public radio this morning to try to speak directly to as many people as possible.

After her stop in Iraq, Senator Clinton visited American troops in Afghanistan and Germany before returning on Monday. She delayed a new conference on Tuesday after a member of her delegation, Representative John McHugh, a Republican from New York, took ill. That news conference is now scheduled for this afternoon.

Mrs. Clinton, who met with American commanders and Iraqi officials during her visit to Baghdad, said she received "lip service" during her meeting with Prime Minister Nuri Kamal Al-Maliki.

"This is clearly an abdication of responsibility by this government — we need some leverage on them," Senator Clinton said on CBS.

"Enough of the talk," she added, noting that Americans were protecting Iraqi leaders and training Iraqi troops yet reaping no rewards. "Let's just say, we're not going to do that anymore."

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She insisted that sectarian violence would continue in Iraq regardless of whether there were more or fewer troops, because the Iraqi government was not committed to the mission.

"They're waiting us out," she said on NBC's "Today" show. "They intend to do everything they can to impose a particular brand of dominance over the Sunnis, and there's no reason for the Sunni insurgency therefore to stop."

Senator Clinton also said on NBC that Congress had limited ability to block the president's troop plan outright.

"The president has enormous authority under our constitutional system to do exactly what he's doing," Mrs. Clinton said. "He already has the money appropriated in the budget."

She said she was troubled that the Bush administration seemed willing to shift troops from Afghanistan to take part in a "losing strategy" in Iraq; a moment later, she expressed concern about sending more troops "to Iraq on this very bad mission."

Mrs. Clinton was asked about her presidential plans on both NBC and CBS, and declined to say anything about her thinking or timetable. She was also asked about the decision by Senator Obama to form a presidential exploratory committee. He is expected to formally announced for the presidency in Springfield, Ill., on Feb. 10.

Mrs. Clinton avoided making any pointed criticisms of Mr. Obama, but, on CBS, she did make a glancing reference to the importance of experience. Mr. Obama has served in the United States Senate for just over two years; he was an Illinois state senator and a law professor before that.

"I'm looking forward to a spirited and substantive debate about issues, about goals, about aspirations, about experience, about the kinds of things that voters will be interested in," Mrs. Clinton said.

Clinton Steps Up Criticism Of War In Iraq (WP)

By Dan Balz

The Washington Post, January 18, 2007

Sen. Hillary Rodham Clinton (D-N.Y.) offered her harshest assessment to date of President Bush's Iraq war strategy yesterday, continuing her steady evolution from one of the war's staunchest supporters to one of the administration's most prominent critics.

Clinton's stepped-up criticism came as she nears an announcement of her plans for a likely 2008 presidential campaign and during a period of increased antiwar activity in the Democratic Party aimed at blocking Bush's proposal to send 21,500 more troops to Iraq.

Her long support for the war and past reluctance to break more significantly with the administration have left her at odds with many liberal activists, who will play an influential role in the Democratic nomination battle. Yesterday, she stopped short of embracing a timetable for withdrawing troops from the conflict, an idea many activists support.

Just returned from a weekend visit to Iraq, Afghanistan and Pakistan, Clinton said Bush's new proposal threatens the missions in Iraq, where she said more troops are not the answer, and in Afghanistan, where she said additional troops are badly needed. "The president's team is pursuing a failed strategy in Iraq as it edges closer to collapse, and Afghanistan needs more of our concerted effort and attention," she said.

Clinton said that she supports a nonbinding resolution opposing Bush's plan but that she would go further by introducing legislation to limit the number of U.S. forces in Iraq at their levels of Jan. 1, while establishing conditions for the Iraqi government that, if not met, would result in cuts in funding for Iraqi security forces.

More significant, she said the legislation would establish conditions for the U.S. government as well, such as certifying that the Iraqi government had disarmed the sectarian militias and made constitutional changes to ensure rights for all ethnic minorities, as well as requiring participating in diplomatic activities with Iraq's neighbors.

If those conditions are not met, the legislation would require a congressional resolution authorizing the mission in Iraq. That could take away from the administration the authority that Congress granted in October 2002 that led to the invasion and that was supported by many Democrats, including Clinton.

That resolution haunted her politically as public support for the war began to erode, particularly among Democrats. As other Democrats recanted their support for the resolution -- including Sen. John F. Kerry (Mass.) and former senator John Edwards (N.C.) -- she resisted.

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That put her on a twisting path that moved her slowly away from the vote and that finally led her a month ago to say that, knowing what she knows now, she would not have voted for the resolution. But unlike Edwards, who is an announced candidate for president, and Kerry, who may run, she has not apologized for that decision.

Clinton sought high-profile forums yesterday to deliver her gloomy assessment of conditions in Iraq and Afghanistan and to rail against an administration that she said has been unwilling to embrace the kind of change in strategy that could improve the situation.

She appeared on morning television programs, did an interview with National Public Radio and spoke at a joint news conference with Sen. Evan Bayh (D-Ind.) and Rep. John M. McHugh (R-N.Y.), who traveled with her to the region. The conference drew an overflow crowd of reporters to the Senate Radio-TV gallery in the Capitol.

Her appearances shifted some of the spotlight away from Sen. Barack Obama (D-Ill.), who formed his presidential exploratory committee on Tuesday to enormous media attention.

Clinton was particularly harsh in her critique of the Iraqi government. She met with Iraqi Prime Minister Nouri al-Maliki over the weekend and is pessimistic that he will do what is necessary to bring order to Baghdad. "The Iraqi government is not committed to taking the steps both militarily and politically that would help them to gain control over Baghdad and other places in the country," she said on NBC's "Today Show."

The Iraq Study Group, chaired by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), recently proposed removing virtually all combat forces from Iraq by early next year. Clinton praised the report when it was issued late last year, saying, "I hope the White House takes the recommendations seriously."

Yesterday she said she does not agree with the group's proposed timetable for troop withdrawal. "I don't think you can pull out one of their recommendations and just look at that in isolation," she said. "I think the Iraq Study Group gave us a very good blueprint for what needs to be done in Iraq, but you have to look at it comprehensively."

Clinton drew responses yesterday from the White House and her party's liberal wing. White House press secretary Tony Snow called the proposal to limit U.S. forces "a pretty extreme move" that would tie the president's hands during a time of war. Tom Matzzie, Washington director of MoveOn.org, which has been pushing to block the new troop deployments, challenged Clinton to follow through. "A key test is how any senator puts words into action," he said in a statement.

Sen. Clinton Calls For Troop Cap In Iraq (AP)

By Devlin Barrett, Associated Press Writer

AP, January 18, 2007

Sen. Hillary Rodham Clinton, a potential presidential candidate, on Wednesday called for capping the number of U.S. troops in Iraq and linking funds for Iraqi security forces to the government's control of the violence-plagued nation.

Back from a weekend trip to Iraq and Afghanistan, the New York senator also called for increasing U.S. forces in Afghanistan, arguing more troops are necessary as Taliban forces are waiting to attack when weather permits.

Clinton was quick to seize the spotlight the day after Illinois Sen. Barack Obama took a major step toward entering the 2008 race. She made a round of appearances on network television and radio and participated in a Capitol Hill news conference.

Clinton said she would offer legislation that would not cut funding to U.S. troops, as some lawmakers want, but would, after a six-month time period, cut off money for Iraqi troops.

She said cutting off funds for security forces and private security contractors who guard many Iraqi leaders would show the U.S. government is serious about imposing "real world consequences" to failing to reduce the sectarian conflict killing tens of thousands civilians a year.

"I do not support cutting funding for American troops, but I do support cutting funding for Iraqi forces if the Iraqi government does not meet set conditions," Clinton said, appearing at a news conference with the two lawmakers who traveled with her to Iraq and Afghanistan, Sen. Evan Bayh, D-Ind., and Rep. John McHugh, R-N.Y.

Clinton argued the Bush administration has failed to put any real pressure on Iraqi leaders at the same time the president is escalating the U.S. commitment there by sending 21,500 more troops.

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"I think we will eventually have to move to tougher requirements on the administration to get their attention," said Clinton, arguing that she wanted "a change of course, not adding more troops pursuing a strategy that under present circumstances, cannot be successful."

More than 130,000 U.S. troops are in Iraq.

White House spokesman Tony Snow dismissed Clinton's proposal.

"The idea of placing a cap on troops — what it does is something that no commander in chief would want to have, which is it binds the hands of the commander in chief and also the generals and frankly also the troops on the ground," Snow said.

Clinton's bill would, if Iraqis cannot show progress after six months, require Bush to get congressional authority for any additional troops in Iraq.

Even as she jousts with the White House, Clinton also is feeling heat from Democratic rivals, due largely to her position as the presumptive front-runner in a presidential race she has yet to enter.

On Wednesday, Obama called Iraq troop escalation "a terrible consequence of the decision to give him the broad, open-ended authority to wage this war in 2002," an indirect shot at the voting record of Clinton and other Democrats.

Obama did say he favors a cap of U.S. troop levels in Iraq and the phased redeployment of troops, both of which Clinton support.

In a statement, Tom Mattzie of the liberal group MoveOn.org said they would like Clinton to "use her powers as a senator to stop the escalation and move toward a redeployment. A key test is how any senator puts words into action. We would welcome her future leadership."

Clinton and Bayh sent a letter to Defense Secretary Robert Gates Wednesday calling for an increase in Afghanistan of two or possibly three infantry battalions, some 2,300 troops.

"Unlike in Iraq," the senators wrote, "we have a government in Afghanistan committed to promoting national interests over sectarian ones, is making tangible progress in governance, sincerely wants more U.S. help, and is fighting the enemy that brought us Sept. 11."

The Dems' Antiwar Shuffle (LAT)

The Los Angeles Times, January 18, 2007

A MONTH AGO, the contest between Sens. Hillary Rodham Clinton and Barack Obama for the 2008 Democratic presidential nomination was shaping up as a battle of the "firsts." Would Democrats rally 'round Clinton because she would be the first female president? Or Obama because he would be the first African American in the White House? This week, the faceoff between the two senators — not the party's only would-be nominees but certainly the most talked about — shifted from identity politics to Iraqi politics. That's not necessarily an improvement.

On Tuesday, as Obama was launching his 2008 exploratory committee, supporters of the freshman senator from Illinois were publicizing a website called obamawasright.com. Visitors to the site are reminded that Obama in 2002 called a war to topple Saddam Hussein "dumb" and "rash." Next to a picture of Clinton, who voted to authorize the war, is her statement in 2002 that "it is clear … that if left unchecked, Saddam Hussein will continue to increase his capacity to wage biological and chemical warfare, and will keep trying to develop nuclear weapons." Take that, Hillary.

But she isn't taking it. On Wednesday, freshly returned from Afghanistan and Iraq, Clinton recalibrated her position on the war. She announced that she will support a nonbinding resolution opposing President Bush's planned surge of 21,500 troops to Iraq, as will many other congressional Democrats and some Republicans. The senator from New York also unveiled legislation to cap U.S. forces at Jan. 1, 2007, levels, though she indicated that she wouldn't vote to cut off funding for troops on the ground. (In Afghanistan, by contrast, Clinton proposed an increase in U.S. forces.)

Yes, Clinton has a political need for an orderly retreat from her earlier pro-war stance. But this is an ill-advised approach. As she herself has conceded, the Bush administration already has the necessary appropriations in hand to implement the surge in Iraq. Moreover, even some Democrats see constitutional problems in congressional micromanagement of troop deployments.

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Still, Clinton is being forced to burnish her antiwar credentials against a contender who has the luxury of not having been in the Senate in 2002. And so, like many of her fellow Democratic senators, she is scrambling to get on what her party's primary voters deem the right side of history.

For Bush, the evolution in Clinton's position is another reminder that, in his own words, Americans' patience with the Iraqi government "is not unlimited" and that the surge must be a final effort to stabilize Iraq, not "stay the course" under another name. For Democrats, Clinton's dialing-up of her opposition to the war may mean that they will have to choose between her and other would-be nominees — Obama included — on other grounds. That could be a positive development.

Presidential Aspirants Assail Plan For Iraq Buildup (USAT)

By Kathy Kiely

USA Today, January 18, 2007

WASHINGTON — Sen. Hillary Rodham Clinton on Wednesday led a parade of potential 2008 presidential candidates — including two Republicans — in blasting President Bush's plan to increase troop levels in Iraq.

Clinton, D-N.Y.,who has been criticized on the war by liberals in her own party, announced that she'll support a resolution disapproving of Bush's policy and will introduce legislation designed to keep troop levels in Iraq from going up. In her first detailed comments on the president's plan since returning from a four-day trip to Iraq and Afghanistan, Clinton said the Bush strategy is "not working."

The maneuvering underscored the deteriorating political situation for the president on Capitol Hill as Bush and Republican congressional leaders scrambled to head off a potentially embarrassing vote of no-confidence on his Iraq policy.

It also heightened the stakes for the State of the Union address that Bush will deliver to Congress on Tuesday. The following day, Senate Foreign Relations Chairman Joseph Biden, D-Del., plans to have the panel vote on a bipartisan resolution that declares Bush's planned increase in troops "not in the national interest."

The measure, which gained the support Wednesday of Sen. Olympia Snowe, R-Maine, was co-authored by Biden, Senate Armed Services Chairman Carl Levin, D-Mich., and Sen. Chuck Hagel, R-Neb., a Vietnam War combat veteran. "I will do everything I can to stop the president's policy," Hagel said at a news conference to announce the resolution. "I think it's dangerously irresponsible."

Biden and Hagel have said they are considering running for president in 2008. Other potential presidential candidates who aired misgivings about the president's policy Wednesday:

•Sen. Christopher Dodd, D-Conn., announced he'll introduce a bill, similar to Clinton's proposal, to cap troop strength in Iraq at current levels.

•Sen. Sam Brownback, R-Kan., who said he returned from a trip to Iraq discouraged about its prospects, observed in a floor speech: "The United States seems to care more about a peaceful Iraq than the Iraqis do. If that is the case, it is difficult to understand why more U.S. troops would make a difference."

•Sen. Barack Obama, D-Ill., said he'd support a cap on troop levels but also would introduce legislation calling for a phased withdrawal of U.S. forces from Iraq.

Obama's announcement came minutes after Clinton's, intensifying the competition between the two celebrity Democrats. Obama announced this week he's raising money to explore a White House run.

His interest increases pressure on Clinton. The New York senator, the wife of former president Bill Clinton, has not yet declared her intention to run but is the front-runner among Democrats in public opinion polls.

She was booed last summer, however, at a conference of Democratic liberals when she refused to back a definite timetable for withdrawing troops from Iraq. Clinton said Wednesday she has not changed her position; she favors a redeployment of U.S. troops but is not willing to put a date on when that should happen. "We do have national security interests in Iraq," she said.

In addition to capping troop levels, Clinton said, she wants to increase troops in Afghanistan and tie U.S. aid to Iraq to certain benchmarks. White House spokesman Tony Snow called Clinton's proposed cap "pretty extreme" because it would "tie one's hand in a time of war."

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Bush spent part of Wednesday meeting with Republicans about his Iraq strategy. Sen. George Voinovich, R-Ohio, said the president and his aides spent more time listening to lawmakers' concerns than trying to persuade them to back the plan. Voinovich, still undecided about how he'll vote, said the main accomplishment of the session was to give the president a sense of how much convincing he has to do.

"I think we clarified for them what the reality is," he said.

Dodd Introduces Bill To Cap U.S. Troops In Iraq (WP)

By William Branigin And Howard Schneider

The Washington Post, January 18, 2007

Senate Democrats today introduced competing measures in opposition to President Bush's planned buildup of U.S. troops in Iraq, with Sen. Christopher J. Dodd (D-Conn.) seeking a legislative cap on American forces there and a group that includes a leading Republican promoting a nonbinding resolution against the plan.

Dodd introduced legislation to cap the number of troops in Iraq at roughly 130,000, saying that lawmakers should take an up-or-down vote on Bush's plan to send additional troops to the country and not settle for the nonbinding resolution several Senate leaders prefer.

Later, however, Democratic Sens. Joseph R. Biden Jr. (Del.) and Carl M. Levin (Mich.) were joined by Republican Sen. Chuck Hagel of Nebraska in putting forward a resolution that describes Bush's troop buildup in Iraq as "not in the national interest of the United States." Hagel, a Vietnam War veteran, is considered a potential GOP presidential candidate in 2008.

"I will do everything I can to stop the president's policy as he outlined it on Wednesday night," Hagel said in a joint news conference on Capitol Hill with Biden and Levin. "I think it is dangerously irresponsible to continue to put American lives in the middle of a clearly defined tribal sectarian civil war."

In a separate news conference this afternoon, Sen. Hillary Rodham Clinton (D-N.Y.) said she would support the nonbinding resolution, but she left open the possibility that she would later back "tougher" congressional action aimed at forcing the administration to change course in Iraq.

"From what I've heard out of the administration thus far, I think we will eventually have to move to tougher requirements on the administration to get their attention," said Clinton, who recently returned from a trip to Afghanistan and Iraq with Sen. Evan Bayh (D-Ind.) and Rep. John M. McHugh (R-N.Y.).

The administration's priorities "are upside down," and more U.S. forces should be sent to Afghanistan instead of Iraq, Clinton said.

"Rather than an escalation of U.S. troops, which I do not believe will contribute to long-term success in Iraq, we should be beginning a phased redeployment of U.S. troops as a way to put pressure on the Iraqi government to take responsibility for its own security and future," she said.

"We need to change course," said Clinton, who is weighing a 2008 presidential run. "It would be a great irony if the administration's emphasis on escalating our presence in Iraq caused it to ignore the threat facing Afghanistan, where those responsible for planning the September 11 attacks are still our enemies."

White House spokesman Tony Snow denied that Bush is moving U.S. troops from Afghanistan to Iraq.

"That's just not the case," he told a news briefing. "There will not be any direct move [of] just shipping people from one theater of battle to the other."

Dodd, who last week declared his candidacy in the 2008 presidential race, said that "the issues are far too important" for nonbinding measures. "Other than expressing opposition, I felt we should do something more," he said, calling for quick action before any troop increase becomes a fait accompli.

"The president has laid down the gauntlet by saying he is going to go forward and I don't care what you say," said Dodd. He argued that the authorization Congress gave Bush in 2002 to send troops to Iraq, leading to the March 2003 invasion and occupation, did not cover a situation that has since degenerated into a civil war among rival religious, ethnic and political sects.

Dodd announced his proposed legislation on a day when Clinton, in a series of interviews on morning television, endorsed troop limits and a possible cutoff of funds to the Iraqi government if it fails to meet security benchmarks.

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Clinton said she supports starting "a phased redeployment out of Baghdad and eventually out of Iraq completely." However, she would not specify whether she would vote to block funding for the additional U.S. troops Bush wants to send to Iraq.

In staking out their positions today, the two probable competitors are likely to intensify debate over how aggressively Congress should challenge Bush's war policy -- and particularly his intent to commit an additional 21,500 troops.

Bush meanwhile called Republican senators to the White House today in an effort to rally support for his plan and dissuade GOP lawmakers from backing any resolutions against the troop buildup. The White House declined to say who was invited but acknowledged that lawmakers are generally skeptical of Bush's plan.

On the House side, Minority Whip Roy Blunt (R-Mo.) came out in support of a bill introduced by Rep. Sam Johnson (R-Tex.) to prevent Congress from restricting funds to troops already in combat. Blunt said any such restrictions would be "a recipe for troop demoralization."

Congress cannot "dictate strategy to the commander-in-chief," and lawmakers' power of the purse "is not to be taken lightly," Blunt said. "I hope Republicans and Democrats can unite behind the message that we support our troops in the field, and we will not cut their funding while they carry out their mission far away from their families and loved ones."

Unveiled in a nationally televised address last week, Bush's plan would focus on quelling sectarian violence in Baghdad and bolster forces in the volatile Anbar province.

Although announced in tandem with increased Iraqi efforts to take charge of their own security, the initiative has drawn bipartisan criticism in Congress and has received little support in public opinion polls.

But, despite winning control of the House and Senate in November elections that turned in part on public dissatisfaction with the direction of the Iraq war, Democrats are split on whether to simply criticize the president, or try to change his policies by imposing spending limits or other measures to restrict U.S. troop involvement in the conflict.

The split came into sharper focus this afternoon when Biden, the new chairman of the Senate Foreign Relations Committee, and Levin, who now chairs the senate Armed Services Committee, released their nonbinding resolution opposing the troop increase, with Hagel as a co-sponsor.

The resolution declared that "it is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating U.S. troop presence in Iraq."

Clinton, in her television interviews, said she wanted to cap the number of troops and cut funding to the Iraqi government -- "for the training of their military, for the protection of the leaders, for economic reconstruction assistance" -- unless it makes progress on rebuilding its security forces and policing the country.

"I am opposed to this escalation," Clinton said on CBS News's "The Early Show."

She and Bayh plan to send a letter to Defense Secretary Robert M. Gates today urging the United States to send additional forces to battle an expected Taliban surge this spring. She said the United States should add two battalions in the southern part of the country, and keep a battalion in place in eastern Afghanistan, rather than send those forces to Iraq.

Bush is "taking troops away from Afghanistan, where I think we need to be putting more troops, and sending them to Iraq on a mission that I think has a very limited, if any, chance for success," Clinton said on NBC's "Today" show.

Snow, the White House spokesman, said today that members of Congress can do "whatever they want" regarding resolutions on the Iraq war but that they cannot infringe on the constitutional powers of the president. He said lawmakers should consider the message that their actions would send to U.S. troops and the public.

"I'm not going to try to characterize whether it does or does not constitute support for the troops," Snow told reporters, "but it is a question that those who are talking about these resolutions will have to answer to themselves and to the public."

Staff writer Debbi Wilgoren contributed to this report.

Brownback Calls For Diplomacy To Resolve Iraq Conflict (FWST)

By Sam Hananel

The Fort Worth Star-Telegram, January 18, 2007

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WASHINGTON - Back from a weeklong trip to the Middle East and Africa, Kansas Sen. Sam Brownback said Wednesday he is disappointed at the lack of security in Baghdad and urged the Bush administration to launch a serious diplomatic effort to resolve the conflict in Iraq.

Brownback, one of a small group of Republicans to publicly oppose sending more U.S. troops to Iraq, called on Vice President Dick Cheney and Secretary of State Condoleezza Rice to begin "shuttle diplomacy" with leaders of the three major Iraqi groups.

Brownback painted a bleak picture of his meetings with Iraqi leaders, saying Sunni leaders "blame everything" on Shiites and vice versa. Although Sunnis are a distinct minority in Iraq, they had dominated the government until the U.S.-led ouster of Saddam Hussein left Shias in control.

"All of this suggests that at the present time, the United States cares more about a peaceful Iraq than the Iraqis do," Brownback said in a speech on the Senate floor. "If that is the case, it is difficult to understand why more U.S. troops would make a difference."

Brownback has not said whether he would vote for a Senate resolution opposing Bush's plan for a 21,500 troop buildup in Iraq. A group of senators, including Republican Chuck Hegel of Nebraska, announced agreement Wednesday on a resolution opposing the troop buildup.

While Brownback said it is up to Iraqis to resolve sectarian differences causing much of the bloodshed in Iraq, he said he was not calling on the United States to withdraw troops "and leave behind a security vacuum."

Only a broadly supported, bipartisan strategy will allow the United States to remain in Iraq, Brownback said, and he urged Democrats to outline what level of commitment they would support.

Brownback said shuttle diplomacy would involve meetings among Shiite, Sunni and Kurdish leaders outside of Iraq. The meetings would be similar to the Dayton accords that helped resolve conflicts in Bosnia, he said.

It has been nearly two years since Brownback's last visit to Baghdad, but he said the city is no more secure than it was in March 2005.

"The three mortar rounds that exploded during one meeting I had with an Iraqi vice president - no one was harmed - they were launched from some way out, but still they hit," Brownback said. "It shows just how insecure the city remains."

Brownback suggested, as he has in the past, the possibility of dividing Iraq into three states, with the Sunnis, Shiites and Kurds each controlling an autonomous region of the country. Baghdad would become a federal city.

'08 Dems Up Ante On Iraq (HILL)

By Elana Schor

Hill, January 18, 2007

Three Democrats who will likely face off for the White House suggested yesterday that they want to go further than their Senate leaders on Iraq, calling for a stronger effort to cap the U.S. military presence than the nonbinding resolution that will be marked up next week.

As Sens. Hillary Rodham Clinton (D-N.Y.), Barack Obama (D-Ill.), and Christopher Dodd (D-Conn.) detailed their plans on Iraq, other Democrats outlined their own bipartisan resolution, which is backed by Senate Majority Leader Harry Reid (D-Nev.) and Senate Majority Whip Dick Durbin (D-Ill.). Senate Foreign Relations Committee Chairman Joseph Biden, Jr. (D-Del.) will bring that resolution, co-written with Armed Services Committee Chairman Carl Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.), to his panel one day after President Bush's State of the Union.

But Biden and Levin's partnership with Hagel vied for primacy with other Democratic proposals to force congressional approval of new troops in Iraq. Biden plans to formally launch a White House bid this year, and Hagel also could join the race soon.

Clinton, recently returned from a codel to Iraq and Afghanistan, vowed to support the nonbinding measure but said Congress would "have to move to tougher requirements on the administration to get their attention."

Clinton is readying legislation that would require Bush to get congressional consent for any increases above this month's troop levels, similar to a plan Dodd announced late Tuesday, and set several other conditions for political and security progress

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before Iraqi troops received new funding. Dodd, however, may be able to preempt Clinton by offering his bill as an amendment in Foreign Relations, where Clinton has no vote.

"I want to reach out to her," Dodd said of Clinton, who would be the third Democratic cosponsor of his bill, after Sens. Barbara Boxer (Calif.) and Edward Kennedy (Mass.). Kennedy has offered his own legislation that would allow Congress to shut off funding for the troop increase, which Clinton and several fellow Democratic senators have stopped short of endorsing.

Progressive Democrats leaning on their party leaders to use the congressional majority as a means to end U.S. involvement in Iraq cautiously hailed Clinton's decision to take a position the 2008 presidential contender called "consistent … but [with] more teeth."

"Well – yay," said Rep. Lynn Woolsey (D-Calif.), Congressional Progressive Caucus co-chairwoman. "To me, this is obviously a reaction to the election on Nov. 7, when the public clearly said they expect Democrats to make changes in Iraq."

One House Democratic aide remarked on the political necessity for Clinton to take a strong stance against the troop "surge" strategy as she readies a White House run and Obama, another Foreign Relations member, jolts Capitol Hill with his 2008 exploratory bid.

"It would be unimaginable for a Democratic presidential candidate not to oppose the president's plan … and work to bring our troops home," the aide said.

Obama said he is reading both Dodd's and Kennedy's proposals to forge his own course on Iraq and indicated he could prepare amendments to the nonbinding resolution for next week's markup. In a later statement, Obama expanded on his criticism of new troop commitments to move even closer to Clinton's position.

"I not only favor capping the number of U.S. troops in Iraq, but believe it's imperative that we begin the phased redeployment I called for two months ago, and intend to introduce legislation that does just that," Obama said.

While Democrats maneuvered for a power position that could assert the new Congress' authority before Bush's military increase is complete, Republicans sought to keep their conference united in advance of the committee vote. GOP senators already critical of the surge, particularly those facing reelection pressures in 2008, left the door open for more to follow Hagel in support of his nonbinding resolution.

"There is some time to have further discussions" before next Wednesday's markup, Foreign Relations member Norm Coleman (R-Minn.), who is up for reelection, said. "There are some things in the resolution that some of us who don't support a surge aren't comfortable with."

The crux of the discomfort is the word "escalating" to describe the White House plan in Iraq, which appears in the nonbinding resolution after several introductory findings. Some Republicans consider the term too partisan and political, akin to Democratic disapproval of "cut and run," but Sen. Olympia Snowe (Maine) did not appear to share her colleagues' concerns.

"A troop increase does represent an escalation," said Snowe, who will back the nonbinding resolution.

Sen. John Sununu (R-N.H.), a Foreign Relations member already fielding reelection challenges, declined to comment on the nonbinding resolution until its language was publicly released. Sen. Susan Collins (R-Maine), who may be challenged for reelection by Rep. Tom Allen (D-Maine) told reporters she has not decided how she would vote on the Biden-Levin-Hagel measure. Allen voted against the 2002 Iraq war resolution.

Several Foreign Relations Republicans met early yesterday with Stephen Hadley, Bush's national security adviser, at the White House to discuss strategy on the resolution. Sen. John Warner (R-Va.), a former Armed Services chairman and foreign-policy elder statesman, said he would brief GOP senators on his own plans late yesterday for a resolution responding to the "surge."

"[I am] not supportive of what Democrats are trying to do in their resolution," Warner said yesterday en route to the Republican policy lunch, where Vice President Dick Cheney was a guest. He said his plan would use the bipartisan Iraq Study Group report and "basically [rework] it to make the president's program work."

Rep. John McHugh (R-N.Y.), who accompanied Clinton and Sen. Evan Bayh (D-Ind.) to the Middle East, pointed to the forthcoming war supplemental as a means to rein in the Bush administration's open-ended commitment in Iraq. But McHugh acknowledged that Congress would have little to no time to cap funding for the surge before more troops arrived: "We're in a congressional catch-22."

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Congressional Procession Of Iraq Proposals Likely To Lead Nowhere (WP)

By Dana Milbank

The Washington Post, January 18, 2007

"You cannot run a war by committee," Vice President Cheney said over the weekend.

Oh? Just watch them.

Lawmakers were introducing Iraq legislation at a mad pace yesterday, at one point in the afternoon scheduling news conferences in half-hour intervals. By the end of the day, they had issued more bills than Pepco.

Early risers saw Sen. Chris Dodd (D-Conn.) in the Senate television gallery introducing his proposal to limit U.S. troops in Iraq to 130,000 and to hold a vote on whether to reauthorize the war. Those who lingered until lunchtime could catch Rep. Lynn Woolsey (D-Calif.) and other House liberals demanding a withdrawal of all U.S. forces from Iraq within six months.

Booking the Senate TV studio at 2:30 p.m. were Sens. Joseph Biden (D-Del.), Carl Levin (D-Mich.) and Chuck Hagel (R-Neb.), with their own Iraq resolution. They had to vacate the room at 3 p.m. for the arrival of Sens. Hillary Rodham Clinton (D-N.Y.) and Evan Bayh (D-Ind.) and Rep. John McHugh (R-N.Y.); Clinton floated a variation of the Dodd plan. Minutes after that session, Sen. Barack Obama (D-Ill.) issued a statement announcing legislation ordering a "phased redeployment" of U.S. troops from Iraq.

Even Democratic presidential candidate John Edwards, who gave up his Senate seat, tried to get a piece of the action yesterday. His campaign sent out a fundraising appeal, asking: "Please chip in to help stop this escalation today."

The parade of lawmakers past the microphones lured a crowd to the Senate TV studio, where nearly 200 reporters and staffers squeezed four deep in the aisles; scores more were stuck outside. "I'm not going to have any senators in here before I have order in this room!" cried the gallery director.

But the excitement was misplaced. For all the bills introduced yesterday, none is likely to force President Bush to change course in Iraq. Proposals such as Biden's are "nonbinding" and others don't have enough votes to pass. "There is very little chance in the short run that we are going to pass any legislation," Clinton confided during her news conference. Asked to elaborate, she explained: "I can count."

If anything, the competing proposals could strengthen Bush's hand. Though largely united in opposition to Bush's plan, members of Congress, carved up by the presidential ambitions of Clinton, Obama, Dodd, Biden and others, can't unite around an alternative.

"Look," McHugh acknowledged in his appearance with Clinton and Bayh yesterday, "Congress right now has no effective role in this process."

Dodd, who last week declared his presidential bid on "Imus in the Morning," was the first to demonstrate McHugh's thesis. "It is time," he said at his morning news conference, to "offer meaningful action." He would require a new war authorization.

So would he enforce this by cutting off funding for the war?

"No, we've stayed away from the funding here," Dodd answered.

Any co-sponsors? "I haven't asked."

How about supporters in the House? "I haven't talked to anyone on the House side about it, either."

Next in the Senate TV studio: Biden, another Democratic presidential candidate, introducing his nonbinding resolution. Unlike Dodd, Biden had co-sponsors, but he could not remember everybody's name.

"Good afternoon, folks," he began. "Today, Senator Hagel and Senator Lugar and I . . ."

"Levin," Levin corrected him.

"Levin!" Biden agreed, putting his arm around Levin. "Jiminy Christmas. I just left Lugar."

The difficulties were just beginning. "If you feel so strongly, why a symbolic, nonbinding resolution?" asked ABC News's Jake Tapper.

Biden reasoned: "I cannot believe that the president of the United States would not pay heed to a bipartisan resolution passed by the United States, notwithstanding it's not binding."

Senate gallery rules are binding, however, and Biden's group vacated the room at 3:01 p.m. because the Clinton entourage had booked the studio. The New York senator wasted little time dismissing the Biden plan.

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"I certainly will support that," she said. "But from what I've heard out of the administration thus far, I think we will eventually have to move to tougher requirements on the administration to get their attention." One of her tougher requirements: the limit on troop levels.

But even one of the participants in Clinton's news conference wasn't necessarily on board with that. Additional troops "may already be in theater," McHugh said. "And I'd be hard-pressed to vote, while they are there, to say: 'Well, we have concerns about your mission.' "

The former first lady had no illusions that her plan would become law. "This is a work in progress," she told questioners. Still, she did have confidence in one prediction: "Others will come forward, you know, in the days ahead."

In the minutes ahead, as it turned out. Clinton had barely left the studio when Obama, who may be her presidential rival, sent out a press release one-upping her. "I not only favor capping the number U.S. troops in Iraq, but believe it's imperative that we begin the phased redeployment I called for two months ago," he said, "and intend to introduce legislation that does just that."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 18, 2007

Tough month

On Dec. 5, Newsweek magazine touted an interview with then-incoming House Permanent Select Committee on Intelligence Chairman Rep. Silvestre Reyes as an "exclusive." And for good reason.

"In a surprise twist in the debate over Iraq," the story began, Mr. Reyes "said he wants to see an increase of 20,000 to 30,000 U.S. troops as part of a 'stepped up effort to dismantle the militias.' "

"We have to consider the need for additional troops to be in Iraq, to take out the militias and stabilize Iraq," the Texas Democrat said to the surprise of many, "I would say 20,000 to 30,000."

Then came President Bush's expected announcement last week, virtually matching Mr. Reyes' recommendation and argument word-for-word -- albeit the president proposed only 21,500 troops.

Wouldn't you know, hours after Mr. Bush announced his proposal, Mr. Reyes told the El Paso Times that such a troop buildup was unthinkable.

"We don't have the capability to escalate even to this minimum level," he said.

The chairman's "double-talk" did not go unnoticed. Among others, Rep. Joe Wilson, South Carolina Republican and a member of the House Armed Services Committee, says such blatant "hypocrisy" undermines both national security and the war on terrorism.

Unfortunately for the new House intelligence chief, this is his second (some would argue his third) major blunder in the space of one month. When asked by Congressional Quarterly reporter Jeff Stein whether al Qaeda was a Sunni or Shi'ite organization, he answered: "Predominantly, probably Shi'ite."

As Mr. Stein wrote later: "He couldn't have been more wrong. Al Qaeda is profoundly Sunni. If a Shi'ite showed up at an al Qaeda clubhouse, they'd slice his head off and use it for a soccer ball."

The reporter added: "To me, it's like asking about Catholics and Protestants in Northern Ireland: Who's on what side?"

In the same interview, Mr. Stein had asked Mr. Reyes about the Lebanese militant group Hezbollah.

His now-infamous reply: "Hezbollah. Uh, Hezbollah? ... Why do you ask me these questions at 5 o'clock? Can I answer in Spanish? Do you speak Spanish?"

Understand Congress?

Former Indiana Rep. Lee H. Hamilton, director of the Center on Congress and recent co-chairman of the Iraq Study Group, will join with former Connecticut Rep. Ron Sarasin, head of the U.S. Capitol Historical Society, and Schering-Plough Chief Executive Officer Fred Hassan at the U.S. Capitol today to present "The Citizens Guide to Understanding Congress." (That'll be the day.)

The 5 p.m. event in the Mansfield Room, touted as a "wine, cheese and civics" affair, marks the debut of an updated citizens' guide to navigating the House and Senate. (It's free for the asking through each congressional office.)

We took a peek at the guide, which concedes that many Americans are "frustrated by the system they feel is stacked against them." However, it quotes the now-deceased Supreme Court Justice Louis Brandeis (who was appointed by President Woodrow Wilson in 1916 and served until 1939) as saying: "The only title in our democracy superior to that of president is the title of citizen."

Happy 50th

J.W. "Bill" Marriott Jr., the native Washingtonian who learned his hospitality ropes while working for his parents' Hot Shoppes restaurant chain during high school and college, will mark Marriott International's 50th anniversary tomorrow with a 1950s-themed celebration in Bethesda.

It was in January 1957 that Marriott's first hotel -- the 356-room Twin Bridges Marriott Motor Hotel in Arlington -- opened its doors. Today, Marriott operates 85 hotels in the Washington area alone, and 2,800 properties worldwide, employing nearly 150,000 people.

Hundreds of Marriott employees will be dressed in their best 1950s attire when greeting guests in the lobby of Marriott international headquarters for the celebration.

Launching Lompoc

The one positive thing about a column "typo" is that we get to hear from our many distinguished readers, including Wayne Hembree, formerly NASA's search-and-rescue mission manager at Goddard Space Flight in Greenbelt, who now is a consultant for the space agency.

"Glad to hear that 'Vandenberg, Alaska' was a typo and that everyone really knew it is in California," he writes. "We in NASA and those in the Air Force remember how our polar orbiting satellite launches moved from Cape Canaveral, Florida, to Vandenberg Air Force Base, California, after the State Department botched the analysis of Fidel Castro, thinking him a reformer and not a Communist ...

"When Castro took Cuba into the Soviet camp, the U.S. decided it could not continue launching polar orbiting satellites on rockets flying south from Cape Canaveral, right over Cuba. Vandenberg profited by Florida's loss, and thus the bumper sticker: 'Where [in] the [world] is Lompoc?' -- the town we learned to love, outside Vandenberg AFB."

•John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin@washingtontimes.com.

Commanding Majority Opposes More Troops In Iraq (LAT)

By Ronald Brownstein

The Los Angeles Times, January 18, 2007

WASHINGTON — A commanding majority of Americans oppose President Bush's decision to send more troops to Iraq and just over half the country wants Congress to block the deployment, a Times/Bloomberg poll has found.

As he seeks to chart a new course in Iraq, Bush also faces pervasive resistance and skepticism toward the U.S. commitment — more than three-fifths of those surveyed said the war was not worth fighting and only one-third approved of his handling of the conflict.

And in a striking measure of Bush's declining credibility, half said they believed he deliberately misled the U.S. in making his case for invading Iraq.

On all three questions, these are Bush's weakest showing in a Times poll.

Asked about Bush's recent announcement that he would dispatch another 21,500 troops to Iraq, three-fifths said they opposed the move, while just over one-third backed it.

Even Bush's political base, a source of support throughout his presidency, showed signs of cracking: about one-fourth of Republicans said they do not believe the war was worth fighting and a roughly equal number opposed the troop increase.

"I want us to get out. I want us to leave," said poll respondent Beth Anderson, a Republican from Belle Center, Ohio, who has a son in the Army.

Anderson, an X-ray technician, added: "I think I was one of the biggest, 'Yes, we need to go over there.'…And then, little by little, it just got to be too long and too much and the cost is, wow, awful."

DOJ_NMG_0118069

The poll's findings drive home the extent to which Iraq has politically weakened Bush, whose reelection just over two years ago stirred dreams among his advisors of cementing an enduring GOP electoral majority in Washington.

The results also underscore the formidable conundrum confronting Bush — the public's loss of faith in the war's direction, his handling of the conflict and his credibility all make it more difficult for him to rally support for the new direction he argues is necessary to turn the tide.

The Los Angeles Times/Bloomberg Poll, supervised by Times polling director Susan Pinkus, surveyed 1,344 adults nationwide by telephone Saturday through Tuesday. It has a margin of sampling error of plus or minus three percentage points.

With attitudes about Iraq weighing heavily against him, Bush's overall job approval rating stood at 39%, with 59% disapproving. Those figures are comparable to what had been Bush's worst showing in a Times poll — last winter, his approval rating was 38%, with 58% disapproving.

On Iraq, only 33% approved of Bush's handling of the war, with 65% disapproving.

The sole ray of light for Bush in the poll may be signs of public ambivalence about Congress' proper response to his plans on Iraq. Despite the widespread opposition to the troop escalation, Americans divide more closely on whether lawmakers should try to stop it.

The public clearly wants Congress to address the issue in some fashion: 45% of those polled said Iraq should be Capitol Hill's first priority, more than double the next closest issue (dealing with healthcare, which drew 20%).

A narrow majority — 51% — want Congress to try to block Bush from sending more troops to Iraq. Of those, 25% said lawmakers should deny funding for the increase and 26% said they should find other legislative measures to stop him. Forty-one percent said Congress should not attempt to stop Bush, with the rest unsure.

Carl Edwards, a welder from Morganton, N.C., expressed the divided beliefs of many when he said he wanted Congress to try to prevent the new deployment, but worried about hurting the troops in the field.

"They should stop sending funds to [Bush], but not cut the military funds down to where it is hurting the soldiers," he said.

Americans divide in similar proportions when asked whether Congress should attempt to require Bush "to begin withdrawing the troops already in Iraq."

Exactly half said Congress should take steps to begin removing troops (42% opposed such an effort).

On the other hand, 48% were against Congress establishing a mandatory deadline for the withdrawal of all troops, while 45% said Congress should set such a deadline either by terminating funding (17%) or through other means (28%).

Despite the conflict about Congress' role, responses to a succession of questions showed that a solid majority of Americans want the U.S. to begin extricating itself from Iraq rather than expanding its military commitment.

When asked how the U.S. should proceed, only 30% said it should maintain troops in Iraq "for as long as it takes to win the war."

By contrast, nearly two-thirds wanted troop withdrawals to begin within the next year, with 46% saying the process should start over that period and another 19% saying all troops should be sent home immediately.

Similarly, 60% agreed that the U.S. should withdraw "most troops from Iraq by early 2008 while keeping military training forces there to assist and train Iraq troops." Opposing that idea were 31%.

These results closely tracked the reaction to Bush's decision to deploy more troops to Iraq — 60% opposed it, 36% supported it.

"It's just too little, too late," said Charles Davis, a market research analyst and Democrat from New York.

Dale Sibley, a salesman in Clinton, Miss., typified those who backed Bush's decision to send more troops.

The deployment might create greater stability in Iraq and allow the U.S. to bring home its forces faster, said Sibley, a Republican. "I think [U.S. troops] have got to get the job done a little better before they can turn it over to the Iraqis," he said.

Part of Bush's problem is that relatively few of those polled shared Sibley's opinion that a troop increase would meaningfully improve conditions in Iraq. Less than 30% said more U.S. troops would translate into less violence in Iraq; almost 25% said it would increase violence and more than 40% said it would have no effect.

Kevin Steelman, a truck driver from Yadkinville, N.C., was among the skeptics. "It's going to be a never-ending battle," he said. "I don't foresee a big change by sending more troops over there."

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Another key element of Bush's revised plan for Iraq — a public works program for the country — drew a more mixed but still skeptical response.

While 55% said they did not believe the U.S. had a moral obligation to pay for Iraqi reconstruction, respondents divided about evenly on whether a public works program would discourage young Iraqis from joining the insurgency: 38% said it would, 43% said it would not, with the rest uncertain.

Most of those polled said that rather than Bush's plan, they would prefer that the administration follow the direction charted last month by the independent Iraq Study Group.

That panel, led by James A. Baker, the secretary of State during the presidency of Bush's father, and former Rep. Lee Hamilton (D-Ind.), proposed that the U.S. begin withdrawing troops from Iraq during the next year and talk with Iran and Syria about promoting stability in the region.

Asked to choose between that approach and Bush's new plan, 53% said they preferred the study group's recommendations, nearly double the 28% that favored the president's proposal.

"If [Secretary of State Condoleezza] Rice has to go to Iran or Syria and talk, and there are 1,000 or 2,000 lives of American soldiers saved, that is cheaper than letting those soldiers die," said Democrat Daljit Bajwa, a real estate broker from La Habra, Calif.

Asked whether Bush "deliberately misled Congress and the American people" with his prewar claims that Iraq possessed weapons of mass destruction, 50% said they agreed with that statement, while 44% said they did not.

But for most Americans, finding a way forward in Iraq apparently seems daunting enough without reopening arguments about the past — half of those polled said they did not want Congress to hold hearings to investigate Bush's prewar claims.

Can Congress Stop The War? (USAT)

By Jonathan Turley

USA Today, January 18, 2007

Over the next week, Congress will vote on a non-binding resolution denouncing President Bush's decision to send more troops to Iraq. Many people have already noted that with thousands of dead soldiers and hundreds of billions of dollars lost, Congress might be able to manage more than a legislative "Dear John" letter. Yet, if you listen to the president and some Democratic leaders, Congress can do little to stop the hemorrhaging of lives and treasure.

The truth is that there is a lot that Congress could do. Among other things, it could stop the war. But neither the president nor many Democrats want to publicly entertain such a possibility. Indeed, the president has insisted, again, that he alone makes such decisions. When asked about what Congress can do if it opposes his build-up, Bush was dismissive and said, "Frankly, that's not their responsibility." Of course, the president acknowledged, "They could try to stop me from doing it … but I made my decision, and we're going forward."

Democratic leaders seem to be encouraging the same view of an unchecked executive. The new chairman of the Senate Foreign Relations Committee, Sen. Joe Biden, D-Del., and other members suggested last week that it may be unconstitutional for Congress to cut funds for an escalation.

All of this would have come as a great surprise to the framers. Far from being some type of constitutional eunuchs, legislators hold the very power that determines whether a war will continue, expand or end: the power of the purse. The framers specifically justified this congressional power as a check on the president's ability to entangle the nation in disastrous foreign adventures.

Congress has historically used its power of the purse to deter, limit or end armed conflicts. During the Mexican and Civil wars, Congress used its appropriations to influence or restrict the conduct of the wars. During the Vietnam War, Congress not only repealed its authorization for the war, but it set a date to cut off funds for combat operations — forcing the war to an end.

Congress has also acted to restrict past presidents in other ways. Congress barred the use of funds by President Ford for any intervention in Angola and barred such funds by President Reagan to support the contras in Nicaragua. President Clinton was limited in his use of troops in Somalia and Bosnia.

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After campaigning on the war, Democrats are struggling to lower the expectations that they created. Yet, two out of three Americans oppose the president's plan for escalation. More than 60% believe the president was wrong to invade Iraq in the first place. Worse still, recent polls in Iraq show that not only do 70% of Iraqis want us out within a matter of months, but more than 60% actually support the killing of our troops.

With all of its power, Congress' use of a non-binding resolution is akin to a surgeon trying to shout out a malignant tumor. Congress has the means; it is only a question of its will.

For his part, Bush is playing a dangerous game of chicken by moving to send troops to Iraq before any authorization of funds is made. Bush knows that Congress is unlikely to have the courage to pull funds once troops are in place.

The use of military personnel as hostages in a fight with Congress is not new. Teddy Roosevelt had many fights with Congress over the composition and use of the military. One such dispute occurred over Roosevelt's desire to send his "Great White Fleet" around the world to show the American flag — an enterprise viewed by many as an expensive vanity. When Congress balked in appropriating funds for fuel and support, Roosevelt used what fuel he had to send the fleet halfway around the world. He then informed Congress that if it wanted its new fleet back, it would be wise to send the fuel.

It is not clear how long Congress will wait before using its authority. As Democrats look for a personally convenient moment to act and the president tries to spend himself to victory, the country continues to pay a dear price. If it takes a projected $500 billion and nearly 26,000 dead or wounded soldiers to get Congress to the point of a non-binding resolution, one can only imagine what it would take to cut off funds. Yet, rest assured: When members finally feel comfortable with acting to end this war, they will find all the authority they need in the Constitution and all the reasons they need in Iraq.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and a member of USA TODAY's board of contributors.

Anatomy Of A Wrong Approach (WP)

By David S. Broder

The Washington Post, January 18, 2007

The third or fourth time I heard Vice President Cheney tell Fox News's Chris Wallace on Sunday that al-Qaeda was gambling that the United States "doesn't have the stomach" to keep up the fight in Iraq, it crossed my mind that Cheney may be staring at the wrong part of the national anatomy.

The question, really, is not whether we have the stomach for the fight but the brains to figure out what to do in Iraq.

The vice president's effort to reduce it to a question of courage -- to suggest that those who want to expand the war are braver than those urging steps to limit it -- is a standard rhetorical trick. Whenever any Bush policy is questioned, someone from the administration almost automatically charges that its critics are soft on terrorism.

Iraq requires thought, not just gut instinct, because we are struggling with a situation we've never faced before. What does America really know about how to deal with a Shiite-Sunni civil war in a land devastated by years of dictatorship, damaged by invasion, infiltrated by terrorists and surrounded by countries with their own territorial ambitions? Not much, which is why it behooves us to move with caution.

The most serious thinking, inside and outside the administration, has concluded that it is fundamentally up to the government in Baghdad to curb the militias controlled by rival Sunni and Shiite clans. President Bush says the Iraqis can't do it alone, so he is sending more troops, 20,000 of them, to help Prime Minister Nouri al-Maliki and his forces.

Trouble is, no one knows if those Iraqi forces will show up to fight or, if they do, whether they will target anyone other than their Sunni enemies.

The Iraq Study Group and a good many others urged Bush to demand action from Maliki before offering any further help. They said, let him show an effort to take control of the corrupt and sect-filled ministries, launch serious constitutional reform, divide up the oil revenue, start delivering services.

Bush instead bought Maliki's argument that none of that is possible until Baghdad is more secure, and securing Baghdad means sending more troops into its high-risk urban warfare.

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Given the decision that Bush has made, is there anything Congress can do to protect American interests and save as many American lives as possible? Yes, there is. The lawmakers should hold Bush and Defense Secretary Robert Gates strictly to account for monitoring the action -- or inaction -- of the Maliki government.

There is a lot of talk now on Capitol Hill about nonbinding resolutions opposing the "surge" of troops, or some sort of measure to limit or cut off the funds for that deployment. No such action is likely to have any impact on the president. The deployment has begun, and Bush is adamant about his authority as commander in chief to continue it.

What Congress can demand is regular, frequent -- even weekly -- updates from the Pentagon, relayed from the able Gen. David Petraeus, the new commander in Iraq, about what the Iraqis are doing. The State Department should be delivering similar reports from the embassy in Baghdad on the operation of Maliki's government. Members of Congress ought to be traveling to Iraq themselves, checking out the reports with the troops who are bearing the brunt of the fighting.

The administration may complain about this intense monitoring and call it micromanagement. But after the blunders of the past three years, neither the president nor our allies in Baghdad have earned the right to operate with a free hand.

If Petraeus and his staff can provide specific measures of Iraqi military cooperation and progress, good. If the U.S. Embassy sees signs that the Maliki government is getting its act together, better yet. And if members of Congress can confirm these impressions on the ground in Baghdad, then take it to the bank.

If not, then Congress should call on the president to "show some stomach" and tell Maliki that the game is coming to an end.

Without a credible threat to walk away, there is every reason to believe that Maliki will attempt to use this expanded American force as a shield for the Shiite effort to drive the Sunni minority out of their homes and far from any share of power.

That is not a goal worth one American life. And if it turns out that's what all this amounts to, then we will have no choice.

Maliki Stresses Urgency In Arming Iraqi Forces (WP)

By Joshua Partlow

The Washington Post, January 18, 2007

BAGHDAD, Jan. 17 -- The Iraqi government's need for American troops would "dramatically go down" in three to six months if the United States accelerated the process of equipping and arming Iraq's security forces, Prime Minister Nouri al-Maliki said Wednesday.

The head of Iraq's Shiite Muslim-led government defended his country's independence and sovereignty and called on U.S. leaders to show faith in his ability to lead.

Maliki disputed President Bush's remarks broadcast Tuesday that the execution of former Iraqi president Saddam Hussein "looked like it was kind of a revenge killing" and took exception to Secretary of State Condoleezza Rice's Senate testimony last week that Maliki's administration was on "borrowed time."

The prime minister said statements such as Rice's "give morale boosts for the terrorists and push them toward making an extra effort and making them believe they have defeated the American administration," Maliki said. "But I can tell you that they have not defeated the Iraqi government."

Speaking through an interpreter to a group of reporters for an hour in his offices in Baghdad's fortified Green Zone, Maliki found several ways to say that Iraq is beholden to no country. He defended Iraq's constitutional right to the death penalty, its commitment to dialogue with Iran and Syria despite U.S. opposition to those governments, and its determination to use Iraqi troops to lead the latest effort to pacify Baghdad.

At a time when Bush has committed an additional 21,500 troops to the fight in Iraq, Maliki went further than he has before in establishing a time frame for drawing down the U.S. presence.

"If we succeed in implementing the agreement between us to speed up the equipping and providing weapons to our military forces, I think that within three to six months our need for the American troops will dramatically go down. That's on the condition that there are real strong efforts to support our military forces and equipping them and arming them," Maliki said.

In a statement issued by Maliki's office Tuesday, he said Iraq would continue to build up its armed forces "so it will be possible to withdraw the Multinational forces from cities, or withdraw 50,000 soldiers from Iraq."

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Maliki faces deep skepticism in Iraq and abroad about whether he has the political will or ability to steer his country away from civil war, or even to keep his position as prime minister. His comments amounted to a defense of the viability of his government, which he pledged to lead "until I achieve the peace and prosperity that Iraq deserves."

In an interview Dec. 24, Maliki sounded less committed to his office. "I wish I could be done with it before the end" of his four-year term, he told the Wall Street Journal. "I would like to serve my people from outside the circle of senior officials, maybe through parliament."

In the interview Wednesday, Maliki said many American and Iraqi lives would have been spared if the Iraqi forces had been better equipped. But he did not elaborate on what he wanted in terms of weapons or materiel, or whether his needs exceeded what is proposed in the $1.5 billion military sales agreement Iraq reached with the United States last month. Under that deal, the Iraqi government will receive an additional 300 armored personnel carriers, 600 more "up-armored" Humvees, helicopters and other equipment this year, according to Maj. Gen. William B. Caldwell, a U.S. military spokesman in Iraq. Iraq's proposed 2007 budget devotes $7 billion to building up the armed forces.

"President Bush and Prime Minister Maliki agreed in November to accelerate not only the training of the Iraqi security forces but also accelerate the transfer of equipment," National Security Council spokesman Gordon Johndroe said Wednesday.

One Maliki aide said the prime minister wants "heavier weapons" and is concerned that Iraqi security forces are outgunned by militias and insurgents.

"Basically the level of weapons in the current army is really a disgrace," said the aide, who spoke on condition of anonymity because he is not authorized to speak publicly about the matter. In many cases, gunmen are "definitely better armed" than the police and the army, the aide said.

Bush administration officials have long expressed concern in private about delivering military equipment to Iraq because of uncertainty that it would be kept out of the hands of militiamen, common criminals and insurgents.

The prime minister's critics in Iraq and Washington say he is unable to target the Shiite militias run by his political allies, but Wednesday he reiterated his commitment to defeating militants of any sect. Over the past few days, he said, his government had arrested 400 members of the Mahdi Army, the burgeoning Shiite militia led by cleric Moqtada al-Sadr, a political supporter of Maliki, and staged a mission in the Shiite holy city of Karbala targeting people who attempted to assassinate a member of the provincial council. He said he has prohibited the Iraqi security forces from openly paying homage to sectarian leaders, such as Sadr, or from joining political parties.

"There will not be any house or party headquarters or any office that has impunity from security operations," he said.

A Sadr spokesman, Abdul Razak al-Nadawi, denied that 400 Mahdi Army members had been arrested and said he was unaware of an operation in Karbala.

Maliki addressed at length Bush's recent critical comments about Hussein's hanging, in which attendees shouted Sadr's name and told Hussein to "go to hell" while he stood at the gallows.

The execution, Maliki said, followed a legitimate trial and conviction -- for Hussein's role in the killing of 148 men and boys from a Shiite village in the 1980s -- and Hussein "was not subjected to any act of revenge, any physical attack, and it was a judicial process that ended with him being sentenced to death according to Iraqi law."

"I know President Bush and I know him as a strong person that does not get affected by the media pressure, but it seems the pressure has gone to a great extent that led to the president giving this statement," Maliki said.

Maliki spoke slowly and seriously for most of the conversation, but occasionally broke into a smile, such as when he was asked whether Bush needs him more than he needs Bush. "This is an evil question," he said, laughing.

State Department spokesman Sean McCormack, who was traveling with Rice in Europe on Wednesday, defended the secretary's comment about the Maliki administration. "It was a restatement of what others have said, including the president, underscoring the importance and urgency of the Iraqi government acting on behalf of the Iraqi people," he said.

A convoy carrying members of a U.S. democracy group was ambushed Wednesday in Baghdad, and four of the workers, including an American woman, were killed, an official with the group told the Associated Press.

Gunmen attacked the three-car convoy belonging to the National Democratic Institute, said Les Campbell, the group's Middle East director. Besides the American, a Hungarian, a Croat and an Iraqi were killed, he said.

DOJ_NMG_0118074

In the northern city of Kirkuk, a truck laden with explosives blew up outside a police station, killing 10 people, including four policemen, and wounding 45 others, according to the Kirkuk police chief. The blast damaged houses and destroyed cars, collapsed a mosque and took down a cellphone tower. There is growing conflict between ethnic Kurds and Turkmens in the city, and the police station was located in a predominantly Turkmen area.

Later in the day, a second car bomb exploded in Kirkuk outside a Kurdish political office.

In Baghdad, a car bomb exploded in a suicide attack near a busy restaurant in a market in the Shiite slum of Sadr City. The blast killed 20 people and wounded 23 others, according to Brig. Gen. Abdullah Sami of the Interior Ministry.

Maliki Talks Tough, Sees U.S. Withdrawal Near (LAT)

By Louise Roug

The Los Angeles Times, January 18, 2007

BAGHDAD — Iraqi Prime Minister Nouri Maliki promised Wednesday to crack down on Shiite Muslim militias and Sunni Arab insurgents, warning that no one — not even political ally Muqtada Sadr — would be above the law.

"We will not allow any politicians to interfere with this Baghdad security plan ... whether they are Sunnis or Shiites, Arabs or Kurds, militias or parties, insurgents or terrorists," Maliki said in a rare interview.

The prime minister's comments appeared to align his government's security plan with the Bush administration's call to confront Shiite militias. But in other remarks, Maliki underscored his differences with the U.S., suggesting that American miscalculations had worsened the bloodshed in Iraq, and warning that his patience for political negotiation with warring factions was wearing thin.

"When military operations start in Baghdad, all other tracks will stop," Maliki said. "We gave the political side a great chance, and we have now to use the authority of the state to impose the law and tackle or confront people who break it."

U.S. officials have said that renewed military operations should go hand in hand with efforts at political reconciliation between warring Shiites and Sunnis.

Maliki said if Iraqi security forces were given sufficient training and equipment, they could stabilize the country enough to allow the withdrawal of U.S. troops starting in three to six months — a period in which President Bush's proposed troop buildup would still be underway.

He said if better U.S. training and supplies had come earlier, lives could have been saved.

"I think that within three to six months our need for the American troops will dramatically go down," Maliki said. "That's on the condition that there are real strong efforts to support our military forces."

The U.S.-Iraq security plan involves sending 21,500 more American troops to Iraq and 8,000 to 10,000 Iraqi forces to Baghdad in an effort to quell the civil war between Sunnis and Shiites that on average kills more than 100 people a day.

Maliki said Iraqi security forces this week had detained 400 Shiite militiamen affiliated with Sadr, a radical Shiite cleric whose followers constitute part of Maliki's political base. He offered no further details.

Return to political form

The interview, which took place in a pavilion inside the heavily fortified Green Zone, was a return to the freewheeling style that characterized Maliki's political manner before he became prime minister last year.

When asked whether the Bush administration needed him now more than he needed the administration, Maliki laughed uproariously, calling it an "evil question."

Throughout, Maliki appeared confident and seemed to relish the chance to respond to statements by Bush and U.S. officials, including allegations that his government had botched the hanging of deposed leader Saddam Hussein and had not done enough to stop the sectarian violence.

Commenting on a recent statement by Secretary of State Condoleezza Rice, he said, "Rice is expressing her own point of view if she thinks that the [Iraqi] government is on borrowed time," humorously suggesting that it might be the Bush administration that is on borrowed time.

"I understand and realize that inside the American administration there is some kind of a crisis situation, especially after the results of the last election," he said.

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Maliki said suggestions by Bush officials that the U.S. did not fully support his government played into the hands of insurgents.

"I believe such statements give a morale boost to the terrorists and push them toward making an extra effort, making them believe they have defeated the American administration," Maliki said. "But I can tell you, they haven't defeated the Iraqi government."

Concern all around

The widening split between the U.S. and Iraqi governments comes at an inopportune time.

Maliki has promised to carry out a security plan to halt the civil war, but his government has been riddled with sectarian fighting and corruption.

The Bush administration is under fire in the U.S. over the Iraq security plan. The strategy to send more American troops is being resisted by many Democrats, who control the House and the Senate.

In Washington on Wednesday, a group of senators introduced a nonbinding resolution opposing the troop buildup.

In the Middle East, there is great concern that Iraq's civil war could spill over into neighboring countries.

When Rice visited Kuwait this week, officials told her that the U.S. needed to start talks with Syria and Iran in order to ease the violence in Iraq. But the White House has resisted the suggestion, also put forward by the bipartisan Iraq Study Group.

U.S. rhetoric directed at Iran has become more aggressive even as Iraq is working to strengthen its ties with its eastern neighbor and largest trade partner.

When American forces detained five Iranians in northern Iraq last week, some Iraqi officials were angered by what they saw as U.S. interference in their foreign affairs.

In the interview, Maliki asserted his government's independence from U.S. interests in the region. But he underscored that the U.S. and Iraqi governments shared basic goals for his country: stability and prosperity.

"The success that can be achieved in Iraq will be a success for President Bush and the United States, and vice versa," Maliki said. "A failure here would be a failure for President Bush and the United States."

He took issue with Bush's contentions during a PBS interview Tuesday that Maliki's government "has still got some maturation to do," and that it had botched Hussein's execution by allowing Shiite guards to taunt the former leader and video tape his hanging.

Maliki said that Hussein and his codefendants were given a fair trial, and that it was his government's constitutional prerogative to carry out the death penalty. He said Hussein was shown greater respect than the former president gave to his rivals.

Maliki appeared to bristle at Bush's criticism, but he acknowledged that "mistakes had happened." He said he had personally given orders to his deputies to treat Hussein with respect before and after he was hanged.

He said the pressure Bush was feeling might have prompted the critical remarks.

"Maybe this has led to President Bush saying that he's sorry, or he's not happy, about the way the execution happened."

Hamilton Warns That Al-Maliki May Fail Bush (HILL)

By Albert Eisele

The Hill, January 18, 2007

The co-chairman of the Iraq Study Group said Wednesday that he has serious doubts about the ability of Iraqi Prime Minister Nouri al-Maliki to reduce the level of sectarian violence and achieve national reconciliation, and warned that President Bush's new Iraq strategy is likely to fail if he isn't able to.

"The rhetoric of Maliki is fine but his performance has been disappointing," former Rep. Lee Hamilton (D-Ind.) told The Hill. "So here we find ourselves in this extraordinary position. The U.S. is the superpower of the world, the sole superpower, and the success of our policy in Iraq depends on the actions of the Maliki government, a government that has been weak and that has not performed on these central benchmarks of national reconciliation."

He added, "I think everything has to work right, it has to work quickly, and even if it does, our chances of success are no better than 50-50."

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Asked if he agrees that this was the president's last chance for success in Iraq, Hamilton said, "I don't see what his backup plan is. It seems to me he's putting a lot of chips on the Maliki government. … That's a hugely interesting question; what happens if we fail … if the surge doesn't work?"

Hamilton, who with former Secretary of State James Baker headed the bipartisan Iraq Study Group that issued its report in December, said he had a "mixed reaction" to Bush's speech. However, he emphasized he wasn't speaking for Baker or other members of the group.

"I think the president moved quite a ways in the speech … in his disappointment with sectarian violence and other things. So I consider that an important plus. If you go back six weeks this kind of language from the president just would not have been heard, that the situation in Iraq was unacceptable. So there were a number of statements that I find encouraging in the president's remarks."

However, Hamilton made it clear that he was disappointed that the president ignored some of the study group's key recommendations.

"Most important is that the primary mission of the American forces is the training of Iraqi troops," he said. "The president says that's an essential mission. That's good but he doesn't say it's the primary mission. If the surge becomes the primary mission, then training becomes second. They argue that they can do both, but it's not likely that we can put the same kind of emphasis on both."

Second, he said, are the conditions Bush has placed on giving aid to the Maliki government. "He is unwilling to put any penalty on Maliki if he does not perform," Hamilton said in an interview in his office at the Wilson Center for International Scholars, which he heads.

"And we very much think that if Maliki does not perform, we should reduce aid. In other words, we make a link. We think certain things ought to be done in Iraq because that government has repeated[ly] promised performance and has not performed.

"And of course, the third point is diplomacy. We think that we should develop the international support group and it should include Iran and Syria and an effort to reenergize the Arab-Israeli talks. It appears that Secretary [of State Condoleezza] Rice is trying to do the latter, and I hope she will."

Hamilton said he and Baker will testify before Congress in the coming days. He is scheduled to testify before the Senate Foreign Relations Committee at 2 p.m. today, and before the House Foreign Affairs Committee on Friday morning, as well as at several other committees next week.

But he said today's hearing may be postponed because Baker "may prefer to move it to next week."

Asked if any other members of the study group have expressed enthusiastic support for the president's new strategy, Hamilton said, "Not to my knowledge."

Hamilton emphasized that the Iraq Study Group report "said we would not succeed in Iraq unless there is a unity of effort. And one of the real huge challenges in front of the president and in front of Congress is to try to develop, with deep differences notwithstanding, a unified effort. We do have American interests in the region and we want to protect those interests and we best do that if we speak with a unified voice."

However, he said, "We are not thus far speaking with a unified voice as a country on Iraq today."

Hamilton predicted "a lot of clashes" in Congress over Iraq, starting with a Senate non-binding resolution to oppose the recent troop-surge announcement.

"I don't know what that resolution says, and it will be non-biding, but it will be very important symbolically, sending a message, and I see a series of very vigorous debates in Congress on Iraq policy, arising in several different places on the legislative calendar."

Asked if that debate will make it more difficult to achieve unity, Hamilton said, "My hope here is that when you run through this process, which I think will be difficult and messy, my hope is that the country will have come to a greater unity of effort. I don't expect unlimited unity, but I would hope there will be greater meeting of the minds than exists today."

He added, "This is a very complex problem. It will take the integration of all of the tools of American power. I still worry that we focus way too much on the military, which is a hugely important part of this policy, but it is not the whole part of it. The economic, political and diplomatic parts are also hugely important and we've got to get it all right. We've had a history over the last

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few years where we have not gotten it all right and our chances of success are not 100 percent. It's a very daunting challenge for us."

U.S. Ambassador Expects Progress Within Months (USAT)

By Rick Jervis

USA Today, January 18, 2007

BAGHDAD — Iraq's leaders will need at least a few more months to hammer out political deals central to President Bush's security overhaul, the outgoing U.S. ambassador said Wednesday.

In an interview with USA TODAY, U.S. Ambassador Zalmay Khalilzad laid out a timetable for Iraqi politicians to resolve long-simmering disagreements, such as how to share Iraq's oil wealth.

Khalilzad also said the United States was "committed to going after" Iranian operatives in Iraq, who he said were responsible for supplying sophisticated bombs used against U.S. forces.

Bush has called on Sunni and Shiite politicians to resolve their differences and help ease sectarian tensions as an additional 21,500 U.S. troops begin arriving in Iraq. There are about 137,000 U.S. troops in Iraq now.

"Iraqi leaders understand that the patience of the American people, the patience of the leadership of the political forces in the United States, is running out," Khalilzad said.

He declined to say whether Iraq's government would face repercussions for not resolving key political issues, calling such talk "counterproductive."

"We have to recognize this is a sovereign country with an elected prime minister," he said. "We can't appear to be dictating in a way that, 'You must do this by this week, you must do this by that week.' "

The initiatives include:

•An oil law. Drafters finalized an energy bill Tuesday that would define how Iraq's oil wealth would be distributed to different regions, Khalilzad said.

Sunni-dominated territories possess a relatively small percentage of Iraq's oil reserves, and Sunni politicians want to make sure they receive a share of future royalties.

The bill needs Cabinet approval before the parliament votes on it and will probably take a month to pass into law, Khalilzad said.

•De-Baathification. U.S. officials are reviewing a draft law that would partially lift a ban that prevents former members of Saddam Hussein's Baath Party, most of them Sunnis, from holding government jobs. The law is probably two months away from passage, Khalilzad said.

•Constitutional amendments. A bill that would outline how Iraq's constitution could be amended — a point of heated debate between Iraqi sects — is being studied and is "several months" from completion, Khalilzad said.

Khalilzad said Iraqi leaders have agreed to allow U.S. forces unfettered access to Baghdad neighborhoods. Such access is key to disarming militias. "We'll have the freedom of action to go anywhere in the city in pursuing these objectives," he said. "We have to wait and see whether what has been agreed to, which is quite satisfactory, is actually implemented."

Also on Wednesday, Iraqi Prime Minister Nouri al-Maliki chastised the United States for suggesting his government was living on "borrowed time." He told The Times of London that such statements have bolstered Iraq's extremists.

"I wish that we could receive strong messages of support from the U.S. so we don't give some boost to the terrorists and make them feel that they might have achieved success," al-Maliki said.

He said the United States' refusal to give Baghdad's security forces sufficient guns and equipment has hurt their ability to secure the capital. If given the proper equipment, he said, U.S. forces could reduce their numbers within six months, he said. Al-Maliki also rejected claims that he is lenient on Shiite militias, saying 400 Mahdi Army members have been arrested in recent days.

Shiite Fighters Arrested In Crackdown, Iraq Says (NYT)

By Sabrina Tavernise

The New York Times, January 18, 2007

DOJ_NMG_0118078

BAGHDAD, Jan. 17 — Facing intense pressure from the Bush administration to show progress in securing Iraq, senior Iraqi officials announced Wednesday that they had moved against the country's most powerful Shiite militia, arresting several dozen senior members in the past few weeks.

It was the first time the Shiite government of Prime Minister Nuri Kamal al-Maliki had claimed significant action against the militia, the Mahdi Army, one of the most intractable problems facing his administration. The militia's leader, the cleric Moktada al-Sadr, helped put Mr. Maliki in power, but pressure to crack down on the group has mounted as its killings in the capital have driven a wedge into efforts to keep the country together.

Although the announcement seemed timed to deflect growing scrutiny by an American administration that has grown increasingly frustrated with Mr. Maliki, American officers here offered some support for the government's claims, saying that at least half a dozen senior militia leaders had been taken into custody in recent weeks.

In perhaps the most surprising development, the Americans said, none of the members had been prematurely released, a chronic problem as this government has frequently shielded Shiite fighters.

"There was definitely a change in attitudes," in the past three to four weeks, a senior American military officer said, speaking on condition of anonymity.

Mr. Maliki, in a meeting with foreign journalists on Wednesday, said 400 Mahdi militiamen had been arrested "within the last few days." A senior government official said later by telephone that the total number arrested was 420 and that they had been detained in 56 operations beginning in October. Several dozen senior leaders have been detained in the past several weeks, the senior official said on condition of anonymity. He said the total number of senior commanders did not exceed 100.

Still, some American military officials remained skeptical that the effort was more than just a short-term attempt to appease them at a time when American government support for Mr. Maliki appeared to have sunk to an all-time low.

"The question is whether it will be sustained," another American military official said. "This shouldn't be done to weather some short-term political storm. This has to stick in the long run."

Whatever the case, changes have been felt on the street. In Shiite neighborhoods across the capital, militia members seem to have dropped from view in recent weeks, residents and militia members say. Shiite foot soldiers have tucked away their machine guns and have melted back into bustling city blocks, preparing for what they say they believe will be an American military onslaught against them.

"They have not run checkpoints for a week," said Ali, a merchant who lives in northern Baghdad and does business with the militia. "They hid their weapons. They are bored."

An influential Shiite sheik, Adel Ibrahim Subihawi, said of senior Mahdi members, "They are making new passports right now to leave."

It was not immediately clear whether the vanishing act was related to fear over the arrests or was a calculated move to wait out the coming American troop increase and prepare to re-emerge later.

But Iraqi and American officials acknowledge that the militia is the central challenge in the new effort to stop the cycle of violence in the capital, especially given the fighters' ability to move and hide freely in tightly knit Shiite neighborhoods.

It is a vast task ahead: American military intelligence officials have estimated that there are around 7,000 Mahdi militiamen in Baghdad. Many have split off into their own fiefs.

"They are like amoebas," one Shiite politician said. "Always dividing and multiplying."

American military commanders are now debating whether a large-scale offensive in Sadr City, a vast grid of cinder-block houses in northeastern Baghdad that is the stronghold of the Mahdi Army, should be the way to confront the fighters. American soldiers battled the militia twice in 2004, but it emerged stronger after Mr. Sadr entered the political system and helped install Mr. Maliki as Iraq's prime minister last spring.

One senior military official said a large-scale operation "cannot be taken off the table," but others speak of plans to isolate the militia by cutting off northeastern neighborhoods where the militia dominates, and then continuing to chip away at its networks elsewhere.

In an interesting twist, the militia's leadership has not visibly fought back against the crackdown. American commanders say that the arrests do not draw the howling objections they used to in 2004, because Mr. Sadr's militia has splintered so deeply

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since then that the members they are arresting are more criminal than political and considered by Mr. Sadr to be disloyal renegades.

In that assessment, Mr. Sadr could even be using the government and the American military to purge his own ranks of undesirables.

Mr. Maliki, in the meeting on Wednesday, denied he was influenced by Mr. Sadr, and he offered as proof the fact that his government was finally taking painful action against his own Shiite constituency.

"In the entire four years I only talked to him twice," he insisted.

Iraqis who live in the neighborhoods where the Mahdi Army is strong say the primary motivation for avoiding full-scale confrontation with the Americans is money. Members have grown rich on political channels of financing from Iran as well as from Iraqi government ministries, the residents say, and the militiamen do not want to fight the Americans directly for fear of losing their newfound status.

Ali, the merchant, said the reluctance to fight could be summed up in two words: "Italian shoes."

"They know they will lose everything if they fight," he said.

The Iraqi official, for his part, attributed the ease of the arrests to the government's intensive political efforts with Mr. Sadr through the fall.

"As soon as he distanced himself from these death squads, we started hitting them really hard," the official said.

The effort seems to be having some effect. In Ur, a Mahdi Army neighborhood in northeastern Baghdad whose empty eastern edge is a dumping ground for bodies, the local police station reported that the number of bodies found so far in January was 25, far fewer than the 68 bodies found in the same time period a month earlier.

Shiite neighborhoods present a particular challenge for the American military as it prepares to place thousands of soldiers into Baghdad in the coming months. In Topchi, a Shiite neighborhood in western Baghdad that is now largely empty of Sunnis, Shiites have formed intricate networks of tribes, militiamen and local policemen to maintain order. Residents say that American soldiers coming into the neighborhood would be disruptive.

"There's no security if the Americans come in," said Ali Hussein Abdallah, a 43-year-old falafel shop owner who had to close for three days during a recent American raid, in which soldiers tore down a poster of Mr. Sadr that was hanging on his wall. "They create confusion. When they come they make a lot of trouble and maybe fighting."

The attitude is a measure of just how much alliances have shifted in nearly four years of war. Early on, Sunni Arabs spurned the Americans, and Shiites embraced them. Now Sunni areas ask for American protection, and Shiites want them to stay out of their areas.

"There is a wariness," said Abu Fatma al-Musawi, a Mahdi Army member in Sadr City. "We feel that this new strategy is against the Mahdi Army. We are worried the American troops might attack our area."

Military action will be all the more difficult because the militias are deeply embedded in the fabric of society. In Topchi, residents pay 3,000 Iraqi dinars a month, or about $2.40, to support local Mahdi Army members. Fighters are members of the local council, and they arrange trash collections and housing for Shiite refugees, often settling them into empty Sunni houses.

"If they don't make relations with local councils I am sure they will fail," said one prominent tribal member in Topchi who spoke on condition of anonymity. "If they use only force, like before, they will make many more problems."

It is unclear whether militias would choose to fight Americans. For now, militia members in Topchi, like Jafar Sadik, a 22-year-old student at Baghdad University, simply left their checkpoints during the recent American raid.

For now, it is Sunni violence that shatters neighborhood calm and draws the Shiites out, perpetuating the war. A bombing at a largely Shiite university on Tuesday that killed about 70 has already prompted Mahdi militia members to reinstate some checkpoints in eastern Baghdad, residents said. A drive-by shooting on the same day in the upscale Shiite neighborhood of Binouk that killed 12 has set revenge reactions into motion.

To isolate Mr. Sadr, Americans and several prominent Iraqis, including Abdul Aziz al-Hakim, a powerful Shiite, and Tariq al-Hashimi, Iraq's Sunni vice president, tried to assemble a new political coalition that excluded him. Those efforts seem to have foundered in recent weeks, marred by events that divided the Iraqi groups — the arrests of Iranians in Mr. Hakim's compound and the indignation surrounding the execution of Saddam Hussein.

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Baha al-Aaraji, a senior representative for Mr. Sadr in Parliament, said Mr. Sadr's supporters knew that recent American efforts were aimed at weakening them, and eventually Mr. Maliki, whom they support.

"The main goals are to exclude the Sadrists from decision-making and, after the formation of a new bloc, to replace the prime minister," he said.

But in the current political situation, in which Islamists are overwhelmingly popular among voters, the efforts are likely to fail, he said.

"In the election, Islamists from both sides won," he said. "It is a reality."

In Course Change, Roles Extended To Baathists (LAT)

By Said Rifai, Borzou Daragahi

The Los Angeles Times, January 18, 2007

BAGHDAD, Iraq — Ahmad Chalabi, a perennial Iraqi insider and political survivor, held out an olive branch to his former enemies Wednesday by publicly welcoming onetime members of Saddam Hussein's Baath Party back into the public life.

Chalabi, who heads a commission charged with removing former ranking Baath Party members from public office, told reporters at a Baghdad news conference that the Iraqi government had changed course and was trying to lure more Baathists back into government.

The de-Baathification laws established by American administrator L. Paul Bremer after the 2003 U.S.-led invasion rankled Iraq's Sunni Arab minority, which served in Saddam's political party in greater proportion than other Iraqi groups. Reforming those laws has been a key demand of the Bush administration as well as the Sunnis, whose alienation from the political process has fueled violence.

Chalabi said more than 2,300 high-ranking Baath Party members had been or were being reinstated to their former government jobs or were being given pensions.

He also said that under new rules the de-Baathification committee's only role would be to identify former members of the party and their rank. "Deciding whether they are allowed to participate in the political process or not is up to the Iraqi judicial system," he said.

However, Chalabi gave assurances that the ongoing reinstatements would not allow those who committed crimes against Iraqis under the former regime to be given "amnesty." He added: "Justice will take its course in the event that any of these individuals were to be suspected of implication in crimes against humanity or corruption."

Chalabi is a secular Shiite who was once favored by those advocating the U.S. invasion of Iraq. He emerged as a divisive symbol of occupation -- a longtime exile advanced by some American officials to help lead a country for which he showed little understanding.

His political party failed to win a single seat in December 2005 elections.

Chalabi was an early advocate of the policy to remove Baath Party members from power, a campaign that fueled the anger of insurgents. But Wednesday, he said his committee would refer to court any instances where provincial or municipal governments refused to reinstate exonerated former party members.

It was time for Iraqis of all political stripes to make amends, he said.

"All of these modifications to the de-Baathification law are being carried out in the interests of both the political and reconciliation processes in addition to absorbing those individuals with relevant experience which could be utilized by the government to better the current situation," he said.

Iraqis Answer Global Critics By Tackling Troubling Issues (NYT)

By Damien Cave

New York Times, January 18, 2007

BAGHDAD, Jan. 17 — Iraqi political leaders stepped up efforts to persuade the world that they were tackling the country's thorniest problems on Wednesday, highlighting crackdowns on militias, progress on a national oil law and new examples of reconciliation with former Baathists.

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The flurry of activity on the part of the Shiite-led government comes after weeks of punishing criticism from American, European and Middle Eastern leaders, who have focused on everything from the government's botched execution of Saddam Hussein to the mounting chaos in Baghdad.

Prime Minister Nuri Kamal al-Maliki seemed to have taken as a challenge President Bush's assessment that the Iraqi government had "fumbled" Saddam Hussein's hanging. During an hourlong meeting with several foreign journalists on Wednesday, he suggested that Mr. Bush had been pushed to express disapproval by the momentum of public opinion.

"I would like to correct President Bush that Saddam, that person, was not subjected to any act of revenge, any physical attack," Mr. Maliki said on a tape of the interview made available to The New York Times. "But it was a judicial process that ended with him executed or sentenced to death according to Iraqi law that sentences such criminals to death.

"I know President Bush and I know him as a strong person that does not get affected by the media pressure," Mr. Maliki continued. "But it seems that the pressure has gone to a great extent that led to the president giving this statement."

He went on to assert that Iraq "is not witnessing a war of ethnic or sectarian cleansing" because Sunnis and Shiites are still meeting together and trying "to salvage Iraq," and he rejected the widely held notion that his government tolerated militia infiltration of Iraq's security forces, saying it had been detaining Shiite militiamen.

He also anticipated an increase in the budget this year. And he emphasized that the new security plan was set to start in coming weeks and included the addition of more than 20,000 American troops. He said it would be directed by Iraqis — a contention that has been greeted by some American military officials with skepticism.

Other Iraqi officials, meanwhile, scrambled to show that they were making progress.

Falah Shanshel, one of about 30 lawmakers affiliated with the renegade Shiite cleric Moktada al-Sadr, said the Sadr bloc would end its boycott of Parliament in the next few days. In Iraqi Kurdistan, Anwar Dolani, the military leader who oversees one of the brigades slated for the new Baghdad effort, said the last group of his troops left Wednesday for the capital.

There were also hints of progress on two of the White House's most challenging legislative demands: a new national oil law, and a revised de-Baathification policy that would let more low- and medium-level government workers return to their former jobs.

Barham Salih, a deputy prime minister who heads Iraq's Oil Committee, said that a final draft of the oil law, expected for more than a month, could reach Parliament as early as next week. "We are finalizing the draft, and we have the lawyers going over it to make sure it is intact and consistent," he said. But he declined to outline many of the latest draft's details, suggesting that negotiations may still be incomplete.

Asim Jihad, a spokesman for the Iraqi Oil Ministry, said Wednesday that the new law included provisions for centralized oversight of contracts with foreign energy companies by a council of appointees from several ministries and the prime minister's office. If so, that would be a defeat for the Kurds on their longstanding demand for regional control, but it was unclear on Wednesday whether they had found another way to exert their authority. Mr. Salih, a Kurd, said only that the law "would have some surprises."

Also on Wednesday, Ahmad Chalabi, the former exile who helped the United States build the case for invading Iraq and who heads a committee on de-Baathification, appeared at a rare outdoor news conference in the Green Zone to announce that more than 700 Baathists had returned to their old government jobs. Smiling behind a bank of television microphones as bombs and gunfire interrupted his speech, Mr. Chalabi, who had advocated a strong de-Baathification effort, said the government's roster of rehired workers would continue to grow.

Violence continued in Baghdad. For the second day in a row, a car bomb exploded in Sadr City, killing at least 11 people.

The United States military also said two American soldiers had died in Anbar Province, one on Wednesday, another on Monday.

In Washington, the National Democratic Institute, a nonprofit democracy-building group, reported that an American employee and three of her bodyguards from Croatia, Hungary and Iraq were killed Wednesday when their three-vehicle convoy was attacked in Baghdad.

The group released no names, saying it was "making contact with the families affected."

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Iraqi Factories, Aging And Shut, Now Give Hope (NYT)

By James Glanz

The New York Times, January 18, 2007

RAMADI, Iraq, Jan. 16 — Inside a huge shuttered factory on the gritty western fringes of this outlaw desert town, thousands of ornate porcelain sinks, toilets and other fixtures sit in row after row next to the automated ovens and assembly lines that once churned out the products but lie silent under a thin film of yellow desert dust.

However, neither the fancy ceramics nor the machines appear to be damaged, a miracle that no one can quite explain in one of the most dangerous cities of a country that looters have ravaged since 2003.

Whatever the explanation, some American and Iraqi officials believe that surviving factories like this one — once considered inefficient, government-subsidized behemoths — could present a last chance of sorts for dealing with two problems that have remained stubbornly unsolved since the invasion: Iraq's reconstruction and its insurgency.

The factories, state-owned enterprises under Saddam Hussein's government, would appear to be the unlikeliest of saviors — things like a bus factory in an ethnically riven area south of Baghdad, a tomato paste factory in the Kurdish north, and a second plant in Ramadi that makes floor tiles with silk-screened floral patterns. The factories went dark after the invasion for a variety of reasons, including an insistence by the initial American occupation authority that once they closed, vibrant free markets would spring into existence to fill the void.

But neither those markets nor the expected commercial and social benefits of the $30 billion American-financed reconstruction program have materialized. So a few officials and local leaders are returning to the shuttered plants in hopes of finding a cheaper way to help the economy and perhaps create jobs to attract young men who might otherwise join the insurgency.

The dusty old plants are more evocative of guys with lunch pails than the big thinkers who once believed that expensive American reconstruction projects would remake the face of Iraq. "Any opportunity to re-employ more people and give the government a chance to get income from these factories is important," said Sheik Abdul Sattar Buzaigh al-Rishawi, an Anbar tribal leader, as he toured the porcelain and tile factories in his flowing black-and-gold robes. "Especially in this time when Anbar is experiencing terrorism."

The sheik added, in reference to the idle Iraqis who put the unemployment rate at anywhere from an estimated 30 percent to 60 percent, "They are normal human beings — they would rather work than make violence."

In Ramadi on Tuesday, Sheik Sattar and several Iraqi officials, including the Anbar governor and the manager of the ceramics plant, met with Paul A. Brinkley, a senior Pentagon official who, following up on a tip from the American military command, has taken it upon himself to push the revival of state-owned enterprises that he thinks can be restarted with modest financing.

"That factory could be running in a week," Mr. Brinkley said just after the visit. "It's amazing to me in this city, after all that this city has gone through, that a factory with that level of robotic equipment is still in that kind of condition."

Still, the meeting — in an unheated second-floor conference room within a ransacked office building next to the plant — revealed some of the barriers that this last-ditch effort is likely to face. Those barriers include vast inertia within the Iraqi government bureaucracy and questions about whether even the small amounts of cash needed for the effort will be forthcoming from either Iraqi or American sources.

There are also serious questions on whether officials in the focus of the United States presence in Iraq, within the fortified Green Zone in Baghdad, are ready to support factories that were seen as no more than relics of an era that American ingenuity and reconstruction were going to make forever obsolete.

As with so much else in Iraq, there is no clear measure of how extensive the network of state-owned industries is, although the government lists at least 192 companies outside the energy and security sectors. Government and business officials estimate that more than 600,000 employees are still receiving at least some of their salaries, even though almost all of the factories are closed.

After presiding over the collapse of that network in the early days of the war, the United States now appears ready to lend some help to Mr. Brinkley's efforts to revive parts of it. Maj. Gen. Darryl A. Scott, who leads the Joint Contracting Command for

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Iraq and Afghanistan and is based in Baghdad, said in an interview that he was making a push to use Iraqi companies for supplying things like housing and basic services for the American military here.

General Scott said that although his prime goal was not revitalizing factories, if one of the companies Mr. Brinkley was working with made the right product, it would be given fair consideration. "It's kind of a version of matchmaking," he said.

How far that process will take Mr. Brinkley's effort is unclear. Zalmay Khalilzad, the American ambassador, said in a recent interview that he was in favor of using military purchases to give Iraqi companies a boost, but that ultimately the United States would promote private enterprise over government entities. "That's obviously the right thing to do," he said. "The question is, how do you get from here to there?"

But a senior United States official said he believed that at least until recently, officials at the center of American power here, in the Green Zone, had retained their unbending orientation toward privatization. The official said that he asked Americans in the Green Zone why they were buying buses abroad for use in Iraq when a struggling state-owned Iraqi firm in Iskandariya, south of Baghdad, was making a similar vehicle.

"The answer was shocking," the official said. "It was, 'We've denied these people access to the global free market for 15 years; I'm not going to go back to them and say that you've got to buy buses from some state-owned enterprise.' "

During a visit last week to Erbil, in Iraq's Kurdish north, Mr. Brinkley said in a meeting with local officials that when the enterprises "are laying idle due to our policy of shutting them off, we have an obligation to restore them to the Iraqi people."

Each of the factories comes with different and highly specific challenges, a fact illustrated by the closed tomato paste factory in Erbil, which Mr. Brinkley also visited. With distribution across Iraq before the invasion, the factory limped along for a while afterward and as recently as 2004 produced 804,210 cans — "without loss of one can due to quality," said the plant engineer, Satar S. Mustafa.

Since then, a financial group in Erbil has bought the modest-sized factory, with its shiny chutes, choppers, ovens and other equipment. But the operation is still waiting for what the Erbil group hopes is an American investor, said Azzat M. Othman, who is the group's executive manager and says he worked on Wall Street in various capacities for 25 years before returning home to Kurdistan.

"What we are really looking for is an investor who has an interest in this type of operation," said Mr. Othman, who estimates that the factory will generate 100 to 150 jobs.

The porcelain factory is another case entirely. When a worker unlocks a set of big metal doors and slides them back with a boom, a darkened interior perhaps 100 yards in either direction shelters machinery that looks as if it had just been purchased. Half-finished sinks sit in rows along the assembly lines like sculptures left by some artist who intended to return and complete the work with a few strokes of the chisel.

And there is inventory. An assessment by the American occupation officials who shut this factory concluded that it was too small and inefficient to turn a profit in a competitive marketplace, but sinks with paisley and vine patterns look as if they could be sitting on shelves at Home Depot. The toilets are sturdy.

The Iraqis, who intend to keep the plant within the government and say that it could start up again if given an allocation of electricity, insisted that an American take one of the sinks as a sample. It was shoved into one of the armored vehicles belonging to the American military unit that brought the officials here.

But even if everything else here works perfectly, the question hovering over the project is whether the factory will be attacked now that it is associated with Americans. Sheik Sattar, who has already gained fame in Iraq for leading a coalition of Anbar tribes against Al Qaeda, said that would not be a problem.

After all, he said, the factory has remained in good condition until now. "We protected it," he said. Whether the same assurances can be given for the other factories around the country remains to be seen.

Timing Of Hearing Is Blow To The White House (LAT)

By Julian E. Barnes, Peter Spiegel

The Los Angeles Times, January 18, 2007

DOJ_NMG_0118084

WASHINGTON — In a setback for the White House, the Senate Armed Services Committee has agreed to hold a hearing Tuesday on the nomination of Army Lt. Gen. David H. Petraeus as the next military commander in Iraq — a move that could set the stage for a potentially bitter battle over the future of the current top general in the war, congressional officials said Wednesday.

White House officials are concerned that Congress may try to "scapegoat" Gen. George W. Casey Jr., who has overseen the Iraq war since 2004 and has been nominated as Army chief of staff, the service's highest post. Army and administration officials had planned for Casey to be considered first, in the belief that the urgency of appointing Petraeus as his successor would dissuade lawmakers from engaging in a long and divisive fight over his handling of the war.

But last week, several senators pressed Defense Secretary Robert M. Gates to have Petraeus' nomination sent to them quickly so he could take over command of military operations in Iraq.

Sen. John McCain of Arizona, the top Republican on the Senate Armed Services Committee and one of the chief advocates of President Bush's plan to increase U.S. troop strength in Iraq, has attacked Casey's command of the war and has embraced Petraeus, who shares his support for a troop increase and a change in strategy in Iraq.

Sen. Lindsey Graham of South Carolina, another GOP supporter of the troop increase, has argued that the appointment of Petraeus is at least as important to turning around the war as sending additional forces.

Although Defense officials had indicated Casey's nomination would go to the Senate first, White House officials sent over three nominations simultaneously Tuesday — those of Petraeus, Casey and Navy Adm. William J. Fallon, who has been nominated to head the U.S. Central Command, which oversees all U.S. military activity in the Mideast.

On Wednesday, Senate Democrats, at McCain's urging, moved to put Petraeus' confirmation hearing on the committee's calendar. Casey's has not yet been scheduled.

Though he is a strong proponent of the troop increase, Petraeus has been praised by Democrats as well as Republicans. Senate Armed Services Committee Chairman Carl Levin (D-Mich.) indicated during a hearing last week that the committee could act quickly to send his nomination to the full Senate.

But the swift consideration of Petraeus could mean a rougher time for Casey, who has been criticized by McCain and others for failing to seek additional troops or commit existing forces to Al Anbar province, a stronghold of the Sunni insurgency.

The nomination of Casey as chief of staff has drawn comparisons of him and Gen. William C. Westmoreland, the controversial commander who oversaw the Vietnam War from 1964 to 1968. When Westmoreland was replaced in Vietnam, he too was nominated as Army chief of staff and served in that post for four years.

The Army was forced to scrap plans to nominate Casey's predecessor, Lt. Gen. Ricardo S. Sanchez, for a four-star job over fears that his confirmation hearing would devolve into a bitter debate over the Abu Ghraib prison scandal and the rise of the insurgency in Iraq.

Under Casey's watch, Iraq became embroiled in sectarian violence, and the planned drawdown of American forces had to be shelved. Administration officials have said repeatedly that it is unfair to blame Casey, arguing that the Iraqi government has failed to make the necessary concessions or compromises that could lead to an easing of the security problems.

Gates recommended Casey for the Army's top job, saying he believes that the general's time in Iraq makes him well positioned to understand the strains the war has placed on the service.

But critics of Casey say privately that he should have questioned the administration's strategy more vigorously and contend that it is reasonable to hold him accountable for the lack of success the military has had in Iraq over the last two years.

The next Army chief of staff will oversee Bush's proposal to expand the Army as well as help muster additional forces for Iraq if the troop increase lasts more than a short amount of time.

Democrats may use the Casey nomination to review the missteps in American strategy over the last two years. Some senators are likely to hit Casey with pointed questions over how the Iraq strategy was formed, why it failed and why it was not altered sooner.

"I think there will be some who want to get into it," said a Democratic Senate staffer who requested anonymity when discussing party strategy. "We have not had a nomination like this."

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Casey could also come under criticism from Republicans who support the president's plan. Although he has backed the decision to increase the number of troops, he is widely seen as skeptical about whether additional U.S. forces will improve the overall security situation.

And some Republicans worry that Casey, in his new job, could be in a position to undermine the troop increase. As Army chief of staff, he would have no direct say in how the war is fought but would be responsible for providing additional forces for Iraq; any increase in the number of forces requires creativity by the Army to figure out where the personnel can come from. He would also sit on the Joint Chiefs of Staff, which provides advice on the conduct of the war.

Top Army officers argue privately that after handling one of the most difficult jobs on the planet for 2 1/2 years, Casey deserves the top Army post. Army officials have also said that under the current Pentagon rules, if Casey remains unconfirmed for too long, he could lose his four-star rank and be automatically demoted to a two-star general.

American Woman Killed In Baghdad Attack (LAT)

By Borzou Daragahi, Peter Spiegel

The Los Angeles Times, January 18, 2007

BAGHDAD — An American woman working for a U.S. nonprofit organization in Iraq to help strengthen the fledgling government was among four people killed Wednesday in a roadside ambush.

The woman, whose name was withheld pending notification of her family, worked for the National Democratic Institute, a Washington organization that advises political parties around the world.

Les Campbell, director of the group's operations in the Middle East and North Africa, said the three other people killed — a Hungarian, a Croat and an Iraqi — were bodyguards from the private security firm Unity Resources Group.

Two other guards were injured, one seriously, Campbell said.

He said details of the attack on the victims' convoy remained sketchy.

"The people who lived to tell the tale are injured," Campbell said from Washington.

He said the attack occurred when the National Democratic Institute employee was leaving a morning training seminar in Baghdad that she had conducted for Iraqi political parties.

He said the ambush in the Yarmouk neighborhood led to an extended gunfight between the attackers and the security guards. The attackers also threw grenades.

Campbell said the woman had been in Iraq for three months on an expected 18-month tour to work with political parties.

A National Democratic Institute official in Baghdad, who spoke on condition of anonymity for security reasons, said the victim "was an extremely hardworking and dedicated young woman."

"She brought a lot of enthusiasm. She believed in what she was doing," the official said.

The National Democratic Institute is among a small group of charities and nongovernmental groups still working in the country, often expending large amounts of money for security.

Typically, the organization's staff members put on workshops, seminars and discussion groups to show political parties how to recruit activists, research public needs and promote their ideas to voters.

The National Democratic Institute and several like-minded organizations are cloistered in a well-guarded central Baghdad compound outside the heavily fortified Green Zone. But an Iraqi official at one of the organizations said he thought the woman had lived in the Green Zone.

An April 2005 suicide bombing of another National Democratic Institute convoy killed Marla Ruzicka, a 28-year-old activist from Lakeport, Calif., who worked with the nonprofit Campaign for Innocent Victims in Conflict.

Campbell said that although his group remained committed to its work in Iraq, it would reevaluate how it did business in the country and could reconsider its presence in Baghdad.

"Something like this shakes us," he said.

The attack came on a day when car bombs killed at least 27 people in Baghdad and northern Iraq.

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In the deadliest blast, a suicide bomber rammed an explosives-packed car into a busy market in the capital's mostly Shiite Muslim neighborhood of Sadr City, the stronghold of radical cleric Muqtada Sadr and his Al Mahdi militia. At least 17 people were killed and 45 injured, including a family of four in a passing car.

A truck bomb aimed at a police station in the oil-rich city of Kirkuk killed at least 10 people and injured 42.

The U.S. military announced that a soldier died Wednesday and another died Monday of wounds sustained in combat in Al Anbar province. Their names were not released.

Gunfire erupted and rocket shells landed on Baghdad's Haifa Street, a volatile Sunni Arab insurgent stronghold near the Green Zone.

A roadside bomb targeting a police patrol in the capital killed one officer and injured two others.

Gunmen kidnapped a Baghdad city councilman and killed four of his bodyguards.

Police in Hillah, south of the capital, discovered the body of a police officer who was hanged.

Sadr City Market Bomb Kills 17 (WT/AP)

By Kim Gamel

The Washington Times, January 18, 2007

BAGHDAD -- A suicide car bomber killed 17 Shi'ites at a teeming Sadr City market yesterday, while gunmen in a predominantly Sunni neighborhood of Baghdad shot up a convoy of democracy workers in an ambush that took the lives of an American woman and three bodyguards.

An Iraqi army officer, who spoke on the condition of anonymity because of security concerns, said the attack on the Western convoy took place in Yarmouk, a predominantly Sunni neighborhood in western Baghdad.

The three-car convoy belonged to the Washington-based National Democratic Institute, said Les Campbell, the not-for-profit group's Middle East director. He said the four dead included an American woman along with three security contractors: a Hungarian, a Croatian and an Iraqi. Two others were wounded, one seriously, Mr. Campbell said by telephone from Washington. Their names were withheld until their families could be notified.

"It appeared to be an attack with fairly heavy weapons; we don't know what kind," Mr. Campbell said. "We have some information that a firefight ensued. Our security company responded to the attack."

Mr. Campbell said the ambush took place at midday as the group returned from a program elsewhere in Baghdad.

The last known American female civilian to be killed was Marla Ruzicka, a 28-year-old rights activist from California who died in a car bombing in April 2005.

The suicide car bomb exploded a day after twin car bombs struck Al-Mustansiriya University in Baghdad, killing at least 70 students lined up for the ride home in what appeared to be a renewed campaign of Sunni insurgent violence against Shi'ites. More than 130 were injured.

It was the single deadliest attack on civilians in Iraq since Nov. 23, when a series of car bombs and mortar attacks by suspected al Qaeda in Iraq fighters in Sadr City slum killed at least 215 persons.

Another suicide car bomb exploded earlier yesterday at a checkpoint in the city of Kirkuk after guards opened fire as the driver approached a police station, police said. The blast, in the center of the oil-rich city 180 miles north of Baghdad, killed eight persons and injured dozens.

Violence is rising in northern Iraq even as the government and U.S. forces prepare for a massive security operation aimed at stopping sectarian attacks in the capital.

The escalation of deadly attacks coincided with Tuesday's release of U.N. figures that showed an average of 94 civilians died each day in sectarian bloodshed last year.

Two more American soldiers died this week, the U.S. military said. One soldier from the 1st Brigade, 1st Armored Division died yesterday from wounds sustained in an operation in Anbar, the Sunni insurgent stronghold west of Baghdad. Another soldier, from Regimental Combat Team 5, died Monday, the military said without elaborating.

The deaths brought the toll of U.S. military members who have died since the Iraq war started in March 2003 to 3,028, according to an Associated Press count.

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Lost In Translation: Iraq's Injured "Terps" (WSJ)

By Joel Millman, Gina Chon

The Wall Street Journal, January 18, 2007

AMMAN, Jordan -- Cocky, cheerful Ali Adil thought he found his calling as an interpreter with the Third Marines, patrolling Iraq's most dangerous ground. The pay was good and he loved bantering about women and rock 'n' roll with young Americans. By helping Marines root out insurgents, he believed he was building a peaceful and just Iraq.

But since July -- when a suicide bomber drove an explosives-filled tanker into a building his unit was guarding -- the 20-year-old Mr. Adil has faced a different future. After suffering severe burns, he has undergone nine skin grafts at a hospital in Amman and lives in a dormitory with a dozen other wounded Iraqi interpreters -- "Terps" as the Americans call them.

Looking to avoid adding refugees, Jordan wants the Iraqis to leave the country when they are released from the hospital and no longer need postoperative treatment. The interpreters look at a return to Iraq as a death sentence. Their absence from home already may have endangered their families. "When someone is gone for a while, and nobody knows if he's really dead, the militias start asking, 'Is he with the Americans?' " says Mr. Adil, who says his family routinely receives death threats from Shiite militias in his old Basra neighborhood.

Since the start of the war, 257 Iraqi interpreters have been killed, says Titan Corp. of San Diego, which just completed a five-year, $4.6 billion Pentagon contract to provide linguists to U.S. forces. Most of those killed were assassinated while on home leave, the company says.

Hobbling on crutches or rolling through their days in wheelchairs, the Terps see themselves as combat veterans of America's war, which should entitle them to medical care, pensions and safety. Most want to emigrate to the U.S.

After lobbying by the U.S. Marine Corps, Congress approved a special immigration program for translators in 2005. But just 50 slots a year were granted, which must be shared between Iraqi and Afghan applicants with at least a year's service with U.S. combat troops. More than 5,000 locals have served in Iraq as interpreters. Some lawmakers and U.S. officials have argued that if the U.S. made it too easy for skilled Iraqis to leave, fewer would remain to help build Iraq. And if special benefits are carved out for interpreters, thousands more Iraqis who have worked with Americans -- from drivers to nurses to soldiers -- would also demand similar help.

This week, during a Senate Judiciary Committee hearing, lawmakers from both parties said more should be done to help Iraqis, particularly those who have helped the U.S. war effort. Assistant Secretary of State Ellen Sauerbrey said only 466 Iraqis have been admitted to the U.S. as refugees since 2003, and because of increasing violence last year, more Iraqis are fleeing their homes than are returning to them.

In their dormitory here, interpreters display the kind of tolerance U.S. war planners hoped would take root in Iraq. Shiites, Sunnis, Christians and Kurds mingle, their combat experience outweighing religious and ethnic divisions. The Terps come from secular households and call each other by their combat nicknames, adding to their sense of solidarity and distance from Iraq's murderous sectarianism.

Swapping Stories

Mr. Adil, a Shiite, is "Milan" because he liked to play as the AC Milan soccer team in PlayStation soccer games. Moghera al-Gaylany, a wealthy Sunni who learned English from a Welsh nanny, is "M2." He suffered eye and arm injuries from shrapnel. Abdul al-Basit, a Kurd who was hit by sniper fire in his arms and abdomen, is "Alan." Between therapy sessions, the interpreters swap stories and sometimes view video of the attacks that sent them to Amman. Such videos were usually taken by intelligence officers on the scene.

The wounded Terps sent here for treatment -- about 100 last year -- stay weeks or months. The hospital's management asked that the facility's name not be published for fear of attack. Amputees are the norm. Diyer Hassan arrived in November, still in a coma after leaving Iraq, where he had been on a predawn Baghdad patrol with the U.S. Army's 26th Infantry. The 20-year-old awoke in a hospital room to discover his legs amputated just below the pelvis. He had been working to raise cash to finish at Baghdad University and earn an accounting degree.

In a nearby room is one of the oldest Terps, Rabeh Khafaji, a 52-year-old Shiite nicknamed "Marcos." He was close to troops he patrolled with and says he "adopted" his 23-year-old platoon leader, Lt. Emily Perez. Told recently that she died in the

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same explosion that took both his lower legs, the former merchant seaman clutched Ms. Perez's photo to his chest and sobbed, "My beautiful child."

Cooks' Jobs

When U.S. and British forces swept through Iraq in 2003, Mr. Adil was hopeful about the future. He says his father, an elderly Shiite shopkeeper, and his Christian mother did their best to steer their eight sons from trouble. When two were drafted during the Iran-Iraq war, the family bribed a base commander to assign them cooks' jobs far from the front. When other Shiites rebelled against Saddam Hussein after the 1991 war, "we hid under our beds," he says. The family longed for the dictator's demise, and joined neighbors greeting the first troops entering Basra.

Fresh out of a two-year technical high school, the slim teenager was eager to test his rudimentary English, learned mostly from listening to an older brother's Pink Floyd records and by surfing the Internet. He says he landed a job paying $200 a month as an interpreter for a company of the British army's Royal Engineers.

Mr. Adil, the second-youngest child, suddenly became the family's principal breadwinner. While one brother lined up work as a policeman, most of the others held day laborer jobs. One brother, Amjad Adil, now 29, drove his own cab until carjackers took it. He, too, then went to work for the British, and was quickly dubbed "Tommy Gun" for his admiration of automatic weapons.

Although the Adil brothers say their work was routine -- translating for British officers meeting local dignitaries -- insurgents slipped at least three threatening letters under the family's front door warning them to quit. Letters tacked to nearby lampposts listed neighbors already killed for collaborating.

Worried about his safety, Ali left for Baghdad in January 2005 and found work with Titan, the main contractor supplying U.S. forces with interpreters. Titan paid him $1,050 a month -- three times the salary of Iraqi police -- which included a small bonus for working in the dangerous Sunni Triangle. (The few U.S. citizens who work as interpreters, and have high security clearances, make 10 times as much as bilingual Iraqis.)

In October, Amjad fled to Baghdad to work for Titan too, after he and another interpreter were fired on by four men in Basra. Amjad Adil escaped injury; his friend was shot in the face.

Tours With the Marines

The two brothers remember their tours with the Marines starting in late 2005 as the most gratifying part of the war. "Motivation! Mobilization!" Ali Adil shouted when asked what he loved about the Marines, nearly jumping from a chair as he assumed his battlefield stance.

In al Anbar province, he joined raids on suspected terrorists' safe houses, often discovering weapons, cash and computer files whose data led Marines to other targets. Some of the finds were unsettling. The Marines couldn't tell if U.S.-issued M-16s and body armor they found had been stripped from dead comrades or stolen by infiltrators working on U.S. bases.

Night raids were an adrenaline rush. After a fusilier launched a concussion grenade through an open window, Mr. Adil would dash into the building with other troops as an explosion shook the building and filled its entrance with blinding light. "It's something you never forget, not for the rest of your life," he says. Nothing terrified him as much as hearing a patrol leader bark the order, "Take cover, sniper!" and hitting the ground.

"He was the best interpreter we had," says Sgt. Nate Royster, a squad leader with the Third Marines. The chatty Mr. Adil would strike up friendships with Iraqi families passing through Marine checkpoints and over time would persuade them to identify Iraqis who were shooting at the Marines or planting bombs. He was also great at picking out Iraqis who were lying, Sgt. Royster says.

Mr. Adil and his brother swapped emails regularly from bases three hours apart. After six months, they had a week off together at the main Marine base in Haditha, where they shopped and played videogames. "We would call home together, both of us talking to our mother and father," Amjad Adil recalls. "It was like a family reunion."

News from home often was grim. During some calls, the brothers could hear mortar rounds landing near the family's home, which is close to a British base. Their parents provided updates on childhood friends who had been killed or seized. One neighbor family paid a large ransom when their son was kidnapped, but the young man never returned, the Adil parents said.

One day in July, Ali Adil walked downstairs from a Marine rooftop post near Haditha to join Iraqi troops making morning tea. At the same moment, a stolen tanker, filled with at least 400 pounds of explosives, rammed into the building. The driver and

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several Iraqi soldiers were killed. Mr. Adil, who suffered burns over one-third of his body, and three Marines with life-threatening wounds were evacuated to Baghdad.

After waking from a two-week coma, Mr. Adil was transferred to Amman for long-term care. For two months, nurses tried to make him comfortable before skin-graft treatment began. His jaw was wired shut to let several small fractures heal. Most days he simply lay in bed, sucking soup from a straw when he felt hungry enough to eat.

Now he's able to walk on his own and passes time either in Internet cafes or telephoning his brother. Despite the trauma, Mr. Adil retains his good cheer. "How's it going on, dude?" he greets another Terp.

Titan, a subsidiary of L3 Communications Holdings Inc., says it will pay Mr. Adil's medical bills and two-thirds of his salary until he is officially discharged from treatment, which he expects to occur later this month. The principal insurer for U.S. contractors, American International Group Inc.'s AIG WorldSource division, won't specify how much treating interpreters cost last year, except to say that it runs into "millions" of dollars. One interpreter, Victor Yousif, has medical bills of more than $1 million alone, hospital administrators say.

Mr. Adil's remaining benefit is an injury-compensation package. Such packages can range from $20,000 to $200,000. The money is intended to cover potential income interpreters can expect to lose as a result of their injuries.

Many interpreters say the awards don't come close to covering their needs, especially those who support extended families trying to flee Iraq. For the most part, though, interpreters accept what's offered because they need the money immediately.

"They gave me $88,500 for this," says one middle-aged former professor, who worked as an interpreter for a U.S. Army unit, as he lifts an empty pant leg and then shows a right hand shorn of all but the middle finger.

Death Benefit

Families of translators killed on the job receive a death benefit. Spouses receive 50% of the interpreter's weekly salary until they remarry or die. If there is no spouse, the benefit goes to a parent. Because of Iraq's chaotic situation, it's often difficult to obtain reports and witness statements necessary to prove a claim. It can take several months to a year to settle a claim.

During his three years working for the U.S. military, one Iraqi translator received numerous threats. On Sept. 15, 2006, he was killed in a drive-by shooting as he drove home after a day of working with the Army Reserve's 412th Civil Affairs Battalion. Capt. Brian Freeman says he relied on the interpreter as his "eyes and ears" and also for political connections. For the man's nine-member family, the loss took away not only a loved one, but the main provider. They relied on his $900-a-month salary. His pregnant wife and other family members are waiting to receive the death benefit.

Chris Winans, vice president of media relations at AIG, says the company doesn't discuss individual claims. But he says that when claims can't be settled quickly, it's usually related to problems of documentation or locating next of kin. "Our top priority is promptly settling compensable claims for injured defense-contract workers, and that's the way it works in much more than 90% of claims," he says.

During many U.S. wars, evacuating local allies wasn't a big issue. The vast majority of local allies stayed put after conflicts ended, eager to rebuild their countries.

Hundreds of thousands of former South Vietnamese soldiers and other American allies were left behind when U.S. forces withdrew in 1975 -- many spending much of the next decade scrambling for ways to get to America. About 120,000 Vietnamese collaborators and their dependents managed to get to the U.S. by 1976, although many more languished for years in refugee camps in Thailand, Hong Kong and the Philippines.

After the 1991 Gulf War, the U.S. admitted around 15,000 Iraqi Shiite refugees, who escaped a crackdown by Saddam Hussein. In Iraq today, the U.S. military discourages fraternizing with local hires. Even so, Terps and military personnel often forge close ties.

Sharon Smith, a major in the U.S. Army reserves, married her Iraqi interpreter in 2005, after she hired a judge and had him transported to the fortified Green Zone in Baghdad to perform the ceremony. After a bureaucratic tussle over visas that lasted a year, the interpreter, who had been wounded in action, was able join his wife in Richmond, Va., just before Thanksgiving.

Other wounded interpreters, who lack such ties to Americans, worry they will soon be stateless -- pressured to leave Jordan, unable to return to Iraq, where they fear their names already are on a hit list, but barred from the U.S.

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"If I tell [doctors in Iraq] how I am wounded, I am killed in one day," said a 27-year-old translator from Karbala, who requested that only his first name, Haider, appear in print. "The militias rule the hospitals in Iraq," he added, as fellow exiles in the Amman dormitory nodded in agreement.

Under the 2005 special immigration program for translators, about 200 visas have been approved so far. Of the more than 5,000 locals who have served in Iraq as interpreters, many are desperate to leave. Few qualify because they need a letter of recommendation from a military "flag" officer, either a four-star general or a Navy admiral.

"The highest rank we meet are lieutenants, maybe a captain," says Abdul al-Basit, the Kurdish translator who has been trying to emigrate since being wounded by a sniper last year in al Hawijah. "How are we going to meet a general?"

Two married Iraqi interpreters -- who asked to be identified by their Terp nicknames "Mike" and "Joy" -- won translator visas in 2006. The couple -- who won't use their real names for fear of identifying family members still in Iraq -- served together in western Iraq, with Mike accompanying a Marine combat unit, and Joy assigned to help nurses at a mobile surgical unit. Early in the war, insurgents seized the bus she was taking to a U.S. base and held her for awhile.

It wasn't just their war records, but their lobbying skills that helped them win visas. After three years of service, they befriended influential U.S. officers, including Capt. Joseph Grimm, a Marine attorney, who helped them with the paperwork and lobbied the Pentagon brass and lawmakers on their behalf.

Last month, Mike and Joy visited their wounded counterparts in Amman. "You were in al Anbar, dude? That's awesome," said a young Terp who calls himself "Opie," reaching up to slap Mike's hand with the stub of his own. A few Terps asked them for ideas on how to get to the U.S.

But other interpreters found the visit dispiriting. Noticing the couple's sleek clothing, their digital camera and, most of all, their incredible good fortune, only deepened their sense of isolation. By the end of the evening, Mike was bummed out too, as he realized few of the Terps had a chance of winning a visa. "I have citations, like a hundred of them," he said, sounding more defensive than proud. "Some of these guys have, like, two."

One of the Terps at the dormitory, Mr. al-Gaylany, who was wounded by a roadside bomb last summer, has made some bureaucratic headway. He spends his days tapping out emails in search of soldiers from the military police unit he served with to ask for their help. Staff Sgt. Jason Rogers has already written to his senator.

'He's Stuck There'

"We rotate in and rotate out, but he's stuck there," says Sgt. Rogers, now stationed with a National Guard unit in Bay City, Mich. "I'd like to see him become a U.S. citizen. It would be a great way to show appreciation for what he's done."

Joanna Gonzalez, spokeswoman for the Department of Homeland Security, says, "If any Iraqi translator, or any Iraqi for that matter, outside Iraq fears persecution if he or she returns to Iraq, then they can apply for refugee settlement in the U.S." She says that this year up to 5,500 refugees will be allowed into the U.S. from the Near East and South Asia -- a region that includes Iraq as well as Afghanistan, Iran, Saudi Arabia, India, Pakistan and other countries. There are also 20,000 refugee slots for 2007 that aren't tied to a specific area and will be allocated based on need.

Terps are especially vulnerable, says Enrique Kelly, casualty manager for U.S. defense contractor Titan. "The interpreters are on no one's side," the retired U.S. soldier says. "The Shi'a hate them, the Sunnis hate them. The Americans don't trust them because they could be infiltrators. As soon as they lose our protection they'll be hunted down."

Mr. Adil and his brother figure they'll never qualify for visas. Neither knows any senior military officials, and Amjad doesn't plan to stay in Iraq long enough to apply. He wants to move to Syria where several Terps already have found haven. "I told my mother this was the end for me," he said as he prepared to return to his Marine base after a vacation in December. "She cried. She doesn't want any of us to do this anymore."

For his part, Ali expects to leave Amman by the end of this month. Rather than return to a translator job in Iraq, he plans to wait for his settlement, which he figures will be about $20,000. He thinks that ought to be enough to hire a smuggler who will lead him to a path other Iraqis have followed to Tijuana, Mexico, then on to San Diego.

There he's confident he'll be allowed to petition U.S. authorities for asylum, or at least find someone in Southern California's growing Iraqi community to put up bond if he's jailed. He's also counting on help from former Marine mates, many of whom live in San Diego County.

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"I risked my life with the Marines," he says. "How can they refuse me?"

Officer Facing Court-martial Denounces War (LAT)

By Teresa Watanabe

The Los Angeles Times, January 18, 2007

The nation's first Army officer to refuse deployment to Iraq urged the public in a statement Wednesday to "stop the war so that the death and sacrifices of American soldiers will not be in vain" after a major legal setback in his court-martial proceedings.

First Lt. Ehren Watada, who is based at Ft. Lewis near Seattle, faces six years in prison for failing to deploy to Iraq last year with his Stryker brigade and for criticizing President Bush and the war in statements to the media and at a peace convention.

The 28-year-old Honolulu native has argued that the war is illegal because Bush did not obtain proper authorization for it, and that Army rules and the Nuremberg principles adopted after World War II required Watada to disobey orders to participate.

On Tuesday, however, Lt. Col. John M. Head, the military judge in the case, rejected Watada's request to debate the legality of the war at his court-martial next month. Although Watada's attorney, Eric Seitz, had sought to open the question so the soldier could explain why he defied his deployment orders, Head ruled that the war's legality was a political question irrelevant to the charges at hand.

Head also rejected motions to dismiss charges of "conduct unbecoming an officer" related to Watada's criticism of Bush and the war.

Seitz had argued that the 1st Amendment protected Watada's remarks. But Head disagreed in his written decision, saying that courts have ruled that soldiers do not enjoy the same degree of free-speech protections as civilians.

In an interview, Seitz said he was "appalled" by the rulings. "They are extraordinarily broad and subjective, which I find reprehensible. They are essentially saying there is no right to criticize, which we all know is not true," he said, vowing to appeal any conviction to the federal courts.

Watada's court-martial is scheduled for Feb. 5 at Ft. Lewis.

Despite the setback, Watada's statement urged Americans to "fulfill their civic obligations" by protesting the war. "I firmly stand by my belief that this war is illegal and immoral."

U.S. Eyes More Troops For Afghanistan (CHIT)

By Kim Barker

Chicago Tribune, January 18, 2007

KABUL, Afghanistan -- With the Bush administration already planning a build-up of troops in Iraq, Defense Secretary Robert Gates said Wednesday that military commanders in Afghanistan have appealed for more U.S. soldiers to reverse the gains of Taliban insurgents at a time of growing violence.

Gates, wrapping up his first visit to Afghanistan, did not say how many troops were requested. But other military officials have suggested that an additional 1,000 or 1,200 troops are needed, especially in anticipation of a spring offensive by the Taliban.

Gates indicated he would likely recommend a troop increase to President Bush.

"I think it is important that we not let this success here in Afghanistan slip away from us and that we keep the initiative," he told reporters at Bagram air base during a refueling stop before leaving the country.

Separately, Sen. Hillary Rodham Clinton (D-N.Y.), a potential candidate for the presidency in 2008, said Wednesday that commanders in Afghanistan told her on a visit to the region that they have "an urgent need" for about 2,300 more troops, some of whom could be held in reserve.

"It would be tragic if we fail in Afghanistan because of an unwillingness to deploy a manageable size of additional troops to aid an important and willing ally during a time of true need," she wrote in a letter to Gates that also was signed by Sen. Evan Bayh (D-Ind.), who accompanied her on the trip over the last week.

The extra troops would mean more strain on the U.S. military, which was already being tested on two major fronts when President Bush announced a new plan to add 21,500 troops in Iraq. Bush said he will ask Congress to increase the size of both the Army and the Marines. Many current soldiers have fought in both Iraq and Afghanistan, sometimes twice.

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Gates said the idea of more troops for Afghanistan will be discussed by the Joint Chiefs of Staff before he makes a recommendation to President Bush.

"I think we have the forces" to increase deployments to both Iraq and Afghanistan, Gates said. "What we have to look at is what the impact is if we were to add more forces here. Ultimately, obviously, it would be the president's decision."

Gen. Peter Pace, the chairman of the Joint Chiefs of Staff who met up with Gates in Afghanistan, said a larger deployment of troops would stretch the military in the short term, but that if done correctly, could speed up the day when U.S. forces could withdraw from Afghanistan altogether.

An increase in U.S. troops in Afghanistan would also add to questions about the role of NATO, which has taken over most responsibilities in the war but which has not been able to persuade its member nations to fulfill all of its troop requests.

Now, 11,000 of the 31,000 NATO troops are from the U.S. As many as 13,000 other U.S. troops are also in the country, training the Afghan army, building roads or hunting for terrorists.

The top U.S. commander in Afghanistan also has asked to extend the combat tour of about 1,200 soldiers already in the country, in preparation for the Taliban offensive.

The Taliban has regrouped in the past year, making their biggest push against international and Afghan troops since being chased from power in late 2001 during the U.S.-led invasion. A reported 4,000 people died in the violence last year, the highest annual death toll so far.

NATO announced Wednesday that a prominent Taliban commander, Mohammed Nabi, had been detained during a raid on a compound in Helmand.

Also Wednesday, Afghanistan ratcheted up its accusations that neighboring Pakistan is harboring and training the Taliban in the lawless tribal areas along the border.

Afghan officials handed out video CDs with a confession by a self-proclaimed spokesman for the Taliban captured Monday. In the confession, Mohammed Hanif said that Mullah Mohammed Omar, the reclusive leader of the Taliban, is living in the Pakistan frontier city of Quetta under the protection of the Pakistani intelligence agency, Inter-Services Intelligence, or ISI.

Hanif said the Taliban staged suicide and bombing attacks with the direct help of the ISI, and that Hamid Gul, the retired head of the ISI, was responsible for paying for an Islamic boarding school in the tribal area that trained suicide bombers.

Pakistan officials denied the charges.

"We don't know what the circumstances were under which he made these baseless allegations," said Tasneem Aslam, the Pakistani Foreign Ministry spokeswoman. "We don't know who he is. ... It's possible he's being made to say these things."

Lt. Gen. David Richards, the British commander of NATO forces in Afghanistan, said in an interview Wednesday that he believed Pakistan has not been given enough credit for helping in the fight against the Taliban. He said a clear distinction needs to be drawn between what is happening in Pakistan and the government of Pakistan. He also doubted that the current ISI is supporting the Taliban.

"If Hanif says the ISI is doing it, my strong conviction is that it is not the case," Richards said.

Gates May Seek More Afghanistan Troops (AP)

By Robert Burns

AP, January 17, 2007

Defense Secretary Robert Gates suggested Wednesday he would ask President Bush to send more troops to Afghanistan, an increase that could intensify pressure on a U.S. military already straining to wage the war in Iraq.

After two days of talks with American, NATO and Afghan officials, Gates said he was impressed with progress toward stabilizing and rebuilding Afghanistan. Yet he also said military commanders want to add U.S. troops to the 24,000-strong American force now there, the highest level of a 5-year-old war.

While Gates used no figures, a senior official traveling with him said the prospective increase would not be large — possibly one or two battalions, no more than a couple of thousand soldiers. The official spoke on condition of anonymity because no decision had been made.

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Gates stopped short of saying he would recommend the increase. Yet he offered a rationale for reinforcing a war effort that has seen the quick toppling of the Taliban rulers of a country that had been sanctuary for al-Qaida leader Osama bin Laden, only to have combat flare in recent months with renewed Taliban attacks.

"I think it is important that we not let this success here in Afghanistan slip away from us and that we keep the initiative," he told reporters traveling with him. "There's no reason to sit back and let the Taliban regroup."

A U.S. troop increase in Afghanistan would come on top of Bush's decision to send 21,500 more soldiers and Marines to Iraq over the coming four months — adding to the roughly 132,000 already there. That boost had been opposed by many Pentagon uniformed officers, who worry that it would be too much stress on a force that is already sending soldiers to Iraq for multiple tours.

The two wars, each now longer than U.S. involvement in World War II, have stretched American land forces so thin that the Army and Marines are requesting tens of billions more in funding and have persuaded Bush to ask Congress to increase their size.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said new troop commitments for Afghanistan would further strain the U.S. military in the short run. But if done as part of a successful strategy against the Taliban, it might hasten the day when the U.S. military can withdraw its combat forces altogether, said Pace, who joined Gates for part of his Mideast trip.

Gates said the number of extra troops "depends on different scenarios," which now will be examined.

Thomas Donnelly, defense specialist with the conservative American Enterprise Institute in Washington, said the military could handle troop increases in both Iraq and Afghanistan, but he added, "It would be an additional straw on the camel's back of American land forces."

Michael DeLong, a retired Marine lieutenant general who was a commander during the wars in Afghanistan and Iraq, said he believed the military could sustain a relatively small troop increase in Afghanistan, but he said the need for the added troops signaled that the conflict was not going as well as hoped.

"When we first went in, the issue in Afghanistan was not to look like the Soviets because too many people become a target," he said, referring to the larger force the Soviet Union sent to Afghanistan a quarter century ago. "Things have changed in Afghanistan, things are not as good as they used to be."

Sen. Hillary Rodham Clinton, D-N.Y., a potential 2008 presidential candidate who just returned from a trip to the Middle East, said commanders in Afghanistan told her they have an urgent need for about 2,300 more troops, including some who might be held in reserve.

"It would be tragic if we fail in Afghanistan because of an unwillingness to deploy a manageable size of additional troops," she wrote in a letter to Gates. The letter was also signed by Sen. Evan Bayh, D-Ind., who was on the trip, too.

Gates said the Joint Chiefs — the top uniformed officers of the Army, Navy, Marine Corps and Air Force — will discuss the increase with Pace, and then Gates will decide what to recommend to Bush. It was not clear how long this might take.

"I think we have the forces" needed to expand the military commitments in both Iraq and Afghanistan, Gates said. "What we have to look at is what the impact is if we were to add more forces here. Ultimately, obviously, it would be the president's decision."

Lt. Gen. Karl Eikenberry, the top U.S. commander in Afghanistan, has already pushed for more troops.

Eikenberry said Tuesday he has asked the Pentagon to order a battalion of the 10th Mountain Division to remain in Afghanistan until the end of the year rather than leave this spring. The unit already is scheduled to deploy to Iraq later this year — an example of how thinly stretched the military has become.

It was not clear how many other troops have been requested for Afghanistan. The U.S. military has about 3,500 troops at Bagram Air Base, which is a hub for air supply operations and is the headquarters of the main U.S. contingent in the country, a brigade of the 10th Mountain Division from Fort Drum, N.Y.

The rest of the U.S. troops are largely in the east, along the Pakistan border, and in the south as part of a NATO-commanded force.

In addition to the U.S. force, NATO has about 20,000 troops around the country.

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Gates made a point of saying that NATO, which has yet to deploy about 3,000 of the troops it pledged last year, should fulfill its commitments without delay. He said he would be pressing the allies at a NATO defense ministers meeting — his first since taking office last month — in Spain in early February.

At the midpoint in a weeklong overseas trip, Gates later flew to Riyadh, Saudi Arabia, where he met with King Abdullah and other officials to discuss the situation in Iraq and regional concerns about Iran's nuclear ambitions.

Gates made a pitch for more Saudi help in Iraq, including economic assistance, but made no specific requests, said a senior official speaking on condition of anonymity who attended the talks and briefed reporters later.

The discussion also included Iran, with Gates noting the U.S. decision to send a second aircraft carrier battle group to the Persian Gulf and deploy Patriot missiles in the area. They did not discuss other military plans, the official said.

Gates Backs Generals' Afghan Distress Call (NYT)

By David S. Cloud

The New York Times, January 18, 2007

RIYADH, Saudi Arabia, Jan. 17 — Defense Secretary Robert M. Gates said Wednesday that American and NATO military commanders in Afghanistan, worried about a resurgent Taliban insurgency, had asked for additional troops and that he was sympathetic to the request.

Speaking to reporters after a two-day visit to Afghanistan and before heading here for meetings with Saudi officials, Mr. Gates said commanders had "indicated what they could do with different force levels," but he would not divulge the size of the increases under consideration. A senior Defense official said late Tuesday that the commanders were seeking fewer than 3,500 more American troops as well as about 1,000 more troops from NATO allies.

He said that the request would be studied by Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, who will make a recommendation on troop levels after consulting with the other service chiefs.

The appeal follows the Bush administration's announcement last week that it was sending more than 20,000 additional troops to Iraq, where the United States already has about 132,000 troops.

Any significant increase in the current force levels in Afghanistan of 21,000 American troops and 20,000 from other NATO countries could be problematic for the United States Army, which has been strained by deployments over the last five years and is struggling to come up with the new forces for Iraq.

Mr. Gates's openness to adding troops to Afghanistan as well as Iraq is a sharp contrast to the approach of his predecessor, Donald H. Rumsfeld, who argued for holding down force levels to speed two countries toward taking the lead in military operations on their soil.

Mr. Gates has indicated that he favored aggressive action to root out the Taliban, the country's ousted former rulers. American officials have said in recent days that Taliban fighters are mounting increasingly brazen cross-border attacks from Pakistan and are preparing to intensify attacks in the spring.

"There's no reason to sit back and let the Taliban regroup," Mr. Gates said. "I think it's very important that we not let this success in Afghanistan slip away from us."

General Pace, who accompanied Mr. Gates during his stopover in Afghanistan, has also seemed open to troop increases. "Clearly any kind of deployment of force is going to add to the short-term strain," he said Wednesday. But it was possible, he said, that additional troops for Afghanistan would produce "a success, so you have to have less stress on the force for a longer period of time."

Mr. Gates said military planners needed to examine "what role additional forces might play and where they would be assigned" in Afghanistan. Pentagon officials would have to look at whether more forces were available, he added.

Lt. Gen Karl Eikenberry, the top American commander in Afghanistan, told reporters this week that he wanted a 1,200-soldier battalion on a four-month deployment to remain beyond its planned departure date. Officials would not say how many more American troops General Eikenberry was seeking.

Mr. Gates met with Gen. David J. Richards of Britain, the NATO commander in Afghanistan, who has complained that unmet pledges of troops and equipment from NATO countries have left him 10 to 15 percent short of the forces he needs.

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"Clearly there is a need to fulfill those commitments, and I'll be asking them to do that," General Richards said.

NATO is especially short of helicopters and airplanes for evacuating the wounded and moving supplies. In addition, General Richards still has not received 1,200 troops for a reserve force that can be deployed on short notice. A Polish battalion to arrive in March was originally designated for that task, but officials said that it would be sent to eastern Afghanistan instead.

Mr. Gates met late Wednesday with King Abdullah of Saudi Arabia at the king's hunting lodge outside Riyadh. A senior Defense official traveling with Mr. Gates said he had described the White House plan to send more troops to Iraq and reassured the king that President Bush was committed to stabilizing Iraq.

Commanders Seek More Troops In Afghanistan (WT)

By David R. Sands

The Washington Times, January 18, 2007

RIYADH, Saudi Arabia -- U.S. military commanders have requested additional troops and aid for Afghanistan to combat a growing Taliban insurgency, Secretary of Defense Robert M. Gates said yesterday.

Although the numbers are likely to be a fraction of the more than 21,500 additional troops President Bush has asked for to quell violence in Iraq, the request would put further strain on already stretched U.S. military resources.

After completing a fact-finding tour of Afghanistan, the new Pentagon chief flew to the Saudi capital of Riyadh to meet last night with King Abdullah for private talks on the war in Iraq and the growing strategic threat posed by Iran.

Mr. Gates said he and his top generals were considering a range of "different scenarios" on force levels in Afghanistan, but indicated he was likely to send a recommendation to Mr. Bush for an increase in Afghanistan if his commanders wanted it.

"I think it is very important not to let the success we have had in Afghanistan slip away from us," Mr. Gates said. "There is no reason to sit back and let the terrorists regroup."

The request for more troops was not a surprise, given concerns expressed by Lt. Gen. Karl Eikenberry and other U.S. military officials in Afghanistan about rising attacks from the fundamentalist Taliban and from terrorist groups linked to al Qaeda.

Last year saw the highest number of attacks on U.S., Afghan and NATO forces since the U.S.-led invasion in late 2001 that ousted the Taliban from power.

Mr. Gates headed to Saudi Arabia yesterday after two days of briefings in Afghanistan, which included a visit to a U.S.-Afghan base near the border with Pakistan where insurgents have been increasingly active. There are more than 23,000 U.S. troops in Afghanistan, some attached to the NATO-led International Security Assistance Force and some helping to train the Afghan army and police force.

Gen. Eikenberry told reporters traveling with Mr. Gates this week that he wanted to assemble a reserve force of about 1,200 troops that could be deployed on short notice to problem spots across the country, but would not say how many new U.S. troops he was seeking.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said a "plus-up" in U.S. forces in Afghanistan could put "short-term stress" on the military, but would mean less strain on the force over the long run if the extra troops brought stability to the country.

But U.S. commanders in Afghanistan, speaking on background, said that an expected Taliban spring offensive could make 2007 even bloodier than 2006 and that the high levels of violence could continue into 2008.

Mr. Gates said that he was heartened by his visit, because U.S. and Afghanistan forces were working well in the field against the Taliban threat.

In Saudi Arabia, he met with King Abdullah and top Saudi officials for more than two hours at an elaborate royal hunting lodge near Riyadh. Iraq and Iran dominated the evening's conversation, according to a senior U.S. defense official traveling with Mr. Gates.

"The Saudis are nervous about the trends in the region, and our pitch was that the Iraqi government deserves their support," the official said.

The official said Saudi Arabia sees Iran "as an even greater threat than we do," a rising Shi'ite power with a nuclear program and rising influence in Iraq and across the region.

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Defense Department officials had said that Mr. Gates planned to press Iraq's Arab neighbors to come through on promised aid for the beleaguered government of Iraqi Prime Minister Nouri al-Maliki, but the defense official last night said Mr. Gates did not press the funding issue specifically in his talks with the king.

The defense secretary's "main mission," the official said, was to communicate Mr. Bush's resolve to follow through on his new Iraq strategy. "There's no doubt [the Saudis] want us to succeed there," the official said.

Asked before the meeting whether he was seeking the king's help in containing Iran's nuclear program, Mr. Gates said, "We can always use Saudi cooperation in dealing with issues in the Gulf region."

US Pressures Pakistan Over Taliban (FT)

By Demetri Sevastopulo, Farhan Bokhari

Financial Times, January 18, 2007

The US is stepping up pressure on Islamabad to clamp down on Taliban havens inside Pakistan as US and Nato forces prepare for a tough spring campaign in Afghanistan by the Islamic fundamentalists.

Robert Gates, the new US defence secretary, this week laid down clear markers that it wanted General Pervez Musharraf, president of Pakistan, to crack down on Taliban militants in Pakistan.

“There are more attacks coming across the border, there are al-Qaeda networks operating on the Pakistan side of the border, and these are issues that we clearly will have to pursue with the Pakistani government,” Mr Gates said in Kabul.

Relations between Washington and Islamabad improved significantly in the wake of the 2001 al-Qaeda attacks on the US after Gen Musharraf pledged full co-operation in defeating extremism. Washington has since been careful to calibrate its public criticism of Islamabad because of the co-operation Pakistani forces have provided the US military and CIA in hunting down al-Qaeda operatives in the ungoverned border areas of Afghanistan and Pakistan.

But as the pace of Taliban attacks in Afghanistan picked up over the past year – and with a tough spring offensive expected – US commanders are frustrated that Pakistan is not doing more to help.

John Negroponte, the US intelligence chief, told Congress last week in harsher than normal language that while Pakistan was a partner in the “war on terror” it was also a “major source of Islamic extremism”.

Talat Masood, a retired Pakistani general, says Washington wavers between complimenting the regime of Gen Musharraf and unleashing criticism. “Its a very difficult balancing act,” he says. “

Pakistani analysts say that the US policy towards the country is inherently flawed, driven mainly by continuing support for a controversial military-led regime while failing to press harder for a return to full democracy, more than six years after a bloodless coup brought Gen Musharraf to power.

Lisa Curtis, a former CIA analyst now at the Heritage Foundation, says the increased rhetoric from Washington is partly aimed at eliminating doubts among some members of the Pakistani government and armed forces that the US is committed to the operations in Afghanistan.

“I think there is probably a serious debate within the Pakistani security establishment on this issue and that is why we need to be clear on what the US commitment and goals are in the region so that this debate can stop and Pakistanis can put their full force behind reining in the Taliban.”

One senior American official said part of the problem was that Pakistan’s co-operation has been “episodic”. Pakistan has helped the US capture members of al-Qaeda, such as Khalid Sheikh Mohammed, the alleged mastermind of the 9/11 attacks. But the official says Islamabad’s reluctance to crack down on the Taliban is partly responsible for the fact that the US has only killed or captured five or six Taliban operatives on its top 100 list.

Edward Luttwak of the Center for Strategic and International Studies says the US is particularly concerned that Islamabad has allowed the northern tribal area of Waziristan to become a de facto independent province where the Taliban can operate freely.

The senior US official said the US was frustrated with tribal deals struck under which Islamabad agreed to withdraw Pakistani troops from the ungoverned areas in return for tribal leaders agreeing to stop co-operating with al-Qaeda and Taliban operatives. But the official said the deal ended up helping the Taliban become more dominant in the tribal areas.

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"Pakistanis had options but chose the easy way out," says Mr Luttwak. "They thought they would get away with it. They are not getting away with it because the Americans are reacting. I think they will bite the bullet."

Stephen Cohen, an expert on Pakistan at the Brookings Institution, says Mr Musharraf may have over-estimated the strength of the US-Pakistan relationship in deciding not to crack down on the Taliban.

"[The Pakistanis] are aware that the Pakistan-US relationship broke once before over the nuclear programme and perhaps it might break again over Pakistan's support for the Taliban," says Mr Cohen. "But their calculation is that they have support at the top of the US government so don't need to worry much about what the Afghans and Indians are saying."

While American officials are stepping up pressure on Islamabad, Democrats in Congress are likely to urge Mr Bush to tackle Pakistani support for the Taliban. One piece of legislation before Congress would tie US aid to Pakistan to a presidential certification that Pakistan was co-operating in dealing with the Taliban.

If passed, the legislation could have a sobering effort on Islamabad. Alan Kronstadt, a South Asia expert at the non-partisan Congressional Research Service, estimates that the Pentagon is providing Pakistan with about $80m (€62m, £41m) a month – 25 per cent of the Pakistani military expenditures – for counter-terrorism operations.

"The Americans think they have struck a great bargain with having Musharraf support," says Ghazi Salahuddin, a political columnist for The News, Pakistan's large circulation English newspaper. "The reality is, they have struck what appears to be a very poor bargain."

Terror Suspect Dies In Shootout In Philippines (WP/AP)

By Jim Gomez, Associated Press

The Washington Post, January 18, 2007

MANILA, Jan. 17 -- A militant leader tied to al-Qaeda and accused of masterminding one of Southeast Asia's worst terror attacks has been killed, the Philippine military said Wednesday.

Jainal Antel Sali Jr., popularly known as Abu Sulaiman -- a top leader of the Abu Sayyaf rebel group -- died in a fierce gun battle Tuesday with army special forces, military chief Gen. Hermogenes Esperon Jr. said. Sulaiman was the highest-ranking Abu Sayyaf commander to be killed by U.S.-backed troops.

Sulaiman allegedly helped plot a February 2004 bombing that triggered a ferry fire in waters near Manila, killing 116 people in Southeast Asia's second-worst terrorist attack. Three years earlier, he had been involved in the kidnapping of three Americans.

One of the former hostages, Gracia Burnham, said in a statement that Sulaiman now faces judgment by God.

"Based on the six months I had close contact with Sulaiman during our year of captivity, I would say he was the most dangerous of the Abu Sayyaf leaders because he was filled with hate," she said.

She and her husband, Martin, were held hostage by Abu Sayyaf for more than a year before he was killed and she was wounded in the rescue effort that freed her. The third American, Guillermo Sobero, was beheaded.

"Martin and Sulaiman had long talks about their beliefs and beliefs in general while we were in the jungle, so today my heart is filled with sadness for Sulaiman because his next step is to face almighty God to be judged," she said.

Matthew Lussenhop, a spokesman for the U.S. Embassy in Manila, congratulated the Philippine government, describing Sulaiman's killing as "a major success."

How The Left Led Us Into 9/11 (LAT)

By Dinesh D'souza, Dinesh D'souza, A Fellow At The Hoover Institution At Stanford University, Is The Author, Most Recen

The Los Angeles Times, January 18, 2007

The Clinton and Carter administrations made the U.S. look like a weak, attractive target for terrorists.

IN CONSIDERING a funding cutoff for U.S. troops in Iraq, the liberal leadership in Congress runs the risk of making the United States more vulnerable to future attacks, not just in the Middle East but here at home. To understand this, it's not enough to revisit the factors that led to the Iraq invasion. We must consider the roots of 9/11 itself. Only by understanding the policies that sowed the seeds of 9/11 can we intelligently decide how best to proceed in fighting the war on terror.

Pundits on the left say that 9/11 was the result of a "blowback" of resistance from the Islamic world against U.S. foreign policy. At first glance, this seems to make no sense. American colonialism in the Middle East? The U.S. has no history of

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colonialism there. Washington's support for unelected dictatorial regimes in the region? The Muslims can't be outraged about this, because there are no other kinds of regimes in the region. U.S. support for Israel and wars against the Muslims? Yes, but the U.S. has frequently fought on the side of the Muslims, as in Afghanistan in the 1980s or in the Persian Gulf War.

But in a sense the liberal pundits are right. The U.S. made two gigantic foreign policy blunders in recent decades that did sow the seeds of 9/11. What the liberals haven't recognized is that these blunders were the direct result of their policies and actions, and were carried out by Democratic presidents — Jimmy Carter and Bill Clinton.

To understand this, we need a little perspective. Radical Islam became a global force in 1979, when it captured its first major state, Iran. Before that, radical organizations such as the Muslim Brotherhood were fighting losing battles to overthrow their local governments. This changed with the success of the Khomeini regime in Iran. The Ayatollah Ruhollah Khomeini was the first Muslim leader to describe the U.S. as the "Great Satan" and to counsel martyrdom and jihad against it. Iran continues to be a model for radical Muslims.

Khomeini's ascent to power was aided by Carter's policies. Carter came into office stressing his support for human rights. His advisors told him that he could not consistently support the shah of Iran, who had secret police and was widely accused of violating human rights. The administration began to withdraw its support and finally pulled the rug out from under the shah, forcing him to step down.

The result was Khomeini, whose regime was vastly more tyrannical than the shah's. The Khomeini revolution provided state sponsorship for Islamic radicalism and terrorism and paved the way for Osama bin Laden and 9/11.

Clinton's policies also helped to provoke 9/11. After the Cold War, leading Islamic radicals returned to their home countries. Bin Laden left Afghanistan and went back to Saudi Arabia; Ayman Zawahiri returned to Egypt. They focused on fighting their own rulers — what they termed the "near enemy" — in order to establish states under Islamic law. But in the mid- to late 1990s, these radicals shifted strategy. They decided to stop fighting the near enemy and to attack the "far enemy," the U.S.

The world's sole superpower would seem to be much more formidable than local Muslim rulers such as Hosni Mubarak in Egypt or the Saudi royal family. Bin Laden argued, however, that the far enemy was actually weaker and more vulnerable. He was confident that when kicked in their vital organs, Americans would pack up and run. Just like in Vietnam. Just like in Mogadishu.

Bin Laden saw his theory of American weakness vindicated during the Clinton era. In 1993, Islamic radicals bombed the World Trade Center. The Clinton administration did little. In 1996, Muslim terrorists attacked the Khobar Towers facility on a U.S. base in Saudi Arabia. No response. In 1998, Al Qaeda bombed two U.S. embassies in Africa. Clinton responded with a few perfunctory strikes in Sudan and Afghanistan. These did no real harm to Al Qaeda and only strengthened the perception of American ineptitude. In 2000, Islamic radicals bombed the U.S. destroyer Cole. Again, the Clinton team failed to act. By his own admission, Bin Laden concluded that his suspicion of American pusillanimity and weakness was correct. He became emboldened to plot the 9/11 attacks.

Still, the 2001 attacks might have been averted had the Clinton administration launched an effective strike against Bin Laden in the years leading up to them. Clinton has said he made every effort to get Bin Laden during his second term. Yet former CIA agent Michael Scheuer estimates that there were about 10 chances to capture or kill Bin Laden during this period and that the Clinton people failed to capitalize on any of them.

Between 1996 and mid-2000, Bin Laden was not in deep hiding. He gave sermons in Kandahar's largest mosque. He talked openly on his satellite phone. He also granted a number of media interviews: in 1996, with author Robert Fisk; in 1997, with Peter Arnett of CNN; in 1998, with John Miller of ABC News; in 1999, with a journalist affiliated with Time magazine. Isn't it strange that all these people could find Bin Laden but the Clinton administration couldn't?

Two lessons can be drawn from these sorry episodes. The first one, derived from Carter's actions, is: In getting rid of the bad regime, make sure that you don't get a worse one. This happened in Iran and could happen again, in Iraq, if leading Democrats in Congress have their way. The second lesson, derived from Clinton's inaction, is that the perception of weakness emboldens our enemies. If the Muslim insurgents and terrorists believe that the U.S. is divided and squeamish about winning the war on terror, they are likely to escalate their attacks on Americans abroad and at home. In that case, 9/11 will be only the beginning.

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Conyers, Berman Seek Answers From Attorney General (HILL)

By Susan Crabtree

The Hill, January 18, 2007

House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) and ranking member Howard Berman (D-Calif.) Wednesday called on Attorney General Alberto Gonzales to clarify the administration's request for U.S. Attorney Carol Lam's resignation.

Lam, the U.S. attorney for the Southern District of California, announced Tuesday that she has submitted her resignation Feb. 15. A report in the San Diego Union-Tribune suggested that Lam was asked to resign because she had led a wide-ranging corruption case against former Rep. Randy "Duke" Cunningham (R-Calif.) that has spawned pending probes involving other GOP members.

In a letter to Gonzales, Conyers and Berman defended Lam's record on immigration-related prosecutions, one of the reasons media reports have cited for the administration's request for her resignation. Conyers and Berman wrote that during the months of May through July of last year, the office was one of the top three U.S. attorney's offices in immigration prosecutions, "hardly a record that would lead to removal," they wrote.

"Forcing Ms. Lam's resignation now leaves the appearance that this growing public corruption probe may be part of the Administration's motivation in removing her," the letter states. "If this is untrue, it is vitally important that this perception be corrected, and we ask you to share with us the basis of your request for her resignation."

Justice Department spokesman Brian Roehrkasse dismissed accusations that Lam's resignation request was politically motivated in any way.

"The department's record of rooting out public corruption is tremendous," he said. "These cases have been brought by career prosecutors directed by departmental leadership to seek out corruption wherever it exists."

Lam's Exit Draws Scrutiny By Dems (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, January 18, 2007

Congressmen ask if U.S. attorney in San Diego was forced out over her role in corruption case.

Two prominent Democratic congressmen asked the U.S. Justice Department on Wednesday whether the Bush administration forced San Diego U.S. Atty. Carol Lam to resign because of her vigorous prosecution of public corruption cases, including that of a longtime Republican lawmaker.

In a letter to Atty. Gen. Alberto R. Gonzalez, Reps. John Conyers of Michigan, chairman of the House Judiciary Committee, and Howard Berman of California, a member of the committee, said they were "perplexed" that Lam was being removed at a time when her leadership of the office has drawn praise from law enforcement officials in San Diego.

"Since her appointment as U.S. attorney in 2002, we have heard no suggestion that she was either unqualified for the position or that she was guilty of misconduct in her office," the congressmen wrote.

Moreover, they noted, Lam had been heading a continuing high-profile public corruption probe that already has led to the federal conviction and imprisonment of former Rep. Randy "Duke" Cunningham for bribery and tax evasion.

"We do not doubt that removing Lam from the U.S. attorney's office in San Diego now will disrupt this investigation," the congressmen wrote, adding that the forced resignation "leaves the appearance that this growing public corruption probe may be part of the administration's motivation in removing her.

"If this is untrue, it is vitally important that this perception be corrected, and we ask you to share with us the basis of your request for her resignation," they said.

While Lam has not been available for comment, a Justice Department spokesman denied that the career prosecutor and former Superior Court judge was asked to resign because of her work in public corruption cases.

"These allegations are reckless and inaccurate since the department does not make decisions about the criminal justice system based on politics," said Justice Department spokesman Brian Roehrkasse.

"I am not going to comment on speculation about any U.S. attorney that was rumored to have been encouraged to leave. However, it is erroneous to believe that anyone would be encouraged to resign in an effort to retaliate against them or interfere with or inappropriately influence a particular investigation, criminal prosecution or civil case," he said.

"The department's record rooting out public corruption is tremendous. These cases are brought by the career prosecutors directed by DOJ leadership to seek out corruption wherever it exists."

In a Senate speech Tuesday, California Democratic Sen. Dianne Feinstein charged that Lam and six other U.S. attorneys, including the top federal prosecutor in San Francisco, Kevin V. Ryan, had been forced to resign recently without explanation. Feinstein said she planned to raise the issue today with Gonzalez at a Senate Judiciary Committee hearing.

greg.krikorian@latimes.com

Politics And The Corruption Fighter (NYT)

The New York Times, January 18, 2007

In its secretive purge of key United States attorneys, the Bush administration is needlessly giving comfort to any number of individuals now under federal investigation. Most prominently, there is Representative Jerry Lewis, the California Republican whose dealings as appropriations chairman have been under scrutiny in the continuing investigation of lawmakers delivering quid pro quo favors for contractors and lobbyists.

U.S. Attorney Carol Lam of San Diego is one of a number of prosecutors (there's no official tally) being forced from office without the courtesy of an explanation. A career professional, Ms. Lam ran a first-rate investigation of Randy Cunningham, the former Republican congressman from California, who admitted taking more than $2.4 million in bribes.

Ms. Lam then turned her attention to Mr. Lewis as she plumbed Congress's weakness for "earmarks" — legislation that lawmakers customize on behalf of deep-pocketed campaign contributors. The focus moved to Mr. Lewis — who has denied any wrongdoing — after the disclosure that one of his staff aides became a lobbyist and arranged windfall contracts worth hundreds of millions.

Stymied by the previous Republican Congress, Ms. Lam was negotiating with the new Democratic leadership to obtain extensive earmarks documentation for her investigation when the administration forced her resignation.

Legal professionals are defending Ms. Lam, with the F.B.I. chief in San Diego asking: "What do you expect her to do? Let corruption exist?" It's especially alarming that the White House can use a loophole in the Patriot Act to name a successor who will not have to face questions or confirmation by the Senate. The administration owes the nation a full explanation of a move that reeks of politics.

Federal Prosecutor In BALCO Probe Resigns (FINDLAW/AP)

AP, January 18, 2007

(AP) - SAN FRANCISCO-The federal prosecutor who has led the high-profile probe into U.S. athlete doping abuse announced he was stepping down, and critics alleged it was because of political pressure from the government.

Kevin Ryan, U.S. attorney for California's Northern District, has headed the investigation into the Bay Area Laboratory Co-Operative, the Burlingame supplements lab at the center of the doping scandal that has touched some of U.S. professional sports' biggest stars.

The BALCO investigation has led to five guilty pleas, spurred congressional hearings and cast suspicion on San Francisco Giants slugger Barry Bonds. A federal grand jury is probing whether Bonds lied to an earlier grand jury about whether he knowingly used performance-enhancing substances.

Two San Francisco Chronicle reporters are facing jail for refusing to tell prosecutors who leaked secret BALCO grand jury testimony to them.

Ryan is one of 11 top federal prosecutors who have resigned or announced their resignations since an obscure provision in the USA Patriot Act reauthorization last year enabled the U.S. attorney general to appoint replacements without Senate confirmation. Carol Lam, who headed California's Southern District, also announced on Tuesday she would be leaving.

California Senator Dianne Feinstein, a Democrat, complained on the Senate floor on Tuesday that the White House is using the provision to oust Ryan, Lam and other federal prosecutors and replace them with Republican allies.

Attorney General Alberto Gonzales denied the claim, saying administration officials "in no way politicize these decisions."

Ryan, who was appointed to his post in 2002, replacing now-FBI director Robert Mueller, reached a "mutually agreeable decision with Washington" to step down, spokesman Luke Macaulay said. He declined to say whether President George W. Bush had asked Ryan to resign.

Ryan did not give a date for his last day on the job.

Criticism of Ryan mostly has focused on his administration of the office. Last year, a Justice Department audit reportedly questioned Ryan's management and rated staff morale as low.

U.S. Attorney Ryan's Departure May Be Part Of Bush Administration Purge (LAW)

By Justin Scheck, The Recorder

California Recorder, January 18, 2007

Just about the entire San Francisco federal bar figured U.S. Attorney Kevin Ryan would be on his way out this year.

They just didn't bank on his departure being part of an apparent Bush administration purge of U.S. Attorneys.

Rumors of Ryan's departure have gained steam over the past year, as his first four-year term neared its end last July -- and since two Department of Justice audits knocked his management style and cited the office's flagging morale.

Then there was the fact that in recent weeks, law firms have been receiving resumes from Ryan and his top deputy, Eumi Choi, according to several sources.

But in a surprising twist, it appeared that Ryan may have been swept up in what some are calling a Bush administration housecleaning of several U.S. Attorneys -- and not a victim of the audits performed last spring by the Department of Justice's Evaluation and Review Staff.

Ryan spokesman Luke Macaulay had no comment on whether Ryan was leaving in connection with the audits. But Macaulay acknowledged that the decision was not Ryan's alone.

"Like all U.S. Attorneys, Kevin has always served at the pleasure of the president," Macaulay said. "It's a mutually agreeable departure."

Ryan sent an e-mail announcing his departure to attorneys in his San Francisco office.

"As my oldest son prepares to enter college this fall, I have been contemplating the next step in my career," he wrote. "After much thought, my family and I have decided that it is a good time for me to move on."

As of Tuesday, it wasn't clear what Ryan's next move would be, or who would be replacing him. One person with a large law firm said Ryan and Choi have been looking for jobs -- and sending their resumes out in tandem -- for at least a few weeks.

"They're not necessarily going together," the law firm source said. "He was being shopped around, and his resume has been sent out."

Since taking office in 2002, Ryan has embarked on several large and controversial undertakings. These include focusing his organized-crime unit on street gangs -- cases that have resulted in four ongoing capital cases -- and the seemingly endless investigation of steroid use in Major League Baseball. The BALCO steroids probe has encompassed several well-known ballplayers and resulted in prosecutions of steroid suppliers and coaches.

More recently, Ryan's office indicted the first case to come out of the nationwide stock option backdating investigations, as well as several large environmental cases.

Ryan's exit was first reported Tuesday in a Wall Street Journal story about an apparent purge of U.S. Attorneys by the Bush administration. The story followed complaints last week from three Democratic senators over a rumored push to fire a handful of top federal prosecutors.

"It has come to our attention that the Bush Administration is pushing out U.S. Attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation," Sen. Dianne Feinstein said in a press statement last week.

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She reiterated that sentiment on the Senate floor Tuesday, adding that somewhere between five and 10 U.S. Attorneys are being forced out.

San Diego U.S. Attorney Carol Lam also resigned this week, and on Tuesday, a spokesman for Republican Rep. Darrell Issa told a San Diego paper that Lam had been asked to step down.

WHO'S NEXT?

The Journal story took many in Ryan's office by surprise, and it wasn't until Tuesday afternoon that the U.S. Attorney sent the e-mail announcing his departure.

Ryan's message didn't surprise many in the local legal community, especially since Alice Fisher, the Department of Justice's criminal division chief, began looking into potential replacements for Ryan last summer.

Several people familiar with the communications said that Morgan, Lewis & Bockius partner Leslie Caldwell and Shearman & Sterling partner Patrick Robbins -- both registered Republicans and former San Francisco Assistant U.S. Attorneys -- were called, though the inquiries were described as "preliminary."

Those calls were not followed with formal interviews, and Justice Department sources say it seems unlikely that Caldwell and Robbins -- both of whom are better known for their legal experience rather than political connections -- are serious candidates to replace Ryan.

Who those candidates might be remains unclear.

"I haven't been asked," said Joseph Russoniello, a former San Francisco U.S. Attorney, active Republican and of counsel at Cooley Godward Kronish. But he said a string of departures isn't unprecedented.

"There were a number of U.S. Attorneys in my time who were asked to step down for one reason or another," he said. "We served at the pleasure of the president."

That statement was reiterated in a Tuesday letter sent by Richard Hertling, the acting assistant attorney general, to Feinstein and Senate Judiciary Committee chairman Patrick Leahy, D-Vt.

U.S. Attorneys, he wrote, "may be removed for any reason or no reason."

That statement is unlikely to placate Feinstein, who pointed out that the Arkansas U.S. Attorney was recently asked to resign, and replaced by a 37-year-old Bush administration lawyer.

"We know that this is not an isolated occurrence, but we don't know how many U.S. Attorneys have been asked to resign," Feinstein told the Senate.

New Questions Raised In Bonds Investigation (NYT)

By Carol Pogash

The New York Times, January 18, 2007

SAN FRANCISCO — In December 2003, Barry Bonds testified before the grand jury investigating the Balco steroid scandal. That grand jury expired without indicting him. Bonds's case was hauled over to a second grand jury, which focused on whether he had perjured himself before the first grand jury. In July 2006, that grand jury also expired without an indictment. A third grand jury continued the investigation.

Now the sudden resignation of Kevin V. Ryan, the United States attorney for the Northern District of California, raises questions of what this will mean for Bonds.

Luke Macaulay, the spokesman for the United States attorney's office here, would not comment on a specific case, but he wrote in an e-mail message, "The U.S. attorney has established an infrastructure with institutional knowledge that should allow for the office's cases to continue moving forward."

Bonds's lawyer, Michael Rains, however, said he was optimistic. "It's almost a forgone conclusion that the scope of the Balco case will change dramatically," he said. "It bodes well for Barry."

It was announced Tuesday that 5 to 10 federal prosecutors are being removed by the Justice Department. A conservative Republican who has been criticized for poor managerial skills, Ryan has not announced when his resignation will take effect.

The Balco investigation has been a high-profile case for much of Ryan's four-year tenure as United States attorney. Last year, four men involved in steroid distribution pleaded guilty and were given what were considered light sentences. But Bonds's

former trainer, Greg Anderson, who pleaded guilty and was sentenced to three months in prison, remains jailed for his refusal to talk about Bonds.

Mark Geragos, the lawyer for Anderson, said, “One would hope that a new U.S. attorney would take a fresh look and recognize it’s an exercise in futility because he’s never going to talk.” Geragos said that Anderson’s imprisonment “is nothing but punitive.”

Robert Weisberg, a professor of law at Stanford University Law School and head of its criminal justice center, said, “I don’t think anybody could describe what’s happened in the Balco case as efficacious.”

A new prosecutor may question how many more years and how many more resources would be required to indict Bonds. Weisberg said prosecutors may avoid an indictment by coming up with a social solution, a quiet bargain that would preserve Hank Aaron’s career home run record: If the federal government drops its investigation of Bonds, he would agree to retire.

“That office has too much invested in Balco,” said Peter Keane, dean of the Golden Gate University School of Law here. “I think Balco will continue pretty much in the same way it’s been going.

“Balco will be bopping around for quite awhile.”

Federal Prosecutor In BALCO Probe Quits (NYT/AP)

By The Associated Press

The New York Times, January 18, 2007

Filed at 4:51 p.m. ET

SAN FRANCISCO (AP) -- The federal prosecutor who has led the high-profile BALCO steroids investigation announced he's stepping down.

Kevin Ryan, U.S. attorney for California's Northern District, has handled the probe into the Bay Area Laboratory Co-Operative, the lab at the center of a doping scandal that has touched some of sports' biggest stars.

Ryan, appointed to the post in 2002, did not give a date for his last day on the job.

The BALCO case has resulted in five guilty pleas, and a federal grand jury is investigating whether slugger Barry Bonds perjured himself when he told a 2003 grand jury he hadn't knowingly taken any performance-enhancing drugs. Two San Francisco Chronicle reporters are facing jail for refusing to tell prosecutors who leaked secret BALCO grand jury testimony to them.

U.S. attorney spokesman Luke Macaulay said Tuesday that Ryan reached a "mutually agreeable decision with Washington" to step down.

Ryan is one of 11 top federal prosecutors who have resigned or announced their resignations since an obscure provision in the USA Patriot Act reauthorization last year enabled the U.S. attorney general to appoint replacements without Senate confirmation.

California Sen. Dianne Feinstein, a Democrat, complained on the Senate floor Tuesday that the White House is using the provision to oust Ryan and other federal prosecutors and replace them with Republican allies.

"The Bush administration is pushing out U.S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements," Feinstein said.

Attorney General Alberto Gonzales denied the claim, saying administration officials "in no way politicize these decisions."

Macaulay declined to say whether President Bush had asked Ryan to resign.

Outgoing BALCO Prosecutor: Probe To Go On (USAT)

By Bob Nightengale, Usa Today

USA Today, January 18, 2007

SAN FRANCISCO — Kevin V. Ryan, the federal prosecutor who has led the investigation into sports' biggest steroid scandal, says he wants to continue his efforts even after announcing plans to leave his job as U.S. attorney.

Ryan was appointed by President Bush in 2002 as U.S. attorney for the Northern District of California and shortly after began handling the probe of the Bay Area Laboratory Co-Operative, which has been at the center of a widespread doping scandal.

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The investigation has led to seven indictments, including track coach Trevor Graham's and cyclist Tammy Thomas' late last year, and five convictions, Ryan said. In addition, the office continues to investigate slugger Barry Bonds for possible tax evasion and perjury charges.

"I don't know what the future holds for me," Ryan told USA TODAY, "but when I leave, this (investigation) won't just fall off the map. The infrastructure is in place. We have good prosecutors on it. A good review process. Good institutional knowledge. So when I move on, there are those that can carry forward with it without a problem.

"I think we have had a tremendous impact in this case, and I understand there still needs to be open dialogue and debate about it. For those reasons, I'm still interested. If the opportunity presents itself in the future that I can still be involved in it, I'll avail myself to it."

Ryan is one of 11 top federal prosecutors who have announced their resignation as a result of a provision in the USA Patriot Act reauthorization last year that enabled the U.S. attorney general to appoint replacements without Senate confirmation.

Sen. Dianne Feinstein, D-Calif., complained on the Senate floor Tuesday that the White House is using the provision to oust Ryan and other federal prosecutors and replace them with Republican allies.

Ryan and spokesman Luke Macaulay declined to say whether Ryan was asked to resign, saying they reached a "mutually agreeable decision with Washington." Ryan did not say when his last day will be, but he expects to remain on the job for several more weeks.

"These jobs are temporary jobs, and people come and go," Ryan says. "But I think we made a tremendous impact. This case, whether measured by the courtroom or the greater arena of public opinion, it has been a success. I'm proud of what we've done.

"This case has been for the good. It has been the right thing to do, and it has had the right impact.

"And we're not done."

Contributing: The Associated Press

Wood Nominated For U.S. Attorney In Kansas City (AP)

AP, January 18, 2007

WASHINGTON - The White House has nominated John Wood, a former Bush administration official, to be the new U.S. attorney for Kansas City.

Wood most recently served as chief of staff to Homeland Security Secretary Michael Chertoff. He resigned from that post in November.

If he is confirmed by the Senate, Wood would replace interim U.S. Attorney Bradley J. Schlozman, who took over last March after U.S. Attorney Todd Graves resigned. The White House announced Woods' nomination late Tuesday.

The U.S. attorney's office in Kansas City is responsible for prosecuting violations of federal law and representing the U.S. government in civil litigation in the 66 counties in the western half of the state.

Wood is a St. Louis native and graduate of Harvard Law School who clerked for U.S. Supreme Court Justice Clarence Thomas. After working for a large Washington law firm, he became deputy associate attorney general at the Justice Department.

Wood moved to the White House in 2002, where he was deputy general counsel for the Office of Management and Budget.

He later returned to the Justice Department to serve as counselor to then-Attorney General John Ashcroft. In that post, he helped oversee the department's civil, civil rights, antitrust, tax and environmental divisions.

Ashcroft issued a statement late Tuesday praising Wood for his "legal skill, sound judgment, and strong work ethic."

CORPORATE SCANDALS:

Monster Options Investigation Widens (WSJ)

By James Bandler

The Wall Street Journal, January 18, 2007

DOJ_NMG_0118105

Federal prosecutors are intensifying their criminal probe into stock-option manipulation at Monster Worldwide Inc., prompted in part by emails written by the company's former general counsel that suggest he knew the accounting implications of backdated options, say people familiar with the probe.

The emails were written by Myron Olesnyckyj, the former general counsel who was suspended and then fired by Monster last year.

The company, the parent of the popular Monster.com job-search Web site, last month admitted to "intentional" backdating of stock options over a six-year period by former officials, without naming anybody. Monster's founder, Andrew McKelvey, stepped down from his chief executive post last fall, and soon after resigned from the board after declining to be reinterviewed by lawyers conducting an internal probe of the options matter. Monster Worldwide lowered nine years of net income by $272 million to account for extra compensation costs associated with improperly dated options.

The probe into options abuses at Monster is being handled by the U.S. Attorney for the Southern District of New York., considered among the most experienced in the country in prosecuting white-collar securities cases. At least two assistant U.S. attorneys have been assigned to the Monster case.

An attorney for Mr. Olesnyckyj declined to comment.

People familiar with the case say prosecutors may be seeking to focus on Mr. Olesnyckyj, or may try to win his cooperation in investigating more senior officials. Prosecutors have sought to interview several former and current Monster employees.

Monster is one of nearly 140 companies under federal investigation for possible stock options manipulations. Options let recipients buy company shares some time in the future, usually at the price on the day they are granted. That means that recipients can benefit if share prices rise. Backdating involves pretending that the grant date was earlier than it actually was, so that the recipient can later buy for a lower price, thus enhancing potential profit.

Mr. McKelvey founded a predecessor of Monster 40 years ago as a Yellow Pages advertising company. In recent years it has become a major force in online employment advertising. Based in Manhattan, it has about $1 billion in annual revenue.

Monster has said its backdating troubles affected a "substantial number" of grants between 1997 and 2003. The company selected favorable grant dates for new hires, for salesman-of-the-year awards, and for senior executives, say people familiar with the situation.

Under accounting rules in place at the time, a company was supposed to take a charge against its earnings for any options issued with an exercise price lower than the level at which the stock was trading on the day of the grant.

In emails with senior finance and human resources officials, Mr. Olesnyckyj indicated his understanding of the accounting rules and how grants should be properly handled, according to a person familiar with the matter. Separately, another email involving high level officials discussed "the finessing" of outside auditors, according to people who have seen the email.

Prosecutors also are looking at other matters involving Mr. McKelvey, including the granting of stock options to several of his personal employees, including three pilots and a mechanic for his airplane, according to one person close to the situation. Personal employees and Mr. McKelvey's adult relatives also had health-care benefits paid for by Monster, this person said. The amount totaled $362,000 from 1997 to 2006, the company has said. Mr. McKelvey recently repaid that sum, with interest.

Mr. McKelvey's attorney, Steven F. Reich, declined to comment. Mr. McKelvey didn't get stock options from Monster.

A spokeswoman for the U.S. Attorney in Manhattan Michael J. Garcia said the office could neither confirm nor deny the existence of an investigation.

--Paul Davies contributed to this article.

Write to James Bandler at james.bandler@wsj.com3

Forbes Sentenced In Cendant Case (WSJ/AP)

Associated Press

The Wall Street Journal, January 18, 2007

BRIDGEPORT, Conn. -- Former Cendant Corp. Chairman Walter Forbes was sentenced to 12 years and seven months in prison and ordered to pay $3.28 billion in restitution for leading the largest accounting fraud of the 1990s.

In October, a jury found Mr. Forbes guilty of conspiracy to commit securities fraud and two counts of making false statements in a massive fraud scheme that cost the travel and real-estate company and its investors more than $3 billion. He was found not guilty of a fourth count, securities fraud.

The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years.

"We're very pleased with the result," said New Jersey U.S. Attorney Chris Christie, whose office prosecuted the case. "The public has waited many years for Walter Forbes to be brought to justice."

It was the latest lengthy sentence handed down to a corporate executive convicted of corruption, experts said.

Mr. Forbes, 64 years old, was released on $1.2 million bond. No date was set for him to report to prison. His attorney, Brendan Sullivan, indicated in court that Mr. Forbes intends to appeal. Both Messrs. Sullivan and Forbes declined to comment as they left U.S. District Court.

Prosecutors said they will oppose a defense request for Mr. Forbes to remain out on bail pending his appeal. Senior U.S. District Judge Alan H. Nevas agreed to a defense request to recommend Mr. Forbes serve his time at a minimum-security federal prison camp in Otisville, N.Y.

Prosecutors say Mr. Forbes participated in a scheme to inflate the stock of Cendant's predecessor, CUC International, by $500 million. Mr. Forbes, who testified during the trial, has argued he knew nothing about the fraud. His co-defendant, former Cendant Vice Chairman E. Kirk Shelton, was convicted in 2005 of conspiracy, mail fraud, wire fraud, securities fraud and making false statements to the SEC. Mr. Shelton was sentenced to 10 years in prison and ordered to pay $3.27 billion restitution.

Forbes Gets 151 Months For Cendant Fraud (USAT)

By Greg Farrell

USA Today, January 18, 2007

BRIDGEPORT, Conn. — A federal judge sentenced Walter Forbes, the former chairman of Cendant, to 12½ years in prison Wednesday, bringing an end to a criminal inquiry that began almost a decade ago. With the jail term, Forbes becomes the latest member of a rogues' gallery of former CEOs packed off to prison in recent years for presiding over accounting debacles.

In addition to handing him a prison term of 151 months, U.S. District Judge Alan Nevas ordered Forbes to pay $3.275 billion in restitution, an amount roughly equal to what shareholders received in a settlement with Cendant and auditor Ernst & Young in 1999.

In a two-hour hearing Wednesday morning, Nevas rejected arguments from Forbes' lawyers that he should get the same 10-year sentence received by a subordinate, Kirk Shelton, who was convicted in the same fraud two years ago.

Nevas also rebuffed Forbes' attempt to get a reduced sentence based on the $2.5 million in charitable contributions he had made over a 17-year period. Noting that Forbes was worth more than $200 million in 1997, Nevas described Forbes' generosity as "very modest."

As Nevas read his sentence, Forbes, 64, stood erect, betraying no emotion. His wife, Caren, seated directly behind him, also remained composed. For now, Forbes is free on $1.2 million bail until the judge decides whether he can remain free while his conviction is appealed.

From 1976 to 1997, Forbes was chief executive of Comp-U-Card International (CUC), a shopping club that allowed consumers to purchase goods directly from manufacturers.

The company grew each year through acquisitions, a practice that allowed Forbes to manipulate earnings, prosecutors alleged. In 1997, Forbes merged his company with HFS, a travel services firm, to form Cendant.

In early 1998, accountants from HFS noticed problems with CUC's merger reserves. The disclosure of CUC's earnings problems in April 1998 caused Cendant's stock price to plummet, wiping out $14 billion in market capitalization in one day.

In 2004, prosecutors put Forbes and Shelton, his top lieutenant, on trial in Hartford, Conn., charging they fabricated $252 million in non-existent earnings. Shelton was convicted, but the jury deadlocked on Forbes. A year later, another jury also deadlocked on the matter.

In October, after the case was moved to Bridgeport, a third trial ended in a conviction.

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Christopher Christie, the U.S. Attorney for New Jersey, whose office brought the original case against Forbes, said the sentence "sends the correct message that everyone in our society should be held accountable for criminal conduct."

Ex-Head Of Cendant Sentenced (WP/BLOOM)

By David Voreacos And Jane Mills, Bloomberg News

The Washington Post, January 18, 2007

Former Cendant chairman Walter Forbes was sentenced to 12 years and seven months in prison and ordered to pay $3.28 billion in restitution for leading the largest accounting fraud of the 1990s.

U.S. District Judge Alan Nevas sentenced Forbes, 64, on charges of inflating income by $252 million at CUC International CUC merged with HFS in 1997 to create Cendant, a travel and real estate company. Forbes, CUC's chief executive, was convicted Oct. 31 of conspiracy and false reporting about company finances. His conviction came after two mistrials.

"Your case is the case of a person who has accomplished a great deal in his lifetime and was successful in business but now stands here convicted of a felony, a serious felony," Nevas told Forbes at a hearing yesterday in Bridgeport, Conn.

Cendant and its auditors, Ernst & Young, paid $3.34 billion to settle investor lawsuits and will divide the restitution. Forbes, who testified he was worth $200 million in 1997, claimed he couldn't afford a fine because he has a negative net worth. Nevas waived a fine.

Forbes didn't speak during the hearing and showed no reaction to the sentence. Nevas said he woul decide if Forbes can remain free on $1.2 million bail while he appeals. "We're very pleased with the sentence," U.S. Attorney Christopher Christie said. Christie is the top federal prosecutor in New Jersey, where Cendant was once based. His office spent more than eight years pursuing Forbes, keeping the case when it was transferred to Connecticut in 2002.

Assistant U.S. Attorney Michael Martinez urged Nevas to impose a term within the range of 12 1/2 to 15 1/2 years under advisory guidelines in effect at the time of the crimes. Current standards would recommend a 25-year term, he said.

Former CUC president E. Kirk Shelton was convicted at the first trial, sentenced to 10 years and ordered to pay Cendant $3.28 billion. Brendan Sullivan, an attorney for Forbes, asked for 10 years for his client, saying he and Shelton faced "virtually identical circumstances."

Forbes testified at trial that he was a visionary who was ignorant of company finances and operations.

The scandal foreshadowed frauds at Enron and WorldCom. Former WorldCom chief executive Bernard J. Ebbers is serving 25 years in prison, and former Enron chief executive Jeffrey K. Skilling is serving 24 years.

The market value of Cendant fell $14 billion on April 15, 1998, when it disclosed accounting irregularities at CUC. Cendant, with franchises including the Avis car rental and Days Inn hotel chains, never recovered and split into four companies last year, including New Jersey-based Avis Budget Group.

Conrad Black's Lawyers Urge Judge To Bar Co-defendants' Statements (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, January 18, 2007

(AP) - CHICAGO-Former newspaper tycoon Conrad M. Black's lawyers urged the judge presiding over his racketeering case to bar prosecutors from using statements his co-defendants made against him.

The Canadian and his three co-defendants are charged with plundering millions of dollars from the Hollinger International newspaper empire Black once ran in Britain, Israel and elsewhere.

The investigation focused on the sell-off of small newspapers across the United States and Canada by Hollinger and so-called non-compete agreements that sent millions of dollars to Black and fellow executives.

Prosecutors say Black and the other executives were not entitled to the non-compete payments and effectively swindled Hollinger shareholders.

Under Black, Hollinger International owned the Chicago Sun-Times, the Daily Telegraph of London and the Jerusalem Post, among other newspapers. The Daily Telegraph and the Jerusalem Post have been sold, and the name of the company is now the Sun-Times Media Group Inc.

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Prosecutors want to use remarks that the co-defendants, top executives under Black at Hollinger, made during an internal investigation at the company.

But Black's lawyers said the request was "the culmination of a lengthy campaign of leveling baseless allegations against Mr. Black." They argued his constitutional rights to confront his accusers would be violated if the statements are allowed into evidence.

Besides Black, those charged in the case due to go to trial March 14 are former Hollinger executives Jack Boultbee, Peter Atkinson and Mark Kipnis, along with Ravelston Corp., the private Canadian corporation Black had used for leverage to gain control of his newspaper empire.

After the newspaper properties were sold off, a committee was formed within Hollinger to investigate and determine whether shareholders were receiving fair treatment. That led to the federal investigation.

Black's attorneys dismissed any suggestion that remarks made by his fellow executives to the corporate investigators showed an attempt to conceal a fraud scheme.

Senate Panel Limits Pay Deferrals For Executives (WP)

By Lori Montgomery And Jeffrey H. Birnbaum

The Washington Post, January 18, 2007

The Senate Finance Committee approved legislation yesterday to limit one element of the big pay packages awarded to corporate executives, a move that business lobbyists saw as the harbinger of an assault on corporations and the wealthy now that Democrats control Congress.

On a voice vote, the committee agreed to change rules permitting some executives to amass millions of dollars in tax-deferred accounts. Limiting that perquisite would raise $806 million over 10 years, by congressional estimates. The money would be used to help cover tax breaks for small businesses hurt by a proposed increase in the minimum wage, a top Democratic priority.

Highly paid executives are not the only target of the new Democratic majority. In an indication of the shifting priorities on Capitol Hill, oil and gas companies could lose tax breaks for drilling to raise money for renewable-energy initiatives. Drug companies are battling a House-passed plan to require the government to negotiate lower prices for Medicare recipients. And a variety of businesses, from insurance companies to wholesalers, are trying to block proposals that would increase their taxes to generate cash for Democratic proposals.

"In an environment like the one we face today, every business is at risk," said Dirk Van Dongen, president of the National Association of Wholesaler Distributors, which is fighting some measures.

"I don't think most people have grasped what they may be facing yet," tax lobbyist Kenneth Kies said. "Every industry should worry."

Stan Collender, who follows congressional budget-making at the public relations firm Qorvis Communications, said that though the business community is rightly nervous, "the Democrats at least are trying to find ways to pay for additional spending by going where the money is: corporate tax breaks and subsidies."

The proposal to limit an executive perk known as deferred compensation is linked, in a complex way, to a proposal to raise the minimum wage to $7.25 an hour from $5.15.

The measure symbolizes an effort on Capitol Hill to find a new political center in a Congress that Democrats control by a narrow margin. The Democrats have placed a high priority on increasing the minimum wage, which has fallen, in inflation-adjusted dollars, to its lowest level in more than 50 years. Senate Republicans, who might have the votes to block the measure, will go along only if there are tax breaks for small businesses that would have to pay higher wages.

But Democrats criticized the federal budget deficit during the campaign, and have pledged not to increase it. To pay for the small-business tax breaks, they came up with a plan to revoke tax provisions that they regard as corporate loopholes and tax shelters.

The result is a grab-bag bill that contains 13 tax breaks worth $8.3 billion over 10 years -- and 14 provisions aimed at raising taxes by a similar amount on corporations, their chief executives and other highly paid workers. The tax package is to be

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merged on the Senate floor with a minimum-wage bill that has already passed the House. The Senate is expected to take up the issue as soon as next week.

While business lobbyists said they were concerned about several of the tax-raising measures, provisions aimed at executive compensation are causing the most controversy.

The measure would place new restrictions on one of the most popular executive benefits in corporate America. About 95 percent of Fortune 1000 companies offer deferred-compensation packages in some form, said Jeff Varblow, senior vice president of the Cochlan Group, a Chicago firm that specializes in designing and administering the plans.

The plans typically function as high-end retirement accounts for corporate executives. In principle, they work a lot like Individual Retirement Accounts or 401(k) retirement plans, but involve far larger sums.

The plans allow the executives to put part of their income, sometimes several million dollars a year, into a special account without immediately paying taxes. The money earns interest, which isn't taxed right away, either. After retirement, the executive withdraws the money and pays taxes on it, but the earlier tax deferrals mean an account may have grown millions of dollars larger than an ordinary savings account would have.

The practice allows executives to "retire in the same type of lifestyle they were used to living," Varblow said.

The measure approved yesterday would limit the amount an executive could put in such a plan to $1 million a year or the amount of the executive's annual salary, whichever is less. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20-percent penalty.

Finance Committee Chairman Max Baucus (D-Mont.) said limiting the accounts is a declaration that "more Americans should be treated equally."

"For the vast, vast majority of families, there's a limit on deferred compensation that's not taxed of about $15,000" a year, Baucus said, referring to the sum ordinary people can put in a 401(k) plan. "I just think the general rule should apply to all Americans, even the very highly compensated executives." Limiting their annual deferral to $1 million "is not an unfair burden," he said.

The measure faces trouble in the House, where many Democrats oppose more tax breaks for business. House Majority Leader Steny H. Hoyer (D-Md.) yesterday said he was "disappointed" by the Finance Committee's action.

"The choice to tie a bill raising the minimum wage to tax breaks for businesses will cost taxpayers $8 billion and complicate and delay the passage of an increase," Hoyer said in a statement. "Eighty-nine percent of the American people support an increase in the federal minimum wage, and they should not have to spend $8 billion in order for Congress to do the right thing."

VW Executive Admits Guilt In Scandal (FT)

By Hugh Williamson

Financial Times, January 18, 2007

Peter Hartz, former Volkswagen executive and German labour market reformer, on Wednesday admitted personally endorsing €2.5m in illegal payments in a perks-and-prostitutes scandal that damaged Europe's largest carmaker and prompted the former personnel chief's dramatic fall from grace.

Speaking through his lawyer on the opening day of his trial in Braunschweig, northern Germany, Mr Hartz admitted that between 1995 and 2004 he organised secret bonuses worth €1.9m ($2.5m, £1.2m) for Klaus Volkert, head of the VW works council. He also endorsed €600,000 in payments for luxury holidays, clothing, jewellery and fake consultancy fees for the employee representative and his Brazilian girlfriend.

The court also heard how a slush fund, named after VW's internal account "1860", was used for holidays in India, Mexico, Brazil and elsewhere for VW employees, top managers and accompanying prostitutes.

Mr Hartz admitted to 44 charges of misusing VW funds without the company's knowledge, and breaking Germany's co-determination laws, which bar companies from favouring workers' representatives.

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"My client admits the charges," Egon Müller, Mr Hartz's lawyer said, adding that the former executive had a "bad conscience" about "failing in his responsibility to use company funds wisely". Mr Hartz "made payments for Mr Volkert and then looked away", he said.

Mr Hartz made the secret payments to retain good relations with Mr Volkert, who in turn played a key role in backing Mr Hartz's labour restructuring programmes.

Until his resignation in mid-2005, Mr Hartz was one of Germany's most respected business executives, a reputation that led Gerhard Schröder, the former chancellor, to ask him in 2002 to draw up labour market reform proposals.

The resulting "Hartz" reforms, which cut the level and duration of jobless benefits and increased pressure on the unemployed to find work, are credited with helping to increase flexibility and lower claimant numbers. But they remain controversial. Campaign groups protested on Wednesday outside the courthouse against Mr Hartz and the benefit cuts associated with his name.

Mr Hartz said the case highlighted shortcomings in Germany's cosy system of labour-management relations, crystallised in the system of Mitbestimmung, or co-determination. He stood by VW's advanced form of Mitbestimmung that gives works councillors unparalleled influence over company decision-making but said there had been "insufficient controls" to stop the abuses that took place.

He said no other VW top managers, including Ferdinand Piëch, former chief executive, were aware of the payments.

Under a deal made ahead of the trial between the defence and prosecutors based on Mr Hartz's expected guilty plea, he is expected to receive a modest sentence – a two-year suspended prison sentence plus a fine.

The judge acknowledged that Mr Hartz did not benefit from the scandal and "acted in the interests of VW". VW, which lodged the initial legal complaints against Mr Hartz in 2005, refused to comment.

The deal also means no prostitutes or other witnesses are to be called, thus shortening the trial and sparing Mr Hartz further embarrassment, court officials say. The presiding judge this week defended the agreement, arguing that it also led to Mr Hartz's confession on the €2.5m payments.

A dozen other people also face trial in the scandal, including Mr Volkert. Mr Hartz's trial continues on January 25.

Accounting Rules Won't Be Delayed (WSJ)

By David Reilly

The Wall Street Journal, January 18, 2007

Accounting-rule makers decided unanimously against postponing new rules coming into force this year that require companies to take a more-stringent approach to reporting uncertain tax positions on their financial statements.

Led by industry group Tax Executives Institute, companies had called on the Financial Accounting Standards Board to delay the rule, which takes effect this year. The FASB, meeting in its Norwalk, Conn., offices, rejected any postponement.

The rule, known as Fin 48, requires companies to examine and document their tax positions, evaluating whether those that aren't certain are more likely than not to withstand a challenge by the Internal Revenue Service. Companies will be able to book only a portion of the tax benefit from positions that meet this threshold. In the past, companies had great leeway in deciding what tax benefits may withstand scrutiny.

Previously taken tax benefits that don't stand up to the new standard will result in adjustments to companies' tax reserves as they start applying the new standard in their first-quarter results. Companies will give a range of the likely impact in their annual reports for 2006, but they won't actually begin applying the rule on an annual basis until next year.

Regulators, along with FASB, hope the more stringent approach will help make companies' tax practices more comparable for investors, while additional disclosure will give them more information about the types of tax positions companies are taking.

While FASB members expressed some sympathy for companies grappling with documentation requirements associated with the rule, as well as more difficult judgment calls that have to be made, they said this didn't warrant a delay. Board members noted that they had already twice delayed the effective date for the rules, which companies will have to begin following with

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issuance of their first-quarter reports, and that under existing rules companies should already be documenting uncertain tax positions.

FASB Chairman Robert Herz said the new rule was prompted by officials at the Securities and Exchange Commission who found that companies weren't taking a uniform approach to the way they booked potential benefits from tax positions. "Their observation was that there were diverse practices, there was opacity and in their view that lent itself to potential earnings management opportunities," he said.

Mr. Herz added that investors wanted more information about companies' tax positions, given the impact these can have both on reported profit and the balance sheet. "Certainly investors we've talked to say this is needed information and it's needed now," he said in casting a vote against a delay of the rule's implementation. "The overall benefit to investors and the capital market of getting this done and getting it done in the time frame we've talked about is the overriding objective."

CRIMINAL LAW:

Political Opinions Complicate Screening For Libby Jurors (NYT)

By Neil A. Lewis

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The difficulties of seating a jury for the perjury trial of Vice President Dick Cheney's former chief of staff were evident on Wednesday as more prospective jurors expressed criticism of the Bush administration.

Other potential jurors demonstrated the complications thrown up by the number of journalists, lawyers and officials here.

In the second day of juror screening in the case of the former aide, I. Lewis Libby Jr., a prospective juror testified that he once worked for Bob Woodward of The Washington Post, lived across an alley from Tim Russert of NBC News and went to school with Maureen Dowd of The New York Times.

Mr. Woodward and Mr. Russert are expected to be witnesses at the trial. The prospective juror remained in the pool.

Mr. Libby is charged with lying to a grand jury and F.B.I. agents in an investigation of who leaked to journalists the name of Valerie Wilson, a Central Intelligence Agency operative, in July 2003.

Judge Reggie M. Walton has voiced hope that opening arguments can be given on Monday. But by the end of Wednesday, only 24 jurors had qualified for what is supposed to be a panel of 36 that will then be whittled down to 12 jurors and 4 alternates.

One woman was asked whether she had formed any opinion of the Bush administration that might affect her ability to judge Mr. Libby.

"I certainly have an opinion that I can't believe any statement by the Bush administration," she replied.

Did that extend to Mr. Libby?

"Yes," she said. She was excused.

A woman said she hoped that her belief in the presumption of innocence would overcome her distaste for the administration. But she eventually acknowledged that she might not believe administration witnesses who testified for Mr. Libby. Two people were dismissed on Tuesday after saying they did not trust Mr. Cheney, who will testify for Mr. Libby.

On the other hand, a woman who worked for Lockheed Martin, the military contractor, expressed admiration for the administration on Wednesday and for Mr. Cheney in particular. She stayed in the pool.

A prospective juror who produced reports from Iraq for National Public Radio was excused after testifying that he held Judith Miller, a former reporter for The New York Times, in low esteem for her prewar reports that Iraq had unconventional weapons. He said would not be able to credit her testimony at the trial.

Ms. Miller is expected to testify for the prosecution that Mr. Libby spoke with her about Ms. Wilson. The indictment charges that Mr. Libby falsely said he did not discuss Ms. Wilson with Ms. Miller.

A candidate testified that he regarded Ms. Miller as courageous for going to jail for 85 days for refusing initially to disclose Ms. Libby as a source. That juror, a retired math teacher, also produced laughter when questioned about whether he had problems with Mr. Cheney's credibility. No problems, he said, but he "wouldn't go hunting with him," a reference to Mr. Cheney's accidental shooting of a hunting partner last year. He stayed in the pool.

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In Libby Trial, Big Names Make Jury Picks A Tall Order (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 18, 2007

To see how small a town Washington really is, drop in on jury selection at the trial of I. Lewis "Scooter" Libby, where so far nearly every juror candidate seems to have a connection to the players or events surrounding the leak of an undercover CIA officer's identity.

There is the software database manager whose wife works as a prosecutor for the Justice Department, and who counts the local U.S. attorney and a top official in Justice's criminal division as neighbors and friends. A housecleaner who works at the Watergate and knows Condoleezza Rice, not by her title of secretary of state, but as the "lady who lives up on the fifth floor." And a former Washington Post reporter whose editor was now-Assistant Managing Editor Bob Woodward; he went to barbecues at the house of NBC's Tim Russert, a neighbor, and just published a book on the CIA and spying.

Such is the challenge as U.S. District Judge Reggie B. Walton tries to seat a jury of 12 peers for Vice President Cheney's former chief of staff, in one of Washington's biggest trials in years.

It has always been difficult to select juries in Washington, where the pool is small compared with the number of trials, and half the people summoned to be jurors don't even show up. But the star power of the players in this case has complicated matters.

Libby is charged with lying to FBI agents and a grand jury investigating the disclosure of CIA officer Valerie Plame's identity to the media in 2003, shortly after the Iraq war began. He is accused of fabricating a story to conceal the nature of his conversations with reporters and his role in a White House effort to discredit Plame's husband, a prominent critic of the invasion of Iraq.

Defense lawyers for Libby contend that he forgot the details and timing of those conversations amid the crush of his daily workload and believed he had heard about Plame from Russert. Only later, they say, did he remember that he had actually learned her identity from his boss, Cheney.

By the end of yesterday's session, Walton and lawyers for both sides had quizzed 33 potential jurors and excused nine. The 24 remaining in the pool, and others who will be questioned starting this morning, still could be struck by lawyers on either side. Walton said he wanted to complete the selection of 12 jurors and four alternates by the end of today. Jurors cannot be identified by name, under an order from the judge.

Members of the government and media elite are the key players and witnesses expected to be called in a case that will often focus on the administration's justification for war in Iraq. As the slow questioning of potential jurors in Courtroom 16 of the federal court wound through a second day yesterday, it became clear that those celebrities rub shoulders a lot with the regular folks in this 13-mile-wide city of 550,000.

One journalist, for instance, said she had met a reporter and an editor on the witness list, Matthew Cooper and Jay Carney of Time magazine, when they appeared repeatedly on a foreign-affairs television show she produces at Voice of America.

Another candidate, the former Post journalist, seemed to have a link to nearly every key player in the case. He had worked in the newspaper's Metro section, he said, where his editor was Woodward, a key defense witness. Until recently, he lived across an alley from Russert, a star witness for the prosecution. And he had gone to parties with The Post's Walter Pincus, another defense witness.

He said he would understand if the lawyers believed he couldn't be impartial, but he promised he would use his reporter training to sort through the facts fairly.

"If I were in your seats, I'd be skeptical," he said.

Then he noted that one of his best friends plays in an over-40 football league with Libby. And he has heard that Libby "has a great arm."

Did he mention that he went to grade school with Maureen Dowd, he asked the judge? That would be the New York Times columnist who publicly savaged colleague Judith Miller after some of Miller's reporting on the Iraq war came to light around the time of the Plame investigation. Miller is a witness for the prosecution.

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One juror, a middle-aged woman, told the judge that she had worked in the "executive residence" -- that is, the White House. She was an administrative assistant in the grounds office from the Reagan administration until the inauguration of President Bush.

Another woman said she helped develop health policy in the office of the secretary of health and human services. She said she could be impartial about the administration but acknowledged she was "not particularly impressed" by how Cheney has handled certain events.

Not every potential juror knew the people in the case. A retired math teacher who moved here from North Carolina said he had no basis for judging the credibility of White House officials, including Cheney -- although he admitted that he was "not sure I would like to go bird hunting with him, either."

Walton chuckled, and Libby burst into laughter, burying his face in his hands.

Libby Seeks Jurors Who Trust Cheney (AP)

By Matt Apuzzo, Associated Press Writer

AP, January 18, 2007

A potential juror in the perjury trial of former White House aide "Scooter" Libby was allowed to remain in the jury pool Wednesday after saying she would be impartial and put aside her tepid impression of Vice President Dick Cheney, an expected defense witness.

"I'm not particularly impressed with a lot of his manners of being, but I can't speak to his credibility," said the woman, who works for the Department of Health and Human Services, as jury selection continued for a second day.

Cheney's credibility has emerged as a key issue, with defense lawyers looking for a panel that can trust the vice president, expected to testify on behalf of Libby, his former chief of staff. Libby is accused of lying to investigators about his conversations with journalists about an outed CIA officer.

Libby's attorneys say it's critical they know whether potential jurors view the vice president as credible. Two people who expressed doubts about that were dismissed from the jury pool Tuesday.

"I don't have the highest opinion of him," a young financial analyst said. "If I had to rank people as to credibility, I wouldn't put him at the top of the list."

He was dismissed, as was a young woman who said she was "completely without objectivity" about Bush administration officials who might be called to testify.

"There is nothing they could say or do that would make me think anything positive about them," the woman said moments before she was excused from the jury pool by U.S. District Judge Reggie Walton.

Opening arguments are planned Monday in a trial expected to take up to six weeks.

CIA officer Valerie Plame's identity was leaked to the press in 2003, around the time her husband, Joseph Wilson, was criticizing the Bush administration's march to war. The trial hinges not on the source of the leak but whether Libby lied to investigators.

He says he forgot his conversations with reporters because he had more pressing matters on his mind.

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Associated Press Writer Michael J. Sniffen contributed to this report.

Attorney Says Racism Involved In Case Against Peete (WMC)

WMC-TV, January 18, 2007

Memphis City Council member Rickey Peete's attorney called the corruption case against him racist Wednesday morning.

Speaking outside federal court after entering a "not guilty" plea, attorney Handel Durham, Jr. alleged racism in the corruption case against Peete.

"There has never been, in Memphis, Tennessee, a successful black man in this city that has not suffered some form of attack," he said.

The indictment against Peete alleges he accepted $14,500 in bribes. Fellow Council member Edmund Ford is accused of accepting almost $9,000 in bribes.

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Durham alleged racism because of the large number of black elected officials that have been indicted in federal stings, including Operation Tennessee Waltz and Operation Main Street Sweeper.

"You have approximately 17 black leaders indicted," he said. "What do you think? I mean, what would a reasonable individual come to? They would have to say something."

Former Shelby County Commission candidate Joe Cooper was also named in the complaint against Peete and Ford.

Man Who Scammed AOL Users Convicted (AAS)

By Bob Keefe, WEST COAST BUREAU

Austin American-Statesman, January 18, 2007

Guilty verdict for California spammer is the first under the federal CAN-SPAM Act.

SAN DIEGO — A California man has been found guilty under the federal CAN-SPAM Act of using fraudulent, unsolicited e-mail to trick America Online users into giving up bank account numbers and other personal information.

At a weeklong trial that ended Friday, 16 victims testified they had been tricked by the e-mail. Some said they lost hundreds of dollars.

Jeffrey Goodin, 45, was found guilty by a Los Angeles jury of using accounts he set up through Atlanta-based EarthLink Inc. to send e-mail that appeared to come from AOL's billing department. The messages warned AOL users that their accounts were in jeopardy unless they sent credit card or bank account information to "update" them.

Goodin, of Azusa, Calif., is to be sentenced June 11. He could face 101 years in prison for violating the 2003 CAN-SPAM Act and other laws, although prosecutors acknowledged it's highly unlikely he'll get such a lengthy sentence.

Goodin set up and shut down the EarthLink e-mail accounts in rapid succession, according to prosecutors.

An EarthLink official testified that the company lost more than $1 million because of Goodin's "phishing" scam, according to prosecutor Wesley Hsu. On more than one occasion, AOL barred EarthLink subscribers from its network because of spam coming from EarthLink accounts, according to Hsu.

"This was sort of the ideal case that I think Congress had targeted with the CAN-SPAM Act," said Hsu, an assistant U.S. attorney in the Justice Department's central California district office.

"This guy changed the sending e-mail to make it look like an AOL billing address, and as a result we had lots of victims fooled . . . thinking they'd lose their AOL service if they didn't give them their billing information," he said.

Hsu said it's unclear whether public frustration with spam played into the jury's decision. And while he said he hoped the case would be a deterrent, Hsu acknowledged that even with the federal law, spam isn't going away anytime soon.

"I've already encountered cases where people are sending spam from Canada," he said. "And we can't do anything about that."

Goodin's case was the first jury conviction under the federal CAN-SPAM Act. In September 2004, Hsu helped oversee the first guilty plea under the law, which Congress passed four years ago amid public outcry about the overwhelming volume of unsolicited, fraudulent e-mail.

In the earlier case, Nicholas Tombros, 37, of Marina del Rey, Calif., admitted tapping into private wireless Internet networks in the Los Angeles area to send spam advertising pornographic Web sites.

Belleville Woman Sentenced To 4 Years In Prison For Katrina Fraud (AP)

By Jim Suhr

AP, January 18, 2007

EAST ST. LOUIS, Ill. - Among the many accounts of heartache and horror swept in by Hurricane Katrina, Tina Marie Winston's story was certainly disturbing.

Winston, 34, said she watched helplessly as a torrent of water from the Gulf of Mexico rolled in and swept away her two daughters, ages 5 and 6. The floodwaters swamped her New Orleans home, she said, costing her everything else.

She said the tragedy left her unable to function, in need of counseling and desperate for money to pay for a memorial service held for her two dead daughters under a St. Louis bridge.

But the gripping, chilling tale that brought Winston thousands of dollars in federal aid turned out to be a lie.

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And on Wednesday, the woman who cried for sympathy after the disaster got little of it from a federal judge who ordered her to spend four years in prison and repay about $24,000 for various scams over more than a decade, including $4,358 she defrauded from the Federal Emergency Management Agency after the hurricane.

U.S. District Judge William Stiehl told Winston that he understood she had a troubled, possibly abusive upbringing and mental illness, but duping the government with tales of dead daughters "was simply outrageous."

"She took advantage of the taxpayers of this country under very tragic circumstances," said the judge.

Winston never had daughters, much less a New Orleans home. When Katrina knocked the Gulf coast to its knees in August 2005, Winston was 600 miles away, safe in the St. Louis suburb of Belleville, Ill., where she had moved from Arkansas in July 2004 - more than a year before Katrina.

"These are the types of crimes that absolutely outrage taxpayers," eroding their confidence in government, federal prosecutor Suzanne Garrison told Stiehl in labeling Winston's conduct "extraordinarily undignified."

"She had pretty much dug herself in a hole, not building any future for herself, living in this way by systematically lying to get free handouts," Garrison said.

In court, Winston said simply, "I apologize to the court and ask you to show leniency on me."

When Stiehl asked her if she wanted to say anything else, Winston replied, "That'd be it," before federal marshals led her away in shackles.

Winston, who also goes by the name Tina Gilmore, pleaded guilty in October to defrauding FEMA after the hurricane by using a bogus Social Security number to file for assistance online. Winston also admitted spending $1,321 from an electronic debit card she got through FEMA after claiming the hurricane left her jobless. The agency deactivated the card when Winston exceeded the spending limit, the government has said.

Though FEMA sent Winston $4,358 for housing and rental aid, she still requested more - $10,075 to cover property she said she lost to the storm, and $2,530 for unspecified dental expenses. She apparently never got the extra money.

Officials said Winston also duped various government agencies during a recent 12-year stretch by failing to report her marriage and her husband's income.

As a result, the government said, Winston was overpaid more than $13,000 in Social Security benefits and $4,659 in food stamps. By falsely claiming her husband was her cousin and lying about their income, she also tried to get government-subsidized housing valued at more than $6,700.

"This defendant has, in effect, intended to defraud the taxpayers of this country by every means that cropped into her mind," Stiehl said.

A 12th Dallas Convict Is Exonerated By DNA (NYT)

By Ralph Blumenthal

The New York Times, January 18, 2007

HOUSTON, Jan. 17 — A 50-year-old Dallas man whose conviction of raping a boy in 1982 cost him nearly half his life in prison and on parole won a court ruling Wednesday declaring him innocent. He said he was not angry, “because the Lord has given me so much.”

The parolee, James Waller, was exonerated by DNA testing, the 12th person since 2001 whose conviction in Dallas County has been overturned long after the fact as a result of genetic evidence, lawyers said.

“Nowhere else in the nation have so many individual wrongful convictions been proven in one county in such a short span,” said Barry C. Scheck, co-founder of the Innocence Project, the legal clinic that championed Mr. Waller’s case. In fact, Mr. Scheck said, those 12 such instances are more than have occurred anywhere else except the entire states of New York and Illinois since the nation’s first DNA exoneration, in 1989.

In the aftermath of the new evidence, prosecutors had joined defense lawyers in calling for the clearing of Mr. Waller, who spent more than 10 years behind bars before he was paroled in 1993.

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"I'm sorry that happened to you, man," Craig Watkins, the county's new district attorney, told Mr. Waller on Wednesday, shaking his hand in the Dallas courtroom where a judge later approved a motion to vacate the conviction. That motion now goes to the Texas Court of Criminal Appeals for formal approval.

Mr. Waller broke down once at the hearing, when describing how his car crashed on the way to a court proceeding in 2001, an accident that killed his pregnant wife, Doris, and the unborn daughter they had wanted to call Grace. "I said, 'Well, I don't want to live no more,' " he recalled, mopping his face with a tissue.

One of his lawyers, Nina Morrison, patted him on the back. "He lost 10 years 11 months and 3 days of his liberty literally picking cotton in the fields for no pay," she told the court. "His perseverance is an inspiration to all of us."

The judge, John C. Creuzot of Criminal District Court, sought to console Mr. Waller, who stood before him in a tan suit, a white shirt and a tie. "A lot of times we are tested in life, and you certainly had a terrible test," Judge Creuzot said. "On behalf of any and all public officials at that time, I want to apologize."

Earlier in the day, the Innocence Project provided synopses of the county's dozen DNA exonerations. "Nobody knows the reason why we have 12-and-counting here in Dallas, but we'll find out the answers," Mr. Scheck said. One Texas lawmaker, State Senator Rodney Ellis, a Houston Democrat, has introduced a bill that would establish a Texas Innocence Commission to study exonerations for ways of eliminating wrongful convictions.

The case against Mr. Waller was largely based on the 12-year-old victim's identification of him, court papers show.

Around 6 a.m. on Nov. 2, 1982, the boy, identified only as Jay S., was alone in his family's dark apartment with his 7-year-old brother when he was sodomized by an intruder he described as a black man about 5-foot-8 and weighing 150 pounds, his lower face concealed by a red bandana.

By the boy's account, he heard the voice of his attacker that night at a 7-Eleven near his home, and turned to see Mr. Waller, who was then 25 and lived with his family in the same apartment complex as the victim, the only black family there. Although there were discrepancies in the boy's account — Mr. Waller is almost 6-foot-4 and was heavy — and although Mr. Waller presented witnesses saying he was home at the time, he was convicted in 46 minutes and sentenced to 30 years. He won parole in 1993 but had to register as a sex offender.

He had begun petitioning for retesting of the state's rape evidence in 1989, and redoubled his efforts in 2001 after Texas passed a law granting post-conviction access to DNA testing. Results of hair testing appeared to rule out Mr. Waller as the attacker, but the Court of Criminal Appeals found it inconclusive.

Still, "the Lord kept pushing me because I wanted my name back," Mr. Waller said Wednesday.

Last month the Innocence Project, through use of a previously unavailable technology called Y-STR DNA, found that genetic material recovered from the victim conclusively excluded Mr. Waller and the victim and could have come only from someone else.

Mr. Waller has started a lawn care business, but remains on parole pending the formal action of the appeals court and must shy from all contact with children. "It has been a long struggle for me," he said. "They look at you like you're an animal."

Mr. Watkins, Dallas County's first African-American district attorney, took office two weeks ago in a Democratic sweep. "I can say I'm sorry all day," he told Mr. Waller in court. "I know that doesn't mean much to you, but I can guarantee to you in the future when I'm the district attorney we will insist that we will not send anyone who's innocent to prison."

"The sad thing," he said, "is the person who actually did this crime is still out there on the streets."

DNA Databases May Be Growing Too Quickly (LAW)

By Vesna Jaksic, The National Law Journal

National Law Journal, January 18, 2007

As state DNA databases expand, a growing number of "cold cases" are getting solved, but that's leading to a new problem: Local jurisdictions can't keep up with their burgeoning caseloads.

"I see it nationally as becoming a major problem," said Ted Hunt, chief trial assistant in the Jackson County Prosecutor's Office in Kansas City, Mo. "We're lucky to have a cold case homicide unit and a branch of sex crimes that works on cold cases, but many jurisdictions lack those resources."

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And DNA databases are certain to grow even more in several states.

While all states now require that samples be collected from convicted felons, a growing number of states -- including Texas and Virginia -- collect samples from certain arrestees, such as those picked up for violent crimes. Kansas and New Mexico are scheduled to expand their databases to include arrestees this month. California is expected to do the same in 2009.

As of October 2006, the FBI's national database contained profiles for more than 3.7 million convicted offenders, which helped with more than 40,000 investigations. Florida topped the list with 4,907 investigations aided, followed by Illinois, New York and Virginia, according to the FBI.

The state of Virginia illustrates how fast databases have grown. When the state's cold case program started in 1993, the Virginia Department of Forensic Science's database contained 2,184 samples. It currently holds 253,156 samples. Since 2001, Virginia's database has grown by 50 percent.

Virginia's database has resulted in 3,600 "hits," which refers to cases for which DNA samples from the crime scene match DNA samples stored in felon databases. Those hits have helped 3,518 investigations, according to the department. But like many other states, it has been struggling to keep up with its growing workload.

"It's hard to think of cases these days where there isn't the possibility of DNA evidence," said Paul Ferrara, the department's director. "With cold cases, the ones they haven't solved from 20 years ago, all of a sudden you see the light bulbs going off and say, 'Wait a minute, I have this case and the DNA might be good.' That's fine but I think the largest challenge we do have is capacity and turnaround time."

VIRGINIA INVESTIGATIONS

The growth of DNA databases has triggered other problems. Virginia authorities have been investigating why thousands of felons' samples have been left out of the database.

And some civil rights groups, including the American Civil Liberties Union, have challenged states' efforts to expand databases to include people without convictions, saying that doing so contradicts the presumption of innocence until proven guilty and violates privacy.

California has more than 662,000 DNA samples in its database, which has led to 3,346 offender matches, including some for cold cases, said Nathan Barankin, a spokesman for California's former attorney general, Bill Lockyer.

But Rockne Harmon, senior deputy district attorney in Alameda County, Calif., said many cold hits don't lead to anything, often because of limited resources.

"It's a great tool but you have to be careful because what we've seen in California, and I know it's a problem elsewhere too, is an unknown number of these cold hits gets stuck in the police departments and nothing happens," he said. Harmon added that there is no way to determine how many hits fail to lead to charges and cases being filed. "While there have been great success stories, no one can really tell you what has happened to all of their cold hits."

Federal funds are helping states with their cold case programs. In fiscal year 2005, the National Institute of Justice distributed more than $14 million in grants to 38 state and local programs for solving cold cases with DNA.

The Denver District Attorney's Office credits federal money for making its program one of the most aggressive in the nation. More than 4,000 cases have been reviewed and 20 new cases have been filed as a result of cold hits, said Mitchell Morrissey, Denver's district attorney. Grant money has allowed the DNA laboratory to double its capacity by hiring two full-time DNA analysts, improve its instruments and fund detective overtime, according to Morrissey's office. Future goals include investigation of cases dating back as far as the 1950s.

OLD CRIMES, NEW CHALLENGES

But Morrissey stressed that old crimes carry their challenges, such as statutes of limitations and difficulties with finding everyone involved." A lot of people just think, 'OK, you get a DNA match and now you've got a case,'" he said. "That's not true. You still have to do a lot of investigating. Sometimes you still have to find the victim. Sometimes you still have to find the suspect."

Defense attorneys are finding challenges of their own. David Bell, an assistant public defender in Kansas City, Mo., who represented a defendant successfully prosecuted by Hunt for a crime committed 20 years ago, said there are plenty of obstacles for the defense.

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"One of the problems with these cold-hit cases is that it truly shifts the burden to the defendant," said Bell, who plans to appeal the case. "Prosecutors get blinded by the DNA. DNA is a powerful tool, there is no doubt, but it must be placed in the context of everything else."

In the Kansas City case, Bell argued that his client had consensual sex with the victim but did not remember it because it was a casual, one-time encounter that occurred 20 years ago. Bell also presented DNA evidence in the trial, trying to shift blame to the victim's husband, whose DNA also was found at the crime scene.

Ex-Keyport Mayor Pleads Guilty To Bribery (NSL)

By Guy Sterling, Star-Ledger Staff

Newark Star-Ledger, January 18, 2007

Merla, ensnared in probe of Monmouth corruption, took payoffs

A former mayor of Keyport admitted to a federal judge yesterday that he accepted a $2,500 bribe in exchange for helping a federal informant posing as the owner of a construction and demolition business obtain an emergency, no-bid contract to fix a local bulkhead.

John Merla, 45, had been charged with taking the money at his brother's birthday party on Dec. 7, 2003. While pleading guilty yesterday to a count of bribery, he indicated the investment by the cooperating witness was a good one.

"Did the borough pay (the cooperating witness) a total of approximately $36,200 to complete the work on the bulkhead?" Merla was asked by Rachael A. Honig, an assistant U.S. attorney assigned to the case. "Yes," Merla replied.

He later acknowledged to U.S. District Judge William Martini in Newark that he also pocketed three other illegal cash payments from the informant and undercover FBI agents in 2003 and 2004. In all, the payoffs totaled $24,000, said Mark McCarren, the other federal prosecutor handling the matter.

"Did you accept these additional payments knowing that they were being made in exchange for your agreement to assist (the cooperating witness) in obtaining municipal contracts?" asked Honig. "Yes," Merla responded.

Merla faces a maximum penalty of 10 years in prison and fines ranging to $250,000 when he is sentenced in May. But McCarren and Michael Pappa, Merla's lawyer, said the actual prison term will fall between 24 and 30 months under federal sentencing guidelines.

The beefy Merla, who lost his supervisor's job with the New Jersey Turnpike Authority when he was charged in the sting two years ago, left the courtroom quickly after yesterday's plea and did not respond to questions. Pappa said Merla is currently working in his family's restaurant business.

Merla choose not to run for re-election in November after serving as Keyport's mayor from 2003. He had also served as a member of the borough council during a lengthy political career in the Monmouth County community.

In recent weeks, Merla had maintained he was preparing to go to trial and Pappa had gone so far as to send out subpoenas to potential witnesses. Merla's reasons for pleading guilty were "personal," but he did so with the support of his family, Pappa said yesterday.

"John feels a deep sense of remorse for compromising the trust placed in him by the people of Keyport," the defense attorney added.

Ex-Keyport Mayor Admits Taking Bribe (JERSJ)

Jersey Journal, January 18, 2007

NEWARK - The former mayor of Keyport pleaded guilty yesterday to extorting a $2,500 bribe from an undercover informant posing as a contractor in return for helping the contractor obtain a $36,200 contract.

At his court hearing, John Merla acknowledged he took payments from the informant and undercover FBI agents on three other occasions from September 2003 to November 2004. The plea involved one bribery count, but prosecutors said he received four bribes totaling about $24,000.

"Merla traded his public position and influence for cash," U.S. Attorney Christopher J. Christie said. "The list of public officials in Monmouth County who were willing to do that is disappointingly long."

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Merla, 45, was among a dozen officials snared by the undercover sting, "Operation Bid Rig," in Monmouth County February 2005. Many have pleaded guilty, along with several contractors.

Despite his arrest, Merla refused to resign, and left office when his term ended at year's end, just over two weeks ago.

Merla faces 24 years to 30 years in federal prison.

Somerville Subpoenaed Over Developer Projects (COURNEWS)

By MARTIN C. BRICKETTO, Staff Writer

Courier-News, January 18, 2007

U.S. Attorney's Office requesting information related to Jack Morris

SOMERVILLE -- Borough offices have been served with subpoenas from the U.S. Attorney's Office requesting information related to developer Jack Morris, the mayor confirmed Wednesday.

Somerville officials declined to speculate on the motivation behind the subpoenas.

A spokesman for the U.S. Attorney's Office declined comment.

Mayor Brian Gallagher said the FBI served subpoenas to the borough Office of Community Development, the Planning Board, the Borough Council and the borough clerk on Friday afternoon, seeking all documents involving JSM at Somerville, Edgewood Properties and Jack Morris since 2003.

"We'll comply with every request that they make," Gallagher said. "I've already instructed all people to begin assembling that info so we can submit it to them expeditiously."

Owned by Morris, JSM is the owner of the Downtown Somerville Shopping Center and the site's borough-designated redeveloper, according to court documents. Edgewood is another Morris company.

A spokesperson for Morris did not return a request for comment.

JSM wants to demolish the existing shopping center on Main Street for a $65 million redevelopment project with commercial and residential components.

Morris' role in a major redevelopment plan on the west end of the borough's downtown was called into question in court documents filed last year.

Pathmark, a holdout tenant at the center, filed a legal brief in September that said Edgewood made a $10,000 contribution to the Somerset County Republican Executive Committee in 2003, the day after the Somerville Planning Board passed a resolution designating the shopping center as a redevelopment area.

Gallagher, who was campaigning for mayor at the time, received funds from the committee, according to Pathmark's legal brief.

The Borough Council then passed a resolution designating JSM as the redeveloper of the center the day after Gallagher was elected mayor, according to the brief.

Morris reportedly had close business ties with John Lynch, an influential Democratic party boss who entered federal prison Tuesday after pleading guilty to fraud and tax evasion charges.

When Pathmark's legal brief was filed, Gallagher described the implications of a pay-to-play scenario between the borough and Morris as a smear campaign, noting the redevelopment was first recommended in the 1990s.

"Our approach with developers has been straightforward and clear," Gallagher said Wednesday.

The borough has moved to condemn the leases of two other holdout tenants at the center, Hollywood Video and Country Fresh restaurant.

Planning Board Chairman Bernie Navatto said he was not sure what the U.S. Attorney's office was looking for but said there was no foundation to what Pathmark suggested in its court filing.

"I'm 100 percent confident," Navatto said. "What they (the U.S. Attorney's Office) asked for is a matter is a public record, and they're going to get it."

Justices Scrutinize Death Penalty In Texas (NYT)

By Linda Greenhouse

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The Supreme Court on Wednesday resumed its long-running effort to monitor the use of the death penalty in Texas, hearing arguments in three cases that put the strains and internal contradictions of the court's capital punishment jurisprudence fully on display.

One case was familiar, at least to the seven justices who were on the court when LaRoyce L. Smith's previous appeal of his death sentence came before them in 2004. At that time, the court voted 7 to 2 to overturn the sentence, only to see it promptly reinstated by the Texas Court of Criminal Appeals on the ground that the constitutional error the justices had identified was "harmless." The question now is whether that was an acceptable response by the state court to the Supreme Court's mandate.

The other two cases, while unfamiliar in their particulars, were very familiar in what they represented: the latest, but almost certainly not the last round in a fitful dialogue between the Supreme Court and the federal appeals court that oversees habeas corpus cases filed in federal court by Texas inmates.

All three cases offer a window on the recent history of capital punishment in the United States, which to a large degree is the history of capital punishment in Texas. Since 1976, when the Supreme Court permitted states to resume executions, Texas has put to death 380 people, far more than any other state. (The next highest, Virginia, has executed 98.)

In 1989, the Supreme Court ruled that the jury instructions that Texas was using were constitutionally deficient because they failed to ensure that jurors could give meaningful consideration to a defendant's mitigating evidence. Under the Texas system, jurors were instructed to respond to only two questions: whether the killing was deliberate, and whether the defendant posed a continuing threat to society. If the answers to both were yes, a death sentence was automatic.

The Texas Legislature addressed the problem two years later by instructing jurors to take "all of the evidence" into consideration, including the defendant's character and background. But in the interim, during which Mr. Smith was sentenced to death for murdering a former co-worker at a Taco Bell in Dallas, judges tried to address the problem by telling jurors that if they thought the mitigating evidence warranted a sentence of life in prison rather than death, they should simply answer no to one of the two questions, even if they believed that the proper answer was yes.

Eventually, the Supreme Court held that this "nullification instruction" was constitutionally inadequate as well. It applied that ruling to Mr. Smith's earlier appeal, overturning his sentence in 2004 and sending it back to the Texas Court of Criminal Appeals, which in turn reinstated it, finding the error "harmless" because Mr. Smith had failed to show that the nullification instruction had caused him "grievous harm."

In his new appeal, Mr. Smith, represented by a University of Texas Law School professor, Jordan M. Steiker, is arguing that the state court's resolution of the case flew in the face of the Supreme Court's analysis. The state court, having failed in the first round to apply its "harmless error" rule, should not be permitted to introduce it after the fact, Mr. Steiker said.

Although several justices, most notably Stephen G. Breyer and Ruth Bader Ginsburg, clearly agreed with him, Mr. Steiker encountered stiff resistance from Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. The chief justice said the Texas court had handled the case in an appropriate and even "desirable" way.

Because the state court did not initially regard the nullification instruction as an error, Chief Justice Roberts said, it had no reason at that point to decide whether the error was harmless. "Wouldn't it be normal exercise of judicial restraint to say we don't have to reach out and decide whether this error was harmless if we've already decided there's no error at all?" he asked.

Texas was represented by its solicitor general, R. Ted Cruz, and supported by a second lawyer, Gene C. Schaerr, representing California and 20 other states that entered the case, Smith v. Texas, No. 05-11304, as "friends of the court" for Texas. Mr. Schaerr said the case presented an important federalism issue of "whether states have the ability under our federal Constitution to choose their own harmless error standards."

A total of 47 of Texas' 392 inmates on death row were sentenced under the procedure the Supreme Court later found unconstitutional.

In a second argument on Wednesday, the court heard the combined appeals of two other inmates, Jalil Abdul-Kabir and Brent R. Brewer. Their crimes, both murders committed during robberies, were unrelated. But both are challenging the refusal by a federal appeals court, the United States Court of Appeals for the Fifth Circuit, to grant their habeas corpus petitions.

Their cases, Abdul-Kabir v. Quarterman, No. 05-11284, and Brewer v. Quarterman, No. 05-11287, have acquired a new twist since the court accepted them in October. In a separate case last month, the Fifth Circuit abruptly shifted course and

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suggested that it had been wrong to deny habeas corpus to this entire group of inmates. The lawyer for the two, Robert C. Owen, another University of Texas law professor, is asking that the cases be sent back to the Fifth Circuit for reconsideration.

High Court Hears 3 Death Penalty Cases (WP)

By Robert Barnes

The Washington Post, January 18, 2007

It was death penalty day yesterday at the Supreme Court, coincidentally 30 years to the day since Gary Gilmore became the first person to be executed under the country's modern capital punishment laws.

The court heard three death penalty cases from Texas even as executions are on hold in an increasing number of states, from Maryland to California, and as the number of new death sentences continues to fall.

The work of the court so far this term shows that the complicated legal process that attends executing a murderer -- the balance of state laws and federal constitutional guarantees -- can take decades to unspool. Even a trip to the Supreme Court is sometimes not enough to settle the issue.

The cases of at least nine death row inmates nationwide -- who are not proclaiming innocence but are protesting their sentences -- are on the court's docket in this term. Just as the justices scrutinized Virginia's system for carrying out the death penalty several years ago, they are examining four cases from Texas this year, including the three heard yesterday.

The number of capital cases is not unusual for the court, those who follow the issue say. But because the justices so far this year have taken a smaller number of cases overall, the death penalty accounts for "a larger fraction of their work," said Richard Dieter, executive director of the Death Penalty Information Center. Douglas A. Berman, a law professor at Ohio State University, said: "It's probably the normal number, but I always think they take too many. Especially at a moment when the docket is so light." The justices have taken a decreasing number of cases in recent years, and this term, which will end this summer, is likely to continue that trend.

Sometimes the court's decisions are dramatic, such as 2005's Roper v. Simmons, which forbade the execution of those who were younger than 18 at the time of their crimes. But Berman, who writes regularly for and runs the Sentencing Law and Policy blog, said the court's decisions in most death penalty cases affect only a handful of people in the states from which the cases arise. He would like to see the court spend time on other sentencing disparities "that affect thousands of people every day."

Indeed, the Texas cases heard yesterday had all been decided more than 15 years ago, when Texas juries were asked to answer only yes or no to two questions when deciding whether to impose death. They were asked whether the killing was deliberate and whether the killer constituted a continuing threat to society.

Several Supreme Court decisions have said that jurors also need to consider mitigating evidence, such as the IQ of the defendant or an abusive background.

In 2004, the court decided 7 to 2 in the case of LaRoyce Smith, who had murdered a Taco Bell manager in Dallas, that there were broad problems with the Texas law, which has since been changed. It sent the case back. The Texas Court of Criminal Appeals, nevertheless, reaffirmed the death sentence, saying that if an error was made, it was harmless to the outcome of the jury's decision.

And so Smith v. Texas (05-11304) was back before the Supreme Court yesterday, with Smith's advocates and others -- including four retired federal appeals court judges -- arguing that the state court ignored specific directions from the Supreme Court.

As Justice Ruth Bader Ginsburg put it, it was as though the state court were saying, "Thanks, thanks, that's very interesting advice," but we're deciding it on different grounds.

But the state appeared to have strong supporters in Chief Justice John G. Roberts Jr. and Justice Antonin Scalia.

Scalia said the Texas court decided that, though the mitigating evidence should have been presented more straightforwardly, it was in the best position to decide that such evidence would not have affected the jury's decision to sentence Smith to death. And Roberts defended the state's interpretations. "Why do we remand these cases for further proceedings not inconsistent with our opinion if there's nothing further to be considered?" he asked.

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University of Texas law professor Jordan M. Steiker, representing Smith, said that the Texas court's actions were indeed contradictory and inconsistent.

Texas Solicitor General R. Ted Cruz said that complying with the Supreme Court's evolving decisions governing the death penalty "is not an easy task, and state and federal courts have struggled for two decades to draw the appropriate lines."

That struggle is evident on the court's docket, in which most of the death penalty cases come from the U.S. Court of Appeals for the 5th Circuit, which covers Texas and much of the South, and the San Francisco-based U.S. Court of Appeals for the 9th Circuit. "The Ninth looks so clearly from a defendant's perspective, and the Fifth looks at it from a prosecutorial perspective," Berman said.

Two of yesterday's cases, Abdul-Kabir v. Quarterman (05-11284) and Brewer v. Quarterman (05-11287), were appeals from the 5th Circuit. The high court in this term has already reversed a 9th Circuit decision that overturned a death sentence.

Dieter said the justices are "in a rather complex area of the law. Maybe they are trying to draw some lines down the middle."

Middle ground could be difficult for a court that has shown itself divided on important aspects of capital punishment. The swing vote on the issue seems to belong to Justice Anthony M. Kennedy, the only justice in the 5 to 4 majority both to uphold Kansas's death penalty and the Roper decision abolishing capital punishment for juveniles.

High Court Hears Texas Death Penalty Cases (LAW)

By Tony Mauro, Legal Times

Legal Times, January 18, 2007

The Supreme Court heard arguments Wednesday in three Texas death penalty cases that were billed as a test of wills between the high court and lower court judges who have effectively defied its decisions on the use of mitigating evidence.

But whatever anger the Court held toward the Texas Court of Criminal Appeals and the 5th U.S. Circuit Court of Appeals seems to have largely dissipated. On Wednesday, its newest members, Chief Justice John Roberts Jr. and Justice Samuel Alito Jr., appeared ready to give greater deference to Texas in administering its capital-punishment laws.

It was a marked contrast to 2004, when the Supreme Court had angrily sent one of the cases back to the Texas appeals court, only to have the Texas court reaffirm its prior ruling. At the Jan. 17 argument, Roberts seemed to show sympathy for the state court's desire to exercise its own judgment instead of just following the Supreme Court's guidance. "Why do we remand these cases," Roberts asked rhetorically, "if there's nothing further to be considered?"

As the cases were argued inside the Court, outside nine anti-death penalty demonstrators were arrested on the steps for unfurling a banner that read "STOP EXECUTIONS!" The civil-disobedience action coincided with the Texas arguments but was also intended to mark the 30th anniversary of the resumption of capital punishment in 1977, when Gary Gilmore was put to death in Utah.

In all three cases argued before the Court on Wednesday, guilt was not in doubt; at issue instead was the much-litigated question of how jurors should give weight to mitigating evidence. All three defendants were sentenced to death by jurors who were given a jury instruction on mitigating evidence that the Supreme Court has since struck down.

The first case argued, Smith v. Texas, was the one making a return visit. LaRoyce Smith was convicted in 1991 of murdering a former co-worker at a Dallas Taco Bell restaurant. In 2004 the Supreme Court admonished the Texas Court of Criminal Appeals for erroneously relying on a test "we never countenanced and now have unequivocally rejected." The instruction did not allow the jurors to fully consider evidence about Smith's low IQ and troubled childhood.

On remand, the Texas court reaffirmed the sentence, finding that the mitigating evidence was adequately considered and that if there was any error, it was harmless.

Supported by former federal judges and public-interest groups, Smith returned to the Supreme Court, arguing, among other things, that the Texas court had ignored the Supreme Court's mandate.

The Texas court's action "threatens this Court's authority as the final arbiter of federal constitutional law," former Solicitor General Seth Waxman told the justices in a brief for the Constitution Project, which pushes to improve safeguards and fairness in the administration of the death penalty.

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During the arguments, Justice Ruth Bader Ginsburg mocked the Texas court, suggesting it had said to the Supreme Court, "Thanks, that's very interesting advice." Justices Stephen Breyer and David Souter also expressed mild disapproval of the Texas court, but much of the hour was spent on the procedural details of the case. Both Roberts and Alito seemed to indicate they thought the issue was one of Texas, not federal, law.

Gene Schaerr of Winston & Strawn bolstered their views in his argument on behalf of 21 states that sided with Texas. Those states, Schaerr said, wanted to "apply their own varied standards" for harmless-error analysis to death penalty cases.

In the second hour of argument Wednesday, the Court considered Abdul-Kabir v. Quarterman and Brewer v. Quarterman. Jalil Abdul-Kabir and Brent Brewer were both convicted in separate murders that occurred during robberies. Both were sentenced to death by jurors who, as with the Smith case, had been given a jury instruction found inadequate in other cases by the Supreme Court and since abandoned by the state. Both filed federal habeas petitions that the 5th Circuit denied.

The high court has overturned similar rulings by the 5th Circuit, using increasingly strong language to instruct the circuit to require greater consideration of mitigating evidence. But the 5th Circuit declined to order new trials. Texas contends that the 5th Circuit has given effect to the Supreme Court's decisions.

In an eleventh-hour development, lawyers for both Brewer and Abdul-Kabir last month urged the Supreme Court to return the cases to the 5th Circuit in light of its Dec. 11 en banc decision in Nelson v. Quarterman. In the Nelson case, the appeals court, using language more conciliatory toward the Supreme Court, "decisively changed course" on the mitigation issue, in the words of lawyers for Brewer. As a result, the cases before the Supreme Court no longer needed to be ruled on by the justices, Brewer and Abdul-Kabir argued.

But the Supreme Court did not act on their requests, so the cases were argued Wednesday.

Robert Owen, representing Brewer and Abdul-Kabir, told the justices the Nelson ruling "profoundly changed" the underpinnings of the cases and asked the Court to remand them to the 5th Circuit.

But Ginsburg noted that Texas is likely to appeal the Nelson case, so a remand would only delay resolution of the issue.

Owen, like Smith's lawyer, Jordan Steiker, is a professor at the University of Texas School of Law.

First Lady: Do More To Stop Child Porn (AP)

By Christine Ollivier, Associated Press Writer

AP, January 18, 2007

Laura Bush said at a gathering of first ladies Wednesday that police must work with counterparts in other countries to keep children safe from abuse and Internet pornographers.

French first lady Bernadette Chirac hosted the one-day conference on missing and exploited children, which brought together first ladies including Suzanne Mubarak of Egypt and Lyudmila Putin of Russia, as well as Queen Silvia of Sweden and Queen Paola of Belgium.

Mrs. Bush briefed participants on efforts to protect children in the United States, touting the Amber Alert system that mobilizes TV, radio and highway signs to get word out whenever a child goes missing.

"So far, Amber Alerts have saved more than 300 young lives in the United States, and similar programs are now saving lives in countries across the globe, including France," she said.

France's new system, modeled on the U.S. alerts, helped authorities track down three missing children last week.

The women proposed that the system be extended throughout the European Union, so all its member nations are alerted when a child goes missing.

Mrs. Bush said the U.S. alert system helped increase the percentage of missing children found to 94 percent today, compared to 62 percent in 1990.

The first lady also urged international cooperation in fighting online child pornography. She cited the case of a police officer in Denmark who found child pornography online and alerted Interpol. Eventually, the FBI traced images of an abused girl to North Carolina and a relative of the child was sentenced to 100 years in prison.

The relative had 175,000 images on his computer, and police used them to track down other child abusers. "Because one person in Denmark tipped off Interpol, four children in the United States were saved," Mrs. Bush said.

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The conference was a meeting of the honorary board of directors of the International Center for Missing & Exploited Children, based in Alexandria, Va. A study by the group examined all 186 Interpol member countries and found that up to 95 of them had no laws on child pornography, while 136 of them do not consider possession of child pornography a crime.

"This is a global phenomenon, and if we do nothing, it will become a huge epidemic," Mrs. Mubarak said.

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On the Net:

http://www.icmec.org

Governor Is Challenged On Ethics By Bruno (NYT)

By Michael Cooper

The New York Times, January 18, 2007

ALBANY, Jan. 17 — The honeymoon may be coming to an end. Joseph L. Bruno, the Republican Senate majority leader, accused Gov. Eliot Spitzer on Wednesday of being hypocritical for championing campaign finance reform while headlining a $25,000-a-couple fund-raiser later this week for the state Democratic Party.

Mr. Spitzer has been campaigning for Craig M. Johnson, the Nassau County Democrat running for the Senate seat that opened when the governor tapped Senator Michael A. L. Balboni, a Republican, to serve in his administration. Mr. Bruno and his shrinking Republican majority in the State Senate have made keeping the seat a priority.

"I wouldn't be talking campaign finance reform on one hand, and then on the other hand, doing 25,000 price of admission to funnel money — funnel money, launder money — into a Senate contest," Mr. Bruno said. "I think it's inappropriate, I think it's inequitable, I think it's unfair, and I think it's time to step up and tell it like it is."

Shortly after he was elected, Mr. Spitzer unilaterally placed a $10,000 limit on campaign contributions that he would accept, and asked the Legislature to pass a law significantly lowering the limits on donations. But his aides said he would abide by the higher limits that exist under the current law when raising money for other entities — in this case, the state Democratic Party. The money could end up being used on the Senate race.

An e-mailed invitation to the fund-raiser, which will be held Thursday evening on the Upper East Side, promises "an intimate evening with New York State Governor Eliot Spitzer" and lists a minimum ticket price of $25,000 per couple.

Up to now, Mr. Bruno has gone out of his way to praise Mr. Spitzer publicly. But in campaigning for Mr. Johnson, Mr. Spitzer has shown he is willing to break the so-called nonaggression pact that has sometimes existed in Albany between governors and lawmakers of the opposing party whose support they need to govern.

Christine Anderson, Mr. Spitzer's press secretary, said he was glad to campaign for Mr. Johnson. "The governor is asking people in the district to support reform, and he is proud of that," she said.

Mr. Bruno's decision to criticize the popular new governor's ethics was something of a gamble, given his announcement late last year that the F.B.I. has been looking into his business dealings. Senate Republicans have long shifted money between campaign accounts to protect incumbents.

The campaign of the Republican candidate in Nassau County, Maureen O'Connell, is being supported indirectly by Mr. Balboni, the new member of the Spitzer administration she hopes to succeed. Campaign filings show that he sent $110,000 from his campaign account to the New York State Senate Republican Campaign Committee on Dec. 27. On Jan. 8 the committee sent Ms. O'Connell $330,000, the vast majority of what she has raised so far.

Mr. Johnson has raised over $125,000, and taken in $92,500 more in personal and family loans, campaign finance filings show.

Jury Selected In Coke Case (HC/AP)

By Harry R. Weber Ap Business Writer, The Associated Press

Houston Chronicle, January 18, 2007

ATLANTA — Twelve jurors were selected Wednesday to decide the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant in an effort to sell them to rival Pepsi.

Opening statements in Joya Williams' trial remain scheduled for Monday, her lawyer, Janice Singer, said.

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Williams faces up to 10 years in prison if convicted of the single federal charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and at least one is expected to testify against her.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light.

On Wednesday, 15 potential jurors were excused because they own Coca-Cola stock. Another 10 were excused for various reasons not disclosed by the court.

Prosecutors and defense lawyers then began individual questioning of the remaining potential jurors in an effort to select the 12 jurors who will hear the case _ six men and six women _ and the two alternates who will step in if needed. Both alternates are men. The pool consisted of 100 people.

Jury selection began Tuesday. The trial is expected to last up to two weeks.

Williams' lawyer plans to attack the credibility of the two men with whom Williams was charged.

The two men served prison terms at the same time at a federal penitentiary in Montgomery, Ala. Duhaney served nearly five years of a seven-year sentence on a cocaine charge before being released in 2005; Dimson served less than one year of a two-year sentence on a bank fraud charge before his release in 2004.

Williams does not have a criminal record, another attorney who previously represented her has said.

Medicaid Fraud Charge (NSDY)

By Reid J. Epstein, Newsday Staff Writer

Long Island Newsday, January 18, 2007

Man is accused in probe that finds he bought $660G home and drove a Hummer while collecting assistance for needy

A Lido Beach man filed more than $420,000 in fraudulent Medicaid claims, Nassau County Executive Thomas Suozzi said yesterday.

Police and Department of Social Services officials said Ricky DiBernardo lied about his finances to qualify for Medicaid benefits. DiBernardo was arrested and pleaded not guilty Monday on a charge of grand larceny, a felony, and remained in jail yesterday on bail of $400,000.

"This is simply an abuse of the Medicaid system," Suozzi said. "This individual is receiving taxpayer-funded medical benefits instead of simply buying his own health insurance."

Suozzi and county officials offered few details about how DiBernardo, 44, was able to qualify for Medicaid, which helps cover health care costs for the needy. In 2004, DiBernardo purchased a $660,000 home at 325 Lido Blvd. and owned a black 2003 Hummer H2, which remained parked in the driveway yesterday.

On the mortgage application for the Lido Boulevard home, DiBernardo listed his annual income as $150,000, Suozzi said. DiBernardo owns an auto repair shop in Island Park, according to Nicole Watkins, Suozzi's Medicaid czar. She could not identify it by name.

Suozzi said DiBernardo deposited more than $334,000, mostly in cash, in a bank account between July 2004 and last March, and paid more than $20,000 to American Express in two months in late 2004.

Watkins said officials do not doubt the validity of DiBernardo's medical claims and cannot say for what he used the Medicaid funds. She also could not say why the county was unable - for 12 years - to determine that DiBernardo should not have qualified for Medicaid assistance.

"It's not a perfect system in terms of identifying sources of income," she said.

Social Services officials began investigating DiBernardo last January after receiving an anonymous tip that he drove the Hummer, which has a blue book value of about $28,000, Watkins said.

DOJ_NMG_0118126

DiBernardo was represented by a Legal Aid attorney at his Monday arraignment. Legal Aid attorneys would not comment on DiBernardo's case yesterday.

DiBernardo pleaded no contest in 1986 to a cocaine trafficking charge in Broward County, Fla., and was sentenced to 4 years in prison. He is also the son of Robert DiBernardo, the Gambino crime family pornography boss who disappeared June 5, 1986.

John Gotti admitted in FBI tapes played at his 1992 trial that he ordered the elder DiBernardo to be killed. Salvatore "Sammy the Bull" Gravano later admitted to killing him.

Neteller Ceases Handling U.S. Transfers (HC/AP)

By Robert Barr Associated Press Writer, The Associated Press

Houston Chronicle, January 18, 2007

LONDON — Neteller PLC, a Britain-based online money transfer business, said Thursday it is ceasing to handle gambling transactions from U.S. customers because of restrictive legislation and uncertainties about regulations.

The company's move came three days after former directors arrested and charged in the United States with funneling billions of dollars in gambling proceeds to overseas betting operations.

"As of today ... at 12:01 AM GMT, U.S. resident customers were no longer able to transfer funds using Neteller's services to or from any online gambling site," the company said in a statement to the London Stock Exchange.

Neteller said it would focus operations on markets in Europe, Asia and other countries in the Americas.

Trading in Neteller shares on the London Stock Exchange was suspended Tuesday following the announcement of the arrests of the two former directors.

Neteller is an Internet payment services company that has grown in popularity as an increasing number of credit card companies have begun refusing to accept payments to online gambling sites.

Neteller essentially acts as a middleman between gamblers and offshore betting operations. For example, a gambler who wants to place bets at offshore sports books can fund an account with Neteller, which in turn will transfer the money to the betting sites. Prosecutors say Neteller facilitated the transfer of billions of dollars of illegal gambling proceeds.

On Tuesday, U.S. authorities announced the arrests of former directors John David Lefebvre, 55, and Stephen Eric Lawrence, 46, both Canadian citizens who were indicted by a grand jury in New York.

U.S. Attorney Michael Garcia said the men knew when they took their company public that its activities were illegal.

FBI Assistant Director Mark J. Mershon, assistant director of the U.S. Federal Bureau of Investigation, said the multibillion-dollar online gambling industry is "a colossal criminal enterprise masquerading as legitimate business."

Lefebvre and Lawrence were charged in connection with the creation and operation of an Internet payment services company that facilitated the transfer of billions of dollars of illegal gambling proceeds from U.S. citizens to the owners of overseas Internet gambling companies.

Lefebvre was arrested Monday in Malibu, California. Lawrence, who resides in Paradise Island, Bahamas, was arrested Monday in the U.S. Virgin Islands.

They joined in 1999 to found Neteller, which is based in the Isle of Man and is publicly traded in the United Kingdom.

Lawrence left the company's board of directors in October and Lefebvre left in December 2005, prosecutors said.

The company's announcement noted the arrests of its former directors, but said the decision to cease gambling transfers in the United States "reflects the culmination of a series of deliberations and steps the group has taken since the passing of the UIGEA (Unlawful Internet Gambling Enforcement Act) in October 2006."

Several British-based online gambling operations, including PartyGaming PLC, Sportingbet PLC, BetOnSports PLC and Leisure & Gaming PLC, withdrew from the lucrative U.S. market as a result of the act and enforcement action by U.S. authorities.

Sportingbet PLC Chairman Peter Dicks, 64, was detained in New York on Sept. 6 when customs officials discovered he had an outstanding warrant issued by the Louisiana State Police Gaming Enforcement Division.

DOJ_NMG_0118127

The warrant, issued in May, charged Dicks with gambling by computer, a felony punishable by up to five years in prison and a US$25,000 (19,700) fine. He resigned as the company's non-executive chairman after being detained. He was later released after New York Governor George Pataki declined to sign a warrant extraditing him to Louisiana.

Former BetOnSports Chief Executive Officer David Carruthers remains under house arrest in the United States awaiting trial on federal charges based on the 1961 Wire Act.

Eight U.S. states have laws prohibiting Internet gambling: Washington, Nevada, Illinois, Indiana, Louisiana, South Dakota, Michigan and Oregon. The arrest of Dicks marked the first time one of those states had taken action against one of thousands of big-time online gambling operations. Millions of American players bet an estimated US$6 billion (euro4.7 billion) per year online, according to industry figures.

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On the Net: http://www.netellergroup.com

2 Convicted In Kidnap-ransom Scheme In Which Victims Were Dumped In California Reservoir (FINDLAW/AP)

By Greg Risling, Associated Press Writer

AP, January 18, 2007

(AP) - LOS ANGELES-Two men were convicted Wednesday of orchestrating a ruthless kidnapping-for-ransom scheme targeting Russian immigrants that resulted in the killings of five people whose bodies were found at the bottom of a Northern California reservoir.

A federal jury found Iouri Mikhel, 41, and Jurijus Kadamovas, 40, guilty of three counts of hostage-taking and three counts of conspiracy. Both could face the death penalty.

Neither defendant showed reaction. Relatives of some victims sobbed and held each other as the jury's decision was announced.

During the 4 1/2-month trial, federal prosecutors portrayed the two defendants as the leaders of a group that sought to amass a fortune by kidnapping affluent Russian immigrants from Los Angeles in late 2001 and early 2002 and extorting money from their families and friends.

Regardless of whether ransoms were paid, prosecutors said, victims were killed and their bodies tied with weights and dumped in a reservoir near Yosemite National Park. The kidnappers had promised some of their hostages that they would be freed, prosecutors said.

Defense attorneys countered that accomplices who cut deals with prosecutors for lesser prison sentences were the brains of the operation. Mikhel's attorney Richard Callahan said his client may have been involved in money laundering but would have been too smart to leave behind crucial evidence.

The penalty phase of the trial is scheduled to begin Jan. 24.

Ex-Official Of Red Cross Is Charged With Fraud (NYT)

By Randal C. Archibold

The New York Times, January 18, 2007

LOS ANGELES, Jan. 17 — A former California accounting executive at the Orange County Chapter of the American Red Cross was indicted Wednesday on federal embezzling charges, adding to concerns raised by watchdogs over the financial management of the Red Cross and some of its chapters.

The official, Karen Shuerger, 58, who was the assistant director of accounting, was charged with misappropriating more than $100,000 over the final five years of a 17-year career at the chapter. The investigation, however, is continuing to determine if the misdeeds were broader, said officials in the United States attorney's office in Los Angeles, which is prosecuting the case.

Ms. Shuerger, the indictment said, used the chapter's traveler's checks and a credit card issued by the organization to make purchases for herself at places that included a gambling hall in Nevada, a beach resort in Hawaii and the San Diego Zoo.

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The embezzlement came to light, prosecutors said, after Ms. Shuerger, who had been in charge of monitoring money received by the chapter and preparing financial records, retired in the fall of 2005.

Her replacement noticed discrepancies in the accounting books, and the organization conducted an audit in 2006 that suggested possible criminal activity, said Robb C. Adkins, the assistant United States attorney prosecuting the case. The results were turned over to the Federal Bureau of Investigation, leading to Ms. Shuerger's indictment.

Ms. Shuerger, who moved from Santa Ana, Calif., to Henderson, Nev., after she retired, could not be reached for comment. She is being issued a summons to appear in court next month.

Her lawyer, Charles Fasano, expressed surprise at the indictment, saying he had been in discussions with prosecutors over the case, but he declined to comment on them or the charges.

The American Red Cross has been under fire for its management practices. Officials said they had put in place or planned several changes to address the criticism, and they pointed to the cooperation with the F.B.I. as an example of a quick response to fraud accusations.

"The American Red Cross takes a very aggressive stance against fraud and works closely with law enforcement when criminal activity is discovered," Stanley V. Perdue, the chief executive, said in a statement distributed by the United States attorney's office.

Tales From The Whitey Watch (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 18, 2007

Former DEA agent recounts 2 years of stealth, frustrations

They tracked him any way they could, watching him through binoculars, bugging his Ford Crown Victoria, flying over him in a Cessna plane to pick up his conversations, or trying to intercept them with an antenna atop the Dorchester Heights Memorial in South Boston.

It was a two-year game of cat and mouse, as federal investigators monitored the movements of gangster James "Whitey" Bulger and his lieutenants in a frustrating quest to snare him for extorting profits from drug dealers in the neighborhood.

The investigation by the DEA and Boston Police led to federal cocaine charges against 51 people in 1990, but no charges against Bulger.

For the first time, in an interview this week with the Globe, a Drug Enforcement Administration agent assigned to the investigation 18 years ago told of the twists, turns, dramatic encounters, and disappointments of the chase.

Mike Swidwinski, a retired special agent now living in Michigan, also provided never-before-published photos that he took of Bulger, Stephen "The Rifleman" Flemmi, and Kevin J. Weeks from 1989, saying the public should see them and know the story behind them, because it is part of the city's history.

The surveillance photos provide rare glimpses of Bulger, now on the FBI's 10 Most Wanted list, patting a dog on the head near Columbia Park, holding forth at Castle Island, and relaxing on lounge chairs with Flemmi and Weeks at a time when they ran a criminal enterprise in Boston that rivaled that of the Mafia.

Swidwinski's candid account shows what it was like to be on the other side of the Bulger gang, sometimes stealthily watching, other times coming face to face with their prey.

"In retrospect, a lot of us didn't know what a dangerous man he was," said Swidwinski, who had just five years with the DEA at the time of the surveillance operation.

Bulger, 77, a longtime FBI informant, was indicted in 1995 on federal racketeering charges but fled just before the indictment and has been a fugitive since . He is also charged with 19 murders. Flemmi, also a longtime FBI informant, is serving a life sentence for 10 murders and is currently cooperating with the government.

Investigators involved in the surveillance operation, including Swidwinski, were always suspicious that the FBI hindered their attempts to get Bulger.

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Bulger's longtime handler, John J. Connolly Jr., was convicted of racketeering in 2002 for protecting Bulger and Flemmi from prosecution and leaking them information. However, Connolly was never charged with compromising the 1989 DEA investigation, and Weeks told the Globe this week that it was obvious they were being watched during that period.

Swidwinski said the Bulger investigation "was a piece of history that we actually participated in" and, with Bulger still on the run, the case is "sort of an unfinished memory" for him.

Swidwinski and his partner were trying to quietly gather evidence to show that South Boston-based cocaine dealers were paying Bulger a cut of their profits. They tapped Bulger's cellphone (a rarity for that era) and a mailbox and even buried a bug in a patch of dirt near where he walked regularly at Castle Island.

Bulger seemed always vigilant. One time Swidwinski was parked in a van across from Columbia Park (now known as Moakley Park), watching Bulger through binoculars. Suddenly, as he focused on Bulger, he realized that Bulger was staring back at him, through his own binoculars. And then the gangster started walking toward him, with Weeks at his side. The agent quickly drove away to avoid a confrontation, he said.

Another day, after agents suspected that Bulger and his deputies had discovered a bug that had been planted inside Bulger's Crown Victoria, they went to retrieve it. They stopped Bulger during a planned traffic stop, and Swidwinski ordered Bulger out of the car.

"My only bragging rights is I think I'm the only guy in history who ever took Whitey Bulger out of a car at gunpoint," said Swidwinski, now 57, who retired two years ago after 22 years with the DEA. He remembers grabbing Bulger's car keys and looking at the key ring, which had a pendant with a devil's face on it and the words "Born to Raise Hell."

Retired Boston police sergeant detective Frank Dewan, who worked alongside Swidwinski in the investigation, recounted how one day he was following Bulger and his girlfriend, Catherine Greig, when Bulger suddenly turned and began following him. "It was cat and mouse," said Dewan, adding that it was "just to let us know that he knew we were there."

Other efforts to bug Bulger also proved unsuccessful, said Dewan, recalling how the bug planted in the ground at a Castle Island spot where the gangster often stopped to discuss business with his henchmen malfunctioned, picking up nothing but WBZ radio.

Swidwinski's description of the surveillance operation recalls a lower-tech time in law enforcement. The investigators planted a bug in Bulger's car from Dec. 21, 1989, to Jan. 19, 1990, which acted as a transmitter and sent a signal to a DEA-operated Cessna that would fly overhead, following Bulger during the day, Swidwinski said. An agent in the plane would record the conversations.

At night and during poor daytime weather conditions, DEA agents would climb to the top of the Dorchester Heights monument on Telegraph Hill with another antenna to capture Bulger's conversations as he moved around South Boston.

"The weather conditions in the middle of the winter up in that tower were just horrific," said Swidwinski.

But none of Bulger's conversations were of any value, prompting investigators to yank the bug, Swidwinski said. The agents believed that Bulger suspected his car was bugged, because when Weeks would start to talk, Bulger would warn, "I told you, don't talk in the car."

"Either he is a highly intelligent person, or he just kept getting tipped off," Swidwinski said.

Bulger always suspected he was being bugged and knew he was followed by the airplane, according to Weeks, who struck a deal with the government after his 1999 arrest and is now a free man after serving five years for assisting Bulger in five murders.

"You'd look up in the sky and see this plane doing figure-eights over us," said Weeks during a telephone interview yesterday. "We'd drive to the Cape, we'd be on the highway, and we'd see the plane."

Weeks said that he and Bulger were aware of the DEA surveillance because they had police scanners in their cars, set to the DEA's frequency. In fact, he said, he learned from listening to the scanner that agents were about to make arrests in August 1990, prompting him and Bulger to hang out at Boston Common that morning until they were sure they weren't going to be arrested.

Swidwinski has read books by Weeks and others about Bulger and surfs the Internet for updates about the international effort to catch him. He said he has no idea where Bulger might be, but if he encountered the gangster on the street, he believes he could recognize him, just from his stern and sometimes menacing voice.

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"He didn't have that Boston accent," Swidwinski said. "He kind of had what I'd call a normal accent. There were times when he'd raise his voice and you could almost see the smoke coming out of his nostrils. . . . He pretty much spoke with authority."

TJX Says Customer Data Was Stolen (NYT)

By Brad Stone And Eric Dash

The New York Times, January 18, 2007

The TJX Companies, the retailer that operates the T. J. Maxx and Marshalls discount clothing chains, has joined the ignominious list of companies that have had sensitive customer financial data pilfered by identity thieves.

Yesterday the company, based in Framingham, Mass., said that as early as 2003 and during most of last year, an intruder had gained access to a computer system containing the private records of customers, including credit and debit cards, checks and driver's license numbers.

Both its flagship chains were affected, as well as HomeGoods and A. J. Wright stores in the United States, and its Winners and HomeSense chains in Canada. The company said it was still trying to determine whether data from its 36 Bob's Stores locations in the United States had also been compromised.

"We are deeply concerned about this event and the difficulties it may cause our customers," Ben Cammarata, the chief executive of the TJX Companies, said in a news release posted on the company's Web site.

The company did not specify precisely how many customers were put at risk. Sherry Lang, vice president for investor and public relations, said that the intruder had taken the credit and debit card records of "a limited number of people, substantially less than millions of people," as well as a small number of driver's license numbers. Ms. Lang said the company did not know whether other account information was also stolen, and declined to be more specific.

The major credit card companies said yesterday that they were aware of the breach and had notified the banks that issue their cards to monitor for suspicious account activity.

The TJX Companies detected the break-in last month, when an outside consultant noted suspicious activity on its network, Ms. Lang said.

The company said it was working with the Secret Service, the Justice Department and the Royal Canadian Mounted Police. Darrin Blackford, a spokesman for the Secret Service, would not disclose any details about the investigation but said the agency was actively involved.

Avivah Litan, a data security analyst at Gartner Inc., said that TJX most likely suffered an attack on its centralized processing center, which holds customer account data. Ms. Litan said the company appeared to be storing information from its point-of-sale control terminals, which would include data from the magnetic stripes of credit cards and other sensitive information that most data security experts advise companies not to keep.

Privacy experts said the disclosure of the breach indicated that the data had not been encrypted, though TJX declined to address that question.

Beth Givens at the Privacy Rights Clearinghouse, a nonprofit consumer-advocacy project based in San Diego, said that leaving customer data exposed on networked computers was a mistake many companies still make. "Given not only the financial hit but the public relations black eye, you would think that companies would be taking security far more seriously than they appear to be," Ms. Givens said.

2002 Sniper 'Witness' Convicted Of Rape, Murder (WP)

By Tom Jackman

The Washington Post, January 18, 2007

Matthew M. Dowdy served a short but well-publicized jail stint for his false claim that he witnessed a sniper shooting in 2002. His latest offense was far less notorious but probably will land him in prison for the rest of his life.

A Fairfax County jury convicted Dowdy yesterday of first-degree murder and rape for the September 2005 stabbing of Judy J. "Jaimie" Coate in the Falls Church area. The jury then sentenced Dowdy, 42, to life in prison on the murder charge and 30 years on the rape charge -- terms that Circuit Court Judge Stanley P. Klein can impose or decrease at sentencing April 20.

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The slaying of Coate, 31, of Falls Church, whose body was discovered behind a large utility box on Lee Highway on Sept. 27, 2005, was unrelated to Dowdy's arrest in October 2002, at the height of the region's terror over the sniper slayings. Dowdy claimed he saw a man with a rifle fire from the parking lot at the Home Depot in the Seven Corners area, killing Linda G. Franklin.

Surveillance tapes soon showed that Dowdy was inside the store and could not have seen the shooting. His lawyer later claimed that Dowdy was simply relaying information from a friend, though the shot was actually fired from a community center across the street from the store. Dowdy pleaded no contest to a charge of making a false statement to an officer, was fined $1,000 and was sentenced to six months in jail.

In 2005, Dowdy was living in a motel in the city of Falls Church. When Coate's body was found in some underbrush, she had been stabbed in the neck, head, stomach and back, said Fairfax Commonwealth's Attorney Robert F. Horan Jr. And "a great deal of blood," Coate's blood, was on the utility box, he said.

Examiners testified that Dowdy's fingerprint and palm print were in Coate's blood on the box, and they said his DNA was found at the scene. There were no witnesses to the killing.

Dowdy testified that he had been with Coate and had consensual sex with her but had not killed her. Defense attorney Daniel T. Lopez said that the fingerprint evidence had been "handled poorly" by investigators and that the palm print was not Dowdy's.

The jury deliberated about seven hours over two days before reaching its verdict.

Suspect In Kidnapping May Be Linked To 1991 Abduction (NYT)

By Susan Saulny

The New York Times, January 18, 2007

POTOSI, Mo., Jan. 17 — The investigation of a suburban St. Louis man accused of kidnapping widened Wednesday as law enforcement officials pursued links between him and a 1991 abduction.

Prosecutors in Washington County on Wednesday charged the man, Michael Devlin, 41, with kidnapping and using a deadly weapon, asserting that Shawn Hornbeck, 15, may have faced a handgun when he was abducted four years ago near his home in Redwoods, Mo., a rural town southwest of St. Louis.

The police found Shawn at Mr. Devlin's apartment in Kirkwood, a St. Louis suburb, on Friday while searching for another boy, William Ownby, 13, who had been missing for four days. Mr. Devlin was arrested Friday and charged with one count of kidnapping William, who is known as Ben. He is being held on $3 million bail and is to be arraigned Thursday.

In Lincoln County, northwest of St. Louis, investigators named Mr. Devlin as a possible suspect in the 1991 disappearance of Charles Arlin Henderson. Charles, known as Arlin, disappeared — like Shawn — while riding his bike, near his home in Moscow Mills. He was also 11, and, a police spokesman said, looked a lot like Shawn and Ben.

"It may mean nothing; it may mean everything," said Lt. Rick Harrell of the Lincoln County Sheriff's Office.

Debra Henderson-Griffith, Arlin's mother, agreed that there was a resemblance between the boys.

"His coloring, his face, his build, his smile, he looks a lot like Ben," Ms. Henderson-Griffith said of the son who disappeared one evening as she cooked dinner for him. .

"If he's dead, I want justice," she said. "But I think he's alive, and I want him home. I'm never going to give up hope until somebody brings me a body."

In Washington County, John D. Ruff, the prosecutor, would not discuss the weapons charge.. But in a statement of probable cause given to the court, the Washington County sheriff, Kevin Schroeder, said Mr. Devlin, 41, abducted Shawn "utilizing force for the purpose of terrorizing the victim."

But both men said their evidence discredited rumors that Shawn was a runaway. "Shawn was abducted against his will — period," Mr. Ruff said. "End of story."

Sheriff Schroeder added: "This is something that is so bizarre that the normal individual cannot grasp what this 11-year-old boy went through. Nobody knows. Nobody was in that situation."

CIVIL LAW:

DOJ_NMG_0118132

Utah Attorney Argues Brother's Death In Denver Court (SLT)

By Keith Coffman, Special to The Tribune

Salt Lake Tribune, January 18, 2007

Jesse Trentadue says prison guards in Oklahoma killed

DENVER - In the past dozen years, Salt Lake City attorney Jesse Trentadue has lost his parents, his law partner and his younger brother.

The latter was the most traumatic. Kenneth Trentadue was found hanged in 1995 in a federal prison in Oklahoma.

Since then, Trentadue has fought to disprove the official finding of suicide and prove his theory that Kenneth Trentade was murdered by guards who mistook him for an accomplice in the Oklahoma City bombing.

On Wednesday, in the latest hearing in a bitter legal wrangle, the 10th U.S. Circuit Court of Appeals heard arguments on two issues in the case.

The first was the federal government's request to overturn a judge's ruling giving $1.1 million to the family for emotional distress caused by how Bureau of Prisons (BOP) officials handled the aftermath of Trentadue's death.

The second was whether to allow family members to press ahead with their claim that authorities tried to derail their quest to prove murder by attempting to bring bogus obstruction of justice charges against Jesse Trentadue.

Michael E. Robinson, a Justice Department attorney, said the record showed that emotional distress allegedly caused by the handling of the inmate's death did not affect the daily activities of all Trentadue family members.

Advertisement

He also pointed out that only a few family members saw the bruises and autopsy incisions on Trentadue's body after it had been sent to a California funeral home. Oklahoma law distinguishes between bystanders and individuals who were directly involved, Robinson said.

"They were more like bystanders," he said of the Trentadues who were not present when funeral home workers removed the body from a coffin and photographed it.

Judge Terrence O'Brien questioned Robinson about whether the emotional distress the Trentadues suffered came "from the runaround they got from the BOP."

Robinson said that "they essentially learned of the condition of the body after the fact" and, therefore, could not get damages for emotional distress.

Trentadue countered that the government "skirts the issue" of the emotional distress by not producing the full record of the evidence.

He also argued that the government tried to get inmates who were in prison with his brother "to say I paid them to lie."

Kenneth Trentadue, who had served time for bank robbery, was arrested near San Diego in June 1995, two months after the bombing that killed 168 people at the federal building in Oklahoma City. He was sent to the Federal Transfer Center in Oklahoma City for an alleged parole violation.

On Aug. 21, guards found Trentadue's blood-soaked body in his cell hanging from a noose made of torn bedsheets. Prison officials say the 44-year-old inmate committed suicide.

According to Jesse Trentadue, his brother bore a strong resemblance to Richard Lee Guthrie, a bank robber and alleged accomplice of McVeigh. He maintains that authorities mistakenly thought his brother was Guthrie - a member of the Midwest Bank Robbery Gang, an arm of the Aryan Republican Army that stole from financial institutions to fund attacks on government buildings - and killed him during an interrogation that got out of hand.

The family filed suit over the death. U.S. District Judge Tim Leonard in Oklahoma City ruled in 2001 that Trentadue committed suicide, but awarded the family $1.1 million for emotional distress.

The matter was appealed once before and the 10th Circuit ordered further findings by Leonard, who reinstated the award. The case went back to Denver on the appeal of the award and the family's request to be allowed to bring a claim on the alleged attempts to stop their inquiry.

Robinson declined comment after the hearing.

Trentadue, who said he was tired and drained, said the years since 1995 have been hard.

"They'll lie when the truth will serve them better," he said of federal authorities.

The appeals court took the arguments under consideration and will issue a ruling later.

Schering Sales To Pay $435m In Drug Pricing, Marketing Case (AP)

By Denise Lavoie

AP, January 18, 2007

BOSTON - Schering Sales Corp. and its parent company were sentenced to pay $435 million Wednesday as part of a settlement with the Justice Department over accusations it improperly marketed drugs for unapproved uses and lied to the government about drug prices.

Under a settlement announced in August, Schering Sales pleaded guilty to conspiracy and agreed to pay a criminal fine of $180 million. Its parent company, Schering-Plough Corp., agreed to pay another $255 million to resolve civil aspects of the case.

The sentencing closes the loop on an investigation by the Justice Department and the U.S. Attorney's Office in Boston that began in 2001.

Investigators said Schering-Plough marketed drugs for uses that had not been approved by the Food & Drug Administration. One example was Temodar, a drug the FDA had approved to treat a type of brain tumor called anaplastic astrocytoma. Prosecutors said Schering promoted Temodar to treat several other types of brain cancer, which the FDA had not approved. The company also promoted the unapproved use of Intron A for the treatment of cancer on the surface of the bladder, prosecutors said.

Although doctors are allowed to prescribe drugs for unapproved uses, drug companies are prohibited from marketing drugs for these so-called "off-label" uses.

As part of the settlement, the company pleaded guilty to making false statements to the Food & Drug Administration and the Health Care Financing Administration.

U.S. District Judge Patti Saris scolded Schering and the entire pharmaceutical industry for promoting non-FDA approved uses for drugs. She noted that several other major drug companies have also been fined for illegal marketing, including Pfizer Inc., which in 2004 agreed to pay $430 million on allegations that Warner-Lambert, which Pfizer acquired in 2000, promoted non-approved uses of the anti-seizure drug Neurontin.

"You cannot thumb your nose at the FDA," Saris said.

"At the end of the day, you can't market off-label. ... It's wrong."

Brien O'Connor, an attorney for Schering, said the company never lied to doctors about the uses the drugs had been approved for, but simply spoke to doctors and gave them peer-reviewed articles about other uses for the drugs.

"We told the truth about Temodar and Intron, and we didn't mislead the doctors," O'Connor said after the sentencing.

Thomas Sabatino Jr., general counsel for Schering-Plough, said that after a new management team took over the company in 2003 the company put a strict compliance program in place, including training all employees on its code of conduct and putting a compliance officer in each of its business units.

"We have a clear focus on business integrity, compliance, and honestly, doing the right thing," Sabatino said.

Prosecutors said Schering-Plough, based in Kenilworth, N.J., also reported a false best price to the Health Care Financing Administration on Claritin RediTabs to avoid paying millions of dollars in rebates to Medicaid. Under Medicaid rules, pharmaceutical companies must provide their products at the best price made available to commercial buyers, including HMOs.

Lawsuit Points To MRI Kickbacks (WSJ)

By David Armstrong

The Wall Street Journal, January 18, 2007

A whistleblower lawsuit unsealed Wednesday details a widespread scheme among Chicago-area MRI operators to win referrals from doctors by allegedly signing the doctors to phony equipment lease deals that result in the physicians getting a kickback when they order scans for patients.

The action, originally filed last February, was unsealed after the Illinois attorney general decided to intervene in the case.

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The lawsuit strikes at an increasingly common arrangement between magnetic-resonance-imaging centers and doctors that is blamed for helping to fuel a staggering increase in the number of medical imaging tests done each year in the U.S.

The action names 11 MRI centers allegedly engaged in the illegal kickback scheme.

According to the complaint, the MRI service centers sign lease deals with physicians that purportedly call for the doctors to rent time on MRI machines to scan their patients. In reality, the lawsuit charges, the physicians never perform any of the scans. The scans are done by the MRI center employees at their facility.

The arrangements are "subterfuge" to hide kickbacks to the doctors, the lawsuit alleges. By entering into a "lease arrangement," the referring physician can claim part of the insurance payment even though he hasn't done any work related to the scan. For the MRI centers, the arrangements help generate referrals.

The lawsuit claims thousands of MRI scans have been conducted under these lease deals in the past 18 months.

By intervening, the Illinois attorney general will now prosecute the civil case, said Benjamin Weinberg, the chief of the public interest division. Mr. Weinberg said the attorney general will seek an injunction to stop the alleged kickback schemes as well as pursuing restitution and damages related to the insurance payments for the scans. He said the office did not yet have an estimate of how much insurers were billed under the lease arrangements.

CIVIL RIGHTS:

Man Who Tried To Scare Black Neighbors Sentenced To 33 Months (AP)

AP, January 18, 2007

CLEVELAND (AP) — A man who admitted he spread mercury around an interracial couple's house two years ago to try to scare black families from his neighborhood was sentenced Wednesday to nearly three years in federal prison, the Justice Department announced.

U.S. District Judge Patricia Gaughan said she wanted to send a clear message with the 33-month prison term that such conduct won't be tolerated.

David Fredericy, 50, who is white, pleaded guilty in October to conspiracy, making false statements to federal investigators and interference with housing rights.

In his signed plea agreement, Fredericy said he and neighbor Joseph Kuzlik, who is also white, wanted to drive black residents out of their Slavic Village neighborhood. The two would yell racial slurs and threaten black neighbors, the agreement said.

The neighborhood in southeast Cleveland has been filled with racial tension in recent years.

Kuzlik, who pleaded guilty in November to similar charges, is to be sentenced next month.

In February 2005, Fredericy used a syringe to squirt mercury around the interracial couple's house and on their porch, while Kuzlik acted as a lookout, authorities said. The neighbors touched the liquid, which can be toxic, and brought it into their home on their shoes. No one was injured.

Gaughan also ordered Fredericy to repay the state and federal environmental protection agencies for the cleanup.

Expert: Party Official Used Racial Slurs To Disenfranchise Whites (AP)

By Holbrook Mohr

AP, January 18, 2007

JACKSON, Miss. - A black Noxubee County Democratic Party official and his allies exploit racial tensions to disenfranchise white candidates and voters, a federal judge was told Wednesday in the government's first use of the Voting Rights Act to allege discrimination against whites.

Theodore Arrington, a political science professor at the University of North Carolina, testified as an expert witness for the U.S. Justice Department. He compared the current treatment of whites in east Mississippi's Noxubee County to the disfranchisement of black voters in the racially segregated South of the past.

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Noxubee County has a majority black population. The Justice Department accuses Ike Brown - chairman of the county's Democratic Executive Committee - of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Mississippi and other Southern states strictly enforced segregation.

"Ike Brown and his associates do not uphold the law and customs that prevent bias and fraud in the administration of the Democratic primary, which is tantamount to elections in Noxubee County," Arrington testified. "And he cannot be trusted to do so in the future. Indeed, he is behind much of that fraud."

Wil Colom, one of Brown's defense attorneys, strongly objected to Arrington's statements, but U.S. District Judge Tom S. Lee allowed the testimony to continue. Lee is hearing the case without a jury.

Arrington said Brown and others use racial slurs as "bullying techniques" to bring people in line and further polarize elections.

The testimony came in the second day of the trial that accuses Brown and his associates of allowing unqualified black candidates to run in the county's elections. Brown, among other things, is also accused of rejecting whites' absentee ballots while accepting blacks' ballots with similar defects.

The court recessed for lunch before Brown's defense team was able respond to the accusations in a cross examination.

Brown, a former tax preparer, who served 21 months in prison in the 1990s on a felony conviction of preparing fraudulent federal income-tax returns. He is a driving force in politics in Noxubee County.

Whites once controlled politics in the Noxubee County, a rural area along the Alabama line with a population of 12,500, but now there's only one white countywide office holder. The Justice Department says Brown is the reason for that, claiming he manipulates elections.

The population in the county is about 70 percent black and 30 percent white. Democratic candidates are virtually guaranteed to win elections.

Feds Urged To Probe State's Mental Hospitals (AJC)

By Alan Judd, Andy Miller, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 18, 2007

The National Alliance on Mental Illness, a consumer advocacy group, Wednesday asked the U.S. Justice Department to investigate what it called "unacceptable and intolerable" conditions in Georgia's seven state mental hospitals.

The group said its letter to U.S. Attorney General Alberto Gonzales was prompted by an Atlanta Journal-Constitution investigation that found a pattern of neglect, abuse and poor medical care in the Georgia psychiatric hospitals.

The newspaper reported at least 115 suspicious deaths of patients and more than 190 substantiated cases of physical or sexual abuse by hospital employees since 2002.

The suspicious deaths included 36 who died from choking on food, vomit or foreign objects, or by aspirating those substances into their lungs. A similar number died for lack of emergency treatment or from questionable medical care. Twelve committed suicide.

"I cannot emphasize enough the outrage of NAMI members to such conditions," Michael Fitzpatrick, executive director of the Virginia-based group, said in the letter.

"The Georgia scandal represents an especially egregious, systemic violation of civil rights."

A Department of Justice spokeswoman said late Wednesday that its Civil Rights Division had not yet received the letter. "But when we do, we will certainly review it," said Cynthia Magnuson, the spokeswoman.

Under a federal civil rights statute intended to protect people in government institutional care, Justice has investigated conditions in mental hospitals and facilities for the mentally retarded in several states. The federal investigations often lead to a state agreement to launch reforms.

"It's premature for us to comment" on the request for an investigation, said Dena Smith, a spokeswoman for the state Department of Human Resources, which operates the hospitals.

Earlier Wednesday, DHR's board met but its top officials did not mention the Journal-Constitution's series of four reports.

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NAMI describes itself as a grass-roots organization dedicated to improving the lives of people living with serious mental illness and their families. It has about 200,000 members nationally.

Federal intervention "is a last resort," Ron Honberg, legal director for NAMI, said in an interview.

"Generally the Justice Department gets involved if there's a pattern of problems that's pervasive."

The group's letter also cited patient overcrowding and hospital understaffing that the newspaper concluded contributed to deaths and abuse cases.

Honberg called conditions in Georgia's seven mental hospitals "unacceptable and intolerable."

DHR said earlier Wednesday that its 2008 budget included money for an additional 83 forensic beds for patients who are under court supervision.

Since fiscal 2004, the seven hospitals' operating budgets — which include state and federal money — have declined by 12 percent. But the average daily number of adult mental health patients will have risen about 12 percent by the end of this fiscal year, officials project.

NAMI's Honberg said federal intervention "is by no means the only potential remedy. We shouldn't hang our hats only on this."

Justice Department action, though, has served as a catalyst to improve hospitals in states such as Alabama, Vermont and Virginia, NAMI said.

The group's Georgia chapter, along with other advocacy groups in the Mental Health Services Coalition, plans a Tuesday news conference to call for the Legislature to address what they call "a crisis" in mental health services.

To read the investigative report, A Hidden Shame: Danger and Death in Georgia's Mental Hospitals, go to www.ajc.com/hiddenshame.

NY Congressman Wants Probe Of Duke Lacrosse Prosecutor (AP)

By Devlin Barrett

AP, January 18, 2007

WASHINGTON - A second congressman has urged the Department of Justice to investigate whether the district attorney in the Duke lacrosse sexual assault violated the rights of the defendants.

Rep. Peter King, whose Long Island district includes relatives of one of the accused students, Collin Finnerty, urged Attorney General Alberto Gonzales to begin an investigation into Mike Nifong, who asked last week to be recused from the case.

"I am deeply disappointed by your apparent decision to defer a decision whether to investigate Mr. Nifong's prosecution of this case," King wrote to Gonzales, arguing that the FBI should investigate whether the prosecutor may have violated Finnerty's civil rights, including the right to due process under the law.

Justice Department spokeswoman Cynthia Magnuson said it was too early to launch a federal probe.

"It would be premature to initiate a federal investigation while criminal charges and other procedures are pending in the state of North Carolina," Magnuson said.

A message left at Nifong's office was not immediately returned.

King, the top Republican on the House Homeland Security Committee, is the son of a New York Police Department lieutenant. His request for an investigation is the latest addition to the chorus of public criticism of Nifong's handling of the case.

Justice Department officials said Tuesday they had rejected a similar request from North Carolina Rep. Walter Jones, also a Republican. Jones' spokeswoman, Kathleen Joyce, said the congressman still planned to meet next week with the head of the department's Civil Rights Division.

Special prosecutors with the North Carolina attorney general's office have been assigned to take over the case against the three accused lacrosse players - Finnerty, Dave Evans and Reade Seligmann.

The three are accused of attacking a stripper hired to perform at a team party in March.

Nifong dropped rape charges against the players last month after the woman wavered on some key details, but the men still face sexual offense and kidnapping charges. The players have strongly proclaimed their innocence.

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Meanwhile, a letter signed by dozens of Duke professors and posted on the Internet said while they also presume the players are innocent, they won't apologize for a widely criticized ad published in the campus newspaper. That ad included anonymous quotes from students discussing racism and sexual assault on Duke's campus.

"The ad has been read as a comment on the alleged rape, the team party, or the specific students accused," the letter said. "Worse, it has been read as rendering a judgment in the case. ... We reject all attempts to try the case outside the courts, and stand firmly by the principle of the presumption of innocence."

The letter is signed by 87 faculty members, many of whom endorsed the ad in April.

Since he was recused, Nifong has handed over thousands of pages of information to the special prosecutors. One of them, Mary Winstead, worked with Nifong as an assistant district attorney in Durham for several years in the late 1980s and early 1990s.

Some lawyers said she was an unusual choice for the case considering that Nifong's handling of the case has been heavily criticized.

"She may not be investigating Mike, but she's investigating Mike's work," said attorney Alex Charns, who represents an unindicted lacrosse player. "(Nifong's) conduct is part and parcel of this prosecution. There's no way to untangle that."

The North Carolina State Bar has filed ethics charges against Nifong for making misleading and inflammatory comments about the lacrosse team early in the case.

Prison 'Rewards' Border Agents (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 18, 2007

Two former U.S. Border Patrol agents surrendered yesterday to begin prison sentences for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico.

Ignacio Ramos, 37, and Jose Alonso Compean, 28, said goodbye to their wives and six children -- three each -- as they turned themselves over to U.S. Marshals shortly after 1:30 p.m. at the federal courthouse in El Paso, Texas, to begin 11- and 12-year sentences, respectively.

Rep. Dana Rohrabacher, the California Republican who has been at the forefront of efforts to have the prosecution reviewed and the agents re-tried, yesterday criticized the White House for not acting in the case.

"This is the worst betrayal of American defenders I have ever seen," Mr. Rohrabacher said of President Bush. "It's shameful this was done by someone who is in the Republican Party. He obviously thinks more about his agreements with Mexico than the lives of American people and backing up his defenders.

"Our border agents risk their lives daily to uphold our immigration laws and defend our borders," he said. "If the conviction of Ramos and Compean is an indication of how our government will repay them, we can be certain good men and women will soon flee the ranks of Border Patrol service."

Ramos, a 10-year Border Patrol veteran and former "Agent of the Year" nominee, and Compean, a five-year member of the agency, were sentenced in October in federal court in El Paso on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

The conviction came after the smuggling suspect, Osbaldo Aldrete-Davila, was located in Mexico by Department of Homeland Security investigators and was given immunity by U.S. prosecutors against any drug charges in exchange for his testimony against the agents.

"How will my children cope with this?" Patty Compean asked reporters as her husband prepared to turn himself over to federal authorities. "My husband is a good man and a good father. Sometimes I just don't know how this all happened."

The White House refused last week a request by Republican House members to keep the two men out of prison pending their appeal. Bush spokesman Tony Snow said that the case against the agents had been mischaracterized, that they had violated regulations and that they had been convicted by a jury.

The two men surrendered after U.S. District Judge Kathleen Cardone, who heard the case, denied a motion that they remain free on bond pending an appeal to the 5th U.S. Circuit Court of Appeals in New Orleans for a new trial.

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"Because defendant has been convicted of a crime of violence, he is eligible for release pending appeal only for exceptional reasons," Judge Cardone said in denying the motion. "The court finds that no exceptional reasons exist in this case."

Both men were handcuffed and taken to the county jail for two weeks to a month until they can be transported to their assigned federal prisons. Ramos is expected to be housed in Mississippi, while Compean will be incarcerated in Ohio.

Last month, Mr. Rohrabacher announced a petition drive calling for the commutation of the sentences. His spokeswoman, Tara Setmayer, said that more than 252,000 signatures were collected and that the petition was presented this week to the White House.

The immunity agreement protected Aldrete-Davila from being charged in the United States with drug smuggling. Ramos and Compean found 743 pounds of marijuana in the van he abandoned near the Rio Grande along the border with Mexico.

Aldrete-Davila was shot after he illegally entered the United States near Fabens, Texas, and refused efforts by the agents to stop his vehicle. Court records show he jumped from his van and ran south to the Rio Grande, where he was confronted by Compean, who was knocked to the ground.

Although wounded, Aldrete-Davila managed to cross the border and escape in a waiting van.

The government's prosecution began after an investigator from the Department of Homeland Security's Office of Inspector General located Aldrete-Davila in Mexico. The investigator had been dispatched after the suspect's mother complained to a Border Patrol agent in Arizona that her son had been shot.

President Calls For Genetic Privacy Bill (NYT)

By Sheryl Gay Stolberg

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — President Bush on Wednesday urged Congress to pass long-stalled legislation to safeguard genetic privacy, a measure experts say would encourage millions of Americans to undergo testing that could lead to prevention and treatment of cancer and other diseases.

“If a person is willing to share his or her genetic information, it is important that that information not be exploited in improper ways,” Mr. Bush said at the National Institutes of Health. “And Congress can pass good legislation to prevent that from happening.” He added, “We want medical research to go forward without an individual fearing personal discrimination.”

For years, scientists and patients’ advocates have pushed for legislation barring employers and insurance companies from discriminating based on the results of genetic tests. A so-called genetic discrimination bill passed the Senate unanimously in 2003, but died in the House.

The bill was reintroduced in the House this week. With Congress now under Democratic control, the bill’s backers are optimistic . They include Dr. Francis S. Collins, director of the National Human Genome Research Institute at the health institutes, who participated in a roundtable discussion with Mr. Bush on Wednesday.

Dr. Collins said Mr. Bush’s statement, along with the possibility of Congressional action, “gives us renewed hope that all Americans will finally receive the protections they need to benefit from gene-based medicine.”

The Spread Of The Credit Check As Civil Rights Issue (CSM)

By Ben Arnoldy

The Christian Science Monitor, January 18, 2007

Lisa Bailey worked for five months at Harvard University as a temp entering donations into a database. When the university made the job a salaried position, Ms. Bailey, who is black, saw a chance to lift herself out of dead-end jobs.

Bailey's superiors encouraged her to apply, she says, but turned her down after discovering her bad credit history.

Bailey, with her lawyer, has lodged a complaint against Harvard charging racial discrimination. The reason: Studies show that minorities are more likely to have bad credit, but credit problems have not been shown to negatively affect job performance.

Some privacy and minority advocates are now seeing credit as a civil rights issue as minorities start to fight employers and insurers who base decisions on credit histories. Their effort could slow the near doubling in credit checks by employers in the past decade, which impacts millions of Americans who are struggling with debt.

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"It's definitely a civil rights issue because of the growing use of credit reports and credit scores for hiring, renting an apartment, insurance, and the fact that people of color have not been integrated into the credit scoring system as much as traditional, white, middle-class America," says Evan Hendricks, author of "Credit Scores & Credit Reports: How the System Really Works, What You Can Do."

In a 2004 study involving 2 million people, the Texas Department of Insurance found that blacks have an average credit score roughly 10 percent to 35 percent worse than whites; Hispanics have scores 5 percent to 25 percent worse than whites.

Credit checks are a growing factor in hiring, with 35 percent of employers checking applicants' credit in 2003, up from 19 percent in 1996, according to the Society of Human Resource Management (SHRM). Typically credit reports are done if a person is going to deal with money, says John Dooney, a manager of strategic research at SHRM.

A case for considering credit

Employers should look at credit only for jobs where the information is relevant, says Lester Rosen, president of Employment Screening Resources, a national background screening firm in California. He cites a few examples:

• For jobs handling money, people may have the motive to steal if their debts surpass their salary.

• For jobs requiring travel, bad credit could bar applicants from renting cars or buying tickets.

• For jobs managing money, the report can offer some clues on how applicants manage their own.

Particularly in that last scenario, he cautions employers to be circumspect since blemishes might be errors or beyond the person's control, such as sudden medical expenses. Legally, employers must receive written permission from applicants to do a credit check, and must give those denied because of credit a chance to respond.

Mr. Rosen defends the careful consideration of credit in the hiring process. "If Harvard hired a person and did not use a credit report and the person embezzled, what would the headline be?" he asks.

So far, there's a lack of data supporting a relationship between bad credit and theft by employees. In perhaps the only study published on the subject, Jerry Palmer and Laura Koppes at Eastern Kentucky University in Richmond in 2003 found no correlation between employee credit reports and negative performance or termination for dishonesty.

Antidiscrimination laws bar a hiring practice that disadvantage minorities – even inadvertently – unless a company can prove it's related to measuring a person's capability to do a job. Bailey's lawyer, Piper Hoffman, has taken on several cases in which companies used credit as a factor in the hiring process. In one 2004 case, she says, an employee's lawsuit against Johnson & Johnson resulted in a settlement that changed the way the company used credit in its hiring practices.

"In the larger picture, we're hoping to get Harvard and other employers to stop using credit as a criterion in hiring," Ms. Hoffman says.

Bailey lodged her complaint in November with the Equal Employment Opportunity Commission (EEOC), which reviews all such cases before any lawsuits can be filed. Agency officials say there's anecdotal evidence these cases are on the rise.

"Employers seem to be assuming that somebody with a poor credit history is more likely to steal, and I don't think there's any kind of evidence that supports that," says Dianna Johnston, assistant legal counsel with the EEOC. "To the extent that the employer has done an in-depth look and found other indices of dishonesty, they would be on more solid ground."

In a statement, Harvard noted that a "relatively small percentage" of jobs at the university require a credit check.

"The university conducts credit history reviews for employment purposes as required by credit card issuers, as well as to fulfill our fiduciary and data privacy responsibilities," says the statement. "Those responsibilities include protecting the private credit card data of our students, faculty, parents, and alumni."

Bailey says that if Harvard was concerned she might steal, the university should have looked at criminal records instead. "I was a cashier for many years and I've never been rich and I've never stolen money," she says.

She ran into credit-card debt she couldn't pay back when she spent some time unemployed. Harvard, she says, offered to reconsider if she could clear up her report in one week.

"The only way I can get it cleaned up in seven days is if I have money, so there was no way," says Bailey.

Catch-22 for poor people

Ernest Haffner, an attorney adviser with the EEOC, notes that employers who screen for credit are setting up a Catch-22 for poor people: They need jobs to get good credit, but employers won't hire them because they don't have it.

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The racial component to credit histories has been challenged in the insurance arena, too. The Texas Department of Insurance study found a relationship between credit scores and claims filed.

However, a class-action lawsuit against Allstate has just been settled, which resulted in the company changing the way they evaluate credit reports, says Wendy Harrison, a Phoenix-based lawyer who brought the case.

"What we've argued in our [insurance] cases is that you can adjust for [racial bias]," Ms. Harrison says, who has also handled cases of credit screening by employers.

Employers, however, are probably not relying on a number rating that can be adjusted, since, according to Rosen, agencies only give them specialty reports that don't include a score. Harvard says their report had no score.

As for Bailey, she still wants the Harvard job, and says there would be "no hard feelings." But first she wants to change the system for herself and others. "I hope I win. It might be beneficial to other people, too," she says.

Show Us The Money (WP)

By Cyrus Habib

The Washington Post, January 18, 2007

Blind Americans may soon find themselves able to use money just like anyone else. That is unless the Treasury Department is successful this month in its appeal of a recent federal court order that paper currency be made recognizable to the blind, who are currently unable to distinguish one denomination from another.

I, for example, rely on the generosity of cab drivers, baristas and store clerks each time I make a purchase with cash. That I have rarely been ripped off is a testament to their honesty or my charm, but I cannot help but protest the perpetual necessity for either. After all, there are 180 countries in which this is not the case, because their currency is designed to be distinguishable by all.

U.S. District Judge James Robertson asked the Treasury Department to determine the best means of making money distinguishable by the blind, citing the myriad solutions proposed by the organization that filed the lawsuit, the American Council of the Blind. These included using raised ink, modifying the size of certain bills and producing a tactile mark to indicate a bill's denomination. The Treasury Department has objected to all such solutions, claiming that the $75 million price tag is simply too high.

Of course, Treasury's lawyers fail to mention that the cost would have been far lower had the department acted voluntarily when the $20 bill was redesigned in 1998 and the $10 bill was modified last year. Instead, it has decided to spend our tax money fighting the blind in court, appealing Judge Robertson's decision even before a final judgment on the nature of a solution could be reached.

Blind people in the United States suffer from a staggering 70 percent unemployment rate, and a disproportionately high percentage of those who are employed occupy jobs in the low end of the service sector. There is no question that the catastrophic poverty of America's blind requires a solution. Why not begin by giving us access to money at the most atomic level? How can blind Americans become truly independent, achieving the success we deserve and leaving behind the stigma of federal and state aid, without being able to differentiate between a dollar bill and a fifty?

The Treasury Department suggests using debit and credit cards, disregarding the fact that the lives of many blind Americans hinge upon financial exchanges for which plastic is often useless, such as catching a crosstown bus, purchasing a cup of coffee or getting change for laundry.

These basic day-to-day experiences may not constitute reality for Treasury Secretary Henry Paulson and his team, but they certainly do for millions of blind and low-vision Americans.

Some have called the lawsuit frivolous, arguing that blind people have managed to survive for years by relying on others for help. Such reasoning does more than ignore the overwhelming poverty and hardship that plague the blind community; it dishonors the sacrifices millions of disabled Americans made to help bring about passage of the landmark Americans With Disabilities Act. Money is essential to a person's participation in society. Its accessibility to blind people should be considered as important as that of wheelchair ramps or Braille in elevators.

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When it comes to accommodating disabilities such as blindness, let us continue to lead the world in practice as well as in principle. More important still, let us tell the world that we, too, believe that blindness should not be an obstacle to financial independence. In doing so, let us also take a significant step toward ameliorating the living conditions of blind Americans, now and for years to come.

The Treasury Department should obey Judge Robertson's order and show us the money.

The writer, a Rhodes Scholar and JD candidate at Yale Law School, is preparing an amicus brief on this case with Dean Harold Hongju Koh.

The Lost Voice Of Protest (NYT)

By Bob Herbert

The New York Times, January 18, 2007

On the evening of the fourth of April, 1967, one year to the day (almost to the hour) before his assassination, the Rev. Dr. Martin Luther King Jr. walked into Riverside Church in Manhattan and delivered a speech that was among his least well known, yet most controversial.

"I come to this magnificent house of worship tonight," he said, "because my conscience leaves me no other choice."

The speech was an eloquent, full-throated denunciation of the war in Vietnam, one of the earliest public critiques by such a high-profile American. Silence in the face of the horrors of that war, said Dr. King, amounted to a "betrayal."

The speech unleashed a hurricane of criticism. Even the N.A.A.C.P. complained about Dr. King stepping out of his perceived area of expertise, civil rights, to raise his voice against the evil of the war. The Times headlined an editorial, "Dr. King's Error."

The war would go on for another eight years, ultimately taking the lives of 58,000 Americans and a million to two million Vietnamese. Dr. King himself would be silenced, at the age of 39, by a bullet in Memphis.

The widespread celebration of Dr. King's birthday on Monday brought that Vietnam speech to mind. It's both gratifying and important that we honor this great man with a national holiday. But it's disturbing that we pay so much more attention to the celebrations than we do to the absolutely crucial lessons that he spent much of his life trying to teach us.

Whether it's the war in Iraq, or the plight of New Orleans in the aftermath of Hurricane Katrina, or the violence and self-destructive behavior that plagues so many black Americans, our attitude toward the wisdom of Dr. King has been that of the drug addict or alcoholic to the notion that there might be a better way. We give lip service to it, and then we ignore it.

In the Vietnam speech, Dr. King said, "A nation that continues year after year to spend more money on military defense than on programs of social uplift is approaching spiritual death." He may as well have been speaking into the void. The war in Iraq, a reprise of Vietnam, will cost us well over a trillion dollars before we're done, and probably more than two trillion. More than 3,000 American G.I.'s have been killed and the death toll for Iraqis is tallied by the scores of thousands.

No one knows what to do, although the politicians and the pundits are all over television, day and night, background singers to the carnage.

Here at home the city of New Orleans is on life support, struggling to survive the combined effects of a catastrophic flood, the unconscionable neglect of the federal government, and the monumental ineptitude of its own local officials. As ordinary residents of New Orleans continue to suffer, the rest of the nation has casually turned away. The debacle is no longer being televised. So it must be over.

Dr. King held the unfashionable view that we had an obligation to help those who are in trouble, and to speak out against unfair treatment and social injustice. "Our lives begin to end," he said, "the day we become silent about things that matter."

New Orleans matters. And the long dark night of the war in Iraq must surely matter. But not enough voices of protest are being raised in either case. The anger quotient is much too low. You can't stop America's involvement in a senseless war or revive a dying American city if your greatest passion is kicking back with pizza and beer and tuning in to "American Idol."

The quality of life for black Americans more than 38 years after the death of Dr. King is a mixed bag. Blacks are far better off economically and educationally than ever before. Barack Obama is a leading candidate for the Democratic nomination for president, and the last two secretaries of state have been black.

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But the ominous shadow of racial prejudice is still with us. Even President Bush acknowledged that conditions in New Orleans pre-Katrina were proof of that. The nation's prisons are filled to the bursting point with black men who have failed, or been failed, and have no viable future. And too many black Americans are willing and even eager to see themselves in the culturally depraved lineup of gangsters, pimps and whores.

Dr. King would be 78 now, and I can't believe that he would be too thrilled by what's going on. In his view: "He who passively accepts evil is as much involved in it as he who helps to perpetrate it. He who accepts evil without protesting against it is really cooperating with it."

We miss his leadership, all of us, whether we're wise enough to realize it or not.

ANTITRUST:

Plaintiffs In Microsoft Case To Report To Department Of Justice (AP)

By David Pitt, AP Business Writer

AP, January 18, 2007

DES MOINES, Iowa (AP) The plaintiffs in a class-action antitrust lawsuit against Microsoft Corp. claim they have uncovered information that indicates the software manufacturer is violating an agreement with the U.S. Department of Justice.

Des Moines attorney Roxanne Conlin and her co-counsel Richard Hagstrom, of Minneapolis, claim that during their research for the class-action case under way in Polk County District Court they discovered information that indicates the company isn't complying with a 2002 federal court decree.

Conlin asked Judge Scott Rosenberg's permission to tell the DOJ and the Iowa attorney general about the information.

Conlin said she will discuss two issues with the DOJ and Iowa attorney general's office within a few days.

``We feel as officers of the court it is our responsibility to do this," Conlin said Wednesday. ``It's simply our duty as citizens and lawyers to let the Department of Justice know that we are in possession of information that goes to the issue of whether Microsoft is in compliance."

She plans to write letters to the agencies but, according to Rosenberg's ruling, can only provide the information if a court order or subpoena is issued seeking it.

She said she could not be specific about what she's uncovered because Rosenberg's ruling prohibits the information from being shared beyond the appropriate authorities.

``The court finds that the plaintiffs and its expert witnesses may contact the appropriate authorities responsible for the enforcement and compliance of any orders, judgments or decrees in the other judicial matter concerning the defendant and inform such authorities that it is in possession of information that may be relevant to such enforcement and compliance," Rosenberg said in his ruling filed on Tuesday.

Microsoft attorney Rich Wallis said the company is monitored to ensure compliance and must appear before the federal judge that presided over the DOJ case quarterly to show compliance with the court's final decree.

He said the government resources are considerable and he doubted that Conlin would have any information that would surprise the government and its independent experts.

``We are doing our job in complying with the consent decree," Wallis said.

A DOJ spokeswoman said Wednesday that she couldn't comment because no information has been received from the Iowa case.

Bob Brammer, a spokesman for the Iowa attorney general, said states have a team that tracks Microsoft's compliance with court orders and would be interested in any information Conlin may have.

``We will be glad to review what they send us," he said.

Conlin and Hagstrom represent thousands of Iowans who purchased Microsoft software between 1994 and 2006. They claim in the lawsuit that the company engaged in illegal monopolization and anticompetitive conduct that caused customers to pay more for software than they would have if there had been competition.

Their expert witnesses will place damages at more than $300 million.

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Microsoft denies the allegations and its attorneys said they'll show Iowa customers received quality products at a fair price.

Microsoft was sued by the federal government, which alleged the company unlawfully used its monopoly in operating systems. The case was settled with an agreement that required Microsoft to share certain information with other software developers, which would allow their programs to work with Windows.

Wallis said Microsoft did not object to Conlin's motion and only wanted to be sure that no Microsoft confidential information would be released.

In another unusual development, Rosenberg has permitted Conlin and Hagstrom to operate an Internet site, which lists daily transcripts of testimony, rulings and press releases written by a media company hired by the plaintiffs.

The Web site also shows exhibits admitted into evidence, which by the end of this week should total more than 3,000 documents.

The trial, expected to last at least six months, has progressed even more slowly than anticipated.

Extensive arguments are presented to Rosenberg before the jurors arrive in the morning, during midday breaks and after the court session ends in the afternoon.

The arguments center around admissibility of evidence, witness testimony and numerous legal issues.

A month into the trial, the first live witness, Ronald S. Alepin, a plaintiff technical expert, appeared on the stand. He testified for seven days about how he believed Microsoft crushed competitors and leveraged its monopoly in operating systems to keep software competitors from gaining market share.

Prior to his testimony, witnesses appeared in videotaped depositions, some recorded many years ago.

The case has fallen behind schedule, and last week the second witness, software developer John Constant, returned to his home in England because he tired of waiting in Des Moines to be called to testify. Conlin said he will be called later.

Microsoft is expected to call Chairman Bill Gates and CEO Steve Ballmer as witnesses in February.

The Iowa case, tried before a jury, is one of two remaining state-level antitrust cases remaining against the software manufacturer. The other is in Mississippi.

The Iowa jury could be the first to decide a verdict since other state court cases were settled before a jury began deliberations.

FTC Updates Merger Filing Thresholds (DEAL)

By Bill McConnell, The Deal

The Deal, January 18, 2007

The Federal Trade Commission Tuesday announced this year's increase in the size of deals that must be submitted to antitrust enforcers before a merger is completed.

The new thresholds determine whether merging parties must file Hart-Scott-Rodino Act notification with the FTC and the Department of Justice and take effect 30 days after their upcoming publication in the Federal Register.

The agency must revise the thresholds annually, based on the change in the gross national product.

Hart-Scott-Rodino Act notification must be filed if a deal meets thresholds contained in one of two tests.

Under the first test, notification is required if the assets being acquired exceed $59.8 million and total assets for one of parties exceeds $119.6 million and the other party exceeds $12 million. Previously, notification was required if assets acquired were valued at more than $56.7 million and the size of the merging parties was greater than $113.4 million and the other party exceeded $11.3 million, respectively.

Under the second test, notification is mandatory if the total value of the transaction exceeds $239.2 million, regardless of the size of the merging parties. The previous threshold was $226.8 million.

To adjust for the threshold changes, the FTC also updated its filing fee levels. For transactions between $59.8 million and $119.6 million, the fee is $45,000; for deals up to $597.9 million, the fee is $125,000; and for those of $597.9 million or more, the charge is $280,000.

Rivals Offer $38 Billion For A REIT (NYT)

By Andrew Ross Sorkin And Terry Pristin

The New York Times, January 18, 2007

The gloves have come off in buyouts.

Late yesterday, a group of investors offered $38 billion for the nation's largest office landlord, setting off the biggest buyout battle since the landmark fight for RJR Nabisco nearly two decades ago.

The upstart bid for Equity Office Properties, the real estate investment trust that was founded by Samuel Zell, tops a $36 billion deal that Equity Office had reached with the Blackstone Group in November. Either bid would win the crown as the largest buyout ever, surpassing last summer's $33 billion deal for HCA.

The battle for Equity Office pits some of the most powerful and colorful financiers against each other. Blackstone is controlled by Stephen A. Schwarzman, who has created one of the largest, if not the largest, private equity firms in the nation.

The rival group includes Steven Roth of Vornado, once the king of New Jersey strip malls; Barry Sternlicht of Starwood Capital, who created the hotel chain and then left the company after a falling-out with its board; and Neil Bluhm, a Chicago real estate mogul who backed Barack Obama's successful run for the United States Senate. Mr. Sternlicht worked for Mr. Bluhm as a young analyst in the late 1980s.

Since the Blackstone offer was announced, James S. Corl, the chief investment officer for real estate at Cohen & Steers, the largest institutional investor in Equity Office, has argued that the price of $48.50 a share was too low because the office market is expected to keep improving over the next couple of years.

But the battle may not be tilted in favor of the new bidders, Vornado Realty Trust, the Starwood Capital Group and Walton Street Capital. For one, 40 percent of their $52-a-share offer is in shares of Vornado, at an unspecified ratio, compared with Blackstone's all-cash bid. And Blackstone has already completed many of the steps needed to close the deal. In addition, Blackstone has the right to match any rival offer.

"A tentative proposal relying upon the potential issuance, many months from now, of more than $10 billion in stock trading at near record prices is inferior and carries vastly more risk than Blackstone's all-cash deal closing in approximately two weeks," a Blackstone spokesman said.

If successful, the Vornado group would break up Equity Office, which has some 590 buildings and over 105 million square feet of office space in major metropolitan markets, including the Verizon Building in Manhattan. They would divide the properties among themselves, with Vornado getting roughly half of the properties on the East and West coasts.

The consortium calls itself Dove Parent, apparently a mocking reference to the Blackstone-created buyout entity, Blackhawk. Both bidders would assume $16 billion in debt. Equity Office said that its board "will consider the proposal as soon as practicable."

The offer from the Vornado group is the latest sign that the cozy world of buyouts is becoming less genteel. In recent years, the giants in private equity seemed to have avoided stepping on each other's deals while banding together on others. Indeed, private equity firms have come under scrutiny from the Justice Department, which has started an inquiry into whether private equity firms have broken antitrust laws.

And few public companies have shown a willingness to compete with private equity's war chest. Private equity firms have been gobbling up publicly traded companies at a record pace, spending some $660 billion last year. The battle for RJR Nabisco in the late 1980s showed that bidding wars can get out of control.

Last summer, however, a group led by Kohlberg Kravis Roberts & Company and Bain Capital jumped in to offer a rival bid to a Blackstone offer to buy Freescale Semiconductor. Blackstone then raised its bid and won the deal, but that showdown was a sign that competition for deals was turning cutthroat.

The new bid for Equity Office may also demonstrate the differences between private equity and the much scrappier real estate business.

Mr. Roth of Vornado leads a real estate investment trust whose holdings include office buildings in New York and Washington, shopping centers and merchandise marts, and the retailer Toys "R" Us.

One of his company's most recent transactions was the purchase of the Manhattan Mall, a shopping center and office building in the Herald Square area of New York City, where real estate values have been rapidly appreciating.

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In their letter to Mr. Zell, Mr. Roth and his partners said they would create the "largest office REIT in the U.S. with the pre-eminent position in the best markets on both coasts."

The breakup fee for a buyer who is able to push Blackstone aside is $200 million. "Sam Zell set this up in a very shareholder-friendly manner," said Barry Vinocur, the editor of Realty Stock Review, a newsletter. "Blackstone wanted a higher breakup fee." Mr. Zell is the largest individual shareholder of Equity Office.

The rival bid for Equity is being financed in part by JPMorgan Chase, Lehman Brothers and UBS. JPMorgan's involvement has raised some eyebrows on Wall Street because of its long ties with Blackstone.

Keven S. Lindemann, the director of real estate for SNL Financial in Charlottesville, Va., said Equity Office shareholders would have to consider whether the Vornado shares were overvalued.

Developer Mills Corp. Agrees To Buyout (WP)

By Dana Hedgpeth

The Washington Post, January 18, 2007

Chevy Chase shopping-mall pioneer Mills Corp. yesterday agreed to a $1.35 billion sale to a Canadian investment company, capping months of turmoil in which the firm struggled with heavy debt and an accounting scandal.

The deal, which at least one major Mills shareholder called inferior to other offers, would give the owner of Potomac Mills in Virginia and Arundel Mills in Maryland a financial boost after the company reported it had enough cash to operate only through March 31.

The buyer, Brookfield Asset Management, the owner of New York's World Financial Center, would take control at a time when Mills is under investigation by the Securities and Exchange Commission for possible misconduct by management and for accounting errors totaling up to $352 million.

The sale marks the latest chapter in the Mills saga. The local company helped popularize the notion that a shopping mall could be an entertainment destination. It also built sprawling "shoppertainment" centers throughout the United States and Europe that combined retail outlets with outsize restaurants, movie theaters and other amenities. One project, Madrid Xanadu, featured a bowling alley and indoor ski resort. Another Xanadu, planned for New Jersey, was to have a 30-story Ferris wheel.

But in recent weeks, an internal review at Mills found the company's rapid growth may have contributed to its accounting problems. The company has been working to restate earnings dating to 2001, and its stock price has been battered in the past year. The review concluded that Mills' "overall culture and 'tone at the top' were heavily focused on meeting external and internal expectations," according to a summary filed with the SEC.

Under the deal announced yesterday, Brookfield will pay $21 per share for Mills. The deal, including debt and preferred stock, is worth $7.5 billion. Mills will become a new subsidiary of Brookfield, and the new company will be publicly traded and managed by Brookfield.

Mills shareholders may either receive up to a 20 percent stake in the new company or receive $21 per share in cash. Mills' board unanimously approved the deal though it is subject to shareholder approval, and some may oppose the offer. Two other major Mills investors had offered to invest hundreds of millions of dollars in the company just a day earlier.

Farallon Capital, a hedge fund, offered to invest $499 million at $20 a share. Fund managers declined to comment yesterday. An Israeli real estate company, Gazit-Globe, offered an average of $21 a share.

"We are disappointed that the Mills Corporation has chosen to accept what we believe is an inferior proposal," Bruce Rubin, a spokesman for Gazit, said in a statement, according to the Associated Press. He added that Gazit is reviewing its options.

If the Brookfield deal is approved, it is slated to close in the second half of 2007.

"We think this is a significant opportunity to build on our depth of experience in real estate and assist a company that's in operational and financial distress," said Katherine C. Vyse, a spokeswoman for Brookfield, which manages $50 billion in assets and owns hydroelectric power plants and office buildings throughout the country, including 23 in the Washington area. "We see it as an opportunity to return [Mills] to profitability and foster growth," Vyse said.

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Mills chief executive Mark Ordan said he does not foresee layoffs and expects the company, with 300 employees locally, to remain in its new headquarters on Wisconsin Avenue.

"This strengthens the organization because it gives it the ability to do the things we need to do," he said. "In the past few months, we've been financially constrained. It will now be a fully capitalized company which has a platform for growth.

Well-known Washington developer Herbert S. Miller founded Mills. He hired Laurence C. Siegel in the early 1980s as the lead leasing agent, and as such Siegel worked on some of Miller's early developments.

Mills pioneered the concept of the hybrid mall when it opened Potomac Mills in Woodbridge in 1985, combining outlet and off-price stores with traditional retailers in a more upscale environment. The mall opened with 1.2 million square feet and brought one of the first Ikeas, the cheap-chic Swedish home-furnishings store, to North America.

"They were the first one to understand that the luxury shopper could also be enticed to do this," said C. Britt Beemer, head of America's Research Group, a consumer-behavior research firm. "Just because you're an outlet shopper doesn't mean you want to shop in a boring experience."

After renaming itself, Mills went public in 1994. A year later, Miller retired after a disagreement with the board, which was dominated by directors from one of its largest investors, German real estate company Kan Am. Siegel was named chief executive in 1995, and under him, the company grew rapidly from four mega-malls and 11 community shopping centers to dozens of projects, including in Southern California, Texas, Arizona and Canada.

"People thought these guys were revolutionary in creating a new retail environment that didn't exist in the past," said Benjamin Yang, an analyst at Green Street Advisors. But some analysts say Mills' ambitious plans made it grow too fast. Last year, Miller filed a lawsuit against Mills, alleging mismanagement and said the company's auditors "raised red flags" in 2002 about its accounting woes. Miller alleged that Mills' problems had hurt the value of his continued investments in the company's projects.

Miller said he was now optimistic, given Brookfield's involvement. "It's been in limbo since all the bad news started with the potential bankruptcy," he said. "Now the logjam is broken."

Staff writer Ylan Q. Mui contributed to this report.

Buyout May End Mills' Troubles (WT)

By Jen Haberkorn

The Washington Times, January 18, 2007

Embattled local mall developer Mills Corp. agreed yesterday to be bought by a Toronto investment company, potentially ending a year of accounting problems and declining market value.

Brookfield Asset Management Inc. plans to buy the Chevy Chase developer for $1.35 billion, beating out at least two other firms.

Mills, which recently revealed that its executives may have mismanaged funds and that it was running out of money, owns 38 shopping centers nationwide. Locally, it owns Lakeforest Mall in Gaithersburg, Potomac Mills and Potomac Town Center in Prince William County, Marley Station in Glen Burnie, Md., and Arundel Mills in Hanover, Md.

Brookfield did not return a phone call yesterday to learn whether the shopping centers would remain open.

Mills Chief Executive Officer and President Mark Ordan said the Brookfield offer was the "best possible result" out of a number of offers.

"We believe the transaction with Brookfield not only provides certain value to the Mills' stockholders, but also affords them the opportunity to participate in the upside potential created by this transaction," he said.

The deal, which comes to $7.5 billion including assumed debt and preferred stock, was approved unanimously by the company's board of directors. But it still must be voted on by shareholders, leaving the window open for counterbids.

Brookfield plans to pay $21 per share, 15 percent more than Tuesday's closing price of $17.77 on the New York Stock Exchange. By the close yesterday, Mills' shares climbed 26 percent to $22.46.

The stock price climbed over $21 after Gazit-Globe Ltd., an Israeli real estate company, said in a Securities and Exchange Commission (SEC) filing that earlier in the day it submitted a new bid that came to $22 per share.

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Gazit and fellow major shareholder Farallon Capital Management, a San Francisco hedge fund, submitted bids to pour money into the company, trying in part to rescue their own investments.

Farallon proposed $20 per share in a $499 million recapitalization plan.

But those bids merely infused Mills with cash; Brookfield's offer is to buy the company. A purchase offer is more attractive, said RBC Capital Markets analyst Richard C. Moore.

"That's what we've been calling for for months," Mr. Moore said. "A purchase is the only outcome likely in our minds."

Under the Brookfield offer, Mills would become a publicly traded entity of the company, which manages more than $50 billion worth of office space in the United States and Canada and shopping centers in Brazil.

One of its subsidiaries, Brookfield Properties, owns 25 buildings in the Washington area, including Silver Spring Metro Plaza, Sunrise Technology Park in Reston and 1200 K Street Northwest.

"We are pleased to be able to work with the Mills Corp. to move beyond the recent issues it had encountered," said J. Bruce Flatt, managing partner and chief executive officer of Brookfield Asset Management.

During 2006, Mills' value fell from $42.28 per share in January to $12.94 in August, before climbing back to $17.77 Tuesday.

The company said earlier this month in an SEC filing that its executives may have engaged in misconduct, creating four years worth of earnings restatements. The SEC is investigating. It also warned that unless it could negotiate a loan extension, it would run out of money on March 31. Its loan was $1.1 billion, slightly less than the Brookfield purchase offer.

The Brookfield deal, if approved by shareholders, is expected to be completed during the second half of this year.

GE Is Near Deal For Abbott Unit (WSJ)

By Dennis K. Berman, Kathryn Kranhold And Avery Johnson

The Wall Street Journal, January 18, 2007

General Electric Co. last night was nearing a deal to purchase the diagnostics division of Abbott Laboratories, people familiar with the matter said, as the conglomerate makes a deeper push into the world of health care and medical devices.

Details of GE's plans couldn't be learned last night, and it is possible GE may be purchasing a large part but not all of the Abbott unit. Through last year's first nine months, the division posted revenue of about $2.9 billion and an operating profit of approximately $300 million, according to Securities and Exchange Commission filings, representing about 18% of Abbott's revenue and just 7% of its operating profit.

GE, Fairfield, Conn., declined to comment. Abbott spokeswoman Melissa Brotz declined to comment.

The deal would broaden GE's $17 billion health-care business, which has moved aggressively into health-care-information technology and molecular diagnostics in the past few years. The deal could mark GE's entry into "in vitro" diagnostics, which includes routine instrumentation and test kits for diseases such as HIV and cancer. The revenue of Abbott's core in-vitro diagnostics business has been flat for several years.

Last month, GE Chairman and Chief Executive Jeffrey Immelt indicated he was looking to expand the company's health-care business and add new platforms through acquisitions. Mr. Immelt told analysts and investors, "We've always wanted to build a broader diagnostics company."

GE's main health-care business remains diagnostic equipment, including ultrasound and X-ray machines as well as more sophisticated screening equipment.

Mr. Immelt made his biggest strategic move in health care in 2004, when he paid more than $9 billion for Britain's Amersham, a bioscience and medical-diagnostic firm. Through Amersham, GE entered the molecular-diagnostic market. GE is now developing molecular agents to be injected into the bloodstream to target specific diseases. The agents then show up during screenings indicating that a patient has a particular cancer or disease. Diagnostics related to breast cancer have been among GE's areas of focus.

The diagnostics business of Abbott, of Abbott Park, Ill., is driven by growth in two segments: glucose monitoring for diabetics and molecular tests for diseases such as breast cancer. Sara Michelmore, an analyst at Cowen & Co., forecasts 2006

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diagnostics revenue of around $3.9 billion. The core in-vitro business accounts for $2.5 billion of that, and is flat compared with 2005. She says the molecular products rose year-over-year by about 20%, while the glucose-monitoring segment rose 9%.

The diagnostics division has been a bit of a thorn in Abbott's side since 1999, when regulators found one of its manufacturing facilities in violation of Food and Drug Administration regulations. The plant in question made chemical kits used to test for diseases, and despite Abbott's attempts to resolve the matter, a consent decree continued to hamper it for several years.

Within the past year Abbott acquired Guidant Corp.'s vascular wing for $4.1 billion and Kos Pharmaceuticals for $3.7 billion. It spun off low-growth hospital-products unit Hospira Inc. in 2004. That same year, it beefed up the glucose-monitoring side of the diagnostics business with a $1.2 billion deal for TheraSense.

Other similar deals of late have brought in hefty revenue multiples. In June, Siemens AG of Germany paid $5.3 billion for German drug maker Bayer AG 's diagnostics division, which had about $1.8 billion in 2005 sales. Siemens bought Diagnostic Products last year for $1.86 billion, a large premium to that company's roughly $480 million in 2005 sales. If Siemens' purchase price of Bayer is any indication, Abbott's diagnostic unit could go for as much as $9 billion.

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G.E. May Buy Abbott's Diagnostic Unit (NYT)

By Andrew Ross Sorkin And Claudia Deutsch

The New York Times, January 18, 2007

General Electric is near a deal to buy Abbott Laboratories' medical diagnostics unit for as much as $5 billion, according to people involved in the negotiations.

Acquiring the Abbott business, which makes and sells glucose monitoring systems, blood test kits and other chemically based diagnostic tools, would enable G.E.'s health care unit to expand its growing stable of diagnostic products and services.

The G.E. unit, GE Healthcare, has annual revenue of about $16 billion and has long been a leader in expensive diagnostic machines like CAT scanners and MRI equipment. The Abbott product line would help G.E. add nursing homes and other nonhospital medical settings to its base, analysts said.

They predicted that G.E. would quickly wring efficiencies from the Abbott Diagnostics unit. GE Healthcare's margins generally top 16 percent, they said, while Abbott Diagnostics' margins are about 7 percent.

The diagnostics business, while profitable for Abbott Laboratories, is far smaller than the company's drug business, which had profits of $3.1 billion on sales of $9.84 billion in the first nine months of 2006. Abbott Diagnostics, by contrast, had profits of only $306 million during that period, on sales of $2.98 billion.

In November, Abbott Laboratories expanded its drug business by agreeing to buy Kos Pharmaceuticals for $3.7 billion.

Abbott is also betting on growth in its cardiovascular stent business. Early last year the company paid $4.1 billion to acquire Guidant's stent and other vascular business as part of the deal that enabled Boston Scientific to acquire Guidant.

Abbott is now hoping to win federal approval to enter the lucrative market of selling drug-coated stents — tiny metal devices that are designed to prop open coronary arteries after blockages have been cleared.

Abbott's diagnostics business, though, has been under something of a cloud since the company agreed in 1999 to pay $100 million to settle accusations that it had failed to meet federal quality standards in producing its test kits.

"They lost a lot of ground to competitors," said one analyst, who said that he could not be identified until the deal was formally announced. "Shedding it to streamline management makes some sense," the analyst said. "It's a natural progression of their morphing away from the hospital supply business."

He noted that Abbott in 2004 had sold off its hospital products business into an entity called Hospira.

For G.E.'s part, the acquisition continues an acquisition strategy that has included buying Amersham, a British diagnostic pharmaceuticals and biosciences company, for more than $9 billion in 2004.

But some analysts wondered whether G.E. was overpaying.

"G.E. is getting a reputation as a place that will pay top dollar for a fixer-upper," said another analyst, who declined to be identified because he had not yet written to his clients about the deal.

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The deal would comes just after G.E. announced on Monday that it was buying Smiths Aerospace for $4.8 billion. That announcement came less than a week after word emerged that G.E. had put its lackluster plastics business on the auction block, in the hope of getting $8 billion to $10 billion for it.

EOP Bids Show Real Estate Is Still Kicking (WSJ)

By Henny Sender, Jennifer S. Forsyth And Dennis K. Berman

The Wall Street Journal, January 18, 2007

The high-stakes game for the country's largest office landlord is the strongest sign yet of the seemingly limitless appreciation of big-city office real estate -- at a time when the prices of homes and condominiums are suffering.

Yesterday, a consortium of real-estate investors launched a competing $21.5 billion offer for Equity Office Properties Trust, hoping to knock off an existing $20.1 billion deal with buyout shop Blackstone Group.

The battle reveals a series of tight friendships and rivalries that, behind the scenes, is influencing the flow of billions of dollars in capital and personal prestige alike. Blackstone's deal is regarded as the largest leveraged buyout in history, at $36 billion, when factoring in Equity Office's $16 billion in existing debt.

In this atmosphere, a topping bid that bests Blackstone's by some measures might have shocked real-estate experts a year ago. Today, it gets merely a shrug.

"Honestly, I don't think anything can be too surprising anymore," said Michael Knott, an analyst with Green Street Advisors, a real-estate research and trading firm based in Newport Beach, Calif. "It just seems there's no limit to the prices being paid."

In a short statement released last night, real-estate firms Vornado Realty Trust, Starwood Capital and Walton Street Capital offered to purchase Chicago-based Equity Office for $52 a share, 60% of it in Vornado shares and the remainder in cash. That represents a 7% premium to the $48.50-a-share offer that Equity Office agreed to last November. In response, Blackstone termed the Vornado-led bid as "inferior," adding that the competing bid "carries vastly more risk" than its own deal, which is set to close in about two weeks. (See more on the EOP battle1.)

In New York Stock Exchange composite trading, Equity Office shares gained $1.09, or 2.2%, to $50.94. The shares edged higher in after-hours trading as well, hovering just below the Vornado offer price. Vornado's shares fell $3.38, or 2.7%, to $122.55 in New York Stock Exchange trading. The investors said they planned to divvy up Equity Office's nationwide collection of office buildings, which dot the skylines of New York, Seattle and Boston, among other cities.

Vornado said it would take about half of EOP's portfolio. Combined with its current holdings, the new acquisitions would leave Vornado with a significant presence in the New York, Washington, D.C., Boston, San Francisco and Los Angeles office markets, according to the company's statement.

A flood of money from around the globe is creating higher values for local assets, such as commercial real estate. Private-equity funds like Blackstone are absorbing cash from global investors, and Wall Street continues to issue bonds secured against real estate that are in turn gobbled up by international hedge funds and insurers.

At the heart of the deal remains Sam Zell, a 65-year-old investor and dealmeister who built up Equity Office over the decades from his perch in Chicago. Known for a quick wit, a collection of motorcycles and his blue jeans, Mr. Zell earned the nickname "Gravedancer" for his proficiency at sweeping in like a vulture and buying distressed properties, rehabilitating them and then selling them at huge profits.

After the bid from Blackstone, some investors wondered whether the deal indicated the top of the real-estate market. But Mr. Zell himself has said he thinks the office markets will be on the upswing for at least another two years.

Some of the nation's most shrewd real-estate players appear to agree with Mr. Zell -- and then some. Vornado, led by Chief Executive Steven Roth, has a deep presence in New York City and Washington D.C., and carries a market capitalization of $18.6 billion. At times, it has acted more like an investment fund than a REIT, participating in the privatization of Toys "R" Us in 2005.

Barry Sternlicht's Starwood Capital vehicle has assumed much of the deal-making bravado that Mr. Sternlicht brought to the Starwood lodging company he built into an industry titan. He is no longer associated with that firm, called Starwood Hotels & Resorts Worldwide, Inc.

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Investor Neil Bluhm, meanwhile, helps run Walton Street Capital, after helping found a firm called JMB Realty, once a formidable real-estate presence in Chicago, but that faltered in the real-estate downturn of the early 1990s.

The deal underscores how small the financial world can be. A young Mr. Sternlicht worked for Mr. Bluhm as an analyst at JMB, from 1986 to 1991. When Mr. Sternlicht established Starwood, Mr. Bluhm was one of his original backers, along with the Ziff family. John Schreiber, who was one of the founders of Blackstone's real-estate group and still serves as an adviser to Blackstone, also worked at JMB and now finds himself on the other side of what will likely be a bitter takeover battle.

The group hasn't yet had access to Equity Office's books, and to get that access, it has to convince Equity Office's board it has the financial wherewithal to offer a superior bid. That is a steep hurdle for what is the largest private-equity deal ever, but the group has lined up substantial financing from J.P. Morgan Chase & Co., Lehman Brothers Holdings Inc., UBS AG, Barclays Capital PLC and Royal Bank of Scotland. Perhaps the largest obstacle for the Vornado group is Blackstone's "matching rights," which allow it to have the last look at any competing bid.

There are other obstacles as well. The new bidders have to convince the board that an offer involving stock is as valuable as cash, especially given the steep appreciation of Vornado shares over the past twelve months. Also, since the deal is subject to Vornado shareholders' approval, the timing of any deal could stretch into months, rather than the two weeks to closing for Blackstone. For its part, the Vornado group could decide to withdraw after doing its due diligence.

In a statement issued last night, the EOP board said it will consider the Vornado group's proposal "as soon as practicable." The statement also said that the board has not changed its recommendation to merge with Blackstone. The shareholder vote remains Feb. 5.

Looming over the proceedings is the state of Blackstone's relationship with J.P. Morgan. The two have had a tight bond over the past few years, although J.P. Morgan has generally not been involved in financing Blackstone's real-estate deals. Helping "jump" the deal creates another fraught dynamic that Wall Streeters are watching. A J.P. Morgan spokesman declined to comment.

Perhaps Vornado was romanced by the idea of a second chance at the bride. In the shareholder proxy, Equity Office said that four suitors had flirted with a merger but none was willing to pay Mr. Zell's minimum price of $45 a share until Blackstone came through with its offer in November. Vornado was widely reported to have been one of those suitors.

Mr. Knott said he would have expected Vornado to try to cut a deal with Blackstone to purchase a group of buildings it covets, rather than jumping in for the whole transaction. That way, Vornado wouldn't have had to pay Blackstone the $200 million break-up fee.

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SKorea Antitrust Regulator Fines Hyundai (AP)

AP, January 18, 2007

South Korean Antitrust Regulator Fines Hyundai Motor for Unfair Practices

SEOUL, South Korea (AP) -- South Korea's antitrust regulator said Thursday it has fined Hyundai Motor Co. 23 billion won (US$25 million; euro19 million) for unfair market practices, the latest in a series of woes to hit the world's sixth-largest automaker.

The Fair Trade Commission said the company issued warnings to and discontinued contracts with car dealerships which failed to meet "excessive" sales targets.

"Hyundai Motor used its monopolistic market status to set excessive annual sales targets for car dealers," the commission said in a statement.

In addition, the carmaker didn't allow the dealers to move to other areas or to recruit salespeople to help achieve their sales goals last year, the commission said.

Hyundai and affiliate Kia Motors Corp. accounted for 73.3 percent of the domestic market last year.

The regulator said it carried out an investigation into suspected violations of fair trading rules by Hyundai Motor between February and November last year.

The fine is the latest blow to the automaker. On Tuesday, prosecutors demanded that Hyundai Chairman Chung-Mong-koo be sentenced to six years in prison over embezzlement and breach of trust charges. A verdict in Chung's trial is expected next month.

The company has also been plagued by a series of strikes. The latest ended Wednesday after management and the company's labor union reached an accord on bonus payments.

Hyundai's union has walked off the job every year but one since it was founded in 1987.

For all of 2006, Hyundai Motor, the world's sixth-largest carmaker in tandem with Kia, sold a total of 581,092 vehicles in South Korea, up 1.8 percent from a year earlier.

ENVIRONMENT:

Neb. Egg Company Is Fined For Pollution (AP)

AP, January 18, 2007

Egg Processing Company M.G. Waldbaum Is Fined $1.05 Million for Violating Clean Water Act

WAKEFIELD, Neb. (AP) -- An egg processing company has been fined $1.05 million for violating the federal Clean Water Act.

M.G. Waldbaum Co., a subsidiary of Minnetonka, Minn.-based Michael Foods, has agreed to complete a $16 million wastewater treatment plant for its egg processing plant in 2009. And it will better manage manure from several area poultry farms, the U.S. Department of Justice said in a news release.

According to the original consent decree that averted further litigation, the state and federal governments will split the fine.

Treasurer and secretary Mark Witmer of Michael Foods said Waldbaum has resolved the pollution issues that first arose in 2004 and that work on the wastewater plant will finished in 2008.

The city of Wakefield, which is about 30 miles northeast of Norfolk, will pay a $20,000 fine for letting its sewage lagoons be overloaded by waste from the egg plant, the Justice Department said in a recent news release.

The city also agreed to improve monitoring of its sewage plant.

Lobbying Firm Cuts Ties To Name Partner Under Investigation In Abramoff Probe (LAW)

By Jason Mclure, Legal Times

Legal Times, January 18, 2007

Lobbying firm Lundquist, Nethercutt & Griles has severed ties with former Department of the Interior Deputy Secretary J. Steven Griles.

Griles has been targeted in the Justice Department's ongoing corruption probe stemming from the lobbying activities of Jack Abramoff.

Griles, who had been a name partner at the firm, was a lobbyist for coal and energy interests both before and after his tenure at the Interior Department from 2001 to 2005. During Griles' stint at Interior, which oversees lucrative drilling and mining licenses on millions of acres of federal land, his ties to industry were the subject of a number of internal investigations.

Lundquist, Nethercutt & Griles did not respond to detailed questions about Griles' departure, including whether Griles was forced out by his partners and whether the firm would be renaming itself. Instead, the firm provided a statement saying Griles resigned as a partner effective Jan. 10. That same day, a number of news outlets reported Griles had been informed he was a target of federal prosecutors. A lawyer for Griles declined to comment on his departure.

In testimony before Congress in 2005, Griles told senators that as the Interior Department's No. 2, he had been approached by Abramoff about joining Greenberg Traurig, the firm where Abramoff worked. Griles told the senators, however, that he had not granted Abramoff or his Indian tribal clients special access to the department. In January 2006, Abramoff pleaded guilty to defrauding several of those clients, among other charges. He was later sentenced to five years in prison.

A source with knowledge of the investigation says prosecutors are exploring whether to charge Griles with lying to Congress and honest-services fraud.

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As a lobbyist, Griles has most recently represented the American Petroleum Institute, Mettiki Coal, Newmont Mining Corp., and other large mining and energy interests on a number of environmental and regulatory issues.

Lundquist, Nethercutt & Griles generated $780,000 in lobbying revenue during the first six months of 2006, according to disclosure forms filed with the Senate.

Bills On Climate Move To Spotlight In New Congress (NYT)

By Felicity Barringer And Andrew C. Revkin

New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The climate here has definitely changed.

Legislation to control global warming that once had a passionate but quixotic ring to it is now serious business. Congressional Democrats are increasingly determined to wrest control of the issue from the White House and impose the mandatory controls on carbon dioxide emissions that most smokestack industries have long opposed.

Four major Democratic bills have been announced, with more expected. One of these measures, or a blend of them, stands an excellent chance of passage in this Congress or the next, industry and environmental lobbyists said in interviews.

Many events have combined to create the new direction — forsythia blooming in lawmakers' gardens in January, polar bears lacking the ice they need to hunt and Al Gore's movie, "An Inconvenient Truth," along with pragmatic executives seeking an idea of future costs and, especially, the arrival of a Democratic-controlled Congress. There was evidence of the changed mood all over Washington this week.

On Wednesday, leading scientists and evangelical pastors jointly declared their intention to fight the causes of climate change and the public confusion on the subject. Cheryl Johns, a professor at the Church of God Theological Seminary, called that problem "nature deficit disorder."

Another news conference on Wednesday featured executives of the heavily regulated electric utility industry embracing Senators Dianne Feinstein of California and Thomas R. Carper of Delaware, both Democrats. The senators were offering separate bills to add regulations, including a cap on carbon dioxide emissions.

One sign of the Democrats' determination to move on climate bills occurred when a Democratic Congressional aide confirmed that Speaker Nancy Pelosi wanted to create a special committee on climate, apparently an end run around Representative John D. Dingell, the Michigan Democrat who is chairman of the Energy and Commerce Committee.

Mr. Dingell, through an aide, Jodi Seth, said Wednesday that such committees were "as relevant and useful as feathers on a fish."

Mr. Dingell's firm support of the automobile industry, a leading source of carbon dioxide emissions, and his earlier lack of enthusiasm for climate measures have made him suspect among advocates of strong climate laws.

To add excitement, the man of the moment, Senator Barack Obama, Democrat of Illinois, lent his name to the best-known brand in climate-change legislation, a measure by Senators John McCain, Republican of Arizona, and Joseph I. Lieberman, independent of Connecticut.

That means that two of the three sponsors, Mr. Obama and Mr. McCain, are leading presidential contenders in 2008.

Neither party is united around any one position. And for all the flurry of news conferences and proffered solutions, the big unanswered question was what will President Bush do?

A tantalizing hint came from James L. Connaughton, chairman of the president's Council on Environmental Quality, in an interview on Tuesday.

"There are a number of pathways for getting to a shared goal, and we should explore all of them," Mr. Connaughton said.

He added, "Part of that, by the way, is learning about some of the flaws in the design of the economywide cap-and-trade approach, which, if corrected, might make it a workable tool."

That suggests that some version of an emissions cap may eventually win White House support. Persistent rumors that the president might support an emissions cap, circulating in Washington and Europe, were rejected Tuesday by his press secretary, Tony Snow.

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But White House aides have hinted for months that Mr. Bush was planning a dramatic announcement on the subject in his annual address. Last year, the president said, "America is addicted to oil," and stimulated a debate over dependence on foreign oil that has overlapped with environmental groups' calls for cleaner-burning domestic fuels.

The mechanism that Mr. Snow ruled out is the basis for most of the Democratic measures, capping carbon dioxide emissions and then giving or selling to companies allowances, effectively permits to create a certain level of emissions.

Cleaner factories or utilities could then sell the allowances and gain a new revenue source. Factories with higher than allowable emissions would have to buy the permits they need.

Such a market, already in effect in Europe, in theory would set a price for a ton of carbon dioxide emissions, and the market would stimulate innovation in technologies that would reduce emissions or produce goods or power without the same high emissions common today.

Diplomats and environmental groups speculated in Washington this week that the Bush administration would look at other mandatory actions, perhaps not an emissions cap but rather expanding the decision to increase marginally fuel-economy standards for light trucks.

A similar move for passenger vehicles, coupled with a call for sharp increases in ethanol and other renewable fuels plus new money for research into clean-energy technologies would be a bouquet approach that would expand policies Mr. Bush has put forward.

European allies have been trying to nudge Mr. Bush toward their cap-and-trade model. The White House says that would shift jobs, and emissions from one country to another without slowing worldwide growth in emissions.

The president' s opposition to mandatory caps retains strong support on Capitol Hill.

Jim Owen, a spokesman for the Edison Electric Institute, the trade group of the utility industry, said Wednesday: "Everything is different, but it's also the same in some ways. You still need 60 votes to get something big done in the Senate. And there are still many complex, thorny issues that stand in the way of enactment."

The Democratic bills announced in the last two weeks cover a broad range. A proposal by Senator Jeff Bingaman, the New Mexico Democrat who is chairman of the Energy and Natural Resources Committee, would decrease the rate of emissions growth before capping emissions and would build in a "safety valve," freeing industries from the caps in certain circumstances.

Groups like Environmental Defense say the safety valve would undermine market mechanisms.

In an interview, Mr. Bingaman said, "The way I look at it it's a question of what we can get agreement on."

Less draconian than that proposal is the Lieberman-McCain approach. It would tighten controls more gradually and include subsidies for nuclear power. An emissions cap for just utilities is the centerpiece of yet another bill, by Ms. Feinstein.

Some scientists and economists have expressed concern in recent weeks that the discussions here is overly focused on emissions caps, with too little attention on what they say is an essential need, greatly expanded government-financed research on nonpolluting energy technologies.

Richard G. Richels, a climate expert and an economist at the Electric Power Research Institute, an organization in Palo Alto, Calif., that conducts energy studies for the utility industry, said a carbon dioxide cap would mainly prompt industry to deploy existing cleaner technologies that provide gains, but fail to come close to solving the climate problem.

Mr. Richels added that it would not spur long-term investments seeking breakthroughs like new ways to store intermittent power from windmills.

Democrats Push Climate Change To Front Burner (WSJ)

By John J. Fialka And David Rogers

Wall Street Journal, January 18, 2007

Strategy Aims to Draw Bush Into Negotiations; Industries Sort Options

WASHINGTON -- The new Democratic-led Congress is trying to put its mark on one of the most contentious environmental and economic problems within reach: climate change.

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The initiative is one of the starkest signs of the transformation of Washington's agenda as a result of November's election. While the Senate has debated climate-change moves for several years, the House of Representatives, under Republican control for the past 12 years, has done relatively little.

Now House Speaker Nancy Pelosi is moving to ramp up debates on energy and how to curb so-called greenhouse gases, which most scientists believe are accelerating global warming by trapping the sun's heat in the atmosphere. But the Californian already is discovering how controversial any effort will be -- even within her own party. Ms. Pelosi is expected to announce today that she is creating a select committee on climate change and energy independence that will be empowered to hold hearings.

Her strategy is to raise the profile of the issue and press for action by early summer. In an interview last evening, Ms. Pelosi said she saw energy independence and climate-change legislation as part of the next phase of the Democratic agenda after passing bills on issues such as the minimum wage and student loans.

"Tomorrow, we finish our 100 hours, and I will talk about what comes next, and included in that is energy independence. Climate change is part of energy independence," she said. "We're asking our chairmen to have their hearings and submit their legislation...in time for us to introduce an energy independence package no later than the Fourth of July."

By raising the issues' profile, Democrats say Ms. Pelosi will be better able to put pressure on the White House to come to the bargaining table. But her effort is angering committee chairmen less eager to move quickly, particularly powerful Michigan Rep. John Dingell. The Michigan lawmaker has expressed his ire at what he considers an intrusion into his House Energy and Commerce Committee's jurisdiction over energy and climate-change legislation.

Bills already circulating in the Senate have in common a mandatory cap on emissions, a step that, according to the White House, President Bush isn't prepared to advocate in next week's State of the Union address. However, industry and environmental groups see Mr. Bush as a potential broker who could help shape a consensus, particularly in the Senate, where 60 votes would be needed to overcome a filibuster promised by Oklahoma Republican Sen. James Inhofe.

The effort has enormous implications for American businesses and manufacturers, which are split on the best course. The coal-mining, oil-production and utility sectors are likely to be hardest hit, since they sell fossil fuels containing carbon dioxide -- the most common greenhouse gas -- or derive their energy from it. Among the forces urging action are industries worried that states are producing a patchwork of regulations. California has a new law to reduce greenhouse gas emissions, while New Mexico, Minnesota, South Carolina and Florida are working on their own plans. Dozens of U.S. cities have imposed emissions restrictions. A federal law could preempt further local and state efforts.

The most striking example of U.S. industry's evolution toward engaging the issue is oil giant Exxon Mobil Corp., which has long been a leading opponent of emissions rules but has begun talking about how to structure them. The oil industry also faces other pressures; today the House is set to vote on whether to cut subsidies for U.S. oil production.

"We now believe the legislative dance has formally begun," says Steve Cochran, a legislative analyst for Environmental Defense, a New York-based group which has been leading the charge for a cap-and-trade approach that would encourage trading in emissions credits that could soften the impact on industries. Companies that reduce their emissions below assigned caps could earn credits to sell to other companies that want to avoid penalties for exceeding their caps.

The flagship among the cap-and-trade bills was unveiled last week by Republican Sen. John McCain of Arizona and Democratic Sens. Joseph Lieberman of Connecticut and Barack Obama of Illinois. The legislation would require industries to reduce their emissions to 2004 levels by 2012 and then further decrease emissions by about 2% a year through 2020. The measure calls for the nation's emissions to be reduced by two-thirds by 2050. Less-demanding versions of the bill were rejected by the Senate twice before.

A more modest approach, being prepared by Democratic Sen. Jeff Bingaman of New Mexico, calls for industries to stabilize their emissions by 2020 at levels registered in 2013. After that, the Bingaman bill would impose reductions below 2013 levels. The bill, expected to attract some industry and Republican support, is regarded as a fallback measure if the McCain-Lieberman-Obama approach fails. "We want to occupy the center ground," a Bingaman spokesman says.

A third approach, sponsored by Independent Sen. Bernie Sanders of Vermont, calls on the nation to reduce emissions to 1990 levels by 2020 and to make an 80% reduction by 2050. Democratic Sen. Barbara Boxer of California, chairman of the

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Senate Environment and Public Works Committee, calls this bill, with its steep cuts, the "gold standard." Her panel will play a major role on the issue.

While these bills would require utilities, coal mines, oil companies and other businesses across the economy to make the cuts, a fourth measure, submitted yesterday by Democratic Sen. Dianne Feinstein of California, focuses only on utilities that make electricity. They would be required to reduce their emissions by 25% by 2020. The bill is supported by six major utilities, including California's PG&E Corp. and Florida Power & Light, companies that have long experience with emissions trading required by the Clean Air Act.

In the House, the climate-change issue is already stoking tensions. Democratic Rep. Edward Markey of Massachusetts is the leading candidate to head the new select committee, which is designed to be largely a communications vehicle able to cut across the traditional lines of the tax-writing, energy, science and environment panels.

But Mr. Dingell, who is the most upset about the Pelosi approach, is expected to host a meeting today of his committee's Democrats who, by chance, also include chairmen of other relevant panels such as the Science and Oversight and Government Reform committees.

Ms. Pelosi said the proposed select committee would "absolutely not" intrude on jurisdiction of existing panels, but serve to collect information and raise the profile of the issue. Her office said the new panel won't be empowered to initiate legislation. But committee heads expressed concern it would distract from their work and permit changes to be imposed on their bills through the House Rules Committee, which the speaker controls.

There is also a potential disconnect between the goals of Ms. Pelosi's agenda: The increase in domestic oil, gas and coal production likely needed to achieve energy independence would entail heightened output of greenhouse gases.

A significant part of the debate on climate change will focus on the bills' impact on the economy. However, some people who have designed the computer software used to calculate the projections say the bills contain many imponderables -- including assumptions about the potential emergence of cleaner technologies -- that can't be modeled.

So far, only the cost of Mr. Bingaman's bill has been estimated: The Energy Department's Energy Information Administration projects it would reduce the nation's gross domestic economy by 0.1%, or $232 billion, between 2009 and 2030.

But the Energy Department study assumes the emergence of a new generation of nuclear-power plants and other emission-reduction technologies that haven't appeared yet, says Alan Beamon, who helped prepare the study. "There's an awful lot of uncertainty on how markets will evolve to meet those needs," he says.

Computer models have diverged before. A study on the 2003 version of the McCain-Lieberman bill by the Massachusetts Institute of Technology predicted the measure would increase consumer costs by 0.02% over a couple of decades, while CRA International, a Boston-based consulting group, put the cost at 10 times higher.

"Models all assume that technological change happens smoothly," says Anne Smith, a vice president of CRA, "but when they do that, they underestimate the effort it will take of solving some of these problems."

Jason Grumet, staff director of the bipartisan National Commission on Energy Policy, says the uncertainty of the models requires a "safety valve" in any emissions-trading plan so that the government could step in if legislation threatened economic stability.

Pelosi May Create Global Warming Panel (AP)

By John Heilprin, Associated Press Writer

AP, January 18, 2007

House Speaker Nancy Pelosi, intent on putting global warming atop the Democratic agenda, is shaking up traditional committee fiefdoms dominated by some of Congress' oldest and most powerful members.

She's moving to create a special committee to recommend legislation for cutting greenhouse gases, most likely to be chaired by Rep. Edward Markey, D-Mass., a Democratic leadership aide said Wednesday.

Markey has advocated raising mileage standards for cars, trucks and SUVs and is one of the House's biggest critics of oil companies and U.S. automakers,

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Pelosi has discussed the proposal with at least two Democratic committee chairmen: fellow Californian Henry Waxman of Oversight and Government Reform, and West Virginia Rep. Nick Rahall, who heads the Natural Resources panel. Pelosi intends to announce the move this week, said the leadership aide, who spoke on condition of anonymity because not all of the details have been worked out.

The move, to some degree, would sidestep two of the House's most powerful Democratic committee bosses, in shaping what's expected to be at least a yearlong debate on global warming:

• Energy and Commerce Committee Chairman John Dingell of Michigan, a defender of the auto industry and at 80 the longest serving member of the House.

• New York Rep. Charles Rangel, who as the 76-year-old chairman of the tax-writing Ways and Means Committee, would have to clear any tax on carbon-based fuels like coal, oil or natural gas, which have been blamed for warming the atmosphere. A chief advocate of such a tax is former Democratic Vice President Al Gore.

Rahall said he had spoken with Pelosi about the idea of a new select committee. Rahall's panel oversees energy development on public lands, including coal, oil and natural gas as well as cleaner, non-carbon sources such as geothermal and windmills.

"I've been assured that no legislative jurisdiction would be taken away from any committee," Rahall said. "No legislative responsibility would be shifted from any committee."

As chair of Energy and Commerce, Dingell oversees the Clean Air Act — and would have the most to lose by letting another panel take the lead. The panel's staff chief, Dennis Fitzgibbons, a former auto company lobbyist, said Dingell was philosophically opposed to Pelosi's plan.

"He has always been cool to the idea, because it undermines the fundamental idea for establishing committees in the first place, which is to acquire expertise in a certain area," Fitzgibbons said.

Dingell, asked about the new committee, said, "I have not been officially informed."

Waxman, like Markey a one-time protege of Dingell, said that Pelosi discussed the idea of a special committee with him several days ago. He, too, is a skeptic.

"I believe the existing committees can deal effectively with global warming," he said Wednesday. "But I can also understand why the speaker believes it's important to highlight this issue."

A new committee would give Pelosi a vehicle to push a regulatory scheme for reducing greenhouse gases and pit her against President Bush, who plans to outline his global warming approach in his State of the Union next week. Bush has repeatedly opposed any mandatory reductions in carbon dioxide emissions, instead advocating voluntary approaches and research on new technologies. Pelosi has supported mandatory reductions with specific target dates for achieving them.

"It's an issue that the speaker thinks is critical to address," said Pelosi spokeswoman Jennifer Crider.

Democratic officials said the committee would be responsible for advising the best legislative approaches while the actual bill-writing duties would likely still be done by Dingell's and Rangel's committees. Among the topics being negotiated are how long the committee should exist and how broad its focus should be, since global climate change affects virtually everything.

Pelosi hasn't shied from taking on other powerful House Democrats. She endorsed the losing effort by Rep. John Murtha, D-Pa., to become majority leader over Rep. Steny Hoyer, D-Md. She also has approved of six-year term limits for committee chairmen over objections from Dingell and other senior Democrats.

She also has a history with Dingell, who backed Hoyer over Pelosi in a 2001 race for the party whip's post. Pelosi backed a Democratic primary challenger to Dingell's re-election the following year.

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Associated Press writers Jim Kuhnhenn and H. Josef Hebert contributed to this report.

IN THE LOOP, ON THE HILL: A New Panel Forms Under Jurisdictional Cloud (WP)

By Lois Romano

Washington Post, January 18, 2007

DOJ_NMG_0118157

House Speaker Nancy Pelosi moved quickly yesterday to deal with a furor that erupted over her decision to create a committee dedicated to global warming that will undoubtedly wander onto the turf of the powerful Energy and Commerce Committee.

Pelosi plans on announcing the new committee today, over the protestations of Energy Committee Chairman John Dingell (D-Mich.) and Rep. Henry Waxman (D-Calif.), also on the committee. Sources say that Pelosi will likely name as chairman Rep. Edward Markey (D-Mass), who has built a 30-year career as a leader on environmental issues. Markey's office has no comment.

A Hill aide with knowledge of the flap said that the new committee will have no legislative jurisdiction. However, Pelosi sees this as a high-profile, attention-getting committee that will put pressure on Energy and Commerce to move on climate change, say Hill sources.

Pelosi, who has made global warming and the environment a priority, has been frustrated with what she has perceived as a lack of commitment from Dingell to limit U.S. greenhouse gas emissions, to protect the auto industry in his district. A spokesman for Dingell, however, said that the chairman has put the auto industry on notice that he's moving forward with hearings on climate control and emission standards.

Last Friday, Dingell sent a memo to his committee members announcing plans for hearings on climate change, and he has invited former vice president Al Gore to testify. "I recognize that there is a wide range of opinion on climate change and it is my intention that we hear the full spectrum of views," Dingell wrote.

Spokeswoman Jodi Seth said that Dingell and the committee have begun planning a series of hearings, and that creating a new committee would only duplicate work already underway. She added that Dingell met yesterday with U.N. executive secretary for climate Eyvo de Boer.

More succinctly the chairman said in a statement: "These kinds of committees are as useful in relevance as feathers on a fish."The Wages of No Action

House and Senate members have been given a serious incentive to complete work on the minimum-wage legislation ASAP -- no raises for them until the job is done. Both the House and Senate bills require the two chambers to pass the legislation before their automatic cost-of-living increases are posted in February.

Meanwhile, Senate aides are none-too-pleased that president pro temp of the Senate, Robert Byrd (D-W.Va.) has suggested that it would be inappropriate to authorize a cost-of-living wage increase for Senate employees while Congress is still operating under a continuing resolution--meaning the new budget is not yet in place and therefore the funds are not technically there.

A spokesman for Byrd said that decision will likely be reconsidered when the full-year funding level for the Senate is determined.Excused Absences

A databank of "missed votes" maligned Rep. Steve Buyer of Indiana, reporting him as the top House vote misser this year. Turns out the poor guy had a wicked skiing accident in Colorado over the holidays and ripped his knee up pretty bad, requiring surgery. He hobbled back to vote for the GOP leadership, then flew home for surgery and to recuperate. Sen. Sam Brownback missed 100 percent of his votes these past few weeks -- again with good reason. The senator was traveling last week in Iraq, Afghanistan, Pakistan and Ethiopia. And Sen. Daniel Inouye was another at the 100 percent mark because he stayed in Hawaii to give a speech on Iraq, said a spokesman.Hold the Dough for the Crooks

One week before former Ohio congressman Robert Ney (R) is scheduled to be sentenced for accepting bribes, the House is poised to vote on legislation that would deny future legislators-turned-felons their federal pensions.

The measure, which sailed through the Senate, would not be retroactive. So Ney and those who stole before him will not be deprived of their benefits.

Sens. John Kerry (Mass.) and Ken Salazar (Colo.) were the primary co-sponsors of what became known as the Duke Cunningham Act, for the eponymous California legislator who went down in flames last year after treating a lobbyist's checkbook as his own and accepting $2.4 million in bribes.

The measure would only touch those funds that were matched by the federal government -- not the legislators' own contributions.

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According to National Taxpayers Union estimates, Ney would receive $29,000 a year, and Cunningham gets about $40,000, as does former congressman James Traficant (R-Ohio), who was convicted in 2002 of bribery and racketeering.

Former congressman Dan Rostenkowski-- who served 17 months in prison for mail fraud -- is estimated with cost-of-living increases to be receiving $131,000 -- almost as much as his full salary in 1994 when he was defeated for reelection.

It's A Consensus: The End Is Near (LAT)

By Bryn Nelson

The Los Angeles Times, January 18, 2007

WASHINGTON — In an extraordinary display of the mounting concern over climate change, an international group of physicists and an alliance of scientists and evangelical Christians each issued calls to action Wednesday aimed at preventing a doomsday that includes global environmental catastrophe.

The independent initiatives, announced at nearly simultaneous news conferences, reflect the new bonds forged from a growing consensus that human-wrought environmental damage is a moral issue for Christians and scientists alike.

At one event, the Bulletin of the Atomic Scientists moved the minute hand of its famous "Doomsday Clock" to 11:55 p.m., with midnight being the figurative end of civilization. For the first time since the clock's creation in 1947, the organization's board of directors added the threat of climate change to unresolved nuclear dangers in the decision to advance the clock.

Meanwhile, a coalition of scientific and religious leaders affirmed their commitment to protecting the environment, calling for "fundamental changes in values, lifestyles and public policies required to address these worsening problems before it is too late."

Randy Isaac, executive director of the American Scientific Affiliation, a fellowship of Christians in scientific disciplines, said the "Urgent Call to Action" signed by 28 researchers and evangelicals reflected a successful search for common ground.

"Representatives of both groups have come together to rally around a common passion: the need to preserve God's creation," he said.

Carl Safina of the Blue Ocean Institute in Cold Spring Harbor, N.Y., said in an interview Wednesday: "We may have slightly different perspectives of where we came from, but the intensity of the problems that we face are becoming too big and too obvious, and they are making those differences [look] increasingly trivial. We're all on this boat together."

Martian Logic (WP)

The Washington Post, January 18, 2007

AYEAR and a half ago, the National Academy of Sciences reported that the country's climate-monitoring systems were "at risk of collapse." This week, in a 400-page-plus knockout of a study, the academy concluded that those systems are even worse off now. This is a stunning indictment of an administration that has parried complaints about inaction on climate change with claims of at least having generously funded research.

The chief problem is President Bush's misplaced funding priorities at NASA, the space agency that doesn't just launch rockets but, along with the National Oceanic and Atmospheric Administration, also maintains a series of satellites and other sensors to monitor global climate and weather patterns. The network is essential to detecting and responding to the effects of global warming and other climate phenomena. But Mr. Bush, without significantly increasing NASA's budget, has insisted that it push ahead with plans to establish a human presence on the moon and assume the enormous job of preparing for a manned mission to Mars. These ambitions, coming as the ailing shuttle program also has demanded more money, have forced NASA to cut deeply into earth science and other research programs.

Those earth science programs now have an annual budget that is about $500 million less (in 2006 dollars) than they had at the end of the Clinton administration, says Berrien Moore III, one of the co-chairmen of the committee that drafted the report. The budget for research and analysis for NASA's science missions, the money that pays for experts to make sense of data collected, declined by 30 percent in the past six years. The result is a raft of delayed or canceled projects, many of which are needed to replace antique hardware, and a scientific community increasingly wary of dealing with NASA. This week, to deflect the report's criticisms, the White House is touting funding increases at NOAA, but those aren't enough to pick up the slack, especially after NOAA has had to pare down its own climate-monitoring goals because of huge cost overruns.

Mr. Moore and his co-chairman, Richard A. Anthes, say that Mr. Bush need only restore earth science research funding at NASA to the levels of late in the Clinton administration and spend reasonably on a discrete set of projects to repair the system, a goal that should be reachable if he reconsiders how to pay for his ambitious space missions. If the president must go to the moon or Mars, he should find the money for it responsibly, not by chopping away at other, more vital programs.

Will Al Gore Melt? (WSJ)

By Flemming Rose And Bjorn Lomborg

The Wall Street Journal, January 18, 2007

Al Gore is traveling around the world telling us how we must fundamentally change our civilization due to the threat of global warming. Today he is in Denmark to disseminate this message. But if we are to embark on the costliest political project ever, maybe we should make sure it rests on solid ground. It should be based on the best facts, not just the convenient ones. This was the background for the biggest Danish newspaper, Jyllands-Posten, to set up an investigative interview with Mr. Gore. And for this, the paper thought it would be obvious to team up with Bjorn Lomborg, author of "The Skeptical Environmentalist," who has provided one of the clearest counterpoints to Mr. Gore's tune.

The interview had been scheduled for months. Mr. Gore's agent yesterday thought Gore-meets-Lomborg would be great. Yet an hour later, he came back to tell us that Bjorn Lomborg should be excluded from the interview because he's been very critical of Mr. Gore's message about global warming and has questioned Mr. Gore's evenhandedness. According to the agent, Mr. Gore only wanted to have questions about his book and documentary, and only asked by a reporter. These conditions were immediately accepted by Jyllands-Posten. Yet an hour later we received an email from the agent saying that the interview was now cancelled. What happened?

One can only speculate. But if we are to follow Mr. Gore's suggestions of radically changing our way of life, the costs are not trivial. If we slowly change our greenhouse gas emissions over the coming century, the U.N. actually estimates that we will live in a warmer but immensely richer world. However, the U.N. Climate Panel suggests that if we follow Al Gore's path down toward an environmentally obsessed society, it will have big consequences for the world, not least its poor. In the year 2100, Mr. Gore will have left the average person 30% poorer, and thus less able to handle many of the problems we will face, climate change or no climate change.

Clearly we need to ask hard questions. Is Mr. Gore's world a worthwhile sacrifice? But it seems that critical questions are out of the question. It would have been great to ask him why he only talks about a sea-level rise of 20 feet. In his movie he shows scary sequences of 20-feet flooding Florida, San Francisco, New York, Holland, Calcutta, Beijing and Shanghai. But were realistic levels not dramatic enough? The U.N. climate panel expects only a foot of sea-level rise over this century. Moreover, sea levels actually climbed that much over the past 150 years. Does Mr. Gore find it balanced to exaggerate the best scientific knowledge available by a factor of 20?

Mr. Gore says that global warming will increase malaria and highlights Nairobi as his key case. According to him, Nairobi was founded right where it was too cold for malaria to occur. However, with global warming advancing, he tells us that malaria is now appearing in the city. Yet this is quite contrary to the World Health Organization's finding. Today Nairobi is considered free of malaria, but in the 1920s and '30s, when temperatures were lower than today, malaria epidemics occurred regularly. Mr. Gore's is a convenient story, but isn't it against the facts?

He considers Antarctica the canary in the mine, but again doesn't tell the full story. He presents pictures from the 2% of Antarctica that is dramatically warming and ignores the 98% that has largely cooled over the past 35 years. The U.N. panel estimates that Antarctica will actually increase its snow mass this century. Similarly, Mr. Gore points to shrinking sea ice in the Northern Hemisphere, but don't mention that sea ice in the Southern Hemisphere is increasing. Shouldn't we hear those facts? Mr. Gore talks about how the higher temperatures of global warming kill people. He specifically mentions how the European heat wave of 2003 killed 35,000. But he entirely leaves out how global warming also means less cold and saves lives. Moreover, the avoided cold deaths far outweigh the number of heat deaths. For the U.K. it is estimated that 2,000 more will die from global warming. But at the same time 20,000 fewer will die of cold. Why does Mr. Gore tell only one side of the story?

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Al Gore is on a mission. If he has his way, we could end up choosing a future, based on dubious claims, that could cost us, according to a U.N. estimate, $553 trillion over this century. Getting answers to hard questions is not an unreasonable expectation before we take his project seriously. It is crucial that we make the right decisions posed by the challenge of global warming. These are best achieved through open debate, and we invite him to take the time to answer our questions: We are ready to interview you any time, Mr. Gore -- and anywhere.

Mr. Rose is culture editor of Jyllands-Posten, in Copenhagen. Mr. Lomborg is a professor at the Copenhagen Business School.

FBI/DEA/ATF/USMS:

Ex-FBI Agent Denies He Fought Police (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, January 18, 2007

BRIDGEPORT — A retired FBI agent said he stood with his arms raised, looking down at the snow under his feet, when a deputy U.S. marshal charged at him and struck him with a "cold, metallic instrument."

Gary John's testimony Wednesday contradicted that of Deputy U.S. Marshal James Masterson, who said the former agent kept moving around, refused to show his hands and punched him during a Dec. 8, 2005, arrest in Stratford's Oronoque Village.

At the time, federal marshals were seeking John for allegedly violating a no-contact restraining order involving his ex-wife in Rhode Island. They traced him to a condominium on Piute Lane, where John was living with the mother of his now ex-girlfriend from Milford.

Early this afternoon, U.S. District Judge Janet C. Hall is expected to send the case to the 12-member jury to determine whether John should be convicted of assaulting a federal law enforcement officer.

John has been in custody since his arrest.

Assistant U.S. Attorney Anthony Kaplan questioned John about a letter he sent to his ex- Milford girl friend last summer about "not wanting to go back to prison."

John claimed he meant he did not want to spend the summer incarcerated, but outside enjoying "Connecticut's coastline."

The 58-year-old, 6-foot, 165- pound former FBI agent took the stand to tell his side of the story after spending a day listening to marshals and police officers testify about his conduct.

Responding to questions from Robert Mann,

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his lawyer, John said he was standing near the trunk of his car when he heard Masterson shout his name around 10 p.m. on Dec. 8, 2005. Then, he said, he saw the marshal pointing a gun at him.

"I could not understand why a law enforcement officer would have a gun pointed at me," John told the jury in a soft, calm voice. "Nothing in my background justifies that level of force being necessary."

He testified that during most of the ordeal he kept his hands raised, his palms to the ground and his fingers opened except once, when he placed a cell phone call to his girlfriend from Milford.

Asked by Mann why he did not follow Masterson's orders to lie face down, John said there was a 3-inch coating of snow and ice on the ground. "I was wearing a pretty expensive jacket," the former agent explained. "I could not see a reason to tarnish my dress clothes."

When Masterson's backup arrived, John admitted knowing he "was about to be taken into custody. My arms were up, my palms facing out and my eyes looking down at the snow so I would be in a non-threatening position."

Seconds later, John said, he "received a surprise blow" to his cheek from a "metallic instrument. The next thing I felt was an overwhelming force of individuals from behind me."

John claimed that as he was falling he "instinctively and reactively" reached out and grabbed onto someone's outer arms to try to break the fall. He then felt a punch to his left forehead under his left eyebrow and fell to the ground.

On the ground, he said, his face was shoved into the snow making it impossible for him to breathe and his right arm was pulled "so viciously and violently" causing him to shout 'you're breaking my arm.' "

At the time several Stratford police officers, Rhode Island sheriffs and deputy U.S. marshals were on the scene.

"I did not strike Deputy U.S. Marshal James M. Masterson or anyone else," John said. "I never attempted to punch or make any aggressive move."

Masterson testified Tuesday John repeatedly failed to listen to his commands and threw roundhouse punches at him during the arrest.

Earlier in the day, Constance Guerrere, who owned the condominium outside which John was arrested, said she saw numerous law enforcement officers jump John during the arrest.

"The police came and jumped Gary. They threw him on the ground," testified Guerrere, the 78-year-old mother of John's ex-girlfriend. "They had his face in the ice. It was so horrendous, I couldn't watch."

Officials Suprised By DEA Raid On Pot Clinics (LAT)

The Los Angeles Times, January 18, 2007

Federal drug agents raided eleven medical marijuana outlets in Los Angeles Wednesday afternoon, seizing several thousand pounds of processed marijuana, along with weapons and money, as part of an ongoing investigation, a Drug Enforcement Administration spokeswoman said.

At least three people in West Hollywood were taken into custody in a raid of five outlets there. Six other outlets in Venice, Hollywood, Sherman Oaks and Woodland Hills were also raided.

In West Hollywood, agents in bullet-proof vests, dark sunglasses, gloves and face masks piled out of a storefront with boxes and black trash bags stuffed full, as 50 protestors gathered, booing and shouting "States' Rights". The evidence was loaded into dark blue SUVs and vans.

At one dispensary, The Farmacy on Santa Monica Boulevard, amateur videographers and others mobbed officers piling three cars with evidence.

West Hollywood city officials said the raid took them by surprise. The West Hollywood Sheriff's station was not notified until 2 p.m., a half-hour before the raid began, said Lt. David Smith.

City spokeswoman Helen Goss said West Hollywood has a "long-standing commitment" to the use of medical marijuana for people suffering from illnesses like HIV and AIDS, and city officials said they were taken by surprise, learning of the raid as it was going on.

California voters approved Proposition 215, the Compassionate Use Act in 1996, which made marijuana available by prescription for medicinal uses. The federal drug agency, which does not recognize California laws legalizing medical marijuana use, recently stepped up enforcement, contending that the amount of money involved proves that the burgeoning dispensaries are nothing more than fronts for high-stakes drug dealing.

DEA Raids 11 Medical Marijuana Clinics In Los Angeles Area (MHCA)

Monterey (CA) Herald, January 18, 2007

LOS ANGELES - Federal drug agents raided nearly a dozen medical marijuana clinics Wednesday, seizing several thousand pounds of processed marijuana, along with weapons and money, authorities said.

Several people were detained, although no arrests were made after five dispensaries in West Hollywood and six others in Venice, Hollywood and the San Fernando Valley were searched, said Sarah Pullen, a spokeswoman with the U.S. Drug Enforcement Administration.

Pullen declined to provide details of the investigation, saying the search warrants remained under seal. "But obviously we are looking for marijuana and other illegal drugs, marijuana edibles and evidence of ongoing criminal activity and anything from paperwork to documents -- you name it," Pullen said.

Officials in West Hollywood said they were surprised by the action, learning of the raid as it was happening.

West Hollywood spokeswoman Helen Goss said the city has a "long-standing commitment" to the use of medical marijuana for people suffering from illnesses like HIV and AIDS.

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Agents in bulletproof vests, gloves and face masks left a West Hollywood storefront with boxes and trash bags filled, as about 50 protesters booed and shouted "states' rights."

At one dispensary, The Farmacy on Santa Monica Boulevard, amateur videographers and others mobbed officers filling three cars with evidence.

California voters approved Proposition 215, the Compassionate Use Act in 1996, which made marijuana available by prescription for medicinal uses. The DEA, which does not recognize California laws legalizing medical marijuana use, has recently stepped up its enforcement.

"Today's enforcement operations show that these establishments are nothing more than drug-trafficking organizations bringing criminal activities to our neighborhoods and drugs near our children and schools," said Ralph W. Partridge, head of the DEA in Los Angeles.

Feds Raid 5 Of 7 Medical Marijuana Clinics In WeHo (CBS2)

CBS 2, January 18, 2007

(CBS) WEST HOLLYWOOD, Calif. Federal agents raided five of the seven medical marijuana dispensaries in West Hollywood Wednesday, along with six others throughout Los Angeles County, authorities said.

West Hollywood city officials said Drug Enforcement Administration raids were carried out at dispensaries at 7828, 7825, 7901 and 8464 Santa Monica Blvd., and at a dispensary at 8921 Sunset Blvd.

Sarah Pullen of the DEA said six other dispensaries were searched, including four in the San Fernando Valley, one in Hollywood and one in Venice.

She said she could not provide specifics of the raids because the warrants were under court seal, "but obviously we are looking for marijuana and other illegal drugs, marijuana edibles and evidence of ongoing criminal activity and anything from paperwork to documents -- you name it."

Several people were detained but none were arrested, Pullen said, although she said arrests may be forthcoming.

She said although medical marijuana is legal in California, "federal law doesn't differentiate. Marijuana is illegal in any form."

"... The DEA is here to enforce federal drug laws," she said.

"Federal law does have supremacy over state law where there is a difference between federal law and state law by a ruling of the Supreme Court. Therefore, marijuana is illegal."

West Hollywood officials decried the raids.

"The city of West Hollywood has had a long-standing commitment to the compassionate use of medical marijuana for those persons who are facing catastrophic illnesses," City Manager Paul Arevalo said.

Pullen said the places that were served with search warrants were chosen through "citizen complaints and increased criminal activities surrounding the establishments, from parking violations to armed robbery to break ins to graffiti to hand-to-hand sales outside."

She said there are at least 200 marijuana distribution centers operating in Los Angeles County.

Sheriff's Deputy Ed Hernandez said the Los Angeles County Sheriff's Department provided traffic control and security in the West Hollywood locations.

West Hollywood City Councilman Jeffrey Prang said he drove by one of the locations this afternoon and it had been taped off.

"The DEA was inside, going through computer files and papers," said Prang, who is employed by the Sheriff's Department in a civilian capacity.

The raids came on the heels of a vote by the West Hollywood City Council last night "toughening the restrictions affecting these establishments," said Prang.

"West Hollywood has been a leader and advocate of the compassionate use of marijuana for people with HIV and other serious illnesses who find it brings them relief," Prang said.

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He said marijuana is known to lessen the nausea connected with chemotherapy treatments used to treat cancer and also helps people with HIV or AIDS who get "wasting syndrome."

The marijuana helps them maintain their appetite, he said.

"I'm not an expert, but if people are terminally sick or are suffering, why would one deny them access?" he said.

He said another medical marijuana dispensary was raided in the San Fernando Valley last week, and several in Northern California were raided over the last few weeks.

Arevalo said the city had no advance knowledge of the raids.

"It is regrettable that the federal, state and local governments cannot work together on this issue," he said.

Supporters of the medical marijuana dispensaries said they plan to stage a protest at West Hollywood City Hall tomorrow to condemn the raids.

"The DEA continues to say that they are not going after patients," said Steph Sherer, executive director of Americans for Safe Access. "But every time they raid a medical cannabis dispensary, hundreds of the most seriously ill lose their access to medicine."

Feds Bust Bay Area Pot-Growing Operation (NBC4)

NBC4.TV, January 18, 2007

SAN FRANCISCO, Calif. -- Federal agents are breaking up a multi-million dollar drug operation that stretches from the San Francisco Bay Area to the Central Valley.

Drug Enforcement Agency agents found pot and indoor pot-growing equipment in 48 homes in suburbs such as Lathrop and Stockton.

According to court documents, the growers are from the Bay Area.

Agents spent months tracking them from upscale homes in the Central Valley to San Francisco and Oakland.

Agents served several search warrants and arrested eight people in San Francisco's Chinatown and the outer Mission neighborhood on Friday.

Investigators are still trying to figure out who is in charge of the operation, which they say produced $20 million worth of pot every year.

Officials Link Bay Area Raids To Area Marijuana Operation (SACBEE)

By Ryan Lillis, Bee Staff Writer

The Sacramento Bee, January 18, 2007

Authorities raided three Bay Area homes Wednesday that they believe are connected to an alleged large-scale indoor marijuana operation uncovered in the Sacramento region last year.

Agents from the federal Drug Enforcement Administration and the Elk Grove and Stockton police departments raided homes in San Francisco, Daly City and Union City, said DEA Special Agent Gordon Taylor.

Agents found "documentary evidence" that the homes were connected to 48 homes raided as part of the widespread investigation the past six months, Taylor said.

Tuesday's raids followed a series of busts last week in which search warrants were served at homes in Lathrop, Tracy, San Francisco and Oakland, Taylor said.

Authorities said they made eight arrests during those raids and confiscated weapons, processed marijuana, ecstasy pills and more than $60,000.

"It appears this is a Bay Area crime syndicate that has exported its indoor marijuana operations to Sacramento and San Joaquin counties," Taylor said. "They showed up unannounced, unexpected and uninvited, and today we're turning the tables on them."

Police Charge 4 In Drug Scheme (NASHTEL)

By Andrew Wolfe, Telegraph Staff

Nashua Telegraph, January 18, 2007

DOJ_NMG_0118164

CONCORD – Some car buffs like low profile tires, big, flashy rims and walloping sound systems with bone-jarring bass.

Federal prosecutors charge that four men at two Massachusetts auto repair shops catered to yet another type of car customizer: the sort who wants well-hidden, mechanized compartments large enough to hold several kilograms of cocaine or heroin.

Danilo DeLeon, of 192 Garden St., and Jose "Chocha" Rojas, of 29 Bromfield St., both in Lawrence, Mass., are charged along with Felipe Espada of 485 Granite St., Manchester, and Melvin "Flaco" Rosario, ofspiracy case pending in U.S. District Court.

Prosecutors charge that DeLeon and Rojas installed a hidden compartment, or "clavo," in a Honda Odyssey van for two informants last March at DeLeon Auto Sales in Lawrence.

"Clavo," which means "nail" in Spanish, is slang for a compartment used to stash drugs, DEA Special Agent Todd Prough wrote in an affidavit describing the investigation.

DeLeon and Rojas are charged with conspiracy to sell drug paraphernalia and aiding and abetting drug distribution, according to federal court records.

DeLeon also introduced the informants to Espada and Rosario, who handled a second custom installation on a Mitsubishi Montero, and also agreed to sell the informants a kilo of cocaine for $23,000, Prough's affidavit states.

Espada and Rojas face the same charges as DeLeon, but also are charged with conspiring to distribute cocaine.

The four men all were arrested and charged in November, and their case is scheduled for trial March 20 in U.S. District Court before Judge Joseph DiClerico Jr.

An informant first met with DeLeon at DeLeon Auto Sales, 58 E. Haverhill St., Lawrence, on March 21, and arranged for a "clavo" large enough to hold "two kilos" to be installed in the Honda Odyssey, Prough wrote.

DeLeon later towed the van from Salem, N.H., and charged $600 for the job, which was finished April 5. The compartment was hidden beneath plastic molding over the rear bumper, and DeLeon told the informants it would hold up to five kilos, Prough wrote.

On June 15, the informants met with Rojas at DeLeon Auto Sales and asked about getting an electronically operated compartment installed in a Mitsubishi Montero, large enough to hold "15 kilos" of cocaine, heroin "or anything," Prough wrote.

DeLeon towed the Montero to DeLeon Auto, but later arranged for Espada and Rosario to handle the job, Prough wrote. The compartment was to open electronically, with a piston, he wrote, and Rosario and Espada showed the informants a white Jaguar with a similar compartment at another shop, Rodriguez Auto Repair, in Methuen, Mass., Prough wrote.

On Oct. 12, Prough wrote, Espada and Rosario met the two informants in an apartment in Lawrence, where they had brought a kilo of cocaine to sell. All four men were arrested that day.

Espada and Rosario have remained jailed since their arrests, and DiClerico has denied Rosario's requests for bail, court records show. DeLeon was released after posting a $50,000 bond. Rojas was released on bail, but then jailed again after failing drug tests, court records show.

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$50 Million Drug-money Seizure May Be Biggest Score Ever (CNN)

CNN, January 18, 2007

Colombian police find millions in U.S. currency, euros in three raids

WASHINGTON (CNN) -- Colombian national police recovered close to $50 million in U.S. currency as well as other money during three raids in the past week on houses used to stash drug proceeds, a U.S. official told CNN on Wednesday.

It is thought to be the most money ever seized by a law enforcement agency in the world, said the official, who requested anonymity due to the sensitive nature of the investigation.

The raids were conducted following a tip from a source working with the U.S. Drug Enforcement Administration, the official told CNN. The DEA then provided information to the Colombian National Police.

The first of the raids -- all of which were conducted in the Cali area -- took place Friday, and $13 million and more than €2 million was seized. The cash was in a false cabinet and wall that led to a hidden room. Another cash seizure took place Tuesday, when police recovered $16 million to $18 million.

Separately, another house was searched on Wednesday and a large quantity of gold was found. Officials said a wall had to be destroyed to get to the gold.

DEA agents accompanied Colombian police on the raids, the DEA official said.

The money and gold likely belonged to a member of the Norte Valle Cartel, which dominates the cocaine trade in Colombia, the official told CNN.

IMMIGRATION:

Justices Grease Wheels For Deporting Noncitizen Car Thieves (LAT)

By David G. Savage

The Los Angeles Times, January 18, 2007

WASHINGTON — The Supreme Court made it easier today for the government to deport thousands of legal immigrants who have been involved in car thefts.

In a 9-0 decision, the justices said noncitizens who have been convicted or plead guilty in California to the theft of a motor vehicle are also guilty of an "aggravated felony" under the immigration laws, even if they simply helped another person carry out the theft.

Under a strict 1996 law, legal immigrants who have an aggravated felony on their records are automatically deported from the United States.

Today's ruling reverses a decision of the U.S. 9th Circuit Court of Appeals in San Francisco, which said California's law swept too broadly and could brand some minor participants as serious criminals deserving of deportation.

Justice Stephen G. Breyer disagreed. California's law on vehicle thefts applies not only to those who steal a car, but also to others who "aid or abet" the thief. "We cannot agree that California's law is somehow special," he wrote.

Government lawyers said the 9th Circuit's ruling, which applied throughout the West, had blocked the deportation of more 8,000 immigrants.

The high court's ruling was not a total victory for the government, however. The justices stopped short of deciding whether mere "joyriding" could be deemed an aggravated felony.

They also left open the question of whether the deportation law should also extend to persons who were "accessories after the fact" to car theft by, for example, traveling in a stolen car. These issues can be decided later, the court said.

While today's decision focused on California's law on motor vehicle thefts, the decision will apply across the nation, since the court said every state has a similar measure on the books.

Luis Alexander Duenas-Alvarez, a 32-year old native of Peru and a permanent legal resident, pleaded guilty in 1992 to the theft of a Honda Accord in Marin County. He was sentenced to three years in state prison.

As he neared the end of his prison term, U.S. immigration authorities moved to deport him. The 9th Circuit blocked that move, ruling it was not clear whether Duenas-Alvarez intended to steal the car.

Today's ruling in Gonzales vs. Duenas-Alvarez represented a setback for the immigrant, but not a final defeat.

"The decision expressly leaves open our ability to present additional arguments to the Court of Appeals," said Christopher J. Meade, a New York lawyer who represented Duenas-Alvarez's case to the high court.

Justices Uphold Deporting Alien For Car Theft (WT)

By Jerry Seper

The Washington Times, January 18, 2007

DOJ_NMG_0118166

The Supreme Court yesterday sided with the Bush administration in a case the government says could have a "substantial effect on the administration of immigration laws," ruling that a foreign national and legal U.S. resident convicted for car theft can be deported.

In the near-unanimous opinion, the high court overturned a ruling by the 9th U.S. Circuit Court of Appeals in San Francisco, which rejected government arguments that under the 1996 Immigration and Nationality Act (INA), aliens can be deported for a category of aggravated felonies called "theft offenses" for which the punishment is at least one year in prison.

The appeals court had vacated an order by a U.S. immigration judge that the 2002 conviction of Luis Alexander Duenas-Alvarez constituted an aggravated felony and ruled that the Peruvian-born immigrant and legal U.S. resident since 1998 could not be deported.

But the Supreme Court, in an 18-page opinion, said U.S. immigration law provides for removing a foreign-born national convicted of a theft offense, including aiding and abetting, when the term of imprisonment is at least one year.

The high court agreed that a conviction on state charges of car theft rose to the level envisioned by Congress when the INA was passed.

"To find that state law creates a crime outside the generic definition of a listed crime in a federal statute requires a realistic probability, not a theoretical possibility, that the state would apply its statute to conduct falling outside the generic definition," Justice Stephen G. Breyer said in writing the opinion.

Joining Justice Breyer were Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Anthony M. Kennedy, David H. Souter, Clarence Thomas, Ruth Bader Ginsburg and Samuel A. Alito Jr. Justice John Paul Stevens sided with his colleagues on three of four issues under debate, but he said the court should withhold comment on the issue of California law until after the appeals court has addressed it.

In 2002, Duenas-Alvarez pleaded guilty to violating the California Vehicle Code, which makes it "illegal to take a vehicle without the owner's consent or to aid or abet in such a taking." He was sentenced to three years in prison.

The Department of Homeland Security sought Duenas-Alvarez's deportation based on the INA. Theft offenses are one type of crime included in the category of aggravated felonies for which the government can deport aliens.

In February 2004, Homeland Security initiated removal proceedings, and a U.S. immigration judge ruled that the California offense of unlawful driving or taking of a vehicle was a theft offense and ordered Duenas-Alvarez removed to Peru. The Board of Immigration Appeals dismissed Duenas-Alvarez's appeal.

The 9th Circuit overturned the deportation order, saying that because the California statute allows for convictions based solely on aiding and abetting, conviction under the statute did not necessarily mean Duenas-Alvarez had committed a theft offense.

But U.S. Solicitor General Paul D. Clement, in arguing the case for the government, called the appeals court ruling "incorrect," saying Duenas-Alvarez's case provided the ideal situation with which to clarify federal immigration law.

In court papers, Mr. Clement said a Supreme Court decision on the matter would directly affect an estimated 8,000 immigrants in the 9th Circuit who have been charged with theft offenses.

He argued that the 9th Circuit ruling was in conflict with decisions of other courts of appeals, and if left unreviewed, "it will have a substantial effect on the administration of immigration laws."

Dems In No Rush To Build Border Fence (AP)

By Suzanne Gamboa, Associated Press Writer

AP, January 18, 2007

A law to erect hundreds of miles of fence on the U.S.-Mexican border is on the books, and money to start it has been approved. Still, the next step is uncertain.

Republicans worry that now they have lost control of Congress, they never will see the fence built. Democrats in charge today generally oppose the fence.

The law passed last year says Congress does not have to release the money until lawmakers approve how the fence will be built.

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Based on the comments of some Democrats, there is no rush.

Rep. Bennie Thompson, chairman of the House Homeland Security Committee, said he wants the Bush administration to offer a plan for securing the northern and southern borders.

"My preference is to delay the construction of a fence until we have a plan," said Thompson, D-Miss.

House Majority Leader Steny Hoyer, D-Md., said this week Democrats want "the best possible way" to secure the border.

Hoyer voted against the fence last year, as did House Speaker Nancy Pelosi, D-Calif.

Though the total fencing was believed to be about 700 miles, congressional researchers say it is closer to about 850 miles.

A separate law on Homeland Security Department spending provided $1.2 billion for the fencing. That law also withholds $950 million of the sum until the House and Senate appropriations committees approve the department's plan for spending the money.

Attempts to get comment from the chairmen of the House and Senate appropriations committees were not immediately successful.

Some Republicans have written President Bush asking him to request more money for the fence's construction in his 2008 budget.

In a recent news conference, GOP Reps. Duncan Hunter of California and Steve King of New York said the cost of the fence would be in line with the Congressional Budget Office's estimate: $3 million a mile, for a total of $2.6 billion.

"It's just a fence. It's the kind of fence we build in America every day," Hunter said.

In a Dec. 12 report, the Congressional Research Service said costs could be higher.

The U.S. Army Corps of Engineers estimated a double-layer fence would cost a little over $1 million a mile, not including buying the land on which it would be built, the research service said. In addition, maintenance could run from $16.4 million to $70 million a mile over 25 years, the Corps said.

The Homeland Security Department has contracted with Boeing for the Secure Border Initiative, consisting of a "virtual fence" of cameras, surveillance technology and new procedures for border agents. The first phase is to be completed in Arizona in June. A recent audit report said that project could cost between $8 billion and $30 billion.

TAX:

Senate Panel OKs Business Tax Breaks (AP)

By Andrew Taylor, Associated Press Writer

AP, January 18, 2007

Tax breaks aimed at easing the burden of a minimum-wage increase on small businesses sailed through the Senate's tax-writing committee Wednesday.

The unanimous voice vote by the Senate Finance Committee paves the way for the full Senate to consider boosting the minimum wage to $7.25 over the next two years. The wage plan is next in line for debate after the Senate wraps up work on an ethics and lobbying overhaul.

But the committee's action drew protests from the House's No. 2 Democrat, who said it would "complicate and delay" passage of the minimum-wage increase. The House passed its version without any tax breaks for the small businesses, which typically employ the greatest number of minimum-wage workers.

The House also is guarding its right under the Constitution to initiate tax bills and says procedural gridlock might ensue if the Senate goes first.

"Minimum-wage earners have already waited nine years and four months for a raise. Congress should not make them wait any longer," said House Majority Leader Steny Hoyer, D-Md.

The tax provisions would help restaurants, retailers and other businesses that hire welfare and food stamp recipients as well as ex-convicts, the disabled and others who might have difficulty landing a job.

DOJ_NMG_0118168

In keeping with promises by Democratic leaders to accompany the tax cuts with balancing revenue increases, the measure would close tax loopholes and curb corporate tax shelters that have passed the Senate in recent years, only to die in the once GOP-dominated House.

The popularity of the wage increase meant easy approval of a narrowly written bill through the Democratic-run House. The bill would raise the wage in three steps, starting with an increase from $5.15 to $5.85 per hour.

In the notoriously balky Senate, however, Democratic leaders have opted to add the $8 billion in tax relief. That would help ease passage by avoiding a fight with business lobbyists and the possibility of a filibuster by minority Republicans.

"A minimum wage hike would likely not pass the Senate without small business tax relief," said Iowa Sen. Charles Grassley, the top Republican on the Senate Finance Committee.

The Senate's move probably will delay the minimum wage bill and has generated hard feelings between House and Senate tax writers.

House Ways and Means Committee Chairman Charles Rangel said the Senate is trampling on his chamber's right under the Constitution to initiate tax bills.

Rangel, D-N.Y., said the Senate must try to pass the bill as a stand-alone measure without the tax provisions.

"We're not going to accept a tax cut of $8 billion on our minimum wage bill," Rangel said. "It's a Senate problem."

House leaders want to avoid long delays in enacting the minimum wage increase. They are sending signals privately that they ultimately will accept some tax provisions rather than risk deadlock.

The Senate measure also would scale back the ability of corporate executives to postpone paying taxes on deferred compensation plans, limiting the amount of deferrable income to $1 million. This would raise $806 million over the next decade.

Rolling back the plans, which are popular with highly paid executives, led to objections from the business lobby.

All told, the Senate measure would provide about $8 billion in tax incentives for small business by extending the ability of small businesses to defray the cost of equipment purchases. It would allow restaurant and store owners — who typically hire many minimum wage workers — accelerated tax benefits on improvements to their facilities.

The measure would extend for five years the work opportunity tax credit. This gives businesses tax relief for hiring people that employers often are reluctant to take on — welfare recipients, ex-felons, the mentally and physically disabled and inner city youths, for example.

Under both the House and Senate bills, the minimum wage would rise to $5.85 an hour 60 days after it signed into law by the president; then to $6.55 an hour a year later; and to $7.25 an hour a year after that.

Minimum-Wage Deal Hinges On Taxes (WSJ)

By Sarah Lueck

The Wall Street Journal, January 18, 2007

WASHINGTON -- Some banks, foreign companies and top corporate executives could feel the pinch of tax changes the Senate is considering to fund sweeteners for small businesses as part of a federal minimum-wage boost.

The Senate Finance Committee yesterday approved an $8 billion package of tax breaks over 10 years for small businesses that may be affected by the proposed increase in the minimum wage. The pay raise passed the House and could be taken up in the full Senate as soon as next week. The Senate package extends for another year a deduction for small companies' equipment expenses and allows restaurants quicker recovery of costs for improving their premises. It also extends for five years a tax credit for companies that hire certain disadvantaged groups, such as at-risk youth. The committee added veterans disabled during service on or after Sept. 11, 2001, to the list of hires eligible for the credit.

The Senate move shows the changed dynamic in the new Congress, where Democrats have said fiscal responsibility and helping the middle class will be their focus. Rather than pairing the pay boost for low-income workers with a cut in the estate tax, as was the case last year, the Senate is combining the minimum-wage increase with a narrow package of tax breaks for small firms that is offset with tax restrictions for other companies. The debate is an early test of the ability of Democratic leaders in the Senate and House to bridge differences between the chambers.

DOJ_NMG_0118169

To pay for the tax breaks, the panel agreed to further restrict a tax shelter known as a "sale-in, lease-out," or SILO, transaction. The committee also agreed to collect taxes from more companies that have used "corporate inversion" deals to avoid them -- essentially reincorporating in a foreign country to avoid paying U.S. taxes on foreign income. In addition, the panel agreed to greatly limit the earnings that executives and other highly paid workers can put tax-free into deferred compensation plans, among other changes.

In 2004, Congress cracked down on SILO transactions, but not as rigorously as today. In SILO transactions, a tax-exempt entity such as a city government sells property to an investor and then leases the property back for use. The investor, in turn, can take advantage of tax breaks associated with the property that wouldn't benefit the seller. The Finance Committee's bill would raise an estimated $4.3 billion over five years by restricting the deals no matter when they occurred; current law disallows those that occurred after March 12, 2004. Among the losers if the change becomes law: Banks such as Wachovia Corp. and Bank of America Corp. that have entered into such transactions. Both companies declined to comment on the move.

The finance panel's changes to corporate inversions would affect companies including drilling-service contractors Nabors Industries Ltd. and Noble Corp., that got a reprieve from such restrictions when Congress debated them a few years ago. At that time, House Republicans insisted on a later effective date for corporate-inversion curbs than the Senate wanted. Now, the Senate panel's plan would move back the effective date about a year. Noble declined to comment and Nabors Industries didn't respond to a request for comment.

As for the changes to deferred-compensation packages, critics said the Senate panel's plan would have unintended consequences. As written, the provisions would cause an "upheaval," said Lynn Dudley, vice president for retirement policy at the American Benefits Council, which advocates for large companies that provide employee benefits.

Ms. Dudley said the panel's limits might affect compensation arrangements for middle managers, not just top executives, or could disrupt the common practice of providing two-year severance packages.

In 2004, Congress targeted companies that let executives defer compensation to delay paying taxes and then allowed them to dip into that kitty without limit. It set rules, some still being implemented by the IRS, detailing how and when compensation could be deferred, requiring, for instance, a fixed schedule for paying out the money. The new provision, one of the first tangible responses to concern about executive compensation in the new Congress, would limit that to the lesser of $1 million or the person's average taxable compensation for the prior five years.

Finance Committee Chairman Max Baucus (D., Mont.) said the offset provisions, many of which had been passed by the panel in past years, would rein in corporate abuses in order to help small businesses in states like his.

Mr. Baucus said the tax package would be crucial to passing a minimum-wage increase in the Senate. But the package faces resistance from tax writers in the House, which last week passed a bill boosting the hourly minimum wage to $7.25 from $5.15 without any tax breaks. The Senate's approach has rankled House Ways and Means Committee Chairman Charles Rangel (D., N.Y.) because it puts him in the position of having the Senate initiate a revenue measure, contrary to Constitutional precedents that require all tax bills to begin in the House.

Mr. Rangel appears to have staked out a bargaining position that Senate Democrats should at least first try to pass the wage increase without the tax breaks. "Why do you need a tax break to do the right thing?" Mr. Rangel asked. "Maybe he (Sen. Baucus) doesn't have a strong feel for the depth of support that this bill has. ... I strongly disagree that this thing would be filibustered." Mr. Baucus said Senate Majority Leader Harry Reid (D., Nev.) and House Speaker Nancy Pelosi (D., Calif.) would have to work out the differences.

CONGRESS-ADMINISTRATION:

Quarrel Stalls Movement Of Ethics Bill In Senate (NYT)

By David D. Kirkpatrick

The New York Times, January 18, 2007

DOJ_NMG_0118170

WASHINGTON, Jan. 17 — It is an open secret that many members of Congress from both parties would be relieved to scuttle proposed changes in ethics rules. After all, the changes tend to limit the personal perks and political advantages of their positions.

In the Senate, that wish appeared to come true on Wednesday. A proposed ethics overhaul collapsed when a procedural question turned into a feud between the Democratic and Republican leaders, each accusing the other of failing to address a major theme of the fall elections.

By about 10 p.m., the proposals appeared dead for now after 46 Senate Republicans blocked a vote on a broad ethics and lobbying bill. Fifty Democrats and one Republican, Senator Gordon H. Smith of Oregon, supported going ahead with the vote, but under Senate rules, 65 votes were needed to prevail.

In an interview after the vote, Senator Harry Reid, Democrat of Nevada and majority leader, said, "The Republicans killed ethics reform, period. There is no way to put frosting on this. This is as sour as any piece of legislation."

Mr. Reid said he would give the Republicans another chance to vote for the bill Thursday afternoon, but then would set the measure aside if they did not come around. The 21 Republican senators who will be up for re-election in 2008 "for the next two years are going to have to go home and explain what they did to try to destroy the most significant ethics and lobbying reform since Watergate," Mr. Reid said.

Senator Mitch McConnell of Kentucky, the Republican leader, called Mr. Reid's accusations spin. He said the issue was Mr. Reid's refusal to hold a vote on a Republican proposal to include in the ethics bill a version of a presidential line-item veto, a provision that Mr. Reid said was irrelevant to ethics.

Mr. McConnell argued that such a veto power would help eliminate waste or corruption from the pet spending projects known as earmarks, which lawmakers tuck into complicated legislation.

Although Mr. Reid publicly vowed to hold another vote on a presidential line-item veto, Mr. McConnell said the Republicans would block passage of the ethics-and-lobbying rules package unless Mr. Reid allowed a vote on the proposal as an amendment.

"No amount of spin is going to convince anyone that Republicans don't want to pass this bill," Mr. McConnell said in a speech on the floor.

The Senate ethics and lobbying reform bill under debate was introduced by the leaders of both parties and closely resembles a bill passed under Republican control last year. It is considerably weaker than a counterpart bill that the House recently passed. But roll calls on a series of proposed amendments are forcing lawmakers to choose between casting embarrassing no votes or accepting more sweeping changes.

The new House rules, for example, includes a prohibition on House members' accepting gifts, meals or trips paid for by lobbyists; a ban on accepting discounted use of corporate jets; and a requirement of public disclosure of the sponsor, cost and purpose of each earmark.

The original Senate ethics bill included looser restrictions and major loopholes. Mr. Reid, one of the biggest users of discounted corporate jet trips, introduced an amendment to roughly match the House rules on gifts, meals or jet use.

But when a Republican introduced a proposed amendment to match the House requirement on earmarks, Mr. Reid tried unsuccessfully to block it. Then he embraced it with small modifications.

Senator Trent Lott, Republican of Mississippi and a former party leader, said he was "amused" by the fracas. "I guess there is a little bit of a manhood thing here where one side is going to show the other," Mr. Lott said.

Still, Mr. Lott, who oversaw the weaker bill that was introduced last year, also acknowledged some impatience with the zeal for new rules.

"It's gotten out of control," Mr. Lott said. "We're involved in a long process of self-flagellation."

Senator Ben Nelson, Democrat of Nebraska, agreed. "I think this whole process has gotten out of control," he said. "Only in Washington, when somebody like Jack Abramoff and Duke Cunningham breaks the law, you suddenly have to change the law."

Line-Item Veto Stalls Ethics Bill (RC)

By Tory Newmyer

DOJ_NMG_0118171

Roll Call, January 18, 2007

Republican Senators threatened Wednesday to derail a lobbying and ethics overhaul package if Democrats block consideration of a presidential line-item veto the GOP wants added to the bill.

The blow-up brought consideration of other proposed amendments to a halt Wednesday afternoon and threw into uncertainty the prospects for a measure invested with so much importance that Senate Democrats tagged it S.1.

Senate Majority Leader Harry Reid (D-Nev.) tried to avert a showdown by guaranteeing he would provide floor time before the Easter recess for a stand-alone bill granting the president rescission authority, and, if it passed, would send it to conference negotiations with the House. But in a floor debate with Reid, Sen. Judd Gregg (R-N.H.), who offered the amendment, appeared to reject the offer.

"Why not do it now?" he asked.

Senate leaders had hoped to reach an agreement about how to deal with more than a dozen remaining amendments and vote to cut off debate on the bill Wednesday evening. With Republican leaders pledging to filibuster unless the line-item veto was considered, Senators were poised at press time to vote sometime after midnight on the procedural motion ending debate.

Democrats charged Republicans with grasping for a last-minute way to torpedo the ethics legislation.

"If it wasn't this amendment, they had any other number of poison pills designed to kill this bill," a senior Democratic Senate aide said.

On the floor, Majority Whip Dick Durbin (D-Ill.) said Republicans had read over the bill's provisions during their weekly policy luncheon Wednesday and gotten "indigestion."

But Sen. Bob Bennett (R-Utah), one of the bill's floor managers, retorted that he had presented the ethics bill at the gathering and "there was no suggestion that we should try to take this bill down with a subterfuge."

At least one powerful Republican on Wednesday voiced discomfort with the scope of the bill. Minority Whip Trent Lott (Miss.) said the reform drive had spun out of control.

"We're in total free fall. We're trying to react to press reports," he said. "I think that a lot of this is hypocritical ... We're making a lot of mistakes in this, in my opinion."

The House last year approved the line-item veto, but it stalled in the Senate, where it was packaged with a number of other budget reforms. Senate Democrats on Wednesday said the proposal raises Constitutional issues and is too complex to deal with quickly.

The standoff over the Gregg amendment marks the second time in as many weeks a partisan blow-up has stalled progress on the Senate ethics bill. Democrats have stressed the importance of bipartisan cooperation on the measure, but last week they tried to kill an amendment from Sen. Jim DeMint (R-S.C.) aimed at boosting transparency for earmarks. When that failed, they blocked an attempt to adopt the measure on a voice vote, as is common practice in such circumstances.

Democrats relented the next day, offering an amendment making some technical changes to DeMint's proposal and then getting behind it.

Meanwhile, Senate aides and outside budget hawks were struggling to understand how earmark reform provisions adopted earlier this week will be put into practice.

The measure now requires disclosure of earmarks at two points in the process: once those earmarks are adopted into a bill at the committee level, and again, 48 hours before the bill is brought to the floor. Adding to the confusion, more information is required at the committee stage than right before consideration by the full Senate.

Once a Senate panel decides to add an earmark to a bill, the committee is required to disclose the sponsoring lawmaker, the intended recipient, the earmark's purpose, and include a certification that it will not yield a financial benefit to the sponsor or that lawmaker's family. The bill requires that information be made available online in a searchable format.

But once the bill is poised for floor consideration, only a list of earmarks and their sponsors must accompany the bill in a separate report. A Senate aide said any hiccups between the two disclosure requirements likely would be ironed out as the measures are implemented. A single, searchable online database likely would be developed to handle the new disclosures, he said.

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Steve Ellis, from the budget watchdog group Taxpayers for Common Sense, called the new disclosure requirements "a good step forward."

"We're not going to let the perfect be the enemy of the good. There's going to be a lot of information in here for taxpayers to determine whether their tax dollars are being spent wisely," he said.

The flare-up over Gregg's line-item veto amendment capped a day that saw no progress on the ethics bill. Reid has been aiming to wrap work on the bill Friday, but Senators took no votes on amendments Wednesday and debated only portions of the bill.

A proposal by Bennett to strike new disclosure requirements for "Astroturf" lobbying campaigns sparked arguments across the aisle, with several Democrats rising to defend the provision, and Bennett and other Republicans calling it unnecessary and potentially ruinous for small groups looking to make their voices heard on Capitol Hill.

Reform groups are urging Senators to reject the Bennett amendment and approve a slate of addendums, including one from Democratic Sens. Barack Obama (Ill.) and Russ Feingold (Wis.) requiring lobbyists to disclose campaign checks they bundle; two more from Feingold banning lobbyists from sponsoring lavish parties honoring lawmakers at party conventions and expanding the scope of the revolving-door ban; and one from Reid tightening gift and travel bans and requiring lawmakers to pay charter rates for flights on corporate jets.

Emily Pierce contributed to this report.

Grass-roots Groups Qualify As Lobbyists Under Ethics Bill (WT)

By S.a. Miller

The Washington Times, January 18, 2007

The ethics bill before the Senate not only cracks down on lawmakers, but also subjects politically active ministers and neighborhood groups to the same rules as K Street lobbyists.

Under the legislation, grass-roots organizations that attempt to "influence the general public" to contact members of Congress would have to register as lobbyists and file financial reports -- or face a $200,000 fine. The requirements could apply to a preacher who goes on TV or radio and tells listeners to call their congressman in support of a particular issue, such as a constitutional amendment against homosexual "marriage."

But late last night, in the session's first display of the muscle that even a minority party has in the upper chamber, the entire ethics bill was jeopardized when Republicans blocked a procedural vote. Majority Leader Harry Reid, Nevada Democrat, had refused to allow a vote on an amendment to give the president authority to strip spending "earmarks" from bills.

Republicans retaliated by voting in near-lockstep against a parliamentary motion needed to vote on the entire bill. The motion won a 51-46 majority, far short of the two-thirds majority needed. No action is now scheduled on the bill, though negotiations between the two parties continued into the night.

The vote capped a day of squabbling over the ethics bill, in which the Senate's Democratic leaders clashed repeatedly with Republicans on numerous details, starting with the measure to broaden the scope of lobbyist rules. Democratic backers of the measure say it will expose phony grass-roots organizations, sometimes called "astroturf," that front for monied special interests.

"The problem is these organizations have hired guns paid by undisclosed special interest organizations," said Sen. Dianne Feinstein, California Democrat and chairman of the Rules and Administration Committee.

She said the proposal was "bona fide, helpful and overdue."

But issue groups spanning the political spectrum -- from National Right to Life and Focus on the Family to the League of Conservation Voters and the American Civil Liberties Union -- say the expanded definition of lobbyist will imperil citizens' constitutional rights to free speech and to petition the government.

"This bill goes way too far," said Caroline Fredrickson, director of the ACLU's Washington legislative office. "This gets at the citizen groups who are really the ones making their voices heard about our democracy."

An identical proposal has been introduced in the House.

The first Senate squabble stemmed from an amendment by Sen. Robert F. Bennett, Utah Republican, that would delete the provision on grass-roots lobbying.

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"This should be struck from the bill," Mr. Bennett said. "I was taught in civics in high school that [contacting Congress members] was what we were supposed to do."

The grass-roots provision would exempt unions and other organizations that attempt to influence only their members, shareholders and employees. It also would apply only to groups that collect or spend more than $25,000 in three months.

"I gather some groups are upset," said Sen. Joe Lieberman, Connecticut independent who supports the bill. "But it is really aimed at attempts to influence Congress by these astroturf groups."

Mr. Lieberman said the $25,000 threshold would protect real grass-roots activists, an assertion that drew criticism from Jay Sekulow of the American Center for Law and Justice.

"Some of the big churches spend more than that in a week," said Mr. Sekulow, chief counsel for the conservative constitutional-law group. "We have a constitution that gives us the free exercise of religion, and part of that is being able to address the moral and religious values of the day."

The late procedural block came over a proposal by Sen. Judd Gregg, New Hampshire Republican, to give the president the authority, with the approval of Congress, to eliminate individual spending items in broader-scope legislation.

"The new majority party has been very vocal about ... fiscal responsibility and spending restraint," Mr. Gregg said. "Yet it seems to be dragging its feet when it comes time to put those words into action."

Democrats refused to allow a vote, saying the amendment was not relevant to the ethics bill. After the Republican-backed procedural vote, Majority Whip Richard J. Durbin, Illinois Democrat, said he hoped that "this is going to be just a bump in the road."

McCain Does About-face On Grassroots Reform Bill (HILL)

By Alexander Bolton

The Hill, January 18, 2007

Sen. John McCain (R-Ariz.) has told conservative activists that he will vote to strip a key provision on grassroots lobbying from the reform package he previously supported.

The provision would require grassroots organizations to report on their fundraising activities and is strongly opposed by groups such as the National Right to Life Committee, Gun Owners of America, and the American Civil Liberties Union.

While grassroots groups on both sides of the political spectrum oppose the proposal, social conservative leaders such as Dr. James Dobson, founder of Focus on the Family, who broadcasts a radio program to hundreds of thousands of evangelical Christians, have been its most vehement critics.

McCain sponsored legislation last Congress that included an even broader requirement for grassroots lobbying coalitions to reveal their financial donors. But now he will vote to defeat a similar measure.

It would be politically dangerous for McCain to support disclosure because it would anger many conservative activists, including those who advocate against abortion rights or for gun ownership rights. He is courting many of them for his 2008 presidential campaign. McCain's presidential exploratory committee announced yesterday that Maxine Sieleman, a socially conservative leader who founded the Iowa chapter of Concerned Women for America, had joined its camp.

In letters circulated on Capitol Hill this week, the National Right to Life Committee and Gun Owners of America warned senators that votes on the grassroots lobbying provision would affect legislative scorecards they tabulate for each lawmaker.

Sen. Bob Bennett (R-Utah) has sponsored the amendment to the lobbying reform package that would strip the provision. His amendment is expected to come to the floor for a vote today, said advocates opposing it.

Bennett said he was "a little" surprised to hear that McCain would support him but was "delighted." McCain is considered one of the most authoritative voices on ethics- and lobbying-related issues in the Senate.

"It's a very high priority," said Douglas Johnson, director of legislative affairs for the National Right to Life Committee. Johnson said ordinary grassroots activists from Arizona who had called McCain's office were told by aides that he would support Bennett's amendment.

Jay Sekulow, chief counsel for the conservative American Center for Law and Justice, told The Hill that he had received confirmation from McCain's staff yesterday that he would oppose the disclosure proposal.

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"It's huge," Sekulow said of the issue's importance. "It's the most significant restriction on grassroots activity in recent history. I'd put it up there with the 2002 Bipartisan Campaign Reform Act."

McCain was the chief sponsor of the landmark 2002 campaign finance bill, a history that still angers many conservatives. They cite McCain's sponsorship of that legislation as something that makes them wary about supporting his presidential bid. But McCain's recent action could redefine him.

"He'll do everything he can to appeal to conservatives he has already tried to silence," said John Velleco, director of federal affairs at Gun Owners of America, referring to McCain's support of campaign finance reform. "I think he's trying to gain the support of conservatives as much as he can."

"Romney's doing the same thing," Velleco added, explaining that McCain's rival for the nomination, former Massachusetts Gov. Mitt Romney, is re-evaluating his past positions on gun ownership rights.

While McCain has privately told conservative groups that he will side with them, he was not ready to reveal his position yesterday. He opened yesterday's floor debate with a 15-minute speech on the lobbying reforms under consideration. While he urged his colleagues to support the creation of an office of public integrity, he made no mention of grassroots lobbying.

Immediately afterward he declined to state his position on grassroots disclosure.

"I'll address it when it comes up," he told The Hill.

But McCain's spokeswoman, Eileen McMenamin, confirmed that he would support the Bennett amendment.

"Initially when Sen. McCain introduced legislation last year it had a grassroots provision," she said. "Subsequent to that that he got a lot of feedback from groups that the requirements would be too onerous on them because of the reporting requirements."

McMenamin added that a grassroots lobbying disclosure requirement was not included in reform legislation McCain introduced at the beginning of this month.

Johnson, of the National Right to Life Committee, said that there is confusion about which groups would be affected by the pending regulation.

"Under Section 220, anyone who is paid anything by an organization that spends any money at all to encourage more than 500 members of the general public to communicate with members of Congress, if he or she also has contacted congressional offices directly as few as two times, and has spent as little as 20 percent of his or her time on such direct lobbying and grassroots-motivating activities, would be required to register with Congress as a 'lobbyist' and file detailed quarterly reports," wrote Johnson in a letter to Senate offices, adding, "If enacted, it will disrupt the constitutionally protected activities of thousands of issue-oriented citizen groups from coast to coast. …"

McCain's past allies in battles to reform government strongly support disclosure and were surprised to discover his position had changed.

"We saw him supporting it last year," said Craig Holman, a lobbyist for Public Citizen.

"It surprises me and it will surprise the rest of the reform community. I was really expecting him not to get involved in that provision and I had received no indication from his office that he was leaning against it."

Senate Democrats Fight Proposal To Ban Relatives Lobbying (USAT)

By Fredreka Schouten

USA Today, January 18, 2007

WASHINGTON — As the Senate works on sweeping new ethics rules this week, Majority Leader Harry Reid and other leading Democrats are resisting changes that strike close to home.

A proposal by Sen. David Vitter, R-La., that would ban senators' spouses from lobbying the chamber has triggered intense debate with key senators such as Reid and Dianne Feinstein, D-Calif., promising to oppose it if it affects senators already married to lobbyists.

Reid, D-Nev., would support the ban "as along as it's not retroactive," his spokesman Jim Manley said Wednesday. Feinstein, who oversees the committee that governs Senate rules, also backs a provision that would exempt current senator-lobbyist couples.

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"No one has been able to produce a problem," related to the spousal lobbying, she said.

The bill failed to clear a legislative hurdle Wednesday when it did not get the 65 votes needed to advance it. Both Democrats and Republicans said they were negotiating to overcome the impasse.

It's hard to quantify how many members of Congress are related to lobbyists. Some prominent examples include Sen. Elizabeth Dole, R-N.C., and her husband, Bob, the former Senate Republican leader who lobbies on behalf of DP World. Reid's sons and son-in-law have worked as lobbyists.

Vitter said current congressional rules, which permit relatives of senators and House members to work as lobbyists, allow special interests "to write a big check straight into the bank account of a sitting senator."

His plan would exempt spouses who had been lobbyists for at least a year before their husbands or wives were elected to the Senate.

Vitter said that if Democrats move to more broadly exempt current lobbyists and senators from his proposal, it would send a "cynical" message: "Yeah, we're going to get serious about ethics as long as it doesn't affect our friends."

The Vitter proposal is one of two Republican plans targeting lawmakers whose relatives have ties to special interests. Sen. Tom Coburn, R-Okla., wants to ban senators from inserting special projects, known as earmarks, in spending bills that financially benefit senators, their staffers or their relatives including spouses, children, stepchildren and in-laws.

"From an ethical standpoint, there's no way you should ever do an earmark that benefits you financially or someone who is close to you," Coburn said.

The GOP proposals go further than the current ethics package proposed by Senate Democrats, which would require lawmakers to publicly disclose the projects they insert in bills, now often done in secret. Ethics rules adopted by the House this month require lawmakers to disclose their special projects and declare in writing whether they or their spouses have financial stakes in the projects.

Neither House nor Senate Democrats have proposed ending lobbying by relatives.

A USA TODAY investigation in October of the ties between lobbyists and the lawmakers who make spending decisions in Congress found, in 2005 alone, $750 million in special projects pushed by lobbyists with relatives on committees that wrote the bills.

Asked about the prospects for the Republican proposals, Illinois Sen. Dick Durbin, the No. 2 Democratic leader, said, "I won't rule out other possibilities, but I will keep my focus on disclosure." He wants every earmark posted on the Internet 48 hours before senators vote on it.

Durbin's wife, Loretta, works as a lobbyist, but concentrates on state issues and is not registered to lobby on the federal level, he said. "She doesn't involve herself in any of the issues before Congress," he said.

Sen. Thad Cochran, R-Miss., the top Republican on the Appropriations Committee, and other senators said they would support Coburn's plan. Manley said Reid is reviewing the proposal to see if whether it strengthens existing Senate rules.

Senate Debates Ethics Of Travel Perks (AP)

By Jim Abrams, Associated Press Writer

AP, January 18, 2007

Being good sometimes comes with a cost.

Legislation moving through the Senate would end one of the most beloved benefits of Congress, being able to hitch rides on corporate jets at heavily subsidized rates. Instead, senators would be required to pay far more expensive charter rates for private air travel.

That would apply both to official business, when senators skip airport lines to use private planes for trips to their districts or tour areas in their states, and to political or fundraising trips. The latter would come out of a lawmaker's campaign funds.

The House has gone further, barring its members from using official or campaign funds to pay for noncommercial, corporate jets. Lawmakers trying to reach that remote village, disaster site or campaign stop will have to turn to charter plane services.

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The new travel rules are part of ethics and lobbying changes that Democrats, who campaigned on a promise of ending the "culture of corruption" in Washington, have made their first order of business after taking over control of Congress. The legislation would also bar lobbyists from paying for, or participating in, privately funded trips for lawmakers.

The change, when enacted, will be particularly painful for senators from large western states who depend on private aircraft to get them to areas inaccessible by road or commercial flights.

"I've used these airplanes a lot," said Senate Majority Leader Harry Reid, D-Nevada, sponsor of language that would require senators to pay charter rates for private travel rather than the current practice of reimbursing the plane owners with the equivalent of a first-class ticket.

He emphasized that never had a jet owner asked for a legislative favor in exchange for a ride. But in an age when the integrity of Congress is being questioned, "I've come to the realization that this practice presents a major perception problem" and lawmakers must pay the full charter rate, he said.

Sen. John McCain, R-Ariz., said the travel rules were now a "huge loophole in the current gift rules." The average American, he said, "would love to fly around the country on very comfortable corporate-owned aircraft and only be charged the cost of a first-class ticket. It is a pretty good deal we have got going here."

It's also been a well-used perk. PoliticalMoneyLine, which tracks congressional spending, said nine members of Congress spent more than $50,000 in campaign funds in 2006 to pay for the use of corporate jets. Leading the list was Senate Minority Whip Trent Lott, R-Miss., who paid $165,724 to catch rides with corporate giants such as BellSouth Corp. and Federal Express Corp.

But Sen. Lisa Murkowski, R-Alaska, disputed "these images of fat-cat legislators sitting in cushy corporate aircraft."

She said that in Alaska, where 80 percent of towns and villages cannot be accessed by road, lawmakers trying to meet constituents have no choice but to catch rides on turboprops, seaplanes and other small private craft. "My options are so severely limited by this" new rule, she said, "that I don't know how I would operate."

She said she would have to pay some $15,000 for the full cost of a charter flight from Anchorage to the Aleutian Islands. A commercial flight to the Aleutian fishing town of Dutch Harbor, if available, costs $890 roundtrip.

"The taxpayer will foot the bill for the amendment, and the only real change will be more money in the pockets of those who own and operate the private planes," said Alaska's senior senator, Republican Ted Stevens.

If passed, he said, "my budget will run out in the first month or two of the calendar year. It would not permit us to travel to these remote communities throughout the year."

Stevens tried to carve out an exception for cases when there is no more than one daily flight between communities within a member's state and there was no conflict of interest involved. But he withdrew that proposal after Reid gave assurances that the government would pay the extra air travel costs.

The new restrictions also hit a snag in the House when Rep. Darrell Issa, R-Calif., a private pilot, wrote the House ethics committee complaining that the new House rules could be construed as banning private pilots from flying on the job. "This rule has an additional flaw in that it offers no exception for members using their personal funds for flying aircraft they personally own," he said.

John Santore, spokesman for Rep. Louise M. Slaughter, chair of the House Rules Committee, said the intention of the rule was clear, to prevent corporations and lobbyists from buying access to members of Congress and not to keep private pilots out of the cockpit.

In the Senate, Sen. Jim Inhofe, R-Okla., a pilot with a half-century of experience, succeeded in revising the provision to exempt private pilots.

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The Senate bill is S.1.

On the Net:

Congress: http://thomas.loc.gov/

Earmark Victory (WSJ)

DOJ_NMG_0118177

The Wall Street Journal, January 18, 2007

If Republicans are wondering how best to shorten their time in the minority, they could do worse than to build on this week's Senate earmark victory. That reform success proves how good policy translates into good politics.

The Senate on Tuesday passed significant earmark reform, 98-0. But that unanimous tally masks the bitter battle that preceded the vote. When Republican freshmen Tom Coburn and Jim DeMint first launched an effort last summer to make earmarks more transparent, they struggled. Republicans had to be dragged into even minimal reform, and among their first acts after losing the election was to attempt to slip thousands more earmarks into their lame-duck spending bills.

Still, minority status has a way of focusing the mind, and combined with continued DeMint-Coburn shaming, Senate Republicans appear to have re-embraced some principles. When Majority Leader Harry Reid last week attempted to water down House Democrats' earmark reform, Messrs. Coburn and DeMint rallied enough fellow Republicans (and a few Democrats) to outmaneuver the spenders. Red-faced at getting caught trying to submarine their own party's plan for reform, Senate Democrats did an about-face and jumped on the earmark-reform bandwagon.

The result was a mini-competition as to which side of the aisle was tougher on earmarks, and a final bill that goes beyond even the House reform. Senator DeMint passed (98-0) an amendment that broadens the definition of an earmark; even those slipped into last-minute conference reports will have to be disclosed. Under the original Senate legislation, 95% of earmarks would have escaped scrutiny.

More amazing was Democrats' new enthusiasm for oversight. Illinois Democrat Dick Durbin -- who started off trying to tank Mr. DeMint's reform -- finished by passing an amendment (also 98-0) that requires lawmakers to post their earmark requests on the Internet 48 hours before a vote. (The House version of the bill simply requires a public disclosure form.) California Democrat Dianne Feinstein also joined in, passing by voice vote a provision that would bar lawmakers from including earmarks in the classified parts of a bill or a conference report unless they also included language in unclassified terms describing the project, funding levels and sponsor. Classified reports were among the ways that former Rep. Duke Cunningham -- now in federal prison -- hid his earmark payoffs.

None of this is to suggest earmarks will disappear in Washington. The real test will be whether lawmakers can restrain themselves from inserting pork-barrel projects. The news isn't encouraging. We hear federal agency telephones have been ringing off the hook, as Congressmen use back-channels to secure earmarks that they'd rather not appear in public.

Still, the reform is a good start. Republicans made headlines with their demands last week, and the news stories were a welcome change for a public appalled by Congress's spend-happy ways. If conservatives had shown this sort of commitment to their small-government ideals back when it mattered, they might still be in the majority.

5 Down, 1 To Go On Dems' House Agenda (AP)

By Kasie Hunt, Associated Press Writer

AP, January 18, 2007

Five down, one more on tap as House Democrats sprint through their list of promises, not even in sight of the 100 hours set aside for that goal.

About seven more hours ticked away Wednesday on House Speaker Nancy Pelosi's 100-hour clock for passing each item on an agenda that Democrats told voters they would enact after sweeping to victory in November.

The final piece was on deck for a vote Thursday: energy legislation that imposes billions in fees, taxes and royalties on oil and gas companies and uses the money to promote renewable fuels.

According to Pelosi's count, it has taken just over 34 hours to pass the first five bills, including a measure approved Wednesday to lower interest rates on some student loans.

The House actually has been in session for more than 72 hours since the 110th Congress was sworn in on Jan. 4. But the clock on Pelosi's Web site suggested that 34 hours, 5 minutes had elapsed by the close of House business Wednesday.

The San Francisco Democrat's clock only tracks hours spent on legislation.

The items passed so far would:

_make the government negotiate for lower Medicare prescription drug prices. It passed last Friday.

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_expand federally funded stem cell research. It passed Jan. 11.

_raise the federal minimum wage. It passed Jan. 10.

_seek to bolster terrorism-fighting efforts. It passed Jan. 9.

_change rules governing ethics, lobbying and the budget. These changes were passed on Jan. 4-5.

Democrats' Rift Stalls Legislation (WT)

By Charles Hurt

The Washington Times, January 18, 2007

House Democrats are proudly trumpeting the conclusion today of their initial spurt of legislative items, but few -- if any -- are likely to become law as passed.

Of the six items they promised to approve in the first "100 hours" of a new Democratic Congress, three have met resistance from the Democratic Senate, at least one appears likely to be vetoed by President Bush and two others have come under heavy criticism from outside groups.

Yesterday, Senate Democrats attached tax cuts to the bill raising the minimum wage, a condition House Democrats have called unacceptable.

"Republicans were insistent that if the minimum wage were to be increased -- since the bulk of its financial impact falls disproportionately on small businesses -- that we needed to do everything we could to enable small businesses to continue to create jobs, continue to grow, be economically viable so that they could afford to pay this increased minimum wage," Sen. Jon Kyl, Arizona Republican, said yesterday of the tax cuts that were written into the bill in the Finance Committee.

House Majority Leader Steny H. Hoyer, Maryland Democrat, said yesterday he is disappointed by the Senate's action.

"The choice to tie a bill raising the minimum wage to tax breaks for businesses will cost taxpayers $8 billion and complicate and delay the passage of an increase," he said. "Passing a clean minimum-wage bill is a matter of doing what is right and what is fair."

On the promise to "fully implement" all the recommendations of the September 11 commission, Democrats declined to include several provisions -- such as placing all intelligence agencies under the Defense Department. And the House provision that distributes anti-terror funding based on risk so that major cities such as New York and Los Angeles get the bulk of it also likely will be changed by the Senate, where small and rural states have greater sway.

On lobbying reform, Senate Democrats already are working on a decidedly different bill than the one passed by House Democrats, which means the differences still must be hammered out.

Senate Majority Leader Harry Reid, Nevada Democrat, even argued for keeping one provision out of the Senate bill because it mirrored the House lobbying bill.

"This is exactly like the House provision," he said on the Senate floor last week. "That's one of the problems I have. I frankly don't think that they spent the time on this that we have."

Asked yesterday if he is concerned about throwing cold water on the House Democrats' "Six for '06" agenda, Mr. Reid said that for 220 years Congress has been two chambers "and we can't send anything to the president until we both agree on it."

He also applauded the House's efforts, however.

"I think the House has done remarkably good work. I think that they have brought to the attention of the American people some things that had been lacking for the last six years, at least," he said.

The remaining items also have an uncertain future. Mr. Bush is expected to veto legislation approved last week to expand federal funding for embryonic stem-cell research, as he did last year.

The White House has sent similar signals that it disapproves of the bill approved yesterday to reduce interest rates on student loans through taxpayer subsidies. Instead, administration officials say, such legislation should focus on getting more students into college by making it more affordable.

And last week's legislation requiring the federal government to negotiate drug prices has been criticized by veterans groups, disease advocacy groups and even liberal editorial pages such as that of The Washington Post.

Happy Hours (NYT)

DOJ_NMG_0118179

By Thomas B. Edsall

The New York Times, January 18, 2007

SOMETHING odd happened on Capitol Hill this week. Something that seemed to start out as a publicity stunt — the House Democratic leadership's 100-hour agenda — actually turned into a ...qualified success.

The passage of the Democrats' eight-part legislative package — to be completed today — sets the stage for striking possibilities, some advantageous to the party, others threatening.

In the short term, the leadership has achieved two goals:

First, Democrats have shown basic competence and authority after four decades of defeat and division, whether in the majority or minority.

Second, the House has now approved legislation directly addressing public concerns: raising the minimum wage, ethics reform, interest rate reductions on subsidized college loans and expanded federal support for stem cell research. It has put in place rule changes to promote fiscal responsibility and adopted recommendations from the 9/11 commission. Today, the House is expected to repeal tax breaks for oil companies. Poll-tested and guaranteed to be political winners, these achievements constitute a modest start toward a saleable centrist agenda for a party too often in the past labeled as extreme.

More important in terms of substantive future legislation, the ability of the Democrats to win over significant numbers of Republicans on most votes signals the slim but enticing possibility of Democratic mastery over a demoralized Republican Party — one that has thrived on polarized partisan warfare in recent years.

If the new bipartisanship takes root, the prospects for health care legislation and immigration reform sharply improve. These proposals cannot survive without backing from both Democrats and Republicans. When it comes to health care, a key corporate lobby, the Business Roundtable, has already formed a tentative alliance with organized labor, thereby giving cover to wavering members of Congress from both ends of the political spectrum. A parallel alliance among business, Roman Catholic Church leaders and progressive organizations like the National Council of La Raza has already formed in support of immigration legislation.

Similarly, Republican willingness to cross the aisle strengthens the hand of those who want to build Congressional opposition to the Iraq war. Every Republican who joins the opposition makes it easier for Democrats in red states and districts to become public critics of the war, and for more Republicans to join with them. (Witness the suddenly outspoken Senator Gordon Smith of Oregon.) Without some measure of Republican support, Democrats who challenge the war — particularly those who vote to deny appropriations — run the risk of being portrayed as unpatriotic and unwilling to support American troops in the midst of battle.

The potential for Republican defection is a new thing. Conservatives have long recognized — and worked hard to prevent — the danger of a breakdown in party discipline. In 1993, William Kristol, then chairman of the Project for the Republican Future, orchestrated the defeat of the Clintons' health care plan. In an influential memo, Mr. Kristol wrote: "Any Republican urge to negotiate a 'least bad' compromise with the Democrats, and thereby gain momentary public credit for helping the president 'do something' about health care, should also be resisted. ...The plan should not be amended; it should be erased." Judging from the early days of this Congress, however, Republican solidarity has begun to erode.

On another front, the restoration of Congressional bipartisanship may well have unintended consequences. Senator Barack Obama of Illinois has based his presidential campaign on a dysfunctional political system: "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions," he told supporters this week.

Insofar as Congress regains efficacy, a compelling rationale of the Obama campaign is undermined. Senator Hillary Rodham Clinton, who has cast herself as working effectively within the system, can only benefit when the system appears to be functional. A functional Congress also potentially diminishes the taint of Washington tenure for candidates like Senator Joseph R. Biden Jr. of Delaware and former Senator John Edwards of North Carolina.

While there are upsides to the early success of House Democrats, they are by no means home free. Many Republicans see Democrats undermining themselves with the adoption of pay-as-you-go budget rules, which require new expenditures to be accompanied by equivalent spending reductions or tax hikes. At some point, Republicans argue, Democrats will be forced to

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make unwelcome cuts, raise taxes, or go back on their word. With these rules, argues Grover Norquist, president of Americans for Tax Reform, Democrats have set the stage to once again become the "tax and spend" party.

Mr. Norquist may have a point. A yet-to-be-released post-election poll of 36,000 respondents by the Cooperative Congressional Election Survey showed virtually no public support for a tax increase. Asked to pick alternative ways to reduce the deficit, 49 percent said they would cut domestic spending, 32 percent said they would cut defense spending and only 15 percent said they would raise taxes. For freshman Democrats who won seats in centrist states like Indiana and Kansas, support for a tax increase would probably be political suicide.

Many Democrats acknowledge that the pressure to raise taxes will intensify, especially if expensive health care programs make it onto the agenda. Nancy Pelosi, the House speaker, asked about taxes on "Face the Nation," said that any tax increase would be limited to the wealthy. Taking back "tax cuts for those making over a certain amount of money — $500,000 a year — might be more important to the American people than ignoring the educational and health needs of America's children," she said. "We're not going to start with repealing tax cuts, but they certainly are not off the table for people making over half a million dollars a year ... It's an option, it's not a first resort."

The Democratic Party is walking a tightrope. Arguably, the party had the last election handed to it on a plate — war, corruption, pederasty — what more could one ask for? In addition, voter repudiation of the president's strategy in the Middle East does not mean Americans trust Democrats on national security.

There are plenty of other reasons to be skeptical of continued Democratic success. Middle-class anxiety about jobs, retirement and health care are in fact scarcely touched by the 100 hours. Race and ethnic prejudice have not evaporated. And George Bush won't be here to kick around forever.

Still, the first days of this new Democratic-led Congress turned out better than anyone might have expected. Given the party's recent Congressional history, any success is notable — even if it's only 100 hours long.

House Votes To Reduce Rates On Student Loans (WP)

By Paul Kane

The Washington Post, January 18, 2007

The House overwhelmingly approved a bill yesterday that is designed to cut interest rates on college loans, creating a plan that potentially could save students $2,300 over the course of a loan. But the reduction in rates would be phased in and would not take full effect until 2011, when the legislation would automatically expire unless renewed by Congress.

By a vote of 356 to 71, House Democrats checked off another priority item from their fall campaign as part of a 100-hour march to pass legislative priorities by the close of business this week.

However, even the staunchest supporters of the provision -- which would drop the rate paid on federally subsidized student loans from 6.8 percent to 3.4 percent over five years -- acknowledged that the action was only a small piece of what House Democrats hope to do to reduce the cost of higher education.

"This is a down payment," said Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee.

The Democrats broke into loud applause when the final gavel came down on the vote, the fifth of their "Six for '06" agenda items to pass since the party took over the chamber earlier this month.

But the bill marks an early instance of conflict between two Democratic campaign promises: The interest-rate-reduction measure runs up against a pledge to install strict spending limits known as pay-as-you-go, or pay-go, creating a budgetary restriction on how far the newly empowered caucus can go in keeping its word.

The plan, which won the backing of 124 Republicans, would cost $6 billion over five years, according to congressional estimates. But the reduction would sunset after five years, cutting in half the benefits for borrowers. According to Democratic estimates, the plan could nearly double the $2,300 in savings for borrowers if the rate were left at 3.4 percent into the future.

But a permanent cut of the interest payments would cost billions of dollars more, and Democrats would have had to come up with savings in their spending plans under the newly installed pay-go rules.

However, Democrats are hopeful that, if enacted, the lower interest rates would prove popular and would be extended before 2011.

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Rep. Howard P. "Buck" McKeon (Calif.), the ranking Republican on the House Education and Labor Committee, called the plan "flawed legislation" and tried to offer an alternative that would limit the reduced interest rates to college graduates who make $65,000 or less, as well as to active-duty military personnel.

However, as has been the case throughout the 100-hour program, House Speaker Nancy Pelosi (D-Calif.) closed off the minority's ability to offer its alternative, prompting McKeon to complain that the bill's process was "badly flawed."

Republicans said that a college student taking out a loan in the fall of 2011 would save just $7 a month under the plan.

Miller rejected the premise of limiting the reduced rates to borrowers with a $65,000 annual salary, contending that a married couple who serve as public school teachers would probably not qualify and would have to pay the higher rate.

Democrats would pay for the plan by cutting subsidies provided to banks and lenders. Without those subsidies, the lending industry asserts that costs will be passed on to borrowers in the form of higher fees and poorer service.

"They will all have to figure out how to make up for the lost revenues," said Harrison Wadsworth, special counsel to the Consumer Bankers Association. "It costs money to provide good service."

The lending industry is hoping that its allies in the Senate, where the Democratic margin is narrow, would obtain more accommodations to soften the financial blow to lenders. Wadsworth said his association came out against the plan only after Democrats detailed how it would be paid for, calling it "piling on" to cut $6 billion in subsidies.

Sen. Edward M. Kennedy (D-Mass.), chairman of the Senate Health, Education, Labor and Pensions Committee, supports the reduction in interest rates but plans to consider it as part of a broader package of bills to deal with the soaring costs of higher education. In February, Kennedy's committee is expected to take up a plan that will include the reduced interest rates, as well as increasing the Pell grant from $4,050 to $5,100 and limiting student loan payments to 15 percent of a borrower's annual income.

Miller supports those provisions and hopes to bring them up in his panel later this year, but he added that yesterday's action was important legislatively and symbolically because it was a key plank of last fall's Democratic electoral agenda.

"That's what we said we were going to do. That's what this 100 hours is about," he said.

House Approves Cuts In Cost Of Student Loans (WSJ)

By Anne Marie Chaker

The Wall Street Journal, January 18, 2007

WASHINGTON -- The House of Representatives passed a bill yesterday that would lower interest rates for many student-loan holders.

The rate cuts -- which would be paid for by cutting government payments to banks and other student-loan firms, and raising their fees -- are one of a number of changes House Democrats heralded in last year's campaign and promised to pass within the first 100 hours of the congressional session.

Democrats, who had talked about halving interest rates on student loans before the election, have narrowed their focus to just a segment of the federal Stafford loan program. Aides say they plan on examining broader college affordability measures later, such as raising the maximum amount needy students can receive from the federal Pell Grant program.

The legislation, approved 356-71, applies only to new, undergraduate borrowers of "subsidized" Stafford loans, which are available to needier students. The cuts would phase in over five years, starting July 1. If the legislation is enacted, a four-year undergraduate who starts to take out subsidized loans next fall would save roughly $1,000 in interest payments on total debt of $10,000 over a 10-year repayment term, according to Mark Kantrowitz, publisher of FinAid.org.

In the subsidized program, the government pays the interest while the student is in school. Less needy students still can qualify for an "unsubsidized" Stafford loan, but they are responsible for the interest that accumulates while they are in school.

The Stafford loan program is the government's biggest student-loan program, with more than six million undergraduates borrowing nearly $37 billion in the 2005-06 academic year. More than half of those received subsidized loans, according to data from the College Board.

Half of subsidized Stafford loan borrowers have family incomes of $26,000 to $68,000, according to congressional staffers. In 2003-04, the median income for families of borrowers was $45,000.

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The cuts would cost about $7 billion over six fiscal years, according to the Congressional Budget Office. Representatives of the student-loan industry, which stands to bear the brunt of the cuts' costs, argue the interest-rate cuts could lead them to cut back on customer service, such as 24-hour hot lines, and discounts for on-time payments.

Some higher-education lobbyists already are questioning the Democrats' focus on relieving student debt, when they would prefer to make outright grants to needy students. The annual limit that Pell Grant recipients can receive has been stuck at $4,050 for four years, even as college costs have risen far faster than the rate of inflation. (Democrats say they want to lift that limit to $5,100.)

It is unclear how the proposal will fare in the Senate, and there is always the specter of a presidential veto: The White House released a statement this week saying it opposes the legislation. Instead, it favors increasing grants to low-income students.

Write to Anne Marie Chaker at anne-marie.chaker@wsj.com1

House Cuts Interest Rate For Some College Loans (NYT)

By Diana Jean Schemo

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — House Democrats on Wednesday pushed through legislation cutting the interest rate on federally subsidized loans to college students, drawing on large bipartisan support despite opposition by the White House.

The bill's easy passage — by 356 to 71, with 124 Republicans joining Democrats to support it — underscored the broad appeal of college affordability as an issue. And it was another step in the Democrats' drive to pass key bills in their early days in control of the House.

Representative George Miller, Democrat of California and chairman of the House Education and Labor Committee, who sponsored the bill, said it illustrated his party's commitment to strengthening the middle class. "With this vote, the House took the first step towards guaranteeing that every student who is qualified to go to college will be able to afford to go," he said.

Representative Roscoe G. Bartlett, Republican of Maryland, said he could not fathom why his party's leaders opposed the bill.

"I just think that we need more of our kids going to school," Mr. Bartlett said, after casting his vote. "This is one of the better places to invest money, and as long as we're taking people's money, we should put it back where it's needed."

The measure, which will halve the interest rate over the next five years, is estimated to cost $6 billion, which would be financed by increasing fees that lenders pay to the government and by reducing the 30 or so largest lenders' government-guaranteed profits on student loans.

In a statement opposing the bill issued on Wednesday morning, well before the vote, the White House said the measure did nothing to improve access to college, because it only helped ease the burden of repayment for graduates. Instead, the White House called for increased grant aid to lower-income students.

The White House statement also said access to higher education should be improved by containing costs. The responsibility for helping families, the statement said, "must be shared with colleges, which also have a central role in making higher education affordable."

The White House did not threaten a veto, but the size of Wednesday's majority indicated that Democrats would have the strength to override one.

The afternoon's debate gave little hint of the broad bipartisan support the measure would garner. Republicans derided the bill as a gimmick — "bait and switch," in the words of Representative Tom Price of Georgia, who said it would take full effect only five years from now, and then for only six months, barring further Congressional action.

But ultimately the issue's appeal for many Republicans was too strong. Representative Michael N. Castle, Republican of Delaware, voted for the bill, describing it as "a step towards assisting college students pay for the soaring costs of higher education." Mr. Castle added, however, that the bill "barely skims the surface of the true problem of how we can help increase access and affordability for all students."

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The bill comes as tuition increases at public and private institutions routinely outpace inflation, putting college out of reach for many students, and increasing the debt they carry upon graduation. The average student graduates college carrying more than $18,000 in debt.

"No one wants to be on the receiving end of a campaign ad attacking an incumbent for siding with bank lenders over middle-class voters," said Sarah Binder, a senior fellow at the Brookings Institution.

According to the U.S. Public Interest Research Group, the bill would save the average student who starts college next year about $2,300 in interest payments over the life of a 15-year loan.

Representative Tom Latham, Republican of Iowa, also voted for the interest cuts. "The savings students will receive is commendable," he said, "and deserves our support."

A similar bill in the Senate, sponsored by Edward M. Kennedy, Democrat of Massachusetts and chairman of the education committee, would also reduce the interest rates on student loans, along with making a raft of other changes. His bill would also increase the maximum Pell grant to $5,100.

Representative Howard P. McKeon of California, the education committee's ranking Republican, contended that the House measure would only make repayment terms easier for graduates, whose expected lifetime earnings top $1 million.

The bill cuts the interest rate on subsidized Stafford loans to 3.4 percent from the current rate of 6.8 percent in stages over five years, beginning with loans taken after July 1. To make the bill affordable, the full benefit of the loan's promise of 3.4 percent interest rates applies only to loans made after July 1, 2012, and expires by the end of that year. The subsidized Stafford loans are also open to middle income families.

The student loan industry lobbied against the bill, but appeared resigned to its passage in the House. The Consumer Bankers Association said some lawmakers saw the student lending program as "a bottomless pit of budget savings that can be drawn on repeatedly to fund changes to student aid programs."

House Passes Student-loan Interest Bill (LAT)

By Johanna Neuman

The Los Angeles Times, January 18, 2007

WASHINGTON — With fanfare and substantial bipartisan support, the House delivered Wednesday on the fifth of six bills that Democrats had vowed to quickly pass, voting overwhelmingly to cut the interest rate on some college student loans.

The bill, however, was much scaled back from House Speaker Nancy Pelosi's campaign promise to cut all student loans in half.

Instead, the House measure, passed 356 to 71, applies to the 5.5 million subsidized Stafford loans given each year to students whose families earn $26,000 to $68,000 annually, but would not increase Pell Grants or student tax credits, as originally considered. The bill also sets a five-year phase-in of the interest rate reduction from 6.8% to 3.4%, but then, after six months at 3.4%, returns the rate to the original percentage.

House Democrats called it a "first step" on delivering some relief to students and their parents as college costs have skyrocketed 41% in public universities and 17% in private ones, and as college debt has doubled between 1993 and 2004, according to the independent U.S. Public Interest Research Group.

"This is only the beginning," said Rep. George Miller (D-Martinez), chairman of the House Education and Labor Committee. "This is a down payment."

The bill faces an uncertain future. In the Senate, education panel Chairman Edward M. Kennedy (D-Mass.) is considering a broader bill that would increase grants and tax credits as well.

And the Bush administration questioned the wisdom of encouraging more loans rather than grants. "Student debt loads have soared in recent years, and it is not clear that encouraging more loans is a wise course. Instead, the administration would support efforts to direct savings to additional grant support for low-income students," said a statement issued by the Office of Management and Budget.

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House Democrats, eager to keep their pledge to voters to pass long-stalled measures in their first 100 legislative hours, have sailed through four other bills: implementation of the Sept. 11 commission recommendations, an increase in the federal minimum wage, support for embryonic stem cell research and a plan to lower Medicare's prescription drug prices.

Today, the House is expected to finish its juggernaut with a bill that would raise $14 billion over 10 years by rolling back tax credits and other breaks for oil companies.

"Last year, we said we were going to take America in a new direction," Miller said at a news conference with education leaders and students before the debate. "By voting to cut student loan interest rates in half, we are showing we meant it."

But the student loan bill required some deft maneuvering. Miller laid aside the original plan, which would have cost an estimated $45 billion, in favor of the slimmed-down and phased-in approach, whose $5.8-billion cost would be offset by cutting payments to lenders and guarantee agents.

Miller pledged that later in this congressional session, Democrats would find ways to increase Pell Grants, to make tax credits easier to understand, and to press colleges and universities to "do their part" in holding down costs.

Critics said the measure was the first casualty of the Democrats' "pay-as-you-go" rule, which requires House members to find ways to offset spending increases.

"This is nothing but a sham," said Rep. Virginia Foxx (R-N.C.), a former college administrator who said she took seven years to work her way through college. "They're not keeping their promises. All they are doing is inviting colleges to increase tuition and fees. It's very cynical."

Democrats said their party's House leaders had shown more fiscal responsibility than their predecessors. "Unlike the huge tax breaks for the energy industry at a time when they receive the most profit in their history, this bill doesn't add to the deficit," said Rep. Robert E. Andrews (D-N.J.). "This bill is paid for."

Almost everyone who spoke during the three hours of debate agreed that skyrocketing college costs risked burdening a generation of students and their parents with debt, and that universities needed to do more to hold down costs.

Rep. Howard P. "Buck" McKeon (R-Santa Clarita), who managed the bill for Republicans, cited extravagant spending by colleges and universities, such as the University of Houston, to put hot tubs and other amenities in student centers.

The floor debate seemed, by Washington standards, civil, even amusing. At one point, McKeon offered three minutes to a colleague to speak on the bill and then turned to introduce him, saying, "My good friend from … Where is my good friend from?" (His good friend is from Mississippi.)

But the partisan divide showed itself clearly across the aisle. Democrats charged that Republicans during their 12 years in power had "raided" student loans for $12 billion. Republicans replied that they cut lending fees and put some of the $12 billion in savings into Pell Grants.

Republicans alleged that Democrats were rushing to the floor — without benefit of vetting by committees — a bill that would give them a "Pyrrhic victory" during the 110th Congress' first 100 hours, but do little to lower college costs. Democrats replied that they hoped to extend the lower loan rate beyond the five-year window in subsequent legislation.

Democrats chided the GOP for funding the Iraq war instead of investing in education. "It's a shame, a disgrace that this country is willing to spend billions to fight a war in Iraq we know is a mistake while the doors of our colleges are closed to too many of our young people," said Rep. John Lewis (D-Ga.).

Lenders bemoaned the Democrats' tactic of paying for the bill by passing the increased costs to them. "A strategy of raiding a financial aid program to fund modest proposals is inadequate to the challenge; it is neither a bold nor bipartisan solution to making college affordable for every American," said Kevin Bruns, executive director of America's Student Loan Providers.

But education advocates were jubilant. "Twelve months ago, Congress was putting the finishing touches on a $12-billion cut to student loan programs," said Luke Swarthout, the Public Interest Research Group's higher-education lobbyist. "Now we're talking about real policy to make college more affordable for millions of students. This is the right conversation to be having."

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House Dems Target Special Breaks For Big Oil Thursday (USAT)

By Richard Wolf

USA Today, January 18, 2007

WASHINGTON — After taking on the restaurant, drug and banking industries, House Democrats top off their first 100 hours of majority status Thursday with a swipe at Big Oil.

Their legislation would roll back tax breaks and rewrite drilling leases given to oil and gas companies during the last 12 years of Republican rule. Less clear is where the estimated $14 billion over 10 years would go; the bill creates a fund for alternative forms of energy but leaves out specifics.

"This is not the solution to the problem of global warming or the price of gasoline," says Rep. Jim McDermott, D-Wash.

Sen. Chuck Schumer, D-N.Y., says it's an effort to show that "mature industries do not need government handouts."

The Senate will take longer to pass legislation. Democrats in both houses say they want to go further toward eliminating subsidies and investing in alternative fuels. A memo sent by Senate Majority Leader Harry Reid, D-Nev., to Democratic senators Wednesday says the United States should "lead the world in combating global warming and enact a mandatory program to reduce greenhouse gas emissions."

President Bush has called for reducing the nation's dependence on foreign oil in each of his six State of the Union addresses and is expected to do so again next week. A policy statement issued by the White House on Wednesday said the administration opposes the major provisions of the House bill, which could require that new fees be imposed on oil and gas companies. It also criticized Democrats' "tax and spend" use of the revenue to promote alternative forms of energy.

Ever since gas topped $3 a gallon this summer and ExxonMobil reported record quarterly profits in October, attacking oil companies has had populist appeal — particularly for Democrats, who receive far less in campaign contributions from the oil and gas industry. The industry helped Bush and Vice President Cheney, both former oil men, win election in 2000 and 2004, and gave five times more to Republican candidates in 2006.

But with oil imports continuing to rise, the industry's influence has been weakened. Rep. Nick Rahall, D-W.Va., lead sponsor of the House bill, said today's vote will be bipartisan.

"We will transition to alternative energy. Geology will ensure it," Rep. Roscoe Bartlett, R-Md., a co-sponsor, said Wednesday.

House Democrats' energy bill follows passage of three other measures opposed by business groups. Restaurateurs and other small businesses criticized a $2.10 increase in the federal minimum wage. Pharmaceutical companies lobbied against requiring the government to negotiate for lower Medicare drug prices. And banks opposed Wednesday's vote to cut interest rates on some student loans.

The energy bill sets up a fund for renewable fuels but doesn't choose winners and losers among solar, wind, hydrogen and other types of energy. That leads some analysts to predict political hijinks. "When you get a pot of money in this town, you've got to be very careful with it," says John Felmy, chief economist for the American Petroleum Institute, which says the measure could raise consumers' prices or reduce investors' earnings.

Others with ties to the oil industry say the Democrats' agenda is flawed. "Our energy sector is going to become dumbed down," says Tom Tanton, vice president of the Houston-based Institute for Energy Research. "We're increasingly rewarding the failing technologies."

Democrats plan to go much further toward rewriting U.S. energy policy in this Congress, with initiatives to increase automobile fuel efficiency and new technologies, cut carbon dioxide and greenhouse gas emissions, fully fund low-income energy assistance programs and eliminate other tax subsidies.

"I see this as opening the door widely so that we'll be able to advance other, more comprehensive pieces of energy legislation," says Rep. Maurice Hinchey, D-N.Y.

Democrats Say House Energy Bill Will Pass (NYT)

By Edmund L. Andrews

New York Times, January 18, 2007

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WASHINGTON, Jan. 17 — House Democrats, brushing aside objections from the Bush administration, said on Wednesday that they had ample votes to pass a bill on Thursday that would eliminate $14 billion in subsidies and tax breaks for oil companies and channel the money to renewable-energy projects.

In a sign of how political sentiment on energy issues has shifted, lawmakers in both parties expect the bill to draw considerable support from Republicans, many of whom voted in favor of the tax breaks three years ago.

On Wednesday, the White House said it "strongly opposes" several provisions in the bill but only hinted at a possible veto if the bill increased overall government spending in 2007 above limits that Mr. Bush set last year.

Few lawmakers expect Mr. Bush to resort to a veto, if only because the energy bill would lead to a tiny increase in revenue in its first year.

Much of the criticism involves two provisions, one that would repeal a major tax break for oil and gas drillers and a second that would pressure oil companies to renegotiate certain offshore leases. The leases allow them to avoid billions of dollars in royalties on oil and gas produced in publicly owned waters in the Gulf of Mexico.

In a statement of the administration's position, the White House said the bill would unfairly single out the oil industry by making it ineligible for a tax break offered to "domestic manufacturers." The tax break was created in 2004, mainly to compensate manufacturing companies that had been forced to give up a separate tax break for exporters. Oil companies had never qualified for the export tax break, but were included in the definition of "domestic manufacturing."

The administration also reiterated its opposition to a provision that would pressure oil companies to renegotiate the offshore drilling leases.

The bill, which would also repeal several smaller royalty incentives that Congress passed in 2005, would raise about $6.3 billion over 10 years in additional royalties from oil and gas companies. The provisions that repeal several tax breaks would raise about $7.6 billion over the same period.

In its statement, the administration said it agreed that drilling companies had no need for federal incentives. But it opposed what it said was an effort to force companies into renegotiating contracts that the government had signed.

The measure would pressure companies to renegotiate leases they signed with the federal government in 1998 and 1999, when the Interior Department inadvertently allowed them lucrative royalty incentives regardless of how high oil and gas prices might climb.

The measure would punish companies that refuse to accept "price thresholds" — clauses that were included in leases for other years that eliminated the royalty incentives if oil prices rose above about $34 a barrel. Companies that refuse to change their leases would be required to either pay a "conservation fee" of $9 for each barrel of oil they produce on the leases or give up their right to acquire any additional leases.

The oil industry has criticized the proposals, saying they signed the leases in good faith and should not be forced to change them because the government made a mistake.

The Bush administration has echoed those concerns, saying that the leasing errors occurred during the Clinton administration and that it is trying to persuade companies to make voluntary changes. So far, five companies that own about 20 percent of the leases have agreed to alterations. But many of the biggest players in the gulf, including Chevron and Exxon Mobil, have refused.

Senate Democrats are expected to support the royalty provisions of the House bill. On Wednesday, Senate Democrats on the Joint Economic Committee argued that the government spends billions of dollars on royalty incentives for offshore drillers yet gets little in the way of increased production.

Senator Charles E. Schumer of New York, chairman of the Joint Economic Committee, said he would seek the elimination of all royalty incentive programs.

US House Takes On Big Oil (CSM)

By Mark Clayton

Christian Science Monitor, January 18, 2007

A Bill To Be Voted On Thursday Would Cut Federal Benefits By A Third And Give Them To Renewable-energy Programs.

DOJ_NMG_0118187

The House of Representatives is poised Thursday to play Robin Hood with energy policy.

It aims to cut $14 billion in federal oil and gas tax breaks and other benefits over the next 10 years and give them instead to renewable-energy programs.

Such a change would represent a noticeable trim in government support for the oil and gas industry at a time when it is trying to boost domestic production. It would provide a huge boost to renewable energy industries as they try to replace fossil fuels with cleaner energy that's also domestically produced.

Nevertheless, the proposed cuts go only so far. Even if the House's new clean-energy legislation becomes law, the oil and gas industry will remain by far the largest recipient of federal energy largesse, receiving by some estimates four times the money of the next largest recipient: the nuclear industry.

That prospect has many renewable-energy advocates and budget hawks pushing for more cuts even as conventional-energy experts warn of the fallout from the current round of proposed rollbacks.

"What the Democrats have cut is a big number," says Steve Ellis, a spokesman for Taxpayers for Common Sense, a Washington watchdog group. But "if you look at the whole universe of federal oil and gas breaks, it's a much larger number than this legislation cuts."

"If Congress imposes these additional costs on the companies, it just makes them more likely to look overseas," responds Mark Kibbe, senior tax-policy analyst for the American Petroleum Institute, a lobbying arm of the oil industry in Washington. "If you make these changes, you decrease US production, US jobs, and increase US reliance on imported oil."

Congress envisions slashing $14 billion – an average of $1.4 billion a year – over the next 10 years. This includes cutting $7.7 billion in tax incentives and toughening royalty-payment rules to bring in $6.3 billion that otherwise would flow to oil and gas companies.

The proposed cuts, when adjusted for inflation, would total per year roughly a third of the $3.6 billion in tax incentives the oil and gas industry got in 2005, the Government Accountability Office reported in September.

Left untouched would be one of the industry's most important federal tax breaks – the oil and gas percentage depletion allowance, created in 1916. Between 2006 and 2010 that break will cost taxpayers nearly $1 billion a year by allowing smaller, independent oil companies to deduct 15 percent of sales revenue to reflect the declining value of their investment, according to the Joint Committee on Taxation (JCT), which reports to Congress on the costs of federal tax legislation.

Another surviving tax break permits big oil companies to immediately deduct 70 percent of their "intangible drilling costs," such as the cost of wages, supplies, and site preparation. Smaller companies are permitted to deduct all of those costs. That break will be worth a little over $1 billion a year through 2010, the JCT found.

Industry officials deem such breaks as critical to US domestic oil production that they say would otherwise dwindle, since it costs far more to produce oil domestically than import it.

That claim is overblown, some analysts say. Even if such subsidies were triple their current level, they would have practically no effect on reducing oil prices and boost domestic production by only 0.2 percent, writes Gilbert Metcalf, a Tufts University economist in a recent study.

The industry receives federal largesse beyond tax breaks and relief from royalty payments. Add in research and development subsidies and accounting breaks and the total looks more like $6 billion a year for the next five years, according to a Friends of the Earth tally of JCT data.

Other economists say the industry's federal subsidies are far higher. They average about $39 billion annually if items such as defense of oil lanes in the Persian Gulf, guarding domestic infrastructure like the Alaska Pipeline, and paying to maintain the nation's Strategic Petroleum Reserve are also included, says Doug Koplow, founder of Earth Track, a Boston consulting firm that analyzes natural-resource subsidies.

"There probably is a public interest in government involvement in maintaining security of supply and reducing price, but those costs should be borne by oil markets and not by taxpayers," he argues.

The strategic reserve, for instance, stores about a two-month supply of oil for the nation in salt domes in Louisiana and Texas. Maintaining it costs the nation an average $2 billion or so a year, Mr. Koplow says. Guarding Middle East oil lanes averages about $19 billion a year, he found, which doesn't include the recent surge in spending because of the Iraq war.

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If Congress were to cut $1.4 billion a year in subsidies, as House Democrats urge, the industry would still get more than $37 billion a year from government coffers, according to this analysis, four times the amount spent on the nuclear industry and six times the amount spent on ethanol.

Others dispute such analyses.

"It just depends on how you want to define a subsidy," says Jerry Taylor, a senior fellow at the Cato Institute, a conservative Washington think tank. "A lot of these oil companies pay more in taxes to the government than they pay to stockholders. The argument they're being given preferential tax treatment is a myth."

Mr. Kibbe, the oil industry official, says Koplow's analysis raises the question of "where you draw a line. Does that mean every mile of road we put in is a benefit to the car companies?"

Of course, renewable-energy industries also get government help, with ethanol receiving half the subsidies, Koplow estimates. Roughly half of that largesse comes in the form of a tax credit worth 51 cents per gallon to ethanol producers. Overall, ethanol subsidies in 2006 were about $6 billion a year using Koplow's broader definition, which includes federal tariffs, renewable fuel standards, and other factors.

Here, too, energy subsidies distort markets and are a negative for taxpayers and the economy, he argues.

"Right now Congress is giving billions to ethanol, biodiesel, and the nuclear industry," Koplow says. "There may end up being a positive impact on climate change from these. But it may not be the quickest, or the cheapest, way to deal with the problem."

Leading Democrats in the House want to use the $14 billion from the oil and gas industry to create a strategic energy-efficiency and renewables reserve to accelerate the use of renewable energy. They also want to promote the use of energy-efficient products and boost research and development for renewable fuels.

"What the Democrats are doing is a great down payment, shifting these oil and gas giveaways over to renewable energy and conservation," says Erich Pica, domestic program director for Friends of the Earth. "But there's still more to be done."

U.S. Will Re-negotiate Free Trade Deals (AP)

By Martin Crutsinger, Ap Economics Writer

AP, January 18, 2007

The Bush administration, facing a Democratic Congress, said Wednesday it would seek a "substantive adjustment" to the labor provisions in free trade agreements already negotiated with Peru, Colombia and Panama.

Deputy U.S. Trade Representative John Veroneau told reporters that the three countries had been notified. He predicted that an agreement on revised language could be reached without a lengthy delay.

Other U.S. trade officials said the new talks do not mean that other sections of the agreements will be renegotiated or that the deals will have to be signed again. The revisions could take the form of side letters to the main agreement.

The agreements with Peru and Colombia have been signed while the agreement with Panama, reached in December, is being reviewed by government attorneys from both countries to make sure the language is correct.

USTR spokeswoman Gretchen Hamel said in a statement that the administration believed that the necessary adjustments to the labor provisions "can be made through some binding instrument and it is not necessary to reopen the text of the agreement."

The announcement that the administration wants changes in the labor provisions was the strongest signal to date that President Bush is prepared to modify his trade policies in light of last November's election in which Democrats gained control of the House and Senate.

"We are open to a dialogue," Veroneau said. He said the governments of the three nations "understand we need to make changes to achieve" the goal of getting the deals approved by Congress.

"We have informed Peru, Colombia and Panama that we ... need to make some substantive adjustment" in the area of labor provisions, Veroneau said.

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Democrats, backed by U.S. labor unions, have long complained that the free trade deals being negotiated by the administration did not include enough protections for American workers. They said that because of this, the U.S. workers' jobs would be jeopardized by competition from low-wage countries with lax labor laws.

However, Republicans and their business supporters have fought inclusion of tougher language on labor rights, arguing that such provisions could be used to block increased trade rather than lowering trade barriers.

Business groups are also concerned that including tougher language on the right of workers to form unions could give organized labor in the United States leverage to challenge in American courts the restrictions they currently face on organizing.

"Republicans in Congress are worried that new language in the trade agreements could give unions a footing to challenge U.S. labor laws and they don't want that," said Gary Hufbauer, a trade economist at the Peterson Institute for International Economics, a Washington think tank.

Thea Lee, policy director for the AFL-CIO, said her group would not see side letters as an adequate way to fix what labor leaders see as inadequate protections for American workers.

"Will they really renegotiate the agreements or will they just go down and get some cosmetic side letters?" Lee asked.

She said unions see as a good standard the labor and environmental provisions that were included in the free trade agreement the Clinton administration negotiated with Jordan which won congressional approval after Bush took office in 2001.

The deals with Peru, Colombia and Panama are the latest free trade agreements negotiated by the Bush administration, which has pushed these deals as a way to support both economic and foreign policy objectives.

Veroneau said he still expected the agreements will win approval before the president's authority to negotiate agreements under expedited procedures expires July 1.

He made his comments at a briefing with reporters about his trip week to discuss trade issues in Chile, Uruguay and Argentina.

Free-trade Pacts Face Labor Issues (WT)

By Steve Hirsch

The Washington Times, January 18, 2007

The Bush administration is evaluating how to respond to Democrats' concerns over labor issues in pending free-trade agreements with Peru, Colombia and Panama, an official in the U.S. Trade Representative's Office said yesterday.

The administration wants the three agreements to be approved before the president's trade promotion authority, which allows Congress to only vote on trade pacts without amendments, expires July 1.

Democrats have long pushed for tougher labor standards in free-trade agreements, saying that deals negotiated by the Bush administration do not include enough protections for workers in those countries or American workers.

According to the official in the U.S. Trade Representative's Office, who spoke on the condition of anonymity, the administration is responding to concerns by House Ways and Means Committee Chairman Charles B. Rangel of New York and other Democrats about pay and other labor conditions in the three countries.

The official stressed that the free-trade agreements themselves will not be renegotiated, but that the administration is trying to work out how to address those concerns outside of the formal pacts.

The agreements with Peru and Colombia have been signed, while the pact with Panama, reached in December, is being reviewed by attorneys from both countries to make sure the language is correct.

The official spoke after Deputy U.S. Trade Representative John Veroneau told reporters that the administration is "open to dialogue" with Congress on the issue.

"It is clear that some adjustments to that chapter will be made before Congress takes those up," he said.

USTR spokeswoman Gretchen Hamel issued a clarification in the afternoon saying that in the case of signed agreements that have not been approved by Congress, such as the three pacts, "We believe these adjustments can be made through some binding instrument and it is not necessary to reopen the text of the agreement."

Another official said: "How those adjustments will be made is not clear, but we will not be reopening the text of the agreements."

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AFL-CIO policy director Thea Lee said it seemed like the administration was trying to come up with "some kind of a cosmetic side letter that they can wave around" and gain Democratic votes.

Seoul Helps All North Korean Defectors (WSJ)

http://online.wsj.com/page/2_0048.html, January 17, 2007

In response to the article "Defections Tweak Seoul" ("Leading the News," Jan. 9), Evan Ramstad made a number of incorrect assertions about the South Korean government's handling of Mr. Choi Wook-Il, a South Korean citizen who recently escaped 31 years of captivity in North Korea. The article claims the South Korean consulate in Shenyang refused to assist Mr. Choi, until public pressure forced officials to provide refuge for the 67-year-old. I would like to correct your accounting of the events.

First, it is not true that the South Korean consulate general in Shenyang started working to secure Mr. Choi's protection only after the Korean public expressed outrage at the government. In fact, ever since it became aware of his defection from the North, the South Korean government has consistently exerted its utmost diplomatic efforts for Mr. Choi's speedy repatriation home.

Second, it is a completely unfounded allegation that the South Korean government is walking a tightrope with North Korea and the United States, and consequently showing a passive attitude in supporting South Koreans kidnapped by the North. The South Korean government has dealt with the North Korean refugee problem in the spirit of brotherhood and from a humanitarian basis -- and has accepted all North Korean refugees in foreign countries in all cases, if they wish to come to South Korea. The South Korean government has also cooperated closely with related international organizations such as the the Office of the United Nations High Commissioner for Refugees and the governments of countries in which North Korean defectors are likely to stay, in a bid to prevent the possibility of such defectors being sent back to North Korea against their will.

Third, it is not true that the South Korean government has reduced the resettlement subsidy for North Korean defectors. There has only been a change in the way the subsidy is provided. Originally, the South Korean government provided a portion of the subsidy in a lump sum, to resettle North Korean defectors. However, these defectors experienced many difficulties in spending the government subsidy effectively, often stemming from their unfamiliarity with a market-based economic system. As a result, while maintaining the overall size of the resettlement subsidy, the South Korean government decided to reduce the initial cash support and provide, instead, other supporting services to the defectors, such as expanded job training, educational opportunities and increased workplace salaries.

Kim Heung-soo
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Defense Official Says Pentagon Hid Unspent Funds In Accounts (USAT)

By Matt Kelley

USA Today, January 18, 2007

WASHINGTON — The Pentagon has hidden at least $1.4 billion in other agencies' accounts instead of returning unspent money to the U.S. Treasury, the Defense Department's internal watchdog told Congress Wednesday.

Thomas Gimble, the Pentagon's acting inspector general, said Pentagon offices between 2002 and 2005 used the General Services Administration (GSA) and the Interior Department "to 'park' or 'bank' funds that were expiring."

GSA and Interior then spent the money on Pentagon contracts, circumventing the law, Gimble said.

Pentagon officials did this because they either wanted to hire a particular company, spend money before it had to be returned or could not respond quickly enough to Defense Department customers, Gimble said.

In written responses to Gimble and other federal investigators, Pentagon and Interior officials have acknowledged problems with their contracting processes and said they are working to fix them. GSA officials have returned $600 million in unused funds to the Defense Department.

When his office started its work, Gimble said, the Pentagon had "unclear" policies about how to use such accounts. The Pentagon's chief financial officer issued new, clearer policies in October, he said.

DOJ_NMG_0118191

Gimble told a Senate Armed Services panel that a $100 million office space contract for the Counterintelligence Field Activity (CIFA) was more evidence of a pattern of poor oversight of military contracts.

Often, he said, Pentagon contracting officers award billions of dollars in deals without proper planning, documentation or oversight.

The 10-year, $100 million CIFA lease was "one of the potentially most serious problems" his investigators found with contracts made through an Interior Department office, Gimble said. That arrangement of using Interior, he said, is supposed to save time and money but often results in expensive and possibly illegal deals.

Such contracts also make "end runs" around Congress and higher-level agency officials and hide how the Pentagon spends its money, Gimble said.

The Pentagon needs to clean up its act, senators said.

"If there's not accountability when something like that happens, we might as well throw in the towel," said freshman Sen. Claire McCaskill, D-Mo.

At CIFA's request, Interior hired a company called TKC Communications to provide office space. The agency oversees efforts to track and block terrorism and espionage threats against U.S. military bases and personnel.

The deal was written as one for office space management, but the payments went to lease and renovate that space, investigators found. That arrangement was probably illegal and evaded required Pentagon and congressional oversight, Gimble and a separate Interior report found.

Federal contracting records show Interior has paid TKC more than $66 million since 2003, including more than $11 million after auditors criticized the deal.

Interior officials have defended the contract, saying it was legal and approved by Interior and Justice Department lawyers

Brooke Smith, TKC's chief operating officer, said in an interview that no one from the Pentagon questioned the contract and that CIFA liked the arrangement.

Senate Taking Up FEC Picks (RC)

By Matthew Murray

Roll Call, January 18, 2007

Senate Rules and Administration Chairwoman Dianne Feinstein (D-Calif.) said Wednesday that the Federal Election Commission's four reappointed commissioners will appear before her committee this year, a rare move that could reignite controversy avoided last Congress though presidential recess appointments.

"They are subject to confirmation," Feinstein said. "We will hold hearings."

The commissioners' appearance before the committee could create a debate not seen in more than a half-decade when former Republican Commissioner Bradley Smith went through the Rules panel confirmation process in 2000.

Smith's confirmation hearings set off a Senate firestorm among Democrats, prompting threats by then-Rules Chairman Mitch McConnell (R-Ky.) that he would block the re-nomination of then-Commissioner Danny Lee McDonald, a Democratic pick.

Of the FEC's current six-member panel, Republican nominee Hans von Spakovsky and Democratic nominees Steven Walther and Chairman Robert Lenhard must be confirmed by the Senate by year's end in order to maintain their positions. The agency's Republican-nominated Vice Chairman David Mason also must go through the confirmation process. But because he is the lone term-limit exempted commissioner, he may continue after his appointment expires when Congress adjourns sine die this year.

Despite having just one FEC commissioner who will have to go through the full committee process, Republicans may be put on the hot seat defending the past writings of von Spakovsky. Last year, von Spakovsky found himself in the crosshairs of Sen. Edward Kennedy (D-Mass.). The Washington Post reported that the former civil rights division lawyer at the Justice Department "played a central role in approving" a highly controversial voter identification program in Georgia, von Spakovsky's home state. According to the Post, von Spakovsky also wrote an anonymous law journal article in favor of the policy before the state's proposal was submitted to Justice for review.

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"I'm extremely troubled by reports that Hans von Spakovsky ... may be nominated and recess appointed to the Federal Election Commission," Kennedy wrote in a publicized December 2005 letter to then-Senate Rules and Administration Chairman Trent Lott (R-Miss.) and former ranking member Chris Dodd (D-Conn.). "There are serious questions about whether Mr. von Spakovsky is committed to upholding voting rights for all Americans."

For Democrats, Lenhard, a former union lawyer who has signed legal briefs arguing against portions of the 2002 Bipartisan Campaign Reform Act, often is named as the commissioner whose background could draw the most Senate scrutiny, especially from campaign finance reform-minded lawmakers such as Sen. John McCain (R-Ariz.), the BCRA author who harshly criticized President Bush's use of recess appointments to fill FEC slots last year.

"I am troubled to learn that the president has decided to use recess appointments to fill the vacancies at the Federal Election Commission (FEC)," McCain said. "Individuals chosen to fill the FEC vacancies at this crucial time should go through the regular confirmation process so the Senate can be assured that they are qualified for the position and committed to carrying out the FEC's important mission to faithfully interpret and enforce the law."

S.M.U. Chief Says Bush Library Would Be A Boon For The Campus (NYT)

By Gretel C. Kovach

The New York Times, January 18, 2007

DALLAS, Jan. 17 — The president of Southern Methodist University told professors on Wednesday evening that the university would benefit if it became the site of President Bush's presidential library.

The university president, R. Gerald Turner, spoke at the spring faculty meeting and addressed questions posed by professors after Southern Methodist learned on Dec. 21 that it had emerged as the sole finalist for the library.

Many professors, including some who want the library on campus, are concerned about the relationship between a proposed Bush policy institute and the library and the effects the institute might have on the university's academic independence.

But Dr. Turner said the library and the institute would raise the national profile of the private university, spur economic development in the community and, most importantly, enhance academic resources and professional interaction.

"This presidential library will obviously contain a treasure trove of documents and artifacts that describe one of the most intense and controversial periods in our history," he said. "Any real or perceived fears about the institute or the library in any way inhibiting this institution's history of academic freedom are unfounded."

What's more, Southern Methodist stands to lose prestige and donor support if it were to fail in its bid for the library at this stage, he added. "It would raise questions of donor confidence in our ability to compete for this tremendous asset," he said.

Both the interim provost and the president of the Faculty Senate cautioned "outsiders" not to mistake vigorous academic debate for widespread opposition. But several faculty members said Wednesday that they believed there was deep opposition to the plan on the faculty, particularly to the Bush institute.

A history professor, Kathleen Wellman, said she did not want the institute on campus. "I think it will generate what I consider to be political propaganda and overshadow much of the other work done at S.M.U.," she said.

An art history professor, Janis Bergman-Carton, said, "I am afraid we are mortgaging our reputation and our students, actually and symbolically, to an administration that 70 percent of this country thinks is incompetent and unethical."

Benjamin Johnson, an assistant professor and a scholar of modern American and Texas history, asked, "How can it be a good thing to turn over the public faith of this university to the cronies of one of the most divisive, partisan and unpopular administrations in American history?"

Students returned to class on Tuesday, and they tend to be more conservative and supportive of the idea than the faculty, said the student body president, Taylor Russ.

"If the institute brings politics to the campus, I think all students, whether or not they agree with President Bush, see that it brings another opportunity to learn and interact with each other," Mr. Russ said.

Faculty Of Dallas University Less Than Thrilled At Prospect Of A Bush Library (WP)

By Matthew C. Wright

The Washington Post, January 18, 2007

DOJ_NMG_0118193

The site-selection committee for the George W. Bush presidential library and institute has narrowed its search to First Lady Laura Bush's alma mater, Southern Methodist University in Dallas, though the panel has not made a final decision.

Many SMU professors are wary and at a recent closed meeting declared that "our fundamental role as faculty is to ensure that the university holds to fundamental principles of academic freedom and that the best interests of the university are protected," according to memo summarizing the meeting.

The memo, from Faculty Senate President Rhonda Blair, outlined a series of questions many professors have for university president R. Gerald Turner about the library plans:

? What promises, if any, has SMU already made to the Bush Foundation about the library and institute?

? What guarantees will there be in writing regarding the relationship between SMU and the Presidential library and institute?

? Should SMU have some kind of oversight of the institute, or would that oversight identify us as being too closely associated with the institute?

? Have studies been done to determine the increased security risks attached to having the library and institute?

? Since universities with presidential libraries tend to be larger and/or more widely known than SMU, what will be the impact of the library and institute on SMU and its reputation?

? Could the library and particularly the institute simply be geographically near, but not be part of, SMU? Wouldn't SMU generally reap the same benefits from its presence?

? What would be the impact of the library and institute on SMU's ability to recruit students and faculty, especially in areas such as the Northeast, and what would be the impact on rankings and evaluations?

FEDERAL DIARY: Leadership Problems, Cont. (WP)

By Stephen Barr

Washington Post, January 18, 2007

Uncle Sam's leadership woes apparently are not going away anytime soon.

Only 49 percent of federal employees have a high level of respect for senior leaders in their agencies, and only 41 percent say they are satisfied with their leaders' policies and practices, the third in a series of government-wide surveys, released yesterday, showed.

The views on leadership are similar to those expressed by federal workers in a 2004 survey, an indication that political appointees and career executives continue to struggle to connect with the rank and file.

Less than half -- 47 percent -- of federal employees said they were satisfied with the information they get from management. They also were fairly evenly split on whether their leaders spur high levels of motivation and commitment in the federal workforce.

Despite the Bush administration's focus on improving government performance, the percentage of federal workers who think their managers review and evaluate progress toward their agency's goals dropped by 11 percentage points from 2002 -- to 56 percent.

The employees also were less likely to say they have a reasonable workload, compared with 2002 -- 59 percent said this, vs. 65 percent four years earlier.

The most recent survey was conducted in the summer of 2006, the third effort by the Office of Personnel Management to collect data on the attitudes and job satisfaction of federal employees. More than 220,000 employees in 88 agencies answered 84 questions, for a response rate of 57 percent. Most of the questions were asked in 2002 and 2004 surveys, but some have been dropped and others added.

One new question for the 2006 survey asked employees if they had trust and confidence in the person who directly supervises their work. Sixty-four percent said they did. Sixty-six percent also said they believe their supervisors are doing a good job. The response to that question, which has been asked in other surveys, registered an increase of 5 percentage points from 2002.

Linda M. Springer, the OPM director, said the survey findings show that many federal employees do not believe their agencies reward high performance and that the government has a long way to go in dealing with poor performers.

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But the survey, Springer said, also showed that the commitment to public service by federal employees remains strong: 90 percent believe their work is important, 83 percent know how their work relates to agency goals, and 83 percent said their co-workers cooperate to get the job done.

High marks in those categories suggest that "morale is good" across the government, Nancy H. Kichak, an OPM associate director in charge of the survey, said.

Especially encouraging, she said, was a finding that relatively few employees plan to leave in the next year or two, even though more than half the federal workforce is eligible to retire.

Only 4 percent of the respondents said they plan to retire within a year, and just 12 percent said they plan to retire in one to three years.

A majority of employees -- 69 percent -- said they were not considering leaving their agencies. Sixteen percent said they were considering taking another job elsewhere in the government.

Diary associate Eric Yoder contributed to this column. My e-mail address isbarrs@washpost.com.

Disaster Fund Faces Financial Shortfall (NYT)

By Ron Nixon And Leslie Eaton

The New York Times, January 18, 2007

The federal government's biggest program to help people rebuild after natural disasters is on the verge of running out of operating money because of budgeting problems at the agency that runs it, the Small Business Administration.

If Congress does not intervene in the next month or so to cover the administrative costs of the program, it will have to shut down, according to an internal agency memorandum given to The New York Times by a critic of the agency.

Agency officials say, and Congressional leaders agree, that the legislature will almost certainly act to keep the program running. "It would be very surprising to us if they wouldn't address this," said Steven C. Preston, the administrator of the S.B.A.

But even a temporary shutdown could delay aid to victims of the ice storms in the Midwest and other recent natural disasters, and would further hamper a program that was widely criticized for its slow response to the hurricanes that hit the Gulf Coast in 2005.

The current money shortage is related to what agency officials concede was an unusual decision in early 2005 not to ask Congress for any money to pay for running the disaster program in the 2006 fiscal year, relying instead on money left over from previous disasters. The program also ran into financial trouble last year and required an emergency infusion of money in February.

Longtime critics of the agency said the current problem highlighted a continuing pattern of mismanagement and poor planning at the S.B.A.

"We need to look at a comprehensive overhaul of the agency as well as the disaster loan program," said Representative Nydia M. Velázquez, Democrat of New York and the new chairwoman of the House Small Business Committee. "Something has to change in the management of this agency."

After the 2005 hurricanes, the agency did not have enough employees to handle the 423,000 loan applications it ultimately received from homeowners and businesses, and had switched to a troubled computer system that slowed its disaster response. The Government Accountability Office cited the agency's poor planning as a factor in "significant delays and backlogs in processing loan applications."

In the face of withering criticism from disaster victims, government officials and even agency employees, the director of the agency, Hector V. Barreto, resigned last April. His successor, Mr. Preston, has pledged to improve the disaster response.

The small-business agency has now approved more than $8 billion in loans to homeowners trying to rebuild after the hurricanes, according to its own data, but has distributed less than half of that amount. Businesses have received loans of about $1.2 billion, although the agency has approved almost $2.6 billion in loans.

In the Senate, Democrats have proposed major changes to the disaster assistance program, including allowing banks to make disaster loans, rather than funneling them all through the S.B.A.'s staff.

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"The administration mismanaged the response to Katrina from Day 1," Senator John Kerry, Democrat of Massachusetts and the new chairman of the Committee on Small Business and Entrepreneurship, said in a statement yesterday. "We need legislation to overhaul the program and make it work efficiently for every business owner and homeowner in the country."

But Senator Olympia J. Snowe, Republican of Maine and the former head of the committee, blamed Congress for the current financial problem, saying it stemmed from lawmakers' failure to approve the agency's budget request for the fiscal year that began Oct. 1, which agency officials said included about $200 million to run the disaster program.

"It is unacceptable that at a time when we are all too aware of how valuable these programs are to American families whose lives have been turned upside down by disaster, we were unable to provide the S.B.A. with the funding it requested for this fiscal year," Ms. Snowe said in a statement yesterday.

The Republican-led Congress passed 2 of 11 spending bills last year. The new Democratic leadership decided to keep most government agencies operating by extending their current budget levels and is expected to continue those spending levels until fall.

The 2006 budget is the one that did not ask for money to operate the disaster program. According to the internal memorandum, which was prepared by the agency's chief financial officer, Jennifer Main, the agency needs $306 million for administrative costs in the current fiscal year but had only $157 million left as of Sept. 30.

The short-term problem could be solved, as in the past, if Congress allows the agency to cover administrative costs by dipping into some of the money it has allocated for loans, said C. Edward Rowe III, the agency's chief liaison to Congress.

But Ms. Velázquez said she would oppose such a measure. "I am not willing to take money out of disaster money intended for victims to cover administrative costs," she said.

The agency is also facing a shortfall of about $20 million in its regular budget, which has dropped by about 30 percent since 2001. According to the memorandum, the shortfall could require the agency to take drastic steps, including furloughing every one of its employees one day a month until the end of September.

"We don't really think Congress will forget to fund disaster assistance," said Joel Szabat, the agency's chief of staff. "The real issue is the $20 million."

Under the disaster loan program, homeowners can borrow up to $200,000 at low interest rates to repair houses; owners and renters can borrow up to $40,000 to replace damaged furnishings. Businesses of any size can borrow up to $1.5 million to cover physical losses, and some small businesses are eligible for loans to cover economic losses. Maximum interest rates range from 4 percent to 8 percent.

The disaster loan program also serves as a screening mechanism for some grants from the Federal Emergency Management Agency, which referred 2.4 million people to the S.B.A after the hurricanes. Only after they are rejected by the S.B.A. do applicants become eligible for some FEMA grants.

The homeowner loan program has come under fire in Louisiana and Mississippi because it is requiring people who receive federally financed recovery grants through state-run programs to use the money to repay S.B.A. loans.

Taking Power, Sharing Cereal (NYT)

By Mark Leibovich

The New York Times, January 18, 2007

SOME of the most powerful Democrats in America are split over a most incendiary household issue: rodents.

"I once had to pick up a mouse by the tail that Durbin refused to pick up," complained Senator Charles E. Schumer of New York, referring to his roommate Senator Richard J. Durbin of Illinois.

This characterization is not fair to Mr. Durbin, interjected another tenant in the Capitol Hill row house, Representative Bill Delahunt of Massachusetts. For starters, it overlooks Mr. Durbin's gift for killing rats. "He will kill them with his bare hands," Mr. Delahunt marveled.

"Oh, will you stop with the rats," said the annoyed fourth roommate, Representative George Miller of California. He owns the house and is sensitive to any suggestion that he harbors pestilence. It's dicey enough that he harbors politicians.

DOJ_NMG_0118196

Think MTV's "Real World" with a slovenly cast of Democratic power brokers. While Washington may have more than its share of crash pads for policy-debating workaholics, few, if any, have sheltered a quorum as powerful as this one. About a quarter-mile southeast of the Capitol, the inelegantly decorated two-bedroom house has become an unlikely center of influence in Washington's changing power grid. It is home to the second- and third-ranking senators in the new Democratic majority (Mr. Durbin, the majority whip, and Mr. Schumer, the vice chairman of the Democratic caucus) and the chairman of the House Democratic Policy Committee (Mr. Miller).

Mr. Delahunt, a six-term congressman, is the least prominent of the four but perhaps the funniest. More to the point, he is the only one willing to sleep in the living room with a close-up view of Mr. Schumer slumbering a few feet away in his boxers.

Mr. Miller began taking in weary lawmakers in 1982, but this is the first time in 12 years that four members of a Democratic majority have lived here simultaneously. The four men were once host to a fund-raiser for Senator Barbara Boxer of California at their divey dwelling, raising $80,000. Given the prevailing attire in the place on many nights, guests were given pairs of custom-made "Barbara Boxer shorts."

As a general rule, the abode is hardly fit for entertaining, or even for a health inspector. It is used for convenience: sleeping, ditching stuff, and fast-food consumption — the kinds of functions prized by vagabond politicians whose families are back in their home states and who generally spend only their working weekdays here.

"Everybody in the world says they're going to do a television series based on us," said Mr. Durbin, who was collapsed on the couch on a recent Monday night. Still in a tie, he sipped ice water from a massive Chicago Cubs cup while waiting for the Chinese food to arrive.

"But then they realize that the story of four middle-aged men, with no sex and violence, is not going to last two weeks," he said. The prevailing topics of their discussions are grandchildren and Metamucil, he added.

"Hey, speak for yourself, Durbin," Mr. Delahunt said, protesting the claim of no sex and violence.

"There is a lot of violence in here," Mr. Schumer said.

In fact, the roommates have never resorted to violence, at least with one another. (Crickets are another story.) Their weapons are verbal, and often aimed at Mr. Schumer, who admits to a serious dereliction of roommate duties, like grocery shopping. He is also prone to a blatant disregard for conserving a most precious household resource, cereal.

"I love cereal," Mr. Schumer said, digging into his second bowl of granola, going a long way toward depleting a box that Mr. Miller had just purchased.

The night of the national championship football game between the University of Florida and Ohio State, Jan. 8, was a rare instance of the four roommates being home and awake at the same time. It had not happened since the election in November, and the neighborhood has changed considerably since then. Several Republicans on the block lost their race or left Congress (the latter category includes the disgraced Representative Mark Foley, who lived down the street).

"This street was just devastated by the election," Mr. Miller said. "Who says Republicans are good for property values?"

He added that no Republican had ever set foot in the place, at least to their knowledge.

"We just have to vote with them, not live with them," he said.

Mr. Miller bought the house in 1977 and started taking in renters a few years later. Early tenants included former Representative Marty Russo of Illinois and former Representative Leon E. Panetta of California, who was forced to move out when President Clinton appointed him head of the Office of Management and Budget. (Ethics laws prohibited a White House official from paying rent to a member of Congress.)

Mr. Schumer joined them in 1982, and Mr. Durbin moved in a decade later on condition that he get one of the two bedrooms upstairs. Mr. Miller sleeps in the other, bigger bedroom, asserting his ownership privileges, and Mr. Delahunt began occupying the second living room bed four years ago, after a previous tenant, former Representative Sam Gejdenson, was evicted by voters in Connecticut.

Mr. Miller charges rent of $750 a month, which Mr. Durbin pays by direct deposit and Mr. Schumer's wife pays by sending Mr. Miller six checks twice a year. Mr. Schumer says his wardrobe at the apartment consists of boxers and suits, nothing in between.

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Women rarely set foot in the place, excluding the Haitian cleaning lady who comes every week and who everyone promises is a legal immigrant. The common bathroom upstairs is stocked with supersize bottles of Listerine, CVS cocoa butter, Suave shampoo (with dandruff control) and a hair dryer.

Little thought is given to entertainment besides the big-screen television that Mr. Durbin recently purchased against the wishes of Mr. Schumer and Mr. Delahunt, who liked the old one. The refrigerator is mostly empty save for apples, grapes and about two dozen bottles of beer.

"The icemaker is back on," boasted Mr. Miller, pointing to the inside of what might be the most unseemly freezer in Washington this side of Representative William Jefferson's. (F.B.I. agents found $90,000 in the freezer of Mr. Jefferson, a Louisiana Democrat, who is being investigated on bribery charges.)

Once, Mr. Miller's son shot a deer and presented the house with an abundant supply of venison. It remained in the freezer for 12 years, at which point it was deemed to have reached its term limit and was discarded.

"Whatever happened to that venison?" Mr. Schumer wondered.

"I think it just got up and walked away," Mr. Delahunt said.

The roommates then repaired to couches to watch Florida-Ohio State and to stuff their faces with Sichuan beef and kung pao chicken. Mr. Durbin began talking about meetings he had last month with the presidents of Bolivia and Ecuador on a Congressional delegation to Latin America. Then he and Mr. Schumer started arguing about Mr. Schumer's refusal to make his bed.

Budget Balancing Is A Bad News-Good News Story (RC)

By Morton M. Kondracke

Roll Call, January 18, 2007

The good news on the budget front is that both the Bush administration and Congressional Democrats want to eliminate the deficit by 2012.

The bad news is that they are at daggers-drawn about how to do it. President Bush wants to keep all of his tax cuts alive indefinitely and freeze domestic spending, while Democrats have a huge spending wish list and want to end the tax cuts for the richest Americans.

There's more bad news as Bush prepares to deliver his State of the Union address and unveil his fiscal 2008 budget: Democrats suspect that his balancing act will be based on overly rosy tax revenue estimates and on impossible policy assumptions, rendering his budget DOA on Capitol Hill.

White House officials say that Bush will rely on a 6.5 percent annual increase in government tax receipts to achieve balance, which they say is possible because his tax cuts have spurred robust economic growth.

However, while tax revenues have surged lately — achieving a high of 14.5 percent growth in fiscal 2005 — the average for past economic recoveries is in the 4 percent range.

Moreover, the administration is expected to assume that the alternative minimum tax remains in place, though Congress annually has passed a "fix" to prevent it from socking middle-class taxpayers.

One top Democratic budget staffer said he expected Bush, too, to propose a freeze in programs like veterans' health and impose cuts in Medicare doctors' fees — "items even the Republican Congress rejected."

Democrats also anticipate that — despite promises to the contrary — Bush again will fail to adequately build Iraq War costs into his budget. "We are expecting a not-serious, credible budget," the staffer said.

Meantime, while Democrats are promising to exercise fiscal responsibility and resist urgent appeals from constituency groups for more domestic spending, Republicans charge they've already started a spending binge during their first "100 hours" — on homeland security, for example — and won't be able to resist demands from farmers, teachers unions and health lobbies. All of this presages epic battles over appropriations later this year.

That's the short-term picture as the two sides try to pare an estimated $260 billion deficit down to zero in five years. Bad news.

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Longer term, the news is much worse. As the Heritage Foundation's Stuart Butler puts it, "If they did succeed in balancing the budget by 2012, it'd be like having a margarita on the beach before the tsunami hits."

That's because, as the baby boomer generation reaches retirement age, the costs of Social Security, Medicare and Medicaid entitlement spending will surge after 2015, rising by 2040 to eat up the entire federal budget and requiring a 50 percent tax increase on workers or drastic benefit cuts for seniors to pay for defense and other government services.

But wait — there is good news. Serious bipartisan efforts are under way at the think tank level to educate the public about the fiscal crisis ahead and establish consensus about a possible "grand bargain" to achieve long-term balance.

And, after Democrats last year rejected Bush's call to form a bipartisan commission on entitlement reform, there's hope this year that some panel could be formed — preferably of real Congressional and administration decision-makers — to work on a long-term deal.

The ideological breadth — and intellectual heft — of participation in the think tank exercise is truly impressive. It includes Butler on the right and the Brookings Institution's Belle Sawhill on the left and Robert Bixby of the Concord Coalition and Comptroller General David Walker of the Government Accountability Office in the center.

These four — plus occasional additional experts, recently including Bush budget director Rob Portman — have conducted nearly 20 "wake-up call" seminars around the country, mainly at university schools of public policy, making the point that America's long-term fiscal outlook is "unsustainable" — in fact, perilous to the nation's prosperity and security.

The experts call for action — the earlier the better — such as imposing even tighter controls on spending than the Democrats' new "pay-as-you-go" rules, reforming health care to control costs and cover the uninsured, increasing the Social Security retirement age, means-testing Medicare benefits and raising revenues.

Both administration officials, including Treasury Secretary Henry Paulson, and key Members of Congress like Senate Majority Leader Harry Reid (D-Nev.), Sens. Kent Conrad (D-N.D.) and Judd Gregg (R-N.H.) and House Budget Chairman John Spratt (D-S.C.) have expressed willingness to talk about entitlement reform.

Bush has said he is even willing to talk about revenue increases, though he's said he'd resist tax hikes. White House adviser Karl Rove has offered to bet — but only $5 — that there won't be any tax increases on Bush's watch.

So, the good news is that there's bipartisan agreement on both short-term and long-term ends. The bad news is that the two sides are far, far apart on means. But both sides are scared enough about the long-term danger to be willing to negotiate seriously.

Now, all they have to do is to see the short term as the prelude to the long term. Democrats have to restrain spending, Republicans have to raise revenues. The fix isn't conceptually complicated. It just takes political courage. What great news it would be if our leaders found some.

A 'Paygo' History Lesson (WSJ)

By Dick Armey

The Wall Street Journal, January 18, 2007

Promising to bring new ideas and a fresh commitment to fiscal discipline, House Democrats launched their new majority by embracing Pay As You Go budgeting -- one of the worst fiscal management tools Republicans ever invented. "Paygo" was first concocted by Richard Darman, George H.W. Bush's budget director, as part of the 1990 budget deal that raised taxes in hopes of reining in the deficit. That version, just like the new House rule, mandated that any change in taxes or entitlements resulting in revenue losses be offset with higher taxes or "cuts" in other entitlement spending.

With such a sensible sounding name, who could be against paygo? Recent history has seen countless efforts to reform the budget process, typically pernicious changes with deceptively reassuring titles. The most infamous was Lyndon Johnson's "Unified Budget" (who could support an un-unified budget?) -- which allowed appropriators to get their hands on payroll tax surpluses, dramatically expanding government spending. Later, the serious-sounding Impoundment Control Act of 1974 allowed a Democratic Congress to strip the executive branch of its ability to rescind or defer spending authority from annual appropriations legislation. Today, President Bush has little choice but to veto an entire spending bill if he opposes even a single earmark, a highly confrontational tactic he has chosen not to employ.

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There are only two examples during my 18 years in Washington where the Congress actually reduced domestic discretionary spending from the previous year. The first was the Gramm-Rudman-Hollings Balanced Budget Act of 1985 (GRH), which legislated hard deficit reduction targets and automatic spending sequesters to enforce them. GRH was so successful that Congress amended it in 1987, easing the deficit targets to avoid additional spending reductions. But GRH continued to provide significant fiscal discipline until it was emasculated in 1990.

Domestic discretionary spending fell again with Republican control of Congress in the mid-1990s. We cut spending this time around by disciplining appropriators. It was a clear commitment to fiscal restraint that allowed the GOP leadership, led by the House, to keep spending under the targets established by the Budget Resolution for three consecutive years, FY 1996-1998. We cut outdated domestic programs, sought efficiencies and forced appropriators to make tough choices between competing priorities.

Over time, that commitment to spending discipline was replaced by a commitment to get re-elected at any cost -- and new spending records were set. The Democrats now in charge have promised, to quote Nancy Pelosi, "no new deficit spending, no new bridges to nowhere." But deficit spending is caused by too much spending -- and under the House Democrats' paygo rule, entitlement spending, the lion's share of the federal budget, will grow unabated, as will the massive unfunded liabilities of Medicare and Social Security (currently approaching $70 trillion), which are not acknowledged under existing budgeting practices. Meanwhile, there are no enforceable caps on domestic discretionary spending -- and thus earmarks, even if restrained as promised, will do next to nothing to promote deficit reduction.

Social Security reforms that turn empty promises into personally owned accounts -- real assets for retirement -- cannot be funded under paygo without massive tax increases or deep reductions in promised benefits. In effect, paygo makes serious entitlement reform politically impossible without a word of debate. Meanwhile, as surplus payroll tax dollars currently diverted into other spending programs continue to disappear, the pressure on the deficit will become insurmountable.

While paygo might restrain Democrat promises to further expand prescription drug benefits under Medicare Part D, its most certain outcome will be massive tax increases. Unlike "mandatory" spending that grows on autopilot, the various Bush tax cuts are set to expire. Democrats, already inclined to oppose lower taxes, will be hard-pressed to find other new tax revenue, or spending offsets from cherished entitlements, that would allow for making the tax provisions permanent.

Two important factors created the budget surpluses of the late 1990s: spending restraint and robust economic growth. Bill Clinton's enormous tax increase generated less than half of the promised new revenue by 1996, but cuts in the capital gains tax and death tax helped make up the difference. More importantly, technological innovation and higher economic growth generated new revenues. These new dollars, coupled with spending discipline, balanced the budget and paid down a substantial portion of the debt.

Pay As You Go has a different history. At Mr. Darman's urging, George H.W. Bush broke his famous 1988 campaign promise and signed on to a deficit reduction package that increased taxes and instituted paygo. The economy tanked, the deficit ballooned and the GOP suffered an electoral rout in 1992. Maybe there's a history lesson in there somewhere.

Mr. Armey, House majority leader from 1995 to 2002, is chairman of FreedomWorks.

OTHER NEWS:

Gain In Manufacturing Output Bodes Well For Economic Growth (WSJ)

By Mark Whitehouse

The Wall Street Journal, January 18, 2007

The U.S. manufacturing sector, one of the weak links in the nation's economy, might not be a drag on economic growth much longer, the latest data suggest. It's also doing its part to keep inflation in check.

The Federal Reserve reported yesterday that U.S. industrial production increased a seasonally adjusted 0.4% in December from the previous month, driven largely by a 0.7% rise in manufacturing output.

While production in housing-related industries, such as furniture, declined or posted only meager gains, output of durable goods, such as home electronics, surged, reflecting the buoyant consumer spending on those items in recent months. The

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overall rise in output contrasts sharply with the previous three months: After revisions, industrial production showed declines in all three.

Economists saw the production data as broadly consistent with their consensus forecast for 2007: that the economy should regain momentum as slowdowns in housing and manufacturing fade. "This could be an early sign that things are turning around for manufacturing," says Haseeb Ahmed, U.S. economist at J.P. Morgan Chase & Co. in New York.

The picture for manufacturers remains far from ideal. On an annualized basis, production fell 1.4% in the fourth quarter from the third quarter. A slowdown in demand in mid-2006 left manufacturers with large stockpiles of unsold goods: As of November, the latest data available, it would have taken 1.24 months of sales to get rid of their inventories, up from 1.15 months in May.

Some indicators, though, suggest manufacturers' overhang is decreasing, thanks in part to stronger-than-expected consumer spending in the fourth quarter. In the latest survey from the Institute for Supply Management, a trade group for corporate purchasing managers, manufacturers said their inventory levels had fallen in December.

"We are slowly working down inventory," says Steve Wieting, U.S. economist at Citigroup Inc. in New York. "We just got slightly out of position, not way out of position."

A separate Federal Reserve survey of regional economic activity, known as the "beige book," broadly supported the idea that manufacturing held up in late November and December. Most of the Fed's 12 districts reported expansion in the sector, along with positive trends in services. Manufacturers in the Boston district, for example, described prospects for 2007 with words such as "good," "solid" and "decent," though some said business connected to consumer spending and housing deteriorated in late 2006.

Nearly all parts of the country reported persistent weakness in the housing market, but the latest survey from the National Association of Home Builders offered a glimmer of optimism. The association's index of builders' sentiment rose to 35, its highest level since July, while their assessment of future home sales held steady at 49, up from a low of 37 in September. A number below 50 still indicates that negative responses outweighed positive responses.

Meanwhile, the Labor Department's latest report on wholesale prices showed goods-producing businesses, which make up a bit more than a third of the nation's economy, doing a decent job of keeping prices under control.

Driven by a bounce in energy prices, wholesale prices for finished goods rose a seasonally adjusted 0.9% in December from the previous month -- more than what economists had expected. But so-called core wholesale prices, which exclude food and energy, rose a moderate 0.2%. Core prices of intermediate goods, such as components for manufacturing, fell 0.1%, suggesting decreased inflation pressure in the production pipeline. For all of 2006, wholesale prices rose 1.1% overall, while core prices rose 2.0%.

"The trend in core producer-price inflation is encouraging, and mirrors the recent subsiding of inflation pressures observed in consumer prices," wrote Kenneth Beauchemin, U.S. economist at consulting firm Global Insight, in a report. Consumer prices were flat in November. The Labor Department will report on December consumer prices today.

Write to Mark Whitehouse at mark.whitehouse@wsj.com1

Fed Official Says Housing Isn't Focus; Beige Book Indicates Modest Growth (WSJ)

By Brian Blackstone

The Wall Street Journal, January 18, 2007

WASHINGTON -- Monetary-policy makers should focus on stable inflation and employment and not be drawn into any attempt to prevent bubbles from developing in asset markets such as housing, Federal Reserve governor Frederic Mishkin said Wednesday.

Separately, the Federal Reserve said the U.S. economy continued growing at a "modest pace" in the latter part of the fourth quarter and early January, as retail sales grew moderately amid tight labor markets and a continued housing slump.

"Central banks should not give a special role to house prices in the conduct of monetary policy but should respond to them only to the extent that they have foreseeable effects on inflation and employment," Mr. Mishkin said in prepared remarks to the

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Forecasters Club of New York. Mr. Mishkin's prepared text didn't address the outlook for the U.S. economy or monetary policy. (Read the speech.1)

Mr. Mishkin cited examples in Europe when policy makers seemed to use house prices as a justification for an interest-rate decision. He argued that central banks have no better means of identifying potential bubbles than private markets do. In addition, any bursting of a housing bubble "is unlikely to produce financial instability," Mr. Mishkin said, citing the U.S. economy's ability to weather the stock market decline of 2000 and 2001, the Sept. 11 terrorist attacks and corporate accounting scandals.

Mr. Mishkin said in his speech that instead of trying to "preemptively" deal with bubbles, which he added "is almost impossible to do," central banks should "minimize financial instability by being ready to react quickly" should an asset price collapse occur.

Housing's effect on the economy has in recent months gained considerable attention in financial markets and at the Fed. Fed officials noted in their December policy statement that a "substantial cooling" in housing helped slow the economy over the course of last year.

Many financial market participants, meanwhile, had thought the Fed would have to lower official interest rates in early 2007 as the housing slump rippled through the economy. But those hopes were quelled by the recent slew of robust economic reports, which included some indications that the worst of the housing slump may be over.

Beige Book

Residential housing continued a downward trend, according to the Fed's "beige book" report on regional economies. "Nearly all districts reported a continued softening in housing markets, and high inventories of new homes have generally led to a slowing in residential building," the periodic report said, although there were exceptions.

"All districts reported slow home sales, except for Richmond, which saw a modest increase," while Boston, New York, Atlanta and Chicago all reported decreases in home prices.

In contrast, commercial real estate activity continued to see "strong activity in most districts," the Fed said. Cleveland, Atlanta, Chicago, St. Louis, Minneapolis and San Francisco all reported increases in commercial building.

"Most reports from the Federal Reserve District Banks indicated that economic activity expanded at a moderate pace," the Fed said. "Districts generally reported modest increases in retail sales," despite "sluggish" vehicle sales in several districts, the Fed added.

Most of the districts reported moderate growth, although Cleveland saw "softening activity," and the Boston region reported economic activity was "mixed."

Reports from the Fed districts "generally described labor markets as tightening and cited examples of some businesses having difficulty finding qualified workers," according to the beige book.

But while hiring expanded in several districts, the banks reported "relatively moderate gains in wages," although some districts reported there were concerns for some businesses about "increases in the benefit portion of compensation." Boston, Philadelphia, Cleveland, Dallas and San Francisco all noted higher costs for benefits, particularly health care, according to the report.

The beige book is a summary report of economic activity for use at the central bank's next Federal Open Market Committee meeting in late January. The latest was prepared by the Minneapolis district.

On the inflation front, the Fed said "overall prices increased moderately," as prices for energy and a number of materials eased, and "competition has kept prices for final goods in check."

Manufacturing continued to expand in most districts, according to the Fed, with Boston, Philadelphia, Cleveland and San Francisco all reporting increased activity. But Chicago, Minneapolis and Kansas City reported slower manufacturing growth. Several districts also reported weakness in manufacturing businesses that support the residential housing industry.

The report adds regional anecdotal evidence to national economic data and Fed officials' recent public remarks, which suggest the Fed remains focused on keeping inflation in check, despite some expectations in the financial markets for interest-rate cuts.

Home Builders' Confidence Rises

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Meanwhile, in an indication that the worst may be past for the housing bubble, the confidence of U.S. home builders swung upward at the start of 2007, according to data reported Wednesday.

The National Association of Home Builders reported that its index for sales of new single-family homes rose to 35 in January from 33 in December. While the trade group gauge indicates builders generally remain pessimistic, the last time the index sat so high was July, when the reading was 39.

"Builders are starting to see that the worst is behind them and that buying conditions have improved to the point that greater optimism is warranted," NAHB chief economist David Seiders said Wednesday.

"The same factors that were evident at the end of 2006 continue to hold true in today's housing market -- improving affordability measures, strengthening consumer assessments of home buying conditions and an upswing in applications for mortgages to buy homes," Mr. Seiders added.

Within the NAHB's housing-market index, the component for present sales of single-family homes rose to 36 in January from 33 in December. Expectations for sales in the next six months held steady during January at 49 points, the NAHB said. The traffic of prospective buyers rose to 26 from 23 in December.

"Builders are responding to increased buyer interest at the end of 2006 and beginning of 2007," said David Pressly, a home builder from Statesville, N.C., and the president of the NAHB. "This bodes well for the upcoming spring buying season."

The index in January was based on a survey of 387 home builders, who answer questions about sales prospects now and in the near term. When the Housing Market Index exceeds 50, it means the number of builders who see "good" sales outnumber the number who see "poor" sales. The numbers used in compiling the index are adjusted for seasonal variations.

--Jeff Bater and Benton Ives-Halperin contributed to this article.

Fed Officials' Comments Point To Little Chance Of Rate Cuts Anytime Soon (USAT)

By Sue Kirchhoff

USA Today, January 18, 2007

WASHINGTON — The Federal Reserve shouldn't raise interest rates to prevent housing bubbles from forming, but it can take steps to ensure lenders act responsibly or to ease the pain of a market tumble, a Fed official said Wednesday.

"The issue of how central banks should respond to house price movements is therefore not whether they should respond at all," Fed Governor Frederic Mishkin said in a speech in New York. Rather it's whether central banks should respond "over and above" actions required to meet their main mission of ensuring stable inflation and employment, Mishkin said.

In a separate speech in Arizona, San Francisco Fed President Janet Yellen said that even though the current housing market decline has "been significant and will probably continue for a while longer," concerns that it will result in a "devastating collapse — one that might be big enough to cause a recession in the U.S. economy — have been largely allayed."

But Yellen said the Fed, which is trying to steer the economy to a soft landing by raising rates enough to reduce inflation without killing growth, isn't in the clear yet. The biggest unknown is why the job market is going "gangbusters" while growth has slowed, and what that could mean for inflation.

"While I am inclined to see labor market tightness as transitory, I do take it as a serious risk," Yellen said.

After raising short-term interest rates steadily from mid-2004 to mid-2006, the Fed has held the target for short-term rates steady at 5.25% since June. The rates are used as a benchmark for consumer and business loans.

Yellen's comments, coupled with reports Wednesday showing that wholesale prices rose more than expected in December and factory production firmed, make it unlikely the Fed will cut rates soon.

Many market analysts had expected a rate cut early this year, based partly on forecasts that the housing correction could have a major impact on the overall economy. Home building has fallen 25% from last year and new home sales about 15%.

The Labor Department's producer price index rose 0.9% in December, down from a 2% increase the previous month, but a larger move than economists expected. For 2006, wholesale prices rose 1.1%, compared with a 5.4% jump the previous year.

Stuart Hoffman, PNC chief economist, said in an advisory to clients that the new data mean it "will take clear evidence of weakness outside of the housing and the domestic auto industries to make a funds rate cut a more realistic probability by early summer."

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Mishkin said there is mixed economic research on whether raising interest rates deflates dangerous bubbles or can make a downturn worse. Meddling in markets could also undermine public support for central banks, he said. He also noted that housing prices are less volatile than stock prices.

PPI Data Add To US Inflation Fears (FT)

By Eoin Callan

Financial Times, January 18, 2007

US producer prices rose more than expected last month, according to government figures which underlined the Federal Reserve's concern about persistent inflation pressures.

Core prices – which exclude volatile food and energy prices – gained 0.2 per cent following a 1.3 per cent increase in November, data released on Wednesday showed.

The increase will add to the Fed's concern that elevated wholesale costs could lead to higher prices for consumers that would erode purchasing power.

Drew Matus, an economist at Lehman brothers, said: "The elevated measures of inflation in the pipeline will keep the Fed worried about an eventual feeding through of producer prices to consumer prices."

"Growth didn't slow in the fourth quarter in the way the Fed anticipated, and because of that they will pay more attention to indicators of potential inflation pressures," he added.

The Fed has said it is prepared to raise interest rates further if price pressures build, despite investor expectations that slower economic growth will prompt rate cuts in the year ahead.

The central bank has kept interest rates on hold since August and is expecting the economy to grow at a moderate pace in the coming months and withstand an ongoing slowdown in the housing market and weakness in manufacturing.

The rise in core prices in December brings the total increase for last year to 2 per cent, up from 1.4 per cent in 2005.

The overall producer price index rose 0.9 per cent in December following a record rise of 2 per cent in November, which was the largest jump in more than three decades

The swings in the headline rate in recent months have been driven largely by volatility in global energy markets and structural and seasonal changes in the auto sector.

The Department of Labor said energy prices rose 2.5 per cent last month after surging by 6.1 per cent in November, while prices for passenger cars were down 0.2 per cent after strong gains in the previous month.

Stocks Sag On Weak Profits, Oil Uptick, Economic News (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 18, 2007

Stocks seesawed through the day but ended lower, hurt by tepid corporate earnings, an uptick in crude-oil prices and sobering economic news.

At its intraday high, the Dow Jones Industrial Average was up 31.41 points and at its low point was down 32.04. An afternoon round of selling pushed the blue-chip indicator into the red for good, to end the session down 5.44 points, or 0.04%, at 12577.15, up 0.9% on the year.

In particular, the average was hindered by a 5.7% decline in component Intel, following the chipmaker's lackluster earnings report late Tuesday.

The technology-heavy Nasdaq Composite Index suffered, too, declining 0.7%, or 18.36 points, to 2479.42, still up 2.7% on the year. The broad Standard & Poor's 500-stock index slipped 0.1%, or 1.28 points, to 1430.62, up 0.9% on the year.

Crude-oil futures have fallen sharply this year, down 14%, in large part because of unseasonably mild weather in the U.S. Northeast and rising inventories. That has generally buoyed stock prices, because lower energy costs help businesses and consumers.

The trend yesterday was the opposite. The price of crude-oil contracts for February delivery jumped $1.03, or 2%, to $52.24 a barrel at the New York Mercantile Exchange.

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Traders said the move was driven by a combination of factors, including a reshuffling of some investors' positions to cover expiring options contracts and renewed interest by some speculators who sensed a buying opportunity amid this month's overall decline.

Energy broker Mike Fitzpatrick, of Fimat USA, said the day's rally didn't necessarily signal an end to crude's early-2007 slide.

"If anything, the news still favors lower prices," he said, citing inventory statistics due today from the federal Energy Information Administration. Many traders expect the report to show a weekly increase in U.S. crude reserves.

Economic news yesterday seemed to point away from a quick interest-rate cut by the Federal Reserve this year -- a scenario some investors have been hoping for because lower borrowing costs would likely spur consumer spending, corporate profits and a stock rally.

The Fed released its "beige book" of economic indicators, in which the central bank noted a "modest pace" of recent growth. It also noted tight labor markets that have put upward pressure on wages -- not ideal conditions for a rate cut.

In major U.S. market action:

Stocks fell1 and bonds decreased2. The 10-year note shed 9/32 point, or $2.8125 for each $1,000 invested, pushing the yield up to 4.788%. The 30-year bond declined 18/32 to yield 4.882%.

The dollar was mixed3. Against the Japanese currency, the dollar rose slightly to 120.66 yen from 120.63 yen. The euro rose to $1.2936 from $1.2915.

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Herndon Anti-Solicitation Law Challenged (WP)

By Bill Turque

The Washington Post, January 18, 2007

A Reston man ticketed by police for hiring a day laborer in the parking lot of a Herndon 7-Eleven is taking the town to court, contending that its anti-solicitation ordinance is unconstitutional.

The legal challenge, filed in Fairfax County District Court, is the newest turn in Herndon's campaign to discourage illegal immigrants from living and finding work in the town of 23,000 near Dulles International Airport. It is also the latest in a series of court actions around the country questioning the legitimacy of similar laws.

According to court documents, Stephen A. Thomas, 44, drove into the parking lot on Elden Street on Sept. 16, got out and approached two men about doing yard work. After reaching agreement with one of them, Thomas was driving home with the worker when he was stopped by Herndon police and cited for violating the ordinance.

He faces up to six months in jail and a fine of up to $1,000. Lt. Jerry Keys, a police spokesman, said yesterday that the laborer in the car with Thomas was not cited, although it was not clear why, other than that the officer involved was exercising his discretion.

Thomas could not be reached for comment.

The ordinance, enacted in September 2005, bars anyone in a vehicle from trying to hire someone standing on the sidewalk or street. Conversely, it prohibits anyone on the street from asking someone in a vehicle -- or who has just gotten out of one -- for work.

Although town officials cited traffic safety as their chief concern, the law was passed in the midst of a debate over the impact of immigrant day laborers, who congregated in the parking lot on Elden Street in the mornings to seek work.

Thomas's attorneys, Rodney G. Leffler and Alexa K. Moseley of Fairfax, asked that the case be dismissed on First Amendment grounds, saying that solicitation has long been protected by the courts as free speech. Specifically, they said Herndon's law is flawed because it focuses only on solicitation for employment, while leaving other forms of solicitation -- such as charitable contributions or the sale of goods -- unrestricted.

Fairfax District Judge Lorraine Nordlund has scheduled a hearing for Feb. 14 but indicated that she could rule earlier based on written arguments. The lawsuit was filed last week.

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Herndon Town Attorney Richard B. Kaufman declined to comment. "The Town of Herndon does not comment on ongoing criminal prosecutions," he said.

Vice Mayor Dennis D. Husch said the Town Council can rewrite the ordinance, if necessary.

"We're going to work this through one step at a time, and if we have to modify the language, we'll do what we have to do," he said.

Police figures show a recent spike in anti-solicitation citations, with 51 issued in the past three months, after just 19 in the previous 10 months. It's not clear what is behind the recent increase.

The law was passed several weeks before the opening of the Herndon Official Workers Center, a site created by the town as a gathering place for laborers and those seeking to employ them. The town has said that the existence of the site allows them to bar solicitation for employment on the streets.

Similar laws have been successfully challenged in other court cases. A federal judge in California ruled last May that day laborers in Redondo Beach had the right to look for jobs on public sidewalks. In 2004, city police arrested 60 workers in a sting operation under an ordinance the city passed in 1987 as a traffic control measure.

Last November, a federal judge ruled that officials in the New York City suburb of Mamaroneck had harassed day laborers in a racially motivated attempt to discourage them from seeking work in the streets.

In both cases, the locality involved did not have an alternate site, such as Herndon's worker center, where workers could gather. But the Town Council's recently approved plan to hire a firm that would restrict access to the center to lawful immigrants potentially complicates the town's legal position.

This is the second time in recent days that Herndon's actions have been challenged on constitutional grounds. Last week, state officials informed the town that a law it sought from the General Assembly, authorizing local governments to criminalize the hiring of illegal immigrants, is most likely unconstitutional. State officials said such a measure is preempted by existing federal law.

Appeals Court Rules For Wal-Mart In Maryland Health Care Case (NYT)

By Michael Barbaro

The New York Times, January 18, 2007

When Maryland legislators passed a first-of-its-kind law in 2006 forcing Wal-Mart Stores to spend more on employee health care, the measure was held up as a model for other states grappling with mounting Medicaid bills.

But yesterday, after a second court found that the Maryland's fair-share health care rule violated federal labor laws, the concept that states can compel companies to offer more generous health care is suddenly in doubt, experts said.

By a 2-to-1 ruling, the United States Court of Appeals for the Fourth Circuit in Baltimore found that the Maryland requirement — which affected only Wal-Mart — violated a 32-year-old federal labor law known by its shorthand, Erisa.

The law, known to regulators as the Employee Retirement Income Security Act, was intended to allow big companies to set up uniform health benefits across the country, rather than navigate state-by-state requirements.

By forcing Wal-Mart to revamp health care plans in Maryland, the court found, the Maryland law directly violated Erisa.

That decision, upholding a lower court decision in July, threatens to derail health care legislation known as fair share that is under consideration in states across the country.

"State level health care reform is still possible, but it's not going to be the Maryland model," said Naomi Walker, the director of state legislative programs at the A.F.L.-C.I.O., which lobbied for the Maryland law. "We have to go back to the drawing board."

Unlike Erisa, the Maryland health care bill was never about making life easier for big companies like Wal-Mart. Rather, it was about shifting the burden for insuring the working poor from state Medicaid plans, with the clear implication that Wal-Mart had shirked its obligations.

Specifically, the Maryland law forced corporations with 10,000 or more workers to spend 8 percent of their payrolls on health insurance, or pay the difference into a state fund. Four companies in the state have more than 10,000 workers, but only Wal-Mart met all the criteria.

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The Maryland legislature was never shy about its motives for aiming at Wal-Mart, a company with $12 billion in annual profit.

In the debate that the preceded passage of the law, lawmakers complained that thousands of Wal-Mart's workers rely on Medicaid in states like Maryland and Georgia.

That narrow focus on a single company, legal experts said, may have also influenced the court's decision.

Wal-Mart said the bill was politically motivated and would do little to address the cause of America's health care crisis — spiraling costs. Yesterday, it praised the appeals court decision.

"Not only was this legislation widely viewed as bad public policy, the courts have confirmed that it violates the law," said Nate Hurst, a spokesman for the chain.

But critics of the company, including Maryland lawmakers, said they could claim credit for improving Wal-Mart's health care offerings, even if the law did not survive.

In the last 18 months, Wal-Mart has made its insurance available to the children of part-time workers, reduced the waiting time before new employees are eligible for insurance and created a plan with monthly premiums as low as $11.

And the Maryland law may still survive. The state attorney general can appeal yesterday's decision to a full panel of the Fourth Circuit or to the United States Supreme Court. A spokeswoman for the attorney general, J. Joseph Curran Jr., said he had two weeks to decide.

Maryland lawmakers may also choose to rewrite the law, using an approach upheld in several other states that requires companies with uninsured workers to pay them higher wages that can be used for health care premiums, said Paul Sonn, deputy director of the Brennan Center for Justice at New York University School of Law and an expert on fair share health care legislation.

The Maryland law proved popular among the state's residents, according to polls, and that sentiment is likely to guide lawmakers.

"The overwhelming majority of the public wants to require large profitable corporations to pay their fair share for health care," said Paul Blank, the campaign director for WakeUpWalMart.com, a union-backed group critical of the giant retailer. "This form may not work, but lawmakers will work on new way to accomplish the same thing."

The lawsuit that overturned the Maryland law was sponsored by the Retail Industry Leaders Association, a Virginia-based trade group of which Wal-Mart is a member. In an interview, Sandra L. Kennedy, the trade group's president, said, "The court has a sent a strong message at states looking at similar bills: these violate federal law."

Court Upholds Killing Of 'Wal-Mart Bill' (WT)

By Jen Haberkorn

The Washington Times, January 18, 2007

Wal-Mart Stores Inc. doesn't have to pay additional health care costs for its Maryland employees, a federal appeals court ruled yesterday, likely killing similar legislation in other states.

The 4th U.S. Circuit Court of Appeals in Richmond upheld a U.S. District Court decision that said Maryland's "Wal-Mart bill" violated the federal Employee Retirement Income Security Act (ERISA), a federal law that sets minimum standards for pensions and health plans.

A spokeswoman for Maryland Attorney General Douglas F. Gansler said the office is reviewing the opinion and has 14 days to ask for a rehearing in front of all members of the 4th Circuit. The opinion issued yesterday was reviewed by three members.

A year ago, the General Assembly passed the law, which said state employers of 10,000 or more employees were required to contribute at least 8 percent of their payroll to health care. Because of the size requirement and exceptions for the three other employers with that many employees in the state -- Johns Hopkins University, Giant Food and Northrop Grumman -- Wal-Mart was the only company affected by the law.

Democratic lawmakers who supported the bill said it was a necessary attempt to address out-of-control health care costs.

But opponents, including former Gov. Robert L. Ehrlich Jr., a Republican, who unsuccessfully vetoed the bill, said it unfairly targeted one employer.

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The Retail Industry Leaders Association (RILA), an Arlington trade group that includes Wal-Mart, appealed the law and argued that it violated ERISA, which is designed to eliminate a patchwork of state and local employer health guidelines.

In July, U.S. District Judge J. Frederick Motz agreed; yesterday, the federal appeals court upheld that decision.

"Were we to approve Maryland's enactment solely for its noble purpose, we would be leading a charge against a foundational policy of ERISA, and surely other states and local governments would follow," Judge Paul V. Niemeyer, appointed by the first President Bush, wrote in his opinion, which Judge William B. Traxler Jr., appointed by President Clinton, joined.

Judge Niemeyer said the law was enacted to reduce Maryland Wal-Mart employees' reliance on Medicaid, a federal program for the poor and disabled that is administered by the states.

"Not disguised was Maryland's purpose to require Wal-Mart to change, at least in Maryland, its employee-benefit plans and how they are administered," he wrote.

Judge M. Blane Michael, also appointed by Mr. Clinton, dissented, saying that because Wal-Mart would have a choice to boost health care spending on employees or pay a penalty to the state, it did not violate ERISA.

He called the law a "creative" response to the rising problem of covering health care costs. In Maryland, the 2006 Medicaid shortfall was estimated to be $130 million.

"The Maryland act is part of the state's effort to deal with the mounting funding pressures," he wrote.

Wal-Mart said yesterday it was pleased with the decision.

"Not only was this legislation widely viewed as bad public policy, the courts have confirmed that it violates the law," spokesman Nate Hurst said. "This politically motivated legislation did nothing to control the cost of health care or improve access to health care, so it's no wonder that legislators across the country have rejected this as bad public policy."

The ruling is binding on federal courts in Maryland, Virginia, West Virginia, North Carolina and South Carolina and could stop other jurisdictions from trying to pass similar legislation.

"The court's decision sends a strong message that similar bills under consideration in other states and municipalities also violate federal law," said RILA President Sandy Kennedy.

RNC Readies For Martinez Fight (WT)

By Ralph Z. Hallow

The Washington Times, January 18, 2007

A member of the Republican National Committee from President Bush's home state yesterday escalated the rebellion against Mr. Bush's choice to head the committee going into the 2008 presidential elections.

Texas RNC member Denise McNamara said the attempt by Mr. Bush's supporters on the national committee to name Sen. Mel Martinez of Florida as general chairman "is like pouring gas on an already smoldering electorate," citing Mr. Martinez's role in promoting last year's "comprehensive" immigration bill in the Senate.

"Choosing an RNC chairman who supports amnesty [for illegal aliens] is tantamount to telling the conservative majority of Americans that they do not matter."

The fight over the party chairmanship reflects grass-roots discontent, heightened by Republican midterm election losses in November, as the 168-member RNC convenes for its annual winter meeting today at the Grand Hyatt Hotel downtown.

Mr. Martinez's opponents are ready to challenge the White House's efforts to force on the party a general chairman whose views on illegal immigration, they say, are opposed by 80 percent of the electorate.

They cite polls indicating that the issue has split the party and contributed to its November losses.

The vote is scheduled for tomorrow.

"The question is whether the Martinez fight will be a skirmish or a full-scale rebellion," said New Jersey RNC member David Norcross, a former RNC general counsel who oversaw the 2004 Republican presidential nominating convention in New York. "I think it will be a skirmish, but I am preparing for a full-scale rebellion."

One of Mr. Martinez's supporters, Florida RNC member Paul Senft Jr., told the Tallahassee Democrat newspaper: "With some people, the issue of amnesty is a litmus test and anything short of a concentration camp is amnesty."

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A Virginia-based group, English First, has created a Web site, StopMartinez.com, that declares the senator from Florida is: "Wrong on English. Wrong on Amnesty. Wrong for the Republican National Committee."

Mr. Norcross plans to introduce a motion at the meeting tomorrow to create the position of national chairman. He says the RNC's rules adopted at the 2004 national convention allow for the creation of such a position and for it to be filled by a nonmember. Mr. Martinez's opponents point out that he is not an RNC member.

Mr. Norcross and other RNC leaders scheduled a 10 p.m. strategy session yesterday to deal with the rebellion. At least one rebel faction scheduled its own strategy session last night.

Some members oppose in principle the creation of the general chairmanship, to be filled by the president's handpicked choice. They say the national committee, whose members are elected by party activists in each state and territory, should be led by an elected member.

Some conservatives say the Martinez move will impede RNC fundraising and make electing a Republican president and restoring the party's dominance of Congress all the more difficult next year.

"It is hard to motivate voters who are angry and who feel betrayed. He is simply the wrong choice at the wrong time," Mrs. McNamara said.

The Texas committee member recalled that in November, "speculation was swirling about the possible nomination of [former Maryland Lt. Gov.] Michael Steele" as RNC chairman, and said that "excitement began to build at the prospect of a new face to lead the RNC."

"Unfortunately, White House political strategist Karl Rove had other ideas. He announced Martinez as the president's choice for RNC chair, crushing the hope of millions of Republican grass-roots activists," Mrs. McNamara said.

Although many Texas Republicans had urged her to support Mr. Steele, she said, "I had three times as many calls asking me to oppose Senator Martinez."

Democrats Seeking To Drive Stem Cell Wedge In Minn., N.H. (HILL)

By Aaron Blake

The Hill, January 18, 2007

In 2006, two Republican House members with tough races ahead changed their views to favor an embryonic stem cell research bill.

With the same bill having already passed the House in the 110th Congress, embryonic stem cell advocates are hoping for more converts, and many see the heaviest pressure likely to land squarely on the shoulders of two swing-state senators up in 2008 — Norm Coleman (R-Minn.) and John Sununu (R-N.H.).

Democrats are already trying to drive a wedge into Coleman's and Sununu's reelection bids, hoping it could hurt them as it was supposed to have hurt former Sen. Jim Talent (R-Mo.) in November. But experts are divided about the issue's impact.

Talent's narrow November loss occurred alongside the narrow passage of a statewide embryonic stem cell initiative that he opposed.

The bill, which would allow federal funding to be used for embryonic stem cell research and would override President Bush's limits, could come to a vote in the Senate next month. It passed both chambers last cycle but was vetoed by Bush.

Coleman will again vote against the measure, as it currently stands, his office said. Sununu's office did not return numerous calls seeking comment.

In most polls, a majority of Americans support federal funding for embryonic stem cell research. The bill has received solid majorities in both chambers but has fallen short of a veto-proof majority in either.

The 2006 election added three pro-embryonic votes to the 63 already there, meaning one convert would likely give the bill a veto-proof Senate.

After last week's 253-174 vote, the House is still 37 votes shy of the two-thirds majority needed. But attaining the goal in the Senate would represent concrete progress and an important symbolic goal for embryonic backers and patient groups, and they are in turn focusing their efforts on those seen as the most likely defectors.

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"They're going to go after people in tough races; they're going to go after anybody who's new," said Gail Pressberg, a senior fellow at the Civil Society Institute and co-author of a book on stem cell politics. "I think it's a strong wedge issue in which the Republicans have a lot to lose."

Coleman's recent turn against the Iraq war and a past marked by shifting politics — he switched from Democrat to Republican when he was mayor of St. Paul — have Democrats predicting he might switch on the stem cell issue.

During the 2004 Democratic National Convention, Coleman led the Republican "truth squad," which criticized Sen. John Kerry (D-Mass.) for his "flip-flops" on the Iraq war and other matters.

Sununu's state experienced about as big of a political overhaul as any in the nation in November, and he remains one of few anti-embryonic votes in the Northeast. Challengers have already begun to line up to face him.

The two of them, along with Sen. Wayne Allard (R-Colo.), were recently cited by Democratic Senatorial Campaign Committee Chairman Charles Schumer (D-N.Y.) as the three most vulnerable Republicans up in 2008. Allard announced Monday that he wouldn't run for a third term.

All three come from swing states that trended blue in November. Both of New Hampshire's Republican House members lost, and Democrat Amy Klobuchar soundly beat Republican Rep. Mark Kennedy 58-38 for Minnesota's other Senate seat.

The Democratic parties in Minnesota and New Hampshire wasted little time setting up Coleman and Sununu for their potential "flip-flops," issuing nearly identically worded statements.

Minnesota Democrats keyed on Coleman's Iraq conversion. A longtime backer of Bush on the war, Coleman came out against the 21,000-troop surge last week, taking a similar tack to fellow 2008 candidates Sens. Gordon Smith (R-Ore.) and Susan Collins (R-Maine).

"Now that [Coleman has] been recognized nationally as one of the most vulnerable Republicans of 2008, we can expect him to keep chasing the spotlight," Minnesota Democratic Party Chairman Brian Melendez said. "Maybe he thinks no one will notice he switched parties — again."

Coleman is also against changing the Medicare drug benefit to allow the government to negotiate drug prices. He missed the vote on a negotiation measure in the last Congress, but recently told The Hill he will vote against the politically popular bill this year.

Coleman continues to emphasize a compromise on the stem cell issue.

"Sen. Coleman has consistently been seeking ways to advance stem cell research without using federal dollars for the destruction of embryos," press secretary LeRoy Coleman (no relation) said. "He believes a solution can be found that is consistent with the protection of the unborn, while offering funding for scientific research for those living with the hope of a cure."

New Hampshire Democrats noted that Sununu's "no" vote last year came even as the state's two Republican House members voted to override Bush's veto.

Sen. Judd Gregg (R-N.H.) also voted for the bill.

"Now that the Democratic Congress has provided [the] leadership by passing this critical bill, I call on Sen. Sununu to do the right thing and join Democrats in fighting President Bush's efforts to veto this bill," New Hampshire Democratic Party Chairwoman Kathy Sullivan said.

But experts aren't completely sold on embryonic stem cell research as a wedge issue. Talent said after the election that the issue probably "cost me votes in some places and got me votes in other places" and wasn't a major factor in his 50-47 loss to now-Sen. Claire McCaskill (D-Mo.).

McCaskill didn't heavily emphasize the issue on the campaign trail, but said she benefited from ads featuring actor Michael J. Fox, who has Parkinson's disease.

The issue likely played some role in the Missouri and Maryland Senate races, where the Fox ads ran, said Marcy Darnovsky, associate executive director of the Center for Genetics and Society. But she said it doesn't necessarily have the wedge-issue prowess the Democrats think it does.

"In Missouri, the proponents spent $30 million on it, and they squeaked by with 51-49 percent," Darnovsky said. "That's an indication that it doesn't always work" as well as research advocates and Democrats think.

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Skeptics cite the issue's complexity as a main factor. Polling on embryonic stem cell research varies widely, depending on how the questions are framed.

Former Rep. Curt Weldon (R-Pa.), and Rep. Dave Reichert (R-Wash.) switched their positions in favor of the embryonic stem cell bill in 2006. Weldon lost reelection, while Reichert narrowly survived.

Groups including the Christian Coalition of America are closely monitoring the votes of House freshmen on the issue.

Rep. Boyda's Seat Top Target For Divided GOP (HILL)

By Sam Youngman

The Hill, January 18, 2007

When newly elected National Republican Campaign Committee chief Rep. Tom Cole talks about specific seats he wants to take back in 2008, he repeatedly mentions Kansas's 2nd district.

Cole (R-Okla.) referred to the seat as one of the targets that fits the criteria for an NRCC priority in 2008. It is one of 61 seats Democrats hold that voted for President Bush in 2004, and the Democrat who won it in the midterms did so with less than 55 percent of the vote.

That Democrat, Rep. Nancy Boyda (D), may have just been sworn in, but Republicans from Washington to Topeka are marking her name with a big, red bulls-eye.

"I certainly expect this to be one of their top-targeted races," Boyda said. "I didn't get into this thinking this would be a cakewalk."

Boyda defeated then-Rep. Jim Ryun with 51 percent of the vote in a year that saw Democratic Gov. Kathleen Sebelius, running with a candidate for lieutenant governor who earlier in the year had defected from the Republican Party, win reelection with 57 percent.

Cole said 2006 was an anomaly in Kansas politics, an arena in which he has worked in the past.

"I'm right next door to Kansas and [I've] done a lot of political activity over there in another lifetime, and I can tell you that for the first time in all the years we've been up there, the legislative ballot in Kansas was generically Democrat," Cole said. "That's unbelievable. So, they're probably not going to get another year like that."

But if 2006 was a bad year for Republicans nationwide, in Kansas the party split in half like the Titanic: Both sides sank.

In a state long regarded as a bastion of conservative politics — President Bush won the 2nd district with 59 percent of the vote in 2004 — the GOP witnessed numerous defections to the Democratic Party, and a rift between the conservative and moderate wings of the party resulted in Democratic victories in traditional Republican strongholds.

The executive director of the state Democratic Party, Mike Gaughan, said as long as a faction of the Kansas GOP continues to focus solely on social issues such as abortion, candidates viewed as moderates, like Boyda, would reap the benefits.

"Certainly, there's an element in the Republican Party that's more interested in purging themselves than common-sense solutions for Kansas families," Gaughan said.

Outgoing state GOP chairman Tim Shallenburger, conceding his tenure as chairman has been rocky at best, said that rift, combined with a poisoned national environment, was at the root of the GOP's ills last year.

Phill Kline, a former state attorney general known nationally for his move to subpoena the records of state abortion clinics, drew a lot fire from moderate and independent voters, Shallenburger said.

Kline, who was defeated by another Republican defector, Paul Morrison, was on the list of names Shallenburger identified as potential challengers to Boyda, perhaps running as the standard-bearer for the conservative faction of the party. Kline, who doesn't currently live in the district, did not return phone calls for comment.

"Unfortunately, the conservatives can't seem to elect anybody," Shallenburger said, adding that because of the rift he is anticipating a primary. "They can get them through primaries, but they can't get them through generals."

Shallenburger said a list of serious candidates should come to light after the state GOP's Kansas Day convention later this month. Right now, Shallenburger, who isn't running for reelection, said possible candidates include former state House Speaker

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Doug Mays, Secretary of State Ron Thornburgh and state Treasurer Lynn Jenkins. Boyda said she anticipated Ryun might want a rematch.

Shallenburger, a former gubernatorial candidate in his own right (Cole served as his pollster), said he would be willing to discuss a possible run with the NRCC chairman, but right now he isn't leaning toward a run.

Both Cole and Shallenburger said that while 2006 was a bad year for them because of an unfavorable national environment and party turmoil, 2008 will be different because a presidential election year will allow for GOP healing and unity.

"You know, Kansas hasn't gone through some road to Damascus and morphed into a liberal state," Cole said. "Next election cycle, the Republican presidential nominee, I'm willing to bet today, without knowing who it is or who the Democrats will have, will carry Kansas.

"You want to bet who's going to win Kansas-02 in the presidential race? I've got a pretty good idea. I'm willing to make that prediction today."

Shallenburger added that regardless of whom Republicans pick, state Republicans will unify in their dislike of the Democratic candidate. That, combined with county commissioner races, will drive turnout and grassroots efforts.

"I think a presidential election gives us common ground," Shallenburger said. "If it's [Sen. Hillary Rodham] Clinton (D-N.Y.) or [Sen. Barack] Obama (D-Ill.), I can't imagine that either of those two would gain much Republican support."

But Shallenburger said that because Democrats already have proven they can win in the Republican district, much of the Republican strategy will depend on Boyda's voting record.

Boyda might have given those aiming for her seat some early ammunition by voting for the House stem cell research bill last week.

But Boyda insists the often acidic ideological tones have subsided a great deal since her first congressional run in 2004, and though some voters might disagree with her on social issues like stem cell research, she said most will come to see her overall goal is to brighten the future for the district.

"I intend to just do my job," she said. "It's that simple."

No Challenger Yet For Vulnerable Landrieu (RC)

By Nicole Duran

Roll Call, January 18, 2007

Because Republicans must defend almost twice as many seats, the 2008 Senate landscape appears to favor Democrats. Nonetheless, Sen. Mary Landrieu (D-La.) might be the most vulnerable incumbent this cycle.

Democrats won control of the Senate last November, in part, by flipping seats in not-necessarily Democratic territory. But that likely will be of little comfort to Landrieu, especially in a presidential election year.

In the 2004 cycle alone, Democrats lost five open-Senate seats in the South — including one in Louisiana.

Factor in Landrieu's narrow 2002 re-election — in which she received 52 percent of the vote — and the population loss in her stronghold of New Orleans, and the scion of one of the Pelican State's best known political families faces unfavorable odds.

"She's always just seemed vulnerable; she's moved as much to the right as she could and still be a Democrat in Washington but there's still the thought in many parts of Louisiana that she's too liberal," said John Maginnis, who pens a weekly newsletter on Louisiana politics. "She's always had close elections and there's no reason to think it wouldn't be another close election."

One knowledgeable Democratic strategist, who did not want to be named, agreed.

"Democrats win in Louisiana by about 5,000 votes and we lost 200,000 people; and most of the people were Democrats," the strategist said. "New Orleans is half the size it used to be."

Landrieu owes her 2002 re-election to the wide margin of victory she racked up in the Big Easy. If the huge number of voters displaced by Hurricane Katrina never return, Democrats will be at a fundamental disadvantage, the source added.

Despite such dire predictions, and Republicans' desire to make her their top target, no Republican has stepped up to challenge Landrieu this early in the cycle.

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Longtime Rep. Jim McCrery (R-La.) took his name out of the mix this week, saying Tuesday that he would not run for Senate.

"We don't know who might run in 2008," said McCrery, who just signed on to be Congressional liaison for the presidential campaign of former Massachusetts Gov. Mitt Romney (R). "My guess is there will be competition for the Senate seat in Louisiana."

Other GOP names being bandied about are Rep. Richard Baker, Louisiana Secretary of State Jay Dardenne and state Sen. Walter Boasso.

Boasso told Roll Call that he has no interest in running for the Senate but is contemplating a gubernatorial bid.

Additionally, speculation runs rampant that state Treasurer John Kennedy (D) will switch parties and take Landrieu on as a Republican.

Kennedy ran for the Senate in 2004, finishing third in the all-party primary despite pressure from Democratic leaders that he bow out in favor of then-Rep. Chris John (D-La.).

GOP Reps. Charles Boustany and Bobby Jindal also have been mentioned as Landrieu challengers, but some political watchers think Boustany, who was just elected to a second term, is too green. Jindal is almost certain to run for governor this year.

A recent survey showed him holding a 24-point lead over Gov. Kathleen Blanco (D), whose reputation resembles New Orleans' levies as a result of Katrina. Blanco defeated Jindal by 4 points in 2003, and if she loses this November, that could also be a troubling sign for Landrieu.

The Democratic strategist conceded that all of the potential Republican candidates could be formidable, though the source dismissed the notion that Kennedy could prevent Landrieu from winning a third term.

"If the treasurer does switch parties and does try to run as a Republican, Mary can beat him; that's a mistake," the strategist said.

Maginnis said Dardenne looks like the strongest option.

"A lot of people think he has the right stuff," Maginnis said, noting that he would not have to relinquish his current office to seek the Senate.

Dardenne, a former state legislator, also is the only Republican under discussion who has won statewide office.

Also working against Landrieu is the unsuccessful campaign of her brother, Lt. Gov. Mitch Landrieu (D), who failed to dislodge embattled New Orleans Mayor Ray Nagin during the city's racially tinged runoff election last year.

That "tarnishes the name," the Democratic strategist said.

A Landrieu aide said the Senator's office did not want to comment about 2008, other than to confirm that she does plan to seek re-election.

One bright spot for Landrieu is the elimination of Louisiana's blanket primary for federal elections. Prior to 2008, all candidates for a particular office, regardless of party, appeared on one primary ballot. If no one exceeded 50 percent, the top two vote-getters — regardless of party — then went on to a runoff election.

Given the large number of candidates for major offices, incumbents frequently failed to garner 50 percent of the primary vote.

No Democrat of stature is expected to challenge Landrieu, allowing her to focus solely on the general election. The Democratic strategist said there is "no question" that will help Landrieu, especially if multiple Republican candidates have to slug it out for the nomination.

McCrery said it is impossible to know now who it will help.

"It could make it more difficult for her or it could make it more difficult for the Republicans," he said. "It's hard to tell."

Why Georgia May Not Be On Democrats' Minds (RC)

By Stuart Rothenberg

Roll Call, January 18, 2007

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A couple of days after the midterm elections, I checked out the Senate class of 2008 and noticed that Sen. Saxby Chambliss (R-Ga.) is on the list. I wondered, could Democrats, who held both of Georgia's Senate seats and the state's governorship as recently as 1990, knock off Chambliss?

The wise answer is that it may be possible, but at this point it's unlikely. The better answer may well be a resounding, "Are you nuts?"

While 49 states seemed to move toward the Democratic Party in November's elections, Georgia, the state that gave the nation Jimmy Carter, Martin Luther King Jr. and Jackie Robinson, continued its shift toward the GOP. In fact, Georgia was the only state in the nation where Republicans significantly improved their standing in the 2006 midterms.

Republicans retained their 34-22 majority in the state Senate and gained two more seats in the Georgia House, making Georgia one of the rare states where Democrats did not make state legislative gains. In addition, Republicans re-elected their governor handily and gained two statewide offices — lieutenant governor and secretary of state — that previously had been held by Democrats.

At the Congressional level, state Republicans held on to all of the seven seats that they had going into the midterms, and they came within a hair of picking up another district or two. Given what happened nationally, that was a notable result. In fact, Georgia was the only state with at least two Congressional districts where Republicans had more opportunities for House takeovers — Rep. Jim Marshall's 8th district and Rep. John Barrow's 12th district — than Democrats did.

Georgia was not one of the earliest Southern states to move away from the Democratic Party. South Carolina, Tennessee, Texas and a number of other former states of the Confederacy moved to the Republican Party well before Georgia did, in part because Carter's two presidential races kept Peach State Democrats loyal to their party.

But over the past six years, Georgia has been making up for lost time, moving toward the GOP column more vigorously than virtually any other state in the nation. As respected University of Georgia political science professor Charles S. Bullock III noted in a column of the online newsletter InsiderAdvantageGeorgia, Georgia has more white evangelicals, more Republicans and a higher percentage of Iraq War supporters than the country as a whole.

Gov. Sonny Perdue (R) clobbered the state's sitting lieutenant governor, Democrat Mark Taylor, by almost 20 points, and Republican Casey Cagle, who won a bitter primary over Ralph Reed, won the open lieutenant governor's office by almost a dozen points.

Yes, Democrats still hold three statewide offices — attorney general, state labor commissioner and agriculture commissioner — but all three of those Democrats have served for years, and state Attorney General Thurbert Baker, an African-American, isn't exactly a liberal activist. He won an award last year from the U.S. Chamber of Commerce for his work on legal reform and for his efforts to "broaden cooperation" between the business community and state attorneys general.

In recent years, a Democratic governor, Roy Barnes, and a Democratic Senator, Max Cleland, were ousted from office, even though both incumbents were at one time portrayed as invincible. And defeated gubernatorial hopeful Taylor was just the kind of Democratic good old boy who once easily won elections in Georgia.

The only high-profile Democrat who might have been able to carry the state recently was former Sen. Zell Miller (D), who not only voted more like a Republican than a Democrat but who actually gave the keynote address at the 2004 Republican National Convention.

More than anything else, the national political environment has defined Georgia Democrats, and that has strengthened the Republicans' hand.

So far, the only name circulating as a possible challenger to Chambliss is DeKalb County CEO Vernon Jones. But whatever Jones' personal qualifications and appeal (I have not met him), it is very difficult to imagine a young, Democratic, African-American officeholder from Atlanta with some personal and legal baggage winning a Senate race next year — even one who has admitted voting for President Bush in 2004.

While 2006 was a bad year for Republicans almost everywhere, it was "less bad" in the South. The region is likely to be the GOP's strongest area in 2008, and the presidential election guarantees that the two parties' national images will be in the spotlight, making it difficult for Senate candidates to run purely "local" races.

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None of this means that Saxby Chambliss is invulnerable in 2008. But it does mean that Democrats are likely to have far better Senate opportunities elsewhere than they will in increasingly Republican Georgia.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Obama's Past Offers Ammo For Critics (AP)

By Ryan Keith, Associated Press Writer

AP, January 18, 2007

Democratic presidential candidate Barack Obama may have a lot of explaining to do.

He voted against requiring medical care for aborted fetuses who survive. He supported allowing retired police officers to carry concealed weapons, but opposed allowing people to use banned handguns to defend against intruders in their homes. And the list of sensitive topics goes on.

With only a slim, two-year record in the U.S. Senate, Obama doesn't have many controversial congressional votes which political opponents can frame into attack ads. But his eight years as an Illinois state senator are sprinkled with potentially explosive land mines, such as his abortion and gun control votes.

Obama — who filed papers this week creating an exploratory committee to seek the 2008 Democratic nomination — may also find himself fielding questions about his actions outside public office, from his acknowledgment of cocaine use in his youth to a more recent land purchase from a political supporter who is facing charges in an unrelated kickback scheme involving investment firms seeking state business.

Obama was known in the Illinois Capitol as a consistently liberal senator who reflected the views of voters in his Chicago district. He helped reform the state death penalty system and create tax breaks for the poor while developing a reputation as someone who would work with critics to build consensus.

He had a 100 percent rating from the Illinois Planned Parenthood Council for his support of abortion rights, family planning services and health insurance coverage for female contraceptives.

One vote that especially riled abortion opponents involved restrictions on a type of abortion where the fetus sometimes survives, occasionally for hours. The restrictions, which never became law, included requiring the presence of a second doctor to care for the fetus.

"Everyone's going to use this and pound him over the head with it," said Daniel McConchie, vice president and chief of staff for Americans United for Life.

Obama spokesman Robert Gibbs said voters will be able to judge distorted accounts of his votes against his legislative career in general.

"I don't doubt that if you take a series of votes and twist them and kind of squint, you can write a narrative the way you want to write it," Gibbs said. "I think what people understand is that (what matters) is taking the full measure of his career and the full measure of his legislative efforts."

Abortion opponents see Obama's vote on medical care for aborted fetuses as a refusal to protect the helpless. Some have even accused him of supporting infanticide.

Obama — who joined several other Democrats in voting "present" in 2001 and "no" the next year — argued the legislation was worded in a way that unconstitutionally threatened a woman's right to abortion by defining the fetus as a child.

"It would essentially bar abortions because the equal protection clause does not allow somebody to kill a child, and if this was a child then this would be an anti-abortion statute," Obama said in the Senate's debate in March 2001.

During his 2004 run for U.S. Senate, Obama said he supported similar federal legislation that included language clarifying that the measure did not interfere with abortion rights.

Such hot-button issues were the exception in a legislative career that focused more on building consensus to improve the justice system and aid the poor.

Gibbs noted Obama's leadership on legislation requiring police to videotape interrogations in murder cases. It started out as a controversial idea but ended up passing the Senate unanimously.

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Allies and opponents alike say he listened to those who disagreed, cooperated with Republicans and incorporated other people's suggestions for improving legislation.

"He was looked upon by members of both parties as someone whose view we listened carefully to," said Republican state Sen. Kirk Dillard from Hinsdale, Ill.

Obama regularly supported gun-control measures, including a ban on semiautomatic "assault weapons" and a limit on handgun purchases to one a month.

He also opposed letting people use a self-defense argument if charged with violating local handgun bans by using weapons in their homes. The bill was a reaction to a Chicago-area man who, after shooting an intruder, was charged with a handgun violation.

Supporters framed the issue as a fundamental question of whether homeowners have the right to protect themselves.

Obama joined several Chicago Democrats who argued the measure could open loopholes letting gun owners use their weapons on the street. They said local governments should have the final say, but the self-defense exception passed 41-16 and ultimately became state law.

"It's bad politics to be on the wrong side of the Second Amendment come election time," said Wayne LaPierre, executive vice president of the National Rifle Association. "It will certainly be talked about. You can take that to the bank."

On the other hand, Obama parted company with gun control advocates when he backed a measure to let retired police officers and military police carry concealed weapons.

Obama occasionally supported higher taxes, joining other Democrats in pushing to raise more than 300 taxes and fees on businesses in 2004 to help solve a budget deficit. The increases passed the Senate 30-28.

That's one reason Illinois business groups gave Obama a low rating, while labor groups praised him. But even Obama's allies say he refused to become a rubber stamp for their legislation.

"He always wants to understand an issue and think it through," said Roberta Lynch, deputy director for Council 31 of the American Federation of State, County and Municipal Employees. "You have to make your case no matter who you are."

For six years, Obama served in a Republican-controlled Senate, so he and fellow Democrats only got a fraction of their bills signed into law.

During his last two years, Democrats controlled the chamber and he was the go-to guy on a variety of issues. He helped pass legislation overhauling Illinois' troubled capital punishment system and was a key figure in requiring a massive statewide study of traffic stops to look for signs of racial profiling. Although police groups opposed the legislation, they say Obama listened to their concerns and accepted some of their suggestions to improve the bill.

Even when he was in the political minority, Obama sometimes played a critical role. He helped write one of the rare ethics laws in a state known for government corruption and worked on welfare reform with Republicans.

He sponsored legislation to bar job and housing discrimination against gays, and he helped create a state version of the earned income tax credit for the poor. Obama also led efforts to reject federal rules that would have put workers' overtime checks in jeopardy.

A Look At Obama's Record In Illinois (AP)

By The Associated Press

AP, January 18, 2007

Some of the key issues U.S. Sen. Barack Obama, an Illinois Democrat poised to a run for president, sponsored or voted on during his eight years as a state senator:

BUDGET & TAXES

• Voted to raise the minimum wage in Illinois from $5.15 an hour to $6.50 an hour over two years. (2003)

• Helped pass a 5 percent earned-income tax credit for low-income working families in 2000; made the credit permanent in 2003.

• Voted to end $300 million worth of tax breaks for businesses. (2004)

• Voted against making permanent the repeal of the state's 5 percent sales tax on gasoline. (2000)

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HEALTH CARE

• Voted for having Illinois endorse embryonic stem cell research. (2004)

• Successfully sponsored the Health Care Justice Act, a study of ways to implement a universal health care system statewide. (2004)

• Voted against restrictions on public funding of abortion. (2000)

• Successfully co-sponsored a prescription drug discount buying club program for seniors and the disabled. (2003)

CRIME & GUN CONTROL

• Voted against letting people argue self-defense in court if charged with violating local weapons bans by using a gun in their home. (2004)

• Voted to let retired police and military police carry concealed weapons. (2004)

• Successfully sponsored requirement that law enforcement videotape interrogations of suspects in some serious crimes. (2003)

• Successfully sponsored law enforcement study of the race of people pulled over for traffic tickets. (2003)

• Helped pass an overhaul of the state's troubled death penalty system. (2003)

• Unsuccessfully sponsored measure to expunge some criminal records and create an employment grant program for ex-criminals. (2002)

• Unsuccessfully sponsored limit of one handgun purchase per month. (2000)

• Voted against making gang members eligible for the death penalty if they kill someone to help their gang. (2001)

MISCELLANEOUS

• Unsuccessfully co-sponsored ban on discrimination based on sexual orientation. The measure became law after Obama was elected to the U.S. Senate. (2003)

• Successfully sponsored move to shield Illinois workers from federal rules that threatened overtime pay for some employees.

• Successfully co-sponsored major ethics reform called the Gift Ban Act. (1998)

• Voted against giving tax credits to parents who send their children to private school. (1999)

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On the Net:

Illinois General Assembly Web site: http://www.ilga.gov

As The Skeptics Ask Why, Obama Asks Why Not? (NYT)

By Jeff Zeleny

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — There is always, it seems, a fresh new face breezing into a presidential race, offering himself as the person to change the tone, eliminate the vitriol and transform the old ways of politics.

Senator Barack Obama of Illinois is auditioning for that role in the 2008 campaign. He said so himself, leaping into the Democratic contest this week on a promise to "advance the cause of change and progress that we so desperately need."

A long line of Democrats, Republicans and independents have gone before him, casting themselves as the sparkling candidate of the new politics only to find that their freshness withers well before the balloting begins. Think John Anderson, Gary Hart, Ross Perot.

How can Mr. Obama avoid a similar fate?

"Novelty alone is not a criteria for success, nor should it be," he said in an interview on Wednesday as he walked through the hallways of the Senate. "I do think there are moments in American history where there are opportunities to change the language of politics or set the country's sights in a different place, and I think we're in one of those moments."

Then, after pausing for a moment, he added: "Whether I'm the person to help move that forward or somebody else is, is not for me to determine."

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One day after opening his presidential exploratory committee, a procedural move that created an extraordinary tide of publicity, Mr. Obama returned to work in the Senate. It was the first reminder that even though he bills himself as a man intent on reforming Washington, he still has to report to his day job. In Washington.

And that point alone distinguished Mr. Obama from recent presidential hopefuls who presented themselves as not-from-Washington candidates. Four years ago, for example, Howard Dean returned to the governor's office in Vermont after his initial foray into the race, and instantly began railing against his rivals stuck in the nation's capital.

The biography and charisma of Mr. Obama, 45, have catapulted him into early prominence and set him apart from the parade of former presidential hopefuls like Mr. Dean, Mr. Perot, Jerry Brown and others who have challenged the status quo. But like them, he aspires to tap into a similar grass-roots following even as he gains endorsements from the party's traditional kingmakers.

"There has been more smoke blown in his direction than anyone in his lifetime, but that's not why he's running," said former Senator Bob Kerrey, Democrat of Nebraska, who has talked to Mr. Obama in recent weeks. "He's not lost his reasons for doing this. He realizes that it's his time."

During his two years in the Senate, Mr. Obama has sought to build a reputation for occasionally stepping across party boundaries. And in his announcement on Tuesday, he did not so much as utter the word "Democrat," perhaps signaling a desire to expand his appeal.

But Mr. Kerrey, who unsuccessfully ran for president in 1992, said he was not sure today's political climate would afford candidates that much leeway, particularly in a cutthroat primary aimed at the Democratic Party's most loyal base.

"The technique of applause lines are such that you are encouraged to say things that are a bit divisive," said Mr. Kerrey, who is not yet aligned with any of the candidates. "If it's a Democratic audience, they aren't going to give you a round of applause if you say the Republicans are pretty good people."

Indeed, Mr. Obama intends to frame his candidacy around a story from long ago. By formally declaring his candidacy on Feb. 10 in Springfield, Ill., in the shadow of Abraham Lincoln's home, Mr. Obama will strive to make the point that America's 16th president did not have much government experience either, but led the nation through one of its most trying times.

"Just because something is new doesn't necessarily mean that it's right," Mr. Obama said in an interview. "And just because something is old doesn't mean it's wrong."

Still, an early test of his candidacy could come as candidates try to distinguish themselves and emerge from a field of up to 10 contenders during a series of presidential debates that are scheduled to begin by April. That is when an appealing biography gives way to questions about whether a candidate is actually prepared to govern.

Who, after all, could forget the moment in the 1984 primary when Walter Mondale ridiculed the candidacy of his rival, Mr. Hart, a Colorado senator who was running as an outsider on a message of hope, pragmatism and youth.

In a televised debate, Mr. Mondale declared, "When I hear your new ideas, I'm reminded of that ad, 'Where's the beef?' "

Reporters Swarm Obama After Announcement (AP)

By Nedra Pickler, Associated Press Writer

AP, January 18, 2007

A photographer or two on the beach in Hawaii is nothing compared to the Capitol Hill swarm that greeted the newest presidential hopeful — Sen. Barack Obama.

Emerging from a lunch with colleagues Wednesday, reporters pressed the Illinois Democrat, who gave away little about his budding campaign. His appearance at a routine committee hearing drew every camera in the room, while the more senior senators who are thinking of running were ignored.

"Is there something rare at this table among competitors?" a smiling Sen. Bill Nelson, D-Fla., remarked as he sat with Obama on his left and two other potential 2008 candidates — Sens. John Kerry of Massachusetts and Joe Biden of Delaware — on his right.

After months of hype, the freshman senator jumped into the White House race Tuesday by forming a presidential exploratory committee and disclosing that an official announcement would come Feb. 10. Obama got in the race despite saying

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a day earlier that he was concerned to find a photographer "lurking in the bushes" when he was on vacation in Hawaii with his family last month.

Obama avoided media appearances Tuesday when he announced his decision on his Web site. Reporters found him Wednesday as he walked into the Senate Foreign Relations Committee hearing to the rat-a-tat-tat of camera clicks.

Biden, the committee chairman, could have been accused of trying to undercut his rivals. He forgot to call on Kerry and moved to cut off Obama when his allotted time was up.

"Mr. Chairman, how am I doing on time?" Obama asked as he wrapped up. Biden and Kerry had been whispering and laughing at a private joke while Obama questioned the panel of experts promoting a diplomatic strategy in Iraq.

"Eight seconds," Biden replied.

"I have eight seconds? That's enough to get one question in," Obama said.

But as he started to talk, Biden cut him off. "You're out of time, but go for it," Biden said with a wave of his hand.

"That was a quick second!" Obama protested, and continued with his question as senators are wont to do.

Biden gave Kerry his time after Nelson pointed out that the 2004 presidential nominee was being skipped over. Biden said he'd been out of the room on a phone call and lost track.

Shortly thereafter, most of the media left the room, too, on the heels of Obama.

The media reassembled — and grew in ranks — outside the weekly Democratic caucus lunch in the Capitol. Reporters surrounded Obama as he tried to leave, and he was asked how he plans to be a father while running for president.

"I always care about my kids," Obama said, stepping onto an elevator but unable to escape a the persistent reporter's follow-up question with her colleagues blocking the doors.

How are you going to be a father to your kids running for president? "Well, these are all considerations that I'm taking into account as I make my decisions about moving forward," he said, drawing farther into the elevator and away from outstretched arms jostling tape recorders.

Another reporter asked for Obama's reaction to a proposal by likely rival Sen. Hillary Rodham Clinton, D-N.Y., to cap the number of troops in Iraq. He didn't directly answer, but only said there are many proposals that Democrats are considering as they try to reverse President Bush's troop increase.

Asked if he will offer his own idea, Obama said cryptically, "That will be coming soon."

Finally, another elevator offered an escape — at least for the day.

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On the Net:

http://www.barackobama.com

Obama Thrills Blacks Who See Shot At History (USAT)

By Jill Lawrence

USA Today, January 18, 2007

WASHINGTON — The first black presidential candidate with a real shot at the White House is generating excitement and early support among blacks who see a chance to help make history.

Illinois Sen. Barack Obama is all but certain to compete for the Democratic nomination and win a large share of black votes. That creates challenges for New York Sen. Hillary Rodham Clinton and other hopefuls.

Obama is by no means the first black candidate for president. Other contenders have included Jesse Jackson and Al Sharpton.

Roger Wilkins, a race and politics expert at George Mason University in Fairfax, Va., calls him the first "truly serious" prospect. "This guy is not a civil rights leader who comes to politics or a preacher who comes to politics," Wilkins says. "He is a bona fide lawyer-politician. I've heard black people say 'I'm going to help this guy' — you don't want to be standing around when the first guy who has a real chance to be president is running."

Bill Clinton bonded so tightly with black voters that author Toni Morrison once called him "the first black president." That legacy and her own work have made Hillary Clinton popular among blacks. Clinton was favored by 39% of black Democrats and

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independents in combined USA TODAY/Gallup Polls conducted in November, December and this month; 31% chose Obama. The margin of error was +/—8 percentage points.

Obama has room to improve; one-third of all those polled in December, regardless of race or party, said they had never heard of him, and 14% said they had no opinion. Comparable ratings for Clinton in November were 53% favorable, 42% unfavorable and 5% no opinion.

Obama partisans and some other observers say they expect him to become more popular among blacks and other voters when his official campaign gets rolling. He plans a formal announcement Feb. 10.

"I would expect him in most places to get the majority of the black votes" in primaries, says David Bositis, an expert on black voting behavior at the Joint Center for Economic and Political Studies.

Minyon Moore, a longtime Clinton friend who was political director in the Clinton White House, says it is way too early to talk about "a wholesale giveaway" of black votes to one candidate or another. She says black voters have grown sophisticated as a result of past campaigns by black hopefuls.

"We can make wise choices of who will work for our best interests regardless of color," she said. "It's not like African-Americans are breaking ground anymore."

Some, such as Wilkins and Rep. Artur Davis, D-Ala., argue that Obama is breaking ground in his broad-based appeal across racial and demographic lines. Other pluses: his level of political talent and his breadth of experience, from community organizing to Harvard Law Review to representing poor black constituents in the Illinois Senate and a diverse state in the U.S. Senate. They also cite his potential as a role model for black families.

"If Barack Obama is elected president of the United States, it will be possible to say to your children, this is what is attainable. You can be anything you want to in this country," Davis says.

Black voters don't figure largely in the nomination race until early February 2008. The competition moves at that point to South Carolina and Alabama, two states in which nearly half of Democratic primary voters are black.

"There is no question in my mind that Sen. Obama will get the lion's share of that vote," says Davis, a Harvard Law School classmate already pledged to Obama.

Rep. James Clyburn, D-S.C., said Obama's presence in his state will make it "very difficult" for Clinton and former North Carolina senator John Edwards, who was born in South Carolina and won its primary in 2004. But he said the black vote is not monolithic and ultimately black people will vote based on candidates' records and proposals.

Clinton is well positioned in that respect, both from her own work and her husband's, analysts say.

Beyond Bill Clinton's emotional ties to blacks, "he put into place policies that worked very favorably for African-Americans," Bositis says. One example: economic polices that helped black household income rise $5,000 in Clinton's second term as president.

Hillary Clinton has dealt with issues "of great importance to black people, such as creating a world in which poor children can flourish," Wilkins says. Still, he adds, "it's a chunk of support that they're going to have to fight like hell to keep. Hillary is not Bill. This election is not about putting Bill Clinton back in the Oval Office."

He's In (WP)

The Washington Post, January 18, 2007

NO MATTER what your political leanings are, you're likely to feel at least a twinge of excitement about Illinois Sen. Barack Obama's decision to compete for the Democratic presidential nomination. At a minimum, Mr. Obama's entry guarantees a fascinating political season. A nomination that once looked like New York Sen. Hillary Rodham Clinton's for the taking now appears to be much more of a jump ball, with a gratifyingly crowded field that includes fellow senators Christopher J. Dodd (Conn.) and Joseph R. Biden Jr. (Del.); the 2004 vice presidential nominee, former North Carolina senator John Edwards; and former Iowa governor Tom Vilsack.

Mr. Obama, 45, presents himself as part of a new generation and a new brand of politician. It's not just that he's the son of a Kenyan father and a Kansan mother, a Midwesterner who spent part of his childhood in an Indonesian village. It's that he promises to transcend the boundaries of what many voters see as the tired racial and party politics of the past. The excitement

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about Mr. Obama speaks in part to Americans' desire to believe, whether true or not, that this country has come to a point when it can rise above its ugly history of racism; and in part to the desire to believe that, if it could just overcome the divisions that foul modern politics, the nation could get unstuck on many fronts. As Mr. Obama said this week, "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

That's a fair if unsurprising diagnosis, and Mr. Obama's speeches and books leave no doubt that he grasps the complexities of the problems America faces. Mr. Obama has demonstrated the ability to see all sides of any issue; his willingness to try to understand rather than to dismiss the arguments of the other side is admirable. Less proven is his capacity to choose wisely from among competing imperatives -- he's had a scant two years in the Senate -- or his ability to withstand the unrelenting scrutiny of a presidential race. This is, after all, a man who didn't face a single negative ad during his Senate campaign.

"I am new enough on the national political scene that I serve as a blank screen on which people of vastly different political stripes project their own views," Mr. Obama wrote in his book "The Audacity of Hope." As he begins to fill in the blanks -- and as his opponents try to sketch in their own version -- Mr. Obama knows he's "bound to disappoint" some voters. But given his talent, and the depth of the growing field of candidates, it may not be too much to hope for a more thoughtful, less scripted debate than usual.

The Democratic Field (WSJ)

Wall Street Journal, January 18, 2007

Illinois Senator Barack Obama's announcement this week that he's likely to enter the Presidential race adds a dash of glamour and excitement to the Democratic field. But all of his media attention doesn't change the basic truth of the 2008 primary contest: The race is between Hillary Rodham Clinton and everybody else.

New York's junior Senator hasn't announced yet, but her troops have long been massing, ready to march on her orders. And what a political machine it is, starting with her husband, who has made it clear he is aching for her to run. Psychoanalyzing the Clintons is perilous, but we suspect the former President doesn't like the way his years in office ended, with impeachment, the Marc Rich pardon and Al Gore's failure to deliver a third symbolic term. A victory for his wife would be a kind of political redemption for him too.

Mrs. Clinton brings her own considerable strengths, not least intelligence and self-discipline. She has performed far more smoothly in the Senate than many observers expected, and she hasn't been a polarizing figure in New York (winning 67% of the vote in November).

Then there are those Clinton legions -- of fund-raisers, union chiefs, party bosses, think tank operatives, media consultants. Mrs. Clinton blew through more than $30 million during her all but uncontested Senate re-election campaign, and she will have little trouble raising another $100 million or more. Longtime aide Harold Ickes -- famous for his silent depositions in Clinton II -- is the seasoned hand on money matters and he'll also bring on Big Labor. Meanwhile, former White House chief of staff John Podesta has set up the Center for American Progress, from which she can poach left-leaning policy ideas.

From her national perch on the Armed Services Committee, Mrs. Clinton has so far also walked a remarkable tightrope on the Iraq war, only recently coming out for some sort of "cap" on the number of troops. A major story over the coming year will be whether she can resist the defeatist tug of her party's antiwar left as she tries to win the Democratic nomination.

Which brings up her biggest liability -- the fear in many Democratic hearts that she's not "electable." Mrs. Clinton carries much of the scandal baggage of her husband's tenure without much of his political charisma. If one potential Democratic theme is to run against the "divisive" Bush Republicans, Hillary is not your ideal "uniter." Perhaps American voters won't want to hear about Arkansas, et cetera, all over again, but then is that a risk Democrats want to take?

This is where Mr. Obama comes in, bidding to be the un-Hillary. At age 45, he's already managed the remarkable feat of writing his own autobiography, literally and politically. He's applauded for saying he's proud that he did inhale, and he has the virtue of being a genuinely fresh face. But campaigns have a way of filling in a candidate's resumes in ways other than they design, including their positions on actual issues. Mr. Obama is already moving left on national security -- which is dangerous ground for a political rookie amid what the Pentagon calls "the long war" on terror.

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North Carolina's John Edwards is another vigorous contender, though the erstwhile Vice Presidential candidate failed to deliver his home state to John Kerry last time around. This time he's raising the decibels on his "two Americas" campaign theme, hoping to catch some of that Hubert Humphrey political magic. If he can sell this message as a millionaire trial lawyer, he'll have earned the nomination.

The rest of the Democratic field includes two governors -- Iowa's Tom Vilsack and New Mexico's Bill Richardson -- who have solid state records, and Mr. Richardson also has foreign-policy credentials. But both will have trouble breaking through the fund-raising barriers erected by the campaign-finance limits they themselves have supported. This is a shame, because both men have something to offer. And then there is the usual gaggle of Senators -- Dodd, Biden and even Kerry -- who are running because . . . well, because that seems to be what their DNA has programmed them to do.

If we were betting on a wild card challenger, we'd look instead to Al Gore. The former Vice President has been coy about his intentions. But he might be getting a ton of free publicity for his global warming "documentary" come Oscar time, and there's little doubt he could raise money if he got in. Unlike Mrs. Clinton, there are a lot of Democrats who feel passionately about him and his near-win in 2000.

There are cycles in politics, and, after eight years of Republicans in the White House, Democrats in 2008 will have the public's normal desire for change on their side. On the other hand, they will also have to show they can be trusted on national security in a post 9/11 world, especially running against the likes of Republicans John McCain or Rudy Giuliani. Mrs. Clinton's studied middle-ground on security suggests she understands that. The main Democratic drama of the coming months will be whether her party really trusts that she and her husband have learned enough not to repeat the mistakes of the 1990s.

McCain's War Stance Alienates Many (LAT)

By James Gerstenzang

The Los Angeles Times, January 18, 2007

WASHINGTON — Sen. John McCain's vocal support for sending more U.S. troops to Iraq has set him apart from most of the emerging crop of major presidential contenders. And that position could harm his political prospects, according to a Los Angeles Times/Bloomberg poll.

More than one-third of those polled — 36% — said they would be "much less likely" to back the Arizona Republican for the White House because of his position. Six percent said his stand made them "somewhat less likely" to vote for him.

Only 13% said they were somewhat or much more likely to support him because of his embrace of a force escalation; 42% said it had no effect on their view of him; and 3% gave no answer to the question.

Perhaps most ominously for McCain, the survey found that his advocacy of a troop buildup could undercut what has been one of his political strengths: the ability to attract independents.

In the poll, 43% of independents said they were somewhat or much less likely to vote for him because he has backed President's Bush plan to deploy 21,500 additional troops to Iraq.

Among Democrats, 59% said McCain's view made them less likely to support him.

His position helped him only among his fellow Republicans, and within this group the impact was not substantial — 24% said McCain's stance made them more likely to support him, 16% said they were less likely to do so, and the rest said that it had no effect or that they did not have an opinion on the matter.

In another sign of the soured public attitude toward the war in Iraq, opposition to the troop increase is a boost for the three leading Democrats expected to square off for their party's nomination: Sen. Hillary Rodham Clinton of New York, Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina.

Among the 1,344 adults interviewed for the poll, 34% said they were more likely to support one of these Democrats for president, knowing of their opposition to troop escalation; 18% said they were less likely to back any of them because of their stance.

Also, 38% said they were more likely to back a presidential candidate who supported a timetable for withdrawing U.S. troops from Iraq, a position the Bush administration has adamantly opposed. Twelve percent said they were less likely to vote for a candidate favoring a specific schedule for withdrawal.

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Forty-six percent said the candidate's position on a timetable would not affect their support, whereas 4% expressed no opinion.

The poll was conducted Saturday through Tuesday; for the entire sample, it has a margin of error of plus or minus 3 percentage points.

'Move On' Takes Aim At McCain's Iraq Stance (CQ)

By Greg Giroux

Congressional Quarterly, January 18, 2007

If more evidence was needed that the 2008 presidential campaign is hitting full stride months ahead of schedule, here it is:

The political arm of the liberal organization Moveon.org launched television advertisements Wednesday that assail Arizona Sen. John McCain, a top-tier prospect for the Republican presidential nomination in 2008, over his stance on the Iraq war.

Plans for the television ad campaign were announced last week by Moveon.org Poltitical Action, a federal political action committee, and will cost an estimated $250,000. The ads are airing in television markets in Iowa and New Hampshire, which respectively will hold the first caucuses and primary of the 2008 nomination season next January. They also will appear on cable television in New York and Washington, D.C.

Specifically, the ads take McCain to task for supporting President Bush's plan to increase U.S. troop strength in Iraq. The move, long advocated by McCain, is aimed at quelling sectarian violence that is greatly destabilizing that war-torn nation and threatening to turn into an all-out civil war.

But the war in general and the troop buildup in particular are opposed by most Democratic politicians and liberal activists.

The ad describes the proposed troop buildup as "McCain's idea" and frequently pictures the Arizona senator alongside Bush, whose poor job approval ratings are attributed mainly to public opposition to the Iraq war.

"The McCain plan to escalate: going from bad to worse," a narrator intones in the ad.

The ad echoes criticism aimed at McCain — who is polling strongly among GOP hopefuls — by Democrats such as former North Carolina Sen. John Edwards, the party's 2004 vice presidential nominee. A declared candidate for the 2008 Democratic presidential nomination and avowed Iraq war opponent, Edwards has taken to referring to the administration proposal as "the McCain Doctrine."

McCain has acknowledged that his support for a troop increase in Iraq carries risks for his all-but-announced White House bid. While he has long supported beefing up the U.S. military presence in Iraq, he has said a so-called "surge" needs to be matched with a change in strategy in Iraq that would include requiring that nation's fledgling government to meet new benchmarks.

"The presence of additional coalition forces would allow the Iraqi government to do what it cannot accomplish today on its own: impose its rule throughout the country," McCain said at a Senate Armed Services Committee hearing on Jan. 12.

McCain's campaign told the Associated Press last week — when news of the ads surfaced — that Moveon.org was an "out-of-the-mainstream organization that has a long history of airing inflammatory material."

McCain does not stand alone in the potential Republican field as a supporter of the administration's position. Former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudolph Giuliani, who say they are exploring candidacies, also back Bush on the troop increase.

But Kansas Sen. Sam Brownback, who also is considering a bid, opposes increasing American troop strength in Iraq as counter-productive. And Nebraska Sen. Chuck Hagel, an independent-minded Republican who also is considering a White House bid, has excoriated the Bush administration over the policy.

Hagel on Wednesday was one of three senators who introduced a non-binding resolution that says it is "not in the national interest of the United States to deepen its military involvement in Iraq."

Hagel sponsored the resolution along with Delaware Democrat Joseph R. Biden Jr., who chairs the Senate Foreign Relations Committee and says he is a candidate for his party's presidential nomination, and Michigan Democrat Carl Levin, who chairs the Armed Services Committee.

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Biden joins other Democratic hopefuls in opposing the troop increase, which they say is tantamount to an “escalation” of the war.

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Before Running, Candidates Must Explore (WP)

By Shailagh Murray And Matthew Mosk

The Washington Post, January 18, 2007

Democratic Sen. Barack Obama (Ill.) has one, as do several Republicans: Sens. Sam Brownback (Kan.) and John McCain (Ariz.), former New York mayor Rudolph W. Giuliani, and former Massachusetts governor Mitt Romney. And any day now, Sen. Hillary Rodham Clinton (D-N.Y.) may be compelled to form her own.

It's this season's must-have political entity: the presidential exploratory committee. The legal equivalent of sticking one toe in the campaign waters, an exploratory committee allows prospective candidates to begin raising money for a campaign while they are still deciding whether to take the plunge.

Obama hand-delivered his committee paperwork to the Federal Election Commission on Tuesday morning, explaining that he would announce a formal decision Feb. 10. The five-page file reveals little beyond who's keeping the books and which bank the campaign is using (Citibank). But it puts his campaign on firm legal ground. Most candidates would prefer not to announce a candidacy this early, but given the massive sums they must raise to compete these days, they need all the time they can get.

The straggler is Clinton, the Democratic front-runner, who has been mum on her plans. An aide said yesterday evening that the senator "would likely be making her intentions clear in a matter of weeks, not months."

But at some point soon, whatever political advantage Clinton may gain by waiting could collide with the firm legal requirements that accompany a candidacy, even one in the exploratory phase.

The most significant of those, said FEC commissioner Michael E. Toner, is that she cannot legally raise money for a presidential bid without first forming an exploratory committee. Obama's filing "ups the ante," Toner said, "in that he has tremendous potential to raise money."

She may also find it increasingly difficult to sidestep the array of legal triggers that, if tripped, would require her to form a committee, said Scott Thomas, a former FEC chairman. Those include raising or spending more than $5,000 toward a presidential bid from her leadership political action committee, HillPAC, a separate account used to support candidates and party committees.

"If her leadership PAC is paying for her to fly around and speak in public settings, and it looks like that activity is toward a campaign effort, that would trigger a requirement that she file," Thomas said.

The word "exploratory" is not in any FEC regulations. Instead, the phase is referred to as "testing the waters," and an exploratory committee is legally just a campaign committee with "exploratory" in its name. When a formal campaign is announced, the candidate usually changes the name of the committee -- for instance, from "Obama Exploratory Committee," as the senator named his new entity, to something like "Obama for President."

"If you want to just test the waters, assess your viability, you don't necessarily have to register a committee with us," said FEC spokesman Robert W. Biersack. "But in exchange, you cannot do certain things: create a war chest, actively campaign, generate material that says 'Vote for me.' "

Some campaign-finance experts complain that the current law gives prospective candidates too much wiggle room. For instance, Clinton and Obama have been lining up staffs for weeks, if not months, including fundraisers, policy experts and field organizers, on a far bigger scale than even a Senate leadership operation would warrant.

Several presidential campaign insiders, speaking on background, said their lawyers have cautioned against heavy hiring as well as excessive fundraising. "We ought to have a much cleaner system here for presidential candidates raising and spending money," said Fred Wertheimer, president of Democracy 21, a government-ethics watchdog group. "These are very murky waters."

Lieberman's Party, But Someone Else's Fight (NYT)

By Jennifer Medina

The New York Times, January 18, 2007

HARTFORD, Jan. 17 — Senator Joseph I. Lieberman's critics frequently enjoy referring to him as a member of "the party of one."

At least in the technical sense, that was true for a while in the Connecticut for Lieberman party. But now, things are getting complicated and mutiny is breaking out in the ranks — though those ranks are few in number.

The senator's supporters created the party line last summer, solely to give Mr. Lieberman a spot on the ballot in the general election after he lost the Democratic primary to Ned Lamont.

With the knowledge that neither Mr. Lieberman nor his supporters planned to take the reins, one of Mr. Lieberman's loudest critics, John Orman, filed papers after the election with the secretary of state declaring himself chairman of the party. His rules stated that anyone who shared a name with Mr. Lieberman or disagreed with him could join.

Earlier this month, the secretary of state's office said everything appeared in order with Mr. Orman's filing.

But a supporter of Mr. Lieberman's, Stuart R. Korchin, was furious to learn that Mr. Orman was hijacking the party. After reading the news of Mr. Orman's self-appointed leadership position, Mr. Korchin sent him an e-mail message, stating that he, in fact, was the sole member and chairman of the newly created political organization. Mr. Korchin, in a personal protest over the results of the Democratic primary, changed his party registration on Aug. 9 to Connecticut for Lieberman.

"I was unaware that you wished to join," Mr. Korchin wrote. "Please contact me if you are interested in helping to organize the party. I'm sure someone with your talents will be welcome."

Apparently, when Mr. Korchin filled out a short form in August at the Cheshire Town Hall changing his party affiliation from Democrat to Connecticut for Lieberman, the information could not be properly entered in the state's electronic voter database. So when Mr. Orman contacted the secretary of state, there was no record that anyone else belonged to the nascent party.

Now the two men are at loggerheads over who controls the party, which, to anyone's knowledge, includes only the two of them.

"He can say whatever he wants; the fact of the matter is I was there first," Mr. Korchin said in an interview.

"I held a meeting, wrote the rules and filed with the secretary of state," Mr. Orman said. "It is the real thing."

On Wednesday, Mr. Korchin received a letter from a lawyer in the secretary of state's office, stating that the state had "very limited jurisdiction" over intraparty battles, and was not taking a position over just who was in charge. The secretary of state's office noted that it had already received a rules document from Mr. Orman.

On Thursday, Mr. Orman will hold what he says is the second meeting of the party, at a hotel in Milford.

Shades Of Grey (WSJ)

By John Fund

Wall Street Journal, January 18, 2007

SACRAMENTO, Calif.--Ted Kennedy, the nation's most persistent backer of nationalized health care, must be smiling at the irony. Almost four decades after he first proposed the idea, Gov. Arnold Schwarzenegger, a Kennedy relative by marriage, is touting his own version of universal coverage, and, if adopted, the idea could go nationwide quickly. It's no wonder critics are already dubbing the ostensibly Republican chief executive "Schwarzenkennedy."

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This isn't the first time Mr. Kennedy has found a Republican to carry water for him. In 1971, after Medicare spending had increased by more than 70% in five years (although the number of people enrolled grew by only 6%), Richard Nixon declared a "health-care cost crisis" and worked with Mr. Kennedy to propose mandatory employer-provided health insurance. The idea foundered, but a modified version now has been revived by Mr. Schwarzenegger, who wants to require that every person buy health insurance, or be covered by an employer or the government. Massachusetts has a more modest law in place, and an adviser to Mitt Romney helped Schwarzenegger aides on their plan.

Liberals are overjoyed at the about-face by a governor who in 2005 vetoed a Democratic bill that would have merely expanded the state's coverage of children, saying the $300 million price tag was too high. Assembly Speaker Fabian Nunez praises the governor's new proposal: "This is a plan Assembly Democrats could have written."

Indeed, they already have--and Mr. Schwarzenegger fiercely opposed it at the time. In 2003, then-Gov. Gray Davis, fighting to stave off his recall, signed a law mandating employers with 20 or more employees provide health coverage or pay into a state fund that would provide it. After Mr. Davis was recalled, Mr. Schwarzenegger helped lead an effort to repeal what he called a "job-killing health-care tax." In 2004, 51% of voters agreed and repealed universal coverage in the same election in which George W. Bush lost the state by 10 percentage points and the highly liberal Sen. Barbara Boxer was re-elected by 20 points.

But the next year, Mr. Schwarzenegger suffered a stinging defeat as public employee unions spent $130 million in a special election to defeat four reform initiatives he supported. A chastened governator swung left by hiring as top aides Susan Kennedy and Daniel Zingale, two former deputy chiefs of staff to the recalled Mr. Davis; Jason Kinney, a Davis speechwriter, joked that he had decided "to finish the second term of Gray Davis." No one is laughing now. The behind-the-scenes architects of much of the governor's plan were Ms. Kennedy and Mr. Zingale, who also served as Mr. Davis's director of managed health care.

Last November, Gov. Schwarzenegger won landslide re-election in part by winning 91% of Republicans with an ironclad pledge not to raise taxes. He pounded Phil Angelides, his Democratic opponent, for wanting to raise taxes by $7 billion to pay for universal health care. But now the estimated cost of the Schwarzenegger plan to cover California's uninsured, including two million illegal aliens, is $12 billion. State subsidies for people to buy insurance will extend to those earning up to $50,000 a year, more than California's median income. "He's creating a welfare state where more than half the people are in the wagon being pulled than outside the wagon pulling," says one health-care analyst.

As bad as the policy implications are, the governor's plan may be fatally flawed, politically. He insists it doesn't raise taxes, despite billions in new charges on doctors, hospitals and employers. He prefers to call the new revenue "in-lieu fees" and "coverage dividends." "He excoriated Phil Angelides, rightly, for proposing the same tax increases he has put on the table," says GOP state Sen. Tom McClintock. "He is now pushing the second largest tax increase in California history. I won't be able to trust anything he says."

Whether the new revenue is a tax or not is important, because if it is a tax the plan must garner a very difficult two-thirds vote in both legislative houses. Barring that, the California Supreme Court will have trouble with the concept. A fee on employers who don't offer health insurance probably requires only a majority vote. However, the imposition of a levy on the gross revenues of doctors and hospitals is almost certainly a tax that would require two-thirds approval.

Then there are the feds. The $5 billion a year in extra federal Medicaid money, which the governor is banking on, is shaky. An even greater barrier is Erisa, the 1974 federal pension law that preempts all state laws that regulate employee benefits. Last summer, a federal judge threw out Maryland's so-called "Wal-Mart law" requiring large firms to spend 8% of their payroll on health care because "state laws which impose health or welfare mandates on employers are invalid under Erisa." Just yesterday a federal appeals court upheld the ruling voiding the Maryland law.

Rather than pursue a legally dubious universal coverage proposal, Mr. Schwarzenegger should have pursued the universal access he used to tout. He could sign up more of the nearly one million Californians eligible for current health programs but not yet enrolled. The 49 coverage mandates that make insurance so expensive (Idaho has only 13) could be reduced and residents allowed to buy coverage from other states. Nurse practitioners could be allowed to set up their own clinics. Instead, the governor's plan piles on a new mandate that bars insurers from turning down anyone based on health status or age. When New Jersey instituted a similar rule in 1993, premiums jumped 500%.

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Mr. Schwarzenegger insists he is pursuing a centrist course that borrows from both the right and left. But more realistically, he is imitating Richard Nixon's old strategy of throwing rhetorical bones to his right while attempting to appease the left with liberal programs. Emmet John Hughes, an Eisenhower speechwriter who knew Nixon well, once said he "judged any declaration of speech not by its content but by its impact." That explains Nixon's dramatic lurches into or toward wage price controls, a guaranteed annual income and mandatory employer health insurance.

Arnold Schwarzenegger used to claim he admired Ronald Reagan most "because he stuck by his principles when others wouldn't." But with his Rube Goldberg health plan Mr. Schwarzenegger has demonstrated that at his core he prefers roles more suited to Tricky Dick than the Gipper. Should he succeed, the long-term dream of nationalized health care held by Ted Kennedy, and Hillary Clinton, will be closer to reality than ever.

Homeless In America (WSJ)

By Julia Vitullo-martin

The Wall Street Journal, January 18, 2007

Can urban street homelessness be ended? In a sort of Nixon-goes-to-China reversal of expectations, the Bush White House argues that the answer is yes -- and is putting substantial effort and resources (over $4 billion annually) into proving it. "We're setting a new marker in front of the country," says Philip Mangano, executive director of the White House's U.S. Interagency Council on Homelessness. "After 20 years of seeing the problem get worse, we're no longer 'managing' the homeless crisis. We're ending the disgrace." He cites impressive declines in street counts since the White House started their big push in 2003: 50% in Philadelphia, 30% in Miami, 28% in San Francisco, 26% in Dallas, 21% in Nashville. New York City has seen a 13% decrease since 2005, the first year in which a citywide street census was taken.

Usually male and enduring some impairment -- mental illness, drug or alcohol addiction, disease -- those who've lived on the streets for more than a year ("the chronics") make up about 10% of the two million or so Americans regarded as homeless. They regularly consume a disproportionate amount of public resources -- sometimes hundreds of thousands of dollars per person. They also often wreak disproportionate havoc on both commercial areas and residential neighborhoods -- inducing compassion fatigue even in usually tolerant cities like New York and San Francisco.

Traditional homeless advocates have seldom paid attention to the destructive effects some street people had on neighborhoods. That's been changing, in part at the insistence of mayors, who fund most homeless services, and corporate leaders. New York's Mayor Michael Bloomberg, who calls street homelessness "intolerable" on both humanitarian and economic grounds, says, "I was elected to take on the tough issues, the ones people said you couldn't do anything about -- and that some people pander on." Not one to shy from a fight, he gave a speech in July calling on mayors and communities to free themselves from the tyranny of the advocates.

"How well a city takes care of the least of its people says a great deal about it from a business recruitment point of view," says Horace Sibley, chairman of Atlanta's Regional Commission on Homelessness. In 2001 Mayor Shirley Franklin appointed Mr. Sibley to head a commission on homelessness, organized with the United Way. After the commission issued a report in 2002, the mayor asked members to stay on, implementing their recommendations, which combined permanent housing with medical care, mental health and substance abuse counseling, job training and placement to help people move toward living independently. "It's much less expensive to put chronically homeless folks in safe and decent housing, giving them the support system they need," says Mr. Sibley, "than it is to have them perpetually rotating in and out of hospitals, jails, ambulances and psychiatric hospitals." Over the last year the number of street people in Atlanta has declined 8.5%. The plan seems to be working, says A.J. Robinson, executive director of Central Atlanta Progress. "The business community will rally around strong political leadership that offers solutions on this thorny issue."

Atlanta and other cities have been building on the findings of University of Pennsylvania Professor Dennis Culhane, who pointed out in the late 1990s that a $12,000 per-year supportive housing unit was far more effective in keeping people off the street than a $35,000 per-year shelter bed. But the homeless industry remained oriented to the big shelters created in the mid-1980s, which Mr. Mangano calls the "old status quo response of ad hoc, uncoordinated, well-intentioned, but ineffective crisis intervention." A bowl of soup and a blanket was thought to be the best we could do, he adds. Armed with Mr. Culhane's data and

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convinced that concentrating resources on the chronics could produce results, Mr. Mangano approached his job (left vacant by President Clinton) zealously. Believing in the effectiveness of political will, partnership and 10-year plans, he traveled the country relentlessly, working with states, counties, cities and the private sector to coordinate systematic approaches. "No one level of government can get the job done alone," he says, in part because federal resources go to the states as block grants that are spent by multiple jurisdictions.

The ideas that form the basis of the most successful 10-year plans -- and that are revolutionizing the long stagnant field of homeless services -- originated in New York, once the epicenter of street homelessness and now the model to be emulated. Not all of the ideas sound very Republican, but Mr. Mangano is an eminently practical and non-ideological man. The basic strategy, called Housing First, comes from a Harlem-based group, Pathways to Housing, which does not require psychiatric or substance-abuse training as a qualification for housing. Clients do not have to be either sober or drug-free.

This rubs many people the wrong way, including many advocates. Others, like Rosanne Haggerty, executive director of Common Ground Community, which builds and manages supportive housing in Manhattan, say it is right to shift the emphasis from private to public behavior. "We don't ask our lease-holding tenants, any more than any landlord asks, whether a tenant is drinking in his or her apartment. But we're very strict about behavior. If someone behaves badly, we get on it quickly -- figuring out what needs to be changed. We have few rules, but we enforce them vigorously." From the neighborhood's point of view -- and Ms. Haggerty runs buildings in once-notorious Times Square -- it is the public behavior that matters.

Atlanta's Mr. Sibley agrees, adding, "What appeals to us is that once a person has a decent place to live, [he] can get [his] life in order step by step. Each individual still has to take responsibility for [his] own future." Which leads to the perennial problem: employment. If the goal of independent living for former street people is to be achieved, or even attempted, training and counseling have to be part of the mix. Atlanta's model was a New York employment program -- Ready, Willing and Able. George McDonald, founder and former businessman, estimates that at least half of the men he works with for the first time have previously been homeless for substantial periods. "The vast majority of homeless single adults in our program," says Mr. McDonald, "are coming out of prison or jail, don't have an education, and do have substance abuse problems."

Well over half of every cohort of new RWA clients succeed the first time they try to live and work on their own after graduating from the program. In Atlanta, Mr. Sibley says the RWA model has helped 60 formerly chronically homeless people move into housing and employment, at a savings to the city of about $1 million.

Yet Mr. Mangano lives with one huge failure: Los Angeles, which he calls the Ground Zero of American street homelessness. Entangled in bureaucratic wrangling among government agencies, the city has made virtually no progress in ending the encampments of 5,000-plus homeless people on the former Skid Row. The high floors of elegant new downtown skyscrapers look out on block after block of tents, shacks and cardboard, a sight reminiscent of the Great Depression.

"Los Angeles is doing phenomenally well economically," says Mr. Mangano. "So of course we can get to the bottom of street homelessness. Because while we're doing this for moral, spiritual and human reasons, it's the economic reasons that drive the political will." Mr. Mangano intends to deploy a task force of the most successful homeless officials and operators to work with the city.

Will economics eventually end the "disgrace" of street homelessness in America's wealthiest cities? It's about one-third of the way there.

Ms. Vitullo-Martin is a senior fellow at the Manhattan Institute.

Business Drops The Doha Ball (WSJ)

By Fredrik Erixon And Andreas Freytag

The Wall Street Journal, January 18, 2007

The Doha train has started to run again. The trade talks are still moving at a snail's pace, but the meetings in Washington last week between the Bush administration and European leaders have spurred some optimism. Trans-Atlantic leadership for the current round of trade liberalization has been needed for many years, and bridging the diverging opinions across the pond is certainly necessary. But if this new optimism is going to materialize, movement is also required from an actor that has been conspicuously absent from this round: business.

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The World Trade Organization has often been portrayed by antitrade groups as a corporate puppet. But one key problem in this round has been the relative silence on industry's part. Business has been the dog that didn't bark.

There are exceptions. Chief executives of some big U.S. firms in transport and financial services have intervened and twisted arms in the U.S. Congress and in Geneva. Victor Fung, the U.S.-Hong Kong businessman, and Peter Sutherland, the former WTO chief who now chairs BP and Goldman Sachs International, continue to be tireless campaigners of multilateral trade liberalization. Marcus Wallenberg, chairman of a number of multinational companies, has geared up the efforts of the International Chamber of Commerce and taken the business case for Doha to political leaders across the globe. Yet they haven't gotten much help.

Business leaders' absence from the game is understandable. All the global-governance hubris, windy rhetoric and political grandstanding invariably displayed at big WTO meetings offer ample reasons for outsiders to take a rain check. The round has effectively been stalemated from day one, and all "last-minute" rescue attempts so far have only diluted the agenda and exempted some key business interests from the round. For everyone who wants the WTO to remain relevant in the future, this is cause for concern.

Yet the Doha agenda still has serious appeal for businesses interested in freer trade. Business opportunities in goods and industrial products will be significantly improved, particularly when it comes to exports to major developing countries. And binding countries to their currently applied tariffs -- which are lower than the ones agreed in the last multilateral talks, the Uruguay Round -- can increase stability and certainty in world trade. The Doha Round will not substantially liberalize trade in services, but it can lock in already achieved liberalizations, especially for investment, as well as dismantle some of the worst nontariff barriers to trade. What's more, the vast majority of the business community has a lot to gain from a WTO deal that puts limits on antidumping measures, today the weapon of choice for protectionist governments, and prohibits egregious abuses of other trade-defense instruments.

Compared to the alternatives, such as bilateral free trade agreements, or FTAs, the Doha agenda is the best offer around for global corporations. One can argue at length over bilateralism versus multilateralism, but this is a superficial exercise that only clouds the real issues. They are neither opposites nor substitutes for each other. There is room for both of them. But one should be wary of replacing the possible outcome of the Doha Round with the sales pitches for FTAs.

America's FTA policy has been a State Department charm offensive rather than a function of business priorities. Asian FTAs are a hodgepodge of weak and partial bilateral agreements. The EU has recently lifted its moratorium on new FTA negotiations and outlined a very ambitious agenda for new bilateral deals with Asian countries. But even if all of them are successfully concluded, which is highly unrealistic, business will stand to gain far less than Brussels claims.

Though roughly 300 FTAs or regional agreements have been achieved, they only account for about a third of the market openings facilitated by the eight multilateral trade rounds. If one exempts the 10 biggest bilateral and regional agreements, the market-access provision in the average agreement is modest to unrecognizable.

This is not to say they are of no use. Many FTAs have reduced trade bureaucracy, liberalized regulatory barriers to trade and improved the conditions for trade in intellectual property. But they cannot be expected to deliver new business opportunities on a par with a WTO deal -- particularly as FTAs come with complicated rules-of-origin regulations that place heavy administrative burdens on business to prove that not too much of a good's production has been done in a third country outside the FTA. In fact, the arcane world of rules-of-origin regulations in many countries is too complex for even the biggest multinational companies to understand, and many of the ones that do understand them would just as soon pay a higher, non-FTA tariff.

The presence of free-trade-minded businesses is necessary to accelerate the Doha train. The WTO, as most other trading arrangements, has a mercantilistic superstructure in which "producer interests" trump "consumer interests." Yet the producer interests that have flexed their muscles in this round have not been inclined toward liberalization. And they are the ones that have been twisting arms, knocking on the doors of congressmen and members of parliament, and telephoning political leaders.

If nothing substantial happens in the next few weeks the round will only have a past and no future. This is the last call for Doha.

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Mr. Erixon is a director and founder of Ecipe, a Brussels-based think tank. Mr. Freytag is a senior fellow of Ecipe and a professor of economics at the Friedrich Schiller University in Jena, Germany.

The Biggest Losers (WSJ)

The Wall Street Journal, January 18, 2007

One of the more intriguing statistics in demography is migration among the 50 states. And especially revealing is the data on "out-migration," or those residents of a state who flee to what they must figure will be better climes.

The Empire Center think tank of New York has inspected the latest Census Data on migration, and it finds that two of the three biggest losers of people from 2005 to 2006 were California and New York. Louisiana was the biggest net loser, as 241,000 fled the state for a rate of 54.85 per 1,000 residents, but it is a special case after Hurricane Katrina.

New York, which finished second, has no such act-of-God excuse. It lost more than 225,000, or a rate of 11.69 per 1,000 from 2005 to 2006, and more than 1.2 million New Yorkers have moved out since 2000. California lost the most people (287,000) of any state from 2005 to 2006, but because it is the most populous state its out-migration rate was a merely dreadful 7.92. Without immigrants who have made up some of the difference, both states, and especially New York, would have declining overall populations and thus shrinking tax bases.

Authors E. J. McMahon and Kathryn McCall point out that no single cause can explain these migration trends. Housing costs, New York's stagnant upstate economy and heavy tax burdens no doubt play a role. On the other hand, weather probably counts for less, since Alaska, New Hampshire, Maine, Wisconsin and Minnesota have all added population even as New Yorkers have left by the tens of thousands.

Our own guess is that taxes and economic opportunity are decisive in many cases, especially for the mobile young and the well-to-do old. Even New York Gov. Eliot Spitzer doesn't think he can change the weather, so he'll have to do something about those anti-growth policies.

The Mayor And His Tax Cuts (NYT)

The New York Times, January 18, 2007

Michael Bloomberg was elected mayor five years ago after a self-financed campaign in which he shunned the politician label. So it was particularly striking to see his turnaround become all but complete in his State of the City speech yesterday, when he offered up a crowd-pleasing promise to cut taxes by $1 billion. It was an undeniable moment of political triumph, but it was less clear that it was a triumph for prudent governance.

Mr. Bloomberg is riding high these days, as polls confirm, and he took some well-deserved bows for a job well done. He has also been cutting a national profile on issues like guns and poverty, and now he has added taxes to the list.

The latest tax cuts can only help his standing with voters. It cannot be lost on aides who have been pressing the mayor to run for president that hacking away at voters' tax bills is almost always good politics.

But it is not always good municipal management. It is true that the city has a budget surplus of more than $2 billion now, but the black ink may not last. Mr. Bloomberg showed more caution last year, using a surplus to pay down future obligations.

The new tax cuts are not wildly imprudent. The proposed 5 percent property tax cut will largely be offset by the increases homeowners will see because New York real estate values have continued their steady rise — and it will be for just one year. Some of his other proposed cuts, including rolling back taxes on clothing and small businesses, will need Albany's approval, which is hardly assured.

The tax cuts could end up helping the city's fiscal outlook by improving its competitiveness, especially for small businesses. But Mr. Bloomberg will have to make the case that any such gains would not come at the expense of the fiscal responsibility he himself has long championed.

US, Germany Relaunch Mideast Quartet (AFP)

By Sylvie Lanteaume

AFP, January 18, 2007

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US Secretary of State Condoleezza Rice and current EU president Germany said the international quartet for Middle East peace would meet next month, calling the time ripe for a fresh initiative.

Rice and German Foreign Minister Frank-Walter Steinmeier told reporters after talks in Berlin that representatives from the United Nations, the United States, Russia and the European Union would meet in Washington "probably February 1 or 2."

"I look forward to that meeting as we re-energize the quartet in its efforts to support the progress in the Middle East that could lead to a two-state solution and a Palestinian state living side by side in peace, democracy and freedom," Rice said.

Germany, in its capacity as the current EU president, has pushed for a revitalized role for the quartet at what it considers to be an auspicious time to bring an end to the bloodshed.

"A solution to that problem is more urgent today than ever," Steinmeier said. "We are both of the opinion that the time is ripe for a meeting of the quartet."

Its last full meeting was in September.

Rice came to Germany from Kuwait after completing a six-country tour of the Middle East during which she announced she would hold a three-way summit with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas within a month.

She said in Berlin it would take "a few weeks" to organize the three-way summit.

"I think it will be useful to have the meeting with the quartet in advance of that meeting," Rice said.

Rice said Sunday Washington wanted to build on what she called "the momentum that is currently in Palestinian-Israeli relations."

Steinmeier said he believed the stalled roadmap -- the peace plan drawn up in 2003 by the members of the quartet with the aim of establishing a viable Palestinian state living peacefully alongside Israel -- remained the best option for progress.

In Berlin, Rice also met Christopher Hill, the top US envoy to six-party talks on North Korea's nuclear weapons program, who is holding discussions with the North's negotiator in the German capital.

She said she hoped the six-party negotiations would resume "soon" and that Hill's talks in the German capital would pave the way for "a more favorable atmosphere" when the discussions continue.

Rice and Steinmeier also discussed Iran's nuclear ambitions. Rice underscored the US administration's refusal to engage in bilateral talks with Tehran until it stops enriching uranium.

"This is not the time to break a longstanding American policy of not engaging with the Iranians bilaterally," she said. "It's just not the time."

Germany, which has with EU partners Britain and France negotiated with Iran on its nuclear program, has frequently called on Washington to open a dialogue with the Islamic republic.

Rice's trip to the Middle East had the dual aims of breathing new life into the Palestinian-Israeli peace process and winning support for the Bush administration's plan to deploy more than 20,000 additional US troops in Iraq.

After talks with Rice in Kuwait City Tuesday, the six members of the pro-US Gulf Cooperation Council along with Egypt and Jordan gave the plan a cautious welcome and issued a call for Iraq's neighbors not to meddle in the strife-torn country.

The Gulf states and the US said they wanted to prevent Iraq "becoming a battleground for regional and international powers". This could also refer to Syria which has been repeatedly accused by Washington of fueling the Iraqi insurgency.

"We expressed our desire to see the president's plan to reinforce the American military presence in Baghdad as a vehicle... to stabilize Baghdad and to prevent Iraq from sliding into this ugly war," Kuwaiti Foreign Minister Sheikh Mohammad al-Sabah said.

Rice admitted that Iraq's predominantly Sunni Arab neighbors were skeptical about the ability of Iraqi Prime Minister Nuri al-Maliki's Shiite government to halt the sectarian violence that has pitted Sunni Arabs against Shiites.

"There are concerns about whether the Maliki government is prepared to take an even-handed, non-sectarian path... but everybody wants to give this a chance. That is the position of the people in the region and there is in fact a burden on the Iraqi government to perform," she said in Kuwait.

She will continue on to London, the last stop of her tour, Thursday after talks with German Chancellor Angela Merkel.

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Rice Announces Mideast Strategy Session (AP)

By Anne Gearan

AP, January 18, 2007

Pushing to bring Israelis and Palestinians closer to peace, Secretary of State Condoleezza Rice said Wednesday both sides will need international help.

"Undoubtedly they will reach difficult moments, they will reach times when things are not moving forward," Rice said in announcing that U.S., German and other diplomats will hold a Mideast strategy session early next month in Washington.

The meeting of the United States, European Union, Russia and the United Nations will come before a U.S.-backed summit in the Mideast among Rice, Israeli Prime Minister Ehud Olmert and Palestinian Leader Mahmoud Abbas.

Rice came to the German capital after five days in the Mideast, where she promoted a renewed peace process and sought support for President Bush's Iraq plan.

In Jerusalem and the West Bank, Rice won agreement for a three-way meeting that she said would help build confidence after years of fighting. Rice was careful to repeat that that session does not supplant a dormant 2003 peace plan, although it skips past difficult requirements the plan makes of each side.

The group gathering in Washington represents would-be administrators of the plan, which Israelis and Palestinians have endorsed but never put in force.

The group has become something of a Greek chorus as the mood between Israel and the Palestinians generally soured over the past three years and as Abbas struggles for internal control against Palestinian Hamas radicals.

Before she arrived in Berlin, her chief negotiator for six-nation talks on North Korea's nuclear weapons program offered an olive branch to North Korea, saying Wednesday the U.S. wants a normal country-to-country relationship with the newly nuclear power.

Assistant Secretary of State Christopher Hill and the North's Kim Kye Gwan held unusual direct talks, meeting Tuesday and Wednesday at the U.S. Embassy in Berlin.

Rice asked Hill to return to Asia on Thursday to continue talks meant to hasten the next round of six-nation disarmament talks.

Hill said his talks in Berlin were part of an effort to show North Korea that Washington is sincere and wants a "normal relationship," established through a "bilateral process." That is an implicit promise to stop treating the communist North as a pariah state.

The North would have to renounce nuclear weapons to win that prize, Hill said, a caveat reinforced more strongly by his boss, Rice.

"It's very clearly in the context of the denuclearization — complete, verifiable ... (and) irreversible denuclearization," Rice said during a press conference with German Foreign Minister Frank-Walter Steinmeier.

In 2005, North Korea pledged to dismantle its weapons program in return for security guarantees and economic aid, but the accord has not gone into place. North Korea boycotted further talks for more than a year, and in the meantime proved its nuclear capability with an underground explosion in October.

Hill said he hopes the next round of six-nation disarmament talks will take place by the end of the month.

Rice Cool To Temporary Palestinian State (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, January 17, 2007

Secretary of State Condoleezza Rice sounded cool to the notion of a placeholder Palestinian state in temporary borders, an idea that Israelis had said might energize the dormant peace process.

Rice, speaking to reporters Tuesday, did not rule out the idea, though. Palestinians reject it as a nonstarter, arguing that temporary lines would be too hard to redraw and Israel might end up with large swaths of the West Bank that Palestinians claim is theirs.

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"My own view, and I frankly have been telling people this, (is) that if we get to that point it seems to me that it may be more difficult to negotiate a provisional state than just to go to the end game" of final borders, Rice said. "We're not there yet, and we'll see."

Rice planned to brief German and British leaders this week about the possible next steps toward peace. She was dining with German Foreign Minister Frank-Walter Steinmeier in Berlin on Wednesday and with British Foreign Secretary Margaret Beckett in London on Thursday.

The Bush administration supports an eventual independent Palestinian state alongside Israel. That is the goal of a 2003 U.S.-backed international peace plan that has gotten little traction.

Rice spent a long weekend in Israel and the West Bank assessing the possible next steps toward peace, and on Monday said she will attend a three-way confidence-building session with Israeli and Palestinian leaders.

Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas prefer an informal session to a larger regional or international peace conference, Rice said, referring to an idea advanced in Europe and some Arab capitals.

"That really raises expectations that something is imminent," Rice told reporters traveling with her on a Mideast tour.

In the same session, Rice channeled her background as a college professor for what sounded like her answer Tuesday to criticism that the Bush administration won't talk to its adversaries.

Iraq Study Group authors and piqued senators are among those who accuse the Bush administration of being shortsighted in rejecting talks with Iran and Syria that might help reduce the sectarian violence in Iraq.

"There's a tendency to think about diplomacy as something that is done untethered to the conditions underlying it or the balance underlying it," Rice said partway through a lengthy academic disquisition on the difficulty of recognizing big historical change.

"That's not the way that it works," Rice said. "You aren't going to be successful as a diplomat if you don't understand the strategic context in which you are actually negotiating. It is not dealmaking."

Bush's plan, announced last week, rejects the idea of outreach to Iran and Syria and would add U.S. forces in Iraq.

Syrian, Israeli Backdoor Talks Now Emerging (CSM)

By Ilene R. Prusher

The Christian Science Monitor, January 18, 2007

The last time there was a peace breakthrough that surprised the world, a few offbeat Israeli and Palestinian intellectuals gathered in 1993 at a country house in Norway and came away with the Oslo Accords.

So when news broke this week in Israel's respected newspaper Haaretz, that Israel and Syria had reached a series of secret understandings, it is no surprise that it sent shock waves through a region often plagued by stalemate and violence.

Officials here are distancing themselves from the meetings that took place between Israelis and Syrians in Europe from September 2004 to June 2006, portraying them as an "academic" exercise. But that doesn't mean Israel isn't open to a deal with Syria.

In fact, some Israelis see Syria as a possible key to undermining Hizbullah's threat. The Israeli losses to Shiite militants in Lebanon last summer prompted Wednesday's resignation of the Israeli army's chief of staff, and is triggering calls for the prime minister and defense minister to follow. Swapping the Golan Heights – for Syria withdrawing support for Hizbullah – might be considered, say Israeli analysts.

And, the very fact that Israelis have been meeting with Syrian representatives is indicative of a willingness on the part of some of the region's players to restart a peace track that has long been viewed as derailed indefinitely.

"If it would be up to us academics, we could have solved it a long time ago. But it is up to the leadership," says Moshe Moaz, an Israeli political scientist and Syria scholar at the Hebrew University of Jerusalem. Dr. Moaz – speaking by telephone from Boston, where he is currently on sabbatical at Harvard University – was involved in several of the meetings that took place, which involved both a combination of academics, officials, and former officials, he says.

"I have the sense that the government was informed, but didn't approve of it," he says.

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Reports of a resurrection of the Israeli-Syrian track, which broke off officially around the same time Israeli-Palestinian peace negotiations collapsed in the summer of 2000, conjure deeply different reactions – and come at a volatile, precarious time in the region.

Proponents of talking see Damascus as holding the key to reining in Hizbullah, stopping the flow of arms from Iran into Lebanon, and sizing down the tactical might of Hamas, whose most powerful Palestinian figure, Khaled Mashal, resides in the Syrian capital.

And ever since the end of the brutal war last summer in Lebanon, opinion-makers here have been trying to point the nation's compass for compromise in the direction of Syria. Only a deal with Syrian President Bashar al-Assad, some analysts say, can prevent Israel from finding itself in another war with Hizbullah.

On the other end of this viewpoint are skeptics, both Israeli and Arab, who say that the powerbrokers are as far away from coming to terms as they were before. Israeli officials, as well as many in the Bush administration, various sources here say, view Syria as a country continuing to sponsor terrorist activities. Therefore, they say, it's a country that should be isolated, not engaged.

Moreover, if the assumed price for a peace deal between Israel and Syria is an Israeli withdrawal from Golan, pollsters show that the cost is still too high in the minds of most Israelis.

Even further, observers here say they find it hard to imagine Prime Minister Ehud Olmert and his defense minister, Amir Peretz, have anything approaching the political capital necessary for a deal with Syria. Both men have very low approval ratings – one newspaper last week put Mr. Olmert's at 14 percent.

Olmert said in late December that he would consider restarting talks with Syria, but only if Damascus first ended its support for Hizbullah and other anti-Israeli groups.

The resignation Wednesday of Israeli army Chief of Staff Lt. Gen. Dan Halutz, coupled with an investigation into Olmert's role in a banking sale, might only bolster the image of Olmert's helm as one too racked with scandal to sell the people on peace.

General Halutz stepped down after dozens of internal inquiries into the month-long Lebanon war found widespread problems in the military's performance.

"The war clearly was mismanaged, and when a war is clearly mismanaged, there is no doubt the chief of staff is responsible," said opposition lawmaker Ran Cohen, a former high-ranking military officer. "The responsibility is shared by him, the prime minister and the defense minister, and sooner or later, they, too, will have to leave."

Some of the specifics of the talks between Israelis and Syrians, as reported in Haaretz, indicated a willingness of Israel to withdraw entirely from the Golan Heights, which it occupied in the 1967 Middle East war. Israel later settled the territory, which now has about 16,000 Israelis living on it along with some 18,000 Syrian Druze, and officially annexed the land. The move never received international recognition, but is seen in Israel as part of the national "consensus."

The would-be deal, according to the report, includes the establishment of a large "buffer zone" near the Sea of Galilee, which would be converted into a park for use by Israelis and Syrians.

In opinion surveys, only a minority of Israelis have indicated a willingness to withdraw fully from the Golan Heights. And following the disengagement plan of 2005, the public appears keen to have peace but reluctant to repeat the uprooting of settlers for questionable returns.

Although the Haaretz report indicated that senior officials here had full knowledge of the talks that broke off last summer, Israeli government officials have sharply denied the report.

"We're not questioning that these talks took place," says Miri Eisin, a spokeswoman for the prime minister's office. "But there was no official sanctioning or knowledge of these meetings. This was not a back channel that was sanctioned in any way by this prime minister or the last prime minister [Ariel Sharon].

"It's sort of academic, and there are lots of meetings like that," Ms. Eisin adds. "I can list all kinds of academics that have all kind of meetings and can solve all kinds of world problems. But it doesn't have anything to do with officials."

Although Israeli officials have gone to lengths to deny that the contacts were sanctioned at the highest levels, Haaretz is not the only major Israeli paper to suggest that the Israeli-Syrian track may have yet have some electricity running through it.

The Maariv newspaper reported earlier this week that Uzi Arad, the director of the Interdisciplinary Center in Herzliya, Israel, has floated a plan for an Israeli-Syrian-Lebanese peace that would not require Israel to withdraw fully from the Golan Heights.

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The concept, dubbed the "Arad Plan," would allow Israel to keep a 150-square-mile strip of the western Golan Heights in exchange for an equivalent piece of land elsewhere.

Mohammed Musleh, a professor of Middle Eastern Studies at Long Island University in Brookville, N.Y., says that would be totally unacceptable to the Syrians.

"For there to be a public park that will be used by the Israelis with or without Syrian approval, in violation of Syrian sovereignty, will not be. And Israel has insisted since the start that it must have total control," says Dr. Musleh, a Palestinian academic, during a visit to Jerusalem.

"It's a nonstarter," he says. "This plan also showed that Israel will control sources of the Jordan [River]. But the dispute between Israel on the one hand, and Syrian, Jordan, and Egypt [on the other] over the sources of Jordan, were one of the underlying causes of the war in 1967, because Israel succeeded in diverting the sources of the Jordan River."

Moreover, he says, the demands placed on Syria to come to the table would come at a premium that he doubts Mr. Assad would be willing to pay.

"Syria should distance itself from Iran, on one hand, and Hamas on the other hand. But why should Syria do that in return for nothing? Syria is very much interested in renewing the peace talks with Israel, but neither Washington nor Tel Aviv is interested in peace talks with Syria. The Bush Administration is against any kind of engagement with Syria, and it doesn't want Israel to have any engagement, either."

A New Chance For Peace? (WP)

By Jimmy Carter

The Washington Post, January 18, 2007

I am concerned that public discussion of my book "Palestine Peace Not Apartheid" has been diverted from the book's basic proposals: that peace talks be resumed after six years of delay and that the tragic persecution of Palestinians be ended. Although most critics have not seriously disputed or even mentioned the facts and suggestions about these two issues, an apparently concerted campaign has been focused on the book's title, combined with allegations that I am anti-Israel. This is not good for any of us who are committed to Israel's status as a peaceful nation living in harmony with its neighbors.

It is encouraging that President Bush has announced that peace in the Holy Land will be a high priority for his administration during the next two years. On her current trip to the region, Secretary of State Condoleezza Rice has called for an early U.S.-Israeli-Palestinian meeting. She has recommended the 2002 offer of the 23 Arab nations as a foundation for peace: full recognition of Israel based on a return to its internationally recognized borders. This offer is compatible with official U.S. policy, previous agreements approved by Israeli governments in 1978 and 1993, and the "road map" for peace developed by the "quartet" (the United States, Russia, the European Union and the United Nations).

The clear fact is that Israel will never find peace until it is willing to withdraw from its neighboring occupied territories and permit the Palestinians to exercise their basic human and political rights. With land swaps, this "green line" can be modified through negotiations to let a substantial number of Israeli settlers remain in their subsidized homes east of the internationally recognized border. The premise of exchanging Arab territory for peace has been acceptable for several decades to a majority of Israelis but not to a minority of the more conservative leaders, who are unfortunately supported by most of the vocal American Jewish community.

These same premises, of course, will have to be accepted by any government that represents the Palestinians. A March 2006 poll by the Hebrew University of Jerusalem and the Palestinian Center for Policy and Survey Research in Ramallah found 73 percent approval among citizens in the occupied territories, and Palestinian Prime Minister Ismail Haniyeh has expressed support for talks between President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert and pledged to end Hamas's rejectionist position if a negotiated agreement is approved by the Palestinian people.

Abbas is wise in repeating to Secretary Rice that he rejects any "interim" boundaries for the Palestinian state. The step-by-step road-map formula promulgated almost three years ago for reaching a final agreement has proved to be a non-starter -- and an excuse for not making any progress. I know from experience that it is often more difficult to negotiate an interim agreement,

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with all its future uncertainties, than to address the panoply of crucial issues that will have to be resolved to reach the goal of peace.

Given these recent developments and with the Democratic Party poised to play a more important role in governing, this is a good time to clarify our party's overall policy in the broader Middle East. Numerous options are available as Congress attempts to correlate its suggestions with White House policy, and there is little doubt that the basic proposals of the Iraq Study Group provide a good foundation on which Democrats might reach something of a consensus (recognizing that individual lawmakers could still make their own proposals on details). This party policy would provide a reasonable answer to the allegation that Democrats have no alternatives of their own to address the Iraq quagmire.

A key factor in an Iraq policy would be strong demands on Prime Minister Nouri al-Maliki's government to cooperate in ending sectarian violence, prodded by a clear notice of plans for troop withdrawals. A commitment to regional cooperation, including opportunities for Iran and Syria to participate, would be beneficial in assuring doubtful Iraqis that America will no longer be the dominant outside power shaping their military, political and economic future.

Although Israel's prime minister has criticized these facets of the Iraq Study Group's report, the most difficult recommendation for many Democrats could be the call for substantive peace talks on the Palestinian issue. The situation in the occupied territories will be a crucial factor, and it would be helpful for both the House and Senate to send a responsible delegation to the West Bank and Gaza to observe the situation personally, to meet with key leaders and to ascertain the prospects if peace talks can be launched.

I am convinced that, with bipartisan support, this is a good opportunity for progress.

The writer was the 39th president and is a Nobel Peace Prize laureate. His most recent book is "Palestine Peace Not Apartheid."

Arabs Are Cool To Bush's Iraq Plan (AP)

By Salah Nasrawi

AP, January 18, 2007

Arab leaders were deeply skeptical Wednesday of the U.S. plan for Iraq, a day after Secretary of State Condoleezza Rice tried to sell it to them. Kuwait's emir told Rice that America should work with Iran and Syria, officials said — a move President Bush has rejected.

Underscoring the obstacles to U.S. efforts to win over Arab leaders, a U.S. diplomat said the Bush administration plans 1to send Undersecretary of State for Political Affairs Nicholas Burns on another Mideast shuttle to offer more details of the president's plan.

Meeting with Rice on Tuesday in Kuwait, eight Arab foreign ministers raised tough questions about Bush's new strategy. The ministers — from six Persian Gulf states plus Egypt and Jordan — were particularly concerned about whether the Shiite-led government of Prime Minister Nouri al-Maliki can reach out to Iraq's minority Sunni Arabs to end their resistance and lure them to the political process, according to Arab diplomats.

"Arabs need to know specifically what can the Americans and the Iraqis do to end sectarian domination of the government," said one diplomat familiar with Rice's talks, referring to the Iraqi Shiite-Kurdish alliance which controls the Baghdad government. He and other diplomats spoke on condition of anonymity because the discussions during the closed meeting were private.

A statement put out by the ministers reflected their distrust of al-Maliki's government. They gave vague support for Bush's plan, welcoming a U.S. commitment to defend "the territorial integrity of Iraq and to ensure a successful, fair and inclusive political process."

But they also said it is the "responsibility of the Iraqi government to achieve these goals."

The most upbeat comments came from Egypt.

"Bush's strategy is not merely a military action or operation or a unilateral military program. It represents a vision with different political, military and economic aspects," Foreign Minister Ahmed Aboul Gheit told reporters in Cairo on Wednesday.

Still, Gheit said he underlined to Rice that U.S. and Iraqi forces must crack down on Shiite militias that "have been killing Iraq's Sunnis."

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During her five-day tour, Rice acknowledged concerns about whether the Iraqi government would take "an evenhanded, nonsectarian path" by targeting Shiite militiamen as well as Sunni insurgents and seek reconciliation.

Many Arab leaders feared it would not.

"The main objective now is how to achieve national reconciliation," said Ahmed al-Qatan, the Saudi ambassador to the Arab League. "Unfortunately, the deteriorating conditions cannot provide any hope."

"The situation won't stabilize soon, and the current curve (of violence) will continue for a long time," he told Cairo's leading newspaper, Al Ahram.

Many in the media depicted Rice's visit as a failure. "The whole jet-setting trip turned out to be yet another stage-managed, futile diplomatic exercise. ... In effect, Rice returns to Washington empty-handed with a lot of false promises rather than optimism," the Doha, Qatar-based Peninsula newspaper wrote in editorial.

Jordanian analyst Labib Kamhawi said that besides their doubts over the plan itself, Arab leaders had a difficult time throwing support behind it "when there has been a total failure in Iraq and the Palestinian territories with no attempt to soften the anger that is seething in the Arab and Muslim countries."

The emir of Kuwait was surprised that the Bush plan excludes Iran and Syria from contacts on Iraq.

It is important to have a "dialogue with Syria, in particular, and with Iran in the interest of Gulf security in general," Kuwaiti Foreign Minister Sheik Mohammed Al Sabah quoted the emir as telling Rice.

Bush took a tough line on Syria and Iraq in announcing his plan. He accused them of supporting militants in Iraq and made clear his rejection of proposals for engaging the two countries to use their influence to calm the violence.

Saudi Arabia, meanwhile, is pressing the U.S. to take more active steps to revive the Arab-Israeli peace process in return for helping in stabilize Iraq. The deal, dubbed "Iraq for Land," echoes widespread Arab feelings that resolution to the conflict is key to Mideast stability.

Saudi columnist Dawoud al-Shriyan said Rice should take the calls seriously.

"Every time the Americans are in trouble in Iraq, they remember that Arabs have a cause named Palestine. Therefore, they float some statements to create the impression that they continue their efforts in the peace process," he wrote in the Saudi-owned Al-Hayat newspaper.

Burns' mission to the region next week aims to mitigate Arabs worries.

"Everything (Rice) has been doing in the region, he's going to try to explain," said Hilary Olsin-Windecker, spokeswoman for the U.S. Embassy in Abu Dhabi, the Emirates capital. Burns will "flesh out specifics" of U.S. policy changes that Rice outlined, Olsin-Windecker said.

Burns also is expected to make a major policy address that details new U.S. steps in Iraq and the Gulf in hopes of finally persuading skeptical Gulf allies to support America's project in Iraq, said Mustafa Alani, who oversees military policy at the Gulf Research Center.

Analysis: Rice Sees Iraq, Not Too Close (AP)

By Anne Gearan

AP, January 18, 2007

Iraq looks placid from 37,000 feet. Secretary of State Condoleezza Rice spent a lot of time talking about Iraq's troubles during five days in the Middle East, but the closest she came to the country was on an airplane ride Wednesday as she left the region on a crystal blue day. The flight took Rice smack between the violent cities of Baghdad and Fallujah.

Windows on her plane's left side offered a tranquil view of rolling river valleys. On the right was the sprawling capital, where a suicide car bomb struck a market Wednesday in the Shiite district of Sadr City, killing more

than a dozen people. Later Wednesday in Baghdad, a convoy carrying members of a U.S. democracy group was ambushed and four workers, including an American woman, were killed, an official with the group said.

Electronic maps in the Air Force plane's passenger section charted the aircraft's path across what was labeled "Mesopotamia," southern Iraq's name in ancient times.

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Rice had made the rounds of Arab leaders to ask for support for President Bush's new plan to secure Baghdad and salvage a war that most Americans, and many Arabs, do not support.

In Kuwait, she met with foreign ministers from eight nations whose governments are friendly to the United States despite broad anti-American feeling among their populations. Rice got what she came for — or as much as she might have really expected: a bland statement from the group welcoming the U.S. commitment in Iraq.

Kuwait is next to Iraq, as much of the world was reminded when Saddam Hussein invaded his much smaller, militarily weak neighbor in 1990. But Rice does not talk so often anymore about how Iraqis are much better off since the dictator's overthrow.

Rice's flight to Berlin, where she briefed European leaders on her trip, provided a footnote to the troubled U.S.-Iraq history. Her route to Europe bisected the old southern Iraq "no-fly zone," imposed after the 1990-1991 Gulf War but rendered moot by the U.S.-led invasion in 2003.

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Rice is known for keeping a punishing pace on the road. Packed schedules frequently include stops in two or more countries in a single day.

She is not much for taking in the sights, so it was notable when word came that Rice and her party would tour the fabled ruins of the ancient Temple of Luxor in Egypt. It was only about 20 minutes on the schedule, but what a 20 minutes it would be: Sphinxes! An obelisk! Nefertiti!

Alas, Rice was running late so her tour was scrapped.

She might have caught a glimpse of the stunning temple from her motorcade en route to meeting Egyptian President Hosni Mubarak, who had invited her to the southern Egyptian city, where the west bank of the Nile holds the celebrated Valley of Kings. Usually the leaders meet in the smoggy capital, Cairo.

While Rice worked, a small group from her party wandered happily among the statues and walls.

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Rice began the trip with sessions in Jerusalem and the West Bank intended to energize the stalled Israeli-Palestinian peace process.

As usual, Rice saw Palestinian President Mahmoud Abbas in his headquarters in the West Bank town of Ramallah. The complex is barely recognizable as the same one where Palestine Liberation Organization leader Yasser Arafat holed up under Israeli siege in 2002. He died two years later.

The rubble is gone. Construction crews are busy building a mosque and burial shrine for Arafat.

The Bush administration refused to deal with Arafat and clearly was relieved by the election of the moderate Abbas as his successor. The U.S. now is looking for ways to bolster Abbas in his power struggle with Hamas radicals.

Visiting Abbas at the headquarters has symbolic value, showing respect for Palestinian self-rule. But Arafat's lingering presence is a delicate matter for U.S. officials.

Arafat's picture is everywhere in the complex, although Abbas' has often been added alongside. A portrait of a grinning Arafat that once hung over the dais where Rice and Abbas speak to reporters was gone this time.

On previous visits, Rice's motorcade swept past Arafat's temporary glassed-in burial shine without a pause. Other leaders and diplomats would walk over to the building, which resembled nothing so much as a suburban car dealership, to lay a wreath.

This time, Rice's motorcade entered the complex from the opposite direction. She did not pass by the site.

Kuwait Tells U.S. To Talk To Iran, Syria (AP)

By Diana Elias

AP, January 18, 2007

Kuwait's emir told Secretary of State Condoleezza Rice that Washington should talk to Syria and Iran to improve the situation in Iraq, the Kuwaiti foreign minister said Wednesday.

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Sheik Mohammed Al Sabah told reporters that when Rice met Kuwait's emir, Sheik Sabah Al Ahmed Al Sabah, on Tuesday, she had spoken of the "the difficulties facing the Iraqi government in imposing security, and (difficulties caused by) outside interference."

"That is why his highness (the emir) stressed the importance of a dialogue with (Iraq's) neighbors, and the importance that there is no estrangement between them and America," Sheik Mohammed said.

He quoted the emir as telling Rice it was important to have a "dialogue with Syria, in particular, and with Iran in the interest of Gulf security in general."

Rice was in Kuwait on Tuesday for a meeting on Iraq with her counterparts from the six Arab Gulf states plus Jordan and Egypt.

Speaking at Kuwait airport before flying to Oman, Sheik Mohammed did not reveal what the eight foreign ministers told Rice about the new U.S. plan for Iraq. But he said Rice had told the emir that President Bush had found it difficult to send 21,500 more U.S. troops to Iraq, but he had made the decision to prevent the country from slipping into a civil war.

In announcing his Iraq plan last week, Bush rejected the recommendation of the Iraq Study Group, a bipartisan U.S. panel, which had urged talks with Damascus and Tehran on ways of curbing the sectarian violence in Iraq.

Bush accused Iran and Syria of failing to stop fighters from crossing into Iraq to join the insurgency, and blamed Iran in particular for providing material for attacks on American troops — a charge that Tehran denies.

Iran and Syria are believed to have influence with insurgents in Iraq. Iran has strong ties with Iraqi Shiites, who have powerful militias, and Syria is believed to host senior members of the deposed Baathist regime in Iraq, which is playing a significant role in the insurgency.

Political Rivals Join To Slam President (AP)

By Ali Akbar Dareini

AP, January 18, 2007

TEHRAN -- Conservatives and reformists are openly challenging President Mahmoud Ahmadinejad's hard-line nuclear diplomacy -- an unusual agreement across Iran's political spectrum -- with many saying his provocative remarks have increasingly isolated their country.

The U.N. Security Council voted unanimously last month to impose sanctions on Iran for refusing to halt uranium enrichment. Some critics view the sanctions as an indication that Iran must change its policy.

After a year of silence, reformists are demanding that Iran dispel fears that it is seeking to build atomic weapons, pressing for a return to the enrichment suspension policy under President Mohammed Khatami. Uranium enrichment can produce the material for either nuclear reactors or bombs.

"Resisting the U.N. Security Council resolution will put us in a more isolated position," said the Islamic Iran Participation Front, the largest reformist party.

Mr. Ahmadinejad's popularity already was weakened after his close conservative allies were defeated last month in local elections, which were widely seen as a referendum on his 18 months in power.

Even some conservatives warn that his confrontational tactics are backfiring.

"Your language is so offensive ... that it shows that the nuclear issue is being dealt with a sort of stubbornness," the hard-line daily Jomhuri-e-Eslami said in an editorial.

Some lawmakers on both sides of the political spectrum are considering impeaching Foreign Minister Manouchehr Mottaki if the Security Council approves more resolutions against Iran.

"That all 15 members of the Security Council unanimously voted, against the claim by our diplomatic apparatus that there was no unanimity against Iran, shows the weakness of our diplomatic apparatus," said Noureddin Pirmoazzen, a reformist lawmaker.

Despite the criticism, Mr. Ahmadinejad has remained defiant, escalating Iran's nuclear standoff with the United States and its allies. He has refused to suspend enrichment, even under pressure from Iran's trade allies Russia and China. Iran denies U.S. assertions that it is secretly trying to build a bomb.

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On Saturday, Mr. Ahmadinejad met with Venezuelan President Hugo Chavez, a fellow U.S. critic, at the start of a Latin America tour -- his second such visit in four months. Critics say the trip was partly aimed at diverting attention from the disapproval at home.

Mr. Ahmadinejad also has distanced some of his conservative base by calling for Israel to be "wiped off the map" and hosting a conference last month that cast doubt on the Holocaust. Many feel he has spent too much time defying the West and too little tackling Iran's domestic issues.

Coalition Of The Concerned Grows In Iran (FT)

By Najmeh Bozorgmehr And Gareth Smyth

Financial Times, January 18, 2007

A new political coalition is emerging in Iran in response to growing US pressure, especially over Tehran's nuclear programme, and in concern over the radical approach of President Mahmoud Ahmadi-Nejad in both foreign and domestic policy.

It stretches from reformists and even secular intellectuals to fundamentalists, and results from a belief that Iran may be facing the most serious challenge of its modern history.

"New informal regroupings are being formed based on concern . . . over the fate of the country and the regime," said Behzad Nabavi, a leading reformist. "A common sense of danger [is overcoming] differences over democracy and cultural issues."

Although it remains unclear what direct impact this so-called "coalition of the concerned" can have on nuclear policy or Iran's relationship with Iraq, for instance, its aim is to put Tehran's case more clearly internationally and perhaps craft conciliatory measures. It also wants Iran's supreme leader to rein in Mr Ahmadi-Nejad.

The United Nations Security Council imposed sanctions on Iran last month over its nuclear and missile programmes and set a 60-day deadline for Tehran to suspend almost all nuclear activity or face further sanctions. But Iran's concern is less over sanctions than military attack in the not-too-distant future. US troops raided Iran's "consulate" in northern Iraq last week and seized five "diplomats", accusing Tehran of fuelling insurgency. Increasing American naval deployment in the Gulf has heightened tension.

"We are facing the most serious political challenges, domestically and internationally in our modern history," said a regime insider. "The ruling clerics may be forced into compromises that even the Qajar kings [1795-1925] didn't make."

Iranians remember the Qajar period for weakness, stagnation and humiliating concessions to great powers, including ceding territory to Russia and control of fin-ance and oil to the British.

The coalition is gathered partly around two former presidents, Akbar Hashemi Rafsanjani, a conservative pragmatist, and the reformist Mohammad Khatami.

With the UN resolution and US military build-up feeding fears that Washington's aim is not stopping Iran's uranium enrichment but overthrowing its regime, sen-ior figures argue, the national interest cannot tolerate an inexperienced president whose rhetoric is inflammatory. Mr Rafsanjani, who has been at the centre of Iranian politics since the 1979 revolution and the 1980-88 war with Iraq, repeatedly gives warning that Iran must be "careful" and not fuel "US adventurism". Such wariness is apparently shared by Ayatollah Ali Khamenei, the supreme leader, who waited two weeks before public comment on the UN resolution. The president attacked the resolution as "illegal".

"The regime's strategic policy remains avoiding confrontation because the US has the upper hand, even though Iran is being treated unjustly," said Mohammad Atrianfar, editor of the ban-ned reformist daily, Shargh.

Some of Iran's most seasoned politicians and officials fear that the US and Israel seek nothing short of the country's break-up. "I backed talks with the US for a long time but sadly I've reached the conclusion they want to cut Iran into pieces," a diplomat said.

Iran is a multinational state with a variety of groups who feel discrimination by the majority Persians and Shia Muslims. Tehran accuses Britain and the US of stirring unrest among Kurdish and Arab minorities in the north-west and oil-rich south.

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"The leaders of the Islamic revolution managed to maintain Iran's territorial integrity at critical times, but I'm not sure they can do the same this time if they face the US's destructive power," said a senior reformist. While some insiders argue that Mr Ahmadi-Nejad has little role in the nuclear issue, they worry that his rhetoric is taken seriously by the west and even welcomed by hardliners in the US and Israel.

Even parts of the conservative media have blamed Mr Ahmadi-Nejad for the UN resolution and for disrupting nuclear talks with Europe.

Pragmatists from across the spectrum are looking to Ali Larijani, Iran's top security official, to revive talks with Javier Solana, the European Union foreign policy chief, that stalled last year. They are encouraged by his response to the UN resolution. Facing reporters' insistence on Wednesday that he clarify Iran's position on the nuclear issue, Mr Larijani stressed the importance of a "thoughtful" rather than a "hasty" reaction.

Criticism of the president have been encouraged by Mr Ahmadi-Nejad's setback in elections last month.

The emboldened approach appears designed to create a consensus that leads Ayatollah Khamenei to rein in – or even remove – the president. "The leader is still quiet about election results, probably trying to analyse them, but he doesn't seem happy with Mr Ahmadi-Nejad any more," said one insider. "Mr Ahmadi-Nejad consults the leader less than any previous president but, if one day he ignores the leader's orders, he'll be finished within a week through impeachment by parliament."

Parliament is in uproar, accusing the government of gross mismanagement as prices and unemployment rise. But such a dramatic move as impeachment – unknown in the Islamic Republic's 28 years – would need Ayatollah Khamenei's backing to succeed.

"Ayatollah Khamenei still doesn't believe the president should go," said a former Iranian diplomat. "And if the international crisis becomes more serious, the leader would not allow an impeachment that would make Iran look weak domestically."

U.N. Nuclear Agency Stops Some Iran Aid (AP)

By George Jahn

AP, January 18, 2007

The U.N. nuclear agency has suspended some aid to Iran in line with Security Council sanctions calling for an end to assistance for programs that could be misused to make an atomic weapon, diplomats said Wednesday.

The diplomats emphasized that the freeze was temporary for now and subject to review and approval by the 35-nation board of the International Atomic Energy Agency. Agency officials now are looking at the full list of technical aid programs to Iran and will propose culling those that could serve non-peaceful nuclear aims when the board next meets in March. It is up to board members to make the final decision.

A U.N. official and a diplomat accredited to the IAEA said the suspension was imposed in recent days. Both spoke to The Associated Press on condition of anonymity because they were not authorized to comment on the issue to the media.

Another diplomat said the aid was suspended for programs "where there is a clear prohibition by the Security Council, specifically applying to enrichment, reprocessing and heavy water (production)." He said the agency planned to separate the projects into those where Security Council bans applied, those deemed uncontroversial and a "gray list" of projects that need closer examination as to whether they could be used in weapons production.

"Whatever is absolutely clearly banned by the resolution is now on hold," he added.

The agency's decision to temporarily shelve some projects even before a final decision by the board was interpreted by some diplomats who deal with the Vienna-based IAEA as a victory for the United States.

Washington is the key critic of Tehran's refusal to suspend uranium enrichment. While Tehran says it wants to develop an enrichment program to generate energy, the Americans say the Islamic republic is more interested in the program's other application — creating the fissile core of nuclear warheads.

Still, a U.S. push to halve IAEA aid to Iran as part of Security Council sanctions is facing opposition from traditional U.S. allies in the European Union as well as from developing nations, diplomats said. Such European opposition is worrisome from Washington's point of view because it could dilute attempts to present a unified Western front against Iran's nuclear defiance.

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Iran gets IAEA technical aid for more than 15 projects and dozens more that also involve other countries. Diplomats familiar with American strategy for the next IAEA board meeting March 5 say Washington wants at least half of the aid projects permanently eliminated.

But that is opposed by Germany, which holds the rotating European Union presidency, and many other EU nations. The diplomats said that — unless Washington moderates its stance — confrontation is inevitable at the March meeting.

The United States, Russia, China, Britain, France and Germany all want Iran to mothball its enrichment program and have acted as a group in trying to engage Tehran on the issue. But their approaches and priorities have differed over the past year — resulting in often visible strains in what is meant to be a joint initiative.

Russian and Chinese reluctance to slap harsh sanctions on Tehran — as initially demanded by Washington — have created the greatest pressures. Both nations share economic and strategic interests with Iran

But problems also have surfaced in the ranks of European allies, with Germany traditionally the least hawkish and the French recently nudging the British aside to become the most loyal European backers of the Americans.

Differences over how severely to punish Tehran for its refusal to suspend enrichment led to months of disputes before agreement was reached last month on a Security Council resolution imposing limited sanctions that fell short of the harsher measures the Americans had pushed for.

The sanctions include a review of technical aid to Iran — programs meant to bolster the peaceful use of nuclear energy in medicine, agriculture or power generation.

In November, the board of the agency indefinitely suspended an IAEA project that would have helped Iran put safety measures in place for a heavy water reactor that, once completed, will produce plutonium — like enriched uranium, a potential pathway to nuclear arms. That decision, however, was relatively straightforward, considering the Security Council had already indirectly called for an end to construction of the reactor.

In contrast, most of the projects up for review at the March meeting are for programs that have less obvious potential weapons applications.

They include cancer therapy programs, nuclear safety projects and requests for help in international nuclear licensing procedures.

Pressure Mounts On Olmert To Resign (AP)

By Amy Teibel

AP, January 18, 2007

Prime Minister Ehud Olmert and Defense Minister Amir Peretz came under renewed pressure to resign Wednesday after the Israeli army's chief of staff stepped down in the wake of the flawed Lebanon war.

The sudden departure of Israel's top military official, Lt. Gen. Dan Halutz, delivered another setback to the prime minister, whose popularity has plummeted following last summer's war and a string of political scandals. On Tuesday, Israel's attorney general opened a criminal probe into Olmert's role in a 2005 bank privatization.

Halutz stepped down after dozens of internal inquiries into the monthlong Lebanon war found widespread problems in the military's performance. Halutz had previously rejected calls to resign, despite the growing loss of confidence of his political superiors and subordinates in the army.

With Halutz on his way out, critics quickly clamored for the heads of the country's other wartime leaders, Olmert and Peretz.

"The war clearly was mismanaged, and when a war is clearly mismanaged, there is no doubt the chief of staff is responsible," said opposition lawmaker Ran Cohen, a former high-ranking military officer. "The responsibility is shared by him, the prime minister and the defense minister, and sooner or later, they, too, will have to leave."

Peretz expressed regret Halutz's decision, but he warned Israel's enemies not to misinterpret the move.

Speaking at the graduation ceremony for naval commanders in Haifa, Peretz said Halutz's decision was "premature."

"I am sorry he won't be with us to complete the task" of restoring the army after the failures of the summer's war in Lebanon, Peretz said.

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Peretz, who is also under fire about the war, had a message for Israel's enemies. "Do not misinterpret the army chief's decision to resign as a sign of weakness," he said.

Olmert made a routine appearance at parliament, sparring with lawmakers over unrelated domestic issues and promising to appoint a new military chief within days. Peretz said he would begin interviewing candidates for the vacant military post immediately.

But pressure on Olmert and Peretz is likely to increase ahead of the release of a wide-ranging government inquiry into the war. The investigative panel, focusing on the performance of military and political leaders, is expected to announce its conclusions in the coming weeks.

"Halutz's step was unavoidable, but he was not the only one responsible for the failures of the war — the government was too," lawmaker Ophir Pines-Paz, a member of Peretz's Labor Party, told Army Radio.

He stopped short of calling on Olmert and Peretz to resign, saying he wanted to wait for the government panel to reach its conclusions.

An opinion poll published last week showed Olmert's approval rating at just 14 percent, and his Kadima Party losing if new elections were held.

"It is not clear whether the prime minister will be able to survive the resignation of chief of staff Halutz and his own political problems," said Ephraim Inbar, a political scientist at Bar-Ilan University near Tel Aviv. "We may see pressure in his own party to replace him. This resignation is definitely the beginning of political turmoil in Israel."

Peretz's public standing, meanwhile, is equally dismal. The former union leader won the defense portfolio under a coalition deal with Olmert's Kadima Party, despite his scant military experience.

The war's many flaws only cemented sweeping doubts about his fitness to serve as defense minister, and he now faces multiple challenges to his leadership within his own Labor Party, which is scheduled to hold primaries for chairman in May.

Both Peretz and Olmert "are in a very shaky position," said political scientist Avraham Diskin of the Hebrew University in Jerusalem.

Israel went into the war with a united front against Lebanese Hezbollah guerrillas just hours after they killed three Israeli soldiers and captured two in a July 12 cross-border raid, but that solidarity collapsed after the fighting ended.

Critics questioned whether Olmert moved too hastily with a full-scale campaign that ended without achieving its declared aims — recovering the captured soldiers and crushing Hezbollah.

More than 1,200 people were killed on both sides, most in Lebanon, according to U.N., Israeli and Lebanese officials. Israel claims it killed 600 guerrillas, but that number has not been substantiated, and Lebanon says most of its casualties were civilians.

A total of 159 Israelis were killed, including 39 civilians who died in rocket attacks. Soldiers returning from battle complained of poor planning and shortages of ammunition, food and water.

Uri Guralcky, 30, a graduate student and electronics vendor in Jerusalem, said Peretz and Olmert must accept responsibility for the war's failures. "They must go together with Halutz," he said.

Hezbollah legislator Hussein Haj Hassan told The Associated Press that Halutz's resignation "is the result of the defeat of the Israeli enemy in Lebanon."

Israeli Officials Under Pressure To Quit (AP)

By Josef Federman

AP, January 18, 2007

Prime Minister Ehud Olmert and Defense Minister Amir Peretz faced new calls to resign Wednesday after Israel's army chief stepped down, succumbing to widespread outrage over the handling of last summer's inconclusive war in Lebanon.

Lt. Gen. Dan Halutz became the first Israeli chief of staff to resign since the 1973 war, but the government's political troubles may not end with his departure. With a government probe into the war looming, and a criminal investigation into Olmert's role in a banking deal, the prime minister's troubles appear likely to grow.

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The Israeli public has largely blamed Halutz — along with Olmert and Peretz — for failing to crush Hezbollah guerrillas in Lebanon and halt Katyusha rocket attacks against civilians.

"Halutz's resignation is a positive and unavoidable move," said Ophir Pines-Paz, a member of Peretz's Labor Party. "But the political leadership also has to take responsibility."

Israel launched the war hours after Hezbollah guerrillas killed three Israeli soldiers and captured two others in a July 12 cross-border raid.

Critics say Olmert moved too hastily with a campaign that ended without achieving its declared aims — including the recovery of the two captured soldiers. Soldiers returning from the battlefield said they were poorly trained, lacked basic ammunition and food supplies, and received conflicting orders.

The prime minister, who is supported by a solid majority in parliament, is not expected to resign soon. But the uproar over the alleged mishandling of the war against Hezbollah could harm his chances to remain in office in the long term.

"It is not clear whether the prime minister will be able to survive the resignation of chief of staff Halutz and his own political problems," said Ephraim Inbar, a political scientist at Bar-Ilan University near Tel Aviv. "We may see pressure in his own party to replace him. This resignation is definitely the beginning of political turmoil in Israel."

Nearly 160 Israelis and more than 1,000 Lebanese died in the fighting, according to tallies by government agencies, humanitarian groups and The Associated Press.

The count includes 250 Hezbollah fighters that the group's leaders now say died during Israel's intense air, ground and sea bombardments in Lebanon. Israel has estimated its forces have killed 600 Hezbollah fighters.

Many Israelis criticized the army's inability to stop Hezbollah from firing nearly 4,000 rockets into northern Israel. Analysts say that failure has dealt a major blow to the army's prestige in the Arab world and its ability to deter attacks.

In Lebanon, Hezbollah legislator Hussein Haj Hassan called Halutz's resignation "the result of the defeat of the Israeli enemy in Lebanon." Demonstrators in Beirut, at their nightly anti-government protest, celebrated with fireworks when Halutz's resignation was announced.

In his first public comment since Halutz resigned, Peretz warned Israel's enemies, "Do not misinterpret the army chief's decision to resign as a sign of weakness." Speaking Wednesday evening in Haifa at a graduation ceremony for naval commanders, Peretz said Halutz's decision was "premature. I am sorry he won't be with us to complete the task" of restoring the army after the summer's war in Lebanon.

Peretz insisted that he would continue to guide the reforms — instead of resigning. Olmert and Peretz hoped to pick a new army chief within days.

Halutz stepped down after internal army inquiries found widespread problems in the military's performance. Halutz, a decorated former combat pilot, had previously defended the army's performance and rejected calls to resign.

Critics quickly clamored for the heads of the other wartime leaders, Olmert and Peretz.

"I believe the chief of staff took the right decision after the inquiries in the army. I think that now the question is about his superiors, the defense minister and prime minister," said Yossi Beilin, leader of the opposition Yahad party. "It will be very difficult for both of them to stay in power."

Olmert did not comment publicly about the resignation calls. "It's business as usual in the prime minister's office," said his spokeswoman, Miri Eisin.

But pressure on Olmert and Peretz could increase ahead of the release of a wide-ranging government probe into the war. The investigative panel, focusing on the performance of military and political leaders, is expected to announce its conclusions in the coming weeks.

Voicing popular sentiment, Uri Guralcky, 30 of Jerusalem, said Peretz and Olmert must accept responsibility for the war's failures. "They must go together with Halutz," he said.

A poll broadcast on Channel 10 TV backed that up. Asked whether Olmert should resign, 69 percent agreed. Eighty-five percent said Peretz should quit. The Smith Research poll, conducted by telephone, questioned 425 Israelis and had a margin of error of 4.8 percentage points.

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Olmert's troubles were compounded by the announcement that police were opening a criminal probe into his role in the government's 2005 sale of a controlling stake in a bank. Olmert, then finance minister, is suspected of trying to rig the bidding.

An opinion poll published last week showed Olmert's approval rating at just 14 percent, and said his Kadima Party would lose if new elections were held. Peretz's public standing is equally dismal. The former union leader won the defense portfolio under a coalition deal despite his scant military experience. The war's flaws only cemented doubts about his fitness to serve as defense minister, and he now faces multiple challenges to his leadership within the Labor Party.

Top US Envoy Holds 'Useful' N Korea Talks In Berlin (AFP)

By Deborah Cole

AFP, January 18, 2007

The top US envoy to six-way talks on North Korea's nuclear arms said he was having "useful discussions" with his Pyongyang counterpart here and hoped negotiations would resume this month.

"When you have six hours of conversations and you're going to have some more... certainly you can characterize them as useful discussions," Assistant Secretary of State Christopher Hill said, referring to an initial meeting Tuesday with the North's negotiator Kim Kye-gwan.

State Department deputy spokesman Tom Casey said that discussion was followed up with one or two hours of talks Wednesday at the North Korean embassy in Berlin before Hill travels to Asia Thursday.

Hill, speaking at an American Academy event in Berlin, declined to answer questions on the substance of the meeting but said he hoped the six-party talks, which collapsed in December in Beijing with no discernible progress, would start again "in January."

US Secretary of State Condoleezza Rice said on a visit to the German capital Wednesday that she hoped Hill's talks would set the tone for a positive start to new six-party negotiations soon.

"These discussions that Chris is having... should help prepare the way for a more favorable atmosphere at the time of the resumption of the six-party talks, which we would hope would be soon," she said.

She stressed that Washington would not consider normalizing relations with Pyongyang until it implemented "a complete, verifiable nuclearization -- and I should say irreversible denuclearization."

The Berlin meetings came ahead of Hill's visits beginning Friday to South Korea, China and Japan to continue consultations with key partners in the six-party talks on how to make progress in the next round of negotiations.

Hill noted that the Berlin talks were the first bilateral discussions he had held with Kim outside Beijing.

The two powers held landmark talks in Berlin in 1999 that ultimately led to the lifting of a half-century of restrictions on trade, travel and banking against North Korea after it agreed to a moratorium on missile tests.

But the crisis erupted again in 2002.

Six-party negotiations involving the United States, the two Koreas, Japan, Russia and China were suspended in late 2005 after North Korea walked out in protest at US financial sanctions imposed on a Macau bank accused of illicit dealings on behalf of Pyongyang.

The talks resumed in December last year -- following the North's October 9 nuclear weapons test -- and ended in deadlock as Pyongyang insisted the financial sanctions be lifted before it would discuss nuclear disarmament.

Russia on Wednesday called the US sanctions an obstacle to the resumption of talks and urged flexibility on both sides.

"The United States should have taken some steps toward the Koreans on lifting financial sanctions and discussing this question with them," Deputy Foreign Minister Alexander Losyukov, the head Russian negotiator on North Korea, was quoted as saying by state-run news agency RIA Novosti.

Losyukov also called on North Korea to reconsider its refusal to rejoin the negotiations on account of the US sanctions. "The link is not 100 percent justified," he was quoted as saying.

In a concession to North Korea, the United States agreed to hold parallel discussions on the financial sanctions issue.

A first round of those talks took place on the sidelines of the last six-party negotiations in Beijing in late December.

Neither Hill nor Casey said when the financial discussions might resume.

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Japan and South Korea welcomed the Berlin talks and voiced hope for an early resumption of multilateral discussions on Pyongyang's nuclear arms program.

"Dialogue is a good thing," Japanese Chief Cabinet Secretary Yasuhisa Shiozaki, the top government spokesman, told reporters.

"The Berlin meeting should lay a good groundwork for an agreement on what initial steps to take to implement the September 19 statement," South Korea's foreign minister Song Min-Soon said, referring to a 2005 accord offering the North security and economic aid guarantees in return for disarmament.

Hill described that agreement as "a sort of bible for us" and said he hoped it would be the basis for a new agreement.

North Korea And U.S. Envoys Meet In Berlin (NYT)

By Mark Landler And Thom Shanker

New York Times, January 18, 2007

BERLIN, Jan. 17 — Seeking to revive stalled negotiations to end North Korea's nuclear weapons program, the United States held "substantive" talks with North Korean diplomats here on Tuesday and Wednesday, said the chief American envoy, Christopher R. Hill.

The unusual one-on-one sessions, the first to be held outside Beijing during the Bush administration, were signs of progress since negotiations broke off in December after North Korea demanded that Washington lift financial sanctions against it.

"It was a substantive discussion," Mr. Hill said in an interview on Wednesday, though he refused to give details. "The proof of the pudding will be when we all sit down together in the six-party negotiations."

Mr. Hill briefed Secretary of State Condoleezza Rice on his meetings upon her arrival in Germany after a mission through the Middle East and Persian Gulf. Ms. Rice said later that Mr. Hill's discussions "should help to prepare the way for a more favorable atmosphere at the time of the resumption of the six-party talks, which we would hope would be soon."

Mr. Hill, the assistant secretary of state for East Asian and Pacific affairs, expressed hopes that those broader negotiations — which would also include China, South Korea, Japan and Russia — would resume by the end of this month in Beijing, the traditional host for these talks.

An official in the North Korean Embassy here declined to comment on the talks, which are being led on its side by Kim Kye-gwan.

Persuading North Korea's leader, Kim Jong-il, to abandon his nuclear ambitions has seemed an increasingly hopeless exercise since October, when North Korea tested a nuclear device and declared itself a nuclear state. The most recent talks, American officials said, foundered when the North Korean negotiators proved unyielding on the most basic issues.

Still, the United States was eager to try again, seizing on a visit to Berlin by Mr. Kim to arrange a meeting with Mr. Hill, who was here ostensibly to give a talk at the American Academy in Berlin. American officials appeared encouraged by the tone of the discussions.

North Korea, they noted, was open to talking despite declaring last month that it would not discuss disarmament unless the United States lifted penalties against the Banco Delta Asia in Macao, which held North Korean assets.

The measures, which the United States said it imposed because of North Korea's counterfeiting of American money and laundering of proceeds from drug running, cut off one of the North's valuable channels to international financial markets.

On Wednesday, Russia called on the United States to remove the measures. "The United States should make some step towards the Koreans by lifting the sanctions," the new Russian chief negotiator, Aleksandr Lusyakov, said in an interview with a Russian news agency, RIA.

Treasury officials have held their own negotiations with North Korea to resolve this standoff, and plan to meet again next week, either in Beijing or New York, according to Mr. Hill. But he suggested that the United States did not intend to ease the pressure on North Korea's finances.

"We've had to make it clear to the North Koreans that as long as they are involved in nuclear weapons production, their international financing will come under scrutiny," he said.

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Because of the arcane way that Washington and North Korea communicate in their relationship as long-term adversaries and occasional negotiating partners, some brief language in a speech Mr. Hill delivered here Wednesday provoked significant interest.

Mr. Hill issued what some heard as a tantalizing offer that the United States, within the obligations of a 2005 agreement emerging from the six-party talks, looked forward "to establishing a normal relationship with North Korea."

"Obviously this is via a bilateral process, which will take a long time," he said.

North Korea has long tried to push the United States into formal bilateral talks, as a means of seeking status and legitimacy as well as to decouple Washington from its regional allies. The United States has insisted that formal talks with North Korea be held only in the six-party format.

Asked to clarify whether the United States was dangling a new relationship before the North Koreans, Ms. Rice said late Wednesday that United States-North Korea ties would have to evolve within the six-party framework, and that Washington was unwavering in demanding a complete and verifiable end to the North's nuclear program.

The 2005 statement signed by the six parties "envisioned that the denuclearization of the North Korean Peninsula would lead to a bilateral — a normalization of relations between the United States and the D.P.R.K.," Ms. Rice said, using the initials of North Korea's official name.

By engaging North Korea directly, outside China, the United States must tread carefully, a senior official involved in the talks said. American officials informed China of the meeting in Berlin, and Mr. Hill is headed to Beijing, as well as to Seoul and Tokyo, after he leaves Germany.

Though the six-party talks have been held exclusively in Beijing, North Korea has used Berlin as a diplomatic venue in the past, for example during the 1990s for talks with the Clinton administration. It maintains a large embassy here, a legacy of the days of East German Communism.

Ms. Rice landed here after completing meetings with Arab allies in the Middle East and Persian Gulf, and she flew over Iraq en route to Berlin.

Her trip also included talks in Israel and the Palestinian territories, an effort to push ahead stalled peace talks.

During an evening news conference here, Ms. Rice announced that the so-called quartet — a group of negotiators that includes the United States, the European Union, the United Nations and Russia — will meet in Washington in early February to help restart the Middle East talks.

U.S. Open To Bilateral Talks On Ties With N. Korea (WP)

By Glenn Kessler

The Washington Post, January 18, 2007

BERLIN, Jan. 17 -- If North Korea gives up its nuclear programs, the United States is willing to engage in "a bilateral process" to establish "a normal relationship," the chief U.S. negotiator said here Wednesday after two days of one-on-one talks with his North Korean counterpart.

"We are prepared to go on that road and to really offer North Korea a hand as it moves along the road," Assistant Secretary of State Christopher R. Hill said in a speech here in the midst of his talks, the first time he has met with senior North Korean officials outside Asia. He said he has been trying to "make sure they understand very clearly what we are intending to do, what our intentions are."

Hill's comments mark the first time a U.S. official has publicly emphasized the possibility of such bilateral discussions, something the Pyongyang government has long sought. Ever since the North Korean nuclear crisis began in 2002, the Bush administration has resisted such negotiations, preferring to work through a somewhat cumbersome forum that also includes China, Russia, South Korea and Japan.

The question of how normalization would take place was contentious during the negotiations that led to a September 2005 joint statement, in which North Korea pledged to abandon its nuclear programs. The U.S. delegation specifically sought the removal of the word "dialogue" from the section describing the normalization of relations from the final draft of the statement.

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Critics of the administration have urged it to provide North Korea more detail on possible enticements for giving up its weapons program. Hill's comments appeared to be part of an effort to flesh out the details.

Secretary of State Condoleezza Rice was briefed by Hill on the talks after she arrived here from Kuwait for discussions with German officials on the Middle East. Asked at a news conference about Hill's statement, Rice emphasized the 2005 document, noting that it would "lead to a bilateral, a normalization of relations."

The agreement "is very clearly in the context of the denuclearization -- complete, verifiable denuclearization, and I should say irreversible denuclearization -- to the Korean Peninsula," Rice said. "We believe that the six-party context might allow that evolution to take place."

Hill also noted the September 2005 agreement in his speech, which was organized at the American Academy in Berlin. But the final draft of the agreement is vague about the process of normalization.

The key sentence, using the abbreviation for the Democratic People's Republic of Korea, said, "The DPRK and the United States undertook to respect each other's sovereignty, exist peacefully together, and take steps to normalize their relations subject to their respective bilateral policies." That sentence was crafted after the United States balked at a version referring to "bilateral policies and dialogue."

On Wednesday, Hill said that "we have an adequate bilateral mechanism within the six-party talks to exchange our views with the North Koreans." The comment appeared to refer to the increasingly frequent meetings he has held with his counterpart, Kim Gye Gwan, when the six-party sessions were not taking place. Previously, the meetings with Kim were held in Beijing, generally in preparation for another round of six-party talks, but no new round is currently scheduled.

At the last round of six-nation talks in December, North Korean officials balked at substantive discussions, insisting that the United States lift punitive measures intended to halt alleged money-laundering operations.

Rice flew to Germany after four days in the Middle East, visiting Israel, the West Bank, Jordan, Egypt, Saudi Arabia and Kuwait. Germany currently holds both the rotating presidency of the European Union and the chairmanship of the Group of Eight industrialized countries, giving it substantial diplomatic clout in the first half of the year. German Chancellor Angela Merkel has made it known she is eager to elevate the European role in the search for peace between Israelis and Palestinians.

Rice will fly to London on Thursday to meet with British Prime Minister Tony Blair and plans to return to Washington on Friday.

U.S. General In S.Korea Warns Of Changes (AP)

By Burt Herman

AP, January 18, 2007

The top U.S. general in South Korea warned Thursday that changes to the command structure on the peninsula could damage the ability of allied forces to maintain the more than half-century-old armistice with North Korea.

South Korea has requested it retake wartime command of its own forces, which it turned over to the U.S.-led U.N. Command during the 1950-53 Korean War. The transition is expected to occur sometime between 2009 and 2012.

The top U.S. officer in South Korea, U.S. Army Gen. B.B. Bell, also serves as chief of the U.N. Command. He cautioned that changes to alliance structures must not harm the U.N. commander's ability to quickly mobilize forces to protect the cease-fire between North and South.

"Unless addressed, this situation will make it impossible to credibly maintain the armistice," Bell told a news conference.

He said the problem should be carefully considered during peacetime because on the Korean Peninsula "crisis escalation could quickly, indeed almost instantaneously, lead to combat operations."

"There could be no time to make changes in our command structure while crisis escalates," he said. However, he added that he didn't expect any renewed war.

"If we fail to make adjustments as military leaders, we fail in our responsibilities," Bell said.

North Korea has long maintained that the U.N. Command is irrelevant and a thinly veiled U.S. effort to claim international legitimacy for its forces here. Some 29,500 U.S. troops remain stationed in South Korea as a legacy of the Korean War, with their numbers set to decline to about 25,000 in coming years.

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Although other nations contributed forces during the war in the 1950s, U.S. troops are the only actual fighting elements left on the peninsula in addition to the South Korean military.

Bell argued the U.N. command was still needed.

"Until a lasting peace is achieved on the peninsula, there will continue to be a major role for the U.N. Command," he said.

Somalis Must Reach Out For Unity, U.S. Official Says (WP)

By Karen Deyoung

The Washington Post, January 18, 2007

The Bush administration's point person on Somalia expressed concern yesterday over the slow pace of efforts to form a unity government there.

A lack of willingness by the internationally backed transitional government to reach out to other groups and clans, including "moderate" representatives of an ousted Islamic movement, "frankly, remains our greatest challenge," said Jendayi Frazer, assistant secretary of state for African affairs.

In particular, the transitional government's decision yesterday to fire the parliamentary speaker, Sharif Hassan Sheik Aden, who had made peace overtures to the Islamic movement, would have a "negative impact," Frazer said at a conference on Somalia at the Center for Strategic and International Studies in Washington.

The administration had been clear in discussions with the government, she said, that it "must reach out" to other groups in order to break the cycle of violence in Somalia.

In Nairobi, the U.S. ambassador to Kenya, Michael E. Ranneberger, told reporters that Aden was "the kind of person who could pull people together."

In a separate address at the Washington conference, Sen. Russell Feingold (D-Wis.) said the transitional government was "already running the risk of missing a critical window to establish itself as a credible, transparent and representative government." Feingold criticized what he said was the Bush administration's slow response to the situation in Somalia and its focus on capturing al-Qaeda suspects it says are being harbored by the Islamic movement.

The U.S. military targeted al-Qaeda suspects in an airstrike this month in southern Somalia, where they had fled after Ethiopian troops invaded in late December and installed the transitional government in Mogadishu, the Somali capital. The strike killed as many as 10 people but none of the targets.

A more "comprehensive strategy" including assistance for security, governance, reconstruction and humanitarian needs "has yet to be developed," said Feingold, chairman of the Senate Foreign Relations subcommittee on African affairs. He said he would hold early hearings on Somalia.

Frazer said the administration already has a comprehensive strategy covering those areas. There are continuing efforts to enlist an African peacekeeping force to replace the Ethiopian military, she said, although Uganda remains the only country that has made a commitment to the mission. Details are being worked out for a U.S. airlift of the 1,500 Ugandan troops, who she said should arrive by mid-February.

"I'm so keen on this I feel like maybe we should just hire some planes and pick them up and drop them at the Mogadishu airport," she said.

In addition to promoting political stability and a peacekeeping force, Frazer said, the administration was committed to providing reconstruction and humanitarian assistance. Secretary of State Condoleezza Rice recently announced an initial $40 million in U.S. aid.

Senator Calls For New US Push On Somalia (AFP)

AFP, January 18, 2007

The US Senate's top Africa hand urged the Bush administration to work urgently to establish a peacekeeping force and an international trust fund for stricken Somalia.

"The window of opportunity to effect change in Somalia is closing," Senator Russ Feingold, the new Democratic chairman of the Senate Foreign Relations panel's Africa subcommittee said.

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Washington needs to "quickly and aggresively on all fronts," Feingold said, warning that without action, Somalia's status as a security threat to US interests would grow.

Chasing Al-Qaeda cells in Somalia in US strikes, was not enough, Feingold said, opening a half-day conference on Somalia's plight, sponsored by several policy groups at the Center for Strategic and International Studies think-tank.

Washington must crank up diplomatic efforts towards the formation of a representative national government in Somalia, as well as on a trust fund backed by international donors, he said, adding that the US government should also appoint a special envoy to rally global efforts.

"The price tag will be significant ... (but) we are spending eight billion dollars a week in Iraq, a place where Al-Qaeda wasn't in the first place.

"But we can't even (have an) increase over the 40 million we are doing now with regards to Somalia ... we are just not thinking straight."

Feingold was speaking hours after fresh signs emerged of Somalia's fractured political climate, as lawmakers sacked the speaker of parliament. Sharif Hassan Sheikh Aden, and days after a US strike against an alleged Al-Qaeda cell.

Ethiopian troops entered Somalia in December to support the weak Somali transitional government against powerful Islamists and quickly ousted the Islamists from Mogadishu and much of southern Somalia.

Along with the United States, United Nations and others, Ethiopia, supports deployment of an African peacekeeping force to stabilize Somalia and assist the Somali government in consolidating its limited power.

Aid Groups Warn Of Wider Darfur Crisis (AP)

By Alfred De Montesquiou

AP, January 18, 2007

In a sweeping call for help, a wide range of U.N. aid agencies appealed Wednesday to warring parties to end the violence in Darfur, warning the relief keeping millions alive will be "irreversibly jeopardized" if it does not stop.

The humanitarian groups said a massive influx of foreign aid was the only thing "holding the line" for 2.5 million refugees and over 1 million other civilians in Darfur.

"That line cannot be held much longer," warned the statement issued by 14 United Nations agencies working in Sudan.

Aid groups and U.N. officials have for months been alarmed by the rapidly deteriorating conditions faced by civilians in Darfur, where over 200,000 people have been killed since rebels took up arms against the central Sudanese government in 2003, accusing it of neglect.

The government is accused of having retaliated against civilians with air raids and by unleashing the janjaweed, militias of Arab nomads blamed for the worst atrocities in the conflict.

"Villages have been burned, looted and arbitrarily bombed, and crops and livestock destroyed. Sexual violence against women is occurring at alarming rates. This situation is unacceptable," the statement warned.

The humanitarian groups said what pushed them to issue the appeal Wednesday was the increased targeting of aid workers in the region. The splintering of rebel groups into lawless factions without clear leadership, as well as government restrictions, is making it ever more difficult for aid workers to operate, they said.

"The humanitarian space that we operate in is shrinking," said Ted Chaiban, Sudan country manager for UNICEF, which signed with appeal. Other signatories included the World Food Program, the U.N. Development Program, and the U.N. High Commissioner for Refugees.

With repeated military attacks and shifting front lines, December was the worst month in Darfur in over two years, the statement said. It followed six months of escalating violence, during which 30 U.N. and other aid compounds were attacked, forcing some 400 U.N. and other aid workers to relocate. During the same period, 12 aid workers were killed in zones controlled by rebels and government forces.

"Before, aid workers were being caught up in the violence. Now they're actually being targeted," said Alun McDonald, spokesman for the British aid group Oxfam in Sudan. "It's not the occasional vehicle getting lost, it's compounds being looted in coordinated attacks."

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U.N. and other humanitarian groups say the turning point came on Dec. 18, when at least four aid organizations were attacked in the South Darfur camp of Gereida, the region's largest with 130,000 refugees.

Offices and housing compounds were simultaneously raided, cars and radio equipment plundered, some aid workers endured mock executions and assailants raped a female aid worker from the French aid group Action Contre la Faim.

"We're still trying to understand what happened," said the French agency's Sudan coordinator Philippe Conraud. "The fact that we can't assess why this took place is worrying us for the future."

Nearly all aid workers have evacuated Gereida, a zone reputed to be controlled by fighters from the faction of the Sudan Liberation Movement led by Minni Minawi, the one rebel leader who signed a peace agreement with the government last May.

Conraud said Minawi had provided "very little explanation," but had promised to investigate the incident.

"If the raids were a clear message that aid groups aren't welcome in Gereida anymore, then we'll have to move out permanently," he said.

Meanwhile, 130,000 people who depend on aid to survive in Gereida have not received food since mid-December. "The situation could become very alarming within a few weeks," Conraud said, pointing to World Food Program estimates that more than 170,000 people are now out of reach in South Darfur alone and are seriously at risk for malnutrition.

Deteriorating hygiene in the crowded refugee camps and the isolation of villages have triggered a new surge of cholera, the aid groups said, with 147 dead and more than 2,700 suffering from the epidemic in 2006.

"If this situation continues, the humanitarian operation and welfare of the population it aims to support will be irreversibly jeopardized," the U.N. statement warned.

The U.N. aid groups called on Khartoum's government and the rebels to "take concrete steps toward a peaceful settlement in Darfur and the respect of international humanitarian law and principles" and to hold the perpetrators of crimes accountable.

Pulling out of the region for good is not an option, the aid groups insisted. But the current violence "raises the question of whether we are having an impact that justifies those risks," said Chaiban of UNICEF.

U.N. agencies say Darfur has been their single largest humanitarian effort, with nearly 1 million tons of food delivered at a cost of over $1 billion since April 2004, and the mobilization of some 15,000 Sudanese and international aid workers.

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Associated Press Writer Mohamed Osman contributed to this article in Khartoum, Sudan.

Ban Ki-moon Vows To Reform The U.N. (AP)

By Kasie Hunt, Associated Press Writer

AP, January 18, 2007

The United Nations will see a series of reforms and be "reborn" under new leadership, new U.N. Secretary General Ban Ki-moon said Wednesday.

"I am very much committed to changing the culture of the United Nations," Ban told reporters at the U.S. Capitol after meeting with members of the House Foreign Affairs Committee.

Ban also called on Congress to reverse a law that caps U.S. spending on U.N. peacekeeping missions at 25 percent of the total cost. A U.N. agreement requires the U.S. to pay approximately 27 percent of the costs. Congress voted for the cap in April 2005 in response to the allegations of corruption and mismanagement in the oil-for-food program for Iraq, sexual abuses by peacekeepers and other scandals.

Ban's pledge of additional reforms came in the wake of Tuesday's indictment of U.N. oil-for-food chief Benon Sevan, who was charged with taking a $160,000 (euro124,000) bribe to influence who could buy Iraqi oil under the scandal-tainted humanitarian program.

That scandal sullied the record of then-Secretary-General Kofi Annan when an investigation led by former Federal Reserve chairman Paul Volcker blamed shoddy U.N. management and the world's most powerful nations for allowing corruption in the $64 billion program to go on for years.

Ban, who was South Korea's foreign minister, took over for Annan on Jan. 1.

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The Democratic chairman of the Foreign Affairs Committee, Tom Lantos of California, praised Ban for promising reforms and pledging to release his own financial records. Lantos said this would be a first in the U.N.'s history.

The panel's top Republican, Ileana Ros-Lehtinen of Florida, said: "The U.S. spends a lot of money on the U.N. system, and we want to see real results and real reforms."

The meeting with members of Congress came a day after Ban met with President Bush at the White House. Bush and Ban suggested they want to put behind them the discord typified by the administration's clash with the United Nations over the U.S.-led war that overthrew Saddam Hussein in Iraq.

Ban said he would need congressional help as he tries to mend that relationship.

"We need very active and continuing support from the U.S. Congress," Ban said.

Workers Allege Abuse By Kuwaiti Attache (WP)

By Henri E. Cauvin

The Washington Post, January 18, 2007

Three Indian women who worked in the McLean home of a Kuwaiti military attache filed a lawsuit yesterday alleging that they were brought to the United States illegally and abused and exploited by the diplomat and his wife.

One of the women, Mani Kumari Sabbithi, fled the family's home after the diplomat and his wife became angry over a mistake she made in preparing a meal for the couple's triplets, then 1 year old, the suit alleges.

The wife, Maysaa Al Omar, pulled Sabbithi's hair and threatened to cut off her tongue, the suit alleges. The husband, Maj. Waleed Al Saleh, started screaming at Sabbithi and pushed her to the floor, knocking her out, the suit alleges.

Soon after, Sabbithi went to the home of a sympathetic neighbor to whom the women had confided their problems, according to the lawsuit.

A few months later, in January 2006, the other two workers, Joquina Quadros and Gila Sixtina Fernandes, fled as well, pretending they were going upstairs to do laundry but instead ducking out while their bosses were in the basement, the lawsuit said.

Filed against the couple and the government of Kuwait, the lawsuit is the latest legal effort to curb the exploitation of foreign domestic workers, particularly by diplomats, whose immunity can make it difficult for authorities to investigate allegations of abuse, let alone act to halt such conduct.

Jasem Albudaiwi, the first secretary of the Kuwaiti Embassy in Washington, said Kuwaiti officials learned of the allegations yesterday after media inquiries about the lawsuit and were not able to immediately address the accusations.

"We're investigating all aspects," Albudaiwi said. "We in the embassy don't tolerate any sort of abuse, especially of domestic helpers."

Al Saleh, who lives in the 7000 block of Elizabeth Drive, did not respond to a request made through an embassy spokeswoman for comment on the allegations against him and his wife.

The lawsuit was filed at the federal courthouse in Washington by lawyers from the American Civil Liberties Union. It seeks an unspecified amount of damages for economic losses as well as mental and emotional anguish.

Like many domestic workers who accompany expatriates on assignments to the United States, the women had been granted visas that are conditioned on their continued employment with the person who sponsored them -- a condition that gives the employer tremendous leverage and that can pose a perilous obstacle to filing a complaint about mistreatment.

In this case, the women came from impoverished backgrounds in rural India, the suit said. They alleged a range of abuse, threats and exploitation. At least two of the women were given contracts promising salaries of roughly $1,300 a month for eight-hour work days, the suit alleges. Instead, they were forced to work up to 12 to 18 hours every day doing "backbreaking work" by caring for the couple's four children and performing numerous household chores, the suit said. They were paid just a few hundred dollars a month, according to the suit.

In addition, the money was never given directly to them but instead was sent to relatives in the Middle East, the suit alleges.

Now living in New York state, Fernandes, 39, Quadros, 40, and Sabbithi, 33, have been granted special temporary visas issued to victims of human trafficking, said a lawyer for the women, Claudia Flores of the ACLU.

The ACLU's Women's Rights Project in New York and the law firm Dechert LLP drafted the suit, which alleges human trafficking, forced labor, involuntary servitude, false imprisonment, assault, battery and other violations of the law.

Flores said arguments of diplomatic immunity can be overcome if the case involves a commercial relationship outside the scope of official responsibilities. In those instances, she said, the diplomat's conduct might not be covered by the Vienna Convention.

The exploitation of foreign domestic workers, particularly from South Asia, is a pervasive problem in Kuwait, the lawsuit claims, citing reports by the U.S. State Department and the advocacy group Human Rights Watch.

Victim Of His Power Grab (WP)

By Steven Mufson

Washington Post, January 18, 2007

Chavez's Nationalization Disillusions Utility-Owner AES

Dennis W. Bakke remembers Venezuela's President Hugo Chavez as a charming conversationalist. Chavez loved to talk about baseball and closely followed the fortunes of Venezuelan players in the U.S. major leagues.

And when it came time to talk business, Chavez was supportive. Bakke, then chief executive of AES, wanted to know what the populist leader of Venezuela thought about an Arlington power-generation company spending about $1.7 billion to buy a controlling stake in the Caracas electric utility.

"He was very reassuring," Bakke says. On April 28, 2000, after one of their meetings, Bakke and Chavez emerged from the presidential residence La Casona all smiles, according to one newspaper report. Chavez called Bakke a "revolutionary entrepreneur who wanted to invest in Venezuela." Bakke said he had come to Caracas to "learn how to be a revolutionary businessman."

Seven years later, no one at AES is smiling, and there was nothing reassuring about the Jan. 8 announcement by Chavez that he would nationalize the telecommunications and electric utility industries, including the 82 percent AES stake in the Grupo La Electricidad de Caracas (EDC). The minister of mines and energy, Rafael Ramirez, said on Monday that it was a "reasonable" goal to take over EDC by June as part of a nationalization in which at least four utilities could revert to state control.

Ramirez didn't say how the Venezuelan government would compensate AES or other investors, but the mere talk of nationalization has knocked $138 million, or 15 percent, off EDC's market capitalization on the Venezuelan stock exchange. AES stock dropped as much as 5.4 percent after the announcement, though it has since rebounded.

"Taking risks is what business is all about," Bakke said in an interview yesterday. "The question is how much risk you take." In this case, he said, "we took too much."

Forbes magazine at the time said the AES move was "perplexing," noting that other investors were fleeing because they saw Chavez as an unpredictable, self-styled revolutionary autocrat. But Bakke, now retired from AES and running a chain of charter schools, said the opinion of AES executives and directors was unanimous back then.

"Now I think it was a mistake," he said. "Not so much doing it; you're going to make mistakes. You'd like to be smarter about how big a mistake."

Ramirez suggested that Chavez had "serious complaints" about the way AES has been running the utility, but Michael Shifter, vice president of the Inter-American Dialogue, said AES has simply been caught in Venezuela's political vortex. Since his inauguration last week, Chavez has moved to tighten control of a major private TV station and said the state would soon take majority interest in four international oil projects. Flush with oil revenue, Chavez has shown little concern for plummeting foreign investment.

Critics say that the government's plan to create a new state power firm, 40 percent owned by the state oil company, is a recipe for inefficiency. El Nacional, a major newspaper in Caracas, reported yesterday that official data show that in 2006, EDC had the lowest number of blackouts of any of the country's 11 electricity companies. The paper said that in 2006, there were 148 hours of service cuts. By comparison, Cadafe, the most inefficient of six state-owned firms, had 34,536 hours of cuts, the paper said.

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"It is very hard to find an economic rationale for these decisions," Shifter said. "This is arbitrary autocratic rule. Chavez makes his decisions according to a political calculus."

Back in 2000, that political calculus was different. EDC was founded in 1895, and Chavez was happy to have local investors, most of whom opposed his presidency, bought out. Local stock markets, in a slump since Chavez took power, rebounded after the AES investment. And Chavez was impressed by Bakke, a devout Christian who still believes that "the purpose of business is not making money or making a stock price go up, but to do something wonderful for society . . . in an economically sustainable manner."

Asked about the AES investment by a Venezuelan newspaper in May 2000, Chavez said, "I do not have to meddle in that, because I consider it strictly private." He said the company's executives "displayed a quite progressive vision."

For AES at that time, there were reasons to take the risk. Because so many foreign investors were nervous about Venezuela, the price of EDC shares was attractive. EDC paid out $184 million in dividends to AES in 2004 and 2005, according to the AES Web site. EDC has generating plants, about 2,600 employees and more than 1 million customers.

Bakke said the EDC investment was one of a handful made during his tenure that violated his own guidelines limiting AES's exposure in any one place.

Current AES chief executive Paul Hanrahan, who was a key player in the Venezuela deal in 2000, and other AES officials declined to comment for this article. But today the company is more diversified than ever, with 121 power generation projects in 26 countries and 14 distribution companies. And Hanrahan says the company expects to devote about 30 percent of its capital spending in the next five to seven years to alternate energy projects. (The chairman of the AES board is now former federal budget director and Carlyle Group partner Richard Darman; one of the directors is Charles Rossotti, former Internal Revenue Service commissioner.)

The breadth of AES operations today has cushioned the impact of the Venezuela news, but it could still be substantial. Shelby G. Tucker, a utility analyst with Bank of America, told investors that if AES does not get any compensation for EDC, it would lose about $1.5 billion, or about 10 percent, of its value. But the minority investors in EDC are Venezuelans, and analysts think Ch?vez will want to compensate them. "All signs are that the government intends to push forward and wants to give fair value for the assets," said Guilherme Paiva, a Latin America equity analyst for Deutsche Bank Securities. "Now what is fair value? That is the million-dollar question."

Pulling The Plug On Anti-Chavez TV (WP)

By Juan Forero

The Washington Post, January 18, 2007

CARACAS, Venezuela, Jan. 17 -- Inside Radio Caracas Television, actors make racy soap operas about love gone bad while an influential television host pillories President Hugo Ch?vez. Outside the station, none of that sits well with Alberto Carias, a beefy man with a bullhorn whose agitated followers promise that the days of Radio Caracas Television are numbered.

He makes no pretense about who made the decision -- the president, who is poised for sweet revenge against one of his most dogged antagonists, known here by its call letters, RCTV.

"Here they practice yellow journalism, treacherous journalism that goes against the people's rights," Carias told a crowd earlier this week. And then, discussing the entertainment side, he said: "The children are the ones affected for many years by the sex, by the violence of these programs that go against the morality of children, that go against the morality of the Venezuelan people."

As Chavez accelerates his country's shift toward "21st-century socialism," a decision not to renew RCTV's broadcast license is among the government's more dramatic steps, and one that has caused serious concern among free-press advocates. While Venezuelan officials have accused the 54-year-old station of having collaborated with organizers of a 2002 coup against Chavez, the Committee to Protect Journalists in New York, the Organization of American States and the Catholic Church have warned that press freedoms in Venezuela are in danger.

The case has attracted widespread attention from officials in Washington and Latin America, for whom the non-renewal of a license has echoes of right-wing dictatorships of the past, when newspapers and broadcasters were closed if they veered from

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the party line. Though self-censorship and slayings of journalists remain common, particularly in Colombia and Mexico, the closing of a media outlet for political reasons has not occurred in years.

"The RCTV case is clearly a case of censorship and the most grave step back in the region since Fujimori," said Jos? Miguel Vivanco, Americas director for Human Rights Watch, referring to widespread manipulation of the media by Peruvian President Alberto Fujimori in the 1990s. "Chavez is not renewing the concession to punish a medium for its opposition to the government."

RCTV produces Venezuela's sappy soaps, known as telenovelas, which are wildly popular and have been exported to more than 80 countries. It runs an academy that trained 5,600 actors, journalists and technicians last year, and its news operation has 250 staff members and offices in 10 cities across the country.

Much to the bane of the government, it also features Miguel Angel Rodr?guez, whose three-year-old program, "The Interview," makes mincemeat of Chavez's government every weekday morning. Sitting before a giant screen where Chavez's speeches are replayed, Rodriguez and his guests, usually staunch foes of Chavez, dissect the president's statements and declare his government anti-democratic and incompetent.

"Could we say to Venezuelans that a person of this sort, Hugo Chavez, is rising up against the liberty of Venezuelans?" Rodriguez asked a guest on a recent morning. "Is this constitutional reform, the enabling law and this giant step to consolidate 21st-century socialism a method of finding a legal way to install totalitarianism?"

Government officials openly disparage RCTV's daily programming -- seeing its soaps as akin to pornography. The president has accused RCTV of "poisoning the souls of children with irresponsible sex."

But what really angers the government is what happened before and after April 11, 2002, when an anti-government protest ended in violence and the ouster of Ch?vez. RCTV, like three other major private television stations, encouraged the protests and, once Ch?vez was ousted, celebrated his removal. But when the interim government that replaced him began to collapse, RCTV and other stations blacked out the news -- which the government says was done to keep Venezuelans from rising up against the coup organizers.

The director of the station, Marcel Granier, denies taking part in the coup. "That doesn't apply to me," he said. "I was never in any of those meetings." Granier does acknowledge participating in efforts to mount a recall referendum against Ch?vez in 2004 that failed when the president won 59 percent of the vote. But he contends that RCTV tries to be fair, offering invitations to government officials that are usually ignored.

"What we have tried to do is preserve spaces for pluralism so that different opinions are heard," he said.

Government officials say RCTV has shown nothing but contempt for them. "They were part of the team of conspirators," said Saul Ortega, a congressman. "It's a subversive channel that skirts the law. In no other country would that have been permitted."

Still, the government has not filed charges against any of RCTV's directors. Officials cite the station's anti-government position as a motivation for the non-renewal of its license, set to expire at the end of May.

William Lara, the communications minister, told a delegation from the Committee to Protect Journalists that the station violated a vaguely worded 2004 law by broadcasting sexually suggestive programming during daylight hours. But the government has never provided the station, nor the committee, with an official detailed explanation for the non-renewal.

"The government's decision not to renew the concession is a decision that lacks transparency," said Carlos Lauria, an Argentine journalist who headed the committee's delegation. "We are worried because this can have consequences for the exercise of free expression."

Free expression is exercised in Venezuela. Another influential television station, Globovision, lambastes the government frequently, and Caracas boasts a range of newspapers, many of them with an anti-government bent.

But the government has steadily been pressuring the opposition media -- prompting a once aggressive station, Venevision, to dramatically tone down its news reports. Journalists say access to information is routinely denied, and state advertising is withheld from some opposition media outlets. The government is now planning to close many press relations offices, funneling all information through the communications minister, according to a report in El Universal newspaper.

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The state funds hundreds of community radio stations and numerous newspapers. State television channels run Chavez's speeches and forums where moderators extol the virtues of the government. In 2005, the government founded Telesur, a network for Latin America that Chavez says is a leftist alternative to CNN En Espanol.

If the government follows through with its plans on RCTV, it will mark the end of an era for a station that produced the long-running humor program "Radio Rochela" and famous telenovelas such as "Through These Streets," which dealt with social tensions, and "My Fat Beauty," a humorous look at its lovable protagonist.

In RCTV's sprawling facility, which includes a network news center, studios for soaps, editing rooms and warehouses, workers are trying to stay optimistic.

Cameras roll, directors give orders from a control booth and technicians test for sound in a warren of editing rooms.

Sitting in the makeup room this week, with her hair being blow-dried, actress Hilda Abrahamz was wistful when asked about RCTV's future. She is working on the latest soap in her 25-year career at the station.

"Here, I was born as an actress," she said. "I owe my artistic career to Radio Caracas because they gave me the opportunity to start here."

Border Agent Kills Immigrant; Mexican Government Protests (NYT)

By Jonathan Clark

The New York Times, January 18, 2007

BISBEE, Ariz., Jan. 17 —A Mexican immigrant was shot and killed on Friday by a Border Patrol agent in Arizona, prompting an investigation by federal authorities and condemnation from President Felipe Calderón of Mexico.

The immigrant, Francisco Javier Domínguez Rivera, 22, was shot as he and six others were being taken into custody by a Border Patrol agent, shortly after they crossed illegally into Cochise County in southeastern Arizona, between Naco and Douglas. Before he was shot, Mr. Domínguez Rivera scuffled with the agent, whose identity was not released, a Border Patrol spokesman said.

It was the first fatal shooting by a Border Patrol agent since Aug. 26, 2006, when an agent killed a man who was throwing rocks from the Mexican side of the border near Andrade, Calif., Xavier Rios, an agency spokesman, said.

The Cochise County Sheriff's Department and the federal Department of Homeland Security, the parent agency of United States Customs and Border Protection, are investigating the shooting.

The F.B.I. is also looking at the case and will review the results of the other inquiries before determining whether to expand its investigation, said an agency spokeswoman in Phoenix.

“Any time there’s an assault on a federal agent, we’re involved,” Deborah McCarley, the Federal Bureau of Investigation spokeswoman, said. “As we go along, if information surfaces that there’s been a civil rights violation, then we obviously would take a look at that.”

Lt. Cmdr. Mark Dannels, a sheriff's department spokesman, said the shooting was prompted by stone throwing. A Border Patrol statement called it a scuffle but did not mention stone throwing.

Also, the two agencies' descriptions of where the shooting occurred differed by several miles.

Initial reports suggested that Mr. Domínguez Rivera was unarmed, Jesus Rodriguez, a spokesman for the Border Patrol in Tucson, said. Officials would not be able to say for certain until the investigation was completed, Mr. Rodriguez said.

President Calderón, who took office in December, said at a news conference on Sunday, “I want to begin by extending my deepest condolences, and then my most energetic protest over the death of our countryman, a native of Puebla, who died in Arizona from a gunshot after having been detained by the U.S. Border Patrol.”

The Mexican Ministry of Foreign Relations sent a formal note to the State Department expressing “its serious concern over the recurrence of this type of incident.”

At a news conference on Wednesday, Tom Casey, a State Department deputy spokesman said, “My understanding is we have received a diplomatic note from the government of Mexico on this incident.”

Any response would depend on the outcome of the federal inquiries, Mr. Casey said.

Prison 'Rewards' Border Agents (WT)

By Jerry Seper

The Washington Times, January 18, 2007

Two former U.S. Border Patrol agents surrendered yesterday to begin prison sentences for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico.

Ignacio Ramos, 37, and Jose Alonso Compean, 28, said goodbye to their wives and six children -- three each -- as they turned themselves over to U.S. Marshals shortly after 1:30 p.m. at the federal courthouse in El Paso, Texas, to begin 11- and 12-year sentences, respectively.

Rep. Dana Rohrabacher, the California Republican who has been at the forefront of efforts to have the prosecution reviewed and the agents re-tried, yesterday criticized the White House for not acting in the case.

"This is the worst betrayal of American defenders I have ever seen," Mr. Rohrabacher said of President Bush. "It's shameful this was done by someone who is in the Republican Party. He obviously thinks more about his agreements with Mexico than the lives of American people and backing up his defenders.

"Our border agents risk their lives daily to uphold our immigration laws and defend our borders," he said. "If the conviction of Ramos and Compean is an indication of how our government will repay them, we can be certain good men and women will soon flee the ranks of Border Patrol service."

Ramos, a 10-year Border Patrol veteran and former "Agent of the Year" nominee, and Compean, a five-year member of the agency, were sentenced in October in federal court in El Paso on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

The conviction came after the smuggling suspect, Osbaldo Aldrete-Davila, was located in Mexico by Department of Homeland Security investigators and was given immunity by U.S. prosecutors against any drug charges in exchange for his testimony against the agents.

"How will my children cope with this?" Patty Compean asked reporters as her husband prepared to turn himself over to federal authorities. "My husband is a good man and a good father. Sometimes I just don't know how this all happened."

The White House refused last week a request by Republican House members to keep the two men out of prison pending their appeal. Bush spokesman Tony Snow said that the case against the agents had been mischaracterized, that they had violated regulations and that they had been convicted by a jury.

The two men surrendered after U.S. District Judge Kathleen Cardone, who heard the case, denied a motion that they remain free on bond pending an appeal to the 5th U.S. Circuit Court of Appeals in New Orleans for a new trial.

"Because defendant has been convicted of a crime of violence, he is eligible for release pending appeal only for exceptional reasons," Judge Cardone said in denying the motion. "The court finds that no exceptional reasons exist in this case."

Both men were handcuffed and taken to the county jail for two weeks to a month until they can be transported to their assigned federal prisons. Ramos is expected to be housed in Mississippi, while Compean will be incarcerated in Ohio.

Last month, Mr. Rohrabacher announced a petition drive calling for the commutation of the sentences. His spokeswoman, Tara Setmayer, said that more than 252,000 signatures were collected and that the petition was presented this week to the White House.

The immunity agreement protected Aldrete-Davila from being charged in the United States with drug smuggling. Ramos and Compean found 743 pounds of marijuana in the van he abandoned near the Rio Grande along the border with Mexico.

Aldrete-Davila was shot after he illegally entered the United States near Fabens, Texas, and refused efforts by the agents to stop his vehicle. Court records show he jumped from his van and ran south to the Rio Grande, where he was confronted by Compean, who was knocked to the ground.

Although wounded, Aldrete-Davila managed to cross the border and escape in a waiting van.

The government's prosecution began after an investigator from the Department of Homeland Security's Office of Inspector General located Aldrete-Davila in Mexico. The investigator had been dispatched after the suspect's mother complained to a Border Patrol agent in Arizona that her son had been shot.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 18, 2007 7:45 AM EST

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DOJ_NMG_0118260

TERRORISM NEWS:

Gonzales Faults Judges' Terror Rulings (AP)

By Lara Jakes Jordan, ASSOCIATED PRESS

AP, January 18, 2007

WASHINGTON (AP) - Attorney General Alberto Gonzales rapped federal judges Wednesday for ruling on cases that affect national security policy. Judges, he contended, are unqualified to decide terrorism issues that he said are best settled by Congress or the president.

In a sharply worded speech directed at the third, and equal, branch of the government, Gonzales outlined some of the qualities the Bush administration looks for when selecting candidates for the federal bench. He condemned what he termed activist judges with lifetime appointments who "undermine the right of the people to govern themselves."

In nominating a judge, "we want to determine whether he understands the inherent limits that make an unelected judiciary inferior to Congress or the president in making policy judgments," Gonzales said in the 20-minute speech to American Enterprise Institute, a Washington think tank. "That, for example, a judge will never be in the best position to know what is in the national security interests of our country."

Gonzales did not cite any specific activist jurists or give examples of national security cases.

Pressed later for examples, he noted that Congress approved the Military Commissions Act, which authorizes military trials for terrorism suspects, four months after the Supreme Court ruled the trials would violate U.S. and international law.

"I don't think the judiciary is equipped at all to make decisions about what's in the national security interests of our country," Gonzales said. "How would they go about doing that? They don't have embassies around the world to give them that information. They don't have intelligence agencies gathering up intelligence information. ... It was never intended that they would have that role."

Carl Tobias, a constitutional law professor at the University of Richmond in Virginia, said it is inevitable that courts would decide some of the most contentious questions involving national security.

"Some of the most difficult issues are about national security, how to balance national security and civil liberties - especially in the context of domestic surveillance and enemy combatants," Tobias said. "Those are critically important issues that the courts are being asked to resolve."

Gonzales, a former Texas Supreme Court justice, also characterized efforts to retaliate against unpopular rulings as misguided. He mentioned a failed South Dakota proposal to sue or jail judges for making unpopular court decisions.

He also urged Congress to consider increasing the number of federal judges to handle heavy workloads and to offer them higher salaries to lure and keep the best ones on the bench.

Secret Court To Govern Wiretapping Plan (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 18, 2007

The Bush administration has agreed to shift course and let a secret but independent panel of federal judges oversee the government's controversial domestic spying program.

The Foreign Intelligence Surveillance Court will have final say in approving wiretaps on communications involving people with suspected terror links, Attorney General Alberto Gonzales said Wednesday in a letter to the leaders of the Senate Judiciary Committee.

Since Jan. 10, when the court began overseeing the program, at least one request has been approved to monitor communications of a person believed to be linked to al-Qaida or an associated terror group.

In his letter to Sens. Patrick Leahy, D-Vt., and Arlen Specter, R-Pa., Gonzales wrote that "any electronic surveillance that was occurring as part of the Terrorist Surveillance Program will now be conducted subject to the approval of the Foreign Intelligence Surveillance Court."

The Bush administration secretly launched the Terrorist Surveillance Program in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. Gonzales said Bush would not reauthorize the program.

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The shift in oversight means that all wiretaps or other eavesdropping tools by the federal government must be approved by court order. Previously, the program allowed investigators to spy without a warrant — resulting in widespread criticism from lawmakers and others who questioned the legality.

"The issue has never been whether to monitor suspected terrorists but doing it legally and with proper checks and balances to prevent abuses," Leahy, chairman of the Judiciary Committee, said Wednesday in welcoming the change. "Providing efficient but meaningful court review is a major step toward addressing those concerns."

The turnaround came after more than a year of stubborn insistence by the White House that oversight by the secret court was not required by law and, in fact, would be a hindrance to stopping terrorists. The FISA court was established in the late 1970s to review requests for warrants to conduct surveillance inside the United States.

Bush has maintained that the warrantless surveillance program's existence was "fully consistent with my constitutional responsibilities and authorities," and has said he would continue to reauthorize it "for as long as our nation faces a continuing threat from al-Qaida and related groups." He has said circumventing the FISA court "enables us to move faster and quicker."

On Wednesday, the White House said it is satisfied with the new guidelines to address administration officials' concerns about national security.

"The Foreign Intelligence Surveillance Court has put together its guidelines and its rules and those have met administration concerns about speed and agility when it comes to responding to bits of intelligence where we may to be able to save American lives," White House press secretary Tony Snow said.

Snow said he could not explain why those concerns could not have been addressed before the program was started. He said the president will not reauthorize the present program because the new rules will serve as guideposts.

A federal judge in Detroit last August declared the program unconstitutional, saying it violates the rights to free speech and privacy and the separation of powers. In October, a three-judge panel of the Cincinnati-based appeals court ruled that the administration could keep the program in place while it appeals the Detroit decision.

Additionally, the Justice Department's inspector general is investigating the agency's use of information gathered in the spying program. In testimony last fall in front of the Senate panel, FBI Director Robert Mueller said he was not allowed to discuss classified details that could show whether it has curbed terrorist activity in the United States.

Congressional intelligence committees have already been briefed on the court's orders, Gonzales said in his letter. It was sent to the Senate Judiciary Committee the day before he is set to testify before the panel, which oversees the Justice Department.

Some Democrats said the change still may not go far enough.

"While this may be a step in the right direction, it should not deflect the attention of the American people or the Congress from seeking answers about the current and past operation of this program," said House Judiciary Chairman John Conyers, D-Mich.

Court Will Oversee Wiretap Program (WP)

By Dan Eggen

The Washington Post, January 18, 2007

The Bush administration said yesterday that it has agreed to disband a controversial warrantless surveillance program run by the National Security Agency, replacing it with a new effort that will be overseen by the secret court that governs clandestine spying in the United States.

The change -- revealed by Attorney General Alberto R. Gonzales in a letter to the leaders of the Senate Judiciary Committee -- marks an abrupt reversal by the administration, which for more than a year has aggressively defended the legality of the NSA surveillance program and disputed court authority to oversee it.

Under the new plan, Gonzales said, the secret court that administers the Foreign Intelligence Surveillance Act, or FISA, will oversee eavesdropping on telephone calls and e-mails to and from the United States when "there is probable cause to believe" that one of the parties is a member of al-Qaeda or an associated terrorist group.

Under the previous approach, such intercepts were authorized by intelligence officers without the involvement of any court or judge -- prompting objections from privacy advocates and many Democrats that the program was illegal.

Administration officials suggested that the move was aimed in part at quelling persistent objections to the NSA spying by Democrats who now control Congress and that it is intended to slow or even derail challenges making their way through the federal courts. The Justice Department immediately filed a notice with the U.S. Court of Appeals for the 6th Circuit yesterday informing the panel of the new program and promising to file papers "addressing the implications of this development" on pending litigation.

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Some Justice officials also said that receiving approval from the secret court will enable authorities to more easily use the information they obtain in future criminal prosecutions.

But many details of the new approach remained unclear yesterday, because administration officials declined to describe specifically how the program will work.

Officials would not say, for example, whether the administration will be required to seek a warrant for each person it wants to monitor or whether the FISA court has issued a broader set of orders to cover multiple cases. Authorities also would not say how many court orders are involved or which judge on the surveillance court had issued them.

One official familiar with the discussions characterized the change as "programmatic," rather than based on warrants targeting specific cases. This official, who spoke on the condition of anonymity, said the judge who issued the Jan. 10 order was not U.S. District Judge Colleen Kollar-Kotelly, the FISA panel's chief judge, but rather one of that court's rotating members who was assigned to hear cases that week.

President Bush first issued a secret order in October 2001 authorizing the NSA to monitor telephone calls and e-mail between the United States and overseas if one party was thought to be linked to al-Qaeda or related groups. The initiative, revealed publicly by the New York Times in December 2005, was later dubbed the "Terrorist Surveillance Program" by the administration.

Many Democrats and privacy advocates who had questioned the legality of the program argued yesterday that the administration had effectively conceded defeat by agreeing to place its surveillance efforts under the secret judicial panel whose members approve wiretaps and searches under FISA.

"The issue has never been whether to monitor suspected terrorists but doing it legally and with proper checks and balances to prevent abuses," said Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee. "Providing efficient but meaningful court review is a major step toward addressing those concerns."

Sen. John D. Rockefeller IV (D-W.Va.), chairman of the Senate intelligence committee, said the decision was "confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary."

Rockefeller, who had secretly lodged an early challenge to the NSA program in a confidential letter to Vice President Cheney, said the committee still intends to investigate the program's legality and effectiveness.

Rep. Heather A. Wilson (R-N.M.), a member of the House intelligence panel, also referred to the new approach as "programmatic approval" and said it "does not have the protections for civil liberties" in FISA or in a bill she introduced last year.

In his letter to lawmakers, Gonzales said that the administration has been exploring ways to seek approval from the surveillance court since spring 2005 but that "it took considerable time and work to develop" an approach that "would have the speed and agility necessary to protect the nation from al-Qaeda." An unidentified judge on the FISA court issued orders on Jan. 10 that effectively bring the NSA program under the secret court's authority, Gonzales wrote.

He and other administration officials had argued that operating the NSA spying program through the surveillance court would be slow and cumbersome. Justice officials released statistics yesterday showing improvements in the amount of time it takes to obtain intelligence warrants.

White House and Justice officials said the president was not retreating from his stance that he has the constitutional and legislative authority to order warrantless surveillance on international calls but said the new rules promulgated by the surveillance court have satisfied concerns about whether the FISA process can move quickly enough to authorize surveillance.

"They moot any questions we have had in the past about speed and agility," White House press secretary Tony Snow said. "We're satisfied that this will be effective. We found a happy agreement that allows the whole thing to be placed under the FISA court."

Another official, not authorized to discuss the matter publicly, said both the director of national intelligence and the head of the NSA "have assured the president that the program and that the capabilities to protect this country remain intact under this new order."

Some Democrats remained critical of the secretive process that resulted in yesterday's announcement. Some staff members of the Senate and House intelligence committees were briefed on the plans last week, officials said, but the Judiciary panel was not notified until yesterday.

"This announcement can give little solace to the American people, who believe in the rule of law and ask for adequate judicial review," said Sen. Charles E. Schumer (D-N.Y.), a member of the Judiciary Committee. "And why it took five years to go to even this secret court is beyond comprehension."

Anthony D. Romero, executive director of the American Civil Liberties Union, which has been sharply critical of the NSA spying program, called the decision "an adroit back flip" by the Bush administration.

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"It's clearly a flip-flop because they saw the writing on the wall," Romero said. "But it still does not address questions about whether the president broke the law. Complying with FISA now does not make his actions over the last 4 1/2 years legal."

Even before it was revealed publicly, the NSA program had infuriated Kollar-Kotelly and some other members of the FISA court, who questioned the program's legality and who warned the Justice Department that it could not use information from such monitoring to obtain warrants under FISA.

Advocacy groups filed lawsuits challenging the legality of the NSA surveillance. In August, U.S. District Judge Anna Diggs Taylor in Detroit ruled that the program was unconstitutional and should be halted. The government took the case to the 6th Circuit in Cincinnati, which allowed the program to continue on appeal and is scheduled to hear arguments in the case on Jan. 31.

The fight over the NSA program also raged in Congress, which did not act last year on dueling proposals to authorize the surveillance. A proposal by Sen. Arlen Specter (R-Pa.), then chairman of Judiciary, would have allowed -- but not required -- the administration to receive blanket approval for the program from the FISA court.

In a background briefing with reporters, one Justice Department official said the change to FISA oversight is likely to have a "significant impact" on a number of the court cases now pending, particularly lawsuits seeking to halt a program that is now being abandoned.

The official also said the administration hopes that the change will slow attempts by Congress to hold hearings on the NSA program. "This should remove or take away the heat or need for such a debate," the official said.

Officials said that Bush has issued orders every 45 days to reauthorize the NSA surveillance program and that he will not seek to renew it when the current term expires. The new orders from the FISA court will last 90 days, officials said.

Gonzales had been mum on the topic during media and public appearances in recent days, including a speech yesterday during which he contended that federal judges are unqualified to decide terrorism issues best handled by Congress or the president. Gonzales is scheduled to appear today before the Senate Judiciary Committee.

Court To Oversee U.S. Wiretapping In Terror Cases (NYT)

By Eric Lichtblau And David Johnston

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The Bush administration, in a surprise reversal, said on Wednesday that it had agreed to give a secret court jurisdiction over the National Security Agency's wiretapping program and would end its practice of eavesdropping without warrants on Americans suspected of ties to terrorists.

The Justice Department said it had worked out an "innovative" arrangement with the Foreign Intelligence Surveillance Court that provided the "necessary speed and agility" to provide court approval to monitor international communications of people inside the United States without jeopardizing national security.

The decision capped 13 months of bruising national debate over the reach of the president's wartime authorities and his claims of executive power, and it came as the administration faced legal and political hurdles in its effort to continue the surveillance program.

The new Democratic-led Congress has pledged several investigations. More immediately, Attorney General Alberto R. Gonzales is expected to face hostile questioning on Thursday from the Senate Judiciary Committee on the program. And an appellate court in Cincinnati is scheduled to hear arguments in two weeks on the government's appeal of an earlier ruling declaring the program illegal and unconstitutional.

Some legal analysts said the administration's pre-emptive move could effectively make the court review moot, but Democrats and civil rights advocates said they would press for the courts and Congress to continue their scrutiny of the program of wiretapping without warrants, which began shortly after the terrorist attacks of Sept. 11, 2001.

Democrats praised the administration's decision, but said it should have come much sooner.

"The announcement today is welcome news," said Senator John D. Rockefeller IV, the West Virginia Democrat who leads the Intelligence Committee. "But it is also confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary."

Mr. Rockefeller added, "I intend to move forward with the committee's review of all aspects of this program's legality and effectiveness."

Since the surveillance program was publicly disclosed in December 2005 by The New York Times, the White House has maintained, in scores of court filings, policy papers and press statements, that the president has the inherent power to conduct wiretaps without a court warrant even though a 1978 law put intelligence surveillance under judicial review. The administration failed to win Congressional approval for the program last year after months of lobbying, and some Democrats are still trying to ban it outright.

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The administration continued to assert on Wednesday that the N.S.A. program had operated legally, but it also said the time had come to allow the intelligence surveillance court, known as the FISA court, to review all warrants on all wiretaps in terrorism investigations.

"There's obviously an advantage to having all three branches involved," said a senior Justice Department official, who briefed reporters on the decision on condition of anonymity. "This issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny on the Hill, and just considering all these circumstances, the president determined that this is the appropriate course."

President Bush has authorized the continuation of the N.S.A. program every 45 days by executive order to allow the N.S.A. to conduct wiretaps on international communications without a court warrant. When the current order expires, however, President Bush has decided not to reauthorize the program, officials said.

The Justice Department said Wednesday that it had obtained multiple orders, or warrants, a week ago from the FISA court allowing it to monitor international communications in cases where there was probable cause to believe one of the participants was linked to Al Qaeda or an affiliated terrorist group.

"As a result of these orders," Mr. Gonzales told leaders of Congressional Intelligence and Judiciary Committees in a letter dated Wednesday, "any electronic surveillance that was occurring as part of the Terrorist Surveillance Program will now be conducted subject to the approval of the Foreign Intelligence Surveillance Court."

Justice Department officials said that the FISA court orders, which were not made public, were not a broad approval of the surveillance program as a whole, an idea that was proposed last year in Congressional debate over the program. They strongly suggested that the orders secured from the court were for individual targets, but they refused to provide details of the process used to identify targets — or how court approval had been expedited — because they said it remained classified. The senior Justice Department official said that discussing "the mechanics of the orders" could compromise intelligence activities.

Justice Department officials would not describe whether the court had agreed to new procedures to streamline the process of issuing orders or accepted new standards to make it easier for the government to get approval to monitor suspect e-mail and phone communications.

But the officials suggested that the effort to obtain the court's approval for orders on Jan. 10 was not easy. "These aren't some sort of advisory rulings," one official said. "These are orders issued by the FISA court, not some cookie-cutter order. These orders are complex. It took a long time to work on this."

The officials said the new approach was based on evolving legal interpretations of the foreign surveillance law by the Justice Department, changes in the foreign surveillance statute in recent years and precedents set by the FISA court in approving specific requests to conduct electronic monitoring.

The N.S.A., which has run the program of surveillance without warrants since Mr. Bush secretly approved it in October 2001, is known to have used broad pattern analysis in tracking terrorist communications and identifying possible terrorists.

But senior lawmakers said they were still uncertain Wednesday, even after the administration's announcement, about how the court would go about approving warrants, how targets would be identified, and whether that process would differ from the court's practices since 1978.

The administration said it had briefed the full House and Senate Intelligence Committees in closed sessions on its decision.

But Representative Heather A. Wilson, Republican of New Mexico, who serves on the Intelligence committee, disputed that, and some Congressional aides said staff members were briefed Friday without lawmakers present.

Ms. Wilson, who has scrutinized the program for the last year, said she believed the new approach relied on a blanket, "programmatic" approval of the president's surveillance program, rather than approval of individual warrants.

Administration officials "have convinced a single judge in a secret session, in a nonadversarial session, to issue a court order to cover the president's terrorism surveillance program," Ms. Wilson said in a telephone interview. She said Congress needed to investigate further to determine how the program is run.

Democrats have pledged to investigate the N.S.A. program and other counterterrorism programs they say may rely on excessive presidential authority. Senator Charles E. Schumer of New York said the announcement appeared to be intended in part to head off criticism Mr. Gonzales was likely to face at Thursday's judiciary committee hearing.

"I don't think the timing is coincidental," Mr. Schumer said in a telephone interview. "They knew they had a very real problem, and they're trying to deflect it."

But Justice Department officials said the timing of the announcement was driven solely by the FISA court's notification in recent days that it had approved the new orders. The officials said the orders were the result of two years of discussing with the court how to bring the eavesdropping program under court review, a process they said began long before the program become public.

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A Justice Department official said the department would file a motion with the Court of Appeals for the Sixth Circuit in Cincinnati, arguing that the court's review of the issue in a lawsuit brought by the American Civil Liberties Union "is now moot" in light of this week's developments.

But several legal analysts said the issue might not be resolved that simply.

Bruce Fein, a Justice Department official in the Reagan administration who has been critical of the program, said the appellate court was likely to send the issue back to the trial court to re-examine the issue.

Anthony D. Romero, executive director of the A.C.L.U., said the appellate court should still examine the legality of the program and whether the it had violated intelligence law for the last five years.

"It's not academic when the president violates the law," Mr. Romero said.

White House In U-turn On Wiretapping (FT)

By Demetri Sevastopulo And Alim Remtulla In Washington

Financial Times, January 18, 2007

The White House has agreed to place its controversial domestic spying programme under court supervision in a major policy reversal.

The move came the day before the Senate judiciary committee was expected to grill Alberto Gonzales, the attorney-general, over the Terrorist Surveillance Programme, which Mr Bush approved after the September 11 attacks of 2001.

The White House has argued that the programme – which allows the National Security Agency to intercept the communications of Americans with suspected links to al-Qaeda without obtaining a warrant – is legal because of the president's inherent powers as commander-in-chief.

But critics accused him of ignoring a 1978 law that requires the government to seek approval from the Foreign Intelligence Surveillance Court. In declaring the programme unconstitutional last year, a federal court rebuked Mr Bush by ruling that there were "no hereditary kings in America".

The Justice d\Department has appealed the decision. Asked whether the latest move was linked to the pending appeals case, Tony Snow, White House spokesman, replied: "No, no, no, no, no, no, no."

But the American Civil Liberties Union described the move as a "quintessential flip-flop".

"The NSA was operating illegally and this 11th-hour ploy is clearly an effort to avoid judicial and congressional scrutiny," said Anthony Romero, ACLU executive director. "Despite this adroit back flip, the constitutional problems with the president's actions remain unaddressed."

Officials said the administration had asked the intelligence court to find a way to bring the programme under the auspices of the 1978 Foreign Intelligence Surveillance Act before details of the programme were leaked to the media in 2005.

Arlen Specter, the top Republican on the Senate judiciary committee, questioned why the administration had not made that clear to Congress earlier.

"It is regrettable that these steps weren't taken a long time ago," said Mr Specter, who was one of the few Republican critics of the programme. "I'd like to have an explanation as to why it took from last spring of 2005...when there has been such a public furore and public concern."

Mr Specter added that he wanted the administration to explain whether the court would approve warrants on a case-by-case basis, or whether the administration had blanket authority to monitor communications of Americans where there is "probable cause" they have links to al-Qaeda and its affiliates.

A senior Justice Department official said the move should "take some of the political heat off the debate" in Congress over the programme. But he said the administration still wanted Congress to pass legislation to reform the FISA court process.

Democrats, before regaining control of Congress in November, were previously cautious about criticising the programme out of fear they would be labelled weak on national security. Nancy Pelosi, the House Democratic majority leader, said the move invalidated the administration's argument that the FISA court was too cumbersome.

But Justice Department officials briefing reporters said the administration still wanted Congress to update the FISA to make the process more efficient.

FISA Court Will Monitor Domestic Wiretapping (WT)

By Jerry Seper And Stephen Dinan

The Washington Times, January 18, 2007

Attorney General Alberto R. Gonzales yesterday said that an independent court will monitor Justice Department intercepts of international calls involving terror suspects in this country, allowing independent oversight of President Bush's domestic surveillance program.

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In a letter to Senate Judiciary Committee Chairman Patrick J. Leahy, Vermont Democrat, and the panel's ranking Republican, Sen. Arlen Specter of Pennsylvania, Mr. Gonzales said that the department had agreed to let the Foreign Intelligence Surveillance Court oversee the program and that the court already had approved one request.

Mr. Gonzales said an order establishing the court's oversight was issued Jan. 10 and gives the department, which conducts the program through the National Security Agency (NSA), the "necessary speed and agility while providing substantial advantages."

The move is a major concession for Mr. Bush, who since the program was publicly disclosed in 2005, has argued he did not need -- or want -- to use the special intelligence court.

White House press secretary Tony Snow yesterday said it was the court that changed its procedures, which is what made the new arrangement possible.

But members of Congress and others wondered why the White House could not have simply proposed these changes itself a year ago.

"Since this program was first revealed, I have urged this administration to inform Congress what the government is doing and to comply with the checks and balances Congress wrote into law," Mr. Leahy said. "We must engage in all surveillance necessary to prevent acts of terrorism, but we can and should do so in ways that protect the basic rights of all Americans, including the right to privacy."

Sen. Charles E. Schumer, New York Democrat and a Judiciary Committee member, said the decision to give the court the authority to monitor the surveillance program "flies in the face of the fundamentals of American justice."

He said the decision should have come after the matter was fully and openly debated.

"This announcement can give little solace to the American people, who believe in the rule of law and ask for adequate judicial review," he said. "And why it took five years to go to even this secret court is beyond comprehension."

Anthony D. Romero, executive director of the American Civil Liberties Union, called the announcement "a quintessential flip-flop."

"The NSA was operating illegally and this 11th-hour ploy is clearly an effort to avoid judicial and congressional scrutiny," he said. "Despite this adroit back flip, the constitutional problems with the president's actions remain unaddressed."

The surveillance program had secretly given law-enforcement authorities the ability to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links.

The Bush administration had vigorously defended the legality of the program, saying it would be impossible to obtain warrants in time to intercept international phone calls of those suspected of belonging to al Qaeda to and from the United States.

Mr. Gonzales is scheduled to testify today before the Senate Judiciary Committee, where he has come under fire from Democrats and Republicans over his refusal to release documents detailing the program.

·Charles Hurt contributed to this article.

Warrantless Wiretaps To Cease (WSJ)

By Jess Bravin

The Wall Street Journal, January 18, 2007

WASHINGTON -- The Bush administration said it would discontinue warrantless wiretaps of calls between the U.S. and overseas, a reversal that could help it dodge a confrontation with the Democratic majority in Congress and head off chances a federal appeals court will find the program illegal.

Justice Department officials said future surveillance targeting those suspected of links to terrorism will be conducted under authority of the Foreign Intelligence Surveillance Court, a special panel of federal judges that oversees counterintelligence investigations.

The announcement on the eve of Attorney General Alberto Gonzales's first appearance before the Democratic-controlled Senate Judiciary Committee was the administration's latest nod to the new political reality on Capitol Hill. The administration dropped plans this week to install a conservative Idahoan into a federal appellate judgeship traditionally held by a Californian, an act that had irritated California's Democratic senators. Earlier, the White House said it was giving up hopes to confirm four other appellate-judge nominees that Democrats considered unacceptable.

After the warrantless-surveillance program was disclosed by the New York Times in December 2005, President Bush insisted national-security concerns made it too risky to seek warrants even from the surveillance court. The program involved the National Security Agency tapping conversations of people suspected of terrorist links where one party resided in the U.S. and the other overseas.

Critics contended the program ran afoul of the 1978 Foreign Intelligence Surveillance Act, which established the secretive court as a compromise between counterespionage investigations and civil-liberties concerns. The law requires "a prior judicial

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warrant for all electronic surveillance for foreign intelligence or counterintelligence purposes in the United States in which communications of U.S. persons might be intercepted," according to the statement President Carter appended when signing the bill into law. Last year, a federal judge in Detroit ruled the wiretaps were illegal. Yesterday, the government advised an appellate court that the program had been discontinued and suggested it would seek to dismiss the case before a scheduled hearing on Jan. 31.

In a press briefing yesterday, two Justice Department officials wouldn't discuss details of the new approach. They suggested that last year's amendments to the surveillance act, along with the department's establishment of a National Security Division to oversee counterterrorism operations, had streamlined procedures needed to get warrant applications before a surveillance-court judge.

Democrats offered guarded approval. House Judiciary Committee Chairman John Conyers (D., Mich.) said in a statement, "This may be a step in the right direction," but "it should not deflect the attention of the American people or the Congress from seeking answers about the current and past operation of this program."

Write to Jess Bravin at jess.bravin@wsj.com3

U.S. Ceases Warrantless Spy Operation (LAT)

By Richard B. Schmitt And Greg Miller, Times Staff Writers

The Los Angeles Times, January 18, 2007

Domestic surveillance will be conducted only with a court order.

WASHINGTON — The Bush administration, reversing itself on one of its most controversial counterintelligence measures, said Wednesday that it would no longer secretly eavesdrop on the international calls of terrorism suspects in this country without first getting a court order.

The so-called Terrorist Surveillance Program was launched weeks after the Sept. 11 attacks and remained secret until it was exposed in news reports in late 2005, provoking a public outcry. The program was cited by civil liberties groups and others as a leading example of how the administration's war on terrorism was infringing on privacy rights of ordinary citizens.

The change, announced in a letter from U.S. Atty. Gen. Alberto R. Gonzales to senior members of the Senate Judiciary Committee, appears to be a concession to mounting political and legal challenges to the program.

The administration had been attempting to get congressional authority for the National Security Agency's warrantless eavesdropping, but the chances of that happening in a Democratic Congress are considered slim. And legal challenges to the program are working their way through the courts.

Gonzales said the administration already had obtained "orders" from a special court that reviews surveillance requests, allowing it to continue the wiretapping in some form. But it was not clear whether the secret tribunal, known as the FISA court after the Foreign Intelligence Surveillance Act that created it, had agreed to give the administration substantial latitude or whether major changes were made.

After the existence of the program was reported in the New York Times, administration officials defended the warrantless process as necessary, saying the court reviews were too cumbersome.

In his letter Wednesday, Gonzales wrote: "The orders the government has obtained will allow the necessary speed and agility while providing substantial advantages. Accordingly, under these circumstances the president has determined not to reauthorize the Terrorist Surveillance Program."

Gonzales and other officials refused to divulge details of the orders that the FISA court adopted Jan. 10. A senior Justice Department official, speaking on condition of anonymity, acknowledged there had been "modifications" in the program. But the official said the court did not grant blanket approval to the program, indicating that officials would continue to have to establish probable cause of individual links to terrorism, at least in some cases. The surveillance orders are good for 90 days and can be renewed.

White House Press Secretary Tony Snow said that the new procedures culminated a nearly two-year process begun in spring 2005, and that the shift was not in response to court action or legislation.

But Snow acknowledged that the new plan answered "political objections a number of people have been raising" about the program. He said that the congressional intelligence committees were notified last week and that the Senate Judiciary Committee was informed Wednesday.

Action applauded

Rep. Jane Harman (D-Venice), formerly the ranking Democrat on the House Intelligence Committee, said the Bush administration faced the difficulty of justifying a range of national security programs to "a much more active Congress. I think they are picking their battles and, frankly, [the wiretapping program] was a very unpopular position with the Republican base."

Harman said the reversal by the White House was not brought about by any modification to FISA. "The bottom line here is they will have to get individualized warrants if they want to listen to the communications of Americans in America," she said.

However, she added, "I'm not talking about people who are not Americans or U.S. persons." Harman declined to elaborate, saying that the details in the FISA procedures are classified. But her comment suggests that individuals who do not meet the legal definition of "U.S. persons" might fall under a more lenient legal standard that would allow the government to place them under surveillance without going through the same FISA application process.

The action was embraced Wednesday by lawmakers and civil liberties groups who said the move was an overdue recognition by the administration that it had been overstepping legal bounds.

"The announcement today is welcome news, but it is also confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary," said Sen. John D. Rockefeller IV (D-W.Va.), chairman of the Senate Intelligence Committee. "The president could have and should have worked with the Congress immediately following Sept. 11, 2001, to fashion a surveillance program that was in compliance with all existing statutes."

Sen. Charles E. Schumer (D-N.Y.) said: "This announcement can give little solace to the American people, who believe in the rule of law and ask for adequate judicial review. And why it took five years to go to even this secret court is beyond comprehension."

Other lawmakers called on the Justice Department and the FISA court to release further details. Sens. Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee, and Arlen Specter of Pennsylvania, the panel's ranking Republican, wrote to the court's presiding judge Wednesday, asking that she supply the committee with copies of the new orders authorizing the surveillance and, when possible, make them public.

Gonzales is set to testify this morning before the Senate Judiciary Committee.

Changed landscape

The administration's about-face comes as it confronts a much different political landscape than it did five years ago. Democrats are vowing closer scrutiny of its use of executive power. And White House-backed legislation that would have amended the law to allow for the sort of surveillance Bush was conducting died when the GOP Congress was voted out.

In fact, a federal court in Detroit ruled in August that the warrantless program was unconstitutional, and many legal experts believe the Supreme Court would agree.

The Justice Department on Wednesday wrote the federal appellate court in Cincinnati that is hearing an appeal of the Detroit ruling to inform the court that the department was now subjecting the program to court oversight. It was unclear what the impact would be on the appeal.

Lawyers challenging the program said it was bound to be struck down by the courts.

The administration decision "restores the rule of law and ends a program that rested on the president's assertion that as commander in chief he can secretly order that federal criminal statutes be violated and Americans spied upon," said David Cole, a Georgetown University law professor who has been representing the Center for Constitutional Rights in a lawsuit challenging the wiretap program. "That position was lawless."

Court To Oversee Wiretap Program (USAT)

By Donna Leinwand

USA Today, January 18, 2007

WASHINGTON — The Bush administration said Wednesday that it will allow an independent court to oversee its controversial surveillance program in which the National Security Agency has electronically eavesdropped on Americans and others without obtaining court warrants.

The move, announced by Attorney General Alberto Gonzales, comes amid increasing criticism from Democrats and some Republicans in Congress who say the NSA's Terrorist Surveillance Program has infringed on privacy rights and wrongly bypassed a special court of federal judges that secretly monitors classified intelligence-gathering within the USA.

Established by the 1978 Foreign Intelligence Surveillance Act (FISA), the panel issues what essentially are secret search warrants to FBI, CIA and other federal agents who want to set up wiretaps or other electronic surveillance in cases in which national security is thought to be at stake. The court's workload has soared since the Sept. 11, 2001, terrorist attacks; last year it approved more than 2,000 requests for surveillance, the Justice Department says.

The administration, however, repeatedly has questioned whether the FISA court could move quickly enough to approve surveillance requests to respond to emerging threats. After the 9/11 attacks, President Bush secretly issued an executive order authorizing NSA terrorism investigators to conduct warrantless surveillance on communications coming into or going out of the USA. It's unclear how many people have been subject to such surveillance, or what threats have been targeted.

The NSA program was disclosed by The New York Times in December 2005, prompting a vigorous debate over whether the administration was trying to avoid judicial oversight and violating the Constitution in its efforts to prevent terrorism. Gonzales and other officials continue to say the warrantless surveillance program is legal, but say they now are satisfied the FISA court can respond quickly to developing threats. They say it has dramatically cut its backlog of surveillance requests and the time it takes to approve them.

In a letter to leaders of the Senate Judiciary Committee, Gonzales said the NSA program now will answer to the FISA court. He said that on Jan. 10, the court issued orders authorizing the government to monitor phone calls and e-mails into and out of the USA in cases in which one of the parties is suspected of having ties to al-Qaeda or other terrorist groups. The FISA court will review each request for surveillance, he said.

The White House's reversal on warrantless searches came as Gonzales was preparing for tough questions today from the Judiciary Committee, which like the rest of Congress swung to Democratic control after the November elections. Chairman Patrick Leahy, D-Vt., has been particularly critical of the NSA surveillance program. Pennsylvania Sen. Arlen Specter, the panel's top Republican, also has criticized the program and said he still has questions about whether it is legal.

House Intelligence Committee member Jane Harman, D-Calif., said the administration's move was long overdue. "We could have been here a year ago," she said. "America operates under the rule of law, and eavesdropping on Americans in America must comply with our laws and Constitution."

In 2005, the FISA court approved all 2,072 applications for surveillance the government submitted, a Justice Department report says. However, the court altered the requests in 61 of the cases, the report says.

White House Retreats Under Pressure (NYT)

By Scott Shane

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The Bush administration's abrupt abandonment on Wednesday of its program to eavesdrop inside the United States without court approval is the latest in a series of concessions to Congress, the courts and public opinion that have dismantled major elements of its strategy to counter the terrorist threat.

In the aftermath of the 2001 attacks, President Bush asserted sweeping powers to conduct the hunt for operatives of Al Qaeda, the detention of suspects and their interrogation to uncover the next plot. But facing no new attack to justify emergency measures, as well as a series of losses in the courts and finally the Democratic sweep of the November election, Mr. Bush has had to retreat across the board.

"I think there's no question that both politically and legally, the president has been chastened," said Douglas W. Kmiec, professor of constitutional law at Pepperdine University and generally a supporter of the administration's interpretation of executive power.

Harold Hongju Koh, the dean of Yale Law School and a critic of the administration's legal theories, said the president's strategy might have provoked so strong a judicial and Congressional rebuff that it would ultimately accomplish the opposite of his goal. "I think historians will see it as an exorbitant and extreme theory of executive power that ended up weakening the presidency," Mr. Koh said.

That would be an extraordinary outcome, and one that is far from assured. In some areas, the administration has preserved its freedom to act, notably in persuading Congress last fall to deny prisoners held in Guantánamo Bay, Cuba, the right to challenge their detention in American courts. The full details of the new approach to the domestic eavesdropping program have not been publicly disclosed.

Mr. Bush's legal strategy has been directed not only by the practical need to prevent attacks but also by the belief, expressed most fervently by Vice President Dick Cheney, that presidential powers, and the war-making power in particular, were excessively curbed in reaction to the Vietnam War and the Watergate scandal.

Among the laws passed in the post-Vietnam, post-Watergate era was the Foreign Intelligence Surveillance Act of 1978, a hard-fought compromise between the security agencies and civil libertarians. The National Security Agency and the F.B.I. could keep eavesdropping on spy and terror suspects in the United States, but only by justifying their actions to a federal judge in secret hearings before the Foreign Intelligence Surveillance Court.

For more than two decades, that compromise served, and government eavesdropping on American soil took place only under court order. But after the Sept. 11 attacks, the White House decided that the court approval process was too slow and cumbersome to match the terrorist threat and that the president had the power to bypass the FISA act and order surveillance on his own authority as commander in chief.

In December 2005, a few days after the program of eavesdropping without warrants was disclosed by The New York Times, Mr. Cheney linked it explicitly to the broader question of executive power. "It was true during the cold war, as well as I

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think what is true now, the president of the United States needs to have his constitutional powers unimpaired, if you will, in terms of the conduct of national security policy," Mr. Cheney told reporters. "So when you're asking about my view of the presidency, yes, I believe in a strong, robust executive authority."

The same philosophy guided administration actions in other areas. Hundreds of men were labeled unlawful enemy combatants and imprisoned at Guantánamo Bay, a location chosen in the hope that it would be beyond the reach of American courts. Dozens of terrorist suspects were seized by the Central Intelligence Agency and held in secret overseas locations.

Some of those C.I.A. prisoners were interrogated using techniques far harsher than anything approved in earlier wars, including waterboarding, a simulated drowning that many human rights advocates believe crossed the line into torture.

Slowly but surely, each of those programs has been eroded. In some cases, the press has uncovered them, creating an outcry from civil libertarians and some Democrats in Congress and often revealing a rift inside the administration.

In others, the courts have weighed in, upholding some of the administration's moves but setting firm limits to others. In the Hamdi case in 2004, Justice Sandra Day O'Connor wrote for the Supreme Court's majority, "We have long since made clear that a state of war is not a blank check for the president when it comes to the rights of the nation's citizens."

Last year, in Hamdan v. Rumsfeld, the court rejected the rules for military commissions to try unlawful combatants. Mr. Bush subsequently ordered the C.I.A. to move its 14 so-called high-value Qaeda suspects to Guantánamo to await legal proceedings. Though a new list of approved interrogation techniques has not been finalized, officials say it will not include waterboarding.

The N.S.A. program, too, has faced tough scrutiny.

A federal judge in Detroit ruled the program unconstitutional, a finding now on appeal. Under pressure from some Republicans as well as Democrats in Congress, the administration first agreed to brief the full Senate and House intelligence committees on the closely guarded program and then accepted the idea of legislation to bring the program under the law. The several proposals pending in Congress to rein in the N.S.A.'s eavesdropping may now become moot.

But even if Mr. Bush has again backed away in the face of legal and political trouble, he has by no means given up on the national security agenda that he clearly sees as his legacy, for better or worse. Despite strong opposition from Congress and the public, he has decided to send more American troops into combat in Iraq. Mr. Bush remains commander in chief, whose constitutional powers remain formidable.

Democrats may have been empowered by the election and by the administration's recent setbacks, but while voicing loud protests over Mr. Bush's new plan for Iraq, they are moving cautiously, with most willing at least for now to embrace only symbolic resistance.

Court To Monitor Bush Eavesdropping Program (MCT)

By Marisa Taylor And Greg Gordon

McClatchy Newspapers, January 18, 2007

WASHINGTON - In a major retreat, the Bush administration disclosed Wednesday that it has obtained approval for its domestic spying program from a special national security court and no longer will resort to warrantless telephone taps to search for terrorists.

Attorney General Alberto Gonzales revealed the secret arrangement with the Foreign Intelligence Surveillance Court on the eve of his first appearance before the Democratic-controlled Congress and amid an appeals court fight over a federal judge's ruling striking down the spying program as illegal and unconstitutional.

But Gonzales' disclosure left unclear whether the secret court has set up a special program that simply gives broad authority for wiretaps or requires the administration to seek warrants the same as always under a 1978 national security law. Under that law, the government obtained warrants on a case-by-case basis, after demonstrating a likelihood that the subject was a terrorist.

Since shortly after the Sept. 11, 2001, terror attacks, the National Security Agency has been wiretapping Americans' international phone calls, e-mail and other electronic communications when at least one party is suspected of supporting or engaging in terrorist activities. The disclosure of the program in 2005 provoked an outcry from civil liberties groups and members of Congress, including some Republicans.

The new procedures appeared to mark a dramatic shift from the administration's previous position that the president had the authority to eavesdrop on Americans without court scrutiny to ensure the nation's security. Justice Department lawyers, however, maintained that the president retains that power.

Administration officials said the shift results from secret "orders" issued by a judge on the seven-member court that authorize the surveillance so long as the government has probable cause to believe the subject of the eavesdropping is linked to al-Qaida or affiliated terrorist groups - conditions that mirror those in the original law.

In a letter to the leaders of the Senate Judiciary Committee announcing the new arrangement, Gonzales said any electronic surveillance that was occurring under the old program would now be subject to approval by the FISA court.

Gonzales said the administration began exploring options for seeking such approval in the spring of 2005 - months before the media revealed the program's existence. He said it took "considerable time and work for the government to develop the approach that was proposed to the court" to approve the orders.

He didn't explain the reason for the shift in policy, other than to say that the government was seeking a way under the 28-year-old Foreign Intelligence Surveillance Act to obtain the "speed and agility necessary to protect the nation from al Qaida."

But Democrats and some Republicans questioned why the administration waited years to bring the controversial program under the oversight of the FISA court when both parties were willing to adjust the law to address the administration's concerns.

"This decision is welcome news, if long overdue," said Rep. Silvestre Reyes, D-Texas, chairman of the House Permanent Select Committee on Intelligence. "It proves that this surveillance has always been possible under the Foreign Intelligence Surveillance Act and that there was never a good reason to evade the law."

Sen. Arlen Specter, R-Pa., a leading critic of the program, said, "It is regrettable that these steps weren't taken a long time ago."

In a Senate floor speech, Specter questioned what evidence the administration will have to disclose to the court before undertaking the surveillance and whether the Justice Department is required to seek warrants on a case-by-case basis, or whether it has been given some sort of blanket authority by the court.

Senior Justice Department officials, in a briefing to reporters, refused to go into detail about the arrangement, but denied that they have such blanket authority.

"These are orders that comply with the terms and requirements of the FISA statute, just like other orders issued by the FISA court," said the official, who spoke on condition on anonymity because of agency policy. "The orders we're talking about here are not some cookie-cutter order where you can just ... slap it together and file it with the court."

President Bush confirmed the existence of the program only after The New York Times reported it. Bush said the revelation had seriously damaged national security, and he rejected charges that the program was illegal.

Democrats, civil liberties advocates and some Republicans contended that Bush violated the Fourth Amendment protection against unreasonable searches and violated the current laws that require approval from the court.

Ann Beeson, national security director for the American Civil Liberties Union, which won a lawsuit over the program, said it hardly seems a coincidence that the administration backed off just two weeks before a federal appeals court hearing on the ACLU's injunction on the surveillance program.

Beeson said Bush had allowed for the court's involvement only "under pressure." How much involvement, she said, wasn't revealed in the letter to leaders of the Senate Judiciary Committee.

Sen. John Rockefeller, D-W. Va., the new chairman of the Senate Intelligence Committee and who first raised questions about the program in a letter to the White House in 2003, said the new arrangement was "confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary.

"The president could have and should have worked with the Congress immediately following September 11, 2001, to fashion a surveillance program that was in compliance with all existing statutes."

Rockefeller said his committee will move ahead with a review "of all aspects of this program's legality and effectiveness."

Democrats on the Senate intelligence and judiciary committees are likely to demand more details on how the program worked, who was under surveillance and the legal justification for the program.

Jonathan S. Landay contributed to this story.

Attorney General: NSA Spy Program To Be Reformed (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News, January 18, 2007

Alberto Gonzales said the controversial domestic surveillance program will now be overseen by a secret court in Washington.

The Bush administration will substantially alter its controversial domestic surveillance program by seeking approval for wiretaps from a secret court, Attorney General Alberto Gonzales said Wednesday.

The surprise announcement by Gonzales said President Bush has agreed that "any electronic surveillance that was occurring" under the program will be conducted subject to the approval of the Foreign Intelligence Surveillance Court in Washington, D.C. The program is conducted by the National Security Agency.

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In a two-page letter (PDF) to the U.S. Senate's Judiciary committee, Gonzales did not specify what prompted the abrupt policy change. Gonzales did say that it took "considerable time and work" for the Justice Department to devise a method that suited both prosecutors and the judges on the court.

The change appears to represent a concession to critics of the NSA program, who have charged that it was illegal and unconstitutional for the government to spy on Americans without any judicial oversight. The Bush administration claims that only international communications involving someone with ties to terrorism are targeted.

It's not clear if the letter was prompted by legal or political concerns. Gonzales' announcement came less than 24 hours before he is scheduled to appear before the now Democrat-controlled Senate for a public hearing about Justice Department activities.

Democratic politicians welcomed the news. "We must engage in all surveillance necessary to prevent acts of terrorism, but we can and should do so in ways that protect the basic rights of all Americans including the right to privacy," Vermont Sen. Patrick Leahy, the head of the Judiciary committee, said in a statement. "The issue has never been whether to monitor suspected terrorists, but doing it legally and with proper checks and balances to prevent abuses."

In addition, the Bush administration signaled on Wednesday that it would use the announcement to delay or derail lawsuits that arose out of the NSA program. In a letter (click for PDF) sent to the 6th Circuit Court of Appeals, the government said it will file legal briefs "addressing the implications of this development on the litigation." (One federal judge already has ruled the program to be unconstitutional.)

Cindy Cohn, legal director of the Electronic Frontier Foundation in San Francisco, said it's too early to say whether her group's lawsuit against AT&T would be affected. "It's too early for us to comment," Cohn said. "I don't think we can say anything definitive one way or another."

That lawsuit, which a federal judge let proceed on November 17, claims that the telecommunications company unlawfully opened its networks to the NSA. AT&T has not confirmed or denied participating, though one of its lobbyists has pointedly described "very specific federal statutes that prescribe means, in black and white law, for provision of information to the government under certain circumstances."

The Foreign Intelligence Surveillance Court, created by the 1978 Foreign Intelligence Surveillance Act, is known as a secret court because its hearings are held behind closed doors and its proceedings are kept confidential. Only certain Justice Department attorneys may attend its sessions.

Bush's decision does not take effect immediately. He has renewed the NSA surveillance program every 45 days since it began shortly after the terrorist attacks of September 11, 2001, and Gonzales' letter says only that Bush has "determined not to reauthorize" it after the current period expires.

What Gonzales' letter did not do is reveal, even in general terms, how the FISA court will oversee the administration's electronic surveillance requests.

One possibility is that the secret court has approved the entire surveillance program with a blanket order for future use--and did not require the Justice Department to provide case-by-case information about eavesdropping targets. Justice Department officials refused to confirm or deny that there was a blanket order, according to a Washington Post article.

Last year, former judges of the Foreign Intelligence Surveillance Court urged Congress to enact a law forcing the president to use the court and expressed skepticism about the executive branch's constitutional authority to bypass it.

If a blanket order exists, attorneys from groups like the EFF or American Civil Liberties Union could argue that it amounts to an unconstitutional "general warrant" of the sort used by the British against the American colonists, which was banned in the Bill of Rights.

The ACLU said it will ask the court to release information on how the new surveillance orders work. "The legality of this unprecedented surveillance program should not be decided by a secret court in one-sided proceedings," said ACLU attorney Ann Beeson. "And without a court order that prohibits warrantless wiretapping, Americans can't be sure that their private calls and e-mails are safe from unchecked government intrusion."

On January 31, the 6th Circuit is scheduled to hear the Bush administration's appeal of a case brought by the ACLU in which a trial judge declared the NSA program to be unconstitutional. The Justice Department could use Gonzales' announcement to argue the case is "moot" and should be dismissed without further proceedings.

But White House spokesman Tony Snow said Wednesday that the timing of the announcement had nothing to do with the avalanche of lawsuits. "No, no, no, no, no. No. No," Snow said. "As a matter of fact, it may be interesting to see how it plays out in federal courts, but no, this is not a response." (Gonzales' letter alluded to discussions with the FISA court beginning in early 2005.)

The Foreign Intelligence Surveillance Act permits the secret court to authorize telephone surveillance, Internet monitoring, and even physical "black bag jobs." It was amended by the 2001 Patriot Act to allow surveillance for terrorism-related offenses,

defined as violent acts that appear to be intended "to intimidate or coerce a civilian population" or "to influence the policy of a government by intimidation."

In a statement Wednesday, House Speaker Nancy Pelosi said that "the judge's order announced today needs to be reviewed thoroughly." Pelosi earlier had called for hearings on the topic.

Another open question is whether Gonzales' letter, which talks about only the "Terrorist Surveillance Program" that Bush has publicly discussed, is meant to sweep in other eavesdropping or Internet monitoring programs that are even more highly classified.

Documents that came to light in the EFF case against AT&T suggest that the telecommunications company has opened its data network to the federal government far more than Bush or his allies have ever acknowledged publicly. One declaration (PDF) in the case says that AT&T has created a facility "well suited to process huge volumes of data, including user content, in real time. It is thus well suited to the capture and analysis of large volumes of data for purposes of surveillance."

Secret Court Will Oversee Spying Program, U.S. Says (Update3) (BLOOM)

By Robert Schmidt And James Rowley

Bloomberg, January 18, 2007

Jan. 17 (Bloomberg) -- The Bush administration, after a year of refusing to allow outside supervision of its domestic eavesdropping program, agreed to seek approval for the electronic surveillance from a secret federal court.

Attorney General Alberto Gonzales disclosed the change in a letter today to leaders of the Senate Judiciary Committee. He said the Foreign Intelligence Surveillance Court last week issued orders approving Justice Department requests for eavesdropping under the program, which previously had bypassed judicial oversight.

``As a result of these orders, any electronic surveillance that was occurring as part of the Terrorist Surveillance Program will now be conducted subject to the approval'' of the court, Gonzales wrote.

He said the Justice Department had been ``exploring options'' for judicial oversight since early 2005. Still, his announcement comes as Democrats, highly critical of the program, have taken power in both houses of Congress pledging greater oversight of the administration's conduct of the war on terror.

President George W. Bush spent a year defending the legality of the spying since it was disclosed in December 2005. The program, established in 2001 after the Sept. 11 attacks, allows monitoring of international communications into or out of the U.S. when one of the parties is tied to al-Qaeda.

Congressional Resolution

Bush has said he had power to conduct the surveillance under a congressional resolution authorizing the war on terror and under his constitutional role as commander-in-chief. In his letter today, Gonzales said Bush wouldn't renew the program, instead letting the court review requests for surveillance.

White House Press Secretary Tony Snow said today the administration is satisfied the change won't sacrifice ``speed and agility when it comes to responding to bits of intelligence where you may be able to save American lives.''

Some lawmakers and administration officials said permitting court oversight of the program may defuse tensions on Capitol Hill. Gonzales will testify before the Senate Judiciary Committee tomorrow.

``If it happens to be true, it solves most of our problems,'' said Jay Rockefeller, a West Virginia Democrat and the new chairman of the Senate Intelligence Committee. The shift in policy suggests ``a rather large inconsistency with what the administration said'' months ago, he added.

Justice Department Briefing

The Justice Department briefed both the House and Senate intelligence committees on the change several days ago and plans to brief Senate Judiciary Committee Chairman Patrick Leahy, a Vermont Democrat, and the panel's senior Republican, Arlen Specter of Pennsylvania, shortly, officials said.

``It appears they have done a complete back flip,'' Leahy said. ``But, if they are doing a back flip toward following the law, that's a lot better than their original position.''

The announcement is ``good news, it will help keep the country safe,'' said Senator Pat Roberts, a Kansas Republican and former Intelligence Committee chairman. Roberts said the change should eliminate any need for Congress to pass legislation concerning the program.

International Communications

In his letter today, Gonzales said the surveillance court issued orders Jan. 10 ``authorizing the government to target for collection international communications into or out of the United States where there is a probable cause to believe that'' one of the parties is ``a member or agent of al-Qaeda or an associated terrorist organization.''

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The attorney general didn't give details of the court's orders. A senior Justice Department official, speaking on background to a group of reporters, said the court approved more than one order allowing monitoring for 90 days. He also declined to be more specific.

The court, created by a 1978 law, meets in secret at the Justice Department's Washington headquarters and has authority to approve government eavesdropping of U.S. citizens linked to a foreign power.

Administration To Let Court Monitor Domestic Spying (CNN)

CNN.com, January 18, 2007

WASHINGTON (CNN) -- Reversing a position it defended for more than a year, the Bush administration announced Wednesday that it has begun getting court approval before eavesdropping on the communications of suspected terrorists or their associates.

The Justice Department notified Congress that a court set up to specialize in wiretapping would oversee its "terrorist surveillance program," which the administration has said could operate without judicial review. Critics said that violated the Foreign Intelligence Surveillance Act of 1978, which set up a special court to review wiretap applications in intelligence cases.

In a letter to the Senate Judiciary Committee, Attorney General Alberto Gonzales wrote that the administration still believes the program is legal, but that a judge on the court has set rules that preserve "the speed and agility necessary" to battle terrorism.

"The president is committed to using all lawful tools to protect our nation from the terrorist threat, including making maximum use of the authorities provided by FISA and taking full advantage of developments in the law," Gonzales wrote. (Read Gonzales' letter to the Senate Judiciary Committee)

Neither Gonzales nor Justice Department officials disclosed details of the rules set by the court, arguing that details were classified. But Gonzales said President Bush would no longer authorize the existing program, which administration officials said was necessary because the court set up under FISA was too slow to respond to new terrorist threats.

"To save American lives, we must be able to act fast and to detect these conversations so we can prevent new attacks," Bush said in December 2005.Gonzales to face Senate committee

The administration's reversal comes a day before Gonzales was scheduled to appear before the Senate Judiciary Committee. Its chairman, Vermont Democrat Patrick Leahy, said he welcomed the decision.

"As I pointed out for some time, and as other senators on both sides of the aisle pointed out, that was, at the very best, of doubtful legality," Leahy said. He said surveillance was needed to prevent terrorist attacks, "but we can and we should do it in ways that protect the basic rights of all Americans."

House Speaker Nancy Pelosi, D-California, called the move "a long-overdue recognition" that existing laws can protect the country. "Although the judge's order announced today needs to be reviewed thoroughly, the fact that the president will no longer be authorizing unilaterally intrusive surveillance of people in the United States is good news," Pelosi said in a written statement.

Democratic Rep. Silvestre Reyes of Texas, the chairman of the House Intelligence Committee, called the decision "welcome news, if long overdue."

"It proves that this surveillance has always been possible under the Foreign Intelligence Surveillance Act and that there was never a good reason to evade the law," Reyes said in a written statement.

The government now will ask the court to approve surveillance requests for 90 days, after which it must seek renewed permission. Justice Department officials said the court issued more than one order governing the program, but they refused to provide details of the still-classified program.

The officials also refused to comment on how the procedures could be implemented without damaging national security, as top administration figures insisted.

Gonzales wrote that the administration has been working with the court for two years to bring the program under FISA, even as it defended the program and resisted calls for greater oversight. But the White House dismissed suggestions that the announcement was influenced by political concerns.

"It's an example of a case where we take hits for doing what's right rather than getting credit for what seems to be expedient," White House spokesman Tony Snow said.

Bush authorized the National Security Agency to eavesdrop on calls to or from people suspected of having ties to al Qaeda shortly after the terror network's September 2001 attacks on New York and Washington. The program remained secret for four years, and ignited a controversy once it was disclosed.

Sen. Arlen Specter, then chairman of the Senate Judiciary Committee, said FISA "flatly prohibits" electronic eavesdropping without a judge's permission. A federal judge ruled the program unconstitutional in July.ACLU skeptical of motives

The American Civil Liberties Union, which led the court challenge to the program, called the decision to submit the program to the FISA court "an effort to avoid judicial and congressional scrutiny."

"The legality of this unprecedented surveillance program should not be decided by a secret court in one-sided proceedings," said Ann Beeson, the lead attorney in the group's lawsuit. The group said it would urge the FISA court to release more information about its new orders, which Gonzales said were issued January 10.

Specter, now the Judiciary Committee's ranking Republican, said he wants to see more detail about how the program will now be run.

"I think we need to know more about the procedures on the determination of probable cause, whether it is on individualized warrants or it is a group program," he said. "And we will need to know more about the determination of the individual being an agent of al Qaeda."

A senior Justice Department official, who spoke on condition of anonymity because of the sensitivity of the information, said the department still believes the 1978 law should be modified to account for advances in electronic communication. Wednesday's announcement will "take some political heat off the debate," he said.

"These orders allow us to do the same thing that we've been doing, but we will be operating under the orders we've obtained from a FISA judge," the official said.

US DOJ: Surveillance Program Now Court-approved (IDG)

By Grant Gross, IDG News Service

IDG News Service, January 18, 2007

NSA wiretapping program to be replaced by a FISA program that requires court approval

A controversial surveillance program to wiretap telephone and Internet communications in and out of the U.S. will now fall under the jurisdiction of a U.S. court, the U.S. Department of Justice (DOJ) said Wednesday.

A judge with the secret U.S. Foreign Intelligence Surveillance Court (FISA) on Jan. 10 authorized the U.S. government to wiretap phone or Internet communications involving suspected members of al Qaeda or other terrorist organizations, the DOJ said. The FISA-approved surveillance would replace the Terrorist Surveillance Program at the U.S. National Security Agency (NSA), authorized by U.S. President George Bush in 2002 to create wiretaps without court-issued warrants.

The FISA ruling will allow the surveillance program to essentially continue as it has, only with court approval, a senior DOJ official said. Under the NSA program, U.S. agents were allowed to wiretap Internet and telephone communications into and out of the U.S. in which one participant was suspected to be linked to al Qaeda.

Civil liberties groups had protested the NSA program, saying its lack of court oversight violated the U.S. Constitution. The Electronic Frontier Foundation (EFF) has filed a lawsuit against AT&T for allegedly participating in the NSA program, and in August, a U.S. district judge in Michigan ruled the NSA program was illegal.

Bush is "committed to using all lawful tools to protect our nation from the terrorist threat," U.S. Attorney General Alberto Gonzales wrote in a Wednesday letter to members of the U.S. Congress. "Although ... the Terrorist Surveillance Program fully complies with the law, the orders the government has obtained will allow the necessary speed and agility while providing substantial advantages," Gonzales wrote.

Bush will not reauthorize the old NSA program when it expires sometime in the next 45 days, the senior DOJ official, who requested anonymity, said Wednesday. But the FISA-authorized program will have the same capability as the old program, the official said.

The FISA court will approve wiretap requests for 90 days at a time, the DOJ official said. The court will have authority to review individual wiretap requests, but the DOJ official declined to provide specific information about how the FISA program will work.

Bush administration officials denied that the FISA court acted to provide political and legal cover for the NSA program, but the DOJ official said the FISA ruling will allow Congress to step back and look at the wiretap program without legal questions hanging over it. The FISA ruling "should take some of the political heat off the debate," the DOJ official said.

The EFF didn't have an immediate comment on the FISA decision.

A Spy Program In From The Cold (NYT)

The New York Times, January 18, 2007

Of the many ways that President Bush has trampled civil liberties and the balance of powers since the 9/11 attacks, one of the most egregious was his decision to order wiretaps of Americans' international calls and e-mail without court approval. It was good news, then, when the administration announced yesterday that it would now seek a warrant from the proper court for that sort of eavesdropping.

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The president's decision hardly ends this constitutional crisis. Among other things, the public needs to know why Mr. Bush broke the law for more than five years and what should be done to ensure there will be no more abuses of the wiretap statute.

But we're pleased that Attorney General Alberto Gonzales informed leaders of the Senate Judiciary Committee that Mr. Bush had decided to end the warrantless program. He said the administration had worked out a way to speed the process of getting a warrant from the Foreign Intelligence Surveillance Court to intercept communications to and from the United States "where there is probable cause to believe that one of the communicants is a member or agent of Al Qaeda or an associated terrorist organization."

He said the court — created by the 1978 law on domestic wiretapping — issued an order on Jan. 10 governing this new process and that eavesdropping under "the terrorist surveillance program" would be subject to the court's approval. There are still some big unanswered questions. For one thing, because the new warrant process is secret, we don't know whether the court has issued a blanket approval for wiretapping, which would undermine the intent of the law, or whether the administration agreed to seek individual warrants.

It was also troubling that Mr. Gonzales repeated his insistence that the warrantless spying was legal. That suggests that the administration — which has never explained why it could not have sought warrants from the start and turned down offers to amend the law — will continue to resist legislative oversight of the wiretapping. It's also likely to argue that the lawsuits challenging the eavesdropping should be dismissed. The damage has already been done by the president's decision to ignore the law, and the lawsuits should proceed.

Mr. Gonzales's announcement clearly was politically timed: he will appear today before the Judiciary Committee, now controlled by Democrats who have vowed to investigate the eavesdropping.

We hope they will do that. Congress has a legitimate interest in the creation of this program, which has always seemed motivated more by the president's relentless campaign to expand his powers than by a real need to speed intelligence gathering.

We strongly agree with John Rockefeller IV, the Democratic chairman of the Senate Intelligence Committee, that "the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary" and that the White House should turn over documents on the creation of the wiretapping program. If the 1978 law needs to be updated, that should happen in public, not in a secret court.

This administration long ago forfeited the public trust on these issues.

No Court Order Needed (USAT)

USA Today, January 18, 2007

The Bush administration did a stunning about-face on Wednesday. After insisting for more than a year that its warrantless wiretapping program was perfectly proper, the administration agreed to put the program under the supervision of a special court.

The move, as welcome as it was belated, was a nod to legal and political reality: A federal judge in Detroit had declared the program unconstitutional, and it faced a hostile reception in the new Democratic Congress.

The turnaround means that government eavesdropping will at least have judicial oversight, although the details remain murky. But it doesn't mean the government can't still gather personal information about Americans without a court order.

How? Through something called a National Security Letter. Unlike the warrantless wiretapping program, these letters don't violate any laws, though perhaps they should.

National Security Letters have their origin in the 1970s as exceptions to laws that bar companies from divulging their customers' data. After 9/11 and the passage of the USA Patriot Act, their use greatly expanded.

These letters — which government agencies can use to demand or request information about people's phone, credit and banking records — have a number of troubling features. Chief among them are that they can be issued without judicial review and that their recipients are subject to a gag order.

It's bad enough that the FBI has issued thousands of these letters; now, according to a New York Times report confirmed by Vice President Cheney, the Defense Department and CIA are also getting into the act.

The Bush administration has trampled so many civil liberties in the name of the war on terror that it's tempting to shrug off yet another example. Yet the Pentagon's expanding role in domestic intelligence is alarming. This country has tried to keep the military out of law enforcement since the Posse Comitatus Act in 1878, with exceptions for such things as drug interdiction and border enforcement.

Perhaps even more important, however, is what this latest disclosure says about how the war on terror is going. If the United States is going to prevent terror attacks, it needs its departments and agencies to work together better than they did before 9/11.

The fact that the CIA and the Pentagon are conducting their own domestic investigations does not bode well for this cause. It suggests that turf wars and empire building remain more important than collaboration.

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For the military, this behavior fits all too well into the campaign of mission creep advanced by former Defense Secretary Donald Rumsfeld. For him it wasn't enough to have a military that fights the nation's wars. He wanted one that did diplomacy, intelligence gathering and, apparently, domestic law enforcement. For the CIA, it suggests that the longtime divide between it and FBI has not been fully bridged.

If the letters continue to be sanctioned by law, the program should at least be consolidated into the Justice Department. If not, the administration may have found a way to simultaneously go too far in undermining individual liberties while not going far enough to fight the war on terror.

Detainee's Letters Give Peek At Life At Guantanamo (WP)

By Eric Rich

The Washington Post, January 18, 2007

Majid Khan, a terrorism suspect secretly detained for years by the CIA and now held in the military prison at Guantanamo Bay, Cuba, told his Pakistani wife in a letter that she should not dwell on the thought of his return because "if I come back, it will be a miracle of God."

The handwritten letter and three others to his family in suburban Baltimore are the first substantial communication from any of the 14 "high-value" detainees to become public since the captives were transferred in September from what were called CIA "black" sites to the U.S. military prison at Guantanamo.

Khan's letters, redacted in places by military censors, reveal that he has embraced religion in ways that he had not as a high school student in Owings Mills, according to family members and teachers. Khan commanded his wife, Rabia Yaqoob, to study the Koran "with all the footnotes and the explanations" and thanked her for "giving me a daughter in the midst of your sadness."

"Our life is not less than a story from the movies," he wrote. "If you add a few songs to it, it would make a very good film."

The government has denied Khan, 26, and the other high-value detainees access to lawyers, asserting in court that the "alternative interrogation methods" to which Khan was subjected are among the nation's most sensitive national security secrets. As a result, little is known about the arrests, detentions or interrogations of those captives.

U.S. officials say Khan, a Pakistani national, took orders from Khalid Sheik Mohammed, the man accused of orchestrating the Sept. 11, 2001, attacks, and who is also a high-value detainee at Guantanamo. Khan was allegedly asked to research the poisoning of U.S. reservoirs and the blowing up of U.S. gas stations, and was considered for an operation to assassinate the Pakistani president.

The letters Khan wrote to his wife and family were delivered through the International Committee of the Red Cross, whose representatives are permitted to visit the detainees on the condition that the agency does not publicly disclose information gathered during the meetings.

Khan's letter to his wife, written in Urdu, was introduced in court in Pakistan and has been published on an Urdu-language Web site operated by the BBC. Yaqoob's attorney, Nisar A. Mujahid, said the letter, by revealing Khan's desperation, supports his contention that the government of Pakistan should use diplomatic pressure to help protect Khan's rights.

Khan's oldest brother, Mahmood Khan, said yesterday that the family was releasing the letters it received to draw attention to the case. Mahmood Khan said that, for several days after the letters arrived last month, he could not bring himself to read them.

"The more you read about how much he loves us, the things going through his mind, what he's been through -- what am I going to say to him?" asked Mahmood Khan, speaking at the family's home.

The letters in English are rife with spelling and grammatical errors. Khan wrote that he is held in solitary confinement, that he is allowed to leave his cell "to get sunburn" for one hour each day, and that he can sometimes talk with other inmates through cell walls. Beyond those particulars, the details of his confinement are few.

"In this letter I am going to mention some of the things I have been through," he wrote on Oct. 20. The next 19 lines of text are blacked out. After the redaction comes Khan's complaint that he did not have his glasses during his first two years of detention and that the military prison lacks basketball courts and other comforts common in U.S. prisons.

"But in some way this place is still better and in some way other were better," he wrote.

Gitanjali Gutierrez, a lawyer who has been seeking access to Khan, said the redactions, although expected, raised questions. "So many of the interrogation techniques are already known," said Gutierrez, a lawyer with the Center for Constitutional Rights, which represents many detainees at Guantanamo.

Majid Khan was detained while he was staying with a brother in Pakistan in March 2003, according to his family and court filings by his attorneys. They said men who were not in uniform burst into the brother's apartment in Karachi late one night and

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put hoods over the faces of those inside: Majid, his brother Mohammad and his brother's wife. The couple's one-month-old son was also taken into custody.

Although the others were released without charges over the course of three months, Majid Khan's whereabouts were not officially disclosed until September, when President Bush named him as one of the 14 high-value detainees.

Mahmood Khan said his brother, a 1999 graduate of Owings Mills High School, dreamed of being a deejay or a rap musician, even for a time a U.S. Marine, but not a terrorist.

Khan was most recognizable as that young man in the earliest of the notes. He thanked his family for the letters they had sent, bragged that he could do 100 push-ups in 80 seconds, and asked for news of deaths and marriages. "And I don't need to tell you how much I love and miss you guys," he wrote.

Khan was more serious in the second letter. He wrote that he had grown a beard and had studied Islam deeply since his capture, that he now wrote poetry and could read the Koran without translation.

He asked his father for forgiveness and wrote that he had sinned, a reference, according to Mahmood Khan, not to criminal activity but to the pursuit of material indulgences.

"Things never stay the same, and life goes on, so please don't worry about me," he wrote. "Remember it's my sins who brought me here. When my sins are forgiven then I'll get freedom, so it's between me and Allah."

Pentagon Aide Regrets Stance On Law Firms For Detainees (NYT)

By Sarah Abruzzese

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — A senior Pentagon official apologized on Wednesday to the lawyers of Guantánamo Bay detainees for suggesting that corporations should consider severing business ties with law firms that represent the detainees.

The official, Charles D. Stimson, deputy assistant secretary for detainee affairs, wrote in a letter published on Wednesday in The Washington Post that his comments in a radio interview last week did not reflect his “core beliefs.”

Mr. Stimson wrote: “Regrettably, my comments left the impression that I question the integrity of those engaged in the zealous defense of detainees in Guantánamo. I do not.”

Mr. Stimson sparked outrage with his interview for Federal News Radio in which he named more than 12 law firms defending the detainees.

He said, “I think, quite honestly, when corporate C.E.O.’s see that those firms are representing the very terrorists who hit their bottom line back in 2001, those C.E.O.’s are going to make those law firms choose between representing terrorists or representing reputable firms.”

The president of the American Bar Association, Karen J. Mathis of Denver, said it was proper for Mr. Stimson to apologize, but she added that his original comments reminded Americans “that every accused person deserves legal representation.”

Mr. Stimson, a former Navy defense lawyer, wrote in his letter that “I believe that our justice system requires vigorous representation.”

He said he “zealously represented unpopular clients.”

On Friday, a spokesman for the Pentagon, Bryan Whitman, said Mr. Stimson’s comments did “not represent the views of the Defense Department or the thinking of its leadership.” Michael Ratner, president of the Center for Constitutional Rights, a human rights group that is coordinating the detainees’ legal representation, said of the apology: “It is the minimum they should have done. It is basically a message to Stimson and the government to let people be represented.”

Witness Against Militant Posada Reports A Bomb Under His Pickup (MH)

By Jay Weaver And Alfonso Chardy

The Miami Herald, January 18, 2007

An FBI informant who is a key witness against anti-Castro militant Luis Posada Carriles discovered a pipe bomb attached to the bottom of his pickup truck Sunday and drove it to the Hialeah Police Department, law-enforcement authorities say.

Gilberto Abascal -- whose testimoney also helped convict anti-Castro activists Santiago Alvarez and Osvaldo Mitat on weapons charges -- somehow spotted the device strapped to the undercarriage of his red 2005 Ford F-150 truck while he cruised around Hialeah, two federal investigators familiar with the incident said.

Despite finding the explosive device, Abascal drove several blocks to the Hialeah police station.

Hialeah police and Miami-Dade bomb squad officers shut down the area and detonated the device. The police picked up the bomb scraps, which included wires and gun shells. The FBI is now investigating, although spokeswoman Judy Orihuela declined to comment.

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Sunday was not the first time that Abascal -- who is supposed to be in a witness protection program well outside Miami-Dade County -- has claimed an attempt on his life. Last August, he told police that an unknown gunman pulled alongside his pickup at a Hialeah eatery, Rancho Grande, and shot at him, according to a police report. Abascal told police he pulled a 9mm pistol from his glove box and shot back.

WORK FOR THE FBI

Abascal did not return calls to his cellphone or home phone. He has worked off and on as an FBI informant on probes involving Cuban exile militants since at least 2001. Abascal has received more than $25,000 from the FBI for his testimony, expenses and relocation.

Defense attorneys for the Cuban exiles implicated in recent criminal investigations called Abascal a "double agent" whose clients are the FBI and Cuban leader Fidel Castro. Abascal -- along with federal authorities -- has repeatedly denied that he is a double agent, although Coast Guard officers found him among a small group that was illegally trying to motor a boat to Cuba in 1999.

Last fall, Abascal was the main federal witness who helped convict ant-Castro militants Alvarez and Mitat on weapons-conspiracy charges in South Florida, and in last week's indictment of former CIA operative Posada on fraud offenses.

A federal grand jury in El Paso, Texas, charged Posada, 78, with lying about how he sneaked into the United States in March 2005.

The same grand jury also charged Alvarez, 65, and Mitat, 64, with contempt of court for refusing to testify about Posada's entry. Three other associates have been charged with contempt.

Attorneys for Posada, Alvarez and Mitat -- all in federal custody -- said their clients were not involved in any attempt on Abascal's life.

"My client had nothing to do with it," Posada's immigration attorney, Eduardo Soto, told The Miami Herald.

One defense lawyer questioned why Abascal, after spotting a pipe bomb, would drive several blocks to the police instead of just calling them to come and get him.

"If your information is correct, I caution law enforcement to be very careful in verifying the claim," said attorney Ben Kuehne, a member of Alvarez's legal team. ``Abascal, we believe, has an active history of being an agent for the Castro government and engaging in his own brand of wrongdoing."

Kuehne also said Alvarez had nothing to do with the alleged bomb threat: ``As much as Mr. Alvarez has spent his life trying to bring democracy to his native land, he remains governed by the rule of law in the United States. He would not attempt self-help remedies against any Castro operatives in the United States."

Many in the exile community have dubbed Abascal a traitor for informing on Alvarez, Mitat and Posada.

HOW POSADA ARRIVED

Posada has long maintained that he came into the United States by crossing the Mexican border with the assistance of a migrant smuggler, not by sea -- as prosecutors now allege. By charging Posada, the Justice Department signaled its willingness to target a man who has been in investigators' cross hairs since 1997, when he was first suspected of masterminding tourist-site bombings in Cuba.

A grand jury in New Jersey is looking at evidence gathered anew by the FBI, which is focusing on money wire transfers and a reporter's tape in which Posada allegedly confesses to plotting the Cuba bombings, which killed one Italian tourist.

Last week's indictment is built on a statement given to the FBI by Abascal, who said Posada entered the country on a shrimping boat called Santrina manned by Alvarez, Mitat and others, including the informant himself. He said the crew on the Santrina picked up Posada on the Mexican island of Isla Mujeres and took him to the United States.

"I have always told the truth and have not lied about anything," Abascal told a Miami Herald reporter by telephone last week, before the pipe-bomb event. ``Even if they insult me or kill me, I'll continue telling the truth."

Posada supporters have scheduled a rally for noon to 6 p.m. Friday at Little Havana's Bay of Pigs monument, Southwest Eighth Street at 13th Avenue. The monument honors exiles who died trying to overthrow Castro in 1962.

Miguel Saavedra, an organizer of the rally, said the demonstration is designed to send a message to the White House that Posada and other "Cuban exile patriots in American jails" should be pardoned.

Philippine Militant Slain (LAT)

By Paul Watson And Al Jacinto, Special To The Times

The Los Angeles Times, January 18, 2007

Jainal Antel Sali Jr., a leader of Abu Sayyaf, was linked to Al Qaeda and had been sought in a Californian's killing.

JOLO ISLAND, PHILIPPINES — A militant leader linked to Al Qaeda and wanted in the beheading of a California tourist was killed in a jungle battle, the Philippine army announced Wednesday.

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The military first reported that it had wounded Jainal Antel Sali Jr., also known as Abu Solaiman, on Tuesday when special forces raided a hide-out of the Abu Sayyaf militant group on Jolo island, about 600 miles south of Manila.

But Sali, also wanted in the kidnapping of two American missionaries, was later confirmed dead at a news conference in Manila, where the chief of the armed forces, Gen. Hermogenes Esperon, showed photographs of the corpse.

"We have resolved that this group and their major commanders must be finished off, that this notorious group should see its end," the general said.

Sali was buried Wednesday on Jolo island after relatives and friends identified the body. He had the hole of a soldier's bullet in his chest and a piece of wood, about an inch long, embedded in his left cheek. It was pulled out by two imams hired by the military to clean and bury the corpse in accordance with Muslim custom.

"It was him, all right. It was Abu Solaiman," said Karim Muktar, a Muslim rebel turned government soldier. "His time finally has come, and it's the end of the road for Solaiman."

Sali, a 42-year-old native of Zamboanga who was a civil engineer, commanded an Abu Sayyaf unit known as the urban terrorist group, blamed for a series of bombings in the southern Philippines. He was also an Abu Sayyaf spokesman.

Philippine officials linked Sali to a February 2004 bombing on a ferry, which triggered a fire that killed 116 people.

Wanted by the FBI

Sali was on the FBI's list of most wanted terrorists, and the U.S. State Department had offered a reward of up to $5 million for his capture. He was indicted by a U.S. court in 2002 on charges including the murder of an American outside the U.S. and kidnapping resulting in death, the FBI said. Guillermo Sobero, 40, of Corona, Calif., was beheaded after he was kidnapped in May 2001 with American missionaries Martin and Gracia Burnham, of Wichita, Kan., and 17 Filipinos at an island resort in the southern Philippines.

Sobero's torso was found months after his abduction. Abu Sayyaf, which says it is fighting to establish Islamic rule in the region, said it had executed him.

The Burnhams and other hostages were held for more than a year, during which they were constantly on the move in forced marches through the jungle. Martin Burnham was killed in June 2002 when Philippine commandos launched a rescue mission. Gracia Burnham was wounded in the leg but survived. A Philippine nurse also died, as did several soldiers and guerrillas.

Gracia Burnham released a statement Wednesday after the death of Sali.

"Based on the six months I had close contact with Solaiman during our year of captivity, I would say he was the most dangerous of the Abu Sayyaf leaders because he was filled with hate," the Associated Press reported her saying in the statement.

"Martin and Solaiman had long talks about their beliefs and beliefs in general while we were in the jungle, so today my heart is filled with sadness for Solaiman because his next step is to face almighty God to be judged."

In early 2002, President Bush sent hundreds of American troops, including Special Forces, to advise and train Philippine soldiers battling militants in the south.

The U.S. forces were restricted to noncombat roles and are permitted to fire only in self-defense.

The battle that led to Sali's death raged for more than three hours Tuesday as Philippine troops clashed with about 60 Abu Sayyaf fighters at a hide-out on Mt. Daho, army Lt. Col. Bartolome Bacarro said as the operation was underway. Two Philippine soldiers were wounded.

Plenty of cover

Mt. Daho is an active volcano whose thick canopy of trees and countless crevices provide excellent cover for guerrillas.

Bacarro said Philippine forces had found at least 17 bunkers, camouflaged by large trees, at the guerrillas' camp. Troops also recovered assorted materials used for making crude bombs, including blasting caps.

On Wednesday, the Philippine military sent troops to join the hundreds of soldiers on Jolo who launched an offensive against Abu Sayyaf guerrillas in August.

An air force C-130 cargo plane transported soldiers and weapons, including rockets, that were delivered in a convoy of trucks and armored vehicles to an army base in the town of Jolo, where U.S. troops are stationed.

Secretary of State Condoleezza Rice plans to visit Jolo to inspect U.S. troops before the start of joint anti-terrorism exercises with Philippine forces next month, a Philippine government source said.

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Times staff writer Watson reported from Jakarta, Indonesia, and special correspondent Jacinto from Jolo island.

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HOMELAND RESPONSE:

TSA Chief Hits Plan To Check Cargo (USAT)

By Thomas Frank

USA Today, January 18, 2007

WASHINGTON — Requiring inspection of all cargo on passenger planes could potentially make them more vulnerable to terrorist attack while also hindering commerce, the nation's aviation security chief said Wednesday.

In his first public comments on a bill approved by the House on Jan. 9, Transportation Security Administration (TSA) chief Kip Hawley said inspecting all passenger-plane cargo would add "a very small, incremental benefit for security."

Hawley said it also could divert airport screeners from other activities such as screening airport employees, inspecting passenger travel documents and looking for suspicious travelers.

"If you spend all your resources opening boxes and not applying your resources more generally, that opens up another vulnerability," Hawley told the Senate Aviation Subcommittee. "The adaptive terrorist will go there."

Passenger planes carry about 6 billion tons of cargo a year, typically goods that need fast shipment such as seafood and auto parts. The items are held in the belly of jets with passenger luggage, which is inspected for bombs. Only a small portion of such cargo is checked by bomb-detection machines or dogs.

The House bill aimed at strengthening domestic security would require the cargo to get the same screening as luggage by October 2009.

Hawley said requiring the cargo inspection by late 2009 "is not feasible without impeding the legitimate flow of commerce and imposing an unreasonable cost on the government." Much air cargo is brought to airports in large containers that won't fit through a luggage-bomb detector, Hawley said.

The House bill does not specify whether the TSA or airlines would inspect cargo.

The Senate Aviation Subcommittee plans to propose its own aviation-security bill that is likely to be less far-reaching on cargo than the House bill.

Subcommittee Chairman Jay Rockefeller, D-W.Va., wants to give TSA flexibility in improving cargo security and will "carefully weigh" how a new law affects airlines and the economy, spokeswoman Wendy Morigi said.

Airline and cargo-shipping groups oppose inspecting all passenger-plane cargo. The Air Transport Association, which represents major airlines, welcomed Hawley's testimony, saying it "has always believed that physical screening of air cargo is not the most effective way to assure the security of air travelers."

Rep. Ed Markey, D-Mass., a leading advocate for inspecting cargo, said technology could do the job without disrupting commerce.

Hawley said the TSA has strengthened cargo security by requiring packages that people bring directly to airports to go through luggage-bomb detectors, and by adding dog teams. The agency largely regulates cargo by setting security requirements for companies that ship goods on passenger planes.

Hawley also said agencies are reviewing a watch list that keeps people off airplanes and removing about half the names. That should reduce incidents in which innocent travelers' names match those of terrorism suspects, and the travelers are barred from flying.

No-fly List Checked For Accuracy, Cut (AP)

By Beverley Lumpkin

The AP, January 17, 2007

WASHINGTON - The Bush administration is checking the accuracy of a watch list of suspected terrorists banned from traveling on airliners in the U.S. and will probably cut the list in half, the head of the Transportation Security Administration said Wednesday.

Kip Hawley told Congress that the more accurate list, combined with a new passenger screening system, should take care of most incidents of people wrongly being prevented from boarding a flight or frequently being picked out for additional scrutiny.

A "no-fly" list of suspected terrorists and criminals considered too dangerous to travel on commercial airliners in this country has existed for decades. But since the terrorist attacks of Sept. 11, 2001, the list expanded. Tightened security procedures have led to closer scrutiny of air travelers and resulted in many complaints.

The TSA has been working with intelligence agencies and the FBI to improve the watch list. Before the 9/11 attacks, almost every intelligence agency had its own list of undesirables and resisted sharing it with other agencies.

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Even cutting the list in half is "nice but not all that meaningful," said Barry Steinhardt, an attorney with the American Civil Liberties Union. He noted that various estimates of the list's size, which is classified, have ranged from 50,000 to 350,000 names.

"Cutting a list of 350,000 names is not all that impressive," Steinhardt added.

At a hearing of the Senate Commerce Committee, Hawley ran into inquiries from lawmakers with family members or friends who had encountered problems at airport checkpoints.

Among them was Sen. Ted Stevens, R-Alaska, who complained that his wife, Catherine, was being identified as "Cat" Stevens and frequently stopped due to confusion with the former name of the folk singer now known as Yusuf Islam, whose name is on the list. In 2004 he was denied entry into the U.S., but officials declined to explain why.

Hawley explained that Secure Flight, the new passenger screening program, which he hopes will be running in 2008, would make such problems "a thing of the past."

Hawley said his agency sends correctives to the airlines.

"Unfortunately, it depends airline by airline how their individual systems work as to how effectively that's done," he said.

Hawley was questioned by Sen. Jay Rockefeller, D-W.Va., about the lack of screening for passengers on private aircraft, which Rockefeller called "very disturbing."

Hawley said there are many security measures in place on the ground around general aviation terminals, but that the department is considering the longer-term issue of whether such private flight passengers should be subjected to individual screening.

Senators also asked Hawley about a provision recommended by the 9/11 Commission, and passed by the House last week, that would require 100 percent physical inspection of all air cargo loaded onto passenger planes. The Senate has yet to act on the measure.

"We prefer not to have a 100 percent requirement on anything," Hawley said. "Because you tend to be focused then on, how do we accomplish what is written in the law, as opposed to a smarter security that says, okay, we're in a risk-based business, how are we going to stop the bomb from being in here?"

Also Wednesday, the Homeland Security Department launched a new program for passengers who feel wronged to try correcting the list.

The program will give travelers "a clearly-defined process" to report problems, said Homeland Security Secretary Michael Chertoff in a written statement.

Beginning Feb. 20, the program, dubbed Traveler Redress Inquiry Program, will serve as a central processing point for all inquiries about Homeland Security agencies' databases.

Appeals For Delayed Travelers (NYT)

By Eric Lipton

The New York Times, January 18, 2007

The Department of Homeland Security is setting up a new, simplified way for travelers to file an appeal if their journey is disrupted by security queries. The new system will allow travelers who have been denied or delayed boarding an airplane or entering the United States, or have been subjected to more intense searches or questioning by a department official to question why they were the target of such scrutiny. The new system, called the Traveler Redress Inquiry Program, will allow the person to file and track the status of the claim online and is scheduled to start late next month.

Don't Demonize Security (USAT)

By James Jay Carafano

USA Today, January 18, 2007

Here's the recipe for a scary, post-9/11 news story about liberties vs. security:

·First, find a legitimate domestic surveillance program. Make sure it's one most Americans ignore — the more obscure, the better. It doesn't matter if the courts have ruled it constitutional. It doesn't matter if it helps fight crime or protect national security.

·Next, find an "expert" to denounce the program as an unnecessary expansion of executive authority. Rail about the potential for abuse (even when there's no evidence of actual abuse). Argue that the program could be a threat, even if it hasn't, in fact, been misused.

·Finally, stimulate the "Luddite response" — a fear of technology. Rant about how the information age is destroying any hope of privacy. More information and technology equals power. And with more power comes more abuse.

Combining these ingredients is guaranteed to shock sensibilities and spark congressional hearings. It's been done many times, starting with the tools authorized in the Patriot Act to fight terrorism, like delayed-notification warrants.

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U.S. military domestic investigations are the latest intelligence and law enforcement tool to receive the treatment. A spate of recent news reports revealed that the armed forces use "national security" letters to request business records, such as phone and bank data. It sounds scary, but it shouldn't.

The military has a legitimate, limited mission to conduct intelligence inside the United States. It is written into law and funded by Congress. National security letters are perfectly legal, and the Defense Department is authorized to issue them. Requesting business records is a common intelligence and law enforcement practice and does not in many cases require a warrant.

Finally, there is a domestic security threat to worry about. On 9/11, there was an attack on American soil, and others have been plotted since then. Keeping America safe, free and prosperous requires both liberty and order. Protecting the safety and freedom of Americans is not served well by simply demonizing security.

James Jay Carafano is a senior research fellow at the Heritage Foundation, a conservative think tank, and author of G.I. Ingenuity. (The Bush administration declined to provide an opposing view to this editorial.)

Grand Jury Looking At Katrina Insurer (NYT)

By Joseph B. Treaster

The New York Times, January 18, 2007

A grand jury in Mississippi began hearing testimony yesterday on possible criminal charges against State Farm for its handling of claims after Hurricane Katrina, people close to the proceedings said.

The start of the grand jury proceedings in the marble circuit courthouse in Pascagoula, on the Gulf Coast, raised new questions about efforts to settle hundreds of lawsuits filed after the storm in 2005.

Early last week, State Farm and other participants in the settlement talks said they were close to an agreement that could put hundreds of millions of dollars into the hands of policyholders along the coast who have been waiting for insurance money to begin rebuilding.

Several participants in the talks said State Farm wanted to reach agreement before a grand jury began hearing evidence on whether it ordered adjusters and independent engineers to file paperwork that would lead to underpayments to homeowners. As part of the agreement, State Farm was insisting that Jim Hood, the attorney general of Mississippi, drop a criminal investigation into the company's handling of claims and call off the grand jury, which would decide whether there was probable cause to return an indictment.

But the talks were jolted last Thursday by decisions by a federal judge and jury in Gulfport that awarded a couple in Biloxi $2.7 million, mostly in punitive damages, in a separate lawsuit against State Farm.

Lawyers opposing State Farm said they feared that the insurer, the biggest in Mississippi and the nation, would break off the talks.

The next day, however, State Farm was back at the table with trial lawyers and Mississippi officials.

The negotiations gathered speed throughout the long holiday weekend, and some participants thought an agreement might be announced as early as Tuesday.

But, according to several participants, Mr. Hood refused to sign off on the deal. That enabled the grand jury to be seated in Pascagoula. It also meant that another of State Farm's conditions was not met: A requirement that Mr. Hood also drop a civil lawsuit against it and other insurers.

When the grand jury began hearing testimony yesterday, participants in the talks said, State Farm lawyers seemed on the verge of ending the negotiations.

But in a brief interview late yesterday, Phil Supple, a spokesman for State Farm, said that the insurer continued "talking with all parties" and remained optimistic a settlement could be reached.

As for the grand jury proceedings, Mr. Supple said State Farm "is cooperating fully with the attorney general's grand jury investigation." He would not confirm reports that one witness had been Terry Blalock, State Farm's senior claims executive in Mississippi.

In late summer, two independent adjusters provided evidence to Mississippi officials that they said supported claims of impropriety against State Farm. The two adjusters contended that State Farm destroyed large numbers of documents related to their payments for Hurricane Katrina damage. State Farm has insisted that it did nothing wrong.

An aide to Mr. Hood said late Wednesday that he was in a meeting and could not speak with a reporter.

Lawyers and others who have been following the settlement talks and the claims disputes with insurers along the Mississippi coast, where tens of thousands of homes were damaged or destroyed by high wind and surging floodwaters, said several witnesses went before the grand jury yesterday.

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WAR NEWS:

Measure In Senate Urges No Troop Rise In Iraq (NYT)

By Carl Hulse

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The Senate set the stage on Wednesday for a direct clash with President Bush over the war, with two senior Democrats and a prominent Republican introducing a symbolic measure to declare that the administration's plan to send additional troops to Iraq runs counter to the national interest.

The resolution, proposed by Senators Joseph R. Biden Jr. of Delaware and Carl Levin of Michigan, both Democrats, and Chuck Hagel of Nebraska, a Republican, would not be binding, and the White House said it would have no effect on Mr. Bush's plan to send more than 20,000 additional troops to Iraq.

But sponsors of the measure said Congressional passage would send a powerful message that the president could not ignore, and its adoption could be a precursor to further efforts by opponents of the war to place limits on his use of the military in Iraq or to limit financing for the war.

The measure says that the United States cannot sustain an open-ended commitment to Iraq, that the chief responsibility for quelling unrest there rests with Iraqi security forces and that the United States should seek a political solution. [Resolution text: nytimes.com/washington.]

"This resolution will demonstrate — and it will demonstrate it right away — that support is not there for the president's policy in Iraq," said Mr. Biden, the Foreign Relations Committee chairman. "The sooner he recognizes that reality and acts on it, the better off all of us will be."

Mr. Biden's committee expects to take up the resolution next Wednesday, pushing any votes on the measure past Mr. Bush's State of the Union address on Tuesday night. Senate Democratic leaders have said they will bring it to the floor relatively quickly. House Democrats have made it clear that they will not take up any similar proposal until after the Senate has voted on one.

Republican leaders promised to offer an alternative that would call for time to allow Mr. Bush's new policy to work — an attempt to provide Republicans unhappy with the war an avenue to express their view without backing the more critical proposal.

Senator Jon Kyl of Arizona, chairman of the Senate Republican Conference, said Senator Joseph I. Lieberman of Connecticut, a longtime Democrat who was re-elected last year as an independent, was the only non-Republican to pledge support so far. But Mr. Kyl said he believed that many of his Republican colleagues would ultimately find it difficult to vote against the White House.

"You cannot micromanage a war from the United States Senate," Mr. Kyl said. "At least, you can't effectively or constitutionally do that. If you vote to fund the military, then you need to leave the tactical decisions to the commanders on the ground and the commander in chief."

But another Republican senator, Olympia J. Snowe of Maine, quickly got behind the new resolution, and Mr. Hagel predicted that others would as well. "Now is the time for the Congress to make its voice heard on a policy that has such significant implications for the nation, the Middle East and the world," Ms. Snowe said in a statement.

Other Republicans who have expressed unease about the troop buildup, including Senators Susan Collins of Maine and Norm Coleman of Minnesota, took no immediate stance on the resolution. They expressed some reservations about the tone and scope of the proposal, which refers to escalating the war, which some Republicans believe has become a loaded partisan description.

In an effort to limit defections, wavering Republicans were invited to the White House for briefings on Wednesday. Tony Snow, Mr. Bush's press secretary, reiterated the administration's contention that a vote in opposition to Mr. Bush's policy would send a mixed message about American intentions.

"What signal does it send to the Iraqis in terms of steadfastness ?" he asked. "What does it say — does it make the troops feel better about their support from the United States?"

Senator John Cornyn, Republican of Texas, accused the resolution's three sponsors of political gamesmanship in advocating a nonbinding vote rather than taking on the more difficult issue of limiting funding for American forces. "Rather than have a serious debate we see this kind of posturing," Mr. Cornyn said.

Mr. Hagel bristled at that comment. "This is a serious resolution put forward by serious people who care about our country," he said. "There is no moral high ground that one group of senators has over the other."

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Democratic leaders in the House and Senate say they believe that they can reach an early consensus on symbolic votes opposing the president and then later consider putting restrictions on spending for the war after gauging the depth of resistance. The House Defense Appropriations subcommittee on Wednesday began a series of closed hearings on potential limits on military spending.

Senator Christopher J. Dodd, Democrat of Connecticut, gained Democratic support for requiring the president to seek new authority from Congress before raising troop levels.

House Republicans introduced a measure that would prohibit Congress from cutting off or restricting "funding for units and members of the armed forces in harm's way."

Congress Unleashes Antiwar Proposals (LAT)

By Noam N. Levey

The Los Angeles Times, January 18, 2007

WASHINGTON — Setting up a showdown with the White House that could come next week, several antiwar senators, including one Republican, introduced a resolution Wednesday opposing President Bush's plan to send more troops to Iraq.

The bipartisan resolution drafted by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.) and Carl Levin (D-Mich.) would not place any legal limits on what the president can do in Iraq.

But it marks the leading edge of a rapidly expanding legislative front that will confront Bush as he tries to chart a new Iraq policy.

Wednesday, Sens. Hillary Rodham Clinton (D-N.Y.) and Christopher J. Dodd (D-Conn.) also touted separate plans to halt the deployment of more troops to Iraq. And later in the day, a second GOP senator joined Hagel to support the resolution.

On the other side of the Capitol, liberal Democrats in the House, led by three Californians, unveiled an even more sweeping plan for withdrawing all U.S. troops from Iraq over the next six months.

"The November elections showed just how fed up the American public is with the president's failed Iraq policy," Rep. Lynn Woolsey (D-Petaluma) said while unveiling her measure, co-sponsored by Reps. Maxine Waters (D-Los Angeles) and Barbara Lee (D-Oakland). "It is now up to the Congress to catch up with the will of the American public."

White House Press Secretary Tony Snow said congressional resolutions would not deter Bush. "The president has obligations as commander in chief, and he will go ahead and execute them," Snow said.

Senate plan

Senate leaders have shown little interest in pushing as far as the more aggressive antiwar lawmakers in the House, who want to mandate a phased withdrawal in law. But, stern and defiant, the three authors of the Senate resolution cast it as an important first step in building bipartisan congressional support for challenging the White House. "I cannot believe the president of the United States will not pay attention," Biden said.

Hagel, a conservative Republican who has lambasted Bush's plan, called it "dangerously irresponsible" and promised, "I will do everything I can to stop the president's policy as he outlined it Wednesday night."

"The Congress of the United States has a role to play," Hagel said at a news conference with Biden and Levin in the U.S. Capitol. "I don't believe we have played that role very effectively over the last four years."

The carefully worded five-page resolution restates in 18 detailed "whereas" clauses the critiques made by war critics in Congress and elsewhere about rising U.S. casualties, strains on the military and past failures of the Iraqi government.

"It is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq," the resolution reads in the first of six conclusions.

It also calls for American forces to shift their mission to protecting Iraq's borders, training Iraqi forces and conducting counterterrorism activities.

And it concludes by calling for the United States to "transfer, under an appropriately expedited timeline, responsibility for internal security and halting sectarian violence in Iraq to the government of Iraq and Iraqi security forces."

At the news conference, Biden said, "When the president goes way off course … the single and most effective way to get him to change course is to demonstrate that his policy has waning or no support from both parties."

Since announcing his plans last week, the president has insisted in several television interviews that he would not be stopped by congressional opposition.

But over the last 10 days, the White House has worked to persuade GOP lawmakers to stick with the president, and on Wednesday morning invited a group of senators to meet with national security advisor Stephen J. Hadley, a leading architect of the president's plan.

Sen. John Cornyn (R-Texas), normally a loyal Bush ally, said White House officials expressed frustration that their message wasn't getting out. "To some extent, people have tuned the president out," he said.

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Sen. Norm Coleman (R-Minn.), who has spoken out against the Bush plan, said Hadley mainly listened to the lawmakers, many of whom have publicly criticized the president's proposal since he announced it last week.

Cornered by reporters outside the Senate chamber, Coleman said there was some discussion of delaying the deployment of additional troops to give the Iraqi government a chance to demonstrate its commitment. Lawmakers on both sides of the aisle have complained about the failure of Prime Minister Nouri Maliki's administration to do more to halt sectarian violence.

But Coleman said nothing was decided at the meeting. "I went there with concerns. I left with concerns," he said. "I would suspect there was very little mind changing that went on there."

Coleman said he was still reviewing the language of the resolution, which calls the troop buildup an "escalation," a word some Republicans have complained is politically loaded because it harks back to the Vietnam War.

Wednesday evening, Maine Sen. Olympia J. Snowe, a moderate Republican who has frequently criticized the Bush administration's war policy, became the second Republican to support the Biden-Hagel-Levin resolution.

"Now is the time for the Congress to make its voice heard," Snowe said.

Facing the threat of a Republican filibuster, Senate Democrats would need at least 10 Republicans to get the 60 votes needed to bring the resolution to a vote.

House plan

In the House, Republicans, including Minority Leader John A. Boehner (R-Ohio), were lining up behind a proposal by Rep. Sam Johnson (R-Texas) to explicitly prohibit any cuts in funding for troops "in harm's way."

Biden said the Foreign Relations Committee, which he chairs, would consider the resolution on Wednesday, the day after the president delivers his State of the Union address, in hopes of getting it to the floor as soon as the end of next week.

Neither he nor Levin, who chairs the Senate Armed Services Committee, would say whether they planned to pursue legislation to cut funds for the buildup. "What goes on beyond that is going to depend on the reaction to it," Levin said.

But other Democrats are already pushing forward.

Dodd said Wednesday that he planned to try to amend the resolution to require Bush to get congressional authorization for any increase in troop levels in Iraq, explaining that he believes the president has exceeded the power that Congress gave him in the original war resolution.

"I do not believe that the authorization provided by the Congress in 2002 gives the president the unlimited authority to send additional troops to Iraq for a mission which is totally different," Dodd said.

Clinton, who until now has remained largely in the background while debate over the war escalated, said she would introduce a bill next week requiring congressional authorization for any troop increases.

Sen. Edward M. Kennedy (D-Mass.) introduced legislation last week to do much the same thing.

In a conference call with antiwar activists Wednesday, Kennedy said he wanted to move forward with his bill in the next week to 10 days. "This is the moment for congressional action to bring this war to an end," he said.

Second Republican Opposes Bush Iraq Plan (AP)

By Anne Flaherty, Associated Press Writer

AP, January 18, 2007

A second Republican signed onto a Senate resolution on Wednesday opposing President Bush's 21,500-troop buildup in Iraq, setting a marker for a major clash between the White House and Congress over the unpopular war.

Sen. Olympia Snowe, a moderate from Maine, said she would support a nonbinding resolution that would put the Senate on record as saying the U.S. commitment in Iraq can be sustained only with support from the American public and Congress.

Snowe's decision to join the effort came as the White House and GOP leaders struggled to keep Republicans from endorsing the resolution, and raised questions about how many more defections there might be.

"Now is time for the Congress to make its voice heard on a policy that has such significant implications for the nation, the Middle East and the world," Snowe said in a written statement.

Earlier, Sen. Chuck Hagel, a Nebraska Republican and potential 2008 presidential candidate, joined Democrats at a news conference announcing the resolution.

"I will do everything I can to stop the president's policy as he outlined it Wednesday night," Hagel said. "I think it is dangerously irresponsible."

Even as skeptical Republicans were summoned to private meetings with Bush and national security adviser Stephen Hadley at the White House, Bush's aides made clear that the Capitol Hill challenge would be met aggressively by the administration.

Presidential spokesman Tony Snow said resolutions passed by Congress will not affect Bush's decision-making.

"The president has obligations as a commander in chief," he said. "And he will go ahead and execute them."

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Senate Armed Services Committee Chairman Carl Levin, D-Mich., a chief author of the Senate resolution, said it says "we do not support increased troops, deeper military involvement" and calls for shifting the mission of U.S. troops from combat to training, counterterrorism and protecting Iraq's territorial integrity.

He said it also calls for "the greater engagement of other countries in the region in the stabilization and reconstruction of Iraq."

The resolution does not call for a withdrawal of troops or threaten funding of military operations, as many Democrats have suggested. Instead, the legislation says the U.S. should transfer responsibility to the Iraqis "under an appropriately expedited timeline," though it is not specific.

Sen. Olympia Snowe, R-Maine, told reporters that she is considering supporting the resolution and said she believed it heads in the right direction.

"I want to make sure it's something I can support," said Snowe, who has been adamantly opposed to the increase in troops.

The group planned to introduce the resolution Wednesday, with a review by the Senate Foreign Relations Committee on Jan. 24, one day after Bush delivers his State of the Union address.

Hagel's agreement to help Democrats champion the resolution amounts to a setback to the administration and to Bush, who has argued vehemently that some 21,500 additional U.S. troops are needed to help the Iraqi government calm sectarian violence in Baghdad and Anbar province.

Bush announced on Jan. 10 that he planned to increase the 130,000 U.S. forces in Iraq with an additional 21,5000 troops.

The resolutions in Congress seemed likely to be largely symbolic and they would not affect the Pentagon's war budget or challenge the president's authority over U.S. forces. Such votes, however, could be a shot across the bow to Bush.

The resolutions also would help Democrats measure GOP support for more aggressive legislative tactics, such as cutting off funds for the war.

Such a vote puts many Republicans in an uncomfortable position. They will have to decide whether to stay loyal to an unpopular GOP president and risk angering voters disillusioned by the war or buck the party line.

Republicans are crafting alternative proposals, including a House bill introduced by Minority Leader John Boehner, R-Ohio, that would vow to protect funding for U.S. troops in combat. Sen. John Warner, R-Va., is considering a resolution expressing support for the findings by the bipartisan Iraq Study Group.

Sen. Hillary Rodham Clinton, D-N.Y., said Wednesday she thinks there should be a cap on U.S. troops in Iraq and said she wants "to condition American aid to the Iraqis on their meeting political benchmarks."

"I am opposed to this escalation," she said on NBC's "Today" program. "The Bush administration has frankly failed to put any leverage on this government," said Clinton, considered a likely 2008 Democratic presidential front-runner, although she has not yet entered the race.

Bush has been trying to sell his revised war plan to the public in a series of television interviews. He told PBS's Jim Lehrer in an interview this week that keeping his old policies in place would lead to "a slow failure," but withdrawing from Iraq, as some Democrats and other critics suggest, would result in an "expedited failure."

Several GOP members of Congress have offered only lukewarm endorsements of Bush's plan. Lining up behind Bush in the Senate are Republican stalwarts and a few members who have long backed sending more troops to Iraq, including Sen. John McCain, R-Ariz.

Bipartisan Senate Measure Confronts Bush Over Iraq (WP)

By Jonathan Weisman

The Washington Post, January 18, 2007

A bipartisan group of senators announced a formal resolution of opposition yesterday to President Bush's buildup of troops in Iraq, calling for more diplomacy, international cooperation and an "appropriately expedited" transfer of military responsibilities to Iraqi security forces.

The nonbinding resolution, which could come to a vote within two weeks, moves Congress a major step closer to a public confrontation with the Bush administration over war policy. A Senate vote would be followed quickly by action in the House. But even before the resolution's introduction, prominent lawmakers, including Sen. Hillary Rodham Clinton (D-N.Y.), were pushing for far tougher measures that could cut off funding for the war and legislatively thwart Bush's "surge" of 21,500 additional troops.

Clinton said yesterday that she intends to support the resolution, drafted by Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.), Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.). But, she added, "we will eventually have to move to tougher requirements on the administration to get their attention."

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A week after Bush addressed the nation on his policy shift, bipartisan opposition appears to be gaining steam, despite continuing White House efforts to tamp down a congressional revolt. No fewer than four measures were introduced yesterday to block the war policy, including the Senate resolution and multiple proposals demanding congressional authorization before additional troop deployments. By day's end, the resolution of opposition had picked up another Republican co-sponsor, Sen. Olympia J. Snowe (Maine).

"I will do everything I can to stop the president's policy, as he outlined it Wednesday night," Hagel said, referring to Bush's speech last week. "I think it is dangerously irresponsible."

Administration officials summoned at least half a dozen skeptical Republican senators to the White House and dispatched Vice President Cheney to the Senate GOP's weekly policy lunch.

"A lot of members of Congress at this point, I think, are still trying to figure out what are all the parts of the plan, how does it work," said White House press secretary Tony Snow. "They've got questions, and they have concerns."

While the White House kept its pronouncements low key, Bush's allies in Congress ratcheted up their rhetoric, questioning the wisdom and seriousness of colleagues who are pushing toward a confrontation with the administration. Sen. John Cornyn (R-Tex.) dismissed the resolution as a "political ploy."

Sen. Lindsey O. Graham (R-S.C.) called the resolution "the worst of all outcomes . . . a symbolic going-to-the-pier before the troops ship off to say, 'We believe in you, but you're going to lose.' "

But the president's position continued to erode.

"The bottom line is: I went there with concerns, I left with concerns," said Sen. Norm Coleman (R-Minn.), a participant in the White House meeting.

"I think we clarified for them what the reality is," added Sen. George V. Voinovich (R-Ohio), another attendee.

The Senate resolution minces no words, declaring that "it is not in the national interest of the United States to deepen its military involvement in Iraq." But it goes well beyond a simple statement of opposition. Drawing heavily from the recommendations of the bipartisan Iraq Study Group, it calls for an acceleration of the training of Iraqi forces and the use of U.S. troops to secure Iraq's borders to prevent meddling by its neighbors.

It requests an "appropriately expedited timeline" for the transfer of internal security duties to the Iraqi government, and it urges the administration to "engage nations in the Middle East to develop a regional, internationally-sponsored peace and reconciliation process."

The measure will come before the Senate Foreign Relations Committee after Tuesday's State of the Union address and is likely to be reported out for action in the full Senate the following week. A few lawmakers, as well as antiwar activists, have decried the resolution as toothless, but its sponsors said yesterday that a strong bipartisan vote would have a resounding impact.

"The single most important thing to do is generate a consensus here in the United States Congress," Biden said. "I cannot believe that the president of the United States would not pay heed to a bipartisan resolution" from the Senate.

But there is no shortage of legislative proposals to follow the resolution. Clinton, an expected contender for the White House, proposed limiting troop levels in Iraq to about 135,000, bolstering troop strength in Afghanistan, and delivering both Bush and Iraq an ultimatum: Disarm the sectarian militia, reach agreement on Iraqi oil-revenue sharing, amend the Iraqi constitution to ensure minority rights, and convene a regional peace conference -- or lose funding for the fledgling Iraqi security forces.

It was the strongest statement of dissent yet from Clinton, who has taken heat from liberal activists for her initial support for the war. Sen. Christopher J. Dodd (D-Conn.), a White House aspirant, proposed his own bill, demanding that Bush seek congressional authorization before any additional troop deployments to Iraq. The bill differs only slightly from one introduced by Sen. Edward M. Kennedy (D-Mass.) that would require congressional authorization before any money could be spent on additional troops. House Democrats introduced several other measures, most of which were in line with the growing consensus that Congress should demand the right of reauthorization.

House Republicans countered with a bill to block the cutoff of any funds that would affect troops in the field, while Senate GOP leaders neared completion of their own resolution calling the Iraq war part of the "global struggle" against terrorism and saying the president's new policy will ensure victory in Iraq.

Senate Plans Vote Against Troop Surge (WT)

By Charles Hurt And Stephen Dinan

The Washington Times, January 18, 2007

Senators introduced a resolution yesterday disapproving of President Bush's plan to send more troops to Iraq, setting up a confrontation with the White House, which warned that those who vote for it will face charges that they don't support the troops.

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The resolution -- written by the top Democrats on the Senate Foreign Relations and Armed Services committees and Republican Sen. Chuck Hagel of Nebraska -- has no binding effect on Mr. Bush, but the authors said they hope an overwhelming vote will prove the president lacks the support to move forward.

"This resolution will give every senator a chance to say where he or she stands on the president's plan," said Sen. Joseph R. Biden Jr., Delaware Democrat and Foreign Relations chairman. "The single and most effective way to get him to change course is to demonstrate that his policy has waning or no support from both parties."

The White House pleaded for lawmakers to take more time, study the president's plan and ask more questions.

Mr. Bush last week proposed sending more than 17,000 additional soldiers to Baghdad to help Iraqi troops stem sectarian violence and 4,000 more Marines to Anbar province to fight al Qaeda. He said Iraqi officials have promised more troops of their own and have pledged not to interfere as the U.S. and Iraqi forces go after politically sensitive targets.

The president's spokesman, Tony Snow, said yesterday that Mr. Bush is going to forge ahead with his plan and said members of Congress should be wary of how their opposition will affect the troops.

"Think about what message resolutions would send," Mr. Snow said. He said he will not be the judge of what does or does not support the troops, but said, "It is a question that those are talking about these resolutions will have to answer to themselves and to the public."

Some House and Senate Republicans skeptical of Mr. Bush's proposal went to the White House yesterday to hear the administration's case, while Vice President Dick Cheney met with Republican senators on Capitol Hill. Now Republican leaders are trying to craft a unified position.

Senate Minority Leader Mitch McConnell, Kentucky Republican, emerged from the meeting with the vice president to tell reporters that Republican senators unanimously support "fair procedures" for voting on the new resolution. It was a stance far short of the nearly full support they've shown the White House on the war during the past four years.

In the House, Rep. Sam Johnson, Texas Republican, offered a bill to ensure that Congress does not cut off or restrict funding for troops in a combat zone such as Iraq, and Republican House leaders urged support.

But opposition to Mr. Bush's plan is firming up.

Sen. Olympia J. Snowe, Maine Republican, announced her support for the Senate resolution opposing the troop surge, and Sen. Sam Brownback said sending more troops to the region is a bad idea.

The Kansas Republican who has long been supportive of Mr. Bush and is now considering a White House run, said he's "been committed to a free, safe and secure Iraq from the very beginning."

But after a visit to the front lines last week, he said he "found less reason for optimism."

"Sunni leaders blame everything on the Shi'a. Shi'a leaders, likewise, blame everything on the Sunnis. The Kurdish leadership pointed out that the Sunni and Shi'a only meet when the Kurds call the meeting," he said in a speech on the Senate floor.

Even more frustrating, he said: "All of this suggests that at the present time, the United States cares more about a peaceful Iraq than the Iraqis do. If that is the case, it is difficult to understand why more U.S. troops would make a difference."

Also back from a trip to Iraq was Sen. Hillary Rodham Clinton, New York Democrat.

"We saw American service men and women performing bravely and magnificently, and we also saw a strategy that is not working," said the likely presidential contender. "I, personally, did not see the kind of tangible evidence of actions that we should be expecting from the Iraqi government."

She, along with fellow Democratic Sen. Evan Bayh of Indiana, called for more troops to be deployed in Afghanistan.

Meanwhile Sen. Christopher J. Dodd, Connecticut Democrat and another possible 2008 candidate, said he will offer legislation capping the number of troops in Iraq and requiring the president to get congressional approval before adding more.

But Mr. Snow said that would "bind the hands of the commander in chief."

"To tie one's hand in a time of war is a pretty extreme move," he said.

GOP Struggles For War Unity (RC)

By John Stanton And Susan Davis

Roll Call, January 18, 2007

Even as a bipartisan group of Senators unveiled a nonbinding resolution Wednesday opposing President Bush's plan to boost troop levels in Iraq by 21,500 soldiers, Republican leaders were fighting a losing battle to maintain a unified front in support of the White House and were hunkering down for what could be a months-long political storm over the Iraq War.

The tensions among Congressional Republicans spilled into the public Wednesday during a press conference by Sens. Chuck Hagel (R-Neb.), Carl Levin (D-Mich.) and Joseph Biden (D-Del.) to unveil the bipartisan "surge" resolution. Sen. Olympia Snowe (R-Maine) endorsed the resolution later in the day.

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But as the lawmakers were detailing the proposal, the office of Sen. John Cornyn (R-Texas) sent out a blistering press release accusing the sponsors of playing politics with the Iraq issue and questioning the seriousness of proposing a nonbinding resolution.

Hagel, a Vietnam veteran, bristled at the charges. "To somehow come to the conclusion that it's a 'lack of seriousness,' I'm a little befuddled by the Senator from Texas," Hagel said, adding that those who "question the motivation of someone who challenges the president ... need a little more schooling on this business."

At the same time, Senate Democrats appear to be preparing for the second phase of the fight over Bush's surge proposal that will start when the White House makes its formal budget pitch later this year.

Senate Majority Whip Dick Durbin (D-Ill.) broached the topic during his party's weekly policy luncheon Wednesday, highlighting the administration's $1 billion Iraqi economic reconstruction plan as a potentially plum target for Democrats.

During his presentation of recent polling data on various aspects of the troop surge, Durbin highlighted the fact that in recent polls the Iraqi economic stimulus package is opposed by overwhelming majorities of Americans — significantly more than the basic troop increase underlying the plan, a source familiar with the presentation said.

A senior Democratic leadership aide said that while it is difficult to know how much opposition the plan would draw until Bush outlines the spending proposal, Democrats will use the Appropriations Committee and other committees with oversight authority to scrutinize it closely.

"Democrats are prepared to give the troops everything they need, but not everything Halliburton and the other contractors want," the aide said.

Senate Republican leaders emerged from their weekly luncheon — which included an appearance by Vice President Cheney — with a Conference deeply divided over the surge proposal.

Despite lobbying from President Bush, Cheney and other top administration officials, GOP leadership aides said their party is too fractured on Iraq for a unified position. One aide said that while GOP leaders will engage Democrats on the issue, the divisions are so deep that it is unlikely major pressure will be brought to bear on wayward Republicans.

"At some point twisting arms has the opposite effect. You don't want to go around pissing off the [Ohio Republican Sen. George] Voinoviches of the world," the aide said.

Senate Minority Leader Mitch McConnell (R-Ky.) did not directly address his party's divisions, but he told reporters Wednesday that Republicans would go into the Iraq debate unified around a demand for "a fair process that gives us several different votes."

Senate Republicans, unlike the Democrats, are not planning a major public relations push on Iraq, although McConnell and his leadership team will coordinate floor speeches and other messaging activities.

Instead, Republicans are discussing proposing a series of amendments or alternative resolutions during the Iraq debate, which will not start until the end of next week at the earliest.

"There's a lot of interest in trying to widen the net and bring more people into the resolution. ... The idea was to bring a broad cross-section of people in on a bipartisan basis," Cornyn said about GOP efforts to present an alternative Iraq resolution.

When asked if the Republican alternative would be supportive of Bush's plan, Cornyn said the resolution instead would be "broadly supportive of not giving up in Iraq."

Senate Minority Whip Trent Lott (R-Miss.) said Republicans would be looking to put Democrats on record on some of the more controversial proposals their Members have floated. "We may want Democrats to vote on some of the things they say they're for," said Lott, who mentioned Biden's plan to partition Iraq as one of the issues Republicans might seek a vote on.

Another option under consideration would be to propose an amendment or resolution defunding troops, which would surely be defeated, allowing Republicans to "say 'Look, even Democrats say it's a bad idea,'" a GOP aide said.

In the House, Republican leaders have yet to coalesce around a single strategy to respond to the Democratic resolution expected on the House floor in the coming weeks.

"The issue of war is a delicate one," Minority Leader John Boehner (R-Ohio) conceded Wednesday, as he called for full Congressional hearings on the president's strategy.

The House GOP leadership made its first offensive effort on Iraq on Wednesday as they rallied behind a piece of legislation by Rep. Sam Johnson (R-Texas), a popular Member and Vietnam War veteran, that would prevent Congress from restricting funds for U.S. military forces in the field.

However, Speaker Nancy Pelosi (D-Calif.) and leading House Democrats have repeatedly said they will make no moves to cut money from troops already on the ground.

Yet Republicans are using the legislation as a counter-punch to the expected Democratic resolution that will serve as a referendum on Bush's plan for Iraq,

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House GOP leaders cast the resolution as meaningless because it is nonbinding and has no force of law. On Tuesday, Boehner called such resolutions "just more political rhetoric" that "means nothing." GOP Conference Chairman Adam Putnam (Fla.) called the move a "legislative fig leaf," and House Minority Whip Roy Blunt (Mo.) questioned whether such votes are a matter of conscience because he viewed it as a political document.

But on Wednesday, Republican leaders rallied behind Johnson's bill and made a pointed effort to make it a piece of legislation rather than a resolution. Johnson's bill is unlikely to make it to the House floor.

"Mr. Johnson introduced a bill, not just a Sense of the Congress resolution to bind the House to a firm funding commitment for our troops," said Brian Kennedy, a spokesman for Boehner. "The debate and vote on the Johnson bill will come with consequences rather than empty political rhetoric."

In a separate attempt to build consensus, Republican Policy Committee Chairman Thaddeus McCotter (Mich.) has led a number of "listening sessions" with rank-and-file Members along with Putnam.

McCotter said Wednesday that approximately 60 Members have attended the sessions and more could be scheduled this week. He acknowledged that Members' views are spread across the spectrum on Iraq.

"It's very heartening in the sense that our Members are conscientiously dealing with the issue," McCotter said. "Our Members are unified in that we don't want this to be viewed as a political situation, it's a national situation."

Bush has been meeting with lawmakers this week to continue to build support for his strategy. Rep. Heather Wilson (R-N.M.), an Air Force veteran, said Wednesday that she is undecided on the resolution. Wilson was one of a group of Republicans on the House Intelligence Committee scheduled to meet with Bush on Wednesday afternoon to discuss Iraq. Wilson also noted that Republicans are overwhelmingly united in opposing any legislative effort to starve funds from U.S. military forces on the ground.

A House vote on a resolution is not expected until after the president's State of the Union address next Tuesday, and more likely toward the end of the month.

Emily Pierce contributed to this report.

The GOP In A Quagmire (WP)

By Robert D. Novak

The Washington Post, January 18, 2007

The sense of impending political doom that clutches Republican hearts one week after President Bush presented his new strategy on Iraq to the nation is stoked by the alarming intelligence brought back from Baghdad by Republican Sen. Norm Coleman of Minnesota and passed around Capitol Hill.

In a pre-Christmas visit to Iraq, Coleman and Democratic Sen. Bill Nelson of Florida met with Mowaffak al-Rubaie, the Iraqi government's national security adviser. Coleman described their astounding encounter in a Dec. 19 blog entry: Dr. Rubaie "maintains that the major challenge facing Iraq is not a sectarian conflict, but rather al-Qaeda and disgruntled Baathists seeking to regain power. Both Senator Nelson and I react with incredulity to that assessment. Rubaie cautions against more troops in Baghdad."

Rubaie denied the overriding reality of sectarian violence in Baghdad because his government is tied to the Shiite belligerents in that conflict. While Prime Minister Nouri al-Maliki pays lip service to Bush's demand that he crack down on Mahdi Army commander Moqtada al-Sadr, U.S. officials recognize that Maliki's political support depends on the Shiite militia leader. Thus, Maliki's government is in denial about sectarian conflict. Maliki did not show up for a news conference in which he was scheduled to comment on Bush's new strategy, and he personally remains silent about the plan at this writing.

This hastens the desire of Republicans, who once cheered the Bush Doctrine in the Middle East, to remove U.S. forces from a politically deteriorating condition as soon as possible. "Iraq is a black hole for the Republican Party," a prominent party strategist told me this week. What makes his comments so important is that he is not a maverick Republican in Congress but one of Bush's principal political advisers.

As they adjust to the 2006 election returns, Republicans recognize that this was no isolated bump in the road. The loss of about 320 state legislative seats across the country to the Democrats classifies last year's election as a midrange electoral disaster.

The internal Republican debate concerns how much Iraq contributed to this outcome. The White House and Republican members of Congress who voted for intervention in Iraq contend that many issues led to their defeat: incompetent management of the Hurricane Katrina crisis, widespread cases of corruption and abandonment of spending restraint. But Republicans at the grass roots tell me that Iraq was the central problem and must be erased as an issue.

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Former Maryland governor Robert Ehrlich, a popular and effective Republican who had nothing to do with Iraq policy, believes his defeat was wholly caused by the war. Republicans in a variety of states -- such as Maryland, New Hampshire, Oregon and Missouri -- blame defeats, down to the local level, on Iraq.

One nationally prominent Republican pollster reported confidentially on Capitol Hill after the president's speech that if at the end of the year U.S. troops are still in Iraq and U.S. blood is still being spilled there, the GOP disaster in 2008 will eclipse 2006. Thus, many Republican members of Congress have tied their hopes to Bush's pledge that Iraqi forces will take over local security by September.

But Republican opposition has intensified rather than diminished since the president's speech. What was whispered privately is now declared publicly. At last week's hearing, the Senate Foreign Relations Committee's second-ranking Republican -- Chuck Hagel -- called Bush's new strategy "the most dangerous foreign policy blunder in this country since Vietnam."

The conservative elite of the House of Representatives, members who had 100 percent positive voting records as measured by the American Conservative Union, gathered Wednesday morning for an ACU breakfast on Capitol Hill. They still talked about "winning" in Iraq and deplored the consequences of "surrendering."

But they do not know how that victory can be achieved if the Iraqi government is tied to the Shiite militias, a political dilemma in Iraq that no increase in U.S. troops can solve. Republicans can only hope that Democratic House Speaker Nancy Pelosi and her sidekick, Rep. John Murtha of Pennsylvania, overplay their hands by cutting off funds to U.S. troops in the field. It is a slim hope for now.

Senators Introduce Resolution Opposing More Troops For Iraq (MCT)

By Renee Schoof

McClatchy Newspapers, January 18, 2007

WASHINGTON - Four leading senators - two Democrats and two Republicans - introduced a resolution Wednesday that says President Bush's plan to add 21,500 American troops in Iraq isn't in the United States' national interests.

The resolution, effectively a vote of no confidence in Bush's plan, also calls for more regional and international pressure on Iraqi politicians to make compromises and end rampant killings.

The resolution, sponsored by Sens. Joseph Biden, D-Del.; Carl Levin, D-Mich.; Chuck Hagel, R-Neb.; and Olympia Snowe, R-Maine, is the leading tool that congressional opponents of Bush's war plan are using to persuade him to change course. Democrats consider it their best chance to attract broad backing from members of both parties.

Other Democrats are floating tougher plans.

Sen. Hillary Rodham Clinton, D-N.Y., announced Wednesday that she'd support the resolution but also planned to propose a cap on U.S. troop deployments in Iraq at Jan. 1 levels and a funding cut for Iraqi forces unless Iraq's government takes steps to end the violence.

Sen. Christopher Dodd, D-Conn., introduced a plan that would require a new congressional authorization for the war. Dodd argued that the 2002 authorization was obsolete because the reasons given for the war then are obsolete, as weapons of mass destruction never were found and dictator Saddam Hussein is now dead.

The no-confidence resolution wouldn't have the force of law, but Biden argued that it was important nonetheless.

"I believe that when a president goes way off course on something as important as Iraq, the single most effective way to get him to change course is to demonstrate that his policy has waning or no support from both parties," Biden said.

Hagel called Iraq "one of the most challenging issues that has ever faced our country," and said a national debate was needed to find agreement on a new strategy.

"No one wants to see this country humiliated, defeated or lose its purpose," said Hagel, a Vietnam veteran and possible Republican presidential contender in 2008 who has been a longtime critic of the war.

The resolution doesn't assign blame for the war and doesn't venture into some of the thorny specifics of how to proceed.

For example, it doesn't address the timing of a U.S. withdrawal. Instead, it says the United States should turn over responsibility for security to the Iraqis "under an appropriately expedited timeline."

It calls for regional and international support for a peace process for Iraq, but doesn't specify which nations should be involved. Secretary of State Condoleezza Rice has rejected talks with Iran and Syria.

Biden said he would present the resolution to the Senate Foreign Relations Committee, which he chairs, on Thursday for debate. The committee probably will vote on it after the president's State of the Union speech next Tuesday night. The House of Representatives plans to let the Senate go first, then consider a similar resolution.

Rep. Adam Putnam of Florida, a member of the House Republican leadership, criticized the Democrats' tactics.

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"House Democrats continue to be divided over the war in Iraq. Now in the majority, they wish to wait on the Senate before coming forward with a resolution opposing the president's plan, which allows them to debate amongst themselves over which course of cut-and-run they support," he said in a statement.

Sen. Norm Coleman, R-Minn., said he opposed Bush's troop increase and might support the no-confidence resolution if some of the language were changed. Coleman was among a group of Republican senators who met Wednesday at the White House with national security adviser Stephen Hadley.

"A lot of us talked. He took notes," Coleman said. "The bottom line is that I went in there with a lot of concerns. I left with a lot of concerns. ... There was very little mind changing that went on."

Separately, Democratic Reps. Barbara Lee, Lynn Woolsey and Maxine Waters of California announced a bill that calls for withdrawing all American forces in six months, more money for Iraqi forces and a ban on permanent U.S. military bases in Iraq.

Margaret Talev contributed to this report.

White House: Capping Iraq Troop Levels Would Be "Extreme" (WSJ)

By Henry J. Pulizzi

Wall Street Journal/Dow Jones, January 18, 2007

WASHINGTON (Dow Jones)--Capping the number of troops in Iraq, as Sen. Hillary Clinton proposed Wednesday, would be a "pretty extreme move" that weakens President George W. Bush's ability to address the situation there, the White House said.

Fresh off a trip to Iraq, the New York Democrat suggested the U.S. boost the number of U.S. forces in Afghanistan and cap the number in Iraq. Clinton - who is against Bush's new strategy of injecting 21,500 additional troops into Iraq - also said she's in favor of redeploying troops out of Baghdad and eventually all of Iraq.

"The idea of placing a cap on troops... what it does is something that no commander in chief, I think, would want to have, which is it binds the hands of the commander in chief and also the generals and, frankly, also the troops on the ground in terms of responding to situations and contingencies that may occur there," White House spokesman Tony Snow said.

"To tie one's hand in a time of war is a pretty extreme move."

The spokesman said Clinton's proposal on redeployment would raise the risk of "fast failure" by damaging security in Baghdad.

"The other thing is it raises the question in terms of the Iraqis -- will they take us at our word when we say we support them? And will it in fact make it easier for suitors, whether they be Iranians or al-Qaida members, to say, well, look, you can count on us," Snow said.

A trio of senators, including Republican Chuck Hagel of Nebraska, have unveiled a resolution opposing Bush's new Iraq strategy. Bush is meeting with House Republicans at the White House later Wednesday, a group of lawmakers that Snow said is mostly skeptical of the administration's Iraq plans.

Snow said some lawmakers haven't had a chance to evaluate Bush's plan, and actually agree with the president in some critical areas. Like Clinton, Bush supports putting conditions on the Iraqi government before giving more economic aid.

"The president made it very clear that the American public has limited patience when it come to Iraq, and we do expect to see things happening," Snow said. "We understand that despite the conditions of violence, it's important to go ahead and continue on the political track, where it's possible."

Sen. Clinton Keeps Pace With Public Opinion Against Iraq War (CHIT)

By Jill Zuckman

Chicago Tribune, January 18, 2007

WASHINGTON -- Last year, liberal Democratic activists booed, hissed and heckled Sen. Hillary Clinton (D-N.Y.) as she reiterated her firm opposition to setting a date for the withdrawal of American troops from Iraq.

But now, fresh from her third trip to Iraq, Clinton has launched a public relations blitz, emphatically declaring her opposition to President Bush's decision to send 21,500 additional troops and calling for American forces to begin leaving Baghdad.

For Clinton, widely considered to be at the top of the list of potential Democratic presidential nominees in 2008, the conflict in Iraq is proving to be a tightrope walk of the highest order. She is trying to keep pace with public opinion against the war.

She's contending with likely Democratic opponents, such as Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina, eager to outflank her. But she's also working to preserve her credibility on military matters for the general election.

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Meanwhile, Democratic senators and Republicans Chuck Hagel of Nebraska and Olympia Snowe of Maine introduced a symbolic, non-binding resolution Wednesday opposing the increase in U.S. troops in Iraq and America's deepening military involvement there. It is a tack that Clinton said she supports.

"What I came away with is a strong opposition to the president's plan for escalation," Clinton said on National Public Radio Wednesday morning following an appearance on NBC's "Today Show." "Instead, I would like to see us cap the number of American troops in Iraq at the level we had as of Jan. 1, and begin to deploy them out of Baghdad and eventually out of Iraq." There now are about 132,000 U.S. troops in Iraq.

In that same interview, Clinton pointedly refused to answer the question of whether Obama, who on Tuesday established a presidential exploratory committee, was qualified to be president. She insisted that was an issue for voters to decide.

Of all the Democratic candidates for president, none has struck a more hawkish stance than Clinton, a member of the Senate Armed Services Committee. She voted for the resolution to go to war in Iraq and has resisted calls to leave precipitously. Now that position is decidedly out of sync with most Democrats.

Meanwhile, her likely opponents in the Democratic field have either renounced their earlier support for the war, or, like Obama, have noted longstanding opposition.

A spokesman for Obama, Robert Gibbs, declined to comment on Clinton's position on the war, but pointedly noted that Obama never supported the war in the first place. Obama was an Illinois state senator when Congress voted in 2002 to authorize military action against Iraq.

"Barack Obama is proud that he's been a consistent opponent against this war," Gibbs said. "And that the critique that he gave in 2002 as to why this was a bad idea and what would happen in its aftermath has sadly become true. As a United States senator, he's frustrated that we are dealing with an open-ended commitment of authority that was given to the president that should never (have) been given."

A strategist for a rival Democratic campaign accused Clinton of being "trapped by gender" in needing to appear tough enough to govern, in the mold of Israeli Prime Minister Golda Meir, British Prime Minister Margaret Thatcher, or India Prime Minister Indira Gandhi.

"She and her campaign understandably have been obsessed with preserving her general election viability," said the strategist, who would speak only on the condition of anonymity. "They understand that a liberal dovish woman is not about to be elected president in a post-9/11 America. So they find themselves trailing public opinion on the war, badly trailing Democratic primary opinion on the war and just hoping the left gives her a pass."

Friends and supporters of Clinton, however, point out that she has been consistent in her own way, criticizing the poor execution of the war and the lack of post-war planning and pressing for the ouster of former Defense Secretary Donald Rumsfeld.

"She's been clear about that," said Rep. Rahm Emanuel (D-Ill.), a former high-ranking aide to President Bill Clinton.

And those who know her scoff at the notion that Clinton is trying too hard to be tough because of her gender.

"She just doesn't project a sense of weakness," said Paul Begala, another former Clinton White House official. "I think generally where she is, is where Americans are. There's always going to be people to the left of you and to the right of you, so you just have to decide what's best and be true to that."

However, Ruth Mandel, director of the Eagleton Institute of Politics at Rutgers University, said every candidate for president must demonstrate a capacity to be commander-in-chief, including Clinton.

"Since no other woman has been commander-in-chief, any woman who aspires to that and is the first woman to run for that, is going to have to answer the unspoken question," Mandel said. "It's there, in the air, it hovers and has to be taken into account."

Of greater concern for Clinton, perhaps, is a lack of enthusiasm among liberal, grassroots activists who play a pivotal role in the Democratic primary process.

"I think it's because the grassroots of the party has been critical of the war from the beginning and thought she was slow to come to the realization that we were on the wrong track," said Roger Hickey, co-director of the Campaign for America's Future, where Clinton was booed last year.

Tom Matzzie, the Washington director for MoveOn.Org, said voters will reward candidates who are working to get the nation out of Iraq—not just opposing the increase in troops.

"If people think that she's not being genuine in her advocacy, then that's a problem for her," he said. "Right now I think she's making a good step forward, but she needs to do more. Not just how she's trying to stop the escalation, but how we're going to get out."

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At a jam-packed news conference on Capitol Hill Wednesday, Clinton described the Bush administration's priorities as "upside down." She criticized the president for providing an "open-ended presence" of U.S. troops in Iraq. And she called for fewer American soldiers in Iraq and more in Afghanistan.

Clinton also said she would introduce legislation to cap the number of troops in Iraq and require the administration to get congressional authorization to send any additional troops there, similar to a measure announced by Sen. Christopher Dodd (D-Conn.), another candidate for the presidential nomination.

Further, Clinton's bill would impose conditions for the continued funding of Iraqi security forces and the private contractors working for the Iraqis.

"We could demonstrate your failure to do X, Y, and Z leads to these consequences," she said. "And that's why I am arguing that in the first instance we link the consequences to funding for Iraqi security forces, including the private contractors, because I think nothing short of that will concentrate the mind and attention of the Iraqi leadership."

Clinton insisted that she's been entirely consistent on Iraq policy for the last year and a half as she voted for resolutions calling for a phased redeployment without specific deadlines.

And yet, when pushed during an interview last month, Clinton grudgingly acknowledged a small sense of regret about her 2002 vote authorizing the invasion.

"Obviously, if we knew then what we know now, there wouldn't have been a vote and I certainly wouldn't have voted that way," Clinton said during a December appearance on the "Today Show."

Hillary Clinton Opposes Buildup (LAT)

By Stephen Braun

The Los Angeles Times, January 18, 2007

Newly returned from a fact-finding trip to Iraq and under growing pressure from antiwar Democrats as she weighs entering the 2008 presidential race, Sen. Hillary Rodham Clinton called Wednesday for a cap on the number of U.S. troops stationed in the war zone.

The New York senator's proposal to freeze troop levels faces dubious prospects in a divided Congress and was quickly spurned by the White House. But the political urge to weigh in against President Bush's "surge" of military personnel to Iraq appeared irresistible. Even as Clinton unveiled her plan, two of her possible presidential rivals — Sen. Barack Obama (D-Ill.) and Sen. Christopher J. Dodd, (D-Conn.) — announced their own troop cap proposals.

Accusing the Bush administration of a "failed strategy" in Iraq, Clinton said she wanted to freeze the number of U.S. military personnel in Iraq as of Jan. 1, before President Bush announced a planned increase of 21,500 troops to help patrol strife-racked Baghdad and Al Anbar province.

"The president is sending mixed signals. We need to change course," Clinton said.

The New York senator also said she would introduce legislation that would limit funds for Iraqi security forces if they failed to take an effective role in quelling internecine violence between Shiite and Sunni factions. At the same time, Clinton called for more U.S. troops in Afghanistan to ward against a feared Taliban offensive and voiced concern that some "surge" forces in Iraq would be siphoned off from Afghan units.

Clinton did not elaborate on how Congress could impose a troop cap, an action that probably would be complicated by the rapid moves already made by the administration to set its troop increase in motion. And she acknowledged the dim prospects of nudging a troop cap through Congress despite the slim Democratic majority.

"We're all going to try to do whatever we can" to pressure the administration, she said. "But I can count," Clinton added, referring to the deepening divisions over the war between the two parties.

As she explained her nuanced new stance, Clinton appeared to carefully navigate between the urge to hone her antiwar credentials while protecting her flank from White House attacks that she was not supporting U.S. troops. Even as she insisted she would press for a "phased redeployment" from Iraq, she was unwilling to name a target date for completing a military pullout.

"I'm not going to support a specific deadline," she said. "We still have vital national security interests in Iraq."

Clinton's careful posturing did not impress the White House. In remarks during his daily briefing, White House spokesman Tony Snow said her proposed troop cap was "a pretty extreme move" that would "bind the hands of the commander in chief and also the generals, and frankly, also, the troops on the ground."

The liberal advocacy group MoveOn.org, also weighed in Wednesday, urging Clinton to take a stronger stance against the Iraq call-up.

Clinton's vote in 2002 to authorize the Bush administration's war in Iraq has long been a sore point among war critics and could be an Achilles heel in the 2008 presidential race. Former North Carolina Sen. John Edwards, who has already announced his intention to run in 2008 and publicly recanted his 2002 vote for the Iraq war authorization, appeared at a church in Harlem

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over the weekend and warned Democratic legislators: "It is no longer OK to study your options and keep your own private counsel. Silence is betrayal. Speak out and stop this escalation now."

Clinton's aides, interpreting Edwards' remarks as an attack on her, responded quickly. "In 2004, John Edwards used to constantly brag about running a positive campaign," said Clinton spokesman Howard Wolfson. "He has unfortunately chosen to open his campaign with political attacks on Democrats who are fighting the Bush administration's Iraq policy."

Edwards later denied he was talking about Clinton.

While Clinton tied her proposed troop cap to the Jan. 1 military presence in Iraq, Dodd introduced a measure Wednesday that would simply cap the number of troops at roughly 130,000. Congress should vote directly on Bush's plan to send additional troops to the country, added Dodd, who announced last week that he would run for the presidency in 2008.

Obama, who said Tuesday that he had formed an exploratory committee for a presidential run, said Wednesday in a statement that he would also introduce a bill to press for a troop cap and a "phased redeployment I called for two months ago."

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Senator Clinton Calls Bush Plan 'a Losing Strategy' (NYT)

By Patrick Healy

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — Fresh from a weekend trip to Iraq, Senator Hillary Rodham Clinton this morning intensified her opposition to President Bush's new plan to send more than 20,000 additional troops to Baghdad, calling it "a losing strategy" and a "very bad mission" and proposing new limits and conditions on the overall war effort.

In laying out her latest set of positions and talking points on Iraq during appearances on the NBC and CBS morning shows, and on National Public Radio, Mrs. Clinton — a likely candidate for president in 2008 — did not call for a fixed deadline for withdrawing all American forces, saying only that the troops should leave Iraq "eventually." Nor did she endorse blocking money for the new troop deployment. Those two positions are favored by many antiwar Democrats who are expected to be a force in the presidential primaries, and by at least one likely rival in 2008, former Senator John Edwards of North Carolina.

Instead, Mrs. Clinton called for capping the number of American forces in Iraq to the total number there on Jan. 1 — before Mr. Bush proposed adding forces. That total is roughly 140,000. She also proposed making a new threat to Iraqi government leaders to force their cooperation: the loss of American funds to train and equip Iraqi forces, rebuild the economy, and, to make the pressure more acute, to provide security for the leaders themselves.

Mrs. Clinton did not outline benchmarks for that progress, but she indicated that the Shiite-led government would be expected to crack down on sectarian militias in Baghdad and elsewhere and to find new ways to work with Sunni political groups.

She also called for sending more troops to support the American military mission in Afghanistan, which she referred to as "quite a success story." And she opposed any shift of forces out of Afghanistan as part of the troop expansion in Iraq.

Yet when it came to a threshold political issue for many Democrats — the end of the American military effort in Iraq — Senator Clinton did not embrace an instant withdrawal or a specific timetable for doing so.

"I'm for redeploying our troops out of Baghdad and eventually out of Iraq so we can make sure that they're not in the midst of a civil war," she said on CBS's "Early Show."

Mrs. Clinton's appearances on the morning shows had the effect of cutting into some of the coverage of Tuesday's announcement by Senator Barack Obama of Illinois that he would run for president. Clinton advisers said that she was not trying to upstage Mr. Obama; rather, her trip to Iraq on Saturday was always intended to bolster a new set of statements by Mrs. Clinton about the war, and she used network television and public radio this morning to try to speak directly to as many people as possible.

After her stop in Iraq, Senator Clinton visited American troops in Afghanistan and Germany before returning on Monday. She delayed a new conference on Tuesday after a member of her delegation, Representative John McHugh, a Republican from New York, took ill. That news conference is now scheduled for this afternoon.

Mrs. Clinton, who met with American commanders and Iraqi officials during her visit to Baghdad, said she received "lip service" during her meeting with Prime Minister Nuri Kamal Al-Maliki.

"This is clearly an abdication of responsibility by this government — we need some leverage on them," Senator Clinton said on CBS.

"Enough of the talk," she added, noting that Americans were protecting Iraqi leaders and training Iraqi troops yet reaping no rewards. "Let's just say, we're not going to do that anymore."

She insisted that sectarian violence would continue in Iraq regardless of whether there were more or fewer troops, because the Iraqi government was not committed to the mission.

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"They're waiting us out," she said on NBC's "Today" show. "They intend to do everything they can to impose a particular brand of dominance over the Sunnis, and there's no reason for the Sunni insurgency therefore to stop."

Senator Clinton also said on NBC that Congress had limited ability to block the president's troop plan outright.

"The president has enormous authority under our constitutional system to do exactly what he's doing," Mrs. Clinton said. "He already has the money appropriated in the budget."

She said she was troubled that the Bush administration seemed willing to shift troops from Afghanistan to take part in a "losing strategy" in Iraq; a moment later, she expressed concern about sending more troops "to Iraq on this very bad mission."

Mrs. Clinton was asked about her presidential plans on both NBC and CBS, and declined to say anything about her thinking or timetable. She was also asked about the decision by Senator Obama to form a presidential exploratory committee. He is expected to formally announced for the presidency in Springfield, Ill., on Feb. 10.

Mrs. Clinton avoided making any pointed criticisms of Mr. Obama, but, on CBS, she did make a glancing reference to the importance of experience. Mr. Obama has served in the United States Senate for just over two years; he was an Illinois state senator and a law professor before that.

"I'm looking forward to a spirited and substantive debate about issues, about goals, about aspirations, about experience, about the kinds of things that voters will be interested in," Mrs. Clinton said.

Clinton Steps Up Criticism Of War In Iraq (WP)

By Dan Balz

The Washington Post, January 18, 2007

Sen. Hillary Rodham Clinton (D-N.Y.) offered her harshest assessment to date of President Bush's Iraq war strategy yesterday, continuing her steady evolution from one of the war's staunchest supporters to one of the administration's most prominent critics.

Clinton's stepped-up criticism came as she nears an announcement of her plans for a likely 2008 presidential campaign and during a period of increased antiwar activity in the Democratic Party aimed at blocking Bush's proposal to send 21,500 more troops to Iraq.

Her long support for the war and past reluctance to break more significantly with the administration have left her at odds with many liberal activists, who will play an influential role in the Democratic nomination battle. Yesterday, she stopped short of embracing a timetable for withdrawing troops from the conflict, an idea many activists support.

Just returned from a weekend visit to Iraq, Afghanistan and Pakistan, Clinton said Bush's new proposal threatens the missions in Iraq, where she said more troops are not the answer, and in Afghanistan, where she said additional troops are badly needed. "The president's team is pursuing a failed strategy in Iraq as it edges closer to collapse, and Afghanistan needs more of our concerted effort and attention," she said.

Clinton said that she supports a nonbinding resolution opposing Bush's plan but that she would go further by introducing legislation to limit the number of U.S. forces in Iraq at their levels of Jan. 1, while establishing conditions for the Iraqi government that, if not met, would result in cuts in funding for Iraqi security forces.

More significant, she said the legislation would establish conditions for the U.S. government as well, such as certifying that the Iraqi government had disarmed the sectarian militias and made constitutional changes to ensure rights for all ethnic minorities, as well as requiring participating in diplomatic activities with Iraq's neighbors.

If those conditions are not met, the legislation would require a congressional resolution authorizing the mission in Iraq. That could take away from the administration the authority that Congress granted in October 2002 that led to the invasion and that was supported by many Democrats, including Clinton.

That resolution haunted her politically as public support for the war began to erode, particularly among Democrats. As other Democrats recanted their support for the resolution -- including Sen. John F. Kerry (Mass.) and former senator John Edwards (N.C.) -- she resisted.

That put her on a twisting path that moved her slowly away from the vote and that finally led her a month ago to say that, knowing what she knows now, she would not have voted for the resolution. But unlike Edwards, who is an announced candidate for president, and Kerry, who may run, she has not apologized for that decision.

Clinton sought high-profile forums yesterday to deliver her gloomy assessment of conditions in Iraq and Afghanistan and to rail against an administration that she said has been unwilling to embrace the kind of change in strategy that could improve the situation.

She appeared on morning television programs, did an interview with National Public Radio and spoke at a joint news conference with Sen. Evan Bayh (D-Ind.) and Rep. John M. McHugh (R-N.Y.), who traveled with her to the region. The conference drew an overflow crowd of reporters to the Senate Radio-TV gallery in the Capitol.

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Her appearances shifted some of the spotlight away from Sen. Barack Obama (D-Ill.), who formed his presidential exploratory committee on Tuesday to enormous media attention.

Clinton was particularly harsh in her critique of the Iraqi government. She met with Iraqi Prime Minister Nouri al-Maliki over the weekend and is pessimistic that he will do what is necessary to bring order to Baghdad. "The Iraqi government is not committed to taking the steps both militarily and politically that would help them to gain control over Baghdad and other places in the country," she said on NBC's "Today Show."

The Iraq Study Group, chaired by former secretary of state James A. Baker III and former congressman Lee H. Hamilton (D-Ind.), recently proposed removing virtually all combat forces from Iraq by early next year. Clinton praised the report when it was issued late last year, saying, "I hope the White House takes the recommendations seriously."

Yesterday she said she does not agree with the group's proposed timetable for troop withdrawal. "I don't think you can pull out one of their recommendations and just look at that in isolation," she said. "I think the Iraq Study Group gave us a very good blueprint for what needs to be done in Iraq, but you have to look at it comprehensively."

Clinton drew responses yesterday from the White House and her party's liberal wing. White House press secretary Tony Snow called the proposal to limit U.S. forces "a pretty extreme move" that would tie the president's hands during a time of war. Tom Matzzie, Washington director of MoveOn.org, which has been pushing to block the new troop deployments, challenged Clinton to follow through. "A key test is how any senator puts words into action," he said in a statement.

Sen. Clinton Calls For Troop Cap In Iraq (AP)

By Devlin Barrett, Associated Press Writer

AP, January 18, 2007

Sen. Hillary Rodham Clinton, a potential presidential candidate, on Wednesday called for capping the number of U.S. troops in Iraq and linking funds for Iraqi security forces to the government's control of the violence-plagued nation.

Back from a weekend trip to Iraq and Afghanistan, the New York senator also called for increasing U.S. forces in Afghanistan, arguing more troops are necessary as Taliban forces are waiting to attack when weather permits.

Clinton was quick to seize the spotlight the day after Illinois Sen. Barack Obama took a major step toward entering the 2008 race. She made a round of appearances on network television and radio and participated in a Capitol Hill news conference.

Clinton said she would offer legislation that would not cut funding to U.S. troops, as some lawmakers want, but would, after a six-month time period, cut off money for Iraqi troops.

She said cutting off funds for security forces and private security contractors who guard many Iraqi leaders would show the U.S. government is serious about imposing "real world consequences" to failing to reduce the sectarian conflict killing tens of thousands civilians a year.

"I do not support cutting funding for American troops, but I do support cutting funding for Iraqi forces if the Iraqi government does not meet set conditions," Clinton said, appearing at a news conference with the two lawmakers who traveled with her to Iraq and Afghanistan, Sen. Evan Bayh, D-Ind., and Rep. John McHugh, R-N.Y.

Clinton argued the Bush administration has failed to put any real pressure on Iraqi leaders at the same time the president is escalating the U.S. commitment there by sending 21,500 more troops.

"I think we will eventually have to move to tougher requirements on the administration to get their attention," said Clinton, arguing that she wanted "a change of course, not adding more troops pursuing a strategy that under present circumstances, cannot be successful."

More than 130,000 U.S. troops are in Iraq.

White House spokesman Tony Snow dismissed Clinton's proposal.

"The idea of placing a cap on troops — what it does is something that no commander in chief would want to have, which is it binds the hands of the commander in chief and also the generals and frankly also the troops on the ground," Snow said.

Clinton's bill would, if Iraqis cannot show progress after six months, require Bush to get congressional authority for any additional troops in Iraq.

Even as she jousts with the White House, Clinton also is feeling heat from Democratic rivals, due largely to her position as the presumptive front-runner in a presidential race she has yet to enter.

On Wednesday, Obama called Iraq troop escalation "a terrible consequence of the decision to give him the broad, open-ended authority to wage this war in 2002," an indirect shot at the voting record of Clinton and other Democrats.

Obama did say he favors a cap of U.S. troop levels in Iraq and the phased redeployment of troops, both of which Clinton support.

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In a statement, Tom Mattzie of the liberal group MoveOn.org said they would like Clinton to "use her powers as a senator to stop the escalation and move toward a redeployment. A key test is how any senator puts words into action. We would welcome her future leadership."

Clinton and Bayh sent a letter to Defense Secretary Robert Gates Wednesday calling for an increase in Afghanistan of two or possibly three infantry battalions, some 2,300 troops.

"Unlike in Iraq," the senators wrote, "we have a government in Afghanistan committed to promoting national interests over sectarian ones, is making tangible progress in governance, sincerely wants more U.S. help, and is fighting the enemy that brought us Sept. 11."

The Dems' Antiwar Shuffle (LAT)

The Los Angeles Times, January 18, 2007

A MONTH AGO, the contest between Sens. Hillary Rodham Clinton and Barack Obama for the 2008 Democratic presidential nomination was shaping up as a battle of the "firsts." Would Democrats rally 'round Clinton because she would be the first female president? Or Obama because he would be the first African American in the White House? This week, the faceoff between the two senators — not the party's only would-be nominees but certainly the most talked about — shifted from identity politics to Iraqi politics. That's not necessarily an improvement.

On Tuesday, as Obama was launching his 2008 exploratory committee, supporters of the freshman senator from Illinois were publicizing a website called obamawasright.com. Visitors to the site are reminded that Obama in 2002 called a war to topple Saddam Hussein "dumb" and "rash." Next to a picture of Clinton, who voted to authorize the war, is her statement in 2002 that "it is clear … that if left unchecked, Saddam Hussein will continue to increase his capacity to wage biological and chemical warfare, and will keep trying to develop nuclear weapons." Take that, Hillary.

But she isn't taking it. On Wednesday, freshly returned from Afghanistan and Iraq, Clinton recalibrated her position on the war. She announced that she will support a nonbinding resolution opposing President Bush's planned surge of 21,500 troops to Iraq, as will many other congressional Democrats and some Republicans. The senator from New York also unveiled legislation to cap U.S. forces at Jan. 1, 2007, levels, though she indicated that she wouldn't vote to cut off funding for troops on the ground. (In Afghanistan, by contrast, Clinton proposed an increase in U.S. forces.)

Yes, Clinton has a political need for an orderly retreat from her earlier pro-war stance. But this is an ill-advised approach. As she herself has conceded, the Bush administration already has the necessary appropriations in hand to implement the surge in Iraq. Moreover, even some Democrats see constitutional problems in congressional micromanagement of troop deployments.

Still, Clinton is being forced to burnish her antiwar credentials against a contender who has the luxury of not having been in the Senate in 2002. And so, like many of her fellow Democratic senators, she is scrambling to get on what her party's primary voters deem the right side of history.

For Bush, the evolution in Clinton's position is another reminder that, in his own words, Americans' patience with the Iraqi government "is not unlimited" and that the surge must be a final effort to stabilize Iraq, not "stay the course" under another name. For Democrats, Clinton's dialing-up of her opposition to the war may mean that they will have to choose between her and other would-be nominees — Obama included — on other grounds. That could be a positive development.

Presidential Aspirants Assail Plan For Iraq Buildup (USAT)

By Kathy Kiely

USA Today, January 18, 2007

WASHINGTON — Sen. Hillary Rodham Clinton on Wednesday led a parade of potential 2008 presidential candidates — including two Republicans — in blasting President Bush's plan to increase troop levels in Iraq.

Clinton, D-N.Y.,who has been criticized on the war by liberals in her own party, announced that she'll support a resolution disapproving of Bush's policy and will introduce legislation designed to keep troop levels in Iraq from going up. In her first detailed comments on the president's plan since returning from a four-day trip to Iraq and Afghanistan, Clinton said the Bush strategy is "not working."

The maneuvering underscored the deteriorating political situation for the president on Capitol Hill as Bush and Republican congressional leaders scrambled to head off a potentially embarrassing vote of no-confidence on his Iraq policy.

It also heightened the stakes for the State of the Union address that Bush will deliver to Congress on Tuesday. The following day, Senate Foreign Relations Chairman Joseph Biden, D-Del., plans to have the panel vote on a bipartisan resolution that declares Bush's planned increase in troops "not in the national interest."

The measure, which gained the support Wednesday of Sen. Olympia Snowe, R-Maine, was co-authored by Biden, Senate Armed Services Chairman Carl Levin, D-Mich., and Sen. Chuck Hagel, R-Neb., a Vietnam War combat veteran. "I will do

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everything I can to stop the president's policy," Hagel said at a news conference to announce the resolution. "I think it's dangerously irresponsible."

Biden and Hagel have said they are considering running for president in 2008. Other potential presidential candidates who aired misgivings about the president's policy Wednesday:

·Sen. Christopher Dodd, D-Conn., announced he'll introduce a bill, similar to Clinton's proposal, to cap troop strength in Iraq at current levels.

·Sen. Sam Brownback, R-Kan., who said he returned from a trip to Iraq discouraged about its prospects, observed in a floor speech: "The United States seems to care more about a peaceful Iraq than the Iraqis do. If that is the case, it is difficult to understand why more U.S. troops would make a difference."

·Sen. Barack Obama, D-Ill., said he'd support a cap on troop levels but also would introduce legislation calling for a phased withdrawal of U.S. forces from Iraq.

Obama's announcement came minutes after Clinton's, intensifying the competition between the two celebrity Democrats. Obama announced this week he's raising money to explore a White House run.

His interest increases pressure on Clinton. The New York senator, the wife of former president Bill Clinton, has not yet declared her intention to run but is the front-runner among Democrats in public opinion polls.

She was booed last summer, however, at a conference of Democratic liberals when she refused to back a definite timetable for withdrawing troops from Iraq. Clinton said Wednesday she has not changed her position; she favors a redeployment of U.S. troops but is not willing to put a date on when that should happen. "We do have national security interests in Iraq," she said.

In addition to capping troop levels, Clinton said, she wants to increase troops in Afghanistan and tie U.S. aid to Iraq to certain benchmarks. White House spokesman Tony Snow called Clinton's proposed cap "pretty extreme" because it would "tie one's hand in a time of war."

Bush spent part of Wednesday meeting with Republicans about his Iraq strategy. Sen. George Voinovich, R-Ohio, said the president and his aides spent more time listening to lawmakers' concerns than trying to persuade them to back the plan. Voinovich, still undecided about how he'll vote, said the main accomplishment of the session was to give the president a sense of how much convincing he has to do.

"I think we clarified for them what the reality is," he said.

Dodd Introduces Bill To Cap U.S. Troops In Iraq (WP)

By William Branigin And Howard Schneider

The Washington Post, January 18, 2007

Senate Democrats today introduced competing measures in opposition to President Bush's planned buildup of U.S. troops in Iraq, with Sen. Christopher J. Dodd (D-Conn.) seeking a legislative cap on American forces there and a group that includes a leading Republican promoting a nonbinding resolution against the plan.

Dodd introduced legislation to cap the number of troops in Iraq at roughly 130,000, saying that lawmakers should take an up-or-down vote on Bush's plan to send additional troops to the country and not settle for the nonbinding resolution several Senate leaders prefer.

Later, however, Democratic Sens. Joseph R. Biden Jr. (Del.) and Carl M. Levin (Mich.) were joined by Republican Sen. Chuck Hagel of Nebraska in putting forward a resolution that describes Bush's troop buildup in Iraq as "not in the national interest of the United States." Hagel, a Vietnam War veteran, is considered a potential GOP presidential candidate in 2008.

"I will do everything I can to stop the president's policy as he outlined it on Wednesday night," Hagel said in a joint news conference on Capitol Hill with Biden and Levin. "I think it is dangerously irresponsible to continue to put American lives in the middle of a clearly defined tribal sectarian civil war."

In a separate news conference this afternoon, Sen. Hillary Rodham Clinton (D-N.Y.) said she would support the nonbinding resolution, but she left open the possibility that she would later back "tougher" congressional action aimed at forcing the administration to change course in Iraq.

"From what I've heard out of the administration thus far, I think we will eventually have to move to tougher requirements on the administration to get their attention," said Clinton, who recently returned from a trip to Afghanistan and Iraq with Sen. Evan Bayh (D-Ind.) and Rep. John M. McHugh (R-N.Y.).

The administration's priorities "are upside down," and more U.S. forces should be sent to Afghanistan instead of Iraq, Clinton said.

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"Rather than an escalation of U.S. troops, which I do not believe will contribute to long-term success in Iraq, we should be beginning a phased redeployment of U.S. troops as a way to put pressure on the Iraqi government to take responsibility for its own security and future," she said.

"We need to change course," said Clinton, who is weighing a 2008 presidential run. "It would be a great irony if the administration's emphasis on escalating our presence in Iraq caused it to ignore the threat facing Afghanistan, where those responsible for planning the September 11 attacks are still our enemies."

White House spokesman Tony Snow denied that Bush is moving U.S. troops from Afghanistan to Iraq.

"That's just not the case," he told a news briefing. "There will not be any direct move [of] just shipping people from one theater of battle to the other."

Dodd, who last week declared his candidacy in the 2008 presidential race, said that "the issues are far too important" for nonbinding measures. "Other than expressing opposition, I felt we should do something more," he said, calling for quick action before any troop increase becomes a fait accompli.

"The president has laid down the gauntlet by saying he is going to go forward and I don't care what you say," said Dodd. He argued that the authorization Congress gave Bush in 2002 to send troops to Iraq, leading to the March 2003 invasion and occupation, did not cover a situation that has since degenerated into a civil war among rival religious, ethnic and political sects.

Dodd announced his proposed legislation on a day when Clinton, in a series of interviews on morning television, endorsed troop limits and a possible cutoff of funds to the Iraqi government if it fails to meet security benchmarks.

Clinton said she supports starting "a phased redeployment out of Baghdad and eventually out of Iraq completely." However, she would not specify whether she would vote to block funding for the additional U.S. troops Bush wants to send to Iraq.

In staking out their positions today, the two probable competitors are likely to intensify debate over how aggressively Congress should challenge Bush's war policy -- and particularly his intent to commit an additional 21,500 troops.

Bush meanwhile called Republican senators to the White House today in an effort to rally support for his plan and dissuade GOP lawmakers from backing any resolutions against the troop buildup. The White House declined to say who was invited but acknowledged that lawmakers are generally skeptical of Bush's plan.

On the House side, Minority Whip Roy Blunt (R-Mo.) came out in support of a bill introduced by Rep. Sam Johnson (R-Tex.) to prevent Congress from restricting funds to troops already in combat. Blunt said any such restrictions would be "a recipe for troop demoralization."

Congress cannot "dictate strategy to the commander-in-chief," and lawmakers' power of the purse "is not to be taken lightly," Blunt said. "I hope Republicans and Democrats can unite behind the message that we support our troops in the field, and we will not cut their funding while they carry out their mission far away from their families and loved ones."

Unveiled in a nationally televised address last week, Bush's plan would focus on quelling sectarian violence in Baghdad and bolster forces in the volatile Anbar province.

Although announced in tandem with increased Iraqi efforts to take charge of their own security, the initiative has drawn bipartisan criticism in Congress and has received little support in public opinion polls.

But, despite winning control of the House and Senate in November elections that turned in part on public dissatisfaction with the direction of the Iraq war, Democrats are split on whether to simply criticize the president, or try to change his policies by imposing spending limits or other measures to restrict U.S. troop involvement in the conflict.

The split came into sharper focus this afternoon when Biden, the new chairman of the Senate Foreign Relations Committee, and Levin, who now chairs the senate Armed Services Committee, released their nonbinding resolution opposing the troop increase, with Hagel as a co-sponsor.

The resolution declared that "it is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating U.S. troop presence in Iraq."

Clinton, in her television interviews, said she wanted to cap the number of troops and cut funding to the Iraqi government -- "for the training of their military, for the protection of the leaders, for economic reconstruction assistance" -- unless it makes progress on rebuilding its security forces and policing the country.

"I am opposed to this escalation," Clinton said on CBS News's "The Early Show."

She and Bayh plan to send a letter to Defense Secretary Robert M. Gates today urging the United States to send additional forces to battle an expected Taliban surge this spring. She said the United States should add two battalions in the southern part of the country, and keep a battalion in place in eastern Afghanistan, rather than send those forces to Iraq.

Bush is "taking troops away from Afghanistan, where I think we need to be putting more troops, and sending them to Iraq on a mission that I think has a very limited, if any, chance for success," Clinton said on NBC's "Today" show.

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Snow, the White House spokesman, said today that members of Congress can do "whatever they want" regarding resolutions on the Iraq war but that they cannot infringe on the constitutional powers of the president. He said lawmakers should consider the message that their actions would send to U.S. troops and the public.

"I'm not going to try to characterize whether it does or does not constitute support for the troops," Snow told reporters, "but it is a question that those who are talking about these resolutions will have to answer to themselves and to the public."

Staff writer Debbi Wilgoren contributed to this report.

Brownback Calls For Diplomacy To Resolve Iraq Conflict (FWST)

By Sam Hananel

The Fort Worth Star-Telegram, January 18, 2007

WASHINGTON - Back from a weeklong trip to the Middle East and Africa, Kansas Sen. Sam Brownback said Wednesday he is disappointed at the lack of security in Baghdad and urged the Bush administration to launch a serious diplomatic effort to resolve the conflict in Iraq.

Brownback, one of a small group of Republicans to publicly oppose sending more U.S. troops to Iraq, called on Vice President Dick Cheney and Secretary of State Condoleezza Rice to begin "shuttle diplomacy" with leaders of the three major Iraqi groups.

Brownback painted a bleak picture of his meetings with Iraqi leaders, saying Sunni leaders "blame everything" on Shiites and vice versa. Although Sunnis are a distinct minority in Iraq, they had dominated the government until the U.S.-led ouster of Saddam Hussein left Shias in control.

"All of this suggests that at the present time, the United States cares more about a peaceful Iraq than the Iraqis do," Brownback said in a speech on the Senate floor. "If that is the case, it is difficult to understand why more U.S. troops would make a difference."

Brownback has not said whether he would vote for a Senate resolution opposing Bush's plan for a 21,500 troop buildup in Iraq. A group of senators, including Republican Chuck Hegel of Nebraska, announced agreement Wednesday on a resolution opposing the troop buildup.

While Brownback said it is up to Iraqis to resolve sectarian differences causing much of the bloodshed in Iraq, he said he was not calling on the United States to withdraw troops "and leave behind a security vacuum."

Only a broadly supported, bipartisan strategy will allow the United States to remain in Iraq, Brownback said, and he urged Democrats to outline what level of commitment they would support.

Brownback said shuttle diplomacy would involve meetings among Shiite, Sunni and Kurdish leaders outside of Iraq. The meetings would be similar to the Dayton accords that helped resolve conflicts in Bosnia, he said.

It has been nearly two years since Brownback's last visit to Baghdad, but he said the city is no more secure than it was in March 2005.

"The three mortar rounds that exploded during one meeting I had with an Iraqi vice president - no one was harmed - they were launched from some way out, but still they hit," Brownback said. "It shows just how insecure the city remains."

Brownback suggested, as he has in the past, the possibility of dividing Iraq into three states, with the Sunnis, Shiites and Kurds each controlling an autonomous region of the country. Baghdad would become a federal city.

'08 Dems Up Ante On Iraq (HILL)

By Elana Schor

Hill, January 18, 2007

Three Democrats who will likely face off for the White House suggested yesterday that they want to go further than their Senate leaders on Iraq, calling for a stronger effort to cap the U.S. military presence than the nonbinding resolution that will be marked up next week.

As Sens. Hillary Rodham Clinton (D-N.Y.), Barack Obama (D-Ill.), and Christopher Dodd (D-Conn.) detailed their plans on Iraq, other Democrats outlined their own bipartisan resolution, which is backed by Senate Majority Leader Harry Reid (D-Nev.) and Senate Majority Whip Dick Durbin (D-Ill.). Senate Foreign Relations Committee Chairman Joseph Biden, Jr. (D-Del.) will bring that resolution, co-written with Armed Services Committee Chairman Carl Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.), to his panel one day after President Bush's State of the Union.

But Biden and Levin's partnership with Hagel vied for primacy with other Democratic proposals to force congressional approval of new troops in Iraq. Biden plans to formally launch a White House bid this year, and Hagel also could join the race soon.

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Clinton, recently returned from a codel to Iraq and Afghanistan, vowed to support the nonbinding measure but said Congress would "have to move to tougher requirements on the administration to get their attention."

Clinton is readying legislation that would require Bush to get congressional consent for any increases above this month's troop levels, similar to a plan Dodd announced late Tuesday, and set several other conditions for political and security progress before Iraqi troops received new funding. Dodd, however, may be able to preempt Clinton by offering his bill as an amendment in Foreign Relations, where Clinton has no vote.

"I want to reach out to her," Dodd said of Clinton, who would be the third Democratic cosponsor of his bill, after Sens. Barbara Boxer (Calif.) and Edward Kennedy (Mass.). Kennedy has offered his own legislation that would allow Congress to shut off funding for the troop increase, which Clinton and several fellow Democratic senators have stopped short of endorsing.

Progressive Democrats leaning on their party leaders to use the congressional majority as a means to end U.S. involvement in Iraq cautiously hailed Clinton's decision to take a position the 2008 presidential contender called "consistent … but [with] more teeth."

"Well – yay," said Rep. Lynn Woolsey (D-Calif.), Congressional Progressive Caucus co-chairwoman. "To me, this is obviously a reaction to the election on Nov. 7, when the public clearly said they expect Democrats to make changes in Iraq."

One House Democratic aide remarked on the political necessity for Clinton to take a strong stance against the troop "surge" strategy as she readies a White House run and Obama, another Foreign Relations member, jolts Capitol Hill with his 2008 exploratory bid.

"It would be unimaginable for a Democratic presidential candidate not to oppose the president's plan … and work to bring our troops home," the aide said.

Obama said he is reading both Dodd's and Kennedy's proposals to forge his own course on Iraq and indicated he could prepare amendments to the nonbinding resolution for next week's markup. In a later statement, Obama expanded on his criticism of new troop commitments to move even closer to Clinton's position.

"I not only favor capping the number of U.S. troops in Iraq, but believe it's imperative that we begin the phased redeployment I called for two months ago, and intend to introduce legislation that does just that," Obama said.

While Democrats maneuvered for a power position that could assert the new Congress' authority before Bush's military increase is complete, Republicans sought to keep their conference united in advance of the committee vote. GOP senators already critical of the surge, particularly those facing reelection pressures in 2008, left the door open for more to follow Hagel in support of his nonbinding resolution.

"There is some time to have further discussions" before next Wednesday's markup, Foreign Relations member Norm Coleman (R-Minn.), who is up for reelection, said. "There are some things in the resolution that some of us who don't support a surge aren't comfortable with."

The crux of the discomfort is the word "escalating" to describe the White House plan in Iraq, which appears in the nonbinding resolution after several introductory findings. Some Republicans consider the term too partisan and political, akin to Democratic disapproval of "cut and run," but Sen. Olympia Snowe (Maine) did not appear to share her colleagues' concerns.

"A troop increase does represent an escalation," said Snowe, who will back the nonbinding resolution.

Sen. John Sununu (R-N.H.), a Foreign Relations member already fielding reelection challenges, declined to comment on the nonbinding resolution until its language was publicly released. Sen. Susan Collins (R-Maine), who may be challenged for reelection by Rep. Tom Allen (D-Maine) told reporters she has not decided how she would vote on the Biden-Levin-Hagel measure. Allen voted against the 2002 Iraq war resolution.

Several Foreign Relations Republicans met early yesterday with Stephen Hadley, Bush's national security adviser, at the White House to discuss strategy on the resolution. Sen. John Warner (R-Va.), a former Armed Services chairman and foreign-policy elder statesman, said he would brief GOP senators on his own plans late yesterday for a resolution responding to the "surge."

"[I am] not supportive of what Democrats are trying to do in their resolution," Warner said yesterday en route to the Republican policy lunch, where Vice President Dick Cheney was a guest. He said his plan would use the bipartisan Iraq Study Group report and "basically [rework] it to make the president's program work."

Rep. John McHugh (R-N.Y.), who accompanied Clinton and Sen. Evan Bayh (D-Ind.) to the Middle East, pointed to the forthcoming war supplemental as a means to rein in the Bush administration's open-ended commitment in Iraq. But McHugh acknowledged that Congress would have little to no time to cap funding for the surge before more troops arrived: "We're in a congressional catch-22."

Congressional Procession Of Iraq Proposals Likely To Lead Nowhere (WP)

By Dana Milbank

The Washington Post, January 18, 2007

"You cannot run a war by committee," Vice President Cheney said over the weekend.

Oh? Just watch them.

Lawmakers were introducing Iraq legislation at a mad pace yesterday, at one point in the afternoon scheduling news conferences in half-hour intervals. By the end of the day, they had issued more bills than Pepco.

Early risers saw Sen. Chris Dodd (D-Conn.) in the Senate television gallery introducing his proposal to limit U.S. troops in Iraq to 130,000 and to hold a vote on whether to reauthorize the war. Those who lingered until lunchtime could catch Rep. Lynn Woolsey (D-Calif.) and other House liberals demanding a withdrawal of all U.S. forces from Iraq within six months.

Booking the Senate TV studio at 2:30 p.m. were Sens. Joseph Biden (D-Del.), Carl Levin (D-Mich.) and Chuck Hagel (R-Neb.), with their own Iraq resolution. They had to vacate the room at 3 p.m. for the arrival of Sens. Hillary Rodham Clinton (D-N.Y.) and Evan Bayh (D-Ind.) and Rep. John McHugh (R-N.Y.); Clinton floated a variation of the Dodd plan. Minutes after that session, Sen. Barack Obama (D-Ill.) issued a statement announcing legislation ordering a "phased redeployment" of U.S. troops from Iraq.

Even Democratic presidential candidate John Edwards, who gave up his Senate seat, tried to get a piece of the action yesterday. His campaign sent out a fundraising appeal, asking: "Please chip in to help stop this escalation today."

The parade of lawmakers past the microphones lured a crowd to the Senate TV studio, where nearly 200 reporters and staffers squeezed four deep in the aisles; scores more were stuck outside. "I'm not going to have any senators in here before I have order in this room!" cried the gallery director.

But the excitement was misplaced. For all the bills introduced yesterday, none is likely to force President Bush to change course in Iraq. Proposals such as Biden's are "nonbinding" and others don't have enough votes to pass. "There is very little chance in the short run that we are going to pass any legislation," Clinton confided during her news conference. Asked to elaborate, she explained: "I can count."

If anything, the competing proposals could strengthen Bush's hand. Though largely united in opposition to Bush's plan, members of Congress, carved up by the presidential ambitions of Clinton, Obama, Dodd, Biden and others, can't unite around an alternative.

"Look," McHugh acknowledged in his appearance with Clinton and Bayh yesterday, "Congress right now has no effective role in this process."

Dodd, who last week declared his presidential bid on "Imus in the Morning," was the first to demonstrate McHugh's thesis. "It is time," he said at his morning news conference, to "offer meaningful action." He would require a new war authorization.

So would he enforce this by cutting off funding for the war?

"No, we've stayed away from the funding here," Dodd answered.

Any co-sponsors? "I haven't asked."

How about supporters in the House? "I haven't talked to anyone on the House side about it, either."

Next in the Senate TV studio: Biden, another Democratic presidential candidate, introducing his nonbinding resolution. Unlike Dodd, Biden had co-sponsors, but he could not remember everybody's name.

"Good afternoon, folks," he began. "Today, Senator Hagel and Senator Lugar and I . . ."

"Levin," Levin corrected him.

"Levin!" Biden agreed, putting his arm around Levin. "Jiminy Christmas. I just left Lugar."

The difficulties were just beginning. "If you feel so strongly, why a symbolic, nonbinding resolution?" asked ABC News's Jake Tapper.

Biden reasoned: "I cannot believe that the president of the United States would not pay heed to a bipartisan resolution passed by the United States, notwithstanding it's not binding."

Senate gallery rules are binding, however, and Biden's group vacated the room at 3:01 p.m. because the Clinton entourage had booked the studio. The New York senator wasted little time dismissing the Biden plan.

"I certainly will support that," she said. "But from what I've heard out of the administration thus far, I think we will eventually have to move to tougher requirements on the administration to get their attention." One of her tougher requirements: the limit on troop levels.

But even one of the participants in Clinton's news conference wasn't necessarily on board with that. Additional troops "may already be in theater," McHugh said. "And I'd be hard-pressed to vote, while they are there, to say: 'Well, we have concerns about your mission.' "

The former first lady had no illusions that her plan would become law. "This is a work in progress," she told questioners. Still, she did have confidence in one prediction: "Others will come forward, you know, in the days ahead."

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In the minutes ahead, as it turned out. Clinton had barely left the studio when Obama, who may be her presidential rival, sent out a press release one-upping her. "I not only favor capping the number U.S. troops in Iraq, but believe it's imperative that we begin the phased redeployment I called for two months ago," he said, "and intend to introduce legislation that does just that."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 18, 2007

Tough month

On Dec. 5, Newsweek magazine touted an interview with then-incoming House Permanent Select Committee on Intelligence Chairman Rep. Silvestre Reyes as an "exclusive." And for good reason.

"In a surprise twist in the debate over Iraq," the story began, Mr. Reyes "said he wants to see an increase of 20,000 to 30,000 U.S. troops as part of a 'stepped up effort to dismantle the militias.' "

"We have to consider the need for additional troops to be in Iraq, to take out the militias and stabilize Iraq," the Texas Democrat said to the surprise of many, "I would say 20,000 to 30,000."

Then came President Bush's expected announcement last week, virtually matching Mr. Reyes' recommendation and argument word-for-word -- albeit the president proposed only 21,500 troops.

Wouldn't you know, hours after Mr. Bush announced his proposal, Mr. Reyes told the El Paso Times that such a troop buildup was unthinkable.

"We don't have the capability to escalate even to this minimum level," he said.

The chairman's "double-talk" did not go unnoticed. Among others, Rep. Joe Wilson, South Carolina Republican and a member of the House Armed Services Committee, says such blatant "hypocrisy" undermines both national security and the war on terrorism.

Unfortunately for the new House intelligence chief, this is his second (some would argue his third) major blunder in the space of one month. When asked by Congressional Quarterly reporter Jeff Stein whether al Qaeda was a Sunni or Shi'ite organization, he answered: "Predominantly, probably Shi'ite."

As Mr. Stein wrote later: "He couldn't have been more wrong. Al Qaeda is profoundly Sunni. If a Shi'ite showed up at an al Qaeda clubhouse, they'd slice his head off and use it for a soccer ball."

The reporter added: "To me, it's like asking about Catholics and Protestants in Northern Ireland: Who's on what side?"

In the same interview, Mr. Stein had asked Mr. Reyes about the Lebanese militant group Hezbollah.

His now-infamous reply: "Hezbollah. Uh, Hezbollah? ... Why do you ask me these questions at 5 o'clock? Can I answer in Spanish? Do you speak Spanish?"

Understand Congress?

Former Indiana Rep. Lee H. Hamilton, director of the Center on Congress and recent co-chairman of the Iraq Study Group, will join with former Connecticut Rep. Ron Sarasin, head of the U.S. Capitol Historical Society, and Schering-Plough Chief Executive Officer Fred Hassan at the U.S. Capitol today to present "The Citizens Guide to Understanding Congress." (That'll be the day.)

The 5 p.m. event in the Mansfield Room, touted as a "wine, cheese and civics" affair, marks the debut of an updated citizens' guide to navigating the House and Senate. (It's free for the asking through each congressional office.)

We took a peek at the guide, which concedes that many Americans are "frustrated by the system they feel is stacked against them." However, it quotes the now-deceased Supreme Court Justice Louis Brandeis (who was appointed by President Woodrow Wilson in 1916 and served until 1939) as saying: "The only title in our democracy superior to that of president is the title of citizen."

Happy 50th

J.W. "Bill" Marriott Jr., the native Washingtonian who learned his hospitality ropes while working for his parents' Hot Shoppes restaurant chain during high school and college, will mark Marriott International's 50th anniversary tomorrow with a 1950s-themed celebration in Bethesda.

It was in January 1957 that Marriott's first hotel -- the 356-room Twin Bridges Marriott Motor Hotel in Arlington -- opened its doors. Today, Marriott operates 85 hotels in the Washington area alone, and 2,800 properties worldwide, employing nearly 150,000 people.

Hundreds of Marriott employees will be dressed in their best 1950s attire when greeting guests in the lobby of Marriott international headquarters for the celebration.

Launching Lompoc

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The one positive thing about a column "typo" is that we get to hear from our many distinguished readers, including Wayne Hembree, formerly NASA's search-and-rescue mission manager at Goddard Space Flight in Greenbelt, who now is a consultant for the space agency.

"Glad to hear that 'Vandenberg, Alaska' was a typo and that everyone really knew it is in California," he writes. "We in NASA and those in the Air Force remember how our polar orbiting satellite launches moved from Cape Canaveral, Florida, to Vandenberg Air Force Base, California, after the State Department botched the analysis of Fidel Castro, thinking him a reformer and not a Communist ...

"When Castro took Cuba into the Soviet camp, the U.S. decided it could not continue launching polar orbiting satellites on rockets flying south from Cape Canaveral, right over Cuba. Vandenberg profited by Florida's loss, and thus the bumper sticker: 'Where [in] the [world] is Lompoc?' -- the town we learned to love, outside Vandenberg AFB."

·John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin@washingtontimes.com.

Commanding Majority Opposes More Troops In Iraq (LAT)

By Ronald Brownstein

The Los Angeles Times, January 18, 2007

WASHINGTON — A commanding majority of Americans oppose President Bush's decision to send more troops to Iraq and just over half the country wants Congress to block the deployment, a Times/Bloomberg poll has found.

As he seeks to chart a new course in Iraq, Bush also faces pervasive resistance and skepticism toward the U.S. commitment — more than three-fifths of those surveyed said the war was not worth fighting and only one-third approved of his handling of the conflict.

And in a striking measure of Bush's declining credibility, half said they believed he deliberately misled the U.S. in making his case for invading Iraq.

On all three questions, these are Bush's weakest showing in a Times poll.

Asked about Bush's recent announcement that he would dispatch another 21,500 troops to Iraq, three-fifths said they opposed the move, while just over one-third backed it.

Even Bush's political base, a source of support throughout his presidency, showed signs of cracking: about one-fourth of Republicans said they do not believe the war was worth fighting and a roughly equal number opposed the troop increase.

"I want us to get out. I want us to leave," said poll respondent Beth Anderson, a Republican from Belle Center, Ohio, who has a son in the Army.

Anderson, an X-ray technician, added: "I think I was one of the biggest, 'Yes, we need to go over there.'…And then, little by little, it just got to be too long and too much and the cost is, wow, awful."

The poll's findings drive home the extent to which Iraq has politically weakened Bush, whose reelection just over two years ago stirred dreams among his advisors of cementing an enduring GOP electoral majority in Washington.

The results also underscore the formidable conundrum confronting Bush — the public's loss of faith in the war's direction, his handling of the conflict and his credibility all make it more difficult for him to rally support for the new direction he argues is necessary to turn the tide.

The Los Angeles Times/Bloomberg Poll, supervised by Times polling director Susan Pinkus, surveyed 1,344 adults nationwide by telephone Saturday through Tuesday. It has a margin of sampling error of plus or minus three percentage points.

With attitudes about Iraq weighing heavily against him, Bush's overall job approval rating stood at 39%, with 59% disapproving. Those figures are comparable to what had been Bush's worst showing in a Times poll — last winter, his approval rating was 38%, with 58% disapproving.

On Iraq, only 33% approved of Bush's handling of the war, with 65% disapproving.

The sole ray of light for Bush in the poll may be signs of public ambivalence about Congress' proper response to his plans on Iraq. Despite the widespread opposition to the troop escalation, Americans divide more closely on whether lawmakers should try to stop it.

The public clearly wants Congress to address the issue in some fashion: 45% of those polled said Iraq should be Capitol Hill's first priority, more than double the next closest issue (dealing with healthcare, which drew 20%).

A narrow majority — 51% — want Congress to try to block Bush from sending more troops to Iraq. Of those, 25% said lawmakers should deny funding for the increase and 26% said they should find other legislative measures to stop him. Forty-one percent said Congress should not attempt to stop Bush, with the rest unsure.

Carl Edwards, a welder from Morganton, N.C., expressed the divided beliefs of many when he said he wanted Congress to try to prevent the new deployment, but worried about hurting the troops in the field.

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"They should stop sending funds to [Bush], but not cut the military funds down to where it is hurting the soldiers," he said.

Americans divide in similar proportions when asked whether Congress should attempt to require Bush "to begin withdrawing the troops already in Iraq."

Exactly half said Congress should take steps to begin removing troops (42% opposed such an effort).

On the other hand, 48% were against Congress establishing a mandatory deadline for the withdrawal of all troops, while 45% said Congress should set such a deadline either by terminating funding (17%) or through other means (28%).

Despite the conflict about Congress' role, responses to a succession of questions showed that a solid majority of Americans want the U.S. to begin extricating itself from Iraq rather than expanding its military commitment.

When asked how the U.S. should proceed, only 30% said it should maintain troops in Iraq "for as long as it takes to win the war."

By contrast, nearly two-thirds wanted troop withdrawals to begin within the next year, with 46% saying the process should start over that period and another 19% saying all troops should be sent home immediately.

Similarly, 60% agreed that the U.S. should withdraw "most troops from Iraq by early 2008 while keeping military training forces there to assist and train Iraq troops." Opposing that idea were 31%.

These results closely tracked the reaction to Bush's decision to deploy more troops to Iraq — 60% opposed it, 36% supported it.

"It's just too little, too late," said Charles Davis, a market research analyst and Democrat from New York.

Dale Sibley, a salesman in Clinton, Miss., typified those who backed Bush's decision to send more troops.

The deployment might create greater stability in Iraq and allow the U.S. to bring home its forces faster, said Sibley, a Republican. "I think [U.S. troops] have got to get the job done a little better before they can turn it over to the Iraqis," he said.

Part of Bush's problem is that relatively few of those polled shared Sibley's opinion that a troop increase would meaningfully improve conditions in Iraq. Less than 30% said more U.S. troops would translate into less violence in Iraq; almost 25% said it would increase violence and more than 40% said it would have no effect.

Kevin Steelman, a truck driver from Yadkinville, N.C., was among the skeptics. "It's going to be a never-ending battle," he said. "I don't foresee a big change by sending more troops over there."

Another key element of Bush's revised plan for Iraq — a public works program for the country — drew a more mixed but still skeptical response.

While 55% said they did not believe the U.S. had a moral obligation to pay for Iraqi reconstruction, respondents divided about evenly on whether a public works program would discourage young Iraqis from joining the insurgency: 38% said it would, 43% said it would not, with the rest uncertain.

Most of those polled said that rather than Bush's plan, they would prefer that the administration follow the direction charted last month by the independent Iraq Study Group.

That panel, led by James A. Baker, the secretary of State during the presidency of Bush's father, and former Rep. Lee Hamilton (D-Ind.), proposed that the U.S. begin withdrawing troops from Iraq during the next year and talk with Iran and Syria about promoting stability in the region.

Asked to choose between that approach and Bush's new plan, 53% said they preferred the study group's recommendations, nearly double the 28% that favored the president's proposal.

"If [Secretary of State Condoleezza] Rice has to go to Iran or Syria and talk, and there are 1,000 or 2,000 lives of American soldiers saved, that is cheaper than letting those soldiers die," said Democrat Daljit Bajwa, a real estate broker from La Habra, Calif.

Asked whether Bush "deliberately misled Congress and the American people" with his prewar claims that Iraq possessed weapons of mass destruction, 50% said they agreed with that statement, while 44% said they did not.

But for most Americans, finding a way forward in Iraq apparently seems daunting enough without reopening arguments about the past — half of those polled said they did not want Congress to hold hearings to investigate Bush's prewar claims.

Can Congress Stop The War? (USAT)

By Jonathan Turley

USA Today, January 18, 2007

Over the next week, Congress will vote on a non-binding resolution denouncing President Bush's decision to send more troops to Iraq. Many people have already noted that with thousands of dead soldiers and hundreds of billions of dollars lost, Congress might be able to manage more than a legislative "Dear John" letter. Yet, if you listen to the president and some Democratic leaders, Congress can do little to stop the hemorrhaging of lives and treasure.

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The truth is that there is a lot that Congress could do. Among other things, it could stop the war. But neither the president nor many Democrats want to publicly entertain such a possibility. Indeed, the president has insisted, again, that he alone makes such decisions. When asked about what Congress can do if it opposes his build-up, Bush was dismissive and said, "Frankly, that's not their responsibility." Of course, the president acknowledged, "They could try to stop me from doing it … but I made my decision, and we're going forward."

Democratic leaders seem to be encouraging the same view of an unchecked executive. The new chairman of the Senate Foreign Relations Committee, Sen. Joe Biden, D-Del., and other members suggested last week that it may be unconstitutional for Congress to cut funds for an escalation.

All of this would have come as a great surprise to the framers. Far from being some type of constitutional eunuchs, legislators hold the very power that determines whether a war will continue, expand or end: the power of the purse. The framers specifically justified this congressional power as a check on the president's ability to entangle the nation in disastrous foreign adventures.

Congress has historically used its power of the purse to deter, limit or end armed conflicts. During the Mexican and Civil wars, Congress used its appropriations to influence or restrict the conduct of the wars. During the Vietnam War, Congress not only repealed its authorization for the war, but it set a date to cut off funds for combat operations — forcing the war to an end.

Congress has also acted to restrict past presidents in other ways. Congress barred the use of funds by President Ford for any intervention in Angola and barred such funds by President Reagan to support the contras in Nicaragua. President Clinton was limited in his use of troops in Somalia and Bosnia.

After campaigning on the war, Democrats are struggling to lower the expectations that they created. Yet, two out of three Americans oppose the president's plan for escalation. More than 60% believe the president was wrong to invade Iraq in the first place. Worse still, recent polls in Iraq show that not only do 70% of Iraqis want us out within a matter of months, but more than 60% actually support the killing of our troops.

With all of its power, Congress' use of a non-binding resolution is akin to a surgeon trying to shout out a malignant tumor. Congress has the means; it is only a question of its will.

For his part, Bush is playing a dangerous game of chicken by moving to send troops to Iraq before any authorization of funds is made. Bush knows that Congress is unlikely to have the courage to pull funds once troops are in place.

The use of military personnel as hostages in a fight with Congress is not new. Teddy Roosevelt had many fights with Congress over the composition and use of the military. One such dispute occurred over Roosevelt's desire to send his "Great White Fleet" around the world to show the American flag — an enterprise viewed by many as an expensive vanity. When Congress balked in appropriating funds for fuel and support, Roosevelt used what fuel he had to send the fleet halfway around the world. He then informed Congress that if it wanted its new fleet back, it would be wise to send the fuel.

It is not clear how long Congress will wait before using its authority. As Democrats look for a personally convenient moment to act and the president tries to spend himself to victory, the country continues to pay a dear price. If it takes a projected $500 billion and nearly 26,000 dead or wounded soldiers to get Congress to the point of a non-binding resolution, one can only imagine what it would take to cut off funds. Yet, rest assured: When members finally feel comfortable with acting to end this war, they will find all the authority they need in the Constitution and all the reasons they need in Iraq.

Jonathan Turley is the Shapiro Professor of Public Interest Law at George Washington University and a member of USA TODAY's board of contributors.

Anatomy Of A Wrong Approach (WP)

By David S. Broder

The Washington Post, January 18, 2007

The third or fourth time I heard Vice President Cheney tell Fox News's Chris Wallace on Sunday that al-Qaeda was gambling that the United States "doesn't have the stomach" to keep up the fight in Iraq, it crossed my mind that Cheney may be staring at the wrong part of the national anatomy.

The question, really, is not whether we have the stomach for the fight but the brains to figure out what to do in Iraq.

The vice president's effort to reduce it to a question of courage -- to suggest that those who want to expand the war are braver than those urging steps to limit it -- is a standard rhetorical trick. Whenever any Bush policy is questioned, someone from the administration almost automatically charges that its critics are soft on terrorism.

Iraq requires thought, not just gut instinct, because we are struggling with a situation we've never faced before. What does America really know about how to deal with a Shiite-Sunni civil war in a land devastated by years of dictatorship, damaged by invasion, infiltrated by terrorists and surrounded by countries with their own territorial ambitions? Not much, which is why it behooves us to move with caution.

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The most serious thinking, inside and outside the administration, has concluded that it is fundamentally up to the government in Baghdad to curb the militias controlled by rival Sunni and Shiite clans. President Bush says the Iraqis can't do it alone, so he is sending more troops, 20,000 of them, to help Prime Minister Nouri al-Maliki and his forces.

Trouble is, no one knows if those Iraqi forces will show up to fight or, if they do, whether they will target anyone other than their Sunni enemies.

The Iraq Study Group and a good many others urged Bush to demand action from Maliki before offering any further help. They said, let him show an effort to take control of the corrupt and sect-filled ministries, launch serious constitutional reform, divide up the oil revenue, start delivering services.

Bush instead bought Maliki's argument that none of that is possible until Baghdad is more secure, and securing Baghdad means sending more troops into its high-risk urban warfare.

Given the decision that Bush has made, is there anything Congress can do to protect American interests and save as many American lives as possible? Yes, there is. The lawmakers should hold Bush and Defense Secretary Robert Gates strictly to account for monitoring the action -- or inaction -- of the Maliki government.

There is a lot of talk now on Capitol Hill about nonbinding resolutions opposing the "surge" of troops, or some sort of measure to limit or cut off the funds for that deployment. No such action is likely to have any impact on the president. The deployment has begun, and Bush is adamant about his authority as commander in chief to continue it.

What Congress can demand is regular, frequent -- even weekly -- updates from the Pentagon, relayed from the able Gen. David Petraeus, the new commander in Iraq, about what the Iraqis are doing. The State Department should be delivering similar reports from the embassy in Baghdad on the operation of Maliki's government. Members of Congress ought to be traveling to Iraq themselves, checking out the reports with the troops who are bearing the brunt of the fighting.

The administration may complain about this intense monitoring and call it micromanagement. But after the blunders of the past three years, neither the president nor our allies in Baghdad have earned the right to operate with a free hand.

If Petraeus and his staff can provide specific measures of Iraqi military cooperation and progress, good. If the U.S. Embassy sees signs that the Maliki government is getting its act together, better yet. And if members of Congress can confirm these impressions on the ground in Baghdad, then take it to the bank.

If not, then Congress should call on the president to "show some stomach" and tell Maliki that the game is coming to an end.

Without a credible threat to walk away, there is every reason to believe that Maliki will attempt to use this expanded American force as a shield for the Shiite effort to drive the Sunni minority out of their homes and far from any share of power.

That is not a goal worth one American life. And if it turns out that's what all this amounts to, then we will have no choice.

Maliki Stresses Urgency In Arming Iraqi Forces (WP)

By Joshua Partlow

The Washington Post, January 18, 2007

BAGHDAD, Jan. 17 -- The Iraqi government's need for American troops would "dramatically go down" in three to six months if the United States accelerated the process of equipping and arming Iraq's security forces, Prime Minister Nouri al-Maliki said Wednesday.

The head of Iraq's Shiite Muslim-led government defended his country's independence and sovereignty and called on U.S. leaders to show faith in his ability to lead.

Maliki disputed President Bush's remarks broadcast Tuesday that the execution of former Iraqi president Saddam Hussein "looked like it was kind of a revenge killing" and took exception to Secretary of State Condoleezza Rice's Senate testimony last week that Maliki's administration was on "borrowed time."

The prime minister said statements such as Rice's "give morale boosts for the terrorists and push them toward making an extra effort and making them believe they have defeated the American administration," Maliki said. "But I can tell you that they have not defeated the Iraqi government."

Speaking through an interpreter to a group of reporters for an hour in his offices in Baghdad's fortified Green Zone, Maliki found several ways to say that Iraq is beholden to no country. He defended Iraq's constitutional right to the death penalty, its commitment to dialogue with Iran and Syria despite U.S. opposition to those governments, and its determination to use Iraqi troops to lead the latest effort to pacify Baghdad.

At a time when Bush has committed an additional 21,500 troops to the fight in Iraq, Maliki went further than he has before in establishing a time frame for drawing down the U.S. presence.

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"If we succeed in implementing the agreement between us to speed up the equipping and providing weapons to our military forces, I think that within three to six months our need for the American troops will dramatically go down. That's on the condition that there are real strong efforts to support our military forces and equipping them and arming them," Maliki said.

In a statement issued by Maliki's office Tuesday, he said Iraq would continue to build up its armed forces "so it will be possible to withdraw the Multinational forces from cities, or withdraw 50,000 soldiers from Iraq."

Maliki faces deep skepticism in Iraq and abroad about whether he has the political will or ability to steer his country away from civil war, or even to keep his position as prime minister. His comments amounted to a defense of the viability of his government, which he pledged to lead "until I achieve the peace and prosperity that Iraq deserves."

In an interview Dec. 24, Maliki sounded less committed to his office. "I wish I could be done with it before the end" of his four-year term, he told the Wall Street Journal. "I would like to serve my people from outside the circle of senior officials, maybe through parliament."

In the interview Wednesday, Maliki said many American and Iraqi lives would have been spared if the Iraqi forces had been better equipped. But he did not elaborate on what he wanted in terms of weapons or materiel, or whether his needs exceeded what is proposed in the $1.5 billion military sales agreement Iraq reached with the United States last month. Under that deal, the Iraqi government will receive an additional 300 armored personnel carriers, 600 more "up-armored" Humvees, helicopters and other equipment this year, according to Maj. Gen. William B. Caldwell, a U.S. military spokesman in Iraq. Iraq's proposed 2007 budget devotes $7 billion to building up the armed forces.

"President Bush and Prime Minister Maliki agreed in November to accelerate not only the training of the Iraqi security forces but also accelerate the transfer of equipment," National Security Council spokesman Gordon Johndroe said Wednesday.

One Maliki aide said the prime minister wants "heavier weapons" and is concerned that Iraqi security forces are outgunned by militias and insurgents.

"Basically the level of weapons in the current army is really a disgrace," said the aide, who spoke on condition of anonymity because he is not authorized to speak publicly about the matter. In many cases, gunmen are "definitely better armed" than the police and the army, the aide said.

Bush administration officials have long expressed concern in private about delivering military equipment to Iraq because of uncertainty that it would be kept out of the hands of militiamen, common criminals and insurgents.

The prime minister's critics in Iraq and Washington say he is unable to target the Shiite militias run by his political allies, but Wednesday he reiterated his commitment to defeating militants of any sect. Over the past few days, he said, his government had arrested 400 members of the Mahdi Army, the burgeoning Shiite militia led by cleric Moqtada al-Sadr, a political supporter of Maliki, and staged a mission in the Shiite holy city of Karbala targeting people who attempted to assassinate a member of the provincial council. He said he has prohibited the Iraqi security forces from openly paying homage to sectarian leaders, such as Sadr, or from joining political parties.

"There will not be any house or party headquarters or any office that has impunity from security operations," he said.

A Sadr spokesman, Abdul Razak al-Nadawi, denied that 400 Mahdi Army members had been arrested and said he was unaware of an operation in Karbala.

Maliki addressed at length Bush's recent critical comments about Hussein's hanging, in which attendees shouted Sadr's name and told Hussein to "go to hell" while he stood at the gallows.

The execution, Maliki said, followed a legitimate trial and conviction -- for Hussein's role in the killing of 148 men and boys from a Shiite village in the 1980s -- and Hussein "was not subjected to any act of revenge, any physical attack, and it was a judicial process that ended with him being sentenced to death according to Iraqi law."

"I know President Bush and I know him as a strong person that does not get affected by the media pressure, but it seems the pressure has gone to a great extent that led to the president giving this statement," Maliki said.

Maliki spoke slowly and seriously for most of the conversation, but occasionally broke into a smile, such as when he was asked whether Bush needs him more than he needs Bush. "This is an evil question," he said, laughing.

State Department spokesman Sean McCormack, who was traveling with Rice in Europe on Wednesday, defended the secretary's comment about the Maliki administration. "It was a restatement of what others have said, including the president, underscoring the importance and urgency of the Iraqi government acting on behalf of the Iraqi people," he said.

A convoy carrying members of a U.S. democracy group was ambushed Wednesday in Baghdad, and four of the workers, including an American woman, were killed, an official with the group told the Associated Press.

Gunmen attacked the three-car convoy belonging to the National Democratic Institute, said Les Campbell, the group's Middle East director. Besides the American, a Hungarian, a Croat and an Iraqi were killed, he said.

In the northern city of Kirkuk, a truck laden with explosives blew up outside a police station, killing 10 people, including four policemen, and wounding 45 others, according to the Kirkuk police chief. The blast damaged houses and destroyed cars,

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collapsed a mosque and took down a cellphone tower. There is growing conflict between ethnic Kurds and Turkmens in the city, and the police station was located in a predominantly Turkmen area.

Later in the day, a second car bomb exploded in Kirkuk outside a Kurdish political office.

In Baghdad, a car bomb exploded in a suicide attack near a busy restaurant in a market in the Shiite slum of Sadr City. The blast killed 20 people and wounded 23 others, according to Brig. Gen. Abdullah Sami of the Interior Ministry.

Maliki Talks Tough, Sees U.S. Withdrawal Near (LAT)

By Louise Roug

The Los Angeles Times, January 18, 2007

BAGHDAD — Iraqi Prime Minister Nouri Maliki promised Wednesday to crack down on Shiite Muslim militias and Sunni Arab insurgents, warning that no one — not even political ally Muqtada Sadr — would be above the law.

"We will not allow any politicians to interfere with this Baghdad security plan ... whether they are Sunnis or Shiites, Arabs or Kurds, militias or parties, insurgents or terrorists," Maliki said in a rare interview.

The prime minister's comments appeared to align his government's security plan with the Bush administration's call to confront Shiite militias. But in other remarks, Maliki underscored his differences with the U.S., suggesting that American miscalculations had worsened the bloodshed in Iraq, and warning that his patience for political negotiation with warring factions was wearing thin.

"When military operations start in Baghdad, all other tracks will stop," Maliki said. "We gave the political side a great chance, and we have now to use the authority of the state to impose the law and tackle or confront people who break it."

U.S. officials have said that renewed military operations should go hand in hand with efforts at political reconciliation between warring Shiites and Sunnis.

Maliki said if Iraqi security forces were given sufficient training and equipment, they could stabilize the country enough to allow the withdrawal of U.S. troops starting in three to six months — a period in which President Bush's proposed troop buildup would still be underway.

He said if better U.S. training and supplies had come earlier, lives could have been saved.

"I think that within three to six months our need for the American troops will dramatically go down," Maliki said. "That's on the condition that there are real strong efforts to support our military forces."

The U.S.-Iraq security plan involves sending 21,500 more American troops to Iraq and 8,000 to 10,000 Iraqi forces to Baghdad in an effort to quell the civil war between Sunnis and Shiites that on average kills more than 100 people a day.

Maliki said Iraqi security forces this week had detained 400 Shiite militiamen affiliated with Sadr, a radical Shiite cleric whose followers constitute part of Maliki's political base. He offered no further details.

Return to political form

The interview, which took place in a pavilion inside the heavily fortified Green Zone, was a return to the freewheeling style that characterized Maliki's political manner before he became prime minister last year.

When asked whether the Bush administration needed him now more than he needed the administration, Maliki laughed uproariously, calling it an "evil question."

Throughout, Maliki appeared confident and seemed to relish the chance to respond to statements by Bush and U.S. officials, including allegations that his government had botched the hanging of deposed leader Saddam Hussein and had not done enough to stop the sectarian violence.

Commenting on a recent statement by Secretary of State Condoleezza Rice, he said, "Rice is expressing her own point of view if she thinks that the [Iraqi] government is on borrowed time," humorously suggesting that it might be the Bush administration that is on borrowed time.

"I understand and realize that inside the American administration there is some kind of a crisis situation, especially after the results of the last election," he said.

Maliki said suggestions by Bush officials that the U.S. did not fully support his government played into the hands of insurgents.

"I believe such statements give a morale boost to the terrorists and push them toward making an extra effort, making them believe they have defeated the American administration," Maliki said. "But I can tell you, they haven't defeated the Iraqi government."

Concern all around

The widening split between the U.S. and Iraqi governments comes at an inopportune time.

Maliki has promised to carry out a security plan to halt the civil war, but his government has been riddled with sectarian fighting and corruption.

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The Bush administration is under fire in the U.S. over the Iraq security plan. The strategy to send more American troops is being resisted by many Democrats, who control the House and the Senate.

In Washington on Wednesday, a group of senators introduced a nonbinding resolution opposing the troop buildup.

In the Middle East, there is great concern that Iraq's civil war could spill over into neighboring countries.

When Rice visited Kuwait this week, officials told her that the U.S. needed to start talks with Syria and Iran in order to ease the violence in Iraq. But the White House has resisted the suggestion, also put forward by the bipartisan Iraq Study Group.

U.S. rhetoric directed at Iran has become more aggressive even as Iraq is working to strengthen its ties with its eastern neighbor and largest trade partner.

When American forces detained five Iranians in northern Iraq last week, some Iraqi officials were angered by what they saw as U.S. interference in their foreign affairs.

In the interview, Maliki asserted his government's independence from U.S. interests in the region. But he underscored that the U.S. and Iraqi governments shared basic goals for his country: stability and prosperity.

"The success that can be achieved in Iraq will be a success for President Bush and the United States, and vice versa," Maliki said. "A failure here would be a failure for President Bush and the United States."

He took issue with Bush's contentions during a PBS interview Tuesday that Maliki's government "has still got some maturation to do," and that it had botched Hussein's execution by allowing Shiite guards to taunt the former leader and videotape his hanging.

Maliki said that Hussein and his codefendants were given a fair trial, and that it was his government's constitutional prerogative to carry out the death penalty. He said Hussein was shown greater respect than the former president gave to his rivals.

Maliki appeared to bristle at Bush's criticism, but he acknowledged that "mistakes had happened." He said he had personally given orders to his deputies to treat Hussein with respect before and after he was hanged.

He said the pressure Bush was feeling might have prompted the critical remarks.

"Maybe this has led to President Bush saying that he's sorry, or he's not happy, about the way the execution happened."

Hamilton Warns That Al-Maliki May Fail Bush (HILL)

By Albert Eisele

The Hill, January 18, 2007

The co-chairman of the Iraq Study Group said Wednesday that he has serious doubts about the ability of Iraqi Prime Minister Nouri al-Maliki to reduce the level of sectarian violence and achieve national reconciliation, and warned that President Bush's new Iraq strategy is likely to fail if he isn't able to.

"The rhetoric of Maliki is fine but his performance has been disappointing," former Rep. Lee Hamilton (D-Ind.) told The Hill. "So here we find ourselves in this extraordinary position. The U.S. is the superpower of the world, the sole superpower, and the success of our policy in Iraq depends on the actions of the Maliki government, a government that has been weak and that has not performed on these central benchmarks of national reconciliation."

He added, "I think everything has to work right, it has to work quickly, and even if it does, our chances of success are no better than 50-50."

Asked if he agrees that this was the president's last chance for success in Iraq, Hamilton said, "I don't see what his backup plan is. It seems to me he's putting a lot of chips on the Maliki government. … That's a hugely interesting question; what happens if we fail … if the surge doesn't work?"

Hamilton, who with former Secretary of State James Baker headed the bipartisan Iraq Study Group that issued its report in December, said he had a "mixed reaction" to Bush's speech. However, he emphasized he wasn't speaking for Baker or other members of the group.

"I think the president moved quite a ways in the speech … in his disappointment with sectarian violence and other things. So I consider that an important plus. If you go back six weeks this kind of language from the president just would not have been heard, that the situation in Iraq was unacceptable. So there were a number of statements that I find encouraging in the president's remarks."

However, Hamilton made it clear that he was disappointed that the president ignored some of the study group's key recommendations.

"Most important is that the primary mission of the American forces is the training of Iraqi troops," he said. "The president says that's an essential mission. That's good but he doesn't say it's the primary mission. If the surge becomes the primary mission, then training becomes second. They argue that they can do both, but it's not likely that we can put the same kind of emphasis on both."

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Second, he said, are the conditions Bush has placed on giving aid to the Maliki government. "He is unwilling to put any penalty on Maliki if he does not perform," Hamilton said in an interview in his office at the Wilson Center for International Scholars, which he heads.

"And we very much think that if Maliki does not perform, we should reduce aid. In other words, we make a link. We think certain things ought to be done in Iraq because that government has repeated[ly] promised performance and has not performed.

"And of course, the third point is diplomacy. We think that we should develop the international support group and it should include Iran and Syria and an effort to reenergize the Arab-Israeli talks. It appears that Secretary [of State Condoleezza] Rice is trying to do the latter, and I hope she will."

Hamilton said he and Baker will testify before Congress in the coming days. He is scheduled to testify before the Senate Foreign Relations Committee at 2 p.m. today, and before the House Foreign Affairs Committee on Friday morning, as well as at several other committees next week.

But he said today's hearing may be postponed because Baker "may prefer to move it to next week."

Asked if any other members of the study group have expressed enthusiastic support for the president's new strategy, Hamilton said, "Not to my knowledge."

Hamilton emphasized that the Iraq Study Group report "said we would not succeed in Iraq unless there is a unity of effort. And one of the real huge challenges in front of the president and in front of Congress is to try to develop, with deep differences notwithstanding, a unified effort. We do have American interests in the region and we want to protect those interests and we best do that if we speak with a unified voice."

However, he said, "We are not thus far speaking with a unified voice as a country on Iraq today."

Hamilton predicted "a lot of clashes" in Congress over Iraq, starting with a Senate non-binding resolution to oppose the recent troop-surge announcement.

"I don't know what that resolution says, and it will be non-biding, but it will be very important symbolically, sending a message, and I see a series of very vigorous debates in Congress on Iraq policy, arising in several different places on the legislative calendar."

Asked if that debate will make it more difficult to achieve unity, Hamilton said, "My hope here is that when you run through this process, which I think will be difficult and messy, my hope is that the country will have come to a greater unity of effort. I don't expect unlimited unity, but I would hope there will be greater meeting of the minds than exists today."

He added, "This is a very complex problem. It will take the integration of all of the tools of American power. I still worry that we focus way too much on the military, which is a hugely important part of this policy, but it is not the whole part of it. The economic, political and diplomatic parts are also hugely important and we've got to get it all right. We've had a history over the last few years where we have not gotten it all right and our chances of success are not 100 percent. It's a very daunting challenge for us."

U.S. Ambassador Expects Progress Within Months (USAT)

By Rick Jervis

USA Today, January 18, 2007

BAGHDAD — Iraq's leaders will need at least a few more months to hammer out political deals central to President Bush's security overhaul, the outgoing U.S. ambassador said Wednesday.

In an interview with USA TODAY, U.S. Ambassador Zalmay Khalilzad laid out a timetable for Iraqi politicians to resolve long-simmering disagreements, such as how to share Iraq's oil wealth.

Khalilzad also said the United States was "committed to going after" Iranian operatives in Iraq, who he said were responsible for supplying sophisticated bombs used against U.S. forces.

Bush has called on Sunni and Shiite politicians to resolve their differences and help ease sectarian tensions as an additional 21,500 U.S. troops begin arriving in Iraq. There are about 137,000 U.S. troops in Iraq now.

"Iraqi leaders understand that the patience of the American people, the patience of the leadership of the political forces in the United States, is running out," Khalilzad said.

He declined to say whether Iraq's government would face repercussions for not resolving key political issues, calling such talk "counterproductive."

"We have to recognize this is a sovereign country with an elected prime minister," he said. "We can't appear to be dictating in a way that, 'You must do this by this week, you must do this by that week.' "

The initiatives include:

·An oil law. Drafters finalized an energy bill Tuesday that would define how Iraq's oil wealth would be distributed to different regions, Khalilzad said.

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Sunni-dominated territories possess a relatively small percentage of Iraq's oil reserves, and Sunni politicians want to make sure they receive a share of future royalties.

The bill needs Cabinet approval before the parliament votes on it and will probably take a month to pass into law, Khalilzad said.

·De-Baathification. U.S. officials are reviewing a draft law that would partially lift a ban that prevents former members of Saddam Hussein's Baath Party, most of them Sunnis, from holding government jobs. The law is probably two months away from passage, Khalilzad said.

·Constitutional amendments. A bill that would outline how Iraq's constitution could be amended — a point of heated debate between Iraqi sects — is being studied and is "several months" from completion, Khalilzad said.

Khalilzad said Iraqi leaders have agreed to allow U.S. forces unfettered access to Baghdad neighborhoods. Such access is key to disarming militias. "We'll have the freedom of action to go anywhere in the city in pursuing these objectives," he said. "We have to wait and see whether what has been agreed to, which is quite satisfactory, is actually implemented."

Also on Wednesday, Iraqi Prime Minister Nouri al-Maliki chastised the United States for suggesting his government was living on "borrowed time." He told The Times of London that such statements have bolstered Iraq's extremists.

"I wish that we could receive strong messages of support from the U.S. so we don't give some boost to the terrorists and make them feel that they might have achieved success," al-Maliki said.

He said the United States' refusal to give Baghdad's security forces sufficient guns and equipment has hurt their ability to secure the capital. If given the proper equipment, he said, U.S. forces could reduce their numbers within six months, he said. Al-Maliki also rejected claims that he is lenient on Shiite militias, saying 400 Mahdi Army members have been arrested in recent days.

Shiite Fighters Arrested In Crackdown, Iraq Says (NYT)

By Sabrina Tavernise

The New York Times, January 18, 2007

BAGHDAD, Jan. 17 — Facing intense pressure from the Bush administration to show progress in securing Iraq, senior Iraqi officials announced Wednesday that they had moved against the country's most powerful Shiite militia, arresting several dozen senior members in the past few weeks.

It was the first time the Shiite government of Prime Minister Nuri Kamal al-Maliki had claimed significant action against the militia, the Mahdi Army, one of the most intractable problems facing his administration. The militia's leader, the cleric Moktada al-Sadr, helped put Mr. Maliki in power, but pressure to crack down on the group has mounted as its killings in the capital have driven a wedge into efforts to keep the country together.

Although the announcement seemed timed to deflect growing scrutiny by an American administration that has grown increasingly frustrated with Mr. Maliki, American officers here offered some support for the government's claims, saying that at least half a dozen senior militia leaders had been taken into custody in recent weeks.

In perhaps the most surprising development, the Americans said, none of the members had been prematurely released, a chronic problem as this government has frequently shielded Shiite fighters.

"There was definitely a change in attitudes," in the past three to four weeks, a senior American military officer said, speaking on condition of anonymity.

Mr. Maliki, in a meeting with foreign journalists on Wednesday, said 400 Mahdi militiamen had been arrested "within the last few days." A senior government official said later by telephone that the total number arrested was 420 and that they had been detained in 56 operations beginning in October. Several dozen senior leaders have been detained in the past several weeks, the senior official said on condition of anonymity. He said the total number of senior commanders did not exceed 100.

Still, some American military officials remained skeptical that the effort was more than just a short-term attempt to appease them at a time when American government support for Mr. Maliki appeared to have sunk to an all-time low.

"The question is whether it will be sustained," another American military official said. "This shouldn't be done to weather some short-term political storm. This has to stick in the long run."

Whatever the case, changes have been felt on the street. In Shiite neighborhoods across the capital, militia members seem to have dropped from view in recent weeks, residents and militia members say. Shiite foot soldiers have tucked away their machine guns and have melted back into bustling city blocks, preparing for what they say they believe will be an American military onslaught against them.

"They have not run checkpoints for a week," said Ali, a merchant who lives in northern Baghdad and does business with the militia. "They hid their weapons. They are bored."

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An influential Shiite sheik, Adel Ibrahim Subihawi, said of senior Mahdi members, “They are making new passports right now to leave.”

It was not immediately clear whether the vanishing act was related to fear over the arrests or was a calculated move to wait out the coming American troop increase and prepare to re-emerge later.

But Iraqi and American officials acknowledge that the militia is the central challenge in the new effort to stop the cycle of violence in the capital, especially given the fighters’ ability to move and hide freely in tightly knit Shiite neighborhoods.

It is a vast task ahead: American military intelligence officials have estimated that there are around 7,000 Mahdi militiamen in Baghdad. Many have split off into their own fiefs.

“They are like amoebas,” one Shiite politician said. “Always dividing and multiplying.”

American military commanders are now debating whether a large-scale offensive in Sadr City, a vast grid of cinder-block houses in northeastern Baghdad that is the stronghold of the Mahdi Army, should be the way to confront the fighters. American soldiers battled the militia twice in 2004, but it emerged stronger after Mr. Sadr entered the political system and helped install Mr. Maliki as Iraq’s prime minister last spring.

One senior military official said a large-scale operation “cannot be taken off the table,” but others speak of plans to isolate the militia by cutting off northeastern neighborhoods where the militia dominates, and then continuing to chip away at its networks elsewhere.

In an interesting twist, the militia’s leadership has not visibly fought back against the crackdown. American commanders say that the arrests do not draw the howling objections they used to in 2004, because Mr. Sadr’s militia has splintered so deeply since then that the members they are arresting are more criminal than political and considered by Mr. Sadr to be disloyal renegades.

In that assessment, Mr. Sadr could even be using the government and the American military to purge his own ranks of undesirables.

Mr. Maliki, in the meeting on Wednesday, denied he was influenced by Mr. Sadr, and he offered as proof the fact that his government was finally taking painful action against his own Shiite constituency.

“In the entire four years I only talked to him twice,” he insisted.

Iraqis who live in the neighborhoods where the Mahdi Army is strong say the primary motivation for avoiding full-scale confrontation with the Americans is money. Members have grown rich on political channels of financing from Iran as well as from Iraqi government ministries, the residents say, and the militiamen do not want to fight the Americans directly for fear of losing their newfound status.

Ali, the merchant, said the reluctance to fight could be summed up in two words: “Italian shoes.”

“They know they will lose everything if they fight,” he said.

The Iraqi official, for his part, attributed the ease of the arrests to the government’s intensive political efforts with Mr. Sadr through the fall.

“As soon as he distanced himself from these death squads, we started hitting them really hard,” the official said.

The effort seems to be having some effect. In Ur, a Mahdi Army neighborhood in northeastern Baghdad whose empty eastern edge is a dumping ground for bodies, the local police station reported that the number of bodies found so far in January was 25, far fewer than the 68 bodies found in the same time period a month earlier.

Shiite neighborhoods present a particular challenge for the American military as it prepares to place thousands of soldiers into Baghdad in the coming months. In Topchi, a Shiite neighborhood in western Baghdad that is now largely empty of Sunnis, Shiites have formed intricate networks of tribes, militiamen and local policemen to maintain order. Residents say that American soldiers coming into the neighborhood would be disruptive.

“There’s no security if the Americans come in,” said Ali Hussein Abdallah, a 43-year-old falafel shop owner who had to close for three days during a recent American raid, in which soldiers tore down a poster of Mr. Sadr that was hanging on his wall. “They create confusion. When they come they make a lot of trouble and maybe fighting.”

The attitude is a measure of just how much alliances have shifted in nearly four years of war. Early on, Sunni Arabs spurned the Americans, and Shiites embraced them. Now Sunni areas ask for American protection, and Shiites want them to stay out of their areas.

“There is a wariness,” said Abu Fatma al-Musawi, a Mahdi Army member in Sadr City. “We feel that this new strategy is against the Mahdi Army. We are worried the American troops might attack our area.”

Military action will be all the more difficult because the militias are deeply embedded in the fabric of society. In Topchi, residents pay 3,000 Iraqi dinars a month, or about $2.40, to support local Mahdi Army members. Fighters are members of the local council, and they arrange trash collections and housing for Shiite refugees, often settling them into empty Sunni houses.

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"If they don't make relations with local councils I am sure they will fail," said one prominent tribal member in Topchi who spoke on condition of anonymity. "If they use only force, like before, they will make many more problems."

It is unclear whether militias would choose to fight Americans. For now, militia members in Topchi, like Jafar Sadik, a 22-year-old student at Baghdad University, simply left their checkpoints during the recent American raid.

For now, it is Sunni violence that shatters neighborhood calm and draws the Shiites out, perpetuating the war. A bombing at a largely Shiite university on Tuesday that killed about 70 has already prompted Mahdi militia members to reinstate some checkpoints in eastern Baghdad, residents said. A drive-by shooting on the same day in the upscale Shiite neighborhood of Binouk that killed 12 has set revenge reactions into motion.

To isolate Mr. Sadr, Americans and several prominent Iraqis, including Abdul Aziz al-Hakim, a powerful Shiite, and Tariq al-Hashimi, Iraq's Sunni vice president, tried to assemble a new political coalition that excluded him. Those efforts seem to have foundered in recent weeks, marred by events that divided the Iraqi groups — the arrests of Iranians in Mr. Hakim's compound and the indignation surrounding the execution of Saddam Hussein.

Baha al-Aaraji, a senior representative for Mr. Sadr in Parliament, said Mr. Sadr's supporters knew that recent American efforts were aimed at weakening them, and eventually Mr. Maliki, whom they support.

"The main goals are to exclude the Sadrists from decision-making and, after the formation of a new bloc, to replace the prime minister," he said.

But in the current political situation, in which Islamists are overwhelmingly popular among voters, the efforts are likely to fail, he said.

"In the election, Islamists from both sides won," he said. "It is a reality."

In Course Change, Roles Extended To Baathists (LAT)

By Said Rifai, Borzou Daragahi

The Los Angeles Times, January 18, 2007

BAGHDAD, Iraq — Ahmad Chalabi, a perennial Iraqi insider and political survivor, held out an olive branch to his former enemies Wednesday by publicly welcoming onetime members of Saddam Hussein's Baath Party back into the public life.

Chalabi, who heads a commission charged with removing former ranking Baath Party members from public office, told reporters at a Baghdad news conference that the Iraqi government had changed course and was trying to lure more Baathists back into government.

The de-Baathification laws established by American administrator L. Paul Bremer after the 2003 U.S.-led invasion rankled Iraq's Sunni Arab minority, which served in Saddam's political party in greater proportion than other Iraqi groups. Reforming those laws has been a key demand of the Bush administration as well as the Sunnis, whose alienation from the political process has fueled violence.

Chalabi said more than 2,300 high-ranking Baath Party members had been or were being reinstated to their former government jobs or were being given pensions.

He also said that under new rules the de-Baathification committee's only role would be to identify former members of the party and their rank. "Deciding whether they are allowed to participate in the political process or not is up to the Iraqi judicial system," he said.

However, Chalabi gave assurances that the ongoing reinstatements would not allow those who committed crimes against Iraqis under the former regime to be given "amnesty." He added: "Justice will take its course in the event that any of these individuals were to be suspected of implication in crimes against humanity or corruption."

Chalabi is a secular Shiite who was once favored by those advocating the U.S. invasion of Iraq. He emerged as a divisive symbol of occupation -- a longtime exile advanced by some American officials to help lead a country for which he showed little understanding.

His political party failed to win a single seat in December 2005 elections.

Chalabi was an early advocate of the policy to remove Baath Party members from power, a campaign that fueled the anger of insurgents. But Wednesday, he said his committee would refer to court any instances where provincial or municipal governments refused to reinstate exonerated former party members.

It was time for Iraqis of all political stripes to make amends, he said.

"All of these modifications to the de-Baathification law are being carried out in the interests of both the political and reconciliation processes in addition to absorbing those individuals with relevant experience which could be utilized by the government to better the current situation," he said.

Iraqis Answer Global Critics By Tackling Troubling Issues (NYT)

DOJ_NMG_0118317

By Damien Cave

New York Times, January 18, 2007

BAGHDAD, Jan. 17 — Iraqi political leaders stepped up efforts to persuade the world that they were tackling the country's thorniest problems on Wednesday, highlighting crackdowns on militias, progress on a national oil law and new examples of reconciliation with former Baathists.

The flurry of activity on the part of the Shiite-led government comes after weeks of punishing criticism from American, European and Middle Eastern leaders, who have focused on everything from the government's botched execution of Saddam Hussein to the mounting chaos in Baghdad.

Prime Minister Nuri Kamal al-Maliki seemed to have taken as a challenge President Bush's assessment that the Iraqi government had "fumbled" Saddam Hussein's hanging. During an hourlong meeting with several foreign journalists on Wednesday, he suggested that Mr. Bush had been pushed to express disapproval by the momentum of public opinion.

"I would like to correct President Bush that Saddam, that person, was not subjected to any act of revenge, any physical attack," Mr. Maliki said on a tape of the interview made available to The New York Times. "But it was a judicial process that ended with him executed or sentenced to death according to Iraqi law that sentences such criminals to death.

"I know President Bush and I know him as a strong person that does not get affected by the media pressure," Mr. Maliki continued. "But it seems that the pressure has gone to a great extent that led to the president giving this statement."

He went on to assert that Iraq "is not witnessing a war of ethnic or sectarian cleansing" because Sunnis and Shiites are still meeting together and trying "to salvage Iraq," and he rejected the widely held notion that his government tolerated militia infiltration of Iraq's security forces, saying it had been detaining Shiite militiamen.

He also anticipated an increase in the budget this year. And he emphasized that the new security plan was set to start in coming weeks and included the addition of more than 20,000 American troops. He said it would be directed by Iraqis — a contention that has been greeted by some American military officials with skepticism.

Other Iraqi officials, meanwhile, scrambled to show that they were making progress.

Falah Shanshel, one of about 30 lawmakers affiliated with the renegade Shiite cleric Moktada al-Sadr, said the Sadr bloc would end its boycott of Parliament in the next few days. In Iraqi Kurdistan, Anwar Dolani, the military leader who oversees one of the brigades slated for the new Baghdad effort, said the last group of his troops left Wednesday for the capital.

There were also hints of progress on two of the White House's most challenging legislative demands: a new national oil law, and a revised de-Baathification policy that would let more low- and medium-level government workers return to their former jobs.

Barham Salih, a deputy prime minister who heads Iraq's Oil Committee, said that a final draft of the oil law, expected for more than a month, could reach Parliament as early as next week. "We are finalizing the draft, and we have the lawyers going over it to make sure it is intact and consistent," he said. But he declined to outline many of the latest draft's details, suggesting that negotiations may still be incomplete.

Asim Jihad, a spokesman for the Iraqi Oil Ministry, said Wednesday that the new law included provisions for centralized oversight of contracts with foreign energy companies by a council of appointees from several ministries and the prime minister's office. If so, that would be a defeat for the Kurds on their longstanding demand for regional control, but it was unclear on Wednesday whether they had found another way to exert their authority. Mr. Salih, a Kurd, said only that the law "would have some surprises."

Also on Wednesday, Ahmad Chalabi, the former exile who helped the United States build the case for invading Iraq and who heads a committee on de-Baathification, appeared at a rare outdoor news conference in the Green Zone to announce that more than 700 Baathists had returned to their old government jobs. Smiling behind a bank of television microphones as bombs and gunfire interrupted his speech, Mr. Chalabi, who had advocated a strong de-Baathification effort, said the government's roster of rehired workers would continue to grow.

Violence continued in Baghdad. For the second day in a row, a car bomb exploded in Sadr City, killing at least 11 people.

The United States military also said two American soldiers had died in Anbar Province, one on Wednesday, another on Monday.

In Washington, the National Democratic Institute, a nonprofit democracy-building group, reported that an American employee and three of her bodyguards from Croatia, Hungary and Iraq were killed Wednesday when their three-vehicle convoy was attacked in Baghdad.

The group released no names, saying it was "making contact with the families affected."

Iraqi Factories, Aging And Shut, Now Give Hope (NYT)

By James Glanz

DOJ_NMG_0118318

The New York Times, January 18, 2007

RAMADI, Iraq, Jan. 16 — Inside a huge shuttered factory on the gritty western fringes of this outlaw desert town, thousands of ornate porcelain sinks, toilets and other fixtures sit in row after row next to the automated ovens and assembly lines that once churned out the products but lie silent under a thin film of yellow desert dust.

However, neither the fancy ceramics nor the machines appear to be damaged, a miracle that no one can quite explain in one of the most dangerous cities of a country that looters have ravaged since 2003.

Whatever the explanation, some American and Iraqi officials believe that surviving factories like this one — once considered inefficient, government-subsidized behemoths — could present a last chance of sorts for dealing with two problems that have remained stubbornly unsolved since the invasion: Iraq's reconstruction and its insurgency.

The factories, state-owned enterprises under Saddam Hussein's government, would appear to be the unlikeliest of saviors — things like a bus factory in an ethnically riven area south of Baghdad, a tomato paste factory in the Kurdish north, and a second plant in Ramadi that makes floor tiles with silk-screened floral patterns. The factories went dark after the invasion for a variety of reasons, including an insistence by the initial American occupation authority that once they closed, vibrant free markets would spring into existence to fill the void.

But neither those markets nor the expected commercial and social benefits of the $30 billion American-financed reconstruction program have materialized. So a few officials and local leaders are returning to the shuttered plants in hopes of finding a cheaper way to help the economy and perhaps create jobs to attract young men who might otherwise join the insurgency.

The dusty old plants are more evocative of guys with lunch pails than the big thinkers who once believed that expensive American reconstruction projects would remake the face of Iraq. "Any opportunity to re-employ more people and give the government a chance to get income from these factories is important," said Sheik Abdul Sattar Buzaigh al-Rishawi, an Anbar tribal leader, as he toured the porcelain and tile factories in his flowing black-and-gold robes. "Especially in this time when Anbar is experiencing terrorism."

The sheik added, in reference to the idle Iraqis who put the unemployment rate at anywhere from an estimated 30 percent to 60 percent, "They are normal human beings — they would rather work than make violence."

In Ramadi on Tuesday, Sheik Sattar and several Iraqi officials, including the Anbar governor and the manager of the ceramics plant, met with Paul A. Brinkley, a senior Pentagon official who, following up on a tip from the American military command, has taken it upon himself to push the revival of state-owned enterprises that he thinks can be restarted with modest financing.

"That factory could be running in a week," Mr. Brinkley said just after the visit. "It's amazing to me in this city, after all that this city has gone through, that a factory with that level of robotic equipment is still in that kind of condition."

Still, the meeting — in an unheated second-floor conference room within a ransacked office building next to the plant — revealed some of the barriers that this last-ditch effort is likely to face. Those barriers include vast inertia within the Iraqi government bureaucracy and questions about whether even the small amounts of cash needed for the effort will be forthcoming from either Iraqi or American sources.

There are also serious questions on whether officials in the focus of the United States presence in Iraq, within the fortified Green Zone in Baghdad, are ready to support factories that were seen as no more than relics of an era that American ingenuity and reconstruction were going to make forever obsolete.

As with so much else in Iraq, there is no clear measure of how extensive the network of state-owned industries is, although the government lists at least 192 companies outside the energy and security sectors. Government and business officials estimate that more than 600,000 employees are still receiving at least some of their salaries, even though almost all of the factories are closed.

After presiding over the collapse of that network in the early days of the war, the United States now appears ready to lend some help to Mr. Brinkley's efforts to revive parts of it. Maj. Gen. Darryl A. Scott, who leads the Joint Contracting Command for Iraq and Afghanistan and is based in Baghdad, said in an interview that he was making a push to use Iraqi companies for supplying things like housing and basic services for the American military here.

General Scott said that although his prime goal was not revitalizing factories, if one of the companies Mr. Brinkley was working with made the right product, it would be given fair consideration. "It's kind of a version of matchmaking," he said.

How far that process will take Mr. Brinkley's effort is unclear. Zalmay Khalilzad, the American ambassador, said in a recent interview that he was in favor of using military purchases to give Iraqi companies a boost, but that ultimately the United States would promote private enterprise over government entities. "That's obviously the right thing to do," he said. "The question is, how do you get from here to there?"

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But a senior United States official said he believed that at least until recently, officials at the center of American power here, in the Green Zone, had retained their unbending orientation toward privatization. The official said that he asked Americans in the Green Zone why they were buying buses abroad for use in Iraq when a struggling state-owned Iraqi firm in Iskandariya, south of Baghdad, was making a similar vehicle.

"The answer was shocking," the official said. "It was, 'We've denied these people access to the global free market for 15 years; I'm not going to go back to them and say that you've got to buy buses from some state-owned enterprise.' "

During a visit last week to Erbil, in Iraq's Kurdish north, Mr. Brinkley said in a meeting with local officials that when the enterprises "are laying idle due to our policy of shutting them off, we have an obligation to restore them to the Iraqi people."

Each of the factories comes with different and highly specific challenges, a fact illustrated by the closed tomato paste factory in Erbil, which Mr. Brinkley also visited. With distribution across Iraq before the invasion, the factory limped along for a while afterward and as recently as 2004 produced 804,210 cans — "without loss of one can due to quality," said the plant engineer, Satar S. Mustafa.

Since then, a financial group in Erbil has bought the modest-sized factory, with its shiny chutes, choppers, ovens and other equipment. But the operation is still waiting for what the Erbil group hopes is an American investor, said Azzat M. Othman, who is the group's executive manager and says he worked on Wall Street in various capacities for 25 years before returning home to Kurdistan.

"What we are really looking for is an investor who has an interest in this type of operation," said Mr. Othman, who estimates that the factory will generate 100 to 150 jobs.

The porcelain factory is another case entirely. When a worker unlocks a set of big metal doors and slides them back with a boom, a darkened interior perhaps 100 yards in either direction shelters machinery that looks as if it had just been purchased. Half-finished sinks sit in rows along the assembly lines like sculptures left by some artist who intended to return and complete the work with a few strokes of the chisel.

And there is inventory. An assessment by the American occupation officials who shut this factory concluded that it was too small and inefficient to turn a profit in a competitive marketplace, but sinks with paisley and vine patterns look as if they could be sitting on shelves at Home Depot. The toilets are sturdy.

The Iraqis, who intend to keep the plant within the government and say that it could start up again if given an allocation of electricity, insisted that an American take one of the sinks as a sample. It was shoved into one of the armored vehicles belonging to the American military unit that brought the officials here.

But even if everything else here works perfectly, the question hovering over the project is whether the factory will be attacked now that it is associated with Americans. Sheik Sattar, who has already gained fame in Iraq for leading a coalition of Anbar tribes against Al Qaeda, said that would not be a problem.

After all, he said, the factory has remained in good condition until now. "We protected it," he said. Whether the same assurances can be given for the other factories around the country remains to be seen.

Timing Of Hearing Is Blow To The White House (LAT)

By Julian E. Barnes, Peter Spiegel

The Los Angeles Times, January 18, 2007

WASHINGTON — In a setback for the White House, the Senate Armed Services Committee has agreed to hold a hearing Tuesday on the nomination of Army Lt. Gen. David H. Petraeus as the next military commander in Iraq — a move that could set the stage for a potentially bitter battle over the future of the current top general in the war, congressional officials said Wednesday.

White House officials are concerned that Congress may try to "scapegoat" Gen. George W. Casey Jr., who has overseen the Iraq war since 2004 and has been nominated as Army chief of staff, the service's highest post. Army and administration officials had planned for Casey to be considered first, in the belief that the urgency of appointing Petraeus as his successor would dissuade lawmakers from engaging in a long and divisive fight over his handling of the war.

But last week, several senators pressed Defense Secretary Robert M. Gates to have Petraeus' nomination sent to them quickly so he could take over command of military operations in Iraq.

Sen. John McCain of Arizona, the top Republican on the Senate Armed Services Committee and one of the chief advocates of President Bush's plan to increase U.S. troop strength in Iraq, has attacked Casey's command of the war and has embraced Petraeus, who shares his support for a troop increase and a change in strategy in Iraq.

Sen. Lindsey Graham of South Carolina, another GOP supporter of the troop increase, has argued that the appointment of Petraeus is at least as important to turning around the war as sending additional forces.

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Although Defense officials had indicated Casey's nomination would go to the Senate first, White House officials sent over three nominations simultaneously Tuesday — those of Petraeus, Casey and Navy Adm. William J. Fallon, who has been nominated to head the U.S. Central Command, which oversees all U.S. military activity in the Mideast.

On Wednesday, Senate Democrats, at McCain's urging, moved to put Petraeus' confirmation hearing on the committee's calendar. Casey's has not yet been scheduled.

Though he is a strong proponent of the troop increase, Petraeus has been praised by Democrats as well as Republicans. Senate Armed Services Committee Chairman Carl Levin (D-Mich.) indicated during a hearing last week that the committee could act quickly to send his nomination to the full Senate.

But the swift consideration of Petraeus could mean a rougher time for Casey, who has been criticized by McCain and others for failing to seek additional troops or commit existing forces to Al Anbar province, a stronghold of the Sunni insurgency.

The nomination of Casey as chief of staff has drawn comparisons of him and Gen. William C. Westmoreland, the controversial commander who oversaw the Vietnam War from 1964 to 1968. When Westmoreland was replaced in Vietnam, he too was nominated as Army chief of staff and served in that post for four years.

The Army was forced to scrap plans to nominate Casey's predecessor, Lt. Gen. Ricardo S. Sanchez, for a four-star job over fears that his confirmation hearing would devolve into a bitter debate over the Abu Ghraib prison scandal and the rise of the insurgency in Iraq.

Under Casey's watch, Iraq became embroiled in sectarian violence, and the planned drawdown of American forces had to be shelved. Administration officials have said repeatedly that it is unfair to blame Casey, arguing that the Iraqi government has failed to make the necessary concessions or compromises that could lead to an easing of the security problems.

Gates recommended Casey for the Army's top job, saying he believes that the general's time in Iraq makes him well positioned to understand the strains the war has placed on the service.

But critics of Casey say privately that he should have questioned the administration's strategy more vigorously and contend that it is reasonable to hold him accountable for the lack of success the military has had in Iraq over the last two years.

The next Army chief of staff will oversee Bush's proposal to expand the Army as well as help muster additional forces for Iraq if the troop increase lasts more than a short amount of time.

Democrats may use the Casey nomination to review the missteps in American strategy over the last two years. Some senators are likely to hit Casey with pointed questions over how the Iraq strategy was formed, why it failed and why it was not altered sooner.

"I think there will be some who want to get into it," said a Democratic Senate staffer who requested anonymity when discussing party strategy. "We have not had a nomination like this."

Casey could also come under criticism from Republicans who support the president's plan. Although he has backed the decision to increase the number of troops, he is widely seen as skeptical about whether additional U.S. forces will improve the overall security situation.

And some Republicans worry that Casey, in his new job, could be in a position to undermine the troop increase. As Army chief of staff, he would have no direct say in how the war is fought but would be responsible for providing additional forces for Iraq; any increase in the number of forces requires creativity by the Army to figure out where the personnel can come from. He would also sit on the Joint Chiefs of Staff, which provides advice on the conduct of the war.

Top Army officers argue privately that after handling one of the most difficult jobs on the planet for 2 1/2 years, Casey deserves the top Army post. Army officials have also said that under the current Pentagon rules, if Casey remains unconfirmed for too long, he could lose his four-star rank and be automatically demoted to a two-star general.

American Woman Killed In Baghdad Attack (LAT)

By Borzou Daragahi, Peter Spiegel

The Los Angeles Times, January 18, 2007

BAGHDAD — An American woman working for a U.S. nonprofit organization in Iraq to help strengthen the fledgling government was among four people killed Wednesday in a roadside ambush.

The woman, whose name was withheld pending notification of her family, worked for the National Democratic Institute, a Washington organization that advises political parties around the world.

Les Campbell, director of the group's operations in the Middle East and North Africa, said the three other people killed — a Hungarian, a Croat and an Iraqi — were bodyguards from the private security firm Unity Resources Group.

Two other guards were injured, one seriously, Campbell said.

He said details of the attack on the victims' convoy remained sketchy.

"The people who lived to tell the tale are injured," Campbell said from Washington.

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He said the attack occurred when the National Democratic Institute employee was leaving a morning training seminar in Baghdad that she had conducted for Iraqi political parties.

He said the ambush in the Yarmouk neighborhood led to an extended gunfight between the attackers and the security guards. The attackers also threw grenades.

Campbell said the woman had been in Iraq for three months on an expected 18-month tour to work with political parties.

A National Democratic Institute official in Baghdad, who spoke on condition of anonymity for security reasons, said the victim "was an extremely hardworking and dedicated young woman."

"She brought a lot of enthusiasm. She believed in what she was doing," the official said.

The National Democratic Institute is among a small group of charities and nongovernmental groups still working in the country, often expending large amounts of money for security.

Typically, the organization's staff members put on workshops, seminars and discussion groups to show political parties how to recruit activists, research public needs and promote their ideas to voters.

The National Democratic Institute and several like-minded organizations are cloistered in a well-guarded central Baghdad compound outside the heavily fortified Green Zone. But an Iraqi official at one of the organizations said he thought the woman had lived in the Green Zone.

An April 2005 suicide bombing of another National Democratic Institute convoy killed Marla Ruzicka, a 28-year-old activist from Lakeport, Calif., who worked with the nonprofit Campaign for Innocent Victims in Conflict.

Campbell said that although his group remained committed to its work in Iraq, it would reevaluate how it did business in the country and could reconsider its presence in Baghdad.

"Something like this shakes us," he said.

The attack came on a day when car bombs killed at least 27 people in Baghdad and northern Iraq.

In the deadliest blast, a suicide bomber rammed an explosives-packed car into a busy market in the capital's mostly Shiite Muslim neighborhood of Sadr City, the stronghold of radical cleric Muqtada Sadr and his Al Mahdi militia. At least 17 people were killed and 45 injured, including a family of four in a passing car.

A truck bomb aimed at a police station in the oil-rich city of Kirkuk killed at least 10 people and injured 42.

The U.S. military announced that a soldier died Wednesday and another died Monday of wounds sustained in combat in Al Anbar province. Their names were not released.

Gunfire erupted and rocket shells landed on Baghdad's Haifa Street, a volatile Sunni Arab insurgent stronghold near the Green Zone.

A roadside bomb targeting a police patrol in the capital killed one officer and injured two others.

Gunmen kidnapped a Baghdad city councilman and killed four of his bodyguards.

Police in Hillah, south of the capital, discovered the body of a police officer who was hanged.

Sadr City Market Bomb Kills 17 (WT/AP)

By Kim Gamel

The Washington Times, January 18, 2007

BAGHDAD -- A suicide car bomber killed 17 Shi'ites at a teeming Sadr City market yesterday, while gunmen in a predominantly Sunni neighborhood of Baghdad shot up a convoy of democracy workers in an ambush that took the lives of an American woman and three bodyguards.

An Iraqi army officer, who spoke on the condition of anonymity because of security concerns, said the attack on the Western convoy took place in Yarmouk, a predominantly Sunni neighborhood in western Baghdad.

The three-car convoy belonged to the Washington-based National Democratic Institute, said Les Campbell, the not-for-profit group's Middle East director. He said the four dead included an American woman along with three security contractors: a Hungarian, a Croatian and an Iraqi. Two others were wounded, one seriously, Mr. Campbell said by telephone from Washington. Their names were withheld until their families could be notified.

"It appeared to be an attack with fairly heavy weapons; we don't know what kind," Mr. Campbell said. "We have some information that a firefight ensued. Our security company responded to the attack."

Mr. Campbell said the ambush took place at midday as the group returned from a program elsewhere in Baghdad.

The last known American female civilian to be killed was Marla Ruzicka, a 28-year-old rights activist from California who died in a car bombing in April 2005.

The suicide car bomb exploded a day after twin car bombs struck Al-Mustansiriya University in Baghdad, killing at least 70 students lined up for the ride home in what appeared to be a renewed campaign of Sunni insurgent violence against Shi'ites. More than 130 were injured.

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It was the single deadliest attack on civilians in Iraq since Nov. 23, when a series of car bombs and mortar attacks by suspected al Qaeda in Iraq fighters in Sadr City slum killed at least 215 persons.

Another suicide car bomb exploded earlier yesterday at a checkpoint in the city of Kirkuk after guards opened fire as the driver approached a police station, police said. The blast, in the center of the oil-rich city 180 miles north of Baghdad, killed eight persons and injured dozens.

Violence is rising in northern Iraq even as the government and U.S. forces prepare for a massive security operation aimed at stopping sectarian attacks in the capital.

The escalation of deadly attacks coincided with Tuesday's release of U.N. figures that showed an average of 94 civilians died each day in sectarian bloodshed last year.

Two more American soldiers died this week, the U.S. military said. One soldier from the 1st Brigade, 1st Armored Division died yesterday from wounds sustained in an operation in Anbar, the Sunni insurgent stronghold west of Baghdad. Another soldier, from Regimental Combat Team 5, died Monday, the military said without elaborating.

The deaths brought the toll of U.S. military members who have died since the Iraq war started in March 2003 to 3,028, according to an Associated Press count.

Lost In Translation: Iraq's Injured "Terps" (WSJ)

By Joel Millman, Gina Chon

The Wall Street Journal, January 18, 2007

AMMAN, Jordan -- Cocky, cheerful Ali Adil thought he found his calling as an interpreter with the Third Marines, patrolling Iraq's most dangerous ground. The pay was good and he loved bantering about women and rock 'n' roll with young Americans. By helping Marines root out insurgents, he believed he was building a peaceful and just Iraq.

But since July -- when a suicide bomber drove an explosives-filled tanker into a building his unit was guarding -- the 20-year-old Mr. Adil has faced a different future. After suffering severe burns, he has undergone nine skin grafts at a hospital in Amman and lives in a dormitory with a dozen other wounded Iraqi interpreters -- "Terps" as the Americans call them.

Looking to avoid adding refugees, Jordan wants the Iraqis to leave the country when they are released from the hospital and no longer need postoperative treatment. The interpreters look at a return to Iraq as a death sentence. Their absence from home already may have endangered their families. "When someone is gone for a while, and nobody knows if he's really dead, the militias start asking, 'Is he with the Americans?' " says Mr. Adil, who says his family routinely receives death threats from Shiite militias in his old Basra neighborhood.

Since the start of the war, 257 Iraqi interpreters have been killed, says Titan Corp. of San Diego, which just completed a five-year, $4.6 billion Pentagon contract to provide linguists to U.S. forces. Most of those killed were assassinated while on home leave, the company says.

Hobbling on crutches or rolling through their days in wheelchairs, the Terps see themselves as combat veterans of America's war, which should entitle them to medical care, pensions and safety. Most want to emigrate to the U.S.

After lobbying by the U.S. Marine Corps, Congress approved a special immigration program for translators in 2005. But just 50 slots a year were granted, which must be shared between Iraqi and Afghan applicants with at least a year's service with U.S. combat troops. More than 5,000 locals have served in Iraq as interpreters. Some lawmakers and U.S. officials have argued that if the U.S. made it too easy for skilled Iraqis to leave, fewer would remain to help build Iraq. And if special benefits are carved out for interpreters, thousands more Iraqis who have worked with Americans -- from drivers to nurses to soldiers -- would also demand similar help.

This week, during a Senate Judiciary Committee hearing, lawmakers from both parties said more should be done to help Iraqis, particularly those who have helped the U.S. war effort. Assistant Secretary of State Ellen Sauerbrey said only 466 Iraqis have been admitted to the U.S. as refugees since 2003, and because of increasing violence last year, more Iraqis are fleeing their homes than are returning to them.

In their dormitory here, interpreters display the kind of tolerance U.S. war planners hoped would take root in Iraq. Shiites, Sunnis, Christians and Kurds mingle, their combat experience outweighing religious and ethnic divisions. The Terps come from secular households and call each other by their combat nicknames, adding to their sense of solidarity and distance from Iraq's murderous sectarianism.

Swapping Stories

Mr. Adil, a Shiite, is "Milan" because he liked to play as the AC Milan soccer team in PlayStation soccer games. Moghera al-Gaylany, a wealthy Sunni who learned English from a Welsh nanny, is "M2." He suffered eye and arm injuries from shrapnel. Abdul al-Basit, a Kurd who was hit by sniper fire in his arms and abdomen, is "Alan." Between therapy sessions, the interpreters

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swap stories and sometimes view video of the attacks that sent them to Amman. Such videos were usually taken by intelligence officers on the scene.

The wounded Terps sent here for treatment -- about 100 last year -- stay weeks or months. The hospital's management asked that the facility's name not be published for fear of attack. Amputees are the norm. Diyer Hassan arrived in November, still in a coma after leaving Iraq, where he had been on a predawn Baghdad patrol with the U.S. Army's 26th Infantry. The 20-year-old awoke in a hospital room to discover his legs amputated just below the pelvis. He had been working to raise cash to finish at Baghdad University and earn an accounting degree.

In a nearby room is one of the oldest Terps, Rabeh Khafaji, a 52-year-old Shiite nicknamed "Marcos." He was close to troops he patrolled with and says he "adopted" his 23-year-old platoon leader, Lt. Emily Perez. Told recently that she died in the same explosion that took both his lower legs, the former merchant seaman clutched Ms. Perez's photo to his chest and sobbed, "My beautiful child."

Cooks' Jobs

When U.S. and British forces swept through Iraq in 2003, Mr. Adil was hopeful about the future. He says his father, an elderly Shiite shopkeeper, and his Christian mother did their best to steer their eight sons from trouble. When two were drafted during the Iran-Iraq war, the family bribed a base commander to assign them cooks' jobs far from the front. When other Shiites rebelled against Saddam Hussein after the 1991 war, "we hid under our beds," he says. The family longed for the dictator's demise, and joined neighbors greeting the first troops entering Basra.

Fresh out of a two-year technical high school, the slim teenager was eager to test his rudimentary English, learned mostly from listening to an older brother's Pink Floyd records and by surfing the Internet. He says he landed a job paying $200 a month as an interpreter for a company of the British army's Royal Engineers.

Mr. Adil, the second-youngest child, suddenly became the family's principal breadwinner. While one brother lined up work as a policeman, most of the others held day laborer jobs. One brother, Amjad Adil, now 29, drove his own cab until carjackers took it. He, too, then went to work for the British, and was quickly dubbed "Tommy Gun" for his admiration of automatic weapons.

Although the Adil brothers say their work was routine -- translating for British officers meeting local dignitaries -- insurgents slipped at least three threatening letters under the family's front door warning them to quit. Letters tacked to nearby lampposts listed neighbors already killed for collaborating.

Worried about his safety, Ali left for Baghdad in January 2005 and found work with Titan, the main contractor supplying U.S. forces with interpreters. Titan paid him $1,050 a month -- three times the salary of Iraqi police -- which included a small bonus for working in the dangerous Sunni Triangle. (The few U.S. citizens who work as interpreters, and have high security clearances, make 10 times as much as bilingual Iraqis.)

In October, Amjad fled to Baghdad to work for Titan too, after he and another interpreter were fired on by four men in Basra. Amjad Adil escaped injury; his friend was shot in the face.

Tours With the Marines

The two brothers remember their tours with the Marines starting in late 2005 as the most gratifying part of the war. "Motivation! Mobilization!" Ali Adil shouted when asked what he loved about the Marines, nearly jumping from a chair as he assumed his battlefield stance.

In al Anbar province, he joined raids on suspected terrorists' safe houses, often discovering weapons, cash and computer files whose data led Marines to other targets. Some of the finds were unsettling. The Marines couldn't tell if U.S.-issued M-16s and body armor they found had been stripped from dead comrades or stolen by infiltrators working on U.S. bases.

Night raids were an adrenaline rush. After a fusilier launched a concussion grenade through an open window, Mr. Adil would dash into the building with other troops as an explosion shook the building and filled its entrance with blinding light. "It's something you never forget, not for the rest of your life," he says. Nothing terrified him as much as hearing a patrol leader bark the order, "Take cover, sniper!" and hitting the ground.

"He was the best interpreter we had," says Sgt. Nate Royster, a squad leader with the Third Marines. The chatty Mr. Adil would strike up friendships with Iraqi families passing through Marine checkpoints and over time would persuade them to identify Iraqis who were shooting at the Marines or planting bombs. He was also great at picking out Iraqis who were lying, Sgt. Royster says.

Mr. Adil and his brother swapped emails regularly from bases three hours apart. After six months, they had a week off together at the main Marine base in Haditha, where they shopped and played videogames. "We would call home together, both of us talking to our mother and father," Amjad Adil recalls. "It was like a family reunion."

News from home often was grim. During some calls, the brothers could hear mortar rounds landing near the family's home, which is close to a British base. Their parents provided updates on childhood friends who had been killed or seized. One neighbor family paid a large ransom when their son was kidnapped, but the young man never returned, the Adil parents said.

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One day in July, Ali Adil walked downstairs from a Marine rooftop post near Haditha to join Iraqi troops making morning tea. At the same moment, a stolen tanker, filled with at least 400 pounds of explosives, rammed into the building. The driver and several Iraqi soldiers were killed. Mr. Adil, who suffered burns over one-third of his body, and three Marines with life-threatening wounds were evacuated to Baghdad.

After waking from a two-week coma, Mr. Adil was transferred to Amman for long-term care. For two months, nurses tried to make him comfortable before skin-graft treatment began. His jaw was wired shut to let several small fractures heal. Most days he simply lay in bed, sucking soup from a straw when he felt hungry enough to eat.

Now he's able to walk on his own and passes time either in Internet cafes or telephoning his brother. Despite the trauma, Mr. Adil retains his good cheer. "How's it going on, dude?" he greets another Terp.

Titan, a subsidiary of L3 Communications Holdings Inc., says it will pay Mr. Adil's medical bills and two-thirds of his salary until he is officially discharged from treatment, which he expects to occur later this month. The principal insurer for U.S. contractors, American International Group Inc.'s AIG WorldSource division, won't specify how much treating interpreters cost last year, except to say that it runs into "millions" of dollars. One interpreter, Victor Yousif, has medical bills of more than $1 million alone, hospital administrators say.

Mr. Adil's remaining benefit is an injury-compensation package. Such packages can range from $20,000 to $200,000. The money is intended to cover potential income interpreters can expect to lose as a result of their injuries.

Many interpreters say the awards don't come close to covering their needs, especially those who support extended families trying to flee Iraq. For the most part, though, interpreters accept what's offered because they need the money immediately.

"They gave me $88,500 for this," says one middle-aged former professor, who worked as an interpreter for a U.S. Army unit, as he lifts an empty pant leg and then shows a right hand shorn of all but the middle finger.

Death Benefit

Families of translators killed on the job receive a death benefit. Spouses receive 50% of the interpreter's weekly salary until they remarry or die. If there is no spouse, the benefit goes to a parent. Because of Iraq's chaotic situation, it's often difficult to obtain reports and witness statements necessary to prove a claim. It can take several months to a year to settle a claim.

During his three years working for the U.S. military, one Iraqi translator received numerous threats. On Sept. 15, 2006, he was killed in a drive-by shooting as he drove home after a day of working with the Army Reserve's 412th Civil Affairs Battalion. Capt. Brian Freeman says he relied on the interpreter as his "eyes and ears" and also for political connections. For the man's nine-member family, the loss took away not only a loved one, but the main provider. They relied on his $900-a-month salary. His pregnant wife and other family members are waiting to receive the death benefit.

Chris Winans, vice president of media relations at AIG, says the company doesn't discuss individual claims. But he says that when claims can't be settled quickly, it's usually related to problems of documentation or locating next of kin. "Our top priority is promptly settling compensable claims for injured defense-contract workers, and that's the way it works in much more than 90% of claims," he says.

During many U.S. wars, evacuating local allies wasn't a big issue. The vast majority of local allies stayed put after conflicts ended, eager to rebuild their countries.

Hundreds of thousands of former South Vietnamese soldiers and other American allies were left behind when U.S. forces withdrew in 1975 -- many spending much of the next decade scrambling for ways to get to America. About 120,000 Vietnamese collaborators and their dependents managed to get to the U.S. by 1976, although many more languished for years in refugee camps in Thailand, Hong Kong and the Philippines.

After the 1991 Gulf War, the U.S. admitted around 15,000 Iraqi Shiite refugees, who escaped a crackdown by Saddam Hussein. In Iraq today, the U.S. military discourages fraternizing with local hires. Even so, Terps and military personnel often forge close ties.

Sharon Smith, a major in the U.S. Army reserves, married her Iraqi interpreter in 2005, after she hired a judge and had him transported to the fortified Green Zone in Baghdad to perform the ceremony. After a bureaucratic tussle over visas that lasted a year, the interpreter, who had been wounded in action, was able join his wife in Richmond, Va., just before Thanksgiving.

Other wounded interpreters, who lack such ties to Americans, worry they will soon be stateless -- pressured to leave Jordan, unable to return to Iraq, where they fear their names already are on a hit list, but barred from the U.S.

"If I tell [doctors in Iraq] how I am wounded, I am killed in one day," said a 27-year-old translator from Karbala, who requested that only his first name, Haider, appear in print. "The militias rule the hospitals in Iraq," he added, as fellow exiles in the Amman dormitory nodded in agreement.

Under the 2005 special immigration program for translators, about 200 visas have been approved so far. Of the more than 5,000 locals who have served in Iraq as interpreters, many are desperate to leave. Few qualify because they need a letter of recommendation from a military "flag" officer, either a four-star general or a Navy admiral.

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"The highest rank we meet are lieutenants, maybe a captain," says Abdul al-Basit, the Kurdish translator who has been trying to emigrate since being wounded by a sniper last year in al Hawijah. "How are we going to meet a general?"

Two married Iraqi interpreters -- who asked to be identified by their Terp nicknames "Mike" and "Joy" -- won translator visas in 2006. The couple -- who won't use their real names for fear of identifying family members still in Iraq -- served together in western Iraq, with Mike accompanying a Marine combat unit, and Joy assigned to help nurses at a mobile surgical unit. Early in the war, insurgents seized the bus she was taking to a U.S. base and held her for awhile.

It wasn't just their war records, but their lobbying skills that helped them win visas. After three years of service, they befriended influential U.S. officers, including Capt. Joseph Grimm, a Marine attorney, who helped them with the paperwork and lobbied the Pentagon brass and lawmakers on their behalf.

Last month, Mike and Joy visited their wounded counterparts in Amman. "You were in al Anbar, dude? That's awesome," said a young Terp who calls himself "Opie," reaching up to slap Mike's hand with the stub of his own. A few Terps asked them for ideas on how to get to the U.S.

But other interpreters found the visit dispiriting. Noticing the couple's sleek clothing, their digital camera and, most of all, their incredible good fortune, only deepened their sense of isolation. By the end of the evening, Mike was bummed out too, as he realized few of the Terps had a chance of winning a visa. "I have citations, like a hundred of them," he said, sounding more defensive than proud. "Some of these guys have, like, two."

One of the Terps at the dormitory, Mr. al-Gaylany, who was wounded by a roadside bomb last summer, has made some bureaucratic headway. He spends his days tapping out emails in search of soldiers from the military police unit he served with to ask for their help. Staff Sgt. Jason Rogers has already written to his senator.

'He's Stuck There'

"We rotate in and rotate out, but he's stuck there," says Sgt. Rogers, now stationed with a National Guard unit in Bay City, Mich. "I'd like to see him become a U.S. citizen. It would be a great way to show appreciation for what he's done."

Joanna Gonzalez, spokeswoman for the Department of Homeland Security, says, "If any Iraqi translator, or any Iraqi for that matter, outside Iraq fears persecution if he or she returns to Iraq, then they can apply for refugee settlement in the U.S." She says that this year up to 5,500 refugees will be allowed into the U.S. from the Near East and South Asia -- a region that includes Iraq as well as Afghanistan, Iran, Saudi Arabia, India, Pakistan and other countries. There are also 20,000 refugee slots for 2007 that aren't tied to a specific area and will be allocated based on need.

Terps are especially vulnerable, says Enrique Kelly, casualty manager for U.S. defense contractor Titan. "The interpreters are on no one's side," the retired U.S. soldier says. "The Shi'a hate them, the Sunnis hate them. The Americans don't trust them because they could be infiltrators. As soon as they lose our protection they'll be hunted down."

Mr. Adil and his brother figure they'll never qualify for visas. Neither knows any senior military officials, and Amjad doesn't plan to stay in Iraq long enough to apply. He wants to move to Syria where several Terps already have found haven. "I told my mother this was the end for me," he said as he prepared to return to his Marine base after a vacation in December. "She cried. She doesn't want any of us to do this anymore."

For his part, Ali expects to leave Amman by the end of this month. Rather than return to a translator job in Iraq, he plans to wait for his settlement, which he figures will be about $20,000. He thinks that ought to be enough to hire a smuggler who will lead him to a path other Iraqis have followed to Tijuana, Mexico, then on to San Diego.

There he's confident he'll be allowed to petition U.S. authorities for asylum, or at least find someone in Southern California's growing Iraqi community to put up bond if he's jailed. He's also counting on help from former Marine mates, many of whom live in San Diego County.

"I risked my life with the Marines," he says. "How can they refuse me?"

Officer Facing Court-martial Denounces War (LAT)

By Teresa Watanabe

The Los Angeles Times, January 18, 2007

The nation's first Army officer to refuse deployment to Iraq urged the public in a statement Wednesday to "stop the war so that the death and sacrifices of American soldiers will not be in vain" after a major legal setback in his court-martial proceedings.

First Lt. Ehren Watada, who is based at Ft. Lewis near Seattle, faces six years in prison for failing to deploy to Iraq last year with his Stryker brigade and for criticizing President Bush and the war in statements to the media and at a peace convention.

The 28-year-old Honolulu native has argued that the war is illegal because Bush did not obtain proper authorization for it, and that Army rules and the Nuremberg principles adopted after World War II required Watada to disobey orders to participate.

On Tuesday, however, Lt. Col. John M. Head, the military judge in the case, rejected Watada's request to debate the legality of the war at his court-martial next month. Although Watada's attorney, Eric Seitz, had sought to open the question so the

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soldier could explain why he defied his deployment orders, Head ruled that the war's legality was a political question irrelevant to the charges at hand.

Head also rejected motions to dismiss charges of "conduct unbecoming an officer" related to Watada's criticism of Bush and the war.

Seitz had argued that the 1st Amendment protected Watada's remarks. But Head disagreed in his written decision, saying that courts have ruled that soldiers do not enjoy the same degree of free-speech protections as civilians.

In an interview, Seitz said he was "appalled" by the rulings. "They are extraordinarily broad and subjective, which I find reprehensible. They are essentially saying there is no right to criticize, which we all know is not true," he said, vowing to appeal any conviction to the federal courts.

Watada's court-martial is scheduled for Feb. 5 at Ft. Lewis.

Despite the setback, Watada's statement urged Americans to "fulfill their civic obligations" by protesting the war. "I firmly stand by my belief that this war is illegal and immoral."

U.S. Eyes More Troops For Afghanistan (CHIT)

By Kim Barker

Chicago Tribune, January 18, 2007

KABUL, Afghanistan -- With the Bush administration already planning a build-up of troops in Iraq, Defense Secretary Robert Gates said Wednesday that military commanders in Afghanistan have appealed for more U.S. soldiers to reverse the gains of Taliban insurgents at a time of growing violence.

Gates, wrapping up his first visit to Afghanistan, did not say how many troops were requested. But other military officials have suggested that an additional 1,000 or 1,200 troops are needed, especially in anticipation of a spring offensive by the Taliban.

Gates indicated he would likely recommend a troop increase to President Bush.

"I think it is important that we not let this success here in Afghanistan slip away from us and that we keep the initiative," he told reporters at Bagram air base during a refueling stop before leaving the country.

Separately, Sen. Hillary Rodham Clinton (D-N.Y.), a potential candidate for the presidency in 2008, said Wednesday that commanders in Afghanistan told her on a visit to the region that they have "an urgent need" for about 2,300 more troops, some of whom could be held in reserve.

"It would be tragic if we fail in Afghanistan because of an unwillingness to deploy a manageable size of additional troops to aid an important and willing ally during a time of true need," she wrote in a letter to Gates that also was signed by Sen. Evan Bayh (D-Ind.), who accompanied her on the trip over the last week.

The extra troops would mean more strain on the U.S. military, which was already being tested on two major fronts when President Bush announced a new plan to add 21,500 troops in Iraq. Bush said he will ask Congress to increase the size of both the Army and the Marines. Many current soldiers have fought in both Iraq and Afghanistan, sometimes twice.

Gates said the idea of more troops for Afghanistan will be discussed by the Joint Chiefs of Staff before he makes a recommendation to President Bush.

"I think we have the forces" to increase deployments to both Iraq and Afghanistan, Gates said. "What we have to look at is what the impact is if we were to add more forces here. Ultimately, obviously, it would be the president's decision."

Gen. Peter Pace, the chairman of the Joint Chiefs of Staff who met up with Gates in Afghanistan, said a larger deployment of troops would stretch the military in the short term, but that if done correctly, could speed up the day when U.S. forces could withdraw from Afghanistan altogether.

An increase in U.S. troops in Afghanistan would also add to questions about the role of NATO, which has taken over most responsibilities in the war but which has not been able to persuade its member nations to fulfill all of its troop requests.

Now, 11,000 of the 31,000 NATO troops are from the U.S. As many as 13,000 other U.S. troops are also in the country, training the Afghan army, building roads or hunting for terrorists.

The top U.S. commander in Afghanistan also has asked to extend the combat tour of about 1,200 soldiers already in the country, in preparation for the Taliban offensive.

The Taliban has regrouped in the past year, making their biggest push against international and Afghan troops since being chased from power in late 2001 during the U.S.-led invasion. A reported 4,000 people died in the violence last year, the highest annual death toll so far.

NATO announced Wednesday that a prominent Taliban commander, Mohammed Nabi, had been detained during a raid on a compound in Helmand.

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Also Wednesday, Afghanistan ratcheted up its accusations that neighboring Pakistan is harboring and training the Taliban in the lawless tribal areas along the border.

Afghan officials handed out video CDs with a confession by a self-proclaimed spokesman for the Taliban captured Monday. In the confession, Mohammed Hanif said that Mullah Mohammed Omar, the reclusive leader of the Taliban, is living in the Pakistan frontier city of Quetta under the protection of the Pakistani intelligence agency, Inter-Services Intelligence, or ISI.

Hanif said the Taliban staged suicide and bombing attacks with the direct help of the ISI, and that Hamid Gul, the retired head of the ISI, was responsible for paying for an Islamic boarding school in the tribal area that trained suicide bombers.

Pakistan officials denied the charges.

"We don't know what the circumstances were under which he made these baseless allegations," said Tasneem Aslam, the Pakistani Foreign Ministry spokeswoman. "We don't know who he is. ... It's possible he's being made to say these things."

Lt. Gen. David Richards, the British commander of NATO forces in Afghanistan, said in an interview Wednesday that he believed Pakistan has not been given enough credit for helping in the fight against the Taliban. He said a clear distinction needs to be drawn between what is happening in Pakistan and the government of Pakistan. He also doubted that the current ISI is supporting the Taliban.

"If Hanif says the ISI is doing it, my strong conviction is that it is not the case," Richards said.

Gates May Seek More Afghanistan Troops (AP)

By Robert Burns

AP, January 17, 2007

Defense Secretary Robert Gates suggested Wednesday he would ask President Bush to send more troops to Afghanistan, an increase that could intensify pressure on a U.S. military already straining to wage the war in Iraq.

After two days of talks with American, NATO and Afghan officials, Gates said he was impressed with progress toward stabilizing and rebuilding Afghanistan. Yet he also said military commanders want to add U.S. troops to the 24,000-strong American force now there, the highest level of a 5-year-old war.

While Gates used no figures, a senior official traveling with him said the prospective increase would not be large — possibly one or two battalions, no more than a couple of thousand soldiers. The official spoke on condition of anonymity because no decision had been made.

Gates stopped short of saying he would recommend the increase. Yet he offered a rationale for reinforcing a war effort that has seen the quick toppling of the Taliban rulers of a country that had been sanctuary for al-Qaida leader Osama bin Laden, only to have combat flare in recent months with renewed Taliban attacks.

"I think it is important that we not let this success here in Afghanistan slip away from us and that we keep the initiative," he told reporters traveling with him. "There's no reason to sit back and let the Taliban regroup."

A U.S. troop increase in Afghanistan would come on top of Bush's decision to send 21,500 more soldiers and Marines to Iraq over the coming four months — adding to the roughly 132,000 already there. That boost had been opposed by many Pentagon uniformed officers, who worry that it would be too much stress on a force that is already sending soldiers to Iraq for multiple tours.

The two wars, each now longer than U.S. involvement in World War II, have stretched American land forces so thin that the Army and Marines are requesting tens of billions more in funding and have persuaded Bush to ask Congress to increase their size.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said new troop commitments for Afghanistan would further strain the U.S. military in the short run. But if done as part of a successful strategy against the Taliban, it might hasten the day when the U.S. military can withdraw its combat forces altogether, said Pace, who joined Gates for part of his Mideast trip.

Gates said the number of extra troops "depends on different scenarios," which now will be examined.

Thomas Donnelly, defense specialist with the conservative American Enterprise Institute in Washington, said the military could handle troop increases in both Iraq and Afghanistan, but he added, "It would be an additional straw on the camel's back of American land forces."

Michael DeLong, a retired Marine lieutenant general who was a commander during the wars in Afghanistan and Iraq, said he believed the military could sustain a relatively small troop increase in Afghanistan, but he said the need for the added troops signaled that the conflict was not going as well as hoped.

"When we first went in, the issue in Afghanistan was not to look like the Soviets because too many people become a target," he said, referring to the larger force the Soviet Union sent to Afghanistan a quarter century ago. "Things have changed in Afghanistan, things are not as good as they used to be."

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Sen. Hillary Rodham Clinton, D-N.Y., a potential 2008 presidential candidate who just returned from a trip to the Middle East, said commanders in Afghanistan told her they have an urgent need for about 2,300 more troops, including some who might be held in reserve.

"It would be tragic if we fail in Afghanistan because of an unwillingness to deploy a manageable size of additional troops," she wrote in a letter to Gates. The letter was also signed by Sen. Evan Bayh, D-Ind., who was on the trip, too.

Gates said the Joint Chiefs — the top uniformed officers of the Army, Navy, Marine Corps and Air Force — will discuss the increase with Pace, and then Gates will decide what to recommend to Bush. It was not clear how long this might take.

"I think we have the forces" needed to expand the military commitments in both Iraq and Afghanistan, Gates said. "What we have to look at is what the impact is if we were to add more forces here. Ultimately, obviously, it would be the president's decision."

Lt. Gen. Karl Eikenberry, the top U.S. commander in Afghanistan, has already pushed for more troops.

Eikenberry said Tuesday he has asked the Pentagon to order a battalion of the 10th Mountain Division to remain in Afghanistan until the end of the year rather than leave this spring. The unit already is scheduled to deploy to Iraq later this year — an example of how thinly stretched the military has become.

It was not clear how many other troops have been requested for Afghanistan. The U.S. military has about 3,500 troops at Bagram Air Base, which is a hub for air supply operations and is the headquarters of the main U.S. contingent in the country, a brigade of the 10th Mountain Division from Fort Drum, N.Y.

The rest of the U.S. troops are largely in the east, along the Pakistan border, and in the south as part of a NATO-commanded force.

In addition to the U.S. force, NATO has about 20,000 troops around the country.

Gates made a point of saying that NATO, which has yet to deploy about 3,000 of the troops it pledged last year, should fulfill its commitments without delay. He said he would be pressing the allies at a NATO defense ministers meeting — his first since taking office last month — in Spain in early February.

At the midpoint in a weeklong overseas trip, Gates later flew to Riyadh, Saudi Arabia, where he met with King Abdullah and other officials to discuss the situation in Iraq and regional concerns about Iran's nuclear ambitions.

Gates made a pitch for more Saudi help in Iraq, including economic assistance, but made no specific requests, said a senior official speaking on condition of anonymity who attended the talks and briefed reporters later.

The discussion also included Iran, with Gates noting the U.S. decision to send a second aircraft carrier battle group to the Persian Gulf and deploy Patriot missiles in the area. They did not discuss other military plans, the official said.

Gates Backs Generals' Afghan Distress Call (NYT)

By David S. Cloud

The New York Times, January 18, 2007

RIYADH, Saudi Arabia, Jan. 17 — Defense Secretary Robert M. Gates said Wednesday that American and NATO military commanders in Afghanistan, worried about a resurgent Taliban insurgency, had asked for additional troops and that he was sympathetic to the request.

Speaking to reporters after a two-day visit to Afghanistan and before heading here for meetings with Saudi officials, Mr. Gates said commanders had "indicated what they could do with different force levels," but he would not divulge the size of the increases under consideration. A senior Defense official said late Tuesday that the commanders were seeking fewer than 3,500 more American troops as well as about 1,000 more troops from NATO allies.

He said that the request would be studied by Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, who will make a recommendation on troop levels after consulting with the other service chiefs.

The appeal follows the Bush administration's announcement last week that it was sending more than 20,000 additional troops to Iraq, where the United States already has about 132,000 troops.

Any significant increase in the current force levels in Afghanistan of 21,000 American troops and 20,000 from other NATO countries could be problematic for the United States Army, which has been strained by deployments over the last five years and is struggling to come up with the new forces for Iraq.

Mr. Gates's openness to adding troops to Afghanistan as well as Iraq is a sharp contrast to the approach of his predecessor, Donald H. Rumsfeld, who argued for holding down force levels to speed two countries toward taking the lead in military operations on their soil.

Mr. Gates has indicated that he favored aggressive action to root out the Taliban, the country's ousted former rulers. American officials have said in recent days that Taliban fighters are mounting increasingly brazen cross-border attacks from Pakistan and are preparing to intensify attacks in the spring.

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“There’s no reason to sit back and let the Taliban regroup,” Mr. Gates said. “I think it’s very important that we not let this success in Afghanistan slip away from us.”

General Pace, who accompanied Mr. Gates during his stopover in Afghanistan, has also seemed open to troop increases. “Clearly any kind of deployment of force is going to add to the short-term strain,” he said Wednesday. But it was possible, he said, that additional troops for Afghanistan would produce “a success, so you have to have less stress on the force for a longer period of time.”

Mr. Gates said military planners needed to examine “what role additional forces might play and where they would be assigned” in Afghanistan. Pentagon officials would have to look at whether more forces were available, he added.

Lt. Gen Karl Eikenberry, the top American commander in Afghanistan, told reporters this week that he wanted a 1,200-soldier battalion on a four-month deployment to remain beyond its planned departure date. Officials would not say how many more American troops General Eikenberry was seeking.

Mr. Gates met with Gen. David J. Richards of Britain, the NATO commander in Afghanistan, who has complained that unmet pledges of troops and equipment from NATO countries have left him 10 to 15 percent short of the forces he needs.

“Clearly there is a need to fulfill those commitments, and I’ll be asking them to do that,” General Richards said.

NATO is especially short of helicopters and airplanes for evacuating the wounded and moving supplies. In addition, General Richards still has not received 1,200 troops for a reserve force that can be deployed on short notice. A Polish battalion to arrive in March was originally designated for that task, but officials said that it would be sent to eastern Afghanistan instead.

Mr. Gates met late Wednesday with King Abdullah of Saudi Arabia at the king’s hunting lodge outside Riyadh. A senior Defense official traveling with Mr. Gates said he had described the White House plan to send more troops to Iraq and reassured the king that President Bush was committed to stabilizing Iraq.

Commanders Seek More Troops In Afghanistan (WT)

By David R. Sands

The Washington Times, January 18, 2007

RIYADH, Saudi Arabia -- U.S. military commanders have requested additional troops and aid for Afghanistan to combat a growing Taliban insurgency, Secretary of Defense Robert M. Gates said yesterday.

Although the numbers are likely to be a fraction of the more than 21,500 additional troops President Bush has asked for to quell violence in Iraq, the request would put further strain on already stretched U.S. military resources.

After completing a fact-finding tour of Afghanistan, the new Pentagon chief flew to the Saudi capital of Riyadh to meet last night with King Abdullah for private talks on the war in Iraq and the growing strategic threat posed by Iran.

Mr. Gates said he and his top generals were considering a range of "different scenarios" on force levels in Afghanistan, but indicated he was likely to send a recommendation to Mr. Bush for an increase in Afghanistan if his commanders wanted it.

"I think it is very important not to let the success we have had in Afghanistan slip away from us," Mr. Gates said. "There is no reason to sit back and let the terrorists regroup."

The request for more troops was not a surprise, given concerns expressed by Lt. Gen. Karl Eikenberry and other U.S. military officials in Afghanistan about rising attacks from the fundamentalist Taliban and from terrorist groups linked to al Qaeda.

Last year saw the highest number of attacks on U.S., Afghan and NATO forces since the U.S.-led invasion in late 2001 that ousted the Taliban from power.

Mr. Gates headed to Saudi Arabia yesterday after two days of briefings in Afghanistan, which included a visit to a U.S.-Afghan base near the border with Pakistan where insurgents have been increasingly active. There are more than 23,000 U.S. troops in Afghanistan, some attached to the NATO-led International Security Assistance Force and some helping to train the Afghan army and police force.

Gen. Eikenberry told reporters traveling with Mr. Gates this week that he wanted to assemble a reserve force of about 1,200 troops that could be deployed on short notice to problem spots across the country, but would not say how many new U.S. troops he was seeking.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said a "plus-up" in U.S. forces in Afghanistan could put "short-term stress" on the military, but would mean less strain on the force over the long run if the extra troops brought stability to the country.

But U.S. commanders in Afghanistan, speaking on background, said that an expected Taliban spring offensive could make 2007 even bloodier than 2006 and that the high levels of violence could continue into 2008.

Mr. Gates said that he was heartened by his visit, because U.S. and Afghanistan forces were working well in the field against the Taliban threat.

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In Saudi Arabia, he met with King Abdullah and top Saudi officials for more than two hours at an elaborate royal hunting lodge near Riyadh. Iraq and Iran dominated the evening's conversation, according to a senior U.S. defense official traveling with Mr. Gates.

"The Saudis are nervous about the trends in the region, and our pitch was that the Iraqi government deserves their support," the official said.

The official said Saudi Arabia sees Iran "as an even greater threat than we do," a rising Shi'ite power with a nuclear program and rising influence in Iraq and across the region.

Defense Department officials had said that Mr. Gates planned to press Iraq's Arab neighbors to come through on promised aid for the beleaguered government of Iraqi Prime Minister Nouri al-Maliki, but the defense official last night said Mr. Gates did not press the funding issue specifically in his talks with the king.

The defense secretary's "main mission," the official said, was to communicate Mr. Bush's resolve to follow through on his new Iraq strategy. "There's no doubt [the Saudis] want us to succeed there," the official said.

Asked before the meeting whether he was seeking the king's help in containing Iran's nuclear program, Mr. Gates said, "We can always use Saudi cooperation in dealing with issues in the Gulf region."

US Pressures Pakistan Over Taliban (FT)

By Demetri Sevastopulo, Farhan Bokhari

Financial Times, January 18, 2007

The US is stepping up pressure on Islamabad to clamp down on Taliban havens inside Pakistan as US and Nato forces prepare for a tough spring campaign in Afghanistan by the Islamic fundamentalists.

Robert Gates, the new US defence secretary, this week laid down clear markers that it wanted General Pervez Musharraf, president of Pakistan, to crack down on Taliban militants in Pakistan.

“There are more attacks coming across the border, there are al-Qaeda networks operating on the Pakistan side of the border, and these are issues that we clearly will have to pursue with the Pakistani government,” Mr Gates said in Kabul.

Relations between Washington and Islamabad improved significantly in the wake of the 2001 al-Qaeda attacks on the US after Gen Musharraf pledged full co-operation in defeating extremism. Washington has since been careful to calibrate its public criticism of Islamabad because of the co-operation Pakistani forces have provided the US military and CIA in hunting down al-Qaeda operatives in the ungoverned border areas of Afghanistan and Pakistan.

But as the pace of Taliban attacks in Afghanistan picked up over the past year – and with a tough spring offensive expected – US commanders are frustrated that Pakistan is not doing more to help.

John Negroponte, the US intelligence chief, told Congress last week in harsher than normal language that while Pakistan was a partner in the “war on terror” it was also a “major source of Islamic extremism”.

Talat Masood, a retired Pakistani general, says Washington wavers between complimenting the regime of Gen Musharraf and unleashing criticism. “Its a very difficult balancing act,” he says. “

Pakistani analysts say that the US policy towards the country is inherently flawed, driven mainly by continuing support for a controversial military-led regime while failing to press harder for a return to full democracy, more than six years after a bloodless coup brought Gen Musharraf to power.

Lisa Curtis, a former CIA analyst now at the Heritage Foundation, says the increased rhetoric from Washington is partly aimed at eliminating doubts among some members of the Pakistani government and armed forces that the US is committed to the operations in Afghanistan.

“I think there is probably a serious debate within the Pakistani security establishment on this issue and that is why we need to be clear on what the US commitment and goals are in the region so that this debate can stop and Pakistanis can put their full force behind reining in the Taliban.”

One senior American official said part of the problem was that Pakistan’s co-operation has been “episodic”. Pakistan has helped the US capture members of al-Qaeda, such as Khalid Sheikh Mohammed, the alleged mastermind of the 9/11 attacks. But the official says Islamabad’s reluctance to crack down on the Taliban is partly responsible for the fact that the US has only killed or captured five or six Taliban operatives on its top 100 list.

Edward Luttwak of the Center for Strategic and International Studies says the US is particularly concerned that Islamabad has allowed the northern tribal area of Waziristan to become a de facto independent province where the Taliban can operate freely.

The senior US official said the US was frustrated with tribal deals struck under which Islamabad agreed to withdraw Pakistani troops from the ungoverned areas in return for tribal leaders agreeing to stop co-operating with al-Qaeda and Taliban operatives. But the official said the deal ended up helping the Taliban become more dominant in the tribal areas.

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"Pakistanis had options but chose the easy way out," says Mr Luttwak. "They thought they would get away with it. They are not getting away with it because the Americans are reacting. I think they will bite the bullet."

Stephen Cohen, an expert on Pakistan at the Brookings Institution, says Mr Musharraf may have over-estimated the strength of the US-Pakistan relationship in deciding not to crack down on the Taliban.

"[The Pakistanis] are aware that the Pakistan-US relationship broke once before over the nuclear programme and perhaps it might break again over Pakistan's support for the Taliban," says Mr Cohen. "But their calculation is that they have support at the top of the US government so don't need to worry much about what the Afghans and Indians are saying."

While American officials are stepping up pressure on Islamabad, Democrats in Congress are likely to urge Mr Bush to tackle Pakistani support for the Taliban. One piece of legislation before Congress would tie US aid to Pakistan to a presidential certification that Pakistan was co-operating in dealing with the Taliban.

If passed, the legislation could have a sobering effort on Islamabad. Alan Kronstadt, a South Asia expert at the non-partisan Congressional Research Service, estimates that the Pentagon is providing Pakistan with about $80m (€62m, £41m) a month – 25 per cent of the Pakistani military expenditures – for counter-terrorism operations.

"The Americans think they have struck a great bargain with having Musharraf support," says Ghazi Salahuddin, a political columnist for The News, Pakistan's large circulation English newspaper. "The reality is, they have struck what appears to be a very poor bargain."

Terror Suspect Dies In Shootout In Philippines (WP/AP)

By Jim Gomez, Associated Press

The Washington Post, January 18, 2007

MANILA, Jan. 17 -- A militant leader tied to al-Qaeda and accused of masterminding one of Southeast Asia's worst terror attacks has been killed, the Philippine military said Wednesday.

Jainal Antel Sali Jr., popularly known as Abu Sulaiman -- a top leader of the Abu Sayyaf rebel group -- died in a fierce gun battle Tuesday with army special forces, military chief Gen. Hermogenes Esperon Jr. said. Sulaiman was the highest-ranking Abu Sayyaf commander to be killed by U.S.-backed troops.

Sulaiman allegedly helped plot a February 2004 bombing that triggered a ferry fire in waters near Manila, killing 116 people in Southeast Asia's second-worst terrorist attack. Three years earlier, he had been involved in the kidnapping of three Americans.

One of the former hostages, Gracia Burnham, said in a statement that Sulaiman now faces judgment by God.

"Based on the six months I had close contact with Sulaiman during our year of captivity, I would say he was the most dangerous of the Abu Sayyaf leaders because he was filled with hate," she said.

She and her husband, Martin, were held hostage by Abu Sayyaf for more than a year before he was killed and she was wounded in the rescue effort that freed her. The third American, Guillermo Sobero, was beheaded.

"Martin and Sulaiman had long talks about their beliefs and beliefs in general while we were in the jungle, so today my heart is filled with sadness for Sulaiman because his next step is to face almighty God to be judged," she said.

Matthew Lussenhop, a spokesman for the U.S. Embassy in Manila, congratulated the Philippine government, describing Sulaiman's killing as "a major success."

How The Left Led Us Into 9/11 (LAT)

By Dinesh D'souza, Dinesh D'souza, A Fellow At The Hoover Institution At Stanford University, Is The Author, Most Recen

The Los Angeles Times, January 18, 2007

The Clinton and Carter administrations made the U.S. look like a weak, attractive target for terrorists.

IN CONSIDERING a funding cutoff for U.S. troops in Iraq, the liberal leadership in Congress runs the risk of making the United States more vulnerable to future attacks, not just in the Middle East but here at home. To understand this, it's not enough to revisit the factors that led to the Iraq invasion. We must consider the roots of 9/11 itself. Only by understanding the policies that sowed the seeds of 9/11 can we intelligently decide how best to proceed in fighting the war on terror.

Pundits on the left say that 9/11 was the result of a "blowback" of resistance from the Islamic world against U.S. foreign policy. At first glance, this seems to make no sense. American colonialism in the Middle East? The U.S. has no history of colonialism there. Washington's support for unelected dictatorial regimes in the region? The Muslims can't be outraged about this, because there are no other kinds of regimes in the region. U.S. support for Israel and wars against the Muslims? Yes, but the U.S. has frequently fought on the side of the Muslims, as in Afghanistan in the 1980s or in the Persian Gulf War.

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But in a sense the liberal pundits are right. The U.S. made two gigantic foreign policy blunders in recent decades that did sow the seeds of 9/11. What the liberals haven't recognized is that these blunders were the direct result of their policies and actions, and were carried out by Democratic presidents — Jimmy Carter and Bill Clinton.

To understand this, we need a little perspective. Radical Islam became a global force in 1979, when it captured its first major state, Iran. Before that, radical organizations such as the Muslim Brotherhood were fighting losing battles to overthrow their local governments. This changed with the success of the Khomeini regime in Iran. The Ayatollah Ruhollah Khomeini was the first Muslim leader to describe the U.S. as the "Great Satan" and to counsel martyrdom and jihad against it. Iran continues to be a model for radical Muslims.

Khomeini's ascent to power was aided by Carter's policies. Carter came into office stressing his support for human rights. His advisors told him that he could not consistently support the shah of Iran, who had secret police and was widely accused of violating human rights. The administration began to withdraw its support and finally pulled the rug out from under the shah, forcing him to step down.

The result was Khomeini, whose regime was vastly more tyrannical than the shah's. The Khomeini revolution provided state sponsorship for Islamic radicalism and terrorism and paved the way for Osama bin Laden and 9/11.

Clinton's policies also helped to provoke 9/11. After the Cold War, leading Islamic radicals returned to their home countries. Bin Laden left Afghanistan and went back to Saudi Arabia; Ayman Zawahiri returned to Egypt. They focused on fighting their own rulers — what they termed the "near enemy" — in order to establish states under Islamic law. But in the mid- to late 1990s, these radicals shifted strategy. They decided to stop fighting the near enemy and to attack the "far enemy," the U.S.

The world's sole superpower would seem to be much more formidable than local Muslim rulers such as Hosni Mubarak in Egypt or the Saudi royal family. Bin Laden argued, however, that the far enemy was actually weaker and more vulnerable. He was confident that when kicked in their vital organs, Americans would pack up and run. Just like in Vietnam. Just like in Mogadishu.

Bin Laden saw his theory of American weakness vindicated during the Clinton era. In 1993, Islamic radicals bombed the World Trade Center. The Clinton administration did little. In 1996, Muslim terrorists attacked the Khobar Towers facility on a U.S. base in Saudi Arabia. No response. In 1998, Al Qaeda bombed two U.S. embassies in Africa. Clinton responded with a few perfunctory strikes in Sudan and Afghanistan. These did no real harm to Al Qaeda and only strengthened the perception of American ineptitude. In 2000, Islamic radicals bombed the U.S. destroyer Cole. Again, the Clinton team failed to act. By his own admission, Bin Laden concluded that his suspicion of American pusillanimity and weakness was correct. He became emboldened to plot the 9/11 attacks.

Still, the 2001 attacks might have been averted had the Clinton administration launched an effective strike against Bin Laden in the years leading up to them. Clinton has said he made every effort to get Bin Laden during his second term. Yet former CIA agent Michael Scheuer estimates that there were about 10 chances to capture or kill Bin Laden during this period and that the Clinton people failed to capitalize on any of them.

Between 1996 and mid-2000, Bin Laden was not in deep hiding. He gave sermons in Kandahar's largest mosque. He talked openly on his satellite phone. He also granted a number of media interviews: in 1996, with author Robert Fisk; in 1997, with Peter Arnett of CNN; in 1998, with John Miller of ABC News; in 1999, with a journalist affiliated with Time magazine. Isn't it strange that all these people could find Bin Laden but the Clinton administration couldn't?

Two lessons can be drawn from these sorry episodes. The first one, derived from Carter's actions, is: In getting rid of the bad regime, make sure that you don't get a worse one. This happened in Iran and could happen again, in Iraq, if leading Democrats in Congress have their way. The second lesson, derived from Clinton's inaction, is that the perception of weakness emboldens our enemies. If the Muslim insurgents and terrorists believe that the U.S. is divided and squeamish about winning the war on terror, they are likely to escalate their attacks on Americans abroad and at home. In that case, 9/11 will be only the beginning.

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Conyers, Berman Seek Answers From Attorney General (HILL)

By Susan Crabtree

The Hill, January 18, 2007

House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) and ranking member Howard Berman (D-Calif.) Wednesday called on Attorney General Alberto Gonzales to clarify the administration's request for U.S. Attorney Carol Lam's resignation.

Lam, the U.S. attorney for the Southern District of California, announced Tuesday that she has submitted her resignation Feb. 15. A report in the San Diego Union-Tribune suggested that Lam was asked to resign because she had led a wide-ranging corruption case against former Rep. Randy "Duke" Cunningham (R-Calif.) that has spawned pending probes involving other GOP members.

In a letter to Gonzales, Conyers and Berman defended Lam's record on immigration-related prosecutions, one of the reasons media reports have cited for the administration's request for her resignation. Conyers and Berman wrote that during the months of May through July of last year, the office was one of the top three U.S. attorney's offices in immigration prosecutions, "hardly a record that would lead to removal," they wrote.

"Forcing Ms. Lam's resignation now leaves the appearance that this growing public corruption probe may be part of the Administration's motivation in removing her," the letter states. "If this is untrue, it is vitally important that this perception be corrected, and we ask you to share with us the basis of your request for her resignation."

Justice Department spokesman Brian Roehrkasse dismissed accusations that Lam's resignation request was politically motivated in any way.

"The department's record of rooting out public corruption is tremendous," he said. "These cases have been brought by career prosecutors directed by departmental leadership to seek out corruption wherever it exists."

Lam's Exit Draws Scrutiny By Dems (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, January 18, 2007

Congressmen ask if U.S. attorney in San Diego was forced out over her role in corruption case.

Two prominent Democratic congressmen asked the U.S. Justice Department on Wednesday whether the Bush administration forced San Diego U.S. Atty. Carol Lam to resign because of her vigorous prosecution of public corruption cases, including that of a longtime Republican lawmaker.

In a letter to Atty. Gen. Alberto R. Gonzalez, Reps. John Conyers of Michigan, chairman of the House Judiciary Committee, and Howard Berman of California, a member of the committee, said they were "perplexed" that Lam was being removed at a time when her leadership of the office has drawn praise from law enforcement officials in San Diego.

"Since her appointment as U.S. attorney in 2002, we have heard no suggestion that she was either unqualified for the position or that she was guilty of misconduct in her office," the congressmen wrote.

Moreover, they noted, Lam had been heading a continuing high-profile public corruption probe that already has led to the federal conviction and imprisonment of former Rep. Randy "Duke" Cunningham for bribery and tax evasion.

"We do not doubt that removing Lam from the U.S. attorney's office in San Diego now will disrupt this investigation," the congressmen wrote, adding that the forced resignation "leaves the appearance that this growing public corruption probe may be part of the administration's motivation in removing her.

"If this is untrue, it is vitally important that this perception be corrected, and we ask you to share with us the basis of your request for her resignation," they said.

While Lam has not been available for comment, a Justice Department spokesman denied that the career prosecutor and former Superior Court judge was asked to resign because of her work in public corruption cases.

"These allegations are reckless and inaccurate since the department does not make decisions about the criminal justice system based on politics," said Justice Department spokesman Brian Roehrkasse.

"I am not going to comment on speculation about any U.S. attorney that was rumored to have been encouraged to leave. However, it is erroneous to believe that anyone would be encouraged to resign in an effort to retaliate against them or interfere with or inappropriately influence a particular investigation, criminal prosecution or civil case," he said.

"The department's record rooting out public corruption is tremendous. These cases are brought by the career prosecutors directed by DOJ leadership to seek out corruption wherever it exists."

In a Senate speech Tuesday, California Democratic Sen. Dianne Feinstein charged that Lam and six other U.S. attorneys, including the top federal prosecutor in San Francisco, Kevin V. Ryan, had been forced to resign recently without explanation. Feinstein said she planned to raise the issue today with Gonzalez at a Senate Judiciary Committee hearing.

greg.krikorian@latimes.com

Politics And The Corruption Fighter (NYT)

The New York Times, January 18, 2007

In its secretive purge of key United States attorneys, the Bush administration is needlessly giving comfort to any number of individuals now under federal investigation. Most prominently, there is Representative Jerry Lewis, the California Republican

whose dealings as appropriations chairman have been under scrutiny in the continuing investigation of lawmakers delivering quid pro quo favors for contractors and lobbyists.

U.S. Attorney Carol Lam of San Diego is one of a number of prosecutors (there's no official tally) being forced from office without the courtesy of an explanation. A career professional, Ms. Lam ran a first-rate investigation of Randy Cunningham, the former Republican congressman from California, who admitted taking more than $2.4 million in bribes.

Ms. Lam then turned her attention to Mr. Lewis as she plumbed Congress's weakness for "earmarks" — legislation that lawmakers customize on behalf of deep-pocketed campaign contributors. The focus moved to Mr. Lewis — who has denied any wrongdoing — after the disclosure that one of his staff aides became a lobbyist and arranged windfall contracts worth hundreds of millions.

Stymied by the previous Republican Congress, Ms. Lam was negotiating with the new Democratic leadership to obtain extensive earmarks documentation for her investigation when the administration forced her resignation.

Legal professionals are defending Ms. Lam, with the F.B.I. chief in San Diego asking: "What do you expect her to do? Let corruption exist?" It's especially alarming that the White House can use a loophole in the Patriot Act to name a successor who will not have to face questions or confirmation by the Senate. The administration owes the nation a full explanation of a move that reeks of politics.

Federal Prosecutor In BALCO Probe Resigns (FINDLAW/AP)

AP, January 18, 2007

(AP) - SAN FRANCISCO-The federal prosecutor who has led the high-profile probe into U.S. athlete doping abuse announced he was stepping down, and critics alleged it was because of political pressure from the government.

Kevin Ryan, U.S. attorney for California's Northern District, has headed the investigation into the Bay Area Laboratory Co-Operative, the Burlingame supplements lab at the center of the doping scandal that has touched some of U.S. professional sports' biggest stars.

The BALCO investigation has led to five guilty pleas, spurred congressional hearings and cast suspicion on San Francisco Giants slugger Barry Bonds. A federal grand jury is probing whether Bonds lied to an earlier grand jury about whether he knowingly used performance-enhancing substances.

Two San Francisco Chronicle reporters are facing jail for refusing to tell prosecutors who leaked secret BALCO grand jury testimony to them.

Ryan is one of 11 top federal prosecutors who have resigned or announced their resignations since an obscure provision in the USA Patriot Act reauthorization last year enabled the U.S. attorney general to appoint replacements without Senate confirmation. Carol Lam, who headed California's Southern District, also announced on Tuesday she would be leaving.

California Senator Dianne Feinstein, a Democrat, complained on the Senate floor on Tuesday that the White House is using the provision to oust Ryan, Lam and other federal prosecutors and replace them with Republican allies.

Attorney General Alberto Gonzales denied the claim, saying administration officials "in no way politicize these decisions."

Ryan, who was appointed to his post in 2002, replacing now-FBI director Robert Mueller, reached a "mutually agreeable decision with Washington" to step down, spokesman Luke Macaulay said. He declined to say whether President George W. Bush had asked Ryan to resign.

Ryan did not give a date for his last day on the job.

Criticism of Ryan mostly has focused on his administration of the office. Last year, a Justice Department audit reportedly questioned Ryan's management and rated staff morale as low.

U.S. Attorney Ryan's Departure May Be Part Of Bush Administration Purge (LAW)

By Justin Scheck, The Recorder

California Recorder, January 18, 2007

Just about the entire San Francisco federal bar figured U.S. Attorney Kevin Ryan would be on his way out this year.

They just didn't bank on his departure being part of an apparent Bush administration purge of U.S. Attorneys.

Rumors of Ryan's departure have gained steam over the past year, as his first four-year term neared its end last July -- and since two Department of Justice audits knocked his management style and cited the office's flagging morale.

Then there was the fact that in recent weeks, law firms have been receiving resumes from Ryan and his top deputy, Eumi Choi, according to several sources.

But in a surprising twist, it appeared that Ryan may have been swept up in what some are calling a Bush administration housecleaning of several U.S. Attorneys -- and not a victim of the audits performed last spring by the Department of Justice's Evaluation and Review Staff.

Ryan spokesman Luke Macaulay had no comment on whether Ryan was leaving in connection with the audits. But Macaulay acknowledged that the decision was not Ryan's alone.

"Like all U.S. Attorneys, Kevin has always served at the pleasure of the president," Macaulay said. "It's a mutually agreeable departure."

Ryan sent an e-mail announcing his departure to attorneys in his San Francisco office.

"As my oldest son prepares to enter college this fall, I have been contemplating the next step in my career," he wrote. "After much thought, my family and I have decided that it is a good time for me to move on."

As of Tuesday, it wasn't clear what Ryan's next move would be, or who would be replacing him. One person with a large law firm said Ryan and Choi have been looking for jobs -- and sending their resumes out in tandem -- for at least a few weeks.

"They're not necessarily going together," the law firm source said. "He was being shopped around, and his resume has been sent out."

Since taking office in 2002, Ryan has embarked on several large and controversial undertakings. These include focusing his organized-crime unit on street gangs -- cases that have resulted in four ongoing capital cases -- and the seemingly endless investigation of steroid use in Major League Baseball. The BALCO steroids probe has encompassed several well-known ballplayers and resulted in prosecutions of steroid suppliers and coaches.

More recently, Ryan's office indicted the first case to come out of the nationwide stock option backdating investigations, as well as several large environmental cases.

Ryan's exit was first reported Tuesday in a Wall Street Journal story about an apparent purge of U.S. Attorneys by the Bush administration. The story followed complaints last week from three Democratic senators over a rumored push to fire a handful of top federal prosecutors.

"It has come to our attention that the Bush Administration is pushing out U.S. Attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements without Senate confirmation," Sen. Dianne Feinstein said in a press statement last week.

She reiterated that sentiment on the Senate floor Tuesday, adding that somewhere between five and 10 U.S. Attorneys are being forced out.

San Diego U.S. Attorney Carol Lam also resigned this week, and on Tuesday, a spokesman for Republican Rep. Darrell Issa told a San Diego paper that Lam had been asked to step down.

WHO'S NEXT?

The Journal story took many in Ryan's office by surprise, and it wasn't until Tuesday afternoon that the U.S. Attorney sent the e-mail announcing his departure.

Ryan's message didn't surprise many in the local legal community, especially since Alice Fisher, the Department of Justice's criminal division chief, began looking into potential replacements for Ryan last summer.

Several people familiar with the communications said that Morgan, Lewis & Bockius partner Leslie Caldwell and Shearman & Sterling partner Patrick Robbins -- both registered Republicans and former San Francisco Assistant U.S. Attorneys -- were called, though the inquiries were described as "preliminary."

Those calls were not followed with formal interviews, and Justice Department sources say it seems unlikely that Caldwell and Robbins -- both of whom are better known for their legal experience rather than political connections -- are serious candidates to replace Ryan.

Who those candidates might be remains unclear.

"I haven't been asked," said Joseph Russoniello, a former San Francisco U.S. Attorney, active Republican and of counsel at Cooley Godward Kronish. But he said a string of departures isn't unprecedented.

"There were a number of U.S. Attorneys in my time who were asked to step down for one reason or another," he said. "We served at the pleasure of the president."

That statement was reiterated in a Tuesday letter sent by Richard Hertling, the acting assistant attorney general, to Feinstein and Senate Judiciary Committee chairman Patrick Leahy, D-Vt.

U.S. Attorneys, he wrote, "may be removed for any reason or no reason."

That statement is unlikely to placate Feinstein, who pointed out that the Arkansas U.S. Attorney was recently asked to resign, and replaced by a 37-year-old Bush administration lawyer.

"We know that this is not an isolated occurrence, but we don't know how many U.S. Attorneys have been asked to resign," Feinstein told the Senate.

New Questions Raised In Bonds Investigation (NYT)

By Carol Pogash

The New York Times, January 18, 2007

SAN FRANCISCO — In December 2003, Barry Bonds testified before the grand jury investigating the Balco steroid scandal. That grand jury expired without indicting him. Bonds's case was hauled over to a second grand jury, which focused on whether he had perjured himself before the first grand jury. In July 2006, that grand jury also expired without an indictment. A third grand jury continued the investigation.

Now the sudden resignation of Kevin V. Ryan, the United States attorney for the Northern District of California, raises questions of what this will mean for Bonds.

Luke Macaulay, the spokesman for the United States attorney's office here, would not comment on a specific case, but he wrote in an e-mail message, "The U.S. attorney has established an infrastructure with institutional knowledge that should allow for the office's cases to continue moving forward."

Bonds's lawyer, Michael Rains, however, said he was optimistic. "It's almost a forgone conclusion that the scope of the Balco case will change dramatically," he said. "It bodes well for Barry."

It was announced Tuesday that 5 to 10 federal prosecutors are being removed by the Justice Department. A conservative Republican who has been criticized for poor managerial skills, Ryan has not announced when his resignation will take effect.

The Balco investigation has been a high-profile case for much of Ryan's four-year tenure as United States attorney. Last year, four men involved in steroid distribution pleaded guilty and were given what were considered light sentences. But Bonds's former trainer, Greg Anderson, who pleaded guilty and was sentenced to three months in prison, remains jailed for his refusal to talk about Bonds.

Mark Geragos, the lawyer for Anderson, said, "One would hope that a new U.S. attorney would take a fresh look and recognize it's an exercise in futility because he's never going to talk." Geragos said that Anderson's imprisonment "is nothing but punitive."

Robert Weisberg, a professor of law at Stanford University Law School and head of its criminal justice center, said, "I don't think anybody could describe what's happened in the Balco case as efficacious."

A new prosecutor may question how many more years and how many more resources would be required to indict Bonds. Weisberg said prosecutors may avoid an indictment by coming up with a social solution, a quiet bargain that would preserve Hank Aaron's career home run record: If the federal government drops its investigation of Bonds, he would agree to retire.

"That office has too much invested in Balco," said Peter Keane, dean of the Golden Gate University School of Law here. "I think Balco will continue pretty much in the same way it's been going.

"Balco will be bopping around for quite awhile."

Federal Prosecutor In BALCO Probe Quits (NYT/AP)

By The Associated Press

The New York Times, January 18, 2007

Filed at 4:51 p.m. ET

SAN FRANCISCO (AP) -- The federal prosecutor who has led the high-profile BALCO steroids investigation announced he's stepping down.

Kevin Ryan, U.S. attorney for California's Northern District, has handled the probe into the Bay Area Laboratory Co-Operative, the lab at the center of a doping scandal that has touched some of sports' biggest stars.

Ryan, appointed to the post in 2002, did not give a date for his last day on the job.

The BALCO case has resulted in five guilty pleas, and a federal grand jury is investigating whether slugger Barry Bonds perjured himself when he told a 2003 grand jury he hadn't knowingly taken any performance-enhancing drugs. Two San Francisco Chronicle reporters are facing jail for refusing to tell prosecutors who leaked secret BALCO grand jury testimony to them.

U.S. attorney spokesman Luke Macaulay said Tuesday that Ryan reached a "mutually agreeable decision with Washington" to step down.

Ryan is one of 11 top federal prosecutors who have resigned or announced their resignations since an obscure provision in the USA Patriot Act reauthorization last year enabled the U.S. attorney general to appoint replacements without Senate confirmation.

California Sen. Dianne Feinstein, a Democrat, complained on the Senate floor Tuesday that the White House is using the provision to oust Ryan and other federal prosecutors and replace them with Republican allies.

"The Bush administration is pushing out U.S. attorneys from across the country under the cloak of secrecy and then appointing indefinite replacements," Feinstein said.

Attorney General Alberto Gonzales denied the claim, saying administration officials "in no way politicize these decisions."

Macaulay declined to say whether President Bush had asked Ryan to resign.

Outgoing BALCO Prosecutor: Probe To Go On (USAT)

By Bob Nightengale, Usa Today

USA Today, January 18, 2007

SAN FRANCISCO — Kevin V. Ryan, the federal prosecutor who has led the investigation into sports' biggest steroid scandal, says he wants to continue his efforts even after announcing plans to leave his job as U.S. attorney.

Ryan was appointed by President Bush in 2002 as U.S. attorney for the Northern District of California and shortly after began handling the probe of the Bay Area Laboratory Co-Operative, which has been at the center of a widespread doping scandal.

The investigation has led to seven indictments, including track coach Trevor Graham's and cyclist Tammy Thomas' late last year, and five convictions, Ryan said. In addition, the office continues to investigate slugger Barry Bonds for possible tax evasion and perjury charges.

"I don't know what the future holds for me," Ryan told USA TODAY, "but when I leave, this (investigation) won't just fall off the map. The infrastructure is in place. We have good prosecutors on it. A good review process. Good institutional knowledge. So when I move on, there are those that can carry forward with it without a problem.

"I think we have had a tremendous impact in this case, and I understand there still needs to be open dialogue and debate about it. For those reasons, I'm still interested. If the opportunity presents itself in the future that I can still be involved in it, I'll avail myself to it."

Ryan is one of 11 top federal prosecutors who have announced their resignation as a result of a provision in the USA Patriot Act reauthorization last year that enabled the U.S. attorney general to appoint replacements without Senate confirmation.

Sen. Dianne Feinstein, D-Calif., complained on the Senate floor Tuesday that the White House is using the provision to oust Ryan and other federal prosecutors and replace them with Republican allies.

Ryan and spokesman Luke Macaulay declined to say whether Ryan was asked to resign, saying they reached a "mutually agreeable decision with Washington." Ryan did not say when his last day will be, but he expects to remain on the job for several more weeks.

"These jobs are temporary jobs, and people come and go," Ryan says. "But I think we made a tremendous impact. This case, whether measured by the courtroom or the greater arena of public opinion, it has been a success. I'm proud of what we've done.

"This case has been for the good. It has been the right thing to do, and it has had the right impact.

"And we're not done."

Contributing: The Associated Press

Wood Nominated For U.S. Attorney In Kansas City (AP)

AP, January 18, 2007

WASHINGTON - The White House has nominated John Wood, a former Bush administration official, to be the new U.S. attorney for Kansas City.

Wood most recently served as chief of staff to Homeland Security Secretary Michael Chertoff. He resigned from that post in November.

If he is confirmed by the Senate, Wood would replace interim U.S. Attorney Bradley J. Schlozman, who took over last March after U.S. Attorney Todd Graves resigned. The White House announced Woods' nomination late Tuesday.

The U.S. attorney's office in Kansas City is responsible for prosecuting violations of federal law and representing the U.S. government in civil litigation in the 66 counties in the western half of the state.

Wood is a St. Louis native and graduate of Harvard Law School who clerked for U.S. Supreme Court Justice Clarence Thomas. After working for a large Washington law firm, he became deputy associate attorney general at the Justice Department.

Wood moved to the White House in 2002, where he was deputy general counsel for the Office of Management and Budget.

He later returned to the Justice Department to serve as counselor to then-Attorney General John Ashcroft. In that post, he helped oversee the department's civil, civil rights, antitrust, tax and environmental divisions.

Ashcroft issued a statement late Tuesday praising Wood for his "legal skill, sound judgment, and strong work ethic."

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CORPORATE SCANDALS:

Monster Options Investigation Widens (WSJ)

By James Bandler

The Wall Street Journal, January 18, 2007

Federal prosecutors are intensifying their criminal probe into stock-option manipulation at Monster Worldwide Inc., prompted in part by emails written by the company's former general counsel that suggest he knew the accounting implications of backdated options, say people familiar with the probe.

The emails were written by Myron Olesnyckyj, the former general counsel who was suspended and then fired by Monster last year.

The company, the parent of the popular Monster.com job-search Web site, last month admitted to "intentional" backdating of stock options over a six-year period by former officials, without naming anybody. Monster's founder, Andrew McKelvey, stepped down from his chief executive post last fall, and soon after resigned from the board after declining to be reinterviewed by lawyers conducting an internal probe of the options matter. Monster Worldwide lowered nine years of net income by $272 million to account for extra compensation costs associated with improperly dated options.

The probe into options abuses at Monster is being handled by the U.S. Attorney for the Southern District of New York., considered among the most experienced in the country in prosecuting white-collar securities cases. At least two assistant U.S. attorneys have been assigned to the Monster case.

An attorney for Mr. Olesnyckyj declined to comment.

People familiar with the case say prosecutors may be seeking to focus on Mr. Olesnyckyj, or may try to win his cooperation in investigating more senior officials. Prosecutors have sought to interview several former and current Monster employees.

Monster is one of nearly 140 companies under federal investigation for possible stock options manipulations. Options let recipients buy company shares some time in the future, usually at the price on the day they are granted. That means that recipients can benefit if share prices rise. Backdating involves pretending that the grant date was earlier than it actually was, so that the recipient can later buy for a lower price, thus enhancing potential profit.

Mr. McKelvey founded a predecessor of Monster 40 years ago as a Yellow Pages advertising company. In recent years it has become a major force in online employment advertising. Based in Manhattan, it has about $1 billion in annual revenue.

Monster has said its backdating troubles affected a "substantial number" of grants between 1997 and 2003. The company selected favorable grant dates for new hires, for salesman-of-the-year awards, and for senior executives, say people familiar with the situation.

Under accounting rules in place at the time, a company was supposed to take a charge against its earnings for any options issued with an exercise price lower than the level at which the stock was trading on the day of the grant.

In emails with senior finance and human resources officials, Mr. Olesnyckyj indicated his understanding of the accounting rules and how grants should be properly handled, according to a person familiar with the matter. Separately, another email involving high level officials discussed "the finessing" of outside auditors, according to people who have seen the email.

Prosecutors also are looking at other matters involving Mr. McKelvey, including the granting of stock options to several of his personal employees, including three pilots and a mechanic for his airplane, according to one person close to the situation. Personal employees and Mr. McKelvey's adult relatives also had health-care benefits paid for by Monster, this person said. The amount totaled $362,000 from 1997 to 2006, the company has said. Mr. McKelvey recently repaid that sum, with interest.

Mr. McKelvey's attorney, Steven F. Reich, declined to comment. Mr. McKelvey didn't get stock options from Monster.

A spokeswoman for the U.S. Attorney in Manhattan Michael J. Garcia said the office could neither confirm nor deny the existence of an investigation.

--Paul Davies contributed to this article.

Write to James Bandler at james.bandler@wsj.com3

Forbes Sentenced In Cendant Case (WSJ/AP)

Associated Press

The Wall Street Journal, January 18, 2007

BRIDGEPORT, Conn. -- Former Cendant Corp. Chairman Walter Forbes was sentenced to 12 years and seven months in prison and ordered to pay $3.28 billion in restitution for leading the largest accounting fraud of the 1990s.

DOJ_NMG_0118339

In October, a jury found Mr. Forbes guilty of conspiracy to commit securities fraud and two counts of making false statements in a massive fraud scheme that cost the travel and real-estate company and its investors more than $3 billion. He was found not guilty of a fourth count, securities fraud.

The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years.

"We're very pleased with the result," said New Jersey U.S. Attorney Chris Christie, whose office prosecuted the case. "The public has waited many years for Walter Forbes to be brought to justice."

It was the latest lengthy sentence handed down to a corporate executive convicted of corruption, experts said.

Mr. Forbes, 64 years old, was released on $1.2 million bond. No date was set for him to report to prison. His attorney, Brendan Sullivan, indicated in court that Mr. Forbes intends to appeal. Both Messrs. Sullivan and Forbes declined to comment as they left U.S. District Court.

Prosecutors said they will oppose a defense request for Mr. Forbes to remain out on bail pending his appeal. Senior U.S. District Judge Alan H. Nevas agreed to a defense request to recommend Mr. Forbes serve his time at a minimum-security federal prison camp in Otisville, N.Y.

Prosecutors say Mr. Forbes participated in a scheme to inflate the stock of Cendant's predecessor, CUC International, by $500 million. Mr. Forbes, who testified during the trial, has argued he knew nothing about the fraud. His co-defendant, former Cendant Vice Chairman E. Kirk Shelton, was convicted in 2005 of conspiracy, mail fraud, wire fraud, securities fraud and making false statements to the SEC. Mr. Shelton was sentenced to 10 years in prison and ordered to pay $3.27 billion restitution.

Forbes Gets 151 Months For Cendant Fraud (USAT)

By Greg Farrell

USA Today, January 18, 2007

BRIDGEPORT, Conn. — A federal judge sentenced Walter Forbes, the former chairman of Cendant, to 12½ years in prison Wednesday, bringing an end to a criminal inquiry that began almost a decade ago. With the jail term, Forbes becomes the latest member of a rogues' gallery of former CEOs packed off to prison in recent years for presiding over accounting debacles.

In addition to handing him a prison term of 151 months, U.S. District Judge Alan Nevas ordered Forbes to pay $3.275 billion in restitution, an amount roughly equal to what shareholders received in a settlement with Cendant and auditor Ernst & Young in 1999.

In a two-hour hearing Wednesday morning, Nevas rejected arguments from Forbes' lawyers that he should get the same 10-year sentence received by a subordinate, Kirk Shelton, who was convicted in the same fraud two years ago.

Nevas also rebuffed Forbes' attempt to get a reduced sentence based on the $2.5 million in charitable contributions he had made over a 17-year period. Noting that Forbes was worth more than $200 million in 1997, Nevas described Forbes' generosity as "very modest."

As Nevas read his sentence, Forbes, 64, stood erect, betraying no emotion. His wife, Caren, seated directly behind him, also remained composed. For now, Forbes is free on $1.2 million bail until the judge decides whether he can remain free while his conviction is appealed.

From 1976 to 1997, Forbes was chief executive of Comp-U-Card International (CUC), a shopping club that allowed consumers to purchase goods directly from manufacturers.

The company grew each year through acquisitions, a practice that allowed Forbes to manipulate earnings, prosecutors alleged. In 1997, Forbes merged his company with HFS, a travel services firm, to form Cendant.

In early 1998, accountants from HFS noticed problems with CUC's merger reserves. The disclosure of CUC's earnings problems in April 1998 caused Cendant's stock price to plummet, wiping out $14 billion in market capitalization in one day.

In 2004, prosecutors put Forbes and Shelton, his top lieutenant, on trial in Hartford, Conn., charging they fabricated $252 million in non-existent earnings. Shelton was convicted, but the jury deadlocked on Forbes. A year later, another jury also deadlocked on the matter.

In October, after the case was moved to Bridgeport, a third trial ended in a conviction.

Christopher Christie, the U.S. Attorney for New Jersey, whose office brought the original case against Forbes, said the sentence "sends the correct message that everyone in our society should be held accountable for criminal conduct."

Ex-Head Of Cendant Sentenced (WP/BLOOM)

By David Voreacos And Jane Mills, Bloomberg News

The Washington Post, January 18, 2007

DOJ_NMG_0118340

Former Cendant chairman Walter Forbes was sentenced to 12 years and seven months in prison and ordered to pay $3.28 billion in restitution for leading the largest accounting fraud of the 1990s.

U.S. District Judge Alan Nevas sentenced Forbes, 64, on charges of inflating income by $252 million at CUC International CUC merged with HFS in 1997 to create Cendant, a travel and real estate company. Forbes, CUC's chief executive, was convicted Oct. 31 of conspiracy and false reporting about company finances. His conviction came after two mistrials.

"Your case is the case of a person who has accomplished a great deal in his lifetime and was successful in business but now stands here convicted of a felony, a serious felony," Nevas told Forbes at a hearing yesterday in Bridgeport, Conn.

Cendant and its auditors, Ernst & Young, paid $3.34 billion to settle investor lawsuits and will divide the restitution. Forbes, who testified he was worth $200 million in 1997, claimed he couldn't afford a fine because he has a negative net worth. Nevas waived a fine.

Forbes didn't speak during the hearing and showed no reaction to the sentence. Nevas said he woul decide if Forbes can remain free on $1.2 million bail while he appeals. "We're very pleased with the sentence," U.S. Attorney Christopher Christie said. Christie is the top federal prosecutor in New Jersey, where Cendant was once based. His office spent more than eight years pursuing Forbes, keeping the case when it was transferred to Connecticut in 2002.

Assistant U.S. Attorney Michael Martinez urged Nevas to impose a term within the range of 12 1/2 to 15 1/2 years under advisory guidelines in effect at the time of the crimes. Current standards would recommend a 25-year term, he said.

Former CUC president E. Kirk Shelton was convicted at the first trial, sentenced to 10 years and ordered to pay Cendant $3.28 billion. Brendan Sullivan, an attorney for Forbes, asked for 10 years for his client, saying he and Shelton faced "virtually identical circumstances."

Forbes testified at trial that he was a visionary who was ignorant of company finances and operations.

The scandal foreshadowed frauds at Enron and WorldCom. Former WorldCom chief executive Bernard J. Ebbers is serving 25 years in prison, and former Enron chief executive Jeffrey K. Skilling is serving 24 years.

The market value of Cendant fell $14 billion on April 15, 1998, when it disclosed accounting irregularities at CUC. Cendant, with franchises including the Avis car rental and Days Inn hotel chains, never recovered and split into four companies last year, including New Jersey-based Avis Budget Group.

Conrad Black's Lawyers Urge Judge To Bar Co-defendants' Statements (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, January 18, 2007

(AP) - CHICAGO-Former newspaper tycoon Conrad M. Black's lawyers urged the judge presiding over his racketeering case to bar prosecutors from using statements his co-defendants made against him.

The Canadian and his three co-defendants are charged with plundering millions of dollars from the Hollinger International newspaper empire Black once ran in Britain, Israel and elsewhere.

The investigation focused on the sell-off of small newspapers across the United States and Canada by Hollinger and so-called non-compete agreements that sent millions of dollars to Black and fellow executives.

Prosecutors say Black and the other executives were not entitled to the non-compete payments and effectively swindled Hollinger shareholders.

Under Black, Hollinger International owned the Chicago Sun-Times, the Daily Telegraph of London and the Jerusalem Post, among other newspapers. The Daily Telegraph and the Jerusalem Post have been sold, and the name of the company is now the Sun-Times Media Group Inc.

Prosecutors want to use remarks that the co-defendants, top executives under Black at Hollinger, made during an internal investigation at the company.

But Black's lawyers said the request was "the culmination of a lengthy campaign of leveling baseless allegations against Mr. Black." They argued his constitutional rights to confront his accusers would be violated if the statements are allowed into evidence.

Besides Black, those charged in the case due to go to trial March 14 are former Hollinger executives Jack Boultbee, Peter Atkinson and Mark Kipnis, along with Ravelston Corp., the private Canadian corporation Black had used for leverage to gain control of his newspaper empire.

After the newspaper properties were sold off, a committee was formed within Hollinger to investigate and determine whether shareholders were receiving fair treatment. That led to the federal investigation.

Black's attorneys dismissed any suggestion that remarks made by his fellow executives to the corporate investigators showed an attempt to conceal a fraud scheme.

DOJ_NMG_0118341

Senate Panel Limits Pay Deferrals For Executives (WP)

By Lori Montgomery And Jeffrey H. Birnbaum

The Washington Post, January 18, 2007

The Senate Finance Committee approved legislation yesterday to limit one element of the big pay packages awarded to corporate executives, a move that business lobbyists saw as the harbinger of an assault on corporations and the wealthy now that Democrats control Congress.

On a voice vote, the committee agreed to change rules permitting some executives to amass millions of dollars in tax-deferred accounts. Limiting that perquisite would raise $806 million over 10 years, by congressional estimates. The money would be used to help cover tax breaks for small businesses hurt by a proposed increase in the minimum wage, a top Democratic priority.

Highly paid executives are not the only target of the new Democratic majority. In an indication of the shifting priorities on Capitol Hill, oil and gas companies could lose tax breaks for drilling to raise money for renewable-energy initiatives. Drug companies are battling a House-passed plan to require the government to negotiate lower prices for Medicare recipients. And a variety of businesses, from insurance companies to wholesalers, are trying to block proposals that would increase their taxes to generate cash for Democratic proposals.

"In an environment like the one we face today, every business is at risk," said Dirk Van Dongen, president of the National Association of Wholesaler Distributors, which is fighting some measures.

"I don't think most people have grasped what they may be facing yet," tax lobbyist Kenneth Kies said. "Every industry should worry."

Stan Collender, who follows congressional budget-making at the public relations firm Qorvis Communications, said that though the business community is rightly nervous, "the Democrats at least are trying to find ways to pay for additional spending by going where the money is: corporate tax breaks and subsidies."

The proposal to limit an executive perk known as deferred compensation is linked, in a complex way, to a proposal to raise the minimum wage to $7.25 an hour from $5.15.

The measure symbolizes an effort on Capitol Hill to find a new political center in a Congress that Democrats control by a narrow margin. The Democrats have placed a high priority on increasing the minimum wage, which has fallen, in inflation-adjusted dollars, to its lowest level in more than 50 years. Senate Republicans, who might have the votes to block the measure, will go along only if there are tax breaks for small businesses that would have to pay higher wages.

But Democrats criticized the federal budget deficit during the campaign, and have pledged not to increase it. To pay for the small-business tax breaks, they came up with a plan to revoke tax provisions that they regard as corporate loopholes and tax shelters.

The result is a grab-bag bill that contains 13 tax breaks worth $8.3 billion over 10 years -- and 14 provisions aimed at raising taxes by a similar amount on corporations, their chief executives and other highly paid workers. The tax package is to be merged on the Senate floor with a minimum-wage bill that has already passed the House. The Senate is expected to take up the issue as soon as next week.

While business lobbyists said they were concerned about several of the tax-raising measures, provisions aimed at executive compensation are causing the most controversy.

The measure would place new restrictions on one of the most popular executive benefits in corporate America. About 95 percent of Fortune 1000 companies offer deferred-compensation packages in some form, said Jeff Varblow, senior vice president of the Cochlan Group, a Chicago firm that specializes in designing and administering the plans.

The plans typically function as high-end retirement accounts for corporate executives. In principle, they work a lot like Individual Retirement Accounts or 401(k) retirement plans, but involve far larger sums.

The plans allow the executives to put part of their income, sometimes several million dollars a year, into a special account without immediately paying taxes. The money earns interest, which isn't taxed right away, either. After retirement, the executive withdraws the money and pays taxes on it, but the earlier tax deferrals mean an account may have grown millions of dollars larger than an ordinary savings account would have.

The practice allows executives to "retire in the same type of lifestyle they were used to living," Varblow said.

The measure approved yesterday would limit the amount an executive could put in such a plan to $1 million a year or the amount of the executive's annual salary, whichever is less. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20-percent penalty.

Finance Committee Chairman Max Baucus (D-Mont.) said limiting the accounts is a declaration that "more Americans should be treated equally."

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"For the vast, vast majority of families, there's a limit on deferred compensation that's not taxed of about $15,000" a year, Baucus said, referring to the sum ordinary people can put in a 401(k) plan. "I just think the general rule should apply to all Americans, even the very highly compensated executives." Limiting their annual deferral to $1 million "is not an unfair burden," he said.

The measure faces trouble in the House, where many Democrats oppose more tax breaks for business. House Majority Leader Steny H. Hoyer (D-Md.) yesterday said he was "disappointed" by the Finance Committee's action.

"The choice to tie a bill raising the minimum wage to tax breaks for businesses will cost taxpayers $8 billion and complicate and delay the passage of an increase," Hoyer said in a statement. "Eighty-nine percent of the American people support an increase in the federal minimum wage, and they should not have to spend $8 billion in order for Congress to do the right thing."

VW Executive Admits Guilt In Scandal (FT)

By Hugh Williamson

Financial Times, January 18, 2007

Peter Hartz, former Volkswagen executive and German labour market reformer, on Wednesday admitted personally endorsing €2.5m in illegal payments in a perks-and-prostitutes scandal that damaged Europe's largest carmaker and prompted the former personnel chief's dramatic fall from grace.

Speaking through his lawyer on the opening day of his trial in Braunschweig, northern Germany, Mr Hartz admitted that between 1995 and 2004 he organised secret bonuses worth €1.9m ($2.5m, £1.2m) for Klaus Volkert, head of the VW works council. He also endorsed €600,000 in payments for luxury holidays, clothing, jewellery and fake consultancy fees for the employee representative and his Brazilian girlfriend.

The court also heard how a slush fund, named after VW's internal account "1860", was used for holidays in India, Mexico, Brazil and elsewhere for VW employees, top managers and accompanying prostitutes.

Mr Hartz admitted to 44 charges of misusing VW funds without the company's knowledge, and breaking Germany's co-determination laws, which bar companies from favouring workers' representatives.

"My client admits the charges," Egon Müller, Mr Hartz's lawyer said, adding that the former executive had a "bad conscience" about "failing in his responsibility to use company funds wisely". Mr Hartz "made payments for Mr Volkert and then looked away", he said.

Mr Hartz made the secret payments to retain good relations with Mr Volkert, who in turn played a key role in backing Mr Hartz's labour restructuring programmes.

Until his resignation in mid-2005, Mr Hartz was one of Germany's most respected business executives, a reputation that led Gerhard Schröder, the former chancellor, to ask him in 2002 to draw up labour market reform proposals.

The resulting "Hartz" reforms, which cut the level and duration of jobless benefits and increased pressure on the unemployed to find work, are credited with helping to increase flexibility and lower claimant numbers. But they remain controversial. Campaign groups protested on Wednesday outside the courthouse against Mr Hartz and the benefit cuts associated with his name.

Mr Hartz said the case highlighted shortcomings in Germany's cosy system of labour-management relations, crystallised in the system of Mitbestimmung, or co-determination. He stood by VW's advanced form of Mitbestimmung that gives works councillors unparalleled influence over company decision-making but said there had been "insufficient controls" to stop the abuses that took place.

He said no other VW top managers, including Ferdinand Piëch, former chief executive, were aware of the payments.

Under a deal made ahead of the trial between the defence and prosecutors based on Mr Hartz's expected guilty plea, he is expected to receive a modest sentence – a two-year suspended prison sentence plus a fine.

The judge acknowledged that Mr Hartz did not benefit from the scandal and "acted in the interests of VW". VW, which lodged the initial legal complaints against Mr Hartz in 2005, refused to comment.

The deal also means no prostitutes or other witnesses are to be called, thus shortening the trial and sparing Mr Hartz further embarrassment, court officials say. The presiding judge this week defended the agreement, arguing that it also led to Mr Hartz's confession on the €2.5m payments.

A dozen other people also face trial in the scandal, including Mr Volkert. Mr Hartz's trial continues on January 25.

Accounting Rules Won't Be Delayed (WSJ)

By David Reilly

The Wall Street Journal, January 18, 2007

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Accounting-rule makers decided unanimously against postponing new rules coming into force this year that require companies to take a more-stringent approach to reporting uncertain tax positions on their financial statements.

Led by industry group Tax Executives Institute, companies had called on the Financial Accounting Standards Board to delay the rule, which takes effect this year. The FASB, meeting in its Norwalk, Conn., offices, rejected any postponement.

The rule, known as Fin 48, requires companies to examine and document their tax positions, evaluating whether those that aren't certain are more likely than not to withstand a challenge by the Internal Revenue Service. Companies will be able to book only a portion of the tax benefit from positions that meet this threshold. In the past, companies had great leeway in deciding what tax benefits may withstand scrutiny.

Previously taken tax benefits that don't stand up to the new standard will result in adjustments to companies' tax reserves as they start applying the new standard in their first-quarter results. Companies will give a range of the likely impact in their annual reports for 2006, but they won't actually begin applying the rule on an annual basis until next year.

Regulators, along with FASB, hope the more stringent approach will help make companies' tax practices more comparable for investors, while additional disclosure will give them more information about the types of tax positions companies are taking.

While FASB members expressed some sympathy for companies grappling with documentation requirements associated with the rule, as well as more difficult judgment calls that have to be made, they said this didn't warrant a delay. Board members noted that they had already twice delayed the effective date for the rules, which companies will have to begin following with issuance of their first-quarter reports, and that under existing rules companies should already be documenting uncertain tax positions.

FASB Chairman Robert Herz said the new rule was prompted by officials at the Securities and Exchange Commission who found that companies weren't taking a uniform approach to the way they booked potential benefits from tax positions. "Their observation was that there were diverse practices, there was opacity and in their view that lent itself to potential earnings management opportunities," he said.

Mr. Herz added that investors wanted more information about companies' tax positions, given the impact these can have both on reported profit and the balance sheet. "Certainly investors we've talked to say this is needed information and it's needed now," he said in casting a vote against a delay of the rule's implementation. "The overall benefit to investors and the capital market of getting this done and getting it done in the time frame we've talked about is the overriding objective."

CRIMINAL LAW:

Political Opinions Complicate Screening For Libby Jurors (NYT)

By Neil A. Lewis

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The difficulties of seating a jury for the perjury trial of Vice President Dick Cheney's former chief of staff were evident on Wednesday as more prospective jurors expressed criticism of the Bush administration.

Other potential jurors demonstrated the complications thrown up by the number of journalists, lawyers and officials here.

In the second day of juror screening in the case of the former aide, I. Lewis Libby Jr., a prospective juror testified that he once worked for Bob Woodward of The Washington Post, lived across an alley from Tim Russert of NBC News and went to school with Maureen Dowd of The New York Times.

Mr. Woodward and Mr. Russert are expected to be witnesses at the trial. The prospective juror remained in the pool.

Mr. Libby is charged with lying to a grand jury and F.B.I. agents in an investigation of who leaked to journalists the name of Valerie Wilson, a Central Intelligence Agency operative, in July 2003.

Judge Reggie M. Walton has voiced hope that opening arguments can be given on Monday. But by the end of Wednesday, only 24 jurors had qualified for what is supposed to be a panel of 36 that will then be whittled down to 12 jurors and 4 alternates.

One woman was asked whether she had formed any opinion of the Bush administration that might affect her ability to judge Mr. Libby.

"I certainly have an opinion that I can't believe any statement by the Bush administration," she replied.

Did that extend to Mr. Libby?

"Yes," she said. She was excused.

A woman said she hoped that her belief in the presumption of innocence would overcome her distaste for the administration. But she eventually acknowledged that she might not believe administration witnesses who testified for Mr. Libby. Two people were dismissed on Tuesday after saying they did not trust Mr. Cheney, who will testify for Mr. Libby.

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On the other hand, a woman who worked for Lockheed Martin, the military contractor, expressed admiration for the administration on Wednesday and for Mr. Cheney in particular. She stayed in the pool.

A prospective juror who produced reports from Iraq for National Public Radio was excused after testifying that he held Judith Miller, a former reporter for The New York Times, in low esteem for her prewar reports that Iraq had unconventional weapons. He said would not be able to credit her testimony at the trial.

Ms. Miller is expected to testify for the prosecution that Mr. Libby spoke with her about Ms. Wilson. The indictment charges that Mr. Libby falsely said he did not discuss Ms. Wilson with Ms. Miller.

A candidate testified that he regarded Ms. Miller as courageous for going to jail for 85 days for refusing initially to disclose Ms. Libby as a source. That juror, a retired math teacher, also produced laughter when questioned about whether he had problems with Mr. Cheney's credibility. No problems, he said, but he "wouldn't go hunting with him," a reference to Mr. Cheney's accidental shooting of a hunting partner last year. He stayed in the pool.

In Libby Trial, Big Names Make Jury Picks A Tall Order (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 18, 2007

To see how small a town Washington really is, drop in on jury selection at the trial of I. Lewis "Scooter" Libby, where so far nearly every juror candidate seems to have a connection to the players or events surrounding the leak of an undercover CIA officer's identity.

There is the software database manager whose wife works as a prosecutor for the Justice Department, and who counts the local U.S. attorney and a top official in Justice's criminal division as neighbors and friends. A housecleaner who works at the Watergate and knows Condoleezza Rice, not by her title of secretary of state, but as the "lady who lives up on the fifth floor." And a former Washington Post reporter whose editor was now-Assistant Managing Editor Bob Woodward; he went to barbecues at the house of NBC's Tim Russert, a neighbor, and just published a book on the CIA and spying.

Such is the challenge as U.S. District Judge Reggie B. Walton tries to seat a jury of 12 peers for Vice President Cheney's former chief of staff, in one of Washington's biggest trials in years.

It has always been difficult to select juries in Washington, where the pool is small compared with the number of trials, and half the people summoned to be jurors don't even show up. But the star power of the players in this case has complicated matters.

Libby is charged with lying to FBI agents and a grand jury investigating the disclosure of CIA officer Valerie Plame's identity to the media in 2003, shortly after the Iraq war began. He is accused of fabricating a story to conceal the nature of his conversations with reporters and his role in a White House effort to discredit Plame's husband, a prominent critic of the invasion of Iraq.

Defense lawyers for Libby contend that he forgot the details and timing of those conversations amid the crush of his daily workload and believed he had heard about Plame from Russert. Only later, they say, did he remember that he had actually learned her identity from his boss, Cheney.

By the end of yesterday's session, Walton and lawyers for both sides had quizzed 33 potential jurors and excused nine. The 24 remaining in the pool, and others who will be questioned starting this morning, still could be struck by lawyers on either side. Walton said he wanted to complete the selection of 12 jurors and four alternates by the end of today. Jurors cannot be identified by name, under an order from the judge.

Members of the government and media elite are the key players and witnesses expected to be called in a case that will often focus on the administration's justification for war in Iraq. As the slow questioning of potential jurors in Courtroom 16 of the federal court wound through a second day yesterday, it became clear that those celebrities rub shoulders a lot with the regular folks in this 13-mile-wide city of 550,000.

One journalist, for instance, said she had met a reporter and an editor on the witness list, Matthew Cooper and Jay Carney of Time magazine, when they appeared repeatedly on a foreign-affairs television show she produces at Voice of America.

Another candidate, the former Post journalist, seemed to have a link to nearly every key player in the case. He had worked in the newspaper's Metro section, he said, where his editor was Woodward, a key defense witness. Until recently, he lived across an alley from Russert, a star witness for the prosecution. And he had gone to parties with The Post's Walter Pincus, another defense witness.

He said he would understand if the lawyers believed he couldn't be impartial, but he promised he would use his reporter training to sort through the facts fairly.

"If I were in your seats, I'd be skeptical," he said.

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Then he noted that one of his best friends plays in an over-40 football league with Libby. And he has heard that Libby "has a great arm."

Did he mention that he went to grade school with Maureen Dowd, he asked the judge? That would be the New York Times columnist who publicly savaged colleague Judith Miller after some of Miller's reporting on the Iraq war came to light around the time of the Plame investigation. Miller is a witness for the prosecution.

One juror, a middle-aged woman, told the judge that she had worked in the "executive residence" -- that is, the White House. She was an administrative assistant in the grounds office from the Reagan administration until the inauguration of President Bush.

Another woman said she helped develop health policy in the office of the secretary of health and human services. She said she could be impartial about the administration but acknowledged she was "not particularly impressed" by how Cheney has handled certain events.

Not every potential juror knew the people in the case. A retired math teacher who moved here from North Carolina said he had no basis for judging the credibility of White House officials, including Cheney -- although he admitted that he was "not sure I would like to go bird hunting with him, either."

Walton chuckled, and Libby burst into laughter, burying his face in his hands.

Libby Seeks Jurors Who Trust Cheney (AP)

By Matt Apuzzo, Associated Press Writer

AP, January 18, 2007

A potential juror in the perjury trial of former White House aide "Scooter" Libby was allowed to remain in the jury pool Wednesday after saying she would be impartial and put aside her tepid impression of Vice President Dick Cheney, an expected defense witness.

"I'm not particularly impressed with a lot of his manners of being, but I can't speak to his credibility," said the woman, who works for the Department of Health and Human Services, as jury selection continued for a second day.

Cheney's credibility has emerged as a key issue, with defense lawyers looking for a panel that can trust the vice president, expected to testify on behalf of Libby, his former chief of staff. Libby is accused of lying to investigators about his conversations with journalists about an outed CIA officer.

Libby's attorneys say it's critical they know whether potential jurors view the vice president as credible. Two people who expressed doubts about that were dismissed from the jury pool Tuesday.

"I don't have the highest opinion of him," a young financial analyst said. "If I had to rank people as to credibility, I wouldn't put him at the top of the list."

He was dismissed, as was a young woman who said she was "completely without objectivity" about Bush administration officials who might be called to testify.

"There is nothing they could say or do that would make me think anything positive about them," the woman said moments before she was excused from the jury pool by U.S. District Judge Reggie Walton.

Opening arguments are planned Monday in a trial expected to take up to six weeks.

CIA officer Valerie Plame's identity was leaked to the press in 2003, around the time her husband, Joseph Wilson, was criticizing the Bush administration's march to war. The trial hinges not on the source of the leak but whether Libby lied to investigators.

He says he forgot his conversations with reporters because he had more pressing matters on his mind.

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Associated Press Writer Michael J. Sniffen contributed to this report.

Attorney Says Racism Involved In Case Against Peete (WMC)

WMC-TV, January 18, 2007

Memphis City Council member Rickey Peete's attorney called the corruption case against him racist Wednesday morning.

Speaking outside federal court after entering a "not guilty" plea, attorney Handel Durham, Jr. alleged racism in the corruption case against Peete.

"There has never been, in Memphis, Tennessee, a successful black man in this city that has not suffered some form of attack," he said.

The indictment against Peete alleges he accepted $14,500 in bribes. Fellow Council member Edmund Ford is accused of accepting almost $9,000 in bribes.

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Durham alleged racism because of the large number of black elected officials that have been indicted in federal stings, including Operation Tennessee Waltz and Operation Main Street Sweeper.

"You have approximately 17 black leaders indicted," he said. "What do you think? I mean, what would a reasonable individual come to? They would have to say something."

Former Shelby County Commission candidate Joe Cooper was also named in the complaint against Peete and Ford.

Man Who Scammed AOL Users Convicted (AAS)

By Bob Keefe, WEST COAST BUREAU

Austin American-Statesman, January 18, 2007

Guilty verdict for California spammer is the first under the federal CAN-SPAM Act.

SAN DIEGO — A California man has been found guilty under the federal CAN-SPAM Act of using fraudulent, unsolicited e-mail to trick America Online users into giving up bank account numbers and other personal information.

At a weeklong trial that ended Friday, 16 victims testified they had been tricked by the e-mail. Some said they lost hundreds of dollars.

Jeffrey Goodin, 45, was found guilty by a Los Angeles jury of using accounts he set up through Atlanta-based EarthLink Inc. to send e-mail that appeared to come from AOL's billing department. The messages warned AOL users that their accounts were in jeopardy unless they sent credit card or bank account information to "update" them.

Goodin, of Azusa, Calif., is to be sentenced June 11. He could face 101 years in prison for violating the 2003 CAN-SPAM Act and other laws, although prosecutors acknowledged it's highly unlikely he'll get such a lengthy sentence.

Goodin set up and shut down the EarthLink e-mail accounts in rapid succession, according to prosecutors.

An EarthLink official testified that the company lost more than $1 million because of Goodin's "phishing" scam, according to prosecutor Wesley Hsu. On more than one occasion, AOL barred EarthLink subscribers from its network because of spam coming from EarthLink accounts, according to Hsu.

"This was sort of the ideal case that I think Congress had targeted with the CAN-SPAM Act," said Hsu, an assistant U.S. attorney in the Justice Department's central California district office.

"This guy changed the sending e-mail to make it look like an AOL billing address, and as a result we had lots of victims fooled . . . thinking they'd lose their AOL service if they didn't give them their billing information," he said.

Hsu said it's unclear whether public frustration with spam played into the jury's decision. And while he said he hoped the case would be a deterrent, Hsu acknowledged that even with the federal law, spam isn't going away anytime soon.

"I've already encountered cases where people are sending spam from Canada," he said. "And we can't do anything about that."

Goodin's case was the first jury conviction under the federal CAN-SPAM Act. In September 2004, Hsu helped oversee the first guilty plea under the law, which Congress passed four years ago amid public outcry about the overwhelming volume of unsolicited, fraudulent e-mail.

In the earlier case, Nicholas Tombros, 37, of Marina del Rey, Calif., admitted tapping into private wireless Internet networks in the Los Angeles area to send spam advertising pornographic Web sites.

Belleville Woman Sentenced To 4 Years In Prison For Katrina Fraud (AP)

By Jim Suhr

AP, January 18, 2007

EAST ST. LOUIS, Ill. - Among the many accounts of heartache and horror swept in by Hurricane Katrina, Tina Marie Winston's story was certainly disturbing.

Winston, 34, said she watched helplessly as a torrent of water from the Gulf of Mexico rolled in and swept away her two daughters, ages 5 and 6. The floodwaters swamped her New Orleans home, she said, costing her everything else.

She said the tragedy left her unable to function, in need of counseling and desperate for money to pay for a memorial service held for her two dead daughters under a St. Louis bridge.

But the gripping, chilling tale that brought Winston thousands of dollars in federal aid turned out to be a lie.

And on Wednesday, the woman who cried for sympathy after the disaster got little of it from a federal judge who ordered her to spend four years in prison and repay about $24,000 for various scams over more than a decade, including $4,358 she defrauded from the Federal Emergency Management Agency after the hurricane.

U.S. District Judge William Stiehl told Winston that he understood she had a troubled, possibly abusive upbringing and mental illness, but duping the government with tales of dead daughters "was simply outrageous."

"She took advantage of the taxpayers of this country under very tragic circumstances," said the judge.

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Winston never had daughters, much less a New Orleans home. When Katrina knocked the Gulf coast to its knees in August 2005, Winston was 600 miles away, safe in the St. Louis suburb of Belleville, Ill., where she had moved from Arkansas in July 2004 - more than a year before Katrina.

"These are the types of crimes that absolutely outrage taxpayers," eroding their confidence in government, federal prosecutor Suzanne Garrison told Stiehl in labeling Winston's conduct "extraordinarily undignified."

"She had pretty much dug herself in a hole, not building any future for herself, living in this way by systematically lying to get free handouts," Garrison said.

In court, Winston said simply, "I apologize to the court and ask you to show leniency on me."

When Stiehl asked her if she wanted to say anything else, Winston replied, "That'd be it," before federal marshals led her away in shackles.

Winston, who also goes by the name Tina Gilmore, pleaded guilty in October to defrauding FEMA after the hurricane by using a bogus Social Security number to file for assistance online. Winston also admitted spending $1,321 from an electronic debit card she got through FEMA after claiming the hurricane left her jobless. The agency deactivated the card when Winston exceeded the spending limit, the government has said.

Though FEMA sent Winston $4,358 for housing and rental aid, she still requested more - $10,075 to cover property she said she lost to the storm, and $2,530 for unspecified dental expenses. She apparently never got the extra money.

Officials said Winston also duped various government agencies during a recent 12-year stretch by failing to report her marriage and her husband's income.

As a result, the government said, Winston was overpaid more than $13,000 in Social Security benefits and $4,659 in food stamps. By falsely claiming her husband was her cousin and lying about their income, she also tried to get government-subsidized housing valued at more than $6,700.

"This defendant has, in effect, intended to defraud the taxpayers of this country by every means that cropped into her mind," Stiehl said.

A 12th Dallas Convict Is Exonerated By DNA (NYT)

By Ralph Blumenthal

The New York Times, January 18, 2007

HOUSTON, Jan. 17 — A 50-year-old Dallas man whose conviction of raping a boy in 1982 cost him nearly half his life in prison and on parole won a court ruling Wednesday declaring him innocent. He said he was not angry, “because the Lord has given me so much.”

The parolee, James Waller, was exonerated by DNA testing, the 12th person since 2001 whose conviction in Dallas County has been overturned long after the fact as a result of genetic evidence, lawyers said.

“Nowhere else in the nation have so many individual wrongful convictions been proven in one county in such a short span,” said Barry C. Scheck, co-founder of the Innocence Project, the legal clinic that championed Mr. Waller’s case. In fact, Mr. Scheck said, those 12 such instances are more than have occurred anywhere else except the entire states of New York and Illinois since the nation’s first DNA exoneration, in 1989.

In the aftermath of the new evidence, prosecutors had joined defense lawyers in calling for the clearing of Mr. Waller, who spent more than 10 years behind bars before he was paroled in 1993.

“I’m sorry that happened to you, man,” Craig Watkins, the county’s new district attorney, told Mr. Waller on Wednesday, shaking his hand in the Dallas courtroom where a judge later approved a motion to vacate the conviction. That motion now goes to the Texas Court of Criminal Appeals for formal approval.

Mr. Waller broke down once at the hearing, when describing how his car crashed on the way to a court proceeding in 2001, an accident that killed his pregnant wife, Doris, and the unborn daughter they had wanted to call Grace. “I said, ‘Well, I don’t want to live no more,’ ” he recalled, mopping his face with a tissue.

One of his lawyers, Nina Morrison, patted him on the back. “He lost 10 years 11 months and 3 days of his liberty literally picking cotton in the fields for no pay,” she told the court. “His perseverance is an inspiration to all of us.”

The judge, John C. Creuzot of Criminal District Court, sought to console Mr. Waller, who stood before him in a tan suit, a white shirt and a tie. “A lot of times we are tested in life, and you certainly had a terrible test,” Judge Creuzot said. “On behalf of any and all public officials at that time, I want to apologize.”

Earlier in the day, the Innocence Project provided synopses of the county’s dozen DNA exonerations. “Nobody knows the reason why we have 12-and-counting here in Dallas, but we’ll find out the answers,” Mr. Scheck said. One Texas lawmaker, State Senator Rodney Ellis, a Houston Democrat, has introduced a bill that would establish a Texas Innocence Commission to study exonerations for ways of eliminating wrongful convictions.

The case against Mr. Waller was largely based on the 12-year-old victim's identification of him, court papers show.

Around 6 a.m. on Nov. 2, 1982, the boy, identified only as Jay S., was alone in his family's dark apartment with his 7-year-old brother when he was sodomized by an intruder he described as a black man about 5-foot-8 and weighing 150 pounds, his lower face concealed by a red bandana.

By the boy's account, he heard the voice of his attacker that night at a 7-Eleven near his home, and turned to see Mr. Waller, who was then 25 and lived with his family in the same apartment complex as the victim, the only black family there. Although there were discrepancies in the boy's account — Mr. Waller is almost 6-foot-4 and was heavy — and although Mr. Waller presented witnesses saying he was home at the time, he was convicted in 46 minutes and sentenced to 30 years. He won parole in 1993 but had to register as a sex offender.

He had begun petitioning for retesting of the state's rape evidence in 1989, and redoubled his efforts in 2001 after Texas passed a law granting post-conviction access to DNA testing. Results of hair testing appeared to rule out Mr. Waller as the attacker, but the Court of Criminal Appeals found it inconclusive.

Still, "the Lord kept pushing me because I wanted my name back," Mr. Waller said Wednesday.

Last month the Innocence Project, through use of a previously unavailable technology called Y-STR DNA, found that genetic material recovered from the victim conclusively excluded Mr. Waller and the victim and could have come only from someone else.

Mr. Waller has started a lawn care business, but remains on parole pending the formal action of the appeals court and must shy from all contact with children. "It has been a long struggle for me," he said. "They look at you like you're an animal."

Mr. Watkins, Dallas County's first African-American district attorney, took office two weeks ago in a Democratic sweep. "I can say I'm sorry all day," he told Mr. Waller in court. "I know that doesn't mean much to you, but I can guarantee to you in the future when I'm the district attorney we will insist that we will not send anyone who's innocent to prison."

"The sad thing," he said, "is the person who actually did this crime is still out there on the streets."

DNA Databases May Be Growing Too Quickly (LAW)

By Vesna Jaksic, The National Law Journal

National Law Journal, January 18, 2007

As state DNA databases expand, a growing number of "cold cases" are getting solved, but that's leading to a new problem: Local jurisdictions can't keep up with their burgeoning caseloads.

"I see it nationally as becoming a major problem," said Ted Hunt, chief trial assistant in the Jackson County Prosecutor's Office in Kansas City, Mo. "We're lucky to have a cold case homicide unit and a branch of sex crimes that works on cold cases, but many jurisdictions lack those resources."

And DNA databases are certain to grow even more in several states.

While all states now require that samples be collected from convicted felons, a growing number of states -- including Texas and Virginia -- collect samples from certain arrestees, such as those picked up for violent crimes. Kansas and New Mexico are scheduled to expand their databases to include arrestees this month. California is expected to do the same in 2009.

As of October 2006, the FBI's national database contained profiles for more than 3.7 million convicted offenders, which helped with more than 40,000 investigations. Florida topped the list with 4,907 investigations aided, followed by Illinois, New York and Virginia, according to the FBI.

The state of Virginia illustrates how fast databases have grown. When the state's cold case program started in 1993, the Virginia Department of Forensic Science's database contained 2,184 samples. It currently holds 253,156 samples. Since 2001, Virginia's database has grown by 50 percent.

Virginia's database has resulted in 3,600 "hits," which refers to cases for which DNA samples from the crime scene match DNA samples stored in felon databases. Those hits have helped 3,518 investigations, according to the department. But like many other states, it has been struggling to keep up with its growing workload.

"It's hard to think of cases these days where there isn't the possibility of DNA evidence," said Paul Ferrara, the department's director. "With cold cases, the ones they haven't solved from 20 years ago, all of a sudden you see the light bulbs going off and say, 'Wait a minute, I have this case and the DNA might be good.' That's fine but I think the largest challenge we do have is capacity and turnaround time."

VIRGINIA INVESTIGATIONS

The growth of DNA databases has triggered other problems. Virginia authorities have been investigating why thousands of felons' samples have been left out of the database.

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And some civil rights groups, including the American Civil Liberties Union, have challenged states' efforts to expand databases to include people without convictions, saying that doing so contradicts the presumption of innocence until proven guilty and violates privacy.

California has more than 662,000 DNA samples in its database, which has led to 3,346 offender matches, including some for cold cases, said Nathan Barankin, a spokesman for California's former attorney general, Bill Lockyer.

But Rockne Harmon, senior deputy district attorney in Alameda County, Calif., said many cold hits don't lead to anything, often because of limited resources.

"It's a great tool but you have to be careful because what we've seen in California, and I know it's a problem elsewhere too, is an unknown number of these cold hits gets stuck in the police departments and nothing happens," he said. Harmon added that there is no way to determine how many hits fail to lead to charges and cases being filed. "While there have been great success stories, no one can really tell you what has happened to all of their cold hits."

Federal funds are helping states with their cold case programs. In fiscal year 2005, the National Institute of Justice distributed more than $14 million in grants to 38 state and local programs for solving cold cases with DNA.

The Denver District Attorney's Office credits federal money for making its program one of the most aggressive in the nation. More than 4,000 cases have been reviewed and 20 new cases have been filed as a result of cold hits, said Mitchell Morrissey, Denver's district attorney. Grant money has allowed the DNA laboratory to double its capacity by hiring two full-time DNA analysts, improve its instruments and fund detective overtime, according to Morrissey's office. Future goals include investigation of cases dating back as far as the 1950s.

OLD CRIMES, NEW CHALLENGES

But Morrissey stressed that old crimes carry their challenges, such as statutes of limitations and difficulties with finding everyone involved." A lot of people just think, 'OK, you get a DNA match and now you've got a case,'" he said. "That's not true. You still have to do a lot of investigating. Sometimes you still have to find the victim. Sometimes you still have to find the suspect."

Defense attorneys are finding challenges of their own. David Bell, an assistant public defender in Kansas City, Mo., who represented a defendant successfully prosecuted by Hunt for a crime committed 20 years ago, said there are plenty of obstacles for the defense.

"One of the problems with these cold-hit cases is that it truly shifts the burden to the defendant," said Bell, who plans to appeal the case. "Prosecutors get blinded by the DNA. DNA is a powerful tool, there is no doubt, but it must be placed in the context of everything else."

In the Kansas City case, Bell argued that his client had consensual sex with the victim but did not remember it because it was a casual, one-time encounter that occurred 20 years ago. Bell also presented DNA evidence in the trial, trying to shift blame to the victim's husband, whose DNA also was found at the crime scene.

Ex-Keyport Mayor Pleads Guilty To Bribery (NSL)

By Guy Sterling, Star-Ledger Staff

Newark Star-Ledger, January 18, 2007

Merla, ensnared in probe of Monmouth corruption, took payoffs

A former mayor of Keyport admitted to a federal judge yesterday that he accepted a $2,500 bribe in exchange for helping a federal informant posing as the owner of a construction and demolition business obtain an emergency, no-bid contract to fix a local bulkhead.

John Merla, 45, had been charged with taking the money at his brother's birthday party on Dec. 7, 2003. While pleading guilty yesterday to a count of bribery, he indicated the investment by the cooperating witness was a good one.

"Did the borough pay (the cooperating witness) a total of approximately $36,200 to complete the work on the bulkhead?" Merla was asked by Rachael A. Honig, an assistant U.S. attorney assigned to the case. "Yes," Merla replied.

He later acknowledged to U.S. District Judge William Martini in Newark that he also pocketed three other illegal cash payments from the informant and undercover FBI agents in 2003 and 2004. In all, the payoffs totaled $24,000, said Mark McCarren, the other federal prosecutor handling the matter.

"Did you accept these additional payments knowing that they were being made in exchange for your agreement to assist (the cooperating witness) in obtaining municipal contracts?" asked Honig. "Yes," Merla responded.

Merla faces a maximum penalty of 10 years in prison and fines ranging to $250,000 when he is sentenced in May. But McCarren and Michael Pappa, Merla's lawyer, said the actual prison term will fall between 24 and 30 months under federal sentencing guidelines.

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The beefy Merla, who lost his supervisor's job with the New Jersey Turnpike Authority when he was charged in the sting two years ago, left the courtroom quickly after yesterday's plea and did not respond to questions. Pappa said Merla is currently working in his family's restaurant business.

Merla choose not to run for re-election in November after serving as Keyport's mayor from 2003. He had also served as a member of the borough council during a lengthy political career in the Monmouth County community.

In recent weeks, Merla had maintained he was preparing to go to trial and Pappa had gone so far as to send out subpoenas to potential witnesses. Merla's reasons for pleading guilty were "personal," but he did so with the support of his family, Pappa said yesterday.

"John feels a deep sense of remorse for compromising the trust placed in him by the people of Keyport," the defense attorney added.

Ex-Keyport Mayor Admits Taking Bribe (JERSJ)

Jersey Journal, January 18, 2007

NEWARK - The former mayor of Keyport pleaded guilty yesterday to extorting a $2,500 bribe from an undercover informant posing as a contractor in return for helping the contractor obtain a $36,200 contract.

At his court hearing, John Merla acknowledged he took payments from the informant and undercover FBI agents on three other occasions from September 2003 to November 2004. The plea involved one bribery count, but prosecutors said he received four bribes totaling about $24,000.

"Merla traded his public position and influence for cash," U.S. Attorney Christopher J. Christie said. "The list of public officials in Monmouth County who were willing to do that is disappointingly long."

Merla, 45, was among a dozen officials snared by the undercover sting, "Operation Bid Rig," in Monmouth County February 2005. Many have pleaded guilty, along with several contractors.

Despite his arrest, Merla refused to resign, and left office when his term ended at year's end, just over two weeks ago.

Merla faces 24 years to 30 years in federal prison.

Somerville Subpoenaed Over Developer Projects (COURNEWS)

By MARTIN C. BRICKETTO, Staff Writer

Courier-News, January 18, 2007

U.S. Attorney's Office requesting information related to Jack Morris

SOMERVILLE -- Borough offices have been served with subpoenas from the U.S. Attorney's Office requesting information related to developer Jack Morris, the mayor confirmed Wednesday.

Somerville officials declined to speculate on the motivation behind the subpoenas.

A spokesman for the U.S. Attorney's Office declined comment.

Mayor Brian Gallagher said the FBI served subpoenas to the borough Office of Community Development, the Planning Board, the Borough Council and the borough clerk on Friday afternoon, seeking all documents involving JSM at Somerville, Edgewood Properties and Jack Morris since 2003.

"We'll comply with every request that they make," Gallagher said. "I've already instructed all people to begin assembling that info so we can submit it to them expeditiously."

Owned by Morris, JSM is the owner of the Downtown Somerville Shopping Center and the site's borough-designated redeveloper, according to court documents. Edgewood is another Morris company.

A spokesperson for Morris did not return a request for comment.

JSM wants to demolish the existing shopping center on Main Street for a $65 million redevelopment project with commercial and residential components.

Morris' role in a major redevelopment plan on the west end of the borough's downtown was called into question in court documents filed last year.

Pathmark, a holdout tenant at the center, filed a legal brief in September that said Edgewood made a $10,000 contribution to the Somerset County Republican Executive Committee in 2003, the day after the Somerville Planning Board passed a resolution designating the shopping center as a redevelopment area.

Gallagher, who was campaigning for mayor at the time, received funds from the committee, according to Pathmark's legal brief.

The Borough Council then passed a resolution designating JSM as the redeveloper of the center the day after Gallagher was elected mayor, according to the brief.

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Morris reportedly had close business ties with John Lynch, an influential Democratic party boss who entered federal prison Tuesday after pleading guilty to fraud and tax evasion charges.

When Pathmark's legal brief was filed, Gallagher described the implications of a pay-to-play scenario between the borough and Morris as a smear campaign, noting the redevelopment was first recommended in the 1990s.

"Our approach with developers has been straightforward and clear," Gallagher said Wednesday.

The borough has moved to condemn the leases of two other holdout tenants at the center, Hollywood Video and Country Fresh restaurant.

Planning Board Chairman Bernie Navatto said he was not sure what the U.S. Attorney's office was looking for but said there was no foundation to what Pathmark suggested in its court filing.

"I'm 100 percent confident," Navatto said. "What they (the U.S. Attorney's Office) asked for is a matter is a public record, and they're going to get it."

Justices Scrutinize Death Penalty In Texas (NYT)

By Linda Greenhouse

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The Supreme Court on Wednesday resumed its long-running effort to monitor the use of the death penalty in Texas, hearing arguments in three cases that put the strains and internal contradictions of the court's capital punishment jurisprudence fully on display.

One case was familiar, at least to the seven justices who were on the court when LaRoyce L. Smith's previous appeal of his death sentence came before them in 2004. At that time, the court voted 7 to 2 to overturn the sentence, only to see it promptly reinstated by the Texas Court of Criminal Appeals on the ground that the constitutional error the justices had identified was "harmless." The question now is whether that was an acceptable response by the state court to the Supreme Court's mandate.

The other two cases, while unfamiliar in their particulars, were very familiar in what they represented: the latest, but almost certainly not the last round in a fitful dialogue between the Supreme Court and the federal appeals court that oversees habeas corpus cases filed in federal court by Texas inmates.

All three cases offer a window on the recent history of capital punishment in the United States, which to a large degree is the history of capital punishment in Texas. Since 1976, when the Supreme Court permitted states to resume executions, Texas has put to death 380 people, far more than any other state. (The next highest, Virginia, has executed 98.)

In 1989, the Supreme Court ruled that the jury instructions that Texas was using were constitutionally deficient because they failed to ensure that jurors could give meaningful consideration to a defendant's mitigating evidence. Under the Texas system, jurors were instructed to respond to only two questions: whether the killing was deliberate, and whether the defendant posed a continuing threat to society. If the answers to both were yes, a death sentence was automatic.

The Texas Legislature addressed the problem two years later by instructing jurors to take "all of the evidence" into consideration, including the defendant's character and background. But in the interim, during which Mr. Smith was sentenced to death for murdering a former co-worker at a Taco Bell in Dallas, judges tried to address the problem by telling jurors that if they thought the mitigating evidence warranted a sentence of life in prison rather than death, they should simply answer no to one of the two questions, even if they believed that the proper answer was yes.

Eventually, the Supreme Court held that this "nullification instruction" was constitutionally inadequate as well. It applied that ruling to Mr. Smith's earlier appeal, overturning his sentence in 2004 and sending it back to the Texas Court of Criminal Appeals, which in turn reinstated it, finding the error "harmless" because Mr. Smith had failed to show that the nullification instruction had caused him "grievous harm."

In his new appeal, Mr. Smith, represented by a University of Texas Law School professor, Jordan M. Steiker, is arguing that the state court's resolution of the case flew in the face of the Supreme Court's analysis. The state court, having failed in the first round to apply its "harmless error" rule, should not be permitted to introduce it after the fact, Mr. Steiker said.

Although several justices, most notably Stephen G. Breyer and Ruth Bader Ginsburg, clearly agreed with him, Mr. Steiker encountered stiff resistance from Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. The chief justice said the Texas court had handled the case in an appropriate and even "desirable" way.

Because the state court did not initially regard the nullification instruction as an error, Chief Justice Roberts said, it had no reason at that point to decide whether the error was harmless. "Wouldn't it be normal exercise of judicial restraint to say we don't have to reach out and decide whether this error was harmless if we've already decided there's no error at all?" he asked.

Texas was represented by its solicitor general, R. Ted Cruz, and supported by a second lawyer, Gene C. Schaerr, representing California and 20 other states that entered the case, Smith v. Texas, No. 05-11304, as "friends of the court" for

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Texas. Mr. Schaerr said the case presented an important federalism issue of "whether states have the ability under our federal Constitution to choose their own harmless error standards."

A total of 47 of Texas' 392 inmates on death row were sentenced under the procedure the Supreme Court later found unconstitutional.

In a second argument on Wednesday, the court heard the combined appeals of two other inmates, Jalil Abdul-Kabir and Brent R. Brewer. Their crimes, both murders committed during robberies, were unrelated. But both are challenging the refusal by a federal appeals court, the United States Court of Appeals for the Fifth Circuit, to grant their habeas corpus petitions.

Their cases, Abdul-Kabir v. Quarterman, No. 05-11284, and Brewer v. Quarterman, No. 05-11287, have acquired a new twist since the court accepted them in October. In a separate case last month, the Fifth Circuit abruptly shifted course and suggested that it had been wrong to deny habeas corpus to this entire group of inmates. The lawyer for the two, Robert C. Owen, another University of Texas law professor, is asking that the cases be sent back to the Fifth Circuit for reconsideration.

High Court Hears 3 Death Penalty Cases (WP)

By Robert Barnes

The Washington Post, January 18, 2007

It was death penalty day yesterday at the Supreme Court, coincidentally 30 years to the day since Gary Gilmore became the first person to be executed under the country's modern capital punishment laws.

The court heard three death penalty cases from Texas even as executions are on hold in an increasing number of states, from Maryland to California, and as the number of new death sentences continues to fall.

The work of the court so far this term shows that the complicated legal process that attends executing a murderer -- the balance of state laws and federal constitutional guarantees -- can take decades to unspool. Even a trip to the Supreme Court is sometimes not enough to settle the issue.

The cases of at least nine death row inmates nationwide -- who are not proclaiming innocence but are protesting their sentences -- are on the court's docket in this term. Just as the justices scrutinized Virginia's system for carrying out the death penalty several years ago, they are examining four cases from Texas this year, including the three heard yesterday.

The number of capital cases is not unusual for the court, those who follow the issue say. But because the justices so far this year have taken a smaller number of cases overall, the death penalty accounts for "a larger fraction of their work," said Richard Dieter, executive director of the Death Penalty Information Center. Douglas A. Berman, a law professor at Ohio State University, said: "It's probably the normal number, but I always think they take too many. Especially at a moment when the docket is so light." The justices have taken a decreasing number of cases in recent years, and this term, which will end this summer, is likely to continue that trend.

Sometimes the court's decisions are dramatic, such as 2005's Roper v. Simmons, which forbade the execution of those who were younger than 18 at the time of their crimes. But Berman, who writes regularly for and runs the Sentencing Law and Policy blog, said the court's decisions in most death penalty cases affect only a handful of people in the states from which the cases arise. He would like to see the court spend time on other sentencing disparities "that affect thousands of people every day."

Indeed, the Texas cases heard yesterday had all been decided more than 15 years ago, when Texas juries were asked to answer only yes or no to two questions when deciding whether to impose death. They were asked whether the killing was deliberate and whether the killer constituted a continuing threat to society.

Several Supreme Court decisions have said that jurors also need to consider mitigating evidence, such as the IQ of the defendant or an abusive background.

In 2004, the court decided 7 to 2 in the case of LaRoyce Smith, who had murdered a Taco Bell manager in Dallas, that there were broad problems with the Texas law, which has since been changed. It sent the case back. The Texas Court of Criminal Appeals, nevertheless, reaffirmed the death sentence, saying that if an error was made, it was harmless to the outcome of the jury's decision.

And so Smith v. Texas (05-11304) was back before the Supreme Court yesterday, with Smith's advocates and others -- including four retired federal appeals court judges -- arguing that the state court ignored specific directions from the Supreme Court.

As Justice Ruth Bader Ginsburg put it, it was as though the state court were saying, "Thanks, thanks, that's very interesting advice," but we're deciding it on different grounds.

But the state appeared to have strong supporters in Chief Justice John G. Roberts Jr. and Justice Antonin Scalia.

Scalia said the Texas court decided that, though the mitigating evidence should have been presented more straightforwardly, it was in the best position to decide that such evidence would not have affected the jury's decision to sentence

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Smith to death. And Roberts defended the state's interpretations. "Why do we remand these cases for further proceedings not inconsistent with our opinion if there's nothing further to be considered?" he asked.

University of Texas law professor Jordan M. Steiker, representing Smith, said that the Texas court's actions were indeed contradictory and inconsistent.

Texas Solicitor General R. Ted Cruz said that complying with the Supreme Court's evolving decisions governing the death penalty "is not an easy task, and state and federal courts have struggled for two decades to draw the appropriate lines."

That struggle is evident on the court's docket, in which most of the death penalty cases come from the U.S. Court of Appeals for the 5th Circuit, which covers Texas and much of the South, and the San Francisco-based U.S. Court of Appeals for the 9th Circuit. "The Ninth looks so clearly from a defendant's perspective, and the Fifth looks at it from a prosecutorial perspective," Berman said.

Two of yesterday's cases, Abdul-Kabir v. Quarterman (05-11284) and Brewer v. Quarterman (05-11287), were appeals from the 5th Circuit. The high court in this term has already reversed a 9th Circuit decision that overturned a death sentence.

Dieter said the justices are "in a rather complex area of the law. Maybe they are trying to draw some lines down the middle."

Middle ground could be difficult for a court that has shown itself divided on important aspects of capital punishment. The swing vote on the issue seems to belong to Justice Anthony M. Kennedy, the only justice in the 5 to 4 majority both to uphold Kansas's death penalty and the Roper decision abolishing capital punishment for juveniles.

High Court Hears Texas Death Penalty Cases (LAW)

By Tony Mauro, Legal Times

Legal Times, January 18, 2007

The Supreme Court heard arguments Wednesday in three Texas death penalty cases that were billed as a test of wills between the high court and lower court judges who have effectively defied its decisions on the use of mitigating evidence.

But whatever anger the Court held toward the Texas Court of Criminal Appeals and the 5th U.S. Circuit Court of Appeals seems to have largely dissipated. On Wednesday, its newest members, Chief Justice John Roberts Jr. and Justice Samuel Alito Jr., appeared ready to give greater deference to Texas in administering its capital-punishment laws.

It was a marked contrast to 2004, when the Supreme Court had angrily sent one of the cases back to the Texas appeals court, only to have the Texas court reaffirm its prior ruling. At the Jan. 17 argument, Roberts seemed to show sympathy for the state court's desire to exercise its own judgment instead of just following the Supreme Court's guidance. "Why do we remand these cases," Roberts asked rhetorically, "if there's nothing further to be considered?"

As the cases were argued inside the Court, outside nine anti-death penalty demonstrators were arrested on the steps for unfurling a banner that read "STOP EXECUTIONS!" The civil-disobedience action coincided with the Texas arguments but was also intended to mark the 30th anniversary of the resumption of capital punishment in 1977, when Gary Gilmore was put to death in Utah.

In all three cases argued before the Court on Wednesday, guilt was not in doubt; at issue instead was the much-litigated question of how jurors should give weight to mitigating evidence. All three defendants were sentenced to death by jurors who were given a jury instruction on mitigating evidence that the Supreme Court has since struck down.

The first case argued, Smith v. Texas, was the one making a return visit. LaRoyce Smith was convicted in 1991 of murdering a former co-worker at a Dallas Taco Bell restaurant. In 2004 the Supreme Court admonished the Texas Court of Criminal Appeals for erroneously relying on a test "we never countenanced and now have unequivocally rejected." The instruction did not allow the jurors to fully consider evidence about Smith's low IQ and troubled childhood.

On remand, the Texas court reaffirmed the sentence, finding that the mitigating evidence was adequately considered and that if there was any error, it was harmless.

Supported by former federal judges and public-interest groups, Smith returned to the Supreme Court, arguing, among other things, that the Texas court had ignored the Supreme Court's mandate.

The Texas court's action "threatens this Court's authority as the final arbiter of federal constitutional law," former Solicitor General Seth Waxman told the justices in a brief for the Constitution Project, which pushes to improve safeguards and fairness in the administration of the death penalty.

During the arguments, Justice Ruth Bader Ginsburg mocked the Texas court, suggesting it had said to the Supreme Court, "Thanks, that's very interesting advice." Justices Stephen Breyer and David Souter also expressed mild disapproval of the Texas court, but much of the hour was spent on the procedural details of the case. Both Roberts and Alito seemed to indicate they thought the issue was one of Texas, not federal, law.

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Gene Schaerr of Winston & Strawn bolstered their views in his argument on behalf of 21 states that sided with Texas. Those states, Schaerr said, wanted to "apply their own varied standards" for harmless-error analysis to death penalty cases.

In the second hour of argument Wednesday, the Court considered Abdul-Kabir v. Quarterman and Brewer v. Quarterman. Jalil Abdul-Kabir and Brent Brewer were both convicted in separate murders that occurred during robberies. Both were sentenced to death by jurors who, as with the Smith case, had been given a jury instruction found inadequate in other cases by the Supreme Court and since abandoned by the state. Both filed federal habeas petitions that the 5th Circuit denied.

The high court has overturned similar rulings by the 5th Circuit, using increasingly strong language to instruct the circuit to require greater consideration of mitigating evidence. But the 5th Circuit declined to order new trials. Texas contends that the 5th Circuit has given effect to the Supreme Court's decisions.

In an eleventh-hour development, lawyers for both Brewer and Abdul-Kabir last month urged the Supreme Court to return the cases to the 5th Circuit in light of its Dec. 11 en banc decision in Nelson v. Quarterman. In the Nelson case, the appeals court, using language more conciliatory toward the Supreme Court, "decisively changed course" on the mitigation issue, in the words of lawyers for Brewer. As a result, the cases before the Supreme Court no longer needed to be ruled on by the justices, Brewer and Abdul-Kabir argued.

But the Supreme Court did not act on their requests, so the cases were argued Wednesday.

Robert Owen, representing Brewer and Abdul-Kabir, told the justices the Nelson ruling "profoundly changed" the underpinnings of the cases and asked the Court to remand them to the 5th Circuit.

But Ginsburg noted that Texas is likely to appeal the Nelson case, so a remand would only delay resolution of the issue.

Owen, like Smith's lawyer, Jordan Steiker, is a professor at the University of Texas School of Law.

First Lady: Do More To Stop Child Porn (AP)

By Christine Ollivier, Associated Press Writer

AP, January 18, 2007

Laura Bush said at a gathering of first ladies Wednesday that police must work with counterparts in other countries to keep children safe from abuse and Internet pornographers.

French first lady Bernadette Chirac hosted the one-day conference on missing and exploited children, which brought together first ladies including Suzanne Mubarak of Egypt and Lyudmila Putin of Russia, as well as Queen Silvia of Sweden and Queen Paola of Belgium.

Mrs. Bush briefed participants on efforts to protect children in the United States, touting the Amber Alert system that mobilizes TV, radio and highway signs to get word out whenever a child goes missing.

"So far, Amber Alerts have saved more than 300 young lives in the United States, and similar programs are now saving lives in countries across the globe, including France," she said.

France's new system, modeled on the U.S. alerts, helped authorities track down three missing children last week.

The women proposed that the system be extended throughout the European Union, so all its member nations are alerted when a child goes missing.

Mrs. Bush said the U.S. alert system helped increase the percentage of missing children found to 94 percent today, compared to 62 percent in 1990.

The first lady also urged international cooperation in fighting online child pornography. She cited the case of a police officer in Denmark who found child pornography online and alerted Interpol. Eventually, the FBI traced images of an abused girl to North Carolina and a relative of the child was sentenced to 100 years in prison.

The relative had 175,000 images on his computer, and police used them to track down other child abusers. "Because one person in Denmark tipped off Interpol, four children in the United States were saved," Mrs. Bush said.

The conference was a meeting of the honorary board of directors of the International Center for Missing & Exploited Children, based in Alexandria, Va. A study by the group examined all 186 Interpol member countries and found that up to 95 of them had no laws on child pornography, while 136 of them do not consider possession of child pornography a crime.

"This is a global phenomenon, and if we do nothing, it will become a huge epidemic," Mrs. Mubarak said.

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On the Net:

http://www.icmec.org

Governor Is Challenged On Ethics By Bruno (NYT)

By Michael Cooper

The New York Times, January 18, 2007

DOJ_NMG_0118355

ALBANY, Jan. 17 — The honeymoon may be coming to an end. Joseph L. Bruno, the Republican Senate majority leader, accused Gov. Eliot Spitzer on Wednesday of being hypocritical for championing campaign finance reform while headlining a $25,000-a-couple fund-raiser later this week for the state Democratic Party.

Mr. Spitzer has been campaigning for Craig M. Johnson, the Nassau County Democrat running for the Senate seat that opened when the governor tapped Senator Michael A. L. Balboni, a Republican, to serve in his administration. Mr. Bruno and his shrinking Republican majority in the State Senate have made keeping the seat a priority.

"I wouldn't be talking campaign finance reform on one hand, and then on the other hand, doing 25,000 price of admission to funnel money — funnel money, launder money — into a Senate contest," Mr. Bruno said. "I think it's inappropriate, I think it's inequitable, I think it's unfair, and I think it's time to step up and tell it like it is."

Shortly after he was elected, Mr. Spitzer unilaterally placed a $10,000 limit on campaign contributions that he would accept, and asked the Legislature to pass a law significantly lowering the limits on donations. But his aides said he would abide by the higher limits that exist under the current law when raising money for other entities — in this case, the state Democratic Party. The money could end up being used on the Senate race.

An e-mailed invitation to the fund-raiser, which will be held Thursday evening on the Upper East Side, promises "an intimate evening with New York State Governor Eliot Spitzer" and lists a minimum ticket price of $25,000 per couple.

Up to now, Mr. Bruno has gone out of his way to praise Mr. Spitzer publicly. But in campaigning for Mr. Johnson, Mr. Spitzer has shown he is willing to break the so-called nonaggression pact that has sometimes existed in Albany between governors and lawmakers of the opposing party whose support they need to govern.

Christine Anderson, Mr. Spitzer's press secretary, said he was glad to campaign for Mr. Johnson. "The governor is asking people in the district to support reform, and he is proud of that," she said.

Mr. Bruno's decision to criticize the popular new governor's ethics was something of a gamble, given his announcement late last year that the F.B.I. has been looking into his business dealings. Senate Republicans have long shifted money between campaign accounts to protect incumbents.

The campaign of the Republican candidate in Nassau County, Maureen O'Connell, is being supported indirectly by Mr. Balboni, the new member of the Spitzer administration she hopes to succeed. Campaign filings show that he sent $110,000 from his campaign account to the New York State Senate Republican Campaign Committee on Dec. 27. On Jan. 8 the committee sent Ms. O'Connell $330,000, the vast majority of what she has raised so far.

Mr. Johnson has raised over $125,000, and taken in $92,500 more in personal and family loans, campaign finance filings show.

Jury Selected In Coke Case (HC/AP)

By Harry R. Weber Ap Business Writer, The Associated Press

Houston Chronicle, January 18, 2007

ATLANTA — Twelve jurors were selected Wednesday to decide the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant in an effort to sell them to rival Pepsi.

Opening statements in Joya Williams' trial remain scheduled for Monday, her lawyer, Janice Singer, said.

Williams faces up to 10 years in prison if convicted of the single federal charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and at least one is expected to testify against her.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light.

On Wednesday, 15 potential jurors were excused because they own Coca-Cola stock. Another 10 were excused for various reasons not disclosed by the court.

Prosecutors and defense lawyers then began individual questioning of the remaining potential jurors in an effort to select the 12 jurors who will hear the case _ six men and six women _ and the two alternates who will step in if needed. Both alternates are men. The pool consisted of 100 people.

Jury selection began Tuesday. The trial is expected to last up to two weeks.

Williams' lawyer plans to attack the credibility of the two men with whom Williams was charged.

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The two men served prison terms at the same time at a federal penitentiary in Montgomery, Ala. Duhaney served nearly five years of a seven-year sentence on a cocaine charge before being released in 2005; Dimson served less than one year of a two-year sentence on a bank fraud charge before his release in 2004.

Williams does not have a criminal record, another attorney who previously represented her has said.

Medicaid Fraud Charge (NSDY)

By Reid J. Epstein, Newsday Staff Writer

Long Island Newsday, January 18, 2007

Man is accused in probe that finds he bought $660G home and drove a Hummer while collecting assistance for needy

A Lido Beach man filed more than $420,000 in fraudulent Medicaid claims, Nassau County Executive Thomas Suozzi said yesterday.

Police and Department of Social Services officials said Ricky DiBernardo lied about his finances to qualify for Medicaid benefits. DiBernardo was arrested and pleaded not guilty Monday on a charge of grand larceny, a felony, and remained in jail yesterday on bail of $400,000.

"This is simply an abuse of the Medicaid system," Suozzi said. "This individual is receiving taxpayer-funded medical benefits instead of simply buying his own health insurance."

Suozzi and county officials offered few details about how DiBernardo, 44, was able to qualify for Medicaid, which helps cover health care costs for the needy. In 2004, DiBernardo purchased a $660,000 home at 325 Lido Blvd. and owned a black 2003 Hummer H2, which remained parked in the driveway yesterday.

On the mortgage application for the Lido Boulevard home, DiBernardo listed his annual income as $150,000, Suozzi said. DiBernardo owns an auto repair shop in Island Park, according to Nicole Watkins, Suozzi's Medicaid czar. She could not identify it by name.

Suozzi said DiBernardo deposited more than $334,000, mostly in cash, in a bank account between July 2004 and last March, and paid more than $20,000 to American Express in two months in late 2004.

Watkins said officials do not doubt the validity of DiBernardo's medical claims and cannot say for what he used the Medicaid funds. She also could not say why the county was unable - for 12 years - to determine that DiBernardo should not have qualified for Medicaid assistance.

"It's not a perfect system in terms of identifying sources of income," she said.

Social Services officials began investigating DiBernardo last January after receiving an anonymous tip that he drove the Hummer, which has a blue book value of about $28,000, Watkins said.

DiBernardo was represented by a Legal Aid attorney at his Monday arraignment. Legal Aid attorneys would not comment on DiBernardo's case yesterday.

DiBernardo pleaded no contest in 1986 to a cocaine trafficking charge in Broward County, Fla., and was sentenced to 4 years in prison. He is also the son of Robert DiBernardo, the Gambino crime family pornography boss who disappeared June 5, 1986.

John Gotti admitted in FBI tapes played at his 1992 trial that he ordered the elder DiBernardo to be killed. Salvatore "Sammy the Bull" Gravano later admitted to killing him.

Neteller Ceases Handling U.S. Transfers (HC/AP)

By Robert Barr Associated Press Writer, The Associated Press

Houston Chronicle, January 18, 2007

LONDON — Neteller PLC, a Britain-based online money transfer business, said Thursday it is ceasing to handle gambling transactions from U.S. customers because of restrictive legislation and uncertainties about regulations.

The company's move came three days after former directors arrested and charged in the United States with funneling billions of dollars in gambling proceeds to overseas betting operations.

"As of today ... at 12:01 AM GMT, U.S. resident customers were no longer able to transfer funds using Neteller's services to or from any online gambling site," the company said in a statement to the London Stock Exchange.

Neteller said it would focus operations on markets in Europe, Asia and other countries in the Americas.

Trading in Neteller shares on the London Stock Exchange was suspended Tuesday following the announcement of the arrests of the two former directors.

Neteller is an Internet payment services company that has grown in popularity as an increasing number of credit card companies have begun refusing to accept payments to online gambling sites.

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Neteller essentially acts as a middleman between gamblers and offshore betting operations. For example, a gambler who wants to place bets at offshore sports books can fund an account with Neteller, which in turn will transfer the money to the betting sites. Prosecutors say Neteller facilitated the transfer of billions of dollars of illegal gambling proceeds.

On Tuesday, U.S. authorities announced the arrests of former directors John David Lefebvre, 55, and Stephen Eric Lawrence, 46, both Canadian citizens who were indicted by a grand jury in New York.

U.S. Attorney Michael Garcia said the men knew when they took their company public that its activities were illegal.

FBI Assistant Director Mark J. Mershon, assistant director of the U.S. Federal Bureau of Investigation, said the multibillion-dollar online gambling industry is "a colossal criminal enterprise masquerading as legitimate business."

Lefebvre and Lawrence were charged in connection with the creation and operation of an Internet payment services company that facilitated the transfer of billions of dollars of illegal gambling proceeds from U.S. citizens to the owners of overseas Internet gambling companies.

Lefebvre was arrested Monday in Malibu, California. Lawrence, who resides in Paradise Island, Bahamas, was arrested Monday in the U.S. Virgin Islands.

They joined in 1999 to found Neteller, which is based in the Isle of Man and is publicly traded in the United Kingdom.

Lawrence left the company's board of directors in October and Lefebvre left in December 2005, prosecutors said.

The company's announcement noted the arrests of its former directors, but said the decision to cease gambling transfers in the United States "reflects the culmination of a series of deliberations and steps the group has taken since the passing of the UIGEA (Unlawful Internet Gambling Enforcement Act) in October 2006."

Several British-based online gambling operations, including PartyGaming PLC, Sportingbet PLC, BetOnSports PLC and Leisure & Gaming PLC, withdrew from the lucrative U.S. market as a result of the act and enforcement action by U.S. authorities.

Sportingbet PLC Chairman Peter Dicks, 64, was detained in New York on Sept. 6 when customs officials discovered he had an outstanding warrant issued by the Louisiana State Police Gaming Enforcement Division.

The warrant, issued in May, charged Dicks with gambling by computer, a felony punishable by up to five years in prison and a US$25,000 (19,700) fine. He resigned as the company's non-executive chairman after being detained. He was later released after New York Governor George Pataki declined to sign a warrant extraditing him to Louisiana.

Former BetOnSports Chief Executive Officer David Carruthers remains under house arrest in the United States awaiting trial on federal charges based on the 1961 Wire Act.

Eight U.S. states have laws prohibiting Internet gambling: Washington, Nevada, Illinois, Indiana, Louisiana, South Dakota, Michigan and Oregon. The arrest of Dicks marked the first time one of those states had taken action against one of thousands of big-time online gambling operations. Millions of American players bet an estimated US$6 billion (euro4.7 billion) per year online, according to industry figures.

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On the Net: http://www.netellergroup.com

2 Convicted In Kidnap-ransom Scheme In Which Victims Were Dumped In California Reservoir (FINDLAW/AP)

By Greg Risling, Associated Press Writer

AP, January 18, 2007

(AP) - LOS ANGELES-Two men were convicted Wednesday of orchestrating a ruthless kidnapping-for-ransom scheme targeting Russian immigrants that resulted in the killings of five people whose bodies were found at the bottom of a Northern California reservoir.

A federal jury found Iouri Mikhel, 41, and Jurijus Kadamovas, 40, guilty of three counts of hostage-taking and three counts of conspiracy. Both could face the death penalty.

Neither defendant showed reaction. Relatives of some victims sobbed and held each other as the jury's decision was announced.

During the 4 1/2-month trial, federal prosecutors portrayed the two defendants as the leaders of a group that sought to amass a fortune by kidnapping affluent Russian immigrants from Los Angeles in late 2001 and early 2002 and extorting money from their families and friends.

Regardless of whether ransoms were paid, prosecutors said, victims were killed and their bodies tied with weights and dumped in a reservoir near Yosemite National Park. The kidnappers had promised some of their hostages that they would be freed, prosecutors said.

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Defense attorneys countered that accomplices who cut deals with prosecutors for lesser prison sentences were the brains of the operation. Mikhel's attorney Richard Callahan said his client may have been involved in money laundering but would have been too smart to leave behind crucial evidence.

The penalty phase of the trial is scheduled to begin Jan. 24.

Ex-Official Of Red Cross Is Charged With Fraud (NYT)

By Randal C. Archibold

The New York Times, January 18, 2007

LOS ANGELES, Jan. 17 — A former California accounting executive at the Orange County Chapter of the American Red Cross was indicted Wednesday on federal embezzling charges, adding to concerns raised by watchdogs over the financial management of the Red Cross and some of its chapters.

The official, Karen Shuerger, 58, who was the assistant director of accounting, was charged with misappropriating more than $100,000 over the final five years of a 17-year career at the chapter. The investigation, however, is continuing to determine if the misdeeds were broader, said officials in the United States attorney's office in Los Angeles, which is prosecuting the case.

Ms. Shuerger, the indictment said, used the chapter's traveler's checks and a credit card issued by the organization to make purchases for herself at places that included a gambling hall in Nevada, a beach resort in Hawaii and the San Diego Zoo. The embezzlement came to light, prosecutors said, after Ms. Shuerger, who had been in charge of monitoring money received by the chapter and preparing financial records, retired in the fall of 2005.

Her replacement noticed discrepancies in the accounting books, and the organization conducted an audit in 2006 that suggested possible criminal activity, said Robb C. Adkins, the assistant United States attorney prosecuting the case. The results were turned over to the Federal Bureau of Investigation, leading to Ms. Shuerger's indictment.

Ms. Shuerger, who moved from Santa Ana, Calif., to Henderson, Nev., after she retired, could not be reached for comment. She is being issued a summons to appear in court next month.

Her lawyer, Charles Fasano, expressed surprise at the indictment, saying he had been in discussions with prosecutors over the case, but he declined to comment on them or the charges.

The American Red Cross has been under fire for its management practices. Officials said they had put in place or planned several changes to address the criticism, and they pointed to the cooperation with the F.B.I. as an example of a quick response to fraud accusations.

"The American Red Cross takes a very aggressive stance against fraud and works closely with law enforcement when criminal activity is discovered," Stanley V. Perdue, the chief executive, said in a statement distributed by the United States attorney's office.

Tales From The Whitey Watch (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 18, 2007

Former DEA agent recounts 2 years of stealth, frustrations

They tracked him any way they could, watching him through binoculars, bugging his Ford Crown Victoria, flying over him in a Cessna plane to pick up his conversations, or trying to intercept them with an antenna atop the Dorchester Heights Memorial in South Boston.

It was a two-year game of cat and mouse, as federal investigators monitored the movements of gangster James "Whitey" Bulger and his lieutenants in a frustrating quest to snare him for extorting profits from drug dealers in the neighborhood.

The investigation by the DEA and Boston Police led to federal cocaine charges against 51 people in 1990, but no charges against Bulger.

For the first time, in an interview this week with the Globe, a Drug Enforcement Administration agent assigned to the investigation 18 years ago told of the twists, turns, dramatic encounters, and disappointments of the chase.

Mike Swidwinski, a retired special agent now living in Michigan, also provided never-before-published photos that he took of Bulger, Stephen "The Rifleman" Flemmi, and Kevin J. Weeks from 1989, saying the public should see them and know the story behind them, because it is part of the city's history.

The surveillance photos provide rare glimpses of Bulger, now on the FBI's 10 Most Wanted list, patting a dog on the head near Columbia Park, holding forth at Castle Island, and relaxing on lounge chairs with Flemmi and Weeks at a time when they ran a criminal enterprise in Boston that rivaled that of the Mafia.

Swidwinski's candid account shows what it was like to be on the other side of the Bulger gang, sometimes stealthily watching, other times coming face to face with their prey.

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"In retrospect, a lot of us didn't know what a dangerous man he was," said Swidwinski, who had just five years with the DEA at the time of the surveillance operation.

Bulger, 77, a longtime FBI informant, was indicted in 1995 on federal racketeering charges but fled just before the indictment and has been a fugitive since . He is also charged with 19 murders. Flemmi, also a longtime FBI informant, is serving a life sentence for 10 murders and is currently cooperating with the government.

Investigators involved in the surveillance operation, including Swidwinski, were always suspicious that the FBI hindered their attempts to get Bulger.

Bulger's longtime handler, John J. Connolly Jr., was convicted of racketeering in 2002 for protecting Bulger and Flemmi from prosecution and leaking them information. However, Connolly was never charged with compromising the 1989 DEA investigation, and Weeks told the Globe this week that it was obvious they were being watched during that period.

Swidwinski said the Bulger investigation "was a piece of history that we actually participated in" and, with Bulger still on the run, the case is "sort of an unfinished memory" for him.

Swidwinski and his partner were trying to quietly gather evidence to show that South Boston-based cocaine dealers were paying Bulger a cut of their profits. They tapped Bulger's cellphone (a rarity for that era) and a mailbox and even buried a bug in a patch of dirt near where he walked regularly at Castle Island.

Bulger seemed always vigilant. One time Swidwinski was parked in a van across from Columbia Park (now known as Moakley Park), watching Bulger through binoculars. Suddenly, as he focused on Bulger, he realized that Bulger was staring back at him, through his own binoculars. And then the gangster started walking toward him, with Weeks at his side. The agent quickly drove away to avoid a confrontation, he said.

Another day, after agents suspected that Bulger and his deputies had discovered a bug that had been planted inside Bulger's Crown Victoria, they went to retrieve it. They stopped Bulger during a planned traffic stop, and Swidwinski ordered Bulger out of the car.

"My only bragging rights is I think I'm the only guy in history who ever took Whitey Bulger out of a car at gunpoint," said Swidwinski, now 57, who retired two years ago after 22 years with the DEA. He remembers grabbing Bulger's car keys and looking at the key ring, which had a pendant with a devil's face on it and the words "Born to Raise Hell."

Retired Boston police sergeant detective Frank Dewan, who worked alongside Swidwinski in the investigation, recounted how one day he was following Bulger and his girlfriend, Catherine Greig, when Bulger suddenly turned and began following him. "It was cat and mouse," said Dewan, adding that it was "just to let us know that he knew we were there."

Other efforts to bug Bulger also proved unsuccessful, said Dewan, recalling how the bug planted in the ground at a Castle Island spot where the gangster often stopped to discuss business with his henchmen malfunctioned, picking up nothing but WBZ radio.

Swidwinski's description of the surveillance operation recalls a lower-tech time in law enforcement. The investigators planted a bug in Bulger's car from Dec. 21, 1989, to Jan. 19, 1990, which acted as a transmitter and sent a signal to a DEA-operated Cessna that would fly overhead, following Bulger during the day, Swidwinski said. An agent in the plane would record the conversations.

At night and during poor daytime weather conditions, DEA agents would climb to the top of the Dorchester Heights monument on Telegraph Hill with another antenna to capture Bulger's conversations as he moved around South Boston.

"The weather conditions in the middle of the winter up in that tower were just horrific," said Swidwinski.

But none of Bulger's conversations were of any value, prompting investigators to yank the bug, Swidwinski said. The agents believed that Bulger suspected his car was bugged, because when Weeks would start to talk, Bulger would warn, "I told you, don't talk in the car."

"Either he is a highly intelligent person, or he just kept getting tipped off," Swidwinski said.

Bulger always suspected he was being bugged and knew he was followed by the airplane, according to Weeks, who struck a deal with the government after his 1999 arrest and is now a free man after serving five years for assisting Bulger in five murders.

"You'd look up in the sky and see this plane doing figure-eights over us," said Weeks during a telephone interview yesterday. "We'd drive to the Cape, we'd be on the highway, and we'd see the plane."

Weeks said that he and Bulger were aware of the DEA surveillance because they had police scanners in their cars, set to the DEA's frequency. In fact, he said, he learned from listening to the scanner that agents were about to make arrests in August 1990, prompting him and Bulger to hang out at Boston Common that morning until they were sure they weren't going to be arrested.

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Swidwinski has read books by Weeks and others about Bulger and surfs the Internet for updates about the international effort to catch him. He said he has no idea where Bulger might be, but if he encountered the gangster on the street, he believes he could recognize him, just from his stern and sometimes menacing voice.

"He didn't have that Boston accent," Swidwinski said. "He kind of had what I'd call a normal accent. There were times when he'd raise his voice and you could almost see the smoke coming out of his nostrils. . . . He pretty much spoke with authority."

TJX Says Customer Data Was Stolen (NYT)

By Brad Stone And Eric Dash

The New York Times, January 18, 2007

The TJX Companies, the retailer that operates the T. J. Maxx and Marshalls discount clothing chains, has joined the ignominious list of companies that have had sensitive customer financial data pilfered by identity thieves.

Yesterday the company, based in Framingham, Mass., said that as early as 2003 and during most of last year, an intruder had gained access to a computer system containing the private records of customers, including credit and debit cards, checks and driver's license numbers.

Both its flagship chains were affected, as well as HomeGoods and A. J. Wright stores in the United States, and its Winners and HomeSense chains in Canada. The company said it was still trying to determine whether data from its 36 Bob's Stores locations in the United States had also been compromised.

"We are deeply concerned about this event and the difficulties it may cause our customers," Ben Cammarata, the chief executive of the TJX Companies, said in a news release posted on the company's Web site.

The company did not specify precisely how many customers were put at risk. Sherry Lang, vice president for investor and public relations, said that the intruder had taken the credit and debit card records of "a limited number of people, substantially less than millions of people," as well as a small number of driver's license numbers. Ms. Lang said the company did not know whether other account information was also stolen, and declined to be more specific.

The major credit card companies said yesterday that they were aware of the breach and had notified the banks that issue their cards to monitor for suspicious account activity.

The TJX Companies detected the break-in last month, when an outside consultant noted suspicious activity on its network, Ms. Lang said.

The company said it was working with the Secret Service, the Justice Department and the Royal Canadian Mounted Police. Darrin Blackford, a spokesman for the Secret Service, would not disclose any details about the investigation but said the agency was actively involved.

Avivah Litan, a data security analyst at Gartner Inc., said that TJX most likely suffered an attack on its centralized processing center, which holds customer account data. Ms. Litan said the company appeared to be storing information from its point-of-sale control terminals, which would include data from the magnetic stripes of credit cards and other sensitive information that most data security experts advise companies not to keep.

Privacy experts said the disclosure of the breach indicated that the data had not been encrypted, though TJX declined to address that question.

Beth Givens at the Privacy Rights Clearinghouse, a nonprofit consumer-advocacy project based in San Diego, said that leaving customer data exposed on networked computers was a mistake many companies still make. "Given not only the financial hit but the public relations black eye, you would think that companies would be taking security far more seriously than they appear to be," Ms. Givens said.

2002 Sniper 'Witness' Convicted Of Rape, Murder (WP)

By Tom Jackman

The Washington Post, January 18, 2007

Matthew M. Dowdy served a short but well-publicized jail stint for his false claim that he witnessed a sniper shooting in 2002. His latest offense was far less notorious but probably will land him in prison for the rest of his life.

A Fairfax County jury convicted Dowdy yesterday of first-degree murder and rape for the September 2005 stabbing of Judy J. "Jaimie" Coate in the Falls Church area. The jury then sentenced Dowdy, 42, to life in prison on the murder charge and 30 years on the rape charge -- terms that Circuit Court Judge Stanley P. Klein can impose or decrease at sentencing April 20.

The slaying of Coate, 31, of Falls Church, whose body was discovered behind a large utility box on Lee Highway on Sept. 27, 2005, was unrelated to Dowdy's arrest in October 2002, at the height of the region's terror over the sniper slayings. Dowdy claimed he saw a man with a rifle fire from the parking lot at the Home Depot in the Seven Corners area, killing Linda G. Franklin.

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Surveillance tapes soon showed that Dowdy was inside the store and could not have seen the shooting. His lawyer later claimed that Dowdy was simply relaying information from a friend, though the shot was actually fired from a community center across the street from the store. Dowdy pleaded no contest to a charge of making a false statement to an officer, was fined $1,000 and was sentenced to six months in jail.

In 2005, Dowdy was living in a motel in the city of Falls Church. When Coate's body was found in some underbrush, she had been stabbed in the neck, head, stomach and back, said Fairfax Commonwealth's Attorney Robert F. Horan Jr. And "a great deal of blood," Coate's blood, was on the utility box, he said.

Examiners testified that Dowdy's fingerprint and palm print were in Coate's blood on the box, and they said his DNA was found at the scene. There were no witnesses to the killing.

Dowdy testified that he had been with Coate and had consensual sex with her but had not killed her. Defense attorney Daniel T. Lopez said that the fingerprint evidence had been "handled poorly" by investigators and that the palm print was not Dowdy's.

The jury deliberated about seven hours over two days before reaching its verdict.

Suspect In Kidnapping May Be Linked To 1991 Abduction (NYT)

By Susan Saulny

The New York Times, January 18, 2007

POTOSI, Mo., Jan. 17 — The investigation of a suburban St. Louis man accused of kidnapping widened Wednesday as law enforcement officials pursued links between him and a 1991 abduction.

Prosecutors in Washington County on Wednesday charged the man, Michael Devlin, 41, with kidnapping and using a deadly weapon, asserting that Shawn Hornbeck, 15, may have faced a handgun when he was abducted four years ago near his home in Redwoods, Mo., a rural town southwest of St. Louis.

The police found Shawn at Mr. Devlin's apartment in Kirkwood, a St. Louis suburb, on Friday while searching for another boy, William Ownby, 13, who had been missing for four days. Mr. Devlin was arrested Friday and charged with one count of kidnapping William, who is known as Ben. He is being held on $3 million bail and is to be arraigned Thursday.

In Lincoln County, northwest of St. Louis, investigators named Mr. Devlin as a possible suspect in the 1991 disappearance of Charles Arlin Henderson. Charles, known as Arlin, disappeared — like Shawn — while riding his bike, near his home in Moscow Mills. He was also 11, and, a police spokesman said, looked a lot like Shawn and Ben.

"It may mean nothing; it may mean everything," said Lt. Rick Harrell of the Lincoln County Sheriff's Office.

Debra Henderson-Griffith, Arlin's mother, agreed that there was a resemblance between the boys.

"His coloring, his face, his build, his smile, he looks a lot like Ben," Ms. Henderson-Griffith said of the son who disappeared one evening as she cooked dinner for him. .

"If he's dead, I want justice," she said. "But I think he's alive, and I want him home. I'm never going to give up hope until somebody brings me a body."

In Washington County, John D. Ruff, the prosecutor, would not discuss the weapons charge.. But in a statement of probable cause given to the court, the Washington County sheriff, Kevin Schroeder, said Mr. Devlin, 41, abducted Shawn "utilizing force for the purpose of terrorizing the victim."

But both men said their evidence discredited rumors that Shawn was a runaway. "Shawn was abducted against his will — period," Mr. Ruff said. "End of story."

Sheriff Schroeder added: "This is something that is so bizarre that the normal individual cannot grasp what this 11-year-old boy went through. Nobody knows. Nobody was in that situation."

CIVIL LAW:

Utah Attorney Argues Brother's Death In Denver Court (SLT)

By Keith Coffman, Special to The Tribune

Salt Lake Tribune, January 18, 2007

Jesse Trentadue says prison guards in Oklahoma killed

DENVER - In the past dozen years, Salt Lake City attorney Jesse Trentadue has lost his parents, his law partner and his younger brother.

The latter was the most traumatic. Kenneth Trentadue was found hanged in 1995 in a federal prison in Oklahoma.

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Since then, Trentadue has fought to disprove the official finding of suicide and prove his theory that Kenneth Trentade was murdered by guards who mistook him for an accomplice in the Oklahoma City bombing.

On Wednesday, in the latest hearing in a bitter legal wrangle, the 10th U.S. Circuit Court of Appeals heard arguments on two issues in the case.

The first was the federal government's request to overturn a judge's ruling giving $1.1 million to the family for emotional distress caused by how Bureau of Prisons (BOP) officials handled the aftermath of Trentadue's death.

The second was whether to allow family members to press ahead with their claim that authorities tried to derail their quest to prove murder by attempting to bring bogus obstruction of justice charges against Jesse Trentadue.

Michael E. Robinson, a Justice Department attorney, said the record showed that emotional distress allegedly caused by the handling of the inmate's death did not affect the daily activities of all Trentadue family members.

Advertisement

He also pointed out that only a few family members saw the bruises and autopsy incisions on Trentadue's body after it had been sent to a California funeral home. Oklahoma law distinguishes between bystanders and individuals who were directly involved, Robinson said.

"They were more like bystanders," he said of the Trentadues who were not present when funeral home workers removed the body from a coffin and photographed it.

Judge Terrence O'Brien questioned Robinson about whether the emotional distress the Trentadues suffered came "from the runaround they got from the BOP."

Robinson said that "they essentially learned of the condition of the body after the fact" and, therefore, could not get damages for emotional distress.

Trentadue countered that the government "skirts the issue" of the emotional distress by not producing the full record of the evidence.

He also argued that the government tried to get inmates who were in prison with his brother "to say I paid them to lie."

Kenneth Trentadue, who had served time for bank robbery, was arrested near San Diego in June 1995, two months after the bombing that killed 168 people at the federal building in Oklahoma City. He was sent to the Federal Transfer Center in Oklahoma City for an alleged parole violation.

On Aug. 21, guards found Trentadue's blood-soaked body in his cell hanging from a noose made of torn bedsheets. Prison officials say the 44-year-old inmate committed suicide.

According to Jesse Trentadue, his brother bore a strong resemblance to Richard Lee Guthrie, a bank robber and alleged accomplice of McVeigh. He maintains that authorities mistakenly thought his brother was Guthrie - a member of the Midwest Bank Robbery Gang, an arm of the Aryan Republican Army that stole from financial institutions to fund attacks on government buildings - and killed him during an interrogation that got out of hand.

The family filed suit over the death. U.S. District Judge Tim Leonard in Oklahoma City ruled in 2001 that Trentadue committed suicide, but awarded the family $1.1 million for emotional distress.

The matter was appealed once before and the 10th Circuit ordered further findings by Leonard, who reinstated the award. The case went back to Denver on the appeal of the award and the family's request to be allowed to bring a claim on the alleged attempts to stop their inquiry.

Robinson declined comment after the hearing.

Trentadue, who said he was tired and drained, said the years since 1995 have been hard.

"They'll lie when the truth will serve them better," he said of federal authorities.

The appeals court took the arguments under consideration and will issue a ruling later.

Schering Sales To Pay $435m In Drug Pricing, Marketing Case (AP)

By Denise Lavoie

AP, January 18, 2007

BOSTON - Schering Sales Corp. and its parent company were sentenced to pay $435 million Wednesday as part of a settlement with the Justice Department over accusations it improperly marketed drugs for unapproved uses and lied to the government about drug prices.

Under a settlement announced in August, Schering Sales pleaded guilty to conspiracy and agreed to pay a criminal fine of $180 million. Its parent company, Schering-Plough Corp., agreed to pay another $255 million to resolve civil aspects of the case.

The sentencing closes the loop on an investigation by the Justice Department and the U.S. Attorney's Office in Boston that began in 2001.

Investigators said Schering-Plough marketed drugs for uses that had not been approved by the Food & Drug Administration. One example was Temodar, a drug the FDA had approved to treat a type of brain tumor called anaplastic astrocytoma. Prosecutors said Schering promoted Temodar to treat several other types of brain cancer, which the FDA had not approved. The company also promoted the unapproved use of Intron A for the treatment of cancer on the surface of the bladder, prosecutors said.

Although doctors are allowed to prescribe drugs for unapproved uses, drug companies are prohibited from marketing drugs for these so-called "off-label" uses.

As part of the settlement, the company pleaded guilty to making false statements to the Food & Drug Administration and the Health Care Financing Administration.

U.S. District Judge Patti Saris scolded Schering and the entire pharmaceutical industry for promoting non-FDA approved uses for drugs. She noted that several other major drug companies have also been fined for illegal marketing, including Pfizer Inc., which in 2004 agreed to pay $430 million on allegations that Warner-Lambert, which Pfizer acquired in 2000, promoted non-approved uses of the anti-seizure drug Neurontin.

"You cannot thumb your nose at the FDA," Saris said.

"At the end of the day, you can't market off-label. ... It's wrong."

Brien O'Connor, an attorney for Schering, said the company never lied to doctors about the uses the drugs had been approved for, but simply spoke to doctors and gave them peer-reviewed articles about other uses for the drugs.

"We told the truth about Temodar and Intron, and we didn't mislead the doctors," O'Connor said after the sentencing.

Thomas Sabatino Jr., general counsel for Schering-Plough, said that after a new management team took over the company in 2003 the company put a strict compliance program in place, including training all employees on its code of conduct and putting a compliance officer in each of its business units.

"We have a clear focus on business integrity, compliance, and honestly, doing the right thing," Sabatino said.

Prosecutors said Schering-Plough, based in Kenilworth, N.J., also reported a false best price to the Health Care Financing Administration on Claritin RediTabs to avoid paying millions of dollars in rebates to Medicaid. Under Medicaid rules, pharmaceutical companies must provide their products at the best price made available to commercial buyers, including HMOs.

Lawsuit Points To MRI Kickbacks (WSJ)

By David Armstrong

The Wall Street Journal, January 18, 2007

A whistleblower lawsuit unsealed Wednesday details a widespread scheme among Chicago-area MRI operators to win referrals from doctors by allegedly signing the doctors to phony equipment lease deals that result in the physicians getting a kickback when they order scans for patients.

The action, originally filed last February, was unsealed after the Illinois attorney general decided to intervene in the case.

The lawsuit strikes at an increasingly common arrangement between magnetic-resonance-imaging centers and doctors that is blamed for helping to fuel a staggering increase in the number of medical imaging tests done each year in the U.S.

The action names 11 MRI centers allegedly engaged in the illegal kickback scheme.

According to the complaint, the MRI service centers sign lease deals with physicians that purportedly call for the doctors to rent time on MRI machines to scan their patients. In reality, the lawsuit charges, the physicians never perform any of the scans. The scans are done by the MRI center employees at their facility.

The arrangements are "subterfuge" to hide kickbacks to the doctors, the lawsuit alleges. By entering into a "lease arrangement," the referring physician can claim part of the insurance payment even though he hasn't done any work related to the scan. For the MRI centers, the arrangements help generate referrals.

The lawsuit claims thousands of MRI scans have been conducted under these lease deals in the past 18 months.

By intervening, the Illinois attorney general will now prosecute the civil case, said Benjamin Weinberg, the chief of the public interest division. Mr. Weinberg said the attorney general will seek an injunction to stop the alleged kickback schemes as well as pursuing restitution and damages related to the insurance payments for the scans. He said the office did not yet have an estimate of how much insurers were billed under the lease arrangements.

CIVIL RIGHTS:

Man Who Tried To Scare Black Neighbors Sentenced To 33 Months (AP)

AP, January 18, 2007

DOJ_NMG_0118364

CLEVELAND (AP) — A man who admitted he spread mercury around an interracial couple's house two years ago to try to scare black families from his neighborhood was sentenced Wednesday to nearly three years in federal prison, the Justice Department announced.

U.S. District Judge Patricia Gaughan said she wanted to send a clear message with the 33-month prison term that such conduct won't be tolerated.

David Fredericy, 50, who is white, pleaded guilty in October to conspiracy, making false statements to federal investigators and interference with housing rights.

In his signed plea agreement, Fredericy said he and neighbor Joseph Kuzlik, who is also white, wanted to drive black residents out of their Slavic Village neighborhood. The two would yell racial slurs and threaten black neighbors, the agreement said.

The neighborhood in southeast Cleveland has been filled with racial tension in recent years.

Kuzlik, who pleaded guilty in November to similar charges, is to be sentenced next month.

In February 2005, Fredericy used a syringe to squirt mercury around the interracial couple's house and on their porch, while Kuzlik acted as a lookout, authorities said. The neighbors touched the liquid, which can be toxic, and brought it into their home on their shoes. No one was injured.

Gaughan also ordered Fredericy to repay the state and federal environmental protection agencies for the cleanup.

Expert: Party Official Used Racial Slurs To Disenfranchise Whites (AP)

By Holbrook Mohr

AP, January 18, 2007

JACKSON, Miss. - A black Noxubee County Democratic Party official and his allies exploit racial tensions to disenfranchise white candidates and voters, a federal judge was told Wednesday in the government's first use of the Voting Rights Act to allege discrimination against whites.

Theodore Arrington, a political science professor at the University of North Carolina, testified as an expert witness for the U.S. Justice Department. He compared the current treatment of whites in east Mississippi's Noxubee County to the disfranchisement of black voters in the racially segregated South of the past.

Noxubee County has a majority black population. The Justice Department accuses Ike Brown - chairman of the county's Democratic Executive Committee - of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Mississippi and other Southern states strictly enforced segregation.

"Ike Brown and his associates do not uphold the law and customs that prevent bias and fraud in the administration of the Democratic primary, which is tantamount to elections in Noxubee County," Arrington testified. "And he cannot be trusted to do so in the future. Indeed, he is behind much of that fraud."

Wil Colom, one of Brown's defense attorneys, strongly objected to Arrington's statements, but U.S. District Judge Tom S. Lee allowed the testimony to continue. Lee is hearing the case without a jury.

Arrington said Brown and others use racial slurs as "bullying techniques" to bring people in line and further polarize elections.

The testimony came in the second day of the trial that accuses Brown and his associates of allowing unqualified black candidates to run in the county's elections. Brown, among other things, is also accused of rejecting whites' absentee ballots while accepting blacks' ballots with similar defects.

The court recessed for lunch before Brown's defense team was able respond to the accusations in a cross examination.

Brown, a former tax preparer, who served 21 months in prison in the 1990s on a felony conviction of preparing fraudulent federal income-tax returns. He is a driving force in politics in Noxubee County.

Whites once controlled politics in the Noxubee County, a rural area along the Alabama line with a population of 12,500, but now there's only one white countywide office holder. The Justice Department says Brown is the reason for that, claiming he manipulates elections.

The population in the county is about 70 percent black and 30 percent white. Democratic candidates are virtually guaranteed to win elections.

Feds Urged To Probe State's Mental Hospitals (AJC)

By Alan Judd, Andy Miller, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 18, 2007

The National Alliance on Mental Illness, a consumer advocacy group, Wednesday asked the U.S. Justice Department to investigate what it called "unacceptable and intolerable" conditions in Georgia's seven state mental hospitals.

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The group said its letter to U.S. Attorney General Alberto Gonzales was prompted by an Atlanta Journal-Constitution investigation that found a pattern of neglect, abuse and poor medical care in the Georgia psychiatric hospitals.

The newspaper reported at least 115 suspicious deaths of patients and more than 190 substantiated cases of physical or sexual abuse by hospital employees since 2002.

The suspicious deaths included 36 who died from choking on food, vomit or foreign objects, or by aspirating those substances into their lungs. A similar number died for lack of emergency treatment or from questionable medical care. Twelve committed suicide.

"I cannot emphasize enough the outrage of NAMI members to such conditions," Michael Fitzpatrick, executive director of the Virginia-based group, said in the letter.

"The Georgia scandal represents an especially egregious, systemic violation of civil rights."

A Department of Justice spokeswoman said late Wednesday that its Civil Rights Division had not yet received the letter. "But when we do, we will certainly review it," said Cynthia Magnuson, the spokeswoman.

Under a federal civil rights statute intended to protect people in government institutional care, Justice has investigated conditions in mental hospitals and facilities for the mentally retarded in several states. The federal investigations often lead to a state agreement to launch reforms.

"It's premature for us to comment" on the request for an investigation, said Dena Smith, a spokeswoman for the state Department of Human Resources, which operates the hospitals.

Earlier Wednesday, DHR's board met but its top officials did not mention the Journal-Constitution's series of four reports.

NAMI describes itself as a grass-roots organization dedicated to improving the lives of people living with serious mental illness and their families. It has about 200,000 members nationally.

Federal intervention "is a last resort," Ron Honberg, legal director for NAMI, said in an interview.

"Generally the Justice Department gets involved if there's a pattern of problems that's pervasive."

The group's letter also cited patient overcrowding and hospital understaffing that the newspaper concluded contributed to deaths and abuse cases.

Honberg called conditions in Georgia's seven mental hospitals "unacceptable and intolerable."

DHR said earlier Wednesday that its 2008 budget included money for an additional 83 forensic beds for patients who are under court supervision.

Since fiscal 2004, the seven hospitals' operating budgets — which include state and federal money — have declined by 12 percent. But the average daily number of adult mental health patients will have risen about 12 percent by the end of this fiscal year, officials project.

NAMI's Honberg said federal intervention "is by no means the only potential remedy. We shouldn't hang our hats only on this."

Justice Department action, though, has served as a catalyst to improve hospitals in states such as Alabama, Vermont and Virginia, NAMI said.

The group's Georgia chapter, along with other advocacy groups in the Mental Health Services Coalition, plans a Tuesday news conference to call for the Legislature to address what they call "a crisis" in mental health services.

To read the investigative report, A Hidden Shame: Danger and Death in Georgia's Mental Hospitals, go to www.ajc.com/hiddenshame.

NY Congressman Wants Probe Of Duke Lacrosse Prosecutor (AP)

By Devlin Barrett

AP, January 18, 2007

WASHINGTON - A second congressman has urged the Department of Justice to investigate whether the district attorney in the Duke lacrosse sexual assault violated the rights of the defendants.

Rep. Peter King, whose Long Island district includes relatives of one of the accused students, Collin Finnerty, urged Attorney General Alberto Gonzales to begin an investigation into Mike Nifong, who asked last week to be recused from the case.

"I am deeply disappointed by your apparent decision to defer a decision whether to investigate Mr. Nifong's prosecution of this case," King wrote to Gonzales, arguing that the FBI should investigate whether the prosecutor may have violated Finnerty's civil rights, including the right to due process under the law.

Justice Department spokeswoman Cynthia Magnuson said it was too early to launch a federal probe.

"It would be premature to initiate a federal investigation while criminal charges and other procedures are pending in the state of North Carolina," Magnuson said.

A message left at Nifong's office was not immediately returned.

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King, the top Republican on the House Homeland Security Committee, is the son of a New York Police Department lieutenant. His request for an investigation is the latest addition to the chorus of public criticism of Nifong's handling of the case.

Justice Department officials said Tuesday they had rejected a similar request from North Carolina Rep. Walter Jones, also a Republican. Jones' spokeswoman, Kathleen Joyce, said the congressman still planned to meet next week with the head of the department's Civil Rights Division.

Special prosecutors with the North Carolina attorney general's office have been assigned to take over the case against the three accused lacrosse players - Finnerty, Dave Evans and Reade Seligmann.

The three are accused of attacking a stripper hired to perform at a team party in March.

Nifong dropped rape charges against the players last month after the woman wavered on some key details, but the men still face sexual offense and kidnapping charges. The players have strongly proclaimed their innocence.

Meanwhile, a letter signed by dozens of Duke professors and posted on the Internet said while they also presume the players are innocent, they won't apologize for a widely criticized ad published in the campus newspaper. That ad included anonymous quotes from students discussing racism and sexual assault on Duke's campus.

"The ad has been read as a comment on the alleged rape, the team party, or the specific students accused," the letter said. "Worse, it has been read as rendering a judgment in the case. ... We reject all attempts to try the case outside the courts, and stand firmly by the principle of the presumption of innocence."

The letter is signed by 87 faculty members, many of whom endorsed the ad in April.

Since he was recused, Nifong has handed over thousands of pages of information to the special prosecutors. One of them, Mary Winstead, worked with Nifong as an assistant district attorney in Durham for several years in the late 1980s and early 1990s.

Some lawyers said she was an unusual choice for the case considering that Nifong's handling of the case has been heavily criticized.

"She may not be investigating Mike, but she's investigating Mike's work," said attorney Alex Charns, who represents an unindicted lacrosse player. "(Nifong's) conduct is part and parcel of this prosecution. There's no way to untangle that."

The North Carolina State Bar has filed ethics charges against Nifong for making misleading and inflammatory comments about the lacrosse team early in the case.

Prison 'Rewards' Border Agents (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 18, 2007

Two former U.S. Border Patrol agents surrendered yesterday to begin prison sentences for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico.

Ignacio Ramos, 37, and Jose Alonso Compean, 28, said goodbye to their wives and six children -- three each -- as they turned themselves over to U.S. Marshals shortly after 1:30 p.m. at the federal courthouse in El Paso, Texas, to begin 11- and 12-year sentences, respectively.

Rep. Dana Rohrabacher, the California Republican who has been at the forefront of efforts to have the prosecution reviewed and the agents re-tried, yesterday criticized the White House for not acting in the case.

"This is the worst betrayal of American defenders I have ever seen," Mr. Rohrabacher said of President Bush. "It's shameful this was done by someone who is in the Republican Party. He obviously thinks more about his agreements with Mexico than the lives of American people and backing up his defenders.

"Our border agents risk their lives daily to uphold our immigration laws and defend our borders," he said. "If the conviction of Ramos and Compean is an indication of how our government will repay them, we can be certain good men and women will soon flee the ranks of Border Patrol service."

Ramos, a 10-year Border Patrol veteran and former "Agent of the Year" nominee, and Compean, a five-year member of the agency, were sentenced in October in federal court in El Paso on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

The conviction came after the smuggling suspect, Osbaldo Aldrete-Davila, was located in Mexico by Department of Homeland Security investigators and was given immunity by U.S. prosecutors against any drug charges in exchange for his testimony against the agents.

"How will my children cope with this?" Patty Compean asked reporters as her husband prepared to turn himself over to federal authorities. "My husband is a good man and a good father. Sometimes I just don't know how this all happened."

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The White House refused last week a request by Republican House members to keep the two men out of prison pending their appeal. Bush spokesman Tony Snow said that the case against the agents had been mischaracterized, that they had violated regulations and that they had been convicted by a jury.

The two men surrendered after U.S. District Judge Kathleen Cardone, who heard the case, denied a motion that they remain free on bond pending an appeal to the 5th U.S. Circuit Court of Appeals in New Orleans for a new trial.

"Because defendant has been convicted of a crime of violence, he is eligible for release pending appeal only for exceptional reasons," Judge Cardone said in denying the motion. "The court finds that no exceptional reasons exist in this case."

Both men were handcuffed and taken to the county jail for two weeks to a month until they can be transported to their assigned federal prisons. Ramos is expected to be housed in Mississippi, while Compean will be incarcerated in Ohio.

Last month, Mr. Rohrabacher announced a petition drive calling for the commutation of the sentences. His spokeswoman, Tara Setmayer, said that more than 252,000 signatures were collected and that the petition was presented this week to the White House.

The immunity agreement protected Aldrete-Davila from being charged in the United States with drug smuggling. Ramos and Compean found 743 pounds of marijuana in the van he abandoned near the Rio Grande along the border with Mexico.

Aldrete-Davila was shot after he illegally entered the United States near Fabens, Texas, and refused efforts by the agents to stop his vehicle. Court records show he jumped from his van and ran south to the Rio Grande, where he was confronted by Compean, who was knocked to the ground.

Although wounded, Aldrete-Davila managed to cross the border and escape in a waiting van.

The government's prosecution began after an investigator from the Department of Homeland Security's Office of Inspector General located Aldrete-Davila in Mexico. The investigator had been dispatched after the suspect's mother complained to a Border Patrol agent in Arizona that her son had been shot.

President Calls For Genetic Privacy Bill (NYT)

By Sheryl Gay Stolberg

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — President Bush on Wednesday urged Congress to pass long-stalled legislation to safeguard genetic privacy, a measure experts say would encourage millions of Americans to undergo testing that could lead to prevention and treatment of cancer and other diseases.

“If a person is willing to share his or her genetic information, it is important that that information not be exploited in improper ways,” Mr. Bush said at the National Institutes of Health. “And Congress can pass good legislation to prevent that from happening.” He added, “We want medical research to go forward without an individual fearing personal discrimination.”

For years, scientists and patients’ advocates have pushed for legislation barring employers and insurance companies from discriminating based on the results of genetic tests. A so-called genetic discrimination bill passed the Senate unanimously in 2003, but died in the House.

The bill was reintroduced in the House this week. With Congress now under Democratic control, the bill’s backers are optimistic . They include Dr. Francis S. Collins, director of the National Human Genome Research Institute at the health institutes, who participated in a roundtable discussion with Mr. Bush on Wednesday.

Dr. Collins said Mr. Bush’s statement, along with the possibility of Congressional action, “gives us renewed hope that all Americans will finally receive the protections they need to benefit from gene-based medicine.”

The Spread Of The Credit Check As Civil Rights Issue (CSM)

By Ben Arnoldy

The Christian Science Monitor, January 18, 2007

Lisa Bailey worked for five months at Harvard University as a temp entering donations into a database. When the university made the job a salaried position, Ms. Bailey, who is black, saw a chance to lift herself out of dead-end jobs.

Bailey's superiors encouraged her to apply, she says, but turned her down after discovering her bad credit history.

Bailey, with her lawyer, has lodged a complaint against Harvard charging racial discrimination. The reason: Studies show that minorities are more likely to have bad credit, but credit problems have not been shown to negatively affect job performance.

Some privacy and minority advocates are now seeing credit as a civil rights issue as minorities start to fight employers and insurers who base decisions on credit histories. Their effort could slow the near doubling in credit checks by employers in the past decade, which impacts millions of Americans who are struggling with debt.

"It's definitely a civil rights issue because of the growing use of credit reports and credit scores for hiring, renting an apartment, insurance, and the fact that people of color have not been integrated into the credit scoring system as much as

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traditional, white, middle-class America," says Evan Hendricks, author of "Credit Scores & Credit Reports: How the System Really Works, What You Can Do."

In a 2004 study involving 2 million people, the Texas Department of Insurance found that blacks have an average credit score roughly 10 percent to 35 percent worse than whites; Hispanics have scores 5 percent to 25 percent worse than whites.

Credit checks are a growing factor in hiring, with 35 percent of employers checking applicants' credit in 2003, up from 19 percent in 1996, according to the Society of Human Resource Management (SHRM). Typically credit reports are done if a person is going to deal with money, says John Dooney, a manager of strategic research at SHRM.

A case for considering credit

Employers should look at credit only for jobs where the information is relevant, says Lester Rosen, president of Employment Screening Resources, a national background screening firm in California. He cites a few examples:

· For jobs handling money, people may have the motive to steal if their debts surpass their salary.

· For jobs requiring travel, bad credit could bar applicants from renting cars or buying tickets.

· For jobs managing money, the report can offer some clues on how applicants manage their own.

Particularly in that last scenario, he cautions employers to be circumspect since blemishes might be errors or beyond the person's control, such as sudden medical expenses. Legally, employers must receive written permission from applicants to do a credit check, and must give those denied because of credit a chance to respond.

Mr. Rosen defends the careful consideration of credit in the hiring process. "If Harvard hired a person and did not use a credit report and the person embezzled, what would the headline be?" he asks.

So far, there's a lack of data supporting a relationship between bad credit and theft by employees. In perhaps the only study published on the subject, Jerry Palmer and Laura Koppes at Eastern Kentucky University in Richmond in 2003 found no correlation between employee credit reports and negative performance or termination for dishonesty.

Antidiscrimination laws bar a hiring practice that disadvantage minorities – even inadvertently – unless a company can prove it's related to measuring a person's capability to do a job. Bailey's lawyer, Piper Hoffman, has taken on several cases in which companies used credit as a factor in the hiring process. In one 2004 case, she says, an employee's lawsuit against Johnson & Johnson resulted in a settlement that changed the way the company used credit in its hiring practices.

"In the larger picture, we're hoping to get Harvard and other employers to stop using credit as a criterion in hiring," Ms. Hoffman says.

Bailey lodged her complaint in November with the Equal Employment Opportunity Commission (EEOC), which reviews all such cases before any lawsuits can be filed. Agency officials say there's anecdotal evidence these cases are on the rise.

"Employers seem to be assuming that somebody with a poor credit history is more likely to steal, and I don't think there's any kind of evidence that supports that," says Dianna Johnston, assistant legal counsel with the EEOC. "To the extent that the employer has done an in-depth look and found other indices of dishonesty, they would be on more solid ground."

In a statement, Harvard noted that a "relatively small percentage" of jobs at the university require a credit check.

"The university conducts credit history reviews for employment purposes as required by credit card issuers, as well as to fulfill our fiduciary and data privacy responsibilities," says the statement. "Those responsibilities include protecting the private credit card data of our students, faculty, parents, and alumni."

Bailey says that if Harvard was concerned she might steal, the university should have looked at criminal records instead. "I was a cashier for many years and I've never been rich and I've never stolen money," she says.

She ran into credit-card debt she couldn't pay back when she spent some time unemployed. Harvard, she says, offered to reconsider if she could clear up her report in one week.

"The only way I can get it cleaned up in seven days is if I have money, so there was no way," says Bailey.

Catch-22 for poor people

Ernest Haffner, an attorney adviser with the EEOC, notes that employers who screen for credit are setting up a Catch-22 for poor people: They need jobs to get good credit, but employers won't hire them because they don't have it.

The racial component to credit histories has been challenged in the insurance arena, too. The Texas Department of Insurance study found a relationship between credit scores and claims filed.

However, a class-action lawsuit against Allstate has just been settled, which resulted in the company changing the way they evaluate credit reports, says Wendy Harrison, a Phoenix-based lawyer who brought the case.

"What we've argued in our [insurance] cases is that you can adjust for [racial bias]," Ms. Harrison says, who has also handled cases of credit screening by employers.

Employers, however, are probably not relying on a number rating that can be adjusted, since, according to Rosen, agencies only give them specialty reports that don't include a score. Harvard says their report had no score.

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As for Bailey, she still wants the Harvard job, and says there would be "no hard feelings." But first she wants to change the system for herself and others. "I hope I win. It might be beneficial to other people, too," she says.

Show Us The Money (WP)

By Cyrus Habib

The Washington Post, January 18, 2007

Blind Americans may soon find themselves able to use money just like anyone else. That is unless the Treasury Department is successful this month in its appeal of a recent federal court order that paper currency be made recognizable to the blind, who are currently unable to distinguish one denomination from another.

I, for example, rely on the generosity of cab drivers, baristas and store clerks each time I make a purchase with cash. That I have rarely been ripped off is a testament to their honesty or my charm, but I cannot help but protest the perpetual necessity for either. After all, there are 180 countries in which this is not the case, because their currency is designed to be distinguishable by all.

U.S. District Judge James Robertson asked the Treasury Department to determine the best means of making money distinguishable by the blind, citing the myriad solutions proposed by the organization that filed the lawsuit, the American Council of the Blind. These included using raised ink, modifying the size of certain bills and producing a tactile mark to indicate a bill's denomination. The Treasury Department has objected to all such solutions, claiming that the $75 million price tag is simply too high.

Of course, Treasury's lawyers fail to mention that the cost would have been far lower had the department acted voluntarily when the $20 bill was redesigned in 1998 and the $10 bill was modified last year. Instead, it has decided to spend our tax money fighting the blind in court, appealing Judge Robertson's decision even before a final judgment on the nature of a solution could be reached.

Blind people in the United States suffer from a staggering 70 percent unemployment rate, and a disproportionately high percentage of those who are employed occupy jobs in the low end of the service sector. There is no question that the catastrophic poverty of America's blind requires a solution. Why not begin by giving us access to money at the most atomic level? How can blind Americans become truly independent, achieving the success we deserve and leaving behind the stigma of federal and state aid, without being able to differentiate between a dollar bill and a fifty?

The Treasury Department suggests using debit and credit cards, disregarding the fact that the lives of many blind Americans hinge upon financial exchanges for which plastic is often useless, such as catching a crosstown bus, purchasing a cup of coffee or getting change for laundry.

These basic day-to-day experiences may not constitute reality for Treasury Secretary Henry Paulson and his team, but they certainly do for millions of blind and low-vision Americans.

Some have called the lawsuit frivolous, arguing that blind people have managed to survive for years by relying on others for help. Such reasoning does more than ignore the overwhelming poverty and hardship that plague the blind community; it dishonors the sacrifices millions of disabled Americans made to help bring about passage of the landmark Americans With Disabilities Act. Money is essential to a person's participation in society. Its accessibility to blind people should be considered as important as that of wheelchair ramps or Braille in elevators.

When it comes to accommodating disabilities such as blindness, let us continue to lead the world in practice as well as in principle. More important still, let us tell the world that we, too, believe that blindness should not be an obstacle to financial independence. In doing so, let us also take a significant step toward ameliorating the living conditions of blind Americans, now and for years to come.

The Treasury Department should obey Judge Robertson's order and show us the money.

The writer, a Rhodes Scholar and JD candidate at Yale Law School, is preparing an amicus brief on this case with Dean Harold Hongju Koh.

The Lost Voice Of Protest (NYT)

By Bob Herbert

The New York Times, January 18, 2007

On the evening of the fourth of April, 1967, one year to the day (almost to the hour) before his assassination, the Rev. Dr. Martin Luther King Jr. walked into Riverside Church in Manhattan and delivered a speech that was among his least well known, yet most controversial.

“I come to this magnificent house of worship tonight,” he said, “because my conscience leaves me no other choice.”

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The speech was an eloquent, full-throated denunciation of the war in Vietnam, one of the earliest public critiques by such a high-profile American. Silence in the face of the horrors of that war, said Dr. King, amounted to a "betrayal."

The speech unleashed a hurricane of criticism. Even the N.A.A.C.P. complained about Dr. King stepping out of his perceived area of expertise, civil rights, to raise his voice against the evil of the war. The Times headlined an editorial, "Dr. King's Error."

The war would go on for another eight years, ultimately taking the lives of 58,000 Americans and a million to two million Vietnamese. Dr. King himself would be silenced, at the age of 39, by a bullet in Memphis.

The widespread celebration of Dr. King's birthday on Monday brought that Vietnam speech to mind. It's both gratifying and important that we honor this great man with a national holiday. But it's disturbing that we pay so much more attention to the celebrations than we do to the absolutely crucial lessons that he spent much of his life trying to teach us.

Whether it's the war in Iraq, or the plight of New Orleans in the aftermath of Hurricane Katrina, or the violence and self-destructive behavior that plagues so many black Americans, our attitude toward the wisdom of Dr. King has been that of the drug addict or alcoholic to the notion that there might be a better way. We give lip service to it, and then we ignore it.

In the Vietnam speech, Dr. King said, "A nation that continues year after year to spend more money on military defense than on programs of social uplift is approaching spiritual death." He may as well have been speaking into the void. The war in Iraq, a reprise of Vietnam, will cost us well over a trillion dollars before we're done, and probably more than two trillion. More than 3,000 American G.I.'s have been killed and the death toll for Iraqis is tallied by the scores of thousands.

No one knows what to do, although the politicians and the pundits are all over television, day and night, background singers to the carnage.

Here at home the city of New Orleans is on life support, struggling to survive the combined effects of a catastrophic flood, the unconscionable neglect of the federal government, and the monumental ineptitude of its own local officials. As ordinary residents of New Orleans continue to suffer, the rest of the nation has casually turned away. The debacle is no longer being televised. So it must be over.

Dr. King held the unfashionable view that we had an obligation to help those who are in trouble, and to speak out against unfair treatment and social injustice. "Our lives begin to end," he said, "the day we become silent about things that matter."

New Orleans matters. And the long dark night of the war in Iraq must surely matter. But not enough voices of protest are being raised in either case. The anger quotient is much too low. You can't stop America's involvement in a senseless war or revive a dying American city if your greatest passion is kicking back with pizza and beer and tuning in to "American Idol."

The quality of life for black Americans more than 38 years after the death of Dr. King is a mixed bag. Blacks are far better off economically and educationally than ever before. Barack Obama is a leading candidate for the Democratic nomination for president, and the last two secretaries of state have been black.

But the ominous shadow of racial prejudice is still with us. Even President Bush acknowledged that conditions in New Orleans pre-Katrina were proof of that. The nation's prisons are filled to the bursting point with black men who have failed, or been failed, and have no viable future. And too many black Americans are willing and even eager to see themselves in the culturally depraved lineup of gangsters, pimps and whores.

Dr. King would be 78 now, and I can't believe that he would be too thrilled by what's going on. In his view: "He who passively accepts evil is as much involved in it as he who helps to perpetrate it. He who accepts evil without protesting against it is really cooperating with it."

We miss his leadership, all of us, whether we're wise enough to realize it or not.

ANTITRUST:

Plaintiffs In Microsoft Case To Report To Department Of Justice (AP)

By David Pitt, AP Business Writer

AP, January 18, 2007

DES MOINES, Iowa (AP) The plaintiffs in a class-action antitrust lawsuit against Microsoft Corp. claim they have uncovered information that indicates the software manufacturer is violating an agreement with the U.S. Department of Justice.

Des Moines attorney Roxanne Conlin and her co-counsel Richard Hagstrom, of Minneapolis, claim that during their research for the class-action case under way in Polk County District Court they discovered information that indicates the company isn't complying with a 2002 federal court decree.

Conlin asked Judge Scott Rosenberg's permission to tell the DOJ and the Iowa attorney general about the information.

Conlin said she will discuss two issues with the DOJ and Iowa attorney general's office within a few days.

``We feel as officers of the court it is our responsibility to do this," Conlin said Wednesday. ``It's simply our duty as citizens and lawyers to let the Department of Justice know that we are in possession of information that goes to the issue of whether Microsoft is in compliance."

She plans to write letters to the agencies but, according to Rosenberg's ruling, can only provide the information if a court order or subpoena is issued seeking it.

She said she could not be specific about what she's uncovered because Rosenberg's ruling prohibits the information from being shared beyond the appropriate authorities.

``The court finds that the plaintiffs and its expert witnesses may contact the appropriate authorities responsible for the enforcement and compliance of any orders, judgments or decrees in the other judicial matter concerning the defendant and inform such authorities that it is in possession of information that may be relevant to such enforcement and compliance," Rosenberg said in his ruling filed on Tuesday.

Microsoft attorney Rich Wallis said the company is monitored to ensure compliance and must appear before the federal judge that presided over the DOJ case quarterly to show compliance with the court's final decree.

He said the government resources are considerable and he doubted that Conlin would have any information that would surprise the government and its independent experts.

``We are doing our job in complying with the consent decree," Wallis said.

A DOJ spokeswoman said Wednesday that she couldn't comment because no information has been received from the Iowa case.

Bob Brammer, a spokesman for the Iowa attorney general, said states have a team that tracks Microsoft's compliance with court orders and would be interested in any information Conlin may have.

``We will be glad to review what they send us," he said.

Conlin and Hagstrom represent thousands of Iowans who purchased Microsoft software between 1994 and 2006. They claim in the lawsuit that the company engaged in illegal monopolization and anticompetitive conduct that caused customers to pay more for software than they would have if there had been competition.

Their expert witnesses will place damages at more than $300 million.

Microsoft denies the allegations and its attorneys said they'll show Iowa customers received quality products at a fair price.

Microsoft was sued by the federal government, which alleged the company unlawfully used its monopoly in operating systems. The case was settled with an agreement that required Microsoft to share certain information with other software developers, which would allow their programs to work with Windows.

Wallis said Microsoft did not object to Conlin's motion and only wanted to be sure that no Microsoft confidential information would be released.

In another unusual development, Rosenberg has permitted Conlin and Hagstrom to operate an Internet site, which lists daily transcripts of testimony, rulings and press releases written by a media company hired by the plaintiffs.

The Web site also shows exhibits admitted into evidence, which by the end of this week should total more than 3,000 documents.

The trial, expected to last at least six months, has progressed even more slowly than anticipated.

Extensive arguments are presented to Rosenberg before the jurors arrive in the morning, during midday breaks and after the court session ends in the afternoon.

The arguments center around admissibility of evidence, witness testimony and numerous legal issues.

A month into the trial, the first live witness, Ronald S. Alepin, a plaintiff technical expert, appeared on the stand. He testified for seven days about how he believed Microsoft crushed competitors and leveraged its monopoly in operating systems to keep software competitors from gaining market share.

Prior to his testimony, witnesses appeared in videotaped depositions, some recorded many years ago.

The case has fallen behind schedule, and last week the second witness, software developer John Constant, returned to his home in England because he tired of waiting in Des Moines to be called to testify. Conlin said he will be called later.

Microsoft is expected to call Chairman Bill Gates and CEO Steve Ballmer as witnesses in February.

The Iowa case, tried before a jury, is one of two remaining state-level antitrust cases remaining against the software manufacturer. The other is in Mississippi.

The Iowa jury could be the first to decide a verdict since other state court cases were settled before a jury began deliberations.

FTC Updates Merger Filing Thresholds (DEAL)

By Bill McConnell, The Deal

The Deal, January 18, 2007

The Federal Trade Commission Tuesday announced this year's increase in the size of deals that must be submitted to antitrust enforcers before a merger is completed.

The new thresholds determine whether merging parties must file Hart-Scott-Rodino Act notification with the FTC and the Department of Justice and take effect 30 days after their upcoming publication in the Federal Register.

The agency must revise the thresholds annually, based on the change in the gross national product.

Hart-Scott-Rodino Act notification must be filed if a deal meets thresholds contained in one of two tests.

Under the first test, notification is required if the assets being acquired exceed $59.8 million and total assets for one of parties exceeds $119.6 million and the other party exceeds $12 million. Previously, notification was required if assets acquired were valued at more than $56.7 million and the size of the merging parties was greater than $113.4 million and the other party exceeded $11.3 million, respectively.

Under the second test, notification is mandatory if the total value of the transaction exceeds $239.2 million, regardless of the size of the merging parties. The previous threshold was $226.8 million.

To adjust for the threshold changes, the FTC also updated its filing fee levels. For transactions between $59.8 million and $119.6 million, the fee is $45,000; for deals up to $597.9 million, the fee is $125,000; and for those of $597.9 million or more, the charge is $280,000.

Rivals Offer $38 Billion For A REIT (NYT)

By Andrew Ross Sorkin And Terry Pristin

The New York Times, January 18, 2007

The gloves have come off in buyouts.

Late yesterday, a group of investors offered $38 billion for the nation's largest office landlord, setting off the biggest buyout battle since the landmark fight for RJR Nabisco nearly two decades ago.

The upstart bid for Equity Office Properties, the real estate investment trust that was founded by Samuel Zell, tops a $36 billion deal that Equity Office had reached with the Blackstone Group in November. Either bid would win the crown as the largest buyout ever, surpassing last summer's $33 billion deal for HCA.

The battle for Equity Office pits some of the most powerful and colorful financiers against each other. Blackstone is controlled by Stephen A. Schwarzman, who has created one of the largest, if not the largest, private equity firms in the nation.

The rival group includes Steven Roth of Vornado, once the king of New Jersey strip malls; Barry Sternlicht of Starwood Capital, who created the hotel chain and then left the company after a falling-out with its board; and Neil Bluhm, a Chicago real estate mogul who backed Barack Obama's successful run for the United States Senate. Mr. Sternlicht worked for Mr. Bluhm as a young analyst in the late 1980s.

Since the Blackstone offer was announced, James S. Corl, the chief investment officer for real estate at Cohen & Steers, the largest institutional investor in Equity Office, has argued that the price of $48.50 a share was too low because the office market is expected to keep improving over the next couple of years.

But the battle may not be tilted in favor of the new bidders, Vornado Realty Trust, the Starwood Capital Group and Walton Street Capital. For one, 40 percent of their $52-a-share offer is in shares of Vornado, at an unspecified ratio, compared with Blackstone's all-cash bid. And Blackstone has already completed many of the steps needed to close the deal. In addition, Blackstone has the right to match any rival offer.

"A tentative proposal relying upon the potential issuance, many months from now, of more than $10 billion in stock trading at near record prices is inferior and carries vastly more risk than Blackstone's all-cash deal closing in approximately two weeks," a Blackstone spokesman said.

If successful, the Vornado group would break up Equity Office, which has some 590 buildings and over 105 million square feet of office space in major metropolitan markets, including the Verizon Building in Manhattan. They would divide the properties among themselves, with Vornado getting roughly half of the properties on the East and West coasts.

The consortium calls itself Dove Parent, apparently a mocking reference to the Blackstone-created buyout entity, Blackhawk. Both bidders would assume $16 billion in debt. Equity Office said that its board "will consider the proposal as soon as practicable."

The offer from the Vornado group is the latest sign that the cozy world of buyouts is becoming less genteel. In recent years, the giants in private equity seemed to have avoided stepping on each other's deals while banding together on others. Indeed, private equity firms have come under scrutiny from the Justice Department, which has started an inquiry into whether private equity firms have broken antitrust laws.

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And few public companies have shown a willingness to compete with private equity's war chest. Private equity firms have been gobbling up publicly traded companies at a record pace, spending some $660 billion last year. The battle for RJR Nabisco in the late 1980s showed that bidding wars can get out of control.

Last summer, however, a group led by Kohlberg Kravis Roberts & Company and Bain Capital jumped in to offer a rival bid to a Blackstone offer to buy Freescale Semiconductor. Blackstone then raised its bid and won the deal, but that showdown was a sign that competition for deals was turning cutthroat.

The new bid for Equity Office may also demonstrate the differences between private equity and the much scrappier real estate business.

Mr. Roth of Vornado leads a real estate investment trust whose holdings include office buildings in New York and Washington, shopping centers and merchandise marts, and the retailer Toys "R" Us.

One of his company's most recent transactions was the purchase of the Manhattan Mall, a shopping center and office building in the Herald Square area of New York City, where real estate values have been rapidly appreciating.

In their letter to Mr. Zell, Mr. Roth and his partners said they would create the "largest office REIT in the U.S. with the pre-eminent position in the best markets on both coasts."

The breakup fee for a buyer who is able to push Blackstone aside is $200 million. "Sam Zell set this up in a very shareholder-friendly manner," said Barry Vinocur, the editor of Realty Stock Review, a newsletter. "Blackstone wanted a higher breakup fee." Mr. Zell is the largest individual shareholder of Equity Office.

The rival bid for Equity is being financed in part by JPMorgan Chase, Lehman Brothers and UBS. JPMorgan's involvement has raised some eyebrows on Wall Street because of its long ties with Blackstone.

Keven S. Lindemann, the director of real estate for SNL Financial in Charlottesville, Va., said Equity Office shareholders would have to consider whether the Vornado shares were overvalued.

Developer Mills Corp. Agrees To Buyout (WP)

By Dana Hedgpeth

The Washington Post, January 18, 2007

Chevy Chase shopping-mall pioneer Mills Corp. yesterday agreed to a $1.35 billion sale to a Canadian investment company, capping months of turmoil in which the firm struggled with heavy debt and an accounting scandal.

The deal, which at least one major Mills shareholder called inferior to other offers, would give the owner of Potomac Mills in Virginia and Arundel Mills in Maryland a financial boost after the company reported it had enough cash to operate only through March 31.

The buyer, Brookfield Asset Management, the owner of New York's World Financial Center, would take control at a time when Mills is under investigation by the Securities and Exchange Commission for possible misconduct by management and for accounting errors totaling up to $352 million.

The sale marks the latest chapter in the Mills saga. The local company helped popularize the notion that a shopping mall could be an entertainment destination. It also built sprawling "shoppertainment" centers throughout the United States and Europe that combined retail outlets with outsize restaurants, movie theaters and other amenities. One project, Madrid Xanadu, featured a bowling alley and indoor ski resort. Another Xanadu, planned for New Jersey, was to have a 30-story Ferris wheel.

But in recent weeks, an internal review at Mills found the company's rapid growth may have contributed to its accounting problems. The company has been working to restate earnings dating to 2001, and its stock price has been battered in the past year. The review concluded that Mills' "overall culture and 'tone at the top' were heavily focused on meeting external and internal expectations," according to a summary filed with the SEC.

Under the deal announced yesterday, Brookfield will pay $21 per share for Mills. The deal, including debt and preferred stock, is worth $7.5 billion. Mills will become a new subsidiary of Brookfield, and the new company will be publicly traded and managed by Brookfield.

Mills shareholders may either receive up to a 20 percent stake in the new company or receive $21 per share in cash. Mills' board unanimously approved the deal though it is subject to shareholder approval, and some may oppose the offer. Two other major Mills investors had offered to invest hundreds of millions of dollars in the company just a day earlier.

Farallon Capital, a hedge fund, offered to invest $499 million at $20 a share. Fund managers declined to comment yesterday. An Israeli real estate company, Gazit-Globe, offered an average of $21 a share.

"We are disappointed that the Mills Corporation has chosen to accept what we believe is an inferior proposal," Bruce Rubin, a spokesman for Gazit, said in a statement, according to the Associated Press. He added that Gazit is reviewing its options.

If the Brookfield deal is approved, it is slated to close in the second half of 2007.

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"We think this is a significant opportunity to build on our depth of experience in real estate and assist a company that's in operational and financial distress," said Katherine C. Vyse, a spokeswoman for Brookfield, which manages $50 billion in assets and owns hydroelectric power plants and office buildings throughout the country, including 23 in the Washington area. "We see it as an opportunity to return [Mills] to profitability and foster growth," Vyse said.

Mills chief executive Mark Ordan said he does not foresee layoffs and expects the company, with 300 employees locally, to remain in its new headquarters on Wisconsin Avenue.

"This strengthens the organization because it gives it the ability to do the things we need to do," he said. "In the past few months, we've been financially constrained. It will now be a fully capitalized company which has a platform for growth.

Well-known Washington developer Herbert S. Miller founded Mills. He hired Laurence C. Siegel in the early 1980s as the lead leasing agent, and as such Siegel worked on some of Miller's early developments.

Mills pioneered the concept of the hybrid mall when it opened Potomac Mills in Woodbridge in 1985, combining outlet and off-price stores with traditional retailers in a more upscale environment. The mall opened with 1.2 million square feet and brought one of the first Ikeas, the cheap-chic Swedish home-furnishings store, to North America.

"They were the first one to understand that the luxury shopper could also be enticed to do this," said C. Britt Beemer, head of America's Research Group, a consumer-behavior research firm. "Just because you're an outlet shopper doesn't mean you want to shop in a boring experience."

After renaming itself, Mills went public in 1994. A year later, Miller retired after a disagreement with the board, which was dominated by directors from one of its largest investors, German real estate company Kan Am. Siegel was named chief executive in 1995, and under him, the company grew rapidly from four mega-malls and 11 community shopping centers to dozens of projects, including in Southern California, Texas, Arizona and Canada.

"People thought these guys were revolutionary in creating a new retail environment that didn't exist in the past," said Benjamin Yang, an analyst at Green Street Advisors. But some analysts say Mills' ambitious plans made it grow too fast. Last year, Miller filed a lawsuit against Mills, alleging mismanagement and said the company's auditors "raised red flags" in 2002 about its accounting woes. Miller alleged that Mills' problems had hurt the value of his continued investments in the company's projects.

Miller said he was now optimistic, given Brookfield's involvement. "It's been in limbo since all the bad news started with the potential bankruptcy," he said. "Now the logjam is broken."

Staff writer Ylan Q. Mui contributed to this report.

Buyout May End Mills' Troubles (WT)

By Jen Haberkorn

The Washington Times, January 18, 2007

Embattled local mall developer Mills Corp. agreed yesterday to be bought by a Toronto investment company, potentially ending a year of accounting problems and declining market value.

Brookfield Asset Management Inc. plans to buy the Chevy Chase developer for $1.35 billion, beating out at least two other firms.

Mills, which recently revealed that its executives may have mismanaged funds and that it was running out of money, owns 38 shopping centers nationwide. Locally, it owns Lakeforest Mall in Gaithersburg, Potomac Mills and Potomac Town Center in Prince William County, Marley Station in Glen Burnie, Md., and Arundel Mills in Hanover, Md.

Brookfield did not return a phone call yesterday to learn whether the shopping centers would remain open.

Mills Chief Executive Officer and President Mark Ordan said the Brookfield offer was the "best possible result" out of a number of offers.

"We believe the transaction with Brookfield not only provides certain value to the Mills' stockholders, but also affords them the opportunity to participate in the upside potential created by this transaction," he said.

The deal, which comes to $7.5 billion including assumed debt and preferred stock, was approved unanimously by the company's board of directors. But it still must be voted on by shareholders, leaving the window open for counterbids.

Brookfield plans to pay $21 per share, 15 percent more than Tuesday's closing price of $17.77 on the New York Stock Exchange. By the close yesterday, Mills' shares climbed 26 percent to $22.46.

The stock price climbed over $21 after Gazit-Globe Ltd., an Israeli real estate company, said in a Securities and Exchange Commission (SEC) filing that earlier in the day it submitted a new bid that came to $22 per share.

Gazit and fellow major shareholder Farallon Capital Management, a San Francisco hedge fund, submitted bids to pour money into the company, trying in part to rescue their own investments.

Farallon proposed $20 per share in a $499 million recapitalization plan.

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But those bids merely infused Mills with cash; Brookfield's offer is to buy the company. A purchase offer is more attractive, said RBC Capital Markets analyst Richard C. Moore.

"That's what we've been calling for for months," Mr. Moore said. "A purchase is the only outcome likely in our minds."

Under the Brookfield offer, Mills would become a publicly traded entity of the company, which manages more than $50 billion worth of office space in the United States and Canada and shopping centers in Brazil.

One of its subsidiaries, Brookfield Properties, owns 25 buildings in the Washington area, including Silver Spring Metro Plaza, Sunrise Technology Park in Reston and 1200 K Street Northwest.

"We are pleased to be able to work with the Mills Corp. to move beyond the recent issues it had encountered," said J. Bruce Flatt, managing partner and chief executive officer of Brookfield Asset Management.

During 2006, Mills' value fell from $42.28 per share in January to $12.94 in August, before climbing back to $17.77 Tuesday.

The company said earlier this month in an SEC filing that its executives may have engaged in misconduct, creating four years worth of earnings restatements. The SEC is investigating. It also warned that unless it could negotiate a loan extension, it would run out of money on March 31. Its loan was $1.1 billion, slightly less than the Brookfield purchase offer.

The Brookfield deal, if approved by shareholders, is expected to be completed during the second half of this year.

GE Is Near Deal For Abbott Unit (WSJ)

By Dennis K. Berman, Kathryn Kranhold And Avery Johnson

The Wall Street Journal, January 18, 2007

General Electric Co. last night was nearing a deal to purchase the diagnostics division of Abbott Laboratories, people familiar with the matter said, as the conglomerate makes a deeper push into the world of health care and medical devices.

Details of GE's plans couldn't be learned last night, and it is possible GE may be purchasing a large part but not all of the Abbott unit. Through last year's first nine months, the division posted revenue of about $2.9 billion and an operating profit of approximately $300 million, according to Securities and Exchange Commission filings, representing about 18% of Abbott's revenue and just 7% of its operating profit.

GE, Fairfield, Conn., declined to comment. Abbott spokeswoman Melissa Brotz declined to comment.

The deal would broaden GE's $17 billion health-care business, which has moved aggressively into health-care-information technology and molecular diagnostics in the past few years. The deal could mark GE's entry into "in vitro" diagnostics, which includes routine instrumentation and test kits for diseases such as HIV and cancer. The revenue of Abbott's core in-vitro diagnostics business has been flat for several years.

Last month, GE Chairman and Chief Executive Jeffrey Immelt indicated he was looking to expand the company's health-care business and add new platforms through acquisitions. Mr. Immelt told analysts and investors, "We've always wanted to build a broader diagnostics company."

GE's main health-care business remains diagnostic equipment, including ultrasound and X-ray machines as well as more sophisticated screening equipment.

Mr. Immelt made his biggest strategic move in health care in 2004, when he paid more than $9 billion for Britain's Amersham, a bioscience and medical-diagnostic firm. Through Amersham, GE entered the molecular-diagnostic market. GE is now developing molecular agents to be injected into the bloodstream to target specific diseases. The agents then show up during screenings indicating that a patient has a particular cancer or disease. Diagnostics related to breast cancer have been among GE's areas of focus.

The diagnostics business of Abbott, of Abbott Park, Ill., is driven by growth in two segments: glucose monitoring for diabetics and molecular tests for diseases such as breast cancer. Sara Michelmore, an analyst at Cowen & Co., forecasts 2006 diagnostics revenue of around $3.9 billion. The core in-vitro business accounts for $2.5 billion of that, and is flat compared with 2005. She says the molecular products rose year-over-year by about 20%, while the glucose-monitoring segment rose 9%.

The diagnostics division has been a bit of a thorn in Abbott's side since 1999, when regulators found one of its manufacturing facilities in violation of Food and Drug Administration regulations. The plant in question made chemical kits used to test for diseases, and despite Abbott's attempts to resolve the matter, a consent decree continued to hamper it for several years.

Within the past year Abbott acquired Guidant Corp.'s vascular wing for $4.1 billion and Kos Pharmaceuticals for $3.7 billion. It spun off low-growth hospital-products unit Hospira Inc. in 2004. That same year, it beefed up the glucose-monitoring side of the diagnostics business with a $1.2 billion deal for TheraSense.

Other similar deals of late have brought in hefty revenue multiples. In June, Siemens AG of Germany paid $5.3 billion for German drug maker Bayer AG 's diagnostics division, which had about $1.8 billion in 2005 sales. Siemens bought Diagnostic

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Products last year for $1.86 billion, a large premium to that company's roughly $480 million in 2005 sales. If Siemens' purchase price of Bayer is any indication, Abbott's diagnostic unit could go for as much as $9 billion.

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G.E. May Buy Abbott's Diagnostic Unit (NYT)

By Andrew Ross Sorkin And Claudia Deutsch

The New York Times, January 18, 2007

General Electric is near a deal to buy Abbott Laboratories' medical diagnostics unit for as much as $5 billion, according to people involved in the negotiations.

Acquiring the Abbott business, which makes and sells glucose monitoring systems, blood test kits and other chemically based diagnostic tools, would enable G.E.'s health care unit to expand its growing stable of diagnostic products and services.

The G.E. unit, GE Healthcare, has annual revenue of about $16 billion and has long been a leader in expensive diagnostic machines like CAT scanners and MRI equipment. The Abbott product line would help G.E. add nursing homes and other nonhospital medical settings to its base, analysts said.

They predicted that G.E. would quickly wring efficiencies from the Abbott Diagnostics unit. GE Healthcare's margins generally top 16 percent, they said, while Abbott Diagnostics' margins are about 7 percent.

The diagnostics business, while profitable for Abbott Laboratories, is far smaller than the company's drug business, which had profits of $3.1 billion on sales of $9.84 billion in the first nine months of 2006. Abbott Diagnostics, by contrast, had profits of only $306 million during that period, on sales of $2.98 billion.

In November, Abbott Laboratories expanded its drug business by agreeing to buy Kos Pharmaceuticals for $3.7 billion.

Abbott is also betting on growth in its cardiovascular stent business. Early last year the company paid $4.1 billion to acquire Guidant's stent and other vascular business as part of the deal that enabled Boston Scientific to acquire Guidant.

Abbott is now hoping to win federal approval to enter the lucrative market of selling drug-coated stents — tiny metal devices that are designed to prop open coronary arteries after blockages have been cleared.

Abbott's diagnostics business, though, has been under something of a cloud since the company agreed in 1999 to pay $100 million to settle accusations that it had failed to meet federal quality standards in producing its test kits.

"They lost a lot of ground to competitors," said one analyst, who said that he could not be identified until the deal was formally announced. "Shedding it to streamline management makes some sense," the analyst said. "It's a natural progression of their morphing away from the hospital supply business."

He noted that Abbott in 2004 had sold off its hospital products business into an entity called Hospira.

For G.E.'s part, the acquisition continues an acquisition strategy that has included buying Amersham, a British diagnostic pharmaceuticals and biosciences company, for more than $9 billion in 2004.

But some analysts wondered whether G.E. was overpaying.

"G.E. is getting a reputation as a place that will pay top dollar for a fixer-upper," said another analyst, who declined to be identified because he had not yet written to his clients about the deal.

The deal would comes just after G.E. announced on Monday that it was buying Smiths Aerospace for $4.8 billion. That announcement came less than a week after word emerged that G.E. had put its lackluster plastics business on the auction block, in the hope of getting $8 billion to $10 billion for it.

EOP Bids Show Real Estate Is Still Kicking (WSJ)

By Henny Sender, Jennifer S. Forsyth And Dennis K. Berman

The Wall Street Journal, January 18, 2007

The high-stakes game for the country's largest office landlord is the strongest sign yet of the seemingly limitless appreciation of big-city office real estate -- at a time when the prices of homes and condominiums are suffering.

Yesterday, a consortium of real-estate investors launched a competing $21.5 billion offer for Equity Office Properties Trust, hoping to knock off an existing $20.1 billion deal with buyout shop Blackstone Group.

The battle reveals a series of tight friendships and rivalries that, behind the scenes, is influencing the flow of billions of dollars in capital and personal prestige alike. Blackstone's deal is regarded as the largest leveraged buyout in history, at $36 billion, when factoring in Equity Office's $16 billion in existing debt.

In this atmosphere, a topping bid that bests Blackstone's by some measures might have shocked real-estate experts a year ago. Today, it gets merely a shrug.

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"Honestly, I don't think anything can be too surprising anymore," said Michael Knott, an analyst with Green Street Advisors, a real-estate research and trading firm based in Newport Beach, Calif. "It just seems there's no limit to the prices being paid."

In a short statement released last night, real-estate firms Vornado Realty Trust, Starwood Capital and Walton Street Capital offered to purchase Chicago-based Equity Office for $52 a share, 60% of it in Vornado shares and the remainder in cash. That represents a 7% premium to the $48.50-a-share offer that Equity Office agreed to last November. In response, Blackstone termed the Vornado-led bid as "inferior," adding that the competing bid "carries vastly more risk" than its own deal, which is set to close in about two weeks. (See more on the EOP battle1.)

In New York Stock Exchange composite trading, Equity Office shares gained $1.09, or 2.2%, to $50.94. The shares edged higher in after-hours trading as well, hovering just below the Vornado offer price. Vornado's shares fell $3.38, or 2.7%, to $122.55 in New York Stock Exchange trading. The investors said they planned to divvy up Equity Office's nationwide collection of office buildings, which dot the skylines of New York, Seattle and Boston, among other cities.

Vornado said it would take about half of EOP's portfolio. Combined with its current holdings, the new acquisitions would leave Vornado with a significant presence in the New York, Washington, D.C., Boston, San Francisco and Los Angeles office markets, according to the company's statement.

A flood of money from around the globe is creating higher values for local assets, such as commercial real estate. Private-equity funds like Blackstone are absorbing cash from global investors, and Wall Street continues to issue bonds secured against real estate that are in turn gobbled up by international hedge funds and insurers.

At the heart of the deal remains Sam Zell, a 65-year-old investor and dealmeister who built up Equity Office over the decades from his perch in Chicago. Known for a quick wit, a collection of motorcycles and his blue jeans, Mr. Zell earned the nickname "Gravedancer" for his proficiency at sweeping in like a vulture and buying distressed properties, rehabilitating them and then selling them at huge profits.

After the bid from Blackstone, some investors wondered whether the deal indicated the top of the real-estate market. But Mr. Zell himself has said he thinks the office markets will be on the upswing for at least another two years.

Some of the nation's most shrewd real-estate players appear to agree with Mr. Zell -- and then some. Vornado, led by Chief Executive Steven Roth, has a deep presence in New York City and Washington D.C., and carries a market capitalization of $18.6 billion. At times, it has acted more like an investment fund than a REIT, participating in the privatization of Toys "R" Us in 2005.

Barry Sternlicht's Starwood Capital vehicle has assumed much of the deal-making bravado that Mr. Sternlicht brought to the Starwood lodging company he built into an industry titan. He is no longer associated with that firm, called Starwood Hotels & Resorts Worldwide, Inc.

Investor Neil Bluhm, meanwhile, helps run Walton Street Capital, after helping found a firm called JMB Realty, once a formidable real-estate presence in Chicago, but that faltered in the real-estate downturn of the early 1990s.

The deal underscores how small the financial world can be. A young Mr. Sternlicht worked for Mr. Bluhm as an analyst at JMB, from 1986 to 1991. When Mr. Sternlicht established Starwood, Mr. Bluhm was one of his original backers, along with the Ziff family. John Schreiber, who was one of the founders of Blackstone's real-estate group and still serves as an adviser to Blackstone, also worked at JMB and now finds himself on the other side of what will likely be a bitter takeover battle.

The group hasn't yet had access to Equity Office's books, and to get that access, it has to convince Equity Office's board it has the financial wherewithal to offer a superior bid. That is a steep hurdle for what is the largest private-equity deal ever, but the group has lined up substantial financing from J.P. Morgan Chase & Co., Lehman Brothers Holdings Inc., UBS AG, Barclays Capital PLC and Royal Bank of Scotland. Perhaps the largest obstacle for the Vornado group is Blackstone's "matching rights," which allow it to have the last look at any competing bid.

There are other obstacles as well. The new bidders have to convince the board that an offer involving stock is as valuable as cash, especially given the steep appreciation of Vornado shares over the past twelve months. Also, since the deal is subject to Vornado shareholders' approval, the timing of any deal could stretch into months, rather than the two weeks to closing for Blackstone. For its part, the Vornado group could decide to withdraw after doing its due diligence.

In a statement issued last night, the EOP board said it will consider the Vornado group's proposal "as soon as practicable." The statement also said that the board has not changed its recommendation to merge with Blackstone. The shareholder vote remains Feb. 5.

Looming over the proceedings is the state of Blackstone's relationship with J.P. Morgan. The two have had a tight bond over the past few years, although J.P. Morgan has generally not been involved in financing Blackstone's real-estate deals. Helping "jump" the deal creates another fraught dynamic that Wall Streeters are watching. A J.P. Morgan spokesman declined to comment.

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Perhaps Vornado was romanced by the idea of a second chance at the bride. In the shareholder proxy, Equity Office said that four suitors had flirted with a merger but none was willing to pay Mr. Zell's minimum price of $45 a share until Blackstone came through with its offer in November. Vornado was widely reported to have been one of those suitors.

Mr. Knott said he would have expected Vornado to try to cut a deal with Blackstone to purchase a group of buildings it covets, rather than jumping in for the whole transaction. That way, Vornado wouldn't have had to pay Blackstone the $200 million break-up fee.

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SKorea Antitrust Regulator Fines Hyundai (AP)

AP, January 18, 2007

South Korean Antitrust Regulator Fines Hyundai Motor for Unfair Practices

SEOUL, South Korea (AP) -- South Korea's antitrust regulator said Thursday it has fined Hyundai Motor Co. 23 billion won (US$25 million; euro19 million) for unfair market practices, the latest in a series of woes to hit the world's sixth-largest automaker.

The Fair Trade Commission said the company issued warnings to and discontinued contracts with car dealerships which failed to meet "excessive" sales targets.

"Hyundai Motor used its monopolistic market status to set excessive annual sales targets for car dealers," the commission said in a statement.

In addition, the carmaker didn't allow the dealers to move to other areas or to recruit salespeople to help achieve their sales goals last year, the commission said.

Hyundai and affiliate Kia Motors Corp. accounted for 73.3 percent of the domestic market last year.

The regulator said it carried out an investigation into suspected violations of fair trading rules by Hyundai Motor between February and November last year.

The fine is the latest blow to the automaker. On Tuesday, prosecutors demanded that Hyundai Chairman Chung-Mong-koo be sentenced to six years in prison over embezzlement and breach of trust charges. A verdict in Chung's trial is expected next month.

The company has also been plagued by a series of strikes. The latest ended Wednesday after management and the company's labor union reached an accord on bonus payments.

Hyundai's union has walked off the job every year but one since it was founded in 1987.

For all of 2006, Hyundai Motor, the world's sixth-largest carmaker in tandem with Kia, sold a total of 581,092 vehicles in South Korea, up 1.8 percent from a year earlier.

ENVIRONMENT:

Neb. Egg Company Is Fined For Pollution (AP)

AP, January 18, 2007

Egg Processing Company M.G. Waldbaum Is Fined $1.05 Million for Violating Clean Water Act

WAKEFIELD, Neb. (AP) -- An egg processing company has been fined $1.05 million for violating the federal Clean Water Act.

M.G. Waldbaum Co., a subsidiary of Minnetonka, Minn.-based Michael Foods, has agreed to complete a $16 million wastewater treatment plant for its egg processing plant in 2009. And it will better manage manure from several area poultry farms, the U.S. Department of Justice said in a news release.

According to the original consent decree that averted further litigation, the state and federal governments will split the fine.

Treasurer and secretary Mark Witmer of Michael Foods said Waldbaum has resolved the pollution issues that first arose in 2004 and that work on the wastewater plant will finished in 2008.

The city of Wakefield, which is about 30 miles northeast of Norfolk, will pay a $20,000 fine for letting its sewage lagoons be overloaded by waste from the egg plant, the Justice Department said in a recent news release.

The city also agreed to improve monitoring of its sewage plant.

Lobbying Firm Cuts Ties To Name Partner Under Investigation In Abramoff Probe (LAW)

By Jason Mclure, Legal Times

Legal Times, January 18, 2007

DOJ_NMG_0118379

Lobbying firm Lundquist, Nethercutt & Griles has severed ties with former Department of the Interior Deputy Secretary J. Steven Griles.

Griles has been targeted in the Justice Department's ongoing corruption probe stemming from the lobbying activities of Jack Abramoff.

Griles, who had been a name partner at the firm, was a lobbyist for coal and energy interests both before and after his tenure at the Interior Department from 2001 to 2005. During Griles' stint at Interior, which oversees lucrative drilling and mining licenses on millions of acres of federal land, his ties to industry were the subject of a number of internal investigations.

Lundquist, Nethercutt & Griles did not respond to detailed questions about Griles' departure, including whether Griles was forced out by his partners and whether the firm would be renaming itself. Instead, the firm provided a statement saying Griles resigned as a partner effective Jan. 10. That same day, a number of news outlets reported Griles had been informed he was a target of federal prosecutors. A lawyer for Griles declined to comment on his departure.

In testimony before Congress in 2005, Griles told senators that as the Interior Department's No. 2, he had been approached by Abramoff about joining Greenberg Traurig, the firm where Abramoff worked. Griles told the senators, however, that he had not granted Abramoff or his Indian tribal clients special access to the department. In January 2006, Abramoff pleaded guilty to defrauding several of those clients, among other charges. He was later sentenced to five years in prison.

A source with knowledge of the investigation says prosecutors are exploring whether to charge Griles with lying to Congress and honest-services fraud.

As a lobbyist, Griles has most recently represented the American Petroleum Institute, Mettiki Coal, Newmont Mining Corp., and other large mining and energy interests on a number of environmental and regulatory issues.

Lundquist, Nethercutt & Griles generated $780,000 in lobbying revenue during the first six months of 2006, according to disclosure forms filed with the Senate.

Bills On Climate Move To Spotlight In New Congress (NYT)

By Felicity Barringer And Andrew C. Revkin

New York Times, January 18, 2007

WASHINGTON, Jan. 17 — The climate here has definitely changed.

Legislation to control global warming that once had a passionate but quixotic ring to it is now serious business. Congressional Democrats are increasingly determined to wrest control of the issue from the White House and impose the mandatory controls on carbon dioxide emissions that most smokestack industries have long opposed.

Four major Democratic bills have been announced, with more expected. One of these measures, or a blend of them, stands an excellent chance of passage in this Congress or the next, industry and environmental lobbyists said in interviews.

Many events have combined to create the new direction — forsythia blooming in lawmakers' gardens in January, polar bears lacking the ice they need to hunt and Al Gore's movie, "An Inconvenient Truth," along with pragmatic executives seeking an idea of future costs and, especially, the arrival of a Democratic-controlled Congress. There was evidence of the changed mood all over Washington this week.

On Wednesday, leading scientists and evangelical pastors jointly declared their intention to fight the causes of climate change and the public confusion on the subject. Cheryl Johns, a professor at the Church of God Theological Seminary, called that problem "nature deficit disorder."

Another news conference on Wednesday featured executives of the heavily regulated electric utility industry embracing Senators Dianne Feinstein of California and Thomas R. Carper of Delaware, both Democrats. The senators were offering separate bills to add regulations, including a cap on carbon dioxide emissions.

One sign of the Democrats' determination to move on climate bills occurred when a Democratic Congressional aide confirmed that Speaker Nancy Pelosi wanted to create a special committee on climate, apparently an end run around Representative John D. Dingell, the Michigan Democrat who is chairman of the Energy and Commerce Committee.

Mr. Dingell, through an aide, Jodi Seth, said Wednesday that such committees were "as relevant and useful as feathers on a fish."

Mr. Dingell's firm support of the automobile industry, a leading source of carbon dioxide emissions, and his earlier lack of enthusiasm for climate measures have made him suspect among advocates of strong climate laws.

To add excitement, the man of the moment, Senator Barack Obama, Democrat of Illinois, lent his name to the best-known brand in climate-change legislation, a measure by Senators John McCain, Republican of Arizona, and Joseph I. Lieberman, independent of Connecticut.

That means that two of the three sponsors, Mr. Obama and Mr. McCain, are leading presidential contenders in 2008.

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Neither party is united around any one position. And for all the flurry of news conferences and proffered solutions, the big unanswered question was what will President Bush do?

A tantalizing hint came from James L. Connaughton, chairman of the president's Council on Environmental Quality, in an interview on Tuesday.

"There are a number of pathways for getting to a shared goal, and we should explore all of them," Mr. Connaughton said.

He added, "Part of that, by the way, is learning about some of the flaws in the design of the economywide cap-and-trade approach, which, if corrected, might make it a workable tool."

That suggests that some version of an emissions cap may eventually win White House support. Persistent rumors that the president might support an emissions cap, circulating in Washington and Europe, were rejected Tuesday by his press secretary, Tony Snow.

But White House aides have hinted for months that Mr. Bush was planning a dramatic announcement on the subject in his annual address. Last year, the president said, "America is addicted to oil," and stimulated a debate over dependence on foreign oil that has overlapped with environmental groups' calls for cleaner-burning domestic fuels.

The mechanism that Mr. Snow ruled out is the basis for most of the Democratic measures, capping carbon dioxide emissions and then giving or selling to companies allowances, effectively permits to create a certain level of emissions.

Cleaner factories or utilities could then sell the allowances and gain a new revenue source. Factories with higher than allowable emissions would have to buy the permits they need.

Such a market, already in effect in Europe, in theory would set a price for a ton of carbon dioxide emissions, and the market would stimulate innovation in technologies that would reduce emissions or produce goods or power without the same high emissions common today.

Diplomats and environmental groups speculated in Washington this week that the Bush administration would look at other mandatory actions, perhaps not an emissions cap but rather expanding the decision to increase marginally fuel-economy standards for light trucks.

A similar move for passenger vehicles, coupled with a call for sharp increases in ethanol and other renewable fuels plus new money for research into clean-energy technologies would be a bouquet approach that would expand policies Mr. Bush has put forward.

European allies have been trying to nudge Mr. Bush toward their cap-and-trade model. The White House says that would shift jobs, and emissions from one country to another without slowing worldwide growth in emissions.

The president' s opposition to mandatory caps retains strong support on Capitol Hill.

Jim Owen, a spokesman for the Edison Electric Institute, the trade group of the utility industry, said Wednesday: "Everything is different, but it's also the same in some ways. You still need 60 votes to get something big done in the Senate. And there are still many complex, thorny issues that stand in the way of enactment."

The Democratic bills announced in the last two weeks cover a broad range. A proposal by Senator Jeff Bingaman, the New Mexico Democrat who is chairman of the Energy and Natural Resources Committee, would decrease the rate of emissions growth before capping emissions and would build in a "safety valve," freeing industries from the caps in certain circumstances.

Groups like Environmental Defense say the safety valve would undermine market mechanisms.

In an interview, Mr. Bingaman said, "The way I look at it it's a question of what we can get agreement on."

Less draconian than that proposal is the Lieberman-McCain approach. It would tighten controls more gradually and include subsidies for nuclear power. An emissions cap for just utilities is the centerpiece of yet another bill, by Ms. Feinstein.

Some scientists and economists have expressed concern in recent weeks that the discussions here is overly focused on emissions caps, with too little attention on what they say is an essential need, greatly expanded government-financed research on nonpolluting energy technologies.

Richard G. Richels, a climate expert and an economist at the Electric Power Research Institute, an organization in Palo Alto, Calif., that conducts energy studies for the utility industry, said a carbon dioxide cap would mainly prompt industry to deploy existing cleaner technologies that provide gains, but fail to come close to solving the climate problem.

Mr. Richels added that it would not spur long-term investments seeking breakthroughs like new ways to store intermittent power from windmills.

Democrats Push Climate Change To Front Burner (WSJ)

By John J. Fialka And David Rogers

Wall Street Journal, January 18, 2007

Strategy Aims to Draw Bush Into Negotiations; Industries Sort Options

DOJ_NMG_0118381

WASHINGTON -- The new Democratic-led Congress is trying to put its mark on one of the most contentious environmental and economic problems within reach: climate change.

The initiative is one of the starkest signs of the transformation of Washington's agenda as a result of November's election. While the Senate has debated climate-change moves for several years, the House of Representatives, under Republican control for the past 12 years, has done relatively little.

Now House Speaker Nancy Pelosi is moving to ramp up debates on energy and how to curb so-called greenhouse gases, which most scientists believe are accelerating global warming by trapping the sun's heat in the atmosphere. But the Californian already is discovering how controversial any effort will be -- even within her own party. Ms. Pelosi is expected to announce today that she is creating a select committee on climate change and energy independence that will be empowered to hold hearings.

Her strategy is to raise the profile of the issue and press for action by early summer. In an interview last evening, Ms. Pelosi said she saw energy independence and climate-change legislation as part of the next phase of the Democratic agenda after passing bills on issues such as the minimum wage and student loans.

"Tomorrow, we finish our 100 hours, and I will talk about what comes next, and included in that is energy independence. Climate change is part of energy independence," she said. "We're asking our chairmen to have their hearings and submit their legislation...in time for us to introduce an energy independence package no later than the Fourth of July."

By raising the issues' profile, Democrats say Ms. Pelosi will be better able to put pressure on the White House to come to the bargaining table. But her effort is angering committee chairmen less eager to move quickly, particularly powerful Michigan Rep. John Dingell. The Michigan lawmaker has expressed his ire at what he considers an intrusion into his House Energy and Commerce Committee's jurisdiction over energy and climate-change legislation.

Bills already circulating in the Senate have in common a mandatory cap on emissions, a step that, according to the White House, President Bush isn't prepared to advocate in next week's State of the Union address. However, industry and environmental groups see Mr. Bush as a potential broker who could help shape a consensus, particularly in the Senate, where 60 votes would be needed to overcome a filibuster promised by Oklahoma Republican Sen. James Inhofe.

The effort has enormous implications for American businesses and manufacturers, which are split on the best course. The coal-mining, oil-production and utility sectors are likely to be hardest hit, since they sell fossil fuels containing carbon dioxide -- the most common greenhouse gas -- or derive their energy from it. Among the forces urging action are industries worried that states are producing a patchwork of regulations. California has a new law to reduce greenhouse gas emissions, while New Mexico, Minnesota, South Carolina and Florida are working on their own plans. Dozens of U.S. cities have imposed emissions restrictions. A federal law could preempt further local and state efforts.

The most striking example of U.S. industry's evolution toward engaging the issue is oil giant Exxon Mobil Corp., which has long been a leading opponent of emissions rules but has begun talking about how to structure them. The oil industry also faces other pressures; today the House is set to vote on whether to cut subsidies for U.S. oil production.

"We now believe the legislative dance has formally begun," says Steve Cochran, a legislative analyst for Environmental Defense, a New York-based group which has been leading the charge for a cap-and-trade approach that would encourage trading in emissions credits that could soften the impact on industries. Companies that reduce their emissions below assigned caps could earn credits to sell to other companies that want to avoid penalties for exceeding their caps.

The flagship among the cap-and-trade bills was unveiled last week by Republican Sen. John McCain of Arizona and Democratic Sens. Joseph Lieberman of Connecticut and Barack Obama of Illinois. The legislation would require industries to reduce their emissions to 2004 levels by 2012 and then further decrease emissions by about 2% a year through 2020. The measure calls for the nation's emissions to be reduced by two-thirds by 2050. Less-demanding versions of the bill were rejected by the Senate twice before.

A more modest approach, being prepared by Democratic Sen. Jeff Bingaman of New Mexico, calls for industries to stabilize their emissions by 2020 at levels registered in 2013. After that, the Bingaman bill would impose reductions below 2013 levels. The bill, expected to attract some industry and Republican support, is regarded as a fallback measure if the McCain-Lieberman-Obama approach fails. "We want to occupy the center ground," a Bingaman spokesman says.

A third approach, sponsored by Independent Sen. Bernie Sanders of Vermont, calls on the nation to reduce emissions to 1990 levels by 2020 and to make an 80% reduction by 2050. Democratic Sen. Barbara Boxer of California, chairman of the Senate Environment and Public Works Committee, calls this bill, with its steep cuts, the "gold standard." Her panel will play a major role on the issue.

While these bills would require utilities, coal mines, oil companies and other businesses across the economy to make the cuts, a fourth measure, submitted yesterday by Democratic Sen. Dianne Feinstein of California, focuses only on utilities that make electricity. They would be required to reduce their emissions by 25% by 2020. The bill is supported by six major utilities,

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including California's PG&E Corp. and Florida Power & Light, companies that have long experience with emissions trading required by the Clean Air Act.

In the House, the climate-change issue is already stoking tensions. Democratic Rep. Edward Markey of Massachusetts is the leading candidate to head the new select committee, which is designed to be largely a communications vehicle able to cut across the traditional lines of the tax-writing, energy, science and environment panels.

But Mr. Dingell, who is the most upset about the Pelosi approach, is expected to host a meeting today of his committee's Democrats who, by chance, also include chairmen of other relevant panels such as the Science and Oversight and Government Reform committees.

Ms. Pelosi said the proposed select committee would "absolutely not" intrude on jurisdiction of existing panels, but serve to collect information and raise the profile of the issue. Her office said the new panel won't be empowered to initiate legislation. But committee heads expressed concern it would distract from their work and permit changes to be imposed on their bills through the House Rules Committee, which the speaker controls.

There is also a potential disconnect between the goals of Ms. Pelosi's agenda: The increase in domestic oil, gas and coal production likely needed to achieve energy independence would entail heightened output of greenhouse gases.

A significant part of the debate on climate change will focus on the bills' impact on the economy. However, some people who have designed the computer software used to calculate the projections say the bills contain many imponderables -- including assumptions about the potential emergence of cleaner technologies -- that can't be modeled.

So far, only the cost of Mr. Bingaman's bill has been estimated: The Energy Department's Energy Information Administration projects it would reduce the nation's gross domestic economy by 0.1%, or $232 billion, between 2009 and 2030.

But the Energy Department study assumes the emergence of a new generation of nuclear-power plants and other emission-reduction technologies that haven't appeared yet, says Alan Beamon, who helped prepare the study. "There's an awful lot of uncertainty on how markets will evolve to meet those needs," he says.

Computer models have diverged before. A study on the 2003 version of the McCain-Lieberman bill by the Massachusetts Institute of Technology predicted the measure would increase consumer costs by 0.02% over a couple of decades, while CRA International, a Boston-based consulting group, put the cost at 10 times higher.

"Models all assume that technological change happens smoothly," says Anne Smith, a vice president of CRA, "but when they do that, they underestimate the effort it will take of solving some of these problems."

Jason Grumet, staff director of the bipartisan National Commission on Energy Policy, says the uncertainty of the models requires a "safety valve" in any emissions-trading plan so that the government could step in if legislation threatened economic stability.

Pelosi May Create Global Warming Panel (AP)

By John Heilprin, Associated Press Writer

AP, January 18, 2007

House Speaker Nancy Pelosi, intent on putting global warming atop the Democratic agenda, is shaking up traditional committee fiefdoms dominated by some of Congress' oldest and most powerful members.

She's moving to create a special committee to recommend legislation for cutting greenhouse gases, most likely to be chaired by Rep. Edward Markey, D-Mass., a Democratic leadership aide said Wednesday.

Markey has advocated raising mileage standards for cars, trucks and SUVs and is one of the House's biggest critics of oil companies and U.S. automakers,

Pelosi has discussed the proposal with at least two Democratic committee chairmen: fellow Californian Henry Waxman of Oversight and Government Reform, and West Virginia Rep. Nick Rahall, who heads the Natural Resources panel. Pelosi intends to announce the move this week, said the leadership aide, who spoke on condition of anonymity because not all of the details have been worked out.

The move, to some degree, would sidestep two of the House's most powerful Democratic committee bosses, in shaping what's expected to be at least a yearlong debate on global warming:

· Energy and Commerce Committee Chairman John Dingell of Michigan, a defender of the auto industry and at 80 the longest serving member of the House.

· New York Rep. Charles Rangel, who as the 76-year-old chairman of the tax-writing Ways and Means Committee, would have to clear any tax on carbon-based fuels like coal, oil or natural gas, which have been blamed for warming the atmosphere. A chief advocate of such a tax is former Democratic Vice President Al Gore.

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Rahall said he had spoken with Pelosi about the idea of a new select committee. Rahall's panel oversees energy development on public lands, including coal, oil and natural gas as well as cleaner, non-carbon sources such as geothermal and windmills.

"I've been assured that no legislative jurisdiction would be taken away from any committee," Rahall said. "No legislative responsibility would be shifted from any committee."

As chair of Energy and Commerce, Dingell oversees the Clean Air Act — and would have the most to lose by letting another panel take the lead. The panel's staff chief, Dennis Fitzgibbons, a former auto company lobbyist, said Dingell was philosophically opposed to Pelosi's plan.

"He has always been cool to the idea, because it undermines the fundamental idea for establishing committees in the first place, which is to acquire expertise in a certain area," Fitzgibbons said.

Dingell, asked about the new committee, said, "I have not been officially informed."

Waxman, like Markey a one-time protege of Dingell, said that Pelosi discussed the idea of a special committee with him several days ago. He, too, is a skeptic.

"I believe the existing committees can deal effectively with global warming," he said Wednesday. "But I can also understand why the speaker believes it's important to highlight this issue."

A new committee would give Pelosi a vehicle to push a regulatory scheme for reducing greenhouse gases and pit her against President Bush, who plans to outline his global warming approach in his State of the Union next week. Bush has repeatedly opposed any mandatory reductions in carbon dioxide emissions, instead advocating voluntary approaches and research on new technologies. Pelosi has supported mandatory reductions with specific target dates for achieving them.

"It's an issue that the speaker thinks is critical to address," said Pelosi spokeswoman Jennifer Crider.

Democratic officials said the committee would be responsible for advising the best legislative approaches while the actual bill-writing duties would likely still be done by Dingell's and Rangel's committees. Among the topics being negotiated are how long the committee should exist and how broad its focus should be, since global climate change affects virtually everything.

Pelosi hasn't shied from taking on other powerful House Democrats. She endorsed the losing effort by Rep. John Murtha, D-Pa., to become majority leader over Rep. Steny Hoyer, D-Md. She also has approved of six-year term limits for committee chairmen over objections from Dingell and other senior Democrats.

She also has a history with Dingell, who backed Hoyer over Pelosi in a 2001 race for the party whip's post. Pelosi backed a Democratic primary challenger to Dingell's re-election the following year.

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Associated Press writers Jim Kuhnhenn and H. Josef Hebert contributed to this report.

IN THE LOOP, ON THE HILL: A New Panel Forms Under Jurisdictional Cloud (WP)

By Lois Romano

Washington Post, January 18, 2007

House Speaker Nancy Pelosi moved quickly yesterday to deal with a furor that erupted over her decision to create a committee dedicated to global warming that will undoubtedly wander onto the turf of the powerful Energy and Commerce Committee.

Pelosi plans on announcing the new committee today, over the protestations of Energy Committee Chairman John Dingell (D-Mich.) and Rep. Henry Waxman (D-Calif.), also on the committee. Sources say that Pelosi will likely name as chairman Rep. Edward Markey (D-Mass), who has built a 30-year career as a leader on environmental issues. Markey's office has no comment.

A Hill aide with knowledge of the flap said that the new committee will have no legislative jurisdiction. However, Pelosi sees this as a high-profile, attention-getting committee that will put pressure on Energy and Commerce to move on climate change, say Hill sources.

Pelosi, who has made global warming and the environment a priority, has been frustrated with what she has perceived as a lack of commitment from Dingell to limit U.S. greenhouse gas emissions, to protect the auto industry in his district. A spokesman for Dingell, however, said that the chairman has put the auto industry on notice that he's moving forward with hearings on climate control and emission standards.

Last Friday, Dingell sent a memo to his committee members announcing plans for hearings on climate change, and he has invited former vice president Al Gore to testify. "I recognize that there is a wide range of opinion on climate change and it is my intention that we hear the full spectrum of views," Dingell wrote.

Spokeswoman Jodi Seth said that Dingell and the committee have begun planning a series of hearings, and that creating a new committee would only duplicate work already underway. She added that Dingell met yesterday with U.N. executive secretary for climate Eyvo de Boer.

More succinctly the chairman said in a statement: "These kinds of committees are as useful in relevance as feathers on a fish."The Wages of No Action

House and Senate members have been given a serious incentive to complete work on the minimum-wage legislation ASAP -- no raises for them until the job is done. Both the House and Senate bills require the two chambers to pass the legislation before their automatic cost-of-living increases are posted in February.

Meanwhile, Senate aides are none-too-pleased that president pro temp of the Senate, Robert Byrd (D-W.Va.) has suggested that it would be inappropriate to authorize a cost-of-living wage increase for Senate employees while Congress is still operating under a continuing resolution--meaning the new budget is not yet in place and therefore the funds are not technically there.

A spokesman for Byrd said that decision will likely be reconsidered when the full-year funding level for the Senate is determined.Excused Absences

A databank of "missed votes" maligned Rep. Steve Buyer of Indiana, reporting him as the top House vote misser this year. Turns out the poor guy had a wicked skiing accident in Colorado over the holidays and ripped his knee up pretty bad, requiring surgery. He hobbled back to vote for the GOP leadership, then flew home for surgery and to recuperate. Sen. Sam Brownback missed 100 percent of his votes these past few weeks -- again with good reason. The senator was traveling last week in Iraq, Afghanistan, Pakistan and Ethiopia. And Sen. Daniel Inouye was another at the 100 percent mark because he stayed in Hawaii to give a speech on Iraq, said a spokesman.Hold the Dough for the Crooks

One week before former Ohio congressman Robert Ney (R) is scheduled to be sentenced for accepting bribes, the House is poised to vote on legislation that would deny future legislators-turned-felons their federal pensions.

The measure, which sailed through the Senate, would not be retroactive. So Ney and those who stole before him will not be deprived of their benefits.

Sens. John Kerry (Mass.) and Ken Salazar (Colo.) were the primary co-sponsors of what became known as the Du ke Cunningham Act, for the eponymous California legislator who went down in flames last year after treating a lobbyist's checkbook as his own and accepting $2.4 million in bribes.

The measure would only touch those funds that were matched by the federal government -- not the legislators' own contributions.

According to National Taxpayers Union estimates, Ney would receive $29,000 a year, and Cunningham gets about $40,000, as does former congressman James Traficant (R-Ohio), who was convicted in 2002 of bribery and racketeering.

Former congressman Dan Rostenkowski-- who served 17 months in prison for mail fraud -- is estimated with cost-of-living increases to be receiving $131,000 -- almost as much as his full salary in 1994 when he was defeated for reelection.

It's A Consensus: The End Is Near (LAT)

By Bryn Nelson

The Los Angeles Times, January 18, 2007

WASHINGTON — In an extraordinary display of the mounting concern over climate change, an international group of physicists and an alliance of scientists and evangelical Christians each issued calls to action Wednesday aimed at preventing a doomsday that includes global environmental catastrophe.

The independent initiatives, announced at nearly simultaneous news conferences, reflect the new bonds forged from a growing consensus that human-wrought environmental damage is a moral issue for Christians and scientists alike.

At one event, the Bulletin of the Atomic Scientists moved the minute hand of its famous "Doomsday Clock" to 11:55 p.m., with midnight being the figurative end of civilization. For the first time since the clock's creation in 1947, the organization's board of directors added the threat of climate change to unresolved nuclear dangers in the decision to advance the clock.

Meanwhile, a coalition of scientific and religious leaders affirmed their commitment to protecting the environment, calling for "fundamental changes in values, lifestyles and public policies required to address these worsening problems before it is too late."

Randy Isaac, executive director of the American Scientific Affiliation, a fellowship of Christians in scientific disciplines, said the "Urgent Call to Action" signed by 28 researchers and evangelicals reflected a successful search for common ground.

"Representatives of both groups have come together to rally around a common passion: the need to preserve God's creation," he said.

Carl Safina of the Blue Ocean Institute in Cold Spring Harbor, N.Y., said in an interview Wednesday: "We may have slightly different perspectives of where we came from, but the intensity of the problems that we face are becoming too big and too obvious, and they are making those differences [look] increasingly trivial. We're all on this boat together."

Martian Logic (WP)

DOJ_NMG_0118385

The Washington Post, January 18, 2007

AYEAR and a half ago, the National Academy of Sciences reported that the country's climate-monitoring systems were "at risk of collapse." This week, in a 400-page-plus knockout of a study, the academy concluded that those systems are even worse off now. This is a stunning indictment of an administration that has parried complaints about inaction on climate change with claims of at least having generously funded research.

The chief problem is President Bush's misplaced funding priorities at NASA, the space agency that doesn't just launch rockets but, along with the National Oceanic and Atmospheric Administration, also maintains a series of satellites and other sensors to monitor global climate and weather patterns. The network is essential to detecting and responding to the effects of global warming and other climate phenomena. But Mr. Bush, without significantly increasing NASA's budget, has insisted that it push ahead with plans to establish a human presence on the moon and assume the enormous job of preparing for a manned mission to Mars. These ambitions, coming as the ailing shuttle program also has demanded more money, have forced NASA to cut deeply into earth science and other research programs.

Those earth science programs now have an annual budget that is about $500 million less (in 2006 dollars) than they had at the end of the Clinton administration, says Berrien Moore III, one of the co-chairmen of the committee that drafted the report. The budget for research and analysis for NASA's science missions, the money that pays for experts to make sense of data collected, declined by 30 percent in the past six years. The result is a raft of delayed or canceled projects, many of which are needed to replace antique hardware, and a scientific community increasingly wary of dealing with NASA. This week, to deflect the report's criticisms, the White House is touting funding increases at NOAA, but those aren't enough to pick up the slack, especially after NOAA has had to pare down its own climate-monitoring goals because of huge cost overruns.

Mr. Moore and his co-chairman, Richard A. Anthes, say that Mr. Bush need only restore earth science research funding at NASA to the levels of late in the Clinton administration and spend reasonably on a discrete set of projects to repair the system, a goal that should be reachable if he reconsiders how to pay for his ambitious space missions. If the president must go to the moon or Mars, he should find the money for it responsibly, not by chopping away at other, more vital programs.

Will Al Gore Melt? (WSJ)

By Flemming Rose And Bjorn Lomborg

The Wall Street Journal, January 18, 2007

Al Gore is traveling around the world telling us how we must fundamentally change our civilization due to the threat of global warming. Today he is in Denmark to disseminate this message. But if we are to embark on the costliest political project ever, maybe we should make sure it rests on solid ground. It should be based on the best facts, not just the convenient ones. This was the background for the biggest Danish newspaper, Jyllands-Posten, to set up an investigative interview with Mr. Gore. And for this, the paper thought it would be obvious to team up with Bjorn Lomborg, author of "The Skeptical Environmentalist," who has provided one of the clearest counterpoints to Mr. Gore's tune.

The interview had been scheduled for months. Mr. Gore's agent yesterday thought Gore-meets-Lomborg would be great. Yet an hour later, he came back to tell us that Bjorn Lomborg should be excluded from the interview because he's been very critical of Mr. Gore's message about global warming and has questioned Mr. Gore's evenhandedness. According to the agent, Mr. Gore only wanted to have questions about his book and documentary, and only asked by a reporter. These conditions were immediately accepted by Jyllands-Posten. Yet an hour later we received an email from the agent saying that the interview was now cancelled. What happened?

One can only speculate. But if we are to follow Mr. Gore's suggestions of radically changing our way of life, the costs are not trivial. If we slowly change our greenhouse gas emissions over the coming century, the U.N. actually estimates that we will live in a warmer but immensely richer world. However, the U.N. Climate Panel suggests that if we follow Al Gore's path down toward an environmentally obsessed society, it will have big consequences for the world, not least its poor. In the year 2100, Mr. Gore will have left the average person 30% poorer, and thus less able to handle many of the problems we will face, climate change or no climate change.

Clearly we need to ask hard questions. Is Mr. Gore's world a worthwhile sacrifice? But it seems that critical questions are out of the question. It would have been great to ask him why he only talks about a sea-level rise of 20 feet. In his movie he shows scary sequences of 20-feet flooding Florida, San Francisco, New York, Holland, Calcutta, Beijing and Shanghai. But were realistic levels not dramatic enough? The U.N. climate panel expects only a foot of sea-level rise over this century. Moreover, sea levels actually climbed that much over the past 150 years. Does Mr. Gore find it balanced to exaggerate the best scientific knowledge available by a factor of 20?

Mr. Gore says that global warming will increase malaria and highlights Nairobi as his key case. According to him, Nairobi was founded right where it was too cold for malaria to occur. However, with global warming advancing, he tells us that malaria is

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now appearing in the city. Yet this is quite contrary to the World Health Organization's finding. Today Nairobi is considered free of malaria, but in the 1920s and '30s, when temperatures were lower than today, malaria epidemics occurred regularly. Mr. Gore's is a convenient story, but isn't it against the facts?

He considers Antarctica the canary in the mine, but again doesn't tell the full story. He presents pictures from the 2% of Antarctica that is dramatically warming and ignores the 98% that has largely cooled over the past 35 years. The U.N. panel estimates that Antarctica will actually increase its snow mass this century. Similarly, Mr. Gore points to shrinking sea ice in the Northern Hemisphere, but don't mention that sea ice in the Southern Hemisphere is increasing. Shouldn't we hear those facts? Mr. Gore talks about how the higher temperatures of global warming kill people. He specifically mentions how the European heat wave of 2003 killed 35,000. But he entirely leaves out how global warming also means less cold and saves lives. Moreover, the avoided cold deaths far outweigh the number of heat deaths. For the U.K. it is estimated that 2,000 more will die from global warming. But at the same time 20,000 fewer will die of cold. Why does Mr. Gore tell only one side of the story?

Al Gore is on a mission. If he has his way, we could end up choosing a future, based on dubious claims, that could cost us, according to a U.N. estimate, $553 trillion over this century. Getting answers to hard questions is not an unreasonable expectation before we take his project seriously. It is crucial that we make the right decisions posed by the challenge of global warming. These are best achieved through open debate, and we invite him to take the time to answer our questions: We are ready to interview you any time, Mr. Gore -- and anywhere.

Mr. Rose is culture editor of Jyllands-Posten, in Copenhagen. Mr. Lomborg is a professor at the Copenhagen Business School.

FBI/DEA/ATF/USMS:

Ex-FBI Agent Denies He Fought Police (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, January 18, 2007

BRIDGEPORT — A retired FBI agent said he stood with his arms raised, looking down at the snow under his feet, when a deputy U.S. marshal charged at him and struck him with a "cold, metallic instrument."

Gary John's testimony Wednesday contradicted that of Deputy U.S. Marshal James Masterson, who said the former agent kept moving around, refused to show his hands and punched him during a Dec. 8, 2005, arrest in Stratford's Oronoque Village.

At the time, federal marshals were seeking John for allegedly violating a no-contact restraining order involving his ex-wife in Rhode Island. They traced him to a condominium on Piute Lane, where John was living with the mother of his now ex-girlfriend from Milford.

Early this afternoon, U.S. District Judge Janet C. Hall is expected to send the case to the 12-member jury to determine whether John should be convicted of assaulting a federal law enforcement officer.

John has been in custody since his arrest.

Assistant U.S. Attorney Anthony Kaplan questioned John about a letter he sent to his ex- Milford girl friend last summer about "not wanting to go back to prison."

John claimed he meant he did not want to spend the summer incarcerated, but outside enjoying "Connecticut's coastline."

The 58-year-old, 6-foot, 165- pound former FBI agent took the stand to tell his side of the story after spending a day listening to marshals and police officers testify about his conduct.

Responding to questions from Robert Mann,

Advertisement

his lawyer, John said he was standing near the trunk of his car when he heard Masterson shout his name around 10 p.m. on Dec. 8, 2005. Then, he said, he saw the marshal pointing a gun at him.

"I could not understand why a law enforcement officer would have a gun pointed at me," John told the jury in a soft, calm voice. "Nothing in my background justifies that level of force being necessary."

He testified that during most of the ordeal he kept his hands raised, his palms to the ground and his fingers opened except once, when he placed a cell phone call to his girlfriend from Milford.

Asked by Mann why he did not follow Masterson's orders to lie face down, John said there was a 3-inch coating of snow and ice on the ground. "I was wearing a pretty expensive jacket," the former agent explained. "I could not see a reason to tarnish my dress clothes."

When Masterson's backup arrived, John admitted knowing he "was about to be taken into custody. My arms were up, my palms facing out and my eyes looking down at the snow so I would be in a non-threatening position."

Seconds later, John said, he "received a surprise blow" to his cheek from a "metallic instrument. The next thing I felt was an overwhelming force of individuals from behind me."

John claimed that as he was falling he "instinctively and reactively" reached out and grabbed onto someone's outer arms to try to break the fall. He then felt a punch to his left forehead under his left eyebrow and fell to the ground.

On the ground, he said, his face was shoved into the snow making it impossible for him to breathe and his right arm was pulled "so viciously and violently" causing him to shout 'you're breaking my arm.' "

At the time several Stratford police officers, Rhode Island sheriffs and deputy U.S. marshals were on the scene.

"I did not strike Deputy U.S. Marshal James M. Masterson or anyone else," John said. "I never attempted to punch or make any aggressive move."

Masterson testified Tuesday John repeatedly failed to listen to his commands and threw roundhouse punches at him during the arrest.

Earlier in the day, Constance Guerrere, who owned the condominium outside which John was arrested, said she saw numerous law enforcement officers jump John during the arrest.

"The police came and jumped Gary. They threw him on the ground," testified Guerrere, the 78-year-old mother of John's ex-girlfriend. "They had his face in the ice. It was so horrendous, I couldn't watch."

Officials Suprised By DEA Raid On Pot Clinics (LAT)

The Los Angeles Times, January 18, 2007

Federal drug agents raided eleven medical marijuana outlets in Los Angeles Wednesday afternoon, seizing several thousand pounds of processed marijuana, along with weapons and money, as part of an ongoing investigation, a Drug Enforcement Administration spokeswoman said.

At least three people in West Hollywood were taken into custody in a raid of five outlets there. Six other outlets in Venice, Hollywood, Sherman Oaks and Woodland Hills were also raided.

In West Hollywood, agents in bullet-proof vests, dark sunglasses, gloves and face masks piled out of a storefront with boxes and black trash bags stuffed full, as 50 protestors gathered, booing and shouting "States' Rights". The evidence was loaded into dark blue SUVs and vans.

At one dispensary, The Farmacy on Santa Monica Boulevard, amateur videographers and others mobbed officers piling three cars with evidence.

West Hollywood city officials said the raid took them by surprise. The West Hollywood Sheriff's station was not notified until 2 p.m., a half-hour before the raid began, said Lt. David Smith.

City spokeswoman Helen Goss said West Hollywood has a "long-standing commitment" to the use of medical marijuana for people suffering from illnesses like HIV and AIDS, and city officials said they were taken by surprise, learning of the raid as it was going on.

California voters approved Proposition 215, the Compassionate Use Act in 1996, which made marijuana available by prescription for medicinal uses. The federal drug agency, which does not recognize California laws legalizing medical marijuana use, recently stepped up enforcement, contending that the amount of money involved proves that the burgeoning dispensaries are nothing more than fronts for high-stakes drug dealing.

DEA Raids 11 Medical Marijuana Clinics In Los Angeles Area (MHCA)

Monterey (CA) Herald, January 18, 2007

LOS ANGELES - Federal drug agents raided nearly a dozen medical marijuana clinics Wednesday, seizing several thousand pounds of processed marijuana, along with weapons and money, authorities said.

Several people were detained, although no arrests were made after five dispensaries in West Hollywood and six others in Venice, Hollywood and the San Fernando Valley were searched, said Sarah Pullen, a spokeswoman with the U.S. Drug Enforcement Administration.

Pullen declined to provide details of the investigation, saying the search warrants remained under seal. "But obviously we are looking for marijuana and other illegal drugs, marijuana edibles and evidence of ongoing criminal activity and anything from paperwork to documents -- you name it," Pullen said.

Officials in West Hollywood said they were surprised by the action, learning of the raid as it was happening.

West Hollywood spokeswoman Helen Goss said the city has a "long-standing commitment" to the use of medical marijuana for people suffering from illnesses like HIV and AIDS.

Agents in bulletproof vests, gloves and face masks left a West Hollywood storefront with boxes and trash bags filled, as about 50 protesters booed and shouted "states' rights."

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At one dispensary, The Farmacy on Santa Monica Boulevard, amateur videographers and others mobbed officers filling three cars with evidence.

California voters approved Proposition 215, the Compassionate Use Act in 1996, which made marijuana available by prescription for medicinal uses. The DEA, which does not recognize California laws legalizing medical marijuana use, has recently stepped up its enforcement.

"Today's enforcement operations show that these establishments are nothing more than drug-trafficking organizations bringing criminal activities to our neighborhoods and drugs near our children and schools," said Ralph W. Partridge, head of the DEA in Los Angeles.

Feds Raid 5 Of 7 Medical Marijuana Clinics In WeHo (CBS2)

CBS 2, January 18, 2007

(CBS) WEST HOLLYWOOD, Calif. Federal agents raided five of the seven medical marijuana dispensaries in West Hollywood Wednesday, along with six others throughout Los Angeles County, authorities said.

West Hollywood city officials said Drug Enforcement Administration raids were carried out at dispensaries at 7828, 7825, 7901 and 8464 Santa Monica Blvd., and at a dispensary at 8921 Sunset Blvd.

Sarah Pullen of the DEA said six other dispensaries were searched, including four in the San Fernando Valley, one in Hollywood and one in Venice.

She said she could not provide specifics of the raids because the warrants were under court seal, "but obviously we are looking for marijuana and other illegal drugs, marijuana edibles and evidence of ongoing criminal activity and anything from paperwork to documents -- you name it."

Several people were detained but none were arrested, Pullen said, although she said arrests may be forthcoming.

She said although medical marijuana is legal in California, "federal law doesn't differentiate. Marijuana is illegal in any form."

"... The DEA is here to enforce federal drug laws," she said.

"Federal law does have supremacy over state law where there is a difference between federal law and state law by a ruling of the Supreme Court. Therefore, marijuana is illegal."

West Hollywood officials decried the raids.

"The city of West Hollywood has had a long-standing commitment to the compassionate use of medical marijuana for those persons who are facing catastrophic illnesses," City Manager Paul Arevalo said.

Pullen said the places that were served with search warrants were chosen through "citizen complaints and increased criminal activities surrounding the establishments, from parking violations to armed robbery to break ins to graffiti to hand-to-hand sales outside."

She said there are at least 200 marijuana distribution centers operating in Los Angeles County.

Sheriff's Deputy Ed Hernandez said the Los Angeles County Sheriff's Department provided traffic control and security in the West Hollywood locations.

West Hollywood City Councilman Jeffrey Prang said he drove by one of the locations this afternoon and it had been taped off.

"The DEA was inside, going through computer files and papers," said Prang, who is employed by the Sheriff's Department in a civilian capacity.

The raids came on the heels of a vote by the West Hollywood City Council last night "toughening the restrictions affecting these establishments," said Prang.

"West Hollywood has been a leader and advocate of the compassionate use of marijuana for people with HIV and other serious illnesses who find it brings them relief," Prang said.

He said marijuana is known to lessen the nausea connected with chemotherapy treatments used to treat cancer and also helps people with HIV or AIDS who get "wasting syndrome."

The marijuana helps them maintain their appetite, he said.

"I'm not an expert, but if people are terminally sick or are suffering, why would one deny them access?" he said.

He said another medical marijuana dispensary was raided in the San Fernando Valley last week, and several in Northern California were raided over the last few weeks.

Arevalo said the city had no advance knowledge of the raids.

"It is regrettable that the federal, state and local governments cannot work together on this issue," he said.

Supporters of the medical marijuana dispensaries said they plan to stage a protest at West Hollywood City Hall tomorrow to condemn the raids.

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"The DEA continues to say that they are not going after patients," said Steph Sherer, executive director of Americans for Safe Access. "But every time they raid a medical cannabis dispensary, hundreds of the most seriously ill lose their access to medicine."

Feds Bust Bay Area Pot-Growing Operation (NBC4)

NBC4.TV, January 18, 2007

SAN FRANCISCO, Calif. -- Federal agents are breaking up a multi-million dollar drug operation that stretches from the San Francisco Bay Area to the Central Valley.

Drug Enforcement Agency agents found pot and indoor pot-growing equipment in 48 homes in suburbs such as Lathrop and Stockton.

According to court documents, the growers are from the Bay Area.

Agents spent months tracking them from upscale homes in the Central Valley to San Francisco and Oakland.

Agents served several search warrants and arrested eight people in San Francisco's Chinatown and the outer Mission neighborhood on Friday.

Investigators are still trying to figure out who is in charge of the operation, which they say produced $20 million worth of pot every year.

Officials Link Bay Area Raids To Area Marijuana Operation (SACBEE)

By Ryan Lillis, Bee Staff Writer

The Sacramento Bee, January 18, 2007

Authorities raided three Bay Area homes Wednesday that they believe are connected to an alleged large-scale indoor marijuana operation uncovered in the Sacramento region last year.

Agents from the federal Drug Enforcement Administration and the Elk Grove and Stockton police departments raided homes in San Francisco, Daly City and Union City, said DEA Special Agent Gordon Taylor.

Agents found "documentary evidence" that the homes were connected to 48 homes raided as part of the widespread investigation the past six months, Taylor said.

Tuesday's raids followed a series of busts last week in which search warrants were served at homes in Lathrop, Tracy, San Francisco and Oakland, Taylor said.

Authorities said they made eight arrests during those raids and confiscated weapons, processed marijuana, ecstasy pills and more than $60,000.

"It appears this is a Bay Area crime syndicate that has exported its indoor marijuana operations to Sacramento and San Joaquin counties," Taylor said. "They showed up unannounced, unexpected and uninvited, and today we're turning the tables on them."

Police Charge 4 In Drug Scheme (NASHTEL)

By Andrew Wolfe, Telegraph Staff

Nashua Telegraph, January 18, 2007

CONCORD – Some car buffs like low profile tires, big, flashy rims and walloping sound systems with bone-jarring bass.

Federal prosecutors charge that four men at two Massachusetts auto repair shops catered to yet another type of car customizer: the sort who wants well-hidden, mechanized compartments large enough to hold several kilograms of cocaine or heroin.

Danilo DeLeon, of 192 Garden St., and Jose “Chocha” Rojas, of 29 Bromfield St., both in Lawrence, Mass., are charged along with Felipe Espada of 485 Granite St., Manchester, and Melvin “Flaco” Rosario, ofspiracy case pending in U.S. District Court.

Prosecutors charge that DeLeon and Rojas installed a hidden compartment, or “clavo,” in a Honda Odyssey van for two informants last March at DeLeon Auto Sales in Lawrence.

“Clavo,” which means “nail” in Spanish, is slang for a compartment used to stash drugs, DEA Special Agent Todd Prough wrote in an affidavit describing the investigation.

DeLeon and Rojas are charged with conspiracy to sell drug paraphernalia and aiding and abetting drug distribution, according to federal court records.

DeLeon also introduced the informants to Espada and Rosario, who handled a second custom installation on a Mitsubishi Montero, and also agreed to sell the informants a kilo of cocaine for $23,000, Prough’s affidavit states.

Espada and Rojas face the same charges as DeLeon, but also are charged with conspiring to distribute cocaine.

The four men all were arrested and charged in November, and their case is scheduled for trial March 20 in U.S. District Court before Judge Joseph DiClerico Jr.

An informant first met with DeLeon at DeLeon Auto Sales, 58 E. Haverhill St., Lawrence, on March 21, and arranged for a "clavo" large enough to hold "two kilos" to be installed in the Honda Odyssey, Prough wrote.

DeLeon later towed the van from Salem, N.H., and charged $600 for the job, which was finished April 5. The compartment was hidden beneath plastic molding over the rear bumper, and DeLeon told the informants it would hold up to five kilos, Prough wrote.

On June 15, the informants met with Rojas at DeLeon Auto Sales and asked about getting an electronically operated compartment installed in a Mitsubishi Montero, large enough to hold "15 kilos" of cocaine, heroin "or anything," Prough wrote.

DeLeon towed the Montero to DeLeon Auto, but later arranged for Espada and Rosario to handle the job, Prough wrote. The compartment was to open electronically, with a piston, he wrote, and Rosario and Espada showed the informants a white Jaguar with a similar compartment at another shop, Rodriguez Auto Repair, in Methuen, Mass., Prough wrote.

On Oct. 12, Prough wrote, Espada and Rosario met the two informants in an apartment in Lawrence, where they had brought a kilo of cocaine to sell. All four men were arrested that day.

Espada and Rosario have remained jailed since their arrests, and DiClerico has denied Rosario's requests for bail, court records show. DeLeon was released after posting a $50,000 bond. Rojas was released on bail, but then jailed again after failing drug tests, court records show.

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$50 Million Drug-money Seizure May Be Biggest Score Ever (CNN)

CNN, January 18, 2007

Colombian police find millions in U.S. currency, euros in three raids

WASHINGTON (CNN) -- Colombian national police recovered close to $50 million in U.S. currency as well as other money during three raids in the past week on houses used to stash drug proceeds, a U.S. official told CNN on Wednesday.

It is thought to be the most money ever seized by a law enforcement agency in the world, said the official, who requested anonymity due to the sensitive nature of the investigation.

The raids were conducted following a tip from a source working with the U.S. Drug Enforcement Administration, the official told CNN. The DEA then provided information to the Colombian National Police.

The first of the raids -- all of which were conducted in the Cali area -- took place Friday, and $13 million and more than €2 million was seized. The cash was in a false cabinet and wall that led to a hidden room. Another cash seizure took place Tuesday, when police recovered $16 million to $18 million.

Separately, another house was searched on Wednesday and a large quantity of gold was found. Officials said a wall had to be destroyed to get to the gold.

DEA agents accompanied Colombian police on the raids, the DEA official said.

The money and gold likely belonged to a member of the Norte Valle Cartel, which dominates the cocaine trade in Colombia, the official told CNN.

IMMIGRATION:

Justices Grease Wheels For Deporting Noncitizen Car Thieves (LAT)

By David G. Savage

The Los Angeles Times, January 18, 2007

WASHINGTON — The Supreme Court made it easier today for the government to deport thousands of legal immigrants who have been involved in car thefts.

In a 9-0 decision, the justices said noncitizens who have been convicted or plead guilty in California to the theft of a motor vehicle are also guilty of an "aggravated felony" under the immigration laws, even if they simply helped another person carry out the theft.

Under a strict 1996 law, legal immigrants who have an aggravated felony on their records are automatically deported from the United States.

Today's ruling reverses a decision of the U.S. 9th Circuit Court of Appeals in San Francisco, which said California's law swept too broadly and could brand some minor participants as serious criminals deserving of deportation.

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Justice Stephen G. Breyer disagreed. California's law on vehicle thefts applies not only to those who steal a car, but also to others who "aid or abet" the thief. "We cannot agree that California's law is somehow special," he wrote.

Government lawyers said the 9th Circuit's ruling, which applied throughout the West, had blocked the deportation of more 8,000 immigrants.

The high court's ruling was not a total victory for the government, however. The justices stopped short of deciding whether mere "joyriding" could be deemed an aggravated felony.

They also left open the question of whether the deportation law should also extend to persons who were "accessories after the fact" to car theft by, for example, traveling in a stolen car. These issues can be decided later, the court said.

While today's decision focused on California's law on motor vehicle thefts, the decision will apply across the nation, since the court said every state has a similar measure on the books.

Luis Alexander Duenas-Alvarez, a 32-year old native of Peru and a permanent legal resident, pleaded guilty in 1992 to the theft of a Honda Accord in Marin County. He was sentenced to three years in state prison.

As he neared the end of his prison term, U.S. immigration authorities moved to deport him. The 9th Circuit blocked that move, ruling it was not clear whether Duenas-Alvarez intended to steal the car.

Today's ruling in Gonzales vs. Duenas-Alvarez represented a setback for the immigrant, but not a final defeat.

"The decision expressly leaves open our ability to present additional arguments to the Court of Appeals," said Christopher J. Meade, a New York lawyer who represented Duenas-Alvarez's case to the high court.

Justices Uphold Deporting Alien For Car Theft (WT)

By Jerry Seper

The Washington Times, January 18, 2007

The Supreme Court yesterday sided with the Bush administration in a case the government says could have a "substantial effect on the administration of immigration laws," ruling that a foreign national and legal U.S. resident convicted for car theft can be deported.

In the near-unanimous opinion, the high court overturned a ruling by the 9th U.S. Circuit Court of Appeals in San Francisco, which rejected government arguments that under the 1996 Immigration and Nationality Act (INA), aliens can be deported for a category of aggravated felonies called "theft offenses" for which the punishment is at least one year in prison.

The appeals court had vacated an order by a U.S. immigration judge that the 2002 conviction of Luis Alexander Duenas-Alvarez constituted an aggravated felony and ruled that the Peruvian-born immigrant and legal U.S. resident since 1998 could not be deported.

But the Supreme Court, in an 18-page opinion, said U.S. immigration law provides for removing a foreign-born national convicted of a theft offense, including aiding and abetting, when the term of imprisonment is at least one year.

The high court agreed that a conviction on state charges of car theft rose to the level envisioned by Congress when the INA was passed.

"To find that state law creates a crime outside the generic definition of a listed crime in a federal statute requires a realistic probability, not a theoretical possibility, that the state would apply its statute to conduct falling outside the generic definition," Justice Stephen G. Breyer said in writing the opinion.

Joining Justice Breyer were Chief Justice John G. Roberts Jr. and Justices Antonin Scalia, Anthony M. Kennedy, David H. Souter, Clarence Thomas, Ruth Bader Ginsburg and Samuel A. Alito Jr. Justice John Paul Stevens sided with his colleagues on three of four issues under debate, but he said the court should withhold comment on the issue of California law until after the appeals court has addressed it.

In 2002, Duenas-Alvarez pleaded guilty to violating the California Vehicle Code, which makes it "illegal to take a vehicle without the owner's consent or to aid or abet in such a taking." He was sentenced to three years in prison.

The Department of Homeland Security sought Duenas-Alvarez's deportation based on the INA. Theft offenses are one type of crime included in the category of aggravated felonies for which the government can deport aliens.

In February 2004, Homeland Security initiated removal proceedings, and a U.S. immigration judge ruled that the California offense of unlawful driving or taking of a vehicle was a theft offense and ordered Duenas-Alvarez removed to Peru. The Board of Immigration Appeals dismissed Duenas-Alvarez's appeal.

The 9th Circuit overturned the deportation order, saying that because the California statute allows for convictions based solely on aiding and abetting, conviction under the statute did not necessarily mean Duenas-Alvarez had committed a theft offense.

But U.S. Solicitor General Paul D. Clement, in arguing the case for the government, called the appeals court ruling "incorrect," saying Duenas-Alvarez's case provided the ideal situation with which to clarify federal immigration law.

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In court papers, Mr. Clement said a Supreme Court decision on the matter would directly affect an estimated 8,000 immigrants in the 9th Circuit who have been charged with theft offenses.

He argued that the 9th Circuit ruling was in conflict with decisions of other courts of appeals, and if left unreviewed, "it will have a substantial effect on the administration of immigration laws."

Dems In No Rush To Build Border Fence (AP)

By Suzanne Gamboa, Associated Press Writer

AP, January 18, 2007

A law to erect hundreds of miles of fence on the U.S.-Mexican border is on the books, and money to start it has been approved. Still, the next step is uncertain.

Republicans worry that now they have lost control of Congress, they never will see the fence built. Democrats in charge today generally oppose the fence.

The law passed last year says Congress does not have to release the money until lawmakers approve how the fence will be built.

Based on the comments of some Democrats, there is no rush.

Rep. Bennie Thompson, chairman of the House Homeland Security Committee, said he wants the Bush administration to offer a plan for securing the northern and southern borders.

"My preference is to delay the construction of a fence until we have a plan," said Thompson, D-Miss.

House Majority Leader Steny Hoyer, D-Md., said this week Democrats want "the best possible way" to secure the border.

Hoyer voted against the fence last year, as did House Speaker Nancy Pelosi, D-Calif.

Though the total fencing was believed to be about 700 miles, congressional researchers say it is closer to about 850 miles.

A separate law on Homeland Security Department spending provided $1.2 billion for the fencing. That law also withholds $950 million of the sum until the House and Senate appropriations committees approve the department's plan for spending the money.

Attempts to get comment from the chairmen of the House and Senate appropriations committees were not immediately successful.

Some Republicans have written President Bush asking him to request more money for the fence's construction in his 2008 budget.

In a recent news conference, GOP Reps. Duncan Hunter of California and Steve King of New York said the cost of the fence would be in line with the Congressional Budget Office's estimate: $3 million a mile, for a total of $2.6 billion.

"It's just a fence. It's the kind of fence we build in America every day," Hunter said.

In a Dec. 12 report, the Congressional Research Service said costs could be higher.

The U.S. Army Corps of Engineers estimated a double-layer fence would cost a little over $1 million a mile, not including buying the land on which it would be built, the research service said. In addition, maintenance could run from $16.4 million to $70 million a mile over 25 years, the Corps said.

The Homeland Security Department has contracted with Boeing for the Secure Border Initiative, consisting of a "virtual fence" of cameras, surveillance technology and new procedures for border agents. The first phase is to be completed in Arizona in June. A recent audit report said that project could cost between $8 billion and $30 billion.

TAX:

Senate Panel OKs Business Tax Breaks (AP)

By Andrew Taylor, Associated Press Writer

AP, January 18, 2007

Tax breaks aimed at easing the burden of a minimum-wage increase on small businesses sailed through the Senate's tax-writing committee Wednesday.

The unanimous voice vote by the Senate Finance Committee paves the way for the full Senate to consider boosting the minimum wage to $7.25 over the next two years. The wage plan is next in line for debate after the Senate wraps up work on an ethics and lobbying overhaul.

But the committee's action drew protests from the House's No. 2 Democrat, who said it would "complicate and delay" passage of the minimum-wage increase. The House passed its version without any tax breaks for the small businesses, which typically employ the greatest number of minimum-wage workers.

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The House also is guarding its right under the Constitution to initiate tax bills and says procedural gridlock might ensue if the Senate goes first.

"Minimum-wage earners have already waited nine years and four months for a raise. Congress should not make them wait any longer," said House Majority Leader Steny Hoyer, D-Md.

The tax provisions would help restaurants, retailers and other businesses that hire welfare and food stamp recipients as well as ex-convicts, the disabled and others who might have difficulty landing a job.

In keeping with promises by Democratic leaders to accompany the tax cuts with balancing revenue increases, the measure would close tax loopholes and curb corporate tax shelters that have passed the Senate in recent years, only to die in the once GOP-dominated House.

The popularity of the wage increase meant easy approval of a narrowly written bill through the Democratic-run House. The bill would raise the wage in three steps, starting with an increase from $5.15 to $5.85 per hour.

In the notoriously balky Senate, however, Democratic leaders have opted to add the $8 billion in tax relief. That would help ease passage by avoiding a fight with business lobbyists and the possibility of a filibuster by minority Republicans.

"A minimum wage hike would likely not pass the Senate without small business tax relief," said Iowa Sen. Charles Grassley, the top Republican on the Senate Finance Committee.

The Senate's move probably will delay the minimum wage bill and has generated hard feelings between House and Senate tax writers.

House Ways and Means Committee Chairman Charles Rangel said the Senate is trampling on his chamber's right under the Constitution to initiate tax bills.

Rangel, D-N.Y., said the Senate must try to pass the bill as a stand-alone measure without the tax provisions.

"We're not going to accept a tax cut of $8 billion on our minimum wage bill," Rangel said. "It's a Senate problem."

House leaders want to avoid long delays in enacting the minimum wage increase. They are sending signals privately that they ultimately will accept some tax provisions rather than risk deadlock.

The Senate measure also would scale back the ability of corporate executives to postpone paying taxes on deferred compensation plans, limiting the amount of deferrable income to $1 million. This would raise $806 million over the next decade.

Rolling back the plans, which are popular with highly paid executives, led to objections from the business lobby.

All told, the Senate measure would provide about $8 billion in tax incentives for small business by extending the ability of small businesses to defray the cost of equipment purchases. It would allow restaurant and store owners — who typically hire many minimum wage workers — accelerated tax benefits on improvements to their facilities.

The measure would extend for five years the work opportunity tax credit. This gives businesses tax relief for hiring people that employers often are reluctant to take on — welfare recipients, ex-felons, the mentally and physically disabled and inner city youths, for example.

Under both the House and Senate bills, the minimum wage would rise to $5.85 an hour 60 days after it signed into law by the president; then to $6.55 an hour a year later; and to $7.25 an hour a year after that.

Minimum-Wage Deal Hinges On Taxes (WSJ)

By Sarah Lueck

The Wall Street Journal, January 18, 2007

WASHINGTON -- Some banks, foreign companies and top corporate executives could feel the pinch of tax changes the Senate is considering to fund sweeteners for small businesses as part of a federal minimum-wage boost.

The Senate Finance Committee yesterday approved an $8 billion package of tax breaks over 10 years for small businesses that may be affected by the proposed increase in the minimum wage. The pay raise passed the House and could be taken up in the full Senate as soon as next week. The Senate package extends for another year a deduction for small companies' equipment expenses and allows restaurants quicker recovery of costs for improving their premises. It also extends for five years a tax credit for companies that hire certain disadvantaged groups, such as at-risk youth. The committee added veterans disabled during service on or after Sept. 11, 2001, to the list of hires eligible for the credit.

The Senate move shows the changed dynamic in the new Congress, where Democrats have said fiscal responsibility and helping the middle class will be their focus. Rather than pairing the pay boost for low-income workers with a cut in the estate tax, as was the case last year, the Senate is combining the minimum-wage increase with a narrow package of tax breaks for small firms that is offset with tax restrictions for other companies. The debate is an early test of the ability of Democratic leaders in the Senate and House to bridge differences between the chambers.

To pay for the tax breaks, the panel agreed to further restrict a tax shelter known as a "sale-in, lease-out," or SILO, transaction. The committee also agreed to collect taxes from more companies that have used "corporate inversion" deals to

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avoid them -- essentially reincorporating in a foreign country to avoid paying U.S. taxes on foreign income. In addition, the panel agreed to greatly limit the earnings that executives and other highly paid workers can put tax-free into deferred compensation plans, among other changes.

In 2004, Congress cracked down on SILO transactions, but not as rigorously as today. In SILO transactions, a tax-exempt entity such as a city government sells property to an investor and then leases the property back for use. The investor, in turn, can take advantage of tax breaks associated with the property that wouldn't benefit the seller. The Finance Committee's bill would raise an estimated $4.3 billion over five years by restricting the deals no matter when they occurred; current law disallows those that occurred after March 12, 2004. Among the losers if the change becomes law: Banks such as Wachovia Corp. and Bank of America Corp. that have entered into such transactions. Both companies declined to comment on the move.

The finance panel's changes to corporate inversions would affect companies including drilling-service contractors Nabors Industries Ltd. and Noble Corp., that got a reprieve from such restrictions when Congress debated them a few years ago. At that time, House Republicans insisted on a later effective date for corporate-inversion curbs than the Senate wanted. Now, the Senate panel's plan would move back the effective date about a year. Noble declined to comment and Nabors Industries didn't respond to a request for comment.

As for the changes to deferred-compensation packages, critics said the Senate panel's plan would have unintended consequences. As written, the provisions would cause an "upheaval," said Lynn Dudley, vice president for retirement policy at the American Benefits Council, which advocates for large companies that provide employee benefits.

Ms. Dudley said the panel's limits might affect compensation arrangements for middle managers, not just top executives, or could disrupt the common practice of providing two-year severance packages.

In 2004, Congress targeted companies that let executives defer compensation to delay paying taxes and then allowed them to dip into that kitty without limit. It set rules, some still being implemented by the IRS, detailing how and when compensation could be deferred, requiring, for instance, a fixed schedule for paying out the money. The new provision, one of the first tangible responses to concern about executive compensation in the new Congress, would limit that to the lesser of $1 million or the person's average taxable compensation for the prior five years.

Finance Committee Chairman Max Baucus (D., Mont.) said the offset provisions, many of which had been passed by the panel in past years, would rein in corporate abuses in order to help small businesses in states like his.

Mr. Baucus said the tax package would be crucial to passing a minimum-wage increase in the Senate. But the package faces resistance from tax writers in the House, which last week passed a bill boosting the hourly minimum wage to $7.25 from $5.15 without any tax breaks. The Senate's approach has rankled House Ways and Means Committee Chairman Charles Rangel (D., N.Y.) because it puts him in the position of having the Senate initiate a revenue measure, contrary to Constitutional precedents that require all tax bills to begin in the House.

Mr. Rangel appears to have staked out a bargaining position that Senate Democrats should at least first try to pass the wage increase without the tax breaks. "Why do you need a tax break to do the right thing?" Mr. Rangel asked. "Maybe he (Sen. Baucus) doesn't have a strong feel for the depth of support that this bill has. ... I strongly disagree that this thing would be filibustered." Mr. Baucus said Senate Majority Leader Harry Reid (D., Nev.) and House Speaker Nancy Pelosi (D., Calif.) would have to work out the differences.

CONGRESS-ADMINISTRATION:

Quarrel Stalls Movement Of Ethics Bill In Senate (NYT)

By David D. Kirkpatrick

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — It is an open secret that many members of Congress from both parties would be relieved to scuttle proposed changes in ethics rules. After all, the changes tend to limit the personal perks and political advantages of their positions.

In the Senate, that wish appeared to come true on Wednesday. A proposed ethics overhaul collapsed when a procedural question turned into a feud between the Democratic and Republican leaders, each accusing the other of failing to address a major theme of the fall elections.

By about 10 p.m., the proposals appeared dead for now after 46 Senate Republicans blocked a vote on a broad ethics and lobbying bill. Fifty Democrats and one Republican, Senator Gordon H. Smith of Oregon, supported going ahead with the vote, but under Senate rules, 65 votes were needed to prevail.

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In an interview after the vote, Senator Harry Reid, Democrat of Nevada and majority leader, said, "The Republicans killed ethics reform, period. There is no way to put frosting on this. This is as sour as any piece of legislation."

Mr. Reid said he would give the Republicans another chance to vote for the bill Thursday afternoon, but then would set the measure aside if they did not come around. The 21 Republican senators who will be up for re-election in 2008 "for the next two years are going to have to go home and explain what they did to try to destroy the most significant ethics and lobbying reform since Watergate," Mr. Reid said.

Senator Mitch McConnell of Kentucky, the Republican leader, called Mr. Reid's accusations spin. He said the issue was Mr. Reid's refusal to hold a vote on a Republican proposal to include in the ethics bill a version of a presidential line-item veto, a provision that Mr. Reid said was irrelevant to ethics.

Mr. McConnell argued that such a veto power would help eliminate waste or corruption from the pet spending projects known as earmarks, which lawmakers tuck into complicated legislation.

Although Mr. Reid publicly vowed to hold another vote on a presidential line-item veto, Mr. McConnell said the Republicans would block passage of the ethics-and-lobbying rules package unless Mr. Reid allowed a vote on the proposal as an amendment.

"No amount of spin is going to convince anyone that Republicans don't want to pass this bill," Mr. McConnell said in a speech on the floor.

The Senate ethics and lobbying reform bill under debate was introduced by the leaders of both parties and closely resembles a bill passed under Republican control last year. It is considerably weaker than a counterpart bill that the House recently passed. But roll calls on a series of proposed amendments are forcing lawmakers to choose between casting embarrassing no votes or accepting more sweeping changes.

The new House rules, for example, includes a prohibition on House members' accepting gifts, meals or trips paid for by lobbyists; a ban on accepting discounted use of corporate jets; and a requirement of public disclosure of the sponsor, cost and purpose of each earmark.

The original Senate ethics bill included looser restrictions and major loopholes. Mr. Reid, one of the biggest users of discounted corporate jet trips, introduced an amendment to roughly match the House rules on gifts, meals or jet use.

But when a Republican introduced a proposed amendment to match the House requirement on earmarks, Mr. Reid tried unsuccessfully to block it. Then he embraced it with small modifications.

Senator Trent Lott, Republican of Mississippi and a former party leader, said he was "amused" by the fracas. "I guess there is a little bit of a manhood thing here where one side is going to show the other," Mr. Lott said.

Still, Mr. Lott, who oversaw the weaker bill that was introduced last year, also acknowledged some impatience with the zeal for new rules.

"It's gotten out of control," Mr. Lott said. "We're involved in a long process of self-flagellation."

Senator Ben Nelson, Democrat of Nebraska, agreed. "I think this whole process has gotten out of control," he said. "Only in Washington, when somebody like Jack Abramoff and Duke Cunningham breaks the law, you suddenly have to change the law."

Line-Item Veto Stalls Ethics Bill (RC)

By Tory Newmyer

Roll Call, January 18, 2007

Republican Senators threatened Wednesday to derail a lobbying and ethics overhaul package if Democrats block consideration of a presidential line-item veto the GOP wants added to the bill.

The blow-up brought consideration of other proposed amendments to a halt Wednesday afternoon and threw into uncertainty the prospects for a measure invested with so much importance that Senate Democrats tagged it S.1.

Senate Majority Leader Harry Reid (D-Nev.) tried to avert a showdown by guaranteeing he would provide floor time before the Easter recess for a stand-alone bill granting the president rescission authority, and, if it passed, would send it to conference negotiations with the House. But in a floor debate with Reid, Sen. Judd Gregg (R-N.H.), who offered the amendment, appeared to reject the offer.

"Why not do it now?" he asked.

Senate leaders had hoped to reach an agreement about how to deal with more than a dozen remaining amendments and vote to cut off debate on the bill Wednesday evening. With Republican leaders pledging to filibuster unless the line-item veto was considered, Senators were poised at press time to vote sometime after midnight on the procedural motion ending debate.

Democrats charged Republicans with grasping for a last-minute way to torpedo the ethics legislation.

"If it wasn't this amendment, they had any other number of poison pills designed to kill this bill," a senior Democratic Senate aide said.

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On the floor, Majority Whip Dick Durbin (D-Ill.) said Republicans had read over the bill's provisions during their weekly policy luncheon Wednesday and gotten "indigestion."

But Sen. Bob Bennett (R-Utah), one of the bill's floor managers, retorted that he had presented the ethics bill at the gathering and "there was no suggestion that we should try to take this bill down with a subterfuge."

At least one powerful Republican on Wednesday voiced discomfort with the scope of the bill. Minority Whip Trent Lott (Miss.) said the reform drive had spun out of control.

"We're in total free fall. We're trying to react to press reports," he said. "I think that a lot of this is hypocritical ... We're making a lot of mistakes in this, in my opinion."

The House last year approved the line-item veto, but it stalled in the Senate, where it was packaged with a number of other budget reforms. Senate Democrats on Wednesday said the proposal raises Constitutional issues and is too complex to deal with quickly.

The standoff over the Gregg amendment marks the second time in as many weeks a partisan blow-up has stalled progress on the Senate ethics bill. Democrats have stressed the importance of bipartisan cooperation on the measure, but last week they tried to kill an amendment from Sen. Jim DeMint (R-S.C.) aimed at boosting transparency for earmarks. When that failed, they blocked an attempt to adopt the measure on a voice vote, as is common practice in such circumstances.

Democrats relented the next day, offering an amendment making some technical changes to DeMint's proposal and then getting behind it.

Meanwhile, Senate aides and outside budget hawks were struggling to understand how earmark reform provisions adopted earlier this week will be put into practice.

The measure now requires disclosure of earmarks at two points in the process: once those earmarks are adopted into a bill at the committee level, and again, 48 hours before the bill is brought to the floor. Adding to the confusion, more information is required at the committee stage than right before consideration by the full Senate.

Once a Senate panel decides to add an earmark to a bill, the committee is required to disclose the sponsoring lawmaker, the intended recipient, the earmark's purpose, and include a certification that it will not yield a financial benefit to the sponsor or that lawmaker's family. The bill requires that information be made available online in a searchable format.

But once the bill is poised for floor consideration, only a list of earmarks and their sponsors must accompany the bill in a separate report. A Senate aide said any hiccups between the two disclosure requirements likely would be ironed out as the measures are implemented. A single, searchable online database likely would be developed to handle the new disclosures, he said.

Steve Ellis, from the budget watchdog group Taxpayers for Common Sense, called the new disclosure requirements "a good step forward."

"We're not going to let the perfect be the enemy of the good. There's going to be a lot of information in here for taxpayers to determine whether their tax dollars are being spent wisely," he said.

The flare-up over Gregg's line-item veto amendment capped a day that saw no progress on the ethics bill. Reid has been aiming to wrap work on the bill Friday, but Senators took no votes on amendments Wednesday and debated only portions of the bill.

A proposal by Bennett to strike new disclosure requirements for "Astroturf" lobbying campaigns sparked arguments across the aisle, with several Democrats rising to defend the provision, and Bennett and other Republicans calling it unnecessary and potentially ruinous for small groups looking to make their voices heard on Capitol Hill.

Reform groups are urging Senators to reject the Bennett amendment and approve a slate of addendums, including one from Democratic Sens. Barack Obama (Ill.) and Russ Feingold (Wis.) requiring lobbyists to disclose campaign checks they bundle; two more from Feingold banning lobbyists from sponsoring lavish parties honoring lawmakers at party conventions and expanding the scope of the revolving-door ban; and one from Reid tightening gift and travel bans and requiring lawmakers to pay charter rates for flights on corporate jets.

Emily Pierce contributed to this report.

Grass-roots Groups Qualify As Lobbyists Under Ethics Bill (WT)

By S.a. Miller

The Washington Times, January 18, 2007

The ethics bill before the Senate not only cracks down on lawmakers, but also subjects politically active ministers and neighborhood groups to the same rules as K Street lobbyists.

Under the legislation, grass-roots organizations that attempt to "influence the general public" to contact members of Congress would have to register as lobbyists and file financial reports -- or face a $200,000 fine. The requirements could apply to

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a preacher who goes on TV or radio and tells listeners to call their congressman in support of a particular issue, such as a constitutional amendment against homosexual "marriage."

But late last night, in the session's first display of the muscle that even a minority party has in the upper chamber, the entire ethics bill was jeopardized when Republicans blocked a procedural vote. Majority Leader Harry Reid, Nevada Democrat, had refused to allow a vote on an amendment to give the president authority to strip spending "earmarks" from bills.

Republicans retaliated by voting in near-lockstep against a parliamentary motion needed to vote on the entire bill. The motion won a 51-46 majority, far short of the two-thirds majority needed. No action is now scheduled on the bill, though negotiations between the two parties continued into the night.

The vote capped a day of squabbling over the ethics bill, in which the Senate's Democratic leaders clashed repeatedly with Republicans on numerous details, starting with the measure to broaden the scope of lobbyist rules. Democratic backers of the measure say it will expose phony grass-roots organizations, sometimes called "astroturf," that front for monied special interests.

"The problem is these organizations have hired guns paid by undisclosed special interest organizations," said Sen. Dianne Feinstein, California Democrat and chairman of the Rules and Administration Committee.

She said the proposal was "bona fide, helpful and overdue."

But issue groups spanning the political spectrum -- from National Right to Life and Focus on the Family to the League of Conservation Voters and the American Civil Liberties Union -- say the expanded definition of lobbyist will imperil citizens' constitutional rights to free speech and to petition the government.

"This bill goes way too far," said Caroline Fredrickson, director of the ACLU's Washington legislative office. "This gets at the citizen groups who are really the ones making their voices heard about our democracy."

An identical proposal has been introduced in the House.

The first Senate squabble stemmed from an amendment by Sen. Robert F. Bennett, Utah Republican, that would delete the provision on grass-roots lobbying.

"This should be struck from the bill," Mr. Bennett said. "I was taught in civics in high school that [contacting Congress members] was what we were supposed to do."

The grass-roots provision would exempt unions and other organizations that attempt to influence only their members, shareholders and employees. It also would apply only to groups that collect or spend more than $25,000 in three months.

"I gather some groups are upset," said Sen. Joe Lieberman, Connecticut independent who supports the bill. "But it is really aimed at attempts to influence Congress by these astroturf groups."

Mr. Lieberman said the $25,000 threshold would protect real grass-roots activists, an assertion that drew criticism from Jay Sekulow of the American Center for Law and Justice.

"Some of the big churches spend more than that in a week," said Mr. Sekulow, chief counsel for the conservative constitutional-law group. "We have a constitution that gives us the free exercise of religion, and part of that is being able to address the moral and religious values of the day."

The late procedural block came over a proposal by Sen. Judd Gregg, New Hampshire Republican, to give the president the authority, with the approval of Congress, to eliminate individual spending items in broader-scope legislation.

"The new majority party has been very vocal about ... fiscal responsibility and spending restraint," Mr. Gregg said. "Yet it seems to be dragging its feet when it comes time to put those words into action."

Democrats refused to allow a vote, saying the amendment was not relevant to the ethics bill. After the Republican-backed procedural vote, Majority Whip Richard J. Durbin, Illinois Democrat, said he hoped that "this is going to be just a bump in the road."

McCain Does About-face On Grassroots Reform Bill (HILL)

By Alexander Bolton

The Hill, January 18, 2007

Sen. John McCain (R-Ariz.) has told conservative activists that he will vote to strip a key provision on grassroots lobbying from the reform package he previously supported.

The provision would require grassroots organizations to report on their fundraising activities and is strongly opposed by groups such as the National Right to Life Committee, Gun Owners of America, and the American Civil Liberties Union.

While grassroots groups on both sides of the political spectrum oppose the proposal, social conservative leaders such as Dr. James Dobson, founder of Focus on the Family, who broadcasts a radio program to hundreds of thousands of evangelical Christians, have been its most vehement critics.

McCain sponsored legislation last Congress that included an even broader requirement for grassroots lobbying coalitions to reveal their financial donors. But now he will vote to defeat a similar measure.

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It would be politically dangerous for McCain to support disclosure because it would anger many conservative activists, including those who advocate against abortion rights or for gun ownership rights. He is courting many of them for his 2008 presidential campaign. McCain's presidential exploratory committee announced yesterday that Maxine Sieleman, a socially conservative leader who founded the Iowa chapter of Concerned Women for America, had joined its camp.

In letters circulated on Capitol Hill this week, the National Right to Life Committee and Gun Owners of America warned senators that votes on the grassroots lobbying provision would affect legislative scorecards they tabulate for each lawmaker.

Sen. Bob Bennett (R-Utah) has sponsored the amendment to the lobbying reform package that would strip the provision. His amendment is expected to come to the floor for a vote today, said advocates opposing it.

Bennett said he was "a little" surprised to hear that McCain would support him but was "delighted." McCain is considered one of the most authoritative voices on ethics- and lobbying-related issues in the Senate.

"It's a very high priority," said Douglas Johnson, director of legislative affairs for the National Right to Life Committee. Johnson said ordinary grassroots activists from Arizona who had called McCain's office were told by aides that he would support Bennett's amendment.

Jay Sekulow, chief counsel for the conservative American Center for Law and Justice, told The Hill that he had received confirmation from McCain's staff yesterday that he would oppose the disclosure proposal.

"It's huge," Sekulow said of the issue's importance. "It's the most significant restriction on grassroots activity in recent history. I'd put it up there with the 2002 Bipartisan Campaign Reform Act."

McCain was the chief sponsor of the landmark 2002 campaign finance bill, a history that still angers many conservatives. They cite McCain's sponsorship of that legislation as something that makes them wary about supporting his presidential bid. But McCain's recent action could redefine him.

"He'll do everything he can to appeal to conservatives he has already tried to silence," said John Velleco, director of federal affairs at Gun Owners of America, referring to McCain's support of campaign finance reform. "I think he's trying to gain the support of conservatives as much as he can."

"Romney's doing the same thing," Velleco added, explaining that McCain's rival for the nomination, former Massachusetts Gov. Mitt Romney, is re-evaluating his past positions on gun ownership rights.

While McCain has privately told conservative groups that he will side with them, he was not ready to reveal his position yesterday. He opened yesterday's floor debate with a 15-minute speech on the lobbying reforms under consideration. While he urged his colleagues to support the creation of an office of public integrity, he made no mention of grassroots lobbying.

Immediately afterward he declined to state his position on grassroots disclosure.

"I'll address it when it comes up," he told The Hill.

But McCain's spokeswoman, Eileen McMenamin, confirmed that he would support the Bennett amendment.

"Initially when Sen. McCain introduced legislation last year it had a grassroots provision," she said. "Subsequent to that that he got a lot of feedback from groups that the requirements would be too onerous on them because of the reporting requirements."

McMenamin added that a grassroots lobbying disclosure requirement was not included in reform legislation McCain introduced at the beginning of this month.

Johnson, of the National Right to Life Committee, said that there is confusion about which groups would be affected by the pending regulation.

"Under Section 220, anyone who is paid anything by an organization that spends any money at all to encourage more than 500 members of the general public to communicate with members of Congress, if he or she also has contacted congressional offices directly as few as two times, and has spent as little as 20 percent of his or her time on such direct lobbying and grassroots-motivating activities, would be required to register with Congress as a 'lobbyist' and file detailed quarterly reports," wrote Johnson in a letter to Senate offices, adding, "If enacted, it will disrupt the constitutionally protected activities of thousands of issue-oriented citizen groups from coast to coast. …"

McCain's past allies in battles to reform government strongly support disclosure and were surprised to discover his position had changed.

"We saw him supporting it last year," said Craig Holman, a lobbyist for Public Citizen.

"It surprises me and it will surprise the rest of the reform community. I was really expecting him not to get involved in that provision and I had received no indication from his office that he was leaning against it."

Senate Democrats Fight Proposal To Ban Relatives Lobbying (USAT)

By Fredreka Schouten

USA Today, January 18, 2007

DOJ_NMG_0118399

WASHINGTON — As the Senate works on sweeping new ethics rules this week, Majority Leader Harry Reid and other leading Democrats are resisting changes that strike close to home.

A proposal by Sen. David Vitter, R-La., that would ban senators' spouses from lobbying the chamber has triggered intense debate with key senators such as Reid and Dianne Feinstein, D-Calif., promising to oppose it if it affects senators already married to lobbyists.

Reid, D-Nev., would support the ban "as along as it's not retroactive," his spokesman Jim Manley said Wednesday. Feinstein, who oversees the committee that governs Senate rules, also backs a provision that would exempt current senator-lobbyist couples.

"No one has been able to produce a problem," related to the spousal lobbying, she said.

The bill failed to clear a legislative hurdle Wednesday when it did not get the 65 votes needed to advance it. Both Democrats and Republicans said they were negotiating to overcome the impasse.

It's hard to quantify how many members of Congress are related to lobbyists. Some prominent examples include Sen. Elizabeth Dole, R-N.C., and her husband, Bob, the former Senate Republican leader who lobbies on behalf of DP World. Reid's sons and son-in-law have worked as lobbyists.

Vitter said current congressional rules, which permit relatives of senators and House members to work as lobbyists, allow special interests "to write a big check straight into the bank account of a sitting senator."

His plan would exempt spouses who had been lobbyists for at least a year before their husbands or wives were elected to the Senate.

Vitter said that if Democrats move to more broadly exempt current lobbyists and senators from his proposal, it would send a "cynical" message: "Yeah, we're going to get serious about ethics as long as it doesn't affect our friends."

The Vitter proposal is one of two Republican plans targeting lawmakers whose relatives have ties to special interests. Sen. Tom Coburn, R-Okla., wants to ban senators from inserting special projects, known as earmarks, in spending bills that financially benefit senators, their staffers or their relatives including spouses, children, stepchildren and in-laws.

"From an ethical standpoint, there's no way you should ever do an earmark that benefits you financially or someone who is close to you," Coburn said.

The GOP proposals go further than the current ethics package proposed by Senate Democrats, which would require lawmakers to publicly disclose the projects they insert in bills, now often done in secret. Ethics rules adopted by the House this month require lawmakers to disclose their special projects and declare in writing whether they or their spouses have financial stakes in the projects.

Neither House nor Senate Democrats have proposed ending lobbying by relatives.

A USA TODAY investigation in October of the ties between lobbyists and the lawmakers who make spending decisions in Congress found, in 2005 alone, $750 million in special projects pushed by lobbyists with relatives on committees that wrote the bills.

Asked about the prospects for the Republican proposals, Illinois Sen. Dick Durbin, the No. 2 Democratic leader, said, "I won't rule out other possibilities, but I will keep my focus on disclosure." He wants every earmark posted on the Internet 48 hours before senators vote on it.

Durbin's wife, Loretta, works as a lobbyist, but concentrates on state issues and is not registered to lobby on the federal level, he said. "She doesn't involve herself in any of the issues before Congress," he said.

Sen. Thad Cochran, R-Miss., the top Republican on the Appropriations Committee, and other senators said they would support Coburn's plan. Manley said Reid is reviewing the proposal to see if whether it strengthens existing Senate rules.

Senate Debates Ethics Of Travel Perks (AP)

By Jim Abrams, Associated Press Writer

AP, January 18, 2007

Being good sometimes comes with a cost.

Legislation moving through the Senate would end one of the most beloved benefits of Congress, being able to hitch rides on corporate jets at heavily subsidized rates. Instead, senators would be required to pay far more expensive charter rates for private air travel.

That would apply both to official business, when senators skip airport lines to use private planes for trips to their districts or tour areas in their states, and to political or fundraising trips. The latter would come out of a lawmaker's campaign funds.

The House has gone further, barring its members from using official or campaign funds to pay for noncommercial, corporate jets. Lawmakers trying to reach that remote village, disaster site or campaign stop will have to turn to charter plane services.

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The new travel rules are part of ethics and lobbying changes that Democrats, who campaigned on a promise of ending the "culture of corruption" in Washington, have made their first order of business after taking over control of Congress. The legislation would also bar lobbyists from paying for, or participating in, privately funded trips for lawmakers.

The change, when enacted, will be particularly painful for senators from large western states who depend on private aircraft to get them to areas inaccessible by road or commercial flights.

"I've used these airplanes a lot," said Senate Majority Leader Harry Reid, D-Nevada, sponsor of language that would require senators to pay charter rates for private travel rather than the current practice of reimbursing the plane owners with the equivalent of a first-class ticket.

He emphasized that never had a jet owner asked for a legislative favor in exchange for a ride. But in an age when the integrity of Congress is being questioned, "I've come to the realization that this practice presents a major perception problem" and lawmakers must pay the full charter rate, he said.

Sen. John McCain, R-Ariz., said the travel rules were now a "huge loophole in the current gift rules." The average American, he said, "would love to fly around the country on very comfortable corporate-owned aircraft and only be charged the cost of a first-class ticket. It is a pretty good deal we have got going here."

It's also been a well-used perk. PoliticalMoneyLine, which tracks congressional spending, said nine members of Congress spent more than $50,000 in campaign funds in 2006 to pay for the use of corporate jets. Leading the list was Senate Minority Whip Trent Lott, R-Miss., who paid $165,724 to catch rides with corporate giants such as BellSouth Corp. and Federal Express Corp.

But Sen. Lisa Murkowski, R-Alaska, disputed "these images of fat-cat legislators sitting in cushy corporate aircraft."

She said that in Alaska, where 80 percent of towns and villages cannot be accessed by road, lawmakers trying to meet constituents have no choice but to catch rides on turboprops, seaplanes and other small private craft. "My options are so severely limited by this" new rule, she said, "that I don't know how I would operate."

She said she would have to pay some $15,000 for the full cost of a charter flight from Anchorage to the Aleutian Islands. A commercial flight to the Aleutian fishing town of Dutch Harbor, if available, costs $890 roundtrip.

"The taxpayer will foot the bill for the amendment, and the only real change will be more money in the pockets of those who own and operate the private planes," said Alaska's senior senator, Republican Ted Stevens.

If passed, he said, "my budget will run out in the first month or two of the calendar year. It would not permit us to travel to these remote communities throughout the year."

Stevens tried to carve out an exception for cases when there is no more than one daily flight between communities within a member's state and there was no conflict of interest involved. But he withdrew that proposal after Reid gave assurances that the government would pay the extra air travel costs.

The new restrictions also hit a snag in the House when Rep. Darrell Issa, R-Calif., a private pilot, wrote the House ethics committee complaining that the new House rules could be construed as banning private pilots from flying on the job. "This rule has an additional flaw in that it offers no exception for members using their personal funds for flying aircraft they personally own," he said.

John Santore, spokesman for Rep. Louise M. Slaughter, chair of the House Rules Committee, said the intention of the rule was clear, to prevent corporations and lobbyists from buying access to members of Congress and not to keep private pilots out of the cockpit.

In the Senate, Sen. Jim Inhofe, R-Okla., a pilot with a half-century of experience, succeeded in revising the provision to exempt private pilots.

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The Senate bill is S.1.

On the Net:

Congress: http://thomas.loc.gov/

Earmark Victory (WSJ)

The Wall Street Journal, January 18, 2007

If Republicans are wondering how best to shorten their time in the minority, they could do worse than to build on this week's Senate earmark victory. That reform success proves how good policy translates into good politics.

The Senate on Tuesday passed significant earmark reform, 98-0. But that unanimous tally masks the bitter battle that preceded the vote. When Republican freshmen Tom Coburn and Jim DeMint first launched an effort last summer to make earmarks more transparent, they struggled. Republicans had to be dragged into even minimal reform, and among their first acts after losing the election was to attempt to slip thousands more earmarks into their lame-duck spending bills.

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Still, minority status has a way of focusing the mind, and combined with continued DeMint-Coburn shaming, Senate Republicans appear to have re-embraced some principles. When Majority Leader Harry Reid last week attempted to water down House Democrats' earmark reform, Messrs. Coburn and DeMint rallied enough fellow Republicans (and a few Democrats) to outmaneuver the spenders. Red-faced at getting caught trying to submarine their own party's plan for reform, Senate Democrats did an about-face and jumped on the earmark-reform bandwagon.

The result was a mini-competition as to which side of the aisle was tougher on earmarks, and a final bill that goes beyond even the House reform. Senator DeMint passed (98-0) an amendment that broadens the definition of an earmark; even those slipped into last-minute conference reports will have to be disclosed. Under the original Senate legislation, 95% of earmarks would have escaped scrutiny.

More amazing was Democrats' new enthusiasm for oversight. Illinois Democrat Dick Durbin -- who started off trying to tank Mr. DeMint's reform -- finished by passing an amendment (also 98-0) that requires lawmakers to post their earmark requests on the Internet 48 hours before a vote. (The House version of the bill simply requires a public disclosure form.) California Democrat Dianne Feinstein also joined in, passing by voice vote a provision that would bar lawmakers from including earmarks in the classified parts of a bill or a conference report unless they also included language in unclassified terms describing the project, funding levels and sponsor. Classified reports were among the ways that former Rep. Duke Cunningham -- now in federal prison -- hid his earmark payoffs.

None of this is to suggest earmarks will disappear in Washington. The real test will be whether lawmakers can restrain themselves from inserting pork-barrel projects. The news isn't encouraging. We hear federal agency telephones have been ringing off the hook, as Congressmen use back-channels to secure earmarks that they'd rather not appear in public.

Still, the reform is a good start. Republicans made headlines with their demands last week, and the news stories were a welcome change for a public appalled by Congress's spend-happy ways. If conservatives had shown this sort of commitment to their small-government ideals back when it mattered, they might still be in the majority.

5 Down, 1 To Go On Dems' House Agenda (AP)

By Kasie Hunt, Associated Press Writer

AP, January 18, 2007

Five down, one more on tap as House Democrats sprint through their list of promises, not even in sight of the 100 hours set aside for that goal.

About seven more hours ticked away Wednesday on House Speaker Nancy Pelosi's 100-hour clock for passing each item on an agenda that Democrats told voters they would enact after sweeping to victory in November.

The final piece was on deck for a vote Thursday: energy legislation that imposes billions in fees, taxes and royalties on oil and gas companies and uses the money to promote renewable fuels.

According to Pelosi's count, it has taken just over 34 hours to pass the first five bills, including a measure approved Wednesday to lower interest rates on some student loans.

The House actually has been in session for more than 72 hours since the 110th Congress was sworn in on Jan. 4. But the clock on Pelosi's Web site suggested that 34 hours, 5 minutes had elapsed by the close of House business Wednesday.

The San Francisco Democrat's clock only tracks hours spent on legislation.

The items passed so far would:

_make the government negotiate for lower Medicare prescription drug prices. It passed last Friday.

_expand federally funded stem cell research. It passed Jan. 11.

_raise the federal minimum wage. It passed Jan. 10.

_seek to bolster terrorism-fighting efforts. It passed Jan. 9.

_change rules governing ethics, lobbying and the budget. These changes were passed on Jan. 4-5.

Democrats' Rift Stalls Legislation (WT)

By Charles Hurt

The Washington Times, January 18, 2007

House Democrats are proudly trumpeting the conclusion today of their initial spurt of legislative items, but few -- if any -- are likely to become law as passed.

Of the six items they promised to approve in the first "100 hours" of a new Democratic Congress, three have met resistance from the Democratic Senate, at least one appears likely to be vetoed by President Bush and two others have come under heavy criticism from outside groups.

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Yesterday, Senate Democrats attached tax cuts to the bill raising the minimum wage, a condition House Democrats have called unacceptable.

"Republicans were insistent that if the minimum wage were to be increased -- since the bulk of its financial impact falls disproportionately on small businesses -- that we needed to do everything we could to enable small businesses to continue to create jobs, continue to grow, be economically viable so that they could afford to pay this increased minimum wage," Sen. Jon Kyl, Arizona Republican, said yesterday of the tax cuts that were written into the bill in the Finance Committee.

House Majority Leader Steny H. Hoyer, Maryland Democrat, said yesterday he is disappointed by the Senate's action.

"The choice to tie a bill raising the minimum wage to tax breaks for businesses will cost taxpayers $8 billion and complicate and delay the passage of an increase," he said. "Passing a clean minimum-wage bill is a matter of doing what is right and what is fair."

On the promise to "fully implement" all the recommendations of the September 11 commission, Democrats declined to include several provisions -- such as placing all intelligence agencies under the Defense Department. And the House provision that distributes anti-terror funding based on risk so that major cities such as New York and Los Angeles get the bulk of it also likely will be changed by the Senate, where small and rural states have greater sway.

On lobbying reform, Senate Democrats already are working on a decidedly different bill than the one passed by House Democrats, which means the differences still must be hammered out.

Senate Majority Leader Harry Reid, Nevada Democrat, even argued for keeping one provision out of the Senate bill because it mirrored the House lobbying bill.

"This is exactly like the House provision," he said on the Senate floor last week. "That's one of the problems I have. I frankly don't think that they spent the time on this that we have."

Asked yesterday if he is concerned about throwing cold water on the House Democrats' "Six for '06" agenda, Mr. Reid said that for 220 years Congress has been two chambers "and we can't send anything to the president until we both agree on it."

He also applauded the House's efforts, however.

"I think the House has done remarkably good work. I think that they have brought to the attention of the American people some things that had been lacking for the last six years, at least," he said.

The remaining items also have an uncertain future. Mr. Bush is expected to veto legislation approved last week to expand federal funding for embryonic stem-cell research, as he did last year.

The White House has sent similar signals that it disapproves of the bill approved yesterday to reduce interest rates on student loans through taxpayer subsidies. Instead, administration officials say, such legislation should focus on getting more students into college by making it more affordable.

And last week's legislation requiring the federal government to negotiate drug prices has been criticized by veterans groups, disease advocacy groups and even liberal editorial pages such as that of The Washington Post.

Happy Hours (NYT)

By Thomas B. Edsall

The New York Times, January 18, 2007

SOMETHING odd happened on Capitol Hill this week. Something that seemed to start out as a publicity stunt — the House Democratic leadership's 100-hour agenda — actually turned into a ...qualified success.

The passage of the Democrats' eight-part legislative package — to be completed today — sets the stage for striking possibilities, some advantageous to the party, others threatening.

In the short term, the leadership has achieved two goals:

First, Democrats have shown basic competence and authority after four decades of defeat and division, whether in the majority or minority.

Second, the House has now approved legislation directly addressing public concerns: raising the minimum wage, ethics reform, interest rate reductions on subsidized college loans and expanded federal support for stem cell research. It has put in place rule changes to promote fiscal responsibility and adopted recommendations from the 9/11 commission. Today, the House is expected to repeal tax breaks for oil companies. Poll-tested and guaranteed to be political winners, these achievements constitute a modest start toward a saleable centrist agenda for a party too often in the past labeled as extreme.

More important in terms of substantive future legislation, the ability of the Democrats to win over significant numbers of Republicans on most votes signals the slim but enticing possibility of Democratic mastery over a demoralized Republican Party — one that has thrived on polarized partisan warfare in recent years.

If the new bipartisanship takes root, the prospects for health care legislation and immigration reform sharply improve. These proposals cannot survive without backing from both Democrats and Republicans. When it comes to health care, a key

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corporate lobby, the Business Roundtable, has already formed a tentative alliance with organized labor, thereby giving cover to wavering members of Congress from both ends of the political spectrum. A parallel alliance among business, Roman Catholic Church leaders and progressive organizations like the National Council of La Raza has already formed in support of immigration legislation.

Similarly, Republican willingness to cross the aisle strengthens the hand of those who want to build Congressional opposition to the Iraq war. Every Republican who joins the opposition makes it easier for Democrats in red states and districts to become public critics of the war, and for more Republicans to join with them. (Witness the suddenly outspoken Senator Gordon Smith of Oregon.) Without some measure of Republican support, Democrats who challenge the war — particularly those who vote to deny appropriations — run the risk of being portrayed as unpatriotic and unwilling to support American troops in the midst of battle.

The potential for Republican defection is a new thing. Conservatives have long recognized — and worked hard to prevent — the danger of a breakdown in party discipline. In 1993, William Kristol, then chairman of the Project for the Republican Future, orchestrated the defeat of the Clintons' health care plan. In an influential memo, Mr. Kristol wrote: "Any Republican urge to negotiate a 'least bad' compromise with the Democrats, and thereby gain momentary public credit for helping the president 'do something' about health care, should also be resisted. ...The plan should not be amended; it should be erased." Judging from the early days of this Congress, however, Republican solidarity has begun to erode.

On another front, the restoration of Congressional bipartisanship may well have unintended consequences. Senator Barack Obama of Illinois has based his presidential campaign on a dysfunctional political system: "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions," he told supporters this week.

Insofar as Congress regains efficacy, a compelling rationale of the Obama campaign is undermined. Senator Hillary Rodham Clinton, who has cast herself as working effectively within the system, can only benefit when the system appears to be functional. A functional Congress also potentially diminishes the taint of Washington tenure for candidates like Senator Joseph R. Biden Jr. of Delaware and former Senator John Edwards of North Carolina.

While there are upsides to the early success of House Democrats, they are by no means home free. Many Republicans see Democrats undermining themselves with the adoption of pay-as-you-go budget rules, which require new expenditures to be accompanied by equivalent spending reductions or tax hikes. At some point, Republicans argue, Democrats will be forced to make unwelcome cuts, raise taxes, or go back on their word. With these rules, argues Grover Norquist, president of Americans for Tax Reform, Democrats have set the stage to once again become the "tax and spend" party.

Mr. Norquist may have a point. A yet-to-be-released post-election poll of 36,000 respondents by the Cooperative Congressional Election Survey showed virtually no public support for a tax increase. Asked to pick alternative ways to reduce the deficit, 49 percent said they would cut domestic spending, 32 percent said they would cut defense spending and only 15 percent said they would raise taxes. For freshman Democrats who won seats in centrist states like Indiana and Kansas, support for a tax increase would probably be political suicide.

Many Democrats acknowledge that the pressure to raise taxes will intensify, especially if expensive health care programs make it onto the agenda. Nancy Pelosi, the House speaker, asked about taxes on "Face the Nation," said that any tax increase would be limited to the wealthy. Taking back "tax cuts for those making over a certain amount of money — $500,000 a year — might be more important to the American people than ignoring the educational and health needs of America's children," she said. "We're not going to start with repealing tax cuts, but they certainly are not off the table for people making over half a million dollars a year ... It's an option, it's not a first resort."

The Democratic Party is walking a tightrope. Arguably, the party had the last election handed to it on a plate — war, corruption, pederasty — what more could one ask for? In addition, voter repudiation of the president's strategy in the Middle East does not mean Americans trust Democrats on national security.

There are plenty of other reasons to be skeptical of continued Democratic success. Middle-class anxiety about jobs, retirement and health care are in fact scarcely touched by the 100 hours. Race and ethnic prejudice have not evaporated. And George Bush won't be here to kick around forever.

Still, the first days of this new Democratic-led Congress turned out better than anyone might have expected. Given the party's recent Congressional history, any success is notable — even if it's only 100 hours long.

House Votes To Reduce Rates On Student Loans (WP)

By Paul Kane

The Washington Post, January 18, 2007

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The House overwhelmingly approved a bill yesterday that is designed to cut interest rates on college loans, creating a plan that potentially could save students $2,300 over the course of a loan. But the reduction in rates would be phased in and would not take full effect until 2011, when the legislation would automatically expire unless renewed by Congress.

By a vote of 356 to 71, House Democrats checked off another priority item from their fall campaign as part of a 100-hour march to pass legislative priorities by the close of business this week.

However, even the staunchest supporters of the provision -- which would drop the rate paid on federally subsidized student loans from 6.8 percent to 3.4 percent over five years -- acknowledged that the action was only a small piece of what House Democrats hope to do to reduce the cost of higher education.

"This is a down payment," said Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee.

The Democrats broke into loud applause when the final gavel came down on the vote, the fifth of their "Six for '06" agenda items to pass since the party took over the chamber earlier this month.

But the bill marks an early instance of conflict between two Democratic campaign promises: The interest-rate-reduction measure runs up against a pledge to install strict spending limits known as pay-as-you-go, or pay-go, creating a budgetary restriction on how far the newly empowered caucus can go in keeping its word.

The plan, which won the backing of 124 Republicans, would cost $6 billion over five years, according to congressional estimates. But the reduction would sunset after five years, cutting in half the benefits for borrowers. According to Democratic estimates, the plan could nearly double the $2,300 in savings for borrowers if the rate were left at 3.4 percent into the future.

But a permanent cut of the interest payments would cost billions of dollars more, and Democrats would have had to come up with savings in their spending plans under the newly installed pay-go rules.

However, Democrats are hopeful that, if enacted, the lower interest rates would prove popular and would be extended before 2011.

Rep. Howard P. "Buck" McKeon (Calif.), the ranking Republican on the House Education and Labor Committee, called the plan "flawed legislation" and tried to offer an alternative that would limit the reduced interest rates to college graduates who make $65,000 or less, as well as to active-duty military personnel.

However, as has been the case throughout the 100-hour program, House Speaker Nancy Pelosi (D-Calif.) closed off the minority's ability to offer its alternative, prompting McKeon to complain that the bill's process was "badly flawed."

Republicans said that a college student taking out a loan in the fall of 2011 would save just $7 a month under the plan.

Miller rejected the premise of limiting the reduced rates to borrowers with a $65,000 annual salary, contending that a married couple who serve as public school teachers would probably not qualify and would have to pay the higher rate.

Democrats would pay for the plan by cutting subsidies provided to banks and lenders. Without those subsidies, the lending industry asserts that costs will be passed on to borrowers in the form of higher fees and poorer service.

"They will all have to figure out how to make up for the lost revenues," said Harrison Wadsworth, special counsel to the Consumer Bankers Association. "It costs money to provide good service."

The lending industry is hoping that its allies in the Senate, where the Democratic margin is narrow, would obtain more accommodations to soften the financial blow to lenders. Wadsworth said his association came out against the plan only after Democrats detailed how it would be paid for, calling it "piling on" to cut $6 billion in subsidies.

Sen. Edward M. Kennedy (D-Mass.), chairman of the Senate Health, Education, Labor and Pensions Committee, supports the reduction in interest rates but plans to consider it as part of a broader package of bills to deal with the soaring costs of higher education. In February, Kennedy's committee is expected to take up a plan that will include the reduced interest rates, as well as increasing the Pell grant from $4,050 to $5,100 and limiting student loan payments to 15 percent of a borrower's annual income.

Miller supports those provisions and hopes to bring them up in his panel later this year, but he added that yesterday's action was important legislatively and symbolically because it was a key plank of last fall's Democratic electoral agenda.

"That's what we said we were going to do. That's what this 100 hours is about," he said.

House Approves Cuts In Cost Of Student Loans (WSJ)

By Anne Marie Chaker

The Wall Street Journal, January 18, 2007

WASHINGTON -- The House of Representatives passed a bill yesterday that would lower interest rates for many student-loan holders.

The rate cuts -- which would be paid for by cutting government payments to banks and other student-loan firms, and raising their fees -- are one of a number of changes House Democrats heralded in last year's campaign and promised to pass within the first 100 hours of the congressional session.

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Democrats, who had talked about halving interest rates on student loans before the election, have narrowed their focus to just a segment of the federal Stafford loan program. Aides say they plan on examining broader college affordability measures later, such as raising the maximum amount needy students can receive from the federal Pell Grant program.

The legislation, approved 356-71, applies only to new, undergraduate borrowers of "subsidized" Stafford loans, which are available to needier students. The cuts would phase in over five years, starting July 1. If the legislation is enacted, a four-year undergraduate who starts to take out subsidized loans next fall would save roughly $1,000 in interest payments on total debt of $10,000 over a 10-year repayment term, according to Mark Kantrowitz, publisher of FinAid.org.

In the subsidized program, the government pays the interest while the student is in school. Less needy students still can qualify for an "unsubsidized" Stafford loan, but they are responsible for the interest that accumulates while they are in school.

The Stafford loan program is the government's biggest student-loan program, with more than six million undergraduates borrowing nearly $37 billion in the 2005-06 academic year. More than half of those received subsidized loans, according to data from the College Board.

Half of subsidized Stafford loan borrowers have family incomes of $26,000 to $68,000, according to congressional staffers. In 2003-04, the median income for families of borrowers was $45,000.

The cuts would cost about $7 billion over six fiscal years, according to the Congressional Budget Office. Representatives of the student-loan industry, which stands to bear the brunt of the cuts' costs, argue the interest-rate cuts could lead them to cut back on customer service, such as 24-hour hot lines, and discounts for on-time payments.

Some higher-education lobbyists already are questioning the Democrats' focus on relieving student debt, when they would prefer to make outright grants to needy students. The annual limit that Pell Grant recipients can receive has been stuck at $4,050 for four years, even as college costs have risen far faster than the rate of inflation. (Democrats say they want to lift that limit to $5,100.)

It is unclear how the proposal will fare in the Senate, and there is always the specter of a presidential veto: The White House released a statement this week saying it opposes the legislation. Instead, it favors increasing grants to low-income students.

Write to Anne Marie Chaker at anne-marie.chaker@wsj.com1

House Cuts Interest Rate For Some College Loans (NYT)

By Diana Jean Schemo

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — House Democrats on Wednesday pushed through legislation cutting the interest rate on federally subsidized loans to college students, drawing on large bipartisan support despite opposition by the White House.

The bill's easy passage — by 356 to 71, with 124 Republicans joining Democrats to support it — underscored the broad appeal of college affordability as an issue. And it was another step in the Democrats' drive to pass key bills in their early days in control of the House.

Representative George Miller, Democrat of California and chairman of the House Education and Labor Committee, who sponsored the bill, said it illustrated his party's commitment to strengthening the middle class. "With this vote, the House took the first step towards guaranteeing that every student who is qualified to go to college will be able to afford to go," he said.

Representative Roscoe G. Bartlett, Republican of Maryland, said he could not fathom why his party's leaders opposed the bill.

"I just think that we need more of our kids going to school," Mr. Bartlett said, after casting his vote. "This is one of the better places to invest money, and as long as we're taking people's money, we should put it back where it's needed."

The measure, which will halve the interest rate over the next five years, is estimated to cost $6 billion, which would be financed by increasing fees that lenders pay to the government and by reducing the 30 or so largest lenders' government-guaranteed profits on student loans.

In a statement opposing the bill issued on Wednesday morning, well before the vote, the White House said the measure did nothing to improve access to college, because it only helped ease the burden of repayment for graduates. Instead, the White House called for increased grant aid to lower-income students.

The White House statement also said access to higher education should be improved by containing costs. The responsibility for helping families, the statement said, "must be shared with colleges, which also have a central role in making higher education affordable."

The White House did not threaten a veto, but the size of Wednesday's majority indicated that Democrats would have the strength to override one.

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The afternoon's debate gave little hint of the broad bipartisan support the measure would garner. Republicans derided the bill as a gimmick — "bait and switch," in the words of Representative Tom Price of Georgia, who said it would take full effect only five years from now, and then for only six months, barring further Congressional action.

But ultimately the issue's appeal for many Republicans was too strong. Representative Michael N. Castle, Republican of Delaware, voted for the bill, describing it as "a step towards assisting college students pay for the soaring costs of higher education." Mr. Castle added, however, that the bill "barely skims the surface of the true problem of how we can help increase access and affordability for all students."

The bill comes as tuition increases at public and private institutions routinely outpace inflation, putting college out of reach for many students, and increasing the debt they carry upon graduation. The average student graduates college carrying more than $18,000 in debt.

"No one wants to be on the receiving end of a campaign ad attacking an incumbent for siding with bank lenders over middle-class voters," said Sarah Binder, a senior fellow at the Brookings Institution.

According to the U.S. Public Interest Research Group, the bill would save the average student who starts college next year about $2,300 in interest payments over the life of a 15-year loan.

Representative Tom Latham, Republican of Iowa, also voted for the interest cuts. "The savings students will receive is commendable," he said, "and deserves our support."

A similar bill in the Senate, sponsored by Edward M. Kennedy, Democrat of Massachusetts and chairman of the education committee, would also reduce the interest rates on student loans, along with making a raft of other changes. His bill would also increase the maximum Pell grant to $5,100.

Representative Howard P. McKeon of California, the education committee's ranking Republican, contended that the House measure would only make repayment terms easier for graduates, whose expected lifetime earnings top $1 million.

The bill cuts the interest rate on subsidized Stafford loans to 3.4 percent from the current rate of 6.8 percent in stages over five years, beginning with loans taken after July 1. To make the bill affordable, the full benefit of the loan's promise of 3.4 percent interest rates applies only to loans made after July 1, 2012, and expires by the end of that year. The subsidized Stafford loans are also open to middle income families.

The student loan industry lobbied against the bill, but appeared resigned to its passage in the House. The Consumer Bankers Association said some lawmakers saw the student lending program as "a bottomless pit of budget savings that can be drawn on repeatedly to fund changes to student aid programs."

House Passes Student-loan Interest Bill (LAT)

By Johanna Neuman

The Los Angeles Times, January 18, 2007

WASHINGTON — With fanfare and substantial bipartisan support, the House delivered Wednesday on the fifth of six bills that Democrats had vowed to quickly pass, voting overwhelmingly to cut the interest rate on some college student loans.

The bill, however, was much scaled back from House Speaker Nancy Pelosi's campaign promise to cut all student loans in half.

Instead, the House measure, passed 356 to 71, applies to the 5.5 million subsidized Stafford loans given each year to students whose families earn $26,000 to $68,000 annually, but would not increase Pell Grants or student tax credits, as originally considered. The bill also sets a five-year phase-in of the interest rate reduction from 6.8% to 3.4%, but then, after six months at 3.4%, returns the rate to the original percentage.

House Democrats called it a "first step" on delivering some relief to students and their parents as college costs have skyrocketed 41% in public universities and 17% in private ones, and as college debt has doubled between 1993 and 2004, according to the independent U.S. Public Interest Research Group.

"This is only the beginning," said Rep. George Miller (D-Martinez), chairman of the House Education and Labor Committee. "This is a down payment."

The bill faces an uncertain future. In the Senate, education panel Chairman Edward M. Kennedy (D-Mass.) is considering a broader bill that would increase grants and tax credits as well.

And the Bush administration questioned the wisdom of encouraging more loans rather than grants. "Student debt loads have soared in recent years, and it is not clear that encouraging more loans is a wise course. Instead, the administration would support efforts to direct savings to additional grant support for low-income students," said a statement issued by the Office of Management and Budget.

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House Democrats, eager to keep their pledge to voters to pass long-stalled measures in their first 100 legislative hours, have sailed through four other bills: implementation of the Sept. 11 commission recommendations, an increase in the federal minimum wage, support for embryonic stem cell research and a plan to lower Medicare's prescription drug prices.

Today, the House is expected to finish its juggernaut with a bill that would raise $14 billion over 10 years by rolling back tax credits and other breaks for oil companies.

"Last year, we said we were going to take America in a new direction," Miller said at a news conference with education leaders and students before the debate. "By voting to cut student loan interest rates in half, we are showing we meant it."

But the student loan bill required some deft maneuvering. Miller laid aside the original plan, which would have cost an estimated $45 billion, in favor of the slimmed-down and phased-in approach, whose $5.8-billion cost would be offset by cutting payments to lenders and guarantee agents.

Miller pledged that later in this congressional session, Democrats would find ways to increase Pell Grants, to make tax credits easier to understand, and to press colleges and universities to "do their part" in holding down costs.

Critics said the measure was the first casualty of the Democrats' "pay-as-you-go" rule, which requires House members to find ways to offset spending increases.

"This is nothing but a sham," said Rep. Virginia Foxx (R-N.C.), a former college administrator who said she took seven years to work her way through college. "They're not keeping their promises. All they are doing is inviting colleges to increase tuition and fees. It's very cynical."

Democrats said their party's House leaders had shown more fiscal responsibility than their predecessors. "Unlike the huge tax breaks for the energy industry at a time when they receive the most profit in their history, this bill doesn't add to the deficit," said Rep. Robert E. Andrews (D-N.J.). "This bill is paid for."

Almost everyone who spoke during the three hours of debate agreed that skyrocketing college costs risked burdening a generation of students and their parents with debt, and that universities needed to do more to hold down costs.

Rep. Howard P. "Buck" McKeon (R-Santa Clarita), who managed the bill for Republicans, cited extravagant spending by colleges and universities, such as the University of Houston, to put hot tubs and other amenities in student centers.

The floor debate seemed, by Washington standards, civil, even amusing. At one point, McKeon offered three minutes to a colleague to speak on the bill and then turned to introduce him, saying, "My good friend from … Where is my good friend from?" (His good friend is from Mississippi.)

But the partisan divide showed itself clearly across the aisle. Democrats charged that Republicans during their 12 years in power had "raided" student loans for $12 billion. Republicans replied that they cut lending fees and put some of the $12 billion in savings into Pell Grants.

Republicans alleged that Democrats were rushing to the floor — without benefit of vetting by committees — a bill that would give them a "Pyrrhic victory" during the 110th Congress' first 100 hours, but do little to lower college costs. Democrats replied that they hoped to extend the lower loan rate beyond the five-year window in subsequent legislation.

Democrats chided the GOP for funding the Iraq war instead of investing in education. "It's a shame, a disgrace that this country is willing to spend billions to fight a war in Iraq we know is a mistake while the doors of our colleges are closed to too many of our young people," said Rep. John Lewis (D-Ga.).

Lenders bemoaned the Democrats' tactic of paying for the bill by passing the increased costs to them. "A strategy of raiding a financial aid program to fund modest proposals is inadequate to the challenge; it is neither a bold nor bipartisan solution to making college affordable for every American," said Kevin Bruns, executive director of America's Student Loan Providers.

But education advocates were jubilant. "Twelve months ago, Congress was putting the finishing touches on a $12-billion cut to student loan programs," said Luke Swarthout, the Public Interest Research Group's higher-education lobbyist. "Now we're talking about real policy to make college more affordable for millions of students. This is the right conversation to be having."

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House Dems Target Special Breaks For Big Oil Thursday (USAT)

By Richard Wolf

USA Today, January 18, 2007

WASHINGTON — After taking on the restaurant, drug and banking industries, House Democrats top off their first 100 hours of majority status Thursday with a swipe at Big Oil.

Their legislation would roll back tax breaks and rewrite drilling leases given to oil and gas companies during the last 12 years of Republican rule. Less clear is where the estimated $14 billion over 10 years would go; the bill creates a fund for alternative forms of energy but leaves out specifics.

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"This is not the solution to the problem of global warming or the price of gasoline," says Rep. Jim McDermott, D-Wash.

Sen. Chuck Schumer, D-N.Y., says it's an effort to show that "mature industries do not need government handouts."

The Senate will take longer to pass legislation. Democrats in both houses say they want to go further toward eliminating subsidies and investing in alternative fuels. A memo sent by Senate Majority Leader Harry Reid, D-Nev., to Democratic senators Wednesday says the United States should "lead the world in combating global warming and enact a mandatory program to reduce greenhouse gas emissions."

President Bush has called for reducing the nation's dependence on foreign oil in each of his six State of the Union addresses and is expected to do so again next week. A policy statement issued by the White House on Wednesday said the administration opposes the major provisions of the House bill, which could require that new fees be imposed on oil and gas companies. It also criticized Democrats' "tax and spend" use of the revenue to promote alternative forms of energy.

Ever since gas topped $3 a gallon this summer and ExxonMobil reported record quarterly profits in October, attacking oil companies has had populist appeal — particularly for Democrats, who receive far less in campaign contributions from the oil and gas industry. The industry helped Bush and Vice President Cheney, both former oil men, win election in 2000 and 2004, and gave five times more to Republican candidates in 2006.

But with oil imports continuing to rise, the industry's influence has been weakened. Rep. Nick Rahall, D-W.Va., lead sponsor of the House bill, said today's vote will be bipartisan.

"We will transition to alternative energy. Geology will ensure it," Rep. Roscoe Bartlett, R-Md., a co-sponsor, said Wednesday.

House Democrats' energy bill follows passage of three other measures opposed by business groups. Restaurateurs and other small businesses criticized a $2.10 increase in the federal minimum wage. Pharmaceutical companies lobbied against requiring the government to negotiate for lower Medicare drug prices. And banks opposed Wednesday's vote to cut interest rates on some student loans.

The energy bill sets up a fund for renewable fuels but doesn't choose winners and losers among solar, wind, hydrogen and other types of energy. That leads some analysts to predict political hijinks. "When you get a pot of money in this town, you've got to be very careful with it," says John Felmy, chief economist for the American Petroleum Institute, which says the measure could raise consumers' prices or reduce investors' earnings.

Others with ties to the oil industry say the Democrats' agenda is flawed. "Our energy sector is going to become dumbed down," says Tom Tanton, vice president of the Houston-based Institute for Energy Research. "We're increasingly rewarding the failing technologies."

Democrats plan to go much further toward rewriting U.S. energy policy in this Congress, with initiatives to increase automobile fuel efficiency and new technologies, cut carbon dioxide and greenhouse gas emissions, fully fund low-income energy assistance programs and eliminate other tax subsidies.

"I see this as opening the door widely so that we'll be able to advance other, more comprehensive pieces of energy legislation," says Rep. Maurice Hinchey, D-N.Y.

Democrats Say House Energy Bill Will Pass (NYT)

By Edmund L. Andrews

New York Times, January 18, 2007

WASHINGTON, Jan. 17 — House Democrats, brushing aside objections from the Bush administration, said on Wednesday that they had ample votes to pass a bill on Thursday that would eliminate $14 billion in subsidies and tax breaks for oil companies and channel the money to renewable-energy projects.

In a sign of how political sentiment on energy issues has shifted, lawmakers in both parties expect the bill to draw considerable support from Republicans, many of whom voted in favor of the tax breaks three years ago.

On Wednesday, the White House said it “strongly opposes” several provisions in the bill but only hinted at a possible veto if the bill increased overall government spending in 2007 above limits that Mr. Bush set last year.

Few lawmakers expect Mr. Bush to resort to a veto, if only because the energy bill would lead to a tiny increase in revenue in its first year.

Much of the criticism involves two provisions, one that would repeal a major tax break for oil and gas drillers and a second that would pressure oil companies to renegotiate certain offshore leases. The leases allow them to avoid billions of dollars in royalties on oil and gas produced in publicly owned waters in the Gulf of Mexico.

In a statement of the administration’s position, the White House said the bill would unfairly single out the oil industry by making it ineligible for a tax break offered to “domestic manufacturers.” The tax break was created in 2004, mainly to

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compensate manufacturing companies that had been forced to give up a separate tax break for exporters. Oil companies had never qualified for the export tax break, but were included in the definition of "domestic manufacturing."

The administration also reiterated its opposition to a provision that would pressure oil companies to renegotiate the offshore drilling leases.

The bill, which would also repeal several smaller royalty incentives that Congress passed in 2005, would raise about $6.3 billion over 10 years in additional royalties from oil and gas companies. The provisions that repeal several tax breaks would raise about $7.6 billion over the same period.

In its statement, the administration said it agreed that drilling companies had no need for federal incentives. But it opposed what it said was an effort to force companies into renegotiating contracts that the government had signed.

The measure would pressure companies to renegotiate leases they signed with the federal government in 1998 and 1999, when the Interior Department inadvertently allowed them lucrative royalty incentives regardless of how high oil and gas prices might climb.

The measure would punish companies that refuse to accept "price thresholds" — clauses that were included in leases for other years that eliminated the royalty incentives if oil prices rose above about $34 a barrel. Companies that refuse to change their leases would be required to either pay a "conservation fee" of $9 for each barrel of oil they produce on the leases or give up their right to acquire any additional leases.

The oil industry has criticized the proposals, saying they signed the leases in good faith and should not be forced to change them because the government made a mistake.

The Bush administration has echoed those concerns, saying that the leasing errors occurred during the Clinton administration and that it is trying to persuade companies to make voluntary changes. So far, five companies that own about 20 percent of the leases have agreed to alterations. But many of the biggest players in the gulf, including Chevron and Exxon Mobil, have refused.

Senate Democrats are expected to support the royalty provisions of the House bill. On Wednesday, Senate Democrats on the Joint Economic Committee argued that the government spends billions of dollars on royalty incentives for offshore drillers yet gets little in the way of increased production.

Senator Charles E. Schumer of New York, chairman of the Joint Economic Committee, said he would seek the elimination of all royalty incentive programs.

US House Takes On Big Oil (CSM)

By Mark Clayton

Christian Science Monitor, January 18, 2007

A Bill To Be Voted On Thursday Would Cut Federal Benefits By A Third And Give Them To Renewable-energy Programs.

The House of Representatives is poised Thursday to play Robin Hood with energy policy.

It aims to cut $14 billion in federal oil and gas tax breaks and other benefits over the next 10 years and give them instead to renewable-energy programs.

Such a change would represent a noticeable trim in government support for the oil and gas industry at a time when it is trying to boost domestic production. It would provide a huge boost to renewable energy industries as they try to replace fossil fuels with cleaner energy that's also domestically produced.

Nevertheless, the proposed cuts go only so far. Even if the House's new clean-energy legislation becomes law, the oil and gas industry will remain by far the largest recipient of federal energy largesse, receiving by some estimates four times the money of the next largest recipient: the nuclear industry.

That prospect has many renewable-energy advocates and budget hawks pushing for more cuts even as conventional-energy experts warn of the fallout from the current round of proposed rollbacks.

"What the Democrats have cut is a big number," says Steve Ellis, a spokesman for Taxpayers for Common Sense, a Washington watchdog group. But "if you look at the whole universe of federal oil and gas breaks, it's a much larger number than this legislation cuts."

"If Congress imposes these additional costs on the companies, it just makes them more likely to look overseas," responds Mark Kibbe, senior tax-policy analyst for the American Petroleum Institute, a lobbying arm of the oil industry in Washington. "If you make these changes, you decrease US production, US jobs, and increase US reliance on imported oil."

Congress envisions slashing $14 billion – an average of $1.4 billion a year – over the next 10 years. This includes cutting $7.7 billion in tax incentives and toughening royalty-payment rules to bring in $6.3 billion that otherwise would flow to oil and gas companies.

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The proposed cuts, when adjusted for inflation, would total per year roughly a third of the $3.6 billion in tax incentives the oil and gas industry got in 2005, the Government Accountability Office reported in September.

Left untouched would be one of the industry's most important federal tax breaks – the oil and gas percentage depletion allowance, created in 1916. Between 2006 and 2010 that break will cost taxpayers nearly $1 billion a year by allowing smaller, independent oil companies to deduct 15 percent of sales revenue to reflect the declining value of their investment, according to the Joint Committee on Taxation (JCT), which reports to Congress on the costs of federal tax legislation.

Another surviving tax break permits big oil companies to immediately deduct 70 percent of their "intangible drilling costs," such as the cost of wages, supplies, and site preparation. Smaller companies are permitted to deduct all of those costs. That break will be worth a little over $1 billion a year through 2010, the JCT found.

Industry officials deem such breaks as critical to US domestic oil production that they say would otherwise dwindle, since it costs far more to produce oil domestically than import it.

That claim is overblown, some analysts say. Even if such subsidies were triple their current level, they would have practically no effect on reducing oil prices and boost domestic production by only 0.2 percent, writes Gilbert Metcalf, a Tufts University economist in a recent study.

The industry receives federal largesse beyond tax breaks and relief from royalty payments. Add in research and development subsidies and accounting breaks and the total looks more like $6 billion a year for the next five years, according to a Friends of the Earth tally of JCT data.

Other economists say the industry's federal subsidies are far higher. They average about $39 billion annually if items such as defense of oil lanes in the Persian Gulf, guarding domestic infrastructure like the Alaska Pipeline, and paying to maintain the nation's Strategic Petroleum Reserve are also included, says Doug Koplow, founder of Earth Track, a Boston consulting firm that analyzes natural-resource subsidies.

"There probably is a public interest in government involvement in maintaining security of supply and reducing price, but those costs should be borne by oil markets and not by taxpayers," he argues.

The strategic reserve, for instance, stores about a two-month supply of oil for the nation in salt domes in Louisiana and Texas. Maintaining it costs the nation an average $2 billion or so a year, Mr. Koplow says. Guarding Middle East oil lanes averages about $19 billion a year, he found, which doesn't include the recent surge in spending because of the Iraq war.

If Congress were to cut $1.4 billion a year in subsidies, as House Democrats urge, the industry would still get more than $37 billion a year from government coffers, according to this analysis, four times the amount spent on the nuclear industry and six times the amount spent on ethanol.

Others dispute such analyses.

"It just depends on how you want to define a subsidy," says Jerry Taylor, a senior fellow at the Cato Institute, a conservative Washington think tank. "A lot of these oil companies pay more in taxes to the government than they pay to stockholders. The argument they're being given preferential tax treatment is a myth."

Mr. Kibbe, the oil industry official, says Koplow's analysis raises the question of "where you draw a line. Does that mean every mile of road we put in is a benefit to the car companies?"

Of course, renewable-energy industries also get government help, with ethanol receiving half the subsidies, Koplow estimates. Roughly half of that largesse comes in the form of a tax credit worth 51 cents per gallon to ethanol producers. Overall, ethanol subsidies in 2006 were about $6 billion a year using Koplow's broader definition, which includes federal tariffs, renewable fuel standards, and other factors.

Here, too, energy subsidies distort markets and are a negative for taxpayers and the economy, he argues.

"Right now Congress is giving billions to ethanol, biodiesel, and the nuclear industry," Koplow says. "There may end up being a positive impact on climate change from these. But it may not be the quickest, or the cheapest, way to deal with the problem."

Leading Democrats in the House want to use the $14 billion from the oil and gas industry to create a strategic energy-efficiency and renewables reserve to accelerate the use of renewable energy. They also want to promote the use of energy-efficient products and boost research and development for renewable fuels.

"What the Democrats are doing is a great down payment, shifting these oil and gas giveaways over to renewable energy and conservation," says Erich Pica, domestic program director for Friends of the Earth. "But there's still more to be done."

U.S. Will Re-negotiate Free Trade Deals (AP)

By Martin Crutsinger, Ap Economics Writer

AP, January 18, 2007

DOJ_NMG_0118411

The Bush administration, facing a Democratic Congress, said Wednesday it would seek a "substantive adjustment" to the labor provisions in free trade agreements already negotiated with Peru, Colombia and Panama.

Deputy U.S. Trade Representative John Veroneau told reporters that the three countries had been notified. He predicted that an agreement on revised language could be reached without a lengthy delay.

Other U.S. trade officials said the new talks do not mean that other sections of the agreements will be renegotiated or that the deals will have to be signed again. The revisions could take the form of side letters to the main agreement.

The agreements with Peru and Colombia have been signed while the agreement with Panama, reached in December, is being reviewed by government attorneys from both countries to make sure the language is correct.

USTR spokeswoman Gretchen Hamel said in a statement that the administration believed that the necessary adjustments to the labor provisions "can be made through some binding instrument and it is not necessary to reopen the text of the agreement."

The announcement that the administration wants changes in the labor provisions was the strongest signal to date that President Bush is prepared to modify his trade policies in light of last November's election in which Democrats gained control of the House and Senate.

"We are open to a dialogue," Veroneau said. He said the governments of the three nations "understand we need to make changes to achieve" the goal of getting the deals approved by Congress.

"We have informed Peru, Colombia and Panama that we ... need to make some substantive adjustment" in the area of labor provisions, Veroneau said.

Democrats, backed by U.S. labor unions, have long complained that the free trade deals being negotiated by the administration did not include enough protections for American workers. They said that because of this, the U.S. workers' jobs would be jeopardized by competition from low-wage countries with lax labor laws.

However, Republicans and their business supporters have fought inclusion of tougher language on labor rights, arguing that such provisions could be used to block increased trade rather than lowering trade barriers.

Business groups are also concerned that including tougher language on the right of workers to form unions could give organized labor in the United States leverage to challenge in American courts the restrictions they currently face on organizing.

"Republicans in Congress are worried that new language in the trade agreements could give unions a footing to challenge U.S. labor laws and they don't want that," said Gary Hufbauer, a trade economist at the Peterson Institute for International Economics, a Washington think tank.

Thea Lee, policy director for the AFL-CIO, said her group would not see side letters as an adequate way to fix what labor leaders see as inadequate protections for American workers.

"Will they really renegotiate the agreements or will they just go down and get some cosmetic side letters?" Lee asked.

She said unions see as a good standard the labor and environmental provisions that were included in the free trade agreement the Clinton administration negotiated with Jordan which won congressional approval after Bush took office in 2001.

The deals with Peru, Colombia and Panama are the latest free trade agreements negotiated by the Bush administration, which has pushed these deals as a way to support both economic and foreign policy objectives.

Veroneau said he still expected the agreements will win approval before the president's authority to negotiate agreements under expedited procedures expires July 1.

He made his comments at a briefing with reporters about his trip week to discuss trade issues in Chile, Uruguay and Argentina.

Free-trade Pacts Face Labor Issues (WT)

By Steve Hirsch

The Washington Times, January 18, 2007

The Bush administration is evaluating how to respond to Democrats' concerns over labor issues in pending free-trade agreements with Peru, Colombia and Panama, an official in the U.S. Trade Representative's Office said yesterday.

The administration wants the three agreements to be approved before the president's trade promotion authority, which allows Congress to only vote on trade pacts without amendments, expires July 1.

Democrats have long pushed for tougher labor standards in free-trade agreements, saying that deals negotiated by the Bush administration do not include enough protections for workers in those countries or American workers.

According to the official in the U.S. Trade Representative's Office, who spoke on the condition of anonymity, the administration is responding to concerns by House Ways and Means Committee Chairman Charles B. Rangel of New York and other Democrats about pay and other labor conditions in the three countries.

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The official stressed that the free-trade agreements themselves will not be renegotiated, but that the administration is trying to work out how to address those concerns outside of the formal pacts.

The agreements with Peru and Colombia have been signed, while the pact with Panama, reached in December, is being reviewed by attorneys from both countries to make sure the language is correct.

The official spoke after Deputy U.S. Trade Representative John Veroneau told reporters that the administration is "open to dialogue" with Congress on the issue.

"It is clear that some adjustments to that chapter will be made before Congress takes those up," he said.

USTR spokeswoman Gretchen Hamel issued a clarification in the afternoon saying that in the case of signed agreements that have not been approved by Congress, such as the three pacts, "We believe these adjustments can be made through some binding instrument and it is not necessary to reopen the text of the agreement."

Another official said: "How those adjustments will be made is not clear, but we will not be reopening the text of the agreements."

AFL-CIO policy director Thea Lee said it seemed like the administration was trying to come up with "some kind of a cosmetic side letter that they can wave around" and gain Democratic votes.

Seoul Helps All North Korean Defectors (WSJ)

http://online.wsj.com/page/2_0048.html, January 17, 2007

In response to the article "Defections Tweak Seoul" ("Leading the News," Jan. 9), Evan Ramstad made a number of incorrect assertions about the South Korean government's handling of Mr. Choi Wook-Il, a South Korean citizen who recently escaped 31 years of captivity in North Korea. The article claims the South Korean consulate in Shenyang refused to assist Mr. Choi, until public pressure forced officials to provide refuge for the 67-year-old. I would like to correct your accounting of the events.

First, it is not true that the South Korean consulate general in Shenyang started working to secure Mr. Choi's protection only after the Korean public expressed outrage at the government. In fact, ever since it became aware of his defection from the North, the South Korean government has consistently exerted its utmost diplomatic efforts for Mr. Choi's speedy repatriation home.

Second, it is a completely unfounded allegation that the South Korean government is walking a tightrope with North Korea and the United States, and consequently showing a passive attitude in supporting South Koreans kidnapped by the North. The South Korean government has dealt with the North Korean refugee problem in the spirit of brotherhood and from a humanitarian basis -- and has accepted all North Korean refugees in foreign countries in all cases, if they wish to come to South Korea. The South Korean government has also cooperated closely with related international organizations such as the the Office of the United Nations High Commissioner for Refugees and the governments of countries in which North Korean defectors are likely to stay, in a bid to prevent the possibility of such defectors being sent back to North Korea against their will.

Third, it is not true that the South Korean government has reduced the resettlement subsidy for North Korean defectors. There has only been a change in the way the subsidy is provided. Originally, the South Korean government provided a portion of the subsidy in a lump sum, to resettle North Korean defectors. However, these defectors experienced many difficulties in spending the government subsidy effectively, often stemming from their unfamiliarity with a market-based economic system. As a result, while maintaining the overall size of the resettlement subsidy, the South Korean government decided to reduce the initial cash support and provide, instead, other supporting services to the defectors, such as expanded job training, educational opportunities and increased workplace salaries.

Kim Heung-soo
Director, Press Relations
Ministry of Foreign Affairs and Trade
Seoul, South Korea

Defense Official Says Pentagon Hid Unspent Funds In Accounts (USAT)

By Matt Kelley

USA Today, January 18, 2007

WASHINGTON — The Pentagon has hidden at least $1.4 billion in other agencies' accounts instead of returning unspent money to the U.S. Treasury, the Defense Department's internal watchdog told Congress Wednesday.

Thomas Gimble, the Pentagon's acting inspector general, said Pentagon offices between 2002 and 2005 used the General Services Administration (GSA) and the Interior Department "to 'park' or 'bank' funds that were expiring."

GSA and Interior then spent the money on Pentagon contracts, circumventing the law, Gimble said.

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Pentagon officials did this because they either wanted to hire a particular company, spend money before it had to be returned or could not respond quickly enough to Defense Department customers, Gimble said.

In written responses to Gimble and other federal investigators, Pentagon and Interior officials have acknowledged problems with their contracting processes and said they are working to fix them. GSA officials have returned $600 million in unused funds to the Defense Department.

When his office started its work, Gimble said, the Pentagon had "unclear" policies about how to use such accounts. The Pentagon's chief financial officer issued new, clearer policies in October, he said.

Gimble told a Senate Armed Services panel that a $100 million office space contract for the Counterintelligence Field Activity (CIFA) was more evidence of a pattern of poor oversight of military contracts.

Often, he said, Pentagon contracting officers award billions of dollars in deals without proper planning, documentation or oversight.

The 10-year, $100 million CIFA lease was "one of the potentially most serious problems" his investigators found with contracts made through an Interior Department office, Gimble said. That arrangement of using Interior, he said, is supposed to save time and money but often results in expensive and possibly illegal deals.

Such contracts also make "end runs" around Congress and higher-level agency officials and hide how the Pentagon spends its money, Gimble said.

The Pentagon needs to clean up its act, senators said.

"If there's not accountability when something like that happens, we might as well throw in the towel," said freshman Sen. Claire McCaskill, D-Mo.

At CIFA's request, Interior hired a company called TKC Communications to provide office space. The agency oversees efforts to track and block terrorism and espionage threats against U.S. military bases and personnel.

The deal was written as one for office space management, but the payments went to lease and renovate that space, investigators found. That arrangement was probably illegal and evaded required Pentagon and congressional oversight, Gimble and a separate Interior report found.

Federal contracting records show Interior has paid TKC more than $66 million since 2003, including more than $11 million after auditors criticized the deal.

Interior officials have defended the contract, saying it was legal and approved by Interior and Justice Department lawyers

Brooke Smith, TKC's chief operating officer, said in an interview that no one from the Pentagon questioned the contract and that CIFA liked the arrangement.

Senate Taking Up FEC Picks (RC)

By Matthew Murray

Roll Call, January 18, 2007

Senate Rules and Administration Chairwoman Dianne Feinstein (D-Calif.) said Wednesday that the Federal Election Commission's four reappointed commissioners will appear before her committee this year, a rare move that could reignite controversy avoided last Congress though presidential recess appointments.

"They are subject to confirmation," Feinstein said. "We will hold hearings."

The commissioners' appearance before the committee could create a debate not seen in more than a half-decade when former Republican Commissioner Bradley Smith went through the Rules panel confirmation process in 2000.

Smith's confirmation hearings set off a Senate firestorm among Democrats, prompting threats by then-Rules Chairman Mitch McConnell (R-Ky.) that he would block the re-nomination of then-Commissioner Danny Lee McDonald, a Democratic pick.

Of the FEC's current six-member panel, Republican nominee Hans von Spakovsky and Democratic nominees Steven Walther and Chairman Robert Lenhard must be confirmed by the Senate by year's end in order to maintain their positions. The agency's Republican-nominated Vice Chairman David Mason also must go through the confirmation process. But because he is the lone term-limit exempted commissioner, he may continue after his appointment expires when Congress adjourns sine die this year.

Despite having just one FEC commissioner who will have to go through the full committee process, Republicans may be put on the hot seat defending the past writings of von Spakovsky. Last year, von Spakovsky found himself in the crosshairs of Sen. Edward Kennedy (D-Mass.). The Washington Post reported that the former civil rights division lawyer at the Justice Department "played a central role in approving" a highly controversial voter identification program in Georgia, von Spakovsky's home state. According to the Post, von Spakovsky also wrote an anonymous law journal article in favor of the policy before the state's proposal was submitted to Justice for review.

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"I'm extremely troubled by reports that Hans von Spakovsky ... may be nominated and recess appointed to the Federal Election Commission," Kennedy wrote in a publicized December 2005 letter to then-Senate Rules and Administration Chairman Trent Lott (R-Miss.) and former ranking member Chris Dodd (D-Conn.). "There are serious questions about whether Mr. von Spakovsky is committed to upholding voting rights for all Americans."

For Democrats, Lenhard, a former union lawyer who has signed legal briefs arguing against portions of the 2002 Bipartisan Campaign Reform Act, often is named as the commissioner whose background could draw the most Senate scrutiny, especially from campaign finance reform-minded lawmakers such as Sen. John McCain (R-Ariz.), the BCRA author who harshly criticized President Bush's use of recess appointments to fill FEC slots last year.

"I am troubled to learn that the president has decided to use recess appointments to fill the vacancies at the Federal Election Commission (FEC)," McCain said. "Individuals chosen to fill the FEC vacancies at this crucial time should go through the regular confirmation process so the Senate can be assured that they are qualified for the position and committed to carrying out the FEC's important mission to faithfully interpret and enforce the law."

S.M.U. Chief Says Bush Library Would Be A Boon For The Campus (NYT)

By Gretel C. Kovach

The New York Times, January 18, 2007

DALLAS, Jan. 17 — The president of Southern Methodist University told professors on Wednesday evening that the university would benefit if it became the site of President Bush's presidential library.

The university president, R. Gerald Turner, spoke at the spring faculty meeting and addressed questions posed by professors after Southern Methodist learned on Dec. 21 that it had emerged as the sole finalist for the library.

Many professors, including some who want the library on campus, are concerned about the relationship between a proposed Bush policy institute and the library and the effects the institute might have on the university's academic independence.

But Dr. Turner said the library and the institute would raise the national profile of the private university, spur economic development in the community and, most importantly, enhance academic resources and professional interaction.

"This presidential library will obviously contain a treasure trove of documents and artifacts that describe one of the most intense and controversial periods in our history," he said. "Any real or perceived fears about the institute or the library in any way inhibiting this institution's history of academic freedom are unfounded."

What's more, Southern Methodist stands to lose prestige and donor support if it were to fail in its bid for the library at this stage, he added. "It would raise questions of donor confidence in our ability to compete for this tremendous asset," he said.

Both the interim provost and the president of the Faculty Senate cautioned "outsiders" not to mistake vigorous academic debate for widespread opposition. But several faculty members said Wednesday that they believed there was deep opposition to the plan on the faculty, particularly to the Bush institute.

A history professor, Kathleen Wellman, said she did not want the institute on campus. "I think it will generate what I consider to be political propaganda and overshadow much of the other work done at S.M.U.," she said.

An art history professor, Janis Bergman-Carton, said, "I am afraid we are mortgaging our reputation and our students, actually and symbolically, to an administration that 70 percent of this country thinks is incompetent and unethical."

Benjamin Johnson, an assistant professor and a scholar of modern American and Texas history, asked, "How can it be a good thing to turn over the public faith of this university to the cronies of one of the most divisive, partisan and unpopular administrations in American history?"

Students returned to class on Tuesday, and they tend to be more conservative and supportive of the idea than the faculty, said the student body president, Taylor Russ.

"If the institute brings politics to the campus, I think all students, whether or not they agree with President Bush, see that it brings another opportunity to learn and interact with each other," Mr. Russ said.

Faculty Of Dallas University Less Than Thrilled At Prospect Of A Bush Library (WP)

By Matthew C. Wright

The Washington Post, January 18, 2007

The site-selection committee for the George W. Bush presidential library and institute has narrowed its search to First Lady Laura Bush's alma mater, Southern Methodist University in Dallas, though the panel has not made a final decision.

Many SMU professors are wary and at a recent closed meeting declared that "our fundamental role as faculty is to ensure that the university holds to fundamental principles of academic freedom and that the best interests of the university are protected," according to memo summarizing the meeting.

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The memo, from Faculty Senate President Rhonda Blair, outlined a series of questions many professors have for university president R. Gerald Turner about the library plans:

? What promises, if any, has SMU already made to the Bush Foundation about the library and institute?

? What guarantees will there be in writing regarding the relationship between SMU and the Presidential library and institute?

? Should SMU have some kind of oversight of the institute, or would that oversight identify us as being too closely associated with the institute?

? Have studies been done to determine the increased security risks attached to having the library and institute?

? Since universities with presidential libraries tend to be larger and/or more widely known than SMU, what will be the impact of the library and institute on SMU and its reputation?

? Could the library and particularly the institute simply be geographically near, but not be part of, SMU? Wouldn't SMU generally reap the same benefits from its presence?

? What would be the impact of the library and institute on SMU's ability to recruit students and faculty, especially in areas such as the Northeast, and what would be the impact on rankings and evaluations?

FEDERAL DIARY: Leadership Problems, Cont. (WP)

By Stephen Barr

Washington Post, January 18, 2007

Uncle Sam's leadership woes apparently are not going away anytime soon.

Only 49 percent of federal employees have a high level of respect for senior leaders in their agencies, and only 41 percent say they are satisfied with their leaders' policies and practices, the third in a series of government-wide surveys, released yesterday, showed.

The views on leadership are similar to those expressed by federal workers in a 2004 survey, an indication that political appointees and career executives continue to struggle to connect with the rank and file.

Less than half -- 47 percent -- of federal employees said they were satisfied with the information they get from management. They also were fairly evenly split on whether their leaders spur high levels of motivation and commitment in the federal workforce.

Despite the Bush administration's focus on improving government performance, the percentage of federal workers who think their managers review and evaluate progress toward their agency's goals dropped by 11 percentage points from 2002 -- to 56 percent.

The employees also were less likely to say they have a reasonable workload, compared with 2002 -- 59 percent said this, vs. 65 percent four years earlier.

The most recent survey was conducted in the summer of 2006, the third effort by the Office of Personnel Management to collect data on the attitudes and job satisfaction of federal employees. More than 220,000 employees in 88 agencies answered 84 questions, for a response rate of 57 percent. Most of the questions were asked in 2002 and 2004 surveys, but some have been dropped and others added.

One new question for the 2006 survey asked employees if they had trust and confidence in the person who directly supervises their work. Sixty-four percent said they did. Sixty-six percent also said they believe their supervisors are doing a good job. The response to that question, which has been asked in other surveys, registered an increase of 5 percentage points from 2002.

Linda M. Springer, the OPM director, said the survey findings show that many federal employees do not believe their agencies reward high performance and that the government has a long way to go in dealing with poor performers.

But the survey, Springer said, also showed that the commitment to public service by federal employees remains strong: 90 percent believe their work is important, 83 percent know how their work relates to agency goals, and 83 percent said their co-workers cooperate to get the job done.

High marks in those categories suggest that "morale is good" across the government, Nancy H. Kichak, an OPM associate director in charge of the survey, said.

Especially encouraging, she said, was a finding that relatively few employees plan to leave in the next year or two, even though more than half the federal workforce is eligible to retire.

Only 4 percent of the respondents said they plan to retire within a year, and just 12 percent said they plan to retire in one to three years.

A majority of employees -- 69 percent -- said they were not considering leaving their agencies. Sixteen percent said they were considering taking another job elsewhere in the government.

Diary associate Eric Yoder contributed to this column. My e-mail address isbarrs@washpost.com.

Disaster Fund Faces Financial Shortfall (NYT)

By Ron Nixon And Leslie Eaton

The New York Times, January 18, 2007

The federal government's biggest program to help people rebuild after natural disasters is on the verge of running out of operating money because of budgeting problems at the agency that runs it, the Small Business Administration.

If Congress does not intervene in the next month or so to cover the administrative costs of the program, it will have to shut down, according to an internal agency memorandum given to The New York Times by a critic of the agency.

Agency officials say, and Congressional leaders agree, that the legislature will almost certainly act to keep the program running. "It would be very surprising to us if they wouldn't address this," said Steven C. Preston, the administrator of the S.B.A.

But even a temporary shutdown could delay aid to victims of the ice storms in the Midwest and other recent natural disasters, and would further hamper a program that was widely criticized for its slow response to the hurricanes that hit the Gulf Coast in 2005.

The current money shortage is related to what agency officials concede was an unusual decision in early 2005 not to ask Congress for any money to pay for running the disaster program in the 2006 fiscal year, relying instead on money left over from previous disasters. The program also ran into financial trouble last year and required an emergency infusion of money in February.

Longtime critics of the agency said the current problem highlighted a continuing pattern of mismanagement and poor planning at the S.B.A.

"We need to look at a comprehensive overhaul of the agency as well as the disaster loan program," said Representative Nydia M. Velázquez, Democrat of New York and the new chairwoman of the House Small Business Committee. "Something has to change in the management of this agency."

After the 2005 hurricanes, the agency did not have enough employees to handle the 423,000 loan applications it ultimately received from homeowners and businesses, and had switched to a troubled computer system that slowed its disaster response. The Government Accountability Office cited the agency's poor planning as a factor in "significant delays and backlogs in processing loan applications."

In the face of withering criticism from disaster victims, government officials and even agency employees, the director of the agency, Hector V. Barreto, resigned last April. His successor, Mr. Preston, has pledged to improve the disaster response.

The small-business agency has now approved more than $8 billion in loans to homeowners trying to rebuild after the hurricanes, according to its own data, but has distributed less than half of that amount. Businesses have received loans of about $1.2 billion, although the agency has approved almost $2.6 billion in loans.

In the Senate, Democrats have proposed major changes to the disaster assistance program, including allowing banks to make disaster loans, rather than funneling them all through the S.B.A.'s staff.

"The administration mismanaged the response to Katrina from Day 1," Senator John Kerry, Democrat of Massachusetts and the new chairman of the Committee on Small Business and Entrepreneurship, said in a statement yesterday. "We need legislation to overhaul the program and make it work efficiently for every business owner and homeowner in the country."

But Senator Olympia J. Snowe, Republican of Maine and the former head of the committee, blamed Congress for the current financial problem, saying it stemmed from lawmakers' failure to approve the agency's budget request for the fiscal year that began Oct. 1, which agency officials said included about $200 million to run the disaster program.

"It is unacceptable that at a time when we are all too aware of how valuable these programs are to American families whose lives have been turned upside down by disaster, we were unable to provide the S.B.A. with the funding it requested for this fiscal year," Ms. Snowe said in a statement yesterday.

The Republican-led Congress passed 2 of 11 spending bills last year. The new Democratic leadership decided to keep most government agencies operating by extending their current budget levels and is expected to continue those spending levels until fall.

The 2006 budget is the one that did not ask for money to operate the disaster program. According to the internal memorandum, which was prepared by the agency's chief financial officer, Jennifer Main, the agency needs $306 million for administrative costs in the current fiscal year but had only $157 million left as of Sept. 30.

The short-term problem could be solved, as in the past, if Congress allows the agency to cover administrative costs by dipping into some of the money it has allocated for loans, said C. Edward Rowe III, the agency's chief liaison to Congress.

But Ms. Velázquez said she would oppose such a measure. "I am not willing to take money out of disaster money intended for victims to cover administrative costs," she said.

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The agency is also facing a shortfall of about $20 million in its regular budget, which has dropped by about 30 percent since 2001. According to the memorandum, the shortfall could require the agency to take drastic steps, including furloughing every one of its employees one day a month until the end of September.

"We don't really think Congress will forget to fund disaster assistance," said Joel Szabat, the agency's chief of staff. "The real issue is the $20 million."

Under the disaster loan program, homeowners can borrow up to $200,000 at low interest rates to repair houses; owners and renters can borrow up to $40,000 to replace damaged furnishings. Businesses of any size can borrow up to $1.5 million to cover physical losses, and some small businesses are eligible for loans to cover economic losses. Maximum interest rates range from 4 percent to 8 percent.

The disaster loan program also serves as a screening mechanism for some grants from the Federal Emergency Management Agency, which referred 2.4 million people to the S.B.A after the hurricanes. Only after they are rejected by the S.B.A. do applicants become eligible for some FEMA grants.

The homeowner loan program has come under fire in Louisiana and Mississippi because it is requiring people who receive federally financed recovery grants through state-run programs to use the money to repay S.B.A. loans.

Taking Power, Sharing Cereal (NYT)

By Mark Leibovich

The New York Times, January 18, 2007

SOME of the most powerful Democrats in America are split over a most incendiary household issue: rodents.

"I once had to pick up a mouse by the tail that Durbin refused to pick up," complained Senator Charles E. Schumer of New York, referring to his roommate Senator Richard J. Durbin of Illinois.

This characterization is not fair to Mr. Durbin, interjected another tenant in the Capitol Hill row house, Representative Bill Delahunt of Massachusetts. For starters, it overlooks Mr. Durbin's gift for killing rats. "He will kill them with his bare hands," Mr. Delahunt marveled.

"Oh, will you stop with the rats," said the annoyed fourth roommate, Representative George Miller of California. He owns the house and is sensitive to any suggestion that he harbors pestilence. It's dicey enough that he harbors politicians.

Think MTV's "Real World" with a slovenly cast of Democratic power brokers. While Washington may have more than its share of crash pads for policy-debating workaholics, few, if any, have sheltered a quorum as powerful as this one. About a quarter-mile southeast of the Capitol, the inelegantly decorated two-bedroom house has become an unlikely center of influence in Washington's changing power grid. It is home to the second- and third-ranking senators in the new Democratic majority (Mr. Durbin, the majority whip, and Mr. Schumer, the vice chairman of the Democratic caucus) and the chairman of the House Democratic Policy Committee (Mr. Miller).

Mr. Delahunt, a six-term congressman, is the least prominent of the four but perhaps the funniest. More to the point, he is the only one willing to sleep in the living room with a close-up view of Mr. Schumer slumbering a few feet away in his boxers.

Mr. Miller began taking in weary lawmakers in 1982, but this is the first time in 12 years that four members of a Democratic majority have lived here simultaneously. The four men were once host to a fund-raiser for Senator Barbara Boxer of California at their divey dwelling, raising $80,000. Given the prevailing attire in the place on many nights, guests were given pairs of custom-made "Barbara Boxer shorts."

As a general rule, the abode is hardly fit for entertaining, or even for a health inspector. It is used for convenience: sleeping, ditching stuff, and fast-food consumption — the kinds of functions prized by vagabond politicians whose families are back in their home states and who generally spend only their working weekdays here.

"Everybody in the world says they're going to do a television series based on us," said Mr. Durbin, who was collapsed on the couch on a recent Monday night. Still in a tie, he sipped ice water from a massive Chicago Cubs cup while waiting for the Chinese food to arrive.

"But then they realize that the story of four middle-aged men, with no sex and violence, is not going to last two weeks," he said. The prevailing topics of their discussions are grandchildren and Metamucil, he added.

"Hey, speak for yourself, Durbin," Mr. Delahunt said, protesting the claim of no sex and violence.

"There is a lot of violence in here," Mr. Schumer said.

In fact, the roommates have never resorted to violence, at least with one another. (Crickets are another story.) Their weapons are verbal, and often aimed at Mr. Schumer, who admits to a serious dereliction of roommate duties, like grocery shopping. He is also prone to a blatant disregard for conserving a most precious household resource, cereal.

"I love cereal," Mr. Schumer said, digging into his second bowl of granola, going a long way toward depleting a box that Mr. Miller had just purchased.

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The night of the national championship football game between the University of Florida and Ohio State, Jan. 8, was a rare instance of the four roommates being home and awake at the same time. It had not happened since the election in November, and the neighborhood has changed considerably since then. Several Republicans on the block lost their race or left Congress (the latter category includes the disgraced Representative Mark Foley, who lived down the street).

"This street was just devastated by the election," Mr. Miller said. "Who says Republicans are good for property values?"

He added that no Republican had ever set foot in the place, at least to their knowledge.

"We just have to vote with them, not live with them," he said.

Mr. Miller bought the house in 1977 and started taking in renters a few years later. Early tenants included former Representative Marty Russo of Illinois and former Representative Leon E. Panetta of California, who was forced to move out when President Clinton appointed him head of the Office of Management and Budget. (Ethics laws prohibited a White House official from paying rent to a member of Congress.)

Mr. Schumer joined them in 1982, and Mr. Durbin moved in a decade later on condition that he get one of the two bedrooms upstairs. Mr. Miller sleeps in the other, bigger bedroom, asserting his ownership privileges, and Mr. Delahunt began occupying the second living room bed four years ago, after a previous tenant, former Representative Sam Gejdenson, was evicted by voters in Connecticut.

Mr. Miller charges rent of $750 a month, which Mr. Durbin pays by direct deposit and Mr. Schumer's wife pays by sending Mr. Miller six checks twice a year. Mr. Schumer says his wardrobe at the apartment consists of boxers and suits, nothing in between.

Women rarely set foot in the place, excluding the Haitian cleaning lady who comes every week and who everyone promises is a legal immigrant. The common bathroom upstairs is stocked with supersize bottles of Listerine, CVS cocoa butter, Suave shampoo (with dandruff control) and a hair dryer.

Little thought is given to entertainment besides the big-screen television that Mr. Durbin recently purchased against the wishes of Mr. Schumer and Mr. Delahunt, who liked the old one. The refrigerator is mostly empty save for apples, grapes and about two dozen bottles of beer.

"The icemaker is back on," boasted Mr. Miller, pointing to the inside of what might be the most unseemly freezer in Washington this side of Representative William Jefferson's. (F.B.I. agents found $90,000 in the freezer of Mr. Jefferson, a Louisiana Democrat, who is being investigated on bribery charges.)

Once, Mr. Miller's son shot a deer and presented the house with an abundant supply of venison. It remained in the freezer for 12 years, at which point it was deemed to have reached its term limit and was discarded.

"Whatever happened to that venison?" Mr. Schumer wondered.

"I think it just got up and walked away," Mr. Delahunt said.

The roommates then repaired to couches to watch Florida-Ohio State and to stuff their faces with Sichuan beef and kung pao chicken. Mr. Durbin began talking about meetings he had last month with the presidents of Bolivia and Ecuador on a Congressional delegation to Latin America. Then he and Mr. Schumer started arguing about Mr. Schumer's refusal to make his bed.

Budget Balancing Is A Bad News-Good News Story (RC)

By Morton M. Kondracke

Roll Call, January 18, 2007

The good news on the budget front is that both the Bush administration and Congressional Democrats want to eliminate the deficit by 2012.

The bad news is that they are at daggers-drawn about how to do it. President Bush wants to keep all of his tax cuts alive indefinitely and freeze domestic spending, while Democrats have a huge spending wish list and want to end the tax cuts for the richest Americans.

There's more bad news as Bush prepares to deliver his State of the Union address and unveil his fiscal 2008 budget: Democrats suspect that his balancing act will be based on overly rosy tax revenue estimates and on impossible policy assumptions, rendering his budget DOA on Capitol Hill.

White House officials say that Bush will rely on a 6.5 percent annual increase in government tax receipts to achieve balance, which they say is possible because his tax cuts have spurred robust economic growth.

However, while tax revenues have surged lately — achieving a high of 14.5 percent growth in fiscal 2005 — the average for past economic recoveries is in the 4 percent range.

Moreover, the administration is expected to assume that the alternative minimum tax remains in place, though Congress annually has passed a "fix" to prevent it from socking middle-class taxpayers.

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One top Democratic budget staffer said he expected Bush, too, to propose a freeze in programs like veterans' health and impose cuts in Medicare doctors' fees — "items even the Republican Congress rejected."

Democrats also anticipate that — despite promises to the contrary — Bush again will fail to adequately build Iraq War costs into his budget. "We are expecting a not-serious, credible budget," the staffer said.

Meantime, while Democrats are promising to exercise fiscal responsibility and resist urgent appeals from constituency groups for more domestic spending, Republicans charge they've already started a spending binge during their first "100 hours" — on homeland security, for example — and won't be able to resist demands from farmers, teachers unions and health lobbies. All of this presages epic battles over appropriations later this year.

That's the short-term picture as the two sides try to pare an estimated $260 billion deficit down to zero in five years. Bad news.

Longer term, the news is much worse. As the Heritage Foundation's Stuart Butler puts it, "If they did succeed in balancing the budget by 2012, it'd be like having a margarita on the beach before the tsunami hits."

That's because, as the baby boomer generation reaches retirement age, the costs of Social Security, Medicare and Medicaid entitlement spending will surge after 2015, rising by 2040 to eat up the entire federal budget and requiring a 50 percent tax increase on workers or drastic benefit cuts for seniors to pay for defense and other government services.

But wait — there is good news. Serious bipartisan efforts are under way at the think tank level to educate the public about the fiscal crisis ahead and establish consensus about a possible "grand bargain" to achieve long-term balance.

And, after Democrats last year rejected Bush's call to form a bipartisan commission on entitlement reform, there's hope this year that some panel could be formed — preferably of real Congressional and administration decision-makers — to work on a long-term deal.

The ideological breadth — and intellectual heft — of participation in the think tank exercise is truly impressive. It includes Butler on the right and the Brookings Institution's Belle Sawhill on the left and Robert Bixby of the Concord Coalition and Comptroller General David Walker of the Government Accountability Office in the center.

These four — plus occasional additional experts, recently including Bush budget director Rob Portman — have conducted nearly 20 "wake-up call" seminars around the country, mainly at university schools of public policy, making the point that America's long-term fiscal outlook is "unsustainable" — in fact, perilous to the nation's prosperity and security.

The experts call for action — the earlier the better — such as imposing even tighter controls on spending than the Democrats' new "pay-as-you-go" rules, reforming health care to control costs and cover the uninsured, increasing the Social Security retirement age, means-testing Medicare benefits and raising revenues.

Both administration officials, including Treasury Secretary Henry Paulson, and key Members of Congress like Senate Majority Leader Harry Reid (D-Nev.), Sens. Kent Conrad (D-N.D.) and Judd Gregg (R-N.H.) and House Budget Chairman John Spratt (D-S.C.) have expressed willingness to talk about entitlement reform.

Bush has said he is even willing to talk about revenue increases, though he's said he'd resist tax hikes. White House adviser Karl Rove has offered to bet — but only $5 — that there won't be any tax increases on Bush's watch.

So, the good news is that there's bipartisan agreement on both short-term and long-term ends. The bad news is that the two sides are far, far apart on means. But both sides are scared enough about the long-term danger to be willing to negotiate seriously.

Now, all they have to do is to see the short term as the prelude to the long term. Democrats have to restrain spending, Republicans have to raise revenues. The fix isn't conceptually complicated. It just takes political courage. What great news it would be if our leaders found some.

A 'Paygo' History Lesson (WSJ)

By Dick Armey

The Wall Street Journal, January 18, 2007

Promising to bring new ideas and a fresh commitment to fiscal discipline, House Democrats launched their new majority by embracing Pay As You Go budgeting -- one of the worst fiscal management tools Republicans ever invented. "Paygo" was first concocted by Richard Darman, George H.W. Bush's budget director, as part of the 1990 budget deal that raised taxes in hopes of reining in the deficit. That version, just like the new House rule, mandated that any change in taxes or entitlements resulting in revenue losses be offset with higher taxes or "cuts" in other entitlement spending.

With such a sensible sounding name, who could be against paygo? Recent history has seen countless efforts to reform the budget process, typically pernicious changes with deceptively reassuring titles. The most infamous was Lyndon Johnson's "Unified Budget" (who could support an un-unified budget?) -- which allowed appropriators to get their hands on payroll tax surpluses, dramatically expanding government spending. Later, the serious-sounding Impoundment Control Act of 1974 allowed

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a Democratic Congress to strip the executive branch of its ability to rescind or defer spending authority from annual appropriations legislation. Today, President Bush has little choice but to veto an entire spending bill if he opposes even a single earmark, a highly confrontational tactic he has chosen not to employ.

There are only two examples during my 18 years in Washington where the Congress actually reduced domestic discretionary spending from the previous year. The first was the Gramm-Rudman-Hollings Balanced Budget Act of 1985 (GRH), which legislated hard deficit reduction targets and automatic spending sequesters to enforce them. GRH was so successful that Congress amended it in 1987, easing the deficit targets to avoid additional spending reductions. But GRH continued to provide significant fiscal discipline until it was emasculated in 1990.

Domestic discretionary spending fell again with Republican control of Congress in the mid-1990s. We cut spending this time around by disciplining appropriators. It was a clear commitment to fiscal restraint that allowed the GOP leadership, led by the House, to keep spending under the targets established by the Budget Resolution for three consecutive years, FY 1996-1998. We cut outdated domestic programs, sought efficiencies and forced appropriators to make tough choices between competing priorities.

Over time, that commitment to spending discipline was replaced by a commitment to get re-elected at any cost -- and new spending records were set. The Democrats now in charge have promised, to quote Nancy Pelosi, "no new deficit spending, no new bridges to nowhere." But deficit spending is caused by too much spending -- and under the House Democrats' paygo rule, entitlement spending, the lion's share of the federal budget, will grow unabated, as will the massive unfunded liabilities of Medicare and Social Security (currently approaching $70 trillion), which are not acknowledged under existing budgeting practices. Meanwhile, there are no enforceable caps on domestic discretionary spending -- and thus earmarks, even if restrained as promised, will do next to nothing to promote deficit reduction.

Social Security reforms that turn empty promises into personally owned accounts -- real assets for retirement -- cannot be funded under paygo without massive tax increases or deep reductions in promised benefits. In effect, paygo makes serious entitlement reform politically impossible without a word of debate. Meanwhile, as surplus payroll tax dollars currently diverted into other spending programs continue to disappear, the pressure on the deficit will become insurmountable.

While paygo might restrain Democrat promises to further expand prescription drug benefits under Medicare Part D, its most certain outcome will be massive tax increases. Unlike "mandatory" spending that grows on autopilot, the various Bush tax cuts are set to expire. Democrats, already inclined to oppose lower taxes, will be hard-pressed to find other new tax revenue, or spending offsets from cherished entitlements, that would allow for making the tax provisions permanent.

Two important factors created the budget surpluses of the late 1990s: spending restraint and robust economic growth. Bill Clinton's enormous tax increase generated less than half of the promised new revenue by 1996, but cuts in the capital gains tax and death tax helped make up the difference. More importantly, technological innovation and higher economic growth generated new revenues. These new dollars, coupled with spending discipline, balanced the budget and paid down a substantial portion of the debt.

Pay As You Go has a different history. At Mr. Darman's urging, George H.W. Bush broke his famous 1988 campaign promise and signed on to a deficit reduction package that increased taxes and instituted paygo. The economy tanked, the deficit ballooned and the GOP suffered an electoral rout in 1992. Maybe there's a history lesson in there somewhere.

Mr. Armey, House majority leader from 1995 to 2002, is chairman of FreedomWorks.

OTHER NEWS:

Gain In Manufacturing Output Bodes Well For Economic Growth (WSJ)

By Mark Whitehouse

The Wall Street Journal, January 18, 2007

The U.S. manufacturing sector, one of the weak links in the nation's economy, might not be a drag on economic growth much longer, the latest data suggest. It's also doing its part to keep inflation in check.

The Federal Reserve reported yesterday that U.S. industrial production increased a seasonally adjusted 0.4% in December from the previous month, driven largely by a 0.7% rise in manufacturing output.

While production in housing-related industries, such as furniture, declined or posted only meager gains, output of durable goods, such as home electronics, surged, reflecting the buoyant consumer spending on those items in recent months. The overall rise in output contrasts sharply with the previous three months: After revisions, industrial production showed declines in all three.

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Economists saw the production data as broadly consistent with their consensus forecast for 2007: that the economy should regain momentum as slowdowns in housing and manufacturing fade. "This could be an early sign that things are turning around for manufacturing," says Haseeb Ahmed, U.S. economist at J.P. Morgan Chase & Co. in New York.

The picture for manufacturers remains far from ideal. On an annualized basis, production fell 1.4% in the fourth quarter from the third quarter. A slowdown in demand in mid-2006 left manufacturers with large stockpiles of unsold goods: As of November, the latest data available, it would have taken 1.24 months of sales to get rid of their inventories, up from 1.15 months in May.

Some indicators, though, suggest manufacturers' overhang is decreasing, thanks in part to stronger-than-expected consumer spending in the fourth quarter. In the latest survey from the Institute for Supply Management, a trade group for corporate purchasing managers, manufacturers said their inventory levels had fallen in December.

"We are slowly working down inventory," says Steve Wieting, U.S. economist at Citigroup Inc. in New York. "We just got slightly out of position, not way out of position."

A separate Federal Reserve survey of regional economic activity, known as the "beige book," broadly supported the idea that manufacturing held up in late November and December. Most of the Fed's 12 districts reported expansion in the sector, along with positive trends in services. Manufacturers in the Boston district, for example, described prospects for 2007 with words such as "good," "solid" and "decent," though some said business connected to consumer spending and housing deteriorated in late 2006.

Nearly all parts of the country reported persistent weakness in the housing market, but the latest survey from the National Association of Home Builders offered a glimmer of optimism. The association's index of builders' sentiment rose to 35, its highest level since July, while their assessment of future home sales held steady at 49, up from a low of 37 in September. A number below 50 still indicates that negative responses outweighed positive responses.

Meanwhile, the Labor Department's latest report on wholesale prices showed goods-producing businesses, which make up a bit more than a third of the nation's economy, doing a decent job of keeping prices under control.

Driven by a bounce in energy prices, wholesale prices for finished goods rose a seasonally adjusted 0.9% in December from the previous month -- more than what economists had expected. But so-called core wholesale prices, which exclude food and energy, rose a moderate 0.2%. Core prices of intermediate goods, such as components for manufacturing, fell 0.1%, suggesting decreased inflation pressure in the production pipeline. For all of 2006, wholesale prices rose 1.1% overall, while core prices rose 2.0%.

"The trend in core producer-price inflation is encouraging, and mirrors the recent subsiding of inflation pressures observed in consumer prices," wrote Kenneth Beauchemin, U.S. economist at consulting firm Global Insight, in a report. Consumer prices were flat in November. The Labor Department will report on December consumer prices today.

Write to Mark Whitehouse at mark.whitehouse@wsj.com1

Fed Official Says Housing Isn't Focus; Beige Book Indicates Modest Growth (WSJ)

By Brian Blackstone

The Wall Street Journal, January 18, 2007

WASHINGTON -- Monetary-policy makers should focus on stable inflation and employment and not be drawn into any attempt to prevent bubbles from developing in asset markets such as housing, Federal Reserve governor Frederic Mishkin said Wednesday.

Separately, the Federal Reserve said the U.S. economy continued growing at a "modest pace" in the latter part of the fourth quarter and early January, as retail sales grew moderately amid tight labor markets and a continued housing slump.

"Central banks should not give a special role to house prices in the conduct of monetary policy but should respond to them only to the extent that they have foreseeable effects on inflation and employment," Mr. Mishkin said in prepared remarks to the Forecasters Club of New York. Mr. Mishkin's prepared text didn't address the outlook for the U.S. economy or monetary policy. (Read the speech.1)

Mr. Mishkin cited examples in Europe when policy makers seemed to use house prices as a justification for an interest-rate decision. He argued that central banks have no better means of identifying potential bubbles than private markets do. In addition, any bursting of a housing bubble "is unlikely to produce financial instability," Mr. Mishkin said, citing the U.S. economy's ability to weather the stock market decline of 2000 and 2001, the Sept. 11 terrorist attacks and corporate accounting scandals.

Mr. Mishkin said in his speech that instead of trying to "preemptively" deal with bubbles, which he added "is almost impossible to do," central banks should "minimize financial instability by being ready to react quickly" should an asset price collapse occur.

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Housing's effect on the economy has in recent months gained considerable attention in financial markets and at the Fed. Fed officials noted in their December policy statement that a "substantial cooling" in housing helped slow the economy over the course of last year.

Many financial market participants, meanwhile, had thought the Fed would have to lower official interest rates in early 2007 as the housing slump rippled through the economy. But those hopes were quelled by the recent slew of robust economic reports, which included some indications that the worst of the housing slump may be over.

Beige Book

Residential housing continued a downward trend, according to the Fed's "beige book" report on regional economies. "Nearly all districts reported a continued softening in housing markets, and high inventories of new homes have generally led to a slowing in residential building," the periodic report said, although there were exceptions.

"All districts reported slow home sales, except for Richmond, which saw a modest increase," while Boston, New York, Atlanta and Chicago all reported decreases in home prices.

In contrast, commercial real estate activity continued to see "strong activity in most districts," the Fed said. Cleveland, Atlanta, Chicago, St. Louis, Minneapolis and San Francisco all reported increases in commercial building.

"Most reports from the Federal Reserve District Banks indicated that economic activity expanded at a moderate pace," the Fed said. "Districts generally reported modest increases in retail sales," despite "sluggish" vehicle sales in several districts, the Fed added.

Most of the districts reported moderate growth, although Cleveland saw "softening activity," and the Boston region reported economic activity was "mixed."

Reports from the Fed districts "generally described labor markets as tightening and cited examples of some businesses having difficulty finding qualified workers," according to the beige book.

But while hiring expanded in several districts, the banks reported "relatively moderate gains in wages," although some districts reported there were concerns for some businesses about "increases in the benefit portion of compensation." Boston, Philadelphia, Cleveland, Dallas and San Francisco all noted higher costs for benefits, particularly health care, according to the report.

The beige book is a summary report of economic activity for use at the central bank's next Federal Open Market Committee meeting in late January. The latest was prepared by the Minneapolis district.

On the inflation front, the Fed said "overall prices increased moderately," as prices for energy and a number of materials eased, and "competition has kept prices for final goods in check."

Manufacturing continued to expand in most districts, according to the Fed, with Boston, Philadelphia, Cleveland and San Francisco all reporting increased activity. But Chicago, Minneapolis and Kansas City reported slower manufacturing growth. Several districts also reported weakness in manufacturing businesses that support the residential housing industry.

The report adds regional anecdotal evidence to national economic data and Fed officials' recent public remarks, which suggest the Fed remains focused on keeping inflation in check, despite some expectations in the financial markets for interest-rate cuts.

Home Builders' Confidence Rises

Meanwhile, in an indication that the worst may be past for the housing bubble, the confidence of U.S. home builders swung upward at the start of 2007, according to data reported Wednesday.

The National Association of Home Builders reported that its index for sales of new single-family homes rose to 35 in January from 33 in December. While the trade group gauge indicates builders generally remain pessimistic, the last time the index sat so high was July, when the reading was 39.

"Builders are starting to see that the worst is behind them and that buying conditions have improved to the point that greater optimism is warranted," NAHB chief economist David Seiders said Wednesday.

"The same factors that were evident at the end of 2006 continue to hold true in today's housing market -- improving affordability measures, strengthening consumer assessments of home buying conditions and an upswing in applications for mortgages to buy homes," Mr. Seiders added.

Within the NAHB's housing-market index, the component for present sales of single-family homes rose to 36 in January from 33 in December. Expectations for sales in the next six months held steady during January at 49 points, the NAHB said. The traffic of prospective buyers rose to 26 from 23 in December.

"Builders are responding to increased buyer interest at the end of 2006 and beginning of 2007," said David Pressly, a home builder from Statesville, N.C., and the president of the NAHB. "This bodes well for the upcoming spring buying season."

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The index in January was based on a survey of 387 home builders, who answer questions about sales prospects now and in the near term. When the Housing Market Index exceeds 50, it means the number of builders who see "good" sales outnumber the number who see "poor" sales. The numbers used in compiling the index are adjusted for seasonal variations.

--Jeff Bater and Benton Ives-Halperin contributed to this article.

Fed Officials' Comments Point To Little Chance Of Rate Cuts Anytime Soon (USAT)

By Sue Kirchhoff

USA Today, January 18, 2007

WASHINGTON — The Federal Reserve shouldn't raise interest rates to prevent housing bubbles from forming, but it can take steps to ensure lenders act responsibly or to ease the pain of a market tumble, a Fed official said Wednesday.

"The issue of how central banks should respond to house price movements is therefore not whether they should respond at all," Fed Governor Frederic Mishkin said in a speech in New York. Rather it's whether central banks should respond "over and above" actions required to meet their main mission of ensuring stable inflation and employment, Mishkin said.

In a separate speech in Arizona, San Francisco Fed President Janet Yellen said that even though the current housing market decline has "been significant and will probably continue for a while longer," concerns that it will result in a "devastating collapse — one that might be big enough to cause a recession in the U.S. economy — have been largely allayed."

But Yellen said the Fed, which is trying to steer the economy to a soft landing by raising rates enough to reduce inflation without killing growth, isn't in the clear yet. The biggest unknown is why the job market is going "gangbusters" while growth has slowed, and what that could mean for inflation.

"While I am inclined to see labor market tightness as transitory, I do take it as a serious risk," Yellen said.

After raising short-term interest rates steadily from mid-2004 to mid-2006, the Fed has held the target for short-term rates steady at 5.25% since June. The rates are used as a benchmark for consumer and business loans.

Yellen's comments, coupled with reports Wednesday showing that wholesale prices rose more than expected in December and factory production firmed, make it unlikely the Fed will cut rates soon.

Many market analysts had expected a rate cut early this year, based partly on forecasts that the housing correction could have a major impact on the overall economy. Home building has fallen 25% from last year and new home sales about 15%.

The Labor Department's producer price index rose 0.9% in December, down from a 2% increase the previous month, but a larger move than economists expected. For 2006, wholesale prices rose 1.1%, compared with a 5.4% jump the previous year.

Stuart Hoffman, PNC chief economist, said in an advisory to clients that the new data mean it "will take clear evidence of weakness outside of the housing and the domestic auto industries to make a funds rate cut a more realistic probability by early summer."

Mishkin said there is mixed economic research on whether raising interest rates deflates dangerous bubbles or can make a downturn worse. Meddling in markets could also undermine public support for central banks, he said. He also noted that housing prices are less volatile than stock prices.

PPI Data Add To US Inflation Fears (FT)

By Eoin Callan

Financial Times, January 18, 2007

US producer prices rose more than expected last month, according to government figures which underlined the Federal Reserve's concern about persistent inflation pressures.

Core prices – which exclude volatile food and energy prices – gained 0.2 per cent following a 1.3 per cent increase in November, data released on Wednesday showed.

The increase will add to the Fed's concern that elevated wholesale costs could lead to higher prices for consumers that would erode purchasing power.

Drew Matus, an economist at Lehman brothers, said: "The elevated measures of inflation in the pipeline will keep the Fed worried about an eventual feeding through of producer prices to consumer prices."

"Growth didn't slow in the fourth quarter in the way the Fed anticipated, and because of that they will pay more attention to indicators of potential inflation pressures," he added.

The Fed has said it is prepared to raise interest rates further if price pressures build, despite investor expectations that slower economic growth will prompt rate cuts in the year ahead.

The central bank has kept interest rates on hold since August and is expecting the economy to grow at a moderate pace in the coming months and withstand an ongoing slowdown in the housing market and weakness in manufacturing.

The rise in core prices in December brings the total increase for last year to 2 per cent, up from 1.4 per cent in 2005.

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The overall producer price index rose 0.9 per cent in December following a record rise of 2 per cent in November, which was the largest jump in more than three decades

The swings in the headline rate in recent months have been driven largely by volatility in global energy markets and structural and seasonal changes in the auto sector.

The Department of Labor said energy prices rose 2.5 per cent last month after surging by 6.1 per cent in November, while prices for passenger cars were down 0.2 per cent after strong gains in the previous month.

Stocks Sag On Weak Profits, Oil Uptick, Economic News (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 18, 2007

Stocks seesawed through the day but ended lower, hurt by tepid corporate earnings, an uptick in crude-oil prices and sobering economic news.

At its intraday high, the Dow Jones Industrial Average was up 31.41 points and at its low point was down 32.04. An afternoon round of selling pushed the blue-chip indicator into the red for good, to end the session down 5.44 points, or 0.04%, at 12577.15, up 0.9% on the year.

In particular, the average was hindered by a 5.7% decline in component Intel, following the chipmaker's lackluster earnings report late Tuesday.

The technology-heavy Nasdaq Composite Index suffered, too, declining 0.7%, or 18.36 points, to 2479.42, still up 2.7% on the year. The broad Standard & Poor's 500-stock index slipped 0.1%, or 1.28 points, to 1430.62, up 0.9% on the year.

Crude-oil futures have fallen sharply this year, down 14%, in large part because of unseasonably mild weather in the U.S. Northeast and rising inventories. That has generally buoyed stock prices, because lower energy costs help businesses and consumers.

The trend yesterday was the opposite. The price of crude-oil contracts for February delivery jumped $1.03, or 2%, to $52.24 a barrel at the New York Mercantile Exchange.

Traders said the move was driven by a combination of factors, including a reshuffling of some investors' positions to cover expiring options contracts and renewed interest by some speculators who sensed a buying opportunity amid this month's overall decline.

Energy broker Mike Fitzpatrick, of Fimat USA, said the day's rally didn't necessarily signal an end to crude's early-2007 slide.

"If anything, the news still favors lower prices," he said, citing inventory statistics due today from the federal Energy Information Administration. Many traders expect the report to show a weekly increase in U.S. crude reserves.

Economic news yesterday seemed to point away from a quick interest-rate cut by the Federal Reserve this year -- a scenario some investors have been hoping for because lower borrowing costs would likely spur consumer spending, corporate profits and a stock rally.

The Fed released its "beige book" of economic indicators, in which the central bank noted a "modest pace" of recent growth. It also noted tight labor markets that have put upward pressure on wages -- not ideal conditions for a rate cut.

In major U.S. market action:

Stocks fell1 and bonds decreased2. The 10-year note shed 9/32 point, or $2.8125 for each $1,000 invested, pushing the yield up to 4.788%. The 30-year bond declined 18/32 to yield 4.882%.

The dollar was mixed3. Against the Japanese currency, the dollar rose slightly to 120.66 yen from 120.63 yen. The euro rose to $1.2936 from $1.2915.

Write to Peter A. McKay at peter.mckay@wsj.com4

Herndon Anti-Solicitation Law Challenged (WP)

By Bill Turque

The Washington Post, January 18, 2007

A Reston man ticketed by police for hiring a day laborer in the parking lot of a Herndon 7-Eleven is taking the town to court, contending that its anti-solicitation ordinance is unconstitutional.

The legal challenge, filed in Fairfax County District Court, is the newest turn in Herndon's campaign to discourage illegal immigrants from living and finding work in the town of 23,000 near Dulles International Airport. It is also the latest in a series of court actions around the country questioning the legitimacy of similar laws.

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According to court documents, Stephen A. Thomas, 44, drove into the parking lot on Elden Street on Sept. 16, got out and approached two men about doing yard work. After reaching agreement with one of them, Thomas was driving home with the worker when he was stopped by Herndon police and cited for violating the ordinance.

He faces up to six months in jail and a fine of up to $1,000. Lt. Jerry Keys, a police spokesman, said yesterday that the laborer in the car with Thomas was not cited, although it was not clear why, other than that the officer involved was exercising his discretion.

Thomas could not be reached for comment.

The ordinance, enacted in September 2005, bars anyone in a vehicle from trying to hire someone standing on the sidewalk or street. Conversely, it prohibits anyone on the street from asking someone in a vehicle -- or who has just gotten out of one -- for work.

Although town officials cited traffic safety as their chief concern, the law was passed in the midst of a debate over the impact of immigrant day laborers, who congregated in the parking lot on Elden Street in the mornings to seek work.

Thomas's attorneys, Rodney G. Leffler and Alexa K. Moseley of Fairfax, asked that the case be dismissed on First Amendment grounds, saying that solicitation has long been protected by the courts as free speech. Specifically, they said Herndon's law is flawed because it focuses only on solicitation for employment, while leaving other forms of solicitation -- such as charitable contributions or the sale of goods -- unrestricted.

Fairfax District Judge Lorraine Nordlund has scheduled a hearing for Feb. 14 but indicated that she could rule earlier based on written arguments. The lawsuit was filed last week.

Herndon Town Attorney Richard B. Kaufman declined to comment. "The Town of Herndon does not comment on ongoing criminal prosecutions," he said.

Vice Mayor Dennis D. Husch said the Town Council can rewrite the ordinance, if necessary.

"We're going to work this through one step at a time, and if we have to modify the language, we'll do what we have to do," he said.

Police figures show a recent spike in anti-solicitation citations, with 51 issued in the past three months, after just 19 in the previous 10 months. It's not clear what is behind the recent increase.

The law was passed several weeks before the opening of the Herndon Official Workers Center, a site created by the town as a gathering place for laborers and those seeking to employ them. The town has said that the existence of the site allows them to bar solicitation for employment on the streets.

Similar laws have been successfully challenged in other court cases. A federal judge in California ruled last May that day laborers in Redondo Beach had the right to look for jobs on public sidewalks. In 2004, city police arrested 60 workers in a sting operation under an ordinance the city passed in 1987 as a traffic control measure.

Last November, a federal judge ruled that officials in the New York City suburb of Mamaroneck had harassed day laborers in a racially motivated attempt to discourage them from seeking work in the streets.

In both cases, the locality involved did not have an alternate site, such as Herndon's worker center, where workers could gather. But the Town Council's recently approved plan to hire a firm that would restrict access to the center to lawful immigrants potentially complicates the town's legal position.

This is the second time in recent days that Herndon's actions have been challenged on constitutional grounds. Last week, state officials informed the town that a law it sought from the General Assembly, authorizing local governments to criminalize the hiring of illegal immigrants, is most likely unconstitutional. State officials said such a measure is preempted by existing federal law.

Appeals Court Rules For Wal-Mart In Maryland Health Care Case (NYT)

By Michael Barbaro

The New York Times, January 18, 2007

When Maryland legislators passed a first-of-its-kind law in 2006 forcing Wal-Mart Stores to spend more on employee health care, the measure was held up as a model for other states grappling with mounting Medicaid bills.

But yesterday, after a second court found that the Maryland's fair-share health care rule violated federal labor laws, the concept that states can compel companies to offer more generous health care is suddenly in doubt, experts said.

By a 2-to-1 ruling, the United States Court of Appeals for the Fourth Circuit in Baltimore found that the Maryland requirement — which affected only Wal-Mart — violated a 32-year-old federal labor law known by its shorthand, Erisa.

The law, known to regulators as the Employee Retirement Income Security Act, was intended to allow big companies to set up uniform health benefits across the country, rather than navigate state-by-state requirements.

By forcing Wal-Mart to revamp health care plans in Maryland, the court found, the Maryland law directly violated Erisa.

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That decision, upholding a lower court decision in July, threatens to derail health care legislation known as fair share that is under consideration in states across the country.

"State level health care reform is still possible, but it's not going to be the Maryland model," said Naomi Walker, the director of state legislative programs at the A.F.L.-C.I.O., which lobbied for the Maryland law. "We have to go back to the drawing board."

Unlike Erisa, the Maryland health care bill was never about making life easier for big companies like Wal-Mart. Rather, it was about shifting the burden for insuring the working poor from state Medicaid plans, with the clear implication that Wal-Mart had shirked its obligations.

Specifically, the Maryland law forced corporations with 10,000 or more workers to spend 8 percent of their payrolls on health insurance, or pay the difference into a state fund. Four companies in the state have more than 10,000 workers, but only Wal-Mart met all the criteria.

The Maryland legislature was never shy about its motives for aiming at Wal-Mart, a company with $12 billion in annual profit.

In the debate that the preceded passage of the law, lawmakers complained that thousands of Wal-Mart's workers rely on Medicaid in states like Maryland and Georgia.

That narrow focus on a single company, legal experts said, may have also influenced the court's decision.

Wal-Mart said the bill was politically motivated and would do little to address the cause of America's health care crisis — spiraling costs. Yesterday, it praised the appeals court decision.

"Not only was this legislation widely viewed as bad public policy, the courts have confirmed that it violates the law," said Nate Hurst, a spokesman for the chain.

But critics of the company, including Maryland lawmakers, said they could claim credit for improving Wal-Mart's health care offerings, even if the law did not survive.

In the last 18 months, Wal-Mart has made its insurance available to the children of part-time workers, reduced the waiting time before new employees are eligible for insurance and created a plan with monthly premiums as low as $11.

And the Maryland law may still survive. The state attorney general can appeal yesterday's decision to a full panel of the Fourth Circuit or to the United States Supreme Court. A spokeswoman for the attorney general, J. Joseph Curran Jr., said he had two weeks to decide.

Maryland lawmakers may also choose to rewrite the law, using an approach upheld in several other states that requires companies with uninsured workers to pay them higher wages that can be used for health care premiums, said Paul Sonn, deputy director of the Brennan Center for Justice at New York University School of Law and an expert on fair share health care legislation.

The Maryland law proved popular among the state's residents, according to polls, and that sentiment is likely to guide lawmakers.

"The overwhelming majority of the public wants to require large profitable corporations to pay their fair share for health care," said Paul Blank, the campaign director for WakeUpWalMart.com, a union-backed group critical of the giant retailer. "This form may not work, but lawmakers will work on new way to accomplish the same thing."

The lawsuit that overturned the Maryland law was sponsored by the Retail Industry Leaders Association, a Virginia-based trade group of which Wal-Mart is a member. In an interview, Sandra L. Kennedy, the trade group's president, said, "The court has a sent a strong message at states looking at similar bills: these violate federal law."

Court Upholds Killing Of 'Wal-Mart Bill' (WT)

By Jen Haberkorn

The Washington Times, January 18, 2007

Wal-Mart Stores Inc. doesn't have to pay additional health care costs for its Maryland employees, a federal appeals court ruled yesterday, likely killing similar legislation in other states.

The 4th U.S. Circuit Court of Appeals in Richmond upheld a U.S. District Court decision that said Maryland's "Wal-Mart bill" violated the federal Employee Retirement Income Security Act (ERISA), a federal law that sets minimum standards for pensions and health plans.

A spokeswoman for Maryland Attorney General Douglas F. Gansler said the office is reviewing the opinion and has 14 days to ask for a rehearing in front of all members of the 4th Circuit. The opinion issued yesterday was reviewed by three members.

A year ago, the General Assembly passed the law, which said state employers of 10,000 or more employees were required to contribute at least 8 percent of their payroll to health care. Because of the size requirement and exceptions for the three other

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employers with that many employees in the state -- Johns Hopkins University, Giant Food and Northrop Grumman -- Wal-Mart was the only company affected by the law.

Democratic lawmakers who supported the bill said it was a necessary attempt to address out-of-control health care costs.

But opponents, including former Gov. Robert L. Ehrlich Jr., a Republican, who unsuccessfully vetoed the bill, said it unfairly targeted one employer.

The Retail Industry Leaders Association (RILA), an Arlington trade group that includes Wal-Mart, appealed the law and argued that it violated ERISA, which is designed to eliminate a patchwork of state and local employer health guidelines.

In July, U.S. District Judge J. Frederick Motz agreed; yesterday, the federal appeals court upheld that decision.

"Were we to approve Maryland's enactment solely for its noble purpose, we would be leading a charge against a foundational policy of ERISA, and surely other states and local governments would follow," Judge Paul V. Niemeyer, appointed by the first President Bush, wrote in his opinion, which Judge William B. Traxler Jr., appointed by President Clinton, joined.

Judge Niemeyer said the law was enacted to reduce Maryland Wal-Mart employees' reliance on Medicaid, a federal program for the poor and disabled that is administered by the states.

"Not disguised was Maryland's purpose to require Wal-Mart to change, at least in Maryland, its employee-benefit plans and how they are administered," he wrote.

Judge M. Blane Michael, also appointed by Mr. Clinton, dissented, saying that because Wal-Mart would have a choice to boost health care spending on employees or pay a penalty to the state, it did not violate ERISA.

He called the law a "creative" response to the rising problem of covering health care costs. In Maryland, the 2006 Medicaid shortfall was estimated to be $130 million.

"The Maryland act is part of the state's effort to deal with the mounting funding pressures," he wrote.

Wal-Mart said yesterday it was pleased with the decision.

"Not only was this legislation widely viewed as bad public policy, the courts have confirmed that it violates the law," spokesman Nate Hurst said. "This politically motivated legislation did nothing to control the cost of health care or improve access to health care, so it's no wonder that legislators across the country have rejected this as bad public policy."

The ruling is binding on federal courts in Maryland, Virginia, West Virginia, North Carolina and South Carolina and could stop other jurisdictions from trying to pass similar legislation.

"The court's decision sends a strong message that similar bills under consideration in other states and municipalities also violate federal law," said RILA President Sandy Kennedy.

RNC Readies For Martinez Fight (WT)

By Ralph Z. Hallow

The Washington Times, January 18, 2007

A member of the Republican National Committee from President Bush's home state yesterday escalated the rebellion against Mr. Bush's choice to head the committee going into the 2008 presidential elections.

Texas RNC member Denise McNamara said the attempt by Mr. Bush's supporters on the national committee to name Sen. Mel Martinez of Florida as general chairman "is like pouring gas on an already smoldering electorate," citing Mr. Martinez's role in promoting last year's "comprehensive" immigration bill in the Senate.

"Choosing an RNC chairman who supports amnesty [for illegal aliens] is tantamount to telling the conservative majority of Americans that they do not matter."

The fight over the party chairmanship reflects grass-roots discontent, heightened by Republican midterm election losses in November, as the 168-member RNC convenes for its annual winter meeting today at the Grand Hyatt Hotel downtown.

Mr. Martinez's opponents are ready to challenge the White House's efforts to force on the party a general chairman whose views on illegal immigration, they say, are opposed by 80 percent of the electorate.

They cite polls indicating that the issue has split the party and contributed to its November losses.

The vote is scheduled for tomorrow.

"The question is whether the Martinez fight will be a skirmish or a full-scale rebellion," said New Jersey RNC member David Norcross, a former RNC general counsel who oversaw the 2004 Republican presidential nominating convention in New York. "I think it will be a skirmish, but I am preparing for a full-scale rebellion."

One of Mr. Martinez's supporters, Florida RNC member Paul Senft Jr., told the Tallahassee Democrat newspaper: "With some people, the issue of amnesty is a litmus test and anything short of a concentration camp is amnesty."

A Virginia-based group, English First, has created a Web site, StopMartinez.com, that declares the senator from Florida is: "Wrong on English. Wrong on Amnesty. Wrong for the Republican National Committee."

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Mr. Norcross plans to introduce a motion at the meeting tomorrow to create the position of national chairman. He says the RNC's rules adopted at the 2004 national convention allow for the creation of such a position and for it to be filled by a nonmember. Mr. Martinez's opponents point out that he is not an RNC member.

Mr. Norcross and other RNC leaders scheduled a 10 p.m. strategy session yesterday to deal with the rebellion. At least one rebel faction scheduled its own strategy session last night.

Some members oppose in principle the creation of the general chairmanship, to be filled by the president's handpicked choice. They say the national committee, whose members are elected by party activists in each state and territory, should be led by an elected member.

Some conservatives say the Martinez move will impede RNC fundraising and make electing a Republican president and restoring the party's dominance of Congress all the more difficult next year.

"It is hard to motivate voters who are angry and who feel betrayed. He is simply the wrong choice at the wrong time," Mrs. McNamara said.

The Texas committee member recalled that in November, "speculation was swirling about the possible nomination of [former Maryland Lt. Gov.] Michael Steele" as RNC chairman, and said that "excitement began to build at the prospect of a new face to lead the RNC."

"Unfortunately, White House political strategist Karl Rove had other ideas. He announced Martinez as the president's choice for RNC chair, crushing the hope of millions of Republican grass-roots activists," Mrs. McNamara said.

Although many Texas Republicans had urged her to support Mr. Steele, she said, "I had three times as many calls asking me to oppose Senator Martinez."

Democrats Seeking To Drive Stem Cell Wedge In Minn., N.H. (HILL)

By Aaron Blake

The Hill, January 18, 2007

In 2006, two Republican House members with tough races ahead changed their views to favor an embryonic stem cell research bill.

With the same bill having already passed the House in the 110th Congress, embryonic stem cell advocates are hoping for more converts, and many see the heaviest pressure likely to land squarely on the shoulders of two swing-state senators up in 2008 — Norm Coleman (R-Minn.) and John Sununu (R-N.H.).

Democrats are already trying to drive a wedge into Coleman's and Sununu's reelection bids, hoping it could hurt them as it was supposed to have hurt former Sen. Jim Talent (R-Mo.) in November. But experts are divided about the issue's impact.

Talent's narrow November loss occurred alongside the narrow passage of a statewide embryonic stem cell initiative that he opposed.

The bill, which would allow federal funding to be used for embryonic stem cell research and would override President Bush's limits, could come to a vote in the Senate next month. It passed both chambers last cycle but was vetoed by Bush.

Coleman will again vote against the measure, as it currently stands, his office said. Sununu's office did not return numerous calls seeking comment.

In most polls, a majority of Americans support federal funding for embryonic stem cell research. The bill has received solid majorities in both chambers but has fallen short of a veto-proof majority in either.

The 2006 election added three pro-embryonic votes to the 63 already there, meaning one convert would likely give the bill a veto-proof Senate.

After last week's 253-174 vote, the House is still 37 votes shy of the two-thirds majority needed. But attaining the goal in the Senate would represent concrete progress and an important symbolic goal for embryonic backers and patient groups, and they are in turn focusing their efforts on those seen as the most likely defectors.

"They're going to go after people in tough races; they're going to go after anybody who's new," said Gail Pressberg, a senior fellow at the Civil Society Institute and co-author of a book on stem cell politics. "I think it's a strong wedge issue in which the Republicans have a lot to lose."

Coleman's recent turn against the Iraq war and a past marked by shifting politics — he switched from Democrat to Republican when he was mayor of St. Paul — have Democrats predicting he might switch on the stem cell issue.

During the 2004 Democratic National Convention, Coleman led the Republican "truth squad," which criticized Sen. John Kerry (D-Mass.) for his "flip-flops" on the Iraq war and other matters.

Sununu's state experienced about as big of a political overhaul as any in the nation in November, and he remains one of few anti-embryonic votes in the Northeast. Challengers have already begun to line up to face him.

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The two of them, along with Sen. Wayne Allard (R-Colo.), were recently cited by Democratic Senatorial Campaign Committee Chairman Charles Schumer (D-N.Y.) as the three most vulnerable Republicans up in 2008. Allard announced Monday that he wouldn't run for a third term.

All three come from swing states that trended blue in November. Both of New Hampshire's Republican House members lost, and Democrat Amy Klobuchar soundly beat Republican Rep. Mark Kennedy 58-38 for Minnesota's other Senate seat.

The Democratic parties in Minnesota and New Hampshire wasted little time setting up Coleman and Sununu for their potential "flip-flops," issuing nearly identically worded statements.

Minnesota Democrats keyed on Coleman's Iraq conversion. A longtime backer of Bush on the war, Coleman came out against the 21,000-troop surge last week, taking a similar tack to fellow 2008 candidates Sens. Gordon Smith (R-Ore.) and Susan Collins (R-Maine).

"Now that [Coleman has] been recognized nationally as one of the most vulnerable Republicans of 2008, we can expect him to keep chasing the spotlight," Minnesota Democratic Party Chairman Brian Melendez said. "Maybe he thinks no one will notice he switched parties — again."

Coleman is also against changing the Medicare drug benefit to allow the government to negotiate drug prices. He missed the vote on a negotiation measure in the last Congress, but recently told The Hill he will vote against the politically popular bill this year.

Coleman continues to emphasize a compromise on the stem cell issue.

"Sen. Coleman has consistently been seeking ways to advance stem cell research without using federal dollars for the destruction of embryos," press secretary LeRoy Coleman (no relation) said. "He believes a solution can be found that is consistent with the protection of the unborn, while offering funding for scientific research for those living with the hope of a cure."

New Hampshire Democrats noted that Sununu's "no" vote last year came even as the state's two Republican House members voted to override Bush's veto.

Sen. Judd Gregg (R-N.H.) also voted for the bill.

"Now that the Democratic Congress has provided [the] leadership by passing this critical bill, I call on Sen. Sununu to do the right thing and join Democrats in fighting President Bush's efforts to veto this bill," New Hampshire Democratic Party Chairwoman Kathy Sullivan said.

But experts aren't completely sold on embryonic stem cell research as a wedge issue. Talent said after the election that the issue probably "cost me votes in some places and got me votes in other places" and wasn't a major factor in his 50-47 loss to now-Sen. Claire McCaskill (D-Mo.).

McCaskill didn't heavily emphasize the issue on the campaign trail, but said she benefited from ads featuring actor Michael J. Fox, who has Parkinson's disease.

The issue likely played some role in the Missouri and Maryland Senate races, where the Fox ads ran, said Marcy Darnovsky, associate executive director of the Center for Genetics and Society. But she said it doesn't necessarily have the wedge-issue prowess the Democrats think it does.

"In Missouri, the proponents spent $30 million on it, and they squeaked by with 51-49 percent," Darnovsky said. "That's an indication that it doesn't always work" as well as research advocates and Democrats think.

Skeptics cite the issue's complexity as a main factor. Polling on embryonic stem cell research varies widely, depending on how the questions are framed.

Former Rep. Curt Weldon (R-Pa.), and Rep. Dave Reichert (R-Wash.) switched their positions in favor of the embryonic stem cell bill in 2006. Weldon lost reelection, while Reichert narrowly survived.

Groups including the Christian Coalition of America are closely monitoring the votes of House freshmen on the issue.

Rep. Boyda's Seat Top Target For Divided GOP (HILL)

By Sam Youngman

The Hill, January 18, 2007

When newly elected National Republican Campaign Committee chief Rep. Tom Cole talks about specific seats he wants to take back in 2008, he repeatedly mentions Kansas's 2nd district.

Cole (R-Okla.) referred to the seat as one of the targets that fits the criteria for an NRCC priority in 2008. It is one of 61 seats Democrats hold that voted for President Bush in 2004, and the Democrat who won it in the midterms did so with less than 55 percent of the vote.

That Democrat, Rep. Nancy Boyda (D), may have just been sworn in, but Republicans from Washington to Topeka are marking her name with a big, red bulls-eye.

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"I certainly expect this to be one of their top-targeted races," Boyda said. "I didn't get into this thinking this would be a cakewalk."

Boyda defeated then-Rep. Jim Ryun with 51 percent of the vote in a year that saw Democratic Gov. Kathleen Sebelius, running with a candidate for lieutenant governor who earlier in the year had defected from the Republican Party, win reelection with 57 percent.

Cole said 2006 was an anomaly in Kansas politics, an arena in which he has worked in the past.

"I'm right next door to Kansas and [I've] done a lot of political activity over there in another lifetime, and I can tell you that for the first time in all the years we've been up there, the legislative ballot in Kansas was generically Democrat," Cole said. "That's unbelievable. So, they're probably not going to get another year like that."

But if 2006 was a bad year for Republicans nationwide, in Kansas the party split in half like the Titanic: Both sides sank.

In a state long regarded as a bastion of conservative politics — President Bush won the 2nd district with 59 percent of the vote in 2004 — the GOP witnessed numerous defections to the Democratic Party, and a rift between the conservative and moderate wings of the party resulted in Democratic victories in traditional Republican strongholds.

The executive director of the state Democratic Party, Mike Gaughan, said as long as a faction of the Kansas GOP continues to focus solely on social issues such as abortion, candidates viewed as moderates, like Boyda, would reap the benefits.

"Certainly, there's an element in the Republican Party that's more interested in purging themselves than common-sense solutions for Kansas families," Gaughan said.

Outgoing state GOP chairman Tim Shallenburger, conceding his tenure as chairman has been rocky at best, said that rift, combined with a poisoned national environment, was at the root of the GOP's ills last year.

Phill Kline, a former state attorney general known nationally for his move to subpoena the records of state abortion clinics, drew a lot fire from moderate and independent voters, Shallenburger said.

Kline, who was defeated by another Republican defector, Paul Morrison, was on the list of names Shallenburger identified as potential challengers to Boyda, perhaps running as the standard-bearer for the conservative faction of the party. Kline, who doesn't currently live in the district, did not return phone calls for comment.

"Unfortunately, the conservatives can't seem to elect anybody," Shallenburger said, adding that because of the rift he is anticipating a primary. "They can get them through primaries, but they can't get them through generals."

Shallenburger said a list of serious candidates should come to light after the state GOP's Kansas Day convention later this month. Right now, Shallenburger, who isn't running for reelection, said possible candidates include former state House Speaker Doug Mays, Secretary of State Ron Thornburgh and state Treasurer Lynn Jenkins. Boyda said she anticipated Ryun might want a rematch.

Shallenburger, a former gubernatorial candidate in his own right (Cole served as his pollster), said he would be willing to discuss a possible run with the NRCC chairman, but right now he isn't leaning toward a run.

Both Cole and Shallenburger said that while 2006 was a bad year for them because of an unfavorable national environment and party turmoil, 2008 will be different because a presidential election year will allow for GOP healing and unity.

"You know, Kansas hasn't gone through some road to Damascus and morphed into a liberal state," Cole said. "Next election cycle, the Republican presidential nominee, I'm willing to bet today, without knowing who it is or who the Democrats will have, will carry Kansas.

"You want to bet who's going to win Kansas-02 in the presidential race? I've got a pretty good idea. I'm willing to make that prediction today."

Shallenburger added that regardless of whom Republicans pick, state Republicans will unify in their dislike of the Democratic candidate. That, combined with county commissioner races, will drive turnout and grassroots efforts.

"I think a presidential election gives us common ground," Shallenburger said. "If it's [Sen. Hillary Rodham] Clinton (D-N.Y.) or [Sen. Barack] Obama (D-Ill.), I can't imagine that either of those two would gain much Republican support."

But Shallenburger said that because Democrats already have proven they can win in the Republican district, much of the Republican strategy will depend on Boyda's voting record.

Boyda might have given those aiming for her seat some early ammunition by voting for the House stem cell research bill last week.

But Boyda insists the often acidic ideological tones have subsided a great deal since her first congressional run in 2004, and though some voters might disagree with her on social issues like stem cell research, she said most will come to see her overall goal is to brighten the future for the district.

"I intend to just do my job," she said. "It's that simple."

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No Challenger Yet For Vulnerable Landrieu (RC)

By Nicole Duran

Roll Call, January 18, 2007

Because Republicans must defend almost twice as many seats, the 2008 Senate landscape appears to favor Democrats. Nonetheless, Sen. Mary Landrieu (D-La.) might be the most vulnerable incumbent this cycle.

Democrats won control of the Senate last November, in part, by flipping seats in not-necessarily Democratic territory. But that likely will be of little comfort to Landrieu, especially in a presidential election year.

In the 2004 cycle alone, Democrats lost five open-Senate seats in the South — including one in Louisiana.

Factor in Landrieu's narrow 2002 re-election — in which she received 52 percent of the vote — and the population loss in her stronghold of New Orleans, and the scion of one of the Pelican State's best known political families faces unfavorable odds.

"She's always just seemed vulnerable; she's moved as much to the right as she could and still be a Democrat in Washington but there's still the thought in many parts of Louisiana that she's too liberal," said John Maginnis, who pens a weekly newsletter on Louisiana politics. "She's always had close elections and there's no reason to think it wouldn't be another close election."

One knowledgeable Democratic strategist, who did not want to be named, agreed.

"Democrats win in Louisiana by about 5,000 votes and we lost 200,000 people; and most of the people were Democrats," the strategist said. "New Orleans is half the size it used to be."

Landrieu owes her 2002 re-election to the wide margin of victory she racked up in the Big Easy. If the huge number of voters displaced by Hurricane Katrina never return, Democrats will be at a fundamental disadvantage, the source added.

Despite such dire predictions, and Republicans' desire to make her their top target, no Republican has stepped up to challenge Landrieu this early in the cycle.

Longtime Rep. Jim McCrery (R-La.) took his name out of the mix this week, saying Tuesday that he would not run for Senate.

"We don't know who might run in 2008," said McCrery, who just signed on to be Congressional liaison for the presidential campaign of former Massachusetts Gov. Mitt Romney (R). "My guess is there will be competition for the Senate seat in Louisiana."

Other GOP names being bandied about are Rep. Richard Baker, Louisiana Secretary of State Jay Dardenne and state Sen. Walter Boasso.

Boasso told Roll Call that he has no interest in running for the Senate but is contemplating a gubernatorial bid.

Additionally, speculation runs rampant that state Treasurer John Kennedy (D) will switch parties and take Landrieu on as a Republican.

Kennedy ran for the Senate in 2004, finishing third in the all-party primary despite pressure from Democratic leaders that he bow out in favor of then-Rep. Chris John (D-La.).

GOP Reps. Charles Boustany and Bobby Jindal also have been mentioned as Landrieu challengers, but some political watchers think Boustany, who was just elected to a second term, is too green. Jindal is almost certain to run for governor this year.

A recent survey showed him holding a 24-point lead over Gov. Kathleen Blanco (D), whose reputation resembles New Orleans' levies as a result of Katrina. Blanco defeated Jindal by 4 points in 2003, and if she loses this November, that could also be a troubling sign for Landrieu.

The Democratic strategist conceded that all of the potential Republican candidates could be formidable, though the source dismissed the notion that Kennedy could prevent Landrieu from winning a third term.

"If the treasurer does switch parties and does try to run as a Republican, Mary can beat him; that's a mistake," the strategist said.

Maginnis said Dardenne looks like the strongest option.

"A lot of people think he has the right stuff," Maginnis said, noting that he would not have to relinquish his current office to seek the Senate.

Dardenne, a former state legislator, also is the only Republican under discussion who has won statewide office.

Also working against Landrieu is the unsuccessful campaign of her brother, Lt. Gov. Mitch Landrieu (D), who failed to dislodge embattled New Orleans Mayor Ray Nagin during the city's racially tinged runoff election last year.

That "tarnishes the name," the Democratic strategist said.

A Landrieu aide said the Senator's office did not want to comment about 2008, other than to confirm that she does plan to seek re-election.

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One bright spot for Landrieu is the elimination of Louisiana's blanket primary for federal elections. Prior to 2008, all candidates for a particular office, regardless of party, appeared on one primary ballot. If no one exceeded 50 percent, the top two vote-getters — regardless of party — then went on to a runoff election.

Given the large number of candidates for major offices, incumbents frequently failed to garner 50 percent of the primary vote.

No Democrat of stature is expected to challenge Landrieu, allowing her to focus solely on the general election. The Democratic strategist said there is "no question" that will help Landrieu, especially if multiple Republican candidates have to slug it out for the nomination.

McCrery said it is impossible to know now who it will help.

"It could make it more difficult for her or it could make it more difficult for the Republicans," he said. "It's hard to tell."

Why Georgia May Not Be On Democrats' Minds (RC)

By Stuart Rothenberg

Roll Call, January 18, 2007

A couple of days after the midterm elections, I checked out the Senate class of 2008 and noticed that Sen. Saxby Chambliss (R-Ga.) is on the list. I wondered, could Democrats, who held both of Georgia's Senate seats and the state's governorship as recently as 1990, knock off Chambliss?

The wise answer is that it may be possible, but at this point it's unlikely. The better answer may well be a resounding, "Are you nuts?"

While 49 states seemed to move toward the Democratic Party in November's elections, Georgia, the state that gave the nation Jimmy Carter, Martin Luther King Jr. and Jackie Robinson, continued its shift toward the GOP. In fact, Georgia was the only state in the nation where Republicans significantly improved their standing in the 2006 midterms.

Republicans retained their 34-22 majority in the state Senate and gained two more seats in the Georgia House, making Georgia one of the rare states where Democrats did not make state legislative gains. In addition, Republicans re-elected their governor handily and gained two statewide offices — lieutenant governor and secretary of state — that previously had been held by Democrats.

At the Congressional level, state Republicans held on to all of the seven seats that they had going into the midterms, and they came within a hair of picking up another district or two. Given what happened nationally, that was a notable result. In fact, Georgia was the only state with at least two Congressional districts where Republicans had more opportunities for House takeovers — Rep. Jim Marshall's 8th district and Rep. John Barrow's 12th district — than Democrats did.

Georgia was not one of the earliest Southern states to move away from the Democratic Party. South Carolina, Tennessee, Texas and a number of other former states of the Confederacy moved to the Republican Party well before Georgia did, in part because Carter's two presidential races kept Peach State Democrats loyal to their party.

But over the past six years, Georgia has been making up for lost time, moving toward the GOP column more vigorously than virtually any other state in the nation. As respected University of Georgia political science professor Charles S. Bullock III noted in a column of the online newsletter InsiderAdvantageGeorgia, Georgia has more white evangelicals, more Republicans and a higher percentage of Iraq War supporters than the country as a whole.

Gov. Sonny Perdue (R) clobbered the state's sitting lieutenant governor, Democrat Mark Taylor, by almost 20 points, and Republican Casey Cagle, who won a bitter primary over Ralph Reed, won the open lieutenant governor's office by almost a dozen points.

Yes, Democrats still hold three statewide offices — attorney general, state labor commissioner and agriculture commissioner — but all three of those Democrats have served for years, and state Attorney General Thurbert Baker, an African-American, isn't exactly a liberal activist. He won an award last year from the U.S. Chamber of Commerce for his work on legal reform and for his efforts to "broaden cooperation" between the business community and state attorneys general.

In recent years, a Democratic governor, Roy Barnes, and a Democratic Senator, Max Cleland, were ousted from office, even though both incumbents were at one time portrayed as invincible. And defeated gubernatorial hopeful Taylor was just the kind of Democratic good old boy who once easily won elections in Georgia.

The only high-profile Democrat who might have been able to carry the state recently was former Sen. Zell Miller (D), who not only voted more like a Republican than a Democrat but who actually gave the keynote address at the 2004 Republican National Convention.

More than anything else, the national political environment has defined Georgia Democrats, and that has strengthened the Republicans' hand.

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So far, the only name circulating as a possible challenger to Chambliss is DeKalb County CEO Vernon Jones. But whatever Jones' personal qualifications and appeal (I have not met him), it is very difficult to imagine a young, Democratic, African-American officeholder from Atlanta with some personal and legal baggage winning a Senate race next year — even one who has admitted voting for President Bush in 2004.

While 2006 was a bad year for Republicans almost everywhere, it was "less bad" in the South. The region is likely to be the GOP's strongest area in 2008, and the presidential election guarantees that the two parties' national images will be in the spotlight, making it difficult for Senate candidates to run purely "local" races.

None of this means that Saxby Chambliss is invulnerable in 2008. But it does mean that Democrats are likely to have far better Senate opportunities elsewhere than they will in increasingly Republican Georgia.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Obama's Past Offers Ammo For Critics (AP)

By Ryan Keith, Associated Press Writer

AP, January 18, 2007

Democratic presidential candidate Barack Obama may have a lot of explaining to do.

He voted against requiring medical care for aborted fetuses who survive. He supported allowing retired police officers to carry concealed weapons, but opposed allowing people to use banned handguns to defend against intruders in their homes. And the list of sensitive topics goes on.

With only a slim, two-year record in the U.S. Senate, Obama doesn't have many controversial congressional votes which political opponents can frame into attack ads. But his eight years as an Illinois state senator are sprinkled with potentially explosive land mines, such as his abortion and gun control votes.

Obama — who filed papers this week creating an exploratory committee to seek the 2008 Democratic nomination — may also find himself fielding questions about his actions outside public office, from his acknowledgment of cocaine use in his youth to a more recent land purchase from a political supporter who is facing charges in an unrelated kickback scheme involving investment firms seeking state business.

Obama was known in the Illinois Capitol as a consistently liberal senator who reflected the views of voters in his Chicago district. He helped reform the state death penalty system and create tax breaks for the poor while developing a reputation as someone who would work with critics to build consensus.

He had a 100 percent rating from the Illinois Planned Parenthood Council for his support of abortion rights, family planning services and health insurance coverage for female contraceptives.

One vote that especially riled abortion opponents involved restrictions on a type of abortion where the fetus sometimes survives, occasionally for hours. The restrictions, which never became law, included requiring the presence of a second doctor to care for the fetus.

"Everyone's going to use this and pound him over the head with it," said Daniel McConchie, vice president and chief of staff for Americans United for Life.

Obama spokesman Robert Gibbs said voters will be able to judge distorted accounts of his votes against his legislative career in general.

"I don't doubt that if you take a series of votes and twist them and kind of squint, you can write a narrative the way you want to write it," Gibbs said. "I think what people understand is that (what matters) is taking the full measure of his career and the full measure of his legislative efforts."

Abortion opponents see Obama's vote on medical care for aborted fetuses as a refusal to protect the helpless. Some have even accused him of supporting infanticide.

Obama — who joined several other Democrats in voting "present" in 2001 and "no" the next year — argued the legislation was worded in a way that unconstitutionally threatened a woman's right to abortion by defining the fetus as a child.

"It would essentially bar abortions because the equal protection clause does not allow somebody to kill a child, and if this was a child then this would be an anti-abortion statute," Obama said in the Senate's debate in March 2001.

During his 2004 run for U.S. Senate, Obama said he supported similar federal legislation that included language clarifying that the measure did not interfere with abortion rights.

Such hot-button issues were the exception in a legislative career that focused more on building consensus to improve the justice system and aid the poor.

Gibbs noted Obama's leadership on legislation requiring police to videotape interrogations in murder cases. It started out as a controversial idea but ended up passing the Senate unanimously.

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Allies and opponents alike say he listened to those who disagreed, cooperated with Republicans and incorporated other people's suggestions for improving legislation.

"He was looked upon by members of both parties as someone whose view we listened carefully to," said Republican state Sen. Kirk Dillard from Hinsdale, Ill.

Obama regularly supported gun-control measures, including a ban on semiautomatic "assault weapons" and a limit on handgun purchases to one a month.

He also opposed letting people use a self-defense argument if charged with violating local handgun bans by using weapons in their homes. The bill was a reaction to a Chicago-area man who, after shooting an intruder, was charged with a handgun violation.

Supporters framed the issue as a fundamental question of whether homeowners have the right to protect themselves.

Obama joined several Chicago Democrats who argued the measure could open loopholes letting gun owners use their weapons on the street. They said local governments should have the final say, but the self-defense exception passed 41-16 and ultimately became state law.

"It's bad politics to be on the wrong side of the Second Amendment come election time," said Wayne LaPierre, executive vice president of the National Rifle Association. "It will certainly be talked about. You can take that to the bank."

On the other hand, Obama parted company with gun control advocates when he backed a measure to let retired police officers and military police carry concealed weapons.

Obama occasionally supported higher taxes, joining other Democrats in pushing to raise more than 300 taxes and fees on businesses in 2004 to help solve a budget deficit. The increases passed the Senate 30-28.

That's one reason Illinois business groups gave Obama a low rating, while labor groups praised him. But even Obama's allies say he refused to become a rubber stamp for their legislation.

"He always wants to understand an issue and think it through," said Roberta Lynch, deputy director for Council 31 of the American Federation of State, County and Municipal Employees. "You have to make your case no matter who you are."

For six years, Obama served in a Republican-controlled Senate, so he and fellow Democrats only got a fraction of their bills signed into law.

During his last two years, Democrats controlled the chamber and he was the go-to guy on a variety of issues. He helped pass legislation overhauling Illinois' troubled capital punishment system and was a key figure in requiring a massive statewide study of traffic stops to look for signs of racial profiling. Although police groups opposed the legislation, they say Obama listened to their concerns and accepted some of their suggestions to improve the bill.

Even when he was in the political minority, Obama sometimes played a critical role. He helped write one of the rare ethics laws in a state known for government corruption and worked on welfare reform with Republicans.

He sponsored legislation to bar job and housing discrimination against gays, and he helped create a state version of the earned income tax credit for the poor. Obama also led efforts to reject federal rules that would have put workers' overtime checks in jeopardy.

A Look At Obama's Record In Illinois (AP)

By The Associated Press

AP, January 18, 2007

Some of the key issues U.S. Sen. Barack Obama, an Illinois Democrat poised to a run for president, sponsored or voted on during his eight years as a state senator:

BUDGET & TAXES

· Voted to raise the minimum wage in Illinois from $5.15 an hour to $6.50 an hour over two years. (2003)

· Helped pass a 5 percent earned-income tax credit for low-income working families in 2000; made the credit permanent in 2003.

· Voted to end $300 million worth of tax breaks for businesses. (2004)

· Voted against making permanent the repeal of the state's 5 percent sales tax on gasoline. (2000)

HEALTH CARE

· Voted for having Illinois endorse embryonic stem cell research. (2004)

· Successfully sponsored the Health Care Justice Act, a study of ways to implement a universal health care system statewide. (2004)

· Voted against restrictions on public funding of abortion. (2000)

· Successfully co-sponsored a prescription drug discount buying club program for seniors and the disabled. (2003)

CRIME & GUN CONTROL

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· Voted against letting people argue self-defense in court if charged with violating local weapons bans by using a gun in their home. (2004)

· Voted to let retired police and military police carry concealed weapons. (2004)

· Successfully sponsored requirement that law enforcement videotape interrogations of suspects in some serious crimes. (2003)

· Successfully sponsored law enforcement study of the race of people pulled over for traffic tickets. (2003)

· Helped pass an overhaul of the state's troubled death penalty system. (2003)

· Unsuccessfully sponsored measure to expunge some criminal records and create an employment grant program for ex-criminals. (2002)

· Unsuccessfully sponsored limit of one handgun purchase per month. (2000)

· Voted against making gang members eligible for the death penalty if they kill someone to help their gang. (2001)

MISCELLANEOUS

· Unsuccessfully co-sponsored ban on discrimination based on sexual orientation. The measure became law after Obama was elected to the U.S. Senate. (2003)

· Successfully sponsored move to shield Illinois workers from federal rules that threatened overtime pay for some employees.

· Successfully co-sponsored major ethics reform called the Gift Ban Act. (1998)

· Voted against giving tax credits to parents who send their children to private school. (1999)

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On the Net:

Illinois General Assembly Web site: http://www.ilga.gov

As The Skeptics Ask Why, Obama Asks Why Not? (NYT)

By Jeff Zeleny

The New York Times, January 18, 2007

WASHINGTON, Jan. 17 — There is always, it seems, a fresh new face breezing into a presidential race, offering himself as the person to change the tone, eliminate the vitriol and transform the old ways of politics.

Senator Barack Obama of Illinois is auditioning for that role in the 2008 campaign. He said so himself, leaping into the Democratic contest this week on a promise to "advance the cause of change and progress that we so desperately need."

A long line of Democrats, Republicans and independents have gone before him, casting themselves as the sparkling candidate of the new politics only to find that their freshness withers well before the balloting begins. Think John Anderson, Gary Hart, Ross Perot.

How can Mr. Obama avoid a similar fate?

"Novelty alone is not a criteria for success, nor should it be," he said in an interview on Wednesday as he walked through the hallways of the Senate. "I do think there are moments in American history where there are opportunities to change the language of politics or set the country's sights in a different place, and I think we're in one of those moments."

Then, after pausing for a moment, he added: "Whether I'm the person to help move that forward or somebody else is, is not for me to determine."

One day after opening his presidential exploratory committee, a procedural move that created an extraordinary tide of publicity, Mr. Obama returned to work in the Senate. It was the first reminder that even though he bills himself as a man intent on reforming Washington, he still has to report to his day job. In Washington.

And that point alone distinguished Mr. Obama from recent presidential hopefuls who presented themselves as not-from-Washington candidates. Four years ago, for example, Howard Dean returned to the governor's office in Vermont after his initial foray into the race, and instantly began railing against his rivals stuck in the nation's capital.

The biography and charisma of Mr. Obama, 45, have catapulted him into early prominence and set him apart from the parade of former presidential hopefuls like Mr. Dean, Mr. Perot, Jerry Brown and others who have challenged the status quo. But like them, he aspires to tap into a similar grass-roots following even as he gains endorsements from the party's traditional kingmakers.

"There has been more smoke blown in his direction than anyone in his lifetime, but that's not why he's running," said former Senator Bob Kerrey, Democrat of Nebraska, who has talked to Mr. Obama in recent weeks. "He's not lost his reasons for doing this. He realizes that it's his time."

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During his two years in the Senate, Mr. Obama has sought to build a reputation for occasionally stepping across party boundaries. And in his announcement on Tuesday, he did not so much as utter the word “Democrat,” perhaps signaling a desire to expand his appeal.

But Mr. Kerrey, who unsuccessfully ran for president in 1992, said he was not sure today’s political climate would afford candidates that much leeway, particularly in a cutthroat primary aimed at the Democratic Party’s most loyal base.

“The technique of applause lines are such that you are encouraged to say things that are a bit divisive,” said Mr. Kerrey, who is not yet aligned with any of the candidates. “If it’s a Democratic audience, they aren’t going to give you a round of applause if you say the Republicans are pretty good people.”

Indeed, Mr. Obama intends to frame his candidacy around a story from long ago. By formally declaring his candidacy on Feb. 10 in Springfield, Ill., in the shadow of Abraham Lincoln’s home, Mr. Obama will strive to make the point that America’s 16th president did not have much government experience either, but led the nation through one of its most trying times.

“Just because something is new doesn’t necessarily mean that it’s right,” Mr. Obama said in an interview. “And just because something is old doesn’t mean it’s wrong.”

Still, an early test of his candidacy could come as candidates try to distinguish themselves and emerge from a field of up to 10 contenders during a series of presidential debates that are scheduled to begin by April. That is when an appealing biography gives way to questions about whether a candidate is actually prepared to govern.

Who, after all, could forget the moment in the 1984 primary when Walter Mondale ridiculed the candidacy of his rival, Mr. Hart, a Colorado senator who was running as an outsider on a message of hope, pragmatism and youth.

In a televised debate, Mr. Mondale declared, “When I hear your new ideas, I’m reminded of that ad, ‘Where’s the beef?’ ”

Reporters Swarm Obama After Announcement (AP)

By Nedra Pickler, Associated Press Writer

AP, January 18, 2007

A photographer or two on the beach in Hawaii is nothing compared to the Capitol Hill swarm that greeted the newest presidential hopeful — Sen. Barack Obama.

Emerging from a lunch with colleagues Wednesday, reporters pressed the Illinois Democrat, who gave away little about his budding campaign. His appearance at a routine committee hearing drew every camera in the room, while the more senior senators who are thinking of running were ignored.

"Is there something rare at this table among competitors?" a smiling Sen. Bill Nelson, D-Fla., remarked as he sat with Obama on his left and two other potential 2008 candidates — Sens. John Kerry of Massachusetts and Joe Biden of Delaware — on his right.

After months of hype, the freshman senator jumped into the White House race Tuesday by forming a presidential exploratory committee and disclosing that an official announcement would come Feb. 10. Obama got in the race despite saying a day earlier that he was concerned to find a photographer "lurking in the bushes" when he was on vacation in Hawaii with his family last month.

Obama avoided media appearances Tuesday when he announced his decision on his Web site. Reporters found him Wednesday as he walked into the Senate Foreign Relations Committee hearing to the rat-a-tat-tat of camera clicks.

Biden, the committee chairman, could have been accused of trying to undercut his rivals. He forgot to call on Kerry and moved to cut off Obama when his allotted time was up.

"Mr. Chairman, how am I doing on time?" Obama asked as he wrapped up. Biden and Kerry had been whispering and laughing at a private joke while Obama questioned the panel of experts promoting a diplomatic strategy in Iraq.

"Eight seconds," Biden replied.

"I have eight seconds? That's enough to get one question in," Obama said.

But as he started to talk, Biden cut him off. "You're out of time, but go for it," Biden said with a wave of his hand.

"That was a quick second!" Obama protested, and continued with his question as senators are wont to do.

Biden gave Kerry his time after Nelson pointed out that the 2004 presidential nominee was being skipped over. Biden said he'd been out of the room on a phone call and lost track.

Shortly thereafter, most of the media left the room, too, on the heels of Obama.

The media reassembled — and grew in ranks — outside the weekly Democratic caucus lunch in the Capitol. Reporters surrounded Obama as he tried to leave, and he was asked how he plans to be a father while running for president.

"I always care about my kids," Obama said, stepping onto an elevator but unable to escape a the persistent reporter's follow-up question with her colleagues blocking the doors.

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How are you going to be a father to your kids running for president? "Well, these are all considerations that I'm taking into account as I make my decisions about moving forward," he said, drawing farther into the elevator and away from outstretched arms jostling tape recorders.

Another reporter asked for Obama's reaction to a proposal by likely rival Sen. Hillary Rodham Clinton, D-N.Y., to cap the number of troops in Iraq. He didn't directly answer, but only said there are many proposals that Democrats are considering as they try to reverse President Bush's troop increase.

Asked if he will offer his own idea, Obama said cryptically, "That will be coming soon."

Finally, another elevator offered an escape — at least for the day.

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On the Net:

http://www.barackobama.com

Obama Thrills Blacks Who See Shot At History (USAT)

By Jill Lawrence

USA Today, January 18, 2007

WASHINGTON — The first black presidential candidate with a real shot at the White House is generating excitement and early support among blacks who see a chance to help make history.

Illinois Sen. Barack Obama is all but certain to compete for the Democratic nomination and win a large share of black votes. That creates challenges for New York Sen. Hillary Rodham Clinton and other hopefuls.

Obama is by no means the first black candidate for president. Other contenders have included Jesse Jackson and Al Sharpton.

Roger Wilkins, a race and politics expert at George Mason University in Fairfax, Va., calls him the first "truly serious" prospect. "This guy is not a civil rights leader who comes to politics or a preacher who comes to politics," Wilkins says. "He is a bona fide lawyer-politician. I've heard black people say 'I'm going to help this guy' — you don't want to be standing around when the first guy who has a real chance to be president is running."

Bill Clinton bonded so tightly with black voters that author Toni Morrison once called him "the first black president." That legacy and her own work have made Hillary Clinton popular among blacks. Clinton was favored by 39% of black Democrats and independents in combined USA TODAY/Gallup Polls conducted in November, December and this month; 31% chose Obama. The margin of error was +/—8 percentage points.

Obama has room to improve; one-third of all those polled in December, regardless of race or party, said they had never heard of him, and 14% said they had no opinion. Comparable ratings for Clinton in November were 53% favorable, 42% unfavorable and 5% no opinion.

Obama partisans and some other observers say they expect him to become more popular among blacks and other voters when his official campaign gets rolling. He plans a formal announcement Feb. 10.

"I would expect him in most places to get the majority of the black votes" in primaries, says David Bositis, an expert on black voting behavior at the Joint Center for Economic and Political Studies.

Minyon Moore, a longtime Clinton friend who was political director in the Clinton White House, says it is way too early to talk about "a wholesale giveaway" of black votes to one candidate or another. She says black voters have grown sophisticated as a result of past campaigns by black hopefuls.

"We can make wise choices of who will work for our best interests regardless of color," she said. "It's not like African-Americans are breaking ground anymore."

Some, such as Wilkins and Rep. Artur Davis, D-Ala., argue that Obama is breaking ground in his broad-based appeal across racial and demographic lines. Other pluses: his level of political talent and his breadth of experience, from community organizing to Harvard Law Review to representing poor black constituents in the Illinois Senate and a diverse state in the U.S. Senate. They also cite his potential as a role model for black families.

"If Barack Obama is elected president of the United States, it will be possible to say to your children, this is what is attainable. You can be anything you want to in this country," Davis says.

Black voters don't figure largely in the nomination race until early February 2008. The competition moves at that point to South Carolina and Alabama, two states in which nearly half of Democratic primary voters are black.

"There is no question in my mind that Sen. Obama will get the lion's share of that vote," says Davis, a Harvard Law School classmate already pledged to Obama.

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Rep. James Clyburn, D-S.C., said Obama's presence in his state will make it "very difficult" for Clinton and former North Carolina senator John Edwards, who was born in South Carolina and won its primary in 2004. But he said the black vote is not monolithic and ultimately black people will vote based on candidates' records and proposals.

Clinton is well positioned in that respect, both from her own work and her husband's, analysts say.

Beyond Bill Clinton's emotional ties to blacks, "he put into place policies that worked very favorably for African-Americans," Bositis says. One example: economic polices that helped black household income rise $5,000 in Clinton's second term as president.

Hillary Clinton has dealt with issues "of great importance to black people, such as creating a world in which poor children can flourish," Wilkins says. Still, he adds, "it's a chunk of support that they're going to have to fight like hell to keep. Hillary is not Bill. This election is not about putting Bill Clinton back in the Oval Office."

He's In (WP)

The Washington Post, January 18, 2007

NO MATTER what your political leanings are, you're likely to feel at least a twinge of excitement about Illinois Sen. Barack Obama's decision to compete for the Democratic presidential nomination. At a minimum, Mr. Obama's entry guarantees a fascinating political season. A nomination that once looked like New York Sen. Hillary Rodham Clinton's for the taking now appears to be much more of a jump ball, with a gratifyingly crowded field that includes fellow senators Christopher J. Dodd (Conn.) and Joseph R. Biden Jr. (Del.); the 2004 vice presidential nominee, former North Carolina senator John Edwards; and former Iowa governor Tom Vilsack.

Mr. Obama, 45, presents himself as part of a new generation and a new brand of politician. It's not just that he's the son of a Kenyan father and a Kansan mother, a Midwesterner who spent part of his childhood in an Indonesian village. It's that he promises to transcend the boundaries of what many voters see as the tired racial and party politics of the past. The excitement about Mr. Obama speaks in part to Americans' desire to believe, whether true or not, that this country has come to a point when it can rise above its ugly history of racism; and in part to the desire to believe that, if it could just overcome the divisions that foul modern politics, the nation could get unstuck on many fronts. As Mr. Obama said this week, "Politics has become so bitter and partisan, so gummed up by money and influence, that we can't tackle the big problems that demand solutions."

That's a fair if unsurprising diagnosis, and Mr. Obama's speeches and books leave no doubt that he grasps the complexities of the problems America faces. Mr. Obama has demonstrated the ability to see all sides of any issue; his willingness to try to understand rather than to dismiss the arguments of the other side is admirable. Less proven is his capacity to choose wisely from among competing imperatives -- he's had a scant two years in the Senate -- or his ability to withstand the unrelenting scrutiny of a presidential race. This is, after all, a man who didn't face a single negative ad during his Senate campaign.

"I am new enough on the national political scene that I serve as a blank screen on which people of vastly different political stripes project their own views," Mr. Obama wrote in his book "The Audacity of Hope." As he begins to fill in the blanks -- and as his opponents try to sketch in their own version -- Mr. Obama knows he's "bound to disappoint" some voters. But given his talent, and the depth of the growing field of candidates, it may not be too much to hope for a more thoughtful, less scripted debate than usual.

The Democratic Field (WSJ)

Wall Street Journal, January 18, 2007

Illinois Senator Barack Obama's announcement this week that he's likely to enter the Presidential race adds a dash of glamour and excitement to the Democratic field. But all of his media attention doesn't change the basic truth of the 2008 primary contest: The race is between Hillary Rodham Clinton and everybody else.

New York's junior Senator hasn't announced yet, but her troops have long been massing, ready to march on her orders. And what a political machine it is, starting with her husband, who has made it clear he is aching for her to run. Psychoanalyzing the Clintons is perilous, but we suspect the former President doesn't like the way his years in office ended, with impeachment, the Marc Rich pardon and Al Gore's failure to deliver a third symbolic term. A victory for his wife would be a kind of political redemption for him too.

Mrs. Clinton brings her own considerable strengths, not least intelligence and self-discipline. She has performed far more smoothly in the Senate than many observers expected, and she hasn't been a polarizing figure in New York (winning 67% of the vote in November).

Then there are those Clinton legions -- of fund-raisers, union chiefs, party bosses, think tank operatives, media consultants. Mrs. Clinton blew through more than $30 million during her all but uncontested Senate re-election campaign, and she will have

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little trouble raising another $100 million or more. Longtime aide Harold Ickes -- famous for his silent depositions in Clinton II -- is the seasoned hand on money matters and he'll also bring on Big Labor. Meanwhile, former White House chief of staff John Podesta has set up the Center for American Progress, from which she can poach left-leaning policy ideas.

From her national perch on the Armed Services Committee, Mrs. Clinton has so far also walked a remarkable tightrope on the Iraq war, only recently coming out for some sort of "cap" on the number of troops. A major story over the coming year will be whether she can resist the defeatist tug of her party's antiwar left as she tries to win the Democratic nomination.

Which brings up her biggest liability -- the fear in many Democratic hearts that she's not "electable." Mrs. Clinton carries much of the scandal baggage of her husband's tenure without much of his political charisma. If one potential Democratic theme is to run against the "divisive" Bush Republicans, Hillary is not your ideal "uniter." Perhaps American voters won't want to hear about Arkansas, et cetera, all over again, but then is that a risk Democrats want to take?

This is where Mr. Obama comes in, bidding to be the un-Hillary. At age 45, he's already managed the remarkable feat of writing his own autobiography, literally and politically. He's applauded for saying he's proud that he did inhale, and he has the virtue of being a genuinely fresh face. But campaigns have a way of filling in a candidate's resumes in ways other than they design, including their positions on actual issues. Mr. Obama is already moving left on national security -- which is dangerous ground for a political rookie amid what the Pentagon calls "the long war" on terror.

North Carolina's John Edwards is another vigorous contender, though the erstwhile Vice Presidential candidate failed to deliver his home state to John Kerry last time around. This time he's raising the decibels on his "two Americas" campaign theme, hoping to catch some of that Hubert Humphrey political magic. If he can sell this message as a millionaire trial lawyer, he'll have earned the nomination.

The rest of the Democratic field includes two governors -- Iowa's Tom Vilsack and New Mexico's Bill Richardson -- who have solid state records, and Mr. Richardson also has foreign-policy credentials. But both will have trouble breaking through the fund-raising barriers erected by the campaign-finance limits they themselves have supported. This is a shame, because both men have something to offer. And then there is the usual gaggle of Senators -- Dodd, Biden and even Kerry -- who are running because . . . well, because that seems to be what their DNA has programmed them to do.

If we were betting on a wild card challenger, we'd look instead to Al Gore. The former Vice President has been coy about his intentions. But he might be getting a ton of free publicity for his global warming "documentary" come Oscar time, and there's little doubt he could raise money if he got in. Unlike Mrs. Clinton, there are a lot of Democrats who feel passionately about him and his near-win in 2000.

There are cycles in politics, and, after eight years of Republicans in the White House, Democrats in 2008 will have the public's normal desire for change on their side. On the other hand, they will also have to show they can be trusted on national security in a post 9/11 world, especially running against the likes of Republicans John McCain or Rudy Giuliani. Mrs. Clinton's studied middle-ground on security suggests she understands that. The main Democratic drama of the coming months will be whether her party really trusts that she and her husband have learned enough not to repeat the mistakes of the 1990s.

McCain's War Stance Alienates Many (LAT)

By James Gerstenzang

The Los Angeles Times, January 18, 2007

WASHINGTON — Sen. John McCain's vocal support for sending more U.S. troops to Iraq has set him apart from most of the emerging crop of major presidential contenders. And that position could harm his political prospects, according to a Los Angeles Times/Bloomberg poll.

More than one-third of those polled — 36% — said they would be "much less likely" to back the Arizona Republican for the White House because of his position. Six percent said his stand made them "somewhat less likely" to vote for him.

Only 13% said they were somewhat or much more likely to support him because of his embrace of a force escalation; 42% said it had no effect on their view of him; and 3% gave no answer to the question.

Perhaps most ominously for McCain, the survey found that his advocacy of a troop buildup could undercut what has been one of his political strengths: the ability to attract independents.

In the poll, 43% of independents said they were somewhat or much less likely to vote for him because he has backed President's Bush plan to deploy 21,500 additional troops to Iraq.

Among Democrats, 59% said McCain's view made them less likely to support him.

His position helped him only among his fellow Republicans, and within this group the impact was not substantial — 24% said McCain's stance made them more likely to support him, 16% said they were less likely to do so, and the rest said that it had no effect or that they did not have an opinion on the matter.

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In another sign of the soured public attitude toward the war in Iraq, opposition to the troop increase is a boost for the three leading Democrats expected to square off for their party's nomination: Sen. Hillary Rodham Clinton of New York, Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina.

Among the 1,344 adults interviewed for the poll, 34% said they were more likely to support one of these Democrats for president, knowing of their opposition to troop escalation; 18% said they were less likely to back any of them because of their stance.

Also, 38% said they were more likely to back a presidential candidate who supported a timetable for withdrawing U.S. troops from Iraq, a position the Bush administration has adamantly opposed. Twelve percent said they were less likely to vote for a candidate favoring a specific schedule for withdrawal.

Forty-six percent said the candidate's position on a timetable would not affect their support, whereas 4% expressed no opinion.

The poll was conducted Saturday through Tuesday; for the entire sample, it has a margin of error of plus or minus 3 percentage points.

'Move On' Takes Aim At McCain's Iraq Stance (CQ)

By Greg Giroux

Congressional Quarterly, January 18, 2007

If more evidence was needed that the 2008 presidential campaign is hitting full stride months ahead of schedule, here it is:

The political arm of the liberal organization Moveon.org launched television advertisements Wednesday that assail Arizona Sen. John McCain, a top-tier prospect for the Republican presidential nomination in 2008, over his stance on the Iraq war.

Plans for the television ad campaign were announced last week by Moveon.org Poltitical Action, a federal political action committee, and will cost an estimated $250,000. The ads are airing in television markets in Iowa and New Hampshire, which respectively will hold the first caucuses and primary of the 2008 nomination season next January. They also will appear on cable television in New York and Washington, D.C.

Specifically, the ads take McCain to task for supporting President Bush's plan to increase U.S. troop strength in Iraq. The move, long advocated by McCain, is aimed at quelling sectarian violence that is greatly destabilizing that war-torn nation and threatening to turn into an all-out civil war.

But the war in general and the troop buildup in particular are opposed by most Democratic politicians and liberal activists.

The ad describes the proposed troop buildup as "McCain's idea" and frequently pictures the Arizona senator alongside Bush, whose poor job approval ratings are attributed mainly to public opposition to the Iraq war.

"The McCain plan to escalate: going from bad to worse," a narrator intones in the ad.

The ad echoes criticism aimed at McCain — who is polling strongly among GOP hopefuls — by Democrats such as former North Carolina Sen. John Edwards, the party's 2004 vice presidential nominee. A declared candidate for the 2008 Democratic presidential nomination and avowed Iraq war opponent, Edwards has taken to referring to the administration proposal as "the McCain Doctrine."

McCain has acknowledged that his support for a troop increase in Iraq carries risks for his all-but-announced White House bid. While he has long supported beefing up the U.S. military presence in Iraq, he has said a so-called "surge" needs to be matched with a change in strategy in Iraq that would include requiring that nation's fledgling government to meet new benchmarks.

"The presence of additional coalition forces would allow the Iraqi government to do what it cannot accomplish today on its own: impose its rule throughout the country," McCain said at a Senate Armed Services Committee hearing on Jan. 12.

McCain's campaign told the Associated Press last week — when news of the ads surfaced — that Moveon.org was an "out-of-the-mainstream organization that has a long history of airing inflammatory material."

McCain does not stand alone in the potential Republican field as a supporter of the administration's position. Former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudolph Giuliani, who say they are exploring candidacies, also back Bush on the troop increase.

But Kansas Sen. Sam Brownback, who also is considering a bid, opposes increasing American troop strength in Iraq as counter-productive. And Nebraska Sen. Chuck Hagel, an independent-minded Republican who also is considering a White House bid, has excoriated the Bush administration over the policy.

Hagel on Wednesday was one of three senators who introduced a non-binding resolution that says it is "not in the national interest of the United States to deepen its military involvement in Iraq."

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Hagel sponsored the resolution along with Delaware Democrat Joseph R. Biden Jr., who chairs the Senate Foreign Relations Committee and says he is a candidate for his party's presidential nomination, and Michigan Democrat Carl Levin, who chairs the Armed Services Committee.

Biden joins other Democratic hopefuls in opposing the troop increase, which they say is tantamount to an "escalation" of the war.

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Before Running, Candidates Must Explore (WP)

By Shailagh Murray And Matthew Mosk

The Washington Post, January 18, 2007

Democratic Sen. Barack Obama (Ill.) has one, as do several Republicans: Sens. Sam Brownback (Kan.) and John McCain (Ariz.), former New York mayor Rudolph W. Giuliani, and former Massachusetts governor Mitt Romney. And any day now, Sen. Hillary Rodham Clinton (D-N.Y.) may be compelled to form her own.

It's this season's must-have political entity: the presidential exploratory committee. The legal equivalent of sticking one toe in the campaign waters, an exploratory committee allows prospective candidates to begin raising money for a campaign while they are still deciding whether to take the plunge.

Obama hand-delivered his committee paperwork to the Federal Election Commission on Tuesday morning, explaining that he would announce a formal decision Feb. 10. The five-page file reveals little beyond who's keeping the books and which bank the campaign is using (Citibank). But it puts his campaign on firm legal ground. Most candidates would prefer not to announce a candidacy this early, but given the massive sums they must raise to compete these days, they need all the time they can get.

The straggler is Clinton, the Democratic front-runner, who has been mum on her plans. An aide said yesterday evening that the senator "would likely be making her intentions clear in a matter of weeks, not months."

But at some point soon, whatever political advantage Clinton may gain by waiting could collide with the firm legal requirements that accompany a candidacy, even one in the exploratory phase.

The most significant of those, said FEC commissioner Michael E. Toner, is that she cannot legally raise money for a presidential bid without first forming an exploratory committee. Obama's filing "ups the ante," Toner said, "in that he has tremendous potential to raise money."

She may also find it increasingly difficult to sidestep the array of legal triggers that, if tripped, would require her to form a committee, said Scott Thomas, a former FEC chairman. Those include raising or spending more than $5,000 toward a presidential bid from her leadership political action committee, HillPAC, a separate account used to support candidates and party committees.

"If her leadership PAC is paying for her to fly around and speak in public settings, and it looks like that activity is toward a campaign effort, that would trigger a requirement that she file," Thomas said.

The word "exploratory" is not in any FEC regulations. Instead, the phase is referred to as "testing the waters," and an exploratory committee is legally just a campaign committee with "exploratory" in its name. When a formal campaign is announced, the candidate usually changes the name of the committee -- for instance, from "Obama Exploratory Committee," as the senator named his new entity, to something like "Obama for President."

"If you want to just test the waters, assess your viability, you don't necessarily have to register a committee with us," said FEC spokesman Robert W. Biersack. "But in exchange, you cannot do certain things: create a war chest, actively campaign, generate material that says 'Vote for me.' "

Some campaign-finance experts complain that the current law gives prospective candidates too much wiggle room. For instance, Clinton and Obama have been lining up staffs for weeks, if not months, including fundraisers, policy experts and field organizers, on a far bigger scale than even a Senate leadership operation would warrant.

Several presidential campaign insiders, speaking on background, said their lawyers have cautioned against heavy hiring as well as excessive fundraising. "We ought to have a much cleaner system here for presidential candidates raising and spending

money," said Fred Wertheimer, president of Democracy 21, a government-ethics watchdog group. "These are very murky waters."

Lieberman's Party, But Someone Else's Fight (NYT)

By Jennifer Medina

The New York Times, January 18, 2007

HARTFORD, Jan. 17 — Senator Joseph I. Lieberman's critics frequently enjoy referring to him as a member of "the party of one."

At least in the technical sense, that was true for a while in the Connecticut for Lieberman party. But now, things are getting complicated and mutiny is breaking out in the ranks — though those ranks are few in number.

The senator's supporters created the party line last summer, solely to give Mr. Lieberman a spot on the ballot in the general election after he lost the Democratic primary to Ned Lamont.

With the knowledge that neither Mr. Lieberman nor his supporters planned to take the reins, one of Mr. Lieberman's loudest critics, John Orman, filed papers after the election with the secretary of state declaring himself chairman of the party. His rules stated that anyone who shared a name with Mr. Lieberman or disagreed with him could join.

Earlier this month, the secretary of state's office said everything appeared in order with Mr. Orman's filing.

But a supporter of Mr. Lieberman's, Stuart R. Korchin, was furious to learn that Mr. Orman was hijacking the party. After reading the news of Mr. Orman's self-appointed leadership position, Mr. Korchin sent him an e-mail message, stating that he, in fact, was the sole member and chairman of the newly created political organization. Mr. Korchin, in a personal protest over the results of the Democratic primary, changed his party registration on Aug. 9 to Connecticut for Lieberman.

"I was unaware that you wished to join," Mr. Korchin wrote. "Please contact me if you are interested in helping to organize the party. I'm sure someone with your talents will be welcome."

Apparently, when Mr. Korchin filled out a short form in August at the Cheshire Town Hall changing his party affiliation from Democrat to Connecticut for Lieberman, the information could not be properly entered in the state's electronic voter database. So when Mr. Orman contacted the secretary of state, there was no record that anyone else belonged to the nascent party.

Now the two men are at loggerheads over who controls the party, which, to anyone's knowledge, includes only the two of them.

"He can say whatever he wants; the fact of the matter is I was there first," Mr. Korchin said in an interview.

"I held a meeting, wrote the rules and filed with the secretary of state," Mr. Orman said. "It is the real thing."

On Wednesday, Mr. Korchin received a letter from a lawyer in the secretary of state's office, stating that the state had "very limited jurisdiction" over intraparty battles, and was not taking a position over just who was in charge. The secretary of state's office noted that it had already received a rules document from Mr. Orman.

On Thursday, Mr. Orman will hold what he says is the second meeting of the party, at a hotel in Milford.

Shades Of Grey (WSJ)

By John Fund

Wall Street Journal, January 18, 2007

SACRAMENTO, Calif.--Ted Kennedy, the nation's most persistent backer of nationalized health care, must be smiling at the irony. Almost four decades after he first proposed the idea, Gov. Arnold Schwarzenegger, a Kennedy relative by marriage, is touting his own version of universal coverage, and, if adopted, the idea could go nationwide quickly. It's no wonder critics are already dubbing the ostensibly Republican chief executive "Schwarzenkennedy."

This isn't the first time Mr. Kennedy has found a Republican to carry water for him. In 1971, after Medicare spending had increased by more than 70% in five years (although the number of people enrolled grew by only 6%), Richard Nixon declared a "health-care cost crisis" and worked with Mr. Kennedy to propose mandatory employer-provided health insurance. The idea foundered, but a modified version now has been revived by Mr. Schwarzenegger, who wants to require that every person buy health insurance, or be covered by an employer or the government. Massachusetts has a more modest law in place, and an adviser to Mitt Romney helped Schwarzenegger aides on their plan.

Liberals are overjoyed at the about-face by a governor who in 2005 vetoed a Democratic bill that would have merely expanded the state's coverage of children, saying the $300 million price tag was too high. Assembly Speaker Fabian Nunez praises the governor's new proposal: "This is a plan Assembly Democrats could have written."

Indeed, they already have--and Mr. Schwarzenegger fiercely opposed it at the time. In 2003, then-Gov. Gray Davis, fighting to stave off his recall, signed a law mandating employers with 20 or more employees provide health coverage or pay into a state fund that would provide it. After Mr. Davis was recalled, Mr. Schwarzenegger helped lead an effort to repeal what he

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called a "job-killing health-care tax." In 2004, 51% of voters agreed and repealed universal coverage in the same election in which George W. Bush lost the state by 10 percentage points and the highly liberal Sen. Barbara Boxer was re-elected by 20 points.

But the next year, Mr. Schwarzenegger suffered a stinging defeat as public employee unions spent $130 million in a special election to defeat four reform initiatives he supported. A chastened governator swung left by hiring as top aides Susan Kennedy and Daniel Zingale, two former deputy chiefs of staff to the recalled Mr. Davis; Jason Kinney, a Davis speechwriter, joked that he had decided "to finish the second term of Gray Davis." No one is laughing now. The behind-the-scenes architects of much of the governor's plan were Ms. Kennedy and Mr. Zingale, who also served as Mr. Davis's director of managed health care.

Last November, Gov. Schwarzenegger won landslide re-election in part by winning 91% of Republicans with an ironclad pledge not to raise taxes. He pounded Phil Angelides, his Democratic opponent, for wanting to raise taxes by $7 billion to pay for universal health care. But now the estimated cost of the Schwarzenegger plan to cover California's uninsured, including two million illegal aliens, is $12 billion. State subsidies for people to buy insurance will extend to those earning up to $50,000 a year, more than California's median income. "He's creating a welfare state where more than half the people are in the wagon being pulled than outside the wagon pulling," says one health-care analyst.

As bad as the policy implications are, the governor's plan may be fatally flawed, politically. He insists it doesn't raise taxes, despite billions in new charges on doctors, hospitals and employers. He prefers to call the new revenue "in-lieu fees" and "coverage dividends." "He excoriated Phil Angelides, rightly, for proposing the same tax increases he has put on the table," says GOP state Sen. Tom McClintock. "He is now pushing the second largest tax increase in California history. I won't be able to trust anything he says."

Whether the new revenue is a tax or not is important, because if it is a tax the plan must garner a very difficult two-thirds vote in both legislative houses. Barring that, the California Supreme Court will have trouble with the concept. A fee on employers who don't offer health insurance probably requires only a majority vote. However, the imposition of a levy on the gross revenues of doctors and hospitals is almost certainly a tax that would require two-thirds approval.

Then there are the feds. The $5 billion a year in extra federal Medicaid money, which the governor is banking on, is shaky. An even greater barrier is Erisa, the 1974 federal pension law that preempts all state laws that regulate employee benefits. Last summer, a federal judge threw out Maryland's so-called "Wal-Mart law" requiring large firms to spend 8% of their payroll on health care because "state laws which impose health or welfare mandates on employers are invalid under Erisa." Just yesterday a federal appeals court upheld the ruling voiding the Maryland law.

Rather than pursue a legally dubious universal coverage proposal, Mr. Schwarzenegger should have pursued the universal access he used to tout. He could sign up more of the nearly one million Californians eligible for current health programs but not yet enrolled. The 49 coverage mandates that make insurance so expensive (Idaho has only 13) could be reduced and residents allowed to buy coverage from other states. Nurse practitioners could be allowed to set up their own clinics. Instead, the governor's plan piles on a new mandate that bars insurers from turning down anyone based on health status or age. When New Jersey instituted a similar rule in 1993, premiums jumped 500%.

Mr. Schwarzenegger insists he is pursuing a centrist course that borrows from both the right and left. But more realistically, he is imitating Richard Nixon's old strategy of throwing rhetorical bones to his right while attempting to appease the left with liberal programs. Emmet John Hughes, an Eisenhower speechwriter who knew Nixon well, once said he "judged any declaration of speech not by its content but by its impact." That explains Nixon's dramatic lurches into or toward wage price controls, a guaranteed annual income and mandatory employer health insurance.

Arnold Schwarzenegger used to claim he admired Ronald Reagan most "because he stuck by his principles when others wouldn't." But with his Rube Goldberg health plan Mr. Schwarzenegger has demonstrated that at his core he prefers roles more suited to Tricky Dick than the Gipper. Should he succeed, the long-term dream of nationalized health care held by Ted Kennedy, and Hillary Clinton, will be closer to reality than ever.

Homeless In America (WSJ)

By Julia Vitullo-martin

The Wall Street Journal, January 18, 2007

Can urban street homelessness be ended? In a sort of Nixon-goes-to-China reversal of expectations, the Bush White House argues that the answer is yes -- and is putting substantial effort and resources (over $4 billion annually) into proving it. "We're setting a new marker in front of the country," says Philip Mangano, executive director of the White House's U.S. Interagency Council on Homelessness. "After 20 years of seeing the problem get worse, we're no longer 'managing' the homeless crisis. We're ending the disgrace." He cites impressive declines in street counts since the White House started their big

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push in 2003: 50% in Philadelphia, 30% in Miami, 28% in San Francisco, 26% in Dallas, 21% in Nashville. New York City has seen a 13% decrease since 2005, the first year in which a citywide street census was taken.

Usually male and enduring some impairment -- mental illness, drug or alcohol addiction, disease -- those who've lived on the streets for more than a year ("the chronics") make up about 10% of the two million or so Americans regarded as homeless. They regularly consume a disproportionate amount of public resources -- sometimes hundreds of thousands of dollars per person. They also often wreak disproportionate havoc on both commercial areas and residential neighborhoods -- inducing compassion fatigue even in usually tolerant cities like New York and San Francisco.

Traditional homeless advocates have seldom paid attention to the destructive effects some street people had on neighborhoods. That's been changing, in part at the insistence of mayors, who fund most homeless services, and corporate leaders. New York's Mayor Michael Bloomberg, who calls street homelessness "intolerable" on both humanitarian and economic grounds, says, "I was elected to take on the tough issues, the ones people said you couldn't do anything about -- and that some people pander on." Not one to shy from a fight, he gave a speech in July calling on mayors and communities to free themselves from the tyranny of the advocates.

"How well a city takes care of the least of its people says a great deal about it from a business recruitment point of view," says Horace Sibley, chairman of Atlanta's Regional Commission on Homelessness. In 2001 Mayor Shirley Franklin appointed Mr. Sibley to head a commission on homelessness, organized with the United Way. After the commission issued a report in 2002, the mayor asked members to stay on, implementing their recommendations, which combined permanent housing with medical care, mental health and substance abuse counseling, job training and placement to help people move toward living independently. "It's much less expensive to put chronically homeless folks in safe and decent housing, giving them the support system they need," says Mr. Sibley, "than it is to have them perpetually rotating in and out of hospitals, jails, ambulances and psychiatric hospitals." Over the last year the number of street people in Atlanta has declined 8.5%. The plan seems to be working, says A.J. Robinson, executive director of Central Atlanta Progress. "The business community will rally around strong political leadership that offers solutions on this thorny issue."

Atlanta and other cities have been building on the findings of University of Pennsylvania Professor Dennis Culhane, who pointed out in the late 1990s that a $12,000 per-year supportive housing unit was far more effective in keeping people off the street than a $35,000 per-year shelter bed. But the homeless industry remained oriented to the big shelters created in the mid-1980s, which Mr. Mangano calls the "old status quo response of ad hoc, uncoordinated, well-intentioned, but ineffective crisis intervention." A bowl of soup and a blanket was thought to be the best we could do, he adds. Armed with Mr. Culhane's data and convinced that concentrating resources on the chronics could produce results, Mr. Mangano approached his job (left vacant by President Clinton) zealously. Believing in the effectiveness of political will, partnership and 10-year plans, he traveled the country relentlessly, working with states, counties, cities and the private sector to coordinate systematic approaches. "No one level of government can get the job done alone," he says, in part because federal resources go to the states as block grants that are spent by multiple jurisdictions.

The ideas that form the basis of the most successful 10-year plans -- and that are revolutionizing the long stagnant field of homeless services -- originated in New York, once the epicenter of street homelessness and now the model to be emulated. Not all of the ideas sound very Republican, but Mr. Mangano is an eminently practical and non-ideological man. The basic strategy, called Housing First, comes from a Harlem-based group, Pathways to Housing, which does not require psychiatric or substance-abuse training as a qualification for housing. Clients do not have to be either sober or drug-free.

This rubs many people the wrong way, including many advocates. Others, like Rosanne Haggerty, executive director of Common Ground Community, which builds and manages supportive housing in Manhattan, say it is right to shift the emphasis from private to public behavior. "We don't ask our lease-holding tenants, any more than any landlord asks, whether a tenant is drinking in his or her apartment. But we're very strict about behavior. If someone behaves badly, we get on it quickly -- figuring out what needs to be changed. We have few rules, but we enforce them vigorously." From the neighborhood's point of view -- and Ms. Haggerty runs buildings in once-notorious Times Square -- it is the public behavior that matters.

Atlanta's Mr. Sibley agrees, adding, "What appeals to us is that once a person has a decent place to live, [he] can get [his] life in order step by step. Each individual still has to take responsibility for [his] own future." Which leads to the perennial problem: employment. If the goal of independent living for former street people is to be achieved, or even attempted, training and counseling have to be part of the mix. Atlanta's model was a New York employment program -- Ready, Willing and Able. George McDonald, founder and former businessman, estimates that at least half of the men he works with for the first time have previously been homeless for substantial periods. "The vast majority of homeless single adults in our program," says Mr. McDonald, "are coming out of prison or jail, don't have an education, and do have substance abuse problems."

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Well over half of every cohort of new RWA clients succeed the first time they try to live and work on their own after graduating from the program. In Atlanta, Mr. Sibley says the RWA model has helped 60 formerly chronically homeless people move into housing and employment, at a savings to the city of about $1 million.

Yet Mr. Mangano lives with one huge failure: Los Angeles, which he calls the Ground Zero of American street homelessness. Entangled in bureaucratic wrangling among government agencies, the city has made virtually no progress in ending the encampments of 5,000-plus homeless people on the former Skid Row. The high floors of elegant new downtown skyscrapers look out on block after block of tents, shacks and cardboard, a sight reminiscent of the Great Depression.

"Los Angeles is doing phenomenally well economically," says Mr. Mangano. "So of course we can get to the bottom of street homelessness. Because while we're doing this for moral, spiritual and human reasons, it's the economic reasons that drive the political will." Mr. Mangano intends to deploy a task force of the most successful homeless officials and operators to work with the city.

Will economics eventually end the "disgrace" of street homelessness in America's wealthiest cities? It's about one-third of the way there.

Ms. Vitullo-Martin is a senior fellow at the Manhattan Institute.

Business Drops The Doha Ball (WSJ)

By Fredrik Erixon And Andreas Freytag

The Wall Street Journal, January 18, 2007

The Doha train has started to run again. The trade talks are still moving at a snail's pace, but the meetings in Washington last week between the Bush administration and European leaders have spurred some optimism. Trans-Atlantic leadership for the current round of trade liberalization has been needed for many years, and bridging the diverging opinions across the pond is certainly necessary. But if this new optimism is going to materialize, movement is also required from an actor that has been conspicuously absent from this round: business.

The World Trade Organization has often been portrayed by antitrade groups as a corporate puppet. But one key problem in this round has been the relative silence on industry's part. Business has been the dog that didn't bark.

There are exceptions. Chief executives of some big U.S. firms in transport and financial services have intervened and twisted arms in the U.S. Congress and in Geneva. Victor Fung, the U.S.-Hong Kong businessman, and Peter Sutherland, the former WTO chief who now chairs BP and Goldman Sachs International, continue to be tireless campaigners of multilateral trade liberalization. Marcus Wallenberg, chairman of a number of multinational companies, has geared up the efforts of the International Chamber of Commerce and taken the business case for Doha to political leaders across the globe. Yet they haven't gotten much help.

Business leaders' absence from the game is understandable. All the global-governance hubris, windy rhetoric and political grandstanding invariably displayed at big WTO meetings offer ample reasons for outsiders to take a rain check. The round has effectively been stalemated from day one, and all "last-minute" rescue attempts so far have only diluted the agenda and exempted some key business interests from the round. For everyone who wants the WTO to remain relevant in the future, this is cause for concern.

Yet the Doha agenda still has serious appeal for businesses interested in freer trade. Business opportunities in goods and industrial products will be significantly improved, particularly when it comes to exports to major developing countries. And binding countries to their currently applied tariffs -- which are lower than the ones agreed in the last multilateral talks, the Uruguay Round -- can increase stability and certainty in world trade. The Doha Round will not substantially liberalize trade in services, but it can lock in already achieved liberalizations, especially for investment, as well as dismantle some of the worst nontariff barriers to trade. What's more, the vast majority of the business community has a lot to gain from a WTO deal that puts limits on antidumping measures, today the weapon of choice for protectionist governments, and prohibits egregious abuses of other trade-defense instruments.

Compared to the alternatives, such as bilateral free trade agreements, or FTAs, the Doha agenda is the best offer around for global corporations. One can argue at length over bilateralism versus multilateralism, but this is a superficial exercise that only clouds the real issues. They are neither opposites nor substitutes for each other. There is room for both of them. But one should be wary of replacing the possible outcome of the Doha Round with the sales pitches for FTAs.

America's FTA policy has been a State Department charm offensive rather than a function of business priorities. Asian FTAs are a hodgepodge of weak and partial bilateral agreements. The EU has recently lifted its moratorium on new FTA negotiations and outlined a very ambitious agenda for new bilateral deals with Asian countries. But even if all of them are successfully concluded, which is highly unrealistic, business will stand to gain far less than Brussels claims.

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Though roughly 300 FTAs or regional agreements have been achieved, they only account for about a third of the market openings facilitated by the eight multilateral trade rounds. If one exempts the 10 biggest bilateral and regional agreements, the market-access provision in the average agreement is modest to unrecognizable.

This is not to say they are of no use. Many FTAs have reduced trade bureaucracy, liberalized regulatory barriers to trade and improved the conditions for trade in intellectual property. But they cannot be expected to deliver new business opportunities on a par with a WTO deal -- particularly as FTAs come with complicated rules-of-origin regulations that place heavy administrative burdens on business to prove that not too much of a good's production has been done in a third country outside the FTA. In fact, the arcane world of rules-of-origin regulations in many countries is too complex for even the biggest multinational companies to understand, and many of the ones that do understand them would just as soon pay a higher, non-FTA tariff.

The presence of free-trade-minded businesses is necessary to accelerate the Doha train. The WTO, as most other trading arrangements, has a mercantilistic superstructure in which "producer interests" trump "consumer interests." Yet the producer interests that have flexed their muscles in this round have not been inclined toward liberalization. And they are the ones that have been twisting arms, knocking on the doors of congressmen and members of parliament, and telephoning political leaders.

If nothing substantial happens in the next few weeks the round will only have a past and no future. This is the last call for Doha.

Mr. Erixon is a director and founder of Ecipe, a Brussels-based think tank. Mr. Freytag is a senior fellow of Ecipe and a professor of economics at the Friedrich Schiller University in Jena, Germany.

The Biggest Losers (WSJ)

The Wall Street Journal, January 18, 2007

One of the more intriguing statistics in demography is migration among the 50 states. And especially revealing is the data on "out-migration," or those residents of a state who flee to what they must figure will be better climes.

The Empire Center think tank of New York has inspected the latest Census Data on migration, and it finds that two of the three biggest losers of people from 2005 to 2006 were California and New York. Louisiana was the biggest net loser, as 241,000 fled the state for a rate of 54.85 per 1,000 residents, but it is a special case after Hurricane Katrina.

New York, which finished second, has no such act-of-God excuse. It lost more than 225,000, or a rate of 11.69 per 1,000 from 2005 to 2006, and more than 1.2 million New Yorkers have moved out since 2000. California lost the most people (287,000) of any state from 2005 to 2006, but because it is the most populous state its out-migration rate was a merely dreadful 7.92. Without immigrants who have made up some of the difference, both states, and especially New York, would have declining overall populations and thus shrinking tax bases.

Authors E. J. McMahon and Kathryn McCall point out that no single cause can explain these migration trends. Housing costs, New York's stagnant upstate economy and heavy tax burdens no doubt play a role. On the other hand, weather probably counts for less, since Alaska, New Hampshire, Maine, Wisconsin and Minnesota have all added population even as New Yorkers have left by the tens of thousands.

Our own guess is that taxes and economic opportunity are decisive in many cases, especially for the mobile young and the well-to-do old. Even New York Gov. Eliot Spitzer doesn't think he can change the weather, so he'll have to do something about those anti-growth policies.

The Mayor And His Tax Cuts (NYT)

The New York Times, January 18, 2007

Michael Bloomberg was elected mayor five years ago after a self-financed campaign in which he shunned the politician label. So it was particularly striking to see his turnaround become all but complete in his State of the City speech yesterday, when he offered up a crowd-pleasing promise to cut taxes by $1 billion. It was an undeniable moment of political triumph, but it was less clear that it was a triumph for prudent governance.

Mr. Bloomberg is riding high these days, as polls confirm, and he took some well-deserved bows for a job well done. He has also been cutting a national profile on issues like guns and poverty, and now he has added taxes to the list.

The latest tax cuts can only help his standing with voters. It cannot be lost on aides who have been pressing the mayor to run for president that hacking away at voters' tax bills is almost always good politics.

But it is not always good municipal management. It is true that the city has a budget surplus of more than $2 billion now, but the black ink may not last. Mr. Bloomberg showed more caution last year, using a surplus to pay down future obligations.

The new tax cuts are not wildly imprudent. The proposed 5 percent property tax cut will largely be offset by the increases homeowners will see because New York real estate values have continued their steady rise — and it will be for just one year.

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Some of his other proposed cuts, including rolling back taxes on clothing and small businesses, will need Albany's approval, which is hardly assured.

The tax cuts could end up helping the city's fiscal outlook by improving its competitiveness, especially for small businesses. But Mr. Bloomberg will have to make the case that any such gains would not come at the expense of the fiscal responsibility he himself has long championed.

US, Germany Relaunch Mideast Quartet (AFP)

By Sylvie Lanteaume

AFP, January 18, 2007

US Secretary of State Condoleezza Rice and current EU president Germany said the international quartet for Middle East peace would meet next month, calling the time ripe for a fresh initiative.

Rice and German Foreign Minister Frank-Walter Steinmeier told reporters after talks in Berlin that representatives from the United Nations, the United States, Russia and the European Union would meet in Washington "probably February 1 or 2."

"I look forward to that meeting as we re-energize the quartet in its efforts to support the progress in the Middle East that could lead to a two-state solution and a Palestinian state living side by side in peace, democracy and freedom," Rice said.

Germany, in its capacity as the current EU president, has pushed for a revitalized role for the quartet at what it considers to be an auspicious time to bring an end to the bloodshed.

"A solution to that problem is more urgent today than ever," Steinmeier said. "We are both of the opinion that the time is ripe for a meeting of the quartet."

Its last full meeting was in September.

Rice came to Germany from Kuwait after completing a six-country tour of the Middle East during which she announced she would hold a three-way summit with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas within a month.

She said in Berlin it would take "a few weeks" to organize the three-way summit.

"I think it will be useful to have the meeting with the quartet in advance of that meeting," Rice said.

Rice said Sunday Washington wanted to build on what she called "the momentum that is currently in Palestinian-Israeli relations."

Steinmeier said he believed the stalled roadmap -- the peace plan drawn up in 2003 by the members of the quartet with the aim of establishing a viable Palestinian state living peacefully alongside Israel -- remained the best option for progress.

In Berlin, Rice also met Christopher Hill, the top US envoy to six-party talks on North Korea's nuclear weapons program, who is holding discussions with the North's negotiator in the German capital.

She said she hoped the six-party negotiations would resume "soon" and that Hill's talks in the German capital would pave the way for "a more favorable atmosphere" when the discussions continue.

Rice and Steinmeier also discussed Iran's nuclear ambitions. Rice underscored the US administration's refusal to engage in bilateral talks with Tehran until it stops enriching uranium.

"This is not the time to break a longstanding American policy of not engaging with the Iranians bilaterally," she said. "It's just not the time."

Germany, which has with EU partners Britain and France negotiated with Iran on its nuclear program, has frequently called on Washington to open a dialogue with the Islamic republic.

Rice's trip to the Middle East had the dual aims of breathing new life into the Palestinian-Israeli peace process and winning support for the Bush administration's plan to deploy more than 20,000 additional US troops in Iraq.

After talks with Rice in Kuwait City Tuesday, the six members of the pro-US Gulf Cooperation Council along with Egypt and Jordan gave the plan a cautious welcome and issued a call for Iraq's neighbors not to meddle in the strife-torn country.

The Gulf states and the US said they wanted to prevent Iraq "becoming a battleground for regional and international powers". This could also refer to Syria which has been repeatedly accused by Washington of fueling the Iraqi insurgency.

"We expressed our desire to see the president's plan to reinforce the American military presence in Baghdad as a vehicle... to stabilize Baghdad and to prevent Iraq from sliding into this ugly war," Kuwaiti Foreign Minister Sheikh Mohammad al-Sabah said.

Rice admitted that Iraq's predominantly Sunni Arab neighbors were skeptical about the ability of Iraqi Prime Minister Nuri al-Maliki's Shiite government to halt the sectarian violence that has pitted Sunni Arabs against Shiites.

"There are concerns about whether the Maliki government is prepared to take an even-handed, non-sectarian path... but everybody wants to give this a chance. That is the position of the people in the region and there is in fact a burden on the Iraqi government to perform," she said in Kuwait.

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She will continue on to London, the last stop of her tour, Thursday after talks with German Chancellor Angela Merkel.

Rice Announces Mideast Strategy Session (AP)

By Anne Gearan

AP, January 18, 2007

Pushing to bring Israelis and Palestinians closer to peace, Secretary of State Condoleezza Rice said Wednesday both sides will need international help.

"Undoubtedly they will reach difficult moments, they will reach times when things are not moving forward," Rice said in announcing that U.S., German and other diplomats will hold a Mideast strategy session early next month in Washington.

The meeting of the United States, European Union, Russia and the United Nations will come before a U.S.-backed summit in the Mideast among Rice, Israeli Prime Minister Ehud Olmert and Palestinian Leader Mahmoud Abbas.

Rice came to the German capital after five days in the Mideast, where she promoted a renewed peace process and sought support for President Bush's Iraq plan.

In Jerusalem and the West Bank, Rice won agreement for a three-way meeting that she said would help build confidence after years of fighting. Rice was careful to repeat that that session does not supplant a dormant 2003 peace plan, although it skips past difficult requirements the plan makes of each side.

The group gathering in Washington represents would-be administrators of the plan, which Israelis and Palestinians have endorsed but never put in force.

The group has become something of a Greek chorus as the mood between Israel and the Palestinians generally soured over the past three years and as Abbas struggles for internal control against Palestinian Hamas radicals.

Before she arrived in Berlin, her chief negotiator for six-nation talks on North Korea's nuclear weapons program offered an olive branch to North Korea, saying Wednesday the U.S. wants a normal country-to-country relationship with the newly nuclear power.

Assistant Secretary of State Christopher Hill and the North's Kim Kye Gwan held unusual direct talks, meeting Tuesday and Wednesday at the U.S. Embassy in Berlin.

Rice asked Hill to return to Asia on Thursday to continue talks meant to hasten the next round of six-nation disarmament talks.

Hill said his talks in Berlin were part of an effort to show North Korea that Washington is sincere and wants a "normal relationship," established through a "bilateral process." That is an implicit promise to stop treating the communist North as a pariah state.

The North would have to renounce nuclear weapons to win that prize, Hill said, a caveat reinforced more strongly by his boss, Rice.

"It's very clearly in the context of the denuclearization — complete, verifiable ... (and) irreversible denuclearization," Rice said during a press conference with German Foreign Minister Frank-Walter Steinmeier.

In 2005, North Korea pledged to dismantle its weapons program in return for security guarantees and economic aid, but the accord has not gone into place. North Korea boycotted further talks for more than a year, and in the meantime proved its nuclear capability with an underground explosion in October.

Hill said he hopes the next round of six-nation disarmament talks will take place by the end of the month.

Rice Cool To Temporary Palestinian State (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, January 17, 2007

Secretary of State Condoleezza Rice sounded cool to the notion of a placeholder Palestinian state in temporary borders, an idea that Israelis had said might energize the dormant peace process.

Rice, speaking to reporters Tuesday, did not rule out the idea, though. Palestinians reject it as a nonstarter, arguing that temporary lines would be too hard to redraw and Israel might end up with large swaths of the West Bank that Palestinians claim is theirs.

"My own view, and I frankly have been telling people this, (is) that if we get to that point it seems to me that it may be more difficult to negotiate a provisional state than just to go to the end game" of final borders, Rice said. "We're not there yet, and we'll see."

Rice planned to brief German and British leaders this week about the possible next steps toward peace. She was dining with German Foreign Minister Frank-Walter Steinmeier in Berlin on Wednesday and with British Foreign Secretary Margaret Beckett in London on Thursday.

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The Bush administration supports an eventual independent Palestinian state alongside Israel. That is the goal of a 2003 U.S.-backed international peace plan that has gotten little traction.

Rice spent a long weekend in Israel and the West Bank assessing the possible next steps toward peace, and on Monday said she will attend a three-way confidence-building session with Israeli and Palestinian leaders.

Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas prefer an informal session to a larger regional or international peace conference, Rice said, referring to an idea advanced in Europe and some Arab capitals.

"That really raises expectations that something is imminent," Rice told reporters traveling with her on a Mideast tour.

In the same session, Rice channeled her background as a college professor for what sounded like her answer Tuesday to criticism that the Bush administration won't talk to its adversaries.

Iraq Study Group authors and piqued senators are among those who accuse the Bush administration of being shortsighted in rejecting talks with Iran and Syria that might help reduce the sectarian violence in Iraq.

"There's a tendency to think about diplomacy as something that is done untethered to the conditions underlying it or the balance underlying it," Rice said partway through a lengthy academic disquisition on the difficulty of recognizing big historical change.

"That's not the way that it works," Rice said. "You aren't going to be successful as a diplomat if you don't understand the strategic context in which you are actually negotiating. It is not dealmaking."

Bush's plan, announced last week, rejects the idea of outreach to Iran and Syria and would add U.S. forces in Iraq.

Syrian, Israeli Backdoor Talks Now Emerging (CSM)

By Ilene R. Prusher

The Christian Science Monitor, January 18, 2007

The last time there was a peace breakthrough that surprised the world, a few offbeat Israeli and Palestinian intellectuals gathered in 1993 at a country house in Norway and came away with the Oslo Accords.

So when news broke this week in Israel's respected newspaper Haaretz, that Israel and Syria had reached a series of secret understandings, it is no surprise that it sent shock waves through a region often plagued by stalemate and violence.

Officials here are distancing themselves from the meetings that took place between Israelis and Syrians in Europe from September 2004 to June 2006, portraying them as an "academic" exercise. But that doesn't mean Israel isn't open to a deal with Syria.

In fact, some Israelis see Syria as a possible key to undermining Hizbullah's threat. The Israeli losses to Shiite militants in Lebanon last summer prompted Wednesday's resignation of the Israeli army's chief of staff, and is triggering calls for the prime minister and defense minister to follow. Swapping the Golan Heights – for Syria withdrawing support for Hizbullah – might be considered, say Israeli analysts.

And, the very fact that Israelis have been meeting with Syrian representatives is indicative of a willingness on the part of some of the region's players to restart a peace track that has long been viewed as derailed indefinitely.

"If it would be up to us academics, we could have solved it a long time ago. But it is up to the leadership," says Moshe Moaz, an Israeli political scientist and Syria scholar at the Hebrew University of Jerusalem. Dr. Moaz – speaking by telephone from Boston, where he is currently on sabbatical at Harvard University – was involved in several of the meetings that took place, which involved both a combination of academics, officials, and former officials, he says.

"I have the sense that the government was informed, but didn't approve of it," he says.

Reports of a resurrection of the Israeli-Syrian track, which broke off officially around the same time Israeli-Palestinian peace negotiations collapsed in the summer of 2000, conjure deeply different reactions – and come at a volatile, precarious time in the region.

Proponents of talking see Damascus as holding the key to reining in Hizbullah, stopping the flow of arms from Iran into Lebanon, and sizing down the tactical might of Hamas, whose most powerful Palestinian figure, Khaled Mashal, resides in the Syrian capital.

And ever since the end of the brutal war last summer in Lebanon, opinion-makers here have been trying to point the nation's compass for compromise in the direction of Syria. Only a deal with Syrian President Bashar al-Assad, some analysts say, can prevent Israel from finding itself in another war with Hizbullah.

On the other end of this viewpoint are skeptics, both Israeli and Arab, who say that the powerbrokers are as far away from coming to terms as they were before. Israeli officials, as well as many in the Bush administration, various sources here say, view Syria as a country continuing to sponsor terrorist activities. Therefore, they say, it's a country that should be isolated, not engaged.

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Moreover, if the assumed price for a peace deal between Israel and Syria is an Israeli withdrawal from Golan, pollsters show that the cost is still too high in the minds of most Israelis.

Even further, observers here say they find it hard to imagine Prime Minister Ehud Olmert and his defense minister, Amir Peretz, have anything approaching the political capital necessary for a deal with Syria. Both men have very low approval ratings – one newspaper last week put Mr. Olmert's at 14 percent.

Olmert said in late December that he would consider restarting talks with Syria, but only if Damascus first ended its support for Hizbullah and other anti-Israeli groups.

The resignation Wednesday of Israeli army Chief of Staff Lt. Gen. Dan Halutz, coupled with an investigation into Olmert's role in a banking sale, might only bolster the image of Olmert's helm as one too racked with scandal to sell the people on peace.

General Halutz stepped down after dozens of internal inquiries into the month-long Lebanon war found widespread problems in the military's performance.

"The war clearly was mismanaged, and when a war is clearly mismanaged, there is no doubt the chief of staff is responsible," said opposition lawmaker Ran Cohen, a former high-ranking military officer. "The responsibility is shared by him, the prime minister and the defense minister, and sooner or later, they, too, will have to leave."

Some of the specifics of the talks between Israelis and Syrians, as reported in Haaretz, indicated a willingness of Israel to withdraw entirely from the Golan Heights, which it occupied in the 1967 Middle East war. Israel later settled the territory, which now has about 16,000 Israelis living on it along with some 18,000 Syrian Druze, and officially annexed the land. The move never received international recognition, but is seen in Israel as part of the national "consensus."

The would-be deal, according to the report, includes the establishment of a large "buffer zone" near the Sea of Galilee, which would be converted into a park for use by Israelis and Syrians.

In opinion surveys, only a minority of Israelis have indicated a willingness to withdraw fully from the Golan Heights. And following the disengagement plan of 2005, the public appears keen to have peace but reluctant to repeat the uprooting of settlers for questionable returns.

Although the Haaretz report indicated that senior officials here had full knowledge of the talks that broke off last summer, Israeli government officials have sharply denied the report.

"We're not questioning that these talks took place," says Miri Eisin, a spokeswoman for the prime minister's office. "But there was no official sanctioning or knowledge of these meetings. This was not a back channel that was sanctioned in any way by this prime minister or the last prime minister [Ariel Sharon].

"It's sort of academic, and there are lots of meetings like that," Ms. Eisin adds. "I can list all kinds of academics that have all kind of meetings and can solve all kinds of world problems. But it doesn't have anything to do with officials."

Although Israeli officials have gone to lengths to deny that the contacts were sanctioned at the highest levels, Haaretz is not the only major Israeli paper to suggest that the Israeli-Syrian track may have yet have some electricity running through it.

The Maariv newspaper reported earlier this week that Uzi Arad, the director of the Interdisciplinary Center in Herzliya, Israel, has floated a plan for an Israeli-Syrian-Lebanese peace that would not require Israel to withdraw fully from the Golan Heights. The concept, dubbed the "Arad Plan," would allow Israel to keep a 150-square-mile strip of the western Golan Heights in exchange for an equivalent piece of land elsewhere.

Mohammed Musleh, a professor of Middle Eastern Studies at Long Island University in Brookville, N.Y., says that would be totally unacceptable to the Syrians.

"For there to be a public park that will be used by the Israelis with or without Syrian approval, in violation of Syrian sovereignty, will not be. And Israel has insisted since the start that it must have total control," says Dr. Musleh, a Palestinian academic, during a visit to Jerusalem.

"It's a nonstarter," he says. "This plan also showed that Israel will control sources of the Jordan [River]. But the dispute between Israel on the one hand, and Syrian, Jordan, and Egypt [on the other] over the sources of Jordan, were one of the underlying causes of the war in 1967, because Israel succeeded in diverting the sources of the Jordan River."

Moreover, he says, the demands placed on Syria to come to the table would come at a premium that he doubts Mr. Assad would be willing to pay.

"Syria should distance itself from Iran, on one hand, and Hamas on the other hand. But why should Syria do that in return for nothing? Syria is very much interested in renewing the peace talks with Israel, but neither Washington nor Tel Aviv is interested in peace talks with Syria. The Bush Administration is against any kind of engagement with Syria, and it doesn't want Israel to have any engagement, either."

A New Chance For Peace? (WP)

By Jimmy Carter

DOJ_NMG_0118451

The Washington Post, January 18, 2007

I am concerned that public discussion of my book "Palestine Peace Not Apartheid" has been diverted from the book's basic proposals: that peace talks be resumed after six years of delay and that the tragic persecution of Palestinians be ended. Although most critics have not seriously disputed or even mentioned the facts and suggestions about these two issues, an apparently concerted campaign has been focused on the book's title, combined with allegations that I am anti-Israel. This is not good for any of us who are committed to Israel's status as a peaceful nation living in harmony with its neighbors.

It is encouraging that President Bush has announced that peace in the Holy Land will be a high priority for his administration during the next two years. On her current trip to the region, Secretary of State Condoleezza Rice has called for an early U.S.-Israeli-Palestinian meeting. She has recommended the 2002 offer of the 23 Arab nations as a foundation for peace: full recognition of Israel based on a return to its internationally recognized borders. This offer is compatible with official U.S. policy, previous agreements approved by Israeli governments in 1978 and 1993, and the "road map" for peace developed by the "quartet" (the United States, Russia, the European Union and the United Nations).

The clear fact is that Israel will never find peace until it is willing to withdraw from its neighboring occupied territories and permit the Palestinians to exercise their basic human and political rights. With land swaps, this "green line" can be modified through negotiations to let a substantial number of Israeli settlers remain in their subsidized homes east of the internationally recognized border. The premise of exchanging Arab territory for peace has been acceptable for several decades to a majority of Israelis but not to a minority of the more conservative leaders, who are unfortunately supported by most of the vocal American Jewish community.

These same premises, of course, will have to be accepted by any government that represents the Palestinians. A March 2006 poll by the Hebrew University of Jerusalem and the Palestinian Center for Policy and Survey Research in Ramallah found 73 percent approval among citizens in the occupied territories, and Palestinian Prime Minister Ismail Haniyeh has expressed support for talks between President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert and pledged to end Hamas's rejectionist position if a negotiated agreement is approved by the Palestinian people.

Abbas is wise in repeating to Secretary Rice that he rejects any "interim" boundaries for the Palestinian state. The step-by-step road-map formula promulgated almost three years ago for reaching a final agreement has proved to be a non-starter -- and an excuse for not making any progress. I know from experience that it is often more difficult to negotiate an interim agreement, with all its future uncertainties, than to address the panoply of crucial issues that will have to be resolved to reach the goal of peace.

Given these recent developments and with the Democratic Party poised to play a more important role in governing, this is a good time to clarify our party's overall policy in the broader Middle East. Numerous options are available as Congress attempts to correlate its suggestions with White House policy, and there is little doubt that the basic proposals of the Iraq Study Group provide a good foundation on which Democrats might reach something of a consensus (recognizing that individual lawmakers could still make their own proposals on details). This party policy would provide a reasonable answer to the allegation that Democrats have no alternatives of their own to address the Iraq quagmire.

A key factor in an Iraq policy would be strong demands on Prime Minister Nouri al-Maliki's government to cooperate in ending sectarian violence, prodded by a clear notice of plans for troop withdrawals. A commitment to regional cooperation, including opportunities for Iran and Syria to participate, would be beneficial in assuring doubtful Iraqis that America will no longer be the dominant outside power shaping their military, political and economic future.

Although Israel's prime minister has criticized these facets of the Iraq Study Group's report, the most difficult recommendation for many Democrats could be the call for substantive peace talks on the Palestinian issue. The situation in the occupied territories will be a crucial factor, and it would be helpful for both the House and Senate to send a responsible delegation to the West Bank and Gaza to observe the situation personally, to meet with key leaders and to ascertain the prospects if peace talks can be launched.

I am convinced that, with bipartisan support, this is a good opportunity for progress.

The writer was the 39th president and is a Nobel Peace Prize laureate. His most recent book is "Palestine Peace Not Apartheid."

Arabs Are Cool To Bush's Iraq Plan (AP)

By Salah Nasrawi

AP, January 18, 2007

Arab leaders were deeply skeptical Wednesday of the U.S. plan for Iraq, a day after Secretary of State Condoleezza Rice tried to sell it to them. Kuwait's emir told Rice that America should work with Iran and Syria, officials said — a move President Bush has rejected.

DOJ_NMG_0118452

Underscoring the obstacles to U.S. efforts to win over Arab leaders, a U.S. diplomat said the Bush administration plans 1to send Undersecretary of State for Political Affairs Nicholas Burns on another Mideast shuttle to offer more details of the president's plan.

Meeting with Rice on Tuesday in Kuwait, eight Arab foreign ministers raised tough questions about Bush's new strategy. The ministers — from six Persian Gulf states plus Egypt and Jordan — were particularly concerned about whether the Shiite-led government of Prime Minister Nouri al-Maliki can reach out to Iraq's minority Sunni Arabs to end their resistance and lure them to the political process, according to Arab diplomats.

"Arabs need to know specifically what can the Americans and the Iraqis do to end sectarian domination of the government," said one diplomat familiar with Rice's talks, referring to the Iraqi Shiite-Kurdish alliance which controls the Baghdad government. He and other diplomats spoke on condition of anonymity because the discussions during the closed meeting were private.

A statement put out by the ministers reflected their distrust of al-Maliki's government. They gave vague support for Bush's plan, welcoming a U.S. commitment to defend "the territorial integrity of Iraq and to ensure a successful, fair and inclusive political process."

But they also said it is the "responsibility of the Iraqi government to achieve these goals."

The most upbeat comments came from Egypt.

"Bush's strategy is not merely a military action or operation or a unilateral military program. It represents a vision with different political, military and economic aspects," Foreign Minister Ahmed Aboul Gheit told reporters in Cairo on Wednesday.

Still, Gheit said he underlined to Rice that U.S. and Iraqi forces must crack down on Shiite militias that "have been killing Iraq's Sunnis."

During her five-day tour, Rice acknowledged concerns about whether the Iraqi government would take "an evenhanded, nonsectarian path" by targeting Shiite militiamen as well as Sunni insurgents and seek reconciliation.

Many Arab leaders feared it would not.

"The main objective now is how to achieve national reconciliation," said Ahmed al-Qatan, the Saudi ambassador to the Arab League. "Unfortunately, the deteriorating conditions cannot provide any hope."

"The situation won't stabilize soon, and the current curve (of violence) will continue for a long time," he told Cairo's leading newspaper, Al Ahram.

Many in the media depicted Rice's visit as a failure. "The whole jet-setting trip turned out to be yet another stage-managed, futile diplomatic exercise. ... In effect, Rice returns to Washington empty-handed with a lot of false promises rather than optimism," the Doha, Qatar-based Peninsula newspaper wrote in editorial.

Jordanian analyst Labib Kamhawi said that besides their doubts over the plan itself, Arab leaders had a difficult time throwing support behind it "when there has been a total failure in Iraq and the Palestinian territories with no attempt to soften the anger that is seething in the Arab and Muslim countries."

The emir of Kuwait was surprised that the Bush plan excludes Iran and Syria from contacts on Iraq.

It is important to have a "dialogue with Syria, in particular, and with Iran in the interest of Gulf security in general," Kuwaiti Foreign Minister Sheik Mohammed Al Sabah quoted the emir as telling Rice.

Bush took a tough line on Syria and Iraq in announcing his plan. He accused them of supporting militants in Iraq and made clear his rejection of proposals for engaging the two countries to use their influence to calm the violence.

Saudi Arabia, meanwhile, is pressing the U.S. to take more active steps to revive the Arab-Israeli peace process in return for helping in stabilize Iraq. The deal, dubbed "Iraq for Land," echoes widespread Arab feelings that resolution to the conflict is key to Mideast stability.

Saudi columnist Dawoud al-Shriyan said Rice should take the calls seriously.

"Every time the Americans are in trouble in Iraq, they remember that Arabs have a cause named Palestine. Therefore, they float some statements to create the impression that they continue their efforts in the peace process," he wrote in the Saudi-owned Al-Hayat newspaper.

Burns' mission to the region next week aims to mitigate Arabs worries.

"Everything (Rice) has been doing in the region, he's going to try to explain," said Hilary Olsin-Windecker, spokeswoman for the U.S. Embassy in Abu Dhabi, the Emirates capital. Burns will "flesh out specifics" of U.S. policy changes that Rice outlined, Olsin-Windecker said.

Burns also is expected to make a major policy address that details new U.S. steps in Iraq and the Gulf in hopes of finally persuading skeptical Gulf allies to support America's project in Iraq, said Mustafa Alani, who oversees military policy at the Gulf Research Center.

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Analysis: Rice Sees Iraq, Not Too Close (AP)

By Anne Gearan

AP, January 18, 2007

Iraq looks placid from 37,000 feet. Secretary of State Condoleezza Rice spent a lot of time talking about Iraq's troubles during five days in the Middle East, but the closest she came to the country was on an airplane ride Wednesday as she left the region on a crystal blue day. The flight took Rice smack between the violent cities of Baghdad and Fallujah.

Windows on her plane's left side offered a tranquil view of rolling river valleys. On the right was the sprawling capital, where a suicide car bomb struck a market Wednesday in the Shiite district of Sadr City, killing more

than a dozen people. Later Wednesday in Baghdad, a convoy carrying members of a U.S. democracy group was ambushed and four workers, including an American woman, were killed, an official with the group said.

Electronic maps in the Air Force plane's passenger section charted the aircraft's path across what was labeled "Mesopotamia," southern Iraq's name in ancient times.

Rice had made the rounds of Arab leaders to ask for support for President Bush's new plan to secure Baghdad and salvage a war that most Americans, and many Arabs, do not support.

In Kuwait, she met with foreign ministers from eight nations whose governments are friendly to the United States despite broad anti-American feeling among their populations. Rice got what she came for — or as much as she might have really expected: a bland statement from the group welcoming the U.S. commitment in Iraq.

Kuwait is next to Iraq, as much of the world was reminded when Saddam Hussein invaded his much smaller, militarily weak neighbor in 1990. But Rice does not talk so often anymore about how Iraqis are much better off since the dictator's overthrow.

Rice's flight to Berlin, where she briefed European leaders on her trip, provided a footnote to the troubled U.S.-Iraq history. Her route to Europe bisected the old southern Iraq "no-fly zone," imposed after the 1990-1991 Gulf War but rendered moot by the U.S.-led invasion in 2003.

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Rice is known for keeping a punishing pace on the road. Packed schedules frequently include stops in two or more countries in a single day.

She is not much for taking in the sights, so it was notable when word came that Rice and her party would tour the fabled ruins of the ancient Temple of Luxor in Egypt. It was only about 20 minutes on the schedule, but what a 20 minutes it would be: Sphinxes! An obelisk! Nefertiti!

Alas, Rice was running late so her tour was scrapped.

She might have caught a glimpse of the stunning temple from her motorcade en route to meeting Egyptian President Hosni Mubarak, who had invited her to the southern Egyptian city, where the west bank of the Nile holds the celebrated Valley of Kings. Usually the leaders meet in the smoggy capital, Cairo.

While Rice worked, a small group from her party wandered happily among the statues and walls.

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Rice began the trip with sessions in Jerusalem and the West Bank intended to energize the stalled Israeli-Palestinian peace process.

As usual, Rice saw Palestinian President Mahmoud Abbas in his headquarters in the West Bank town of Ramallah. The complex is barely recognizable as the same one where Palestine Liberation Organization leader Yasser Arafat holed up under Israeli siege in 2002. He died two years later.

The rubble is gone. Construction crews are busy building a mosque and burial shrine for Arafat.

The Bush administration refused to deal with Arafat and clearly was relieved by the election of the moderate Abbas as his successor. The U.S. now is looking for ways to bolster Abbas in his power struggle with Hamas radicals.

Visiting Abbas at the headquarters has symbolic value, showing respect for Palestinian self-rule. But Arafat's lingering presence is a delicate matter for U.S. officials.

Arafat's picture is everywhere in the complex, although Abbas' has often been added alongside. A portrait of a grinning Arafat that once hung over the dais where Rice and Abbas speak to reporters was gone this time.

On previous visits, Rice's motorcade swept past Arafat's temporary glassed-in burial shine without a pause. Other leaders and diplomats would walk over to the building, which resembled nothing so much as a suburban car dealership, to lay a wreath.

This time, Rice's motorcade entered the complex from the opposite direction. She did not pass by the site.

Kuwait Tells U.S. To Talk To Iran, Syria (AP)

DOJ_NMG_0118454

By Diana Elias

AP, January 18, 2007

Kuwait's emir told Secretary of State Condoleezza Rice that Washington should talk to Syria and Iran to improve the situation in Iraq, the Kuwaiti foreign minister said Wednesday.

Sheik Mohammed Al Sabah told reporters that when Rice met Kuwait's emir, Sheik Sabah Al Ahmed Al Sabah, on Tuesday, she had spoken of the "the difficulties facing the Iraqi government in imposing security, and (difficulties caused by) outside interference."

"That is why his highness (the emir) stressed the importance of a dialogue with (Iraq's) neighbors, and the importance that there is no estrangement between them and America," Sheik Mohammed said.

He quoted the emir as telling Rice it was important to have a "dialogue with Syria, in particular, and with Iran in the interest of Gulf security in general."

Rice was in Kuwait on Tuesday for a meeting on Iraq with her counterparts from the six Arab Gulf states plus Jordan and Egypt.

Speaking at Kuwait airport before flying to Oman, Sheik Mohammed did not reveal what the eight foreign ministers told Rice about the new U.S. plan for Iraq. But he said Rice had told the emir that President Bush had found it difficult to send 21,500 more U.S. troops to Iraq, but he had made the decision to prevent the country from slipping into a civil war.

In announcing his Iraq plan last week, Bush rejected the recommendation of the Iraq Study Group, a bipartisan U.S. panel, which had urged talks with Damascus and Tehran on ways of curbing the sectarian violence in Iraq.

Bush accused Iran and Syria of failing to stop fighters from crossing into Iraq to join the insurgency, and blamed Iran in particular for providing material for attacks on American troops — a charge that Tehran denies.

Iran and Syria are believed to have influence with insurgents in Iraq. Iran has strong ties with Iraqi Shiites, who have powerful militias, and Syria is believed to host senior members of the deposed Baathist regime in Iraq, which is playing a significant role in the insurgency.

Political Rivals Join To Slam President (AP)

By Ali Akbar Dareini

AP, January 18, 2007

TEHRAN -- Conservatives and reformists are openly challenging President Mahmoud Ahmadinejad's hard-line nuclear diplomacy -- an unusual agreement across Iran's political spectrum -- with many saying his provocative remarks have increasingly isolated their country.

The U.N. Security Council voted unanimously last month to impose sanctions on Iran for refusing to halt uranium enrichment. Some critics view the sanctions as an indication that Iran must change its policy.

After a year of silence, reformists are demanding that Iran dispel fears that it is seeking to build atomic weapons, pressing for a return to the enrichment suspension policy under President Mohammed Khatami. Uranium enrichment can produce the material for either nuclear reactors or bombs.

"Resisting the U.N. Security Council resolution will put us in a more isolated position," said the Islamic Iran Participation Front, the largest reformist party.

Mr. Ahmadinejad's popularity already was weakened after his close conservative allies were defeated last month in local elections, which were widely seen as a referendum on his 18 months in power.

Even some conservatives warn that his confrontational tactics are backfiring.

"Your language is so offensive ... that it shows that the nuclear issue is being dealt with a sort of stubbornness," the hard-line daily Jomhuri-e-Eslami said in an editorial.

Some lawmakers on both sides of the political spectrum are considering impeaching Foreign Minister Manouchehr Mottaki if the Security Council approves more resolutions against Iran.

"That all 15 members of the Security Council unanimously voted, against the claim by our diplomatic apparatus that there was no unanimity against Iran, shows the weakness of our diplomatic apparatus," said Noureddin Pirmoazzen, a reformist lawmaker.

Despite the criticism, Mr. Ahmadinejad has remained defiant, escalating Iran's nuclear standoff with the United States and its allies. He has refused to suspend enrichment, even under pressure from Iran's trade allies Russia and China. Iran denies U.S. assertions that it is secretly trying to build a bomb.

On Saturday, Mr. Ahmadinejad met with Venezuelan President Hugo Chavez, a fellow U.S. critic, at the start of a Latin America tour -- his second such visit in four months. Critics say the trip was partly aimed at diverting attention from the disapproval at home.

Mr. Ahmadinejad also has distanced some of his conservative base by calling for Israel to be "wiped off the map" and hosting a conference last month that cast doubt on the Holocaust. Many feel he has spent too much time defying the West and too little tackling Iran's domestic issues.

Coalition Of The Concerned Grows In Iran (FT)

By Najmeh Bozorgmehr And Gareth Smyth

Financial Times, January 18, 2007

A new political coalition is emerging in Iran in response to growing US pressure, especially over Tehran's nuclear programme, and in concern over the radical approach of President Mahmoud Ahmadi-Nejad in both foreign and domestic policy.

It stretches from reformists and even secular intellectuals to fundamentalists, and results from a belief that Iran may be facing the most serious challenge of its modern history.

"New informal regroupings are being formed based on concern . . . over the fate of the country and the regime," said Behzad Nabavi, a leading reformist. "A common sense of danger [is overcoming] differences over democracy and cultural issues."

Although it remains unclear what direct impact this so-called "coalition of the concerned" can have on nuclear policy or Iran's relationship with Iraq, for instance, its aim is to put Tehran's case more clearly internationally and perhaps craft conciliatory measures. It also wants Iran's supreme leader to rein in Mr Ahmadi-Nejad.

The United Nations Security Council imposed sanctions on Iran last month over its nuclear and missile programmes and set a 60-day deadline for Tehran to suspend almost all nuclear activity or face further sanctions. But Iran's concern is less over sanctions than military attack in the not-too-distant future. US troops raided Iran's "consulate" in northern Iraq last week and seized five "diplomats", accusing Tehran of fuelling insurgency. Increasing American naval deployment in the Gulf has heightened tension.

"We are facing the most serious political challenges, domestically and internationally in our modern history," said a regime insider. "The ruling clerics may be forced into compromises that even the Qajar kings [1795-1925] didn't make."

Iranians remember the Qajar period for weakness, stagnation and humiliating concessions to great powers, including ceding territory to Russia and control of fin-ance and oil to the British.

The coalition is gathered partly around two former presidents, Akbar Hashemi Rafsanjani, a conservative pragmatist, and the reformist Mohammad Khatami.

With the UN resolution and US military build-up feeding fears that Washington's aim is not stopping Iran's uranium enrichment but overthrowing its regime, sen-ior figures argue, the national interest cannot tolerate an inexperienced president whose rhetoric is inflammatory. Mr Rafsanjani, who has been at the centre of Iranian politics since the 1979 revolution and the 1980-88 war with Iraq, repeatedly gives warning that Iran must be "careful" and not fuel "US adventurism". Such wariness is apparently shared by Ayatollah Ali Khamenei, the supreme leader, who waited two weeks before public comment on the UN resolution. The president attacked the resolution as "illegal".

"The regime's strategic policy remains avoiding confrontation because the US has the upper hand, even though Iran is being treated unjustly," said Mohammad Atrianfar, editor of the ban-ned reformist daily, Shargh.

Some of Iran's most seasoned politicians and officials fear that the US and Israel seek nothing short of the country's break-up. "I backed talks with the US for a long time but sadly I've reached the conclusion they want to cut Iran into pieces," a diplomat said.

Iran is a multinational state with a variety of groups who feel discrimination by the majority Persians and Shia Muslims. Tehran accuses Britain and the US of stirring unrest among Kurdish and Arab minorities in the north-west and oil-rich south.

"The leaders of the Islamic revolution managed to maintain Iran's territorial integrity at critical times, but I'm not sure they can do the same this time if they face the US's destructive power," said a senior reformist. While some insiders argue that Mr Ahmadi-Nejad has little role in the nuclear issue, they worry that his rhetoric is taken seriously by the west and even welcomed by hardliners in the US and Israel.

Even parts of the conservative media have blamed Mr Ahmadi-Nejad for the UN resolution and for disrupting nuclear talks with Europe.

Pragmatists from across the spectrum are looking to Ali Larijani, Iran's top security official, to revive talks with Javier Solana, the European Union foreign policy chief, that stalled last year. They are encouraged by his response to the UN resolution. Facing reporters' insistence on Wednesday that he clarify Iran's position on the nuclear issue, Mr Larijani stressed the importance of a "thoughtful" rather than a "hasty" reaction.

Criticism of the president have been encouraged by Mr Ahmadi-Nejad's setback in elections last month.

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The emboldened approach appears designed to create a consensus that leads Ayatollah Khamenei to rein in – or even remove – the president. “The leader is still quiet about election results, probably trying to analyse them, but he doesn’t seem happy with Mr Ahmadi-Nejad any more,” said one insider. “Mr Ahmadi-Nejad consults the leader less than any previous president but, if one day he ignores the leader’s orders, he’ll be finished within a week through impeachment by parliament.”

Parliament is in uproar, accusing the government of gross mismanagement as prices and unemployment rise. But such a dramatic move as impeachment – unknown in the Islamic Republic’s 28 years – would need Ayatollah Khamenei’s backing to succeed.

“Ayatollah Khamenei still doesn’t believe the president should go,” said a former Iranian diplomat. “And if the international crisis becomes more serious, the leader would not allow an impeachment that would make Iran look weak domestically.”

U.N. Nuclear Agency Stops Some Iran Aid (AP)

By George Jahn

AP, January 18, 2007

The U.N. nuclear agency has suspended some aid to Iran in line with Security Council sanctions calling for an end to assistance for programs that could be misused to make an atomic weapon, diplomats said Wednesday.

The diplomats emphasized that the freeze was temporary for now and subject to review and approval by the 35-nation board of the International Atomic Energy Agency. Agency officials now are looking at the full list of technical aid programs to Iran and will propose culling those that could serve non-peaceful nuclear aims when the board next meets in March. It is up to board members to make the final decision.

A U.N. official and a diplomat accredited to the IAEA said the suspension was imposed in recent days. Both spoke to The Associated Press on condition of anonymity because they were not authorized to comment on the issue to the media.

Another diplomat said the aid was suspended for programs "where there is a clear prohibition by the Security Council, specifically applying to enrichment, reprocessing and heavy water (production)." He said the agency planned to separate the projects into those where Security Council bans applied, those deemed uncontroversial and a "gray list" of projects that need closer examination as to whether they could be used in weapons production.

"Whatever is absolutely clearly banned by the resolution is now on hold," he added.

The agency's decision to temporarily shelve some projects even before a final decision by the board was interpreted by some diplomats who deal with the Vienna-based IAEA as a victory for the United States.

Washington is the key critic of Tehran's refusal to suspend uranium enrichment. While Tehran says it wants to develop an enrichment program to generate energy, the Americans say the Islamic republic is more interested in the program's other application — creating the fissile core of nuclear warheads.

Still, a U.S. push to halve IAEA aid to Iran as part of Security Council sanctions is facing opposition from traditional U.S. allies in the European Union as well as from developing nations, diplomats said. Such European opposition is worrisome from Washington's point of view because it could dilute attempts to present a unified Western front against Iran's nuclear defiance.

Iran gets IAEA technical aid for more than 15 projects and dozens more that also involve other countries. Diplomats familiar with American strategy for the next IAEA board meeting March 5 say Washington wants at least half of the aid projects permanently eliminated.

But that is opposed by Germany, which holds the rotating European Union presidency, and many other EU nations. The diplomats said that — unless Washington moderates its stance — confrontation is inevitable at the March meeting.

The United States, Russia, China, Britain, France and Germany all want Iran to mothball its enrichment program and have acted as a group in trying to engage Tehran on the issue. But their approaches and priorities have differed over the past year — resulting in often visible strains in what is meant to be a joint initiative.

Russian and Chinese reluctance to slap harsh sanctions on Tehran — as initially demanded by Washington — have created the greatest pressures. Both nations share economic and strategic interests with Iran

But problems also have surfaced in the ranks of European allies, with Germany traditionally the least hawkish and the French recently nudging the British aside to become the most loyal European backers of the Americans.

Differences over how severely to punish Tehran for its refusal to suspend enrichment led to months of disputes before agreement was reached last month on a Security Council resolution imposing limited sanctions that fell short of the harsher measures the Americans had pushed for.

The sanctions include a review of technical aid to Iran — programs meant to bolster the peaceful use of nuclear energy in medicine, agriculture or power generation.

In November, the board of the agency indefinitely suspended an IAEA project that would have helped Iran put safety measures in place for a heavy water reactor that, once completed, will produce plutonium — like enriched uranium, a potential

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pathway to nuclear arms. That decision, however, was relatively straightforward, considering the Security Council had already indirectly called for an end to construction of the reactor.

In contrast, most of the projects up for review at the March meeting are for programs that have less obvious potential weapons applications.

They include cancer therapy programs, nuclear safety projects and requests for help in international nuclear licensing procedures.

Pressure Mounts On Olmert To Resign (AP)

By Amy Teibel

AP, January 18, 2007

Prime Minister Ehud Olmert and Defense Minister Amir Peretz came under renewed pressure to resign Wednesday after the Israeli army's chief of staff stepped down in the wake of the flawed Lebanon war.

The sudden departure of Israel's top military official, Lt. Gen. Dan Halutz, delivered another setback to the prime minister, whose popularity has plummeted following last summer's war and a string of political scandals. On Tuesday, Israel's attorney general opened a criminal probe into Olmert's role in a 2005 bank privatization.

Halutz stepped down after dozens of internal inquiries into the monthlong Lebanon war found widespread problems in the military's performance. Halutz had previously rejected calls to resign, despite the growing loss of confidence of his political superiors and subordinates in the army.

With Halutz on his way out, critics quickly clamored for the heads of the country's other wartime leaders, Olmert and Peretz.

"The war clearly was mismanaged, and when a war is clearly mismanaged, there is no doubt the chief of staff is responsible," said opposition lawmaker Ran Cohen, a former high-ranking military officer. "The responsibility is shared by him, the prime minister and the defense minister, and sooner or later, they, too, will have to leave."

Peretz expressed regret Halutz's decision, but he warned Israel's enemies not to misinterpret the move.

Speaking at the graduation ceremony for naval commanders in Haifa, Peretz said Halutz's decision was "premature."

"I am sorry he won't be with us to complete the task" of restoring the army after the failures of the summer's war in Lebanon, Peretz said.

Peretz, who is also under fire about the war, had a message for Israel's enemies. "Do not misinterpret the army chief's decision to resign as a sign of weakness," he said.

Olmert made a routine appearance at parliament, sparring with lawmakers over unrelated domestic issues and promising to appoint a new military chief within days. Peretz said he would begin interviewing candidates for the vacant military post immediately.

But pressure on Olmert and Peretz is likely to increase ahead of the release of a wide-ranging government inquiry into the war. The investigative panel, focusing on the performance of military and political leaders, is expected to announce its conclusions in the coming weeks.

"Halutz's step was unavoidable, but he was not the only one responsible for the failures of the war — the government was too," lawmaker Ophir Pines-Paz, a member of Peretz's Labor Party, told Army Radio.

He stopped short of calling on Olmert and Peretz to resign, saying he wanted to wait for the government panel to reach its conclusions.

An opinion poll published last week showed Olmert's approval rating at just 14 percent, and his Kadima Party losing if new elections were held.

"It is not clear whether the prime minister will be able to survive the resignation of chief of staff Halutz and his own political problems," said Ephraim Inbar, a political scientist at Bar-Ilan University near Tel Aviv. "We may see pressure in his own party to replace him. This resignation is definitely the beginning of political turmoil in Israel."

Peretz's public standing, meanwhile, is equally dismal. The former union leader won the defense portfolio under a coalition deal with Olmert's Kadima Party, despite his scant military experience.

The war's many flaws only cemented sweeping doubts about his fitness to serve as defense minister, and he now faces multiple challenges to his leadership within his own Labor Party, which is scheduled to hold primaries for chairman in May.

Both Peretz and Olmert "are in a very shaky position," said political scientist Avraham Diskin of the Hebrew University in Jerusalem.

Israel went into the war with a united front against Lebanese Hezbollah guerrillas just hours after they killed three Israeli soldiers and captured two in a July 12 cross-border raid, but that solidarity collapsed after the fighting ended.

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Critics questioned whether Olmert moved too hastily with a full-scale campaign that ended without achieving its declared aims — recovering the captured soldiers and crushing Hezbollah.

More than 1,200 people were killed on both sides, most in Lebanon, according to U.N., Israeli and Lebanese officials. Israel claims it killed 600 guerrillas, but that number has not been substantiated, and Lebanon says most of its casualties were civilians.

A total of 159 Israelis were killed, including 39 civilians who died in rocket attacks. Soldiers returning from battle complained of poor planning and shortages of ammunition, food and water.

Uri Guralcky, 30, a graduate student and electronics vendor in Jerusalem, said Peretz and Olmert must accept responsibility for the war's failures. "They must go together with Halutz," he said.

Hezbollah legislator Hussein Haj Hassan told The Associated Press that Halutz's resignation "is the result of the defeat of the Israeli enemy in Lebanon."

Israeli Officials Under Pressure To Quit (AP)

By Josef Federman

AP, January 18, 2007

Prime Minister Ehud Olmert and Defense Minister Amir Peretz faced new calls to resign Wednesday after Israel's army chief stepped down, succumbing to widespread outrage over the handling of last summer's inconclusive war in Lebanon.

Lt. Gen. Dan Halutz became the first Israeli chief of staff to resign since the 1973 war, but the government's political troubles may not end with his departure. With a government probe into the war looming, and a criminal investigation into Olmert's role in a banking deal, the prime minister's troubles appear likely to grow.

The Israeli public has largely blamed Halutz — along with Olmert and Peretz — for failing to crush Hezbollah guerrillas in Lebanon and halt Katyusha rocket attacks against civilians.

"Halutz's resignation is a positive and unavoidable move," said Ophir Pines-Paz, a member of Peretz's Labor Party. "But the political leadership also has to take responsibility."

Israel launched the war hours after Hezbollah guerrillas killed three Israeli soldiers and captured two others in a July 12 cross-border raid.

Critics say Olmert moved too hastily with a campaign that ended without achieving its declared aims — including the recovery of the two captured soldiers. Soldiers returning from the battlefield said they were poorly trained, lacked basic ammunition and food supplies, and received conflicting orders.

The prime minister, who is supported by a solid majority in parliament, is not expected to resign soon. But the uproar over the alleged mishandling of the war against Hezbollah could harm his chances to remain in office in the long term.

"It is not clear whether the prime minister will be able to survive the resignation of chief of staff Halutz and his own political problems," said Ephraim Inbar, a political scientist at Bar-Ilan University near Tel Aviv. "We may see pressure in his own party to replace him. This resignation is definitely the beginning of political turmoil in Israel."

Nearly 160 Israelis and more than 1,000 Lebanese died in the fighting, according to tallies by government agencies, humanitarian groups and The Associated Press.

The count includes 250 Hezbollah fighters that the group's leaders now say died during Israel's intense air, ground and sea bombardments in Lebanon. Israel has estimated its forces have killed 600 Hezbollah fighters.

Many Israelis criticized the army's inability to stop Hezbollah from firing nearly 4,000 rockets into northern Israel. Analysts say that failure has dealt a major blow to the army's prestige in the Arab world and its ability to deter attacks.

In Lebanon, Hezbollah legislator Hussein Haj Hassan called Halutz's resignation "the result of the defeat of the Israeli enemy in Lebanon." Demonstrators in Beirut, at their nightly anti-government protest, celebrated with fireworks when Halutz's resignation was announced.

In his first public comment since Halutz resigned, Peretz warned Israel's enemies, "Do not misinterpret the army chief's decision to resign as a sign of weakness." Speaking Wednesday evening in Haifa at a graduation ceremony for naval commanders, Peretz said Halutz's decision was "premature. I am sorry he won't be with us to complete the task" of restoring the army after the summer's war in Lebanon.

Peretz insisted that he would continue to guide the reforms — instead of resigning. Olmert and Peretz hoped to pick a new army chief within days.

Halutz stepped down after internal army inquiries found widespread problems in the military's performance. Halutz, a decorated former combat pilot, had previously defended the army's performance and rejected calls to resign.

Critics quickly clamored for the heads of the other wartime leaders, Olmert and Peretz.

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"I believe the chief of staff took the right decision after the inquiries in the army. I think that now the question is about his superiors, the defense minister and prime minister," said Yossi Beilin, leader of the opposition Yahad party. "It will be very difficult for both of them to stay in power."

Olmert did not comment publicly about the resignation calls. "It's business as usual in the prime minister's office," said his spokeswoman, Miri Eisin.

But pressure on Olmert and Peretz could increase ahead of the release of a wide-ranging government probe into the war. The investigative panel, focusing on the performance of military and political leaders, is expected to announce its conclusions in the coming weeks.

Voicing popular sentiment, Uri Guralcky, 30 of Jerusalem, said Peretz and Olmert must accept responsibility for the war's failures. "They must go together with Halutz," he said.

A poll broadcast on Channel 10 TV backed that up. Asked whether Olmert should resign, 69 percent agreed. Eighty-five percent said Peretz should quit. The Smith Research poll, conducted by telephone, questioned 425 Israelis and had a margin of error of 4.8 percentage points.

Olmert's troubles were compounded by the announcement that police were opening a criminal probe into his role in the government's 2005 sale of a controlling stake in a bank. Olmert, then finance minister, is suspected of trying to rig the bidding.

An opinion poll published last week showed Olmert's approval rating at just 14 percent, and said his Kadima Party would lose if new elections were held. Peretz's public standing is equally dismal. The former union leader won the defense portfolio under a coalition deal despite his scant military experience. The war's flaws only cemented doubts about his fitness to serve as defense minister, and he now faces multiple challenges to his leadership within the Labor Party.

Top US Envoy Holds 'Useful' N Korea Talks In Berlin (AFP)

By Deborah Cole

AFP, January 18, 2007

The top US envoy to six-way talks on North Korea's nuclear arms said he was having "useful discussions" with his Pyongyang counterpart here and hoped negotiations would resume this month.

"When you have six hours of conversations and you're going to have some more... certainly you can characterize them as useful discussions," Assistant Secretary of State Christopher Hill said, referring to an initial meeting Tuesday with the North's negotiator Kim Kye-gwan.

State Department deputy spokesman Tom Casey said that discussion was followed up with one or two hours of talks Wednesday at the North Korean embassy in Berlin before Hill travels to Asia Thursday.

Hill, speaking at an American Academy event in Berlin, declined to answer questions on the substance of the meeting but said he hoped the six-party talks, which collapsed in December in Beijing with no discernible progress, would start again "in January."

US Secretary of State Condoleezza Rice said on a visit to the German capital Wednesday that she hoped Hill's talks would set the tone for a positive start to new six-party negotiations soon.

"These discussions that Chris is having... should help prepare the way for a more favorable atmosphere at the time of the resumption of the six-party talks, which we would hope would be soon," she said.

She stressed that Washington would not consider normalizing relations with Pyongyang until it implemented "a complete, verifiable nuclearization -- and I should say irreversible denuclearization."

The Berlin meetings came ahead of Hill's visits beginning Friday to South Korea, China and Japan to continue consultations with key partners in the six-party talks on how to make progress in the next round of negotiations.

Hill noted that the Berlin talks were the first bilateral discussions he had held with Kim outside Beijing.

The two powers held landmark talks in Berlin in 1999 that ultimately led to the lifting of a half-century of restrictions on trade, travel and banking against North Korea after it agreed to a moratorium on missile tests.

But the crisis erupted again in 2002.

Six-party negotiations involving the United States, the two Koreas, Japan, Russia and China were suspended in late 2005 after North Korea walked out in protest at US financial sanctions imposed on a Macau bank accused of illicit dealings on behalf of Pyongyang.

The talks resumed in December last year -- following the North's October 9 nuclear weapons test -- and ended in deadlock as Pyongyang insisted the financial sanctions be lifted before it would discuss nuclear disarmament.

Russia on Wednesday called the US sanctions an obstacle to the resumption of talks and urged flexibility on both sides.

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"The United States should have taken some steps toward the Koreans on lifting financial sanctions and discussing this question with them," Deputy Foreign Minister Alexander Losyukov, the head Russian negotiator on North Korea, was quoted as saying by state-run news agency RIA Novosti.

Losyukov also called on North Korea to reconsider its refusal to rejoin the negotiations on account of the US sanctions. "The link is not 100 percent justified," he was quoted as saying.

In a concession to North Korea, the United States agreed to hold parallel discussions on the financial sanctions issue.

A first round of those talks took place on the sidelines of the last six-party negotiations in Beijing in late December.

Neither Hill nor Casey said when the financial discussions might resume.

Japan and South Korea welcomed the Berlin talks and voiced hope for an early resumption of multilateral discussions on Pyongyang's nuclear arms program.

"Dialogue is a good thing," Japanese Chief Cabinet Secretary Yasuhisa Shiozaki, the top government spokesman, told reporters.

"The Berlin meeting should lay a good groundwork for an agreement on what initial steps to take to implement the September 19 statement," South Korea's foreign minister Song Min-Soon said, referring to a 2005 accord offering the North security and economic aid guarantees in return for disarmament.

Hill described that agreement as "a sort of bible for us" and said he hoped it would be the basis for a new agreement.

North Korea And U.S. Envoys Meet In Berlin (NYT)

By Mark Landler And Thom Shanker

New York Times, January 18, 2007

BERLIN, Jan. 17 — Seeking to revive stalled negotiations to end North Korea's nuclear weapons program, the United States held "substantive" talks with North Korean diplomats here on Tuesday and Wednesday, said the chief American envoy, Christopher R. Hill.

The unusual one-on-one sessions, the first to be held outside Beijing during the Bush administration, were signs of progress since negotiations broke off in December after North Korea demanded that Washington lift financial sanctions against it.

"It was a substantive discussion," Mr. Hill said in an interview on Wednesday, though he refused to give details. "The proof of the pudding will be when we all sit down together in the six-party negotiations."

Mr. Hill briefed Secretary of State Condoleezza Rice on his meetings upon her arrival in Germany after a mission through the Middle East and Persian Gulf. Ms. Rice said later that Mr. Hill's discussions "should help to prepare the way for a more favorable atmosphere at the time of the resumption of the six-party talks, which we would hope would be soon."

Mr. Hill, the assistant secretary of state for East Asian and Pacific affairs, expressed hopes that those broader negotiations — which would also include China, South Korea, Japan and Russia — would resume by the end of this month in Beijing, the traditional host for these talks.

An official in the North Korean Embassy here declined to comment on the talks, which are being led on its side by Kim Kye-gwan.

Persuading North Korea's leader, Kim Jong-il, to abandon his nuclear ambitions has seemed an increasingly hopeless exercise since October, when North Korea tested a nuclear device and declared itself a nuclear state. The most recent talks, American officials said, foundered when the North Korean negotiators proved unyielding on the most basic issues.

Still, the United States was eager to try again, seizing on a visit to Berlin by Mr. Kim to arrange a meeting with Mr. Hill, who was here ostensibly to give a talk at the American Academy in Berlin. American officials appeared encouraged by the tone of the discussions.

North Korea, they noted, was open to talking despite declaring last month that it would not discuss disarmament unless the United States lifted penalties against the Banco Delta Asia in Macao, which held North Korean assets.

The measures, which the United States said it imposed because of North Korea's counterfeiting of American money and laundering of proceeds from drug running, cut off one of the North's valuable channels to international financial markets.

On Wednesday, Russia called on the United States to remove the measures. "The United States should make some step towards the Koreans by lifting the sanctions," the new Russian chief negotiator, Aleksandr Lusyakov, said in an interview with a Russian news agency, RIA.

Treasury officials have held their own negotiations with North Korea to resolve this standoff, and plan to meet again next week, either in Beijing or New York, according to Mr. Hill. But he suggested that the United States did not intend to ease the pressure on North Korea's finances.

"We've had to make it clear to the North Koreans that as long as they are involved in nuclear weapons production, their international financing will come under scrutiny," he said.

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Because of the arcane way that Washington and North Korea communicate in their relationship as long-term adversaries and occasional negotiating partners, some brief language in a speech Mr. Hill delivered here Wednesday provoked significant interest.

Mr. Hill issued what some heard as a tantalizing offer that the United States, within the obligations of a 2005 agreement emerging from the six-party talks, looked forward “to establishing a normal relationship with North Korea.”

“Obviously this is via a bilateral process, which will take a long time,” he said.

North Korea has long tried to push the United States into formal bilateral talks, as a means of seeking status and legitimacy as well as to decouple Washington from its regional allies. The United States has insisted that formal talks with North Korea be held only in the six-party format.

Asked to clarify whether the United States was dangling a new relationship before the North Koreans, Ms. Rice said late Wednesday that United States-North Korea ties would have to evolve within the six-party framework, and that Washington was unwavering in demanding a complete and verifiable end to the North’s nuclear program.

The 2005 statement signed by the six parties “envisioned that the denuclearization of the North Korean Peninsula would lead to a bilateral — a normalization of relations between the United States and the D.P.R.K.,” Ms. Rice said, using the initials of North Korea’s official name.

By engaging North Korea directly, outside China, the United States must tread carefully, a senior official involved in the talks said. American officials informed China of the meeting in Berlin, and Mr. Hill is headed to Beijing, as well as to Seoul and Tokyo, after he leaves Germany.

Though the six-party talks have been held exclusively in Beijing, North Korea has used Berlin as a diplomatic venue in the past, for example during the 1990s for talks with the Clinton administration. It maintains a large embassy here, a legacy of the days of East German Communism.

Ms. Rice landed here after completing meetings with Arab allies in the Middle East and Persian Gulf, and she flew over Iraq en route to Berlin.

Her trip also included talks in Israel and the Palestinian territories, an effort to push ahead stalled peace talks.

During an evening news conference here, Ms. Rice announced that the so-called quartet — a group of negotiators that includes the United States, the European Union, the United Nations and Russia — will meet in Washington in early February to help restart the Middle East talks.

U.S. Open To Bilateral Talks On Ties With N. Korea (WP)

By Glenn Kessler

The Washington Post, January 18, 2007

BERLIN, Jan. 17 -- If North Korea gives up its nuclear programs, the United States is willing to engage in "a bilateral process" to establish "a normal relationship," the chief U.S. negotiator said here Wednesday after two days of one-on-one talks with his North Korean counterpart.

"We are prepared to go on that road and to really offer North Korea a hand as it moves along the road," Assistant Secretary of State Christopher R. Hill said in a speech here in the midst of his talks, the first time he has met with senior North Korean officials outside Asia. He said he has been trying to "make sure they understand very clearly what we are intending to do, what our intentions are."

Hill's comments mark the first time a U.S. official has publicly emphasized the possibility of such bilateral discussions, something the Pyongyang government has long sought. Ever since the North Korean nuclear crisis began in 2002, the Bush administration has resisted such negotiations, preferring to work through a somewhat cumbersome forum that also includes China, Russia, South Korea and Japan.

The question of how normalization would take place was contentious during the negotiations that led to a September 2005 joint statement, in which North Korea pledged to abandon its nuclear programs. The U.S. delegation specifically sought the removal of the word "dialogue" from the section describing the normalization of relations from the final draft of the statement.

Critics of the administration have urged it to provide North Korea more detail on possible enticements for giving up its weapons program. Hill's comments appeared to be part of an effort to flesh out the details.

Secretary of State Condoleezza Rice was briefed by Hill on the talks after she arrived here from Kuwait for discussions with German officials on the Middle East. Asked at a news conference about Hill's statement, Rice emphasized the 2005 document, noting that it would "lead to a bilateral, a normalization of relations."

The agreement "is very clearly in the context of the denuclearization -- complete, verifiable denuclearization, and I should say irreversible denuclearization -- to the Korean Peninsula," Rice said. "We believe that the six-party context might allow that evolution to take place."

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Hill also noted the September 2005 agreement in his speech, which was organized at the American Academy in Berlin. But the final draft of the agreement is vague about the process of normalization.

The key sentence, using the abbreviation for the Democratic People's Republic of Korea, said, "The DPRK and the United States undertook to respect each other's sovereignty, exist peacefully together, and take steps to normalize their relations subject to their respective bilateral policies." That sentence was crafted after the United States balked at a version referring to "bilateral policies and dialogue."

On Wednesday, Hill said that "we have an adequate bilateral mechanism within the six-party talks to exchange our views with the North Koreans." The comment appeared to refer to the increasingly frequent meetings he has held with his counterpart, Kim Gye Gwan, when the six-party sessions were not taking place. Previously, the meetings with Kim were held in Beijing, generally in preparation for another round of six-party talks, but no new round is currently scheduled.

At the last round of six-nation talks in December, North Korean officials balked at substantive discussions, insisting that the United States lift punitive measures intended to halt alleged money-laundering operations.

Rice flew to Germany after four days in the Middle East, visiting Israel, the West Bank, Jordan, Egypt, Saudi Arabia and Kuwait. Germany currently holds both the rotating presidency of the European Union and the chairmanship of the Group of Eight industrialized countries, giving it substantial diplomatic clout in the first half of the year. German Chancellor Angela Merkel has made it known she is eager to elevate the European role in the search for peace between Israelis and Palestinians.

Rice will fly to London on Thursday to meet with British Prime Minister Tony Blair and plans to return to Washington on Friday.

U.S. General In S.Korea Warns Of Changes (AP)

By Burt Herman

AP, January 18, 2007

The top U.S. general in South Korea warned Thursday that changes to the command structure on the peninsula could damage the ability of allied forces to maintain the more than half-century-old armistice with North Korea.

South Korea has requested it retake wartime command of its own forces, which it turned over to the U.S.-led U.N. Command during the 1950-53 Korean War. The transition is expected to occur sometime between 2009 and 2012.

The top U.S. officer in South Korea, U.S. Army Gen. B.B. Bell, also serves as chief of the U.N. Command. He cautioned that changes to alliance structures must not harm the U.N. commander's ability to quickly mobilize forces to protect the cease-fire between North and South.

"Unless addressed, this situation will make it impossible to credibly maintain the armistice," Bell told a news conference.

He said the problem should be carefully considered during peacetime because on the Korean Peninsula "crisis escalation could quickly, indeed almost instantaneously, lead to combat operations."

"There could be no time to make changes in our command structure while crisis escalates," he said. However, he added that he didn't expect any renewed war.

"If we fail to make adjustments as military leaders, we fail in our responsibilities," Bell said.

North Korea has long maintained that the U.N. Command is irrelevant and a thinly veiled U.S. effort to claim international legitimacy for its forces here. Some 29,500 U.S. troops remain stationed in South Korea as a legacy of the Korean War, with their numbers set to decline to about 25,000 in coming years.

Although other nations contributed forces during the war in the 1950s, U.S. troops are the only actual fighting elements left on the peninsula in addition to the South Korean military.

Bell argued the U.N. command was still needed.

"Until a lasting peace is achieved on the peninsula, there will continue to be a major role for the U.N. Command," he said.

Somalis Must Reach Out For Unity, U.S. Official Says (WP)

By Karen Deyoung

The Washington Post, January 18, 2007

The Bush administration's point person on Somalia expressed concern yesterday over the slow pace of efforts to form a unity government there.

A lack of willingness by the internationally backed transitional government to reach out to other groups and clans, including "moderate" representatives of an ousted Islamic movement, "frankly, remains our greatest challenge," said Jendayi Frazer, assistant secretary of state for African affairs.

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In particular, the transitional government's decision yesterday to fire the parliamentary speaker, Sharif Hassan Sheik Aden, who had made peace overtures to the Islamic movement, would have a "negative impact," Frazer said at a conference on Somalia at the Center for Strategic and International Studies in Washington.

The administration had been clear in discussions with the government, she said, that it "must reach out" to other groups in order to break the cycle of violence in Somalia.

In Nairobi, the U.S. ambassador to Kenya, Michael E. Ranneberger, told reporters that Aden was "the kind of person who could pull people together."

In a separate address at the Washington conference, Sen. Russell Feingold (D-Wis.) said the transitional government was "already running the risk of missing a critical window to establish itself as a credible, transparent and representative government." Feingold criticized what he said was the Bush administration's slow response to the situation in Somalia and its focus on capturing al-Qaeda suspects it says are being harbored by the Islamic movement.

The U.S. military targeted al-Qaeda suspects in an airstrike this month in southern Somalia, where they had fled after Ethiopian troops invaded in late December and installed the transitional government in Mogadishu, the Somali capital. The strike killed as many as 10 people but none of the targets.

A more "comprehensive strategy" including assistance for security, governance, reconstruction and humanitarian needs "has yet to be developed," said Feingold, chairman of the Senate Foreign Relations subcommittee on African affairs. He said he would hold early hearings on Somalia.

Frazer said the administration already has a comprehensive strategy covering those areas. There are continuing efforts to enlist an African peacekeeping force to replace the Ethiopian military, she said, although Uganda remains the only country that has made a commitment to the mission. Details are being worked out for a U.S. airlift of the 1,500 Ugandan troops, who she said should arrive by mid-February.

"I'm so keen on this I feel like maybe we should just hire some planes and pick them up and drop them at the Mogadishu airport," she said.

In addition to promoting political stability and a peacekeeping force, Frazer said, the administration was committed to providing reconstruction and humanitarian assistance. Secretary of State Condoleezza Rice recently announced an initial $40 million in U.S. aid.

Senator Calls For New US Push On Somalia (AFP)

AFP, January 18, 2007

The US Senate's top Africa hand urged the Bush administration to work urgently to establish a peacekeeping force and an international trust fund for stricken Somalia.

"The window of opportunity to effect change in Somalia is closing," Senator Russ Feingold, the new Democratic chairman of the Senate Foreign Relations panel's Africa subcommittee said.

Washington needs to "quickly and aggresively on all fronts," Feingold said, warning that without action, Somalia's status as a security threat to US interests would grow.

Chasing Al-Qaeda cells in Somalia in US strikes, was not enough, Feingold said, opening a half-day conference on Somalia's plight, sponsored by several policy groups at the Center for Strategic and International Studies think-tank.

Washington must crank up diplomatic efforts towards the formation of a representative national government in Somalia, as well as on a trust fund backed by international donors, he said, adding that the US government should also appoint a special envoy to rally global efforts.

"The price tag will be significant ... (but) we are spending eight billion dollars a week in Iraq, a place where Al-Qaeda wasn't in the first place.

"But we can't even (have an) increase over the 40 million we are doing now with regards to Somalia ... we are just not thinking straight."

Feingold was speaking hours after fresh signs emerged of Somalia's fractured political climate, as lawmakers sacked the speaker of parliament. Sharif Hassan Sheikh Aden, and days after a US strike against an alleged Al-Qaeda cell.

Ethiopian troops entered Somalia in December to support the weak Somali transitional government against powerful Islamists and quickly ousted the Islamists from Mogadishu and much of southern Somalia.

Along with the United States, United Nations and others, Ethiopia, supports deployment of an African peacekeeping force to stabilize Somalia and assist the Somali government in consolidating its limited power.

Aid Groups Warn Of Wider Darfur Crisis (AP)

By Alfred De Montesquiou

DOJ_NMG_0118464

AP, January 18, 2007

In a sweeping call for help, a wide range of U.N. aid agencies appealed Wednesday to warring parties to end the violence in Darfur, warning the relief keeping millions alive will be "irreversibly jeopardized" if it does not stop.

The humanitarian groups said a massive influx of foreign aid was the only thing "holding the line" for 2.5 million refugees and over 1 million other civilians in Darfur.

"That line cannot be held much longer," warned the statement issued by 14 United Nations agencies working in Sudan.

Aid groups and U.N. officials have for months been alarmed by the rapidly deteriorating conditions faced by civilians in Darfur, where over 200,000 people have been killed since rebels took up arms against the central Sudanese government in 2003, accusing it of neglect.

The government is accused of having retaliated against civilians with air raids and by unleashing the janjaweed, militias of Arab nomads blamed for the worst atrocities in the conflict.

"Villages have been burned, looted and arbitrarily bombed, and crops and livestock destroyed. Sexual violence against women is occurring at alarming rates. This situation is unacceptable," the statement warned.

The humanitarian groups said what pushed them to issue the appeal Wednesday was the increased targeting of aid workers in the region. The splintering of rebel groups into lawless factions without clear leadership, as well as government restrictions, is making it ever more difficult for aid workers to operate, they said.

"The humanitarian space that we operate in is shrinking," said Ted Chaiban, Sudan country manager for UNICEF, which signed with appeal. Other signatories included the World Food Program, the U.N. Development Program, and the U.N. High Commissioner for Refugees.

With repeated military attacks and shifting front lines, December was the worst month in Darfur in over two years, the statement said. It followed six months of escalating violence, during which 30 U.N. and other aid compounds were attacked, forcing some 400 U.N. and other aid workers to relocate. During the same period, 12 aid workers were killed in zones controlled by rebels and government forces.

"Before, aid workers were being caught up in the violence. Now they're actually being targeted," said Alun McDonald, spokesman for the British aid group Oxfam in Sudan. "It's not the occasional vehicle getting lost, it's compounds being looted in coordinated attacks."

U.N. and other humanitarian groups say the turning point came on Dec. 18, when at least four aid organizations were attacked in the South Darfur camp of Gereida, the region's largest with 130,000 refugees.

Offices and housing compounds were simultaneously raided, cars and radio equipment plundered, some aid workers endured mock executions and assailants raped a female aid worker from the French aid group Action Contre la Faim.

"We're still trying to understand what happened," said the French agency's Sudan coordinator Philippe Conraud. "The fact that we can't assess why this took place is worrying us for the future."

Nearly all aid workers have evacuated Gereida, a zone reputed to be controlled by fighters from the faction of the Sudan Liberation Movement led by Minni Minawi, the one rebel leader who signed a peace agreement with the government last May.

Conraud said Minawi had provided "very little explanation," but had promised to investigate the incident.

"If the raids were a clear message that aid groups aren't welcome in Gereida anymore, then we'll have to move out permanently," he said.

Meanwhile, 130,000 people who depend on aid to survive in Gereida have not received food since mid-December. "The situation could become very alarming within a few weeks," Conraud said, pointing to World Food Program estimates that more than 170,000 people are now out of reach in South Darfur alone and are seriously at risk for malnutrition.

Deteriorating hygiene in the crowded refugee camps and the isolation of villages have triggered a new surge of cholera, the aid groups said, with 147 dead and more than 2,700 suffering from the epidemic in 2006.

"If this situation continues, the humanitarian operation and welfare of the population it aims to support will be irreversibly jeopardized," the U.N. statement warned.

The U.N. aid groups called on Khartoum's government and the rebels to "take concrete steps toward a peaceful settlement in Darfur and the respect of international humanitarian law and principles" and to hold the perpetrators of crimes accountable.

Pulling out of the region for good is not an option, the aid groups insisted. But the current violence "raises the question of whether we are having an impact that justifies those risks," said Chaiban of UNICEF.

U.N. agencies say Darfur has been their single largest humanitarian effort, with nearly 1 million tons of food delivered at a cost of over $1 billion since April 2004, and the mobilization of some 15,000 Sudanese and international aid workers.

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Associated Press Writer Mohamed Osman contributed to this article in Khartoum, Sudan.

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Ban Ki-moon Vows To Reform The U.N. (AP)

By Kasie Hunt, Associated Press Writer

AP, January 18, 2007

The United Nations will see a series of reforms and be "reborn" under new leadership, new U.N. Secretary General Ban Ki-moon said Wednesday.

"I am very much committed to changing the culture of the United Nations," Ban told reporters at the U.S. Capitol after meeting with members of the House Foreign Affairs Committee.

Ban also called on Congress to reverse a law that caps U.S. spending on U.N. peacekeeping missions at 25 percent of the total cost. A U.N. agreement requires the U.S. to pay approximately 27 percent of the costs. Congress voted for the cap in April 2005 in response to the allegations of corruption and mismanagement in the oil-for-food program for Iraq, sexual abuses by peacekeepers and other scandals.

Ban's pledge of additional reforms came in the wake of Tuesday's indictment of U.N. oil-for-food chief Benon Sevan, who was charged with taking a $160,000 (euro124,000) bribe to influence who could buy Iraqi oil under the scandal-tainted humanitarian program.

That scandal sullied the record of then-Secretary-General Kofi Annan when an investigation led by former Federal Reserve chairman Paul Volcker blamed shoddy U.N. management and the world's most powerful nations for allowing corruption in the $64 billion program to go on for years.

Ban, who was South Korea's foreign minister, took over for Annan on Jan. 1.

The Democratic chairman of the Foreign Affairs Committee, Tom Lantos of California, praised Ban for promising reforms and pledging to release his own financial records. Lantos said this would be a first in the U.N.'s history.

The panel's top Republican, Ileana Ros-Lehtinen of Florida, said: "The U.S. spends a lot of money on the U.N. system, and we want to see real results and real reforms."

The meeting with members of Congress came a day after Ban met with President Bush at the White House. Bush and Ban suggested they want to put behind them the discord typified by the administration's clash with the United Nations over the U.S.-led war that overthrew Saddam Hussein in Iraq.

Ban said he would need congressional help as he tries to mend that relationship.

"We need very active and continuing support from the U.S. Congress," Ban said.

Workers Allege Abuse By Kuwaiti Attache (WP)

By Henri E. Cauvin

The Washington Post, January 18, 2007

Three Indian women who worked in the McLean home of a Kuwaiti military attache filed a lawsuit yesterday alleging that they were brought to the United States illegally and abused and exploited by the diplomat and his wife.

One of the women, Mani Kumari Sabbithi, fled the family's home after the diplomat and his wife became angry over a mistake she made in preparing a meal for the couple's triplets, then 1 year old, the suit alleges.

The wife, Maysaa Al Omar, pulled Sabbithi's hair and threatened to cut off her tongue, the suit alleges. The husband, Maj. Waleed Al Saleh, started screaming at Sabbithi and pushed her to the floor, knocking her out, the suit alleges.

Soon after, Sabbithi went to the home of a sympathetic neighbor to whom the women had confided their problems, according to the lawsuit.

A few months later, in January 2006, the other two workers, Joquina Quadros and Gila Sixtina Fernandes, fled as well, pretending they were going upstairs to do laundry but instead ducking out while their bosses were in the basement, the lawsuit said.

Filed against the couple and the government of Kuwait, the lawsuit is the latest legal effort to curb the exploitation of foreign domestic workers, particularly by diplomats, whose immunity can make it difficult for authorities to investigate allegations of abuse, let alone act to halt such conduct.

Jasem Albudaiwi, the first secretary of the Kuwaiti Embassy in Washington, said Kuwaiti officials learned of the allegations yesterday after media inquiries about the lawsuit and were not able to immediately address the accusations.

"We're investigating all aspects," Albudaiwi said. "We in the embassy don't tolerate any sort of abuse, especially of domestic helpers."

Al Saleh, who lives in the 7000 block of Elizabeth Drive, did not respond to a request made through an embassy spokeswoman for comment on the allegations against him and his wife.

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The lawsuit was filed at the federal courthouse in Washington by lawyers from the American Civil Liberties Union. It seeks an unspecified amount of damages for economic losses as well as mental and emotional anguish.

Like many domestic workers who accompany expatriates on assignments to the United States, the women had been granted visas that are conditioned on their continued employment with the person who sponsored them -- a condition that gives the employer tremendous leverage and that can pose a perilous obstacle to filing a complaint about mistreatment.

In this case, the women came from impoverished backgrounds in rural India, the suit said. They alleged a range of abuse, threats and exploitation. At least two of the women were given contracts promising salaries of roughly $1,300 a month for eight-hour work days, the suit alleges. Instead, they were forced to work up to 12 to 18 hours every day doing "backbreaking work" by caring for the couple's four children and performing numerous household chores, the suit said. They were paid just a few hundred dollars a month, according to the suit.

In addition, the money was never given directly to them but instead was sent to relatives in the Middle East, the suit alleges.

Now living in New York state, Fernandes, 39, Quadros, 40, and Sabbithi, 33, have been granted special temporary visas issued to victims of human trafficking, said a lawyer for the women, Claudia Flores of the ACLU.

The ACLU's Women's Rights Project in New York and the law firm Dechert LLP drafted the suit, which alleges human trafficking, forced labor, involuntary servitude, false imprisonment, assault, battery and other violations of the law.

Flores said arguments of diplomatic immunity can be overcome if the case involves a commercial relationship outside the scope of official responsibilities. In those instances, she said, the diplomat's conduct might not be covered by the Vienna Convention.

The exploitation of foreign domestic workers, particularly from South Asia, is a pervasive problem in Kuwait, the lawsuit claims, citing reports by the U.S. State Department and the advocacy group Human Rights Watch.

Victim Of His Power Grab (WP)

By Steven Mufson

Washington Post, January 18, 2007

Chavez's Nationalization Disillusions Utility-Owner AES

Dennis W. Bakke remembers Venezuela's President Hugo Chavez as a charming conversationalist. Chavez loved to talk about baseball and closely followed the fortunes of Venezuelan players in the U.S. major leagues.

And when it came time to talk business, Chavez was supportive. Bakke, then chief executive of AES, wanted to know what the populist leader of Venezuela thought about an Arlington power-generation company spending about $1.7 billion to buy a controlling stake in the Caracas electric utility.

"He was very reassuring," Bakke says. On April 28, 2000, after one of their meetings, Bakke and Chavez emerged from the presidential residence La Casona all smiles, according to one newspaper report. Chavez called Bakke a "revolutionary entrepreneur who wanted to invest in Venezuela." Bakke said he had come to Caracas to "learn how to be a revolutionary businessman."

Seven years later, no one at AES is smiling, and there was nothing reassuring about the Jan. 8 announcement by Chavez that he would nationalize the telecommunications and electric utility industries, including the 82 percent AES stake in the Grupo La Electricidad de Caracas (EDC). The minister of mines and energy, Rafael Ramirez, said on Monday that it was a "reasonable" goal to take over EDC by June as part of a nationalization in which at least four utilities could revert to state control.

Ramirez didn't say how the Venezuelan government would compensate AES or other investors, but the mere talk of nationalization has knocked $138 million, or 15 percent, off EDC's market capitalization on the Venezuelan stock exchange. AES stock dropped as much as 5.4 percent after the announcement, though it has since rebounded.

"Taking risks is what business is all about," Bakke said in an interview yesterday. "The question is how much risk you take." In this case, he said, "we took too much."

Forbes magazine at the time said the AES move was "perplexing," noting that other investors were fleeing because they saw Chavez as an unpredictable, self-styled revolutionary autocrat. But Bakke, now retired from AES and running a chain of charter schools, said the opinion of AES executives and directors was unanimous back then.

"Now I think it was a mistake," he said. "Not so much doing it; you're going to make mistakes. You'd like to be smarter about how big a mistake."

Ramirez suggested that Chavez had "serious complaints" about the way AES has been running the utility, but Michael Shifter, vice president of the Inter-American Dialogue, said AES has simply been caught in Venezuela's political vortex. Since his inauguration last week, Chavez has moved to tighten control of a major private TV station and said the state would soon take

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majority interest in four international oil projects. Flush with oil revenue, Chavez has shown little concern for plummeting foreign investment.

Critics say that the government's plan to create a new state power firm, 40 percent owned by the state oil company, is a recipe for inefficiency. El Nacional, a major newspaper in Caracas, reported yesterday that official data show that in 2006, EDC had the lowest number of blackouts of any of the country's 11 electricity companies. The paper said that in 2006, there were 148 hours of service cuts. By comparison, Cadafe, the most inefficient of six state-owned firms, had 34,536 hours of cuts, the paper said.

"It is very hard to find an economic rationale for these decisions," Shifter said. "This is arbitrary autocratic rule. Chavez makes his decisions according to a political calculus."

Back in 2000, that political calculus was different. EDC was founded in 1895, and Chavez was happy to have local investors, most of whom opposed his presidency, bought out. Local stock markets, in a slump since Chavez took power, rebounded after the AES investment. And Chavez was impressed by Bakke, a devout Christian who still believes that "the purpose of business is not making money or making a stock price go up, but to do something wonderful for society . . . in an economically sustainable manner."

Asked about the AES investment by a Venezuelan newspaper in May 2000, Chavez said, "I do not have to meddle in that, because I consider it strictly private." He said the company's executives "displayed a quite progressive vision."

For AES at that time, there were reasons to take the risk. Because so many foreign investors were nervous about Venezuela, the price of EDC shares was attractive. EDC paid out $184 million in dividends to AES in 2004 and 2005, according to the AES Web site. EDC has generating plants, about 2,600 employees and more than 1 million customers.

Bakke said the EDC investment was one of a handful made during his tenure that violated his own guidelines limiting AES's exposure in any one place.

Current AES chief executive Paul Hanrahan, who was a key player in the Venezuela deal in 2000, and other AES officials declined to comment for this article. But today the company is more diversified than ever, with 121 power generation projects in 26 countries and 14 distribution companies. And Hanrahan says the company expects to devote about 30 percent of its capital spending in the next five to seven years to alternate energy projects. (The chairman of the AES board is now former federal budget director and Carlyle Group partner Richard Darman; one of the directors is Charles Rossotti, former Internal Revenue Service commissioner.)

The breadth of AES operations today has cushioned the impact of the Venezuela news, but it could still be substantial. Shelby G. Tucker, a utility analyst with Bank of America, told investors that if AES does not get any compensation for EDC, it would lose about $1.5 billion, or about 10 percent, of its value. But the minority investors in EDC are Venezuelans, and analysts think Ch?vez will want to compensate them. "All signs are that the government intends to push forward and wants to give fair value for the assets," said Guilherme Paiva, a Latin America equity analyst for Deutsche Bank Securities. "Now what is fair value? That is the million-dollar question."

Pulling The Plug On Anti-Chavez TV (WP)

By Juan Forero

The Washington Post, January 18, 2007

CARACAS, Venezuela, Jan. 17 -- Inside Radio Caracas Television, actors make racy soap operas about love gone bad while an influential television host pillories President Hugo Ch?vez. Outside the station, none of that sits well with Alberto Carias, a beefy man with a bullhorn whose agitated followers promise that the days of Radio Caracas Television are numbered.

He makes no pretense about who made the decision -- the president, who is poised for sweet revenge against one of his most dogged antagonists, known here by its call letters, RCTV.

"Here they practice yellow journalism, treacherous journalism that goes against the people's rights," Carias told a crowd earlier this week. And then, discussing the entertainment side, he said: "The children are the ones affected for many years by the sex, by the violence of these programs that go against the morality of children, that go against the morality of the Venezuelan people."

As Chavez accelerates his country's shift toward "21st-century socialism," a decision not to renew RCTV's broadcast license is among the government's more dramatic steps, and one that has caused serious concern among free-press advocates. While Venezuelan officials have accused the 54-year-old station of having collaborated with organizers of a 2002 coup against Chavez, the Committee to Protect Journalists in New York, the Organization of American States and the Catholic Church have warned that press freedoms in Venezuela are in danger.

The case has attracted widespread attention from officials in Washington and Latin America, for whom the non-renewal of a license has echoes of right-wing dictatorships of the past, when newspapers and broadcasters were closed if they veered from

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the party line. Though self-censorship and slayings of journalists remain common, particularly in Colombia and Mexico, the closing of a media outlet for political reasons has not occurred in years.

"The RCTV case is clearly a case of censorship and the most grave step back in the region since Fujimori," said Jos? Miguel Vivanco, Americas director for Human Rights Watch, referring to widespread manipulation of the media by Peruvian President Alberto Fujimori in the 1990s. "Chavez is not renewing the concession to punish a medium for its opposition to the government."

RCTV produces Venezuela's sappy soaps, known as telenovelas, which are wildly popular and have been exported to more than 80 countries. It runs an academy that trained 5,600 actors, journalists and technicians last year, and its news operation has 250 staff members and offices in 10 cities across the country.

Much to the bane of the government, it also features Miguel Angel Rodr?guez, whose three-year-old program, "The Interview," makes mincemeat of Chavez's government every weekday morning. Sitting before a giant screen where Chavez's speeches are replayed, Rodriguez and his guests, usually staunch foes of Chavez, dissect the president's statements and declare his government anti-democratic and incompetent.

"Could we say to Venezuelans that a person of this sort, Hugo Chavez, is rising up against the liberty of Venezuelans?" Rodriguez asked a guest on a recent morning. "Is this constitutional reform, the enabling law and this giant step to consolidate 21st-century socialism a method of finding a legal way to install totalitarianism?"

Government officials openly disparage RCTV's daily programming -- seeing its soaps as akin to pornography. The president has accused RCTV of "poisoning the souls of children with irresponsible sex."

But what really angers the government is what happened before and after April 11, 2002, when an anti-government protest ended in violence and the ouster of Ch?vez. RCTV, like three other major private television stations, encouraged the protests and, once Ch?vez was ousted, celebrated his removal. But when the interim government that replaced him began to collapse, RCTV and other stations blacked out the news -- which the government says was done to keep Venezuelans from rising up against the coup organizers.

The director of the station, Marcel Granier, denies taking part in the coup. "That doesn't apply to me," he said. "I was never in any of those meetings." Granier does acknowledge participating in efforts to mount a recall referendum against Ch?vez in 2004 that failed when the president won 59 percent of the vote. But he contends that RCTV tries to be fair, offering invitations to government officials that are usually ignored.

"What we have tried to do is preserve spaces for pluralism so that different opinions are heard," he said.

Government officials say RCTV has shown nothing but contempt for them. "They were part of the team of conspirators," said Saul Ortega, a congressman. "It's a subversive channel that skirts the law. In no other country would that have been permitted."

Still, the government has not filed charges against any of RCTV's directors. Officials cite the station's anti-government position as a motivation for the non-renewal of its license, set to expire at the end of May.

William Lara, the communications minister, told a delegation from the Committee to Protect Journalists that the station violated a vaguely worded 2004 law by broadcasting sexually suggestive programming during daylight hours. But the government has never provided the station, nor the committee, with an official detailed explanation for the non-renewal.

"The government's decision not to renew the concession is a decision that lacks transparency," said Carlos Lauria, an Argentine journalist who headed the committee's delegation. "We are worried because this can have consequences for the exercise of free expression."

Free expression is exercised in Venezuela. Another influential television station, Globovision, lambastes the government frequently, and Caracas boasts a range of newspapers, many of them with an anti-government bent.

But the government has steadily been pressuring the opposition media -- prompting a once aggressive station, Venevision, to dramatically tone down its news reports. Journalists say access to information is routinely denied, and state advertising is withheld from some opposition media outlets. The government is now planning to close many press relations offices, funneling all information through the communications minister, according to a report in El Universal newspaper.

The state funds hundreds of community radio stations and numerous newspapers. State television channels run Chavez's speeches and forums where moderators extol the virtues of the government. In 2005, the government founded Telesur, a network for Latin America that Chavez says is a leftist alternative to CNN En Espanol.

If the government follows through with its plans on RCTV, it will mark the end of an era for a station that produced the long-running humor program "Radio Rochela" and famous telenovelas such as "Through These Streets," which dealt with social tensions, and "My Fat Beauty," a humorous look at its lovable protagonist.

In RCTV's sprawling facility, which includes a network news center, studios for soaps, editing rooms and warehouses, workers are trying to stay optimistic.

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Cameras roll, directors give orders from a control booth and technicians test for sound in a warren of editing rooms.

Sitting in the makeup room this week, with her hair being blow-dried, actress Hilda Abrahamz was wistful when asked about RCTV's future. She is working on the latest soap in her 25-year career at the station.

"Here, I was born as an actress," she said. "I owe my artistic career to Radio Caracas because they gave me the opportunity to start here."

Border Agent Kills Immigrant; Mexican Government Protests (NYT)

By Jonathan Clark

The New York Times, January 18, 2007

BISBEE, Ariz., Jan. 17 —A Mexican immigrant was shot and killed on Friday by a Border Patrol agent in Arizona, prompting an investigation by federal authorities and condemnation from President Felipe Calderón of Mexico.

The immigrant, Francisco Javier Domínguez Rivera, 22, was shot as he and six others were being taken into custody by a Border Patrol agent, shortly after they crossed illegally into Cochise County in southeastern Arizona, between Naco and Douglas. Before he was shot, Mr. Domínguez Rivera scuffled with the agent, whose identity was not released, a Border Patrol spokesman said.

It was the first fatal shooting by a Border Patrol agent since Aug. 26, 2006, when an agent killed a man who was throwing rocks from the Mexican side of the border near Andrade, Calif., Xavier Rios, an agency spokesman, said.

The Cochise County Sheriff's Department and the federal Department of Homeland Security, the parent agency of United States Customs and Border Protection, are investigating the shooting.

The F.B.I. is also looking at the case and will review the results of the other inquiries before determining whether to expand its investigation, said an agency spokeswoman in Phoenix.

"Any time there's an assault on a federal agent, we're involved," Deborah McCarley, the Federal Bureau of Investigation spokeswoman, said. "As we go along, if information surfaces that there's been a civil rights violation, then we obviously would take a look at that."

Lt. Cmdr. Mark Dannels, a sheriff's department spokesman, said the shooting was prompted by stone throwing. A Border Patrol statement called it a scuffle but did not mention stone throwing.

Also, the two agencies' descriptions of where the shooting occurred differed by several miles.

Initial reports suggested that Mr. Domínguez Rivera was unarmed, Jesus Rodriguez, a spokesman for the Border Patrol in Tucson, said. Officials would not be able to say for certain until the investigation was completed, Mr. Rodriguez said.

President Calderón, who took office in December, said at a news conference on Sunday, "I want to begin by extending my deepest condolences, and then my most energetic protest over the death of our countryman, a native of Puebla, who died in Arizona from a gunshot after having been detained by the U.S. Border Patrol."

The Mexican Ministry of Foreign Relations sent a formal note to the State Department expressing "its serious concern over the recurrence of this type of incident."

At a news conference on Wednesday, Tom Casey, a State Department deputy spokesman said, "My understanding is we have received a diplomatic note from the government of Mexico on this incident."

Any response would depend on the outcome of the federal inquiries, Mr. Casey said.

Prison 'Rewards' Border Agents (WT)

By Jerry Seper

The Washington Times, January 18, 2007

Two former U.S. Border Patrol agents surrendered yesterday to begin prison sentences for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico.

Ignacio Ramos, 37, and Jose Alonso Compean, 28, said goodbye to their wives and six children -- three each -- as they turned themselves over to U.S. Marshals shortly after 1:30 p.m. at the federal courthouse in El Paso, Texas, to begin 11- and 12-year sentences, respectively.

Rep. Dana Rohrabacher, the California Republican who has been at the forefront of efforts to have the prosecution reviewed and the agents re-tried, yesterday criticized the White House for not acting in the case.

"This is the worst betrayal of American defenders I have ever seen," Mr. Rohrabacher said of President Bush. "It's shameful this was done by someone who is in the Republican Party. He obviously thinks more about his agreements with Mexico than the lives of American people and backing up his defenders.

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"Our border agents risk their lives daily to uphold our immigration laws and defend our borders," he said. "If the conviction of Ramos and Compean is an indication of how our government will repay them, we can be certain good men and women will soon flee the ranks of Border Patrol service."

Ramos, a 10-year Border Patrol veteran and former "Agent of the Year" nominee, and Compean, a five-year member of the agency, were sentenced in October in federal court in El Paso on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

The conviction came after the smuggling suspect, Osbaldo Aldrete-Davila, was located in Mexico by Department of Homeland Security investigators and was given immunity by U.S. prosecutors against any drug charges in exchange for his testimony against the agents.

"How will my children cope with this?" Patty Compean asked reporters as her husband prepared to turn himself over to federal authorities. "My husband is a good man and a good father. Sometimes I just don't know how this all happened."

The White House refused last week a request by Republican House members to keep the two men out of prison pending their appeal. Bush spokesman Tony Snow said that the case against the agents had been mischaracterized, that they had violated regulations and that they had been convicted by a jury.

The two men surrendered after U.S. District Judge Kathleen Cardone, who heard the case, denied a motion that they remain free on bond pending an appeal to the 5th U.S. Circuit Court of Appeals in New Orleans for a new trial.

"Because defendant has been convicted of a crime of violence, he is eligible for release pending appeal only for exceptional reasons," Judge Cardone said in denying the motion. "The court finds that no exceptional reasons exist in this case."

Both men were handcuffed and taken to the county jail for two weeks to a month until they can be transported to their assigned federal prisons. Ramos is expected to be housed in Mississippi, while Compean will be incarcerated in Ohio.

Last month, Mr. Rohrabacher announced a petition drive calling for the commutation of the sentences. His spokeswoman, Tara Setmayer, said that more than 252,000 signatures were collected and that the petition was presented this week to the White House.

The immunity agreement protected Aldrete-Davila from being charged in the United States with drug smuggling. Ramos and Compean found 743 pounds of marijuana in the van he abandoned near the Rio Grande along the border with Mexico.

Aldrete-Davila was shot after he illegally entered the United States near Fabens, Texas, and refused efforts by the agents to stop his vehicle. Court records show he jumped from his van and ran south to the Rio Grande, where he was confronted by Compean, who was knocked to the ground.

Although wounded, Aldrete-Davila managed to cross the border and escape in a waiting van.

The government's prosecution began after an investigator from the Department of Homeland Security's Office of Inspector General located Aldrete-Davila in Mexico. The investigator had been dispatched after the suspect's mother complained to a Border Patrol agent in Arizona that her son had been shot.

DOJ_NMG_0118471

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, January 19, 2007 8:22 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, January 19, 2007
Attachments:	agnb070119.pdf; agnb070119.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 19, 2007 7:45 AM EST

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TERRORISM NEWS:

Administration's Post-9/11 Policies Under Fire On The Hill. ABC World News (1/18, story 6, 1:50, Gibson, 8.78M), the only network to report on Attorney General Alberto Gonzales' appearance before the Senate Judiciary Committee, said last night the hearing was "a dramatic display on just how things have changed on Capitol Hill. Now the Democrats are in charge." Gonzales "did more listening than talking. Anger on the administration's conduct in the war on terror came pouring out." ABC (Thomas) added, "The new Democratic Chairman of the Judiciary Committee accused the Attorney General and the Bush Administration of trampling the Constitution." Sen. Patrick Leahy: "I have never seen a time when our Constitution and fundamental rights as Americans were more threatened by their own government." Gonzalez "fired back that the country faces a ruthless enemy." Gonzales: "At the Department of Justice, every day is September 12th." But "Democrats, and even some Republicans, engaged in an often searing assault on a range of issues. On the practice of rendition specifically whether the US Should have sent a Canadian terror suspect to Syria, where the man was allegedly tortured."

Print coverage was markedly negative toward the Administration. The Los Angeles Times (1/19, Schmit, Miller, Savage, 850K) says "the Bush administration refused to provide details to Congress of how a new court-review process for terror-related wiretaps would work, triggering a fresh round of complaints and suspicions from Democrats about what the administration was doing. At the same time, President Bush and other administration officials indicated that little had changed in the electronic eavesdropping program. … With Gonzales and other officials mum about the program's details, Democrats refused to accept their assurances. It was not immediately clear how that stalemate might be resolved."

The Financial Times (1/19, Sevastopulo), under the headline "Senators Blast Bush Security Policies," notes the Administration's "policy U-turn" on warrantless surveillance "comes just weeks before an appeals court was scheduled to hear the case, but Mr Gonzales denied that the administration's switch was related to the legislation."

USA Today (1/19, Leinwand, 2.27M) reports Committee Chairman Pat "Leahy and other senators made it clear that they remained unhappy about the administration's handling of surveillance issues. They said they will be watching how the program operates now that surveillance requests will be vetted by the court established in 1978 by the Foreign Intelligence Surveillance Act (FISA). 'For years, the administration has engaged in warrantless wiretapping of Americans, I believe contrary to the law,' Leahy said." He added, "The Justice Department has been complicit in advancing these government policies, which threaten our basic liberties and overstep the bounds of our Constitution."

The New York Times (1/19, Liptak, 1.16M) reports, "In a four-paragraph letter on Wednesday announcing that the Bush administration had reversed its position and would submit its domestic surveillance program to judicial supervision," Gonzales "used one phrase three times. A secret court, he said, had fashioned a way to allow the program to be monitored by the judiciary without compromising the need for 'speed and agility.'" That phrase also "captures, some critics say, the administration's moving-target litigation strategy, one that often seeks to change the terms of the debate just as a claim of executive authority is about to be tested in the courts or in Congress. … In other cases, too, the timing of litigation decisions by the government has been suggestive." For example, "shortly before the Supreme Court heard a set of three detainee cases in 2004, the administration reversed course and allowed two Americans held incommunicado by the military to meet with their lawyers, mooting that issue. After the court ruled that one of the men, Yaser Hamdi, could challenge his detention in court, the administration instead freed him and sent him to Saudi Arabia." And "just as the Supreme Court was considering whether to review the case of the second man, Jose Padilla, he was transferred to the criminal justice system last year, mooting his appeal."

Time (1/19, Bennett) reports, "Alberto Gonzales spent two hours every day for the last three weeks steeling himself for today's hearing before the Democrat-led Senate Judiciary committee, says a close aide. Staffers peppered him with possible questions that each Senator might ask. He went in armed for the fight with freshly penned letter to the chairmen of that committee — Democrat Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania — telling them not

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to worry about the whole warrant-less wiretapping issue anymore; it has been approved by judge. It seemed like a nimble pre-emptive duck to take a contentious issue off the table. Some Senators thought it felt more they were being led down a rabbit hole." Time continues, "In an often-heated exchange, Gonzales refused to disclose details about the court's decision and exactly how it applied to the President's controversial wiretapping program. … The big question was whether there will be some genuine judicial oversight that monitors how individual wiretaps are being used, or if the court approval is a one-time pass for the entire program. Frustrated Senators pointed out that it was still unclear what procedures, if any, will actually change with the court order, issued on Jan. 10 by a single judge sitting on the secret Foreign Intelligence Surveillance Act (FISA) court."

The AP (1/19, Jordan) reports Gonzales "offered few answers" yesterday, "maintaining during 3 1/2 hours of sharp rebukes that disclosing details of the program would expose sensitive security information. His resistance was underscored by a letter from the Foreign Intelligence Surveillance Court's presiding judge, offering to detail some of its new authority with lawmakers if allowed to by the Bush administration." At one point, Leahy asked, "Are you saying that you might object to the court giving us a decision that you publicly announced? … Are we a little Alice in Wonderland here?" Gonzales responded, "There is going to be information about operational details about how we're doing this that we want to keep confidential." The Washington Times (1/19, Seper, 88K) notes "both Democrats and Republicans on the committee demanded more information about the court's oversight role, citing a letter from FISA's presiding judge saying the court would have no objection to giving the panel confidential information, but it would have to be provided by the Justice Department."

The Washington Post (1/19, A6, Eggen, 690K) reports the Administration "quickly locked horns with Democratic lawmakers," adding the "debate underscored continued skepticism among Democrats and some Republicans over the parameters and legality of the administration's surveillance efforts, even with court approval, and signaled that Congress and the executive branch are likely to continue sparring over the details." The Post adds, "Although the precise contours and scope of the revised spying program remain unclear, some new information emerged yesterday." GOP. Sen. Arlen Specter "said Justice Department briefers told him the effort was based on 'individualized' warrants, rather than a blanket order that would allow broader surveillance. Four other people who have been briefed on the program, who spoke on the condition of anonymity because the program is classified, described it as a hybrid effort that includes both individual warrants and the authority for eavesdropping on more broadly defined groups of people."

The New York Times (1/19, Johnston, Shane, 1.16M) also says "a Congressional official who has been briefed on the new procedures called it a hybrid of individual warrants and broader approval." At the hearing, Gonzales "tried, apparently without success, to quell the flood of questions." The session "quickly became a forum for senators to say the administration was withholding pertinent information about the decision. House Democrats raised similar concerns."

The AP (1/19, Raum) describes the Administration's "about-face on warrantless wiretapping" as "the latest in a series of White House retreats and reversals. This is a different day for a president known for his stubbornness and insistence on seeing things his way. In just two months, Bush has acknowledged making mistakes in Iraq, sacked Donald H. Rumsfeld at the Pentagon and given up the fight for John Bolton at the United Nations." He "has promised a plan to balance the budget by 2012 -- after aggressively presiding over record deficits and tax cuts; Democrats also have set such a target. And the president has agreed tentatively to increasing the minimum wage." Bush "seems to be bending to the realities of the new Democratic control of Congress - and laying down markers to keep the last two years of his presidency from being seen as only about Iraq." The Christian Science Monitor (1/19, Grier, 59K) runs a similar report titled "White House Backs Down On Wartime Powers," in which it says Bush "has claimed some far-reaching powers for the executive branch in its prosecution of the war against global terrorism – but in the face of legal challenges and newly empowered Democrats, some of those powers slowly are being curtailed."

McClatchy Newspapers (1/19, Gordon) reports, "Until now, the National Security Agency's domestic surveillance program, launched in the months after the Sept. 11 terrorist attacks, has monitored overseas phone calls and other electronic communications involving Americans without court warrants. … But Gonzales repeatedly rejected senators' assertions that it was illegal, saying the program was within President Bush's emergency war powers." McClatchy continues, "Testifying under oath in his first congressional appearance since Democrats took control of Capitol Hill this

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month, Gonzales was pummeled with allegations that the program and other administration anti-terrorism programs have trampled on federal civil rights laws and the Constitution. He also faced sharp questions about rising violent crime in some medium-sized cities, allegations of voting rights abuses against African-Americans in Maryland and his agency's recent dismissal of a half-dozen U.S. attorneys." McClatchy notes, "Leahy and Specter wrote to the FISA court's chief judge on Wednesday requesting copies of the new orders. Chief Judge Colleen Kollar-Cotelly responded that she had 'no objection' to making the material public, but that it's the court's practice to refer requests for classified information to the Justice Department. … Gonzales repeatedly emphasized that all members of the Senate and House intelligence committees have been briefed on the orders and didn't immediately say how he'd respond to the demand from the Judiciary Committee."

The Houston Chronicle (1/19, Roth) reports, "Attorney General Alberto Gonzales refused to promise a Senate committee that the administration would let it review the text of an agreement ending its warrantless wiretapping program." The Chronicle continues, "During a contentious Senate Judiciary Committee hearing Thursday, Democrats said they wanted more details about how the Foreign Intelligence Surveillance Court will approve federal eavesdropping on U.S. residents suspected of having ties to terrorists. … Committee chairman Patrick Leahy, D-Vt., was taken aback when Gonzales wouldn't commit to turning over the FISA order spelling out the domestic wiretapping program." The Chronicle adds, "In his first appearance before the Judiciary Committee under Democratic control, the Texas lawyer spent much of the day fielding often hostile questions."

Bloomberg (1/19, Rowley, Schmidt) reports, "Gonzales was also questioned about Bush's assertion, after signing postal authorization legislation, that he can order Americans' mail opened without a warrant. … 'To my knowledge there is no physical search of mail' unless authorized by the Foreign Intelligence Surveillance Court, Gonzales said."

Long Island Newsday (1/19, Brune) reports, "Gonzales wouldn't budge when Sen. Patrick Leahy (D-Vt.) disclosed a letter from the FISA court chief judge expressing a willingness to release the orders to the committee. … 'Are you saying that you might object to the court giving us a decision that you publicly announced?' Leahy asked. 'Are we Alice in Wonderland here?' … Gonzales said it wasn't his decision, but added, 'Certainly in the application, there's going to be information about operational details about how we're doing this that we want to keep confidential.'" Newsday notes, "Sen. Arlen Specter (R-Pa.) was also caustic in his questioning, noting it took Justice Department lawyers 19 months to win the court order, while he wrote a bill to do it in a year. … 'I cannot help but conclude there hasn't been a sufficient sense of urgency to get this done faster,' Specter said. … Gonzales said, 'I somewhat take issue with Sen. Specter's innuendo that this was something that we could have pulled off the shelf and done in a matter of days or weeks.' … Gonzales said the confidential briefings would help senators understand the orders."

CNET News (1/19, Broache) reports that "Gonzales' appearance before a key U.S. Senate committee Thursday yielded little new information about the Bush administration's sudden revelation that it would seek court approval for its domestic eavesdropping activities." CNET reports that Leahy and Specter "said they were pleased to hear that future activities associated with a controversial National Security Agency operation known as the Terrorist Surveillance Program would undergo review by judges on the secret Foreign Intelligence Surveillance Court. … But many critical questions about the scope and content of the court orders remain unanswered, committee members said."

National Journal's Technology Daily (1/19, Noyes) reports, "Gonzales remained guarded throughout the hearing and refused to answer a number of questions asked by committee" members. "Government lawyers are slated to appear before the 6th U.S. Circuit Court of Appeals in two weeks to challenge a lawsuit filed by the ACLU over the NSA program. The ACLU said a ruling remains important because the president still believes in his 'inherent authority to engage in wiretapping without the oversight of the [Foreign Intelligence Surveillance Act] court.'"

Leahy Grills Gonzales On Arar. The Canadian Press (1/19, Gorham) reports, "U.S. Attorney General Alberto Gonzales, lambasted by an irate senator Thursday over how Maher Arar was treated by American authorities, said he'll try to release more information about the case next week." CP continues, "Democrat Patrick Leahy, who heads the Senate judiciary committee, told Gonzales that officials knew 'damn well' Arar would be tortured when they deported him to Syria and Canadians are 'justifiably upset' about a matter that's 'beneath the dignity' of the U.S. … He also wanted to know why Arar remains on the U.S. security watch list despite being exonerated of any terrorist link … 'This country has not said

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anything at all, that we made a mistake or had an apology,' said Leahy. … 'Why is he on a government watch list if he's been found completely innocent by this Canadian commission, which actually had the information from us?'" CP adds, "According to Canada's Public Safety Minister Stockwell Day, there's no reason at all. … Day, in town for meetings on security matters, said Canadians have finally seen the Arar file that American authorities refused to share until now and there's 'nothing new' to suggest he's a safety risk. … For his part, Gonzales promised a briefing for senators and said he hoped to release the information publicly."

Local Television. Nationwide, major and small cities broadcasted this story. Cities include: Washington, DC, New York, NY, Los Angeles, CA, Chicago, IL, San Francisco and Sacramento, CA, Dallas, Houston, TX, Boston, MA, Detroit, MI, Tampa, Miami, FL, and Phoenix, AZ. Some examples are: WRNN-TV, New York, NY (1/18, 8:30 p.m.) broadcasted, "Today, Senators demanded details from Attorney General Alberto Gonzales about new orders putting the government's domestic spying program under court review. Meanwhile, the presiding judge of the Foreign Intelligence Surveillance Court said she had no objection to disclosing legal orders and opinions about the program that targets people linked to Al-Qaida, but the Bush Administration would have to approve release of the information. Gonzales and National Intelligence Director John Negroponte said it was uncertain whether the court orders and details about the program will be disclosed." KABC-TV, Los Angeles, CA (1/18, 11:00 a.m.) broadcasted, "Senators demanded details from Attorney General Alberto Gonzales, one day after the Bush Administration agreed to put the government's domestic spying program under court are view. The day after the Bush Administration surprised rehearsed of the wiretapping program, Attorney General Alberto Gonzales appeared in front of the Senate Judiciary Committee." KDAF-TV, Dallas, Ft. Worth, TX (1/18, 9:00 p.m.) broadcasted, "The President's domestic wiretap program went under the microscope on Capitol Hill this morning. Attorney General Alberto Gonzales testified before the Senate Judiciary Committee today. Yesterday, the Bush Administration announced it had reversed the position on the program. Gonzales says Federal investigators will get court approval."

More Commentary. In a column distributed by Scripps Howard (1/19), Dale McFeatters writes, "After a year spent fighting it, the Bush administration has made an abrupt about-face and put its wiretap program under the jurisdiction of a secret court, which many believe the law requires anyway." McFeatters continues, "The concession does not constitute a White House change of heart in its sweeping assertions of executive power, but rather a move to head off challenges to its warrantless eavesdropping in the courts and Congress that it seemed destined to lose. By folding now, the president retains the prerogative of reasserting the power later. … The Justice Department had already lost a challenge at the district court level and will now seek to have the case declared moot. The then-Republican Congress refused to ratify the program last year when its existence became known, and the Democrats might well have overturned it legislatively." McFeatters adds, "In essence, the administration said it would comply with the 1978 Foreign Intelligence Surveillance Act and seek warrants from the secret panel of federal judges for its monitoring of phone calls and e-mails to and from the United States, a process that it had insisted before was too slow and too cumbersome. … Still, questions remain about what the new compliance, under what the Justice Department says is an 'innovative' arrangement with the FISA court, really means. Must the National Security Agency seek individual warrants, or does the administration feel that blanket warrants are acceptable? Or does it believe a simple court approval of the program as a whole is OK? These are fair questions for the House and Senate Intelligence and Judiciary committees to put to the administration. … The Bush administration has been forced to scale back from a number of its assertions of unbridled presidential power -- detention without trial, military commissions, torture, secret prisons -- but that is hardly a wholesale embrace of civil liberties, due process and personal privacy."

In an editorial, the Los Angeles Times (1/19, 850K) says that the Administration's "abrupt acknowledgment that it can, after all, track suspected terrorists without shredding the privacy rights of Americans inspires mixed reactions -- relief that the rule of law has triumphed, suspicion that the administration's concession isn't all that it's cracked up to be and, most of all, anger at the president and his surrogates for suggesting that any criticism of their tactics was tantamount to treason. … In a background briefing for reporters, a Justice Department official refused to be pinned down on whether the administration is now asking the FISA court for authorization to monitor each individual suspect or whether there is a broader grant of authority. This is unacceptable."

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Under the headline "Bush's Wiretap Surrender," the Wall Street Journal (1/19, A14, 2.04M) editorializes, "The Iraq War has been hurting…Bush's poll ratings for a couple of years now. But keeping him from political free fall is the fact that the United States has suffered no terrorist attacks since 2001, and the widespread belief that White House policy might have something to do with it. So count us baffled by Mr. Bush's surrender Wednesday on warrantless wiretapping authority that even the Carter Administration believed was well within the Constitutional power of the executive branch." The White House "may think this FISA concession will allow it to escape more onerous legislative restrictions. But Congress may now merely take this concession and codify it anyway."

The Manchester (NH) Union Leader (1/19) editorializes, "U.S. Attorney General Alberto Gonzales would have Americans believe that, after years of asserting that national security depended upon the administration's ability to tap terror suspects' phone lines without waiting for the slow Foreign Intelligence Surveillance Court to OK the spying, the court suddenly became capable of instantly approving such wiretaps the very same week Democrats took control of Congress. … Is the administration trying to lose its last remaining shreds of credibility?" The Leader adds, "The administration is backing out of a program and a constitutional argument it previously labeled essential to national security. It is doing so in such a way as to make its previous assertions appear entirely disingenuous. … Retreating from a program that until now he has claimed was absolutely essential to stopping terrorist attacks on U.S. soil is either an inexcusable dereliction of duty, or a tacit admission that his previous claim was utter baloney."

The Pittsburgh Post-Gazette (1/19) editorializes, "That sound you don't hear is one hand clapping. The Bush administration has surprisingly reversed itself on its anti-terrorism policy of eavesdropping on Americans without warrants, something that certainly deserves support and praise. But it would be unwise to get carried away." The Post-Gazette continues, "After all, this is the reversal of a policy that never should have been adopted in the first place. While Americans certainly want their government to root out terrorists and while they understand that tapping phone calls and e-mails to and from the United States may be necessary in some cases, many don't want such surveillance to be done without regard to the law. … This high disdain for legal procedures in the pursuit of warrantless surveillance has been going on for years, and it has been as shocking as it has been unnecessary. The nation lost much on 9/11 and it does not have to junk its traditional civil-liberty protections to achieve security, or so many Americans believe." The Post-Gazette adds, "Unfortunately, the Bush administration is not among the believers. After the attacks in 2001, the executive branch asserted a theory of executive ascendancy that, in the name of fighting the war on terror, was bolder and more far-reaching than any of its recent predecessors. The presidency has become something of an imperial institution that recognizes no restraints on its power. … Now supposedly an arrangement has been worked out that allows the court to oversee the National Security Agency's spying program 'with the speed and agility necessary to protect the nation from al-Qaida,' as Attorney General Alberto Gonzales put it. Why this couldn't be done years ago and is happening now is not hard to guess: Congress is in the hands of the Democrats. … The details of the new program are murky and it must be taken on faith that this is progress -- a very big leap of faith indeed, given recent history. The administration, of course, does not concede that it did anything wrong. In other words, use the hand that's not clapping to cross your fingers."

The Portland Oregonian (1/19) editorializes, "Attorney General Alberto Gonzales on Thursday told members of the Senate Judiciary Committee that, at the Department of Justice, 'every day is Sept. 12.' … Would that it were so." The Oregonian continues, "That day 64 months ago is worth remembering. It was a day of sorrow. Of mourning. Of unity. Of resolve. It was the day after congressional Republicans and Democrats stood together on the steps of the Capitol and sang 'God Bless America.' … It was also a day when the laws governing Justice Department activities were still respected. Americans still believed, for example, that the Justice Department still complied with the Foreign Intelligence Surveillance Act. It was years before the public would learn that the department had electronically eavesdropped on people suspected of links to terrorism without seeking the legally required approval from a secret federal court." The Oregonian adds, "That seems like a long time ago now. On a Thursday when the committee chairman shouted at Gonzales and the attorney general responded with characteristic dismissiveness, the Justice Department let it be known that it had decided to resume complying with the law that governs wiretapping. Investigators would conduct such surveillance under the authority of the Foreign Intelligence Surveillance Court, as critics had demanded, Gonzales said. … The Justice Department is acknowledging now that,

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contrary to earlier assertions, it won't be too burdensome to get approval from the Foreign Intelligence Surveillance Court when it wants to eavesdrop. In fact, Gonzales said Thursday, the program allows 'the necessary speed and agility the government needs to protect our nation from the terrorist threat.' … The threat is real, as we knew well on Sept. 12. And as we know now, lost liberty is no phantom."

The Newark (NJ) Star-Ledger (1/19) editorializes, "When a federal judge ruled last summer against President Bush's claim that he had full authority to order wiretaps of Americans' international phone calls and e-mails, he scolded her for not understanding 'the nature of the world in which we live.' … With his abrupt turnaround on domestic surveillance, the president seems to be starting to acknowledge that he is the one who has been out of touch." The Star-Ledger continues, "Congress will need to press harder to curb the White House's impulses toward secrecy. But Democrats, who are now the majority on the Hill, must be careful not to abridge executive power to the point of crippling the presidency, as Congress did in the wake of the Vietnam War. The Bush administration is not wrong that times of threat can require a president to assert unique authority. One of the many failures of the Bush administration is that it has so abused that authority as to jeopardize it entirely."

Ally Of Posada Surrenders Cache Of Illegal Weapons. The Miami Herald (1/19, Weaver) reports, "An ally of Cuban exile militant Luis Posada Carriles turned over a stockpile of illegal machine guns, dynamite and a grenade launcher to federal agents this week in a bid to reduce his prison sentence, several sources familiar with the arms surrender said." The Herald continues, "Santiago Alvarez, a wealthy Miami developer convicted last fall on a weapons-conspiracy charge, arranged for the turnover of the new cache of firearms on Wednesday at his attorney's office in downtown Miami, sources said." The Herald adds, "Alvarez and convicted co-defendant Osvaldo Mitat are seeking to reduce their respective four- and three-year prison sentences by one or more years. The unusual arms surrender has no connection to Posada's latest troubles with federal authorities. … The Alvarez stash consisted of dozens of machine guns, rifles, C-4 explosive, dynamite, detonators, a grenade launcher and ammunition, sources said. The cache was considerably larger than the nine illegal firearms seized by federal agents in late 2005 when Alvarez and Mitat were first indicted on weapons charges in Broward County." The Herald notes, "Agents for the FBI and Alcohol, Tobacco, Firearms and Explosives collected the latest stash of weapons at the Miami law office of Silvia Piñera-Vazquez and Sofia Powell-Cosio. The lawyers were granted temporary immunity to surrender the firearms to federal authorities on behalf of their clients, Alvarez and Mitat. Piñera-Vazquez, who declined to comment for this article, personally delivered a letter to the U.S. attorney's office on Tuesday detailing the proposed weapons turnover."

DOJ Plans To Store DNA Of Terror Suspects, Illegal Immigrants. The Arizona Republic (1/19, House, Wagner) reports, "The Justice Department is planning to add DNA from undocumented immigrants, suspected terrorists and other detainees to the FBI's national crime database, a move pushed by Arizona GOP Sen. Jon Kyl and Maricopa County Sheriff Joe Arpaio." The Republic continues, "The federal database now only includes the DNA of felons and some misdemeanor offenders. The new plan would add the DNA of individuals who may never be convicted of a crime. … 'The (Department of Justice) is engaged in extensive consultation with affected agencies and is moving forward to issue the implementing regulations,' department spokesman Erick Ablin confirmed Thursday." The Republic adds, "Proponents say the move will help to solve more crimes. … Opponents call it a mistake. … 'People will end up in this database even without probable cause for their arrest or detention,' said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a public interest group in Washington, D.C." The Republic notes, "It could be more than a year before the Justice Department plan is finalized to collect DNA from tens of thousands of immigration violators, terrorism suspects and others accused but not convicted of federal offenses. … A draft proposal is only now circulating internally within the Justice Department and its agencies. The plan also must be sent to other affected agencies outside of the Justice Department, and to the White House Office of Management and Budget. Officials would not release a copy of that draft."

USA Today (1/19, Willing) reports, "The federal government could add DNA from tens of thousands of immigration violators, captives in the war on terrorism and others accused but not convicted of federal offenses to the FBI's crime-fighting database under a plan being finalized by the Justice Department." USA continues, "Erik Ablin, a Justice Department spokesman, confirmed the plan, which hasn't

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been publicly disclosed, and said details are expected to be completed soon. … Proponents of the plan, including U.S. Sen. Jon Kyl, R-Ariz., and Maricopa County, Ariz., Sheriff Joe Arpaio, say taking DNA from federal detainees would solve many crimes committed by illegal immigrants and make it easier to identify and track potential terrorists. … Opponents, such as Caroline Fredrickson, director of the American Civil Liberties Union's Washington office, say such mass seizures of DNA violate privacy and do little to improve law enforcement." USA adds, "Fredrickson says the law that defines federal detainees is so broad that it could apply to hikers stopped by park rangers or airline passengers selected for screening. Authorization for taking the DNA was included in a bill reauthorizing the Violence Against Women Act that President Bush signed last year. … The DNA samples, which contain an individual's unique genetic code, would be compared against genetic profiles from 3.9 million criminals and 157,000 unsolved crimes held by the system of federal and state DNA databases that the FBI administers. The FBI says its system has aided more than 41,000 criminal investigations since 1990. … DNA from federal arrestees and detainees would be held on a computer index, enabling law enforcement to track illegal immigrants who return after being expelled from the USA or who commit crimes after being released. War-on-terrorism detainees, who often use aliases, could be positively identified by DNA and linked to evidence seized at suspected terrorist sites."

Pentagon Releases Procedural Manual For Trials Of Detainees. The AP (1/18, Flaherty) reports Pentagon "set rules Thursday for detainee trials that could allow terror suspects to be convicted and perhaps executed using hearsay testimony and coerced statements, setting up a new clash between President Bush and Congress." The Pentagon said the rules, laid out in a 238-page manual, "are fair." Congressional Democrats "said they would hold hearings and revive legislation on the plan, and human rights organizations complained that the regulations would allow evidence that would not be tolerated in civilian or military courtrooms." The Washington Post (1/19, A13, Smith, 690K) reports the manual "is meant to prescribe how military commissions will try some of the roughly 395 prisoners now detained at the military prison at Guantanamo Bay, Cuba. Officials predicted yesterday that 60 to 80 will face the commissions."

The New York Times (1/19, Mazzetti, 1.16M) says the new procedures "follow the guidelines Congress set down in the Military Commissions Act late last year." The manual "explicitly forbids military prosecutors from using evidence obtained through torture. At the same time, it makes a distinction between torture and coercion, allowing testimony that came as the result of coercive techniques used by military and intelligence officials until late 2005, when Congress passed a law banning cruel and inhumane treatment of prisoners." USA Today (1/19, Biskupic, 2.27M) says the manual's release "triggered a fresh round of questions and criticism Thursday about the administration's handling of detainees."

NYTimes Suggests Stimson Should Be Disciplined By Bar Association. Under the headline "Apology Not Accepted," the New York Times (1/19, 1.16M) editorializes, "It is hard to render a convincing apology when you are not really apologizing. Consider Charles Stimson, the deputy assistant secretary of state for detainee affairs, who has been trying to spin his way out of his loathsome attempt to punish lawyers who represent inmates of the Guantánamo Bay internment camp. ... On Wednesday, Mr. Stimson said he apologized and regretted that his comments 'left the impression' that he was attacking the integrity of those lawyers. It was not just an impression. It was exactly what he did. ... Stimson's appalling behavior should not be overlooked by the relevant bar disciplinary committee."

HOMELAND RESPONSE:

DOJ Official Says Bush Could Order Killing Of Terror Suspects In US. Newsweek (2/13, Hosenball, 3.12M) reports, "In the latest twist in the debate over presidential powers, a Justice Department official suggested that in certain circumstances, the president might have the power to order the killing of terrorist suspects inside the United States." During Office of Legal Counsel acting director Steven Bradbury's Senate intelligence committee testimony about the NSA surveillance program last week, "Sen. Dianne Feinstein asked Bradbury questions about the extent of presidential powers to fight Al Qaeda; could Bush, for instance, order the killing of a Qaeda suspect known to be on U.S. soil? Bradbury replied that he believed Bush could indeed do this, at least in certain circumstances." Newsday notes, "At a public intel-committee hearing, Feinstein was told

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by intel czar John Negroponte and FBI chief Robert Mueller that they were unaware of any case in which a U.S. agency was authorized to kill a Qaeda-linked person on U.S. soil. Tasia Scolinos, a Justice Department spokeswoman, told NEWSWEEK: 'Mr. Bradbury's meeting was an informal, off-the-record briefing about the legal analysis behind the president's terrorist-surveillance program. He was not presenting the legal views of the Justice Department on hypothetical scenarios outside of the terrorist-surveillance program.'"

Chertoff Urges Editors To Use Caution In Reporting On Threats, Emergencies. The AP (1/18, Lumpkin) reported, "Homeland Security Secretary Michael Chertoff told newspaper editors Thursday they should use caution and context in reporting about threats or emergencies. 'We owe you information that's accurate,' he said, 'and you need to resist the temptation to just get something fast.'" Chertoff "invited the media to continue to participate in a series of dialogues and exercises his department has been conducting on how best to communicate information during a crisis." He said that threats "of limited credibility" must "be run down and investigated," but "shouldn't become public during that stage." Meanwhile, "he said, when information is shared with state and local officials, department officials are aware that 'very likely this information is going to get out.' Then the issue is one of context, and he urged editors to use good judgment." Still "more is at stake, he warned, in reporting on actual emergencies, because people immediately want to know what they should do to protect themselves. In this regard, Chertoff warned the editors against over-reliance on dubious experts."

Recounting a recent bomb scare on a Carnival cruise ship heading into San Juan, Puerto Rice, USA Today (1/19, Hall, 2.27M) reports, "Five years after 9/11 and the 2001 anthrax attacks caused a spike in false threats, senior federal officials say they still are forced to run down hoaxes nearly every day, creating a huge drain on agents' ability to pursue real threats to the nation's security. … On Thursday, Homeland Security Secretary Michael Chertoff said the government doesn't publicize most threats because 'people would be in a constant state of hyper-anxiety.'" USA Today devotes a significant amount of space to the listing hoaxes that have been in the news. "Charlie Allen, Homeland Security's top intelligence officer, says hoaxes and bogus tips come in 'almost on a daily basis.'" USA notes, "At police stations and FBI offices across the country hoaxes are 'a serious drain,' says Ken Wainstein, head of the Justice Department's National Security Division. 'These terror hoaxes distract law enforcement.' … They also scare people. … On Thursday, Homeland Security Secretary Michael Chertoff said the government doesn't publicize most threats because 'people would be in a constant state of hyper-anxiety.' … The department posts Internet hoaxes on its website to reassure citizens and encourage them not to pass on bogus e-mailed chain letters. Among those that have been circulating for several years, the website says, is a fake government warning that someone bought $32,000 worth of United Parcel Service (UPS) uniforms off eBay. The fraudulent message urges people to be wary if a UPS employee comes to their door."

GAO Urges TSA To Assess Terror Risks For Rail System. The AP (1/18, De La Cruz) reported GAO officials told members of the Senate Commerce, Science and Transportation Committee Thursday that the Transportation Security Administration has "yet to assess the risks of a terror attack on the nation's passenger rail system," and that until it does, "the agency may not know which rail systems are more at risk than others. 'Given competing priorities and limited homeland security resources, difficult policy decisions have to be made by Congress and the executive branch to prioritize security efforts and direct resources to areas of greatest risk,'" said Cathleen Berrick, the GAO's director of homeland security and justice issues. "TSA Director Edmund S. 'Kip' Hawley said the agency is working with a host of other federal agencies and entities to make sure passenger rail systems are safe." However, "Several committee members were critical of TSA's efforts. 'I'm frustrated with the Bush administration's foot-dragging on measures to secure the nation's rail systems,' said Sen. Frank Lautenberg."

FBI Wants To Question California Man About Subway Mercury Spill. The AP (1/19) reports from Los Angeles, "A man seen on videotape spilling a small amount of mercury onto the platform of a subway station was wanted for questioning by police, the FBI and other members of a multi-agency terrorism task force. There was no evidence to suggest the actions were terrorist or criminal acts, but authorities wanted to ask the unidentified man why he was carrying mercury and what was his motivation for

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apparently spilling the toxic substance, said FBI spokeswoman Laura Eimiller." After spilling the liquid, "the man appeared startled and walked to a Metropolitan Transit Authority call box, where he reported the mercury spill, the FBI said."

MTA Admits Flawed Response To Incident. The Los Angeles Times (1/19, Blankstein, Guccione, 850K) reports that in December, "officials quickly labeled it a harmless accident. But Thursday, officials acknowledged that the Los Angeles County Metropolitan Transportation Authority botched its response, waiting eight hours after being told mercury was on the platform before clearing the station and cleaning up the spill. Police and transit officials said the workers erred by not immediately contacting law enforcement to cordon off the area and calling in hazardous-material experts. The incident also exposed the fact that many MTA workers are not trained to handle dangerous materials such as mercury." The Times notes, "Several terrorism experts said Thursday that the MTA's handling of the incident was troubling."

Many Families Of 9/11 Victims Face Estrangement. The New York Times (1/19, Vitello, 1.16M) runs a feature on family separations among the children of 9/11 victims, writing that "one 9/11 family advocate said he had encountered more than 100 conflicts in which aging parents of a World Trade Center victim, desperate to remain connected to the children of their lost offspring, had found themselves in bitter struggles with a surviving spouse who would rather they did not. A mediator who helped negotiate settlements among 9/11 families in the early years after the attacks said 1 in 10 of his cases involved estranged grandparents."

NYTimes Says Administration Must Extend Temporary Housing For Katrina Victims. Under the headline "Nowhere To Turn For Shelter," the New York Times (1/19, 1.16M) editorializes, "In the long and sordid story of Hurricane Katrina, a new low may be approaching. In Louisiana alone, tens of thousands of displaced families who rely on the government to provide trailers or rent will lose their temporary housing next month — unless the Bush administration extends the standard 18-month time limit for their federal aid." The Times says "the temporary help from the Federal Emergency Management Agency cannot end until the victims have somewhere else to go. And the federal and local governments have moved far too slowly in providing the necessary reconstruction money and building guidance." The Times states, "The response to the drowning of New Orleans has been a failure on every level." The Bush administration "must extend the temporary housing provisions immediately, then make every effort to shift aid recipients to the longer-term Section 8 voucher program." Meanwhile, the new Democratic leaders in Congress "need to quickly outline their own plans for salvaging New Orleans, so evacuees can once again call their city home."

WAR NEWS:

Pelosi Says House Democrats Will Back Anti-Surge Resolution. The AP (1/18, Espo) reports House Speaker Nancy Pelosi said Democrats in her chamber will back "legislation declaring that President Bush's decision to send additional troops to Iraq is 'not in the national interest of the United States.' Pelosi's commitment came as Senate Democrats said they intend to begin advancing a nonbinding measure next week that criticizes the White House's new strategy." The Washington Times (1/19, Hurt, 88K) reports Pelosi "has made clear her disdain for the 'surge' proposal since before Mr. Bush's prime-time address to the nation last week, but yesterday's remarks were her first indication of the language that she will want the House to approve." In a preview of a "Good Morning America" interview with Pelosi, ABC World News (1/18, story 4, 1:05, Sawyer, 8.78M) showed Pelosi saying, "Democrats will never cut off funding for our troops when they are in harm's way. I think it is very difficult for the President to sustain a war of this magnitude without the support of the American people, and without the support of the Congress of the United States. That's why Congress will vote to oppose the President's escalation."

Clinton Joins Critics Of Surge. Sen. Hillary Clinton said on PBS' NewsHour (1/18, Ifill), "I think that certainly our strategy has not succeeded, and I don't think there's any doubt about that anywhere, including in the White House. The question is, what do we do now going forward? And the President's proposal to add 21,500 troops in an escalation of the combat situation is not going to work, in the absence of a comprehensive approach that tries to put some pressure on the Maliki government. ... For more than a year and a half, I've been in favor of phased redeployment of our troops, bringing them home as quickly as possible, but based on a

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comprehensive strategy that looked at the diplomatic, political, and economic challenges and exert some leverage on the Iraqis." Clinton made similar comments on the surge on Fox News' On The Record (1/18, Van Susteren), saying, "I opposed it, based on what I knew about the situation before I went, and I'm even more strongly against it now because I think the chances for success are limited at best. ... Here is what I think we have to do now. I want to cap the number of troops that we have at the number that was in country January . I want to start a phased redeployment of our troops. ... I think it's also important though to try to get the Maliki government to deal with some of the political and economic challenges on the ground which we have all been asking for."

Democratic Presidential Hopefuls Rush To Join Surge Critics. ABC World News (1/18, story 3, 2:50, Gibson, 8.78M) reported, "The war in Iraq is dominating the political debate in this country. But it really gets political when discussed by two Democratic presidential candidates, Sens. Hillary Clinton and Barack Obama." ABC (Tapper) added, "Last week, anti-war liberals...were angry with" Clinton and Obama "for not saying they would actually try to do anything to stop the President's proposed surge in Iraq. Well, this week, Charlie, all that changed and the one-upsmanship began." John Edwards "threw down the gauntlet, attacking fellow Democrats for their timidity," and when Obama "announced his presidential exploratory committee, he made sure to remind voters that he never would have voted for the Iraq war to begin with. ... Wednesday, Sen. Clinton suddenly declared she would try to stop the President, introducing forceful legislation to cap troop levels, and require that benchmarks be met by both the Iraqi government and the Bush Administration."

More Congressional Criticism Of Bush Plan. Sen. Olympia Snowe said on MSNBC's Hardball (1/18, Matthews), "Why should we be taking more risks with our troops when" the Iraqis are "not willing to take risks to make the political decisions and their own military decisions by confronting the militias and disarming them?"

Sen. Joseph Biden said on CNN's The Situation Room (1/19, Blitzer), "We should be letting Maliki know that he's not going to get our help, if he doesn't straighten out and have a political solution here. And that is why the Iraqi Study Group, why Joe Biden, why Les Gelb, why everyone across the board, including the President's own generals, have said: Mr. President, we should be telling them we're going to be ramping down, not ramping up, because he cannot count on us to, in fact, be the fodder for his civil war. He has to make some political compromises." On MSNBC's Hardball (1/18, Matthews), Biden said, "What made me realize how fractured this was is when we had Condoleezza Rice before my committee. It was stunning that 20 of the 21 senators, meaning 10 of whom were Republicans, absolutely made it clear they were not at all supportive of the President's new policy."

On CNN's The Situation Room (1/18, Blitzer), Sen. Jon Kyl was asked if it is "true" that "you stand firmly behind the President." Kyl replied, "Yes, I do. I think everybody said that the President needed to announce a new strategy. He's done that. It seems to me we ought to give it a chance to work. ... None of the President's critics have proposed an alternative that would work. They have a lot of different ideas about how to leave, to leave in six months, to start now and phase it in, to leave within a year. A lot of different plans to leave. No other plan to win."

Sen. Mary Landrieu said on MSNBC's Hardball (1/18, Matthews), "What's more important is what the commanders think. And most of the commanders have said that they don't believe the escalation of troops door to door, urban combat like this, 25,000 troops in a city of six million people, is actually going to do the job."

Rep. Charles Rangel said on CNN's The Situation Room (1/18, Blitzer), "I think the American people are so far ahead of us and by the time we get finished with the hearings, the testimony, people under oath, really trying to find out what does a surge mean...Republicans in the Senate, as well as in the House, are telling the President we've had enough of the war."

Rep. Chris Carney said on Fox News' Your World (1/18, Cavuto), "I don't favor a surge. I don't think we can trust Mr. Maliki to deliver the goods."

Antiwar Movement May Be Reaching "Critical Moment." The Christian Science Monitor (1/19, Knickerbocker, 59K) reports, "Nearly four years into US combat in Iraq, the antiwar movement has yet to generate the kind of mass protest seen during the Vietnam War. There's no shutting down universities or blocking traffic at military bases -- no tense face-offs with police. But with the new Congress, the Bush administration's surge strategy (which critics deem an 'escalation' of the conflict), and increasingly negative public opinion polls on the war, this may be a critical moment for the antiwar movement." The Monitor says "one key reason that opposition to the war has been less overt,

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organizers recognize, is the lack of a military draft. Also, the scale of the war is different. There were four times as many troops involved and 10 times as many American casualties over a comparable period in Vietnam." And "only a handful of Americans are directly affected by the war or asked to sacrifice for it."

Rangel Outlines Rationale For Resumption Of Draft. During an appearance on CNN's The Situation Room (1/18, Blitzer), Rep. Charles Rangel detailed his call for a reinstatement of the draft, saying, "I make the case that you cannot be for the war and expect that you've got to take 21,000 troops, people who have already served three or four times in Iraq, and just rotate them, sending them back, putting them in harm's way and now believe that other people's kids from more affluent communities should not make a sacrifice, too. It seems to me that we should not have a concept that we fight these wars, support the wars, with other people's kids. So if, indeed, it's believed by the people of the United States that our national security is threatened, there's no way in the world that we shouldn't say everybody should be involved in the sacrifice."

Questions Surround Petraeus Counterinsurgency Strategy. The New York Times (1/19, Gordon, 1.16M) reports that when Lt. Gen. David H. Petraeus "assumes his duties as the new American commander in Iraq, he will be guided by a new military doctrine on counterinsurgency that makes the security of the population a chief objective. But a pressing question that is likely to emerge when the Senate takes up his confirmation next week is whether the administration's new Iraq strategy will draw on enough forces to ensure security -- as measured against the general's own guidelines." The five new combat brigades to be sent to Baghdad "would roughly double the size of the American force involved in the security operation there, about 15,000 troops. But as a whole, that would still represent only a small portion of the 120,000-strong force that would be required to secure the entire capital according to the force ratios outlined in the military's new field manual for counterinsurgency."

The CBS Evening News (1/18, lead story, 2:30, Couric, 7.66M) led by reporting that President Bush "is running out of places to look for support for his new war strategy. ... Most of the public is against it, most of the Congress, and today, some retired generals went on the attack. And this won't help: A new Defense Department audit estimates as much as 15% of the nearly $22 billion already spent on reconstruction may have been wasted because of poor security in Iraq."

"Red Team" Of Skeptics Dispatched To Iraq. The Los Angeles Times (1/19, Barnes, 850K) writes that "while the Bush administration is reworking its overall strategy in Iraq, military leaders in Baghdad are searching for new ways to improve the decisions and choices they make closer to the ground." The military "has sent to Iraq a five-person team of dedicated skeptics, known in military jargon as a 'red team.' In a war known for its missteps and unanticipated results, the team will be assigned to review, and question, military operations. It will attempt to predict how enemies will react to various missions and what the unintended consequences might be."

Egypt, Saudis Give "Cautious Backing" To Bush Plan. The Financial Times (1/19, England) reports Egypt and Saudi Arabia, "two of the US's most important Sunni allies," gave "cautious backing" to President Bush's Iraq strategy, "while a third, Jordan, reiterated the need for Iraq's Sunni to be given a greater role in their country's political processes. But the 'support' also came with a clear message" to Secretary of State Condoleezza Rice "in the hope that Washington may finally be ready to listen to its Arab allies -- a military solution alone is not enough."

Krauthammer Expects Maliki Government To Undermine Strategy. In his Washington Post (1/19, A19, 690K) column, Charles Krauthammer writes, "If it were my choice, I would not 'surge' American troops in defense" of the current Iraqi government. Petraeus "thinks otherwise. ... He believes that with an augmentation of U.S. troops, a change of tactics and the support of three additional Iraqi brigades, he can pacify Baghdad. ... I am confident that Petraeus knows what he's doing and that U.S. troops will acquit themselves admirably. I'm afraid the effort will fail, however, because the Maliki government will undermine it."

NYTimes Criticizes Means Of Informing Troops Of Extended Tours. The New York Times (1/19, 1.16M) editorializes, "It is bad enough for troops in Iraq to learn that their tours of duty have been extended. It is terrible for them to have to hear about it from loved ones at home rather than from their military commanders. This is what happened to about 150 New Jersey National Guard troops who had been scheduled to return home in March after having served in Iraq for a year. ... A day after Mr. Bush announced the troop increase in a televised speech, the National Guard in New Jersey told family members that their relatives would have to

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stay on. The news quickly made it back to the troops in Iraq through anguished phone calls and e-mail. Not until Sunday -- four days after Mr. Bush's speech -- were the troops notified by their Army commanders."

Casey Likely To Face Difficult Confirmation Hearing. The Washington Post's (1/19, A17) Al Kamen writes in his "in the Loop" column that "rumblings on the Senate side are that Gen. George Casey's confirmation as Army chief of staff is going to be a tough sell, especially with the Democrats in charge" and "even some Armed Services Committee Republicans are uneasy." Sen. Saxby Chambliss (R-Ga.) told the Post's Tom Ricks, "The chief of staff of the Army is the guy everybody looks up to. We were under Casey's leadership [in Iraq] for the last three years, and it hasn't gone well." Chambliss "said that he hasn't made up his mind whether to support the nomination." Meanwhile, Kamen says "there's even talk that the administration is concerned Casey is unconfirmable with the Senate in the mood it's in. So the White House may try to move Casey's nomination and that of Adm. William J. Fallon to head Centcom as a package along with the nomination of highly regarded Lt. Gen. David Petraeus to lead US forces in Iraq."

Mahdi Army Says It Is Under Siege In Sadr City. The AP (1/18, Hurst) reports insurgents in Muqtada al-Sadr's Mahdi Army fighters said they were "under siege in their Sadr City stronghold as U.S. and Iraqi troops killed or seized key commanders in pinpoint nighttime raids. Two commanders of the Shiite militia said Prime Minister Nouri al-Maliki has stopped protecting the group under pressure from Washington and threats from Sunni Muslim Arab governments." ABC World News (1/18, story 2, 2:05, Harris, 8.78M) reported Sadr "is a fellow Shiite who helped Maliki take power. But in an interview to be published in the Italian newspaper 'La Repubblica,' Sadr confirms 400 of his men have been arrested."

Meanwhile, the Washington Post (1/19, A15, Pincus, Tyson, 690K) says US intelligence leaders told Congress that Sadr "will probably lower the profile of his powerful militia in Baghdad and watch to see whether the new U.S.-Iraqi strategy of placing more troops in the city is aimed at uncontrolled violence or specifically at him and his organization."

Debates Over Iraqi Budget Further Doubts About Maliki Government. The Los Angeles Times (1/19, Daragahi, Roug, 850K) writes, "It's budget time in Iraq, and the lively debates that have erupted would strike a familiar chord for observers of such talks in any American statehouse or European parliament. But war-ravaged Iraq is no ordinary country, and the murkiness surrounding many items in the proposed 2007 budget has contributed to the general distrust between sectarian factions as well as widespread doubts about the ability" of Prime Minister Nouri al-Maliki's government "to manage the nation." Nearly $2 billion of the $41 billion budget "is allocated to agencies beyond the oversight of the central government at a time when potential international donors have balked at tossing more money into what has been viewed as a black hole."

Iraq Reviewing Diplomatic Protocols With Iran. The New York Times (1/19, A8, Glanz, 1.16M) reports Iraq is carrying out "an extensive review of its diplomatic protocols with Iran and may place new restrictions on them, the Iraqi foreign minister said in an interview on Thursday." Recent raids by American forces have "deeply embarrassed Iraqi officials, who say that the United States did not consult with them before it detained the Iranians, who were properly accredited visitors to this country." At the same time, Iraqi officials "have been put in an awkward position by their neighbor, as the Iraqis concede that at least some of the Iranians appear to have been working with Shiite militias, just as the Americans claimed." As a result, Iraq "has decided to tighten diplomatic controls on Iranian officials, insisting on detailed itineraries for their missions here, closer coordination with Baghdad and pledges that the officials will not work with armed groups outside the government," Iraqi Foreign Minister Hoshyar Zebari said.

Al Qaeda Group Claims Responsibility For US Civilian's Death In Iraq. The CBS Evening News (1/18, story 4, :25, Couric, 7.66M) reported, "A terror group linked to Al Qaeda claimed responsibility today for the ambush that killed an American civilian and three other people in Baghdad. Andrea Parhamovich was from the Cleveland area and she worked for the National Democratic Institute. She was advising Iraqi political parties on the tools they need to establish a democracy. She was 28 years old." The AP (1/18, Youssef) that the "a graduate of Marietta College...had been working with NDI in Iraq since late 2006

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as a communications specialist advising Iraqi political parties on how to reach out to voters and constituents. She was helping 'build the kind of national level political institutions that can help bridge the sectarian divide and improve Iraqi lives,' NDI said." The Washington Post (1/19, A15, Partlow, 690K) says Parhamovich "is at least the fifth American civilian woman killed in Iraq since the 2003 U.S.-led invasion." The New York Times (1/19, Maag, 1.16M) and the Los Angeles Times (1/19, Roug, 850K) are among the newspapers running sympathetic profiles of Parhamovich.

Corporal Is First To Plead Guilty To Murder In Hamdania Case. The New York Times/AP (1/19) reports Marine Cpl. Trent Thomas pleaded guilty "to kidnapping and murdering an unarmed Iraqi civilian" in Hamdania in April 2006, year, saying "he and other servicemen went after him because they were 'sick and tired of getting bombed.'" Thomas "is the first of seven marines and a Navy medic accused in the case to plead guilty to murder. Four others have pleaded guilty to reduced charges in exchange for their testimony."

Biden Says More Troops Needed In Afghanistan. Asked on MSNBC's Hardball (1/18, Matthews) if he wants more US troops in Afghanistan, Sen. Joseph Biden said, "Yes. When the President announced his surge, I made the case that he should be surging in Afghanistan, not in Iraq. ... Imagine if we fail in Afghanistan. What that will mean is Musharraf will cut even a closer deal with al Qaeda and with the Taliban, and if he doesn't, he puts himself in the position of being overthrown more than he is now. That is a radicalized country. It has nuclear weapons and it will be a disaster. If there was a totally just war since World War II, it is the war in Afghanistan, and we are not dealing with it properly."

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Gonzales Defends Prosecutors' Dismissals. The Washington Post (1/19, A2, Eggen) reports, "Attorney General Alberto R. Gonzales acknowledged yesterday that some U.S. attorneys have been asked to resign their posts in recent weeks because of performance issues, but he denied any political motives and vowed to quickly submit new nominees for the jobs to the Senate for confirmation. … 'What we're trying to do is ensure that for the people in each of these respective districts, we have the very best possible representative for the Department of Justice,' Gonzales testified, adding later: 'I would never, ever make a change in a United States attorney for political reasons or if it would in any way jeopardize an ongoing serious investigation. I just would not do it.'" The Post continues, "Gonzales's remarks in front of the Senate Judiciary Committee came in response to questions from Sen. Dianne Feinstein (D-Calif.) and other lawmakers about the forced removals of at least six U.S. attorneys, including several who have overseen some of the government's highest-profile corruption prosecutions." The Post adds, "Officials say the removals include those of Carol C. Lam in San Diego, who led the corruption prosecution of former congressman Randy 'Duke' Cunningham (R-Calif.), and Kevin V. Ryan in San Francisco, who has handled the probe into a lab at the center of a sports doping scandal involving baseball player Barry Bonds and other athletes. … Another recent change that has attracted widespread criticism from Democrats came in Arkansas, where U.S. Attorney H.E. Cummins III of Little Rock was replaced on an interim basis by J. Timothy Griffin, a former research director for the Republican National Committee. … Feinstein said she knows of at least six cases in which prosecutors have been asked to leave. She said she is concerned about the way the firings have been handled and about whether the Justice Department is attempting to evade Senate oversight of U.S. attorneys."

The Las Vegas Review-Journal (1/19, Tetreault) reports, "Attorney General Alberto Gonzales on Thursday declined to say how many U.S. attorneys are being removed from their jobs and defended the practice to senators as 'good management' to replace them with 'the best possible people.'" The Review-Journal continues, "Gonzales said 11 U.S. attorney vacancies have been created since the law was passed but he declined to say how many were forced resignations. … The nation's chief law enforcement officer acknowledged that some of the chief prosecutors were asked to leave. … 'But that happens during every administration during different periods for different reasons,' Gonzales said. 'That fact that that happens quite frankly some people should view that as a sign of good management. What we do is make an evaluation about the performance of individuals, and I have a responsibility that we have the best possible people in that position. … '" The Review-Journal adds, "Sen. Harry Reid, D-Nev., said Thursday that Bogden got a bad deal that will force him to end a 16- year career as a federal

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prosecutor. … By replacing veteran prosecutors, the Bush administration is seeking to build 'a farm team for Gonzales,' Reid said. 'He can farm out to somebody who drove him to work one afternoon."

Nevada US Attorney Stepping Down. The Las Vegas Review-Journal (1/19, Puit, Batt) reports, "Three days after Nevada's two senators said the Department of Justice had forced out Daniel Bogden, U.S. attorney for the district of Nevada, Bogden broke his silence on the matter, confirming that he will be leaving his post next month." The Review-Journal continues, "Bogden's announcement late Wednesday came one day after Natalie Collins, spokeswoman for the U.S. Attorney's Office, belatedly responded to questions about the matter by saying that Bogden was still the U.S. attorney in Nevada. … Collins also claimed that media reports regarding Bogden's ouster were 'erroneous.'" The Review-Journal adds, "In the issued statement, Bogden, who was appointed to the job by the Bush administration in 2001, said his resignation is effective Feb. 28. … Neither Bogden nor Collins has addressed whether Bogden was forced out of office as the senators contend, and if so, why. … He is one of at least seven U.S. attorneys around the nation whom senators say have been forced to resign in the last couple of months."

The AP (1/19, Ritter) reports, "Bogden, 50, made public his resignation with a statement issued late Wednesday 'after consultations with officials at Department of Justice,' he said. He declined to identify those officials." The AP continues, "He said he planned to spend the next six weeks ensuring a smooth transition for his successor, and said he had no idea whom it would be. … Bogden's four-page statement cited successful prosecutions and included quotes of praise for his work from local, state and federal law enforcement officials and a federal judge in Las Vegas. … His resignation was his first public response to reports Sunday and Monday from aides to Nevada Sens. John Ensign and Harry Reid that he would be replaced. Justice Department officials have not responded to requests for comment."

Krugman Says Move Was "Preemptive Strike." In his New York Times column (1/19), Paul Krugman says, "There's something happening here, and what it is seems completely clear: the Bush administration is trying to protect itself by purging independent-minded prosecutors." Since the "middle of last month, the Bush administration has pushed out at least four U.S. attorneys, and possibly as many as seven, without explanation." Such a "wholesale firing of prosecutors midway through an administration isn't normal." Krugman says it appears "the administration is really worried about where corruption investigations might lead." The "purge of U.S. attorneys looks like a pre-emptive strike against the gathering forces of justice."

More Commentary. The Las Vegas Review-Journal (1/19) editorializes, "Whether the White House is disappointed with the cases these attorneys chose to prosecute, or with those they chose not to prosecute, or with their level of success, time may tell. Attorney General Alberto Gonzales did tell The Associated Press on Tuesday that the removals were not politically motivated, whatever that means. .. Although the appointments of U.S. attorneys are subject to Senate confirmation, they exercise executive authority which the Constitution vests solely in the president. Therefore, they serve at the president's pleasure -- he can fire them at will. … 'The president just no longer found it pleasurable,' as one local former prosecutor said Thursday, with a smile." The Review-Journal continues, "Now, anyone is free to criticize the president's actions and to question whether the replacements -- whoever they may be -- are better qualified than those now packing their bags. … But Democrats in Washington, led by Sen. Dianne Feinstein of the Judiciary Committee, have tried to characterize this minor housecleaning as some kind of dirty deed. … Not only that, the very same Democrats who are now up in arms sat by quietly in 1993 as Bill Clinton fired U.S. attorneys 'sweepingly and without cause,' possibly because Mr. Clinton was firing prosecutors who had been appointed by Republican Presidents Reagan and Bush. … Whereas, given that U.S. attorneys serve four-year appointments, while George W. Bush has now been president for six, President Bush is now firing U.S. attorneys who he himself appointed or re-appointed. … Now such interim appointments pending confirmation -- should the president find it necessary to take that route -- are perfectly legal, thanks to a provision of the Patriot Act reauthorization bill, approved last year by the, um ... the U.S. Senate."

CORPORATE SCANDALS:

Former Enron Treasurer To Be Released From Home Confinement. The AP (1/19, Porretto) reports, "Ben Glisan Jr., the first former Enron executive to go directly to jail after pleading guilty to conspiracy in 2003, is expected to finish a stint of home confinement after three years in prison, his attorney and the federal Bureau of Prisons

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said Thursday." The AP continues, "Glisan, the former Enron treasurer, pleaded guilty on Sept. 10, 2003, in the corporate scandal that brought down the energy company and rocked Wall Street. He received a five-year sentence." The AP adds, "Glisan, 37 at the time of his plea, spent time in two federal prisons in Texas — one near Bastrop, the other in Beaumont — before being confined to his Houston home since September, Bureau of Prisons spokeswoman Felicia Ponce said. That confinement is scheduled to end Sunday, Ponce said. … Glisan's attorney, Tom Allen, said his client will be on probation once he's free to leave home, but he didn't elaborate. … During court proceedings, Glisan admitted helping design financial deals that enriched him and illegally kept investment losses off Enron's books. … He agreed to forfeit nearly $1 million in profits from an off-the-books deal at Enron and agreed to not seek a refund of $412,000 in income taxes he paid on that profit."

Breedon Moves From Ethics Overseer To Hedge Fund Boss. The New York Times (1/19, Browning) reports, "As the court-appointed guardian and self-described fixer of some of America's most wayward companies, Richard C. Breeden, the former top securities regulator, is considered a pillar of corporate ethics and governance. … Now he trying to become another paragon — that of savvy investor in troubled companies. And in the coming months he will face his first major test: taking on the Applebee's International restaurant chain in a proxy fight." The Times continues, "Mr. Breeden's fledgling advocacy hedge fund, Breeden Partners, which owns a 5.2 percent stake in Applebee's, began its battle last month, when Mr. Breeden nominated four close friends to its board. …. Hedge funds, the lucrative private investment pools for institutions like endowments and pensions, and for the wealthy, are nearly always managed by former Wall Street traders or money managers. .. Mr. Breeden — a Harvard-trained securities lawyer — has no investing experience. But he is seeking to bring his knowledge of securities laws and corporate governance into investing in underperforming companies. … But what Mr. Breeden may lack in investing experience, he makes up for in other ways, according to his friends, who cite his hard-driving nature, his intellect, his attention to detail and his decisiveness, if marred at times by a divalike attitude."

US Charges Two Former CVS Executives With Rhode Island Corruption. The Wall Street Journal/AP (1/19, C2) reports from Providence, RI, "Two former executives at drugstore chain CVS Corp. were charged in a probe into influence peddling at the Rhode Island statehouse." The AP continues, "John R. 'Jack' Kramer, former senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, were charged with one count each of conspiracy and bribery and 21 counts each of fraud for allegedly paying former state Sen. John Celona to kill legislation CVS opposed or sponsor bills the company supported." The AP adds, "Mr. Celona, who resigned from the General Assembly in 2004, pleaded guilty to federal mail-fraud charges the following year and has been cooperating with the government. … Messrs. Kramer and Ortiz have been on leaves of absence from Woonsocket, R.I.-based CVS since 2004. … U.S. Attorney Robert Clark Corrente said the probe into statehouse corruption was continuing. CVS, which hasn't been charged, said it has fully cooperated with the probe."

CRIMINAL LAW:

Gonzales Promises To Examine Milwaukee Crime Trends. The Milwaukee Journal Sentinel (1/19, Hoffer) reports, "Sen. Herb Kohl elicited a promise Thursday from U.S. Attorney General Alberto Gonzales to look at the rise in violent crime in Milwaukee and tell him whether federal funding could be provided to bolster the police." The Sentinel continues, "Gonzales testified at a Senate Judiciary Committee hearing that covered issues from domestic surveillance to Internet pornography, all of which are under the jurisdiction of the U.S. Justice Department. … Kohl, a senior committee member, first raised the trend of increases in robberies and assaults in Milwaukee at a Judiciary Committee hearing last month. He asked FBI Director Robert Mueller, who was testifying at the time, to go to Milwaukee to study the problem first-hand and to give the city more federal resources in the form of additional federal agents. Mueller said he would "take a specific look at Milwaukee" but did not commit to travel there." The Sentinel adds, "At the December hearing, Kohl also criticized the bureau for taking money earmarked for violent crime prevention and reallocating it to investigate terrorism. … In Thursday's hearing, Kohl repeated the charge, saying the FBI used almost 2,200 'fewer agents in 2004 on traditional crime matters than it did in 2000 due to the essential focus on terrorism.' … In addition, he said, the

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Milwaukee Police Department received $1 million in federal money specifically for police in 2002 but last year didn't receive any. As a result, the police force was reduced by 55 officers and fewer police are on the streets. … Gonzales acknowledged that 'keeping our communities and citizens safe from violent crime is a top priority for law enforcement at all levels,' but most of the work is done by local police."

Attorneys Spar Over Jury Picks At Libby Trial. The AP (1/19, Apuzzo) reports, "The prosecutor sparred with defense attorneys Thursday over several potential jurors and their opinions of the Bush administration, a debate that further slowed jury selection in the trial of a former top aide to Vice President Dick Cheney." The AP continues, "U.S. District Judge Reggie B. Walton had hoped to have a jury seated by Thursday afternoon, but legal wrangling slowed the process. Attorneys for former I. Lewis Libby have weeded out of the jury pool the most outspoken critics of the Bush administration." The AP adds, "Special Prosecutor Patrick Fitzgerald told Walton that defense attorneys had crossed the line when they told jurors the case was political and about war policies. … 'The jury will not be asked to render a verdict on the war or what they think of the war,' Fitzgerald said." The AP notes, "Libby is accused of lying to investigators about what he told reporters regarding outed CIA operative Valerie Plame in 2003. Because Plame's husband was among the administration's most outspoken critics, the trial is set to the backdrop of the war in Iraq and politics."

The New York Times (1/19, Lewis, 1.16M) reports the "task of seating a jury for the perjury trial of I. Lewis Libby Jr. did not get easier Thursday when a majority of the candidates interviewed were disqualified, mainly because they expressed deep distrust of the Bush administration and the Iraq war." The "attitudes of many potential jurors to Mr. Cheney and the Iraq war have upset the judge's schedule for the trial, which envisioned opening arguments Monday."

Columnist Urges Bush To Pardon Libby. In a column distributed by Scripps Howard (1/19), Dan K. Thomasson writes, "If George W. Bush really wants to strike a blow for justice he should pardon I. Lewis 'Scooter' Libby now before his prosecution costs the taxpayers one dime more. It is really time to put an end to one of the most bizarre and disruptive politically inspired cases in recent memory." Thomasson continues, "Libby, as most Americans know, is the scapegoat for a non- crime that involved the public identification of a one-time undercover operative of the CIA, Valerie Plame, the wife of a small time diplomat, Joseph Wilson, who tweaked the White House over its claims that Saddam Hussein was seeking nuclear material in Africa. Plame, the White House claims, had a hand in the agency's assigning her husband to investigate the claims, which were among those contentions used to justify the invasion of Iraq. Wilson found the claims unsubstantiated." Thomasson adds, "Now we are at the beginning of a senseless, albeit sensational trial brought about by Fitzgerald's decision to find someone in the White House to bring to ground despite his own discovery that no crime had been committed. He settled on Libby, an aide to Vice President Richard Cheney, whom he charged with lying to the FBI and a grand jury and obstructing justice in the pursuit of answers he (Fitzgerald) already had. Libby said he first heard about Plame from a television personality, Tim Russert, but Russert denies the claim even as he concedes he talked to Libby. … There is some indication that (Fitzgerald) really wanted to nail the president's chief political advisor, Carl Rove, but settled finally on Libby, who is not known as an ideologue or even wildly political. His wife, who also is a lawyer, is in fact on the other side of most political issues, according to reports. … Severe damage, however, has been done to the First Amendment by an over zealous prosecutor who, among other things, insisted on jailing a reporter for not revealing her source for a story she never wrote, undercutting a policy and tradition that has been a bulwark of press freedom since the beginning of the nation. The result is a chilling impact on the role of the Fourth Estate as the watchdog of democracy. … So, Mr. President, it is time you exercised your own constitutional prerogatives and ended this nonsense immediately. Even if an impartial jury could be selected, which is highly doubtful in this venue, the trial is an injustice."

Cunningham Case Figure Is Focus Of Lewis Probe. The Wall Street Journal (1/19, A8, Paltrow, 2.04M) reports entrepreneur is Brent Wilkes, "a key figure in the case against former Rep. Randy 'Duke' Cunningham," is now the focus of the federal investigation of Rep. Jerry Lewis. Wilkes's firm "received defense and intelligence contracts with congressional help from Mr. Cunningham. The former lawmaker pleaded guilty in November to charges that included soliciting bribes from Mr. Wilkes and was sentenced to more than eight years in prison. Prosecutors in Los Angeles are examining whether Mr. Lewis may have

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improperly helped Mr. Wilkes's companies obtain government contracts."

Judge Grants Defense Motion For Delay In Connolly Murder Trial. The Boston Globe (1/19, 413K) reported in its "New England in Brief" section, "A Miami judge agreed yesterday to a defense request to delay the murder trial of retired FBI special agent John J. Connolly Jr. until Oct. 22 to give lawyers more time to prepare. Connolly was indicted in May 2005 on state murder charges in allegedly helping longtime informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi orchestrate a 1982 gangland slaying in Florida. The victim, John B. Callahan, a Winchester financier, was killed allegedly because the gangsters feared he would tell the FBI they were involved in the slaying of Tulsa businessman Roger Wheeler, who owned World Jai Alai."

Judge Gets Input Before Ney Sentencing. Gannett News Service (1/19, Rulon) reports, "The federal judge who will sentence disgraced former Rep. Bob Ney to prison Friday has received a barrage of opinions about how much prison time he should get, according to documents filed Thursday." Gannett continues, "Most of the 75 letters sent to the judge came from supporters, including a handwritten note from Ney's parents, and letters from childhood friends, his doctor, local officials, including Dover Mayor Richard P. Homrighausen, and several former staff members and campaign workers. … Ney, of Heath, pleaded guilty in October to two felony charges of conspiracy to commit fraud and making false statements. The charges stem from a series of free trips, meals and gifts Ney accepted from convicted former Washington lobbyist Jack Abramoff and others in exchange for official favors." Gannett adds, "His actions carry a maximum sentence of 10 years and a $500,000 fine, but Justice Department prosecutors have agreed as part of Ney's plea deal to ask for a little over two years in prison and between $5,000 and $60,000 in fines. … Nine letters came from people who want U.S. District Judge Ellen Huvelle to sentence Ney to the maximum amount of time possible. … The former six-term congressman has been undergoing treatment for alcohol abuse since September, and in court papers, his lawyers have asked Huvelle to allow him to continue his treatment while incarcerated. … Several letters also included requests that Ney continue his treatment. … 'Bob was a functioning alcoholic who could rarely make it through the day without drinking and would often begin drinking beers as early as 7:30 a.m.,' wrote Matt Parker, Ney's former campaign manager."

Idaho Triple Murderer Charged In Unsolved Slaying. The Los Angeles Times (1/19, Reston, 850K) reports, "A drifter who brutally murdered at least three members of an Idaho family in 2005 and kidnapped two of their young children was charged Thursday with the decade-old slaying of a 10-year-old Beaumont boy abducted at knifepoint near his backyard. … Joseph Edward Duncan III, 43, was named as a suspect in" the death of Anthony Martinez "in 2005 after he reportedly told FBI agents he was involved in the slaying. Investigators also said Duncan's fingerprint was discovered near Anthony's body, which was found nude and bound with duct tape on a remote canyon road north of Indio." The Times notes that Riverside County (ID) District Attorney Rod Pacheco "vowed to seek the death penalty."

Program For Addicted Prisoners Under Fire For Alleged Scientology Links. The Wall Street Journal (1/19, A1, Etter) reports from Albuquerque, NM, "Last November, in a cedar sauna cranked up to 160 degrees, a crowd of sweaty men read books and chatted amid mariachi music. They emerged to nibble from a tray of raw vegetables or take shots of olive oil. … This is not a spa. This is Second Chance, one of the country's most unusual alternatives to the nation's prison systems. Founded by a Scientologist and former real-estate developer -- and funded partly by federal tax dollars -- Second Chance is a treatment program for nonviolent prisoners with substance-abuse problems." The Journal continues, "It is based on principles of L. Ron Hubbard, founder of the Scientology religion, who argued that toxins from drugs and pesticides accumulate in the body's fatty tissues, making it difficult for addicts to kick their habit. Saunas and vitamins are intended to purge these residues. Facing few options for successful long-term ways to treat criminal defendants with serious drug problems, 24 of New Mexico's 84 district judges have sentenced more than 50 prisoners to terms at Second Chance. … Even before it opened its doors to inmates last September, Second Chance and its unconventional methods had ignited a controversy in New Mexico's legal community. At the center of the debate are two former friends and sometime adversaries. William Lang, chief district judge in the area that includes

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Albuquerque, doesn't want his colleagues to sentence inmates to Second Chance. On the other side is Judge Lang's predecessor, W. John Brennan, who was hired by Second Chance to convince judges to do just that. … But Judge Lang says he is 'highly suspicious' of the program. 'If it is connected to Scientology, just say so,' he says. Second Chance officials and a spokeswoman for the Church of Scientology say there are no ties."

Missouri Man Pleads Not Guilty To Kidnapping. The Washington Post (1/19, A03, Lydersen) reports, "Michael J. Devlin, the suburban St. Louis man accused of abducting two boys and holding one for four years, pleaded not guilty yesterday in Franklin County, Mo., court to one count of kidnapping in last week's abduction of William 'Ben' Ownby, 13. … Devlin was also charged with felony kidnapping and felony armed criminal action in nearby Washington County, Mo., on Wednesday in the 2002 abduction of Shawn Hornbeck, 15. Prosecutor John D. Rupp Jr. has alleged that Devlin, 41, initially brandished a handgun to control Shawn, then 11 years old." The Post continues, "Shawn told Oprah Winfrey during an interview aired yesterday that he did not try to flee from Devlin because he was 'terrified,' even though he would regularly ride his bike alone and had access to a cellphone and a computer. He confirmed that he posted a message signed 'Shawn Devlin' on the Web site that his parents, Pam and Craig Akers, set up to search for him and other missing children. The post, which asked how long the Akerses planned to look for their son, was an effort to send a signal, he told Winfrey." The Post notes, "The Akerses told Winfrey they thought Shawn had been sexually abused during his time with Devlin, though they said they had not asked him directly. … Hornbeck and Ownby were found last week after police recognized Devlin's white pickup truck while serving a warrant to another resident at the apartment complex where he lived. … The Franklin County prosecutor's office, which would not comment further, said Devlin's first hearing will be March 15. His attorneys are asking for a change of venue for the trial. Devlin is being held in isolation in the Franklin County Jail in lieu of $1 million bail, and his bail is set at $3 million in Washington County. … The U.S. attorney's office in St. Louis has been working with local prosecutors, but no federal charges have been filed, said local Justice spokeswoman Jan Diltz. An FBI spokesman in St. Louis said federal charges will be considered."

Second Chance Act Defended. In the Washington Times (1/19, 88K), Deborah Simmons writes, "Every year, 600,000 or so prisoners are given their walking papers to return to a neighborhood near you," and they are most likely to return. Sometimes, "we pay upward of $40,000 per prisoner." The Second Chance Act has bipartisan support and "fits comfortably into the mold of compassionate conservatism with a faith-based component." Simmons writes, "Either we can allow policies to continue as they have been and throw good money after ornery lawmaking, or we can change course slightly and experiment."

CIVIL LAW:

DOJ Seeks To Block Wage Payout By New York Center. The Buffalo News (1/19, Gryta) reports, "The U.S. Justice Department renewed efforts Wednesday to block a state court from approving payment of wages owed to 85 former employees of the government-closed St. Augustine Center." The News continues, "A week ago, State Supreme Court Justice John A. Michalek refused to permit the Internal Revenue Service to intervene in the court case, which is aimed at closing the human services center's financial books and paying the back wages." The News adds, "Wednesday, the Justice Department asked U.S. District Judge John V. Elfvin to quash that case, claiming that it 'threatens to impair the ability of the U.S. to enforce its tax liens.' … In its latest legal effort, the Justice Department has filed a federal civil action against State Supreme Court in Erie County, the state Labor Department and Adam W. Perry, the Buffalo attorney Michalek named last year to serve as receiver to close the books on the center. … 'I'm very disappointed that the government is attempting to deny the employees wages that they earned' in closing down the center and ensuring all its clients were properly placed with other Buffalo-area human services agencies, Perry said. … Last February, Michalek ordered the shutdown of the debt-plagued nonprofit agency, which for decades had served Buffalo's black community."

Study On Nicotine Raises Calls For Heightened Regulation. The New York Times (1/19, Harris) reports, "A Harvard study concluding that cigarette makers have for years deliberately increased nicotine levels in cigarettes to make them more addictive led to renewed calls Thursday for greater federal oversight of the industry. … 'Given the harm that tobacco causes, it shouldn't be a game

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of cat-and-mouse to figure out what the industry is doing to cigarettes,' said Dr. Josh Sharfstein, commissioner of health for the City of Baltimore." The Times continues, "Senator Edward M. Kennedy, the Massachusetts Democrat who is now chairman of the Senate Health, Education, Labor and Pensions Committee, promised to reintroduce within weeks a bill that would allow the Food and Drug Administration to regulate cigarettes. … Mr. Kennedy said the Harvard study, which was released this week, 'is dramatic new proof that Big Tobacco is addicted to addicting millions of young smokers.'" The Times adds, "Mr. Kennedy's bill passed the Senate in 2004 but failed in the House. With Democrats now in control of both houses, public health advocates said they had new hope that the legislation — debated for more than a decade — could pass. … Philip Morris, the nation's largest cigarette maker, released a statement Wednesday taking issue with the Harvard study but saying the company supported Mr. Kennedy's bill. … The company, which is owned by the Altria Group, said its own reports showed that nicotine yields for its top-selling Marlboro brand were the same in 2006 as they were in 1997. Changes between those years, it said, "reflect that there are random variations in cigarette nicotine yields." … Cigarette makers have for decades denounced scientific efforts to measure the byproducts and effects of cigarette smoking. And for decades, experts have been arguing over the best ways to measure smoke from smoking. … One common way has been to use machines to mimic smoking. For years, these tests were done at the Federal Trade Commission. … In recent years, however, government regulators have asked cigarette makers to do these machine tests themselves. And beginning in 1997, Massachusetts regulations required cigarette makers to file an annual report with health regulators on the results of these tests. … In August, in a racketeering suit brought by the Justice Department against the tobacco industry, a federal judge found that tobacco companies had for decades 'manipulated the use of nicotine so as to increase and perpetuate addiction.' … In ordering strict new limitations on tobacco marketing, the judge, Gladys Kessler of Federal District Court for the District of Columbia, also said that for decades, tobacco companies had "lied, misrepresented and deceived the American public.""

WPost Says FDA Should Regulate Tobacco Industry. The Washington Post (1/19, A18, 690K) editorializes that Massachusetts Sen. Edward M. Kennedy's (D) "plans to reintroduce the 2004 legislation before the end of the month," are a "good idea that has languished for too long." The FDA "would have the power to require reasonable changes in the composition of the product so that it would be less dangerous to smokers and those around them." These "common-sense policies such as high cigarette excise taxes and smoking bans reduce the prevalence of smoking nationwide," and the FDA "should be allowed to do the same to tobacco's harmful effects."

CIVIL RIGHTS:

Jury Sentences Truck Driver In Immigrant Deaths To Life In Prison. The AP (1/19, Lozano) reports from Houston, "A truck driver was sentenced to life in prison Thursday, avoiding a death sentence for his role in the United States' deadliest human smuggling attempt in which 19 illegal immigrants died from dehydration and suffocation inside an overheated tractor-trailer." The AP continues, Tyrone Williams, 36, was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants. … A jury deliberated for 5 1/2 days before sentencing Williams, himself an immigrant from Jamaica." The AP adds, "Williams was sentenced to life in prison without the possibility of parole for each of the 19 counts of transporting the illegal immigrants who died. U.S. District Judge Lee Rosenthal will sentence Williams on Aug. 23 for the remaining 38 counts of harboring and transporting immigrants and for the conspiracy count. The maximum sentence for the conspiracy count is life in prison. … Williams looked down as the verdict was read and gave no visible reaction. His attorney, former U.S. Rep. Craig Washington, wept and wiped his eyes with a tissue. … Prosecutor Daniel Rodriguez looked grim after the sentence was announced as his boss, U.S. Attorney Don DeGabrielle, spoke to reporters. … 'We did everything we could to impose a sentence of death. Nineteen life sentences is not something to be disappointed about,' DeGabrielle said. 'One human being had the chance to let those people out. That was Tyrone Williams.'"

The New York Times (1/19, Blumenthal) reports, "On one count of conspiracy, the jury left it up to Judge Lee H. Rosenthal to impose sentence. She set Aug. 23 for a sentencing hearing." The Times adds, "The lead prosecutor, Daniel C. Rodriguez, presented anguished testimony of survivors and argued that Mr. Williams was the only one who could have saved the victims. But Mr. Washington repeatedly questioned why Mr. Williams, the only major African-

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American defendant among the ring of human smugglers, should be singled out for execution when co-conspirators made deals to testify for the government. … Mr. Williams was convicted on Dec. 4 of all 58 counts of human smuggling. Mr. Washington said he would appeal. … A first trial ended in March 2005 with the jury's finding of guilty on 38 counts but deadlocking on 20 others, including some eligible for death. The incomplete verdict was thrown out by the United States Court of Appeals for the Fifth Circuit."

Government's Expert Grilled By Defense Attorney In Mississippi Voting Rights Trial. The AP (1/19, Dellenger) reports from Jackson, MS, "Attorneys for Noxubee County Democratic Party official Ike Brown continued a rigorous cross-examination of a government witness on Thursday in an attempt to find flaws in the witness' testimony." The AP continues, "Theodore Arrington, a University of North Carolina political science professor testifying for the U.S. Justice Department, examined the politics of Noxubee County and found that Brown and the county's Democratic Executive Committee are disenfranchising white voters. … He took the witness stand early Wednesday morning and finished at 4 p.m. Thursday after sometimes heated exchanges with Brown's defense attorney. … 'I think we destroyed the expert,' Brown said after testimony concluded." The AP adds, "The department accuses Brown of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Mississippi and other Southern states strictly enforced segregation. … It is the first use of the act to allege discrimination against whites. Noxubee County is a rural area along the Alabama line with a majority black population. … While on the stand, Arrington said the government pays him $150 an hour during his investigations. Over the last five years, he has made hundreds of thousands of dollars, he said. … 'The weight of the government and their resources are against us,' said Brown, whose attorney is working for free. … Arrington testified Wednesday that Brown, the county Democratic Executive Committee's chairman, and others used racial slurs to alienate blacks who support white candidates. He also referred to six lawsuits prompted by complaints of voter irregularity in Noxubee County." The AP notes, "Brown's attorney, Wil Colom, closely questioned Arrington on Thursday about his earlier testimony and his investigative documents. Of the six election complaints cited by Arrington, five were overturned. The one upheld was the only election that took place under Brown's supervision as head of the executive committee."

The Jackson (MS) Clarion-Ledger (1/19, Gates) reports, "Ike Brown mobilizing black voters in Noxubee County isn't illegal. It's admirable, a government expert testified Thursday on cross-examination. … But University of North Carolina Political Science chairman Theodore Arrington reiterated earlier testimony that he believes evidence shows Brown and his associates have engaged in a pattern of racial activities that discriminate against white voters in the majority-black county." The Clarion-Ledger continues, "In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in Noxubee County of discriminating against white voters. … Arrington testified Wednesday for the Justice Department in federal court in Jackson that Brown, chairman of the Noxubee County Democratic Executive Committee, uses race to get his way and bully people who don't agree with the candidates he supports. … Also, Arrington said Brown and his associates had formed racial intent and discriminated against white voters in their actions. … But Thursday, Arrington said he couldn't identify any black person given preferential treatment over a white person at a Noxubee County polling place."

Bush Sees Possibility Of Pardon For Convicted Border Agents. The AP (1/19, Gamboa) reports, "President Bush on Thursday left open the possibility of a pardon for two Border Patrol agents serving federal prison sentences for shooting a Mexican drug dealer as he fled and covering up the crime." The AP continues, "Bush said 'there's a process for pardons' and the case has to work its way through the system. In an interview with KFOX-TV in El Paso, Bush said the White House will review the case, and he urged people to 'take a sober look at the case.' … 'People need to take a tough look at the facts, the evidence a jury looked at, as well as the judge. And I will do the same thing,' he said." The AP adds, "Several lawmakers have urged the president to pardon former Border Patrol agents Jose Alonso Compean and Ignacio Ramos for the shooting of Osvaldo Aldrete Davila, who retreated to Mexico after he was shot and later admitted he was transporting marijuana while in the country illegally. … The agents began serving their sentences Wednesday — 11 years and one day for Ramos and 12 years for Compean. Both were fired after their convictions on several charges, including assault with a deadly weapon, obstruction of justice, and a civil rights violation. … Rancor

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over the convictions and sentencing of the agents has been simmering for months, and the two have become a cause celebre among conservatives and on talk shows. Their supporters have said they were defending themselves and have called them heroes. The agents' prosecution occurred as the issue of illegal immigration was being debated in Congress and amid campaigns for last November's midterm elections."

Lawmakers Call For DOJ Probe Into Duke Lacrosse Prosecutions. The Washington Times (1/19, Seper) reports, "Did a North Carolina prosecutor, members of his staff, Durham police and a DNA testing laboratory conspire to violate the civil rights of three Duke University lacrosse players in bringing high-profile rape charges against them? … That is what Rep. Peter T. King, New York Republican and former chairman of the House Homeland Security Committee, wants to know, calling on Attorney General Alberto R. Gonzales this week to assign Justice Department attorneys and the FBI to find out. … 'I have been following with great interest and deepening concern the prosecution by Durham County District Attorney Michael B. Nifong,' Mr. King said in a terse letter to Mr. Gonzales. 'I have done so not only because members of Collin Finerty's family are my constituents but because I have been accorded the privilege of representing all the citizens in this country and their interest in guaranteeing not only the appearance of justice but its actual implementation.'" The Times adds, "Mr. King said a review he conducted of documents and summaries of Mr. Nifong's investigation, along with discussions with other members of Congress, led to his call for the Justice Department probe. … 'I am deeply disappointed by your apparent decision to defer a decision whether to investigate Mr. Nifong's prosecution of this case,' Mr. King said, referring to rejections last week of probe requests by Reps. Walter B. Jones, North Carolina Republican, and Carolyn McCarthy, New York Democrat. … 'I urge you to reconsider your decision.'" The Times notes, "Mr. King said the Justice Department probe should target Mr. Nifong and members of his staff, including investigator Lindell Wilson; the Durham Police Department, including Officers Mark Gottlieb and Benjamin Himan; and DNA Security Inc., including its director, Brian Meehan."

Cardin Asks For DOJ Probe Of Maryland Republican Campaign Tactics. The DC Examiner (1/19, Fowler) reports, "U.S. Sen. Ben Cardin is calling on Attorney General Alberto Gonzales to investigate instances of voter intimidation and election fraud the senator says occurred in Maryland before the November election. … Cardin, D-Md., made the request Thursday during a Senate Judiciary Committee hearing." The Examiner continues, "The accusations involve former Republican Gov. Robert Ehrlich and then Lt. Gov. Michael Steele. Ehrlich was seeking re-election, while Steele was competing with Cardin for an open Senate seat. Both candidates lost. … Democrats blasted Ehrlich and Steele on Election Day after their campaigns sent out a last-minute voter guide titled 'Ehrlich-Steele Democrats' that targeted black voters. … Called an 'Official Voter Guide' for 'Ehrlich-Steele Democrats,' the Ehrlich and Steele campaigns mailed a 'Democratic Sample Ballot' to residents, encouraging them to vote for Ehrlich, Steele and a variety of Democrats, including state attorney general candidate Douglas Gansler and comptroller candidate Peter Franchot." The Examiner adds, "Cardin told The Examiner Thursday said he wants Gonzales to look at the situation in Maryland and around the country. … 'I would like to see election officials know and candidates know that there is a price to pay if they do not conduct their responsibilities as election officials properly, and as candidates there is a limit to what you can do,' Cardin said. … In predominantly black Prince George's County, the sample ballot cover featured pictures of three black Democrats — former U.S. Rep. Kweisi Mfume, former Prince George's County Executive Wayne Curry and Prince George's County Executive Jack Johnson."

DOJ Studying Washington City's Elections After Report Raises Questions. The Yakima (WA) Herald-Republic (1/19, Muir) reports from Sunnyside, WA, "The U.S. Justice Department is looking into the way this city elects its leaders after a recent Whitman College report said the city's system violates the Voting Rights Act and keeps Hispanics from being elected." The Herald-Republic continues, "Four people -- including a former city councilwoman and a community activist -- say they've been in contact with a Washington D.C. attorney from the department's civil rights division about the study." The Herald-Republic adds, "In December, Whitman College released a report by Ian Warner, an undergraduate, showing that Sunnyside's at-large council elections create barriers to more equitable representation, a violation of the federal Voting

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Rights Act. Under the 1964 Act, a violation can be proven if there is a discrepancy in representation and there is racially polarized voting -- if people of one race vote predominantly for candidates of the same race. … Warner says he proved this by comparing thousands of voting records against a Hispanic surname list that showed Hispanic candidates got more votes in precincts with high Hispanic populations. … Warner and the professor who oversaw the research both say the Justice Department attorney, Sean O'Donnell, contacted them after an article about the study was published in the Yakima Herald-Republic. … 'He's obviously taking it seriously and thinks there are some legal implications,' said Paul Apostolidis, chairman of Whitman's politics department and the professor for whom Warner wrote the report. The Herald-Republic notes, "Former Sunnyside Councilwoman Bengie Aguilar and local Hispanic activist Hector Franco say they too have talked about Warner's study with O'Donnell. The attorney was in Yakima County last month to talk with them about bilingual voting materials when the article was published. O'Donnell took an interest in the story, Aguilar and Franco said. … O'Donnell declined to comment for this story. A spokeswoman for the Justice Department said it's the agency's policy not to comment on such matters."

Abortion Rights Backers Lower Expectations. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that as "the Roe v. Wade decision reaches 34-year anniversary, abortion-rights activists press the Democratic Congress for enhanced access to emergency contraception for rape and incest victims, and parity in health-plan contraception coverage." Nancy Keenan, chief of NARAL Pro-Choice America, "cautions, 'One election can't change everything,' as clear opponents of abortion rights still outnumber advocates by 219 to 165 in the House and 48 to 35 in Senate; other lawmakers have mixed positions."

Robert E. Lee's Legacy Under Reevaluation. The Washington Post (1/19, B01, Schulte) reports, "Today, the United Daughters of the Confederacy plan to fly a Confederate flag on Washington Street in Alexandria, on the statue of a rebel soldier who faces South. The Virginia Sons of Confederate Veterans will gather for dinner in Richmond to honor the man they hail as 'one of the greatest Americans.' … It's the 200th birthday of Robert E. Lee, the Confederate general who is revered by some and reviled by others. Commemorations and protests are planned across Virginia and other Southern states, proving that more than 140 years after the end of the Civil War, Lee is still a pivotal, controversial and complicated figure in American history and continuing race and culture wars." The Post continues, "In Virginia, where Lee was born, fought in the Civil War and died -- no matter whether he's viewed as a hero who fought brilliantly and valiantly for state's rights or as a traitor bent on protecting his state's right to own slaves -- his legacy looms large. Lee highways crisscross the state, including in the Washington region, Lee bridges cross rivers, high schools are named for him and the phone book lists hundreds of Robert E. Lees. … But beyond the heat and noise created by Lee's 21st-century defenders and detractors, there is a new move to reevaluate Lee and his legacy." The Post adds, "The premise of the new look is perhaps as controversial as Lee's image: As the South has become more racially and ethnically diverse and has prospered economically, perhaps the South doesn't need Lee so much anymore. Or at least not in the same way. Perhaps it is time to let him pass from marble icon and touchstone of white Southern identity into the annals of history as a charismatic and important human figure."'

ANTITRUST:

FBI Raids Florida Citrus Firm Offices In Antitrust Probe. The Treasure Coast (FL) Palm (1/19, Turner) reports from Fort Pierce, FL, "FBI agents served warrants and inspected computer records at citrus businesses on the Treasure Coast at the request of the antitrust division of the U.S. Department of Justice." The Palm continues, "DNE World Fruit Sales in Fort Pierce and Seald Sweet International in Vero Beach are alleged to have colluded to set prices, according to Richard Carnell, general counsel for fruit importer DNE. … Carnell dismissed the allegations. They 'ultimately will be seen to be meritless and have no substance to it,' he said." The Palm adds, "Federal officials weren't talking about the charges. … Justice spokeswoman Gina Talamona said Thursday evening that she could not confirm the nature of the warrants, and agents for the FBI in Miami and Atlanta deferred comment to the department." The Palm notes, "Carnell said he knew little of the claims, but that it appears the investigation is the result of a disgruntled competitor in the citrus industry. … 'Frankly, it's a pretty litigious society and people try to air their grievances by filing claims,' he said. 'The investigators came in this

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morning and are looking at records, primarily involving the import programs from South Africa and Australia.'"

Mittal Discussing Sale Of Weirton Steel To Esmark. The Baltimore Sun (1/19, Connolly) reports, "Sparrows Point owner Mittal Steel Co. NV said yesterday it is in negotiations with Esmark Inc. of Chicago to sell part or all of its plant in Weirton, W.Va., a sale that would likely keep the Baltimore County steel mill in the hands of the world's largest steel conglomerate." The Sun continues, "Netherlands-based Mittal has previously said it would sell either Weirton or Sparrows Point to satisfy Justice Department concerns that Mittal would have a monopoly on tin production in the United States after its $33 billion merger with Arcelor SA of Luxembourg. The combined company, to be named Arcelor Mittal, would be the world's largest steel producer with annual output of more than 110 million tons. … But the Justice Department has the final say, and it wants Mittal to sell another subsidiary, Dofasco Inc., by Jan. 28. … 'The matter is still open and pending,' Justice Department spokeswoman Gina Talamona said yesterday. She declined to comment about Mittal's negotiations with Esmark, which took control late last year of nearby Wheeling-Pittsburgh Steel Corp." The Sun adds, "Dofasco, a profitable Canadian company that makes high-grade metal sheet for the North American auto industry, is tied up in a Dutch trust, and Mittal said last week that it will not sue to release it. … During its nearly six-month pursuit of Arcelor, Mittal had promised to sell Dofasco to German steelmaker ThyssenKrupp AG if it were successful. However, in an effort to thwart Mittal's advances, Arcelor transferred Dofasco to a Dutch foundation. … Despite agreeing to the merger in June, Arcelor has no control over the trust, which prevents a sale for five years unless the trustees approve."

Microsoft Seeks To Question Iowa Class-Action Plaintiffs. The Des Moines Register (1/19) reports, "The focus of the Microsoft trial in Polk County District Court shifted Thursday to the named plaintiffs and their relationship to Des Moines lawyer Roxanne Conlin, who is one of the attorneys representing the four individually named plaintiffs, as well as all other Iowans who purchased certain Microsoft products between 1994 and 2006." The Register continues, "With no jury present, lawyers for Microsoft renewed an earlier request that they be allowed to ask the individual plaintiffs about their connections with Conlin. The earlier request was turned down last year by Judge Scott Rosenberg, who indicated he might rule on the new request as early as Friday." The Register adds, "Conlin was visibly angered by the request and acknowledged that some of the four named plaintiffs were friends of hers before the case began. She said the request was unfair and a 'propaganda move' by Microsoft. … 'Microsoft is trying to show that the people with the most to gain are the lawyers, and that is not proper in this law suit or any law suit,' Conlin said." The Register notes, "Conlin and Minneapolis attorney Richard Hagstrom are co-lead counsels in the class-action, antitrust suit which is seeking as much as $330 million in damages from Microsoft for Iowa consumers. … In a similar case in Minnesota in 2004, in which Conlin and Hagstrom were the lead counsels, Microsoft settled the case, after a jury trial had begun, for about $175 million, which was less than half what the plaintiffs were seeking in that case."

Delta Pilots Seek To Testify At Airline Merger Hearing. The Atlanta Journal-Constitution (1/19, Grantham) reports, "Delta Air Lines' pilots union is angling to put its objections to US Airways' hostile takeover bid in the national spotlight next week at a Senate hearing on airline mergers." The AJC continues, "Lee Moak, chairman of the Delta unit of the Air Line Pilots Association, said Thursday that the union has asked to testify on the at the Senate commerce committee hearing scheduled for Wednesday. … 'We're not leaving this to chance. ...We will not stop until this [deal] is dead.'" The AJC adds, "The union, which opposes US Airways' $10 billion-plus bid for Delta, last week announced that it temporarily moved its officers to Washington D.C. and budgeted $15 million for its lobbying, legal and public relations fight against the deal. … Delta's unsecured creditors committee, which will have a large say in whether Delta is acquired or emerges from bankruptcy this spring as an independent carrier, has remained mum since US Airways boosted its bid last week by 20 percent. The pilots union is a major creditor on the committee. … While creditors mostly weigh the financial aspects of a buyout, they must also consider the chances that a Delta-US Airways merger would be approved by the U.S. Justice Department, and political sentiment could play a role in that calculation."

GE's Deal With Abbott Labs Shows CEO's New Strategy. The Wall Street Journal (1/19, C3, Kranhold, Johnson) reports, "General Electric Co.'s $8.13

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billion deal with Abbott Laboratories is the latest step in GE Chairman Jeffrey Immelt's strategy to redouble investment in the conglomerate's market-leading businesses, from aviation to health care." The Journal continues, "The companies confirmed that GE had agreed to acquire Abbott's laboratory-testing unit and a smaller blood-analysis division. The deal, which needs regulatory approval, is expected to close in the first half of the year. … The acquisition would mark GE's entry into what is known as "in vitro" diagnostics, or laboratory testing, while Abbott sheds a unit growing more slowly than other parts of its business. … 'In vitro' diagnostics generally test blood or urine for diseases from cancer to HIV. Germany's Siemens AG, a GE rival in medical equipment, entered the market last year by paying $5.3 billion for Bayer AG's diagnostic unit." The Journal notes, "The Abbott unit had sales of roughly $2.5 billion last year. GE would also acquire Abbott's smaller point-of-care diagnostic group, which makes testing tools used at the bedside in hospitals, among other diagnostic tools. … The proposed deal is comparable to one of Mr. Immelt's boldest moves since taking over in 2001 -- the $9 billion-plus acquisition of Britain's Amersham PLC, which took GE into bioscience and molecular diagnostics. Most of GE's $17 billion in annual health-care sales stems from diagnostic equipment such as sophisticated X-ray machines, ultrasounds and MRI."

ENVIRONMENT/INDIAN AFFAIRS:

Coalition Of Industry, Environmentalists To Push For Action On Climate Change. The Wall Street Journal (1/19, A10, McKinnon, 2.04M) reports, "A new coalition of environmental groups and major corporations such as Alcoa Inc., General Electric Co., DuPont Co. and Duke Energy Corp. will boost pressure on Congress and President Bush next week to address climate change more rapidly." The informal coalition "will suggest that Congress and the administration move quickly to address global warming through steps such as capping greenhouse-gas emissions and discouraging construction of conventional coal-burning power plants." Although the US "rejected the Kyoto accord that created greenhouse-gas caps and an emissions-credit trading system for developed countries in Europe and elsewhere, some U.S. executives believe such regulation is inevitable here. They want more certainty about the future, as they plan for capital investments."

The New York Times (1/19, Barringer, 1.16M) says, "The diversity of the coalition — some members had already come out for other forms of emissions control, like a carbon tax or voluntary controls, but others had been silent on climate-change issues until now — could send a strong signal that businesses want to get ahead of the increasing political momentum for federal emissions controls, in part to ensure that their long-term interests are protected." The Times adds, "Many energy producers and manufacturers have expressed concern that various state efforts, if not coordinated, could lead to a scattershot system of regulation. Others worry that harsher measures, like a stiff tax on fossil fuels, the biggest contributor to global-warming gases, could be imposed if they do not reach a consensus on a legislative approach." The group is to be formally announced "the day before President Bush is to deliver his State of the Union address and offer the administration's newest basket of proposals to promote energy security and combat global warming."

Pelosi Says Climate Change Next On Democrats' Agenda. The Financial Times (1/19, Daniel) reports House Speaker Nancy Pelosi "Thursday vowed to make energy independence and climate change legislation the next focus of Democrats' congressional agenda." She "said she would create a new select committee to focus attention on energy independence and global warming. 'I want a package of legislation through the committees by July 4 towards fully declaring our energy independence.'" The Times adds, "In the clearest sign the White House is responding to international and domestic pressure to act on climate change, Tony Snow, White House spokesman, on Thursday said that in the president's State of the Union on Tuesday Mr Bush would seek to 'balance the needs of security and, at the same time, also the environment. And you can expect him to make that linkage in the speech.' Making a more explicit link between energy security and the environment would be a significant step for the administration."

Global Warming "Catastrophe" Said To Be Unfolding In Antarctica. NBC Nightly News (1/18, story 8, Williams, 9.87M) reported on a trip to Antarctica "to see in dramatic fashion the impact of climate change on planet earth. Correspondent Lawrence McGinty of our British partner ITN reports tonight from the stunning landscape of Antarctica, a place he says where a catastrophe is unfolding slowly but surely." NBC (McGinty) added, "If you want to see global warming in action this is the place to come. The

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Antarctica peninsula is now three degrees warmer than it was 50 years ago. Once this glacier was surrounded by a huge ice shelf floating on the sea. Because of warming that has collapsed." NBC added, "Scientists fear we could be approaching a point of no return. A tipping point that would irreversibly change our climate and our world."

Industrialized World Using Less Oil. The Wall Street Journal (1/19, Bahree, 2.04M) reports that "a largely overlooked factor in the recent plunge in oil prices may portend an end to the multiyear rise in crude: For the first time in years, the developed world is burning less of it. Fresh data from the International Energy Agency show oil consumption in the 30 member countries of the Organization for Economic Cooperation and Development fell 0.6% in 2006." It is "the first annual drop in more than 20 years among the OECD countries." The "fall in oil use by the industrialized world is a sign that the reactions to higher oil prices by businesses and consumers from the U.S. to Germany to Japan may be adding up to a cycle-turning downdraft in demand." Other signals "have been popping up for some time: Demand for gas-guzzling sport-utility vehicles has been falling, while investment in and sales of alternative fuels such as ethanol are booming. Even the Bush administration is vowing to reduce America's dependence on crude."

Climate Change Seen As Key 2008 Issue. The Washington Times (1/19, Bellantoni, 88K) reports, "Presidential candidates for 2008 mostly agree that global warming is a problem that merits government action, a signal that debate on the issue will be more practical than conceptual. Democrats actively seeking the nomination or thought to be considering White House bids say climate change is real and promise plans to curb carbon emissions, a view shared by several Republican hopefuls." The Times adds, "Sen. John McCain, Arizona Republican, and Sen. Barack Obama, Illinois Democrat, are co-authors of a bill aimed at drastically reducing greenhouse gas emissions." Sen. Hillary Rodham Clinton "has said climate change is a pressing problem." And Sen. Joseph R. Biden Jr. "this week introduced a resolution calling on the United States to negotiate to join the Kyoto Protocol treaty."

Friedman Calls For "Green New Deal." In his New York Times (1/19, 1.16M) column, Thomas L. Friedman writes, "Al Hubbard, the president's economic adviser, says Mr. Bush will soon unveil an energy independence strategy that will produce 'headlines above the fold that will knock your socks off.' Since everything the president has done on energy up to now has left my socks firmly in place, I will be eager to hear what Mr. Bush says." Friedman adds, "Neither the White House nor the Democratic Party seems to grasp that the public and business community are miles ahead of them on this energy/environment issue. The presidential candidate who finally figures that out, though — and comes up with a compelling energy/environment agenda — is going to have a real leg up in 2008." The "right rallying call is for a 'Green New Deal.' ... If we are to turn the tide on climate change and end our oil addiction, we need more of everything: solar, wind, hydro, ethanol, biodiesel, clean coal and nuclear power -- and conservation." Friedman concludes, "[W]hen the president unveils his energy proposals, if they don't call for higher efficiency standards and higher prices for fossil fuels — take your socks off yourself. It's going to get hot around here."

House Approves Pursuit Of Lost Oil Royalties. The Washington Times (1/19, Debose) reports, "The House yesterday passed an energy policy aimed at getting back more than $10 billion in federal royalty payments and eliminating tax relief and other subsidies that oil companies have enjoyed for the past decade." The Times continues, "The Clean Energy Act, which passed on a 264-123 vote, would create a fund called the Strategic Energy Efficiency and Renewables Reserve using the recouped oil dollars. The reserve also would be used to fund more investment in renewable ethanol, wind, hydrogen and biofuels technologies, as well as energy conservation programs." The Times adds, "The energy bill represented the fulfillment of Democrats' promise to pass a package of six bills in the first 100 legislative hours of Congress. … House Speaker Nancy Pelosi, California Democrat, said her party wasn't finished and announced that she would create a Select Committee on Energy Independence and Global Warming." The Times notes, "Democrats for years have targeted oil companies that bought and signed federal land leases in 1998 and 1999. Because of a congressional oversight, these companies did not have to pay the royalty fee for oil when its price went above $34.73 a barrel or natural gas when its price rose higher than $4.34 for every million thermal units. … The prices for both oil and natural gas have been well above the royalty thresholds for years, with the loss of more than $10 billion in fees. Democrats say their energy bill will recoup those dollars."

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Indian Tribes Hiring More Big Law Firms. The California Recorder (1/19, Elinson) reports, "When the Pojoaque Pueblo in New Mexico decided to go ahead with a huge $245 million casino, resort and infrastructure development last year, they turned to the capital markets for financing instead of the bank loans or government grants traditionally used by tribes. … They also turned to mega law firm Orrick, Herrington & Sutcliffe for legal advice on the financing instead of a more traditional legal resource -- Indian law boutiques. … 'When I started, it was a practice area that only a few boutique firms were involved in,' said Townsend Hyatt, who advised on the Pojoaque financing and, a decade after entering the practice, now heads Orrick's tribal finance group. 'As tribes have expanded economically, politically, numerically -- and certainly, as their socio-economic status has risen -- they have the economic means to hire law firms that they would not have hired before.'" The Recorder adds, "To serve this need, larger firms are increasingly organizing formal Indian law practice groups. Holland & Knight, Akin Gump Strauss Hauer & Feld, Dorsey & Whitney and Pillsbury Winthrop Shaw Pittman are some of the other Am Law 100 firms with similar practice groups, most of which range from 10 to 30 lawyers. … Those lawyers are kept busy. Tribes have to deal with federal law, state and local laws, large business partners such as Las Vegas casino operators and major financial institutions. … Litigation that ends up in a federal court is complex enough, but transactional lawyers face an added challenge -- they often have to learn the particular laws governing each tribe. Any detail of a proposed transaction may be governed by a unique tribal regulation. … The trend doesn't just mean more business for the tribes' lawyers. Large companies and financiers are increasingly interested in doing business with the tribes …"

Sioux Tribe Asks U Of Illinois To Return Mascot's Tribal Regalia. The Chicago Tribune (1/19, Cohen, Keller), reports, "In a 1982 halftime ceremony at Memorial Stadium, a 93-year-old Oglala Sioux chief and medicine man presented the University of Illinois with tribal regalia for use by the university's mascot, Chief Illiniwek. … The university paid $3,500 for the moccasins, blanket, peace pipe pouch, breastplate and war bonnet with 90 eagle feathers, all owned by Sioux Chief Frank Fools Crow, according to the university's archives." The Tribune continues, "On Thursday, Oglala Sioux tribal members, including Fools Crow's grandson, asked for it all back. … The tribe's demands are the latest in a growing campaign by students, faculty, Native American groups and the National Collegiate Athletic Association—which has already penalized the U. of I.—to dump the mascot." The Tribune notes, "A resolution passed Thursday by the Oglala Sioux asks the university to stop using the mascot and return the attire, including the original feathers. … Eagle feathers were replaced on the mascot's headdress with painted turkey feathers by 1990, according to the school's sports media guide. Where the original eagle feathers now are is unclear, both with the university and with tribal headquarters on the Pine Ridge Reservation in South Dakota. … University officials, already mulling the future of Chief Illiniwek, first learned of the demand at a trustees meeting Thursday."

FBI/DEA/ATF/USMS:

Mueller, Los Angeles Officials Announces Crackdown On Gangs. Under the headline "FBI Joins L.A. Policing Effort In War On Gang Crime," the Los Angeles Times (1/19, McGreevy, Winton, 850K) reports, "FBI Director Robert S. Mueller III joined local law enforcement officials Thursday as they announced a campaign for the 'strategic dismantling' of two street gangs after the killing last month of 14-year-old Cheryl Green in the Harbor Gateway area." Mueller "stood with Los Angeles Mayor Antonio Villaraigosa, Police Chief William J. Bratton, [Los Angeles County Sheriff Lee] Baca and others in front of a market in the tiny gang-plagued neighborhood as officials outlined their multi-agency attack on the 204th Street group and an affiliate, the Eastside Torrance gang. … Federal agents will provide electronic surveillance of gang activity and operate observation posts in the neighborhood; the U.S. attorney may use federal hate crime and civil rights laws to put violators in federal prison, where sentences are longer, officials said. 'We will be working shoulder to shoulder with police officers in these areas,' Mueller said." The Times notes, "Earlier in the day, Mueller told about 100 members of the Los Angeles Area Chamber of Commerce that increases in gang violence were being seen across the nation but that the problem was a special challenge in Southern California. 'Los Angeles, for better or worse, is ground zero for modern gang activities,' Mueller said. 'Here in Los Angeles the ratio of gang members to police officers is overwhelming,' he added. 'This is where we in the FBI can help.'"

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The Los Angeles Daily News (1/19, Orlov, Anderson) reports Mueller "pledged to work with local and state law enforcement agencies to crack down on gangs and use federal resources, intelligence and laws to crush gang leadership. 'Taking apart a gang is much like demolishing a building,' Mueller said. 'Hacking away at individual walls and beams only does so much. But using federal drug and racketeering statutes is akin to dynamiting the foundation. Once the gang's leadership infrastructure implodes, all members are weakened. It becomes more difficult for the gang to operate, and eventually it crumbles.'" At the Chamber luncheon, Mueller told Bratton "that his 700 agents in Los Angeles would work more closely with the LAPD, the Sheriff's Department and other agencies. … Mueller also plans to use emerging technologies to investigate gangs, including databases that show the geographic locations of gang members, their bench warrants, shootings and those overstaying their visas." However, "Connie Rice, co-director of The Advancement Project, said smart law enforcement techniques are only part of the solution to reducing gang violence. … 'The best research shows that gangs do not exist in a vacuum. They have to have conditions to brood in. If you don't get rid of those conditions, the gang will simply perpetrate.'"

The AP (1/19, Marquez) reports, "'Our intention is ... to look at each gang individually to determine who we can best attack them,' said Bratton, who was joined by…Mueller and other law enforcement officials. Mueller, who earlier in the day called Los Angeles 'ground zero for modern gang activity,' said he would bring to bear the federal government's resources in gang investigations. … Mueller said there were more than 30,000 gangs and 800,000 members nationwide. 'Like a cancer,' he said earlier in the day, 'gangs are spreading across America.'" The New York Times (1/19, Archibold, 1.16M) notes, "The announcement was made in the heart of the gang's territory…by Mayor Antonio R. Villaraigosa; Chief William Bratton of the Los Angeles police; the director of the Federal Bureau of Investigation, Robert S. Mueller III; and city and county prosecutors." The Times adds, "Gang crackdowns have in the past yielded mixed results at best. Typically, the violence subsides until the police pull back as pressure to patrol other areas increases. 'It's like a ship passing in water,' said Wes McBride, executive director of the California Gang Investigators Association." KNBC-TV Los Angeles (1/18) also reported on the crackdown, on its Web site and in a broadcast story.

Meanwhile, the Christian Science Monitor (1/19, Wood, 59K), not mentioning Mueller's visit or yesterday's announcement, reports on the rise in racially-charged gang violence, noting, "Los Angeles police are ratcheting up enforcement with tactics such as 'Top Ten' lists – one of 'worst gangs' and one of 'worst leaders' – to target the most egregious suspected offenders of the city's 720 street gangs and their 40,000 members. They are increasing the use of injunctions to prevent public gathering of gangs and nuisance-abatement lawsuits that target their permanent hangouts. New collaborations with federal, state, and local agencies will pool money and resources. Among new ideas: better tracking of gang members who reenter neighborhoods after release from prison. But officials say they have come to realize that the gang epidemic here is largely immune to increased crime crackdowns."

Lawmakers Ask DOJ To Back Off Of Reporters' Subpoenas In BALCO Probe. The Los Angeles Times (1/19, Weinstein) reports, "The new chairman of the House Judiciary Committee and an influential Republican congressman asked Attorney General Alberto R. Gonzales on Thursday to withdraw grand jury subpoenas to two San Francisco Chronicle reporters facing 18 months in federal prison for refusing to disclose their confidential sources of information about steroid use in professional sports." The Times continues, "In 2004, Mark Fainaru-Wada and Lance Williams wrote articles quoting closed-door testimony of Barry Bonds of the San Francisco Giants, Jason Giambi of the New York Yankees and sprinter Tim Montgomery about the use of drugs supplied by the Bay Area Laboratory Cooperative, known as BALCO. … Five defendants, including Victor Conte, BALCO's founder, have pleaded guilty to illegal drug distribution. Another grand jury is investigating whether Bonds committed perjury by denying that he knowingly used steroids. … 'There can be no doubt that the work of' Fainaru-Wada and Williams 'has been significant,' Rep. John Conyers, D-Michigan, and Rep. Tom Davis, R-Va., ranking minority member on the House Committee on Oversight and Government Reform, wrote to Gonzales. … 'This coverage spurred Congress to action ... and forced Major League Baseball, among others, to announce an historic change in their steroid rules and policies,' the congressmen added. 'The subpoenas issued to those reporters and their newspaper seeking confidential source information are troubling both on the specific facts of

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their case and because of the great damage they could cause to our nation's press and the First Amendment.' … Although a protective order is 'an important interest,' they said, 'this case is significantly different from others involving a breach of national security, terrorism of serious criminal conduct.'"

The San Francisco Chronicle (1/19, Coile) reports, "The Justice Department was still reviewing the letter late Thursday, but a spokeswoman insisted the agency 'issues subpoenas to members of the media only when absolutely necessary.' … The unusual bipartisan letter showed that Congress is closely watching the case of the two Bay Area journalists, who could be ordered to jail for refusing to comply with a federal judge's order to divulge their sources. Lawmakers and legal experts say it's a crucial test of far the government will be allowed to go to extract information from journalists. … 'It sends a message that really goes beyond these two courageous reporters,' Conyers said in an interview Thursday. 'It sends a message to all reporters that this could happen to you.'" The Chronicle notes, "The Chronicle case has become Exhibit A for lawmakers pushing a federal shield law that would protect journalists from efforts by the government to force them to name their sources or turn over notes. The measure stalled in the Republican-controlled Congress last year, partly because of Justice Department opposition. Democrats are vowing to revive efforts to pass the law, but it still faces major hurdles. … Some lawmakers believe that if the two reporters are sent to jail, it could actually increase the chances that Congress would approve a media shield bill this year."

USA Today/AP (1/19) reports, "Conyers sent a letter to Gonzales asking the attorney general to withdraw the subpoenas. Rep. Tom Davis, R-Va., also signed the letter. … 'Like most Americans, we have watched with great concern as the Department of Justice issued grand jury subpoenas to the reporters and their newspaper to learn the identities of their confidential sources on some of the most significant reporting in the history of professional sports,' Conyers and Davis wrote. 'We write to you now to express my deep concern over the issuance of these subpoenas and to urge you to withdraw them.' … Davis, as chair of the House Government Reform Committee, held a steroids hearing in March 2005, when the witnesses included former baseball players Mark McGwire, Rafael Palmeiro and Jose Canseco. Davis was one of a handful of representatives and senators who sponsored bills proposing to mandate stronger steroid testing and penalties for U.S. pro sports."

FBI Launches Email Alert System. US News & World Report (1/18, Ragavan) reported on its Web site, "The FBI has sent out 600,000 E-mail alerts to a base of 14,000 subscribers, the bureau tells U.S. News. The E-mail alert program was launched in October to provide the public, businesses, and law enforcement agencies with timely information on everything from terrorists to fugitives, scammers, and crooks, as well as updated information on terrorist threats. John Miller, FBI chief spokesman, said the system can also be used for crisis communication during a disaster or terrorist attack. To sign up, one clicks on red envelope icons on the FBI's main website or its 56 field office websites and provides an E-mail address. No personal information is required." US News added, "Miller said the FBI expects the alert system will also help them catch criminals. 'It's a fast, effective way of keeping our partners and the public informed,' he said."

Weapons Stolen From FBI Vehicle. The Washington Post (1/19, B3, Lengel, 690K) reports, "Seven weapons, including two submachine guns, were stolen last weekend from an FBI agent's vehicle in Southwest Washington, the agency said yesterday. … The theft triggered an intensive search for the property and whoever took it. The FBI decided yesterday to seek the public's help by offering a $25,000 reward." The Post notes, "A second bureau-issued car belonging to an agent at the FBI's headquarters also was vandalized, but nothing of importance was taken, authorities said. Both FBI agents live in the area and were issued vehicles to take home because of their assignments." FBI Washington Field Office chief Joseph Persichini Jr. said that the agent "stored equipment in his vehicle… because he has to be in a 'ready position 24-7' as part of a special response team."

The Washington Times (1/19, Taylor, 88K) reports, "The car was one of about 20 that were vandalized in a public parking lot…sometime between midnight and 3 a.m. Saturday, the FBI said." FBI spokeswoman Debbie Weierman said yesterday, "We have some very good leads and we're working on those leads trying to solve this crime as soon as possible."

Mitchell Pushes For Cooperation From Baseball Players, Owners In Steroids

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Investigation. There are more than 350 media references to former Sen. George Mitchell seeking better cooperation in the investigation of steroid use in baseball. For example, the Los Angeles Times (1/19, Shaikin) reports Mitchell "urged owners and players to cooperate with his probe or face the possibility of a new round of congressional subpoenas. … Mitchell's investigators spoke with club officials and former players last year and plan to talk to active players this year. Mitchell cannot force anyone to speak with his investigators. … Agent Barry Axelrod said he understands the union and management have agreed on guidelines for active players willing to cooperate, but such guidelines have not been distributed. Axelrod said he represents two former players who were asked to speak with Mitchell's investigators last year; one accepted and one declined." The Los Angeles Times (1/19) also has posted Mitchell's remarks on its Web site.

The AP (1/19, Bagnato) reports Mitchell "said he intends to interview active players and raised the possibility that Congress or other government authorities could compel testimony. 'I believe it will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation,' Mitchell said in remarks that were released to reporters." ABC News, USA Today, Forbes, the New York Times, Washington Post, Arizona Republic, San Francisco Chronicle, and Houston Chronicle, are among the news outlets that used the widely-reported AP story.

The Arizona Republic (1/19) reports Mitchell "told the owners that he and his staff already had reviewed 'tens of thousands of documents and conducted hundreds of interviews.' But he said the investigation was dragging because 'cooperation with our requests for information has been good from some, less good from others.'"

The Baltimore Sun (1/19, Barker) reports Mitchell "suggested that baseball, which unsuccessfully challenged the committee's subpoena power in 2005, would be wise to avoid tangling with Congress again. If a governmental entity gets involved, Mitchell warned, 'the burdens, the risks, the time involved and the resources required will be much greater than they are now.'"

Bloomberg (1/18) reported Mitchell "pointed to results of the last week's Hall of Fame voting as an indication that the steroid cloud over baseball won't fade away. Mark McGwire, whose 583 career home runs are tainted by steroid suspicions, received 23.5 percent of the vote, less than a third of what's needed for induction. A lack of cooperation would further extend the length of the investigation, Mitchell said."

Ohio Drug Trafficker Sentenced To Life In Prison. The Cincinnati Enquirer (1/19, Horn, 209K) reports, "Clarence 'The General' Remble left Los Angeles for Ohio several years ago to run a drug trafficking network. He'll spend the rest of his life in prison instead. A federal judge imposed the life sentence Thursday after prosecutors described him as the ringleader of a gang that operated in Middletown, Zanesville and other southern Ohio communities. … Rather than target Cincinnati or larger cities, prosecutors say, Remble and other gang members tried to build up their drug network in smaller towns." The Enquirer notes, "The FBI arrested Remble in July 2005 after tracking a shipment of 44 pounds of cocaine from California to southern Ohio, prosecutors say."

The Middletown (OH) Journal (1/19, Greber) adds, "Remble is one of 20 people who have been arrested and charged in a major drug bust that was coordinated by the FBI, Middletown Division of Police and several other law enforcement agencies. The joint federal, state and local investigation in Middletown began in January 2005, spearheaded by the local department. To date, 18 of the 20 individuals involved in the drug ring have been convicted."

Protest Follows Marijuana Dispensary Raids In Los Angeles County. The Los Angeles Times (1/18) reported about 100 people "demonstrated outside West Hollywood City Hall [Thursday], protesting a series of federal raids that shut 11 outlets for medical marijuana in the county. … The simultaneous raids, part of an investigation by the U.S. Drug Enforcement Administration, were the largest such operation in the county in recent memory. Five dispensaries in West Hollywood were raided with the other six in Venice, Hollywood, Sherman Oaks and Woodland Hills. … Sarah Pullen, spokeswoman for the DEA's Los Angeles field division, said agents seized large quantities of marijuana-laced edibles that included 'anything from ice cream bars to lollipops to cookies to candies and candy bars.'"

The Los Angeles Daily News (1/18) reported the raids "came a day after Los Angeles Police Chief William Bratton denounced the storefront medicinal clinics as crime magnets that have begun to prey on teenagers - including passing out fliers at Grant High School in Van Nuys this past summer - and called for a moratorium on the facilities. '(These)

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enforcement operations send a message to these drug traffickers,'" said Pullen. The number of clinics "has exploded from five in 2005 to 143 by the end of last year. Bratton said many of the clinics are lucrative operations aimed at recreational users."

On its Web site, KCAL-TV, Los Angeles (1/18) reports Pullen "said that about 20 people were detained. She did not have immediate numbers regarding possible arrests or how much marijuana was seized. … The West Hollywood City Council voted Tuesday night to strengthen restrictions on marijuana outlets, but some council members have sympathized with those who contend they need pot as medicine."

KNBC-TV, Los Angeles (1/18) reports on its Web site that during the raids, about 50 protesters "shadowed DEA agents …as they carted away evidence." KNBC notes that Los Angeles County "has an estimated 200 marijuana outlets."

Advocacy Group's Headquarters Raided. The Washington Times (1/19, Seper) reports federal agents in California and Washington state "have raided several medical marijuana distribution centers, seizing thousands of pounds of the drug, marijuana-laced edibles, weapons and cash. There were no arrests. … In California, according to the DEA, there is no state regulation or standard of the cultivation or distribution of medical marijuana. The state leaves the establishment of any guidelines to local jurisdictions, which can vary widely." Drug enforcement agents "also raided the Everett, Wash., headquarters of an advocacy group for medical marijuana patients, confiscating what police documents said were more than 1,000 marijuana plants and computers whose owners said contain personal information on 200 people authorized to use the drug for medicinal purposes."

The Seattle Post-Intelligencer (1/18) reported a detective "assigned to the federally funded West Sound Narcotics Enforcement Team, which launched Friday's raid, scoffed at the notion that CannaCare -- run out of the home of medical marijuana advocate Steve Sarich -- was anything other than a drug-dealing enterprise. Detective Roy Alloway said it was 'absurd' to think that the number of plants Sarich was tending would be covered by his medical authorization. 'It's clear that Sarich is a guy that's selling drugs,' said Alloway, who noted that state law allows no more than a 60-day supply of marijuana for medical use."

The Kitsap Sun (1/18) reported the seizure "has angered CannaCare's members, who believe federal authorities are attempting to undermine the state's medical marijuana law, passed as an initiative by Washington voters in 1998. … The case is being examined by the federal Drug Enforcement Administration. Charges against Sarich, who was not arrested in the raid, and other CannaCare members may be coming."

On its Web site, KING-TV, Seattle (1/18) reports investigators "raided members of a medical marijuana advocacy group called CannaCare, saying it was the home of a big-time drug dealer. But resident Steve Sarich said it's a home of compassion."

In New York, Three Face Charges For Roles In Heroin-Smuggling Ring. The New York Times (1/19) reports three people "have been extradited and charged with participating in an international heroin-smuggling operation, federal prosecutors said yesterday. The three…are charged with involvement in a smuggling operation that bought heroin in Thailand and moved it through various routes to cities in the United States, including New York." Authorities said the ring "recruited couriers who smuggled heroin by swallowing it or using false compartments in suitcases."

Colombian Brothers Highlight Divide Between Guerillas, People. In a front page article, the Wall Street Journal (1/19, A1, Moffett, 2.04M) reports that "millions of Colombian families find themselves divided by the country's interminable conflict, but few are at such odds as the Sáenz brothers. While Roberto collects signatures to put a disarmament referendum on the ballot," his brother Guillermo "faces criminal charges from the Colombian government of blowing up pipelines and bombing villages." Guillermo currently "faces a US indictment alleging that he helped 'set the FARC's cocaine [trafficking] policies' and arranged the murder of hundreds of people who got in his way." However, Roberto works with the Reconciliation Network, which offers classes for community leaders and "helps run a protest and public-information campaign to press conservative President Álvaro Uribe to swap FARC prisoners held by the government for hostages held by the guerrillas."

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TAX:

New Hampshire Man Holes Up In Home After Tax Conviction. The AP (1/19, Elliott) reports from Concord, NH, "A man who has holed up with armed supporters in his cement-walled house for most of his tax evasion trial was found guilty Thursday, along with his wife, of failing to pay federal income taxes for a decade." The AP continues, "Ed Brown has said he will defend himself against capture if necessary. … U.S. Marshal Stephen Monier said Thursday that members of his staff continued talking by telephone with Brown and had no plans to confront him. … Ed Brown's wife, Elaine, a dentist who earned most of the couple's income, has been staying with a son in Massachusetts and attended the trial." The AP adds, "The Browns, of Plainfield, contend the law does not require them to pay federal income tax, while the government says the Browns owe more than $625,000. The Browns stopped paying income taxes in 1996 and stopped filing returns in 1998, a prosecutor said. They could each face decades in prison. … A jury decided they employed a scheme to hide their income and avoid taxes in part by using postal money orders in increments just below the reporting threshold to pay for their hilltop compound. Courts have routinely rejected similar attempts by other taxpayers. … Marshals now have to consider how to seize the Browns' assets. The jury was deliberating whether the Browns should lose their home."

Businesses Critical Of Bush "Withholding Tax" Provision. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that some businesses say "provision signed by Bush for 3% 'withholding tax' on payments to federal contractors represents interest-free loan to the government. Some in Congress move to accelerate 2011 effective date. 'In an environment where they are looking for revenue, it will be difficult' to stop, says Dorothy Coleman of National Association of Manufacturers."

Senate Democrats Want To Increase Tax Collections. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that Senate Democrats want to "jump-start administration proposals to shrink tax gap." To "finance small-business tax breaks in a minimum wage bill," Senate Finance Committee Chairman Max Baucus "embraces two Bush ideas that languished under Republican control. One would make it easier for the Internal Revenue Service to collect from employers who don't make payroll tax payments; another intensifies scrutiny of firms that 'lease' employees to others."

CONGRESS-ADMINISTRATION:

Bush To Address Iraq, Domestic Issues In State Of The Union. USA Today (1/19, Jackson, 2.27M) reports that when President Bush "delivers his State of the Union address Tuesday, he'll be facing a new audience on an old issue: a Democratic majority in Congress that is strongly opposed to his new plan for the Iraq war." White House spokesman Tony Snow said "explaining the proposal to boost U.S. troop strength by 21,500 in Iraq is a major goal of Bush's speech," even as "Democrats and some Republicans push forward a non-binding resolution against it." Snow said, "We understand it's going to be a skeptical audience." Snow also said the State of the Union "'has a large domestic component' that will be crafted to find common ground with the Democrats who control Congress. The agenda includes immigration, education and energy."

The Washington Times (1/19, Curl, 88K) reports Bush "will deliver a stripped-down State of the Union address, leaving out the usual laundry list of policy initiatives, and emphasizing common ground with Democrats in a nod to the new political reality on Capitol Hill, the White House said yesterday." White House spokesman Tony Snow said, "Some of the old State of the Union formulas have kind of run their course." Snow said Bush "will focus on a few broad themes, including the war on terrorism, energy, health care, immigration and education."

The AP (1/19, Riechmann) reports Bush's speech "will avoid the traditional laundry list of initiatives and focus on a few issues, such as energy and health care, where he might find common ground with the Democratic-controlled Congress." Bush is "considering ways to make health care affordable and seek the power to raise gas mileage standards for passenger cars, according to former administration and industry officials." With Bush's "low approval ratings, a narrowly tailored national address might keep the public from tuning out or reaching for the remote, White House officials reason." The President "plans to highlight the war in Iraq and the fight against terrorism as well as immigration and education, Snow said." On the school front, Bush is "expected to urge that Congress renew the No Child Left Behind law, the signature domestic policy of his first term."

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"Real" State Of The Union Seen As Bleak. In his Washington Post column (1/19, A19), Eugene Robinson writes his version of the "real state of the union: A president who reduces the near-infinite variety of humankind to 'with us' or 'against us' has mired the nation in a disastrous, unnecessary war. Comparisons to Vietnam are imprecise -- the American casualties in Iraq are lower, the geopolitical stakes are much higher and the damage to our nation's standing in the world has been incalculable." Only "recently has the president begun to pay grudging lip service to global warming, while firmly resisting measures -- such as capping carbon emissions -- that might actually mitigate the pressure humans are putting on the climate system." And "more than a year after the president pledged to rebuild New Orleans, the city is still a ghost of its former self."

Democrats Finish 100 Hours Agenda With Time To Spare. The AP (1/19, Kuhnhenn) reports the House "wrapped up the Democrats' '100 Hours' legislative sprint Thursday with time to spare, voting to recoup billions of dollars in lost royalties from oil and gas companies and roll back industry tax breaks." The energy bill "capped a two-week drumbeat of votes on legislation that, while popular with voters last fall, awaits a sketchy fate in the Senate." Democrats "accomplished their early legislative goals in 87 hours, adopting new ethics rules and passing bills raising the minimum wage, expanding taxpayer financed research into embryonic stem cells, forcing more homeland security measures, directing the federal government to negotiate for cheaper Medicare prescription drugs and lowering interest rates on subsidized student loans."

ABC World News (1/18, story 5, 1:00, Gibson, 8.78M) reported, "A short while ago, the Democratic part of the House declared its final measure of its first 100 hours in office." Rep. Nancy Pelosi, House Speaker: "The bill is passed." Gibson: "It was an energy bill that would encourage investment in alternative energy sources and lower oil industry subsidies. The House began its legislative sprint by voting to make more 911 Commission recommendations reality. And then, in this order, an increase in the minimum wage to $7.25 an hour. A bill that would expand stem cell research and overturn President Bush's restrictions. A measure requiring the government to negotiate lower prescription drug prices on behalf of Medicare patients. And they agreed to cut interest rates on student loans. The bills are headed to the Senate, where most of them face an uphill battle. The House completed their 100 hours of work, in just about 42 hours. They can put the other 58 in the bank."

The New York Times (1/19, Hulse, 1.16M) reports House Democrats claimed "their successes proved they could govern. Republicans derided the hurry-up nature of the effort as a bit of one-sided political showmanship that undercut the Democrats' pledge that the new Congress would be more bipartisan." But the "easy approval of the half-dozen measures in the 100-hour agenda — dealing with the minimum wage, embryonic stem cell research, health care, national security, education and energy — was celebrated by the new majority as a validation of the blitz, an idea born on the campaign trail that blossomed into a central House Democratic theme." Speaker Nancy Pelosi said, "It was a way to say that this Congress will no longer be a place where optimism and good ideas come to die."

The Christian Science Monitor (1/19, 59K) reports that in the 110th Congress's "first 100 legislative hours, which wrapped up Thursday, House Democrats drew a significant number of GOP votes on their 'Six for '06' agenda, despite giving minority Republicans little voice in shaping the legislation." The "bipartisan, problem-solving mantra is one that lawmakers of both stripes say they took straight from voters in the midterm election."

Poll Finds Bipartisan Support For Democrats' Agenda. The Los Angeles Times (1/19, Hook, 850K) reports a "bipartisan majority of Americans strongly supports the bills that whisked through the House in the first days of the Democratic-controlled Congress, but many remain uncertain about where the party wants to lead the nation, a new Los Angeles Times/Bloomberg poll has found." Only "25% of those surveyed believed that Democrats have formulated a clear direction for the country; 58% said they had failed to." Overall, the poll "found 36% approve of how Congress is doing its job - hardly a mandate, but up from 30% in September." The Times/Bloomberg poll "surveyed 1,344 adults by telephone Saturday through Tuesday. It has a margin of sampling error of plus or minus 3 percentage points."

Pelosi Favorability Ratings On Rise. Bloomberg (1/19, Przybyla) reports, "Americans are warming to House Speaker Nancy Pelosi, and they give the Democratic-led Congress high marks for its initial legislative priorities." A "new Bloomberg/Los Angeles Times poll shows positive views of Pelosi, 66, climbed over the past month and are considerably higher than the marks Americans gave one of

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her highly publicized predecessors, Republican Newt Gingrich, in the first weeks of his tenure as speaker in 1995." Thirty-four percent gave Pelosi "a favorable rating, up from 27 percent who did so in a poll conducted in December." By contrast, "a Los Angeles Times poll in January 1995 found that Gingrich, who engineered the Republican congressional landslide in 1994, had more unfavorable ratings, at 39 percent, than favorable, at 26 percent."

Senate Passes Ethics Bill 96-2. The AP (1/19, Abrams) reports Senate leaders "worked to resuscitate an ethics and lobbying measure Thursday, with the new Democratic majority trying to stave off defeat on its first major bill and Republicans wanting to avoid being blamed for obstructing an overhaul." The dispute arose "over an attempt by Sen. Judd Gregg, R-N.H., to get a vote on a modified version of a line-item veto. It would allow the president to single out spending items for elimination." The two sides "were working on an agreement under which Gregg would be guaranteed consideration of his bill at a later date."

USA Today (1/19, Schouten, 2.27M) reports Senate Majority Leader Harry Reid "called it the 'most significant legislation in ethics and lobbying reform we've had in the history of this country.'" Earlier, Reid and Minority Leader Mitch McConnell "worked behind the scenes to broker a compromise that would allow lawmakers to move forward on the bill. It is the first measure being pushed by the Democrats who won control of the Senate in November's elections." The changes, "which have bipartisan support, bar senators from taking meals, gifts and sports tickets from lobbyists. They also restrict lobbyist-funded travel and impose new limits on senators' travel on private planes."

The New York Times (1/19, Kirkpatrick, 1.16M) reports the Senate "on Thursday overwhelmingly passed sweeping changes to ethics and lobbying rules, overcoming bipartisan reluctance to ban many of the favors that lobbyists do for lawmakers and to illuminate the shadowy legislative practice of earmarking money for special projects." The Senate's action "makes the start of the 110th Congress a watershed moment in the history of K Street and Capitol Hill." The measure "passed around 9 p.m. by a vote of 96 to 2. Senators Orrin Hatch of Utah and Tom Coburn of Oklahoma, both Republicans, were the only members to vote against the bill." Of "all the bill's provisions, it was the disclosure requirements for bundled checks that met the stiffest resistance behind the scenes in the Democratic caucus because of the potential to make it harder for incumbent lawmakers to tap K Street lobbyists as surrogate fund-raisers, aides involved in negotiations over the bill said."

The Washington Post (1/19, A1, Weisman, Birnbaum, 690K) reports in a front page story that the Senate Democrats and Republicans "broke a difficult stalemate last night and approved 96 to 2 expansive legislation to curtail the influence of lobbyists, tighten congressional ethics rules and prevent the spouses of senators from lobbying senators and their staffs." The Senate legislation, "hailed by proponents as the most significant ethics reform since Watergate, would ban gifts, meals and travel funded by lobbyists, and would force lawmakers to attach their names to special-interest provisions and pet projects that they slip into bills."

The Washington Times (1/19, Miller, 88K) reports the Senate "overwhelmingly passed an ethics bill after breaking a day-long stalemate over a Republican proposal on earmarks that had threatened to kill the legislation." The impasse "had centered on an amendment by Sen. Judd Gregg, New Hampshire Republican, that would authorize the president to remove earmarks -- provisions in a bill to fund specific projects, often used by members of Congress to pay for pet projects in their home districts or states -- and send the legislation back to Congress for a second look and another vote. Republicans wanted to vote on their amendment as part of the ethics bill, but Sen. Robert C. Byrd, West Virginia Democrat, had been single-handedly blocking a deal." The Senate "also voted 55-43 to adopt a Republican amendment that deleted a provision of the ethics bill that would have expanded the definition of lobbyist to include grass-roots organizers, possibly including ministers and neighborhood groups."

The Washington Post (1/19, A2, Milbank, 690K) recounts the debate over the Senate ethics bill, which was nearly sidetracked on Wednesday by Sen. Gregg's amendment. While senators "engaged in a bench-clearing brawl over ethics legislation, Reid and fellow Democrats abandoned the Senate floor and went to the television studio to condemn the Republicans. 'What they wanted -- and they were afraid to spew it out of their mouths -- they hate this legislation!' Reid sputtered." After a "day of bitter exchanges, the two sides finally reached a deal behind closed doors and then went to the Senate floor last night in a public act of reconciliation. Reid praised the Republicans he had just berated. McConnell hailed a 'successful example of good negotiating, though it took a while, for a favorable result.'" It

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"did seem to be a needlessly difficult journey for legislation that in the end was opposed by only two senators."

GSA Head Sought To Give Friend's Firm No-Bid Contract. The Washington Post (1/19, A1, Higham, O'Harrow, 690K) reports in a front page story that runs about 2200 words that the chief of the US General Services Administration "attempted to give a no-bid contract to a company founded and operated by a longtime friend, sidestepping federal laws and regulations, according to interviews and documents obtained by The Washington Post." Administrator Lurita Alexis Doan, "a former government contractor appointed by President Bush, personally signed the deal to pay a division of her friend's public relations firm $20,000 for a 24-page report promoting the GSA's use of minority- and woman-owned businesses, the documents show." The contract was "terminated last summer after GSA lawyers and other agency officials pointed out possible procurement violations, including the failure to adequately justify the no-bid deal or have it reviewed in advance by trained procurement officers, officials said."

Kerry Seeks Probe Into DOD Surplus Sales. The AP (1/18, Theimer) reports Sen. John Kerry is calling for an "investigation into security weaknesses in the Defense Department's surplus sales that have let buyers for Iran and China acquire aircraft parts and other valuable military gear. ... The surplus sales include parts for F-14 'Tomcat' fighter jets, a plane retired last year by the United States and now flown only by Iran," which bought the jets in the 1970s. Kerry said, "There is no way that Iran should be getting these sensitive military parts, especially with the situation in the Mideast so turbulent."

House Bill Would Rescind $14 Billion Energy Industry Tax Breaks. The New York Times (1/19, Andrews, 1.16M) reports House Democrats "easily passed legislation on Thursday that would rescind $14 billion in tax breaks and subsidies for oil drillers and reserve the money to develop alternative energy projects and conservation technologies." The measure "passed 264 to 163, with many Republicans joining a bloc of Democrats. Passage came despite opposition from the oil industry and the Bush administration, which said the bill singled out the companies for higher taxes and could increase the country's dependence on foreign oil." The bill will "rescind $7.6 billion in tax breaks for oil drillers that Congress passed in 2004 and 2005 and will add $6.3 billion in royalties from companies that pump oil and gas in publicly owned waters of the Gulf of Mexico and off Alaska."

The Washington Post (1/19, A4, Mufson, 690K) reports House Democrats "capped their '100 hours' agenda with the passage of an energy bill yesterday, the sixth piece of legislation approved in two weeks, and Democratic leaders said the package marked "a beginning, not an end" to their legislative ambitions." The measure would repeal a tax break oil and gas firms received in 2004 that effectively lowered their corporate tax rates. It would also bar oil companies from bidding on new federal leases unless they pay a fee on or renegotiated improperly drafted leases from 1998 and 1999 that did not require royalty payments on Gulf of Mexico production."

The Washington Times (1/19, DeBose, 88K) says the energy bills are "aimed at getting back more than $10 billion in federal royalty payments and eliminating tax relief and other subsidies that oil companies have enjoyed for the past decade." The "Clean Energy Act, which passed on a 264-123 vote, would create a fund called the Strategic Energy Efficiency and Renewables Reserve using the recouped oil dollars. The reserve also would be used to fund more investment in renewable ethanol, wind, hydrogen and biofuels technologies, as well as energy conservation programs."

Methodist Ministers Oppose Bush Library At SMU. The AP (1/19, Brown) reports a "group of Methodist ministers from across the nation launched an online petition drive Thursday urging Southern Methodist University to stop trying to land George W. Bush's presidential library." The petition, "on a new Web site, http://www.protectsmu.org, says that 'as United Methodists, we believe that the linking of his presidency with a university bearing the Methodist name is utterly inappropriate.'" Brad Cheves, SMU's "vice president for external affairs and development, said Thursday that the Methodist church is diverse in its membership and opinions and that those involved with the petition reflect only one view." The AP adds President Bush "said Thursday that he was 'leaning heavily toward SMU' and was close to a decision."

SMU's Selection For Bush Library Questioned. In a Wall Street Journal op-ed (1/19, W13), Naomi Schaeffer Riley, the Journal's deputy Taste editor, says, "Certain members of the SMU faculty did not react well to the news of their campus's selection. In an op-ed article for the college newspaper, two professors from the university's theology

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school asked: 'Do we want SMU to benefit financially from a legacy of massive violence, destruction and death brought about by the Bush presidency in dismissal of broad international opinion?'" A letter "sent to SMU's president last week, signed by 68 current and past members of the faculty, echoed this theme." Which "raises the question: Why would Mr. Bush want to have anything to do with such hostile -- not to mention graceless and cliché-obsessed -- people?"

Brill Expected To Replace Joseph At State Department. The Washington Post's (1/19, A17) Al Kamen writes in his "in the Loop" column that Kenneth C. Brill, "a career diplomat who has been in the director of national intelligence's office as the director of the National Counterproliferation Center, is rejoining his pal, Deputy Secretary of State-designate John Negroponte." Brill is said to be "the likely pick to replace the outgoing undersecretary for arms control and international security, Robert Joseph." The move is seen as "a potentially huge change on nonproliferation stances, focusing more on diplomacy and less on confrontation." Kamen notes that Brill "frequently crossed swords with Bush administration harder-liners on policies toward North Korea and Iraq."

House Democrats Want Tougher Trade Restrictions. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that eleven Democrats "on House Ways and Means Committee press US Trade Representative Schwab to renegotiate pacts with Peru and Colombia; they seek specific steps against trade in illegal logging. Thirty-nine freshmen House Democrats push Ways and Means Chairman Rangel 'to deliver on the promise' in 2006 campaign with tougher trade stance against Bush."

Hospitals Worry Bush Budget Will Cut Medicare Payments. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column hospitals are bracing "for deep Medicare cuts in Bush's budget next month. Some lobbyists expect administration to seek up to $90 billion over five years from hospitals and other health providers as White House pursues balanced budget by 2012."

Official Says NTEU Should Be Certified To Represent Customs, Border Workers. Under the headline, "NTEU Closer To Representing Customs And Border Workers," the Washington Post's (1/19, D3, Barr) "Federal Diary" column reports, "The Washington regional director of the Federal Labor Relations Authority, in a decision issued late Wednesday, said the National Treasury Employees Union should be certified to represent about 30,000 workers in Customs and Border Protection, a major bureau in the Homeland Security Department. NTEU defeated the American Federation of Government Employees" for "the right to represent the employees. AFGE filed objections to the election, but a review conducted by Robert P. Hunter, the Washington FLRA regional director, found no merit to the claims." The Post notes, "Bush administration officials have closely followed the election battle because the union that is certified as the winner will gain a larger voice in workplace issues and perhaps even policy debates on Capitol Hill."

White House Usher Says Bush Is "Steadfast." In the Washington Post (1/19, A17, 690K), Chief White House Usher Gay Walters gives his reflections of the presidents and first ladies in the White House. On President Bush, he said, "The steadfastness of his beliefs in what he's doing. ... In his mind, this is the road to go down, and he has not wavered." He also said that First Lady Laura Bush "knows what she wants, but is…willing…to sit and look at something for a while before she makes a decision." He reflected on presidents dating back to Richard Nixon.

Ignatius Examines "Cheney's Enigmatic Influence." In the Washington Post (1/19, A19, 690K), David Ignatius writes a column titled "Cheney's Enigmatic Influence," in which he says that one of "Washington's enduring mysteries," is "how does Vice President Cheney shape decisions in the tight inner circle of the Bush administration?" After Bush's first term was known as the "OVP," there's a "sense that Cheney's influence is on the rise again, at least with Iraq policy, but that's after many months in which his allies say his role was diminished." The mystery of his influence "may finally be clarified in the coming trial of Libby," where he will give his testimony.

OTHER NEWS:

Bernanke Warns Entitlement Costs Could Weaken US Economy. The AP (1/19, Aversa) reports Federal Reserve Chairman Ben Bernanke "warned on Thursday that the economy could be gravely hurt if Social Security and Medicare aren't revamped, and he urged

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lawmakers to tackle the nation's thorny fiscal issues sooner rather than later." In testimony before the Senate Budget Committee, Bernanke said, "If early and meaningful action is not taken, the U.S. economy could be seriously weakened." He said "future generations…will bear much of the cost." The AP adds it "marked the Fed chief's most forceful warning to date on the potential problems facing the United States with the looming retirement of 78 million baby boomers, the oldest of whom will start retiring next year. This huge wave of retirees will hit the U.S. budget as well as the economy, Bernanke said." He said "absent policy changes by Congress and the White House, rising budget deficits are likely in the years ahead to increase the amount of federal debt outstanding to unprecedented levels."

The Financial Times (1/19, Guha, Callan, Tassell) reports Bernanke "stepped up the pressure on Congress to address the budgetary impact of soaring spending on entitlement programmes on Thursday, warning that they could one day cause a 'fiscal crisis' in the US." Bernanke "told the Senate budget committee that the recent improvement in US public finances was only the 'calm before the storm.' He urged immediate action to head off the looming Medicare and Social Security funding gap, saying the right time to start was 'ten years ago.' But Mr Bernanke refused to comment on whether this should be done by curbing spending, raising taxes or some combination of the two, saying that was for elected officials to decide."

The Los Angeles Times (1/19, Hennessy-Fiske, 850K) reports Bernanke "delivered a stern warning to members of Congress this morning to address the national debt, which has spiraled due to spending on federal programs, especially Social Security and Medicare, and threatens to harm the national economy." Senate Budget Committee Chairman Kent Conrad "described his comments as 'a clarion call.'"

The Wall Street Journal (1/19, lp, 2.04M) reports Bernanke "warned that rising health-care and Social Security spending could create a 'vicious cycle' of rising debt and interest payments and an eventual fiscal crisis." Though Bernanke "lacks the stature of his predecessor, Alan Greenspan, his strong language, coupled with what appears to be a growing respect for his views from lawmakers in both parties, could add impetus to efforts to overhaul entitlement programs, principally Social Security, Medicare and Medicaid." Since taking office last year, Bernanke "has met extensively with members of both parties, and the outreach appears to be paying off. Budget Committee Chairman Sen. Kent Conrad of North Dakota yesterday thanked Mr. Bernanke for insights he provided over lunch a few weeks ago."

The New York Times (1/19, Weisman, 1.16M) reports Bernanke warned "against complacency over the federal deficit," saying "that recent positive trends on the budget were a 'calm before the storm,' masking a long-term danger posed by looming deficits in Social Security and Medicare." Bernanke's "comments were consistent with his past warnings, and those of his predecessor, Alan Greenspan, about the unfinanced cost of the postwar generation's retirement. But his tone was more urgent, and it seemed aimed at the arrival of a new Democratic-led Congress that is just now setting its priorities."

The Washington Post (1/19, D2, Henderson, 690K) reports Bernanke "cited Congressional Budget Office projections that spending on the big entitlement programs -- Social Security, Medicare and Medicaid -- will equal 15 percent of the nation's gross domestic product by 2030, double last year's level." Bernanke, "who was a top White House economic adviser until last year, declined to take a position on whether to extend President Bush's tax cuts, many of which are set to expire by 2010. He said he would be nonpartisan as Fed chairman, offering general economic analysis but no specific recommendations on taxes or spending."

Fed Vacancies Make Rate Predictions Harder. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that Cathy Minehan's "retirement from the Boston Fed and the expected retirement of Chicago's" Michael Moskow "mean nine of 12 banks will have changed presidents since 2003. Changes make it harder to predict rates and Fed rhetoric." Another "opening: Fed's top monetary policy staff job in Washington, as veteran Vincent Reinhart retires in September."

Inflation Falls In 2006 To Lowest Level In Three Years. The Washington Post (1/19, D1, Henderson, Schneider, 690K) reports inflation "fell in 2006 to its lowest rate in three years, as tumbling fuel prices and a slowing economy cooled the pace of consumer price increases." Meanwhile, other data "released yesterday showed unexpected signs of improvement in the housing market, adding to an overall picture of an economy that ended the year in relatively good health." Ebbing inflation "means that the Federal Reserve may avoid raising interest rates this year, holding them at levels likely to keep unemployment low and encourage economic growth. Several analysts said,

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however, that inflation trends in recent years have mirrored swings in oil prices -- which have fallen lately but could go up again. The analysts also said the unusually warm weather last month might have encouraged more hiring, shopping and home construction, temporarily brightening the economic picture in December."

The New York Times (1/19, Uchitelle, 1.16M) reports the economy "seems to be shaking off a slowdown brought on by the precipitous drop in housing, the latest economic data suggested yesterday." More new home construction "was started in December than in November, the Census Bureau reported, and the Consumer Price Index, the nation's best-known inflation gauge, rose at its fastest pace in eight months — on the surface, at least, an indication of robust demand. Fine print in the reports, however, signaled that the five-year-old recovery is far from being on solid ground."

The Christian Science Monitor (1/19, Scherer, 59K) reports, "Now, economists are wondering if the 2.6 percent rate may be about as low as it's going to get for a while." While this "does not mean that inflation will become a dominant issue for the economy, it probably means that the Federal Reserve is going to continue to fret about it. And that may mean that instead of cutting rates this spring, the Fed sits tight until at least midyear."

Stock Markets Down On Apple Inc. Concerns. NBC Nightly News (1/18, story 10, :20, Williams, 9.87M) reported, "Before we continue here, a quick look at stocks. They were down today. The Dow was off just over nine points [to close at 12,567.93]. Nasdaq lost more than 36 points [to close at 2,443.21] on the day's trading."

The Wall Street Journal (1/19, C1, McKay, 2.04M) reports a "6.2% decline in the consumer-electronics giant" Apple's "shares led technology shares lower, in a selloff that spread to other areas of the market. Apple Inc.'s earnings announcement late Wednesday included fiscal first-quarter profits that beat analysts' expectations but a lukewarm second-quarter outlook." The stock market's "losses came despite another big drop in crude-oil prices, which flirted with the first close under $50 a barrel in more than 1½ years." The broad Standard & Poor's 500-stock index "fell 0.3%, or 4.25 points, to 1426.37, up 0.6% on the year."

Judge Declares Mistrial In California Vioxx Cases. The Wall Street Journal/AP (1/19, A2) reports from Los Angeles, "A hung jury forced a mistrial Thursday in lawsuits by two men who blamed their heart attacks on Vioxx, the once-popular painkiller made by pharmaceutical company Merck & Co." the AP continues, "The two cases were tried together before a Superior Court jury that deadlocked when they reached the third question on a lengthy verdict form." The AP adds, "The jury did answer 'yes' to the first two questions, finding that Vioxx did have potential risks or side-effects that were known or knowable and that they presented a substantial danger to users of Vioxx. The third question asked if the plaintiffs' physicians would have recognized the potential risks or side-effects. … The first two answers were rendered moot when Judge Victoria G. Chaney declared a mistrial." The AP notes, "The jury had sent a note to the court saying it was having trouble with the third question and lawyers were allowed to reargue that point. The jury then went back for more talks, but ultimately said there was an impasse. … It wasn't clear when there might be a retrial of the lawsuits brought by Lawrence Appell, of Scottsdale, Ariz., and Rudolph Arrigale, of Westminster, Calif. … Mr. Arrigale sought to recover more than $177,000 in medical costs as well as additional compensatory and punitive damages. Mr. Appell sought compensatory damages on behalf of himself and his wife, plus punitive damages and more than $105,000 to cover medical expenses."

Personal Attacks Mark Rancor On Michigan High Court. The New York Times (1/19, Liptak) reports, "In a recent series of written dissents, Justice Elizabeth A. Weaver of the Michigan Supreme Court has accused four of her colleagues of 'bully tactics,' 'abuses of power and grossly unprofessional conduct' and trying to censor her. … In response, in a confidential draft opinion, the court's chief justice has accused Justice Weaver of behaving like 'a child engaging in a tantrum.' In the opinion, Chief Justice Clifford W. Taylor suggested that she continue her protests with a hunger strike, as that 'seemed to have the potential for everyone to be a winner.'" The Times continues, "Students of judicial history in Michigan and elsewhere said they could not remember a similar judicial melee. … 'The justices of the Michigan Supreme Court are making spectacles of themselves,' said Richard D. Friedman, a law professor at the University of Michigan. 'They really should start acting like grown-ups.'" The Times adds, "The justices' exchanges, which continued this week, have been fueled by personal animus. But their disagreements involve serious issues, including First Amendment principles and judicial ethics. … The justices differ about whether they may disclose the

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details of the court's internal deliberations, about whether lawyers are free to criticize them personally and about how motions seeking their disqualification should be treated." The Times notes, "Judicial deliberations are almost universally protected from outside scrutiny. There is not much law, however, on the question of whether participants in the deliberations may themselves be forbidden to disclose exchanges in which they participated. … Justice Weaver wrote last month that the immediate purpose of the new rule was to suppress a dissent that she had written in a disciplinary case. She added that her primary obligations were to the public rather than her colleagues."

New York Bar Panel Urges Law Firms Not To Force Retirements. The New York Times (1/19, Creswell) reports, "A special committee of the New York State Bar Association is calling on law firms to end the practice of mandatory retirement for partners." The Times continues, "In a strongly worded report that is to be released today, the committee concluded that 'mandatory retirement — requiring a partner to leave the firm upon reaching an arbitrary age — is not an acceptable practice.'" The Times adds, "Retirement practices at law firms is becoming a hot topic as many of the nation's lawyers enter their 60s and face policies aimed at pushing them out the door. About 57 percent of law firms with more than 100 lawyers reported having a mandatory retirement age, ranging from 65 to 72, according to a 2005 survey conducted by Altman Weil, a law firm management consulting company. … But firms that push lawyers out at an arbitrary age without taking into consideration the individual's productivity and contribution to the firm could be missing out, said Mark H. Alcott, 67, a lawyer with Paul, Weiss, Rifkind, Wharton & Garrison, who is president of the bar association and who formed the special committee. … Law firms that have adopted more-corporate structures have long argued that older partners needed to be moved out to give more opportunities and a bigger chunk of profits to younger lawyers. … But members of the special committee said that some firms adopted the policies simply to avoid uncomfortable discussions with a senior partner whose skills may be diminishing."

Groups Unveil Plan To Cover Uninsured. The New York Times (1/19, Pear, 1.16M) reports, "A broad coalition of business and consumer groups, doctors, hospitals and drug companies laid out a major proposal on Thursday to provide health coverage to more than half of the nation's 47 million uninsured by expanding federal benefit programs and offering new tax credits to individuals and families." The proposal arrived at a "possible turning point in the debate over national health insurance…" Senior vice president of UnitedHealth Group, Dr. Reed V. Tuckson, said, "It's a careful balance of public and private solutions."

Healthcare Seen As Emerging As A Top Political Issue. The Wall Street Journal (1/19, A1, Solomon, Wessel, 2.04M) reports, "Suddenly, the long-festering issue of providing health coverage to the one in six Americans who lack it seems to have leapt to the top of the national to-do list." Even President Bush is "is expected to talk about his ideas for shrinking the ranks of the uninsured." This "increases the chances that Washington will try to tackle at least a piece of a health-care problem," but "it still doesn't necessarily mean anything big will happen, at least nationally, in the next couple of years." The "primary reason" is that "there's nothing approaching a consensus on what to do." However, Andrew Stern, president of the Service Employees International Union, says that with the current Congress, "It's the perfect time…You have everyone lined up on the side of universal coverage."

Martinez Faces Potential Revolt From RNC Members. The Washington Times (1/19, Hallow, 88K) reports Republican National Committee members "think they will get a secret ballot on today's election of a new general chairman, which would protect members opposed to the White House's push to fill the new slot with an advocate of an amnesty for illegal aliens." RNC member Curly Haugland of North Dakota said, "If we get the secret ballot as promised, then every member will feel free to express his or her view without the fear of coercion or intimidation." The move "to create a new top office on the committee and fill it with Sen. Mel Martinez of Florida is scheduled to take place today, on the third day of the annual RNC winter meeting here. Mr. Martinez supports President Bush's plans for what conservative critics call amnesty for illegal aliens." The RNC leadership's "desires historically almost always carry the day, especially when a Republican is in the White House, but some members yesterday said they saw hope that things might turn out differently this time."

The New York Times (1/19, Broder, 1.16M) reports Martinez is "expected to win the job by a large margin, but a handful of dissidents plan to vote against him because of his

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support for liberalized immigration laws." One Martinez opponent, Randall Pullen, "Republican national committeeman from Arizona, said that illegal immigration was the biggest problem in Arizona 'and it's not getting any better.'"

Mehlman Urges RNC To Work With Democrats, Independents. The Washington Post/AP (1/19, Sidoti) reports Republican National Committee Chairman Ken Mehlman "challenged his GOP brethren to work with Democrats and independents to defeat terrorism and solve the country's problems, a call for bipartisanship at a time of intense political polarization." Speaking at the Republican National Committee's winter meeting, Mehlman said, "Let's work to put aside our differences on other issues and march together to defeat this common enemy, who threatens our common values -- values that aren't red or blue, but red, white and blue. This doesn't mean we abandon our philosophy. But on many issues, we can follow the example of Ronald Reagan, and think broadly about how to work better with Democrats and independents to accomplish our mission." The Post adds the remarks, "in Mehlman's final major speech as party chairman, were a nod to the new reality on Capitol Hill -- Democrats in charge of both the House and Senate while Republicans continue to control the White House, a potential recipe for legislative gridlock."

The New York Times (1/19, Broder, 1.16M) reports Mehlman "warned on Thursday that his party would suffer even more devastating losses in 2008 than it did in 2006 if it did not reach out to minorities and address voter concerns about ethics." Mehlman said "that the 2006 elections, in which Republicans lost control of both houses of Congress, was not a fluke that could be attributed to the calendar, a few scandal-tainted candidates and the tough going in Iraq." Mehlman said, "Each of these factors combined to create an environment that was unfavorable for Republicans. But, folks, these factors cannot be an excuse."

Purchasers Of Edwards' DC House Focus Of Corporate Probe. The Washington Post (1/19, A1, Solomon, Romano, 690K) reports in a front page story that when "former North Carolina senator and Democratic presidential candidate John Edwards finally succeeded last month in selling his imposing Georgetown mansion for $5.2 million after it had languished on the market, the names of the buyers were not publicly disclosed." At the time, Edwards's spokeswoman "told reporters that the house had been sold to an unidentified corporation. In reality, the buyers were Paul and Terry Klaassen, according to several sources and confirmed by Edwards's spokeswoman yesterday." The "wealthy founders of the nation's largest assisted-living housing chain for seniors, the Klaassens are currently cooperating with a government inquiry in connection with accounting practices and stock options exercised by them and other company insiders. They are also the focus of legal complaints by some of the same labor unions whose support Edwards has been assiduously courting for his presidential bid."

Edwards' Approach To Budget, Healthcare Praised. In his Washington Post column (1/19, A19), E.J. Dionne says, "Edwards's ideas on the budget have the additional virtue of reminding us that the argument over arriving at a balanced budget by 2012 is largely phony. The real issue, given the burgeoning costs of health care and the retirement of the baby boomers, is how to put policies in place now that achieve sustainable fiscal balance -- meaning low if not zero deficits -- over the next 30 years. What needs to be done? Hint No. 1: Extending President Bush's tax cuts to eternity will make the long-term problem much worse. Hint No. 2: The hardest part will be how -- simultaneously -- to meet the fiscal need to rein in health costs and the social need to get health insurance to everyone. Hint No. 3: Most Democrats don't like to talk about it, but somebody's taxes are going to have to go up." Edwards, "at least, is willing to say which taxes he would raise to keep the deficit from going through the roof. He would start by eliminating Bush's tax cuts for the top 2 percent of income earners, which he defines roughly as those earning more than $180,000 to $200,000 a year." Edwards "deserves points for honesty and for stating the politically difficult truth that both fiscal and social balance demand a comprehensive health-care fix."

Some Black Leaders Remain Unswayed By Potential Obama Bid. The Los Angeles Times (1/19, Wallsten, 850K) reports, "As pastor of the Mt. Zion Missionary Baptist Church in tiny Sumter, S.C., the Rev. James Blassingame feels pride at the thought of electing the country's first black president. But Blassingame, one of his state's most prominent black ministers, will not support Sen. Barack Obama's bid to achieve that historic goal." He will instead "campaign for one of Obama's white rivals," ex-North Carolina Sen. John Edwards (D). Blassingame said that Obama "is a 'stranger' with a faraway home and little-known

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biography, while Edwards -- 'he's a homeboy.' Other black leaders are wary that the relatively untested Obama might prove weak in the general election. 'Obama's ambition could bring all of black America down,' said state Sen. Robert Ford of South Carolina." Meanwhile, "actor Bill Cosby told the Chicago Defender, a black newspaper, that the country is ready for a black president, but he suggested that Obama might not be the best candidate in the 2008 race."

Gingrich Sees Fundraising As Major Barrier To '08 Run. Newt Gingrich said on Fox News' Hannity and Colmes (1/18), "We're in an era where, because of the McCain-Feingold bill, it is so hard for a middle-class candidate to raise money that that's always going to be -- that's part of the reasons you see these guys out here so early. They have to raise so much money in such small units that most of them will spend 90% of the time raising money. That's part of why, frankly, I don't want to even look at a candidacy. I don't want to go around for the next eight months and go to six meetings a day begging for money." Asked if he can win the Republican nomination if he waits until September to decide on a bid, Gingrich said, "I don't know. I think Ronald Reagan got in October, in November. Bill Clinton got it in October. ... If the American people decided to promote somebody, which is very different than hiring consultants and promoting yourself, that could be a 10-day phenomenon. That could be a three-week phenomenon. Remember that Howard Dean was everybody's candidate of choice to win Iowa until 10 days before the caucus."

McCain Campaign Said To Lack Clear Lines Of Authority. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that a "Republican veteran warns 'no one's in charge' of McCain's campaign, as strategist John Weaver, 2000 manager Rick Davis, Senate chief of staff Mark Salter, and ex-Bush hand Terry Nelson all play major roles." But one McCain adviser said "Nelson has 'hiring and firing authority.'" The Journal adds "war woes jeopardize the Arizona senator's appeal to wary conservatives: as Republican best-positioned to beat Hillary Clinton. An unaffiliated Democratic strategist notes Obama's entry has dented Clinton's aura of inevitability, too."

US Launches "Intensive" Diplomatic Effort To Restart Mideast Talks. AFP (1/19, Lanteaume) reports Secretary of State Condoleezza Rice "said she hoped to meet Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas by February 15 in a bid to revive the peace process." However, ahead of a meeting Thursday with British Prime Minister Tony Blair, Rice noted that "the next couple of weeks will be pretty intensive on the diplomatic front." On February 2 Rice will host talks with members of the Quartet "to agree steps on how to revive the peace process." The following week Egyptian Foreign Minister Ahmed Abul Gheit will travel to the United States with Egyptian intelligence chief Omar Suleiman. Other officials from the region could also travel to Washington, Rice said. Meanwhile, "David Welch, the US State Department's top Middle East envoy, and Elliott Abrams, the White House national security adviser on the Middle East, will then travel to the region to prepare for informal trilateral talks."

USA Today (1/19, Slavin, 2.27M) notes Rice "said conditions were better for a deal now than they were six years ago when President Bush first took office," and that a peace agreement "would help the US position in the region because of the priority America's Arab allies place on creation of a Palestinian state."

The AP (1/19, Gearan) notes Rice said Israel and the Palestinians "can pick any agenda they want for a preliminary peacemaking summit with the United States, but it is too early to tackle the toughest issues." Speaking to reporters at the end of her week-long trip to the Mideast and Europe, Rice said, "We're not yet at the point where I think we can determine what we would do about formal negotiations, when and if" they can occur. The AP also notes that Rice's "second in command planned another round of diplomatic calls in the region next week."

Rice's Trip Seen As Accomplishing Little. In a news analysis, the New York Times (1/19, A8, Shanker, 1.16M) says Secretary Rice "flies home on Friday…with just enough progress to shield herself from criticism that the trip was a bust." The Palestinian president and the Israeli prime minister "promised to join her for three-way talks within a month" and "powerful Arab states gave their blessing, however reserved, to Mr. Bush's initiatives to try to snatch victory from the growing chaos that is Iraq." However, the Times observes, "Rice's Israeli and Palestinian negotiating partners have been weakened," and the White House "is also struggling" as Bush's new plan for Iraq "is meeting deep resistance from Democrats in Congress and even from the Iraqi prime minister."

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In its own analysis of the Secretary's trip, the Washington Post (1/19, A14, Kessler, 690K) says the "results after six stops on the ground in the Middle East did not match her lofty rhetoric." Although Rice announced that she had arranged a three-way meeting to discuss the contours of a Palestinian state, she "sidestep[ed] questions about the political weakness of the Israeli and Palestinian leaders who would make a deal." She also found "generally tepid support" from Arab leaders in the region for Bush's Iraq plan, while "shrug[ing] off a request from the emir of Kuwait that the United States engage directly with Iran and Syria."

Under the headline "How Rice Uses History Lessons," the Wall Street Journal (1/19, A4, King, 2.04M) writes, Secretary Rice "often calls herself 'a student of history.' And increasingly, she is using history -- or her chosen slice of it -- both to explain and justify the Bush administration's Middle East policy." The Journal notes that "when Ms. Rice talks about the challenges the US faces across the Mideast, she points, somewhat surprisingly, to Europe after World War II and to the West's decades-long face-off against the Soviet Union, which happens to be her area of expertise." Citing the Cold War's "denouement as context for today's bloodshed and tumult may seem far-fetched to some. But Ms. Rice uses the analogy both to beg for patience -- the Cold War, after all, consumed decades -- and to try to elucidate a diplomatic strategy that is increasingly assailed for its lack of assertiveness."

Rice Comments Linked To Episode Of "The Simpsons." The Washington Post's (1/19, A17) Al Kamen writes in his "in the Loop" column that Secretary Rice "didn't seem to be trying to make much news on her swing this week through the Middle East. Still, she offered an interesting take on what she called 'a challenging time' in the region." Kamen notes that on Tuesday Rice "pontificated" that although she doesn't read Chinese, "I am told that the Chinese character for crisis is weiji, which means both danger and opportunity." Rice "did not say where she learned this aphorism," but Kamen notes that "oddly enough it was once featured on 'The Simpsons.'" Kamen observes, "Echoing Lisa Simpson on the Middle East or on the Chinese language may not be a great idea."

Former State Adviser Decries Rice's Claim That Diplomacy Isn't About "Making Deals." Aaron David Miller, former adviser to secretaries of state from George Schulz to Colin Powell, writes in the Los Angeles Times (1/19, 850K), "Having worked for six secretaries of State on Arab-Israeli negotiations, I nearly fell off my chair the other day when I read Secretary of State Condoleezza Rice's comment to reporters that diplomacy wasn't about making deals. Maybe 'making deals' is too glib a phrase for her, but it's precisely what effective American diplomacy in the Middle East is mostly about." Miller welcomes Rice's decision to make the Israeli-Palestinian conflict a priority as "a good beginning," but warns that in order "to have any chance of succeeding, the administration will have to change its software, develop a sustained two-year effort and a strategy that -- for both sides -- is balanced, tough and reassuring. In the end, it will require Rice to accept the obvious fact that diplomacy -- and its hundreds of hours of problem solving -- is really about making deals after all."

Former State Official Says Cheney Rejected Iran Concessions. The AP (1/19) reports Vice President Dick Cheney rejected "an Iranian offer to help the United States stabilize Iraq and end its military support for Hezbollah and Hamas" in 2003, a former top State Department official told the British Broadcasting Corp. The State Department was "open to the offer, which came in an unsigned letter sent shortly after the American invasion of Iraq," Lawrence Wilkerson, former Secretary of State Colin Powell's chief of staff, told BBC's Newsnight in a program broadcast Wednesday night. But according to Wilkerson, Cheney "vetoed the deal." Wilkerson said State Department officials "thought it was a very propitious moment" to strike a deal, "but as soon as it got to the White House, and as soon as it got to the vice president's office, the old mantra of 'We don't talk to evil'...reasserted itself." State Department spokesman Tom Casey said Thursday he "wasn't aware of any letter from the Iranians to the US government in 2003."

Ahmadinejad Condemns US Military Buildup In Gulf. The AP (1/19, Dareini) reports Iranian President Mahmoud Ahmadinejad "lashed out at a US military buildup in the Gulf" Thursday, saying Iran is "ready for any possibility in the standoff over its nuclear program." He "made clear he was not backing down in his tough rhetoric toward the United States, despite criticism at home."

However, the New York Times (1/19, A8, Cloud, 1.16M) reports Defense Secretary Robert Gates Thursday "played down the possibility of American military action against Iran but said it was not the right time for diplomatic engagement, either." Speaking to reporters while traveling in the Persian Gulf, Gates said, "Frankly, right at this moment there's really

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nothing the Iranians want from us, and so in any negotiation right now we would be the supplicant." His comments were seen as "a blunt acknowledgment that the Bush administration, despite its increasingly tough comments toward Iran in recent weeks, has limited options to compel its leaders to halt their nuclear program or to play a more supportive role in Iraq."

The AP (1/19, Burns) reports when asked about the prospects for military conflict with Iran, Gates said, "There are many courses of action available that do not involve an open conflict with Iran — there's no need for that." The Washington Times (1/19, Sands, 88K) also reports on Gates' comments.

Meanwhile, the Financial Times (1/19, Dinmore) reports, "Increasingly tough talk on Iran from the Bush administration…has rattled politicians and diplomats in Washington worried that the war in Iraq is set to widen." While "few lay claim to understanding what George W. Bush has in mind," there is "a widespread sense that the likelihood of some kind of military clash or conflict with Iran…has risen since the US president accused Tehran last week of 'providing material support for attacks on American troops' in Iraq." Departing Saudi Ambassador Price Turki al-Faisal told the Times, "The air is filled with the possibility of action against Iran's nuclear capability," warning that the consequences would be "catastrophic." Prince Turki said there was concern "in the region" that Bush's authority "had been eroded by the Republicans' loss of Congress in November's elections."

In Iran, the New York Times (1/19, A1, Fathi, Slackman, 1.16M) reports on its front page, that Ahmadinejad "appears to be under pressure from the highest authorities…to end his involvement in its nuclear program, a sign that his political capital is declining as his country comes under increasing international pressure." Two "hard-line newspapers, including one owned by the supreme leader, Ayatollah Ali Khamenei, called on the president to stay out of all matters nuclear," in a "public rebuke" seen as "a sign that the supreme leader…might no longer support the president as the public face of defiance to the West." It is also the "first sign that Mr. Ahmadinejad has lost any degree of Ayatollah Khamenei's confidence, a potentially damaging development for a president who has rallied his nation and defined his administration by declaring nuclear power Iran's 'inalienable right.'"

US Lawmakers Ask Bush To Consult Congress Before Invading Iran. AFP (1/19) reports a House bill has been introduced calling on President Bush "to obtain approval from Congress before using military force against Iran." The bill, introduced by Republican Rep. Walter Jones and five other US lawmakers, "calls on the president obtain authorization for an attack on Iran, unless the United States or US interests are attacked first."

Germany Proposes Wider Iran Sanctions. The Financial Times (1/19, Schmid, Dombey) reports the European Union "could expand the range of sanctions against Iran beyond United Nations-mandated measures," according to a document obtained by newspaper. A proposal by Germany, holder of the EU's revolving presidency, "would ban individuals linked to Iran's nuclear and missile programmes from visiting the EU and reaffirm the EU's opposition to selling arms to Tehran." The EU proposals, put forward ahead of a foreign ministers meeting on Monday, "would also ban travel to the EU of the individuals on the UN list and take steps to restrict Iranians studying proliferation-sensitive subjects within the EU."

Diplomats Warn Iran May Start Enrichment. The AP (1/19, Jahn) reports Iran is "ready to start assembling thousands of centrifuges to produce enriched uranium…after finishing most preliminary work on an underground facility housing such machines," a diplomat and a U.N. official said Thursday. The two officials "said much, but not all, of the hardware needed for the installation of the centrifuges was now in place at the Natanz facility." The revelations, which are based on reports by inspectors of the International Atomic Energy Agency visiting Natanz this week, "appeared to strengthen claims from Tehran that it is moving toward large-scale enrichment involving 3,000 centrifuges."

Pyongyang Says "Agreement" Reached With US. The AP (1/19, Herman) reports Pyongyang said Friday that it had reached an agreement with the US during talks this week in Germany, "but the top American envoy said it had yet to be seen whether progress could be made at six-nation disarmament negotiations." North Korea's Foreign Ministry said the talks between Assistant Secretary of State Christopher Hill and North Koreans negotiator Kim Kye Gwan had been held "in a positive and sincere atmosphere and a certain agreement was reached there." No further details were given. But Hill, who arrived Friday in Seoul, "said he wasn't sure what agreement the statement was referring to." He called the talks in Berlin "very useful discussions" and

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"added he was pleased that it appeared the North was also positive about them."

On its front page, the Washington Times (1/19, A1, Kralev, 88K) says Pyongyang "expressed interest in a US-backed proposal that it suspend its nuclear program and allow U.N. inspectors to verify the suspension as an initial step toward dismantling its nuclear capabilities," diplomats said yesterday. During three days of talks in Berlin that ended yesterday, Kim reportedly asked Hill "what the United States would be willing to do if the North turned off its nuclear reactor." However, "A US response, if any, was not made public."

US Denies Meetings Signal Policy Shift. Meanwhile, AFP (1/19, Millikin) reported earlier Thursday that US officials denied that the "rare series of meetings" held this week in Berlin "marked a break with the Bush administration's long-standing refusal to negotiate directly with the Stalinist regime." White House spokesman Tony Snow said, "This is not an instance of bilateral negotiations." The spokesman and "other officials insisted the Berlin contacts broke no new ground and were part of an ongoing set of six-party negotiations."

WSJournal Editor Urges Scrutiny Of UN's Operations In North Korea. Melanie Kirkpatrick, deputy editor of paper's editorial page, writes in the Wall Street Journal (1/19, A15, 2.04M) that "Saddam Hussein managed to pull off the $100 billion Oil for Food scam right under the noses of the United Nations officials charged with administering it. Now another dictator with nuclear ambitions has succeeded in a similar trick, this time manipulating the United Nations Development Program in North Korea." The details of the UNDP's "lack of oversight" of its operations in North Korea are "revealed in previously undisclosed documents and an exchange of letters between US and U.N. officials." American officials "have been pushing for months for more transparency in UNDP operations in North Korea, while the UNDP has resisted." Kirkpatrick says "an independent, outside audit" of the program "is an essential first step," but "a full-scale investigation along the lines of the Volcker Commission's Oil for Food probe would be even better." She also notes that the "North Korean operations of other U.N. agencies -- Unicef, the World Food Program, the Population Fund -- also deserve scrutiny."

In an editorial responding to Kirkpatrick's claims, the Wall Street Journal (1/19, A14, 2.04M) writes, "The U.N.'s Oil for Food disgrace rolls on, with this week's indictment by a federal prosecutor in New York of the program's former administrator Benon Sevan. But now a new dollars-for-dictators scandal is breaking into the open, this one involving the U.N. Development Program (UNDP) and North Korea's Kim Jong Il." The Journal says the situation provides "one more chance to make the U.N. shape up, and to stop financing a global menace in the bargain."

China Faces Broad Criticism Over Anti-Satellite Weapons Test. The AP (1/18) reports the US "criticized China on Thursday for conducting an anti-satellite weapons test in which an old Chinese weather satellite was destroyed by a ballistic missile." National Security Council spokesman Gordon Johndroe said, "The United States believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area. We and other countries have expressed our concern to the Chinese." The New York Times (1/19, Broad, Sanger, 1.16M) says China "successfully carried out its first test of an antisatellite weapon last week, signaling its resolve to play a major role in military space activities and bringing expressions of concern from Washington and other capitals." Only the US and the USSR "previously destroyed spacecraft in antisatellite tests, most recently the United States in the mid-1980s."

The Washington Post (1/19, Kaufman, Linzer, 690K) reports on its front page that China's action "drew sharp protests from other nations with satellite programs -- a predictable response that experts said dramatically illustrates Chinese willingness to face broad international criticism when it comes to space, which Beijing considers a key part of the push to modernize its military and increase its ability to compete in high-tech warfare." The Los Angeles Times (1/19, Spiegel, Gerstenzang, 850K) says the "shoot-down has rattled U.S. defense officials, who are concerned both about the commercial crafts and government spy and military satellites that operate at that height."

Somalia Seeks US Aid For Military, Intelligence Services. The AP (1/19, Gedda) reports Somalia "is asking the US government for help in building efficient police, military and intelligence organizations." The requests were contained in a three-page memo submitted to the State Department by Dahir Mirreh Jibreel, a US representative of the Transition Federal Government in Somalia." On top of the list of Somali requests "was the

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appointment of a US ambassador to Somalia." There was no immediate comment Thursday from the State Department on the request, but the AP says "large-scale assistance seems unlikely until Somali authorities are able to create a stable environment in the country."

Somali Warlords Provide Protection As Violence Continues. The New York Times (1/19, Gettleman, 1.16M) reports, "Somalia may be at a turning point, with a potentially viable government for the first time since 1991. But senseless violence is still the norm." The Times notes that Somalia's "warlord issue is complicated." While "some people call them thugs," in "a world with no police and no security, the clan warlord was sometimes the only protection."

European Court Says Russia Failed To Investigate Chechen Torture Claims. The Washington Post (1/19, A14, Finn, 690K) reports the European Court of Human Rights "ruled Thursday that two Chechen brothers were tortured in their strife-torn Russian republic and that authorities there failed to investigate their allegations of abuse." It was "the first decision on torture in Chechnya issued by the court," but human rights groups "have long contended that torture is widespread in Chechnya." Thursday's ruling "follows a series of judgments against Russia concerning disappearances and the indiscriminate use of force by the Russian military and its proxies in the southern republic," the Post notes.

South American Leaders Debate Future Of Mercosur Under Pressure From Chavez. The New York Times (1/19, Rohter, 1.16M) reports South American leaders began gathering in Brazil Thursday "for discussions focused on a single, contentious issue: should the Mercosur trade group continue to emphasize economic integration, as Brazil and Argentina prefer, or transform itself into a political alliance with an 'anti-imperialist' tint, the path President Hugo Chávez of Venezuela favors?" The conference's Brazilian hosts "tried to minimize the prospect of tensions," with Foreign Minister Celso Amorim talking of a "reinforced Mercosur" that he said "belongs to everybody." However, Chávez "declined to play along with diplomatic niceties, bluntly staking out his position the instant he got off the plane on Thursday morning." Chávez said his goal is "to contribute with something we consider to be absolutely necessary: the reformatting of Mercosur" and "decontaminating the contamination of neoliberalism."

Colombian Brothers Highlight Divide Between Guerillas, People. In a front page article, the Wall Street Journal (1/19, A1, Moffett, 2.04M) reports that "millions of Colombian families find themselves divided by the country's interminable conflict, but few are at such odds as the Sáenz brothers. While Roberto collects signatures to put a disarmament referendum on the ballot," his brother Guillermo "faces criminal charges from the Colombian government of blowing up pipelines and bombing villages." Guillermo currently "faces a US indictment alleging that he helped 'set the FARC's cocaine [trafficking] policies' and arranged the murder of hundreds of people who got in his way." However, Roberto works with the Reconciliation Network, which offers classes for community leaders and "helps run a protest and public-information campaign to press conservative President Álvaro Uribe to swap FARC prisoners held by the government for hostages held by the guerrillas."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Chinese Missile Strikes Satellite."
"Art Buchwald, 81; Pulitzer-Winning Columnist Found Humor Even In Death."
"This City Knows The Drill."
"Senate Approves Major Overhaul Of Ethics Rules."
"Black Leaders Still Sizing Up Obama."
"Luxury Wrapped In Gridlock."

USA Today:

"O'Toole Still Has An Eye On That Elusive Statue."
"Overall Cancer Deaths Decline Again, But Statistics Not As Rosy For Blacks."
"Court To Oversee Wiretap Program."

New York Times:

"Flexing Muscle, China Destroys Satellite In Test."
"Rebuke In Iran To Its President On Nuclear Role."
"Senate Passes Vast Ethics Overhaul."
"White House Shifting Tactics In Surveillance Cases."
"Art Buchwald, Whose Humor Poked The Powerful, Dies at 81."
"Parents of 9/11 Victims Torn From Grandchildren."

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Washington Post:
"Senate Passes Ethics Package."
"Run Schools Together, Fenty Urges Council."
"China Criticized For Anti-Satellite Missile Test."
"GOP Drafts Broad Plan For Va. Transportation."
"Art Buchwald, 1925-2007."
"Identity Of Edwards Home's Buyers Veiled."
"GSA Chief Scrutinized For Deal With Friend."
"O'Malley 'Conservative' In '08 Budget Proposal."

Washington Times:
"House To Echo Criticism Of Troop Surge."
"GOP Expects Secret Ballot."
"Church Dispute Headed To Court."
"Senate Passes Ethics Reform By 96-2 Margin."
"N. N. Korea Interested In Deal To Halt Nukes."

Detroit Free Press:
"Should Oakland Hold The Fat?"
"Red Ink Deepens For State."
"Focused On The Future."

Atlanta Journal-Constitution:
"Off-Field Problems Erode Vick's Image."
"Fed Chief: Boomer's Benefits A Danger."
"Georgia's Declaration."
"Two Hip Hop DJ's arrest Spotlight Atlanta As Hotbed For Music Piracy."

Houston Chronicle:
"Jury Spares Trucker In Smuggling Deaths."
"Oil Slips, But Price At Pump Barely Dips."
"Study Cites Possible Link Between Ship Channel Air, Cancer."
"Jurors Say Many Tears Were Shed For Victims."
"Girls Parents Sue Myspace Increased Safety Controls."

Story Lineup From Last Night's Network News:
ABC: Harvard Big Tobacco Study; Maliki Cracks Down; Campaign 2008; Pelosi Interview; Congress 1st 100 Hours; Judiciary Committee Hearings; "Consumer Reports" Traction; Hornbeck On Oprah; Art Buchwald Obit; Dear Rescue; Living Longer.
CBS: New Iraq Strategy-Under Attack; New Iraq Strategy-Analysis; Iraq Sectarian Violence; American Civilian Killed-Iraq; "Consumer Reports" Traction; Winter Weather; Winter Freeze-California; Technology Breakthrough-The Blind; Hornbeck On Oprah; Art Buchwell Obit.
NBC: "Consumer Reports" Traction; Breast Cancer Study; New Iraq Strategy-Under Fire; Harsh Words From Maliki; Violent Weather-Europe; Winter Weather; Hornbeck On Oprah; Global Warming-Antarctica; Animal Helpers; Stock Market; Art Buchwald Obit.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: House-Democratic 100-Hour Agenda Completed; Muqtada al-Sadr Aide Arrested; Secretary Gates-Iraq Visit; OK, TX, MO-Snow Forecast; Study-Male Drivers And Car Crashes; Tokyo Stock Exchange.
CBS: Secretary Gates-Iraq Visit; China Uses Missile To Destroy Space Satellite; House-Democratic 100-Hour Agenda Completed; Consumer Reports To Investigate Infant Car Seat Test Results; OK, TX, MO-Snow Forecast; Oil Prices; Mate Selection-Eye Color Survey; Atlanta Falcons QB Being Investigated For Water Bottle Incident.
NPR: Secretary Gates-Iraq Visit; Senate-Ethics Bill Passes; AG Gonzales-Mail Searches; OK, TX, MO-Snow Forecast; TX-Winter Storm Cleanup; Wall Street; Fed. Chairman-Senate Budget Committee; House-Democratic 100-Hour Agenda Completed; Pelosi-Democrats Will Support Resolution Against Troop Increase; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS AND APPROPRIATIONS _ HELP Full Committee and Labor, Health and Human Services Subcommittee of Appropriations. Joint hearing on ``Can Congress Help fulfill the Promise of Stem Cell Research?" Director Story Landis of the National Institute of Neurological Disorders and Stroke; George Daley, Children's Hospital, Boston; Lauren Stanford, juvenile diabetes patient, Plymonth, Mass.; John Wagner, University of Minnesota Medical School. Location: Room 192, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. ___ Strengthening the Page Board of the House. H.R. ___ - Congressional pension accountability.

9:30 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment

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Subcommittee. Hearing on the need for renewed investment in clean water infrastructure. Location: Room 2167, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on the Iraq Study Group report. Co-chair Lee Hamilton, former Secretary of State Lawrence Eagleburger. Location: Room 2172, Rayburn.

Other: HOMELAND SECURITY-LEGAL _ The American Bar Association Section of Administrative Law and Regulatory Practice sponsors the 2nd Annual Homeland Security Law Institute. Highlights: 8:45 a.m. DHS Assistant Secretary Robert Stephan. 9 a.m. - 10:15 a.m. Panel on ``Transportation and Supply Chain Security." Participants include American Bar Association Executive Director Henry F. White Jr. 10:30 a.m. - 12 p.m. Session on ``Immigration Policy and Legal Issues." Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza SW.

REPUBLICANS-WINTER MEETING _ The Republican National Committee holds its 2007 Winter Meeting. Highlights: 10:15 a.m. - 12:30 p.m. General Session. Speakers: Republican National Chairman Ken Mehlman, and newly-elected RNC Officers. Constitution Ballroom. 12:30 p.m. Member's luncheon with Sen. Mitch McConnell, R-Ky., Minority Leader. Independence Ballroom. 12:30 p.m. Media availability with new officers. Wilson/Roosevelt Rooms. Location: Grand Hyatt Hotel, 1000 H St. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. UK Army Lt. Gen. Graeme Lamb, deputy commander of Multi-National Force-Iraq and senior British representative in Iraq, will brief live from Iraq with an update on operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

REPRODUCTIVE RIGHTS _ 9 a.m. NARAL Pro-Choice America releases its 16th annual report on women's reproductive rights in the U.S. Location: National Press Club.

DEMOCRACY-DEVELOPMENT _ 9 a.m. - 12 p.m. Freedom House hosts a forum, ``Democracy and Development: Maximizing Performance in Two Dimensions," focusing on a look ahead to the 2007 Community of Democracies ministerial meeting in Bamako. Panelists will examine the relationship between democratic governance and economic development. Participants include: Dr. Paula Dobriansky, Under Secretary of State for Democracy and Global Affairs; Ambassador John Danilovich, Chief Executive Officer of the Millennium Challenge Corporation; Rep. Nita Lowey, D-N.Y., chair, Foreign Operations Sub-Committee of the House Appropriations Committee; and Abdoulaye Diop, ambassador of the Republic of Mali to the U.S. Location: 8th floor conference room, 1225 Eye St. NW.

ENVIRONMENT _ 9:15 a.m. Conservation, environmental and scientific activists hold a telephone briefing to discuss the Bush energy policy and to release their own agenda to address clean energy and global warming. Notes: Callin number: 800-311-9407; passcode: Energy 1.

NEY SENTENCING _ 9:30 a.m. Former Rep. Bob Ney, R-Ohio, who has pleaded guilty to a two-count information charging him with, among other things, honest services fraud and making false statements, will be sentenced by U.S. District Court Judge Ellen Segal Huvelle. Location: Courtroom 14, U.S. Distict Court, 3rd Street and Constitution Avenue NW.

MARTINEZ-PROTEST _ 9:45 a.m. Protest demonstration against the proposed election of Sen. Mel Martinez as RNC chairman. Location: In front of the Grant Hyatt Hotel, 1000 H St. NW.

ECONOMY PREDICTIONS _ 10 a.m. The American Bankers Association holds a news conference with bank chief economists to present monetary policy predictions for 2007. Location: ABA Boardroom 7th floor, 1120 Connecticut Ave. NW.

PETROLEUM REVIEW _ 10 a.m. The American Petroleum Institute holds a briefing to discuss its end-year statistical review. Location: 12th floor, 1220 L St. NW.

DEMOCRATS-SOU _ 10:30 a.m. House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid discuss The State of the Union 2007. Location: National Press Club, Ballroom.

BLUE DOGS-IRAQ _ 11:30 a.m. Members of the fiscally conservative, Democratic Blue Dog Coalition hold a press conference on the war in Iraq. Location: House Radio/TV Gallery.

PENTAGON-PERSONNEL _ 11:30 a.m. Under Secretary of Defense David S. Chu will brief on details of recent military personnel announcements. Location: DOD briefing studio, Pentagon 2E579.

MINIMUM WAGE _ 12 p.m. Senator Edward Kennedy and Congressman George Miller hold a press conference with Edward Kuntz, executive chairman of the board, Kindred Healthcare; and Lew Prince, co-owner of Vintage Vinyl, businessmen who strongly support an increase in the minimum wage. Location: Room 226, Dirksen Senate Office Building.

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CONGRESS-IRAQ _ 12:30 p.m. The American Constitution Society for Law and Policy holds a briefing on the esclation in Iraq, Congress and the Constitution, with Neil Kinkopf of Georgia State University law school; attorney David Rivkin; Christopher Schroeder of Duke University School of Law, others. Location: Room 253, Russell.

COASTAL GRANTS _ 1 p.m. Deputy Interior Secretary Lynn Scarlett holds a telephone briefing to announce 25 projects which will receive about $19 million in grants under the coastal wetlands conservation program. Notes: Callin number: 888-395-6878; passcocde: 9719038.

SALAZAR-SOU _ 1 p.m. Sen. Ken Salazar, D-Colo., delivers the first Spanish langauge preview address of the State of the Union. Location: Room S-120, Capitol.

MEDICARE DRUGS NEGOTIATION _ 2 p.m. - 4 p.m. The American Enterprise Institute (AEI) hosts a discussion, ``Can Government Price Negotiation Work for the Medicare Drug Benefit? Panelists include Gerard Anderson, Johns Hopkins University; Joseph Antos, AEI; Mark McClellan, AEI-Brookings Joint Center. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

DRUG SENTENCING _ 2:30 p.m. Two former senior Guatemalan anti-narcotics law enforcment officers, Adan Castillo Aguilar and Jorge Aguilar Garcia, will be sentenced on cocaine manufacturing and distribution charges before U.S. District Court Judge Rosemary Mayer Collyer. Location: Courtroom 6, U.S. District Courthouse, 3rd Street and Constitution Avenue NW.

SAUDI AMBASSADOR _ 3 p.m. Saudi Ambasador Prince Turki Al-Faisal speaks on ``The Islamic World and the West: Steps to Achieving and Lasting, Peaceful Dialogue, `` sponsored by American University. Location: School of International Service lounge, on campus.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 19, 2007 7:45 AM EST

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TERRORISM NEWS:

Administration's Post-9/11 Policies Under Fire On The Hill. ABC World News (1/18, story 6, 1:50, Gibson, 8.78M), the only network to report on Attorney General Alberto Gonzales' appearance before the Senate Judiciary Committee, said last night the hearing was "a dramatic display on just how things have changed on Capitol Hill. Now the Democrats are in charge." Gonzales "did more listening than talking. Anger on the administration's conduct in the war on terror came pouring out." ABC (Thomas) added, "The new Democratic Chairman of the Judiciary Committee accused the Attorney General and the Bush Administration of trampling the Constitution." Sen. Patrick Leahy: "I have never seen a time when our Constitution and fundamental rights as Americans were more threatened by their own government." Gonzalez "fired back that the country faces a ruthless enemy." Gonzales: "At the Department of Justice, every day is September 12th." But "Democrats, and even some Republicans, engaged in an often searing assault on a range of issues. On the practice of rendition specifically whether the US Should have sent a Canadian terror suspect to Syria, where the man was allegedly tortured."

Print coverage was markedly negative toward the Administration. The Los Angeles Times (1/19, Schmit, Miller, Savage, 850K) says "the Bush administration refused to provide details to Congress of how a new court-review process for terror-related wiretaps would work, triggering a fresh round of complaints and suspicions from Democrats about what the administration was doing. At the same time, President Bush and other administration officials indicated that little had changed in the electronic eavesdropping program. … With Gonzales and other officials mum about the program's details, Democrats refused to accept their assurances. It was not immediately clear how that stalemate might be resolved."

The Financial Times (1/19, Sevastopulo), under the headline "Senators Blast Bush Security Policies," notes the Administration's "policy U-turn" on warrantless surveillance "comes just weeks before an appeals court was scheduled to hear the case, but Mr Gonzales denied that the administration's switch was related to the legislation."

USA Today (1/19, Leinwand, 2.27M) reports Committee Chairman Pat "Leahy and other senators made it clear that they remained unhappy about the administration's handling of surveillance issues. They said they will be watching how the program operates now that surveillance requests will be vetted by the court established in 1978 by the Foreign Intelligence Surveillance Act (FISA). 'For years, the administration has engaged in warrantless wiretapping of Americans, I believe contrary to the law,' Leahy said." He added, "The Justice Department has been complicit in advancing these government policies, which threaten our basic liberties and overstep the bounds of our Constitution."

The New York Times (1/19, Liptak, 1.16M) reports, "In a four-paragraph letter on Wednesday announcing that the Bush administration had reversed its position and would submit its domestic surveillance program to judicial supervision," Gonzales "used one phrase three times. A secret court, he said, had fashioned a way to allow the program to be monitored by the judiciary without compromising the need for 'speed and agility.'" That phrase also "captures, some critics say, the administration's moving-target litigation strategy, one that often seeks to change the terms of the debate just as a claim of executive authority is about to be tested in the courts or in Congress. … In other cases, too, the timing of litigation decisions by the government has been suggestive." For example, "shortly before the Supreme Court heard a set of three detainee cases in 2004, the administration reversed course and allowed two Americans held incommunicado by the military to meet with their lawyers, mooting that issue. After the court ruled that one of the men, Yaser Hamdi, could challenge his detention in court, the administration instead freed him and sent him to Saudi Arabia." And "just as the Supreme Court was considering whether to review the case of the second man, Jose Padilla, he was transferred to the criminal justice system last year, mooting his appeal."

Time (1/19, Bennett) reports, "Alberto Gonzales spent two hours every day for the last three weeks steeling himself for today's hearing before the Democrat-led Senate Judiciary committee, says a close aide. Staffers peppered him with possible questions that each Senator might ask. He went in armed for the fight with freshly penned letter to the chairmen of that committee — Democrat Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania — telling them not to worry about the whole warrant-less wiretapping issue anymore; it has been approved by judge. It seemed like a nimble pre-emptive duck to take a contentious issue off the table. Some Senators thought it felt more they were being led down a rabbit hole." Time continues, "In an often-heated exchange, Gonzales refused to disclose details about the court's decision and exactly how it applied to the President's controversial wiretapping program. … The big question was whether there will be some genuine judicial oversight that monitors how individual wiretaps are being used, or if the court approval is a one-time pass for the entire program. Frustrated Senators pointed out that it was still unclear what procedures, if any, will actually change with the court order,

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issued on Jan. 10 by a single judge sitting on the secret Foreign Intelligence Surveillance Act (FISA) court."

The AP (1/19, Jordan) reports Gonzales "offered few answers" yesterday, "maintaining during 3 1/2 hours of sharp rebukes that disclosing details of the program would expose sensitive security information. His resistance was underscored by a letter from the Foreign Intelligence Surveillance Court's presiding judge, offering to detail some of its new authority with lawmakers if allowed to by the Bush administration." At one point, Leahy asked, "Are you saying that you might object to the court giving us a decision that you publicly announced? … Are we a little Alice in Wonderland here?" Gonzales responded, "There is going to be information about operational details about how we're doing this that we want to keep confidential." The Washington Times (1/19, Seper, 88K) notes "both Democrats and Republicans on the committee demanded more information about the court's oversight role, citing a letter from FISA's presiding judge saying the court would have no objection to giving the panel confidential information, but it would have to be provided by the Justice Department."

The Washington Post (1/19, A6, Eggen, 690K) reports the Administration "quickly locked horns with Democratic lawmakers," adding the "debate underscored continued skepticism among Democrats and some Republicans over the parameters and legality of the administration's surveillance efforts, even with court approval, and signaled that Congress and the executive branch are likely to continue sparring over the details." The Post adds, "Although the precise contours and scope of the revised spying program remain unclear, some new information emerged yesterday." GOP. Sen. Arlen Specter "said Justice Department briefers told him the effort was based on 'individualized' warrants, rather than a blanket order that would allow broader surveillance. Four other people who have been briefed on the program, who spoke on the condition of anonymity because the program is classified, described it as a hybrid effort that includes both individual warrants and the authority for eavesdropping on more broadly defined groups of people."

The New York Times (1/19, Johnston, Shane, 1.16M) also says "a Congressional official who has been briefed on the new procedures called it a hybrid of individual warrants and broader approval." At the hearing, Gonzales "tried, apparently without success, to quell the flood of questions." The session "quickly became a forum for senators to say the administration was withholding pertinent information about the decision. House Democrats raised similar concerns."

The AP (1/19, Raum) describes the Administration's "about-face on warrantless wiretapping" as "the latest in a series of White House retreats and reversals. This is a different day for a president known for his stubbornness and insistence on seeing things his way. In just two months, Bush has acknowledged making mistakes in Iraq, sacked Donald H. Rumsfeld at the Pentagon and given up the fight for John Bolton at the United Nations." He "has promised a plan to balance the budget by 2012 -- after aggressively presiding over record deficits and tax cuts; Democrats also have set such a target. And the president has agreed tentatively to increasing the minimum wage." Bush "seems to be bending to the realities of the new Democratic control of Congress - and laying down markers to keep the last two years of his presidency from being seen as only about Iraq." The Christian Science Monitor (1/19, Grier, 59K) runs a similar report titled "White House Backs Down On Wartime Powers," in which it says Bush "has claimed some far-reaching powers for the executive branch in its prosecution of the war against global terrorism – but in the face of legal challenges and newly empowered Democrats, some of those powers slowly are being curtailed."

McClatchy Newspapers (1/19, Gordon) reports, "Until now, the National Security Agency's domestic surveillance program, launched in the months after the Sept. 11 terrorist attacks, has monitored overseas phone calls and other electronic communications involving Americans without court warrants. … But Gonzales repeatedly rejected senators' assertions that it was illegal, saying the program was within President Bush's emergency war powers." McClatchy continues, "Testifying under oath in his first congressional appearance since Democrats took control of Capitol Hill this month, Gonzales was pummeled with allegations that the program and other administration anti-terrorism programs have trampled on federal civil rights laws and the Constitution. He also faced sharp questions about rising violent crime in some medium-sized cities, allegations of voting rights abuses against African-Americans in Maryland and his agency's recent dismissal of a half-dozen U.S. attorneys." McClatchy notes, "Leahy and Specter wrote to the FISA court's chief judge on Wednesday requesting copies of the new orders. Chief Judge Colleen Kollar-Cotelly responded that she had 'no objection' to making the material public, but that it's the court's practice to refer requests for classified information to the Justice Department. … Gonzales repeatedly emphasized that all members of the Senate and House intelligence committees have been briefed on the orders and didn't immediately say how he'd respond to the demand from the Judiciary Committee."

The Houston Chronicle (1/19, Roth) reports, "Attorney General Alberto Gonzales refused to promise a Senate committee that the administration would let it review the text of an agreement ending its warrantless wiretapping program." The Chronicle continues, "During a contentious Senate Judiciary Committee hearing Thursday, Democrats said they wanted more details about how the Foreign Intelligence Surveillance Court will approve federal eavesdropping on U.S. residents suspected of having ties to terrorists. …

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Committee chairman Patrick Leahy, D-Vt., was taken aback when Gonzales wouldn't commit to turning over the FISA order spelling out the domestic wiretapping program." The Chronicle adds, "In his first appearance before the Judiciary Committee under Democratic control, the Texas lawyer spent much of the day fielding often hostile questions."

Bloomberg (1/19, Rowley, Schmidt) reports, "Gonzales was also questioned about Bush's assertion, after signing postal authorization legislation, that he can order Americans' mail opened without a warrant. … 'To my knowledge there is no physical search of mail' unless authorized by the Foreign Intelligence Surveillance Court, Gonzales said."

Long Island Newsday (1/19, Brune) reports, "Gonzales wouldn't budge when Sen. Patrick Leahy (D-Vt.) disclosed a letter from the FISA court chief judge expressing a willingness to release the orders to the committee. … 'Are you saying that you might object to the court giving us a decision that you publicly announced?' Leahy asked. 'Are we Alice in Wonderland here?' … Gonzales said it wasn't his decision, but added, 'Certainly in the application, there's going to be information about operational details about how we're doing this that we want to keep confidential.'" Newsday notes, "Sen. Arlen Specter (R-Pa.) was also caustic in his questioning, noting it took Justice Department lawyers 19 months to win the court order, while he wrote a bill to do it in a year. … 'I cannot help but conclude there hasn't been a sufficient sense of urgency to get this done faster,' Specter said. … Gonzales said, 'I somewhat take issue with Sen. Specter's innuendo that this was something that we could have pulled off the shelf and done in a matter of days or weeks.' … Gonzales said the confidential briefings would help senators understand the orders."

CNET News (1/19, Broache) reports that "Gonzales' appearance before a key U.S. Senate committee Thursday yielded little new information about the Bush administration's sudden revelation that it would seek court approval for its domestic eavesdropping activities." CNET reports that Leahy and Specter "said they were pleased to hear that future activities associated with a controversial National Security Agency operation known as the Terrorist Surveillance Program would undergo review by judges on the secret Foreign Intelligence Surveillance Court. … But many critical questions about the scope and content of the court orders remain unanswered, committee members said."

National Journal's Technology Daily (1/19, Noyes) reports, "Gonzales remained guarded throughout the hearing and refused to answer a number of questions asked by committee" members. "Government lawyers are slated to appear before the 6th U.S. Circuit Court of Appeals in two weeks to challenge a lawsuit filed by the ACLU over the NSA program. The ACLU said a ruling remains important because the president still believes in his 'inherent authority to engage in wiretapping without the oversight of the [Foreign Intelligence Surveillance Act] court.'"

Leahy Grills Gonzales On Arar. The Canadian Press (1/19, Gorham) reports, "U.S. Attorney General Alberto Gonzales, lambasted by an irate senator Thursday over how Maher Arar was treated by American authorities, said he'll try to release more information about the case next week." CP continues, "Democrat Patrick Leahy, who heads the Senate judiciary committee, told Gonzales that officials knew 'damn well' Arar would be tortured when they deported him to Syria and Canadians are 'justifiably upset' about a matter that's 'beneath the dignity' of the U.S. … He also wanted to know why Arar remains on the U.S. security watch list despite being exonerated of any terrorist link … 'This country has not said anything at all, that we made a mistake or had an apology,' said Leahy. … 'Why is he on a government watch list if he's been found completely innocent by this Canadian commission, which actually had the information from us?'" CP adds, "According to Canada's Public Safety Minister Stockwell Day, there's no reason at all. … Day, in town for meetings on security matters, said Canadians have finally seen the Arar file that American authorities refused to share until now and there's 'nothing new' to suggest he's a safety risk. … For his part, Gonzales promised a briefing for senators and said he hoped to release the information publicly."

Local Television. Nationwide, major and small cities broadcasted this story. Cities include: Washington, DC, New York, NY, Los Angeles, CA, Chicago, IL, San Francisco and Sacramento, CA, Dallas, Houston, TX, Boston, MA, Detroit, MI, Tampa, Miami, FL, and Phoenix, AZ. Some examples are: WRNN-TV, New York, NY (1/18, 8:30 p.m.) broadcasted, "Today, Senators demanded details from Attorney General Alberto Gonzales about new orders putting the government's domestic spying program under court review. Meanwhile, the presiding judge of the Foreign Intelligence Surveillance Court said she had no objection to disclosing legal orders and opinions about the program that targets people linked to Al-Qaida, but the Bush Administration would have to approve release of the information. Gonzales and National Intelligence Director John Negroponte said it was uncertain whether the court orders and details about the program will be disclosed." KABC-TV, Los Angeles, CA (1/18, 11:00 a.m.) broadcasted, "Senators demanded details from Attorney General Alberto Gonzales, one day after the Bush Administration agreed to put the government's domestic spying program under court are view. The day after the Bush Administration surprised rehearsed of the wiretapping program, Attorney General Alberto Gonzales appeared in front of the Senate Judiciary Committee." KDAF-TV, Dallas, Ft. Worth, TX (1/18, 9:00 p.m.) broadcasted, "The President's domestic wiretap program went under the microscope on Capitol Hill this morning. Attorney General Alberto Gonzales

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testified before the Senate Judiciary Committee today. Yesterday, the Bush Administration announced it had reversed the position on the program. Gonzales says Federal investigators will get court approval."

More Commentary. In a column distributed by Scripps Howard (1/19), Dale McFeatters writes, "After a year spent fighting it, the Bush administration has made an abrupt about-face and put its wiretap program under the jurisdiction of a secret court, which many believe the law requires anyway." McFeatters continues, "The concession does not constitute a White House change of heart in its sweeping assertions of executive power, but rather a move to head off challenges to its warrantless eavesdropping in the courts and Congress that it seemed destined to lose. By folding now, the president retains the prerogative of reasserting the power later. … The Justice Department had already lost a challenge at the district court level and will now seek to have the case declared moot. The then-Republican Congress refused to ratify the program last year when its existence became known, and the Democrats might well have overturned it legislatively." McFeatters adds, "In essence, the administration said it would comply with the 1978 Foreign Intelligence Surveillance Act and seek warrants from the secret panel of federal judges for its monitoring of phone calls and e-mails to and from the United States, a process that it had insisted before was too slow and too cumbersome. … Still, questions remain about what the new compliance, under what the Justice Department says is an 'innovative' arrangement with the FISA court, really means. Must the National Security Agency seek individual warrants, or does the administration feel that blanket warrants are acceptable? Or does it believe a simple court approval of the program as a whole is OK? These are fair questions for the House and Senate Intelligence and Judiciary committees to put to the administration. … The Bush administration has been forced to scale back from a number of its assertions of unbridled presidential power -- detention without trial, military commissions, torture, secret prisons -- but that is hardly a wholesale embrace of civil liberties, due process and personal privacy."

In an editorial, the Los Angeles Times (1/19, 850K) says that the Administration's "abrupt acknowledgment that it can, after all, track suspected terrorists without shredding the privacy rights of Americans inspires mixed reactions -- relief that the rule of law has triumphed, suspicion that the administration's concession isn't all that it's cracked up to be and, most of all, anger at the president and his surrogates for suggesting that any criticism of their tactics was tantamount to treason. … In a background briefing for reporters, a Justice Department official refused to be pinned down on whether the administration is now asking the FISA court for authorization to monitor each individual suspect or whether there is a broader grant of authority. This is unacceptable."

Under the headline "Bush's Wiretap Surrender," the Wall Street Journal (1/19, A14, 2.04M) editorializes, "The Iraq War has been hurting…Bush's poll ratings for a couple of years now. But keeping him from political free fall is the fact that the United States has suffered no terrorist attacks since 2001, and the widespread belief that White House policy might have something to do with it. So count us baffled by Mr. Bush's surrender Wednesday on warrantless wiretapping authority that even the Carter Administration believed was well within the Constitutional power of the executive branch." The White House "may think this FISA concession will allow it to escape more onerous legislative restrictions. But Congress may now merely take this concession and codify it anyway."

The Manchester (NH) Union Leader (1/19) editorializes, "U.S. Attorney General Alberto Gonzales would have Americans believe that, after years of asserting that national security depended upon the administration's ability to tap terror suspects' phone lines without waiting for the slow Foreign Intelligence Surveillance Court to OK the spying, the court suddenly became capable of instantly approving such wiretaps the very same week Democrats took control of Congress. … Is the administration trying to lose its last remaining shreds of credibility?" The Leader adds, "The administration is backing out of a program and a constitutional argument it previously labeled essential to national security. It is doing so in such a way as to make its previous assertions appear entirely disingenuous. … Retreating from a program that until now he has claimed was absolutely essential to stopping terrorist attacks on U.S. soil is either an inexcusable dereliction of duty, or a tacit admission that his previous claim was utter baloney."

The Pittsburgh Post-Gazette (1/19) editorializes, "That sound you don't hear is one hand clapping. The Bush administration has surprisingly reversed itself on its anti-terrorism policy of eavesdropping on Americans without warrants, something that certainly deserves support and praise. But it would be unwise to get carried away." The Post-Gazette continues, "After all, this is the reversal of a policy that never should have been adopted in the first place. While Americans certainly want their government to root out terrorists and while they understand that tapping phone calls and e-mails to and from the United States may be necessary in some cases, many don't want such surveillance to be done without regard to the law. … This high disdain for legal procedures in the pursuit of warrantless surveillance has been going on for years, and it has been as shocking as it has been unnecessary. The nation lost much on 9/11 and it does not have to junk its traditional civil-liberty protections to achieve security, or so many Americans believe." The Post-Gazette adds, "Unfortunately, the Bush administration is not among the believers. After the attacks in 2001, the executive branch asserted a theory of executive ascendancy that, in the name of fighting the war on terror, was bolder and more far-

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reaching than any of its recent predecessors. The presidency has become something of an imperial institution that recognizes no restraints on its power. … Now supposedly an arrangement has been worked out that allows the court to oversee the National Security Agency's spying program 'with the speed and agility necessary to protect the nation from al-Qaida,' as Attorney General Alberto Gonzales put it. Why this couldn't be done years ago and is happening now is not hard to guess: Congress is in the hands of the Democrats. … The details of the new program are murky and it must be taken on faith that this is progress -- a very big leap of faith indeed, given recent history. The administration, of course, does not concede that it did anything wrong. In other words, use the hand that's not clapping to cross your fingers."

The Portland Oregonian (1/19) editorializes, "Attorney General Alberto Gonzales on Thursday told members of the Senate Judiciary Committee that, at the Department of Justice, 'every day is Sept. 12.' … Would that it were so." The Oregonian continues, "That day 64 months ago is worth remembering. It was a day of sorrow. Of mourning. Of unity. Of resolve. It was the day after congressional Republicans and Democrats stood together on the steps of the Capitol and sang 'God Bless America.' … It was also a day when the laws governing Justice Department activities were still respected. Americans still believed, for example, that the Justice Department still complied with the Foreign Intelligence Surveillance Act. It was years before the public would learn that the department had electronically eavesdropped on people suspected of links to terrorism without seeking the legally required approval from a secret federal court." The Oregonian adds, "That seems like a long time ago now. On a Thursday when the committee chairman shouted at Gonzales and the attorney general responded with characteristic dismissiveness, the Justice Department let it be known that it had decided to resume complying with the law that governs wiretapping. Investigators would conduct such surveillance under the authority of the Foreign Intelligence Surveillance Court, as critics had demanded, Gonzales said. … The Justice Department is acknowledging now that, contrary to earlier assertions, it won't be too burdensome to get approval from the Foreign Intelligence Surveillance Court when it wants to eavesdrop. In fact, Gonzales said Thursday, the program allows 'the necessary speed and agility the government needs to protect our nation from the terrorist threat.' … The threat is real, as we knew well on Sept. 12. And as we know now, lost liberty is no phantom."

The Newark (NJ) Star-Ledger (1/19) editorializes, "When a federal judge ruled last summer against President Bush's claim that he had full authority to order wiretaps of Americans' international phone calls and e-mails, he scolded her for not understanding 'the nature of the world in which we live.' … With his abrupt turnaround on domestic surveillance, the president seems to be starting to acknowledge that he is the one who has been out of touch." The Star-Ledger continues, "Congress will need to press harder to curb the White House's impulses toward secrecy. But Democrats, who are now the majority on the Hill, must be careful not to abridge executive power to the point of crippling the presidency, as Congress did in the wake of the Vietnam War. The Bush administration is not wrong that times of threat can require a president to assert unique authority. One of the many failures of the Bush administration is that it has so abused that authority as to jeopardize it entirely."

Ally Of Posada Surrenders Cache Of Illegal Weapons. The Miami Herald (1/19, Weaver) reports, "An ally of Cuban exile militant Luis Posada Carriles turned over a stockpile of illegal machine guns, dynamite and a grenade launcher to federal agents this week in a bid to reduce his prison sentence, several sources familiar with the arms surrender said." The Herald continues, "Santiago Alvarez, a wealthy Miami developer convicted last fall on a weapons-conspiracy charge, arranged for the turnover of the new cache of firearms on Wednesday at his attorney's office in downtown Miami, sources said." The Herald adds, "Alvarez and convicted co-defendant Osvaldo Mitat are seeking to reduce their respective four- and three-year prison sentences by one or more years. The unusual arms surrender has no connection to Posada's latest troubles with federal authorities. … The Alvarez stash consisted of dozens of machine guns, rifles, C-4 explosive, dynamite, detonators, a grenade launcher and ammunition, sources said. The cache was considerably larger than the nine illegal firearms seized by federal agents in late 2005 when Alvarez and Mitat were first indicted on weapons charges in Broward County." The Herald notes, "Agents for the FBI and Alcohol, Tobacco, Firearms and Explosives collected the latest stash of weapons at the Miami law office of Silvia Piñera-Vazquez and Sofia Powell-Cosio. The lawyers were granted temporary immunity to surrender the firearms to federal authorities on behalf of their clients, Alvarez and Mitat. Piñera-Vazquez, who declined to comment for this article, personally delivered a letter to the U.S. attorney's office on Tuesday detailing the proposed weapons turnover."

DOJ Plans To Store DNA Of Terror Suspects, Illegal Immigrants. The Arizona Republic (1/19, House, Wagner) reports, "The Justice Department is planning to add DNA from undocumented immigrants, suspected terrorists and other detainees to the FBI's national crime database, a move pushed by Arizona GOP Sen. Jon Kyl and Maricopa County Sheriff Joe Arpaio." The Republic continues, "The federal database now only includes the DNA of felons and some misdemeanor offenders. The new plan would add the DNA of individuals who may never be convicted of a crime.

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… 'The (Department of Justice) is engaged in extensive consultation with affected agencies and is moving forward to issue the implementing regulations,' department spokesman Erick Ablin confirmed Thursday." The Republic adds, "Proponents say the move will help to solve more crimes. … Opponents call it a mistake. … 'People will end up in this database even without probable cause for their arrest or detention,' said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a public interest group in Washington, D.C." The Republic notes, "It could be more than a year before the Justice Department plan is finalized to collect DNA from tens of thousands of immigration violators, terrorism suspects and others accused but not convicted of federal offenses. … A draft proposal is only now circulating internally within the Justice Department and its agencies. The plan also must be sent to other affected agencies outside of the Justice Department, and to the White House Office of Management and Budget. Officials would not release a copy of that draft."

USA Today (1/19, Willing) reports, "The federal government could add DNA from tens of thousands of immigration violators, captives in the war on terrorism and others accused but not convicted of federal offenses to the FBI's crime-fighting database under a plan being finalized by the Justice Department." USA continues, "Erik Ablin, a Justice Department spokesman, confirmed the plan, which hasn't been publicly disclosed, and said details are expected to be completed soon. … Proponents of the plan, including U.S. Sen. Jon Kyl, R-Ariz., and Maricopa County, Ariz., Sheriff Joe Arpaio, say taking DNA from federal detainees would solve many crimes committed by illegal immigrants and make it easier to identify and track potential terrorists. … Opponents, such as Caroline Fredrickson, director of the American Civil Liberties Union's Washington office, say such mass seizures of DNA violate privacy and do little to improve law enforcement." USA adds, "Fredrickson says the law that defines federal detainees is so broad that it could apply to hikers stopped by park rangers or airline passengers selected for screening. Authorization for taking the DNA was included in a bill reauthorizing the Violence Against Women Act that President Bush signed last year. … The DNA samples, which contain an individual's unique genetic code, would be compared against genetic profiles from 3.9 million criminals and 157,000 unsolved crimes held by the system of federal and state DNA databases that the FBI administers. The FBI says its system has aided more than 41,000 criminal investigations since 1990. … DNA from federal arrestees and detainees would be held on a computer index, enabling law enforcement to track illegal immigrants who return after being expelled from the USA or who commit crimes after being released. War-on-terrorism detainees, who often use aliases, could be positively identified by DNA and linked to evidence seized at suspected terrorist sites."

Pentagon Releases Procedural Manual For Trials Of Detainees. The AP (1/18, Flaherty) reports Pentagon "set rules Thursday for detainee trials that could allow terror suspects to be convicted and perhaps executed using hearsay testimony and coerced statements, setting up a new clash between President Bush and Congress." The Pentagon said the rules, laid out in a 238-page manual, "are fair." Congressional Democrats "said they would hold hearings and revive legislation on the plan, and human rights organizations complained that the regulations would allow evidence that would not be tolerated in civilian or military courtrooms." The Washington Post (1/19, A13, Smith, 690K) reports the manual "is meant to prescribe how military commissions will try some of the roughly 395 prisoners now detained at the military prison at Guantanamo Bay, Cuba. Officials predicted yesterday that 60 to 80 will face the commissions."

The New York Times (1/19, Mazzetti, 1.16M) says the new procedures "follow the guidelines Congress set down in the Military Commissions Act late last year." The manual "explicitly forbids military prosecutors from using evidence obtained through torture. At the same time, it makes a distinction between torture and coercion, allowing testimony that came as the result of coercive techniques used by military and intelligence officials until late 2005, when Congress passed a law banning cruel and inhumane treatment of prisoners." USA Today (1/19, Biskupic, 2.27M) says the manual's release "triggered a fresh round of questions and criticism Thursday about the administration's handling of detainees."

NYTimes Suggests Stimson Should Be Disciplined By Bar Association. Under the headline "Apology Not Accepted," the New York Times (1/19, 1.16M) editorializes, "It is hard to render a convincing apology when you are not really apologizing. Consider Charles Stimson, the deputy assistant secretary of state for detainee affairs, who has been trying to spin his way out of his loathsome attempt to punish lawyers who represent inmates of the Guantánamo Bay internment camp. ... On Wednesday, Mr. Stimson said he apologized and regretted that his comments 'left the impression' that he was attacking the integrity of those lawyers. It was not just an impression. It was exactly what he did. ... Stimson's appalling behavior should not be overlooked by the relevant bar disciplinary committee."

HOMELAND RESPONSE:

DOJ Official Says Bush Could Order Killing Of Terror Suspects In US. Newsweek (2/13, Hosenball, 3.12M) reports, "In the latest twist in the debate over

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presidential powers, a Justice Department official suggested that in certain circumstances, the president might have the power to order the killing of terrorist suspects inside the United States." During Office of Legal Counsel acting director Steven Bradbury's Senate intelligence committee testimony about the NSA surveillance program last week, "Sen. Dianne Feinstein asked Bradbury questions about the extent of presidential powers to fight Al Qaeda; could Bush, for instance, order the killing of a Qaeda suspect known to be on U.S. soil? Bradbury replied that he believed Bush could indeed do this, at least in certain circumstances." Newsday notes, "At a public intel-committee hearing, Feinstein was told by intel czar John Negroponte and FBI chief Robert Mueller that they were unaware of any case in which a U.S. agency was authorized to kill a Qaeda-linked person on U.S. soil. Tasia Scolinos, a Justice Department spokeswoman, told NEWSWEEK: 'Mr. Bradbury's meeting was an informal, off-the-record briefing about the legal analysis behind the president's terrorist-surveillance program. He was not presenting the legal views of the Justice Department on hypothetical scenarios outside of the terrorist-surveillance program.'"

Chertoff Urges Editors To Use Caution In Reporting On Threats, Emergencies. The AP (1/18, Lumpkin) reported, "Homeland Security Secretary Michael Chertoff told newspaper editors Thursday they should use caution and context in reporting about threats or emergencies. 'We owe you information that's accurate,' he said, 'and you need to resist the temptation to just get something fast.'" Chertoff "invited the media to continue to participate in a series of dialogues and exercises his department has been conducting on how best to communicate information during a crisis." He said that threats "of limited credibility" must "be run down and investigated," but "shouldn't become public during that stage." Meanwhile, "he said, when information is shared with state and local officials, department officials are aware that 'very likely this information is going to get out.' Then the issue is one of context, and he urged editors to use good judgment." Still "more is at stake, he warned, in reporting on actual emergencies, because people immediately want to know what they should do to protect themselves. In this regard, Chertoff warned the editors against over-reliance on dubious experts."

Recounting a recent bomb scare on a Carnival cruise ship heading into San Juan, Puerto Rice, USA Today (1/19, Hall, 2.27M) reports, "Five years after 9/11 and the 2001 anthrax attacks caused a spike in false threats, senior federal officials say they still are forced to run down hoaxes nearly every day, creating a huge drain on agents' ability to pursue real threats to the nation's security. … On Thursday, Homeland Security Secretary Michael Chertoff said the government doesn't publicize most threats because 'people would be in a constant state of hyper-anxiety.'" USA Today devotes a significant amount of space to the listing hoaxes that have been in the news. "Charlie Allen, Homeland Security's top intelligence officer, says hoaxes and bogus tips come in 'almost on a daily basis.'" USA notes, "At police stations and FBI offices across the country hoaxes are 'a serious drain,' says Ken Wainstein, head of the Justice Department's National Security Division. 'These terror hoaxes distract law enforcement.' … They also scare people. … On Thursday, Homeland Security Secretary Michael Chertoff said the government doesn't publicize most threats because 'people would be in a constant state of hyper-anxiety.' … The department posts Internet hoaxes on its website to reassure citizens and encourage them not to pass on bogus e-mailed chain letters. Among those that have been circulating for several years, the website says, is a fake government warning that someone bought $32,000 worth of United Parcel Service (UPS) uniforms off eBay. The fraudulent message urges people to be wary if a UPS employee comes to their door."

GAO Urges TSA To Assess Terror Risks For Rail System. The AP (1/18, De La Cruz) reported GAO officials told members of the Senate Commerce, Science and Transportation Committee Thursday that the Transportation Security Administration has "yet to assess the risks of a terror attack on the nation's passenger rail system," and that until it does, "the agency may not know which rail systems are more at risk than others. 'Given competing priorities and limited homeland security resources, difficult policy decisions have to be made by Congress and the executive branch to prioritize security efforts and direct resources to areas of greatest risk,'" said Cathleen Berrick, the GAO's director of homeland security and justice issues. "TSA Director Edmund S. 'Kip' Hawley said the agency is working with a host of other federal agencies and entities to make sure passenger rail systems are safe." However, "Several committee members were critical of TSA's efforts. 'I'm frustrated with the Bush administration's foot-dragging on measures to secure the nation's rail systems,' said Sen. Frank Lautenberg."

FBI Wants To Question California Man About Subway Mercury Spill. The AP (1/19) reports from Los Angeles, "A man seen on videotape spilling a small amount of mercury onto the platform of a subway station was wanted for questioning by police, the FBI and other members of a multi-agency terrorism task force. There was no evidence to suggest the actions were terrorist or criminal acts, but authorities wanted to ask the unidentified man why he was carrying mercury and what was his motivation for apparently

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spilling the toxic substance, said FBI spokeswoman Laura Eimiller." After spilling the liquid, "the man appeared startled and walked to a Metropolitan Transit Authority call box, where he reported the mercury spill, the FBI said."

MTA Admits Flawed Response To Incident. The Los Angeles Times (1/19, Blankstein, Guccione, 850K) reports that in December, "officials quickly labeled it a harmless accident. But Thursday, officials acknowledged that the Los Angeles County Metropolitan Transportation Authority botched its response, waiting eight hours after being told mercury was on the platform before clearing the station and cleaning up the spill. Police and transit officials said the workers erred by not immediately contacting law enforcement to cordon off the area and calling in hazardous-material experts. The incident also exposed the fact that many MTA workers are not trained to handle dangerous materials such as mercury." The Times notes, "Several terrorism experts said Thursday that the MTA's handling of the incident was troubling."

Many Families Of 9/11 Victims Face Estrangement. The New York Times (1/19, Vitello, 1.16M) runs a feature on family separations among the children of 9/11 victims, writing that "one 9/11 family advocate said he had encountered more than 100 conflicts in which aging parents of a World Trade Center victim, desperate to remain connected to the children of their lost offspring, had found themselves in bitter struggles with a surviving spouse who would rather they did not. A mediator who helped negotiate settlements among 9/11 families in the early years after the attacks said 1 in 10 of his cases involved estranged grandparents."

NYTimes Says Administration Must Extend Temporary Housing For Katrina Victims. Under the headline "Nowhere To Turn For Shelter," the New York Times (1/19, 1.16M) editorializes, "In the long and sordid story of Hurricane Katrina, a new low may be approaching. In Louisiana alone, tens of thousands of displaced families who rely on the government to provide trailers or rent will lose their temporary housing next month — unless the Bush administration extends the standard 18-month time limit for their federal aid." The Times says "the temporary help from the Federal Emergency Management Agency cannot end until the victims have somewhere else to go. And the federal and local governments have moved far too slowly in providing the necessary reconstruction money and building guidance." The Times states, "The response to the drowning of New Orleans has been a failure on every level." The Bush administration "must extend the temporary housing provisions immediately, then make every effort to shift aid recipients to the longer-term Section 8 voucher program." Meanwhile, the new Democratic leaders in Congress "need to quickly outline their own plans for salvaging New Orleans, so evacuees can once again call their city home."

WAR NEWS:

Pelosi Says House Democrats Will Back Anti-Surge Resolution. The AP (1/18, Espo) reports House Speaker Nancy Pelosi said Democrats in her chamber will back "legislation declaring that President Bush's decision to send additional troops to Iraq is 'not in the national interest of the United States.' Pelosi's commitment came as Senate Democrats said they intend to begin advancing a nonbinding measure next week that criticizes the White House's new strategy." The Washington Times (1/19, Hurt, 88K) reports Pelosi "has made clear her disdain for the 'surge' proposal since before Mr. Bush's prime-time address to the nation last week, but yesterday's remarks were her first indication of the language that she will want the House to approve." In a preview of a "Good Morning America" interview with Pelosi, ABC World News (1/18, story 4, 1:05, Sawyer, 8.78M) showed Pelosi saying, "Democrats will never cut off funding for our troops when they are in harm's way. I think it is very difficult for the President to sustain a war of this magnitude without the support of the American people, and without the support of the Congress of the United States. That's why Congress will vote to oppose the President's escalation."

Clinton Joins Critics Of Surge. Sen. Hillary Clinton said on PBS' NewsHour (1/18, Ifill), "I think that certainly our strategy has not succeeded, and I don't think there's any doubt about that anywhere, including in the White House. The question is, what do we do now going forward? And the President's proposal to add 21,500 troops in an escalation of the combat situation is not going to work, in the absence of a comprehensive approach that tries to put some pressure on the Maliki government. ... For more than a year and a half, I've been in favor of phased redeployment of our troops, bringing them home as quickly as possible, but based on a comprehensive strategy that looked at the diplomatic, political, and economic challenges and exert some leverage on the Iraqis." Clinton made similar comments on the surge on Fox News' On The Record (1/18, Van Susteren), saying, "I opposed it, based on what I knew about the situation before I went, and I'm even more strongly against it now because I think the chances for success are limited at best. ... Here is what I think we have to do now. I want to cap the number of troops that we have at the number that was in country January . I want to start a phased redeployment of our troops. ... I think it's also important though to try to get the Maliki government to deal with some of the political and economic challenges on the ground which we have all been asking for."

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Democratic Presidential Hopefuls Rush To Join Surge Critics. ABC World News (1/18, story 3, 2:50, Gibson, 8.78M) reported, "The war in Iraq is dominating the political debate in this country. But it really gets political when discussed by two Democratic presidential candidates, Sens. Hillary Clinton and Barack Obama." ABC (Tapper) added, "Last week, anti-war liberals...were angry with" Clinton and Obama "for not saying they would actually try to do anything to stop the President's proposed surge in Iraq. Well, this week, Charlie, all that changed and the one-upsmanship began." John Edwards "threw down the gauntlet, attacking fellow Democrats for their timidity," and when Obama "announced his presidential exploratory committee, he made sure to remind voters that he never would have voted for the Iraq war to begin with. ... Wednesday, Sen. Clinton suddenly declared she would try to stop the President, introducing forceful legislation to cap troop levels, and require that benchmarks be met by both the Iraqi government and the Bush Administration."

More Congressional Criticism Of Bush Plan. Sen. Olympia Snowe said on MSNBC's Hardball (1/18, Matthews), "Why should we be taking more risks with our troops when" the Iraqis are "not willing to take risks to make the political decisions and their own military decisions by confronting the militias and disarming them?"

Sen. Joseph Biden said on CNN's The Situation Room (1/19, Blitzer), "We should be letting Maliki know that he's not going to get our help, if he doesn't straighten out and have a political solution here. And that is why the Iraqi Study Group, why Joe Biden, why Les Gelb, why everyone across the board, including the President's own generals, have said: Mr. President, we should be telling them we're going to be ramping down, not ramping up, because he cannot count on us to, in fact, be the fodder for his civil war. He has to make some political compromises." On MSNBC's Hardball (1/18, Matthews), Biden said, "What made me realize how fractured this was is when we had Condoleezza Rice before my committee. It was stunning that 20 of the 21 senators, meaning 10 of whom were Republicans, absolutely made it clear they were not at all supportive of the President's new policy."

On CNN's The Situation Room (1/18, Blitzer), Sen. Jon Kyl was asked if it is "true" that "you stand firmly behind the President." Kyl replied, "Yes, I do. I think everybody said that the President needed to announce a new strategy. He's done that. It seems to me we ought to give it a chance to work. ... None of the President's critics have proposed an alternative that would work. They have a lot of different ideas about how to leave, to leave in six months, to start now and phase it in, to leave within a year. A lot of different plans to leave. No other plan to win."

Sen. Mary Landrieu said on MSNBC's Hardball (1/18, Matthews), "What's more important is what the commanders think. And most of the commanders have said that they don't believe the escalation of troops door to door, urban combat like this, 25,000 troops in a city of six million people, is actually going to do the job."

Rep. Charles Rangel said on CNN's The Situation Room (1/18, Blitzer), "I think the American people are so far ahead of us and by the time we get finished with the hearings, the testimony, people under oath, really trying to find out what does a surge mean...Republicans in the Senate, as well as in the House, are telling the President we've had enough of the war."

Rep. Chris Carney said on Fox News' Your World (1/18, Cavuto), "I don't favor a surge. I don't think we can trust Mr. Maliki to deliver the goods."

Antiwar Movement May Be Reaching "Critical Moment." The Christian Science Monitor (1/19, Knickerbocker, 59K) reports, "Nearly four years into US combat in Iraq, the antiwar movement has yet to generate the kind of mass protest seen during the Vietnam War. There's no shutting down universities or blocking traffic at military bases -- no tense face-offs with police. But with the new Congress, the Bush administration's surge strategy (which critics deem an 'escalation' of the conflict), and increasingly negative public opinion polls on the war, this may be a critical moment for the antiwar movement." The Monitor says "one key reason that opposition to the war has been less overt, organizers recognize, is the lack of a military draft. Also, the scale of the war is different. There were four times as many troops involved and 10 times as many American casualties over a comparable period in Vietnam." And "only a handful of Americans are directly affected by the war or asked to sacrifice for it."

Rangel Outlines Rationale For Resumption Of Draft. During an appearance on CNN's The Situation Room (1/18, Blitzer), Rep. Charles Rangel detailed his call for a reinstatement of the draft, saying, "I make the case that you cannot be for the war and expect that you've got to take 21,000 troops, people who have already served three or four times in Iraq, and just rotate them, sending them back, putting them in harm's way and now believe that other people's kids from more affluent communities should not make a sacrifice, too. It seems to me that we should not have a concept that we fight these wars, support the wars, with other people's kids. So if, indeed, it's believed by the people of the United States that our national security is threatened, there's no way in the world that we shouldn't say everybody should be involved in the sacrifice."

Questions Surround Petraeus Counterinsurgency Strategy. The New York Times (1/19, Gordon, 1.16M) reports that when Lt. Gen. David H. Petraeus "assumes his duties as the new American commander in Iraq, he will be guided by a new military

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doctrine on counterinsurgency that makes the security of the population a chief objective. But a pressing question that is likely to emerge when the Senate takes up his confirmation next week is whether the administration's new Iraq strategy will draw on enough forces to ensure security -- as measured against the general's own guidelines." The five new combat brigades to be sent to Baghdad "would roughly double the size of the American force involved in the security operation there, about 15,000 troops. But as a whole, that would still represent only a small portion of the 120,000-strong force that would be required to secure the entire capital according to the force ratios outlined in the military's new field manual for counterinsurgency."

The CBS Evening News (1/18, lead story, 2:30, Couric, 7.66M) led by reporting that President Bush "is running out of places to look for support for his new war strategy. ... Most of the public is against it, most of the Congress, and today, some retired generals went on the attack. And this won't help: A new Defense Department audit estimates as much as 15% of the nearly $22 billion already spent on reconstruction may have been wasted because of poor security in Iraq."

"Red Team" Of Skeptics Dispatched To Iraq. The Los Angeles Times (1/19, Barnes, 850K) writes that "while the Bush administration is reworking its overall strategy in Iraq, military leaders in Baghdad are searching for new ways to improve the decisions and choices they make closer to the ground." The military "has sent to Iraq a five-person team of dedicated skeptics, known in military jargon as a 'red team.' In a war known for its missteps and unanticipated results, the team will be assigned to review, and question, military operations. It will attempt to predict how enemies will react to various missions and what the unintended consequences might be."

Egypt, Saudis Give "Cautious Backing" To Bush Plan. The Financial Times (1/19, England) reports Egypt and Saudi Arabia, "two of the US's most important Sunni allies," gave "cautious backing" to President Bush's Iraq strategy, "while a third, Jordan, reiterated the need for Iraq's Sunni to be given a greater role in their country's political processes. But the 'support' also came with a clear message" to Secretary of State Condoleezza Rice "in the hope that Washington may finally be ready to listen to its Arab allies -- a military solution alone is not enough."

Krauthammer Expects Maliki Government To Undermine Strategy. In his Washington Post (1/19, A19, 690K) column, Charles Krauthammer writes, "If it were my choice, I would not 'surge' American troops in defense" of the current Iraqi government. Petraeus "thinks otherwise. ... He believes that with an augmentation of U.S. troops, a change of tactics and the support of three additional Iraqi brigades, he can pacify Baghdad. ... I am confident that Petraeus knows what he's doing and that U.S. troops will acquit themselves admirably. I'm afraid the effort will fail, however, because the Maliki government will undermine it."

NYTimes Criticizes Means Of Informing Troops Of Extended Tours. The New York Times (1/19, 1.16M) editorializes, "It is bad enough for troops in Iraq to learn that their tours of duty have been extended. It is terrible for them to have to hear about it from loved ones at home rather than from their military commanders. This is what happened to about 150 New Jersey National Guard troops who had been scheduled to return home in March after having served in Iraq for a year. ... A day after Mr. Bush announced the troop increase in a televised speech, the National Guard in New Jersey told family members that their relatives would have to stay on. The news quickly made it back to the troops in Iraq through anguished phone calls and e-mail. Not until Sunday -- four days after Mr. Bush's speech -- were the troops notified by their Army commanders."

Casey Likely To Face Difficult Confirmation Hearing. The Washington Post's (1/19, A17) Al Kamen writes in his "in the Loop" column that "rumblings on the Senate side are that Gen. George Casey's confirmation as Army chief of staff is going to be a tough sell, especially with the Democrats in charge" and "even some Armed Services Committee Republicans are uneasy." Sen. Saxby Chambliss (R-Ga.) told the Post's Tom Ricks, "The chief of staff of the Army is the guy everybody looks up to. We were under Casey's leadership [in Iraq] for the last three years, and it hasn't gone well." Chambliss "said that he hasn't made up his mind whether to support the nomination." Meanwhile, Kamen says "there's even talk that the administration is concerned Casey is unconfirmable with the Senate in the mood it's in. So the White House may try to move Casey's nomination and that of Adm. William J. Fallon to head Centcom as a package along with the nomination of highly regarded Lt. Gen. David Petraeus to lead US forces in Iraq."

Mahdi Army Says It Is Under Siege In Sadr City. The AP (1/18, Hurst) reports insurgents in Muqtada al-Sadr's Mahdi Army fighters said they were "under siege in their Sadr City stronghold as U.S. and Iraqi troops killed or seized key commanders in pinpoint nighttime raids. Two commanders of the Shiite militia said Prime Minister Nouri al-Maliki has stopped protecting the group under pressure from Washington and threats from Sunni Muslim Arab governments." ABC World News (1/18, story 2, 2:05, Harris, 8.78M) reported Sadr "is a fellow Shiite who helped Maliki take power. But in an interview to be published in the Italian newspaper 'La Repubblica,' Sadr confirms 400 of his men have been arrested."

Meanwhile, the Washington Post (1/19, A15, Pincus, Tyson, 690K) says US intelligence leaders told Congress that Sadr "will probably lower the profile of his powerful militia in

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Baghdad and watch to see whether the new U.S.-Iraqi strategy of placing more troops in the city is aimed at uncontrolled violence or specifically at him and his organization."

Debates Over Iraqi Budget Further Doubts About Maliki Government. The Los Angeles Times (1/19, Daragahi, Roug, 850K) writes, "It's budget time in Iraq, and the lively debates that have erupted would strike a familiar chord for observers of such talks in any American statehouse or European parliament. But war-ravaged Iraq is no ordinary country, and the murkiness surrounding many items in the proposed 2007 budget has contributed to the general distrust between sectarian factions as well as widespread doubts about the ability" of Prime Minister Nouri al-Maliki's government "to manage the nation." Nearly $2 billion of the $41 billion budget "is allocated to agencies beyond the oversight of the central government at a time when potential international donors have balked at tossing more money into what has been viewed as a black hole."

Iraq Reviewing Diplomatic Protocols With Iran. The New York Times (1/19, A8, Glanz, 1.16M) reports Iraq is carrying out "an extensive review of its diplomatic protocols with Iran and may place new restrictions on them, the Iraqi foreign minister said in an interview on Thursday." Recent raids by American forces have "deeply embarrassed Iraqi officials, who say that the United States did not consult with them before it detained the Iranians, who were properly accredited visitors to this country." At the same time, Iraqi officials "have been put in an awkward position by their neighbor, as the Iraqis concede that at least some of the Iranians appear to have been working with Shiite militias, just as the Americans claimed." As a result, Iraq "has decided to tighten diplomatic controls on Iranian officials, insisting on detailed itineraries for their missions here, closer coordination with Baghdad and pledges that the officials will not work with armed groups outside the government," Iraqi Foreign Minister Hoshyar Zebari said.

Al Qaeda Group Claims Responsibility For US Civilian's Death In Iraq. The CBS Evening News (1/18, story 4, :25, Couric, 7.66M) reported, "A terror group linked to Al Qaeda claimed responsibility today for the ambush that killed an American civilian and three other people in Baghdad. Andrea Parhamovich was from the Cleveland area and she worked for the National Democratic Institute. She was advising Iraqi political parties on the tools they need to establish a democracy. She was 28 years old." The AP (1/18, Youssef) that the "a graduate of Marietta College...had been working with NDI in Iraq since late 2006 as a communications specialist advising Iraqi political parties on how to reach out to voters and constituents. She was helping 'build the kind of national level political institutions that can help bridge the sectarian divide and improve Iraqi lives,' NDI said." The Washington Post (1/19, A15, Partlow, 690K) says Parhamovich "is at least the fifth American civilian woman killed in Iraq since the 2003 U.S.-led invasion." The New York Times (1/19, Maag, 1.16M) and the Los Angeles Times (1/19, Roug, 850K) are among the newspapers running sympathetic profiles of Parhamovich.

Corporal Is First To Plead Guilty To Murder In Hamdania Case. The New York Times/AP (1/19) reports Marine Cpl. Trent Thomas pleaded guilty "to kidnapping and murdering an unarmed Iraqi civilian" in Hamdania in April 2006, year, saying "he and other servicemen went after him because they were 'sick and tired of getting bombed.'" Thomas "is the first of seven marines and a Navy medic accused in the case to plead guilty to murder. Four others have pleaded guilty to reduced charges in exchange for their testimony."

Biden Says More Troops Needed In Afghanistan. Asked on MSNBC's Hardball (1/18, Matthews) if he wants more US troops in Afghanistan, Sen. Joseph Biden said, "Yes. When the President announced his surge, I made the case that he should be surging in Afghanistan, not in Iraq. ... Imagine if we fail in Afghanistan. What that will mean is Musharraf will cut even a closer deal with al Qaeda and with the Taliban, and if he doesn't, he puts himself in the position of being overthrown more than he is now. That is a radicalized country. It has nuclear weapons and it will be a disaster. If there was a totally just war since World War II, it is the war in Afghanistan, and we are not dealing with it properly."

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Gonzales Defends Prosecutors' Dismissals. The Washington Post (1/19, A2, Eggen) reports, "Attorney General Alberto R. Gonzales acknowledged yesterday that some U.S. attorneys have been asked to resign their posts in recent weeks because of performance issues, but he denied any political motives and vowed to quickly submit new nominees for the jobs to the Senate for confirmation. … 'What we're trying to do is ensure that for the people in each of these respective districts, we have the very best possible representative for the Department of Justice,' Gonzales testified, adding later: 'I would never, ever make a change in a United States attorney for political reasons or if it would in any way jeopardize an ongoing serious investigation. I just would not do it.'" The Post continues, "Gonzales's remarks in front of the Senate Judiciary Committee came in response to questions from Sen. Dianne Feinstein (D-Calif.) and other

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lawmakers about the forced removals of at least six U.S. attorneys, including several who have overseen some of the government's highest-profile corruption prosecutions." The Post adds, "Officials say the removals include those of Carol C. Lam in San Diego, who led the corruption prosecution of former congressman Randy 'Duke' Cunningham (R-Calif.), and Kevin V. Ryan in San Francisco, who has handled the probe into a lab at the center of a sports doping scandal involving baseball player Barry Bonds and other athletes. … Another recent change that has attracted widespread criticism from Democrats came in Arkansas, where U.S. Attorney H.E. Cummins III of Little Rock was replaced on an interim basis by J. Timothy Griffin, a former research director for the Republican National Committee. … Feinstein said she knows of at least six cases in which prosecutors have been asked to leave. She said she is concerned about the way the firings have been handled and about whether the Justice Department is attempting to evade Senate oversight of U.S. attorneys."

The Las Vegas Review-Journal (1/19, Tetreault) reports, "Attorney General Alberto Gonzales on Thursday declined to say how many U.S. attorneys are being removed from their jobs and defended the practice to senators as 'good management' to replace them with 'the best possible people.'" The Review-Journal continues, "Gonzales said 11 U.S. attorney vacancies have been created since the law was passed but he declined to say how many were forced resignations. … The nation's chief law enforcement officer acknowledged that some of the chief prosecutors were asked to leave. … 'But that happens during every administration during different periods for different reasons,' Gonzales said. 'That fact that that happens quite frankly some people should view that as a sign of good management. What we do is make an evaluation about the performance of individuals, and I have a responsibility that we have the best possible people in that position. … '" The Review-Journal adds, "Sen. Harry Reid, D-Nev., said Thursday that Bogden got a bad deal that will force him to end a 16- year career as a federal prosecutor. … By replacing veteran prosecutors, the Bush administration is seeking to build 'a farm team for Gonzales,' Reid said. 'He can farm out to somebody who drove him to work one afternoon."

Nevada US Attorney Stepping Down. The Las Vegas Review-Journal (1/19, Puit, Batt) reports, "Three days after Nevada's two senators said the Department of Justice had forced out Daniel Bogden, U.S. attorney for the district of Nevada, Bogden broke his silence on the matter, confirming that he will be leaving his post next month." The Review-Journal continues, "Bogden's announcement late Wednesday came one day after Natalie Collins, spokeswoman for the U.S. Attorney's Office, belatedly responded to questions about the matter by saying that Bogden was still the U.S. attorney in Nevada. … Collins also claimed that media reports regarding Bogden's ouster were 'erroneous.'" The Review-Journal adds, "In the issued statement, Bogden, who was appointed to the job by the Bush administration in 2001, said his resignation is effective Feb. 28. … Neither Bogden nor Collins has addressed whether Bogden was forced out of office as the senators contend, and if so, why. … He is one of at least seven U.S. attorneys around the nation whom senators say have been forced to resign in the last couple of months."

The AP (1/19, Ritter) reports, "Bogden, 50, made public his resignation with a statement issued late Wednesday 'after consultations with officials at Department of Justice,' he said. He declined to identify those officials." The AP continues, "He said he planned to spend the next six weeks ensuring a smooth transition for his successor, and said he had no idea whom it would be. … Bogden's four-page statement cited successful prosecutions and included quotes of praise for his work from local, state and federal law enforcement officials and a federal judge in Las Vegas. … His resignation was his first public response to reports Sunday and Monday from aides to Nevada Sens. John Ensign and Harry Reid that he would be replaced. Justice Department officials have not responded to requests for comment."

Krugman Says Move Was "Preemptive Strike." In his New York Times column (1/19), Paul Krugman says, "There's something happening here, and what it is seems completely clear: the Bush administration is trying to protect itself by purging independent-minded prosecutors." Since the "middle of last month, the Bush administration has pushed out at least four U.S. attorneys, and possibly as many as seven, without explanation." Such a "wholesale firing of prosecutors midway through an administration isn't normal." Krugman says it appears "the administration is really worried about where corruption investigations might lead." The "purge of U.S. attorneys looks like a pre-emptive strike against the gathering forces of justice."

More Commentary. The Las Vegas Review-Journal (1/19) editorializes, "Whether the White House is disappointed with the cases these attorneys chose to prosecute, or with those they chose not to prosecute, or with their level of success, time may tell. Attorney General Alberto Gonzales did tell The Associated Press on Tuesday that the removals were not politically motivated, whatever that means. .. Although the appointments of U.S. attorneys are subject to Senate confirmation, they exercise executive authority which the Constitution vests solely in the president. Therefore, they serve at the president's pleasure -- he can fire them at will. … 'The president just no longer found it pleasurable,' as one local former prosecutor said Thursday, with a smile." The Review-Journal continues, "Now, anyone is free to criticize the president's actions and to question whether the replacements -- whoever they may be -- are better qualified than those now packing their bags. … But Democrats in

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Washington, led by Sen. Dianne Feinstein of the Judiciary Committee, have tried to characterize this minor housecleaning as some kind of dirty deed. … Not only that, the very same Democrats who are now up in arms sat by quietly in 1993 as Bill Clinton fired U.S. attorneys 'sweepingly and without cause,' possibly because Mr. Clinton was firing prosecutors who had been appointed by Republican Presidents Reagan and Bush. … Whereas, given that U.S. attorneys serve four-year appointments, while George W. Bush has now been president for six, President Bush is now firing U.S. attorneys who he himself appointed or re-appointed. … Now such interim appointments pending confirmation -- should the president find it necessary to take that route -- are perfectly legal, thanks to a provision of the Patriot Act reauthorization bill, approved last year by the, um ... the U.S. Senate."

CORPORATE SCANDALS:

Former Enron Treasurer To Be Released From Home Confinement. The AP (1/19, Porretto) reports, "Ben Glisan Jr., the first former Enron executive to go directly to jail after pleading guilty to conspiracy in 2003, is expected to finish a stint of home confinement after three years in prison, his attorney and the federal Bureau of Prisons said Thursday." The AP continues, "Glisan, the former Enron treasurer, pleaded guilty on Sept. 10, 2003, in the corporate scandal that brought down the energy company and rocked Wall Street. He received a five-year sentence." The AP adds, "Glisan, 37 at the time of his plea, spent time in two federal prisons in Texas — one near Bastrop, the other in Beaumont — before being confined to his Houston home since September, Bureau of Prisons spokeswoman Felicia Ponce said. That confinement is scheduled to end Sunday, Ponce said. … Glisan's attorney, Tom Allen, said his client will be on probation once he's free to leave home, but he didn't elaborate. … During court proceedings, Glisan admitted helping design financial deals that enriched him and illegally kept investment losses off Enron's books. … He agreed to forfeit nearly $1 million in profits from an off-the-books deal at Enron and agreed to not seek a refund of $412,000 in income taxes he paid on that profit."

Breedon Moves From Ethics Overseer To Hedge Fund Boss. The New York Times (1/19, Browning) reports, "As the court-appointed guardian and self-described fixer of some of America's most wayward companies, Richard C. Breeden, the former top securities regulator, is considered a pillar of corporate ethics and governance. … Now he trying to become another paragon — that of savvy investor in troubled companies. And in the coming months he will face his first major test: taking on the Applebee's International restaurant chain in a proxy fight." The Times continues, "Mr. Breeden's fledgling advocacy hedge fund, Breeden Partners, which owns a 5.2 percent stake in Applebee's, began its battle last month, when Mr. Breeden nominated four close friends to its board. …. Hedge funds, the lucrative private investment pools for institutions like endowments and pensions, and for the wealthy, are nearly always managed by former Wall Street traders or money managers. .. Mr. Breeden — a Harvard-trained securities lawyer — has no investing experience. But he is seeking to bring his knowledge of securities laws and corporate governance into investing in underperforming companies. … But what Mr. Breeden may lack in investing experience, he makes up for in other ways, according to his friends, who cite his hard-driving nature, his intellect, his attention to detail and his decisiveness, if marred at times by a divalike attitude."

US Charges Two Former CVS Executives With Rhode Island Corruption. The Wall Street Journal/AP (1/19, C2) reports from Providence, RI, "Two former executives at drugstore chain CVS Corp. were charged in a probe into influence peddling at the Rhode Island statehouse." The AP continues, "John R. 'Jack' Kramer, former senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, were charged with one count each of conspiracy and bribery and 21 counts each of fraud for allegedly paying former state Sen. John Celona to kill legislation CVS opposed or sponsor bills the company supported." The AP adds, "Mr. Celona, who resigned from the General Assembly in 2004, pleaded guilty to federal mail-fraud charges the following year and has been cooperating with the government. … Messrs. Kramer and Ortiz have been on leaves of absence from Woonsocket, R.I.-based CVS since 2004. … U.S. Attorney Robert Clark Corrente said the probe into statehouse corruption was continuing. CVS, which hasn't been charged, said it has fully cooperated with the probe."

CRIMINAL LAW:

Gonzales Promises To Examine Milwaukee Crime Trends. The Milwaukee Journal Sentinel (1/19, Hoffer) reports, "Sen. Herb Kohl elicited a promise Thursday from U.S. Attorney General Alberto Gonzales to look at the rise in violent crime in Milwaukee and tell him whether federal funding could be provided to bolster the police." The Sentinel continues, "Gonzales testified at a Senate Judiciary Committee hearing that covered issues from domestic surveillance to Internet pornography, all of which are under the jurisdiction of the U.S. Justice Department. … Kohl, a

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senior committee member, first raised the trend of increases in robberies and assaults in Milwaukee at a Judiciary Committee hearing last month. He asked FBI Director Robert Mueller, who was testifying at the time, to go to Milwaukee to study the problem first-hand and to give the city more federal resources in the form of additional federal agents. Mueller said he would "take a specific look at Milwaukee" but did not commit to travel there." The Sentinel adds, "At the December hearing, Kohl also criticized the bureau for taking money earmarked for violent crime prevention and reallocating it to investigate terrorism. … In Thursday's hearing, Kohl repeated the charge, saying the FBI used almost 2,200 'fewer agents in 2004 on traditional crime matters than it did in 2000 due to the essential focus on terrorism.' … In addition, he said, the Milwaukee Police Department received $1 million in federal money specifically for police in 2002 but last year didn't receive any. As a result, the police force was reduced by 55 officers and fewer police are on the streets. … Gonzales acknowledged that 'keeping our communities and citizens safe from violent crime is a top priority for law enforcement at all levels,' but most of the work is done by local police."

Attorneys Spar Over Jury Picks At Libby Trial. The AP (1/19, Apuzzo) reports, "The prosecutor sparred with defense attorneys Thursday over several potential jurors and their opinions of the Bush administration, a debate that further slowed jury selection in the trial of a former top aide to Vice President Dick Cheney." The AP continues, "U.S. District Judge Reggie B. Walton had hoped to have a jury seated by Thursday afternoon, but legal wrangling slowed the process. Attorneys for former I. Lewis Libby have weeded out of the jury pool the most outspoken critics of the Bush administration." The AP adds, "Special Prosecutor Patrick Fitzgerald told Walton that defense attorneys had crossed the line when they told jurors the case was political and about war policies. … 'The jury will not be asked to render a verdict on the war or what they think of the war,' Fitzgerald said." The AP notes, "Libby is accused of lying to investigators about what he told reporters regarding outed CIA operative Valerie Plame in 2003. Because Plame's husband was among the administration's most outspoken critics, the trial is set to the backdrop of the war in Iraq and politics."

The New York Times (1/19, Lewis, 1.16M) reports the "task of seating a jury for the perjury trial of I. Lewis Libby Jr. did not get easier Thursday when a majority of the candidates interviewed were disqualified, mainly because they expressed deep distrust of the Bush administration and the Iraq war." The "attitudes of many potential jurors to Mr. Cheney and the Iraq war have upset the judge's schedule for the trial, which envisioned opening arguments Monday."

Columnist Urges Bush To Pardon Libby. In a column distributed by Scripps Howard (1/19), Dan K. Thomasson writes, "If George W. Bush really wants to strike a blow for justice he should pardon I. Lewis 'Scooter' Libby now before his prosecution costs the taxpayers one dime more. It is really time to put an end to one of the most bizarre and disruptive politically inspired cases in recent memory." Thomasson continues, "Libby, as most Americans know, is the scapegoat for a non- crime that involved the public identification of a one-time undercover operative of the CIA, Valerie Plame, the wife of a small time diplomat, Joseph Wilson, who tweaked the White House over its claims that Saddam Hussein was seeking nuclear material in Africa. Plame, the White House claims, had a hand in the agency's assigning her husband to investigate the claims, which were among those contentions used to justify the invasion of Iraq. Wilson found the claims unsubstantiated." Thomasson adds, "Now we are at the beginning of a senseless, albeit sensational trial brought about by Fitzgerald's decision to find someone in the White House to bring to ground despite his own discovery that no crime had been committed. He settled on Libby, an aide to Vice President Richard Cheney, whom he charged with lying to the FBI and a grand jury and obstructing justice in the pursuit of answers he (Fitzgerald) already had. Libby said he first heard about Plame from a television personality, Tim Russert, but Russert denies the claim even as he concedes he talked to Libby. … There is some indication that (Fitzgerald) really wanted to nail the president's chief political advisor, Carl Rove, but settled finally on Libby, who is not known as an ideologue or even wildly political. His wife, who also is a lawyer, is in fact on the other side of most political issues, according to reports. … Severe damage, however, has been done to the First Amendment by an over zealous prosecutor who, among other things, insisted on jailing a reporter for not revealing her source for a story she never wrote, undercutting a policy and tradition that has been a bulwark of press freedom since the beginning of the nation. The result is a chilling impact on the role of the Fourth Estate as the watchdog of democracy. … So, Mr. President, it is time you exercised your own constitutional prerogatives and ended this nonsense immediately. Even if an impartial jury could be selected, which is highly doubtful in this venue, the trial is an injustice."

Cunningham Case Figure Is Focus Of Lewis Probe. The Wall Street Journal (1/19, A8, Paltrow, 2.04M) reports entrepreneur is Brent Wilkes, "a key figure in the case against former Rep. Randy 'Duke' Cunningham," is now the focus of the federal investigation of Rep. Jerry Lewis. Wilkes's firm "received defense and intelligence contracts with congressional help from Mr. Cunningham. The former lawmaker pleaded guilty in November to charges that included soliciting bribes from Mr. Wilkes and was sentenced to more than eight years in prison. Prosecutors in Los Angeles are examining whether Mr. Lewis may have

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improperly helped Mr. Wilkes's companies obtain government contracts."

Judge Grants Defense Motion For Delay In Connolly Murder Trial. The Boston Globe (1/19, 413K) reported in its "New England in Brief" section, "A Miami judge agreed yesterday to a defense request to delay the murder trial of retired FBI special agent John J. Connolly Jr. until Oct. 22 to give lawyers more time to prepare. Connolly was indicted in May 2005 on state murder charges in allegedly helping longtime informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi orchestrate a 1982 gangland slaying in Florida. The victim, John B. Callahan, a Winchester financier, was killed allegedly because the gangsters feared he would tell the FBI they were involved in the slaying of Tulsa businessman Roger Wheeler, who owned World Jai Alai."

Judge Gets Input Before Ney Sentencing. Gannett News Service (1/19, Rulon) reports, "The federal judge who will sentence disgraced former Rep. Bob Ney to prison Friday has received a barrage of opinions about how much prison time he should get, according to documents filed Thursday." Gannett continues, "Most of the 75 letters sent to the judge came from supporters, including a handwritten note from Ney's parents, and letters from childhood friends, his doctor, local officials, including Dover Mayor Richard P. Homrighausen, and several former staff members and campaign workers. … Ney, of Heath, pleaded guilty in October to two felony charges of conspiracy to commit fraud and making false statements. The charges stem from a series of free trips, meals and gifts Ney accepted from convicted former Washington lobbyist Jack Abramoff and others in exchange for official favors." Gannett adds, "His actions carry a maximum sentence of 10 years and a $500,000 fine, but Justice Department prosecutors have agreed as part of Ney's plea deal to ask for a little over two years in prison and between $5,000 and $60,000 in fines. … Nine letters came from people who want U.S. District Judge Ellen Huvelle to sentence Ney to the maximum amount of time possible. … The former six-term congressman has been undergoing treatment for alcohol abuse since September, and in court papers, his lawyers have asked Huvelle to allow him to continue his treatment while incarcerated. … Several letters also included requests that Ney continue his treatment. … 'Bob was a functioning alcoholic who could rarely make it through the day without drinking and would often begin drinking beers as early as 7:30 a.m.,' wrote Matt Parker, Ney's former campaign manager."

Idaho Triple Murderer Charged In Unsolved Slaying. The Los Angeles Times (1/19, Reston, 850K) reports, "A drifter who brutally murdered at least three members of an Idaho family in 2005 and kidnapped two of their young children was charged Thursday with the decade-old slaying of a 10-year-old Beaumont boy abducted at knifepoint near his backyard. … Joseph Edward Duncan III, 43, was named as a suspect in" the death of Anthony Martinez "in 2005 after he reportedly told FBI agents he was involved in the slaying. Investigators also said Duncan's fingerprint was discovered near Anthony's body, which was found nude and bound with duct tape on a remote canyon road north of Indio." The Times notes that Riverside County (ID) District Attorney Rod Pacheco "vowed to seek the death penalty."

Program For Addicted Prisoners Under Fire For Alleged Scientology Links. The Wall Street Journal (1/19, A1, Etter) reports from Albuquerque, NM, "Last November, in a cedar sauna cranked up to 160 degrees, a crowd of sweaty men read books and chatted amid mariachi music. They emerged to nibble from a tray of raw vegetables or take shots of olive oil. … This is not a spa. This is Second Chance, one of the country's most unusual alternatives to the nation's prison systems. Founded by a Scientologist and former real-estate developer -- and funded partly by federal tax dollars -- Second Chance is a treatment program for nonviolent prisoners with substance-abuse problems." The Journal continues, "It is based on principles of L. Ron Hubbard, founder of the Scientology religion, who argued that toxins from drugs and pesticides accumulate in the body's fatty tissues, making it difficult for addicts to kick their habit. Saunas and vitamins are intended to purge these residues. Facing few options for successful long-term ways to treat criminal defendants with serious drug problems, 24 of New Mexico's 84 district judges have sentenced more than 50 prisoners to terms at Second Chance. … Even before it opened its doors to inmates last September, Second Chance and its unconventional methods had ignited a controversy in New Mexico's legal community. At the center of the debate are two former friends and sometime adversaries. William Lang, chief district judge in the area that includes Albuquerque, doesn't want his colleagues to sentence inmates to Second Chance. On the other side is Judge Lang's predecessor, W. John Brennan, who was hired by Second Chance to convince judges to do just that. … But Judge Lang says he is 'highly suspicious' of the program. 'If it is connected to Scientology, just say so,' he says. Second Chance officials and a spokeswoman for the Church of Scientology say there are no ties."

Missouri Man Pleads Not Guilty To Kidnapping. The Washington Post (1/19, A03, Lydersen) reports, "Michael J. Devlin, the suburban St. Louis man accused of abducting two boys and holding one for four years, pleaded not guilty

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yesterday in Franklin County, Mo., court to one count of kidnapping in last week's abduction of William 'Ben' Ownby, 13. … Devlin was also charged with felony kidnapping and felony armed criminal action in nearby Washington County, Mo., on Wednesday in the 2002 abduction of Shawn Hornbeck, 15. Prosecutor John D. Rupp Jr. has alleged that Devlin, 41, initially brandished a handgun to control Shawn, then 11 years old." The Post continues, "Shawn told Oprah Winfrey during an interview aired yesterday that he did not try to flee from Devlin because he was 'terrified,' even though he would regularly ride his bike alone and had access to a cellphone and a computer. He confirmed that he posted a message signed 'Shawn Devlin' on the Web site that his parents, Pam and Craig Akers, set up to search for him and other missing children. The post, which asked how long the Akerses planned to look for their son, was an effort to send a signal, he told Winfrey." The Post notes, "The Akerses told Winfrey they thought Shawn had been sexually abused during his time with Devlin, though they said they had not asked him directly. … Hornbeck and Ownby were found last week after police recognized Devlin's white pickup truck while serving a warrant to another resident at the apartment complex where he lived. … The Franklin County prosecutor's office, which would not comment further, said Devlin's first hearing will be March 15. His attorneys are asking for a change of venue for the trial. Devlin is being held in isolation in the Franklin County Jail in lieu of $1 million bail, and his bail is set at $3 million in Washington County. … The U.S. attorney's office in St. Louis has been working with local prosecutors, but no federal charges have been filed, said local Justice spokeswoman Jan Diltz. An FBI spokesman in St. Louis said federal charges will be considered."

Second Chance Act Defended. In the Washington Times (1/19, 88K), Deborah Simmons writes, "Every year, 600,000 or so prisoners are given their walking papers to return to a neighborhood near you," and they are most likely to return. Sometimes, "we pay upward of $40,000 per prisoner." The Second Chance Act has bipartisan support and "fits comfortably into the mold of compassionate conservatism with a faith-based component." Simmons writes, "Either we can allow policies to continue as they have been and throw good money after ornery lawmaking, or we can change course slightly and experiment."

CIVIL LAW:

DOJ Seeks To Block Wage Payout By New York Center. The Buffalo News (1/19, Gryta) reports, "The U.S. Justice Department renewed efforts Wednesday to block a state court from approving payment of wages owed to 85 former employees of the government-closed St. Augustine Center." The News continues, "A week ago, State Supreme Court Justice John A. Michalek refused to permit the Internal Revenue Service to intervene in the court case, which is aimed at closing the human services center's financial books and paying the back wages." The News adds, "Wednesday, the Justice Department asked U.S. District Judge John V. Elfvin to quash that case, claiming that it 'threatens to impair the ability of the U.S. to enforce its tax liens.' … In its latest legal effort, the Justice Department has filed a federal civil action against State Supreme Court in Erie County, the state Labor Department and Adam W. Perry, the Buffalo attorney Michalek named last year to serve as receiver to close the books on the center. … 'I'm very disappointed that the government is attempting to deny the employees wages that they earned' in closing down the center and ensuring all its clients were properly placed with other Buffalo-area human services agencies, Perry said. … Last February, Michalek ordered the shutdown of the debt-plagued nonprofit agency, which for decades had served Buffalo's black community."

Study On Nicotine Raises Calls For Heightened Regulation. The New York Times (1/19, Harris) reports, "A Harvard study concluding that cigarette makers have for years deliberately increased nicotine levels in cigarettes to make them more addictive led to renewed calls Thursday for greater federal oversight of the industry. … 'Given the harm that tobacco causes, it shouldn't be a game of cat-and-mouse to figure out what the industry is doing to cigarettes,' said Dr. Josh Sharfstein, commissioner of health for the City of Baltimore." The Times continues, "Senator Edward M. Kennedy, the Massachusetts Democrat who is now chairman of the Senate Health, Education, Labor and Pensions Committee, promised to reintroduce within weeks a bill that would allow the Food and Drug Administration to regulate cigarettes. … Mr. Kennedy said the Harvard study, which was released this week, 'is dramatic new proof that Big Tobacco is addicted to addicting millions of young smokers.'" The Times adds, "Mr. Kennedy's bill passed the Senate in 2004 but failed in the House. With Democrats now in control of both houses, public health advocates said they had new hope that the legislation — debated for more than a decade — could pass. … Philip Morris, the nation's largest cigarette maker, released a statement Wednesday taking issue with the Harvard study but saying the company supported Mr. Kennedy's bill. … The company, which is owned by the Altria Group, said its own reports showed that nicotine yields for its top-selling Marlboro brand were the same in 2006 as they were in 1997. Changes between those years, it said, "reflect that there are random variations in cigarette nicotine yields." … Cigarette makers have for decades denounced scientific efforts to measure the byproducts and effects of cigarette smoking. And for decades, experts have been arguing over

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the best ways to measure smoke from smoking. … One common way has been to use machines to mimic smoking. For years, these tests were done at the Federal Trade Commission. … In recent years, however, government regulators have asked cigarette makers to do these machine tests themselves. And beginning in 1997, Massachusetts regulations required cigarette makers to file an annual report with health regulators on the results of these tests. … In August, in a racketeering suit brought by the Justice Department against the tobacco industry, a federal judge found that tobacco companies had for decades 'manipulated the use of nicotine so as to increase and perpetuate addiction.' … In ordering strict new limitations on tobacco marketing, the judge, Gladys Kessler of Federal District Court for the District of Columbia, also said that for decades, tobacco companies had "lied, misrepresented and deceived the American public.""

WPost Says FDA Should Regulate Tobacco Industry. The Washington Post (1/19, A18, 690K) editorializes that Massachusetts Sen. Edward M. Kennedy's (D) "plans to reintroduce the 2004 legislation before the end of the month," are a "good idea that has languished for too long." The FDA "would have the power to require reasonable changes in the composition of the product so that it would be less dangerous to smokers and those around them." These "common-sense policies such as high cigarette excise taxes and smoking bans reduce the prevalence of smoking nationwide," and the FDA "should be allowed to do the same to tobacco's harmful effects."

CIVIL RIGHTS:

Jury Sentences Truck Driver In Immigrant Deaths To Life In Prison. The AP (1/19, Lozano) reports from Houston, "A truck driver was sentenced to life in prison Thursday, avoiding a death sentence for his role in the United States' deadliest human smuggling attempt in which 19 illegal immigrants died from dehydration and suffocation inside an overheated tractor-trailer." The AP continues, Tyrone Williams, 36, was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants. … A jury deliberated for 5 1/2 days before sentencing Williams, himself an immigrant from Jamaica." The AP adds, "Williams was sentenced to life in prison without the possibility of parole for each of the 19 counts of transporting the illegal immigrants who died. U.S. District Judge Lee Rosenthal will sentence Williams on Aug. 23 for the remaining 38 counts of harboring and transporting immigrants and for the conspiracy count. The maximum sentence for the conspiracy count is life in prison. … Williams looked down as the verdict was read and gave no visible reaction. His attorney, former U.S. Rep. Craig Washington, wept and wiped his eyes with a tissue. … Prosecutor Daniel Rodriguez looked grim after the sentence was announced as his boss, U.S. Attorney Don DeGabrielle, spoke to reporters. … 'We did everything we could to impose a sentence of death. Nineteen life sentences is not something to be disappointed about,' DeGabrielle said. 'One human being had the chance to let those people out. That was Tyrone Williams.'"

The New York Times (1/19, Blumenthal) reports, "On one count of conspiracy, the jury left it up to Judge Lee H. Rosenthal to impose sentence. She set Aug. 23 for a sentencing hearing." The Times adds, "The lead prosecutor, Daniel C. Rodriguez, presented anguished testimony of survivors and argued that Mr. Williams was the only one who could have saved the victims. But Mr. Washington repeatedly questioned why Mr. Williams, the only major African-American defendant among the ring of human smugglers, should be singled out for execution when co-conspirators made deals to testify for the government. … Mr. Williams was convicted on Dec. 4 of all 58 counts of human smuggling. Mr. Washington said he would appeal. … A first trial ended in March 2005 with the jury's finding of guilty on 38 counts but deadlocking on 20 others, including some eligible for death. The incomplete verdict was thrown out by the United States Court of Appeals for the Fifth Circuit."

Government's Expert Grilled By Defense Attorney In Mississippi Voting Rights Trial. The AP (1/19, Dellenger) reports from Jackson, MS, "Attorneys for Noxubee County Democratic Party official Ike Brown continued a rigorous cross-examination of a government witness on Thursday in an attempt to find flaws in the witness' testimony." The AP continues, "Theodore Arrington, a University of North Carolina political science professor testifying for the U.S. Justice Department, examined the politics of Noxubee County and found that Brown and the county's Democratic Executive Committee are disenfranchising white voters. … He took the witness stand early Wednesday morning and finished at 4 p.m. Thursday after sometimes heated exchanges with Brown's defense attorney. … 'I think we destroyed the expert,' Brown said after testimony concluded." The AP adds, "The department accuses Brown of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Mississippi and other Southern states strictly enforced segregation. … It is the first use of the act to allege discrimination against whites. Noxubee County is a rural area along the Alabama line with a majority black population. … While on the stand, Arrington said the government pays him $150 an hour during his investigations. Over the last five years, he has made hundreds of thousands of dollars, he said. … 'The weight of the government and their resources are against us,' said Brown, whose attorney is working for free. … Arrington

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testified Wednesday that Brown, the county Democratic Executive Committee's chairman, and others used racial slurs to alienate blacks who support white candidates. He also referred to six lawsuits prompted by complaints of voter irregularity in Noxubee County." The AP notes, "Brown's attorney, Wil Colom, closely questioned Arrington on Thursday about his earlier testimony and his investigative documents. Of the six election complaints cited by Arrington, five were overturned. The one upheld was the only election that took place under Brown's supervision as head of the executive committee."

The Jackson (MS) Clarion-Ledger (1/19, Gates) reports, "Ike Brown mobilizing black voters in Noxubee County isn't illegal. It's admirable, a government expert testified Thursday on cross-examination. … But University of North Carolina Political Science chairman Theodore Arrington reiterated earlier testimony that he believes evidence shows Brown and his associates have engaged in a pattern of racial activities that discriminate against white voters in the majority-black county." The Clarion-Ledger continues, "In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in Noxubee County of discriminating against white voters. … Arrington testified Wednesday for the Justice Department in federal court in Jackson that Brown, chairman of the Noxubee County Democratic Executive Committee, uses race to get his way and bully people who don't agree with the candidates he supports. … Also, Arrington said Brown and his associates had formed racial intent and discriminated against white voters in their actions. … But Thursday, Arrington said he couldn't identify any black person given preferential treatment over a white person at a Noxubee County polling place."

Bush Sees Possibility Of Pardon For Convicted Border Agents. The AP (1/19, Gamboa) reports, "President Bush on Thursday left open the possibility of a pardon for two Border Patrol agents serving federal prison sentences for shooting a Mexican drug dealer as he fled and covering up the crime." The AP continues, "Bush said 'there's a process for pardons' and the case has to work its way through the system. In an interview with KFOX-TV in El Paso, Bush said the White House will review the case, and he urged people to 'take a sober look at the case.' … 'People need to take a tough look at the facts, the evidence a jury looked at, as well as the judge. And I will do the same thing,' he said." The AP adds, "Several lawmakers have urged the president to pardon former Border Patrol agents Jose Alonso Compean and Ignacio Ramos for the shooting of Osvaldo Aldrete Davila, who retreated to Mexico after he was shot and later admitted he was transporting marijuana while in the country illegally. … The agents began serving their sentences Wednesday — 11 years and one day for Ramos and 12 years for Compean. Both were fired after their convictions on several charges, including assault with a deadly weapon, obstruction of justice, and a civil rights violation. … Rancor over the convictions and sentencing of the agents has been simmering for months, and the two have become a cause celebre among conservatives and on talk shows. Their supporters have said they were defending themselves and have called them heroes. The agents' prosecution occurred as the issue of illegal immigration was being debated in Congress and amid campaigns for last November's midterm elections."

Lawmakers Call For DOJ Probe Into Duke Lacrosse Prosecutions. The Washington Times (1/19, Seper) reports, "Did a North Carolina prosecutor, members of his staff, Durham police and a DNA testing laboratory conspire to violate the civil rights of three Duke University lacrosse players in bringing high-profile rape charges against them? … That is what Rep. Peter T. King, New York Republican and former chairman of the House Homeland Security Committee, wants to know, calling on Attorney General Alberto R. Gonzales this week to assign Justice Department attorneys and the FBI to find out. … 'I have been following with great interest and deepening concern the prosecution by Durham County District Attorney Michael B. Nifong,' Mr. King said in a terse letter to Mr. Gonzales. 'I have done so not only because members of Collin Finerty's family are my constituents but because I have been accorded the privilege of representing all the citizens in this country and their interest in guaranteeing not only the appearance of justice but its actual implementation.'" The Times adds, "Mr. King said a review he conducted of documents and summaries of Mr. Nifong's investigation, along with discussions with other members of Congress, led to his call for the Justice Department probe. … 'I am deeply disappointed by your apparent decision to defer a decision whether to investigate Mr. Nifong's prosecution of this case,' Mr. King said, referring to rejections last week of probe requests by Reps. Walter B. Jones, North Carolina Republican, and Carolyn McCarthy, New York Democrat. … 'I urge you to reconsider your decision.'" The Times notes, "Mr. King said the Justice Department probe should target Mr. Nifong and members of his staff, including investigator Lindell Wilson; the Durham Police Department, including Officers Mark Gottlieb and Benjamin Himan; and DNA Security Inc., including its director, Brian Meehan."

Cardin Asks For DOJ Probe Of Maryland Republican Campaign Tactics. The DC Examiner (1/19, Fowler) reports, "U.S. Sen. Ben Cardin is calling on Attorney General Alberto Gonzales to investigate instances of voter intimidation and election fraud the senator says

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occurred in Maryland before the November election. … Cardin, D-Md., made the request Thursday during a Senate Judiciary Committee hearing." The Examiner continues, "The accusations involve former Republican Gov. Robert Ehrlich and then Lt. Gov. Michael Steele. Ehrlich was seeking re-election, while Steele was competing with Cardin for an open Senate seat. Both candidates lost. … Democrats blasted Ehrlich and Steele on Election Day after their campaigns sent out a last-minute voter guide titled 'Ehrlich-Steele Democrats' that targeted black voters. … Called an 'Official Voter Guide' for 'Ehrlich-Steele Democrats,' the Ehrlich and Steele campaigns mailed a 'Democratic Sample Ballot' to residents, encouraging them to vote for Ehrlich, Steele and a variety of Democrats, including state attorney general candidate Douglas Gansler and comptroller candidate Peter Franchot." The Examiner adds, "Cardin told The Examiner Thursday said he wants Gonzales to look at the situation in Maryland and around the country. … 'I would like to see election officials know and candidates know that there is a price to pay if they do not conduct their responsibilities as election officials properly, and as candidates there is a limit to what you can do,' Cardin said. … In predominantly black Prince George's County, the sample ballot cover featured pictures of three black Democrats — former U.S. Rep. Kweisi Mfume, former Prince George's County Executive Wayne Curry and Prince George's County Executive Jack Johnson."

DOJ Studying Washington City's Elections After Report Raises Questions. The Yakima (WA) Herald-Republic (1/19, Muir) reports from Sunnyside, WA, "The U.S. Justice Department is looking into the way this city elects its leaders after a recent Whitman College report said the city's system violates the Voting Rights Act and keeps Hispanics from being elected." The Herald-Republic continues, "Four people -- including a former city councilwoman and a community activist -- say they've been in contact with a Washington D.C. attorney from the department's civil rights division about the study." The Herald-Republic adds, "In December, Whitman College released a report by Ian Warner, an undergraduate, showing that Sunnyside's at-large council elections create barriers to more equitable representation, a violation of the federal Voting Rights Act. Under the 1964 Act, a violation can be proven if there is a discrepancy in representation and there is racially polarized voting -- if people of one race vote predominantly for candidates of the same race. … Warner says he proved this by comparing thousands of voting records against a Hispanic surname list that showed Hispanic candidates got more votes in precincts with high Hispanic populations. … Warner and the professor who oversaw the research both say the Justice Department attorney, Sean O'Donnell, contacted them after an article about the study was published in the Yakima Herald-Republic. … 'He's obviously taking it seriously and thinks there are some legal implications,' said Paul Apostolidis, chairman of Whitman's politics department and the professor for whom Warner wrote the report. The Herald-Republic notes, "Former Sunnyside Councilwoman Bengie Aguilar and local Hispanic activist Hector Franco say they too have talked about Warner's study with O'Donnell. The attorney was in Yakima County last month to talk with them about bilingual voting materials when the article was published. O'Donnell took an interest in the story, Aguilar and Franco said. … O'Donnell declined to comment for this story. A spokeswoman for the Justice Department said it's the agency's policy not to comment on such matters."

Abortion Rights Backers Lower Expectations. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that as "the Roe v. Wade decision reaches 34-year anniversary, abortion-rights activists press the Democratic Congress for enhanced access to emergency contraception for rape and incest victims, and parity in health-plan contraception coverage." Nancy Keenan, chief of NARAL Pro-Choice America, "cautions, 'One election can't change everything,' as clear opponents of abortion rights still outnumber advocates by 219 to 165 in the House and 48 to 35 in Senate; other lawmakers have mixed positions."

Robert E. Lee's Legacy Under Reevaluation. The Washington Post (1/19, B01, Schulte) reports, "Today, the United Daughters of the Confederacy plan to fly a Confederate flag on Washington Street in Alexandria, on the statue of a rebel soldier who faces South. The Virginia Sons of Confederate Veterans will gather for dinner in Richmond to honor the man they hail as 'one of the greatest Americans.' … It's the 200th birthday of Robert E. Lee, the Confederate general who is revered by some and reviled by others. Commemorations and protests are planned across Virginia and other Southern states, proving that more than 140 years after the end of the Civil War, Lee is still a pivotal, controversial and complicated figure in American history and continuing race and culture wars." The Post continues, "In Virginia, where Lee was born, fought in the Civil War and died -- no matter whether he's viewed as a hero who fought brilliantly and valiantly for state's rights or as a traitor bent on protecting his state's right to own slaves -- his legacy looms large. Lee highways crisscross the state, including in the Washington region, Lee bridges cross rivers, high schools are named for him and the phone book lists hundreds of Robert E. Lees. … But beyond the heat and noise created by Lee's 21st-century defenders and detractors, there is a new move to reevaluate Lee and his legacy." The Post adds, "The premise of the new look is perhaps as controversial as Lee's image: As the South has become more racially and ethnically diverse and has prospered economically, perhaps the South

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doesn't need Lee so much anymore. Or at least not in the same way. Perhaps it is time to let him pass from marble icon and touchstone of white Southern identity into the annals of history as a charismatic and important human figure.'"

ANTITRUST:

FBI Raids Florida Citrus Firm Offices In Antitrust Probe. The Treasure Coast (FL) Palm (1/19, Turner) reports from Fort Pierce, FL, "FBI agents served warrants and inspected computer records at citrus businesses on the Treasure Coast at the request of the antitrust division of the U.S. Department of Justice." The Palm continues, "DNE World Fruit Sales in Fort Pierce and Seald Sweet International in Vero Beach are alleged to have colluded to set prices, according to Richard Carnell, general counsel for fruit importer DNE. … Carnell dismissed the allegations. They 'ultimately will be seen to be meritless and have no substance to it,' he said." The Palm adds, "Federal officials weren't talking about the charges. … Justice spokeswoman Gina Talamona said Thursday evening that she could not confirm the nature of the warrants, and agents for the FBI in Miami and Atlanta deferred comment to the department." The Palm notes, "Carnell said he knew little of the claims, but that it appears the investigation is the result of a disgruntled competitor in the citrus industry. … 'Frankly, it's a pretty litigious society and people try to air their grievances by filing claims,' he said. 'The investigators came in this morning and are looking at records, primarily involving the import programs from South Africa and Australia.'"

Mittal Discussing Sale Of Weirton Steel To Esmark. The Baltimore Sun (1/19, Connolly) reports, "Sparrows Point owner Mittal Steel Co. NV said yesterday it is in negotiations with Esmark Inc. of Chicago to sell part or all of its plant in Weirton, W.Va., a sale that would likely keep the Baltimore County steel mill in the hands of the world's largest steel conglomerate." The Sun continues, "Netherlands-based Mittal has previously said it would sell either Weirton or Sparrows Point to satisfy Justice Department concerns that Mittal would have a monopoly on tin production in the United States after its $33 billion merger with Arcelor SA of Luxembourg. The combined company, to be named Arcelor Mittal, would be the world's largest steel producer with annual output of more than 110 million tons. … But the Justice Department has the final say, and it wants Mittal to sell another subsidiary, Dofasco Inc., by Jan. 28. … 'The matter is still open and pending,' Justice Department spokeswoman Gina Talamona said yesterday. She declined to comment about Mittal's negotiations with Esmark, which took control late last year of nearby Wheeling-Pittsburgh Steel Corp." The Sun adds, "Dofasco, a profitable Canadian company that makes high-grade metal sheet for the North American auto industry, is tied up in a Dutch trust, and Mittal said last week that it will not sue to release it. … During its nearly six-month pursuit of Arcelor, Mittal had promised to sell Dofasco to German steelmaker ThyssenKrupp AG if it were successful. However, in an effort to thwart Mittal's advances, Arcelor transferred Dofasco to a Dutch foundation. … Despite agreeing to the merger in June, Arcelor has no control over the trust, which prevents a sale for five years unless the trustees approve."

Microsoft Seeks To Question Iowa Class-Action Plaintiffs. The Des Moines Register (1/19) reports, "The focus of the Microsoft trial in Polk County District Court shifted Thursday to the named plaintiffs and their relationship to Des Moines lawyer Roxanne Conlin, who is one of the attorneys representing the four individually named plaintiffs, as well as all other Iowans who purchased certain Microsoft products between 1994 and 2006." The Register continues, "With no jury present, lawyers for Microsoft renewed an earlier request that they be allowed to ask the individual plaintiffs about their connections with Conlin. The earlier request was turned down last year by Judge Scott Rosenberg, who indicated he might rule on the new request as early as Friday." The Register adds, "Conlin was visibly angered by the request and acknowledged that some of the four named plaintiffs were friends of hers before the case began. She said the request was unfair and a 'propaganda move' by Microsoft. … 'Microsoft is trying to show that the people with the most to gain are the lawyers, and that is not proper in this law suit or any law suit,' Conlin said." The Register notes, "Conlin and Minneapolis attorney Richard Hagstrom are co-lead counsels in the class-action, antitrust suit which is seeking as much as $330 million in damages from Microsoft for Iowa consumers. … In a similar case in Minnesota in 2004, in which Conlin and Hagstrom were the lead counsels, Microsoft settled the case, after a jury trial had begun, for about $175 million, which was less than half what the plaintiffs were seeking in that case."

Delta Pilots Seek To Testify At Airline Merger Hearing. The Atlanta Journal-Constitution (1/19, Grantham) reports, "Delta Air Lines' pilots union is angling to put its objections to US Airways' hostile takeover bid in the national spotlight next week at a Senate hearing on airline mergers." The AJC continues, "Lee Moak, chairman of the Delta unit of the Air Line Pilots Association, said Thursday that the union has asked to testify on the at the Senate commerce committee hearing scheduled for Wednesday. … 'We're not leaving this to chance. ...We will not stop until this [deal] is dead.'" The AJC adds, "The union, which opposes US Airways' $10 billion-plus bid for Delta, last week announced that it temporarily moved its officers to

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Washington D.C. and budgeted $15 million for its lobbying, legal and public relations fight against the deal. … Delta's unsecured creditors committee, which will have a large say in whether Delta is acquired or emerges from bankruptcy this spring as an independent carrier, has remained mum since US Airways boosted its bid last week by 20 percent. The pilots union is a major creditor on the committee. … While creditors mostly weigh the financial aspects of a buyout, they must also consider the chances that a Delta-US Airways merger would be approved by the U.S. Justice Department, and political sentiment could play a role in that calculation."

GE's Deal With Abbott Labs Shows CEO's New Strategy. The Wall Street Journal (1/19, C3, Kranhold, Johnson) reports, "General Electric Co.'s $8.13 billion deal with Abbott Laboratories is the latest step in GE Chairman Jeffrey Immelt's strategy to redouble investment in the conglomerate's market-leading businesses, from aviation to health care." The Journal continues, "The companies confirmed that GE had agreed to acquire Abbott's laboratory-testing unit and a smaller blood-analysis division. The deal, which needs regulatory approval, is expected to close in the first half of the year. … The acquisition would mark GE's entry into what is known as "in vitro" diagnostics, or laboratory testing, while Abbott sheds a unit growing more slowly than other parts of its business. … 'In vitro' diagnostics generally test blood or urine for diseases from cancer to HIV. Germany's Siemens AG, a GE rival in medical equipment, entered the market last year by paying $5.3 billion for Bayer AG's diagnostic unit." The Journal notes, "The Abbott unit had sales of roughly $2.5 billion last year. GE would also acquire Abbott's smaller point-of-care diagnostic group, which makes testing tools used at the bedside in hospitals, among other diagnostic tools. … The proposed deal is comparable to one of Mr. Immelt's boldest moves since taking over in 2001 -- the $9 billion-plus acquisition of Britain's Amersham PLC, which took GE into bioscience and molecular diagnostics. Most of GE's $17 billion in annual health-care sales stems from diagnostic equipment such as sophisticated X-ray machines, ultrasounds and MRI."

ENVIRONMENT/INDIAN AFFAIRS:

Coalition Of Industry, Environmentalists To Push For Action On Climate Change. The Wall Street Journal (1/19, A10, McKinnon, 2.04M) reports, "A new coalition of environmental groups and major corporations such as Alcoa Inc., General Electric Co., DuPont Co. and Duke Energy Corp. will boost pressure on Congress and President Bush next week to address climate change more rapidly." The informal coalition "will suggest that Congress and the administration move quickly to address global warming through steps such as capping greenhouse-gas emissions and discouraging construction of conventional coal-burning power plants." Although the US "rejected the Kyoto accord that created greenhouse-gas caps and an emissions-credit trading system for developed countries in Europe and elsewhere, some U.S. executives believe such regulation is inevitable here. They want more certainty about the future, as they plan for capital investments."

The New York Times (1/19, Barringer, 1.16M) says, "The diversity of the coalition — some members had already come out for other forms of emissions control, like a carbon tax or voluntary controls, but others had been silent on climate-change issues until now — could send a strong signal that businesses want to get ahead of the increasing political momentum for federal emissions controls, in part to ensure that their long-term interests are protected." The Times adds, "Many energy producers and manufacturers have expressed concern that various state efforts, if not coordinated, could lead to a scattershot system of regulation. Others worry that harsher measures, like a stiff tax on fossil fuels, the biggest contributor to global-warming gases, could be imposed if they do not reach a consensus on a legislative approach." The group is to be formally announced "the day before President Bush is to deliver his State of the Union address and offer the administration's newest basket of proposals to promote energy security and combat global warming."

Pelosi Says Climate Change Next On Democrats' Agenda. The Financial Times (1/19, Daniel) reports House Speaker Nancy Pelosi "Thursday vowed to make energy independence and climate change legislation the next focus of Democrats' congressional agenda." She "said she would create a new select committee to focus attention on energy independence and global warming. 'I want a package of legislation through the committees by July 4 towards fully declaring our energy independence.'" The Times adds, "In the clearest sign the White House is responding to international and domestic pressure to act on climate change, Tony Snow, White House spokesman, on Thursday said that in the president's State of the Union on Tuesday Mr Bush would seek to 'balance the needs of security and, at the same time, also the environment. And you can expect him to make that linkage in the speech.' Making a more explicit link between energy security and the environment would be a significant step for the administration."

Global Warming "Catastrophe" Said To Be Unfolding In Antarctica. NBC Nightly News (1/18, story 8, Williams, 9.87M) reported on a trip to Antarctica "to see in dramatic fashion the impact of climate change on planet earth. Correspondent Lawrence McGinty of our British partner ITN reports tonight from the stunning landscape of Antarctica, a place he says where a catastrophe is unfolding slowly but surely." NBC (McGinty) added, "If you want to see global warming in action this is the place to come. The

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Antarctica peninsula is now three degrees warmer than it was 50 years ago. Once this glacier was surrounded by a huge ice shelf floating on the sea. Because of warming that has collapsed." NBC added, "Scientists fear we could be approaching a point of no return. A tipping point that would irreversibly change our climate and our world."

Industrialized World Using Less Oil. The Wall Street Journal (1/19, Bahree, 2.04M) reports that "a largely overlooked factor in the recent plunge in oil prices may portend an end to the multiyear rise in crude: For the first time in years, the developed world is burning less of it. Fresh data from the International Energy Agency show oil consumption in the 30 member countries of the Organization for Economic Cooperation and Development fell 0.6% in 2006." It is "the first annual drop in more than 20 years among the OECD countries." The "fall in oil use by the industrialized world is a sign that the reactions to higher oil prices by businesses and consumers from the U.S. to Germany to Japan may be adding up to a cycle-turning downdraft in demand." Other signals "have been popping up for some time: Demand for gas-guzzling sport-utility vehicles has been falling, while investment in and sales of alternative fuels such as ethanol are booming. Even the Bush administration is vowing to reduce America's dependence on crude."

Climate Change Seen As Key 2008 Issue. The Washington Times (1/19, Bellantoni, 88K) reports, "Presidential candidates for 2008 mostly agree that global warming is a problem that merits government action, a signal that debate on the issue will be more practical than conceptual. Democrats actively seeking the nomination or thought to be considering White House bids say climate change is real and promise plans to curb carbon emissions, a view shared by several Republican hopefuls." The Times adds, "Sen. John McCain, Arizona Republican, and Sen. Barack Obama, Illinois Democrat, are co-authors of a bill aimed at drastically reducing greenhouse gas emissions." Sen. Hillary Rodham Clinton "has said climate change is a pressing problem." And Sen. Joseph R. Biden Jr. "this week introduced a resolution calling on the United States to negotiate to join the Kyoto Protocol treaty."

Friedman Calls For "Green New Deal." In his New York Times (1/19, 1.16M) column, Thomas L. Friedman writes, "Al Hubbard, the president's economic adviser, says Mr. Bush will soon unveil an energy independence strategy that will produce 'headlines above the fold that will knock your socks off.' Since everything the president has done on energy up to now has left my socks firmly in place, I will be eager to hear what Mr. Bush says." Friedman adds, "Neither the White House nor the Democratic Party seems to grasp that the public and business community are miles ahead of them on this energy/environment issue. The presidential candidate who finally figures that out, though — and comes up with a compelling energy/environment agenda — is going to have a real leg up in 2008." The "right rallying call is for a 'Green New Deal.' ... If we are to turn the tide on climate change and end our oil addiction, we need more of everything: solar, wind, hydro, ethanol, biodiesel, clean coal and nuclear power -- and conservation." Friedman concludes, "[W]hen the president unveils his energy proposals, if they don't call for higher efficiency standards and higher prices for fossil fuels — take your socks off yourself. It's going to get hot around here."

House Approves Pursuit Of Lost Oil Royalties. The Washington Times (1/19, Debose) reports, "The House yesterday passed an energy policy aimed at getting back more than $10 billion in federal royalty payments and eliminating tax relief and other subsidies that oil companies have enjoyed for the past decade." The Times continues, "The Clean Energy Act, which passed on a 264-123 vote, would create a fund called the Strategic Energy Efficiency and Renewables Reserve using the recouped oil dollars. The reserve also would be used to fund more investment in renewable ethanol, wind, hydrogen and biofuels technologies, as well as energy conservation programs." The Times adds, "The energy bill represented the fulfillment of Democrats' promise to pass a package of six bills in the first 100 legislative hours of Congress. … House Speaker Nancy Pelosi, California Democrat, said her party wasn't finished and announced that she would create a Select Committee on Energy Independence and Global Warming." The Times notes, "Democrats for years have targeted oil companies that bought and signed federal land leases in 1998 and 1999. Because of a congressional oversight, these companies did not have to pay the royalty fee for oil when its price went above $34.73 a barrel or natural gas when its price rose higher than $4.34 for every million thermal units. … The prices for both oil and natural gas have been well above the royalty thresholds for years, with the loss of more than $10 billion in fees. Democrats say their energy bill will recoup those dollars."

Indian Tribes Hiring More Big Law Firms. The California Recorder (1/19, Elinson) reports, "When the Pojoaque Pueblo in New Mexico decided to go ahead with a huge $245 million casino, resort and infrastructure development last year, they turned to the capital markets for financing instead of the bank loans or government grants traditionally used by tribes. … They also turned to mega law firm Orrick, Herrington & Sutcliffe for legal advice on the financing instead of a more traditional legal resource -- Indian law boutiques. … 'When I started, it was a practice area that only a few boutique firms were involved in,' said Townsend Hyatt, who advised on the Pojoaque financing and, a decade after entering the practice, now heads Orrick's tribal finance group. 'As tribes have expanded economically, politically,

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numerically -- and certainly, as their socio-economic status has risen -- they have the economic means to hire law firms that they would not have hired before.'" The Recorder adds, "To serve this need, larger firms are increasingly organizing formal Indian law practice groups. Holland & Knight, Akin Gump Strauss Hauer & Feld, Dorsey & Whitney and Pillsbury Winthrop Shaw Pittman are some of the other Am Law 100 firms with similar practice groups, most of which range from 10 to 30 lawyers. … Those lawyers are kept busy. Tribes have to deal with federal law, state and local laws, large business partners such as Las Vegas casino operators and major financial institutions. … Litigation that ends up in a federal court is complex enough, but transactional lawyers face an added challenge -- they often have to learn the particular laws governing each tribe. Any detail of a proposed transaction may be governed by a unique tribal regulation. … The trend doesn't just mean more business for the tribes' lawyers. Large companies and financiers are increasingly interested in doing business with the tribes …"

Sioux Tribe Asks U Of Illinois To Return Mascot's Tribal Regalia. The Chicago Tribune (1/19, Cohen, Keller), reports, "In a 1982 halftime ceremony at Memorial Stadium, a 93-year-old Oglala Sioux chief and medicine man presented the University of Illinois with tribal regalia for use by the university's mascot, Chief Illiniwek. … The university paid $3,500 for the moccasins, blanket, peace pipe pouch, breastplate and war bonnet with 90 eagle feathers, all owned by Sioux Chief Frank Fools Crow, according to the university's archives." The Tribune continues, "On Thursday, Oglala Sioux tribal members, including Fools Crow's grandson, asked for it all back. … The tribe's demands are the latest in a growing campaign by students, faculty, Native American groups and the National Collegiate Athletic Association—which has already penalized the U. of I.—to dump the mascot." The Tribune notes, "A resolution passed Thursday by the Oglala Sioux asks the university to stop using the mascot and return the attire, including the original feathers. … Eagle feathers were replaced on the mascot's headdress with painted turkey feathers by 1990, according to the school's sports media guide. Where the original eagle feathers now are is unclear, both with the university and with tribal headquarters on the Pine Ridge Reservation in South Dakota. … University officials, already mulling the future of Chief Illiniwek, first learned of the demand at a trustees meeting Thursday."

FBI/DEA/ATF/USMS:

Mueller, Los Angeles Officials Announces Crackdown On Gangs. Under the headline "FBI Joins L.A. Policing Effort In War On Gang Crime," the Los Angeles Times (1/19, McGreevy, Winton, 850K) reports, "FBI Director Robert S. Mueller III joined local law enforcement officials Thursday as they announced a campaign for the 'strategic dismantling' of two street gangs after the killing last month of 14-year-old Cheryl Green in the Harbor Gateway area." Mueller "stood with Los Angeles Mayor Antonio Villaraigosa, Police Chief William J. Bratton, [Los Angeles County Sheriff Lee] Baca and others in front of a market in the tiny gang-plagued neighborhood as officials outlined their multi-agency attack on the 204th Street group and an affiliate, the Eastside Torrance gang. … Federal agents will provide electronic surveillance of gang activity and operate observation posts in the neighborhood; the U.S. attorney may use federal hate crime and civil rights laws to put violators in federal prison, where sentences are longer, officials said. 'We will be working shoulder to shoulder with police officers in these areas,' Mueller said." The Times notes, "Earlier in the day, Mueller told about 100 members of the Los Angeles Area Chamber of Commerce that increases in gang violence were being seen across the nation but that the problem was a special challenge in Southern California. 'Los Angeles, for better or worse, is ground zero for modern gang activities,' Mueller said. 'Here in Los Angeles the ratio of gang members to police officers is overwhelming,' he added. 'This is where we in the FBI can help.'"

The Los Angeles Daily News (1/19, Orlov, Anderson) reports Mueller "pledged to work with local and state law enforcement agencies to crack down on gangs and use federal resources, intelligence and laws to crush gang leadership. 'Taking apart a gang is much like demolishing a building,' Mueller said. 'Hacking away at individual walls and beams only does so much. But using federal drug and racketeering statutes is akin to dynamiting the foundation. Once the gang's leadership infrastructure implodes, all members are weakened. It becomes more difficult for the gang to operate, and eventually it crumbles.'" At the Chamber luncheon, Mueller told Bratton "that his 700 agents in Los Angeles would work more closely with the LAPD, the Sheriff's Department and other agencies. … Mueller also plans to use emerging technologies to investigate gangs, including databases that show the geographic locations of gang members, their bench warrants, shootings and those overstaying their visas." However, "Connie Rice, co-director of The Advancement Project, said smart law enforcement techniques are only part of the solution to reducing gang violence. … 'The best research shows that gangs do not exist in a vacuum. They have to have conditions to brood in. If you don't get rid of those conditions, the gang will simply perpetrate.'"

The AP (1/19, Marquez) reports, "'Our intention is ... to look at each gang individually to determine who we can best attack them,' said Bratton, who was joined by…Mueller and other law enforcement officials. Mueller, who earlier in the

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day called Los Angeles 'ground zero for modern gang activity,' said he would bring to bear the federal government's resources in gang investigations. … Mueller said there were more than 30,000 gangs and 800,000 members nationwide. 'Like a cancer,' he said earlier in the day, 'gangs are spreading across America.'" The New York Times (1/19, Archibold, 1.16M) notes, "The announcement was made in the heart of the gang's territory…by Mayor Antonio R. Villaraigosa; Chief William Bratton of the Los Angeles police; the director of the Federal Bureau of Investigation, Robert S. Mueller III; and city and county prosecutors." The Times adds, "Gang crackdowns have in the past yielded mixed results at best. Typically, the violence subsides until the police pull back as pressure to patrol other areas increases. 'It's like a ship passing in water,' said Wes McBride, executive director of the California Gang Investigators Association." KNBC-TV Los Angeles (1/18) also reported on the crackdown, on its Web site and in a broadcast story.

Meanwhile, the Christian Science Monitor (1/19, Wood, 59K), not mentioning Mueller's visit or yesterday's announcement, reports on the rise in racially-charged gang violence, noting, "Los Angeles police are ratcheting up enforcement with tactics such as 'Top Ten' lists – one of 'worst gangs' and one of 'worst leaders' – to target the most egregious suspected offenders of the city's 720 street gangs and their 40,000 members. They are increasing the use of injunctions to prevent public gathering of gangs and nuisance-abatement lawsuits that target their permanent hangouts. New collaborations with federal, state, and local agencies will pool money and resources. Among new ideas: better tracking of gang members who reenter neighborhoods after release from prison. But officials say they have come to realize that the gang epidemic here is largely immune to increased crime crackdowns."

Lawmakers Ask DOJ To Back Off Of Reporters' Subpoenas In BALCO Probe. The Los Angeles Times (1/19, Weinstein) reports, "The new chairman of the House Judiciary Committee and an influential Republican congressman asked Attorney General Alberto R. Gonzales on Thursday to withdraw grand jury subpoenas to two San Francisco Chronicle reporters facing 18 months in federal prison for refusing to disclose their confidential sources of information about steroid use in professional sports." The Times continues, "In 2004, Mark Fainaru-Wada and Lance Williams wrote articles quoting closed-door testimony of Barry Bonds of the San Francisco Giants, Jason Giambi of the New York Yankees and sprinter Tim Montgomery about the use of drugs supplied by the Bay Area Laboratory Cooperative, known as BALCO. … Five defendants, including Victor Conte, BALCO's founder, have pleaded guilty to illegal drug distribution. Another grand jury is investigating whether Bonds committed perjury by denying that he knowingly used steroids. … 'There can be no doubt that the work of' Fainaru-Wada and Williams 'has been significant,' Rep. John Conyers, D-Michigan, and Rep. Tom Davis, R-Va., ranking minority member on the House Committee on Oversight and Government Reform, wrote to Gonzales. … 'This coverage spurred Congress to action ... and forced Major League Baseball, among others, to announce an historic change in their steroid rules and policies,' the congressmen added. 'The subpoenas issued to those reporters and their newspaper seeking confidential source information are troubling both on the specific facts of their case and because of the great damage they could cause to our nation's press and the First Amendment.' … Although a protective order is 'an important interest,' they said, 'this case is significantly different from others involving a breach of national security, terrorism of serious criminal conduct.'"

The San Francisco Chronicle (1/19, Coile) reports, "The Justice Department was still reviewing the letter late Thursday, but a spokeswoman insisted the agency 'issues subpoenas to members of the media only when absolutely necessary.' … The unusual bipartisan letter showed that Congress is closely watching the case of the two Bay Area journalists, who could be ordered to jail for refusing to comply with a federal judge's order to divulge their sources. Lawmakers and legal experts say it's a crucial test of far the government will be allowed to go to extract information from journalists. … 'It sends a message that really goes beyond these two courageous reporters,' Conyers said in an interview Thursday. 'It sends a message to all reporters that this could happen to you.'" The Chronicle notes, "The Chronicle case has become Exhibit A for lawmakers pushing a federal shield law that would protect journalists from efforts by the government to force them to name their sources or turn over notes. The measure stalled in the Republican-controlled Congress last year, partly because of Justice Department opposition. Democrats are vowing to revive efforts to pass the law, but it still faces major hurdles. … Some lawmakers believe that if the two reporters are sent to jail, it could actually increase the chances that Congress would approve a media shield bill this year."

USA Today/AP (1/19) reports, "Conyers sent a letter to Gonzales asking the attorney general to withdraw the subpoenas. Rep. Tom Davis, R-Va., also signed the letter. … 'Like most Americans, we have watched with great concern as the Department of Justice issued grand jury subpoenas to the reporters and their newspaper to learn the identities of their confidential sources on some of the most significant reporting in the history of professional sports,' Conyers and Davis wrote. 'We write to you now to express my deep concern over the issuance of these subpoenas and to urge you to withdraw them.' … Davis, as chair of the House Government Reform Committee, held a steroids hearing in

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March 2005, when the witnesses included former baseball players Mark McGwire, Rafael Palmeiro and Jose Canseco. Davis was one of a handful of representatives and senators who sponsored bills proposing to mandate stronger steroid testing and penalties for U.S. pro sports."

FBI Launches Email Alert System. US News & World Report (1/18, Ragavan) reported on its Web site, "The FBI has sent out 600,000 E-mail alerts to a base of 14,000 subscribers, the bureau tells U.S. News. The E-mail alert program was launched in October to provide the public, businesses, and law enforcement agencies with timely information on everything from terrorists to fugitives, scammers, and crooks, as well as updated information on terrorist threats. John Miller, FBI chief spokesman, said the system can also be used for crisis communication during a disaster or terrorist attack. To sign up, one clicks on red envelope icons on the FBI's main website or its 56 field office websites and provides an E-mail address. No personal information is required." US News added, "Miller said the FBI expects the alert system will also help them catch criminals. 'It's a fast, effective way of keeping our partners and the public informed,' he said."

Weapons Stolen From FBI Vehicle. The Washington Post (1/19, B3, Lengel, 690K) reports, "Seven weapons, including two submachine guns, were stolen last weekend from an FBI agent's vehicle in Southwest Washington, the agency said yesterday. … The theft triggered an intensive search for the property and whoever took it. The FBI decided yesterday to seek the public's help by offering a $25,000 reward." The Post notes, "A second bureau-issued car belonging to an agent at the FBI's headquarters also was vandalized, but nothing of importance was taken, authorities said. Both FBI agents live in the area and were issued vehicles to take home because of their assignments." FBI Washington Field Office chief Joseph Persichini Jr. said that the agent "stored equipment in his vehicle… because he has to be in a 'ready position 24-7' as part of a special response team."

The Washington Times (1/19, Taylor, 88K) reports, "The car was one of about 20 that were vandalized in a public parking lot…sometime between midnight and 3 a.m. Saturday, the FBI said." FBI spokeswoman Debbie Weierman said yesterday, "We have some very good leads and we're working on those leads trying to solve this crime as soon as possible."

Mitchell Pushes For Cooperation From Baseball Players, Owners In Steroids Investigation. There are more than 350 media references to former Sen. George Mitchell seeking better cooperation in the investigation of steroid use in baseball. For example, the Los Angeles Times (1/19, Shaikin) reports Mitchell "urged owners and players to cooperate with his probe or face the possibility of a new round of congressional subpoenas. … Mitchell's investigators spoke with club officials and former players last year and plan to talk to active players this year. Mitchell cannot force anyone to speak with his investigators. … Agent Barry Axelrod said he understands the union and management have agreed on guidelines for active players willing to cooperate, but such guidelines have not been distributed. Axelrod said he represents two former players who were asked to speak with Mitchell's investigators last year; one accepted and one declined." The Los Angeles Times (1/19) also has posted Mitchell's remarks on its Web site.

The AP (1/19, Bagnato) reports Mitchell "said he intends to interview active players and raised the possibility that Congress or other government authorities could compel testimony. 'I believe it will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation,' Mitchell said in remarks that were released to reporters." ABC News, USA Today, Forbes, the New York Times, Washington Post, Arizona Republic, San Francisco Chronicle, and Houston Chronicle, are among the news outlets that used the widely-reported AP story.

The Arizona Republic (1/19) reports Mitchell "told the owners that he and his staff already had reviewed 'tens of thousands of documents and conducted hundreds of interviews.' But he said the investigation was dragging because 'cooperation with our requests for information has been good from some, less good from others.'"

The Baltimore Sun (1/19, Barker) reports Mitchell "suggested that baseball, which unsuccessfully challenged the committee's subpoena power in 2005, would be wise to avoid tangling with Congress again. If a governmental entity gets involved, Mitchell warned, 'the burdens, the risks, the time involved and the resources required will be much greater than they are now.'"

Bloomberg (1/18) reported Mitchell "pointed to results of the last week's Hall of Fame voting as an indication that the steroid cloud over baseball won't fade away. Mark McGwire, whose 583 career home runs are tainted by steroid suspicions, received 23.5 percent of the vote, less than a third of what's needed for induction. A lack of cooperation would further extend the length of the investigation, Mitchell said."

Ohio Drug Trafficker Sentenced To Life In Prison. The Cincinnati Enquirer (1/19, Horn, 209K) reports, "Clarence 'The General' Remble left Los Angeles for Ohio several years ago to run a drug trafficking network. He'll spend the rest of his life in prison instead. A federal judge

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imposed the life sentence Thursday after prosecutors described him as the ringleader of a gang that operated in Middletown, Zanesville and other southern Ohio communities. … Rather than target Cincinnati or larger cities, prosecutors say, Remble and other gang members tried to build up their drug network in smaller towns." The Enquirer notes, "The FBI arrested Remble in July 2005 after tracking a shipment of 44 pounds of cocaine from California to southern Ohio, prosecutors say."

The Middletown (OH) Journal (1/19, Greber) adds, "Remble is one of 20 people who have been arrested and charged in a major drug bust that was coordinated by the FBI, Middletown Division of Police and several other law enforcement agencies. The joint federal, state and local investigation in Middletown began in January 2005, spearheaded by the local department. To date, 18 of the 20 individuals involved in the drug ring have been convicted."

Protest Follows Marijuana Dispensary Raids In Los Angeles County. The Los Angeles Times (1/18) reported about 100 people "demonstrated outside West Hollywood City Hall [Thursday], protesting a series of federal raids that shut 11 outlets for medical marijuana in the county. … The simultaneous raids, part of an investigation by the U.S. Drug Enforcement Administration, were the largest such operation in the county in recent memory. Five dispensaries in West Hollywood were raided with the other six in Venice, Hollywood, Sherman Oaks and Woodland Hills. … Sarah Pullen, spokeswoman for the DEA's Los Angeles field division, said agents seized large quantities of marijuana-laced edibles that included 'anything from ice cream bars to lollipops to cookies to candies and candy bars.'"

The Los Angeles Daily News (1/18) reported the raids "came a day after Los Angeles Police Chief William Bratton denounced the storefront medicinal clinics as crime magnets that have begun to prey on teenagers - including passing out fliers at Grant High School in Van Nuys this past summer - and called for a moratorium on the facilities. '(These) enforcement operations send a message to these drug traffickers,'" said Pullen. The number of clinics "has exploded from five in 2005 to 143 by the end of last year. Bratton said many of the clinics are lucrative operations aimed at recreational users."

On its Web site, KCAL-TV, Los Angeles (1/18) reports Pullen "said that about 20 people were detained. She did not have immediate numbers regarding possible arrests or how much marijuana was seized. … The West Hollywood City Council voted Tuesday night to strengthen restrictions on marijuana outlets, but some council members have sympathized with those who contend they need pot as medicine."

KNBC-TV, Los Angeles (1/18) reports on its Web site that during the raids, about 50 protesters "shadowed DEA agents …as they carted away evidence." KNBC notes that Los Angeles County "has an estimated 200 marijuana outlets."

Advocacy Group's Headquarters Raided. The Washington Times (1/19, Seper) reports federal agents in California and Washington state "have raided several medical marijuana distribution centers, seizing thousands of pounds of the drug, marijuana-laced edibles, weapons and cash. There were no arrests. … In California, according to the DEA, there is no state regulation or standard of the cultivation or distribution of medical marijuana. The state leaves the establishment of any guidelines to local jurisdictions, which can vary widely." Drug enforcement agents "also raided the Everett, Wash., headquarters of an advocacy group for medical marijuana patients, confiscating what police documents said were more than 1,000 marijuana plants and computers whose owners said contain personal information on 200 people authorized to use the drug for medicinal purposes."

The Seattle Post-Intelligencer (1/18) reported a detective "assigned to the federally funded West Sound Narcotics Enforcement Team, which launched Friday's raid, scoffed at the notion that CannaCare -- run out of the home of medical marijuana advocate Steve Sarich -- was anything other than a drug-dealing enterprise. Detective Roy Alloway said it was 'absurd' to think that the number of plants Sarich was tending would be covered by his medical authorization. 'It's clear that Sarich is a guy that's selling drugs,' said Alloway, who noted that state law allows no more than a 60-day supply of marijuana for medical use."

The Kitsap Sun (1/18) reported the seizure "has angered CannaCare's members, who believe federal authorities are attempting to undermine the state's medical marijuana law, passed as an initiative by Washington voters in 1998. … The case is being examined by the federal Drug Enforcement Administration. Charges against Sarich, who was not arrested in the raid, and other CannaCare members may be coming."

On its Web site, KING-TV, Seattle (1/18) reports investigators "raided members of a medical marijuana advocacy group called CannaCare, saying it was the home of a big-time drug dealer. But resident Steve Sarich said it's a home of compassion."

In New York, Three Face Charges For Roles In Heroin-Smuggling Ring. The New York Times (1/19) reports three people "have been extradited and charged with participating in an international heroin-smuggling operation, federal prosecutors said yesterday. The three…are charged with involvement in a smuggling operation that bought heroin

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in Thailand and moved it through various routes to cities in the United States, including New York." Authorities said the ring "recruited couriers who smuggled heroin by swallowing it or using false compartments in suitcases."

Colombian Brothers Highlight Divide Between Guerillas, People. In a front page article, the Wall Street Journal (1/19, A1, Moffett, 2.04M) reports that "millions of Colombian families find themselves divided by the country's interminable conflict, but few are at such odds as the Sáenz brothers. While Roberto collects signatures to put a disarmament referendum on the ballot," his brother Guillermo "faces criminal charges from the Colombian government of blowing up pipelines and bombing villages." Guillermo currently "faces a US indictment alleging that he helped 'set the FARC's cocaine [trafficking] policies' and arranged the murder of hundreds of people who got in his way." However, Roberto works with the Reconciliation Network, which offers classes for community leaders and "helps run a protest and public-information campaign to press conservative President Álvaro Uribe to swap FARC prisoners held by the government for hostages held by the guerrillas."

TAX:

New Hampshire Man Holes Up In Home After Tax Conviction. The AP (1/19, Elliott) reports from Concord, NH, "A man who has holed up with armed supporters in his cement-walled house for most of his tax evasion trial was found guilty Thursday, along with his wife, of failing to pay federal income taxes for a decade." The AP continues, "Ed Brown has said he will defend himself against capture if necessary. … U.S. Marshal Stephen Monier said Thursday that members of his staff continued talking by telephone with Brown and had no plans to confront him. … Ed Brown's wife, Elaine, a dentist who earned most of the couple's income, has been staying with a son in Massachusetts and attended the trial." The AP adds, "The Browns, of Plainfield, contend the law does not require them to pay federal income tax, while the government says the Browns owe more than $625,000. The Browns stopped paying income taxes in 1996 and stopped filing returns in 1998, a prosecutor said. They could each face decades in prison. … A jury decided they employed a scheme to hide their income and avoid taxes in part by using postal money orders in increments just below the reporting threshold to pay for their hilltop compound. Courts have routinely rejected similar attempts by other taxpayers. … Marshals now have to consider how to seize the Browns' assets. The jury was deliberating whether the Browns should lose their home."

Businesses Critical Of Bush "Withholding Tax" Provision. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that some businesses say "provision signed by Bush for 3% 'withholding tax' on payments to federal contractors represents interest-free loan to the government. Some in Congress move to accelerate 2011 effective date. 'In an environment where they are looking for revenue, it will be difficult' to stop, says Dorothy Coleman of National Association of Manufacturers."

Senate Democrats Want To Increase Tax Collections. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that Senate Democrats want to "jump-start administration proposals to shrink tax gap." To "finance small-business tax breaks in a minimum wage bill," Senate Finance Committee Chairman Max Baucus "embraces two Bush ideas that languished under Republican control. One would make it easier for the Internal Revenue Service to collect from employers who don't make payroll tax payments; another intensifies scrutiny of firms that 'lease' employees to others."

CONGRESS-ADMINISTRATION:

Bush To Address Iraq, Domestic Issues In State Of The Union. USA Today (1/19, Jackson, 2.27M) reports that when President Bush "delivers his State of the Union address Tuesday, he'll be facing a new audience on an old issue: a Democratic majority in Congress that is strongly opposed to his new plan for the Iraq war." White House spokesman Tony Snow said "explaining the proposal to boost U.S. troop strength by 21,500 in Iraq is a major goal of Bush's speech," even as "Democrats and some Republicans push forward a non-binding resolution against it." Snow said, "We understand it's going to be a skeptical audience." Snow also said the State of the Union "'has a large domestic component' that will be crafted to find common ground with the Democrats who control Congress. The agenda includes immigration, education and energy."

The Washington Times (1/19, Curl, 88K) reports Bush "will deliver a stripped-down State of the Union address, leaving out the usual laundry list of policy initiatives, and emphasizing common ground with Democrats in a nod to the new political reality on Capitol Hill, the White House said yesterday." White House spokesman Tony Snow said, "Some of the old State of the Union formulas have kind of run their course." Snow said Bush "will focus on a few broad themes, including the war on terrorism, energy, health care, immigration and education."

The AP (1/19, Riechmann) reports Bush's speech "will avoid the traditional laundry list of initiatives and focus on a

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few issues, such as energy and health care, where he might find common ground with the Democratic-controlled Congress." Bush is "considering ways to make health care affordable and seek the power to raise gas mileage standards for passenger cars, according to former administration and industry officials." With Bush's "low approval ratings, a narrowly tailored national address might keep the public from tuning out or reaching for the remote, White House officials reason." The President "plans to highlight the war in Iraq and the fight against terrorism as well as immigration and education, Snow said." On the school front, Bush is "expected to urge that Congress renew the No Child Left Behind law, the signature domestic policy of his first term."

"Real" State Of The Union Seen As Bleak. In his Washington Post column (1/19, A19), Eugene Robinson writes his version of the "real state of the union: A president who reduces the near-infinite variety of humankind to 'with us' or 'against us' has mired the nation in a disastrous, unnecessary war. Comparisons to Vietnam are imprecise -- the American casualties in Iraq are lower, the geopolitical stakes are much higher and the damage to our nation's standing in the world has been incalculable." Only "recently has the president begun to pay grudging lip service to global warming, while firmly resisting measures -- such as capping carbon emissions -- that might actually mitigate the pressure humans are putting on the climate system." And "more than a year after the president pledged to rebuild New Orleans, the city is still a ghost of its former self."

Democrats Finish 100 Hours Agenda With Time To Spare. The AP (1/19, Kuhnhenn) reports the House "wrapped up the Democrats' '100 Hours' legislative sprint Thursday with time to spare, voting to recoup billions of dollars in lost royalties from oil and gas companies and roll back industry tax breaks." The energy bill "capped a two-week drumbeat of votes on legislation that, while popular with voters last fall, awaits a sketchy fate in the Senate." Democrats "accomplished their early legislative goals in 87 hours, adopting new ethics rules and passing bills raising the minimum wage, expanding taxpayer financed research into embryonic stem cells, forcing more homeland security measures, directing the federal government to negotiate for cheaper Medicare prescription drugs and lowering interest rates on subsidized student loans."

ABC World News (1/18, story 5, 1:00, Gibson, 8.78M) reported, "A short while ago, the Democratic part of the House declared its final measure of its first 100 hours in office." Rep. Nancy Pelosi, House Speaker: "The bill is passed." Gibson: "It was an energy bill that would encourage investment in alternative energy sources and lower oil industry subsidies. The House began its legislative sprint by voting to make more 911 Commission recommendations reality. And then, in this order, an increase in the minimum wage to $7.25 an hour. A bill that would expand stem cell research and overturn President Bush's restrictions. A measure requiring the government to negotiate lower prescription drug prices on behalf of Medicare patients. And they agreed to cut interest rates on student loans. The bills are headed to the Senate, where most of them face an uphill battle. The House completed their 100 hours of work, in just about 42 hours. They can put the other 58 in the bank."

The New York Times (1/19, Hulse, 1.16M) reports House Democrats claimed "their successes proved they could govern. Republicans derided the hurry-up nature of the effort as a bit of one-sided political showmanship that undercut the Democrats' pledge that the new Congress would be more bipartisan." But the "easy approval of the half-dozen measures in the 100-hour agenda — dealing with the minimum wage, embryonic stem cell research, health care, national security, education and energy — was celebrated by the new majority as a validation of the blitz, an idea born on the campaign trail that blossomed into a central House Democratic theme." Speaker Nancy Pelosi said, "It was a way to say that this Congress will no longer be a place where optimism and good ideas come to die."

The Christian Science Monitor (1/19, 59K) reports that in the 110th Congress's "first 100 legislative hours, which wrapped up Thursday, House Democrats drew a significant number of GOP votes on their 'Six for '06' agenda, despite giving minority Republicans little voice in shaping the legislation." The "bipartisan, problem-solving mantra is one that lawmakers of both stripes say they took straight from voters in the midterm election."

Poll Finds Bipartisan Support For Democrats' Agenda. The Los Angeles Times (1/19, Hook, 850K) reports a "bipartisan majority of Americans strongly supports the bills that whisked through the House in the first days of the Democratic-controlled Congress, but many remain uncertain about where the party wants to lead the nation, a new Los Angeles Times/Bloomberg poll has found." Only "25% of those surveyed believed that Democrats have formulated a clear direction for the country; 58% said they had failed to." Overall, the poll "found 36% approve of how Congress is doing its job - hardly a mandate, but up from 30% in September." The Times/Bloomberg poll "surveyed 1,344 adults by telephone Saturday through Tuesday. It has a margin of sampling error of plus or minus 3 percentage points."

Pelosi Favorability Ratings On Rise. Bloomberg (1/19, Przybyla) reports, "Americans are warming to House Speaker Nancy Pelosi, and they give the Democratic-led Congress high marks for its initial legislative priorities." A "new Bloomberg/Los Angeles Times poll shows positive

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views of Pelosi, 66, climbed over the past month and are considerably higher than the marks Americans gave one of her highly publicized predecessors, Republican Newt Gingrich, in the first weeks of his tenure as speaker in 1995." Thirty-four percent gave Pelosi "a favorable rating, up from 27 percent who did so in a poll conducted in December." By contrast, "a Los Angeles Times poll in January 1995 found that Gingrich, who engineered the Republican congressional landslide in 1994, had more unfavorable ratings, at 39 percent, than favorable, at 26 percent."

Senate Passes Ethics Bill 96-2. The AP (1/19, Abrams) reports Senate leaders "worked to resuscitate an ethics and lobbying measure Thursday, with the new Democratic majority trying to stave off defeat on its first major bill and Republicans wanting to avoid being blamed for obstructing an overhaul." The dispute arose "over an attempt by Sen. Judd Gregg, R-N.H., to get a vote on a modified version of a line-item veto. It would allow the president to single out spending items for elimination." The two sides "were working on an agreement under which Gregg would be guaranteed consideration of his bill at a later date."

USA Today (1/19, Schouten, 2.27M) reports Senate Majority Leader Harry Reid "called it the 'most significant legislation in ethics and lobbying reform we've had in the history of this country.'" Earlier, Reid and Minority Leader Mitch McConnell "worked behind the scenes to broker a compromise that would allow lawmakers to move forward on the bill. It is the first measure being pushed by the Democrats who won control of the Senate in November's elections." The changes, "which have bipartisan support, bar senators from taking meals, gifts and sports tickets from lobbyists. They also restrict lobbyist-funded travel and impose new limits on senators' travel on private planes."

The New York Times (1/19, Kirkpatrick, 1.16M) reports the Senate "on Thursday overwhelmingly passed sweeping changes to ethics and lobbying rules, overcoming bipartisan reluctance to ban many of the favors that lobbyists do for lawmakers and to illuminate the shadowy legislative practice of earmarking money for special projects." The Senate's action "makes the start of the 110th Congress a watershed moment in the history of K Street and Capitol Hill." The measure "passed around 9 p.m. by a vote of 96 to 2. Senators Orrin Hatch of Utah and Tom Coburn of Oklahoma, both Republicans, were the only members to vote against the bill." Of "all the bill's provisions, it was the disclosure requirements for bundled checks that met the stiffest resistance behind the scenes in the Democratic caucus because of the potential to make it harder for incumbent lawmakers to tap K Street lobbyists as surrogate fund-raisers, aides involved in negotiations over the bill said."

The Washington Post (1/19, A1, Weisman, Birnbaum, 690K) reports in a front page story that the Senate Democrats and Republicans "broke a difficult stalemate last night and approved 96 to 2 expansive legislation to curtail the influence of lobbyists, tighten congressional ethics rules and prevent the spouses of senators from lobbying senators and their staffs." The Senate legislation, "hailed by proponents as the most significant ethics reform since Watergate, would ban gifts, meals and travel funded by lobbyists, and would force lawmakers to attach their names to special-interest provisions and pet projects that they slip into bills."

The Washington Times (1/19, Miller, 88K) reports the Senate "overwhelmingly passed an ethics bill after breaking a day-long stalemate over a Republican proposal on earmarks that had threatened to kill the legislation." The impasse "had centered on an amendment by Sen. Judd Gregg, New Hampshire Republican, that would authorize the president to remove earmarks -- provisions in a bill to fund specific projects, often used by members of Congress to pay for pet projects in their home districts or states -- and send the legislation back to Congress for a second look and another vote. Republicans wanted to vote on their amendment as part of the ethics bill, but Sen. Robert C. Byrd, West Virginia Democrat, had been single-handedly blocking a deal." The Senate "also voted 55-43 to adopt a Republican amendment that deleted a provision of the ethics bill that would have expanded the definition of lobbyist to include grass-roots organizers, possibly including ministers and neighborhood groups."

The Washington Post (1/19, A2, Milbank, 690K) recounts the debate over the Senate ethics bill, which was nearly sidetracked on Wednesday by Sen. Gregg's amendment. While senators "engaged in a bench-clearing brawl over ethics legislation, Reid and fellow Democrats abandoned the Senate floor and went to the television studio to condemn the Republicans. 'What they wanted -- and they were afraid to spew it out of their mouths -- they hate this legislation!' Reid sputtered." After a "day of bitter exchanges, the two sides finally reached a deal behind closed doors and then went to the Senate floor last night in a public act of reconciliation. Reid praised the Republicans he had just berated. McConnell hailed a 'successful example of good negotiating, though it took a while, for a favorable result.'" It "did seem to be a needlessly difficult journey for legislation that in the end was opposed by only two senators."

GSA Head Sought To Give Friend's Firm No-Bid Contract. The Washington Post (1/19, A1, Higham, O'Harrow, 690K) reports in a front page story that runs about 2200 words that the chief of the US General Services Administration "attempted to give a no-bid contract to a company founded and operated by a longtime friend, sidestepping federal laws and regulations, according to interviews and documents obtained by The Washington

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Post." Administrator Lurita Alexis Doan, "a former government contractor appointed by President Bush, personally signed the deal to pay a division of her friend's public relations firm $20,000 for a 24-page report promoting the GSA's use of minority- and woman-owned businesses, the documents show." The contract was "terminated last summer after GSA lawyers and other agency officials pointed out possible procurement violations, including the failure to adequately justify the no-bid deal or have it reviewed in advance by trained procurement officers, officials said."

Kerry Seeks Probe Into DOD Surplus Sales. The AP (1/18, Theimer) reports Sen. John Kerry is calling for an "investigation into security weaknesses in the Defense Department's surplus sales that have let buyers for Iran and China acquire aircraft parts and other valuable military gear. ... The surplus sales include parts for F-14 'Tomcat' fighter jets, a plane retired last year by the United States and now flown only by Iran," which bought the jets in the 1970s. Kerry said, "There is no way that Iran should be getting these sensitive military parts, especially with the situation in the Mideast so turbulent."

House Bill Would Rescind $14 Billion Energy Industry Tax Breaks. The New York Times (1/19, Andrews, 1.16M) reports House Democrats "easily passed legislation on Thursday that would rescind $14 billion in tax breaks and subsidies for oil drillers and reserve the money to develop alternative energy projects and conservation technologies." The measure "passed 264 to 163, with many Republicans joining a bloc of Democrats. Passage came despite opposition from the oil industry and the Bush administration, which said the bill singled out the companies for higher taxes and could increase the country's dependence on foreign oil." The bill will "rescind $7.6 billion in tax breaks for oil drillers that Congress passed in 2004 and 2005 and will add $6.3 billion in royalties from companies that pump oil and gas in publicly owned waters of the Gulf of Mexico and off Alaska."

The Washington Post (1/19, A4, Mufson, 690K) reports House Democrats "capped their '100 hours' agenda with the passage of an energy bill yesterday, the sixth piece of legislation approved in two weeks, and Democratic leaders said the package marked "a beginning, not an end" to their legislative ambitions." The measure would repeal a tax break oil and gas firms received in 2004 that effectively lowered their corporate tax rates. It would also bar oil companies from bidding on new federal leases unless they pay a fee on or renegotiated improperly drafted leases from 1998 and 1999 that did not require royalty payments on Gulf of Mexico production."

The Washington Times (1/19, DeBose, 88K) says the energy bills are "aimed at getting back more than $10 billion in federal royalty payments and eliminating tax relief and other subsidies that oil companies have enjoyed for the past decade." The "Clean Energy Act, which passed on a 264-123 vote, would create a fund called the Strategic Energy Efficiency and Renewables Reserve using the recouped oil dollars. The reserve also would be used to fund more investment in renewable ethanol, wind, hydrogen and biofuels technologies, as well as energy conservation programs."

Methodist Ministers Oppose Bush Library At SMU. The AP (1/19, Brown) reports a "group of Methodist ministers from across the nation launched an online petition drive Thursday urging Southern Methodist University to stop trying to land George W. Bush's presidential library." The petition, "on a new Web site, http://www.protectsmu.org, says that 'as United Methodists, we believe that the linking of his presidency with a university bearing the Methodist name is utterly inappropriate.'" Brad Cheves, SMU's "vice president for external affairs and development, said Thursday that the Methodist church is diverse in its membership and opinions and that those involved with the petition reflect only one view." The AP adds President Bush "said Thursday that he was 'leaning heavily toward SMU' and was close to a decision."

SMU's Selection For Bush Library Questioned. In a Wall Street Journal op-ed (1/19, W13), Naomi Schaeffer Riley, the Journal's deputy Taste editor, says, "Certain members of the SMU faculty did not react well to the news of their campus's selection. In an op-ed article for the college newspaper, two professors from the university's theology school asked: 'Do we want SMU to benefit financially from a legacy of massive violence, destruction and death brought about by the Bush presidency in dismissal of broad international opinion?'" A letter "sent to SMU's president last week, signed by 68 current and past members of the faculty, echoed this theme." Which "raises the question: Why would Mr. Bush want to have anything to do with such hostile -- not to mention graceless and cliché-obsessed -- people?"

Brill Expected To Replace Joseph At State Department. The Washington Post's (1/19, A17) Al Kamen writes in his "in the Loop" column that Kenneth C. Brill, "a career diplomat who has been in the director of national intelligence's office as the director of the National Counterproliferation Center, is rejoining his pal, Deputy Secretary of State-designate John Negroponte." Brill is said to be "the likely pick to replace the outgoing undersecretary for arms control and international security, Robert Joseph." The move is seen as "a potentially huge change on nonproliferation stances, focusing more on diplomacy and less on confrontation." Kamen notes that Brill "frequently

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crossed swords with Bush administration harder-liners on policies toward North Korea and Iraq."

House Democrats Want Tougher Trade Restrictions. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that eleven Democrats "on House Ways and Means Committee press US Trade Representative Schwab to renegotiate pacts with Peru and Colombia; they seek specific steps against trade in illegal logging. Thirty-nine freshmen House Democrats push Ways and Means Chairman Rangel 'to deliver on the promise' in 2006 campaign with tougher trade stance against Bush."

Hospitals Worry Bush Budget Will Cut Medicare Payments. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column hospitals are bracing "for deep Medicare cuts in Bush's budget next month. Some lobbyists expect administration to seek up to $90 billion over five years from hospitals and other health providers as White House pursues balanced budget by 2012."

Official Says NTEU Should Be Certified To Represent Customs, Border Workers. Under the headline, "NTEU Closer To Representing Customs And Border Workers," the Washington Post's (1/19, D3, Barr) "Federal Diary" column reports, "The Washington regional director of the Federal Labor Relations Authority, in a decision issued late Wednesday, said the National Treasury Employees Union should be certified to represent about 30,000 workers in Customs and Border Protection, a major bureau in the Homeland Security Department. NTEU defeated the American Federation of Government Employees" for "the right to represent the employees. AFGE filed objections to the election, but a review conducted by Robert P. Hunter, the Washington FLRA regional director, found no merit to the claims." The Post notes, "Bush administration officials have closely followed the election battle because the union that is certified as the winner will gain a larger voice in workplace issues and perhaps even policy debates on Capitol Hill."

White House Usher Says Bush Is "Steadfast." In the Washington Post (1/19, A17, 690K), Chief White House Usher Gay Walters gives his reflections of the presidents and first ladies in the White House. On President Bush, he said, "The steadfastness of his beliefs in what he's doing. ... In his mind, this is the road to go down, and he has not wavered." He also said that First Lady Laura Bush "knows what she wants, but is…willing…to sit and look at something for a while before she makes a decision." He reflected on presidents dating back to Richard Nixon.

Ignatius Examines "Cheney's Enigmatic Influence." In the Washington Post (1/19, A19, 690K), David Ignatius writes a column titled "Cheney's Enigmatic Influence," in which he says that one of "Washington's enduring mysteries," is "how does Vice President Cheney shape decisions in the tight inner circle of the Bush administration?" After Bush's first term was known as the "OVP," there's a "sense that Cheney's influence is on the rise again, at least with Iraq policy, but that's after many months in which his allies say his role was diminished." The mystery of his influence "may finally be clarified in the coming trial of Libby," where he will give his testimony.

OTHER NEWS:

Bernanke Warns Entitlement Costs Could Weaken US Economy. The AP (1/19, Aversa) reports Federal Reserve Chairman Ben Bernanke "warned on Thursday that the economy could be gravely hurt if Social Security and Medicare aren't revamped, and he urged lawmakers to tackle the nation's thorny fiscal issues sooner rather than later." In testimony before the Senate Budget Committee, Bernanke said, "If early and meaningful action is not taken, the U.S. economy could be seriously weakened." He said "future generations…will bear much of the cost." The AP adds it "marked the Fed chief's most forceful warning to date on the potential problems facing the United States with the looming retirement of 78 million baby boomers, the oldest of whom will start retiring next year. This huge wave of retirees will hit the U.S. budget as well as the economy, Bernanke said." He said "absent policy changes by Congress and the White House, rising budget deficits are likely in the years ahead to increase the amount of federal debt outstanding to unprecedented levels."

The Financial Times (1/19, Guha, Callan, Tassell) reports Bernanke "stepped up the pressure on Congress to address the budgetary impact of soaring spending on entitlement programmes on Thursday, warning that they could one day cause a 'fiscal crisis' in the US." Bernanke "told the Senate budget committee that the recent improvement in US public finances was only the 'calm before the storm.' He urged immediate action to head off the looming Medicare and Social Security funding gap, saying the right time to start was 'ten years ago.' But Mr Bernanke refused to comment on whether this should be done by curbing spending, raising taxes or some combination of the two, saying that was for elected officials to decide."

The Los Angeles Times (1/19, Hennessy-Fiske, 850K) reports Bernanke "delivered a stern warning to members of Congress this morning to address the national debt, which has spiraled due to spending on federal programs, especially

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Social Security and Medicare, and threatens to harm the national economy." Senate Budget Committee Chairman Kent Conrad "described his comments as 'a clarion call.'"

The Wall Street Journal (1/19, Ip, 2.04M) reports Bernanke "warned that rising health-care and Social Security spending could create a 'vicious cycle' of rising debt and interest payments and an eventual fiscal crisis." Though Bernanke "lacks the stature of his predecessor, Alan Greenspan, his strong language, coupled with what appears to be a growing respect for his views from lawmakers in both parties, could add impetus to efforts to overhaul entitlement programs, principally Social Security, Medicare and Medicaid." Since taking office last year, Bernanke "has met extensively with members of both parties, and the outreach appears to be paying off. Budget Committee Chairman Sen. Kent Conrad of North Dakota yesterday thanked Mr. Bernanke for insights he provided over lunch a few weeks ago."

The New York Times (1/19, Weisman, 1.16M) reports Bernanke warned "against complacency over the federal deficit," saying "that recent positive trends on the budget were a 'calm before the storm,' masking a long-term danger posed by looming deficits in Social Security and Medicare." Bernanke's "comments were consistent with his past warnings, and those of his predecessor, Alan Greenspan, about the unfinanced cost of the postwar generation's retirement. But his tone was more urgent, and it seemed aimed at the arrival of a new Democratic-led Congress that is just now setting its priorities."

The Washington Post (1/19, D2, Henderson, 690K) reports Bernanke "cited Congressional Budget Office projections that spending on the big entitlement programs -- Social Security, Medicare and Medicaid -- will equal 15 percent of the nation's gross domestic product by 2030, double last year's level." Bernanke, "who was a top White House economic adviser until last year, declined to take a position on whether to extend President Bush's tax cuts, many of which are set to expire by 2010. He said he would be nonpartisan as Fed chairman, offering general economic analysis but no specific recommendations on taxes or spending."

Fed Vacancies Make Rate Predictions Harder. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that Cathy Minehan's "retirement from the Boston Fed and the expected retirement of Chicago's" Michael Moskow "mean nine of 12 banks will have changed presidents since 2003. Changes make it harder to predict rates and Fed rhetoric." Another "opening: Fed's top monetary policy staff job in Washington, as veteran Vincent Reinhart retires in September."

Inflation Falls In 2006 To Lowest Level In Three Years. The Washington Post (1/19, D1, Henderson, Schneider, 690K) reports inflation "fell in 2006 to its lowest rate in three years, as tumbling fuel prices and a slowing economy cooled the pace of consumer price increases." Meanwhile, other data "released yesterday showed unexpected signs of improvement in the housing market, adding to an overall picture of an economy that ended the year in relatively good health." Ebbing inflation "means that the Federal Reserve may avoid raising interest rates this year, holding them at levels likely to keep unemployment low and encourage economic growth. Several analysts said, however, that inflation trends in recent years have mirrored swings in oil prices -- which have fallen lately but could go up again. The analysts also said the unusually warm weather last month might have encouraged more hiring, shopping and home construction, temporarily brightening the economic picture in December."

The New York Times (1/19, Uchitelle, 1.16M) reports the economy "seems to be shaking off a slowdown brought on by the precipitous drop in housing, the latest economic data suggested yesterday." More new home construction "was started in December than in November, the Census Bureau reported, and the Consumer Price Index, the nation's best-known inflation gauge, rose at its fastest pace in eight months — on the surface, at least, an indication of robust demand. Fine print in the reports, however, signaled that the five-year-old recovery is far from being on solid ground."

The Christian Science Monitor (1/19, Scherer, 59K) reports, "Now, economists are wondering if the 2.6 percent rate may be about as low as it's going to get for a while." While this "does not mean that inflation will become a dominant issue for the economy, it probably means that the Federal Reserve is going to continue to fret about it. And that may mean that instead of cutting rates this spring, the Fed sits tight until at least midyear."

Stock Markets Down On Apple Inc. Concerns. NBC Nightly News (1/18, story 10, :20, Williams, 9.87M) reported, "Before we continue here, a quick look at stocks. They were down today. The Dow was off just over nine points [to close at 12,567.93]. Nasdaq lost more than 36 points [to close at 2,443.21] on the day's trading."

The Wall Street Journal (1/19, C1, McKay, 2.04M) reports a "6.2% decline in the consumer-electronics giant" Apple's "shares led technology shares lower, in a selloff that spread to other areas of the market. Apple Inc.'s earnings announcement late Wednesday included fiscal first-quarter profits that beat analysts' expectations but a lukewarm second-quarter outlook." The stock market's "losses came despite another big drop in crude-oil prices, which flirted with the first close under $50 a barrel in more than 1½ years." The broad Standard & Poor's 500-stock index "fell 0.3%, or 4.25 points, to 1426.37, up 0.6% on the year."

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Judge Declares Mistrial In California Vioxx Cases. The Wall Street Journal/AP (1/19, A2) reports from Los Angeles, "A hung jury forced a mistrial Thursday in lawsuits by two men who blamed their heart attacks on Vioxx, the once-popular painkiller made by pharmaceutical company Merck & Co." the AP continues, "The two cases were tried together before a Superior Court jury that deadlocked when they reached the third question on a lengthy verdict form." The AP adds, "The jury did answer 'yes' to the first two questions, finding that Vioxx did have potential risks or side-effects that were known or knowable and that they presented a substantial danger to users of Vioxx. The third question asked if the plaintiffs' physicians would have recognized the potential risks or side-effects. … The first two answers were rendered moot when Judge Victoria G. Chaney declared a mistrial." The AP notes, "The jury had sent a note to the court saying it was having trouble with the third question and lawyers were allowed to reargue that point. The jury then went back for more talks, but ultimately said there was an impasse. … It wasn't clear when there might be a retrial of the lawsuits brought by Lawrence Appell, of Scottsdale, Ariz., and Rudolph Arrigale, of Westminster, Calif. … Mr. Arrigale sought to recover more than $177,000 in medical costs as well as additional compensatory and punitive damages. Mr. Appell sought compensatory damages on behalf of himself and his wife, plus punitive damages and more than $105,000 to cover medical expenses."

Personal Attacks Mark Rancor On Michigan High Court. The New York Times (1/19, Liptak) reports, "In a recent series of written dissents, Justice Elizabeth A. Weaver of the Michigan Supreme Court has accused four of her colleagues of 'bully tactics,' 'abuses of power and grossly unprofessional conduct' and trying to censor her. … In response, in a confidential draft opinion, the court's chief justice has accused Justice Weaver of behaving like 'a child engaging in a tantrum.' In the opinion, Chief Justice Clifford W. Taylor suggested that she continue her protests with a hunger strike, as that 'seemed to have the potential for everyone to be a winner.'" The Times continues, "Students of judicial history in Michigan and elsewhere said they could not remember a similar judicial melee. … 'The justices of the Michigan Supreme Court are making spectacles of themselves,' said Richard D. Friedman, a law professor at the University of Michigan. 'They really should start acting like grown-ups.'" The Times adds, "The justices' exchanges, which continued this week, have been fueled by personal animus. But their disagreements involve serious issues, including First Amendment principles and judicial ethics. … The justices differ about whether they may disclose the details of the court's internal deliberations, about whether lawyers are free to criticize them personally and about how motions seeking their disqualification should be treated." The Times notes, "Judicial deliberations are almost universally protected from outside scrutiny. There is not much law, however, on the question of whether participants in the deliberations may themselves be forbidden to disclose exchanges in which they participated. … Justice Weaver wrote last month that the immediate purpose of the new rule was to suppress a dissent that she had written in a disciplinary case. She added that her primary obligations were to the public rather than her colleagues."

New York Bar Panel Urges Law Firms Not To Force Retirements. The New York Times (1/19, Creswell) reports, "A special committee of the New York State Bar Association is calling on law firms to end the practice of mandatory retirement for partners." The Times continues, "In a strongly worded report that is to be released today, the committee concluded that 'mandatory retirement — requiring a partner to leave the firm upon reaching an arbitrary age — is not an acceptable practice.'" The Times adds, "Retirement practices at law firms is becoming a hot topic as many of the nation's lawyers enter their 60s and face policies aimed at pushing them out the door. About 57 percent of law firms with more than 100 lawyers reported having a mandatory retirement age, ranging from 65 to 72, according to a 2005 survey conducted by Altman Weil, a law firm management consulting company. … But firms that push lawyers out at an arbitrary age without taking into consideration the individual's productivity and contribution to the firm could be missing out, said Mark H. Alcott, 67, a lawyer with Paul, Weiss, Rifkind, Wharton & Garrison, who is president of the bar association and who formed the special committee. … Law firms that have adopted more-corporate structures have long argued that older partners needed to be moved out to give more opportunities and a bigger chunk of profits to younger lawyers. … But members of the special committee said that some firms adopted the policies simply to avoid uncomfortable discussions with a senior partner whose skills may be diminishing."

Groups Unveil Plan To Cover Uninsured. The New York Times (1/19, Pear, 1.16M) reports, "A broad coalition of business and consumer groups, doctors, hospitals and drug companies laid out a major proposal on Thursday to provide health coverage to more than half of the nation's 47 million uninsured by expanding federal benefit programs and offering new tax credits to individuals and families." The proposal arrived at a "possible turning point in the debate over national health insurance…" Senior vice president of UnitedHealth Group, Dr. Reed V. Tuckson, said, "It's a careful balance of public and private solutions."

Healthcare Seen As Emerging As A Top Political Issue. The Wall Street Journal (1/19, A1, Solomon, Wessel,

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2.04M) reports, "Suddenly, the long-festering issue of providing health coverage to the one in six Americans who lack it seems to have leapt to the top of the national to-do list." Even President Bush is "is expected to talk about his ideas for shrinking the ranks of the uninsured." This "increases the chances that Washington will try to tackle at least a piece of a health-care problem," but "it still doesn't necessarily mean anything big will happen, at least nationally, in the next couple of years." The "primary reason" is that "there's nothing approaching a consensus on what to do." However, Andrew Stern, president of the Service Employees International Union, says that with the current Congress, "It's the perfect time…You have everyone lined up on the side of universal coverage."

Martinez Faces Potential Revolt From RNC Members. The Washington Times (1/19, Hallow, 88K) reports Republican National Committee members "think they will get a secret ballot on today's election of a new general chairman, which would protect members opposed to the White House's push to fill the new slot with an advocate of an amnesty for illegal aliens." RNC member Curly Haugland of North Dakota said, "If we get the secret ballot as promised, then every member will feel free to express his or her view without the fear of coercion or intimidation." The move "to create a new top office on the committee and fill it with Sen. Mel Martinez of Florida is scheduled to take place today, on the third day of the annual RNC winter meeting here. Mr. Martinez supports President Bush's plans for what conservative critics call amnesty for illegal aliens." The RNC leadership's "desires historically almost always carry the day, especially when a Republican is in the White House, but some members yesterday said they saw hope that things might turn out differently this time."

The New York Times (1/19, Broder, 1.16M) reports Martinez is "expected to win the job by a large margin, but a handful of dissidents plan to vote against him because of his support for liberalized immigration laws." One Martinez opponent, Randall Pullen, "Republican national committeeman from Arizona, said that illegal immigration was the biggest problem in Arizona 'and it's not getting any better.'"

Mehlman Urges RNC To Work With Democrats, Independents. The Washington Post/AP (1/19, Sidoti) reports Republican National Committee Chairman Ken Mehlman "challenged his GOP brethren to work with Democrats and independents to defeat terrorism and solve the country's problems, a call for bipartisanship at a time of intense political polarization." Speaking at the Republican National Committee's winter meeting, Mehlman said, "Let's work to put aside our differences on other issues and march together to defeat this common enemy, who threatens our common values -- values that aren't red or blue, but red, white and blue. This doesn't mean we abandon our philosophy. But on many issues, we can follow the example of Ronald Reagan, and think broadly about how to work better with Democrats and independents to accomplish our mission." The Post adds the remarks, "in Mehlman's final major speech as party chairman, were a nod to the new reality on Capitol Hill -- Democrats in charge of both the House and Senate while Republicans continue to control the White House, a potential recipe for legislative gridlock."

The New York Times (1/19, Broder, 1.16M) reports Mehlman "warned on Thursday that his party would suffer even more devastating losses in 2008 than it did in 2006 if it did not reach out to minorities and address voter concerns about ethics." Mehlman said "that the 2006 elections, in which Republicans lost control of both houses of Congress, was not a fluke that could be attributed to the calendar, a few scandal-tainted candidates and the tough going in Iraq." Mehlman said, "Each of these factors combined to create an environment that was unfavorable for Republicans. But, folks, these factors cannot be an excuse."

Purchasers Of Edwards' DC House Focus Of Corporate Probe. The Washington Post (1/19, A1, Solomon, Romano, 690K) reports in a front page story that when "former North Carolina senator and Democratic presidential candidate John Edwards finally succeeded last month in selling his imposing Georgetown mansion for $5.2 million after it had languished on the market, the names of the buyers were not publicly disclosed." At the time, Edwards's spokeswoman "told reporters that the house had been sold to an unidentified corporation. In reality, the buyers were Paul and Terry Klaassen, according to several sources and confirmed by Edwards's spokeswoman yesterday." The "wealthy founders of the nation's largest assisted-living housing chain for seniors, the Klaassens are currently cooperating with a government inquiry in connection with accounting practices and stock options exercised by them and other company insiders. They are also the focus of legal complaints by some of the same labor unions whose support Edwards has been assiduously courting for his presidential bid."

Edwards' Approach To Budget, Healthcare Praised. In his Washington Post column (1/19, A19), E.J. Dionne says, "Edwards's ideas on the budget have the additional virtue of reminding us that the argument over arriving at a balanced budget by 2012 is largely phony. The real issue, given the burgeoning costs of health care and the retirement of the baby boomers, is how to put policies in place now that achieve sustainable fiscal balance -- meaning low if not zero deficits -- over the next 30 years. What needs to be done? Hint No. 1: Extending President Bush's tax cuts to eternity will

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make the long-term problem much worse. Hint No. 2: The hardest part will be how -- simultaneously -- to meet the fiscal need to rein in health costs and the social need to get health insurance to everyone. Hint No. 3: Most Democrats don't like to talk about it, but somebody's taxes are going to have to go up." Edwards, "at least, is willing to say which taxes he would raise to keep the deficit from going through the roof. He would start by eliminating Bush's tax cuts for the top 2 percent of income earners, which he defines roughly as those earning more than $180,000 to $200,000 a year." Edwards "deserves points for honesty and for stating the politically difficult truth that both fiscal and social balance demand a comprehensive health-care fix."

Some Black Leaders Remain Unswayed By Potential Obama Bid. The Los Angeles Times (1/19, Wallsten, 850K) reports, "As pastor of the Mt. Zion Missionary Baptist Church in tiny Sumter, S.C., the Rev. James Blassingame feels pride at the thought of electing the country's first black president. But Blassingame, one of his state's most prominent black ministers, will not support Sen. Barack Obama's bid to achieve that historic goal." He will instead "campaign for one of Obama's white rivals," ex-North Carolina Sen. John Edwards (D). Blassingame said that Obama "is a 'stranger' with a faraway home and little-known biography, while Edwards -- 'he's a homeboy.' Other black leaders are wary that the relatively untested Obama might prove weak in the general election. 'Obama's ambition could bring all of black America down,' said state Sen. Robert Ford of South Carolina." Meanwhile, "actor Bill Cosby told the Chicago Defender, a black newspaper, that the country is ready for a black president, but he suggested that Obama might not be the best candidate in the 2008 race."

Gingrich Sees Fundraising As Major Barrier To '08 Run. Newt Gingrich said on Fox News' Hannity and Colmes (1/18), "We're in an era where, because of the McCain-Feingold bill, it is so hard for a middle-class candidate to raise money that that's always going to be -- that's part of the reasons you see these guys out here so early. They have to raise so much money in such small units that most of them will spend 90% of the time raising money. That's part of why, frankly, I don't want to even look at a candidacy. I don't want to go around for the next eight months and go to six meetings a day begging for money." Asked if he can win the Republican nomination if he waits until September to decide on a bid, Gingrich said, "I don't know. I think Ronald Reagan got in October, in November. Bill Clinton got it in October. ... If the American people decided to promote somebody, which is very different than hiring consultants and promoting yourself, that could be a 10-day phenomenon. That could be a three-week phenomenon. Remember that Howard Dean was everybody's candidate of choice to win Iowa until 10 days before the caucus."

McCain Campaign Said To Lack Clear Lines Of Authority. The Wall Street Journal (1/19, 2.04M) reports in its "Washington Wire" column that a "Republican veteran warns 'no one's in charge' of McCain's campaign, as strategist John Weaver, 2000 manager Rick Davis, Senate chief of staff Mark Salter, and ex-Bush hand Terry Nelson all play major roles." But one McCain adviser said "Nelson has 'hiring and firing authority.'" The Journal adds "war woes jeopardize the Arizona senator's appeal to wary conservatives: as Republican best-positioned to beat Hillary Clinton. An unaffiliated Democratic strategist notes Obama's entry has dented Clinton's aura of inevitability, too."

US Launches "Intensive" Diplomatic Effort To Restart Mideast Talks. AFP (1/19, Lanteaume) reports Secretary of State Condoleezza Rice "said she hoped to meet Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas by February 15 in a bid to revive the peace process." However, ahead of a meeting Thursday with British Prime Minister Tony Blair, Rice noted that "the next couple of weeks will be pretty intensive on the diplomatic front." On February 2 Rice will host talks with members of the Quartet "to agree steps on how to revive the peace process." The following week Egyptian Foreign Minister Ahmed Abul Gheit will travel to the United States with Egyptian intelligence chief Omar Suleiman. Other officials from the region could also travel to Washington, Rice said. Meanwhile, "David Welch, the US State Department's top Middle East envoy, and Elliott Abrams, the White House national security adviser on the Middle East, will then travel to the region to prepare for informal trilateral talks."

USA Today (1/19, Slavin, 2.27M) notes Rice "said conditions were better for a deal now than they were six years ago when President Bush first took office," and that a peace agreement "would help the US position in the region because of the priority America's Arab allies place on creation of a Palestinian state."

The AP (1/19, Gearan) notes Rice said Israel and the Palestinians "can pick any agenda they want for a preliminary peacemaking summit with the United States, but it is too early to tackle the toughest issues." Speaking to reporters at the end of her week-long trip to the Mideast and Europe, Rice said, "We're not yet at the point where I think we can determine what we would do about formal negotiations, when and if" they can occur. The AP also notes that Rice's "second in command planned another round of diplomatic calls in the region next week."

Rice's Trip Seen As Accomplishing Little. In a news analysis, the New York Times (1/19, A8, Shanker, 1.16M)

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says Secretary Rice "flies home on Friday…with just enough progress to shield herself from criticism that the trip was a bust." The Palestinian president and the Israeli prime minister "promised to join her for three-way talks within a month" and "powerful Arab states gave their blessing, however reserved, to Mr. Bush's initiatives to try to snatch victory from the growing chaos that is Iraq." However, the Times observes, "Rice's Israeli and Palestinian negotiating partners have been weakened," and the White House "is also struggling" as Bush's new plan for Iraq "is meeting deep resistance from Democrats in Congress and even from the Iraqi prime minister."

In its own analysis of the Secretary's trip, the Washington Post (1/19, A14, Kessler, 690K) says the "results after six stops on the ground in the Middle East did not match her lofty rhetoric." Although Rice announced that she had arranged a three-way meeting to discuss the contours of a Palestinian state, she "sidestep[ed] questions about the political weakness of the Israeli and Palestinian leaders who would make a deal." She also found "generally tepid support" from Arab leaders in the region for Bush's Iraq plan, while "shrug[ing] off a request from the emir of Kuwait that the United States engage directly with Iran and Syria."

Under the headline "How Rice Uses History Lessons," the Wall Street Journal (1/19, A4, King, 2.04M) writes, Secretary Rice "often calls herself 'a student of history.' And increasingly, she is using history -- or her chosen slice of it -- both to explain and justify the Bush administration's Middle East policy." The Journal notes that "when Ms. Rice talks about the challenges the US faces across the Mideast, she points, somewhat surprisingly, to Europe after World War II and to the West's decades-long face-off against the Soviet Union, which happens to be her area of expertise." Citing the Cold War's "denouement as context for today's bloodshed and tumult may seem far-fetched to some. But Ms. Rice uses the analogy both to beg for patience -- the Cold War, after all, consumed decades -- and to try to elucidate a diplomatic strategy that is increasingly assailed for its lack of assertiveness."

Rice Comments Linked To Episode Of "The Simpsons." The Washington Post's (1/19, A17) Al Kamen writes in his "in the Loop" column that Secretary Rice "didn't seem to be trying to make much news on her swing this week through the Middle East. Still, she offered an interesting take on what she called 'a challenging time' in the region." Kamen notes that on Tuesday Rice "pontificated" that although she doesn't read Chinese, "I am told that the Chinese character for crisis is weiji, which means both danger and opportunity." Rice "did not say where she learned this aphorism," but Kamen notes that "oddly enough it was once featured on 'The Simpsons.'" Kamen observes, "Echoing Lisa Simpson on the Middle East or on the Chinese language may not be a great idea."

Former State Adviser Decries Rice's Claim That Diplomacy Isn't About "Making Deals." Aaron David Miller, former adviser to secretaries of state from George Schulz to Colin Powell, writes in the Los Angeles Times (1/19, 850K), "Having worked for six secretaries of State on Arab-Israeli negotiations, I nearly fell off my chair the other day when I read Secretary of State Condoleezza Rice's comment to reporters that diplomacy wasn't about making deals. Maybe 'making deals' is too glib a phrase for her, but it's precisely what effective American diplomacy in the Middle East is mostly about." Miller welcomes Rice's decision to make the Israeli-Palestinian conflict a priority as "a good beginning," but warns that in order "to have any chance of succeeding, the administration will have to change its software, develop a sustained two-year effort and a strategy that -- for both sides -- is balanced, tough and reassuring. In the end, it will require Rice to accept the obvious fact that diplomacy -- and its hundreds of hours of problem solving -- is really about making deals after all."

Former State Official Says Cheney Rejected Iran Concessions. The AP (1/19) reports Vice President Dick Cheney rejected "an Iranian offer to help the United States stabilize Iraq and end its military support for Hezbollah and Hamas" in 2003, a former top State Department official told the British Broadcasting Corp. The State Department was "open to the offer, which came in an unsigned letter sent shortly after the American invasion of Iraq," Lawrence Wilkerson, former Secretary of State Colin Powell's chief of staff, told BBC's Newsnight in a program broadcast Wednesday night. But according to Wilkerson, Cheney "vetoed the deal." Wilkerson said State Department officials "thought it was a very propitious moment" to strike a deal, "but as soon as it got to the White House, and as soon as it got to the vice president's office, the old mantra of 'We don't talk to evil'...reasserted itself." State Department spokesman Tom Casey said Thursday he "wasn't aware of any letter from the Iranians to the US government in 2003."

Ahmadinejad Condemns US Military Buildup In Gulf. The AP (1/19, Dareini) reports Iranian President Mahmoud Ahmadinejad "lashed out at a US military buildup in the Gulf" Thursday, saying Iran is "ready for any possibility in the standoff over its nuclear program." He "made clear he was not backing down in his tough rhetoric toward the United States, despite criticism at home."

However, the New York Times (1/19, A8, Cloud, 1.16M) reports Defense Secretary Robert Gates Thursday "played down the possibility of American military action against Iran but said it was not the right time for diplomatic engagement, either." Speaking to reporters while traveling in the Persian Gulf, Gates said, "Frankly, right at this moment there's really nothing the Iranians want from us, and so in any negotiation right now we would be the supplicant." His comments were

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seen as "a blunt acknowledgment that the Bush administration, despite its increasingly tough comments toward Iran in recent weeks, has limited options to compel its leaders to halt their nuclear program or to play a more supportive role in Iraq."

The AP (1/19, Burns) reports when asked about the prospects for military conflict with Iran, Gates said, "There are many courses of action available that do not involve an open conflict with Iran — there's no need for that." The Washington Times (1/19, Sands, 88K) also reports on Gates' comments.

Meanwhile, the Financial Times (1/19, Dinmore) reports, "Increasingly tough talk on Iran from the Bush administration…has rattled politicians and diplomats in Washington worried that the war in Iraq is set to widen." While "few lay claim to understanding what George W. Bush has in mind," there is "a widespread sense that the likelihood of some kind of military clash or conflict with Iran…has risen since the US president accused Tehran last week of 'providing material support for attacks on American troops' in Iraq." Departing Saudi Ambassador Price Turki al-Faisal told the Times, "The air is filled with the possibility of action against Iran's nuclear capability," warning that the consequences would be "catastrophic." Prince Turki said there was concern "in the region" that Bush's authority "had been eroded by the Republicans' loss of Congress in November's elections."

In Iran, the New York Times (1/19, A1, Fathi, Slackman, 1.16M) reports on its front page, that Ahmadinejad "appears to be under pressure from the highest authorities…to end his involvement in its nuclear program, a sign that his political capital is declining as his country comes under increasing international pressure." Two "hard-line newspapers, including one owned by the supreme leader, Ayatollah Ali Khamenei, called on the president to stay out of all matters nuclear," in a "public rebuke" seen as "a sign that the supreme leader…might no longer support the president as the public face of defiance to the West." It is also the "first sign that Mr. Ahmadinejad has lost any degree of Ayatollah Khamenei's confidence, a potentially damaging development for a president who has rallied his nation and defined his administration by declaring nuclear power Iran's 'inalienable right.'"

US Lawmakers Ask Bush To Consult Congress Before Invading Iran. AFP (1/19) reports a House bill has been introduced calling on President Bush "to obtain approval from Congress before using military force against Iran." The bill, introduced by Republican Rep. Walter Jones and five other US lawmakers, "calls on the president obtain authorization for an attack on Iran, unless the United States or US interests are attacked first."

Germany Proposes Wider Iran Sanctions. The Financial Times (1/19, Schmid, Dombey) reports the European Union "could expand the range of sanctions against Iran beyond United Nations-mandated measures," according to a document obtained by newspaper. A proposal by Germany, holder of the EU's revolving presidency, "would ban individuals linked to Iran's nuclear and missile programmes from visiting the EU and reaffirm the EU's opposition to selling arms to Tehran." The EU proposals, put forward ahead of a foreign ministers meeting on Monday, "would also ban travel to the EU of the individuals on the UN list and take steps to restrict Iranians studying proliferation-sensitive subjects within the EU."

Diplomats Warn Iran May Start Enrichment. The AP (1/19, Jahn) reports Iran is "ready to start assembling thousands of centrifuges to produce enriched uranium…after finishing most preliminary work on an underground facility housing such machines," a diplomat and a U.N. official said Thursday. The two officials "said much, but not all, of the hardware needed for the installation of the centrifuges was now in place at the Natanz facility." The revelations, which are based on reports by inspectors of the International Atomic Energy Agency visiting Natanz this week, "appeared to strengthen claims from Tehran that it is moving toward large-scale enrichment involving 3,000 centrifuges."

Pyongyang Says "Agreement" Reached With US. The AP (1/19, Herman) reports Pyongyang said Friday that it had reached an agreement with the US during talks this week in Germany, "but the top American envoy said it had yet to be seen whether progress could be made at six-nation disarmament negotiations." North Korea's Foreign Ministry said the talks between Assistant Secretary of State Christopher Hill and North Koreans negotiator Kim Kye Gwan had been held "in a positive and sincere atmosphere and a certain agreement was reached there." No further details were given. But Hill, who arrived Friday in Seoul, "said he wasn't sure what agreement the statement was referring to." He called the talks in Berlin "very useful discussions" and "added he was pleased that it appeared the North was also positive about them."

On its front page, the Washington Times (1/19, A1, Kralev, 88K) says Pyongyang "expressed interest in a US-backed proposal that it suspend its nuclear program and allow U.N. inspectors to verify the suspension as an initial step toward dismantling its nuclear capabilities," diplomats said yesterday. During three days of talks in Berlin that ended yesterday, Kim reportedly asked Hill "what the United States would be willing to do if the North turned off its nuclear reactor." However, "A US response, if any, was not made public."

US Denies Meetings Signal Policy Shift. Meanwhile, AFP (1/19, Millikin) reported earlier Thursday that US officials denied that the "rare series of meetings" held this week in

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Berlin "marked a break with the Bush administration's long-standing refusal to negotiate directly with the Stalinist regime." White House spokesman Tony Snow said, "This is not an instance of bilateral negotiations." The spokesman and "other officials insisted the Berlin contacts broke no new ground and were part of an ongoing set of six-party negotiations."

WSJournal Editor Urges Scrutiny Of UN's Operations In North Korea. Melanie Kirkpatrick, deputy editor of paper's editorial page, writes in the Wall Street Journal (1/19, A15, 2.04M) that "Saddam Hussein managed to pull off the $100 billion Oil for Food scam right under the noses of the United Nations officials charged with administering it. Now another dictator with nuclear ambitions has succeeded in a similar trick, this time manipulating the United Nations Development Program in North Korea." The details of the UNDP's "lack of oversight" of its operations in North Korea are "revealed in previously undisclosed documents and an exchange of letters between US and U.N. officials." American officials "have been pushing for months for more transparency in UNDP operations in North Korea, while the UNDP has resisted." Kirkpatrick says "an independent, outside audit" of the program "is an essential first step," but "a full-scale investigation along the lines of the Volcker Commission's Oil for Food probe would be even better." She also notes that the "North Korean operations of other U.N. agencies -- Unicef, the World Food Program, the Population Fund -- also deserve scrutiny."

In an editorial responding to Kirkpatrick's claims, the Wall Street Journal (1/19, A14, 2.04M) writes, "The U.N.'s Oil for Food disgrace rolls on, with this week's indictment by a federal prosecutor in New York of the program's former administrator Benon Sevan. But now a new dollars-for-dictators scandal is breaking into the open, this one involving the U.N. Development Program (UNDP) and North Korea's Kim Jong Il." The Journal says the situation provides "one more chance to make the U.N. shape up, and to stop financing a global menace in the bargain."

China Faces Broad Criticism Over Anti-Satellite Weapons Test. The AP (1/18) reports the US "criticized China on Thursday for conducting an anti-satellite weapons test in which an old Chinese weather satellite was destroyed by a ballistic missile." National Security Council spokesman Gordon Johndroe said, "The United States believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area. We and other countries have expressed our concern to the Chinese." The New York Times (1/19, Broad, Sanger, 1.16M) says China "successfully carried out its first test of an antisatellite weapon last week, signaling its resolve to play a major role in military space activities and bringing expressions of concern from Washington and other capitals." Only the US and the USSR "previously destroyed spacecraft in antisatellite tests, most recently the United States in the mid-1980s."

The Washington Post (1/19, Kaufman, Linzer, 690K) reports on its front page that China's action "drew sharp protests from other nations with satellite programs -- a predictable response that experts said dramatically illustrates Chinese willingness to face broad international criticism when it comes to space, which Beijing considers a key part of the push to modernize its military and increase its ability to compete in high-tech warfare." The Los Angeles Times (1/19, Spiegel, Gerstenzang, 850K) says the "shoot-down has rattled U.S. defense officials, who are concerned both about the commercial crafts and government spy and military satellites that operate at that height."

Somalia Seeks US Aid For Military, Intelligence Services. The AP (1/19, Gedda) reports Somalia "is asking the US government for help in building efficient police, military and intelligence organizations." The requests were contained in a three-page memo submitted to the State Department by Dahir Mirreh Jibreel, a US representative of the Transition Federal Government in Somalia." On top of the list of Somali requests "was the appointment of a US ambassador to Somalia." There was no immediate comment Thursday from the State Department on the request, but the AP says "large-scale assistance seems unlikely until Somali authorities are able to create a stable environment in the country."

Somali Warlords Provide Protection As Violence Continues. The New York Times (1/19, Gettleman, 1.16M) reports, "Somalia may be at a turning point, with a potentially viable government for the first time since 1991. But senseless violence is still the norm." The Times notes that Somalia's "warlord issue is complicated." While "some people call them thugs," in "a world with no police and no security, the clan warlord was sometimes the only protection."

European Court Says Russia Failed To Investigate Chechen Torture Claims. The Washington Post (1/19, A14, Finn, 690K) reports the European Court of Human Rights "ruled Thursday that two Chechen brothers were tortured in their strife-torn Russian republic and that authorities there failed to investigate their allegations of abuse." It was "the first decision on torture in Chechnya issued by the court," but human rights groups "have long contended that torture is widespread in Chechnya." Thursday's ruling "follows a series of judgments against Russia concerning disappearances and the indiscriminate use of force by the Russian military and its proxies in the southern republic," the Post notes.

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South American Leaders Debate Future Of Mercosur Under Pressure From Chavez. The New York Times (1/19, Rohter, 1.16M) reports South American leaders began gathering in Brazil Thursday "for discussions focused on a single, contentious issue: should the Mercosur trade group continue to emphasize economic integration, as Brazil and Argentina prefer, or transform itself into a political alliance with an 'anti-imperialist' tint, the path President Hugo Chávez of Venezuela favors?" The conference's Brazilian hosts "tried to minimize the prospect of tensions," with Foreign Minister Celso Amorim talking of a "reinforced Mercosur" that he said "belongs to everybody." However, Chávez "declined to play along with diplomatic niceties, bluntly staking out his position the instant he got off the plane on Thursday morning." Chávez said his goal is "to contribute with something we consider to be absolutely necessary: the reformatting of Mercosur" and "decontaminating the contamination of neoliberalism."

Colombian Brothers Highlight Divide Between Guerillas, People. In a front page article, the Wall Street Journal (1/19, A1, Moffett, 2.04M) reports that "millions of Colombian families find themselves divided by the country's interminable conflict, but few are at such odds as the Sáenz brothers. While Roberto collects signatures to put a disarmament referendum on the ballot," his brother Guillermo "faces criminal charges from the Colombian government of blowing up pipelines and bombing villages." Guillermo currently "faces a US indictment alleging that he helped 'set the FARC's cocaine [trafficking] policies' and arranged the murder of hundreds of people who got in his way." However, Roberto works with the Reconciliation Network, which offers classes for community leaders and "helps run a protest and public-information campaign to press conservative President Álvaro Uribe to swap FARC prisoners held by the government for hostages held by the guerrillas."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Chinese Missile Strikes Satellite."
"Art Buchwald, 81; Pulitzer-Winning Columnist Found Humor Even In Death."
"This City Knows The Drill."
"Senate Approves Major Overhaul Of Ethics Rules."
"Black Leaders Still Sizing Up Obama."
"Luxury Wrapped In Gridlock."

USA Today:
"O'Toole Still Has An Eye On That Elusive Statue."
"Overall Cancer Deaths Decline Again, But Statistics Not As Rosy For Blacks."
"Court To Oversee Wiretap Program."

New York Times:
"Flexing Muscle, China Destroys Satellite In Test."
"Rebuke In Iran To Its President On Nuclear Role."
"Senate Passes Vast Ethics Overhaul."
"White House Shifting Tactics In Surveillance Cases."
"Art Buchwald, Whose Humor Poked The Powerful, Dies at 81."
"Parents of 9/11 Victims Torn From Grandchildren."

Washington Post:
"Senate Passes Ethics Package."
"Run Schools Together, Fenty Urges Council."
"China Criticized For Anti-Satellite Missile Test."
"GOP Drafts Broad Plan For Va. Transportation."
"Art Buchwald, 1925-2007."
"Identity Of Edwards Home's Buyers Veiled."
"GSA Chief Scrutinized For Deal With Friend."
"O'Malley 'Conservative' In '08 Budget Proposal."

Washington Times:
"House To Echo Criticism Of Troop Surge."
"GOP Expects Secret Ballot."
"Church Dispute Headed To Court."
"Senate Passes Ethics Reform By 96-2 Margin."
"N. N. Korea Interested In Deal To Halt Nukes."

Detroit Free Press:
"Should Oakland Hold The Fat?"
"Red Ink Deepens For State."
"Focused On The Future."

Atlanta Journal-Constitution:
"Off-Field Problems Erode Vick's Image."
"Fed Chief: Boomer's Benefits A Danger."
"Georgia's Declaration."
"Two Hip Hop DJ's arrest Spotlight Atlanta As Hotbed For Music Piracy."

Houston Chronicle:
"Jury Spares Trucker In Smuggling Deaths."
"Oil Slips, But Price At Pump Barely Dips."
"Study Cites Possible Link Between Ship Channel Air, Cancer."
"Jurors Say Many Tears Were Shed For Victims."
"Girls Parents Sue Myspace Increased Safety Controls."

Story Lineup From Last Night's Network News:
ABC: Harvard Big Tobacco Study; Maliki Cracks Down; Campaign 2008; Pelosi Interview; Congress 1st 100 Hours; Judiciary Committee Hearings; "Consumer Reports" Traction; Hornbeck On Oprah; Art Buchwald Obit; Dear Rescue; Living Longer.

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CBS: New Iraq Strategy-Under Attack; New Iraq Strategy-Analysis; Iraq Sectarian Violence; American Civilian Killed-Iraq; "Consumer Reports" Traction; Winter Weather; Winter Freeze-California; Technology Breakthrough-The Blind; Hornbeck On Oprah; Art Buchwell Obit.
NBC: "Consumer Reports" Traction; Breast Cancer Study; New Iraq Strategy-Under Fire; Harsh Words From Maliki; Violent Weather-Europe; Winter Weather; Hornbeck On Oprah; Global Warming-Antarctica; Animal Helpers; Stock Market; Art Buchwald Obit.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: House-Democratic 100-Hour Agenda Completed; Muqtada al-Sadr Aide Arrested; Secretary Gates-Iraq Visit; OK, TX, MO-Snow Forecast; Study-Male Drivers And Car Crashes; Tokyo Stock Exchange.
CBS: Secretary Gates-Iraq Visit; China Uses Missile To Destroy Space Satellite; House-Democratic 100-Hour Agenda Completed; Consumer Reports To Investigate Infant Car Seat Test Results; OK, TX, MO-Snow Forecast; Oil Prices; Mate Selection-Eye Color Survey; Atlanta Falcons QB Being Investigated For Water Bottle Incident.
NPR: Secretary Gates-Iraq Visit; Senate-Ethics Bill Passes; AG Gonzales-Mail Searches; OK, TX, MO-Snow Forecast; TX-Winter Storm Cleanup; Wall Street; Fed. Chairman-Senate Budget Committee; House-Democratic 100-Hour Agenda Completed; Pelosi-Democrats Will Support Resolution Against Troop Increase; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS AND APPROPRIATIONS _ HELP Full Committee and Labor, Health and Human Services Subcommittee of Appropriations. Joint hearing on ``Can Congress Help fulfill the Promise of Stem Cell Research?" Director Story Landis of the National Institute of Neurological Disorders and Stroke; George Daley, Children's Hospital, Boston; Lauren Stanford, juvenile diabetes patient, Plymonth, Mass.; John Wagner, University of Minnesota Medical School. Location: Room 192, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. ___ Strengthening the Page Board of the House. H.R. ___ - Congressional pension accountability.

9:30 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on the need for renewed investment in clean water infrastructure. Location: Room 2167, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on the Iraq Study Group report. Co-chair Lee Hamilton, former Secretary of State Lawrence Eagleburger. Location: Room 2172, Rayburn.

Other: HOMELAND SECURITY-LEGAL _ The American Bar Association Section of Administrative Law and Regulatory Practice sponsors the 2nd Annual Homeland Security Law Institute. Highlights: 8:45 a.m. DHS Assistant Secretary Robert Stephan. 9 a.m. - 10:15 a.m. Panel on ``Transportation and Supply Chain Security." Participants include American Bar Association Executive Director Henry F. White Jr. 10:30 a.m. - 12 p.m. Session on ``Immigration Policy and Legal Issues." Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza SW.

REPUBLICANS-WINTER MEETING _ The Republican National Committee holds its 2007 Winter Meeting. Highlights: 10:15 a.m. - 12:30 p.m. General Session. Speakers: Republican National Chairman Ken Mehlman, and newly-elected RNC Officers. Constitution Ballroom. 12:30 p.m. Member's luncheon with Sen. Mitch McConnell, R-Ky., Minority Leader. Independence Ballroom. 12:30 p.m. Media availability with new officers. Wilson/Roosevelt Rooms. Location: Grand Hyatt Hotel, 1000 H St. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. UK Army Lt. Gen. Graeme Lamb, deputy commander of Multi-National Force-Iraq and senior British representative in Iraq, will brief live from Iraq with an update on operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

REPRODUCTIVE RIGHTS _ 9 a.m. NARAL Pro-Choice America releases its 16th annual report on women's reproductive rights in the U.S. Location: National Press Club.

DEMOCRACY-DEVELOPMENT _ 9 a.m. - 12 p.m. Freedom House hosts a forum, ``Democracy and Development: Maximizing Performance in Two Dimensions," focusing on a look ahead to the 2007 Community of Democracies ministerial meeting in Bamako. Panelists will examine the relationship between democratic governance and economic development. Participants include: Dr. Paula Dobriansky, Under Secretary of State for Democracy and Global Affairs; Ambassador John Danilovich, Chief Executive Officer of the Millennium Challenge Corporation; Rep. Nita Lowey, D-N.Y., chair, Foreign Operations Sub-Committee of the House Appropriations Committee; and Abdoulaye Diop, ambassador of the Republic of Mali to the U.S. Location: 8th floor conference room, 1225 Eye St. NW.

ENVIRONMENT _ 9:15 a.m. Conservation, environmental and scientific activists hold a telephone briefing to discuss the Bush energy policy and to release their own agenda to address clean energy and global warming. Notes: Callin number: 800-311-9407; passcode: Energy 1.

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NEY SENTENCING _ 9:30 a.m. Former Rep. Bob Ney, R-Ohio, who has pleaded guilty to a two-count information charging him with, among other things, honest services fraud and making false statements, will be sentenced by U.S. District Court Judge Ellen Segal Huvelle. Location: Courtroom 14, U.S. Distict Court, 3rd Street and Constitution Avenue NW.

MARTINEZ-PROTEST _ 9:45 a.m. Protest demonstration against the proposed election of Sen. Mel Martinez as RNC chairman. Location: In front of the Grant Hyatt Hotel, 1000 H St. NW.

ECONOMY PREDICTIONS _ 10 a.m. The American Bankers Association holds a news conference with bank chief economists to present monetary policy predictions for 2007. Location: ABA Boardroom 7th floor, 1120 Connecticut Ave. NW.

PETROLEUM REVIEW _ 10 a.m. The American Petroleum Institute holds a briefing to discuss its end-year statistical review. Location: 12th floor, 1220 L St. NW.

DEMOCRATS-SOU _ 10:30 a.m. House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid discuss The State of the Union 2007. Location: National Press Club, Ballroom.

BLUE DOGS-IRAQ _ 11:30 a.m. Members of the fiscally conservative, Democratic Blue Dog Coalition hold a press conference on the war in Iraq. Location: House Radio/TV Gallery.

PENTAGON-PERSONNEL _ 11:30 a.m. Under Secretary of Defense David S. Chu will brief on details of recent military personnel announcements. Location: DOD briefing studio, Pentagon 2E579.

MINIMUM WAGE _ 12 p.m. Senator Edward Kennedy and Congressman George Miller hold a press conference with Edward Kuntz, executive chairman of the board, Kindred Healthcare; and Lew Prince, co-owner of Vintage Vinyl, businessmen who strongly support an increase in the minimum wage. Location: Room 226, Dirksen Senate Office Building.

CONGRESS-IRAQ _ 12:30 p.m. The American Constitution Society for Law and Policy holds a briefing on the esclation in Iraq, Congress and the Constitution, with Neil Kinkopf of Georgia State University law school; attorney David Rivkin; Christopher Schroeder of Duke University School of Law, others. Location: Room 253, Russell.

COASTAL GRANTS _ 1 p.m. Deputy Interior Secretary Lynn Scarlett holds a telephone briefing to announce 25 projects which will receive about $19 million in grants under the coastal wetlands conservation program. Notes: Callin number: 888-395-6878; passcocde: 9719038.

SALAZAR-SOU _ 1 p.m. Sen. Ken Salazar, D-Colo., delivers the first Spanish langauge preview address of the State of the Union. Location: Room S-120, Capitol.

MEDICARE DRUGS NEGOTIATION _ 2 p.m. - 4 p.m. The American Enterprise Institute (AEI) hosts a discussion, ``Can Government Price Negotiation Work for the Medicare Drug Benefit? Panelists include Gerard Anderson, Johns Hopkins University; Joseph Antos, AEI; Mark McClellan, AEI-Brookings Joint Center. Location: AEI's Wohlstetter Conference Center, 12th floor, 1150 17th St. NW.

DRUG SENTENCING _ 2:30 p.m. Two former senior Guatemalan anti-narcotics law enforcment officers, Adan Castillo Aguilar and Jorge Aguilar Garcia, will be sentenced on cocaine manufacturing and distribution charges before U.S. District Court Judge Rosemary Mayer Collyer. Location: Courtroom 6, U.S. District Courthouse, 3rd Street and Constitution Avenue NW.

SAUDI AMBASSADOR _ 3 p.m. Saudi Ambasador Prince Turki Al-Faisal speaks on ``The Islamic World and the West: Steps to Achieving and Lasting, Peaceful Dialogue, `` sponsored by American University. Location: School of International Service lounge, on campus.

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DOJ_NMG_0118565

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Sent:	Friday, January 19, 2007 8:24 AM
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Subject:	Department of Justice News Clips for Friday, January 19, 2007
Attachments:	dojclips070119.pdf; dojclips070119.doc

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 19, 2007 7:45 AM EST

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TERRORISM NEWS:

Wiretap Review Plan Is Still Unclear (LAT)

By Richard B. Schmitt, Greg Miller And David G. Savage, Times Staff Writers

The Los Angeles Times, January 19, 2007

Bush and Gonzales say the domestic spying program is essentially unchanged except for its legal justification.

WASHINGTON — A day after announcing that it had scrubbed a controversial warrantless surveillance program, the Bush administration refused to provide details to Congress of how a new court-review process for terror-related wiretaps would work, triggering a fresh round of complaints and suspicions from Democrats about what the administration was doing.

At the same time, President Bush and other administration officials indicated that little had changed in the electronic eavesdropping program, originally launched after the Sept. 11 attacks, other than the fact that a court had finally blessed it.

Atty. Gen. Alberto R. Gonzales revealed Wednesday that the secret court created by the Foreign Intelligence Surveillance Act to supervise wiretaps approved orders authorizing the surveillance last week.

Bush said the approval vindicated his position that he was justified in launching the surveillance. "Nothing has changed in the program except the court has said we've analyzed it and it's a legitimate way to protect the country," Bush said in an interview with Tribune Broadcasting.

Pressed during a hearing Thursday before the Senate Judiciary Committee, Gonzales said the administration had changed the legal justification for the surveillance program but not the essential elements of the operation.

Disputing the suggestion that the warrantless program, run by the National Security Agency, had been "terminated," Gonzales said, "It took us a period of time to develop what we thought would be an acceptable legal argument that would be acceptable to the FISA court."

When asked to explain the legal argument, Gonzales refused. "I don't want to get into a public discussion about the deliberations and work of the court," he said.

The surveillance issue has become the first major battlefront between the new Congress and an administration that Democrats consider overly secretive and reluctant to share power.

With Gonzales and other officials mum about the program's details, Democrats refused to accept their assurances. It was not immediately clear how that stalemate might be resolved. The administration supplied classified briefings to several members of Congress, but lawmakers said they continued to have questions.

"I don't think there were any assurances today" that the White House is not still bypassing parts of FISA, Rep. Anna G. Eshoo (D-Atherton), a member of the House Intelligence Committee, said in a telephone interview. When administration officials briefing her committee Thursday, including Director of National Intelligence John D. Negroponte, were asked about the matter, she said, "I think they were quite skittish."

The Senate Judiciary Committee chairman, Sen. Patrick J. Leahy (D-Vt.), and the ranking Republican, Sen. Arlen Specter (R-Pa.), said the chief judge of the FISA court had promised them late Wednesday access to the court orders approving the surveillance. But Gonzales indicated at the hearing that the administration might attempt to block the move because of concerns that the documents contained classified information.

The administration's decision appeared to leave Congress with few options. Legal experts said the ruling appeared to render moot a series of private lawsuits challenging the program. The main option Congress has left is to change the FISA law under which the court has acted, although lawmakers acknowledge they have too little information at this point to know whether that would be necessary.

Gonzales said the idea of bringing the program under the FISA law had long been discussed in the White House, and that he made the issue a priority shortly after he became attorney general in early 2005.

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Government officials familiar with the matter said the Bush administration's negotiations with the FISA court accelerated after Democrats won control of Congress in November.

The officials also said the negotiations centered on securing an agreement that would allow the administration to seek warrants on groups of people in certain circumstances, rather than being required to obtain separate court orders for every individual under suspicion.

One official, who spoke on condition of anonymity, said this was the "innovative" new interpretation that Justice officials had described when briefing reporters on the new guidelines.

The changes appear to require individual warrants when the target is a U.S. citizen or has permanent legal resident status. But the changes could make it easier to obtain multiple warrants rapidly when the targets are in the country on temporary visas, as was the case with the Sept. 11 hijackers.

The new arrangement is likely to continue to be a source of controversy because the ability to obtain a "bundle" of warrants, as one official put it, could be seen as undermining the intent of the law to require the government to show cause in individual cases.

Seeking to target members of a group as a whole, even Al Qaeda, would be unusual, legal experts said.

"That would be novel and controversial," said Michael Woods, a former chief of the FBI national-security law division. "But that would explain why you got something new without having to have changes in the FISA statute."

The FISA law does distinguish between U.S. citizens and certain foreigners living in the United States.

When Congress passed the law in 1978, it was concerned with protecting Americans from being spied on by U.S. intelligence agencies. At the same time, lawmakers wanted the CIA and NSA to monitor Soviet spies and other foreign agents in the United States.

FISA says the government must seek a warrant first before "intentionally targeting a United States person" by listening to their phone calls. These persons are defined as U.S. citizens and lawful permanent residents.

The law is less clear, and less demanding, for other persons in the United States. That distinction could give the administration justification for arguing that it seeks to intercept the calls of foreign terrorists and foreigners who are living in the United States, but it was not "intentionally targeting" U.S. citizens.

The FISA judges may have been persuaded that kind of surveillance did not violate the 1978 law and therefore could be authorized legally.

Senators Blast Bush Security Policies (FT)

By Demetri Sevastopulo In Washington

Financial Times, January 19, 2007

Influential senators on Thursday demanded that the Bush administration provide more details about its move to place its controversial National Security Agency domestic spying programme under supervision by a special court.

Patrick Leahy and Arlen Specter, the top Democrat and Republican on the Senate judiciary committee, told Alberto Gonzales, the US attorney-general, that the Bush administration needed to provide some more information about the surprise decision this week to allow a secret intelligence court to monitor electronic domestic spying.

“This reversal is a good step, but there are still several outstanding questions that remain,” said Mr Leahy, who assumed the chairmanship of the committee after the Democrats regained control of Congress in November.

“To ensure the balance necessary to achieve both security and liberty for our nation, the president must fully inform Congress and the American people about the contours of the Foreign Intelligence Surveillance Court order authorising this surveillance programme and the programme itself.”

In a major policy reversal announced on Wednesday, the US Justice Department said that President George W. Bush would not re-authorise the so-called Terrorist Surveillance Programme. Justice Department officials said that the administration had reached an agreement whereby any electronic eavesdropping would in future be monitored by a special intelligence court.

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Mr Bush authorised the controversial eavesdropping programme – which permitted the NSA to eavesdrop without court warrant on the international communications of Americans with links to al-Qaeda – after the September 11 attacks in New York and Washington in 2001.

Critics had accused him of illegally circumventing the 1978 Foreign Intelligence Surveillance Act, which requires the government to seek a warrant from an intelligence court before it can spy on Americans.

Mr Specter, who has been a fierce critic of the programme, questioned why the administration had not informed Congress last year about its attempts to bring the programme into line with FISA. In contentious exchanges, the senators asked Mr Gonzales to provide them with the authorisation the administration received from the intelligence court.

When Mr Gonzales refused to say whether he would comply with their request, Mr Leahy shot back, "Are you saying that you might object to the court giving us a decision that you publicly announced...Are we Alice in Wonderland here?"

A federal court last year ruled that the programme was unconstitutional, and rebuked Mr Bush, saying there were "no hereditary kings" in America.

The policy U-turn comes just weeks before an appeals court was scheduled to hear the case, but Mr Gonzales denied that the administration's switch was related to the legislation.

Mr Leahy and Mr Specter also criticised the administration over a host of issues, including Guantanamo Bay and secret CIA renditions of prisoners.

"In the 32 years since I first came to the Senate – during the era of Watergate and Vietnam – I have never seen a time when our constitution and fundamental rights as Americans were more threatened by their own government," said Mr Leahy. "The [Justice] department has also played a pivotal role…in eroding basic human rights and undercutting America's lead role as an advocate for human rights throughout the world."

Senators Press Gonzales On Delay In Getting Court OK On Surveillance (USAT)

By Donna Leinwand

USA Today, January 19, 2007

WASHINGTON — Attorney General Alberto Gonzales was grilled Thursday by senators who questioned why it took the Bush administration more than four years to allow a court to oversee the National Security Agency's electronic eavesdropping of Americans and others in terrorism investigations.

During his first appearance before a Senate panel since Democrats took over Congress in the November elections, Gonzales also faced a series of questions from Democrats and some Republicans over how the NSA's program will operate now that agents' surveillance requests must be approved by a special court of federal judges that monitors classified intelligence gathering within the USA.

VIDEO: Attorney general talks to senators

Judiciary Chairman Patrick Leahy, D-Vt., said he was encouraged by Gonzales' announcement Wednesday that President Bush no longer would authorize the NSA to conduct warrantless surveillance of communications coming into or going out of the USA in terrorism probes. Leahy and other lawmakers had blasted the administration's eavesdropping program, saying it illegally sidestepped judicial oversight and violated privacy rights.

However, Leahy and other senators made it clear that they remained unhappy about the administration's handling of surveillance issues. They said they will be watching how the program operates now that surveillance requests will be vetted by the court established in 1978 by the Foreign Intelligence Surveillance Act (FISA).

"For years, the administration has engaged in warrantless wiretapping of Americans, I believe contrary to the law," Leahy said.

"The Justice Department has been complicit in advancing these government policies, which threaten our basic liberties and overstep the bounds of our Constitution," he said.

Gonzales insisted the administration had the power to authorize an undisclosed number of eavesdropping requests without a court's involvement. He said the White House changed course and allowed the FISA court to oversee the eavesdropping once

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officials became satisfied the court could handle requests quickly enough in cases in which there appears to be an imminent threat to security.

The committee's ranking Republican, Arlen Specter of Pennsylvania, said that despite being briefed on the eavesdropping program by Justice Department attorneys, he still had questions about it and how it will operate in the future. He added that the administration's previous policy of allowing warrantless surveillance likely damaged Republicans in the midterm elections.

"The United States and the administration have paid a heavy price for not acting sooner to bring the terrorist surveillance program under judicial review," he said.

Leahy and Specter also questioned Gonzales about Bush's claim last month that he had the authority to allow agents to open Americans' mail without a warrant. Bush made the claim as he signed legislation aimed at protecting the privacy of U.S. mail.

"If the president is asserting that the act of Congress is unconstitutional, then he ought to say so and not sign the act," Specter said.

Gonzales said Bush "simply wants to preserve the authority that the Congress had already granted to him." He said he knew of no case in which mail had been opened without a court warrant.

White House Shifting Tactics In Surveillance Cases (NYT)

By Adam Liptak

The New York Times, January 19, 2007

In a four-paragraph letter on Wednesday announcing that the Bush administration had reversed its position and would submit its domestic surveillance program to judicial supervision, Attorney General Alberto R. Gonzales used one phrase three times. A secret court, he said, had fashioned a way to allow the program to be monitored by the judiciary without compromising the need for "speed and agility."

That phrase also captures, some critics say, the administration's moving-target litigation strategy, one that often seeks to change the terms of the debate just as a claim of executive authority is about to be tested in the courts or in Congress.

On Wednesday, the administration announced that an unnamed judge on the secret court, in a nonadversarial proceeding that apparently cannot be appealed, had issued orders that apparently both granted surveillance requests and set out some ground rules for how such requests would be handled.

The details remained sketchy yesterday, but critics of the administration said they suspected that one goal of the new arrangements was to derail lawsuits challenging the program in conventional federal courts.

"It's another clear example," said Ann Beeson, associate legal director of the American Civil Liberties Union, "of the government playing a shell game to avoid accountability and judicial scrutiny."

In other cases, too, the timing of litigation decisions by the government has been suggestive.

Shortly before the Supreme Court heard a set of three detainee cases in 2004, the administration reversed course and allowed two Americans held incommunicado by the military to meet with their lawyers, mooting that issue.

After the court ruled that one of the men, Yaser Hamdi, could challenge his detention in court, the administration instead freed him and sent him to Saudi Arabia.

And just as the Supreme Court was considering whether to review the case of the second man, Jose Padilla, he was transferred to the criminal justice system last year, mooting his appeal.

Paul W. Butler, a former federal prosecutor who served as special assistant to Donald H. Rumsfeld when he was secretary of defense, said the administration's critics were too quick to view ordinary developments as nefarious ones.

"You do have to ascribe some good faith," said Mr. Butler, now a partner with the Washington law firm of Akin Gump Strauss Hauer & Feld. "The government uses presidential authority when they think it's necessary and the law does not provide the specific authority they need. If there is a road that can be taken, operating according to statutes or putting people into the criminal justice system when that makes sense, they will do that."

Like other administrations, even when this one alters course, it almost never concedes that its earlier actions were mistaken.

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In the case of the eavesdropping program, the administration continues to maintain that it is free to operate without court approval. Its decision to submit to the secret court, administration lawyers said, was voluntary. At a briefing Wednesday, almost as an afterthought, a senior Justice Department official said, "There's obviously an advantage to having all three branches involved."

The announcement about the surveillance program came two weeks before a federal appeals court in Cincinnati was to hear the first appellate argument about the lawfulness of the program. Government lawyers now say that case is moot, but their claim is open to question.

The usual rule is that cases seeking relief in the future are indeed moot when the relief they seek is granted. But there is an exception, said David Cole, a lawyer with the Center for Constitutional Rights, which has challenged the program in a separate lawsuit filed in New York.

He cited a series of Supreme Court decisions in which the defendants had voluntarily done what the lawsuits were seeking. Such cases are moot, the court ruled in 1968, for instance, only if it is "absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur."

Because the administration has reserved the right to continue the program, Mr. Cole said, the courts should rule on whether it violated a 1978 law, the Foreign Intelligence Surveillance Act and the Constitution.

A third case, from Oregon, is almost certainly not moot. In addition to asking the court to stop surveillance without warrants in the future, that suit asks for money as damages for past surveillance.

The Oregon case, brought by an Islamic charity and two of its lawyers, differs from the Cincinnati appeal and the New York suit because the plaintiffs in it say they have seen a classified document confirming that their communications were actually intercepted.

"We're certainly center stage now," said Jon B. Eisenberg, who represents the charity, Al Haramain Islamic Foundation, and the lawyers.

Mr. Gonzales, speaking to the Senate Judiciary Committee yesterday said that the recent orders involved a creative reading of the 1978 law, often called FISA. After the Sept. 11 attacks, he said, administration lawyers determined that the program could not be reconciled with the law but later decided to "push the envelope."

Statements like that frustrate the administration's critics.

"It is very difficult to know if this order in fact satisfies FISA," Mr. Cole said.

Because FISA applications are one-sided affairs, with no one arguing the other side, there is no losing party who can appeal from the orders. In a letter on Wednesday, Colleen Kollar-Kotelly, the presiding judge of the 11-member court, the Foreign Intelligence Surveillance Court, said she would have no objection to the release of the relevant orders to lawmakers if the Justice Department approved.

But Mr. Gonzales indicated that the department would object to the release of at least the "operational details" disclosed in the orders.

Gonzales Under Fire In Senate (TIME)

By Brian Bennett

Time, January 19, 2007

Alberto Gonzales spent two hours every day for the last three weeks steeling himself for today's hearing before the Democrat-led Senate Judiciary committee, says a close aide. Staffers peppered him with possible questions that each Senator might ask. He went in armed for the fight with freshly penned letter to the chairmen of that committee — Democrat Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania — telling them not to worry about the whole warrant-less wiretapping issue anymore; it has been approved by judge. It seemed like a nimble pre-emptive duck to take a contentious issue off the table. Some Senators thought it felt more they were being led down a rabbit hole.

In an often-heated exchange, Gonzales refused to disclose details about the court's decision and exactly how it applied to the President's controversial wiretapping program. While disclosing that the court had ruled, Gonzales was unwilling to reveal any of the "operational details about how we're doing this." At one point, an exasperated Leahy asked, "Are we Alice in Wonderland here?"

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The big question was whether there will be some genuine judicial oversight that monitors how individual wiretaps are being used, or if the court approval is a one-time pass for the entire program. Frustrated Senators pointed out that it was still unclear what procedures, if any, will actually change with the court order, issued on Jan. 10 by a single judge sitting on the secret Foreign Intelligence Surveillance Act (FISA) court.

The judge, Colleen Kollar-Kotelly, wrote in a letter today that she was willing to give Senators copies of the court's opinions on the secret program — provided the Justice Department approved the release of the classified documents, as is the court's standard practice. By the end of the day, many Senators were unsatisfied, feeling they were getting new answers to their old questions, but none of it added up to new information.

The program in question, run by the National Security Agency program and later named the Terrorist Surveillance Program, was designed to listen in on international telephone conversations into or out of the U.S. when one of the callers is believed to be affiliated with a terrorist group. The Justice Department has argued for a year that going through the FISA court for approval of these sensitive, urgent wiretaps was too cumbersome and time consuming.

But after the program was uncovered in press reports in December 2005, pressure mounted on the White House to have judicial oversight. Republican Rep. Pete Hoekstra of Michigan applauded the change today, saying it was a result of "tough questioning" by the House Intelligence Committee over the past year.

But Heather Wilson, a New Mexico Republican who serves on the House Intelligence committee and has been briefed on the program, told the New York Times that she believed the FISA approval was "programmatic" in scope, rather than involving the ongoing review of individual warrants. If that's the case, it doesn't change very much for the Administration — other than eliminating the need for the President to reauthorize the program every 45 days, as he's done since it was initiated in October 2001. The White House has gotten a judge to do that — indefinitely.

Senators Grill Gonzales Over Spy Program (AP)

By Lara Jakes Jordan

AP, January 19, 2007

Senators still suspicious of the government's domestic spying program grilled Attorney General Alberto Gonzales Thursday over whether new oversight by a secret court will help protect peoples' privacy rights.

Gonzales offered few answers, maintaining during 3 1/2 hours of sharp rebukes that disclosing details of the program would expose sensitive security information.

His resistance was underscored by a letter from the Foreign Intelligence Surveillance Court's presiding judge, offering to detail some of its new authority with lawmakers if allowed to by the Bush administration.

"Are you saying that you might object to the court giving us a decision that you publicly announced?" Senate Judiciary Chairman Patrick Leahy, D-Vt., asked. "Are we a little Alice in Wonderland here?"

Gonzales responded: "There is going to be information about operational details about how we're doing this that we want to keep confidential."

His appearance in front of the Senate Judiciary Committee came a day after the administration announced it would allow judicial review of the spying program that President Bush secretly authorized after the Sept. 11, 2001, terror attacks. Until last week, the National Security Agency conducted domestic surveillance of people suspected of links to al-Qaida without court warrants.

Bush on Thursday denied there had been any change in the program, other than to receive a court's blessing of it.

"The courts yesterday said I did have the authority," the president said in an interview with Tribune Broadcasting. "That's important. And the reason it's important that they verify the legalities of the program is it means it's going to extend, make it extend beyond my presidency. This is a really important tool for future presidents to have."

He added: "Nothing has changed in the program except the court has said we've analyzed it and it's a legitimate way to protect the country."

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In hearings on both sides of Capitol Hill, lawmakers said they welcomed the reversal by the Bush administration, which had previously opposed review by the so-called FISA Court. But they wanted to know more about how judges might consider evidence when approving government requests to monitor phone calls and e-mails between the United States and abroad.

"I'd like to know if there's an intention to do this on an individual basis, or at least on a case-by-case basis where five, six, ten, 20, 100 individuals are involved, or is it broader brush than that?" said Sen. Charles Schumer, D-N.Y. "Because if it's a very broad brush approval and again, because it's secret we have no way of knowing, it doesn't do much good."

"They meet the legal requirements under FISA," Gonzales said.

"I think we have to assume these are broad program warrants, barring some comment from you," Schumer responded. He added: "If it's a broad program warrant, it really isn't very satisfying in terms of protection that the Constitution requires."

Gonzales later added that the warrants go "above and beyond what we normally find in a FISA order to ensure that any information that shouldn't be collected is destroyed in an appropriate way."

Sen. Arlen Specter, R-Pa., said it remains unclear whether the FISA court has a blanket authority to approve all eavesdropping requests — even though Justice Department attorneys have assured him warrants would target individuals. "From their description to me, I think we need to know more on the oversight process," he said.

Specter also needled Gonzales on why the spying program was only last week put under judicial review after it was revealed a little over a year ago. He noted that Republicans lost control of Congress in elections last fall that were widely seen as a repudiation of administration policy.

"The heavy criticism the president took on the program was very harmful in the political process, and for the reputation of the country," Specter said.

Since assuming oversight authority, by a Jan. 10 order, the FISA court already has approved at least one surveillance warrant targeting a person suspected of having ties to al-Qaida or an associated terror group.

In a letter released at the Senate hearing, FISA Court Presiding Judge Colleen Kollar-Kotelly, said she has no objection to giving lawmakers copies of orders and opinions relating to the secret panel's oversight of the spy program.

"However, the court's practice is to refer any requests for classified information to the Department of Justice. In this instance, the documents that are responsive to your request contain classified information and, therefore, I would ask you to discuss the matter with the attorney general or his representatives," Kollar-Kotelly wrote in the Jan. 17 letter.

"If allowed, the Court will, of course, cooperate with the agreement," she wrote.

Both Gonzales and National Intelligence Director John Negroponte, testifying separately before the House Intelligence Committee, said it was uncertain whether the court orders and details about the program will be disclosed. Negroponte said there may be separation of powers issues involved in turning over information to Congress about the program.

Officials would not say whether case-by-case basis decisions on surveillance of Americans are now made by FISA judges or by NSA officials.

Last August, a federal judge in Detroit declared the spying program unconstitutional, saying it violated the rights to free speech and privacy and the separation of powers. The Justice Department launched an appeal of that decision, but now is considering whether to ask a three-judge panel of the Cincinnati-based appellate court to dismiss the case.

Gonzales Hit On Wiretap Oversight Delay (WT)

By Jerry Seper

The Washington Times, January 19, 2007

Attorney General Alberto R. Gonzales was challenged yesterday by members of the Senate Judiciary Committee on why the Bush administration took more than five years to seek oversight by an independent court for its domestic terrorist-surveillance program.

"For years, this administration has engaged in warrantless wiretapping of Americans contrary to the law," said Sen. Patrick J. Leahy, Vermont Democrat and committee chairman. "I welcome the president's change of course to not reauthorize this program and to, instead, seek approval for all wiretaps from the Foreign Intelligence Surveillance Court, as the law requires.

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"This reversal is a good first step, but there are still several outstanding questions that remain," Mr. Leahy said. "The president must also fully inform Congress and the American people about the contours of the Foreign Intelligence Surveillance Court order authorizing this surveillance program and of the program itself."

Mr. Gonzales announced Wednesday that the Foreign Intelligence Surveillance Court would monitor Justice Department intercepts of international calls involving terrorism suspects in this country. He said an order establishing oversight was issued Jan. 10 and it gave the department, which conducts the program through the National Security Agency, the "necessary speed and agility while providing substantial advantages."

The announcement was considered a major concession for President Bush, who since the secret program was publicly disclosed in 2005 has argued that he did not need -- or want -- to use the special intelligence court.

Sen. Arlen Specter of Pennsylvania, the committee's ranking Republican, said the administration could and should have moved quicker to get court approval. "I cannot help but conclude that there hasn't been a sufficient sense of urgency on behalf of the Department of Justice to get this job done faster," he said.

Mr. Specter, who has been critical of the White House for its refusal to disclose details of the surveillance program, has described the policy as a "clear-cut violation" of the Foreign Intelligence Surveillance Act (FISA).

Mr. Gonzales challenged Mr. Specter's statement that the matter should have been handled faster, saying the issue was not something "we could have pulled off the shelf and done in a matter of days or weeks." He called the process "a very complicated application," but added that it will enable the government to intercept calls to and from those in this country with suspected terrorists ties, subject to the approval of the Foreign Intelligence Surveillance Court.

He said the court orders would "allow the necessary speed and agility the government needs to protect our nation from the terrorist threat."

Both Democrats and Republicans on the committee demanded more information about the court's oversight role, citing a letter from FISA's presiding judge saying the court would have no objection to giving the panel confidential information, but it would have to be provided by the Justice Department.

Mr. Gonzales said only that there would be "information about operational details about how we're doing this that we want to keep confidential."

Spy Court's Orders Stir Debate On Hill (WP)

By Dan Eggen

The Washington Post, January 19, 2007

The Bush administration quickly locked horns with Democratic lawmakers yesterday over its revised domestic wiretap program, signaling that the government will probably oppose efforts to release new court orders from a clandestine court that now governs the spying.

The head of the secret court that approved the program said she has no objection to releasing the documents, but Attorney General Alberto R. Gonzales and Director of National Intelligence John D. Negroponte indicated that the administration is likely to resist.

The conflict followed the administration's announcement Wednesday that it will dismantle the controversial counterterrorism surveillance program run by the National Security Agency and instead conduct the eavesdropping under the authority of the secret Foreign Intelligence Surveillance Court, which issues warrants in spy and terrorism cases.

Yesterday's debate underscored continued skepticism among Democrats and some Republicans over the parameters and legality of the administration's surveillance efforts, even with court approval, and signaled that Congress and the executive branch are likely to continue sparring over the details.

Although the precise contours and scope of the revised spying program remain unclear, some new information emerged yesterday. Sen. Arlen Specter (Pa.), the ranking Republican on the Senate Judiciary Committee, said Justice Department briefers told him the effort was based on "individualized" warrants, rather than a blanket order that would allow broader surveillance.

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Four other people who have been briefed on the program, who spoke on the condition of anonymity because the program is classified, described it as a hybrid effort that includes both individual warrants and the authority for eavesdropping on more broadly defined groups of people.

Administration officials have declined to provide details of how the new version of the program will operate, including whether the government must obtain warrants for each person targeted for surveillance. Officials say the orders from a judge of the intelligence court are "complex" and "innovative" but adhere to the limits of the Foreign Intelligence Surveillance Act (FISA), a 1978 law that governs domestic surveillance of suspected terrorists and spies.

Leading Democrats, while praising the administration's decision to conduct surveillance under court authority, said yesterday that there are still too many unanswered questions about how the program will be conducted. Specter and Sen. Patrick J. Leahy (D-Vt.), the Judiciary Committee chairman, demanded the release of the intelligence court judge's orders allowing the new program, issued Jan. 10.

Those demands were bolstered by U.S. District Judge Colleen Kollar-Kotelly, the presiding judge of the intelligence court, who wrote in a letter to Leahy and Specter that she has "no objection to this material being made available" to lawmakers.

But Kollar-Kotelly said the final decision is up to the Justice Department, because the orders include classified information.

Gonzales, appearing before the Judiciary Committee, said he could not guarantee the release of the orders because of classified-information restrictions. Negroponte told the House intelligence committee that letting the secret court turn over information about the program to Congress may violate separation-of-powers provisions.

The government program targets telephone calls and e-mails between people in the United States and others overseas if one party is suspected to have links to al-Qaeda or other terrorist groups.

Gonzales's remarks at the Judiciary Committee prompted a testy exchange with Leahy.

"Are you saying that you might object to the court giving us decisions that you've publicly announced?" Leahy asked. "Are we a little Alice in Wonderland here?"

"I'm not saying that I have objections to it being released. What I'm saying is it's not my decision to make," Gonzales responded. He added later: "There is going to be information about operational details about how we're doing this that we want to keep confidential."

Several senators also sharply questioned why it took nearly two years for the Justice Department to come up with a surveillance plan that was acceptable to the secret court.

"It is a little hard to see why it took so long," said Specter, who unsuccessfully attempted to shepherd legislation through Congress last year that would have allowed the administration to seek the court's approval for the spying. "The heavy criticism the president took on the program was very harmful in the political process and for the reputation of the country."

Gonzales argued that disclosing even the basic outlines of the program would reveal vital intelligence sources and methods to terrorist groups. He also defended the time it took for Justice lawyers to devise a plan that would pass court muster.

"This is a very complicated application," Gonzales said. "It's not something you just pull off the shelf."

Gonzales said the program adheres to FISA and that "minimization" procedures to destroy unneeded data go "above and beyond" what is required in a typical FISA case.

Gonzales said Justice Department lawyers began exploring ways to use the surveillance law for the NSA program shortly after he became attorney general in early 2005.

Another source said the department had informally floated a proposal to Kollar-Kotelly in recent months about how to resolve concerns among the intelligence court's judges that information gleaned from the president's surveillance program might taint the court's warrant process.

Kollar-Kotelly raised the same point with top Justice officials in 2005, when she was briefed on the president's domestic spying program, according to several officials familiar with the FISA process. The judge did not consider it her place to determine whether the program was constitutional, but she was very disturbed by the risk that information gleaned from warrantless wiretaps could be used in warrant applications without the court's knowledge.

Senators Demand Details On New Eavesdropping Rules (NYT)

By David Johnston And Scott Shane

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — Lawmakers demanded more information on new rules for governing a domestic surveillance program on Thursday, a day after the Bush administration announced that it had placed the National Security Agency eavesdropping under court supervision.

Senators from both parties who had long criticized the eavesdropping without court warrants said at a Judiciary Committee hearing that they welcomed the change but wanted details. They said they wanted to be sure that the new rules adequately protected Americans' privacy.

A central question is whether the court will approve eavesdropping case by case, its traditional practice, or will it issue broader orders that provide additional government leeway in selecting targets.

A Congressional official who has been briefed on the new procedures called it a hybrid of individual warrants and broader approval.

Some lawmakers wanted to know why the administration had waited five years from the start of the program to put it under the supervision of the secret intelligence court and asked whether the administration might decide on its own to revive eavesdropping without warrants if the court denied a request.

At the hearing, Attorney General Alberto R. Gonzales, a chief defender of the program, tried, apparently without success, to quell the flood of questions.

The session quickly became a forum for senators to say the administration was withholding pertinent information about the decision. House Democrats raised similar concerns.

Pressed repeatedly for details, Mr. Gonzales offered little new information and would not agree to provide more documents to explain the decision. He declined to answer questions about why the administration had reversed itself after saying for more than a year that the program could not operate effectively under court supervision.

"There was a reason why we didn't do this as an initial matter shortly after the attacks of Sept. 11," said Mr. Gonzales, who was White House counsel.

Referring to the Foreign Intelligence Surveillance Act, or FISA, the law that created the secret court, he added, "The truth of the matter is we looked at FISA and we all concluded there's no way we can do what we have to do to protect this country under the strict reading of FISA."

Later, Mr. Gonzales said, after he became attorney general in 2005, he started reviewing whether the program might be brought under the court's supervision.

Justice Department officials said they had worked on the "innovative, complex orders" for two years.

On Jan. 10, an unidentified judge of the court approved the first new order. The next day, National Security Agency officials called the House and Senate intelligence committees to outline the new system, and Justice Department officials briefed some committee staff members on Friday, Congressional officials said.

A senior administration official involved in formulating the policy expressed frustration with the criticism on Capitol Hill. He said Democrats had repeatedly said the program was valuable but should be conducted under FISA.

Now that that has happened, the official said, "People ought to take yes for an answer."

He added that even if the critics are suspicious of the administration, "I don't think there's any basis for being suspicious of the FISA court," which has approved the system.

At the hearing, Mr. Gonzales said the rules protected national security by allowing continued eavesdropping, but required the government to halt quickly the monitoring of people who were not found to be doing anything wrong.

With Justice Department officials unwilling to provide lawmakers with documents, lawmakers explored other ways to obtain information. In response to a request from the Judiciary Committee chairman, Patrick J. Leahy, Democrat of Vermont, the presiding judge of the foreign intelligence surveillance court, Colleen Kollar-Kotelly, a federal district judge in the District of Columbia, said the court would be willing to turn over to the panel its classified orders.

But Judge Kollar-Kotelly wrote in a letter that her court would cooperate only "if the executive and legislative branches reach agreement for access to this material."

Mr. Gonzales, asked by Mr. Leahy whether he would object to the disclosure of the documents to Congress, replied that he hoped to keep operational aspects of the program secret. Mr. Gonzales said that before he answered the question he would need to consult his "principal," apparently a reference to President Bush.

Mr. Leahy expressed skepticism, saying: "I don't think I fully understand that. Are you saying that you might object to the court giving us decisions that you've publicly announced? Are we a little Alice in Wonderland here?"

Mr. Gonzales replied: "I'm not saying that I have objection to its being released. What I'm saying is it's not my decision to make."

Some lawmakers said the administration should have changed course much sooner.

"It is a little hard to see why it took so long," said Senator Arlen Specter, Republican of Pennsylvania.

Senator Charles E. Schumer, Democrat of New York, asked about the court's approval of the surveillance orders.

"I'd like to know," Mr. Schumer said, "if there is an intention to do this on an individual basis or on a case-by-case basis where 5, 6, 10, 20, 100 individuals are involved or is it broader brush than that? Because if it is very broad-brush approval, again because it's secret, we have no way of knowing, it doesn't do much good."

Mr. Gonzales said, "They meet the requirements under FISA."

The Justice Department has tried to streamline the application for warrants under the surveillance law, creating a computerized system called Turbo FISA.

Bush Makes Concessions To Congress (AP)

By Tom Raum

AP, January 19, 2007

President Bush's about-face on warrantless wiretapping was the latest in a series of White House retreats and reversals. This is a different day for a president known for his stubbornness and insistence on seeing things his way.

In just two months, Bush has acknowledged making mistakes in Iraq, sacked Donald H. Rumsfeld at the Pentagon and given up the fight for John Bolton at the United Nations. He has promised a plan to balance the budget by 2012 — after aggressively presiding over record deficits and tax cuts; Democrats also have set such a target. And the president has agreed tentatively to increasing the minimum wage.

Bush seems to be bending to the realities of the new Democratic control of Congress — and laying down markers to keep the last two years of his presidency from being seen as only about Iraq.

"It appears that Bush is cleaning up a lot of the outstanding cats and dogs prior to the State of the Union," said GOP strategist Scott Reed. "I think both sides are going to try to get something done for the next year before presidential politics totally consume the country," said Reed, who ran Bob Dole's presidential campaign in 1996.

Bush was expected to emphasize a range of domestic initiatives in the annual State of the Union address on Tuesday. It will be his first to a Congress fully under Democratic control.

With his eye increasingly on his presidential legacy, Bush is seeking areas where he can reach agreement with Democrats. That could include shoring up Social Security, overhauling immigration rules and reducing the country's reliance on imported oil.

That may run counter to Bush's self-assured, in-your-face image, but it's also a recognition that Democrats are now calling many of the shots, said Bruce Buchanan, a political science professor at the University of Texas and a longtime close observer of the Bush family.

"Since he feels compelled to stick to his guns on Iraq in a way that he knows bucks public opinion and Congress, he wants to be able to point to some areas where he is doing his best to cooperate, to acknowledge the (midterm) election results," Buchanan said.

As governor, Bush earned an early reputation for successfully reaching out to Democrats who controlled the Texas Legislature. But, said Buchanan, the Democrats in Texas were centrist business Democrats whose goals often meshed with Bush's, a situation not matched in Washington.

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The abrupt retreat from warrantless eavesdropping of calls between the U.S. and overseas appeared designed to head off certain confrontations with Congress and federal courts.

After claiming for months it had the authority to order such spying, the administration now says it will let an independent panel of federal judges oversee the program.

The turnabout raised fresh questions about other post Sept. 11 anti-terror policies that appear to push the constitutional envelope, including secret CIA prisons overseas and the continued existence of the prison camp for suspected terrorists in Guantanamo Bay, Cuba.

"The government is again one of checks and balances," said Steffen Schmidt, a political scientist at Iowa State University. "The fact that the Democrats won and will scrutinize his policy, investigate his decisions and say `no' to things means he has to essentially be a president in a different way than when he had a compliant Republican Congress for six years."

Bush was drawing criticism even from within his own party over the domestic spying program, initiated soon after the attacks of Sept. 11, 2001, and first disclosed in December 2005 by The New York Times.

"The United States and the administration have paid a heavy price for not acting sooner to bring the terrorist surveillance program under judicial review," Sen. Arlen Specter of Pennsylvania told Attorney General Alberto Gonzales at a sometimes testy Senate Judiciary Relations Committee hearing on Thursday. Specter is the panel's senior Republican.

Sen. Patrick Leahy, D-Vt., the chairman, asserted that, in his more than 30 years in the Senate, he never had seen a time when the constitutional and fundamental rights of Americans "were more threatened, unfortunately, by our own government."

Until the turnabout, the administration argued strenuously that the president possessed extraordinary legal powers because of the need to protect the country after the Sept. 11 attacks.

The warrantless spying program was part of a campaign spearheaded by Vice President Dick Cheney, who argued that many presidential powers had been eroded by Congress in response to the Vietnam War and the Watergate scandal. Cheney defended the program as recently as Sunday in a television interview.

The White House denied that Bush's recent concessions to Congress were a sign of political weakness.

"A lot of people are looking for a `panic' or `failure' narrative out of this White House. It's just not the case," said presidential press secretary Tony Snow.

White House Backs Down On Wartime Powers (CSM)

By Peter Grier

The Christian Science Monitor, January 19, 2007

WASHINGTON -- President Bush has claimed some far-reaching powers for the executive branch in its prosecution of the war against global terrorism – but in the face of legal challenges and newly empowered Democrats, some of those powers slowly are being curtailed.

In the latest such move, the administration itself has decided to put the National Security Agency's secretive domestic spying program under judicial oversight. This program, under which the NSA monitored phone calls and e-mails between the United States and other countries when a participant was suspected of a link to terrorism, has until now operated without court-issued warrants.

The warrantless eavesdropping operation, along with the abuse of detainees at Abu Ghraib prison and other civil-liberties issues, has caused even US allies overseas to question what was happening to the basic nature of the United States, says Joseph Nye, former dean of Harvard's John F. Kennedy School of Government in Cambridge, Mass.

But now US courts have held that some aspects of the administration's detainee policies aren't constitutional. Harsh interrogation techniques such as waterboarding may no longer be permitted. And judges will apparently now decide whether NSA wiretaps are justified.

"We are still capable of self-correction," says Mr. Nye, now a professor of international relations at the JFK School. "That has an attraction overseas."

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A senior Justice Department official who briefed reporters Wednesday on the change in the wiretapping program said that the NSA program had been run in a legal manner. That said, there are advantages to having a judge oversee the program, said the official – though he declined to specify what the advantages were.

"Obviously, this issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny on [Capitol Hill]," said the official. "And just considering all these circumstances, the president determined that this is the appropriate course."

Last August, a federal judge in Detroit had ruled the program unconstitutional, saying it violated privacy and free-speech rights, as well as the separation of powers between the branches of government.

That ruling may now be moot, according to Justice Department officials. Long-standing critics of the program were not so sure, saying that the lack of details about what exactly had changed means the courts may still need to examine the issue.

"The NSA was operating illegally, and this 11th-hour ploy is clearly an effort to avoid judicial and congressional scrutiny," said ACLU executive director Anthony Romero. "Despite this adroit back flip, the constitutional problems with the president's actions remain unaddressed."

The NSA program, to this point, has been reauthorized every 45 days by executive order. On Wednesday, the Justice Department in a letter to congressional leaders announced that he will not reauthorize the program after the current 45-day period expires. Instead, the Foreign Intelligence Surveillance Court, a panel set up in the wake of Vietnam-era struggles over executive-branch secrecy, will handle NSA eavesdropping requests, apparently case by case.

In fact, such oversight is already occurring. The FISA panel issued multiple orders last week allowing surveillance of communications thought to be linked to terrorism in which one party is in the US.

The Justice Department announced the change a day before Attorney General Alberto Gonzales appeared for an oversight hearing before the Senate Judiciary Committee. With the panel now controlled by Democrats, Mr. Gonzales's relations with Congress may be testier than they have been to this point.

For instance, at the hearing Gonzales announced that he might not be able to release details of FISA orders on the program, causing committee chairman Patrick Leahy (D) to say, "Are we Alice in Wonderland here?"

Gonzales responded, "There is going to be information about operational details about how we're doing this that we want to keep confidential."

Gonzales Faces Sharp Criticism By Senators (MCT)

By Greg Gordon

McClatchy Newspapers, January 19, 2007

WASHINGTON - Senate Democrats and one Republican pressed Attorney General Alberto Gonzales Thursday to explain why it took the Bush administration five years to give a secret national security court control over government eavesdropping on suspected terrorists.

Gonzales told the Senate Judiciary Committee that such a change was highly complex - "not the kind of thing you pull off a shelf" - and that it took time to find a way to do it without compromising the nation's security.

Until now, the National Security Agency's domestic surveillance program, launched in the months after the Sept. 11 terrorist attacks, has monitored overseas phone calls and other electronic communications involving Americans without court warrants.

But Gonzales repeatedly rejected senators' assertions that it was illegal, saying the program was within President Bush's emergency war powers.

Testifying under oath in his first congressional appearance since Democrats took control of Capitol Hill this month, Gonzales was pummeled with allegations that the program and other administration anti-terrorism programs have trampled on federal civil rights laws and the Constitution. He also faced sharp questions about rising violent crime in some medium-sized cities, allegations of voting rights abuses against African-Americans in Maryland and his agency's recent dismissal of a half-dozen U.S. attorneys.

"I have never seen a time when our Constitution and fundamental rights as Americans were more threatened by their own government," said Democratic Sen. Patrick Leahy of Vermont, the committee chairman.

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In his opening statement, Leahy pointed to "warrantless wiretapping," allegations that the U.S. has tortured some terrorism detainees held overseas and the evisceration of what he called "the Great Writ of habeas corpus" - a detainee's right to challenge the conditions of his confinement.

Leahy's face reddened and his voice rose when Gonzales said he couldn't explain for another few days why an innocent Canadian citizen, Maher Arar, was detained at New York's Kennedy Airport in 2002, then sent to Syria to be questioned.

A Canadian inquiry later found that the Syrians had tortured Arar while they held him captive for 10 months.

Gonzales said that his predecessor as attorney general, John Ashcroft, had received assurances from Syria that Arar wouldn't be tortured.

"Assurances?" Leahy asked. He questioned why the U.S. government would trust Syria.

"We knew damned well if he went to Canada, he would not be tortured," the senator said, describing the episode as "beneath the dignity of this country that has always been a beacon of human rights."

"The Canadians are wondering what's happened to us," said Leahy, who lives an hour's drive from the Canadian border. He threatened to hold a hearing on the matter if Gonzales fails to provide an explanation within a week.

Talking in low, controlled tones in response to questioning by Sens. Dianne Feinstein, D-Calif., Russ Feingold, D-Wis., and Charles Schumer, D-N.Y., Gonzales refused to provide specifics of the newly disclosed arrangement with the secret Foreign Intelligence Surveillance Court, saying such matters are classified.

He said the new program complies with the Foreign Intelligence Surveillance Act (FISA), the 1978 law that created the court and gave it a lower threshold for approving wiretaps and other surveillance in national security investigations.

Pennsylvania Sen. Arlen Specter, the panel's ranking Republican, said he'll explore further whether there's "any conceivable justification for 19 months elapsing" from the time Gonzales said the Justice Department first began exploring ways to put the program under the FISA court until it did so.

Specter sought to quell concerns that the court has given the administration a secret, blanket warrant to monitor the activities of suspected terrorists. Specter said that two senior Justice Department officials advised him, during a private briefing after the new arrangement was announced Wednesday, that orders signed by a judge on the court provide for "individualized" treatment of warrant applications.

Specter said that disclosure of the program, just as Congress was completing revisions to the USA Patriot Act in December 2005, weakened the law and may have been a factor in Republicans' election defeat last fall.

Leahy and Specter wrote to the FISA court's chief judge on Wednesday requesting copies of the new orders. Chief Judge Colleen Kollar-Cotelly responded that she had "no objection" to making the material public, but that it's the court's practice to refer requests for classified information to the Justice Department.

Gonzales repeatedly emphasized that all members of the Senate and House intelligence committees have been briefed on the orders and didn't immediately say how he'd respond to the demand from the Judiciary Committee.

The agreement was announced two weeks before the 6th U.S. Circuit Court of Appeals in Cincinnati was due to hear arguments over a lower court judge's ruling that the warrantless surveillance program was illegal. A Justice Department official, who insisted upon anonymity because of the sensitive nature of the matter, said the agency would now argue that the case is moot.

Gonzales Balks At Providing Details On Wiretapping Plans (HC)

By Bennett Roth, Houston Chronicle Washington Bureau

Houston Chronicle, January 19, 2007

Attorney general faces harsh words from senators at committee hearing

WASHINGTON — Attorney General Alberto Gonzales refused to promise a Senate committee that the administration would let it review the text of an agreement ending its warrantless wiretapping program.

During a contentious Senate Judiciary Committee hearing Thursday, Democrats said they wanted more details about how the Foreign Intelligence Surveillance Court will approve federal eavesdropping on U.S. residents suspected of having ties to terrorists.

Committee chairman Patrick Leahy, D-Vt., was taken aback when Gonzales wouldn't commit to turning over the FISA order spelling out the domestic wiretapping program.

"Are you saying that you might object to the court giving us a decision that you publicly announced," asked Leahy. "Are we in Alice in Wonderland here?"

Gonzales responded that release of the order was "not my decision to make." He added that "there is going to be information about operational details about how we're doing this that we want to keep confidential." The presiding judge of the FISA wrote Leahy that she had no problem giving the lawmakers the order if the administration signed off.

Sen. Arlen Specter, R-Pa., who as previous chairman of the committee had been attempting to broker a compromise on the issue, criticized Gonzales for taking a year and a half to work out the deal.

"The heavy criticism the president took on the program was very harmful in the political process, and for the reputation of the country," said Specter, who noted that the Republicans lost congressional elections as the debate over the program raged.

Gonzales, however, said that working out details of the FISA oversight was a complex matter and not "something we pulled off the shelf and could have done in a matter of weeks."

Publicly disclosed in 2005The program was secretly approved by President Bush after the Sept. 11, 2001, terrorist attacks but was not publicly disclosed until December of 2005. Bush and his aides have vigorously defended warrantless eavesdropping as necessary to catch terrorists while Democrats have questioned its legality.

Gonzales said the White House still believed it was acting lawfully in wiretapping without court approval, prompting Sen. Charles Schumer, D-N.Y., to question the permanency of the new agreement. "I, for one, can't feel very relieved knowing that the administration's view is they can go back and reinstitute the old program on a whim," Schumer said.

In his first appearance before the Judiciary Committee under Democratic control, the Texas lawyer spent much of the day fielding often hostile questions.

Leahy asked him about reports that the administration approved the opening of mail without warrants.

Gonzales said that there had been no physical searches of mail by federal authorities, but he would not say whether the president has the constitutional authority to order such searches.

Sen. Dianne Feinstein, D-Calif., criticized the attorney general for forcing out a number of U.S. attorneys and installing temporary replacements who have not been confirmed by the Senate.

Gonzales responded it was a "sign of good management" that he was seeking the best people to be the Department of Justice's representatives in communities across the nation.

Attorney General Gets Sharp Questions On Surveillance (Update1) (BLOOM)

By James Rowley And Robert Schmidt

Bloomberg, January 19, 2007

Jan. 18 (Bloomberg) -- Senators peppered Attorney General Alberto Gonzales with complaints that the Bush administration paid scant attention to civil liberties and made overreaching claims of presidential power during its five-year war on terror.

During his first appearance before a Democratic-controlled Senate Judiciary Committee, Gonzales was questioned repeatedly about why President George W. Bush didn't act sooner to put electronic surveillance of suspected terrorists under court supervision.

In a reversal, the Justice Department announced yesterday that a secret court will oversee the wiretapping of international phone calls by suspected al-Qaeda agents in the U.S., a program that began in 2001 after the Sept. 11 attacks.

``It is a little hard to see why it took so long," said Senator Arlen Specter, a Pennsylvania Republican who headed the panel until Democrats took control of Congress this month. ``There hasn't been a sufficient sense of urgency" to ``get this job done faster," he said.

In a letter to Congress yesterday, the Justice Department said it began ``exploring options" for judicial oversight at least four months before the program was disclosed in December 2005. A judge with the Foreign Intelligence Surveillance Court, established by a 1978 law, issued orders Jan. 10 authorizing the surveillance. The government told the court it had ``probable cause" to believe one party to an international phone call or e-mail exchange was an al-Qaeda agent.

`Strict Reading'

Gonzales said he disagreed with ``Senator Specter's innuendo that this was something we could have pulled off the shelf in a matter of days and weeks." He said that in 2001, the government didn't seek court approval because ``we all concluded there's no way we can do what we believe we have to do to protect this country" under a ``strict reading" of the 1978 law.

Gonzales was also questioned about Bush's assertion, after signing postal authorization legislation, that he can order Americans' mail opened without a warrant.

``To my knowledge there is no physical search of mail" unless authorized by the Foreign Intelligence Surveillance Court, Gonzales said.

Vermont Senator Patrick Leahy, the panel's new Democratic chairman, complained that the Justice Department has been ``complicit" in devising ``government policies which threaten our basic liberties and overstep the bounds of our Constitution." He cited the legal justification for detaining and interrogating suspected terrorists at secret prisons run by the Central Intelligence Agency.

Public Outcry

Following a public outcry over the spying on suspected terrorists without court warrants, Bush and his allies spent the past year defending the program's legality.

Bush said he has the power to conduct the surveillance under a congressional resolution authorizing the war on terrorism and under his constitutional role as commander-in-chief. The administration argued that it would be impossible to require a court order each time the National Security Agency wanted to wiretap international phone calls of a suspected al-Qaeda agent.

Specter said ``heavy criticism the president took on the program" was politically ``very harmful" to Republicans in the November elections when Democrats won control of Congress for the first time in 12 years.

Gonzales refused to say whether the recent orders signed by a Foreign Intelligence Surveillance Court judge authorized surveillance of specific individuals or broader groups of suspected al-Qaeda agents.

New York Democrat Charles E. Schumer said he wasn't satisfied by the attorney general's answers. ``If it's a very broad-brush approval" by the secret court, ``it doesn't do much good" to meet traditional legal requirements that warrants authorize surveillance of a specific person, he said.

Too Many Questions

``There are still far too many questions to say this issue is resolved," Schumer said.

Schumer pointed to Gonzales's continued assertion that the National Security Agency's surveillance was legal without court warrants. ``You could turn this on and off at will" if the court ``didn't do what you wanted," Schumer said.

Under the new policy, the monitoring must be approved by the court, which meets in secret at the Justice Department's Washington headquarters. It has authority to approve government eavesdropping of U.S. citizens linked to a foreign power.

Gonzales declined to say whether the Bush administration would consent to the court's release of the order. The special court's presiding judge, Colleen Kollar-Kotelly, told Leahy and Specter in a letter she had no objection to giving Congress the documents if the Bush administration agreed to let lawmakers have access to them.

``That's a decision that I would like to take back to my principal," Gonzales told Leahy.

Senate Judiciary Committee Questions Surveillance (NEWSDAY)

By Tom Brune, Newsday Washington Bureau

Newsday, January 19, 2007

WASHINGTON -- Attorney General Alberto Gonzales Thursday sparred with senators demanding details about a special court's approval of the president's controversial terrorist surveillance program and defended the years he waited before seeking judicial review.

In his first appearance before the Senate Judiciary Committee since Democrats took control of Congress, Gonzales rebuffed senators who grilled him about anti-terror policies they contend intrude on civil liberties and privacy.

"We have taken actions we believe are absolutely necessary," Gonzales said, after Sen. Edward Kennedy (D-Mass.) said President George W. Bush had squandered the support of Congress and the public.

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Much of the hearing focused on Gonzales' announcement Wednesday that the administration had reversed course and sought court approval for the National Security Agency's tapping of U.S.-international calls and e-mails of suspected terrorists, five years after Bush ordered it on his own authority.

Last week, a judge on the secret Foreign Intelligence Surveillance Act court issued orders allowing the NSA "to target for collection international communications into and out of the United States where there is probable cause" one of the parties is a member of al-Qaida or an affiliated group.

Despite repeated questions about the scope of those orders, Gonzales insisted to senators that the court process and spying remain secret.

Gonzales wouldn't budge when Sen. Patrick Leahy (D-Vt.) disclosed a letter from the FISA court chief judge expressing a willingness to release the orders to the committee.

"Are you saying that you might object to the court giving us a decision that you publicly announced?" Leahy asked. "Are we Alice in Wonderland here?"

Gonzales said it wasn't his decision, but added, "Certainly in the application, there's going to be information about operational details about how we're doing this that we want to keep confidential."

Sen. Arlen Specter (R-Pa.) was also caustic in his questioning, noting it took Justice Department lawyers 19 months to win the court order, while he wrote a bill to do it in a year.

"I cannot help but conclude there hasn't been a sufficient sense of urgency to get this done faster," Specter said.

Gonzales said, "I somewhat take issue with Sen. Specter's innuendo that this was something that we could have pulled off the shelf and done in a matter of days or weeks."

Gonzales said the confidential briefings would help senators understand the orders.

But Sen. Charles Schumer (D-N.Y.) said he wasn't satisfied with Gonzales' responses.

"While many are rightly relieved that you finally decided to seek the involvement of the court, there are still far too many unanswered questions to say that this issue has been resolved," Schumer said.

He asked if the spying is done "on an individual basis, or at least on a case-by-case basis where five, six, 10, 20, 100 individuals are involved, or is it broader brush than that?"

Gonzales said the court orders "meet the legal requirements under FISA."

"We have to assume these are broad program warrants," Schumer said, which falls short of Constitutional protection.

Schumer also said he was concerned Bush believes he doesn't need a court order.

"We can't feel very relieved knowing that the administration's view is that they can go back and reinstitute the old program on a whim," he said.

Attorney General Mum On Spy Program Court Orders (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, January 19, 2007

At Senate hearing, Gonzales casts doubt on whether more details will be publicly disclosed about administration's latest surveillance plans.

WASHINGTON--Attorney General Alberto Gonzales' appearance before a key U.S. Senate committee Thursday yielded little new information about the Bush administration's sudden revelation that it would seek court approval for its domestic eavesdropping activities.

At a U.S. Department of Justice oversight hearing scheduled before the government announcement on Wednesday, Senate Judiciary Chairman Patrick Leahy (D-Vt.) and ranking Republican Arlen Specter said they were pleased to hear that future activities associated with a controversial National Security Agency operation known as the Terrorist Surveillance Program would undergo review by judges on the secret Foreign Intelligence Surveillance Court.

But many critical questions about the scope and content of the court orders remain unanswered, committee members said.

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"To ensure the balance necessary to achieve both security and liberty for our nation, the president must also fully inform Congress and the American people about the contours of the Foreign Intelligence Surveillance Court order authorizing this surveillance program and of the program itself," Leahy said.

Few, however, probed for those details at Thursday's hearing, where questioning spanned everything from the Iraq war to violent crime statistics to online child exploitation. Aside from Specter, no Republicans asked questions about the surveillance activities, and some Democrats also focused their inquiries elsewhere.

Although Specter said he was concerned about what shape the court orders took, only one senator present directly posed that question. Sen. Chuck Schumer (D-N.Y.) grilled the attorney general on whether the orders described in his Wednesday letter (PDF) amounted to a blanket warrant for the entire eavesdropping program or were tailored to particular targets. Even Intelligence Committee members who had received closed-door briefings didn't seem to have a good feel for that information, he said.

"If it's a very broad-brush approval--and again, because it's secret, we have no way of knowing--it doesn't do much good," Schumer said.

Gonzales said he could only reveal that the orders "meet the legal requirements" under the Foreign Intelligence Surveillance Act (FISA), a 1978 law that was intended to govern eavesdropping on suspects outside the United States.

Perhaps others were hoping the court itself would help shed light on its activities. Specter and Leahy highlighted their joint request on Wednesday to presiding FISA court judge Colleen Kollar-Kotelly for copies of the orders, which are typically kept confidential. According to Gonzales' letter, an unnamed FISA court judge on January 10 issued orders that authorized government wiretapping of communications when at least one end is outside the United States and one of the communicants is likely to be a member or agent of al-Qaida or associated terrorist groups.

Whether that information will be released to Congress--much less to the public--remains uncertain. In a letter dated January 17 and distributed to reporters Thursday, Kollar-Kotelly said she had no objection to furnishing the documents to the committee but because classified information is involved, she would have to refer their request to the Justice Department.

"If the executive and legislative branches reach agreement for access to this material," she wrote, "the court will, of course, cooperate with the agreement."

Pressed by Leahy on whether he would object to the court orders being shared with Congress, Gonzales first said he'd have to take it up with his "principals."

"Are you saying that you might object to the court giving us decisions that you publicly announced?" Leahy asked. "Are we a little Alice in Wonderland here?"

"I would say it's not my decision to make," Gonzales replied. He added that he couldn't remember exactly what was in the orders but that they undoubtedly include "operational details" that would need to be kept under wraps.

Schumer, Specter and Sen. Russ Feingold (D-Wis.) each questioned why the Bush administration hadn't approached the court sooner if it had truly begun exploring that option in spring 2005, as it said in its Wednesday letter.

"This is a very complicated application," Gonzales replied. "In many ways it's innovative in terms of the orders granted by the judge. It's not the kind of thing you just pull off the shelf. We worked on it a long time."

Attorney General Grilled Over Domestic Spying Changes (NJTD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, January 19, 2007

The Bush administration's top lawyer took heat from the Senate Judiciary Committee on Thursday about the federal government's domestic electronic eavesdropping program and the Pentagon's use of an anti-terrorism law to collect financial records of U.S. citizens.

The Justice Department announced Wednesday that it would change how the National Security Agency's spying initiative operates by getting permission from a secret court that fields requests for surveillance warrants on U.S. soil.

It also was revealed over the weekend that the CIA and Defense Department have been utilizing a special subpoena power built into the USA PATRIOT Act to scour bank and credit-card records in espionage and international terrorism investigations.

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Attorney General Alberto Gonzales remained guarded throughout the hearing and refused to answer a number of questions asked by committee Chairman Patrick Leahy, D-Vt., ranking Republican Arlen Specter of Pennsylvania and others.

Specter said he wanted to know "why it took so long" for the administration to agree to let the Foreign Intelligence Surveillance Court review electronic spying requests. The Justice Department said it had been negotiating a review process with the court since summer 2005.

The NSA initiative was implemented shortly after the Sept. 11, 2001, terrorist attacks but was not publicly disclosed until December 2005.

There are "far too many unanswered questions to say this issue has been resolved," added Sen. Charles Schumer, D-N.Y. He worried aloud that the administration could "turn [court review] off at will, particularly if you got a decision that you didn't want."

Sen. Russell Feingold, D-Wis., said he was pleased that the administration decided to "return to the law" after more than five years of what he described as illegal wiretapping. The turnabout was a "stunning" and "long overdue change in direction," Feingold said.

On the issue of collecting bank and credit-card data, Specter said "there's a very basic, distinct role" of the FBI, which pursues domestic matters, and for the CIA, whose role is international. "I'm at a loss to see what the CIA is doing on domestic investigations," Specter said, noting that the Defense Department "has no authority to investigate American citizens."

"There is not a constitutional issue here," Gonzales insisted. He said Congress authorized law enforcement agencies to collect business records but not for criminal investigations or domestic terrorism cases. The files can only be used in espionage and overseas incidents, he said.

Caroline Fredrickson, director of the American Civil Liberties Union's Washington office, said in a statement that the hearing was the "first real test to see if the new Congress will conduct meaningful oversight on the administration."

Government lawyers are slated to appear before the 6th U.S. Circuit Court of Appeals in two weeks to challenge a lawsuit filed by the ACLU over the NSA program. The ACLU said a ruling remains important because the president still believes in his "inherent authority to engage in wiretapping without the oversight of the [Foreign Intelligence Surveillance Act] court."

Absent more details about what the secret FISA court has authorized, there is no way to determine whether the NSA's current activities are lawful, the ACLU said. "The legality of this unprecedented surveillance program should not be decided by a secret court in one-sided proceedings," ACLU lawyer Ann Beeson said.

U.S. Senator Blasts Gonzales About Arar, Demands Answers Next Week (CP)

By Beth Gorham, Canadian Press

Canadian Press, January 19, 2007

WASHINGTON (CP) - U.S. Attorney General Alberto Gonzales, lambasted by an irate senator Thursday over how Maher Arar was treated by American authorities, said he'll try to release more information about the case next week.

Democrat Patrick Leahy, who heads the Senate judiciary committee, told Gonzales that officials knew "damn well" Arar would be tortured when they deported him to Syria and Canadians are "justifiably upset" about a matter that's "beneath the dignity" of the U.S.

He also wanted to know why Arar remains on the U.S. security watch list despite being exonerated of any terrorist link

"This country has not said anything at all, that we made a mistake or had an apology," said Leahy.

"Why is he on a government watch list if he's been found completely innocent by this Canadian commission, which actually had the information from us?"

According to Canada's Public Safety Minister Stockwell Day, there's no reason at all.

Day, in town for meetings on security matters, said Canadians have finally seen the Arar file that American authorities refused to share until now and there's "nothing new" to suggest he's a safety risk.

"Our officials recently have looked at all the U.S. information and that does not change our position," said Day, who met with Homeland Security Secretary Michael Chertoff.

"We are still maintaining that he should not be on that fly list."

For his part, Gonzales promised a briefing for senators and said he hoped to release the information publicly.

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Leahy, who's from Vermont and has an extensive interest in Canadian issues, called rendition cases like Arar's - where a foreign terror suspect is sent to a third country to be tortured - a "black mark" on the country.

And he scoffed at the notion that American officials sought assurances from Syria that Arar wouldn't be tortured.

"We knew damn well, if he went to Canada, he wouldn't be tortured. He'd be held. He'd be investigated," said Leahy.

"We also knew damn well, if he went to Syria, he'd be tortured. And it's beneath the dignity of this country, a country that has always been a beacon of human rights."

It's easy, said Leahy, "for us to sit here comfortably in this room knowing that we're not going to be sent off to another country to be tortured."

Gonzales, who noted that Arar is still suing U.S. officials, said he's willing to answer the committee's questions but suggested he needed to consult with the White House.

"I think we can say a lot more about it, if you just simply give me some additional time," he said.

"In fact, we may be able to publicly say more about this shortly."

Leahy said he'd wait a week for a briefing from Gonzales.

"If we don't get it, I guarantee you there will be another hearing on this issue.

"Canadians have been our closest allies . . . They're justifiably upset. They're wondering what's happened to us.

"I'm somewhat upset," Leahy noted.

"Yes, sir, I can tell," Gonzales replied. "But before you get more upset, perhaps you should wait to receive the briefing."

The tough stand on Arar is a sign of new era on Capitol Hill, where Democrats are now in control and present more challenges for President George W. Bush on all sorts of security issues.

The administration agreed this week to disband a contentious warrantless surveillance program and replace it with one that will be overseen by the secret court that governs clandestine spying in the U.S..

Arar, a Syrian-born Canadian, was seized at a New York City airport in 2002 and sent to Syria, where he was held for more than a year and tortured into making false confessions of terrorist involvement.

Canada's public inquiry concluded RCMP gave U.S. authorities misleading information about Arar before he was deported.

The Americans have maintained they have their own data that justifies keeping him on the watch list.

Last month, Secretary of State Condoleezza said she asked Chertoff and the Justice Department to investigate why the Canadian engineer still can't enter the United States or even fly over U.S. air space.

But Chertoff refused to comment on the case, citing privacy rules and even suggesting it's a hypothetical issue.

"This becomes a relevant issue only if and when somebody presents themselves to come into the U.S.," he said.

Prime Minister Stephen Harper has expressed frustation about the case, saying he suspects it's a matter of bureaucrats refusing to admit an error.

The U.S. didn't tell Canada that Arar was being sent to Syria.

Harper demanded an apology from the U.S. but had to settle last fall for a promise to collaborate with Canada on any future deportation cases.

An About-face On Warrantless Wiretaps (SCRIPPS)

By Dale McFeatters, Scripps Howard News Service

Scripps Howard, January 19, 2007

After a year spent fighting it, the Bush administration has made an abrupt about-face and put its wiretap program under the jurisdiction of a secret court, which many believe the law requires anyway.

The concession does not constitute a White House change of heart in its sweeping assertions of executive power, but rather a move to head off challenges to its warrantless eavesdropping in the courts and Congress that it seemed destined to lose. By folding now, the president retains the prerogative of reasserting the power later.

The Justice Department had already lost a challenge at the district court level and will now seek to have the case declared moot. The then-Republican Congress refused to ratify the program last year when its existence became known, and the Democrats might well have overturned it legislatively.

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In essence, the administration said it would comply with the 1978 Foreign Intelligence Surveillance Act and seek warrants from the secret panel of federal judges for its monitoring of phone calls and e-mails to and from the United States, a process that it had insisted before was too slow and too cumbersome.

Without those warrants, there is no guarantee to privacy other than the administration's word for it. President Bush waived the warrant requirement shortly after 9/11 in a secret order that didn't become public knowledge until December 2005.

Still, questions remain about what the new compliance, under what the Justice Department says is an "innovative" arrangement with the FISA court, really means. Must the National Security Agency seek individual warrants, or does the administration feel that blanket warrants are acceptable? Or does it believe a simple court approval of the program as a whole is OK? These are fair questions for the House and Senate Intelligence and Judiciary committees to put to the administration.

The Bush administration has been forced to scale back from a number of its assertions of unbridled presidential power _ detention without trial, military commissions, torture, secret prisons _ but that is hardly a wholesale embrace of civil liberties, due process and personal privacy.

(Distributed by Scripps Howard News Service, http://www.scrippsnews.net)

The Administration That Cried Wolf On Spying (LAT)

The Los Angeles Times, January 19, 2007

THE BUSH administration's abrupt acknowledgment that it can, after all, track suspected terrorists without shredding the privacy rights of Americans inspires mixed reactions — relief that the rule of law has triumphed, suspicion that the administration's concession isn't all that it's cracked up to be and, most of all, anger at the president and his surrogates for suggesting that any criticism of their tactics was tantamount to treason.

After the New York Times revealed in December 2005 that the National Security Agency had been eavesdropping on Americans without the court order required by the Foreign Intelligence Surveillance Act, the administration insisted that the privacy protections of FISA — about which it had raised no public alarm — had been rendered obsolete by the war on terror.

In the middle of the uproar that followed the disclosure of the program, Bush vowed, "I'll continue to reauthorize this program for so long as our country faces a continuing threat from Al Qaeda and related groups."

The threat remains. But this week Bush said, essentially, "Never mind." As a federal appeals court prepared to hear arguments on the legality of the program, Atty. Gen. Alberto R. Gonzales told the Senate Judiciary Committee that the administration has determined that it can obtain court orders for surveillance with the "speed and agility" necessary to detect terrorist conspiracies.

"Accordingly," Gonzales deadpanned, "under these circumstances, the president has determined not to reauthorize the Terrorist Surveillance Program when the current [presidential] authorization expires."

A similar "never mind" letter was dispatched to the clerk of the U.S. 6th Circuit Court of Appeals, which has agreed to review a federal district judge's finding that the program violated FISA and the Constitution.

The Bush administration is now conceding what this page and many members of Congress have argued for months: The Terrorist Surveillance Program can be conducted consistent with FISA protections. Sens. Dianne Feinstein (D-Calif.) and Arlen Specter (R-Pa.) co-sponsored a bill that would reaffirm the authority of FISA while increasing the emergency period in which investigators could conduct electronic surveillance without a court order.

Such legislation can be shelved if the administration truly has seen the light — but has it? Or is it now operating under a sort of FISA Lite?

In a background briefing for reporters, a Justice Department official refused to be pinned down on whether the administration is now asking the FISA court for authorization to monitor each individual suspect or whether there is a broader grant of authority.

This is unacceptable. The agreement by which the FISA court assumed jurisdiction over the program should be shared with Congress and (if it doesn't disclose sensitive operational details) with the public. And there would be nothing mean-spirited about a congressional inquiry into why the administration didn't involve the FISA court when it began this program in 2002.

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The public has a right to know in general terms whether and how their privacy is protected by judicial review. Or, as a Justice Department official put it this week, "There's obviously an advantage to having all three branches involved." Too bad that civic books lesson dawned on the administration only after it had demonized its critics for making the same point.

Bush's Wiretap Surrender (WSJ)

The Wall Street Journal, January 19, 2007

The Iraq War has been hurting President Bush's poll ratings for a couple of years now. But keeping him from political free fall is the fact that the United States has suffered no terrorist attacks since 2001, and the widespread belief that White House policy might have something to do with it. So count us baffled by Mr. Bush's surrender Wednesday on warrantless wiretapping authority that even the Carter Administration believed was well within the Constitutional power of the executive branch.

The recent al Qaeda wiretaps at issue provoked little public outrage, after all. Most Americans outside partisan media circles or libertarian think tanks understand what's at stake. Although Congress whined about not getting enough information about the program -- it always does -- it didn't dare try to shut it down either.

But now, and for reasons that seem shortsightedly political, the Justice Department has announced that future domestic surveillance of al Qaeda would be conducted within the confines of a 1978 law called the Foreign Intelligence Surveillance Act. No Administration and no serious court has ever recognized FISA as a binding limit on Presidential authority.

We don't know the details of the deal the Administration says it struck with the special court that grants FISA warrants. But even an eased and expedited process is likely to prove an unnecessary impediment to meeting U.S. intelligence needs. FISA is a Cold War-era law that was written primarily to enable surveillance of suspected Soviet bloc spies operating out of embassies. It is ill-suited to the realities of today's fast moving antiterror battlefield.

In particular, FISA warrants require that the government show that an intended subject of surveillance is an "agent" of a foreign power. Which raises the important question of what happens the next time we pick up an al Qaeda bigwig with a list of U.S. cell phone numbers on him? Are those numbers to go unmonitored because they don't fit FISA's "agent" paradigm and we can't know in advance to whom they're attached? Or what about known individuals who are not al Qaeda "agents" but active sympathizers? Are they out of bounds? The Administration has some explaining to do -- not least to its own officials who spent months saying FISA warrants were dangerously restrictive.

All the more so because the legality of the warrantless wiretaps was not really in question. There is all the difference in the world between wiretaps for criminal surveillance and prosecution and wiretaps for gathering intelligence on our enemies. Just as the President doesn't need a warrant to listen to enemy communications on a foreign battlefield such as Iraq, he doesn't need one simply because one end of an enemy communication happens to take place in the U.S.

That's why Carter Attorney General Griffin Bell made a point of emphasizing when FISA was passed that the law "does not take away the power of the President under the Constitution." And it's why the FISA appeals court itself wrote in 2002 that it and "all the other courts to have decided the issue" believe the President has "inherent authority to conduct warrantless searches to obtain foreign intelligence information."

As for the possibility that Presidents might abuse that power, federal judge Laurence Silberman has argued that fear of exposure is an even stronger disincentive than legal constraint. By contrast, he noted, "there is no self-correcting mechanism" to remedy abuses of power by politically unaccountable judges. This gets to the fundamental problem with FISA, which is that it replaces an elected official with a judge on intelligence gathering matters that may have life or death implications. In other words, it's FISA, not warrantless wiretapping, that is arguably unconstitutional.

The Bush Administration's decision to accede to this Congressional and judicial power grab is all the more shocking given recent history. Remember the 9/11 Commission and all the talk about "the wall"? Well, that intelligence-sharing barrier was a product of executive branch attempts to deal with the demands of the FISA court. It's almost certain this new attempt to operate through FISA will lead to the production of nonsensical guidelines of its own. For the most part we'll never know what valuable information is lost as a result. * * *

The White House may think this FISA concession will allow it to escape more onerous legislative restrictions. But Congress may now merely take this concession and codify it anyway. If Democrats wanted to fight him over wiretapping, Mr. Bush should

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have relished the prospect given that he had the law and the public on his side. Instead, he's offered to dilute executive powers in a way that will damage the antiterror efforts of his own Administration, as well as those of his successors.

Editorial: TSP, R.I.P.: Bush Surrenders Credibility (MANUL)

Manchester (NH) Union Leader, January 19, 2007

U.S. Attorney General Alberto Gonzales would have Americans believe that, after years of asserting that national security depended upon the administration's ability to tap terror suspects' phone lines without waiting for the slow Foreign Intelligence Surveillance Court to OK the spying, the court suddenly became capable of instantly approving such wiretaps the very same week Democrats took control of Congress.

Is the administration trying to lose its last remaining shreds of credibility?

In a letter to Sens. Patrick Leahy and Arlen Specter, Gonzales asserted that on Jan. 10 a FISA judge issued an order authorizing the government to intercept the international communications of anyone suspected of being "a member or agent of al-Qaida or an associated terrorist organization." As a result, the administration will not renew the Terrorist Surveillance Program, up for reauthorization in a month and a half, which allowed it to intercept the communications of terror suspects without a court warrant.

What about terror suspects who are not members or agents of terrorist organizations associated with al-Qaida? What about the President's constitutional authority, which Gonzales had asserted for so long, to spy on terror suspects without a direct court order?

The administration is backing out of a program and a constitutional argument it previously labeled essential to national security. It is doing so in such a way as to make its previous assertions appear entirely disingenuous.

More than the WMD claims, more than the "Mission Accomplished" banner, more than anything else in the past six years, this change of course undermines the President's credibility and authority. Retreating from a program that until now he has claimed was absolutely essential to stopping terrorist attacks on U.S. soil is either an inexcusable dereliction of duty, or a tacit admission that his previous claim was utter baloney.

Editorial: Spy Reversal: Bush's Welcome Action Is Shaded By Real Doubts (PPG)

Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 19, 2007

That sound you don't hear is one hand clapping. The Bush administration has surprisingly reversed itself on its anti-terrorism policy of eavesdropping on Americans without warrants, something that certainly deserves support and praise. But it would be unwise to get carried away.

After all, this is the reversal of a policy that never should have been adopted in the first place. While Americans certainly want their government to root out terrorists and while they understand that tapping phone calls and e-mails to and from the United States may be necessary in some cases, many don't want such surveillance to be done without regard to the law.

This high disdain for legal procedures in the pursuit of warrantless surveillance has been going on for years, and it has been as shocking as it has been unnecessary. The nation lost much on 9/11 and it does not have to junk its traditional civil-liberty protections to achieve security, or so many Americans believe.

Unfortunately, the Bush administration is not among the believers. After the attacks in 2001, the executive branch asserted a theory of executive ascendancy that, in the name of fighting the war on terror, was bolder and more far-reaching than any of its recent predecessors. The presidency has become something of an imperial institution that recognizes no restraints on its power.

The examples are numerous, ranging from the more than 800 presidential signing statements that seek to override the plain intent of legislation passed by Congress to the arrest of a U.S. citizen on American soil and his detention for years without any contact with counsel in flagrant disregard of the Constitution.

The clandestine spying on Americans was all of a piece with this reckless behavior. But a procedure always existed to do legally what the administration was doing extra-legally -- a secret court that oversees the Foreign Intelligence Surveillance Act, or FISA, and which is empowered to approve wiretaps and searches.

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Yet the administration couldn't even abide this formality. Although suggestions were made that the court could not act quickly enough in urgent cases, the administration did not attempt to change the law -- it just blew it off because it felt it could.

Now supposedly an arrangement has been worked out that allows the court to oversee the National Security Agency's spying program "with the speed and agility necessary to protect the nation from al-Qaida," as Attorney General Alberto Gonzales put it. Why this couldn't be done years ago and is happening now is not hard to guess: Congress is in the hands of the Democrats.

The details of the new program are murky and it must be taken on faith that this is progress -- a very big leap of faith indeed, given recent history. The administration, of course, does not concede that it did anything wrong. In other words, use the hand that's not clapping to cross your fingers.

The Justice Department Submits To The Law (OREG)

The Oregonian

The Oregonian, January 19, 2007

The attorney general says the agency won't wiretap without a warrant any longer

Attorney General Alberto Gonzales on Thursday told members of the Senate Judiciary Committee that, at the Department of Justice, "every day is Sept. 12."

Would that it were so.

That day 64 months ago is worth remembering. It was a day of sorrow. Of mourning. Of unity. Of resolve. It was the day after congressional Republicans and Democrats stood together on the steps of the Capitol and sang "God Bless America."

It was also a day when the laws governing Justice Department activities were still respected. Americans still believed, for example, that the Justice Department still complied with the Foreign Intelligence Surveillance Act. It was years before the public would learn that the department had electronically eavesdropped on people suspected of links to terrorism without seeking the legally required approval from a secret federal court.

That seems like a long time ago now. On a Thursday when the committee chairman shouted at Gonzales and the attorney general responded with characteristic dismissiveness, the Justice Department let it be known that it had decided to resume complying with the law that governs wiretapping. Investigators would conduct such surveillance under the authority of the Foreign Intelligence Surveillance Court, as critics had demanded, Gonzales said.

Would the Justice Department have belatedly embraced the law if a federal court had not already determined that warrantless wiretapping was unconstitutional? Would it have embraced the law if the nation hadn't turned against the strategy and tactics of the Bush administration's war on terror? Would it have embraced the law if Democrats had not taken control of both houses of Congress?

There's no way to know. But the friction that developed between the White House and Congress -- and between the White House and the majority of the public -- is rooted in the different views each took after the attacks of Sept. 11. Gonzales' predecessor, John Ashcroft, set the tone for the subsequent debate when he spoke to the same committee in December 2001. He told senators, in part: "To those who scare peace-loving people with phantoms of lost liberty; my message is this: Your tactics only aid terrorists."

He was wrong, but those in the White House believed he was right. And that belief justified the administration's end-justifies-the-means approach to stopping terrorism.

Balance is returning to the struggle, it now appears. The Justice Department is acknowledging now that, contrary to earlier assertions, it won't be too burdensome to get approval from the Foreign Intelligence Surveillance Court when it wants to eavesdrop. In fact, Gonzales said Thursday, the program allows "the necessary speed and agility the government needs to protect our nation from the terrorist threat."

The threat is real, as we knew well on Sept. 12. And as we know now, lost liberty is no phantom.

Sense On Intelligence (NSL)

Newark Star-Ledger (NJ), January 19, 2007

When a federal judge ruled last summer against President Bush's claim that he had full authority to order wiretaps of Americans' international phone calls and e-mails, he scolded her for not understanding "the nature of the world in which we live."

With his abrupt turnaround on domestic surveillance, the president seems to be starting to acknowledge that he is the one who has been out of touch. The White House has also been forced to back down on its assertion of executive power when it comes to detainees at Guantánamo and CIA secret prisons.

While judicial and legislative pushback has been a necessary corrective to the abuse of presidential authority, it will be impor tant for Congress to move carefully to craft a way forward that allows for appropriate measures for intelligence gathering without inappropriate assaults on civil liberties.

In advance of Attorney General Alberto Gonzales' appearance yesterday in front of the Senate Judiciary Committee, the White House said it will now seek warrants from the court set up by the Foreign Intelligence Surveillance Act, or FISA, to monitor communications to and from anyone thought to be "a member or agent of al Qaeda or an associated terrorist organization."

That's a fine gesture, but it might not be a genuine concession to the need for legislative or judicial oversight. Because the new warrant process is secret, no one knows exactly what kind of deal the Justice Department has made with the FISA court. Justice Department officials haven't explained, for example, how targets will be chosen or said whether the department has agreed to a new set of standards for determining how approval will be given.

Congress will need to press harder to curb the White House's impulses toward secrecy. But Democrats, who are now the majority on the Hill, must be careful not to abridge executive power to the point of crippling the presidency, as Congress did in the wake of the Vietnam War. The Bush administration is not wrong that times of threat can require a president to assert unique authority. One of the many failures of the Bush administration is that it has so abused that authority as to jeopardize it entirely.

Posada Ally Surrenders Arms Cache (MIH)

By Jay Weaver

Miami Herald, January 19, 2007

An ally of Cuban exile militant Luis Posada Carriles turned over a stockpile of illegal machine guns, dynamite and a grenade launcher to federal agents this week in a bid to reduce his prison sentence, several sources familiar with the arms surrender said.

Santiago Alvarez, a wealthy Miami developer convicted last fall on a weapons-conspiracy charge, arranged for the turnover of the new cache of firearms on Wednesday at his attorney's office in downtown Miami, sources said.

Alvarez and convicted co-defendant Osvaldo Mitat are seeking to reduce their respective four- and three-year prison sentences by one or more years. The unusual arms surrender has no connection to Posada's latest troubles with federal authorities.

The Alvarez stash consisted of dozens of machine guns, rifles, C-4 explosive, dynamite, detonators, a grenade launcher and ammunition, sources said. The cache was considerably larger than the nine illegal firearms seized by federal agents in late 2005 when Alvarez and Mitat were first indicted on weapons charges in Broward County.

Agents for the FBI and Alcohol, Tobacco, Firearms and Explosives collected the latest stash of weapons at the Miami law office of Silvia Piñera-Vazquez and Sofia Powell-Cosio. The lawyers were granted temporary immunity to surrender the firearms to federal authorities on behalf of their clients, Alvarez and Mitat. Piñera-Vazquez, who declined to comment for this article, personally delivered a letter to the U.S. attorney's office on Tuesday detailing the proposed weapons turnover.

The voluntary surrender was designed to take the firearms off the street and boost the defendants' chances of reducing their sentences.

Alvarez, 65, has been in federal custody since November 2005, as has Mitat, 64, a handyman who worked for him. To obtain reductions of their sentences, they must prove to prosecutors they have provided enough "substantial assistance." Prosecutors would have to file the request in federal court.

Defense attorneys for Alvarez and Mitat have said their clients never had any designs to carry out an attack against the U.S. government. They say the men's goal was always to topple Cuban leader Fidel Castro.

PIPE BOMB FOUND

The weapons turnover occurred just days after an FBI informant -- who has informed on Posada, Alvarez and Mitat -- reported that he discovered a pipe bomb under his pickup truck in Hialeah on Sunday. Miami-Dade police officers detonated the

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device at the Hialeah police station. They found wires and gun shells among the bomb scraps. The FBI launched a probe but declined to comment.

Attorneys for Alvarez, Mitat and Posada said their clients -- all in federal custody in Texas -- were not involved in the pipe-bomb incident. They expressed serious doubts about the credibility of the informant, Gilberto Abascal, whom they have characterized as a "double agent" for the FBI and for Castro's government.

Lawyers for Alvarez and Mitat have been negotiating with the U.S. attorney's office since their sentencings in November to turn over the new weapons cache, sources familiar with the case told The Miami Herald.

COMMON THREADS

Intrigue surrounding the weapons surrender could not be greater. Last September, Abascal was the main federal witness who helped convict Alvarez and Mitat on weapons-conspiracy charges in South Florida. Abascal was also the primary witness in last week's federal indictment of former CIA operative Posada on fraud offenses.

A federal grand jury in El Paso, Texas, charged Posada, 78, with lying about how he sneaked into the United States in March 2005.

The same grand jury also charged Alvarez and Mitat with contempt of court for refusing to testify about Posada's entry into the country. Three other associates have been charged with contempt in the case.

Posada has long maintained that he entered the United States by crossing the Mexican border with the assistance of a migrant smuggler, not by sea -- as prosecutors now allege.

Abascal said Posada entered the country on a shrimping boat called Santrina, which was manned by Alvarez, Mitat and others, including the informant himself. Abascal said the Santrina crew picked up Posada on the Mexican island of Isla Mujeres and transported him to the United States.

By charging Posada, the Justice Department signaled its willingness to target a man who has been in investigators' cross hairs since 1997, when he first was suspected of masterminding a series of deadly tourist-site bombings in Cuba.

Federal agents began zeroing in on Alvarez in May 2005 when he helped Posada emerge from hiding before his arrest for entering the country illegally. That November, Alvarez and Mitat were charged with stashing machine guns, a silencer and a grenade launcher in a Lauderhill apartment complex that belonged to Alvarez.

The defendants' attorneys claimed Abascal, who called federal agents on the way from Broward County to Miami-Dade, set up his former friends.

Although prosecutors never accused the two men of planning to use those firearms in an attack against the Cuban government, they intended to introduce evidence at trial that showed Alvarez had financed a failed 2001 incursion against Castro, among other paramilitary activities. Plea deals came on the eve of trial.

Court records also show that federal and Bahamian authorities recovered a large cache of weapons and explosives hidden on Guinchos Cay in August 2005 -- ``an operation conducted after agents learned that Alvarez was storing and maintaining this arsenal."

U.S. To Store Detainees' DNA (AZREP)

By Billy House And Dennis Wagner, The Arizona Republic

Arizona Republic, January 19, 2007

Kyl, Arpaio push collecting from terror suspects, illegal immigrants

WASHINGTON - The Justice Department is planning to add DNA from undocumented immigrants, suspected terrorists and other detainees to the FBI's national crime database, a move pushed by Arizona GOP Sen. Jon Kyl and Maricopa County Sheriff Joe Arpaio.

The federal database now only includes the DNA of felons and some misdemeanor offenders. The new plan would add the DNA of individuals who may never be convicted of a crime.

"The (Department of Justice) is engaged in extensive consultation with affected agencies and is moving forward to issue the implementing regulations," department spokesman Erick Ablin confirmed Thursday.

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Proponents say the move will help to solve more crimes.

Opponents call it a mistake.

"People will end up in this database even without probable cause for their arrest or detention," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a public interest group in Washington, D.C.

It could be more than a year before the Justice Department plan is finalized to collect DNA from tens of thousands of immigration violators, terrorism suspects and others accused but not convicted of federal offenses.

A draft proposal is only now circulating internally within the Justice Department and its agencies. The plan also must be sent to other affected agencies outside of the Justice Department, and to the White House Office of Management and Budget. Officials would not release a copy of that draft.

It already has been a year since President Bush signed the bill expanding the federal DNA collection program to include non-U.S. citizens and those arrested or detained. The authorization was included in an amendment sponsored by Kyl to the 2005 reauthorization of the Violence Against Women Act. Authorities have been working on legal language and details since then.

Depending on how broadly the final rule is written, it could affect a range of departments and agencies, from the FBI, Homeland Security Department and Drug Enforcement Administration, to the National Park Service.

"Sen. Kyl appreciates that the implementation of the regulations raises a host of complex issues and that it will take time to resolve those issues before the regulations can fully move forward," Kyl spokesman Ryan Patmintra said in a statement this week.

"Given the complexity of these issues, the amount of time that has been devoted to resolving them does not appear unusual," Patmintra said.

Opponents said the expanded program should concern everyone because it could affect everyone.

Someone selected for a secondary screening at an airport is, technically, being detained and could be required to provide a DNA sample, said Tim Sparapani, legislative counsel for the national office of the American Civil Liberties Union.

So could someone selected for inspection while crossing the border, or those detained as material witnesses to a crime.

"All of these situations can have innocent people's DNA entered into the database," Sparapani said.

But Maricopa County Sheriff Joe Arpaio, who pushed for the expanded program, said it will be a strong law-enforcement tool.

"I'm all for it - it makes sense - you never know who these guys are," Arpaio said of taking DNA samples from arrestees and detainees and not just those who are convicted felons. "It's about time."

A majority of states, including Arizona, have also been collecting DNA samples from convicted felons. Some have since expanded that to include detainees. But Tim Mason, a spokesman for the Department of Public Safety, said Thursday that DNA is not being obtained from pretrial detainees. The department became the DNA data center for all state enforcement agencies years ago at the request of FBI, and its data is part of the FBI's Combined DNA Index System, known as CODIS.

Law enforcement agencies in Arizona get DNA samples for several reasons, such as:

• Court-ordered samples: Under state law, every felon sentenced to prison must provide DNA.

• Case file evidence: Whenever detectives work cases and find relevant DNA for testing, the sample is entered into the system.

• Miscellaneous: DNA may be entered for various other reasons. For instance, a person is reported missing and family members submit DNA so that, if a corpse is found, investigators will be able to identify the body. Also, if DNA is obtained from a criminal suspect under court order, that specimen goes into the system.

Mason said access to the information is "very controlled" and limited to authorized law enforcement purposes.

When the Senate passed his amendment in October 2005, Kyl noted the technological ability to run crime-scene fingerprints through a national database has become a critical tool for law enforcement.

"We now have the technology to use DNA even more effectively than fingerprints. Failure to take advantage of it would make no sense," Kyl said.

But already, the government has access to more than 3.5 million DNA records, and that the number is expanding dramatically, said Marc Rotenberg, Executive Director of the Electronic Privacy Information Center, a public interest group in Washington, D.C.

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Some also warn that the larger the DNA database gets, the greater the chance of finding two samples that look the same but are not from the same person.

"When you have a database filled with people presumed to be criminal and add people simply for all kinds of non-criminal reasons and mistakes, you've diluted your database and mistakes can be made," Sparapani said.

Roberto Reveles, president of the Phoenix-based immigrant rights group, Somos America, said the DNA database expansion shows that "Big Brother is going really fast." He said the tactic represents a violation of privacy and he hopes conservative Americans will join in "making the loudest protests against this."

Reach the reporter at billy.house@arizonarepublic.com or 1 (202) 906-8136. Read his blog on Washington politics at dcblog.azcentral.com.

Detainee DNA May Be Put In Database (USAT)

By Richard Willing, Usa Today

USA Today, January 19, 2007

WASHINGTON — The federal government could add DNA from tens of thousands of immigration violators, captives in the war on terrorism and others accused but not convicted of federal offenses to the FBI's crime-fighting database under a plan being finalized by the Justice Department.

Erik Ablin, a Justice Department spokesman, confirmed the plan, which hasn't been publicly disclosed, and said details are expected to be completed soon.

Proponents of the plan, including U.S. Sen. Jon Kyl, R-Ariz., and Maricopa County, Ariz., Sheriff Joe Arpaio, say taking DNA from federal detainees would solve many crimes committed by illegal immigrants and make it easier to identify and track potential terrorists.

Opponents, such as Caroline Fredrickson, director of the American Civil Liberties Union's Washington office, say such mass seizures of DNA violate privacy and do little to improve law enforcement.

Fredrickson says the law that defines federal detainees is so broad that it could apply to hikers stopped by park rangers or airline passengers selected for screening. Authorization for taking the DNA was included in a bill reauthorizing the Violence Against Women Act that President Bush signed last year.

The DNA samples, which contain an individual's unique genetic code, would be compared against genetic profiles from 3.9 million criminals and 157,000 unsolved crimes held by the system of federal and state DNA databases that the FBI administers. The FBI says its system has aided more than 41,000 criminal investigations since 1990.

DNA from federal arrestees and detainees would be held on a computer index, enabling law enforcement to track illegal immigrants who return after being expelled from the USA or who commit crimes after being released. War-on-terrorism detainees, who often use aliases, could be positively identified by DNA and linked to evidence seized at suspected terrorist sites.

"We know from real-life examples that a database of arrestees can prevent many future offenses," Kyl said in a statement.

The plan would greatly increase the pool of DNA profiles available to law enforcement. In most states, a person must be convicted of a crime before his DNA is added to the national system, which the FBI calls CODIS. In seven states, DNA can be taken from suspects after they are arrested and formally charged.

The new plan would apply to "any person arrested under federal authority and from any non-U.S. person who is detained," according to the Violence Against Women law. Each year, the greatest number of those are illegal immigrants caught at the border or rounded up after entering the country.

DNA from immigration violators would remain on file permanently. Genetic profiles from people arrested for federal crimes could be removed from the database if they are not convicted.

Law enforcement authorities say illegal immigrants commit crimes out of proportion to their numbers. A Justice Department study of 100 illegal immigrants arrested and released by local authorities in 2004 found that 73 were later rearrested. "To me, it's a no-brainer," Arpaio says. "Regardless of how you feel (about illegal immigration), nobody wants criminals to get a free pass to come in here." Fredrickson says collecting DNA from anyone detained by a federal officer would clog the system to "where it becomes useless."

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Pentagon Sets Rules For Detainee Trials (AP)

By Anne Flaherty

AP, January 19, 2007

The Pentagon set rules Thursday for detainee trials that could allow terror suspects to be convicted and perhaps executed using hearsay testimony and coerced statements, setting up a new clash between President Bush and Congress.

The rules are fair, said the Pentagon, which released them in a manual for the expected trials. Democrats controlling Congress said they would hold hearings and revive legislation on the plan, and human rights organizations complained that the regulations would allow evidence that would not be tolerated in civilian or military courtrooms.

According to the 238-page manual, a detainee's lawyer could not reveal classified evidence in the person's defense until the government had a chance to review it. Suspects would be allowed to view summaries of classified evidence, not the material itself.

The new regulations lack some protections used in civilian and military courtrooms, such as against coerced or hearsay evidence. They are intended to track a law passed last fall by Congress restoring Bush's plans to have special military commissions try terror-war prisoners. Those commissions had been struck down earlier in the year by the Supreme Court.

At a Pentagon briefing, Dan Dell'Orto, deputy to the Defense Department's top counsel, said the new rules will "afford all the judicial guarantees which are recognized as indispensable by civilized people."

In an interview, Brig. Gen. Thomas Hemingway, legal adviser to the Pentagon's office on commissions, said he doubted that most cases would rely solely on coercive or hearsay evidence.

"These case are pretty complex and it's not going to sink or swim, I don't believe, on a single statement," he said.

Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, said he planned to scrutinize the manual to ensure that it does not "run afoul" of the Constitution.

"No civilized nation permits convictions to rest on coerced evidence, and reliance on such evidence has never been acceptable in military or civilian courts in this country," said Elisa Massimino, Washington director of Human Rights First.

Officials think that with the evidence they have now, they could eventually charge 60 to 80 detainees, said Hemingway said. The Defense Department is currently planning trials for at least 10.

There are almost 400 people suspected of ties to al-Qaida and the Taliban being held at the military's prison in Guantanamo Bay, Cuba. About 380 others have been released since the facility was opened five years ago.

Last September, Congress — then led by Republicans — sent Bush a new law granting wide latitude in interrogating and detaining captured enemy combatants. The legislation prohibited some abuses of detainees, including mutilation and rape, but granted the president leeway to decide which interrogation techniques were permissible.

In outlining the maximum punishment for various acts, the new manual includes the death penalty for people convicted of spying or taking part in a "conspiracy or joint enterprise" that kills someone. The maximum penalty for aiding the enemy — such as providing ammunition or money — is lifetime imprisonment.

As required by law, the manual prohibits the use of statements obtained through torture and "cruel, inhuman or degrading treatment" as prohibited by the Constitution. But it allows some evidence obtained through coercive interrogation techniques if obtained before Dec. 30, 2005, and deemed reliable by a judge.

The Detainee Treatment Act, separate legislation championed in 2005 by Sen. John McCain, R-Ariz., prohibited the use of cruel, inhuman or degrading treatment of military and CIA prisoners.

Congress and the White House agreed last year that hearsay — a witness quoting someone else — can be allowed as evidence if a judge rules the testimony is reliable. According to the manual, this is necessary because witnesses — such as military personnel or foreigners — may not be available to testify.

The Pentagon's Dell'Orto said that since both sides of the case can admit hearsay evidence, that "levels the playing field."

Under the rules, the accused will be allowed to know about all evidence that is provided in the trial, Dell'Orto said. They will not be allowed to see classified material, but will be given an unclassified summary or substitute, with the judge first determining whether the summary sufficiently represents the classified material.

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"When you're in the middle of a war against this enemy, you need to be particularly concerned about the disclosure of that evidence," Dell'Orto said of classified materials.

Sen. Christopher Dodd, D-Conn., said he believes the Pentagon's top lawyers assigned to defend detainees were excluded from the preparation and review of the manual. Last fall, critics of Bush's plan for military commissions charged that the administration ignored the advice of uniformed legal experts.

Dodd, a presidential candidate, said he will introduce a bill addressing flaws in the manual "that are impediments to the effective and credible prosecution of suspected terrorists."

The document was hailed by Rep. Duncan Hunter of California, top Republican on the House Armed Services, who said, "Khalid Shaikh Mohammed, the alleged mastermind behind the 9/11 attacks, and his cohorts are a step closer to trial."

Pentagon Releases Rules For Trials Of Terrorism Suspects (WP)

By R. Jeffrey Smith

The Washington Post, January 19, 2007

The Defense Department yesterday released its detailed rules for military trials of terrorism suspects, a move that reignited last year's controversy over a joint decision by the Bush administration and the Republican-led Congress to restrict key detainee rights during such trials.

The 238-page manual, issued after a three-month drafting effort, closely tracks the Military Commissions Act, approved mostly by Republicans in September. It incorporates controversial rules blocking a detainee's right to challenge his or her detention and allowing prosecutors to use hearsay information or coerced evidence if a military judge rules that it is reliable and relevant.

The manual is meant to prescribe how military commissions will try some of the roughly 395 prisoners now detained at the military prison at Guantanamo Bay, Cuba. Officials predicted yesterday that 60 to 80 will face the commissions.

Under last year's legislation, the manual's procedures could also be applied to foreign nationals in the United States designated as "enemy combatants" under a controversially broad definition of that term.

In releasing the manual, Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel, disclosed that the new military commissions are to be overseen by Susan J. Crawford, who served in the late 1980s as Army counsel and Defense Department inspector general, under then-Defense Secretary Richard B. Cheney. She is currently a senior judge of the U.S. Court of Appeals for the Armed Forces.

Crawford will have the authority to select judges for the commissions, send charges to trial and act on commission findings or verdicts, Pentagon officials said.

Although Dell'Orto said the manual was drafted to ensure fairness and to hew closely to what Congress ordered, human rights groups and other critics faulted the rules for not fixing what they consider to be defects or loopholes in last year's legislation. The critics said the manual will give new impetus to their drive to get the law amended in the new Congress, controlled by Democrats.

Several such efforts are already underway. Early this month, Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and the panel's ranking Republican, Sen. Arlen Specter (R-Pa.), introduced legislation to overturn last year's narrow vote denying detainees the right to challenge their detention through habeas corpus proceedings.

Sen. Christopher J. Dodd (D-Conn.) said yesterday that he is drafting a bill with Leahy and Sen. Russell Feingold (D-Wis.) to change what Dodd called the manual's unwarranted "limits on the independence of military judges," inadequate safeguards against the use of coerced evidence and limits on defense lawyers' access to witnesses and evidence.

The outcome of this debate will affect the adjudication of allegations against some of the longest-held and most well-known terrorism suspects -- including 14 people transferred to Guantanamo Bay last year from secret CIA prisons.

The Bush administration has sought maximum flexibility in its use of evidence, allowing, for example, the use of information obtained from cruel, unusual or inhumane interrogations before 2005, when many of those in CIA custody were questioned. Human rights groups and many Democrats say, however, that it will mean more to the public if convictions are secured using procedures that fully comply with international legal standards.

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Dell'Orto, speaking at a Pentagon news conference, said the new manual enforces a presumption of innocence, includes a requirement that defendants be allowed to see all the evidence used against them, safeguards defendants against self-incrimination and prohibits evidence obtained through torture.

Comments on the new manual were solicited only from the Justice Department and other executive branch agencies, Dell'Orto said yesterday, provoking complaints from several military-justice experts that the rules should have been subjected to a period of public comment. "This was the antithesis of a transparent rulemaking process, and it was completely unnecessary," said Eugene R. Fidell, president of the nonprofit National Institute of Military Justice.

Tom Malinowski, Washington advocacy director for Human Rights Watch, said he faults the manual for not requiring a presiding judge to tell a defendant or his attorney whether critical evidence was obtained from coerced confessions.

Marine Col. Dwight Sullivan, the chief defense counsel of the Pentagon's Office of Military Commissions, similarly said that the rules "would allow an extremely unfair trial" and are a "recipe for laundering" uncorroborated evidence derived from extreme coercion.

Sullivan said they even leave open the possibility of someone being sentenced to death without knowing that he had been convicted based on coerced evidence and without having the chance to contest the evidence on that ground. A Pentagon spokesman, Navy Cmdr. Jeffrey Gordon, said such an outcome is improbable.

Pentagon Revises Its Rules On Prosecution Of Terrorists (NYT)

By Mark Mazzetti

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — The Pentagon on Thursday unveiled its new courtroom rules for prosecuting prisoners held as terrorists, allowing military tribunals to consider hearsay evidence and testimony obtained through coercion, but not torture.

Pentagon officials said, however, that the new policy more closely resembled courts-martial governed by the Uniform Code of Military Justice than the previous procedures used to prosecute terrorist suspects.

Under legislation signed into law last year, the government is poised to restart tribunals that the Supreme Court halted last summer. Pentagon officials said military prosecutors had determined there was sufficient evidence to bring war crimes charges against 60 to 80 of the 395 prisoners detained at the military prison at Guantánamo Bay, Cuba.

The Pentagon detailed the new procedures in a 238-page manual released Thursday.

The new procedures follow the guidelines Congress set down in the Military Commissions Act late last year.

Representative Ike Skelton, the Missouri Democrat who became chairman of the House Armed Services Committee this month when control of the House changed hands, pledged to scrutinize the new procedures so that they did not “run afoul” of the Constitution.

The new manual explicitly forbids military prosecutors from using evidence obtained through torture. At the same time, it makes a distinction between torture and coercion, allowing testimony that came as the result of coercive techniques used by military and intelligence officials until late 2005, when Congress passed a law banning cruel and inhumane treatment of prisoners.

In order for coerced testimony to be used in military commissions, a military judge would have to determine that it was both reliable and relevant to the case. The matter is particularly important because the Pentagon is planning for the trials of 14 “high value” detainees, who until they were moved to Guantánamo Bay in September were kept elsewhere in secret prisons run by the Central Intelligence Agency.

The prisoners detained at those sites, including Khalid Shaikh Mohammed, the accused mastermind of the terrorist attacks of Sept. 11, 2001, are believed to have been subjected to particularly harsh interrogation methods like “water boarding,” which induces a feeling of drowning.

Daniel J. Dell’Orto, the Pentagon’s principal deputy general counsel, told reporters on Thursday that the new procedures followed the guidelines of the Military Commissions Act and ensured that detainees receive, as called for by international law, “all the judicial guarantees which are recognized as indispensable by civilized people.”

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Pentagon officials said that none of the most significant prisoners would be among the first group to stand trial before the military commissions.

"Those cases are going to have to be developed carefully, and it's going to take some time, because they are extraordinarily complex," said Brig. Gen. Thomas L. Hemingway, a Pentagon official who helped draft the new guidelines.

The Bush administration established the military commissions in the months after the Sept. 11 attacks to prosecute "unlawful combatants" captured during counterterrorism operations around the globe, many of them in Afghanistan.

Last summer, the Supreme Court struck down the commissions as unconstitutional, forcing the White House and Congress to develop new guidelines.

Human rights groups on Thursday criticized the new procedures for straying from the military's traditional rules for courts-martial. Among other things, the rules allow too much leeway for government lawyers to keep defendants from viewing classified evidence, they said.

"Classified sources and methods are protected," said Jennifer Daskal, a lawyer at Human Rights Watch. "This creates the possibility that the defense will not learn the ways in which the evidence was obtained, which could have been through coercive techniques like water boarding and sleep deprivation."

Mr. Dell'Orto said that while defendants would not be allowed to see classified evidence, defense lawyers would be given an unclassified summary of the material.

There are currently 395 detainees held at Guantánamo Bay, but it is likely that only a fraction of those will be prosecuted before military commissions. Even if prisoners are not charged, officials said, the United States still has the right to detain them indefinitely or hand them over to their native governments.

"It doesn't mean that they are not unlawful combatants. It doesn't mean that they shouldn't be detained," said Bryan Whitman, a Pentagon spokesman.

Besides Mr. Mohammed, according to the government, the former C.I.A. detainees currently at Guantánamo Bay include senior members of Al Qaeda believed to be responsible for the bombing of the United States destroyer Cole in 2000 in Yemen and the 1998 attacks on American embassies in Kenya and Tanzania.

The prosecutors for the trials of those men will be a mix of military and civilian lawyers.

Marine Corps Colonel Among Critics Of New Terror Trial Rules (USAT)

By Joan Biskupic

USA Today, January 19, 2007

WASHINGTON — The Pentagon's release of new rules for military trials of foreign terror suspects triggered a fresh round of questions and criticism Thursday about the administration's handling of detainees held at Guantanamo Bay, Cuba.

The Pentagon's manual for war-crime trials is 238 pages, but much of the talk about it Thursday focused on rules for using evidence: Suspects may be convicted — and even sentenced to death — based on information from coerced confessions and hearsay evidence.

VIDEO: Coerced testimony could be considered

Coerced confessions are not allowed as evidence in traditional civilian courts or military courts martial. Hearsay evidence — testimony from a witness who merely repeats what someone else said out of court — usually is barred from both types of courts.

Those criticizing the manual for lacking traditional safeguards of military trials included Marine Corps Col. Dwight Sullivan, the chief defense lawyer for the military tribunals, or commissions. Human rights groups such as Amnesty International and Democrats such as Sen. Chris Dodd of Connecticut also expressed concern that the rules unfairly limit defendants' rights.

The new rules follow Congress' passage last October of the Military Commissions Act. The law came after the Supreme Court rejected President Bush's earlier plan to hold military tribunals to try terrorism suspects.

The court said Bush lacked the power to set up such tribunals without Congress' authorization, and declared that the procedures then in place violated the U.S. Military Code of Justice and Geneva Conventions rules aimed at protecting prisoners

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of war. Bush had established the tribunal system weeks after the Sept. 11, 2001, terrorist attacks, as U.S.-led forces were launching a worldwide hunt for terrorism suspects.

On Bush's orders, hundreds of suspects have been held indefinitely at the U.S. naval base at Guantanamo Bay. Ten detainees were charged under the 2001 system. Some of the trials were underway in 2004 but stalled after a federal judge ruled the tribunal procedures were flawed.

The ruling led to the Supreme Court's decision.

The Pentagon's new plan, says Daniel Dell'Orto, deputy general counsel at the Defense Department, offers suspects "all the judicial guarantees which are recognized as indispensable by civilized people."

Air Force Brig. Gen. Thomas Hemingway, legal adviser for the commissions, said Thursday he expects the new commissions to begin soon, possibly this spring.

However, it's clear that the system for trying foreign suspects will continue to draw fire. Sullivan said the rules for evidence to be used during the trials could allow a defendant to be convicted and sentenced to death on nothing more than a coerced confession, hearsay evidence or uncorroborated testimony.

"This is extraordinary," said Sullivan, who has raised concerns on behalf of Guantanamo detainees who would be the subject of the first U.S. war crimes trials since World War II.

Dodd cited a "lack of safeguards against coerced evidence being introduced in trial, and the limitations on defense access to witnesses and evidence."

He said he intended to introduce legislation to ensure "credible prosecution of suspected terrorists."

The Pentagon says 395 detainees are now held at Guantanamo. Among the 10 who had been charged before the trials were halted in 2004 was Salim Ahmed Hamdan, a Yemeni accused of serving as a bodyguard for Osama bin Laden and delivering weapons to al-Qaeda. It was his case that prompted the Supreme Court ruling that led to the new tribunal system.

Apology Not Accepted (NYT)

The New York Times, January 19, 2007

It is hard to render a convincing apology when you are not really apologizing. Consider Charles Stimson, the deputy assistant secretary of state for detainee affairs, who has been trying to spin his way out of his loathsome attempt to punish lawyers who represent inmates of the Guantánamo Bay internment camp.

Last week, Mr. Stimson expressed his “shock” that major American law firms would represent terrorism suspects, hinted that they were paid by unsavory characters and suggested that companies should reconsider doing business with them. On Wednesday, Mr. Stimson said he apologized and regretted that his comments “left the impression” that he was attacking the integrity of those lawyers.

It was not just an impression. It was exactly what he did. Mr. Stimson actually read out a list of law firms during an interview with a radio station friendly to the Bush administration.

Mr. Stimson clearly had no regard for his position as a public official who helps set policy on the detainees, never mind the small matter of people’s basic right to representation. He connected the detainees to the 9/11 attacks, even though he certainly knows that the very few detainees who have a connection to 9/11 don’t have legal representation.

President Bush and Defense Secretary Robert Gates should have fired him. Their silence was deafening, although hardly surprising given the administration’s record of trampling on people’s rights in the name of fighting terror. But Attorney General Alberto Gonzales was not silent. In an interview with The Associated Press, Mr. Gonzales actually expanded the attack on lawyers, claiming that it has taken as long as five years to bring detainees to trial because of delays caused by their lawyers.

There’s no truth to that. The cause of the delay in bringing any Guantánamo detainee to trial is Mr. Bush himself. He refused to hold trials at first, then refused to work with Congress on the issue and claimed the power to devise his own slanted court system. Mr. Bush went to Congress only when the Supreme Court struck those courts down. The result was a bill establishing military tribunals for detainees that is a mockery of American justice.

Mr. Stimson’s appalling behavior should not be overlooked by the relevant bar disciplinary committee. Existing rules for lawyers deem it professional misconduct to do things that are prejudicial to the administration of justice. Even if the

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administration does not, the legal profession imposes a higher duty on those holding public office to obey proper standards of behavior.

HOMELAND RESPONSE:

Can George Bush Order A Killing On U.S. Soil? (NSWK)

Newsweek, January 19, 2007

Feb. 13, 2006 issue - In the latest twist in the debate over presidential powers, a Justice Department official suggested that in certain circumstances, the president might have the power to order the killing of terrorist suspects inside the United States. Steven Bradbury, acting head of the department's Office of Legal Counsel, went to a closed-door Senate intelligence committee meeting last week to defend President George W. Bush's surveillance program. During the briefing, said administration and Capitol Hill officials (who declined to be identified because the session was private), California Democratic Sen. Dianne Feinstein asked Bradbury questions about the extent of presidential powers to fight Al Qaeda; could Bush, for instance, order the killing of a Qaeda suspect known to be on U.S. soil? Bradbury replied that he believed Bush could indeed do this, at least in certain circumstances.

Current and former government officials said they could think of several scenarios in which a president might consider ordering the killing of a terror suspect inside the United States. One former official noted that before Flight 93 crashed in Pennsylvania, top administration officials weighed shooting down the aircraft if it got too close to Washington, D.C. What if the president had strong evidence that a Qaeda suspect was holed up with a dirty bomb and was about to attack? University of Chicago law professor Cass Sunstein says the post-9/11 congressional resolution authorizing the use of military force against Al Qaeda empowered the president to kill 9/11 perpetrators, or people who assisted their plot, whether they were overseas or inside the United States. On the other hand, Sunstein says, the president would be on less solid legal ground were he to order the killing of a terror suspect in the United States who was not actively preparing an attack.

A Justice Department official, who asked not to be ID'd because of the sensitive subject, said Bradbury's remarks were made during an "academic discussion" of theoretical contingencies. In real life, the official said, the highest priority of those hunting a terrorist on U.S. soil would be to capture that person alive and interrogate him. At a public intel-committee hearing, Feinstein was told by intel czar John Negroponte and FBI chief Robert Mueller that they were unaware of any case in which a U.S. agency was authorized to kill a Qaeda-linked person on U.S. soil. Tasia Scolinos, a Justice Department spokeswoman, told NEWSWEEK: "Mr. Bradbury's meeting was an informal, off-the-record briefing about the legal analysis behind the president's terrorist-surveillance program. He was not presenting the legal views of the Justice Department on hypothetical scenarios outside of the terrorist-surveillance program."

Chertoff Urges Caution On Threat Reports (AP)

By Beverley Lumpkin, Associated Press Writer

The AP, January 18, 2007

WASHINGTON — Homeland Security Secretary Michael Chertoff told newspaper editors Thursday they should use caution and context in reporting about threats or emergencies.

"We owe you information that's accurate," he said, "and you need to resist the temptation to just get something fast."

Chertoff said it's the core function of the media to convey to individuals the information they need to save their lives and their families' lives.

He invited the media to continue to participate in a series of dialogues and exercises his department has been conducting on how best to communicate information during a crisis.

Chertoff pointed out that the department receives "a lot of threat information, every single morning," but that it varies greatly in terms of specificity and credibility.

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Even a threat of limited credibility still has to be run down and investigated, Chertoff said, but it shouldn't become public during that stage. If threat information is made public too soon, he warned, there is a danger the public will become either desensitized in a "cry wolf syndrome," or over-sensitized, in a "constant state of hyper-anxiety."

"And perhaps," he added, "we would be accused of deliberately fostering that for political purposes."

Sometimes, he said, when information is shared with state and local officials, department officials are aware that "very likely this information is going to get out." Then the issue is one of context, and he urged editors to use good judgment.

Chertoff mentioned several instances in the recent past in which information "got spiked up" and overplayed on cable TV networks. One was a report about six months ago that an Internet bulletin board had called for a so-called "denial of service" cyber attack on the U.S. banking and financial sector. Chertoff said it took a "fair amount of effort to put it back into perspective."

Another instance was a threat to NFL football stadiums posted on a message board last October. Chertoff said it had been treated by one cable network "as if it was a second September 11."

Much more is at stake, he warned, in reporting on actual emergencies, because people immediately want to know what they should do to protect themselves.

In this regard, Chertoff warned the editors against over-reliance on dubious experts.

"It's been my observation that you can get an expert to tell you anything you want to hear," he said, adding: "We owe you clarity about who's an authoritative source."

Asked about the lessons he learned from Hurricane Katrina, Chertoff said "we have to be very clear."

"I learned that the media if they get information wrong can have a real operational impact."

Terrorism Hoaxes Still Plaguing Law Agencies (USAT)

By Mimi Hall, Usa Today

USA Today, January 19, 2007

The cruise ship Carnival Destiny, packed with passengers on the last leg of a trip to the Bahamas, was chugging Sunday toward the harbor in San Juan, Puerto Rico, when the U.S. Coast Guard got an ominous call.

Someone claimed a bomb was on board.

The Coast Guard ordered the craft to anchor away from the harbor piers so it could be searched. No bomb was found during repeated security sweeps that involved Customs and Border Protection officers, the Puerto Rico Ports Authority, the FBI and teams of bomb-sniffing dogs.

The case — among the most recent of the constant terrorism-related hoaxes and false threats that plague the nation's law enforcement and homeland security agencies — remains under investigation by the FBI.

Five years after 9/11 and the 2001 anthrax attacks caused a spike in false threats, senior federal officials say they still are forced to run down hoaxes nearly every day, creating a huge drain on agents' ability to pursue real threats to the nation's security.

Some hoaxes make national news, such as last October's radioactive "dirty bomb" threat against seven football stadiums. But FBI agents and officials from the Justice and Homeland Security departments say those represent just a fraction of those received by phone, mail and e-mail each year.

At police stations and FBI offices across the country hoaxes are "a serious drain," says Ken Wainstein, head of the Justice Department's National Security Division. "These terror hoaxes distract law enforcement."

They also scare people.

On Thursday, Homeland Security Secretary Michael Chertoff said the government doesn't publicize most threats because "people would be in a constant state of hyper-anxiety."

The department posts Internet hoaxes on its website to reassure citizens and encourage them not to pass on bogus e-mailed chain letters. Among those that have been circulating for several years, the website says, is a fake government warning that someone bought $32,000 worth of United Parcel Service (UPS) uniforms off eBay. The fraudulent message urges people to be wary if a UPS employee comes to their door.

In an effort to help prosecutors and deter hoaxes, Congress in 2004 set stiffer penalties, allowing judges to send people to prison for up to five years for making false threats.

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Among the cases that have grabbed headlines:

•A phony "dirty bomb" threat against seven football stadiums last October. Grocery store clerk Jake Brahm of Wauwatosa, Wis., was arrested after posting the threat on several Internet sites. The threats "caused a massive mobilization of every resource you can think of," said Michael Drewniak, spokesman for the U.S. Attorney's office in Newark, N.J.

"You cannot possibly quantify the amount of dollars this cost in manpower and resources all because (someone) decided to scream fire — scream terrorism — in essentially seven football stadiums."

•A false tip called in to San Diego's 911 center days before President Bush's second inauguration in January 2005. Jose Quinonez, a Mexican drug addict and smuggler, said he had smuggled two Iraqis and four Chinese chemists across the border and they were headed for Boston with nuclear material.

The tip prompted a huge response from more than 30 government agencies. Agents conducted a nationwide manhunt, the public was alerted and Massachusetts Gov. Mitt Romney skipped the inauguration and flew home to reassure state residents. In September, Quinonez was sentenced to three years in prison.

"We're on the front lines of keeping this country safe, and when you're distracted by these false threats, it goes right to the heart of our ability to protect the country," says Dan Dzwilewski, head of the San Diego FBI office. He oversees an entire unit within his region's Joint Terrorism Task Force that does nothing but chase down hoaxes and false threats.

•A false tip in October 2005 that six Egyptian men were planning to blow up one of the tunnels that carries traffic under Baltimore's harbor. Officials closed the tunnel, part of a major East Coast interstate, for three hours and raided at least three city businesses run by Arabs.

Police arrested several people on immigration charges during area raids, but the tip turned out to be a hoax called in by an Egyptian man who had been deported from the United States.

Charlie Allen, Homeland Security's top intelligence officer, says hoaxes and bogus tips come in "almost on a daily basis." Allen says he knew right away that the football stadium threat was "absurd." But he says every threat requires a thorough investigation because "you just can't take chances."

Officials say they want stiff penalties imposed on those who make false threats. Allen said the incidents frighten the public, force emergency responders to go on alert, and tie up federal agents and investigators at a time when the nation faces serious threats. "It's a malicious, malevolent act," Allen says, "and a felonious act."

GAO Criticizes Rail Security Assessment (AP)

By Donna De La Cruz

AP, January 19, 2007

Transportation officials have yet to assess the risks of a terror attack on the nation's passenger rail system, congressional investigators said Thursday.

The finding by the Government Accountability Office was disclosed at a Senate Commerce, Science and Transportation hearing on rail security. After the July 2005 London subway bombings, the GAO recommended that the Transportation Security Administration conduct a risk assessment of passenger rail systems. The TSA, formed after the Sept. 11, 2001, terror attacks, is responsible for the security of the nation's transportation systems.

Cathleen Berrick, the GAO's director of homeland security and justice issues, told the committee that until the TSA finishes its risk assessment, the agency may not know which rail systems are more at risk than others.

"Given competing priorities and limited homeland security resources, difficult policy decisions have to be made by Congress and the executive branch to prioritize security efforts and direct resources to areas of greatest risk," Berrick said.

TSA Director Edmund S. "Kip" Hawley said the agency is working with a host of other federal agencies and entities to make sure passenger rail systems are safe. TSA's goal is to apply a "common methodology across all transportation systems, regardless of mode," Hawley said.

That includes assessing threat levels, vulnerability and the consequence of an attack, developing baseline security standards as well as enhanced systems of security, he added.

"TSA has a clear strategy to address surface transportation security," Hawley said.

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Several committee members were critical of TSA's efforts.

"I'm frustrated with the Bush administration's foot-dragging on measures to secure the nation's rail systems," said Sen. Frank Lautenberg, D-N.J. "Terrorists have attacked passenger rail systems in other countries since 9/11, but the lessons of those attacks continue to be ignored by the administration."

FBI Looks For Man Who Spilled Mercury Onto LA Subway Platform (MERCN)

The San Jose Mercury News, January 19, 2007

LOS ANGELES - A man seen on videotape spilling a small amount of mercury onto the platform of a subway station was wanted for questioning by police, the FBI and other members of a multi-agency terrorism task force.

There was no evidence to suggest the actions were terrorist or criminal acts, but authorities wanted to ask the unidentified man why he was carrying mercury and what was his motivation for apparently spilling the toxic substance, said FBI spokeswoman Laura Eimiller.

Video footage showed the man entering the downtown Pershing Square station Dec. 22 and spilling a vial of liquid onto the platform. The man appeared startled and walked to a Metropolitan Transit Authority call box, where he reported the mercury spill, the FBI said.

A Los Angeles County Sheriff's hazardous materials team confirmed the substance was mercury and removed it.

MTA Admits Subway Spill Errors (LAT)

By Andrew Blankstein And Jean Guccione

The Los Angeles Times, January 19, 2007

Who is the young man in the sports coat shown on a grainy videotape spilling mercury on a platform of the Red Line subway station at Pershing Square?

When it happened on Dec. 22, officials quickly labeled it a harmless accident.

But Thursday, officials acknowledged that the Los Angeles County Metropolitan Transportation Authority botched its response, waiting eight hours after being told mercury was on the platform before clearing the station and cleaning up the spill.

Police and transit officials said the workers erred by not immediately contacting law enforcement to cordon off the area and calling in hazardous-material experts.

The incident also exposed the fact that many MTA workers are not trained to handle dangerous materials such as mercury.

Though no one was injured, the incident marked the first time the MTA faced the release of a potentially hazardous substance in the subway system.

Saying that "basic protocols were not followed," MTA chairwoman Gloria Molina on Thursday ordered an immediate investigation into what went wrong.

Several terrorism experts said Thursday that the MTA's handling of the incident was troubling.

"It's unnerving, a wake-up call," said USC professor James Moore, an expert in transportation and a researcher with USC's Terrorism Center.

"The lesson is that no matter how you slice it, the system isn't prepared to respond adequately. We really don't know what caused this failure, but we need to find out."

Since the attacks of Sept. 11, 2001, the MTA has repeatedly touted its beefed-up security measures and increased employee training. But the bulk of the $9 million spent to improve security has focused mostly on preventing a terrorist bombing.

"We deal with suspicious packages, abandoned packages, white powdery substances," said Sheriff's Cmdr. Dan Finkelstein, who oversees security for the transit authority. "This is something that's never happened before."

Finkelstein and others said MTA workers were caught unprepared by the released mercury because it was a scenario they had not dealt with.

"What we need to do is educate all levels throughout our system, whether it's intercom operators or maintenance staff, as well as bus or rail operators," Finkelstein added.

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But county Supervisor Zev Yaroslavsky, a member of the MTA board, said workers shouldn't need special training to know that they should call 911 if someone says he dumped mercury in a subway station.

"It's an embarrassment," he said. "Eight hours depending upon the substance ... could have been deadly."

On Thursday, security was increased at the Pershing Square station and on subway trains as federal and local law enforcement sought the public's help — even posting fliers — in locating the man who released the mercury. (The station serves about 122,000 riders a day.)

Finkelstein said the Sheriff's Department also has significantly increased the number of undercover officers riding rail lines in recent days.

Mercury can cause severe health problems if inhaled, ingested or touched. Officials said they believed no one was injured because of exposure to the metal.

Officials with the Joint Terrorism Task Force said there is no evidence to suggest the incident was terrorism, or even a criminal act.

One theory is that the man carrying the mercury used the element in jewelry manufacturing or refrigerator repair.

Video released by the Sheriff's Department on Thursday shows the man crouching on the Pershing Square subway platform before dropping a vial of liquid, possibly spilling it out.

The man jumped to his feet. He searched for and located an MTA intercom, on which officials say he called an operator.

According to law enforcement sources familiar with the investigation, the man told the operator: "I spilled mercury."

It wasn't until eight hours later, at 6:51 a.m. on Dec. 23, that sheriff's deputies were alerted to the spill.

They arrived eight minutes later, closing the station and calling in a hazardous-materials team from the Los Angeles City Fire Department. (Trains had continued running during six of those eight hours.)

Commuters were critical of the MTA's response.

"It seems like they should have sealed the station off before then," said Los Angeles resident Roy Horton, 59, as he waited for the subway Thursday afternoon. "It shows me that they have less concern for the patrons who use the system."

Aaron Trask, a Sherman Oaks resident who regularly rides the Red Line, said the incident has shaken his confidence in the system.

"I am considering not riding until someone can tell us why there was a complete lack of response to this incident," he wrote in an e-mail.

Well before 9/11, subways were considered potential targets for terrorism.

Members of the Aum Supreme Truth cult unleashed sarin nerve gas inside the Tokyo subway in 1995, killing 12 people and sickening thousands of others.

More recently, terrorist bombs killed hundreds in Madrid and London.

After the London attacks, the MTA increased spending on security, including sophisticated cameras able to pan and focus on specific people.

An MTA spokesman declined to provide details of what happened the night of the mercury spill, including whether there was anyone monitoring the videos from Pershing Square.

But some terrorism experts said high-tech security equipment and even more officers go only so far.

K. Jack Riley, acting director of the RAND Center of Quality Policing, said transit agencies need a good supply of security officials trained to recognize and deal with many contingencies.

"They just have a better idea of what to look for and have been through simulations of different kinds," he said.

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Parents Of 9/11 Victims Torn From Grandchildren (NYT)

By Paul Vitello

The New York Times, January 19, 2007

DOJ_NMG_0118608

OYSTER BAY, N.Y. — Five years after their father was killed at the World Trade Center, two little girls, ages 7 and 5, sat crying in a car parked at the curb of their grandparents' home here one December day, refusing to go inside for a court-ordered visit. It was a painful family tableau rooted in a hundred tangled details, but one overriding and uncontested reality: 9/11.

Sometime after the death of Peter V. Genco, a Cantor Fitzgerald bond trader, in the Sept. 11 terrorist attacks, the relationship between the girls' mother and their late father's parents went sour. The grandparents, Barbara and Victor Genco, obtained a court order in 2003 allowing them to see the children — under supervision, and for exactly four hours, once each month. In legal documents, the mother accused her in-laws of abuse and neglect, including drinking in front of them.

And on that Sunday afternoon in December, as described by the grandparents, the girls had apparently had enough of the whole business.

"We had hoped to be a part of their lives and a link to their father," Barbara Genco, 69, said in an interview. "We imagined taking them with us to Europe, to Disney World. But it is too painful to see how the children have changed toward us."

This sad tale is not entirely uncommon among families torn by the terrorist attacks. There is no official registry of such separations. One 9/11 family advocate said he had encountered more than 100 conflicts in which aging parents of a World Trade Center victim, desperate to remain connected to the children of their lost offspring, had found themselves in bitter struggles with a surviving spouse who would rather they did not. A mediator who helped negotiate settlements among 9/11 families in the early years after the attacks said 1 in 10 of his cases involved estranged grandparents.

A few have been to court, where recent laws give grandparents some leverage. Many other grandparents have not. Some have been wise and circumspect in efforts to mend relations with their deceased child's widow or widower. Some have not.

"Sometimes, the spouse is remarried and just doesn't have time for Grandma and Grandpa anymore," said Bill Doyle, who lost his son, Joseph, at the World Trade Center and maintains an e-mail registry of several thousand surviving relatives for the Coalition of 9/11 Families.

"Sometimes, the spouse and the grandparents had differences about whether to bury or cremate the remains, or about where remains should end up," Mr. Doyle added. "Or sometimes, there is money at stake. Or the people just never liked each other and it comes to blows over the kids. It can get so ugly, it's beyond belief."

By most accounts, these situations are the exception. Family advocates and professionals involved in working with 9/11 families, including Kenneth R. Feinberg, head of the Sept. 11 Victim Compensation Fund, said in interviews that most families had remained on more or less good terms with in-laws, even after remarriages.

One 9/11 widow who recently remarried described her children as having "three sets of grandparents" — her parents, the parents of her husband killed on 9/11, and her new husband's parents. Linda Favuzza, the sister of Bernard D. Favuzza of Suffern, N.Y., a bond trader whose children were grown when he was killed on 9/11, said her brother's widow, Linda, had "welcomed us, reached out to us, done everything she could for my brother's family, especially our mother."

And yet, there is a British woman who has not spoken to her twin grandsons since her son handed them the phone on Sunday, Sept. 9, 2001. A Florida grandmother who said her daughter-in-law called the police the last time she tried to visit. A couple who have seen their grandson in Brooklyn only a few times through a four-year court fight.

For the widows and widowers, the grandparents can be a reminder of their darkest day, kept at a distance to let the children — and themselves — move on. But the older generation often clings to the children, not just as any doting grandparents would, but as their sole connection to the children they lost on 9/11.

"All I had of my son's was his dog, and the dog died last year," said Barbara Krukowski-Rastelli, who has not seen her grandson, now 15, since 2002.

Similar emotional dislocations can affect individuals and their in-laws after any death or divorce, family professionals say. But to the basic fuels of discord, 9/11-specific issues are the accelerants: disputes over the federal compensation money or the remains of the dead, and perhaps the most unmentionable issue, the desire of some surviving spouses to start over.

Alan Gross, the mediator who said 10 percent of the 9/11 cases he worked on involved grandparents, said most involved "people who had a problem beforehand." Mr. Feinberg said that he did not encounter many such disputes but that when he did, "they could be bitter."

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Neither the Gencos' daughter-in-law nor her lawyer responded to repeated requests for interviews. In other cases, parents asked not to be quoted but called their estrangements private matters with unique histories. Some accused their former in-laws of being mentally unstable.

Court documents fill in some of the nasty background. The Gencos' daughter-in-law has accused them of transgressions including striking the children and allowing a dog to frighten them (none of the charges were verified by court-appointed investigators). In another case, a grandfather, also accused of inappropriate behavior, calls his long-term court fight to see his grandson "the secondary trauma of 9/11."

People who have been limited or blocked from contact with their grandchildren describe situations as varied, complex and uncategorizable as the multitude of reasons people cite for getting divorced.

Some, like the Gencos, have been accused of abuse. Some were called overbearing or interfering. Some were accused of seeking money from the Sept. 11 Victim Compensation Fund at the expense of the spouses and children. Some admit they never got along with their child's spouse.

"Much of this family squabbling had been seething for years, with decades of slights now drawn to the surface by tragedy," Mr. Feinberg wrote in a passage dealing with conflicts — over a different flashpoint of tension, money — in his 2005 book about the victims' fund. "Where did the truth lie?"

Patricia Bingley, 72, the mother of Kevin Dennis, a Cantor Fitzgerald bond trader killed on 9/11, said her daughter-in-law refused to return her phone calls after the attacks. Mrs. Bingley looked into hiring a lawyer but thought she would have little chance of winning visits with her twin grandsons, since she lives outside London and they are in New Jersey, and since she had a fraught relationship with her daughter-in-law predating her son's death.

"On the Sunday before 9/11, Kevin put the boys on the phone with me, and that is the last time I spoke to them," Mrs. Bingley said. "Kevin was my only child. I lost him, and now I've lost my grandchildren."

Mrs. Krukowski-Rastelli, the mother of Firefighter William Edward Krukowski, 36, of Ladder Company 21 in Manhattan, said her son was divorcing at the time of his death. His widow has since remarried.

After Mrs. Krukowski-Rastelli, 65, filed a petition in Queens Family Court seeking visitation rights, a legal guardian appointed on her grandson's behalf interviewed him and recommended the petition be dismissed. They have not seen each other in almost four years.

Under a New York law that gives grandparents certain rights to visitation, grandparents must show that they have a longstanding relationship with the child, and that seeing the child is in the child's best interests. The guardian said Mrs. Krukowski-Rastelli had not established either condition.

Vladimir Gavryushin, 56, the father of a 9/11 victim, Yelena Melnichenko, came to New York from Lithuania after her death to be with his 7-year-old grandson, Eric. During two months in the family's apartment in Brooklyn, Mr. Gavryushin said, his relationship with the boy's father became difficult.

When Mr. Gavryushin and his wife returned to New York for the first anniversary of 9/11, his son-in-law refused to allow them to see Eric, and the Gavryushins sued.

In court documents, Eric's father says that Mr. Gavryushin upset Eric by bringing up conspiracy theories about the 9/11 attacks, tried to stop him from riding a school bus and interfered with efforts to "bring closure" to the child.

Mr. Gavryushin denied all the accusations, and introduced affidavits from 14 neighbors attesting to the positive effect his presence had on young Eric during the grandfather's two-month stay in 2001.

Two judges, forensic psychologists and a legal guardian were involved during a four-year legal fight until, in early January, the grandparents' petition for visitation was denied. Mr. Gavryushin, a professor of physics at the University of Vilnius, said in an e-mail message that the issue was moot. "We lost the child," he wrote. "He permanently was influenced against us. He forgot us. For us, it is the secondary trauma of 9/11."

For Barbara and Victor Genco, the case they initiated in Nassau County Family Court is in its third year of motions and countermotions. In the most recent development, their grandchildren's mother asked for an end to the monthly court-ordered visits. (That December afternoon, the girls were eventually coaxed inside. They are supposed to visit again in January, but the visit has not yet been scheduled.)

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"I feel like we're reaching the end of the line," Mrs. Genco said. "But our grandchildren have a right to the love and affection of their father's family. They have a right to be connected to him.

"If we end up unsuccessful in court, that would be terrible for all of us. But at least, when they are older, they will know that we tried."

Nowhere To Turn For Shelter (editorial) (NYT)

The New York Times, January 19, 2007

In the long and sordid story of Hurricane Katrina, a new low may be approaching. In Louisiana alone, tens of thousands of displaced families who rely on the government to provide trailers or rent will lose their temporary housing next month — unless the Bush administration extends the standard 18-month time limit for their federal aid.

A year and a half is a long time for anything that is supposed to be transitional, as the families still trapped in cramped, flimsy trailers can testify. But the temporary help from the Federal Emergency Management Agency cannot end until the victims have somewhere else to go. And the federal and local governments have moved far too slowly in providing the necessary reconstruction money and building guidance. Hurricanes Katrina and Rita destroyed more than 200,000 homes in Louisiana, and only a small fraction have been replaced. (Neither the state nor the New Orleans city government knows how many have been completed.) A sky-high murder rate has dominated the news. The success of the Saints professional football team is not enough of a distraction.

The response to the drowning of New Orleans has been a failure on every level. President Bush's eloquent promise in Jackson Square to rebuild "higher and better" soothed the nation. But since then there has been no concrete action plan for reconstruction — only a patchwork of programs marked by dithering, bickering and bureaucratic finger-pointing throughout. The federal response was, after great delay, largely to cut a check and let overmatched local officials try to sort it out.

The president's Katrina czar, Donald Powell, sees his role as one of a convener, adviser and advocate rather than leader of a domestic Marshall Plan — which is what New Orleans needs. He says that local officials should take the lead. But the local reconstruction plan has yet to materialize. City officials hope that it will be out by the end of the month.

There is some local optimism that when it does arrive there will be a burst of rebuilding effort. Developers are finally beginning to break ground on apartment complexes. The city has issued more than 55,000 residential building permits since the storm, finally moving at a faster rate than before Katrina.

But the time is long past to turn from planning to action. And those in need of shelter today cannot take comfort in housing that won't be ready for another two years. The administration must extend the temporary housing provisions immediately, then make every effort to shift aid recipients to the longer-term Section 8 voucher program.

The new Democratic leaders in Congress also need to recognize that the many failures of Hurricane Katrina are more than just another reason to criticize the president. They need to quickly outline their own plans for salvaging New Orleans, so evacuees can once again call their city home.

That New Orleans remains a shattered city is a sad monument to impotence for the most powerful country in the world. Our grand plans were never laid, our brightest minds were never assembled, our nation's muscle and ingenuity were never brought to bear in any concerted way to overcome the crisis of the Gulf.

WAR NEWS:

House Dems To Support Iraq Resolution (AP)

By David Espo

AP, January 19, 2007

Speaker Nancy Pelosi pledged the support of House Democrats Thursday for legislation declaring that President Bush's decision to send additional troops to Iraq is "not in the national interest of the United States."

Pelosi's commitment came as Senate Democrats said they intend to begin advancing a nonbinding measure next week that criticizes the White House's new strategy.

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Democrats sought to bring public pressure to bear on the president's new policy as Bush and senior administration officials worked to limit Republican defections.

"He said, 'If you can help us out, I really appreciate your help,'" Sen. Wayne Allard, R-Colo., said after a White House meeting with the commander in chief.

Senate Democrats, backed by two Republicans, unveiled legislation Wednesday that criticized Bush's decision to increase troop levels by 21,500. "It is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq," the nonbinding Senate measure states.

At a news conference, Pelosi read those words aloud approvingly, and said, "That resolution will be supported by Democrats in the House."

At the same time, Pelosi offered no indication that Congress will be able to prevent Bush from carrying out his plan.

She did not directly address the issue when asked, and Rep. Steny Hoyer, D-Md., the House majority leader, said, "As a practical matter, we know that the president has the constitutional authority ... to increase the troops."

Democratic leaders in both houses have said repeatedly they will not support any attempt to cut off funds for troops who already have been deployed.

Democratic leaders have not said when they intend to seek votes on their legislation, and Senate Republicans have maneuvered successfully to avoid the spectacle of a repudiation of the president before he delivers his annual State of the Union address next Tuesday.

Joseph Biden, the Delaware Democrat who chairs the Senate Foreign Relations Committee, said the panel will debate the measure criticizing Bush's troop escalation on Wednesday.

Republicans in both houses are expected to draft alternative legislation, in part to give members of their rank-and-file a measure to support rather than merely oppose what Democrats draft. Officials said one possibility under discussion is an alternative that supports the troop increase as long as the Iraqi government meets certain conditions, although no final decisions have been made.

Whenever the votes occur, administration supporters have expressed fears that the president faces a bipartisan repudiation of significant proportions.

So far, Sens. Chuck Hagel of Nebraska and Olympia Snowe of Maine are the only Republicans to announce their backing for the Senate measure. A third lawmaker, Sen. Gordon Smith, R-Ore., signaled during the day he is giving serious consideration to joining them.

"Senator Smith is opposed to a troop surge," said his spokesman, R.C. Hammond. "He is very open to serious ways that Congress can influence the president's Iraq strategy."

Another Republican critic of Bush's policy, Sen. Norm Coleman of Minnesota, said: "I don't support the surge in Baghdad, but there are some things in the resolution I don't agree with, and so we're kind of looking at language."

Bush's meeting with lawmakers was his third session in as many days as he struggles to build support for an increase in troops for a war that is opposed by the public and played a role in the Republican setbacks in last fall's elections.

In addition, National Security Adviser Stephen Hadley traveled to the Capitol to meet with House Republicans.

Complicating Bush's political predicament is Iraqi Prime Minister Nouri al-Maliki, who has said in recent days that the United States is not providing enough training and equipment for Iraqi forces.

"He's been constantly asking for an upgrade of troops as well as equipment, and we're providing that," Bush told Belo Corp. television in an interview.

"We may not be providing as quickly as he wants. But nevertheless it's a good sign when the prime minister says just give us the capabilities, and that's precisely what my new strategy and new plan is attempting to do."

Bush defended al-Maliki against skeptics by saying that Iraqi forces now are going after all people "who are fomenting the violence."

Democrats have grown increasing critical of Bush's Iraq policy. "This president has taken the nation through a failed war," said Sen. Robert C. Byrd in remarks on the Senate floor.

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Four retired senior U.S. military officers criticized the administration's strategy at a Senate Foreign Relations Committee hearing.

"It's a fool's errand," said Gen. Barry McCaffrey. "Our allies are leaving us," he said. "Make no mistake about that. Most will be gone by this summer."

Retired Marine Corps Gen. Joseph P. Hoar, said, "The new strategy reflects the inability of the administration to get it right." He said, "The proposed solution to send in more troops won't work. It is far too little and too late."

Hagel, long a critic of the war, said the administration's plans are doomed. "We are in a box, and putting our soldiers and Marines in more of a box and asking them to do things they cannot do," he said.

The committee's senior Republican, Sen. Richard Lugar of Indiana, said the Democratic-inspired legislation was unlikely to have any impact on Bush.

Describing the environment as politically charged, Lugar said, "We risk having reasoned debate descend into simplistic sloganeering."

House To Echo Criticism Of Troop Surge (WT)

By Charles Hurt

The Washington Times, January 19, 2007

Speaker Nancy Pelosi said yesterday that House Democrats will support a Senate resolution denouncing President Bush's proposal to increase the number of troops in Iraq.

"It is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the U.S. troop presence in Iraq," she said at a press conference yesterday, reading with approval from the nonbinding Senate resolution.

"Introduced in a bipartisan way in the United States Senate, that resolution will be supported in the House by the Democrats," Mrs. Pelosi said. "We do not support the escalation of the war. We do not think it is in our national interest. We will engage the public in that debate."

Mrs. Pelosi has made clear her disdain for the "surge" proposal since before Mr. Bush's prime-time address to the nation last week, but yesterday's remarks were her first indication of the language that she will want the House to approve. The Senate bill was introduced Wednesday.

While the nonbinding resolution will have no concrete impact on the deployment of troops in the Middle East, it is likely to be a startling declaration to Mr. Bush, U.S. forces and the rest of the world that the commander in chief is operating without the support of either chamber of Congress.

Sen. Olympia J. Snowe of Maine, one of the Senate resolution's two Republican co-sponsors, said yesterday that even the symbolic power of a nonbinding resolution "should not be underestimated."

Passing both chambers "would speak loud and clear to the American people and to the president. A president can't sustain a military conflict without the support either of Congress as well as the American people, and that's what the president is up against," she told MSNBC.

During the past week, congressional opposition to Mr. Bush's war policy has made headlines around the world.

"Senators oppose Bush's Iraq plan" said Al Jazeera's Web site yesterday. The story quoted Sen. Chuck Hagel, Nebraska Republican and a co-author of the Senate resolution, saying: "I will do everything I can to stop the president's policy as he outlined it on Wednesday night. I think it is dangerously irresponsible."

Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Senate Foreign Relations Committee, said his panel will start debate on the resolution on Wednesday. It was not clear last night when there would be a floor vote in either chamber.

During yesterday's press conference, Mrs. Pelosi said she expects the legislation to garner bipartisan support in the House.

Some liberal Democrats want more. Earlier this week, Rep. Lynn Woolsey, California Democrat, introduced a bill that would require all U.S. troops to leave Iraq within six months and cut off funding if they do not. The bill has 17 co-sponsors, although none are party leaders.

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Relegated to the sidelines in Congress after the November elections largely because of their support of the war, Republicans held a week of "listening sessions" to search for a war platform they could unite on.

"We have learned from our discussions that while differences of opinion do exist in the Conference, commonality also exists. What unites us is far stronger than what divides us," Republican Conference Chairman Adam H. Putnam of Florida wrote in a letter yesterday to colleagues. "As Democrats continue to debate over which course of cut-and-run they should support, House Republicans are categorically united behind four guiding principles."

Included in their list of principles is that "there is only one commander in chief," "failure in Iraq is not an option," and "we are opposed to cutting off funding for our troops."

And, after years of complaints from Democrats over lackadaisical oversight of the war, Republicans yesterday declared, "Congress has a constitutional right and obligation to exercise oversight."

•This article is based in part on wire service reports.

Whither All The War Protesters? (CSM)

By Brad Knickerbocker

The Christian Science Monitor, January 19, 2007

from the January 19, 2007 edition - http://www.csmonitor.com/2007/0119/p01s03-ussc.html Whither all the war protesters? As the Iraq war heads toward 'surge,' the antiwar movement, now mostly online, nears a crucial moment.

By Brad Knickerbocker | Staff writer of The Christian Science Monitor

On a beach in US House Speaker Nancy Pelosi's San Francisco district the other day, about 1,000 war protesters formed up to spell out the word "IMPEACH." The aerial photo quickly spread to China and Europe.

Still, there were no political harangues, no civil disobedience. The quiet turnout was mostly "old hippies, and even older hippies," jokes event organizer Brad Newsham.

In Boston, a peaceful rally to protest the planned "surge" in US troops drew no more than a few hundred people.

Nearly four years into US combat in Iraq, the antiwar movement has yet to generate the kind of mass protest seen during the Vietnam War. There's no shutting down universities or blocking traffic at military bases – no tense face-offs with police.

But with the new Congress, the Bush administration's surge strategy (which critics deem an "escalation" of the conflict), and increasingly negative public opinion polls on the war, this may be a critical moment for the antiwar movement.

Now, it is organizing and most active in cyberspace. And while that "public space" is not as visible as the town square and university grounds nearly four decades ago, it no doubt feeds the growing public opposition to the Iraq war. (Seventy percent of Americans oppose sending more troops to Iraq, according to an Associated Press-Ipsos poll last week.)

One key reason that opposition to the war has been less overt, organizers recognize, is the lack of a military draft. Also, the scale of the war is different. There were four times as many troops involved and 10 times as many American casualties over a comparable period in Vietnam.

Third, only a handful of Americans are directly affected by the war or asked to sacrifice for it.

For many, "it feels removed," says Tressa Jones of Needham, Mass., who joined the recent rally in Boston. "It's easy to forget because there hasn't been a draft. It's not wartime in the way we are living.... People aren't collecting scrap metal or growing victory gardens."

Yet scholars of recent controversial wars say that though the Iraq War is far different from Vietnam in many ways, opposition, in fact, developed much sooner.

"Protests against the Iraq war, throughout, have been at a far higher level than they were with regard to Vietnam at comparable stages of the invasions," says Noam Chomsky, the MIT linguist who was an early critic of US involvement in Southeast Asia and often opposes US foreign policy in general.

"It wasn't until late 1967, five years after [President John F. Kennedy's] outright invasion, that a substantial movement became visible – and even then, and in fact until the end, it was mostly focused on the bombing of the North," Dr. Chomsky said in an e-mail. "It's hard to know how to measure effects – we don't have internal records, as in the case of Vietnam – but they have at least kept it visible enough so that most of the population has been in favor of withdrawal."

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The Web played an important part in defeating war supporters in Congress last November, which in turn led to the current Democratic majority there.

One significant development: Thanks to e-mail and the Internet being available to most troops in Iraq and their families back home, the war can be very immediate to many Americans. That keeps many fighting men and women more politically aware and engaged than in past wars.

As a result, more American troops now disapprove of President Bush's handling of the war than approve of it, according to a recent Military Times poll.

"When the military was feeling most optimistic about the war – in 2004 – 83 percent of poll respondents thought success in Iraq was likely," Military Times reports. Now, " that number has shrunk to 50 percent. Only 35 percent of the military members polled this year said they approve of the way Bush is handling the war, and 42 percent said they disapprove."

At the same time, according to the poll, the number of military respondents who identify with the Republican Party has dropped from 60 percent in 2004 to 46 percent today.

On Tuesday, two active duty servicemen – Navy Petty Officer Jonathan Hutto and Marine Corps Sergeant Liam Madden, who served in two tours in Iraq – presented to Congress more than 1,000 signatures from active duty and Reserve troops in support of "the prompt withdrawal of all American military forces and bases from Iraq." The day before, about a dozen of those troops held a press conference at a Unitarian Church in Norfolk, Va., to voice their opposition to the war.

Those are relatively small numbers compared with the 140,000 US troops currently in Iraq. But it's the kind of act that gets public and political notice. And it echoes 1969, when 1,366 active duty troops signed a full-page ad in The New York Times opposing the war in Vietnam.

Around the country next week, Veterans for Peace will launch an antiwar effort based on a constitutional argument. Organizers will target Democratic lawmakers – especially those in leadership positions like House Speaker Pelosi.

"The Constitution is being violated," says Vietnam veteran Lee Thorn of San Francisco, referring to allegations that the US has tortured prisoners as well as what he calls infringements of civil liberties. "It's our duty as those who've taken an oath to defend the Constitution to continue."

Later in the week, a large "mobilization" of antiwar groups is planned in Washington.

In Baghdad, Pressing To Meet, With Iraqi Help, Pentagon's Own Standard For Force Levels (NYT)

By Michael R. Gordon

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — When Lt. Gen. David H. Petraeus assumes his duties as the new American commander in Iraq, he will be guided by a new military doctrine on counterinsurgency that makes the security of the population a chief objective.

But a pressing question that is likely to emerge when the Senate takes up his confirmation next week is whether the administration's new Iraq strategy will draw on enough forces to ensure security — as measured against the general's own guidelines.

The additional five combat brigades that would be sent to Baghdad under President Bush's strategy would roughly double the size of the American force involved in the security operation there, about 15,000 troops. But as a whole, that would still represent only a small portion of the 120,000-strong force that would be required to secure the entire capital according to the force ratios outlined in the military's new field manual for counterinsurgency, which General Petraeus helped to draft.

Interviews with military officers suggest that the Bush administration can come close to meeting the manual's guidelines by relying heavily on the efforts of Iraqi security forces and concentrating the effort on key neighborhoods. But this means that the strategy will depend greatly on the performance of Iraqi forces, including police units that have often been criticized as ineffectual or under the influence of Shiite militias.

The debate over the administration's Iraq strategy involves much more than troop levels. Some who criticize the plan, like Joseph P. Hoar, a retired Marine general and former head of the Central Command, have argued that it would be foolish to

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consider sending additional forces until Prime Minister Nuri Kamal al-Maliki follows through on his program of political reconciliation and reins in the Shiite militias.

"My view is that the Maliki government is ill-equipped to make the needed political changes that might allow the efficacious use of extra troops," General Hoar said.

But the Bush administration has argued that it is not be possible for the Iraqis to take the needed political steps until security is improved, and, in any event, Congress is unlikely to block the deployment of additional forces. So an important question is whether there will be enough troops on hand for the strategy to work.

The goals in counterinsurgency are to protect the population, deprive the insurgents of sanctuary and generally maintain order over a broad area, making it a "manpower-intensive" approach, according to the counterinsurgency manual.

While noting that cases can vary, the manual stipulates a rough rule for determining how many troops are needed: one "counterinsurgent," which could be an American or a soldier or policeman from the "host nation," for every 50 inhabitants. With an estimated population of around six million, Baghdad would require a force of some 120,000 under those guidelines.

A study by John J. McGrath, published last year by the Army's Combat Studies Institute at Fort Leavenworth, Kan., noted that some counterinsurgency campaigns and postwar stability operations had succeeded when the American force level had fallen short of this standard, including the American counterinsurgency effort in the Philippines from 1899 to 1901. Even so, securing Baghdad is an especially challenging mission given the sectarian passions, multiple militias, determined insurgents, high level of crime and weak central government.

The five additional American combat brigades that are to be sent to Baghdad under Mr. Bush's plan would enable the United States to change the nature of its operations in the capital by maintaining a regular presence in some key neighborhoods. Even with the American reinforcements, the numbers show that the effort would require a stepped-up effort by the Iraqis.

Adding the five brigades, at roughly 3,500 soldiers each, would bring the American contribution in Baghdad to about 33,000. Expanding the Iraqi Army in Baghdad by three more brigades would push the number of Iraqi soldiers to around 15,000. American officials say that there are an additional 3,000 American and Iraqi Special Operations forces in the Baghdad area who will be part of the effort. In addition, there are 13,000 Iraqi National Police officers and 22,000 local Iraqi police officers. That would bring the total number of American troops and Iraqi soldiers and policemen to about 86,000 in the capital.

American officials say that the pervasive use of separate ministry security forces and the use of contractors to protect government buildings also needs to be factored into the equation. There are thousands of such personnel, though specific numbers are hard to come by.

According to the military's plan, the forces would also not be distributed evenly across the city but would instead be concentrated in specific sectors. Other American capabilities, like intelligence gathering, would also be enhanced in ways that are not readily quantifiable by the deployment of the additional brigades, military officials say.

Further, military officials said that the strategy should not be considered as purely a numbers game. American commanders are considering a number of steps that would help improve security, including limiting access to specific neighborhoods and establishing "no-drive areas" and weapons-free zones.

Improving the performance of the Iraqis is also an important element of the new strategy. The decision to deploy one or more American battalions with Iraqi Army and police units in each of the nine city sectors that are to be established under the plan is intended to establish the kind of partnership that will improve their performance.

A military officer involved in Iraq war planning said that given the complexity of securing Baghdad he could not say with precision how many forces would be needed to tamp down violence in the city. But the officer said he was convinced that the increase would make an important difference.

But Kalev Sepp, an assistant professor at the Naval Postgraduate School and a former Army Special Forces officer, expressed concern that the effort might be shorthanded.

"Even accounting for the idea of concentrating forces in specific neighborhoods, you still have to account for the possibility that violence will shift to other neighborhoods," he said. "So there is something to the arithmetic that 120,000 security personnel are required. And beyond that there are the issues of quality and political reliability, particularly with the police, in trying to achieve security in the capital."

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Military Planners In Iraq May Soon Be Seeing 'Red' (LAT)

By Julian E. Barnes

The Los Angeles Times, January 19, 2007

FT. LEAVENWORTH, KAN. — While the Bush administration is reworking its overall strategy in Iraq, military leaders in Baghdad are searching for new ways to improve the decisions and choices they make closer to the ground.

The U.S. military has sent to Iraq a five-person team of dedicated skeptics, known in military jargon as a "red team." In a war known for its missteps and unanticipated results, the team will be assigned to review, and question, military operations. It will attempt to predict how enemies will react to various missions and what the unintended consequences might be.

Such teams have been used on an ad-hoc basis to critique specific battle plans. But this team is the first to work full time as devil's advocates, and is the first headed by officers trained as designated skeptics by Ft. Leavenworth's University of Foreign Military and Cultural Studies.

Red teams try to predict how the enemy, known as "red" in military-speak, will react to an American operation.

"A red team is trying to get into the enemy's head," said Gregory Fontenot, director of the Ft. Leavenworth program. "What is the other side liable to do and how are they thinking about the problem?"

In Senate testimony last week, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said a red team had been assigned to examine President Bush's new Iraq security plan "from the enemy's viewpoint." Bush plans to send 21,500 additional troops to Iraq, although the increase and new strategy are not expected to be fully in place for several months as the Pentagon routes units into battle.

But red teams go beyond predicting how the insurgency might react.

Team members are trained to think differently from other officers in military planning sessions, said Steven Rotkoff, one of the instructors at Ft. Leavenworth who helped create the course curriculum. Since red team officers are outside the normal staff planning process, they theoretically can look more objectively at it.

"It is very hard to tell someone your baby is ugly and they don't dress them properly," Rotkoff said. "The red team members are valued by their commanders because they do not participate in group-think."

The military's strict hierarchy allows for quick decision making. But it also can prevent insights farther down the pecking order from receiving a fair hearing. With a red team in place, someone is always taking a skeptical look at the commander's ideas, Rotkoff said.

"We struggle with getting out of the comfort zone. To do what we are asking people to do is an unnatural act for the American military," Rotkoff said.

In Iraq, the new red team has begun working for Lt. Gen. Raymond T. Odierno, who recently became commander of day-to-day military operations there. The team may also get a higher profile with the arrival of Lt. Gen. David H. Petraeus, named the top U.S. commander in Iraq.

Petraeus, a supporter of such devil's-advocate approaches, pushed for more creative thinking while heading up key Army training programs at Ft. Leavenworth. Lt. Col. Jeff Ragland, Odierno's red team leader, said that although top officers and junior staff members are intrigued by the new group's mission, some mid-level colonels in Baghdad "seem to be less excited about our existence."

If a team's job is to argue against a particular plan, it becomes easy for other officers to dismiss its suggestions.

As a result, the red team course at Ft. Leavenworth includes instruction on how to criticize without being ignored. And in the field, Ragland's team is trying to figure out how to sugarcoat skepticism.

"At virtually every instance, we have had to present our ideas in an acceptable way, not with the 'sharp stick in the eye' approach," Ragland said.

The course examines conflicts such as the Philippine insurrection in 1899 and the post-World War II occupation of Japan.

The course covers Western and non-Western military theory and teaches anthropology so future red team members can better study other cultures.

In Iraq, for instance, it is the red team's job to think like Iraqis and figure out what might offend them.

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"We are not going to make [red team members] anthropologists; we are going to make them understand how ethnocentric they are," Fontenot said. "As soon as you assume the other guy thinks like we do, you are making a mistake."

Military organizations, Fontenot said, are not always good at predicting the after-effects of an operation. Traditionally, no staff officers are specifically assigned to think about long-term consequences.

Among military staffers, there is a tendency to become wedded to a plan and reflexively defend it, rather than critique it from a distance, said Lt. Col. Mark B. Elfendahl, a student in the red team course.

Though the focus of many red teams is to predict an enemy force's reactions, in Iraq it will be just as important to predict how allies might react to a given operation.

Ragland, the red team leader in Iraq, said other staff officers have the ability to critically assess a plan, but they often do not have the time to do so.

"Red teams are a direct, and necessary, response to the current operations tempo," Ragland said, adding that because team members are not invested in military plans, "we have the latitude regarding time and the charter to take this critical look."

At Ft. Leavenworth, Fontenot wants to spread critical thinking throughout the Army.

In the long term, the University of Foreign Military and Cultural Studies aims to influence how all officers think and plan.

For now, Fontenot says he is watching how the red team works in Iraq, and is adjusting the course based on feedback from the field.

"We will have to see how it goes in Iraq," he said. "I know we are doing the right thing. I don't know if we are doing it the right way."

Sunni Allies Give 'qualified Support' For Bush's Iraq Strategy (FT)

By Andrew England

Financial Times, January 19, 2007

When Condoleezza Rice, US secretary of state, flew out of the Middle East on Wednesday after a tour of the region to mobilise support for the White House's controversial new Iraq strategy, Arab diplomats were left hoping, rather than expecting, that it might actually achieve something.

Two of the US's most important Sunni allies in the region – Egypt and Saudi Arabia – gave cautious backing to the initiative, while a third, Jordan, reiterated the need for Iraq's Sunni to be given a greater role in their country's political processes.

But the "support" also came with a clear message to Ms Rice in the hope that Washington may finally be ready to listen to its Arab allies – a military solution alone is not enough.

Sunni Arab states have a deep mistrust of Iraq's Shia-dominated regime and are sceptical about its willingness to tackle key issues - including disarming Shia militias and reaching out to Sunni - which they argue are crucial to the country's future.

Saud al-Feisal, the Saudi foreign minister, said while other countries could help, the main responsibility "rests on the Iraqis". Kuwait stressed the importance of Washington attempting dialogue with Syria and Iran, which was recommended by the Iraq Study Group, but rejected by the White House.

Still, given the dire situation in Iraq, as well as concerns about Shia Iran's growing influence in the region, Arab diplomats also accepted they had little option but to give the US strategy "qualified support".

They had already argued against an abrupt US withdrawal, fearing the Iraqi violence would destabilise the entire region, and the core of the plan is the deployment of an additional 21,500 American troops.

"We all feel that we are in the same boat so if America fails it is not our success," Hesham Youssef, a senior official at the Arab League told the FT. "If we do not address all the issues we will fail because even if you put an extra 20,000 soldiers on the streets today, and people do not see a political horizon, then it [may well] be making it more difficult for the insurgents and those advocating violence, but [it will] not deal with the root causes of the conflict."

When Amr Moussa, the league's secretary-general, met Ms Rice in Egypt he told her there were five fundamental points that needed addressing – ensuring the territorial integrity of Iraq; reconciliation; working with Iraqis on a basis of citizenship rather than as Shia, Sunni or Kurd; dealing with the militias; and political issues, including amendments to the constitution to give Sunnis – marginalised since the fall of Saddam Hussein - a greater role.

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According to Mr Youssef, Mr Moussa's chief of cabinet, Ms Rice agreed the issues would receive the US's attention. Asked whether Washington would take note, he said: " We hope they will follow these elements with vigour. It's more than hope, it's an expectation."

Another Arab diplomat said Ms Rice accepted the fact that military action alone would not halt the bitter sectarian conflict. However, he said there was caution about whether the words would be translated into action.

A Plausible Plan B (WP)

By Charles Krauthammer

The Washington Post, January 19, 2007

If we were allied with an Iraqi government that, however weak, was truly national -- cross-confessional and dedicated to fighting a two-front war against Baathist insurgents and Shiite militias -- a surge of American troops, together with a change of counterinsurgency strategy, would have a good chance of succeeding. Unfortunately, the Iraqi political process has given us Nouri al-Maliki and his Shiite coalition.

Its beginning was inauspicious. Months of wrangling produced a coalition of the three major Shiite religious parties, including that of Moqtada al-Sadr. Given Maliki's legitimacy as the first democratically elected leader of Iraq, however, he was owed a grace period of, say, six months to show whether he could indeed act as a national leader.

By November, his six months were up, and the verdict was clear: He could not. His government is hopelessly sectarian. It protects Sadr, as we saw dramatically when Maliki ordered the lifting of U.S. barricades set up around Sadr City in search of a notorious death squad leader. It is enmeshed with Iran, as we saw when Maliki's government forced us to release Iranian agents found in the compound of one of his coalition partners.

The hanging of Saddam Hussein did not change anything, but it did illuminate the deeply sectarian nature of this government. If it were my choice, I would not "surge" American troops in defense of such a government. I would not trust it to deliver on its promises. Lt. Gen. David Petraeus thinks otherwise. Petraeus, who will be leading our forces in Iraq, has not only served 2 1/2 years there but has also literally written the book on counterinsurgency. He believes that with an augmentation of U.S. troops, a change of tactics and the support of three additional Iraqi brigades, he can pacify Baghdad.

Petraeus wants to change the U.S. counterinsurgency strategy, at least in Baghdad, from simply hunting terrorists to securing neighborhoods. In other words, from search-and-destroy to stay-and-protect. He thinks that he can do this with only a modest increase of five American brigades.

I am confident that Petraeus knows what he's doing and that U.S. troops will acquit themselves admirably. I'm afraid the effort will fail, however, because the Maliki government will undermine it.

The administration view -- its hope -- is that, whatever Maliki's instincts, he can be forced to act in good faith by the prospect of the calamity that will befall him if he lets us down and we carry out our threat to leave. The problem with this logic is that it is contradicted by the president's simultaneous pledge not to leave "before the job is done."

In this high-stakes game of chess, what is missing is some intermediate move on our part -- some Plan B that Maliki believes Bush might actually carry out -- the threat of which will induce him to fully support us in this battle for Baghdad. He won't believe the Bush threat to abandon Iraq. He will believe a U.S. threat of an intermediate redeployment within Iraq that might prove fatal to him but not necessarily to the U.S. interest there.

We need to define that intermediate strategy. Right now there are only three policies on the table: (1) the surge, which a majority of Congress opposes, (2) the status quo, which everybody opposes, and (3) the abandonment of Iraq, which appears to be the default Democratic alternative.

What is missing is a fourth alternative, both as a threat to Maliki and as an actual fallback if the surge fails. The Pentagon should be working on a sustainable Plan B whose major element would be not so much a drawdown of troops as a drawdown of risk to our troops. If we had zero American casualties a day, there would be as little need to withdraw from Iraq as there is to withdraw from the Balkans.

We need to find a redeployment strategy that maintains as much latent American strength as possible, but with minimal exposure. We say to Maliki: Let us down, and we dismantle the Green Zone, leave Baghdad and let you fend for yourself; we keep

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the airport and certain strategic bases in the area; we redeploy most of our forces to Kurdistan; we maintain a significant presence in Anbar province, where we are having success in our one-front war against al-Qaeda and the Baathists. Then we watch. You can have your Baghdad civil war without us. We will be around to pick up the pieces as best we can.

This is not a great option, but fallbacks never are. It does have the virtue of being better than all the others, if the surge fails. It has the additional virtue of increasing the chances that the surge will succeed.

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Tell The Troops (NYT)

The New York Times, January 19, 2007

It is bad enough for troops in Iraq to learn that their tours of duty have been extended. It is terrible for them to have to hear about it from loved ones at home rather than from their military commanders.

This is what happened to about 150 New Jersey National Guard troops who had been scheduled to return home in March after having served in Iraq for a year. Their tours of duty were extended for up to 125 days as a result of President Bush's decision to send more than 20,000 additional troops to Iraq.

A day after Mr. Bush announced the troop increase in a televised speech, the National Guard in New Jersey told family members that their relatives would have to stay on. The news quickly made it back to the troops in Iraq through anguished phone calls and e-mail.

Not until Sunday — four days after Mr. Bush's speech — were the troops notified by their Army commanders, after Gov. Jon Corzine of New Jersey made two phone calls to Army officials.

Mr. Corzine, who had learned of the lapse from outraged family members, said that Pentagon officials expressed regret and blamed the delay on a "breakdown in the chain of command on the ground in Iraq." The governor rightly called what happened "unacceptable."

But given all that has gone wrong with the misguided American adventure in Iraq, the foul-up is hardly surprising. It's one more sensitive issue that has been insensitively and unfairly mishandled.

Never Miss An Appointment, Or An At-Large Terrorist, Again (WP)

By Al Kamen

The Washington Post, January 19, 2007

Tired of all the cuddly baby polar bears, redwoods, waterfalls and other standard glossy photos on those daily planners you got for Christmas? Want a little something different to jump-start your day?

Then how about having your morning java looking at mug shots of Osama bin Laden and other wanted terrorists and learning how to recognize whether that muscle weakness is from yesterday's workout or perhaps botulism poisoning.

Yes, it's the National Counterterrorism Center's 2007 daily planner, "the largest since the calendar first appeared in a daily planner format in 2003," the introduction says.

No. 1 terrorist bin Laden -- with a $27 million reward "for information leading directly to" his being taken out of business -- is of course still there.

In fact, pretty much all the most-wanted folks are still there, year after year, including Faker Ben Abdelaziz Boussora, still with the $5 million reward offer, still with those "prominently protruding ears and . . . believed to have a serious pituitary gland illness."

A notable exception is Abu Musab al-Zarqawi, killed in a U.S. airstrike on June 7. But "despite the turnover in leadership," the calendar notes in an excellent turn of phrase, "as of October 2006 [al-Qaeda in Iraq] had claimed over 5,000 attacks . . . with no evidence of a change in strategy or tactics." And there are reports that Fazul Abdullah Mohammed, wanted for the bombings of U.S. embassies in Africa in 1998, may have been taken out in recent U.S. airstrikes in Somalia.

Osama is still listed as living in Pakistan, maintaining his trim 160-pound figure. His deputy, Ayman al-Zawahiri, is still hanging out in Afghanistan. And Mullah Omar, who seems to be giving e-mail interviews to journalists these days, insists that he is in Afghanistan, but the Afghans claim he's on the lam in Pakistan.

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The NCTC is a great planning guide. Those who have it, for example, know there's a big three-day weekend coming up to celebrate Feb. 3, 2000, which is when "Syria and Sudan sign agreement on fighting terrorism in compliance with Arab Antiterrorism Convention" and the landmark Feb. 5, 2001, accord signed by Algeria and France "to cooperate in fighting terrorism." So you can take that Monday off.

The beautiful calendar "is designed for anyone concerned with terrorism or threat: law enforcement, intelligence, military, security personnel, contingency planners, or simply citizens concerned by terrorist threats," the introduction says.

But the public can get only the electronic version. That's at http://www.nctc.gov. You can download it even in northwestern Pakistan.

It's available to others at undisclosed locations.

A Softer Hard Line on Nukes

Meanwhile, the buzz, amongst those who know where those locations are, is that Kenneth C. Brill, a career diplomat who has been in the director of national intelligence's office as the director of the National Counterproliferation Center, is rejoining his pal, Deputy Secretary of State-designate John Negroponte.

Brill is said to be the likely pick to replace the outgoing undersecretary for arms control and international security, Robert Joseph. The move is seen as a potentially huge change on nonproliferation stances, focusing more on diplomacy and less on confrontation. Brill frequently crossed swords with Bush administration harder-liners on policies toward North Korea and Iraq.Confirm Two, Get One Free

Rumblings on the Senate side are that Gen. George Casey's confirmation as Army chief of staff is going to be a tough sell, especially with the Democrats in charge. And it's not just the Democrats that need to be sold. Even some Armed Services Committee Republicans are uneasy about this one.

"Gee whiz, the chief of staff of the Army is the guy everybody looks up to," Sen. Saxby Chambliss (R-Ga.) told our colleague Tom Ricks. "We were under Casey's leadership over there for the last three years," the senator said, referring to Iraq, "and it hasn't gone well." Chambliss said that he hasn't made up his mind whether to support the nomination.

There's even talk that the administration is concerned Casey is unconfirmable with the Senate in the mood it's in. So the White House may try to move Casey's nomination and that of Adm. William J. Fallon to head Centcom as a package along with the nomination of highly regarded Lt. Gen. David Petraeus to lead U.S. forces in Iraq.

The Wisdom of Lisa Simpson

Secretary of State Condoleezza Rice didn't seem to be trying to make much news on her swing this week through the Middle East. Still, she offered an interesting take on what she called "a challenging time" in the region, our colleague Glenn Kessler reported.

"I don't read Chinese, but I am told that the Chinese character for crisis is weiji, which means both danger and opportunity," Rice pontificated on Tuesday. "And I think that states it very well. We'll try to maximize the opportunity."

Rice did not say where she learned this aphorism, but oddly enough it was once featured on "The Simpsons," as this excerpt from an episode shows:

Lisa: "Look on the bright side, Dad. Did you know that the Chinese use the same word for 'crisis' as they do for 'opportunity'?"

Homer: "Yes! Cris-atunity."

Chinese scholars actually dispute that oft-cited interpretation of the word.

In any event, echoing Lisa Simpson on the Middle East or on the Chinese language may not be a great idea.Dedicated Strictly to House Members

Correction: Contrary to an item in Wednesday's column, we're told that the Senate version of the new congressional ethics legislation does include a provision that would at least require lobbyists to disclose contributions to building funds and other programs promoted by members of Congress.

Mahdi Army Expressing Siege Mentality (AP)

By Steven R. Hurst

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AP, January 19, 2007

Mahdi Army fighters said Thursday they were under siege in their Sadr City stronghold as U.S. and Iraqi troops killed or seized key commanders in pinpoint nighttime raids. Two commanders of the Shiite militia said Prime Minister Nouri al-Maliki has stopped protecting the group under pressure from Washington and threats from Sunni Muslim Arab governments.

The two commanders' account of a growing siege mentality inside the organization could represent a tactical and propaganda feint, but there was mounting evidence the militia was increasingly off balance and had ordered its gunmen to melt back into the population. To avoid capture, commanders report no longer using cell phones and fighters are removing their black uniforms and hiding their weapons during the day.

During much of his nearly eight months in office, al-Maliki has blocked or ordered an end to many U.S.-led operations against the Mahdi Army, which is run by radical Shiite cleric Muqtada al-Sadr, the prime minister's key political backer.

As recently as Oct. 31, al-Maliki, trying to capitalize on American voter discontent with the war and White House reluctance to open a public fight with the Iraqi leader just before the election, won U.S. agreement to lift military blockades on Sadr City and another Shiite enclave where an American soldier was abducted.

But al-Maliki reportedly had a change of heart in late November while going into a meeting in Jordan with President Bush. It has since been disclosed that the Iraqi leader's vision for a new security plan for Baghdad, to which Bush has committed 17,500 additional U.S. troops, was outlined in that meeting.

Al-Maliki is said by aides to have told Bush that he wanted the Iraqi army and police to be in the lead, but he would no longer interfere to prevent U.S. attempts to roll up the Mahdi Army.

In a meeting before his session with Bush, Jordan's King Abdullah II was said by al-Maliki confidants to have conveyed the increasing anger of fellow Sunni leaders in the Middle East over the continuing slaughter of Sunni Muslims at the hands of Shiite death squads.

Until February, much of the violence in Iraq was the work of al-Qaida in Iraq and allied Sunni organizations. They had killed thousands of Shiites in random bomb attacks in what was seen as an al-Qaida bid to foment civil war.

When al-Qaida bombers blew up the Golden Dome mosque, an important Shiite shrine in the mainly Sunni city of Samarra on Feb. 22, Shiite militiamen, especially the Mahdi Army fighters based in Sadr City, stormed out of the poor enclave in a drive for revenge that has only grown in ferocity.

The U.N. reported this week that the sectarian fighting killed more than 34,000 Iraqis last year, a figure that was criticized but not disputed Thursday by the Iraqi government.

With the Sunni threat in mind, evidence since the meetings in Jordan indicates that al-Maliki has kept his pledge to Bush that there would be no further interference in favor of Shiite militias.

On Wednesday, the prime minister said 400 Mahdi Army fighters had been detained in recent months, although an exact timeframe was not given.

The midlevel Mahdi Army commanders, who spoke to The Associated Press on condition of anonymity because the group operates in secret, said at least five top commanders of similar standing were captured or killed in recent months, including one snatched in a night raid from his Sadr City hide-out on Tuesday. They refused to name him.

Two other key officials at the top of the organization were killed in raids last month:

• Sahib al-Amiri, a senior al-Sadr military aide, was slain by American forces in the Shiite holy city of Najaf on Dec. 27. The U.S. military reported his death, calling him a criminal involved roadside bombings. Al-Sadr lives in Najaf.

• The other top commander, identified by a third Mahdi Army commander as Abu al-Sudour, was shot to death in a joint U.S.-Iraqi raid last month as well. He was hunted down in Sadr City.

The third commander, who also spoke anonymously to protect his identity, said U.S.-led raiding parties were now also engaged in massive sweeps, having rounded up what he said was every male old enough to carry a gun in south Baghdad's Um al-Maalef neighborhood Tuesday night.

The U.S. military spokesman, Maj. Gen. William Caldwell, alluded to the tactics early this month when he was asked by the AP if the coming security operation would focus on pinpoint raids or broader military engagements.

"It'll be a combination of targeted killings and more traditional large-force operations," Caldwell said.

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There has been so much advance publicity about the coming security plan, major speeches by both Bush and al-Maliki, that the militant targets of the operation — both Sunni insurgents and Shiite militiamen — have had ample warning the U.S. and Iraqi militaries are drawing a bead.

One of the Mahdi Army commanders who spoke with the AP said the early warning was not ignored.

"Our top leadership has told us to lay low and not confront the Americans. But if Sadr City is attacked, if civilians are hurt, we will ignore those orders and take matters in our own hands. We won't need orders from Sheik Muqtada (al-Sadr)," the midlevel commander said.

Others in the organization said street fighters have been told not to wear their black uniforms and to hide their weapons, to make their checkpoints less visible. Reports from the growing number of neighborhoods controlled by the militias indicate fighters are obeying.

Gen. George Casey, the top U.S. commander in Iraq, said the security strategy and the additional American forces would allow the crackdown to be sufficiently broad to sweep up those who try to escape Baghdad and operate elsewhere.

"On the militia, the Baghdad plan itself is integrated to a holistic, countrywide plan that the multinational corps is developing. And security for Baghdad won't just come from securing the inside of Baghdad," Casey said at a briefing on Monday.

"It comes from the support zones around the outside as far away, as you suggest, Baqouba and Ramadi and Fallujah. It goes all the way out to the borders to stop the flow of foreign fighters and support coming in there."

The Mahdi Army commanders said they were increasingly concerned about improved U.S. intelligence that has allowed the Americans to successfully target key figures in the militia.

"We're no longer using cell phones except in emergencies. Some of our top commanders have not been home (in Sadr City) for a year because they fear capture," one of the commanders said.

The militiamen said al-Sadr himself had apparently gotten wind of the coming assault and ordered a reshuffling of the Mahdi Army command structure, transferring many leaders to new districts and firing others who were of suspect loyalty.

While Shiite militiamen were less in evidence on Baghdad streets, Sunni insurgents continued their bomb and shooting attacks in Shiite regions and Shiite death squads remained active at night.

Police reported a total of 59 people killed or found dead Thursday, with the single largest toll from a triple car bombing that killed 10 in a wholesale vegetable market in a south Baghdad Shiite neighborhood. Twenty-seven bodies were found dumped in Baghdad, 19 on the largely Sunni west side of the Tigris, eight on the mainly Shiite east bank.

An al-Qaida-linked coalition of Sunni insurgents claimed responsibility for a Wednesday attack in Baghdad on a convoy of a Western democracy institute. The ambush killed an American woman and three security contractors. The woman was identified as Andrea Parhamovich, 28, of Perry, Ohio.

Officials Predict Shiite Militia Will Lower Profile In Baghdad (WP)

By Walter Pincus And Ann Scott Tyson

The Washington Post, January 19, 2007

U.S. intelligence leaders told Congress yesterday that Shiite cleric Moqtada al-Sadr will probably lower the profile of his powerful militia in Baghdad and watch to see whether the new U.S.-Iraqi strategy of placing more troops in the city is aimed at uncontrolled violence or specifically at him and his organization.

"There's a clear indication at the present time he's not looking for contacts with coalition forces," CIA Director Michael V. Hayden told the House Permanent Select Committee on Intelligence yesterday. "And to the degree he controls Jaish al-Mahdi -- and that's a very important factor -- to the degree that he controls this, he's trying not to bait us or confront us into confrontation."

Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, delivered a similar message about Sadr and his organization, which is also known as the Mahdi Army. "They will probably reduce their level of activity in the near term in order to see what's going to happen, how it's going to happen, particularly in Baghdad. And I think they will continue to operate in other parts of Iraq to further establish their influence over the Shia population," he said.

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A key element of President Bush's explanation for putting up to 21,500 additional troops in Iraq is disarming militias that are operating outside the government's security forces. U.S. military commanders have reported there are up to 23 separate militias operating inside Baghdad, many of which are associated with Sadr's Mahdi Army.

The administration has been pressuring Iraqi Prime Minister Nouri al-Maliki, who gained his office with Sadr's support, to take strong action against Sadr's militia members, who have been accused of sending death squads into Sunni neighborhoods in Baghdad.

At a Senate Foreign Relations Committee hearing yesterday, retired Marine Corps Gen. Joseph P. Hoar, who commanded U.S. forces in the buildup to the Persian Gulf War, said that no additional U.S. troops should be sent to Iraq unless Maliki disarms militias, including Sadr's, and cleans them out of the Iraqi security services. "If he's not committed to make hard choices early on, there's no chance in pulling this thing off," Hoar said.

Maj. Gen. William B. Caldwell IV, spokesman for the U.S military command in Iraq, told a group of Washington Post reporters and editors yesterday that he is worried that the American public will be impatient with the temporary buildup of U.S. troops in Iraq. "I for one am personally very concerned that expectations have been raised so high that people are going to look for some kind of immediate results in the next 30 to 60 days and are not going to see it," Caldwell said.

He warned that the buildup is "not the long-term solution" to security in Iraq and said that its primary purpose is to allow the U.S. military to accelerate the transition to Iraqi government control of its own forces this summer and fall rather than in 2008. "We've got to . . . let go of the reins," he said. The additional U.S. troops will also help the U.S. military to increase and expand its teams of advisers embedded with Iraqi units, which he said will have an "open-ended commitment" in Iraq.

Iraq plans to add 37,000 troops to its army starting this spring to fill out the ranks of its 10 divisions, as attrition, combat losses and leave mean many units have only half to 70 percent of their manpower available day to day. It will also create an 11th army division, "which they desperately need," Caldwell said, that will be a "much more mobile, much more responsive" force than the others.

Last year, some Iraqi units ordered to help quell violence in Baghdad "completely disintegrated" as soldiers refused to go, he said. U.S. commanders realized that "gosh, we built an army that's not mobile," Caldwell said. He called the government's recent success in getting one battalion of about 500 Iraqi troops to Baghdad "an incredible step forward," and said whether the government can fulfill its pledge to muster three more brigades of Iraqi troops for Baghdad is "a real test."

Yesterday, Maliki announced that Iraqi-U.S. military operations had resulted in the arrests of some 400 members of Sadr's militia, but it was in southern Iraq, where competing Shiite factions are fighting for control of towns and cities.

Iraq's Planned Budget Divisive Too (LAT)

By Borzou Daragahi And Louise Roug

The Los Angeles Times, January 19, 2007

BAGHDAD — It's budget time in Iraq, and the lively debates that have erupted would strike a familiar chord for observers of such talks in any American statehouse or European parliament.

But war-ravaged Iraq is no ordinary country, and the murkiness surrounding many items in the proposed 2007 budget has contributed to the general distrust between sectarian factions as well as widespread doubts about the ability of the government of Prime Minister Nouri Maliki to manage the nation.

Nearly $2 billion of the budget is allocated to agencies beyond the oversight of the central government at a time when potential international donors have balked at tossing more money into what has been viewed as a black hole.

The potential for abuse is high. Most ministries get multimillion-dollar discretionary funds known as "social benefits" with few spending safeguards, Iraqi officials say.

Item of contention

The $41-billion budget, a copy of which was obtained by the Los Angeles Times, also includes money to assist the families of those killed and imprisoned under the regime of the late Saddam Hussein. The Shiite Muslim-sponsored provision has proved so offensive to Sunni Arab lawmakers that they have threatened to loudly condemn the entire spending plan unless benefits are

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also provided to prisoners who were abused by American troops at the Abu Ghraib prison and to those killed in U.S. military operations since the toppling of Hussein's Sunni-dominated government in 2003.

"If they do not change this particular law, we will not vote for the budget," said Alaa Saddoun, a Sunni lawmaker in the sect's main parliamentary bloc.

Iraq's budget is loaded with potentially divisive expenditures, some with sectarian overtones, as well as vaguely worded spending items that have raised the eyebrows of Iraqi lawmakers.

The budget debate comes as the U.S. proposes to pour an additional $1 billion into Iraqi reconstruction efforts and has been pressuring skeptical international donors to pitch in financially. At a time when suspicions are rife about government graft, the proposed budget trims the office of the Public Integrity Commission by 13%.

Maliki this week sent lawmakers a letter urging them to approve the budget quickly, and a vote could come next week.

But even the prime minister's closest political allies have raised tough questions about the proposed budget, which is 21% larger than last year's. The budget does not include $8 billion allocated to ministries last year that have yet to be spent on reconstruction projects around the country held up because of security worries. It also fails to incorporate funds donated by the international community, including the U.S.

Iraqi budget planners complained that they simply couldn't get figures such as how much Washington was contributing to Iraqi agriculture, even when they asked for them.

The budget, which would be largely funded with a projected $30 billion in oil revenue, about $1 billion in taxes and fees and the $8 billion left over from last year, does call for an ambitious 60% increase, to $10 billion, of funds for improving infrastructure.

"We don't want to spend all the government's income on paying salaries and handouts," Maliki told reporters this week. "We want to encourage investment — especially in the field of electricity and oil."

But many observers scoffed at the reconstruction figure, arguing that it would be impossible to spend so much money amid the daily gunfights, banditry and terrorism afflicting eight of the country's 18 provinces and its three largest cities.

Gross incompetence has also been a factor in the failure to spend allocated funds.

"Many key ministries have been unable to expend budget resources on capital improvements and are running large surpluses due in part to an ineffective procurement process and the inability to carry out fair, competitive contracting," a report by the U.S. Government Accountability Office said.

Some said the Iraqi government would be better off pumping money into services and salaries, giving jobs to needy youths.

"I think first the budget wasn't based on pure mathematics but merely opinion," said Hassan Senaid, one of Maliki's staunchest parliamentary supporters. "I think that many of the ministries will not be able to spend all their money."

The biggest chunk

The security forces account for the biggest chunk of Iraq's proposed budget. Year-to-year spending for the Sunni-led Defense Ministry would stay the same, at about $4 billion; whereas funds for the Shiite-dominated Interior Ministry, which oversees the police, would rise 25%, to $2.6 billion.

"This reflects our economic strategy," said Kamal Basri, a financial advisor to the Iraqi government. "The most important thing is security."

The budget would double, to $200 million, the allocation for the Kurdish-controlled Foreign Ministry, increasing the payroll of embassies ninefold as the country attempts to re-integrate itself into the international community.

Health and education spending would go up more than 50% as Iraq attempts to address its vast social problems. But the country would spend a mere $6 million on handling the burgeoning problem of families displaced by the country's sectarian civil war, about the same figure as last year.

Lawmakers were most perplexed at the 100% increase in the budget of national security advisor Mowaffak Rubaie. His title, many say, dwarfs the tiny role he plays.

"I think that he wants 10 undersecretaries and 30 director-general positions while he only has three rooms for offices, which is insufficient for all the people to sit," Senaid said.

Government officials say they have made a serious effort to be more transparent.

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Much of the $2 billion in unspecified spending would go toward paying off Iraq's debt as well as for people's daily food rations and subsidies for provincial governments, the officials say. But many lawmakers worry that the funds come without safeguards.

"It's cloudy, unclear," said Bassem Sharif Hocheimi, a Shiite lawmaker and outspoken reformer. "This might lead to problems and corruption. We want to allocate more money for the governorates [provinces]. They're in bad shape. But how can we monitor corruption in those governments?"

Lawmakers also have questioned the "social benefits" funds in the budget proposal. Basri said they were discretionary accounts that ministers could use to reward exemplary employees. But worried about their potential for abuse, he sent out a memo to ministers saying that no single employee could receive more than $190 a month from the funds. "That made me a rather unpopular person," he said.

The proposed budget allocates $126 million for religious foundations, with equal amounts for Sunni and Shiite Muslim charities even though the country's Shiites make up the majority of the nation's population. But that goodwill gesture was offset by the most explosive item in the budget, the $230 million allocated to victims of the Hussein government.

Critics argue that the law creating the restitution agencies was passed before the permanent government of Iraq was elected in December 2005 and needs to be revisited by the current batch of lawmakers.

They also wonder about oversight. Iraq's ministries typically appoint an inspector general who looks out for corruption and favoritism. But the proposed organizations, known as the Martyrs Institute and the Prisoners Institute, for doling out money to victims of the former regime may not have such monitors.

"We have a problem with this," said Salim Abdullah Jabouri, a spokesman for the Sunni bloc. "Who has been harmed? Who's defining the prisoners? This is a huge amount of money."

Still, even having such discussions shows genuine democratic progress, Iraqi government officials say. And most acknowledge that the budget battle could have been much worse, given the charged sectarian atmosphere.

Budget planners in the prime minister's office successfully resisted pressure by Shiite hard-liners to allocate funds to provinces based on a formula that would take into account not just population figures, but also the amount of suffering each region endured under Hussein's government.

"How do you calculate suffering?" said Basri, the government advisor, who is a British-educated economist and also the head of an economic think tank. "That was the problem."

Iraq Signals Changes In Protocols With Iran (NYT)

By James Glanz

The New York Times, January 19, 2007

BAGHDAD, Jan. 18 — Iraq is carrying out an extensive review of its diplomatic protocols with Iran and may place new restrictions on them, the Iraqi foreign minister said in an interview on Thursday, after Iranian military officials and diplomats were picked up in three separate American actions here.

The raids have deeply embarrassed Iraqi officials, who say that the United States did not consult with them before it detained the Iranians, who were properly accredited visitors to this country. At the same time, Iraqi officials have been put in an awkward position by their neighbor, as the Iraqis concede that at least some of the Iranians appear to have been working with Shiite militias, just as the Americans claimed.

As a result, Iraq has decided to tighten diplomatic controls on Iranian officials, insisting on detailed itineraries for their missions here, closer coordination with Baghdad and pledges that the officials will not work with armed groups outside the government, said Hoshyar Zebari, the foreign minister.

Iraq may also demand that visits by Iranian officials be personally approved by the prime minister, Mr. Zebari said. He said this category would include the Iranian Revolutionary Guard, which the United States denounces as a terrorist organization but Iraqis regard as an indispensable player because it is among the most influential organizations in Iran.

Despite differences over the Guard, Iraq has signaled its intention to review its protocols with Iran in light of the American raids, even calling its ambassador to Tehran back to Baghdad to work on the changes, Mr. Zebari said.

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"We informed them very clearly after the first incident that there are a number of agreements we are going to review, and you should be very careful," Mr. Zebari said. "Yes, they have been notified."

The first of the three episodes began on Dec. 20 near the evening curfew when American forces stopped a car carrying two Iranian diplomats and some guards. Early the next morning, American forces raided the compound of Abdul Aziz al-Hakim, one of Iraq's most powerful Shiite leaders, and detained a number of Iraqis with two Iranians who turned out to be members of the Revolutionary Guard.

The diplomats were soon released, but the military officials, who the United States said were directly linked to attacks on Americans, were asked to leave the country by Iraq only after a nine-day diplomatic crisis involving the three countries. Finally, a week ago, the Americans raided what was described as a diplomatic liaison office in the northern city of Erbil and detained six Iranians. Mr. Zebari said Thursday that just one of them had been released.

The United States later asserted that the other five were indeed members of the Revolutionary Guard, which it described as "an organization known for providing funds, weapons, improvised explosive device technology and training to extremist groups."

On Thursday, the United States also said that it had entered the grounds of the Sudanese Embassy in Baghdad as part of an operation "aimed at denying insurgents safe haven to carry out attacks against Iraqi security forces and Iraqi citizens." No further details were available.

The Iranian Foreign Ministry in Tehran and the Iranian Embassy in Baghdad have generally said little, although on Thursday an Iranian Embassy office manager who often answers the phone, but refuses to give his name, said that Mr. Zebari, a Kurd, had given assurances that the Iranians detained in Erbil would soon be released.

But in the interview, Mr. Zebari said he had little information on that issue except that American forces generally release detainees in 10 days or so if there is no evidence of wrongdoing. He said that the United States had a right to investigate people suspected of attacks but added, "We, as the Iraqi government, are treading a fine line."

"On the one hand we understand the U.S. position," he continued. "On the other hand, I understand my geographic position as well," he said, referring to the border with Iran. After the raids, he said, the Iranians "come to us and we are incapable of responding."

Mr. Zebari said that as Iraq reviewed its diplomatic relationship with Iran, the standing agreement that 1,500 religious pilgrims a day can enter this country was unlikely to change. But the number of entry points could be reduced as a way of keeping closer tabs on the traffic, he said.

Visitors with diplomatic passports will be required to give a clear accounting of the nature of their mission in Iraq and the likely length of their stay, he said. Political visitors might be required to gain the permission of the prime minister, further clarifying visits that could catch the Americans' notice, he said.

The two Revolutionary Guards captured in the Baghdad raid had duly applied for Iraqi visas under an Iranian diplomatic note in October, Mr. Zebari said. But he added that there "could have been better clarification" of what the officials were actually doing in Iraq, and he conceded that they had not been truthful about their mission here.

For the first time, Mr. Zebari disclosed the total number of Iranian diplomats operating officially in Iraq. There are 36 in the embassy in Baghdad, he said, along with 11 at the consulate in Karbala and 9 at another consulate in Basra.

The officials detained at the liaison office in Erbil did not have diplomatic status, he said. As part of its review, the Foreign Ministry plans to turn the liaison offices in Iraq into consulates, giving them official diplomatic status, he said. He added that it was unclear how many of the liaison offices there were around the country, but said that they operated openly.

"This wasn't something hidden, secretive," Mr. Zebari said.

Insurgents In Iraq Claim Convoy Attack (AP)

By Maamoun Youssef

AP, January 19, 2007

An al-Qaida-linked coalition of Iraqi Sunni insurgents claimed responsibility Thursday for an attack in Baghdad on a convoy of a Western democracy institute that killed a 28-year-old Ohio woman and three security contractors.

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The Washington-based National Democratic Institute identified its slain staffer as Andrea Parhamovich of Perry, Ohio. Contractors from Hungary, Croatia and Iraq also were killed in the ambush Wednesday. Two other people were wounded, one seriously.

Parhamovich, a graduate of Marietta College in central Ohio, had been working with NDI in Iraq since late 2006 as a communications specialist advising Iraqi political parties on how to reach out to voters and constituents. She was helping "build the kind of national level political institutions that can help bridge the sectarian divide and improve Iraqi lives," NDI said.

In the rural neighborhood where Parhamovich's parents live, David Rolfes of NDI and Parhamovich's brother-in-law, Joe Zampini, stood at a church across the road and asked reporters not to approach the family's home. Zampini appealed for privacy and said the family was in seclusion.

The community of about 1,100 people, about 35 miles east of Cleveland, is known for its many flower nurseries and greenhouses that take up acres of land, as well as being home to a FirstEnergy Corp. nuclear power plant.

"It's a sad time," said Perry High School principal Doug Jenkins, the middle school principal when Parhamovich attended the senior high school.

Tom Perry, spokesman for Marietta College, knew Parhamovich when she worked in the liberal art school's media relations office as a student.

"So it hit us as hard as anybody here because we knew her so well," Perry said.

"We saw what an excellent person she was, and she obviously had a passion for something and wanted to go there and be a part of it," Perry said. "We're proud she wanted to do this. It shows it's not just the soldiers who are in harm's way."

Perry said Parhamovich, who was known as Andi, graduated in 2000 with a degree in advertising and public relations with a minor in journalism. She worked for film company Miramax in New York for a short time, he said.

A statement released by NDI said Parhamovich also worked in the Massachusetts governor's office, at Air America Radio and at the International Republican Institute in Iraq before joining NDI's Baghdad staff in late 2006.

NDI's chairman, former Secretary of State Madeleine K. Albright, said, "There is no more sacred roll of honor than those who have given their last full measure in support of freedom. Yesterday, in Iraq, Andrea Parhamovich and our security personnel were enshrined on that list.

"They did not see themselves as heroes, only people doing a job on behalf of a cause they believed in. They were not the enemies of anyone in Iraq; they were there to help," Albright said.

The institute supports democratic processes and institutions worldwide. Its staffers in Baghdad run training programs in democracy and political participation, as well as women's rights. The group has had staffers in Iraq since June 2003.

Gunmen opened fire on the three-vehicle convoy on Wednesday in Yarmouk, a predominantly Sunni neighborhood in western Baghdad.

"Praise be to God, in an attack with light and medium weapons and RPG's in the Yarmouk area in Baghdad on Jan. 17, two SUVs belonging to the Zionist Mossad were destroyed and a third one was severely damaged," said a statement posted Thursday on an Islamic Web site.

The statement was signed by the spokesman of the "Islamic state in Iraq," the so-called Islamic government that al-Qaida in Iraq and several other Iraqi Sunni Arab insurgent groups declared earlier last year. The statement was posted on a Web forum where Sunni insurgents often release messages.

A U.S. official said that the statement's authenticity could not be determined.

Its purported author — Islamic state in Iraq — is considered al-Qaida in Iraq's political arm, said the official, who did not want to be identified because of the information's sensitivity.

Creation of the group in October was taken as a propaganda move and a signal of al-Qaida in Iraq's interest in unifying all Sunni jihadists under one umbrella, but the official said some Sunni groups haven't embraced the new organization.

In its Web statement, the group did not say anything about how many were killed or their nationalities, but al-Qaida usually refers to foreigners whose nationalities it does not know as members of the Mossad, the Israeli spy agency.

Parhamovich was the first full-time worker for the group to be killed in Iraq. A security contractor for the organization was killed in March 2004.

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According to insurance claims on file at the Department of Labor, 770 civilian contractors have been killed in Iraq since the war began in March 2003 through Dec. 31 and 7,761 civilian contractors have been injured. The contractors include foreign workers.

Sunni Insurgent Group Asserts It Killed American (WP)

By Ernesto Londo?o And Joshua Partlow

The Washington Post, January 19, 2007

BAGHDAD, Jan. 18 -- A Sunni insurgent group linked to the group al-Qaeda in Iraq asserted responsibility Thursday for the killing of an Ohio woman working in Baghdad who died Wednesday after her convoy was attacked, according to a posting on a Web site used by some Sunni groups.

Andrea "Andi" Parhamovich, 28, of Perry, Ohio, who worked for the nonprofit National Democratic Institute, was killed along with three non-American security workers, according to a statement released by the institute.

"There is no more sacred roll of honor than those who have given their last full measure in support of freedom," Madeleine K. Albright, the NDI chairman and former secretary of state, said in a statement. "Yesterday, in Iraq, Andrea Parhamovich and our security personnel were enshrined in that list. They were not the enemies of anyone in Iraq. They were there to help."

The authenticity of the assertion of responsibility, signed by a spokesman for a group called the Islamic State in Iraq, could not be independently verified. The group released an 18-minute audiotape last year claiming support from tribal sheiks and previously independent insurgent groups.

Parhamovich is at least the fifth American civilian woman killed in Iraq since the 2003 U.S.-led invasion.

She graduated from Marietta College in Ohio and held jobs in the Massachusetts governor's office, that state's Department of Economic Development and Air America Radio before arriving in Baghdad in September. She moved to Iraq to take a job at the International Republican Institute but left last month to join NDI.

"An outgoing woman who made friends quickly, Andi wanted to use her education and skills as a communications specialist to help Iraqi political party leaders and parliamentarians develop strategies to reach out to voters and constituents," the organization said in the statement.

NDI began operating in Baghdad in June 2003. It has worked to promote civic participation and strengthen the country's political parties, legislature and executive branch.

The killing of Parhamovich occurred as Iraqi Prime Minister Nouri al-Maliki has been striving to show that his government has taken meaningful steps toward improving security.

In an interview Wednesday, he highlighted what he described as a series of operations carried out in recent days that he said had led to the arrests of 430 fighters of the Mahdi Army militia, which is led by Shiite cleric Moqtada al-Sadr, one of Maliki's political supporters.

A spokesman for Sadr acknowledged in an interview Thursday that 425 of his group's fighters had been arrested, but he disputed Maliki's assertion that the arrests occurred in recent days. The spokesman, Abdul Razak al-Nadawi, said the 425 include Mahdi Army members arrested after a fierce battle in August 2004 in Najaf, a city south of Baghdad that has long been a Sadr stronghold. Since the beginning of 2006, the Iraqi government has arrested 96 people, the spokesman said.

"These are exact numbers," he said. "We have a record because every one of those detainees there has a monthly salary" that goes to their families.

Also Thursday, Iraqi and Iranian officials criticized the arrest of five men by U.S. forces last week at an Iranian facility in the northern Iraqi city of Irbil. Iraqi officials said the facility was in the process of becoming an accredited consular mission.

Hassan Kazemi Qomi, Iran's ambassador to Iraq, said he had been told the five Iranian officials would be released in "coming days" and condemned the United States for arresting them. "There is a sovereign government in Iraq. Why are the Americans violating the sovereignty of Iraq?" asked Qomi, making his first public comments on the incident during a news conference.

Iraqi Foreign Minister Hoshyar Zebari has said the Iranians were not accredited diplomats but worked in a liaison office performing consular services under the approval of the Kurdish regional government.

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Lou Fintor, a spokesman at the U.S. Embassy in Baghdad, said the arrests came after U.S. officials gathered intelligence linking the occupants of the facility to Iran's Revolutionary Guard Corps, which U.S. officials say targets coalition forces and incites sectarian violence.

"We believe many of the activities taking place in this facility were not consistent with normal diplomatic or consular functions," Fintor said. U.S. officials have not identified the men, disclosed whether they have been charged or revealed where they are being held.

Also Thursday, the U.S. military confirmed that it searched the Sudanese Embassy in Baghdad on Saturday. In a brief statement, the military said the search was part of an operation targeting havens for insurgents. Sudanese Embassy officials were not present during the search, and soldiers did not remove anything from the facility, according to a statement.

A variety of violent acts in the capital were reported by the Iraqi Interior Ministry, including a car bomb that detonated Thursday morning in central Baghdad near a police patrol station, killing two policemen and four other people; the assassination of two university professors; and the explosion of three car bombs in a market in southern Baghdad, which killed three policemen and four other people.

Staff researchers Meg Smith, Julie Tate and Robert E. Thomason in Washington and special correspondents Saad Sarhan and Naseer Nouri in Baghdad contributed to this report.

A U.S. Civilian In Baghdad: Standing Out, Even In Death (NYT)

By Christopher Maag

The New York Times, January 19, 2007

CLEVELAND, Jan. 18 — Andrea Parhamovich always stood out.

Before she was killed Wednesday in an ambush in Baghdad, Ms. Parhamovich, a 28-year-old political consultant from Perry, 40 miles east of here, was known to her friends and family as hard charging but lovable, possessed with Joan of Arc's determination and the charm of a pixie, who had dreams of working on a presidential campaign and possibly running for Congress.

Ms. Parhamovich, whom everyone called Andi, mocked death. In November 2006, two car bombs were discovered in front of the building where she lived in the Green Zone in Baghdad. The base was locked down, said Michael Hastings, her boyfriend, who is the Baghdad correspondent for Newsweek magazine. In the Green Zone convention center for hours, Ms. Parhamovich grew bored, Mr. Hastings said. She led 10 American and Peruvian men as they walked back to her building, mortars exploding nearby.

Mr. Hastings said he was planning to ask Ms. Parhamovich to marry him next month during a Valentine's Day trip to Paris. "She was this little blond-haired, blue-eyed girl from Ohio, but she was tough," he said. "She was far more brave than I am."

Ms. Parhamovich was teaching Iraqi politicians how to communicate with constituents. She was a staff member of the National Democratic Institute, a nonprofit group led by former Secretary of State Madeleine K. Albright that works to build democratic institutions. She was in an institute convoy outside the Green Zone when it was attacked. On Thursday, a coalition of Sunni insurgents linked to Al Qaeda claimed responsibility for the attack, which killed a total of four people, The Associated Press reported.

She had left a job with the liberal Air America radio network, helping to organize its antiwar "Bring 'Em Home" concert in New York City in March 2006.

"Whenever I went into her office, I just felt a happiness, a glow," said Al Franken, the liberal radio show host, who choked up several times as he discussed Ms. Parhamovich. "She was a hard person not to like."

Ms. Parhamovich's father coached baseball at a high school near Perry, the small town where she grew up, and she had dreams of becoming a top fast-pitch softball player before back injuries forced her to quit the sport, said Joe Zampini, her brother-in-law.

She talked just as she played: fast. "She wasn't into small talk," Mr. Zampini said. "She wanted to get the most out of life. She was very highly motivated to help the world."

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Ms. Parhamovich attended Marietta, a small liberal arts college in southeast Ohio, where she studied advertising and public relations. Politically liberal, she was conservative on personal matters, said Ryan Zundell, who worked with her in the college's public relations department. She rarely drank and eschewed low-cut shirts and jeans.

She graduated in three and a half years then worked for Jane Swift, who was the Republican governor of Massachusetts. Ms. Parhamovich opposed the war from the start, Mr. Hastings said.

"There's so much injustice in this country, so many horrible things happening," he said from Baghdad. "She felt like she could make a difference."

Activist Slain In Iraq 'Was An Idealist' (LAT)

By Louise Roug

The Los Angeles Times, January 19, 2007

BAGHDAD — On their first date, Michael Hastings and Andrea Parhamovich met for milkshakes.

Fifteen months later, she followed him to Iraq.

Hastings hoped they would spend their lives together.

But on Wednesday, Parhamovich died in a hail of bullets, ambushed outside a Sunni Arab political office in Baghdad.

Sunni Muslim insurgents linked to Al Qaeda in Iraq claimed responsibility Thursday for the attack that took the lives of the 28-year-old and three bodyguards — a Hungarian, a Croat and an Iraqi. Two other security workers were wounded. None of these other victims' names had been released.

"She was an idealist," Hastings said of Parhamovich, who grew up in Perry, Ohio. "She always believed that people were good. Certainly, those ideals were put to the test when she came to Iraq."

Parhamovich, known as Andi, followed heart and ideals when she came to Baghdad. Hastings, a reporter with Newsweek, was working in Iraq. But Parhamovich was also drawn to political work in Baghdad, teaching Iraqis about voting and how to establish a functional government.

She worked first for the International Republican Institute, joining the National Democratic Institute a few months later.

On Wednesday, Parhamovich had gone to meet a group of Sunni politicians from the Iraqi Islamic Party. "She was really excited about the meeting," Hastings said.

The party headquarters is in Yarmouk, a west Baghdad neighborhood where shootings and executions are common.

After Parhamovich conducted her training seminar for the Sunni politicians, she left in a convoy with her armed guards. Moments later, the convoy was ambushed. The guards fought back but were outgunned by the attackers, whose arsenal included grenades.

"With God's assistance, we have succeeded in the destruction of two SUV vehicles belonging to the Zionist Mossad, killing all who were in them, attacking them by light and medium weapons," wrote the group that took responsibility, in a statement on a well-known Sunni insurgent website.

The group often refers to its targets as members of Israel's intelligence service.

But in fact, Hastings said, "they killed a wonderful, unarmed girl."

After graduating from Marietta College in Ohio, Parhamovich worked in the Massachusetts governor's office. In 2005, she got a job doing fundraising and publicity for Air America.

"Working for a liberal radio network wasn't enough," said Jamie Horn, who worked with Parhamovich at Air America. "She had to go to the heart of the war and create change and understanding. She was so obstinate in her efforts to create change. Nothing could stop her."

Parhamovich met Hastings when he came to interview Jerry Springer, who was on an Air America show in New York. Unknown to him, Parhamovich had warned Springer not to say anything outrageous to Hastings.

"It was the most boring Jerry Springer interview in history," Hastings recalled. But an e-mail exchange about the story led to that first date — diner milkshakes.

"I considered it a date; she considered it just business," said Hastings, who at the time was about to leave for Iraq for the first time. When he mentioned his impending trip to the war-torn country, she was "totally unimpressed by it, and mocked me."

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He did not mind, he said.

"She was beautiful," he said. "Funny. Intuitive. Really brilliant. And a bit of a nut."

Hastings got a permanent posting to Newsweek's Baghdad bureau late last summer, and by September, Parhamovich had left her job and come to Iraq.

The National Democratic Institute is one of the few nongovernmental groups still working in Iraq. The staff lives outside the heavily fortified Green Zone, home to the U.S. Embassy and the Iraqi government, often traveling around the capital to run seminars and workshops.

"They did not see themselves as heroes, only people doing a job on behalf of a cause they believed in," the institute's chairwoman, former U.S. Secretary of State Madeleine K. Albright, said in a statement referring to all four killed in the attack.

"They were not the enemies of anyone in Iraq; they were there to help."

Although the couple lived in the same city, they could see each other only occasionally. Work, checkpoints and curfews would get in the way.

But Parhamovich thrived, hitting the ground running, Hastings and several of her friends say. "She wanted to be here, at the center of things, helping people," Hastings said. "She was fearless."

Joe Zampini, Parhamovich's brother-in-law, said in Perry that she viewed her work "as a challenge and quite an honor to help the Iraqis."

"She knew that Michael was there in Iraq, and I think she used this as an opportunity to learn more," said Zampini, who is married to Parhamovich's older sister, Marcy. "Her goal was really to go into politics."

The family released a statement that said in part: "Andi's desire to help strangers in such a dangerous environment thousands of miles away might be difficult for others to understand, but to us, it epitomized Andi's natural curiosity and unwavering commitment. She was passionate, bold and caring."

After spending a few months in Baghdad, Parhamovich went back to the U.S. but returned at Christmas. The couple spoke on the phone about future plans, including a long trip to Europe, Hastings said.

"We had — I have still — reservations at the Four Seasons in Paris on Valentine's Day."

Hastings had recently picked out two possible wedding rings. Ever since the milkshakes, he said, he had known he wanted to spend his life with Andi.

"She is pure at heart," he said, bringing her to life — momentarily — in the present tense.

Marine Corporal Pleads Guilty In Killing Of Unarmed Iraqi (NYT/AP)

By The Associated Press

The New York Times, January 19, 2007

CAMP PENDLETON, Calif., Jan. 18 (AP) — A Marine corporal pleaded guilty Thursday to kidnapping and murdering an unarmed Iraqi civilian last year, saying he and other servicemen went after him because they were “sick and tired of getting bombed.”

The marine, Cpl. Trent D. Thomas, 25, is the first of seven marines and a Navy medic accused in the case to plead guilty to murder. Four others have pleaded guilty to reduced charges in exchange for their testimony.

Prosecutors said the eight-man squad had kidnapped 52-year-old Hashim Ibrahim Awad in Hamdania, a Sunni stronghold west of Baghdad, taken him to a roadside hole and shot him to death, placing an AK-47 and shovel by his body to make it look as if he were an insurgent caught planting a bomb.

Corporal Thomas, a native of the St. Louis area on his second tour in Iraq when the man was killed on April 26, testified about the slaying as part of his plea deal. The group planned to go after a known insurgent, he said, but that plan was thwarted and they went to a neighboring house instead. The judge, Lt. Col. Tracy A. Daly, asked why the group had proceeded with the plan.

“We would get someone else to make a statement that marines, we were sick and tired of getting bombed,” Corporal Thomas said.

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Corporal Thomas said he and another marine seized Mr. Awad from a house by entering through an unlocked door. He said they used a combination of hand signals and Arabic commands to lure Mr. Awad away. Mr. Awad spoke little English, Corporal Thomas said, but he pleaded with the group of four marines.

"He started asking, 'Why, mister, why?' " Corporal Thomas said. "We didn't say anything."

The four took Mr. Awad to the roadside hole, where they rejoined the rest of the squad, Corporal Thomas said. Mr. Awad was struggling to break free, Corporal Thomas said, so he and others bound his hands and feet. Corporal Thomas said Lance Cpl. Robert Pennington tried to force Mr. Awad to lose consciousness by choking him.

The squad leader, Sgt. Lawrence G. Hutchins III, then reported over the radio that the group had spotted a man digging a hole, Corporal Thomas said. Someone fired a shot, he said, then he and others in the squad opened fire. Petty Officer Third Class Melson J. Bacos, he said, shot the AK-47 away from the group to make it appear as though a gunfight had occurred.

After the firing stopped, Corporal Thomas said, Sergeant Hutchins made sure Mr. Awad was dead by shooting a three-round burst of gunfire into his head.

Sergeant Hutchins, of Plymouth, Mass., is awaiting trial on murder charges and others. Corporal Pennington, of Mukilteo, Wash., is also awaiting trial and claims his rights were violated when investigators interviewed him.

Petty Officer Bacos, of Franklin, Wis., pleaded guilty to lesser charges and was sentenced to one year in prison. Another marine, Cpl. Marshall L. Magincalda, 23, of Manteca, Calif., has pleaded not guilty to murder charges and others.

Corporal Thomas faces up to life in prison without the possibility of parole, though he is likely to receive a more lenient sentence under his plea agreement.

DOJ:

Prosecutor Firings Not Political, Gonzales Says (WP)

By Dan Eggen

The Washington Post, January 19, 2007

Attorney General Alberto R. Gonzales acknowledged yesterday that some U.S. attorneys have been asked to resign their posts in recent weeks because of performance issues, but he denied any political motives and vowed to quickly submit new nominees for the jobs to the Senate for confirmation.

"What we're trying to do is ensure that for the people in each of these respective districts, we have the very best possible representative for the Department of Justice," Gonzales testified, adding later: "I would never, ever make a change in a United States attorney for political reasons or if it would in any way jeopardize an ongoing serious investigation. I just would not do it."

Gonzales's remarks in front of the Senate Judiciary Committee came in response to questions from Sen. Dianne Feinstein (D-Calif.) and other lawmakers about the forced removals of at least six U.S. attorneys, including several who have overseen some of the government's highest-profile corruption prosecutions.

Officials say the removals include those of Carol C. Lam in San Diego, who led the corruption prosecution of former congressman Randy "Duke" Cunningham (R-Calif.), and Kevin V. Ryan in San Francisco, who has handled the probe into a lab at the center of a sports doping scandal involving baseball player Barry Bonds and other athletes.

Another recent change that has attracted widespread criticism from Democrats came in Arkansas, where U.S. Attorney H.E. Cummins III of Little Rock was replaced on an interim basis by J. Timothy Griffin, a former research director for the Republican National Committee.

Feinstein said she knows of at least six cases in which prosecutors have been asked to leave. She said she is concerned about the way the firings have been handled and about whether the Justice Department is attempting to evade Senate oversight of U.S. attorneys.

A little-noticed provision of last year's USA Patriot Act reauthorization legislation allows the attorney general to pick an interim U.S. attorney for an indefinite period of time.

"I'm very concerned, because, technically, under the Patriot Act, you can appoint someone without confirmation for the remainder of the president's term," Feinstein said. "I don't believe you should do that. We are going to try to change the law back."

Gonzales said the administration has no intention of avoiding confirmation hearings and said the department has forwarded six nominations to the Senate and is working on five more.

As far as prosecutors who have been asked to leave, Gonzales characterized the changes as routine personnel decisions based on evaluations of each prosecutor's performance. He declined to tell Feinstein how many prosecutors were asked to resign.

Sen. John Cornyn (R-Tex.) came to Gonzales's defense, noting that the prosecutors in question were hired by the current administration.

"I find it unusual that some of my colleagues are critical of replacing Bush appointees," Cornyn said.

Turnover In U.S. Attorneys Defended (LVRJ)

By Steve Tetreault, STEPHENS WASHINGTON BUREAU

Las Vegas Review-Journal, January 19, 2007

Gonzales says no one has been ousted for political reasons

WASHINGTON -- Attorney General Alberto Gonzales on Thursday declined to say how many U.S. attorneys are being removed from their jobs and defended the practice to senators as "good management" to replace them with "the best possible people."

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Gonzales insisted that politics did not come into play in forcing turnover among the chief federal prosecutors, who are appointed by the president. Although pressed by Democrats during an appearance before the Senate Judiciary Committee, Gonzales said he would not discuss individual cases.

At least six U.S. attorneys have been asked to resign, said Sen. Dianne Feinstein, D-Calif., including two in that state, one in Arkansas, one in Washington and Daniel Bogden in Nevada.

Democrats have expressed concern that a provision in the revised USA Patriot Act that passed last year would allow the attorney general to name long term replacements while circumventing the Senate confirmation process.

Gonzales said 11 U.S. attorney vacancies have been created since the law was passed but he declined to say how many were forced resignations.

The nation's chief law enforcement officer acknowledged that some of the chief prosecutors were asked to leave.

"But that happens during every administration during different periods for different reasons," Gonzales said. "That fact that that happens quite frankly some people should view that as a sign of good management. What we do is make an evaluation about the performance of individuals, and I have a responsibility that we have the best possible people in that position.

"I would never, ever make a change in a United States attorney position for political reasons or that in any way would jeopardize an ongoing investigation," Gonzales said. "I just would not do it."

Gonzales also said the administration plans to submit replacements to the Senate for confirmation although at least one, in Arkansas, has begun serving on an interim basis.

Bogden on Wednesday confirmed he was leaving the Nevada post effective Feb. 28, but a statement he issued did not address whether he was being forced out. His dismissal was confirmed last weekend by Nevada's two senators.

Sen. John Ensign, R-Nev., who recommended Bogden for the post in 2001, said Wednesday he discussed the Nevada prosecutor's fate with the White House and the Department of Justice, "and it's their call."

On Thursday, Ensign would not confirm nor comment on a report by Review-Journal columnist Jane Ann Morrison. Morrison cited a Republican source saying Ensign asked that Bogden be allowed to stay on and was told the decision to remove U.S. attorneys was part of a plan to "give someone else that experience" in order to build GOP bench strength.

Ensign expects the Justice Department will ask him to suggest a new U.S. attorney, and he plans to comply, spokesman Tory Mazzola said. Ensign "is working with the Department of Justice to move forward," Mazzola said.

Sen. Harry Reid, D-Nev., said Thursday that Bogden got a bad deal that will force him to end a 16-year career as a federal prosecutor.

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By replacing veteran prosecutors, the Bush administration is seeking to build "a farm team for Gonzales," Reid said. "He can farm out to somebody who drove him to work one afternoon."

Feinstein questioned whether the Patriot Act "is being used to put in people who want a reward or change for one reason or another, and they would never have to go through confirmation for the rest of the president's term. That is unacceptable."

The California senator has focused her concern on Carol Lam, the departing U.S. attorney in San Diego who successfully prosecuted former congressman Randy "Duke" Cunningham on corruption charges.

Feinstein said Lam was pursuing corruption cases against other federal lawmakers and staff, "so that raises the question" whether she was being forced to leave as a way to set back investigations.

"Now I am not accusing anybody, but my suspicions are aroused particularly because the FBI says nothing but the highest things about this prosecutor," Feinstein said after the hearing. "I would kind of like to know."

Justice Department officials have said Lam was asked to resign based on declining drug and gun prosecutions in her district. Some Republicans in Congress also criticized her for not prosecuting more immigration cases.

U.S. Attorney Confirms He'll Be Leaving His Post (LVRJ)

By GLENN PUIT And TONY BATT, REVIEW-JOURNAL

Las Vegas Review-Journal, January 19, 2007

Spokeswoman says reports of Bogden's ouster 'erroneous'

Three days after Nevada's two senators said the Department of Justice had forced out Daniel Bogden, U.S. attorney for the district of Nevada, Bogden broke his silence on the matter, confirming that he will be leaving his post next month.

Bogden's announcement late Wednesday came one day after Natalie Collins, spokeswoman for the U.S. Attorney's Office, belatedly responded to questions about the matter by saying that Bogden was still the U.S. attorney in Nevada.

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Collins also claimed that media reports regarding Bogden's ouster were "erroneous."

In the issued statement, Bogden, who was appointed to the job by the Bush administration in 2001, said his resignation is effective Feb. 28.

Neither Bogden nor Collins has addressed whether Bogden was forced out of office as the senators contend, and if so, why.

He is one of at least seven U.S. attorneys around the nation whom senators say have been forced to resign in the last couple of months.

One of them is Bogden's counterpart in San Diego, Carol Lam, who received her walking papers from the Department of Justice, too.

Lam, who has been in charge of federal prosecutions in Southern California since September 2002, said Tuesday that she will leave her job Feb. 15.

Like Bogden, Lam had overseen federal prosecution of public corruption cases involving Michael Galardi, who owned strip clubs in Las Vegas and San Diego.

Lam, a former judge, also oversaw the corruption prosecution of former U.S. Rep. Randy "Duke" Cunningham, a Republican.

On Wednesday, The Associated Press reported that the U.S. attorney in San Francisco, Kevin V. Ryan, has submitted his resignation, too.

Ryan's notable prosecutions included the BALCO steroids case.

His office also launched investigations of Silicon Valley giants Hewlett-Packard Co. and Apple Inc.

Mahlon Brown, a former U.S. attorney for the district of Nevada who now leads the National Association of Former United States Attorneys, said the wave of unexpected resignations has him "in shock and awe."

"It has always been that no one gets fired like this unless they did something goofy, if they broke the rules," Brown said. "And from what I'm picking up, even they have no idea why they've been fired. No one knows."

Brown was the U.S. attorney in Nevada from 1977 to 1981.

He was appointed by the administration of Democrat Jimmy Carter and forced out when Ronald Reagan was elected president.

Brown said it is not unusual for U.S. attorneys to lose their jobs when presidential administrations change, but he said he had never seen a large turnover of U.S. attorneys in the midst of a presidential term.

Brown said the job of a federal prosecutor is not supposed to be impacted by politics in any way.

He said he sees the spate of forced resignations as further evidence that the Bush administration is not interested in following precedent when it comes to how such judicial appointments are made.

"I think it sends the same message that's been sent the last eight years: 'We'll do it our way and forget how it's been done before you,'" Brown said.

"You don't have to be a general in Iraq to realize your job is on the line everyday, and U.S. attorneys have never had to work under that type of environment before."

Sen. John Ensign, R-Nev., who recommended Bogden for the job, said Wednesday, "The White House and the Department of Justice had their reasons, and I discussed it with them, and it's their call."

Ensign did not say what the reasons for Bogden's dismissal were.

Senate Majority Leader Harry Reid, D-Nev., said the treatment of Bogden was unfair and "a terrible shame."

"Do you realize that his career is now ended as a U.S. attorney? He can't go back there, so he's going to have to do something else," Reid said. "What a shame."

Reid said he heard nothing but praise about Bogden's job performance and could not understand why he had been removed.

A spokesman for the Department of Justice did not return a phone call from the Review-Journal seeking comment Wednesday afternoon.

Attorney General Alberto Gonzales on Tuesday told The Associated Press the removal of the federal prosecutors was not politically motivated, as many Democrats have speculated.

"We in no way politicize these decisions," Gonzales said.

Sen. Dianne Feinstein, D-Calif., said Tuesday that at least seven U.S. attorneys have been forced to resign without explanation.

She accused the Bush administration of trying to circumvent Senate confirmation of their replacements.

Such appointments were subject to Senate review until last year when the Patriot Act was reauthorized with a provision that allowed the U.S. attorney general to appoint longer-term, interim replacements without Senate approval.

The departures, Feinstein said, come at a sensitive time when federal prosecutors are pursuing political corruption cases.

"The U.S. attorney's job is too important for there to be unnecessary disruptions, or, worse, any appearance of undue influence," Feinstein said.

Feinstein said she planned to bring up the issue today at a Senate Judiciary committee hearing at which Gonzales is scheduled to appear.

A Justice Department spokesman, Brian Roehrkasse, said senators would be consulted before the nomination of replacement U.S. attorneys, as has been the routine since the law was changed.

"It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process," Roehrkasse said.

Federal Prosecutor In Nevada Says He'll Step Down (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, January 19, 2007

LAS VEGAS (AP) - The U.S. attorney in Nevada said Thursday he will step down, citing discussions with Justice Department officials and joining other federal prosecutors announcing resignations in recent weeks.

Daniel Bogden said his resignation after five years as U.S. attorney for Nevada will take effect Feb. 28.

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"I'm going to take some time off and evaluate what direction I'm going to go in terms of my career," Bogden said, acknowledging he served at the pleasure of President Bush and refusing to say he had been forced out.

"It's a political appointment," he said, "a presidential appointment."

Bogden, 50, made public his resignation with a statement issued late Wednesday "after consultations with officials at Department of Justice," he said. He declined to identify those officials.

He said he planned to spend the next six weeks ensuring a smooth transition for his successor, and said he had no idea whom it would be.

Bogden's four-page statement cited successful prosecutions and included quotes of praise for his work from local, state and federal law enforcement officials and a federal judge in Las Vegas.

His resignation was his first public response to reports Sunday and Monday from aides to Nevada Sens. John Ensign and Harry Reid that he would be replaced. Justice Department officials have not responded to requests for comment.

Ensign, a Republican, nominated Bogden for the post in 2001 after Bogden won several high-profile drug cases and helped send five neo-Nazis to prison for a Reno hate crime. Reid, now Democratic majority leader, supported the nomination.

Bogden was an Air Force judge advocate general and served as a deputy Washoe County district attorney before spending 10 years as an assistant U.S. attorney. He oversees 40 federal attorneys in Las Vegas and Reno.

"During the past five years, our office has been tremendously successful in implementing the national and district priorities," Bogden said in his statement, which thanked Bush for his appointment.

He called terrorism, violent crime, public corruption, drugs, child exploitation, identity theft and fraud his top issues since being confirmed by the Senate in October 2001.

In one notable case, his office successfully prosecuted four former Clark County commissioners and a former striptease club owner on corruption charges. Ex-commissioners Dario Herrera and Mary Kincaid-Chauncey reported to federal prison last Friday. Former commissioners Erin Kenny and Lance Malone and former club owner Michael Galardi face sentencing in coming weeks.

Bogden's office also had several prosecutorial setbacks last year, including the mid-October unraveling of a federal racketeering case against the Hells Angels motorcycle club stemming from the a deadly brawl during a biker rally in Laughlin in 2002.

Bogden was one of several U.S. attorneys to announce their resignations this week. Others included U.S. Attorney Carol Lam in San Diego, who prosecuted Galardi and Malone on bribery charges in that city, and the U.S. attorney in San Francisco, Kevin Ryan.

Also leaving this month is U.S. Attorney John McKay in Seattle.

California Sen. Dianne Feinstein, a Democrat, complained on the Senate floor Tuesday that the White House was using a provision of the USA Patriot Act to oust Ryan, Lam and other federal prosecutors and replace them for the duration of the Bush administration with White House allies.

A provision in the terrorism-fighting act allows the attorney general to appoint replacements indefinitely, without Senate confirmation.

U.S. Attorney General Alberto Gonzales denied Feinstein's claim. But he has said that in the year since the Patriot Act was reauthorized, at least 11 U.S. attorneys in the nation's 94 federal districts have resigned or announced their resignations - some at the urging of the Bush administration. He noted that federal prosecutors serve at the pleasure of the president.

Surging And Purging (NYT)

By Paul Krugman

The New York Times, January 19, 2007

There's something happening here, and what it is seems completely clear: the Bush administration is trying to protect itself by purging independent-minded prosecutors.

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Last month, Bud Cummins, the U.S. attorney (federal prosecutor) for the Eastern District of Arkansas, received a call on his cellphone while hiking in the woods with his son. He was informed that he had just been replaced by J. Timothy Griffin, a Republican political operative who has spent the last few years working as an opposition researcher for Karl Rove.

Mr. Cummins's case isn't unique. Since the middle of last month, the Bush administration has pushed out at least four U.S. attorneys, and possibly as many as seven, without explanation. The list includes Carol Lam, the U.S. attorney for San Diego, who successfully prosecuted Duke Cunningham, a Republican congressman, on major corruption charges. The top F.B.I. official in San Diego told The San Diego Union-Tribune that Ms. Lam's dismissal would undermine multiple continuing investigations.

In Senate testimony yesterday, Attorney General Alberto Gonzales refused to say how many other attorneys have been asked to resign, calling it a "personnel matter."

In case you're wondering, such a wholesale firing of prosecutors midway through an administration isn't normal. U.S. attorneys, The Wall Street Journal recently pointed out, "typically are appointed at the beginning of a new president's term, and serve throughout that term." Why, then, are prosecutors that the Bush administration itself appointed suddenly being pushed out?

The likely answer is that for the first time the administration is really worried about where corruption investigations might lead.

Since the day it took power this administration has shown nothing but contempt for the normal principles of good government. For six years ethical problems and conflicts of interest have been the rule, not the exception.

For a long time the administration nonetheless seemed untouchable, protected both by Republican control of Congress and by its ability to justify anything and everything as necessary for the war on terror. Now, however, the investigations are closing in on the Oval Office. The latest news is that J. Steven Griles, the former deputy secretary of the Interior Department and the poster child for the administration's systematic policy of putting foxes in charge of henhouses, is finally facing possible indictment.

And the purge of U.S. attorneys looks like a pre-emptive strike against the gathering forces of justice.

Won't the administration have trouble getting its new appointees confirmed by the Senate? Well, it turns out that it won't have to.

Arlen Specter, the Republican senator who headed the Judiciary Committee until Congress changed hands, made sure of that last year. Previously, new U.S. attorneys needed Senate confirmation within 120 days or federal district courts would name replacements. But as part of a conference committee reconciling House and Senate versions of the revised Patriot Act, Mr. Specter slipped in a clause eliminating that rule.

As Paul Kiel of TPMmuckraker.com — which has done yeoman investigative reporting on this story — put it, this clause in effect allows the administration "to handpick replacements and keep them there in perpetuity without the ordeal of Senate confirmation." How convenient.

Mr. Gonzales says that there's nothing political about the firings. And according to The Associated Press, he said that district court judges shouldn't appoint U.S. attorneys because they "tend to appoint friends and others not properly qualified to be prosecutors." Words fail me.

Mr. Gonzales also says that the administration intends to get Senate confirmation for every replacement. Sorry, but that's not at all credible, even if we ignore the administration's track record. Mr. Griffin, the political-operative-turned-prosecutor, would be savaged in a confirmation hearing. By appointing him, the administration showed that it has no intention of following the usual rules.

The broader context is this: defeat in the midterm elections hasn't led the Bush administration to scale back its imperial view of presidential power.

On the contrary, now that President Bush can no longer count on Congress to do his bidding, he's more determined than ever to claim essentially unlimited authority — whether it's the authority to send more troops into Iraq or the authority to stonewall investigations into his own administration's conduct.

The next two years, in other words, are going to be a rolling constitutional crisis.

EDITORIAL: 'Shocked, Shocked' At The Firings (LVRJ)

DOJ_NMG_0118638

Las Vegas Review-Journal, January 19, 2007

Democrats squawk as president dismisses a few U.S. attorneys

At the beginning of the week, President Bush sacked Daniel Bogden, U.S. attorney for the district of Nevada.

Natalie Collins, a spokeswoman for Mr. Bogden, ended a three-day silence Wednesday by contending press reports of the ouster were "erroneous" -- actually, he's resigning.

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Of course the president gave his own nominee the option of saving face by tendering his resignation. Perhaps Ms. Collins will contend the two men's letters crossed in the mail -- that Mr. Bogden merely craves "more time with his family." Fine.

Mr. Bogden is one of at least seven U.S. attorneys around the nation whom senators say have been forced out in the past couple of months. One of them is Carol Lam, Mr. Bogden's counterpart in San Diego. Another is Kevin V. Ryan in San Francisco.

Whether the White House is disappointed with the cases these attorneys chose to prosecute, or with those they chose not to prosecute, or with their level of success, time may tell. Attorney General Alberto Gonzales did tell The Associated Press on Tuesday that the removals were not politically motivated, whatever that means.

Although the appointments of U.S. attorneys are subject to Senate confirmation, they exercise executive authority which the Constitution vests solely in the president. Therefore, they serve at the president's pleasure -- he can fire them at will.

"The president just no longer found it pleasurable," as one local former prosecutor said Thursday, with a smile.

Now, anyone is free to criticize the president's actions and to question whether the replacements -- whoever they may be -- are better qualified than those now packing their bags.

But Democrats in Washington, led by Sen. Dianne Feinstein of the Judiciary Committee, have tried to characterize this minor housecleaning as some kind of dirty deed.

"The U.S. attorney's job is too important for there to be unnecessary disruptions, or, worse, any appearance of undue influence," squawked Sen. Feinstein on Wednesday, stressing that the firings were "without cause" and implying the White House may be seeking to stymie unspecified political corruption cases.

"The public response has been shock," Sen. Feinstein said on the Senate floor Tuesday. "Peter Nunez, who served as the San Diego U.S. attorney from 1982 to 1988 has said, 'This is like nothing I've ever seen in my 35-plus years.' "

Replies Andrew C. McCarthy, a senior fellow at the Foundation for the Defense of Democracies, in a Jan. 17 piece for the National Review, "Yes, the public, surely, is about as 'shocked, shocked' as Claude Raines' Captain Renault, and one is left to wonder whether Mr. Nunez spent the 1990s living under a rock."

What Mr. McCarthy is referring to is the fact that one of President Bill Clinton's first official acts upon taking office in 1993 was to fire every single United States attorney then serving -- with the sole exception of Michael Chertoff, now Homeland Security secretary, but at the time U.S. attorney for the district of New Jersey, which put him in a position to be rescued by the personal intervention of powerful New Jersey Democratic Sen. Bill Bradley.

"Were the attorneys Clinton fired guilty of misconduct or incompetence?" Mr. McCarthy asks. "No. As a class they were able (and, it goes without saying, well-connected.) Did he shove them aside to thwart corruption investigations into his own party? No. It was just politics, plain and simple. Patronage is the chief spoil of electoral war."

Not only that, the very same Democrats who are now up in arms sat by quietly in 1993 as Bill Clinton fired U.S. attorneys "sweepingly and without cause," possibly because Mr. Clinton was firing prosecutors who had been appointed by Republican Presidents Reagan and Bush.

Whereas, given that U.S. attorneys serve four-year appointments, while George W. Bush has now been president for six, President Bush is now firing U.S. attorneys who he himself appointed or re-appointed.

Oh, the humanity!

Sen. Feinstein also predicts the president will use his power to make interim appointments to these offices, thus sidestepping Senate confirmation.

Time will tell.

But as Mr. McCarthy points out, Mr. Clinton did that -- in cases such as that of Justice Department civil-rights division chief Bill Lann Lee -- even though it was of dubious legality at the time.

Now such interim appointments pending confirmation -- should the president find it necessary to take that route -- are perfectly legal, thanks to a provision of the Patriot Act reauthorization bill, approved last year by the, um ... the U.S. Senate.

CORPORATE SCANDALS:

Enron's Former Treasurer To End Home Confinement (AP)

By John Porretto, AP Business Writer

AP, January 19, 2007

HOUSTON — Ben Glisan Jr., the first former Enron executive to go directly to jail after pleading guilty to conspiracy in 2003, is expected to finish a stint of home confinement after three years in prison, his attorney and the federal Bureau of Prisons said Thursday.

Glisan, the former Enron treasurer, pleaded guilty on Sept. 10, 2003, in the corporate scandal that brought down the energy company and rocked Wall Street. He received a five-year sentence.

Glisan, 37 at the time of his plea, spent time in two federal prisons in Texas — one near Bastrop, the other in Beaumont — before being confined to his Houston home since September, Bureau of Prisons spokeswoman Felicia Ponce said. That confinement is scheduled to end Sunday, Ponce said.

Glisan's attorney, Tom Allen, said his client will be on probation once he's free to leave home, but he didn't elaborate.

"There is a plea agreement, and there are certain conditions that will continue pursuant to the plea agreement," Allen said.

During court proceedings, Glisan admitted helping design financial deals that enriched him and illegally kept investment losses off Enron's books.

He agreed to forfeit nearly $1 million in profits from an off-the-books deal at Enron and agreed to not seek a refund of $412,000 in income taxes he paid on that profit.

Twenty-three counts against Glisan were dismissed, including money laundering and fraud. He had pleaded innocent in May 2003 to 24 charges as part of a 109-count indictment against Andrew Fastow, his one-time boss and former Enron finance chief.

Last year, he testified against former Enron chief executive Jeffrey Skilling and company founder Kenneth Lay. Skilling and Lay were convicted last May on numerous counts of fraud, conspiracy, insider trading and other charges. Skilling entered prison in December; Lay died of a heart attack July 5.

Glisan was fired in November 2001, less than a month before Enron filed for bankruptcy, when an internal probe revealed his $1 million profit from a $5,800 investment in one of several deals at the heart of the Justice Department's case against Fastow.

As recently as this month, former Enron executive Richard Causey reported to prison to begin serving 5 1/2 years for his role in the company's collapse. Causey, Enron's former chief accounting officer, pleaded guilty to securities fraud in 2005 shortly before he was scheduled to be tried with Enron founder Lay and Skilling.

From Ethics Overseer To Hedge Fund Boss (NYT)

By Lynnley Browning

The New York Times, January 19, 2007

As the court-appointed guardian and self-described fixer of some of America's most wayward companies, Richard C. Breeden, the former top securities regulator, is considered a pillar of corporate ethics and governance.

Now he trying to become another paragon — that of savvy investor in troubled companies. And in the coming months he will face his first major test: taking on the Applebee's International restaurant chain in a proxy fight.

Mr. Breeden's fledgling advocacy hedge fund, Breeden Partners, which owns a 5.2 percent stake in Applebee's, began its battle last month, when Mr. Breeden nominated four close friends to its board.

Hedge funds, the lucrative private investment pools for institutions like endowments and pensions, and for the wealthy, are nearly always managed by former Wall Street traders or money managers.

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Mr. Breeden — a Harvard-trained securities lawyer — has no investing experience. But he is seeking to bring his knowledge of securities laws and corporate governance into investing in underperforming companies.

Some in the business are skeptical.

"I guess I wonder, how does a guy with no investment management experience run a hedge fund?" asked Philip Goldstein of Bulldog Investors, which runs hedge funds similar in style and intent to that of Mr. Breeden. "You get the guys leaving Goldman Sachs and raising $2 billion, but this is even more astonishing — he doesn't have a track record."

Mr. Goldstein added that "it's kind of like starting at the top — you'd think you'd want to work at a hedge fund for a while."

But what Mr. Breeden may lack in investing experience, he makes up for in other ways, according to his friends, who cite his hard-driving nature, his intellect, his attention to detail and his decisiveness, if marred at times by a divalike attitude.

"If it's a bad idea, Richard will kick it down the toilet and flush," said Laurence E. Harris, a lawyer in Washington who is one of four close friends that Mr. Breeden nominated last month to the board of directors at Applebee's, with a view to gaining a say in how the company is run.

Mr. Breeden "knows what to look for," Mr. Harris said. "He's a lot less likely to be fooled than a lot of people who are pure investors, because he understands the mechanics of corporate governance and securities laws."

Mr. Breeden, 57, declined to comment for this article.

He has not only has a new professional life, but a new personal one as well. Last year, Mr. Breeden married a trust administrator of the Bennett Funding Group, which he had overseen as the court-appointed monitor. (He and his first wife, Holly, were divorced in 2005 after 27 years of marriage.)

Mr. Breeden is now perhaps the most senior former government official ever to run a hedge fund. Mr. Breeden oversaw the Securities and Exchange Commission from 1989 to 1993.

He then ran one of the world's largest accounting firms, Coopers & Lybrand, before establishing his private firm, Richard C. Breeden & Company, in Greenwich, Conn., to advise companies hobbled by ethics and governance problems.

In recent years, he has served as the high-profile outside monitor for scandal-plagued firms like WorldCom, which filed for bankruptcy in 2002 and Conrad Black's former company, Hollinger International. It was when he was overseeing the bankruptcy of WorldCom, later MCI, that Mr. Breeden first began thinking about starting a hedge fund, according to friends and associates. Seeing the roles played by the Mexican tycoon Carlos Slim Helú and Mark Neporent of the hedge fund Cerberus Capital as investors in MCI, he asked Mr. Harris, "I'm thinking of starting a hedge fund — what do you think?"

Mr. Harris, who recalled the conversation, said Mr. Breeden told him, "The one thing I don't want to do is fail."

Mr. Breeden's right-hand man at Breeden Partners is his friend Steven J. Quamme, a one-time mergers-and-acquisitions lawyer with whom Mr. Breeden once worked at Baker Botts, the Washington law firm.

When asked who was running the hedge fund — in other words, picking companies in which to invest, Mr. Harris replied, "I don't think you can actually separate Richard and Steve — they're joined at the hip."

Mr. Quamme did not return calls requesting comment.

An entrepreneur as well as an investor, Mr. Quamme has picked some winners in his past jobs, including a chain of video stores that was sold to Blockbuster Video early last decade and a chunk of the Einstein Brothers Bagels franchises.

Mr. Quamme, whom Mr. Breeden also nominated to serve on the Applebee's board, has also endured some setbacks. His 50 percent stake in Boston Chicken, through Mayfair Partners, an investing partnership that he ran in the mid-1990s, went stale in 1998 when the restaurant and the partnership both filed for bankruptcy.

It is, of course, far too early to tell whether Mr. Breeden's knowledge and experience will make his hedge fund, whose philosophy is to invest in American companies with fixable problems in policy and governance, a winner.

Some analysts do not see his fund making an impact on Applebee's.

"We do not see a dramatic shift near-term in the company's strategic direction that would lead to the 'value creating' programs proposed by the activist," Andrew Barish, an analyst with Banc of America Securities wrote earlier this month.

Applebee's declined to comment on Mr. Breeden's proposals.

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The fund sought to raise $1.25 billion but has so far brought in only around $500 million, including $400 million from Calpers, the California pension fund. The hedge fund earned 7.73 percent in the third quarter of 2006, according to the most recent available data from Calpers.

To some, Mr. Breeden's leap into the hedge fund business on the heels of serving as a court-appointed monitor for so many large companies raises questions.

"It's an appearances problem, and it bothers me," said Michael Feiner, an ethics professor at Columbia Business School, adding that he thought government officials should be required to wait two years before working at hedge funds or lobbying groups. "I'm disappointed that he is doing this."

Mr. Breeden's spokesmen declined to answer questions on whether Breeden Partners would prohibit itself from investing in companies for which Mr. Breeden had served as a court-appointed monitor.

And the transparency that Mr. Breeden championed at the troubled companies he has overseen may go by the wayside with his new venture. Like many hedge funds, Breeden Partners has affiliated entities registered in the Cayman Islands, to take advantage of generous offshore tax benefits.

Ex-CVS Officers Are Indicted (WSJ/AP)

The Wall Street Journal, January 19, 2007

PROVIDENCE, R.I. -- Two former executives at drugstore chain CVS Corp. were charged in a probe into influence peddling at the Rhode Island statehouse.

John R. "Jack" Kramer, former senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, were charged with one count each of conspiracy and bribery and 21 counts each of fraud for allegedly paying former state Sen. John Celona to kill legislation CVS opposed or sponsor bills the company supported.

Mr. Celona, who resigned from the General Assembly in 2004, pleaded guilty to federal mail-fraud charges the following year and has been cooperating with the government.

Messrs. Kramer and Ortiz have been on leaves of absence from Woonsocket, R.I.-based CVS since 2004. They couldn't be reached to comment.

U.S. Attorney Robert Clark Corrente said the probe into statehouse corruption was continuing. CVS, which hasn't been charged, said it has fully cooperated with the probe.

CVS paid Mr. Celona $1,000 a month under a consulting contract -- $45,000 total, the indictment said, and he got benefits including sports tickets and trips.

CRIMINAL LAW:

U.S. Attorney General To Study Milwaukee Crime (MJS)

By Audrey Hoffer

Milwaukee Journal Sentinel, January 19, 2007

Kohl asks Gonzales to look at trend, funding

Washington - Sen. Herb Kohl elicited a promise Thursday from U.S. Attorney General Alberto Gonzales to look at the rise in violent crime in Milwaukee and tell him whether federal funding could be provided to bolster the police.

Gonzales testified at a Senate Judiciary Committee hearing that covered issues from domestic surveillance to Internet pornography, all of which are under the jurisdiction of the U.S. Justice Department.

Kohl, a senior committee member, first raised the trend of increases in robberies and assaults in Milwaukee at a Judiciary Committee hearing last month. He asked FBI Director Robert Mueller, who was testifying at the time, to go to Milwaukee to study the problem first-hand and to give the city more federal resources in the form of additional federal agents. Mueller said he would "take a specific look at Milwaukee" but did not commit to travel there.

At the December hearing, Kohl also criticized the bureau for taking money earmarked for violent crime prevention and reallocating it to investigate terrorism.

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In Thursday's hearing, Kohl repeated the charge, saying the FBI used almost 2,200 "fewer agents in 2004 on traditional crime matters than it did in 2000 due to the essential focus on terrorism."

In addition, he said, the Milwaukee Police Department received $1 million in federal money specifically for police in 2002 but last year didn't receive any. As a result, the police force was reduced by 55 officers and fewer police are on the streets.

Gonzales acknowledged that "keeping our communities and citizens safe from violent crime is a top priority for law enforcement at all levels," but most of the work is done by local police.

Kohl said local enforcement officials are bearing the burden of decreased federal funding and, therefore, cannot effectively fight the increase in crime. "We are not giving our states and localities the help that they so desperately need."

Later during the hearing, Sen. Russ Feingold, also a member of the Judiciary Committee, reminded Gonzales of his agreement with Kohl to "take a real look" at Milwaukee's crime problem and to consider awarding the city a $2.5 million grant to study ways to fight crime as part of the 18-city Safe Communities Initiative. "I hope Milwaukee is next in line for that kind of money," Feingold said.

Prosecutor Fights To Keep Bush Critics In Jury Pool For Cheney Aide's Trial (AP)

By Matt Apuzzo, Associated Press Writer

AP, January 19, 2007

(AP) - WASHINGTON-The prosecutor sparred with defense attorneys Thursday over several potential jurors and their opinions of the Bush administration, a debate that further slowed jury selection in the trial of a former top aide to Vice President Dick Cheney.

U.S. District Judge Reggie B. Walton had hoped to have a jury seated by Thursday afternoon, but legal wrangling slowed the process. Attorneys for former I. Lewis Libby have weeded out of the jury pool the most outspoken critics of the Bush administration.

Special Prosecutor Patrick Fitzgerald told Walton that defense attorneys had crossed the line when they told jurors the case was political and about war policies.

"The jury will not be asked to render a verdict on the war or what they think of the war," Fitzgerald said.

Libby is accused of lying to investigators about what he told reporters regarding outed CIA operative Valerie Plame in 2003. Because Plame's husband was among the administration's most outspoken critics, the trial is set to the backdrop of the war in Iraq and politics.

Plame's identity was leaked to reporters after a newspaper article by her husband, former Ambassador Joseph Wilson, suggested that the Bush administration intentionally misused intelligence to build up a reason for going to war against Saddam Hussein's Iraq.

The leak touched off a political scandal and an FBI investigation that Libby is accused of obstructing. Attorneys for both sides want to know how closely potential jurors have been following the case.

The composition of the jury pool is a critical pretrial issue. Libby plans to tell jurors that despite what prosecutors say, he did not lie to investigators. He says he was bogged down by national security issues and simply did not remember the conversations about Plame correctly.

If jurors come to the trial already skeptical about the credibility of Libby or Cheney, his former boss, attorneys say Libby will not get a fair trial.

Walton considered seven jurors and dismissed five people who said they could not be fair to the Bush administration or who were unsure.

"My personal feeling is the Iraq war was a tremendous, terrible mistake. It's quite a horrendous thing," said one potential juror, a management consultant. "Whether any one person or the administration is responsible for that is quite a complex question."

Only one juror had been accepted into the potential jury pool Thursday by early afternoon, and attorneys were debating whether to accept a woman who works for the CIA. Walton had hoped to have 36 qualified jurors by the end of the day. Only 25 have been approved since selection began Tuesday.

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Attorneys for both sides can then eliminate jurors for any reason until 12 jurors and four alternates are seated.

Opening arguments are scheduled for Monday in a case expected to last four to six weeks.

Associated Press writer Michael J. Sniffen contributed to this report.

Jury Selection In Libby Trial Moves Slowly Because Of Bias (NYT)

By Neil A. Lewis

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — The task of seating a jury for the perjury trial of I. Lewis Libby Jr. did not get easier Thursday when a majority of the candidates interviewed were disqualified, mainly because they expressed deep distrust of the Bush administration and the Iraq war.

Mr. Libby, also known as Scooter, is facing five felony counts for his role in an investigation of who leaked to journalists the identity of a C.I.A. operative in July 2003 and why. The indictment charges him with lying to agents of the Federal Bureau of Investigation and a grand jury about whether he spoke to journalists about Valerie Wilson, the Central Intelligence Agency officer.

Mr. Libby is the former chief of staff to Vice President Dick Cheney, who will be a featured witness for the defense. The attitudes of many potential jurors to Mr. Cheney and the Iraq war have upset the judge's schedule for the trial, which envisioned opening arguments Monday.

At the end of the day Thursday, the judge, Reggie M. Walton, lamented the slow pace of getting enough potential jurors for a pool to be winnowed down to 12 jurors and four alternates. So far, only 30 people have qualified; the pool must have at least 36 people to account for the number that lawyers for both sides can exclude without giving a reason.

"It took us all day to get six jurors qualified," Judge Walton said.

It was a day consumed with unexpectedly long bouts of questioning, largely from Mr. Libby's lawyers, who are trying to exclude anyone with a bias against the administration.

Of the 10 jurors who were dismissed Thursday, the views of some were quickly apparent; others came out only under detailed questioning.

In the morning, a woman who said she was an economist, told the court that she believed the war was "a terrible mistake, a horrendous mistake and a betrayal" of the country. She eventually acknowledged that such hard feelings could affect how she views testimony from Mr. Cheney and other officials.

President Bush Should Go Ahead And Pardon Libby (SCRIPPS)

By DAN K. THOMASSON, Scripps Howard News Service

Scripps Howard, January 19, 2007

If George W. Bush really wants to strike a blow for justice he should pardon I. Lewis "Scooter" Libby now before his prosecution costs the taxpayers one dime more. It is really time to put an end to one of the most bizarre and disruptive politically inspired cases in recent memory.

Libby, as most Americans know, is the scapegoat for a non- crime that involved the public identification of a one-time undercover operative of the CIA, Valerie Plame, the wife of a small time diplomat, Joseph Wilson, who tweaked the White House over its claims that Saddam Hussein was seeking nuclear material in Africa. Plame, the White House claims, had a hand in the agency's assigning her husband to investigate the claims, which were among those contentions used to justify the invasion of Iraq. Wilson found the claims unsubstantiated.

In the backlash over Wilson's report, Plame's identity as a CIA employee and her role in her husband's selection was leaked to a national columnist, Robert Novak. The CIA demanded an investigation into whether the disclosure violated an obscure law prohibiting the outing of an undercover agent. A special prosecutor, Patrick Fitzgerald, was named by the Justice Department. Fitzgerald knew the source of the leak about Plame from the outset and determined rather rapidly the law had not been violated. The original source of Plame's identification, by the way, was not Libby but Undersecretary of State Richard Armitage.

Now we are at the beginning of a senseless, albeit sensational trial brought about by Fitzgerald's decision to find someone in the White House to bring to ground despite his own discovery that no crime had been committed. He settled on Libby, an aide

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to Vice President Richard Cheney, whom he charged with lying to the FBI and a grand jury and obstructing justice in the pursuit of answers he (Fitzgerald) already had. Libby said he first heard about Plame from a television personality, Tim Russert, but Russert denies the claim even as he concedes he talked to Libby.

Libby says his naming Russert as a source was a mistake brought about by a busy schedule that made it difficult to remember from whom he received what. Under normal circumstances, a prosecutor might be willing to accept this explanation, particularly since Libby is a lawyer of proven merit who would understand the consequences of deliberately lying to a grand jury. It is almost inconceivable that he would lie, particularly since he knew his statement could be checked easily. But Fitzgerald, known as the Boy Scout of federal prosecutors, was as relentless as if he had just read "Les Miserables" and was a fan of the French police inspector.

There is some indication that he really wanted to nail the president's chief political advisor, Carl Rove, but settled finally on Libby, who is not known as an ideologue or even wildly political. His wife, who also is a lawyer, is in fact on the other side of most political issues, according to reports.

The effort to choose a jury this trial already has shown signs of being more a debate on Bush's Iraq policy than an effort to find justice. Those facing empanelment have been asked their feelings about the president and several have been dismissed for voicing their animosity. Shades of things to come as the testimony of everyone from Cheney to a handful of prominent journalists and TV stars begins in earnest.

This is the inside the Beltway kind of circus this town loves. It is a travesty with some long-lasting consequences from which no one emerges unscathed _ not the press, the prosecutor, the White House, the CIA, Wilson and Plame (the darlings of the Georgetown dining out set) and certainly not Libby, whose reputation as a tough, quiet but decent person already has been severely maligned. There is no constitutional crisis in this _ nothing of great national import took place. No harm was done by the disclosure that Plame, who hadn't been undercover for years, worked for the CIA.

Severe damage, however, has been done to the First Amendment by an over zealous prosecutor who, among other things, insisted on jailing a reporter for not revealing her source for a story she never wrote, undercutting a policy and tradition that has been a bulwark of press freedom since the beginning of the nation. The result is a chilling impact on the role of the Fourth Estate as the watchdog of democracy.

So, Mr. President, it is time you exercised your own constitutional prerogatives and ended this nonsense immediately. Even if an impartial jury could be selected, which is highly doubtful in this venue, the trial is an injustice.

(Dan K. Thomasson is former editor of the Scripps Howard News Service.)

Contractor Proves Key In Two Federal Probes (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 19, 2007

A key figure in the case against former Rep. Randy "Duke" Cunningham has become a focus of the federal investigation of another Republican from California, Rep. Jerry Lewis.

The person who has emerged in both probes is Brent Wilkes, a Poway, Calif., entrepreneur, said people with knowledge of the investigation. His firm received defense and intelligence contracts with congressional help from Mr. Cunningham. The former lawmaker pleaded guilty in November to charges that included soliciting bribes from Mr. Wilkes and was sentenced to more than eight years in prison.

ETHICS QUESTIONS

• The News: A defense contractor emerges as a key figure in two federal investigations.

• The Debate: Prosecutors are looking into whether a lawmaker improperly helped companies to secure government contracts.

• What's Next: The probes are renewing attention to congressional earmarks and, more broadly, ethics reform.

Prosecutors in Los Angeles are examining whether Mr. Lewis may have improperly helped Mr. Wilkes's companies obtain government contracts. A spokeswoman for Mr. Lewis declined to comment on the investigation.

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Mr. Lewis is under investigation for possible improper conduct in obtaining "earmarks," or legislative language that steers federal funds to specific recipients. The continuing investigation into his actions is significant because the new House Republican leadership decided to keep Mr. Lewis, of California, on the Appropriations Committee as the top minority member, despite the probe. He had been chairman until Democrats took control of the House this month.

Mr. Lewis has represented California's 41st district since 1979. He was chairman of an appropriations subcommittee on armed services before moving up to become chairman of the Appropriations Committee in January 2005.

The inquiry promises to sustain the debate over congressional earmarks, which has been at the center of this year's attempt to enact new ethics rules for Congress. The House has passed a bill imposing major restrictions although a vote yesterday cast doubt on whether a similar bill will be approved by the Senate.

Prosecutors designated Mr. Wilkes an unindicted co-conspirator in the charges against Mr. Cunningham. Mr. Wilkes himself has been under investigation separately, by the same federal prosecutors in San Diego who investigated the Cunningham case. People with knowledge of that investigation said prosecutors are bringing in last-minute witnesses before a grand jury and expect Mr. Wilkes will be indicted early next month. These people said Carol Lam, the U.S. attorney in San Diego who has been asked to resign by the Justice Department, requested that prosecutors on the case wrap up the investigation and bring charges before she officially steps down Feb. 15. The Justice Department has confirmed that several U.S. attorneys were asked to step down for reasons it said were related to performance but has declined to give details.

Mark Geragos, one of Mr. Wilkes's lawyers, said, "We're comfortable that everything Brent Wilkes did was above board and legal and we don't think that there is any cause for anyone to question it, let alone indict him."

Rep. Lewis' close relationship with a Washington lobbying firm, Copeland Lowery Jacquez Denton & White, is a subject of the probe. The firm was founded by former congressman Bill Lowery, a friend of Mr. Lewis.

Copeland Lowery flourished by signing up corporate and local government clients, which subsequently won earmarks pushed through with Mr. Lewis' help. One Copeland Lowery client, the Lake Arrowhead Community Services District in California, disclosed that the lobbying firm helped obtain for it federal grants totaling $680,000. After the University of Redlands hired Copeland Lowery, it obtained Mr. Lewis's help in securing $21.5 million in federal money for research and a new science center.

One matter under investigation is the tens of millions of dollars in earmarks Mr. Lewis obtained for clients of the firm, which since has split up. Prosecutors also are focusing on campaign contributions Mr. Wilkes and his associates made to Mr. Lewis, and contracts Mr. Wilkes's companies obtained after hiring Copeland Lowery. Among other things, they are looking for possible evidence that Mr. Lewis directed Mr. Wilkes to hire Copeland Lowery as the price for getting earmarks passed, said the people with knowledge of the case.

Barbara Comstock, a spokeswoman for Mr. Lewis, said she wouldn't have any comment on possible links between Messrs. Lewis and Wilkes.

Prosecutors have cast a wide net, some months ago subpoenaing voluminous records from county and local governments in Southern California and companies, all of which hired Copeland Lowery to lobby for them. Many received federal money for local projects with Mr. Lewis's help. People close to the case said prosecutors have focused heavily on contracts awarded to Mr. Wilkes's companies and large campaign contributions he made.

Records on file with the House clerk show Copeland Lowery lobbied on behalf of one Wilkes company, ADCS Inc., from 1998 to 2000, and from 2002 to 2005. ADCS, or Automated Document Conversion Systems, specialized in converting military documents on paper into computerized records. Beginning in 1997, with help from members of the appropriations committee, including Mr. Cunningham, the Poway, Calif., company began winning multimillion-dollar military contracts. Copeland Lowery disclosed receiving about $160,000 for the work. After Mr. Wilkes' name surfaced publicly last year in connection with the corruption investigations, Copeland Lowery revised its disclosure reports to state that it received more than $340,000 from ADCS. A lawyer for Copeland Lowery said the error was inadvertent.

The Project on Government Oversight, a nonpartisan organization that focuses on exposing government corruption, last year found a travel report showing that Mr. Lewis traveled from Washington to visit ADCS headquarters in 1998, shortly before

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ADCS received a government contract. Mr. Lewis' office confirmed that in the early 1990s, he traveled to Belize on a trip sponsored by Mr. Lowery that included Mr. Wilkes, among others.

Federal campaign records also show Mr. Wilkes and five employees or relatives donated on the same date in 1999 a total of $11,000 to Mr. Lewis's campaign fund. Mr. Wilkes and related individuals also contributed $7,000 in early 1998.

On Sept. 18, 2002, Mr. Wilkes, his wife, nephew and two employees donated $10,000 to Mr. Lewis's Future Leaders Political Action Committee. In 2003, Mr. Wilkes donated another $2,000 to the fund. Mr. Lewis, as with many congressional leaders, maintained the PAC to collect funds that then could be doled out to help fellow Republican lawmakers who faced re-election fights. That largess was credited with helping Mr. Lewis get the Republican leadership's backing to become appropriations chairman.

Mr. Wilkes and people associated with him donated in total about $60,000 to Mr. Lewis' campaign fund or political-action committee. (Mr. Cunningham received campaign donations of $84,500 from Mr. Wilkes and associates.)

It is illegal for a congressman to support legislation as a direct quid pro quo for campaign contributions, but direct links between contributions and actions are difficult to prove. The government must show that the lawmaker took official action only because of the donation. The Constitution's "speech and debate" clause also prevents prosecutors from using evidence from congressional debates, and limits their access to records or testimony about meetings lawmakers held to discuss legislation.

The Los Angeles prosecutors examining Mr. Lewis' actions are looking for a possible direct link, the people with knowledge of the investigation said.

In January 2003, longtime Lewis aide Letitia White left his staff to become a Copeland Lowery partner. Another top aide to Mr. Lewis, Jeffrey Shockey, left the congressman's staff in 1999 to work for the firm. He then returned to become the appropriations committee's deputy staff director when Mr. Lewis became chairman.

Through a spokesman, Copeland Lowery principals have denied any wrongdoing. A spokesman for the principals said "the firm's work is consistent with the laws, rules and regulations that govern federal lobbying." He declined to comment further.

The Cunningham case involved soliciting direct bribes for personal use. According to Mr. Cunningham's plea agreement, Mr. Wilkes paid $636,000 in bribes, including $525,000 to pay off a mortgage on Mr. Cunningham's home.

Man, 26, Admits His Role In Fatal Fight (BOS)

The Boston Globe, January 19, 2007

SOMERVILLE

A 26-year-old Somerville man pleaded guilty yesterday to second-degree murder in Middlesex Superior Court in Lowell, admitting that he helped another man kill Ryan Sullivan, 16, in Somerville during a fight on Warwick Street in July 2004. Van Gustave was sentenced to life in prison with the possibility of parole after 15 years, the Middlesex district attorney's office reported. Prosecutors said Gustave and Joseph Spinucci, who was convicted last year of first-degree murder, got into an argument with a friend of Sullivan's that escalated into the murder.

CAMBRIDGE

R.J. Reynolds responds to nicotine report Responding to a Harvard study on nicotine levels, cigarette maker R.J. Reynolds Tobacco Co. said in a statement yesterday that the company "does not have a program to systematically increase the nicotine content or smoke nicotine yields of its products." Researchers from the Harvard School of Public Health issued a report yesterday that examined industry-supplied data on the nicotine content of cigarettes as well as other factors in cigarettes that can affect nicotine delivery. The Harvard researchers confirmed an earlier Massachusetts Department of Public Health study that showed an upward trend in inhalable nicotine levels. The Harvard report also found that actual nicotine content in the tobacco used in cigarettes increased from 1997 to 2005.

MIAMI

Retired FBI agent's murder trial delayed A Miami judge agreed yesterday to a defense request to delay the murder trial of retired FBI special agent John J. Connolly Jr. until Oct. 22 to give lawyers more time to prepare. Connolly was indicted in May 2005 on state murder charges in allegedly helping longtime informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi orchestrate a 1982 gangland slaying in Florida. The victim, John B. Callahan, a Winchester financier , was killed

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allegedly because the gangsters feared he would tell the FBI they were involved in the slaying of Tulsa businessman Roger Wheeler, who owned World Jai Alai. Connolly, 66, is serving a 10-year prison term for his 2002 conviction on federal racketeering and obstruction of justice charges for protecting Bulger and Flemmi from prosecution.

BOSTON

Teachers OK English High as pilot school Teachers in Boston's English High School agreed yesterday to turn the troubled school into a Commonwealth pilot school, converting the 1,300-student school into a smaller college preparatory school starting in September. Under the school's proposal, which 81 percent of teachers approved, the school will set tougher graduation requirements, require daily courses focused on getting students into college, and institute a longer school day. The school will be divided into two communities of 400 students each. In November, the state Board of Education offered English High and three other schools a chance to fix themselves by becoming pilot schools, which gives teachers and principals more flexibility in budgets, schedules, and curriculum.

Suffolk names new law school dean A former Indiana University law school dean will replace Robert Smith as dean of Suffolk University Law School on July 1, the school announced yesterday. Alfred Aman Jr. is now director of the Institute for Advanced Study and a law professor at Indiana University, and he has also worked at Cornell Law School and in England, France, and Italy. During Smith's eight-year tenure, Suffolk opened graduate and international programs at Suffolk. After a sabbatical, he will return to teaching. The school enrolls about 1,600 students.

BARNSTABLE

DA wants Worthington evidence sealed Prosecutors have filed a motion to seal permanently the graphic photographs and video used in the trial of a trash collector convicted of killing former fashion writer Christa Worthington. Cape and Islands District Attorney Michael O'Keefe filed the motion in Barnstable Superior Court on Tuesday after a CBS television request earlier this month to gain access to pictures and video from the trial. Christopher M. McCowen was convicted in November of murdering and raping Worthington in her Truro home in 2002. Evidence during the five-week trial included horrific crime scene photos and police video of Worthington's body. The images should be kept from the public because of their "personal nature" and "to protect the privacy of Worthington's family and estate," the district attorney's motion said. (AP)

Ney's Friends, Foes Speak Out Before His Sentencing Friday (GANNETT)

By Malia Rulon, Gannett News Service

Gannett, January 19, 2007

WASHINGTON — The federal judge who will sentence disgraced former Rep. Bob Ney to prison Friday has received a barrage of opinions about how much prison time he should get, according to documents filed Thursday.

Most of the 75 letters sent to the judge came from supporters, including a handwritten note from Ney's parents, and letters from childhood friends, his doctor, local officials, including Dover Mayor Richard P. Homrighausen, and several former staff members and campaign workers.

"Frankly, we are all disappointed with the activities in which he engaged that led to his conviction, however, I want to assure you that he has many other admirable traits that we believe are worthy of your consideration," wrote Brook A. Cheney, who was a classmate of Ney's at Ohio State University.

Ney, of Heath, pleaded guilty in October to two felony charges of conspiracy to commit fraud and making false statements. The charges stem from a series of free trips, meals and gifts Ney accepted from convicted former Washington lobbyist Jack Abramoff and others in exchange for official favors.

His actions carry a maximum sentence of 10 years and a $500,000 fine, but Justice Department prosecutors have agreed as part of Ney's plea deal to ask for a little over two years in prison and between $5,000 and $60,000 in fines.

Nine letters came from people who want U.S. District Judge Ellen Huvelle to sentence Ney to the maximum amount of time possible.

"If the punishment really fit the crime, he'd have been shot at sunrise," Ben Alvin Walker wrote. "Throw the book at him; throw two books at him."

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The former six-term congressman has been undergoing treatment for alcohol abuse since September, and in court papers, his lawyers have asked Huvelle to allow him to continue his treatment while incarcerated.

Several letters also included requests that Ney continue his treatment.

“Bob was a functioning alcoholic who could rarely make it through the day without drinking and would often begin drinking beers as early as 7:30 a.m., ” wrote Matt Parker, Ney’s former campaign manager.

Parker wrote that Ney has been attending recovery meetings sometimes as early as 7 a.m. and often three times a day.

“I am pleading for Bob to be able to continue with rehabilitation programs while he is incarcerated,” Parker wrote.

Charges Filed In Killing Of Beaumont Boy (LAT)

By Maeve Reston, Times Staff Writer

The Los Angeles Times, January 19, 2007

A drifter who murdered and abducted members of an Idaho family is accused in the long-unsolved case of Anthony Martinez.

INDIO — A drifter who brutally murdered at least three members of an Idaho family in 2005 and kidnapped two of their young children was charged Thursday with the decade-old slaying of a 10-year-old Beaumont boy abducted at knifepoint near his backyard.

The 1997 killing of Anthony Martinez weighed heavily on the town of Beaumont, where billboards pleading for information about Anthony's disappearance remained for years.

Joseph Edward Duncan III, 43, was named as a suspect in Anthony's death in 2005 after he reportedly told FBI agents he was involved in the slaying. Investigators also said Duncan's fingerprint was discovered near Anthony's body, which was found nude and bound with duct tape on a remote canyon road north of Indio.

Riverside County Dist. Atty. Rod Pacheco on Thursday announced that Duncan had been charged with first-degree murder, and the newly elected prosecutor vowed to seek the death penalty.

Duncan, a convicted sex offender, pleaded guilty in October to three murder and three kidnapping charges in Idaho and is awaiting his final sentence for those crimes.

During that rampage, Duncan bludgeoned to death Brenda Groene; her fiance, Mark McKenzie; and her 13-year-old son, Slade Groene, inside their home near Coeur d'Alene. He then kidnapped the other two children in the house, 8-year-old Shasta Groene and her 9-year-old brother, Dylan.

A Coeur d'Alene waitress ended the nationwide hunt for Duncan when she recognized Shasta Groene, whose face was on "missing" fliers around town, at a Denny's in July 2005. Dylan Groene was later found dead at a Montana campsite.

On Thursday, just hours after Pacheco's news conference, a federal grand jury in Idaho indicted Duncan in the killings of Dylan Groene and the kidnapping of the two Groene children, which may make it more difficult for Riverside County authorities to extradite Duncan to California any time soon.

To prevent California from prosecuting Duncan first, federal officials in Idaho scrambled over the weekend to file a complaint against Duncan in federal court for taking a stolen Jeep across state lines.

"We've been aware that a number of places had an interest" in Duncan, said Jean McNeil, a spokeswoman for the U.S. attorney's office in Idaho. "We just wanted to make sure that he has to stand trial for these charges and he has to do that soon."

State prosecutors in Idaho have said they would seek the death penalty for the three killings in the house if Duncan escapes it in his federal trial for the kidnapping of the two remaining Groene children, the killing of Dylan Groene and the sexual assault of both. Duncan was sentenced to three consecutive life terms at the state level without parole for kidnapping.

The announcement of the Riverside County murder charges in the Anthony Martinez case marked the end of a long and often frustrating investigation by state, county and federal officials, who chased down about 15,000 leads before they found their suspect eight years later.

In the same press conference Thursday in Indio, Riverside County Sheriff Bob Doyle spoke directly to Anthony's mother, Diane Gonzales, who held back tears.

"While we cannot bring Anthony back to you, we can bring his killer to justice," Doyle said.

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Anthony was playing outside with his brothers and friends in April 1997 when a man approached in a white sedan asking for help looking for his cat.

He jumped out of his car, pulled a knife from his waistband and grabbed Anthony, who struggled as he was dragged into the car.

Hundreds of law officers descended on Riverside County, combing the remote canyons and surrounding areas on horseback, on foot and in helicopters. Fifteen days later, a federal Bureau of Land Management employee on patrol spotted Anthony's body.

Mitch White, a lead investigator on the case with the Beaumont police, said investigators struggled for years as one lead after another fell through.

"I thought sooner or later, given the nature of this guy, he would get caught on some other crime," said White, a retired lieutenant. "We believed that he was not going to stop, that this was not an isolated thing."

Pacheco said prosecutors decided to seek the death penalty because of the vulnerability of the victim, the brutality of the crime and Duncan's record. Investigators believe Anthony was killed by blunt force against a rock, and he was sexually assaulted.

Duncan first served time for the 1980 rapes of a 14-year-old boy in Washington state. He told psychiatrists at a state mental hospital that he had raped other boys, as young as 12.

Anthony's mother said her family had wrestled with the death penalty question.

"We came up with the conclusion that we would stand by whatever the district attorney decided to do in the case of Joseph Duncan — provided that Joseph Duncan never see the light of day again, whether that be through death or incarceration for the rest of his life," Gonzales said. "We believe justice will prevail whether it be through the courts or through the eyes of God."

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RETHINKING REHAB Treatment For Prisoners Draws Fire Over Scientology (WSJ)

By Lauren Etter

The Wall Street Journal, January 19, 2007

ALBUQUERQUE, N.M. -- Last November, in a cedar sauna cranked up to 160 degrees, a crowd of sweaty men read books and chatted amid mariachi music. They emerged to nibble from a tray of raw vegetables or take shots of olive oil.

This is not a spa. This is Second Chance, one of the country's most unusual alternatives to the nation's prison systems. Founded by a Scientologist and former real-estate developer -- and funded partly by federal tax dollars -- Second Chance is a treatment program for nonviolent prisoners with substance-abuse problems.

It is based on principles of L. Ron Hubbard, founder of the Scientology religion, who argued that toxins from drugs and pesticides accumulate in the body's fatty tissues, making it difficult for addicts to kick their habit. Saunas and vitamins are intended to purge these residues. Facing few options for successful long-term ways to treat criminal defendants with serious drug problems, 24 of New Mexico's 84 district judges have sentenced more than 50 prisoners to terms at Second Chance.

Even before it opened its doors to inmates last September, Second Chance and its unconventional methods had ignited a controversy in New Mexico's legal community. At the center of the debate are two former friends and sometime adversaries. William Lang, chief district judge in the area that includes Albuquerque, doesn't want his colleagues to sentence inmates to Second Chance. On the other side is Judge Lang's predecessor, W. John Brennan, who was hired by Second Chance to convince judges to do just that.

"There's a dire need for a secure residential facility for defendants with substance-abuse problems," says District Judge Ross Sanchez. He has sent three inmates to Second Chance, where the minimum stay is six months.

'Highly Suspicious'

But Judge Lang says he is "highly suspicious" of the program. "If it is connected to Scientology, just say so," he says. Second Chance officials and a spokeswoman for the Church of Scientology say there are no ties.

For most of his 25-year career, Mr. Brennan was a highly respected member of the legal community. He and Judge Lang were close; Mr. Brennan presided over Judge Lang's wedding 18 years ago. But the men had a falling out in 2002, when Judge Lang unsuccessfully attempted to gather enough votes from judges to unseat Judge Brennan.

Then, late one night in May 2004, Judge Brennan was arrested. Within four months he had resigned as judge and pleaded guilty to drunk driving and cocaine possession. He was sentenced to a year's probation. Judge Lang assumed Mr. Brennan's post as chief judge of New Mexico's Second Judicial District.

Now a consultant for Second Chance, Mr. Brennan believes that Judge Lang is cool toward the program because of his personal grudges. "I think it has to do with me," says Mr. Brennan, who lobbies judges to send convicts to Second Chance. "I don't think it has to do with the program." He adds Judge Lang's own battle with alcoholism makes him skeptical of unorthodox treatment programs.

Judge Lang, who attends Alcoholics Anonymous meetings, says personal grudges have nothing to do with his skepticism about Second Chance. Judge Lang says he believes funding for treatment should go to existing programs that have a track record.

Now the $350,000 in federal funds granted to Second Chance is running out. Last month Mr. Brennan appeared with one state representative before New Mexico's Legislative Finance Committee and asked for $3.6 million for the program.

Second Chance is the brainchild of Rick Pendery, a former real-estate developer who says he has spent decades studying world religions with a focus on the writings of Mr. Hubbard.

In 1995 Mr. Pendery opened the first Second Chance program in Ensenada, Mexico, using his own money and funds from the Mexican government. His first attempts to open a program in the U.S. failed.

Then in 2002, Mr. Pendery gave a presentation on Second Chance to a conference of women legislators in San Diego and took about 60 of them to Ensenada. Anna Crook, a Republican state legislator from New Mexico, came away impressed, she says.

Ms. Crook asked New Mexico's Department of Corrections to work with Second Chance to establish a pilot project. The department declined because Second Chance isn't a "good fit," according to a spokeswoman. Undeterred, Ms. Crook says she then went to Washington and secured $350,000 for Second Chance from the 2004 appropriations bill.

With federal funds approved, Mr. Pendery says the "overwhelming majority" of the remaining $300,000 needed to start Second Chance came from businessman Randall Suggs, a Scientologist who owns a stake in the Arizona Diamondbacks baseball team. The state of New Mexico later allocated $300,000. Mr. Suggs didn't return phone calls.

Another Challenge

Second Chance's next challenge was to persuade judges to send addicts convicted of either misdemeanors or felonies to the program. In September 2005, Mr. Pendery approached Mr. Brennan, who had recently returned from two months of rehabilitation at the Betty Ford Center. Mr. Brennan wanted to get back into the criminal-justice field, but says he initially wasn't sure what Scientology was. After trying some of the Second Chance treatments himself, Mr. Brennan was sold and signed on.

"In the back of my mind I thought five years down the line, if this works, I'll have some sort of public redemption," he says.

In August 2006, Mr. Brennan was scheduled to make a presentation about Second Chance to a panel of New Mexico criminal judges. Judge Lang made his opposition clear. "I suggested it would probably not be a good idea" for Mr. Brennan to give the presentation, says Mr. Lang. "The whole pall that [the arrest] cast over the court, and the great cloud of suspicion, had not completely lifted."

Ultimately, Mr. Brennan didn't make the presentation. He says he was told Judge Lang didn't want him entering the courthouse, an account Judge Lang disputes.

Last summer, Judge Lang cautioned many of New Mexico's district judges and Kari Brandenburg, district attorney for the Second Judicial District, about the program, he says. Ms. Brandenburg argues any kind of treatment -- however unusual -- is better than no treatment at all. "We need to have an open mind," she says. "If it doesn't work we'll get rid of it."

The center received its first inmate in September. Currently, about half of the inmates who are qualified to go to Second Chance ultimately go to the program, Mr. Brennan says.

Still, some judges are balking. "I'm not ordering or sentencing anybody to that program at this time," said Judge Denise Barela Shepherd at a Nov. 8 hearing where she sentenced a probation violator to prison instead. In an interview, Ms. Shepherd said there isn't enough evidence for her to conclude the program works.

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Mr. Hubbard's principles have been taken to prisons before. For many years a program called Criminon, also based on Mr. Hubbard's teachings, has operated drug-intervention programs in jails. But Second Chance represents the first time in the U.S. that an incarceration facility has been designed around Mr. Hubbard's methods, which involve not just behavioral treatments but saunas and specific diets as well.

Located on a tumbleweed-strewn patch of desert, Second Chance's cement structure is ringed by a chain-link fence topped with barbed wire. Inside, linoleum hallways give way to an open dormitory. A nearby room houses the sauna, which is used by every inmate for a four-week period, five hours a day.

Inmates eat organic beef. They choose from an array of vitamins to ingest, including potassium pills if they're feeling dizzy, or bioplasma pills to offset salt depletion. Inmates addicted to heroin can get a massage, called a "nerve assist," from another inmate. Scientologists believe nerve assists help drugs depart the body.

In addition to saunas and specific diets, Second Chance focuses on helping inmates communicate more effectively, on the belief that better communication skills will reduce offenders' need to act out in negative ways.

One recent morning, Vincent Gutierrez, 29 years old, who has been in and out of jail for drug use since age 13, sat with a group of other inmates working on a series of communication drills that are also based on techniques developed by Mr. Hubbard.

Bull-Baiting

One drill, called bull-baiting, is designed to help participants learn how to tolerate verbal assaults. Mr. Gutierrez stared into the eyes of another inmate stationed three feet away. As his partner yelled scripted statements at him like "You look like a frog!" Mr. Gutierrez was supposed to remain impassive. Another drill has inmates sit opposite each other, look each other in the eye and read lines from Lewis Carroll's Alice in Wonderland.

Mr. Gutierrez says the drills have helped him "figure it out the positive way instead of using my knuckles."

Mr. Pendery says that by addressing the root causes of drug abuse, his program reduces the number of inmates who return to jail after being released. He says a study shows that the Second Chance program in Ensenada resulted in a drop in recidivism rates to 10% from 83% over a six-year period. The Mexico program recently closed its doors after losing its government funding, he says.

Advocates say Second Chance also saves money because it doesn't require maximum-security guards and doesn't administer pharmaceutical drugs. It costs about $55 a day for one inmate in the Second Chance program, compared with about $70 a day for an inmate at the county jail.

Bill Miller, an addiction expert and a retired professor of psychiatry at the University of New Mexico, reviewed Second Chance at the request of the city of Albuquerque. "There's a lot of use of sauna with the idea that you sweat out toxins in the system. I don't know of any scientific basis for that," he says. "It wasn't clear to me what sort of scientific basis there was even for the conception of the program to begin with."

Does it work? "Basically we just don't know," he says.

Teen Says He Was 'Terrified' Of Captor (WP)

By Kari Lydersen

The Washington Post, January 19, 2007

Michael J. Devlin, the suburban St. Louis man accused of abducting two boys and holding one for four years, pleaded not guilty yesterday in Franklin County, Mo., court to one count of kidnapping in last week's abduction of William "Ben" Ownby, 13.

Devlin was also charged with felony kidnapping and felony armed criminal action in nearby Washington County, Mo., on Wednesday in the 2002 abduction of Shawn Hornbeck, 15. Prosecutor John D. Rupp Jr. has alleged that Devlin, 41, initially brandished a handgun to control Shawn, then 11 years old.

Shawn told Oprah Winfrey during an interview aired yesterday that he did not try to flee from Devlin because he was "terrified," even though he would regularly ride his bike alone and had access to a cellphone and a computer. He confirmed that he posted a message signed "Shawn Devlin" on the Web site that his parents, Pam and Craig Akers, set up to search for him and

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other missing children. The post, which asked how long the Akerses planned to look for their son, was an effort to send a signal, he told Winfrey.

The Akerses told Winfrey they thought Shawn had been sexually abused during his time with Devlin, though they said they had not asked him directly.

Hornbeck and Ownby were found last week after police recognized Devlin's white pickup truck while serving a warrant to another resident at the apartment complex where he lived.

Sharon Cooper, a forensic pediatrician at the University of North Carolina and a consultant for the National Center for Missing and Exploited Children, said it would not be hard for someone such as Devlin to make an 11-year-old afraid to leave.

"At that age, it's very easy to convince them of anything once you have removed them from their support system," she said. "He was in such isolation, deprived of his family, deprived of school and normal social contact, he was in a circumstance without other outlets to help him make a decision. He's totally helpless and having to rely almost totally on an offender for his basic needs -- food, clothing, shelter. He is dependent on that individual for his own survival."

Devlin's relatives, locally well known, did not know until the arrest that he had children living with him. For security reasons, he made his not-guilty plea via closed-circuit television, and he declined to make a statement.

The Franklin County prosecutor's office, which would not comment further, said Devlin's first hearing will be March 15. His attorneys are asking for a change of venue for the trial. Devlin is being held in isolation in the Franklin County Jail in lieu of $1 million bail, and his bail is set at $3 million in Washington County.

The U.S. attorney's office in St. Louis has been working with local prosecutors, but no federal charges have been filed, said local Justice spokeswoman Jan Diltz. An FBI spokesman in St. Louis said federal charges will be considered.

Detectives in Lincoln County, Mo., an hour's drive from St. Louis, are looking for clues that might link Devlin to the disappearance of Charles Arlin Henderson, who was 11 when he vanished while riding his bike in 1991, or to the case of Bianca Piper, who disappeared from a rural road in March 2005, when she was 13. Police in nearby St. Charles are also investigating whether Devlin could be linked to the disappearance 19 years ago of Scott Kleeschulte, then 9.

"When you look at Ben, Shawn and Arlin, there are some striking similarities, both physically and in the way they disappeared," said Lt. Rick Harrell, spokesman for the Lincoln County sheriff's department. "Like Shawn, Arlin was on his bike in a rural area. And Bianca is female, but we can't automatically discount her case either. When you have Ben and Shawn found alive, you have a glimmer of hope that we'll find our missing kids and get them back in their parents' arms."

Faith-based Initiative (WT)

By Deborah Simmons

The Washington Times, January 19, 2007

Every year, 600,000 or so prisoners are given their walking papers to return to a neighborhood near you. The odds of their walking the straight and narrow are overwhelmingly against them, with an estimated two-thirds likely to be rearrested within three years of their release. The annual tab is staggering because American taxpayers spend $60 billion to keep criminals behind bars (compared with the $34 billion we spent on the Department of Homeland Security's budget last fiscal year). Our wallets are wedged between a rock and a very hard place.

Sometimes, we pay upward of $40,000 per prisoner. Either we can allow policies to continue as they have been and throw good money after ornery lawmaking, or we can change course slightly and experiment. President Bush said as much in his 2004 State of the Union address: "a plan to harness the resources and experience of faith-based and community organizations in dealing with the challenges of helping returning inmates contribute to society."

Whether we like it or not, the ex-offenders are coming back, many to homes with no hearth. When they return in such large numbers, they put a strain on our police and sheriff's departments, which are responsible for keeping track of ex-offenders. Some neighborhoods are overwhelmed by the sheer number of ex-offenders, with local and county governments establishing halfway houses and group homes, and court-intervention and counseling sites in traditional residential neighborhoods — often depressing housing values in the process.

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The Second Chance Act, federal legislation that has bipartisan support, offers a different course. While the bill, which failed to get through the 109th Congress, muddles some of the taut lines that ordinarily distinguish law-and-order hard-liners from progressive Democrats, it fits comfortably into the mold of compassionate conservatism with a faith-based component. In fact, the Second Chance Act helps explain why "blue states" in the Northeast are willing participants in the Bush administration's faith-based initiative when compared to "red states" and other regions, according to a 2006 study by the Joint Center for Political Studies.

Ex-offenders often return home with no family support, no job skills and no means to support themselves, circumstances that swing wide the revolving door to recidivism. Sometimes, faith is all an ex-con has.

Demetrius Davis walks in faith. Boxing since he was of school-age, he wears his Christian faith as comfortably as he does his boxing gloves. But that wasn't always so. Demetrius grew up in the ring. His father is renowned former Golden Gloves champ-turned-trainer Adrian Davis and, his mom, Brenda, is the longtime "go-to-man" for the regional Golden Gloves. (The Davises are proprietors of Round 1 Gym.) In a way, Demetrius has been punching his way through life since he was a tot.

In a recent interview, Demetrius, now 38 years old, chose his words carefully, reluctant to tell this stranger the details of why he landed himself in prison. So I let Demetrius' sleeping demons lie and allowed his explanation of becoming "a follower not a leader" speak for itself.

A lover of sports, he played football and basketball as a teen and accepted the fact that boxing is literally in his veins. He's been ranked by the International Boxing Federation, World Boxing Association, World Boxing Council and International Boxing Organization, and points out that his "dad taught me everything I know. ... He will always be my trainer."

Understand, the list of boys and men with whom Demetrius has had to share his dad is quite lengthy — Hasim Rahman, Sharmba Mitchell and William Joppy, to name a few — and they all made long green following Mr. Davis' lead. Such a list easily could shake the faith of the proudest man-child, but Demetrius doesn't flinch. "I thank the Lord for him every day," he says.

Sensing that Demetrius had become a bit more comfortable with this stranger, I turned the conversation to leadership, asking him what advice he had for boys and men who are looking in all the wrong places for leadership. "Get to know God," Demetrius replied without hesitation regarding his personal faith-based initiative. "I'm not supposed to be here talking to you right now....Get them in the gym.... They need more people who care about them around them. ... Most people don't understand. ... [They are] glorifying the bling-bling. ... [After prison] they revert back to the same environment."

"The same environment." Violent crime. Drug wars. Gangs. Gun control. Rampant substance abuse.

It costs on the front end. It costs on the back end. We pay as individuals for the consequences of our actions and as a society for the consequences of our inaction. Sometimes, we have to walk on faith and give a person a second chance.

CIVIL LAW:

Justice Dept. Tries To Block Wage Payout (BUFFNEWS)

By Matt Gryta, News Staff Reporter

Buffalo News, January 19, 2007

The U.S. Justice Department renewed efforts Wednesday to block a state court from approving payment of wages owed to 85 former employees of the government-closed St. Augustine Center.

A week ago, State Supreme Court Justice John A. Michalek refused to permit the Internal Revenue Service to intervene in the court case, which is aimed at closing the human services center's financial books and paying the back wages.

Wednesday, the Justice Department asked U.S. District Judge John V. Elfvin to quash that case, claiming that it "threatens to impair the ability of the U.S. to enforce its tax liens."

In its latest legal effort, the Justice Department has filed a federal civil action against State Supreme Court in Erie County, the state Labor Department and Adam W. Perry, the Buffalo attorney Michalek named last year to serve as receiver to close the books on the center.

"I'm very disappointed that the government is attempting to deny the employees wages that they earned" in closing down the center and ensuring all its clients were properly placed with other Buffalo-area human services agencies, Perry said.

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Last February, Michalek ordered the shutdown of the debt-plagued nonprofit agency, which for decades had served Buffalo's black community.

Study On Nicotine Levels Stirs Calls For New Controls (NYT)

By Gardiner Harris

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — A Harvard study concluding that cigarette makers have for years deliberately increased nicotine levels in cigarettes to make them more addictive led to renewed calls Thursday for greater federal oversight of the industry.

"Given the harm that tobacco causes, it shouldn't be a game of cat-and-mouse to figure out what the industry is doing to cigarettes," said Dr. Josh Sharfstein, commissioner of health for the City of Baltimore.

Senator Edward M. Kennedy, the Massachusetts Democrat who is now chairman of the Senate Health, Education, Labor and Pensions Committee, promised to reintroduce within weeks a bill that would allow the Food and Drug Administration to regulate cigarettes.

Mr. Kennedy said the Harvard study, which was released this week, "is dramatic new proof that Big Tobacco is addicted to addicting millions of young smokers."

Mr. Kennedy's bill passed the Senate in 2004 but failed in the House. With Democrats now in control of both houses, public health advocates said they had new hope that the legislation — debated for more than a decade — could pass.

Philip Morris, the nation's largest cigarette maker, released a statement Wednesday taking issue with the Harvard study but saying the company supported Mr. Kennedy's bill.

The company, which is owned by the Altria Group, said its own reports showed that nicotine yields for its top-selling Marlboro brand were the same in 2006 as they were in 1997. Changes between those years, it said, "reflect that there are random variations in cigarette nicotine yields."

The Harvard researchers analyzed data only through 2005, although they promised to include 2006 figures in future analyses.

Dr. Gregory Connolly, a professor at the Harvard School of Public Health who was a leader of the study, said there was nothing random about the growth in nicotine yields, which occurred across all cigarette brands and makers.

"We know from our data that there are intentional design changes that result in more nicotine in smoke that increases the capacity for the cigarette to cause and maintain addiction," Dr. Connolly said.

Company representatives at Lorillard Tobacco, owned by Loews, and R. J. Reynolds Tobacco, owned by Reynolds American, did not respond to phone messages.

Cigarette makers have for decades denounced scientific efforts to measure the byproducts and effects of cigarette smoking. And for decades, experts have been arguing over the best ways to measure smoke from smoking.

One common way has been to use machines to mimic smoking. For years, these tests were done at the Federal Trade Commission.

In recent years, however, government regulators have asked cigarette makers to do these machine tests themselves. And beginning in 1997, Massachusetts regulations required cigarette makers to file an annual report with health regulators on the results of these tests.

In August, the Massachusetts Department of Public Health issued a study showing that according to the industry's own reports, the amount of nicotine that could be inhaled from cigarettes had increased an average of 10 percent from 1998 through 2004. The report was immediately criticized by cigarette makers.

So Dr. Connolly and colleagues decided to undertake a far more sophisticated analysis of the underlying data provided by cigarette makers. The Harvard group found that nicotine yields from smoking had increased each year from 1998 through 2005, by about 11 percent altogether.

A sophisticated mathematical analysis of the data demonstrated that the increase could not be due to random variations, Dr. Connolly said.

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In August, in a racketeering suit brought by the Justice Department against the tobacco industry, a federal judge found that tobacco companies had for decades "manipulated the use of nicotine so as to increase and perpetuate addiction."

In ordering strict new limitations on tobacco marketing, the judge, Gladys Kessler of Federal District Court for the District of Columbia, also said that for decades, tobacco companies had "lied, misrepresented and deceived the American public."

Julie Brill, an assistant attorney general in Vermont, said she did not think the latest study would do anything to alter a deal reached in 1998 in which the tobacco industry agreed to pay states $246 billion. The money was to settle lawsuits seeking to recover expenses related to the treatment of tobacco-related illnesses.

Ms. Brill said she was "disappointed but not surprised" by the Harvard study.

"It leads one to question how long this industry can continue to be as unregulated as it is," she said.

Dr. Richard Hurt, director of the Mayo Clinic's nicotine dependence program, said he had reviewed the Harvard analysis and found it credible. And Dr. Hurt said documents disclosed in litigation against the industry showed that cigarette makers closely controlled the nicotine content of their products.

"If anyone thinks that tobacco companies have changed for the better and are now reformed, I have some beachfront property in Nebraska I'd like to sell them," he said.

Dr. David Kessler, who as commissioner of the F.D.A. during the Clinton administration sought to impose regulatory authority over cigarette makers, said cigarette makers had been manipulating nicotine levels for decades.

"Tobacco makers still have not answered some fundamental questions about why this is happening," said Dr. Kessler, now dean of the University of California, San Francisco, School of Medicine.

Regulate Tobacco, Finally (WP)

The Washington Post, January 19, 2007

FOR YEARS, the federal government has tried, ineffectively, to litigate away the effects of smoking on people and the public purse, pursuing expensive lawsuits against an industry that nevertheless continues to produce a needlessly dangerous product. Then, in 2004, it seemed that Congress might opt for a better strategy by giving the Food and Drug Administration -- which already scrutinized everything from aspirin to Alpo -- the authority to regulate tobacco products. To make the measure palatable, its sponsors attached it to a proposal that handed tobacco farmers a $10 billion buyout package. Even so, the proposal died in conference at the hands of a hostile Republican House leadership and an indifferent White House.

Now the new Democratic majority has a chance to finally pass this needed reform. Sen. Edward M. Kennedy (D-Mass.) plans to reintroduce the 2004 legislation before the end of the month, and his office foresees holding hearings on the matter shortly after. This is a good idea that has languished for too long. We hope Mr. Kennedy can stick to this timetable and that the 110th Congress quickly passes the bill.

Proponents of the legislation point out that the FDA would be able to crack down on tobacco advertising, especially that which targets children; require that packs carry much larger warning labels with much more explicit messages; and provide authoritative information about the contents of cigarettes and their dangers. Even more significant, the FDA would have the power to require reasonable changes in the composition of the product so that it would be less dangerous to smokers and those around them. As it stands, tobacco companies are generally loath to alter their products, especially if doing so is merely to protect the health of their customers.

Yesterday, yet another study was released concluding that, unregulated, tobacco companies are going precisely in the wrong direction. The Harvard School of Public Health found that the amount of nicotine delivered to smokers' lungs increased by an average of 11 percent between 1998 and 2005, reflecting an increase in cigarettes' addictive potency. Tobacco companies accomplished this not only by changing ingredients but by modifying cigarette design to encourage smokers to take more puffs from each cigarette. As common-sense policies such as high cigarette excise taxes and smoking bans reduce the prevalence of smoking nationwide, the FDA should be allowed to do the same to tobacco's harmful effects.

CIVIL RIGHTS:

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Truck Driver Sentenced To Life In Prison In Deadliest U.S. Human Smuggling Attempt (AP)

By Juan A. Lozano, Associated Press Writer

AP, January 19, 2007

(AP) - HOUSTON-A truck driver was sentenced to life in prison Thursday, avoiding a death sentence for his role in the United States' deadliest human smuggling attempt in which 19 illegal immigrants died from dehydration and suffocation inside an overheated tractor-trailer.

Tyrone Williams, 36, was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants.

A jury deliberated for 5 1/2 days before sentencing Williams, himself an immigrant from Jamaica.

Williams was sentenced to life in prison without the possibility of parole for each of the 19 counts of transporting the illegal immigrants who died. U.S. District Judge Lee Rosenthal will sentence Williams on Aug. 23 for the remaining 38 counts of harboring and transporting immigrants and for the conspiracy count. The maximum sentence for the conspiracy count is life in prison.

Williams looked down as the verdict was read and gave no visible reaction. His attorney, former U.S. Rep. Craig Washington, wept and wiped his eyes with a tissue.

Later, Washington said he was crying tears of joy.

"We're grateful to God and to the jury for saving Tyrone's life," Washington said.

Prosecutor Daniel Rodriguez looked grim after the sentence was announced as his boss, U.S. Attorney Don DeGabrielle, spoke to reporters.

"We did everything we could to impose a sentence of death. Nineteen life sentences is not something to be disappointed about," DeGabrielle said. "One human being had the chance to let those people out. That was Tyrone Williams."

In May 2003, Williams tractor-trailer was packed with more than 70 immigrants from Mexico, Central America and the Dominican Republic. As temperatures skyrocketed inside the airtight refrigerator truck, the immigrants kicked walls, clawed at insulation, broke out taillights and screamed for help.

Nineteen of the immigrants died from dehydration, overheating and suffocation during the smuggling attempt from South Texas to Houston. Williams abandoned the trailer at a truck stop near Victoria, Texas, about 100 miles (160 kilometers) southwest of Houston.

"Justice is served from today's sentencing," Assistant Homeland Security Secretary Julie Myers said in a written statement. "We hope this significant sentence will help dissuade potential alien smugglers away from this dangerous, dehumanizing and illegal business."

Jurors, who spoke to reporters on condition of anonymity, said they began each day of deliberations with 19 seconds of silence in memory of Williams' victims.

"It will probably be a very long time before any of us passes an 18-wheeler on the freeway without looking at it twice," said juror No. 9, a teacher.

Williams' attorneys argued he never intended for the immigrants to die and did not know they were succumbing to the deadly heat until it was too late. They blamed the deaths on other members of the smuggling ring who overstuffed the trailer.

Williams' family, including his mother and father, begged the jury to spare his life during emotional testimony presented at the retrial's punishment phase.

Prosecutors said Williams deserved a death sentence because he intentionally caused the immigrants' deaths by not freeing them when he knew their lives were in danger. They also noted he failed to take life-saving measures, like turning on the trailer's air conditioning, although some survivors testified they thought it had been turned on.

Washington said Thursday that jurors told him after the sentencing that he did not spend enough time during the trial proving that Williams had turned on the air conditioning.

Relatives of the 19 victims also testified, demanding justice and telling jurors their loved ones did not deserve to die the way they did.

Williams, who lived in Schenectady, New York, was the only one of 14 people charged in the case who faced the death penalty.

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This was the second time Williams was tried for the smuggling deaths.

In 2005, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury could not agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

The 5th U.S. Circuit Court of Appeals rejected the verdict, saying the jury failed to specify his role in the crime.

Jury Spares Driver In Smuggling Deaths Case (NYT)

By Ralph Blumenthal

The New York Times, January 19, 2007

HOUSTON, Jan. 18 — The truck driver who carried 19 illegal immigrants to their deaths in his suffocating trailer in 2003 was spared execution on Thursday and sentenced instead to life in prison without parole.

In a punishment verdict after five days of deliberations, the federal jury that last month convicted the driver, Tyrone M. Williams, on all charges in the nation's deadliest human smuggling case rejected the government's calls for the death penalty but meted out the stiffest possible life sentence.

Mr. Williams, who turned 36 on Thursday, reacted with impassivity but was hugged by his lawyers. His lead counsel, Craig Washington, wept — "tears of joy," he later said.

The foreman of the jury of seven women and five men said outside court that the death penalty had not been a close call.

"We felt as a consensus, as a jury, he didn't deserve it," said the foreman, an airline worker and one of three jurors who agreed to be interviewed afterward but insisted that their names not be disclosed.

The United States attorney in Houston, Don DeGabrielle, said prosecutors respected the verdict.

"We did everything we could to encourage them to impose a sentence of death," Mr. DeGabrielle said, adding that "19 sentences of life imprisonment were not something to be disappointed about."

On one count of conspiracy, the jury left it up to Judge Lee H. Rosenthal to impose sentence. She set Aug. 23 for a sentencing hearing.

The lead prosecutor, Daniel C. Rodriguez, presented anguished testimony of survivors and argued that Mr. Williams was the only one who could have saved the victims. But Mr. Washington repeatedly questioned why Mr. Williams, the only major African-American defendant among the ring of human smugglers, should be singled out for execution when co-conspirators made deals to testify for the government.

Mr. Williams was convicted on Dec. 4 of all 58 counts of human smuggling. Mr. Washington said he would appeal.

A first trial ended in March 2005 with the jury's finding of guilty on 38 counts but deadlocking on 20 others, including some eligible for death. The incomplete verdict was thrown out by the United States Court of Appeals for the Fifth Circuit.

Evidence in both trials showed that Mr. Williams, a milk trucker and small-time drug dealer from Schenectady, N.Y., was recruited to transport at least 73 illegal immigrants from Harlingen past a Border Patrol checkpoint, where they were to be transferred to a van and a pickup. But the other vehicles were blocked, and Mr. Williams was told to drive toward Houston.

With the passengers punching air holes in the sweltering trailer, Mr. Williams halted in Victoria, about 100 miles southwest of Houston, where he opened the trailer's doors, provided bottles of water and fled.

Along with the bodies of 19 victims, two of whom died later in the hospital, rescuers found 54 survivors. Some others may have escaped.

In his final prosecution arguments in the sentencing phase, Mr. Rodriguez said Mr. Williams had committed "acts of violence" by using what he called "in essence an unplugged refrigerator to transport these people." He said Mr. Williams had been motivated by "the oldest reason in the world, greed."

Mr. Washington, in his closing arguments, portrayed Mr. Williams as concerned about his riders once he realized their plight.

"I think the question is intent," he said, arguing that the government had not proved "that Tyrone intended to kill these poor souls."

And he said of the smuggling ringleaders: "Why aren't they facing the death penalty? They're all part of the conspiracy."

Jurors said they began each session of deliberations with 19 seconds of silence — one for each victim.

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Brown's Attorney Closely Questions Expert In Federal Trial (AP)

By Ross Dellenger

AP, January 19, 2007

JACKSON, Miss. - Attorneys for Noxubee County Democratic Party official Ike Brown continued a rigorous cross-examination of a government witness on Thursday in an attempt to find flaws in the witness' testimony.

Theodore Arrington, a University of North Carolina political science professor testifying for the U.S. Justice Department, examined the politics of Noxubee County and found that Brown and the county's Democratic Executive Committee are disenfranchising white voters.

He took the witness stand early Wednesday morning and finished at 4 p.m. Thursday after sometimes heated exchanges with Brown's defense attorney.

"I think we destroyed the expert," Brown said after testimony concluded.

The department accuses Brown of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Mississippi and other Southern states strictly enforced segregation.

It is the first use of the act to allege discrimination against whites. Noxubee County is a rural area along the Alabama line with a majority black population.

While on the stand, Arrington said the government pays him $150 an hour during his investigations. Over the last five years, he has made hundreds of thousands of dollars, he said.

"The weight of the government and their resources are against us," said Brown, whose attorney is working for free.

Arrington testified Wednesday that Brown, the county Democratic Executive Committee's chairman, and others used racial slurs to alienate blacks who support white candidates. He also referred to six lawsuits prompted by complaints of voter irregularity in Noxubee County.

Brown's attorney, Wil Colom, closely questioned Arrington on Thursday about his earlier testimony and his investigative documents. Of the six election complaints cited by Arrington, five were overturned. The one upheld was the only election that took place under Brown's supervision as head of the executive committee.

Colom asked Arrington, the former vice chairman of the Republican Party in Charlotte, N.C., to give specific proof of ballot fraud and that coercion took place at the polls. A clearly frustrated Arrington could not.

Colom took each one of Arrington's studies and analyzed it for flaws.

Arrington interviewed a group of white women who wanted to assist in the Democratic primary, but were not allowed. Colom inferred that it was possibly because of their ages - they were all in their 70s - and not their race.

Arrington said Brown "chased" a candidate from a precinct and allowed others to stay, but when Colom asked Arrington to identify others who were allowed to stay at the precinct, Arrington couldn't identify any.

Colom also proved that Arrington did not interview Democratic poll workers. He also said that in one of Arrington's studies he interviewed 21 people, yet only five were black.

"And you think that your report is fair and balanced?" Colom asked.

Persecutors later proved that Arrington did try to interview blacks. They also pointed out that he has testified for blacks in several other trials and donated money to Democrat John Kerry's presidential campaign.

The trial resumes Friday and is expected to last another two weeks.

Brown is a former tax preparer who served 21 months in prison in the 1990s on a felony conviction of preparing fraudulent federal income-tax returns. He also was indicted in 1979 for absentee ballot fraud.

Whites once controlled politics in Noxubee County, but now there are only two white countywide office holders because Brown manipulates election, the U.S. Justice Department says.

He faces no jail time or fines, but would be forced to cease fraudulent activities if convicted, prosecutors said.

Witness: Dems Discriminated, Didn't Break Law (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 19, 2007

DOJ_NMG_0118659

Ike Brown mobilizing black voters in Noxubee County isn't illegal. It's admirable, a government expert testified Thursday on cross-examination.

But University of North Carolina Political Science chairman Theodore Arrington reiterated earlier testimony that he believes evidence shows Brown and his associates have engaged in a pattern of racial activities that discriminate against white voters in the majority-black county.

In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in Noxubee County of discriminating against white voters.

Arrington testified Wednesday for the Justice Department in federal court in Jackson that Brown, chairman of the Noxubee County Democratic Executive Committee, uses race to get his way and bully people who don't agree with the candidates he supports.

Also, Arrington said Brown and his associates had formed racial intent and discriminated against white voters in their actions.

But Thursday, Arrington said he couldn't identify any black person given preferential treatment over a white person at a Noxubee County polling place.

Wil Colom, attorney for the Noxubee County Democratic Executive Committee and for Brown, its chairman, grilled Arrington for about five hours. "All I see is conclusion by you but no facts," he told Arrington.

Arrington had suggested a high number of absentee ballots cast in a 2003 race in the county may indicate fraudulent ballots.

"Do you have one single ballot where Ike Brown notarized?" Colom asked Arrington.

"No," Arrington replied.

He said he interviewed a group of white women who wanted to assist in the Democratic primary but were not allowed. Colom inferred it may have been because of their ages - all in their 70s - and not their race.

Arrington said Brown "chased" a candidate from a precinct and allowed others to stay, but when Colom asked to identify others allowed to stay, Arrington couldn't.

Colom also showed Arrington did not interview Democratic poll workers. He also said that in one of Arrington's studies he interviewed 21 people, but only five were black.

"And you think that your report is fair and balanced?" Colom asked.

Prosecutors later showed Arrington tried to interview black poll workers and pointed out he has testified for black plaintiffs in several other trials and donated money to Democrat John Kerry's presidential campaign.

Complaints from white candidates and voters prompted a federal investigation, leading to the civil action.

The lawsuit, filed in February 2005, seeks preliminary and permanent injunctions to stop the defendants from coercing, threatening or intimidating anyone voting or attempting to vote. The Associated Press contributed to this report.

Bush Open To Idea Of Pardon For Former Border Patrol Agents (AP)

By Suzanne Gamboa, Associated Press Writer

AP, January 19, 2007

WASHINGTON — President Bush on Thursday left open the possibility of a pardon for two Border Patrol agents serving federal prison sentences for shooting a Mexican drug dealer as he fled and covering up the crime.

Bush said "there's a process for pardons" and the case has to work its way through the system. In an interview with KFOX-TV in El Paso, Bush said the White House will review the case, and he urged people to "take a sober look at the case."

"People need to take a tough look at the facts, the evidence a jury looked at, as well as the judge. And I will do the same thing," he said.

Several lawmakers have urged the president to pardon former Border Patrol agents Jose Alonso Compean and Ignacio Ramos for the shooting of Osvaldo Aldrete Davila, who retreated to Mexico after he was shot and later admitted he was transporting marijuana while in the country illegally.

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The agents began serving their sentences Wednesday — 11 years and one day for Ramos and 12 years for Compean. Both were fired after their convictions on several charges, including assault with a deadly weapon, obstruction of justice, and a civil rights violation.

Rancor over the convictions and sentencing of the agents has been simmering for months, and the two have become a cause celebre among conservatives and on talk shows. Their supporters have said they were defending themselves and have called them heroes. The agents' prosecution occurred as the issue of illegal immigration was being debated in Congress and amid campaigns for last November's midterm elections.

Rep. Duncan Hunter, R-Calif., introduced a bill Thursday calling for a congressional pardon of the agents. Congress has never issued pardons to anyone convicted of a crime, said Joe Kasper, Hunter's spokesman. But Kasper said Hunter believes there's enough ambiguity in the law on pardons to give it a try.

"Agents Compean and Ramos fulfilled their responsibilities as Border Patrol agents and rightfully pursued a suspected and fleeing drug smuggler. It is irresponsible to punish them with jail time," he said in a news release.

U.S. Attorney Johnny Sutton took the unusual step of issuing a five-page document of the "myth vs. reality" of the case as the agents began serving their sentences.

The document covered everything from the claims that the former agents were just doing their jobs to reports that the shooting was at night when it actually happened about 1 p.m. on Feb. 17, 2005.

White House spokesman Tony Snow also seemed to support the agents' conviction, listing details of the case in a briefing with reporters Thursday. He said an officer hit Aldrete in the chest with a gun after he got out of his car and that "a lot of the allegations about a scuffle and discovering drugs at the scene and all that, they're simply not supported by the fact record of the case."

Texas Sen. John Cornyn said the Justice Department should have the chance to explain why the agents were prosecuted. Cornyn sent a letter to Vermont Democratic Sen. Patrick Leahy, the chairman of the Judiciary Committee, asking for a hearing.

"I understand that the Justice Department believes all the facts have not come out on this prosecution and would welcome the opportunity to explain its decisions. I believe such a public explanation and opportunity for questioning is necessary," Cornyn wrote.

Cornyn said he and Sen. Arlen Specter, who chaired the committee last year, investigated the case and that his office personally interviewed Sutton.

Justice Inquiry Demanded On Duke Rape Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 19, 2007

Did a North Carolina prosecutor, members of his staff, Durham police and a DNA testing laboratory conspire to violate the civil rights of three Duke University lacrosse players in bringing high-profile rape charges against them?

That is what Rep. Peter T. King, New York Republican and former chairman of the House Homeland Security Committee, wants to know, calling on Attorney General Alberto R. Gonzales this week to assign Justice Department attorneys and the FBI to find out.

"I have been following with great interest and deepening concern the prosecution by Durham County District Attorney Michael B. Nifong," Mr. King said in a terse letter to Mr. Gonzales. "I have done so not only because members of Collin Finerty's family are my constituents but because I have been accorded the privilege of representing all the citizens in this country and their interest in guaranteeing not only the appearance of justice but its actual implementation."

Mr. King said a review he conducted of documents and summaries of Mr. Nifong's investigation, along with discussions with other members of Congress, led to his call for the Justice Department probe.

"I am deeply disappointed by your apparent decision to defer a decision whether to investigate Mr. Nifong's prosecution of this case," Mr. King said, referring to rejections last week of probe requests by Reps. Walter B. Jones, North Carolina Republican, and Carolyn McCarthy, New York Democrat.

"I urge you to reconsider your decision."

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Mr. King said the Justice Department probe should target Mr. Nifong and members of his staff, including investigator Lindell Wilson; the Durham Police Department, including Officers Mark Gottlieb and Benjamin Himan; and DNA Security Inc., including its director, Brian Meehan.

He said the investigation should determine whether "these and other individuals conspired to violate and violated the constitutionally guaranteed civil rights of Collin and his two former teammates." In addition to Mr. Finnerty, 20, of Garden City, N.Y., Reade W. Seligmann, of Essex Fells, N.J.; and David F. Evans, 23, of Annapolis, are charged.

Mr. Nifong was not available for comment. Durham Police Department spokesman Cpl. David Addison referred inquiries yesterday to the district attorney's office. Justice Department officials have said it would be premature to initiate an investigation while criminal charges are pending.

The prosecutor has come under intense public scrutiny over his handling of the case. He was named Dec. 28 by the North Carolina State Bar in an ethics complaint, accused of "dishonesty, fraud, deceit or misrepresentation" in his public comments about the case. The complaint said Mr. Nifong "knew or reasonably should have known" the statements "would have a substantial likelihood of materially prejudicing" the case.

Last week, Mr. Nifong asked to be removed from the case and North Carolina State Attorney General Roy A. Cooper has since taken it over. His review has begun, but it was not clear whether he would be ready for a pending Feb. 5 hearing.

"We accept the case with our eyes wide open to the evidence, but with blinders on for all other distractions," Mr. Cooper said.

Mr. Nifong handed over the case after two major revelations:

•A Dec. 21 interview of the 28-year-old black woman who accused the three white players of raping her after she had been hired as a stripper to perform at their dorm house, during which she said she was not certain Mr. Seligmann had taken part in the assault and was not sure whether she had been penetrated during the attack, a necessary element of the crime of rape under North Carolina law.

•A Dec. 15 hearing at which Mr. Meehan said he shared tests results with Mr. Nifong but a summary report given to the defense did not contain the information that semen found inside the accuser did not match any of the Duke players. He said the decision not to give the defense the material was "an intentional limitation" at which he and Mr. Nifong arrived.

Sen. Ben Cardin Wants The Investigation To Look Into Election Fraud Around The Country. (DCEX)

By Daniel Fowler, The Examiner

DC Examiner, January 19, 2007

WASHINGTON - U.S. Sen. Ben Cardin is calling on Attorney General Alberto Gonzales to investigate instances of voter intimidation and election fraud the senator says occurred in Maryland before the November election.

Cardin, D-Md., made the request Thursday during a Senate Judiciary Committee hearing.

The accusations involve former Republican Gov. Robert Ehrlich and then Lt. Gov. Michael Steele. Ehrlich was seeking re-election, while Steele was competing with Cardin for an open Senate seat. Both candidates lost.

Democrats blasted Ehrlich and Steele on Election Day after their campaigns sent out a last-minute voter guide titled “Ehrlich-Steele Democrats” that targeted black voters.

Called an “Official Voter Guide” for “Ehrlich-Steele Democrats,” the Ehrlich and Steele campaigns mailed a “Democratic Sample Ballot” to residents, encouraging them to vote for Ehrlich, Steele and a variety of Democrats, including state attorney general candidate Douglas Gansler and comptroller candidate Peter Franchot.

Cardin told The Examiner Thursday said he wants Gonzales to look at the situation in Maryland and around the country.

“I would like to see election officials know and candidates know that there is a price to pay if they do not conduct their responsibilities as election officials properly, and as candidates there is a limit to what you can do,” Cardin said.

In predominantly black Prince George’s County, the sample ballot cover featured pictures of three black Democrats — former U.S. Rep. Kweisi Mfume, former Prince George’s County Executive Wayne Curry and Prince George’s County Executive Jack Johnson.

The Ehrlich and Steele campaigns also distributed the sample ballots in Prince George's on Election Day.

The literature also was mailed and distributed in black communities in Baltimore City and Baltimore County, Cardin said.

In November, Ehrlich spokeswoman Shareese DeLeaver said the sample ballot was not meant to be misleading.

Research Sparks Federal Scrutiny Of Elections (YAKHR)

By Pat Muir, YAKIMA HERALD-REPUBLIC

Yakima (WA) Herald-Republic, January 19, 2007

SUNNYSIDE -- The U.S. Justice Department is looking into the way this city elects its leaders after a recent Whitman College report said the city's system violates the Voting Rights Act and keeps Hispanics from being elected.

Four people -- including a former city councilwoman and a community activist -- say they've been in contact with a Washington D.C. attorney from the department's civil rights division about the study.

In December, Whitman College released a report by Ian Warner, an undergraduate, showing that Sunnyside's at-large council elections create barriers to more equitable representation, a violation of the federal Voting Rights Act. Under the 1964 Act, a violation can be proven if there is a discrepancy in representation and there is racially polarized voting -- if people of one race vote predominantly for candidates of the same race.

Warner says he proved this by comparing thousands of voting records against a Hispanic surname list that showed Hispanic candidates got more votes in precincts with high Hispanic populations.

Warner and the professor who oversaw the research both say the Justice Department attorney, Sean O'Donnell, contacted them after an article about the study was published in the Yakima Herald-Republic.

"He's obviously taking it seriously and thinks there are some legal implications," said Paul Apostolidis, chairman of Whitman's politics department and the professor for whom Warner wrote the report.

Former Sunnyside Councilwoman Bengie Aguilar and local Hispanic activist Hector Franco say they too have talked about Warner's study with O'Donnell. The attorney was in Yakima County last month to talk with them about bilingual voting materials when the article was published. O'Donnell took an interest in the story, Aguilar and Franco said.

O'Donnell declined to comment for this story. A spokeswoman for the Justice Department said it's the agency's policy not to comment on such matters.

Like several Yakima County cities, Sunnyside has a much higher percentage of Hispanics in the general population than it does on the City Council.

According to 2000 Census data, 73.1 percent of Sunnyside is Hispanic, compared with one of seven City Council members, or 14.3 percent.

Cities such as Watsonville and Salinas in California have revised their elections from at-large to district voting because of legal challenges under the Voting Rights Act based on similar circumstances.

Joaquin Avila, former president and general counsel of the Mexican American Legal Defense and Educational Fund (MALDEF) and the attorney who filed the lawsuit against the city of Watsonville, served as a mentor for Warner in his Sunnyside research.

Aguilar and Franco said O'Donnell told them he would need help getting statistics furthering research in the Whitman College report. According to O'Donnell, they said, the Justice Department will provide support in a legal effort to change Sunnyside's election system, but only if the local community does the initial legwork. For one thing, the Justice Department would need information about how the city could geographically define voting districts that would be primarily Hispanic.

The Chicano-Latino Coalition, an informal group of leaders from Yakima Valley groups, plans to start that effort by the end of January, Franco said. He sought to publicize the study's findings to the Spanish-

speaking community by bringing Warner onto his show as a guest on Radio KDNA earlier this month.

The coalition plans to circulate petitions urging cities in which Hispanics are underrepresented to voluntarily change to district voting. It also plans to extend Warner's research by identifying areas from which largely Hispanic districts might be drawn in cities.

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"It really rests on us to provide the research and the statistics they (the Justice Department) need. É Why Ian's work is so important is it brought up the discussion," Franco said.

The city of Sunnyside made Warner's report available to council members at the request of Paul Garcia, the only Hispanic on the City Council.

Sunnyside City Manager Bob Stockwell, who has criticized Warner's methodology as "flawed" and his conclusions as "bogus," said he has not heard from the Justice Department.

"The only discussions we've had (on the study) is the result of reporters calling and asking us questions," he said.

While he does not agree with Warner that a change in voting systems is needed, Garcia said he believes the issue of Hispanic underrepresentation needs to be discussed.

"The issue is certainly a true one, the question of why don't we have more Hispanic representation on councils É But to draw the conclusion it's just because of the way we're structuring our voting, I just can't come to that same conclusion," Garcia said.

Stockwell echoed that sentiment: "The issue of whether or not Hispanics are participating in the local election process has nothing to do with whether they are in a district or whether the council is elected at large."

He says many residents are struggling economically and are not yet involved in local government, but he expects Hispanic voter participation to improve when their children reach voting age.

Warner, who is planning to write his senior thesis about elections in Yakima County, believes it's up to government to ensure there are no barriers to participation. And he sees the interest from the Justice Department as validation.

"That's exactly what I was looking for," he said. "When you start writing something like that, you hope it somehow has an impact."

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Fed Retirements Make Rates Harder To Predict (WSJ)

The Wall Street Journal, January 19, 2007

Regional bank turnover clouds forecasting of Fed stance.

Minehan's retirement from the Boston Fed and the expected retirement of Chicago's Moskow mean nine of 12 banks will have changed presidents since 2003. Changes make it harder to predict rates and Fed rhetoric.

Local bank boards, search firms and Washington governors juggle differing priorities for management, economics and regional experience. A noneconomist may fill Atlanta presidency, vacant more than three months. Boston and Chicago's proximity to top universities favors academic economists or internal candidates.

Another opening: Fed's top monetary policy staff job in Washington, as veteran Vincent Reinhart retires in September.

Democrats jump-start administration proposals to shrink tax gap.

To finance small-business tax breaks in a minimum wage bill, Senate Finance Committee Chairman Baucus embraces two Bush ideas that languished under Republican control. One would make it easier for the Internal Revenue Service to collect from employers who don't make payroll tax payments; another intensifies scrutiny of firms that "lease" employees to others.

Senate Republicans may not fight Democrats' revenue raisers that pay for small-business tax breaks. Lawmakers from both parties promise to raise the issue of small-business health coverage during floor debate.

Front-runners face unexpected early 2008 headwinds.

One Republican veteran warns "no one's in charge" of McCain's campaign, as strategist John Weaver, 2000 manager Rick Davis, Senate chief of staff Mark Salter, and ex-Bush hand Terry Nelson all play major roles. All have "unique assignments," a McCain adviser responds, noting that Nelson has "hiring and firing authority."

War woes jeopardize the Arizona senator's appeal to wary conservatives: as Republican best-positioned to beat Hillary Clinton. An unaffiliated Democratic strategist notes Obama's entry has dented Clinton's aura of inevitability, too.

"If she runs," adviser Howard Wolfson says, "we know she will have to earn it and she will."

LOWERING EXPECTATIONS? As the Roe v. Wade decision reaches 34-year anniversary, abortion-rights activists press the Democratic Congress for enhanced access to emergency contraception for rape and incest victims, and parity in health-plan

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contraception coverage. Nancy Keenan, chief of NARAL Pro-Choice America, cautions, "One election can't change everything," as clear opponents of abortion rights still outnumber advocates by 219 to 165 in the House and 48 to 35 in Senate; other lawmakers have mixed positions.

HOSPITALS BRACE for deep Medicare cuts in Bush's budget next month. Some lobbyists expect administration to seek up to $90 billion over five years from hospitals and other health providers as White House pursues balanced budget by 2012. "We believe there is no basis for such policy," says Thomas Nickels of the American Hospital Association.

BREACH OF CONTRACT? Business complains provision signed by Bush for 3% "withholding tax" on payments to federal contractors represents interest-free loan to the government. Some in Congress move to accelerate 2011 effective date. "In an environment where they are looking for revenue, it will be difficult" to stop, says Dorothy Coleman of National Association of Manufacturers.

TRADEWINDS: Eleven Democrats on House Ways and Means Committee press U.S. Trade Representative Schwab to renegotiate pacts with Peru and Colombia; they seek specific steps against trade in illegal logging. Thirty-nine freshmen House Democrats push Ways and Means Chairman Rangel "to deliver on the promise" in 2006 campaign with tougher trade stance against Bush.

GATES WALKS fine line in warning Iran, managing fears of new conflict.

On Mideast trip, the new Pentagon chief concedes U.S. struggles in Iraq have emboldened its Shiite-led neighbor. He warns Iranian leaders are "overplaying their hand" by interfering in Iraq.

Movement of second aircraft carrier battle group in the region is part of U.S. effort to deter Iran. Gates says "nobody wants another conflict in the region."

Negotiations with Tehran would be fruitless now, Gates explains, because first "we need some leverage."

MINOR MEMOS: Equal Employment Opportunity Commission gets unplanned day off after pipes burst at headquarters; "A snow day without the kids," one staffer quips....C-SPAN's "Road to the White House," which displayed presidential candidates unfiltered long before YouTube, kicks off bus tour to Election Day 2008 in Des Moines on Sunday.

Robert E. Lee, Version 200 (WP)

By Brigid Schulte

The Washington Post, January 19, 2007

Today, the United Daughters of the Confederacy plan to fly a Confederate flag on Washington Street in Alexandria, on the statue of a rebel soldier who faces South. The Virginia Sons of Confederate Veterans will gather for dinner in Richmond to honor the man they hail as "one of the greatest Americans."

It's the 200th birthday of Robert E. Lee, the Confederate general who is revered by some and reviled by others. Commemorations and protests are planned across Virginia and other Southern states, proving that more than 140 years after the end of the Civil War, Lee is still a pivotal, controversial and complicated figure in American history and continuing race and culture wars.

In Virginia, where Lee was born, fought in the Civil War and died -- no matter whether he's viewed as a hero who fought brilliantly and valiantly for state's rights or as a traitor bent on protecting his state's right to own slaves -- his legacy looms large. Lee highways crisscross the state, including in the Washington region, Lee bridges cross rivers, high schools are named for him and the phone book lists hundreds of Robert E. Lees.

But beyond the heat and noise created by Lee's 21st-century defenders and detractors, there is a new move to reevaluate Lee and his legacy.

The premise of the new look is perhaps as controversial as Lee's image: As the South has become more racially and ethnically diverse and has prospered economically, perhaps the South doesn't need Lee so much anymore. Or at least not in the same way. Perhaps it is time to let him pass from marble icon and touchstone of white Southern identity into the annals of history as a charismatic and important human figure.

"Now there are all sorts of other ways in which Southerners identify themselves -- Salvadorans, Mexicans, Asians -- [and] the politics and economics of the region are no longer based on white supremacy," said W. Fitzhugh Brundage, a historian at the

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University of North Carolina and a member of the Society of the Lees of Virginia. "It makes all the sense in the world that for more and more Southerners, Robert E. Lee is just a footnote."

At Arlington House at Arlington National Cemetery -- the old Lee mansion and plantation where Union officers began burying the Civil War dead -- Lee's bicentennial was commemorated with a symposium, "Does Lee Matter?"

And at Washington and Lee University, where Lee became president after the Civil War, the bicentennial is being marked with "Re-visioning Lee," an art exhibit exploring how Lee's image has been exploited for various causes. A big draw was the discussion "What Lee Means Today," led by two history professors, one white and one African American.

Not too far from Lee Chapel, where Lee is buried and which boasts a marble statue of him reclining with his hand on his sword, ready for battle, Theodore Carter DeLaney, the black professor, passed out a 1928 essay on Lee by African American writer W.E.B. DuBois. "It is ridiculous to seek to excuse Robert Lee" because he "led a bloody war to perpetuate human slavery," DuBois wrote.

"At Washington and Lee, all things are on the table for debate and discussion, including Robert E. Lee," Delaney said. "Nothing's too sacred. And that's an important change."

The white professor, J. Holt Merchant, remembers growing up in Virginia when few people questioned Lee's heroic stature as the "Last Gentle Knight."

"But the days when William Faulkner could say that any Southern boy, any time he wanted to, could conjure up images of Pickett's Charge at Gettysburg and relive it for himself, are gone. Life's not like that anymore, and it's probably just as well," Merchant said. "Changes in demography, geography, wealth and sophistication have led us to pay attention to other things. As life has gotten better for Southerners, they've been able to look to the present and the future and not hang on to the past quite so passionately."

Robert E. Lee was born Jan. 19, 1807, at Stratford Plantation on the Northern Neck of Virginia and was the fifth child of Revolutionary War hero Henry "Light Horse Harry" Lee. He attended West Point and never received a demerit. By all accounts enormously handsome, tall, charismatic and humble, he had a long and illustrious career in the U.S. Army. In 1861, as Southern states contemplated secession, Lee privately ridiculed the idea. Still, when he was offered command of the Union Army, he turned it down once Virginia -- his "country" -- seceded.

During the Civil War, Lee's troops were often vastly outnumbered but managed to win or fight to a stalemate for years. Once the war ended, Lee resisted calls to continue the fight in the hills as a guerrilla and instead encouraged his soldiers to go home and begin rebuilding the nation. He retired to what was then Washington College, where he set about innovating the offerings, including the first classes in the country in business and journalism.

In other countries, leaders of failed civil rebellions are often reviled. But a strange thing happened to Lee after he died. He became beloved by many. Over the years, he has been praised by the likes of Theodore Roosevelt, Winston Churchill, Franklin Delano Roosevelt and Dwight D. Eisenhower, who had a picture of Lee hanging in his office.

Northerners, seizing on Lee's early ambivalence about the war, his gentlemanly sense of honor and duty, and his distaste of slavery -- he once wrote that it was a "moral and political evil" -- embraced the Confederate general as a way to foster reconciliation, said John Coski, a historian at the Museum of the Confederacy in Richmond. In 1901, he was one of only 29 Americans inducted into New York University's Hall of Fame. Julia Ward Howe, who wrote the lyrics for the Battle Hymn of the Republic, composed a poem in Lee's honor.

At the same time, his former generals wrote of him as so perfect and his cause so noble that Lee became fixed as the tragic hero of a romantic "Lost Cause" and that cause became synonymous with white Southern identity.

"There's an old saw in the South of a little girl asking, 'Mommy, is Robert E. Lee from the Old Testament or the New?' " Coski said. "Lee has been so praised and distorted that they made him more than human, and in so doing, made him less than human. He's a complex figure. If we want to understand history in its complexity, we have to understand Robert E. Lee."

The loud and public culture war continues. A Richmond-area Boy Scout troop created a furor over "craven surrendering to political correctness" when it decided recently to strip Lee from its name and logo. The NAACP has protested the use of almost $500,000 in state funds to refurbish the towering Lee statue on Richmond's Monument Avenue. And when the Virginia General Assembly created a special commission last year to plan a year of events to commemorate the Lee bicentennial, the panel

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wanted Lee license plates and more lessons about Lee in the public schools. Instead, after intensely emotional debate -- one African American delegate said Lee's likeness reduced him to tears -- all that was given was a $5,000 grant to publish a tourist brochure on Lee-related events in the state.

But take a walk inside Arlington's Washington-Lee High School for a look at the New South. Inside the front door, a "diversity quilt" is displayed with symbols of the countries and cultures represented at the school. A map of the world and a photo mosaic of students show them in all colors and hues. The assistant principals are Latino and black. Students pass by the portrait of Lee in the library shrugging. "No one really notices him," 16-year-old Andrew Gilbert said.

ANTITRUST:

FBI Raids Offices Of 2 Area Citrus Companies (TCPALM)

By Jim Turner

Treasure Coast (FL) Palm, January 19, 2007

FORT PIERCE — FBI agents served warrants and inspected computer records at citrus businesses on the Treasure Coast at the request of the antitrust division of the U.S. Department of Justice.

DNE World Fruit Sales in Fort Pierce and Seald Sweet International in Vero Beach are alleged to have colluded to set prices, according to Richard Carnell, general counsel for fruit importer DNE.

Advertisement

Carnell dismissed the allegations. They "ultimately will be seen to be meritless and have no substance to it," he said.

Federal officials weren't talking about the charges.

Justice spokeswoman Gina Talamona said Thursday evening that she could not confirm the nature of the warrants, and agents for the FBI in Miami and Atlanta deferred comment to the department.

Carnell said he knew little of the claims, but that it appears the investigation is the result of a disgruntled competitor in the citrus industry.

"Frankly, it's a pretty litigious society and people try to air their grievances by filing claims," he said. "The investigators came in this morning and are looking at records, primarily involving the import programs from South Africa and Australia."

With offices in Visalia, Calif., and North Brunswick, N.J., DNE has loading and shipping locations in Arizona, California, Florida, New Jersey and Texas.

Coralee Penabad, general counsel for another fruit importer, Seald Sweet International in Vero Beach, said his company had also been contacted by federal authorities.

"Seald Sweet has received a request for information regarding an investigation by the Department of Justice," she said. "Sealed Sweet is cooperating regarding the investigation and request."

Staff writers Will Greenlee and Nadia Gergis, along with Bryan Garner of WPTV NewsChannel 5, contributed to this report.

Microsoft Wants To Question Class-action Plaintiffs (DMR)

Des Moines Register, January 19, 2007

The focus of the Microsoft trial in Polk County District Court shifted Thursday to the named plaintiffs and their relationship to Des Moines lawyer Roxanne Conlin, who is one of the attorneys representing the four individually named plaintiffs, as well as all other Iowans who purchased certain Microsoft products between 1994 and 2006.

With no jury present, lawyers for Microsoft renewed an earlier request that they be allowed to ask the individual plaintiffs about their connections with Conlin. The earlier request was turned down last year by Judge Scott Rosenberg, who indicated he might rule on the new request as early as Friday.

Conlin was visibly angered by the request and acknowledged that some of the four named plaintiffs were friends of hers before the case began. She said the request was unfair and a “propaganda move” by Microsoft.

“Microsoft is trying to show that the people with the most to gain are the lawyers, and that is not proper in this law suit or any law suit,” Conlin said.

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Conlin and Minneapolis attorney Richard Hagstrom are co-lead counsels in the class-action, antitrust suit which is seeking as much as $330 million in damages from Microsoft for Iowa consumers.

In a similar case in Minnesota in 2004, in which Conlin and Hagstrom were the lead counsels, Microsoft settled the case, after a jury trial had begun, for about $175 million, which was less than half what the plaintiffs were seeking in that case.

In the Minnesota case, plaintiffs lawyers fees totaling nearly $60 million were paid by Microsoft, according to news reports. There will be no determination of lawyers fees in the Polk County case, until the case is completed.

Microsoft lawyer David Tulchin told Judge Rosenberg that Conlin and Hagstrom had opened the door for questions about the named plaintiffs personal relationships with Conlin during jury selection and opening statements.

Conlin and Hagstrom had portrayed their clients as "just regular people."

"It was an attempt to plant the idea that these people were doing a public service," Tulchin said, indicating that he suspected all four had been recruited by Conlin and Hagstrom.

One of the plaintiffs, Patricia Anne Larsen supported Conlin when she ran for governor in 1982 and was later represented by Conlin in a discrimination lawsuit against her employer, Eaton Corp., Tulchin said.

A second plaintiff, Joe Comes, "has been best friends since high school with Ms. Conlin's son," Tulchin said.

In an unrelated move, Conlin and Hagstrom told Judge Rosenberg on Wednesday that they had discovered evidence that Microsoft is in violation of a 2002 federal court consent degree.

The judge gave the lawyers permission to notify the justice department and Iowa Attorney General Tom Miller of the violation, but said they could not publicly disclose the information.

Microsoft did not oppose the effort to notify the government agencies. The company's associate general counsel, Rich Wallis, said Microsoft is monitored by independent experts to insure compliance with the consent degree. He said he doubts that Conlin and Hagstrom have information that would surprise the government or the independent monitors.

This story contains reporting by The Associated Press

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Delta Pilots Seek Seat At D.C. Merger Hearing ALPA Fighting To Block US Airways Deal Through Political Pressure (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 19, 2007

Delta Air Lines' pilots union is angling to put its objections to US Airways' hostile takeover bid in the national spotlight next week at a Senate hearing on airline mergers.

Lee Moak, chairman of the Delta unit of the Air Line Pilots Association, said Thursday that the union has asked to testify on the at the Senate commerce committee hearing scheduled for Wednesday.

We're not leaving this to chance. ...We will not stop until this [deal] is dead.'

The union, which opposes US Airways' $10 billion-plus bid for Delta, last week announced that it temporarily moved its officers to Washington D.C. and budgeted $15 million for its lobbying, legal and public relations fight against the deal.

"We're going senator to senator explaining that this is the wrong merger at the wrong time," said Moak.

Delta's unsecured creditors committee, which will have a large say in whether Delta is acquired or emerges from bankruptcy this spring as an independent carrier, has remained mum since US Airways boosted its bid last week by 20 percent. The pilots union is a major creditor on the committee.

"I'm confident that reasonable minds will prevail related to the creditors committee and US Airways," said Moak. Still, he added that the union also planned Thursday to picket the New York offices of an investment banking firm that is working with a group of hedge funds and other Delta creditors that wants Delta to seriously consider US Airways' proposal.

"It's not about billions of dollars to us. It's about having a viable airline," said Moak. "For a bondholder, he's just wanting to monetize his claims."

While creditors mostly weigh the financial aspects of a buyout, they must also consider the chances that a Delta-US Airways merger would be approved by the U.S. Justice Department, and political sentiment could play a role in that calculation.

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GE's Deal With Abbott Labs Displays Immelt's New Strategy (WSJ)

By Kathryn Kranhold And Avery Johnson

The Wall Street Journal, January 19, 2007

General Electric Co.'s $8.13 billion deal with Abbott Laboratories is the latest step in GE Chairman Jeffrey Immelt's strategy to redouble investment in the conglomerate's market-leading businesses, from aviation to health care.

The companies confirmed that GE had agreed to acquire Abbott's laboratory-testing unit and a smaller blood-analysis division. The deal, which needs regulatory approval, is expected to close in the first half of the year.

GE 'In Vitro'

The acquisition would mark GE's entry into what is known as "in vitro" diagnostics, or laboratory testing, while Abbott sheds a unit growing more slowly than other parts of its business.

MORE ON GE

• GE Nears Deal to Buy Abbott Division1

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"In vitro" diagnostics generally test blood or urine for diseases from cancer to HIV. Germany's Siemens AG, a GE rival in medical equipment, entered the market last year by paying $5.3 billion for Bayer AG's diagnostic unit.

The Abbott unit had sales of roughly $2.5 billion last year. GE would also acquire Abbott's smaller point-of-care diagnostic group, which makes testing tools used at the bedside in hospitals, among other diagnostic tools.

Deals Science

The proposed deal is comparable to one of Mr. Immelt's boldest moves since taking over in 2001 -- the $9 billion-plus acquisition of Britain's Amersham PLC, which took GE into bioscience and molecular diagnostics. Most of GE's $17 billion in annual health-care sales stems from diagnostic equipment such as sophisticated X-ray machines, ultrasounds and MRI.

Mr. Immelt said the Abbott deal would give GE a "pretty complete" health-care business, which also includes information-technology systems.

Mr. Immelt, who once ran GE's health-care unit, said he had been looking at entering the market for some time; he started talking to Abbott Chairman and Chief Executive Miles White about six to eight months ago.

The health-care deal is also another sign that Mr. Immelt is looking to increase business where the conglomerate already has a strong presence. "As we allocate capital, we wanted to allocate capital back into big markets where we thought we had a very strong competitive advantage," he said in an interview.

On Monday, GE agreed to buy Smiths Group PLC's aerospace unit for $4.8 billion, aiming to expand its aviation business beyond engines and into electronic instrumentation.

Last week, GE, of Fairfield, Conn., announced a deal to acquire oil-and-gas-equipment maker Vetco Gray for $1.9 billion, bulking up a GE unit that has grown in recent years with higher oil prices.

Abbott's decision to sell the slower-growth portions of its diagnostics business fits squarely into Mr. White's strategy to move the company into higher-return businesses. Abbott, of Abbott Park, Ill., will keep its faster-growing but smaller diagnostics businesses for glucose monitoring and molecular diagnostics.

ENVIRONMENT/INDIAN AFFAIRS:

Firms Press Washington On Climate (WSJ)

By John D. Mckinnon

Wall Street Journal, January 19, 2007

DOJ_NMG_0118669

WASHINGTON -- A new coalition of environmental groups and major corporations such as Alcoa Inc., General Electric Co., DuPont Co. and Duke Energy Corp. will boost pressure on Congress and President Bush next week to address climate change more rapidly.

The informal coalition plans a news conference Monday to publicize its recommendations, ahead of Tuesday's State of the Union address, according to a person familiar with the situation. It will suggest that Congress and the administration move quickly to address global warming through steps such as capping greenhouse-gas emissions and discouraging construction of conventional coal-burning power plants, which are a big source of carbon-dioxide emissions.

While the U.S. rejected the Kyoto accord that created greenhouse-gas caps and an emissions-credit trading system for developed countries in Europe and elsewhere, some U.S. executives believe such regulation is inevitable here. They want more certainty about the future, as they plan for capital investments.

Many of the big-name corporations involved in the effort already have emerged as advocates of addressing climate change more rapidly.

A spokesman for Duke Energy confirmed Duke is part of the effort and said its report would be released this month. Spokesmen for members of the group generally either declined to comment or couldn't be reached.

The group's formation shows the unity that is emerging on climate change between some of the country's biggest manufacturers and its most influential environmental groups, such as the Natural Resources Defense Council.

In his State of the Union address, President Bush is expected to highlight climate change but stop short of embracing an economywide cap-and-trade system, White House officials say. Instead, he will point to the greenhouse-gas benefits of using renewable fuels.

Administration officials have been mulling sector-by-sector measures to address climate-change concerns, particularly for the auto industry. The administration is likely to renew its push for more control over automobile fuel efficiency and could suggest higher fuel-efficiency goals, and possibly even a new system aimed at maximizing the industry's improvement.

Newly empowered Democrats in Congress are showing signs of moving more rapidly than the administration. Yesterday, House Speaker Nancy Pelosi announced creation of a select committee on climate change. The move was quickly denounced by Energy and Commerce Committee Chairman John Dingell of Michigan, a close ally of the Detroit auto makers and a fellow Democrat. Ms. Pelosi is expected to release more details today. The chairman of the new committee is likely to be Rep. Ed Markey of Massachusetts, a longtime environmental advocate.

A Coalition For Firm Limit On Emissions (NYT)

By Felicity Barringer

New York Times, January 19, 2007

WASHINGTON, Jan. 18 — Ten major companies with operations across the economy — utilities, manufacturing, petroleum, chemicals and financial services — have banded together with leading environmental groups to call for a firm nationwide limit on carbon dioxide emissions that would lead to reductions of 10 to 30 percent over the next 15 years.

Introduction of this group, which includes industry giants like General Electric, DuPont and Alcoa, is aimed at adding to the recent impetus for Congressional action on emissions controls and the creation of a market in which allowances to emit carbon dioxide could be traded in a way that achieves the greatest reduction at the lowest cost.

The diversity of the coalition — some members had already come out for other forms of emissions control, like a carbon tax or voluntary controls, but others had been silent on climate-change issues until now — could send a strong signal that businesses want to get ahead of the increasing political momentum for federal emissions controls, in part to ensure that their long-term interests are protected.

Many energy producers and manufacturers have expressed concern that various state efforts, if not coordinated, could lead to a scattershot system of regulation. Others worry that harsher measures, like a stiff tax on fossil fuels, the biggest contributor to global-warming gases, could be imposed if they do not reach a consensus on a legislative approach.

The group’s formal announcement is scheduled for Monday, the day before President Bush is to deliver his State of the Union address and offer the administration’s newest basket of proposals to promote energy security and combat global warming.

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Aside from General Electric and Alcoa, Caterpillar is the leading manufacturing company among the group, which also includes four utilities — Duke Energy, based in North Carolina; PG&E of California; the FPL Group of Florida; and PNM Resources of New Mexico. The group counts the multinational oil company BP and Lehman Brothers as members as well.

Jonathan Lash, the president of the World Resources Institute, said Thursday that "this signals that the differences in the interests between these sectors and within these sectors can be resolved."

Peter A. Darbee, chief executive of PG&E, said, "My hope and expectation is that Congress, the White House and the public will look at these chief executives" and note that companies with a motive to oppose emissions controls are nonetheless saying, "Here's a serious problem; it needs to be dealt with, and it needs to be dealt with now."

The negotiations, conducted primarily by the chief executives of the companies, did not produce a model piece of legislation, but rather a detailed set of principles that they suggest as a guide to any legislation. In the Senate, there are already four Democratic proposals for limiting carbon emissions and creating a market-based system, under which the government gives or sells permits to businesses, allowing them a certain level of emissions.

Once established, such a system would allow better-performing companies to sell or trade unneeded credits, and all companies involved would be able to determine whether it would be more efficient for them to clean up their own emissions or buy credits from others.

The group's principles include recommending a range of emissions levels — from 100 to 105 percent of current levels within five years, then down to 90 to 100 percent of current levels in 10 years, and 70 to 90 percent of current levels in 15 years. In addition, the chief executives agreed after some discussion, to "strongly discourage further construction of stationary sources that cannot easily capture" carbon dioxide.

This comes close to a rejection of almost all new coal-fired power plants on the drawing boards, including the 11 plants recently proposed by TXU, a Texas utility. The technology that would isolate carbon dioxide emissions and bury them is still in the earliest phases of development, so this near-repudiation of existing coal technology would have a disproportionate impact on utilities that depend largely on coal, like TXU and the Southern Company.

But Jeff Sterba, the chief executive of PNM Resources, whose company gets about two-thirds of its power from coal and is a member of the coalition, explained why he supports such an approach. "The most important thing for us is to have a viable, diverse portfolio of resources, and coal has got to be part of that mix," he said. "Today, the biggest problem coal has is uncertainty about carbon."

The group, called the United States Climate Action Partnership, had its origin in conversations last spring among Mr. Lash; Fred Krupp, the president of Environmental Defense; and Jeffrey R. Immelt, the chief executive of General Electric. Mr. Lash had worked with Mr. Immelt on the rollout of GE's Ecomagination program in 2005 — which combined pledges of emissions reductions with a new emphasis on energy-efficient and climate-friendly technologies.

Mr. Sterba and the leaders of the other environmental groups, which also includes Frances Beinecke of the Natural Resources Defense Council and Eileen Claussen of the Pew Center on Global Climate Change, said that an efficient, flexible cap-and-trade system would stimulate the development of new technologies to cut energy use and provide renewable energy.

General Electric claims significant advances in these areas already. According to Peter O'Toole, a company spokesman, "Revenues from the sale of energy-efficient and environmentally advanced products and services hit $10 billion in 2005," up from $6.2 billion in 2004.

The chief executives in the group met for the first time in July. During the meeting, Mr. Krupp said, "it became clear that cap-and-trade is an element of the deal that is good for everybody."

"It's good for the environmental community," he said, "because a hard cap guarantees the integrity of the environment" and "industry likes it because it's so efficient."

Timing also played a role in the executives' thinking. As Mr. Darbee said, "We have the opportunity to construct something more pragmatic and realistic while President Bush is in office." A future political climate, after 2008, he said, might produce "solutions less sensitive to the needs of business."

Pelosi Puts Climate Change On The Agenda (FT)

DOJ_NMG_0118671

By Caroline Daniel

Financial Times, January 19, 2007

Nancy Pelosi, the House speaker, on Thursday vowed to make energy independence and climate change legislation the next focus of Democrats' congressional agenda, as the clock stopped on the first 100 legislative hours of the new Congress.

Flanked by giant posters detailing the legislation passed during the first 100 hours of the Democratic - controlled Congress, including minimum wage legislation, Ms Pelosi said she would create a new select committee to focus attention on energy independence and global warming. "I want a package of legislation through the committees by July 4 towards fully declaring our energy independence."

In the clearest sign the White House is responding to international and domestic pressure to act on climate change, Tony Snow, White House spokesman, on Thursday said that in the president's State of the Union on Tuesday Mr Bush would seek to "balance the needs of security and, at the same time, also the environment. And you can expect him to make that linkage in the speech."

Making a more explicit link between energy security and the environment would be a significant step for the administration, which has been criticised for its doubts about climate change science and has shunned imposing mandatory caps on carbon emissions. It accepts there is some human component to climate change.

Ms Pelosi's comments came as the House voted 264-163 to approve the last piece of the Democrats' 100-hour agenda, the Clean Energy Act. The act would rescind a 2004 tax break worth $8bn for oil companies and require full royalties for drilling leases granted in 1998 and 1999 in the Gulf of Mexico, which could generate $6bn in income.

Republicans said the bill would impose $6.5bn in new taxes on US energy producers. Red Cavaney, chairman of the American Petroleum Institute, warned undoing the tax provisions would discourage capital investment. "Imposing new costs, whether in the form of taxes, fees, or royalties is contrary to the goal of providing stable and affordable energy supplies for American consumers."

Critics of the 100-hour agenda have said that it focused on easy issues rather than more difficult problems, such as Iraq. Ms Pelosi on Thursday pledged that House Democrats would support a Senate resolution on Iraq calling on Mr Bush not to send more troops.

John Boehner, House minority leader, dismissed the 100-hour agenda, and said the bills were flawed because they had been passed without the opportunity to offer amendments.

High Prices Prod Developed World To Curb Oil Use (WSJ)

By Bhushan Bahree

Wall Street Journal, January 19, 2007

Mild winter weather has something to do with it. So does heavy selling by financial funds. But a largely overlooked factor in the recent plunge in oil prices may portend an end to the multiyear rise in crude: For the first time in years, the developed world is burning less of it.

Fresh data from the International Energy Agency show oil consumption in the 30 member countries of the Organization for Economic Cooperation and Development fell 0.6% in 2006. Though the decline appears small, it marks the first annual drop in more than 20 years among the OECD countries, which drain close to 60% of the 84.4 million barrels of oil used globally each day. Industrialized nations' demand tiptoed into negative territory in 2002, but the dip was so slight that it registered as flat.

Yesterday, U.S. benchmark oil for February delivery settled at $50.48 a barrel, down $1.76, or 3.4%, on the New York Mercantile Exchange. Earlier in the day, futures fell below $50 a barrel for the first time since May 2005, hitting a fresh 20-month low after the Energy Department said U.S. crude-oil stockpiles rose the most in more than four years. Oil has been sliding since peaking above $77 in July. This year, prices have fallen 17%.

The tipping point where oil prices begin to erode demand was reached last summer, several industry analysts said.

The fall in oil use by the industrialized world is a sign that the reactions to higher oil prices by businesses and consumers from the U.S. to Germany to Japan may be adding up to a cycle-turning downdraft in demand. The resulting shift in global cash flows could mean a big boost for oil consumers' economies at the expense of producers and exporters.

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Other signals, both economic and psychological, have been popping up for some time: Demand for gas-guzzling sport-utility vehicles has been falling, while investment in and sales of alternative fuels such as ethanol are booming. Even the Bush administration is vowing to reduce America's dependence on crude.

Gasoline prices in the U.S. are also falling, both because of swelling inventories and the slide in crude-oil prices, which can take four to eight weeks to fully pass down to retail pumps.

Yesterday, the AAA automobile club reported regular-grade gasoline below $2 a gallon in Michigan, and at $2 a gallon in Missouri and Oklahoma. The Energy Information Administration of the Energy department said the national average price of a gallon of gasoline was $2.23 as of Jan. 15. The national average may continue to fall in coming weeks, the EIA said in a weekly review published yesterday; it said prices could get close to $2 a gallon by the end of this month or early in February, noting the possibility that the national average could fall below that level.

To be sure, global oil demand grew 0.9% in 2006, owing to steady growth in China and the Middle East. But that was down from growth of 3.9% in 2004 and 1.5% in 2005. And the price fluctuations highlight the role played by expectations, rather than simple supply and demand, in determining the price of oil on world markets.

Many analysts are just starting to review, and lower, their price forecasts for this year, though a fair number still expect crude to rebound to $60 a barrel or even higher. So do some investors who have placed big bets with their own money, including Texas oilman T. Boone Pickens. For some, this stems in part from a belief that $60 is the price the Organization of Petroleum Exporting Countries aims to defend, though the cartel's de-facto leader, Saudi Oil Minister Ali Naimi, seemed to cast doubt on that notion this week when he said he saw no reason to support further output cuts. But a few analysts say oil's four-year surge could be ending.

"The bubble is bursting," said Frederic Lasserre, head of commodity research at Société Générale in Paris. "The sentiment has changed, and for the first time since January 2002, the hedge funds are going short at the start of the year."

News of the oil-demand drop comes as the debate over how to curb energy consumption is reaching a fever pitch in the U.S., the world's biggest oil consumer. Next week, President Bush is expected in his State of the Union address to expand on a call he issued last year for the country to end its "addiction" to oil. In Congress, bills are circulating to impose cap-and-trade programs, which amount to putting a price on global-warming emissions produced by the combustion of fossil fuels. While this government debate goes on, the OECD data suggest, the market itself is having an effect: When energy prices go up, people consume less energy.

A lasting downdraft in oil prices would trigger a profound redistribution of wealth around the world, putting more money in the pockets of consumers in the West and ending the bonanza enjoyed by oil-company investors and by petro-states such as Venezuela and Iran.

Currencies of some bigger oil exporters, including the Mexican peso, have faced downward pressure in line with falling oil prices. Airlines -- including British Airways PLC and Cathay Pacific Airways Ltd. -- have begun removing fuel surcharges imposed on passengers. Nations with significant oil industries -- including Saudi Arabia, Russia and the U.S., the top-three producers -- stand to take a hit to employment, profit and tax receipts in their oil sectors.

The signs of waning demand for oil began bubbling up early last year. Saudi Arabia began to quietly cut back its output in April because it couldn't find buyers for all its crude. Iran, OPEC's second-largest producer after Saudi Arabia, was forced to store unsold oil in tankers last summer.

Yet oil prices were sending contrary signals, peaking on July 14 at $77.03 a barrel because of fears that geopolitics or natural disasters were bound to reduce supplies. At the time, supplies were perceived to be tight, with little spare production capacity available globally to offset sudden losses. Since then, oil prices have fallen by 34% despite supply cuts by OPEC to shore up prices.

Mr. Lasserre's take on the situation is that prices of close to $70 a barrel -- they averaged $66.22 a barrel for 2006 -- marked a turning point. "People wanted to know the point at which oil prices would affect demand; now they have the answer," he said.

One factor that could insulate the world from a big price rebound, paradoxically, is OPEC's recent output cuts. By trimming production, the cartel has swelled the world's volume of spare oil-pumping capacity, particularly in Saudi Arabia, thus easing fears of a supply disruption in some part of the vast global oil chain.

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In remarks to reporters in New Delhi this week, Mr. Naimi said the kingdom's spare-capacity cushion would expand to three million barrels a day by Feb. 1, when the second round of output cuts agreed to by OPEC take effect. That is a half-million barrels a day more than is exported by Iran, whose nuclear-research standoff with the U.S. has stirred jitters about supply disruptions in the Persian Gulf.

Oil buyers are watching for signs of OPEC's next move. Some OPEC members, such as Venezuela and Iran, were clamoring for further production cuts, though Mr. Naimi shot down that idea this week.

Some analysts see larger, game-changing forces in motion. One is the rise of nonoil transport fuels. "Last year was a tipping point in a lot of ways," says Philip Verleger Jr., an oil economist who heads PK Verleger LLC. "Biofuels will take bigger and bigger bites out of petroleum demand," Mr. Verleger said, noting climate-change and security concerns relating to the supply and use of petroleum. "Alternate fuels will take up all the growth, leaving petroleum demand static in the next two or three years."

Forecasts by the IEA suggest biofuels output could rise to the equivalent of more than five million barrels of crude oil a day by 2011, close to triple output of such fuels in 2005. Global oil demand last year rose by 780,000 barrels a day to 84.4 million barrels a day, the latest IEA data show.

"Virtually every day, there is a new biofuels plant announced somewhere in the world," says Lawrence Eagles, head of the IEA's oil-industry and markets division.

Mr. Eagles said that in 2005, world output of biofuels was some 650,000 barrels a day, the equivalent of 1.95 million barrels of conventional Middle Eastern crude oil. Biofuel output could rise to as much as 1.7 million barrels a day, or the equivalent of 5.1 million barrels of conventional crude, by 2011, if capacity-expansion plans are taken into account.

According to data published yesterday by the IEA, oil demand last year fell in all three major OECD regions -- North America, Europe and the Pacific. The latter two regions have from time to time had weak oil demand when economic growth was weak. But growth in U.S. oil demand had typically offset this weakness for the OECD as a whole.

But last year, the picture changed more noticeably. "Maybe they started to use less when we hit $3-a-gallon gasoline," Adam Sieminski, an oil analyst at Deutsche Bank, said of U.S. consumers. "Perhaps, toward the middle of 2006 we hit a tipping point."

But Mr. Sieminski questions whether people will forget the pain because oil prices have dropped -- and oil use will again start to increase.

Global Warming Emerges As 2008 Election Issue (WT)

By Christina Bellantoni

The Washington Times, January 19, 2007

Presidential candidates for 2008 mostly agree that global warming is a problem that merits government action, a signal that debate on the issue will be more practical than conceptual.

Democrats actively seeking the nomination or thought to be considering White House bids say climate change is real and promise plans to curb carbon emissions, a view shared by several Republican hopefuls.

"I would anticipate that both the Republican and the Democratic nominee will be arguing over who is best to solve the problem of global warming," said Sen. Barbara Boxer, California Democrat and chairman of the Environment and Public Works Committee. "We're going to need a president who gets it."

Sen. John McCain, Arizona Republican, and Sen. Barack Obama, Illinois Democrat, are co-authors of a bill aimed at drastically reducing greenhouse gas emissions. The senators, who have formed presidential exploratory committees, say the Senate must pursue a solution to climate change.

"I am confident that given our will and what's at stake, America can and must assume its proper leadership role in addressing the pre-eminent environmental issue of our time, the consequences of which so directly affect our national interests," Mr. McCain said.

Sen. Hillary Rodham Clinton, New York Democrat and likely 2008 candidate, has said climate change is a pressing problem.

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"Given the scientific evidence that we have and the potential consequences of continued warming, I strongly believe this nation needs to take sensible first steps to slow and ultimately reduce emissions of carbon dioxide and other gases that contribute to climate change," Mrs. Clinton says on her Web site, noting that New York would be affected by any coastal flooding caused by serious climate change.

Mr. Obama alluded to the issue in his announcement of a presidential exploratory committee Tuesday, saying, "Our continued dependence on oil has put our security and our very planet at risk."

"I think it's going to be a very significant issue, no question about it," said Sen. John Kerry of Massachusetts, the 2004 Democratic nominee who has been mentioned as a 2008 candidate.

Mr. Kerry soon will introduce his own bill to "quantify the cost of carbon in some way."

Highlighting the issue are former Vice President Al Gore's film, "An Inconvenient Truth," and news that 2006 was the warmest year on record. Mr. Gore, a Democrat who ran for president in 2000, has not ruled out running in 2008.

Sen. Joseph R. Biden Jr., Delaware Democrat, this week introduced a resolution calling on the United States to negotiate to join the Kyoto Protocol treaty to limit greenhouse gas emissions.

"The climate has changed," said Mr. Biden, who has said he will run for president. "It has changed outside, where the year just concluded was the warmest on record in the United States. And the climate has changed in halls of the Senate, where the causes and consequences of global warming, and how we should respond, will be a major concern of this new Congress."

All but one senator weighing a White House run voted in June 2005 for a nonbinding "sense of the Senate" measure supporting mandatory action on global warming. Fifty-three senators voted for it, and of the known potential candidates, only Sen. Sam Brownback, Kansas Republican, opposed it.

Mr. Brownback told the Wichita Eagle last year: "Climate change is happening and I believe it is a problem."

The League of Conservation Voters Education Fund has created a campaign to keep the focus on climate change in the 2008 races.

"The next president needs to be a leader on this issue," said Navin Nayak, director of the environmental group's "The Heat Is On" campaign.

"You have more and more candidates who without even being prompted are talking about global warming and the need to address the issue," Mr. Nayak said.

The project's Web site (www.heatison.org) lists the positions of White House candidates, including former New York Mayor Rudolph W. Giuliani.

"Everyone accepts the fact that [global warming is] happening and it has an impact," the Republican is quoted as saying in June.

Former Massachusetts Gov. Mitt Romney, a Republican, won praise for his administration's Climate Protection Plan to reduce greenhouse gases.

A Warning From The Garden (NYT)

By Thomas L. Friedman

The New York Times, January 19, 2007

Well, so much for our daffodils! They all bloomed in our front yard last week. They now form a nice bright yellow cluster at the bottom of our driveway. Temperatures of 65 degrees in Washington in January will do that. Frankly, daffodils in January do brighten up the lawn. Maybe next year we'll try for roses in February.

Don't know about you, but when I see things in nature that I've never seen in my life, like daffodils blooming in January, it starts to feel creepy, like a "Twilight Zone" segment. I half expect to wake one day and find Rod Serling mowing my lawn — in shorts.

Why not? Last December was the fourth warmest on record, and 2006 was the hottest year in America since 1895. It was declared the hottest in Britain since 1659.

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Even the White House seems to have noticed. Al Hubbard, the president's economic adviser, says Mr. Bush will soon unveil an energy independence strategy that will produce "headlines above the fold that will knock your socks off." Since everything the president has done on energy up to now has left my socks firmly in place, I will be eager to hear what Mr. Bush says.

Neither the White House nor the Democratic Party seems to grasp that the public and business community are miles ahead of them on this energy/environment issue. The presidential candidate who finally figures that out, though — and comes up with a compelling energy/environment agenda — is going to have a real leg up in 2008.

What would be compelling? I used to think it would be a "Manhattan Project" on energy. I don't any longer. I've learned that there is no magic bullet for reducing our dependence on oil and emissions of greenhouse gases — and politicians who call for one are usually just trying to avoid asking for sacrifice today.

The right rallying call is for a "Green New Deal." The New Deal was not built on a magic bullet, but on a broad range of programs and industrial projects to revitalize America. Ditto for an energy New Deal. If we are to turn the tide on climate change and end our oil addiction, we need more of everything: solar, wind, hydro, ethanol, biodiesel, clean coal and nuclear power — and conservation.

It takes a Green New Deal because to nurture all of these technologies to a point that they really scale would be a huge industrial project. If you have put a windmill in your yard or some solar panels on your roof, bless your heart. But we will only green the world when we change the very nature of the electricity grid — moving it away from dirty coal or oil to clean coal and renewables. And that is a huge industrial project — much bigger than anyone has told you. Finally, like the New Deal, if we undertake the green version, it has the potential to create a whole new clean power industry to spur our economy into the 21st century.

To spark a Green New Deal today requires getting two things right: government regulations and prices. Look at California. By setting steadily higher standards for the energy efficiency of buildings and appliances — and creating incentives for utilities to work with consumers to use less power — California has held its per-capita electricity use constant for 30 years, while the rest of the nation has seen per- capita electricity use increase by nearly 50 percent, according to the Natural Resources Defense Council. That has saved California from building 24 giant power plants.

Had Ronald Reagan not rolled back the higher fuel efficiency standards imposed on Detroit, we might need no Middle East oil today. High standards force innovation, and innovation leads to conservation at scale.

But prices also matter. I don't care whether it is a federal gasoline tax, carbon tax, B.T.U. tax or cap-and-trade system, power utilities, factories and car owners have to be required to pay the real and full cost to society of the carbon they put into the atmosphere. And higher costs for fossil fuels make more costly clean alternatives more competitive.

"The regulated utilities are the most important consumers from the perspective of long-term investment, and if they are not required to value carbon reduction then they will under-invest in energy efficiency and renewable energy," Peter Darbee, chairman of Pacific Gas and Electric, said to me.

This isn't rocket science. Government standards matter. They drive innovation and efficiency. And prices matter. They drive more and cleaner energy choices. So when the president unveils his energy proposals, if they don't call for higher efficiency standards and higher prices for fossil fuels — take your socks off yourself. It's going to get hot around here.

House OKs Pursuit Of Lost Oil Royalties (WT)

By Brian Debose, The Washington Times

The Washington Times, January 19, 2007

The House yesterday passed an energy policy aimed at getting back more than $10 billion in federal royalty payments and eliminating tax relief and other subsidies that oil companies have enjoyed for the past decade.

The Clean Energy Act, which passed on a 264-123 vote, would create a fund called the Strategic Energy Efficiency and Renewables Reserve using the recouped oil dollars. The reserve also would be used to fund more investment in renewable ethanol, wind, hydrogen and biofuels technologies, as well as energy conservation programs.

The energy bill represented the fulfillment of Democrats' promise to pass a package of six bills in the first 100 legislative hours of Congress.

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House Speaker Nancy Pelosi, California Democrat, said her party wasn't finished and announced that she would create a Select Committee on Energy Independence and Global Warming.

"I have also instructed my committee chairs to hold hearings so that, by July 4, we will have a package of bills that will truly get us to energy independence in 10 years."

Democrats for years have targeted oil companies that bought and signed federal land leases in 1998 and 1999. Because of a congressional oversight, these companies did not have to pay the royalty fee for oil when its price went above $34.73 a barrel or natural gas when its price rose higher than $4.34 for every million thermal units.

The prices for both oil and natural gas have been well above the royalty thresholds for years, with the loss of more than $10 billion in fees. Democrats say their energy bill will recoup those dollars.

"The American people are owed a fair value for the resources they own. Yet when the government gives tax breaks in the form of royalty relief to Big Oil and fails to accurately monitor its oil leasing programs, it is the American people who are footing the bill," said Rep. Nick J. Rahall II, West Virginia Democrat.

The White House was not pleased with oil and gas incentives that Congress enacted as part of the 2005 Energy Policy Act, calling them unnecessary.

It also opposed mandatory royalty relief and prohibitions on drilling-related user fees and tax incentives allowing some oil firms an almost automatic write-off of certain geological and geophysical expenditures.

The White House, however, is against the provision to renegotiate the 1998 and 1999 leases that Democrats seek.

The House bill limits the executive's discretionary power to modify royalties by stripping that authority from the secretary of the interior.

A report by the Interior Department's inspector general said the department had not been performing the proper oversight to track oil royalty payments to the federal Treasury and had not engaged in due diligence to ensure oil companies were paying them.

"In the compliance reviews, the Interior Department relies on the information given to them by the oil companies," Rep. Carolyn B. Maloney, New York Democrat, said in response to the report. "This is incompetence, cronyism and it could be corrupt."

The Justice Department has begun an investigation into the matter.

Republicans leaders attempted to block the House bill's passage with motions to adjourn, recommitting the legislation with instructions striking most of the provisions and arguing that passing it by a majority instead of two-thirds vote violated House rules.

"This bill will hurt domestic production and increase the price of oil and gas in this country," said House Minority Whip Roy Blunt, Missouri Republican. "If you take away the oil industry's incentives to invest in domestic production, you increase our dependence on foreign oil."

Indian Tribes Bet On Big Firms (LAW)

By Zusha Elinson, The Recorder

California Recorder, January 19, 2007

When the Pojoaque Pueblo in New Mexico decided to go ahead with a huge $245 million casino, resort and infrastructure development last year, they turned to the capital markets for financing instead of the bank loans or government grants traditionally used by tribes.

They also turned to mega law firm Orrick, Herrington & Sutcliffe for legal advice on the financing instead of a more traditional legal resource -- Indian law boutiques.

"When I started, it was a practice area that only a few boutique firms were involved in," said Townsend Hyatt, who advised on the Pojoaque financing and, a decade after entering the practice, now heads Orrick's tribal finance group. "As tribes have expanded economically, politically, numerically -- and certainly, as their socio-economic status has risen -- they have the economic means to hire law firms that they would not have hired before."

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To serve this need, larger firms are increasingly organizing formal Indian law practice groups. Holland & Knight, Akin Gump Strauss Hauer & Feld, Dorsey & Whitney and Pillsbury Winthrop Shaw Pittman are some of the other Am Law 100 firms with similar practice groups, most of which range from 10 to 30 lawyers.

Those lawyers are kept busy. Tribes have to deal with federal law, state and local laws, large business partners such as Las Vegas casino operators and major financial institutions.

"They need the same type of legal representation as any Fortune 500 company would need," said Dan Casas, general counsel for the Table Mountain Rancheria Band of Mission Indians near Fresno, Calif., who uses Sonnenschein Nath & Rosenthal for the tribe's litigation matters.

Casas hired Sonnenschein in 1999 when he decided that the boutique firm handling a dispute with a terminated gaming contractor lacked the expertise.

Sonnenschein partner Paula Yost, a civil litigator in San Francisco, was quickly thrust into the complexities of federal Indian law.

"It was one of the hardest cases I worked on and one of the most rewarding," Yost said.

The tribe was being sued by a Las Vegas management company, American Vantage Cos., that the tribe believed had exerted illegal control over its casino, violating federal law. The litigation, American Vantage Companies, Inc. v. Table Mountain Rancheria, was dismissed in both state and federal courts in part on the grounds of sovereign immunity, with the final ruling coming in 2003.

Since then, Yost has continued to represent the tribe and co-founded the firm's Indian law practice group, which was formalized in 2005 and encompasses more than 25 lawyers across the country. And while Casas still turns to smaller firms for some of the tribe's work, the more difficult cases go to Sonnenschein.

Another tribe, the Shingle Springs Band of Miwok Indians, also hired the firm for a complicated court battle. The firm has nearly wrapped up a five-year slog through state and federal courts against a set of challenges by California's El Dorado County and others to the tribe's plans for a casino.

TRIBAL TRANSACTIONS

Litigation that ends up in a federal court is complex enough, but transactional lawyers face an added challenge -- they often have to learn the particular laws governing each tribe. Any detail of a proposed transaction may be governed by a unique tribal regulation.

"It is in the approval process, the ability to enter into contracts, the ability to pledge certain assets, the election of which law to apply, the election of which means to settle a dispute -- all of that is something each tribe has control over," said Orrick's Hyatt, whose practice group was formalized in 2003 and includes 18 lawyers. "It's something that varies from tribe to tribe."

In 2006, the Portland, Ore.-based Hyatt dealt with several sets of laws, advising tribes and underwriters like JP Morgan Chase on financing deals across California, Arizona and New Mexico. Many of these tribes, like the Pojoaque Pueblo, turned to bond financing last year. Bonds can raise big money, but they require a good credit rating. And until recently, most tribes didn't have a rating at all.

"Many more tribes want to have more financing options, and they're getting rated," Hyatt said. "Five years ago, you could count on one hand the number of tribes that had credit ratings. Now it's a lot more common."

Attorneys say many tribes are now on the financial scale to use the same business tools and investment strategies as major corporations.

"This is going to be an increasing phenomenon going forward," said Blaine Green, co-chairman of Pillsbury's Indian law practice team, which was formalized eight months ago and consists of about 15 lawyers. "[Tribes are] moving beyond entertainment venues to financial services, insurance and real estate development."

The trend doesn't just mean more business for the tribes' lawyers. Large companies and financiers are increasingly interested in doing business with the tribes, said Green, a partner in Pillsbury's San Francisco office.

"As the rest of the country becomes more aware of the business success the tribes have had, and more aware of how tribes are diversifying, companies that previously wouldn't have thought of investing with these tribes are interested in learning about Indian law to invest or partner with them," he said.

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KNOWING THE CLIENT

Despite the money, the construction deals and high-stakes litigation, an Indian tribe is not just another corporate entity. Firms serving tribes have to deal with the complexities of sovereign nations that have had long and often bitter relationships with the government and its laws.

"There's a lot of things law firms need to do [to work successfully with tribes], and the most effective way to do that is hire Native American attorneys," said Heather Dawn Thompson, a Cheyenne River Sioux and president-elect of the National Native American Bar Association.

The trouble is, there aren't a great number of American Indians at big law firms. Neither Sonnenschein nor Orrick has any in its Indian law practice groups, though the firms say they'd like to recruit them.

"Indian attorneys have historically gone back to work for their tribes. They haven't been so interested in big law firms," said Thompson, a former Patton Boggs attorney. "Unlike any other practice of law, Indian law is really about the preservation of nationhood."

The importance of this issue to tribes plays out in many ways, one of which is a broader sense of what constitutes a conflict. A case involving an entirely unrelated tribe may still offend a client who sees that other case as attacking the basic concept of tribal independence.

"Just because a case doesn't have your tribal client as a party, if it's anti-sovereignty it hurts all tribes," Thompson said, "and law firms must take that into account."

Sovereignty is a matter not only of sensitivity and legal nuance but can be the crux of a dispute.

The California Supreme Court recently ruled in Agua Caliente Band of Cahuilla Indians v. Superior Court (Fair Political Practices Commission), 06 C.D.O.S. 11719, that tribes can be sued for violating state campaign disclosure laws, even though they enjoy sovereign immunity under federal law.

Despite the additional complexities, Jeffry Butler, another co-founder of Sonnenschein's Indian law group, said there are also intangible rewards to helping a tribe navigate the legal system.

"It's easy to help large companies like a lot of law firms do," said Butler, a partner in the firm's San Francisco office. "It's more satisfying to represent a client like Shingle Springs because they were treated poorly -- historically and not so historically."

Sioux To Illini: Return Regalia (CHIT)

By Jodi S. Cohen And Michelle S. Keller

Chicago Tribune, January 19, 2007

In a 1982 halftime ceremony at Memorial Stadium, a 93-year-old Oglala Sioux chief and medicine man presented the University of Illinois with tribal regalia for use by the university's mascot, Chief Illiniwek.

The university paid $3,500 for the moccasins, blanket, peace pipe pouch, breastplate and war bonnet with 90 eagle feathers, all owned by Sioux Chief Frank Fools Crow, according to the university's archives.

On Thursday, Oglala Sioux tribal members, including Fools Crow's grandson, asked for it all back.

The tribe's demands are the latest in a growing campaign by students, faculty, Native American groups and the National Collegiate Athletic Association—which has already penalized the U. of I.—to dump the mascot.

A resolution passed Thursday by the Oglala Sioux asks the university to stop using the mascot and return the attire, including the original feathers.

Eagle feathers were replaced on the mascot's headdress with painted turkey feathers by 1990, according to the school's sports media guide. Where the original eagle feathers now are is unclear, both with the university and with tribal headquarters on the Pine Ridge Reservation in South Dakota.

University officials, already mulling the future of Chief Illiniwek, first learned of the demand at a trustees meeting Thursday.

"The university is going to review the resolution that was presented and take it under advisement," said U. of I. spokesman Tom Hardy.

The resolution, passed by three of the tribe's five-member executive committee, points out that Chief Illiniwek, intended to honor Illinois-based tribes, does not belong in Oglala clothing in the first place, because that tribe is not from Illinois.

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"The antics of persons playing 'Chief Illiniwek' perpetuate a degrading racial stereotype that reflects negatively on all American Indian people," according to the resolution.

Debate over the mascot, a barefoot student who performs at football and basketball games in the buckskin costume and feather headdress, has raged for years. This episode comes as a U. of I. student faces possible expulsion over a comment on a pro-Chief Web site threatening to hurt a student who opposed the mascot.

Some university students and Native Americans have asked university trustees to end the Chief tradition, saying it is humiliating and creates a hostile environment on campus.

Supporters say the Chief respects Native American culture and is a revered tradition that dates to 1926.

Lawrence Eppley, chairman of the U. of I. board of trustees, said Thursday that the board should decide this year about the future of the Chief, citing a ruling by the NCAA that prohibits the university from hosting postseason competition as long as the Illiniwek tradition continues.

Last year the school lost an appeal, and men's tennis and women's soccer teams were unable to host postseason play.

"It is also time to ... bring to a conclusion the matter of Chief Illiniwek, so that the university can be removed from the list of NCAA policy violators, move our institution forward and allow our student athletes to compete at the highest levels and free of sanctions," Eppley said at Thursday's board meeting.

Critics hopes' grow

Faculty and staff members in American Indian studies at the Native American House at the U. of I. said they hoped the resolution would finally push university administrators to end use of the mascot.

"This is a moment for them to actually get out from under the whole controversy," said Debbie Reese, assistant professor of American Indian studies. "It is an important moment for native people across the country who are asking that mascots like this be retired."

Reese said she disagreed with the argument that the Chief respects Native American tradition by using authentic regalia.

"Here they have a situation where they have a native tribe asking for that back. If they honor and respect native people, they will give it back," Reese said.

Fools Crow's grandson, Mel Lone Hill, said in a telephone interview Thursday that he was upset when his grandfather handed over the clothing because he thought it would be passed down to him.

"It's more of a family heirloom. It is a special costume that he wore. It was given to me by him, and then he borrowed and took it with him," said Lone Hill, the tribe's ceremonial chief. He said the regalia probably was made a year or two before it was turned over.

Fools Crow, who traveled with Buffalo Bill Cody's Wild West Show, died in 1989.

A former Illiniwek surprised

One former Chief Illiniwek, Steve Raquel, said Thursday that he was surprised by the demand because he thought the university and the tribe had a good relationship.

"To hear this request come back just kind of saddened me and saddens a lot of the chiefs," said Raquel, of Naperville, a member of the Council of Chiefs, a group of 27 alumni who portrayed Illiniwek. Raquel was Chief from 1992 to 1993.

"We did purchase it," said Raquel, referring to the university. "The ceremony that we had was a presentation of gratitude. It was an exchange. The uniform is a very significant part of the tradition."

University spokeswoman Robin Kaler said there is a second costume, used from 1967 to 1982, before the purchase from Fools Crow. She said there are now two Chiefs; one performs at men's basketball and football games wearing the Oglala Sioux regalia and the other performs at women's games in the older costume.

An even older outfit was displayed until last year in the university's Sousa Archives: Center for American Music, Kaler said.

Deward Walker, an anthropology and ethnic studies professor at the University of Colorado, said the Oglala Sioux clothing could be considered sacred, depending on how it was used by the tribe.

"It depends on who wore it, it depends on the significance to the people from whom it came. ... It is up to the tribe to decide if it is to be regarded as culturally significant," said Walker, an expert in Native American artifacts. "Sometimes they are made with

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the intended purpose of gifting them to someone outside the tribe. At other times, headdresses worn by famous tribal leaders have been given over, much to the embarrassment and chagrin of the tribes."

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FBI/DEA/ATF/USMS:

FBI Joins L.A. Policing Effort In War On Gang Crime (LAT)

By Patrick Mcgreevy And Richard Winton, Times Staff Writers

The Los Angeles Times, January 19, 2007

Director Mueller stands with city and county leaders, saying DEA and ATF agents also will be enlisted in the fight.

FBI Director Robert S. Mueller III joined local law enforcement officials Thursday as they announced a campaign for the "strategic dismantling" of two street gangs after the killing last month of 14-year-old Cheryl Green in the Harbor Gateway area.

In addition, Los Angeles County Sheriff Lee Baca said he plans to keep convicted gang members in jail for their full sentences, exempting them from an early release program underway to relieve overcrowding.

Mueller was in Los Angeles to pledge FBI assistance in the city's battle against gangs after a 14% increase in gang violence last year, including a hike of nearly 25% in South L.A.

The arrest of two members of the 204th Street gang in the shooting death of Green sparked outrage after police said they believed the Latinos targeted the girl because she was African American.

The FBI director stood with Los Angeles Mayor Antonio Villaraigosa, Police Chief William J. Bratton, Baca and others in front of a market in the tiny gang-plagued neighborhood as officials outlined their multi-agency attack on the 204th Street group and an affiliate, the Eastside Torrance gang.

"No one should have to fear for their life because of the color of their skin; not in our city, not in our country and certainly not in this neighborhood," Villaraigosa said. "We have a message for these gang leaders: We are coming with everything we have. We are coming with services and suppression, and we are putting you out of business."

The news conference was held in front of a market on Harvard Boulevard, just north of 204th Street, that some African Americans are afraid to patronize because of the area's predominantly Latino gangs.

Authorities will use search warrants, hate crime investigations and graffiti, trespassing, narcotics, truancy and curfew laws to go after the gangs, Los Angeles Police Department officials said.

The 204th Street gang has 120 members and is accused of terrorizing African American residents of a nearly 2-square-mile area that it considers its turf. The Eastside Torrance gang is associated with the 204th Street group but is smaller.

Police are already planning to ask judges to approve "stay-away" orders for gang members to keep them out of the neighborhood. And starting today, LAPD officers and sheriff's deputies will share patrol cars while driving through the area.

Because 17 members of the 204th Street gang live in Torrance, and have crossed city boundaries to escape Los Angeles police, the crackdown will include cooperation with the Torrance Police Department and regular county parole officers as well as the joint patrols.

"It allows for the sharing of intelligence and getting the message to these characters that the boundaries they go across so freely don't matter," Bratton said.

The LAPD-led initiative will gather intelligence on the gangs, including the identity of members, in hopes of obtaining an injunction to limit their ability to gather on streets, the mayor said.

The federal Drug Enforcement Administration will target drug crimes, and the Bureau of Alcohol, Tobacco, Firearms and Explosives will go after guns.

Federal agents will provide electronic surveillance of gang activity and operate observation posts in the neighborhood; the U.S. attorney may use federal hate crime and civil rights laws to put violators in federal prison, where sentences are longer, officials said.

"We will be working shoulder to shoulder with police officers in these areas," Mueller said.

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Baca's decision to exclude gang members from the jail's early release program removes a big hurdle to the success of any crackdown, officials said.

An increase in gang crime citywide has Bratton drawing up a list of the 10 to 20 worst gangs in the city for similar targeting.

The Harbor Gateway area has experienced racial tensions for more than a decade as African Americans have moved from a nearby housing project to the predominantly Latino neighborhood, the officials said.

In 1997, a black youth was killed in the area, followed by three racially motivated homicides including the killing of Green, city officials said.

The stepped-up enforcement effort was denounced by some community activists, including Aqeela Sherrills, who for years headed the Community Self Determination Institute.

Sherrills questioned why the city is not doing enough to provide youth programs and after-school services, and he noted that Najee Ali, director of Project Islamic Hope, a local civil rights organization, has announced that gang members had agreed to a truce earlier this week.

"They are going to spend millions of dollars even though Najee Ali already brought about a peace treaty," Sherrills said.

Earlier in the day, Mueller told about 100 members of the Los Angeles Area Chamber of Commerce that increases in gang violence were being seen across the nation but that the problem was a special challenge in Southern California.

"Los Angeles, for better or worse, is ground zero for modern gang activities," Mueller said.

"Here in Los Angeles the ratio of gang members to police officers is overwhelming," he added. "This is where we in the FBI can help."

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204th Street Gang Focus Of Crackdown (LADN)

By RICK ORLOV And TROY ANDERSON, Staff Writers

Los Angeles Daily News, January 19, 2007

Some fear wrong message sent

Even as a South Los Angeles gang agreed to a truce in a troubled neighborhood where two youths were killed, city officials vowed further action against the gang believed to be responsible for a recent increase in violence.

Joined by a squadron of law enforcement officers from city, county and federal agencies, Mayor Antonio Villaraigosa said the city will target the 204th Street gang that has terrorized the Harbor Gateway area.

"What I want to do is develop a plan to have a strategic dismantling of this gang," Villaraigosa said. "I support the idea of a gang truce, but it's no good unless we can guarantee peace for this community."

Villaraigosa said the effort will be headed by the Los Angeles Police Department, but will also draw on the the county Sheriff's Department, the FBI, Bureau of Alcohol, Tobacco and Firearms, state Department of Corrections and the U.S. Attorney's Office.

Federal Bureau of Investigation Director Robert Mueller on Thursday pledged to work with local and state law enforcement agencies to crack down on gangs and use federal resources, intelligence and laws to crush gang leadership.

"Taking apart a gang is much like demolishing a building," Mueller said. "Hacking

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away at individual walls and beams only does so much. But using federal drug and racketeering statutes is akin to dynamiting the foundation. Once the gang's leadership infrastructure implodes, all members are weakened. It becomes more difficult for the gang to operate, and eventually it crumbles."

Mueller, speaking at a Los Angeles Chamber of Commerce luncheon, told LAPD Chief William Bratton that his 700 agents in Los Angeles would work more closely with the LAPD, the Sheriff's Department and other agencies.

Traditionally, the FBI targets the leaders of organized gangs using federal racketeering charges and stiff federal prison sentences to dismantle gangs, sometimes crippling the entire organization.

Mueller also plans to use emerging technologies to investigate gangs, including databases that show the geographic locations of gang members, their bench warrants, shootings and those overstaying their visas.

Connie Rice, co-director of The Advancement Project, said smart law enforcement techniques are only part of the solution to reducing gang violence.

"They will arrest all the kingpins and half a generation later they will be replaced," Rice said. "That's why after spending $85 billion in the last 25 years on getting rid of gangs, we have six times as many gangs. So law enforcement can't do it alone.

"The best research shows that gangs do not exist in a vacuum. They have to have conditions to brood in. If you don't get rid of those conditions, the gang will simply perpetrate."

Officials said efforts will focus on finding individual gang members who have been responsible for much of the violence and getting them off the streets.

The city also will expand its effort with the county Probation Department - similar to a plan announced earlier this week for the San Fernando Valley - to identify and work with individual gang members.

The crackdown also calls for expanded use of gang injunctions, stay-away orders for individual gang members and stepped-up enforcement of everything from vandalism and trespassing to curfews and truancy.

But Najee Ali of Project Islamic Hope said he is concerned the stepped-up crackdown sends the wrong message.

"This gang injunction is no more than a Band-Aid," said Ali, who brokered the gang truce. "The LAPD and the mayor are only reacting to the problem. To eradicate gangs, we must get to the roots of why young people join gangs."

"Where is the mayor's plan to support and maintain intervention strategies to interrupt the recruitment of gang members? The city needs to hear ... positive alternatives, not this lock them up and throw away the key solution."

Harbor Gateway has become a symbol for much of the city's gang problem in recent days with two shootings by gangs.

On Dec. 5, immigrant Arturo Ponce, 34, was shot and killed in the neighborhood and 10 days later, 14-year-old Cheryl Green was shot when she was believed to have crossed a gang line.

Since then, residents have tried to unite against the gang violence, holding a rally where more than 200 people turned out to decry the violence.

L.A. Officials Launch Crackdown On Gang Suspected In Girl's Slaying (SDUT/AP)

By Jeremiah Marquez, Associated Press

The San Diego Union-Tribune, January 19, 2007

LOS ANGELES – Authorities announced Thursday an offensive against the Hispanic gang allegedly behind the racially charged shooting death of a 14-year-old black girl, the first part of what they said will be a major crackdown on street gangs this year.

“We have a message to the gang leaders,” Mayor Antonio Villaraigosa said at a news conference in the South Los Angeles neighborhood where Cheryl Green was killed.

“We're coming with everything we have ... and we're putting you out of business.”

Green was shot Dec. 15, allegedly by a Hispanic gang bent on killing blacks following a confrontation between the gang members and a black men.

Police described the attack as a hate crime. Two reputed Hispanic gang members have been arrested in the slaying.

Gang crime increased by 14 percent last year at a time when overall violent crime was down. The spike has come amid ongoing conflict between black and Hispanic gangs.

Officials said the 204th Street gang is the first to be targeted in a citywide effort to suppress gang violence.

Police Chief William Bratton said police were putting together a list identifying the top 10 to 20 worst gangs involved in violent crimes, bias-related attacks and assaults on officers. Also under consideration are more gang injunctions and “stay away” probation orders to prevent gang member released from prison from returning to their neighborhoods.

The effort would involve federal and local law enforcement agencies.

“Our intention is ... to look at each gang individually to determine who we can best attack them,” said Bratton, who was joined by FBI Director Robert Mueller and other law enforcement officials.

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Mueller, who earlier in the day called Los Angeles "ground zero for modern gang activity, " said he would bring to bear the federal government's resources in gang investigations. Aside from manpower and intelligence, that includes federal statutes such as racketeering that help demolish a gang's hierarchy.

Mueller said there were more than 30,000 gangs and 800,000 members nationwide.

"Like a cancer," he said earlier in the day, "gangs are spreading across America."

Officials Say They'll Break Up Latino Gang In Los Angeles (NYT)

By Randal C. Archibold

The New York Times, January 19, 2007

LOS ANGELES, Jan. 18 — The authorities said Thursday that they would dismantle a Latino gang that has been accused of racially motivated violence, including the shooting death last month of a 14-year-old black girl.

The announcement was made in the heart of the gang's territory, in the Harbor Gateway neighborhood, by Mayor Antonio R. Villaraigosa; Chief William Bratton of the Los Angeles police; the director of the Federal Bureau of Investigation, Robert S. Mueller III; and city and county prosecutors.

Two members of the gang, known as 204th Street, have been charged with murder in the death of the girl, Cheryl Green, who was shot as she talked with friends near an unofficial boundary separating blacks and Latinos.

The district attorney has submitted a filing that the killing, part of years of tension in the neighborhood, was motivated by hate, making the defendants eligible for the death penalty.

The killing has raised concern about racial strife among gangs elsewhere in the city, though the Harbor Gateway problem has been called particularly serious because of Cheryl's killing.

The crackdown is to include an infusion of police officers and federal agents to step up electronic surveillance of the gang and make arrests even for relatively mundane infractions like curfew violations, truancy and trespassing.

The city attorney will seek an injunction barring gang members from congregating at certain places and times, a tactic that the police say has proved successful in other areas.

Gang crackdowns have in the past yielded mixed results at best. Typically, the violence subsides until the police pull back as pressure to patrol other areas increases.

"It's like a ship passing in water," said Wes McBride, executive director of the California Gang Investigators Association. "As soon as the ship passes, the wake fills in. It's too manpower intensive."

Injunction To Be Filed Against 204th Street Gang (KNBC)

KNBC-TV, January 19, 2007

HARBOR GATEWAY, Calif. -- An injunction will be filed against 120 documented members of a Harbor Gateway gang implicated in the racially motivated shooting death of a 14-year-old black girl in the racially divided South Bay community, authorities announce Thursday.

Video

A truce that activists said they brokered with the 204th Street Gang appeared to be too little, too late, as city, county, and federal law enforcement agencies agreed to collaborate on efforts to dismantle the violent gang.

The crackdown on the 204th Street gang comes after two of its members allegedly shot and killed Cheryl Green and wounded three of the teenager's friends on Dec. 15.

Cheryl and a total of seven friends were standing at the intersection of Harvard Boulevard and 204th Street when the gunfire erupted, about an hour after they got out of Stephen M. White Middle School for winter recess.

Authorities said the eighth-grader was not involved with gangs and was targeted solely because of the color of her skin.

Latino gang members Ernesto Alcarez, 20, and Jonathan Fajardo, 18, have each been charged with one count of premeditated murder and six counts of attempted premeditated murder in connection with the shooting.

Under the enforcement program against the 204th Street Gang, to involve federal, state and local agencies:

The Los Angeles Police Department will serve as the lead agency in all investigations.

The county sheriff's department will head up arrests for curfew, truancy and other violations of the proposed injunction.

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The FBI and the federal Bureau of Alcohol, Tobacco and Firearms will conduct electronic surveillance of gang activity and monitor the area from a series of observation posts.

The city attorney's, district attorney's and U.S. attorney's offices will coordinate civil, criminal and federal prosecution of crimes committed by the gang.

The Los Angeles Unified School District police force will patrol the gang's territory and coordinate gang prevention and intervention programs at neighborhood schools

If deemed successful, the joint effort, which also involves the California Department of Corrections, could be enforced in other gang-plagued neighborhoods across the city, officials said.

Harbor Gateway's racial tensions date back to the mid-1990s, when blacks began moving into the predominantly Latino neighborhood, according to the mayor's office.

Since then, Latino gang members have threatened violence toward black residents of the South Bay community if they cross south of 206th Street, the so-called "forbidden line" that divides Latinos to the north and blacks to the south.

Before Cheryl was killed, at least three other racially-motivated homicides have been reported in Harbor Gateway since 1997, according to the mayor's office.

Earlier Thursday, the girl's mother, Charlene Lovett, hugged a Latino mom as they joined other residents in signing the so-called peace truce brokered by community activist Najee Ali of Project Islamic HOPE

"We are all human beings. We all are the same," Lovett said, adding that residents were "looking forward to being able to move about this community every way we all choose to without fearing for our lives and fearing for our kids' lives."

But no gang members showed up, as Ali had hoped.

They stayed away for fear of being singled out by police, he said, "but we have met and they have agreed to spread the peace. They're also aware that their days are numbered, anyway."

Spike In Gang Murders Prods L.A. Toward Action (CSM)

By Daniel B. Wood

The Christian Science Monitor, January 19, 2007

from the January 19, 2007 edition - http://www.csmonitor.com/2007/0119/p01s04-ussc.html Spike in gang murders prods L.A. toward action The hope is that key players – schools, community leaders, and police – will unite to defuse racial tensions.

By Daniel B. Wood | Staff writer of The Christian Science Monitor

LOS ANGELES

At Lucy Florence Coffeehouse in the city's South Central district, neighborhood residents gather for a grief-and-anger ritual that has become as common as the growing wave of gang violence that spawned it. In a small gallery space, parents of gang-related murder victims step to the microphones to express outrage, sorrow and calls-to-action to assembled civic leaders and reporters.

"This wicked evil has to stop," says Charlene Lovett, mother of 14-year-old daughter Cheryl Green, killed in December. Cheryl, a black girl, was playing with friends on the wrong side of town when she was shot by a Latino gang member, according to police. It was one of 269 gang-related murders citywide in 2006. Overall, crime is down but black leaders say a new level of Hispanic versus black hate crimes has erupted – a claim that police say is not showing up in statistics.

Neither side disputes that violent gang battles have spiraled out of control in recent months – from prisons to schools to the streets – producing a "climate of fear higher than any time in the history of this world capital of gangs," in the words of Najee Ali, a local black activist. That happened as Hispanics numbers have grown, pushing into neighborhoods that were predominately black.

If any city in the US has the know-how to attack the plague of gang violence, it would be L.A., which tried many approaches during the urban warfare that rocked this city in the 1980s. There is hope that it will not have to reinvent the wheel, but rather that key players – city leaders, the schools, the police, the courts, churches, and community activists – are poised to spring into collective action to try to defuse the tensions underlying the violence.

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Some call it an antigang "Marshall Plan," a reference to the US tactic after World War II of a massive investment in what was formerly enemy terrain. A shocking 14 percent jump of violent gang crime in 2006 – even as the city as a whole has seen overall crime drop for five straight years – is what is spurring all to act now.

New category of hate crime

Recent killings of blacks by Hispanics is a new category of hate crime, says Earl Ofari Hutchinson, a political analyst and author of several books on the black image in America. Riots fanned by tensions between blacks and Hispanics in L.A. jails last year and in inner city high schools reflect a new competitiveness for jobs, services, parks, and other public spaces, he says.

"There is a spiral of violence over turf, drugs, guns, crime," Mr. Hutchinson says. "Now there is another element of fear for lives and safety that multiplies the tension and the resentment."

Gang violence is contained in pockets of the city, and has been somewhat hidden by the fact that violent-crime rates citywide have, in general, been dropping.

"I never knew [the gang violence] was as strong as it is until this happened," said Ms. Lovett, speaking of her daughter's murder.

Los Angeles police are ratcheting up enforcement with tactics such as "Top Ten" lists – one of "worst gangs" and one of "worst leaders" – to target the most egregious suspected offenders of the city's 720 street gangs and their 40,000 members. They are increasing the use of injunctions to prevent public gathering of gangs and nuisance-abatement lawsuits that target their permanent hangouts.

New collaborations with federal, state, and local agencies will pool money and resources. Among new ideas: better tracking of gang members who reenter neighborhoods after release from prison.

But officials say they have come to realize that the gang epidemic here is largely immune to increased crime crackdowns.

"We have been stuck on 'stupid' in fighting gangs," says Constance Rice, author of a new study and 100 recommendations presented to the L.A. City Council Wednesday.

Police see they "cannot arrest their way out of the gang violence crisis," and are moving to a "comprehensive, neighborhood-based, schools-centered" approach, in the words of the study.

The City Council in 2005 ordered the multiyear study by the Advancement Project – a national group that seeks to build multiracial democracy – with the intent of implementing it in phases after researching and testing new ideas.

"Over the past three decades the city has spent $50 billion on the problem and now has six times as many gangs and twice the number of gang members," says Rice. The study concludes: "The city needs nothing less than a Marshall Plan to end gang violence."

This means new ideas for job and community development, child development, and education and public health initiatives.

Officials say the broader view is needed to keep the metropolis from reaching a point in which violence spills into affluent and safer communities.

"The proliferation of gangs and their increased violence threatens to undo all that we have achieved in crime reduction all over the city," says Anthony Pacheco, one of a five-member Board of Police Commissioners.

Community leaders working together

Through the years, studies have attempted to fix L.A.'s image as the "capital of gangs," but no approach has been as comprehensive, according to the lead gang-liaison for the mayor's office.

"What is different now is that everyone realizes for the first time that enforcement is only a short-term fix," says Jorja Leap, a social welfare professor at the University of California, Los Angeles, who has studied L.A. gangs for 20 years. She says some recommendations from prior offensives were not implemented due to lack of political will and public attention. That seems to have changed.

"The stars are aligned with everyone on the same page ... a committed police chief, a new mayor, a city council that is truly interested and a community that has had enough," she says. So far, $22 million annually is spread mainly between two programs, one for school-based prevention and the other for community development.

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Lack of coordination made the 23 separate antigang programs ineffective even though L.A. was spending $82 million per year on them. The report suggests a single "gang czar" who can "transcend the drag of torpid bureaucracies."

Researchers looked at what has worked in other gang capitals – Chicago, New York, and Alameda County, Calif. – but concluded that Los Angeles is unique in its geography, structure, history, and culture of gangs.

Instead, researchers point out a community model that had been tried in L.A., which they want to emulate. For nine weeks during the summer of 2003, local basketball courts stayed open past midnight for games. Community groups offered computer games and tutoring from 8 p.m. to 3 a.m. – the hours when most violence occurs. Gang intervention workers negotiated with local gangs for no-violence agreements, while a local radio station provided coverage of progress.

"At the end of 14 weeks there was a clear record ... not one shooting or killing or battery or assault," recalls Rice.

New county-city initiative

Just this week, L.A. Mayor Antonio Villaraigosa, Supervisor Zev Yaroslavsky, and City Councilman Tony Cardenas announced a county-city initiative for five new parole officers to deal with gang problems in the San Fernando Valley, home to about 1.2 million. The region saw a 42 percent rise in gang violence in 2006. The city council has already committed to 1,000 more police officers over the next five years, increasing the ratio of 1 officer for every 445 residents, less than half the rate in New York.

Some observers worry that momentum for change could stall. The mayor and police chief "will pay lip service to Rice's recommendations, but you won't see a concerted effort ...to seek out the massive resources needed to implement the social service, jobs, and education approach to curbing gang violence," predicts Hutchinson.

For Lovett, the added force is welcome, but only part of the picture. "We need to come together as a community to get to the root of the problem between races here. This has been going on for years, and I've never faced it until it happened to me."

Calls Made To Void Subpoenas For Reporters In Steroid Case (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, January 19, 2007

The new chairman of the House Judiciary Committee and an influential Republican congressman asked Attorney General Alberto R. Gonzales on Thursday to withdraw grand jury subpoenas to two San Francisco Chronicle reporters facing 18 months in federal prison for refusing to disclose their confidential sources of information about steroid use in professional sports.

In 2004, Mark Fainaru-Wada and Lance Williams wrote articles quoting closed-door testimony of Barry Bonds of the San Francisco Giants, Jason Giambi of the New York Yankees and sprinter Tim Montgomery about the use of drugs supplied by the Bay Area Laboratory Cooperative, known as BALCO.

Five defendants, including Victor Conte, BALCO's founder, have pleaded guilty to illegal drug distribution. Another grand jury is investigating whether Bonds committed perjury by denying that he knowingly used steroids.

"There can be no doubt that the work of" Fainaru-Wada and Williams "has been significant," Rep. John Conyers, D-Michigan, and Rep. Tom Davis, R-Va., ranking minority member on the House Committee on Oversight and Government Reform, wrote to Gonzales.

"This coverage spurred Congress to action ... and forced Major League Baseball, among others, to announce an historic change in their steroid rules and policies," the congressmen added. "The subpoenas issued to those reporters and their newspaper seeking confidential source information are troubling both on the specific facts of their case and because of the great damage they could cause to our nation's press and the First Amendment.

Although a protective order is "an important interest," they said, "this case is significantly different from others involving a breach of national security, terrorism of serious criminal conduct."

In September, U.S. District Judge Jeffrey White in San Francisco sentenced the two reporters to up to 18 months in prison for contempt and imposed a $1,000-a-day fine on the Chronicle. But he suspended those penalties until the U.S. 9th Circuit Court of Appeals, which is set to hear the matter in March, rules on the case.

In addition to the letter, Conyers made a speech on the issue at the National Press Club in Washington on Thursday, where he called for a federal law that would shield reporters from facing jail time for refusing to divulge the names of confidential

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sources. A bill on this issue died in the Senate last year. Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said she expected a bill on the issue to be introduced this year.

Tasia Scolinos, a Justice Department spokeswoman, said the department is reviewing the letter. "As a matter of policy," she said, "the Justice Department issues subpoenas to members of the media only when absolutely necessary."

Feds Asked To Back Off In BALCO Case Chronicle Reporters Get Backing Of Two Congressmen (SFC)

By Zachary Coile, Chronicle Washington Bureau

San Francisco Chronicle, January 19, 2007

Washington -- The new Democratic chairman of the House Judiciary Committee Thursday urged the Justice Department to withdraw its subpoenas for two San Francisco Chronicle reporters, which seek to force them to name their confidential sources for federal grand jury testimony in which top athletes admitted illegal steroid use.

House Judiciary Chairman John Conyers of Michigan and Rep. Tom Davis, R-Va., the top Republican on the House Oversight and Government Reform Committee, wrote Attorney General Alberto Gonzales criticizing the agency's efforts to jail Chronicle reporters Lance Williams and Mark Fainaru-Wada for refusing to comply with the subpoenas.

"The subpoenas issued to those reporters and their newspaper seeking confidential source information are troubling both on the specific facts of their case and because of the great damage they could cause to our nation's press and the First Amendment," the lawmakers wrote.

The Justice Department was still reviewing the letter late Thursday, but a spokeswoman insisted the agency "issues subpoenas to members of the media only when absolutely necessary."

The unusual bipartisan letter showed that Congress is closely watching the case of the two Bay Area journalists, who could be ordered to jail for refusing to comply with a federal judge's order to divulge their sources. Lawmakers and legal experts say it's a crucial test of far the government will be allowed to go to extract information from journalists.

"It sends a message that really goes beyond these two courageous reporters," Conyers said in an interview Thursday. "It sends a message to all reporters that this could happen to you."

The Chronicle case has become Exhibit A for lawmakers pushing a federal shield law that would protect journalists from efforts by the government to force them to name their sources or turn over notes. The measure stalled in the Republican-controlled Congress last year, partly because of Justice Department opposition. Democrats are vowing to revive efforts to pass the law, but it still faces major hurdles.

Some lawmakers believe that if the two reporters are sent to jail, it could actually increase the chances that Congress would approve a media shield bill this year.

"It pains me to think that these two men might have to follow Judith Miller behind bars to make that point," said Rep. Mike Pence, R-Ind., a chief sponsor of the shield bill who met with the two reporters in his Capitol Hill this week, referring to the former New York Times reporter jailed for 85 days in connection with the investigation into the public disclosure of a CIA agent's name.

Fainaru-Wada and Williams were ruled in contempt of court in September by U.S. District Judge Jeffrey White for refusing to testify to a grand jury investigating leaked transcripts in the steroid distribution case involving the Bay Area Laboratory Co-operative.

White sentenced Fainaru-Wada and Williams to up to 18 months in prison, and imposed a $1,000-a-day fine on The Chronicle, but suspended those penalties pending an appeal.

A panel of the Ninth Circuit U.S. Court of Appeals in San Francisco is scheduled to hear the case in March.

Fainaru-Wada and Williams wrote hundreds of articles about steroid use in sports, including several in 2004 that quoted grand jury testimony by San Francisco Giant slugger Barry Bonds, New York Yankees star Jason Giambi, sprinter Tim Montgomery and other athletes describing their use of substances supplied by the lab known as BALCO.

Five defendants, including BALCO founder Victor Conte, have pleaded guilty to illegal drug distribution. A separate grand jury is investigating whether Bonds lied by denying he knowingly used steroids.

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Williams and Fainaru-Wada, in Washington this week for a First Amendment summit sponsored by the American Society of Newspaper Editors, have pressed their case with top lawmakers, including House Speaker Nancy Pelosi of San Francisco, California's two senators and members of both parties on the House and Senate judiciary committees.

Pelosi pledged to push the reporters' case at the top levels of the Bush administration, including urging Gonzales to "consider the bipartisan request to withdraw these subpoenas," her spokesman Brendan Daly said.

Sen. Barbara Boxer, D-Calif., had a previously scheduled call with Gonzales on Wednesday, and said she "expressed my concern about jailing two fine reporters who did a major public service by exposing the steroid scandal in sports." But the attorney general gave no hint he would budge from his position, she said.

Pence pledged to write a letter to Gonzales in the next few weeks, adding his voice to those urging him to drop the prosecution of the reporters.

"Justice demands that the attorney general reconsider these subpoenas and prevent this sentence from being carried out against these two noble members of the Fourth Estate," Pence said.

Sen. Dianne Feinstein, D-Calif. said Thursday she has asked her staff to investigate whether the Justice Department followed its guidelines when it issued the subpoenas.

"In my view, if the guidelines were, in fact, not followed and criminal laws were not broken, then, this is a case where leniency seems appropriate," Feinstein said.

But Justice Department spokeswoman Tasia Scolinos insisted the agency went through a long review process and followed all its guidelines.

"This exhaustive and rigorous process is undertaken for a reason - to enable close scrutiny by career prosecutors and to ensure that subpoenas seeking confidential source information are issued only as a matter of last resort," Scolinos said.

Conyers, who appeared at the First Amendment conference Thursday, drew applause from newspaper editors when he said he would press Gonzales to drop the subpoenas.

Conyers also pledged to use his power as chairman to hold hearings this year to build support for a federal shield law. Pelosi has promised to help Conyers get a federal shield law to the House floor.

Phil Bronstein, Chronicle editor and executive vice president, said the comments by lawmakers help support the paper's case that prosecutors have gone too far by seeking to jail the reporters for honoring their confidentiality agreement to sources.

"There is a 'reasonable quotient' -- what is reasonable and appropriate," Bronstein said. "The members of Congress will add another voice ... suggesting to the Justice Department what is a reasonable approach -- and so far they haven't taken it."

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Congressman Calls On DOJ To Halt Pursuit Of 'Chronicle' Reporters (USAT/AP)

USA Today, January 19, 2007

WASHINGTON (AP) — The new chairman of the House Judiciary Committee on Thursday called on Attorney General Alberto Gonzales to stop trying to compel two San Francisco Chronicle reporters to identify the source who leaked confidential grand jury testimony in the steroid abuse investigation.

A federal judge already has ordered reporters Mark Fainaru-Wada and Lance Williams jailed until they comply with government subpoenas demanding detailed information about how the reporters received the grand jury testimony of baseball stars Barry Bonds, Jason Giambi and others. The reporters have remained free while the 9th U.S. Circuit Court of Appeals considers the case.

"The issuance of these subpoenas appears to run directly counter to the protections afforded to the press under the First Amendment," Conyers, D-Mich. said in a speech at the National Press Club in Washington. "It is not just about a single case. We in the Congress need to examine the effect of these aggressive new prosecutorial tactics."

Conyers sent a letter to Gonzales asking the attorney general to withdraw the subpoenas. Rep. Tom Davis, R-Va., also signed the letter.

"Like most Americans, we have watched with great concern as the Department of Justice issued grand jury subpoenas to the reporters and their newspaper to learn the identities of their confidential sources on some of the most significant reporting in

the history of professional sports," Conyers and Davis wrote. "We write to you now to express my deep concern over the issuance of these subpoenas and to urge you to withdraw them."

Davis, as chair of the House Government Reform Committee, held a steroids hearing in March 2005, when the witnesses included former baseball players Mark McGwire, Rafael Palmeiro and Jose Canseco. Davis was one of a handful of representatives and senators who sponsored bills proposing to mandate stronger steroid testing and penalties for U.S. pro sports.

A DOJ spokesman didn't return a telephone call. In court filings, prosecutors asked the San Francisco-based appeals court to uphold a judge's contempt order against Fainaru-Wada and Williams, arguing that reporters do not have special privileges that allow them to keep evidence from a grand jury.

The appeals court is expected to hear the reporters' appeal sometime in March, though an exact date hasn't been set.

FBI Sends Citizens Terrorism Alerts By E-Mail (USNEWS)

By Chitra Ragavan

U.S. News and World Report, January 19, 2007

The FBI has sent out 600,000 E-mail alerts to a base of 14,000 subscribers, the bureau tells U.S. News.

The E-mail alert program was launched in October to provide the public, businesses, and law enforcement agencies with timely information on everything from terrorists to fugitives, scammers, and crooks, as well as updated information on terrorist threats. John Miller, FBI chief spokesman, said the system can also be used for crisis communication during a disaster or terrorist attack.

To sign up, one clicks on red envelope icons on the FBI's main website or its 56 field office websites and provides an E-mail address. No personal information is required.

"The new FBI E-mail alert system lets us do several things," Miller says. "It becomes a high-speed information portal for anyone from local law enforcement to the media to the public. As you sign up for it, you can tailor what you want to be notified on based on your interests. It also can be used as a crisis communication tool in the event of a disaster or even a terrorist attack. By letting people know when our website is updated, we can tell them about developments in missing children investigations or most wanted suspects as well."

Miller said the FBI expects the alert system will also help them catch criminals.

"It's a fast, effective way of keeping our partners and the public informed," he said.

7 Weapons Stolen From FBI Vehicle (WP)

By Allan Lengel

The Washington Post, January 19, 2007

Seven weapons, including two submachine guns, were stolen last weekend from an FBI agent's vehicle in Southwest Washington, the agency said yesterday.

Also taken were ammunition, a police radio, bullet-resistant vests, body armor and photography equipment, the FBI said.

The theft triggered an intensive search for the property and whoever took it. The FBI decided yesterday to seek the public's help by offering a $25,000 reward.

"We understand the seriousness of those weapons in the hands of untrained individuals," said Joseph Persichini Jr., head of the FBI's Washington field office. "We have employed significant resources and have been working on this since Saturday. We are doing everything possible to identify those responsible and recover the property."

The FBI vehicle belongs to a 35-year-old member of a special response team who was authorized to take it home. It was one of about 20 vehicles randomly vandalized in the 800 to 1100 blocks of Water Street between midnight Friday and 3 a.m. Saturday, according to D.C. police and the FBI.

A second bureau-issued car belonging to an agent at the FBI's headquarters also was vandalized, but nothing of importance was taken, authorities said. Both FBI agents live in the area and were issued vehicles to take home because of their assignments.

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Persichini said one of the agents stored equipment in his vehicle, an SUV, because he has to be in a "ready position 24-7" as part of a special response team. He said that the vehicle had an alarm and that the equipment was kept in security containers that were broken into.

FBI officials will investigate to determine whether policies or procedures were violated, Persichini said, a step he described as routine.

FBI investigators are working with D.C. police; the U.S. Park Police; the Bureau of Alcohol, Tobacco, Firearms and Explosives; and the U.S. Marshals Service. As part of the inquiry, a security camera was being reviewed, Persichini said.

"We're making some progress," he said.

D.C. police, who were investigating the break-ins and other vandalism, notified the FBI about the theft about 6 a.m. Saturday, authorities said.

According to a police report, someone entered the agent's 2004 Chevy TrailBlazer after punching in the lock on the driver's door. The vehicle was parked in the marina parking lot in the 1000 block of Water Street.

The stolen items included two MP5 machine guns, an MP5 training weapon, two M4 rifles, a .45-caliber semiautomatic weapon, a Remington 870 shotgun, a police radio, bullet-resistant vests, body armor, and a camera and photo lens, according to the police report and the FBI.

Persichini said "technological adjustments" were made so the police radio was no longer functional.

The FBI said that it began investigating the matter Saturday and decided to go public yesterday to announce the $25,000 reward and enlist the public's help.

Other vehicles used by law enforcement officials have been stolen in recent years.

In June 2005, someone swiped the car of Charles H. Ramsey, the police chief at the time, a block from his home in Southwest. "Cars are getting stolen every day," Ramsey said then.

In 2000, an FBI car with weapons was stolen outside a high-rise apartment building in the 800 block of North Pitt Street in Alexandria. In 1997, an ATF agent's car was stolen from a parking lot near Stafford. A gun, two bullet-resistant vests and the agent's credentials were inside.

Guns, Equipment Stolen From FBI Employee's Car (WT)

By Daniel Taylor

The Washington Times, January 19, 2007

Guns, ammunition and equipment were stolen from a car registered to the FBI, the bureau announced yesterday.

The car was one of about 20 that were vandalized in a public parking lot in the 1000 block of Water Street Southwest sometime between midnight and 3 a.m. Saturday, the FBI said.

The car belongs to a member of the FBI's Washington field office who lives near the lot, spokeswoman Debbie Weierman said.

The thieves took guns, ammunition and "other FBI technical equipment" from the car, Ms. Weierman said. She would not talk in detail about what the equipment was or what it was used for.

"This employee was a member of a special response team," she said. "He had an operational reason to have all that equipment in there. He's on call 24 hours."

Another car registered to the FBI also was vandalized in the lot, but nothing belonging to the bureau was taken from it.

Ms. Weierman declined to give estimates on the cost of the damage or the value of the stolen guns and equipment.

Police do not know how many people were involved.

"We have some very good leads and we're working on those leads trying to solve this crime as soon as possible," Ms. Weierman said.

She said there was a surveillance camera near the parking lot, but it wasn't operated by the FBI. The Associated Press reported that security cameras captured images of five suspects.

The lot is near the Potomac River waterfront just a few blocks south of the Mall.

The FBI is offering up to $25,000 for information leading to the identification and arrest of the thieves, Ms. Weierman said.

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Mitchell Has Strong Words For Baseball Players, Owners (LAT)

By Bill Shaikin, Times Staff Writer

The Los Angeles Times, January 19, 2007

He urges them to cooperate with his steroids probe or face the possibility of a new round of Congressional subpoenas

Mark McGwire refused to tell Congress whether he had used steroids. Rafael Palmeiro insisted he never had.

That day in Washington haunts both men, two years later, and the leader of baseball's steroid investigation warned Thursday there could be another day like it. In remarks delivered to club owners and then released publicly, Sen. George Mitchell urged owners and players to cooperate with his probe or face the possibility of a new round of Congressional subpoenas.

"I believe that a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone who is or has been involved with baseball," Mitchell said.

McGwire and Palmeiro joined Jose Canseco, Curt Schilling and Sammy Sosa in testifying before the House Government Relations Committee. The new chairman of that committee, Rep. Henry Waxman (D-Los Angeles), said he would not rule out another hearing.

"The use of steroids in professional sports continues to be an issue the committee is interested in," Waxman said, "and we are looking forward to learning more about the progress Sen. Mitchell has made in his investigation."

Under ridicule from some members of Congress and pressure from President Bush, baseball increased the frequency of drug testing and the penalties for positive tests.

Ten months ago, Commissioner Bud Selig directed Mitchell to investigate the history of steroid use. The tougher regimen of drug tests and penalties has not diminished the need for the probe, Mitchell said, citing the results of the recent Hall of Fame election.

McGwire was overwhelmingly rejected by voters, many of whom cited his refusal to discuss steroids with Congress. Palmeiro tested positive for steroids in 2005, several months after he testified he never had used them, and no team signed him last year.

Sosa sat out last year but is close to a deal with the Texas Rangers, so questions surrounding his alleged steroid use figure to resurface when he reports to spring training next month. And, with Barry Bonds 22 home runs from baseball's all-time record, a San Francisco grand jury is investigating whether he committed perjury by testifying he never had knowingly used steroids.

"Whether you think it fair or not, whether you think it justified or not, Major League Baseball has a cloud over its head, and that cloud will just not go away," Mitchell said.

Mitchell's investigators spoke with club officials and former players last year and plan to talk to active players this year. Mitchell cannot force anyone to speak with his investigators. Union spokesman Greg Bouris declined to comment.

Agent Barry Axelrod said he understands the union and management have agreed on guidelines for active players willing to cooperate, but such guidelines have not been distributed. Axelrod said he represents two former players who were asked to speak with Mitchell's investigators last year; one accepted and one declined.

By publicly releasing the contents of a speech delivered privately to owners, one baseball official said Mitchell and Selig wanted to assure the public the investigation remains a priority after 10 months and no report. Mitchell said his staff has "reviewed tens of thousands of documents and conducted hundreds of interviews" but said some clubs have not cooperated.

"Setting up a commission that lacked subpoena power meant either they were going to get 100% cooperation or they would say, 'Our recourse is to go back to Congress,' " Axelrod said. "I don't think it's unexpected the commission would take the stance that they're frustrated."

But another round of baseball hearings would be "a relatively low priority" for a Congress newly controlled by Democrats, said University of Virginia political scientist Larry Sabato.

Sabato said the publicity value of a hearing could not be discounted — "If you have baseball stars on Capitol Hill, you'll have cameras show up," he said — but cautioned the Democrats have more pressing matters.

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"They have much more interest in investigating Iraq and Katrina and 9-11 — and I could list 40 other things — than they would have in baseball," Sabato said.

Mitchell's Remarks (LAT)

The Los Angeles Times, January 19, 2007

Remarks by former Sen. George J. Mitchell at Major League Baseball owners meeting in Phoenix:

The Commissioner asked that I give you an update on our investigation, and I'm pleased to do so.

Nine months ago, in explaining the need for this investigation, the commissioner said that "when it comes to the integrity of this game, an impartial, thorough review is called for and baseball must confront its problems head on."

In the intervening months it's become evident to me that not everyone in baseball agreed with the commissioner's decision.

Some felt that the best course for baseball was to sit tight, to ride it out, to hope that over time interest would decline and the issue would fade away.

Some may still feel that way. But there must be fewer of them this year than there were last year.

If nothing else, the results of the Hall of Fame voting last week, and the reaction to it, offer fresh evidence that this issue will not just fade away.

Whether you think it fair or not, whether you think it justified or not, Major League Baseball has a cloud over its head, and that cloud will not just go away.

It won't go away because the issues are so serious. Since 1990 the use of steroids or other performance-enhancing substances without a valid medical prescription has been a federal crime.

It also is an egregious form of cheating. The principal victims of that cheating are the majority of players who don't cheat. That reality is too often overlooked in discussions about steroids.

Much has been said and written about the adverse effect on the integrity of the game, on the fans, and on the general public. All are important.

But those who are most harmed, those whose careers and livelihoods are put at risk, are the players who don't cheat.

They rely on their talent, skill, and hard work, as should all players.

And a younger generation of aspiring major league players is affected as well, as they are led to believe that, even though baseball currently has a tough drug policy, they cannot succeed without cheating.

The commissioner was right. Baseball must meet this issue head on. A thorough investigation and a credible report are necessary to regain the confidence of the fans, the press, and the Congress, on this issue.

From the reaction I've received from many of them over the past several months, I can tell you that they're interested and they're concerned; they're watching and they're waiting. Some of them don't trust baseball and are skeptical of me.

They should not be and they will not be satisfied with anything other than a thorough, fair, objective, and credible report.

I was not involved in the decision to conduct this investigation. After the decision was made I was asked by the commissioner to conduct it.

I agreed to do so, provided that I have total independence in conducting the investigation and making the report. The commissioner promised that I would and he's been true to his word.

My goal from the outset has been to conduct a thorough and objective investigation. But it also must be fair to all whose reputations are at stake.

I will insist that those who might be adversely affected by this investigation have an opportunity to be heard.

Before my report is completed, I will provide to any person who might be the subject of that report the opportunity to speak with me personally to respond to any allegations.

We have reached out to many persons associated with the game, past and present. And, as I have made clear from the beginning, my door is open to anyone who wants to speak with me about these matters.

I've led and participated in many investigations, as a state prosecutor, as a federal prosecutor, as a United States Senator, and, more recently as the chairman of independent commissions.

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Those investigations have involved many subjects, from a wide range of federal and state crimes, to allegations of impropriety in bidding for the Olympic Games, to violence in the Middle East. There is a time-tested process involved. An investigation of the kind in which we're involved must first cast a wide net. This involves, among other things, a detailed review and analysis of documents, and interviews of many witnesses who may have relevant information.

Then, based upon an evaluation of all that information, the individuals who may be involved must be interviewed, and given an opportunity to respond to the allegations and to comment on the evidence supporting those allegations.

We've followed that approach here. As a result, to date we've reviewed tens of thousands of documents and conducted hundreds of interviews.

As you know, many of those we've interviewed so far are employees of the 30 major league clubs.

I assure you, however, that we also have interviewed a large number of other witnesses, including many formerly associated with baseball. Quite a few of these persons have been extremely helpful. These persons love the game and want to do all they can to remove this cloud.

We will talk with many more, and we will seek to interview active players, a process we intend to begin soon.

I recognize that this investigation has been a burden for each of your clubs, and for everyone involved. I regret that. But I hope you recognize that it's inevitable, once the decision to conduct an investigation was made.

Since beginning our work, we have repeatedly taken action to minimize these burdens.

But an investigation by definition requires the review of relevant documents and the questioning of relevant witnesses. The only way to avoid these burdens is to do nothing.

The commissioner was not prepared to take that course, and he was right.

When I took on this responsibility I said that I would follow the evidence wherever it leads, and that in writing my report I will stick to the evidence and let the chips fall where they may. That's what I'm going to do.

I believe it will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation.

Many have asked when my report will be completed. The pace of this investigation is dictated by the rate at which information is received.

As I said when I spoke to you last year, that depends on you, and on others from whom I'm seeking information. I don't have subpoena power. Unlike the Congress, or other federal and state authorities, I cannot compel cooperation. They can, and if they get involved they will.

I've served in the Senate and as a federal and a state prosecutor, and I can tell you from personal experience: If they get involved, they almost certainly will use their subpoena power and everyone will be forced to cooperate.

Of course, I cannot predict what the Congress, or other federal or state authorities, or anyone else, will do.

But based on a review of recent history, and on many discussions I've had over the past several months, I believe that a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone who is or has been involved with baseball.

And if that happens, for everyone involved, the burdens, the risks, the time involved and the resources required will be much greater than they are now.

I don't expect my lack of subpoena power to significantly affect the outcome of this investigation. In the end, I believe we're going to get enough information to be able to issue a comprehensive and credible report.

But it does affect the length of the investigation.

You've read my recent statement that cooperation with our requests for information has been good from some, less good from others.

I recognize that many clubs are not accustomed to large-scale document discovery, so for them this is a new and time-consuming process. And there are serious and credible legal issues which can be and must be resolved.

We're working hard to resolve them.

The commissioner's office has done everything humanly possible to minimize any risks and to protect the clubs, as well as to reduce the burden on the clubs.

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I ask you to work with me, in an effort to achieve what I hope is our common goal: a thorough, fair, objective and credible report that is published as soon as possible.

I can tell you that no one wants to finish this more than me. We are proceeding diligently and you have my firm commitment that we will conclude as soon as possible.

Thank you for the effort that you and your organizations have put into this matter, and thank you for having me here today.

I'll be happy to answer your questions, although I hope you'll understand that at this stage I'm not able to discuss the specifics of any of the evidence we've gathered.

Source: Major League Baseball

Baseball Owners Get Warning On Steroids (WP/AP)

By Andrew Bagnato, The Associated Press

The Washington Post, January 19, 2007

PHOENIX -- Baseball owners heard a clear warning from former Senate Majority Leader George Mitchell on Thursday. Mitchell, who is investigating steroid use in the sport, said the chances of government involvement will "significantly increase" if they don't cooperate with him.

Speaking to owners on the final day of baseball's quarterly meetings, Mitchell said he intends to interview active players and raised the possibility that Congress or other government authorities could compel testimony.

"I believe it will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation," Mitchell said in remarks that were released to reporters.

Mitchell cited last week's Hall of Fame vote to underscore the importance of his investigation. Mark McGwire was picked on 23.5 percent of ballots _ far below the necessary 75 percent needed for induction. The vote was viewed by many as the first referendum on how history will judge an age when bulked-up players came under suspicion of using performance-enhancing drugs. Baseball didn't ban steroids until after the 2002 season.

"If nothing else, the results of the Hall of Fame voting last week, and the reaction to it, offer fresh evidence that this issue will not just fade away," Mitchell said. "Whether you think it fair or not, whether you think it justified or not, Major League Baseball has a cloud over its head, and that cloud will not just go away."

Mitchell cannot compel testimony. He warned the clubs that Congress or other federal or state authorities which do have subpoena power could get involved.

"I believe that a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone else who is or has been involved with baseball," Mitchell said.

The House Oversight and Government Reform Committee held a series of hearings on steroids and pro sports in 2005 and 2006.

"The use of steroids in professional sports continues to be an issue the committee is interested in, and we are looking forward to learning more about the progress Senator Mitchell has made in his investigation," said Rep. Henry A. Waxman, the California Democrat who chairs the committee.

Keith Ausbrook, Republican general counsel for the committee, said he's almost certain Mitchell has not been in contact with the panel recently about this issue.

"We've certainly been very interested in his investigation and what the results are going to be," Ausbrook said. "If he's not getting anywhere, we'll certainly consider whether to re-engage in it."

The players' association declined comment, spokesman Greg Bouris said.

Mitchell did not speak to reporters after addressing owners. He was hired by commissioner Bud Selig last March following more than a year of allegations against Barry Bonds, McGwire and other stars. No timetable was set for Mitchell's report.

Bonds is under investigation by a federal grand jury as to whether he perjured himself when he testified in 2003 in the BALCO steroid distribution case that he hadn't knowingly taken any performance-enhancing drugs.

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The San Francisco Giants are negotiating a contract with Bonds, who needs 22 home runs to surpass Hank Aaron's mark of 755. Speaking to reporters at a golf tournament in the Dominican Republic this week, Bonds declined to discuss ongoing negotiations with the Giants, or his reported positive test for amphetamines last year. Giants owner Peter Magowan declined to answer questions about Bonds.

Selig also spoke to the owners about Mitchell's investigation. Asked if he had urged the clubs to cooperate with Mitchell, Selig said, "Urge is probably not strong enough."

"Look, some clubs have been more cooperative than others, but at this stage, I'm not concerned about that," Selig said. "He will have cooperation."

Selig would not say which clubs are lagging in their cooperation. Mitchell acknowledged that teams aren't used to dealing with "large-scale document discovery," which can be time-consuming. But he said his investigation would move faster if clubs cooperated more quickly.

"Many have asked when my report will be completed," he said. "The pace of this investigation is dictated by the rate at which information is received."

Houston owner Drayton McLane said the owners weren't surprised by Mitchell's remarks.

"It's a process that's very complicated, and it's just going to take time to complete," McLane said. "The steroids issues continue to emerge, and the public wants to know. For some reason they want to know more about baseball on steroids than they do football or basketball. So it's certainly focused on this."

During the meeting, Selig also spoke about the free-agent market and singled out the Chicago Cubs and San Francisco Giants, among others, for their spending, one official at the meeting said, speaking on condition of anonymity because the remarks during the session were not intended to be made public. Selig also mentioned the Toronto Blue Jays, the official said.

Selig wouldn't specify what he said to owners about the game's economics.

"We discussed some things, but we do that at every meeting," Selig said.

Tough Talk On Steroids In Baseball (AR)

By Joseph A. Reaves, The Arizona Republic

The Arizona Republic, January 19, 2007

Commissioner orders owners to aid inquiry

Commissioner Bud Selig wrapped up two days of meetings with baseball's owners in Phoenix on Thursday with a fiery call for reluctant clubs to begin cooperating with former Senate Majority Leader George Mitchell's nearly yearlong investigation into steroid use in the game.

"The commissioner was very forceful," Houston Astros owner Drayton McLane said with a grin after the final session of the meetings at the Ritz-Carlton in the Camelback Esplanade. "He knew what he needs, and he can be pretty forceful."

Selig's remarks came behind closed doors shortly after Mitchell briefed owners on the status of his slow-moving investigation.

Mitchell told the owners that he and his staff already had reviewed "tens of thousands of documents and conducted hundreds of interviews." But he said the investigation was dragging because "cooperation with our requests for information has been good from some, less good from others."

Mitchell said that if owners don't cooperate, there is a significant chance Congress will step back into the steroid issue.

"I recognize that many clubs are not accustomed to large-scale document discovery, so for them, this is a new and time-consuming process," Mitchell told the owners in remarks released to the media. "And there are serious and credible legal issues which can be and must be resolved.

"I ask you to work with me in an effort to achieve what I hope is our common goal: a thorough, fair, objective and credible report that is published as soon as possible."

Privacy a concern

National concern about the steroid issue rose after the 2006 release of the well-documented book Game of Shadows, which alleged steroid use by several players. Selig then invited and gave free rein to Mitchell to investigate drugs in baseball.

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Several owners have balked at Mitchell's request for detailed records from their trainers and team medical personnel, citing privacy rights.

"If there was a reliable way to redact the documents and satisfy the requests, then I'd be happy to do that," one club's representative to the meetings said. "But, so far, we haven't been able to do that."

One other objection, he said, was that Mitchell is intent on naming names in his report, "so what we'll end up with is a few guys getting caught and who knows how many others going unnamed."

The players union has refused to cooperate with Mitchell's efforts, also citing privacy reasons, and urged any member contacted by investigators to consult not one, but two lawyers: a private attorney and one from the union.

In his published remarks, Mitchell said his investigators plan "to begin soon" seeking to "interview active players."

Congress could act

Mitchell did not speak to reporters after his private briefing but warned in his remarks that unless owners are more cooperative, they run the risk of Congress intervening to subpoena witnesses. As a private investigator, Mitchell does not have subpoena power.

"Unlike the Congress, or other federal and state authorities, I cannot compel cooperation," he said. "(But) they can, and if they get involved, they will.

"I believe a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone else who is or has been involved with baseball."

A lawyer for the House Oversight and Government Reform Committee, which held hearings on steroids and professional sports in 2005 and 2006, told the Associated Press he was almost certain Mitchell had not contacted the panel about possible subpoenas.

But the attorney, Keith Ausbrook, said lawmakers are closely following the investigation.

"If he's not getting anywhere, we'll certainly consider where to re-engage in it," Ausbrook told the wire service in Washington.

The players union refused comment on Mitchell's remarks.

No timeline for report

Selig met with a small group of reporters after the meetings broke up and said he is comfortable with the pace of the investigation.

"Look, some clubs have been more cooperating than others," Selig said, not naming names. "But at this stage, I'm not concerned about that. We will have cooperation."

Asked if he urged teams to cooperate when he spoke after Mitchell's briefing, the commissioner turned uncharacteristically steely-eyed and said, "Urged is not strong enough."

"He was pretty firm," one team representative acknowledged. "I wouldn't call it a dressing down, by any means, but he was certainly firm."

Mitchell told the owners that when he agreed to head the investigation, he "would follow the evidence wherever it leads, and that in writing my report, I will stick to the evidence and let the chips fall where they may. That's what I am going to do."

Neither Mitchell nor the commissioner gave any indication how far off that report might be. But neither gave any indication it would be anytime soon.

"I've always believed it's better to get things done right than to get them done fast," Selig said.

"In this case, there's no timeline because there's no history for this. The senator has a very able group of people working with him and for him. And he'll get it done as fast as he can."

Reach the reporter at joseph.reaves@arizonarepublic.com or (602) 444-8125.

Owners' Aid Sought In Steroids Inquiry (BSUN)

By Jeff Barker, Sun Reporter

The Baltimore Sun, January 19, 2007

Mitchell urges 'full cooperation'

Former Sen. George Mitchell urged baseball owners today to cooperate with his investigation into players' steroid use, saying Congress might force witnesses to testify later if they don't do so voluntarily now.

"I believe it will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation," Mitchell said in prepared remarks he made to owners in Phoenix and that Major League Baseball posted on its Web site.

Congress has what Mitchell lacks -- the power to issue subpoenas if players balk at appearing, as some did when the House Government Reform Committee held a steroids hearing in March 2005.

At that hearing, former slugger Mark McGwire damaged his reputation by declining to answer questions about whether he used steroids or other performance-enhancing drugs during his career. Then-Oriole Rafael Palmeiro, who tested positive for steroids in August 2005, famously shook his finger at the same hearing and denied using the drugs.

In today's remarks, Mitchell suggested that baseball, which unsuccessfully challenged the committee's subpoena power in 2005, would be wise to avoid tangling with Congress again. If a governmental entity gets involved, Mitchell warned, "the burdens, the risks, the time involved and the resources required will be much greater than they are now."

The committee that held the McGwire-Palmeiro hearing appears at least as concerned about baseball issues today as it was in 2005, perhaps more so.

With the recent Democratic takeover of the House, the panel has changed its name to the Committee on Oversight and Government Reform and is chaired by Rep. Henry Waxman, a Californian who initiated the 2005 hearing by writing a letter to then-chairman Tom Davis, a Virginia Republican.

In a statement today, Waxman said: "The use of steroids in professional sports continues to be an issue the committee is interested in, and we're looking forward to learning more about the progress Senator Mitchell has made in his investigation."

Mitchell made his plea to the owners as he prepares to interview active players, a task that could meet with resistance.

The former Maine Democratic senator began his probe nine months ago after commissioner Bud Selig said: "When it comes to the integrity of this game, an impartial, thorough review is called for and baseball must confront its problems head on."

Mitchell said today that baseball "still has a cloud" over its head.

"If nothing else, the results of the Hall of Fame voting last week, and the reaction to it, offer fresh evidence that this issue will not just fade away," Mitchell said, apparently referring to voters shunning McGwire.

The steroids issue is particularly sensitive for baseball because San Francisco Giants slugger Barry Bonds, alleged in a book by two San Francisco Chronicle reporters to have used the drugs, needs just 22 home runs to eclipse Hank Aaron's all-time mark.

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Congress May Probe Baseball Steroids, Mitchell Says (Update1) (BLOOM)

By Danielle Sessa

Bloomberg, January 19, 2007

Jan. 18 (Bloomberg) -- Former Senator George Mitchell told Major League Baseball owners that the U.S. Congress might get involved with a steroids investigation if teams don't cooperate with his own probe.

Mitchell, appointed by baseball Commissioner Bud Selig in March to investigate steroid use, said the federal government would use subpoena power he lacks to force them to talk.

``I believe that a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone who is or has been involved with baseball," Mitchell said in a statement at the owners' meetings in Arizona.

Selig asked Mitchell to examine past use of performance- enhancing drugs in baseball after a book raised new allegations about Barry Bonds using steroids and other muscle builders, which Bonds has denied. Mitchell said last month his probe would take longer than he expected because of a lack of cooperation from people he didn't identify.

Selig said he asked Mitchell to address the owners at their quarterly meetings today in Phoenix, and encouraged the clubs to work with the Democrat from Maine, a former Senate majority leader.

``Urge is probably not strong enough" of a word to describe what he told the owners, Selig said in a session with reporters after the meeting. ``Some clubs have been more cooperative than others, but at this stage I am not concerned about that. He will have cooperation."

Mitchell said he's conducted hundreds of interviews during his 10-month investigation and soon will try to talk with active players.

Legal Help

Players union spokesman Greg Bouris declined comment. Union chief Don Fehr instructed players in June not to talk to Mitchell without legal representation.

Baseball and its union strengthened the drug policy twice in 2005 under pressure from Congress, which threatened to pass legislation mandating testing and penalties in major professional sports.

Mike Reynard, a spokesman for Senator Jim Bunning, a Kentucky Republican and Hall of Fame pitcher who sponsored the bill, declined to comment on Mitchell's remarks. A spokesman for Representative Henry Waxman, a California Democrat who led a steroids inquiry in 2005, didn't immediately respond to an e- mails seeking comment.

``We have cooperated and hopefully everybody else will," Chicago White Sox owner Jerry Reinsdorf said.

Mitchell pointed to results of the last week's Hall of Fame voting as an indication that the steroid cloud over baseball won't fade away. Mark McGwire, whose 583 career home runs are tainted by steroid suspicions, received 23.5 percent of the vote, less than a third of what's needed for induction.

A lack of cooperation would further extend the length of the investigation, Mitchell said.

``It will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation," Mitchell said.

Drug Ring Leader Gets Life Sentence (CINE)

By Dan Horn, Dhorn@enquirer.com

The Cincinnati Enquirer, January 19, 2007

Clarence “The General” Remble left Los Angeles for Ohio several years ago to run a drug trafficking network.

He’ll spend the rest of his life in prison instead.

A federal judge imposed the life sentence Thursday after prosecutors described him as the ringleader of a gang that operated in Middletown, Zanesville and other southern Ohio communities. A jury convicted Remble in July of conspiracy to distribute narcotics.

Rather than target Cincinnati or larger cities, prosecutors say, Remble and other gang members tried to build up their drug network in smaller towns.

They recruited a few fellow gang members from California and Louisiana, but most of the 20 people charged in the case were from Ohio.

“We believe what this group was trying to do was establish a stronghold in smaller communities,” said FBI spokesman Michael Brooks. “They were set up to pretty much control narcotics trafficking in those areas.”

The FBI investigated the case with police and sheriff’s departments in Middletown, Butler County, Coshocton, Muskingum County, the Ohio State Highway Patrol and the U.S. Postal Inspection Service.

“The distribution network headed by Clarence Remble has been completely disrupted,” Brooks said.

Nineteen others have been convicted of drug charges and all but two have now been sentenced. Because federal drug laws are tougher than most state laws, many of those sentences were for 10 years or more. Remble is the only one to receive a life sentence.

Brooks said the Dodge City Crips are an offshoot of the Crips street gang.

He said the southern Ohio operation supplied, distributed and manufactured crack cocaine and methamphetamine.

The FBI arrested Remble in July 2005 after tracking a shipment of 44 pounds of cocaine from California to southern Ohio, prosecutors say.

Druglord Sentenced To Life In Prison (MIDJOUR)

By Dave Greber, Staff Writer

Middletown (OH) Journal, January 19, 2007

CINCINNATI — The leader of a street gang charged in a major drug ring that stretched from Middletown to Los Angeles will spend the rest of his life in prison.

Clarence Remble, 37, of Long Beach, Calif., was found guilty on charges of manufacturing and distributing a controlled substance and conspiracy in U.S. District Court in Cincinnati for his leadership role in the Dodge City Crips, who moved drugs from Ohio to California.

Remble is one of 20 people who have been arrested and charged in a major drug bust that was coordinated by the FBI, Middletown Division of Police and several other law enforcement agencies.

The joint federal, state and local investigation in Middletown began in January 2005, spearheaded by the local department.

To date, 18 of the 20 individuals involved in the drug ring have been convicted. Ten local residents were charged with conspiracy to possess with intent to distribute methamphetamine, crack cocaine and marijuana and other crimes in connection with the investigation.

WeHo Demonstrators Protest Pot Raids (LAT)

By Tami Abdollah, Times Staff Writer

The Los Angeles Times, January 19, 2007

About 100 people demonstrated outside West Hollywood City Hall this morning, protesting a series of federal raids that shut 11 outlets for medical marijuana in the county.

According to William Dolphin, a spokesman for Americans for Safe Access, the demonstration began about 8:30 a.m. and lasted for some 30 minutes.

Federal agents Wednesday raided the 11 medical marijuana outlets in Los Angeles County, seizing several thousand pounds of processed drug, hundreds of marijuana plants, an array of guns and bagfuls of cash.

The simultaneous raids, part of an investigation by the U.S. Drug Enforcement Administration, were the largest such operation in the county in recent memory. Five dispensaries in West Hollywood were raided with the other six in Venice, Hollywood, Sherman Oaks and Woodland Hills.

The action by federal agents angered some local officials and was taken despite a state law permitting possession and cultivation of marijuana for qualified medical patients.

Officials said that more than 20 people were detained for questioning but no charges have been filed. Authorities would not release information about any other people possibly detained at the dispensaries.

Sarah Pullen, spokeswoman for the DEA's Los Angeles field division, said agents seized large quantities of marijuana-laced edibles that included "anything from ice cream bars to lollipops to cookies to candies and candy bars."

In West Hollywood, agents in bulletproof vests, sunglasses, gloves and face masks piled out of the stores — four of which were on Santa Monica Boulevard — with boxes and black trash bags full of seized evidence while protesters booed and shouted, "State's rights!" and "DEA go away!" among other slogans.

At the Farmacy, agents loaded three cars with bags as amateur documentary filmmakers and medical marijuana users pushed against police tape. The raid and protest clogged traffic, and motorists honked their horns to show support for the demonstrators.

In all, Pullen said, agents seized more than 100 boxes of evidence and continued their work past 10 p.m.

West Hollywood officials said they were taken by surprise, only learning of the raids as they occurred. West Hollywood has a "long-standing commitment" to the use of medical marijuana for people with such catastrophic illnesses as HIV and AIDS, city spokeswoman Helen Goss said.

"We've been fighting to support the access of medicinal marijuana for many, many years and there's just a great disconnect between the federal government and communities like West Hollywood," Councilman Jeffrey Prang said. "Medicinal marijuana provides comfort and relief to people who are seriously ill and seemingly they view those people as drug addicts who belong in jail as opposed to people who deserve compassion and assistance."

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The West Hollywood sheriff's station was notified of the impending raids about 1:30 p.m., one hour before they began, Los Angeles County Sheriff's Lt. David Smith said. Deputies moved in to help control about 50 protesters who gathered in the 7800 block of Santa Monica Boulevard near three of the stores.

California voters approved Proposition 215, the Compassionate Use Act, in 1996, which made marijuana available by prescription for medicinal uses. SB 420, which took effect in 2004, clarified Proposition 215, and taken together legalized possession and cultivation of marijuana for qualified medical patients.

According to Pullen, neighboring businesses and residents had complained about a significant number of the dispensaries, and there had been increased reports of crime in the areas around the outlets.

"Anyone in possession, selling or distributing marijuana is in violation of federal law and subject to prosecution," she said.

"There are hundreds of thousands of patients in California who need safe and reliable access to a medication that their doctors recommend they use and these raids are an example of the federal government going out of its way to interfere with the lives of patients," countered Steph Sherer, founder of Americans for Safe Access, a national advocacy group for medical marijuana use, based in Oakland.

"I think if California has a problem with our law, that our courts and our law enforcement should handle it," she said. "We have no need for the federal government to come and interfere."

The raids came on the heels of separate actions taken Tuesday by the West Hollywood City Council and the Los Angeles Police Commission.

The council Tuesday unanimously approved an ordinance establishing permanent regulations on medicinal marijuana dispensaries, capping the number in the city at four.

The Police Commission, meanwhile, voted to support a moratorium on new marijuana dispensaries in Los Angeles and for tougher regulations of existing enterprises. Los Angeles Police Chief William J. Bratton pledged to work with federal authorities to prosecute businesses found to be violating the law.

Richard Eastman, a pro-medical marijuana activist who said he was diagnosed with AIDS in 1995, said he was horrified by the raids. Some of the pills he takes to fight his illness, Eastman said, "take away my appetite, but the marijuana keeps me eating."

As a result of the raids, Eastman estimated that perhaps 2,000 people who ordinarily would buy marijuana for medical purposes "won't be able to get their medicine tomorrow. And it's not like they can go to Sav-On or Thrifty."

The owner of one of the raided dispensaries said Wednesday that she was saddened that people will not be able to have the freedom of choice to use medical marijuana.

"We abide by state and local ordinances, and state laws, in providing a service to patients because they have the legal right by state Legislature to be able to make the choice of having medical marijuana as their choice of therapy," the dispensary owner said, speaking on condition of anonymity.

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Times staff writer Stuart Silverstein contributed to this report.

DEA Raids 11 Pot Clubs (LADN)

By Rachel Uranga, Staff Writer

Los Angeles Daily News, January 19, 2007

Police chief says dispensaries prey on teenagers

The Drug Enforcement Administration raided 11 medical marijuana dispensaries across Los Angeles on Wednesday, including five in the San Fernando Valley.

The raids came a day after Los Angeles Police Chief William Bratton denounced the storefront medicinal clinics as crime magnets that have begun to prey on teenagers - including passing out fliers at Grant High School in Van Nuys this past summer - and called for a moratorium on the facilities.

"(These) enforcement operations send a message to these drug traffickers," said Sarah Pullen, a DEA special agent. "The DEA will continue to conduct these enforcement operations and keep our community safe by enforcing federal drug laws."

Under a 1996 state ballot measure, the clinics can distribute doctor-prescribed marijuana to relieve anything from anxiety to nausea to acute pain. But federal officials consider all marijuana use illegal.

The number of clinics has exploded from five in 2005 to 143 by the end of last year. Bratton said many of the clinics are lucrative operations aimed at recreational users.

Bratton and Councilman Dennis Zine have backed rules banning dispensaries within 1,000 feet of any school, day-care facility, church or other house of worship.

While several medical marijuana activists support some regulation, they say the federal raids unfairly harm patients.

"It's disgusting in this day and age, when cities and counties are moving to regulate medical marijuana, that the federal government would still be busting people," said Don Duncan, Southern California coordinator for the Americans for Safe Access, a national medical marijuana advocacy group.

This week, the Los Angeles Police Commission released a report that found about half of all the city's marijuana clubs were in the Valley. The report found increased robberies and aggravated assaults around clubs near Van Nuys and more citizen complaints.

Wednesday's Pot Raids Prompt Protest In WeHo (CBS2)

CBS 2, January 19, 2007

(CBS) WEST HOLLYWOOD, Calif. A demonstration outside West Hollywood City Hall Thursday protested federal raids on 11 medical marijuana dispensaries in Los Angeles County.

Federal authorities do not recognize the California law that allows patients with a doctor's prescription to have marijuana, an ordinance approved by voters in 1996 as Proposition 215.

William Dolphin, a spokesman for the Oakland-based pro-medical marijuana group Americans for Safe Access, said the gathering was an "angry and concerned protest."

"Whenever we see these kinds of coordinated and simultaneous raids ... clearly the idea is to intimidate and frighten," Dolphin said.

In West Hollywood, marijuana outlets were raided at 7828, 7825, 7901 and 8464 Santa Monica Blvd., and at 8921 Sunset Blvd. During Wednesday's raids, about 50 protesters shadowed DEA agents, who wore body armor, helmets and face masks as they carted away evidence.

Six other stores were raided, including four in the San Fernando Valley, one in Hollywood and one in Venice, said Sarah Pullen of the DEA.

Pullen said that about 20 people were detained. She did not have immediate numbers regarding possible arrests or how much marijuana was seized.

Los Angeles County has an estimated 200 marijuana outlets.

The Los Angeles Police Commission voted Tuesday to support a moratorium on new marijuana outlets, and police Chief William Bratton pledged to work with federal authorities to close the dispensaries.

Ralph Partridge, who heads the Drug Enforcement Administration office in Los Angeles, said the raids showed that the storefront operations are "nothing more than drug trafficking organizations bringing criminal activities to our neighborhoods and drugs near our children and schools."

The West Hollywood City Council voted Tuesday night to strengthen restrictions on marijuana outlets, but some council members have sympathized with those who contend they need pot as medicine.

"The city of West Hollywood has had a long-standing commitment to the compassionate use of medical marijuana for those persons who are facing catastrophic illnesses," City Manager Paul Arevalo said.

Activists Rally As Feds Raid Medical Marijuana Clinics (NBC4)

NBC4.TV, January 19, 2007

LOS ANGELES -- About 100 people demonstrated outside West Hollywood City Hall Thursday to protest Wednesday's federal raids on 11 medical marijuana dispensaries in Los Angeles County, organizers said.

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Federal authorities do not recognize the California law -- approved by voters in 1996 as Proposition 215 -- that allows patients with a doctor's prescription to have marijuana.

William Dolphin, a spokesman for the Oakland-based pro-medical marijuana group Americans for Safe Access, said the gathering was an "angry and concerned protest."

"Whenever we see these kinds of coordinated and simultaneous raids ... clearly the idea is to intimidate and frighten," Dolphin said.

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DEA Raids Medical Marijuana Centers (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 19, 2007

Federal agents in California and Washington state have raided several medical marijuana distribution centers, seizing thousands of pounds of the drug, marijuana-laced edibles, weapons and cash. There were no arrests.

U.S. Drug Enforcement Administration (DEA) Special Agent in Charge Ralph W. Partridge, who heads the agency's Los Angeles field office, said his agents served 11 federal search warrants yesterday at marijuana distribution centers located throughout Los Angeles County, including five locations in West Hollywood, four in the San Fernando Valley, as well as locations in Hollywood and Venice.

"Today's enforcement operations show that these establishments are nothing more than drug-trafficking organizations bringing criminal activities to our neighborhoods and drugs near our children and schools," Mr. Partridge said.

He described the investigation as ongoing, adding that "leads are being actively pursued and developed."

In California, according to the DEA, there is no state regulation or standard of the cultivation or distribution of medical marijuana. The state leaves the establishment of any guidelines to local jurisdictions, which can vary widely.

The DEA and its local and state counterparts routinely have said that large-scale drug traffickers hide behind and invoke California's Proposition 215, even when there is no evidence of any medical claim. Prop. 215 created an exemption from criminal penalties for medical use of marijuana. But it does not legalize marijuana; it only changes how medical patients and their "primary caregivers" will be treated by the state's court system.

The DEA said high-level traffickers often pose as caregivers and are able to sell illegal drugs with impunity.

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Drug-enforcement agents also raided the Everett, Wash., headquarters of an advocacy group for medical marijuana patients, confiscating what police documents said were more than 1,000 marijuana plants and computers whose owners said contain personal information on 200 people authorized to use the drug for medicinal purposes.

Detective Roy Alloway, assigned to the federally funded West Sound Narcotics Enforcement Team, discounted assertions by spokesmen for the group that the center was designed as a source for medicinal marijuana only. He told the Associated Press the site was a drug-dealing enterprise, adding that it was "absurd" to think that the number of plants there would be covered by a medicinal marijuana medical authorization.

Washington law allows possession of marijuana in doctor-approved cases but makes no provision for obtaining it.

Agents Raid Medical Marijuana Advocacy Office (SEAPI)

By Casey Mcnerthney And Claudia Rowe, P-I REPORTERS

Seattle Post-Intelligencer, January 19, 2007

Plants, computers and cash seized in Everett

Drug enforcement agents raided the Everett headquarters of an advocacy group for medical marijuana patients, confiscating what police documents say was more than 1,000 plants and computers that the owners say contain personal information of about 200 men and women authorized to use the drug for medicinal purposes.

So far, no one has been arrested or charged with a crime.

Fearful of potential repercussions and unsure of the officers' ultimate aim, patients in the CannaCare network of marijuana users have been "laying low," said one, terrified that they may be prosecuted for using a substance authorized by their physicians.

"Who knows what they're doing with our information?" said Steve Newman, who has multiple sclerosis and has been associated with CannaCare for two years. "It makes me concerned -- really, really concerned. But we're pretty helpless. Nobody can say much about it."

A detective assigned to the federally funded West Sound Narcotics Enforcement Team, which launched Friday's raid, scoffed at the notion that CannaCare -- run out of the home of medical marijuana advocate Steve Sarich -- was anything other than a drug-dealing enterprise.

Detective Roy Alloway said it was "absurd" to think that the number of plants Sarich was tending would be covered by his medical authorization.

"It's clear that Sarich is a guy that's selling drugs," said Alloway, who noted that state law allows no more than a 60-day supply of marijuana for medical use.

The amount found in Sarich's home, he said, was "not even close."

Long a thorn in the side of law enforcement for his vocal, thumb-in-the-eye advocacy style, Sarich, 56, insists that the government is merely harassing patients -- himself included -- who have a legitimate right to use the drug for managing pain due to multiple sclerosis, cancer and a host of other illnesses.

Washington voters approved the use of marijuana for certain medical conditions through a citizens initiative in 1998.

"Since they don't like medical marijuana, this is an attack on the people that support it," said Sarich, who insists he's no drug dealer. The nominal sums CannaCare collects go into supporting medical marijuana users, he said.

Only a few ounces of pot were found in the raid, and Sarich said the bulk of the seized crop was unrooted cuttings and starter plants. He also said the $1,020 drug agents seized in the raid was for his $1,103.56 Snohomish County PUD bill.

The raid's ultimate end remains unclear. Alloway said he referred the information to federal authorities because of the pot-growing operation's size.

Jeff Eig, spokesman for the Seattle division of the U.S. Drug Enforcement Administration, declined to comment.

Meanwhile, the Los Angeles Times reported on its Web site that the DEA said federal agents had raided 11 medical marijuana outlets in Los Angeles on Wednesday and seized several thousand pounds of marijuana, along with weapons and money.

Washington law allows possession of marijuana in doctor-approved cases but makes no provision for obtaining it, forcing patients who cannot grow enough to buy from others -- sometimes resorting to patronizing street-corner dealers.

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Sarich, however, has flouted the statute by announcing that CannaCare will provide pot plants to patients. He and an associate, John Worthington, whose Renton home was also raided last week, said the police action was politically motivated retaliation.

Sarich also believes that because the state has no list of registered medical marijuana patients, CannaCare was targeted because it has contact information for more than 1,200 users.

That incursion into patient privacy worries advocates at the American Civil Liberties Union at least as much as the bust itself.

Alison Chin Holcomb, director of the Washington ACLU's Marijuana Education Project, said Sarich might have forced the government into it.

"He certainly wasn't afraid of getting the attention of law enforcement," she said. "He put himself out there on the radar."

Worthington recently sent documents alleging drug-enforcement excesses by Alloway to the state House and Senate judiciary and health care committees. He sent another letter to the State Patrol, accusing the detective of tampering with evidence.

"They went after me because I'm an activist, and I've been terrorized out of growing," said Worthington, whose home contained six marijuana plants, according to a Kitsap County Sheriff's Office document. "I can't have my kids frisked like they're criminals. That was disgusting. I'm not Al Capone -- I'm a dad."

Alloway, who works for the Bremerton Police Department, denied the allegations of wrongdoing on Wednesday.

P-I reporter Casey McNerthney can be reached at 206-448-8220 or caseymcnerthney@seattlepi.com.

Local Drug Unit Raids Medical Marijuana Organization (KS)

Kitsap Sun, January 18, 2007

Drug detectives from the Kitsap-based West Sound Narcotics Enforcement Team seized about 1,500 marijuana plants from an Everett-based medicinal marijuana group Friday, in what will likely become a marquee case for the state's medical marijuana law.

The headquarters of Cannacare, whose mission is to be a "support group" for the state's medical marijuana users, was searched by the drug unit after WestNET detectives received a search warrant signed by a Kitsap County Superior Court Judge.

The seizure has angered Cannacare's members, who believe federal authorities are attempting to undermine the state's medical marijuana law, passed as an initiative by Washington voters in 1998.

"Rather than arresting the Director of CannaCare, Steve Sarich, and prosecuting him under the Washington State Medical Marijuana law as a patient, the Drug Enforcement Agency was called in to prosecute under federal law," said a blog entry under Cannacare's MySpace site.

Carlos Rodriguez, the sergeant in charge of WestNET, said issues concerning federal and state laws are irrelevant because what Sarich and CannaCare are suspected of doing is illegal.

Rodriguez said the Washington state law allows for a "60-day supply" and a maximum of 27 plants, if the plants are in different stages of life.

"But 1,500 plants for one person is ridiculous," Rodriguez said. "And you're not allowed (under the law) to sell it."

The case is being examined by the federal Drug Enforcement Administration. Charges against Sarich, who was not arrested in the raid, and other CannaCare members may be coming.

Computer registries with records of supposed medicinal marijuana patients were also seized, according to the search affidavit.

Agents Raid Medical Marijuana Grower (KING)

By Rob Piercy, KING 5 News

KING-TV, January 19, 2007

EVERETT, Wash. - Investigators raided members of a medical marijuana advocacy group called Canna Care, saying it was the home of a big-time drug dealer.

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But resident Steve Sarich said it's a home of compassion, where cannabis plants are sprouted and given to people who are sick so they can grow their own medical marijuana.

"A lot of them bed ridden or in wheelchairs," Sarich said. "They can't go down to University Avenue and buy a bag off the street."

When he's not tending plants at his "medicinal nursery," Sarich and a friend have also been investigating what they call "unlawful and terrorist raids" conducted by drug task force groups on medical marijuana users.

"If they don't grow, they don't have any medication," he said. "If they do grow, these local drug task forces come in and raid them and terrorize them."

A few days after submitting their investigation to state leaders, agents raided Steve's home Friday. They confiscated hundreds of seedlings, saying it was a major grow-and-sell operation.

Steve said he has a doctor's medical authorization for a 60-day supply.

"A plant this big, that's not in flower, is a zero-day supply of medication," he said. "Whether you have one of them or 5000 of them, it's still a zero day supply of medication."

He says the real reason for the raid was the investigation of task force groups like West Net, the one that raided his house.

"It's a ridiculous claim -- it suggests that I would have a vendetta against someone I don't know," said West Net detective Roy Alloway.

Manhattan: Heroin Ring Arrests (NYT)

The New York Times, January 19, 2007

Three people have been extradited and charged with participating in an international heroin-smuggling operation, federal prosecutors said yesterday. The three, Yaya Yahayai, 50; Henry Sichone, 42; and Andrew Sarpong, 33, are charged with involvement in a smuggling operation that bought heroin in Thailand and moved it through various routes to cities in the United States, including New York, said Michael J. Garcia, the United States attorney in Manhattan. Mr. Garcia said the ring recruited couriers who smuggled heroin by swallowing it or using false compartments in suitcases.

For Two Brothers, Colombia's War Is Family Affair (WSJ)

By Matt Moffett

The Wall Street Journal, January 19, 2007

BOGOTÁ, Colombia -- Roberto and Guillermo Sáenz were the youngest and middle of seven children born to conservative schoolteachers half a century ago. As a war between the army and Marxist guerrillas gathered force, Roberto recalls being sheltered by Guillermo and his other siblings in a childhood full of "studying, fútbol and fiestas."

Then when Roberto was entering the university and Guillermo was nearing graduation, Guillermo broke some news. " 'Man, I don't see any sense in all of this,' " Roberto recalls his brother saying. " 'I'm going.' " Guillermo fled into the jungle to join the largest leftist guerrilla group, the Revolutionary Armed Forces of Colombia, or FARC, eventually rising to the rank of "ideological leader" of the seven-member ruling secretariat. Today, he's one of the most wanted men in the Americas, with a price on his head of $2 million from the Colombian government and $5 million from the U.S.

Roberto pursued a political career, one that brought him to a quite different leadership position: He's the designated peacemaker for the government of this capital city. The municipal agency he heads, the Reconciliation Network, works in Bogotá's barrios promoting nonviolent solutions to social conflicts, holding candlelight vigils and petition drives, encouraging young people to express their opinions peaceably in graffiti art and rap music. "Our mission is showing that creative protest is more effective than picking up a gun," says Roberto, who is 50 years old.

Millions of Colombian families find themselves divided by the country's interminable conflict, but few are at such odds as the Sáenz brothers. While Roberto collects signatures to put a disarmament referendum on the ballot, Guillermo, 58, faces criminal charges from the Colombian government of blowing up pipelines and bombing villages. While Roberto manages a program to aid families of those kidnapped by the FARC, Guillermo is charged with masterminding abductions. While Roberto uses politics, sports and music to try keeping youths out of the orbit of violent drug traffickers, Guillermo faces a U.S. indictment alleging that he helped "set the FARC's cocaine [trafficking] policies" and arranged the murder of hundreds of people who got in

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his way. The indictment handed up in Washington last March accused 50 senior FARC guerrillas of shipping cocaine valued at more than $25 billion to the U.S. and other countries.

'Wrong Path'

Roberto says he tried -- without success -- to get Guillermo to renounce violence in their last meeting back in 1991, when FARC leaders left the jungle for peace talks with the government held in Caracas, Venezuela. "To my brother, I say, 'I hope you're in good health and don't have problems' " Roberto says. "But to the guerrilla, I say, 'Give up this war because it's the wrong path.' "

Though Roberto says he hasn't tried to contact Guillermo since their meeting 16 years ago, he has found that having a rebel comandante in the family is a hard thing for an antiviolence activist to live down. "Even though in Colombia nobody gets surprised by anything anymore," the newsweekly Semana said last year, Roberto's position "doesn't fail to attract attention." Roberto believes his phones are tapped by intelligence operatives hoping for some clue that could lead them to Guillermo, who is generally referred to by Colombians, including Roberto himself, by his nom de guerre, Alfonso Cano.

In revenge for abductions carried out by Guillermo, another Sáenz brother, José Ricardo, was kidnapped in 1996 by right-wing paramilitaries, which oppose the guerrillas and are involved in drug trafficking and other criminal activities. The kidnappers had intended to seize Roberto, he says, but he had already left Colombia for a diplomatic post in Europe after getting death threats. Hoping to win his brother's release, Guillermo, from hiding, issued a statement saying José Ricardo, a teacher, had no links to the FARC. "My intense fraternal pain is mingled with the pain of many Colombians wearied by similar or worse tragedies," Guillermo wrote. José Ricardo was freed after eight months in captivity.

The family drama doesn't seem to have shaken Guillermo's revolutionary fervor. In position papers and interviews with Colombian journalists over the years, he has maintained that violence is justified because of inequities that are built into Colombia's economic and political systems. "We guerrillas have been obliged to take up arms to find peace," Guillermo once wrote. "It's the great contradiction and a terrible truth."

Peacemaking Tradition

Roberto allows that while violence is one truth in Colombia, the country also has a peacemaking tradition that is often overlooked. He and Bogotá's leftist mayor, Luis Eduardo Garzón, set up the Reconciliation Network in 2005 to train people for making peace even as a military boot camp would train people for making war.

In classes the Reconciliation Network has started offering for community leaders, there are lessons about Colombia's pacifist Páez Indians, who once halted a firefight between guerrillas and rural police by walking into the no man's land carrying only ceremonial palm staffs. In addition, the Network encourages activities such as Golombiao -- a variation of soccer pioneered by other peace-promoting groups -- with a scorekeeping system that weighs teamwork and respect for opponents, as well as the number of goals put in the net. Teams must be coed and, for it to count, the first goal must be scored by a female player.

The Network also helps run a protest and public-information campaign to press conservative President Álvaro Uribe to swap FARC prisoners held by the government for hostages held by the guerrillas. Deyanira Ortiz, whose husband, an ex-legislator, was kidnapped by the FARC five years ago and is still missing, doesn't hold Roberto's brother against him. "Colombia is an odd place," Mrs. Ortiz says. "It's possible for a single family to produce a soldier, a priest and a guerrilla. We all appreciate Mr. Sáenz's support."

The Network's staff of 16 social workers, from philosophy graduates to ex-guerrillas who now renounce violence, work on projects in rough neighborhoods like Ciudad Bolívar. In 2005, paramilitary gangs murdered 150 Bolívar youths who violated their curfews and other directives. "Nice kids go to bed early," read the chilling paramilitary graffiti, "and those that don't, we'll put to bed."

The Network's man in the barrio, Jairo Vargas, worked with youths and community leaders on a campaign of marches, late-night parties held in defiance of curfews and painting sessions in which youths covered paramilitary graffiti with murals. The number of youth killings in Bolívar fell to just 40 last year.

Bolívar young people like 16-year-old Jhon Castro are enlisting in the nonviolent cause. About a year ago, Jhon's best friend was killed by paramilitaries. But rather than seeking vengeance, Jhon says he channeled his anger into a Network protest last September aimed at getting a local university to admit more poor youths, who otherwise might be drawn to armed gangs. The first couple of days no one noticed the demonstration involving scores of students. Then they brought in a rapper and a sound

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system. "It was still a nonviolent protest -- just much louder," Jhon says. In no time, the university dean came out to cut a deal expanding access to poor students.

Guillermo, however, continues to cast a shadow over Roberto's peacemaking efforts. With President Uribe escalating the offensive against the guerrillas, Roberto has to deal with refugees streaming to Bogotá from war-torn provinces like Tolima -- the very operating area of the Central Bloc of the FARC that Guillermo helps command.

Last month, the army announced that it had killed a guerrilla fighter who had been Guillermo's chief bodyguard and was on the trail of the comandante himself. Roberto says both his parents died resigned to the path Guillermo had taken, and Roberto himself holds out little hope for a late-life conversion. "He'll likely die fighting," says Roberto.

TAX:

Holed-Up Tax Protester, Wife Convicted (FINDLAW/AP)

By Philip Elliott, Associated Press Writer

AP, January 19, 2007

(AP) - CONCORD, N.H.-A man who has holed up with armed supporters in his cement-walled house for most of his tax evasion trial was found guilty Thursday, along with his wife, of failing to pay federal income taxes for a decade.

Ed Brown has said he will defend himself against capture if necessary.

U.S. Marshal Stephen Monier said Thursday that members of his staff continued talking by telephone with Brown and had no plans to confront him.

Ed Brown's wife, Elaine, a dentist who earned most of the couple's income, has been staying with a son in Massachusetts and attended the trial.

The Browns, of Plainfield, contend the law does not require them to pay federal income tax, while the government says the Browns owe more than $625,000. The Browns stopped paying income taxes in 1996 and stopped filing returns in 1998, a prosecutor said. They could each face decades in prison.

A jury decided they employed a scheme to hide their income and avoid taxes in part by using postal money orders in increments just below the reporting threshold to pay for their hilltop compound. Courts have routinely rejected similar attempts by other taxpayers.

Marshals now have to consider how to seize the Browns' assets. The jury was deliberating whether the Browns should lose their home.

"We've established a good line of communication, all of our conversations have been amicable and friendly, and that's how we expect they will continue," Monier said.

Ed Brown stopped attending court midway through the trial, which began Jan. 9. His wife remains out on bail pending the couple's April 24 sentencing; she has said she loves her husband, but that his way of handling the case is not hers.

A man who answered the telephone at the Browns' house Thursday afternoon said Ed Brown could not come to the phone, but had expected a guilty verdict.

"He's here at the house, and he's not leaving of his own free will," said the man, who identified himself only as Bernie.

Ed Brown, a retired exterminator, has said he stayed home to protest a system that had already convicted him.

"Most Americans would cower and cringe and raise their hands and surrender like a good little slave," he told reporters at his home this week.

"I won't. Under no circumstances. I do not tolerate cowardliness, oppression, bulliness, and I certainly don't tolerate a federal agency that has absolutely zero jurisdiction in my state, never mind in my county, in my town."

CONGRESS-ADMINISTRATION:

Bush To Focus On Broad Challenges Facing Country (USAT)

DOJ_NMG_0118708

By David Jackson

USA Today, January 19, 2007

WASHINGTON — When President Bush delivers his State of the Union address Tuesday, he'll be facing a new audience on an old issue: a Democratic majority in Congress that is strongly opposed to his new plan for the Iraq war.

Explaining the proposal to boost U.S. troop strength by 21,500 in Iraq is a major goal of Bush's speech, said White House press secretary Tony Snow, even as Democrats and some Republicans push forward a non-binding resolution against it.

"We understand it's going to be a skeptical audience," Snow said.

Unlike Bush's prime-time address on Iraq last week, Snow said, the State of the Union "has a large domestic component" that will be crafted to find common ground with the Democrats who control Congress. The agenda includes immigration, education and energy.

The speech will also focus less on a laundry list of specific proposals and promises, as many of these presidential addresses do, and instead focus on broader challenges facing the country.

"A lot of times these speeches, they just go on and on and you lose people," Snow said. "It's better to spend some time focusing on big issues so that people do get a sense of your engagement with them."

Linda Fowler, a government professor at Dartmouth College, said Bush's challenge won't be in convincing the lawmakers gathered in the House chamber Tuesday — it will be gaining public support for his plans on Iraq so he can move on to domestic issues. She said the "deeply unpopular war" in Iraq has sapped Bush's popularity and made it more difficult for him to maneuver politically.

"It really creates barriers for other activity," she said.

Presidents have delivered State of the Union speeches before in difficult times. President Reagan did in 1987, shortly after the Iran-contra scandal broke, and President Clinton did in 1999, in the middle of his impeachment trial. Reagan, however, used his address to talk about winning the Cold War with the Soviet Union, and Clinton enjoyed Gallup Poll approval ratings in 1999 in the high 60s. Bush's overall approval rating was at 34% in last weekend's USA TODAY/Gallup Poll.

Sherry Bebitch Jeffe, a senior scholar at the University of Southern California, said Bush needs to discuss issues beyond the war, if only "to show that Iraq is not all encompassing" and that he wants to work with Democrats.

"He can't pass any kind of agenda without reaching out to the majority," she said. "It's legacy time."

Snow did not elaborate on speech details Thursday, but indicated that among other issues the president would discuss global warming as he talks about alternative energy sources.

Bush is also expected to renew his call for a "comprehensive" immigration bill that includes a program for temporary, foreign "guest workers" and tighter border security. Rep. Tom Tancredo, R-Colo., and other Republicans object to guest-worker programs. They say the programs provide amnesty for illegal immigrants.

Extending and expanding the No Child Left Behind education law figures to be on the president's agenda, as well as proposals for health savings accounts that carry tax advantages.

Shorter State Of The Union Will Stress Common Ground (WT)

By Joseph Curl

The Washington Times, January 19, 2007

President Bush on Tuesday will deliver a stripped-down State of the Union address, leaving out the usual laundry list of policy initiatives, and emphasizing common ground with Democrats in a nod to the new political reality on Capitol Hill, the White House said yesterday.

"Some of the old State of the Union formulas have kind of run their course," spokesman Tony Snow said.

"Part of the calculation here is that a lot of times these speeches, they just go on and on and you lose people," Mr. Snow said. "It's better to spend some time focusing on big issues so that people do get a sense of your engagement with them, and there will be opportunities to pick up other topics in much greater detail later on."

The presentation, which will skip the old, hourlong formula in which "every department and every agency gets a line or a mention," was devised because, as Mr. Snow said with a smile, "we want people to watch."

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Another change will be the president's audience. For the first time, he will address a Democratic majority in the joint chamber. Behind him, right next to Vice President Dick Cheney, will be House Speaker Nancy Pelosi of California. This scenario has influenced the speech, which will seek to enunciate issues on which Republicans and Democrats can agree.

"In that sense, maybe it does reflect a little bit of the political reality," Mr. Snow said.

The spokesman said Mr. Bush will focus on a few broad themes, including the war on terrorism, energy, health care, immigration and education.

Mr. Snow said that although Mr. Bush will use some of his prime-time address to lay out the domestic agenda for his final two years in office, he also will devote a portion to defending his new Iraq strategy, which calls for sending more than 21,500 additional troops to the war-torn country.

"We've noted all along that the speech is not a one-time-only engagement with the American public. It's worth talking about," he said.

The president said in a television interview yesterday that he understands there is "skepticism" about his Iraq plan. But he added, "I believe it will work."

As for the Democrats, the White House said they should offer their own plan on Iraq if they oppose the president. Moreover, Mr. Snow said, the new majority should wait until Mr. Bush delivers his address on Tuesday.

"We understand that because of politics -- I mean, people are already prebutting his speech they haven't heard. And they're developing their responses to policies they haven't seen. So we understand how that works," he said.

Still, Mr. Bush plans to offer some olive branches to Democrats, and will seek to reach across party lines in search of consensus.

"The fact is that there are going to be a number of policies here that are going to be good politics because they're good policies. And they're going to offer opportunities for Democrats and Republicans to work together on areas where they do have a vested interest in making this a stronger and better country," Mr. Snow said.

Bush Tailors State Of The Union Speech (AP)

By Deb Riechmann

AP, January 19, 2007

President Bush's State of the Union speech next week will avoid the traditional laundry list of initiatives and focus on a few issues, such as energy and health care, where he might find common ground with the Democratic-controlled Congress.

Bush is considering ways to make health care affordable and seek the power to raise gas mileage standards for passenger cars, according to former administration and industry officials.

The approach to Tuesday night's speech, as outlined Thursday by White House press secretary Tony Snow, reflects the current political landscape: Voters in November ousted Republicans as the party in charge on Capitol Hill and Bush now faces skeptical majority Democrats rather than compliant GOP lawmakers.

The speech comes less than two weeks after Bush announced a big buildup of U.S. troops in Iraq. With Bush's low approval ratings, a narrowly tailored national address might keep the public from tuning out or reaching for the remote, White House officials reason.

"I just think some of the old State of the Union formulas have kind of run their course," Snow said.

The president plans to highlight the war in Iraq and the fight against terrorism as well as immigration and education, Snow said.

On the school front, for example, Bush is expected to urge that Congress renew the No Child Left Behind law, the signature domestic policy of his first term.

In last year's speech, Bush rebuked critics of his stay-the-course strategy in Iraq; at the time, more than 2,240 American troops had died. This year he will defend his plan for a war that now has claimed more than 3,000 U.S. lives.

Democrats have chosen Sen. Jim Webb of Virginia, a vocal critic of the war who has a son serving in Iraq, to give their party's response. Colorado Sen. Ken Salazar, who grew up in a Spanish-speaking household, will deliver the Democrats' first-ever Spanish-language preview address to the president's State of the Union.

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The costs of the war and the deficit probably will preclude Bush from announcing expensive new programs.

As he did last year, when he said America was "addicted to oil," Bush is expected to bemoan U.S. reliance on foreign sources of energy and express support for alternative fuels.

The president is expected to challenge Congress to fix Social Security's long-term solvency problem, preserve tax cuts, join him in balancing the budget within five years and work to make the costs of the war more transparent in the federal budget.

According to two auto industry officials, the president may seek the power to raise fuel economy standards for passenger cars. The two officials, who spoke only condition of anonymity because they did not want to pre-empt Bush's address, said it probably would be part of a plan to offer more incentives for increasing alternative fuels and accelerating the number of vehicles running on alternative fuel.

Bush asked Congress for the authority to change fuel economy standards for passenger cars last year; the measure failed in the House. The administration has opposed simply imposing tougher mileage requirements without changing the system because of safety concerns and interest in providing flexibility to struggling domestic automakers.

The administration released new fuel economy rules last year for sport utility vehicles, pickups and vans based on a vehicle's size. Automakers were supportive of the changes, developed after months of study. Environmentalists said it was insufficient because it required only nominal increases in the standards.

On health care, the president is expected to continue promoting health savings accounts, according to Roy Ramthun, a former economic adviser to the president.

Such accounts are available to people who buy insurance policies with high deductibles, meaning consumers are responsible for more of the initial costs when they see a doctor or a dentist. The insurance policies do not cost as much because of the high deductible, yet they do provide protection in the event of a major injury or illness.

Ramthun said Congress agreed with some of the president's request last year to raise the contribution limits for the accounts. Congress also agreed to let employers put more money into the accounts of low-wage workers, he said.

Bush last year urged higher contribution limits and proposed letting employers contribute extra amounts for chronically ill workers. Ramthun said he believes the president will repeat those calls this year.

A Reality-Based State Of The Union (column) (WP)

By Eugene Robinson

Washington Post, January 18, 2007

For those of you who can't wait until Tuesday's big speech, my fellow Americans, here's the real state of the union:

A president who reduces the near-infinite variety of humankind to "with us" or "against us" has mired the nation in a disastrous, unnecessary war. Comparisons to Vietnam are imprecise -- the American casualties in Iraq are lower, the geopolitical stakes are much higher and the damage to our nation's standing in the world has been incalculable.

Some believe that the president sees clearly the futility of his ill-advised war and that at this point he's just stalling so his successor will take the fall for an eventual American withdrawal. Those cynics are wrong; George W. Bush has demonstrated time and again that he values resolve over reason.

The us-or-them president is now assuming an elbows-out posture toward Iran that is disturbingly reminiscent of the run-up to war in Iraq -- denunciations, threats, a military buildup in the Persian Gulf. Haven't we seen this movie before?

Oh, and the president's tic of smiling at inappropriate moments -- such as when he's answering a question from Scott Pelley or Jim Lehrer about the human costs of the war -- has become a little scary.

Congress is effectively powerless to stop the president from escalating his futile war with a "surge" of 21,500 troops. But Republicans are joining the new Democratic majority in opposition to the war, and this growing, bipartisan consensus threatens to pit Capitol Hill against the White House in an increasingly bitter confrontation.

In other news, fellow citizens, scientists reported that 2006 was the warmest year on record for the United States. The first half of January 2007 was so balmy in the Northeast that crocuses bloomed. Only recently has the president begun to pay grudging lip service to global warming, while firmly resisting measures -- such as capping carbon emissions -- that might actually

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mitigate the pressure humans are putting on the climate system. I've begun to wonder how a row of palm trees would look in my back yard.

More than a year after the president pledged to rebuild New Orleans, the city is still a ghost of its former self. Neighborhoods remain devastated, residents still can't go home, businesses can't function without workers or customers, and now a brutal crime wave has filled the crippled city with fear. Had Bush fulfilled his promise with quick, comprehensive, effective federal assistance in the weeks after Hurricane Katrina -- a Marshall Plan for the Gulf Coast -- the city might be back on its feet. As things stand, it's not a question of when New Orleans will fully recover, but if.

Fellow Americans, you have come to see economic inequality as a major issue, especially those of you who live in parts of the country that have suffered from the effects of globalization. This phenomenon is poorly understood here in Washington, and your government has offered you no solutions. Candidates who find a way to talk about the widening gap between haves and have-nots are likely to do well in 2008.

The debate over the war drowned out one of the most significant events of the week in Washington: a joint news conference Tuesday by the Business Roundtable, AARP and the Service Employees International Union to call for health-care reform. The nation's biggest corporations, its most influential consumer group and its most aggressive labor union came together to demand that an unfair, expensive, inefficient system be fixed. Massachusetts and California have already begun to tackle the problem. Maybe someday the White House and Congress will get into the game.

The immigration issue continues to smolder and surely will flare up again. In education, No Child Left Behind hasn't begun to live up to its promises. Many Americans fear that their children's lives will not be as prosperous as their own.

But the state of the union is not all bad, my fellow Americans. When the president gives his speech, one of those two seats behind him will be occupied by a woman, Speaker of the House Nancy Pelosi -- a first, and an undeniable sign of progress. The two leading candidates for the Democratic presidential nomination are a woman and a black man -- more progress. The nation spoke clearly, and loudly, in the midterm elections, and now there's a counterbalance to the out-of-control White House.

Yes, Washington can be thickheaded and slow. You may have to repeat yourselves a few more times, fellow Americans, but eventually the message will get through.

House Dems Close The First '100 Hours' (AP)

By Jim Kuhnhenn

AP, January 19, 2007

The House wrapped up the Democrats' "100 Hours" legislative sprint Thursday with time to spare, voting to recoup billions of dollars in lost royalties from oil and gas companies and roll back industry tax breaks.

The energy bill capped a two-week drumbeat of votes on legislation that, while popular with voters last fall, awaits a sketchy fate in the Senate.

The House bill, approved 264-123, sets a conservation fee on oil and gas from the Gulf of Mexico, attempts to recoup royalties lost because of a government error in drilling leases in the late 1990s, and rolls back several oil industry tax breaks.

"In the November election, the American people signaled their wish for change — a wish for our country to go in a new direction," said House Speaker Nancy Pelosi, D-Calif. "Democrats promised that we would, and these past two weeks, we have delivered on our promise."

Democrats accomplished their early legislative goals in 87 hours, adopting new ethics rules and passing bills raising the minimum wage, expanding taxpayer financed research into embryonic stem cells, forcing more homeland security measures, directing the federal government to negotiate for cheaper Medicare prescription drugs and lowering interest rates on subsidized student loans.

Democrats pushed the legislation through swiftly, denying Republicans any opportunity to amend bills, and established themselves as the vanguard for the Democratic agenda. But internal friction within both parties, the potential for partisan gridlock in the Senate and confrontation with the White House over the war in Iraq signal less, not more, legislative production in the weeks ahead.

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In the Senate, Democrats and Republicans on Thursday struggled to untangle a partisan knot that threatened to sink ethics legislation. The episode illustrated how hampered Senate Democrats are to impose their will with their razor-thin majority.

The past two weeks also took the glow off the cooperative tone both parties set in the opening day of the new Congress. House Republicans complained bitterly about being denied amendments on the legislation, an echo of Democratic complaints during the 12 years of Republican dominance.

"We are short-circuiting democracy here, and I think my colleagues on both sides of the aisle understand it," said House Republican leader John Boehner, R-Ohio. "I'm here today to ask my colleagues on the other side of the aisle to live up to the promises that were made, to live up to the desire to be treated fairly."

Democrats were not sympathetic.

"We are working on an agenda that the minority would not or could not do, and we're fulfilling our promise to the American people," said Rep. Louise Slaughter, D-N.Y., chairman of the House Rules Committee. "And all the whining you can do, all of it you can produce will not deter us from it."

Still some Democrats were eager to move on to a more deliberative pace.

"One of the things that we were savagely critical of is the fact that the Republicans did not follow the regular order," said Rep. John Dingell, D-Mich. "Now it is time for us to get back and take ourselves seriously and proceed under the regular order."

For all its speed, the House legislation now enters the quicksands of the Senate, where Republicans already are displaying their ability to alter or slow down the Democratic agenda.

Senate Republicans, for instance, were trying to use the ethics legislation to extract a promise from Senate Democratic leader Harry Reid of Nevada that the Senate would get a vote on legislation to give the president authority to challenge individual spending items for elimination.

Republicans also insisted on attaching $8.3 billion in small business tax breaks to a Senate version of minimum wage legislation. The legislation was written jointly by Finance Committee Chairman Max Baucus, D-Mont., and the committee's ranking Republican, Charles Grassley. Reid has said he would support the tax breaks to pass the new wage floor. But House Democrats have objected, noting that tax legislation must originate in the House, with the tax-writing Ways and Means Committee.

Ways and Means Committee Chairman Charles Rangel, D-N.Y., said Senate Democrats were essentially telling the House that Congress would not raise the minimum wage if it did not contain tax breaks.

"How are you going to explain that?" he asked. "I don't know what Baucus and Reid are talking about."

Senate Republicans also planned to press for different legislation dealing with college tuition. The House bill would cut in half the interest rates paid by college graduates for their need-based, federally subsidized loans. Republicans have argued that students would be better helped by expanding federal tuition grants.

If passed by the Senate, the prescription drug bill and the stem cell research bills also face presidential vetoes. The House vote margins were not sufficient to override a veto.

But the prescription drug bill may not even reach the president in its current form. Baucus and other senators want to scale back the scope of the House bill, by targeting the drugs that the government would be permitted to bargain for prices.

If the partisan friction were not enough, both parties face internal conflicts as well.

Several House and Senate Republicans have objected to President Bush's troop boosting plan for Iraq. Two Republican senators — Chuck Hagel of Nebraska and Olympia Snowe of Maine — have singed on to a nonbinding resolution opposing the insertion of 21,500 new troops into the war.

Democrats are divided themselves, unable to agree on how to express their opposition to Bush. Some prefer a nonbonding resolution, while others in the House and Senate want more muscular legislation specifically limiting Bush's ability to act on his strategy.

In the House, Pelosi and some of her key committee chairmen were on a collision course over how to address global warming legislation. Pelosi wants to create a special committee to recommend legislation, at least duplicating work by committees that have jurisdiction on climate change issues.

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After 42 Hours (or So), House Democrats Complete 100-Hour Push (NYT)

By Carl Hulse

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — House Democrats met the goals of their 100-hour legislative offensive with plenty of time to spare on Thursday, claiming that their successes proved they could govern.

Republicans derided the hurry-up nature of the effort as a bit of one-sided political showmanship that undercut the Democrats' pledge that the new Congress would be more bipartisan.

But the easy approval of the half-dozen measures in the 100-hour agenda — dealing with the minimum wage, embryonic stem cell research, health care, national security, education and energy — was celebrated by the new majority as a validation of the blitz, an idea born on the campaign trail that blossomed into a central House Democratic theme.

"It was a way to say that this Congress will no longer be a place where optimism and good ideas come to die," said Speaker Nancy Pelosi of California, who devised the approach as what Democrats deemed a counterpoint to 12 years of Republican control.

Ms. Pelosi also established another benchmark on Thursday, announcing that she had asked Democratic lawmakers who serve as committee chairmen to draw up a series of energy bills "so that by the Fourth of July we can have a package of legislation to truly declare our energy independence."

Some Republicans predicted that only one or two of the 100-hour bills would eventually become law in a form close to that approved by the House. And they heaped criticism on Democrats for not giving them any chance to offer their own proposals.

"We are short-circuiting democracy here, and I think my colleagues on both sides of the aisle understand this," Representative John A. Boehner of Ohio, the minority leader, said Thursday on the floor as the Democrats pushed through the last bill, rolling back some subsidies for the oil industry.

Republicans and some Democrats said the 100-hour drive had been somewhat overshadowed by the debate over the war in Iraq and President Bush's proposed troop buildup there.

"As long as George Bush is in the White House, putting more troops in Iraq, that is all that matters to voters," said Representative Tom Davis, Republican of Virginia. (Mr. Davis said he was still assessing his position on the president's decision to send more than 20,000 additional troops in an effort to quell sectarian violence.)

The ability of House Democrats to pass their bills within the prescribed time was never in doubt, given the majority's ability to control the schedule and the leadership's decision to be very selective in how it counted the time. When the Democratic clock stopped, only 42 hours 25 minutes of time actually spent on the bills had expired, and Democrats said they could have easily handled the legislation more quickly.

The Associated Press, which counted all the time the House was in session, clocked the 100-hour effort at 87 hours.

While the whole enterprise drew ridicule from Republicans, the Democratic response was essentially "look who's laughing now."

"They can make fun of it," said Representative Steny H. Hoyer of Maryland, the majority leader. "But they cannot make fun of the fact that for the first time in 10 years, we have raised the minimum wage."

The $2.10-an-hour increase in the minimum wage may be the legislation with the best chance of becoming law. The Senate is expected to consider a similar proposal quickly, though senators of both parties support adding tax breaks for businesses to help them offset any new costs. House Democrats prefer an increase without such an add-on, but may go along in order to get a measure to the president's desk.

The outlook for other 100-hour measures is more problematic. Last year Mr. Bush vetoed legislation that would have expanded federal financing of embryonic stem cell research, and the House still lacks a veto-proof majority for a similar bill it just passed. Another measure, directing the government to negotiate with pharmaceutical companies over the cost of drugs sold through Medicare, could also draw a veto.

In addition, senators say they have reservations about the costs of enacting recommendations of the Sept. 11 commission that are newly approved by the House, and they have different ideas as well on the remaining bills.

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“Many of the 100-hours ‘accomplishments’ can’t make it through the Senate” or survive a veto, said Representative Roy Blunt of Missouri, the Republican whip.

But Democrats said that they had done what they set out to do and that the first flurry of legislation was the start of their work, not the end. “This is just the beginning of making sure the future is a future that’s fair for everybody,” said Representative Rahm Emanuel of Illinois, chairman of the House Democratic Caucus.

Now his party is faced with what to do in the next 100 hours, and the next, particularly after promising a full House workweek. The coming days are likely to be dominated by the war in Iraq and by Mr. Bush’s plan for more troops there.

Ms. Pelosi, who met Thursday with Democratic senators, said afterward that House Democrats would line up behind a version of the new Senate resolution declaring that the troop increase is not in the country’s best interest.

Though that measure is not binding on the president, Ms. Pelosi said Democrats would continue to apply pressure on him to change his approach on both the war and their legislative program.

“All of these bills are being passed in a bipartisan way,” the speaker said. “We hope that he would consider signing them. We will take our campaign on these issues, though, to the public, in hopes that their voices would be heard by him.”

Congress Is Off To A Bipartisan Start, But Tougher Tests Lie Ahead (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 19, 2007

from the January 19, 2007 edition - http://www.csmonitor.com/2007/0119/p02s02-uspo.html Congress is off to a bipartisan start, but tougher tests lie ahead In the first 100 legislative hours, House Democrats drew significant GOP support of their 'Six for '06' agenda.

By Gail Russell Chaddock | Staff writer of The Christian Science Monitor

WASHINGTON

After a bitterly fought midterm election, Democrats controlling the new Congress pledged to transcend partisanship and tackle the big problems that concern Americans. Then, something happened that neither Washington insiders nor, probably, even the voters expected: Lawmakers began acting as if they meant it.

In the 110th Congress's first 100 legislative hours, which wrapped up Thursday, House Democrats drew a significant number of GOP votes on their "Six for '06" agenda, despite giving minority Republicans little voice in shaping the legislation.

A rule change to overhaul lobbying and ethics reform cleared the House on a nearly unanimous vote. A bill to enact additional antiterror recommendations of the 9/11 commission pulled 68 GOP votes. Eighty-two Republicans helped pass the first increase in the federal minimum wage in nine years; 37 Republicans supported expanding federal funding for embryonic stem-cell research; and 124 members of the GOP caucus joined Democrats to gradually cut interest rates in half on student loans.

At the same time, Democrats in the House and Senate scrambled this week to find partners on the other side of the aisle to challenge the White House over its conduct of the Iraq war. On Wednesday, Sen. Chuck Hagel (R) of Nebraska became the first Republican to formally break with the Bush White House, by supporting a bipartisan resolution opposing the president's plan to send more US troops.

Heeding the voters

The bipartisan, problem-solving mantra is one that lawmakers of both stripes say they took straight from voters in the midterm election. "The message in the last election was a resounding repudiation of the status quo and partisanship that had poisoned the ability of Congress to develop solutions," says Sen. Olympia Snowe (R) of Maine. "People are demanding government and results. People were so disaffected, and that really has been a galvanizing force toward bipartisanship."

Sen. Barack Obama (D) of Illinois sounded a similar note in launching his presidential exploratory committee this week. "I've been struck by how hungry we are for a different kind of politics," he said. "It's not the magnitude of our problems that concerns me most, it's the smallness of our politics."

More strange bedfellows

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Interest groups and lobbyists, too, seem to have caught the spirit, at least a little. Some say they are finding an opening for bipartisan cooperation in the 110th Congress that could lead to breakthroughs on issues ranging from climate change to universal healthcare.

Some of these issues are not now at the top of Democrats' agenda. On Tuesday, leaders of the Business Roundtable, the Service Employees International Union (SEIU), and the AARP (a lobby group for seniors), announced they were, for the first time, joining forces to push Congress for universal-healthcare legislation.

"There are a lot of things Congress needs to do that are now doable," says Bill Novelli, AARP's CEO. "What's really powering this is that these problems have gotten so bad." Healthcare costs are breaking employers, who are shifting costs to employees. "It's now the middle class that is affected, and the middle class is very worried," he says. "When you get to that kind of situation, there's a lot of pressure."

Views are converging around a healthcare approach that combines elements of patient cost-sharing and government regulation. "The answer to the healthcare problem is not one of policy but one of politics," said SEIU's Andy Stern.

On another front, 28 evangelical leaders and climate scientists signed a joint "call for action" Wednesday. The partnership taps into a rich vein for bipartisan collaboration in the new Congress. In the run-up to President Bush's State of the Union address Tuesday, which is expected to feature new energy initiatives, lawmakers on both sides of the aisle announced new collaborations on energy policy.

"Congress and the American people cannot afford to wait for the White House to lead on this issue," said Senate majority leader Harry Reid, as he previewed work by six committees on energy independence. In one of the strongest bipartisan collaborations on Capitol Hill, Sens. Joseph Biden (D) of Delaware and Richard Lugar (R) of Indiana, chairman and ranking member of the Senate Foreign Relations Committee, are sponsoring a resolution calling on the US to return to international negotiations to limit greenhouse-gas emissions.

On the Homeland Security and Governmental Affairs Committee, Sens. Joseph Lieberman (I) of Connecticut, Norm Coleman (R) of Minnesota, Evan Bayh (D) of Indiana, and Ken Salazar (D) of Colorado introduced this week a bill to cut oil imports by 7 million barrels a day by 2026.

A united front on the Iraq war?

The strongest pull for bipartisan cooperation is shaping up to be the Iraq war. GOP senators seen to be wavering on their support for Mr. Bush's "new way forward" in Iraq were called to the White House Wednesday for consultations.

"I suspect very little mind-changing went on there, but I'm hopeful that some of this gets back to the president," says Senator Coleman, one of a dozen senators who reportedly met with administration officials. He doesn't support "putting American forces into the cross hairs of sectarian violence," but has yet to sign on to a resolution opposing it.

Poll: Dems' '100-hour' Agenda Gets Mixed Reviews (LAT)

By Janet Hook, Times Staff Writer

The Los Angeles Times, January 19, 2007

WASHINGTON - A bipartisan majority of Americans strongly supports the bills that whisked through the House in the first days of the Democratic-controlled Congress, but many remain uncertain about where the party wants to lead the nation, a new Los Angeles Times/Bloomberg poll has found.

Approval of Congress has increased since the midterm elections ousted Republicans from their House and Senate majorities and Democrats are viewed in a more positive light after two weeks in power, according to the survey.

But only 25% of those surveyed believed that Democrats have formulated a clear direction for the country; 58% said they had failed to.

Those results amount to a mixed report card on the much-ballyhooed "100-hour" agenda House Democrats set for themselves as they took power.

They made a strong start with House passage of some broadly popular bills, such as an increase in the minimum wage and a cut in student loan rates that passed with significant Republican support - rare displays of bipartisanship after years of the party-line splits that marked GOP control.

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But the survey underscores that Democrats still have much to prove to voters as the Senate debates these bills and lawmakers in both chambers turn to more divisive issues, such as the federal budget, global warming and Iraq.

Overall, the poll found 36% approve of how Congress is doing its job - hardly a mandate, but up from 30% in September.

"So far, so good," said Hildegard Wharton, a retiree in Wooster, Ohio, who responded to the poll.

Wharton, a Democrat, added: "I hope they do a better job than the Republicans. If they don't, they are not going to get reelected."

The Times/Bloomberg poll, supervised by Times Poll Director Susan Pinkus, surveyed 1,344 adults by telephone Saturday through Tuesday. It has a margin of sampling error of plus or minus 3 percentage points.

It found that pressure is especially high for Democrats to change course in Iraq; 45% identified the war as the most important issue for the new Congress to address, a far higher figure than for any other issue.

"If they just tackle this war and get these boys home, they will be doing good," said Jerry Alexander, a retired car salesman in Savannah, Tenn., who is an independent. "They better, because that's what they were elected for."

The positive reaction among those polled to the major elements of the initial Democratic agenda ratifies the political strategy behind its design: party leaders deliberately filled the congressional session's opening hours with issues that, for the most part, polls have found enjoyed broad bipartisan support and were likely to pass before President Bush's State of the Union address Tuesday. One aim was to provide a contrast with the gridlock that stalled many bills during the recent years of the Republican-controlled Congress.

The student loan rate cut that passed the House on Wednesday was supported by 79% of those polled. Legislation aimed at lowering prices in Medicare's prescription drug program, which passed the House last week, was backed by 80%.

Repealing tax breaks for big oil companies, which the House approved Thursday, was supported by 61%. An expansion of federal funding for embryonic stem cell research, passed by the chamber last week, was backed by 59%.

The most popular item was the push to increase the federal minimum wage, which under the House bill would rise over two years to $7.25 an hour from $5.15. The increase, which would be the first in a decade, was supported by 81% of those surveyed - including 66% of the self-described conservatives.

"The minimum wage increase was long overdue," said Susan Wilkinson, a homemaker and a Democrat who lives in Trabuko Canyon in Orange County. "It's pretty sad that it had to be even an issue to debate."

Democrats hope their early results will reinforce the judgment by voters in November that it was time for a change of control in Congress.

The new poll indicates a less critical view of congressional Democrats among the public - although their favorable rating is virtually unchanged, 42% now, compared to 40% in September, their unfavorable rating was 32%, down from 41% in the previous poll.

Accompanying that drop was an increase - to 22% from 15% - in those who said they did not know enough about congressional Democrats to judge. That suggests there is a sizable wait-and-see faction among voters.

"I just don't know how much of what they have done is going to bear any fruit," said Jim Bauder, a computer programmer in Fort Jones, Calif.

Bauder, an independent, added: "President Bush has declared he's going to veto many of the things they have passed. Is it going to be a situation where anything gets accomplished?"

Some of the early promises emanating from Washington are being viewed with skepticism.

Almost three-quarters of those surveyed - 72% - supported House-passed ethics reforms to ban gifts from lobbyists and require the disclosure of pork barrel projects. But only 27% said they believed such measures would make a real difference; 60% said they expect business-as-usual in the way Capitol Hill operates.

"My experience is that there have been reforms, but there always seems to be new or expanding loopholes people find," said Bauder.

Helen Anderson, a teacher in Houston, said she was unimpressed with what Democrats have done in the opening weeks.

"I think they are trying to make a big show to make it look like they are taking a new direction," said Anderson, a Republican. "All they can say is they want to do the opposite of what's being done now, but they don't say how they are going to do it."

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House Speaker Nancy Pelosi (D-San Francisco), in the news spotlight since the November elections as the first woman to lead either congressional chamber, remains little known to many Americans but has made some headway in raising her national profile.

Among those with an opinion, 34% viewed her favorably, 21% unfavorably. Still, 41% of those surveyed said they had not heard enough about her to have an opinion. In December, that figure was 50%; in September, 63%.

By some measures, people seem more optimistic about the economy: 68% said they thought it was doing well, up from 54% in September. Some attributed their upbeat outlook to the drop in gasoline prices.

"As prices go down on gas and energy, other prices will be coming down," said Debra Glover, a substitute teacher in Oak Park, Mich., who is an independent. "It's happening real fast. I'm liking that."

But the poll also found increased anxiety about the impact of free trade: 41% said doing away with restrictions on international commerce hurts the economy.

Pelosi Gains With Public As Democrats Get High Marks For Agenda (BLOOM)

By Heidi Przybyla

Bloomberg, January 19, 2007

Jan. 19 (Bloomberg) -- Americans are warming to House Speaker Nancy Pelosi, and they give the Democratic-led Congress high marks for its initial legislative priorities.

A new Bloomberg/Los Angeles Times poll shows positive views of Pelosi, 66, climbed over the past month and are considerably higher than the marks Americans gave one of her highly publicized predecessors, Republican Newt Gingrich, in the first weeks of his tenure as speaker in 1995.

The poll conducted Jan. 13 to 16 showed even more support for the party's early priorities, including repealing subsidies for oil companies, cutting prescription-drug costs for seniors and raising the minimum wage, which were backed by large majorities of respondents.

``There's some honeymoon halo going on here," said David Mayhew, a professor at Yale University in New Haven, Connecticut who has written several books on Congress. ``They made up a platform that they know is anchored well in public opinion."

Still, the survey revealed warning signs that tougher times may lie ahead for the Democrats who won control of the House and Senate in the November elections. Even as almost two-thirds of respondents said they want the country to go in a different direction than President George W. Bush has charted, 58 percent said the Democrats hadn't formulated a clear course for the future.

In addition, only a plurality of respondents, 42 percent, had a favorable impression of Democrats in Congress, largely unchanged from previous recent polls.

Iraq Dominates

Iraq was the dominant issue for poll respondents, 45 percent of whom said the war should be the top priority for the new Congress. Health care, including coverage for the uninsured, came in a distant second, with 20 percent of respondents saying it was their chief concern.

The poll of 1,344 adults has a margin of sampling error of plus or minus 3 percentage points.

Positive perceptions of Pelosi, the first woman speaker of the House, have been increasing over the past month as her new prominence garnered her greater public exposure.

Thirty-four percent of respondents gave the 11-term California representative a favorable rating, up from 27 percent who did so in a poll conducted in December. Forty-one percent of those surveyed -- a plurality -- said they still hadn't heard enough about her to form an impression, down from 50 percent who had no opinion in December. Twenty-one percent rated her unfavorably, a number that is unchanged from the December poll.

Gingrich Precedent

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By contrast, a Los Angeles Times poll in January 1995 found that Gingrich, who engineered the Republican congressional landslide in 1994, had more unfavorable ratings, at 39 percent, than favorable, at 26 percent. In September 1996, almost two years after he became speaker, Gingrich's negative rating reached 54 percent.

With the spotlight on Pelosi, 61 percent of respondents said they didn't know enough about her counterpart in the Senate, Majority Leader Harry Reid of Nevada, to form an opinion. That's down slightly from 65 percent in December.

Pelosi and her party also enjoy broad support for the seven legislative items they vowed to pass in the first 100 hours of the new Congress, which began Jan. 3. All the measures have already been approved in the House.

Minimum Wage

At least four-fifths of respondents said they back the measures cutting student loan interest rates in half, increasing the federal minimum wage by $7.25 from $5.15 over about two years, lowering prescription-drug prices and screening all cargo on U.S.-bound ships and planes.

Significant majorities also approve of the legislation repealing some tax breaks and subsidies to oil companies, enacting a new ethics package for Congress and increasing federal funding for embryonic stem-cell research.

Forty-seven percent of self-described Republicans said they back the stem-cell proposal, which Bush vetoed last year and continues to oppose.

The narrowest margin of support for any of the Democratic goals -- 51 percent to 26 percent -- goes to a plan to enact a so-called pay-as-you-go rule that requires Congress to offset new spending bills or tax breaks with spending cuts or tax increases.

Overall, disapproval of the job lawmakers are doing has declined, with negative ratings of Congress dropping from 57 percent in a September poll conducted when Republicans were in control, to 44 percent in the latest survey.

Divisions Among Democrats

Some of the initial support for Democrats and their priorities could fade as Congress takes up more divisive issues, including the situation in Iraq. While most Democrats agree that the Bush administration has mismanaged the war, the party remains divided over whether to call for an immediate withdrawal of U.S. forces or withhold funding for the conflict.

``It's easy to say you don't want to have troops in Iraq, but what is the game plan?'' said Barry Gershowitz, an independent from Rock Tavern, New York.

Gershowitz, a 64-year-old retired banker, said he has a ``slightly'' more favorable impression of congressional Democrats than of Republicans. ``I'm looking for a breath of fresh air,'' he said. ``Hopefully I'll get it from the Democrats, but it remains to be seen.''

Senators Work To Revive Ethics Bill (AP)

By Jim Abrams

AP, January 19, 2007

Senate leaders worked to resuscitate an ethics and lobbying measure Thursday, with the new Democratic majority trying to stave off defeat on its first major bill and Republicans wanting to avoid being blamed for obstructing an overhaul.

Aides from both parties said the two sides were trying to resolve the dispute that derailed action on the legislation Wednesday, and were putting together amendments.

Barring further conflicts, a final vote could come as early as Thursday night.

There is strong bipartisan support for the general goals of the legislation: reducing the influence of lobbyists over policymaking; ending the gift and travel perks that have tainted the public's image of Congress; and forcing lawmakers to be more open about the pet projects they slip into legislation.

Action on the bill hit a wall Wednesday. Republicans were angry they could not get a vote on a proposal giving the president, with congressional approval, more power to kill single spending items in larger bills. So GOP senators voted against a resolution needed to move the bill to final passage.

On Thursday morning, both sides accused the other of killing the bill and betraying the trust of voters who had demanded that Congress clean up its act.

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"What this maneuver shows is that the Republican leadership hasn't learned the lessons of the 2006 election," said Sen. Charles Schumer, D-N.Y.

"The Democrat leadership does not have to kill this legislation," countered Republican leader Mitch McConnell, R-Ky. "I believe that we owe it to the voters as well as the institution to come to a fair agreement and pass this legislation."

The dispute was over an attempt by Sen. Judd Gregg, R-N.H., to get a vote on a modified version of a line-item veto. It would allow the president to single out spending items for elimination. Under Gregg's proposal, Congress would have to agree to the items expunged.

Democrats insisted that the proposal was not relevant to the ethics bill and too contentious to be dealt with in a short time. Gregg said it fit in the ethics bill because most of the items removed would be the special projects that have been linked to wasteful and inappropriate spending.

The two sides were working on an agreement under which Gregg would be guaranteed consideration of his bill at a later date.

Any deal would have to take in the objections of the Senate's senior member, Sen. Robert Byrd, D-W.Va., who is vehemently opposed to any legislation that might cede the legislative branch's power over the purse to the president.

The ethics and lobbying legislation would bar lawmakers from accepting gifts and travel paid for by lobbyists; make it more difficult for former lawmakers to lobby their old colleagues; deny pensions to lawmakers convicted of serious crimes; require more reporting by lobbyists on their activities; and require public disclosure of those home-state projects.

Democrats are determined to show voters they are changing the way Washington works so they made the measure their first order of business after assuming power in the Senate.

The House, on its first day of Democratic control, changed some of the rules concerning gifts, meals and travel from lobbyists. The House is scheduled to take up legislation next month that, like the Senate bill, would change lobbying law and require a House-Senate compromise.

Senate Cracks Impasse On Ethics (USAT)

By Fredreka Schouten

USA Today, January 19, 2007

WASHINGTON — The Senate late Thursday passed a bill with ethics rules aimed at changing the way lobbyists and lawmakers do business with each other.

Senate Majority Leader Harry Reid, D-Nev., called it the "most significant legislation in ethics and lobbying reform we've had in the history of this country."

Beyond 100 hours: What the future may hold for key House measures

Earlier, Reid and the Senate's top Republican, Mitch McConnell of Kentucky, worked behind the scenes to broker a compromise that would allow lawmakers to move forward on the bill. It is the first measure being pushed by the Democrats who won control of the Senate in November's elections.

The changes, which have bipartisan support, bar senators from taking meals, gifts and sports tickets from lobbyists. They also restrict lobbyist-funded travel and impose new limits on senators' travel on private planes.

Action on the ethics plan stalled Wednesday after New Hampshire Sen. Judd Gregg and other Republicans blocked a vote on the bill. They were demanding the measure include what amounts to line-item veto power for the president.

Thursday's work to break the deadlock came amid finger-pointing by both parties.

A "good ethics train was moving down the tracks until Republicans put the line-item veto in its path," said Sen. Charles Schumer, D-N.Y. The GOP action amounted to a "grand act of ethics hypocrisy," said Sen. Patty Murray, D-Wash.

For their part, Gregg and other Republicans argued that a line-item veto — which would allow the president to block specific items in a spending bill, rather than have to approve or reject the whole thing — was a logical part of the ethics package. The measure would require more public disclosure of "earmarks," money for special projects that members of Congress insert into spending bills, often anonymously. Most of the things the president would veto with line-item power would be wasteful projects, said Gregg, the top Republican on the Budget Committee.

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Under the deal, Gregg will get a vote on his proposal during debate on a measure to increase the federal minimum wage to $7.25 an hour, from $5.15 currently. The minimum wage bill is the next order of business in the Senate, and could be considered starting Monday.

Gregg said his proposal would give the president power to send specific spending projects back to Congress for reconsideration, giving lawmakers a chance to "take a second look at waste."

Sen. Robert Byrd, D-W.Va., chairman of the Appropriations Committee, objected to Gregg's plan on Wednesday. He is well known as a vigorous defender of Congress' power to determine spending.

On Thursday, Byrd said it was "dangerous" for lawmakers to give up any power over spending. "Weaken the power of the purse and one weakens oversight, for example, over the bloody nightmare of the war in Iraq."

Other provisions in the ethics bill would:

•Extend from one to two years the time a former member must wait before he can lobby Congress.

•Deny pensions to lawmakers convicted of serious crimes.

•Require more reporting by lobbyists of their interactions with Congress.

•Require public disclosure of home-state projects added by senators to bills.

The impasse highlighted the difficulty Senate Democrats face in trying to push their agenda in a chamber where they control 51 out of 100 votes. By comparison Thursday, Democrats in the House celebrated swift passage of their first six bills, including measures to raise the minimum wage and expand federal funding for embryonic stem cell research.

Earlier this month, the House approved changes to its own ethics rules that included similar prohibitions on gifts, meals and travel funded by lobbyists.

Reid said legislation takes longer in the Senate but insisted that top Democrats would work aggressively on a range of legislative proposals, including the increase in the minimum wage.

Contributing: The Associated Press

Senate Passes Vast Overhaul In Ethics Rules (NYT)

By David D. Kirkpatrick

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — The Senate on Thursday overwhelmingly passed sweeping changes to ethics and lobbying rules, overcoming bipartisan reluctance to ban many of the favors that lobbyists do for lawmakers and to illuminate the shadowy legislative practice of earmarking money for special projects.

The Senate's action makes the start of the 110th Congress a watershed moment in the history of K Street and Capitol Hill. Interpreting the results of the Nov. 7 election as a reaction to corruption scandals when Congress was under Republican control, the Senate has joined the House in adopting broad new rules that go beyond the proposals Republicans introduced last year, the ones that Democrats campaigned on, or the extensive changes House Democrats recently passed.

The measure passed around 9 p.m. by a vote of 96 to 2. Senators Orrin Hatch of Utah and Tom Coburn of Oklahoma, both Republicans, were the only members to vote against the bill.

On Wednesday, Senate Republicans nearly derailed the bill in a dispute over when the Democrats would agree to vote on a Republican proposal, a version of the line-item veto. Democrats seized on the moment to accuse the Republicans of deliberately scuttling the reforms. At a news conference, a half-dozen Democratic senators competed to belittle the Republicans' line-item veto as "an excuse," "a ploy," "a subterfuge," a "rabbit out of a hat" and "a grand act of ethics hypocrisy."

Senator Harry Reid of Nevada, the leader of the new Democratic majority, threatened to postpone any action on ethics until the next election and publicly blame the Republicans if they did not allow a vote Thursday.

But by Thursday evening, Mr. Reid and Senator Mitch McConnell of Kentucky, the Republican leader, had resolved the impasse. They agreed to hold a vote on the line-item veto as part of a minimum-wage debate next week.

"This legislation has been extremely difficult to deal with," Mr. Reid said Thursday night. "It is difficult because it deals with our lives."

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"In the short-term, the reforms in this bill may take some getting used to," he added, "but in the long term, we'll be thankful we took these steps."

Like the new House rules, the Senate bill bars members from accepting gifts, meals or trips from lobbyists or the organizations that employ them. It ends the use by senators of borrowed corporate jets at discount rates. It prohibits departing senators from negotiating with prospective new employers until after their successors have been elected and restricts them from directly or indirectly lobbying the Senate for two years after leaving office.

Also like the House rules, the Senate measure requires disclosure of the sponsors, the purpose and the cost of earmarks, the pet projects that lawmakers have been able to tuck anonymously into complicated spending bills.

Unlike the House, the bill would also explicitly prohibit earmarks that would benefit the immediate family of the senator who sponsored it. All those changes revise internal Senate rules and do not require House or presidential approval.

Senate Democrats also incorporated into the bill a provision that, if signed into law, would require for the first time that lobbyists disclose the most valuable favors they do for lawmakers: holding campaign fund-raisers, soliciting campaign contributions and bundling checks from clients and friends.

Of all the bill's provisions, it was the disclosure requirements for bundled checks that met the stiffest resistance behind the scenes in the Democratic caucus because of the potential to make it harder for incumbent lawmakers to tap K Street lobbyists as surrogate fund-raisers, aides involved in negotiations over the bill said, speaking anonymously because the talks were confidential.

Addressing another loophole in campaign finance laws, the Senate bill would also bar lobbyists or their employers from giving parties to honor lawmakers at party conventions. House Democrats say they plan to take up the subject of lobbying rules on their side of the Capitol in the next several weeks.

The Senate debate showcased the deep ambivalence of many lawmakers about changes that could curb their personal privileges and potentially limit their fund-raising advantages.

The party leaders began by teaming up to introduce a much weaker bipartisan bill, and lawmakers in both parties acknowledged behind-the-scenes resistance to strengthening it. But many found amendments to strengthen the bill politically difficult to oppose.

The bill became a pivotal test for Mr. Reid in his new role trying to manage the Senate. He is a frequent target of Republican accusations of fraternizing with influence-peddlers. Several members of his immediate family have worked as lobbyists, although he says that none have lobbied his office, and he is among the biggest recipients of the discounted use of corporate jets for travel.

Mr. Reid promised vigorous reform as his first act as majority leader. He offered an amendment to bar lawmakers from accepting the discounted use of corporate jets, promising to discontinue the practice himself.

But when a Republican senator offered an amendment to match the House's earmark disclosure rules, Mr. Reid miscounted the votes he had on his side when he tried and failed to table the measure. Mr. Reid first argued against moving too fast to match the House Democrats' new rules and then embraced the same idea with token modifications.

Senate Passes Ethics Package (WP)

By Jonathan Weisman And Jeffrey H. Birnbaum

The Washington Post, January 19, 2007

Senate Democrats and Republicans broke a difficult stalemate last night and approved 96 to 2 expansive legislation to curtail the influence of lobbyists, tighten congressional ethics rules and prevent the spouses of senators from lobbying senators and their staffs.

The Senate legislation, hailed by proponents as the most significant ethics reform since Watergate, would ban gifts, meals and travel funded by lobbyists, and would force lawmakers to attach their names to special-interest provisions and pet projects that they slip into bills. Lawmakers would have to pay charter rates on corporate jets, not the far-cheaper first-class rates they pay now.

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The House earlier this month approved similar language as part of an internal rules change. But other portions of the Senate-passed measure would carry the weight of law and would have impacts far beyond the Capitol. The House would have to pass comparable legislation for those provisions to take effect.

One of those legislative provisions would force lobbyists to publicly disclose the small campaign donations they collect from clients and "bundle" into large donations to politicians. Bundling is a way for lobbyists to contribute far more money to candidates and thus wield more influence than they could by making individual contributions, which are currently limited to $2,100 per candidate for each election cycle. Lavish gatherings thrown by lobbyists and corporate interests at party conventions would be banned.

Former lawmakers would no longer be able to engage in any lobbying activity for two years after they leave office. And, in most cases, the lobbyist spouses of senators would no longer be able to take advantage of their family status to influence the colleagues and staffs of their husbands and wives. The only exception is for spouses who had been lobbying for at least one year before their husband or wife was elected.

"This is the toughest reform bill in the history of this body as relates to ethics and lobbying, so everyone here tonight, when they vote on this, should vote proudly," said Senate Majority Leader Harry M. Reid (D-Nev.). "This is historic."

James Thurber, a professor of political science at American University, did not go that far, but he said the impact of the Senate bill would be substantial: "It will change lawmakers' behavior and lobbyists' behavior as well, and it will bring more transparency to lobbying."

The measure appeared dead Wednesday night after Republicans refused to allow passage without a vote on an unrelated amendment that would hand the president virtual line-item veto authority. For nearly two days, Sen. Robert C. Byrd (D-W.Va.) -- who jealously guards the Senate's prerogatives on spending matters -- single-handedly blocked efforts to come to an accord on that line-item veto vote.

Democrats and government watchdog groups angrily pointed their fingers at the Republicans, charging that their demand for a vote on such an extraneous provision was simply an indirect way to kill popular legislation they dared not vote against.

But Reid found a path around Byrd, offering Republicans a chance next week to add the spending control measure to a bill to raise the minimum wage if they can find the votes. That broke the logjam, and the Senate then began debating several amendments to the bill, with an eye toward completing work late last night.

The bipartisan vote masked furious backroom lobbying on a measure too popular to kill in public. One provision that was stricken from the bill last night would have forced interest groups to disclose funds spent on grass-roots campaigns that implore the public to contact their representatives about legislation.

That provision -- to force the disclosure of pseudo-grass-roots campaigns -- had raised the ire of an odd coalition that included the American Civil Liberties Union, the Traditional Values Coalition, the American Conservative Union and the National Right to Life Committee, which worked hard to strip it out or even block the whole bill.

The Family Research Council met with lawmakers and their staffs, conducted interviews on radio talk shows, extensively e-mailed its members and notified other organizations, asking them to contact their senators to express opposition, according to Tony Perkins, the group's president. In the end, the Senate struck the measure, 55 to 43.

"This is an issue about free speech, not an issue that is either Republican or Democratic," said Marvin Johnson, legislative counsel of the American Civil Liberties Union, during the coalition's telephone news conference yesterday.

In another defeat for watchdog groups, the Senate overwhelmingly defeated a proposal to create an independent ethics counsel to investigate allegations of wrongdoing in the Senate. The 71 to 27 vote was the second time that Congress has rejected the proposal in recent years.

Opposition from so many conservative activists had raised accusations from Democrats that Republicans were doing their bidding by blocking passage, but other opponents were less partisan. Lobbyists for the American Israel Public Affairs Committee, or AIPAC, also talked to lawmakers about excluding from the measure's travel ban trips to Israel sponsored by the group's nonprofit foundation affiliate. The legislation, as written, would allow those trips to continue.

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In addition, lobbyists' organizations worked against many parts of the Senate bill, arguing that lobbyists would still be able to spend lavishly on lawmakers under its provisions. They would just have to do so in the context of political fundraisers because fundraising activities are not addressed in the bill.

"The bill has gone from bad to worse," said Paul A. Miller, immediate past president of the American League of Lobbyists. "What's being proposed now puts us in danger of making the system even more corrupt than it is now, largely because the bill would move a lot of lobbying contacts into the realm of campaign finance, and that's more corrupting than under the current system."

But government watchdog groups said they saw much to praise in the bill, and they worked hard for its passage. After Republicans temporarily derailed it late Wednesday, the watchdogs responded furiously. Democracy 21 posted what it called a "Hall of Shame," listing the 45 Republicans that voted to filibuster the bill. The League of Women Voters condemned what it called "late night shenanigans."

"Let there be no mistake here: This was Senate Republicans thumbing their noses at the American people," declared Common Cause President Chellie Pingree.

But, ultimately, it was Byrd that tried to block all of Reid's efforts to accommodate Republican demands on a measure long sought by President Bush that would allow the president to submit to Congress a list of spending items that the White House wants to strike from congressionally passed spending bills. Under the measure, Congress would then vote on whether to sustain or accept those rescissions. Sen. Judd Gregg (R-N.H.), its sponsor, called it a modest proposal to help ferret out egregious waste that leaves Congress the final say.

But Byrd decried it as "an assault on the single most important protection the American people have against a president, any president, who wants to run roughshod over [their] liberties." GOP demands for a vote were "little more than political blackmail," he said.

Under the agreement reached last night, Byrd and Gregg will rejoin that battle next week, when the spending-control provision finally comes to a vote.

Senate Passes Ethics Reform By 96-2 Margin (WT)

By S.a. Miller

The Washington Times, January 19, 2007

The Senate last night overwhelmingly passed an ethics bill after breaking a day-long stalemate over a Republican proposal on earmarks that had threatened to kill the legislation.

The vote was 96-2, with the two "no" votes coming from Republican Sens. Tom Coburn of Oklahoma and Orrin G. Hatch of Utah.

"It's the most significant legislation on ethics and lobbying reform ever passed in the history of the country, and it was hard to get there," Senate Majority Leader Harry Reid said as he left the Senate chamber after last night's vote. "It was a long day."

The impasse had centered on an amendment by Sen. Judd Gregg, New Hampshire Republican, that would authorize the president to remove earmarks -- provisions in a bill to fund specific projects, often used by members of Congress to pay for pet projects in their home districts or states -- and send the legislation back to Congress for a second look and another vote.

Republicans wanted to vote on their amendment as part of the ethics bill, but Sen. Robert C. Byrd, West Virginia Democrat, had been single-handedly blocking a deal.

"This reform bill is threatened by an effort by our colleagues on the other side of the aisle to give the president line-item veto authority," Mr. Byrd said on the Senate floor yesterday. When Republicans didn't get the amendment vote they wanted, they retaliated Wednesday by voting against a parliamentary procedure needed to pass the overall ethics bill, effectively blocking what had been Mr. Reid's first order of business.

But Mr. Reid, Nevada Democrat, secured the ethics-bill vote last night by conceding to Republican demands for a vote on the Gregg amendment.

"It was a difficult bump," Mr. Reid said. Still, he said he was "proud of this debate. It started bipartisan, and it looks like it will end bipartisan."

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The ethics bill that passed last night would bar gifts and free travel from lobbyists, require lawmakers to pay more for travel on corporate jets and increase the publicizing of earmarks. It also restricts lobbying by the spouses of sitting members, increases the time before a former lawmaker can become a lobbyist, requires more disclosure by lobbyists, and denies pensions to lawmakers convicted in the future of serious crimes.

The Republican measure will be voted on Monday as an amendment to the bill to raise the minimum wage. This power to revise spending bills would differ from a line-item veto in that either chamber of Congress could reject it with a simple majority vote. Congress had passed a straight line-item veto in 1996, but the Supreme Court declared it unconstitutional in 1998.

Mr. Reid said the episode did not produce winners or losers in the Senate.

"The winners are the American people," he said in announcing the deal, which came an hour before the vote. "They have reason to have faith in their government again."

But Mr. Coburn said he voted against the bill because it failed to bring transparency to Congress and said many of the better provisions will be shed before it becomes law. He said as an example of the bill's shortcomings the large number of restrictions on lobbyists.

"Lobbyists aren't the problem," the Oklahoma Republican said. "Members of Congress are the problem. ... We need transparency."

Minority Leader Mitch McConnell, Kentucky Republican, said he appreciated that Democrats "put politics aside to reach an agreement" on Mr. Gregg's proposal.

"Fiscal responsibility is more than a campaign slogan," Mr. McConnell said when the agreement was announced shortly after 8 p.m. "I trust that my colleagues will stand with the voters and support this commonsense reform."

Mr. Gregg also applauded the deal as "a real victory for the American taxpayer" and called his amendment "an excellent tool against unnecessary spending and I am confident that my colleagues on both sides of the aisle will agree."

The two senators who were not present for last night's voting were hospitalized Sen. Tim Johnson, South Dakota Democrat, and 2008 presidential hopeful Sen. Sam Brownback, Kansas Republican.

The Senate last night also voted 55-43 to adopt a Republican amendment that deleted a provision of the ethics bill that would have expanded the definition of lobbyist to include grass-roots organizers, possibly including ministers and neighborhood groups.

Under the legislation, grass-roots organizations that attempt to "influence the general public" to contact members of Congress would have to register as lobbyists and file financial reports -- or face a $200,000 fine.

Democrats had fought unsuccessfully to keep the provision in the bill.

The Senate also defeated, on a 71-27 vote, an amendment that would have created an independent Office of Public Integrity to take over some of the ethics committee's investigative powers. Supporters said that the scandals involving Republican Rep. Mark Foley and lobbyist Jack Abramoff have killed public trust that lawmakers can police themselves.

Supporters say the proposal to limit earmarking strikes at the core of congressional ethics.

Mr. Byrd has added $2.95 billion in pork-barrel projects for West Virginia to appropriation bills since 1991, according to Citizens Against Government Waste (CAGW). Last year, he sent home $239 million in earmark spending, which CAGW calculates to be $131.58 for every West Virginia resident, more than four times the national average of $30.55.

More than 30 public-works projects in West Virginia bear the senator's name, including Robert C. Byrd Highway, Robert C. Byrd Industrial Park, Robert C. Byrd Federal Correctional Institution, Robert C. Byrd Federal Courthouse and two Robert C. Byrd Federal Buildings.

A New Day In Washington, Same As The Old Days (WP)

By Dana Milbank

The Washington Post, January 19, 2007

Just two weeks ago Senate Majority Leader Harry Reid and Minority Leader Mitch McConnell stood side by side, pledging a "new day in Washington" full of bipartisan cooperation. Senators, McConnell said, wanted "to tackle the big issues."

Yesterday, Reid and McConnell started tackling -- each other.

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While senators engaged in a bench-clearing brawl over ethics legislation, Reid and fellow Democrats abandoned the Senate floor and went to the television studio to condemn the Republicans. "What they wanted -- and they were afraid to spew it out of their mouths -- they hate this legislation!" Reid sputtered.

McConnell rushed into the studio minutes after Reid left. "Truly astonishing" is how he described the Democrats' argument. "Absurd on its face."

After a day of bitter exchanges, the two sides finally reached a deal behind closed doors and then went to the Senate floor last night in a public act of reconciliation. Reid praised the Republicans he had just berated. McConnell hailed a "successful example of good negotiating, though it took a while, for a favorable result."

It did seem to be a needlessly difficult journey for legislation that in the end was opposed by only two senators. Just last spring, a nearly identical bill sailed through the Senate with little fuss. On Jan. 4, Reid and McConnell agreed to be sponsors of the ethics bill, the first major piece of legislation before the Senate this session. Reid (Nev.) said that gesture "speaks volumes" about the new bipartisan spirit.

Few believed that boast, but neither did anybody expect what happened Wednesday night on the Senate floor. Sen. Judd Gregg (R-N.H.) tripped up the legislation by attempting to add an unrelated poison pill, and McConnell (R-Ky.) led a filibuster. The two sides reached a compromise, only for Sen. Robert Byrd (D-W.Va.) to scuttle it with a procedural objection that wasn't resolved after nightfall Thursday.

Lawmakers were pointing fingers every which way. Was it Gregg, in the back room, with the non-germane amendment? Or was it McConnell, in the minority leader's office, with the filibuster? Maybe the real culprit was Byrd, on the Senate floor, with the unanimous-consent objection.

"Clearly, any excuse will do for them to bring down an ethics reform bill!" Dick Durbin (Ill.), the No. 2 Democrat in the Senate, charged at a noon news conference.

Sen. Patty Murray (Wash.), facing the cameras with her fellow Democrats, agreed that "what we saw was the Senate Republicans, in a grand act of ethics hypocrisy, shatter the new culture of cooperation in an attempt to kill real reform."

"You can't say that the Republican Party and the Republican membership of the Senate is in any way not trying to move this bill forward," responded Gregg. "The stoppage here," he continued, "is occurring because there is an individual senator on their side who is threatening to filibuster this amendment. . . . I believe they do protest too much."

Democrats seemed to be enjoying themselves a bit too much as they held their news conference condemning the Republicans for temporarily derailing the ethics bill with a "line-item veto" amendment. Though they entered the room with grim faces, Sen. Chuck Schumer (N.Y.) could not suppress a grin. By the time the sixth Democratic speaker, Dianne Feinstein (Calif.) got her turn at microphone, Schumer, Russ Feingold (Wis.) and Barack Obama (Ill.) could be seen behind her, enjoying a chuckle.

"They just pulled the line-item veto rabbit out of a hat as an attempt to stop ethics reform," said Schumer, chairman of the Mixed Metaphor Committee. "The good-ethics train was moving swiftly right down the tracks until the Republicans stopped it, putting the line-item veto log in its path."

Gregg, in his dueling news conference, was defensive on this point. "This is not a line-item veto," he maintained. "This is enhanced rescission." The Republican admitted his proposal "doesn't survive the germaneness test," but he pleaded, "It is relevant."

Finally, in the evening, Gregg and Byrd were placated, and the Senate returned to business. But would subsequent bills be any easier? Reid wasn't optimistic. "I mean, they're not wild about anything I've talked about," he told reporters.

As senators struggled over their ethics disagreement, Sen. Trent Lott (R-Miss.), the minority whip, went to the Senate floor late yesterday. "We've been out here marking time all afternoon," he complained. "Helloooo," he called out to the empty chamber. "It's a quarter to 6."

"This is the kind of thing that I think leads to problems and tarnishes our image, and I wish we could find a way to do things in a more normal way," Lott's lament continued. "But maybe the Senate can't do that."

GSA Chief Scrutinized For Deal With Friend (WP)

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By Scott Higham And Robert O'harrow Jr.

The Washington Post, January 19, 2007

The chief of the U.S. General Services Administration attempted to give a no-bid contract to a company founded and operated by a longtime friend, sidestepping federal laws and regulations, according to interviews and documents obtained by The Washington Post.

Administrator Lurita Alexis Doan, a former government contractor appointed by President Bush, personally signed the deal to pay a division of her friend's public relations firm $20,000 for a 24-page report promoting the GSA's use of minority- and woman-owned businesses, the documents show.

The contract was terminated last summer after GSA lawyers and other agency officials pointed out possible procurement violations, including the failure to adequately justify the no-bid deal or have it reviewed in advance by trained procurement officers, officials said.

The GSA's Office of Inspector General has launched an investigation into the episode and briefed Justice Department lawyers, according to sources who said they were not authorized to speak publicly about the ongoing investigation. Officials at the inspector general's office and the Justice Department declined to comment.

In an interview Wednesday, Doan said she believed she was following proper procedures to hire the best firm available to quickly produce a report on diversity practices.

"I made a mistake," Doan said. "I thought I was moving this along. I was immediately informed that I wasn't necessarily moving it along in the way that was best for it. So at which point they canceled it, life went on, no money exchanged hands, no contract exchanged hands.

"I'm stunned, absolutely stunned by the amount of legs that this has taken, you know, how this has like kind of jumped up and run away with things."

The friend, public relations executive Edie Fraser, declined to comment.

"I can't," Fraser said. "I just admire her immensely."

Since assuming the helm of the GSA in May, Doan has repeatedly clashed with others within the agency over her intervention in matters that previous administrators delegated to subordinates, in part to avoid the appearance of political influence. The GSA is the largest broker of goods and services for the federal government, managing nearly $56 billion worth of contracts a year.

Last month, a dispute between Doan and her own inspector general's office became public when The Post reported that she had proposed curtailing the office's contract audits and had compared its enforcement efforts to "terrorism." Doan said she was interested in cutting wasteful spending by the agency and denied making the comparison.

Doan, 49, is a rising political star in the Republican Party who hit turbulence soon after she took over the GSA. She grew up in the downtrodden Ninth Ward section of New Orleans and was one of the first African American children to attend the city's private schools. She later went to Vassar College and obtained an advanced degree in Renaissance literature from the University of Tennessee at Knoxville.

Doan often speaks to groups about overcoming the struggles in her past and reminisces about how her great-grandmother fed the family by selling pralines on the docks in New Orleans. The family home was destroyed during Hurricane Katrina.

She was appointed to run the GSA after a 15-year career as owner of New Technology Management Inc. The Reston-based firm, which provides surveillance equipment for border security and other projects, was named in 2004 as one of the nation's fastest-growing small technology businesses.

During her business career, Doan developed close ties to the GOP. Between 1999 and 2006, she and her husband, Douglas, a former military intelligence officer and business liaison official at the Department of Homeland Security, donated nearly $226,000 to Republican campaigns and causes, documents show.

In 2004, Bush introduced Doan at a Commerce Department event for women who own small businesses. Later that year, Doan was invited to speak at the Republican National Convention in New York. In 2005, Doan sold her firm for an undisclosed sum to a group of investors and retired. At the time, New Technology Management had revenue of nearly $20 million and government contracts worth more than $200 million.

Last spring, the Bush administration asked Doan to take over the GSA, which had been shaken by scandal after lobbyist Jack Abramoff tried to obtain properties under GSA control. Abramoff took then-GSA chief of staff David H. Safavian and others on an all-expense-paid golf trip to Scotland, and Safavian provided Abramoff with inside information about the properties. Both men have been convicted.

On April 6, Bush nominated Doan to be the first female administrator in GSA history. She pledged to make the agency operate more like a private business and to "restore GSA's leadership as the premier contracting and service provider."

On July 25, two months after taking office, Doan signed the no-bid contract with Public Affairs Group Inc. and two of its divisions, the Business Women's Network and Diversity Best Practices. The companies were founded and are operated by Fraser, the president and chief executive of Public Affairs Group and the president of Diversity Best Practices. The contract was signed on the letterhead of the two divisions, and Doan said Diversity Best Practices was to have done the work.

An online newsletter posted by Diversity Best Practices and the Business Women's Network in 2003 called Doan a "partner" and described her as "one of the nation's best and brightest women entrepreneurs."

Deneen Vaughn, a former vice president of Public Affairs Group, told The Post in an interview last week that Doan's company often sponsored programs arranged by the Business Women's Network and spoke at the group's events.

"She's been a longtime friend and business partner of Edie Fraser," said Vaughn, who left the organization in May. "She supported the growth and development of the company, and she mentors other members of our organization."

The companies run by Fraser routinely sponsor diversity-oriented events that attract such luminaries as Sen. Hillary Rodham Clinton (D-N.Y.), Sen. Ted Stevens (R-Alaska) and Fortune 500 executives.

Early in her career, Fraser worked as an Africa desk officer for the Peace Corps. She later started Edie Fraser Associates, a public relations firm that won a measure of notoriety in 1980 when it secured a $9,800 no-bid contract to study the Commerce Department's public relations office.

Then-Sen. William Proxmire (D-Wis.) gave the deal one of his famous "Golden Fleece" awards for the misuse of tax dollars, saying Commerce already had 112 public relations employees.

In the mid-1980s, Fraser turned her attention to helping female and minority entrepreneurs, producing a series of reports about their changing status in the U.S. economy.

Fraser and Doan have appeared on the same panels and lavished praise and awards on each other at conferences. They also served together on the national advisory board of Enterprising Women, a magazine for female business owners. "Lurita Doan is precisely what this nation needs," the magazine quoted Fraser as saying, admiring Doan's business acumen, in 2003.

Last summer, two weeks before Doan signed the contract with the companies run by Fraser, she attended a star-studded gala sponsored by those companies called "Celebrating Diversity -- the Changing Demographics of America."

"It is so important, as women, to extend that helping hand to one another, that we help mentor each other and give us that extra break that we need to move our way to the top," Doan said, according to a copy of her remarks on an event Web page.

The contract Doan signed with the companies directed them to produce a report promoting GSA's "major achievements" in contracting with minority- and women-owned businesses. The contract called for producing a report that would be "approximately 24 pages." It would contain profiles of diversity success stories at the GSA and include "recommendations for how to use the report."

Doan said she did not use the GSA's public affairs division, which has about a dozen employees who develop information about the agency's programs, because she wanted to employ an expert in the diversity field.

"Diversity Best Practices is the industry leader in this area," she said. "They have won countless awards on diversity representation and issues."

The contract should have been competitively bid, according to procurement experts and officials familiar with the arrangement. Under federal regulations, contracts worth more than $2,500 at the time were to have been open to competition, unless there were extenuating circumstances. Those include disasters and instances in which the bidding process could cause "unacceptable delays in fulfilling the agency's requirements," according to the Federal Acquisition Regulation, which governs all federal contracting.

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The general counsel of the GSA at the time, Alan R. Swendiman, advised Doan to terminate the contract. It was then terminated by a GSA contracting officer. Swendiman left the agency a short time later and is now a special assistant to the president and director of the White House Office of Administration. He declined to comment.

Contracting experts said Doan should have steered clear of the contract.

"Only contracting officers can sign federal contracts and obligate federal funds," said D. Kent Goodger, a federal contracting official for 38 years who now teaches federal procurement courses for the Agriculture Department and other agencies. "Anyone who assumes that they have that authority, like the administrator of GSA, is wrong."

Steven L. Schooner, a procurement specialist at George Washington University's law school, called Doan's involvement in the contract "highly irregular."

"One of the things you're trying to avoid is political favoritism," he said. "You don't want the process polluted or corrupted by political influence."

Doan has taken other steps that have raised questions inside the agency, according to internal memos and e-mails obtained by The Post and interviews with GSA officials.

Last September, Doan intervened in an effort to determine whether five major contractors should be suspended from doing business with the federal government after they had been accused of making fraudulent claims. The firms -- KPMG, Ernst & Young, PricewaterhouseCoopers, Booz Allen Hamilton and BearingPoint Inc. -- had paid the Justice Department more than $66 million to settle allegations that they kept travel rebates from airlines and hotels that should have gone to the GSA, according to agency officials.

The GSA's debarment office initiated "suspension actions" against the companies and issued "show-cause" letters, asking the firms to explain why they should not be suspended or debarred, according to a Sept. 7 e-mail obtained by The Post. Companies found to be engaged in fraud can be suspended or banned from doing business with the federal government.

"I would expect that the companies will respond to me by saying that they have acknowledged their sins, paid restitution and have put in place measures to prevent a recurrence of this activity," GSA debarment official George N. Barclay wrote in the e-mail. "Suspension determinations could be avoided upon such a showing."

Three days later, Doan wrote to several senior GSA officials: "I do not recall this issue EVER coming up in a single management meeting or any meeting for that matter." She asked that the show-cause process be "stopped until cooler heads can prevail."

But the show-cause letters had already been sent, and the companies later avoided suspension or debarment by agreeing to return travel rebates in the future.

Goodger, the former government contracting official, said Doan's involvement was unusual and "creates an appearance of impropriety."

Doan acknowledged that her intervention was unusual but said she did not do anything improper.

"As the head of this agency, I have an obligation to weigh in and say, 'What is this matter, do you know what this matter is?' " she said.

"I don't want to be a rubber-stamp kind of figurehead administrator of this agency. I do not want to participate in the old go-along-to-get-along kind of Washington two-step-type activity. This is not what I'm here for. So, yes, I am going to be involved."

Doan also generated consternation within her agency and on Capitol Hill with her proposals to curb the agency's contract audits and to cut the inspector general's budget by $5 million. The audits, which aim to ensure that the government is getting the best prices for goods and services, have saved taxpayers more than $1 billion over the past two years, the inspector general's office reported.

Doan's efforts prompted senators and congressmen from both parties to write to her, requesting that she halt her plans.

"You have not made a coherent case that explains how your proposal would benefit the taxpayer compared to the system now in place," said one letter signed by three members of Congress, including Rep. Henry A. Waxman (D-Calif.), the new chairman of the House Oversight and Government Reform Committee, which oversees the GSA.

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Doan has said publicly that the proposed cuts were part of an effort to reduce wasteful spending across the agency. Privately, she complained that Inspector General Brian D. Miller and his staff were intimidating GSA employees and vendors. She accused Miller's staff members of leaking budget information and asked for an investigation.

Doan also demanded that Miller notify her of all ongoing criminal probes of GSA employees and provide her with a monthly report of his office's activities. Miller said disclosing the cases could jeopardize investigations, and he disregarded Doan's requests for a leak investigation and monthly reports, according to a Jan. 10 memo obtained by The Post.

Doan said she has been misunderstood and is trying to do the best job she can.

"I bring the sensibility of someone whose favorite song is the national anthem. I love this country," Doan said. "I was one of the chosen ones who has had a chance to really live all aspects of the American dream. I feel so blessed to have this opportunity to give back."

Kerry Calls For Probe Of Pentagon Sales (AP)

By Sharon Theimer

AP, January 19, 2007

Sen. John Kerry on Thursday called for an investigation into security weaknesses in the Defense Department's surplus sales that have let buyers for Iran and China acquire aircraft parts and other valuable military gear.

The Massachusetts Democrat sought an inquiry by the Senate Foreign Relations Committee after The Associated Press reported that in several instances middlemen for the countries had exploited security flaws to acquire sensitive surplus.

The surplus sales include parts for F-14 "Tomcat" fighter jets, a plane retired last year by the United States and now flown only by Iran. Iran bought the jets in the 1970s before the U.S. government banned most exports, including defense-related sales, to the Mideast country.

"There is no way that Iran should be getting these sensitive military parts, especially with the situation in the Mideast so turbulent," Kerry said.

Federal investigators say that in at least one instance, gear purchased from Pentagon surplus got to Iran. A Pakistani arms broker bought Chinook helicopter engine parts for Iran from a U.S. company that had bought them in a Pentagon surplus sale, and those parts made it to Iran, according to Immigration and Customs Enforcement agents. They spoke on condition of anonymity because of the sensitivity of the issue.

Sensitive surplus is supposed to be rendered useless for military purposes or, if sold, then only to buyers who promise to obey U.S. arms embargoes and other laws.

Defense Department official Fred Baillie said the Pentagon did nothing wrong in selling the surplus and that it was not the agency's fault the items wound up in the wrong hands.

The Pentagon has worked to tighten surplus sale security following a scathing report by the Government Accountability Office last year that identified numerous weaknesses. Measures include trying harder to properly identify surplus before it is marked to safe to sell. If there is doubt about what an item is, it now is destroyed, whereas before it might have been sold, said Baillie, the Defense Logistics Agency's executive director of distribution.

Customs and GAO officials worry about security problems with the program, however, and are seeking assurances the Pentagon will not sell surplus parts from the recently retired F-14 fleet.

Thousands of the components already are set for market. Baillie said that more than half of the roughly 76,000 parts for F-14 are general nuts-and-bolts hardware that the Pentagon surplus program can sell to the public with no restrictions.

About 10,000 are Tomcat-specific and will be destroyed, he said. The rest, about 23,000 parts, are valuable for both military and commercial use and are being reviewed to see whether Pentagon surplus can sell them without jeopardizing national security, Baillie said.

House Votes To Rescind Oil Drillers' Tax Breaks (NYT)

By Edmund L. Andrews

New York Times, January 19, 2007

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WASHINGTON, Jan. 18 — House Democrats easily passed legislation on Thursday that would rescind $14 billion in tax breaks and subsidies for oil drillers and reserve the money to develop alternative energy projects and conservation technologies.

The measure passed 264 to 163, with many Republicans joining a bloc of Democrats. Passage came despite opposition from the oil industry and the Bush administration, which said the bill singled out the companies for higher taxes and could increase the country's dependence on foreign oil.

The bill will rescind $7.6 billion in tax breaks for oil drillers that Congress passed in 2004 and 2005 and will add $6.3 billion in royalties from companies that pump oil and gas in publicly owned waters of the Gulf of Mexico and off Alaska.

One provision is intended to correct errors in drilling leases signed by the Interior Department in the late 1990s that allowed oil companies to escape billions of dollars in royalties over the next decade.

The provision, opposed by the White House and the industry, would require companies that refuse to change their leases to pay a "conservation fee" on each barrel they produce. Otherwise, under the bill, the companies would be barred from acquiring additional leases.

"Big Oil is hitting the taxpayer not once, not twice, but three times," Representative Nick J. Rahall II, Democrat of West Virginia and chairman of the House Natural Resources Committee, said. "They are hitting them at the pump. They are hitting them at the Treasury through the tax code. And they are hitting them with royalty holidays."

Many Republicans complained that the bill would lead to higher gasoline prices by penalizing domestic production and create a "slush fund" for alternative energy projects.

"The San Francisco Democrats want to run the cars on the road with wind," said Representative Steve Pearce, Republican of New Mexico.

Representative Phil English, Republican of Pennsylvania, said the bill would increase energy costs for manufacturers and prompt them to move more jobs abroad.

The bill would also rescind a tax credit for "domestic manufacturing" that oil companies received in 2004 and a much smaller tax break for geological expenses.

The oil vote completed a first wave of measures that House Democratic leaders wanted to pass in their first 100 hours of legislative activity after taking control of Congress.

Senate Democrats are moving more cautiously, but they have signaled that they support most of the bill's provisions and plan to pass them in one form or another.

"I support the principle behind the House bill," said Senator Jeff Bingaman, Democrat of New Mexico, adding that he had asked that the House bill be placed directly on the Senate calendar.

The White House said that it "strongly objects" to much of the measure, arguing that it singled out the oil industry and that the royalty provision undermined the sanctity of binding contracts that the companies had signed.

But President Bush has opposed additional tax breaks and subsidies for oil companies and called for more spending on renewable energy and conservation. The White House stopped short of threatening a veto, and few if any lawmakers expect Mr. Bush to invoke one.

At a hearing of the Senate Energy Committee several hours before the House vote, investigators and Democratic lawmakers criticized the Interior Department's response to the bungled offshore leases.

The Government Accountability Office estimated that the mistake has cost the Treasury $1 billion, and could ultimately cost it $10 billion if the leases remain unchanged.

The leases entitled companies drilling in deep water to avoid royalties on much of their initial production, but in 1998 and 1999 officials during the Clinton administration omitted a standard escape clause that eliminated the incentive if oil prices climbed above $34 a barrel.

Earl E. Devaney, the Interior Department's inspector general, told the committee that midlevel administrators first spotted the mistake in 2000 but that top officials did not disclose the issue until The New York Times reported on it in February 2006.

Mr. Devaney said that senior officials discussed the issue in March 2004 with the director of the Minerals Management Service, Johnnie M. Burton, but they decided they were powerless to change the leases and dropped the matter.

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The agency's silence and reluctance to take action, Mr. Devaney said, was "a shockingly cavalier management approach" and a "jaw-dropping example of bureaucratic bungling."

Ms. Burton did not testify Thursday. C. Stephen Allred, the Interior Department's assistant secretary for land and minerals management, defended Ms. Burton as a person with the "highest integrity."

The House vote on Thursday was an opening skirmish in a broader attempt by Democratic leaders to scale back government financial support for oil and gas producers while ramping up support for renewable energy and conservation.

"Today's vote represents the first step toward a future of energy independence," the House speaker, Nancy Pelosi, said.

Oil executives denounced the House vote, though none were surprised that it passed by a wide margin.

"This is purely a political bill playing on the campaign rhetoric of the 2006 election," said Barry Russell, president of the Independent Petroleum Association of America. "At a time when we need more American energy, it simply doesn't make sense to harm those companies that can provide it."

House Democrats offered little clue on Thursday about how they would channel the money from oil producers into alternative and renewable energies. The bill specifies that the money will go to a reserve, which is essentially an accounting device to offset the cost of separate legislation aimed at promoting other sources of energy and efficiency.

Many Republicans complained that Democrats were creating a slush fund with the oil money that would be sealed off from public debate. Democrats responded that the money would be allocated through future legislation that would be debated in Congressional committees and on the House floor.

President Bush is expected to weigh in with proposals in his State of the Union address on Tuesday, and White House officials have said that new energy programs will have a prominent place in the speech.

House Repeals Tax Break For Big Oil (WP)

By Steven Mufson

Washington Post, January 19, 2007

House Democrats capped their "100 hours" agenda with the passage of an energy bill yesterday, the sixth piece of legislation approved in two weeks, and Democratic leaders said the package marked "a beginning, not an end" to their legislative ambitions.

Though the six measures still face battles in the Senate and possible veto by the White House, Rep. Rahm Emanuel (D-Ill.), chairman of the House Democratic Caucus, boasted that "we made promises and we kept our promises."

Though Republicans complained that they were not given enough opportunities to amend the six bills, an average of 62 GOP lawmakers voted in favor of the measures. Thirty-six Republicans voted for the energy bill adopted yesterday in a 264-163 vote.

But the atmosphere of celebration among Democrats was marred by criticism over House Speaker Nancy Pelosi's decision to create a new Select Committee on Energy Independence and Global Warming.

Pelosi said the committee would be designed to "raise the visibility" of energy and climate change issues, and that it would not have legislative jurisdiction. Many lawmakers saw it as a way to diminish the influence of veteran lawmakers, such as Energy and Commerce Committee Chairman John D. Dingell (D-Mich.), who in the past has guarded the interests of the big U.S. automakers from his state by opposing higher fuel efficiency standards.

Pelosi said she was still looking to the committees on energy, environment and technology to come up with legislation and asked them to do that by July 4.

Dingell held a two-hour meeting yesterday with Democrats on his committee to discuss Pelosi's initiative. "It is unclear what this committee will do besides serve as a distraction to the substantive work already being done by the committee of expertise on this issue," Dingell said later.

Rep. Edward J. Markey (D-Mass.) has told fellow Democrats that Pelosi asked him to chair the new committee, congressional sources said. Markey has been a vociferous critic of the oil and gas industry.

Pelosi needs a majority vote of the House to create the new committee, and congressional sources said there was talk yesterday of unhappy Democrats joining with Republicans to quash her proposal. "I believe the existing committees can deal

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effectively with global warming," Rep. Henry A. Waxman (D-Calif.), chairman of the Committee on Oversight and Government Reform and author of a climate change proposal, said in a statement. "But I can also understand why the Speaker believes it's important to highlight this issue."

The new committee and the July 4 target were responses to critics who said that yesterday's energy measure did not address key energy policy issues and to the groundswell of activity among companies, lawmakers and state governments who want to do something about climate change.

The measure passed yesterday would repeal a tax break oil and gas firms received in 2004 that effectively lowered their corporate tax rates. It would also bar oil companies from bidding on new federal leases unless they pay a fee on or renegotiated improperly drafted leases from 1998 and 1999 that did not require royalty payments on Gulf of Mexico production. And the bill would take the estimated $13 billion to $15 billion in revenues over a five-year period and set the money aside for tax breaks and appropriations that would go to renewable energy sources.

On Wednesday, the Bush administration said it was opposed to raising corporate tax rates on the oil industry when other manufacturing industries had benefited from the same rate reduction. The Office of Management and Budget also said that the administration was opposed to forcing companies to renegotiate contracts through statutes and said it preferred voluntary agreements with firms over the 1998 and 1999 leases. The OMB also said that using the revenues for new energy sources embodied a "tax and spend philosophy."

Other energy experts have taken issue with the idea of "energy independence" that Pelosi built into the name of the new select committee. Even with major efforts to cut consumption and boost alternative sources, the United States would be hard-pressed to eliminate imports that account for 64 percent of the about 21 million barrels a day of oil currently consumed.

House OKs Pursuit Of Lost Oil Royalties (WT)

By Brian Debose

The Washington Times, January 19, 2007

The House yesterday passed an energy policy aimed at getting back more than $10 billion in federal royalty payments and eliminating tax relief and other subsidies that oil companies have enjoyed for the past decade.

The Clean Energy Act, which passed on a 264-123 vote, would create a fund called the Strategic Energy Efficiency and Renewables Reserve using the recouped oil dollars. The reserve also would be used to fund more investment in renewable ethanol, wind, hydrogen and biofuels technologies, as well as energy conservation programs.

The energy bill represented the fulfillment of Democrats' promise to pass a package of six bills in the first 100 legislative hours of Congress.

House Speaker Nancy Pelosi, California Democrat, said her party wasn't finished and announced that she would create a Select Committee on Energy Independence and Global Warming.

"I have also instructed my committee chairs to hold hearings so that, by July 4, we will have a package of bills that will truly get us to energy independence in 10 years."

Democrats for years have targeted oil companies that bought and signed federal land leases in 1998 and 1999. Because of a congressional oversight, these companies did not have to pay the royalty fee for oil when its price went above $34.73 a barrel or natural gas when its price rose higher than $4.34 for every million thermal units.

The prices for both oil and natural gas have been well above the royalty thresholds for years, with the loss of more than $10 billion in fees. Democrats say their energy bill will recoup those dollars.

"The American people are owed a fair value for the resources they own. Yet when the government gives tax breaks in the form of royalty relief to Big Oil and fails to accurately monitor its oil leasing programs, it is the American people who are footing the bill," said Rep. Nick J. Rahall II, West Virginia Democrat.

The White House was not pleased with oil and gas incentives that Congress enacted as part of the 2005 Energy Policy Act, calling them unnecessary.

It also opposed mandatory royalty relief and prohibitions on drilling-related user fees and tax incentives allowing some oil firms an almost automatic write-off of certain geological and geophysical expenditures.

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The White House, however, is against the provision to renegotiate the 1998 and 1999 leases that Democrats seek.

The House bill limits the executive's discretionary power to modify royalties by stripping that authority from the secretary of the interior.

A report by the Interior Department's inspector general said the department had not been performing the proper oversight to track oil royalty payments to the federal Treasury and had not engaged in due diligence to ensure oil companies were paying them.

"In the compliance reviews, the Interior Department relies on the information given to them by the oil companies," Rep. Carolyn B. Maloney, New York Democrat, said in response to the report. "This is incompetence, cronyism and it could be corrupt."

The Justice Department has begun an investigation into the matter.

Republicans leaders attempted to block the House bill's passage with motions to adjourn, recommitting the legislation with instructions striking most of the provisions and arguing that passing it by a majority instead of two-thirds vote violated House rules.

"This bill will hurt domestic production and increase the price of oil and gas in this country," said House Minority Whip Roy Blunt, Missouri Republican. "If you take away the oil industry's incentives to invest in domestic production, you increase our dependence on foreign oil."

Methodists: No Bush Library At SMU (AP)

By Angela K. Brown

AP, January 19, 2007

A group of Methodist ministers from across the nation launched an online petition drive Thursday urging Southern Methodist University to stop trying to land George W. Bush's presidential library.

The petition, on a new Web site, http://www.protectsmu.org, says that "as United Methodists, we believe that the linking of his presidency with a university bearing the Methodist name is utterly inappropriate."

"Methodists have a long history of social conscience, so questions about the conduct of this president are very concerning," said one of the petition's organizers, the Rev. Andrew J. Weaver of New York, who graduated from SMU's Perkins School of Theology.

Brad Cheves, SMU's vice president for external affairs and development, said Thursday that the Methodist church is diverse in its membership and opinions and that those involved with the petition reflect only one view.

"We believe the vast majority of the Methodist membership, university and community support the library and that it will benefit the faculty, students and community for generations to come," Cheves said.

SMU emerged as the apparent winner in the library competition last month when the site selection committee said it was entering into further discussions with just SMU, the 11,000-student, private university, which is first lady Laura Bush's alma mater. The Bushes are Methodists.

President Bush said Thursday that he was "leaning heavily toward SMU" and was close to a decision.

"I understand there are some who have reservations, and my advice to them is understand that a library and institution would enhance education, be a place for interesting discussion and be a place for people to express their views and write and think, and these universities I think understand that and are excited about the prospects, and so am I," he told Belo Corp. television.

Some SMU professors have opposed Bush's foreign policy, mainly the war in Iraq. Some faculty members also have complained that the library complex's think tank dedicated to the philosophy of the Bush administration would hurt the school's reputation.

But at a faculty meeting Wednesday, SMU President R. Gerald Turner said those fears were unfounded. He said among the library's benefits were increasing the school's visibility nationwide and spurring economic development in the city.

The Rev. Mark Craig — an SMU trustee and senior minister of Highland Park United Methodist Church, where the Bushes are members — said that the petition organizers' views do not reflect the opinion of most church members and that the petition would not affect decisions about the library.

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"The library is not about politics," Craig said. "The library is about history, having U.S. history from a period of eight years and that conveyed to a great academic institution."

The project will be financed with a private fund drive aimed at raising at least $200 million.

While SMU's president said his university's exclusive talks with the selection committee would resume in a few days, the other finalists are Baylor University in Waco and the University of Dallas. A decision is expected in a few months, when Bush receives a recommendation from the committee.

Ambushing The Bush Legacy (WSJ)

By Naomi Schaefer Riley

The Wall Street Journal, January 19, 2007

In an interview Sunday night on "60 Minutes," President Bush told Scott Pelley that he is "not the kind of guy who sits here and says 'Oh gosh, I'm worried about my legacy.' I'm more worried about making the right decisions to protect the United States of America."

It's a noble sentiment, but with less than two years left in his presidency, Mr. Bush and his supporters do have to make some decisions about his legacy, or at least where it will be housed.

In December, the committee charged with selecting a location for W's presidential library announced that it had narrowed down the candidates from three to one, eliminating Baylor University and the University of Dallas in favor of Southern Methodist University, Laura Bush's alma mater. The proposed library will include, in addition to presidential papers and artifacts, a public-policy institute to further "domestic and international goals." Among the goals mentioned by the selection committee are "compassionate conservatism, the spread of freedom and democracy throughout the world and defeating terrorism."

It all sounds quite worthy, but certain members of the SMU faculty did not react well to the news of their campus's selection. In an op-ed article for the college newspaper, two professors from the university's theology school asked: "Do we want SMU to benefit financially from a legacy of massive violence, destruction and death brought about by the Bush presidency in dismissal of broad international opinion?"

A letter sent to SMU's president last week, signed by 68 current and past members of the faculty, echoed this theme. It expressed concern about "certain actions and attitudes of President Bush during his term in office," including (draw a deep breath here): "the erosion of habeas corpus, denial of global warming, disrespect of international treaties, alienation of longtime U.S. allies, environmental predation, disregard for the rights of gay persons, a pre-emptive war based on false premises and other perceived forms of disrespect for the created order and the global community."

Which raises the question: Why would Mr. Bush want to have anything to do with such hostile -- not to mention graceless and cliché-obsessed -- people? Why not look elsewhere for his library's site? Admittedly the professors who signed the letter make up less than 10% of SMU's faculty. But presidential libraries inevitably bring a degree of prominence, even prestige, to the universities that host them. Why should Mr. Bush and his friends give SMU the satisfaction? One can easily imagine Cindy Sheehan parading around the university grounds for years to come with hordes of sociology professors and student activists following her.

Locating presidential libraries at universities has become "de rigueur" only recently, according to Richard Norton Smith, the former director of five presidential libraries. Up through Eisenhower, Mr. Smith notes, such libraries were located at places of "special significance" to the president. And for good reason. "If you want to understand FDR," says Mr. Smith, "you have to understand Hyde Park," where Roosevelt grew up.

Typically, campus sites mean controversy. Herbert Hoover's library started at Stanford, but he moved it to his home state of Iowa out of fear that left-wing faculty would tarnish his legacy. When LBJ's library opened in 1971 at the University of Texas, Austin, thousands of protesters showed up. Duke rejected Nixon's library altogether. And the Reagan library was chased out of Stanford for largely ideological reasons.

Mr. Smith believes that faculty objections are shortsighted. "With rare exceptions, presidential libraries have contributed to the intellectual and cultural life of universities. They expose students to a whole range of history and policy makers. And it's very bipartisan exposure." It is true that such libraries serve, in part, as monuments to particular presidencies. But scholars and

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students are free to use the library contents as they please, of course. And the library's own exhibits may well change as new sources of information become available. Mr. Smith cites the way in which the newly discovered Johnson tapes -- showing his ambivalence about the Vietnam War -- changed the way that library presented the president's role in the conflict.

For a faculty sick with Bush rage, none of this seems to matter. The negotiations with SMU are moving forward, but what are Mr. Bush's options? One suspects that Baylor, an evangelical school, and the University of Dallas, a conservative Catholic school, would both be more hospitable environments. But why bother with universities at all? The Bush presidency owes very little to them. Compassionate conservatism, spreading democracy and defeating terrorism are hardly at the top of most academic agendas. Why not offer the library to the American Enterprise Institute or the Manhattan Institute? Or why not raise a little more money and just put it on the ranch in Crawford, Texas? Whatever else you can say about President Bush, his administration has rarely been "de rigueur."

Ms. Riley is the Journal's deputy Taste editor.

NTEU Closer To Representing Customs And Border Workers (WP)

By Stephen Barr

The Washington Post, January 19, 2007

One of the largest union elections ever conducted inside the government has moved a step closer to resolution.

The Washington regional director of the Federal Labor Relations Authority, in a decision issued late Wednesday, said the National Treasury Employees Union should be certified to represent about 30,000 workers in Customs and Border Protection, a major bureau in the Homeland Security Department.

NTEU defeated the American Federation of Government Employees last June -- 7,349 to 3,426 -- for the right to represent the employees. AFGE filed objections to the election, but a review conducted by Robert P. Hunter, the Washington FLRA regional director, found no merit to the claims.

The election was forced by the merger four years ago that consolidated 22 federal agencies into the Homeland Security Department. Many of those agencies had unionized workforces, including Customs and Border Protection, which absorbed the old U.S. Customs Service, the former Immigration and Naturalization Service and parts of other agencies. In 2004, the department filed a petition requesting the election to clarify union jurisdiction issues, which set up the showdown between AFGE and NTEU.

Bush administration officials have closely followed the election battle because the union that is certified as the winner will gain a larger voice in workplace issues and perhaps even policy debates on Capitol Hill.

As part of the Homeland Security reorganization, Customs and Border Protection recast many of the "legacy" employees into a new occupational grouping, CBP officers. They work at about 300 ports and border crossings and are widely seen as crucial to the fight against terrorism. Most of the CBP officers came from the ranks of customs employees, traditionally represented by NTEU, and immigration employees, represented by AFGE.

After NTEU won the election at Customs and Border Protection, AFGE filed an appeal that alleged agency managers had been biased toward NTEU and had interfered with the AFGE campaign. CBP denied the allegations, and Hunter dismissed the AFGE claims in his decision.

"It has not been shown that any of the matters raised, whether considered separately or cumulatively, are sufficient to set the election aside," Hunter wrote. "In sum, all objections are dismissed and the certification to NTEU should be issued without further delay."

Under the election rules, AFGE can ask the members of the Federal Labor Relations Authority to review the regional director's decision. AFGE leaders were traveling from a conference in Houston yesterday and declined to say whether they would appeal, noting that they had not read the 84-page decision.

Colleen M. Kelley, the NTEU president, said she hopes AFGE will not appeal and that her union can soon begin efforts to bargain over work assignments, overtime and alternative work schedules.Bill to Stop IRS Outsourcing

Sens. Byron L. Dorgan (D-N.D.) and Patty Murray (D-Wash.) introduced legislation yesterday to stop the Internal Revenue Service from using private companies to collect unpaid taxes.

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They cited concern that the outsourcing plan might be more costly than projected and could jeopardize taxpayer privacy. They also noted that the taxpayer advocate at the IRS, Nina Olson, had recommended the IRS halt the plan.

About a dozen Democratic senators joined as co-sponsors, including Maryland Sens. Barbara A. Mikulski and Benjamin L. Cardin.Talk Shows

Bob Leins and Tammy Flanagan, federal retirement and benefit specialists at the National Institute for Transition Planning, will be the guests on "FedTalk" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

Stephen L. Jones, principal deputy assistant secretary of defense for health affairs, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

White House Usher Reflects On His Bosses (WP)

The Washington Post, January 19, 2007

Chief White House Usher Gary Walters is retiring at the end of January. He has worked at the mansion since 1970 and for the past two decades has been in charge of the operation of the world's most famous residence. In an interview with C-SPAN's Brian Lamb that will air Sunday evening, Walters offered his reflections on the presidents and first ladies he has served. Some excerpts:

Richard Nixon: Quiet, extremely studious. I mean, he didn't become such a master of Chinese policy by rote.

Jimmy Carter: Tremendously smart, involved in minutia, almost to his detriment. . . . He was the one that liked to . . . walk around the grounds, and he wanted to know every tree, every plant, both the botanical name and the common name.

Bill Clinton: Workaholic. He was constantly working. And a memory that just caused all of us to wonder how in the world anybody could remember all the things he did.

President Bush : The steadfastness of his beliefs in what he's doing. . . . In his mind, this is the road to go down, and he has not wavered.

Laura Bush: Knows what she wants, but is . . . willing . . . to sit and look at something for a while before she makes a decision. She wants to have it right.

Hillary Rodham Clinton: Liked to work. She was a worker.

Nancy Reagan: The easiest person in the world to work for. Most people don't believe that when I tell them that.

Cheney's Enigmatic Influence (WP)

By David Ignatius

The Washington Post, January 19, 2007

After six years, it remains one of Washington's enduring mysteries: How does Vice President Cheney shape decisions in the tight inner circle of the Bush administration? There's a sense that Cheney's influence is on the rise again, at least with Iraq policy, but that's after many months in which his allies say his role was diminished.

To outside observers, Cheney has been the political equivalent of a black hole -- exerting a powerful but mostly invisible force on decisions. The office of the vice president has had a gravitational weight that sucked in other personalities and entire branches of the government without emitting light or heat that would explain the decision-making process.

During Bush's first term, the "OVP," as it's known in Washington, functioned as a kind of parallel national security staff. Lewis "Scooter" Libby was a strong chief of staff, and he hired talented foreign policy experts -- Eric Edelman and then Victoria Nuland -- to act, in effect, as Cheney's national security advisers. During Bush's second term, that role was taken on by John Hannah, a former policy researcher at the Washington Institute for Near East Policy. But insiders say that since Libby's departure in 2005, the OVP has had less of an impact on foreign policy.

"What has defined the OVP since Scooter left is listlessness," says one Cheney ally. "For 18 months, it was defined by its torpidity. That was deeply distressing" to Cheney's conservative supporters, who feared that Bush had become captive to overly cautious advice from his senior military commanders, Gen. John Abizaid and Gen. George Casey.

This month's change in Iraq policy, in which Bush turned away from the patient strategy his military commanders had advocated, may have marked a return of Cheney's influence. But insiders caution that it's a mistake to see Cheney as some kind of puppet master on Iraq policy and that the key decisions have been made by Bush himself.

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The thrust of Cheney's views -- in urging the president to ignore politics and maintain a tough course on Iraq -- surfaced in an interview he gave last weekend to Chris Wallace of Fox News. Wallace noted that Iraq was a big issue in the November elections and that exit polls showed only 17 percent of voters supported sending in more troops. What followed was this remarkable exchange:

Wallace: "By taking the policy you have, haven't you, Mr. Vice President, ignored the express will of the American people in the November election?"

The vice president: "Well, Chris, this president, and I don't think any president worth his salt, can afford to make decisions of this magnitude according to the polls. The polls change day by day."

Wallace: "This was an election, sir."

The vice president: "Polls change day by day, week by week."

Those remarks capture what Cheney's friends say is his crucial contribution to internal decisions -- a conviction that much of the political debate in Washington is just noise and should be ignored in favor of the country's long-term interests.

"Over the years, he got tired of suffering fools," says one longtime Cheney friend. "He thinks it's all BS." This contempt for Washington developed when Cheney was a top White House aide in the Ford administration during the cacophony that followed Watergate, this friend says, and it ripened when he made enough money as chief executive of Halliburton that he didn't have to care what people in Washington thought. The danger is that in encouraging Bush to ignore polls and even elections, Cheney has helped set up a confrontation between Congress and the executive branch that could undermine any hope of achieving a bipartisan approach on Iraq.

While Cheney seems to have prevailed on Iraq, he appeared to suffer a defeat in this week's White House decision to submit the warrantless surveillance program to the oversight of the FISA court. Many administration lawyers urged that course over the past several years, but it was strongly resisted by Cheney's current chief of staff, David Addington, who argued that the president had inherent authority to authorize the program under his war-making powers. "Addington clearly lost this round," says one official who met with him about the National Security Agency program.

The mystery of how Cheney operates may finally be clarified in the coming trial of Libby. The vice president will be called to testify on behalf of his former chief of staff, whom he described to Wallace last week as "one of the finest individuals I've ever known." That was pure Cheney -- the stand-up guy from Wyoming.

Cheney's testimony, in person or by affidavit, about the use of classified information will go to the heart of the Cheney puzzle: How does the most important but elusive presidential adviser in modern history use his power behind the scenes?

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

OTHER NEWS:

Bernanke Warns Budget Could Hurt Economy (AP)

By Jeannine Aversa

AP, January 19, 2007

Federal Reserve Chairman Ben Bernanke warned on Thursday that the economy could be gravely hurt if Social Security and Medicare aren't revamped, and he urged lawmakers to tackle the nation's thorny fiscal issues sooner rather than later.

"If early and meaningful action is not taken, the U.S. economy could be seriously weakened," Bernanke told the Senate Budget Committee. Future generations, he said, will bear much of the cost.

It marked the Fed chief's most forceful warning to date on the potential problems facing the United States with the looming retirement of 78 million baby boomers, the oldest of whom will start retiring next year.

This huge wave of retirees will hit the U.S. budget as well as the economy, Bernanke said.

"The longer we wait, the more severe, the more Draconian, the more difficult the objective — the adjustments are going to be. I think the right time to start is about 10 years ago," he told lawmakers when questioned about the urgency of the situation.

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Absent policy changes by Congress and the White House, rising budget deficits are likely in the years ahead to increase the amount of federal debt outstanding to unprecedented levels, Bernanke said.

That could propel interest rates for consumers and businesses upward, which would be a worrisome development, he said.

"Thus a vicious cycle may develop in which large deficits lead to rapid growth in debt and interest payments, which in turn adds to subsequent deficits," he said. Ultimately, a big expansion of the nation's debt "would spark a fiscal crisis, which could be addressed only by very sharp spending cuts or tax increases or both," Bernanke warned.

After a bitter election season, both Democrats and Republicans on the Senate panel have promised to try to deal with the spiraling costs of federal entitlement programs.

Sen. Judd Gregg of New Hampshire, the committee's top-ranking Republican, called Bernanke's warning "right on, and a clarion call that I hope folks will listen to."

Senate Budget Committee Chairman Kent Conrad, D-N.D., said: "We hope people are listening about the need for us to address these long-term imbalances, to take these challenges on, and the sooner we do so, the better."

The budget deficit last year totaled $248 billion, a four-year low. Bernanke noted the improvement but likened it to a "calm before the storm."

Spending on entitlement programs will begin to climb quickly during the next decade, he said. Federal spending for Social Security, Medicare and Medicaid will total about 15 percent of the gross domestic product by 2030, compared to roughly 8 1/2 percent of GDP in 2006, he said.

Forecasts call for the deficit to worsen for the 2007 budget year. The Congressional Budget Office is projecting $286 billion in red ink, while the White House is predicting an even bigger shortfall of $339 billion.

Bernanke said that economic growth alone is unlikely to solve the nation's impending fiscal problems.

Fixing the problems, he said, will take persistence and a willingness by Congress and the White House to make difficult choices. It will be up to those policymakers to find the right balance between taxes and spending, he said.

The Fed chief steered away from offering specific solutions.

"In the end, the fundamental decision that Congress, the administration and the American people must confront is how large a share of the nation's economic resources to devote to federal government programs, including transfer programs such as Social Security, Medicare and Medicaid," he said.

President Bush wants to work on the looming insolvency of the Social Security program. But his one-time plan to add private accounts to the system withered in 2005 after meeting resistance from Democrats and Republicans alike, and is a nonstarter now that Democrats are in charge.

Bush has tapped Treasury Secretary Henry Paulson to gather ideas on how to restructure the program. And the president says he wants to work with Congress on a plan to balance the budget in five years.

Bernanke, who took over the Fed last February, made his case in somewhat starker terms than his predecessor, Alan Greenspan, who had repeatedly sounded the alarm about the dangers to the economy from exploding entitlement costs, some economists said.

"Bernanke didn't mince his words. He wasn't trying to candycoat the situation," said Brian Bethune, economist at Global Insight. "I think Greenspan was a little more diplomatic ... but at this point, a little more frankness is maybe what Congress needs."

Bernanke Warns US Of 'fiscal Crisis' Fear (FT)

By Krishna Guha And Eoin Callan In Washington And Tony Tassell In London

Financial Times, January 19, 2007

Ben Bernanke stepped up the pressure on Congress to address the budgetary impact of soaring spending on entitlement programmes on Thursday, warning that they could one day cause a "fiscal crisis" in the US.

The Federal Reserve chairman told the Senate budget committee that the recent improvement in US public finances was only the "calm before the storm".

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He urged immediate action to head off the looming Medicare and Social Security funding gap, saying the right time to start was “ten years ago”. But Mr Bernanke refused to comment on whether this should be done by curbing spending, raising taxes or some combination of the two, saying that was for elected officials to decide.

His uncharacteristically hard-hitting intervention came as data revealed that US inflation rebounded in December, all but ruling out any chance that the Federal Reserve would cut interest rates soon. The Fed chief said that without new policies, entitlement spending would result in mounting fiscal deficits, and the effect on the “vibrancy, efficiency and growth rate of oureconomy” would soon be “palpable”.

His tough talk will make it more difficult for the newly elected Congress to shy away from politically explosive entitlement reform, and may help Treasury Secretary Hank Paulson’s efforts to entice some Democrats into joining a bi-partisan push on Social Security.

Mr Bernanke, though, identified Medicare as the core of the threat, describing it as a “much bigger problem than Social Security”. He called for a root-and-branch overhaul of the US health sector to cut costs and increase efficiency. In other comments, Mr Bernanke expressed mildly more concern about the external deficit than did his predecessor, Alan Greenspan, saying there was “good reason” to consider that it “needs to start coming down slowly”.

Mr Bernanke also reiterated his view that it was better to discipline hedge funds indirectly via counterparty banks than to seek to regulate them directly.

The consumer price index rose 0.5 per cent in the month, driven by a 4.6 per cent jump in energy prices, which had fallen in previous months. The higher-than-expected increase ended a two-month run of softer prices that had raised hopes the Fed would quickly drop its bias towards tightening rates and start preparing the ground for rate cuts in the spring or early summer.

Core CPI – which excludes volatile energy and food costs, and is more closely watched by the Fed – rose 0.2 per cent, after being flat in November.

US government bond markets were little moved in reaction, with the yield on the benchmark 10-year bond edging up 0.2 basis points to 4.787 per cent.

Fed Chairman Warns Congress On National Debt (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, January 19, 2007

WASHINGTON — Federal Reserve Chairman Benjamin S. Bernanke delivered a stern warning to members of Congress this morning to address the national debt, which has spiraled due to spending on federal programs, especially Social Security and Medicare, and threatens to harm the national economy.

"The longer we wait, the more severe, the more draconian, the more difficult the objectives are going to be," Bernanke said. "The right time to start was about 10 years ago."

Sen. Kent Conrad, (D-N.D.) chairman of the Senate Budget Committee, which called Bernanke in for advice, described his comments as "a clarion call."

"These long-term imbalances are threatening the long-term stability of the country," Conrad said.

At the end of last fiscal year, the federal debt consumed 37% of gross domestic product, Bernanke said during the two-hour hearing today.

Although the federal budget deficit reached a four-year low last year of $248 billion, Bernanke called it, "the calm before the storm," given the growth in federal spending. The Congressional Budget Office is projecting a $286 billion deficit this year; the White House $339 billion.

"A vicious cycle may develop in which large deficits lead to rapid growth in debt and interest payments, which in turn add to subsequent deficits," Bernanke said.

Federal spending for Social Security, Medicare and Medicaid was 8.5% of GDP last year and is expected to reach 15% by 2030, Bernanke said.

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"In the end, the fundamental decision that Congress, the administration and the American people must confront is how large a share of the nation's economic resources to devote to federal government programs, including transfer programs such as Social Security, Medicare and Medicaid," he said.

Bernanke resisted taking a position on the merits of tax cuts, beyond observing that, "The general view is that tax cuts do not pay for themselves."

During questioning by Sen. Bernie Sanders (D-Vt.), Bernanke defended free trade policies, such as NAFTA and trade normalization with China, saying they are not to blame for causing the national trade deficit. He believes the widening gap is largely due to the historically low national savings rate and tepid investment.

Bernanke offered several suggestions to increase federal revenues and reduce spending, including streamlining the federal tax code to reduce the tax gap between what Americans owe and pay; increasing savings incentive programs; recalculating Social Security benefits and experimenting with new cost-saving Medicare and Medicaid healthcare programs.

Bernanke Raises Prospect Of 'Debt Spiral' (WSJ)

By Greg Ip

The Wall Street Journal, January 19, 2007

WASHINGTON -- Federal Reserve Chairman Ben Bernanke warned that rising health-care and Social Security spending could create a "vicious cycle" of rising debt and interest payments and an eventual fiscal crisis.

Watch Federal Reserve Chairman Ben Bernanke's opening remarks7 to the Senate Budget Committee. (15:20)

Though Mr. Bernanke lacks the stature of his predecessor, Alan Greenspan, his strong language, coupled with what appears to be a growing respect for his views from lawmakers in both parties, could add impetus to efforts to overhaul entitlement programs, principally Social Security, Medicare and Medicaid.

They currently amount to almost half of federal noninterest spending and 9% of gross domestic product, or the value of all goods and services produced in a nation. The Congressional Budget Office, assuming no change in the programs, extension of Mr. Bush's tax cuts and continued moderate growth in health-care spending, projects that will rise to 75% of spending and 19% of GDP by 2050.

What do you think of Fed Chairman Bernanke's dire warnings on the budget deficit?9

Mr. Bernanke's advice, delivered at a hearing of the Senate Budget Committee yesterday, comes days before President Bush's State of the Union address and weeks before his 2008 budget request. In the first six years of his presidency, Mr. Bush expanded Medicare significantly while cutting taxes repeatedly. He is seeking to preserve those tax cuts in the face of a Democratic-controlled Congress, while seeking -- through Treasury Secretary Henry Paulson -- to revive an overhaul of Social Security.

Since taking office last year, Mr. Bernanke has met extensively with members of both parties, and the outreach appears to be paying off. Budget Committee Chairman Sen. Kent Conrad of North Dakota yesterday thanked Mr. Bernanke for insights he provided over lunch a few weeks ago. "You've sent a very clear message and one that I hope people are paying close attention to," Mr. Conrad said. The panel's senior Republican, Judd Gregg of New Hampshire, called Mr. Bernanke's testimony "a clarion call."

The bipartisan praise also reflects the fact that Mr. Bernanke's diagnosis was generally uncontroversial. While that protects the Fed's reputation for political independence, it may limit Mr. Bernanke's impact on the fiscal debate. Mr. Greenspan was influential in part because he made specific recommendations, such as the passage of tax cuts in 2001. Democrats often cited his support for Paygo -- a budget rule meant to keep tax cuts and new entitlement programs from boosting the deficit -- in making it a key plank in their fiscal platform.

WASHINGTON WIRE

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See the expanded online version of Washington Wire11. The Journal's Washington bureau updates the Wire during the day -- every weekday -- with analysis, news and buzz from inside and outside the Beltway.

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Mr. Bernanke steered clear of specifics on entitlement overhaul in his testimony and anything that could be construed as criticism of President Bush, for whom Mr. Bernanke previously served as an adviser. Despite senators' praise, it is unclear whether his advice will have much direct impact.

The Fed chief noted that last year's budget deficit, spending and revenue were, as shares of GDP, close to averages that have prevailed since 1960. That is a point the White House often makes to deflect charges that its tax cuts have led to dangerously large deficits. Mr. Bernanke said this was the "calm before the storm." Spending on Social Security, Medicare, and Medicaid are about to ramp up, he said, as the population ages.

While breaking no new ground, Mr. Bernanke's testimony was notable for its emphasis on the consequences of a rising national debt -- the sum of all annual budget deficits -- rather than the annual deficit alone. The debt, he noted, would reach almost 100% of GDP by 2030 according to the Congressional Budget Office, a level previously reached only during World War II. The annual interest on that debt would be 4.6% of GDP, triple the current level. 12

"A vicious cycle may develop in which large deficits lead to rapid growth in debt and interest payments, which in turn adds to subsequent deficits," he said. Similar "debt spirals" have contributed to financial crises in other countries, a subject Mr. Bernanke studied as an academic. "Ultimately, this expansion of debt would spark a fiscal crisis, which could be addressed only by very sharp spending cuts or tax increases, or both," he said.

Mr. Bernanke didn't predict -- as more pessimistic analysts have -- that such a crisis would entail sharply higher interest rates or a sharply weaker dollar. Still, he noted higher debts would divert capital from growth-enhancing investments and funnel more of Americans' income to foreign bondholders. This will "have an effect on the vibrancy, efficiency and growth rate of our economy, which will be palpable," he said.

Mr. Bernanke took office promising to be less outspoken on fiscal policy than Mr. Greenspan. In his initial appearances before Congress, he irritated some legislators by refusing to comment on specific topics. Yesterday's appearance suggests he has refined his approach. Asked a year ago about restoring Paygo, he said the Fed chairman "should not be involved in making specific recommendations about [Congress's] internal decision-making process." Asked the same question yesterday, he said, "I don't really have the expertise to advise on [those] types of rules."

Fed Chief Warns That Entitlement Growth Could Harm Economy (NYT)

By Steven R. Weisman

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — Warning against complacency over the federal deficit, Ben S. Bernanke, the Federal Reserve chairman, said Thursday that recent positive trends on the budget were a “calm before the storm,” masking a long-term danger posed by looming deficits in Social Security and Medicare.

“The longer we wait, the more severe, the more draconian, the more difficult the adjustment is going to be,” Mr. Bernanke said in response to a question at a Senate hearing about when lawmakers should tackle the growth of spending in the twin entitlement programs. “I think the right time to start is about 10 years ago.”

Mr. Bernanke’s comments were consistent with his past warnings, and those of his predecessor, Alan Greenspan, about the unfinanced cost of the postwar generation’s retirement. But his tone was more urgent, and it seemed aimed at the arrival of a new Democratic-led Congress that is just now setting its priorities.

His comments also dovetailed with statements by the Treasury secretary, Henry M. Paulson Jr., favoring efforts to curb the cost of entitlements this year, despite skepticism among some lawmakers that painful steps to deal with the problem cannot be taken two years before a presidential election.

Mr. Paulson has begun discussions with leading Democrats in Congress on Social Security and budget matters, but the administration has not shown its hand with specific proposals. President Bush’s earlier proposal to convert a portion of Social Security benefits for some future retirees into individual investment accounts failed to even reach a vote in Congress.

Mr. Bernanke’s tone of urgency echoed the comments of Senator Kent Conrad, a North Dakota Democrat who has long criticized the Bush administration’s tax cuts and warned of the risk of long-term federal deficits. Only now, Mr. Conrad was leading the hearing and welcoming Mr. Bernanke’s warnings. Before Mr. Bernanke took office, he initially told lawmakers that he

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would avoid commenting on fiscal policy once he became Fed chairman. But like his predecessors, he has found it hard to stay out of the debate, especially when Congressional leaders demand to hear his views.

Still, Mr. Bernanke was careful not to enter the partisan fray over taxes and spending on Capitol Hill. He said repeatedly it was not his role to dictate how Congress should deal with the problem, despite efforts by Mr. Conrad and other Democrats to get him to oppose extending the Bush administration's tax cuts, which expire in 2010.

Neither did Republican senators succeed in prodding him to praise the Bush tax cuts specifically or tax cuts generally, as they used to be able to do with Mr. Greenspan. The previous Fed chairman said frequently that it would be better to reduce spending than increase taxes, and his support of the Bush tax cuts in 2001 angered Democrats and helped ease their passage.

Instead, Mr. Bernanke, in his first testimony since the election remade the political landscape in Congress, said it was up to lawmakers to decide what levels of spending on social programs are appropriate, and then set taxes at a level necessary to pay for them.

Asked by Republicans to echo their view that taxes lead to increased revenues, Mr. Bernanke said that tax cuts spur economic growth but that they "usually do not pay for themselves" by generating more tax revenue than they drain from the Treasury.

"I'm going to try to avoid making specific recommendations on tax policy," he said in response to a question from Senator Judd Gregg of New Hampshire, the ranking Republican on the Senate Budget Committee. "I don't think there's a magic number. I only say that there is a difficult balance there."

To another Republican senator, Wayne Allard of Colorado, Mr. Bernanke referred to the cost of government programs and said: "Whatever it is, you have to pay for it. That's what I'm saying."

Mr. Gregg also sought to make the point that, under Mr. Bush, the federal deficit had declined in the last two years because of rising tax revenues resulting from economic growth. Mr. Bernanke's entire testimony was intended to say that, while true, this trend was virtually irrelevant to the problem at hand.

The Fed chairman came to a hearing of the Senate Budget Committee citing recent long term projections by the Congressional Budget Office that Social Security and Medicare outlays will rise from 8.5 percent of annual economic output to 10.5 percent in 2015 and 15 percent in 2030.

These costs, in turn, would force the United States to keep borrowing, pushing the ratio of publicly held federal debt from its current level of 37 percent of the economy to about 100 percent in 2030, a level reached in the past only during World War II.

"If government debt and deficits were actually to grow at the pace envisioned by the C.B.O.'s scenario, the effects on the U.S. economy would be severe," Mr. Bernanke told the committee. He said the trends would slow economic growth, drain away funds for private investment and sap confidence of consumers, businesses and investors.

Mr. Paulson's negotiations with Congress have been very preliminary, his aides say. The talks will probably not begin in earnest until after President Bush's State of the Union speech on Jan. 23, when he is expected to outline not only his approach on entitlements but on the overall budget.

Mr. Bush has said that the tax cuts are all but sacrosanct in his view, and Democratic leaders say they do not expect to try this year to rescind even the parts of them that most benefit the rich. Administration officials say they are waiting for the Democrats to lay out their own approach to the budget, taxes and entitlements.

Mr. Bernanke seemed to go out of his way to agree with every questioner, but he flatly disputed the trade views of Senator Bernard Sanders of Vermont, newly elected as an independent but who describes himself as a socialist and votes as a Democrat.

When Mr. Sanders said that recent trade deals with China and with Mexico and Canada had eroded jobs, the Fed chairman said: "I don't agree with that." He said that the nation's $800 billion trade deficit resulted from a low savings and high consumption rate in the United States, not those or other trade deals.

Bernanke Renews Debt Warning (WP)

By Nell Henderson

The Washington Post, January 19, 2007

DOJ_NMG_0118743

Federal Reserve Chairman Ben S. Bernanke warned Congress yesterday of a "fiscal crisis" if it doesn't curb the projected growth of federal spending on retirement and health-care programs.

Echoing similar warnings by his predecessor, Alan Greenspan, Bernanke told the Senate Budget Committee that "the effects on the U.S. economy would be severe" if the government's debt were allowed to balloon as forecast.

Bernanke noted that the federal deficit has declined in the past two years but said that was "the calm before the storm" of skyrocketing expenses for an aging population. He cited Congressional Budget Office projections that spending on the big entitlement programs -- Social Security, Medicare and Medicaid -- will equal 15 percent of the nation's gross domestic product by 2030, double last year's level.

Bernanke, who was a top White House economic adviser until last year, declined to take a position on whether to extend President Bush's tax cuts, many of which are set to expire by 2010. He said he would be nonpartisan as Fed chairman, offering general economic analysis but no specific recommendations on taxes or spending.

The "difficult choices" of how to balance the government's spending and revenue should be made by Congress, the White House and the public, he said.

The federal deficit fell last year to $248 billion, 1.9 percent of the nation's total economic output, by one commonly cited measure. But the deficit would have been $434 billion, or 3.3 percent of gross domestic product, if the government hadn't borrowed from Social Security, Bernanke said.

He also decried "burdensome" tax rules and said Congress might raise tax receipts by making them simpler.

Inflation At 3-Year Low (WP)

By Nell Henderson And Howard Schneider

The Washington Post, January 19, 2007

Inflation fell in 2006 to its lowest rate in three years, as tumbling fuel prices and a slowing economy cooled the pace of consumer price increases.

Other figures released yesterday showed unexpected signs of improvement in the housing market, adding to an overall picture of an economy that ended the year in relatively good health.

Low inflation is a critical component of the economy's health, allowing consumers and businesses to make financial decisions without worrying that their wages, savings or profits will be eroded by price increases. Inflation rose to worrisome levels in 2004 and 2005, leading to a series of interest-rate increases that helped send the housing market into a tailspin.

Ebbing inflation means that the Federal Reserve may avoid raising interest rates this year, holding them at levels likely to keep unemployment low and encourage economic growth.

Several analysts said, however, that inflation trends in recent years have mirrored swings in oil prices -- which have fallen lately but could go up again. The analysts also said the unusually warm weather last month might have encouraged more hiring, shopping and home construction, temporarily brightening the economic picture in December.

And though inflation has fallen, Federal Reserve policymakers think it remains too high. They expect the housing downturn to help keep economic growth moderate this year while keeping prices down.

Stock prices fell yesterday as many investors abandoned hope that the Fed might cut interest rates in the first half of the year to boost economic growth. Instead, the central bankers are considered virtually certain not to change rates at their meeting in two weeks, while declaring that they will raise them if inflation proves to be more stubborn than they expect.

The latest inflation numbers are "sufficient to encourage the Fed but not enough to enable the central bank to relax its guard against higher inflation," said Peter Kretzmer, a senior economist at Banc of America Securities.

Consumer prices rose 2.5 percent in 2006, largely reflecting rising costs for health care, food and rental housing, the Labor Department said. That pace was significantly lower than the 3.4 percent inflation of 2005, and was the smallest increase since 2003.

The annual change masked the volatility of fuel prices, which had surged in late 2005 after Hurricane Katrina and other storms. Oil prices rose through much of 2006 as well, peaking at more than $77 a barrel in July but then falling through the end of the year to about $63 a barrel. By December, fuel prices were 2.6 percent higher than a year earlier.

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The department's consumer price index, a widely followed measure of inflation, rose 0.5 percent in December because of a sharp rebound in fuel prices that month.

Fuel prices caused inflation to outpace most workers' wage gains again last month. Average weekly earnings fell 0.1 percent in December from the month before, after adjusting for price increases, the Labor Department said in a separate report. But for the year, so-called real wages were up 2.1 percent. Those are the wages paid to non-managerial and manufacturing employees on private payrolls, who make up about 80 percent of the workforce.

Oil prices have fallen this month, which should dampen the January inflation figure. U.S. benchmark crude closed at $50.48 a barrel yesterday on the New York Mercantile Exchange.

Because oil prices can swing so much, economists and investors seek a sense of underlying inflation by studying so-called core measures that exclude food and fuel. The core consumer price index rose 0.2 percent in December, partly reflecting higher clothing and rental costs.

Core prices were up 2.6 percent for all of 2006 -- the most since 2001, the department said. But they fell to a 1.4 percent annual rate of increase in the last three months of the year.

In a separate report, the Census Bureau said builders broke ground on 4.5 percent more new homes in December than in November. And they obtained 5.5 percent more permits for future construction.

Those were surprising jumps, given that housing has been in the doldrums for months. Many analysts attributed the increases to warm weather in December, discounting the odds of a rebound in housing construction anytime soon. Many builders and investors are still struggling to unload bloated inventories of unsold homes.

Some observers disagreed. "Builders are not going to take on more construction loans, pay off contractors and put up new homes just because the weather has turned warmer," said Bernard Baumohl, managing director of the Economic Outlook Group. "Builders are motivated by one thing: the prospect that home buyers are seriously shopping again."

Economy Seems To Be Holding Its Own, But Inflation Risk Persists (NYT)

By Louis Uchitelle

The New York Times, January 19, 2007

The economy seems to be shaking off a slowdown brought on by the precipitous drop in housing, the latest economic data suggested yesterday.

More new home construction was started in December than in November, the Census Bureau reported, and the Consumer Price Index, the nation's best-known inflation gauge, rose at its fastest pace in eight months — on the surface, at least, an indication of robust demand. Fine print in the reports, however, signaled that the five-year-old recovery is far from being on solid ground.

"The economy is performing significantly better than many economists had expected as recently as a month ago," said Lynn Reaser, chief economist for the Investment Strategies Group at Bank of America. "But the housing downturn and cutbacks in auto production are still likely to hamper growth."

The housing starts came in at a seasonally adjusted annual rate of 1.6 million units, up 4.5 percent from the November rate. The number of building permits issued last month also rose, suggesting that prices may have fallen enough to draw people back into the market.

Nevertheless, the increase in construction starts was entirely in apartment buildings. Builders started fewer single-family homes in December than in November. And compared with a year ago, permits and construction for any type of housing were down about 25 percent.

"Very simply, the benchmark single-family sector is very weak," Joel Naroff, president of Naroff Economic Advisors, wrote to his clients.

The inflation numbers were also ambiguous. The 0.5 percent increase in December came after no increase in November, and sharp drops in September and October.

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Not since the 0.6 percent rise in April, has the Consumer Price Index jumped so sharply in one month — suggesting to Bernard Baumohl, managing director of the Economic Outlook Group, that inflation is far from subdued, as the Federal Reserve would like.

"All this talk about the Fed lowering rates is looking increasingly unlikely," Mr. Baumohl said, "and the possibility is growing that the Fed will have to raise rates in the second half of this year." Like many economists, Mr. Baumohl focuses mainly on the so-called core inflation rate, which measures price changes other than those for food and energy.

The core rate rose 0.2 percent in December, matching the increase in four of the last six months. It appears to be leveling off, he said, at an annual rate of 2.6 percent, which was the year-over-year increase reported yesterday by the Bureau of Labor Statistics.

If so, that would be well above the 1 to 2 percent annual rate that Ben S. Bernanke, the Fed's chairman, describes as acceptable.

Patrick Jackman, an economist at the bureau, argued that home rents are playing a big role in the core rate's steady increase to 2.6 percent last year from 2.2 percent in 2004 and 2005. The bureau measures housing costs not by the purchase price of a house, but by rents and by what it describes as the rental equivalent of owning a home.

Indeed, more people are seeking to rent homes, driving up rental prices. Compounding the impact on inflation, no other item counts as heavily as rents in the bureau's monthly calculation of changes in the Consumer Price Index.

Most of the 0.2 percent increase in the core inflation rate last month came from rising rents, the bureau reported. Meanwhile, the cost of many other major items — recreation, for example, education and health care — rose only mildly or not at all. Car prices fell.

The two exceptions were apparel and tobacco prices, the former going up because of an anomaly in the seasonal adjustment formula the bureau uses for the Christmas season, and the latter because wholesalers raised prices last month.

"If I were on the Fed, I would say there is really no inflationary pressure in the broad economy," Mr. Jackman said.

The 0.5 percent increase in the overall inflation rate last month came mainly from a spike in fuel costs. After falling from August until early November, fuel prices rose until late December — and then started to fall again.

Absent the spike in gas prices, the overall price index would have risen by about 1.25 percent last month. Oil prices in 2006 rose much more slowly than in 2005. As a result, the rise of 2.5 percent in the overall price index last year was well below the 3.4 percent increase in 2005.

"Inflation does seem to be subsiding," Ms. Reaser said, "and I think that will continue partly because the Fed's earlier rate increases are still putting a lid on economic growth."

Inflation Down – But Far From Conquered (CSM)

By Ron Scherer

The Christian Science Monitor, January 19, 2007

from the January 19, 2007 edition - http://www.csmonitor.com/2007/0119/p02s01-usec.html Inflation down – but far from conquered 2006 saw prices rise at their slowest pace since 2003, but economists see a recovering economy.

By Ron Scherer | Staff writer of The Christian Science Monitor

NEW YORK

Last year, the nation's inflation rate declined to its lowest level since 2003. But now, economists are wondering if the 2.6 percent rate may be about as low as it's going to get for a while.

While this does not mean that inflation will become a dominant issue for the economy, it probably means that the Federal Reserve is going to continue to fret about it. And that may mean that instead of cutting rates this spring, the Fed sits tigh t until at least midyea r.

"It's too early to declare victory on inflation," says Richard DeKaser, chief economist at National City Corporation in Cleveland. "Inflation may be down, but it's not out."

On the surface, the inflation numbers appear to be relatively benign. Thursday, the Labor Department reported that the December Consumer Price Index rose 0.5 percent, reflecting a hike in the price of gasoline. The so-called core rate of inflation,

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the inflation rate without food and energy, rose just 0.2 percent in December. However, economists are quick to point out that so far in the month of January, the price of energy is down substantially, reflecting the warm winter. "Most people have probably forgotten the rise in December already," says Mr. DeKaser.

What has economists worried are signs that the economy is starting to recover some of its momentum. On Wednesday, for example, the government reported industrial production rose 0.4 percent, the first increase since August.

Even the housing sector is showing some signs of life, again reflecting the warmer winter. Thursday, the Commerce Department reported construction of new homes rose 4.5 percent in December.

"Even though construction was still weak, it was better on a seasonally adjusted basis," says Dan Meckstroth, chief economist at the Manufacturers Alliance/MAPI in Arlington, Va.

Mr. Meckstroth thinks the economy is now moving out of its slower pace. He says there are some signs business is getting rid of the high inventories, particularly in the auto sector.

One of the reasons for the improvement in auto sales – aside from the warmer weather that let people get to the showrooms – are lower prices. Last month auto prices fell for the fifth consecutive month. They were down 0.9 percent for the year.

If the economy is starting to firm up, the Federal Reserve's attitude toward inflation could start to change, says Robert Brusca, of Fact and Opinion Economics in New York.

While the economy was soft, the Fed could take a more relaxed posture, he says. But, now with capacity utilization rising, the unemployment rate low, and more tightness in the economy, he expects the Fed will start to change its approach.

"As the economy gets firmer, the Fed gets stricter about what it will let inflation do," says Mr. Brusca. "It's kind of like a teacher with the brighter students – there is a higher expectation."

One of the concerns is the possibility of a wage/price spiral. Economists say there is a six- to 12-month lag between low unemployment rates and rising labor costs. "The unemployment rate started 2006 at 4.7 percent and ended at 4.5 percent and we probably have not seen the full repercussions of that," says DeKaser.

And the rate may still get lower. Thursday, the government reported a large drop in new weekly unemployment claims. This followed a large drop the week before. Now, some economists are wondering if the January unemployment rate could drop to as low as 4.4 percent.

Even though inflation may not be showing up in the numbers, some business people say they can see it at work in more subtle ways. For example, Larry Roshfeld, a senior vice president at CorasWorks Corp. in Reston, Va., says inflation puts more pressure on managers, especially those in information technology, trying to meet profit projections. "Inflation puts pressure on the ability to grow profits," he says, "and one of the first places pressured is the IT department since there is no place to increase revenue."

Jay Whitehead, the publisher of CRO magazine, can attest to the squeeze taking place in the technology sector. His company planned a conference for corporate responsibility officers (CROs) in San Francisco but ended up moving it to Chicago. "Inflation is hitting the budgets in technology more than other sectors and everyone out West is crying the blues," he says. "Budgets were more open in the Midwest."

On an anecdotal basis, Mr. Roshfeld says companies are now more willing to allow employees to work from home in an effort to help cut commuting costs. "It used to be that only senior executives could work at home, but now that's spread to lower level employees."

Despite the slowdown in housing, some builders and developers say cost pressures are still a part of the business. Two years ago, new construction was running at about $100 per square foot, says Adam Cowgill, a real estate agent at Railey Realty in McHenry, Md.

Now, Mr. Cowgill says it's closer to $200 per square foot. And though some commodities, such as copper, have eased in price recently, he says drywall is up 15 percent over last year. "Once the price is up and everyone has become accustomed to it, no one wants to bring the price back down," he says.

Separately, Fed Chairman Ben Bernanke appeared before the Senate Budget Committee Thursday and warned about future implications of the rising costs of Social Security, Medicare, and other entitlement programs.

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"If early and meaningful action is not taken, the US economy could be seriously weakened, with future generations bearing much of the cost," said Mr. Bernanke.

In early February, President Bush will present his 2008 budget to Congress. Although it's not clear if he will tackle the rising cost of entitlements, his new Treasury chief Henry Paulson has indicated this will be one of his priorities.

Bernanke's predecessor at the Fed, Alan Greenspan, was often critical of government spending as well. Bernanke will testify about the state of the economy in mid-February.

Stocks Shrug Off Oil Decline And Catch Apple Downdraft (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 19, 2007

An Apple yesterday kept the buyers away.

A 6.2% decline in the consumer-electronics giant's shares led technology shares lower, in a selloff that spread to other areas of the market. Apple Inc.'s earnings announcement late Wednesday included fiscal first-quarter profits that beat analysts' expectations but a lukewarm second-quarter outlook.

The technology-stock-heavy Nasdaq Composite Index, which includes Apple, tumbled 1.5%, or 36.21 points, to 2443.21, up 1.2% on the year. Semiconductor-equipment makers Lam Research Corp., Varian Semiconductor Equipment Associates Inc. and Applied Materials Inc. were among the sector's big decliners.

The blue-chip Dow Jones Industrial Average slipped 9.22 points, or 0.1%, to 12567.93, up 0.8% on the year.

The stock market's losses came despite another big drop in crude-oil prices, which flirted with the first close under $50 a barrel in more than 1½ years. Government data showing a weekly increase in U.S. crude stocks pushed the price of oil futures contracts for February delivery down $1.76, or 3.4%, to $50.48 a barrel, up from an intraday low of $49.90. Crude contracts are off 17% this year at the New York Mercantile Exchange.

Some analysts said the stock market's reaction to Apple's announcement embodied a broader problem that may resurface as the current earnings season plays out: Investors' expectations for corporate results have been so high for so long, sparking so many early bets, that there may be little room left for stocks to rally on the good aspects of detailed corporate announcements. "At the first sign of a reality check, people will tend to bail out in the current environment," said Chris Johnson, chief executive and chief investment strategist at Johnson Research Group in Cincinnati.

The broad Standard & Poor's 500-stock index fell 0.3%, or 4.25 points, to 1426.37, up 0.6% on the year.

In testimony to the Senate Budget Committee, Federal Reserve Chairman Ben Bernanke cautioned about the dangers of large government deficits and growing health-care and Social Security costs in the years ahead. He offered few hints about the Fed's near-term plans regarding its key interest-rate targets -- a topic that has consumed investors in recent months.

For now, corporate earnings are garnering far more attention on Wall Street, said portfolio manager Jerome J. Heppelmann, of the asset-management firm Liberty Ridge Capital. "Investors pretty much know the economy is slowing down," he said. "In that sort of situation, they'll tend to seek safer stocks" generating big cash flow and steady profits.

In major U.S. market action:

Stocks fell1, and bond prices rose2. The 10-year note rose 9/32 point, or $2.8125 for each $1,000 invested, pushing the yield down to 4.751%.

The dollar was mixed3. Against the Japanese currency, the dollar hit its highest level in nearly four years, to 121.2121 yen from 120.66 yen. The euro rose to $1.2965 from $1.2936.

California Judge Declares A Mistrial In Vioxx Cases (WSJ/AP)

The Wall Street Journal, January 19, 2007

LOS ANGELES -- A hung jury forced a mistrial Thursday in lawsuits by two men who blamed their heart attacks on Vioxx, the once-popular painkiller made by pharmaceutical company Merck & Co.

The two cases were tried together before a Superior Court jury that deadlocked when they reached the third question on a lengthy verdict form.

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The jury did answer "yes" to the first two questions, finding that Vioxx did have potential risks or side-effects that were known or knowable and that they presented a substantial danger to users of Vioxx. The third question asked if the plaintiffs' physicians would have recognized the potential risks or side-effects.

The first two answers were rendered moot when Judge Victoria G. Chaney declared a mistrial.

The jury had sent a note to the court saying it was having trouble with the third question and lawyers were allowed to reargue that point. The jury then went back for more talks, but ultimately said there was an impasse.

It wasn't clear when there might be a retrial of the lawsuits brought by Lawrence Appell, of Scottsdale, Ariz., and Rudolph Arrigale, of Westminster, Calif.

Thomas Yoo, a spokesman for Merck's legal team, said, "We're disappointed that the jury was not able to reach a verdict. If either of these plaintiffs wants to come back we'll be ready."

Messrs. Appell and Arrigale claimed that Vioxx was a substantial factor in their heart problems. They also claimed Merck failed to give sufficient warning of potential safety hazards of the drug.

Mr. Arrigale sought to recover more than $177,000 in medical costs as well as additional compensatory and punitive damages. Mr. Appell sought compensatory damages on behalf of himself and his wife, plus punitive damages and more than $105,000 to cover medical expenses.

The trial began Oct. 31. In closing arguments Dec. 19, attorneys for the two plaintiffs argued their clients' heart injuries were caused by Vioxx.

Merck, headquartered in Whitehouse Station, N.J., argued that the two men's heart problems were caused by pre-existing coronary heart disease, not Vioxx.

Merck attorney Stephen D. Raber also told jurors that the pharmaceutical giant had not failed to properly warn doctors of possible complications from using the painkiller.

Merck removed Vioxx from the market two years ago after its research showed the drug doubled the risk of heart attacks and strokes.

California's first Vioxx liability case also went to trial before Ms. Chaney. It ended in August, with jurors finding Merck was not liable for the heart problems of a California man.

As of Nov. 30, the company faced 27,200 lawsuits over Vioxx and another 265 potential class-action suits.

Six lawsuits are set for trial between now and June, with the next scheduled to begin in New Jersey.

Excluding Messrs. Appell and Arrigale's suits, 18 cases have been scheduled for trial over Vioxx to date. Juries have ruled for Merck nine times, although a state judge ultimately set aside one of the verdicts, the company said.

Unfettered Debate Takes Unflattering Turn In Michigan Supreme Court (NYT)

By Adam Liptak

The New York Times, January 19, 2007

In a recent series of written dissents, Justice Elizabeth A. Weaver of the Michigan Supreme Court has accused four of her colleagues of “bully tactics,” “abuses of power and grossly unprofessional conduct” and trying to censor her.

In response, in a confidential draft opinion, the court’s chief justice has accused Justice Weaver of behaving like “a child engaging in a tantrum.” In the opinion, Chief Justice Clifford W. Taylor suggested that she continue her protests with a hunger strike, as that “seemed to have the potential for everyone to be a winner.”

Students of judicial history in Michigan and elsewhere said they could not remember a similar judicial melee.

“The justices of the Michigan Supreme Court are making spectacles of themselves," said Richard D. Friedman, a law professor at the University of Michigan. “They really should start acting like grown-ups.”

The justices’ exchanges, which continued this week, have been fueled by personal animus. But their disagreements involve serious issues, including First Amendment principles and judicial ethics.

The justices differ about whether they may disclose the details of the court’s internal deliberations, about whether lawyers are free to criticize them personally and about how motions seeking their disqualification should be treated.

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On Wednesday in Lansing, the state capital, the justices held a hearing about a rule it adopted by a vote of 4 to 3 last month. The rule forbids justices from making public "correspondence, memoranda and discussions regarding cases or controversies," but does not specify a punishment for violations.

The new rule has not deterred Justice Weaver. On her Web site, www.justiceweaver.com, portions of Chief Justice Taylor's draft opinion attacking her appeared this month, after the rule was adopted.

More than 20 people spoke at the hearing, most of them supporting the rule, a court spokeswoman said.

One of the speakers, Judge Richard F. Suhrheinrich of the United States Court of Appeals for the Sixth Circuit, in Cincinnati, said in an interview on Wednesday that the secrecy of judicial deliberations is crucial to ensuring robust, unfettered and un-self-conscious debate.

"Judges on that particular court have decided to make the deliberations public," Judge Suhrheinrich said, "and it has caused a great deal of problems."

Through a spokeswoman, Chief Justice Taylor declined a request for an interview. In an interview with Michigan Public Radio on Wednesday, he lashed out at Justice Weaver, saying "she has been very difficult to deal with" since she was passed over for a second term as chief justice in 2001.

"Believe me," Chief Justice Taylor said, "she doesn't have anything. It's just about time this soap opera stopped."

In a written dissent last month, Justice Weaver called the new rule a gag order. She said it conflicts with a provision in Michigan's Constitution requiring dissenting judges to give their reasons.

Judicial deliberations are almost universally protected from outside scrutiny. There is not much law, however, on the question of whether participants in the deliberations may themselves be forbidden to disclose exchanges in which they participated.

Justice Weaver wrote last month that the immediate purpose of the new rule was to suppress a dissent that she had written in a disciplinary case. She added that her primary obligations were to the public rather than her colleagues.

The new rule, she wrote, cannot constitutionally apply to "repeated personal slurs, name calling and abuses of power, such as threats to exclude a justice from conference discussions, to ban a justice from the Hall of Justice or to hold a dissenting justice in contempt."

The disciplinary case that gave rise to the judicial disagreement involved Geoffrey Fieger, a prominent plaintiffs' lawyer and politician who ran unsuccessfully for governor in 1998. His opponent, Gov. John M. Engler, appointed four of the justices on the current Supreme Court.

Those justices were in the majority in a 4-to-3 decision in July that reprimanded Mr. Fieger for intemperate language about several appeals court judges.

"They held that the First Amendment doesn't apply to lawyers," Mr. Fieger said in an interview.

In her dissent in the matter, Justice Weaver said the four justices should have disqualified themselves from Mr. Fieger's case because they had displayed "bias and prejudice" in public comments made about him.

In the majority opinion, the justices acknowledged that they had tangled politically with Mr. Fieger, but said that having done so did not require their disqualification.

In a related federal case, the Court of Appeals for the Sixth Circuit last month reinstated a suit by Mr. Fieger that challenged Michigan's judicial disqualification rules as a violation of due process. Justices of the Michigan Supreme Court, like judges on most state high courts, decide for themselves whether to grant motions seeking their disqualification.

"The traditions of deciding on recusal are due for a fresh review, because there is a new world swirling around the courts," said Bert Brandenburg, the executive director of Justice at Stake, a judicial reform group. Increasingly expensive and nasty judicial election campaigns and political attacks on judicial independence are part of that new world, Mr. Brandenburg said.

Justice Weaver did not respond to a request for comment, but an aide directed a reporter to materials on her Web site, which includes photographs, opinions, press releases and speeches. It also features her "10 Principles for Living."

Principle No. 6: "Avoid unnecessary disputes and confrontations."

Law Firms Are Urged Not To Force Retirements (NYT)

By Julie Creswell

The New York Times, January 19, 2007

A special committee of the New York State Bar Association is calling on law firms to end the practice of mandatory retirement for partners.

In a strongly worded report that is to be released today, the committee concluded that "mandatory retirement — requiring a partner to leave the firm upon reaching an arbitrary age — is not an acceptable practice."

Retirement practices at law firms is becoming a hot topic as many of the nation's lawyers enter their 60s and face policies aimed at pushing them out the door. About 57 percent of law firms with more than 100 lawyers reported having a mandatory retirement age, ranging from 65 to 72, according to a 2005 survey conducted by Altman Weil, a law firm management consulting company.

But firms that push lawyers out at an arbitrary age without taking into consideration the individual's productivity and contribution to the firm could be missing out, said Mark H. Alcott, 67, a lawyer with Paul, Weiss, Rifkind, Wharton & Garrison, who is president of the bar association and who formed the special committee.

"One of the things that concerns me is that mandatory retirement ages are getting younger just as people are getting older and living more productive lives," said Mr. Alcott, who said Paul, Weiss had a mandatory retirement age of 70.

Law firms that have adopted more-corporate structures have long argued that older partners needed to be moved out to give more opportunities and a bigger chunk of profits to younger lawyers.

But members of the special committee said that some firms adopted the policies simply to avoid uncomfortable discussions with a senior partner whose skills may be diminishing.

"We're not suggesting that partnerships should be a lifetime guarantee, but we think it is a false premise that utilizing senior lawyers in a way that's consistent with their ability to contribute denies opportunities to younger lawyers," said Mark C. Zauderer, 60, a lawyer with Flemming Zulack Williamson Zauderer, who was chairman of the committee.

Mr. Zauderer, who said that his firm did not have a mandatory retirement policy, noted that law firms were keeping a close eye on legal challenges to their practices.

In federal court in Chicago, the Equal Employment Opportunity Commission has filed a lawsuit against the law firm Sidley Austin, accusing it of age discrimination in the demotion or forced retirement of 32 older partners in 1999. Sidley has denied the accusations.

The committee did not take a position on the Sidley Austin case, Mr. Zauderer said, but he said such cases may make it hard for large law firms to justify retirement policies on the ground that partners are owners and therefore exempt from protection by age discrimination laws.

Groups Offer Health Plan For Coverage Of Uninsured (NYT)

By Robert Pear

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — A broad coalition of business and consumer groups, doctors, hospitals and drug companies laid out a major proposal on Thursday to provide health coverage to more than half of the nation's 47 million uninsured by expanding federal benefit programs and offering new tax credits to individuals and families.

"This is a proposal not for mandates but for incentives," said Dr. Reed V. Tuckson, senior vice president of UnitedHealth Group, one of the nation's largest insurers. "It's a careful balance of public and private solutions."

The proposal, unveiled Thursday after more than two years of work, was endorsed by 16 groups including AARP, the American Hospital Association, the American Medical Association, the Blue Cross and Blue Shield Association, Johnson & Johnson, Kaiser Permanente, Pfizer and the Chamber of Commerce of the United States.

Other coalition members endorsing the proposal were Families USA, a liberal-leaning consumer group, and America's Health Insurance Plans, a trade group for insurers.

The proposal comes at a possible turning point in the debate over national health insurance, which has been an elusive goal for Democrats since the New Deal. In the past few years, businesses of all sizes have said that health costs are cutting their

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profits and hurting their ability to compete. Politicians of both parties predict that the health care issue will figure prominently in the 2008 presidential campaign.

Without waiting for Congress, states like Massachusetts and California are expanding coverage, but want help from Washington.

As a first step, the 16-member group, known as the Health Coverage Coalition for the Uninsured, urged Congress to put more money into the Children's Health Insurance Program and create tax breaks for the purchase of private insurance covering children. Money for the program is running low, and many children are eligible but not enrolled.

Members of the coalition said their proposal would cost $45 billion in the first five years. They did not estimate the cost of insuring millions of adults in later years, nor did they suggest how to pay the costs. Dr. Tuckson said that "the cost of inaction is higher than the cost of action."

Ronald F. Pollack, the executive director of Families USA, said, "Our agreement transcends political and ideological boundaries."

But tensions bubbled below the surface, showing how difficult it could be to translate the recommendations into law. The A.F.L.-C.I.O., the Service Employees International Union and the National Association of Manufacturers participated in the coalition for more than a year but did not endorse the final report. The deepest divisions came over how to pay for expanded coverage and who should foot the bill.

Andrew L. Stern, president of the service employees' union, supports health insurance for all but has said that the "employer-based system of health coverage is over" and that it "is collapsing, crushed by out-of-control costs." By contrast, members of the coalition said they wanted to preserve and build on that system.

E. Neil Trautwein, former assistant vice president of the National Association of Manufacturers, said the proposal had "little reference to fiscal realities."

JoAnn C. Volk, a policy analyst at the A.F.L.-C.I.O., said she favored expanding government programs. "But tax credits would not guarantee access to comprehensive coverage and could leave consumers with high out-of-pocket costs," Ms. Volk said.

Suzanne DeFrancis, a spokeswoman for the Department of Health and Human Services, said: "We all share the goal of helping people get health insurance. The administration believes this can be done best by helping people buy their own insurance, rather than creating a new government entitlement to health care or raising taxes."

More than eight million children are uninsured. At least two-thirds are eligible for Medicaid or the Children's Health Insurance Program. One way to cover these children would be to enroll them automatically in Medicaid or the children's insurance program if they qualified for food stamps or reduced-price school lunches, the coalition said.

In general, Medicaid is available to children under 19 in families with incomes below the poverty level, about $16,600 for a family of three. The coalition said Congress should provide tax credits to families with incomes from 100 percent to 300 percent of the poverty level, to help them buy coverage for children.

The coalition offered longer-term recommendations, saying that states should have the option to expand Medicaid to cover all adults with incomes below the poverty level.

"Day after day, there is debate and discussion," Dr. Tuckson said. "Day after day, people die. We are sick and tired of the debate. We are focusing on what is achievable."

TEED UP Health-Insurance Gap Surges As Political Issue (WSJ)

By Deborah Solomon And David Wessel

The Wall Street Journal, January 19, 2007

Suddenly, the long-festering issue of providing health coverage to the one in six Americans who lack it seems to have leapt to the top of the national to-do list.

On Tuesday, an unlikely coalition of the Business Roundtable, AARP and the Service Employees International Union called for "affordable quality health care for all." 1

On Wednesday, Pennsylvania's governor became the latest to offer a way to cover the uninsured in his state.

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Yesterday, another strange-bedfellows coalition, ranging from a health insurers' trade group to a liberal advocacy group, unveiled a plan to subsidize health premiums with a mix of tax credits and federal spending. And Oregon Sen. Ron Wyden dusted off a plan to make people buy insurance, with employers chipping in. On Tuesday, President Bush is expected to talk about his ideas for shrinking the ranks of the uninsured.

Thrusting the long-running issue to the fore are political and economic forces that have been building for years but are given new force by political events. Not only have the Democrats taken over Congress, but state political leaders, including Republicans such as California Gov. Arnold Schwarzenegger, are moving on their own to change the system. And U.S. companies increasingly complain that the current employer-paid insurance system puts some of them at a disadvantage -- either globally or vis-a-vis firms that won't provide insurance. (See related story.2)

A SURGING ISSUE

• The News: Many Americans' lack of health insurance has abruptly become a hotter political issue, with proposed fixes proliferating and states taking action on their own.

• The Cause: Political winds shift and big companies say employer-paid insurance puts them at a global disadvantage.

• Bottom Line: Disagreement over cures may prevent change, but issue will be hot in 2008 presidential race.

All this increases the chances that Washington will try to tackle at least a piece of a health-care problem that has only grown bigger since the Clintons' failure at comprehensive reform back in 1994. But it still doesn't necessarily mean anything big will happen, at least nationally, in the next couple of years. The primary reason: There's nothing approaching a consensus on what to do.

There is, for sure, a growing consensus that the rising number of Americans without health coverage is a problem, not just for them but also for employers and governments that pay the bills. U.S. auto companies "are paying for the emergency-room treatments of people who can't afford it," complains Tom Lasorda, chief executive of DaimlerChrysler AG's Chrysler unit. "I'm paying for it because the rates go up because I have to cover the cost."

But there is a splintering of approaches to the problem. Some favor bigger government. Others would bolster the decaying system of employer-sponsored insurance. Still others would make health insurance more like car insurance and have people buy their own, aided by various subsidies.

THIS WEEK IN HEALTH CARE

See a list of events and announcements related to health care coming up this week.

Those who are optimistic that the recent talk portends action see a harmonic convergence of interests that suggests the latest round of press conferences and plans offered by coalitions will produce something tangible. Andrew Stern, president of the Service Employees International Union, or SEIU, says that when the Clinton health initiative failed, "business believed that they could somehow manage health costs, and the economy was far less global." The world has changed. "Having had 13 more years of increasing costs...," he says, "people realize that you can't manage this as a company -- we have to manage this as a country."

The problem has long been apparent and is getting worse. The number of Americans without health insurance is growing, and rising premiums have lessened employers' willingness to provide it. Though a majority of Americans still get insurance through the workplace -- a practice tracing to the 1940s, when businesses offered fringe benefits in lieu of higher wages -- the fraction of employees offered coverage at work fell to 77.4% in 2005 from 81.2% in 2001.

At last tally, the Census Bureau said 15.9% of Americans, 46.6 million in all, lacked health insurance. Government programs -- Medicare, Medicaid and the 10-year-old State Children's Health Insurance Program -- pick up the elderly, the disabled and the very poor.

Nearly 70% of the uninsured are in families with at least one full-time worker. In some cases, the employer doesn't provide coverage. In others, the employee can't afford it or doesn't take the coverage that employers offer, according to the Kaiser Commission on Medicaid and the Uninsured, a private foundation-backed effort.

So by no means are the uninsured all poor; more than a fifth live in families with incomes above $40,000. And it would seem they or their employers can afford to pick up a part of the tab -- an important factor in making some of the proposals floating around feasible.

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The heightened political focus on the issue reflects pressure from two sources. One is voters' anxieties, both about the cost of care and about the risk of losing insurance for reasons such as changing jobs. "A member of Congress goes home and two issues come up every time you get together with folks: One of them is Iraq, and one of them is health care," says Sen. Wyden, an Oregon Democrat. "A lot of people who have coverage think they're one rate hike away from losing their coverage."

The other is an ever-louder complaint from U.S. businesses that they can't compete in a global economy when companies from other countries don't have to pay for health care. Deere & Co. Chief Executive Robert Lane told Congress last year that failure to act could result in a "limiting of covered services, loss of employer-provided health care...and even a loss of American jobs, both in the manufacturing and service sectors."

The uninsured, of course, make up only one of the U.S. health-care system's issues, alongside quality and, especially, rapid rises in costs. But confronting the uninsured problem is politically appealing and it seems not quite as intractable. "Dealing with cost is really hard. It means leveling with the public. It means telling people you can't have everything you want or your doctor wants," says Paul Ginsburg, president of the Center for Studying Health System Change, a foundation-backed think tank in Washington.

Then there's raw partisan politics. Democrats believe they have the political wind at their backs and that one reason they do is public anxiety about health care. Republicans feel a need to respond, and often look for approaches that rely less on government and more on market forces.

At the same time, some proponents of free trade seek ways to ease workers' anxieties about globalization so they might be less hostile to it. Recent initiatives at the state level reflect the public pressure for some kind of governmental action -- and at the same time increase the pressure for some federal action.

"Legislators and governors are feeling pressure from small businesses," says Katherine Swartz, a professor at the Harvard School of Public Health. She has another idea for dealing with the problem: government-subsidized reinsurance pools that might make it more affordable for employers to offer insurance.

Ms. Swartz says that "nobody believes anything is going to come out of Washington. States are more willing to say let's try something." Flush state budgets help. A survey by the Kaiser Family Foundation found that one-third of states, 17 in all, increased access to health coverage in 2006, often to low-income children. For the first time in four years, no state restricted income eligibility in Medicaid or in the State Children's Health Insurance Program.

Last year, the then-governor of Massachusetts, Republican Mitt Romney, helped by Democratic Sen. Edward Kennedy, cut a deal with Democratic leaders of the state's legislature. It required state residents to obtain insurance, created a state-sponsored "connector" where they could go to buy it, and required all but the very smallest employers to provide insurance or pay a penalty.

Vermont and Maine also have enacted universal-coverage plans. Vermont aims to have 96% of state residents insured by 2010 through a mix of subsidies and employer contributions, plus a tobacco tax. Maine's program, aimed at insuring all by 2009, is grappling with inadequate funding, fewer people enrolling than anticipated and lawsuits from business over the financing mechanism.

Several other states are mulling ways to increase coverage for their residents. Some mix expanded government programs with mandates on individuals to purchase insurance -- along with subsidies for low-income people, new insurance pools to share risks, and mandatory employer contributions.

Last week, California Gov. Schwarzenegger outlined a plan that would make uninsured residents purchase insurance, and require businesses with 10 or more employees to either offer insurance or pay 4% of their payroll into a fund for the uninsured. The plan would levy new taxes on doctors and hospitals to help pay for the state's estimated 6.5 million uninsured, a number that includes illegal immigrants.

On Wednesday, Pennsylvania's Democratic governor, Edward Rendell, became the latest recruit, with a plan to cover his state's nearly one million uninsured. He stopped short of a Massachusetts-style mandate, instead proposing to phase in a requirement that those with incomes above 300% of the poverty level ($60,000 a year for a family of four) purchase health insurance, along with full-time college and graduate students. His proposal would also penalize employers that didn't offer insurance and would provide money to help individuals afford it.

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On Wednesday, Pennsylvania's Democratic governor, Ed Rendell, became the latest recruit, with a plan to cover his state's nearly one million uninsured. He stopped short of a Massachusetts-style mandate but would penalize employers that didn't offer insurance and would provide money to help individuals afford it.

As things stand, Mr. Rendell said, "It is a tremendous deterrent for businesses that are considering locating in Pennsylvania to know that in addition to paying for their own employees' health coverage, they will be subsidizing the costs of the uninsured" as hospitals charge them more to cover the free care the hospitals must give.

From the perspective of big companies, the mandatory-employer-contribution programs at least level the playing field within the U.S., though they don't do much to ease the problem of competing globally.

In Washington, it's far easier to get agreement on the goal -- "affordable, quality health care for all" is the mantra -- than on the way to get there.

One camp, almost entirely Democrats, sees the current turmoil and dissatisfaction with job-linked insurance as hastening a single-payer national system. It's an idea many Democrats have pushed since the days of Franklin Roosevelt and Harry Truman.

Sen. Kennedy, head of the Committee on Health, Education, Labor and Pensions, is proposing to expand Medicare beyond the elderly and disabled to all Americans, beginning with children and those aged 55 to 64. To many, that still seems politically unrealistic, especially given problems that Canada and Britain have run into with their national systems, including long waits and rising costs. But expanding the State Children's Health Insurance Program, which was created in 1997 to help states provide coverage to more low-income children, strikes some Democrats as a feasible step in this direction.

Another camp, including some Bush administration officials, sees the turmoil and decay of job-linked health insurance as a reason to go in a very different direction. They would let individuals shop for health care much as they do for other things. They would use tax breaks and vouchers to help people afford insurance, preferably high-deductible policies that prod citizens to make wise choices.

The government already is taking steps to make Americans better consumers of health care. To encourage people to be more cautious in using health care, the Bush administration is seeking ways to wean Americans off generous schemes that pay for almost anything. In their place, it favors high-deductible policies that cover the big expenses, plus ways to let people pocket the savings if they avoid unnecessary treatment or shop for lower-priced care. Health Savings Accounts are a way to do this, offering tax breaks to people who take high-deductible policies and allowing them to escape taxes on wages set aside for health care, keeping the money if they don't spend it.

Mr. Bush is expected to continue pushing in this direction. Among possible proposals: ways to make the market for individually purchased insurance more efficient, and encouragement to small businesses to help employees buy bare-bones policies. Administration officials argue that current tax law imprudently encourages employers to provide unlimited amounts of health care to workers who aren't taxed on that as income. One possible change would be to limit that tax break and devote any revenue raised by the change to subsidizing coverage for lower-income Americans.

In a recent op-ed piece in The Wall Street Journal, Mr. Bush listed "affordable health care" among the biggest issues facing the American people.

A third camp, borrowing from what's going on at the state level, essentially would widen existing sources of health insurance -- government, employers and individual policies -- so that they cover everyone. Such plans sometimes require that everyone get insurance; penalize employers that don't offer it; and subsidize coverage for people who can't easily afford it yet don't qualify for programs for the poor.

Although state experimentation is in favor now, one obstacle to state-by-state reform is a federal law, the Employee Retirement Income Security Act, or Erisa, that limits states' maneuvering room. It has thwarted an attempt by Maryland to force Wal-Mart Stores Inc. to offer health insurance to employees. This week, the Fourth U.S. Circuit Court of Appeals upheld an earlier decision that Maryland had violated Erisa. Legal experts said the decision could pose problems for states considering health-care changes but suggested that it wouldn't cripple efforts in states like Massachusetts, where the overhaul is broad and not targeted at a single employer.

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Some veterans of health-care battles past smile at the enthusiasm for tackling the problem. Recalling high-profile press conferences of years past -- and proposals shredded by partisan politics or budget realities -- they say the most likely federal action is none of the above. There's also likely to be a big debate over health care in the coming presidential campaign.

But Mr. Stern, the union leader, thinks that view underestimates the current ground swell and unusual political opening. "I'm not sure Congress is yet recognizing the tidal wave that is building," he says. "It's the perfect time. You have an evenly divided Congress in Democratic control and a presidency in Republican control. You have everyone lined up on the side of universal coverage."

Doing nothing is costly too, says Henry Simmons, president of the National Coalition on Health Care, a collection of companies and interest groups that has agitated for major health-care change since 1990. "We can afford health-care reform," he says. "What we cannot afford is a continued failure to address the crisis in health care."

<hr/>This Week in Health Care

Tuesday

Who: Business Roundtable, Service Employees International Union, AARP

What: These unlikely allies launched a group called "Divided We Fail" and proclaimed that health care costs have gotten out of control. They said they plan to force lawmakers to begin confronting the issue of health care reform as we head towards the 2008 election.

Tidbit: The group got off to a rough start with a full-page ad in the Washington Post announcing the group somehow failing to include the word "Divided," leaving the ad to read simply: "We Fail"

www.dividedwefail.org3

Wednesday

Who: A bipartisan group of Senators and members of the House

What: Unveiled the "Health Partnership Act" which is aimed at providing grants to states that are crafting their own health care reform plans. Under the plan, Congress would create a State Health Innovation Commission to review and approve grants

Quote: "There is no single prescription to solving our nation's serious uninsured problem. Extending health care to the millions of Americans who are uninsured will require the innovation of governors and other leaders in all 50 states. Our legislation simply helps each state implement the solution that is right for them," said Sen. Jeff Bingaman, (D-NM), a sponsor of the bill.

Tidbit: The bill doesn't call for a specific amount of money to fund the program.

Wednesday

Who: Pennsylvania Gov. Edward Rendell

What: Became the latest governor to propose a plan to cover the state's uninsured residents

Quote: "We can no longer stand by while health care costs spiral out of control … It is no longer a question of whether we can afford to act – the cost of inaction is far greater; both in terms of individual health consequences and from the increasing burden on taxpayers," Mr. Rendell said.

Tidbit: The plan will phase in a mandate requiring health insurane for those with incomes more than 300% of the federal poverty level ($60,000 for a family of four) and require that full-time four-year college and grad students have coverage.

http://www.gohcr.state.pa.us/4

Thursday

Who: Strange bedfellows including Families USA, the US. Chamber of Commerce and America's Health Insurance Plans

What: Announced a two-step approach to providing coverage to children and adults. The plan would use of mix of tax credits, subsidies and an expansion of existing federal programs aimed at low-income individuals.

Tidbit: Perhaps to signal how grandiose they view their plan, the group unveiled it in the cavernous foyer of Washington, D.C.'s Union Station.

www.coalitionfortheuninsured.org5

Thursday

Who: Sen. Ron Wyden (D-Oregon)

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What: Introduced the Healthy Americans Act. The plan is to de-link health care from the employer-sponsored model and move towards a system where individuals purchase coverage and employers help foot the bill

Quote: "Americans really don't have health care at all. They have sick care," said Mr. Wyden. "We are going to change that. We are going to change that by giving seniors incentives to stay healthy, rewarding parents who enroll their youngsters in wellness programs and pushing private insurers to put a new emphasis on prevention and wellness in the plans they offer."

GOP Expects Secret Ballot (WT)

By Ralph Z. Hallow

The Washington Times, January 19, 2007

Republican National Committee members think they will get a secret ballot on today's election of a new general chairman, which would protect members opposed to the White House's push to fill the new slot with an advocate of an amnesty for illegal aliens.

"If we get the secret ballot as promised, then every member will feel free to express his or her view without the fear of coercion or intimidation," said RNC member Curly Haugland of North Dakota.

The move to create a new top office on the committee and fill it with Sen. Mel Martinez of Florida is scheduled to take place today, on the third day of the annual RNC winter meeting here. Mr. Martinez supports President Bush's plans for what conservative critics call amnesty for illegal aliens.

Former Maryland Lt. Gov. Michael S. Steele, a former state party chairman and RNC member who attended the meeting yesterday as an observer, was talked up by some members as an alternative to Mr. Martinez.

Mr. Steele, praised by name in a farewell speech by outgoing Republican National Chairman Ken Mehlman, lost a Senate run in November but remains popular with RNC members.

"The Republican Party is against amnesty for illegals, but if the president wants Mr. Martinez as general chairman, that should be the president's prerogative," Mr. Steele told The Washington Times.

The RNC leadership's desires historically almost always carry the day, especially when a Republican is in the White House, but some members yesterday said they saw hope that things might turn out differently this time.

"If it is a secret ballot, it will make a huge difference," said RNC member Denise McNamara of Texas, who said she intends to vote against the creation of the general-chairman position and, if that move fails, to vote against Mr. Martinez to fill the office, regardless of whether the vote is secret or public.

So far, a minority of members share her willingness to publicly express opposition.

"I will vote against the creation of an office of general chairman, even if it is a voice vote," said RNC member Steve Cloud of Kansas. "But a lot of others on this committee who also oppose the creation of that office -- whether because it violates the rules or because they oppose amnesty for illegal aliens -- they will be afraid to say what they think unless there is a secret ballot."

At issue is whether the RNC's rules permit the creation the "general chairman" position. The rules governing the RNC, adopted at the 2004 Republican National Convention, call only for an elected chairman and co-chairman.

RNC member Robert M. "Mike" Duncan, a Kentucky resident and the current treasurer, is running unopposed for chairman. RNC member Tim Morgan of California is exacted to become the new treasurer.

Mr. Bush has said his friend, Mr. Martinez, will be the RNC's general chairman, even though the office has yet to be created by a vote of the 168-member national committee.

"Some members are opposed for that reason alone," Mr. Cloud said.

Mr. Haugland said he had won agreement, in a private meeting with the RNC leadership, to provide a report from a certified parliamentarian in support of a secret ballot instead of the usual voice vote on such issues.

Mrs. McNamara said fears that if the RNC leadership rules that members must cast public votes on whether to have a secret ballot, "then right away you give away whether you are going to vote against Martinez."

Mr. Mehlman, widely credited with making the Republican Party's 72-hour task force for voter turnout in the 2002 and 2004 elections successful, yesterday told the RNC that the way to "grow" its membership and popularity with voters is not to treat Democrats as "the enemy."

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"Of course, there is still much about the Democrats that we disagree with," Mr. Mehlman said. "But when we do disagree, let us do so remembering that our political opponents are not our enemies."

He said that when Democratic National Committee Chairman Howard Dean said he hates Republicans and what they stand for, ordinary people scratched their heads.

"Outside this town, a Republican isn't an enemy to a Democrat -- she's a sister-in-law or another parent they see at the soccer field on Saturday mornings."

He said Republicans are "defined by how we treat others, not our political philosophy."

Mr. Mehlman said the midterm election losses taught the party that it "must hold its officials, candidates and staff to the highest ethical standards" and that "there is too much money and power in Washington, D.C., today."

"Thieves go where the money is, and scoundrels follow the power," he warned.

Two potential Republican presidential candidates held simultaneous dinners last night for RNC members. Some members said they got invitations to the one held by Sen. John McCain of Arizona and to the one held by former Massachusetts Gov. Mitt Romney. Other said they got invitations to one but not the other. Some members said they were going to try to drop in on both dinners.

Also, a stream of members visited Mr. McCain in his Senate offices, some ferried there courtesy of RNC member Chuck Yob of Michigan.

Mr. Martinez held an evening reception for members at a ballroom in the Grand Hyatt Hotel, where the annual meeting has been taking place.

Departing Chief Warns G.O.P. On Outlook For 2008 Races (NYT)

By John M. Broder

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — Ken Mehlman, the departing chairman of the Republican National Committee, warned on Thursday that his party would suffer even more devastating losses in 2008 than it did in 2006 if it did not reach out to minorities and address voter concerns about ethics.

In his farewell speech after two years as chairman, Mr. Mehlman said that the 2006 elections, in which Republicans lost control of both houses of Congress, was not a fluke that could be attributed to the calendar, a few scandal-tainted candidates and the tough going in Iraq.

“Each of these factors combined to create an environment that was unfavorable for Republicans,” said Mr. Mehlman, one of the chief architects of President Bush’s two national election victories. “But, folks, these factors cannot be an excuse.”

He said that if Republican officials shrugged off the repudiation of the party in the 2006 elections they would lose the White House in 2008 and remain in the minority in Congress indefinitely. He said the party had to recommit itself to political reform, fiscal restraint and personal ethics.

Mr. Mehlman addressed the roughly 170 members of the Republican National Committee at their annual winter meeting, a rather glum affair at a downtown hotel here. Party members are still nursing the wounds of the mid-term elections and are riven by divisions over Iraq, immigration and other issues. Members are also beginning to take sides in the contest for the Republican presidential nomination in 2008.

On Friday, committee members are expected to ratify Mr. Bush’s selection of Senator Mel Martinez of Florida as the party’s new general chairman. Mr. Martinez, who emigrated from Cuba as a child, will be the public face and voice of the party as it tries to reach out to Hispanics and other minorities who have abandoned the party in large numbers in recent years.

Mr. Martinez is expected to win the job by a large margin, but a handful of dissidents plan to vote against him because of his support for liberalized immigration laws.

One Martinez opponent, Randall Pullen, Republican national committeeman from Arizona, said that illegal immigration was the biggest problem in Arizona “and it’s not getting any better.”

“It’s such a huge issue and his past votes are not to the liking of Arizonans in general and the state party, for sure,” Mr. Pullen said.

But he said he did not think more than a few national party officials would defy the president and vote against Mr. Martinez.

Mr. Martinez, who appeared at the meeting briefly Thursday morning before returning to the Capitol, said he believed that one of his chief jobs as general chairman would be to try to reconnect with Latino voters, whose support for the Republicans dropped to 29 percent in 2006 from 44 percent in 2004, in large part because many Republican candidates ran explicitly anti-immigrant campaigns.

"The president, in naming me to this position, was saying we need to speak with a voice that speaks to all Americans," Mr. Martinez said. "My job is to make clear that our door is open and we're reaching out to all Americans, speaking to their hopes and aspirations and dreams."

Robert M. Duncan, a longtime Republican lawyer and operative, is expected to be elected the party's chairman, responsible for day-to-day business.

Ed Gillespie, a former Republican Party chairman, attended in his capacity as the new Virginia state party chairman. He acknowledged that the last two months had been painful for the party.

"Fortunately," Mr. Gillespie said, "there are 12 months in a year."

Top Republican Calls For Bipartisanship (WP/AP)

By Liz Sidoti

The Washington Post, January 19, 2007

WASHINGTON -- Republican Chairman Ken Mehlman on Thursday challenged his GOP brethren to work with Democrats and independents to defeat terrorism and solve the country's problems, a call for bipartisanship at a time of intense political polarization.

"Let's work to put aside our differences on other issues and march together to defeat this common enemy, who threatens our common values _ values that aren't red or blue, but red, white and blue," Mehlman told the Republican National Committee's winter meeting.

"This doesn't mean we abandon our philosophy. But on many issues, we can follow the example of Ronald Reagan, and think broadly about how to work better with Democrats and independents to accomplish our mission," he said.

The remarks, in Mehlman's final major speech as party chairman, were a nod to the new reality on Capitol Hill _ Democrats in charge of both the House and Senate while Republicans continue to control the White House, a potential recipe for legislative gridlock.

"Americans want us to try to work in a bipartisan way to solve problems," Mehlman said, adding that challenges facing the country don't just affect one party.

He said Republicans can reach across the aisle to tackle issues such as an immigration overhaul that "maintains America as a nation of laws and also a welcoming nation for immigrants"; eliminating the deficit; curbing entitlement spending; and achieving universal health care coverage while controlling costs.

"Of course, as we work together, there will be much about the Democrats that we disagree with," he said. "But when we do disagree, let us do so remembering that our political opponents are not our enemies."

Mehlman steps down Friday after a two-year stint as chairman and will be succeeded by Sen. Mel Martinez, R-Fla., and Mike Duncan, the RNC's current general counsel. The two will share the chairmanship duties.

The RNC is expected to vote to approve the two _ the White House's preferred successors to Mehlman _ on Friday. But roughly a dozen RNC members plan to vote against Martinez _ a Cuban-American _ because he supports not only stronger border security but also an eventual path to citizenship for some of the millions of immigrants living in the United States illegally.

In addition, the RNC formally approved its 2008 convention city selection of Minneapolis-St. Paul.

The 2008 election was a hot topic. Two of the party's top contenders for the presidential nomination _ Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney _ were holding separate receptions and dinners for about 200 activists at two Washington restaurants.

Romney spent part of the day on Capitol Hill courting Republican lawmakers. Their aides, as well as advisers to other GOP presidential aspirants, including former New York City Mayor Rudy Giuliani, mingled with RNC members throughout the day.

Meanwhile, the RNC adopted a resolution urging Congress to support "common sense reform" of the current campaign finance law, more commonly called McCain-Feingold after its co-sponsors _ McCain and Sen. Russ Feingold, D-Wis.

The resolution says the 2002 law has "made campaign finance regulations unbearably complex, which has deterred political participation by many average citizens and modest sized citizens groups." It also says the law "reduced the effectiveness of political parties."

Identity Of Edwards Home's Buyers Veiled (WP)

By John Solomon And Lois Romano

The Washington Post, January 19, 2007

When former North Carolina senator and Democratic presidential candidate John Edwards finally succeeded last month in selling his imposing Georgetown mansion for $5.2 million after it had languished on the market, the names of the buyers were not publicly disclosed.

At the time, Edwards's spokeswoman told reporters that the house had been sold to an unidentified corporation. In reality, the buyers were Paul and Terry Klaassen, according to several sources and confirmed by Edwards's spokeswoman yesterday.

The wealthy founders of the nation's largest assisted-living housing chain for seniors, the Klaassens are currently cooperating with a government inquiry in connection with accounting practices and stock options exercised by them and other company insiders. They are also the focus of legal complaints by some of the same labor unions whose support Edwards has been assiduously courting for his presidential bid.

The grand 18th-century house had lingered on Washington's slowing real estate market for more than 18 months. The Edwardses paid $3.8 million in 2002 for the six-bedroom Federal-style house once owned by socialite Polly Fritchey, and they did substantial renovations. The final sale price was half a million dollars below the asking price but still $1.4 million more than the Edwardses paid four years earlier.

Edwards closed the deal in late December -- the night before he announced his presidential candidacy. Edwards aide Jennifer Palmieri said he left the details to real estate agent W. Ted Gossett. Gossett declined to reveal the Klaassens' identity but said the buyer decided to purchase the mansion as a "surprise Christmas gift" for his wife.

Edwards was told the Klaassens' name "in passing" around the time the offer came in on Dec. 18, Palmieri said last night, but he did not investigate further and had no knowledge of their business until a reporter's inquiry Wednesday. Palmieri said Edwards had not delved into the Klaassens' background: "They left it to be done at arm's length, real estate agent to real estate agent."

Asked about the allegations lodged against the Klaassens by their union stockholders, she added, "He believes all CEOs should follow the law, should protect their shareholders and should protect their workers, and he expects that will happen in this case as well."

The Klaassens declined to comment on the sale.

The paperwork for the sale was handled in such a way that it kept the Klaassens' names off the public deed documents, which show that the buyer was P Street LLC. That limited-liability corporation was created Dec. 22, public records show. Palmieri said the Klaassens used it to purchase the house. Such corporations are frequently created by large real estate buyers to protect themselves from lawsuits by shielding buyers' other personal assets.

Ellen S. Miller, head of the nonpartisan Sunlight Foundation, which studies public officials' real estate deals, said presidential candidates should go the extra mile by determining who they are doing business with, especially when "a substantial amount of cash is changing hands on the eve of his campaign."

The house sale comes at a time when the Securities and Exchange Commission has opened an inquiry into allegations that the Klaassens, founders of Sunrise Senior Living, and other company insiders cashed $32 million in stock options before Sunrise announced in May an accounting problem that caused its stock to dip.

SEC insider-trading notifications show that the Klaassens withdrew $20 million from their company in the year before they bought the house. Some of that money was taken out the week before the company announced an accounting review in May.

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A letter to the board from the Service Employees International Union states that after Sunrise announced the accounting change and filing delay in May the stock value plummeted 34 percent and that the cumulative impact of company restatements will reduce net income for 2003 through 2005 by 26 percent.

The Klaassens sold 600,000 shares, worth about $20 million, in 12 transactions from Dec. 19, 2005, to May 2, 2006 -- the last sales coming one week before the company's accounting troubles came to light and the company's stock plunged, according to public records confirmed by Sunrise sources.

Several stockholders in Sunrise, including two large unions whose support Edwards has courted, have pressed for action.

The 1.8 million-worker SEIU alleges its pension fund lost significant money in its investment in Sunrise, and the union asked for an independent investigator to take over the internal probe of the stock trades and accounting practices. Pension funds for the United Food and Commercial Workers Union filed a class-action lawsuit against Sunrise this week, seeking to recover losses from the stock's fall.

"What went on there is totally inappropriate. It is very clear that very important insiders traded in this stock before it [the accounting problems] became known publicly and before the stock took a hit," said Stephen Abrecht, the SEIU's pension chief. "The pattern of stock-option grants seen here pretty much follows the pattern we've seen in other companies that were hit by corporate-governance issues."

Abrecht said he was unaware of the Edwards home deal and would reserve judgment on it.

Sunrise officials declined to address the house sale, saying the deal was a personal matter of the Klaassens, and said any insider trades were conducted according to securities rules. "We are cooperating fully with the SEC," company spokeswoman Meghan Lublin said yesterday.

Paul Klaassen started Sunrise in the Virginia suburbs in 1981, saying he was inspired by his visits as a child to his grandparents' nursing home in the Netherlands to try to create a more pleasant living opportunity for seniors. Today, Sunrise operates 436 senior communities in more than 37 states as well as Canada, Britain and Germany.

Before public service, Edwards was a successful trial lawyer who in 2003 reported assets between $14 million and $45 million.

Edwards has run into controversy once before on a house sale. In 2002, he reached a deal to sell a Washington house to a U.S. lobbyist for Saudi Arabia and then refused to give back the lobbyist's $100,000 earnest money when the deal collapsed. At the time of the sale, the Saudis were trying to improve their image in Congress after the Sept. 11 attacks, and Edwards was serving on the Senate intelligence committee.

Edwards said he did not know the buyer was a Saudi lobbyist until after the deal had fallen through.

Staff writer Cecilia Kang contributed to this report.

Balanced Priorities (WP)

By E. J. Dionne Jr.

The Washington Post, January 19, 2007

Ask yourself which politician you trust more.

On the one side, a president who campaigned on a balanced-budget pledge, then dug the country hundreds of billions of dollars deeper into debt with huge tax cuts and an unpaid-for war, and now promises a balanced budget four years after he leaves office.

On the other side, a former senator who says that while he wants to contain the deficit, he has higher priorities than a perfectly balanced budget, specifically universal health insurance coverage and substantial investments in alternative energy.

That is the choice offered by George W. Bush and John Edwards, the North Carolina Democrat whose left-of-center presidential candidacy will have the salutary effect of challenging Barack Obama and Hillary Rodham Clinton to respond with specifics of their own.

Edwards's ideas on the budget have the additional virtue of reminding us that the argument over arriving at a balanced budget by 2012 is largely phony. The real issue, given the burgeoning costs of health care and the retirement of the baby

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boomers, is how to put policies in place now that achieve sustainable fiscal balance -- meaning low if not zero deficits -- over the next 30 years.

What needs to be done? Hint No. 1: Extending President Bush's tax cuts to eternity will make the long-term problem much worse. Hint No. 2: The hardest part will be how -- simultaneously -- to meet the fiscal need to rein in health costs and the social need to get health insurance to everyone. Hint No. 3: Most Democrats don't like to talk about it, but somebody's taxes are going to have to go up.

Edwards, at least, is willing to say which taxes he would raise to keep the deficit from going through the roof. He would start by eliminating Bush's tax cuts for the top 2 percent of income earners, which he defines roughly as those earning more than $180,000 to $200,000 a year.

He wants to increase the capital gains tax for an interesting reason: In an interview this week, he argued that it's wrong to tax income from work at a higher rate than income from capital -- an extension of his long-standing theme that the country should not value "wealth over work." He also favors a windfall-profits tax on oil companies.

But since health coverage and "transforming the energy economy of this country" are first on his to-do list, Edwards says he is prepared to disappoint voters who make a balanced budget their top priority.

Edwards deserves points for honesty and for stating the politically difficult truth that both fiscal and social balance demand a comprehensive health-care fix.

But his argument doesn't do much to help Democrats on Capitol Hill who have to govern with Bush for the next two years and produce budgets right now that don't worsen the deficit or deepen inequalities. They also need to do something about long-festering social problems. These have been aggravated by declines in health coverage and in the number of families receiving federal help for child care. There is also evidence that many poor people aren't getting the nutrition assistance they need.

Worse: Having watched a Republican president and a Republican Congress run deficits year after year, Democrats will now endure the false piety of born-again Republican deficit hawks who will say they care about a balanced budget more than anything -- except, of course, their sacred tax cuts for the wealthy.

"It's a huge mess," Sen. Charles E. Schumer (D-N.Y.) said of trying to pass a decent budget. "It's one of the worst things we have to do." Schumer, vice chairman of the Senate Democratic Conference, argued that even when Democrats propose increased spending for widely shared goals, such as homeland security, Republicans "are going to say 'you're spending too much,' even though it's . . . a mess they created."

Democrats should first do no harm. That means they should resist the temptation of new tax cuts -- including repeal of the alternative minimum tax. The AMT should be fixed, but only as part of comprehensive tax reform that raises revenue. If, as is likely, Bush's path to a "balanced budget" combines tax cuts with freezes or reductions in programs for the needy, Democrats should risk being accused of "class warfare" by pointing out that the president's recipe will produce not fiscal health but further social decline.

And if they want to trump Edwards's candor, Sens. Obama and Clinton should take the lead in showing how they would begin to clean up the mess they hope to inherit in 2008.

Black Leaders Still Sizing Up Obama (LAT)

By Peter Wallsten

The Los Angeles Times, January 19, 2007

WASHINGTON — As pastor of the Mt. Zion Missionary Baptist Church in Sumter, S.C., the Rev. James Blassingame feels pride at the thought of electing the country's first black president. But Blassingame, one of his state's most prominent black ministers, will not support Sen. Barack Obama's bid to achieve that historic goal.

Instead, the minister will campaign for one of Obama's white rivals for the Democratic nomination, former Sen. John Edwards of North Carolina. Obama, he said, is a "stranger" with a faraway home and little-known biography, whereas Edwards — "he's a homeboy."

Other black leaders are wary that the relatively untested senator from Illinois might prove weak in the general election.

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"Obama's ambition could bring all of black America down," said state Sen. Robert Ford of South Carolina. "If the Democrats lose control of Congress, we're going to go back and struggle and struggle and struggle."

A supporter of black candidates Shirley Chisholm and the Rev. Jesse Jackson in decades past, Ford said he would choose between Edwards and Sen. Hillary Rodham Clinton (D-N.Y.) this time around.

Excitement is spreading among Democratic Party activists that Obama might have a shot at winning the White House, but black opinion leaders are still sizing him up — and some are already expressing greater kinship with other candidates.

Half-black and half-white, a U.S. senator for a mere two years, Obama boasts that his life story transcends racial lines. But he is unlikely to win the Democratic nomination without substantial support from black voters. Blacks remain one of the party's most loyal voting blocs. They are expected to make up more than half of the electorate in South Carolina's first-in-the-South primary next year and to play a crucial role in other key states.

Stronger ties

Obama is the only top-tier African American seeking the nomination, but he will have to fight for black votes along with other candidates, some of whom have far stronger ties to black leaders than he does.

Edwards, for example, is expected to have an advantage in his native state of South Carolina, and his pledges to fight poverty and bring troops home from Iraq are popular with black leaders. Clinton, the presumed Democratic front-runner, has decades-old ties with scores of black preachers and civil rights leaders who remain close to her husband, former President Clinton.

A Los Angeles Times/Bloomberg survey in December found that all three were popular among black voters, but that Clinton received the highest marks.

Blassingame speaks fondly of Edwards, who, like the pastor, was born in Seneca, S.C. "I know where he came from, because I came from there," Blassingame said. "I can identify with him, and he can identify with us."

The actor Bill Cosby told the Chicago Defender, a black newspaper, that the country was ready for a black president, but he suggested that Obama might not be the best candidate in the 2008 race.

"I see the African American voter having to study both Hillary Rodham Clinton and Mr. Obama," he wrote in an e-mail that the newspaper quoted Thursday. "It goes without saying that President Clinton and Mrs. Clinton have embraced the African Americans…. By studying both politicians deeply, the African American voter for the first time will not pick a candidate because of any particular idiosyncrasy."

Obama has plenty of room to improve his standing, both with black community leaders and with black voters, who in the end won't necessarily follow the lead of clergy and others. Despite a growing national profile and two best-selling books, recent polls show that he remains unknown to many voters.

Even Blassingame, the South Carolina pastor backing Edwards, said that some of his church members would embrace the possibility that their votes could make history and would support Obama once he campaigned in the state's primary election.

Still, some black leaders just don't think Obama can win a general election, and they want to put their support somewhere else. Others worry about his lack of experience, particularly on foreign policy.

"It's nothing against Obama, but we have to weigh all those factors," said David Mack, a South Carolina state legislator and former chairman of the state's black legislative caucus, who is backing Sen. Joseph R. Biden Jr. (D-Del.).

Ford, the state senator, said Obama "wouldn't have a snowball's chance in hell of winning one state" in a general election. He pointed to the 2006 Senate campaign in Tennessee, in which a black Democrat lost to a white Republican after a racially tinged campaign ad.

"I'm just being real," Ford said.

Relative rookie

As a rookie on the national stage, Obama does not have an established nationwide network of fundraising and personal connections. And whereas the traditional black leaders in Democratic Party politics are identified by their connections to the old civil rights struggles of the South and of Northern cities, Obama was raised by a white mother in Hawaii and Indonesia. His ties to the black church and to the urban struggles of many blacks were solidified only when he moved to Chicago after college.

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A spokesman for Obama said Thursday that the senator's voter-outreach effort was just beginning. Still, there are signs that he has embarked on a quiet campaign to woo influential black leaders.

He placed a call this week to Rep. James E. Clyburn, the third-ranking Democrat in the House and one of the most powerful black politicians in South Carolina. Obama also addressed a breakfast in Chicago honoring the late civil rights leader Martin Luther King Jr., hosted by Jackson. Appearing at a black church in a poor suburb of Chicago, he offered hints that he viewed his political rise as a natural extension of King's dream.

"The torch has been passed to this generation, but we haven't always taken it up," Obama said in an account on the WBBM CBS2 television station. "We haven't pushed the boundaries of what is possible. We have much more work to do."

Obama received standing ovations that day.

Jackson has stopped short of endorsing Obama, but he told CNN on Thursday that he probably would back him. "All of my heart leans toward Barack," he said. But he added that Obama would have to compete for the black vote. "I don't think it will be hostile, or nasty, but it will be a very competitive campaign."

While he is talking to the black voters and leaders, Obama is making sure his public image rests on a broad foundation. A new biographical video, released this week on Obama's website, features several images of him working with blacks as a civil rights lawyer and community activist. But equally prominent images show him speaking intently with white constituents. Two people offer testimonials of their admiration for the senator: a white woman and a man who appears to be Latino.

If nothing else, Clyburn said in an interview, Obama's candidacy would undercut the old "monolithic notion" that blacks will automatically vote for a black presidential candidate, or that whites will never do so.

"I'm surprised at the number of African Americans I talk to who are just very much for Edwards," Clyburn said. "I'm also surprised at the number of well-heeled, wealthy white South Carolinians who tell me they're for Obama."

Obama formed an exploratory committee Tuesday, a step toward formally entering the presidential race, and says that on Feb. 10 he will announce a final decision on whether to run. Few doubt he intends to mount a campaign.

Rice Aims For Talks With Israeli, Palestinian Leaders By Mid-February (AFP)

By Sylvie Lanteaume

AFP, January 19, 2007

US Secretary of State Condoleezza Rice said she hoped to meet Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas by February 15 in a bid to revive the peace process.

"The next couple of weeks will be pretty intensive on the diplomatic front," Rice told reporters traveling with her to London before meeting with British Prime Minister Tony Blair.

Rice held talks with Blair late Thursday, Downing Street said.

But the talks here risked being clouded by an outspoken attack on Washington by one of Blair's cabinet ministers, Northern Ireland Secretary Peter Hain, who blasted Washington's "failed" foreign policy in a newspaper interview.

On February 2 Rice will host talks with her counterparts from Russia and the European Union and UN Secretary General Ban Ki-moon to agree steps on how to revive the peace process. The four represent the Middle East quartet.

The following week Egyptian Foreign Minister Ahmed Abul Gheit will travel to the United States with Egyptian intelligence chief Omar Suleiman. Other officials from the region could also travel to Washington, Rice said.

David Welch, the US State Department's top Middle East envoy, and Elliott Abrams, the White House national security adviser on the Middle East, will then travel to the region to prepare for informal trilateral talks.

Rice announced Monday such talks would take place soon, without specifiying a date.

"I plan to try to go back in the first half of February," Rice said.

Rice arrived from Germany after talks with Chancellor Angela Merkel earlier in the day before heading home.

Her spokesman Sean McCormack said here that Rice "intends to brief both (Blair and Foreign Secretary Margaret Beckett) on her trip to the Middle East and will also discuss the next diplomatic steps to help move the process forward."

He expected they will also discuss Iran, Afghanistan, and other issues such as Sudan.

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During her stop in Berlin, Rice and Merkel focused their talks on the Israeli-Palestinian conflict, seen as crucial for the stability of the whole region.

"There is no doubt that there could be a very important effect on the entire region if we are able to make progress on Middle East peace," said Rice before leaving the German capital.

Germany, as the current EU president, has made revitalizing the quartet one of its priorities. It held its last full meeting in September.

The chief US diplomat came to Berlin after a six-country Middle East tour during which she announced she would hold a summit with Olmert and Abbas within a month.

Rice said it would take "a few weeks" to organize the summit but added Thursday that both the Israelis and Palestinians were ready to work toward a lasting solution.

The London talks risked being clouded by Hain's comments.

"The neo-con mission has failed," Hain told the New Statesman left-of-centre weekly. "It's not only failed to provide a coherent international policy, it's failed wherever it's been tried," he said.

There was no immediate comment by Blair's Downing Street office on his minister's comments.

But they run clearly counter to the British leader's strongly pro-Washington stance.

Hain's comments were widely interpreted in London in the context of the upcoming race to succeed the British prime minister, who is due to stand down before September.

The Northern Ireland secretary is expected to run for Deputy Prime Minister John Prescott's job, and his comments savaging Washington will play well to traditional Labour Party members, frustrated at Blair's cosiness with Bush.

Hain also called openly for Blair's New Labour to realign itself with the US Democrats, following the years of Blair's close ties with Bush's Republicans.

Rice also said on Thursday she was "sorry" that Iraqi Prime Minister Nuri al-Maliki was offended by her comments that his government was "on borrowed time", blaming translation problems.

"I am sorry if he took offense. I did not mean any offense," she told reporters in London.

Rice Says Time Is Ripe For New Mideast Peace Push (USAT)

By Barbara Slavin

USA Today, January 19, 2007

LONDON — Secretary of State Condoleezza Rice said Thursday that she will return to the Middle East early next month to help launch a new Palestinian-Israeli peace process.

She said conditions were better for a deal now than they were six years ago when President Bush first took office.

Rice was in Britain after wrapping up a trip to the Middle East designed to restart the process and to persuade Arab countries to support U.S. policy in Iraq.

VIDEO: Secretary looks for support in Europe

Rice has said a peace agreement between Israelis and Palestinians would help the U.S. position in the region because of the priority America's Arab allies place on creation of a Palestinian state.

The "underlying circumstances are better now" for reaching an agreement, she said. She cited the removal of Saddam Hussein in Iraq and greater Israeli willingness to cede land to the Palestinians.

The Bush administration has said Saddam's ouster removed a threat to Israel and would begin a process that would lead to the spread of democracy and stability in the region.

However, both Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas — with whom Rice plans a three-way discussion next month — are weaker than their predecessors. That makes reaching a peace agreement more difficult.

"Leadership on both sides (of the Palestinian-Israeli dispute) is mediocre and lacking in imagination," said Zbigniew Brzezinski, who was national security adviser to President Carter when Carter mediated peace between Israel and Egypt.

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Olmert is facing sharp criticism in his country for how the military performed in last summer's war with Hezbollah in Lebanon. An independent commission is examining the management of the war. A recent poll by the Haaretz newspaper found only 14% of Israelis have confidence in Olmert's leadership.

The Palestinian leadership, meanwhile, is divided. Abbas faces competition from Hamas, which won parliamentary elections a year ago. Hamas, designated a terrorist group by the United States, Israel and European Union, has clashed with Abbas' party, Fatah.

During the Middle East trip, Rice won qualified Arab support for the U.S. strategy of bolstering Iraq's fragile government with 21,500 additional U.S. troops.

Some of those same Arab leaders expressed worries, however, that Prime Minister Nouri al-Maliki, a Shiite, would not crack down on Shiite militias, which have been targeting Sunnis in Iraq. Saud al-Faisal, the Saudi foreign minister, was among those questioning al-Maliki's ability to treat Iraq Sunnis and Shiites fairly.

On Thursday, Al-Maliki said more than 400 fighters from a powerful Shiite militia had been arrested. Al-Maliki has said he will take on militias even if they are among his own political supporters.

The administration has been encouraging al-Maliki to make concessions to Sunnis and take other political action to reduce violence. Rice apologized for a remark she made before the Senate Foreign Relations Committee last week in which she said al-Maliki's government was on "borrowed time."

The Iraqi prime minister criticized Rice Wednesday, saying the comment "boosted the morale of terrorists." Rice said that al-Maliki had misinterpreted the remark, perhaps because of a poor translation, and that the two governments "want the same thing" — a crackdown on sectarian violence. "I'm sorry that he took offense," she said.

Rice Has Loose Agenda For Mideast Talks (AP)

By Anne Gearan

AP, January 19, 2007

Israel and the Palestinians can pick any agenda they want for a preliminary peacemaking summit with the United States, but it is too early to tackle the toughest issues, Secretary of State Condoleezza Rice said Thursday.

"We're not yet at the point where I think we can determine what we would do about formal negotiations, when and if" they can occur, Rice said at the close of a week's trip to the Middle East and Europe. "It's really a time to try to get the parties into more of a confidence-building phase and we'll see what comes after that."

Rice said her three-way meeting with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas probably would take place in the Middle East in the first half of February.

Speaking to reporters traveling with her, Rice said that session will follow a gathering in Washington of the international sponsors of a dormant, step-by-step peace plan called the "road map" that was to have led to Palestinian statehood by 2005.

She acknowledged that the 2003 plan's requirements had become something of an obstacle in restarting talks between the two sides, but she said it remains the guideline.

"Everybody understands the obligations in it, but we'd gotten to a place that it was stalled," Rice said, "because if they weren't making progress on the first phase of the road map, then you couldn't talk about the end of the road map and what might lead to the establishment of a Palestinian state."

Rice said her talks with both leaders last weekend "broke through that." Olmert and Abbas agreed to the three-way meeting, a symbolic advancement both of their relationship and the involvement of traditional peace broker Washington.

Olmert and Abbas are both politically compromised: Olmert by last summer's disappointing war in Lebanon and allegations of political corruption in his ranks; Abbas by his yearlong internal power struggle with Hamas radicals.

Rice hopes the meeting will be part of a wider effort to support Abbas in that fight.

Both Abbas and Olmert inherited the 2003 plan agreed to by others. U.S. officials say it may be time to fine-tune some requirements in the plan, and that an agreement between Abbas and Olmert about how to do that could be a first step toward larger accords.

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"It really should be up to them to put anything on the agenda that they'd like," Rice said, but she made clear that she hopes to discuss more than the outlines or borders of an eventual Palestinian state.

"There's always been a lot of concern about what the borders of the state would be, but there wasn't much attention given to its internal composition — its democratic processes, its institutions," Rice said. She added that Abbas is interested in those subjects.

Assessing he prospects for progress on the Palestinian questions, the chief U.S. diplomat met in Berlin and London with European leaders who are keenly interested in an issue with wide public appeal.

In between, Rice tried to sell skeptical Arab governments on the rationale for President Bush's strategy in Iraq.

Some Arabs saw the tasks as related.

"Every time the Americans are in trouble in Iraq, they remember that Arabs have a cause named Palestine," Saudi columnist Dawoud al-Shriyan wrote in the Saudi-owned Al-Hayat newspaper. "Therefore, they float some statements to create the impression that they continue their efforts in the peace process."

Rice briefed Arab leaders and diplomats about the Bush plan at stops in Jordan, Egypt, Saudi Arabia and Kuwait, arguing in part that Western-leaning or secular Arab states have much to lose if Iraq fails. A large part of that appeal involves the growing fears among Sunni Arab states that Shiite Iran is already gaining influence in Iraq and beyond.

In Kuwait, Rice sat down with foreign ministers from eight Arab states, including the three U.S.-allied heavyweights Jordan, Egypt and Saudi Arabia. The grouping encouraged by the United States excludes Iran and fellow U.S. outcast Syria, but Rice has avoided comment on the perception that she is forging an anti-Iranian alliance.

Rice's second in command planned another round of diplomatic calls in the region next week.

Some Arab media depicted Rice's visit as a failure. "The whole jet-setting trip turned out to be yet another stage-managed, futile diplomatic exercise. ... In effect, Rice returns to Washington empty-handed with a lot of false promises rather than optimism," the Doha, Qatar-based Peninsula newspaper wrote in editorial.

Jordanian analyst Labib Kamhawi said that besides their doubts over the plan itself, Arab leaders had a difficult time throwing support behind it "when there has been a total failure in Iraq and the Palestinian territories with no attempt to soften the anger that is seething in the Arab and Muslim countries."

Perhaps Thinking Of Legacy, Bush Has Rice On The Move (NYT)

By Thom Shanker

The New York Times, January 19, 2007

LONDON, Jan. 18 — Two years from the end of his second term, President Bush — perhaps with his legacy in mind — sent his secretary of state to try to restart moribund peace talks between Israelis and Palestinians and to create a foundation of Muslim support for the administration's new strategy in Iraq.

Secretary of State Condoleezza Rice flies home on Friday, after a quick trip across the Middle East and Europe, with just enough progress to shield herself from criticism that the trip was a bust. The Palestinian president and the Israeli prime minister promised to join her for three-way talks within a month, with a meeting in Washington in advance by the so-called quartet — the United States, Russia, the European Union and the United Nations — that has been trying to promote Middle East peace.

And powerful Arab states gave their blessing, however reserved, to Mr. Bush's initiatives to try to snatch victory from the growing chaos that is Iraq — even though these wealthy nations committed nothing of their own to that effort.

Throughout a week of long flights and long nights of negotiations, Ms. Rice carried the message that the moment was right for progress and that the Bush administration's accelerated efforts could succeed in a region where past American presidents, Democratic and Republican, also sought to burnish their late-term legacies, but usually fell short.

With chaos across the region offering a loud and bloody counterpoint to her argument, Ms. Rice cited an oft-quoted Chinese aphorism that crisis and opportunity are a couple. But it is clear that crisis currently rules.

Ms. Rice's Israeli and Palestinian negotiating partners have been weakened — the Palestinian president, Mahmoud Abbas, by the victory a year ago of the militant group Hamas in legislative elections, and Prime Minister Ehud Olmert of Israel by perceptions that the war with Hezbollah militants in Lebanon during the summer was bungled.

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So even if Ms. Rice has the vision to peer through the fog of regional conflict and see what she labeled a "political horizon" for Israelis and Palestinians, her Israeli and Palestinian partners may not be around long enough to move in that direction with her.

(Ms. Rice, a scholar of Soviet affairs, is no doubt aware of the Brezhnev-era joke in which a Kremlin party leader intones, "Comrades, global Communism is on the horizon," to which a reply is whispered from the back of the hall, "Doesn't the horizon always move away exactly as fast as you move toward it?")

The White House, of course, is also struggling. Mr. Bush's new plan for Iraq is meeting deep resistance from Democrats in Congress and even from the Iraqi prime minister. In a political sense, though, the opposition could help the administration lay blame for any ultimate failure in Iraq far from the White House.

Administration officials already contend that past errors in setting troop levels were made by generals, not the White House; that Prime Minister Nuri Kamal al-Maliki may have neither the ability nor the will to quash sectarian militias and forge a unity government; and that the Democrats on Capitol Hill are not willing to give their plan a chance.

Ms. Rice spoke at length on this trip about historical determinism, about how great presidents and prime ministers divined the moment when geopolitical stars aligned, and rushed in then to take advantage.

"I tend to place a lot of emphasis on the fact that people see their interests differently now than they did 5 years ago or 10 years ago," she said. "They see their interests less as continuing or having maximalist positions about this conflict and are more concerned about the kind of broad strategic picture."

She said that the Israeli-Hezbollah conflict in Lebanon "was a major contributor to that shift in alignment" and that it made a Middle East peace deal more promising, and that toppling Saddam Hussein, despite the current violence within Iraq, removed what she called an "eastern front" against the Israelis.

Looking more broadly across the region, in particular to the nations bordering Iraq and along the Persian Gulf, Ms. Rice said she was trying to construct a geopolitical framework of moderate Sunni and Shiites into a stronger, and more active, alliance against extremist Sunni and Shiite states — meaning Syria and Iran.

But tensions emerge. America's Muslim allies in the region do not like being called moderate, as they see themselves as fervent in their religious belief, though mainstream, perhaps, in their view of the world. There are also divisions over how and whether to negotiate with Iran.

"There's still a tendency to see these things in Sunni-Shia terms," Ms. Rice said. "But the Middle East is going to have to overcome that." She added that neighboring Sunni-led Arab states should understand that Iraq's Shiite-led government primarily saw itself as Arab and that the only way it would ally itself with Iran, which is Shiite but not Arab, would be "if people deny the Shia-led Iraq a place in the Arab world."

Some critics have said that the Iraq war has sidetracked, or even derailed, the Bush administration's efforts for a Middle East peace deal and that the administration's renewed focus on the region is an effort to change the channel from images of Iraq as the Bush administration enters its final two years.

But Ms. Rice said her efforts had nothing to do with legacy building.

"I don't think about it in terms of my reputation," Ms. Rice said. "I am going to be concerned about what we can get done, when, and how."

Rice Highlights Opportunities After Setbacks On Mideast Trip (WP)

By Glenn Kessler

The Washington Post, January 19, 2007

LONDON, Jan. 18 -- As Secretary of State Condoleezza Rice flew to Europe on Wednesday after four days of talks in the Middle East, her Boeing 757 jet passed high over Baghdad. On a cloudless day at 37,000 feet, the city seemed sparkling and calm; the U.S. military presence and the sectarian violence below could only be imagined.

The moment was an apt metaphor for Rice's latest -- and her 12th -- visit to the region in the two years she has been the nation's top diplomat.

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Through much of her trip, she seemed to cruise at a very high altitude as she pitched President Bush's new plan for Iraq, tried to revive peace talks between the Israelis and the Palestinians and sought to organize an Arab coalition against "violent extremists" such as Iran. But her results after six stops on the ground in the Middle East did not match her lofty rhetoric.

Rice announced that she had arranged a three-way meeting to discuss the contours of a Palestinian state, sidestepping questions about the political weakness of the Israeli and Palestinian leaders who would make a deal. She found generally tepid support from Arab leaders in the region for Bush's proposed military buildup in Iraq. She shrugged off a request from the emir of Kuwait that the United States engage directly with Iran and Syria to prevent the Iraqi conflict from spilling over its borders.

Even so, Rice told reporters traveling with her that, despite the day-to-day headaches and setbacks, she thinks that conditions are right now for a fundamental reordering of the Middle East.

"You aren't going to be successful as a diplomat if you don't understand the strategic context in which you are actually negotiating," she said Tuesday. "It is not deal-making. It's not. There are a set of underlying relationships, underlying balance of power, leverage on different sides, and you have to recognize when you are in a position to then, on top of that, find a solution given the underlying balance."

Under Rice's formulation, the time is not ripe to deal directly with Iran and Syria, both of which are causing problems in Iraq, because they have not indicated they are ready to change their behavior. While the Shiite-dominated Iraqi government is trying to build ties to Iran, which Rice said she does not oppose, the administration is ratcheting up the pressure, sending a second aircraft carrier to the Persian Gulf. The United States has negotiated with seemingly implacable adversaries in the past -- the Soviet Union and Serbia's Slobodan Milosevic among them -- but Rice rejects those historical analogies as irrelevant.

By contrast, Rice said she thinks the opportunities for Middle East peace have suddenly turned brighter, even though Palestinian Authority President Mahmoud Abbas has struggled against the Hamas movement, which has day-to-day control of the Palestinian government and which remains committed to Israel's destruction. Israeli Prime Minister Ehud Olmert also faces political peril from a financial scandal and lingering controversy over last summer's war between Israel and the Lebanese Shiite group Hezbollah.

"A lot has happened in the Middle East in the last several years, and a lot has clarified in the Middle East," Rice told reporters traveling with her after she arrived here Thursday, on the last stop of her week-long trip, for meetings with British officials.

Rice argues that there is a constellation of forces, such as growing fear of extremist groups by "mainstream" Arabs in the wake of the Lebanon war, that now gives historical antagonists such as Saudi Arabia and Israel common strategic objectives.

"With that shift in alignment, I think you now have a chance to perhaps make progress on this issue in ways that you didn't before," Rice said.

As a result, Rice on this trip shifted six years of Bush administration policy to encourage Olmert and Abbas to begin discussing vexing "endgame" issues, such as the shape of a Palestinian state, the status of Jerusalem and the claim of Palestinian refugees, as well as their descendants, of a right to return to homes in Israel that they fled or were forced to flee in 1948.

The administration of President Bill Clinton had grappled with such topics, but the Bush White House previously argued that they could not be raised until a series of incremental confidence-building measures had been addressed.

The Arab media was highly skeptical of Rice's efforts. The Arab News, a Saudi newspaper, asked the day after she left Riyadh, "To what extent is Rice just another siren, mesmerizing the Middle East with pleasing songs while dragging it onto the rocks of fresh conflict because of her own country's incompetence?"

At one point, Rice said that the difficult circumstances in the Middle East could represent opportunity. "I don't read Chinese but I am told that the Chinese character for crisis is wei-ji, which means both danger and opportunity," she said in Riyadh. "And I think that states it very well. We'll try to maximize the opportunity."

But Victor H. Mair, a professor of Chinese at the University of Pennsylvania, has written on the Web site http://pinyin.info, a guide to the Chinese language, that "a whole industry of pundits and therapists has grown up around this one grossly inaccurate formulation." He said the character "ji" actually means "incipient moment" or a "crucial point." Thus, he said, a wei-ji "is indeed a genuine crisis, a dangerous moment, a time when things start to go awry."

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How Rice Uses History Lessons (WSJ)

By Neil King Jr.

The Wall Street Journal, January 19, 2007

LONDON -- U.S. Secretary of State Condoleezza Rice often calls herself "a student of history." And increasingly, she is using history -- or her chosen slice of it -- both to explain and justify the Bush administration's Middle East policy.

When Ms. Rice talks about the challenges the U.S. faces across the Mideast, she points, somewhat surprisingly, to Europe after World War II and to the West's decades-long face-off against the Soviet Union, which happens to be her area of expertise. It is a penchant that has scholars scratching their heads.

Citing the Cold War's denouement as context for today's bloodshed and tumult may seem far-fetched to some. But Ms. Rice uses the analogy both to beg for patience -- the Cold War, after all, consumed decades -- and to try to elucidate a diplomatic strategy that is increasingly assailed for its lack of assertiveness.

While traveling this week through the Middle East and Europe, Ms. Rice engaged in several long historical tutorials with reporters in tow. Her point in referring back to the Cold War, she said, isn't to argue that history repeats itself or that the analogy is exact.

"The reason that I cite some of these other times, like Europe, is that it is so clear in everybody's mind that the United States and its allies came out victorious at the end of the Cold War," she said in Kuwait. "But if you...look at the events that ultimately lead to that, you would have thought that this was failing every single day between 1945-1946 and probably 1987 or 1988."

Her contention is while things may look bad now in Iraq and elsewhere in the region, history is on the administration's side. She pushed a similar argument to reporters last month. The Middle East is "moving toward something that I am quite certain will not have a full resolution and that you will not be able to fully judge for decades," she said.

Critics dismiss Ms. Rice's references to the Cold War as both convenient and a sign of her limited frame of reference. The challenges facing Europe in 1946, they say, bear little similarity to those of the Middle East in the 21st century.

"The administration's reservoir of historical analogies seems limited to the 1914-1991 period. And it's all about Europe," said Adam Garfinkle, a former Rice speechwriter who edits the foreign-policy journal The American Interest. "No one in a senior position in this administration seems to have even the vaguest notion of modern Middle Eastern history."

When asked this week about what moments in Arab history inform her thinking, Ms. Rice said she had read about "the British experience" in Mesopotamia in the 1920s, which led to the founding of modern Iraq and the withdrawal of British forces. "I know a number of things that went right, and I know the things that went wrong," she said.

But Ms. Rice cleaves to her Cold War history to try to drive home a bigger point about the administration's diplomatic approach, which is seen by many as detached and lacking urgency. For six years, the administration has stayed out of direct efforts to push a peace accord between Israel and the Palestinians. Today, despite widespread calls to talk with Iran and Syria, Ms. Rice rejects such action as ill-timed.

She tends to portray events, particularly the clash between what she calls "moderation" and "extremism" in the Middle East, as driven by huge, almost inevitable forces that make diplomacy impractical, or even irrelevant. Critics say such a view has made Washington's top diplomat less flexible in policy making -- and less adept in old-style negotiation and hand-holding, whose results also can be hard to quantify in the short term.

Those who clamor for sitting down with Syria and Iran are out of touch with what Ms. Rice calls "the underlying forces."

"There's a tendency to think about diplomacy as something that is done untethered to the conditions underlying it or the balance underlying it," she said. "In fact, that's not the way that it works. You aren't going to be successful as a diplomat if you don't understand the strategic context in which you are actually negotiating. It is not deal-making."

On this trip, which wrapped up in London, Ms. Rice has portrayed her main mission as firming up what she calls "a new alignment" of moderate states allied with the U.S. to push back against Iran. Ms. Rice also has shown a new interest in trying to promote an Arab peace deal with Israel after years of inactivity.

Four years ago, the administration theorized that the U.S. invasion would spawn a democratic Iraq, on good terms with Israel, that would break the regional mold and compel erstwhile enemies to end hostility toward the Israelis. Now, Ms. Rice says it is the Iranian ascent wrought by the war that makes Arab states more open to negotiations.

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To her thinking, there has been a shift in underlying forces -- as opposed to events the U.S. might have influenced. Again, she points to a favorite historical analogy: the reunification of Germany. "If you had tried to negotiate German unification for any period of time until 1990, you would have not been able to do it because the underlying circumstances were not there," she said.

Diplomacy Is Deal-making (LAT)

By Aaron David Miller

The Los Angeles Times, January 19, 2007

HAVING WORKED for six secretaries of State on Arab-Israeli negotiations, I nearly fell off my chair the other day when I read Secretary of State Condoleezza Rice's comment to reporters that diplomacy wasn't about making deals.

Maybe "making deals" is too glib a phrase for her, but it's precisely what effective American diplomacy in the Middle East is mostly about. Her legacy may well be judged by that standard.

The secretary is absolutely correct in asserting, as she did, that diplomacy is more than deal making. Success or failure depends on a good reading of the circumstances and on a strategic grasp of whether and when to engage as a mediator. There's a big difference between taking the initiative and wanting a U.S. initiative. This is particularly true in the Arab-Israeli arena, where changing regional conditions have preceded every major breakthrough.

Henry Kissinger's successful "disengagement" diplomacy — separating Syrian, Israeli and Egyptian forces in the early 1970s — followed the 1973 war, which had overturned every major assumption of U.S. policy and forced the combatants to consider negotiations. Jimmy Carter's success in brokering Egyptian-Israeli peace flowed from Anwar Sadat's historic trip to Jerusalem; and Jim Baker's success in putting together the 1991 Madrid peace conference grew out of the Persian Gulf War and the collapse of the Soviet Union.

Shifting tectonic plates, however, is a necessary but not sufficient condition for diplomatic achievement. In these cases, what was also required was Washington's willingness and determination to broker a deal.

Kissinger's success, for example, required 18 months of listening to Arab and Israeli grievances, coaxing, reassuring them, and balancing their interests. His 34-day shuttle to consummate the agreement between Israel and Syria is the longest time a secretary of State has spent outside the United States on a diplomatic mission, with the exception of Robert Lansing at the Versailles peace conference.

The issue today, of course, is not what to do when you're faced with an obvious historic opportunity but how to make progress on a smaller scale. President Clinton faced such a situation in 1996. He confronted the challenge of a tough Israeli prime minister and a suspicious PLO chairman who had fundamentally different views on peace and no trust or confidence in the process. In a display of masterful deal making, Clinton spent more than a week pulling and pushing Yasser Arafat and Benjamin Netanyahu into an agreement that was hardly perfect but did save lives and kept the process going. That summit was preceded by nine months of nonstop stage-setting by Secretary of State Madeleine Albright and her team.

Rice faces a tougher situation . Weak Israeli and Palestinian leaders, non-state actors (such as Hamas and Hezbollah) and Iranian troublemaking have produced a volatile mix. She's also constrained by an administration that, in the face of 9/11, the war on terror, the Iranian challenge and the battle between Islamist radicals and moderates, views diplomacy as ineffective.

Yet now is precisely the time to exercise that instrument of American power. The situation between Israelis and Palestinians, as hopeless as it appears, cries out for serious American attention. A solution to their conflict won't fix Iraq or end the threat of radical Islam, but it will enhance our credibility, strengthen our friends and reduce the opportunities for our enemies to mobilize Arabs and Muslims against us.

Rice's decision to make the Israeli-Palestinian conflict a priority is a good beginning. To have any chance of succeeding, the administration will have to change its software, develop a sustained two-year effort and a strategy that — for both sides — is balanced, tough and reassuring. In the end, it will require Rice to accept the obvious fact that diplomacy — and its hundreds of hours of problem solving — is really about making deals after all.

Report: Cheney Rejected Iran Concessions (AP)

AP, January 19, 2007

DOJ_NMG_0118771

An Iranian offer to help the United States stabilize Iraq and end its military support for Hezbollah and Hamas was rejected by Vice President Dick Cheney in 2003, a former top State Department official told the British Broadcasting Corp.

The U.S. State Department was open to the offer, which came in an unsigned letter sent shortly after the American invasion of Iraq, Lawrence Wilkerson, former Secretary of State Colin Powell's chief of staff, told BBC's Newsnight in a program broadcast Wednesday night. But, Wilkerson said, Cheney vetoed the deal.

"We thought it was a very propitious moment" to strike a deal, Wilkerson said. "But as soon as it got to the White House, and as soon as it got to the vice president's office, the old mantra of 'We don't talk to evil' ... reasserted itself."

A spokesman for the State Department said Thursday he wasn't aware of any letter from the Iranians to the U.S. government in 2003.

"Far as I know, there's never been an offer from the Iranian Government on those kinds of concerns," said Tom Casey, the state department's deputy spokesman.

Wilkerson said that, in return for its cooperation, Tehran asked Washington to lift sanctions and to dismantle the Mujahedeen Khalq, an Iranian opposition group which has bases in Iraq.

Iran also offered to increase the transparency of its nuclear program, according to Wilkerson.

Wilkerson has been a frequent critic of the Bush administration in general and Cheney in particular, holding the vice president responsible for the mistreatment of detainees and the failure of Iraq's postwar planning.

Iran Takes Tough Stand Over Nuclear Row (AP)

By Ali Akbar Dareini

AP, January 19, 2007

President Mahmoud Ahmadinejad lashed out at a U.S. military buildup in the Gulf, saying Thursday that Iran is ready for any possibility in the standoff over its nuclear program.

The president made clear he was not backing down in his tough rhetoric toward the United States, despite criticism at home. Conservatives and reformists alike have openly challenged Ahmadinejad's nuclear diplomacy tactics, many saying his fiery anti-Western remarks are doing more harm than good.

Ahmadinejad said their calls for compromise echo "the words of the enemy."

At the same time, Ahmadinejad's top national security official, Ali Larijani, sharply denounced U.S. policy in Iraq, saying Washington is fueling Shiite-Sunni hatred.

Washington has accused Iran of backing militants fueling Iraq's violence, increasing tensions amid the dispute over Iran's nuclear program, which the U.S. says aims to produce nuclear weapons.

The United States sent an aircraft carrier to the Gulf this week — the second to deploy in the region — a buildup that Defense Secretary Robert Gates said was intended to impress on Iran that the four-year war in Iraq has not made America vulnerable.

In an apparent reaction to the deployment, Ahmadinejad vowed Thursday that Iran would not back down over its nuclear program, which Tehran says is being developed only to produce energy.

"Today, with the grace of God, we have gone through the arduous passes and we are ready for anything in this path," state-run television quoted the Iranian leader as saying.

The U.N. Security Council recently imposed limited sanctions to punish Iran for defying a resolution demanding that it suspend uranium enrichment, a process that can produce material to fuel nuclear reactors or, at purer concentrations, the core of nuclear weapons.

Amid growing domestic questioning, two Iranian newspapers have pointedly criticized the president's handling of the nuclear issue.

"Your language is so offensive and contains not very nice words that inculcates that the nuclear issue is being dealt with a sort of stubbornness," the conservative paper Jomhuri-e-Eslami said in a recent editorial.

Last Saturday, the reformist newspaper Aftab-e-Yazb said the nuclear policy was hurting Iran's ability to gain nuclear technology. It added: "Some current leaders act as if any person criticizing (the government) is an agent of the enemy."

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In Paris, the head of the U.N. nuclear watchdog agency, Mohamed ElBaradei, said he was concerned the sanctions could escalate Iran's standoff with Western powers.

"I don't think sanctions will resolve the issue ... Sanctions in my view could lead to escalation on both sides," he warned.

ElBaradei said the pressure has failed to break a consensus in Iran that the oil-rich nation needs to master the complex process of uranium enrichment. Iran this week said it is moving toward large-scale enrichment involving 3,000 centrifuges, which spin uranium gas into enriched material.

A diplomat and a U.N. official in Vienna said Thursday that much, but not all, of the hardware needed for the installation of the centrifuges was now in place at the Natanz facility designated to house Tehran's industrial-scale enrichment program.

The two — who requested anonymity because they were not authorized to discuss confidential information — emphasized that the facility had been ready for some time, and there was no sign that actual work on putting in the centrifuges would begin at any particular date.

ElBaradei called for a resumption of talks with Tehran, including the possibility of a French negotiator. "My worry right now is that each side is sticking to its guns," the International Atomic Energy Agency chief said. "We need someone to reach out."

Secretary of State Condoleezza Rice said this week that now is not the time for the United States to talk to Iran, adding that Tehran does not appear ready to accept a conditional U.S. offer to join European talks over its nuclear program.

ElBaradei warned that only applying pressure could prompt the Islamic republic to follow the path of North Korea, which kicked out U.N. inspectors and pulled out of the Nuclear Nonproliferation Treaty in 2003 and then conducted its first nuclear weapons test last October.

"My priority is to keep Iran inside the system," he said.

An Iranian Foreign Ministry delegation arrived in North Korea on Thursday, the communist nation's media reported. North Korea, like Iran, is facing intense international pressure to give up its nuclear weapons programs.

Larijani, the top national security official, kept up criticism of the United States in an interview with journalists from several Lebanese papers.

Larijani, who was in Lebanon on a tour of Arab nations seeking to build alliances with Iran, accused Washington of "stirring up Sunni-Shiite disputes" and "inciting Arab-Iranian discord."

The papers said Larijani was "encouraged" by his visit to Saudi Arabia — a pro-American, predominantly Sunni Arab kingdom considered a rival of overwhelmingly Shiite Persian Iran.

Ahmadinejad said he had sent a message to Saudi King Abdullah proposing the countries cooperate in trying to ease the violence in Iraq — a message apparently delivered by Larijani. Saudi officials have not commented on the message.

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Associated Press Writer George Jahn contributed to this report from Vienna, Austria.

Gates Says U.S. Has Few Options To Halt Iran's Atomic Plans (NYT)

By David S. Cloud

The New York Times, January 19, 2007

MANAMA, Bahrain, Jan. 18 — Defense Secretary Robert M. Gates on Thursday played down the possibility of American military action against Iran but said it was not the right time for diplomatic engagement, either.

"Frankly, right at this moment there's really nothing the Iranians want from us, and so in any negotiation right now we would be the supplicant," Mr. Gates told reporters after talks with allies in the Persian Gulf.

His comments were a blunt acknowledgment that the Bush administration, despite its increasingly tough comments toward Iran in recent weeks, has limited options to compel its leaders to halt their nuclear program or to play a more supportive role in Iraq.

Mr. Gates said he told the emir of Qatar, Sheik Hamad bin Khalifa al-Thani, over lunch on Thursday "that the Iranians were being very aggressive" because they believed that "they have the United States at some disadvantage because of the situation in Iraq."

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He said he had told the emir that the United States did not intend to retreat from its commitments to defend the region's Sunni Arab governments.

In meetings late Wednesday with King Abdullah of Saudi Arabia, Mr. Gates said the United States viewed Iraq, despite the close ties between some in its Shiite-dominated government and Shiite Iran, as a bulwark against Tehran, said a senior Defense Department official.

"Our Arab friends tend to see Iraq in the context of the new challenge from Iran," the official said. "That's clearly the Saudi perspective. So the secretary was able to reassure them that we want an Iraq that is a barrier against Iranian expansionism."

Mr. Gates also met with Bahrain's leader, King Hamad bin Isa al-Khalifa, on Thursday night.

President Mahmoud Ahmadinejad of Iran said Thursday that Iran was prepared for anything in the standoff with the West over its nuclear program, which Iran says is for peaceful energy purposes and the United States contends is aimed at producing nuclear weapons.

"Today, with the grace of God, we have gone through the arduous passes and we are ready for anything in this path," Iran's state-run television quoted Mr. Ahmadinejad as saying, The Associated Press reported.

He was apparently referring to the United Nations decision to impose sanctions on Iran for its nuclear activities and to the American decision to move a second aircraft carrier, the John C. Stennis, to the Persian Gulf and to extend deployments of Patriot antimissile defense systems in Kuwait and Qatar.

Commodore Keith Winstanley of Britain, who is second in command of coalition naval forces in the region, told reporters at a briefing on Thursday that the carrier deployment should not be seen entirely as a move aimed at intimidating Iran, but he added, "I'm sure there's a message there for Iran."

Mr. Gates, who also met with the top American Navy and Air Force commanders in the region, said the deployments were meant to show that, for all its problems in Iraq, the United States could still fulfill its security commitments in the Persian Gulf.

He added: "Nobody wants another conflict in this region. My view is that there are many courses of actions available that do not involve a conflict with Iran. There is no need for that."

He acknowledged that the United States' troubles stabilizing Iraq had given Iran an opportunity to seek to expand its influence in the region but that the Iranians were "overplaying their hand."

Even though Iran is worrying its neighbors, he said, he disagreed with critics, including the Iraq Study Group, who have called for the Bush administration to hold talks with Iran and enlist its support in stabilizing Iraq. Mr. Gates had been a member of the group before resigning to become defense secretary.

Perhaps seeking leverage, the White House late last year approved a stepped up campaign of going after Iranian operatives inside Iraq, who United States officials say have been involved in supplying materials for the homemade bombs that are the largest killer of American troops in Iraq.

Gates: Iranians 'Overplaying Their Hand' (AP)

By Robert Burns

AP, January 19, 2007

The Iranians are "overplaying their hand" on the world stage in a belief that setbacks in Iraq have weakened the United States, Defense Secretary Robert Gates said Thursday.

He said that now is not the time to negotiate with Iran because the U.S. lacks leverage but that talks probably would make sense at some point.

The U.S. has been applying growing pressure on Iran, blaming Tehran for providing bombs and other help used against American troops by militants in Iraq. President Bush has warned the U.S. will "seek out and destroy" the networks providing that help.

In addition, American raids inside Iraq have netted Iranian prisoners, and the U.S. is sending a second aircraft carrier and missiles to the region.

The bipartisan Iraq Study Group recommended including Iran in regional talks on ending the violence in Iraq, a path the Bush administration has so far declined to take.

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Gates said he had told the leaders of U.S. allies Saudi Arabia and Qatar that the Iranians "believe they have the United States at some disadvantage because of the situation in Iraq."

"To be precise, I told them both that I thought the Iranians were overplaying their hand and that one of the consequences of that is that they have raised real concerns on the part of a number of countries in the region and beyond about their intentions," he told reporters.

Many Gulf nations are worried about a rising Iranian influence — a concern made more acute by the prospect for a further slide toward civil war in Iraq.

With regard to U.S. failure thus far to achieve stability in Iraq, Gates said, "I think that our difficulties have given them (the Iranians) a tactical opportunity in the short term, but the United States is a very powerful country."

Asked about the prospects for military conflict with Iran, whose nuclear program is seen by the Bush administration as a growing threat to U.S. interests, Gates said, "There are many courses of action available that do not involve an open conflict with Iran — there's no need for that."

Gates said that although he had publicly advocated negotiating with Iran as recently as 2004, he now advises against that.

"Right at this moment, there's really nothing the Iranians want from us," he said. "And so, in any negotiation right now we would be the supplicant," asking Iran to stop doing such things as enriching uranium for its nuclear program.

"We need some leverage, it seems to me, before we engage with the Iranians," Gates added. "And I think at some point engagement probably makes sense."

Until the Iranians are persuaded that, despite being bogged down in Iraq, "the United States is in fact a formidable adversary, there's not much advantage for us in engaging with them," he said.

That assessment may explain, at least in part, the decision announced last week to send a second U.S. aircraft carrier into the Persian Gulf region, along with a Patriot missile battalion capable of shooting down shorter-range ballistic missiles of the type Iran has in its arsenal.

In Bahrain, a British Royal Navy officer who is the No. 2 commander for coalition naval forces in the Central Command area of responsibility told reporters that the exact role and missions of the aircraft carrier USS John Stennis, which is due to arrive in the Gulf area next month, have not yet been worked out.

British Commodore Keith Winstanley said the Stennis deployment should not be seen entirely as a move aimed at Iran, but he added, "I'm sure there's a message there for Iran."

He said Iranian naval operations have not changed in any significant way since Bush announced the extra carrier deployment, and Winstanley said at-sea contacts with the Iranian navy have been "extremely cordial."

On his second overseas trip since replacing Donald H. Rumsfeld as Pentagon chief, Gates visited the headquarters of Central Command's naval staff, which is located here with the U.S. Navy's 5th Fleet. Then he flew to Qatar for a meeting with that tiny Gulf state's top leader, Sheikh Hamad bin Khalifa al-Thani.

Afterward, he visited an air base from which Central Command's air staff plans, runs and monitors air operations throughout the Middle East and Central Asia. Under ground rules imposed by U.S. officials, reporters traveling with Gates were prohibited from identifying the base or the country in which it is located.

Gates also met with Gen. John Abizaid, the head of Central Command, whose forward headquarters is in Qatar. Abizaid is due to retire in March; Adm. William Fallon has been nominated to replace him.

Gates Sees Tehran As Overly Ambitious (WT)

By David R. Sands

The Washington Times, January 19, 2007

MANAMA, Bahrain -- Defense Secretary Robert M. Gates warned yesterday that Iran is "overplaying their hand" in trying to exploit U.S. difficulties in the war in Iraq.

Following private meetings for the past two days with Saudi King Abdullah and Qatar Emir Sheik Hamad bin Khalifa al-Thani, Mr. Gates said he found deep concern about Iran's ambitions in Iraq and the wider Middle East.

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"I think the Iranians are overplaying their hand. They have raised real concerns in the region and beyond about their intentions," said the Pentagon chief said in a briefing last night with reporters.

But Mr. Gates also said he found no appetite in the region for another conflict and said recent U.S. moves to bolster its military presence in the region and increase troops levels in Iraq were not a prelude to action against Tehran.

"Our difficulties have given them a tactical opportunity in the short term, but the United States remains a very powerful country," Mr. Gates said.

The dispatch of a second naval carrier strike group to the Persian Gulf by President Bush last week was a clear sign "we are going to remain [in the region for a long time]," Mr. Gates said.

The defense chief, who finishes his regional tour with a stop in Iraq today, said he found support from U.S. allies for the strategy behind Mr. Bush's increase in troops and aid to Iraq as a means to control the violence and aid the beleaguered government of Prime Minister Nouri al-Maliki.

But he said many Arab regimes are still not convinced that Mr. Bush's plan can achieve his goals.

"I would say they expressed hope" that the plan will work, he said.

Although he co-authored a 2004 Council on Foreign Relations study urging engagement with Tehran to solve the region's security problems, Mr. Gates said yesterday Tehran's assertive new stance and its unwillingness to halt its suspect nuclear programs meant direct engagement now would not be wise for the United States.

"Frankly, right at this moment, there's really nothing the Iranians want from us," he said. "In any negotiation, we would be the supplicant."

"We need some leverage, it seems to me, before we engage with the Iranians," Mr. Gates said. "And I think at some point engagement probably makes sense."

Nearly four years ago, Iran offered to cut off aid and support for the Lebanese Shi'ite militia Hezbollah and the Palestinian group Hamas, and promised full transparency on its nuclear program, in a secret letter to the United States soon after the 2003 invasion of Iraq, the British Broadcasting Corp. reported on Wednesday.

According to the BBC, the letter, which it obtained, was unsigned, but the State Department understood that it came with the approval of the highest Iranian authorities.

The Islamic republic also offered to use its influence to support stabilization in Iraq, and in return asked for a halt in U.S. hostility, an abolition of all sanctions, and the pursuit and repatriation of members of the Mujahedeen Khalq (People's Mujahedeen).

The People's Mujahedeen is an exiled Iranian opposition group that fought alongside Saddam Hussein's army in the eight-year war with Iran, and is currently based in Iraq.

Initially, the State Department was receptive to the offer, according to Lawrence Wilkerson, former Secretary of State Colin L. Powell's chief of staff, who spoke to the BBC.

"As soon as it got to the White House, and as soon as it got to the vice president's office, the old mantra of 'we don't talk to evil' ... reasserted itself," Mr. Wilkerson told the broadcast company.

• This article is based in part on wire service reports.

Tough Talk Raises Fears Of Iran Clash (FT)

By Guy Dinmore

Financial Times, January 19, 2007

Increasingly tough talk on Iran from the Bush administration – with vice-president Dick Cheney warning of the "growing threat" from the Islamic republic – has rattled politicians and diplomats in Washington worried that the war in Iraq is set to widen.

While few lay claim to understanding what George W. Bush has in mind, there is a widespread sense that the likelihood of some kind of military clash or conflict with Iran – directly or through proxies – has risen since the US president accused Tehran last week of "providing material support for attacks on American troops" in Iraq.

"The air is filled with the possibility of action against Iran's nuclear capability," was how a former senator described the atmosphere to Saudi Arabia's departing ambassador, Prince Turki al-Faisal, over dinner on Wednesday night.

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The consequences would be "catastrophic", the envoy and former head of Saudi intelligence replied.

However, over a long evening hosted by the New America Foundation think-tank, the ambassador conveyed the impression that the Bush administration's rhetoric and sabre-rattling – including the dispatch of a second aircraft carrier group and Patriot air defence missiles to the Gulf, and a raid on an Iranian office in Iraq – was intended more as a loud demonstration that the US was not retreating from the region.

Prince Turki said there was concern "in the region" that Mr Bush's authority had been eroded by the Republicans' loss of Congress in November's elections. Attempts by the new Democratic-controlled Congress to limit US troop numbers in Iraq would be a serious mistake, he said.

Analysts say the US-Saudi relationship, previously under great strain in the wake of al-Qaeda's attacks on the US in 2001, has become the key to the US strategy of containment and deterrence towards Iran.

Condoleezza Rice, secretary of state, who has just completed a tour of Sunni Arab allies and Israel to reassure them of a beefed-up US presence in the Gulf, speaks repeatedly of a "new alignment" in the Middle East – where the "responsible" leaders of the Gulf Arab regimes, plus Jordan and Egypt, are aligned with the US [and Israel] against the "extremist" forces of Iran, Syria, Lebanon's Hizbollah, and the Palestinian group Hamas.

She has singled out Iran's Revolutionary Guards as responsible for helping Shia death squads in Iraq and providing explosives used against US forces.

"It's not new at all; it is back to the 1980s," commented Ray Takeyh, analyst with the Council on Foreign Relations, recalling the Sunni Arab funding and US support for Iraq's Saddam Hussein in his 1980-88 war with Iran.

"You might see a sort of proxy war inside Iraq," he added. But he noted that Iran's response to the US seizure of five of its officials in Arbil had been "judicious".

Although Prince Turki evaded questions about the "new alignment" and criticised the US refusal to speak to Iran, his remarks confirmed the deterioration in relations between Saudi Arabia and Tehran. He spoke of an argument over Iran's alleged interference in Iraq at a meeting between King Abdullah and Ali Larijani, a senior Iranian security official, this week.

He said the king told Mr Larijani in Riyadh that Iran was not playing a constructive role in Iraq. The king said Iraq risked becoming "a danger to its neighbours" – a clear reference to Saudi fears that the growing Sunni-Shia conflict will infect the region and stir up unrest among Saudi Arabia's substantial Shia minority.

Asked about the support Iraq's Sunni insurgents received from inside Saudi Arabia, Prince Turki said they were backed from all over the Sunni world. But he denied the kingdom was interfering in Iraq and said it was trying to stop cross-border infiltration.

Diplomats in Washington anxious about possible US-Iranian hostilities say the Bush administration has concluded that UN Security Council sanctions against Iran will not work because of opposition from Russia and China.

Mohamed ElBaradei, head of the International Atomic Energy Agency, on Thursday expressed similar concerns. "I don't think sanctions will resolve the issue. I think sanctions, in my view, could lead to escalation on both sides."

Rebuke In Iran To Its President On Nuclear Role (NYT)

By Nazila Fathi And Michael Slackman

The New York Times, January 19, 2007

TEHRAN, Jan. 18 — Iran's outspoken president, Mahmoud Ahmadinejad, appears to be under pressure from the highest authorities in Iran to end his involvement in its nuclear program, a sign that his political capital is declining as his country comes under increasing international pressure.

Just one month after the United Nations Security Council imposed sanctions on Iran to curb its nuclear program, two hard-line newspapers, including one owned by the supreme leader, Ayatollah Ali Khamenei, called on the president to stay out of all matters nuclear.

In the hazy world of Iranian politics, such a public rebuke was seen as a sign that the supreme leader — who has final say on all matters of state — might no longer support the president as the public face of defiance to the West.

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It is the first sign that Mr. Ahmadinejad has lost any degree of Ayatollah Khamenei's confidence, a potentially damaging development for a president who has rallied his nation and defined his administration by declaring nuclear power Iran's "inalienable right."

It was unclear, however, whether this was merely an effort to improve Iran's public image by lowering Mr. Ahmadinejad's profile or was signaling a change in policy.

The presidency is a relatively weak position with no official authority over foreign policy, the domain of the supreme leader. But Mr. Ahmadinejad has used his post as a bully pulpit to insert himself into the nuclear debate, and as long as he appeared to enjoy Ayatollah Khamenei's support, he could continue.

While Iran remains publicly defiant, insisting that it will move ahead with its nuclear ambitions, it is under increasing strain as political and economic pressures grow. And the message that Iran's most senior officials seem to be sending is that Mr. Ahmadinejad, with his harsh approach and caustic comments, is undermining Iran's cause and its standing.

The Security Council passed a resolution on Dec. 23 with sanctions intended to curb Iran's uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European nations contend is for the purpose of creating nuclear weapons. The measure bars the trade of goods or technology related to Iran's nuclear program. Enriched uranium can be used for making nuclear fuel but also for making nuclear weapons.

The president dismissed the Security Council resolution as "a piece of torn paper."

But the daily Jomhouri-Eslami, which reflects the views of Ayatollah Khamenei, said, "The resolution is certainly harmful for the country," adding that it was "too much to call it 'a piece of torn paper.' "

The newspaper added that the nuclear program required its own diplomacy, "sometimes toughness and sometimes flexibility."

In another sign of pressure on the president to distance himself from the nuclear issue, a second newspaper, run by an aide to the country's chief nuclear negotiator, Ali Larijani, also pressed Mr. Ahmadinejad to end his involvement in the nuclear program. Mr. Larijani also ran for president and was selected for his post by the supreme leader.

"They want to minimize the consequences of sanctions now that they have been imposed," said Mohammad Atrianfar, an executive at the daily Shargh, which was closed last fall, and a reformist politician. "But they don't have clear strategy, and they are taking one step at a time."

Mr. Ahmadinejad took office more than a year ago as an outsider, the mayor of Tehran who promised to challenge the status quo, to equally distribute Iran's oil wealth and to restore what he saw as the lost values of the Islamic revolution. His was a populist message, centered on a socialist economic model and Islamic values. He found opposition from the right and the left, in Parliament and among so-called pragmatists.

That pressure has continued, and the criticism now seems to have gained more credibility in the face of the sanctions and Iran's troubled economic standing. The United States increased pressure on Iran over its role in Iraq has also raised concerns in Tehran and may be behind efforts to restrain the president, political analysts in Tehran said.

"The resolution has decreased Iran's political credibility in the international community, and so other countries cannot defend Iran," said Ahmad Shirzad, a reformist politician and a former legislator.

Although the Security Council sanctions were limited to Iran's nuclear program, they have started to cause economic disruptions.

About 50 legislators signed a letter this week calling on the president to appear before Parliament to answer questions about the nuclear program. They need at least 22 more signatures.

In another letter, 150 lawmakers criticized the president for his economic policies, which have led to a surge in inflation, and for his failure to submit his annual budget on time.

The Iranian stock market, which was already in a slump, continued to decline — falling more rapidly in the past month — as buyers stayed away from the market. The daily Kargozaran reported last week that the number of traders had decreased by 46 percent since the Security Council resolution was passed.

"The resolution has had a psychological effect on people," said Ali Hagh, an economist in Tehran. "It does not make sense for investors not to consider political events when they want to invest their money."

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Kargozaran reported that a group of powerful businessmen, the Islamic Coalition Party, met with Mohammad Nahavandian, a senior official at the Supreme National Security Council, and called for moderation in the country's nuclear policies to prevent further damage to the economy.

In the past year, several major European banks have severed their business ties with Iran. Economists say the banks' actions will also lead to an increase in inflation because importers must turn to complicated ways to finance purchases.

"The nuclear issue has paved the way for other forms of pressures on Iran," Mr. Shirzad said.

Despite Mr. Ahmadinejad's harsh language since the resolution was passed, Ayatollah Khamenei has not referred to it directly and only once said that Iran would not give up its right to pursue its nuclear program.

Mr. Larijani has said that Iran will not quit the Nuclear Nonproliferation Treaty or bar international inspectors despite earlier threats to do so.

US Lawmakers Demand Bush Ask Congress Before Invading Iran (AFP)

AFP, January 19, 2007

A resolution introduced in the US House of Representatives calls on President George W. Bush to obtain approval from Congress before using military force against Iran.

The bill, introduced by longtime Iraq war critic Walter Jones, a Republican, and five other US lawmakers calls on the president obtain authorization for an attack on Iran, unless the United States or US interests are attacked first.

Supporters said the legislation would prevent the United States from becoming embroiled in another intractable war like the one raging in Iraq.

"Congress will not stand by idly -- it won't be railroaded into another war that will only make America and the world less safe," Democratic Representative Martin Meehan said at a press conference Thursday.

He said recent administration statements and military maneuvers point to an imminent attack on Iran.

"The indications of the initial saber-rattling are everywhere," Meehan said.

"I'm not here to tell you that I trust Iran, but I am here to say that I don't trust the administration," Meehan said.

Bush announced last week he had ordered a second US aircraft carrier battle group to the Gulf and announced the deployment of a Patriot missile defense battalion to the region to protect allies against potential Iranian missile strikes.

And in a speech unveiling his new strategy for Iraq, the US president also vowed to "seek out and destroy" any networks funneling weapons or fighters from Syria or Iran into Iraq.

Those moves have fed speculation that a US attack might be imminent, despite the administration's repeated denials.

"There is a growing concern -- justified or not -- that some US officials are contemplating military action against Iran," Jones said, adding that an invasion of Iran would flout the US Constitution.

"If the President is contemplating committing our blood and treasure in another war, then he and his administration must make the case to Congress and the American people why it would be in the national security interests of the United States to engage militarily in Iran," Jones said.

Germany Proposes Wider Iran Sanctions (FT)

By Fidelius Schmid And Daniel Dombey

Financial Times, January 19, 2007

The European Union could expand the range of sanctions against Iran beyond United Nations-mandated measures, according to a document seen by the Financial Times.

A proposal by Germany, holder of the EU's revolving presidency, would ban individuals linked to Iran's nuclear and missile programmes from visiting the EU and reaffirm the EU's opposition to selling arms to Tehran.

Last month the Security Council passed a resolution requiring UN member states to prevent the transfer of nuclear and missile technology to Tehran and to stop all financing for a number of companies linked to the nuclear and missile programmes. The resolution also requires UN states to freeze the assets of 12 people connected with the programmes.

The EU proposals, put forward ahead of a foreign ministers meeting on Monday, would also ban travel to the EU of the individuals on the UN list and take steps to restrict Iranians studying proliferation-sensitive subjects within the EU."

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However, at a meeting on Thursday night EU diplomats watered down an earlier initiative to declare a formal arms embargo on Tehran, which would have grouped Iran with pariah states such as Sudan and Zimbabwe.

The proposals will need to be backed by all 27 EU member states, some of which, such as Italy, have close commercial ties with Iran.

Diplomats: Iran May Start Enrichment (AP)

By George Jahn

AP, January 19, 2007

Iran is ready to start assembling thousands of centrifuges to produce enriched uranium — a possible pathway to nuclear arms — after finishing most preliminary work on an underground facility housing such machines, a diplomat and a U.N. official said Thursday.

The two — who requested anonymity because they were not authorized to discuss confidential information — said much, but not all, of the hardware needed for the installation of the centrifuges was now in place at the Natanz facility designated to house Tehran's industrial-scale enrichment program.

Both men emphasized that the facility had been ready for some time, and there was no sign that actual work on putting in the centrifuges would begin at any particular date.

Still, there has been speculation that the hardline leadership might start doing so next month, to celebrate the 28th anniversary of the Islamic Revolution that brought the clerical leadership to power.

The revelations — based on reports by inspectors of the International Atomic Energy Agency visiting Natanz this week — appeared to strengthen claims from Tehran that it is moving toward large-scale enrichment involving 3,000 centrifuges, which spin uranium gas into enriched material.

Low-enriched uranium can be used to generate power, while highly enriched levels serve as the fissile core of nuclear warheads

"We are moving toward the production of nuclear fuel, which requires 3,000 centrifuges and more than this figure," government spokesman Gholamhossein Elham told reporters Monday. "This program is being carried out and moving toward completion."

Iran's leaders have suggested those machines would be in place by March 20, the end of the Iranian year. But the diplomat and official said quick completion of such a large-scale project was unlikely, saying the complicated process takes months.

The United States and some of its allies accuse Iran of trying to produce nuclear weapons. Tehran denies this, saying its program is only for generating electricity.

The IAEA has said it has found no evidence that Iran is trying to build nuclear weapons, but it has criticized the country for concealing certain nuclear activities, conducting experiments that seem to have no peaceful nuclear applications and failing to answer questions about the program.

Iran plans to ultimately expand its enrichment program to 54,000 centrifuges. That would give it the capacity to produce dozens of nuclear warheads a year, if it chose to develop weapons.

North Korea: Nuclear 'Agreement' Reached (AP)

By Burt Herman

AP, January 19, 2007

North Korea said Friday that it had reached an agreement with the U.S. during direct talks with Washington's main nuclear envoy this week in Germany, but the top American envoy said it had yet to be seen whether progress could be made at six-nation disarmament negotiations.

North Korea's Foreign Ministry said the talks between U.S. envoy Christopher Hill and North Korea's main nuclear negotiator Kim Kye Gwan had been held "in a positive and sincere atmosphere and a certain agreement was reached there." No further details were given.

But Hill, who arrived Friday in Seoul, said he wasn't sure what agreement the statement was referring to. He called the talks in Berlin "very useful discussions" and added he was pleased that it appeared the North was also positive about them.

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Hill and Kim met for three days and were believed to be discussing when to convene the next session of international talks on the North's nuclear programs, among other issues. The last round in Beijing in December — held after the North conducted its first-ever nuclear test in October — ended without any breakthroughs.

"We paid attention to the direct dialogue held by the (North) and the U.S. in a bid to settle knotty problems in resolving the nuclear issue," the North's ministry said Friday in a statement released by the country's official Korean Central News Agency.

Hill emphasized the focus of denuclearization talks still was the main six-nation talks — which also include China, Japan, Russia and South Korea — and time would tell how this week's meetings with North Korea would help move things forward there.

"What we now have to do is to see how those discussions can be folded into the six-party process, whether those discussions can help lead to some progress in Beijing," he said.

The U.S. diplomat was heading to Tokyo and Beijing after his meetings with South Korean officials Friday.

A news report Friday said the arms talks could resume early next month due to progress made at the Germany meetings.

South Korea's Yonhap news agency, citing an unnamed diplomat in Seoul, reported that the discussions in Berlin "progressed toward a very positive direction."

Another unnamed diplomat said there is a high possibility the nuclear talks would resume in Beijing the week of Feb. 5, Yonhap reported late Thursday.

But Chun Yung-woo, South Korea's main envoy to the six-nation nuclear talks, told The Associated Press that "nothing has been decided yet" on the date of further talks.

At the December talks, the North refused to engage in any discussion of its nuclear program and repeated a demand for the U.S. to lift its blacklisting of a Macau bank for its complicity in the communist country's alleged counterfeiting and money laundering. The U.S. move led the bank to freeze North Korean assets worth about $24 million.

The U.S. is holding separate financial talks with North Korea, but the last session that met alongside the nuclear talks in December made no progress and another meeting is expected this month.

N. Korea Interested In Deal To Halt Nukes (WT)

By Nicholas Kralev

The Washington Times, January 19, 2007

LONDON -- North Korea has expressed interest in a U.S.-backed proposal that it suspend its nuclear program and allow U.N. inspectors to verify the suspension as an initial step toward dismantling its nuclear capabilities, diplomats said yesterday.

During three days of talks in Berlin that ended yesterday, North Korea's chief negotiator, Kim Gye-gwan, asked his U.S. counterpart, Christopher R. Hill, what the United States would be willing to do if the North turned off its nuclear reactor. A U.S. response, if any, was not made public.

North Korea's foreign ministry today called the Hill-Kim talks "sincere and positive."

In the upbeat assessment, the communist state said the talks yielded "a certain agreement," but it declined to elaborate on the nature of the dialogue.

The ministry said the talks were held in a "sincere atmosphere." Its comments appeared in a statement released by the country's official Korean Central News Agency.

Mr. Hill flew to South Korea to begin briefing other governments involved in talks with the North. He also plans to visit China and Japan.

Secretary of State Condoleezza Rice said the United States had not changed its policy of refusing to negotiate directly with North Korea over nuclear weapons, but was trying to prepare for the next round of talks.

"We are not going outside the six-party framework to bilateralize our discussions with the North Koreans," Miss Rice said.

The plan was first presented during six-nation talks in Beijing last month, which ended in deadlock.

In Berlin this week, the North Koreans offered their own ideas about how it could be implemented, said diplomats who asked not to be named because they were not authorized to speak about the closed-door sessions.

They also declined to share Mr. Hill's response.

However, Mr Hill discussed the process of normalizing relations with the North in a speech on Wednesday.

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Full normalization of U.S.-North Korean ties was envisioned in a Sept. 19, 2005, joint statement by the six nations, once the North scrapped its nuclear programs.

Other participants in the talks -- Japan, China, South Korea and Russia -- also offered political and economic benefits.

"We look forward really to establishing, consistent with our obligations under the September '05 agreement, a normal relationship with North Korea," Mr. Hill told the American Academy in Berlin.

"Obviously, this is via a bilateral process, which will take some time," he said. "But we are prepared to go on that road and to really offer North Korea a hand as it moves along that road."

After the December talks, South Korean news outlets reported that a proposal had been made by the United States that included an offer of written security guarantees.

U.S. officials said yesterday that most of the ideas came from China, which hosted the negotiations.

"The Chinese really are the ones who put forward ideas in the last round of the six-party talks, and part of what the North Koreans are responding to [in Berlin] is that," Miss Rice told reporters traveling with her to London after a five-day Middle East tour.

When the proposal was first made late last month, Mr. Kim refused to respond because he did not have instructions from Pyongyang. Once he received them, he requested a meeting with Mr. Hill, a U.S. official said.

In Berlin, Mr. Hill and Mr. Kim discussed "certain steps toward dismantling," although the official insisted they would not amount to a "freeze," a term used in a failed 1994 nuclear deal known as the Agreed Framework.

In 2002, the Bush administration accused North Korea of having a secret uranium-enrichment program while its single nuclear reactor, which makes plutonium, was shut down.

Since then, the North has restarted the reactor and it has tested a nuclear weapon, thought to be powered by plutonium from the reactor.

US Denies Rare Meetings With North Koreans Signal Policy Shift (AFP)

By David Millikin

AFP, January 19, 2007

US officials denied that a rare series of meetings between senior US and North Korean diplomats marked a break with the Bush administration's long-standing refusal to negotiate directly with the Stalinist regime.

"This is not an instance of bilateral negotiations," Tony Snow, President George W. Bush's spokesman, said of the three days of talks on North Korea's nuclear program this week between chief US negotiator Christopher Hill and his North Korean counterpart, Kim Kye-gwan.

Hill and Kim met in Berlin for several hours between Wednesday and Thursday in their first one-on-one sessions held outside of a multi-party format in Beijing since Bush came to office in 2001.

Hill, the assistant secretary of state for East Asia and the Pacific, described the talks aimed at getting North Korea to give up its nuclear weapons as "substantive" and "useful".

The meetings fueled speculation that Bush, mired in the Iraq crisis and in dire need of a foreign policy success, had loosened the reins on his diplomats so they could deal more directly with formerly taboo regimes.

But Snow and other officials insisted the Berlin contacts broke no new ground and were part of an ongoing set of six-party negotiations launched in 2003 and resurrected in December after a year-long boycott by the North Koreans.

Hill met with Kim in hopes of organizing another round of the broader talks later this month or early next month in the Chinese capital, State Department deputy spokesman Tom Casey said.

Their talks "certainly don't represent anything particularly new or different from what we've done before," Casey said.

The six-party talks -- involving China, Japan, the two Koreas, Russia and the United States -- are aimed at convincing North Korea to abandon its nuclear weapons program in exchange for security guarantees, economic aid and a normalization of relations with Washington.

North Korea returned to the talks after being hit with international sanctions in October for having carried out its first nuclear test explosion.

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Five days of negotiations ended in deadlock, with the North Koreans refusing to broach the subject of nuclear weapons unless Washington backed off financial sanctions imposed a year earlier on a Macau bank accused of money-laundering for Pyongyang.

The US has agreed to discuss the sanctions in parallel with the nuclear disarmament talks.

North Korea has long sought direct bilateral dealings with the United States as a way to boost its status internationally and avoid linkages with other issues involving Washington's regional allies.

Bush and Secretary of State Condoleezza Rice have refused, pointing to failed denuclearization negotiations carried out with Pyongyang by the previous administration of President Bill Clinton as proof that two-way talks with the erratic North Koreans cannot work.

They argue that the combined pressure of the multi-party format, notably including North Korea's primary benefactor, China, is needed to ensure Pyongyang honors any future agreements.

Bush and Rice similarly have refused calls to engage directly with Iran and Syria as part of the administration's latest push to stabilize Iraq and resolve crises in Lebanon and between Israel and the Palestinians.

Their stance has been widely criticized by the opposition Democrats who gained control of Congress in November as well as by leaders of Bush's won Republican party and former officials from both political camps.

The State Department's Casey on Thursday reaffirmed the administration's refusal to deal with Iran unless it complies with UN resolutions demanding it halt uranium enrichment activities many believe are part of a program to develop nuclear weapons.

Rice told Congress last week that she would meet "any time, anywhere" with the Iranians once they meet the UN demands.

"It's pretty clear that if the Iranians want to have a dialogue with the United States, there's an avenue open to them and we'd very much like them to take us up on it," Casey said.

United Nations Dictators Program (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, January 19, 2007

Saddam Hussein managed to pull off the $100 billion Oil for Food scam right under the noses of the United Nations officials charged with administering it. Now another dictator with nuclear ambitions has succeeded in a similar trick, this time manipulating the United Nations Development Program in North Korea.

The story of the UNDP's lack of oversight of its operations in North Korea is revealed in previously undisclosed documents and an exchange of letters between U.S. and U.N. officials. American officials have been pushing for months for more transparency in UNDP operations in North Korea, while the UNDP has resisted.

In a Jan. 16 letter to UNDP Associate Administrator Ad Melkert, Ambassador Mark Wallace of the U.S. Mission to the U.N. lays out what American digging has found so far: The UNDP's program in the Democratic People's Republic "has for years operated in blatant violation of U.N. rules, served as a steady and large source of hard currency and other resources for the DPRK government with minimal or no assurance that UNDP funds and resources are utilized for legitimate development activities." Mr. Wallace declined to speak with me, but Richard Grenell, spokesman for the U.S. Mission, said yesterday: "We have raised serious concerns with UNDP regarding their oversight of the programs in North Korea . . . We want to ensure that U.S. tax dollars are not used to fund illicit activities."

While the precise amount of hard currency supplied through UNDP isn't known, the documents suggest it has run at least to the tens of millions of dollars since 1998 and one source says it could be upward of $100 million. An internal 1999 audit notes a budget of $27.9 million for 29 projects. David Morrison, a UNDP spokesman, says "the overall size of the program" in North Korea has been reduced in recent years. While $22.2 million was budgeted for 2005-2006, the agency spent only $3.2 million last year and $2.1 million in 2005, he says. Programs fall into four areas: humanitarian assistance, public health, environment and agriculture, and the economy.

The stakes are nonetheless very high because, unlike Saddam's Iraq, North Korea has already succeeded in testing its nuclear bomb. The hard currency supplied by the UNDP almost certainly goes into one big pot marked "Dear Leader," which Kim can use for whatever he wants, including his weapons programs. This may not violate the letter of Security Council

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Resolution 1718, which restricts trade in anything having to do with North Korea's nuclear or missile programs, but it certainly violates its spirit.

Unlike Oil for Food, there's no evidence to date that corrupt UNDP officials are in on the game -- though given the U.N.'s record of late, it would be unwise to rule that out before a full investigation. There is, however, plenty of evidence of willful blindness on the part of the UNDP, which let myriad rules be broken and allowed itself to become a large source of hard currency for the regime. Nor did it bring these irregularities to the attention of its governing body, the 36-member executive board.

Consider staffing. The UNDP's Pyongyang office is dominated by government employees selected by North Korea. According to a redacted version of a 2004 internal audit, "The government provides only one candidate for each post and does not provide detailed qualifications, work experience or personal details to the office." The auditors recommended that the UNDP recruit its own staff. A status update, dated Dec. 15, 2006, dryly notes that "the Government is not yet ready to consider such a shift at present."

In addition to appointing the UNDP's staff, the North Korean government requires that UNDP pay their salaries to the government, which presumably takes its cut. That's the way it works for North Korean workers who labor abroad or who work for South Korean companies in the Kaesong Industrial Complex north of the DMZ. In yet another violation of the rules, UNDP gives local staff a cash "meal stipend" of $120 a month, which is another hard currency contribution.

Speaking of cash, the UNDP also accedes to Pyongyang's demands that it pay cash to local government vendors. That's another violation of U.N. rules, as is placing North Korean staffers in jobs that give them control of financial records, personnel actions, and equipment and supplies. To cite just one example of abuse, the 1999 internal audit found that the UNDP checkbook was not kept in a secure location and no check register was maintained reflecting checks written.

But who needs a checkbook? According to the same audit, cash is the only means of payment that the government accepts. The UNDP does not use purchase orders in North Korea and local purchases -- including those over $1,000 -- are made in cash. That includes local office costs, which are typically provided in kind by the host country. North Korea even charges rent, to the tune of $2 million a year, according to one source who has looked at the program.

Meanwhile, there is little if any oversight of the UNDP's projects in North Korea, which, according to a U.N. document, numbered 30 last year. UNDP regulations require one official, on-site visit a year but since Pyongyang prohibits foreigners from visiting some of the project sites, that's another rule that's out the window. Audits of individual projects are spotty at best and in the case of "nationally executed" or "NEX" projects -- that is, those run by the North Korean government with funds provided by the UNDP -- they are often done by the government itself, giving new meaning to the adage about the fox running the henhouse.

It's anyone's guess as to whether the UNDP work in North Korea is benefiting the people for whom it is intended. According to Mr. Wallace's letter, "In the absence of real audits and site visits it is impossible for UNDP to verify whether or not any of the funds paid to the DPRK for supposed use in UNDP programs have actually been used for bona fide development purposes or if the DPRK has converted such funds for its own illicit purposes."

The U.S. sits on the agency's executive board, and in 2005 contributed $105 million, 11.4% of UNDP's core budget (plus an additional $142 million for specified projects). Yet American officials have had to fight for even the most basic information on the UNDP's activities in North Korea. When the U.S. Mission asked for copies of the internal audits of the North Korean operations, it was rebuffed. "Internal audit reports are important management tools for Executive Heads and, therefore, confidential," wrote Kemal Dervis, UNDP's head, on Jan. 5. After protests, American officials were finally permitted to review three internal audits -- 1999, 2001, 2004 -- but were not allowed to retain copies.

Meanwhile, as the U.S. was pressing for answers about North Korean shenanigans involving the UNDP, three North Korean officials were traveling to New York, courtesy of the U.N., for, among other things, next week's meeting of the UNDP executive board. The U.N. picked up their business-class, trans-Pacific tickets at $11,959 each. When U.S. officials objected, the UNDP, in a rare flash of insight, changed its policy.

"Starting immediately after the forthcoming Board meeting, UNDP will not reimburse government officials' travel or other costs for attending Board meetings," writes Mr. Melkert, the associate administrator, in a Jan. 12 letter to Mr. Wallace. It apparently occurred to Mr. Melkert and his boss, Mr. Dervis, that it might not be appropriate for the U.N. to pay for officials of a country that is abusing the U.N. to come to U.N. headquarters to lobby for re-funding its operations.

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Also under U.S. pressure, the UNDP now says it will stop transferring hard currency to the Kim Jong Il regime. "We have instructed the DPRK Country Office that all payments in hard currency to government, national partners, local staff and local vendors should end at the latest by 1 March 2007," writes Mr. Melkert, in the Jan. 12 letter.

UNDP spokesman Mr. Morrison says his agency's operations in North Korea "fully comply" with the decisions of the executive board and with the board-approved financial regulations. UNDP is taking "all necessary measures to avoid misperceptions or unintended consequences," he says, and will institute "any additional measures the board may deem necessary." Since Mr. Wallace's letter presents a very different assessment of UNDP actions in North Korea, that should make for an animated board meeting next week.

At that meeting, the U.S., along with Canada, Japan, Belgium and Serbia, plan to request a "deferral" of the agency's programs in North Korea until a full accounting of its operations can be made. An independent, outside audit is an essential first step. A full-scale investigation along the lines of the Volcker Commission's Oil for Food probe would be even better. And don't stop at the UNDP. The North Korean operations of other U.N. agencies -- Unicef, the World Food Program, the Population Fund -- also deserve scrutiny. It's crucial to determine whether, like Saddam Hussein's manipulation of the Oil for Food program, Kim Jong Il has been busy using the resources of the United Nations for his own illicit purposes.

Ms. Kirkpatrick is a deputy editor of the Journal's editorial page.

U.N. Cash For Kim (WSJ)

The Wall Street Journal, January 19, 2007

The U.N.'s Oil for Food disgrace rolls on, with this week's indictment by a federal prosecutor in New York of the program's former administrator Benon Sevan. But now a new dollars-for-dictators scandal is breaking into the open, this one involving the U.N. Development Program (UNDP) and North Korea's Kim Jong Il.

Our Melanie Kirkpatrick lays out many of the gory details nearby, based on documents reluctantly produced by the U.N. after prodding by American officials. The tale is similar to Oil for Food in that money for programs designed to benefit North Korea's poor appears to have been used instead to sustain the government. While the total amount of cash spent by the UNDP in North Korea isn't clear thanks to the opacity of U.N. record-keeping, any hard currency is manna from Turtle Bay for the isolated Kim regime. If dollar amounts into the tens of millions over nine years are accurate, that's money that would have helped Kim stay in power and continue his nuclear weapons program.

The documents we've seen follow the program back to 1998 and the era of detente between Kim and the Clinton Administration. But what's especially alarming is that the UNDP's programs have persisted in North Korea even as Kim has banished U.N. weapons inspectors, raised the volume on his threats, tested long-range missiles and even tested a nuclear weapon -- all in defiance of the U.N.'s own stated positions and Security Council sanctions.

A defense that the UNDP merely does humanitarian work -- for the people of North Korea and not the government -- isn't credible given the details exposed by Ms. Kirkpatrick. U.N. officials can't even say with confidence that all of the "development" projects exist because they haven't been allowed to visit their sites. Pyongyang officials insist on payments in cash that become fungible hard currency for the regime. Every U.N. dollar is one more that Kim doesn't have to raise from other (and often illegal) sources to pay off his generals or to buy a nuclear centrifuge.

The desire in some circles, including parts of the U.S. State Department, will be to dismiss all of this as no big deal because the bigger game is getting Kim to end his nuclear program. So why let a little more U.N. corruption, or incompetence, interfere with serious diplomacy?

Well, one reason is because we still don't know how wide or deep this scandal is, especially if it extends to other U.N. programs operating in North Korea. Another is that any cash to Kim contradicts U.N. and U.S. policy and helps ease pressure on the dictator to give up his nukes. And then there is the matter of the U.N.'s own credibility and failure to reform. In the wake of Oil for Food especially, why would U.N. officials allow this program to continue?

The generous explanation is incompetence, or perhaps the kind of feckless idealism that really believes such a program helps poor Koreans apart from Kim's regime. But given the U.N.'s recent track record of indictments for corruption, more venal

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motives need to be investigated. And it is also worth asking whether outright hostility to the U.S. policy of trying to isolate Kim has also played a role.

Whatever the motive, the Cash for Kim scandal is one more blot on the record of former Secretary General Kofi Annan. It also raises questions about the role played in North Korea by Maurice Strong, the Canadian who was Mr. Annan's envoy to Pyongyang.

We'd feel a lot better if the U.N. had quickly responded to U.S. queries and tried to get to the bottom of the mess at UNDP. But the exchange of letters between U.S. Ambassador Mark Wallace and UNDP officials described by Ms. Kirkpatrick is certainly reminiscent of the early U.N. stonewalling on Oil for Food.

Mr. Wallace and his colleagues from other nations on the UNDP executive board are right to demand a stop to the program and an independent investigation. The U.N.'s new Secretary General, Ban Ki-Moon, could make his own early mark by calling for a probe as part of a new era of U.N. transparency. Democrats in Congress could also be constructive by insisting on accountability, especially given how much stock they put in a competent U.N. to promote American security. * * *

One lesson of Oil for Food, and its failure to lead to any serious reform, is that to some foreign policy elites there can be no such thing as a U.N. "scandal." That's because for them the U.N. is all about good intentions, and the hopes and dreams for peace, rather than about actual results. But it is precisely that forbearance that has allowed too many dictators to exploit the U.N. for their own purposes, and has brought Turtle Bay to its current low ebb. Getting to the bottom of Cash for Kim is one more chance to make the U.N. shape up, and to stop financing a global menace in the bargain.

U.S. Criticizes China Over Missile Test (AP)

AP, January 19, 2007

The United States criticized China on Thursday for conducting an anti-satellite weapons test in which an old Chinese weather satellite was destroyed by a ballistic missile.

"The United States believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area," National Security Council spokesman Gordon Johndroe said. "We and other countries have expressed our concern to the Chinese."

U.S. intelligence agencies believe China conducted the test on Jan. 11.

Flexing Muscle, China Destroys Satellite In Test (NYT)

By William J. Broad And David E. Sanger

The New York Times, January 19, 2007

China successfully carried out its first test of an antisatellite weapon last week, signaling its resolve to play a major role in military space activities and bringing expressions of concern from Washington and other capitals, the Bush administration said yesterday.

Only two nations — the Soviet Union and the United States — have previously destroyed spacecraft in antisatellite tests, most recently the United States in the mid-1980s.

Arms control experts called the test, in which the weapon destroyed an aging Chinese weather satellite, a troubling development that could foreshadow an antisatellite arms race. Alternatively, however, some experts speculated that it could precede a diplomatic effort by China to prod the Bush administration into negotiations on a weapons ban.

“This is the first real escalation in the weaponization of space that we’ve seen in 20 years,” said Jonathan McDowell, a Harvard astronomer who tracks rocket launchings and space activity. “It ends a long period of restraint.”

White House officials said the United States and other nations, which they did not identify, had “expressed our concern regarding this action to the Chinese.” Despite its protest, the Bush administration has long resisted a global treaty banning such tests because it says it needs freedom of action in space.

Jianhua Li, a spokesman at the Chinese Embassy in Washington, said that he had heard about the antisatellite story but that he had no statement or information.

At a time when China is modernizing its nuclear weapons, expanding the reach of its navy and sending astronauts into orbit for the first time, the test appears to mark a new sphere of technical and military competition. American officials complained

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yesterday that China had made no public or private announcements about its test, despite repeated requests by American officials for more openness about its actions.

The weather satellite hit by the weapon had circled the globe at an altitude of roughly 500 miles. In theory, the test means that China can now hit American spy satellites, which orbit closer to Earth. The satellites presumably in range of the Chinese missile include most of the imagery satellites used for basic military reconnaissance, which are essentially the eyes of the American intelligence community for military movements, potential nuclear tests and even some counterterrorism, and commercial satellites.

Experts said the weather satellite's speeding remnants could pose a threat to other satellites for years or even decades.

In late August, President Bush authorized a new national space policy that ignored calls for a global prohibition on such tests. The policy said the United States would "preserve its rights, capabilities, and freedom of action in space" and "dissuade or deter others from either impeding those rights or developing capabilities intended to do so." It declared the United States would "deny, if necessary, adversaries the use of space capabilities hostile to U.S. national interests."

The Chinese test "could be a shot across the bow," said Theresa Hitchens, director of the Center for Defense Information, a private group in Washington that tracks military programs. "For several years, the Russians and Chinese have been trying to push a treaty to ban space weapons. The concept of exhibiting a hard-power capability to bring somebody to the negotiating table is a classic cold war technique."

Gary Samore, the director of studies at the Council on Foreign Relations, said in an interview: "I think it makes perfect sense for the Chinese to do this both for deterrence and to hedge their bets. It puts pressure on the U.S. to negotiate agreements not to weaponize space."

Ms. Hitchens and other critics have accused the administration of conducting secret research on advanced antisatellite weapons using lasers, which are considered a far speedier and more powerful way of destroying satellites than the weapons of two decades ago.

The White House statement, issued by the National Security Council, said China's "development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area."

An administration official who had reviewed the intelligence about China's test said the launching was detected by the United States in the early evening of Jan. 11, which would have been early morning on Jan. 12 in China. American satellites tracked the launching of the medium-range ballistic missile, and later space radars saw the debris.

The antisatellite test was first reported late Wednesday on the Web site of Aviation Week and Space Technology, an industry magazine. It said intelligence agencies had yet to "complete confirmation of the test."

The test, the magazine said, appeared to employ a ground-based interceptor that used the sheer force of impact rather than an exploding warhead to shatter the satellite.

Dr. McDowell of Harvard said the satellite was known as Feng Yun, or "wind and cloud." Launched in 1999, it was the third in a series. He said that it was a cube measuring 4.6 feet on each side, and that its solar panels extended about 28 feet. He added that it was due for retirement but that it still appeared to be electronically alive, making it an ideal target.

"If it stops working," he said, "you know you have a successful hit."

David C. Wright, a senior scientist at the Union of Concerned Scientists, a private group in Cambridge, Mass., said he calculated that the Chinese satellite had shattered into 800 fragments four inches wide or larger, and millions of smaller pieces.

The Soviet Union conducted roughly a dozen antisatellite tests from 1968 to 1982, Dr. McDowell said, adding that the Reagan administration carried out its experiments in 1985 and 1986.

The Bush administration has conducted research that critics say could produce a powerful ground-based laser weapon that would be used against enemy satellites.

The largely secret project, parts of which were made public through Air Force budget documents submitted to Congress last year, appears to be part of a wide-ranging administration effort to develop space weapons, both defensive and offensive.

The administration's laser research is far more ambitious than a previous effort by the Clinton administration to develop an antisatellite laser, though the administration denies that it is an attempt to build a laser weapon.

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The current research takes advantage of an optical technique that uses sensors, computers and flexible mirrors to counteract the atmospheric turbulence that seems to make stars twinkle. The weapon would essentially reverse that process, shooting focused beams of light upward with great clarity and force.

Michael Krepon, co-founder of the Henry L. Stimson Center, a group that studies national security, called the Chinese test very un-Chinese.

"There's nothing subtle about this," he said. "They've created a huge debris cloud that will last a quarter century or more. It's at a higher elevation than the test we did in 1985, and for that one the last trackable debris took 17 years to clear out."

Mr. Krepon added that the administration had long argued that the world needed no space-weapons treaty because no such arms existed and because the last tests were two decades ago. "It seems," he said, "that argument is no longer operative."

China Criticized For Anti-Satellite Missile Test (WP)

By Marc Kaufman And Dafna Linzer

The Washington Post, January 19, 2007

The Chinese military used a ground-based missile to hit and destroy one of its aging satellites orbiting more than 500 miles in space last week -- a high-stakes test demonstrating China's ability to target regions of space that are home to U.S. spy satellites and space-based missile defense systems.

The test of anti-satellite technology is believed to be the first of its kind in two decades by any nation and raised concerns about the vulnerability of U.S. satellites and a possible arms race in space.

China's action drew sharp protests from other nations with satellite programs -- a predictable response that experts said dramatically illustrates Chinese willingness to face broad international criticism when it comes to space, which Beijing considers a key part of the push to modernize its military and increase its ability to compete in high-tech warfare.

"The U.S. believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area," National Security Council spokesman Gordon Johndroe said yesterday. "We and other countries have expressed our concern regarding this action to the Chinese."

A spokesman at the Chinese Embassy said that he had no information about the anti-satellite test. The Chinese military did not mention the test either. But a Chinese newspaper that concentrates on foreign affairs, Global Times, relayed the reports from Washington in today's editions. The newspaper quoted Maj. Gen. Peng Guangquin as saying that the U.S. government was making too much of the test.

In addition to introducing a renewed military dimension to space, the destruction of the Chinese satellite created a large "debris cloud" that can seriously damage other satellites in nearby orbit, and possibly even spacecraft on their way to the moon or beyond. Analysts said that based on computer models, as many as 300,000 pieces of debris may have been created. While many would be very small, they said, hundreds would be large enough to create potentially serious problems.

The United States and the Soviet Union tested anti-satellite technology in the 1980s, and the United States shot down one of its orbiting satellites in 1985. Partially as a result of the debris problem, both sides stopped the programs.

The Chinese test, first reported online by the magazine Aviation Week and Space Technology, comes at a time of heightened tensions between the United States and China over space. China is leading an effort in the United Nations to set up an international conference to address what many consider to be an imminent space arms race. The United States has opposed the idea, arguing that it is not needed because there is no arms race in space. The Bush administration nevertheless released an updated national space policy last fall that strongly asserted an American right to defend itself in space against any actions it considers hostile.

The U.S. military is especially dependent on satellites for navigation, communications and missile guidance, while the American economy could also be broadly damaged by disruptions of communications, weather and other satellites. Some in the administration believe that this has left the nation especially vulnerable to attack and have proposed efforts to develop ways to defend its assets in space.

The day the test was conducted, the chiefs of major U.S. intelligence agencies presented their annual threat assessments to Congress. Neither China's anti-satellite program nor its general push toward space weapons was mentioned during the public

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hearing or anywhere in the written testimonies of the director of national intelligence, the director of the Pentagon's intelligence agency or the CIA director.

The United States retains the ability to destroy low-orbit satellites and has been conducting research on more advanced systems for years.

Officials who have been briefed on the test said that the Chinese ballistic missile reached as high as some U.S. spy satellites are positioned. Other satellites positioned at the same altitude are part of the missile defense network that the U.S. military is assembling. Sources said a hit-to-destroy ballistic missile could knock out any satellites at that low orbit. Many sensitive communications satellites are much higher, at about 22,000 miles above Earth, and officials said yesterday that the recent test does not prove that China has the capability to disrupt those systems. Still, U.S. intelligence officers and administration officials fretted.

"It's unfortunate that China is going down this path," said one administration official. "No one has done this in over 20 years, and in that time, international cooperation in space has come so far. It is a bustling commercial, scientific and research arena. This sort of thing is such a throwback to the Cold War."

The issue of possible hostilities in space became more real in August when National Reconnaissance Office Director Donald M. Kerr told reporters that a U.S. satellite had recently been "painted," or illuminated, by a ground-based laser in China. The United States did not make any formal protest then, but it did yesterday.

Johndroe of the NSC said that Australia and Canada have lodged protests, and Britain, South Korea and Japan are expected to follow suit.

He said the Chinese satellite was shot down using a ground-based medium-range ballistic missile, which slammed into its target 537 miles above earth on Jan. 11.

"In my view, the Chinese are sending a strong signal here," said Jeffrey Kueter, president of the George C. Marshall Institute, a nonprofit space and defense think tank in Washington. "They're saying they can hold our space-based, war-fighting capability at risk, and are putting into doubt our ability to challenge them. They're a rising space competitor."

Kueter said the test makes it essential for the United States to get more serious about developing technology to defend its satellites.

Michael Krepon, president emeritus of the Henry L. Stimson Center, another nonprofit involved with security issues in Washington, called the Chinese test a predictable -- and unfortunate -- response to U.S. space policies.

"The Chinese are telling the Pentagon that they don't own space," he said. "We can play this game, too, and we can play it dirtier than you."

Krepon said the Chinese test "blows a whole through the Bush administration reasoning behind not talking to anybody about space arms control -- that there is no space arms race. It looks like there is one at this point."

Rep. Edward J. Markey (D-Mass.) said the Chinese action makes it essential that the administration begin negotiations to stop any possible space arms race. "The Chinese anti-satellite test is terrible news for international stability and security, and could presage the dawn of a new arms race -- this time in space," Markey said. "American satellites are the soft underbelly of our national security, and it is urgent that President Bush move to guarantee their protection by initiating an international agreement to ban the development, testing, and deployment of space weapons and anti-satellite systems."

Chinese Missile Strikes Satellite (LAT)

By Peter Spiegel And James Gerstenzang

The Los Angeles Times, January 19, 2007

The Chinese military shot down one of its own aging satellites with a ground-based ballistic missile last week, demonstrating a new technological capability at a time of growing Bush administration concern over Beijing's military modernization and its intentions in space.

The shoot-down, which U.S. officials said occurred on the evening of Jan. 11, prompted a formal protest from Washington that was joined by allies including Canada and Australia, U.S. officials said Thursday. Japan has demanded an explanation, and Britain and South Korea are also expected to file formal objections.

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"The United States believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area," said Gordon D. Johndroe, spokesman for the National Security Council. "We and other countries have expressed our concern to the Chinese."

A spokesman for China's Foreign Ministry said today that he could not comment on the anti-satellite test.

The U.S. and the Soviet Union each conducted similar tests of anti-satellite weapons in the 1980s, but abandoned the practice when the strikes led to widespread debris fields in space that threatened other satellites. The last U.S. test was in 1985.

According to U.S. officials, Beijing used a medium-range missile to shoot at its weather satellite, which was 537 miles above Earth when it was hit. The altitude is considered to be a low Earth orbit, but represents the band where most satellites and manned space missions travel.

The successful exercise was expected to send tremors through the U.S. satellite industry, which is part of a $90-billion global business involving hundreds of orbiting craft that are essential to routine daily communications and commerce. Many ATM and pay-at-the-pump transactions rely on satellites, as do television and digital radio signal distribution.

The shoot-down has rattled U.S. defense officials, who are concerned both about the commercial crafts and government spy and military satellites that operate at that height.

Larger telecommunications satellites and certain military satellites that provide early warning of missile launches travel in much higher orbits — up to 23,000 miles above Earth.

The Chinese strike on the satellite launched in 1999 was first reported by the aerospace trade magazine Aviation Week & Space Technology.

Concerns about rising threats to U.S. satellites led the Bush administration to issue a new national space policy in August, which held that the U.S. viewed freedom of action in space as important as air or sea power.

The administration was widely criticized for its aggressive attitude toward defense activities in space. But a White House official, speaking on condition of anonymity, said Thursday that satellites and access to space were considered vital to U.S. national and economic security and that any event "that can hinder passage through space" was of concern.

News of the Chinese achievement came as John D. Negroponte, the head of U.S. intelligence agencies, testified before the House Intelligence Committee on a range of international threats, including what he said were the potential dangers of China's military buildup.

"The Chinese are developing more capable long-range conventional strike systems, and short and medium-range ballistic missiles with terminally guided maneuverable warheads able to attack U.S. carriers and air bases," Negroponte said in his testimony.

China has stepped up both its civilian and military space program in recent years. In October 2003, it became only the third nation, after Russia and the U.S., to launch its own manned space mission.

U.S. intelligence and military officials have become increasingly vocal over Chinese ambitions in space and over Beijing's military modernization program, begun in 1999. Senior Pentagon officials have urged the Chinese to explain the motives behind their buildup, saying the lack of clarity has fueled concerns that their new weapons might be used against the U.S.

Officials also have voiced concerns that, because the U.S. is so dependent on satellites, militarily and commercially, an inability to protect its space assets would represent a vulnerability that adversaries could exploit.

"We must be very concerned about the emerging threats to our space assets and about the possibility that others will take advantage of our dependence on and vulnerability in space to seek asymmetrical advantages over us," Robert G. Joseph, the State Department's top arms control official, said in a speech last week.

China's leaders are intent on modernizing their military capabilities, and the development of more sophisticated weaponry, including anti-satellite missile capabilities, is part of that effort, said Shi Yinhong, a professor of international relations at People's University in Beijing.

But he said China was still at least a decade behind several other countries.

"Generally speaking, China's military capability in these advanced areas, whether it's space weaponry or naval capabilities, is still far behind the United States and Japan," he said. "What you are seeing is new momentum to try and catch up, but the distance is still quite wide."

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Shi said he understood why leaders in the U.S. and elsewhere might view China's anti-satellite test with alarm, but that the move represented a natural development and was not intended to provoke an arms race in space.

The new American space policy holds that the U.S. retains the right to take any action necessary to protect its space assets and to prevent adversaries from using "space capabilities hostile to U.S. national interests."

China's space modernization effort is part of a campaign to defend itself against the U.S. government's missile defense program, which officials in Beijing view as a militarization of outer space, said Wenran Jiang, head of the China studies program at Canada's University of Alberta.

He said Chinese military leaders were paying particular attention to Washington's information warfare efforts, including the development of sophisticated weaponry to "destabilize the enemy's communications and control systems."

Pentagon officials rebutted allegations that the new policy attempted to militarize space, saying that the ability of U.S. adversaries to cripple military and commercial satellites posed a serious threat for which the military was not yet prepared.

"I'm not talking about weapons of mass destruction" in space, said a senior Pentagon official, who spoke on condition of anonymity when discussing internal debates over military space policy. "I'm talking about what's the next step if somebody whacks a satellite? Do we just go out with a bullhorn and express our outrage?"

Despite objections to putting weapons in space, American military officials are concerned that they will be blamed for inaction if they fail to prevent an attack on U.S. satellites.

"We need to be able to know who's messing with our satellites — not just our military ones, but our commercial ones," said another senior Pentagon official. "If something's affected, they're going to call [and ask], 'What are you going to do about it?' "

China provoked widespread concern in September after it used a ground-based laser to illuminate at least one U.S. satellite. The action was confirmed by the U.S. National Reconnaissance Office, the intelligence agency that oversees spy satellites. The Pentagon has warned of intelligence that shows China is developing a laser system to blind or damage imaging satellites.

Among U.S. satellite operators, word of China's latest anti-satellite test was greeted warily.

"We're concerned, but we haven't gotten a lot of calls from our customers so far," said Arnold Friedman, senior vice president for Space Systems Loral of Palo Alto, which operates 53 satellites in orbit. "We're always concerned whenever anything of that sort happens."

Most of Loral's satellites would be out of reach to the type of missile used by the Chinese because they orbit about 23,000 miles above the Earth.

Other satellite executives declined to comment or referred questions to the Pentagon.

Somalia Seeks U.S. Aid To Revive Nation (AP)

By George Gedda

AP, January 19, 2007

Somalia is asking the U.S. government for help in building efficient police, military and intelligence organizations as it attempts to overcome years of strife and impoverishment.

The requests were contained in a three-page memo submitted to the State Department by Dahir Mirreh Jibreel, a U.S. representative of the Transition Federal Government in Somalia that took power recently after the ouster of radical Islamists by Ethiopian troops.

The government was established in 2004 with U.N. backing but had been too weak until the turn of the year to establish a presence in Mogadishu, the capital.

Heading the list of Somali requests was the appointment of a U.S. ambassador to Somalia. The United States has not had a functioning embassy in Somalia for years. There was no immediate comment Thursday from the State Department on the request but security issues for any U.S. personnel sent there are believed to be a major concern.

Large-scale assistance seems unlikely until Somali authorities are able to create a stable environment in the country.

The requests also call for congressional approval of Somalia stabilization and reconstruction legislation as well as encouragement of private U.S. investment in Somalia.

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The country has not had a government able to control the national territory since 1991. The transitional government lacks funds to pay civil servants and the list submitted to the State Department includes a request to fill that need until the country is able to generate its own revenue.

Shortly after the transitional government was installed in Mogadishu, United States made an initial down payment of $40 million in revitalization assistance for Somalia. About $16 million was earmarked for humanitarian assistance, $14 million to fund a multinational force whose deployment is still pending and $10 million in development aid.

Jibreel distributed copies of the requests during a meeting Thursday with a small group of reporters that was hosted by the American Enterprise Institute, a conservative public policy research group.

Amid Chaos, Young Somalis Struggle To Get By (NYT)

By Jeffrey Gettleman

The New York Times, January 19, 2007

MOGADISHU, Somalia, Jan. 18 — A week ago, Yoonis Issay Alin was riding around in the back of a pickup, part of a squad of tough-looking guys with big trucks and big guns.

Now he is drooling on a metal cot, shot in the head over a parking spot.

All around him at Medina Hospital in Mogadishu, Somalia's capital, young men writhe in steamy beds, their arms and legs trapped in traction ropes, their gunshot wounds the latest proof of a society out of control. It is hard to imagine there is enough gauze in this broken-down country to keep up.

Somalia may be at a turning point, with a potentially viable government for the first time since 1991. But senseless violence is still the norm, as ubiquitous as qat, the plant people here chew and chew as a drug until the ugliness of life fades away, even if just for a moment.

Mr. Alin, 22, was one of the thousands of young militiamen who prowl this city. Now his family is on a death watch, with his sisters squeezed around his hospital bed, peering into his open, unregistering eyes, and his creased-faced mother leaning over him, shooing away flies.

"In this country," said his mother, Halima, "nobody cares if you live or die."

His skull is encased in a helmet of white medical tape. He has been drifting in and out of consciousness, and doctors say they have no way to gauge the amount of brain damage.

"There are no neurosurgeons here, no M.R.I.'s, no CAT scans, no psychiatrists," said Sheikhdon Salad Elmi, director of Medina Hospital. "Can you imagine that? In a city where everyone needs therapy, not a single psychiatrist?"

Mr. Alin's journey from a tin shack where he slept on a dirt floor with four brothers and five sisters to the employ of a warlord was typical of so many young Somali men. It was not planned; it just happened, like the bullet that was fired at someone else last Friday but tumbled instead through Mr. Alin's brain.

His father, Issay, an off-again-on-again brick mason, was killed in a robbery in 1993 — two years after Somalia's central government collapsed and the country spun into anarchy — leaving behind no money, just a crusty trowel that none of his sons knew how to use.

His mother supported the family by selling qat in a neighborhood called the Black Sea, bringing in the equivalent of a few dollars a day. It was enough to buy two jerry cans of water from the donkey carts that jangled by every morning and the occasional meal of spaghetti and camel meat, Mr. Alin's favorite.

But it was not enough for school. So Mr. Alin and his brothers spent their days combing the city's bullet-scarred streets for odd jobs, like pushing a wheelbarrow or hauling fish. In the afternoons they worked out in their yard, curling a 25-pound tank shell found nearby, which by a quick, delicate inspection looked as though it could go off at any time.

"I think it's safe," said Didi, his 17-year-old brother.

Last summer things changed. A grass-roots Islamist movement took over Mogadishu after running the city's warlords out of town. The young Islamist soldiers wore green skullcaps, eschewed qat and cigarettes and vowed to unite Somalia's warring clans under the banner of Islam. Many people, including Mr. Alin, were impressed.

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His friends said he was religious, never missing prayer. A green flag hangs over his sleeping spot — there are no beds in his shack — with the message "There is no god but God, and Muhammad is his Prophet."

But when Mr. Alin tried to join the Islamists he was rejected. They took one look at his teeth, stained brown from qat, and told him to go away. So he went to Baidoa, a city 150 miles away, to find Botan Issay, the warlord of his subclan, the Duduble.

Somalia's warlord issue is complicated. Some people call them thugs, and Mr. Alin's militia buddies readily admitted that their income came from stickups.

"We make what we make from the barrel of the gun," said Ahmed Muhammad Siad, 25. "That's how it is. Yoonis usually told us to go easy on people. He was always too nice."

But in a world with no police and no security, the clan warlord was sometimes the only protection.

"When it comes down to it," said Ali Mahdi Muhammad, a clan leader, "you can only count on your clan."

Fearful of the dangers of militia work, Mr. Alin's family tried to keep him from going to Baidoa. But Baidoa had an irresistible pull. It was the seat of the internationally recognized transitional government of Somalia and the one big town in south central Somalia that the Islamists did not control. For Mr. Alin, that meant all the qat he could chew.

"Yoonis was chasing the green grass," said Muhammad, Mr. Alin's 25-year-old brother, with a sad shake of the head.

But in late December, Somalia was turned upside down again. The Islamists attacked Baidoa, provoking Ethiopia, which labeled the Islamists a regional threat. Within a week Ethiopian-led troops crushed the Islamist army, and American forces helped hunt down its leaders. Mogadishu's graying warlords rushed back to town, with their militias and their firepower.

The clan militias instantly returned to their old ways, setting up checkpoints and shaking down residents. The transitional government pleaded with them to disarm. They refused. On Friday, a disarmament meeting was called at the presidential palace for all of Mogadishu's top warlords. While Mr. Issay, the Duduble warlord, went inside, Mr. Alin and other Duduble militiamen waited by the palace gates.

All of a sudden, witnesses said, soldiers for another warlord, Muhammad Qanyare Afrah, started arguing with palace guards about where to park their armed pickup truck. Someone pulled out a gun. The palace guards opened fire. Several of the Duduble militiamen standing nearby were hit. Eight men were killed and five seriously wounded.

Somalia is definitely the wrong place to get a bullet in the brain. It took a half-hour to organize a car to take Mr. Alin to Medina Hospital, and when he arrived the two operating rooms were occupied.

Osman Abdullahi, a burly man with a stained smock who performed the surgery on Mr. Alin hours later, called himself "an assistant doctor."

He unwrapped a crumple of white butcher-like paper smeared with blood and showed the bone fragments that he had tweezed from Mr. Alin's frontal lobe.

Mr. Alin is now in the intensive care unit, which looks like every other room in the hospital, with tiles peeling and mosquitoes swarming, except that most of the ceiling fans there still spin.

Mr. Abdullahi said that Mr. Alin would probably live but that it was not clear if he would be able to talk.

On Thursday, his family got a positive sign. Mr. Alin briefly sat up in bed, looked around and giggled.

European Court Finds Two Chechens Were Tortured (WP)

By Peter Finn

The Washington Post, January 19, 2007

MOSCOW, Jan. 18 -- The European Court of Human Rights ruled Thursday that two Chechen brothers were tortured in their strife-torn Russian republic and that authorities there failed to investigate their allegations of abuse. It was the first decision on torture in Chechnya issued by the court, based in Strasbourg, France.

"The applicants were indisputably kept in a permanent state of physical pain and anxiety owing to their uncertainty about their fate and to the level of violence to which they were subjected throughout the period of their detention," according to a panel of seven judges, who reached a unanimous decision.

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"The Court considers that such treatment was intentionally inflicted on the applicants by agents of the State acting in the course of their duties," the judgment stated, "with the aim of extracting from them a confession or information about the offences of which they were suspected."

Human rights groups have long contended that torture is widespread in Chechnya, where Russian troops have fought separatists off and on since 1994. Thursday's ruling follows a series of judgments against Russia concerning disappearances and the indiscriminate use of force by the Russian military and its proxies in the southern republic.

The court receives more complaints from Russia than from any other country. Some Russian politicians, weary of a seemingly endless string of negative judgments, have become highly critical of the court, charging that it is anti-Russian and politicized.

In December, the State Duma, Russia's lower house of parliament, refused to ratify a court reform designed to speed up decision-making in Strasbourg. Of the 46 member states of the Council of Europe, the body responsible for the human rights convention that the court enforces, only Russia has refused to agree to the change.

"It's not acceptable that this organization is used for attacks on the Russian Federation," Sergei Baburin, a member of parliament, said at the time of the vote.

The government supported ratification, but some supporters of the measure said that was a charade.

President Vladimir Putin "can now say that he wanted the document ratified -- but we have democracy in Russia and parliament saw fit to turn it down," Vladimir Ryzhkov, an independent legislator, told Russian reporters. "However, the whole world knows that our parliament is like a dog at its master's feet -- it would never bark without an order from the Kremlin."

On April 12, 2000, Adam and Arbi Chitayev were detained at their family home in Chechnya by the Russian military. They were later transferred to the Chernokozovo detention center, a facility that human rights groups charge has a notorious history of abuse.

The two men said in court filings that, among other forms of abuse, they were subject to electric shock; suffocated with adhesive tape, a cellophane bag and a gas mask; had dogs set on them; and had parts of their skin torn away with pliers.

"Unfortunately, torture is not a thing of the past in Chechnya," said Jan ter Laak, chairman of the board of the Russian Justice Initiative, a legal aid group based in the Netherlands, which brought the case before the court. "The Russian and Chechen authorities must now take this problem and this judgment seriously and bring an end to this terrible practice."

The two brothers were released on Oct. 5, 2000, six months after their arrest. The case against them was dropped.

"I am satisfied with the judgment," said Arbi Chitayev, who currently lives in Germany, according to a statement released by the Russian Justice Initiative. "At the same time I am worried that what happened to me could happen to my relatives who still live in Russia."

Venezuela Wants Trade Group To Embrace Anti-Imperialism (NYT)

By Larry Rohter

The New York Times, January 19, 2007

RIO DE JANEIRO, Jan. 18 — South American leaders began gathering here on Thursday for discussions focused on a single, contentious issue: should the Mercosur trade group continue to emphasize economic integration, as Brazil and Argentina prefer, or transform itself into a political alliance with an “anti-imperialist” tint, the path President Hugo Chávez of Venezuela favors?

The conference’s Brazilian hosts tried to minimize the prospect of tensions, with Foreign Minister Celso Amorim talking of a “reinforced Mercosur” that he said “belongs to everybody.” But Mr. Chávez declined to play along with diplomatic niceties, bluntly staking out his position the instant he got off the plane on Thursday morning.

“The press says that Chávez is coming to ideologize Mercosur, to poison and contaminate it,” he said. In reality, he continued, his goal is “to contribute with something we consider to be absolutely necessary: the reformatting of Mercosur” and “decontaminating the contamination of neoliberalism.”

With memories of a murderous outburst of gang violence here still fresh and heads of state or foreign ministers from at least 10 countries expected to attend, security for the event was unusually heavy.

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Mercosur, sometimes called the South American Common Market, was founded in 1991 with Argentina, Brazil, Paraguay and Uruguay as original members with full voting rights. Bolivia, Chile, Colombia, Ecuador and Peru are associate members. Venezuela's application to become a full member was hurriedly accepted last year, even though the details have yet to be negotiated and Mr. Chávez's commitment to what he calls "21st-century socialism" clashes with Mercosur's support for open markets and free trade.

"In one word, it's a mess," said Rubens Barbosa, a former Brazilian ambassador to the United States and Britain. "In the European Union, they negotiate the terms of entry, and then the country joins. Here we're doing it the other way around, which is craziness because Venezuela now does not want to accept the conditions it has to accept for membership."

In private, the four original members have also expressed concerns about Venezuela's ability to adhere in the future to the group's requirements that members follow democratic practices, which was important in Paraguay's transition out of a military dictatorship. As they see it, recent moves by Mr. Chávez raise the specter of a one-party state, perpetual re-election, a controlled press and doubts about respect for private property.

In Caracas on Thursday, the National Assembly voted unanimously in a preliminary vote to grant Mr. Chávez the power to enact laws by decree for a period of 18 months. A final vote on the measure is expected next week.

His supporters already control the legislature, the Supreme Court and most state governments, but the president sought the decree powers to speed changes to Venezuela's political and economic structures. Critics say the new powers would move Venezuela toward authoritarianism.

"It was a tremendous error to allow Chávez into Mercosur, not only because he wants to control it, but also because he is Lula's biggest rival," said Felipe Lampreia, who was Brazil's foreign minister from 1995 to 2001, referring to President Luiz Inácio Lula da Silva. "Lula is moderate and pragmatic, while Chávez is a revolutionary, socialist and international agitator who sees himself as the leader of Latin America."

With Mr. Chávez's enthusiastic support, Bolivia, led by his ally Evo Morales, is expected to apply formally for full membership in Mercosur. But that has created divergences within the group, because Bolivia wants a special exemption on tariff and other issues that has not been granted to the group's other smaller members.

Uruguay, in fact, has been so unhappy with its status in Mercosur that, though led by a Socialist president, it has been seeking closer ties with the United States. Next week, the two countries are to sign a Trade and Investment Framework Agreement in Montevideo, which some experts see as the prelude to a free trade agreement that would require Uruguay's exit from Mercosur.

"At this moment, there are two Mercosurs, with the old one obviously dying," said Gilberto Dupas, director of the Institute of Economic and International Affairs, at the University of São Paulo. "Chávez wants to bring his anti-American discourse into the group, but that is not desirable for Brazil, and the little partners will never accept it, especially Uruguay."

Among the proposals Mr. Chávez brought with him was one to create a Mercosur development bank, which he envisions as an alternative to the World Bank. But Brazil's minister of finance, Guido Mantega, reacted warily to the idea, saying it was "complicated" because it would require "a new structure" that might compete with existing regional financial mechanisms.

Mr. Lampreia, referring to his former colleagues, said, "They're starting to realize they've fallen into a trap." He added: "They thought they could influence Chávez, but he can't be influenced. He's the owner of the ball, rich and all-powerful, and says and does what he wants."

DOJ_NMG_0118795

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 19, 2007 7:45 AM EST

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TERRORISM NEWS:

Wiretap Review Plan Is Still Unclear (LAT)

By Richard B. Schmitt, Greg Miller And David G. Savage, Times Staff Writers

The Los Angeles Times, January 19, 2007

Bush and Gonzales say the domestic spying program is essentially unchanged except for its legal justification.

WASHINGTON — A day after announcing that it had scrubbed a controversial warrantless surveillance program, the Bush administration refused to provide details to Congress of how a new court-review process for terror-related wiretaps would work, triggering a fresh round of complaints and suspicions from Democrats about what the administration was doing.

At the same time, President Bush and other administration officials indicated that little had changed in the electronic eavesdropping program, originally launched after the Sept. 11 attacks, other than the fact that a court had finally blessed it.

Atty. Gen. Alberto R. Gonzales revealed Wednesday that the secret court created by the Foreign Intelligence Surveillance Act to supervise wiretaps approved orders authorizing the surveillance last week.

Bush said the approval vindicated his position that he was justified in launching the surveillance. "Nothing has changed in the program except the court has said we've analyzed it and it's a legitimate way to protect the country," Bush said in an interview with Tribune Broadcasting.

Pressed during a hearing Thursday before the Senate Judiciary Committee, Gonzales said the administration had changed the legal justification for the surveillance program but not the essential elements of the operation.

Disputing the suggestion that the warrantless program, run by the National Security Agency, had been "terminated," Gonzales said, "It took us a period of time to develop what we thought would be an acceptable legal argument that would be acceptable to the FISA court."

When asked to explain the legal argument, Gonzales refused. "I don't want to get into a public discussion about the deliberations and work of the court," he said.

The surveillance issue has become the first major battlefront between the new Congress and an administration that Democrats consider overly secretive and reluctant to share power.

With Gonzales and other officials mum about the program's details, Democrats refused to accept their assurances. It was not immediately clear how that stalemate might be resolved. The administration supplied classified briefings to several members of Congress, but lawmakers said they continued to have questions.

"I don't think there were any assurances today" that the White House is not still bypassing parts of FISA, Rep. Anna G. Eshoo (D-Atherton), a member of the House Intelligence Committee, said in a telephone interview. When administration officials briefing her committee Thursday, including Director of National Intelligence John D. Negroponte, were asked about the matter, she said, "I think they were quite skittish."

The Senate Judiciary Committee chairman, Sen. Patrick J. Leahy (D-Vt.), and the ranking Republican, Sen. Arlen Specter (R-Pa.), said the chief judge of the FISA court had promised them late Wednesday access to the court orders approving the surveillance. But Gonzales indicated at the hearing that the administration might attempt to block the move because of concerns that the documents contained classified information.

The administration's decision appeared to leave Congress with few options. Legal experts said the ruling appeared to render moot a series of private lawsuits challenging the program. The main option Congress has left is to change the FISA law under which the court has acted, although lawmakers acknowledge they have too little information at this point to know whether that would be necessary.

Gonzales said the idea of bringing the program under the FISA law had long been discussed in the White House, and that he made the issue a priority shortly after he became attorney general in early 2005.

Government officials familiar with the matter said the Bush administration's negotiations with the FISA court accelerated after Democrats won control of Congress in November.

The officials also said the negotiations centered on securing an agreement that would allow the administration to seek warrants on groups of people in certain circumstances, rather than being required to obtain separate court orders for every individual under suspicion.

One official, who spoke on condition of anonymity, said this was the "innovative" new interpretation that Justice officials had described when briefing reporters on the new guidelines.

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The changes appear to require individual warrants when the target is a U.S. citizen or has permanent legal resident status. But the changes could make it easier to obtain multiple warrants rapidly when the targets are in the country on temporary visas, as was the case with the Sept. 11 hijackers.

The new arrangement is likely to continue to be a source of controversy because the ability to obtain a "bundle" of warrants, as one official put it, could be seen as undermining the intent of the law to require the government to show cause in individual cases.

Seeking to target members of a group as a whole, even Al Qaeda, would be unusual, legal experts said.

"That would be novel and controversial," said Michael Woods, a former chief of the FBI national-security law division. "But that would explain why you got something new without having to have changes in the FISA statute."

The FISA law does distinguish between U.S. citizens and certain foreigners living in the United States.

When Congress passed the law in 1978, it was concerned with protecting Americans from being spied on by U.S. intelligence agencies. At the same time, lawmakers wanted the CIA and NSA to monitor Soviet spies and other foreign agents in the United States.

FISA says the government must seek a warrant first before "intentionally targeting a United States person" by listening to their phone calls. These persons are defined as U.S. citizens and lawful permanent residents.

The law is less clear, and less demanding, for other persons in the United States. That distinction could give the administration justification for arguing that it seeks to intercept the calls of foreign terrorists and foreigners who are living in the United States, but it was not "intentionally targeting" U.S. citizens.

The FISA judges may have been persuaded that kind of surveillance did not violate the 1978 law and therefore could be authorized legally.

Senators Blast Bush Security Policies (FT)

By Demetri Sevastopulo In Washington

Financial Times, January 19, 2007

Influential senators on Thursday demanded that the Bush administration provide more details about its move to place its controversial National Security Agency domestic spying programme under supervision by a special court.

Patrick Leahy and Arlen Specter, the top Democrat and Republican on the Senate judiciary committee, told Alberto Gonzales, the US attorney-general, that the Bush administration needed to provide some more information about the surprise decision this week to allow a secret intelligence court to monitor electronic domestic spying.

“This reversal is a good step, but there are still several outstanding questions that remain,” said Mr Leahy, who assumed the chairmanship of the committee after the Democrats regained control of Congress in November.

“To ensure the balance necessary to achieve both security and liberty for our nation, the president must fully inform Congress and the American people about the contours of the Foreign Intelligence Surveillance Court order authorising this surveillance programme and the programme itself.”

In a major policy reversal announced on Wednesday, the US Justice Department said that President George W. Bush would not re-authorise the so-called Terrorist Surveillance Programme. Justice Department officials said that the administration had reached an agreement whereby any electronic eavesdropping would in future be monitored by a special intelligence court.

Mr Bush authorised the controversial eavesdropping programme – which permitted the NSA to eavesdrop without court warrant on the international communications of Americans with links to al-Qaeda – after the September 11 attacks in New York and Washington in 2001.

Critics had accused him of illegally circumventing the 1978 Foreign Intelligence Surveillance Act, which requires the government to seek a warrant from an intelligence court before it can spy on Americans.

Mr Specter, who has been a fierce critic of the programme, questioned why the administration had not informed Congress last year about its attempts to bring the programme into line with FISA. In contentious exchanges, the senators asked Mr Gonzales to provide them with the authorisation the administration received from the intelligence court.

When Mr Gonzales refused to say whether he would comply with their request, Mr Leahy shot back, “Are you saying that you might object to the court giving us a decision that you publicly announced...Are we Alice in Wonderland here?”

A federal court last year ruled that the programme was unconstitutional, and rebuked Mr Bush, saying there were “no hereditary kings” in America.

The policy U-turn comes just weeks before an appeals court was scheduled to hear the case, but Mr Gonzales denied that the administration’s switch was related to the legislation.

Mr Leahy and Mr Specter also criticised the administration over a host of issues, including Guantanamo Bay and secret CIA renditions of prisoners.

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"In the 32 years since I first came to the Senate – during the era of Watergate and Vietnam – I have never seen a time when our constitution and fundamental rights as Americans were more threatened by their own government," said Mr Leahy. "The [Justice] department has also played a pivotal role…in eroding basic human rights and undercutting America's lead role as an advocate for human rights throughout the world."

Senators Press Gonzales On Delay In Getting Court OK On Surveillance (USAT)

By Donna Leinwand

USA Today, January 19, 2007

WASHINGTON — Attorney General Alberto Gonzales was grilled Thursday by senators who questioned why it took the Bush administration more than four years to allow a court to oversee the National Security Agency's electronic eavesdropping of Americans and others in terrorism investigations.

During his first appearance before a Senate panel since Democrats took over Congress in the November elections, Gonzales also faced a series of questions from Democrats and some Republicans over how the NSA's program will operate now that agents' surveillance requests must be approved by a special court of federal judges that monitors classified intelligence gathering within the USA.

VIDEO: Attorney general talks to senators

Judiciary Chairman Patrick Leahy, D-Vt., said he was encouraged by Gonzales' announcement Wednesday that President Bush no longer would authorize the NSA to conduct warrantless surveillance of communications coming into or going out of the USA in terrorism probes. Leahy and other lawmakers had blasted the administration's eavesdropping program, saying it illegally sidestepped judicial oversight and violated privacy rights.

However, Leahy and other senators made it clear that they remained unhappy about the administration's handling of surveillance issues. They said they will be watching how the program operates now that surveillance requests will be vetted by the court established in 1978 by the Foreign Intelligence Surveillance Act (FISA).

"For years, the administration has engaged in warrantless wiretapping of Americans, I believe contrary to the law," Leahy said.

"The Justice Department has been complicit in advancing these government policies, which threaten our basic liberties and overstep the bounds of our Constitution," he said.

Gonzales insisted the administration had the power to authorize an undisclosed number of eavesdropping requests without a court's involvement. He said the White House changed course and allowed the FISA court to oversee the eavesdropping once officials became satisfied the court could handle requests quickly enough in cases in which there appears to be an imminent threat to security.

The committee's ranking Republican, Arlen Specter of Pennsylvania, said that despite being briefed on the eavesdropping program by Justice Department attorneys, he still had questions about it and how it will operate in the future. He added that the administration's previous policy of allowing warrantless surveillance likely damaged Republicans in the midterm elections.

"The United States and the administration have paid a heavy price for not acting sooner to bring the terrorist surveillance program under judicial review," he said.

Leahy and Specter also questioned Gonzales about Bush's claim last month that he had the authority to allow agents to open Americans' mail without a warrant. Bush made the claim as he signed legislation aimed at protecting the privacy of U.S. mail.

"If the president is asserting that the act of Congress is unconstitutional, then he ought to say so and not sign the act," Specter said.

Gonzales said Bush "simply wants to preserve the authority that the Congress had already granted to him." He said he knew of no case in which mail had been opened without a court warrant.

White House Shifting Tactics In Surveillance Cases (NYT)

By Adam Liptak

The New York Times, January 19, 2007

In a four-paragraph letter on Wednesday announcing that the Bush administration had reversed its position and would submit its domestic surveillance program to judicial supervision, Attorney General Alberto R. Gonzales used one phrase three times. A secret court, he said, had fashioned a way to allow the program to be monitored by the judiciary without compromising the need for "speed and agility."

That phrase also captures, some critics say, the administration's moving-target litigation strategy, one that often seeks to change the terms of the debate just as a claim of executive authority is about to be tested in the courts or in Congress.

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On Wednesday, the administration announced that an unnamed judge on the secret court, in a nonadversarial proceeding that apparently cannot be appealed, had issued orders that apparently both granted surveillance requests and set out some ground rules for how such requests would be handled.

The details remained sketchy yesterday, but critics of the administration said they suspected that one goal of the new arrangements was to derail lawsuits challenging the program in conventional federal courts.

"It's another clear example," said Ann Beeson, associate legal director of the American Civil Liberties Union, "of the government playing a shell game to avoid accountability and judicial scrutiny."

In other cases, too, the timing of litigation decisions by the government has been suggestive.

Shortly before the Supreme Court heard a set of three detainee cases in 2004, the administration reversed course and allowed two Americans held incommunicado by the military to meet with their lawyers, mooting that issue.

After the court ruled that one of the men, Yaser Hamdi, could challenge his detention in court, the administration instead freed him and sent him to Saudi Arabia.

And just as the Supreme Court was considering whether to review the case of the second man, Jose Padilla, he was transferred to the criminal justice system last year, mooting his appeal.

Paul W. Butler, a former federal prosecutor who served as special assistant to Donald H. Rumsfeld when he was secretary of defense, said the administration's critics were too quick to view ordinary developments as nefarious ones.

"You do have to ascribe some good faith," said Mr. Butler, now a partner with the Washington law firm of Akin Gump Strauss Hauer & Feld. "The government uses presidential authority when they think it's necessary and the law does not provide the specific authority they need. If there is a road that can be taken, operating according to statutes or putting people into the criminal justice system when that makes sense, they will do that."

Like other administrations, even when this one alters course, it almost never concedes that its earlier actions were mistaken.

In the case of the eavesdropping program, the administration continues to maintain that it is free to operate without court approval. Its decision to submit to the secret court, administration lawyers said, was voluntary. At a briefing Wednesday, almost as an afterthought, a senior Justice Department official said, "There's obviously an advantage to having all three branches involved."

The announcement about the surveillance program came two weeks before a federal appeals court in Cincinnati was to hear the first appellate argument about the lawfulness of the program. Government lawyers now say that case is moot, but their claim is open to question.

The usual rule is that cases seeking relief in the future are indeed moot when the relief they seek is granted. But there is an exception, said David Cole, a lawyer with the Center for Constitutional Rights, which has challenged the program in a separate lawsuit filed in New York.

He cited a series of Supreme Court decisions in which the defendants had voluntarily done what the lawsuits were seeking. Such cases are moot, the court ruled in 1968, for instance, only if it is "absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur."

Because the administration has reserved the right to continue the program, Mr. Cole said, the courts should rule on whether it violated a 1978 law, the Foreign Intelligence Surveillance Act and the Constitution.

A third case, from Oregon, is almost certainly not moot. In addition to asking the court to stop surveillance without warrants in the future, that suit asks for money as damages for past surveillance.

The Oregon case, brought by an Islamic charity and two of its lawyers, differs from the Cincinnati appeal and the New York suit because the plaintiffs in it say they have seen a classified document confirming that their communications were actually intercepted.

"We're certainly center stage now," said Jon B. Eisenberg, who represents the charity, Al Haramain Islamic Foundation, and the lawyers.

Mr. Gonzales, speaking to the Senate Judiciary Committee yesterday said that the recent orders involved a creative reading of the 1978 law, often called FISA. After the Sept. 11 attacks, he said, administration lawyers determined that the program could not be reconciled with the law but later decided to "push the envelope."

Statements like that frustrate the administration's critics.

"It is very difficult to know if this order in fact satisfies FISA," Mr. Cole said.

Because FISA applications are one-sided affairs, with no one arguing the other side, there is no losing party who can appeal from the orders. In a letter on Wednesday, Colleen Kollar-Kotelly, the presiding judge of the 11-member court, the Foreign Intelligence Surveillance Court, said she would have no objection to the release of the relevant orders to lawmakers if the Justice Department approved.

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But Mr. Gonzales indicated that the department would object to the release of at least the “operational details” disclosed in the orders.

Gonzales Under Fire In Senate (TIME)

By Brian Bennett

Time, January 19, 2007

Alberto Gonzales spent two hours every day for the last three weeks steeling himself for today's hearing before the Democrat-led Senate Judiciary committee, says a close aide. Staffers peppered him with possible questions that each Senator might ask. He went in armed for the fight with freshly penned letter to the chairmen of that committee — Democrat Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania — telling them not to worry about the whole warrant-less wiretapping issue anymore; it has been approved by judge. It seemed like a nimble pre-emptive duck to take a contentious issue off the table. Some Senators thought it felt more they were being led down a rabbit hole.

In an often-heated exchange, Gonzales refused to disclose details about the court's decision and exactly how it applied to the President's controversial wiretapping program. While disclosing that the court had ruled, Gonzales was unwilling to reveal any of the "operational details about how we're doing this." At one point, an exasperated Leahy asked, "Are we Alice in Wonderland here?"

The big question was whether there will be some genuine judicial oversight that monitors how individual wiretaps are being used, or if the court approval is a one-time pass for the entire program. Frustrated Senators pointed out that it was still unclear what procedures, if any, will actually change with the court order, issued on Jan. 10 by a single judge sitting on the secret Foreign Intelligence Surveillance Act (FISA) court.

The judge, Colleen Kollar-Kotelly, wrote in a letter today that she was willing to give Senators copies of the court's opinions on the secret program — provided the Justice Department approved the release of the classified documents, as is the court's standard practice. By the end of the day, many Senators were unsatisfied, feeling they were getting new answers to their old questions, but none of it added up to new information.

The program in question, run by the National Security Agency program and later named the Terrorist Surveillance Program, was designed to listen in on international telephone conversations into or out of the U.S. when one of the callers is believed to be affiliated with a terrorist group. The Justice Department has argued for a year that going through the FISA court for approval of these sensitive, urgent wiretaps was too cumbersome and time consuming.

But after the program was uncovered in press reports in December 2005, pressure mounted on the White House to have judicial oversight. Republican Rep. Pete Hoekstra of Michigan applauded the change today, saying it was a result of "tough questioning" by the House Intelligence Committee over the past year.

But Heather Wilson, a New Mexico Republican who serves on the House Intelligence committee and has been briefed on the program, told the New York Times that she believed the FISA approval was "programmatic" in scope, rather than involving the ongoing review of individual warrants. If that's the case, it doesn't change very much for the Administration — other than eliminating the need for the President to reauthorize the program every 45 days, as he's done since it was initiated in October 2001. The White House has gotten a judge to do that — indefinitely.

Senators Grill Gonzales Over Spy Program (AP)

By Lara Jakes Jordan

AP, January 19, 2007

Senators still suspicious of the government's domestic spying program grilled Attorney General Alberto Gonzales Thursday over whether new oversight by a secret court will help protect peoples' privacy rights.

Gonzales offered few answers, maintaining during 3 1/2 hours of sharp rebukes that disclosing details of the program would expose sensitive security information.

His resistance was underscored by a letter from the Foreign Intelligence Surveillance Court's presiding judge, offering to detail some of its new authority with lawmakers if allowed to by the Bush administration.

"Are you saying that you might object to the court giving us a decision that you publicly announced?" Senate Judiciary Chairman Patrick Leahy, D-Vt., asked. "Are we a little Alice in Wonderland here?"

Gonzales responded: "There is going to be information about operational details about how we're doing this that we want to keep confidential."

His appearance in front of the Senate Judiciary Committee came a day after the administration announced it would allow judicial review of the spying program that President Bush secretly authorized after the Sept. 11, 2001, terror attacks. Until last

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week, the National Security Agency conducted domestic surveillance of people suspected of links to al-Qaida without court warrants.

Bush on Thursday denied there had been any change in the program, other than to receive a court's blessing of it.

"The courts yesterday said I did have the authority," the president said in an interview with Tribune Broadcasting. "That's important. And the reason it's important that they verify the legalities of the program is it means it's going to extend, make it extend beyond my presidency. This is a really important tool for future presidents to have."

He added: "Nothing has changed in the program except the court has said we've analyzed it and it's a legitimate way to protect the country."

In hearings on both sides of Capitol Hill, lawmakers said they welcomed the reversal by the Bush administration, which had previously opposed review by the so-called FISA Court. But they wanted to know more about how judges might consider evidence when approving government requests to monitor phone calls and e-mails between the United States and abroad.

"I'd like to know if there's an intention to do this on an individual basis, or at least on a case-by-case basis where five, six, ten, 20, 100 individuals are involved, or is it broader brush than that?" said Sen. Charles Schumer, D-N.Y. "Because if it's a very broad brush approval and again, because it's secret we have no way of knowing, it doesn't do much good."

"They meet the legal requirements under FISA," Gonzales said.

"I think we have to assume these are broad program warrants, barring some comment from you," Schumer responded. He added: "If it's a broad program warrant, it really isn't very satisfying in terms of protection that the Constitution requires."

Gonzales later added that the warrants go "above and beyond what we normally find in a FISA order to ensure that any information that shouldn't be collected is destroyed in an appropriate way."

Sen. Arlen Specter, R-Pa., said it remains unclear whether the FISA court has a blanket authority to approve all eavesdropping requests — even though Justice Department attorneys have assured him warrants would target individuals. "From their description to me, I think we need to know more on the oversight process," he said.

Specter also needled Gonzales on why the spying program was only last week put under judicial review after it was revealed a little over a year ago. He noted that Republicans lost control of Congress in elections last fall that were widely seen as a repudiation of administration policy.

"The heavy criticism the president took on the program was very harmful in the political process, and for the reputation of the country," Specter said.

Since assuming oversight authority, by a Jan. 10 order, the FISA court already has approved at least one surveillance warrant targeting a person suspected of having ties to al-Qaida or an associated terror group.

In a letter released at the Senate hearing, FISA Court Presiding Judge Colleen Kollar-Kotelly, said she has no objection to giving lawmakers copies of orders and opinions relating to the secret panel's oversight of the spy program.

"However, the court's practice is to refer any requests for classified information to the Department of Justice. In this instance, the documents that are responsive to your request contain classified information and, therefore, I would ask you to discuss the matter with the attorney general or his representatives," Kollar-Kotelly wrote in the Jan. 17 letter.

"If allowed, the Court will, of course, cooperate with the agreement," she wrote.

Both Gonzales and National Intelligence Director John Negroponte, testifying separately before the House Intelligence Committee, said it was uncertain whether the court orders and details about the program will be disclosed. Negroponte said there may be separation of powers issues involved in turning over information to Congress about the program.

Officials would not say whether case-by-case basis decisions on surveillance of Americans are now made by FISA judges or by NSA officials.

Last August, a federal judge in Detroit declared the spying program unconstitutional, saying it violated the rights to free speech and privacy and the separation of powers. The Justice Department launched an appeal of that decision, but now is considering whether to ask a three-judge panel of the Cincinnati-based appellate court to dismiss the case.

Gonzales Hit On Wiretap Oversight Delay (WT)

By Jerry Seper

The Washington Times, January 19, 2007

Attorney General Alberto R. Gonzales was challenged yesterday by members of the Senate Judiciary Committee on why the Bush administration took more than five years to seek oversight by an independent court for its domestic terrorist-surveillance program.

"For years, this administration has engaged in warrantless wiretapping of Americans contrary to the law," said Sen. Patrick J. Leahy, Vermont Democrat and committee chairman. "I welcome the president's change of course to not reauthorize this program and to, instead, seek approval for all wiretaps from the Foreign Intelligence Surveillance Court, as the law requires.

"This reversal is a good first step, but there are still several outstanding questions that remain," Mr. Leahy said. "The president must also fully inform Congress and the American people about the contours of the Foreign Intelligence Surveillance Court order authorizing this surveillance program and of the program itself."

Mr. Gonzales announced Wednesday that the Foreign Intelligence Surveillance Court would monitor Justice Department intercepts of international calls involving terrorism suspects in this country. He said an order establishing oversight was issued Jan. 10 and it gave the department, which conducts the program through the National Security Agency, the "necessary speed and agility while providing substantial advantages."

The announcement was considered a major concession for President Bush, who since the secret program was publicly disclosed in 2005 has argued that he did not need -- or want -- to use the special intelligence court.

Sen. Arlen Specter of Pennsylvania, the committee's ranking Republican, said the administration could and should have moved quicker to get court approval. "I cannot help but conclude that there hasn't been a sufficient sense of urgency on behalf of the Department of Justice to get this job done faster," he said.

Mr. Specter, who has been critical of the White House for its refusal to disclose details of the surveillance program, has described the policy as a "clear-cut violation" of the Foreign Intelligence Surveillance Act (FISA).

Mr. Gonzales challenged Mr. Specter's statement that the matter should have been handled faster, saying the issue was not something "we could have pulled off the shelf and done in a matter of days or weeks." He called the process "a very complicated application," but added that it will enable the government to intercept calls to and from those in this country with suspected terrorists ties, subject to the approval of the Foreign Intelligence Surveillance Court.

He said the court orders would "allow the necessary speed and agility the government needs to protect our nation from the terrorist threat."

Both Democrats and Republicans on the committee demanded more information about the court's oversight role, citing a letter from FISA's presiding judge saying the court would have no objection to giving the panel confidential information, but it would have to be provided by the Justice Department.

Mr. Gonzales said only that there would be "information about operational details about how we're doing this that we want to keep confidential."

Spy Court's Orders Stir Debate On Hill (WP)

By Dan Eggen

The Washington Post, January 19, 2007

The Bush administration quickly locked horns with Democratic lawmakers yesterday over its revised domestic wiretap program, signaling that the government will probably oppose efforts to release new court orders from a clandestine court that now governs the spying.

The head of the secret court that approved the program said she has no objection to releasing the documents, but Attorney General Alberto R. Gonzales and Director of National Intelligence John D. Negroponte indicated that the administration is likely to resist.

The conflict followed the administration's announcement Wednesday that it will dismantle the controversial counterterrorism surveillance program run by the National Security Agency and instead conduct the eavesdropping under the authority of the secret Foreign Intelligence Surveillance Court, which issues warrants in spy and terrorism cases.

Yesterday's debate underscored continued skepticism among Democrats and some Republicans over the parameters and legality of the administration's surveillance efforts, even with court approval, and signaled that Congress and the executive branch are likely to continue sparring over the details.

Although the precise contours and scope of the revised spying program remain unclear, some new information emerged yesterday. Sen. Arlen Specter (Pa.), the ranking Republican on the Senate Judiciary Committee, said Justice Department briefers told him the effort was based on "individualized" warrants, rather than a blanket order that would allow broader surveillance.

Four other people who have been briefed on the program, who spoke on the condition of anonymity because the program is classified, described it as a hybrid effort that includes both individual warrants and the authority for eavesdropping on more broadly defined groups of people.

Administration officials have declined to provide details of how the new version of the program will operate, including whether the government must obtain warrants for each person targeted for surveillance. Officials say the orders from a judge of the intelligence court are "complex" and "innovative" but adhere to the limits of the Foreign Intelligence Surveillance Act (FISA), a 1978 law that governs domestic surveillance of suspected terrorists and spies.

DOJ_NMG_0118805

Leading Democrats, while praising the administration's decision to conduct surveillance under court authority, said yesterday that there are still too many unanswered questions about how the program will be conducted. Specter and Sen. Patrick J. Leahy (D-Vt.), the Judiciary Committee chairman, demanded the release of the intelligence court judge's orders allowing the new program, issued Jan. 10.

Those demands were bolstered by U.S. District Judge Colleen Kollar-Kotelly, the presiding judge of the intelligence court, who wrote in a letter to Leahy and Specter that she has "no objection to this material being made available" to lawmakers.

But Kollar-Kotelly said the final decision is up to the Justice Department, because the orders include classified information.

Gonzales, appearing before the Judiciary Committee, said he could not guarantee the release of the orders because of classified-information restrictions. Negroponte told the House intelligence committee that letting the secret court turn over information about the program to Congress may violate separation-of-powers provisions.

The government program targets telephone calls and e-mails between people in the United States and others overseas if one party is suspected to have links to al-Qaeda or other terrorist groups.

Gonzales's remarks at the Judiciary Committee prompted a testy exchange with Leahy.

"Are you saying that you might object to the court giving us decisions that you've publicly announced?" Leahy asked. "Are we a little Alice in Wonderland here?"

"I'm not saying that I have objections to it being released. What I'm saying is it's not my decision to make," Gonzales responded. He added later: "There is going to be information about operational details about how we're doing this that we want to keep confidential."

Several senators also sharply questioned why it took nearly two years for the Justice Department to come up with a surveillance plan that was acceptable to the secret court.

"It is a little hard to see why it took so long," said Specter, who unsuccessfully attempted to shepherd legislation through Congress last year that would have allowed the administration to seek the court's approval for the spying. "The heavy criticism the president took on the program was very harmful in the political process and for the reputation of the country."

Gonzales argued that disclosing even the basic outlines of the program would reveal vital intelligence sources and methods to terrorist groups. He also defended the time it took for Justice lawyers to devise a plan that would pass court muster.

"This is a very complicated application," Gonzales said. "It's not something you just pull off the shelf."

Gonzales said the program adheres to FISA and that "minimization" procedures to destroy unneeded data go "above and beyond" what is required in a typical FISA case.

Gonzales said Justice Department lawyers began exploring ways to use the surveillance law for the NSA program shortly after he became attorney general in early 2005.

Another source said the department had informally floated a proposal to Kollar-Kotelly in recent months about how to resolve concerns among the intelligence court's judges that information gleaned from the president's surveillance program might taint the court's warrant process.

Kollar-Kotelly raised the same point with top Justice officials in 2005, when she was briefed on the president's domestic spying program, according to several officials familiar with the FISA process. The judge did not consider it her place to determine whether the program was constitutional, but she was very disturbed by the risk that information gleaned from warrantless wiretaps could be used in warrant applications without the court's knowledge.

Senators Demand Details On New Eavesdropping Rules (NYT)

By David Johnston And Scott Shane

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — Lawmakers demanded more information on new rules for governing a domestic surveillance program on Thursday, a day after the Bush administration announced that it had placed the National Security Agency eavesdropping under court supervision.

Senators from both parties who had long criticized the eavesdropping without court warrants said at a Judiciary Committee hearing that they welcomed the change but wanted details. They said they wanted to be sure that the new rules adequately protected Americans' privacy.

A central question is whether the court will approve eavesdropping case by case, its traditional practice, or will it issue broader orders that provide additional government leeway in selecting targets.

A Congressional official who has been briefed on the new procedures called it a hybrid of individual warrants and broader approval.

DOJ_NMG_0118806

Some lawmakers wanted to know why the administration had waited five years from the start of the program to put it under the supervision of the secret intelligence court and asked whether the administration might decide on its own to revive eavesdropping without warrants if the court denied a request.

At the hearing, Attorney General Alberto R. Gonzales, a chief defender of the program, tried, apparently without success, to quell the flood of questions.

The session quickly became a forum for senators to say the administration was withholding pertinent information about the decision. House Democrats raised similar concerns.

Pressed repeatedly for details, Mr. Gonzales offered little new information and would not agree to provide more documents to explain the decision. He declined to answer questions about why the administration had reversed itself after saying for more than a year that the program could not operate effectively under court supervision.

"There was a reason why we didn't do this as an initial matter shortly after the attacks of Sept. 11," said Mr. Gonzales, who was White House counsel.

Referring to the Foreign Intelligence Surveillance Act, or FISA, the law that created the secret court, he added, "The truth of the matter is we looked at FISA and we all concluded there's no way we can do what we have to do to protect this country under the strict reading of FISA."

Later, Mr. Gonzales said, after he became attorney general in 2005, he started reviewing whether the program might be brought under the court's supervision.

Justice Department officials said they had worked on the "innovative, complex orders" for two years.

On Jan. 10, an unidentified judge of the court approved the first new order. The next day, National Security Agency officials called the House and Senate intelligence committees to outline the new system, and Justice Department officials briefed some committee staff members on Friday, Congressional officials said.

A senior administration official involved in formulating the policy expressed frustration with the criticism on Capitol Hill. He said Democrats had repeatedly said the program was valuable but should be conducted under FISA.

Now that that has happened, the official said, "People ought to take yes for an answer."

He added that even if the critics are suspicious of the administration, "I don't think there's any basis for being suspicious of the FISA court," which has approved the system.

At the hearing, Mr. Gonzales said the rules protected national security by allowing continued eavesdropping, but required the government to halt quickly the monitoring of people who were not found to be doing anything wrong.

With Justice Department officials unwilling to provide lawmakers with documents, lawmakers explored other ways to obtain information. In response to a request from the Judiciary Committee chairman, Patrick J. Leahy, Democrat of Vermont, the presiding judge of the foreign intelligence surveillance court, Colleen Kollar-Kotelly, a federal district judge in the District of Columbia, said the court would be willing to turn over to the panel its classified orders.

But Judge Kollar-Kotelly wrote in a letter that her court would cooperate only "if the executive and legislative branches reach agreement for access to this material."

Mr. Gonzales, asked by Mr. Leahy whether he would object to the disclosure of the documents to Congress, replied that he hoped to keep operational aspects of the program secret. Mr. Gonzales said that before he answered the question he would need to consult his "principal," apparently a reference to President Bush.

Mr. Leahy expressed skepticism, saying: "I don't think I fully understand that. Are you saying that you might object to the court giving us decisions that you've publicly announced? Are we a little Alice in Wonderland here?"

Mr. Gonzales replied: "I'm not saying that I have objection to its being released. What I'm saying is it's not my decision to make."

Some lawmakers said the administration should have changed course much sooner.

"It is a little hard to see why it took so long," said Senator Arlen Specter, Republican of Pennsylvania.

Senator Charles E. Schumer, Democrat of New York, asked about the court's approval of the surveillance orders.

"I'd like to know," Mr. Schumer said, "if there is an intention to do this on an individual basis or on a case-by-case basis where 5, 6, 10, 20, 100 individuals are involved or is it broader brush than that? Because if it is very broad-brush approval, again because it's secret, we have no way of knowing, it doesn't do much good."

Mr. Gonzales said, "They meet the requirements under FISA."

The Justice Department has tried to streamline the application for warrants under the surveillance law, creating a computerized system called Turbo FISA.

Bush Makes Concessions To Congress (AP)

By Tom Raum

AP, January 19, 2007

President Bush's about-face on warrantless wiretapping was the latest in a series of White House retreats and reversals. This is a different day for a president known for his stubbornness and insistence on seeing things his way.

In just two months, Bush has acknowledged making mistakes in Iraq, sacked Donald H. Rumsfeld at the Pentagon and given up the fight for John Bolton at the United Nations. He has promised a plan to balance the budget by 2012 — after aggressively presiding over record deficits and tax cuts; Democrats also have set such a target. And the president has agreed tentatively to increasing the minimum wage.

Bush seems to be bending to the realities of the new Democratic control of Congress — and laying down markers to keep the last two years of his presidency from being seen as only about Iraq.

"It appears that Bush is cleaning up a lot of the outstanding cats and dogs prior to the State of the Union," said GOP strategist Scott Reed. "I think both sides are going to try to get something done for the next year before presidential politics totally consume the country," said Reed, who ran Bob Dole's presidential campaign in 1996.

Bush was expected to emphasize a range of domestic initiatives in the annual State of the Union address on Tuesday. It will be his first to a Congress fully under Democratic control.

With his eye increasingly on his presidential legacy, Bush is seeking areas where he can reach agreement with Democrats. That could include shoring up Social Security, overhauling immigration rules and reducing the country's reliance on imported oil.

That may run counter to Bush's self-assured, in-your-face image, but it's also a recognition that Democrats are now calling many of the shots, said Bruce Buchanan, a political science professor at the University of Texas and a longtime close observer of the Bush family.

"Since he feels compelled to stick to his guns on Iraq in a way that he knows bucks public opinion and Congress, he wants to be able to point to some areas where he is doing his best to cooperate, to acknowledge the (midterm) election results," Buchanan said.

As governor, Bush earned an early reputation for successfully reaching out to Democrats who controlled the Texas Legislature. But, said Buchanan, the Democrats in Texas were centrist business Democrats whose goals often meshed with Bush's, a situation not matched in Washington.

The abrupt retreat from warrantless eavesdropping of calls between the U.S. and overseas appeared designed to head off certain confrontations with Congress and federal courts.

After claiming for months it had the authority to order such spying, the administration now says it will let an independent panel of federal judges oversee the program.

The turnabout raised fresh questions about other post Sept. 11 anti-terror policies that appear to push the constitutional envelope, including secret CIA prisons overseas and the continued existence of the prison camp for suspected terrorists in Guantanamo Bay, Cuba.

"The government is again one of checks and balances," said Steffen Schmidt, a political scientist at Iowa State University. "The fact that the Democrats won and will scrutinize his policy, investigate his decisions and say `no' to things means he has to essentially be a president in a different way than when he had a compliant Republican Congress for six years."

Bush was drawing criticism even from within his own party over the domestic spying program, initiated soon after the attacks of Sept. 11, 2001, and first disclosed in December 2005 by The New York Times.

"The United States and the administration have paid a heavy price for not acting sooner to bring the terrorist surveillance program under judicial review," Sen. Arlen Specter of Pennsylvania told Attorney General Alberto Gonzales at a sometimes testy Senate Judiciary Relations Committee hearing on Thursday. Specter is the panel's senior Republican.

Sen. Patrick Leahy, D-Vt., the chairman, asserted that, in his more than 30 years in the Senate, he never had seen a time when the constitutional and fundamental rights of Americans "were more threatened, unfortunately, by our own government."

Until the turnabout, the administration argued strenuously that the president possessed extraordinary legal powers because of the need to protect the country after the Sept. 11 attacks.

The warrantless spying program was part of a campaign spearheaded by Vice President Dick Cheney, who argued that many presidential powers had been eroded by Congress in response to the Vietnam War and the Watergate scandal. Cheney defended the program as recently as Sunday in a television interview.

The White House denied that Bush's recent concessions to Congress were a sign of political weakness.

"A lot of people are looking for a `panic' or `failure' narrative out of this White House. It's just not the case," said presidential press secretary Tony Snow.

White House Backs Down On Wartime Powers (CSM)

By Peter Grier

DOJ_NMG_0118808

The Christian Science Monitor, January 19, 2007

WASHINGTON -- President Bush has claimed some far-reaching powers for the executive branch in its prosecution of the war against global terrorism – but in the face of legal challenges and newly empowered Democrats, some of those powers slowly are being curtailed.

In the latest such move, the administration itself has decided to put the National Security Agency's secretive domestic spying program under judicial oversight. This program, under which the NSA monitored phone calls and e-mails between the United States and other countries when a participant was suspected of a link to terrorism, has until now operated without court-issued warrants.

The warrantless eavesdropping operation, along with the abuse of detainees at Abu Ghraib prison and other civil-liberties issues, has caused even US allies overseas to question what was happening to the basic nature of the United States, says Joseph Nye, former dean of Harvard's John F. Kennedy School of Government in Cambridge, Mass.

But now US courts have held that some aspects of the administration's detainee policies aren't constitutional. Harsh interrogation techniques such as waterboarding may no longer be permitted. And judges will apparently now decide whether NSA wiretaps are justified.

"We are still capable of self-correction," says Mr. Nye, now a professor of international relations at the JFK School. "That has an attraction overseas."

A senior Justice Department official who briefed reporters Wednesday on the change in the wiretapping program said that the NSA program had been run in a legal manner. That said, there are advantages to having a judge oversee the program, said the official – though he declined to specify what the advantages were.

"Obviously, this issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny on [Capitol Hill]," said the official. "And just considering all these circumstances, the president determined that this is the appropriate course."

Last August, a federal judge in Detroit had ruled the program unconstitutional, saying it violated privacy and free-speech rights, as well as the separation of powers between the branches of government.

That ruling may now be moot, according to Justice Department officials. Long-standing critics of the program were not so sure, saying that the lack of details about what exactly had changed means the courts may still need to examine the issue.

"The NSA was operating illegally, and this 11th-hour ploy is clearly an effort to avoid judicial and congressional scrutiny," said ACLU executive director Anthony Romero. "Despite this adroit back flip, the constitutional problems with the president's actions remain unaddressed."

The NSA program, to this point, has been reauthorized every 45 days by executive order. On Wednesday, the Justice Department in a letter to congressional leaders announced that he will not reauthorize the program after the current 45-day period expires. Instead, the Foreign Intelligence Surveillance Court, a panel set up in the wake of Vietnam-era struggles over executive-branch secrecy, will handle NSA eavesdropping requests, apparently case by case.

In fact, such oversight is already occurring. The FISA panel issued multiple orders last week allowing surveillance of communications thought to be linked to terrorism in which one party is in the US.

The Justice Department announced the change a day before Attorney General Alberto Gonzales appeared for an oversight hearing before the Senate Judiciary Committee. With the panel now controlled by Democrats, Mr. Gonzales's relations with Congress may be testier than they have been to this point.

For instance, at the hearing Gonzales announced that he might not be able to release details of FISA orders on the program, causing committee chairman Patrick Leahy (D) to say, "Are we Alice in Wonderland here?"

Gonzales responded, "There is going to be information about operational details about how we're doing this that we want to keep confidential."

Gonzales Faces Sharp Criticism By Senators (MCT)

By Greg Gordon

McClatchy Newspapers, January 19, 2007

WASHINGTON - Senate Democrats and one Republican pressed Attorney General Alberto Gonzales Thursday to explain why it took the Bush administration five years to give a secret national security court control over government eavesdropping on suspected terrorists.

Gonzales told the Senate Judiciary Committee that such a change was highly complex - "not the kind of thing you pull off a shelf" - and that it took time to find a way to do it without compromising the nation's security.

DOJ_NMG_0118809

Until now, the National Security Agency's domestic surveillance program, launched in the months after the Sept. 11 terrorist attacks, has monitored overseas phone calls and other electronic communications involving Americans without court warrants.

But Gonzales repeatedly rejected senators' assertions that it was illegal, saying the program was within President Bush's emergency war powers.

Testifying under oath in his first congressional appearance since Democrats took control of Capitol Hill this month, Gonzales was pummeled with allegations that the program and other administration anti-terrorism programs have trampled on federal civil rights laws and the Constitution. He also faced sharp questions about rising violent crime in some medium-sized cities, allegations of voting rights abuses against African-Americans in Maryland and his agency's recent dismissal of a half-dozen U.S. attorneys.

"I have never seen a time when our Constitution and fundamental rights as Americans were more threatened by their own government," said Democratic Sen. Patrick Leahy of Vermont, the committee chairman.

In his opening statement, Leahy pointed to "warrantless wiretapping," allegations that the U.S. has tortured some terrorism detainees held overseas and the evisceration of what he called "the Great Writ of habeas corpus" - a detainee's right to challenge the conditions of his confinement.

Leahy's face reddened and his voice rose when Gonzales said he couldn't explain for another few days why an innocent Canadian citizen, Maher Arar, was detained at New York's Kennedy Airport in 2002, then sent to Syria to be questioned.

A Canadian inquiry later found that the Syrians had tortured Arar while they held him captive for 10 months.

Gonzales said that his predecessor as attorney general, John Ashcroft, had received assurances from Syria that Arar wouldn't be tortured.

"Assurances?" Leahy asked. He questioned why the U.S. government would trust Syria.

"We knew damned well if he went to Canada, he would not be tortured," the senator said, describing the episode as "beneath the dignity of this country that has always been a beacon of human rights."

"The Canadians are wondering what's happened to us," said Leahy, who lives an hour's drive from the Canadian border. He threatened to hold a hearing on the matter if Gonzales fails to provide an explanation within a week.

Talking in low, controlled tones in response to questioning by Sens. Dianne Feinstein, D-Calif., Russ Feingold, D-Wis., and Charles Schumer, D-N.Y., Gonzales refused to provide specifics of the newly disclosed arrangement with the secret Foreign Intelligence Surveillance Court, saying such matters are classified.

He said the new program complies with the Foreign Intelligence Surveillance Act (FISA), the 1978 law that created the court and gave it a lower threshold for approving wiretaps and other surveillance in national security investigations.

Pennsylvania Sen. Arlen Specter, the panel's ranking Republican, said he'll explore further whether there's "any conceivable justification for 19 months elapsing" from the time Gonzales said the Justice Department first began exploring ways to put the program under the FISA court until it did so.

Specter sought to quell concerns that the court has given the administration a secret, blanket warrant to monitor the activities of suspected terrorists. Specter said that two senior Justice Department officials advised him, during a private briefing after the new arrangement was announced Wednesday, that orders signed by a judge on the court provide for "individualized" treatment of warrant applications.

Specter said that disclosure of the program, just as Congress was completing revisions to the USA Patriot Act in December 2005, weakened the law and may have been a factor in Republicans' election defeat last fall.

Leahy and Specter wrote to the FISA court's chief judge on Wednesday requesting copies of the new orders. Chief Judge Colleen Kollar-Cotelly responded that she had "no objection" to making the material public, but that it's the court's practice to refer requests for classified information to the Justice Department.

Gonzales repeatedly emphasized that all members of the Senate and House intelligence committees have been briefed on the orders and didn't immediately say how he'd respond to the demand from the Judiciary Committee.

The agreement was announced two weeks before the 6th U.S. Circuit Court of Appeals in Cincinnati was due to hear arguments over a lower court judge's ruling that the warrantless surveillance program was illegal. A Justice Department official, who insisted upon anonymity because of the sensitive nature of the matter, said the agency would now argue that the case is moot.

Gonzales Balks At Providing Details On Wiretapping Plans (HC)

By Bennett Roth, Houston Chronicle Washington Bureau

Houston Chronicle, January 19, 2007

Attorney general faces harsh words from senators at committee hearing

WASHINGTON — Attorney General Alberto Gonzales refused to promise a Senate committee that the administration would let it review the text of an agreement ending its warrantless wiretapping program.

During a contentious Senate Judiciary Committee hearing Thursday, Democrats said they wanted more details about how the Foreign Intelligence Surveillance Court will approve federal eavesdropping on U.S. residents suspected of having ties to terrorists.

Committee chairman Patrick Leahy, D-Vt., was taken aback when Gonzales wouldn't commit to turning over the FISA order spelling out the domestic wiretapping program.

"Are you saying that you might object to the court giving us a decision that you publicly announced," asked Leahy. "Are we in Alice in Wonderland here?"

Gonzales responded that release of the order was "not my decision to make." He added that "there is going to be information about operational details about how we're doing this that we want to keep confidential." The presiding judge of the FISA wrote Leahy that she had no problem giving the lawmakers the order if the administration signed off.

Sen. Arlen Specter, R-Pa., who as previous chairman of the committee had been attempting to broker a compromise on the issue, criticized Gonzales for taking a year and a half to work out the deal.

"The heavy criticism the president took on the program was very harmful in the political process, and for the reputation of the country," said Specter, who noted that the Republicans lost congressional elections as the debate over the program raged.

Gonzales, however, said that working out details of the FISA oversight was a complex matter and not "something we pulled off the shelf and could have done in a matter of weeks."

Publicly disclosed in 2005The program was secretly approved by President Bush after the Sept. 11, 2001, terrorist attacks but was not publicly disclosed until December of 2005. Bush and his aides have vigorously defended warrantless eavesdropping as necessary to catch terrorists while Democrats have questioned its legality.

Gonzales said the White House still believed it was acting lawfully in wiretapping without court approval, prompting Sen. Charles Schumer, D-N.Y., to question the permanency of the new agreement. "I, for one, can't feel very relieved knowing that the administration's view is they can go back and reinstitute the old program on a whim," Schumer said.

In his first appearance before the Judiciary Committee under Democratic control, the Texas lawyer spent much of the day fielding often hostile questions.

Leahy asked him about reports that the administration approved the opening of mail without warrants.

Gonzales said that there had been no physical searches of mail by federal authorities, but he would not say whether the president has the constitutional authority to order such searches.

Sen. Dianne Feinstein, D-Calif., criticized the attorney general for forcing out a number of U.S. attorneys and installing temporary replacements who have not been confirmed by the Senate.

Gonzales responded it was a "sign of good management" that he was seeking the best people to be the Department of Justice's representatives in communities across the nation.

Attorney General Gets Sharp Questions On Surveillance (Update1) (BLOOM)

By James Rowley And Robert Schmidt

Bloomberg, January 19, 2007

Jan. 18 (Bloomberg) -- Senators peppered Attorney General Alberto Gonzales with complaints that the Bush administration paid scant attention to civil liberties and made overreaching claims of presidential power during its five-year war on terror.

During his first appearance before a Democratic-controlled Senate Judiciary Committee, Gonzales was questioned repeatedly about why President George W. Bush didn't act sooner to put electronic surveillance of suspected terrorists under court supervision.

In a reversal, the Justice Department announced yesterday that a secret court will oversee the wiretapping of international phone calls by suspected al-Qaeda agents in the U.S., a program that began in 2001 after the Sept. 11 attacks.

``It is a little hard to see why it took so long," said Senator Arlen Specter, a Pennsylvania Republican who headed the panel until Democrats took control of Congress this month. ``There hasn't been a sufficient sense of urgency" to ``get this job done faster," he said.

In a letter to Congress yesterday, the Justice Department said it began ``exploring options" for judicial oversight at least four months before the program was disclosed in December 2005. A judge with the Foreign Intelligence Surveillance Court, established by a 1978 law, issued orders Jan. 10 authorizing the surveillance. The government told the court it had ``probable cause" to believe one party to an international phone call or e- mail exchange was an al-Qaeda agent.

`Strict Reading'

Gonzales said he disagreed with ``Senator Specter's innuendo that this was something we could have pulled off the shelf in a matter of days and weeks." He said that in 2001, the government didn't seek court approval because ``we all concluded there's no way we can do what we believe we have to do to protect this country" under a ``strict reading" of the 1978 law.

Gonzales was also questioned about Bush's assertion, after signing postal authorization legislation, that he can order Americans' mail opened without a warrant.

``To my knowledge there is no physical search of mail" unless authorized by the Foreign Intelligence Surveillance Court, Gonzales said.

Vermont Senator Patrick Leahy, the panel's new Democratic chairman, complained that the Justice Department has been ``complicit" in devising ``government policies which threaten our basic liberties and overstep the bounds of our Constitution." He cited the legal justification for detaining and interrogating suspected terrorists at secret prisons run by the Central Intelligence Agency.

Public Outcry

Following a public outcry over the spying on suspected terrorists without court warrants, Bush and his allies spent the past year defending the program's legality.

Bush said he has the power to conduct the surveillance under a congressional resolution authorizing the war on terrorism and under his constitutional role as commander-in-chief. The administration argued that it would be impossible to require a court order each time the National Security Agency wanted to wiretap international phone calls of a suspected al-Qaeda agent.

Specter said ``heavy criticism the president took on the program" was politically ``very harmful" to Republicans in the November elections when Democrats won control of Congress for the first time in 12 years.

Gonzales refused to say whether the recent orders signed by a Foreign Intelligence Surveillance Court judge authorized surveillance of specific individuals or broader groups of suspected al-Qaeda agents.

New York Democrat Charles E. Schumer said he wasn't satisfied by the attorney general's answers. ``If it's a very broad-brush approval" by the secret court, ``it doesn't do much good" to meet traditional legal requirements that warrants authorize surveillance of a specific person, he said.

Too Many Questions

``There are still far too many questions to say this issue is resolved," Schumer said.

Schumer pointed to Gonzales's continued assertion that the National Security Agency's surveillance was legal without court warrants. ``You could turn this on and off at will" if the court ``didn't do what you wanted," Schumer said.

Under the new policy, the monitoring must be approved by the court, which meets in secret at the Justice Department's Washington headquarters. It has authority to approve government eavesdropping of U.S. citizens linked to a foreign power.

Gonzales declined to say whether the Bush administration would consent to the court's release of the order. The special court's presiding judge, Colleen Kollar-Kotelly, told Leahy and Specter in a letter she had no objection to giving Congress the documents if the Bush administration agreed to let lawmakers have access to them.

``That's a decision that I would like to take back to my principal," Gonzales told Leahy.

Senate Judiciary Committee Questions Surveillance (NEWSDAY)

By Tom Brune, Newsday Washington Bureau

Newsday, January 19, 2007

WASHINGTON -- Attorney General Alberto Gonzales Thursday sparred with senators demanding details about a special court's approval of the president's controversial terrorist surveillance program and defended the years he waited before seeking judicial review.

In his first appearance before the Senate Judiciary Committee since Democrats took control of Congress, Gonzales rebuffed senators who grilled him about anti-terror policies they contend intrude on civil liberties and privacy.

"We have taken actions we believe are absolutely necessary," Gonzales said, after Sen. Edward Kennedy (D-Mass.) said President George W. Bush had squandered the support of Congress and the public.

Much of the hearing focused on Gonzales' announcement Wednesday that the administration had reversed course and sought court approval for the National Security Agency's tapping of U.S.-international calls and e-mails of suspected terrorists, five years after Bush ordered it on his own authority.

Last week, a judge on the secret Foreign Intelligence Surveillance Act court issued orders allowing the NSA "to target for collection international communications into and out of the United States where there is probable cause" one of the parties is a member of al-Qaida or an affiliated group.

Despite repeated questions about the scope of those orders, Gonzales insisted to senators that the court process and spying remain secret.

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Gonzales wouldn't budge when Sen. Patrick Leahy (D-Vt.) disclosed a letter from the FISA court chief judge expressing a willingness to release the orders to the committee.

"Are you saying that you might object to the court giving us a decision that you publicly announced?" Leahy asked. "Are we Alice in Wonderland here?"

Gonzales said it wasn't his decision, but added, "Certainly in the application, there's going to be information about operational details about how we're doing this that we want to keep confidential."

Sen. Arlen Specter (R-Pa.) was also caustic in his questioning, noting it took Justice Department lawyers 19 months to win the court order, while he wrote a bill to do it in a year.

"I cannot help but conclude there hasn't been a sufficient sense of urgency to get this done faster," Specter said.

Gonzales said, "I somewhat take issue with Sen. Specter's innuendo that this was something that we could have pulled off the shelf and done in a matter of days or weeks."

Gonzales said the confidential briefings would help senators understand the orders.

But Sen. Charles Schumer (D-N.Y.) said he wasn't satisfied with Gonzales' responses.

"While many are rightly relieved that you finally decided to seek the involvement of the court, there are still far too many unanswered questions to say that this issue has been resolved," Schumer said.

He asked if the spying is done "on an individual basis, or at least on a case-by-case basis where five, six, 10, 20, 100 individuals are involved, or is it broader brush than that?"

Gonzales said the court orders "meet the legal requirements under FISA."

"We have to assume these are broad program warrants," Schumer said, which falls short of Constitutional protection.

Schumer also said he was concerned Bush believes he doesn't need a court order.

"We can't feel very relieved knowing that the administration's view is that they can go back and reinstitute the old program on a whim," he said.

Attorney General Mum On Spy Program Court Orders (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, January 19, 2007

At Senate hearing, Gonzales casts doubt on whether more details will be publicly disclosed about administration's latest surveillance plans.

WASHINGTON--Attorney General Alberto Gonzales' appearance before a key U.S. Senate committee Thursday yielded little new information about the Bush administration's sudden revelation that it would seek court approval for its domestic eavesdropping activities.

At a U.S. Department of Justice oversight hearing scheduled before the government announcement on Wednesday, Senate Judiciary Chairman Patrick Leahy (D-Vt.) and ranking Republican Arlen Specter said they were pleased to hear that future activities associated with a controversial National Security Agency operation known as the Terrorist Surveillance Program would undergo review by judges on the secret Foreign Intelligence Surveillance Court.

But many critical questions about the scope and content of the court orders remain unanswered, committee members said.

"To ensure the balance necessary to achieve both security and liberty for our nation, the president must also fully inform Congress and the American people about the contours of the Foreign Intelligence Surveillance Court order authorizing this surveillance program and of the program itself," Leahy said.

Few, however, probed for those details at Thursday's hearing, where questioning spanned everything from the Iraq war to violent crime statistics to online child exploitation. Aside from Specter, no Republicans asked questions about the surveillance activities, and some Democrats also focused their inquiries elsewhere.

Although Specter said he was concerned about what shape the court orders took, only one senator present directly posed that question. Sen. Chuck Schumer (D-N.Y.) grilled the attorney general on whether the orders described in his Wednesday letter (PDF) amounted to a blanket warrant for the entire eavesdropping program or were tailored to particular targets. Even Intelligence Committee members who had received closed-door briefings didn't seem to have a good feel for that information, he said.

"If it's a very broad-brush approval--and again, because it's secret, we have no way of knowing--it doesn't do much good," Schumer said.

Gonzales said he could only reveal that the orders "meet the legal requirements" under the Foreign Intelligence Surveillance Act (FISA), a 1978 law that was intended to govern eavesdropping on suspects outside the United States.

Perhaps others were hoping the court itself would help shed light on its activities. Specter and Leahy highlighted their joint request on Wednesday to presiding FISA court judge Colleen Kollar-Kotelly for copies of the orders, which are typically kept

confidential. According to Gonzales' letter, an unnamed FISA court judge on January 10 issued orders that authorized government wiretapping of communications when at least one end is outside the United States and one of the communicants is likely to be a member or agent of al-Qaida or associated terrorist groups.

Whether that information will be released to Congress--much less to the public--remains uncertain. In a letter dated January 17 and distributed to reporters Thursday, Kollar-Kotelly said she had no objection to furnishing the documents to the committee but because classified information is involved, she would have to refer their request to the Justice Department.

"If the executive and legislative branches reach agreement for access to this material," she wrote, "the court will, of course, cooperate with the agreement."

Pressed by Leahy on whether he would object to the court orders being shared with Congress, Gonzales first said he'd have to take it up with his "principals."

"Are you saying that you might object to the court giving us decisions that you publicly announced?" Leahy asked. "Are we a little Alice in Wonderland here?"

"I would say it's not my decision to make," Gonzales replied. He added that he couldn't remember exactly what was in the orders but that they undoubtedly include "operational details" that would need to be kept under wraps.

Schumer, Specter and Sen. Russ Feingold (D-Wis.) each questioned why the Bush administration hadn't approached the court sooner if it had truly begun exploring that option in spring 2005, as it said in its Wednesday letter.

"This is a very complicated application," Gonzales replied. "In many ways it's innovative in terms of the orders granted by the judge. It's not the kind of thing you just pull off the shelf. We worked on it a long time."

Attorney General Grilled Over Domestic Spying Changes (NJTD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, January 19, 2007

The Bush administration's top lawyer took heat from the Senate Judiciary Committee on Thursday about the federal government's domestic electronic eavesdropping program and the Pentagon's use of an anti-terrorism law to collect financial records of U.S. citizens.

The Justice Department announced Wednesday that it would change how the National Security Agency's spying initiative operates by getting permission from a secret court that fields requests for surveillance warrants on U.S. soil.

It also was revealed over the weekend that the CIA and Defense Department have been utilizing a special subpoena power built into the USA PATRIOT Act to scour bank and credit-card records in espionage and international terrorism investigations.

Attorney General Alberto Gonzales remained guarded throughout the hearing and refused to answer a number of questions asked by committee Chairman Patrick Leahy, D-Vt., ranking Republican Arlen Specter of Pennsylvania and others.

Specter said he wanted to know "why it took so long" for the administration to agree to let the Foreign Intelligence Surveillance Court review electronic spying requests. The Justice Department said it had been negotiating a review process with the court since summer 2005.

The NSA initiative was implemented shortly after the Sept. 11, 2001, terrorist attacks but was not publicly disclosed until December 2005.

There are "far too many unanswered questions to say this issue has been resolved," added Sen. Charles Schumer, D-N.Y. He worried aloud that the administration could "turn [court review] off at will, particularly if you got a decision that you didn't want."

Sen. Russell Feingold, D-Wis., said he was pleased that the administration decided to "return to the law" after more than five years of what he described as illegal wiretapping. The turnabout was a "stunning" and "long overdue change in direction," Feingold said.

On the issue of collecting bank and credit-card data, Specter said "there's a very basic, distinct role" of the FBI, which pursues domestic matters, and for the CIA, whose role is international. "I'm at a loss to see what the CIA is doing on domestic investigations," Specter said, noting that the Defense Department "has no authority to investigate American citizens."

"There is not a constitutional issue here," Gonzales insisted. He said Congress authorized law enforcement agencies to collect business records but not for criminal investigations or domestic terrorism cases. The files can only be used in espionage and overseas incidents, he said.

Caroline Fredrickson, director of the American Civil Liberties Union's Washington office, said in a statement that the hearing was the "first real test to see if the new Congress will conduct meaningful oversight on the administration."

Government lawyers are slated to appear before the 6th U.S. Circuit Court of Appeals in two weeks to challenge a lawsuit filed by the ACLU over the NSA program. The ACLU said a ruling remains important because the president still believes in his "inherent authority to engage in wiretapping without the oversight of the [Foreign Intelligence Surveillance Act] court."

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Absent more details about what the secret FISA court has authorized, there is no way to determine whether the NSA's current activities are lawful, the ACLU said. "The legality of this unprecedented surveillance program should not be decided by a secret court in one-sided proceedings," ACLU lawyer Ann Beeson said.

U.S. Senator Blasts Gonzales About Arar, Demands Answers Next Week (CP)

By Beth Gorham, Canadian Press

Canadian Press, January 19, 2007

WASHINGTON (CP) - U.S. Attorney General Alberto Gonzales, lambasted by an irate senator Thursday over how Maher Arar was treated by American authorities, said he'll try to release more information about the case next week.

Democrat Patrick Leahy, who heads the Senate judiciary committee, told Gonzales that officials knew "damn well" Arar would be tortured when they deported him to Syria and Canadians are "justifiably upset" about a matter that's "beneath the dignity" of the U.S.

He also wanted to know why Arar remains on the U.S. security watch list despite being exonerated of any terrorist link

"This country has not said anything at all, that we made a mistake or had an apology," said Leahy.

"Why is he on a government watch list if he's been found completely innocent by this Canadian commission, which actually had the information from us?"

According to Canada's Public Safety Minister Stockwell Day, there's no reason at all.

Day, in town for meetings on security matters, said Canadians have finally seen the Arar file that American authorities refused to share until now and there's "nothing new" to suggest he's a safety risk.

"Our officials recently have looked at all the U.S. information and that does not change our position," said Day, who met with Homeland Security Secretary Michael Chertoff.

"We are still maintaining that he should not be on that fly list."

For his part, Gonzales promised a briefing for senators and said he hoped to release the information publicly.

Leahy, who's from Vermont and has an extensive interest in Canadian issues, called rendition cases like Arar's - where a foreign terror suspect is sent to a third country to be tortured - a "black mark" on the country.

And he scoffed at the notion that American officials sought assurances from Syria that Arar wouldn't be tortured.

"We knew damn well, if he went to Canada, he wouldn't be tortured. He'd be held. He'd be investigated," said Leahy.

"We also knew damn well, if he went to Syria, he'd be tortured. And it's beneath the dignity of this country, a country that has always been a beacon of human rights."

It's easy, said Leahy, "for us to sit here comfortably in this room knowing that we're not going to be sent off to another country to be tortured."

Gonzales, who noted that Arar is still suing U.S. officials, said he's willing to answer the committee's questions but suggested he needed to consult with the White House.

"I think we can say a lot more about it, if you just simply give me some additional time," he said.

"In fact, we may be able to publicly say more about this shortly."

Leahy said he'd wait a week for a briefing from Gonzales.

"If we don't get it, I guarantee you there will be another hearing on this issue.

"Canadians have been our closest allies . . . They're justifiably upset. They're wondering what's happened to us.

"I'm somewhat upset," Leahy noted.

"Yes, sir, I can tell," Gonzales replied. "But before you get more upset, perhaps you should wait to receive the briefing."

The tough stand on Arar is a sign of new era on Capitol Hill, where Democrats are now in control and present more challenges for President George W. Bush on all sorts of security issues.

The administration agreed this week to disband a contentious warrantless surveillance program and replace it with one that will be overseen by the secret court that governs clandestine spying in the U.S..

Arar, a Syrian-born Canadian, was seized at a New York City airport in 2002 and sent to Syria, where he was held for more than a year and tortured into making false confessions of terrorist involvement.

Canada's public inquiry concluded RCMP gave U.S. authorities misleading information about Arar before he was deported.

The Americans have maintained they have their own data that justifies keeping him on the watch list.

Last month, Secretary of State Condoleezza said she asked Chertoff and the Justice Department to investigate why the Canadian engineer still can't enter the United States or even fly over U.S. air space.

But Chertoff refused to comment on the case, citing privacy rules and even suggesting it's a hypothetical issue.

"This becomes a relevant issue only if and when somebody presents themselves to come into the U.S.," he said.

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Prime Minister Stephen Harper has expressed frustation about the case, saying he suspects it's a matter of bureaucrats refusing to admit an error.

The U.S. didn't tell Canada that Arar was being sent to Syria.

Harper demanded an apology from the U.S. but had to settle last fall for a promise to collaborate with Canada on any future deportation cases.

An About-face On Warrantless Wiretaps (SCRIPPS)

By Dale McFeatters, Scripps Howard News Service

Scripps Howard, January 19, 2007

After a year spent fighting it, the Bush administration has made an abrupt about-face and put its wiretap program under the jurisdiction of a secret court, which many believe the law requires anyway.

The concession does not constitute a White House change of heart in its sweeping assertions of executive power, but rather a move to head off challenges to its warrantless eavesdropping in the courts and Congress that it seemed destined to lose. By folding now, the president retains the prerogative of reasserting the power later.

The Justice Department had already lost a challenge at the district court level and will now seek to have the case declared moot. The then-Republican Congress refused to ratify the program last year when its existence became known, and the Democrats might well have overturned it legislatively.

In essence, the administration said it would comply with the 1978 Foreign Intelligence Surveillance Act and seek warrants from the secret panel of federal judges for its monitoring of phone calls and e-mails to and from the United States, a process that it had insisted before was too slow and too cumbersome.

Without those warrants, there is no guarantee to privacy other than the administration's word for it. President Bush waived the warrant requirement shortly after 9/11 in a secret order that didn't become public knowledge until December 2005.

Still, questions remain about what the new compliance, under what the Justice Department says is an "innovative" arrangement with the FISA court, really means. Must the National Security Agency seek individual warrants, or does the administration feel that blanket warrants are acceptable? Or does it believe a simple court approval of the program as a whole is OK? These are fair questions for the House and Senate Intelligence and Judiciary committees to put to the administration.

The Bush administration has been forced to scale back from a number of its assertions of unbridled presidential power _ detention without trial, military commissions, torture, secret prisons _ but that is hardly a wholesale embrace of civil liberties, due process and personal privacy.

(Distributed by Scripps Howard News Service, http://www.scrippsnews.net)

The Administration That Cried Wolf On Spying (LAT)

The Los Angeles Times, January 19, 2007

THE BUSH administration's abrupt acknowledgment that it can, after all, track suspected terrorists without shredding the privacy rights of Americans inspires mixed reactions — relief that the rule of law has triumphed, suspicion that the administration's concession isn't all that it's cracked up to be and, most of all, anger at the president and his surrogates for suggesting that any criticism of their tactics was tantamount to treason.

After the New York Times revealed in December 2005 that the National Security Agency had been eavesdropping on Americans without the court order required by the Foreign Intelligence Surveillance Act, the administration insisted that the privacy protections of FISA — about which it had raised no public alarm — had been rendered obsolete by the war on terror.

In the middle of the uproar that followed the disclosure of the program, Bush vowed, "I'll continue to reauthorize this program for so long as our country faces a continuing threat from Al Qaeda and related groups."

The threat remains. But this week Bush said, essentially, "Never mind." As a federal appeals court prepared to hear arguments on the legality of the program, Atty. Gen. Alberto R. Gonzales told the Senate Judiciary Committee that the administration has determined that it can obtain court orders for surveillance with the "speed and agility" necessary to detect terrorist conspiracies.

"Accordingly," Gonzales deadpanned, "under these circumstances, the president has determined not to reauthorize the Terrorist Surveillance Program when the current [presidential] authorization expires."

A similar "never mind" letter was dispatched to the clerk of the U.S. 6th Circuit Court of Appeals, which has agreed to review a federal district judge's finding that the program violated FISA and the Constitution.

The Bush administration is now conceding what this page and many members of Congress have argued for months: The Terrorist Surveillance Program can be conducted consistent with FISA protections. Sens. Dianne Feinstein (D-Calif.) and Arlen

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Specter (R-Pa.) co-sponsored a bill that would reaffirm the authority of FISA while increasing the emergency period in which investigators could conduct electronic surveillance without a court order.

Such legislation can be shelved if the administration truly has seen the light — but has it? Or is it now operating under a sort of FISA Lite?

In a background briefing for reporters, a Justice Department official refused to be pinned down on whether the administration is now asking the FISA court for authorization to monitor each individual suspect or whether there is a broader grant of authority.

This is unacceptable. The agreement by which the FISA court assumed jurisdiction over the program should be shared with Congress and (if it doesn't disclose sensitive operational details) with the public. And there would be nothing mean-spirited about a congressional inquiry into why the administration didn't involve the FISA court when it began this program in 2002.

The public has a right to know in general terms whether and how their privacy is protected by judicial review. Or, as a Justice Department official put it this week, "There's obviously an advantage to having all three branches involved." Too bad that civic books lesson dawned on the administration only after it had demonized its critics for making the same point.

Bush's Wiretap Surrender (WSJ)

The Wall Street Journal, January 19, 2007

The Iraq War has been hurting President Bush's poll ratings for a couple of years now. But keeping him from political free fall is the fact that the United States has suffered no terrorist attacks since 2001, and the widespread belief that White House policy might have something to do with it. So count us baffled by Mr. Bush's surrender Wednesday on warrantless wiretapping authority that even the Carter Administration believed was well within the Constitutional power of the executive branch.

The recent al Qaeda wiretaps at issue provoked little public outrage, after all. Most Americans outside partisan media circles or libertarian think tanks understand what's at stake. Although Congress whined about not getting enough information about the program -- it always does -- it didn't dare try to shut it down either.

But now, and for reasons that seem shortsightedly political, the Justice Department has announced that future domestic surveillance of al Qaeda would be conducted within the confines of a 1978 law called the Foreign Intelligence Surveillance Act. No Administration and no serious court has ever recognized FISA as a binding limit on Presidential authority.

We don't know the details of the deal the Administration says it struck with the special court that grants FISA warrants. But even an eased and expedited process is likely to prove an unnecessary impediment to meeting U.S. intelligence needs. FISA is a Cold War-era law that was written primarily to enable surveillance of suspected Soviet bloc spies operating out of embassies. It is ill-suited to the realities of today's fast moving antiterror battlefield.

In particular, FISA warrants require that the government show that an intended subject of surveillance is an "agent" of a foreign power. Which raises the important question of what happens the next time we pick up an al Qaeda bigwig with a list of U.S. cell phone numbers on him? Are those numbers to go unmonitored because they don't fit FISA's "agent" paradigm and we can't know in advance to whom they're attached? Or what about known individuals who are not al Qaeda "agents" but active sympathizers? Are they out of bounds? The Administration has some explaining to do -- not least to its own officials who spent months saying FISA warrants were dangerously restrictive.

All the more so because the legality of the warrantless wiretaps was not really in question. There is all the difference in the world between wiretaps for criminal surveillance and prosecution and wiretaps for gathering intelligence on our enemies. Just as the President doesn't need a warrant to listen to enemy communications on a foreign battlefield such as Iraq, he doesn't need one simply because one end of an enemy communication happens to take place in the U.S.

That's why Carter Attorney General Griffin Bell made a point of emphasizing when FISA was passed that the law "does not take away the power of the President under the Constitution." And it's why the FISA appeals court itself wrote in 2002 that it and "all the other courts to have decided the issue" believe the President has "inherent authority to conduct warrantless searches to obtain foreign intelligence information."

As for the possibility that Presidents might abuse that power, federal judge Laurence Silberman has argued that fear of exposure is an even stronger disincentive than legal constraint. By contrast, he noted, "there is no self-correcting mechanism" to remedy abuses of power by politically unaccountable judges. This gets to the fundamental problem with FISA, which is that it replaces an elected official with a judge on intelligence gathering matters that may have life or death implications. In other words, it's FISA, not warrantless wiretapping, that is arguably unconstitutional.

The Bush Administration's decision to accede to this Congressional and judicial power grab is all the more shocking given recent history. Remember the 9/11 Commission and all the talk about "the wall"? Well, that intelligence-sharing barrier was a product of executive branch attempts to deal with the demands of the FISA court. It's almost certain this new attempt to operate

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through FISA will lead to the production of nonsensical guidelines of its own. For the most part we'll never know what valuable information is lost as a result. * * *

The White House may think this FISA concession will allow it to escape more onerous legislative restrictions. But Congress may now merely take this concession and codify it anyway. If Democrats wanted to fight him over wiretapping, Mr. Bush should have relished the prospect given that he had the law and the public on his side. Instead, he's offered to dilute executive powers in a way that will damage the antiterror efforts of his own Administration, as well as those of his successors.

Editorial: TSP, R.I.P.: Bush Surrenders Credibility (MANUL)

Manchester (NH) Union Leader, January 19, 2007

U.S. Attorney General Alberto Gonzales would have Americans believe that, after years of asserting that national security depended upon the administration's ability to tap terror suspects' phone lines without waiting for the slow Foreign Intelligence Surveillance Court to OK the spying, the court suddenly became capable of instantly approving such wiretaps the very same week Democrats took control of Congress.

Is the administration trying to lose its last remaining shreds of credibility?

In a letter to Sens. Patrick Leahy and Arlen Specter, Gonzales asserted that on Jan. 10 a FISA judge issued an order authorizing the government to intercept the international communications of anyone suspected of being "a member or agent of al-Qaida or an associated terrorist organization." As a result, the administration will not renew the Terrorist Surveillance Program, up for reauthorization in a month and a half, which allowed it to intercept the communications of terror suspects without a court warrant.

What about terror suspects who are not members or agents of terrorist organizations associated with al-Qaida? What about the President's constitutional authority, which Gonzales had asserted for so long, to spy on terror suspects without a direct court order?

The administration is backing out of a program and a constitutional argument it previously labeled essential to national security. It is doing so in such a way as to make its previous assertions appear entirely disingenuous.

More than the WMD claims, more than the "Mission Accomplished" banner, more than anything else in the past six years, this change of course undermines the President's credibility and authority. Retreating from a program that until now he has claimed was absolutely essential to stopping terrorist attacks on U.S. soil is either an inexcusable dereliction of duty, or a tacit admission that his previous claim was utter baloney.

Editorial: Spy Reversal: Bush's Welcome Action Is Shaded By Real Doubts (PPG)

Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 19, 2007

That sound you don't hear is one hand clapping. The Bush administration has surprisingly reversed itself on its anti-terrorism policy of eavesdropping on Americans without warrants, something that certainly deserves support and praise. But it would be unwise to get carried away.

After all, this is the reversal of a policy that never should have been adopted in the first place. While Americans certainly want their government to root out terrorists and while they understand that tapping phone calls and e-mails to and from the United States may be necessary in some cases, many don't want such surveillance to be done without regard to the law.

This high disdain for legal procedures in the pursuit of warrantless surveillance has been going on for years, and it has been as shocking as it has been unnecessary. The nation lost much on 9/11 and it does not have to junk its traditional civil-liberty protections to achieve security, or so many Americans believe.

Unfortunately, the Bush administration is not among the believers. After the attacks in 2001, the executive branch asserted a theory of executive ascendancy that, in the name of fighting the war on terror, was bolder and more far-reaching than any of its recent predecessors. The presidency has become something of an imperial institution that recognizes no restraints on its power.

The examples are numerous, ranging from the more than 800 presidential signing statements that seek to override the plain intent of legislation passed by Congress to the arrest of a U.S. citizen on American soil and his detention for years without any contact with counsel in flagrant disregard of the Constitution.

The clandestine spying on Americans was all of a piece with this reckless behavior. But a procedure always existed to do legally what the administration was doing extra-legally -- a secret court that oversees the Foreign Intelligence Surveillance Act, or FISA, and which is empowered to approve wiretaps and searches.

Yet the administration couldn't even abide this formality. Although suggestions were made that the court could not act quickly enough in urgent cases, the administration did not attempt to change the law -- it just blew it off because it felt it could.

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Now supposedly an arrangement has been worked out that allows the court to oversee the National Security Agency's spying program "with the speed and agility necessary to protect the nation from al-Qaida," as Attorney General Alberto Gonzales put it. Why this couldn't be done years ago and is happening now is not hard to guess: Congress is in the hands of the Democrats.

The details of the new program are murky and it must be taken on faith that this is progress -- a very big leap of faith indeed, given recent history. The administration, of course, does not concede that it did anything wrong. In other words, use the hand that's not clapping to cross your fingers.

The Justice Department Submits To The Law (OREG)

The Oregonian

The Oregonian, January 19, 2007

The attorney general says the agency won't wiretap without a warrant any longer

A ttorney General Alberto Gonzales on Thursday told members of the Senate Judiciary Committee that, at the Department of Justice, "every day is Sept. 12."

Would that it were so.

That day 64 months ago is worth remembering. It was a day of sorrow. Of mourning. Of unity. Of resolve. It was the day after congressional Republicans and Democrats stood together on the steps of the Capitol and sang "God Bless America."

It was also a day when the laws governing Justice Department activities were still respected. Americans still believed, for example, that the Justice Department still complied with the Foreign Intelligence Surveillance Act. It was years before the public would learn that the department had electronically eavesdropped on people suspected of links to terrorism without seeking the legally required approval from a secret federal court.

That seems like a long time ago now. On a Thursday when the committee chairman shouted at Gonzales and the attorney general responded with characteristic dismissiveness, the Justice Department let it be known that it had decided to resume complying with the law that governs wiretapping. Investigators would conduct such surveillance under the authority of the Foreign Intelligence Surveillance Court, as critics had demanded, Gonzales said.

Would the Justice Department have belatedly embraced the law if a federal court had not already determined that warrantless wiretapping was unconstitutional? Would it have embraced the law if the nation hadn't turned against the strategy and tactics of the Bush administration's war on terror? Would it have embraced the law if Democrats had not taken control of both houses of Congress?

There's no way to know. But the friction that developed between the White House and Congress -- and between the White House and the majority of the public -- is rooted in the different views each took after the attacks of Sept. 11. Gonzales' predecessor, John Ashcroft, set the tone for the subsequent debate when he spoke to the same committee in December 2001. He told senators, in part: "To those who scare peace-loving people with phantoms of lost liberty; my message is this: Your tactics only aid terrorists."

He was wrong, but those in the White House believed he was right. And that belief justified the administration's end-justifies-the-means approach to stopping terrorism.

Balance is returning to the struggle, it now appears. The Justice Department is acknowledging now that, contrary to earlier assertions, it won't be too burdensome to get approval from the Foreign Intelligence Surveillance Court when it wants to eavesdrop. In fact, Gonzales said Thursday, the program allows "the necessary speed and agility the government needs to protect our nation from the terrorist threat."

The threat is real, as we knew well on Sept. 12. And as we know now, lost liberty is no phantom.

Sense On Intelligence (NSL)

Newark Star-Ledger (NJ), January 19, 2007

When a federal judge ruled last summer against President Bush's claim that he had full authority to order wiretaps of Americans' international phone calls and e-mails, he scolded her for not understanding "the nature of the world in which we live."

With his abrupt turnaround on domestic surveillance, the president seems to be starting to acknowledge that he is the one who has been out of touch. The White House has also been forced to back down on its assertion of executive power when it comes to detainees at Guantánamo and CIA secret prisons.

While judicial and legislative pushback has been a necessary corrective to the abuse of presidential authority, it will be impor tant for Congress to move carefully to craft a way forward that allows for appropriate measures for intelligence gathering without inappropriate assaults on civil liberties.

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In advance of Attorney General Alberto Gonzales' appearance yesterday in front of the Senate Judiciary Committee, the White House said it will now seek warrants from the court set up by the Foreign Intelligence Surveillance Act, or FISA, to monitor communications to and from anyone thought to be "a member or agent of al Qaeda or an associated terrorist organization."

That's a fine gesture, but it might not be a genuine concession to the need for legislative or judicial oversight. Because the new warrant process is secret, no one knows exactly what kind of deal the Justice Department has made with the FISA court. Justice Department officials haven't explained, for example, how targets will be chosen or said whether the department has agreed to a new set of standards for determining how approval will be given.

Congress will need to press harder to curb the White House's impulses toward secrecy. But Democrats, who are now the majority on the Hill, must be careful not to abridge executive power to the point of crippling the presidency, as Congress did in the wake of the Vietnam War. The Bush administration is not wrong that times of threat can require a president to assert unique authority. One of the many failures of the Bush administration is that it has so abused that authority as to jeopardize it entirely.

Posada Ally Surrenders Arms Cache (MIH)

By Jay Weaver

Miami Herald, January 19, 2007

An ally of Cuban exile militant Luis Posada Carriles turned over a stockpile of illegal machine guns, dynamite and a grenade launcher to federal agents this week in a bid to reduce his prison sentence, several sources familiar with the arms surrender said.

Santiago Alvarez, a wealthy Miami developer convicted last fall on a weapons-conspiracy charge, arranged for the turnover of the new cache of firearms on Wednesday at his attorney's office in downtown Miami, sources said.

Alvarez and convicted co-defendant Osvaldo Mitat are seeking to reduce their respective four- and three-year prison sentences by one or more years. The unusual arms surrender has no connection to Posada's latest troubles with federal authorities.

The Alvarez stash consisted of dozens of machine guns, rifles, C-4 explosive, dynamite, detonators, a grenade launcher and ammunition, sources said. The cache was considerably larger than the nine illegal firearms seized by federal agents in late 2005 when Alvarez and Mitat were first indicted on weapons charges in Broward County.

Agents for the FBI and Alcohol, Tobacco, Firearms and Explosives collected the latest stash of weapons at the Miami law office of Silvia Piñera-Vazquez and Sofia Powell-Cosio. The lawyers were granted temporary immunity to surrender the firearms to federal authorities on behalf of their clients, Alvarez and Mitat. Piñera-Vazquez, who declined to comment for this article, personally delivered a letter to the U.S. attorney's office on Tuesday detailing the proposed weapons turnover.

The voluntary surrender was designed to take the firearms off the street and boost the defendants' chances of reducing their sentences.

Alvarez, 65, has been in federal custody since November 2005, as has Mitat, 64, a handyman who worked for him. To obtain reductions of their sentences, they must prove to prosecutors they have provided enough "substantial assistance." Prosecutors would have to file the request in federal court.

Defense attorneys for Alvarez and Mitat have said their clients never had any designs to carry out an attack against the U.S. government. They say the men's goal was always to topple Cuban leader Fidel Castro.

PIPE BOMB FOUND

The weapons turnover occurred just days after an FBI informant -- who has informed on Posada, Alvarez and Mitat -- reported that he discovered a pipe bomb under his pickup truck in Hialeah on Sunday. Miami-Dade police officers detonated the device at the Hialeah police station. They found wires and gun shells among the bomb scraps. The FBI launched a probe but declined to comment.

Attorneys for Alvarez, Mitat and Posada said their clients -- all in federal custody in Texas -- were not involved in the pipe-bomb incident. They expressed serious doubts about the credibility of the informant, Gilberto Abascal, whom they have characterized as a "double agent" for the FBI and for Castro's government.

Lawyers for Alvarez and Mitat have been negotiating with the U.S. attorney's office since their sentencings in November to turn over the new weapons cache, sources familiar with the case told The Miami Herald.

COMMON THREADS

Intrigue surrounding the weapons surrender could not be greater. Last September, Abascal was the main federal witness who helped convict Alvarez and Mitat on weapons-conspiracy charges in South Florida. Abascal was also the primary witness in last week's federal indictment of former CIA operative Posada on fraud offenses.

A federal grand jury in El Paso, Texas, charged Posada, 78, with lying about how he sneaked into the United States in March 2005.

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The same grand jury also charged Alvarez and Mitat with contempt of court for refusing to testify about Posada's entry into the country. Three other associates have been charged with contempt in the case.

Posada has long maintained that he entered the United States by crossing the Mexican border with the assistance of a migrant smuggler, not by sea -- as prosecutors now allege.

Abascal said Posada entered the country on a shrimping boat called Santrina, which was manned by Alvarez, Mitat and others, including the informant himself. Abascal said the Santrina crew picked up Posada on the Mexican island of Isla Mujeres and transported him to the United States.

By charging Posada, the Justice Department signaled its willingness to target a man who has been in investigators' cross hairs since 1997, when he first was suspected of masterminding a series of deadly tourist-site bombings in Cuba.

Federal agents began zeroing in on Alvarez in May 2005 when he helped Posada emerge from hiding before his arrest for entering the country illegally. That November, Alvarez and Mitat were charged with stashing machine guns, a silencer and a grenade launcher in a Lauderhill apartment complex that belonged to Alvarez.

The defendants' attorneys claimed Abascal, who called federal agents on the way from Broward County to Miami-Dade, set up his former friends.

Although prosecutors never accused the two men of planning to use those firearms in an attack against the Cuban government, they intended to introduce evidence at trial that showed Alvarez had financed a failed 2001 incursion against Castro, among other paramilitary activities. Plea deals came on the eve of trial.

Court records also show that federal and Bahamian authorities recovered a large cache of weapons and explosives hidden on Guinchos Cay in August 2005 -- ``an operation conducted after agents learned that Alvarez was storing and maintaining this arsenal."

U.S. To Store Detainees' DNA (AZREP)

By Billy House And Dennis Wagner, The Arizona Republic

Arizona Republic, January 19, 2007

Kyl, Arpaio push collecting from terror suspects, illegal immigrants

WASHINGTON - The Justice Department is planning to add DNA from undocumented immigrants, suspected terrorists and other detainees to the FBI's national crime database, a move pushed by Arizona GOP Sen. Jon Kyl and Maricopa County Sheriff Joe Arpaio.

The federal database now only includes the DNA of felons and some misdemeanor offenders. The new plan would add the DNA of individuals who may never be convicted of a crime.

"The (Department of Justice) is engaged in extensive consultation with affected agencies and is moving forward to issue the implementing regulations," department spokesman Erick Ablin confirmed Thursday.

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Proponents say the move will help to solve more crimes.

Opponents call it a mistake.

"People will end up in this database even without probable cause for their arrest or detention," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a public interest group in Washington, D.C.

It could be more than a year before the Justice Department plan is finalized to collect DNA from tens of thousands of immigration violators, terrorism suspects and others accused but not convicted of federal offenses.

A draft proposal is only now circulating internally within the Justice Department and its agencies. The plan also must be sent to other affected agencies outside of the Justice Department, and to the White House Office of Management and Budget. Officials would not release a copy of that draft.

It already has been a year since President Bush signed the bill expanding the federal DNA collection program to include non-U.S. citizens and those arrested or detained. The authorization was included in an amendment sponsored by Kyl to the 2005 reauthorization of the Violence Against Women Act. Authorities have been working on legal language and details since then.

Depending on how broadly the final rule is written, it could affect a range of departments and agencies, from the FBI, Homeland Security Department and Drug Enforcement Administration, to the National Park Service.

"Sen. Kyl appreciates that the implementation of the regulations raises a host of complex issues and that it will take time to resolve those issues before the regulations can fully move forward," Kyl spokesman Ryan Patmintra said in a statement this week.

"Given the complexity of these issues, the amount of time that has been devoted to resolving them does not appear unusual," Patmintra said.

Opponents said the expanded program should concern everyone because it could affect everyone.

Someone selected for a secondary screening at an airport is, technically, being detained and could be required to provide a DNA sample, said Tim Sparapani, legislative counsel for the national office of the American Civil Liberties Union.

So could someone selected for inspection while crossing the border, or those detained as material witnesses to a crime.

"All of these situations can have innocent people's DNA entered into the database," Sparapani said.

But Maricopa County Sheriff Joe Arpaio, who pushed for the expanded program, said it will be a strong law-enforcement tool.

"I'm all for it - it makes sense - you never know who these guys are," Arpaio said of taking DNA samples from arrestees and detainees and not just those who are convicted felons. "It's about time."

A majority of states, including Arizona, have also been collecting DNA samples from convicted felons. Some have since expanded that to include detainees. But Tim Mason, a spokesman for the Department of Public Safety, said Thursday that DNA is not being obtained from pretrial detainees. The department became the DNA data center for all state enforcement agencies years ago at the request of FBI, and its data is part of the FBI's Combined DNA Index System, known as CODIS.

Law enforcement agencies in Arizona get DNA samples for several reasons, such as:

· Court-ordered samples: Under state law, every felon sentenced to prison must provide DNA.

· Case file evidence: Whenever detectives work cases and find relevant DNA for testing, the sample is entered into the system.

· Miscellaneous: DNA may be entered for various other reasons. For instance, a person is reported missing and family members submit DNA so that, if a corpse is found, investigators will be able to identify the body. Also, if DNA is obtained from a criminal suspect under court order, that specimen goes into the system.

Mason said access to the information is "very controlled" and limited to authorized law enforcement purposes.

When the Senate passed his amendment in October 2005, Kyl noted the technological ability to run crime-scene fingerprints through a national database has become a critical tool for law enforcement.

"We now have the technology to use DNA even more effectively than fingerprints. Failure to take advantage of it would make no sense," Kyl said.

But already, the government has access to more than 3.5 million DNA records, and that the number is expanding dramatically, said Marc Rotenberg, Executive Director of the Electronic Privacy Information Center, a public interest group in Washington, D.C.

Some also warn that the larger the DNA database gets, the greater the chance of finding two samples that look the same but are not from the same person.

"When you have a database filled with people presumed to be criminal and add people simply for all kinds of non-criminal reasons and mistakes, you've diluted your database and mistakes can be made," Sparapani said.

Roberto Reveles, president of the Phoenix-based immigrant rights group, Somos America, said the DNA database expansion shows that "Big Brother is going really fast." He said the tactic represents a violation of privacy and he hopes conservative Americans will join in "making the loudest protests against this."

Reach the reporter at billy.house@arizonarepublic.com or 1 (202) 906-8136. Read his blog on Washington politics at dcblog.azcentral.com.

Detainee DNA May Be Put In Database (USAT)

By Richard Willing, Usa Today

USA Today, January 19, 2007

WASHINGTON — The federal government could add DNA from tens of thousands of immigration violators, captives in the war on terrorism and others accused but not convicted of federal offenses to the FBI's crime-fighting database under a plan being finalized by the Justice Department.

Erik Ablin, a Justice Department spokesman, confirmed the plan, which hasn't been publicly disclosed, and said details are expected to be completed soon.

Proponents of the plan, including U.S. Sen. Jon Kyl, R-Ariz., and Maricopa County, Ariz., Sheriff Joe Arpaio, say taking DNA from federal detainees would solve many crimes committed by illegal immigrants and make it easier to identify and track potential terrorists.

Opponents, such as Caroline Fredrickson, director of the American Civil Liberties Union's Washington office, say such mass seizures of DNA violate privacy and do little to improve law enforcement.

Fredrickson says the law that defines federal detainees is so broad that it could apply to hikers stopped by park rangers or airline passengers selected for screening. Authorization for taking the DNA was included in a bill reauthorizing the Violence Against Women Act that President Bush signed last year.

The DNA samples, which contain an individual's unique genetic code, would be compared against genetic profiles from 3.9 million criminals and 157,000 unsolved crimes held by the system of federal and state DNA databases that the FBI administers. The FBI says its system has aided more than 41,000 criminal investigations since 1990.

DNA from federal arrestees and detainees would be held on a computer index, enabling law enforcement to track illegal immigrants who return after being expelled from the USA or who commit crimes after being released. War-on-terrorism detainees, who often use aliases, could be positively identified by DNA and linked to evidence seized at suspected terrorist sites.

"We know from real-life examples that a database of arrestees can prevent many future offenses," Kyl said in a statement.

The plan would greatly increase the pool of DNA profiles available to law enforcement. In most states, a person must be convicted of a crime before his DNA is added to the national system, which the FBI calls CODIS. In seven states, DNA can be taken from suspects after they are arrested and formally charged.

The new plan would apply to "any person arrested under federal authority and from any non-U.S. person who is detained," according to the Violence Against Women law. Each year, the greatest number of those are illegal immigrants caught at the border or rounded up after entering the country.

DNA from immigration violators would remain on file permanently. Genetic profiles from people arrested for federal crimes could be removed from the database if they are not convicted.

Law enforcement authorities say illegal immigrants commit crimes out of proportion to their numbers. A Justice Department study of 100 illegal immigrants arrested and released by local authorities in 2004 found that 73 were later rearrested. "To me, it's a no-brainer," Arpaio says. "Regardless of how you feel (about illegal immigration), nobody wants criminals to get a free pass to come in here." Fredrickson says collecting DNA from anyone detained by a federal officer would clog the system to "where it becomes useless."

Pentagon Sets Rules For Detainee Trials (AP)

By Anne Flaherty

AP, January 19, 2007

The Pentagon set rules Thursday for detainee trials that could allow terror suspects to be convicted and perhaps executed using hearsay testimony and coerced statements, setting up a new clash between President Bush and Congress.

The rules are fair, said the Pentagon, which released them in a manual for the expected trials. Democrats controlling Congress said they would hold hearings and revive legislation on the plan, and human rights organizations complained that the regulations would allow evidence that would not be tolerated in civilian or military courtrooms.

According to the 238-page manual, a detainee's lawyer could not reveal classified evidence in the person's defense until the government had a chance to review it. Suspects would be allowed to view summaries of classified evidence, not the material itself.

The new regulations lack some protections used in civilian and military courtrooms, such as against coerced or hearsay evidence. They are intended to track a law passed last fall by Congress restoring Bush's plans to have special military commissions try terror-war prisoners. Those commissions had been struck down earlier in the year by the Supreme Court.

At a Pentagon briefing, Dan Dell'Orto, deputy to the Defense Department's top counsel, said the new rules will "afford all the judicial guarantees which are recognized as indispensable by civilized people."

In an interview, Brig. Gen. Thomas Hemingway, legal adviser to the Pentagon's office on commissions, said he doubted that most cases would rely solely on coercive or hearsay evidence.

"These case are pretty complex and it's not going to sink or swim, I don't believe, on a single statement," he said.

Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, said he planned to scrutinize the manual to ensure that it does not "run afoul" of the Constitution.

"No civilized nation permits convictions to rest on coerced evidence, and reliance on such evidence has never been acceptable in military or civilian courts in this country," said Elisa Massimino, Washington director of Human Rights First.

Officials think that with the evidence they have now, they could eventually charge 60 to 80 detainees, said Hemingway said. The Defense Department is currently planning trials for at least 10.

There are almost 400 people suspected of ties to al-Qaida and the Taliban being held at the military's prison in Guantanamo Bay, Cuba. About 380 others have been released since the facility was opened five years ago.

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Last September, Congress — then led by Republicans — sent Bush a new law granting wide latitude in interrogating and detaining captured enemy combatants. The legislation prohibited some abuses of detainees, including mutilation and rape, but granted the president leeway to decide which interrogation techniques were permissible.

In outlining the maximum punishment for various acts, the new manual includes the death penalty for people convicted of spying or taking part in a "conspiracy or joint enterprise" that kills someone. The maximum penalty for aiding the enemy — such as providing ammunition or money — is lifetime imprisonment.

As required by law, the manual prohibits the use of statements obtained through torture and "cruel, inhuman or degrading treatment" as prohibited by the Constitution. But it allows some evidence obtained through coercive interrogation techniques if obtained before Dec. 30, 2005, and deemed reliable by a judge.

The Detainee Treatment Act, separate legislation championed in 2005 by Sen. John McCain, R-Ariz., prohibited the use of cruel, inhuman or degrading treatment of military and CIA prisoners.

Congress and the White House agreed last year that hearsay — a witness quoting someone else — can be allowed as evidence if a judge rules the testimony is reliable. According to the manual, this is necessary because witnesses — such as military personnel or foreigners — may not be available to testify.

The Pentagon's Dell'Orto said that since both sides of the case can admit hearsay evidence, that "levels the playing field."

Under the rules, the accused will be allowed to know about all evidence that is provided in the trial, Dell'Orto said. They will not be allowed to see classified material, but will be given an unclassified summary or substitute, with the judge first determining whether the summary sufficiently represents the classified material.

"When you're in the middle of a war against this enemy, you need to be particularly concerned about the disclosure of that evidence," Dell'Orto said of classified materials.

Sen. Christopher Dodd, D-Conn., said he believes the Pentagon's top lawyers assigned to defend detainees were excluded from the preparation and review of the manual. Last fall, critics of Bush's plan for military commissions charged that the administration ignored the advice of uniformed legal experts.

Dodd, a presidential candidate, said he will introduce a bill addressing flaws in the manual "that are impediments to the effective and credible prosecution of suspected terrorists."

The document was hailed by Rep. Duncan Hunter of California, top Republican on the House Armed Services, who said, "Khalid Shaikh Mohammed, the alleged mastermind behind the 9/11 attacks, and his cohorts are a step closer to trial."

Pentagon Releases Rules For Trials Of Terrorism Suspects (WP)

By R. Jeffrey Smith

The Washington Post, January 19, 2007

The Defense Department yesterday released its detailed rules for military trials of terrorism suspects, a move that reignited last year's controversy over a joint decision by the Bush administration and the Republican-led Congress to restrict key detainee rights during such trials.

The 238-page manual, issued after a three-month drafting effort, closely tracks the Military Commissions Act, approved mostly by Republicans in September. It incorporates controversial rules blocking a detainee's right to challenge his or her detention and allowing prosecutors to use hearsay information or coerced evidence if a military judge rules that it is reliable and relevant.

The manual is meant to prescribe how military commissions will try some of the roughly 395 prisoners now detained at the military prison at Guantanamo Bay, Cuba. Officials predicted yesterday that 60 to 80 will face the commissions.

Under last year's legislation, the manual's procedures could also be applied to foreign nationals in the United States designated as "enemy combatants" under a controversially broad definition of that term.

In releasing the manual, Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel, disclosed that the new military commissions are to be overseen by Susan J. Crawford, who served in the late 1980s as Army counsel and Defense Department inspector general, under then-Defense Secretary Richard B. Cheney. She is currently a senior judge of the U.S. Court of Appeals for the Armed Forces.

Crawford will have the authority to select judges for the commissions, send charges to trial and act on commission findings or verdicts, Pentagon officials said.

Although Dell'Orto said the manual was drafted to ensure fairness and to hew closely to what Congress ordered, human rights groups and other critics faulted the rules for not fixing what they consider to be defects or loopholes in last year's legislation. The critics said the manual will give new impetus to their drive to get the law amended in the new Congress, controlled by Democrats.

DOJ_NMG_0118824

Several such efforts are already underway. Early this month, Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and the panel's ranking Republican, Sen. Arlen Specter (R-Pa.), introduced legislation to overturn last year's narrow vote denying detainees the right to challenge their detention through habeas corpus proceedings.

Sen. Christopher J. Dodd (D-Conn.) said yesterday that he is drafting a bill with Leahy and Sen. Russell Feingold (D-Wis.) to change what Dodd called the manual's unwarranted "limits on the independence of military judges," inadequate safeguards against the use of coerced evidence and limits on defense lawyers' access to witnesses and evidence.

The outcome of this debate will affect the adjudication of allegations against some of the longest-held and most well-known terrorism suspects -- including 14 people transferred to Guantanamo Bay last year from secret CIA prisons.

The Bush administration has sought maximum flexibility in its use of evidence, allowing, for example, the use of information obtained from cruel, unusual or inhumane interrogations before 2005, when many of those in CIA custody were questioned. Human rights groups and many Democrats say, however, that it will mean more to the public if convictions are secured using procedures that fully comply with international legal standards.

Dell'Orto, speaking at a Pentagon news conference, said the new manual enforces a presumption of innocence, includes a requirement that defendants be allowed to see all the evidence used against them, safeguards defendants against self-incrimination and prohibits evidence obtained through torture.

Comments on the new manual were solicited only from the Justice Department and other executive branch agencies, Dell'Orto said yesterday, provoking complaints from several military-justice experts that the rules should have been subjected to a period of public comment. "This was the antithesis of a transparent rulemaking process, and it was completely unnecessary," said Eugene R. Fidell, president of the nonprofit National Institute of Military Justice.

Tom Malinowski, Washington advocacy director for Human Rights Watch, said he faults the manual for not requiring a presiding judge to tell a defendant or his attorney whether critical evidence was obtained from coerced confessions.

Marine Col. Dwight Sullivan, the chief defense counsel of the Pentagon's Office of Military Commissions, similarly said that the rules "would allow an extremely unfair trial" and are a "recipe for laundering" uncorroborated evidence derived from extreme coercion.

Sullivan said they even leave open the possibility of someone being sentenced to death without knowing that he had been convicted based on coerced evidence and without having the chance to contest the evidence on that ground. A Pentagon spokesman, Navy Cmdr. Jeffrey Gordon, said such an outcome is improbable.

Pentagon Revises Its Rules On Prosecution Of Terrorists (NYT)

By Mark Mazzetti

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — The Pentagon on Thursday unveiled its new courtroom rules for prosecuting prisoners held as terrorists, allowing military tribunals to consider hearsay evidence and testimony obtained through coercion, but not torture.

Pentagon officials said, however, that the new policy more closely resembled courts-martial governed by the Uniform Code of Military Justice than the previous procedures used to prosecute terrorist suspects.

Under legislation signed into law last year, the government is poised to restart tribunals that the Supreme Court halted last summer. Pentagon officials said military prosecutors had determined there was sufficient evidence to bring war crimes charges against 60 to 80 of the 395 prisoners detained at the military prison at Guantánamo Bay, Cuba.

The Pentagon detailed the new procedures in a 238-page manual released Thursday.

The new procedures follow the guidelines Congress set down in the Military Commissions Act late last year.

Representative Ike Skelton, the Missouri Democrat who became chairman of the House Armed Services Committee this month when control of the House changed hands, pledged to scrutinize the new procedures so that they did not “run afoul” of the Constitution.

The new manual explicitly forbids military prosecutors from using evidence obtained through torture. At the same time, it makes a distinction between torture and coercion, allowing testimony that came as the result of coercive techniques used by military and intelligence officials until late 2005, when Congress passed a law banning cruel and inhumane treatment of prisoners.

In order for coerced testimony to be used in military commissions, a military judge would have to determine that it was both reliable and relevant to the case. The matter is particularly important because the Pentagon is planning for the trials of 14 “high value” detainees, who until they were moved to Guantánamo Bay in September were kept elsewhere in secret prisons run by the Central Intelligence Agency.

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The prisoners detained at those sites, including Khalid Shaikh Mohammed, the accused mastermind of the terrorist attacks of Sept. 11, 2001, are believed to have been subjected to particularly harsh interrogation methods like "water boarding," which induces a feeling of drowning.

Daniel J. Dell'Orto, the Pentagon's principal deputy general counsel, told reporters on Thursday that the new procedures followed the guidelines of the Military Commissions Act and ensured that detainees receive, as called for by international law, "all the judicial guarantees which are recognized as indispensable by civilized people."

Pentagon officials said that none of the most significant prisoners would be among the first group to stand trial before the military commissions.

"Those cases are going to have to be developed carefully, and it's going to take some time, because they are extraordinarily complex," said Brig. Gen. Thomas L. Hemingway, a Pentagon official who helped draft the new guidelines.

The Bush administration established the military commissions in the months after the Sept. 11 attacks to prosecute "unlawful combatants" captured during counterterrorism operations around the globe, many of them in Afghanistan.

Last summer, the Supreme Court struck down the commissions as unconstitutional, forcing the White House and Congress to develop new guidelines.

Human rights groups on Thursday criticized the new procedures for straying from the military's traditional rules for courts-martial. Among other things, the rules allow too much leeway for government lawyers to keep defendants from viewing classified evidence, they said.

"Classified sources and methods are protected," said Jennifer Daskal, a lawyer at Human Rights Watch. "This creates the possibility that the defense will not learn the ways in which the evidence was obtained, which could have been through coercive techniques like water boarding and sleep deprivation."

Mr. Dell'Orto said that while defendants would not be allowed to see classified evidence, defense lawyers would be given an unclassified summary of the material.

There are currently 395 detainees held at Guantánamo Bay, but it is likely that only a fraction of those will be prosecuted before military commissions. Even if prisoners are not charged, officials said, the United States still has the right to detain them indefinitely or hand them over to their native governments.

"It doesn't mean that they are not unlawful combatants. It doesn't mean that they shouldn't be detained," said Bryan Whitman, a Pentagon spokesman.

Besides Mr. Mohammed, according to the government, the former C.I.A. detainees currently at Guantánamo Bay include senior members of Al Qaeda believed to be responsible for the bombing of the United States destroyer Cole in 2000 in Yemen and the 1998 attacks on American embassies in Kenya and Tanzania.

The prosecutors for the trials of those men will be a mix of military and civilian lawyers.

Marine Corps Colonel Among Critics Of New Terror Trial Rules (USAT)

By Joan Biskupic

USA Today, January 19, 2007

WASHINGTON — The Pentagon's release of new rules for military trials of foreign terror suspects triggered a fresh round of questions and criticism Thursday about the administration's handling of detainees held at Guantanamo Bay, Cuba.

The Pentagon's manual for war-crime trials is 238 pages, but much of the talk about it Thursday focused on rules for using evidence: Suspects may be convicted — and even sentenced to death — based on information from coerced confessions and hearsay evidence.

VIDEO: Coerced testimony could be considered

Coerced confessions are not allowed as evidence in traditional civilian courts or military courts martial. Hearsay evidence — testimony from a witness who merely repeats what someone else said out of court — usually is barred from both types of courts.

Those criticizing the manual for lacking traditional safeguards of military trials included Marine Corps Col. Dwight Sullivan, the chief defense lawyer for the military tribunals, or commissions. Human rights groups such as Amnesty International and Democrats such as Sen. Chris Dodd of Connecticut also expressed concern that the rules unfairly limit defendants' rights.

The new rules follow Congress' passage last October of the Military Commissions Act. The law came after the Supreme Court rejected President Bush's earlier plan to hold military tribunals to try terrorism suspects.

The court said Bush lacked the power to set up such tribunals without Congress' authorization, and declared that the procedures then in place violated the U.S. Military Code of Justice and Geneva Conventions rules aimed at protecting prisoners of war. Bush had established the tribunal system weeks after the Sept. 11, 2001, terrorist attacks, as U.S.-led forces were launching a worldwide hunt for terrorism suspects.

DOJ_NMG_0118826

On Bush's orders, hundreds of suspects have been held indefinitely at the U.S. naval base at Guantanamo Bay. Ten detainees were charged under the 2001 system. Some of the trials were underway in 2004 but stalled after a federal judge ruled the tribunal procedures were flawed.

The ruling led to the Supreme Court's decision.

The Pentagon's new plan, says Daniel Dell'Orto, deputy general counsel at the Defense Department, offers suspects "all the judicial guarantees which are recognized as indispensable by civilized people."

Air Force Brig. Gen. Thomas Hemingway, legal adviser for the commissions, said Thursday he expects the new commissions to begin soon, possibly this spring.

However, it's clear that the system for trying foreign suspects will continue to draw fire. Sullivan said the rules for evidence to be used during the trials could allow a defendant to be convicted and sentenced to death on nothing more than a coerced confession, hearsay evidence or uncorroborated testimony.

"This is extraordinary," said Sullivan, who has raised concerns on behalf of Guantanamo detainees who would be the subject of the first U.S. war crimes trials since World War II.

Dodd cited a "lack of safeguards against coerced evidence being introduced in trial, and the limitations on defense access to witnesses and evidence."

He said he intended to introduce legislation to ensure "credible prosecution of suspected terrorists."

The Pentagon says 395 detainees are now held at Guantanamo. Among the 10 who had been charged before the trials were halted in 2004 was Salim Ahmed Hamdan, a Yemeni accused of serving as a bodyguard for Osama bin Laden and delivering weapons to al-Qaeda. It was his case that prompted the Supreme Court ruling that led to the new tribunal system.

Apology Not Accepted (NYT)

The New York Times, January 19, 2007

It is hard to render a convincing apology when you are not really apologizing. Consider Charles Stimson, the deputy assistant secretary of state for detainee affairs, who has been trying to spin his way out of his loathsome attempt to punish lawyers who represent inmates of the Guantánamo Bay internment camp.

Last week, Mr. Stimson expressed his “shock” that major American law firms would represent terrorism suspects, hinted that they were paid by unsavory characters and suggested that companies should reconsider doing business with them. On Wednesday, Mr. Stimson said he apologized and regretted that his comments “left the impression” that he was attacking the integrity of those lawyers.

It was not just an impression. It was exactly what he did. Mr. Stimson actually read out a list of law firms during an interview with a radio station friendly to the Bush administration.

Mr. Stimson clearly had no regard for his position as a public official who helps set policy on the detainees, never mind the small matter of people’s basic right to representation. He connected the detainees to the 9/11 attacks, even though he certainly knows that the very few detainees who have a connection to 9/11 don’t have legal representation.

President Bush and Defense Secretary Robert Gates should have fired him. Their silence was deafening, although hardly surprising given the administration’s record of trampling on people’s rights in the name of fighting terror. But Attorney General Alberto Gonzales was not silent. In an interview with The Associated Press, Mr. Gonzales actually expanded the attack on lawyers, claiming that it has taken as long as five years to bring detainees to trial because of delays caused by their lawyers.

There’s no truth to that. The cause of the delay in bringing any Guantánamo detainee to trial is Mr. Bush himself. He refused to hold trials at first, then refused to work with Congress on the issue and claimed the power to devise his own slanted court system. Mr. Bush went to Congress only when the Supreme Court struck those courts down. The result was a bill establishing military tribunals for detainees that is a mockery of American justice.

Mr. Stimson’s appalling behavior should not be overlooked by the relevant bar disciplinary committee. Existing rules for lawyers deem it professional misconduct to do things that are prejudicial to the administration of justice. Even if the administration does not, the legal profession imposes a higher duty on those holding public office to obey proper standards of behavior.

HOMELAND RESPONSE:

Can George Bush Order A Killing On U.S. Soil? (NSWK)

Newsweek, January 19, 2007

DOJ_NMG_0118827

Feb. 13, 2006 issue - In the latest twist in the debate over presidential powers, a Justice Department official suggested that in certain circumstances, the president might have the power to order the killing of terrorist suspects inside the United States. Steven Bradbury, acting head of the department's Office of Legal Counsel, went to a closed-door Senate intelligence committee meeting last week to defend President George W. Bush's surveillance program. During the briefing, said administration and Capitol Hill officials (who declined to be identified because the session was private), California Democratic Sen. Dianne Feinstein asked Bradbury questions about the extent of presidential powers to fight Al Qaeda; could Bush, for instance, order the killing of a Qaeda suspect known to be on U.S. soil? Bradbury replied that he believed Bush could indeed do this, at least in certain circumstances.

Current and former government officials said they could think of several scenarios in which a president might consider ordering the killing of a terror suspect inside the United States. One former official noted that before Flight 93 crashed in Pennsylvania, top administration officials weighed shooting down the aircraft if it got too close to Washington, D.C. What if the president had strong evidence that a Qaeda suspect was holed up with a dirty bomb and was about to attack? University of Chicago law professor Cass Sunstein says the post-9/11 congressional resolution authorizing the use of military force against Al Qaeda empowered the president to kill 9/11 perpetrators, or people who assisted their plot, whether they were overseas or inside the United States. On the other hand, Sunstein says, the president would be on less solid legal ground were he to order the killing of a terror suspect in the United States who was not actively preparing an attack.

A Justice Department official, who asked not to be ID'd because of the sensitive subject, said Bradbury's remarks were made during an "academic discussion" of theoretical contingencies. In real life, the official said, the highest priority of those hunting a terrorist on U.S. soil would be to capture that person alive and interrogate him. At a public intel-committee hearing, Feinstein was told by intel czar John Negroponte and FBI chief Robert Mueller that they were unaware of any case in which a U.S. agency was authorized to kill a Qaeda-linked person on U.S. soil. Tasia Scolinos, a Justice Department spokeswoman, told NEWSWEEK: "Mr. Bradbury's meeting was an informal, off-the-record briefing about the legal analysis behind the president's terrorist-surveillance program. He was not presenting the legal views of the Justice Department on hypothetical scenarios outside of the terrorist-surveillance program."

Chertoff Urges Caution On Threat Reports (AP)

By Beverley Lumpkin, Associated Press Writer

The AP, January 18, 2007

WASHINGTON — Homeland Security Secretary Michael Chertoff told newspaper editors Thursday they should use caution and context in reporting about threats or emergencies.

"We owe you information that's accurate," he said, "and you need to resist the temptation to just get something fast."

Chertoff said it's the core function of the media to convey to individuals the information they need to save their lives and their families' lives.

He invited the media to continue to participate in a series of dialogues and exercises his department has been conducting on how best to communicate information during a crisis.

Chertoff pointed out that the department receives "a lot of threat information, every single morning," but that it varies greatly in terms of specificity and credibility.

Even a threat of limited credibility still has to be run down and investigated, Chertoff said, but it shouldn't become public during that stage. If threat information is made public too soon, he warned, there is a danger the public will become either desensitized in a "cry wolf syndrome," or over-sensitized, in a "constant state of hyper-anxiety."

"And perhaps," he added, "we would be accused of deliberately fostering that for political purposes."

Sometimes, he said, when information is shared with state and local officials, department officials are aware that "very likely this information is going to get out." Then the issue is one of context, and he urged editors to use good judgment.

Chertoff mentioned several instances in the recent past in which information "got spiked up" and overplayed on cable TV networks. One was a report about six months ago that an Internet bulletin board had called for a so-called "denial of service" cyber attack on the U.S. banking and financial sector. Chertoff said it took a "fair amount of effort to put it back into perspective."

Another instance was a threat to NFL football stadiums posted on a message board last October. Chertoff said it had been treated by one cable network "as if it was a second September 11."

Much more is at stake, he warned, in reporting on actual emergencies, because people immediately want to know what they should do to protect themselves.

In this regard, Chertoff warned the editors against over-reliance on dubious experts.

"It's been my observation that you can get an expert to tell you anything you want to hear," he said, adding: "We owe you clarity about who's an authoritative source."

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Asked about the lessons he learned from Hurricane Katrina, Chertoff said "we have to be very clear."

"I learned that the media if they get information wrong can have a real operational impact."

Terrorism Hoaxes Still Plaguing Law Agencies (USAT)

By Mimi Hall, Usa Today

USA Today, January 19, 2007

The cruise ship Carnival Destiny, packed with passengers on the last leg of a trip to the Bahamas, was chugging Sunday toward the harbor in San Juan, Puerto Rico, when the U.S. Coast Guard got an ominous call.

Someone claimed a bomb was on board.

The Coast Guard ordered the craft to anchor away from the harbor piers so it could be searched. No bomb was found during repeated security sweeps that involved Customs and Border Protection officers, the Puerto Rico Ports Authority, the FBI and teams of bomb-sniffing dogs.

The case — among the most recent of the constant terrorism-related hoaxes and false threats that plague the nation's law enforcement and homeland security agencies — remains under investigation by the FBI.

Five years after 9/11 and the 2001 anthrax attacks caused a spike in false threats, senior federal officials say they still are forced to run down hoaxes nearly every day, creating a huge drain on agents' ability to pursue real threats to the nation's security.

Some hoaxes make national news, such as last October's radioactive "dirty bomb" threat against seven football stadiums. But FBI agents and officials from the Justice and Homeland Security departments say those represent just a fraction of those received by phone, mail and e-mail each year.

At police stations and FBI offices across the country hoaxes are "a serious drain," says Ken Wainstein, head of the Justice Department's National Security Division. "These terror hoaxes distract law enforcement."

They also scare people.

On Thursday, Homeland Security Secretary Michael Chertoff said the government doesn't publicize most threats because "people would be in a constant state of hyper-anxiety."

The department posts Internet hoaxes on its website to reassure citizens and encourage them not to pass on bogus e-mailed chain letters. Among those that have been circulating for several years, the website says, is a fake government warning that someone bought $32,000 worth of United Parcel Service (UPS) uniforms off eBay. The fraudulent message urges people to be wary if a UPS employee comes to their door.

In an effort to help prosecutors and deter hoaxes, Congress in 2004 set stiffer penalties, allowing judges to send people to prison for up to five years for making false threats.

Among the cases that have grabbed headlines:

·A phony "dirty bomb" threat against seven football stadiums last October. Grocery store clerk Jake Brahm of Wauwatosa, Wis., was arrested after posting the threat on several Internet sites. The threats "caused a massive mobilization of every resource you can think of," said Michael Drewniak, spokesman for the U.S. Attorney's office in Newark, N.J.

"You cannot possibly quantify the amount of dollars this cost in manpower and resources all because (someone) decided to scream fire — scream terrorism — in essentially seven football stadiums."

·A false tip called in to San Diego's 911 center days before President Bush's second inauguration in January 2005. Jose Quinonez, a Mexican drug addict and smuggler, said he had smuggled two Iraqis and four Chinese chemists across the border and they were headed for Boston with nuclear material.

The tip prompted a huge response from more than 30 government agencies. Agents conducted a nationwide manhunt, the public was alerted and Massachusetts Gov. Mitt Romney skipped the inauguration and flew home to reassure state residents. In September, Quinonez was sentenced to three years in prison.

"We're on the front lines of keeping this country safe, and when you're distracted by these false threats, it goes right to the heart of our ability to protect the country," says Dan Dzwilewski, head of the San Diego FBI office. He oversees an entire unit within his region's Joint Terrorism Task Force that does nothing but chase down hoaxes and false threats.

·A false tip in October 2005 that six Egyptian men were planning to blow up one of the tunnels that carries traffic under Baltimore's harbor. Officials closed the tunnel, part of a major East Coast interstate, for three hours and raided at least three city businesses run by Arabs.

Police arrested several people on immigration charges during area raids, but the tip turned out to be a hoax called in by an Egyptian man who had been deported from the United States.

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Charlie Allen, Homeland Security's top intelligence officer, says hoaxes and bogus tips come in "almost on a daily basis." Allen says he knew right away that the football stadium threat was "absurd." But he says every threat requires a thorough investigation because "you just can't take chances."

Officials say they want stiff penalties imposed on those who make false threats. Allen said the incidents frighten the public, force emergency responders to go on alert, and tie up federal agents and investigators at a time when the nation faces serious threats. "It's a malicious, malevolent act," Allen says, "and a felonious act."

GAO Criticizes Rail Security Assessment (AP)

By Donna De La Cruz

AP, January 19, 2007

Transportation officials have yet to assess the risks of a terror attack on the nation's passenger rail system, congressional investigators said Thursday.

The finding by the Government Accountability Office was disclosed at a Senate Commerce, Science and Transportation hearing on rail security. After the July 2005 London subway bombings, the GAO recommended that the Transportation Security Administration conduct a risk assessment of passenger rail systems. The TSA, formed after the Sept. 11, 2001, terror attacks, is responsible for the security of the nation's transportation systems.

Cathleen Berrick, the GAO's director of homeland security and justice issues, told the committee that until the TSA finishes its risk assessment, the agency may not know which rail systems are more at risk than others.

"Given competing priorities and limited homeland security resources, difficult policy decisions have to be made by Congress and the executive branch to prioritize security efforts and direct resources to areas of greatest risk," Berrick said.

TSA Director Edmund S. "Kip" Hawley said the agency is working with a host of other federal agencies and entities to make sure passenger rail systems are safe. TSA's goal is to apply a "common methodology across all transportation systems, regardless of mode," Hawley said.

That includes assessing threat levels, vulnerability and the consequence of an attack, developing baseline security standards as well as enhanced systems of security, he added.

"TSA has a clear strategy to address surface transportation security," Hawley said.

Several committee members were critical of TSA's efforts.

"I'm frustrated with the Bush administration's foot-dragging on measures to secure the nation's rail systems," said Sen. Frank Lautenberg, D-N.J. "Terrorists have attacked passenger rail systems in other countries since 9/11, but the lessons of those attacks continue to be ignored by the administration."

FBI Looks For Man Who Spilled Mercury Onto LA Subway Platform (MERCN)

The San Jose Mercury News, January 19, 2007

LOS ANGELES - A man seen on videotape spilling a small amount of mercury onto the platform of a subway station was wanted for questioning by police, the FBI and other members of a multi-agency terrorism task force.

There was no evidence to suggest the actions were terrorist or criminal acts, but authorities wanted to ask the unidentified man why he was carrying mercury and what was his motivation for apparently spilling the toxic substance, said FBI spokeswoman Laura Eimiller.

Video footage showed the man entering the downtown Pershing Square station Dec. 22 and spilling a vial of liquid onto the platform. The man appeared startled and walked to a Metropolitan Transit Authority call box, where he reported the mercury spill, the FBI said.

A Los Angeles County Sheriff's hazardous materials team confirmed the substance was mercury and removed it.

MTA Admits Subway Spill Errors (LAT)

By Andrew Blankstein And Jean Guccione

The Los Angeles Times, January 19, 2007

Who is the young man in the sports coat shown on a grainy videotape spilling mercury on a platform of the Red Line subway station at Pershing Square?

When it happened on Dec. 22, officials quickly labeled it a harmless accident.

But Thursday, officials acknowledged that the Los Angeles County Metropolitan Transportation Authority botched its response, waiting eight hours after being told mercury was on the platform before clearing the station and cleaning up the spill.

Police and transit officials said the workers erred by not immediately contacting law enforcement to cordon off the area and calling in hazardous-material experts.

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The incident also exposed the fact that many MTA workers are not trained to handle dangerous materials such as mercury.

Though no one was injured, the incident marked the first time the MTA faced the release of a potentially hazardous substance in the subway system.

Saying that "basic protocols were not followed," MTA chairwoman Gloria Molina on Thursday ordered an immediate investigation into what went wrong.

Several terrorism experts said Thursday that the MTA's handling of the incident was troubling.

"It's unnerving, a wake-up call," said USC professor James Moore, an expert in transportation and a researcher with USC's Terrorism Center.

"The lesson is that no matter how you slice it, the system isn't prepared to respond adequately. We really don't know what caused this failure, but we need to find out."

Since the attacks of Sept. 11, 2001, the MTA has repeatedly touted its beefed-up security measures and increased employee training. But the bulk of the $9 million spent to improve security has focused mostly on preventing a terrorist bombing.

"We deal with suspicious packages, abandoned packages, white powdery substances," said Sheriff's Cmdr. Dan Finkelstein, who oversees security for the transit authority. "This is something that's never happened before."

Finkelstein and others said MTA workers were caught unprepared by the released mercury because it was a scenario they had not dealt with.

"What we need to do is educate all levels throughout our system, whether it's intercom operators or maintenance staff, as well as bus or rail operators," Finkelstein added.

But county Supervisor Zev Yaroslavsky, a member of the MTA board, said workers shouldn't need special training to know that they should call 911 if someone says he dumped mercury in a subway station.

"It's an embarrassment," he said. "Eight hours depending upon the substance ... could have been deadly."

On Thursday, security was increased at the Pershing Square station and on subway trains as federal and local law enforcement sought the public's help — even posting fliers — in locating the man who released the mercury. (The station serves about 122,000 riders a day.)

Finkelstein said the Sheriff's Department also has significantly increased the number of undercover officers riding rail lines in recent days.

Mercury can cause severe health problems if inhaled, ingested or touched. Officials said they believed no one was injured because of exposure to the metal.

Officials with the Joint Terrorism Task Force said there is no evidence to suggest the incident was terrorism, or even a criminal act.

One theory is that the man carrying the mercury used the element in jewelry manufacturing or refrigerator repair.

Video released by the Sheriff's Department on Thursday shows the man crouching on the Pershing Square subway platform before dropping a vial of liquid, possibly spilling it out.

The man jumped to his feet. He searched for and located an MTA intercom, on which officials say he called an operator.

According to law enforcement sources familiar with the investigation, the man told the operator: "I spilled mercury."

It wasn't until eight hours later, at 6:51 a.m. on Dec. 23, that sheriff's deputies were alerted to the spill.

They arrived eight minutes later, closing the station and calling in a hazardous-materials team from the Los Angeles City Fire Department. (Trains had continued running during six of those eight hours.)

Commuters were critical of the MTA's response.

"It seems like they should have sealed the station off before then," said Los Angeles resident Roy Horton, 59, as he waited for the subway Thursday afternoon. "It shows me that they have less concern for the patrons who use the system."

Aaron Trask, a Sherman Oaks resident who regularly rides the Red Line, said the incident has shaken his confidence in the system.

"I am considering not riding until someone can tell us why there was a complete lack of response to this incident," he wrote in an e-mail.

Well before 9/11, subways were considered potential targets for terrorism.

Members of the Aum Supreme Truth cult unleashed sarin nerve gas inside the Tokyo subway in 1995, killing 12 people and sickening thousands of others.

More recently, terrorist bombs killed hundreds in Madrid and London.

After the London attacks, the MTA increased spending on security, including sophisticated cameras able to pan and focus on specific people.

An MTA spokesman declined to provide details of what happened the night of the mercury spill, including whether there was anyone monitoring the videos from Pershing Square.

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But some terrorism experts said high-tech security equipment and even more officers go only so far.

K. Jack Riley, acting director of the RAND Center of Quality Policing, said transit agencies need a good supply of security officials trained to recognize and deal with many contingencies.

"They just have a better idea of what to look for and have been through simulations of different kinds," he said.

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Parents Of 9/11 Victims Torn From Grandchildren (NYT)

By Paul Vitello

The New York Times, January 19, 2007

OYSTER BAY, N.Y. — Five years after their father was killed at the World Trade Center, two little girls, ages 7 and 5, sat crying in a car parked at the curb of their grandparents' home here one December day, refusing to go inside for a court-ordered visit. It was a painful family tableau rooted in a hundred tangled details, but one overriding and uncontested reality: 9/11.

Sometime after the death of Peter V. Genco, a Cantor Fitzgerald bond trader, in the Sept. 11 terrorist attacks, the relationship between the girls' mother and their late father's parents went sour. The grandparents, Barbara and Victor Genco, obtained a court order in 2003 allowing them to see the children — under supervision, and for exactly four hours, once each month. In legal documents, the mother accused her in-laws of abuse and neglect, including drinking in front of them.

And on that Sunday afternoon in December, as described by the grandparents, the girls had apparently had enough of the whole business.

"We had hoped to be a part of their lives and a link to their father," Barbara Genco, 69, said in an interview. "We imagined taking them with us to Europe, to Disney World. But it is too painful to see how the children have changed toward us."

This sad tale is not entirely uncommon among families torn by the terrorist attacks. There is no official registry of such separations. One 9/11 family advocate said he had encountered more than 100 conflicts in which aging parents of a World Trade Center victim, desperate to remain connected to the children of their lost offspring, had found themselves in bitter struggles with a surviving spouse who would rather they did not. A mediator who helped negotiate settlements among 9/11 families in the early years after the attacks said 1 in 10 of his cases involved estranged grandparents.

A few have been to court, where recent laws give grandparents some leverage. Many other grandparents have not. Some have been wise and circumspect in efforts to mend relations with their deceased child's widow or widower. Some have not.

"Sometimes, the spouse is remarried and just doesn't have time for Grandma and Grandpa anymore," said Bill Doyle, who lost his son, Joseph, at the World Trade Center and maintains an e-mail registry of several thousand surviving relatives for the Coalition of 9/11 Families.

"Sometimes, the spouse and the grandparents had differences about whether to bury or cremate the remains, or about where remains should end up," Mr. Doyle added. "Or sometimes, there is money at stake. Or the people just never liked each other and it comes to blows over the kids. It can get so ugly, it's beyond belief."

By most accounts, these situations are the exception. Family advocates and professionals involved in working with 9/11 families, including Kenneth R. Feinberg, head of the Sept. 11 Victim Compensation Fund, said in interviews that most families had remained on more or less good terms with in-laws, even after remarriages.

One 9/11 widow who recently remarried described her children as having "three sets of grandparents" — her parents, the parents of her husband killed on 9/11, and her new husband's parents. Linda Favuzza, the sister of Bernard D. Favuzza of Suffern, N.Y., a bond trader whose children were grown when he was killed on 9/11, said her brother's widow, Linda, had "welcomed us, reached out to us, done everything she could for my brother's family, especially our mother."

And yet, there is a British woman who has not spoken to her twin grandsons since her son handed them the phone on Sunday, Sept. 9, 2001. A Florida grandmother who said her daughter-in-law called the police the last time she tried to visit. A couple who have seen their grandson in Brooklyn only a few times through a four-year court fight.

For the widows and widowers, the grandparents can be a reminder of their darkest day, kept at a distance to let the children — and themselves — move on. But the older generation often clings to the children, not just as any doting grandparents would, but as their sole connection to the children they lost on 9/11.

"All I had of my son's was his dog, and the dog died last year," said Barbara Krukowski-Rastelli, who has not seen her grandson, now 15, since 2002.

Similar emotional dislocations can affect individuals and their in-laws after any death or divorce, family professionals say. But to the basic fuels of discord, 9/11-specific issues are the accelerants: disputes over the federal compensation money or the remains of the dead, and perhaps the most unmentionable issue, the desire of some surviving spouses to start over.

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Alan Gross, the mediator who said 10 percent of the 9/11 cases he worked on involved grandparents, said most involved "people who had a problem beforehand." Mr. Feinberg said that he did not encounter many such disputes but that when he did, "they could be bitter."

Neither the Gencos' daughter-in-law nor her lawyer responded to repeated requests for interviews. In other cases, parents asked not to be quoted but called their estrangements private matters with unique histories. Some accused their former in-laws of being mentally unstable.

Court documents fill in some of the nasty background. The Gencos' daughter-in-law has accused them of transgressions including striking the children and allowing a dog to frighten them (none of the charges were verified by court-appointed investigators). In another case, a grandfather, also accused of inappropriate behavior, calls his long-term court fight to see his grandson "the secondary trauma of 9/11."

People who have been limited or blocked from contact with their grandchildren describe situations as varied, complex and uncategorizable as the multitude of reasons people cite for getting divorced.

Some, like the Gencos, have been accused of abuse. Some were called overbearing or interfering. Some were accused of seeking money from the Sept. 11 Victim Compensation Fund at the expense of the spouses and children. Some admit they never got along with their child's spouse.

"Much of this family squabbling had been seething for years, with decades of slights now drawn to the surface by tragedy," Mr. Feinberg wrote in a passage dealing with conflicts — over a different flashpoint of tension, money — in his 2005 book about the victims' fund. "Where did the truth lie?"

Patricia Bingley, 72, the mother of Kevin Dennis, a Cantor Fitzgerald bond trader killed on 9/11, said her daughter-in-law refused to return her phone calls after the attacks. Mrs. Bingley looked into hiring a lawyer but thought she would have little chance of winning visits with her twin grandsons, since she lives outside London and they are in New Jersey, and since she had a fraught relationship with her daughter-in-law predating her son's death.

"On the Sunday before 9/11, Kevin put the boys on the phone with me, and that is the last time I spoke to them," Mrs. Bingley said. "Kevin was my only child. I lost him, and now I've lost my grandchildren."

Mrs. Krukowski-Rastelli, the mother of Firefighter William Edward Krukowski, 36, of Ladder Company 21 in Manhattan, said her son was divorcing at the time of his death. His widow has since remarried.

After Mrs. Krukowski-Rastelli, 65, filed a petition in Queens Family Court seeking visitation rights, a legal guardian appointed on her grandson's behalf interviewed him and recommended the petition be dismissed. They have not seen each other in almost four years.

Under a New York law that gives grandparents certain rights to visitation, grandparents must show that they have a longstanding relationship with the child, and that seeing the child is in the child's best interests. The guardian said Mrs. Krukowski-Rastelli had not established either condition.

Vladimir Gavryushin, 56, the father of a 9/11 victim, Yelena Melnichenko, came to New York from Lithuania after her death to be with his 7-year-old grandson, Eric. During two months in the family's apartment in Brooklyn, Mr. Gavryushin said, his relationship with the boy's father became difficult.

When Mr. Gavryushin and his wife returned to New York for the first anniversary of 9/11, his son-in-law refused to allow them to see Eric, and the Gavryushins sued.

In court documents, Eric's father says that Mr. Gavryushin upset Eric by bringing up conspiracy theories about the 9/11 attacks, tried to stop him from riding a school bus and interfered with efforts to "bring closure" to the child.

Mr. Gavryushin denied all the accusations, and introduced affidavits from 14 neighbors attesting to the positive effect his presence had on young Eric during the grandfather's two-month stay in 2001.

Two judges, forensic psychologists and a legal guardian were involved during a four-year legal fight until, in early January, the grandparents' petition for visitation was denied. Mr. Gavryushin, a professor of physics at the University of Vilnius, said in an e-mail message that the issue was moot. "We lost the child," he wrote. "He permanently was influenced against us. He forgot us. For us, it is the secondary trauma of 9/11."

For Barbara and Victor Genco, the case they initiated in Nassau County Family Court is in its third year of motions and countermotions. In the most recent development, their grandchildren's mother asked for an end to the monthly court-ordered visits. (That December afternoon, the girls were eventually coaxed inside. They are supposed to visit again in January, but the visit has not yet been scheduled.)

"I feel like we're reaching the end of the line," Mrs. Genco said. "But our grandchildren have a right to the love and affection of their father's family. They have a right to be connected to him.

"If we end up unsuccessful in court, that would be terrible for all of us. But at least, when they are older, they will know that we tried."

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Nowhere To Turn For Shelter (editorial) (NYT)

The New York Times, January 19, 2007

In the long and sordid story of Hurricane Katrina, a new low may be approaching. In Louisiana alone, tens of thousands of displaced families who rely on the government to provide trailers or rent will lose their temporary housing next month — unless the Bush administration extends the standard 18-month time limit for their federal aid.

A year and a half is a long time for anything that is supposed to be transitional, as the families still trapped in cramped, flimsy trailers can testify. But the temporary help from the Federal Emergency Management Agency cannot end until the victims have somewhere else to go. And the federal and local governments have moved far too slowly in providing the necessary reconstruction money and building guidance. Hurricanes Katrina and Rita destroyed more than 200,000 homes in Louisiana, and only a small fraction have been replaced. (Neither the state nor the New Orleans city government knows how many have been completed.) A sky-high murder rate has dominated the news. The success of the Saints professional football team is not enough of a distraction.

The response to the drowning of New Orleans has been a failure on every level. President Bush's eloquent promise in Jackson Square to rebuild "higher and better" soothed the nation. But since then there has been no concrete action plan for reconstruction — only a patchwork of programs marked by dithering, bickering and bureaucratic finger-pointing throughout. The federal response was, after great delay, largely to cut a check and let overmatched local officials try to sort it out.

The president's Katrina czar, Donald Powell, sees his role as one of a convener, adviser and advocate rather than leader of a domestic Marshall Plan — which is what New Orleans needs. He says that local officials should take the lead. But the local reconstruction plan has yet to materialize. City officials hope that it will be out by the end of the month.

There is some local optimism that when it does arrive there will be a burst of rebuilding effort. Developers are finally beginning to break ground on apartment complexes. The city has issued more than 55,000 residential building permits since the storm, finally moving at a faster rate than before Katrina.

But the time is long past to turn from planning to action. And those in need of shelter today cannot take comfort in housing that won't be ready for another two years. The administration must extend the temporary housing provisions immediately, then make every effort to shift aid recipients to the longer-term Section 8 voucher program.

The new Democratic leaders in Congress also need to recognize that the many failures of Hurricane Katrina are more than just another reason to criticize the president. They need to quickly outline their own plans for salvaging New Orleans, so evacuees can once again call their city home.

That New Orleans remains a shattered city is a sad monument to impotence for the most powerful country in the world. Our grand plans were never laid, our brightest minds were never assembled, our nation's muscle and ingenuity were never brought to bear in any concerted way to overcome the crisis of the Gulf.

WAR NEWS:

House Dems To Support Iraq Resolution (AP)

By David Espo

AP, January 19, 2007

Speaker Nancy Pelosi pledged the support of House Democrats Thursday for legislation declaring that President Bush's decision to send additional troops to Iraq is "not in the national interest of the United States."

Pelosi's commitment came as Senate Democrats said they intend to begin advancing a nonbinding measure next week that criticizes the White House's new strategy.

Democrats sought to bring public pressure to bear on the president's new policy as Bush and senior administration officials worked to limit Republican defections.

"He said, 'If you can help us out, I really appreciate your help,'" Sen. Wayne Allard, R-Colo., said after a White House meeting with the commander in chief.

Senate Democrats, backed by two Republicans, unveiled legislation Wednesday that criticized Bush's decision to increase troop levels by 21,500. "It is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq," the nonbinding Senate measure states.

At a news conference, Pelosi read those words aloud approvingly, and said, "That resolution will be supported by Democrats in the House."

At the same time, Pelosi offered no indication that Congress will be able to prevent Bush from carrying out his plan.

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She did not directly address the issue when asked, and Rep. Steny Hoyer, D-Md., the House majority leader, said, "As a practical matter, we know that the president has the constitutional authority ... to increase the troops."

Democratic leaders in both houses have said repeatedly they will not support any attempt to cut off funds for troops who already have been deployed.

Democratic leaders have not said when they intend to seek votes on their legislation, and Senate Republicans have maneuvered successfully to avoid the spectacle of a repudiation of the president before he delivers his annual State of the Union address next Tuesday.

Joseph Biden, the Delaware Democrat who chairs the Senate Foreign Relations Committee, said the panel will debate the measure criticizing Bush's troop escalation on Wednesday.

Republicans in both houses are expected to draft alternative legislation, in part to give members of their rank-and-file a measure to support rather than merely oppose what Democrats draft. Officials said one possibility under discussion is an alternative that supports the troop increase as long as the Iraqi government meets certain conditions, although no final decisions have been made.

Whenever the votes occur, administration supporters have expressed fears that the president faces a bipartisan repudiation of significant proportions.

So far, Sens. Chuck Hagel of Nebraska and Olympia Snowe of Maine are the only Republicans to announce their backing for the Senate measure. A third lawmaker, Sen. Gordon Smith, R-Ore., signaled during the day he is giving serious consideration to joining them.

"Senator Smith is opposed to a troop surge," said his spokesman, R.C. Hammond. "He is very open to serious ways that Congress can influence the president's Iraq strategy."

Another Republican critic of Bush's policy, Sen. Norm Coleman of Minnesota, said: "I don't support the surge in Baghdad, but there are some things in the resolution I don't agree with, and so we're kind of looking at language."

Bush's meeting with lawmakers was his third session in as many days as he struggles to build support for an increase in troops for a war that is opposed by the public and played a role in the Republican setbacks in last fall's elections.

In addition, National Security Adviser Stephen Hadley traveled to the Capitol to meet with House Republicans.

Complicating Bush's political predicament is Iraqi Prime Minister Nouri al-Maliki, who has said in recent days that the United States is not providing enough training and equipment for Iraqi forces.

"He's been constantly asking for an upgrade of troops as well as equipment, and we're providing that," Bush told Belo Corp. television in an interview.

"We may not be providing as quickly as he wants. But nevertheless it's a good sign when the prime minister says just give us the capabilities, and that's precisely what my new strategy and new plan is attempting to do."

Bush defended al-Maliki against skeptics by saying that Iraqi forces now are going after all people "who are fomenting the violence."

Democrats have grown increasing critical of Bush's Iraq policy. "This president has taken the nation through a failed war," said Sen. Robert C. Byrd in remarks on the Senate floor.

Four retired senior U.S. military officers criticized the administration's strategy at a Senate Foreign Relations Committee hearing.

"It's a fool's errand," said Gen. Barry McCaffrey. "Our allies are leaving us," he said. "Make no mistake about that. Most will be gone by this summer."

Retired Marine Corps Gen. Joseph P. Hoar, said, "The new strategy reflects the inability of the administration to get it right." He said, "The proposed solution to send in more troops won't work. It is far too little and too late."

Hagel, long a critic of the war, said the administration's plans are doomed. "We are in a box, and putting our soldiers and Marines in more of a box and asking them to do things they cannot do," he said.

The committee's senior Republican, Sen. Richard Lugar of Indiana, said the Democratic-inspired legislation was unlikely to have any impact on Bush.

Describing the environment as politically charged, Lugar said, "We risk having reasoned debate descend into simplistic sloganeering."

House To Echo Criticism Of Troop Surge (WT)

By Charles Hurt

The Washington Times, January 19, 2007

Speaker Nancy Pelosi said yesterday that House Democrats will support a Senate resolution denouncing President Bush's proposal to increase the number of troops in Iraq.

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"It is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the U.S. troop presence in Iraq," she said at a press conference yesterday, reading with approval from the nonbinding Senate resolution.

"Introduced in a bipartisan way in the United States Senate, that resolution will be supported in the House by the Democrats," Mrs. Pelosi said. "We do not support the escalation of the war. We do not think it is in our national interest. We will engage the public in that debate."

Mrs. Pelosi has made clear her disdain for the "surge" proposal since before Mr. Bush's prime-time address to the nation last week, but yesterday's remarks were her first indication of the language that she will want the House to approve. The Senate bill was introduced Wednesday.

While the nonbinding resolution will have no concrete impact on the deployment of troops in the Middle East, it is likely to be a startling declaration to Mr. Bush, U.S. forces and the rest of the world that the commander in chief is operating without the support of either chamber of Congress.

Sen. Olympia J. Snowe of Maine, one of the Senate resolution's two Republican co-sponsors, said yesterday that even the symbolic power of a nonbinding resolution "should not be underestimated."

Passing both chambers "would speak loud and clear to the American people and to the president. A president can't sustain a military conflict without the support either of Congress as well as the American people, and that's what the president is up against," she told MSNBC.

During the past week, congressional opposition to Mr. Bush's war policy has made headlines around the world.

"Senators oppose Bush's Iraq plan" said Al Jazeera's Web site yesterday. The story quoted Sen. Chuck Hagel, Nebraska Republican and a co-author of the Senate resolution, saying: "I will do everything I can to stop the president's policy as he outlined it on Wednesday night. I think it is dangerously irresponsible."

Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Senate Foreign Relations Committee, said his panel will start debate on the resolution on Wednesday. It was not clear last night when there would be a floor vote in either chamber.

During yesterday's press conference, Mrs. Pelosi said she expects the legislation to garner bipartisan support in the House.

Some liberal Democrats want more. Earlier this week, Rep. Lynn Woolsey, California Democrat, introduced a bill that would require all U.S. troops to leave Iraq within six months and cut off funding if they do not. The bill has 17 co-sponsors, although none are party leaders.

Relegated to the sidelines in Congress after the November elections largely because of their support of the war, Republicans held a week of "listening sessions" to search for a war platform they could unite on.

"We have learned from our discussions that while differences of opinion do exist in the Conference, commonality also exists. What unites us is far stronger than what divides us," Republican Conference Chairman Adam H. Putnam of Florida wrote in a letter yesterday to colleagues. "As Democrats continue to debate over which course of cut-and-run they should support, House Republicans are categorically united behind four guiding principles."

Included in their list of principles is that "there is only one commander in chief," "failure in Iraq is not an option," and "we are opposed to cutting off funding for our troops."

And, after years of complaints from Democrats over lackadaisical oversight of the war, Republicans yesterday declared, "Congress has a constitutional right and obligation to exercise oversight."

·This article is based in part on wire service reports.

Whither All The War Protesters? (CSM)

By Brad Knickerbocker

The Christian Science Monitor, January 19, 2007

from the January 19, 2007 edition - http://www.csmonitor.com/2007/0119/p01s03-ussc.html Whither all the war protesters? As the Iraq war heads toward 'surge,' the antiwar movement, now mostly online, nears a crucial moment.

By Brad Knickerbocker | Staff writer of The Christian Science Monitor

On a beach in US House Speaker Nancy Pelosi's San Francisco district the other day, about 1,000 war protesters formed up to spell out the word "IMPEACH." The aerial photo quickly spread to China and Europe.

Still, there were no political harangues, no civil disobedience. The quiet turnout was mostly "old hippies, and even older hippies," jokes event organizer Brad Newsham.

In Boston, a peaceful rally to protest the planned "surge" in US troops drew no more than a few hundred people.

Nearly four years into US combat in Iraq, the antiwar movement has yet to generate the kind of mass protest seen during the Vietnam War. There's no shutting down universities or blocking traffic at military bases – no tense face-offs with police.

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But with the new Congress, the Bush administration's surge strategy (which critics deem an "escalation" of the conflict), and increasingly negative public opinion polls on the war, this may be a critical moment for the antiwar movement.

Now, it is organizing and most active in cyberspace. And while that "public space" is not as visible as the town square and university grounds nearly four decades ago, it no doubt feeds the growing public opposition to the Iraq war. (Seventy percent of Americans oppose sending more troops to Iraq, according to an Associated Press-Ipsos poll last week.)

One key reason that opposition to the war has been less overt, organizers recognize, is the lack of a military draft. Also, the scale of the war is different. There were four times as many troops involved and 10 times as many American casualties over a comparable period in Vietnam.

Third, only a handful of Americans are directly affected by the war or asked to sacrifice for it.

For many, "it feels removed," says Tressa Jones of Needham, Mass., who joined the recent rally in Boston. "It's easy to forget because there hasn't been a draft. It's not wartime in the way we are living.... People aren't collecting scrap metal or growing victory gardens."

Yet scholars of recent controversial wars say that though the Iraq War is far different from Vietnam in many ways, opposition, in fact, developed much sooner.

"Protests against the Iraq war, throughout, have been at a far higher level than they were with regard to Vietnam at comparable stages of the invasions," says Noam Chomsky, the MIT linguist who was an early critic of US involvement in Southeast Asia and often opposes US foreign policy in general.

"It wasn't until late 1967, five years after [President John F. Kennedy's] outright invasion, that a substantial movement became visible – and even then, and in fact until the end, it was mostly focused on the bombing of the North," Dr. Chomsky said in an e-mail. "It's hard to know how to measure effects – we don't have internal records, as in the case of Vietnam – but they have at least kept it visible enough so that most of the population has been in favor of withdrawal."

The Web played an important part in defeating war supporters in Congress last November, which in turn led to the current Democratic majority there.

One significant development: Thanks to e-mail and the Internet being available to most troops in Iraq and their families back home, the war can be very immediate to many Americans. That keeps many fighting men and women more politically aware and engaged than in past wars.

As a result, more American troops now disapprove of President Bush's handling of the war than approve of it, according to a recent Military Times poll.

"When the military was feeling most optimistic about the war – in 2004 – 83 percent of poll respondents thought success in Iraq was likely," Military Times reports. Now, " that number has shrunk to 50 percent. Only 35 percent of the military members polled this year said they approve of the way Bush is handling the war, and 42 percent said they disapprove."

At the same time, according to the poll, the number of military respondents who identify with the Republican Party has dropped from 60 percent in 2004 to 46 percent today.

On Tuesday, two active duty servicemen – Navy Petty Officer Jonathan Hutto and Marine Corps Sergeant Liam Madden, who served in two tours in Iraq – presented to Congress more than 1,000 signatures from active duty and Reserve troops in support of "the prompt withdrawal of all American military forces and bases from Iraq." The day before, about a dozen of those troops held a press conference at a Unitarian Church in Norfolk, Va., to voice their opposition to the war.

Those are relatively small numbers compared with the 140,000 US troops currently in Iraq. But it's the kind of act that gets public and political notice. And it echoes 1969, when 1,366 active duty troops signed a full-page ad in The New York Times opposing the war in Vietnam.

Around the country next week, Veterans for Peace will launch an antiwar effort based on a constitutional argument. Organizers will target Democratic lawmakers – especially those in leadership positions like House Speaker Pelosi.

"The Constitution is being violated," says Vietnam veteran Lee Thorn of San Francisco, referring to allegations that the US has tortured prisoners as well as what he calls infringements of civil liberties. "It's our duty as those who've taken an oath to defend the Constitution to continue."

Later in the week, a large "mobilization" of antiwar groups is planned in Washington.

In Baghdad, Pressing To Meet, With Iraqi Help, Pentagon's Own Standard For Force Levels (NYT)

By Michael R. Gordon

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — When Lt. Gen. David H. Petraeus assumes his duties as the new American commander in Iraq, he will be guided by a new military doctrine on counterinsurgency that makes the security of the population a chief objective.

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But a pressing question that is likely to emerge when the Senate takes up his confirmation next week is whether the administration's new Iraq strategy will draw on enough forces to ensure security — as measured against the general's own guidelines.

The additional five combat brigades that would be sent to Baghdad under President Bush's strategy would roughly double the size of the American force involved in the security operation there, about 15,000 troops. But as a whole, that would still represent only a small portion of the 120,000-strong force that would be required to secure the entire capital according to the force ratios outlined in the military's new field manual for counterinsurgency, which General Petraeus helped to draft.

Interviews with military officers suggest that the Bush administration can come close to meeting the manual's guidelines by relying heavily on the efforts of Iraqi security forces and concentrating the effort on key neighborhoods. But this means that the strategy will depend greatly on the performance of Iraqi forces, including police units that have often been criticized as ineffectual or under the influence of Shiite militias.

The debate over the administration's Iraq strategy involves much more than troop levels. Some who criticize the plan, like Joseph P. Hoar, a retired Marine general and former head of the Central Command, have argued that it would be foolish to consider sending additional forces until Prime Minister Nuri Kamal al-Maliki follows through on his program of political reconciliation and reins in the Shiite militias.

"My view is that the Maliki government is ill-equipped to make the needed political changes that might allow the efficacious use of extra troops," General Hoar said.

But the Bush administration has argued that it is not be possible for the Iraqis to take the needed political steps until security is improved, and, in any event, Congress is unlikely to block the deployment of additional forces. So an important question is whether there will be enough troops on hand for the strategy to work.

The goals in counterinsurgency are to protect the population, deprive the insurgents of sanctuary and generally maintain order over a broad area, making it a "manpower-intensive" approach, according to the counterinsurgency manual.

While noting that cases can vary, the manual stipulates a rough rule for determining how many troops are needed: one "counterinsurgent," which could be an American or a soldier or policeman from the "host nation," for every 50 inhabitants. With an estimated population of around six million, Baghdad would require a force of some 120,000 under those guidelines.

A study by John J. McGrath, published last year by the Army's Combat Studies Institute at Fort Leavenworth, Kan., noted that some counterinsurgency campaigns and postwar stability operations had succeeded when the American force level had fallen short of this standard, including the American counterinsurgency effort in the Philippines from 1899 to 1901. Even so, securing Baghdad is an especially challenging mission given the sectarian passions, multiple militias, determined insurgents, high level of crime and weak central government.

The five additional American combat brigades that are to be sent to Baghdad under Mr. Bush's plan would enable the United States to change the nature of its operations in the capital by maintaining a regular presence in some key neighborhoods. Even with the American reinforcements, the numbers show that the effort would require a stepped-up effort by the Iraqis.

Adding the five brigades, at roughly 3,500 soldiers each, would bring the American contribution in Baghdad to about 33,000. Expanding the Iraqi Army in Baghdad by three more brigades would push the number of Iraqi soldiers to around 15,000. American officials say that there are an additional 3,000 American and Iraqi Special Operations forces in the Baghdad area who will be part of the effort. In addition, there are 13,000 Iraqi National Police officers and 22,000 local Iraqi police officers. That would bring the total number of American troops and Iraqi soldiers and policemen to about 86,000 in the capital.

American officials say that the pervasive use of separate ministry security forces and the use of contractors to protect government buildings also needs to be factored into the equation. There are thousands of such personnel, though specific numbers are hard to come by.

According to the military's plan, the forces would also not be distributed evenly across the city but would instead be concentrated in specific sectors. Other American capabilities, like intelligence gathering, would also be enhanced in ways that are not readily quantifiable by the deployment of the additional brigades, military officials say.

Further, military officials said that the strategy should not be considered as purely a numbers game. American commanders are considering a number of steps that would help improve security, including limiting access to specific neighborhoods and establishing "no-drive areas" and weapons-free zones.

Improving the performance of the Iraqis is also an important element of the new strategy. The decision to deploy one or more American battalions with Iraqi Army and police units in each of the nine city sectors that are to be established under the plan is intended to establish the kind of partnership that will improve their performance.

A military officer involved in Iraq war planning said that given the complexity of securing Baghdad he could not say with precision how many forces would be needed to tamp down violence in the city. But the officer said he was convinced that the increase would make an important difference.

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But Kalev Sepp, an assistant professor at the Naval Postgraduate School and a former Army Special Forces officer, expressed concern that the effort might be shorthanded.

“Even accounting for the idea of concentrating forces in specific neighborhoods, you still have to account for the possibility that violence will shift to other neighborhoods,” he said. “So there is something to the arithmetic that 120,000 security personnel are required. And beyond that there are the issues of quality and political reliability, particularly with the police, in trying to achieve security in the capital.”

Military Planners In Iraq May Soon Be Seeing 'Red' (LAT)

By Julian E. Barnes

The Los Angeles Times, January 19, 2007

FT. LEAVENWORTH, KAN. — While the Bush administration is reworking its overall strategy in Iraq, military leaders in Baghdad are searching for new ways to improve the decisions and choices they make closer to the ground.

The U.S. military has sent to Iraq a five-person team of dedicated skeptics, known in military jargon as a "red team." In a war known for its missteps and unanticipated results, the team will be assigned to review, and question, military operations. It will attempt to predict how enemies will react to various missions and what the unintended consequences might be.

Such teams have been used on an ad-hoc basis to critique specific battle plans. But this team is the first to work full time as devil's advocates, and is the first headed by officers trained as designated skeptics by Ft. Leavenworth's University of Foreign Military and Cultural Studies.

Red teams try to predict how the enemy, known as "red" in military-speak, will react to an American operation.

"A red team is trying to get into the enemy's head," said Gregory Fontenot, director of the Ft. Leavenworth program. "What is the other side liable to do and how are they thinking about the problem?"

In Senate testimony last week, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said a red team had been assigned to examine President Bush's new Iraq security plan "from the enemy's viewpoint." Bush plans to send 21,500 additional troops to Iraq, although the increase and new strategy are not expected to be fully in place for several months as the Pentagon routes units into battle.

But red teams go beyond predicting how the insurgency might react.

Team members are trained to think differently from other officers in military planning sessions, said Steven Rotkoff, one of the instructors at Ft. Leavenworth who helped create the course curriculum. Since red team officers are outside the normal staff planning process, they theoretically can look more objectively at it.

"It is very hard to tell someone your baby is ugly and they don't dress them properly," Rotkoff said. "The red team members are valued by their commanders because they do not participate in group-think."

The military's strict hierarchy allows for quick decision making. But it also can prevent insights farther down the pecking order from receiving a fair hearing. With a red team in place, someone is always taking a skeptical look at the commander's ideas, Rotkoff said.

"We struggle with getting out of the comfort zone. To do what we are asking people to do is an unnatural act for the American military," Rotkoff said.

In Iraq, the new red team has begun working for Lt. Gen. Raymond T. Odierno, who recently became commander of day-to-day military operations there. The team may also get a higher profile with the arrival of Lt. Gen. David H. Petraeus, named the top U.S. commander in Iraq.

Petraeus, a supporter of such devil's-advocate approaches, pushed for more creative thinking while heading up key Army training programs at Ft. Leavenworth. Lt. Col. Jeff Ragland, Odierno's red team leader, said that although top officers and junior staff members are intrigued by the new group's mission, some mid-level colonels in Baghdad "seem to be less excited about our existence."

If a team's job is to argue against a particular plan, it becomes easy for other officers to dismiss its suggestions.

As a result, the red team course at Ft. Leavenworth includes instruction on how to criticize without being ignored. And in the field, Ragland's team is trying to figure out how to sugarcoat skepticism.

"At virtually every instance, we have had to present our ideas in an acceptable way, not with the 'sharp stick in the eye' approach," Ragland said.

The course examines conflicts such as the Philippine insurrection in 1899 and the post-World War II occupation of Japan.

The course covers Western and non-Western military theory and teaches anthropology so future red team members can better study other cultures.

In Iraq, for instance, it is the red team's job to think like Iraqis and figure out what might offend them.

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"We are not going to make [red team members] anthropologists; we are going to make them understand how ethnocentric they are," Fontenot said. "As soon as you assume the other guy thinks like we do, you are making a mistake."

Military organizations, Fontenot said, are not always good at predicting the after-effects of an operation. Traditionally, no staff officers are specifically assigned to think about long-term consequences.

Among military staffers, there is a tendency to become wedded to a plan and reflexively defend it, rather than critique it from a distance, said Lt. Col. Mark B. Elfendahl, a student in the red team course.

Though the focus of many red teams is to predict an enemy force's reactions, in Iraq it will be just as important to predict how allies might react to a given operation.

Ragland, the red team leader in Iraq, said other staff officers have the ability to critically assess a plan, but they often do not have the time to do so.

"Red teams are a direct, and necessary, response to the current operations tempo," Ragland said, adding that because team members are not invested in military plans, "we have the latitude regarding time and the charter to take this critical look."

At Ft. Leavenworth, Fontenot wants to spread critical thinking throughout the Army.

In the long term, the University of Foreign Military and Cultural Studies aims to influence how all officers think and plan.

For now, Fontenot says he is watching how the red team works in Iraq, and is adjusting the course based on feedback from the field.

"We will have to see how it goes in Iraq," he said. "I know we are doing the right thing. I don't know if we are doing it the right way."

Sunni Allies Give 'qualified Support' For Bush's Iraq Strategy (FT)

By Andrew England

Financial Times, January 19, 2007

When Condoleezza Rice, US secretary of state, flew out of the Middle East on Wednesday after a tour of the region to mobilise support for the White House's controversial new Iraq strategy, Arab diplomats were left hoping, rather than expecting, that it might actually achieve something.

Two of the US's most important Sunni allies in the region – Egypt and Saudi Arabia – gave cautious backing to the initiative, while a third, Jordan, reiterated the need for Iraq's Sunni to be given a greater role in their country's political processes.

But the "support" also came with a clear message to Ms Rice in the hope that Washington may finally be ready to listen to its Arab allies – a military solution alone is not enough.

Sunni Arab states have a deep mistrust of Iraq's Shia-dominated regime and are sceptical about its willingness to tackle key issues - including disarming Shia militias and reaching out to Sunni - which they argue are crucial to the country's future.

Saud al-Feisal, the Saudi foreign minister, said while other countries could help, the main responsibility "rests on the Iraqis". Kuwait stressed the importance of Washington attempting dialogue with Syria and Iran, which was recommended by the Iraq Study Group, but rejected by the White House.

Still, given the dire situation in Iraq, as well as concerns about Shia Iran's growing influence in the region, Arab diplomats also accepted they had little option but to give the US strategy "qualified support".

They had already argued against an abrupt US withdrawal, fearing the Iraqi violence would destabilise the entire region, and the core of the plan is the deployment of an additional 21,500 American troops.

"We all feel that we are in the same boat so if America fails it is not our success," Hesham Youssef, a senior official at the Arab League told the FT. "If we do not address all the issues we will fail because even if you put an extra 20,000 soldiers on the streets today, and people do not see a political horizon, then it [may well] be making it more difficult for the insurgents and those advocating violence, but [it will] not deal with the root causes of the conflict."

When Amr Moussa, the league's secretary-general, met Ms Rice in Egypt he told her there were five fundamental points that needed addressing – ensuring the territorial integrity of Iraq; reconciliation; working with Iraqis on a basis of citizenship rather than as Shia, Sunni or Kurd; dealing with the militias; and political issues, including amendments to the constitution to give Sunnis – marginalised since the fall of Saddam Hussein - a greater role.

According to Mr Youssef, Mr Moussa's chief of cabinet, Ms Rice agreed the issues would receive the US's attention. Asked whether Washington would take note, he said: " We hope they will follow these elements with vigour. It's more than hope, it's an expectation."

Another Arab diplomat said Ms Rice accepted the fact that military action alone would not halt the bitter sectarian conflict. However, he said there was caution about whether the words would be translated into action.

A Plausible Plan B (WP)

DOJ_NMG_0118840

By Charles Krauthammer

The Washington Post, January 19, 2007

If we were allied with an Iraqi government that, however weak, was truly national -- cross-confessional and dedicated to fighting a two-front war against Baathist insurgents and Shiite militias -- a surge of American troops, together with a change of counterinsurgency strategy, would have a good chance of succeeding. Unfortunately, the Iraqi political process has given us Nouri al-Maliki and his Shiite coalition.

Its beginning was inauspicious. Months of wrangling produced a coalition of the three major Shiite religious parties, including that of Moqtada al-Sadr. Given Maliki's legitimacy as the first democratically elected leader of Iraq, however, he was owed a grace period of, say, six months to show whether he could indeed act as a national leader.

By November, his six months were up, and the verdict was clear: He could not. His government is hopelessly sectarian. It protects Sadr, as we saw dramatically when Maliki ordered the lifting of U.S. barricades set up around Sadr City in search of a notorious death squad leader. It is enmeshed with Iran, as we saw when Maliki's government forced us to release Iranian agents found in the compound of one of his coalition partners.

The hanging of Saddam Hussein did not change anything, but it did illuminate the deeply sectarian nature of this government. If it were my choice, I would not "surge" American troops in defense of such a government. I would not trust it to deliver on its promises. Lt. Gen. David Petraeus thinks otherwise. Petraeus, who will be leading our forces in Iraq, has not only served 2 1/2 years there but has also literally written the book on counterinsurgency. He believes that with an augmentation of U.S. troops, a change of tactics and the support of three additional Iraqi brigades, he can pacify Baghdad.

Petraeus wants to change the U.S. counterinsurgency strategy, at least in Baghdad, from simply hunting terrorists to securing neighborhoods. In other words, from search-and-destroy to stay-and-protect. He thinks that he can do this with only a modest increase of five American brigades.

I am confident that Petraeus knows what he's doing and that U.S. troops will acquit themselves admirably. I'm afraid the effort will fail, however, because the Maliki government will undermine it.

The administration view -- its hope -- is that, whatever Maliki's instincts, he can be forced to act in good faith by the prospect of the calamity that will befall him if he lets us down and we carry out our threat to leave. The problem with this logic is that it is contradicted by the president's simultaneous pledge not to leave "before the job is done."

In this high-stakes game of chess, what is missing is some intermediate move on our part -- some Plan B that Maliki believes Bush might actually carry out -- the threat of which will induce him to fully support us in this battle for Baghdad. He won't believe the Bush threat to abandon Iraq. He will believe a U.S. threat of an intermediate redeployment within Iraq that might prove fatal to him but not necessarily to the U.S. interest there.

We need to define that intermediate strategy. Right now there are only three policies on the table: (1) the surge, which a majority of Congress opposes, (2) the status quo, which everybody opposes, and (3) the abandonment of Iraq, which appears to be the default Democratic alternative.

What is missing is a fourth alternative, both as a threat to Maliki and as an actual fallback if the surge fails. The Pentagon should be working on a sustainable Plan B whose major element would be not so much a drawdown of troops as a drawdown of risk to our troops. If we had zero American casualties a day, there would be as little need to withdraw from Iraq as there is to withdraw from the Balkans.

We need to find a redeployment strategy that maintains as much latent American strength as possible, but with minimal exposure. We say to Maliki: Let us down, and we dismantle the Green Zone, leave Baghdad and let you fend for yourself; we keep the airport and certain strategic bases in the area; we redeploy most of our forces to Kurdistan; we maintain a significant presence in Anbar province, where we are having success in our one-front war against al-Qaeda and the Baathists. Then we watch. You can have your Baghdad civil war without us. We will be around to pick up the pieces as best we can.

This is not a great option, but fallbacks never are. It does have the virtue of being better than all the others, if the surge fails. It has the additional virtue of increasing the chances that the surge will succeed.

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Tell The Troops (NYT)

The New York Times, January 19, 2007

It is bad enough for troops in Iraq to learn that their tours of duty have been extended. It is terrible for them to have to hear about it from loved ones at home rather than from their military commanders.

This is what happened to about 150 New Jersey National Guard troops who had been scheduled to return home in March after having served in Iraq for a year. Their tours of duty were extended for up to 125 days as a result of President Bush's decision to send more than 20,000 additional troops to Iraq.

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A day after Mr. Bush announced the troop increase in a televised speech, the National Guard in New Jersey told family members that their relatives would have to stay on. The news quickly made it back to the troops in Iraq through anguished phone calls and e-mail.

Not until Sunday — four days after Mr. Bush's speech — were the troops notified by their Army commanders, after Gov. Jon Corzine of New Jersey made two phone calls to Army officials.

Mr. Corzine, who had learned of the lapse from outraged family members, said that Pentagon officials expressed regret and blamed the delay on a "breakdown in the chain of command on the ground in Iraq." The governor rightly called what happened "unacceptable."

But given all that has gone wrong with the misguided American adventure in Iraq, the foul-up is hardly surprising. It's one more sensitive issue that has been insensitively and unfairly mishandled.

Never Miss An Appointment, Or An At-Large Terrorist, Again (WP)

By Al Kamen

The Washington Post, January 19, 2007

Tired of all the cuddly baby polar bears, redwoods, waterfalls and other standard glossy photos on those daily planners you got for Christmas? Want a little something different to jump-start your day?

Then how about having your morning java looking at mug shots of Osama bin Laden and other wanted terrorists and learning how to recognize whether that muscle weakness is from yesterday's workout or perhaps botulism poisoning.

Yes, it's the National Counterterrorism Center's 2007 daily planner, "the largest since the calendar first appeared in a daily planner format in 2003," the introduction says.

No. 1 terrorist bin Laden -- with a $27 million reward "for information leading directly to" his being taken out of business -- is of course still there.

In fact, pretty much all the most-wanted folks are still there, year after year, including Faker Ben Abdelaziz Boussora, still with the $5 million reward offer, still with those "prominently protruding ears and . . . believed to have a serious pituitary gland illness."

A notable exception is Abu Musab al-Zarqawi, killed in a U.S. airstrike on June 7. But "despite the turnover in leadership," the calendar notes in an excellent turn of phrase, "as of October 2006 [al-Qaeda in Iraq] had claimed over 5,000 attacks . . . with no evidence of a change in strategy or tactics." And there are reports that Fazul Abdullah Mohammed, wanted for the bombings of U.S. embassies in Africa in 1998, may have been taken out in recent U.S. airstrikes in Somalia.

Osama is still listed as living in Pakistan, maintaining his trim 160-pound figure. His deputy, Ayman al-Zawahiri, is still hanging out in Afghanistan. And Mullah Omar, who seems to be giving e-mail interviews to journalists these days, insists that he is in Afghanistan, but the Afghans claim he's on the lam in Pakistan.

The NCTC is a great planning guide. Those who have it, for example, know there's a big three-day weekend coming up to celebrate Feb. 3, 2000, which is when "Syria and Sudan sign agreement on fighting terrorism in compliance with Arab Antiterrorism Convention" and the landmark Feb. 5, 2001, accord signed by Algeria and France "to cooperate in fighting terrorism." So you can take that Monday off.

The beautiful calendar "is designed for anyone concerned with terrorism or threat: law enforcement, intelligence, military, security personnel, contingency planners, or simply citizens concerned by terrorist threats," the introduction says.

But the public can get only the electronic version. That's at http://www.nctc.gov. You can download it even in northwestern Pakistan.

It's available to others at undisclosed locations.

A Softer Hard Line on Nukes

Meanwhile, the buzz, amongst those who know where those locations are, is that Kenneth C. Brill, a career diplomat who has been in the director of national intelligence's office as the director of the National Counterproliferation Center, is rejoining his pal, Deputy Secretary of State-designate John Negroponte.

Brill is said to be the likely pick to replace the outgoing undersecretary for arms control and international security, Robert Joseph. The move is seen as a potentially huge change on nonproliferation stances, focusing more on diplomacy and less on confrontation. Brill frequently crossed swords with Bush administration harder-liners on policies toward North Korea and Iraq.Confirm Two, Get One Free

Rumblings on the Senate side are that Gen. George Casey's confirmation as Army chief of staff is going to be a tough sell, especially with the Democrats in charge. And it's not just the Democrats that need to be sold. Even some Armed Services Committee Republicans are uneasy about this one.

"Gee whiz, the chief of staff of the Army is the guy everybody looks up to," Sen. Saxby Chambliss (R-Ga.) told our colleague Tom Ricks. "We were under Casey's leadership over there for the last three years," the senator said, referring to Iraq, "and it hasn't gone well." Chambliss said that he hasn't made up his mind whether to support the nomination.

There's even talk that the administration is concerned Casey is unconfirmable with the Senate in the mood it's in. So the White House may try to move Casey's nomination and that of Adm. William J. Fallon to head Centcom as a package along with the nomination of highly regarded Lt. Gen. David Petraeus to lead U.S. forces in Iraq.

The Wisdom of Lisa Simpson

Secretary of State Condoleezza Rice didn't seem to be trying to make much news on her swing this week through the Middle East. Still, she offered an interesting take on what she called "a challenging time" in the region, our colleague Glenn Kessler reported.

"I don't read Chinese, but I am told that the Chinese character for crisis is weiji, which means both danger and opportunity," Rice pontificated on Tuesday. "And I think that states it very well. We'll try to maximize the opportunity."

Rice did not say where she learned this aphorism, but oddly enough it was once featured on "The Simpsons," as this excerpt from an episode shows:

Lisa: "Look on the bright side, Dad. Did you know that the Chinese use the same word for 'crisis' as they do for 'opportunity'?"

Homer: "Yes! Cris-atunity."

Chinese scholars actually dispute that oft-cited interpretation of the word.

In any event, echoing Lisa Simpson on the Middle East or on the Chinese language may not be a great idea.Dedicated Strictly to House Members

Correction: Contrary to an item in Wednesday's column, we're told that the Senate version of the new congressional ethics legislation does include a provision that would at least require lobbyists to disclose contributions to building funds and other programs promoted by members of Congress.

Mahdi Army Expressing Siege Mentality (AP)

By Steven R. Hurst

AP, January 19, 2007

Mahdi Army fighters said Thursday they were under siege in their Sadr City stronghold as U.S. and Iraqi troops killed or seized key commanders in pinpoint nighttime raids. Two commanders of the Shiite militia said Prime Minister Nouri al-Maliki has stopped protecting the group under pressure from Washington and threats from Sunni Muslim Arab governments.

The two commanders' account of a growing siege mentality inside the organization could represent a tactical and propaganda feint, but there was mounting evidence the militia was increasingly off balance and had ordered its gunmen to melt back into the population. To avoid capture, commanders report no longer using cell phones and fighters are removing their black uniforms and hiding their weapons during the day.

During much of his nearly eight months in office, al-Maliki has blocked or ordered an end to many U.S.-led operations against the Mahdi Army, which is run by radical Shiite cleric Muqtada al-Sadr, the prime minister's key political backer.

As recently as Oct. 31, al-Maliki, trying to capitalize on American voter discontent with the war and White House reluctance to open a public fight with the Iraqi leader just before the election, won U.S. agreement to lift military blockades on Sadr City and another Shiite enclave where an American soldier was abducted.

But al-Maliki reportedly had a change of heart in late November while going into a meeting in Jordan with President Bush. It has since been disclosed that the Iraqi leader's vision for a new security plan for Baghdad, to which Bush has committed 17,500 additional U.S. troops, was outlined in that meeting.

Al-Maliki is said by aides to have told Bush that he wanted the Iraqi army and police to be in the lead, but he would no longer interfere to prevent U.S. attempts to roll up the Mahdi Army.

In a meeting before his session with Bush, Jordan's King Abdullah II was said by al-Maliki confidants to have conveyed the increasing anger of fellow Sunni leaders in the Middle East over the continuing slaughter of Sunni Muslims at the hands of Shiite death squads.

Until February, much of the violence in Iraq was the work of al-Qaida in Iraq and allied Sunni organizations. They had killed thousands of Shiites in random bomb attacks in what was seen as an al-Qaida bid to foment civil war.

When al-Qaida bombers blew up the Golden Dome mosque, an important Shiite shrine in the mainly Sunni city of Samarra on Feb. 22, Shiite militiamen, especially the Mahdi Army fighters based in Sadr City, stormed out of the poor enclave in a drive for revenge that has only grown in ferocity.

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The U.N. reported this week that the sectarian fighting killed more than 34,000 Iraqis last year, a figure that was criticized but not disputed Thursday by the Iraqi government.

With the Sunni threat in mind, evidence since the meetings in Jordan indicates that al-Maliki has kept his pledge to Bush that there would be no further interference in favor of Shiite militias.

On Wednesday, the prime minister said 400 Mahdi Army fighters had been detained in recent months, although an exact timeframe was not given.

The midlevel Mahdi Army commanders, who spoke to The Associated Press on condition of anonymity because the group operates in secret, said at least five top commanders of similar standing were captured or killed in recent months, including one snatched in a night raid from his Sadr City hide-out on Tuesday. They refused to name him.

Two other key officials at the top of the organization were killed in raids last month:

· Sahib al-Amiri, a senior al-Sadr military aide, was slain by American forces in the Shiite holy city of Najaf on Dec. 27. The U.S. military reported his death, calling him a criminal involved roadside bombings. Al-Sadr lives in Najaf.

· The other top commander, identified by a third Mahdi Army commander as Abu al-Sudour, was shot to death in a joint U.S.-Iraqi raid last month as well. He was hunted down in Sadr City.

The third commander, who also spoke anonymously to protect his identity, said U.S.-led raiding parties were now also engaged in massive sweeps, having rounded up what he said was every male old enough to carry a gun in south Baghdad's Um al-Maalef neighborhood Tuesday night.

The U.S. military spokesman, Maj. Gen. William Caldwell, alluded to the tactics early this month when he was asked by the AP if the coming security operation would focus on pinpoint raids or broader military engagements.

"It'll be a combination of targeted killings and more traditional large-force operations," Caldwell said.

There has been so much advance publicity about the coming security plan, major speeches by both Bush and al-Maliki, that the militant targets of the operation — both Sunni insurgents and Shiite militiamen — have had ample warning the U.S. and Iraqi militaries are drawing a bead.

One of the Mahdi Army commanders who spoke with the AP said the early warning was not ignored.

"Our top leadership has told us to lay low and not confront the Americans. But if Sadr City is attacked, if civilians are hurt, we will ignore those orders and take matters in our own hands. We won't need orders from Sheik Muqtada (al-Sadr)," the midlevel commander said.

Others in the organization said street fighters have been told not to wear their black uniforms and to hide their weapons, to make their checkpoints less visible. Reports from the growing number of neighborhoods controlled by the militias indicate fighters are obeying.

Gen. George Casey, the top U.S. commander in Iraq, said the security strategy and the additional American forces would allow the crackdown to be sufficiently broad to sweep up those who try to escape Baghdad and operate elsewhere.

"On the militia, the Baghdad plan itself is integrated to a holistic, countrywide plan that the multinational corps is developing. And security for Baghdad won't just come from securing the inside of Baghdad," Casey said at a briefing on Monday.

"It comes from the support zones around the outside as far away, as you suggest, Baqouba and Ramadi and Fallujah. It goes all the way out to the borders to stop the flow of foreign fighters and support coming in there."

The Mahdi Army commanders said they were increasingly concerned about improved U.S. intelligence that has allowed the Americans to successfully target key figures in the militia.

"We're no longer using cell phones except in emergencies. Some of our top commanders have not been home (in Sadr City) for a year because they fear capture," one of the commanders said.

The militiamen said al-Sadr himself had apparently gotten wind of the coming assault and ordered a reshuffling of the Mahdi Army command structure, transferring many leaders to new districts and firing others who were of suspect loyalty.

While Shiite militiamen were less in evidence on Baghdad streets, Sunni insurgents continued their bomb and shooting attacks in Shiite regions and Shiite death squads remained active at night.

Police reported a total of 59 people killed or found dead Thursday, with the single largest toll from a triple car bombing that killed 10 in a wholesale vegetable market in a south Baghdad Shiite neighborhood. Twenty-seven bodies were found dumped in Baghdad, 19 on the largely Sunni west side of the Tigris, eight on the mainly Shiite east bank.

An al-Qaida-linked coalition of Sunni insurgents claimed responsibility for a Wednesday attack in Baghdad on a convoy of a Western democracy institute. The ambush killed an American woman and three security contractors. The woman was identified as Andrea Parhamovich, 28, of Perry, Ohio.

Officials Predict Shiite Militia Will Lower Profile In Baghdad (WP)

By Walter Pincus And Ann Scott Tyson

DOJ_NMG_0118844

The Washington Post, January 19, 2007

U.S. intelligence leaders told Congress yesterday that Shiite cleric Moqtada al-Sadr will probably lower the profile of his powerful militia in Baghdad and watch to see whether the new U.S.-Iraqi strategy of placing more troops in the city is aimed at uncontrolled violence or specifically at him and his organization.

"There's a clear indication at the present time he's not looking for contacts with coalition forces," CIA Director Michael V. Hayden told the House Permanent Select Committee on Intelligence yesterday. "And to the degree he controls Jaish al-Mahdi -- and that's a very important factor -- to the degree that he controls this, he's trying not to bait us or confront us into confrontation."

Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, delivered a similar message about Sadr and his organization, which is also known as the Mahdi Army. "They will probably reduce their level of activity in the near term in order to see what's going to happen, how it's going to happen, particularly in Baghdad. And I think they will continue to operate in other parts of Iraq to further establish their influence over the Shia population," he said.

A key element of President Bush's explanation for putting up to 21,500 additional troops in Iraq is disarming militias that are operating outside the government's security forces. U.S. military commanders have reported there are up to 23 separate militias operating inside Baghdad, many of which are associated with Sadr's Mahdi Army.

The administration has been pressuring Iraqi Prime Minister Nouri al-Maliki, who gained his office with Sadr's support, to take strong action against Sadr's militia members, who have been accused of sending death squads into Sunni neighborhoods in Baghdad.

At a Senate Foreign Relations Committee hearing yesterday, retired Marine Corps Gen. Joseph P. Hoar, who commanded U.S. forces in the buildup to the Persian Gulf War, said that no additional U.S. troops should be sent to Iraq unless Maliki disarms militias, including Sadr's, and cleans them out of the Iraqi security services. "If he's not committed to make hard choices early on, there's no chance in pulling this thing off," Hoar said.

Maj. Gen. William B. Caldwell IV, spokesman for the U.S military command in Iraq, told a group of Washington Post reporters and editors yesterday that he is worried that the American public will be impatient with the temporary buildup of U.S. troops in Iraq. "I for one am personally very concerned that expectations have been raised so high that people are going to look for some kind of immediate results in the next 30 to 60 days and are not going to see it," Caldwell said.

He warned that the buildup is "not the long-term solution" to security in Iraq and said that its primary purpose is to allow the U.S. military to accelerate the transition to Iraqi government control of its own forces this summer and fall rather than in 2008. "We've got to . . . let go of the reins," he said. The additional U.S. troops will also help the U.S. military to increase and expand its teams of advisers embedded with Iraqi units, which he said will have an "open-ended commitment" in Iraq.

Iraq plans to add 37,000 troops to its army starting this spring to fill out the ranks of its 10 divisions, as attrition, combat losses and leave mean many units have only half to 70 percent of their manpower available day to day. It will also create an 11th army division, "which they desperately need," Caldwell said, that will be a "much more mobile, much more responsive" force than the others.

Last year, some Iraqi units ordered to help quell violence in Baghdad "completely disintegrated" as soldiers refused to go, he said. U.S. commanders realized that "gosh, we built an army that's not mobile," Caldwell said. He called the government's recent success in getting one battalion of about 500 Iraqi troops to Baghdad "an incredible step forward," and said whether the government can fulfill its pledge to muster three more brigades of Iraqi troops for Baghdad is "a real test."

Yesterday, Maliki announced that Iraqi-U.S. military operations had resulted in the arrests of some 400 members of Sadr's militia, but it was in southern Iraq, where competing Shiite factions are fighting for control of towns and cities.

Iraq's Planned Budget Divisive Too (LAT)

By Borzou Daragahi And Louise Roug

The Los Angeles Times, January 19, 2007

BAGHDAD — It's budget time in Iraq, and the lively debates that have erupted would strike a familiar chord for observers of such talks in any American statehouse or European parliament.

But war-ravaged Iraq is no ordinary country, and the murkiness surrounding many items in the proposed 2007 budget has contributed to the general distrust between sectarian factions as well as widespread doubts about the ability of the government of Prime Minister Nouri Maliki to manage the nation.

Nearly $2 billion of the budget is allocated to agencies beyond the oversight of the central government at a time when potential international donors have balked at tossing more money into what has been viewed as a black hole.

The potential for abuse is high. Most ministries get multimillion-dollar discretionary funds known as "social benefits" with few spending safeguards, Iraqi officials say.

Item of contention

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The $41-billion budget, a copy of which was obtained by the Los Angeles Times, also includes money to assist the families of those killed and imprisoned under the regime of the late Saddam Hussein. The Shiite Muslim-sponsored provision has proved so offensive to Sunni Arab lawmakers that they have threatened to loudly condemn the entire spending plan unless benefits are also provided to prisoners who were abused by American troops at the Abu Ghraib prison and to those killed in U.S. military operations since the toppling of Hussein's Sunni-dominated government in 2003.

"If they do not change this particular law, we will not vote for the budget," said Alaa Saddoun, a Sunni lawmaker in the sect's main parliamentary bloc.

Iraq's budget is loaded with potentially divisive expenditures, some with sectarian overtones, as well as vaguely worded spending items that have raised the eyebrows of Iraqi lawmakers.

The budget debate comes as the U.S. proposes to pour an additional $1 billion into Iraqi reconstruction efforts and has been pressuring skeptical international donors to pitch in financially. At a time when suspicions are rife about government graft, the proposed budget trims the office of the Public Integrity Commission by 13%.

Maliki this week sent lawmakers a letter urging them to approve the budget quickly, and a vote could come next week.

But even the prime minister's closest political allies have raised tough questions about the proposed budget, which is 21% larger than last year's. The budget does not include $8 billion allocated to ministries last year that have yet to be spent on reconstruction projects around the country held up because of security worries. It also fails to incorporate funds donated by the international community, including the U.S.

Iraqi budget planners complained that they simply couldn't get figures such as how much Washington was contributing to Iraqi agriculture, even when they asked for them.

The budget, which would be largely funded with a projected $30 billion in oil revenue, about $1 billion in taxes and fees and the $8 billion left over from last year, does call for an ambitious 60% increase, to $10 billion, of funds for improving infrastructure.

"We don't want to spend all the government's income on paying salaries and handouts," Maliki told reporters this week. "We want to encourage investment — especially in the field of electricity and oil."

But many observers scoffed at the reconstruction figure, arguing that it would be impossible to spend so much money amid the daily gunfights, banditry and terrorism afflicting eight of the country's 18 provinces and its three largest cities.

Gross incompetence has also been a factor in the failure to spend allocated funds.

"Many key ministries have been unable to expend budget resources on capital improvements and are running large surpluses due in part to an ineffective procurement process and the inability to carry out fair, competitive contracting," a report by the U.S. Government Accountability Office said.

Some said the Iraqi government would be better off pumping money into services and salaries, giving jobs to needy youths.

"I think first the budget wasn't based on pure mathematics but merely opinion," said Hassan Senaid, one of Maliki's staunchest parliamentary supporters. "I think that many of the ministries will not be able to spend all their money."

The biggest chunk

The security forces account for the biggest chunk of Iraq's proposed budget. Year-to-year spending for the Sunni-led Defense Ministry would stay the same, at about $4 billion; whereas funds for the Shiite-dominated Interior Ministry, which oversees the police, would rise 25%, to $2.6 billion.

"This reflects our economic strategy," said Kamal Basri, a financial advisor to the Iraqi government. "The most important thing is security."

The budget would double, to $200 million, the allocation for the Kurdish-controlled Foreign Ministry, increasing the payroll of embassies ninefold as the country attempts to re-integrate itself into the international community.

Health and education spending would go up more than 50% as Iraq attempts to address its vast social problems. But the country would spend a mere $6 million on handling the burgeoning problem of families displaced by the country's sectarian civil war, about the same figure as last year.

Lawmakers were most perplexed at the 100% increase in the budget of national security advisor Mowaffak Rubaie. His title, many say, dwarfs the tiny role he plays.

"I think that he wants 10 undersecretaries and 30 director-general positions while he only has three rooms for offices, which is insufficient for all the people to sit," Senaid said.

Government officials say they have made a serious effort to be more transparent.

Much of the $2 billion in unspecified spending would go toward paying off Iraq's debt as well as for people's daily food rations and subsidies for provincial governments, the officials say. But many lawmakers worry that the funds come without safeguards.

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"It's cloudy, unclear," said Bassem Sharif Hocheimi, a Shiite lawmaker and outspoken reformer. "This might lead to problems and corruption. We want to allocate more money for the governorates [provinces]. They're in bad shape. But how can we monitor corruption in those governments?"

Lawmakers also have questioned the "social benefits" funds in the budget proposal. Basri said they were discretionary accounts that ministers could use to reward exemplary employees. But worried about their potential for abuse, he sent out a memo to ministers saying that no single employee could receive more than $190 a month from the funds. "That made me a rather unpopular person," he said.

The proposed budget allocates $126 million for religious foundations, with equal amounts for Sunni and Shiite Muslim charities even though the country's Shiites make up the majority of the nation's population. But that goodwill gesture was offset by the most explosive item in the budget, the $230 million allocated to victims of the Hussein government.

Critics argue that the law creating the restitution agencies was passed before the permanent government of Iraq was elected in December 2005 and needs to be revisited by the current batch of lawmakers.

They also wonder about oversight. Iraq's ministries typically appoint an inspector general who looks out for corruption and favoritism. But the proposed organizations, known as the Martyrs Institute and the Prisoners Institute, for doling out money to victims of the former regime may not have such monitors.

"We have a problem with this," said Salim Abdullah Jabouri, a spokesman for the Sunni bloc. "Who has been harmed? Who's defining the prisoners? This is a huge amount of money."

Still, even having such discussions shows genuine democratic progress, Iraqi government officials say. And most acknowledge that the budget battle could have been much worse, given the charged sectarian atmosphere.

Budget planners in the prime minister's office successfully resisted pressure by Shiite hard-liners to allocate funds to provinces based on a formula that would take into account not just population figures, but also the amount of suffering each region endured under Hussein's government.

"How do you calculate suffering?" said Basri, the government advisor, who is a British-educated economist and also the head of an economic think tank. "That was the problem."

Iraq Signals Changes In Protocols With Iran (NYT)

By James Glanz

The New York Times, January 19, 2007

BAGHDAD, Jan. 18 — Iraq is carrying out an extensive review of its diplomatic protocols with Iran and may place new restrictions on them, the Iraqi foreign minister said in an interview on Thursday, after Iranian military officials and diplomats were picked up in three separate American actions here.

The raids have deeply embarrassed Iraqi officials, who say that the United States did not consult with them before it detained the Iranians, who were properly accredited visitors to this country. At the same time, Iraqi officials have been put in an awkward position by their neighbor, as the Iraqis concede that at least some of the Iranians appear to have been working with Shiite militias, just as the Americans claimed.

As a result, Iraq has decided to tighten diplomatic controls on Iranian officials, insisting on detailed itineraries for their missions here, closer coordination with Baghdad and pledges that the officials will not work with armed groups outside the government, said Hoshyar Zebari, the foreign minister.

Iraq may also demand that visits by Iranian officials be personally approved by the prime minister, Mr. Zebari said. He said this category would include the Iranian Revolutionary Guard, which the United States denounces as a terrorist organization but Iraqis regard as an indispensable player because it is among the most influential organizations in Iran.

Despite differences over the Guard, Iraq has signaled its intention to review its protocols with Iran in light of the American raids, even calling its ambassador to Tehran back to Baghdad to work on the changes, Mr. Zebari said.

“We informed them very clearly after the first incident that there are a number of agreements we are going to review, and you should be very careful,” Mr. Zebari said. “Yes, they have been notified.”

The first of the three episodes began on Dec. 20 near the evening curfew when American forces stopped a car carrying two Iranian diplomats and some guards. Early the next morning, American forces raided the compound of Abdul Aziz al-Hakim, one of Iraq’s most powerful Shiite leaders, and detained a number of Iraqis with two Iranians who turned out to be members of the Revolutionary Guard.

The diplomats were soon released, but the military officials, who the United States said were directly linked to attacks on Americans, were asked to leave the country by Iraq only after a nine-day diplomatic crisis involving the three countries. Finally, a week ago, the Americans raided what was described as a diplomatic liaison office in the northern city of Erbil and detained six Iranians. Mr. Zebari said Thursday that just one of them had been released.

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The United States later asserted that the other five were indeed members of the Revolutionary Guard, which it described as “an organization known for providing funds, weapons, improvised explosive device technology and training to extremist groups.”

On Thursday, the United States also said that it had entered the grounds of the Sudanese Embassy in Baghdad as part of an operation “aimed at denying insurgents safe haven to carry out attacks against Iraqi security forces and Iraqi citizens.” No further details were available.

The Iranian Foreign Ministry in Tehran and the Iranian Embassy in Baghdad have generally said little, although on Thursday an Iranian Embassy office manager who often answers the phone, but refuses to give his name, said that Mr. Zebari, a Kurd, had given assurances that the Iranians detained in Erbil would soon be released.

But in the interview, Mr. Zebari said he had little information on that issue except that American forces generally release detainees in 10 days or so if there is no evidence of wrongdoing. He said that the United States had a right to investigate people suspected of attacks but added, “We, as the Iraqi government, are treading a fine line.”

“On the one hand we understand the U.S. position,” he continued. “On the other hand, I understand my geographic position as well,” he said, referring to the border with Iran. After the raids, he said, the Iranians “come to us and we are incapable of responding.”

Mr. Zebari said that as Iraq reviewed its diplomatic relationship with Iran, the standing agreement that 1,500 religious pilgrims a day can enter this country was unlikely to change. But the number of entry points could be reduced as a way of keeping closer tabs on the traffic, he said.

Visitors with diplomatic passports will be required to give a clear accounting of the nature of their mission in Iraq and the likely length of their stay, he said. Political visitors might be required to gain the permission of the prime minister, further clarifying visits that could catch the Americans’ notice, he said.

The two Revolutionary Guards captured in the Baghdad raid had duly applied for Iraqi visas under an Iranian diplomatic note in October, Mr. Zebari said. But he added that there “could have been better clarification” of what the officials were actually doing in Iraq, and he conceded that they had not been truthful about their mission here.

For the first time, Mr. Zebari disclosed the total number of Iranian diplomats operating officially in Iraq. There are 36 in the embassy in Baghdad, he said, along with 11 at the consulate in Karbala and 9 at another consulate in Basra.

The officials detained at the liaison office in Erbil did not have diplomatic status, he said. As part of its review, the Foreign Ministry plans to turn the liaison offices in Iraq into consulates, giving them official diplomatic status, he said. He added that it was unclear how many of the liaison offices there were around the country, but said that they operated openly.

“This wasn’t something hidden, secretive,” Mr. Zebari said.

Insurgents In Iraq Claim Convoy Attack (AP)

By Maamoun Youssef

AP, January 19, 2007

An al-Qaida-linked coalition of Iraqi Sunni insurgents claimed responsibility Thursday for an attack in Baghdad on a convoy of a Western democracy institute that killed a 28-year-old Ohio woman and three security contractors.

The Washington-based National Democratic Institute identified its slain staffer as Andrea Parhamovich of Perry, Ohio. Contractors from Hungary, Croatia and Iraq also were killed in the ambush Wednesday. Two other people were wounded, one seriously.

Parhamovich, a graduate of Marietta College in central Ohio, had been working with NDI in Iraq since late 2006 as a communications specialist advising Iraqi political parties on how to reach out to voters and constituents. She was helping "build the kind of national level political institutions that can help bridge the sectarian divide and improve Iraqi lives," NDI said.

In the rural neighborhood where Parhamovich's parents live, David Rolfes of NDI and Parhamovich's brother-in-law, Joe Zampini, stood at a church across the road and asked reporters not to approach the family's home. Zampini appealed for privacy and said the family was in seclusion.

The community of about 1,100 people, about 35 miles east of Cleveland, is known for its many flower nurseries and greenhouses that take up acres of land, as well as being home to a FirstEnergy Corp. nuclear power plant.

"It's a sad time," said Perry High School principal Doug Jenkins, the middle school principal when Parhamovich attended the senior high school.

Tom Perry, spokesman for Marietta College, knew Parhamovich when she worked in the liberal art school's media relations office as a student.

"So it hit us as hard as anybody here because we knew her so well," Perry said.

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"We saw what an excellent person she was, and she obviously had a passion for something and wanted to go there and be a part of it," Perry said. "We're proud she wanted to do this. It shows it's not just the soldiers who are in harm's way."

Perry said Parhamovich, who was known as Andi, graduated in 2000 with a degree in advertising and public relations with a minor in journalism. She worked for film company Miramax in New York for a short time, he said.

A statement released by NDI said Parhamovich also worked in the Massachusetts governor's office, at Air America Radio and at the International Republican Institute in Iraq before joining NDI's Baghdad staff in late 2006.

NDI's chairman, former Secretary of State Madeleine K. Albright, said, "There is no more sacred roll of honor than those who have given their last full measure in support of freedom. Yesterday, in Iraq, Andrea Parhamovich and our security personnel were enshrined on that list.

"They did not see themselves as heroes, only people doing a job on behalf of a cause they believed in. They were not the enemies of anyone in Iraq; they were there to help," Albright said.

The institute supports democratic processes and institutions worldwide. Its staffers in Baghdad run training programs in democracy and political participation, as well as women's rights. The group has had staffers in Iraq since June 2003.

Gunmen opened fire on the three-vehicle convoy on Wednesday in Yarmouk, a predominantly Sunni neighborhood in western Baghdad.

"Praise be to God, in an attack with light and medium weapons and RPG's in the Yarmouk area in Baghdad on Jan. 17, two SUVs belonging to the Zionist Mossad were destroyed and a third one was severely damaged," said a statement posted Thursday on an Islamic Web site.

The statement was signed by the spokesman of the "Islamic state in Iraq," the so-called Islamic government that al-Qaida in Iraq and several other Iraqi Sunni Arab insurgent groups declared earlier last year. The statement was posted on a Web forum where Sunni insurgents often release messages.

A U.S. official said that the statement's authenticity could not be determined.

Its purported author — Islamic state in Iraq — is considered al-Qaida in Iraq's political arm, said the official, who did not want to be identified because of the information's sensitivity.

Creation of the group in October was taken as a propaganda move and a signal of al-Qaida in Iraq's interest in unifying all Sunni jihadists under one umbrella, but the official said some Sunni groups haven't embraced the new organization.

In its Web statement, the group did not say anything about how many were killed or their nationalities, but al-Qaida usually refers to foreigners whose nationalities it does not know as members of the Mossad, the Israeli spy agency.

Parhamovich was the first full-time worker for the group to be killed in Iraq. A security contractor for the organization was killed in March 2004.

According to insurance claims on file at the Department of Labor, 770 civilian contractors have been killed in Iraq since the war began in March 2003 through Dec. 31 and 7,761 civilian contractors have been injured. The contractors include foreign workers.

Sunni Insurgent Group Asserts It Killed American (WP)

By Ernesto Londo?o And Joshua Partlow

The Washington Post, January 19, 2007

BAGHDAD, Jan. 18 -- A Sunni insurgent group linked to the group al-Qaeda in Iraq asserted responsibility Thursday for the killing of an Ohio woman working in Baghdad who died Wednesday after her convoy was attacked, according to a posting on a Web site used by some Sunni groups.

Andrea "Andi" Parhamovich, 28, of Perry, Ohio, who worked for the nonprofit National Democratic Institute, was killed along with three non-American security workers, according to a statement released by the institute.

"There is no more sacred roll of honor than those who have given their last full measure in support of freedom," Madeleine K. Albright, the NDI chairman and former secretary of state, said in a statement. "Yesterday, in Iraq, Andrea Parhamovich and our security personnel were enshrined in that list. They were not the enemies of anyone in Iraq. They were there to help."

The authenticity of the assertion of responsibility, signed by a spokesman for a group called the Islamic State in Iraq, could not be independently verified. The group released an 18-minute audiotape last year claiming support from tribal sheiks and previously independent insurgent groups.

Parhamovich is at least the fifth American civilian woman killed in Iraq since the 2003 U.S.-led invasion.

She graduated from Marietta College in Ohio and held jobs in the Massachusetts governor's office, that state's Department of Economic Development and Air America Radio before arriving in Baghdad in September. She moved to Iraq to take a job at the International Republican Institute but left last month to join NDI.

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"An outgoing woman who made friends quickly, Andi wanted to use her education and skills as a communications specialist to help Iraqi political party leaders and parliamentarians develop strategies to reach out to voters and constituents," the organization said in the statement.

NDI began operating in Baghdad in June 2003. It has worked to promote civic participation and strengthen the country's political parties, legislature and executive branch.

The killing of Parhamovich occurred as Iraqi Prime Minister Nouri al-Maliki has been striving to show that his government has taken meaningful steps toward improving security.

In an interview Wednesday, he highlighted what he described as a series of operations carried out in recent days that he said had led to the arrests of 430 fighters of the Mahdi Army militia, which is led by Shiite cleric Moqtada al-Sadr, one of Maliki's political supporters.

A spokesman for Sadr acknowledged in an interview Thursday that 425 of his group's fighters had been arrested, but he disputed Maliki's assertion that the arrests occurred in recent days. The spokesman, Abdul Razak al-Nadawi, said the 425 include Mahdi Army members arrested after a fierce battle in August 2004 in Najaf, a city south of Baghdad that has long been a Sadr stronghold. Since the beginning of 2006, the Iraqi government has arrested 96 people, the spokesman said.

"These are exact numbers," he said. "We have a record because every one of those detainees there has a monthly salary" that goes to their families.

Also Thursday, Iraqi and Iranian officials criticized the arrest of five men by U.S. forces last week at an Iranian facility in the northern Iraqi city of Irbil. Iraqi officials said the facility was in the process of becoming an accredited consular mission.

Hassan Kazemi Qomi, Iran's ambassador to Iraq, said he had been told the five Iranian officials would be released in "coming days" and condemned the United States for arresting them. "There is a sovereign government in Iraq. Why are the Americans violating the sovereignty of Iraq?" asked Qomi, making his first public comments on the incident during a news conference.

Iraqi Foreign Minister Hoshyar Zebari has said the Iranians were not accredited diplomats but worked in a liaison office performing consular services under the approval of the Kurdish regional government.

Lou Fintor, a spokesman at the U.S. Embassy in Baghdad, said the arrests came after U.S. officials gathered intelligence linking the occupants of the facility to Iran's Revolutionary Guard Corps, which U.S. officials say targets coalition forces and incites sectarian violence.

"We believe many of the activities taking place in this facility were not consistent with normal diplomatic or consular functions," Fintor said. U.S. officials have not identified the men, disclosed whether they have been charged or revealed where they are being held.

Also Thursday, the U.S. military confirmed that it searched the Sudanese Embassy in Baghdad on Saturday. In a brief statement, the military said the search was part of an operation targeting havens for insurgents. Sudanese Embassy officials were not present during the search, and soldiers did not remove anything from the facility, according to a statement.

A variety of violent acts in the capital were reported by the Iraqi Interior Ministry, including a car bomb that detonated Thursday morning in central Baghdad near a police patrol station, killing two policemen and four other people; the assassination of two university professors; and the explosion of three car bombs in a market in southern Baghdad, which killed three policemen and four other people.

Staff researchers Meg Smith, Julie Tate and Robert E. Thomason in Washington and special correspondents Saad Sarhan and Naseer Nouri in Baghdad contributed to this report.

A U.S. Civilian In Baghdad: Standing Out, Even In Death (NYT)

By Christopher Maag

The New York Times, January 19, 2007

CLEVELAND, Jan. 18 — Andrea Parhamovich always stood out.

Before she was killed Wednesday in an ambush in Baghdad, Ms. Parhamovich, a 28-year-old political consultant from Perry, 40 miles east of here, was known to her friends and family as hard charging but lovable, possessed with Joan of Arc's determination and the charm of a pixie, who had dreams of working on a presidential campaign and possibly running for Congress.

Ms. Parhamovich, whom everyone called Andi, mocked death. In November 2006, two car bombs were discovered in front of the building where she lived in the Green Zone in Baghdad. The base was locked down, said Michael Hastings, her boyfriend, who is the Baghdad correspondent for Newsweek magazine. In the Green Zone convention center for hours, Ms. Parhamovich grew bored, Mr. Hastings said. She led 10 American and Peruvian men as they walked back to her building, mortars exploding nearby.

Mr. Hastings said he was planning to ask Ms. Parhamovich to marry him next month during a Valentine's Day trip to Paris. "She was this little blond-haired, blue-eyed girl from Ohio, but she was tough," he said. "She was far more brave than I am."

Ms. Parhamovich was teaching Iraqi politicians how to communicate with constituents. She was a staff member of the National Democratic Institute, a nonprofit group led by former Secretary of State Madeleine K. Albright that works to build democratic institutions. She was in an institute convoy outside the Green Zone when it was attacked. On Thursday, a coalition of Sunni insurgents linked to Al Qaeda claimed responsibility for the attack, which killed a total of four people, The Associated Press reported.

She had left a job with the liberal Air America radio network, helping to organize its antiwar "Bring 'Em Home" concert in New York City in March 2006.

"Whenever I went into her office, I just felt a happiness, a glow," said Al Franken, the liberal radio show host, who choked up several times as he discussed Ms. Parhamovich. "She was a hard person not to like."

Ms. Parhamovich's father coached baseball at a high school near Perry, the small town where she grew up, and she had dreams of becoming a top fast-pitch softball player before back injuries forced her to quit the sport, said Joe Zampini, her brother-in-law.

She talked just as she played: fast. "She wasn't into small talk," Mr. Zampini said. "She wanted to get the most out of life. She was very highly motivated to help the world."

Ms. Parhamovich attended Marietta, a small liberal arts college in southeast Ohio, where she studied advertising and public relations. Politically liberal, she was conservative on personal matters, said Ryan Zundell, who worked with her in the college's public relations department. She rarely drank and eschewed low-cut shirts and jeans.

She graduated in three and a half years then worked for Jane Swift, who was the Republican governor of Massachusetts. Ms. Parhamovich opposed the war from the start, Mr. Hastings said.

"There's so much injustice in this country, so many horrible things happening," he said from Baghdad. "She felt like she could make a difference."

Activist Slain In Iraq 'Was An Idealist' (LAT)

By Louise Roug

The Los Angeles Times, January 19, 2007

BAGHDAD — On their first date, Michael Hastings and Andrea Parhamovich met for milkshakes.

Fifteen months later, she followed him to Iraq.

Hastings hoped they would spend their lives together.

But on Wednesday, Parhamovich died in a hail of bullets, ambushed outside a Sunni Arab political office in Baghdad.

Sunni Muslim insurgents linked to Al Qaeda in Iraq claimed responsibility Thursday for the attack that took the lives of the 28-year-old and three bodyguards — a Hungarian, a Croat and an Iraqi. Two other security workers were wounded. None of these other victims' names had been released.

"She was an idealist," Hastings said of Parhamovich, who grew up in Perry, Ohio. "She always believed that people were good. Certainly, those ideals were put to the test when she came to Iraq."

Parhamovich, known as Andi, followed heart and ideals when she came to Baghdad. Hastings, a reporter with Newsweek, was working in Iraq. But Parhamovich was also drawn to political work in Baghdad, teaching Iraqis about voting and how to establish a functional government.

She worked first for the International Republican Institute, joining the National Democratic Institute a few months later.

On Wednesday, Parhamovich had gone to meet a group of Sunni politicians from the Iraqi Islamic Party. "She was really excited about the meeting," Hastings said.

The party headquarters is in Yarmouk, a west Baghdad neighborhood where shootings and executions are common.

After Parhamovich conducted her training seminar for the Sunni politicians, she left in a convoy with her armed guards. Moments later, the convoy was ambushed. The guards fought back but were outgunned by the attackers, whose arsenal included grenades.

"With God's assistance, we have succeeded in the destruction of two SUV vehicles belonging to the Zionist Mossad, killing all who were in them, attacking them by light and medium weapons," wrote the group that took responsibility, in a statement on a well-known Sunni insurgent website.

The group often refers to its targets as members of Israel's intelligence service.

But in fact, Hastings said, "they killed a wonderful, unarmed girl."

After graduating from Marietta College in Ohio, Parhamovich worked in the Massachusetts governor's office. In 2005, she got a job doing fundraising and publicity for Air America.

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"Working for a liberal radio network wasn't enough," said Jamie Horn, who worked with Parhamovich at Air America. "She had to go to the heart of the war and create change and understanding. She was so obstinate in her efforts to create change. Nothing could stop her."

Parhamovich met Hastings when he came to interview Jerry Springer, who was on an Air America show in New York. Unknown to him, Parhamovich had warned Springer not to say anything outrageous to Hastings.

"It was the most boring Jerry Springer interview in history," Hastings recalled. But an e-mail exchange about the story led to that first date — diner milkshakes.

"I considered it a date; she considered it just business," said Hastings, who at the time was about to leave for Iraq for the first time. When he mentioned his impending trip to the war-torn country, she was "totally unimpressed by it, and mocked me."

He did not mind, he said.

"She was beautiful," he said. "Funny. Intuitive. Really brilliant. And a bit of a nut."

Hastings got a permanent posting to Newsweek's Baghdad bureau late last summer, and by September, Parhamovich had left her job and come to Iraq.

The National Democratic Institute is one of the few nongovernmental groups still working in Iraq. The staff lives outside the heavily fortified Green Zone, home to the U.S. Embassy and the Iraqi government, often traveling around the capital to run seminars and workshops.

"They did not see themselves as heroes, only people doing a job on behalf of a cause they believed in," the institute's chairwoman, former U.S. Secretary of State Madeleine K. Albright, said in a statement referring to all four killed in the attack.

"They were not the enemies of anyone in Iraq; they were there to help."

Although the couple lived in the same city, they could see each other only occasionally. Work, checkpoints and curfews would get in the way.

But Parhamovich thrived, hitting the ground running, Hastings and several of her friends say. "She wanted to be here, at the center of things, helping people," Hastings said. "She was fearless."

Joe Zampini, Parhamovich's brother-in-law, said in Perry that she viewed her work "as a challenge and quite an honor to help the Iraqis."

"She knew that Michael was there in Iraq, and I think she used this as an opportunity to learn more," said Zampini, who is married to Parhamovich's older sister, Marcy. "Her goal was really to go into politics."

The family released a statement that said in part: "Andi's desire to help strangers in such a dangerous environment thousands of miles away might be difficult for others to understand, but to us, it epitomized Andi's natural curiosity and unwavering commitment. She was passionate, bold and caring."

After spending a few months in Baghdad, Parhamovich went back to the U.S. but returned at Christmas. The couple spoke on the phone about future plans, including a long trip to Europe, Hastings said.

"We had — I have still — reservations at the Four Seasons in Paris on Valentine's Day."

Hastings had recently picked out two possible wedding rings. Ever since the milkshakes, he said, he had known he wanted to spend his life with Andi.

"She is pure at heart," he said, bringing her to life — momentarily — in the present tense.

Marine Corporal Pleads Guilty In Killing Of Unarmed Iraqi (NYT/AP)

By The Associated Press

The New York Times, January 19, 2007

CAMP PENDLETON, Calif., Jan. 18 (AP) — A Marine corporal pleaded guilty Thursday to kidnapping and murdering an unarmed Iraqi civilian last year, saying he and other servicemen went after him because they were “sick and tired of getting bombed.”

The marine, Cpl. Trent D. Thomas, 25, is the first of seven marines and a Navy medic accused in the case to plead guilty to murder. Four others have pleaded guilty to reduced charges in exchange for their testimony.

Prosecutors said the eight-man squad had kidnapped 52-year-old Hashim Ibrahim Awad in Hamdania, a Sunni stronghold west of Baghdad, taken him to a roadside hole and shot him to death, placing an AK-47 and shovel by his body to make it look as if he were an insurgent caught planting a bomb.

Corporal Thomas, a native of the St. Louis area on his second tour in Iraq when the man was killed on April 26, testified about the slaying as part of his plea deal. The group planned to go after a known insurgent, he said, but that plan was thwarted and they went to a neighboring house instead. The judge, Lt. Col. Tracy A. Daly, asked why the group had proceeded with the plan.

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"We would get someone else to make a statement that marines, we were sick and tired of getting bombed," Corporal Thomas said.

Corporal Thomas said he and another marine seized Mr. Awad from a house by entering through an unlocked door. He said they used a combination of hand signals and Arabic commands to lure Mr. Awad away. Mr. Awad spoke little English, Corporal Thomas said, but he pleaded with the group of four marines.

"He started asking, 'Why, mister, why?' " Corporal Thomas said. "We didn't say anything."

The four took Mr. Awad to the roadside hole, where they rejoined the rest of the squad, Corporal Thomas said. Mr. Awad was struggling to break free, Corporal Thomas said, so he and others bound his hands and feet. Corporal Thomas said Lance Cpl. Robert Pennington tried to force Mr. Awad to lose consciousness by choking him.

The squad leader, Sgt. Lawrence G. Hutchins III, then reported over the radio that the group had spotted a man digging a hole, Corporal Thomas said. Someone fired a shot, he said, then he and others in the squad opened fire. Petty Officer Third Class Melson J. Bacos, he said, shot the AK-47 away from the group to make it appear as though a gunfight had occurred.

After the firing stopped, Corporal Thomas said, Sergeant Hutchins made sure Mr. Awad was dead by shooting a three-round burst of gunfire into his head.

Sergeant Hutchins, of Plymouth, Mass., is awaiting trial on murder charges and others. Corporal Pennington, of Mukilteo, Wash., is also awaiting trial and claims his rights were violated when investigators interviewed him.

Petty Officer Bacos, of Franklin, Wis., pleaded guilty to lesser charges and was sentenced to one year in prison. Another marine, Cpl. Marshall L. Magincalda, 23, of Manteca, Calif., has pleaded not guilty to murder charges and others.

Corporal Thomas faces up to life in prison without the possibility of parole, though he is likely to receive a more lenient sentence under his plea agreement.

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Prosecutor Firings Not Political, Gonzales Says (WP)

By Dan Eggen

The Washington Post, January 19, 2007

Attorney General Alberto R. Gonzales acknowledged yesterday that some U.S. attorneys have been asked to resign their posts in recent weeks because of performance issues, but he denied any political motives and vowed to quickly submit new nominees for the jobs to the Senate for confirmation.

"What we're trying to do is ensure that for the people in each of these respective districts, we have the very best possible representative for the Department of Justice," Gonzales testified, adding later: "I would never, ever make a change in a United States attorney for political reasons or if it would in any way jeopardize an ongoing serious investigation. I just would not do it."

Gonzales's remarks in front of the Senate Judiciary Committee came in response to questions from Sen. Dianne Feinstein (D-Calif.) and other lawmakers about the forced removals of at least six U.S. attorneys, including several who have overseen some of the government's highest-profile corruption prosecutions.

Officials say the removals include those of Carol C. Lam in San Diego, who led the corruption prosecution of former congressman Randy "Duke" Cunningham (R-Calif.), and Kevin V. Ryan in San Francisco, who has handled the probe into a lab at the center of a sports doping scandal involving baseball player Barry Bonds and other athletes.

Another recent change that has attracted widespread criticism from Democrats came in Arkansas, where U.S. Attorney H.E. Cummins III of Little Rock was replaced on an interim basis by J. Timothy Griffin, a former research director for the Republican National Committee.

Feinstein said she knows of at least six cases in which prosecutors have been asked to leave. She said she is concerned about the way the firings have been handled and about whether the Justice Department is attempting to evade Senate oversight of U.S. attorneys.

A little-noticed provision of last year's USA Patriot Act reauthorization legislation allows the attorney general to pick an interim U.S. attorney for an indefinite period of time.

"I'm very concerned, because, technically, under the Patriot Act, you can appoint someone without confirmation for the remainder of the president's term," Feinstein said. "I don't believe you should do that. We are going to try to change the law back."

Gonzales said the administration has no intention of avoiding confirmation hearings and said the department has forwarded six nominations to the Senate and is working on five more.

As far as prosecutors who have been asked to leave, Gonzales characterized the changes as routine personnel decisions based on evaluations of each prosecutor's performance. He declined to tell Feinstein how many prosecutors were asked to resign.

Sen. John Cornyn (R-Tex.) came to Gonzales's defense, noting that the prosecutors in question were hired by the current administration.

"I find it unusual that some of my colleagues are critical of replacing Bush appointees," Cornyn said.

Turnover In U.S. Attorneys Defended (LVRJ)

By Steve Tetreault, STEPHENS WASHINGTON BUREAU

Las Vegas Review-Journal, January 19, 2007

Gonzales says no one has been ousted for political reasons

WASHINGTON -- Attorney General Alberto Gonzales on Thursday declined to say how many U.S. attorneys are being removed from their jobs and defended the practice to senators as "good management" to replace them with "the best possible people."

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Gonzales insisted that politics did not come into play in forcing turnover among the chief federal prosecutors, who are appointed by the president. Although pressed by Democrats during an appearance before the Senate Judiciary Committee, Gonzales said he would not discuss individual cases.

At least six U.S. attorneys have been asked to resign, said Sen. Dianne Feinstein, D-Calif., including two in that state, one in Arkansas, one in Washington and Daniel Bogden in Nevada.

Democrats have expressed concern that a provision in the revised USA Patriot Act that passed last year would allow the attorney general to name long term replacements while circumventing the Senate confirmation process.

Gonzales said 11 U.S. attorney vacancies have been created since the law was passed but he declined to say how many were forced resignations.

The nation's chief law enforcement officer acknowledged that some of the chief prosecutors were asked to leave.

"But that happens during every administration during different periods for different reasons," Gonzales said. "That fact that that happens quite frankly some people should view that as a sign of good management. What we do is make an evaluation about the performance of individuals, and I have a responsibility that we have the best possible people in that position.

"I would never, ever make a change in a United States attorney position for political reasons or that in any way would jeopardize an ongoing investigation," Gonzales said. "I just would not do it."

Gonzales also said the administration plans to submit replacements to the Senate for confirmation although at least one, in Arkansas, has begun serving on an interim basis.

Bogden on Wednesday confirmed he was leaving the Nevada post effective Feb. 28, but a statement he issued did not address whether he was being forced out. His dismissal was confirmed last weekend by Nevada's two senators.

Sen. John Ensign, R-Nev., who recommended Bogden for the post in 2001, said Wednesday he discussed the Nevada prosecutor's fate with the White House and the Department of Justice, "and it's their call."

On Thursday, Ensign would not confirm nor comment on a report by Review-Journal columnist Jane Ann Morrison. Morrison cited a Republican source saying Ensign asked that Bogden be allowed to stay on and was told the decision to remove U.S. attorneys was part of a plan to "give someone else that experience" in order to build GOP bench strength.

Ensign expects the Justice Department will ask him to suggest a new U.S. attorney, and he plans to comply, spokesman Tory Mazzola said. Ensign "is working with the Department of Justice to move forward," Mazzola said.

Sen. Harry Reid, D-Nev., said Thursday that Bogden got a bad deal that will force him to end a 16- year career as a federal prosecutor.

By replacing veteran prosecutors, the Bush administration is seeking to build "a farm team for Gonzales," Reid said. "He can farm out to somebody who drove him to work one afternoon."

Feinstein questioned whether the Patriot Act "is being used to put in people who want a reward or change for one reason or another, and they would never have to go through confirmation for the rest of the president's term. That is unacceptable."

The California senator has focused her concern on Carol Lam, the departing U.S. attorney in San Diego who successfully prosecuted former congressman Randy "Duke" Cunningham on corruption charges.

Feinstein said Lam was pursuing corruption cases against other federal lawmakers and staff, "so that raises the question" whether she was being forced to leave as a way to set back investigations.

"Now I am not accusing anybody, but my suspicions are aroused particularly because the FBI says nothing but the highest things about this prosecutor," Feinstein said after the hearing. "I would kind of like to know."

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Justice Department officials have said Lam was asked to resign based on declining drug and gun prosecutions in her district. Some Republicans in Congress also criticized her for not prosecuting more immigration cases.

U.S. Attorney Confirms He'll Be Leaving His Post (LVRJ)

By GLENN PUIT And TONY BATT, REVIEW-JOURNAL

Las Vegas Review-Journal, January 19, 2007

Spokeswoman says reports of Bogden's ouster 'erroneous'

Three days after Nevada's two senators said the Department of Justice had forced out Daniel Bogden, U.S. attorney for the district of Nevada, Bogden broke his silence on the matter, confirming that he will be leaving his post next month.

Bogden's announcement late Wednesday came one day after Natalie Collins, spokeswoman for the U.S. Attorney's Office, belatedly responded to questions about the matter by saying that Bogden was still the U.S. attorney in Nevada.

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Collins also claimed that media reports regarding Bogden's ouster were "erroneous."

In the issued statement, Bogden, who was appointed to the job by the Bush administration in 2001, said his resignation is effective Feb. 28.

Neither Bogden nor Collins has addressed whether Bogden was forced out of office as the senators contend, and if so, why.

He is one of at least seven U.S. attorneys around the nation whom senators say have been forced to resign in the last couple of months.

One of them is Bogden's counterpart in San Diego, Carol Lam, who received her walking papers from the Department of Justice, too.

Lam, who has been in charge of federal prosecutions in Southern California since September 2002, said Tuesday that she will leave her job Feb. 15.

Like Bogden, Lam had overseen federal prosecution of public corruption cases involving Michael Galardi, who owned strip clubs in Las Vegas and San Diego.

Lam, a former judge, also oversaw the corruption prosecution of former U.S. Rep. Randy "Duke" Cunningham, a Republican.

On Wednesday, The Associated Press reported that the U.S. attorney in San Francisco, Kevin V. Ryan, has submitted his resignation, too.

Ryan's notable prosecutions included the BALCO steroids case.

His office also launched investigations of Silicon Valley giants Hewlett-Packard Co. and Apple Inc.

Mahlon Brown, a former U.S. attorney for the district of Nevada who now leads the National Association of Former United States Attorneys, said the wave of unexpected resignations has him "in shock and awe."

"It has always been that no one gets fired like this unless they did something goofy, if they broke the rules," Brown said. "And from what I'm picking up, even they have no idea why they've been fired. No one knows."

Brown was the U.S. attorney in Nevada from 1977 to 1981.

He was appointed by the administration of Democrat Jimmy Carter and forced out when Ronald Reagan was elected president.

Brown said it is not unusual for U.S. attorneys to lose their jobs when presidential administrations change, but he said he had never seen a large turnover of U.S. attorneys in the midst of a presidential term.

Brown said the job of a federal prosecutor is not supposed to be impacted by politics in any way.

He said he sees the spate of forced resignations as further evidence that the Bush administration is not interested in following precedent when it comes to how such judicial appointments are made.

"I think it sends the same message that's been sent the last eight years: 'We'll do it our way and forget how it's been done before you,'" Brown said.

"You don't have to be a general in Iraq to realize your job is on the line everyday, and U.S. attorneys have never had to work under that type of environment before."

Sen. John Ensign, R-Nev., who recommended Bogden for the job, said Wednesday, "The White House and the Department of Justice had their reasons, and I discussed it with them, and it's their call."

Ensign did not say what the reasons for Bogden's dismissal were.

Senate Majority Leader Harry Reid, D-Nev., said the treatment of Bogden was unfair and "a terrible shame."

"Do you realize that his career is now ended as a U.S. attorney? He can't go back there, so he's going to have to do something else," Reid said. "What a shame."

Reid said he heard nothing but praise about Bogden's job performance and could not understand why he had been removed.

A spokesman for the Department of Justice did not return a phone call from the Review-Journal seeking comment Wednesday afternoon.

Attorney General Alberto Gonzales on Tuesday told The Associated Press the removal of the federal prosecutors was not politically motivated, as many Democrats have speculated.

"We in no way politicize these decisions," Gonzales said.

Sen. Dianne Feinstein, D-Calif., said Tuesday that at least seven U.S. attorneys have been forced to resign without explanation.

She accused the Bush administration of trying to circumvent Senate confirmation of their replacements.

Such appointments were subject to Senate review until last year when the Patriot Act was reauthorized with a provision that allowed the U.S. attorney general to appoint longer-term, interim replacements without Senate approval.

The departures, Feinstein said, come at a sensitive time when federal prosecutors are pursuing political corruption cases.

"The U.S. attorney's job is too important for there to be unnecessary disruptions, or, worse, any appearance of undue influence," Feinstein said.

Feinstein said she planned to bring up the issue today at a Senate Judiciary committee hearing at which Gonzales is scheduled to appear.

A Justice Department spokesman, Brian Roehrkasse, said senators would be consulted before the nomination of replacement U.S. attorneys, as has been the routine since the law was changed.

"It is inconceivable for a member of Congress to believe that use of an appointment authority to fill a vacancy is in any way an attempt to circumvent the confirmation process," Roehrkasse said.

Federal Prosecutor In Nevada Says He'll Step Down (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, January 19, 2007

LAS VEGAS (AP) - The U.S. attorney in Nevada said Thursday he will step down, citing discussions with Justice Department officials and joining other federal prosecutors announcing resignations in recent weeks.

Daniel Bogden said his resignation after five years as U.S. attorney for Nevada will take effect Feb. 28.

"I'm going to take some time off and evaluate what direction I'm going to go in terms of my career," Bogden said, acknowledging he served at the pleasure of President Bush and refusing to say he had been forced out.

"It's a political appointment," he said, "a presidential appointment."

Bogden, 50, made public his resignation with a statement issued late Wednesday "after consultations with officials at Department of Justice," he said. He declined to identify those officials.

He said he planned to spend the next six weeks ensuring a smooth transition for his successor, and said he had no idea whom it would be.

Bogden's four-page statement cited successful prosecutions and included quotes of praise for his work from local, state and federal law enforcement officials and a federal judge in Las Vegas.

His resignation was his first public response to reports Sunday and Monday from aides to Nevada Sens. John Ensign and Harry Reid that he would be replaced. Justice Department officials have not responded to requests for comment.

Ensign, a Republican, nominated Bogden for the post in 2001 after Bogden won several high-profile drug cases and helped send five neo-Nazis to prison for a Reno hate crime. Reid, now Democratic majority leader, supported the nomination.

Bogden was an Air Force judge advocate general and served as a deputy Washoe County district attorney before spending 10 years as an assistant U.S. attorney. He oversees 40 federal attorneys in Las Vegas and Reno.

"During the past five years, our office has been tremendously successful in implementing the national and district priorities," Bogden said in his statement, which thanked Bush for his appointment.

He called terrorism, violent crime, public corruption, drugs, child exploitation, identity theft and fraud his top issues since being confirmed by the Senate in October 2001.

In one notable case, his office successfully prosecuted four former Clark County commissioners and a former striptease club owner on corruption charges. Ex-commissioners Dario Herrera and Mary Kincaid-Chauncey reported to federal prison last Friday. Former commissioners Erin Kenny and Lance Malone and former club owner Michael Galardi face sentencing in coming weeks.

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Bogden's office also had several prosecutorial setbacks last year, including the mid-October unraveling of a federal racketeering case against the Hells Angels motorcycle club stemming from the a deadly brawl during a biker rally in Laughlin in 2002.

Bogden was one of several U.S. attorneys to announce their resignations this week. Others included U.S. Attorney Carol Lam in San Diego, who prosecuted Galardi and Malone on bribery charges in that city, and the U.S. attorney in San Francisco, Kevin Ryan.

Also leaving this month is U.S. Attorney John McKay in Seattle.

California Sen. Dianne Feinstein, a Democrat, complained on the Senate floor Tuesday that the White House was using a provision of the USA Patriot Act to oust Ryan, Lam and other federal prosecutors and replace them for the duration of the Bush administration with White House allies.

A provision in the terrorism-fighting act allows the attorney general to appoint replacements indefinitely, without Senate confirmation.

U.S. Attorney General Alberto Gonzales denied Feinstein's claim. But he has said that in the year since the Patriot Act was reauthorized, at least 11 U.S. attorneys in the nation's 94 federal districts have resigned or announced their resignations - some at the urging of the Bush administration. He noted that federal prosecutors serve at the pleasure of the president.

Surging And Purging (NYT)

By Paul Krugman

The New York Times, January 19, 2007

There's something happening here, and what it is seems completely clear: the Bush administration is trying to protect itself by purging independent-minded prosecutors.

Last month, Bud Cummins, the U.S. attorney (federal prosecutor) for the Eastern District of Arkansas, received a call on his cellphone while hiking in the woods with his son. He was informed that he had just been replaced by J. Timothy Griffin, a Republican political operative who has spent the last few years working as an opposition researcher for Karl Rove.

Mr. Cummins's case isn't unique. Since the middle of last month, the Bush administration has pushed out at least four U.S. attorneys, and possibly as many as seven, without explanation. The list includes Carol Lam, the U.S. attorney for San Diego, who successfully prosecuted Duke Cunningham, a Republican congressman, on major corruption charges. The top F.B.I. official in San Diego told The San Diego Union-Tribune that Ms. Lam's dismissal would undermine multiple continuing investigations.

In Senate testimony yesterday, Attorney General Alberto Gonzales refused to say how many other attorneys have been asked to resign, calling it a "personnel matter."

In case you're wondering, such a wholesale firing of prosecutors midway through an administration isn't normal. U.S. attorneys, The Wall Street Journal recently pointed out, "typically are appointed at the beginning of a new president's term, and serve throughout that term." Why, then, are prosecutors that the Bush administration itself appointed suddenly being pushed out?

The likely answer is that for the first time the administration is really worried about where corruption investigations might lead.

Since the day it took power this administration has shown nothing but contempt for the normal principles of good government. For six years ethical problems and conflicts of interest have been the rule, not the exception.

For a long time the administration nonetheless seemed untouchable, protected both by Republican control of Congress and by its ability to justify anything and everything as necessary for the war on terror. Now, however, the investigations are closing in on the Oval Office. The latest news is that J. Steven Griles, the former deputy secretary of the Interior Department and the poster child for the administration's systematic policy of putting foxes in charge of henhouses, is finally facing possible indictment.

And the purge of U.S. attorneys looks like a pre-emptive strike against the gathering forces of justice.

Won't the administration have trouble getting its new appointees confirmed by the Senate? Well, it turns out that it won't have to.

Arlen Specter, the Republican senator who headed the Judiciary Committee until Congress changed hands, made sure of that last year. Previously, new U.S. attorneys needed Senate confirmation within 120 days or federal district courts would name replacements. But as part of a conference committee reconciling House and Senate versions of the revised Patriot Act, Mr. Specter slipped in a clause eliminating that rule.

As Paul Kiel of TPMmuckraker.com — which has done yeoman investigative reporting on this story — put it, this clause in effect allows the administration "to handpick replacements and keep them there in perpetuity without the ordeal of Senate confirmation." How convenient.

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Mr. Gonzales says that there's nothing political about the firings. And according to The Associated Press, he said that district court judges shouldn't appoint U.S. attorneys because they "tend to appoint friends and others not properly qualified to be prosecutors." Words fail me.

Mr. Gonzales also says that the administration intends to get Senate confirmation for every replacement. Sorry, but that's not at all credible, even if we ignore the administration's track record. Mr. Griffin, the political-operative-turned-prosecutor, would be savaged in a confirmation hearing. By appointing him, the administration showed that it has no intention of following the usual rules.

The broader context is this: defeat in the midterm elections hasn't led the Bush administration to scale back its imperial view of presidential power.

On the contrary, now that President Bush can no longer count on Congress to do his bidding, he's more determined than ever to claim essentially unlimited authority — whether it's the authority to send more troops into Iraq or the authority to stonewall investigations into his own administration's conduct.

The next two years, in other words, are going to be a rolling constitutional crisis.

EDITORIAL: 'Shocked, Shocked' At The Firings (LVRJ)

Las Vegas Review-Journal, January 19, 2007

Democrats squawk as president dismisses a few U.S. attorneys

At the beginning of the week, President Bush sacked Daniel Bogden, U.S. attorney for the district of Nevada.

Natalie Collins, a spokeswoman for Mr. Bogden, ended a three-day silence Wednesday by contending press reports of the ouster were "erroneous" -- actually, he's resigning.

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Of course the president gave his own nominee the option of saving face by tendering his resignation. Perhaps Ms. Collins will contend the two men's letters crossed in the mail -- that Mr. Bogden merely craves "more time with his family." Fine.

Mr. Bogden is one of at least seven U.S. attorneys around the nation whom senators say have been forced out in the past couple of months. One of them is Carol Lam, Mr. Bogden's counterpart in San Diego. Another is Kevin V. Ryan in San Francisco.

Whether the White House is disappointed with the cases these attorneys chose to prosecute, or with those they chose not to prosecute, or with their level of success, time may tell. Attorney General Alberto Gonzales did tell The Associated Press on Tuesday that the removals were not politically motivated, whatever that means.

Although the appointments of U.S. attorneys are subject to Senate confirmation, they exercise executive authority which the Constitution vests solely in the president. Therefore, they serve at the president's pleasure -- he can fire them at will.

"The president just no longer found it pleasurable," as one local former prosecutor said Thursday, with a smile.

Now, anyone is free to criticize the president's actions and to question whether the replacements -- whoever they may be -- are better qualified than those now packing their bags.

But Democrats in Washington, led by Sen. Dianne Feinstein of the Judiciary Committee, have tried to characterize this minor housecleaning as some kind of dirty deed.

"The U.S. attorney's job is too important for there to be unnecessary disruptions, or, worse, any appearance of undue influence," squawked Sen. Feinstein on Wednesday, stressing that the firings were "without cause" and implying the White House may be seeking to stymie unspecified political corruption cases.

"The public response has been shock," Sen. Feinstein said on the Senate floor Tuesday. "Peter Nunez, who served as the San Diego U.S. attorney from 1982 to 1988 has said, 'This is like nothing I've ever seen in my 35-plus years.' "

Replies Andrew C. McCarthy, a senior fellow at the Foundation for the Defense of Democracies, in a Jan. 17 piece for the National Review, "Yes, the public, surely, is about as 'shocked, shocked' as Claude Raines' Captain Renault, and one is left to wonder whether Mr. Nunez spent the 1990s living under a rock."

What Mr. McCarthy is referring to is the fact that one of President Bill Clinton's first official acts upon taking office in 1993 was to fire every single United States attorney then serving -- with the sole exception of Michael Chertoff, now Homeland Security secretary, but at the time U.S. attorney for the district of New Jersey, which put him in a position to be rescued by the personal intervention of powerful New Jersey Democratic Sen. Bill Bradley.

"Were the attorneys Clinton fired guilty of misconduct or incompetence?" Mr. McCarthy asks. "No. As a class they were able (and, it goes without saying, well-connected.) Did he shove them aside to thwart corruption investigations into his own party? No. It was just politics, plain and simple. Patronage is the chief spoil of electoral war."

Not only that, the very same Democrats who are now up in arms sat by quietly in 1993 as Bill Clinton fired U.S. attorneys "sweepingly and without cause," possibly because Mr. Clinton was firing prosecutors who had been appointed by Republican Presidents Reagan and Bush.

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Whereas, given that U.S. attorneys serve four-year appointments, while George W. Bush has now been president for six, President Bush is now firing U.S. attorneys who he himself appointed or re-appointed.

Oh, the humanity!

Sen. Feinstein also predicts the president will use his power to make interim appointments to these offices, thus sidestepping Senate confirmation.

Time will tell.

But as Mr. McCarthy points out, Mr. Clinton did that -- in cases such as that of Justice Department civil-rights division chief Bill Lann Lee -- even though it was of dubious legality at the time.

Now such interim appointments pending confirmation -- should the president find it necessary to take that route -- are perfectly legal, thanks to a provision of the Patriot Act reauthorization bill, approved last year by the, um ... the U.S. Senate.

CORPORATE SCANDALS:

Enron's Former Treasurer To End Home Confinement (AP)

By John Porretto, AP Business Writer

AP, January 19, 2007

HOUSTON — Ben Glisan Jr., the first former Enron executive to go directly to jail after pleading guilty to conspiracy in 2003, is expected to finish a stint of home confinement after three years in prison, his attorney and the federal Bureau of Prisons said Thursday.

Glisan, the former Enron treasurer, pleaded guilty on Sept. 10, 2003, in the corporate scandal that brought down the energy company and rocked Wall Street. He received a five-year sentence.

Glisan, 37 at the time of his plea, spent time in two federal prisons in Texas — one near Bastrop, the other in Beaumont — before being confined to his Houston home since September, Bureau of Prisons spokeswoman Felicia Ponce said. That confinement is scheduled to end Sunday, Ponce said.

Glisan's attorney, Tom Allen, said his client will be on probation once he's free to leave home, but he didn't elaborate.

"There is a plea agreement, and there are certain conditions that will continue pursuant to the plea agreement," Allen said.

During court proceedings, Glisan admitted helping design financial deals that enriched him and illegally kept investment losses off Enron's books.

He agreed to forfeit nearly $1 million in profits from an off-the-books deal at Enron and agreed to not seek a refund of $412,000 in income taxes he paid on that profit.

Twenty-three counts against Glisan were dismissed, including money laundering and fraud. He had pleaded innocent in May 2003 to 24 charges as part of a 109-count indictment against Andrew Fastow, his one-time boss and former Enron finance chief.

Last year, he testified against former Enron chief executive Jeffrey Skilling and company founder Kenneth Lay. Skilling and Lay were convicted last May on numerous counts of fraud, conspiracy, insider trading and other charges. Skilling entered prison in December; Lay died of a heart attack July 5.

Glisan was fired in November 2001, less than a month before Enron filed for bankruptcy, when an internal probe revealed his $1 million profit from a $5,800 investment in one of several deals at the heart of the Justice Department's case against Fastow.

As recently as this month, former Enron executive Richard Causey reported to prison to begin serving 5 1/2 years for his role in the company's collapse. Causey, Enron's former chief accounting officer, pleaded guilty to securities fraud in 2005 shortly before he was scheduled to be tried with Enron founder Lay and Skilling.

From Ethics Overseer To Hedge Fund Boss (NYT)

By Lynnley Browning

The New York Times, January 19, 2007

As the court-appointed guardian and self-described fixer of some of America's most wayward companies, Richard C. Breeden, the former top securities regulator, is considered a pillar of corporate ethics and governance.

Now he trying to become another paragon — that of savvy investor in troubled companies. And in the coming months he will face his first major test: taking on the Applebee's International restaurant chain in a proxy fight.

Mr. Breeden's fledgling advocacy hedge fund, Breeden Partners, which owns a 5.2 percent stake in Applebee's, began its battle last month, when Mr. Breeden nominated four close friends to its board.

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Hedge funds, the lucrative private investment pools for institutions like endowments and pensions, and for the wealthy, are nearly always managed by former Wall Street traders or money managers.

Mr. Breeden — a Harvard-trained securities lawyer — has no investing experience. But he is seeking to bring his knowledge of securities laws and corporate governance into investing in underperforming companies.

Some in the business are skeptical.

"I guess I wonder, how does a guy with no investment management experience run a hedge fund?" asked Philip Goldstein of Bulldog Investors, which runs hedge funds similar in style and intent to that of Mr. Breeden. "You get the guys leaving Goldman Sachs and raising $2 billion, but this is even more astonishing — he doesn't have a track record."

Mr. Goldstein added that "it's kind of like starting at the top — you'd think you'd want to work at a hedge fund for a while."

But what Mr. Breeden may lack in investing experience, he makes up for in other ways, according to his friends, who cite his hard-driving nature, his intellect, his attention to detail and his decisiveness, if marred at times by a divalike attitude.

"If it's a bad idea, Richard will kick it down the toilet and flush," said Laurence E. Harris, a lawyer in Washington who is one of four close friends that Mr. Breeden nominated last month to the board of directors at Applebee's, with a view to gaining a say in how the company is run.

Mr. Breeden "knows what to look for," Mr. Harris said. "He's a lot less likely to be fooled than a lot of people who are pure investors, because he understands the mechanics of corporate governance and securities laws."

Mr. Breeden, 57, declined to comment for this article.

He has not only has a new professional life, but a new personal one as well. Last year, Mr. Breeden married a trust administrator of the Bennett Funding Group, which he had overseen as the court-appointed monitor. (He and his first wife, Holly, were divorced in 2005 after 27 years of marriage.)

Mr. Breeden is now perhaps the most senior former government official ever to run a hedge fund. Mr. Breeden oversaw the Securities and Exchange Commission from 1989 to 1993.

He then ran one of the world's largest accounting firms, Coopers & Lybrand, before establishing his private firm, Richard C. Breeden & Company, in Greenwich, Conn., to advise companies hobbled by ethics and governance problems.

In recent years, he has served as the high-profile outside monitor for scandal-plagued firms like WorldCom, which filed for bankruptcy in 2002 and Conrad Black's former company, Hollinger International. It was when he was overseeing the bankruptcy of WorldCom, later MCI, that Mr. Breeden first began thinking about starting a hedge fund, according to friends and associates. Seeing the roles played by the Mexican tycoon Carlos Slim Helú and Mark Neporent of the hedge fund Cerberus Capital as investors in MCI, he asked Mr. Harris, "I'm thinking of starting a hedge fund — what do you think?"

Mr. Harris, who recalled the conversation, said Mr. Breeden told him, "The one thing I don't want to do is fail."

Mr. Breeden's right-hand man at Breeden Partners is his friend Steven J. Quamme, a one-time mergers-and-acquisitions lawyer with whom Mr. Breeden once worked at Baker Botts, the Washington law firm.

When asked who was running the hedge fund — in other words, picking companies in which to invest, Mr. Harris replied, "I don't think you can actually separate Richard and Steve — they're joined at the hip."

Mr. Quamme did not return calls requesting comment.

An entrepreneur as well as an investor, Mr. Quamme has picked some winners in his past jobs, including a chain of video stores that was sold to Blockbuster Video early last decade and a chunk of the Einstein Brothers Bagels franchises.

Mr. Quamme, whom Mr. Breeden also nominated to serve on the Applebee's board, has also endured some setbacks. His 50 percent stake in Boston Chicken, through Mayfair Partners, an investing partnership that he ran in the mid-1990s, went stale in 1998 when the restaurant and the partnership both filed for bankruptcy.

It is, of course, far too early to tell whether Mr. Breeden's knowledge and experience will make his hedge fund, whose philosophy is to invest in American companies with fixable problems in policy and governance, a winner.

Some analysts do not see his fund making an impact on Applebee's.

"We do not see a dramatic shift near-term in the company's strategic direction that would lead to the 'value creating' programs proposed by the activist," Andrew Barish, an analyst with Banc of America Securities wrote earlier this month.

Applebee's declined to comment on Mr. Breeden's proposals.

The fund sought to raise $1.25 billion but has so far brought in only around $500 million, including $400 million from Calpers, the California pension fund. The hedge fund earned 7.73 percent in the third quarter of 2006, according to the most recent available data from Calpers.

To some, Mr. Breeden's leap into the hedge fund business on the heels of serving as a court-appointed monitor for so many large companies raises questions.

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"It's an appearances problem, and it bothers me," said Michael Feiner, an ethics professor at Columbia Business School, adding that he thought government officials should be required to wait two years before working at hedge funds or lobbying groups. "I'm disappointed that he is doing this."

Mr. Breeden's spokesmen declined to answer questions on whether Breeden Partners would prohibit itself from investing in companies for which Mr. Breeden had served as a court-appointed monitor.

And the transparency that Mr. Breeden championed at the troubled companies he has overseen may go by the wayside with his new venture. Like many hedge funds, Breeden Partners has affiliated entities registered in the Cayman Islands, to take advantage of generous offshore tax benefits.

Ex-CVS Officers Are Indicted (WSJ/AP)

The Wall Street Journal, January 19, 2007

PROVIDENCE, R.I. -- Two former executives at drugstore chain CVS Corp. were charged in a probe into influence peddling at the Rhode Island statehouse.

John R. "Jack" Kramer, former senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, were charged with one count each of conspiracy and bribery and 21 counts each of fraud for allegedly paying former state Sen. John Celona to kill legislation CVS opposed or sponsor bills the company supported.

Mr. Celona, who resigned from the General Assembly in 2004, pleaded guilty to federal mail-fraud charges the following year and has been cooperating with the government.

Messrs. Kramer and Ortiz have been on leaves of absence from Woonsocket, R.I.-based CVS since 2004. They couldn't be reached to comment.

U.S. Attorney Robert Clark Corrente said the probe into statehouse corruption was continuing. CVS, which hasn't been charged, said it has fully cooperated with the probe.

CVS paid Mr. Celona $1,000 a month under a consulting contract -- $45,000 total, the indictment said, and he got benefits including sports tickets and trips.

CRIMINAL LAW:

U.S. Attorney General To Study Milwaukee Crime (MJS)

By Audrey Hoffer

Milwaukee Journal Sentinel, January 19, 2007

Kohl asks Gonzales to look at trend, funding

Washington - Sen. Herb Kohl elicited a promise Thursday from U.S. Attorney General Alberto Gonzales to look at the rise in violent crime in Milwaukee and tell him whether federal funding could be provided to bolster the police.

Gonzales testified at a Senate Judiciary Committee hearing that covered issues from domestic surveillance to Internet pornography, all of which are under the jurisdiction of the U.S. Justice Department.

Kohl, a senior committee member, first raised the trend of increases in robberies and assaults in Milwaukee at a Judiciary Committee hearing last month. He asked FBI Director Robert Mueller, who was testifying at the time, to go to Milwaukee to study the problem first-hand and to give the city more federal resources in the form of additional federal agents. Mueller said he would "take a specific look at Milwaukee" but did not commit to travel there.

At the December hearing, Kohl also criticized the bureau for taking money earmarked for violent crime prevention and reallocating it to investigate terrorism.

In Thursday's hearing, Kohl repeated the charge, saying the FBI used almost 2,200 "fewer agents in 2004 on traditional crime matters than it did in 2000 due to the essential focus on terrorism."

In addition, he said, the Milwaukee Police Department received $1 million in federal money specifically for police in 2002 but last year didn't receive any. As a result, the police force was reduced by 55 officers and fewer police are on the streets.

Gonzales acknowledged that "keeping our communities and citizens safe from violent crime is a top priority for law enforcement at all levels," but most of the work is done by local police.

Kohl said local enforcement officials are bearing the burden of decreased federal funding and, therefore, cannot effectively fight the increase in crime. "We are not giving our states and localities the help that they so desperately need."

Later during the hearing, Sen. Russ Feingold, also a member of the Judiciary Committee, reminded Gonzales of his agreement with Kohl to "take a real look" at Milwaukee's crime problem and to consider awarding the city a $2.5 million grant to

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study ways to fight crime as part of the 18-city Safe Communities Initiative. "I hope Milwaukee is next in line for that kind of money," Feingold said.

Prosecutor Fights To Keep Bush Critics In Jury Pool For Cheney Aide's Trial (AP)

By Matt Apuzzo, Associated Press Writer

AP, January 19, 2007

(AP) - WASHINGTON-The prosecutor sparred with defense attorneys Thursday over several potential jurors and their opinions of the Bush administration, a debate that further slowed jury selection in the trial of a former top aide to Vice President Dick Cheney.

U.S. District Judge Reggie B. Walton had hoped to have a jury seated by Thursday afternoon, but legal wrangling slowed the process. Attorneys for former I. Lewis Libby have weeded out of the jury pool the most outspoken critics of the Bush administration.

Special Prosecutor Patrick Fitzgerald told Walton that defense attorneys had crossed the line when they told jurors the case was political and about war policies.

"The jury will not be asked to render a verdict on the war or what they think of the war," Fitzgerald said.

Libby is accused of lying to investigators about what he told reporters regarding outed CIA operative Valerie Plame in 2003. Because Plame's husband was among the administration's most outspoken critics, the trial is set to the backdrop of the war in Iraq and politics.

Plame's identity was leaked to reporters after a newspaper article by her husband, former Ambassador Joseph Wilson, suggested that the Bush administration intentionally misused intelligence to build up a reason for going to war against Saddam Hussein's Iraq.

The leak touched off a political scandal and an FBI investigation that Libby is accused of obstructing. Attorneys for both sides want to know how closely potential jurors have been following the case.

The composition of the jury pool is a critical pretrial issue. Libby plans to tell jurors that despite what prosecutors say, he did not lie to investigators. He says he was bogged down by national security issues and simply did not remember the conversations about Plame correctly.

If jurors come to the trial already skeptical about the credibility of Libby or Cheney, his former boss, attorneys say Libby will not get a fair trial.

Walton considered seven jurors and dismissed five people who said they could not be fair to the Bush administration or who were unsure.

"My personal feeling is the Iraq war was a tremendous, terrible mistake. It's quite a horrendous thing," said one potential juror, a management consultant. "Whether any one person or the administration is responsible for that is quite a complex question."

Only one juror had been accepted into the potential jury pool Thursday by early afternoon, and attorneys were debating whether to accept a woman who works for the CIA. Walton had hoped to have 36 qualified jurors by the end of the day. Only 25 have been approved since selection began Tuesday.

Attorneys for both sides can then eliminate jurors for any reason until 12 jurors and four alternates are seated.

Opening arguments are scheduled for Monday in a case expected to last four to six weeks.

Associated Press writer Michael J. Sniffen contributed to this report.

Jury Selection In Libby Trial Moves Slowly Because Of Bias (NYT)

By Neil A. Lewis

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — The task of seating a jury for the perjury trial of I. Lewis Libby Jr. did not get easier Thursday when a majority of the candidates interviewed were disqualified, mainly because they expressed deep distrust of the Bush administration and the Iraq war.

Mr. Libby, also known as Scooter, is facing five felony counts for his role in an investigation of who leaked to journalists the identity of a C.I.A. operative in July 2003 and why. The indictment charges him with lying to agents of the Federal Bureau of Investigation and a grand jury about whether he spoke to journalists about Valerie Wilson, the Central Intelligence Agency officer.

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Mr. Libby is the former chief of staff to Vice President Dick Cheney, who will be a featured witness for the defense. The attitudes of many potential jurors to Mr. Cheney and the Iraq war have upset the judge's schedule for the trial, which envisioned opening arguments Monday.

At the end of the day Thursday, the judge, Reggie M. Walton, lamented the slow pace of getting enough potential jurors for a pool to be winnowed down to 12 jurors and four alternates. So far, only 30 people have qualified; the pool must have at least 36 people to account for the number that lawyers for both sides can exclude without giving a reason.

"It took us all day to get six jurors qualified," Judge Walton said.

It was a day consumed with unexpectedly long bouts of questioning, largely from Mr. Libby's lawyers, who are trying to exclude anyone with a bias against the administration.

Of the 10 jurors who were dismissed Thursday, the views of some were quickly apparent; others came out only under detailed questioning.

In the morning, a woman who said she was an economist, told the court that she believed the war was "a terrible mistake, a horrendous mistake and a betrayal" of the country. She eventually acknowledged that such hard feelings could affect how she views testimony from Mr. Cheney and other officials.

President Bush Should Go Ahead And Pardon Libby (SCRIPPS)

By DAN K. THOMASSON, Scripps Howard News Service

Scripps Howard, January 19, 2007

If George W. Bush really wants to strike a blow for justice he should pardon I. Lewis "Scooter" Libby now before his prosecution costs the taxpayers one dime more. It is really time to put an end to one of the most bizarre and disruptive politically inspired cases in recent memory.

Libby, as most Americans know, is the scapegoat for a non- crime that involved the public identification of a one-time undercover operative of the CIA, Valerie Plame, the wife of a small time diplomat, Joseph Wilson, who tweaked the White House over its claims that Saddam Hussein was seeking nuclear material in Africa. Plame, the White House claims, had a hand in the agency's assigning her husband to investigate the claims, which were among those contentions used to justify the invasion of Iraq. Wilson found the claims unsubstantiated.

In the backlash over Wilson's report, Plame's identity as a CIA employee and her role in her husband's selection was leaked to a national columnist, Robert Novak. The CIA demanded an investigation into whether the disclosure violated an obscure law prohibiting the outing of an undercover agent. A special prosecutor, Patrick Fitzgerald, was named by the Justice Department. Fitzgerald knew the source of the leak about Plame from the outset and determined rather rapidly the law had not been violated. The original source of Plame's identification, by the way, was not Libby but Undersecretary of State Richard Armitage.

Now we are at the beginning of a senseless, albeit sensational trial brought about by Fitzgerald's decision to find someone in the White House to bring to ground despite his own discovery that no crime had been committed. He settled on Libby, an aide to Vice President Richard Cheney, whom he charged with lying to the FBI and a grand jury and obstructing justice in the pursuit of answers he (Fitzgerald) already had. Libby said he first heard about Plame from a television personality, Tim Russert, but Russert denies the claim even as he concedes he talked to Libby.

Libby says his naming Russert as a source was a mistake brought about by a busy schedule that made it difficult to remember from whom he received what. Under normal circumstances, a prosecutor might be willing to accept this explanation, particularly since Libby is a lawyer of proven merit who would understand the consequences of deliberately lying to a grand jury. It is almost inconceivable that he would lie, particularly since he knew his statement could be checked easily. But Fitzgerald, known as the Boy Scout of federal prosecutors, was as relentless as if he had just read "Les Miserables" and was a fan of the French police inspector.

There is some indication that he really wanted to nail the president's chief political advisor, Carl Rove, but settled finally on Libby, who is not known as an ideologue or even wildly political. His wife, who also is a lawyer, is in fact on the other side of most political issues, according to reports.

The effort to choose a jury this trial already has shown signs of being more a debate on Bush's Iraq policy than an effort to find justice. Those facing empanelment have been asked their feelings about the president and several have been dismissed for voicing their animosity. Shades of things to come as the testimony of everyone from Cheney to a handful of prominent journalists and TV stars begins in earnest.

This is the inside the Beltway kind of circus this town loves. It is a travesty with some long-lasting consequences from which no one emerges unscathed _ not the press, the prosecutor, the White House, the CIA, Wilson and Plame (the darlings of the Georgetown dining out set) and certainly not Libby, whose reputation as a tough, quiet but decent person already has been

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severely maligned. There is no constitutional crisis in this _ nothing of great national import took place. No harm was done by the disclosure that Plame, who hadn't been undercover for years, worked for the CIA.

Severe damage, however, has been done to the First Amendment by an over zealous prosecutor who, among other things, insisted on jailing a reporter for not revealing her source for a story she never wrote, undercutting a policy and tradition that has been a bulwark of press freedom since the beginning of the nation. The result is a chilling impact on the role of the Fourth Estate as the watchdog of democracy.

So, Mr. President, it is time you exercised your own constitutional prerogatives and ended this nonsense immediately. Even if an impartial jury could be selected, which is highly doubtful in this venue, the trial is an injustice.

(Dan K. Thomasson is former editor of the Scripps Howard News Service.)

Contractor Proves Key In Two Federal Probes (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 19, 2007

A key figure in the case against former Rep. Randy "Duke" Cunningham has become a focus of the federal investigation of another Republican from California, Rep. Jerry Lewis.

The person who has emerged in both probes is Brent Wilkes, a Poway, Calif., entrepreneur, said people with knowledge of the investigation. His firm received defense and intelligence contracts with congressional help from Mr. Cunningham. The former lawmaker pleaded guilty in November to charges that included soliciting bribes from Mr. Wilkes and was sentenced to more than eight years in prison.

ETHICS QUESTIONS

· The News: A defense contractor emerges as a key figure in two federal investigations.

· The Debate: Prosecutors are looking into whether a lawmaker improperly helped companies to secure government contracts.

· What's Next: The probes are renewing attention to congressional earmarks and, more broadly, ethics reform.

Prosecutors in Los Angeles are examining whether Mr. Lewis may have improperly helped Mr. Wilkes's companies obtain government contracts. A spokeswoman for Mr. Lewis declined to comment on the investigation.

Mr. Lewis is under investigation for possible improper conduct in obtaining "earmarks," or legislative language that steers federal funds to specific recipients. The continuing investigation into his actions is significant because the new House Republican leadership decided to keep Mr. Lewis, of California, on the Appropriations Committee as the top minority member, despite the probe. He had been chairman until Democrats took control of the House this month.

Mr. Lewis has represented California's 41st district since 1979. He was chairman of an appropriations subcommittee on armed services before moving up to become chairman of the Appropriations Committee in January 2005.

The inquiry promises to sustain the debate over congressional earmarks, which has been at the center of this year's attempt to enact new ethics rules for Congress. The House has passed a bill imposing major restrictions although a vote yesterday cast doubt on whether a similar bill will be approved by the Senate.

Prosecutors designated Mr. Wilkes an unindicted co-conspirator in the charges against Mr. Cunningham. Mr. Wilkes himself has been under investigation separately, by the same federal prosecutors in San Diego who investigated the Cunningham case. People with knowledge of that investigation said prosecutors are bringing in last-minute witnesses before a grand jury and expect Mr. Wilkes will be indicted early next month. These people said Carol Lam, the U.S. attorney in San Diego who has been asked to resign by the Justice Department, requested that prosecutors on the case wrap up the investigation and bring charges before she officially steps down Feb. 15. The Justice Department has confirmed that several U.S. attorneys were asked to step down for reasons it said were related to performance but has declined to give details.

Mark Geragos, one of Mr. Wilkes's lawyers, said, "We're comfortable that everything Brent Wilkes did was above board and legal and we don't think that there is any cause for anyone to question it, let alone indict him."

Rep. Lewis' close relationship with a Washington lobbying firm, Copeland Lowery Jacquez Denton & White, is a subject of the probe. The firm was founded by former congressman Bill Lowery, a friend of Mr. Lewis.

Copeland Lowery flourished by signing up corporate and local government clients, which subsequently won earmarks pushed through with Mr. Lewis' help. One Copeland Lowery client, the Lake Arrowhead Community Services District in California, disclosed that the lobbying firm helped obtain for it federal grants totaling $680,000. After the University of Redlands hired Copeland Lowery, it obtained Mr. Lewis's help in securing $21.5 million in federal money for research and a new science center.

One matter under investigation is the tens of millions of dollars in earmarks Mr. Lewis obtained for clients of the firm, which since has split up. Prosecutors also are focusing on campaign contributions Mr. Wilkes and his associates made to Mr. Lewis,

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and contracts Mr. Wilkes's companies obtained after hiring Copeland Lowery. Among other things, they are looking for possible evidence that Mr. Lewis directed Mr. Wilkes to hire Copeland Lowery as the price for getting earmarks passed, said the people with knowledge of the case.

Barbara Comstock, a spokeswoman for Mr. Lewis, said she wouldn't have any comment on possible links between Messrs. Lewis and Wilkes.

Prosecutors have cast a wide net, some months ago subpoenaing voluminous records from county and local governments in Southern California and companies, all of which hired Copeland Lowery to lobby for them. Many received federal money for local projects with Mr. Lewis's help. People close to the case said prosecutors have focused heavily on contracts awarded to Mr. Wilkes's companies and large campaign contributions he made.

Records on file with the House clerk show Copeland Lowery lobbied on behalf of one Wilkes company, ADCS Inc., from 1998 to 2000, and from 2002 to 2005. ADCS, or Automated Document Conversion Systems, specialized in converting military documents on paper into computerized records. Beginning in 1997, with help from members of the appropriations committee, including Mr. Cunningham, the Poway, Calif., company began winning multimillion-dollar military contracts. Copeland Lowery disclosed receiving about $160,000 for the work. After Mr. Wilkes' name surfaced publicly last year in connection with the corruption investigations, Copeland Lowery revised its disclosure reports to state that it received more than $340,000 from ADCS. A lawyer for Copeland Lowery said the error was inadvertent.

The Project on Government Oversight, a nonpartisan organization that focuses on exposing government corruption, last year found a travel report showing that Mr. Lewis traveled from Washington to visit ADCS headquarters in 1998, shortly before ADCS received a government contract. Mr. Lewis' office confirmed that in the early 1990s, he traveled to Belize on a trip sponsored by Mr. Lowery that included Mr. Wilkes, among others.

Federal campaign records also show Mr. Wilkes and five employees or relatives donated on the same date in 1999 a total of $11,000 to Mr. Lewis's campaign fund. Mr. Wilkes and related individuals also contributed $7,000 in early 1998.

On Sept. 18, 2002, Mr. Wilkes, his wife, nephew and two employees donated $10,000 to Mr. Lewis's Future Leaders Political Action Committee. In 2003, Mr. Wilkes donated another $2,000 to the fund. Mr. Lewis, as with many congressional leaders, maintained the PAC to collect funds that then could be doled out to help fellow Republican lawmakers who faced re-election fights. That largess was credited with helping Mr. Lewis get the Republican leadership's backing to become appropriations chairman.

Mr. Wilkes and people associated with him donated in total about $60,000 to Mr. Lewis' campaign fund or political-action committee. (Mr. Cunningham received campaign donations of $84,500 from Mr. Wilkes and associates.)

It is illegal for a congressman to support legislation as a direct quid pro quo for campaign contributions, but direct links between contributions and actions are difficult to prove. The government must show that the lawmaker took official action only because of the donation. The Constitution's "speech and debate" clause also prevents prosecutors from using evidence from congressional debates, and limits their access to records or testimony about meetings lawmakers held to discuss legislation.

The Los Angeles prosecutors examining Mr. Lewis' actions are looking for a possible direct link, the people with knowledge of the investigation said.

In January 2003, longtime Lewis aide Letitia White left his staff to become a Copeland Lowery partner. Another top aide to Mr. Lewis, Jeffrey Shockey, left the congressman's staff in 1999 to work for the firm. He then returned to become the appropriations committee's deputy staff director when Mr. Lewis became chairman.

Through a spokesman, Copeland Lowery principals have denied any wrongdoing. A spokesman for the principals said "the firm's work is consistent with the laws, rules and regulations that govern federal lobbying." He declined to comment further.

The Cunningham case involved soliciting direct bribes for personal use. According to Mr. Cunningham's plea agreement, Mr. Wilkes paid $636,000 in bribes, including $525,000 to pay off a mortgage on Mr. Cunningham's home.

Man, 26, Admits His Role In Fatal Fight (BOS)

The Boston Globe, January 19, 2007

SOMERVILLE

A 26-year-old Somerville man pleaded guilty yesterday to second-degree murder in Middlesex Superior Court in Lowell, admitting that he helped another man kill Ryan Sullivan, 16, in Somerville during a fight on Warwick Street in July 2004. Van Gustave was sentenced to life in prison with the possibility of parole after 15 years, the Middlesex district attorney's office reported. Prosecutors said Gustave and Joseph Spinucci, who was convicted last year of first-degree murder, got into an argument with a friend of Sullivan's that escalated into the murder.

CAMBRIDGE

R.J. Reynolds responds to nicotine report Responding to a Harvard study on nicotine levels, cigarette maker R.J. Reynolds Tobacco Co. said in a statement yesterday that the company "does not have a program to systematically increase the nicotine content or smoke nicotine yields of its products." Researchers from the Harvard School of Public Health issued a report yesterday that examined industry-supplied data on the nicotine content of cigarettes as well as other factors in cigarettes that can affect nicotine delivery. The Harvard researchers confirmed an earlier Massachusetts Department of Public Health study that showed an upward trend in inhalable nicotine levels. The Harvard report also found that actual nicotine content in the tobacco used in cigarettes increased from 1997 to 2005.

MIAMI

Retired FBI agent's murder trial delayed A Miami judge agreed yesterday to a defense request to delay the murder trial of retired FBI special agent John J. Connolly Jr. until Oct. 22 to give lawyers more time to prepare. Connolly was indicted in May 2005 on state murder charges in allegedly helping longtime informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi orchestrate a 1982 gangland slaying in Florida. The victim, John B. Callahan, a Winchester financier , was killed allegedly because the gangsters feared he would tell the FBI they were involved in the slaying of Tulsa businessman Roger Wheeler, who owned World Jai Alai. Connolly, 66, is serving a 10-year prison term for his 2002 conviction on federal racketeering and obstruction of justice charges for protecting Bulger and Flemmi from prosecution.

BOSTON

Teachers OK English High as pilot school Teachers in Boston's English High School agreed yesterday to turn the troubled school into a Commonwealth pilot school, converting the 1,300-student school into a smaller college preparatory school starting in September. Under the school's proposal, which 81 percent of teachers approved, the school will set tougher graduation requirements, require daily courses focused on getting students into college, and institute a longer school day. The school will be divided into two communities of 400 students each. In November, the state Board of Education offered English High and three other schools a chance to fix themselves by becoming pilot schools, which gives teachers and principals more flexibility in budgets, schedules, and curriculum.

Suffolk names new law school dean A former Indiana University law school dean will replace Robert Smith as dean of Suffolk University Law School on July 1, the school announced yesterday. Alfred Aman Jr. is now director of the Institute for Advanced Study and a law professor at Indiana University, and he has also worked at Cornell Law School and in England, France, and Italy. During Smith's eight-year tenure, Suffolk opened graduate and international programs at Suffolk. After a sabbatical, he will return to teaching. The school enrolls about 1,600 students.

BARNSTABLE

DA wants Worthington evidence sealed Prosecutors have filed a motion to seal permanently the graphic photographs and video used in the trial of a trash collector convicted of killing former fashion writer Christa Worthington. Cape and Islands District Attorney Michael O'Keefe filed the motion in Barnstable Superior Court on Tuesday after a CBS television request earlier this month to gain access to pictures and video from the trial. Christopher M. McCowen was convicted in November of murdering and raping Worthington in her Truro home in 2002. Evidence during the five-week trial included horrific crime scene photos and police video of Worthington's body. The images should be kept from the public because of their "personal nature" and "to protect the privacy of Worthington's family and estate," the district attorney's motion said. (AP)

Ney's Friends, Foes Speak Out Before His Sentencing Friday (GANNETT)

By Malia Rulon, Gannett News Service

Gannett, January 19, 2007

WASHINGTON — The federal judge who will sentence disgraced former Rep. Bob Ney to prison Friday has received a barrage of opinions about how much prison time he should get, according to documents filed Thursday.

Most of the 75 letters sent to the judge came from supporters, including a handwritten note from Ney's parents, and letters from childhood friends, his doctor, local officials, including Dover Mayor Richard P. Homrighausen, and several former staff members and campaign workers.

"Frankly, we are all disappointed with the activities in which he engaged that led to his conviction, however, I want to assure you that he has many other admirable traits that we believe are worthy of your consideration," wrote Brook A. Cheney, who was a classmate of Ney's at Ohio State University.

Ney, of Heath, pleaded guilty in October to two felony charges of conspiracy to commit fraud and making false statements. The charges stem from a series of free trips, meals and gifts Ney accepted from convicted former Washington lobbyist Jack Abramoff and others in exchange for official favors.

His actions carry a maximum sentence of 10 years and a $500,000 fine, but Justice Department prosecutors have agreed as part of Ney's plea deal to ask for a little over two years in prison and between $5,000 and $60,000 in fines.

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Nine letters came from people who want U.S. District Judge Ellen Huvelle to sentence Ney to the maximum amount of time possible.

"If the punishment really fit the crime, he'd have been shot at sunrise," Ben Alvin Walker wrote. "Throw the book at him; throw two books at him."

The former six-term congressman has been undergoing treatment for alcohol abuse since September, and in court papers, his lawyers have asked Huvelle to allow him to continue his treatment while incarcerated.

Several letters also included requests that Ney continue his treatment.

"Bob was a functioning alcoholic who could rarely make it through the day without drinking and would often begin drinking beers as early as 7:30 a.m., " wrote Matt Parker, Ney's former campaign manager.

Parker wrote that Ney has been attending recovery meetings sometimes as early as 7 a.m. and often three times a day.

"I am pleading for Bob to be able to continue with rehabilitation programs while he is incarcerated," Parker wrote.

Charges Filed In Killing Of Beaumont Boy (LAT)

By Maeve Reston, Times Staff Writer

The Los Angeles Times, January 19, 2007

A drifter who murdered and abducted members of an Idaho family is accused in the long-unsolved case of Anthony Martinez.

INDIO — A drifter who brutally murdered at least three members of an Idaho family in 2005 and kidnapped two of their young children was charged Thursday with the decade-old slaying of a 10-year-old Beaumont boy abducted at knifepoint near his backyard.

The 1997 killing of Anthony Martinez weighed heavily on the town of Beaumont, where billboards pleading for information about Anthony's disappearance remained for years.

Joseph Edward Duncan III, 43, was named as a suspect in Anthony's death in 2005 after he reportedly told FBI agents he was involved in the slaying. Investigators also said Duncan's fingerprint was discovered near Anthony's body, which was found nude and bound with duct tape on a remote canyon road north of Indio.

Riverside County Dist. Atty. Rod Pacheco on Thursday announced that Duncan had been charged with first-degree murder, and the newly elected prosecutor vowed to seek the death penalty.

Duncan, a convicted sex offender, pleaded guilty in October to three murder and three kidnapping charges in Idaho and is awaiting his final sentence for those crimes.

During that rampage, Duncan bludgeoned to death Brenda Groene; her fiance, Mark McKenzie; and her 13-year-old son, Slade Groene, inside their home near Coeur d'Alene. He then kidnapped the other two children in the house, 8-year-old Shasta Groene and her 9-year-old brother, Dylan.

A Coeur d'Alene waitress ended the nationwide hunt for Duncan when she recognized Shasta Groene, whose face was on "missing" fliers around town, at a Denny's in July 2005. Dylan Groene was later found dead at a Montana campsite.

On Thursday, just hours after Pacheco's news conference, a federal grand jury in Idaho indicted Duncan in the killings of Dylan Groene and the kidnapping of the two Groene children, which may make it more difficult for Riverside County authorities to extradite Duncan to California any time soon.

To prevent California from prosecuting Duncan first, federal officials in Idaho scrambled over the weekend to file a complaint against Duncan in federal court for taking a stolen Jeep across state lines.

"We've been aware that a number of places had an interest" in Duncan, said Jean McNeil, a spokeswoman for the U.S. attorney's office in Idaho. "We just wanted to make sure that he has to stand trial for these charges and he has to do that soon."

State prosecutors in Idaho have said they would seek the death penalty for the three killings in the house if Duncan escapes it in his federal trial for the kidnapping of the two remaining Groene children, the killing of Dylan Groene and the sexual assault of both. Duncan was sentenced to three consecutive life terms at the state level without parole for kidnapping.

The announcement of the Riverside County murder charges in the Anthony Martinez case marked the end of a long and often frustrating investigation by state, county and federal officials, who chased down about 15,000 leads before they found their suspect eight years later.

In the same press conference Thursday in Indio, Riverside County Sheriff Bob Doyle spoke directly to Anthony's mother, Diane Gonzales, who held back tears.

"While we cannot bring Anthony back to you, we can bring his killer to justice," Doyle said.

Anthony was playing outside with his brothers and friends in April 1997 when a man approached in a white sedan asking for help looking for his cat.

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He jumped out of his car, pulled a knife from his waistband and grabbed Anthony, who struggled as he was dragged into the car.

Hundreds of law officers descended on Riverside County, combing the remote canyons and surrounding areas on horseback, on foot and in helicopters. Fifteen days later, a federal Bureau of Land Management employee on patrol spotted Anthony's body.

Mitch White, a lead investigator on the case with the Beaumont police, said investigators struggled for years as one lead after another fell through.

"I thought sooner or later, given the nature of this guy, he would get caught on some other crime," said White, a retired lieutenant. "We believed that he was not going to stop, that this was not an isolated thing."

Pacheco said prosecutors decided to seek the death penalty because of the vulnerability of the victim, the brutality of the crime and Duncan's record. Investigators believe Anthony was killed by blunt force against a rock, and he was sexually assaulted.

Duncan first served time for the 1980 rapes of a 14-year-old boy in Washington state. He told psychiatrists at a state mental hospital that he had raped other boys, as young as 12.

Anthony's mother said her family had wrestled with the death penalty question.

"We came up with the conclusion that we would stand by whatever the district attorney decided to do in the case of Joseph Duncan — provided that Joseph Duncan never see the light of day again, whether that be through death or incarceration for the rest of his life," Gonzales said. "We believe justice will prevail whether it be through the courts or through the eyes of God."

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RETHINKING REHAB Treatment For Prisoners Draws Fire Over Scientology (WSJ)

By Lauren Etter

The Wall Street Journal, January 19, 2007

ALBUQUERQUE, N.M. -- Last November, in a cedar sauna cranked up to 160 degrees, a crowd of sweaty men read books and chatted amid mariachi music. They emerged to nibble from a tray of raw vegetables or take shots of olive oil.

This is not a spa. This is Second Chance, one of the country's most unusual alternatives to the nation's prison systems. Founded by a Scientologist and former real-estate developer -- and funded partly by federal tax dollars -- Second Chance is a treatment program for nonviolent prisoners with substance-abuse problems.

It is based on principles of L. Ron Hubbard, founder of the Scientology religion, who argued that toxins from drugs and pesticides accumulate in the body's fatty tissues, making it difficult for addicts to kick their habit. Saunas and vitamins are intended to purge these residues. Facing few options for successful long-term ways to treat criminal defendants with serious drug problems, 24 of New Mexico's 84 district judges have sentenced more than 50 prisoners to terms at Second Chance.

Even before it opened its doors to inmates last September, Second Chance and its unconventional methods had ignited a controversy in New Mexico's legal community. At the center of the debate are two former friends and sometime adversaries. William Lang, chief district judge in the area that includes Albuquerque, doesn't want his colleagues to sentence inmates to Second Chance. On the other side is Judge Lang's predecessor, W. John Brennan, who was hired by Second Chance to convince judges to do just that.

"There's a dire need for a secure residential facility for defendants with substance-abuse problems," says District Judge Ross Sanchez. He has sent three inmates to Second Chance, where the minimum stay is six months.

'Highly Suspicious'

But Judge Lang says he is "highly suspicious" of the program. "If it is connected to Scientology, just say so," he says. Second Chance officials and a spokeswoman for the Church of Scientology say there are no ties.

For most of his 25-year career, Mr. Brennan was a highly respected member of the legal community. He and Judge Lang were close; Mr. Brennan presided over Judge Lang's wedding 18 years ago. But the men had a falling out in 2002, when Judge Lang unsuccessfully attempted to gather enough votes from judges to unseat Judge Brennan.

Then, late one night in May 2004, Judge Brennan was arrested. Within four months he had resigned as judge and pleaded guilty to drunk driving and cocaine possession. He was sentenced to a year's probation. Judge Lang assumed Mr. Brennan's post as chief judge of New Mexico's Second Judicial District.

Now a consultant for Second Chance, Mr. Brennan believes that Judge Lang is cool toward the program because of his personal grudges. "I think it has to do with me," says Mr. Brennan, who lobbies judges to send convicts to Second Chance. "I don't think it has to do with the program." He adds Judge Lang's own battle with alcoholism makes him skeptical of unorthodox treatment programs.

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Judge Lang, who attends Alcoholics Anonymous meetings, says personal grudges have nothing to do with his skepticism about Second Chance. Judge Lang says he believes funding for treatment should go to existing programs that have a track record.

Now the $350,000 in federal funds granted to Second Chance is running out. Last month Mr. Brennan appeared with one state representative before New Mexico's Legislative Finance Committee and asked for $3.6 million for the program.

Second Chance is the brainchild of Rick Pendery, a former real-estate developer who says he has spent decades studying world religions with a focus on the writings of Mr. Hubbard.

In 1995 Mr. Pendery opened the first Second Chance program in Ensenada, Mexico, using his own money and funds from the Mexican government. His first attempts to open a program in the U.S. failed.

Then in 2002, Mr. Pendery gave a presentation on Second Chance to a conference of women legislators in San Diego and took about 60 of them to Ensenada. Anna Crook, a Republican state legislator from New Mexico, came away impressed, she says.

Ms. Crook asked New Mexico's Department of Corrections to work with Second Chance to establish a pilot project. The department declined because Second Chance isn't a "good fit," according to a spokeswoman. Undeterred, Ms. Crook says she then went to Washington and secured $350,000 for Second Chance from the 2004 appropriations bill.

With federal funds approved, Mr. Pendery says the "overwhelming majority" of the remaining $300,000 needed to start Second Chance came from businessman Randall Suggs, a Scientologist who owns a stake in the Arizona Diamondbacks baseball team. The state of New Mexico later allocated $300,000. Mr. Suggs didn't return phone calls.

Another Challenge

Second Chance's next challenge was to persuade judges to send addicts convicted of either misdemeanors or felonies to the program. In September 2005, Mr. Pendery approached Mr. Brennan, who had recently returned from two months of rehabilitation at the Betty Ford Center. Mr. Brennan wanted to get back into the criminal-justice field, but says he initially wasn't sure what Scientology was. After trying some of the Second Chance treatments himself, Mr. Brennan was sold and signed on.

"In the back of my mind I thought five years down the line, if this works, I'll have some sort of public redemption," he says.

In August 2006, Mr. Brennan was scheduled to make a presentation about Second Chance to a panel of New Mexico criminal judges. Judge Lang made his opposition clear. "I suggested it would probably not be a good idea" for Mr. Brennan to give the presentation, says Mr. Lang. "The whole pall that [the arrest] cast over the court, and the great cloud of suspicion, had not completely lifted."

Ultimately, Mr. Brennan didn't make the presentation. He says he was told Judge Lang didn't want him entering the courthouse, an account Judge Lang disputes.

Last summer, Judge Lang cautioned many of New Mexico's district judges and Kari Brandenburg, district attorney for the Second Judicial District, about the program, he says. Ms. Brandenburg argues any kind of treatment -- however unusual -- is better than no treatment at all. "We need to have an open mind," she says. "If it doesn't work we'll get rid of it."

The center received its first inmate in September. Currently, about half of the inmates who are qualified to go to Second Chance ultimately go to the program, Mr. Brennan says.

Still, some judges are balking. "I'm not ordering or sentencing anybody to that program at this time," said Judge Denise Barela Shepherd at a Nov. 8 hearing where she sentenced a probation violator to prison instead. In an interview, Ms. Shepherd said there isn't enough evidence for her to conclude the program works.

Mr. Hubbard's principles have been taken to prisons before. For many years a program called Criminon, also based on Mr. Hubbard's teachings, has operated drug-intervention programs in jails. But Second Chance represents the first time in the U.S. that an incarceration facility has been designed around Mr. Hubbard's methods, which involve not just behavioral treatments but saunas and specific diets as well.

Located on a tumbleweed-strewn patch of desert, Second Chance's cement structure is ringed by a chain-link fence topped with barbed wire. Inside, linoleum hallways give way to an open dormitory. A nearby room houses the sauna, which is used by every inmate for a four-week period, five hours a day.

Inmates eat organic beef. They choose from an array of vitamins to ingest, including potassium pills if they're feeling dizzy, or bioplasma pills to offset salt depletion. Inmates addicted to heroin can get a massage, called a "nerve assist," from another inmate. Scientologists believe nerve assists help drugs depart the body.

In addition to saunas and specific diets, Second Chance focuses on helping inmates communicate more effectively, on the belief that better communication skills will reduce offenders' need to act out in negative ways.

One recent morning, Vincent Gutierrez, 29 years old, who has been in and out of jail for drug use since age 13, sat with a group of other inmates working on a series of communication drills that are also based on techniques developed by Mr. Hubbard.

Bull-Baiting

One drill, called bull-baiting, is designed to help participants learn how to tolerate verbal assaults. Mr. Gutierrez stared into the eyes of another inmate stationed three feet away. As his partner yelled scripted statements at him like "You look like a frog!" Mr. Gutierrez was supposed to remain impassive. Another drill has inmates sit opposite each other, look each other in the eye and read lines from Lewis Carroll's Alice in Wonderland.

Mr. Gutierrez says the drills have helped him "figure it out the positive way instead of using my knuckles."

Mr. Pendery says that by addressing the root causes of drug abuse, his program reduces the number of inmates who return to jail after being released. He says a study shows that the Second Chance program in Ensenada resulted in a drop in recidivism rates to 10% from 83% over a six-year period. The Mexico program recently closed its doors after losing its government funding, he says.

Advocates say Second Chance also saves money because it doesn't require maximum-security guards and doesn't administer pharmaceutical drugs. It costs about $55 a day for one inmate in the Second Chance program, compared with about $70 a day for an inmate at the county jail.

Bill Miller, an addiction expert and a retired professor of psychiatry at the University of New Mexico, reviewed Second Chance at the request of the city of Albuquerque. "There's a lot of use of sauna with the idea that you sweat out toxins in the system. I don't know of any scientific basis for that," he says. "It wasn't clear to me what sort of scientific basis there was even for the conception of the program to begin with."

Does it work? "Basically we just don't know," he says.

Teen Says He Was 'Terrified' Of Captor (WP)

By Kari Lydersen

The Washington Post, January 19, 2007

Michael J. Devlin, the suburban St. Louis man accused of abducting two boys and holding one for four years, pleaded not guilty yesterday in Franklin County, Mo., court to one count of kidnapping in last week's abduction of William "Ben" Ownby, 13.

Devlin was also charged with felony kidnapping and felony armed criminal action in nearby Washington County, Mo., on Wednesday in the 2002 abduction of Shawn Hornbeck, 15. Prosecutor John D. Rupp Jr. has alleged that Devlin, 41, initially brandished a handgun to control Shawn, then 11 years old.

Shawn told Oprah Winfrey during an interview aired yesterday that he did not try to flee from Devlin because he was "terrified," even though he would regularly ride his bike alone and had access to a cellphone and a computer. He confirmed that he posted a message signed "Shawn Devlin" on the Web site that his parents, Pam and Craig Akers, set up to search for him and other missing children. The post, which asked how long the Akerses planned to look for their son, was an effort to send a signal, he told Winfrey.

The Akerses told Winfrey they thought Shawn had been sexually abused during his time with Devlin, though they said they had not asked him directly.

Hornbeck and Ownby were found last week after police recognized Devlin's white pickup truck while serving a warrant to another resident at the apartment complex where he lived.

Sharon Cooper, a forensic pediatrician at the University of North Carolina and a consultant for the National Center for Missing and Exploited Children, said it would not be hard for someone such as Devlin to make an 11-year-old afraid to leave.

"At that age, it's very easy to convince them of anything once you have removed them from their support system," she said. "He was in such isolation, deprived of his family, deprived of school and normal social contact, he was in a circumstance without other outlets to help him make a decision. He's totally helpless and having to rely almost totally on an offender for his basic needs -- food, clothing, shelter. He is dependent on that individual for his own survival."

Devlin's relatives, locally well known, did not know until the arrest that he had children living with him. For security reasons, he made his not-guilty plea via closed-circuit television, and he declined to make a statement.

The Franklin County prosecutor's office, which would not comment further, said Devlin's first hearing will be March 15. His attorneys are asking for a change of venue for the trial. Devlin is being held in isolation in the Franklin County Jail in lieu of $1 million bail, and his bail is set at $3 million in Washington County.

The U.S. attorney's office in St. Louis has been working with local prosecutors, but no federal charges have been filed, said local Justice spokeswoman Jan Diltz. An FBI spokesman in St. Louis said federal charges will be considered.

Detectives in Lincoln County, Mo., an hour's drive from St. Louis, are looking for clues that might link Devlin to the disappearance of Charles Arlin Henderson, who was 11 when he vanished while riding his bike in 1991, or to the case of Bianca Piper, who disappeared from a rural road in March 2005, when she was 13. Police in nearby St. Charles are also investigating whether Devlin could be linked to the disappearance 19 years ago of Scott Kleeschulte, then 9.

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"When you look at Ben, Shawn and Arlin, there are some striking similarities, both physically and in the way they disappeared," said Lt. Rick Harrell, spokesman for the Lincoln County sheriff's department. "Like Shawn, Arlin was on his bike in a rural area. And Bianca is female, but we can't automatically discount her case either. When you have Ben and Shawn found alive, you have a glimmer of hope that we'll find our missing kids and get them back in their parents' arms."

Faith-based Initiative (WT)

By Deborah Simmons

The Washington Times, January 19, 2007

Every year, 600,000 or so prisoners are given their walking papers to return to a neighborhood near you. The odds of their walking the straight and narrow are overwhelmingly against them, with an estimated two-thirds likely to be rearrested within three years of their release. The annual tab is staggering because American taxpayers spend $60 billion to keep criminals behind bars (compared with the $34 billion we spent on the Department of Homeland Security's budget last fiscal year). Our wallets are wedged between a rock and a very hard place.

Sometimes, we pay upward of $40,000 per prisoner. Either we can allow policies to continue as they have been and throw good money after ornery lawmaking, or we can change course slightly and experiment. President Bush said as much in his 2004 State of the Union address: "a plan to harness the resources and experience of faith-based and community organizations in dealing with the challenges of helping returning inmates contribute to society."

Whether we like it or not, the ex-offenders are coming back, many to homes with no hearth. When they return in such large numbers, they put a strain on our police and sheriff's departments, which are responsible for keeping track of ex-offenders. Some neighborhoods are overwhelmed by the sheer number of ex-offenders, with local and county governments establishing halfway houses and group homes, and court-intervention and counseling sites in traditional residential neighborhoods — often depressing housing values in the process.

The Second Chance Act, federal legislation that has bipartisan support, offers a different course. While the bill, which failed to get through the 109th Congress, muddles some of the taut lines that ordinarily distinguish law-and-order hard-liners from progressive Democrats, it fits comfortably into the mold of compassionate conservatism with a faith-based component. In fact, the Second Chance Act helps explain why "blue states" in the Northeast are willing participants in the Bush administration's faith-based initiative when compared to "red states" and other regions, according to a 2006 study by the Joint Center for Political Studies.

Ex-offenders often return home with no family support, no job skills and no means to support themselves, circumstances that swing wide the revolving door to recidivism. Sometimes, faith is all an ex-con has.

Demetrius Davis walks in faith. Boxing since he was of school-age, he wears his Christian faith as comfortably as he does his boxing gloves. But that wasn't always so. Demetrius grew up in the ring. His father is renowned former Golden Gloves champ-turned-trainer Adrian Davis and, his mom, Brenda, is the longtime "go-to-man" for the regional Golden Gloves. (The Davises are proprietors of Round 1 Gym.) In a way, Demetrius has been punching his way through life since he was a tot.

In a recent interview, Demetrius, now 38 years old, chose his words carefully, reluctant to tell this stranger the details of why he landed himself in prison. So I let Demetrius' sleeping demons lie and allowed his explanation of becoming "a follower not a leader" speak for itself.

A lover of sports, he played football and basketball as a teen and accepted the fact that boxing is literally in his veins. He's been ranked by the International Boxing Federation, World Boxing Association, World Boxing Council and International Boxing Organization, and points out that his "dad taught me everything I know. ... He will always be my trainer."

Understand, the list of boys and men with whom Demetrius has had to share his dad is quite lengthy — Hasim Rahman, Sharmba Mitchell and William Joppy, to name a few — and they all made long green following Mr. Davis' lead. Such a list easily could shake the faith of the proudest man-child, but Demetrius doesn't flinch. "I thank the Lord for him every day," he says.

Sensing that Demetrius had become a bit more comfortable with this stranger, I turned the conversation to leadership, asking him what advice he had for boys and men who are looking in all the wrong places for leadership. "Get to know God," Demetrius replied without hesitation regarding his personal faith-based initiative. "I'm not supposed to be here talking to you right now....Get them in the gym.... They need more people who care about them around them. ... Most people don't understand. ... [They are] glorifying the bling-bling. ... [After prison] they revert back to the same environment."

"The same environment." Violent crime. Drug wars. Gangs. Gun control. Rampant substance abuse.

It costs on the front end. It costs on the back end. We pay as individuals for the consequences of our actions and as a society for the consequences of our inaction. Sometimes, we have to walk on faith and give a person a second chance.

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CIVIL LAW:

Justice Dept. Tries To Block Wage Payout (BUFFNEWS)

By Matt Gryta, News Staff Reporter

Buffalo News, January 19, 2007

The U.S. Justice Department renewed efforts Wednesday to block a state court from approving payment of wages owed to 85 former employees of the government-closed St. Augustine Center.

A week ago, State Supreme Court Justice John A. Michalek refused to permit the Internal Revenue Service to intervene in the court case, which is aimed at closing the human services center's financial books and paying the back wages.

Wednesday, the Justice Department asked U.S. District Judge John V. Elfvin to quash that case, claiming that it "threatens to impair the ability of the U.S. to enforce its tax liens."

In its latest legal effort, the Justice Department has filed a federal civil action against State Supreme Court in Erie County, the state Labor Department and Adam W. Perry, the Buffalo attorney Michalek named last year to serve as receiver to close the books on the center.

"I'm very disappointed that the government is attempting to deny the employees wages that they earned" in closing down the center and ensuring all its clients were properly placed with other Buffalo-area human services agencies, Perry said.

Last February, Michalek ordered the shutdown of the debt-plagued nonprofit agency, which for decades had served Buffalo's black community.

Study On Nicotine Levels Stirs Calls For New Controls (NYT)

By Gardiner Harris

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — A Harvard study concluding that cigarette makers have for years deliberately increased nicotine levels in cigarettes to make them more addictive led to renewed calls Thursday for greater federal oversight of the industry.

“Given the harm that tobacco causes, it shouldn’t be a game of cat-and-mouse to figure out what the industry is doing to cigarettes,” said Dr. Josh Sharfstein, commissioner of health for the City of Baltimore.

Senator Edward M. Kennedy, the Massachusetts Democrat who is now chairman of the Senate Health, Education, Labor and Pensions Committee, promised to reintroduce within weeks a bill that would allow the Food and Drug Administration to regulate cigarettes.

Mr. Kennedy said the Harvard study, which was released this week, “is dramatic new proof that Big Tobacco is addicted to addicting millions of young smokers.”

Mr. Kennedy’s bill passed the Senate in 2004 but failed in the House. With Democrats now in control of both houses, public health advocates said they had new hope that the legislation — debated for more than a decade — could pass.

Philip Morris, the nation’s largest cigarette maker, released a statement Wednesday taking issue with the Harvard study but saying the company supported Mr. Kennedy’s bill.

The company, which is owned by the Altria Group, said its own reports showed that nicotine yields for its top-selling Marlboro brand were the same in 2006 as they were in 1997. Changes between those years, it said, “reflect that there are random variations in cigarette nicotine yields.”

The Harvard researchers analyzed data only through 2005, although they promised to include 2006 figures in future analyses.

Dr. Gregory Connolly, a professor at the Harvard School of Public Health who was a leader of the study, said there was nothing random about the growth in nicotine yields, which occurred across all cigarette brands and makers.

“We know from our data that there are intentional design changes that result in more nicotine in smoke that increases the capacity for the cigarette to cause and maintain addiction,” Dr. Connolly said.

Company representatives at Lorillard Tobacco, owned by Loews, and R. J. Reynolds Tobacco, owned by Reynolds American, did not respond to phone messages.

Cigarette makers have for decades denounced scientific efforts to measure the byproducts and effects of cigarette smoking. And for decades, experts have been arguing over the best ways to measure smoke from smoking.

One common way has been to use machines to mimic smoking. For years, these tests were done at the Federal Trade Commission.

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In recent years, however, government regulators have asked cigarette makers to do these machine tests themselves. And beginning in 1997, Massachusetts regulations required cigarette makers to file an annual report with health regulators on the results of these tests.

In August, the Massachusetts Department of Public Health issued a study showing that according to the industry's own reports, the amount of nicotine that could be inhaled from cigarettes had increased an average of 10 percent from 1998 through 2004. The report was immediately criticized by cigarette makers.

So Dr. Connolly and colleagues decided to undertake a far more sophisticated analysis of the underlying data provided by cigarette makers. The Harvard group found that nicotine yields from smoking had increased each year from 1998 through 2005, by about 11 percent altogether.

A sophisticated mathematical analysis of the data demonstrated that the increase could not be due to random variations, Dr. Connolly said.

In August, in a racketeering suit brought by the Justice Department against the tobacco industry, a federal judge found that tobacco companies had for decades "manipulated the use of nicotine so as to increase and perpetuate addiction."

In ordering strict new limitations on tobacco marketing, the judge, Gladys Kessler of Federal District Court for the District of Columbia, also said that for decades, tobacco companies had "lied, misrepresented and deceived the American public."

Julie Brill, an assistant attorney general in Vermont, said she did not think the latest study would do anything to alter a deal reached in 1998 in which the tobacco industry agreed to pay states $246 billion. The money was to settle lawsuits seeking to recover expenses related to the treatment of tobacco-related illnesses.

Ms. Brill said she was "disappointed but not surprised" by the Harvard study.

"It leads one to question how long this industry can continue to be as unregulated as it is," she said.

Dr. Richard Hurt, director of the Mayo Clinic's nicotine dependence program, said he had reviewed the Harvard analysis and found it credible. And Dr. Hurt said documents disclosed in litigation against the industry showed that cigarette makers closely controlled the nicotine content of their products.

"If anyone thinks that tobacco companies have changed for the better and are now reformed, I have some beachfront property in Nebraska I'd like to sell them," he said.

Dr. David Kessler, who as commissioner of the F.D.A. during the Clinton administration sought to impose regulatory authority over cigarette makers, said cigarette makers had been manipulating nicotine levels for decades.

"Tobacco makers still have not answered some fundamental questions about why this is happening," said Dr. Kessler, now dean of the University of California, San Francisco, School of Medicine.

Regulate Tobacco, Finally (WP)

The Washington Post, January 19, 2007

FOR YEARS, the federal government has tried, ineffectively, to litigate away the effects of smoking on people and the public purse, pursuing expensive lawsuits against an industry that nevertheless continues to produce a needlessly dangerous product. Then, in 2004, it seemed that Congress might opt for a better strategy by giving the Food and Drug Administration -- which already scrutinized everything from aspirin to Alpo -- the authority to regulate tobacco products. To make the measure palatable, its sponsors attached it to a proposal that handed tobacco farmers a $10 billion buyout package. Even so, the proposal died in conference at the hands of a hostile Republican House leadership and an indifferent White House.

Now the new Democratic majority has a chance to finally pass this needed reform. Sen. Edward M. Kennedy (D-Mass.) plans to reintroduce the 2004 legislation before the end of the month, and his office foresees holding hearings on the matter shortly after. This is a good idea that has languished for too long. We hope Mr. Kennedy can stick to this timetable and that the 110th Congress quickly passes the bill.

Proponents of the legislation point out that the FDA would be able to crack down on tobacco advertising, especially that which targets children; require that packs carry much larger warning labels with much more explicit messages; and provide authoritative information about the contents of cigarettes and their dangers. Even more significant, the FDA would have the power to require reasonable changes in the composition of the product so that it would be less dangerous to smokers and those around them. As it stands, tobacco companies are generally loath to alter their products, especially if doing so is merely to protect the health of their customers.

Yesterday, yet another study was released concluding that, unregulated, tobacco companies are going precisely in the wrong direction. The Harvard School of Public Health found that the amount of nicotine delivered to smokers' lungs increased by an average of 11 percent between 1998 and 2005, reflecting an increase in cigarettes' addictive potency. Tobacco companies accomplished this not only by changing ingredients but by modifying cigarette design to encourage smokers to take more puffs

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from each cigarette. As common-sense policies such as high cigarette excise taxes and smoking bans reduce the prevalence of smoking nationwide, the FDA should be allowed to do the same to tobacco's harmful effects.

CIVIL RIGHTS:

Truck Driver Sentenced To Life In Prison In Deadliest U.S. Human Smuggling Attempt (AP)

By Juan A. Lozano, Associated Press Writer

AP, January 19, 2007

(AP) - HOUSTON-A truck driver was sentenced to life in prison Thursday, avoiding a death sentence for his role in the United States' deadliest human smuggling attempt in which 19 illegal immigrants died from dehydration and suffocation inside an overheated tractor-trailer.

Tyrone Williams, 36, was convicted last month on 58 counts of conspiracy, harboring and transporting immigrants.

A jury deliberated for 5 1/2 days before sentencing Williams, himself an immigrant from Jamaica.

Williams was sentenced to life in prison without the possibility of parole for each of the 19 counts of transporting the illegal immigrants who died. U.S. District Judge Lee Rosenthal will sentence Williams on Aug. 23 for the remaining 38 counts of harboring and transporting immigrants and for the conspiracy count. The maximum sentence for the conspiracy count is life in prison.

Williams looked down as the verdict was read and gave no visible reaction. His attorney, former U.S. Rep. Craig Washington, wept and wiped his eyes with a tissue.

Later, Washington said he was crying tears of joy.

"We're grateful to God and to the jury for saving Tyrone's life," Washington said.

Prosecutor Daniel Rodriguez looked grim after the sentence was announced as his boss, U.S. Attorney Don DeGabrielle, spoke to reporters.

"We did everything we could to impose a sentence of death. Nineteen life sentences is not something to be disappointed about," DeGabrielle said. "One human being had the chance to let those people out. That was Tyrone Williams."

In May 2003, Williams tractor-trailer was packed with more than 70 immigrants from Mexico, Central America and the Dominican Republic. As temperatures skyrocketed inside the airtight refrigerator truck, the immigrants kicked walls, clawed at insulation, broke out taillights and screamed for help.

Nineteen of the immigrants died from dehydration, overheating and suffocation during the smuggling attempt from South Texas to Houston. Williams abandoned the trailer at a truck stop near Victoria, Texas, about 100 miles (160 kilometers) southwest of Houston.

"Justice is served from today's sentencing," Assistant Homeland Security Secretary Julie Myers said in a written statement. "We hope this significant sentence will help dissuade potential alien smugglers away from this dangerous, dehumanizing and illegal business."

Jurors, who spoke to reporters on condition of anonymity, said they began each day of deliberations with 19 seconds of silence in memory of Williams' victims.

"It will probably be a very long time before any of us passes an 18-wheeler on the freeway without looking at it twice," said juror No. 9, a teacher.

Williams' attorneys argued he never intended for the immigrants to die and did not know they were succumbing to the deadly heat until it was too late. They blamed the deaths on other members of the smuggling ring who overstuffed the trailer.

Williams' family, including his mother and father, begged the jury to spare his life during emotional testimony presented at the retrial's punishment phase.

Prosecutors said Williams deserved a death sentence because he intentionally caused the immigrants' deaths by not freeing them when he knew their lives were in danger. They also noted he failed to take life-saving measures, like turning on the trailer's air conditioning, although some survivors testified they thought it had been turned on.

Washington said Thursday that jurors told him after the sentencing that he did not spend enough time during the trial proving that Williams had turned on the air conditioning.

Relatives of the 19 victims also testified, demanding justice and telling jurors their loved ones did not deserve to die the way they did.

Williams, who lived in Schenectady, New York, was the only one of 14 people charged in the case who faced the death penalty.

This was the second time Williams was tried for the smuggling deaths.

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In 2005, a jury convicted Williams on 38 transporting counts, but he avoided a death sentence because the jury could not agree on his role in the smuggling attempt. The jury deadlocked on the 20 other counts.

The 5th U.S. Circuit Court of Appeals rejected the verdict, saying the jury failed to specify his role in the crime.

Jury Spares Driver In Smuggling Deaths Case (NYT)

By Ralph Blumenthal

The New York Times, January 19, 2007

HOUSTON, Jan. 18 — The truck driver who carried 19 illegal immigrants to their deaths in his suffocating trailer in 2003 was spared execution on Thursday and sentenced instead to life in prison without parole.

In a punishment verdict after five days of deliberations, the federal jury that last month convicted the driver, Tyrone M. Williams, on all charges in the nation's deadliest human smuggling case rejected the government's calls for the death penalty but meted out the stiffest possible life sentence.

Mr. Williams, who turned 36 on Thursday, reacted with impassivity but was hugged by his lawyers. His lead counsel, Craig Washington, wept — "tears of joy," he later said.

The foreman of the jury of seven women and five men said outside court that the death penalty had not been a close call.

"We felt as a consensus, as a jury, he didn't deserve it," said the foreman, an airline worker and one of three jurors who agreed to be interviewed afterward but insisted that their names not be disclosed.

The United States attorney in Houston, Don DeGabrielle, said prosecutors respected the verdict.

"We did everything we could to encourage them to impose a sentence of death," Mr. DeGabrielle said, adding that "19 sentences of life imprisonment were not something to be disappointed about."

On one count of conspiracy, the jury left it up to Judge Lee H. Rosenthal to impose sentence. She set Aug. 23 for a sentencing hearing.

The lead prosecutor, Daniel C. Rodriguez, presented anguished testimony of survivors and argued that Mr. Williams was the only one who could have saved the victims. But Mr. Washington repeatedly questioned why Mr. Williams, the only major African-American defendant among the ring of human smugglers, should be singled out for execution when co-conspirators made deals to testify for the government.

Mr. Williams was convicted on Dec. 4 of all 58 counts of human smuggling. Mr. Washington said he would appeal.

A first trial ended in March 2005 with the jury's finding of guilty on 38 counts but deadlocking on 20 others, including some eligible for death. The incomplete verdict was thrown out by the United States Court of Appeals for the Fifth Circuit.

Evidence in both trials showed that Mr. Williams, a milk trucker and small-time drug dealer from Schenectady, N.Y., was recruited to transport at least 73 illegal immigrants from Harlingen past a Border Patrol checkpoint, where they were to be transferred to a van and a pickup. But the other vehicles were blocked, and Mr. Williams was told to drive toward Houston.

With the passengers punching air holes in the sweltering trailer, Mr. Williams halted in Victoria, about 100 miles southwest of Houston, where he opened the trailer's doors, provided bottles of water and fled.

Along with the bodies of 19 victims, two of whom died later in the hospital, rescuers found 54 survivors. Some others may have escaped.

In his final prosecution arguments in the sentencing phase, Mr. Rodriguez said Mr. Williams had committed "acts of violence" by using what he called "in essence an unplugged refrigerator to transport these people." He said Mr. Williams had been motivated by "the oldest reason in the world, greed."

Mr. Washington, in his closing arguments, portrayed Mr. Williams as concerned about his riders once he realized their plight.

"I think the question is intent," he said, arguing that the government had not proved "that Tyrone intended to kill these poor souls."

And he said of the smuggling ringleaders: "Why aren't they facing the death penalty? They're all part of the conspiracy."

Jurors said they began each session of deliberations with 19 seconds of silence — one for each victim.

Brown's Attorney Closely Questions Expert In Federal Trial (AP)

By Ross Dellenger

AP, January 19, 2007

JACKSON, Miss. - Attorneys for Noxubee County Democratic Party official Ike Brown continued a rigorous cross-examination of a government witness on Thursday in an attempt to find flaws in the witness' testimony.

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Theodore Arrington, a University of North Carolina political science professor testifying for the U.S. Justice Department, examined the politics of Noxubee County and found that Brown and the county's Democratic Executive Committee are disenfranchising white voters.

He took the witness stand early Wednesday morning and finished at 4 p.m. Thursday after sometimes heated exchanges with Brown's defense attorney.

"I think we destroyed the expert," Brown said after testimony concluded.

The department accuses Brown of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Mississippi and other Southern states strictly enforced segregation.

It is the first use of the act to allege discrimination against whites. Noxubee County is a rural area along the Alabama line with a majority black population.

While on the stand, Arrington said the government pays him $150 an hour during his investigations. Over the last five years, he has made hundreds of thousands of dollars, he said.

"The weight of the government and their resources are against us," said Brown, whose attorney is working for free.

Arrington testified Wednesday that Brown, the county Democratic Executive Committee's chairman, and others used racial slurs to alienate blacks who support white candidates. He also referred to six lawsuits prompted by complaints of voter irregularity in Noxubee County.

Brown's attorney, Wil Colom, closely questioned Arrington on Thursday about his earlier testimony and his investigative documents. Of the six election complaints cited by Arrington, five were overturned. The one upheld was the only election that took place under Brown's supervision as head of the executive committee.

Colom asked Arrington, the former vice chairman of the Republican Party in Charlotte, N.C., to give specific proof of ballot fraud and that coercion took place at the polls. A clearly frustrated Arrington could not.

Colom took each one of Arrington's studies and analyzed it for flaws.

Arrington interviewed a group of white women who wanted to assist in the Democratic primary, but were not allowed. Colom inferred that it was possibly because of their ages - they were all in their 70s - and not their race.

Arrington said Brown "chased" a candidate from a precinct and allowed others to stay, but when Colom asked Arrington to identify others who were allowed to stay at the precinct, Arrington couldn't identify any.

Colom also proved that Arrington did not interview Democratic poll workers. He also said that in one of Arrington's studies he interviewed 21 people, yet only five were black.

"And you think that your report is fair and balanced?" Colom asked.

Persecutors later proved that Arrington did try to interview blacks. They also pointed out that he has testified for blacks in several other trials and donated money to Democrat John Kerry's presidential campaign.

The trial resumes Friday and is expected to last another two weeks.

Brown is a former tax preparer who served 21 months in prison in the 1990s on a felony conviction of preparing fraudulent federal income-tax returns. He also was indicted in 1979 for absentee ballot fraud.

Whites once controlled politics in Noxubee County, but now there are only two white countywide office holders because Brown manipulates election, the U.S. Justice Department says.

He faces no jail time or fines, but would be forced to cease fraudulent activities if convicted, prosecutors said.

Witness: Dems Discriminated, Didn't Break Law (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 19, 2007

Ike Brown mobilizing black voters in Noxubee County isn't illegal. It's admirable, a government expert testified Thursday on cross-examination.

But University of North Carolina Political Science chairman Theodore Arrington reiterated earlier testimony that he believes evidence shows Brown and his associates have engaged in a pattern of racial activities that discriminate against white voters in the majority-black county.

In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in Noxubee County of discriminating against white voters.

Arrington testified Wednesday for the Justice Department in federal court in Jackson that Brown, chairman of the Noxubee County Democratic Executive Committee, uses race to get his way and bully people who don't agree with the candidates he supports.

Also, Arrington said Brown and his associates had formed racial intent and discriminated against white voters in their actions.

But Thursday, Arrington said he couldn't identify any black person given preferential treatment over a white person at a Noxubee County polling place.

Wil Colom, attorney for the Noxubee County Democratic Executive Committee and for Brown, its chairman, grilled Arrington for about five hours. "All I see is conclusion by you but no facts," he told Arrington.

Arrington had suggested a high number of absentee ballots cast in a 2003 race in the county may indicate fraudulent ballots.

"Do you have one single ballot where Ike Brown notarized?" Colom asked Arrington.

"No," Arrington replied.

He said he interviewed a group of white women who wanted to assist in the Democratic primary but were not allowed. Colom inferred it may have been because of their ages - all in their 70s - and not their race.

Arrington said Brown "chased" a candidate from a precinct and allowed others to stay, but when Colom asked to identify others allowed to stay, Arrington couldn't.

Colom also showed Arrington did not interview Democratic poll workers. He also said that in one of Arrington's studies he interviewed 21 people, but only five were black.

"And you think that your report is fair and balanced?" Colom asked.

Prosecutors later showed Arrington tried to interview black poll workers and pointed out he has testified for black plaintiffs in several other trials and donated money to Democrat John Kerry's presidential campaign.

Complaints from white candidates and voters prompted a federal investigation, leading to the civil action.

The lawsuit, filed in February 2005, seeks preliminary and permanent injunctions to stop the defendants from coercing, threatening or intimidating anyone voting or attempting to vote. The Associated Press contributed to this report.

Bush Open To Idea Of Pardon For Former Border Patrol Agents (AP)

By Suzanne Gamboa, Associated Press Writer

AP, January 19, 2007

WASHINGTON — President Bush on Thursday left open the possibility of a pardon for two Border Patrol agents serving federal prison sentences for shooting a Mexican drug dealer as he fled and covering up the crime.

Bush said "there's a process for pardons" and the case has to work its way through the system. In an interview with KFOX-TV in El Paso, Bush said the White House will review the case, and he urged people to "take a sober look at the case."

"People need to take a tough look at the facts, the evidence a jury looked at, as well as the judge. And I will do the same thing," he said.

Several lawmakers have urged the president to pardon former Border Patrol agents Jose Alonso Compean and Ignacio Ramos for the shooting of Osvaldo Aldrete Davila, who retreated to Mexico after he was shot and later admitted he was transporting marijuana while in the country illegally.

The agents began serving their sentences Wednesday — 11 years and one day for Ramos and 12 years for Compean. Both were fired after their convictions on several charges, including assault with a deadly weapon, obstruction of justice, and a civil rights violation.

Rancor over the convictions and sentencing of the agents has been simmering for months, and the two have become a cause celebre among conservatives and on talk shows. Their supporters have said they were defending themselves and have called them heroes. The agents' prosecution occurred as the issue of illegal immigration was being debated in Congress and amid campaigns for last November's midterm elections.

Rep. Duncan Hunter, R-Calif., introduced a bill Thursday calling for a congressional pardon of the agents. Congress has never issued pardons to anyone convicted of a crime, said Joe Kasper, Hunter's spokesman. But Kasper said Hunter believes there's enough ambiguity in the law on pardons to give it a try.

"Agents Compean and Ramos fulfilled their responsibilities as Border Patrol agents and rightfully pursued a suspected and fleeing drug smuggler. It is irresponsible to punish them with jail time," he said in a news release.

U.S. Attorney Johnny Sutton took the unusual step of issuing a five-page document of the "myth vs. reality" of the case as the agents began serving their sentences.

The document covered everything from the claims that the former agents were just doing their jobs to reports that the shooting was at night when it actually happened about 1 p.m. on Feb. 17, 2005.

White House spokesman Tony Snow also seemed to support the agents' conviction, listing details of the case in a briefing with reporters Thursday. He said an officer hit Aldrete in the chest with a gun after he got out of his car and that "a lot of the allegations about a scuffle and discovering drugs at the scene and all that, they're simply not supported by the fact record of the case."

Texas Sen. John Cornyn said the Justice Department should have the chance to explain why the agents were prosecuted. Cornyn sent a letter to Vermont Democratic Sen. Patrick Leahy, the chairman of the Judiciary Committee, asking for a hearing.

"I understand that the Justice Department believes all the facts have not come out on this prosecution and would welcome the opportunity to explain its decisions. I believe such a public explanation and opportunity for questioning is necessary," Cornyn wrote.

Cornyn said he and Sen. Arlen Specter, who chaired the committee last year, investigated the case and that his office personally interviewed Sutton.

Justice Inquiry Demanded On Duke Rape Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 19, 2007

Did a North Carolina prosecutor, members of his staff, Durham police and a DNA testing laboratory conspire to violate the civil rights of three Duke University lacrosse players in bringing high-profile rape charges against them?

That is what Rep. Peter T. King, New York Republican and former chairman of the House Homeland Security Committee, wants to know, calling on Attorney General Alberto R. Gonzales this week to assign Justice Department attorneys and the FBI to find out.

"I have been following with great interest and deepening concern the prosecution by Durham County District Attorney Michael B. Nifong," Mr. King said in a terse letter to Mr. Gonzales. "I have done so not only because members of Collin Finerty's family are my constituents but because I have been accorded the privilege of representing all the citizens in this country and their interest in guaranteeing not only the appearance of justice but its actual implementation."

Mr. King said a review he conducted of documents and summaries of Mr. Nifong's investigation, along with discussions with other members of Congress, led to his call for the Justice Department probe.

"I am deeply disappointed by your apparent decision to defer a decision whether to investigate Mr. Nifong's prosecution of this case," Mr. King said, referring to rejections last week of probe requests by Reps. Walter B. Jones, North Carolina Republican, and Carolyn McCarthy, New York Democrat.

"I urge you to reconsider your decision."

Mr. King said the Justice Department probe should target Mr. Nifong and members of his staff, including investigator Lindell Wilson; the Durham Police Department, including Officers Mark Gottlieb and Benjamin Himan; and DNA Security Inc., including its director, Brian Meehan.

He said the investigation should determine whether "these and other individuals conspired to violate and violated the constitutionally guaranteed civil rights of Collin and his two former teammates." In addition to Mr. Finnerty, 20, of Garden City, N.Y., Reade W. Seligmann, of Essex Fells, N.J.; and David F. Evans, 23, of Annapolis, are charged.

Mr. Nifong was not available for comment. Durham Police Department spokesman Cpl. David Addison referred inquiries yesterday to the district attorney's office. Justice Department officials have said it would be premature to initiate an investigation while criminal charges are pending.

The prosecutor has come under intense public scrutiny over his handling of the case. He was named Dec. 28 by the North Carolina State Bar in an ethics complaint, accused of "dishonesty, fraud, deceit or misrepresentation" in his public comments about the case. The complaint said Mr. Nifong "knew or reasonably should have known" the statements "would have a substantial likelihood of materially prejudicing" the case.

Last week, Mr. Nifong asked to be removed from the case and North Carolina State Attorney General Roy A. Cooper has since taken it over. His review has begun, but it was not clear whether he would be ready for a pending Feb. 5 hearing.

"We accept the case with our eyes wide open to the evidence, but with blinders on for all other distractions," Mr. Cooper said.

Mr. Nifong handed over the case after two major revelations:

·A Dec. 21 interview of the 28-year-old black woman who accused the three white players of raping her after she had been hired as a stripper to perform at their dorm house, during which she said she was not certain Mr. Seligmann had taken part in the assault and was not sure whether she had been penetrated during the attack, a necessary element of the crime of rape under North Carolina law.

·A Dec. 15 hearing at which Mr. Meehan said he shared tests results with Mr. Nifong but a summary report given to the defense did not contain the information that semen found inside the accuser did not match any of the Duke players. He said the decision not to give the defense the material was "an intentional limitation" at which he and Mr. Nifong arrived.

Sen. Ben Cardin Wants The Investigation To Look Into Election Fraud Around The Country. (DCEX)

By Daniel Fowler, The Examiner

DC Examiner, January 19, 2007

WASHINGTON - U.S. Sen. Ben Cardin is calling on Attorney General Alberto Gonzales to investigate instances of voter intimidation and election fraud the senator says occurred in Maryland before the November election.

Cardin, D-Md., made the request Thursday during a Senate Judiciary Committee hearing.

The accusations involve former Republican Gov. Robert Ehrlich and then Lt. Gov. Michael Steele. Ehrlich was seeking re-election, while Steele was competing with Cardin for an open Senate seat. Both candidates lost.

Democrats blasted Ehrlich and Steele on Election Day after their campaigns sent out a last-minute voter guide titled "Ehrlich-Steele Democrats" that targeted black voters.

Called an "Official Voter Guide" for "Ehrlich-Steele Democrats," the Ehrlich and Steele campaigns mailed a "Democratic Sample Ballot" to residents, encouraging them to vote for Ehrlich, Steele and a variety of Democrats, including state attorney general candidate Douglas Gansler and comptroller candidate Peter Franchot.

Cardin told The Examiner Thursday said he wants Gonzales to look at the situation in Maryland and around the country.

"I would like to see election officials know and candidates know that there is a price to pay if they do not conduct their responsibilities as election officials properly, and as candidates there is a limit to what you can do," Cardin said.

In predominantly black Prince George's County, the sample ballot cover featured pictures of three black Democrats — former U.S. Rep. Kweisi Mfume, former Prince George's County Executive Wayne Curry and Prince George's County Executive Jack Johnson.

The Ehrlich and Steele campaigns also distributed the sample ballots in Prince George's on Election Day.

The literature also was mailed and distributed in black communities in Baltimore City and Baltimore County, Cardin said.

In November, Ehrlich spokeswoman Shareese DeLeaver said the sample ballot was not meant to be misleading.

Research Sparks Federal Scrutiny Of Elections (YAKHR)

By Pat Muir, YAKIMA HERALD-REPUBLIC

Yakima (WA) Herald-Republic, January 19, 2007

SUNNYSIDE -- The U.S. Justice Department is looking into the way this city elects its leaders after a recent Whitman College report said the city's system violates the Voting Rights Act and keeps Hispanics from being elected.

Four people -- including a former city councilwoman and a community activist -- say they've been in contact with a Washington D.C. attorney from the department's civil rights division about the study.

In December, Whitman College released a report by Ian Warner, an undergraduate, showing that Sunnyside's at-large council elections create barriers to more equitable representation, a violation of the federal Voting Rights Act. Under the 1964 Act, a violation can be proven if there is a discrepancy in representation and there is racially polarized voting -- if people of one race vote predominantly for candidates of the same race.

Warner says he proved this by comparing thousands of voting records against a Hispanic surname list that showed Hispanic candidates got more votes in precincts with high Hispanic populations.

Warner and the professor who oversaw the research both say the Justice Department attorney, Sean O'Donnell, contacted them after an article about the study was published in the Yakima Herald-Republic.

"He's obviously taking it seriously and thinks there are some legal implications," said Paul Apostolidis, chairman of Whitman's politics department and the professor for whom Warner wrote the report.

Former Sunnyside Councilwoman Bengie Aguilar and local Hispanic activist Hector Franco say they too have talked about Warner's study with O'Donnell. The attorney was in Yakima County last month to talk with them about bilingual voting materials when the article was published. O'Donnell took an interest in the story, Aguilar and Franco said.

O'Donnell declined to comment for this story. A spokeswoman for the Justice Department said it's the agency's policy not to comment on such matters.

Like several Yakima County cities, Sunnyside has a much higher percentage of Hispanics in the general population than it does on the City Council.

According to 2000 Census data, 73.1 percent of Sunnyside is Hispanic, compared with one of seven City Council members, or 14.3 percent.

Cities such as Watsonville and Salinas in California have revised their elections from at-large to district voting because of legal challenges under the Voting Rights Act based on similar circumstances.

Joaquin Avila, former president and general counsel of the Mexican American Legal Defense and Educational Fund (MALDEF) and the attorney who filed the lawsuit against the city of Watsonville, served as a mentor for Warner in his Sunnyside research.

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Aguilar and Franco said O'Donnell told them he would need help getting statistics furthering research in the Whitman College report. According to O'Donnell, they said, the Justice Department will provide support in a legal effort to change Sunnyside's election system, but only if the local community does the initial legwork. For one thing, the Justice Department would need information about how the city could geographically define voting districts that would be primarily Hispanic.

The Chicano-Latino Coalition, an informal group of leaders from Yakima Valley groups, plans to start that effort by the end of January, Franco said. He sought to publicize the study's findings to the Spanish-

speaking community by bringing Warner onto his show as a guest on Radio KDNA earlier this month.

The coalition plans to circulate petitions urging cities in which Hispanics are underrepresented to voluntarily change to district voting. It also plans to extend Warner's research by identifying areas from which largely Hispanic districts might be drawn in cities.

"It really rests on us to provide the research and the statistics they (the Justice Department) need. É Why Ian's work is so important is it brought up the discussion," Franco said.

The city of Sunnyside made Warner's report available to council members at the request of Paul Garcia, the only Hispanic on the City Council.

Sunnyside City Manager Bob Stockwell, who has criticized Warner's methodology as "flawed" and his conclusions as "bogus," said he has not heard from the Justice Department.

"The only discussions we've had (on the study) is the result of reporters calling and asking us questions," he said.

While he does not agree with Warner that a change in voting systems is needed, Garcia said he believes the issue of Hispanic underrepresentation needs to be discussed.

"The issue is certainly a true one, the question of why don't we have more Hispanic representation on councils É But to draw the conclusion it's just because of the way we're structuring our voting, I just can't come to that same conclusion," Garcia said.

Stockwell echoed that sentiment: "The issue of whether or not Hispanics are participating in the local election process has nothing to do with whether they are in a district or whether the council is elected at large."

He says many residents are struggling economically and are not yet involved in local government, but he expects Hispanic voter participation to improve when their children reach voting age.

Warner, who is planning to write his senior thesis about elections in Yakima County, believes it's up to government to ensure there are no barriers to participation. And he sees the interest from the Justice Department as validation.

"That's exactly what I was looking for," he said. "When you start writing something like that, you hope it somehow has an impact."

Pat Muir can be reached at 837-6111 or pmuir@yakimaherald.com.

Fed Retirements Make Rates Harder To Predict (WSJ)

The Wall Street Journal, January 19, 2007

Regional bank turnover clouds forecasting of Fed stance.

Minehan's retirement from the Boston Fed and the expected retirement of Chicago's Moskow mean nine of 12 banks will have changed presidents since 2003. Changes make it harder to predict rates and Fed rhetoric.

Local bank boards, search firms and Washington governors juggle differing priorities for management, economics and regional experience. A noneconomist may fill Atlanta presidency, vacant more than three months. Boston and Chicago's proximity to top universities favors academic economists or internal candidates.

Another opening: Fed's top monetary policy staff job in Washington, as veteran Vincent Reinhart retires in September.

Democrats jump-start administration proposals to shrink tax gap.

To finance small-business tax breaks in a minimum wage bill, Senate Finance Committee Chairman Baucus embraces two Bush ideas that languished under Republican control. One would make it easier for the Internal Revenue Service to collect from employers who don't make payroll tax payments; another intensifies scrutiny of firms that "lease" employees to others.

Senate Republicans may not fight Democrats' revenue raisers that pay for small-business tax breaks. Lawmakers from both parties promise to raise the issue of small-business health coverage during floor debate.

Front-runners face unexpected early 2008 headwinds.

One Republican veteran warns "no one's in charge" of McCain's campaign, as strategist John Weaver, 2000 manager Rick Davis, Senate chief of staff Mark Salter, and ex-Bush hand Terry Nelson all play major roles. All have "unique assignments," a McCain adviser responds, noting that Nelson has "hiring and firing authority."

War woes jeopardize the Arizona senator's appeal to wary conservatives: as Republican best-positioned to beat Hillary Clinton. An unaffiliated Democratic strategist notes Obama's entry has dented Clinton's aura of inevitability, too.

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"If she runs," adviser Howard Wolfson says, "we know she will have to earn it and she will."

LOWERING EXPECTATIONS? As the Roe v. Wade decision reaches 34-year anniversary, abortion-rights activists press the Democratic Congress for enhanced access to emergency contraception for rape and incest victims, and parity in health-plan contraception coverage. Nancy Keenan, chief of NARAL Pro-Choice America, cautions, "One election can't change everything," as clear opponents of abortion rights still outnumber advocates by 219 to 165 in the House and 48 to 35 in Senate; other lawmakers have mixed positions.

HOSPITALS BRACE for deep Medicare cuts in Bush's budget next month. Some lobbyists expect administration to seek up to $90 billion over five years from hospitals and other health providers as White House pursues balanced budget by 2012. "We believe there is no basis for such policy," says Thomas Nickels of the American Hospital Association.

BREACH OF CONTRACT? Business complains provision signed by Bush for 3% "withholding tax" on payments to federal contractors represents interest-free loan to the government. Some in Congress move to accelerate 2011 effective date. "In an environment where they are looking for revenue, it will be difficult" to stop, says Dorothy Coleman of National Association of Manufacturers.

TRADEWINDS: Eleven Democrats on House Ways and Means Committee press U.S. Trade Representative Schwab to renegotiate pacts with Peru and Colombia; they seek specific steps against trade in illegal logging. Thirty-nine freshmen House Democrats push Ways and Means Chairman Rangel "to deliver on the promise" in 2006 campaign with tougher trade stance against Bush.

GATES WALKS fine line in warning Iran, managing fears of new conflict.

On Mideast trip, the new Pentagon chief concedes U.S. struggles in Iraq have emboldened its Shiite-led neighbor. He warns Iranian leaders are "overplaying their hand" by interfering in Iraq.

Movement of second aircraft carrier battle group in the region is part of U.S. effort to deter Iran. Gates says "nobody wants another conflict in the region."

Negotiations with Tehran would be fruitless now, Gates explains, because first "we need some leverage."

MINOR MEMOS: Equal Employment Opportunity Commission gets unplanned day off after pipes burst at headquarters; "A snow day without the kids," one staffer quips....C-SPAN's "Road to the White House," which displayed presidential candidates unfiltered long before YouTube, kicks off bus tour to Election Day 2008 in Des Moines on Sunday.

Robert E. Lee, Version 200 (WP)

By Brigid Schulte

The Washington Post, January 19, 2007

Today, the United Daughters of the Confederacy plan to fly a Confederate flag on Washington Street in Alexandria, on the statue of a rebel soldier who faces South. The Virginia Sons of Confederate Veterans will gather for dinner in Richmond to honor the man they hail as "one of the greatest Americans."

It's the 200th birthday of Robert E. Lee, the Confederate general who is revered by some and reviled by others. Commemorations and protests are planned across Virginia and other Southern states, proving that more than 140 years after the end of the Civil War, Lee is still a pivotal, controversial and complicated figure in American history and continuing race and culture wars.

In Virginia, where Lee was born, fought in the Civil War and died -- no matter whether he's viewed as a hero who fought brilliantly and valiantly for state's rights or as a traitor bent on protecting his state's right to own slaves -- his legacy looms large. Lee highways crisscross the state, including in the Washington region, Lee bridges cross rivers, high schools are named for him and the phone book lists hundreds of Robert E. Lees.

But beyond the heat and noise created by Lee's 21st-century defenders and detractors, there is a new move to reevaluate Lee and his legacy.

The premise of the new look is perhaps as controversial as Lee's image: As the South has become more racially and ethnically diverse and has prospered economically, perhaps the South doesn't need Lee so much anymore. Or at least not in the same way. Perhaps it is time to let him pass from marble icon and touchstone of white Southern identity into the annals of history as a charismatic and important human figure.

"Now there are all sorts of other ways in which Southerners identify themselves -- Salvadorans, Mexicans, Asians -- [and] the politics and economics of the region are no longer based on white supremacy," said W. Fitzhugh Brundage, a historian at the University of North Carolina and a member of the Society of the Lees of Virginia. "It makes all the sense in the world that for more and more Southerners, Robert E. Lee is just a footnote."

At Arlington House at Arlington National Cemetery -- the old Lee mansion and plantation where Union officers began burying the Civil War dead -- Lee's bicentennial was commemorated with a symposium, "Does Lee Matter?"

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And at Washington and Lee University, where Lee became president after the Civil War, the bicentennial is being marked with "Re-visioning Lee," an art exhibit exploring how Lee's image has been exploited for various causes. A big draw was the discussion "What Lee Means Today," led by two history professors, one white and one African American.

Not too far from Lee Chapel, where Lee is buried and which boasts a marble statue of him reclining with his hand on his sword, ready for battle, Theodore Carter DeLaney, the black professor, passed out a 1928 essay on Lee by African American writer W.E.B. DuBois. "It is ridiculous to seek to excuse Robert Lee" because he "led a bloody war to perpetuate human slavery," DuBois wrote.

"At Washington and Lee, all things are on the table for debate and discussion, including Robert E. Lee," Delaney said. "Nothing's too sacred. And that's an important change."

The white professor, J. Holt Merchant, remembers growing up in Virginia when few people questioned Lee's heroic stature as the "Last Gentle Knight."

"But the days when William Faulkner could say that any Southern boy, any time he wanted to, could conjure up images of Pickett's Charge at Gettysburg and relive it for himself, are gone. Life's not like that anymore, and it's probably just as well," Merchant said. "Changes in demography, geography, wealth and sophistication have led us to pay attention to other things. As life has gotten better for Southerners, they've been able to look to the present and the future and not hang on to the past quite so passionately."

Robert E. Lee was born Jan. 19, 1807, at Stratford Plantation on the Northern Neck of Virginia and was the fifth child of Revolutionary War hero Henry "Light Horse Harry" Lee. He attended West Point and never received a demerit. By all accounts enormously handsome, tall, charismatic and humble, he had a long and illustrious career in the U.S. Army. In 1861, as Southern states contemplated secession, Lee privately ridiculed the idea. Still, when he was offered command of the Union Army, he turned it down once Virginia -- his "country" -- seceded.

During the Civil War, Lee's troops were often vastly outnumbered but managed to win or fight to a stalemate for years. Once the war ended, Lee resisted calls to continue the fight in the hills as a guerrilla and instead encouraged his soldiers to go home and begin rebuilding the nation. He retired to what was then Washington College, where he set about innovating the offerings, including the first classes in the country in business and journalism.

In other countries, leaders of failed civil rebellions are often reviled. But a strange thing happened to Lee after he died. He became beloved by many. Over the years, he has been praised by the likes of Theodore Roosevelt, Winston Churchill, Franklin Delano Roosevelt and Dwight D. Eisenhower, who had a picture of Lee hanging in his office.

Northerners, seizing on Lee's early ambivalence about the war, his gentlemanly sense of honor and duty, and his distaste of slavery -- he once wrote that it was a "moral and political evil" -- embraced the Confederate general as a way to foster reconciliation, said John Coski, a historian at the Museum of the Confederacy in Richmond. In 1901, he was one of only 29 Americans inducted into New York University's Hall of Fame. Julia Ward Howe, who wrote the lyrics for the Battle Hymn of the Republic, composed a poem in Lee's honor.

At the same time, his former generals wrote of him as so perfect and his cause so noble that Lee became fixed as the tragic hero of a romantic "Lost Cause" and that cause became synonymous with white Southern identity.

"There's an old saw in the South of a little girl asking, 'Mommy, is Robert E. Lee from the Old Testament or the New?' " Coski said. "Lee has been so praised and distorted that they made him more than human, and in so doing, made him less than human. He's a complex figure. If we want to understand history in its complexity, we have to understand Robert E. Lee."

The loud and public culture war continues. A Richmond-area Boy Scout troop created a furor over "craven surrendering to political correctness" when it decided recently to strip Lee from its name and logo. The NAACP has protested the use of almost $500,000 in state funds to refurbish the towering Lee statue on Richmond's Monument Avenue. And when the Virginia General Assembly created a special commission last year to plan a year of events to commemorate the Lee bicentennial, the panel wanted Lee license plates and more lessons about Lee in the public schools. Instead, after intensely emotional debate -- one African American delegate said Lee's likeness reduced him to tears -- all that was given was a $5,000 grant to publish a tourist brochure on Lee-related events in the state.

But take a walk inside Arlington's Washington-Lee High School for a look at the New South. Inside the front door, a "diversity quilt" is displayed with symbols of the countries and cultures represented at the school. A map of the world and a photo mosaic of students show them in all colors and hues. The assistant principals are Latino and black. Students pass by the portrait of Lee in the library shrugging. "No one really notices him," 16-year-old Andrew Gilbert said.

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ANTITRUST:

FBI Raids Offices Of 2 Area Citrus Companies (TCPALM)

By Jim Turner

Treasure Coast (FL) Palm, January 19, 2007

FORT PIERCE — FBI agents served warrants and inspected computer records at citrus businesses on the Treasure Coast at the request of the antitrust division of the U.S. Department of Justice.

DNE World Fruit Sales in Fort Pierce and Seald Sweet International in Vero Beach are alleged to have colluded to set prices, according to Richard Carnell, general counsel for fruit importer DNE.

Advertisement

Carnell dismissed the allegations. They "ultimately will be seen to be meritless and have no substance to it," he said.

Federal officials weren't talking about the charges.

Justice spokeswoman Gina Talamona said Thursday evening that she could not confirm the nature of the warrants, and agents for the FBI in Miami and Atlanta deferred comment to the department.

Carnell said he knew little of the claims, but that it appears the investigation is the result of a disgruntled competitor in the citrus industry.

"Frankly, it's a pretty litigious society and people try to air their grievances by filing claims," he said. "The investigators came in this morning and are looking at records, primarily involving the import programs from South Africa and Australia."

With offices in Visalia, Calif., and North Brunswick, N.J., DNE has loading and shipping locations in Arizona, California, Florida, New Jersey and Texas.

Coralee Penabad, general counsel for another fruit importer, Seald Sweet International in Vero Beach, said his company had also been contacted by federal authorities.

"Seald Sweet has received a request for information regarding an investigation by the Department of Justice," she said. "Sealed Sweet is cooperating regarding the investigation and request."

Staff writers Will Greenlee and Nadia Gergis, along with Bryan Garner of WPTV NewsChannel 5, contributed to this report.

Microsoft Wants To Question Class-action Plaintiffs (DMR)

Des Moines Register, January 19, 2007

The focus of the Microsoft trial in Polk County District Court shifted Thursday to the named plaintiffs and their relationship to Des Moines lawyer Roxanne Conlin, who is one of the attorneys representing the four individually named plaintiffs, as well as all other Iowans who purchased certain Microsoft products between 1994 and 2006.

With no jury present, lawyers for Microsoft renewed an earlier request that they be allowed to ask the individual plaintiffs about their connections with Conlin. The earlier request was turned down last year by Judge Scott Rosenberg, who indicated he might rule on the new request as early as Friday.

Conlin was visibly angered by the request and acknowledged that some of the four named plaintiffs were friends of hers before the case began. She said the request was unfair and a “propaganda move” by Microsoft.

“Microsoft is trying to show that the people with the most to gain are the lawyers, and that is not proper in this law suit or any law suit,” Conlin said.

Conlin and Minneapolis attorney Richard Hagstrom are co-lead counsels in the class-action, antitrust suit which is seeking as much as $330 million in damages from Microsoft for Iowa consumers.

In a similar case in Minnesota in 2004, in which Conlin and Hagstrom were the lead counsels, Microsoft settled the case, after a jury trial had begun, for about $175 million, which was less than half what the plaintiffs were seeking in that case.

In the Minnesota case, plaintiffs lawyers fees totaling nearly $60 million were paid by Microsoft, according to news reports. There will be no determination of lawyers fees in the Polk County case, until the case is completed.

Microsoft lawyer David Tulchin told Judge Rosenberg that Conlin and Hagstrom had opened the door for questions about the named plaintiffs personal relationships with Conlin during jury selection and opening statements.

Conlin and Hagstrom had portrayed their clients as “just regular people.”

“It was an attempt to plant the idea that these people were doing a public service,” Tulchin said, indicating that he suspected all four had been recruited by Conlin and Hagstrom.

One of the plaintiffs, Patricia Anne Larsen supported Conlin when she ran for governor in 1982 and was later represented by Conlin in a discrimination lawsuit against her employer, Eaton Corp., Tulchin said.

A second plaintiff, Joe Comes, “has been best friends since high school with Ms. Conlin’s son,” Tulchin said.

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In an unrelated move, Conlin and Hagstrom told Judge Rosenberg on Wednesday that they had discovered evidence that Microsoft is in violation of a 2002 federal court consent degree.

The judge gave the lawyers permission to notify the justice department and Iowa Attorney General Tom Miller of the violation, but said they could not publicly disclose the information.

Microsoft did not oppose the effort to notify the government agencies. The company's associate general counsel, Rich Wallis, said Microsoft is monitored by independent experts to insure compliance with the consent degree. He said he doubts that Conlin and Hagstrom have information that would surprise the government or the independent monitors.

This story contains reporting by The Associated Press

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Delta Pilots Seek Seat At D.C. Merger Hearing ALPA Fighting To Block US Airways Deal Through Political Pressure (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 19, 2007

Delta Air Lines' pilots union is angling to put its objections to US Airways' hostile takeover bid in the national spotlight next week at a Senate hearing on airline mergers.

Lee Moak, chairman of the Delta unit of the Air Line Pilots Association, said Thursday that the union has asked to testify on the at the Senate commerce committee hearing scheduled for Wednesday.

We're not leaving this to chance. ...We will not stop until this [deal] is dead.'

The union, which opposes US Airways' $10 billion-plus bid for Delta, last week announced that it temporarily moved its officers to Washington D.C. and budgeted $15 million for its lobbying, legal and public relations fight against the deal.

"We're going senator to senator explaining that this is the wrong merger at the wrong time," said Moak.

Delta's unsecured creditors committee, which will have a large say in whether Delta is acquired or emerges from bankruptcy this spring as an independent carrier, has remained mum since US Airways boosted its bid last week by 20 percent. The pilots union is a major creditor on the committee.

"I'm confident that reasonable minds will prevail related to the creditors committee and US Airways," said Moak. Still, he added that the union also planned Thursday to picket the New York offices of an investment banking firm that is working with a group of hedge funds and other Delta creditors that wants Delta to seriously consider US Airways' proposal.

"It's not about billions of dollars to us. It's about having a viable airline," said Moak. "For a bondholder, he's just wanting to monetize his claims."

While creditors mostly weigh the financial aspects of a buyout, they must also consider the chances that a Delta-US Airways merger would be approved by the U.S. Justice Department, and political sentiment could play a role in that calculation.

GE's Deal With Abbott Labs Displays Immelt's New Strategy (WSJ)

By Kathryn Kranhold And Avery Johnson

The Wall Street Journal, January 19, 2007

General Electric Co.'s $8.13 billion deal with Abbott Laboratories is the latest step in GE Chairman Jeffrey Immelt's strategy to redouble investment in the conglomerate's market-leading businesses, from aviation to health care.

The companies confirmed that GE had agreed to acquire Abbott's laboratory-testing unit and a smaller blood-analysis division. The deal, which needs regulatory approval, is expected to close in the first half of the year.

GE 'In Vitro'

The acquisition would mark GE's entry into what is known as "in vitro" diagnostics, or laboratory testing, while Abbott sheds a unit growing more slowly than other parts of its business.

MORE ON GE

· GE Nears Deal to Buy Abbott Division1

01/18/07

· GE Looks to Sell Plastics Unit, Sets Private-Equity Limits2

01/09/07

· The Immelt Era Transforms GE3

09/11/06

"In vitro" diagnostics generally test blood or urine for diseases from cancer to HIV. Germany's Siemens AG, a GE rival in medical equipment, entered the market last year by paying $5.3 billion for Bayer AG's diagnostic unit.

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The Abbott unit had sales of roughly $2.5 billion last year. GE would also acquire Abbott's smaller point-of-care diagnostic group, which makes testing tools used at the bedside in hospitals, among other diagnostic tools.

Deals Science

The proposed deal is comparable to one of Mr. Immelt's boldest moves since taking over in 2001 -- the $9 billion-plus acquisition of Britain's Amersham PLC, which took GE into bioscience and molecular diagnostics. Most of GE's $17 billion in annual health-care sales stems from diagnostic equipment such as sophisticated X-ray machines, ultrasounds and MRI.

Mr. Immelt said the Abbott deal would give GE a "pretty complete" health-care business, which also includes information-technology systems.

Mr. Immelt, who once ran GE's health-care unit, said he had been looking at entering the market for some time; he started talking to Abbott Chairman and Chief Executive Miles White about six to eight months ago.

The health-care deal is also another sign that Mr. Immelt is looking to increase business where the conglomerate already has a strong presence. "As we allocate capital, we wanted to allocate capital back into big markets where we thought we had a very strong competitive advantage," he said in an interview.

On Monday, GE agreed to buy Smiths Group PLC's aerospace unit for $4.8 billion, aiming to expand its aviation business beyond engines and into electronic instrumentation.

Last week, GE, of Fairfield, Conn., announced a deal to acquire oil-and-gas-equipment maker Vetco Gray for $1.9 billion, bulking up a GE unit that has grown in recent years with higher oil prices.

Abbott's decision to sell the slower-growth portions of its diagnostics business fits squarely into Mr. White's strategy to move the company into higher-return businesses. Abbott, of Abbott Park, Ill., will keep its faster-growing but smaller diagnostics businesses for glucose monitoring and molecular diagnostics.

ENVIRONMENT/INDIAN AFFAIRS:

Firms Press Washington On Climate (WSJ)

By John D. Mckinnon

Wall Street Journal, January 19, 2007

WASHINGTON -- A new coalition of environmental groups and major corporations such as Alcoa Inc., General Electric Co., DuPont Co. and Duke Energy Corp. will boost pressure on Congress and President Bush next week to address climate change more rapidly.

The informal coalition plans a news conference Monday to publicize its recommendations, ahead of Tuesday's State of the Union address, according to a person familiar with the situation. It will suggest that Congress and the administration move quickly to address global warming through steps such as capping greenhouse-gas emissions and discouraging construction of conventional coal-burning power plants, which are a big source of carbon-dioxide emissions.

While the U.S. rejected the Kyoto accord that created greenhouse-gas caps and an emissions-credit trading system for developed countries in Europe and elsewhere, some U.S. executives believe such regulation is inevitable here. They want more certainty about the future, as they plan for capital investments.

Many of the big-name corporations involved in the effort already have emerged as advocates of addressing climate change more rapidly.

A spokesman for Duke Energy confirmed Duke is part of the effort and said its report would be released this month. Spokesmen for members of the group generally either declined to comment or couldn't be reached.

The group's formation shows the unity that is emerging on climate change between some of the country's biggest manufacturers and its most influential environmental groups, such as the Natural Resources Defense Council.

In his State of the Union address, President Bush is expected to highlight climate change but stop short of embracing an economywide cap-and-trade system, White House officials say. Instead, he will point to the greenhouse-gas benefits of using renewable fuels.

Administration officials have been mulling sector-by-sector measures to address climate-change concerns, particularly for the auto industry. The administration is likely to renew its push for more control over automobile fuel efficiency and could suggest higher fuel-efficiency goals, and possibly even a new system aimed at maximizing the industry's improvement.

Newly empowered Democrats in Congress are showing signs of moving more rapidly than the administration. Yesterday, House Speaker Nancy Pelosi announced creation of a select committee on climate change. The move was quickly denounced by Energy and Commerce Committee Chairman John Dingell of Michigan, a close ally of the Detroit auto makers and a fellow

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Democrat. Ms. Pelosi is expected to release more details today. The chairman of the new committee is likely to be Rep. Ed Markey of Massachusetts, a longtime environmental advocate.

A Coalition For Firm Limit On Emissions (NYT)

By Felicity Barringer

New York Times, January 19, 2007

WASHINGTON, Jan. 18 — Ten major companies with operations across the economy — utilities, manufacturing, petroleum, chemicals and financial services — have banded together with leading environmental groups to call for a firm nationwide limit on carbon dioxide emissions that would lead to reductions of 10 to 30 percent over the next 15 years.

Introduction of this group, which includes industry giants like General Electric, DuPont and Alcoa, is aimed at adding to the recent impetus for Congressional action on emissions controls and the creation of a market in which allowances to emit carbon dioxide could be traded in a way that achieves the greatest reduction at the lowest cost.

The diversity of the coalition — some members had already come out for other forms of emissions control, like a carbon tax or voluntary controls, but others had been silent on climate-change issues until now — could send a strong signal that businesses want to get ahead of the increasing political momentum for federal emissions controls, in part to ensure that their long-term interests are protected.

Many energy producers and manufacturers have expressed concern that various state efforts, if not coordinated, could lead to a scattershot system of regulation. Others worry that harsher measures, like a stiff tax on fossil fuels, the biggest contributor to global-warming gases, could be imposed if they do not reach a consensus on a legislative approach.

The group's formal announcement is scheduled for Monday, the day before President Bush is to deliver his State of the Union address and offer the administration's newest basket of proposals to promote energy security and combat global warming.

Aside from General Electric and Alcoa, Caterpillar is the leading manufacturing company among the group, which also includes four utilities — Duke Energy, based in North Carolina; PG&E of California; the FPL Group of Florida; and PNM Resources of New Mexico. The group counts the multinational oil company BP and Lehman Brothers as members as well.

Jonathan Lash, the president of the World Resources Institute, said Thursday that "this signals that the differences in the interests between these sectors and within these sectors can be resolved."

Peter A. Darbee, chief executive of PG&E, said, "My hope and expectation is that Congress, the White House and the public will look at these chief executives" and note that companies with a motive to oppose emissions controls are nonetheless saying, "Here's a serious problem; it needs to be dealt with, and it needs to be dealt with now."

The negotiations, conducted primarily by the chief executives of the companies, did not produce a model piece of legislation, but rather a detailed set of principles that they suggest as a guide to any legislation. In the Senate, there are already four Democratic proposals for limiting carbon emissions and creating a market-based system, under which the government gives or sells permits to businesses, allowing them a certain level of emissions.

Once established, such a system would allow better-performing companies to sell or trade unneeded credits, and all companies involved would be able to determine whether it would be more efficient for them to clean up their own emissions or buy credits from others.

The group's principles include recommending a range of emissions levels — from 100 to 105 percent of current levels within five years, then down to 90 to 100 percent of current levels in 10 years, and 70 to 90 percent of current levels in 15 years. In addition, the chief executives agreed after some discussion, to "strongly discourage further construction of stationary sources that cannot easily capture" carbon dioxide.

This comes close to a rejection of almost all new coal-fired power plants on the drawing boards, including the 11 plants recently proposed by TXU, a Texas utility. The technology that would isolate carbon dioxide emissions and bury them is still in the earliest phases of development, so this near-repudiation of existing coal technology would have a disproportionate impact on utilities that depend largely on coal, like TXU and the Southern Company.

But Jeff Sterba, the chief executive of PNM Resources, whose company gets about two-thirds of its power from coal and is a member of the coalition, explained why he supports such an approach. "The most important thing for us is to have a viable, diverse portfolio of resources, and coal has got to be part of that mix," he said. "Today, the biggest problem coal has is uncertainty about carbon."

The group, called the United States Climate Action Partnership, had its origin in conversations last spring among Mr. Lash; Fred Krupp, the president of Environmental Defense; and Jeffrey R. Immelt, the chief executive of General Electric. Mr. Lash had worked with Mr. Immelt on the rollout of GE's Ecomagination program in 2005 — which combined pledges of emissions reductions with a new emphasis on energy-efficient and climate-friendly technologies.

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Mr. Sterba and the leaders of the other environmental groups, which also includes Frances Beinecke of the Natural Resources Defense Council and Eileen Claussen of the Pew Center on Global Climate Change, said that an efficient, flexible cap-and-trade system would stimulate the development of new technologies to cut energy use and provide renewable energy.

General Electric claims significant advances in these areas already. According to Peter O'Toole, a company spokesman, "Revenues from the sale of energy-efficient and environmentally advanced products and services hit $10 billion in 2005," up from $6.2 billion in 2004.

The chief executives in the group met for the first time in July. During the meeting, Mr. Krupp said, "it became clear that cap-and-trade is an element of the deal that is good for everybody."

"It's good for the environmental community," he said, "because a hard cap guarantees the integrity of the environment" and "industry likes it because it's so efficient."

Timing also played a role in the executives' thinking. As Mr. Darbee said, "We have the opportunity to construct something more pragmatic and realistic while President Bush is in office." A future political climate, after 2008, he said, might produce "solutions less sensitive to the needs of business."

Pelosi Puts Climate Change On The Agenda (FT)

By Caroline Daniel

Financial Times, January 19, 2007

Nancy Pelosi, the House speaker, on Thursday vowed to make energy independence and climate change legislation the next focus of Democrats' congressional agenda, as the clock stopped on the first 100 legislative hours of the new Congress.

Flanked by giant posters detailing the legislation passed during the first 100 hours of the Democratic- controlled Congress, including minimum wage legislation, Ms Pelosi said she would create a new select committee to focus attention on energy independence and global warming. "I want a package of legislation through the committees by July 4 towards fully declaring our energy independence."

In the clearest sign the White House is responding to international and domestic pressure to act on climate change, Tony Snow, White House spokesman, on Thursday said that in the president's State of the Union on Tuesday Mr Bush would seek to "balance the needs of security and, at the same time, also the environment. And you can expect him to make that linkage in the speech."

Making a more explicit link between energy security and the environment would be a significant step for the administration, which has been criticised for its doubts about climate change science and has shunned imposing mandatory caps on carbon emissions. It accepts there is some human component to climate change.

Ms Pelosi's comments came as the House voted 264-163 to approve the last piece of the Democrats' 100-hour agenda, the Clean Energy Act. The act would rescind a 2004 tax break worth $8bn for oil companies and require full royalties for drilling leases granted in 1998 and 1999 in the Gulf of Mexico, which could generate $6bn in income.

Republicans said the bill would impose $6.5bn in new taxes on US energy producers. Red Cavaney, chairman of the American Petroleum Institute, warned undoing the tax provisions would discourage capital investment. "Imposing new costs, whether in the form of taxes, fees, or royalties is contrary to the goal of providing stable and affordable energy supplies for American consumers."

Critics of the 100-hour agenda have said that it focused on easy issues rather than more difficult problems, such as Iraq. Ms Pelosi on Thursday pledged that House Democrats would support a Senate resolution on Iraq calling on Mr Bush not to send more troops.

John Boehner, House minority leader, dismissed the 100-hour agenda, and said the bills were flawed because they had been passed without the opportunity to offer amendments.

High Prices Prod Developed World To Curb Oil Use (WSJ)

By Bhushan Bahree

Wall Street Journal, January 19, 2007

Mild winter weather has something to do with it. So does heavy selling by financial funds. But a largely overlooked factor in the recent plunge in oil prices may portend an end to the multiyear rise in crude: For the first time in years, the developed world is burning less of it.

Fresh data from the International Energy Agency show oil consumption in the 30 member countries of the Organization for Economic Cooperation and Development fell 0.6% in 2006. Though the decline appears small, it marks the first annual drop in more than 20 years among the OECD countries, which drain close to 60% of the 84.4 million barrels of oil used globally each day. Industrialized nations' demand tiptoed into negative territory in 2002, but the dip was so slight that it registered as flat.

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Yesterday, U.S. benchmark oil for February delivery settled at $50.48 a barrel, down $1.76, or 3.4%, on the New York Mercantile Exchange. Earlier in the day, futures fell below $50 a barrel for the first time since May 2005, hitting a fresh 20-month low after the Energy Department said U.S. crude-oil stockpiles rose the most in more than four years. Oil has been sliding since peaking above $77 in July. This year, prices have fallen 17%.

The tipping point where oil prices begin to erode demand was reached last summer, several industry analysts said.

The fall in oil use by the industrialized world is a sign that the reactions to higher oil prices by businesses and consumers from the U.S. to Germany to Japan may be adding up to a cycle-turning downdraft in demand. The resulting shift in global cash flows could mean a big boost for oil consumers' economies at the expense of producers and exporters.

Other signals, both economic and psychological, have been popping up for some time: Demand for gas-guzzling sport-utility vehicles has been falling, while investment in and sales of alternative fuels such as ethanol are booming. Even the Bush administration is vowing to reduce America's dependence on crude.

Gasoline prices in the U.S. are also falling, both because of swelling inventories and the slide in crude-oil prices, which can take four to eight weeks to fully pass down to retail pumps.

Yesterday, the AAA automobile club reported regular-grade gasoline below $2 a gallon in Michigan, and at $2 a gallon in Missouri and Oklahoma. The Energy Information Administration of the Energy department said the national average price of a gallon of gasoline was $2.23 as of Jan. 15. The national average may continue to fall in coming weeks, the EIA said in a weekly review published yesterday; it said prices could get close to $2 a gallon by the end of this month or early in February, noting the possibility that the national average could fall below that level.

To be sure, global oil demand grew 0.9% in 2006, owing to steady growth in China and the Middle East. But that was down from growth of 3.9% in 2004 and 1.5% in 2005. And the price fluctuations highlight the role played by expectations, rather than simple supply and demand, in determining the price of oil on world markets.

Many analysts are just starting to review, and lower, their price forecasts for this year, though a fair number still expect crude to rebound to $60 a barrel or even higher. So do some investors who have placed big bets with their own money, including Texas oilman T. Boone Pickens. For some, this stems in part from a belief that $60 is the price the Organization of Petroleum Exporting Countries aims to defend, though the cartel's de-facto leader, Saudi Oil Minister Ali Naimi, seemed to cast doubt on that notion this week when he said he saw no reason to support further output cuts. But a few analysts say oil's four-year surge could be ending.

"The bubble is bursting," said Frederic Lasserre, head of commodity research at Société Générale in Paris. "The sentiment has changed, and for the first time since January 2002, the hedge funds are going short at the start of the year."

News of the oil-demand drop comes as the debate over how to curb energy consumption is reaching a fever pitch in the U.S., the world's biggest oil consumer. Next week, President Bush is expected in his State of the Union address to expand on a call he issued last year for the country to end its "addiction" to oil. In Congress, bills are circulating to impose cap-and-trade programs, which amount to putting a price on global-warming emissions produced by the combustion of fossil fuels. While this government debate goes on, the OECD data suggest, the market itself is having an effect: When energy prices go up, people consume less energy.

A lasting downdraft in oil prices would trigger a profound redistribution of wealth around the world, putting more money in the pockets of consumers in the West and ending the bonanza enjoyed by oil-company investors and by petro-states such as Venezuela and Iran.

Currencies of some bigger oil exporters, including the Mexican peso, have faced downward pressure in line with falling oil prices. Airlines -- including British Airways PLC and Cathay Pacific Airways Ltd. -- have begun removing fuel surcharges imposed on passengers. Nations with significant oil industries -- including Saudi Arabia, Russia and the U.S., the top-three producers -- stand to take a hit to employment, profit and tax receipts in their oil sectors.

The signs of waning demand for oil began bubbling up early last year. Saudi Arabia began to quietly cut back its output in April because it couldn't find buyers for all its crude. Iran, OPEC's second-largest producer after Saudi Arabia, was forced to store unsold oil in tankers last summer.

Yet oil prices were sending contrary signals, peaking on July 14 at $77.03 a barrel because of fears that geopolitics or natural disasters were bound to reduce supplies. At the time, supplies were perceived to be tight, with little spare production capacity available globally to offset sudden losses. Since then, oil prices have fallen by 34% despite supply cuts by OPEC to shore up prices.

Mr. Lasserre's take on the situation is that prices of close to $70 a barrel -- they averaged $66.22 a barrel for 2006 -- marked a turning point. "People wanted to know the point at which oil prices would affect demand; now they have the answer," he said.

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One factor that could insulate the world from a big price rebound, paradoxically, is OPEC's recent output cuts. By trimming production, the cartel has swelled the world's volume of spare oil-pumping capacity, particularly in Saudi Arabia, thus easing fears of a supply disruption in some part of the vast global oil chain.

In remarks to reporters in New Delhi this week, Mr. Naimi said the kingdom's spare-capacity cushion would expand to three million barrels a day by Feb. 1, when the second round of output cuts agreed to by OPEC take effect. That is a half-million barrels a day more than is exported by Iran, whose nuclear-research standoff with the U.S. has stirred jitters about supply disruptions in the Persian Gulf.

Oil buyers are watching for signs of OPEC's next move. Some OPEC members, such as Venezuela and Iran, were clamoring for further production cuts, though Mr. Naimi shot down that idea this week.

Some analysts see larger, game-changing forces in motion. One is the rise of nonoil transport fuels. "Last year was a tipping point in a lot of ways," says Philip Verleger Jr., an oil economist who heads PK Verleger LLC. "Biofuels will take bigger and bigger bites out of petroleum demand," Mr. Verleger said, noting climate-change and security concerns relating to the supply and use of petroleum. "Alternate fuels will take up all the growth, leaving petroleum demand static in the next two or three years."

Forecasts by the IEA suggest biofuels output could rise to the equivalent of more than five million barrels of crude oil a day by 2011, close to triple output of such fuels in 2005. Global oil demand last year rose by 780,000 barrels a day to 84.4 million barrels a day, the latest IEA data show.

"Virtually every day, there is a new biofuels plant announced somewhere in the world," says Lawrence Eagles, head of the IEA's oil-industry and markets division.

Mr. Eagles said that in 2005, world output of biofuels was some 650,000 barrels a day, the equivalent of 1.95 million barrels of conventional Middle Eastern crude oil. Biofuel output could rise to as much as 1.7 million barrels a day, or the equivalent of 5.1 million barrels of conventional crude, by 2011, if capacity-expansion plans are taken into account.

According to data published yesterday by the IEA, oil demand last year fell in all three major OECD regions -- North America, Europe and the Pacific. The latter two regions have from time to time had weak oil demand when economic growth was weak. But growth in U.S. oil demand had typically offset this weakness for the OECD as a whole.

But last year, the picture changed more noticeably. "Maybe they started to use less when we hit $3-a-gallon gasoline," Adam Sieminski, an oil analyst at Deutsche Bank, said of U.S. consumers. "Perhaps, toward the middle of 2006 we hit a tipping point."

But Mr. Sieminski questions whether people will forget the pain because oil prices have dropped -- and oil use will again start to increase.

Global Warming Emerges As 2008 Election Issue (WT)

By Christina Bellantoni

The Washington Times, January 19, 2007

Presidential candidates for 2008 mostly agree that global warming is a problem that merits government action, a signal that debate on the issue will be more practical than conceptual.

Democrats actively seeking the nomination or thought to be considering White House bids say climate change is real and promise plans to curb carbon emissions, a view shared by several Republican hopefuls.

"I would anticipate that both the Republican and the Democratic nominee will be arguing over who is best to solve the problem of global warming," said Sen. Barbara Boxer, California Democrat and chairman of the Environment and Public Works Committee. "We're going to need a president who gets it."

Sen. John McCain, Arizona Republican, and Sen. Barack Obama, Illinois Democrat, are co-authors of a bill aimed at drastically reducing greenhouse gas emissions. The senators, who have formed presidential exploratory committees, say the Senate must pursue a solution to climate change.

"I am confident that given our will and what's at stake, America can and must assume its proper leadership role in addressing the pre-eminent environmental issue of our time, the consequences of which so directly affect our national interests," Mr. McCain said.

Sen. Hillary Rodham Clinton, New York Democrat and likely 2008 candidate, has said climate change is a pressing problem.

"Given the scientific evidence that we have and the potential consequences of continued warming, I strongly believe this nation needs to take sensible first steps to slow and ultimately reduce emissions of carbon dioxide and other gases that contribute to climate change," Mrs. Clinton says on her Web site, noting that New York would be affected by any coastal flooding caused by serious climate change.

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Mr. Obama alluded to the issue in his announcement of a presidential exploratory committee Tuesday, saying, "Our continued dependence on oil has put our security and our very planet at risk."

"I think it's going to be a very significant issue, no question about it," said Sen. John Kerry of Massachusetts, the 2004 Democratic nominee who has been mentioned as a 2008 candidate.

Mr. Kerry soon will introduce his own bill to "quantify the cost of carbon in some way."

Highlighting the issue are former Vice President Al Gore's film, "An Inconvenient Truth," and news that 2006 was the warmest year on record. Mr. Gore, a Democrat who ran for president in 2000, has not ruled out running in 2008.

Sen. Joseph R. Biden Jr., Delaware Democrat, this week introduced a resolution calling on the United States to negotiate to join the Kyoto Protocol treaty to limit greenhouse gas emissions.

"The climate has changed," said Mr. Biden, who has said he will run for president. "It has changed outside, where the year just concluded was the warmest on record in the United States. And the climate has changed in halls of the Senate, where the causes and consequences of global warming, and how we should respond, will be a major concern of this new Congress."

All but one senator weighing a White House run voted in June 2005 for a nonbinding "sense of the Senate" measure supporting mandatory action on global warming. Fifty-three senators voted for it, and of the known potential candidates, only Sen. Sam Brownback, Kansas Republican, opposed it.

Mr. Brownback told the Wichita Eagle last year: "Climate change is happening and I believe it is a problem."

The League of Conservation Voters Education Fund has created a campaign to keep the focus on climate change in the 2008 races.

"The next president needs to be a leader on this issue," said Navin Nayak, director of the environmental group's "The Heat Is On" campaign.

"You have more and more candidates who without even being prompted are talking about global warming and the need to address the issue," Mr. Nayak said.

The project's Web site (www.heatison.org) lists the positions of White House candidates, including former New York Mayor Rudolph W. Giuliani.

"Everyone accepts the fact that [global warming is] happening and it has an impact," the Republican is quoted as saying in June.

Former Massachusetts Gov. Mitt Romney, a Republican, won praise for his administration's Climate Protection Plan to reduce greenhouse gases.

A Warning From The Garden (NYT)

By Thomas L. Friedman

The New York Times, January 19, 2007

Well, so much for our daffodils! They all bloomed in our front yard last week. They now form a nice bright yellow cluster at the bottom of our driveway. Temperatures of 65 degrees in Washington in January will do that. Frankly, daffodils in January do brighten up the lawn. Maybe next year we'll try for roses in February.

Don't know about you, but when I see things in nature that I've never seen in my life, like daffodils blooming in January, it starts to feel creepy, like a "Twilight Zone" segment. I half expect to wake one day and find Rod Serling mowing my lawn — in shorts.

Why not? Last December was the fourth warmest on record, and 2006 was the hottest year in America since 1895. It was declared the hottest in Britain since 1659.

Even the White House seems to have noticed. Al Hubbard, the president's economic adviser, says Mr. Bush will soon unveil an energy independence strategy that will produce "headlines above the fold that will knock your socks off." Since everything the president has done on energy up to now has left my socks firmly in place, I will be eager to hear what Mr. Bush says.

Neither the White House nor the Democratic Party seems to grasp that the public and business community are miles ahead of them on this energy/environment issue. The presidential candidate who finally figures that out, though — and comes up with a compelling energy/environment agenda — is going to have a real leg up in 2008.

What would be compelling? I used to think it would be a "Manhattan Project" on energy. I don't any longer. I've learned that there is no magic bullet for reducing our dependence on oil and emissions of greenhouse gases — and politicians who call for one are usually just trying to avoid asking for sacrifice today.

The right rallying call is for a "Green New Deal." The New Deal was not built on a magic bullet, but on a broad range of programs and industrial projects to revitalize America. Ditto for an energy New Deal. If we are to turn the tide on climate change

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and end our oil addiction, we need more of everything: solar, wind, hydro, ethanol, biodiesel, clean coal and nuclear power — and conservation.

It takes a Green New Deal because to nurture all of these technologies to a point that they really scale would be a huge industrial project. If you have put a windmill in your yard or some solar panels on your roof, bless your heart. But we will only green the world when we change the very nature of the electricity grid — moving it away from dirty coal or oil to clean coal and renewables. And that is a huge industrial project — much bigger than anyone has told you. Finally, like the New Deal, if we undertake the green version, it has the potential to create a whole new clean power industry to spur our economy into the 21st century.

To spark a Green New Deal today requires getting two things right: government regulations and prices. Look at California. By setting steadily higher standards for the energy efficiency of buildings and appliances — and creating incentives for utilities to work with consumers to use less power — California has held its per-capita electricity use constant for 30 years, while the rest of the nation has seen per- capita electricity use increase by nearly 50 percent, according to the Natural Resources Defense Council. That has saved California from building 24 giant power plants.

Had Ronald Reagan not rolled back the higher fuel efficiency standards imposed on Detroit, we might need no Middle East oil today. High standards force innovation, and innovation leads to conservation at scale.

But prices also matter. I don't care whether it is a federal gasoline tax, carbon tax, B.T.U. tax or cap-and-trade system, power utilities, factories and car owners have to be required to pay the real and full cost to society of the carbon they put into the atmosphere. And higher costs for fossil fuels make more costly clean alternatives more competitive.

"The regulated utilities are the most important consumers from the perspective of long-term investment, and if they are not required to value carbon reduction then they will under-invest in energy efficiency and renewable energy," Peter Darbee, chairman of Pacific Gas and Electric, said to me.

This isn't rocket science. Government standards matter. They drive innovation and efficiency. And prices matter. They drive more and cleaner energy choices. So when the president unveils his energy proposals, if they don't call for higher efficiency standards and higher prices for fossil fuels — take your socks off yourself. It's going to get hot around here.

House OKs Pursuit Of Lost Oil Royalties (WT)

By Brian Debose, The Washington Times

The Washington Times, January 19, 2007

The House yesterday passed an energy policy aimed at getting back more than $10 billion in federal royalty payments and eliminating tax relief and other subsidies that oil companies have enjoyed for the past decade.

The Clean Energy Act, which passed on a 264-123 vote, would create a fund called the Strategic Energy Efficiency and Renewables Reserve using the recouped oil dollars. The reserve also would be used to fund more investment in renewable ethanol, wind, hydrogen and biofuels technologies, as well as energy conservation programs.

The energy bill represented the fulfillment of Democrats' promise to pass a package of six bills in the first 100 legislative hours of Congress.

House Speaker Nancy Pelosi, California Democrat, said her party wasn't finished and announced that she would create a Select Committee on Energy Independence and Global Warming.

"I have also instructed my committee chairs to hold hearings so that, by July 4, we will have a package of bills that will truly get us to energy independence in 10 years."

Democrats for years have targeted oil companies that bought and signed federal land leases in 1998 and 1999. Because of a congressional oversight, these companies did not have to pay the royalty fee for oil when its price went above $34.73 a barrel or natural gas when its price rose higher than $4.34 for every million thermal units.

The prices for both oil and natural gas have been well above the royalty thresholds for years, with the loss of more than $10 billion in fees. Democrats say their energy bill will recoup those dollars.

"The American people are owed a fair value for the resources they own. Yet when the government gives tax breaks in the form of royalty relief to Big Oil and fails to accurately monitor its oil leasing programs, it is the American people who are footing the bill," said Rep. Nick J. Rahall II, West Virginia Democrat.

The White House was not pleased with oil and gas incentives that Congress enacted as part of the 2005 Energy Policy Act, calling them unnecessary.

It also opposed mandatory royalty relief and prohibitions on drilling-related user fees and tax incentives allowing some oil firms an almost automatic write-off of certain geological and geophysical expenditures.

The White House, however, is against the provision to renegotiate the 1998 and 1999 leases that Democrats seek.

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The House bill limits the executive's discretionary power to modify royalties by stripping that authority from the secretary of the interior.

A report by the Interior Department's inspector general said the department had not been performing the proper oversight to track oil royalty payments to the federal Treasury and had not engaged in due diligence to ensure oil companies were paying them.

"In the compliance reviews, the Interior Department relies on the information given to them by the oil companies," Rep. Carolyn B. Maloney, New York Democrat, said in response to the report. "This is incompetence, cronyism and it could be corrupt."

The Justice Department has begun an investigation into the matter.

Republicans leaders attempted to block the House bill's passage with motions to adjourn, recommitting the legislation with instructions striking most of the provisions and arguing that passing it by a majority instead of two-thirds vote violated House rules.

"This bill will hurt domestic production and increase the price of oil and gas in this country," said House Minority Whip Roy Blunt, Missouri Republican. "If you take away the oil industry's incentives to invest in domestic production, you increase our dependence on foreign oil."

Indian Tribes Bet On Big Firms (LAW)

By Zusha Elinson, The Recorder

California Recorder, January 19, 2007

When the Pojoaque Pueblo in New Mexico decided to go ahead with a huge $245 million casino, resort and infrastructure development last year, they turned to the capital markets for financing instead of the bank loans or government grants traditionally used by tribes.

They also turned to mega law firm Orrick, Herrington & Sutcliffe for legal advice on the financing instead of a more traditional legal resource -- Indian law boutiques.

"When I started, it was a practice area that only a few boutique firms were involved in," said Townsend Hyatt, who advised on the Pojoaque financing and, a decade after entering the practice, now heads Orrick's tribal finance group. "As tribes have expanded economically, politically, numerically -- and certainly, as their socio-economic status has risen -- they have the economic means to hire law firms that they would not have hired before."

To serve this need, larger firms are increasingly organizing formal Indian law practice groups. Holland & Knight, Akin Gump Strauss Hauer & Feld, Dorsey & Whitney and Pillsbury Winthrop Shaw Pittman are some of the other Am Law 100 firms with similar practice groups, most of which range from 10 to 30 lawyers.

Those lawyers are kept busy. Tribes have to deal with federal law, state and local laws, large business partners such as Las Vegas casino operators and major financial institutions.

"They need the same type of legal representation as any Fortune 500 company would need," said Dan Casas, general counsel for the Table Mountain Rancheria Band of Mission Indians near Fresno, Calif., who uses Sonnenschein Nath & Rosenthal for the tribe's litigation matters.

Casas hired Sonnenschein in 1999 when he decided that the boutique firm handling a dispute with a terminated gaming contractor lacked the expertise.

Sonnenschein partner Paula Yost, a civil litigator in San Francisco, was quickly thrust into the complexities of federal Indian law.

"It was one of the hardest cases I worked on and one of the most rewarding," Yost said.

The tribe was being sued by a Las Vegas management company, American Vantage Cos., that the tribe believed had exerted illegal control over its casino, violating federal law. The litigation, American Vantage Companies, Inc. v. Table Mountain Rancheria, was dismissed in both state and federal courts in part on the grounds of sovereign immunity, with the final ruling coming in 2003.

Since then, Yost has continued to represent the tribe and co-founded the firm's Indian law practice group, which was formalized in 2005 and encompasses more than 25 lawyers across the country. And while Casas still turns to smaller firms for some of the tribe's work, the more difficult cases go to Sonnenschein.

Another tribe, the Shingle Springs Band of Miwok Indians, also hired the firm for a complicated court battle. The firm has nearly wrapped up a five-year slog through state and federal courts against a set of challenges by California's El Dorado County and others to the tribe's plans for a casino.

TRIBAL TRANSACTIONS

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Litigation that ends up in a federal court is complex enough, but transactional lawyers face an added challenge -- they often have to learn the particular laws governing each tribe. Any detail of a proposed transaction may be governed by a unique tribal regulation.

"It is in the approval process, the ability to enter into contracts, the ability to pledge certain assets, the election of which law to apply, the election of which means to settle a dispute -- all of that is something each tribe has control over," said Orrick's Hyatt, whose practice group was formalized in 2003 and includes 18 lawyers. "It's something that varies from tribe to tribe."

In 2006, the Portland, Ore.-based Hyatt dealt with several sets of laws, advising tribes and underwriters like JP Morgan Chase on financing deals across California, Arizona and New Mexico. Many of these tribes, like the Pojoaque Pueblo, turned to bond financing last year. Bonds can raise big money, but they require a good credit rating. And until recently, most tribes didn't have a rating at all.

"Many more tribes want to have more financing options, and they're getting rated," Hyatt said. "Five years ago, you could count on one hand the number of tribes that had credit ratings. Now it's a lot more common."

Attorneys say many tribes are now on the financial scale to use the same business tools and investment strategies as major corporations.

"This is going to be an increasing phenomenon going forward," said Blaine Green, co-chairman of Pillsbury's Indian law practice team, which was formalized eight months ago and consists of about 15 lawyers. "[Tribes are] moving beyond entertainment venues to financial services, insurance and real estate development."

The trend doesn't just mean more business for the tribes' lawyers. Large companies and financiers are increasingly interested in doing business with the tribes, said Green, a partner in Pillsbury's San Francisco office.

"As the rest of the country becomes more aware of the business success the tribes have had, and more aware of how tribes are diversifying, companies that previously wouldn't have thought of investing with these tribes are interested in learning about Indian law to invest or partner with them," he said.

KNOWING THE CLIENT

Despite the money, the construction deals and high-stakes litigation, an Indian tribe is not just another corporate entity. Firms serving tribes have to deal with the complexities of sovereign nations that have had long and often bitter relationships with the government and its laws.

"There's a lot of things law firms need to do [to work successfully with tribes], and the most effective way to do that is hire Native American attorneys," said Heather Dawn Thompson, a Cheyenne River Sioux and president-elect of the National Native American Bar Association.

The trouble is, there aren't a great number of American Indians at big law firms. Neither Sonnenschein nor Orrick has any in its Indian law practice groups, though the firms say they'd like to recruit them.

"Indian attorneys have historically gone back to work for their tribes. They haven't been so interested in big law firms," said Thompson, a former Patton Boggs attorney. "Unlike any other practice of law, Indian law is really about the preservation of nationhood."

The importance of this issue to tribes plays out in many ways, one of which is a broader sense of what constitutes a conflict. A case involving an entirely unrelated tribe may still offend a client who sees that other case as attacking the basic concept of tribal independence.

"Just because a case doesn't have your tribal client as a party, if it's anti-sovereignty it hurts all tribes," Thompson said, "and law firms must take that into account."

Sovereignty is a matter not only of sensitivity and legal nuance but can be the crux of a dispute.

The California Supreme Court recently ruled in Agua Caliente Band of Cahuilla Indians v. Superior Court (Fair Political Practices Commission), 06 C.D.O.S. 11719, that tribes can be sued for violating state campaign disclosure laws, even though they enjoy sovereign immunity under federal law.

Despite the additional complexities, Jeffry Butler, another co-founder of Sonnenschein's Indian law group, said there are also intangible rewards to helping a tribe navigate the legal system.

"It's easy to help large companies like a lot of law firms do," said Butler, a partner in the firm's San Francisco office. "It's more satisfying to represent a client like Shingle Springs because they were treated poorly -- historically and not so historically."

Sioux To Illini: Return Regalia (CHIT)

By Jodi S. Cohen And Michelle S. Keller

Chicago Tribune, January 19, 2007

In a 1982 halftime ceremony at Memorial Stadium, a 93-year-old Oglala Sioux chief and medicine man presented the University of Illinois with tribal regalia for use by the university's mascot, Chief Illiniwek.

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The university paid $3,500 for the moccasins, blanket, peace pipe pouch, breastplate and war bonnet with 90 eagle feathers, all owned by Sioux Chief Frank Fools Crow, according to the university's archives.

On Thursday, Oglala Sioux tribal members, including Fools Crow's grandson, asked for it all back.

The tribe's demands are the latest in a growing campaign by students, faculty, Native American groups and the National Collegiate Athletic Association—which has already penalized the U. of I.—to dump the mascot.

A resolution passed Thursday by the Oglala Sioux asks the university to stop using the mascot and return the attire, including the original feathers.

Eagle feathers were replaced on the mascot's headdress with painted turkey feathers by 1990, according to the school's sports media guide. Where the original eagle feathers now are is unclear, both with the university and with tribal headquarters on the Pine Ridge Reservation in South Dakota.

University officials, already mulling the future of Chief Illiniwek, first learned of the demand at a trustees meeting Thursday.

"The university is going to review the resolution that was presented and take it under advisement," said U. of I. spokesman Tom Hardy.

The resolution, passed by three of the tribe's five-member executive committee, points out that Chief Illiniwek, intended to honor Illinois-based tribes, does not belong in Oglala clothing in the first place, because that tribe is not from Illinois.

"The antics of persons playing 'Chief Illiniwek' perpetuate a degrading racial stereotype that reflects negatively on all American Indian people," according to the resolution.

Debate over the mascot, a barefoot student who performs at football and basketball games in the buckskin costume and feather headdress, has raged for years. This episode comes as a U. of I. student faces possible expulsion over a comment on a pro-Chief Web site threatening to hurt a student who opposed the mascot.

Some university students and Native Americans have asked university trustees to end the Chief tradition, saying it is humiliating and creates a hostile environment on campus.

Supporters say the Chief respects Native American culture and is a revered tradition that dates to 1926.

Lawrence Eppley, chairman of the U. of I. board of trustees, said Thursday that the board should decide this year about the future of the Chief, citing a ruling by the NCAA that prohibits the university from hosting postseason competition as long as the Illiniwek tradition continues.

Last year the school lost an appeal, and men's tennis and women's soccer teams were unable to host postseason play.

"It is also time to ... bring to a conclusion the matter of Chief Illiniwek, so that the university can be removed from the list of NCAA policy violators, move our institution forward and allow our student athletes to compete at the highest levels and free of sanctions," Eppley said at Thursday's board meeting.

Critics hopes' grow

Faculty and staff members in American Indian studies at the Native American House at the U. of I. said they hoped the resolution would finally push university administrators to end use of the mascot.

"This is a moment for them to actually get out from under the whole controversy," said Debbie Reese, assistant professor of American Indian studies. "It is an important moment for native people across the country who are asking that mascots like this be retired."

Reese said she disagreed with the argument that the Chief respects Native American tradition by using authentic regalia.

"Here they have a situation where they have a native tribe asking for that back. If they honor and respect native people, they will give it back," Reese said.

Fools Crow's grandson, Mel Lone Hill, said in a telephone interview Thursday that he was upset when his grandfather handed over the clothing because he thought it would be passed down to him.

"It's more of a family heirloom. It is a special costume that he wore. It was given to me by him, and then he borrowed and took it with him," said Lone Hill, the tribe's ceremonial chief. He said the regalia probably was made a year or two before it was turned over.

Fools Crow, who traveled with Buffalo Bill Cody's Wild West Show, died in 1989.

A former Illiniwek surprised

One former Chief Illiniwek, Steve Raquel, said Thursday that he was surprised by the demand because he thought the university and the tribe had a good relationship.

"To hear this request come back just kind of saddened me and saddens a lot of the chiefs," said Raquel, of Naperville, a member of the Council of Chiefs, a group of 27 alumni who portrayed Illiniwek. Raquel was Chief from 1992 to 1993.

"We did purchase it," said Raquel, referring to the university. "The ceremony that we had was a presentation of gratitude. It was an exchange. The uniform is a very significant part of the tradition."

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University spokeswoman Robin Kaler said there is a second costume, used from 1967 to 1982, before the purchase from Fools Crow. She said there are now two Chiefs; one performs at men's basketball and football games wearing the Oglala Sioux regalia and the other performs at women's games in the older costume.

An even older outfit was displayed until last year in the university's Sousa Archives: Center for American Music, Kaler said.

Deward Walker, an anthropology and ethnic studies professor at the University of Colorado, said the Oglala Sioux clothing could be considered sacred, depending on how it was used by the tribe.

"It depends on who wore it, it depends on the significance to the people from whom it came. ... It is up to the tribe to decide if it is to be regarded as culturally significant," said Walker, an expert in Native American artifacts. "Sometimes they are made with the intended purpose of gifting them to someone outside the tribe. At other times, headdresses worn by famous tribal leaders have been given over, much to the embarrassment and chagrin of the tribes."

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FBI/DEA/ATF/USMS:

FBI Joins L.A. Policing Effort In War On Gang Crime (LAT)

By Patrick Mcgreevy And Richard Winton, Times Staff Writers
The Los Angeles Times, January 19, 2007

Director Mueller stands with city and county leaders, saying DEA and ATF agents also will be enlisted in the fight.

FBI Director Robert S. Mueller III joined local law enforcement officials Thursday as they announced a campaign for the "strategic dismantling" of two street gangs after the killing last month of 14-year-old Cheryl Green in the Harbor Gateway area.

In addition, Los Angeles County Sheriff Lee Baca said he plans to keep convicted gang members in jail for their full sentences, exempting them from an early release program underway to relieve overcrowding.

Mueller was in Los Angeles to pledge FBI assistance in the city's battle against gangs after a 14% increase in gang violence last year, including a hike of nearly 25% in South L.A.

The arrest of two members of the 204th Street gang in the shooting death of Green sparked outrage after police said they believed the Latinos targeted the girl because she was African American.

The FBI director stood with Los Angeles Mayor Antonio Villaraigosa, Police Chief William J. Bratton, Baca and others in front of a market in the tiny gang-plagued neighborhood as officials outlined their multi-agency attack on the 204th Street group and an affiliate, the Eastside Torrance gang.

"No one should have to fear for their life because of the color of their skin; not in our city, not in our country and certainly not in this neighborhood," Villaraigosa said. "We have a message for these gang leaders: We are coming with everything we have. We are coming with services and suppression, and we are putting you out of business."

The news conference was held in front of a market on Harvard Boulevard, just north of 204th Street, that some African Americans are afraid to patronize because of the area's predominantly Latino gangs.

Authorities will use search warrants, hate crime investigations and graffiti, trespassing, narcotics, truancy and curfew laws to go after the gangs, Los Angeles Police Department officials said.

The 204th Street gang has 120 members and is accused of terrorizing African American residents of a nearly 2-square-mile area that it considers its turf. The Eastside Torrance gang is associated with the 204th Street group but is smaller.

Police are already planning to ask judges to approve "stay-away" orders for gang members to keep them out of the neighborhood. And starting today, LAPD officers and sheriff's deputies will share patrol cars while driving through the area.

Because 17 members of the 204th Street gang live in Torrance, and have crossed city boundaries to escape Los Angeles police, the crackdown will include cooperation with the Torrance Police Department and regular county parole officers as well as the joint patrols.

"It allows for the sharing of intelligence and getting the message to these characters that the boundaries they go across so freely don't matter," Bratton said.

The LAPD-led initiative will gather intelligence on the gangs, including the identity of members, in hopes of obtaining an injunction to limit their ability to gather on streets, the mayor said.

The federal Drug Enforcement Administration will target drug crimes, and the Bureau of Alcohol, Tobacco, Firearms and Explosives will go after guns.

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Federal agents will provide electronic surveillance of gang activity and operate observation posts in the neighborhood; the U.S. attorney may use federal hate crime and civil rights laws to put violators in federal prison, where sentences are longer, officials said.

"We will be working shoulder to shoulder with police officers in these areas," Mueller said.

Baca's decision to exclude gang members from the jail's early release program removes a big hurdle to the success of any crackdown, officials said.

An increase in gang crime citywide has Bratton drawing up a list of the 10 to 20 worst gangs in the city for similar targeting.

The Harbor Gateway area has experienced racial tensions for more than a decade as African Americans have moved from a nearby housing project to the predominantly Latino neighborhood, the officials said.

In 1997, a black youth was killed in the area, followed by three racially motivated homicides including the killing of Green, city officials said.

The stepped-up enforcement effort was denounced by some community activists, including Aqeela Sherrills, who for years headed the Community Self Determination Institute.

Sherrills questioned why the city is not doing enough to provide youth programs and after-school services, and he noted that Najee Ali, director of Project Islamic Hope, a local civil rights organization, has announced that gang members had agreed to a truce earlier this week.

"They are going to spend millions of dollars even though Najee Ali already brought about a peace treaty," Sherrills said.

Earlier in the day, Mueller told about 100 members of the Los Angeles Area Chamber of Commerce that increases in gang violence were being seen across the nation but that the problem was a special challenge in Southern California.

"Los Angeles, for better or worse, is ground zero for modern gang activities," Mueller said.

"Here in Los Angeles the ratio of gang members to police officers is overwhelming," he added. "This is where we in the FBI can help."

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204th Street Gang Focus Of Crackdown (LADN)

By RICK ORLOV And TROY ANDERSON, Staff Writers

Los Angeles Daily News, January 19, 2007

Some fear wrong message sent

Even as a South Los Angeles gang agreed to a truce in a troubled neighborhood where two youths were killed, city officials vowed further action against the gang believed to be responsible for a recent increase in violence.

Joined by a squadron of law enforcement officers from city, county and federal agencies, Mayor Antonio Villaraigosa said the city will target the 204th Street gang that has terrorized the Harbor Gateway area.

"What I want to do is develop a plan to have a strategic dismantling of this gang," Villaraigosa said. "I support the idea of a gang truce, but it's no good unless we can guarantee peace for this community."

Villaraigosa said the effort will be headed by the Los Angeles Police Department, but will also draw on the the county Sheriff's Department, the FBI, Bureau of Alcohol, Tobacco and Firearms, state Department of Corrections and the U.S. Attorney's Office.

Federal Bureau of Investigation Director Robert Mueller on Thursday pledged to work with local and state law enforcement agencies to crack down on gangs and use federal resources, intelligence and laws to crush gang leadership.

"Taking apart a gang is much like demolishing a building," Mueller said. "Hacking

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away at individual walls and beams only does so much. But using federal drug and racketeering statutes is akin to dynamiting the foundation. Once the gang's leadership infrastructure implodes, all members are weakened. It becomes more difficult for the gang to operate, and eventually it crumbles."

Mueller, speaking at a Los Angeles Chamber of Commerce luncheon, told LAPD Chief William Bratton that his 700 agents in Los Angeles would work more closely with the LAPD, the Sheriff's Department and other agencies.

Traditionally, the FBI targets the leaders of organized gangs using federal racketeering charges and stiff federal prison sentences to dismantle gangs, sometimes crippling the entire organization.

Mueller also plans to use emerging technologies to investigate gangs, including databases that show the geographic locations of gang members, their bench warrants, shootings and those overstaying their visas.

Connie Rice, co-director of The Advancement Project, said smart law enforcement techniques are only part of the solution to reducing gang violence.

"They will arrest all the kingpins and half a generation later they will be replaced," Rice said. "That's why after spending $85 billion in the last 25 years on getting rid of gangs, we have six times as many gangs. So law enforcement can't do it alone.

"The best research shows that gangs do not exist in a vacuum. They have to have conditions to brood in. If you don't get rid of those conditions, the gang will simply perpetrate."

Officials said efforts will focus on finding individual gang members who have been responsible for much of the violence and getting them off the streets.

The city also will expand its effort with the county Probation Department - similar to a plan announced earlier this week for the San Fernando Valley - to identify and work with individual gang members.

The crackdown also calls for expanded use of gang injunctions, stay-away orders for individual gang members and stepped-up enforcement of everything from vandalism and trespassing to curfews and truancy.

But Najee Ali of Project Islamic Hope said he is concerned the stepped-up crackdown sends the wrong message.

"This gang injunction is no more than a Band-Aid," said Ali, who brokered the gang truce. "The LAPD and the mayor are only reacting to the problem. To eradicate gangs, we must get to the roots of why young people join gangs."

"Where is the mayor's plan to support and maintain intervention strategies to interrupt the recruitment of gang members? The city needs to hear ... positive alternatives, not this lock them up and throw away the key solution."

Harbor Gateway has become a symbol for much of the city's gang problem in recent days with two shootings by gangs.

On Dec. 5, immigrant Arturo Ponce, 34, was shot and killed in the neighborhood and 10 days later, 14-year-old Cheryl Green was shot when she was believed to have crossed a gang line.

Since then, residents have tried to unite against the gang violence, holding a rally where more than 200 people turned out to decry the violence.

L.A. Officials Launch Crackdown On Gang Suspected In Girl's Slaying (SDUT/AP)

By Jeremiah Marquez, Associated Press

The San Diego Union-Tribune, January 19, 2007

LOS ANGELES – Authorities announced Thursday an offensive against the Hispanic gang allegedly behind the racially charged shooting death of a 14-year-old black girl, the first part of what they said will be a major crackdown on street gangs this year.

“We have a message to the gang leaders,” Mayor Antonio Villaraigosa said at a news conference in the South Los Angeles neighborhood where Cheryl Green was killed.

“We're coming with everything we have ... and we're putting you out of business.”

Green was shot Dec. 15, allegedly by a Hispanic gang bent on killing blacks following a confrontation between the gang members and a black men.

Police described the attack as a hate crime. Two reputed Hispanic gang members have been arrested in the slaying.

Gang crime increased by 14 percent last year at a time when overall violent crime was down. The spike has come amid ongoing conflict between black and Hispanic gangs.

Officials said the 204th Street gang is the first to be targeted in a citywide effort to suppress gang violence.

Police Chief William Bratton said police were putting together a list identifying the top 10 to 20 worst gangs involved in violent crimes, bias-related attacks and assaults on officers. Also under consideration are more gang injunctions and “stay away” probation orders to prevent gang member released from prison from returning to their neighborhoods.

The effort would involve federal and local law enforcement agencies.

“Our intention is ... to look at each gang individually to determine who we can best attack them,” said Bratton, who was joined by FBI Director Robert Mueller and other law enforcement officials.

Mueller, who earlier in the day called Los Angeles “ground zero for modern gang activity, “ said he would bring to bear the federal government's resources in gang investigations. Aside from manpower and intelligence, that includes federal statutes such as racketeering that help demolish a gang's hierarchy.

Mueller said there were more than 30,000 gangs and 800,000 members nationwide.

“Like a cancer,” he said earlier in the day, “gangs are spreading across America.”

Officials Say They’ll Break Up Latino Gang In Los Angeles (NYT)

By Randal C. Archibold

The New York Times, January 19, 2007

LOS ANGELES, Jan. 18 — The authorities said Thursday that they would dismantle a Latino gang that has been accused of racially motivated violence, including the shooting death last month of a 14-year-old black girl.

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The announcement was made in the heart of the gang's territory, in the Harbor Gateway neighborhood, by Mayor Antonio R. Villaraigosa; Chief William Bratton of the Los Angeles police; the director of the Federal Bureau of Investigation, Robert S. Mueller III; and city and county prosecutors.

Two members of the gang, known as 204th Street, have been charged with murder in the death of the girl, Cheryl Green, who was shot as she talked with friends near an unofficial boundary separating blacks and Latinos.

The district attorney has submitted a filing that the killing, part of years of tension in the neighborhood, was motivated by hate, making the defendants eligible for the death penalty.

The killing has raised concern about racial strife among gangs elsewhere in the city, though the Harbor Gateway problem has been called particularly serious because of Cheryl's killing.

The crackdown is to include an infusion of police officers and federal agents to step up electronic surveillance of the gang and make arrests even for relatively mundane infractions like curfew violations, truancy and trespassing.

The city attorney will seek an injunction barring gang members from congregating at certain places and times, a tactic that the police say has proved successful in other areas.

Gang crackdowns have in the past yielded mixed results at best. Typically, the violence subsides until the police pull back as pressure to patrol other areas increases.

"It's like a ship passing in water," said Wes McBride, executive director of the California Gang Investigators Association. "As soon as the ship passes, the wake fills in. It's too manpower intensive."

Injunction To Be Filed Against 204th Street Gang (KNBC)

KNBC-TV, January 19, 2007

HARBOR GATEWAY, Calif. -- An injunction will be filed against 120 documented members of a Harbor Gateway gang implicated in the racially motivated shooting death of a 14-year-old black girl in the racially divided South Bay community, authorities announce Thursday.

Video

A truce that activists said they brokered with the 204th Street Gang appeared to be too little, too late, as city, county, and federal law enforcement agencies agreed to collaborate on efforts to dismantle the violent gang.

The crackdown on the 204th Street gang comes after two of its members allegedly shot and killed Cheryl Green and wounded three of the teenager's friends on Dec. 15.

Cheryl and a total of seven friends were standing at the intersection of Harvard Boulevard and 204th Street when the gunfire erupted, about an hour after they got out of Stephen M. White Middle School for winter recess.

Authorities said the eighth-grader was not involved with gangs and was targeted solely because of the color of her skin.

Latino gang members Ernesto Alcarez, 20, and Jonathan Fajardo, 18, have each been charged with one count of premeditated murder and six counts of attempted premeditated murder in connection with the shooting.

Under the enforcement program against the 204th Street Gang, to involve federal, state and local agencies:

The Los Angeles Police Department will serve as the lead agency in all investigations.

The county sheriff's department will head up arrests for curfew, truancy and other violations of the proposed injunction.

The FBI and the federal Bureau of Alcohol, Tobacco and Firearms will conduct electronic surveillance of gang activity and monitor the area from a series of observation posts.

The city attorney's, district attorney's and U.S. attorney's offices will coordinate civil, criminal and federal prosecution of crimes committed by the gang.

The Los Angeles Unified School District police force will patrol the gang's territory and coordinate gang prevention and intervention programs at neighborhood schools

If deemed successful, the joint effort, which also involves the California Department of Corrections, could be enforced in other gang-plagued neighborhoods across the city, officials said.

Harbor Gateway's racial tensions date back to the mid-1990s, when blacks began moving into the predominantly Latino neighborhood, according to the mayor's office.

Since then, Latino gang members have threatened violence toward black residents of the South Bay community if they cross south of 206th Street, the so-called "forbidden line" that divides Latinos to the north and blacks to the south.

Before Cheryl was killed, at least three other racially-motivated homicides have been reported in Harbor Gateway since 1997, according to the mayor's office.

Earlier Thursday, the girl's mother, Charlene Lovett, hugged a Latino mom as they joined other residents in signing the so-called peace truce brokered by community activist Najee Ali of Project Islamic HOPE

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"We are all human beings. We all are the same," Lovett said, adding that residents were "looking forward to being able to move about this community every way we all choose to without fearing for our lives and fearing for our kids' lives."

But no gang members showed up, as Ali had hoped.

They stayed away for fear of being singled out by police, he said, "but we have met and they have agreed to spread the peace. They're also aware that their days are numbered, anyway."

Spike In Gang Murders Prods L.A. Toward Action (CSM)

By Daniel B. Wood

The Christian Science Monitor, January 19, 2007

from the January 19, 2007 edition - http://www.csmonitor.com/2007/0119/p01s04-ussc.html Spike in gang murders prods L.A. toward action The hope is that key players – schools, community leaders, and police – will unite to defuse racial tensions.

By Daniel B. Wood | Staff writer of The Christian Science Monitor

LOS ANGELES

At Lucy Florence Coffeehouse in the city's South Central district, neighborhood residents gather for a grief-and-anger ritual that has become as common as the growing wave of gang violence that spawned it. In a small gallery space, parents of gang-related murder victims step to the microphones to express outrage, sorrow and calls-to-action to assembled civic leaders and reporters.

"This wicked evil has to stop," says Charlene Lovett, mother of 14-year-old daughter Cheryl Green, killed in December. Cheryl, a black girl, was playing with friends on the wrong side of town when she was shot by a Latino gang member, according to police. It was one of 269 gang-related murders citywide in 2006. Overall, crime is down but black leaders say a new level of Hispanic versus black hate crimes has erupted – a claim that police say is not showing up in statistics.

Neither side disputes that violent gang battles have spiraled out of control in recent months – from prisons to schools to the streets – producing a "climate of fear higher than any time in the history of this world capital of gangs," in the words of Najee Ali, a local black activist. That happened as Hispanics numbers have grown, pushing into neighborhoods that were predominately black.

If any city in the US has the know-how to attack the plague of gang violence, it would be L.A., which tried many approaches during the urban warfare that rocked this city in the 1980s. There is hope that it will not have to reinvent the wheel, but rather that key players – city leaders, the schools, the police, the courts, churches, and community activists – are poised to spring into collective action to try to defuse the tensions underlying the violence.

Some call it an antigang "Marshall Plan," a reference to the US tactic after World War II of a massive investment in what was formerly enemy terrain. A shocking 14 percent jump of violent gang crime in 2006 – even as the city as a whole has seen overall crime drop for five straight years – is what is spurring all to act now.

New category of hate crime

Recent killings of blacks by Hispanics is a new category of hate crime, says Earl Ofari Hutchinson, a political analyst and author of several books on the black image in America. Riots fanned by tensions between blacks and Hispanics in L.A. jails last year and in inner city high schools reflect a new competitiveness for jobs, services, parks, and other public spaces, he says.

"There is a spiral of violence over turf, drugs, guns, crime," Mr. Hutchinson says. "Now there is another element of fear for lives and safety that multiplies the tension and the resentment."

Gang violence is contained in pockets of the city, and has been somewhat hidden by the fact that violent-crime rates citywide have, in general, been dropping.

"I never knew [the gang violence] was as strong as it is until this happened," said Ms. Lovett, speaking of her daughter's murder.

Los Angeles police are ratcheting up enforcement with tactics such as "Top Ten" lists – one of "worst gangs" and one of "worst leaders" – to target the most egregious suspected offenders of the city's 720 street gangs and their 40,000 members. They are increasing the use of injunctions to prevent public gathering of gangs and nuisance-abatement lawsuits that target their permanent hangouts.

New collaborations with federal, state, and local agencies will pool money and resources. Among new ideas: better tracking of gang members who reenter neighborhoods after release from prison.

But officials say they have come to realize that the gang epidemic here is largely immune to increased crime crackdowns.

"We have been stuck on 'stupid' in fighting gangs," says Constance Rice, author of a new study and 100 recommendations presented to the L.A. City Council Wednesday.

Police see they "cannot arrest their way out of the gang violence crisis," and are moving to a "comprehensive, neighborhood-based, schools-centered" approach, in the words of the study.

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The City Council in 2005 ordered the multiyear study by the Advancement Project – a national group that seeks to build multiracial democracy – with the intent of implementing it in phases after researching and testing new ideas.

"Over the past three decades the city has spent $50 billion on the problem and now has six times as many gangs and twice the number of gang members," says Rice. The study concludes: "The city needs nothing less than a Marshall Plan to end gang violence."

This means new ideas for job and community development, child development, and education and public health initiatives.

Officials say the broader view is needed to keep the metropolis from reaching a point in which violence spills into affluent and safer communities.

"The proliferation of gangs and their increased violence threatens to undo all that we have achieved in crime reduction all over the city," says Anthony Pacheco, one of a five-member Board of Police Commissioners.

Community leaders working together

Through the years, studies have attempted to fix L.A.'s image as the "capital of gangs," but no approach has been as comprehensive, according to the lead gang-liaison for the mayor's office.

"What is different now is that everyone realizes for the first time that enforcement is only a short-term fix," says Jorja Leap, a social welfare professor at the University of California, Los Angeles, who has studied L.A. gangs for 20 years. She says some recommendations from prior offensives were not implemented due to lack of political will and public attention. That seems to have changed.

"The stars are aligned with everyone on the same page ... a committed police chief, a new mayor, a city council that is truly interested and a community that has had enough," she says. So far, $22 million annually is spread mainly between two programs, one for school-based prevention and the other for community development.

Lack of coordination made the 23 separate antigang programs ineffective even though L.A. was spending $82 million per year on them. The report suggests a single "gang czar" who can "transcend the drag of torpid bureaucracies."

Researchers looked at what has worked in other gang capitals – Chicago, New York, and Alameda County, Calif. – but concluded that Los Angeles is unique in its geography, structure, history, and culture of gangs.

Instead, researchers point out a community model that had been tried in L.A., which they want to emulate. For nine weeks during the summer of 2003, local basketball courts stayed open past midnight for games. Community groups offered computer games and tutoring from 8 p.m. to 3 a.m. – the hours when most violence occurs. Gang intervention workers negotiated with local gangs for no-violence agreements, while a local radio station provided coverage of progress.

"At the end of 14 weeks there was a clear record ... not one shooting or killing or battery or assault," recalls Rice.

New county-city initiative

Just this week, L.A. Mayor Antonio Villaraigosa, Supervisor Zev Yaroslavsky, and City Councilman Tony Cardenas announced a county-city initiative for five new parole officers to deal with gang problems in the San Fernando Valley, home to about 1.2 million. The region saw a 42 percent rise in gang violence in 2006. The city council has already committed to 1,000 more police officers over the next five years, increasing the ratio of 1 officer for every 445 residents, less than half the rate in New York.

Some observers worry that momentum for change could stall. The mayor and police chief "will pay lip service to Rice's recommendations, but you won't see a concerted effort ...to seek out the massive resources needed to implement the social service, jobs, and education approach to curbing gang violence," predicts Hutchinson.

For Lovett, the added force is welcome, but only part of the picture. "We need to come together as a community to get to the root of the problem between races here. This has been going on for years, and I've never faced it until it happened to me."

Calls Made To Void Subpoenas For Reporters In Steroid Case (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, January 19, 2007

The new chairman of the House Judiciary Committee and an influential Republican congressman asked Attorney General Alberto R. Gonzales on Thursday to withdraw grand jury subpoenas to two San Francisco Chronicle reporters facing 18 months in federal prison for refusing to disclose their confidential sources of information about steroid use in professional sports.

In 2004, Mark Fainaru-Wada and Lance Williams wrote articles quoting closed-door testimony of Barry Bonds of the San Francisco Giants, Jason Giambi of the New York Yankees and sprinter Tim Montgomery about the use of drugs supplied by the Bay Area Laboratory Cooperative, known as BALCO.

Five defendants, including Victor Conte, BALCO's founder, have pleaded guilty to illegal drug distribution. Another grand jury is investigating whether Bonds committed perjury by denying that he knowingly used steroids.

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"There can be no doubt that the work of" Fainaru-Wada and Williams "has been significant," Rep. John Conyers, D-Michigan, and Rep. Tom Davis, R-Va., ranking minority member on the House Committee on Oversight and Government Reform, wrote to Gonzales.

"This coverage spurred Congress to action ... and forced Major League Baseball, among others, to announce an historic change in their steroid rules and policies," the congressmen added. "The subpoenas issued to those reporters and their newspaper seeking confidential source information are troubling both on the specific facts of their case and because of the great damage they could cause to our nation's press and the First Amendment.

Although a protective order is "an important interest," they said, "this case is significantly different from others involving a breach of national security, terrorism of serious criminal conduct."

In September, U.S. District Judge Jeffrey White in San Francisco sentenced the two reporters to up to 18 months in prison for contempt and imposed a $1,000-a-day fine on the Chronicle. But he suspended those penalties until the U.S. 9th Circuit Court of Appeals, which is set to hear the matter in March, rules on the case.

In addition to the letter, Conyers made a speech on the issue at the National Press Club in Washington on Thursday, where he called for a federal law that would shield reporters from facing jail time for refusing to divulge the names of confidential sources. A bill on this issue died in the Senate last year. Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said she expected a bill on the issue to be introduced this year.

Tasia Scolinos, a Justice Department spokeswoman, said the department is reviewing the letter. "As a matter of policy," she said, "the Justice Department issues subpoenas to members of the media only when absolutely necessary."

Feds Asked To Back Off In BALCO Case Chronicle Reporters Get Backing Of Two Congressmen (SFC)

By Zachary Coile, Chronicle Washington Bureau

San Francisco Chronicle, January 19, 2007

Washington -- The new Democratic chairman of the House Judiciary Committee Thursday urged the Justice Department to withdraw its subpoenas for two San Francisco Chronicle reporters, which seek to force them to name their confidential sources for federal grand jury testimony in which top athletes admitted illegal steroid use.

House Judiciary Chairman John Conyers of Michigan and Rep. Tom Davis, R-Va., the top Republican on the House Oversight and Government Reform Committee, wrote Attorney General Alberto Gonzales criticizing the agency's efforts to jail Chronicle reporters Lance Williams and Mark Fainaru-Wada for refusing to comply with the subpoenas.

"The subpoenas issued to those reporters and their newspaper seeking confidential source information are troubling both on the specific facts of their case and because of the great damage they could cause to our nation's press and the First Amendment," the lawmakers wrote.

The Justice Department was still reviewing the letter late Thursday, but a spokeswoman insisted the agency "issues subpoenas to members of the media only when absolutely necessary."

The unusual bipartisan letter showed that Congress is closely watching the case of the two Bay Area journalists, who could be ordered to jail for refusing to comply with a federal judge's order to divulge their sources. Lawmakers and legal experts say it's a crucial test of far the government will be allowed to go to extract information from journalists.

"It sends a message that really goes beyond these two courageous reporters," Conyers said in an interview Thursday. "It sends a message to all reporters that this could happen to you."

The Chronicle case has become Exhibit A for lawmakers pushing a federal shield law that would protect journalists from efforts by the government to force them to name their sources or turn over notes. The measure stalled in the Republican-controlled Congress last year, partly because of Justice Department opposition. Democrats are vowing to revive efforts to pass the law, but it still faces major hurdles.

Some lawmakers believe that if the two reporters are sent to jail, it could actually increase the chances that Congress would approve a media shield bill this year.

"It pains me to think that these two men might have to follow Judith Miller behind bars to make that point," said Rep. Mike Pence, R-Ind., a chief sponsor of the shield bill who met with the two reporters in his Capitol Hill this week, referring to the former New York Times reporter jailed for 85 days in connection with the investigation into the public disclosure of a CIA agent's name.

Fainaru-Wada and Williams were ruled in contempt of court in September by U.S. District Judge Jeffrey White for refusing to testify to a grand jury investigating leaked transcripts in the steroid distribution case involving the Bay Area Laboratory Co-operative.

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White sentenced Fainaru-Wada and Williams to up to 18 months in prison, and imposed a $1,000-a-day fine on The Chronicle, but suspended those penalties pending an appeal.

A panel of the Ninth Circuit U.S. Court of Appeals in San Francisco is scheduled to hear the case in March.

Fainaru-Wada and Williams wrote hundreds of articles about steroid use in sports, including several in 2004 that quoted grand jury testimony by San Francisco Giant slugger Barry Bonds, New York Yankees star Jason Giambi, sprinter Tim Montgomery and other athletes describing their use of substances supplied by the lab known as BALCO.

Five defendants, including BALCO founder Victor Conte, have pleaded guilty to illegal drug distribution. A separate grand jury is investigating whether Bonds lied by denying he knowingly used steroids.

Williams and Fainaru-Wada, in Washington this week for a First Amendment summit sponsored by the American Society of Newspaper Editors, have pressed their case with top lawmakers, including House Speaker Nancy Pelosi of San Francisco, California's two senators and members of both parties on the House and Senate judiciary committees.

Pelosi pledged to push the reporters' case at the top levels of the Bush administration, including urging Gonzales to "consider the bipartisan request to withdraw these subpoenas," her spokesman Brendan Daly said.

Sen. Barbara Boxer, D-Calif., had a previously scheduled call with Gonzales on Wednesday, and said she "expressed my concern about jailing two fine reporters who did a major public service by exposing the steroid scandal in sports." But the attorney general gave no hint he would budge from his position, she said.

Pence pledged to write a letter to Gonzales in the next few weeks, adding his voice to those urging him to drop the prosecution of the reporters.

"Justice demands that the attorney general reconsider these subpoenas and prevent this sentence from being carried out against these two noble members of the Fourth Estate," Pence said.

Sen. Dianne Feinstein, D-Calif. said Thursday she has asked her staff to investigate whether the Justice Department followed its guidelines when it issued the subpoenas.

"In my view, if the guidelines were, in fact, not followed and criminal laws were not broken, then, this is a case where leniency seems appropriate," Feinstein said.

But Justice Department spokeswoman Tasia Scolinos insisted the agency went through a long review process and followed all its guidelines.

"This exhaustive and rigorous process is undertaken for a reason - to enable close scrutiny by career prosecutors and to ensure that subpoenas seeking confidential source information are issued only as a matter of last resort," Scolinos said.

Conyers, who appeared at the First Amendment conference Thursday, drew applause from newspaper editors when he said he would press Gonzales to drop the subpoenas.

Conyers also pledged to use his power as chairman to hold hearings this year to build support for a federal shield law. Pelosi has promised to help Conyers get a federal shield law to the House floor.

Phil Bronstein, Chronicle editor and executive vice president, said the comments by lawmakers help support the paper's case that prosecutors have gone too far by seeking to jail the reporters for honoring their confidentiality agreement to sources.

"There is a 'reasonable quotient' -- what is reasonable and appropriate," Bronstein said. "The members of Congress will add another voice ... suggesting to the Justice Department what is a reasonable approach -- and so far they haven't taken it."

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Congressman Calls On DOJ To Halt Pursuit Of 'Chronicle' Reporters (USAT/AP)

USA Today, January 19, 2007

WASHINGTON (AP) — The new chairman of the House Judiciary Committee on Thursday called on Attorney General Alberto Gonzales to stop trying to compel two San Francisco Chronicle reporters to identify the source who leaked confidential grand jury testimony in the steroid abuse investigation.

A federal judge already has ordered reporters Mark Fainaru-Wada and Lance Williams jailed until they comply with government subpoenas demanding detailed information about how the reporters received the grand jury testimony of baseball stars Barry Bonds, Jason Giambi and others. The reporters have remained free while the 9th U.S. Circuit Court of Appeals considers the case.

"The issuance of these subpoenas appears to run directly counter to the protections afforded to the press under the First Amendment," Conyers, D-Mich. said in a speech at the National Press Club in Washington. "It is not just about a single case. We in the Congress need to examine the effect of these aggressive new prosecutorial tactics."

Conyers sent a letter to Gonzales asking the attorney general to withdraw the subpoenas. Rep. Tom Davis, R-Va., also signed the letter.

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"Like most Americans, we have watched with great concern as the Department of Justice issued grand jury subpoenas to the reporters and their newspaper to learn the identities of their confidential sources on some of the most significant reporting in the history of professional sports," Conyers and Davis wrote. "We write to you now to express my deep concern over the issuance of these subpoenas and to urge you to withdraw them."

Davis, as chair of the House Government Reform Committee, held a steroids hearing in March 2005, when the witnesses included former baseball players Mark McGwire, Rafael Palmeiro and Jose Canseco. Davis was one of a handful of representatives and senators who sponsored bills proposing to mandate stronger steroid testing and penalties for U.S. pro sports.

A DOJ spokesman didn't return a telephone call. In court filings, prosecutors asked the San Francisco-based appeals court to uphold a judge's contempt order against Fainaru-Wada and Williams, arguing that reporters do not have special privileges that allow them to keep evidence from a grand jury.

The appeals court is expected to hear the reporters' appeal sometime in March, though an exact date hasn't been set.

FBI Sends Citizens Terrorism Alerts By E-Mail (USNEWS)

By Chitra Ragavan

U.S. News and World Report, January 19, 2007

The FBI has sent out 600,000 E-mail alerts to a base of 14,000 subscribers, the bureau tells U.S. News.

The E-mail alert program was launched in October to provide the public, businesses, and law enforcement agencies with timely information on everything from terrorists to fugitives, scammers, and crooks, as well as updated information on terrorist threats. John Miller, FBI chief spokesman, said the system can also be used for crisis communication during a disaster or terrorist attack.

To sign up, one clicks on red envelope icons on the FBI's main website or its 56 field office websites and provides an E-mail address. No personal information is required.

"The new FBI E-mail alert system lets us do several things," Miller says. "It becomes a high-speed information portal for anyone from local law enforcement to the media to the public. As you sign up for it, you can tailor what you want to be notified on based on your interests. It also can be used as a crisis communication tool in the event of a disaster or even a terrorist attack. By letting people know when our website is updated, we can tell them about developments in missing children investigations or most wanted suspects as well."

Miller said the FBI expects the alert system will also help them catch criminals.

"It's a fast, effective way of keeping our partners and the public informed," he said.

7 Weapons Stolen From FBI Vehicle (WP)

By Allan Lengel

The Washington Post, January 19, 2007

Seven weapons, including two submachine guns, were stolen last weekend from an FBI agent's vehicle in Southwest Washington, the agency said yesterday.

Also taken were ammunition, a police radio, bullet-resistant vests, body armor and photography equipment, the FBI said.

The theft triggered an intensive search for the property and whoever took it. The FBI decided yesterday to seek the public's help by offering a $25,000 reward.

"We understand the seriousness of those weapons in the hands of untrained individuals," said Joseph Persichini Jr., head of the FBI's Washington field office. "We have employed significant resources and have been working on this since Saturday. We are doing everything possible to identify those responsible and recover the property."

The FBI vehicle belongs to a 35-year-old member of a special response team who was authorized to take it home. It was one of about 20 vehicles randomly vandalized in the 800 to 1100 blocks of Water Street between midnight Friday and 3 a.m. Saturday, according to D.C. police and the FBI.

A second bureau-issued car belonging to an agent at the FBI's headquarters also was vandalized, but nothing of importance was taken, authorities said. Both FBI agents live in the area and were issued vehicles to take home because of their assignments.

Persichini said one of the agents stored equipment in his vehicle, an SUV, because he has to be in a "ready position 24-7" as part of a special response team. He said that the vehicle had an alarm and that the equipment was kept in security containers that were broken into.

FBI officials will investigate to determine whether policies or procedures were violated, Persichini said, a step he described as routine.

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FBI investigators are working with D.C. police; the U.S. Park Police; the Bureau of Alcohol, Tobacco, Firearms and Explosives; and the U.S. Marshals Service. As part of the inquiry, a security camera was being reviewed, Persichini said.

"We're making some progress," he said.

D.C. police, who were investigating the break-ins and other vandalism, notified the FBI about the theft about 6 a.m. Saturday, authorities said.

According to a police report, someone entered the agent's 2004 Chevy TrailBlazer after punching in the lock on the driver's door. The vehicle was parked in the marina parking lot in the 1000 block of Water Street.

The stolen items included two MP5 machine guns, an MP5 training weapon, two M4 rifles, a .45-caliber semiautomatic weapon, a Remington 870 shotgun, a police radio, bullet-resistant vests, body armor, and a camera and photo lens, according to the police report and the FBI.

Persichini said "technological adjustments" were made so the police radio was no longer functional.

The FBI said that it began investigating the matter Saturday and decided to go public yesterday to announce the $25,000 reward and enlist the public's help.

Other vehicles used by law enforcement officials have been stolen in recent years.

In June 2005, someone swiped the car of Charles H. Ramsey, the police chief at the time, a block from his home in Southwest. "Cars are getting stolen every day," Ramsey said then.

In 2000, an FBI car with weapons was stolen outside a high-rise apartment building in the 800 block of North Pitt Street in Alexandria. In 1997, an ATF agent's car was stolen from a parking lot near Stafford. A gun, two bullet-resistant vests and the agent's credentials were inside.

Guns, Equipment Stolen From FBI Employee's Car (WT)

By Daniel Taylor

The Washington Times, January 19, 2007

Guns, ammunition and equipment were stolen from a car registered to the FBI, the bureau announced yesterday.

The car was one of about 20 that were vandalized in a public parking lot in the 1000 block of Water Street Southwest sometime between midnight and 3 a.m. Saturday, the FBI said.

The car belongs to a member of the FBI's Washington field office who lives near the lot, spokeswoman Debbie Weierman said.

The thieves took guns, ammunition and "other FBI technical equipment" from the car, Ms. Weierman said. She would not talk in detail about what the equipment was or what it was used for.

"This employee was a member of a special response team," she said. "He had an operational reason to have all that equipment in there. He's on call 24 hours."

Another car registered to the FBI also was vandalized in the lot, but nothing belonging to the bureau was taken from it.

Ms. Weierman declined to give estimates on the cost of the damage or the value of the stolen guns and equipment.

Police do not know how many people were involved.

"We have some very good leads and we're working on those leads trying to solve this crime as soon as possible," Ms. Weierman said.

She said there was a surveillance camera near the parking lot, but it wasn't operated by the FBI. The Associated Press reported that security cameras captured images of five suspects.

The lot is near the Potomac River waterfront just a few blocks south of the Mall.

The FBI is offering up to $25,000 for information leading to the identification and arrest of the thieves, Ms. Weierman said.

Mitchell Has Strong Words For Baseball Players, Owners (LAT)

By Bill Shaikin, Times Staff Writer

The Los Angeles Times, January 19, 2007

He urges them to cooperate with his steroids probe or face the possibility of a new round of Congressional subpoenas

Mark McGwire refused to tell Congress whether he had used steroids. Rafael Palmeiro insisted he never had.

That day in Washington haunts both men, two years later, and the leader of baseball's steroid investigation warned Thursday there could be another day like it. In remarks delivered to club owners and then released publicly, Sen. George Mitchell urged owners and players to cooperate with his probe or face the possibility of a new round of Congressional subpoenas.

"I believe that a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone who is or has been involved with baseball," Mitchell said.

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McGwire and Palmeiro joined Jose Canseco, Curt Schilling and Sammy Sosa in testifying before the House Government Relations Committee. The new chairman of that committee, Rep. Henry Waxman (D-Los Angeles), said he would not rule out another hearing.

"The use of steroids in professional sports continues to be an issue the committee is interested in," Waxman said, "and we are looking forward to learning more about the progress Sen. Mitchell has made in his investigation."

Under ridicule from some members of Congress and pressure from President Bush, baseball increased the frequency of drug testing and the penalties for positive tests.

Ten months ago, Commissioner Bud Selig directed Mitchell to investigate the history of steroid use. The tougher regimen of drug tests and penalties has not diminished the need for the probe, Mitchell said, citing the results of the recent Hall of Fame election.

McGwire was overwhelmingly rejected by voters, many of whom cited his refusal to discuss steroids with Congress. Palmeiro tested positive for steroids in 2005, several months after he testified he never had used them, and no team signed him last year.

Sosa sat out last year but is close to a deal with the Texas Rangers, so questions surrounding his alleged steroid use figure to resurface when he reports to spring training next month. And, with Barry Bonds 22 home runs from baseball's all-time record, a San Francisco grand jury is investigating whether he committed perjury by testifying he never had knowingly used steroids.

"Whether you think it fair or not, whether you think it justified or not, Major League Baseball has a cloud over its head, and that cloud will just not go away," Mitchell said.

Mitchell's investigators spoke with club officials and former players last year and plan to talk to active players this year. Mitchell cannot force anyone to speak with his investigators. Union spokesman Greg Bouris declined to comment.

Agent Barry Axelrod said he understands the union and management have agreed on guidelines for active players willing to cooperate, but such guidelines have not been distributed. Axelrod said he represents two former players who were asked to speak with Mitchell's investigators last year; one accepted and one declined.

By publicly releasing the contents of a speech delivered privately to owners, one baseball official said Mitchell and Selig wanted to assure the public the investigation remains a priority after 10 months and no report. Mitchell said his staff has "reviewed tens of thousands of documents and conducted hundreds of interviews" but said some clubs have not cooperated.

"Setting up a commission that lacked subpoena power meant either they were going to get 100% cooperation or they would say, 'Our recourse is to go back to Congress,' " Axelrod said. "I don't think it's unexpected the commission would take the stance that they're frustrated."

But another round of baseball hearings would be "a relatively low priority" for a Congress newly controlled by Democrats, said University of Virginia political scientist Larry Sabato.

Sabato said the publicity value of a hearing could not be discounted — "If you have baseball stars on Capitol Hill, you'll have cameras show up," he said — but cautioned the Democrats have more pressing matters.

"They have much more interest in investigating Iraq and Katrina and 9-11 — and I could list 40 other things — than they would have in baseball," Sabato said.

Mitchell's Remarks (LAT)

The Los Angeles Times, January 19, 2007

Remarks by former Sen. George J. Mitchell at Major League Baseball owners meeting in Phoenix:

The Commissioner asked that I give you an update on our investigation, and I'm pleased to do so.

Nine months ago, in explaining the need for this investigation, the commissioner said that "when it comes to the integrity of this game, an impartial, thorough review is called for and baseball must confront its problems head on."

In the intervening months it's become evident to me that not everyone in baseball agreed with the commissioner's decision.

Some felt that the best course for baseball was to sit tight, to ride it out, to hope that over time interest would decline and the issue would fade away.

Some may still feel that way. But there must be fewer of them this year than there were last year.

If nothing else, the results of the Hall of Fame voting last week, and the reaction to it, offer fresh evidence that this issue will not just fade away.

Whether you think it fair or not, whether you think it justified or not, Major League Baseball has a cloud over its head, and that cloud will not just go away.

It won't go away because the issues are so serious. Since 1990 the use of steroids or other performance-enhancing substances without a valid medical prescription has been a federal crime.

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It also is an egregious form of cheating. The principal victims of that cheating are the majority of players who don't cheat. That reality is too often overlooked in discussions about steroids.

Much has been said and written about the adverse effect on the integrity of the game, on the fans, and on the general public. All are important.

But those who are most harmed, those whose careers and livelihoods are put at risk, are the players who don't cheat.

They rely on their talent, skill, and hard work, as should all players.

And a younger generation of aspiring major league players is affected as well, as they are led to believe that, even though baseball currently has a tough drug policy, they cannot succeed without cheating.

The commissioner was right. Baseball must meet this issue head on. A thorough investigation and a credible report are necessary to regain the confidence of the fans, the press, and the Congress, on this issue.

From the reaction I've received from many of them over the past several months, I can tell you that they're interested and they're concerned; they're watching and they're waiting. Some of them don't trust baseball and are skeptical of me.

They should not be and they will not be satisfied with anything other than a thorough, fair, objective, and credible report.

I was not involved in the decision to conduct this investigation. After the decision was made I was asked by the commissioner to conduct it.

I agreed to do so, provided that I have total independence in conducting the investigation and making the report. The commissioner promised that I would and he's been true to his word.

My goal from the outset has been to conduct a thorough and objective investigation. But it also must be fair to all whose reputations are at stake.

I will insist that those who might be adversely affected by this investigation have an opportunity to be heard.

Before my report is completed, I will provide to any person who might be the subject of that report the opportunity to speak with me personally to respond to any allegations.

We have reached out to many persons associated with the game, past and present. And, as I have made clear from the beginning, my door is open to anyone who wants to speak with me about these matters.

I've led and participated in many investigations, as a state prosecutor, as a federal prosecutor, as a United States Senator, and, more recently as the chairman of independent commissions.

Those investigations have involved many subjects, from a wide range of federal and state crimes, to allegations of impropriety in bidding for the Olympic Games, to violence in the Middle East. There is a time-tested process involved. An investigation of the kind in which we're involved must first cast a wide net. This involves, among other things, a detailed review and analysis of documents, and interviews of many witnesses who may have relevant information.

Then, based upon an evaluation of all that information, the individuals who may be involved must be interviewed, and given an opportunity to respond to the allegations and to comment on the evidence supporting those allegations.

We've followed that approach here. As a result, to date we've reviewed tens of thousands of documents and conducted hundreds of interviews.

As you know, many of those we've interviewed so far are employees of the 30 major league clubs.

I assure you, however, that we also have interviewed a large number of other witnesses, including many formerly associated with baseball. Quite a few of these persons have been extremely helpful. These persons love the game and want to do all they can to remove this cloud.

We will talk with many more, and we will seek to interview active players, a process we intend to begin soon.

I recognize that this investigation has been a burden for each of your clubs, and for everyone involved. I regret that. But I hope you recognize that it's inevitable, once the decision to conduct an investigation was made.

Since beginning our work, we have repeatedly taken action to minimize these burdens.

But an investigation by definition requires the review of relevant documents and the questioning of relevant witnesses. The only way to avoid these burdens is to do nothing.

The commissioner was not prepared to take that course, and he was right.

When I took on this responsibility I said that I would follow the evidence wherever it leads, and that in writing my report I will stick to the evidence and let the chips fall where they may. That's what I'm going to do.

I believe it will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation.

Many have asked when my report will be completed. The pace of this investigation is dictated by the rate at which information is received.

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As I said when I spoke to you last year, that depends on you, and on others from whom I'm seeking information. I don't have subpoena power. Unlike the Congress, or other federal and state authorities, I cannot compel cooperation. They can, and if they get involved they will.

I've served in the Senate and as a federal and a state prosecutor, and I can tell you from personal experience: If they get involved, they almost certainly will use their subpoena power and everyone will be forced to cooperate.

Of course, I cannot predict what the Congress, or other federal or state authorities, or anyone else, will do.

But based on a review of recent history, and on many discussions I've had over the past several months, I believe that a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone who is or has been involved with baseball.

And if that happens, for everyone involved, the burdens, the risks, the time involved and the resources required will be much greater than they are now.

I don't expect my lack of subpoena power to significantly affect the outcome of this investigation. In the end, I believe we're going to get enough information to be able to issue a comprehensive and credible report.

But it does affect the length of the investigation.

You've read my recent statement that cooperation with our requests for information has been good from some, less good from others.

I recognize that many clubs are not accustomed to large-scale document discovery, so for them this is a new and time-consuming process. And there are serious and credible legal issues which can be and must be resolved.

We're working hard to resolve them.

The commissioner's office has done everything humanly possible to minimize any risks and to protect the clubs, as well as to reduce the burden on the clubs.

I ask you to work with me, in an effort to achieve what I hope is our common goal: a thorough, fair, objective and credible report that is published as soon as possible.

I can tell you that no one wants to finish this more than me. We are proceeding diligently and you have my firm commitment that we will conclude as soon as possible.

Thank you for the effort that you and your organizations have put into this matter, and thank you for having me here today.

I'll be happy to answer your questions, although I hope you'll understand that at this stage I'm not able to discuss the specifics of any of the evidence we've gathered.

Source: Major League Baseball

Baseball Owners Get Warning On Steroids (WP/AP)

By Andrew Bagnato, The Associated Press

The Washington Post, January 19, 2007

PHOENIX -- Baseball owners heard a clear warning from former Senate Majority Leader George Mitchell on Thursday. Mitchell, who is investigating steroid use in the sport, said the chances of government involvement will "significantly increase" if they don't cooperate with him.

Speaking to owners on the final day of baseball's quarterly meetings, Mitchell said he intends to interview active players and raised the possibility that Congress or other government authorities could compel testimony.

"I believe it will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation," Mitchell said in remarks that were released to reporters.

Mitchell cited last week's Hall of Fame vote to underscore the importance of his investigation. Mark McGwire was picked on 23.5 percent of ballots _ far below the necessary 75 percent needed for induction. The vote was viewed by many as the first referendum on how history will judge an age when bulked-up players came under suspicion of using performance-enhancing drugs. Baseball didn't ban steroids until after the 2002 season.

"If nothing else, the results of the Hall of Fame voting last week, and the reaction to it, offer fresh evidence that this issue will not just fade away," Mitchell said. "Whether you think it fair or not, whether you think it justified or not, Major League Baseball has a cloud over its head, and that cloud will not just go away."

Mitchell cannot compel testimony. He warned the clubs that Congress or other federal or state authorities which do have subpoena power could get involved.

"I believe that a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone else who is or has been involved with baseball," Mitchell said.

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The House Oversight and Government Reform Committee held a series of hearings on steroids and pro sports in 2005 and 2006.

"The use of steroids in professional sports continues to be an issue the committee is interested in, and we are looking forward to learning more about the progress Senator Mitchell has made in his investigation," said Rep. Henry A. Waxman, the California Democrat who chairs the committee.

Keith Ausbrook, Republican general counsel for the committee, said he's almost certain Mitchell has not been in contact with the panel recently about this issue.

"We've certainly been very interested in his investigation and what the results are going to be," Ausbrook said. "If he's not getting anywhere, we'll certainly consider whether to re-engage in it."

The players' association declined comment, spokesman Greg Bouris said.

Mitchell did not speak to reporters after addressing owners. He was hired by commissioner Bud Selig last March following more than a year of allegations against Barry Bonds, McGwire and other stars. No timetable was set for Mitchell's report.

Bonds is under investigation by a federal grand jury as to whether he perjured himself when he testified in 2003 in the BALCO steroid distribution case that he hadn't knowingly taken any performance-enhancing drugs.

The San Francisco Giants are negotiating a contract with Bonds, who needs 22 home runs to surpass Hank Aaron's mark of 755. Speaking to reporters at a golf tournament in the Dominican Republic this week, Bonds declined to discuss ongoing negotiations with the Giants, or his reported positive test for amphetamines last year. Giants owner Peter Magowan declined to answer questions about Bonds.

Selig also spoke to the owners about Mitchell's investigation. Asked if he had urged the clubs to cooperate with Mitchell, Selig said, "Urge is probably not strong enough."

"Look, some clubs have been more cooperative than others, but at this stage, I'm not concerned about that," Selig said. "He will have cooperation."

Selig would not say which clubs are lagging in their cooperation. Mitchell acknowledged that teams aren't used to dealing with "large-scale document discovery," which can be time-consuming. But he said his investigation would move faster if clubs cooperated more quickly.

"Many have asked when my report will be completed," he said. "The pace of this investigation is dictated by the rate at which information is received."

Houston owner Drayton McLane said the owners weren't surprised by Mitchell's remarks.

"It's a process that's very complicated, and it's just going to take time to complete," McLane said. "The steroids issues continue to emerge, and the public wants to know. For some reason they want to know more about baseball on steroids than they do football or basketball. So it's certainly focused on this."

During the meeting, Selig also spoke about the free-agent market and singled out the Chicago Cubs and San Francisco Giants, among others, for their spending, one official at the meeting said, speaking on condition of anonymity because the remarks during the session were not intended to be made public. Selig also mentioned the Toronto Blue Jays, the official said.

Selig wouldn't specify what he said to owners about the game's economics.

"We discussed some things, but we do that at every meeting," Selig said.

Tough Talk On Steroids In Baseball (AR)

By Joseph A. Reaves, The Arizona Republic

The Arizona Republic, January 19, 2007

Commissioner orders owners to aid inquiry

Commissioner Bud Selig wrapped up two days of meetings with baseball's owners in Phoenix on Thursday with a fiery call for reluctant clubs to begin cooperating with former Senate Majority Leader George Mitchell's nearly yearlong investigation into steroid use in the game.

"The commissioner was very forceful," Houston Astros owner Drayton McLane said with a grin after the final session of the meetings at the Ritz-Carlton in the Camelback Esplanade. "He knew what he needs, and he can be pretty forceful."

Selig's remarks came behind closed doors shortly after Mitchell briefed owners on the status of his slow-moving investigation.

Mitchell told the owners that he and his staff already had reviewed "tens of thousands of documents and conducted hundreds of interviews." But he said the investigation was dragging because "cooperation with our requests for information has been good from some, less good from others."

Mitchell said that if owners don't cooperate, there is a significant chance Congress will step back into the steroid issue.

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"I recognize that many clubs are not accustomed to large-scale document discovery, so for them, this is a new and time-consuming process," Mitchell told the owners in remarks released to the media. "And there are serious and credible legal issues which can be and must be resolved.

"I ask you to work with me in an effort to achieve what I hope is our common goal: a thorough, fair, objective and credible report that is published as soon as possible."

Privacy a concern

National concern about the steroid issue rose after the 2006 release of the well-documented book Game of Shadows, which alleged steroid use by several players. Selig then invited and gave free rein to Mitchell to investigate drugs in baseball.

Several owners have balked at Mitchell's request for detailed records from their trainers and team medical personnel, citing privacy rights.

"If there was a reliable way to redact the documents and satisfy the requests, then I'd be happy to do that," one club's representative to the meetings said. "But, so far, we haven't been able to do that."

One other objection, he said, was that Mitchell is intent on naming names in his report, "so what we'll end up with is a few guys getting caught and who knows how many others going unnamed."

The players union has refused to cooperate with Mitchell's efforts, also citing privacy reasons, and urged any member contacted by investigators to consult not one, but two lawyers: a private attorney and one from the union.

In his published remarks, Mitchell said his investigators plan "to begin soon" seeking to "interview active players."

Congress could act

Mitchell did not speak to reporters after his private briefing but warned in his remarks that unless owners are more cooperative, they run the risk of Congress intervening to subpoena witnesses. As a private investigator, Mitchell does not have subpoena power.

"Unlike the Congress, or other federal and state authorities, I cannot compel cooperation," he said. "(But) they can, and if they get involved, they will.

"I believe a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone else who is or has been involved with baseball."

A lawyer for the House Oversight and Government Reform Committee, which held hearings on steroids and professional sports in 2005 and 2006, told the Associated Press he was almost certain Mitchell had not contacted the panel about possible subpoenas.

But the attorney, Keith Ausbrook, said lawmakers are closely following the investigation.

"If he's not getting anywhere, we'll certainly consider where to re-engage in it," Ausbrook told the wire service in Washington.

The players union refused comment on Mitchell's remarks.

No timeline for report

Selig met with a small group of reporters after the meetings broke up and said he is comfortable with the pace of the investigation.

"Look, some clubs have been more cooperating than others," Selig said, not naming names. "But at this stage, I'm not concerned about that. We will have cooperation."

Asked if he urged teams to cooperate when he spoke after Mitchell's briefing, the commissioner turned uncharacteristically steely-eyed and said, "Urged is not strong enough."

"He was pretty firm," one team representative acknowledged. "I wouldn't call it a dressing down, by any means, but he was certainly firm."

Mitchell told the owners that when he agreed to head the investigation, he "would follow the evidence wherever it leads, and that in writing my report, I will stick to the evidence and let the chips fall where they may. That's what I am going to do."

Neither Mitchell nor the commissioner gave any indication how far off that report might be. But neither gave any indication it would be anytime soon.

"I've always believed it's better to get things done right than to get them done fast," Selig said.

"In this case, there's no timeline because there's no history for this. The senator has a very able group of people working with him and for him. And he'll get it done as fast as he can."

Reach the reporter at joseph.reaves@arizonarepublic.com or (602) 444-8125.

Owners' Aid Sought In Steroids Inquiry (BSUN)

By Jeff Barker, Sun Reporter

The Baltimore Sun, January 19, 2007

Mitchell urges 'full cooperation'

Former Sen. George Mitchell urged baseball owners today to cooperate with his investigation into players' steroid use, saying Congress might force witnesses to testify later if they don't do so voluntarily now.

"I believe it will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation," Mitchell said in prepared remarks he made to owners in Phoenix and that Major League Baseball posted on its Web site.

Congress has what Mitchell lacks -- the power to issue subpoenas if players balk at appearing, as some did when the House Government Reform Committee held a steroids hearing in March 2005.

At that hearing, former slugger Mark McGwire damaged his reputation by declining to answer questions about whether he used steroids or other performance-enhancing drugs during his career. Then-Oriole Rafael Palmeiro, who tested positive for steroids in August 2005, famously shook his finger at the same hearing and denied using the drugs.

In today's remarks, Mitchell suggested that baseball, which unsuccessfully challenged the committee's subpoena power in 2005, would be wise to avoid tangling with Congress again. If a governmental entity gets involved, Mitchell warned, "the burdens, the risks, the time involved and the resources required will be much greater than they are now."

The committee that held the McGwire-Palmeiro hearing appears at least as concerned about baseball issues today as it was in 2005, perhaps more so.

With the recent Democratic takeover of the House, the panel has changed its name to the Committee on Oversight and Government Reform and is chaired by Rep. Henry Waxman, a Californian who initiated the 2005 hearing by writing a letter to then-chairman Tom Davis, a Virginia Republican.

In a statement today, Waxman said: "The use of steroids in professional sports continues to be an issue the committee is interested in, and we're looking forward to learning more about the progress Senator Mitchell has made in his investigation."

Mitchell made his plea to the owners as he prepares to interview active players, a task that could meet with resistance.

The former Maine Democratic senator began his probe nine months ago after commissioner Bud Selig said: "When it comes to the integrity of this game, an impartial, thorough review is called for and baseball must confront its problems head on."

Mitchell said today that baseball "still has a cloud" over its head.

"If nothing else, the results of the Hall of Fame voting last week, and the reaction to it, offer fresh evidence that this issue will not just fade away," Mitchell said, apparently referring to voters shunning McGwire.

The steroids issue is particularly sensitive for baseball because San Francisco Giants slugger Barry Bonds, alleged in a book by two San Francisco Chronicle reporters to have used the drugs, needs just 22 home runs to eclipse Hank Aaron's all-time mark.

jeff.barker@baltsun.com

Congress May Probe Baseball Steroids, Mitchell Says (Update1) (BLOOM)

By Danielle Sessa

Bloomberg, January 19, 2007

Jan. 18 (Bloomberg) -- Former Senator George Mitchell told Major League Baseball owners that the U.S. Congress might get involved with a steroids investigation if teams don't cooperate with his own probe.

Mitchell, appointed by baseball Commissioner Bud Selig in March to investigate steroid use, said the federal government would use subpoena power he lacks to force them to talk.

``I believe that a report that is not credible and thorough will significantly increase the possibility of action by others, especially if it's the result of a lack of cooperation by the clubs, or by anyone who is or has been involved with baseball," Mitchell said in a statement at the owners' meetings in Arizona.

Selig asked Mitchell to examine past use of performance- enhancing drugs in baseball after a book raised new allegations about Barry Bonds using steroids and other muscle builders, which Bonds has denied. Mitchell said last month his probe would take longer than he expected because of a lack of cooperation from people he didn't identify.

Selig said he asked Mitchell to address the owners at their quarterly meetings today in Phoenix, and encouraged the clubs to work with the Democrat from Maine, a former Senate majority leader.

``Urge is probably not strong enough" of a word to describe what he told the owners, Selig said in a session with reporters after the meeting. ``Some clubs have been more cooperative than others, but at this stage I am not concerned about that. He will have cooperation."

Mitchell said he's conducted hundreds of interviews during his 10-month investigation and soon will try to talk with active players.

Legal Help

Players union spokesman Greg Bouris declined comment. Union chief Don Fehr instructed players in June not to talk to Mitchell without legal representation.

Baseball and its union strengthened the drug policy twice in 2005 under pressure from Congress, which threatened to pass legislation mandating testing and penalties in major professional sports.

Mike Reynard, a spokesman for Senator Jim Bunning, a Kentucky Republican and Hall of Fame pitcher who sponsored the bill, declined to comment on Mitchell's remarks. A spokesman for Representative Henry Waxman, a California Democrat who led a steroids inquiry in 2005, didn't immediately respond to an e- mails seeking comment.

``We have cooperated and hopefully everybody else will," Chicago White Sox owner Jerry Reinsdorf said.

Mitchell pointed to results of the last week's Hall of Fame voting as an indication that the steroid cloud over baseball won't fade away. Mark McGwire, whose 583 career home runs are tainted by steroid suspicions, received 23.5 percent of the vote, less than a third of what's needed for induction.

A lack of cooperation would further extend the length of the investigation, Mitchell said.

``It will be in your best interests, and the best interests of baseball, if I can report that I have received full cooperation from your organizations, and from others, in conducting this investigation," Mitchell said.

Drug Ring Leader Gets Life Sentence (CINE)

By Dan Horn, Dhorn@enquirer.com

The Cincinnati Enquirer, January 19, 2007

Clarence "The General" Remble left Los Angeles for Ohio several years ago to run a drug trafficking network.

He'll spend the rest of his life in prison instead.

A federal judge imposed the life sentence Thursday after prosecutors described him as the ringleader of a gang that operated in Middletown, Zanesville and other southern Ohio communities. A jury convicted Remble in July of conspiracy to distribute narcotics.

Rather than target Cincinnati or larger cities, prosecutors say, Remble and other gang members tried to build up their drug network in smaller towns.

They recruited a few fellow gang members from California and Louisiana, but most of the 20 people charged in the case were from Ohio.

"We believe what this group was trying to do was establish a stronghold in smaller communities," said FBI spokesman Michael Brooks. "They were set up to pretty much control narcotics trafficking in those areas."

The FBI investigated the case with police and sheriff's departments in Middletown, Butler County, Coshocton, Muskingum County, the Ohio State Highway Patrol and the U.S. Postal Inspection Service.

"The distribution network headed by Clarence Remble has been completely disrupted," Brooks said.

Nineteen others have been convicted of drug charges and all but two have now been sentenced. Because federal drug laws are tougher than most state laws, many of those sentences were for 10 years or more. Remble is the only one to receive a life sentence.

Brooks said the Dodge City Crips are an offshoot of the Crips street gang.

He said the southern Ohio operation supplied, distributed and manufactured crack cocaine and methamphetamine.

The FBI arrested Remble in July 2005 after tracking a shipment of 44 pounds of cocaine from California to southern Ohio, prosecutors say.

Druglord Sentenced To Life In Prison (MIDJOUR)

By Dave Greber, Staff Writer

Middletown (OH) Journal, January 19, 2007

CINCINNATI — The leader of a street gang charged in a major drug ring that stretched from Middletown to Los Angeles will spend the rest of his life in prison.

Clarence Remble, 37, of Long Beach, Calif., was found guilty on charges of manufacturing and distributing a controlled substance and conspiracy in U.S. District Court in Cincinnati for his leadership role in the Dodge City Crips, who moved drugs from Ohio to California.

Remble is one of 20 people who have been arrested and charged in a major drug bust that was coordinated by the FBI, Middletown Division of Police and several other law enforcement agencies.

The joint federal, state and local investigation in Middletown began in January 2005, spearheaded by the local department.

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To date, 18 of the 20 individuals involved in the drug ring have been convicted. Ten local residents were charged with conspiracy to possess with intent to distribute methamphetamine, crack cocaine and marijuana and other crimes in connection with the investigation.

WeHo Demonstrators Protest Pot Raids (LAT)

By Tami Abdollah, Times Staff Writer

The Los Angeles Times, January 19, 2007

About 100 people demonstrated outside West Hollywood City Hall this morning, protesting a series of federal raids that shut 11 outlets for medical marijuana in the county.

According to William Dolphin, a spokesman for Americans for Safe Access, the demonstration began about 8:30 a.m. and lasted for some 30 minutes.

Federal agents Wednesday raided the 11 medical marijuana outlets in Los Angeles County, seizing several thousand pounds of processed drug, hundreds of marijuana plants, an array of guns and bagfuls of cash.

The simultaneous raids, part of an investigation by the U.S. Drug Enforcement Administration, were the largest such operation in the county in recent memory. Five dispensaries in West Hollywood were raided with the other six in Venice, Hollywood, Sherman Oaks and Woodland Hills.

The action by federal agents angered some local officials and was taken despite a state law permitting possession and cultivation of marijuana for qualified medical patients.

Officials said that more than 20 people were detained for questioning but no charges have been filed. Authorities would not release information about any other people possibly detained at the dispensaries.

Sarah Pullen, spokeswoman for the DEA's Los Angeles field division, said agents seized large quantities of marijuana-laced edibles that included "anything from ice cream bars to lollipops to cookies to candies and candy bars."

In West Hollywood, agents in bulletproof vests, sunglasses, gloves and face masks piled out of the stores — four of which were on Santa Monica Boulevard — with boxes and black trash bags full of seized evidence while protesters booed and shouted, "State's rights!" and "DEA go away!" among other slogans.

At the Farmacy, agents loaded three cars with bags as amateur documentary filmmakers and medical marijuana users pushed against police tape. The raid and protest clogged traffic, and motorists honked their horns to show support for the demonstrators.

In all, Pullen said, agents seized more than 100 boxes of evidence and continued their work past 10 p.m.

West Hollywood officials said they were taken by surprise, only learning of the raids as they occurred. West Hollywood has a "long-standing commitment" to the use of medical marijuana for people with such catastrophic illnesses as HIV and AIDS, city spokeswoman Helen Goss said.

"We've been fighting to support the access of medicinal marijuana for many, many years and there's just a great disconnect between the federal government and communities like West Hollywood," Councilman Jeffrey Prang said. "Medicinal marijuana provides comfort and relief to people who are seriously ill and seemingly they view those people as drug addicts who belong in jail as opposed to people who deserve compassion and assistance."

The West Hollywood sheriff's station was notified of the impending raids about 1:30 p.m., one hour before they began, Los Angeles County Sheriff's Lt. David Smith said. Deputies moved in to help control about 50 protesters who gathered in the 7800 block of Santa Monica Boulevard near three of the stores.

California voters approved Proposition 215, the Compassionate Use Act, in 1996, which made marijuana available by prescription for medicinal uses. SB 420, which took effect in 2004, clarified Proposition 215, and taken together legalized possession and cultivation of marijuana for qualified medical patients.

According to Pullen, neighboring businesses and residents had complained about a significant number of the dispensaries, and there had been increased reports of crime in the areas around the outlets.

"Anyone in possession, selling or distributing marijuana is in violation of federal law and subject to prosecution," she said.

"There are hundreds of thousands of patients in California who need safe and reliable access to a medication that their doctors recommend they use and these raids are an example of the federal government going out of its way to interfere with the lives of patients," countered Steph Sherer, founder of Americans for Safe Access, a national advocacy group for medical marijuana use, based in Oakland.

"I think if California has a problem with our law, that our courts and our law enforcement should handle it," she said. "We have no need for the federal government to come and interfere."

The raids came on the heels of separate actions taken Tuesday by the West Hollywood City Council and the Los Angeles Police Commission.

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The council Tuesday unanimously approved an ordinance establishing permanent regulations on medicinal marijuana dispensaries, capping the number in the city at four.

The Police Commission, meanwhile, voted to support a moratorium on new marijuana dispensaries in Los Angeles and for tougher regulations of existing enterprises. Los Angeles Police Chief William J. Bratton pledged to work with federal authorities to prosecute businesses found to be violating the law.

Richard Eastman, a pro-medical marijuana activist who said he was diagnosed with AIDS in 1995, said he was horrified by the raids. Some of the pills he takes to fight his illness, Eastman said, "take away my appetite, but the marijuana keeps me eating."

As a result of the raids, Eastman estimated that perhaps 2,000 people who ordinarily would buy marijuana for medical purposes "won't be able to get their medicine tomorrow. And it's not like they can go to Sav-On or Thrifty."

The owner of one of the raided dispensaries said Wednesday that she was saddened that people will not be able to have the freedom of choice to use medical marijuana.

"We abide by state and local ordinances, and state laws, in providing a service to patients because they have the legal right by state Legislature to be able to make the choice of having medical marijuana as their choice of therapy," the dispensary owner said, speaking on condition of anonymity.

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Times staff writer Stuart Silverstein contributed to this report.

DEA Raids 11 Pot Clubs (LADN)

By Rachel Uranga, Staff Writer

Los Angeles Daily News, January 19, 2007

Police chief says dispensaries prey on teenagers

The Drug Enforcement Administration raided 11 medical marijuana dispensaries across Los Angeles on Wednesday, including five in the San Fernando Valley.

The raids came a day after Los Angeles Police Chief William Bratton denounced the storefront medicinal clinics as crime magnets that have begun to prey on teenagers - including passing out fliers at Grant High School in Van Nuys this past summer - and called for a moratorium on the facilities.

"(These) enforcement operations send a message to these drug traffickers," said Sarah Pullen, a DEA special agent. "The DEA will continue to conduct these enforcement operations and keep our community safe by enforcing federal drug laws."

Under a 1996 state ballot measure, the clinics can distribute doctor-prescribed marijuana to relieve anything from anxiety to nausea to acute pain. But federal officials consider all marijuana use illegal.

The number of clinics has exploded from five in 2005 to 143 by the end of last year. Bratton said many of the clinics are lucrative operations aimed at recreational users.

Bratton and Councilman Dennis Zine have backed rules banning dispensaries within 1,000 feet of any school, day-care facility, church or other house of worship.

While several medical marijuana activists support some regulation, they say the federal raids unfairly harm patients.

"It's disgusting in this day and age, when cities and counties are moving to regulate medical marijuana, that the federal government would still be busting people," said Don Duncan, Southern California coordinator for the Americans for Safe Access, a national medical marijuana advocacy group.

This week, the Los Angeles Police Commission released a report that found about half of all the city's marijuana clubs were in the Valley. The report found increased robberies and aggravated assaults around clubs near Van Nuys and more citizen complaints.

Wednesday's Pot Raids Prompt Protest In WeHo (CBS2)

CBS 2, January 19, 2007

(CBS) WEST HOLLYWOOD, Calif. A demonstration outside West Hollywood City Hall Thursday protested federal raids on 11 medical marijuana dispensaries in Los Angeles County.

Federal authorities do not recognize the California law that allows patients with a doctor's prescription to have marijuana, an ordinance approved by voters in 1996 as Proposition 215.

William Dolphin, a spokesman for the Oakland-based pro-medical marijuana group Americans for Safe Access, said the gathering was an "angry and concerned protest."

"Whenever we see these kinds of coordinated and simultaneous raids ... clearly the idea is to intimidate and frighten," Dolphin said.

In West Hollywood, marijuana outlets were raided at 7828, 7825, 7901 and 8464 Santa Monica Blvd., and at 8921 Sunset Blvd. During Wednesday's raids, about 50 protesters shadowed DEA agents, who wore body armor, helmets and face masks as they carted away evidence.

Six other stores were raided, including four in the San Fernando Valley, one in Hollywood and one in Venice, said Sarah Pullen of the DEA.

Pullen said that about 20 people were detained. She did not have immediate numbers regarding possible arrests or how much marijuana was seized.

Los Angeles County has an estimated 200 marijuana outlets.

The Los Angeles Police Commission voted Tuesday to support a moratorium on new marijuana outlets, and police Chief William Bratton pledged to work with federal authorities to close the dispensaries.

Ralph Partridge, who heads the Drug Enforcement Administration office in Los Angeles, said the raids showed that the storefront operations are "nothing more than drug trafficking organizations bringing criminal activities to our neighborhoods and drugs near our children and schools."

The West Hollywood City Council voted Tuesday night to strengthen restrictions on marijuana outlets, but some council members have sympathized with those who contend they need pot as medicine.

"The city of West Hollywood has had a long-standing commitment to the compassionate use of medical marijuana for those persons who are facing catastrophic illnesses," City Manager Paul Arevalo said.

Activists Rally As Feds Raid Medical Marijuana Clinics (NBC4)

NBC4.TV, January 19, 2007

LOS ANGELES -- About 100 people demonstrated outside West Hollywood City Hall Thursday to protest Wednesday's federal raids on 11 medical marijuana dispensaries in Los Angeles County, organizers said.

Federal authorities do not recognize the California law -- approved by voters in 1996 as Proposition 215 -- that allows patients with a doctor's prescription to have marijuana.

William Dolphin, a spokesman for the Oakland-based pro-medical marijuana group Americans for Safe Access, said the gathering was an "angry and concerned protest."

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DEA Raids Medical Marijuana Centers (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 19, 2007

Federal agents in California and Washington state have raided several medical marijuana distribution centers, seizing thousands of pounds of the drug, marijuana-laced edibles, weapons and cash. There were no arrests.

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U.S. Drug Enforcement Administration (DEA) Special Agent in Charge Ralph W. Partridge, who heads the agency's Los Angeles field office, said his agents served 11 federal search warrants yesterday at marijuana distribution centers located throughout Los Angeles County, including five locations in West Hollywood, four in the San Fernando Valley, as well as locations in Hollywood and Venice.

"Today's enforcement operations show that these establishments are nothing more than drug-trafficking organizations bringing criminal activities to our neighborhoods and drugs near our children and schools," Mr. Partridge said.

He described the investigation as ongoing, adding that "leads are being actively pursued and developed."

In California, according to the DEA, there is no state regulation or standard of the cultivation or distribution of medical marijuana. The state leaves the establishment of any guidelines to local jurisdictions, which can vary widely.

The DEA and its local and state counterparts routinely have said that large-scale drug traffickers hide behind and invoke California's Proposition 215, even when there is no evidence of any medical claim. Prop. 215 created an exemption from criminal penalties for medical use of marijuana. But it does not legalize marijuana; it only changes how medical patients and their "primary caregivers" will be treated by the state's court system.

The DEA said high-level traffickers often pose as caregivers and are able to sell illegal drugs with impunity.

Drug-enforcement agents also raided the Everett, Wash., headquarters of an advocacy group for medical marijuana patients, confiscating what police documents said were more than 1,000 marijuana plants and computers whose owners said contain personal information on 200 people authorized to use the drug for medicinal purposes.

Detective Roy Alloway, assigned to the federally funded West Sound Narcotics Enforcement Team, discounted assertions by spokesmen for the group that the center was designed as a source for medicinal marijuana only. He told the Associated Press the site was a drug-dealing enterprise, adding that it was "absurd" to think that the number of plants there would be covered by a medicinal marijuana medical authorization.

Washington law allows possession of marijuana in doctor-approved cases but makes no provision for obtaining it.

Agents Raid Medical Marijuana Advocacy Office (SEAPI)

By Casey Mcnerthney And Claudia Rowe, P-I REPORTERS

Seattle Post-Intelligencer, January 19, 2007

Plants, computers and cash seized in Everett

Drug enforcement agents raided the Everett headquarters of an advocacy group for medical marijuana patients, confiscating what police documents say was more than 1,000 plants and computers that the owners say contain personal information of about 200 men and women authorized to use the drug for medicinal purposes.

So far, no one has been arrested or charged with a crime.

Fearful of potential repercussions and unsure of the officers' ultimate aim, patients in the CannaCare network of marijuana users have been "laying low," said one, terrified that they may be prosecuted for using a substance authorized by their physicians.

"Who knows what they're doing with our information?" said Steve Newman, who has multiple sclerosis and has been associated with CannaCare for two years. "It makes me concerned -- really, really concerned. But we're pretty helpless. Nobody can say much about it."

A detective assigned to the federally funded West Sound Narcotics Enforcement Team, which launched Friday's raid, scoffed at the notion that CannaCare -- run out of the home of medical marijuana advocate Steve Sarich -- was anything other than a drug-dealing enterprise.

Detective Roy Alloway said it was "absurd" to think that the number of plants Sarich was tending would be covered by his medical authorization.

"It's clear that Sarich is a guy that's selling drugs," said Alloway, who noted that state law allows no more than a 60-day supply of marijuana for medical use.

The amount found in Sarich's home, he said, was "not even close."

Long a thorn in the side of law enforcement for his vocal, thumb-in-the-eye advocacy style, Sarich, 56, insists that the government is merely harassing patients -- himself included -- who have a legitimate right to use the drug for managing pain due to multiple sclerosis, cancer and a host of other illnesses.

Washington voters approved the use of marijuana for certain medical conditions through a citizens initiative in 1998.

"Since they don't like medical marijuana, this is an attack on the people that support it," said Sarich, who insists he's no drug dealer. The nominal sums CannaCare collects go into supporting medical marijuana users, he said.

Only a few ounces of pot were found in the raid, and Sarich said the bulk of the seized crop was unrooted cuttings and starter plants. He also said the $1,020 drug agents seized in the raid was for his $1,103.56 Snohomish County PUD bill.

The raid's ultimate end remains unclear. Alloway said he referred the information to federal authorities because of the pot-growing operation's size.

Jeff Eig, spokesman for the Seattle division of the U.S. Drug Enforcement Administration, declined to comment.

Meanwhile, the Los Angeles Times reported on its Web site that the DEA said federal agents had raided 11 medical marijuana outlets in Los Angeles on Wednesday and seized several thousand pounds of marijuana, along with weapons and money.

Washington law allows possession of marijuana in doctor-approved cases but makes no provision for obtaining it, forcing patients who cannot grow enough to buy from others -- sometimes resorting to patronizing street-corner dealers.

Sarich, however, has flouted the statute by announcing that CannaCare will provide pot plants to patients. He and an associate, John Worthington, whose Renton home was also raided last week, said the police action was politically motivated retaliation.

Sarich also believes that because the state has no list of registered medical marijuana patients, CannaCare was targeted because it has contact information for more than 1,200 users.

That incursion into patient privacy worries advocates at the American Civil Liberties Union at least as much as the bust itself.

Alison Chin Holcomb, director of the Washington ACLU's Marijuana Education Project, said Sarich might have forced the government into it.

"He certainly wasn't afraid of getting the attention of law enforcement," she said. "He put himself out there on the radar."

Worthington recently sent documents alleging drug-enforcement excesses by Alloway to the state House and Senate judiciary and health care committees. He sent another letter to the State Patrol, accusing the detective of tampering with evidence.

"They went after me because I'm an activist, and I've been terrorized out of growing," said Worthington, whose home contained six marijuana plants, according to a Kitsap County Sheriff's Office document. "I can't have my kids frisked like they're criminals. That was disgusting. I'm not Al Capone -- I'm a dad."

Alloway, who works for the Bremerton Police Department, denied the allegations of wrongdoing on Wednesday.

P-I reporter Casey McNerthney can be reached at 206-448-8220 or caseymcnerthney@seattlepi.com.

Local Drug Unit Raids Medical Marijuana Organization (KS)

Kitsap Sun, January 18, 2007

Drug detectives from the Kitsap-based West Sound Narcotics Enforcement Team seized about 1,500 marijuana plants from an Everett-based medicinal marijuana group Friday, in what will likely become a marquee case for the state's medical marijuana law.

The headquarters of Cannacare, whose mission is to be a "support group" for the state's medical marijuana users, was searched by the drug unit after WestNET detectives received a search warrant signed by a Kitsap County Superior Court Judge.

The seizure has angered Cannacare's members, who believe federal authorities are attempting to undermine the state's medical marijuana law, passed as an initiative by Washington voters in 1998.

"Rather than arresting the Director of CannaCare, Steve Sarich, and prosecuting him under the Washington State Medical Marijuana law as a patient, the Drug Enforcement Agency was called in to prosecute under federal law," said a blog entry under Cannacare's MySpace site.

Carlos Rodriguez, the sergeant in charge of WestNET, said issues concerning federal and state laws are irrelevant because what Sarich and CannaCare are suspected of doing is illegal.

Rodriguez said the Washington state law allows for a "60-day supply" and a maximum of 27 plants, if the plants are in different stages of life.

"But 1,500 plants for one person is ridiculous," Rodriguez said. "And you're not allowed (under the law) to sell it."

The case is being examined by the federal Drug Enforcement Administration. Charges against Sarich, who was not arrested in the raid, and other CannaCare members may be coming.

Computer registries with records of supposed medicinal marijuana patients were also seized, according to the search affidavit.

Agents Raid Medical Marijuana Grower (KING)

By Rob Piercy, KING 5 News

KING-TV, January 19, 2007

DOJ_NMG_0118916

EVERETT, Wash. - Investigators raided members of a medical marijuana advocacy group called Canna Care, saying it was the home of a big-time drug dealer.

But resident Steve Sarich said it's a home of compassion, where cannabis plants are sprouted and given to people who are sick so they can grow their own medical marijuana.

"A lot of them bed ridden or in wheelchairs," Sarich said. "They can't go down to University Avenue and buy a bag off the street."

When he's not tending plants at his "medicinal nursery," Sarich and a friend have also been investigating what they call "unlawful and terrorist raids" conducted by drug task force groups on medical marijuana users.

"If they don't grow, they don't have any medication," he said. "If they do grow, these local drug task forces come in and raid them and terrorize them."

A few days after submitting their investigation to state leaders, agents raided Steve's home Friday. They confiscated hundreds of seedlings, saying it was a major grow-and-sell operation.

Steve said he has a doctor's medical authorization for a 60-day supply.

"A plant this big, that's not in flower, is a zero-day supply of medication," he said. "Whether you have one of them or 5000 of them, it's still a zero day supply of medication."

He says the real reason for the raid was the investigation of task force groups like West Net, the one that raided his house.

"It's a ridiculous claim -- it suggests that I would have a vendetta against someone I don't know," said West Net detective Roy Alloway.

Manhattan: Heroin Ring Arrests (NYT)

The New York Times, January 19, 2007

Three people have been extradited and charged with participating in an international heroin-smuggling operation, federal prosecutors said yesterday. The three, Yaya Yahayai, 50; Henry Sichone, 42; and Andrew Sarpong, 33, are charged with involvement in a smuggling operation that bought heroin in Thailand and moved it through various routes to cities in the United States, including New York, said Michael J. Garcia, the United States attorney in Manhattan. Mr. Garcia said the ring recruited couriers who smuggled heroin by swallowing it or using false compartments in suitcases.

For Two Brothers, Colombia's War Is Family Affair (WSJ)

By Matt Moffett

The Wall Street Journal, January 19, 2007

BOGOTÁ, Colombia -- Roberto and Guillermo Sáenz were the youngest and middle of seven children born to conservative schoolteachers half a century ago. As a war between the army and Marxist guerrillas gathered force, Roberto recalls being sheltered by Guillermo and his other siblings in a childhood full of "studying, fútbol and fiestas."

Then when Roberto was entering the university and Guillermo was nearing graduation, Guillermo broke some news. " 'Man, I don't see any sense in all of this,' " Roberto recalls his brother saying. " 'I'm going.' " Guillermo fled into the jungle to join the largest leftist guerrilla group, the Revolutionary Armed Forces of Colombia, or FARC, eventually rising to the rank of "ideological leader" of the seven-member ruling secretariat. Today, he's one of the most wanted men in the Americas, with a price on his head of $2 million from the Colombian government and $5 million from the U.S.

Roberto pursued a political career, one that brought him to a quite different leadership position: He's the designated peacemaker for the government of this capital city. The municipal agency he heads, the Reconciliation Network, works in Bogotá's barrios promoting nonviolent solutions to social conflicts, holding candlelight vigils and petition drives, encouraging young people to express their opinions peaceably in graffiti art and rap music. "Our mission is showing that creative protest is more effective than picking up a gun," says Roberto, who is 50 years old.

Millions of Colombian families find themselves divided by the country's interminable conflict, but few are at such odds as the Sáenz brothers. While Roberto collects signatures to put a disarmament referendum on the ballot, Guillermo, 58, faces criminal charges from the Colombian government of blowing up pipelines and bombing villages. While Roberto manages a program to aid families of those kidnapped by the FARC, Guillermo is charged with masterminding abductions. While Roberto uses politics, sports and music to try keeping youths out of the orbit of violent drug traffickers, Guillermo faces a U.S. indictment alleging that he helped "set the FARC's cocaine [trafficking] policies" and arranged the murder of hundreds of people who got in his way. The indictment handed up in Washington last March accused 50 senior FARC guerrillas of shipping cocaine valued at more than $25 billion to the U.S. and other countries.

'Wrong Path'

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Roberto says he tried -- without success -- to get Guillermo to renounce violence in their last meeting back in 1991, when FARC leaders left the jungle for peace talks with the government held in Caracas, Venezuela. "To my brother, I say, 'I hope you're in good health and don't have problems' " Roberto says. "But to the guerrilla, I say, 'Give up this war because it's the wrong path.' "

Though Roberto says he hasn't tried to contact Guillermo since their meeting 16 years ago, he has found that having a rebel comandante in the family is a hard thing for an antiviolence activist to live down. "Even though in Colombia nobody gets surprised by anything anymore," the newsweekly Semana said last year, Roberto's position "doesn't fail to attract attention." Roberto believes his phones are tapped by intelligence operatives hoping for some clue that could lead them to Guillermo, who is generally referred to by Colombians, including Roberto himself, by his nom de guerre, Alfonso Cano.

In revenge for abductions carried out by Guillermo, another Sáenz brother, José Ricardo, was kidnapped in 1996 by right-wing paramilitaries, which oppose the guerrillas and are involved in drug trafficking and other criminal activities. The kidnappers had intended to seize Roberto, he says, but he had already left Colombia for a diplomatic post in Europe after getting death threats. Hoping to win his brother's release, Guillermo, from hiding, issued a statement saying José Ricardo, a teacher, had no links to the FARC. "My intense fraternal pain is mingled with the pain of many Colombians wearied by similar or worse tragedies," Guillermo wrote. José Ricardo was freed after eight months in captivity.

The family drama doesn't seem to have shaken Guillermo's revolutionary fervor. In position papers and interviews with Colombian journalists over the years, he has maintained that violence is justified because of inequities that are built into Colombia's economic and political systems. "We guerrillas have been obliged to take up arms to find peace," Guillermo once wrote. "It's the great contradiction and a terrible truth."

Peacemaking Tradition

Roberto allows that while violence is one truth in Colombia, the country also has a peacemaking tradition that is often overlooked. He and Bogotá's leftist mayor, Luis Eduardo Garzón, set up the Reconciliation Network in 2005 to train people for making peace even as a military boot camp would train people for making war.

In classes the Reconciliation Network has started offering for community leaders, there are lessons about Colombia's pacifist Páez Indians, who once halted a firefight between guerrillas and rural police by walking into the no man's land carrying only ceremonial palm staffs. In addition, the Network encourages activities such as Golombiao -- a variation of soccer pioneered by other peace-promoting groups -- with a scorekeeping system that weighs teamwork and respect for opponents, as well as the number of goals put in the net. Teams must be coed and, for it to count, the first goal must be scored by a female player.

The Network also helps run a protest and public-information campaign to press conservative President Álvaro Uribe to swap FARC prisoners held by the government for hostages held by the guerrillas. Deyanira Ortiz, whose husband, an ex-legislator, was kidnapped by the FARC five years ago and is still missing, doesn't hold Roberto's brother against him. "Colombia is an odd place," Mrs. Ortiz says. "It's possible for a single family to produce a soldier, a priest and a guerrilla. We all appreciate Mr. Sáenz's support."

The Network's staff of 16 social workers, from philosophy graduates to ex-guerrillas who now renounce violence, work on projects in rough neighborhoods like Ciudad Bolívar. In 2005, paramilitary gangs murdered 150 Bolívar youths who violated their curfews and other directives. "Nice kids go to bed early," read the chilling paramilitary graffiti, "and those that don't, we'll put to bed."

The Network's man in the barrio, Jairo Vargas, worked with youths and community leaders on a campaign of marches, late-night parties held in defiance of curfews and painting sessions in which youths covered paramilitary graffiti with murals. The number of youth killings in Bolívar fell to just 40 last year.

Bolívar young people like 16-year-old Jhon Castro are enlisting in the nonviolent cause. About a year ago, Jhon's best friend was killed by paramilitaries. But rather than seeking vengeance, Jhon says he channeled his anger into a Network protest last September aimed at getting a local university to admit more poor youths, who otherwise might be drawn to armed gangs. The first couple of days no one noticed the demonstration involving scores of students. Then they brought in a rapper and a sound system. "It was still a nonviolent protest -- just much louder," Jhon says. In no time, the university dean came out to cut a deal expanding access to poor students.

Guillermo, however, continues to cast a shadow over Roberto's peacemaking efforts. With President Uribe escalating the offensive against the guerrillas, Roberto has to deal with refugees streaming to Bogotá from war-torn provinces like Tolima -- the very operating area of the Central Bloc of the FARC that Guillermo helps command.

Last month, the army announced that it had killed a guerrilla fighter who had been Guillermo's chief bodyguard and was on the trail of the comandante himself. Roberto says both his parents died resigned to the path Guillermo had taken, and Roberto himself holds out little hope for a late-life conversion. "He'll likely die fighting," says Roberto.

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TAX:

Holed-Up Tax Protester, Wife Convicted (FINDLAW/AP)

By Philip Elliott, Associated Press Writer

AP, January 19, 2007

(AP) - CONCORD, N.H.-A man who has holed up with armed supporters in his cement-walled house for most of his tax evasion trial was found guilty Thursday, along with his wife, of failing to pay federal income taxes for a decade.

Ed Brown has said he will defend himself against capture if necessary.

U.S. Marshal Stephen Monier said Thursday that members of his staff continued talking by telephone with Brown and had no plans to confront him.

Ed Brown's wife, Elaine, a dentist who earned most of the couple's income, has been staying with a son in Massachusetts and attended the trial.

The Browns, of Plainfield, contend the law does not require them to pay federal income tax, while the government says the Browns owe more than $625,000. The Browns stopped paying income taxes in 1996 and stopped filing returns in 1998, a prosecutor said. They could each face decades in prison.

A jury decided they employed a scheme to hide their income and avoid taxes in part by using postal money orders in increments just below the reporting threshold to pay for their hilltop compound. Courts have routinely rejected similar attempts by other taxpayers.

Marshals now have to consider how to seize the Browns' assets. The jury was deliberating whether the Browns should lose their home.

"We've established a good line of communication, all of our conversations have been amicable and friendly, and that's how we expect they will continue," Monier said.

Ed Brown stopped attending court midway through the trial, which began Jan. 9. His wife remains out on bail pending the couple's April 24 sentencing; she has said she loves her husband, but that his way of handling the case is not hers.

A man who answered the telephone at the Browns' house Thursday afternoon said Ed Brown could not come to the phone, but had expected a guilty verdict.

"He's here at the house, and he's not leaving of his own free will," said the man, who identified himself only as Bernie.

Ed Brown, a retired exterminator, has said he stayed home to protest a system that had already convicted him.

"Most Americans would cower and cringe and raise their hands and surrender like a good little slave," he told reporters at his home this week.

"I won't. Under no circumstances. I do not tolerate cowardliness, oppression, bulliness, and I certainly don't tolerate a federal agency that has absolutely zero jurisdiction in my state, never mind in my county, in my town."

CONGRESS-ADMINISTRATION:

Bush To Focus On Broad Challenges Facing Country (USAT)

By David Jackson

USA Today, January 19, 2007

WASHINGTON — When President Bush delivers his State of the Union address Tuesday, he'll be facing a new audience on an old issue: a Democratic majority in Congress that is strongly opposed to his new plan for the Iraq war.

Explaining the proposal to boost U.S. troop strength by 21,500 in Iraq is a major goal of Bush's speech, said White House press secretary Tony Snow, even as Democrats and some Republicans push forward a non-binding resolution against it.

"We understand it's going to be a skeptical audience," Snow said.

Unlike Bush's prime-time address on Iraq last week, Snow said, the State of the Union "has a large domestic component" that will be crafted to find common ground with the Democrats who control Congress. The agenda includes immigration, education and energy.

The speech will also focus less on a laundry list of specific proposals and promises, as many of these presidential addresses do, and instead focus on broader challenges facing the country.

"A lot of times these speeches, they just go on and on and you lose people," Snow said. "It's better to spend some time focusing on big issues so that people do get a sense of your engagement with them."

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Linda Fowler, a government professor at Dartmouth College, said Bush's challenge won't be in convincing the lawmakers gathered in the House chamber Tuesday — it will be gaining public support for his plans on Iraq so he can move on to domestic issues. She said the "deeply unpopular war" in Iraq has sapped Bush's popularity and made it more difficult for him to maneuver politically.

"It really creates barriers for other activity," she said.

Presidents have delivered State of the Union speeches before in difficult times. President Reagan did in 1987, shortly after the Iran-contra scandal broke, and President Clinton did in 1999, in the middle of his impeachment trial. Reagan, however, used his address to talk about winning the Cold War with the Soviet Union, and Clinton enjoyed Gallup Poll approval ratings in 1999 in the high 60s. Bush's overall approval rating was at 34% in last weekend's USA TODAY/Gallup Poll.

Sherry Bebitch Jeffe, a senior scholar at the University of Southern California, said Bush needs to discuss issues beyond the war, if only "to show that Iraq is not all encompassing" and that he wants to work with Democrats.

"He can't pass any kind of agenda without reaching out to the majority," she said. "It's legacy time."

Snow did not elaborate on speech details Thursday, but indicated that among other issues the president would discuss global warming as he talks about alternative energy sources.

Bush is also expected to renew his call for a "comprehensive" immigration bill that includes a program for temporary, foreign "guest workers" and tighter border security. Rep. Tom Tancredo, R-Colo., and other Republicans object to guest-worker programs. They say the programs provide amnesty for illegal immigrants.

Extending and expanding the No Child Left Behind education law figures to be on the president's agenda, as well as proposals for health savings accounts that carry tax advantages.

Shorter State Of The Union Will Stress Common Ground (WT)

By Joseph Curl

The Washington Times, January 19, 2007

President Bush on Tuesday will deliver a stripped-down State of the Union address, leaving out the usual laundry list of policy initiatives, and emphasizing common ground with Democrats in a nod to the new political reality on Capitol Hill, the White House said yesterday.

"Some of the old State of the Union formulas have kind of run their course," spokesman Tony Snow said.

"Part of the calculation here is that a lot of times these speeches, they just go on and on and you lose people," Mr. Snow said. "It's better to spend some time focusing on big issues so that people do get a sense of your engagement with them, and there will be opportunities to pick up other topics in much greater detail later on."

The presentation, which will skip the old, hourlong formula in which "every department and every agency gets a line or a mention," was devised because, as Mr. Snow said with a smile, "we want people to watch."

Another change will be the president's audience. For the first time, he will address a Democratic majority in the joint chamber. Behind him, right next to Vice President Dick Cheney, will be House Speaker Nancy Pelosi of California. This scenario has influenced the speech, which will seek to enunciate issues on which Republicans and Democrats can agree.

"In that sense, maybe it does reflect a little bit of the political reality," Mr. Snow said.

The spokesman said Mr. Bush will focus on a few broad themes, including the war on terrorism, energy, health care, immigration and education.

Mr. Snow said that although Mr. Bush will use some of his prime-time address to lay out the domestic agenda for his final two years in office, he also will devote a portion to defending his new Iraq strategy, which calls for sending more than 21,500 additional troops to the war-torn country.

"We've noted all along that the speech is not a one-time-only engagement with the American public. It's worth talking about," he said.

The president said in a television interview yesterday that he understands there is "skepticism" about his Iraq plan. But he added, "I believe it will work."

As for the Democrats, the White House said they should offer their own plan on Iraq if they oppose the president. Moreover, Mr. Snow said, the new majority should wait until Mr. Bush delivers his address on Tuesday.

"We understand that because of politics -- I mean, people are already prebutting his speech they haven't heard. And they're developing their responses to policies they haven't seen. So we understand how that works," he said.

Still, Mr. Bush plans to offer some olive branches to Democrats, and will seek to reach across party lines in search of consensus.

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"The fact is that there are going to be a number of policies here that are going to be good politics because they're good policies. And they're going to offer opportunities for Democrats and Republicans to work together on areas where they do have a vested interest in making this a stronger and better country," Mr. Snow said.

Bush Tailors State Of The Union Speech (AP)

By Deb Riechmann

AP, January 19, 2007

President Bush's State of the Union speech next week will avoid the traditional laundry list of initiatives and focus on a few issues, such as energy and health care, where he might find common ground with the Democratic-controlled Congress.

Bush is considering ways to make health care affordable and seek the power to raise gas mileage standards for passenger cars, according to former administration and industry officials.

The approach to Tuesday night's speech, as outlined Thursday by White House press secretary Tony Snow, reflects the current political landscape: Voters in November ousted Republicans as the party in charge on Capitol Hill and Bush now faces skeptical majority Democrats rather than compliant GOP lawmakers.

The speech comes less than two weeks after Bush announced a big buildup of U.S. troops in Iraq. With Bush's low approval ratings, a narrowly tailored national address might keep the public from tuning out or reaching for the remote, White House officials reason.

"I just think some of the old State of the Union formulas have kind of run their course," Snow said.

The president plans to highlight the war in Iraq and the fight against terrorism as well as immigration and education, Snow said.

On the school front, for example, Bush is expected to urge that Congress renew the No Child Left Behind law, the signature domestic policy of his first term.

In last year's speech, Bush rebuked critics of his stay-the-course strategy in Iraq; at the time, more than 2,240 American troops had died. This year he will defend his plan for a war that now has claimed more than 3,000 U.S. lives.

Democrats have chosen Sen. Jim Webb of Virginia, a vocal critic of the war who has a son serving in Iraq, to give their party's response. Colorado Sen. Ken Salazar, who grew up in a Spanish-speaking household, will deliver the Democrats' first-ever Spanish-language preview address to the president's State of the Union.

The costs of the war and the deficit probably will preclude Bush from announcing expensive new programs.

As he did last year, when he said America was "addicted to oil," Bush is expected to bemoan U.S. reliance on foreign sources of energy and express support for alternative fuels.

The president is expected to challenge Congress to fix Social Security's long-term solvency problem, preserve tax cuts, join him in balancing the budget within five years and work to make the costs of the war more transparent in the federal budget.

According to two auto industry officials, the president may seek the power to raise fuel economy standards for passenger cars. The two officials, who spoke only condition of anonymity because they did not want to pre-empt Bush's address, said it probably would be part of a plan to offer more incentives for increasing alternative fuels and accelerating the number of vehicles running on alternative fuel.

Bush asked Congress for the authority to change fuel economy standards for passenger cars last year; the measure failed in the House. The administration has opposed simply imposing tougher mileage requirements without changing the system because of safety concerns and interest in providing flexibility to struggling domestic automakers.

The administration released new fuel economy rules last year for sport utility vehicles, pickups and vans based on a vehicle's size. Automakers were supportive of the changes, developed after months of study. Environmentalists said it was insufficient because it required only nominal increases in the standards.

On health care, the president is expected to continue promoting health savings accounts, according to Roy Ramthun, a former economic adviser to the president.

Such accounts are available to people who buy insurance policies with high deductibles, meaning consumers are responsible for more of the initial costs when they see a doctor or a dentist. The insurance policies do not cost as much because of the high deductible, yet they do provide protection in the event of a major injury or illness.

Ramthun said Congress agreed with some of the president's request last year to raise the contribution limits for the accounts. Congress also agreed to let employers put more money into the accounts of low-wage workers, he said.

Bush last year urged higher contribution limits and proposed letting employers contribute extra amounts for chronically ill workers. Ramthun said he believes the president will repeat those calls this year.

A Reality-Based State Of The Union (column) (WP)

DOJ_NMG_0118921

By Eugene Robinson
Washington Post, January 18, 2007

For those of you who can't wait until Tuesday's big speech, my fellow Americans, here's the real state of the union:

A president who reduces the near-infinite variety of humankind to "with us" or "against us" has mired the nation in a disastrous, unnecessary war. Comparisons to Vietnam are imprecise -- the American casualties in Iraq are lower, the geopolitical stakes are much higher and the damage to our nation's standing in the world has been incalculable.

Some believe that the president sees clearly the futility of his ill-advised war and that at this point he's just stalling so his successor will take the fall for an eventual American withdrawal. Those cynics are wrong; George W. Bush has demonstrated time and again that he values resolve over reason.

The us-or-them president is now assuming an elbows-out posture toward Iran that is disturbingly reminiscent of the run-up to war in Iraq -- denunciations, threats, a military buildup in the Persian Gulf. Haven't we seen this movie before?

Oh, and the president's tic of smiling at inappropriate moments -- such as when he's answering a question from Scott Pelley or Jim Lehrer about the human costs of the war -- has become a little scary.

Congress is effectively powerless to stop the president from escalating his futile war with a "surge" of 21,500 troops. But Republicans are joining the new Democratic majority in opposition to the war, and this growing, bipartisan consensus threatens to pit Capitol Hill against the White House in an increasingly bitter confrontation.

In other news, fellow citizens, scientists reported that 2006 was the warmest year on record for the United States. The first half of January 2007 was so balmy in the Northeast that crocuses bloomed. Only recently has the president begun to pay grudging lip service to global warming, while firmly resisting measures -- such as capping carbon emissions -- that might actually mitigate the pressure humans are putting on the climate system. I've begun to wonder how a row of palm trees would look in my back yard.

More than a year after the president pledged to rebuild New Orleans, the city is still a ghost of its former self. Neighborhoods remain devastated, residents still can't go home, businesses can't function without workers or customers, and now a brutal crime wave has filled the crippled city with fear. Had Bush fulfilled his promise with quick, comprehensive, effective federal assistance in the weeks after Hurricane Katrina -- a Marshall Plan for the Gulf Coast -- the city might be back on its feet. As things stand, it's not a question of when New Orleans will fully recover, but if.

Fellow Americans, you have come to see economic inequality as a major issue, especially those of you who live in parts of the country that have suffered from the effects of globalization. This phenomenon is poorly understood here in Washington, and your government has offered you no solutions. Candidates who find a way to talk about the widening gap between haves and have-nots are likely to do well in 2008.

The debate over the war drowned out one of the most significant events of the week in Washington: a joint news conference Tuesday by the Business Roundtable, AARP and the Service Employees International Union to call for health-care reform. The nation's biggest corporations, its most influential consumer group and its most aggressive labor union came together to demand that an unfair, expensive, inefficient system be fixed. Massachusetts and California have already begun to tackle the problem. Maybe someday the White House and Congress will get into the game.

The immigration issue continues to smolder and surely will flare up again. In education, No Child Left Behind hasn't begun to live up to its promises. Many Americans fear that their children's lives will not be as prosperous as their own.

But the state of the union is not all bad, my fellow Americans. When the president gives his speech, one of those two seats behind him will be occupied by a woman, Speaker of the House Nancy Pelosi -- a first, and an undeniable sign of progress. The two leading candidates for the Democratic presidential nomination are a woman and a black man -- more progress. The nation spoke clearly, and loudly, in the midterm elections, and now there's a counterbalance to the out-of-control White House.

Yes, Washington can be thickheaded and slow. You may have to repeat yourselves a few more times, fellow Americans, but eventually the message will get through.

House Dems Close The First '100 Hours' (AP)

By Jim Kuhnhenn
AP, January 19, 2007

The House wrapped up the Democrats' "100 Hours" legislative sprint Thursday with time to spare, voting to recoup billions of dollars in lost royalties from oil and gas companies and roll back industry tax breaks.

The energy bill capped a two-week drumbeat of votes on legislation that, while popular with voters last fall, awaits a sketchy fate in the Senate.

The House bill, approved 264-123, sets a conservation fee on oil and gas from the Gulf of Mexico, attempts to recoup royalties lost because of a government error in drilling leases in the late 1990s, and rolls back several oil industry tax breaks.

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"In the November election, the American people signaled their wish for change — a wish for our country to go in a new direction," said House Speaker Nancy Pelosi, D-Calif. "Democrats promised that we would, and these past two weeks, we have delivered on our promise."

Democrats accomplished their early legislative goals in 87 hours, adopting new ethics rules and passing bills raising the minimum wage, expanding taxpayer financed research into embryonic stem cells, forcing more homeland security measures, directing the federal government to negotiate for cheaper Medicare prescription drugs and lowering interest rates on subsidized student loans.

Democrats pushed the legislation through swiftly, denying Republicans any opportunity to amend bills, and established themselves as the vanguard for the Democratic agenda. But internal friction within both parties, the potential for partisan gridlock in the Senate and confrontation with the White House over the war in Iraq signal less, not more, legislative production in the weeks ahead.

In the Senate, Democrats and Republicans on Thursday struggled to untangle a partisan knot that threatened to sink ethics legislation. The episode illustrated how hampered Senate Democrats are to impose their will with their razor-thin majority.

The past two weeks also took the glow off the cooperative tone both parties set in the opening day of the new Congress. House Republicans complained bitterly about being denied amendments on the legislation, an echo of Democratic complaints during the 12 years of Republican dominance.

"We are short-circuiting democracy here, and I think my colleagues on both sides of the aisle understand it," said House Republican leader John Boehner, R-Ohio. "I'm here today to ask my colleagues on the other side of the aisle to live up to the promises that were made, to live up to the desire to be treated fairly."

Democrats were not sympathetic.

"We are working on an agenda that the minority would not or could not do, and we're fulfilling our promise to the American people," said Rep. Louise Slaughter, D-N.Y., chairman of the House Rules Committee. "And all the whining you can do, all of it you can produce will not deter us from it."

Still some Democrats were eager to move on to a more deliberative pace.

"One of the things that we were savagely critical of is the fact that the Republicans did not follow the regular order," said Rep. John Dingell, D-Mich. "Now it is time for us to get back and take ourselves seriously and proceed under the regular order."

For all its speed, the House legislation now enters the quicksands of the Senate, where Republicans already are displaying their ability to alter or slow down the Democratic agenda.

Senate Republicans, for instance, were trying to use the ethics legislation to extract a promise from Senate Democratic leader Harry Reid of Nevada that the Senate would get a vote on legislation to give the president authority to challenge individual spending items for elimination.

Republicans also insisted on attaching $8.3 billion in small business tax breaks to a Senate version of minimum wage legislation. The legislation was written jointly by Finance Committee Chairman Max Baucus, D-Mont., and the committee's ranking Republican, Charles Grassley. Reid has said he would support the tax breaks to pass the new wage floor. But House Democrats have objected, noting that tax legislation must originate in the House, with the tax-writing Ways and Means Committee.

Ways and Means Committee Chairman Charles Rangel, D-N.Y., said Senate Democrats were essentially telling the House that Congress would not raise the minimum wage if it did not contain tax breaks.

"How are you going to explain that?" he asked. "I don't know what Baucus and Reid are talking about."

Senate Republicans also planned to press for different legislation dealing with college tuition. The House bill would cut in half the interest rates paid by college graduates for their need-based, federally subsidized loans. Republicans have argued that students would be better helped by expanding federal tuition grants.

If passed by the Senate, the prescription drug bill and the stem cell research bills also face presidential vetoes. The House vote margins were not sufficient to override a veto.

But the prescription drug bill may not even reach the president in its current form. Baucus and other senators want to scale back the scope of the House bill, by targeting the drugs that the government would be permitted to bargain for prices.

If the partisan friction were not enough, both parties face internal conflicts as well.

Several House and Senate Republicans have objected to President Bush's troop boosting plan for Iraq. Two Republican senators — Chuck Hagel of Nebraska and Olympia Snowe of Maine — have singed on to a nonbinding resolution opposing the insertion of 21,500 new troops into the war.

Democrats are divided themselves, unable to agree on how to express their opposition to Bush. Some prefer a nonbonding resolution, while others in the House and Senate want more muscular legislation specifically limiting Bush's ability to act on his strategy.

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In the House, Pelosi and some of her key committee chairmen were on a collision course over how to address global warming legislation. Pelosi wants to create a special committee to recommend legislation, at least duplicating work by committees that have jurisdiction on climate change issues.

After 42 Hours (or So), House Democrats Complete 100-Hour Push (NYT)

By Carl Hulse

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — House Democrats met the goals of their 100-hour legislative offensive with plenty of time to spare on Thursday, claiming that their successes proved they could govern.

Republicans derided the hurry-up nature of the effort as a bit of one-sided political showmanship that undercut the Democrats' pledge that the new Congress would be more bipartisan.

But the easy approval of the half-dozen measures in the 100-hour agenda — dealing with the minimum wage, embryonic stem cell research, health care, national security, education and energy — was celebrated by the new majority as a validation of the blitz, an idea born on the campaign trail that blossomed into a central House Democratic theme.

"It was a way to say that this Congress will no longer be a place where optimism and good ideas come to die," said Speaker Nancy Pelosi of California, who devised the approach as what Democrats deemed a counterpoint to 12 years of Republican control.

Ms. Pelosi also established another benchmark on Thursday, announcing that she had asked Democratic lawmakers who serve as committee chairmen to draw up a series of energy bills "so that by the Fourth of July we can have a package of legislation to truly declare our energy independence."

Some Republicans predicted that only one or two of the 100-hour bills would eventually become law in a form close to that approved by the House. And they heaped criticism on Democrats for not giving them any chance to offer their own proposals.

"We are short-circuiting democracy here, and I think my colleagues on both sides of the aisle understand this," Representative John A. Boehner of Ohio, the minority leader, said Thursday on the floor as the Democrats pushed through the last bill, rolling back some subsidies for the oil industry.

Republicans and some Democrats said the 100-hour drive had been somewhat overshadowed by the debate over the war in Iraq and President Bush's proposed troop buildup there.

"As long as George Bush is in the White House, putting more troops in Iraq, that is all that matters to voters," said Representative Tom Davis, Republican of Virginia. (Mr. Davis said he was still assessing his position on the president's decision to send more than 20,000 additional troops in an effort to quell sectarian violence.)

The ability of House Democrats to pass their bills within the prescribed time was never in doubt, given the majority's ability to control the schedule and the leadership's decision to be very selective in how it counted the time. When the Democratic clock stopped, only 42 hours 25 minutes of time actually spent on the bills had expired, and Democrats said they could have easily handled the legislation more quickly.

The Associated Press, which counted all the time the House was in session, clocked the 100-hour effort at 87 hours.

While the whole enterprise drew ridicule from Republicans, the Democratic response was essentially "look who's laughing now."

"They can make fun of it," said Representative Steny H. Hoyer of Maryland, the majority leader. "But they cannot make fun of the fact that for the first time in 10 years, we have raised the minimum wage."

The $2.10-an-hour increase in the minimum wage may be the legislation with the best chance of becoming law. The Senate is expected to consider a similar proposal quickly, though senators of both parties support adding tax breaks for businesses to help them offset any new costs. House Democrats prefer an increase without such an add-on, but may go along in order to get a measure to the president's desk.

The outlook for other 100-hour measures is more problematic. Last year Mr. Bush vetoed legislation that would have expanded federal financing of embryonic stem cell research, and the House still lacks a veto-proof majority for a similar bill it just passed. Another measure, directing the government to negotiate with pharmaceutical companies over the cost of drugs sold through Medicare, could also draw a veto.

In addition, senators say they have reservations about the costs of enacting recommendations of the Sept. 11 commission that are newly approved by the House, and they have different ideas as well on the remaining bills.

"Many of the 100-hours 'accomplishments' can't make it through the Senate" or survive a veto, said Representative Roy Blunt of Missouri, the Republican whip.

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But Democrats said that they had done what they set out to do and that the first flurry of legislation was the start of their work, not the end. “This is just the beginning of making sure the future is a future that’s fair for everybody,” said Representative Rahm Emanuel of Illinois, chairman of the House Democratic Caucus.

Now his party is faced with what to do in the next 100 hours, and the next, particularly after promising a full House workweek. The coming days are likely to be dominated by the war in Iraq and by Mr. Bush’s plan for more troops there.

Ms. Pelosi, who met Thursday with Democratic senators, said afterward that House Democrats would line up behind a version of the new Senate resolution declaring that the troop increase is not in the country’s best interest.

Though that measure is not binding on the president, Ms. Pelosi said Democrats would continue to apply pressure on him to change his approach on both the war and their legislative program.

“All of these bills are being passed in a bipartisan way,” the speaker said. “We hope that he would consider signing them. We will take our campaign on these issues, though, to the public, in hopes that their voices would be heard by him.”

Congress Is Off To A Bipartisan Start, But Tougher Tests Lie Ahead (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 19, 2007

from the January 19, 2007 edition - http://www.csmonitor.com/2007/0119/p02s02-uspo.html Congress is off to a bipartisan start, but tougher tests lie ahead In the first 100 legislative hours, House Democrats drew significant GOP support of their 'Six for '06' agenda.

By Gail Russell Chaddock | Staff writer of The Christian Science Monitor

WASHINGTON

After a bitterly fought midterm election, Democrats controlling the new Congress pledged to transcend partisanship and tackle the big problems that concern Americans. Then, something happened that neither Washington insiders nor, probably, even the voters expected: Lawmakers began acting as if they meant it.

In the 110th Congress's first 100 legislative hours, which wrapped up Thursday, House Democrats drew a significant number of GOP votes on their "Six for '06" agenda, despite giving minority Republicans little voice in shaping the legislation.

A rule change to overhaul lobbying and ethics reform cleared the House on a nearly unanimous vote. A bill to enact additional antiterror recommendations of the 9/11 commission pulled 68 GOP votes. Eighty-two Republicans helped pass the first increase in the federal minimum wage in nine years; 37 Republicans supported expanding federal funding for embryonic stem-cell research; and 124 members of the GOP caucus joined Democrats to gradually cut interest rates in half on student loans.

At the same time, Democrats in the House and Senate scrambled this week to find partners on the other side of the aisle to challenge the White House over its conduct of the Iraq war. On Wednesday, Sen. Chuck Hagel (R) of Nebraska became the first Republican to formally break with the Bush White House, by supporting a bipartisan resolution opposing the president's plan to send more US troops.

Heeding the voters

The bipartisan, problem-solving mantra is one that lawmakers of both stripes say they took straight from voters in the midterm election. "The message in the last election was a resounding repudiation of the status quo and partisanship that had poisoned the ability of Congress to develop solutions," says Sen. Olympia Snowe (R) of Maine. "People are demanding government and results. People were so disaffected, and that really has been a galvanizing force toward bipartisanship."

Sen. Barack Obama (D) of Illinois sounded a similar note in launching his presidential exploratory committee this week. "I've been struck by how hungry we are for a different kind of politics," he said. "It's not the magnitude of our problems that concerns me most, it's the smallness of our politics."

More strange bedfellows

Interest groups and lobbyists, too, seem to have caught the spirit, at least a little. Some say they are finding an opening for bipartisan cooperation in the 110th Congress that could lead to breakthroughs on issues ranging from climate change to universal healthcare.

Some of these issues are not now at the top of Democrats' agenda. On Tuesday, leaders of the Business Roundtable, the Service Employees International Union (SEIU), and the AARP (a lobby group for seniors), announced they were, for the first time, joining forces to push Congress for universal-healthcare legislation.

"There are a lot of things Congress needs to do that are now doable," says Bill Novelli, AARP's CEO. "What's really powering this is that these problems have gotten so bad." Healthcare costs are breaking employers, who are shifting costs to employees. "It's now the middle class that is affected, and the middle class is very worried," he says. "When you get to that kind of situation, there's a lot of pressure."

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Views are converging around a healthcare approach that combines elements of patient cost-sharing and government regulation. "The answer to the healthcare problem is not one of policy but one of politics," said SEIU's Andy Stern.

On another front, 28 evangelical leaders and climate scientists signed a joint "call for action" Wednesday. The partnership taps into a rich vein for bipartisan collaboration in the new Congress. In the run-up to President Bush's State of the Union address Tuesday, which is expected to feature new energy initiatives, lawmakers on both sides of the aisle announced new collaborations on energy policy.

"Congress and the American people cannot afford to wait for the White House to lead on this issue," said Senate majority leader Harry Reid, as he previewed work by six committees on energy independence. In one of the strongest bipartisan collaborations on Capitol Hill, Sens. Joseph Biden (D) of Delaware and Richard Lugar (R) of Indiana, chairman and ranking member of the Senate Foreign Relations Committee, are sponsoring a resolution calling on the US to return to international negotiations to limit greenhouse-gas emissions.

On the Homeland Security and Governmental Affairs Committee, Sens. Joseph Lieberman (I) of Connecticut, Norm Coleman (R) of Minnesota, Evan Bayh (D) of Indiana, and Ken Salazar (D) of Colorado introduced this week a bill to cut oil imports by 7 million barrels a day by 2026.

A united front on the Iraq war?

The strongest pull for bipartisan cooperation is shaping up to be the Iraq war. GOP senators seen to be wavering on their support for Mr. Bush's "new way forward" in Iraq were called to the White House Wednesday for consultations.

"I suspect very little mind-changing went on there, but I'm hopeful that some of this gets back to the president," says Senator Coleman, one of a dozen senators who reportedly met with administration officials. He doesn't support "putting American forces into the cross hairs of sectarian violence," but has yet to sign on to a resolution opposing it.

Poll: Dems' '100-hour' Agenda Gets Mixed Reviews (LAT)

By Janet Hook, Times Staff Writer

The Los Angeles Times, January 19, 2007

WASHINGTON - A bipartisan majority of Americans strongly supports the bills that whisked through the House in the first days of the Democratic-controlled Congress, but many remain uncertain about where the party wants to lead the nation, a new Los Angeles Times/Bloomberg poll has found.

Approval of Congress has increased since the midterm elections ousted Republicans from their House and Senate majorities and Democrats are viewed in a more positive light after two weeks in power, according to the survey.

But only 25% of those surveyed believed that Democrats have formulated a clear direction for the country; 58% said they had failed to.

Those results amount to a mixed report card on the much-ballyhooed "100-hour" agenda House Democrats set for themselves as they took power.

They made a strong start with House passage of some broadly popular bills, such as an increase in the minimum wage and a cut in student loan rates that passed with significant Republican support - rare displays of bipartisanship after years of the party-line splits that marked GOP control.

But the survey underscores that Democrats still have much to prove to voters as the Senate debates these bills and lawmakers in both chambers turn to more divisive issues, such as the federal budget, global warming and Iraq.

Overall, the poll found 36% approve of how Congress is doing its job - hardly a mandate, but up from 30% in September.

"So far, so good," said Hildegard Wharton, a retiree in Wooster, Ohio, who responded to the poll.

Wharton, a Democrat, added: "I hope they do a better job than the Republicans. If they don't, they are not going to get reelected."

The Times/Bloomberg poll, supervised by Times Poll Director Susan Pinkus, surveyed 1,344 adults by telephone Saturday through Tuesday. It has a margin of sampling error of plus or minus 3 percentage points.

It found that pressure is especially high for Democrats to change course in Iraq; 45% identified the war as the most important issue for the new Congress to address, a far higher figure than for any other issue.

"If they just tackle this war and get these boys home, they will be doing good," said Jerry Alexander, a retired car salesman in Savannah, Tenn., who is an independent. "They better, because that's what they were elected for."

The positive reaction among those polled to the major elements of the initial Democratic agenda ratifies the political strategy behind its design: party leaders deliberately filled the congressional session's opening hours with issues that, for the most part, polls have found enjoyed broad bipartisan support and were likely to pass before President Bush's State of the Union address Tuesday. One aim was to provide a contrast with the gridlock that stalled many bills during the recent years of the Republican-controlled Congress.

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The student loan rate cut that passed the House on Wednesday was supported by 79% of those polled. Legislation aimed at lowering prices in Medicare's prescription drug program, which passed the House last week, was backed by 80%.

Repealing tax breaks for big oil companies, which the House approved Thursday, was supported by 61%. An expansion of federal funding for embryonic stem cell research, passed by the chamber last week, was backed by 59%.

The most popular item was the push to increase the federal minimum wage, which under the House bill would rise over two years to $7.25 an hour from $5.15. The increase, which would be the first in a decade, was supported by 81% of those surveyed - including 66% of the self-described conservatives.

"The minimum wage increase was long overdue," said Susan Wilkinson, a homemaker and a Democrat who lives in Trabuko Canyon in Orange County. "It's pretty sad that it had to be even an issue to debate."

Democrats hope their early results will reinforce the judgment by voters in November that it was time for a change of control in Congress.

The new poll indicates a less critical view of congressional Democrats among the public - although their favorable rating is virtually unchanged, 42% now, compared to 40% in September, their unfavorable rating was 32%, down from 41% in the previous poll.

Accompanying that drop was an increase - to 22% from 15% - in those who said they did not know enough about congressional Democrats to judge. That suggests there is a sizable wait-and-see faction among voters.

"I just don't know how much of what they have done is going to bear any fruit," said Jim Bauder, a computer programmer in Fort Jones, Calif.

Bauder, an independent, added: "President Bush has declared he's going to veto many of the things they have passed. Is it going to be a situation where anything gets accomplished?"

Some of the early promises emanating from Washington are being viewed with skepticism.

Almost three-quarters of those surveyed - 72% - supported House-passed ethics reforms to ban gifts from lobbyists and require the disclosure of pork barrel projects. But only 27% said they believed such measures would make a real difference; 60% said they expect business-as-usual in the way Capitol Hill operates.

"My experience is that there have been reforms, but there always seems to be new or expanding loopholes people find," said Bauder.

Helen Anderson, a teacher in Houston, said she was unimpressed with what Democrats have done in the opening weeks.

"I think they are trying to make a big show to make it look like they are taking a new direction," said Anderson, a Republican. "All they can say is they want to do the opposite of what's being done now, but they don't say how they are going to do it."

House Speaker Nancy Pelosi (D-San Francisco), in the news spotlight since the November elections as the first woman to lead either congressional chamber, remains little known to many Americans but has made some headway in raising her national profile.

Among those with an opinion, 34% viewed her favorably, 21% unfavorably. Still, 41% of those surveyed said they had not heard enough about her to have an opinion. In December, that figure was 50%; in September, 63%.

By some measures, people seem more optimistic about the economy: 68% said they thought it was doing well, up from 54% in September. Some attributed their upbeat outlook to the drop in gasoline prices.

"As prices go down on gas and energy, other prices will be coming down," said Debra Glover, a substitute teacher in Oak Park, Mich., who is an independent. "It's happening real fast. I'm liking that."

But the poll also found increased anxiety about the impact of free trade: 41% said doing away with restrictions on international commerce hurts the economy.

Pelosi Gains With Public As Democrats Get High Marks For Agenda (BLOOM)

By Heidi Przybyla

Bloomberg, January 19, 2007

Jan. 19 (Bloomberg) -- Americans are warming to House Speaker Nancy Pelosi, and they give the Democratic-led Congress high marks for its initial legislative priorities.

A new Bloomberg/Los Angeles Times poll shows positive views of Pelosi, 66, climbed over the past month and are considerably higher than the marks Americans gave one of her highly publicized predecessors, Republican Newt Gingrich, in the first weeks of his tenure as speaker in 1995.

The poll conducted Jan. 13 to 16 showed even more support for the party's early priorities, including repealing subsidies for oil companies, cutting prescription-drug costs for seniors and raising the minimum wage, which were backed by large majorities of respondents.

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``There's some honeymoon halo going on here," said David Mayhew, a professor at Yale University in New Haven, Connecticut who has written several books on Congress. ``They made up a platform that they know is anchored well in public opinion."

Still, the survey revealed warning signs that tougher times may lie ahead for the Democrats who won control of the House and Senate in the November elections. Even as almost two-thirds of respondents said they want the country to go in a different direction than President George W. Bush has charted, 58 percent said the Democrats hadn't formulated a clear course for the future.

In addition, only a plurality of respondents, 42 percent, had a favorable impression of Democrats in Congress, largely unchanged from previous recent polls.

Iraq Dominates

Iraq was the dominant issue for poll respondents, 45 percent of whom said the war should be the top priority for the new Congress. Health care, including coverage for the uninsured, came in a distant second, with 20 percent of respondents saying it was their chief concern.

The poll of 1,344 adults has a margin of sampling error of plus or minus 3 percentage points.

Positive perceptions of Pelosi, the first woman speaker of the House, have been increasing over the past month as her new prominence garnered her greater public exposure.

Thirty-four percent of respondents gave the 11-term California representative a favorable rating, up from 27 percent who did so in a poll conducted in December. Forty-one percent of those surveyed -- a plurality -- said they still hadn't heard enough about her to form an impression, down from 50 percent who had no opinion in December. Twenty-one percent rated her unfavorably, a number that is unchanged from the December poll.

Gingrich Precedent

By contrast, a Los Angeles Times poll in January 1995 found that Gingrich, who engineered the Republican congressional landslide in 1994, had more unfavorable ratings, at 39 percent, than favorable, at 26 percent. In September 1996, almost two years after he became speaker, Gingrich's negative rating reached 54 percent.

With the spotlight on Pelosi, 61 percent of respondents said they didn't know enough about her counterpart in the Senate, Majority Leader Harry Reid of Nevada, to form an opinion. That's down slightly from 65 percent in December.

Pelosi and her party also enjoy broad support for the seven legislative items they vowed to pass in the first 100 hours of the new Congress, which began Jan. 3. All the measures have already been approved in the House.

Minimum Wage

At least four-fifths of respondents said they back the measures cutting student loan interest rates in half, increasing the federal minimum wage by $7.25 from $5.15 over about two years, lowering prescription-drug prices and screening all cargo on U.S.-bound ships and planes.

Significant majorities also approve of the legislation repealing some tax breaks and subsidies to oil companies, enacting a new ethics package for Congress and increasing federal funding for embryonic stem-cell research.

Forty-seven percent of self-described Republicans said they back the stem-cell proposal, which Bush vetoed last year and continues to oppose.

The narrowest margin of support for any of the Democratic goals -- 51 percent to 26 percent -- goes to a plan to enact a so-called pay-as-you-go rule that requires Congress to offset new spending bills or tax breaks with spending cuts or tax increases.

Overall, disapproval of the job lawmakers are doing has declined, with negative ratings of Congress dropping from 57 percent in a September poll conducted when Republicans were in control, to 44 percent in the latest survey.

Divisions Among Democrats

Some of the initial support for Democrats and their priorities could fade as Congress takes up more divisive issues, including the situation in Iraq. While most Democrats agree that the Bush administration has mismanaged the war, the party remains divided over whether to call for an immediate withdrawal of U.S. forces or withhold funding for the conflict.

``It's easy to say you don't want to have troops in Iraq, but what is the game plan?" said Barry Gershowitz, an independent from Rock Tavern, New York.

Gershowitz, a 64-year-old retired banker, said he has a ``slightly" more favorable impression of congressional Democrats than of Republicans. ``I'm looking for a breath of fresh air," he said. ``Hopefully I'll get it from the Democrats, but it remains to be seen."

Senators Work To Revive Ethics Bill (AP)

By Jim Abrams

AP, January 19, 2007

DOJ_NMG_0118928

Senate leaders worked to resuscitate an ethics and lobbying measure Thursday, with the new Democratic majority trying to stave off defeat on its first major bill and Republicans wanting to avoid being blamed for obstructing an overhaul.

Aides from both parties said the two sides were trying to resolve the dispute that derailed action on the legislation Wednesday, and were putting together amendments.

Barring further conflicts, a final vote could come as early as Thursday night.

There is strong bipartisan support for the general goals of the legislation: reducing the influence of lobbyists over policymaking; ending the gift and travel perks that have tainted the public's image of Congress; and forcing lawmakers to be more open about the pet projects they slip into legislation.

Action on the bill hit a wall Wednesday. Republicans were angry they could not get a vote on a proposal giving the president, with congressional approval, more power to kill single spending items in larger bills. So GOP senators voted against a resolution needed to move the bill to final passage.

On Thursday morning, both sides accused the other of killing the bill and betraying the trust of voters who had demanded that Congress clean up its act.

"What this maneuver shows is that the Republican leadership hasn't learned the lessons of the 2006 election," said Sen. Charles Schumer, D-N.Y.

"The Democrat leadership does not have to kill this legislation," countered Republican leader Mitch McConnell, R-Ky. "I believe that we owe it to the voters as well as the institution to come to a fair agreement and pass this legislation."

The dispute was over an attempt by Sen. Judd Gregg, R-N.H., to get a vote on a modified version of a line-item veto. It would allow the president to single out spending items for elimination. Under Gregg's proposal, Congress would have to agree to the items expunged.

Democrats insisted that the proposal was not relevant to the ethics bill and too contentious to be dealt with in a short time. Gregg said it fit in the ethics bill because most of the items removed would be the special projects that have been linked to wasteful and inappropriate spending.

The two sides were working on an agreement under which Gregg would be guaranteed consideration of his bill at a later date.

Any deal would have to take in the objections of the Senate's senior member, Sen. Robert Byrd, D-W.Va., who is vehemently opposed to any legislation that might cede the legislative branch's power over the purse to the president.

The ethics and lobbying legislation would bar lawmakers from accepting gifts and travel paid for by lobbyists; make it more difficult for former lawmakers to lobby their old colleagues; deny pensions to lawmakers convicted of serious crimes; require more reporting by lobbyists on their activities; and require public disclosure of those home-state projects.

Democrats are determined to show voters they are changing the way Washington works so they made the measure their first order of business after assuming power in the Senate.

The House, on its first day of Democratic control, changed some of the rules concerning gifts, meals and travel from lobbyists. The House is scheduled to take up legislation next month that, like the Senate bill, would change lobbying law and require a House-Senate compromise.

Senate Cracks Impasse On Ethics (USAT)

By Fredreka Schouten

USA Today, January 19, 2007

WASHINGTON — The Senate late Thursday passed a bill with ethics rules aimed at changing the way lobbyists and lawmakers do business with each other.

Senate Majority Leader Harry Reid, D-Nev., called it the "most significant legislation in ethics and lobbying reform we've had in the history of this country."

Beyond 100 hours: What the future may hold for key House measures

Earlier, Reid and the Senate's top Republican, Mitch McConnell of Kentucky, worked behind the scenes to broker a compromise that would allow lawmakers to move forward on the bill. It is the first measure being pushed by the Democrats who won control of the Senate in November's elections.

The changes, which have bipartisan support, bar senators from taking meals, gifts and sports tickets from lobbyists. They also restrict lobbyist-funded travel and impose new limits on senators' travel on private planes.

Action on the ethics plan stalled Wednesday after New Hampshire Sen. Judd Gregg and other Republicans blocked a vote on the bill. They were demanding the measure include what amounts to line-item veto power for the president.

Thursday's work to break the deadlock came amid finger-pointing by both parties.

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A "good ethics train was moving down the tracks until Republicans put the line-item veto in its path," said Sen. Charles Schumer, D-N.Y. The GOP action amounted to a "grand act of ethics hypocrisy," said Sen. Patty Murray, D-Wash.

For their part, Gregg and other Republicans argued that a line-item veto — which would allow the president to block specific items in a spending bill, rather than have to approve or reject the whole thing — was a logical part of the ethics package. The measure would require more public disclosure of "earmarks," money for special projects that members of Congress insert into spending bills, often anonymously. Most of the things the president would veto with line-item power would be wasteful projects, said Gregg, the top Republican on the Budget Committee.

Under the deal, Gregg will get a vote on his proposal during debate on a measure to increase the federal minimum wage to $7.25 an hour, from $5.15 currently. The minimum wage bill is the next order of business in the Senate, and could be considered starting Monday.

Gregg said his proposal would give the president power to send specific spending projects back to Congress for reconsideration, giving lawmakers a chance to "take a second look at waste."

Sen. Robert Byrd, D-W.Va., chairman of the Appropriations Committee, objected to Gregg's plan on Wednesday. He is well known as a vigorous defender of Congress' power to determine spending.

On Thursday, Byrd said it was "dangerous" for lawmakers to give up any power over spending. "Weaken the power of the purse and one weakens oversight, for example, over the bloody nightmare of the war in Iraq."

Other provisions in the ethics bill would:

·Extend from one to two years the time a former member must wait before he can lobby Congress.

·Deny pensions to lawmakers convicted of serious crimes.

·Require more reporting by lobbyists of their interactions with Congress.

·Require public disclosure of home-state projects added by senators to bills.

The impasse highlighted the difficulty Senate Democrats face in trying to push their agenda in a chamber where they control 51 out of 100 votes. By comparison Thursday, Democrats in the House celebrated swift passage of their first six bills, including measures to raise the minimum wage and expand federal funding for embryonic stem cell research.

Earlier this month, the House approved changes to its own ethics rules that included similar prohibitions on gifts, meals and travel funded by lobbyists.

Reid said legislation takes longer in the Senate but insisted that top Democrats would work aggressively on a range of legislative proposals, including the increase in the minimum wage.

Contributing: The Associated Press

Senate Passes Vast Overhaul In Ethics Rules (NYT)

By David D. Kirkpatrick

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — The Senate on Thursday overwhelmingly passed sweeping changes to ethics and lobbying rules, overcoming bipartisan reluctance to ban many of the favors that lobbyists do for lawmakers and to illuminate the shadowy legislative practice of earmarking money for special projects.

The Senate's action makes the start of the 110th Congress a watershed moment in the history of K Street and Capitol Hill. Interpreting the results of the Nov. 7 election as a reaction to corruption scandals when Congress was under Republican control, the Senate has joined the House in adopting broad new rules that go beyond the proposals Republicans introduced last year, the ones that Democrats campaigned on, or the extensive changes House Democrats recently passed.

The measure passed around 9 p.m. by a vote of 96 to 2. Senators Orrin Hatch of Utah and Tom Coburn of Oklahoma, both Republicans, were the only members to vote against the bill.

On Wednesday, Senate Republicans nearly derailed the bill in a dispute over when the Democrats would agree to vote on a Republican proposal, a version of the line-item veto. Democrats seized on the moment to accuse the Republicans of deliberately scuttling the reforms. At a news conference, a half-dozen Democratic senators competed to belittle the Republicans' line-item veto as "an excuse," "a ploy," "a subterfuge," a "rabbit out of a hat" and "a grand act of ethics hypocrisy."

Senator Harry Reid of Nevada, the leader of the new Democratic majority, threatened to postpone any action on ethics until the next election and publicly blame the Republicans if they did not allow a vote Thursday.

But by Thursday evening, Mr. Reid and Senator Mitch McConnell of Kentucky, the Republican leader, had resolved the impasse. They agreed to hold a vote on the line-item veto as part of a minimum-wage debate next week.

"This legislation has been extremely difficult to deal with," Mr. Reid said Thursday night. "It is difficult because it deals with our lives."

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"In the short-term, the reforms in this bill may take some getting used to," he added, "but in the long term, we'll be thankful we took these steps."

Like the new House rules, the Senate bill bars members from accepting gifts, meals or trips from lobbyists or the organizations that employ them. It ends the use by senators of borrowed corporate jets at discount rates. It prohibits departing senators from negotiating with prospective new employers until after their successors have been elected and restricts them from directly or indirectly lobbying the Senate for two years after leaving office.

Also like the House rules, the Senate measure requires disclosure of the sponsors, the purpose and the cost of earmarks, the pet projects that lawmakers have been able to tuck anonymously into complicated spending bills.

Unlike the House, the bill would also explicitly prohibit earmarks that would benefit the immediate family of the senator who sponsored it. All those changes revise internal Senate rules and do not require House or presidential approval.

Senate Democrats also incorporated into the bill a provision that, if signed into law, would require for the first time that lobbyists disclose the most valuable favors they do for lawmakers: holding campaign fund-raisers, soliciting campaign contributions and bundling checks from clients and friends.

Of all the bill's provisions, it was the disclosure requirements for bundled checks that met the stiffest resistance behind the scenes in the Democratic caucus because of the potential to make it harder for incumbent lawmakers to tap K Street lobbyists as surrogate fund-raisers, aides involved in negotiations over the bill said, speaking anonymously because the talks were confidential.

Addressing another loophole in campaign finance laws, the Senate bill would also bar lobbyists or their employers from giving parties to honor lawmakers at party conventions. House Democrats say they plan to take up the subject of lobbying rules on their side of the Capitol in the next several weeks.

The Senate debate showcased the deep ambivalence of many lawmakers about changes that could curb their personal privileges and potentially limit their fund-raising advantages.

The party leaders began by teaming up to introduce a much weaker bipartisan bill, and lawmakers in both parties acknowledged behind-the-scenes resistance to strengthening it. But many found amendments to strengthen the bill politically difficult to oppose.

The bill became a pivotal test for Mr. Reid in his new role trying to manage the Senate. He is a frequent target of Republican accusations of fraternizing with influence-peddlers. Several members of his immediate family have worked as lobbyists, although he says that none have lobbied his office, and he is among the biggest recipients of the discounted use of corporate jets for travel.

Mr. Reid promised vigorous reform as his first act as majority leader. He offered an amendment to bar lawmakers from accepting the discounted use of corporate jets, promising to discontinue the practice himself.

But when a Republican senator offered an amendment to match the House's earmark disclosure rules, Mr. Reid miscounted the votes he had on his side when he tried and failed to table the measure. Mr. Reid first argued against moving too fast to match the House Democrats' new rules and then embraced the same idea with token modifications.

Senate Passes Ethics Package (WP)

By Jonathan Weisman And Jeffrey H. Birnbaum

The Washington Post, January 19, 2007

Senate Democrats and Republicans broke a difficult stalemate last night and approved 96 to 2 expansive legislation to curtail the influence of lobbyists, tighten congressional ethics rules and prevent the spouses of senators from lobbying senators and their staffs.

The Senate legislation, hailed by proponents as the most significant ethics reform since Watergate, would ban gifts, meals and travel funded by lobbyists, and would force lawmakers to attach their names to special-interest provisions and pet projects that they slip into bills. Lawmakers would have to pay charter rates on corporate jets, not the far-cheaper first-class rates they pay now.

The House earlier this month approved similar language as part of an internal rules change. But other portions of the Senate-passed measure would carry the weight of law and would have impacts far beyond the Capitol. The House would have to pass comparable legislation for those provisions to take effect.

One of those legislative provisions would force lobbyists to publicly disclose the small campaign donations they collect from clients and "bundle" into large donations to politicians. Bundling is a way for lobbyists to contribute far more money to candidates and thus wield more influence than they could by making individual contributions, which are currently limited to $2,100 per candidate for each election cycle. Lavish gatherings thrown by lobbyists and corporate interests at party conventions would be banned.

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Former lawmakers would no longer be able to engage in any lobbying activity for two years after they leave office. And, in most cases, the lobbyist spouses of senators would no longer be able to take advantage of their family status to influence the colleagues and staffs of their husbands and wives. The only exception is for spouses who had been lobbying for at least one year before their husband or wife was elected.

"This is the toughest reform bill in the history of this body as relates to ethics and lobbying, so everyone here tonight, when they vote on this, should vote proudly," said Senate Majority Leader Harry M. Reid (D-Nev.). "This is historic."

James Thurber, a professor of political science at American University, did not go that far, but he said the impact of the Senate bill would be substantial: "It will change lawmakers' behavior and lobbyists' behavior as well, and it will bring more transparency to lobbying."

The measure appeared dead Wednesday night after Republicans refused to allow passage without a vote on an unrelated amendment that would hand the president virtual line-item veto authority. For nearly two days, Sen. Robert C. Byrd (D-W.Va.) -- who jealously guards the Senate's prerogatives on spending matters -- single-handedly blocked efforts to come to an accord on that line-item veto vote.

Democrats and government watchdog groups angrily pointed their fingers at the Republicans, charging that their demand for a vote on such an extraneous provision was simply an indirect way to kill popular legislation they dared not vote against.

But Reid found a path around Byrd, offering Republicans a chance next week to add the spending control measure to a bill to raise the minimum wage if they can find the votes. That broke the logjam, and the Senate then began debating several amendments to the bill, with an eye toward completing work late last night.

The bipartisan vote masked furious backroom lobbying on a measure too popular to kill in public. One provision that was stricken from the bill last night would have forced interest groups to disclose funds spent on grass-roots campaigns that implore the public to contact their representatives about legislation.

That provision -- to force the disclosure of pseudo-grass-roots campaigns -- had raised the ire of an odd coalition that included the American Civil Liberties Union, the Traditional Values Coalition, the American Conservative Union and the National Right to Life Committee, which worked hard to strip it out or even block the whole bill.

The Family Research Council met with lawmakers and their staffs, conducted interviews on radio talk shows, extensively e-mailed its members and notified other organizations, asking them to contact their senators to express opposition, according to Tony Perkins, the group's president. In the end, the Senate struck the measure, 55 to 43.

"This is an issue about free speech, not an issue that is either Republican or Democratic," said Marvin Johnson, legislative counsel of the American Civil Liberties Union, during the coalition's telephone news conference yesterday.

In another defeat for watchdog groups, the Senate overwhelmingly defeated a proposal to create an independent ethics counsel to investigate allegations of wrongdoing in the Senate. The 71 to 27 vote was the second time that Congress has rejected the proposal in recent years.

Opposition from so many conservative activists had raised accusations from Democrats that Republicans were doing their bidding by blocking passage, but other opponents were less partisan. Lobbyists for the American Israel Public Affairs Committee, or AIPAC, also talked to lawmakers about excluding from the measure's travel ban trips to Israel sponsored by the group's nonprofit foundation affiliate. The legislation, as written, would allow those trips to continue.

In addition, lobbyists' organizations worked against many parts of the Senate bill, arguing that lobbyists would still be able to spend lavishly on lawmakers under its provisions. They would just have to do so in the context of political fundraisers because fundraising activities are not addressed in the bill.

"The bill has gone from bad to worse," said Paul A. Miller, immediate past president of the American League of Lobbyists. "What's being proposed now puts us in danger of making the system even more corrupt than it is now, largely because the bill would move a lot of lobbying contacts into the realm of campaign finance, and that's more corrupting than under the current system."

But government watchdog groups said they saw much to praise in the bill, and they worked hard for its passage. After Republicans temporarily derailed it late Wednesday, the watchdogs responded furiously. Democracy 21 posted what it called a "Hall of Shame," listing the 45 Republicans that voted to filibuster the bill. The League of Women Voters condemned what it called "late night shenanigans."

"Let there be no mistake here: This was Senate Republicans thumbing their noses at the American people," declared Common Cause President Chellie Pingree.

But, ultimately, it was Byrd that tried to block all of Reid's efforts to accommodate Republican demands on a measure long sought by President Bush that would allow the president to submit to Congress a list of spending items that the White House wants to strike from congressionally passed spending bills. Under the measure, Congress would then vote on whether to sustain

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or accept those rescissions. Sen. Judd Gregg (R-N.H.), its sponsor, called it a modest proposal to help ferret out egregious waste that leaves Congress the final say.

But Byrd decried it as "an assault on the single most important protection the American people have against a president, any president, who wants to run roughshod over [their] liberties." GOP demands for a vote were "little more than political blackmail," he said.

Under the agreement reached last night, Byrd and Gregg will rejoin that battle next week, when the spending-control provision finally comes to a vote.

Senate Passes Ethics Reform By 96-2 Margin (WT)

By S.a. Miller

The Washington Times, January 19, 2007

The Senate last night overwhelmingly passed an ethics bill after breaking a day-long stalemate over a Republican proposal on earmarks that had threatened to kill the legislation.

The vote was 96-2, with the two "no" votes coming from Republican Sens. Tom Coburn of Oklahoma and Orrin G. Hatch of Utah.

"It's the most significant legislation on ethics and lobbying reform ever passed in the history of the country, and it was hard to get there," Senate Majority Leader Harry Reid said as he left the Senate chamber after last night's vote. "It was a long day."

The impasse had centered on an amendment by Sen. Judd Gregg, New Hampshire Republican, that would authorize the president to remove earmarks -- provisions in a bill to fund specific projects, often used by members of Congress to pay for pet projects in their home districts or states -- and send the legislation back to Congress for a second look and another vote.

Republicans wanted to vote on their amendment as part of the ethics bill, but Sen. Robert C. Byrd, West Virginia Democrat, had been single-handedly blocking a deal.

"This reform bill is threatened by an effort by our colleagues on the other side of the aisle to give the president line-item veto authority," Mr. Byrd said on the Senate floor yesterday. When Republicans didn't get the amendment vote they wanted, they retaliated Wednesday by voting against a parliamentary procedure needed to pass the overall ethics bill, effectively blocking what had been Mr. Reid's first order of business.

But Mr. Reid, Nevada Democrat, secured the ethics-bill vote last night by conceding to Republican demands for a vote on the Gregg amendment.

"It was a difficult bump," Mr. Reid said. Still, he said he was "proud of this debate. It started bipartisan, and it looks like it will end bipartisan."

The ethics bill that passed last night would bar gifts and free travel from lobbyists, require lawmakers to pay more for travel on corporate jets and increase the publicizing of earmarks. It also restricts lobbying by the spouses of sitting members, increases the time before a former lawmaker can become a lobbyist, requires more disclosure by lobbyists, and denies pensions to lawmakers convicted in the future of serious crimes.

The Republican measure will be voted on Monday as an amendment to the bill to raise the minimum wage. This power to revise spending bills would differ from a line-item veto in that either chamber of Congress could reject it with a simple majority vote. Congress had passed a straight line-item veto in 1996, but the Supreme Court declared it unconstitutional in 1998.

Mr. Reid said the episode did not produce winners or losers in the Senate.

"The winners are the American people," he said in announcing the deal, which came an hour before the vote. "They have reason to have faith in their government again."

But Mr. Coburn said he voted against the bill because it failed to bring transparency to Congress and said many of the better provisions will be shed before it becomes law. He said as an example of the bill's shortcomings the large number of restrictions on lobbyists.

"Lobbyists aren't the problem," the Oklahoma Republican said. "Members of Congress are the problem. ... We need transparency."

Minority Leader Mitch McConnell, Kentucky Republican, said he appreciated that Democrats "put politics aside to reach an agreement" on Mr. Gregg's proposal.

"Fiscal responsibility is more than a campaign slogan," Mr. McConnell said when the agreement was announced shortly after 8 p.m. "I trust that my colleagues will stand with the voters and support this commonsense reform."

Mr. Gregg also applauded the deal as "a real victory for the American taxpayer" and called his amendment "an excellent tool against unnecessary spending and I am confident that my colleagues on both sides of the aisle will agree."

The two senators who were not present for last night's voting were hospitalized Sen. Tim Johnson, South Dakota Democrat, and 2008 presidential hopeful Sen. Sam Brownback, Kansas Republican.

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The Senate last night also voted 55-43 to adopt a Republican amendment that deleted a provision of the ethics bill that would have expanded the definition of lobbyist to include grass-roots organizers, possibly including ministers and neighborhood groups.

Under the legislation, grass-roots organizations that attempt to "influence the general public" to contact members of Congress would have to register as lobbyists and file financial reports -- or face a $200,000 fine.

Democrats had fought unsuccessfully to keep the provision in the bill.

The Senate also defeated, on a 71-27 vote, an amendment that would have created an independent Office of Public Integrity to take over some of the ethics committee's investigative powers. Supporters said that the scandals involving Republican Rep. Mark Foley and lobbyist Jack Abramoff have killed public trust that lawmakers can police themselves.

Supporters say the proposal to limit earmarking strikes at the core of congressional ethics.

Mr. Byrd has added $2.95 billion in pork-barrel projects for West Virginia to appropriation bills since 1991, according to Citizens Against Government Waste (CAGW). Last year, he sent home $239 million in earmark spending, which CAGW calculates to be $131.58 for every West Virginia resident, more than four times the national average of $30.55.

More than 30 public-works projects in West Virginia bear the senator's name, including Robert C. Byrd Highway, Robert C. Byrd Industrial Park, Robert C. Byrd Federal Correctional Institution, Robert C. Byrd Federal Courthouse and two Robert C. Byrd Federal Buildings.

A New Day In Washington, Same As The Old Days (WP)

By Dana Milbank

The Washington Post, January 19, 2007

Just two weeks ago Senate Majority Leader Harry Reid and Minority Leader Mitch McConnell stood side by side, pledging a "new day in Washington" full of bipartisan cooperation. Senators, McConnell said, wanted "to tackle the big issues."

Yesterday, Reid and McConnell started tackling -- each other.

While senators engaged in a bench-clearing brawl over ethics legislation, Reid and fellow Democrats abandoned the Senate floor and went to the television studio to condemn the Republicans. "What they wanted -- and they were afraid to spew it out of their mouths -- they hate this legislation!" Reid sputtered.

McConnell rushed into the studio minutes after Reid left. "Truly astonishing" is how he described the Democrats' argument. "Absurd on its face."

After a day of bitter exchanges, the two sides finally reached a deal behind closed doors and then went to the Senate floor last night in a public act of reconciliation. Reid praised the Republicans he had just berated. McConnell hailed a "successful example of good negotiating, though it took a while, for a favorable result."

It did seem to be a needlessly difficult journey for legislation that in the end was opposed by only two senators. Just last spring, a nearly identical bill sailed through the Senate with little fuss. On Jan. 4, Reid and McConnell agreed to be sponsors of the ethics bill, the first major piece of legislation before the Senate this session. Reid (Nev.) said that gesture "speaks volumes" about the new bipartisan spirit.

Few believed that boast, but neither did anybody expect what happened Wednesday night on the Senate floor. Sen. Judd Gregg (R-N.H.) tripped up the legislation by attempting to add an unrelated poison pill, and McConnell (R-Ky.) led a filibuster. The two sides reached a compromise, only for Sen. Robert Byrd (D-W.Va.) to scuttle it with a procedural objection that wasn't resolved after nightfall Thursday.

Lawmakers were pointing fingers every which way. Was it Gregg, in the back room, with the non-germane amendment? Or was it McConnell, in the minority leader's office, with the filibuster? Maybe the real culprit was Byrd, on the Senate floor, with the unanimous-consent objection.

"Clearly, any excuse will do for them to bring down an ethics reform bill!" Dick Durbin (Ill.), the No. 2 Democrat in the Senate, charged at a noon news conference.

Sen. Patty Murray (Wash.), facing the cameras with her fellow Democrats, agreed that "what we saw was the Senate Republicans, in a grand act of ethics hypocrisy, shatter the new culture of cooperation in an attempt to kill real reform."

"You can't say that the Republican Party and the Republican membership of the Senate is in any way not trying to move this bill forward," responded Gregg. "The stoppage here," he continued, "is occurring because there is an individual senator on their side who is threatening to filibuster this amendment. . . . I believe they do protest too much."

Democrats seemed to be enjoying themselves a bit too much as they held their news conference condemning the Republicans for temporarily derailing the ethics bill with a "line-item veto" amendment. Though they entered the room with grim faces, Sen. Chuck Schumer (N.Y.) could not suppress a grin. By the time the sixth Democratic speaker, Dianne Feinstein (Calif.)

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got her turn at microphone, Schumer, Russ Feingold (Wis.) and Barack Obama (Ill.) could be seen behind her, enjoying a chuckle.

"They just pulled the line-item veto rabbit out of a hat as an attempt to stop ethics reform," said Schumer, chairman of the Mixed Metaphor Committee. "The good-ethics train was moving swiftly right down the tracks until the Republicans stopped it, putting the line-item veto log in its path."

Gregg, in his dueling news conference, was defensive on this point. "This is not a line-item veto," he maintained. "This is enhanced rescission." The Republican admitted his proposal "doesn't survive the germaneness test," but he pleaded, "It is relevant."

Finally, in the evening, Gregg and Byrd were placated, and the Senate returned to business. But would subsequent bills be any easier? Reid wasn't optimistic. "I mean, they're not wild about anything I've talked about," he told reporters.

As senators struggled over their ethics disagreement, Sen. Trent Lott (R-Miss.), the minority whip, went to the Senate floor late yesterday. "We've been out here marking time all afternoon," he complained. "Helloooo," he called out to the empty chamber. "It's a quarter to 6."

"This is the kind of thing that I think leads to problems and tarnishes our image, and I wish we could find a way to do things in a more normal way," Lott's lament continued. "But maybe the Senate can't do that."

GSA Chief Scrutinized For Deal With Friend (WP)

By Scott Higham And Robert O'harrow Jr.

The Washington Post, January 19, 2007

The chief of the U.S. General Services Administration attempted to give a no-bid contract to a company founded and operated by a longtime friend, sidestepping federal laws and regulations, according to interviews and documents obtained by The Washington Post.

Administrator Lurita Alexis Doan, a former government contractor appointed by President Bush, personally signed the deal to pay a division of her friend's public relations firm $20,000 for a 24-page report promoting the GSA's use of minority- and woman-owned businesses, the documents show.

The contract was terminated last summer after GSA lawyers and other agency officials pointed out possible procurement violations, including the failure to adequately justify the no-bid deal or have it reviewed in advance by trained procurement officers, officials said.

The GSA's Office of Inspector General has launched an investigation into the episode and briefed Justice Department lawyers, according to sources who said they were not authorized to speak publicly about the ongoing investigation. Officials at the inspector general's office and the Justice Department declined to comment.

In an interview Wednesday, Doan said she believed she was following proper procedures to hire the best firm available to quickly produce a report on diversity practices.

"I made a mistake," Doan said. "I thought I was moving this along. I was immediately informed that I wasn't necessarily moving it along in the way that was best for it. So at which point they canceled it, life went on, no money exchanged hands, no contract exchanged hands.

"I'm stunned, absolutely stunned by the amount of legs that this has taken, you know, how this has like kind of jumped up and run away with things."

The friend, public relations executive Edie Fraser, declined to comment.

"I can't," Fraser said. "I just admire her immensely."

Since assuming the helm of the GSA in May, Doan has repeatedly clashed with others within the agency over her intervention in matters that previous administrators delegated to subordinates, in part to avoid the appearance of political influence. The GSA is the largest broker of goods and services for the federal government, managing nearly $56 billion worth of contracts a year.

Last month, a dispute between Doan and her own inspector general's office became public when The Post reported that she had proposed curtailing the office's contract audits and had compared its enforcement efforts to "terrorism." Doan said she was interested in cutting wasteful spending by the agency and denied making the comparison.

Doan, 49, is a rising political star in the Republican Party who hit turbulence soon after she took over the GSA. She grew up in the downtrodden Ninth Ward section of New Orleans and was one of the first African American children to attend the city's private schools. She later went to Vassar College and obtained an advanced degree in Renaissance literature from the University of Tennessee at Knoxville.

Doan often speaks to groups about overcoming the struggles in her past and reminisces about how her great-grandmother fed the family by selling pralines on the docks in New Orleans. The family home was destroyed during Hurricane Katrina.

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She was appointed to run the GSA after a 15-year career as owner of New Technology Management Inc. The Reston-based firm, which provides surveillance equipment for border security and other projects, was named in 2004 as one of the nation's fastest-growing small technology businesses.

During her business career, Doan developed close ties to the GOP. Between 1999 and 2006, she and her husband, Douglas, a former military intelligence officer and business liaison official at the Department of Homeland Security, donated nearly $226,000 to Republican campaigns and causes, documents show.

In 2004, Bush introduced Doan at a Commerce Department event for women who own small businesses. Later that year, Doan was invited to speak at the Republican National Convention in New York. In 2005, Doan sold her firm for an undisclosed sum to a group of investors and retired. At the time, New Technology Management had revenue of nearly $20 million and government contracts worth more than $200 million.

Last spring, the Bush administration asked Doan to take over the GSA, which had been shaken by scandal after lobbyist Jack Abramoff tried to obtain properties under GSA control. Abramoff took then-GSA chief of staff David H. Safavian and others on an all-expense-paid golf trip to Scotland, and Safavian provided Abramoff with inside information about the properties. Both men have been convicted.

On April 6, Bush nominated Doan to be the first female administrator in GSA history. She pledged to make the agency operate more like a private business and to "restore GSA's leadership as the premier contracting and service provider."

On July 25, two months after taking office, Doan signed the no-bid contract with Public Affairs Group Inc. and two of its divisions, the Business Women's Network and Diversity Best Practices. The companies were founded and are operated by Fraser, the president and chief executive of Public Affairs Group and the president of Diversity Best Practices. The contract was signed on the letterhead of the two divisions, and Doan said Diversity Best Practices was to have done the work.

An online newsletter posted by Diversity Best Practices and the Business Women's Network in 2003 called Doan a "partner" and described her as "one of the nation's best and brightest women entrepreneurs."

Deneen Vaughn, a former vice president of Public Affairs Group, told The Post in an interview last week that Doan's company often sponsored programs arranged by the Business Women's Network and spoke at the group's events.

"She's been a longtime friend and business partner of Edie Fraser," said Vaughn, who left the organization in May. "She supported the growth and development of the company, and she mentors other members of our organization."

The companies run by Fraser routinely sponsor diversity-oriented events that attract such luminaries as Sen. Hillary Rodham Clinton (D-N.Y.), Sen. Ted Stevens (R-Alaska) and Fortune 500 executives.

Early in her career, Fraser worked as an Africa desk officer for the Peace Corps. She later started Edie Fraser Associates, a public relations firm that won a measure of notoriety in 1980 when it secured a $9,800 no-bid contract to study the Commerce Department's public relations office.

Then-Sen. William Proxmire (D-Wis.) gave the deal one of his famous "Golden Fleece" awards for the misuse of tax dollars, saying Commerce already had 112 public relations employees.

In the mid-1980s, Fraser turned her attention to helping female and minority entrepreneurs, producing a series of reports about their changing status in the U.S. economy.

Fraser and Doan have appeared on the same panels and lavished praise and awards on each other at conferences. They also served together on the national advisory board of Enterprising Women, a magazine for female business owners. "Lurita Doan is precisely what this nation needs," the magazine quoted Fraser as saying, admiring Doan's business acumen, in 2003.

Last summer, two weeks before Doan signed the contract with the companies run by Fraser, she attended a star-studded gala sponsored by those companies called "Celebrating Diversity -- the Changing Demographics of America."

"It is so important, as women, to extend that helping hand to one another, that we help mentor each other and give us that extra break that we need to move our way to the top," Doan said, according to a copy of her remarks on an event Web page.

The contract Doan signed with the companies directed them to produce a report promoting GSA's "major achievements" in contracting with minority- and women-owned businesses. The contract called for producing a report that would be "approximately 24 pages." It would contain profiles of diversity success stories at the GSA and include "recommendations for how to use the report."

Doan said she did not use the GSA's public affairs division, which has about a dozen employees who develop information about the agency's programs, because she wanted to employ an expert in the diversity field.

"Diversity Best Practices is the industry leader in this area," she said. "They have won countless awards on diversity representation and issues."

The contract should have been competitively bid, according to procurement experts and officials familiar with the arrangement. Under federal regulations, contracts worth more than $2,500 at the time were to have been open to competition, unless there were extenuating circumstances. Those include disasters and instances in which the bidding process could cause

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"unacceptable delays in fulfilling the agency's requirements," according to the Federal Acquisition Regulation, which governs all federal contracting.

The general counsel of the GSA at the time, Alan R. Swendiman, advised Doan to terminate the contract. It was then terminated by a GSA contracting officer. Swendiman left the agency a short time later and is now a special assistant to the president and director of the White House Office of Administration. He declined to comment.

Contracting experts said Doan should have steered clear of the contract.

"Only contracting officers can sign federal contracts and obligate federal funds," said D. Kent Goodger, a federal contracting official for 38 years who now teaches federal procurement courses for the Agriculture Department and other agencies. "Anyone who assumes that they have that authority, like the administrator of GSA, is wrong."

Steven L. Schooner, a procurement specialist at George Washington University's law school, called Doan's involvement in the contract "highly irregular."

"One of the things you're trying to avoid is political favoritism," he said. "You don't want the process polluted or corrupted by political influence."

Doan has taken other steps that have raised questions inside the agency, according to internal memos and e-mails obtained by The Post and interviews with GSA officials.

Last September, Doan intervened in an effort to determine whether five major contractors should be suspended from doing business with the federal government after they had been accused of making fraudulent claims. The firms -- KPMG, Ernst & Young, PricewaterhouseCoopers, Booz Allen Hamilton and BearingPoint Inc. -- had paid the Justice Department more than $66 million to settle allegations that they kept travel rebates from airlines and hotels that should have gone to the GSA, according to agency officials.

The GSA's debarment office initiated "suspension actions" against the companies and issued "show-cause" letters, asking the firms to explain why they should not be suspended or debarred, according to a Sept. 7 e-mail obtained by The Post. Companies found to be engaged in fraud can be suspended or banned from doing business with the federal government.

"I would expect that the companies will respond to me by saying that they have acknowledged their sins, paid restitution and have put in place measures to prevent a recurrence of this activity," GSA debarment official George N. Barclay wrote in the e-mail. "Suspension determinations could be avoided upon such a showing."

Three days later, Doan wrote to several senior GSA officials: "I do not recall this issue EVER coming up in a single management meeting or any meeting for that matter." She asked that the show-cause process be "stopped until cooler heads can prevail."

But the show-cause letters had already been sent, and the companies later avoided suspension or debarment by agreeing to return travel rebates in the future.

Goodger, the former government contracting official, said Doan's involvement was unusual and "creates an appearance of impropriety."

Doan acknowledged that her intervention was unusual but said she did not do anything improper.

"As the head of this agency, I have an obligation to weigh in and say, 'What is this matter, do you know what this matter is?' " she said.

"I don't want to be a rubber-stamp kind of figurehead administrator of this agency. I do not want to participate in the old go-along-to-get-along kind of Washington two-step-type activity. This is not what I'm here for. So, yes, I am going to be involved."

Doan also generated consternation within her agency and on Capitol Hill with her proposals to curb the agency's contract audits and to cut the inspector general's budget by $5 million. The audits, which aim to ensure that the government is getting the best prices for goods and services, have saved taxpayers more than $1 billion over the past two years, the inspector general's office reported.

Doan's efforts prompted senators and congressmen from both parties to write to her, requesting that she halt her plans.

"You have not made a coherent case that explains how your proposal would benefit the taxpayer compared to the system now in place," said one letter signed by three members of Congress, including Rep. Henry A. Waxman (D-Calif.), the new chairman of the House Oversight and Government Reform Committee, which oversees the GSA.

Doan has said publicly that the proposed cuts were part of an effort to reduce wasteful spending across the agency. Privately, she complained that Inspector General Brian D. Miller and his staff were intimidating GSA employees and vendors. She accused Miller's staff members of leaking budget information and asked for an investigation.

Doan also demanded that Miller notify her of all ongoing criminal probes of GSA employees and provide her with a monthly report of his office's activities. Miller said disclosing the cases could jeopardize investigations, and he disregarded Doan's requests for a leak investigation and monthly reports, according to a Jan. 10 memo obtained by The Post.

Doan said she has been misunderstood and is trying to do the best job she can.

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"I bring the sensibility of someone whose favorite song is the national anthem. I love this country," Doan said. "I was one of the chosen ones who has had a chance to really live all aspects of the American dream. I feel so blessed to have this opportunity to give back."

Kerry Calls For Probe Of Pentagon Sales (AP)

By Sharon Theimer

AP, January 19, 2007

Sen. John Kerry on Thursday called for an investigation into security weaknesses in the Defense Department's surplus sales that have let buyers for Iran and China acquire aircraft parts and other valuable military gear.

The Massachusetts Democrat sought an inquiry by the Senate Foreign Relations Committee after The Associated Press reported that in several instances middlemen for the countries had exploited security flaws to acquire sensitive surplus.

The surplus sales include parts for F-14 "Tomcat" fighter jets, a plane retired last year by the United States and now flown only by Iran. Iran bought the jets in the 1970s before the U.S. government banned most exports, including defense-related sales, to the Mideast country.

"There is no way that Iran should be getting these sensitive military parts, especially with the situation in the Mideast so turbulent," Kerry said.

Federal investigators say that in at least one instance, gear purchased from Pentagon surplus got to Iran. A Pakistani arms broker bought Chinook helicopter engine parts for Iran from a U.S. company that had bought them in a Pentagon surplus sale, and those parts made it to Iran, according to Immigration and Customs Enforcement agents. They spoke on condition of anonymity because of the sensitivity of the issue.

Sensitive surplus is supposed to be rendered useless for military purposes or, if sold, then only to buyers who promise to obey U.S. arms embargoes and other laws.

Defense Department official Fred Baillie said the Pentagon did nothing wrong in selling the surplus and that it was not the agency's fault the items wound up in the wrong hands.

The Pentagon has worked to tighten surplus sale security following a scathing report by the Government Accountability Office last year that identified numerous weaknesses. Measures include trying harder to properly identify surplus before it is marked to safe to sell. If there is doubt about what an item is, it now is destroyed, whereas before it might have been sold, said Baillie, the Defense Logistics Agency's executive director of distribution.

Customs and GAO officials worry about security problems with the program, however, and are seeking assurances the Pentagon will not sell surplus parts from the recently retired F-14 fleet.

Thousands of the components already are set for market. Baillie said that more than half of the roughly 76,000 parts for F-14 are general nuts-and-bolts hardware that the Pentagon surplus program can sell to the public with no restrictions.

About 10,000 are Tomcat-specific and will be destroyed, he said. The rest, about 23,000 parts, are valuable for both military and commercial use and are being reviewed to see whether Pentagon surplus can sell them without jeopardizing national security, Baillie said.

House Votes To Rescind Oil Drillers' Tax Breaks (NYT)

By Edmund L. Andrews

New York Times, January 19, 2007

WASHINGTON, Jan. 18 — House Democrats easily passed legislation on Thursday that would rescind $14 billion in tax breaks and subsidies for oil drillers and reserve the money to develop alternative energy projects and conservation technologies.

The measure passed 264 to 163, with many Republicans joining a bloc of Democrats. Passage came despite opposition from the oil industry and the Bush administration, which said the bill singled out the companies for higher taxes and could increase the country's dependence on foreign oil.

The bill will rescind $7.6 billion in tax breaks for oil drillers that Congress passed in 2004 and 2005 and will add $6.3 billion in royalties from companies that pump oil and gas in publicly owned waters of the Gulf of Mexico and off Alaska.

One provision is intended to correct errors in drilling leases signed by the Interior Department in the late 1990s that allowed oil companies to escape billions of dollars in royalties over the next decade.

The provision, opposed by the White House and the industry, would require companies that refuse to change their leases to pay a "conservation fee" on each barrel they produce. Otherwise, under the bill, the companies would be barred from acquiring additional leases.

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"Big Oil is hitting the taxpayer not once, not twice, but three times," Representative Nick J. Rahall II, Democrat of West Virginia and chairman of the House Natural Resources Committee, said. "They are hitting them at the pump. They are hitting them at the Treasury through the tax code. And they are hitting them with royalty holidays."

Many Republicans complained that the bill would lead to higher gasoline prices by penalizing domestic production and create a "slush fund" for alternative energy projects.

"The San Francisco Democrats want to run the cars on the road with wind," said Representative Steve Pearce, Republican of New Mexico.

Representative Phil English, Republican of Pennsylvania, said the bill would increase energy costs for manufacturers and prompt them to move more jobs abroad.

The bill would also rescind a tax credit for "domestic manufacturing" that oil companies received in 2004 and a much smaller tax break for geological expenses.

The oil vote completed a first wave of measures that House Democratic leaders wanted to pass in their first 100 hours of legislative activity after taking control of Congress.

Senate Democrats are moving more cautiously, but they have signaled that they support most of the bill's provisions and plan to pass them in one form or another.

"I support the principle behind the House bill," said Senator Jeff Bingaman, Democrat of New Mexico, adding that he had asked that the House bill be placed directly on the Senate calendar.

The White House said that it "strongly objects" to much of the measure, arguing that it singled out the oil industry and that the royalty provision undermined the sanctity of binding contracts that the companies had signed.

But President Bush has opposed additional tax breaks and subsidies for oil companies and called for more spending on renewable energy and conservation. The White House stopped short of threatening a veto, and few if any lawmakers expect Mr. Bush to invoke one.

At a hearing of the Senate Energy Committee several hours before the House vote, investigators and Democratic lawmakers criticized the Interior Department's response to the bungled offshore leases.

The Government Accountability Office estimated that the mistake has cost the Treasury $1 billion, and could ultimately cost it $10 billion if the leases remain unchanged.

The leases entitled companies drilling in deep water to avoid royalties on much of their initial production, but in 1998 and 1999 officials during the Clinton administration omitted a standard escape clause that eliminated the incentive if oil prices climbed above $34 a barrel.

Earl E. Devaney, the Interior Department's inspector general, told the committee that midlevel administrators first spotted the mistake in 2000 but that top officials did not disclose the issue until The New York Times reported on it in February 2006.

Mr. Devaney said that senior officials discussed the issue in March 2004 with the director of the Minerals Management Service, Johnnie M. Burton, but they decided they were powerless to change the leases and dropped the matter.

The agency's silence and reluctance to take action, Mr. Devaney said, was "a shockingly cavalier management approach" and a "jaw-dropping example of bureaucratic bungling."

Ms. Burton did not testify Thursday. C. Stephen Allred, the Interior Department's assistant secretary for land and minerals management, defended Ms. Burton as a person with the "highest integrity."

The House vote on Thursday was an opening skirmish in a broader attempt by Democratic leaders to scale back government financial support for oil and gas producers while ramping up support for renewable energy and conservation.

"Today's vote represents the first step toward a future of energy independence," the House speaker, Nancy Pelosi, said.

Oil executives denounced the House vote, though none were surprised that it passed by a wide margin.

"This is purely a political bill playing on the campaign rhetoric of the 2006 election," said Barry Russell, president of the Independent Petroleum Association of America. "At a time when we need more American energy, it simply doesn't make sense to harm those companies that can provide it."

House Democrats offered little clue on Thursday about how they would channel the money from oil producers into alternative and renewable energies. The bill specifies that the money will go to a reserve, which is essentially an accounting device to offset the cost of separate legislation aimed at promoting other sources of energy and efficiency.

Many Republicans complained that Democrats were creating a slush fund with the oil money that would be sealed off from public debate. Democrats responded that the money would be allocated through future legislation that would be debated in Congressional committees and on the House floor.

President Bush is expected to weigh in with proposals in his State of the Union address on Tuesday, and White House officials have said that new energy programs will have a prominent place in the speech.

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House Repeals Tax Break For Big Oil (WP)

By Steven Mufson

Washington Post, January 19, 2007

House Democrats capped their "100 hours" agenda with the passage of an energy bill yesterday, the sixth piece of legislation approved in two weeks, and Democratic leaders said the package marked "a beginning, not an end" to their legislative ambitions.

Though the six measures still face battles in the Senate and possible veto by the White House, Rep. Rahm Emanuel (D-Ill.), chairman of the House Democratic Caucus, boasted that "we made promises and we kept our promises."

Though Republicans complained that they were not given enough opportunities to amend the six bills, an average of 62 GOP lawmakers voted in favor of the measures. Thirty-six Republicans voted for the energy bill adopted yesterday in a 264-163 vote.

But the atmosphere of celebration among Democrats was marred by criticism over House Speaker Nancy Pelosi's decision to create a new Select Committee on Energy Independence and Global Warming.

Pelosi said the committee would be designed to "raise the visibility" of energy and climate change issues, and that it would not have legislative jurisdiction. Many lawmakers saw it as a way to diminish the influence of veteran lawmakers, such as Energy and Commerce Committee Chairman John D. Dingell (D-Mich.), who in the past has guarded the interests of the big U.S. automakers from his state by opposing higher fuel efficiency standards.

Pelosi said she was still looking to the committees on energy, environment and technology to come up with legislation and asked them to do that by July 4.

Dingell held a two-hour meeting yesterday with Democrats on his committee to discuss Pelosi's initiative. "It is unclear what this committee will do besides serve as a distraction to the substantive work already being done by the committee of expertise on this issue," Dingell said later.

Rep. Edward J. Markey (D-Mass.) has told fellow Democrats that Pelosi asked him to chair the new committee, congressional sources said. Markey has been a vociferous critic of the oil and gas industry.

Pelosi needs a majority vote of the House to create the new committee, and congressional sources said there was talk yesterday of unhappy Democrats joining with Republicans to quash her proposal. "I believe the existing committees can deal effectively with global warming," Rep. Henry A. Waxman (D-Calif.), chairman of the Committee on Oversight and Government Reform and author of a climate change proposal, said in a statement. "But I can also understand why the Speaker believes it's important to highlight this issue."

The new committee and the July 4 target were responses to critics who said that yesterday's energy measure did not address key energy policy issues and to the groundswell of activity among companies, lawmakers and state governments who want to do something about climate change.

The measure passed yesterday would repeal a tax break oil and gas firms received in 2004 that effectively lowered their corporate tax rates. It would also bar oil companies from bidding on new federal leases unless they pay a fee on or renegotiated improperly drafted leases from 1998 and 1999 that did not require royalty payments on Gulf of Mexico production. And the bill would take the estimated $13 billion to $15 billion in revenues over a five-year period and set the money aside for tax breaks and appropriations that would go to renewable energy sources.

On Wednesday, the Bush administration said it was opposed to raising corporate tax rates on the oil industry when other manufacturing industries had benefited from the same rate reduction. The Office of Management and Budget also said that the administration was opposed to forcing companies to renegotiate contracts through statutes and said it preferred voluntary agreements with firms over the 1998 and 1999 leases. The OMB also said that using the revenues for new energy sources embodied a "tax and spend philosophy."

Other energy experts have taken issue with the idea of "energy independence" that Pelosi built into the name of the new select committee. Even with major efforts to cut consumption and boost alternative sources, the United States would be hard-pressed to eliminate imports that account for 64 percent of the about 21 million barrels a day of oil currently consumed.

House OKs Pursuit Of Lost Oil Royalties (WT)

By Brian Debose

The Washington Times, January 19, 2007

The House yesterday passed an energy policy aimed at getting back more than $10 billion in federal royalty payments and eliminating tax relief and other subsidies that oil companies have enjoyed for the past decade.

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The Clean Energy Act, which passed on a 264-123 vote, would create a fund called the Strategic Energy Efficiency and Renewables Reserve using the recouped oil dollars. The reserve also would be used to fund more investment in renewable ethanol, wind, hydrogen and biofuels technologies, as well as energy conservation programs.

The energy bill represented the fulfillment of Democrats' promise to pass a package of six bills in the first 100 legislative hours of Congress.

House Speaker Nancy Pelosi, California Democrat, said her party wasn't finished and announced that she would create a Select Committee on Energy Independence and Global Warming.

"I have also instructed my committee chairs to hold hearings so that, by July 4, we will have a package of bills that will truly get us to energy independence in 10 years."

Democrats for years have targeted oil companies that bought and signed federal land leases in 1998 and 1999. Because of a congressional oversight, these companies did not have to pay the royalty fee for oil when its price went above $34.73 a barrel or natural gas when its price rose higher than $4.34 for every million thermal units.

The prices for both oil and natural gas have been well above the royalty thresholds for years, with the loss of more than $10 billion in fees. Democrats say their energy bill will recoup those dollars.

"The American people are owed a fair value for the resources they own. Yet when the government gives tax breaks in the form of royalty relief to Big Oil and fails to accurately monitor its oil leasing programs, it is the American people who are footing the bill," said Rep. Nick J. Rahall II, West Virginia Democrat.

The White House was not pleased with oil and gas incentives that Congress enacted as part of the 2005 Energy Policy Act, calling them unnecessary.

It also opposed mandatory royalty relief and prohibitions on drilling-related user fees and tax incentives allowing some oil firms an almost automatic write-off of certain geological and geophysical expenditures.

The White House, however, is against the provision to renegotiate the 1998 and 1999 leases that Democrats seek.

The House bill limits the executive's discretionary power to modify royalties by stripping that authority from the secretary of the interior.

A report by the Interior Department's inspector general said the department had not been performing the proper oversight to track oil royalty payments to the federal Treasury and had not engaged in due diligence to ensure oil companies were paying them.

"In the compliance reviews, the Interior Department relies on the information given to them by the oil companies," Rep. Carolyn B. Maloney, New York Democrat, said in response to the report. "This is incompetence, cronyism and it could be corrupt."

The Justice Department has begun an investigation into the matter.

Republicans leaders attempted to block the House bill's passage with motions to adjourn, recommitting the legislation with instructions striking most of the provisions and arguing that passing it by a majority instead of two-thirds vote violated House rules.

"This bill will hurt domestic production and increase the price of oil and gas in this country," said House Minority Whip Roy Blunt, Missouri Republican. "If you take away the oil industry's incentives to invest in domestic production, you increase our dependence on foreign oil."

Methodists: No Bush Library At SMU (AP)

By Angela K. Brown

AP, January 19, 2007

A group of Methodist ministers from across the nation launched an online petition drive Thursday urging Southern Methodist University to stop trying to land George W. Bush's presidential library.

The petition, on a new Web site, http://www.protectsmu.org, says that "as United Methodists, we believe that the linking of his presidency with a university bearing the Methodist name is utterly inappropriate."

"Methodists have a long history of social conscience, so questions about the conduct of this president are very concerning," said one of the petition's organizers, the Rev. Andrew J. Weaver of New York, who graduated from SMU's Perkins School of Theology.

Brad Cheves, SMU's vice president for external affairs and development, said Thursday that the Methodist church is diverse in its membership and opinions and that those involved with the petition reflect only one view.

"We believe the vast majority of the Methodist membership, university and community support the library and that it will benefit the faculty, students and community for generations to come," Cheves said.

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SMU emerged as the apparent winner in the library competition last month when the site selection committee said it was entering into further discussions with just SMU, the 11,000-student, private university, which is first lady Laura Bush's alma mater. The Bushes are Methodists.

President Bush said Thursday that he was "leaning heavily toward SMU" and was close to a decision.

"I understand there are some who have reservations, and my advice to them is understand that a library and institution would enhance education, be a place for interesting discussion and be a place for people to express their views and write and think, and these universities I think understand that and are excited about the prospects, and so am I," he told Belo Corp. television.

Some SMU professors have opposed Bush's foreign policy, mainly the war in Iraq. Some faculty members also have complained that the library complex's think tank dedicated to the philosophy of the Bush administration would hurt the school's reputation.

But at a faculty meeting Wednesday, SMU President R. Gerald Turner said those fears were unfounded. He said among the library's benefits were increasing the school's visibility nationwide and spurring economic development in the city.

The Rev. Mark Craig — an SMU trustee and senior minister of Highland Park United Methodist Church, where the Bushes are members — said that the petition organizers' views do not reflect the opinion of most church members and that the petition would not affect decisions about the library.

"The library is not about politics," Craig said. "The library is about history, having U.S. history from a period of eight years and that conveyed to a great academic institution."

The project will be financed with a private fund drive aimed at raising at least $200 million.

While SMU's president said his university's exclusive talks with the selection committee would resume in a few days, the other finalists are Baylor University in Waco and the University of Dallas. A decision is expected in a few months, when Bush receives a recommendation from the committee.

Ambushing The Bush Legacy (WSJ)

By Naomi Schaefer Riley

The Wall Street Journal, January 19, 2007

In an interview Sunday night on "60 Minutes," President Bush told Scott Pelley that he is "not the kind of guy who sits here and says 'Oh gosh, I'm worried about my legacy.' I'm more worried about making the right decisions to protect the United States of America."

It's a noble sentiment, but with less than two years left in his presidency, Mr. Bush and his supporters do have to make some decisions about his legacy, or at least where it will be housed.

In December, the committee charged with selecting a location for W's presidential library announced that it had narrowed down the candidates from three to one, eliminating Baylor University and the University of Dallas in favor of Southern Methodist University, Laura Bush's alma mater. The proposed library will include, in addition to presidential papers and artifacts, a public-policy institute to further "domestic and international goals." Among the goals mentioned by the selection committee are "compassionate conservatism, the spread of freedom and democracy throughout the world and defeating terrorism."

It all sounds quite worthy, but certain members of the SMU faculty did not react well to the news of their campus's selection. In an op-ed article for the college newspaper, two professors from the university's theology school asked: "Do we want SMU to benefit financially from a legacy of massive violence, destruction and death brought about by the Bush presidency in dismissal of broad international opinion?"

A letter sent to SMU's president last week, signed by 68 current and past members of the faculty, echoed this theme. It expressed concern about "certain actions and attitudes of President Bush during his term in office," including (draw a deep breath here): "the erosion of habeas corpus, denial of global warming, disrespect of international treaties, alienation of longtime U.S. allies, environmental predation, disregard for the rights of gay persons, a pre-emptive war based on false premises and other perceived forms of disrespect for the created order and the global community."

Which raises the question: Why would Mr. Bush want to have anything to do with such hostile -- not to mention graceless and cliché-obsessed -- people? Why not look elsewhere for his library's site? Admittedly the professors who signed the letter make up less than 10% of SMU's faculty. But presidential libraries inevitably bring a degree of prominence, even prestige, to the universities that host them. Why should Mr. Bush and his friends give SMU the satisfaction? One can easily imagine Cindy Sheehan parading around the university grounds for years to come with hordes of sociology professors and student activists following her.

Locating presidential libraries at universities has become "de rigueur" only recently, according to Richard Norton Smith, the former director of five presidential libraries. Up through Eisenhower, Mr. Smith notes, such libraries were located at places of

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"special significance" to the president. And for good reason. "If you want to understand FDR," says Mr. Smith, "you have to understand Hyde Park," where Roosevelt grew up.

Typically, campus sites mean controversy. Herbert Hoover's library started at Stanford, but he moved it to his home state of Iowa out of fear that left-wing faculty would tarnish his legacy. When LBJ's library opened in 1971 at the University of Texas, Austin, thousands of protesters showed up. Duke rejected Nixon's library altogether. And the Reagan library was chased out of Stanford for largely ideological reasons.

Mr. Smith believes that faculty objections are shortsighted. "With rare exceptions, presidential libraries have contributed to the intellectual and cultural life of universities. They expose students to a whole range of history and policy makers. And it's very bipartisan exposure." It is true that such libraries serve, in part, as monuments to particular presidencies. But scholars and students are free to use the library contents as they please, of course. And the library's own exhibits may well change as new sources of information become available. Mr. Smith cites the way in which the newly discovered Johnson tapes -- showing his ambivalence about the Vietnam War -- changed the way that library presented the president's role in the conflict.

For a faculty sick with Bush rage, none of this seems to matter. The negotiations with SMU are moving forward, but what are Mr. Bush's options? One suspects that Baylor, an evangelical school, and the University of Dallas, a conservative Catholic school, would both be more hospitable environments. But why bother with universities at all? The Bush presidency owes very little to them. Compassionate conservatism, spreading democracy and defeating terrorism are hardly at the top of most academic agendas. Why not offer the library to the American Enterprise Institute or the Manhattan Institute? Or why not raise a little more money and just put it on the ranch in Crawford, Texas? Whatever else you can say about President Bush, his administration has rarely been "de rigueur."

Ms. Riley is the Journal's deputy Taste editor.

NTEU Closer To Representing Customs And Border Workers (WP)

By Stephen Barr

The Washington Post, January 19, 2007

O ne of the largest union elections ever conducted inside the government has moved a step closer to resolution.

The Washington regional director of the Federal Labor Relations Authority, in a decision issued late Wednesday, said the National Treasury Employees Union should be certified to represent about 30,000 workers in Customs and Border Protection, a major bureau in the Homeland Security Department.

NTEU defeated the American Federation of Government Employees last June -- 7,349 to 3,426 -- for the right to represent the employees. AFGE filed objections to the election, but a review conducted by Robert P. Hunter, the Washington FLRA regional director, found no merit to the claims.

The election was forced by the merger four years ago that consolidated 22 federal agencies into the Homeland Security Department. Many of those agencies had unionized workforces, including Customs and Border Protection, which absorbed the old U.S. Customs Service, the former Immigration and Naturalization Service and parts of other agencies. In 2004, the department filed a petition requesting the election to clarify union jurisdiction issues, which set up the showdown between AFGE and NTEU.

Bush administration officials have closely followed the election battle because the union that is certified as the winner will gain a larger voice in workplace issues and perhaps even policy debates on Capitol Hill.

As part of the Homeland Security reorganization, Customs and Border Protection recast many of the "legacy" employees into a new occupational grouping, CBP officers. They work at about 300 ports and border crossings and are widely seen as crucial to the fight against terrorism. Most of the CBP officers came from the ranks of customs employees, traditionally represented by NTEU, and immigration employees, represented by AFGE.

After NTEU won the election at Customs and Border Protection, AFGE filed an appeal that alleged agency managers had been biased toward NTEU and had interfered with the AFGE campaign. CBP denied the allegations, and Hunter dismissed the AFGE claims in his decision.

"It has not been shown that any of the matters raised, whether considered separately or cumulatively, are sufficient to set the election aside," Hunter wrote. "In sum, all objections are dismissed and the certification to NTEU should be issued without further delay."

Under the election rules, AFGE can ask the members of the Federal Labor Relations Authority to review the regional director's decision. AFGE leaders were traveling from a conference in Houston yesterday and declined to say whether they would appeal, noting that they had not read the 84-page decision.

Colleen M. Kelley, the NTEU president, said she hopes AFGE will not appeal and that her union can soon begin efforts to bargain over work assignments, overtime and alternative work schedules.Bill to Stop IRS Outsourcing

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Sens. Byron L. Dorgan (D-N.D.) and Patty Murray (D-Wash.) introduced legislation yesterday to stop the Internal Revenue Service from using private companies to collect unpaid taxes.

They cited concern that the outsourcing plan might be more costly than projected and could jeopardize taxpayer privacy. They also noted that the taxpayer advocate at the IRS, Nina Olson, had recommended the IRS halt the plan.

About a dozen Democratic senators joined as co-sponsors, including Maryland Sens. Barbara A. Mikulski and Benjamin L. Cardin.Talk Shows

Bob Leins and Tammy Flanagan, federal retirement and benefit specialists at the National Institute for Transition Planning, will be the guests on "FedTalk" at 11 a.m. today on Federalnewsradio.com and WFED radio (1050 AM).

Stephen L. Jones, principal deputy assistant secretary of defense for health affairs, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

White House Usher Reflects On His Bosses (WP)

The Washington Post, January 19, 2007

Chief White House Usher Gary Walters is retiring at the end of January. He has worked at the mansion since 1970 and for the past two decades has been in charge of the operation of the world's most famous residence. In an interview with C-SPAN's Brian Lamb that will air Sunday evening, Walters offered his reflections on the presidents and first ladies he has served. Some excerpts:

Richard Nixon: Quiet, extremely studious. I mean, he didn't become such a master of Chinese policy by rote.

Jimmy Carter: Tremendously smart, involved in minutia, almost to his detriment. . . . He was the one that liked to . . . walk around the grounds, and he wanted to know every tree, every plant, both the botanical name and the common name.

Bill Clinton: Workaholic. He was constantly working. And a memory that just caused all of us to wonder how in the world anybody could remember all the things he did.

President Bush : The steadfastness of his beliefs in what he's doing. . . . In his mind, this is the road to go down, and he has not wavered.

Laura Bush: Knows what she wants, but is . . . willing . . . to sit and look at something for a while before she makes a decision. She wants to have it right.

Hillary Rodham Clinton: Liked to work. She was a worker.

Nancy Reagan: The easiest person in the world to work for. Most people don't believe that when I tell them that.

Cheney's Enigmatic Influence (WP)

By David Ignatius

The Washington Post, January 19, 2007

After six years, it remains one of Washington's enduring mysteries: How does Vice President Cheney shape decisions in the tight inner circle of the Bush administration? There's a sense that Cheney's influence is on the rise again, at least with Iraq policy, but that's after many months in which his allies say his role was diminished.

To outside observers, Cheney has been the political equivalent of a black hole -- exerting a powerful but mostly invisible force on decisions. The office of the vice president has had a gravitational weight that sucked in other personalities and entire branches of the government without emitting light or heat that would explain the decision-making process.

During Bush's first term, the "OVP," as it's known in Washington, functioned as a kind of parallel national security staff. Lewis "Scooter" Libby was a strong chief of staff, and he hired talented foreign policy experts -- Eric Edelman and then Victoria Nuland -- to act, in effect, as Cheney's national security advisers. During Bush's second term, that role was taken on by John Hannah, a former policy researcher at the Washington Institute for Near East Policy. But insiders say that since Libby's departure in 2005, the OVP has had less of an impact on foreign policy.

"What has defined the OVP since Scooter left is listlessness," says one Cheney ally. "For 18 months, it was defined by its torpidity. That was deeply distressing" to Cheney's conservative supporters, who feared that Bush had become captive to overly cautious advice from his senior military commanders, Gen. John Abizaid and Gen. George Casey.

This month's change in Iraq policy, in which Bush turned away from the patient strategy his military commanders had advocated, may have marked a return of Cheney's influence. But insiders caution that it's a mistake to see Cheney as some kind of puppet master on Iraq policy and that the key decisions have been made by Bush himself.

The thrust of Cheney's views -- in urging the president to ignore politics and maintain a tough course on Iraq -- surfaced in an interview he gave last weekend to Chris Wallace of Fox News. Wallace noted that Iraq was a big issue in the November elections and that exit polls showed only 17 percent of voters supported sending in more troops. What followed was this remarkable exchange:

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Wallace: "By taking the policy you have, haven't you, Mr. Vice President, ignored the express will of the American people in the November election?"

The vice president: "Well, Chris, this president, and I don't think any president worth his salt, can afford to make decisions of this magnitude according to the polls. The polls change day by day."

Wallace: "This was an election, sir."

The vice president: "Polls change day by day, week by week."

Those remarks capture what Cheney's friends say is his crucial contribution to internal decisions -- a conviction that much of the political debate in Washington is just noise and should be ignored in favor of the country's long-term interests.

"Over the years, he got tired of suffering fools," says one longtime Cheney friend. "He thinks it's all BS." This contempt for Washington developed when Cheney was a top White House aide in the Ford administration during the cacophony that followed Watergate, this friend says, and it ripened when he made enough money as chief executive of Halliburton that he didn't have to care what people in Washington thought. The danger is that in encouraging Bush to ignore polls and even elections, Cheney has helped set up a confrontation between Congress and the executive branch that could undermine any hope of achieving a bipartisan approach on Iraq.

While Cheney seems to have prevailed on Iraq, he appeared to suffer a defeat in this week's White House decision to submit the warrantless surveillance program to the oversight of the FISA court. Many administration lawyers urged that course over the past several years, but it was strongly resisted by Cheney's current chief of staff, David Addington, who argued that the president had inherent authority to authorize the program under his war-making powers. "Addington clearly lost this round," says one official who met with him about the National Security Agency program.

The mystery of how Cheney operates may finally be clarified in the coming trial of Libby. The vice president will be called to testify on behalf of his former chief of staff, whom he described to Wallace last week as "one of the finest individuals I've ever known." That was pure Cheney -- the stand-up guy from Wyoming.

Cheney's testimony, in person or by affidavit, about the use of classified information will go to the heart of the Cheney puzzle: How does the most important but elusive presidential adviser in modern history use his power behind the scenes?

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

OTHER NEWS:

Bernanke Warns Budget Could Hurt Economy (AP)

By Jeannine Aversa

AP, January 19, 2007

Federal Reserve Chairman Ben Bernanke warned on Thursday that the economy could be gravely hurt if Social Security and Medicare aren't revamped, and he urged lawmakers to tackle the nation's thorny fiscal issues sooner rather than later.

"If early and meaningful action is not taken, the U.S. economy could be seriously weakened," Bernanke told the Senate Budget Committee. Future generations, he said, will bear much of the cost.

It marked the Fed chief's most forceful warning to date on the potential problems facing the United States with the looming retirement of 78 million baby boomers, the oldest of whom will start retiring next year.

This huge wave of retirees will hit the U.S. budget as well as the economy, Bernanke said.

"The longer we wait, the more severe, the more Draconian, the more difficult the objective — the adjustments are going to be. I think the right time to start is about 10 years ago," he told lawmakers when questioned about the urgency of the situation.

Absent policy changes by Congress and the White House, rising budget deficits are likely in the years ahead to increase the amount of federal debt outstanding to unprecedented levels, Bernanke said.

That could propel interest rates for consumers and businesses upward, which would be a worrisome development, he said.

"Thus a vicious cycle may develop in which large deficits lead to rapid growth in debt and interest payments, which in turn adds to subsequent deficits," he said. Ultimately, a big expansion of the nation's debt "would spark a fiscal crisis, which could be addressed only by very sharp spending cuts or tax increases or both," Bernanke warned.

After a bitter election season, both Democrats and Republicans on the Senate panel have promised to try to deal with the spiraling costs of federal entitlement programs.

Sen. Judd Gregg of New Hampshire, the committee's top-ranking Republican, called Bernanke's warning "right on, and a clarion call that I hope folks will listen to."

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Senate Budget Committee Chairman Kent Conrad, D-N.D., said: "We hope people are listening about the need for us to address these long-term imbalances, to take these challenges on, and the sooner we do so, the better."

The budget deficit last year totaled $248 billion, a four-year low. Bernanke noted the improvement but likened it to a "calm before the storm."

Spending on entitlement programs will begin to climb quickly during the next decade, he said. Federal spending for Social Security, Medicare and Medicaid will total about 15 percent of the gross domestic product by 2030, compared to roughly 8 1/2 percent of GDP in 2006, he said.

Forecasts call for the deficit to worsen for the 2007 budget year. The Congressional Budget Office is projecting $286 billion in red ink, while the White House is predicting an even bigger shortfall of $339 billion.

Bernanke said that economic growth alone is unlikely to solve the nation's impending fiscal problems.

Fixing the problems, he said, will take persistence and a willingness by Congress and the White House to make difficult choices. It will be up to those policymakers to find the right balance between taxes and spending, he said.

The Fed chief steered away from offering specific solutions.

"In the end, the fundamental decision that Congress, the administration and the American people must confront is how large a share of the nation's economic resources to devote to federal government programs, including transfer programs such as Social Security, Medicare and Medicaid," he said.

President Bush wants to work on the looming insolvency of the Social Security program. But his one-time plan to add private accounts to the system withered in 2005 after meeting resistance from Democrats and Republicans alike, and is a nonstarter now that Democrats are in charge.

Bush has tapped Treasury Secretary Henry Paulson to gather ideas on how to restructure the program. And the president says he wants to work with Congress on a plan to balance the budget in five years.

Bernanke, who took over the Fed last February, made his case in somewhat starker terms than his predecessor, Alan Greenspan, who had repeatedly sounded the alarm about the dangers to the economy from exploding entitlement costs, some economists said.

"Bernanke didn't mince his words. He wasn't trying to candycoat the situation," said Brian Bethune, economist at Global Insight. "I think Greenspan was a little more diplomatic ... but at this point, a little more frankness is maybe what Congress needs."

Bernanke Warns US Of 'fiscal Crisis' Fear (FT)

By Krishna Guha And Eoin Callan In Washington And Tony Tassell In London

Financial Times, January 19, 2007

Ben Bernanke stepped up the pressure on Congress to address the budgetary impact of soaring spending on entitlement programmes on Thursday, warning that they could one day cause a "fiscal crisis" in the US.

The Federal Reserve chairman told the Senate budget committee that the recent improvement in US public finances was only the "calm before the storm".

He urged immediate action to head off the looming Medicare and Social Security funding gap, saying the right time to start was "ten years ago". But Mr Bernanke refused to comment on whether this should be done by curbing spending, raising taxes or some combination of the two, saying that was for elected officials to decide.

His uncharacteristically hard-hitting intervention came as data revealed that US inflation rebounded in December, all but ruling out any chance that the Federal Reserve would cut interest rates soon. The Fed chief said that without new policies, entitlement spending would result in mounting fiscal deficits, and the effect on the "vibrancy, efficiency and growth rate of oureconomy" would soon be "palpable".

His tough talk will make it more difficult for the newly elected Congress to shy away from politically explosive entitlement reform, and may help Treasury Secretary Hank Paulson's efforts to entice some Democrats into joining a bi-partisan push on Social Security.

Mr Bernanke, though, identified Medicare as the core of the threat, describing it as a "much bigger problem than Social Security". He called for a root-and-branch overhaul of the US health sector to cut costs and increase efficiency. In other comments, Mr Bernanke expressed mildly more concern about the external deficit than did his predecessor, Alan Greenspan, saying there was "good reason" to consider that it "needs to start coming down slowly".

Mr Bernanke also reiterated his view that it was better to discipline hedge funds indirectly via counterparty banks than to seek to regulate them directly.

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The consumer price index rose 0.5 per cent in the month, driven by a 4.6 per cent jump in energy prices, which had fallen in previous months. The higher-than-expected increase ended a two-month run of softer prices that had raised hopes the Fed would quickly drop its bias towards tightening rates and start preparing the ground for rate cuts in the spring or early summer.

Core CPI – which excludes volatile energy and food costs, and is more closely watched by the Fed – rose 0.2 per cent, after being flat in November.

US government bond markets were little moved in reaction, with the yield on the benchmark 10-year bond edging up 0.2 basis points to 4.787 per cent.

Fed Chairman Warns Congress On National Debt (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, January 19, 2007

WASHINGTON — Federal Reserve Chairman Benjamin S. Bernanke delivered a stern warning to members of Congress this morning to address the national debt, which has spiraled due to spending on federal programs, especially Social Security and Medicare, and threatens to harm the national economy.

"The longer we wait, the more severe, the more draconian, the more difficult the objectives are going to be," Bernanke said. "The right time to start was about 10 years ago."

Sen. Kent Conrad, (D-N.D.) chairman of the Senate Budget Committee, which called Bernanke in for advice, described his comments as "a clarion call."

"These long-term imbalances are threatening the long-term stability of the country," Conrad said.

At the end of last fiscal year, the federal debt consumed 37% of gross domestic product, Bernanke said during the two-hour hearing today.

Although the federal budget deficit reached a four-year low last year of $248 billion, Bernanke called it, "the calm before the storm," given the growth in federal spending. The Congressional Budget Office is projecting a $286 billion deficit this year; the White House $339 billion.

"A vicious cycle may develop in which large deficits lead to rapid growth in debt and interest payments, which in turn add to subsequent deficits," Bernanke said.

Federal spending for Social Security, Medicare and Medicaid was 8.5% of GDP last year and is expected to reach 15% by 2030, Bernanke said.

"In the end, the fundamental decision that Congress, the administration and the American people must confront is how large a share of the nation's economic resources to devote to federal government programs, including transfer programs such as Social Security, Medicare and Medicaid," he said.

Bernanke resisted taking a position on the merits of tax cuts, beyond observing that, "The general view is that tax cuts do not pay for themselves."

During questioning by Sen. Bernie Sanders (D-Vt.), Bernanke defended free trade policies, such as NAFTA and trade normalization with China, saying they are not to blame for causing the national trade deficit. He believes the widening gap is largely due to the historically low national savings rate and tepid investment.

Bernanke offered several suggestions to increase federal revenues and reduce spending, including streamlining the federal tax code to reduce the tax gap between what Americans owe and pay; increasing savings incentive programs; recalculating Social Security benefits and experimenting with new cost-saving Medicare and Medicaid healthcare programs.

Bernanke Raises Prospect Of 'Debt Spiral' (WSJ)

By Greg Ip

The Wall Street Journal, January 19, 2007

WASHINGTON -- Federal Reserve Chairman Ben Bernanke warned that rising health-care and Social Security spending could create a "vicious cycle" of rising debt and interest payments and an eventual fiscal crisis.

Watch Federal Reserve Chairman Ben Bernanke's opening remarks7 to the Senate Budget Committee. (15:20)

Though Mr. Bernanke lacks the stature of his predecessor, Alan Greenspan, his strong language, coupled with what appears to be a growing respect for his views from lawmakers in both parties, could add impetus to efforts to overhaul entitlement programs, principally Social Security, Medicare and Medicaid.

They currently amount to almost half of federal noninterest spending and 9% of gross domestic product, or the value of all goods and services produced in a nation. The Congressional Budget Office, assuming no change in the programs, extension of Mr. Bush's tax cuts and continued moderate growth in health-care spending, projects that will rise to 75% of spending and 19% of GDP by 2050.

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What do you think of Fed Chairman Bernanke's dire warnings on the budget deficit?9

Mr. Bernanke's advice, delivered at a hearing of the Senate Budget Committee yesterday, comes days before President Bush's State of the Union address and weeks before his 2008 budget request. In the first six years of his presidency, Mr. Bush expanded Medicare significantly while cutting taxes repeatedly. He is seeking to preserve those tax cuts in the face of a Democratic-controlled Congress, while seeking -- through Treasury Secretary Henry Paulson -- to revive an overhaul of Social Security.

Since taking office last year, Mr. Bernanke has met extensively with members of both parties, and the outreach appears to be paying off. Budget Committee Chairman Sen. Kent Conrad of North Dakota yesterday thanked Mr. Bernanke for insights he provided over lunch a few weeks ago. "You've sent a very clear message and one that I hope people are paying close attention to," Mr. Conrad said. The panel's senior Republican, Judd Gregg of New Hampshire, called Mr. Bernanke's testimony "a clarion call."

The bipartisan praise also reflects the fact that Mr. Bernanke's diagnosis was generally uncontroversial. While that protects the Fed's reputation for political independence, it may limit Mr. Bernanke's impact on the fiscal debate. Mr. Greenspan was influential in part because he made specific recommendations, such as the passage of tax cuts in 2001. Democrats often cited his support for Paygo -- a budget rule meant to keep tax cuts and new entitlement programs from boosting the deficit -- in making it a key plank in their fiscal platform.

WASHINGTON WIRE

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See the expanded online version of Washington Wire11. The Journal's Washington bureau updates the Wire during the day -- every weekday -- with analysis, news and buzz from inside and outside the Beltway.

Mr. Bernanke steered clear of specifics on entitlement overhaul in his testimony and anything that could be construed as criticism of President Bush, for whom Mr. Bernanke previously served as an adviser. Despite senators' praise, it is unclear whether his advice will have much direct impact.

The Fed chief noted that last year's budget deficit, spending and revenue were, as shares of GDP, close to averages that have prevailed since 1960. That is a point the White House often makes to deflect charges that its tax cuts have led to dangerously large deficits. Mr. Bernanke said this was the "calm before the storm." Spending on Social Security, Medicare, and Medicaid are about to ramp up, he said, as the population ages.

While breaking no new ground, Mr. Bernanke's testimony was notable for its emphasis on the consequences of a rising national debt -- the sum of all annual budget deficits -- rather than the annual deficit alone. The debt, he noted, would reach almost 100% of GDP by 2030 according to the Congressional Budget Office, a level previously reached only during World War II. The annual interest on that debt would be 4.6% of GDP, triple the current level. 12

"A vicious cycle may develop in which large deficits lead to rapid growth in debt and interest payments, which in turn adds to subsequent deficits," he said. Similar "debt spirals" have contributed to financial crises in other countries, a subject Mr. Bernanke studied as an academic. "Ultimately, this expansion of debt would spark a fiscal crisis, which could be addressed only by very sharp spending cuts or tax increases, or both," he said.

Mr. Bernanke didn't predict -- as more pessimistic analysts have -- that such a crisis would entail sharply higher interest rates or a sharply weaker dollar. Still, he noted higher debts would divert capital from growth-enhancing investments and funnel more of Americans' income to foreign bondholders. This will "have an effect on the vibrancy, efficiency and growth rate of our economy, which will be palpable," he said.

Mr. Bernanke took office promising to be less outspoken on fiscal policy than Mr. Greenspan. In his initial appearances before Congress, he irritated some legislators by refusing to comment on specific topics. Yesterday's appearance suggests he has refined his approach. Asked a year ago about restoring Paygo, he said the Fed chairman "should not be involved in making specific recommendations about [Congress's] internal decision-making process." Asked the same question yesterday, he said, "I don't really have the expertise to advise on [those] types of rules."

Fed Chief Warns That Entitlement Growth Could Harm Economy (NYT)

By Steven R. Weisman

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — Warning against complacency over the federal deficit, Ben S. Bernanke, the Federal Reserve chairman, said Thursday that recent positive trends on the budget were a “calm before the storm,” masking a long-term danger posed by looming deficits in Social Security and Medicare.

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"The longer we wait, the more severe, the more draconian, the more difficult the adjustment is going to be," Mr. Bernanke said in response to a question at a Senate hearing about when lawmakers should tackle the growth of spending in the twin entitlement programs. "I think the right time to start is about 10 years ago."

Mr. Bernanke's comments were consistent with his past warnings, and those of his predecessor, Alan Greenspan, about the unfinanced cost of the postwar generation's retirement. But his tone was more urgent, and it seemed aimed at the arrival of a new Democratic-led Congress that is just now setting its priorities.

His comments also dovetailed with statements by the Treasury secretary, Henry M. Paulson Jr., favoring efforts to curb the cost of entitlements this year, despite skepticism among some lawmakers that painful steps to deal with the problem cannot be taken two years before a presidential election.

Mr. Paulson has begun discussions with leading Democrats in Congress on Social Security and budget matters, but the administration has not shown its hand with specific proposals. President Bush's earlier proposal to convert a portion of Social Security benefits for some future retirees into individual investment accounts failed to even reach a vote in Congress.

Mr. Bernanke's tone of urgency echoed the comments of Senator Kent Conrad, a North Dakota Democrat who has long criticized the Bush administration's tax cuts and warned of the risk of long-term federal deficits. Only now, Mr. Conrad was leading the hearing and welcoming Mr. Bernanke's warnings. Before Mr. Bernanke took office, he initially told lawmakers that he would avoid commenting on fiscal policy once he became Fed chairman. But like his predecessors, he has found it hard to stay out of the debate, especially when Congressional leaders demand to hear his views.

Still, Mr. Bernanke was careful not to enter the partisan fray over taxes and spending on Capitol Hill. He said repeatedly it was not his role to dictate how Congress should deal with the problem, despite efforts by Mr. Conrad and other Democrats to get him to oppose extending the Bush administration's tax cuts, which expire in 2010.

Neither did Republican senators succeed in prodding him to praise the Bush tax cuts specifically or tax cuts generally, as they used to be able to do with Mr. Greenspan. The previous Fed chairman said frequently that it would be better to reduce spending than increase taxes, and his support of the Bush tax cuts in 2001 angered Democrats and helped ease their passage.

Instead, Mr. Bernanke, in his first testimony since the election remade the political landscape in Congress, said it was up to lawmakers to decide what levels of spending on social programs are appropriate, and then set taxes at a level necessary to pay for them.

Asked by Republicans to echo their view that taxes lead to increased revenues, Mr. Bernanke said that tax cuts spur economic growth but that they "usually do not pay for themselves" by generating more tax revenue than they drain from the Treasury.

"I'm going to try to avoid making specific recommendations on tax policy," he said in response to a question from Senator Judd Gregg of New Hampshire, the ranking Republican on the Senate Budget Committee. "I don't think there's a magic number. I only say that there is a difficult balance there."

To another Republican senator, Wayne Allard of Colorado, Mr. Bernanke referred to the cost of government programs and said: "Whatever it is, you have to pay for it. That's what I'm saying."

Mr. Gregg also sought to make the point that, under Mr. Bush, the federal deficit had declined in the last two years because of rising tax revenues resulting from economic growth. Mr. Bernanke's entire testimony was intended to say that, while true, this trend was virtually irrelevant to the problem at hand.

The Fed chairman came to a hearing of the Senate Budget Committee citing recent long term projections by the Congressional Budget Office that Social Security and Medicare outlays will rise from 8.5 percent of annual economic output to 10.5 percent in 2015 and 15 percent in 2030.

These costs, in turn, would force the United States to keep borrowing, pushing the ratio of publicly held federal debt from its current level of 37 percent of the economy to about 100 percent in 2030, a level reached in the past only during World War II.

"If government debt and deficits were actually to grow at the pace envisioned by the C.B.O.'s scenario, the effects on the U.S. economy would be severe," Mr. Bernanke told the committee. He said the trends would slow economic growth, drain away funds for private investment and sap confidence of consumers, businesses and investors.

Mr. Paulson's negotiations with Congress have been very preliminary, his aides say. The talks will probably not begin in earnest until after President Bush's State of the Union speech on Jan. 23, when he is expected to outline not only his approach on entitlements but on the overall budget.

Mr. Bush has said that the tax cuts are all but sacrosanct in his view, and Democratic leaders say they do not expect to try this year to rescind even the parts of them that most benefit the rich. Administration officials say they are waiting for the Democrats to lay out their own approach to the budget, taxes and entitlements.

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Mr. Bernanke seemed to go out of his way to agree with every questioner, but he flatly disputed the trade views of Senator Bernard Sanders of Vermont, newly elected as an independent but who describes himself as a socialist and votes as a Democrat.

When Mr. Sanders said that recent trade deals with China and with Mexico and Canada had eroded jobs, the Fed chairman said: “I don’t agree with that.” He said that the nation’s $800 billion trade deficit resulted from a low savings and high consumption rate in the United States, not those or other trade deals.

Bernanke Renews Debt Warning (WP)

By Nell Henderson

The Washington Post, January 19, 2007

Federal Reserve Chairman Ben S. Bernanke warned Congress yesterday of a "fiscal crisis" if it doesn't curb the projected growth of federal spending on retirement and health-care programs.

Echoing similar warnings by his predecessor, Alan Greenspan, Bernanke told the Senate Budget Committee that "the effects on the U.S. economy would be severe" if the government's debt were allowed to balloon as forecast.

Bernanke noted that the federal deficit has declined in the past two years but said that was "the calm before the storm" of skyrocketing expenses for an aging population. He cited Congressional Budget Office projections that spending on the big entitlement programs -- Social Security, Medicare and Medicaid -- will equal 15 percent of the nation's gross domestic product by 2030, double last year's level.

Bernanke, who was a top White House economic adviser until last year, declined to take a position on whether to extend President Bush's tax cuts, many of which are set to expire by 2010. He said he would be nonpartisan as Fed chairman, offering general economic analysis but no specific recommendations on taxes or spending.

The "difficult choices" of how to balance the government's spending and revenue should be made by Congress, the White House and the public, he said.

The federal deficit fell last year to $248 billion, 1.9 percent of the nation's total economic output, by one commonly cited measure. But the deficit would have been $434 billion, or 3.3 percent of gross domestic product, if the government hadn't borrowed from Social Security, Bernanke said.

He also decried "burdensome" tax rules and said Congress might raise tax receipts by making them simpler.

Inflation At 3-Year Low (WP)

By Nell Henderson And Howard Schneider

The Washington Post, January 19, 2007

Inflation fell in 2006 to its lowest rate in three years, as tumbling fuel prices and a slowing economy cooled the pace of consumer price increases.

Other figures released yesterday showed unexpected signs of improvement in the housing market, adding to an overall picture of an economy that ended the year in relatively good health.

Low inflation is a critical component of the economy's health, allowing consumers and businesses to make financial decisions without worrying that their wages, savings or profits will be eroded by price increases. Inflation rose to worrisome levels in 2004 and 2005, leading to a series of interest-rate increases that helped send the housing market into a tailspin.

Ebbing inflation means that the Federal Reserve may avoid raising interest rates this year, holding them at levels likely to keep unemployment low and encourage economic growth.

Several analysts said, however, that inflation trends in recent years have mirrored swings in oil prices -- which have fallen lately but could go up again. The analysts also said the unusually warm weather last month might have encouraged more hiring, shopping and home construction, temporarily brightening the economic picture in December.

And though inflation has fallen, Federal Reserve policymakers think it remains too high. They expect the housing downturn to help keep economic growth moderate this year while keeping prices down.

Stock prices fell yesterday as many investors abandoned hope that the Fed might cut interest rates in the first half of the year to boost economic growth. Instead, the central bankers are considered virtually certain not to change rates at their meeting in two weeks, while declaring that they will raise them if inflation proves to be more stubborn than they expect.

The latest inflation numbers are "sufficient to encourage the Fed but not enough to enable the central bank to relax its guard against higher inflation," said Peter Kretzmer, a senior economist at Banc of America Securities.

Consumer prices rose 2.5 percent in 2006, largely reflecting rising costs for health care, food and rental housing, the Labor Department said. That pace was significantly lower than the 3.4 percent inflation of 2005, and was the smallest increase since 2003.

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The annual change masked the volatility of fuel prices, which had surged in late 2005 after Hurricane Katrina and other storms. Oil prices rose through much of 2006 as well, peaking at more than $77 a barrel in July but then falling through the end of the year to about $63 a barrel. By December, fuel prices were 2.6 percent higher than a year earlier.

The department's consumer price index, a widely followed measure of inflation, rose 0.5 percent in December because of a sharp rebound in fuel prices that month.

Fuel prices caused inflation to outpace most workers' wage gains again last month. Average weekly earnings fell 0.1 percent in December from the month before, after adjusting for price increases, the Labor Department said in a separate report. But for the year, so-called real wages were up 2.1 percent. Those are the wages paid to non-managerial and manufacturing employees on private payrolls, who make up about 80 percent of the workforce.

Oil prices have fallen this month, which should dampen the January inflation figure. U.S. benchmark crude closed at $50.48 a barrel yesterday on the New York Mercantile Exchange.

Because oil prices can swing so much, economists and investors seek a sense of underlying inflation by studying so-called core measures that exclude food and fuel. The core consumer price index rose 0.2 percent in December, partly reflecting higher clothing and rental costs.

Core prices were up 2.6 percent for all of 2006 -- the most since 2001, the department said. But they fell to a 1.4 percent annual rate of increase in the last three months of the year.

In a separate report, the Census Bureau said builders broke ground on 4.5 percent more new homes in December than in November. And they obtained 5.5 percent more permits for future construction.

Those were surprising jumps, given that housing has been in the doldrums for months. Many analysts attributed the increases to warm weather in December, discounting the odds of a rebound in housing construction anytime soon. Many builders and investors are still struggling to unload bloated inventories of unsold homes.

Some observers disagreed. "Builders are not going to take on more construction loans, pay off contractors and put up new homes just because the weather has turned warmer," said Bernard Baumohl, managing director of the Economic Outlook Group. "Builders are motivated by one thing: the prospect that home buyers are seriously shopping again."

Economy Seems To Be Holding Its Own, But Inflation Risk Persists (NYT)

By Louis Uchitelle

The New York Times, January 19, 2007

The economy seems to be shaking off a slowdown brought on by the precipitous drop in housing, the latest economic data suggested yesterday.

More new home construction was started in December than in November, the Census Bureau reported, and the Consumer Price Index, the nation's best-known inflation gauge, rose at its fastest pace in eight months — on the surface, at least, an indication of robust demand. Fine print in the reports, however, signaled that the five-year-old recovery is far from being on solid ground.

"The economy is performing significantly better than many economists had expected as recently as a month ago," said Lynn Reaser, chief economist for the Investment Strategies Group at Bank of America. "But the housing downturn and cutbacks in auto production are still likely to hamper growth."

The housing starts came in at a seasonally adjusted annual rate of 1.6 million units, up 4.5 percent from the November rate. The number of building permits issued last month also rose, suggesting that prices may have fallen enough to draw people back into the market.

Nevertheless, the increase in construction starts was entirely in apartment buildings. Builders started fewer single-family homes in December than in November. And compared with a year ago, permits and construction for any type of housing were down about 25 percent.

"Very simply, the benchmark single-family sector is very weak," Joel Naroff, president of Naroff Economic Advisors, wrote to his clients.

The inflation numbers were also ambiguous. The 0.5 percent increase in December came after no increase in November, and sharp drops in September and October.

Not since the 0.6 percent rise in April, has the Consumer Price Index jumped so sharply in one month — suggesting to Bernard Baumohl, managing director of the Economic Outlook Group, that inflation is far from subdued, as the Federal Reserve would like.

"All this talk about the Fed lowering rates is looking increasingly unlikely," Mr. Baumohl said, "and the possibility is growing that the Fed will have to raise rates in the second half of this year." Like many economists, Mr. Baumohl focuses mainly on the so-called core inflation rate, which measures price changes other than those for food and energy.

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The core rate rose 0.2 percent in December, matching the increase in four of the last six months. It appears to be leveling off, he said, at an annual rate of 2.6 percent, which was the year-over-year increase reported yesterday by the Bureau of Labor Statistics.

If so, that would be well above the 1 to 2 percent annual rate that Ben S. Bernanke, the Fed's chairman, describes as acceptable.

Patrick Jackman, an economist at the bureau, argued that home rents are playing a big role in the core rate's steady increase to 2.6 percent last year from 2.2 percent in 2004 and 2005. The bureau measures housing costs not by the purchase price of a house, but by rents and by what it describes as the rental equivalent of owning a home.

Indeed, more people are seeking to rent homes, driving up rental prices. Compounding the impact on inflation, no other item counts as heavily as rents in the bureau's monthly calculation of changes in the Consumer Price Index.

Most of the 0.2 percent increase in the core inflation rate last month came from rising rents, the bureau reported. Meanwhile, the cost of many other major items — recreation, for example, education and health care — rose only mildly or not at all. Car prices fell.

The two exceptions were apparel and tobacco prices, the former going up because of an anomaly in the seasonal adjustment formula the bureau uses for the Christmas season, and the latter because wholesalers raised prices last month.

"If I were on the Fed, I would say there is really no inflationary pressure in the broad economy," Mr. Jackman said.

The 0.5 percent increase in the overall inflation rate last month came mainly from a spike in fuel costs. After falling from August until early November, fuel prices rose until late December — and then started to fall again.

Absent the spike in gas prices, the overall price index would have risen by about 1.25 percent last month. Oil prices in 2006 rose much more slowly than in 2005. As a result, the rise of 2.5 percent in the overall price index last year was well below the 3.4 percent increase in 2005.

"Inflation does seem to be subsiding," Ms. Reaser said, "and I think that will continue partly because the Fed's earlier rate increases are still putting a lid on economic growth."

Inflation Down – But Far From Conquered (CSM)

By Ron Scherer

The Christian Science Monitor, January 19, 2007

from the January 19, 2007 edition - http://www.csmonitor.com/2007/0119/p02s01-usec.html Inflation down – but far from conquered 2006 saw prices rise at their slowest pace since 2003, but economists see a recovering economy.

By Ron Scherer | Staff writer of The Christian Science Monitor

NEW YORK

Last year, the nation's inflation rate declined to its lowest level since 2003. But now, economists are wondering if the 2.6 percent rate may be about as low as it's going to get for a while.

While this does not mean that inflation will become a dominant issue for the economy, it probably means that the Federal Reserve is going to continue to fret about it. And that may mean that instead of cutting rates this spring, the Fed sits tight until at least midyea r.

"It's too early to declare victory on inflation," says Richard DeKaser, chief economist at National City Corporation in Cleveland. "Inflation may be down, but it's not out."

On the surface, the inflation numbers appear to be relatively benign. Thursday, the Labor Department reported that the December Consumer Price Index rose 0.5 percent, reflecting a hike in the price of gasoline. The so-called core rate of inflation, the inflation rate without food and energy, rose just 0.2 percent in December. However, economists are quick to point out that so far in the month of January, the price of energy is down substantially, reflecting the warm winter. "Most people have probably forgotten the rise in December already," says Mr. DeKaser.

What has economists worried are signs that the economy is starting to recover some of its momentum. On Wednesday, for example, the government reported industrial production rose 0.4 percent, the first increase since August.

Even the housing sector is showing some signs of life, again reflecting the warmer winter. Thursday, the Commerce Department reported construction of new homes rose 4.5 percent in December.

"Even though construction was still weak, it was better on a seasonally adjusted basis," says Dan Meckstroth, chief economist at the Manufacturers Alliance/MAPI in Arlington, Va.

Mr. Meckstroth thinks the economy is now moving out of its slower pace. He says there are some signs business is getting rid of the high inventories, particularly in the auto sector.

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One of the reasons for the improvement in auto sales – aside from the warmer weather that let people get to the showrooms – are lower prices. Last month auto prices fell for the fifth consecutive month. They were down 0.9 percent for the year.

If the economy is starting to firm up, the Federal Reserve's attitude toward inflation could start to change, says Robert Brusca, of Fact and Opinion Economics in New York.

While the economy was soft, the Fed could take a more relaxed posture, he says. But, now with capacity utilization rising, the unemployment rate low, and more tightness in the economy, he expects the Fed will start to change its approach.

"As the economy gets firmer, the Fed gets stricter about what it will let inflation do," says Mr. Brusca. "It's kind of like a teacher with the brighter students – there is a higher expectation."

One of the concerns is the possibility of a wage/price spiral. Economists say there is a six- to 12-month lag between low unemployment rates and rising labor costs. "The unemployment rate started 2006 at 4.7 percent and ended at 4.5 percent and we probably have not seen the full repercussions of that," says DeKaser.

And the rate may still get lower. Thursday, the government reported a large drop in new weekly unemployment claims. This followed a large drop the week before. Now, some economists are wondering if the January unemployment rate could drop to as low as 4.4 percent.

Even though inflation may not be showing up in the numbers, some business people say they can see it at work in more subtle ways. For example, Larry Roshfeld, a senior vice president at CorasWorks Corp. in Reston, Va., says inflation puts more pressure on managers, especially those in information technology, trying to meet profit projections. "Inflation puts pressure on the ability to grow profits," he says, "and one of the first places pressured is the IT department since there is no place to increase revenue."

Jay Whitehead, the publisher of CRO magazine, can attest to the squeeze taking place in the technology sector. His company planned a conference for corporate responsibility officers (CROs) in San Francisco but ended up moving it to Chicago. "Inflation is hitting the budgets in technology more than other sectors and everyone out West is crying the blues," he says. "Budgets were more open in the Midwest."

On an anecdotal basis, Mr. Roshfeld says companies are now more willing to allow employees to work from home in an effort to help cut commuting costs. "It used to be that only senior executives could work at home, but now that's spread to lower level employees."

Despite the slowdown in housing, some builders and developers say cost pressures are still a part of the business. Two years ago, new construction was running at about $100 per square foot, says Adam Cowgill, a real estate agent at Railey Realty in McHenry, Md.

Now, Mr. Cowgill says it's closer to $200 per square foot. And though some commodities, such as copper, have eased in price recently, he says drywall is up 15 percent over last year. "Once the price is up and everyone has become accustomed to it, no one wants to bring the price back down," he says.

Separately, Fed Chairman Ben Bernanke appeared before the Senate Budget Committee Thursday and warned about future implications of the rising costs of Social Security, Medicare, and other entitlement programs.

"If early and meaningful action is not taken, the US economy could be seriously weakened, with future generations bearing much of the cost," said Mr. Bernanke.

In early February, President Bush will present his 2008 budget to Congress. Although it's not clear if he will tackle the rising cost of entitlements, his new Treasury chief Henry Paulson has indicated this will be one of his priorities.

Bernanke's predecessor at the Fed, Alan Greenspan, was often critical of government spending as well. Bernanke will testify about the state of the economy in mid-February.

Stocks Shrug Off Oil Decline And Catch Apple Downdraft (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 19, 2007

An Apple yesterday kept the buyers away.

A 6.2% decline in the consumer-electronics giant's shares led technology shares lower, in a selloff that spread to other areas of the market. Apple Inc.'s earnings announcement late Wednesday included fiscal first-quarter profits that beat analysts' expectations but a lukewarm second-quarter outlook.

The technology-stock-heavy Nasdaq Composite Index, which includes Apple, tumbled 1.5%, or 36.21 points, to 2443.21, up 1.2% on the year. Semiconductor-equipment makers Lam Research Corp., Varian Semiconductor Equipment Associates Inc. and Applied Materials Inc. were among the sector's big decliners.

The blue-chip Dow Jones Industrial Average slipped 9.22 points, or 0.1%, to 12567.93, up 0.8% on the year.

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The stock market's losses came despite another big drop in crude-oil prices, which flirted with the first close under $50 a barrel in more than 1½ years. Government data showing a weekly increase in U.S. crude stocks pushed the price of oil futures contracts for February delivery down $1.76, or 3.4%, to $50.48 a barrel, up from an intraday low of $49.90. Crude contracts are off 17% this year at the New York Mercantile Exchange.

Some analysts said the stock market's reaction to Apple's announcement embodied a broader problem that may resurface as the current earnings season plays out: Investors' expectations for corporate results have been so high for so long, sparking so many early bets, that there may be little room left for stocks to rally on the good aspects of detailed corporate announcements. "At the first sign of a reality check, people will tend to bail out in the current environment," said Chris Johnson, chief executive and chief investment strategist at Johnson Research Group in Cincinnati.

The broad Standard & Poor's 500-stock index fell 0.3%, or 4.25 points, to 1426.37, up 0.6% on the year.

In testimony to the Senate Budget Committee, Federal Reserve Chairman Ben Bernanke cautioned about the dangers of large government deficits and growing health-care and Social Security costs in the years ahead. He offered few hints about the Fed's near-term plans regarding its key interest-rate targets -- a topic that has consumed investors in recent months.

For now, corporate earnings are garnering far more attention on Wall Street, said portfolio manager Jerome J. Heppelmann, of the asset-management firm Liberty Ridge Capital. "Investors pretty much know the economy is slowing down," he said. "In that sort of situation, they'll tend to seek safer stocks" generating big cash flow and steady profits.

In major U.S. market action:

Stocks fell1, and bond prices rose2. The 10-year note rose 9/32 point, or $2.8125 for each $1,000 invested, pushing the yield down to 4.751%.

The dollar was mixed3. Against the Japanese currency, the dollar hit its highest level in nearly four years, to 121.2121 yen from 120.66 yen. The euro rose to $1.2965 from $1.2936.

California Judge Declares A Mistrial In Vioxx Cases (WSJ/AP)

The Wall Street Journal, January 19, 2007

LOS ANGELES -- A hung jury forced a mistrial Thursday in lawsuits by two men who blamed their heart attacks on Vioxx, the once-popular painkiller made by pharmaceutical company Merck & Co.

The two cases were tried together before a Superior Court jury that deadlocked when they reached the third question on a lengthy verdict form.

The jury did answer "yes" to the first two questions, finding that Vioxx did have potential risks or side-effects that were known or knowable and that they presented a substantial danger to users of Vioxx. The third question asked if the plaintiffs' physicians would have recognized the potential risks or side-effects.

The first two answers were rendered moot when Judge Victoria G. Chaney declared a mistrial.

The jury had sent a note to the court saying it was having trouble with the third question and lawyers were allowed to reargue that point. The jury then went back for more talks, but ultimately said there was an impasse.

It wasn't clear when there might be a retrial of the lawsuits brought by Lawrence Appell, of Scottsdale, Ariz., and Rudolph Arrigale, of Westminster, Calif.

Thomas Yoo, a spokesman for Merck's legal team, said, "We're disappointed that the jury was not able to reach a verdict. If either of these plaintiffs wants to come back we'll be ready."

Messrs. Appell and Arrigale claimed that Vioxx was a substantial factor in their heart problems. They also claimed Merck failed to give sufficient warning of potential safety hazards of the drug.

Mr. Arrigale sought to recover more than $177,000 in medical costs as well as additional compensatory and punitive damages. Mr. Appell sought compensatory damages on behalf of himself and his wife, plus punitive damages and more than $105,000 to cover medical expenses.

The trial began Oct. 31. In closing arguments Dec. 19, attorneys for the two plaintiffs argued their clients' heart injuries were caused by Vioxx.

Merck, headquartered in Whitehouse Station, N.J., argued that the two men's heart problems were caused by pre-existing coronary heart disease, not Vioxx.

Merck attorney Stephen D. Raber also told jurors that the pharmaceutical giant had not failed to properly warn doctors of possible complications from using the painkiller.

Merck removed Vioxx from the market two years ago after its research showed the drug doubled the risk of heart attacks and strokes.

California's first Vioxx liability case also went to trial before Ms. Chaney. It ended in August, with jurors finding Merck was not liable for the heart problems of a California man.

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As of Nov. 30, the company faced 27,200 lawsuits over Vioxx and another 265 potential class-action suits.

Six lawsuits are set for trial between now and June, with the next scheduled to begin in New Jersey.

Excluding Messrs. Appell and Arrigale's suits, 18 cases have been scheduled for trial over Vioxx to date. Juries have ruled for Merck nine times, although a state judge ultimately set aside one of the verdicts, the company said.

Unfettered Debate Takes Unflattering Turn In Michigan Supreme Court (NYT)

By Adam Liptak

The New York Times, January 19, 2007

In a recent series of written dissents, Justice Elizabeth A. Weaver of the Michigan Supreme Court has accused four of her colleagues of "bully tactics," "abuses of power and grossly unprofessional conduct" and trying to censor her.

In response, in a confidential draft opinion, the court's chief justice has accused Justice Weaver of behaving like "a child engaging in a tantrum." In the opinion, Chief Justice Clifford W. Taylor suggested that she continue her protests with a hunger strike, as that "seemed to have the potential for everyone to be a winner."

Students of judicial history in Michigan and elsewhere said they could not remember a similar judicial melee.

"The justices of the Michigan Supreme Court are making spectacles of themselves," said Richard D. Friedman, a law professor at the University of Michigan. "They really should start acting like grown-ups."

The justices' exchanges, which continued this week, have been fueled by personal animus. But their disagreements involve serious issues, including First Amendment principles and judicial ethics.

The justices differ about whether they may disclose the details of the court's internal deliberations, about whether lawyers are free to criticize them personally and about how motions seeking their disqualification should be treated.

On Wednesday in Lansing, the state capital, the justices held a hearing about a rule it adopted by a vote of 4 to 3 last month. The rule forbids justices from making public "correspondence, memoranda and discussions regarding cases or controversies," but does not specify a punishment for violations.

The new rule has not deterred Justice Weaver. On her Web site, www.justiceweaver.com, portions of Chief Justice Taylor's draft opinion attacking her appeared this month, after the rule was adopted.

More than 20 people spoke at the hearing, most of them supporting the rule, a court spokeswoman said.

One of the speakers, Judge Richard F. Suhrheinrich of the United States Court of Appeals for the Sixth Circuit, in Cincinnati, said in an interview on Wednesday that the secrecy of judicial deliberations is crucial to ensuring robust, unfettered and un-self-conscious debate.

"Judges on that particular court have decided to make the deliberations public," Judge Suhrheinrich said, "and it has caused a great deal of problems."

Through a spokeswoman, Chief Justice Taylor declined a request for an interview. In an interview with Michigan Public Radio on Wednesday, he lashed out at Justice Weaver, saying "she has been very difficult to deal with" since she was passed over for a second term as chief justice in 2001.

"Believe me," Chief Justice Taylor said, "she doesn't have anything. It's just about time this soap opera stopped."

In a written dissent last month, Justice Weaver called the new rule a gag order. She said it conflicts with a provision in Michigan's Constitution requiring dissenting judges to give their reasons.

Judicial deliberations are almost universally protected from outside scrutiny. There is not much law, however, on the question of whether participants in the deliberations may themselves be forbidden to disclose exchanges in which they participated.

Justice Weaver wrote last month that the immediate purpose of the new rule was to suppress a dissent that she had written in a disciplinary case. She added that her primary obligations were to the public rather than her colleagues.

The new rule, she wrote, cannot constitutionally apply to "repeated personal slurs, name calling and abuses of power, such as threats to exclude a justice from conference discussions, to ban a justice from the Hall of Justice or to hold a dissenting justice in contempt."

The disciplinary case that gave rise to the judicial disagreement involved Geoffrey Fieger, a prominent plaintiffs' lawyer and politician who ran unsuccessfully for governor in 1998. His opponent, Gov. John M. Engler, appointed four of the justices on the current Supreme Court.

Those justices were in the majority in a 4-to-3 decision in July that reprimanded Mr. Fieger for intemperate language about several appeals court judges.

"They held that the First Amendment doesn't apply to lawyers," Mr. Fieger said in an interview.

In her dissent in the matter, Justice Weaver said the four justices should have disqualified themselves from Mr. Fieger's case because they had displayed "bias and prejudice" in public comments made about him.

In the majority opinion, the justices acknowledged that they had tangled politically with Mr. Fieger, but said that having done so did not require their disqualification.

In a related federal case, the Court of Appeals for the Sixth Circuit last month reinstated a suit by Mr. Fieger that challenged Michigan's judicial disqualification rules as a violation of due process. Justices of the Michigan Supreme Court, like judges on most state high courts, decide for themselves whether to grant motions seeking their disqualification.

"The traditions of deciding on recusal are due for a fresh review, because there is a new world swirling around the courts," said Bert Brandenburg, the executive director of Justice at Stake, a judicial reform group. Increasingly expensive and nasty judicial election campaigns and political attacks on judicial independence are part of that new world, Mr. Brandenburg said.

Justice Weaver did not respond to a request for comment, but an aide directed a reporter to materials on her Web site, which includes photographs, opinions, press releases and speeches. It also features her "10 Principles for Living."

Principle No. 6: "Avoid unnecessary disputes and confrontations."

Law Firms Are Urged Not To Force Retirements (NYT)

By Julie Creswell

The New York Times, January 19, 2007

A special committee of the New York State Bar Association is calling on law firms to end the practice of mandatory retirement for partners.

In a strongly worded report that is to be released today, the committee concluded that "mandatory retirement — requiring a partner to leave the firm upon reaching an arbitrary age — is not an acceptable practice."

Retirement practices at law firms is becoming a hot topic as many of the nation's lawyers enter their 60s and face policies aimed at pushing them out the door. About 57 percent of law firms with more than 100 lawyers reported having a mandatory retirement age, ranging from 65 to 72, according to a 2005 survey conducted by Altman Weil, a law firm management consulting company.

But firms that push lawyers out at an arbitrary age without taking into consideration the individual's productivity and contribution to the firm could be missing out, said Mark H. Alcott, 67, a lawyer with Paul, Weiss, Rifkind, Wharton & Garrison, who is president of the bar association and who formed the special committee.

"One of the things that concerns me is that mandatory retirement ages are getting younger just as people are getting older and living more productive lives," said Mr. Alcott, who said Paul, Weiss had a mandatory retirement age of 70.

Law firms that have adopted more-corporate structures have long argued that older partners needed to be moved out to give more opportunities and a bigger chunk of profits to younger lawyers.

But members of the special committee said that some firms adopted the policies simply to avoid uncomfortable discussions with a senior partner whose skills may be diminishing.

"We're not suggesting that partnerships should be a lifetime guarantee, but we think it is a false premise that utilizing senior lawyers in a way that's consistent with their ability to contribute denies opportunities to younger lawyers," said Mark C. Zauderer, 60, a lawyer with Flemming Zulack Williamson Zauderer, who was chairman of the committee.

Mr. Zauderer, who said that his firm did not have a mandatory retirement policy, noted that law firms were keeping a close eye on legal challenges to their practices.

In federal court in Chicago, the Equal Employment Opportunity Commission has filed a lawsuit against the law firm Sidley Austin, accusing it of age discrimination in the demotion or forced retirement of 32 older partners in 1999. Sidley has denied the accusations.

The committee did not take a position on the Sidley Austin case, Mr. Zauderer said, but he said such cases may make it hard for large law firms to justify retirement policies on the ground that partners are owners and therefore exempt from protection by age discrimination laws.

Groups Offer Health Plan For Coverage Of Uninsured (NYT)

By Robert Pear

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — A broad coalition of business and consumer groups, doctors, hospitals and drug companies laid out a major proposal on Thursday to provide health coverage to more than half of the nation's 47 million uninsured by expanding federal benefit programs and offering new tax credits to individuals and families.

"This is a proposal not for mandates but for incentives," said Dr. Reed V. Tuckson, senior vice president of UnitedHealth Group, one of the nation's largest insurers. "It's a careful balance of public and private solutions."

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The proposal, unveiled Thursday after more than two years of work, was endorsed by 16 groups including AARP, the American Hospital Association, the American Medical Association, the Blue Cross and Blue Shield Association, Johnson & Johnson, Kaiser Permanente, Pfizer and the Chamber of Commerce of the United States.

Other coalition members endorsing the proposal were Families USA, a liberal-leaning consumer group, and America's Health Insurance Plans, a trade group for insurers.

The proposal comes at a possible turning point in the debate over national health insurance, which has been an elusive goal for Democrats since the New Deal. In the past few years, businesses of all sizes have said that health costs are cutting their profits and hurting their ability to compete. Politicians of both parties predict that the health care issue will figure prominently in the 2008 presidential campaign.

Without waiting for Congress, states like Massachusetts and California are expanding coverage, but want help from Washington.

As a first step, the 16-member group, known as the Health Coverage Coalition for the Uninsured, urged Congress to put more money into the Children's Health Insurance Program and create tax breaks for the purchase of private insurance covering children. Money for the program is running low, and many children are eligible but not enrolled.

Members of the coalition said their proposal would cost $45 billion in the first five years. They did not estimate the cost of insuring millions of adults in later years, nor did they suggest how to pay the costs. Dr. Tuckson said that "the cost of inaction is higher than the cost of action."

Ronald F. Pollack, the executive director of Families USA, said, "Our agreement transcends political and ideological boundaries."

But tensions bubbled below the surface, showing how difficult it could be to translate the recommendations into law. The A.F.L.-C.I.O., the Service Employees International Union and the National Association of Manufacturers participated in the coalition for more than a year but did not endorse the final report. The deepest divisions came over how to pay for expanded coverage and who should foot the bill.

Andrew L. Stern, president of the service employees' union, supports health insurance for all but has said that the "employer-based system of health coverage is over" and that it "is collapsing, crushed by out-of-control costs." By contrast, members of the coalition said they wanted to preserve and build on that system.

E. Neil Trautwein, former assistant vice president of the National Association of Manufacturers, said the proposal had "little reference to fiscal realities."

JoAnn C. Volk, a policy analyst at the A.F.L.-C.I.O., said she favored expanding government programs. "But tax credits would not guarantee access to comprehensive coverage and could leave consumers with high out-of-pocket costs," Ms. Volk said.

Suzanne DeFrancis, a spokeswoman for the Department of Health and Human Services, said: "We all share the goal of helping people get health insurance. The administration believes this can be done best by helping people buy their own insurance, rather than creating a new government entitlement to health care or raising taxes."

More than eight million children are uninsured. At least two-thirds are eligible for Medicaid or the Children's Health Insurance Program. One way to cover these children would be to enroll them automatically in Medicaid or the children's insurance program if they qualified for food stamps or reduced-price school lunches, the coalition said.

In general, Medicaid is available to children under 19 in families with incomes below the poverty level, about $16,600 for a family of three. The coalition said Congress should provide tax credits to families with incomes from 100 percent to 300 percent of the poverty level, to help them buy coverage for children.

The coalition offered longer-term recommendations, saying that states should have the option to expand Medicaid to cover all adults with incomes below the poverty level.

"Day after day, there is debate and discussion," Dr. Tuckson said. "Day after day, people die. We are sick and tired of the debate. We are focusing on what is achievable."

TEED UP Health-Insurance Gap Surges As Political Issue (WSJ)

By Deborah Solomon And David Wessel

The Wall Street Journal, January 19, 2007

Suddenly, the long-festering issue of providing health coverage to the one in six Americans who lack it seems to have leapt to the top of the national to-do list.

On Tuesday, an unlikely coalition of the Business Roundtable, AARP and the Service Employees International Union called for "affordable quality health care for all." 1

On Wednesday, Pennsylvania's governor became the latest to offer a way to cover the uninsured in his state.

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Yesterday, another strange-bedfellows coalition, ranging from a health insurers' trade group to a liberal advocacy group, unveiled a plan to subsidize health premiums with a mix of tax credits and federal spending. And Oregon Sen. Ron Wyden dusted off a plan to make people buy insurance, with employers chipping in. On Tuesday, President Bush is expected to talk about his ideas for shrinking the ranks of the uninsured.

Thrusting the long-running issue to the fore are political and economic forces that have been building for years but are given new force by political events. Not only have the Democrats taken over Congress, but state political leaders, including Republicans such as California Gov. Arnold Schwarzenegger, are moving on their own to change the system. And U.S. companies increasingly complain that the current employer-paid insurance system puts some of them at a disadvantage -- either globally or vis-a-vis firms that won't provide insurance. (See related story.2)

A SURGING ISSUE

· The News: Many Americans' lack of health insurance has abruptly become a hotter political issue, with proposed fixes proliferating and states taking action on their own.

· The Cause: Political winds shift and big companies say employer-paid insurance puts them at a global disadvantage.

· Bottom Line: Disagreement over cures may prevent change, but issue will be hot in 2008 presidential race.

All this increases the chances that Washington will try to tackle at least a piece of a health-care problem that has only grown bigger since the Clintons' failure at comprehensive reform back in 1994. But it still doesn't necessarily mean anything big will happen, at least nationally, in the next couple of years. The primary reason: There's nothing approaching a consensus on what to do.

There is, for sure, a growing consensus that the rising number of Americans without health coverage is a problem, not just for them but also for employers and governments that pay the bills. U.S. auto companies "are paying for the emergency-room treatments of people who can't afford it," complains Tom Lasorda, chief executive of DaimlerChrysler AG's Chrysler unit. "I'm paying for it because the rates go up because I have to cover the cost."

But there is a splintering of approaches to the problem. Some favor bigger government. Others would bolster the decaying system of employer-sponsored insurance. Still others would make health insurance more like car insurance and have people buy their own, aided by various subsidies.

THIS WEEK IN HEALTH CARE

See a list of events and announcements related to health care coming up this week.

Those who are optimistic that the recent talk portends action see a harmonic convergence of interests that suggests the latest round of press conferences and plans offered by coalitions will produce something tangible. Andrew Stern, president of the Service Employees International Union, or SEIU, says that when the Clinton health initiative failed, "business believed that they could somehow manage health costs, and the economy was far less global." The world has changed. "Having had 13 more years of increasing costs...," he says, "people realize that you can't manage this as a company -- we have to manage this as a country."

The problem has long been apparent and is getting worse. The number of Americans without health insurance is growing, and rising premiums have lessened employers' willingness to provide it. Though a majority of Americans still get insurance through the workplace -- a practice tracing to the 1940s, when businesses offered fringe benefits in lieu of higher wages -- the fraction of employees offered coverage at work fell to 77.4% in 2005 from 81.2% in 2001.

At last tally, the Census Bureau said 15.9% of Americans, 46.6 million in all, lacked health insurance. Government programs -- Medicare, Medicaid and the 10-year-old State Children's Health Insurance Program -- pick up the elderly, the disabled and the very poor.

Nearly 70% of the uninsured are in families with at least one full-time worker. In some cases, the employer doesn't provide coverage. In others, the employee can't afford it or doesn't take the coverage that employers offer, according to the Kaiser Commission on Medicaid and the Uninsured, a private foundation-backed effort.

So by no means are the uninsured all poor; more than a fifth live in families with incomes above $40,000. And it would seem they or their employers can afford to pick up a part of the tab -- an important factor in making some of the proposals floating around feasible.

The heightened political focus on the issue reflects pressure from two sources. One is voters' anxieties, both about the cost of care and about the risk of losing insurance for reasons such as changing jobs. "A member of Congress goes home and two issues come up every time you get together with folks: One of them is Iraq, and one of them is health care," says Sen. Wyden, an Oregon Democrat. "A lot of people who have coverage think they're one rate hike away from losing their coverage."

The other is an ever-louder complaint from U.S. businesses that they can't compete in a global economy when companies from other countries don't have to pay for health care. Deere & Co. Chief Executive Robert Lane told Congress last year that

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failure to act could result in a "limiting of covered services, loss of employer-provided health care...and even a loss of American jobs, both in the manufacturing and service sectors."

The uninsured, of course, make up only one of the U.S. health-care system's issues, alongside quality and, especially, rapid rises in costs. But confronting the uninsured problem is politically appealing and it seems not quite as intractable. "Dealing with cost is really hard. It means leveling with the public. It means telling people you can't have everything you want or your doctor wants," says Paul Ginsburg, president of the Center for Studying Health System Change, a foundation-backed think tank in Washington.

Then there's raw partisan politics. Democrats believe they have the political wind at their backs and that one reason they do is public anxiety about health care. Republicans feel a need to respond, and often look for approaches that rely less on government and more on market forces.

At the same time, some proponents of free trade seek ways to ease workers' anxieties about globalization so they might be less hostile to it. Recent initiatives at the state level reflect the public pressure for some kind of governmental action -- and at the same time increase the pressure for some federal action.

"Legislators and governors are feeling pressure from small businesses," says Katherine Swartz, a professor at the Harvard School of Public Health. She has another idea for dealing with the problem: government-subsidized reinsurance pools that might make it more affordable for employers to offer insurance.

Ms. Swartz says that "nobody believes anything is going to come out of Washington. States are more willing to say let's try something." Flush state budgets help. A survey by the Kaiser Family Foundation found that one-third of states, 17 in all, increased access to health coverage in 2006, often to low-income children. For the first time in four years, no state restricted income eligibility in Medicaid or in the State Children's Health Insurance Program.

Last year, the then-governor of Massachusetts, Republican Mitt Romney, helped by Democratic Sen. Edward Kennedy, cut a deal with Democratic leaders of the state's legislature. It required state residents to obtain insurance, created a state-sponsored "connector" where they could go to buy it, and required all but the very smallest employers to provide insurance or pay a penalty.

Vermont and Maine also have enacted universal-coverage plans. Vermont aims to have 96% of state residents insured by 2010 through a mix of subsidies and employer contributions, plus a tobacco tax. Maine's program, aimed at insuring all by 2009, is grappling with inadequate funding, fewer people enrolling than anticipated and lawsuits from business over the financing mechanism.

Several other states are mulling ways to increase coverage for their residents. Some mix expanded government programs with mandates on individuals to purchase insurance -- along with subsidies for low-income people, new insurance pools to share risks, and mandatory employer contributions.

Last week, California Gov. Schwarzenegger outlined a plan that would make uninsured residents purchase insurance, and require businesses with 10 or more employees to either offer insurance or pay 4% of their payroll into a fund for the uninsured. The plan would levy new taxes on doctors and hospitals to help pay for the state's estimated 6.5 million uninsured, a number that includes illegal immigrants.

On Wednesday, Pennsylvania's Democratic governor, Edward Rendell, became the latest recruit, with a plan to cover his state's nearly one million uninsured. He stopped short of a Massachusetts-style mandate, instead proposing to phase in a requirement that those with incomes above 300% of the poverty level ($60,000 a year for a family of four) purchase health insurance, along with full-time college and graduate students. His proposal would also penalize employers that didn't offer insurance and would provide money to help individuals afford it.

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As things stand, Mr. Rendell said, "It is a tremendous deterrent for businesses that are considering locating in Pennsylvania to know that in addition to paying for their own employees' health coverage, they will be subsidizing the costs of the uninsured" as hospitals charge them more to cover the free care the hospitals must give.

From the perspective of big companies, the mandatory-employer-contribution programs at least level the playing field within the U.S., though they don't do much to ease the problem of competing globally.

In Washington, it's far easier to get agreement on the goal -- "affordable, quality health care for all" is the mantra -- than on the way to get there.

One camp, almost entirely Democrats, sees the current turmoil and dissatisfaction with job-linked insurance as hastening a single-payer national system. It's an idea many Democrats have pushed since the days of Franklin Roosevelt and Harry Truman.

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Sen. Kennedy, head of the Committee on Health, Education, Labor and Pensions, is proposing to expand Medicare beyond the elderly and disabled to all Americans, beginning with children and those aged 55 to 64. To many, that still seems politically unrealistic, especially given problems that Canada and Britain have run into with their national systems, including long waits and rising costs. But expanding the State Children's Health Insurance Program, which was created in 1997 to help states provide coverage to more low-income children, strikes some Democrats as a feasible step in this direction.

Another camp, including some Bush administration officials, sees the turmoil and decay of job-linked health insurance as a reason to go in a very different direction. They would let individuals shop for health care much as they do for other things. They would use tax breaks and vouchers to help people afford insurance, preferably high-deductible policies that prod citizens to make wise choices.

The government already is taking steps to make Americans better consumers of health care. To encourage people to be more cautious in using health care, the Bush administration is seeking ways to wean Americans off generous schemes that pay for almost anything. In their place, it favors high-deductible policies that cover the big expenses, plus ways to let people pocket the savings if they avoid unnecessary treatment or shop for lower-priced care. Health Savings Accounts are a way to do this, offering tax breaks to people who take high-deductible policies and allowing them to escape taxes on wages set aside for health care, keeping the money if they don't spend it.

Mr. Bush is expected to continue pushing in this direction. Among possible proposals: ways to make the market for individually purchased insurance more efficient, and encouragement to small businesses to help employees buy bare-bones policies. Administration officials argue that current tax law imprudently encourages employers to provide unlimited amounts of health care to workers who aren't taxed on that as income. One possible change would be to limit that tax break and devote any revenue raised by the change to subsidizing coverage for lower-income Americans.

In a recent op-ed piece in The Wall Street Journal, Mr. Bush listed "affordable health care" among the biggest issues facing the American people.

A third camp, borrowing from what's going on at the state level, essentially would widen existing sources of health insurance -- government, employers and individual policies -- so that they cover everyone. Such plans sometimes require that everyone get insurance; penalize employers that don't offer it; and subsidize coverage for people who can't easily afford it yet don't qualify for programs for the poor.

Although state experimentation is in favor now, one obstacle to state-by-state reform is a federal law, the Employee Retirement Income Security Act, or Erisa, that limits states' maneuvering room. It has thwarted an attempt by Maryland to force Wal-Mart Stores Inc. to offer health insurance to employees. This week, the Fourth U.S. Circuit Court of Appeals upheld an earlier decision that Maryland had violated Erisa. Legal experts said the decision could pose problems for states considering health-care changes but suggested that it wouldn't cripple efforts in states like Massachusetts, where the overhaul is broad and not targeted at a single employer.

Some veterans of health-care battles past smile at the enthusiasm for tackling the problem. Recalling high-profile press conferences of years past -- and proposals shredded by partisan politics or budget realities -- they say the most likely federal action is none of the above. There's also likely to be a big debate over health care in the coming presidential campaign.

But Mr. Stern, the union leader, thinks that view underestimates the current ground swell and unusual political opening. "I'm not sure Congress is yet recognizing the tidal wave that is building," he says. "It's the perfect time. You have an evenly divided Congress in Democratic control and a presidency in Republican control. You have everyone lined up on the side of universal coverage."

Doing nothing is costly too, says Henry Simmons, president of the National Coalition on Health Care, a collection of companies and interest groups that has agitated for major health-care change since 1990. "We can afford health-care reform," he says. "What we cannot afford is a continued failure to address the crisis in health care."

<hr/>This Week in Health Care

Tuesday

Who: Business Roundtable, Service Employees International Union, AARP

What: These unlikely allies launched a group called "Divided We Fail" and proclaimed that health care costs have gotten out of control. They said they plan to force lawmakers to begin confronting the issue of health care reform as we head towards the 2008 election.

Tidbit: The group got off to a rough start with a full-page ad in the Washington Post announcing the group somehow failing to include the word "Divided," leaving the ad to read simply: "We Fail"

www.dividedwefail.org3

Wednesday

Who: A bipartisan group of Senators and members of the House

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What: Unveiled the "Health Partnership Act" which is aimed at providing grants to states that are crafting their own health care reform plans. Under the plan, Congress would create a State Health Innovation Commission to review and approve grants

Quote: "There is no single prescription to solving our nation's serious uninsured problem. Extending health care to the millions of Americans who are uninsured will require the innovation of governors and other leaders in all 50 states. Our legislation simply helps each state implement the solution that is right for them," said Sen. Jeff Bingaman, (D-NM), a sponsor of the bill.

Tidbit: The bill doesn't call for a specific amount of money to fund the program.

Wednesday

Who: Pennsylvania Gov. Edward Rendell

What: Became the latest governor to propose a plan to cover the state's uninsured residents

Quote: "We can no longer stand by while health care costs spiral out of control … It is no longer a question of whether we can afford to act – the cost of inaction is far greater; both in terms of individual health consequences and from the increasing burden on taxpayers," Mr. Rendell said.

Tidbit: The plan will phase in a mandate requiring health insurane for those with incomes more than 300% of the federal poverty level ($60,000 for a family of four) and require that full-time four-year college and grad students have coverage.

http://www.gohcr.state.pa.us/4

Thursday

Who: Strange bedfellows including Families USA, the US. Chamber of Commerce and America's Health Insurance Plans

What: Announced a two-step approach to providing coverage to children and adults. The plan would use of mix of tax credits, subsidies and an expansion of existing federal programs aimed at low-income individuals.

Tidbit: Perhaps to signal how grandiose they view their plan, the group unveiled it in the cavernous foyer of Washington, D.C.'s Union Station.

www.coalitionfortheuninsured.org5

Thursday

Who: Sen. Ron Wyden (D-Oregon)

What: Introduced the Healthy Americans Act. The plan is to de-link health care from the employer-sponsored model and move towards a system where individuals purchase coverage and employers help foot the bill

Quote: "Americans really don't have health care at all. They have sick care," said Mr. Wyden. "We are going to change that. We are going to change that by giving seniors incentives to stay healthy, rewarding parents who enroll their youngsters in wellness programs and pushing private insurers to put a new emphasis on prevention and wellness in the plans they offer."

GOP Expects Secret Ballot (WT)

By Ralph Z. Hallow

The Washington Times, January 19, 2007

Republican National Committee members think they will get a secret ballot on today's election of a new general chairman, which would protect members opposed to the White House's push to fill the new slot with an advocate of an amnesty for illegal aliens.

"If we get the secret ballot as promised, then every member will feel free to express his or her view without the fear of coercion or intimidation," said RNC member Curly Haugland of North Dakota.

The move to create a new top office on the committee and fill it with Sen. Mel Martinez of Florida is scheduled to take place today, on the third day of the annual RNC winter meeting here. Mr. Martinez supports President Bush's plans for what conservative critics call amnesty for illegal aliens.

Former Maryland Lt. Gov. Michael S. Steele, a former state party chairman and RNC member who attended the meeting yesterday as an observer, was talked up by some members as an alternative to Mr. Martinez.

Mr. Steele, praised by name in a farewell speech by outgoing Republican National Chairman Ken Mehlman, lost a Senate run in November but remains popular with RNC members.

"The Republican Party is against amnesty for illegals, but if the president wants Mr. Martinez as general chairman, that should be the president's prerogative," Mr. Steele told The Washington Times.

The RNC leadership's desires historically almost always carry the day, especially when a Republican is in the White House, but some members yesterday said they saw hope that things might turn out differently this time.

"If it is a secret ballot, it will make a huge difference," said RNC member Denise McNamara of Texas, who said she intends to vote against the creation of the general-chairman position and, if that move fails, to vote against Mr. Martinez to fill the office, regardless of whether the vote is secret or public.

So far, a minority of members share her willingness to publicly express opposition.

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"I will vote against the creation of an office of general chairman, even if it is a voice vote," said RNC member Steve Cloud of Kansas. "But a lot of others on this committee who also oppose the creation of that office -- whether because it violates the rules or because they oppose amnesty for illegal aliens -- they will be afraid to say what they think unless there is a secret ballot."

At issue is whether the RNC's rules permit the creation the "general chairman" position. The rules governing the RNC, adopted at the 2004 Republican National Convention, call only for an elected chairman and co-chairman.

RNC member Robert M. "Mike" Duncan, a Kentucky resident and the current treasurer, is running unopposed for chairman. RNC member Tim Morgan of California is exacted to become the new treasurer.

Mr. Bush has said his friend, Mr. Martinez, will be the RNC's general chairman, even though the office has yet to be created by a vote of the 168-member national committee.

"Some members are opposed for that reason alone," Mr. Cloud said.

Mr. Haugland said he had won agreement, in a private meeting with the RNC leadership, to provide a report from a certified parliamentarian in support of a secret ballot instead of the usual voice vote on such issues.

Mrs. McNamara said fears that if the RNC leadership rules that members must cast public votes on whether to have a secret ballot, "then right away you give away whether you are going to vote against Martinez."

Mr. Mehlman, widely credited with making the Republican Party's 72-hour task force for voter turnout in the 2002 and 2004 elections successful, yesterday told the RNC that the way to "grow" its membership and popularity with voters is not to treat Democrats as "the enemy."

"Of course, there is still much about the Democrats that we disagree with," Mr. Mehlman said. "But when we do disagree, let us do so remembering that our political opponents are not our enemies."

He said that when Democratic National Committee Chairman Howard Dean said he hates Republicans and what they stand for, ordinary people scratched their heads.

"Outside this town, a Republican isn't an enemy to a Democrat -- she's a sister-in-law or another parent they see at the soccer field on Saturday mornings."

He said Republicans are "defined by how we treat others, not our political philosophy."

Mr. Mehlman said the midterm election losses taught the party that it "must hold its officials, candidates and staff to the highest ethical standards" and that "there is too much money and power in Washington, D.C., today."

"Thieves go where the money is, and scoundrels follow the power," he warned.

Two potential Republican presidential candidates held simultaneous dinners last night for RNC members. Some members said they got invitations to the one held by Sen. John McCain of Arizona and to the one held by former Massachusetts Gov. Mitt Romney. Other said they got invitations to one but not the other. Some members said they were going to try to drop in on both dinners.

Also, a stream of members visited Mr. McCain in his Senate offices, some ferried there courtesy of RNC member Chuck Yob of Michigan.

Mr. Martinez held an evening reception for members at a ballroom in the Grand Hyatt Hotel, where the annual meeting has been taking place.

Departing Chief Warns G.O.P. On Outlook For 2008 Races (NYT)

By John M. Broder

The New York Times, January 19, 2007

WASHINGTON, Jan. 18 — Ken Mehlman, the departing chairman of the Republican National Committee, warned on Thursday that his party would suffer even more devastating losses in 2008 than it did in 2006 if it did not reach out to minorities and address voter concerns about ethics.

In his farewell speech after two years as chairman, Mr. Mehlman said that the 2006 elections, in which Republicans lost control of both houses of Congress, was not a fluke that could be attributed to the calendar, a few scandal-tainted candidates and the tough going in Iraq.

“Each of these factors combined to create an environment that was unfavorable for Republicans,” said Mr. Mehlman, one of the chief architects of President Bush’s two national election victories. “But, folks, these factors cannot be an excuse.”

He said that if Republican officials shrugged off the repudiation of the party in the 2006 elections they would lose the White House in 2008 and remain in the minority in Congress indefinitely. He said the party had to recommit itself to political reform, fiscal restraint and personal ethics.

Mr. Mehlman addressed the roughly 170 members of the Republican National Committee at their annual winter meeting, a rather glum affair at a downtown hotel here. Party members are still nursing the wounds of the mid-term elections and are riven

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by divisions over Iraq, immigration and other issues. Members are also beginning to take sides in the contest for the Republican presidential nomination in 2008.

On Friday, committee members are expected to ratify Mr. Bush's selection of Senator Mel Martinez of Florida as the party's new general chairman. Mr. Martinez, who emigrated from Cuba as a child, will be the public face and voice of the party as it tries to reach out to Hispanics and other minorities who have abandoned the party in large numbers in recent years.

Mr. Martinez is expected to win the job by a large margin, but a handful of dissidents plan to vote against him because of his support for liberalized immigration laws.

One Martinez opponent, Randall Pullen, Republican national committeeman from Arizona, said that illegal immigration was the biggest problem in Arizona "and it's not getting any better."

"It's such a huge issue and his past votes are not to the liking of Arizonans in general and the state party, for sure," Mr. Pullen said.

But he said he did not think more than a few national party officials would defy the president and vote against Mr. Martinez.

Mr. Martinez, who appeared at the meeting briefly Thursday morning before returning to the Capitol, said he believed that one of his chief jobs as general chairman would be to try to reconnect with Latino voters, whose support for the Republicans dropped to 29 percent in 2006 from 44 percent in 2004, in large part because many Republican candidates ran explicitly anti-immigrant campaigns.

"The president, in naming me to this position, was saying we need to speak with a voice that speaks to all Americans," Mr. Martinez said. "My job is to make clear that our door is open and we're reaching out to all Americans, speaking to their hopes and aspirations and dreams."

Robert M. Duncan, a longtime Republican lawyer and operative, is expected to be elected the party's chairman, responsible for day-to-day business.

Ed Gillespie, a former Republican Party chairman, attended in his capacity as the new Virginia state party chairman. He acknowledged that the last two months had been painful for the party.

"Fortunately," Mr. Gillespie said, "there are 12 months in a year."

Top Republican Calls For Bipartisanship (WP/AP)

By Liz Sidoti

The Washington Post, January 19, 2007

WASHINGTON -- Republican Chairman Ken Mehlman on Thursday challenged his GOP brethren to work with Democrats and independents to defeat terrorism and solve the country's problems, a call for bipartisanship at a time of intense political polarization.

"Let's work to put aside our differences on other issues and march together to defeat this common enemy, who threatens our common values _ values that aren't red or blue, but red, white and blue," Mehlman told the Republican National Committee's winter meeting.

"This doesn't mean we abandon our philosophy. But on many issues, we can follow the example of Ronald Reagan, and think broadly about how to work better with Democrats and independents to accomplish our mission," he said.

The remarks, in Mehlman's final major speech as party chairman, were a nod to the new reality on Capitol Hill _ Democrats in charge of both the House and Senate while Republicans continue to control the White House, a potential recipe for legislative gridlock.

"Americans want us to try to work in a bipartisan way to solve problems," Mehlman said, adding that challenges facing the country don't just affect one party.

He said Republicans can reach across the aisle to tackle issues such as an immigration overhaul that "maintains America as a nation of laws and also a welcoming nation for immigrants"; eliminating the deficit; curbing entitlement spending; and achieving universal health care coverage while controlling costs.

"Of course, as we work together, there will be much about the Democrats that we disagree with," he said. "But when we do disagree, let us do so remembering that our political opponents are not our enemies."

Mehlman steps down Friday after a two-year stint as chairman and will be succeeded by Sen. Mel Martinez, R-Fla., and Mike Duncan, the RNC's current general counsel. The two will share the chairmanship duties.

The RNC is expected to vote to approve the two _ the White House's preferred successors to Mehlman _ on Friday. But roughly a dozen RNC members plan to vote against Martinez _ a Cuban-American _ because he supports not only stronger border security but also an eventual path to citizenship for some of the millions of immigrants living in the United States illegally.

In addition, the RNC formally approved its 2008 convention city selection of Minneapolis-St. Paul.

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The 2008 election was a hot topic. Two of the party's top contenders for the presidential nomination _ Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney _ were holding separate receptions and dinners for about 200 activists at two Washington restaurants.

Romney spent part of the day on Capitol Hill courting Republican lawmakers. Their aides, as well as advisers to other GOP presidential aspirants, including former New York City Mayor Rudy Giuliani, mingled with RNC members throughout the day.

Meanwhile, the RNC adopted a resolution urging Congress to support "common sense reform" of the current campaign finance law, more commonly called McCain-Feingold after its co-sponsors _ McCain and Sen. Russ Feingold, D-Wis.

The resolution says the 2002 law has "made campaign finance regulations unbearably complex, which has deterred political participation by many average citizens and modest sized citizens groups." It also says the law "reduced the effectiveness of political parties."

Identity Of Edwards Home's Buyers Veiled (WP)

By John Solomon And Lois Romano

The Washington Post, January 19, 2007

When former North Carolina senator and Democratic presidential candidate John Edwards finally succeeded last month in selling his imposing Georgetown mansion for $5.2 million after it had languished on the market, the names of the buyers were not publicly disclosed.

At the time, Edwards's spokeswoman told reporters that the house had been sold to an unidentified corporation. In reality, the buyers were Paul and Terry Klaassen, according to several sources and confirmed by Edwards's spokeswoman yesterday.

The wealthy founders of the nation's largest assisted-living housing chain for seniors, the Klaassens are currently cooperating with a government inquiry in connection with accounting practices and stock options exercised by them and other company insiders. They are also the focus of legal complaints by some of the same labor unions whose support Edwards has been assiduously courting for his presidential bid.

The grand 18th-century house had lingered on Washington's slowing real estate market for more than 18 months. The Edwardses paid $3.8 million in 2002 for the six-bedroom Federal-style house once owned by socialite Polly Fritchey, and they did substantial renovations. The final sale price was half a million dollars below the asking price but still $1.4 million more than the Edwardses paid four years earlier.

Edwards closed the deal in late December -- the night before he announced his presidential candidacy. Edwards aide Jennifer Palmieri said he left the details to real estate agent W. Ted Gossett. Gossett declined to reveal the Klaassens' identity but said the buyer decided to purchase the mansion as a "surprise Christmas gift" for his wife.

Edwards was told the Klaassens' name "in passing" around the time the offer came in on Dec. 18, Palmieri said last night, but he did not investigate further and had no knowledge of their business until a reporter's inquiry Wednesday. Palmieri said Edwards had not delved into the Klaassens' background: "They left it to be done at arm's length, real estate agent to real estate agent."

Asked about the allegations lodged against the Klaassens by their union stockholders, she added, "He believes all CEOs should follow the law, should protect their shareholders and should protect their workers, and he expects that will happen in this case as well."

The Klaassens declined to comment on the sale.

The paperwork for the sale was handled in such a way that it kept the Klaassens' names off the public deed documents, which show that the buyer was P Street LLC. That limited-liability corporation was created Dec. 22, public records show. Palmieri said the Klaassens used it to purchase the house. Such corporations are frequently created by large real estate buyers to protect themselves from lawsuits by shielding buyers' other personal assets.

Ellen S. Miller, head of the nonpartisan Sunlight Foundation, which studies public officials' real estate deals, said presidential candidates should go the extra mile by determining who they are doing business with, especially when "a substantial amount of cash is changing hands on the eve of his campaign."

The house sale comes at a time when the Securities and Exchange Commission has opened an inquiry into allegations that the Klaassens, founders of Sunrise Senior Living, and other company insiders cashed $32 million in stock options before Sunrise announced in May an accounting problem that caused its stock to dip.

SEC insider-trading notifications show that the Klaassens withdrew $20 million from their company in the year before they bought the house. Some of that money was taken out the week before the company announced an accounting review in May.

A letter to the board from the Service Employees International Union states that after Sunrise announced the accounting change and filing delay in May the stock value plummeted 34 percent and that the cumulative impact of company restatements will reduce net income for 2003 through 2005 by 26 percent.

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The Klaassens sold 600,000 shares, worth about $20 million, in 12 transactions from Dec. 19, 2005, to May 2, 2006 -- the last sales coming one week before the company's accounting troubles came to light and the company's stock plunged, according to public records confirmed by Sunrise sources.

Several stockholders in Sunrise, including two large unions whose support Edwards has courted, have pressed for action.

The 1.8 million-worker SEIU alleges its pension fund lost significant money in its investment in Sunrise, and the union asked for an independent investigator to take over the internal probe of the stock trades and accounting practices. Pension funds for the United Food and Commercial Workers Union filed a class-action lawsuit against Sunrise this week, seeking to recover losses from the stock's fall.

"What went on there is totally inappropriate. It is very clear that very important insiders traded in this stock before it [the accounting problems] became known publicly and before the stock took a hit," said Stephen Abrecht, the SEIU's pension chief. "The pattern of stock-option grants seen here pretty much follows the pattern we've seen in other companies that were hit by corporate-governance issues."

Abrecht said he was unaware of the Edwards home deal and would reserve judgment on it.

Sunrise officials declined to address the house sale, saying the deal was a personal matter of the Klaassens, and said any insider trades were conducted according to securities rules. "We are cooperating fully with the SEC," company spokeswoman Meghan Lublin said yesterday.

Paul Klaassen started Sunrise in the Virginia suburbs in 1981, saying he was inspired by his visits as a child to his grandparents' nursing home in the Netherlands to try to create a more pleasant living opportunity for seniors. Today, Sunrise operates 436 senior communities in more than 37 states as well as Canada, Britain and Germany.

Before public service, Edwards was a successful trial lawyer who in 2003 reported assets between $14 million and $45 million.

Edwards has run into controversy once before on a house sale. In 2002, he reached a deal to sell a Washington house to a U.S. lobbyist for Saudi Arabia and then refused to give back the lobbyist's $100,000 earnest money when the deal collapsed. At the time of the sale, the Saudis were trying to improve their image in Congress after the Sept. 11 attacks, and Edwards was serving on the Senate intelligence committee.

Edwards said he did not know the buyer was a Saudi lobbyist until after the deal had fallen through.

Staff writer Cecilia Kang contributed to this report.

Balanced Priorities (WP)

By E. J. Dionne Jr.

The Washington Post, January 19, 2007

Ask yourself which politician you trust more.

On the one side, a president who campaigned on a balanced-budget pledge, then dug the country hundreds of billions of dollars deeper into debt with huge tax cuts and an unpaid-for war, and now promises a balanced budget four years after he leaves office.

On the other side, a former senator who says that while he wants to contain the deficit, he has higher priorities than a perfectly balanced budget, specifically universal health insurance coverage and substantial investments in alternative energy.

That is the choice offered by George W. Bush and John Edwards, the North Carolina Democrat whose left-of-center presidential candidacy will have the salutary effect of challenging Barack Obama and Hillary Rodham Clinton to respond with specifics of their own.

Edwards's ideas on the budget have the additional virtue of reminding us that the argument over arriving at a balanced budget by 2012 is largely phony. The real issue, given the burgeoning costs of health care and the retirement of the baby boomers, is how to put policies in place now that achieve sustainable fiscal balance -- meaning low if not zero deficits -- over the next 30 years.

What needs to be done? Hint No. 1: Extending President Bush's tax cuts to eternity will make the long-term problem much worse. Hint No. 2: The hardest part will be how -- simultaneously -- to meet the fiscal need to rein in health costs and the social need to get health insurance to everyone. Hint No. 3: Most Democrats don't like to talk about it, but somebody's taxes are going to have to go up.

Edwards, at least, is willing to say which taxes he would raise to keep the deficit from going through the roof. He would start by eliminating Bush's tax cuts for the top 2 percent of income earners, which he defines roughly as those earning more than $180,000 to $200,000 a year.

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He wants to increase the capital gains tax for an interesting reason: In an interview this week, he argued that it's wrong to tax income from work at a higher rate than income from capital -- an extension of his long-standing theme that the country should not value "wealth over work." He also favors a windfall-profits tax on oil companies.

But since health coverage and "transforming the energy economy of this country" are first on his to-do list, Edwards says he is prepared to disappoint voters who make a balanced budget their top priority.

Edwards deserves points for honesty and for stating the politically difficult truth that both fiscal and social balance demand a comprehensive health-care fix.

But his argument doesn't do much to help Democrats on Capitol Hill who have to govern with Bush for the next two years and produce budgets right now that don't worsen the deficit or deepen inequalities. They also need to do something about long-festering social problems. These have been aggravated by declines in health coverage and in the number of families receiving federal help for child care. There is also evidence that many poor people aren't getting the nutrition assistance they need.

Worse: Having watched a Republican president and a Republican Congress run deficits year after year, Democrats will now endure the false piety of born-again Republican deficit hawks who will say they care about a balanced budget more than anything -- except, of course, their sacred tax cuts for the wealthy.

"It's a huge mess," Sen. Charles E. Schumer (D-N.Y.) said of trying to pass a decent budget. "It's one of the worst things we have to do." Schumer, vice chairman of the Senate Democratic Conference, argued that even when Democrats propose increased spending for widely shared goals, such as homeland security, Republicans "are going to say 'you're spending too much,' even though it's . . . a mess they created."

Democrats should first do no harm. That means they should resist the temptation of new tax cuts -- including repeal of the alternative minimum tax. The AMT should be fixed, but only as part of comprehensive tax reform that raises revenue. If, as is likely, Bush's path to a "balanced budget" combines tax cuts with freezes or reductions in programs for the needy, Democrats should risk being accused of "class warfare" by pointing out that the president's recipe will produce not fiscal health but further social decline.

And if they want to trump Edwards's candor, Sens. Obama and Clinton should take the lead in showing how they would begin to clean up the mess they hope to inherit in 2008.

Black Leaders Still Sizing Up Obama (LAT)

By Peter Wallsten

The Los Angeles Times, January 19, 2007

WASHINGTON — As pastor of the Mt. Zion Missionary Baptist Church in Sumter, S.C., the Rev. James Blassingame feels pride at the thought of electing the country's first black president. But Blassingame, one of his state's most prominent black ministers, will not support Sen. Barack Obama's bid to achieve that historic goal.

Instead, the minister will campaign for one of Obama's white rivals for the Democratic nomination, former Sen. John Edwards of North Carolina. Obama, he said, is a "stranger" with a faraway home and little-known biography, whereas Edwards — "he's a homeboy."

Other black leaders are wary that the relatively untested senator from Illinois might prove weak in the general election.

"Obama's ambition could bring all of black America down," said state Sen. Robert Ford of South Carolina. "If the Democrats lose control of Congress, we're going to go back and struggle and struggle and struggle."

A supporter of black candidates Shirley Chisholm and the Rev. Jesse Jackson in decades past, Ford said he would choose between Edwards and Sen. Hillary Rodham Clinton (D-N.Y.) this time around.

Excitement is spreading among Democratic Party activists that Obama might have a shot at winning the White House, but black opinion leaders are still sizing him up — and some are already expressing greater kinship with other candidates.

Half-black and half-white, a U.S. senator for a mere two years, Obama boasts that his life story transcends racial lines. But he is unlikely to win the Democratic nomination without substantial support from black voters. Blacks remain one of the party's most loyal voting blocs. They are expected to make up more than half of the electorate in South Carolina's first-in-the-South primary next year and to play a crucial role in other key states.

Stronger ties

Obama is the only top-tier African American seeking the nomination, but he will have to fight for black votes along with other candidates, some of whom have far stronger ties to black leaders than he does.

Edwards, for example, is expected to have an advantage in his native state of South Carolina, and his pledges to fight poverty and bring troops home from Iraq are popular with black leaders. Clinton, the presumed Democratic front-runner, has decades-old ties with scores of black preachers and civil rights leaders who remain close to her husband, former President Clinton.

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A Los Angeles Times/Bloomberg survey in December found that all three were popular among black voters, but that Clinton received the highest marks.

Blassingame speaks fondly of Edwards, who, like the pastor, was born in Seneca, S.C. "I know where he came from, because I came from there," Blassingame said. "I can identify with him, and he can identify with us."

The actor Bill Cosby told the Chicago Defender, a black newspaper, that the country was ready for a black president, but he suggested that Obama might not be the best candidate in the 2008 race.

"I see the African American voter having to study both Hillary Rodham Clinton and Mr. Obama," he wrote in an e-mail that the newspaper quoted Thursday. "It goes without saying that President Clinton and Mrs. Clinton have embraced the African Americans…. By studying both politicians deeply, the African American voter for the first time will not pick a candidate because of any particular idiosyncrasy."

Obama has plenty of room to improve his standing, both with black community leaders and with black voters, who in the end won't necessarily follow the lead of clergy and others. Despite a growing national profile and two best-selling books, recent polls show that he remains unknown to many voters.

Even Blassingame, the South Carolina pastor backing Edwards, said that some of his church members would embrace the possibility that their votes could make history and would support Obama once he campaigned in the state's primary election.

Still, some black leaders just don't think Obama can win a general election, and they want to put their support somewhere else. Others worry about his lack of experience, particularly on foreign policy.

"It's nothing against Obama, but we have to weigh all those factors," said David Mack, a South Carolina state legislator and former chairman of the state's black legislative caucus, who is backing Sen. Joseph R. Biden Jr. (D-Del.).

Ford, the state senator, said Obama "wouldn't have a snowball's chance in hell of winning one state" in a general election. He pointed to the 2006 Senate campaign in Tennessee, in which a black Democrat lost to a white Republican after a racially tinged campaign ad.

"I'm just being real," Ford said.

Relative rookie

As a rookie on the national stage, Obama does not have an established nationwide network of fundraising and personal connections. And whereas the traditional black leaders in Democratic Party politics are identified by their connections to the old civil rights struggles of the South and of Northern cities, Obama was raised by a white mother in Hawaii and Indonesia. His ties to the black church and to the urban struggles of many blacks were solidified only when he moved to Chicago after college.

A spokesman for Obama said Thursday that the senator's voter-outreach effort was just beginning. Still, there are signs that he has embarked on a quiet campaign to woo influential black leaders.

He placed a call this week to Rep. James E. Clyburn, the third-ranking Democrat in the House and one of the most powerful black politicians in South Carolina. Obama also addressed a breakfast in Chicago honoring the late civil rights leader Martin Luther King Jr., hosted by Jackson. Appearing at a black church in a poor suburb of Chicago, he offered hints that he viewed his political rise as a natural extension of King's dream.

"The torch has been passed to this generation, but we haven't always taken it up," Obama said in an account on the WBBM CBS2 television station. "We haven't pushed the boundaries of what is possible. We have much more work to do."

Obama received standing ovations that day.

Jackson has stopped short of endorsing Obama, but he told CNN on Thursday that he probably would back him. "All of my heart leans toward Barack," he said. But he added that Obama would have to compete for the black vote. "I don't think it will be hostile, or nasty, but it will be a very competitive campaign."

While he is talking to the black voters and leaders, Obama is making sure his public image rests on a broad foundation. A new biographical video, released this week on Obama's website, features several images of him working with blacks as a civil rights lawyer and community activist. But equally prominent images show him speaking intently with white constituents. Two people offer testimonials of their admiration for the senator: a white woman and a man who appears to be Latino.

If nothing else, Clyburn said in an interview, Obama's candidacy would undercut the old "monolithic notion" that blacks will automatically vote for a black presidential candidate, or that whites will never do so.

"I'm surprised at the number of African Americans I talk to who are just very much for Edwards," Clyburn said. "I'm also surprised at the number of well-heeled, wealthy white South Carolinians who tell me they're for Obama."

Obama formed an exploratory committee Tuesday, a step toward formally entering the presidential race, and says that on Feb. 10 he will announce a final decision on whether to run. Few doubt he intends to mount a campaign.

Rice Aims For Talks With Israeli, Palestinian Leaders By Mid-February (AFP)

By Sylvie Lanteaume

DOJ_NMG_0118967

AFP, January 19, 2007

US Secretary of State Condoleezza Rice said she hoped to meet Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas by February 15 in a bid to revive the peace process.

"The next couple of weeks will be pretty intensive on the diplomatic front," Rice told reporters traveling with her to London before meeting with British Prime Minister Tony Blair.

Rice held talks with Blair late Thursday, Downing Street said.

But the talks here risked being clouded by an outspoken attack on Washington by one of Blair's cabinet ministers, Northern Ireland Secretary Peter Hain, who blasted Washington's "failed" foreign policy in a newspaper interview.

On February 2 Rice will host talks with her counterparts from Russia and the European Union and UN Secretary General Ban Ki-moon to agree steps on how to revive the peace process. The four represent the Middle East quartet.

The following week Egyptian Foreign Minister Ahmed Abul Gheit will travel to the United States with Egyptian intelligence chief Omar Suleiman. Other officials from the region could also travel to Washington, Rice said.

David Welch, the US State Department's top Middle East envoy, and Elliott Abrams, the White House national security adviser on the Middle East, will then travel to the region to prepare for informal trilateral talks.

Rice announced Monday such talks would take place soon, without specifiying a date.

"I plan to try to go back in the first half of February," Rice said.

Rice arrived from Germany after talks with Chancellor Angela Merkel earlier in the day before heading home.

Her spokesman Sean McCormack said here that Rice "intends to brief both (Blair and Foreign Secretary Margaret Beckett) on her trip to the Middle East and will also discuss the next diplomatic steps to help move the process forward."

He expected they will also discuss Iran, Afghanistan, and other issues such as Sudan.

During her stop in Berlin, Rice and Merkel focused their talks on the Israeli-Palestinian conflict, seen as crucial for the stability of the whole region.

"There is no doubt that there could be a very important effect on the entire region if we are able to make progress on Middle East peace," said Rice before leaving the German capital.

Germany, as the current EU president, has made revitalizing the quartet one of its priorities. It held its last full meeting in September.

The chief US diplomat came to Berlin after a six-country Middle East tour during which she announced she would hold a summit with Olmert and Abbas within a month.

Rice said it would take "a few weeks" to organize the summit but added Thursday that both the Israelis and Palestinians were ready to work toward a lasting solution.

The London talks risked being clouded by Hain's comments.

"The neo-con mission has failed," Hain told the New Statesman left-of-centre weekly. "It's not only failed to provide a coherent international policy, it's failed wherever it's been tried," he said.

There was no immediate comment by Blair's Downing Street office on his minister's comments.

But they run clearly counter to the British leader's strongly pro-Washington stance.

Hain's comments were widely interpreted in London in the context of the upcoming race to succeed the British prime minister, who is due to stand down before September.

The Northern Ireland secretary is expected to run for Deputy Prime Minister John Prescott's job, and his comments savaging Washington will play well to traditional Labour Party members, frustrated at Blair's cosiness with Bush.

Hain also called openly for Blair's New Labour to realign itself with the US Democrats, following the years of Blair's close ties with Bush's Republicans.

Rice also said on Thursday she was "sorry" that Iraqi Prime Minister Nuri al-Maliki was offended by her comments that his government was "on borrowed time", blaming translation problems.

"I am sorry if he took offense. I did not mean any offense," she told reporters in London.

Rice Says Time Is Ripe For New Mideast Peace Push (USAT)

By Barbara Slavin

USA Today, January 19, 2007

LONDON — Secretary of State Condoleezza Rice said Thursday that she will return to the Middle East early next month to help launch a new Palestinian-Israeli peace process.

She said conditions were better for a deal now than they were six years ago when President Bush first took office.

Rice was in Britain after wrapping up a trip to the Middle East designed to restart the process and to persuade Arab countries to support U.S. policy in Iraq.

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VIDEO: Secretary looks for support in Europe

Rice has said a peace agreement between Israelis and Palestinians would help the U.S. position in the region because of the priority America's Arab allies place on creation of a Palestinian state.

The "underlying circumstances are better now" for reaching an agreement, she said. She cited the removal of Saddam Hussein in Iraq and greater Israeli willingness to cede land to the Palestinians.

The Bush administration has said Saddam's ouster removed a threat to Israel and would begin a process that would lead to the spread of democracy and stability in the region.

However, both Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas — with whom Rice plans a three-way discussion next month — are weaker than their predecessors. That makes reaching a peace agreement more difficult.

"Leadership on both sides (of the Palestinian-Israeli dispute) is mediocre and lacking in imagination," said Zbigniew Brzezinski, who was national security adviser to President Carter when Carter mediated peace between Israel and Egypt.

Olmert is facing sharp criticism in his country for how the military performed in last summer's war with Hezbollah in Lebanon. An independent commission is examining the management of the war. A recent poll by the Haaretz newspaper found only 14% of Israelis have confidence in Olmert's leadership.

The Palestinian leadership, meanwhile, is divided. Abbas faces competition from Hamas, which won parliamentary elections a year ago. Hamas, designated a terrorist group by the United States, Israel and European Union, has clashed with Abbas' party, Fatah.

During the Middle East trip, Rice won qualified Arab support for the U.S. strategy of bolstering Iraq's fragile government with 21,500 additional U.S. troops.

Some of those same Arab leaders expressed worries, however, that Prime Minister Nouri al-Maliki, a Shiite, would not crack down on Shiite militias, which have been targeting Sunnis in Iraq. Saud al-Faisal, the Saudi foreign minister, was among those questioning al-Maliki's ability to treat Iraq Sunnis and Shiites fairly.

On Thursday, Al-Maliki said more than 400 fighters from a powerful Shiite militia had been arrested. Al-Maliki has said he will take on militias even if they are among his own political supporters.

The administration has been encouraging al-Maliki to make concessions to Sunnis and take other political action to reduce violence. Rice apologized for a remark she made before the Senate Foreign Relations Committee last week in which she said al-Maliki's government was on "borrowed time."

The Iraqi prime minister criticized Rice Wednesday, saying the comment "boosted the morale of terrorists." Rice said that al-Maliki had misinterpreted the remark, perhaps because of a poor translation, and that the two governments "want the same thing" — a crackdown on sectarian violence. "I'm sorry that he took offense," she said.

Rice Has Loose Agenda For Mideast Talks (AP)

By Anne Gearan

AP, January 19, 2007

Israel and the Palestinians can pick any agenda they want for a preliminary peacemaking summit with the United States, but it is too early to tackle the toughest issues, Secretary of State Condoleezza Rice said Thursday.

"We're not yet at the point where I think we can determine what we would do about formal negotiations, when and if" they can occur, Rice said at the close of a week's trip to the Middle East and Europe. "It's really a time to try to get the parties into more of a confidence-building phase and we'll see what comes after that."

Rice said her three-way meeting with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas probably would take place in the Middle East in the first half of February.

Speaking to reporters traveling with her, Rice said that session will follow a gathering in Washington of the international sponsors of a dormant, step-by-step peace plan called the "road map" that was to have led to Palestinian statehood by 2005.

She acknowledged that the 2003 plan's requirements had become something of an obstacle in restarting talks between the two sides, but she said it remains the guideline.

"Everybody understands the obligations in it, but we'd gotten to a place that it was stalled," Rice said, "because if they weren't making progress on the first phase of the road map, then you couldn't talk about the end of the road map and what might lead to the establishment of a Palestinian state."

Rice said her talks with both leaders last weekend "broke through that." Olmert and Abbas agreed to the three-way meeting, a symbolic advancement both of their relationship and the involvement of traditional peace broker Washington.

Olmert and Abbas are both politically compromised: Olmert by last summer's disappointing war in Lebanon and allegations of political corruption in his ranks; Abbas by his yearlong internal power struggle with Hamas radicals.

Rice hopes the meeting will be part of a wider effort to support Abbas in that fight.

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Both Abbas and Olmert inherited the 2003 plan agreed to by others. U.S. officials say it may be time to fine-tune some requirements in the plan, and that an agreement between Abbas and Olmert about how to do that could be a first step toward larger accords.

"It really should be up to them to put anything on the agenda that they'd like," Rice said, but she made clear that she hopes to discuss more than the outlines or borders of an eventual Palestinian state.

"There's always been a lot of concern about what the borders of the state would be, but there wasn't much attention given to its internal composition — its democratic processes, its institutions," Rice said. She added that Abbas is interested in those subjects.

Assessing he prospects for progress on the Palestinian questions, the chief U.S. diplomat met in Berlin and London with European leaders who are keenly interested in an issue with wide public appeal.

In between, Rice tried to sell skeptical Arab governments on the rationale for President Bush's strategy in Iraq.

Some Arabs saw the tasks as related.

"Every time the Americans are in trouble in Iraq, they remember that Arabs have a cause named Palestine," Saudi columnist Dawoud al-Shriyan wrote in the Saudi-owned Al-Hayat newspaper. "Therefore, they float some statements to create the impression that they continue their efforts in the peace process."

Rice briefed Arab leaders and diplomats about the Bush plan at stops in Jordan, Egypt, Saudi Arabia and Kuwait, arguing in part that Western-leaning or secular Arab states have much to lose if Iraq fails. A large part of that appeal involves the growing fears among Sunni Arab states that Shiite Iran is already gaining influence in Iraq and beyond.

In Kuwait, Rice sat down with foreign ministers from eight Arab states, including the three U.S.-allied heavyweights Jordan, Egypt and Saudi Arabia. The grouping encouraged by the United States excludes Iran and fellow U.S. outcast Syria, but Rice has avoided comment on the perception that she is forging an anti-Iranian alliance.

Rice's second in command planned another round of diplomatic calls in the region next week.

Some Arab media depicted Rice's visit as a failure. "The whole jet-setting trip turned out to be yet another stage-managed, futile diplomatic exercise. ... In effect, Rice returns to Washington empty-handed with a lot of false promises rather than optimism," the Doha, Qatar-based Peninsula newspaper wrote in editorial.

Jordanian analyst Labib Kamhawi said that besides their doubts over the plan itself, Arab leaders had a difficult time throwing support behind it "when there has been a total failure in Iraq and the Palestinian territories with no attempt to soften the anger that is seething in the Arab and Muslim countries."

Perhaps Thinking Of Legacy, Bush Has Rice On The Move (NYT)

By Thom Shanker

The New York Times, January 19, 2007

LONDON, Jan. 18 — Two years from the end of his second term, President Bush — perhaps with his legacy in mind — sent his secretary of state to try to restart moribund peace talks between Israelis and Palestinians and to create a foundation of Muslim support for the administration's new strategy in Iraq.

Secretary of State Condoleezza Rice flies home on Friday, after a quick trip across the Middle East and Europe, with just enough progress to shield herself from criticism that the trip was a bust. The Palestinian president and the Israeli prime minister promised to join her for three-way talks within a month, with a meeting in Washington in advance by the so-called quartet — the United States, Russia, the European Union and the United Nations — that has been trying to promote Middle East peace.

And powerful Arab states gave their blessing, however reserved, to Mr. Bush's initiatives to try to snatch victory from the growing chaos that is Iraq — even though these wealthy nations committed nothing of their own to that effort.

Throughout a week of long flights and long nights of negotiations, Ms. Rice carried the message that the moment was right for progress and that the Bush administration's accelerated efforts could succeed in a region where past American presidents, Democratic and Republican, also sought to burnish their late-term legacies, but usually fell short.

With chaos across the region offering a loud and bloody counterpoint to her argument, Ms. Rice cited an oft-quoted Chinese aphorism that crisis and opportunity are a couple. But it is clear that crisis currently rules.

Ms. Rice's Israeli and Palestinian negotiating partners have been weakened — the Palestinian president, Mahmoud Abbas, by the victory a year ago of the militant group Hamas in legislative elections, and Prime Minister Ehud Olmert of Israel by perceptions that the war with Hezbollah militants in Lebanon during the summer was bungled.

So even if Ms. Rice has the vision to peer through the fog of regional conflict and see what she labeled a "political horizon" for Israelis and Palestinians, her Israeli and Palestinian partners may not be around long enough to move in that direction with her.

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(Ms. Rice, a scholar of Soviet affairs, is no doubt aware of the Brezhnev-era joke in which a Kremlin party leader intones, "Comrades, global Communism is on the horizon," to which a reply is whispered from the back of the hall, "Doesn't the horizon always move away exactly as fast as you move toward it?")

The White House, of course, is also struggling. Mr. Bush's new plan for Iraq is meeting deep resistance from Democrats in Congress and even from the Iraqi prime minister. In a political sense, though, the opposition could help the administration lay blame for any ultimate failure in Iraq far from the White House.

Administration officials already contend that past errors in setting troop levels were made by generals, not the White House; that Prime Minister Nuri Kamal al-Maliki may have neither the ability nor the will to quash sectarian militias and forge a unity government; and that the Democrats on Capitol Hill are not willing to give their plan a chance.

Ms. Rice spoke at length on this trip about historical determinism, about how great presidents and prime ministers divined the moment when geopolitical stars aligned, and rushed in then to take advantage.

"I tend to place a lot of emphasis on the fact that people see their interests differently now than they did 5 years ago or 10 years ago," she said. "They see their interests less as continuing or having maximalist positions about this conflict and are more concerned about the kind of broad strategic picture."

She said that the Israeli-Hezbollah conflict in Lebanon "was a major contributor to that shift in alignment" and that it made a Middle East peace deal more promising, and that toppling Saddam Hussein, despite the current violence within Iraq, removed what she called an "eastern front" against the Israelis.

Looking more broadly across the region, in particular to the nations bordering Iraq and along the Persian Gulf, Ms. Rice said she was trying to construct a geopolitical framework of moderate Sunni and Shiites into a stronger, and more active, alliance against extremist Sunni and Shiite states — meaning Syria and Iran.

But tensions emerge. America's Muslim allies in the region do not like being called moderate, as they see themselves as fervent in their religious belief, though mainstream, perhaps, in their view of the world. There are also divisions over how and whether to negotiate with Iran.

"There's still a tendency to see these things in Sunni-Shia terms," Ms. Rice said. "But the Middle East is going to have to overcome that." She added that neighboring Sunni-led Arab states should understand that Iraq's Shiite-led government primarily saw itself as Arab and that the only way it would ally itself with Iran, which is Shiite but not Arab, would be "if people deny the Shia-led Iraq a place in the Arab world."

Some critics have said that the Iraq war has sidetracked, or even derailed, the Bush administration's efforts for a Middle East peace deal and that the administration's renewed focus on the region is an effort to change the channel from images of Iraq as the Bush administration enters its final two years.

But Ms. Rice said her efforts had nothing to do with legacy building.

"I don't think about it in terms of my reputation," Ms. Rice said. "I am going to be concerned about what we can get done, when, and how."

Rice Highlights Opportunities After Setbacks On Mideast Trip (WP)

By Glenn Kessler

The Washington Post, January 19, 2007

LONDON, Jan. 18 -- As Secretary of State Condoleezza Rice flew to Europe on Wednesday after four days of talks in the Middle East, her Boeing 757 jet passed high over Baghdad. On a cloudless day at 37,000 feet, the city seemed sparkling and calm; the U.S. military presence and the sectarian violence below could only be imagined.

The moment was an apt metaphor for Rice's latest -- and her 12th -- visit to the region in the two years she has been the nation's top diplomat.

Through much of her trip, she seemed to cruise at a very high altitude as she pitched President Bush's new plan for Iraq, tried to revive peace talks between the Israelis and the Palestinians and sought to organize an Arab coalition against "violent extremists" such as Iran. But her results after six stops on the ground in the Middle East did not match her lofty rhetoric.

Rice announced that she had arranged a three-way meeting to discuss the contours of a Palestinian state, sidestepping questions about the political weakness of the Israeli and Palestinian leaders who would make a deal. She found generally tepid support from Arab leaders in the region for Bush's proposed military buildup in Iraq. She shrugged off a request from the emir of Kuwait that the United States engage directly with Iran and Syria to prevent the Iraqi conflict from spilling over its borders.

Even so, Rice told reporters traveling with her that, despite the day-to-day headaches and setbacks, she thinks that conditions are right now for a fundamental reordering of the Middle East.

"You aren't going to be successful as a diplomat if you don't understand the strategic context in which you are actually negotiating," she said Tuesday. "It is not deal-making. It's not. There are a set of underlying relationships, underlying balance of

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power, leverage on different sides, and you have to recognize when you are in a position to then, on top of that, find a solution given the underlying balance."

Under Rice's formulation, the time is not ripe to deal directly with Iran and Syria, both of which are causing problems in Iraq, because they have not indicated they are ready to change their behavior. While the Shiite-dominated Iraqi government is trying to build ties to Iran, which Rice said she does not oppose, the administration is ratcheting up the pressure, sending a second aircraft carrier to the Persian Gulf. The United States has negotiated with seemingly implacable adversaries in the past -- the Soviet Union and Serbia's Slobodan Milosevic among them -- but Rice rejects those historical analogies as irrelevant.

By contrast, Rice said she thinks the opportunities for Middle East peace have suddenly turned brighter, even though Palestinian Authority President Mahmoud Abbas has struggled against the Hamas movement, which has day-to-day control of the Palestinian government and which remains committed to Israel's destruction. Israeli Prime Minister Ehud Olmert also faces political peril from a financial scandal and lingering controversy over last summer's war between Israel and the Lebanese Shiite group Hezbollah.

"A lot has happened in the Middle East in the last several years, and a lot has clarified in the Middle East," Rice told reporters traveling with her after she arrived here Thursday, on the last stop of her week-long trip, for meetings with British officials.

Rice argues that there is a constellation of forces, such as growing fear of extremist groups by "mainstream" Arabs in the wake of the Lebanon war, that now gives historical antagonists such as Saudi Arabia and Israel common strategic objectives.

"With that shift in alignment, I think you now have a chance to perhaps make progress on this issue in ways that you didn't before," Rice said.

As a result, Rice on this trip shifted six years of Bush administration policy to encourage Olmert and Abbas to begin discussing vexing "endgame" issues, such as the shape of a Palestinian state, the status of Jerusalem and the claim of Palestinian refugees, as well as their descendants, of a right to return to homes in Israel that they fled or were forced to flee in 1948.

The administration of President Bill Clinton had grappled with such topics, but the Bush White House previously argued that they could not be raised until a series of incremental confidence-building measures had been addressed.

The Arab media was highly skeptical of Rice's efforts. The Arab News, a Saudi newspaper, asked the day after she left Riyadh, "To what extent is Rice just another siren, mesmerizing the Middle East with pleasing songs while dragging it onto the rocks of fresh conflict because of her own country's incompetence?"

At one point, Rice said that the difficult circumstances in the Middle East could represent opportunity. "I don't read Chinese but I am told that the Chinese character for crisis is wei-ji, which means both danger and opportunity," she said in Riyadh. "And I think that states it very well. We'll try to maximize the opportunity."

But Victor H. Mair, a professor of Chinese at the University of Pennsylvania, has written on the Web site http://pinyin.info, a guide to the Chinese language, that "a whole industry of pundits and therapists has grown up around this one grossly inaccurate formulation." He said the character "ji" actually means "incipient moment" or a "crucial point." Thus, he said, a wei-ji "is indeed a genuine crisis, a dangerous moment, a time when things start to go awry."

How Rice Uses History Lessons (WSJ)

By Neil King Jr.

The Wall Street Journal, January 19, 2007

LONDON -- U.S. Secretary of State Condoleezza Rice often calls herself "a student of history." And increasingly, she is using history -- or her chosen slice of it -- both to explain and justify the Bush administration's Middle East policy.

When Ms. Rice talks about the challenges the U.S. faces across the Mideast, she points, somewhat surprisingly, to Europe after World War II and to the West's decades-long face-off against the Soviet Union, which happens to be her area of expertise. It is a penchant that has scholars scratching their heads.

Citing the Cold War's denouement as context for today's bloodshed and tumult may seem far-fetched to some. But Ms. Rice uses the analogy both to beg for patience -- the Cold War, after all, consumed decades -- and to try to elucidate a diplomatic strategy that is increasingly assailed for its lack of assertiveness.

While traveling this week through the Middle East and Europe, Ms. Rice engaged in several long historical tutorials with reporters in tow. Her point in referring back to the Cold War, she said, isn't to argue that history repeats itself or that the analogy is exact.

"The reason that I cite some of these other times, like Europe, is that it is so clear in everybody's mind that the United States and its allies came out victorious at the end of the Cold War," she said in Kuwait. "But if you...look at the events that

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ultimately lead to that, you would have thought that this was failing every single day between 1945-1946 and probably 1987 or 1988."

Her contention is while things may look bad now in Iraq and elsewhere in the region, history is on the administration's side. She pushed a similar argument to reporters last month. The Middle East is "moving toward something that I am quite certain will not have a full resolution and that you will not be able to fully judge for decades," she said.

Critics dismiss Ms. Rice's references to the Cold War as both convenient and a sign of her limited frame of reference. The challenges facing Europe in 1946, they say, bear little similarity to those of the Middle East in the 21st century.

"The administration's reservoir of historical analogies seems limited to the 1914-1991 period. And it's all about Europe," said Adam Garfinkle, a former Rice speechwriter who edits the foreign-policy journal The American Interest. "No one in a senior position in this administration seems to have even the vaguest notion of modern Middle Eastern history."

When asked this week about what moments in Arab history inform her thinking, Ms. Rice said she had read about "the British experience" in Mesopotamia in the 1920s, which led to the founding of modern Iraq and the withdrawal of British forces. "I know a number of things that went right, and I know the things that went wrong," she said.

But Ms. Rice cleaves to her Cold War history to try to drive home a bigger point about the administration's diplomatic approach, which is seen by many as detached and lacking urgency. For six years, the administration has stayed out of direct efforts to push a peace accord between Israel and the Palestinians. Today, despite widespread calls to talk with Iran and Syria, Ms. Rice rejects such action as ill-timed.

She tends to portray events, particularly the clash between what she calls "moderation" and "extremism" in the Middle East, as driven by huge, almost inevitable forces that make diplomacy impractical, or even irrelevant. Critics say such a view has made Washington's top diplomat less flexible in policy making -- and less adept in old-style negotiation and hand-holding, whose results also can be hard to quantify in the short term.

Those who clamor for sitting down with Syria and Iran are out of touch with what Ms. Rice calls "the underlying forces."

"There's a tendency to think about diplomacy as something that is done untethered to the conditions underlying it or the balance underlying it," she said. "In fact, that's not the way that it works. You aren't going to be successful as a diplomat if you don't understand the strategic context in which you are actually negotiating. It is not deal-making."

On this trip, which wrapped up in London, Ms. Rice has portrayed her main mission as firming up what she calls "a new alignment" of moderate states allied with the U.S. to push back against Iran. Ms. Rice also has shown a new interest in trying to promote an Arab peace deal with Israel after years of inactivity.

Four years ago, the administration theorized that the U.S. invasion would spawn a democratic Iraq, on good terms with Israel, that would break the regional mold and compel erstwhile enemies to end hostility toward the Israelis. Now, Ms. Rice says it is the Iranian ascent wrought by the war that makes Arab states more open to negotiations.

To her thinking, there has been a shift in underlying forces -- as opposed to events the U.S. might have influenced. Again, she points to a favorite historical analogy: the reunification of Germany. "If you had tried to negotiate German unification for any period of time until 1990, you would have not been able to do it because the underlying circumstances were not there," she said.

Diplomacy Is Deal-making (LAT)

By Aaron David Miller

The Los Angeles Times, January 19, 2007

HAVING WORKED for six secretaries of State on Arab-Israeli negotiations, I nearly fell off my chair the other day when I read Secretary of State Condoleezza Rice's comment to reporters that diplomacy wasn't about making deals.

Maybe "making deals" is too glib a phrase for her, but it's precisely what effective American diplomacy in the Middle East is mostly about. Her legacy may well be judged by that standard.

The secretary is absolutely correct in asserting, as she did, that diplomacy is more than deal making. Success or failure depends on a good reading of the circumstances and on a strategic grasp of whether and when to engage as a mediator. There's a big difference between taking the initiative and wanting a U.S. initiative. This is particularly true in the Arab-Israeli arena, where changing regional conditions have preceded every major breakthrough.

Henry Kissinger's successful "disengagement" diplomacy — separating Syrian, Israeli and Egyptian forces in the early 1970s — followed the 1973 war, which had overturned every major assumption of U.S. policy and forced the combatants to consider negotiations. Jimmy Carter's success in brokering Egyptian-Israeli peace flowed from Anwar Sadat's historic trip to Jerusalem; and Jim Baker's success in putting together the 1991 Madrid peace conference grew out of the Persian Gulf War and the collapse of the Soviet Union.

Shifting tectonic plates, however, is a necessary but not sufficient condition for diplomatic achievement. In these cases, what was also required was Washington's willingness and determination to broker a deal.

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Kissinger's success, for example, required 18 months of listening to Arab and Israeli grievances, coaxing, reassuring them, and balancing their interests. His 34-day shuttle to consummate the agreement between Israel and Syria is the longest time a secretary of State has spent outside the United States on a diplomatic mission, with the exception of Robert Lansing at the Versailles peace conference.

The issue today, of course, is not what to do when you're faced with an obvious historic opportunity but how to make progress on a smaller scale. President Clinton faced such a situation in 1996. He confronted the challenge of a tough Israeli prime minister and a suspicious PLO chairman who had fundamentally different views on peace and no trust or confidence in the process. In a display of masterful deal making, Clinton spent more than a week pulling and pushing Yasser Arafat and Benjamin Netanyahu into an agreement that was hardly perfect but did save lives and kept the process going. That summit was preceded by nine months of nonstop stage-setting by Secretary of State Madeleine Albright and her team.

Rice faces a tougher situation . Weak Israeli and Palestinian leaders, non-state actors (such as Hamas and Hezbollah) and Iranian troublemaking have produced a volatile mix. She's also constrained by an administration that, in the face of 9/11, the war on terror, the Iranian challenge and the battle between Islamist radicals and moderates, views diplomacy as ineffective.

Yet now is precisely the time to exercise that instrument of American power. The situation between Israelis and Palestinians, as hopeless as it appears, cries out for serious American attention. A solution to their conflict won't fix Iraq or end the threat of radical Islam, but it will enhance our credibility, strengthen our friends and reduce the opportunities for our enemies to mobilize Arabs and Muslims against us.

Rice's decision to make the Israeli-Palestinian conflict a priority is a good beginning. To have any chance of succeeding, the administration will have to change its software, develop a sustained two-year effort and a strategy that — for both sides — is balanced, tough and reassuring. In the end, it will require Rice to accept the obvious fact that diplomacy — and its hundreds of hours of problem solving — is really about making deals after all.

Report: Cheney Rejected Iran Concessions (AP)

AP, January 19, 2007

An Iranian offer to help the United States stabilize Iraq and end its military support for Hezbollah and Hamas was rejected by Vice President Dick Cheney in 2003, a former top State Department official told the British Broadcasting Corp.

The U.S. State Department was open to the offer, which came in an unsigned letter sent shortly after the American invasion of Iraq, Lawrence Wilkerson, former Secretary of State Colin Powell's chief of staff, told BBC's Newsnight in a program broadcast Wednesday night. But, Wilkerson said, Cheney vetoed the deal.

"We thought it was a very propitious moment" to strike a deal, Wilkerson said. "But as soon as it got to the White House, and as soon as it got to the vice president's office, the old mantra of 'We don't talk to evil' ... reasserted itself."

A spokesman for the State Department said Thursday he wasn't aware of any letter from the Iranians to the U.S. government in 2003.

"Far as I know, there's never been an offer from the Iranian Government on those kinds of concerns," said Tom Casey, the state department's deputy spokesman.

Wilkerson said that, in return for its cooperation, Tehran asked Washington to lift sanctions and to dismantle the Mujahedeen Khalq, an Iranian opposition group which has bases in Iraq.

Iran also offered to increase the transparency of its nuclear program, according to Wilkerson.

Wilkerson has been a frequent critic of the Bush administration in general and Cheney in particular, holding the vice president responsible for the mistreatment of detainees and the failure of Iraq's postwar planning.

Iran Takes Tough Stand Over Nuclear Row (AP)

By Ali Akbar Dareini

AP, January 19, 2007

President Mahmoud Ahmadinejad lashed out at a U.S. military buildup in the Gulf, saying Thursday that Iran is ready for any possibility in the standoff over its nuclear program.

The president made clear he was not backing down in his tough rhetoric toward the United States, despite criticism at home. Conservatives and reformists alike have openly challenged Ahmadinejad's nuclear diplomacy tactics, many saying his fiery anti-Western remarks are doing more harm than good.

Ahmadinejad said their calls for compromise echo "the words of the enemy."

At the same time, Ahmadinejad's top national security official, Ali Larijani, sharply denounced U.S. policy in Iraq, saying Washington is fueling Shiite-Sunni hatred.

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Washington has accused Iran of backing militants fueling Iraq's violence, increasing tensions amid the dispute over Iran's nuclear program, which the U.S. says aims to produce nuclear weapons.

The United States sent an aircraft carrier to the Gulf this week — the second to deploy in the region — a buildup that Defense Secretary Robert Gates said was intended to impress on Iran that the four-year war in Iraq has not made America vulnerable.

In an apparent reaction to the deployment, Ahmadinejad vowed Thursday that Iran would not back down over its nuclear program, which Tehran says is being developed only to produce energy.

"Today, with the grace of God, we have gone through the arduous passes and we are ready for anything in this path," state-run television quoted the Iranian leader as saying.

The U.N. Security Council recently imposed limited sanctions to punish Iran for defying a resolution demanding that it suspend uranium enrichment, a process that can produce material to fuel nuclear reactors or, at purer concentrations, the core of nuclear weapons.

Amid growing domestic questioning, two Iranian newspapers have pointedly criticized the president's handling of the nuclear issue.

"Your language is so offensive and contains not very nice words that inculcates that the nuclear issue is being dealt with a sort of stubbornness," the conservative paper Jomhuri-e-Eslami said in a recent editorial.

Last Saturday, the reformist newspaper Aftab-e-Yazb said the nuclear policy was hurting Iran's ability to gain nuclear technology. It added: "Some current leaders act as if any person criticizing (the government) is an agent of the enemy."

In Paris, the head of the U.N. nuclear watchdog agency, Mohamed ElBaradei, said he was concerned the sanctions could escalate Iran's standoff with Western powers.

"I don't think sanctions will resolve the issue ... Sanctions in my view could lead to escalation on both sides," he warned.

ElBaradei said the pressure has failed to break a consensus in Iran that the oil-rich nation needs to master the complex process of uranium enrichment. Iran this week said it is moving toward large-scale enrichment involving 3,000 centrifuges, which spin uranium gas into enriched material.

A diplomat and a U.N. official in Vienna said Thursday that much, but not all, of the hardware needed for the installation of the centrifuges was now in place at the Natanz facility designated to house Tehran's industrial-scale enrichment program.

The two — who requested anonymity because they were not authorized to discuss confidential information — emphasized that the facility had been ready for some time, and there was no sign that actual work on putting in the centrifuges would begin at any particular date.

ElBaradei called for a resumption of talks with Tehran, including the possibility of a French negotiator. "My worry right now is that each side is sticking to its guns," the International Atomic Energy Agency chief said. "We need someone to reach out."

Secretary of State Condoleezza Rice said this week that now is not the time for the United States to talk to Iran, adding that Tehran does not appear ready to accept a conditional U.S. offer to join European talks over its nuclear program.

ElBaradei warned that only applying pressure could prompt the Islamic republic to follow the path of North Korea, which kicked out U.N. inspectors and pulled out of the Nuclear Nonproliferation Treaty in 2003 and then conducted its first nuclear weapons test last October.

"My priority is to keep Iran inside the system," he said.

An Iranian Foreign Ministry delegation arrived in North Korea on Thursday, the communist nation's media reported. North Korea, like Iran, is facing intense international pressure to give up its nuclear weapons programs.

Larijani, the top national security official, kept up criticism of the United States in an interview with journalists from several Lebanese papers.

Larijani, who was in Lebanon on a tour of Arab nations seeking to build alliances with Iran, accused Washington of "stirring up Sunni-Shiite disputes" and "inciting Arab-Iranian discord."

The papers said Larijani was "encouraged" by his visit to Saudi Arabia — a pro-American, predominantly Sunni Arab kingdom considered a rival of overwhelmingly Shiite Persian Iran.

Ahmadinejad said he had sent a message to Saudi King Abdullah proposing the countries cooperate in trying to ease the violence in Iraq — a message apparently delivered by Larijani. Saudi officials have not commented on the message.

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Associated Press Writer George Jahn contributed to this report from Vienna, Austria.

Gates Says U.S. Has Few Options To Halt Iran's Atomic Plans (NYT)

By David S. Cloud

The New York Times, January 19, 2007

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MANAMA, Bahrain, Jan. 18 — Defense Secretary Robert M. Gates on Thursday played down the possibility of American military action against Iran but said it was not the right time for diplomatic engagement, either.

"Frankly, right at this moment there's really nothing the Iranians want from us, and so in any negotiation right now we would be the supplicant," Mr. Gates told reporters after talks with allies in the Persian Gulf.

His comments were a blunt acknowledgment that the Bush administration, despite its increasingly tough comments toward Iran in recent weeks, has limited options to compel its leaders to halt their nuclear program or to play a more supportive role in Iraq.

Mr. Gates said he told the emir of Qatar, Sheik Hamad bin Khalifa al-Thani, over lunch on Thursday "that the Iranians were being very aggressive" because they believed that "they have the United States at some disadvantage because of the situation in Iraq."

He said he had told the emir that the United States did not intend to retreat from its commitments to defend the region's Sunni Arab governments.

In meetings late Wednesday with King Abdullah of Saudi Arabia, Mr. Gates said the United States viewed Iraq, despite the close ties between some in its Shiite-dominated government and Shiite Iran, as a bulwark against Tehran, said a senior Defense Department official.

"Our Arab friends tend to see Iraq in the context of the new challenge from Iran," the official said. "That's clearly the Saudi perspective. So the secretary was able to reassure them that we want an Iraq that is a barrier against Iranian expansionism."

Mr. Gates also met with Bahrain's leader, King Hamad bin Isa al-Khalifa, on Thursday night.

President Mahmoud Ahmadinejad of Iran said Thursday that Iran was prepared for anything in the standoff with the West over its nuclear program, which Iran says is for peaceful energy purposes and the United States contends is aimed at producing nuclear weapons.

"Today, with the grace of God, we have gone through the arduous passes and we are ready for anything in this path," Iran's state-run television quoted Mr. Ahmadinejad as saying, The Associated Press reported.

He was apparently referring to the United Nations decision to impose sanctions on Iran for its nuclear activities and to the American decision to move a second aircraft carrier, the John C. Stennis, to the Persian Gulf and to extend deployments of Patriot antimissile defense systems in Kuwait and Qatar.

Commodore Keith Winstanley of Britain, who is second in command of coalition naval forces in the region, told reporters at a briefing on Thursday that the carrier deployment should not be seen entirely as a move aimed at intimidating Iran, but he added, "I'm sure there's a message there for Iran."

Mr. Gates, who also met with the top American Navy and Air Force commanders in the region, said the deployments were meant to show that, for all its problems in Iraq, the United States could still fulfill its security commitments in the Persian Gulf.

He added: "Nobody wants another conflict in this region. My view is that there are many courses of actions available that do not involve a conflict with Iran. There is no need for that."

He acknowledged that the United States' troubles stabilizing Iraq had given Iran an opportunity to seek to expand its influence in the region but that the Iranians were "overplaying their hand."

Even though Iran is worrying its neighbors, he said, he disagreed with critics, including the Iraq Study Group, who have called for the Bush administration to hold talks with Iran and enlist its support in stabilizing Iraq. Mr. Gates had been a member of the group before resigning to become defense secretary.

Perhaps seeking leverage, the White House late last year approved a stepped up campaign of going after Iranian operatives inside Iraq, who United States officials say have been involved in supplying materials for the homemade bombs that are the largest killer of American troops in Iraq.

Gates: Iranians 'Overplaying Their Hand' (AP)

By Robert Burns

AP, January 19, 2007

The Iranians are "overplaying their hand" on the world stage in a belief that setbacks in Iraq have weakened the United States, Defense Secretary Robert Gates said Thursday.

He said that now is not the time to negotiate with Iran because the U.S. lacks leverage but that talks probably would make sense at some point.

The U.S. has been applying growing pressure on Iran, blaming Tehran for providing bombs and other help used against American troops by militants in Iraq. President Bush has warned the U.S. will "seek out and destroy" the networks providing that help.

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In addition, American raids inside Iraq have netted Iranian prisoners, and the U.S. is sending a second aircraft carrier and missiles to the region.

The bipartisan Iraq Study Group recommended including Iran in regional talks on ending the violence in Iraq, a path the Bush administration has so far declined to take.

Gates said he had told the leaders of U.S. allies Saudi Arabia and Qatar that the Iranians "believe they have the United States at some disadvantage because of the situation in Iraq."

"To be precise, I told them both that I thought the Iranians were overplaying their hand and that one of the consequences of that is that they have raised real concerns on the part of a number of countries in the region and beyond about their intentions," he told reporters.

Many Gulf nations are worried about a rising Iranian influence — a concern made more acute by the prospect for a further slide toward civil war in Iraq.

With regard to U.S. failure thus far to achieve stability in Iraq, Gates said, "I think that our difficulties have given them (the Iranians) a tactical opportunity in the short term, but the United States is a very powerful country."

Asked about the prospects for military conflict with Iran, whose nuclear program is seen by the Bush administration as a growing threat to U.S. interests, Gates said, "There are many courses of action available that do not involve an open conflict with Iran — there's no need for that."

Gates said that although he had publicly advocated negotiating with Iran as recently as 2004, he now advises against that.

"Right at this moment, there's really nothing the Iranians want from us," he said. "And so, in any negotiation right now we would be the supplicant," asking Iran to stop doing such things as enriching uranium for its nuclear program.

"We need some leverage, it seems to me, before we engage with the Iranians," Gates added. "And I think at some point engagement probably makes sense."

Until the Iranians are persuaded that, despite being bogged down in Iraq, "the United States is in fact a formidable adversary, there's not much advantage for us in engaging with them," he said.

That assessment may explain, at least in part, the decision announced last week to send a second U.S. aircraft carrier into the Persian Gulf region, along with a Patriot missile battalion capable of shooting down shorter-range ballistic missiles of the type Iran has in its arsenal.

In Bahrain, a British Royal Navy officer who is the No. 2 commander for coalition naval forces in the Central Command area of responsibility told reporters that the exact role and missions of the aircraft carrier USS John Stennis, which is due to arrive in the Gulf area next month, have not yet been worked out.

British Commodore Keith Winstanley said the Stennis deployment should not be seen entirely as a move aimed at Iran, but he added, "I'm sure there's a message there for Iran."

He said Iranian naval operations have not changed in any significant way since Bush announced the extra carrier deployment, and Winstanley said at-sea contacts with the Iranian navy have been "extremely cordial."

On his second overseas trip since replacing Donald H. Rumsfeld as Pentagon chief, Gates visited the headquarters of Central Command's naval staff, which is located here with the U.S. Navy's 5th Fleet. Then he flew to Qatar for a meeting with that tiny Gulf state's top leader, Sheikh Hamad bin Khalifa al-Thani.

Afterward, he visited an air base from which Central Command's air staff plans, runs and monitors air operations throughout the Middle East and Central Asia. Under ground rules imposed by U.S. officials, reporters traveling with Gates were prohibited from identifying the base or the country in which it is located.

Gates also met with Gen. John Abizaid, the head of Central Command, whose forward headquarters is in Qatar. Abizaid is due to retire in March; Adm. William Fallon has been nominated to replace him.

Gates Sees Tehran As Overly Ambitious (WT)

By David R. Sands

The Washington Times, January 19, 2007

MANAMA, Bahrain -- Defense Secretary Robert M. Gates warned yesterday that Iran is "overplaying their hand" in trying to exploit U.S. difficulties in the war in Iraq.

Following private meetings for the past two days with Saudi King Abdullah and Qatar Emir Sheik Hamad bin Khalifa al-Thani, Mr. Gates said he found deep concern about Iran's ambitions in Iraq and the wider Middle East.

"I think the Iranians are overplaying their hand. They have raised real concerns in the region and beyond about their intentions," said the Pentagon chief said in a briefing last night with reporters.

But Mr. Gates also said he found no appetite in the region for another conflict and said recent U.S. moves to bolster its military presence in the region and increase troops levels in Iraq were not a prelude to action against Tehran.

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"Our difficulties have given them a tactical opportunity in the short term, but the United States remains a very powerful country," Mr. Gates said.

The dispatch of a second naval carrier strike group to the Persian Gulf by President Bush last week was a clear sign "we are going to remain [in the region for a long time]," Mr. Gates said.

The defense chief, who finishes his regional tour with a stop in Iraq today, said he found support from U.S. allies for the strategy behind Mr. Bush's increase in troops and aid to Iraq as a means to control the violence and aid the beleaguered government of Prime Minister Nouri al-Maliki.

But he said many Arab regimes are still not convinced that Mr. Bush's plan can achieve his goals.

"I would say they expressed hope" that the plan will work, he said.

Although he co-authored a 2004 Council on Foreign Relations study urging engagement with Tehran to solve the region's security problems, Mr. Gates said yesterday Tehran's assertive new stance and its unwillingness to halt its suspect nuclear programs meant direct engagement now would not be wise for the United States.

"Frankly, right at this moment, there's really nothing the Iranians want from us," he said. "In any negotiation, we would be the supplicant."

"We need some leverage, it seems to me, before we engage with the Iranians," Mr. Gates said. "And I think at some point engagement probably makes sense."

Nearly four years ago, Iran offered to cut off aid and support for the Lebanese Shi'ite militia Hezbollah and the Palestinian group Hamas, and promised full transparency on its nuclear program, in a secret letter to the United States soon after the 2003 invasion of Iraq, the British Broadcasting Corp. reported on Wednesday.

According to the BBC, the letter, which it obtained, was unsigned, but the State Department understood that it came with the approval of the highest Iranian authorities.

The Islamic republic also offered to use its influence to support stabilization in Iraq, and in return asked for a halt in U.S. hostility, an abolition of all sanctions, and the pursuit and repatriation of members of the Mujahedeen Khalq (People's Mujahedeen).

The People's Mujahedeen is an exiled Iranian opposition group that fought alongside Saddam Hussein's army in the eight-year war with Iran, and is currently based in Iraq.

Initially, the State Department was receptive to the offer, according to Lawrence Wilkerson, former Secretary of State Colin L. Powell's chief of staff, who spoke to the BBC.

"As soon as it got to the White House, and as soon as it got to the vice president's office, the old mantra of 'we don't talk to evil' ... reasserted itself," Mr. Wilkerson told the broadcast company.

· This article is based in part on wire service reports.

Tough Talk Raises Fears Of Iran Clash (FT)

By Guy Dinmore

Financial Times, January 19, 2007

Increasingly tough talk on Iran from the Bush administration – with vice-president Dick Cheney warning of the “growing threat” from the Islamic republic – has rattled politicians and diplomats in Washington worried that the war in Iraq is set to widen.

While few lay claim to understanding what George W. Bush has in mind, there is a widespread sense that the likelihood of some kind of military clash or conflict with Iran – directly or through proxies – has risen since the US president accused Tehran last week of “providing material support for attacks on American troops” in Iraq.

“The air is filled with the possibility of action against Iran’s nuclear capability,” was how a former senator described the atmosphere to Saudi Arabia’s departing ambassador, Prince Turki al-Faisal, over dinner on Wednesday night.

The consequences would be “catastrophic”, the envoy and former head of Saudi intelligence replied.

However, over a long evening hosted by the New America Foundation think-tank, the ambassador conveyed the impression that the Bush administration’s rhetoric and sabre-rattling – including the dispatch of a second aircraft carrier group and Patriot air defence missiles to the Gulf, and a raid on an Iranian office in Iraq – was intended more as a loud demonstration that the US was not retreating from the region.

Prince Turki said there was concern “in the region” that Mr Bush’s authority had been eroded by the Republicans’ loss of Congress in November’s elections. Attempts by the new Democratic-controlled Congress to limit US troop numbers in Iraq would be a serious mistake, he said.

Analysts say the US-Saudi relationship, previously under great strain in the wake of al-Qaeda’s attacks on the US in 2001, has become the key to the US strategy of containment and deterrence towards Iran.

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Condoleezza Rice, secretary of state, who has just completed a tour of Sunni Arab allies and Israel to reassure them of a beefed-up US presence in the Gulf, speaks repeatedly of a "new alignment" in the Middle East – where the "responsible" leaders of the Gulf Arab regimes, plus Jordan and Egypt, are aligned with the US [and Israel] against the "extremist" forces of Iran, Syria, Lebanon's Hizbollah, and the Palestinian group Hamas.

She has singled out Iran's Revolutionary Guards as responsible for helping Shia death squads in Iraq and providing explosives used against US forces.

"It's not new at all; it is back to the 1980s," commented Ray Takeyh, analyst with the Council on Foreign Relations, recalling the Sunni Arab funding and US support for Iraq's Saddam Hussein in his 1980-88 war with Iran.

"You might see a sort of proxy war inside Iraq," he added. But he noted that Iran's response to the US seizure of five of its officials in Arbil had been "judicious".

Although Prince Turki evaded questions about the "new alignment" and criticised the US refusal to speak to Iran, his remarks confirmed the deterioration in relations between Saudi Arabia and Tehran. He spoke of an argument over Iran's alleged interference in Iraq at a meeting between King Abdullah and Ali Larijani, a senior Iranian security official, this week.

He said the king told Mr Larijani in Riyadh that Iran was not playing a constructive role in Iraq. The king said Iraq risked becoming "a danger to its neighbours" – a clear reference to Saudi fears that the growing Sunni-Shia conflict will infect the region and stir up unrest among Saudi Arabia's substantial Shia minority.

Asked about the support Iraq's Sunni insurgents received from inside Saudi Arabia, Prince Turki said they were backed from all over the Sunni world. But he denied the kingdom was interfering in Iraq and said it was trying to stop cross-border infiltration.

Diplomats in Washington anxious about possible US-Iranian hostilities say the Bush administration has concluded that UN Security Council sanctions against Iran will not work because of opposition from Russia and China.

Mohamed ElBaradei, head of the International Atomic Energy Agency, on Thursday expressed similar concerns. "I don't think sanctions will resolve the issue. I think sanctions, in my view, could lead to escalation on both sides."

Rebuke In Iran To Its President On Nuclear Role (NYT)

By Nazila Fathi And Michael Slackman

The New York Times, January 19, 2007

TEHRAN, Jan. 18 — Iran's outspoken president, Mahmoud Ahmadinejad, appears to be under pressure from the highest authorities in Iran to end his involvement in its nuclear program, a sign that his political capital is declining as his country comes under increasing international pressure.

Just one month after the United Nations Security Council imposed sanctions on Iran to curb its nuclear program, two hard-line newspapers, including one owned by the supreme leader, Ayatollah Ali Khamenei, called on the president to stay out of all matters nuclear.

In the hazy world of Iranian politics, such a public rebuke was seen as a sign that the supreme leader — who has final say on all matters of state — might no longer support the president as the public face of defiance to the West.

It is the first sign that Mr. Ahmadinejad has lost any degree of Ayatollah Khamenei's confidence, a potentially damaging development for a president who has rallied his nation and defined his administration by declaring nuclear power Iran's "inalienable right."

It was unclear, however, whether this was merely an effort to improve Iran's public image by lowering Mr. Ahmadinejad's profile or was signaling a change in policy.

The presidency is a relatively weak position with no official authority over foreign policy, the domain of the supreme leader. But Mr. Ahmadinejad has used his post as a bully pulpit to insert himself into the nuclear debate, and as long as he appeared to enjoy Ayatollah Khamenei's support, he could continue.

While Iran remains publicly defiant, insisting that it will move ahead with its nuclear ambitions, it is under increasing strain as political and economic pressures grow. And the message that Iran's most senior officials seem to be sending is that Mr. Ahmadinejad, with his harsh approach and caustic comments, is undermining Iran's cause and its standing.

The Security Council passed a resolution on Dec. 23 with sanctions intended to curb Iran's uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European nations contend is for the purpose of creating nuclear weapons. The measure bars the trade of goods or technology related to Iran's nuclear program. Enriched uranium can be used for making nuclear fuel but also for making nuclear weapons.

The president dismissed the Security Council resolution as "a piece of torn paper."

But the daily Jomhouri-Eslami, which reflects the views of Ayatollah Khamenei, said, "The resolution is certainly harmful for the country," adding that it was "too much to call it 'a piece of torn paper.' "

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The newspaper added that the nuclear program required its own diplomacy, “sometimes toughness and sometimes flexibility.”

In another sign of pressure on the president to distance himself from the nuclear issue, a second newspaper, run by an aide to the country’s chief nuclear negotiator, Ali Larijani, also pressed Mr. Ahmadinejad to end his involvement in the nuclear program. Mr. Larijani also ran for president and was selected for his post by the supreme leader.

“They want to minimize the consequences of sanctions now that they have been imposed,” said Mohammad Atrianfar, an executive at the daily Shargh, which was closed last fall, and a reformist politician. “But they don’t have clear strategy, and they are taking one step at a time.”

Mr. Ahmadinejad took office more than a year ago as an outsider, the mayor of Tehran who promised to challenge the status quo, to equally distribute Iran’s oil wealth and to restore what he saw as the lost values of the Islamic revolution. His was a populist message, centered on a socialist economic model and Islamic values. He found opposition from the right and the left, in Parliament and among so-called pragmatists.

That pressure has continued, and the criticism now seems to have gained more credibility in the face of the sanctions and Iran’s troubled economic standing. The United States increased pressure on Iran over its role in Iraq has also raised concerns in Tehran and may be behind efforts to restrain the president, political analysts in Tehran said.

“The resolution has decreased Iran’s political credibility in the international community, and so other countries cannot defend Iran,” said Ahmad Shirzad, a reformist politician and a former legislator.

Although the Security Council sanctions were limited to Iran’s nuclear program, they have started to cause economic disruptions.

About 50 legislators signed a letter this week calling on the president to appear before Parliament to answer questions about the nuclear program. They need at least 22 more signatures.

In another letter, 150 lawmakers criticized the president for his economic policies, which have led to a surge in inflation, and for his failure to submit his annual budget on time.

The Iranian stock market, which was already in a slump, continued to decline — falling more rapidly in the past month — as buyers stayed away from the market. The daily Kargozaran reported last week that the number of traders had decreased by 46 percent since the Security Council resolution was passed.

“The resolution has had a psychological effect on people,” said Ali Hagh, an economist in Tehran. “It does not make sense for investors not to consider political events when they want to invest their money.”

Kargozaran reported that a group of powerful businessmen, the Islamic Coalition Party, met with Mohammad Nahavandian, a senior official at the Supreme National Security Council, and called for moderation in the country’s nuclear policies to prevent further damage to the economy.

In the past year, several major European banks have severed their business ties with Iran. Economists say the banks’ actions will also lead to an increase in inflation because importers must turn to complicated ways to finance purchases.

“The nuclear issue has paved the way for other forms of pressures on Iran,” Mr. Shirzad said.

Despite Mr. Ahmadinejad’s harsh language since the resolution was passed, Ayatollah Khamenei has not referred to it directly and only once said that Iran would not give up its right to pursue its nuclear program.

Mr. Larijani has said that Iran will not quit the Nuclear Nonproliferation Treaty or bar international inspectors despite earlier threats to do so.

US Lawmakers Demand Bush Ask Congress Before Invading Iran (AFP)

AFP, January 19, 2007

A resolution introduced in the US House of Representatives calls on President George W. Bush to obtain approval from Congress before using military force against Iran.

The bill, introduced by longtime Iraq war critic Walter Jones, a Republican, and five other US lawmakers calls on the president obtain authorization for an attack on Iran, unless the United States or US interests are attacked first.

Supporters said the legislation would prevent the United States from becoming embroiled in another intractable war like the one raging in Iraq.

"Congress will not stand by idly -- it won't be railroaded into another war that will only make America and the world less safe," Democratic Representative Martin Meehan said at a press conference Thursday.

He said recent administration statements and military maneuvers point to an imminent attack on Iran.

"The indications of the initial saber-rattling are everywhere," Meehan said.

"I'm not here to tell you that I trust Iran, but I am here to say that I don't trust the administration," Meehan said.

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Bush announced last week he had ordered a second US aircraft carrier battle group to the Gulf and announced the deployment of a Patriot missile defense battalion to the region to protect allies against potential Iranian missile strikes.

And in a speech unveiling his new strategy for Iraq, the US president also vowed to "seek out and destroy" any networks funneling weapons or fighters from Syria or Iran into Iraq.

Those moves have fed speculation that a US attack might be imminent, despite the administration's repeated denials.

"There is a growing concern -- justified or not -- that some US officials are contemplating military action against Iran," Jones said, adding that an invasion of Iran would flout the US Constitution.

"If the President is contemplating committing our blood and treasure in another war, then he and his administration must make the case to Congress and the American people why it would be in the national security interests of the United States to engage militarily in Iran," Jones said.

Germany Proposes Wider Iran Sanctions (FT)

By Fidelius Schmid And Daniel Dombey

Financial Times, January 19, 2007

The European Union could expand the range of sanctions against Iran beyond United Nations-mandated measures, according to a document seen by the Financial Times.

A proposal by Germany, holder of the EU's revolving presidency, would ban individuals linked to Iran's nuclear and missile programmes from visiting the EU and reaffirm the EU's opposition to selling arms to Tehran.

Last month the Security Council passed a resolution requiring UN member states to prevent the transfer of nuclear and missile technology to Tehran and to stop all financing for a number of companies linked to the nuclear and missile programmes. The resolution also requires UN states to freeze the assets of 12 people connected with the programmes.

The EU proposals, put forward ahead of a foreign ministers meeting on Monday, would also ban travel to the EU of the individuals on the UN list and take steps to restrict Iranians studying proliferation-sensitive subjects within the EU."

However, at a meeting on Thursday night EU diplomats watered down an earlier initiative to declare a formal arms embargo on Tehran, which would have grouped Iran with pariah states such as Sudan and Zimbabwe.

The proposals will need to be backed by all 27 EU member states, some of which, such as Italy, have close commercial ties with Iran.

Diplomats: Iran May Start Enrichment (AP)

By George Jahn

AP, January 19, 2007

Iran is ready to start assembling thousands of centrifuges to produce enriched uranium — a possible pathway to nuclear arms — after finishing most preliminary work on an underground facility housing such machines, a diplomat and a U.N. official said Thursday.

The two — who requested anonymity because they were not authorized to discuss confidential information — said much, but not all, of the hardware needed for the installation of the centrifuges was now in place at the Natanz facility designated to house Tehran's industrial-scale enrichment program.

Both men emphasized that the facility had been ready for some time, and there was no sign that actual work on putting in the centrifuges would begin at any particular date.

Still, there has been speculation that the hardline leadership might start doing so next month, to celebrate the 28th anniversary of the Islamic Revolution that brought the clerical leadership to power.

The revelations — based on reports by inspectors of the International Atomic Energy Agency visiting Natanz this week — appeared to strengthen claims from Tehran that it is moving toward large-scale enrichment involving 3,000 centrifuges, which spin uranium gas into enriched material.

Low-enriched uranium can be used to generate power, while highly enriched levels serve as the fissile core of nuclear warheads

"We are moving toward the production of nuclear fuel, which requires 3,000 centrifuges and more than this figure," government spokesman Gholamhossein Elham told reporters Monday. "This program is being carried out and moving toward completion."

Iran's leaders have suggested those machines would be in place by March 20, the end of the Iranian year. But the diplomat and official said quick completion of such a large-scale project was unlikely, saying the complicated process takes months.

The United States and some of its allies accuse Iran of trying to produce nuclear weapons. Tehran denies this, saying its program is only for generating electricity.

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The IAEA has said it has found no evidence that Iran is trying to build nuclear weapons, but it has criticized the country for concealing certain nuclear activities, conducting experiments that seem to have no peaceful nuclear applications and failing to answer questions about the program.

Iran plans to ultimately expand its enrichment program to 54,000 centrifuges. That would give it the capacity to produce dozens of nuclear warheads a year, if it chose to develop weapons.

North Korea: Nuclear 'Agreement' Reached (AP)

By Burt Herman

AP, January 19, 2007

North Korea said Friday that it had reached an agreement with the U.S. during direct talks with Washington's main nuclear envoy this week in Germany, but the top American envoy said it had yet to be seen whether progress could be made at six-nation disarmament negotiations.

North Korea's Foreign Ministry said the talks between U.S. envoy Christopher Hill and North Korea's main nuclear negotiator Kim Kye Gwan had been held "in a positive and sincere atmosphere and a certain agreement was reached there." No further details were given.

But Hill, who arrived Friday in Seoul, said he wasn't sure what agreement the statement was referring to. He called the talks in Berlin "very useful discussions" and added he was pleased that it appeared the North was also positive about them.

Hill and Kim met for three days and were believed to be discussing when to convene the next session of international talks on the North's nuclear programs, among other issues. The last round in Beijing in December — held after the North conducted its first-ever nuclear test in October — ended without any breakthroughs.

"We paid attention to the direct dialogue held by the (North) and the U.S. in a bid to settle knotty problems in resolving the nuclear issue," the North's ministry said Friday in a statement released by the country's official Korean Central News Agency.

Hill emphasized the focus of denuclearization talks still was the main six-nation talks — which also include China, Japan, Russia and South Korea — and time would tell how this week's meetings with North Korea would help move things forward there.

"What we now have to do is to see how those discussions can be folded into the six-party process, whether those discussions can help lead to some progress in Beijing," he said.

The U.S. diplomat was heading to Tokyo and Beijing after his meetings with South Korean officials Friday.

A news report Friday said the arms talks could resume early next month due to progress made at the Germany meetings.

South Korea's Yonhap news agency, citing an unnamed diplomat in Seoul, reported that the discussions in Berlin "progressed toward a very positive direction."

Another unnamed diplomat said there is a high possibility the nuclear talks would resume in Beijing the week of Feb. 5, Yonhap reported late Thursday.

But Chun Yung-woo, South Korea's main envoy to the six-nation nuclear talks, told The Associated Press that "nothing has been decided yet" on the date of further talks.

At the December talks, the North refused to engage in any discussion of its nuclear program and repeated a demand for the U.S. to lift its blacklisting of a Macau bank for its complicity in the communist country's alleged counterfeiting and money laundering. The U.S. move led the bank to freeze North Korean assets worth about $24 million.

The U.S. is holding separate financial talks with North Korea, but the last session that met alongside the nuclear talks in December made no progress and another meeting is expected this month.

N. Korea Interested In Deal To Halt Nukes (WT)

By Nicholas Kralev

The Washington Times, January 19, 2007

LONDON -- North Korea has expressed interest in a U.S.-backed proposal that it suspend its nuclear program and allow U.N. inspectors to verify the suspension as an initial step toward dismantling its nuclear capabilities, diplomats said yesterday.

During three days of talks in Berlin that ended yesterday, North Korea's chief negotiator, Kim Gye-gwan, asked his U.S. counterpart, Christopher R. Hill, what the United States would be willing to do if the North turned off its nuclear reactor. A U.S. response, if any, was not made public.

North Korea's foreign ministry today called the Hill-Kim talks "sincere and positive."

In the upbeat assessment, the communist state said the talks yielded "a certain agreement," but it declined to elaborate on the nature of the dialogue.

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The ministry said the talks were held in a "sincere atmosphere." Its comments appeared in a statement released by the country's official Korean Central News Agency.

Mr. Hill flew to South Korea to begin briefing other governments involved in talks with the North. He also plans to visit China and Japan.

Secretary of State Condoleezza Rice said the United States had not changed its policy of refusing to negotiate directly with North Korea over nuclear weapons, but was trying to prepare for the next round of talks.

"We are not going outside the six-party framework to bilateralize our discussions with the North Koreans," Miss Rice said.

The plan was first presented during six-nation talks in Beijing last month, which ended in deadlock.

In Berlin this week, the North Koreans offered their own ideas about how it could be implemented, said diplomats who asked not to be named because they were not authorized to speak about the closed-door sessions.

They also declined to share Mr. Hill's response.

However, Mr Hill discussed the process of normalizing relations with the North in a speech on Wednesday.

Full normalization of U.S.-North Korean ties was envisioned in a Sept. 19, 2005, joint statement by the six nations, once the North scrapped its nuclear programs.

Other participants in the talks -- Japan, China, South Korea and Russia -- also offered political and economic benefits.

"We look forward really to establishing, consistent with our obligations under the September '05 agreement, a normal relationship with North Korea," Mr. Hill told the American Academy in Berlin.

"Obviously, this is via a bilateral process, which will take some time," he said. "But we are prepared to go on that road and to really offer North Korea a hand as it moves along that road."

After the December talks, South Korean news outlets reported that a proposal had been made by the United States that included an offer of written security guarantees.

U.S. officials said yesterday that most of the ideas came from China, which hosted the negotiations.

"The Chinese really are the ones who put forward ideas in the last round of the six-party talks, and part of what the North Koreans are responding to [in Berlin] is that," Miss Rice told reporters traveling with her to London after a five-day Middle East tour.

When the proposal was first made late last month, Mr. Kim refused to respond because he did not have instructions from Pyongyang. Once he received them, he requested a meeting with Mr. Hill, a U.S. official said.

In Berlin, Mr. Hill and Mr. Kim discussed "certain steps toward dismantling," although the official insisted they would not amount to a "freeze," a term used in a failed 1994 nuclear deal known as the Agreed Framework.

In 2002, the Bush administration accused North Korea of having a secret uranium-enrichment program while its single nuclear reactor, which makes plutonium, was shut down.

Since then, the North has restarted the reactor and it has tested a nuclear weapon, thought to be powered by plutonium from the reactor.

US Denies Rare Meetings With North Koreans Signal Policy Shift (AFP)

By David Millikin

AFP, January 19, 2007

US officials denied that a rare series of meetings between senior US and North Korean diplomats marked a break with the Bush administration's long-standing refusal to negotiate directly with the Stalinist regime.

"This is not an instance of bilateral negotiations," Tony Snow, President George W. Bush's spokesman, said of the three days of talks on North Korea's nuclear program this week between chief US negotiator Christopher Hill and his North Korean counterpart, Kim Kye-gwan.

Hill and Kim met in Berlin for several hours between Wednesday and Thursday in their first one-on-one sessions held outside of a multi-party format in Beijing since Bush came to office in 2001.

Hill, the assistant secretary of state for East Asia and the Pacific, described the talks aimed at getting North Korea to give up its nuclear weapons as "substantive" and "useful".

The meetings fueled speculation that Bush, mired in the Iraq crisis and in dire need of a foreign policy success, had loosened the reins on his diplomats so they could deal more directly with formerly taboo regimes.

But Snow and other officials insisted the Berlin contacts broke no new ground and were part of an ongoing set of six-party negotiations launched in 2003 and resurrected in December after a year-long boycott by the North Koreans.

Hill met with Kim in hopes of organizing another round of the broader talks later this month or early next month in the Chinese capital, State Department deputy spokesman Tom Casey said.

Their talks "certainly don't represent anything particularly new or different from what we've done before," Casey said.

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The six-party talks -- involving China, Japan, the two Koreas, Russia and the United States -- are aimed at convincing North Korea to abandon its nuclear weapons program in exchange for security guarantees, economic aid and a normalization of relations with Washington.

North Korea returned to the talks after being hit with international sanctions in October for having carried out its first nuclear test explosion.

Five days of negotiations ended in deadlock, with the North Koreans refusing to broach the subject of nuclear weapons unless Washington backed off financial sanctions imposed a year earlier on a Macau bank accused of money-laundering for Pyongyang.

The US has agreed to discuss the sanctions in parallel with the nuclear disarmament talks.

North Korea has long sought direct bilateral dealings with the United States as a way to boost its status internationally and avoid linkages with other issues involving Washington's regional allies.

Bush and Secretary of State Condoleezza Rice have refused, pointing to failed denuclearization negotiations carried out with Pyongyang by the previous administration of President Bill Clinton as proof that two-way talks with the erratic North Koreans cannot work.

They argue that the combined pressure of the multi-party format, notably including North Korea's primary benefactor, China, is needed to ensure Pyongyang honors any future agreements.

Bush and Rice similarly have refused calls to engage directly with Iran and Syria as part of the administration's latest push to stabilize Iraq and resolve crises in Lebanon and between Israel and the Palestinians.

Their stance has been widely criticized by the opposition Democrats who gained control of Congress in November as well as by leaders of Bush's won Republican party and former officials from both political camps.

The State Department's Casey on Thursday reaffirmed the administration's refusal to deal with Iran unless it complies with UN resolutions demanding it halt uranium enrichment activities many believe are part of a program to develop nuclear weapons.

Rice told Congress last week that she would meet "any time, anywhere" with the Iranians once they meet the UN demands.

"It's pretty clear that if the Iranians want to have a dialogue with the United States, there's an avenue open to them and we'd very much like them to take us up on it," Casey said.

United Nations Dictators Program (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, January 19, 2007

Saddam Hussein managed to pull off the $100 billion Oil for Food scam right under the noses of the United Nations officials charged with administering it. Now another dictator with nuclear ambitions has succeeded in a similar trick, this time manipulating the United Nations Development Program in North Korea.

The story of the UNDP's lack of oversight of its operations in North Korea is revealed in previously undisclosed documents and an exchange of letters between U.S. and U.N. officials. American officials have been pushing for months for more transparency in UNDP operations in North Korea, while the UNDP has resisted.

In a Jan. 16 letter to UNDP Associate Administrator Ad Melkert, Ambassador Mark Wallace of the U.S. Mission to the U.N. lays out what American digging has found so far: The UNDP's program in the Democratic People's Republic "has for years operated in blatant violation of U.N. rules, served as a steady and large source of hard currency and other resources for the DPRK government with minimal or no assurance that UNDP funds and resources are utilized for legitimate development activities." Mr. Wallace declined to speak with me, but Richard Grenell, spokesman for the U.S. Mission, said yesterday: "We have raised serious concerns with UNDP regarding their oversight of the programs in North Korea . . . We want to ensure that U.S. tax dollars are not used to fund illicit activities."

While the precise amount of hard currency supplied through UNDP isn't known, the documents suggest it has run at least to the tens of millions of dollars since 1998 and one source says it could be upward of $100 million. An internal 1999 audit notes a budget of $27.9 million for 29 projects. David Morrison, a UNDP spokesman, says "the overall size of the program" in North Korea has been reduced in recent years. While $22.2 million was budgeted for 2005-2006, the agency spent only $3.2 million last year and $2.1 million in 2005, he says. Programs fall into four areas: humanitarian assistance, public health, environment and agriculture, and the economy.

The stakes are nonetheless very high because, unlike Saddam's Iraq, North Korea has already succeeded in testing its nuclear bomb. The hard currency supplied by the UNDP almost certainly goes into one big pot marked "Dear Leader," which Kim can use for whatever he wants, including his weapons programs. This may not violate the letter of Security Council Resolution

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1718, which restricts trade in anything having to do with North Korea's nuclear or missile programs, but it certainly violates its spirit.

Unlike Oil for Food, there's no evidence to date that corrupt UNDP officials are in on the game -- though given the U.N.'s record of late, it would be unwise to rule that out before a full investigation. There is, however, plenty of evidence of willful blindness on the part of the UNDP, which let myriad rules be broken and allowed itself to become a large source of hard currency for the regime. Nor did it bring these irregularities to the attention of its governing body, the 36-member executive board.

Consider staffing. The UNDP's Pyongyang office is dominated by government employees selected by North Korea. According to a redacted version of a 2004 internal audit, "The government provides only one candidate for each post and does not provide detailed qualifications, work experience or personal details to the office." The auditors recommended that the UNDP recruit its own staff. A status update, dated Dec. 15, 2006, dryly notes that "the Government is not yet ready to consider such a shift at present."

In addition to appointing the UNDP's staff, the North Korean government requires that UNDP pay their salaries to the government, which presumably takes its cut. That's the way it works for North Korean workers who labor abroad or who work for South Korean companies in the Kaesong Industrial Complex north of the DMZ. In yet another violation of the rules, UNDP gives local staff a cash "meal stipend" of $120 a month, which is another hard currency contribution.

Speaking of cash, the UNDP also accedes to Pyongyang's demands that it pay cash to local government vendors. That's another violation of U.N. rules, as is placing North Korean staffers in jobs that give them control of financial records, personnel actions, and equipment and supplies. To cite just one example of abuse, the 1999 internal audit found that the UNDP checkbook was not kept in a secure location and no check register was maintained reflecting checks written.

But who needs a checkbook? According to the same audit, cash is the only means of payment that the government accepts. The UNDP does not use purchase orders in North Korea and local purchases -- including those over $1,000 -- are made in cash. That includes local office costs, which are typically provided in kind by the host country. North Korea even charges rent, to the tune of $2 million a year, according to one source who has looked at the program.

Meanwhile, there is little if any oversight of the UNDP's projects in North Korea, which, according to a U.N. document, numbered 30 last year. UNDP regulations require one official, on-site visit a year but since Pyongyang prohibits foreigners from visiting some of the project sites, that's another rule that's out the window. Audits of individual projects are spotty at best and in the case of "nationally executed" or "NEX" projects -- that is, those run by the North Korean government with funds provided by the UNDP -- they are often done by the government itself, giving new meaning to the adage about the fox running the henhouse.

It's anyone's guess as to whether the UNDP work in North Korea is benefiting the people for whom it is intended. According to Mr. Wallace's letter, "In the absence of real audits and site visits it is impossible for UNDP to verify whether or not any of the funds paid to the DPRK for supposed use in UNDP programs have actually been used for bona fide development purposes or if the DPRK has converted such funds for its own illicit purposes."

The U.S. sits on the agency's executive board, and in 2005 contributed $105 million, 11.4% of UNDP's core budget (plus an additional $142 million for specified projects). Yet American officials have had to fight for even the most basic information on the UNDP's activities in North Korea. When the U.S. Mission asked for copies of the internal audits of the North Korean operations, it was rebuffed. "Internal audit reports are important management tools for Executive Heads and, therefore, confidential," wrote Kemal Dervis, UNDP's head, on Jan. 5. After protests, American officials were finally permitted to review three internal audits -- 1999, 2001, 2004 -- but were not allowed to retain copies.

Meanwhile, as the U.S. was pressing for answers about North Korean shenanigans involving the UNDP, three North Korean officials were traveling to New York, courtesy of the U.N., for, among other things, next week's meeting of the UNDP executive board. The U.N. picked up their business-class, trans-Pacific tickets at $11,959 each. When U.S. officials objected, the UNDP, in a rare flash of insight, changed its policy.

"Starting immediately after the forthcoming Board meeting, UNDP will not reimburse government officials' travel or other costs for attending Board meetings," writes Mr. Melkert, the associate administrator, in a Jan. 12 letter to Mr. Wallace. It apparently occurred to Mr. Melkert and his boss, Mr. Dervis, that it might not be appropriate for the U.N. to pay for officials of a country that is abusing the U.N. to come to U.N. headquarters to lobby for re-funding its operations.

Also under U.S. pressure, the UNDP now says it will stop transferring hard currency to the Kim Jong Il regime. "We have instructed the DPRK Country Office that all payments in hard currency to government, national partners, local staff and local vendors should end at the latest by 1 March 2007," writes Mr. Melkert, in the Jan. 12 letter.

UNDP spokesman Mr. Morrison says his agency's operations in North Korea "fully comply" with the decisions of the executive board and with the board-approved financial regulations. UNDP is taking "all necessary measures to avoid misperceptions or unintended consequences," he says, and will institute "any additional measures the board may deem

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necessary." Since Mr. Wallace's letter presents a very different assessment of UNDP actions in North Korea, that should make for an animated board meeting next week.

At that meeting, the U.S., along with Canada, Japan, Belgium and Serbia, plan to request a "deferral" of the agency's programs in North Korea until a full accounting of its operations can be made. An independent, outside audit is an essential first step. A full-scale investigation along the lines of the Volcker Commission's Oil for Food probe would be even better. And don't stop at the UNDP. The North Korean operations of other U.N. agencies -- Unicef, the World Food Program, the Population Fund -- also deserve scrutiny. It's crucial to determine whether, like Saddam Hussein's manipulation of the Oil for Food program, Kim Jong Il has been busy using the resources of the United Nations for his own illicit purposes.

Ms. Kirkpatrick is a deputy editor of the Journal's editorial page.

U.N. Cash For Kim (WSJ)

The Wall Street Journal, January 19, 2007

The U.N.'s Oil for Food disgrace rolls on, with this week's indictment by a federal prosecutor in New York of the program's former administrator Benon Sevan. But now a new dollars-for-dictators scandal is breaking into the open, this one involving the U.N. Development Program (UNDP) and North Korea's Kim Jong Il.

Our Melanie Kirkpatrick lays out many of the gory details nearby, based on documents reluctantly produced by the U.N. after prodding by American officials. The tale is similar to Oil for Food in that money for programs designed to benefit North Korea's poor appears to have been used instead to sustain the government. While the total amount of cash spent by the UNDP in North Korea isn't clear thanks to the opacity of U.N. record-keeping, any hard currency is manna from Turtle Bay for the isolated Kim regime. If dollar amounts into the tens of millions over nine years are accurate, that's money that would have helped Kim stay in power and continue his nuclear weapons program.

The documents we've seen follow the program back to 1998 and the era of detente between Kim and the Clinton Administration. But what's especially alarming is that the UNDP's programs have persisted in North Korea even as Kim has banished U.N. weapons inspectors, raised the volume on his threats, tested long-range missiles and even tested a nuclear weapon -- all in defiance of the U.N.'s own stated positions and Security Council sanctions.

A defense that the UNDP merely does humanitarian work -- for the people of North Korea and not the government -- isn't credible given the details exposed by Ms. Kirkpatrick. U.N. officials can't even say with confidence that all of the "development" projects exist because they haven't been allowed to visit their sites. Pyongyang officials insist on payments in cash that become fungible hard currency for the regime. Every U.N. dollar is one more that Kim doesn't have to raise from other (and often illegal) sources to pay off his generals or to buy a nuclear centrifuge.

The desire in some circles, including parts of the U.S. State Department, will be to dismiss all of this as no big deal because the bigger game is getting Kim to end his nuclear program. So why let a little more U.N. corruption, or incompetence, interfere with serious diplomacy?

Well, one reason is because we still don't know how wide or deep this scandal is, especially if it extends to other U.N. programs operating in North Korea. Another is that any cash to Kim contradicts U.N. and U.S. policy and helps ease pressure on the dictator to give up his nukes. And then there is the matter of the U.N.'s own credibility and failure to reform. In the wake of Oil for Food especially, why would U.N. officials allow this program to continue?

The generous explanation is incompetence, or perhaps the kind of feckless idealism that really believes such a program helps poor Koreans apart from Kim's regime. But given the U.N.'s recent track record of indictments for corruption, more venal motives need to be investigated. And it is also worth asking whether outright hostility to the U.S. policy of trying to isolate Kim has also played a role.

Whatever the motive, the Cash for Kim scandal is one more blot on the record of former Secretary General Kofi Annan. It also raises questions about the role played in North Korea by Maurice Strong, the Canadian who was Mr. Annan's envoy to Pyongyang.

We'd feel a lot better if the U.N. had quickly responded to U.S. queries and tried to get to the bottom of the mess at UNDP. But the exchange of letters between U.S. Ambassador Mark Wallace and UNDP officials described by Ms. Kirkpatrick is certainly reminiscent of the early U.N. stonewalling on Oil for Food.

Mr. Wallace and his colleagues from other nations on the UNDP executive board are right to demand a stop to the program and an independent investigation. The U.N.'s new Secretary General, Ban Ki-Moon, could make his own early mark by calling for a probe as part of a new era of U.N. transparency. Democrats in Congress could also be constructive by insisting on accountability, especially given how much stock they put in a competent U.N. to promote American security. * * *

One lesson of Oil for Food, and its failure to lead to any serious reform, is that to some foreign policy elites there can be no such thing as a U.N. "scandal." That's because for them the U.N. is all about good intentions, and the hopes and dreams for

peace, rather than about actual results. But it is precisely that forbearance that has allowed too many dictators to exploit the U.N. for their own purposes, and has brought Turtle Bay to its current low ebb. Getting to the bottom of Cash for Kim is one more chance to make the U.N. shape up, and to stop financing a global menace in the bargain.

U.S. Criticizes China Over Missile Test (AP)

AP, January 19, 2007

The United States criticized China on Thursday for conducting an anti-satellite weapons test in which an old Chinese weather satellite was destroyed by a ballistic missile.

"The United States believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area," National Security Council spokesman Gordon Johndroe said. "We and other countries have expressed our concern to the Chinese."

U.S. intelligence agencies believe China conducted the test on Jan. 11.

Flexing Muscle, China Destroys Satellite In Test (NYT)

By William J. Broad And David E. Sanger

The New York Times, January 19, 2007

China successfully carried out its first test of an antisatellite weapon last week, signaling its resolve to play a major role in military space activities and bringing expressions of concern from Washington and other capitals, the Bush administration said yesterday.

Only two nations — the Soviet Union and the United States — have previously destroyed spacecraft in antisatellite tests, most recently the United States in the mid-1980s.

Arms control experts called the test, in which the weapon destroyed an aging Chinese weather satellite, a troubling development that could foreshadow an antisatellite arms race. Alternatively, however, some experts speculated that it could precede a diplomatic effort by China to prod the Bush administration into negotiations on a weapons ban.

“This is the first real escalation in the weaponization of space that we’ve seen in 20 years,” said Jonathan McDowell, a Harvard astronomer who tracks rocket launchings and space activity. “It ends a long period of restraint.”

White House officials said the United States and other nations, which they did not identify, had “expressed our concern regarding this action to the Chinese.” Despite its protest, the Bush administration has long resisted a global treaty banning such tests because it says it needs freedom of action in space.

Jianhua Li, a spokesman at the Chinese Embassy in Washington, said that he had heard about the antisatellite story but that he had no statement or information.

At a time when China is modernizing its nuclear weapons, expanding the reach of its navy and sending astronauts into orbit for the first time, the test appears to mark a new sphere of technical and military competition. American officials complained yesterday that China had made no public or private announcements about its test, despite repeated requests by American officials for more openness about its actions.

The weather satellite hit by the weapon had circled the globe at an altitude of roughly 500 miles. In theory, the test means that China can now hit American spy satellites, which orbit closer to Earth. The satellites presumably in range of the Chinese missile include most of the imagery satellites used for basic military reconnaissance, which are essentially the eyes of the American intelligence community for military movements, potential nuclear tests and even some counterterrorism, and commercial satellites.

Experts said the weather satellite’s speeding remnants could pose a threat to other satellites for years or even decades.

In late August, President Bush authorized a new national space policy that ignored calls for a global prohibition on such tests. The policy said the United States would “preserve its rights, capabilities, and freedom of action in space” and “dissuade or deter others from either impeding those rights or developing capabilities intended to do so.” It declared the United States would “deny, if necessary, adversaries the use of space capabilities hostile to U.S. national interests.”

The Chinese test “could be a shot across the bow,” said Theresa Hitchens, director of the Center for Defense Information, a private group in Washington that tracks military programs. “For several years, the Russians and Chinese have been trying to push a treaty to ban space weapons. The concept of exhibiting a hard-power capability to bring somebody to the negotiating table is a classic cold war technique.”

Gary Samore, the director of studies at the Council on Foreign Relations, said in an interview: “I think it makes perfect sense for the Chinese to do this both for deterrence and to hedge their bets. It puts pressure on the U.S. to negotiate agreements not to weaponize space.”

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Ms. Hitchens and other critics have accused the administration of conducting secret research on advanced antisatellite weapons using lasers, which are considered a far speedier and more powerful way of destroying satellites than the weapons of two decades ago.

The White House statement, issued by the National Security Council, said China's "development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area."

An administration official who had reviewed the intelligence about China's test said the launching was detected by the United States in the early evening of Jan. 11, which would have been early morning on Jan. 12 in China. American satellites tracked the launching of the medium-range ballistic missile, and later space radars saw the debris.

The antisatellite test was first reported late Wednesday on the Web site of Aviation Week and Space Technology, an industry magazine. It said intelligence agencies had yet to "complete confirmation of the test."

The test, the magazine said, appeared to employ a ground-based interceptor that used the sheer force of impact rather than an exploding warhead to shatter the satellite.

Dr. McDowell of Harvard said the satellite was known as Feng Yun, or "wind and cloud." Launched in 1999, it was the third in a series. He said that it was a cube measuring 4.6 feet on each side, and that its solar panels extended about 28 feet. He added that it was due for retirement but that it still appeared to be electronically alive, making it an ideal target.

"If it stops working," he said, "you know you have a successful hit."

David C. Wright, a senior scientist at the Union of Concerned Scientists, a private group in Cambridge, Mass., said he calculated that the Chinese satellite had shattered into 800 fragments four inches wide or larger, and millions of smaller pieces.

The Soviet Union conducted roughly a dozen antisatellite tests from 1968 to 1982, Dr. McDowell said, adding that the Reagan administration carried out its experiments in 1985 and 1986.

The Bush administration has conducted research that critics say could produce a powerful ground-based laser weapon that would be used against enemy satellites.

The largely secret project, parts of which were made public through Air Force budget documents submitted to Congress last year, appears to be part of a wide-ranging administration effort to develop space weapons, both defensive and offensive.

The administration's laser research is far more ambitious than a previous effort by the Clinton administration to develop an antisatellite laser, though the administration denies that it is an attempt to build a laser weapon.

The current research takes advantage of an optical technique that uses sensors, computers and flexible mirrors to counteract the atmospheric turbulence that seems to make stars twinkle. The weapon would essentially reverse that process, shooting focused beams of light upward with great clarity and force.

Michael Krepon, co-founder of the Henry L. Stimson Center, a group that studies national security, called the Chinese test very un-Chinese.

"There's nothing subtle about this," he said. "They've created a huge debris cloud that will last a quarter century or more. It's at a higher elevation than the test we did in 1985, and for that one the last trackable debris took 17 years to clear out."

Mr. Krepon added that the administration had long argued that the world needed no space-weapons treaty because no such arms existed and because the last tests were two decades ago. "It seems," he said, "that argument is no longer operative."

China Criticized For Anti-Satellite Missile Test (WP)

By Marc Kaufman And Dafna Linzer

The Washington Post, January 19, 2007

The Chinese military used a ground-based missile to hit and destroy one of its aging satellites orbiting more than 500 miles in space last week -- a high-stakes test demonstrating China's ability to target regions of space that are home to U.S. spy satellites and space-based missile defense systems.

The test of anti-satellite technology is believed to be the first of its kind in two decades by any nation and raised concerns about the vulnerability of U.S. satellites and a possible arms race in space.

China's action drew sharp protests from other nations with satellite programs -- a predictable response that experts said dramatically illustrates Chinese willingness to face broad international criticism when it comes to space, which Beijing considers a key part of the push to modernize its military and increase its ability to compete in high-tech warfare.

"The U.S. believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area," National Security Council spokesman Gordon Johndroe said yesterday. "We and other countries have expressed our concern regarding this action to the Chinese."

A spokesman at the Chinese Embassy said that he had no information about the anti-satellite test. The Chinese military did not mention the test either. But a Chinese newspaper that concentrates on foreign affairs, Global Times, relayed the reports from

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Washington in today's editions. The newspaper quoted Maj. Gen. Peng Guangquin as saying that the U.S. government was making too much of the test.

In addition to introducing a renewed military dimension to space, the destruction of the Chinese satellite created a large "debris cloud" that can seriously damage other satellites in nearby orbit, and possibly even spacecraft on their way to the moon or beyond. Analysts said that based on computer models, as many as 300,000 pieces of debris may have been created. While many would be very small, they said, hundreds would be large enough to create potentially serious problems.

The United States and the Soviet Union tested anti-satellite technology in the 1980s, and the United States shot down one of its orbiting satellites in 1985. Partially as a result of the debris problem, both sides stopped the programs.

The Chinese test, first reported online by the magazine Aviation Week and Space Technology, comes at a time of heightened tensions between the United States and China over space. China is leading an effort in the United Nations to set up an international conference to address what many consider to be an imminent space arms race. The United States has opposed the idea, arguing that it is not needed because there is no arms race in space. The Bush administration nevertheless released an updated national space policy last fall that strongly asserted an American right to defend itself in space against any actions it considers hostile.

The U.S. military is especially dependent on satellites for navigation, communications and missile guidance, while the American economy could also be broadly damaged by disruptions of communications, weather and other satellites. Some in the administration believe that this has left the nation especially vulnerable to attack and have proposed efforts to develop ways to defend its assets in space.

The day the test was conducted, the chiefs of major U.S. intelligence agencies presented their annual threat assessments to Congress. Neither China's anti-satellite program nor its general push toward space weapons was mentioned during the public hearing or anywhere in the written testimonies of the director of national intelligence, the director of the Pentagon's intelligence agency or the CIA director.

The United States retains the ability to destroy low-orbit satellites and has been conducting research on more advanced systems for years.

Officials who have been briefed on the test said that the Chinese ballistic missile reached as high as some U.S. spy satellites are positioned. Other satellites positioned at the same altitude are part of the missile defense network that the U.S. military is assembling. Sources said a hit-to-destroy ballistic missile could knock out any satellites at that low orbit. Many sensitive communications satellites are much higher, at about 22,000 miles above Earth, and officials said yesterday that the recent test does not prove that China has the capability to disrupt those systems. Still, U.S. intelligence officers and administration officials fretted.

"It's unfortunate that China is going down this path," said one administration official. "No one has done this in over 20 years, and in that time, international cooperation in space has come so far. It is a bustling commercial, scientific and research arena. This sort of thing is such a throwback to the Cold War."

The issue of possible hostilities in space became more real in August when National Reconnaissance Office Director Donald M. Kerr told reporters that a U.S. satellite had recently been "painted," or illuminated, by a ground-based laser in China. The United States did not make any formal protest then, but it did yesterday.

Johndroe of the NSC said that Australia and Canada have lodged protests, and Britain, South Korea and Japan are expected to follow suit.

He said the Chinese satellite was shot down using a ground-based medium-range ballistic missile, which slammed into its target 537 miles above earth on Jan. 11.

"In my view, the Chinese are sending a strong signal here," said Jeffrey Kueter, president of the George C. Marshall Institute, a nonprofit space and defense think tank in Washington. "They're saying they can hold our space-based, war-fighting capability at risk, and are putting into doubt our ability to challenge them. They're a rising space competitor."

Kueter said the test makes it essential for the United States to get more serious about developing technology to defend its satellites.

Michael Krepon, president emeritus of the Henry L. Stimson Center, another nonprofit involved with security issues in Washington, called the Chinese test a predictable -- and unfortunate -- response to U.S. space policies.

"The Chinese are telling the Pentagon that they don't own space," he said. "We can play this game, too, and we can play it dirtier than you."

Krepon said the Chinese test "blows a whole through the Bush administration reasoning behind not talking to anybody about space arms control -- that there is no space arms race. It looks like there is one at this point."

Rep. Edward J. Markey (D-Mass.) said the Chinese action makes it essential that the administration begin negotiations to stop any possible space arms race. "The Chinese anti-satellite test is terrible news for international stability and security, and

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could presage the dawn of a new arms race -- this time in space," Markey said. "American satellites are the soft underbelly of our national security, and it is urgent that President Bush move to guarantee their protection by initiating an international agreement to ban the development, testing, and deployment of space weapons and anti-satellite systems."

Chinese Missile Strikes Satellite (LAT)

By Peter Spiegel And James Gerstenzang

The Los Angeles Times, January 19, 2007

The Chinese military shot down one of its own aging satellites with a ground-based ballistic missile last week, demonstrating a new technological capability at a time of growing Bush administration concern over Beijing's military modernization and its intentions in space.

The shoot-down, which U.S. officials said occurred on the evening of Jan. 11, prompted a formal protest from Washington that was joined by allies including Canada and Australia, U.S. officials said Thursday. Japan has demanded an explanation, and Britain and South Korea are also expected to file formal objections.

"The United States believes China's development and testing of such weapons is inconsistent with the spirit of cooperation that both countries aspire to in the civil space area," said Gordon D. Johndroe, spokesman for the National Security Council. "We and other countries have expressed our concern to the Chinese."

A spokesman for China's Foreign Ministry said today that he could not comment on the anti-satellite test.

The U.S. and the Soviet Union each conducted similar tests of anti-satellite weapons in the 1980s, but abandoned the practice when the strikes led to widespread debris fields in space that threatened other satellites. The last U.S. test was in 1985.

According to U.S. officials, Beijing used a medium-range missile to shoot at its weather satellite, which was 537 miles above Earth when it was hit. The altitude is considered to be a low Earth orbit, but represents the band where most satellites and manned space missions travel.

The successful exercise was expected to send tremors through the U.S. satellite industry, which is part of a $90-billion global business involving hundreds of orbiting craft that are essential to routine daily communications and commerce. Many ATM and pay-at-the-pump transactions rely on satellites, as do television and digital radio signal distribution.

The shoot-down has rattled U.S. defense officials, who are concerned both about the commercial crafts and government spy and military satellites that operate at that height.

Larger telecommunications satellites and certain military satellites that provide early warning of missile launches travel in much higher orbits — up to 23,000 miles above Earth.

The Chinese strike on the satellite launched in 1999 was first reported by the aerospace trade magazine Aviation Week & Space Technology.

Concerns about rising threats to U.S. satellites led the Bush administration to issue a new national space policy in August, which held that the U.S. viewed freedom of action in space as important as air or sea power.

The administration was widely criticized for its aggressive attitude toward defense activities in space. But a White House official, speaking on condition of anonymity, said Thursday that satellites and access to space were considered vital to U.S. national and economic security and that any event "that can hinder passage through space" was of concern.

News of the Chinese achievement came as John D. Negroponte, the head of U.S. intelligence agencies, testified before the House Intelligence Committee on a range of international threats, including what he said were the potential dangers of China's military buildup.

"The Chinese are developing more capable long-range conventional strike systems, and short and medium-range ballistic missiles with terminally guided maneuverable warheads able to attack U.S. carriers and air bases," Negroponte said in his testimony.

China has stepped up both its civilian and military space program in recent years. In October 2003, it became only the third nation, after Russia and the U.S., to launch its own manned space mission.

U.S. intelligence and military officials have become increasingly vocal over Chinese ambitions in space and over Beijing's military modernization program, begun in 1999. Senior Pentagon officials have urged the Chinese to explain the motives behind their buildup, saying the lack of clarity has fueled concerns that their new weapons might be used against the U.S.

Officials also have voiced concerns that, because the U.S. is so dependent on satellites, militarily and commercially, an inability to protect its space assets would represent a vulnerability that adversaries could exploit.

"We must be very concerned about the emerging threats to our space assets and about the possibility that others will take advantage of our dependence on and vulnerability in space to seek asymmetrical advantages over us," Robert G. Joseph, the State Department's top arms control official, said in a speech last week.

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China's leaders are intent on modernizing their military capabilities, and the development of more sophisticated weaponry, including anti-satellite missile capabilities, is part of that effort, said Shi Yinhong, a professor of international relations at People's University in Beijing.

But he said China was still at least a decade behind several other countries.

"Generally speaking, China's military capability in these advanced areas, whether it's space weaponry or naval capabilities, is still far behind the United States and Japan," he said. "What you are seeing is new momentum to try and catch up, but the distance is still quite wide."

Shi said he understood why leaders in the U.S. and elsewhere might view China's anti-satellite test with alarm, but that the move represented a natural development and was not intended to provoke an arms race in space.

The new American space policy holds that the U.S. retains the right to take any action necessary to protect its space assets and to prevent adversaries from using "space capabilities hostile to U.S. national interests."

China's space modernization effort is part of a campaign to defend itself against the U.S. government's missile defense program, which officials in Beijing view as a militarization of outer space, said Wenran Jiang, head of the China studies program at Canada's University of Alberta.

He said Chinese military leaders were paying particular attention to Washington's information warfare efforts, including the development of sophisticated weaponry to "destabilize the enemy's communications and control systems."

Pentagon officials rebutted allegations that the new policy attempted to militarize space, saying that the ability of U.S. adversaries to cripple military and commercial satellites posed a serious threat for which the military was not yet prepared.

"I'm not talking about weapons of mass destruction" in space, said a senior Pentagon official, who spoke on condition of anonymity when discussing internal debates over military space policy. "I'm talking about what's the next step if somebody whacks a satellite? Do we just go out with a bullhorn and express our outrage?"

Despite objections to putting weapons in space, American military officials are concerned that they will be blamed for inaction if they fail to prevent an attack on U.S. satellites.

"We need to be able to know who's messing with our satellites — not just our military ones, but our commercial ones," said another senior Pentagon official. "If something's affected, they're going to call [and ask], 'What are you going to do about it?' "

China provoked widespread concern in September after it used a ground-based laser to illuminate at least one U.S. satellite. The action was confirmed by the U.S. National Reconnaissance Office, the intelligence agency that oversees spy satellites. The Pentagon has warned of intelligence that shows China is developing a laser system to blind or damage imaging satellites.

Among U.S. satellite operators, word of China's latest anti-satellite test was greeted warily.

"We're concerned, but we haven't gotten a lot of calls from our customers so far," said Arnold Friedman, senior vice president for Space Systems Loral of Palo Alto, which operates 53 satellites in orbit. "We're always concerned whenever anything of that sort happens."

Most of Loral's satellites would be out of reach to the type of missile used by the Chinese because they orbit about 23,000 miles above the Earth.

Other satellite executives declined to comment or referred questions to the Pentagon.

Somalia Seeks U.S. Aid To Revive Nation (AP)

By George Gedda

AP, January 19, 2007

Somalia is asking the U.S. government for help in building efficient police, military and intelligence organizations as it attempts to overcome years of strife and impoverishment.

The requests were contained in a three-page memo submitted to the State Department by Dahir Mirreh Jibreel, a U.S. representative of the Transition Federal Government in Somalia that took power recently after the ouster of radical Islamists by Ethiopian troops.

The government was established in 2004 with U.N. backing but had been too weak until the turn of the year to establish a presence in Mogadishu, the capital.

Heading the list of Somali requests was the appointment of a U.S. ambassador to Somalia. The United States has not had a functioning embassy in Somalia for years. There was no immediate comment Thursday from the State Department on the request but security issues for any U.S. personnel sent there are believed to be a major concern.

Large-scale assistance seems unlikely until Somali authorities are able to create a stable environment in the country.

The requests also call for congressional approval of Somalia stabilization and reconstruction legislation as well as encouragement of private U.S. investment in Somalia.

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The country has not had a government able to control the national territory since 1991. The transitional government lacks funds to pay civil servants and the list submitted to the State Department includes a request to fill that need until the country is able to generate its own revenue.

Shortly after the transitional government was installed in Mogadishu, United States made an initial down payment of $40 million in revitalization assistance for Somalia. About $16 million was earmarked for humanitarian assistance, $14 million to fund a multinational force whose deployment is still pending and $10 million in development aid.

Jibreel distributed copies of the requests during a meeting Thursday with a small group of reporters that was hosted by the American Enterprise Institute, a conservative public policy research group.

Amid Chaos, Young Somalis Struggle To Get By (NYT)

By Jeffrey Gettleman

The New York Times, January 19, 2007

MOGADISHU, Somalia, Jan. 18 — A week ago, Yoonis Issay Alin was riding around in the back of a pickup, part of a squad of tough-looking guys with big trucks and big guns.

Now he is drooling on a metal cot, shot in the head over a parking spot.

All around him at Medina Hospital in Mogadishu, Somalia's capital, young men writhe in steamy beds, their arms and legs trapped in traction ropes, their gunshot wounds the latest proof of a society out of control. It is hard to imagine there is enough gauze in this broken-down country to keep up.

Somalia may be at a turning point, with a potentially viable government for the first time since 1991. But senseless violence is still the norm, as ubiquitous as qat, the plant people here chew and chew as a drug until the ugliness of life fades away, even if just for a moment.

Mr. Alin, 22, was one of the thousands of young militiamen who prowl this city. Now his family is on a death watch, with his sisters squeezed around his hospital bed, peering into his open, unregistering eyes, and his creased-faced mother leaning over him, shooing away flies.

"In this country," said his mother, Halima, "nobody cares if you live or die."

His skull is encased in a helmet of white medical tape. He has been drifting in and out of consciousness, and doctors say they have no way to gauge the amount of brain damage.

"There are no neurosurgeons here, no M.R.I.'s, no CAT scans, no psychiatrists," said Sheikhdon Salad Elmi, director of Medina Hospital. "Can you imagine that? In a city where everyone needs therapy, not a single psychiatrist?"

Mr. Alin's journey from a tin shack where he slept on a dirt floor with four brothers and five sisters to the employ of a warlord was typical of so many young Somali men. It was not planned; it just happened, like the bullet that was fired at someone else last Friday but tumbled instead through Mr. Alin's brain.

His father, Issay, an off-again-on-again brick mason, was killed in a robbery in 1993 — two years after Somalia's central government collapsed and the country spun into anarchy — leaving behind no money, just a crusty trowel that none of his sons knew how to use.

His mother supported the family by selling qat in a neighborhood called the Black Sea, bringing in the equivalent of a few dollars a day. It was enough to buy two jerry cans of water from the donkey carts that jangled by every morning and the occasional meal of spaghetti and camel meat, Mr. Alin's favorite.

But it was not enough for school. So Mr. Alin and his brothers spent their days combing the city's bullet-scarred streets for odd jobs, like pushing a wheelbarrow or hauling fish. In the afternoons they worked out in their yard, curling a 25-pound tank shell found nearby, which by a quick, delicate inspection looked as though it could go off at any time.

"I think it's safe," said Didi, his 17-year-old brother.

Last summer things changed. A grass-roots Islamist movement took over Mogadishu after running the city's warlords out of town. The young Islamist soldiers wore green skullcaps, eschewed qat and cigarettes and vowed to unite Somalia's warring clans under the banner of Islam. Many people, including Mr. Alin, were impressed.

His friends said he was religious, never missing prayer. A green flag hangs over his sleeping spot — there are no beds in his shack — with the message "There is no god but God, and Muhammad is his Prophet."

But when Mr. Alin tried to join the Islamists he was rejected. They took one look at his teeth, stained brown from qat, and told him to go away. So he went to Baidoa, a city 150 miles away, to find Botan Issay, the warlord of his subclan, the Duduble.

Somalia's warlord issue is complicated. Some people call them thugs, and Mr. Alin's militia buddies readily admitted that their income came from stickups.

"We make what we make from the barrel of the gun," said Ahmed Muhammad Siad, 25. "That's how it is. Yoonis usually told us to go easy on people. He was always too nice."

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But in a world with no police and no security, the clan warlord was sometimes the only protection.

"When it comes down to it," said Ali Mahdi Muhammad, a clan leader, "you can only count on your clan."

Fearful of the dangers of militia work, Mr. Alin's family tried to keep him from going to Baidoa. But Baidoa had an irresistible pull. It was the seat of the internationally recognized transitional government of Somalia and the one big town in south central Somalia that the Islamists did not control. For Mr. Alin, that meant all the qat he could chew.

"Yoonis was chasing the green grass," said Muhammad, Mr. Alin's 25-year-old brother, with a sad shake of the head.

But in late December, Somalia was turned upside down again. The Islamists attacked Baidoa, provoking Ethiopia, which labeled the Islamists a regional threat. Within a week Ethiopian-led troops crushed the Islamist army, and American forces helped hunt down its leaders. Mogadishu's graying warlords rushed back to town, with their militias and their firepower.

The clan militias instantly returned to their old ways, setting up checkpoints and shaking down residents. The transitional government pleaded with them to disarm. They refused. On Friday, a disarmament meeting was called at the presidential palace for all of Mogadishu's top warlords. While Mr. Issay, the Duduble warlord, went inside, Mr. Alin and other Duduble militiamen waited by the palace gates.

All of a sudden, witnesses said, soldiers for another warlord, Muhammad Qanyare Afrah, started arguing with palace guards about where to park their armed pickup truck. Someone pulled out a gun. The palace guards opened fire. Several of the Duduble militiamen standing nearby were hit. Eight men were killed and five seriously wounded.

Somalia is definitely the wrong place to get a bullet in the brain. It took a half-hour to organize a car to take Mr. Alin to Medina Hospital, and when he arrived the two operating rooms were occupied.

Osman Abdullahi, a burly man with a stained smock who performed the surgery on Mr. Alin hours later, called himself "an assistant doctor."

He unwrapped a crumple of white butcher-like paper smeared with blood and showed the bone fragments that he had tweezed from Mr. Alin's frontal lobe.

Mr. Alin is now in the intensive care unit, which looks like every other room in the hospital, with tiles peeling and mosquitoes swarming, except that most of the ceiling fans there still spin.

Mr. Abdullahi said that Mr. Alin would probably live but that it was not clear if he would be able to talk.

On Thursday, his family got a positive sign. Mr. Alin briefly sat up in bed, looked around and giggled.

European Court Finds Two Chechens Were Tortured (WP)

By Peter Finn

The Washington Post, January 19, 2007

MOSCOW, Jan. 18 -- The European Court of Human Rights ruled Thursday that two Chechen brothers were tortured in their strife-torn Russian republic and that authorities there failed to investigate their allegations of abuse. It was the first decision on torture in Chechnya issued by the court, based in Strasbourg, France.

"The applicants were indisputably kept in a permanent state of physical pain and anxiety owing to their uncertainty about their fate and to the level of violence to which they were subjected throughout the period of their detention," according to a panel of seven judges, who reached a unanimous decision.

"The Court considers that such treatment was intentionally inflicted on the applicants by agents of the State acting in the course of their duties," the judgment stated, "with the aim of extracting from them a confession or information about the offences of which they were suspected."

Human rights groups have long contended that torture is widespread in Chechnya, where Russian troops have fought separatists off and on since 1994. Thursday's ruling follows a series of judgments against Russia concerning disappearances and the indiscriminate use of force by the Russian military and its proxies in the southern republic.

The court receives more complaints from Russia than from any other country. Some Russian politicians, weary of a seemingly endless string of negative judgments, have become highly critical of the court, charging that it is anti-Russian and politicized.

In December, the State Duma, Russia's lower house of parliament, refused to ratify a court reform designed to speed up decision-making in Strasbourg. Of the 46 member states of the Council of Europe, the body responsible for the human rights convention that the court enforces, only Russia has refused to agree to the change.

"It's not acceptable that this organization is used for attacks on the Russian Federation," Sergei Baburin, a member of parliament, said at the time of the vote.

The government supported ratification, but some supporters of the measure said that was a charade.

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President Vladimir Putin "can now say that he wanted the document ratified -- but we have democracy in Russia and parliament saw fit to turn it down," Vladimir Ryzhkov, an independent legislator, told Russian reporters. "However, the whole world knows that our parliament is like a dog at its master's feet -- it would never bark without an order from the Kremlin."

On April 12, 2000, Adam and Arbi Chitayev were detained at their family home in Chechnya by the Russian military. They were later transferred to the Chernokozovo detention center, a facility that human rights groups charge has a notorious history of abuse.

The two men said in court filings that, among other forms of abuse, they were subject to electric shock; suffocated with adhesive tape, a cellophane bag and a gas mask; had dogs set on them; and had parts of their skin torn away with pliers.

"Unfortunately, torture is not a thing of the past in Chechnya," said Jan ter Laak, chairman of the board of the Russian Justice Initiative, a legal aid group based in the Netherlands, which brought the case before the court. "The Russian and Chechen authorities must now take this problem and this judgment seriously and bring an end to this terrible practice."

The two brothers were released on Oct. 5, 2000, six months after their arrest. The case against them was dropped.

"I am satisfied with the judgment," said Arbi Chitayev, who currently lives in Germany, according to a statement released by the Russian Justice Initiative. "At the same time I am worried that what happened to me could happen to my relatives who still live in Russia."

Venezuela Wants Trade Group To Embrace Anti-Imperialism (NYT)

By Larry Rohter

The New York Times, January 19, 2007

RIO DE JANEIRO, Jan. 18 — South American leaders began gathering here on Thursday for discussions focused on a single, contentious issue: should the Mercosur trade group continue to emphasize economic integration, as Brazil and Argentina prefer, or transform itself into a political alliance with an “anti-imperialist” tint, the path President Hugo Chávez of Venezuela favors?

The conference’s Brazilian hosts tried to minimize the prospect of tensions, with Foreign Minister Celso Amorim talking of a “reinforced Mercosur” that he said “belongs to everybody.” But Mr. Chávez declined to play along with diplomatic niceties, bluntly staking out his position the instant he got off the plane on Thursday morning.

“The press says that Chávez is coming to ideologize Mercosur, to poison and contaminate it,” he said. In reality, he continued, his goal is “to contribute with something we consider to be absolutely necessary: the reformatting of Mercosur” and “decontaminating the contamination of neoliberalism.”

With memories of a murderous outburst of gang violence here still fresh and heads of state or foreign ministers from at least 10 countries expected to attend, security for the event was unusually heavy.

Mercosur, sometimes called the South American Common Market, was founded in 1991 with Argentina, Brazil, Paraguay and Uruguay as original members with full voting rights. Bolivia, Chile, Colombia, Ecuador and Peru are associate members. Venezuela’s application to become a full member was hurriedly accepted last year, even though the details have yet to be negotiated and Mr. Chávez’s commitment to what he calls “21st-century socialism” clashes with Mercosur’s support for open markets and free trade.

“In one word, it’s a mess,” said Rubens Barbosa, a former Brazilian ambassador to the United States and Britain. “In the European Union, they negotiate the terms of entry, and then the country joins. Here we’re doing it the other way around, which is craziness because Venezuela now does not want to accept the conditions it has to accept for membership.”

In private, the four original members have also expressed concerns about Venezuela’s ability to adhere in the future to the group’s requirements that members follow democratic practices, which was important in Paraguay’s transition out of a military dictatorship. As they see it, recent moves by Mr. Chávez raise the specter of a one-party state, perpetual re-election, a controlled press and doubts about respect for private property.

In Caracas on Thursday, the National Assembly voted unanimously in a preliminary vote to grant Mr. Chávez the power to enact laws by decree for a period of 18 months. A final vote on the measure is expected next week.

His supporters already control the legislature, the Supreme Court and most state governments, but the president sought the decree powers to speed changes to Venezuela’s political and economic structures. Critics say the new powers would move Venezuela toward authoritarianism.

“It was a tremendous error to allow Chávez into Mercosur, not only because he wants to control it, but also because he is Lula’s biggest rival,” said Felipe Lampreia, who was Brazil’s foreign minister from 1995 to 2001, referring to President Luiz Inácio Lula da Silva. “Lula is moderate and pragmatic, while Chávez is a revolutionary, socialist and international agitator who sees himself as the leader of Latin America.”

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With Mr. Chávez's enthusiastic support, Bolivia, led by his ally Evo Morales, is expected to apply formally for full membership in Mercosur. But that has created divergences within the group, because Bolivia wants a special exemption on tariff and other issues that has not been granted to the group's other smaller members.

Uruguay, in fact, has been so unhappy with its status in Mercosur that, though led by a Socialist president, it has been seeking closer ties with the United States. Next week, the two countries are to sign a Trade and Investment Framework Agreement in Montevideo, which some experts see as the prelude to a free trade agreement that would require Uruguay's exit from Mercosur.

"At this moment, there are two Mercosurs, with the old one obviously dying," said Gilberto Dupas, director of the Institute of Economic and International Affairs, at the University of São Paulo. "Chávez wants to bring his anti-American discourse into the group, but that is not desirable for Brazil, and the little partners will never accept it, especially Uruguay."

Among the proposals Mr. Chávez brought with him was one to create a Mercosur development bank, which he envisions as an alternative to the World Bank. But Brazil's minister of finance, Guido Mantega, reacted warily to the idea, saying it was "complicated" because it would require "a new structure" that might compete with existing regional financial mechanisms.

Mr. Lampreia, referring to his former colleagues, said, "They're starting to realize they've fallen into a trap." He added: "They thought they could influence Chávez, but he can't be influenced. He's the owner of the ball, rich and all-powerful, and says and does what he wants."

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TERRORISM NEWS:

Greece, U.S. Probe Attack (WT)

By Andrew Borowiec

The Washington Times, January 22, 2007

NICOSIA, Cyprus -- U.S. and Greek security services report close cooperation in the investigation of a grenade attack on the U.S. embassy in Athens, offsetting months of diplomatic squabbling and negative Greek opinion polls about the United States and its policies.

"We have discovered that there is excellent cooperation between Greece and the United States in combating violence and terrorism," said Giorgios Koumoutsakos, a spokesman for the Greek Foreign Ministry.

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Although the perpetrators of the embassy attack are not known, FBI agents have joined a Greek police team in conducting extensive searches in the capital and vicinity, coordinated by the Ministry of Public Order. More than 20,000 cars had been checked by the weekend.

Initial comments by the Greek press ranged from warnings of more attacks to assurances that neither Greek prestige nor relations with the United States had been damaged by the incident.

Although no one was injured in the Jan. 12 attack with a rocket-propelled grenade, it sparked a wave of speculation about security in Greece, a longstanding American concern before the dismantling in 2002 of the terrorist "November 17" organization.

The Greek press is divided on the strength and objectives of the latest attackers, who are thought to belong to a leftist group that calls itself "Revolutionary Struggle."

Mary Bossis, a Greek analyst on terrorism, described the group as potentially highly dangerous because "it doesn't have a specific program but has ties to crime syndicates."

Investigators trace the origins of Revolutionary Struggle to 2003, when a wave of seven attacks with explosive devices caused material damage but no casualties. No member of the organization has been arrested.

The influential Vima daily in Athens said the attack on the embassy was "powerful, audacious and highly symbolic."

"Unfortunately terrorism is returning, ready to put its dark and damaging stamp on political developments," the newspaper wrote. But Nikos Konstandaras, a commentator for the Kathimerini daily, dismissed the attack as the work of "certain groups trying to make themselves appear heroic.

There has been little change in opinion polls, which for the past six months have shown persistent opposition to the United States and mistrust of U.S. policies -- including its handling of internal issues such as poverty.

"Anti-American sentiment in Greece exists on all social levels and across different age groups, irrespective of ideological and political convictions," wrote Kathimerini. As reasons it cited U.S. support for the former military junta, the war in Iraq and American support for Turkey, Greece's historical foe.

Nevertheless, Americans are generally welcomed in Greece and U.S. tourism has been growing the past two years, according to government data.

Editorial: A Case Of Whiplash (FWST)

The Fort Worth Star-Telegram, January 22, 2007

Leave it to the Bush administration to bend the law to the breaking point -- and then couch its return to reason as merely a voluntary fine-tuning of policy.

It happened when the administration finally gave up on language that accommodated what bordered on torture of detainees captured in Afghanistan and Iraq. It happened when the administration relented on its resistance to extending protections of the Geneva Conventions to terrorism suspects.

And it happened again when the administration agreed to let the Foreign Intelligence Surveillance Court authorize wiretaps to spy on phone calls involving suspected foreign terrorists.

Not long after the 9-11 terror attacks, Bush allowed the National Security Agency to monitor calls between people in the United States and international sources suspected of connections to al Qaeda or other terrorist groups. But the program operated outside the Foreign Intelligence Surveillance Act system that was set up to prevent surveillance abuses in gathering foreign intelligence within U.S. borders.

When The New York Times in December 2005 revealed the existence of the warrantless eavesdropping program, administration officials insisted that the Constitution and congressional authorization gave Bush power to bypass the FISA Court, which Bush portrayed as too slow and cumbersome to accommodate national security needs in battling terrorism.

But now Attorney General Alberto Gonzales insists that the Justice Department was working to put the spying program under FISA Court oversight long before the warrantless wiretapping came to public light.

If that's so, why didn't he say so long before now? Why continue to feed the disturbing impression that this administration is determined to make itself more equal than the other two branches?

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Notably, administration officials haven't backed down on their claims of executive authority. Stepping under the FISA Court umbrella appears to be a pragmatic act: Democrats who have been skeptical of Bush's overreaching now control Congress, and an appeals court later this month will consider whether a federal judge in Detroit properly held the wiretapping program unconstitutional.

Gonzales called orders from the FISA Court authorizing the monitoring "innovative" and "complex." But he doesn't want to reveal details -- even though, according to several news reports, FISA Court President Judge Colleen Kollar-Kotelly doesn't object to releasing the court's orders (which include classified material) if the Justice Department agrees.

The American public doesn't need to know sensitive operational details about programs legitimately operating to protect our security. It does need to stop getting whiplash from an administration that repeatedly tests our trust and damages its own credibility.

Editorial: Wiretap Backtrack (BANGORN)

Bangor (ME) Daily News, January 22, 2007

Facing congressional investigations and legal challenges, the Bush administration last week reversed course and said it would seek the approval of a secret court before monitoring Americans' international communications as part of its terrorism surveillance work. Bringing the eavesdropping program back under the Foreign Intelligence Surveillance Court is the right thing to do, but it does not negate the need for continued scrutiny from Congress, which the Senate Judiciary Committee reiterated Thursday with tough questions for Attorney General Alberto Gonzales.

Unfortunately, Mr. Gonzales did not answer most questions. Particularly troublesome, the attorney general is refusing to allow the court to reveal details of the arrangement worked out with the administration. The court's presiding judge said she would detail its orders to lawmakers if allowed to do so by the Bush administration. Mr. Gonzales said the administration wanted to keep details of the wiretapping operation confidential.

The committee is right not to take the administration's word that the program, even under court review, is within the president's authority and meets constitutional requirements. It heard the same assurances about the torture of suspected terrorists and detaining such suspects without access to judicial proceedings. The administration has since backed off both these stances due to adverse court rulings and belated intervention from Congress.

In December 2005, it was revealed that the National Security Agency was eavesdropping on phone calls and e-mails between the United States and other countries without warrants. The Bush administration said Congress told the president to use "all necessary and appropriate force" to stop terrorists when it passed the Authorization for Use of Military Force after the Sept. 11 terrorist attacks. Several senators, including Maine Sens. Olympia Snowe and Susan Collins, say it wasn't their intention in voting for the resolution to give the president the authority to bypass the Foreign Intelligence Surveillance Act. The administration said the FISA process was too slow and cumbersome.

With the Democratic takeover of Congress, it has changed its mind. The Justice Department this week said it had recently received several warrants from the court allowing it to monitor communications where there was probable cause to believe one of the participants had terrorist links. With the orders in hand, future eavesdropping would be conducted with the approval of the FISA court, Attorney General Gonzales said.

Without knowing details, such as whether warrants are issued on a blanket basis, lawmakers must continue to scrutinize the program to ensure American's privacy is protected.

Bush Tries To Dodge Accountability Again (ROT)

Roanoke (VA) Times, January 22, 2007

The administration backtracks on warrantless wiretaps just in time.

Last week, the Bush administration backtracked on its program of warrantless wiretapping. Attorney General Alberto Gonzales said officials will no longer listen in on Americans' international phone calls and e-mails without first getting court approval. It's a promising victory for civil liberties and the Constitution.

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However, before Democrats start crowing that the party's control of Congress led to the change, they should look at the administration's history in cases like this. The reversal reflects less a fear of Congress and more the White House's tactics to avoid legal rebuke.

The administration had said its eavesdropping program did not require court oversight. Now it has worked out a deal with the Foreign Intelligence Surveillance Court for warrants. The details of the program remain dismayingly vague, but it is certainly a move toward what the administration should have been doing in the first place.

So why, after more than a year of insisting everything was proper, has the administration reversed course? No doubt the threat of congressional investigations was a factor, but coming federal trials that could have declared the whole program illegal seem the more likely cause.

This isn't the first time the administration has employed this dodge.

Recall the case of Jose Padilla, an American citizen detained by the administration as an enemy combatant. When the Supreme Court was about to review his detention, the administration suddenly dropped allegations that he was a terrorist and moved his case to the criminal justice system, rendering the appeal moot.

Likewise, in the case of Yaser Hamdi, another American held incommunicado by the military, the White House released him to Saudi Arabia before the courts could rule.

Engage in illegal activities. Continue them while challenges wind their way through the courts. When a final decision is near, pull the carpet out from under the case to avoid legal reckoning. The administration can cling to its illusion that it still has the right to ignore the Constitution.

The courts should not allow the president to circumvent justice again. The Bush administration says it will get a warrant for now, but the challenges to government intrusion should go forward to remind the executive that his power has limits.

Wiretap Shift Raises Questions (SPT)

St. Petersburg (FL) Times, January 22, 2007

The public has known about the warrantless domestic wiretapping program of the Bush administration since the New York Times broke the story in December 2005. It took from then until the day before Attorney General Alberto Gonzales was scheduled to appear before the new Democratic-controlled Senate for the administration to finally bring its intelligence-gathering into compliance with the law. We appreciate the action but are left to wonder what took so long and whether there is less here than meets the eye.

It was a shocking revelation when the newspaper reported that the National Security Agency had been authorized by President Bush to monitor the international phone calls and e-mails of people inside this country suspected of terrorist links. Congress, under the Foreign Intelligence Surveillance Act, established a process for warrants to be issued by a secret court when counterterrorism or counterintelligence was at issue. Yet Bush's order ignored the jurisdiction of this court and approved spying on Americans without any court oversight.

After the program came to light, Bush refused to acknowledge its extralegal nature, declaring instead that he had the inherent authority as commander in chief to order warrantless eavesdropping. This stunning position was reiterated by Gonzales on Thursday during questioning by members of the Senate Judiciary Committee.

The administration's ongoing claim of supreme executive authority adds a measure of discomfort to its overdue concession to the rule of law. The attorney general informed Congress in a letter on Wednesday that the administration will shut down its warrantless eavesdropping program in favor of one that respects the FISA court's jurisdiction. But in his testimony before the Senate committee, Gonzales gave no assurances that the administration would not revert to its old ways in the future.

Maybe that is why lawmakers from both parties were left wondering what the administration is really up to. Questions were raised about why it took five years to bring the NSA eavesdropping program into compliance with FISA. Some senators wanted to know whether the administration was making individual showings to the FISA court, as is constitutionally required, or requesting broad warrants that could be used to spy on many people at once. Gonzales was not forthcoming.

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The purpose of the sudden change in policy appears to be an attempt by the administration to avoid having its authority questioned, investigated and potentially curtailed by Congress. The demise of warrantless spying is a desirable policy reversal, even if it is not clear that there has been a change of attitude in the White House.

EDITORIAL Bush Administration Backs Off Of Secretive, Dangerous Policy (AAS)

Austin (TX) American-Statesman, January 22, 2007

Elections have consequences. Just ask U.S. Attorney General Alberto Gonzales, who announced last week that President Bush will no longer order wiretaps without the approval of a special federal court.

In the aftermath of the Sept. 11, 2001, terrorist attacks on the United States, the president had allowed the National Security Administration to wiretap — without a warrant — telephone conversations and electronic mail between a party in the United States and one outside the country. The program was not disclosed to the public until The New York Times reported it in December 2005.

Until last week, the president had defended the program as a constitutional use of his authority to defend the nation. He and his supporters also argued that it was not legally necessary, and not practical, to first get court approval.

But critics in Congress and elsewhere, including this newspaper, argued that not only was court approval necessary, the procedure itself was already in place, had been for years and posed no obstacle to the government when it needed to move quickly.

The Foreign Intelligence Surveillance Court was created in 1978 to handle such sensitive situations, is highly secretive and has rarely denied approval of a wiretap request. The law even provides for situations in which, in emergencies, the wiretap can be placed first and the warrant sought shortly thereafter.

The issue is not whether to wiretap — of course persons suspected by the government of terrorist activities ought to be investigated. And to date, we know of no instance in which the Bush administration wiretapped political enemies or critics.

But no president, regardless of party, should have the power to order a wiretap on the private conversations and messages of someone in the United States without the constitutional check of court approval. It's far too tempting for those given such unlimited power to apply it ever more widely and eventually threaten the privacy of all.

The Bush administration complained of shortcomings in the 1978 law, but it never asked Congress to change it, and few in the Republican majorities in the House and Senate challenged the administration's assertion of wiretapping authority.

But the Nov. 7 election installed Democratic majorities much more willing to take on the president on the wiretap issue and other matters touching on national security and Americans' civil rights. And so on Wednesday, Gonzales suddenly announced that the administration had worked out its problems with the special court and that wiretaps would be submitted to it for approval.

Some in Congress suspect the administration is playing word games, and Gonzales fed that suspicion by refusing to give details about the new policy during an appearance before a Senate committee on Thursday. On the other hand, conservative voices that had stoutly defended the presidential refusal to get warrants for the wiretaps were outraged by the administration's sudden about-face.

Whatever its motive, the Bush administration was right to start going to the court to get the warrants, and we hope the court itself will not be a rubber stamp for this or any other administration.

Financing Terrorists Is Not About Speech (LAT)

The Los Angeles Times, January 22, 2007

THE SUPREME COURT has rightly refused to block the trial of seven Los Angeles residents accused of contributing funds to an Iranian opposition movement that the State Department has branded a terrorist group.

The high court let stand a ruling by the U.S. 9th Circuit Court of Appeals that prosecuting the defendants — who are innocent until proved guilty — posed no 1st Amendment problem. As Judge Andrew J. Kleinfeld pithily put it: "Sometimes money serves as a proxy for speech, and sometimes it buys goods and services that are not speech. Guns and bombs are not speech."

In 1997, then-Secretary of State Madeleine Albright designated the Marxist group Mujahedin Khalq, or MEK, as a "foreign terrorist organization," a designation reaffirmed in 1999. Formed in the 1960s to oppose the rule of the shah of Iran, MEK now

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opposes the Islamic regime in Tehran and, according to the State Department, engaged in terrorism against Iran between 1997 and 2001.

Under the 1996 Antiterrorism and Effective Death Penalty Act, it's a crime to knowingly provide material support to an organization that appears on the State Department's list. The defendants in the Los Angeles case are accused of soliciting donations for MEK in Los Angeles and of wiring at least several hundred thousand dollars to an MEK bank account in Turkey.

The truth of those allegations is a matter for a jury. What the defendants sought from the 9th Circuit was a ruling that their prosecution violated the 1st Amendment because of flaws in the way MEK was designated a terrorist organization.

Yet, as Kleinfeld noted, MEK's own description of its activities supported the terrorist designation. The designation was on the books when the defendants allegedly contributed to the group. More to the point, as the Supreme Court has recognized in upholding restrictions on contributions to election campaigns, money cannot always simplistically be equated with speech even in a domestic context. The "money is speech" mantra makes even less sense when the money buys guns.

Of course, the State Department should use care in designating a group as a terrorist organization. Such designations can be challenged though not ignored. Individuals accused of providing such a group with material support shouldn't be able to substitute their judgment for the department's any more than consumers should be able to substitute their judgment about a dangerous drug for that of the Food and Drug Administration. Neither case is a free-speech issue.

HOMELAND RESPONSE:

TSA To Track Rail Shipments With Toxic Cargo (USAT)

By Thomas Frank, Usa Today

USA Today, January 22, 2007

WASHINGTON — The government for the first time will monitor rail shipments of potentially deadly cargo passing through cities to make sure cars vulnerable to attack don't sit unguarded for too long.

The Transportation Security Administration (TSA) will start a nationwide tracking system in about a month to determine how long rail cars filled with lethal materials are stopped on tracks or sit in unsecured storage yards in urban areas.

Unguarded rail cars filled with toxic chemicals such as chlorine in cities are the single biggest terrorist threat related to the nation's railroads, the TSA says.

The U.S. Naval Research Lab has said an attack on such a rail car could kill 100,000 people. Railroads carry 105,000 carloads of toxic chemicals a year, and 1.6 million carloads of other hazardous materials such as explosives and radioactive items, the government says.

The new tracking system lets the TSA enforce an agreement it reached with railroads to cut the amount of time hazardous rail shipments spend unguarded in cities. The agreement, signed by the 257 railroads that transport toxic chemicals, aims to reduce by 25% this year the number of hours hazardous rail shipments sit unguarded in each of 46 major urban areas. "This immediately reduces the risk of a terrorist attack," TSA chief Kip Hawley said. "These cars will not be sitting ducks."

The TSA plans to send inspectors soon to areas where it finds toxic shipments unguarded for long periods and work on safety improvements. Railroads can give toxic cargo priority so it doesn't sit on tracks waiting for other trains to pass, or store it in guarded yards.

The tracking comes as cities consider banning or restricting hazardous rail shipments. Local officials fear attacks and accidents like the fiery train derailment Tuesday near Louisville that spewed toxic smoke and forced people from homes, businesses and a school.

"Rerouting is by far the most important way to reduce risk," said Fred Millar, a rail-safety advocate who helped enact a ban in Washington, D.C., in 2005, the nation's first. "If you don't reroute hazardous shipments, it's not a serious program."

Rail companies fear such laws would force them to send hazardous cargo hundreds of miles around cities. CSX Transportation blocked the Washington ordinance with a lawsuit that is pending.

Hawley said barring hazardous rail cargo from cities could force it onto trucks, which are more easily attacked and accident-prone. "You want to keep it on rail," Hawley said.

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Matthew Zone, a Cleveland city councilman who proposed barring hazardous cargo from one of that city's four rail lines, called the TSA monitoring "a move in the right direction."

Railroads carry two-thirds of shipped toxic chemicals, most of it chlorine and anhydrous ammonia, a fertilizer.

Should US Track Each Foreigner's Exit? (CSM)

By Alexandra Marks

The Christian Science Monitor, January 22, 2007

A program to record visa-holders' departures via land is being suspended because of technology issues, say security officials.

The United States knows when visitors carrying visas enter the country, but it has no idea when, or if, most of those people leave.

Congress ordered that key flaw in the immigration system to be fixed as far back as 1996 – in part because as many as 100,000 people overstay their visas annually and join the ranks of undocumented workers. But the 9/11 attacks gave the request new impetus: The 9/11 commission in 2004 recommended that the loophole be closed, and the 2004 Intelligence Reform and Terrorism Prevention Act mandated that it be done "as expeditiously as possible."

By the end of this year, the Department of Homeland Security (DHS) expects to have a system in place to track people who leave by air or by sea. But it has decided to abandon its efforts to track the exits of foreigners who depart through the nation's border checkpoints on land.

Tuesday, top DHS officials will go before the Senate Judiciary Committee to explain the department's rationale.

"Land presents somewhat of a challenge," says the DHS official who confirmed that the land exit program was being suspended. "We're still looking into doing it at some point in time; it might be a number of years."

The problem, according to DHS, is that the technology doesn't yet exist to create an entry/exit program for people who cross by land – at least not without causing huge traffic delays that would disrupt commerce and daily life in border towns.

Critics say the real problem is a lack of political will and confused priorities. They charge that DHS has set the technical bar too high – for instance, requiring the system to be able to check people's exit from the country while they're driving by at 50 miles per hour.

The controversy over the entry/exit program, which is called US Visit, illustrates not only the difficulty of securing US borders physically, but also the larger question of how best to use limited resources to improve security in a post-9/11 world. Advocates of a comprehensive exit and entry program say it is crucial to security, because the nation must know who's leaving as well as who's coming into the US. Indeed, two of the 9/11 hijackers had overstayed their visas.

"We have to recognize that there are very real threats and it still is an international border – people who've become used to quick and easy crossings have to understand that there are very compelling reasons now to change the way they do business," says Jessica Vaughan, a senior policy analyst at the Center for Immigration Studies in Washington. "Maybe just-in-time manufacturing was fine in 2000 when you could get a truckload of stuff across the border very quickly and easily, but things are different now."

Critics of US Visit say it's a waste of valuable resources to focus on the 309 million people who cross the nation's land borders annually. More than 70 percent of those who cross regularly are truck drivers, workers, or people going to visit family across the border. The vast majority of the rest are vacationers.

"I understand the politics as to why we'd like to target temporary visitors, students, and others, but I haven't seen ... a really cogent analysis about why [it] would be better to put billions of dollars into that as opposed to training people to speak foreign languages and infiltrating groups that are suspicious," says Allan Wernick, a professor at Baruch College in New York and chairman of the Citizenship and Immigration Project.

DHS is testing its exit-verification program at 12 airports and two seaports. It has set up kiosks where visitors swipe their travel documents as well as have two fingerprints and a picture recorded to ensure they are indeed the person who came in on that visa. By the end of the year, DHS plans to have that system operating at the 80 US airports that accommodate international travelers.

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DHS also had a pilot program at five land ports. That system used radio frequency technology to scan a chip in people's visas when they drove out of the country into Canada or Mexico. The goal was for it to work if cars were driving as fast as 50 miles an hour.

"That's unrealistic. Even with E-ZPass you have to slow down to five miles per hour," says Ms. Vaughan, in a reference to a toll-tracking card used by commuters.

A DHS spokesperson said the radio frequency technology failed in part because it couldn't prove that the people carrying the visas with the microchip were the same ones who came into the country – a congressional requirement. A recent General Accountability Office study found that to meet the mandate that the exit program be biometric, DHS would have to spend billions to expand border crossings and hire new staff to prevent huge traffic back-ups at the border.

A DHS spokeswoman defends delaying the implementation at land ports until the technology is available to make it viable to use the biometric visa identifiers – such as fingerprints – at the land ports of entry.

"We've had success by incrementally phasing the program in at airports, and that's what's resulted in no traffic buildup. And we will be phasing it in sometime in the future at land ports," says Anna Hinken, a US Visit spokeswoman. "Biometrics is the future. "These types of systems require resources and planning. It's not something that happens overnight."

U.S. Watches For Cultivation Sites Of 'Pepsi Jihad' (WT)

By Shaun Waterman

The Washington Times, January 22, 2007

U.S. law-enforcement and intelligence officials say they are taking steps to monitor and combat the spread of Islamist extremism and support for a violent holy war against the West among a "Pepsi jihad" generation of young Muslims in the United States.

At a hearing last week, officials from the CIA, FBI and Department of Homeland Security told lawmakers that the United States had less of a problem with "homegrown" Islamist terrorists than Europe did because of its history as a nation of immigrants.

"I think the American historical experience ... with bringing in various groups and giving them, frankly, more opportunity than they might have enjoyed elsewhere has helped us immeasurably in this regard," CIA Director Michael V. Hayden told the House Permanent Select Committee on Intelligence.

Despite that, Phillip Mudd from the FBI's National Security Branch said, the ideology of extremist Islam -- and its attendant support for violence against the West in general and the United States in particular -- was spreading in the United States.

"The commonality we have [with Europe] is people who are using the Internet or talking among friends who are part of what I would characterize as a Pepsi jihad. ... It's become popular among youth, and we have this phenomenon in the United States."

Charlie Allen, the head of intelligence for the Department of Homeland Security, said the department reorganized its intelligence analysts late last year and "created a branch focused exclusively on radicalization in the homeland [that] is studying the dynamics of individual and organizational radicalization."

He said the United States did not have "the alienation and the de facto segregation that we see in some places in Europe," but that nonetheless there were "pockets of extremism" in the country.

He said the branch would create state-by-state and regional assessments this year "of the means and mechanism through which radicalization manifests throughout the United States."

He added that another factor present in many of the successful "homegrown" Islamist attacks in Europe -- the Madrid and London transit bombings being the classic examples -- was a leader directing would-be terrorists to training facilities.

"Frequently, we see a charismatic leader ... who selects people for further education, perhaps overseas, particularly into South Asia."

The question of the role played by al Qaeda's central command in Pakistan in providing support and direction for so-called "homegrown" plots in Europe has vexed analysts since the Madrid rail bombings in March 2004.

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"While the incidents might be homegrown and the recruitment base, if you will, can often be second-generation immigrants who have a Muslim background, we've always found some kind of linkage back to" al Qaeda's leadership, said Director of National Intelligence John D. Negroponte.

Mr. Allen noted that the Homeland Security Department had a unit dedicated to demographic analysis of immigrant communities in the United States, which might, wittingly or not, harbor networks of criminals or human smugglers that terrorists could exploit.

The unit will fuse intelligence and law-enforcement reporting to "assess patterns in which migrant communities -- and likely associated extremists -- may or could travel to and establish themselves within the homeland." The unit aims to "provide strategic warning of mass migration to the United States and likely exploitation by illicit actors."

WAR NEWS:

Senators Seek Support Against Iraq Surge (AP)

By Hope Yen

AP, January 22, 2007

Two leading Senate Democrats sought to build support Sunday for a bipartisan resolution opposing President Bush's war strategy in Iraq, cautioning that division over whether it goes far enough could spell defeat.

"The worst thing we can do is to vote on something critical of the current policy and lose it," said Sen. Carl Levin, D-Mich., who chairs the Senate Armed Services Committee. "The public doesn't support his policy, a majority of Congress doesn't support his policy."

"If we lose it, the president will use the defeat of a resolution as support of his public policy," Levin said.

The new Democratic-led Congress heads this week toward its first vote on the war, with the Senate Foreign Relations Committee beginning debate Wednesday on a resolution condemning Bush's proposal to send 21,500 more troops to Baghdad and Anbar province. A vote could come as early as that same day.

The proposed nonbinding resolution, which is largely symbolic and would have no affect on money for troops, states that "it is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq."

It has generated some division among Democrats who want to go farther by cutting funding for new troops, moderates in both parties who want softer language and Republican leaders who have vowed to filibuster.

On Sunday, Levin and Sen. Joseph Biden, D-Del., who sponsored the resolution along with Republicans Chuck Hagel of Nebraska and Olympia Snowe of Maine, called their proposal a first step that would send a "powerful message" that Bush must change course.

Other congressional steps, such as limiting federal appropriations for the war, could come later if Bush were to continue pushing forward with additional troops in defiance of the resolution, they said.

Biden, who chairs the Senate Foreign Relations Committee, downplayed the notion that support could splinter over how far lawmakers should go to restrain the president's power to wage war. He said he expected the half-dozen competing proposals to oppose the war each would get an airing.

"I don't think there's any muddled message here," Biden said. "They'll all get a chance to be voted on, with some discussion."

The proposals to limit the war vary.

Rep. John Murtha, D-Pa., and Sen. Edward Kennedy, D-Mass., say they want to cut funding for new troops to prevent the deployments. Sen. Christopher Dodd, D-Conn., has a proposal that would cap troops at existing levels.

Republican Sen. Gordon Smith of Oregon said he was wary of the term "escalating" in the resolution and was working with Sens. Susan Collins, R-Maine, and Ben Nelson, D-Neb., on a "constructive, nonpartisan resolution that expresses the opposition of the Senate to the surge."

Collins and Nelson, alongside Sen. John Warner, R-Va., were expected to announce the details Monday.

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And the fiscally conservative Blue Dog Democrats say they would introduce legislation this week calling for greater accountability on how Iraq war funds are spent.

Bush, meanwhile, was expected to address the Iraq war in his State of the Union address Tuesday and renew his calls to work together with Democrats on a bipartisan way forward.

Earlier that day, the Senate Armed Services Committee will also hear from Lt. Gen. David Petraeus, a former division commander in Iraq, who was tapped by Bush to replace Gen. George Casey as the top American commander in Iraq.

On Sunday, Biden said despite the competing proposals, there was overwhelming bipartisan support in Congress against the war. He said Vice President Dick Cheney was absolutely wrong in suggesting that a resolution against the war would "embolden our enemy."

"Every single person out there that is of any consequence knows the vice president doesn't know what he's talking about. I can't be more blunt than that," Biden said. "He is yet to be right one single time on Iraq."

Hagel suggested there may be more Republican support than is generally known for seeking a vote in Congress toward ending the war in Iraq.

"It is wrong to put American troops in the middle of a sectarian civil war," he said. "Are we not to register our sense of where we are going in this country?"

"Let every member of the Senate express themselves," he said, saying they owe that to the American public.

"We have anarchy in Iraq," he said. "It's getting worse."

Biden and Levin spoke on "Fox News Sunday," and Hagel was on CBS' "Face the Nation."

McCain Hits Resolution On Surge (WT)

By Stephen Dinan

The Washington Times, January 22, 2007

Sen. John McCain yesterday said voting for a resolution disapproving of President Bush's troop-surge idea would be a slap at the 21,000 new troops that would be sent to Iraq under the plan, putting the upcoming congressional debate on the Iraq war in stark terms.

Mr. McCain and other Republicans also signaled their worry over Gen. George Casey's nomination to become Army chief of staff, signaling another possible congressional fight for Mr. Bush with his own party as he tries to move forward on his new Iraq strategy.

"I have very serious concerns about General Casey's nomination," Mr. McCain said on NBC's "Meet the Press," arguing Gen. Casey's record in Iraq may not merit the new post and would send a wrong message to the troops.

Mr. Bush has announced he will commit more than 17,000 more soldiers to Baghdad to try to help Iraqi national police and military units quell Sunni-Shi'ite violence, and said he will send 4,000 Marines to go after al Qaeda fighters in Anbar province.

Top Senate Democrats, joined by a leading dissident Republican, last week announced a resolution opposing Mr. Bush's plan. Senate Democratic leaders have promised to force a floor vote, and House Democratic leaders said they are working on their own similar resolution. The resolution is not binding on Mr. Bush, but the lawmakers hope the signal it would send would cause him to change course.

Both Republicans and Democrats used yesterday's round of talk shows to try to build support for their positions heading into what is shaping up as a major showdown.

Sen. Carl Levin, Michigan Democrat and chairman of the Senate Armed Services Committee, said Democrats must unify behind the resolution, though, or risk a fracture that could deliver a public victory to Mr. Bush.

"The worst thing we can do is to vote on something which is critical of the current policy and lose it," Mr. Levin, one of the authors of the resolution, said on "Fox News Sunday."

Pulling further to the left are those such as Sen. Edward M. Kennedy, Massachusetts Democrat. He said troop escalations have failed in other parts of Iraq in the past, and said the one idea that hasn't been tried is "de-escalation."

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"That's a policy, which I believe, then, will require the Iraqi government to assume responsibility for their security, rather than now sending additional troops, which will be an additional crutch for the Iraqi government in delaying their judgment decision in order to take the security," he said.

Mr. Kennedy has his own bill that would force the president to come back to Congress for permission to broaden the war. He said if Mr. Bush ignores the will of Congress as expressed in upcoming votes, lawmakers should then defund the war.

"If we have a president that is going to effectively defy the American people, are going to defy the generals, defy the majority of a Congress of the United States in Republicans and Democrats, then we, I think, have a responsibility to end the funding for the war," he said on NBC. "Are we really being more loyal to our troops, putting them in the midst of a civil war?"

Mr. McCain, who is exploring a run for president, is now closely tied to the troop-surge idea, even though he said that his choice would be to send still more troops to make sure they get the job done.

"I promise you, if we fail here, there will be plenty enough blame to go around to everyone, including to me," Mr. McCain said, acknowledging that he is so tied to the plan that Democrats now call it the "Bush-McCain increase."

He said the Democrats' resolution would be a slap at the troops Mr. Bush is preparing to send.

"This resolution is basically a vote of no confidence in the men and women we are sending over there," he said. "We're saying, 'We're sending you -- we're not going to stop you from going there, but we don't believe you can succeed, and we're not willing to support that.' I don't think the troops would find that an expression of support."

Webb Would Defund Rebuilding Iraq (USAT)

By Kathy Kiely

USA Today, January 22, 2007

WASHINGTON — The Democratic senator who will deliver his party's formal response to President Bush's State of the Union address Tuesday says he favors cutting off funding for Iraq reconstruction in order to pay for Hurricane Katrina recovery instead.

"How can we keep sending billions of dollars over to Iraq and not fund a really energetic effort to help places like New Orleans?" Sen. Jim Webb, D-Va., asked in an interview Friday. Webb said that Iraq and what he sees as the precarious state of the nation's economy and infrastructure are two of the topics he'll tackle in his speech.

Senate Majority Leader Harry Reid, D-Nev., chose Webb, an iconoclastic freshman, to deliver the prime-time rebuttal to the president. Reid said Webb personifies the "spirit of bipartisanship," and the call for "a new direction for working families and an end to the war in Iraq."

Webb also highlights the Democrats' effort to move beyond their traditional political base. A senator for less than a month, Webb is a combat veteran who says, "I can still justify the war in Vietnam." His eldest son is a Marine stationed in Iraq.

Webb is a former Republican who won election in a state Bush carried by 9 percentage points in 2004. This marks the second year in a row that a Democrat from Virginia will deliver the State of the Union response. Last year, the honor went to Gov. Tim Kaine.

A pugnacious former boxer, Webb made headlines by rebuffing Bush's attempt to ask about Webb's son at a White House reception with a call to bring the troops home from Iraq. The White House wouldn't comment, but Webb confirmed the incident.

"I didn't start it," said Webb, who insists he harbors no hard feelings. "I wouldn't mind having lunch with George W. Bush."

Webb, who has written novels, screenplays and magazine articles, said that he's working with Reid about the general themes of his speech but that he has "enough independence" to say it his way.

"I'm really careful with words," Webb said.

In his speech, which the senator said he's trying to keep to about five minutes, he plans to address:

•Iraq and national security. Webb, who called the administration's decision to invade Iraq "reckless," said he won't support cutting funds for the military effort, but he wants Congress to create pressure for a diplomatic solution. "There will never be political stability in Iraq as long as there are American combat troops on the streets of Iraq," he said. "We need to get them out."

•Economics and globalization. Webb said he believes that the "internationalization of corporate America" is widening the gap between rich and poor.

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•Government accountability. Webb said he will discuss ethics reform and efforts to expand congressional oversight of the executive branch.

Webb, who served as secretary of the Navy in the Reagan administration, intends to do some horn-tooting for his new party: "I think the Democratic leadership really deserves some kudos."

Congress's Challenge On Iraq (NYT)

The New York Times, January 22, 2007

President Bush's refusal to come up with a serious policy on Iraq means that the Democrats will have to goad him toward one. Congress needs to do more than just oppose the latest ill-conceived military escalation. It needs to insist that American troops are not captive to the destructive policies of an Iraqi government for which sectarian revenge counts for more than national unity and civil peace.

To do that, it needs to demand that Mr. Bush impose firm, enforceable benchmarks on Prime Minister Nuri Kamal al-Maliki — if any American troops are going to remain in Iraq.

In the Senate a nonbinding, bipartisan resolution seems headed toward early passage. Sponsored by Joseph Biden, Chuck Hagel and Carl Levin, it expresses strong opposition to sending more troops, citing the failure of the Iraqi government to keep its past promises on national reconciliation.

Passing this resolution by the widest possible bipartisan margin would be a good first step. It would make clear to the American people (who called for a change last November), to President Bush (who didn't listen) and to Mr. Maliki (who didn't seem to notice) that the days of uncritical American support for Shiite misrule are over.

Already, the newly questioning tone in Congress has pushed Mr. Maliki to distance himself — at least publicly — from his ally Moktada al-Sadr, whose Mahdi Army has been responsible for some of the worst outrages against Baghdad's Sunni population. It is too early to say whether this is a public relations ploy, or whether Mr. Maliki will now allow the Americans and his own army to move against Mahdi Army strongholds. The Senate resolution should make clear that that is the first prerequisite for continued American support.

Hortatory statements are unlikely to change Mr. Bush's mind or Mr. Maliki's behavior, so the Congress will likely have to go further. Both houses will need to find ways to use their power — including the power of the purse — to do what Mr. Bush refuses to do: set and enforce deadlines for the Iraqi government to disarm militias, share oil revenues and reintegrate the Sunni middle class into Iraqi life.

Funding limits that simply freeze the number of troops, like the one Senator Edward Kennedy now proposes, are inadequate. The much more difficult challenge is to figure out ways to compel Mr. Bush to come up with a policy that has at least some chance of letting American troops come home without leaving total chaos behind.

Even if the Congress could stop Mr. Bush from sending an additional 20,000 troops, there will still be 130,000 caught in Iraq's maelstrom.

Congress Plays Bad Cop On Iraq (LAT)

The Los Angeles Times, January 22, 2007

AS SOON AS this week, the Senate could adopt a nonbinding resolution that reads in part: "It is not in the national interest of the United States to deepen its military involvement in Iraq." The House is likely to follow suit.

Whether the final wording of the resolution refers to President Bush's planned movement of 21,500 more U.S. troops to Iraq as an "escalation" or something else (the language may be softened to attract more Republican votes), it would represent a dissent from the surge, the centerpiece of Bush's revised Iraq policy. The resolution would have no effect on the conduct of the war — and any attempt by Congress to meddle in military strategy should be rejected — but it would be seen as a blow to the president.

Maybe it shouldn't be. Congress actually could be doing Bush a favor by disagreeing with him. Ideally, passage of the resolution would create a diplomatic version of the "good cop/bad cop" routine, with Congress playing the role of the bad cop and Bush using its stubbornness as leverage in dealing with Iraqi Prime Minister Nouri Maliki.

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Such a strategy is possible because there is not as much daylight between Bush and his congressional critics as the resolution indicates. In addition to opposing the surge, the resolution — drafted by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.) and Carl Levin (D-Mich.) — calls for the United States to "transfer, under an appropriately expedited timeline, responsibility for internal security and halting sectarian violence in Iraq to the government of Iraq and Iraqi security forces."

Bush's plan disdains timetables, but it also involves pressuring Maliki to come down hard on his fellow Shiites in the Al Mahdi militia headed by Muqtada Sadr. That pressure seems to be having an effect. Two commanders of that militia complained last week that Maliki, under U.S. pressure, was no longer protecting them. On Friday, U.S. and Iraqi forces arrested one of Sadr's lieutenants.

There is no guarantee that Maliki won't backslide or that the surge will stabilize Baghdad and Al Anbar province as Bush hopes. In going on record against the surge, however, Congress won't — and probably can't — stop it. But the nonbinding resolution could still serve Bush's other objective if the Iraqis take it not literally but seriously as reaffirmation of Bush's pledge that the U.S. commitment in Iraq is not open-ended.

In June, a Senate that was only marginally more Republican than the current body soundly rejected a resolution calling for a withdrawal of U.S. forces to begin by the end of 2006, with no timetable for complete withdrawal. That the current resolution probably will prevail is a reflection not just of the passage of time and the changeover of Congress but also of growing and bipartisan fatigue with the war.

If he is smart, Bush will use that impatience to his advantage in pursuing both aspects of his "new way forward" — a surge in U.S. troops and a message to the Iraqis that the surge is their last, best and temporary hope of U.S. assistance in keeping their country together.

McCain, Graham May Oppose General Casey As Army Chief (Correct) (BLOOM)

By Nadine Elsibai

Bloomberg, January 22, 2007

(Corrects spelling of Lindsey Graham in first paragraph)

Jan. 21 (Bloomberg) -- Senators John McCain and Lindsey Graham, who have strongly backed sending more U.S. troops to Iraq, indicated they may not support a promotion for the current military commander there because of past U.S. mistakes.

McCain, senior Republican on the Armed Services Committee, said on NBC's ``Meet the Press" program that he likely won't support General George Casey's nomination as Army chief of staff because of the ``failed leadership" of the U.S. forces in Iraq. Graham, another Republican member of the panel, said on CNN that Casey will face ``hard questions" during confirmation hearings.

President George W. Bush announced earlier this month he is replacing Casey as commanding general of multinational forces in Iraq and nominating him to the Pentagon post. Casey has been the top commander in Iraq since July 2004, and sectarian violence there has worsened over the past year. McCain is a leading Republican voice on military matters and, along with Graham, has been pushing the president to commit more forces to the fight. Bush announced Jan. 10 he will send 21,500 more soldiers and Marines into Iraq.

``I have very serious concerns about General Casey's nomination," McCain, of Arizona, said. ``I'm concerned about failed leadership, the message that sends to the rest of the military."

The strategy advocated by Casey and General John Abizaid, head of the U.S. Central Command, ``has not produced the outcomes we all desire in Iraq," Graham, of South Carolina, said on CNN's ``Late Edition" program. ``And General Casey will be held to account for the advice he's given in the past."

Changes

Abizaid is retiring. Bush picked Admiral William Fallon to replace Abizaid as head of military operations in the Middle East and Lieutenant General David Petraeus to replace Casey in Iraq.

Before Bush's announcement, the U.S. had about 132,000 troops in Iraq. Casey said last week that the additional troops will be in Iraq until ``late summer." More than 3,000 U.S. military personnel have died since the March 2003 invasion of Iraq,

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including 12 who were killed in a helicopter crash yesterday, according to the Defense Department. At least 10 more were killed in insurgent attacks or by roadside bombs.

Democratic and Republican lawmakers continued to voice opposition to Bush's strategy. Democratic Senators Carl Levin of Michigan and Joseph Biden of Delaware and Republican Senator Chuck Hagel of Nebraska are sponsoring a nonbinding resolution opposing the addition of more troops to Iraq.

``I want every member of the United States Senate to have to take a position on this," Hagel said on CBS's ``Face the Nation" program. ``We have kids dying every day. It is wrong to put American troops in the middle of a sectarian civil war."

Levin, chairman of the Senate Armed Services Committee, said on the ``Fox News Sunday" program that the U.S. should ``keep the pressure on the Iraqis to reach a political settlement and not deepen our military involvement, which adds targets but doesn't add much in the way of pressure."

Levin has called for the U.S. to set a timetable of four to six months for withdrawing most of its forces from the country and is planning hearings on Bush's strategy.

`Wrong Way'

Biden, chairman of the Foreign Relations Committee, said today that Bush is trying to fix the Iraq problem ``the exact wrong way" as he and Vice President Dick Cheney maintain that withdrawing from Iraq would only embolden the enemy.

Bush isn't ``listening to his military," Biden said on the Fox program. ``He's not listening to his old secretaries of state. He's not listening to his old friends. He's not listening to anybody but Cheney, and Cheney is dead-wrong."

Congressional Democrats opposed to the plan, along with some Republicans, are exploring options to block Bush's strategy by attaching conditions to future military spending measures or passing legislation that requires the president to ask Congress to authorize a troop increase.

In a recent Newsweek magazine poll, 68 percent of the U.S. public opposed Bush's deployment of more troops to Iraq, including 45 percent who said they were strongly opposed. Twenty-six percent favored the approach.

The poll found that more people had confidence in the new Democratic congressional leaders to make decisions on Iraq, with 55 percent saying they trusted the Democrats more than the Republican president. Thirty-two percent said they had more faith in Bush.

The poll, released yesterday, has a margin of error of plus or minus four percentage points. It is based on interviews of 1,003 adults on Jan. 17 and 18.

McCain May Oppose Pick For Army Staff Chief (WP)

By R. Jeffrey Smith And Walter Pincus

The Washington Post, January 22, 2007

Sen. John McCain (R-Ariz.) said yesterday that he is inclined to oppose President Bush's appointment of Gen. George W. Casey Jr. as the new Army chief of staff, on the grounds that Casey's 2 1/2 -year tenure as U.S. military leader in Iraq was marked by "failed leadership."

McCain, the senior Republican on the Armed Services Committee, which must confirm Casey's appointment, and a likely presidential candidate in 2008, accused Casey of presiding over "a failed policy" in Iraq, in which McCain said Iraqi forces were expected too quickly to assume growing responsibility for security matters there.

Reiterating his support for the troop "surge" to Iraq announced recently by President Bush, McCain said on NBC's "Meet the Press" that U.S. policy had produced Iraqi turmoil so bad that, if no change were made, "within months we would see a total breakdown in Iraq." The result, he said, would be ethnic cleansing between rival religious groups in the capital on the scale of that in Srebrenica, where Serbian military forces slaughtered 8,000 Bosnian Muslims in 1995.

"We can't expect Americans to sit outside Baghdad or outside the borders and watch such a thing go on," McCain said.

While he said he preferred a larger troop buildup than the new 21,500-person deployment proposed by Bush, McCain said the new U.S. military commander in Iraq, Lt. Gen. David H. Petraeus, had assured him that if Petraeus "needed more, he would receive them."

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The Senate Foreign Relations Committee is expected to take up resolutions on Iraq on Wednesday, some nonbinding and others that would cap the number of U.S. troops there or reduce future funding for American or Iraqi security forces.

Sen. Joseph R. Biden Jr. (D-Del.), chairman of the committee and co-sponsor of a bipartisan, nonbinding resolution that would put senators on record as opposing Bush's plan, said votes on other approaches would not deliver a muddled message.

"There's an overwhelming . . . consensus that we should deescalate the war," he added during an appearance on "Fox News Sunday."

Sen. Carl M. Levin (D-Mich.), chairman of the Armed Services Committee, said on the same program, "It will be a very powerful message if a bipartisan majority of the Congress say that they disagree with the increased military involvement in Iraq." He added that could only be a first step: "If the president does not take heed to that step, at that point, you then consider another step."

Levin warned, however, "The worst thing we can do is to vote on something which is critical of the current policy and lose it, because if we lose that vote, the president will use the defeat of a resolution as support for his policy."

Unlike Petraeus, Casey has been privately skeptical about the wisdom of deploying five new divisions now. He argued last year that the presence of U.S. troops was fostering an unhealthy Iraqi dependency on foreign assistance. After publicly embracing Bush's plan, however, Casey said that it could make Baghdad residents begin to feel safe in their neighborhoods by the end of the summer.

McCain retorted yesterday: "It's taken us nearly four years to get to this desperate situation we're in today. So to think that within three or four months or a short period of time that we could retrieve the situation, I think, is just foolishness."

McCain has previously sought to deny military promotions to officers whose work in Iraq displeased him, including several associated with policies that he said had led to the abuse of U.S. military detainees there. While not promising outright to oppose Casey's appointment, he said, "I have hard questions to ask him, and I'm very skeptical about it."

Levin has said he is inclined to back Casey.

Meanwhile, McCain faces opposition from some Republican lawmakers who disagree with his endorsement of the troop buildup.

Among the members of the Foreign Relations Committee, according to Sen. Chuck Hagel (R-Neb.), "I don't believe there was one Republican senator who came forward with any kind of enthusiasm or any kind of strong support of the president's plan."

"The party that I first voted for on top of a tank in the Mekong Delta in 1968 is not the party I see today," Hagel said on CBS's "Face the Nation" yesterday.

As for the nonbinding resolution, McCain called it "basically a vote of no confidence in the men and women we are sending over there."

McCain, whom polls have shown running neck and neck among potential voters with newly announced Democratic presidential candidate Hillary Rodham Clinton, said yesterday that the senator from New York would make a "serious president." He did not reiterate his February 2005 comment that she would make a "good president."

U.S. Troops' Deadly Weekend (LAT)

By Borzou Daragahi

The Los Angeles Times, January 22, 2007

BAGHDAD — Two Marines were killed Sunday in Al Anbar province west of the capital, bringing the weekend U.S. death toll to at least 27, a dramatic increase in fatalities that comes as President Bush is trying to convince a wary public of his plan to escalate the military presence in Iraq.

The U.S. military also reported that at least five more U.S. soldiers and one Marine had died in separate combat incidents in Baghdad and Al Anbar on Saturday, the third-deadliest day for American forces since the March 2003 invasion of Iraq.

Another 44 Iraqis were killed or found dead in political and sectarian violence, including the bombing of a bus in a middle-class Shiite Muslim neighborhood of Baghdad that left seven dead and 15 injured.

A British soldier was killed Sunday when his vehicle struck a roadside bomb in the southern city of Basra. Four British soldiers were injured in the blast.

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The deaths come as the U.S. begins to deploy thousands of additional troops into Iraq, the first of 21,500 meant to bolster forces that must confront Shiite and Sunni Arab gunmen in a complex peacekeeping and counterinsurgency mission.

The bulk of the U.S. deaths Saturday came in the crash of a Black Hawk helicopter northeast of Baghdad. Twelve soldiers were killed.

U.S. officials have not announced the cause of the crash.

A witness and an insurgent group said that hostile fire had struck the aircraft. CNN, reporting from Washington, quoted an anonymous Pentagon official saying that the crash was probably caused by insurgent fire.

In Saturday's most audacious guerrilla attack, gunmen in sport utility vehicles and uniforms stormed a provincial security building in Karbala as U.S. and Iraqi officials discussed plans to protect pilgrims during an upcoming Shiite religious festival. The gunmen made their way past checkpoints and burst into the building, guns blazing.

Five U.S. soldiers were killed and three injured in the attack.

Karbala is a Shiite stronghold that abuts the Sunni Arab heartland. U.S. and Iraqi officials would not disclose whether they suspected Shiite militants or Sunni insurgents in the attack.

"The mystery that accompanied this operation was so deep that we can't accuse any side," Aqil Khazali, the governor of Karbala province, told reporters.

The city of Karbala has fallen under the sway of radical Shiite cleric Muqtada Sadr and his Al Mahdi army. But officials loyal to Sadr's movement, which on Sunday ended a largely symbolic boycott of the Iraqi government, denied that the Al Mahdi army had staged the assault.

"There is an extremist side that wants to pretend that this act is done by the Sadr movement, but everybody knows that the Al Mahdi army doesn't have such abilities," said Haidar Tarfi, a Sadr representative in Najaf.

The Sadr movement's decision to again embrace the political process may help bolster Iraq's weak central government, which attempts to administer the country from behind the walls of the heavily fortified Green Zone.

U.S. officials have described Sadr's movement as the single greatest threat to the stability of Iraq and the primary instigator of sectarian violence.

White House officials, over the objections of many in Congress and a majority of Americans, have launched their plan to increase the number of troops in Iraq in hopes of stabilizing the country.

"I think that this is our chance now, our last chance, to have a new strategy which will give us a chance to prevail," Sen. John McCain (R-Ariz.), a supporter of Bush's plan, said in an interview on NBC's "Meet the Press."

The plan's stiffest congressional opponents include some Republicans, including Sen. Chuck Hagel of Nebraska, who said in an interview on CBS' "Face the Nation" that lawmakers should vote up or down on a resolution to stop the president's troop increase.

"I want every member of the U.S. Senate to have to take a position on this," Hagel said. "We have kids dying every day. It is wrong to put American troops in the middle of a sectarian civil war."

Analysts say Bush's plan may or may not work, but it will surely entail higher U.S. casualties, which will deepen the war's unpopularity.

"The bind Bush is in is that most Americans have pretty much had it with this whole venture," said Wayne White, a former State Department intelligence analyst who is now at the Middle East Institute, a Washington think tank.

"Throwing even more men into Iraq is seen as throwing good money after bad," he said. "The strategy he's embarking on will cause more U.S. casualties. There's no way around it."

Some U.S. military commanders in Iraq say the sacrifices will prove worthwhile.

"We're winning in places that don't make the news," Marine Col. William Crowe, commander of the 7th Marine Regiment, said at a ceremony Saturday in which the 2nd Marine Regiment assumed responsibility for part of the Sunni-dominated Al Anbar province.

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Times staff writer Tony Perry in Al Asad and special correspondents in Baghdad, Hillah, Kirkuk and Najaf contributed to this report.

DOJ_NMG_0119014

At Least 27 U.S. Troops Killed In Iraq Over Weekend (CHIT)

By Borzou Daragahi

Chicago Tribune, January 22, 2007

BAGHDAD -- At least 27 U.S. troops were killed in a helicopter crash and insurgent attacks across Iraq over the weekend in one of the deadliest stretches for the American military here in nearly two years.

The surge in fatalities comes just days before President Bush's State of the Union address , which is likely to inject a note of urgency into the debate over his Iraq policy.

The weekend's deadliest episode was the crash of a Black Hawk helicopter northeast of Baghdad on Saturday afternoon, killing all 12 U.S. soldiers aboard. The military initially had said 13 were killed but revised it to 12 early today.

South of the capital in the Shiite Muslim city of Karbala, men armed with grenades, mortars and assault rifles swarmed a provincial security building manned by U.S. and Iraqi forces, the military said. At least five U.S. soldiers were killed and three wounded.

Today, the U.S. military reported the deaths of five more troops, four soldiers and a Marine assigned to Regimental Combat Team 5 in Anbar province.

Five more U.S. troops and at least 59 Iraqis were also reported killed or found dead Saturday and today in politically motivated violence as Iraqi and American forces stepped up an effort to target Shiite militiamen and Sunni Arab insurgents.

A British soldier was also killed today when a roadside bomb struck his vehicle in Basra. Four British soldiers were also injured in the blast.

U.S. military officials said the cause of Saturday's helicopter crash had yet to be determined, but Iraqi sources said it was shot down. A witness said he saw ground fire bring down the aircraft, and an insurgent group claimed responsibility for the attack in an Internet posting that could not be authenticated.

Iraqi officials and witnesses said the crash took place near the town of Buhriz in the region of Tarefiya, a rural Sunni enclave of canals and wheat fields about six miles south of Baqubah, the capital of Diyala province. The area is known as an insurgent stronghold. A recent joint U.S.-Iraqi military offensive focused on Diyala.

A message posted on the Web by the Mujahedin Army, an insurgent group that operates out of Baghdad and Diyala provinces, claimed responsibility for the attack.

"The helicopter was downed by [an] antiaircraft [rocket] that belongs to the Mujahedin Army in Buhriz," said the statement, posted to a Web site where insurgent claims are frequently trumpeted.

An Iraqi witness, who spoke on condition of anonymity, said the helicopter was felled by ground fire, but the U.S. military could not confirm the account. Lt. Col. Josslyn Aberle, a military spokeswoman in Baghdad, said that the crash took place northeast of Baghdad about 3 p.m.

"All passengers and crew were military service members," she wrote in response to an e-mailed query, adding that more information was expected today. So far no additional information has been released. The military withheld names of the victims pending notification of family members.

Saturday's crash was the first since a U.S. Marine CH-53 transport chopper went down in an accident in Al Anbar province Dec. 11, killing one Marine.

Insurgents last shot down a helicopter on May 14, near the village of Yousifiya south of the capital; two soldiers died in that attack.

At least 25 soldiers were killed Saturday. The deadliest day for American service members in Iraq was Jan. 26, 2005, when 37 U.S. troops were killed, 31 of them in the accidental crash of a CH-53E Super Stallion helicopter in Al Anbar.

The Karbala clash erupted as U.S. and Iraqi officials planned security for the Ashura festival, an annual Shiite pilgrimage. Karbala has come under the sway of Shiite militiamen loyal to radical cleric Muqtada Sadr, but it also is adjacent to Sunni areas. A statement released by the military Saturday did not clarify whether the attackers were suspected Sunni or Shiite gunmen.

Iraqi officials said the audacious attack began when a half-dozen vehicles filled with men wearing official-looking uniforms made their way past a checkpoint and burst into the provincial security building, guns blazing.

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Americans view Sadr's movement as the country's biggest threat. Today lawmakers close to Sadr, the Shiite cleric, announced they were ending a largely symbolic boycott of the government.

The sharp rise in American military deaths comes as the U.S. intensifies its efforts to curb violence in Baghdad, with Pentagon planners and White House officials pushing forward with a plan to increase the number of U.S. soldiers in Iraq by 21,500.

The first of the additional troops, the 3,200 soldiers of the 2nd Brigade of the 82nd Airborne Division, have arrived in Baghdad and will be "fully operational" within two weeks, the U.S. military said today in a statement.

Their mission will be to help Iraqi security forces "clear, control and retain key areas" of Baghdad "to reduce violence and to set the conditions for a transition to full Iraqi control of security in the city," the military said.

Bush and other supporters of the plan say it is an essential move to give the Iraqi government breathing space to crack down on violent groups and heal political wounds.

Opponents, including Democratic Party leaders in Congress and some skeptical Republicans, consider it a risky escalation that could bolster anti-American sentiment in Iraq and across the Middle East, and lead to more U.S. casualties. Since the 2003 invasion of Iraq, 3,047 U.S. troops have died in Iraq, according to icasualties.org.

Weekend Violence Includes One Of U.S. Troops' Deadliest Days In Iraq (USAT)

By Rick Jervis And Jim Michaels, Usa Today

USA Today, January 22, 2007

BAGHDAD — The U.S. military on Sunday added six to the number of American servicemembers killed a day earlier, bringing Saturday's death toll to 25 and making it one of the deadliest days of the war for U.S. troops.

Two Marines also were killed Sunday in separate incidents in western Anbar province, according to a military statement today.

The spike in deaths came as U.S. reinforcements streamed into Baghdad as part of the White House's new strategy to pacify the capital and western Iraq.

The U.S. military said Sunday that four soldiers and a Marine died Saturday from wounds suffered in separate clashes in Anbar province, center of Iraq's Sunni insurgency. Separately, a soldier was killed by a roadside bomb northeast of Baghdad, the military said.

The military said it is continuing to investigate the cause of a helicopter crash on Saturday that killed 12 soldiers northeast of Baghdad. Investigators are looking into the possibility the helicopter was brought down by enemy fire.

The military is also investigating an attack on a government center in Karbala, a Shiite holy city. Five U.S. soldiers died and three were wounded Saturday in that clash. Two other soldiers also died Saturday in separate incidents.

The 25 U.S. fatalities on Saturday made it the third-deadliest day of the war. The bloodiest day was Jan. 26, 2005, when 37 U.S. troops died, 31 in a helicopter crash. Twenty-eight U.S. service personnel died on the third day of the U.S.-led invasion in March 2003.

In Karbala, the provisional governor said U.S. troops battled militia members who attacked his office ahead of a 10-day Shiite religious festival. Akeel al-Khazaali said the gunmen wore military uniforms and drove black SUVs similar to those used in official convoys.

Renewed violence over the weekend coincided with the arrival in Baghdad of the first U.S. reinforcements who are part of a plan to boost troop levels in Iraq by 21,500 American servicemembers. The additional troops will be placedin Baghdad and Anbar province.

A brigade of the 82nd Airborne Division, about 3,200 soldiers, arrived in Baghdad and will be operating in the capital by early next month, the U.S. military said. "The brigade adds operational flexibility that will assist in securing the population," Lt. Gen. Ray Odierno, the second-ranking U.S. commander in Iraq, said in a statement.

Iraqi officials have pushed to quicken the transfer of full control of Iraq's military to the government. On Sunday, members of the parliamentary bloc led by rebel Shiite cleric Muqtada al-Sadr said they were ending their nearly two-month government boycott, saying they have won an agreement to speed up the turnover of command to the Iraqi government.

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The lawmakers said they reached a compromise with the government of Prime Minister Nouri al-Maliki involving a timetable for Iraqi forces to take over security and the withdrawal of U.S. forces. They did not release details. Al-Sadr's loyalists withdrew from parliament and the Cabinet in November to protest al-Maliki's decision to meet with President Bush in Amman. Thirty of the 275 lawmakers and six of the 38 Cabinet members are in al-Sadr's bloc.

"We announce our return to parliament, we will attend today's session," Bahaa al-Araji, one of the 30 lawmakers loyal to al-Sadr, said during a news conference Sunday.

U.S. Ambassador Zalmay Khalilzad and top U.S. commanders have called for al-Sadr's Mahdi Army militia to be disarmed, accusing it of operating Shiite death squads.

U.S. Toll In Iraq Is 27 For Deadly Weekend (NYT)

By Damien Cave

The New York Times, January 22, 2007

BAGHDAD, Jan. 21 — The United States military said that two marines died Sunday in western Iraq and that an additional seven service members died Saturday. The deaths brought the weekend toll to 27 and made Saturday the third-deadliest day for United States forces since the war here began.

Seven of the deaths announced Sunday, including those of three marines, were caused by "enemy action" in Anbar Province, a restive stronghold of the Sunni insurgency, while another soldier was killed Saturday in Baghdad by a roadside bomb, the military statements said.

New details also emerged about clashes on Saturday in the Shiite holy city of Karbala, which left five Americans dead. Lt. Col. Scott R. Bleichwehl, an American military spokesman, said the gunmen who stormed the provincial governor's office during a meeting between American and local officials were wearing what appeared to be American military uniforms in an effort to impersonate United States soldiers.

The sophisticated attack hinted at what could be a new threat for American troops as they start a fresh security plan centered on small bases in Baghdad's bloodiest neighborhoods, where soldiers will live and work with Iraqi forces. Military officials have said that one of their greatest concerns is that troops will be vulnerable to attack from killers who appear to be colleagues.

It is not uncommon for gunmen to impersonate Iraqi security forces, but this seems to be the first time that attackers have tried to disguise themselves as Americans.

Colonel Bleichwehl declined to provide further details about the Karbala attackers, emphasizing that the attack was still being investigated. But Iraqi officials said the gunmen disguised their intent with uniforms, American flak jackets, guns and a convoy of at least seven GMC sport utility vehicles, which are usually used by American officials in Iraq.

Karbala's provincial governor, Akeel al-Khazaali, said at a news conference that the local police at a checkpoint on the city's edge waved the vehicles through because they believed the convoy held important Americans. At other checkpoints, the police said, the vehicles sped through without stopping. In one case, some of the impersonators fired their weapons, and when they reached the provincial offices, they simply attacked.

The police in Babil said the disguises were imperfect — officers at checkpoints saw that the men were bearded, they said — but sufficient to get the gunmen through a crowded, heavily patrolled city without being searched.

After the attack, which was repelled by American forces, the police said, the gunmen fled north into Babil Province, where several sport utility vehicles matching the description of those used in the attack were found Sunday.

Mr. Khazaali said the identities of the gunmen were unknown. Other Iraqi officials said the clues pointed to Sunni groups based in Elbu Alwan, a Sunni stronghold about 25 miles north of Karbala in Babil Province. Four of the vehicles were found there early Sunday morning, the police said.

They said American and Iraqi troops immediately surrounded the town and were still searching the area on Sunday.

Some police commanders in Babil Province and Mr. Khazaali said one of the recovered vehicles in Elbu Alwan held three American bodies and a fourth soldier who was critically wounded. Mr. Khazaali also said that at least one additional American

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had been kidnapped. But American military officials said they were not missing anyone, and other police commanders in Babil said the men found in the vehicle were gunmen.

The sport utility vehicles also held clues of the attackers' elaborate efforts to pass as American. One had a sign on its back window warning drivers to stay back, in English and Arabic, the authorities said, a close copy of those used on some official American vehicles. They also said a bag of civilian American clothing, guns and body armor had been found in the vehicles.

The police said two other empty vehicles were found in Sadda, about 15 miles north of Hilla, the major city in the province.

Uncertainties also lingered Sunday about Saturday's deadliest incident, the crash of a Black Hawk helicopter north of Baghdad that left 12 service members dead. Though local authorities said the helicopter was shot down, the military said once again on Sunday that the crash was still under investigation. It provided no information about the cause of the crash.

The deadliest day for American service members in Iraq also involved a helicopter crash. On Jan. 26, 2005, 37 uniformed Americans died, including 31 when a Marine helicopter crashed in a sandstorm. The second-deadliest day was March 23, 2003, when 28 Americans were killed and Pfc. Jessica Lynch, among others, was captured.

In Baghdad, lawmakers loyal to the militant cleric Moktada al-Sadr ended their nearly two-month boycott of Parliament and ferociously lashed out at American officials for their recent arrest of a cleric and senior adviser to Mr. Sadr, Abdel Hadi al-Daraji.

Falah Shashal, one of 30 members in the bloc supporting Mr. Sadr, said the American raid, in which one of Mr. Daraji's guards was killed, "was inhuman and against human rights."

Two separate car bombs in the capital killed at least seven people and wounded 20 more, an Interior Ministry official said. A roadside bomb killed a British soldier north of Basra in southern Iraq, according to the British military.

In Mosul, the Iraqi police detained three Iranians on Saturday, said Wathiq al-Hamdani, the police chief for Nineveh Province. He said the men were found without passports and claimed that they had permission to travel in an adjacent Kurd-controlled area and were lost. American forces detained six Iranians on Jan. 11 after raiding an office in Erbil, a major city in Iraqi Kurdistan.

In Dibis, in Kirkuk Province, gunmen fired on guards protecting local oil facilities on Sunday, setting one oil well on fire. Iraq's oil minister, Hussein al-Sharistani, said that such attacks appeared to be on the rise. He said at a news conference that 289 Iraqi oil workers had been killed in 2006, and an additional 179 wounded. He called on Iraqis to inform the authorities if they saw anyone "target the interests of Iraq and those who kidnap ministry staff from the work sites to stop Iraq from exporting its oil."

Disguises Used In Attack On Troops (WP)

By Ernesto Londoã±o

The Washington Post, January 22, 2007

BAGHDAD, Jan. 21 -- The armored sport-utility vehicles whisked into a government compound in the city of Karbala with speed and urgency, the way most Americans and foreign dignitaries travel along Iraq's treacherous roads these days.

Iraqi guards at checkpoints waved them through Saturday afternoon because the men wore what appeared to be legitimate U.S. military uniforms and badges, and drove cars commonly used by foreigners, the provincial governor said.

Once inside, however, the men unleashed one of the deadliest and most brazen attacks on U.S. forces in a secure area. Five American service members were killed in a hail of grenades and gunfire in a breach of security that Iraqi officials called unprecedented.

The attack, which lasted roughly 20 minutes, came on a day when the United States lost at least 20 other troops, including a dozen in a helicopter crash, making it the third most lethal day for American forces in Iraq.

Meanwhile, the military announced the arrival of 3,200 troops of the 82nd Airborne Division's 2nd Brigade Combat Team, the first unit to reach Baghdad as part of a 21,500-troop increase that the Bush administration hopes will restore order in the violent capital.

"Soldiers from the 82nd come to us ready to engage in a wide variety of operations in support of the Iraqi Baghdad Security Plan," Lt. Gen. Raymond T. Odierno, the second-ranking U.S. commander in Iraq, said in a statement. "The brigade adds operational flexibility that will assist in securing the population."

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U.S. military officials said Sunday that they could not discuss the attack in Karbala in detail because it remained under investigation. But they said the version of events provided by the governor's office was consistent with their preliminary findings.

After arriving at the Provincial Joint Coordination Center in Karbala, 60 miles southwest of Baghdad, the attackers detonated sound bombs, Iraqi officials said. "They wanted to create a panic situation," said an aide to Karbala Gov. Akeel al-Khazaali, who described the events with the governor's permission but on condition of anonymity because he fears reprisals.

The men then stormed into a room where Americans and Iraqis were making plans to ensure the safety of thousands of people expected to visit the holy city for an upcoming holiday.

"They didn't target anyone but the American soldiers," the governor's aide said.

After the attack, the assailants returned to their vehicles and drove away. It was unclear how many people participated, and the men's identities and motive remained unclear, but the attack was particularly striking because of the resources and sophistication involved, Iraqi officials said.

The men drove off toward the city of Babil, north of Karbala, where they shot at guards at a checkpoint, said Capt. Muthana Ahmad, a police spokesman. Vehicles later recovered contained three bodies and one injured individual. The U.S. military took possession of the vehicles, the spokesman said.

In December 2004, a U.S. base in Mosul was penetrated by a suicide bomber who killed 22 people, including 14 U.S. service members. But Saturday's attack appeared to present a new danger to authorities in Iraq: assailants who disguise themselves as officials and travel in convoys.

"The way it happened and the new style, the province has not seen before," said Abdul al-Yasri, head of the provincial council in Karbala. "And this will make us insist on carrying on the security procedures even on official delegates and diplomats when they are coming to Karbala province."

Military officials said Sunday that the cause of the helicopter crash, which killed 12 soldiers northeast of Baghdad on Saturday, also remained under investigation. They said they could not confirm accounts by Iraqi officials and civilians who said it was shot down by insurgents in a Sunni Muslim-dominated area of Diyala province. U.S. officials initially reported that 13 soldiers died in the crash.

The military also announced that two Marines were killed in separate combat incidents Sunday in Anbar province in western Iraq. The military said four soldiers and one Marine were killed in combat Saturday in Anbar. The service members' names were withheld pending notification of their relatives, officials said.

The British military said that a roadside bomb in the southern city of Basra killed one British soldier and wounded four, [a] news agency reported.

Reports of carnage targeting Iraqis also continued Sunday. A passenger stepped off of a public minivan in central Baghdad, leaving behind a bomb that exploded, killing four police officers and three civilians, said Gen. Sadoun Qasim of the Iraqi Interior Ministry.

Elsewhere in Baghdad, at least five people were killed by two improvised explosive devices.

Four Iraqis, including a 1-year-old and a 5-year-old, were killed Friday by an improvised explosive device in the city of Yusufiyah, south of Baghdad, the U.S. military said in a statement. An ambulance transporting one of the wounded struck another roadside bomb en route to the hospital. The second blast caused no injuries.

In Ramadi, 60 miles west of Baghdad, a hospital official said the body of a fighter from the insurgent group al-Qaeda in Iraq was taken to the hospital after being discovered in a house. The 31-year-old man had been carrying a fake Iraqi passport and a real Saudi one, according to Muhammad Ismail, a doctor at the hospital.

Sadr Bloc Ends Boycott Of Iraqi National Assembly

The parliamentary bloc of radical Shiite cleric Moqtada al-Sadr announced an end to a boycott that has kept Iraq's young National Assembly semi-paralyzed for two months.

The Sadr bloc returned to the assembly after a parliamentary committee and the speaker, Mahmoud al-Mashhadani, agreed to a series of demands, said Falah Hasan Shenshel, a member of the Sadr bloc.

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The demands included establishing a timetable for the buildup of Iraqi troops and the withdrawal of U.S. troops, and a condition that the presence of foreign troops would not be extended without a vote by the assembly, Shenshel said. U.S. troops should retreat from Iraqi cities and return to their bases by the end of August, he said.

"By doing so, America would confirm that it came to Iraq as a liberator and not as an occupier," Shenshel said.

Sadr's movement has 30 seats in the 275-member parliament, and his political loyalists have called for a prompt withdrawal of U.S. troops. He is widely regarded as a focal instigator of the sectarian violence that has ravaged the country in recent months.

Also Sunday, two officials said that Prime Minister Nouri al-Maliki had ended his protection of Sadr's militia, the Mahdi Army, after U.S. intelligence convinced him that the group was infiltrated by death squads, the Associated Press reported. The officials spoke on condition of anonymity because the information was confidential.

"Al-Maliki realized he couldn't keep defending the Mahdi Army because of the information and evidence that the armed group was taking part in the killings, displacing people and violating the state's sovereignty," one official said.

U.S. Forces Look To Iraqi City For Progress (LAT)

By Alexandra Zavis

The Los Angeles Times, January 22, 2007

MOSUL, IRAQ — The date 11/11 is so ingrained in the memory of residents of this ancient citadel that it requires no further explanation than 9/11 would in the United States.

On Nov. 11, 2004, the city that had been heralded as an American success story fell to Sunni Arab insurgents and the local police melted away.

It took U.S.-led troops months of hard fighting to reclaim Mosul, a diverse city of about 2 million people wedged between the Kurdish north and Arab south, about 60 miles from the Syrian border.

More than two years later, U.S. officials are again touting the city as an example of progress in an intensified effort to train Iraqi forces to take over security so American troops can begin heading home.

Thousands of new police officers and soldiers have been recruited here and across northern Iraq. Their U.S. handlers say they are better trained, better equipped and more motivated than their predecessors, allowing American forces to reduce their presence in the six northern provinces by more than a third over the last year, to about 19,500.

The 2nd Iraqi Army Division assumed security control over Mosul on Dec. 22 and is expected to fall under the command of Iraqi ground forces today, completing a hand-over that is a cornerstone of the U.S. exit strategy in Iraq.

Still a violent place

Yet the city where former Iraqi leader Saddam Hussein's feared sons, Uday and Qusai, died in a gunfight with U.S. forces in 2003 is far from subdued. Bombings and mortar barrages rattle residents almost daily, and neighborhoods remain hotbeds of the Sunni Arab insurgency. Assassins have killed police officers, journalists, university professors, even a popular singer.

Senna Ahmed, a 27-year-old primary school teacher, said she had not taken her three children for a walk in more than a year. She lives in a predominantly Sunni neighborhood of drab concrete homes that is a focus of violence.

Every day, she said, the streets are clogged with checkpoints — some run by the police, others by Americans, and some by insurgents. Fighters pull up at high speed, set up weapons and start firing at the security forces, sending residents scurrying indoors to escape the inevitable riposte.

"We are caught between the hammer of the insurgents and the anvil of the troops," she said.

U.S. military officials think insurgents inspired by Al Qaeda and funded by exiled members of Hussein's Baath Party are trying to regain a foothold in the city. Last month, the U.S. military announced the capture of a senior Al Qaeda in Iraq leader who they said had returned to Mosul to reorganize the insurgency after spending months directing operations in west Baghdad.

With the U.S. planning to deploy about 17,000 additional troops in Baghdad, officials predict that insurgents will soon redirect many of their activities to cities such as Mosul and nearby Tall Afar. But the province's governor and police and army chiefs say that Mosul will not fall again.

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"We sacrificed our blood for this country," said Duraid Kashmoula, who succeeded his slain brother as governor of Nineveh province and has survived more assassination attempts than he can count. "We are not going to let it go now."

Yet he and others blanch at the possibility of American troops leaving the region, which receives little support from Baghdad.

"It is not a good idea for them to leave right now," said Mosul's police chief, Gen. Mohammed Wathiq.

Nobody wants a repeat of 11/11, they said.

No match for insurgency

In the year after the U.S.-led invasion in 2003, the United States spent millions in Mosul refurbishing schools and factories, setting up a police force and fire department, and forming one of the first city councils to draw in members of all the major ethnic and religious groups. At the time, the councils were heralded as a model of representative government.

But when U.S. forces reduced their presence, the police force proved no match for the insurgency, leaving Kashmoula to defend the governor's palace with a handful of bodyguards.

U.S. and Iraqi officials think they have again turned the city around. This time, they say, they have trained and equipped two divisions of soldiers, about 8,000 troops each, and more than 18,000 police officers for the province, of which Mosul is the capital.

Police officers and soldiers who before rarely left their bases are guarding checkpoints, cruising bustling shopping streets, collecting intelligence, conducting raids and breaking up insurgent cells, with U.S. forces taking an increasingly secondary role, American officials said.

When insurgents attack, the local security forces swarm to the fight, said Army Col. Steve Townsend, commander of the 3rd Stryker Brigade Combat Team, 2nd Infantry Division, based in Ft. Lewis, Wash.

"Sometimes they will say to us, 'Why don't you stay on the [base] today? We'll take care of you,' " said Lt. Col. Fred Johnson, Townsend's deputy. "That's pretty powerful."

The U.S. effort in Mosul, they said, has benefited from close ties with a group of strong Iraqi leaders, including Kashmoula and Wathiq, who meet regularly over endless rounds of sweet tea to coordinate security in the city.

Wathiq regularly goes on patrols with his forces and never misses an opportunity to promote their successes on television.

He strode into his office one Friday morning, normally a day off, for an early morning security meeting with U.S. commanders. He told them he had been out on patrol until 5 a.m., and stopped at home only long enough to change clothes.

"In 2004, there was no security, no peace. Now we are maybe 75% secure," he said, as glasses of tea were passed around the room, which was barricaded behind layers of concrete walls and concertina wire.

As if on cue, a loud explosion rocked the building. Wathiq reached for the phone and barked questions. A suicide car bomber had just plowed into an army convoy, he informed his visitors. There were injuries, but no one was killed.

The main problem, he continued, is the justice system. Police and soldiers are making arrests, but judges are afraid to dispense harsh sentences.

"The terrorists know where they live, and they are afraid," he said, before tucking a pistol into his waist and racing off in a heavily armed convoy to watch a police team play an army squad in a soccer match.

Lack of trust all around

In a bid to counter the problem, the Nineveh criminal court has recently started bringing judges up from Baghdad to try terrorism cases, securing death sentences against at least five defendants, according to local news reports.

Sports matches aside, there remains deep distrust between Wathiq's locally recruited police officers, most of them Sunni Arabs, and the city's predominantly Kurdish soldiers, who were brought in from the north by the U.S. military to help fill the security vacuum in 2004.

Army commanders accuse the police rank-and-file of ties to the insurgency. The police and some residents treat the soldiers like outsiders.

Corruption and inefficiency plague both forces. Residents grumble that police officers are as likely to commit crimes as to solve them. And it can take months for ammunition, spare parts and other crucial supplies to reach the units.

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Chronic electricity and fuel shortages compound the misery. Residents say they get only a few hours of power a day and can find no diesel to run generators or gas to heat their homes.

Iraqi officials worry that if services don't improve, public support could swing back to the insurgency.

"The locals are becoming our enemies because of the bad services they are getting," said Brig. Gen. Aziz Abdal Hussein, a former army commander who heads Mosul's Joint Coordination Center, the Iraqi equivalent of a 911 system.

His biggest concern is the legions of young men with no jobs. They are easy prey for insurgents willing to pay $100 to plant a bomb.

"If we don't find them jobs," he said, "the terrorists will."

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Times special correspondent Ruaa Zarary in Mosul contributed to this report.

Hawkish Gates Sees More Force As Leverage (NYT)

By David S. Cloud

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Less than a month after Defense Secretary Robert M. Gates took office, his imprint on American military strategy is beginning to show.

Mr. Gates, it turns out, is a hawk.

In just the last two weeks, he has supported deepening the American military commitment in Iraq, spoken approvingly of sending more troops to Afghanistan and, after dispatching a second American aircraft carrier to the Persian Gulf, declared that negotiations with Iran right now would be futile.

But a hawk may not be all he is. His favorite quotation from history, he told reporters traveling with him this week for meetings with allies and commanders in Europe and the Middle East, is from Frederick the Great, the 18th century Prussian monarch and gifted musician: “Negotiations without arms are like music books without instruments.”

Or, put another way, it takes military power to create the leverage necessary to make negotiations fruitful.

Mr. Gates seems to be hoping that a short-term application of military might can shift the balance of power in the region sufficiently to make eventual political settlements — between Shiites and Sunnis in Iraq, with Taliban insurgents in Afghanistan and even with the ayatollahs in Iran — more plausible for the United States than they appear right now.

It is too early to say whether this new approach will work, or even whether Mr. Gates’s views will ultimately drive decisions in an administration where President Bush himself has rarely shown interest in that sort of strategic thinking.

But there is no mistaking the course change at the Pentagon.

Already there are signs, some large and some small, that Mr. Gates would like to discard assumptions that have dictated how the Bush administration has fought in Iraq.

The most far-reaching of those has been the idea, promoted by his predecessor, Donald H. Rumsfeld, that the American military should be deployed with the fewest number of forces necessary to do the job.

In practice, many critics inside and outside the military say, that has meant that the Army and Marine Corps have never had adequate force levels to do the job in Iraq.

Mr. Bush’s plan to send more than 20,000 additional troops to Iraq was not Mr. Gates’s idea, but he quickly supported it after joining the administration last month, even overruling military commanders who asked initially for only about 7,000 more troops.

Mr. Gates does seem to share Mr. Rumsfeld’s concern that sending more American troops will only delay the day when Iraq’s government will assume greater responsibility for security.

But rather than withhold additional troops altogether, Mr. Gates has insisted that the additional forces are a source of leverage over the Iraqi prime minister, Nuri Kamal al-Maliki.

He has emphasized repeatedly that the American troop buildup, which is happening over a period of months, could be halted if Iraq’s Shiite-dominated government does not deliver on promises to send its own troops to Baghdad and not to interfere with operations against Shiite death squads in Baghdad.

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Perhaps the biggest test of Mr. Gates's influence will be whether the United States follows through on this threat if Mr. Maliki does not comply with those promises.

Mr. Gates's formative experience in government came over a three-decade career as a Soviet specialist in the Central Intelligence Agency.

He argued in a 1999 speech, almost a decade after he stepped down as C.I.A. director, that billions of dollars in covert aid, including Stinger missiles, to the Afghan rebels fighting the Soviet occupation in the 1980s enabled them to "fight the vaunted Soviet Army to a standoff and eventually force a political decision to withdraw."

At its height, the Soviet deployment to Afghanistan was over 100,000 troops, more than double the current American and NATO force level in Afghanistan, and yet the Soviets still retreated in defeat.

In some ways, the United States, as an occupying army in both Afghanistan and Iraq, is dealing with the same difficulties the Soviets faced then.

How can it avoid the same fate? Mr. Gates seems to think it can be done by, in addition to pressuring Mr. Maliki, bringing pressure to bear on other countries to help stabilize the region.

Hopscotching around the Persian Gulf last week, Mr. Gates met with leaders from Saudi Arabia, Qatar and Bahrain, appealing to those Sunni governments to urge their fellow Sunnis in Iraq to reach a political accommodation with the Mr. Maliki's Shiite-dominated government.

His warning to the Persian Gulf kingdoms was blunt: If Iraq falls apart, the Iranian Shiites will gain power in the region, to the Sunnis' disadvantage.

Mr. Gates also seems to think there might be a way to restrain Iran's nuclear ambitions and its meddling in Iraq, short of going to war against Iran. He mused publicly last week that negotiations between the United States and Iran might one day make sense, if the United States could regain "leverage" over the Iranians.

How to do that? As Frederick the Great might have said, send in more troops and another aircraft carrier first.

Al-Maliki Turns On Shi'ite Militia (WT/AP)

By Steven R. Hurst, Associated Press

The Washington Times, January 22, 2007

BAGHDAD -- Iraq's prime minister has stopped protecting Shi'ite cleric Muqtada al-Sadr's militia because U.S. intelligence convinced him that the group was infiltrated by death squads whose actions were leaving him isolated, two officials said yesterday.

In a desperate bid to fend off an all-out U.S. offensive, the radical anti-American cleric on Friday ordered the 30 lawmakers and six Cabinet ministers under his control to end their nearly two-month boycott of parliament. They were back at their jobs yesterday.

Sheik al-Sadr already had ordered his militia fighters not to display their weapons. They have not, however, ceded control of the formerly mixed neighborhoods that they captured by killing Sunnis or forcing them to abandon their homes and businesses.

The U.S. death toll from Saturday climbed to 25, as the military reported yesterday that six more troops had died that day, the deadliest in two years.

The latest military reports said that four soldiers and a Marine had died during combat Saturday in Anbar province and that one soldier was killed in a roadside bombing northeast of Baghdad.

Nineteen of the deaths were reported Saturday: 12 in a Black Hawk helicopter crash, five in an attack on a security meeting in the Shi'ite holy city of Karbala and two in roadside bomb attacks elsewhere. It was the third highest one-day toll of the war.

Prime Minister Nouri al-Maliki's turnaround on the Mahdi Army was surprising. As recently as Oct. 31, he had intervened to end a U.S. blockade of Sadr City, the Shi'ite enclave in Baghdad that is the militia's headquarters. The group has been held responsible for much of the sectarian bloodshed that has turned the capital into a battle zone in the past year.

Sometime between Oct. 31 and Nov. 30, when the prime minister met President Bush in Amman, Jordan, Mr. al-Maliki began to believe the U.S. intelligence reports and other evidence about the militia, the two government officials said.

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"Al-Maliki realized he couldn't keep defending the Mahdi Army because of the information and evidence that the armed group was taking part in the killings, displacing people and violating the state's sovereignty," said one official.

Both he and a second government official who confirmed the account refused to be identified by name.

"The Americans don't act on rumors but on accurate intelligence. There are many intelligence agencies acting on the ground, and they know what's going on," said the second official, confirming the Americans had given Mr. al-Maliki overwhelming evidence about the Mahdi Army's deep involvement in the sectarian slaughter.

Earlier this month, Mr. Bush and Mr. al-Maliki separately announced a new security drive to cut off the sectarian violence in the capital and surrounding regions.

Mr. Bush announced that an additional 21,500 U.S. troops would be sent to Iraq, and Mr. al-Maliki promised a similar number of forces, who will take the lead in the overall operation.

Iraq's Special Forces Command division has teamed with the Americans since late last year for a series of pinpoint attacks in which at least five top Mahdi Army figures have been killed or captured.

The neighborhood-by-neighborhood sweep, expected to begin in earnest by next month, will target Sunni insurgents, al Qaeda in Iraq and its allied militant bands as well as Shi'ite militias, such as the Mahdi Army and the Badr Brigade.

The latter is the Iranian-trained military wing of Iraq's most power Shi'ite political group, the Supreme Council for the Islamic Revolution in Iraq.

The first government official said Mr. al-Maliki's message was blunt.

"He told the sheik that the activities of both the Sadrist politicians and the militia have inflamed hatred among neighboring Sunni Arab states that have been complaining bitterly to the Americans," the official said.

Sunni Muslims are the majority sect in the key Arab countries, including Saudi Arabia, Jordan and Egypt.

Bush And Maliki: With Friends Like These… (NSWK)

By Michael Hirsh And Richard Wolffe

Newsweek, January 29, 2007

It may have been the last time George W. Bush felt really good about Iraq. Last June, as the president flew back from a surprise visit to Baghdad—and his first sitdown with the new Iraqi prime minister, Nuri al-Maliki—he was visibly excited. Bush was savoring a rare moment in his presidency: an unbroken string of great news out of Iraq. The U.S. Air Force had just knocked off Abu Mussab al-Zarqawi at his hideout north of Baghdad. The tough, plain-spoken Maliki had replaced Ibrahim Jaafari, Iraq's disastrously wishy-washy interim prime minister. And Bush had brazenly ordered Air Force One into a war zone in broad daylight so that he could shake hands with Iraq's first democratically elected leader under the new Constitution. The president wasn't disappointed. "I wanted to hear whether or not he was stuck in the past or willing to think about the future," a relaxed Bush later told reporters onboard Air Force One. "And I came away with a very positive impression." Maliki, Bush said back then, "is a no-nonsense guy that talks about priorities and how he's going to achieve the priorities. And that's comforting."

The White House doesn't seem to be taking much comfort in Maliki now. Late last week Bush gathered a group of his dwindling Republican supporters in the third-floor solarium at the White House to discuss his latest plan to salvage the war in Iraq—the deployment of 21,000 more U.S. troops to pacify Baghdad and Anbar province. According to one participant, conservative Sen. Craig Thomas of Wyoming, many of the GOP senators expressed doubts that America could depend on Maliki. They cited the Shiite leader's failure to quell the sectarian violence that contributed to the deaths of more than 34,000 Iraqis in 2006, according to the United Nations, as well as nearly 600 U.S. soldiers since he took over in May. "The president expressed doubts, too," says Thomas. With Vice President Dick Cheney sitting silently beside him, Bush "also indicated he was going to make pretty clear what he expects from the prime minister." Echoing Secretary of State Condoleezza Rice, who recently told Congress that Maliki was living on "borrowed time," Bush added ominously that "if [Maliki's effort] doesn't work very well there's a good chance those people over there will replace him," says Thomas.

Rarely have so many American hopes depended on a single foreign leader—and one of dubious loyalties at that. The president will walk into the well of the House for his seventh State of the Union speech this week, knowing that his fate is inextricably tied to Maliki's. While Bush will get the customary ovation, he knows the war has emboldened Democrats and

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silenced Republicans in Congress. In the new NEWSWEEK Poll, the president's approval rating matched his record low of 31 percent. Seventy percent of Americans disapprove of his handling of Iraq, and more than half trust the Democrats in Congress to make better decisions about the war. Two thirds oppose his plan to inject more troops into the fight. Among Republicans, however, there is still broad support for both the war and the president, which creates a dilemma for nervous GOP candidates looking to the next election.

Not surprisingly, the president has retooled his State of the Union address to focus on Iraq. And the key audience will not be Democrats, who are planning to vote on a nonbinding Senate resolution opposing Bush's "surge" plan next week. Instead it will be Republicans, at least a dozen of whom are expected to join Sen. Chuck Hagel voting in favor.

Much of their skepticism can be traced back to mistrust of Maliki, who admittedly has not given them much reason for confidence. The Iraqi prime minister was put into power with the support of Shiite radical Moqtada al-Sadr's political bloc, and has stymied previous U.S. attempts to target Sadr's Mahdi Army militia. During the most recent U.S. attempt to stabilize Baghdad, just last fall, he could not or would not provide enough Iraqi troops to make the plan work. His handling of Saddam Hussein's execution, an unsavory affair marred by Shiite taunts of the former dictator, again raised questions of whether he was biased against Sunnis. "So much of our future in that place is in the hands of Maliki," says one Republican doubter, Sen. George Voinovich of Ohio, who doesn't think the Iraqi prime minister is up to the challenge. He also worries that Maliki wants to turn Iraq into "a Shiite theocracy like they have in Iran."

True, like many Shiite opponents of Saddam, Maliki spent almost a decade in exile—in Syria and Iran—in the 1980s. During that time he developed ties to the Sadr family, and his Dawa Party is seen by many Iraqi Sunnis as part of Tehran's sphere of influence. Yet unlike Sadr or other Iraqi politicians like Abdelaziz al-Hakim, leader of the Iranian-backed Supreme Council for Islamic Revolution in Iraq (SCIRI), he is not a cleric himself. He also has a reputation as a pragmatist, earned while helping to negotiate Iraq's Constitution in 2005. Asked about Sadr last week, Maliki said that if the cleric works with the Baghdad government, then "he is my friend and he is my ally. If he does the opposite, he would be someone who is rebellious, someone who is acting against the law. To assure you ... in the last four years, I only talked to [Sadr] twice."

Bush's new public coolness toward Maliki is at least partly an attempt to show skeptical Republicans that he's not going into this blindly. For his part, Maliki cannot afford to look as though he's kowtowing to Washington when Sunni insurgents continue to massacre his fellow Shiites. He hasn't publicly supported Bush's "surge" plan, and responded to questions about Rice's "borrowed time" remark by saying the secretary had given a "morale boost" to terrorists.

On the other hand, to establish his bona fides with Bush, Maliki emphasized to reporters in Baghdad last week that Iraqi forces had detained some 400 members of Sadr's militia in recent months. Still, U.S. officials were unnerved two weeks ago when Maliki named an obscure Shiite general from Iraq's south, Lt. Gen. Aboud Qanbar, as the new commander of Iraqi forces in Baghdad. A U.S. official who is privy to Iraq intelligence but would discuss sensitive material only anonymously noted that there were many other officers whom Maliki could have chosen for the job who would have been less polarizing to Sunnis.

The U.S. military is now so suspicious of Maliki that on Friday, when U.S. forces arrested Sadr's media director in Baghdad, Sheik Abdul Hadi Darraji, the prime minister's office wasn't even informed of the raid. Darraji has been linked to death-squad killings of Sunnis in Baghdad. Some Iraqi politicians who are also leery of Maliki say it was wise of the Americans to keep him out of the loop. "If Maliki had been told, [the arrest] wouldn't have happened," says Mahmoud Othman, a Kurdish member of Parliament. "Maliki would not agree to this." Indeed Maliki has intervened several times in recent months to secure the release of Sadr supporters.

Why has Bush seemingly staked his legacy on this contradictory figure? At one time the bond seemed deeply personal. At their last face-to-face meeting, in Jordan in November, Bush called the Iraqi prime minister "the right guy for Iraq." His judgment was based partly on Bush's respect for Maliki's courage under fire. "He's been in power for six months, and I've been able to watch a leader emerge," the president told reporters. At the same time, White House officials also revealed they had eavesdropped on Maliki's private conversations to make sure the Iraqi prime minister was telling his supporters the same thing he was telling U.S. officials. They were reassured that he was, for the most part—a marked contrast to Jaafari.

According to sources knowledgeable about the discussions, departing U.S. ambassador Zalmay Khalilzad has also supported Maliki's line on Sadr—that his ties to the cleric give him a better chance than anyone of persuading Sadr to work within

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the political system. But the biggest reason to trust Maliki may simply be that Washington has no other choice. Hakim's SCIRI is the single largest party in Parliament and would likely provide the next prime minister if Maliki were voted out. But U.S. officials note that the first Shiite death squads to appear on the scene in 2005 had shadowy links to the Ministry of Interior, which is dominated by Hakim's party. There is no talk of replacing Maliki with a military strongman—something that would be virulently opposed not only by Iraqis but also, according to the NEWSWEEK Poll, by 83 percent of Americans. Maliki "is a reasonably bad choice among a set of really bad options," says one former senior U.S. official who spoke anonymously because he maintains close ties to the White House.

Ironically, American generals may be more willing to give Maliki time than the politicians back in Washington. Lt. Gen. David Petraeus, the incoming commander of multinational forces in Iraq, understands that the main point of the surge is to provide just enough security on the streets of Baghdad. Then, say Defense officials speaking anonymously because they are not authorized to discuss Petraeus's thinking, Maliki can theoretically persuade Sadr to stand down his militia. If that succeeds, then the frightened Sunni population might just be persuaded to part ways with insurgents. While Mahdi militia commanders warn they will retaliate if attacked by the Americans, for now the movement's political leaders are urging patience. "We have instructions from Sayeed Moqtada to stay calm so that the Sadr followers aren't dragged into this confrontation," Baha al-Araji, a senior Sadr leader and member of the National Assembly, told NEWSWEEK.

The question is whether Bush or Maliki will get all the time they need. Sen. Gordon Smith of Oregon, another Republican who has come out as a strong critic of the surge plan, says many of his GOP colleagues who still publicly support the war effort have told him they're giving the president until the end of 2007. "Patience is not inexhaustible, and it is likely to run out this year," Smith said. The problem: the better part of the "surge" troops won't get there until the middle of 2007, leaving Maliki little time to produce.

And so Bush and Maliki are engaged in an awkward minuet with one another: each needs a partner, but they can't afford to dance too closely. As Maliki himself puts it rather clinically: "A relationship of interconnected interests has been formed between me and President Bush." While administration officials deny there is any "Plan B" if Maliki fails—if he prevents U.S. troops from going after Shia militias and Sunni insurgents equally, for instance—this is mostly to try to pump up public confidence. "Of course the administration has thought about it," says Philip Zelikow, who served as Rice's senior counselor until January. "They don't want to talk about it. They're trying to create a climate of positive expectations to replace the vicious cycle of negative expectations last year." Expectations are fine—for a time. But reality ultimately matters more, and the shape of that reality is now in the hands of Nuri al-Maliki.

History's Verdict (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, January 22, 2007

Only 32 percent of Americans approve of his job performance. Forty-three percent say that his war was a mistake. Critics deride him as too stubborn and inflexible. Others dismiss him as an intellectual lightweight. But the president sticks to his guns. "I wonder how far Moses would have gone if he'd taken a poll in Egypt?" he writes. "It isn't polls or public opinion of the moment that counts. It's right and wrong."

Sounds like President Bush, defending his policies in Iraq and the war on terrorism. Actually, it was Harry Truman in 1952, defending his conduct of the Cold War and the war in Korea.

As Bush struggles to salvage victory in Iraq and regain some political traction with his State of the Union address, the 43rd president increasingly sees himself—rightly or wrongly—in the mold of the 33rd. Bush recently told congressional leaders his own policies would be vindicated by history, just as Truman's were. Others aren't so sure.

"Both men happened to be in office when a new international challenge took place, and each dealt with it in a different way," says Boston University historian Julian Zelizer. Adds presidential scholar Doug Brinkley: "What they have in common is that both are presidents who operate out of certitude" and stayed the course despite opposition from their adversaries in Congress and doubts among the American people.

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In a commencement address at West Point last May, Bush praised Truman for restructuring both government institutions and the armed forces to deal with the communist threat, and for showing bold decisiveness by ordering an airlift to break a Soviet blockade of Berlin. "By the actions he took, the institutions he built, the alliances he forged, and the doctrines he set down, President Truman laid the foundations for America's victory in the Cold War," Bush told the cadets. He added that America's adversaries today are similar to those Truman faced—enemies who pursue a "murderous ideology that despises freedom, crushes all dissent, has territorial ambitions, and pursues totalitarian aims."

The problem is that at least some presidential scholars believe Bush may be exaggerating the parallels. They wonder whether his response in Iraq or his approach to terrorism measures up to the sort of hard-eyed realism or long-term vision displayed by Truman. "A little knowledge is a dangerous thing," says Rutgers political scientist Ross Baker. "President Bush can draw a lot of false analogies."

Adds presidential scholar Robert Dallek: "Everybody who gets into serious trouble in the presidency invokes the Truman history and the Truman experience. But there's only one Harry Truman."

These historians also tend to draw a distinction between the magnitude of the decisions thrust on Truman and those facing Bush. While Bush and his allies say he is "trying to reposition America for a new world order" in the wake of 9/11, Brinkley observes, "the Bush argument is a huge stretch. It dishonors the legacy of Truman to make the comparison."

Truman, who took over the presidency following the death of Franklin Roosevelt in April 1945, presided over the end of World War II. He ushered in the atomic age by ordering the bomb dropped on Japan. He and his aides devised a series of pathbreaking institutions to contain communism during the Cold War. Among Truman's innovations: the founding of the United Nations, the World Bank, and the International Monetary Fund in 1945; the creation of the CIA, the National Security Council, and the Joint Chiefs of Staff, and the promotion of the Truman Doctrine, which declared America's intention to help nations combat communist insurgencies around the world, all in 1947; starting the Marshall Plan to provide massive economic aid to Europe in 1948; the Berlin airlift in 1948-49; and the NATO treaty in 1949, which placed Europe under an umbrella of U.S. security.

White House Press Secretary Tony Snow told U.S. News that Truman "laid the foundation for presidents later. President Bush wants to lay foundations for future presidents on the central point of our national security for many years to come."

Still, the critics are skeptical. Bush's creation of the Department of Homeland Security, which he initially opposed, and his other steps to fight terrorism—like reorganizing the nation's intelligence capabilities—may not measure up to Truman's achievements, according to some historians. "He's really reaching," Dallek argues. "Where is his containment doctrine, as Truman had? What is his doctrine for ending the war on terrorism?"

Yet there is one big unknown: The scholars admit that if there are no more major terrorist attacks on the United States by the end of his presidency, Bush can argue that he accomplished his most vital mission—keeping America safe. That would be an accomplishment that historians couldn't ignore. Both Bush and Vice President Dick Cheney have always linked the war in Iraq to the global war on terrorism. They say fighting in Iraq is keeping the "evildoers" at bay and preventing them from taking their battle into the United States.

BIG DOINGS

Truman and Bush governed during historic times. "Each period of our national history has had its special challenges," Truman said in his inaugural address on Jan. 20, 1949. "Those that confront us now are as momentous as any in the past. Today marks the beginning not only of a new administration but of a period that will be eventful, perhaps decisive, for us and for the world."

In his State of the Union address on Jan. 31, 2006, Bush made a similar point. "We've been called to leadership in a period of consequence. We've entered a great ideological conflict we did nothing to invite," he said. "[T]he destination of history is determined by human action, and every great movement of history comes to a point of choosing."

Both presidents sought to spread democracy around the world—Truman in opposition to communism, Bush in opposition to Islamic jihadism. "Democracy alone can supply the vitalizing force to stir the peoples of the world into triumphant action, not only against their human oppressors but also against their ancient enemies—hunger, misery, and despair," Truman proclaimed in his 1949 inaugural. Bush has echoed those themes many times.

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In a statement that startled many in Washington, Bush declared in his inaugural speech on Jan. 20, 2005: "The survival of liberty in our land increasingly depends on the success of liberty in other lands. The best hope for peace in our world is the expansion of freedom in all the world. ... So it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world."

COMPARING KOREA AND IRAQ

It was after his surge of far-reaching Cold War initiatives in the late 1940s that Truman experienced his most bitter dilemma. In November 1950, as American and allied forces pushed North Korean invaders out of South Korea, disaster struck. China flooded the peninsula with several hundred thousand troops and pushed the United States, the South Koreans, and other coalition forces back 300 miles. Gen. Douglas MacArthur urged the administration to recognize that the United States was in a state of war with China and to drop 30 to 50 atomic bombs on Manchuria and the cities of China. Truman, fearing a world conflagration, refused to seriously consider those options. MacArthur, however, continued to promote his plan on Capitol Hill, until April 11, 1951, when Truman announced that he had fired the popular general. At the time, it was a much-criticized decision; Truman was accused of refusing to take the blame for a war gone bad. But the firing was later lauded by historians. They said the commander in chief could never allow a military officer to defy him.

Bush sees parallels in his steadfast pursuit of victory in Iraq, despite many setbacks. And Bush's removal of his top generals in early January seemed based on a Truman-like conviction that the top brass need to be on the same page as the president, this time regarding a "surge" of troops into Iraq. Gen. John Abizaid is being replaced by Adm. William Fallon as the top U.S. commander in the Mideast, and Gen. George Casey is being replaced by Lt. Gen. David Petraeus as U.S. commander in Iraq.

But Rutgers political scientist Ross Baker points out that the Korean War was a broad international operation, conducted under United Nations auspices. "It really was a multinational force," Baker says, in contrast to the Iraq war, which started as a mostly unilateral intervention, with some help from Britain, and remains largely a U.S. enterprise. Casualties in Korea, though, were far heavier. The United States has lost about 3,000 soldiers and marines in Iraq so far. The Korean War claimed more than 54,000 Americans.

THE COLD WAR AND THE WAR ON TERRORISM

"President Bush makes an explicit comparison between the beginning of the war on terror and the beginning of the Cold War," says a former senior Bush adviser who was at the president's side for most of his first term. "Truman had massive historical challenges with a nation that had grown tired. But Truman very consciously tried to put in institutional frameworks to deal with these challenges."

In his farewell address to the nation, given from the Oval Office on Jan. 15, 1953, Truman said, "I suppose that history will remember my term in office as the years when the Cold War began to overshadow our lives. I have had hardly a day in office that has not been dominated by this all-embracing struggle. ... And always in the background there has been the atomic bomb. But when history says that my term of office saw the beginning of the Cold War, it will also say that in those eight years we have set the course that can win it."

Bush takes a different tack. "You never know what your history is going to be until long after you're gone," he says. "So presidents shouldn't worry about history. You just can't. You do what you think is right, and if you're thinking big enough, that history will eventually prove you right or wrong."

Dallek has reached his own controversial conclusion, and Bush would not be pleased. "Bush will be remembered more for the war in Iraq than the war on terrorism," the historian told U.S. News. "The war in Iraq is a disaster. And there is no grand strategy for the war on terrorism." Unless Bush can turn Iraq around or somehow elevate the war on terrorism to a historic level, "he will be seen as a failed president," Dallek contends.

Yet Bush appears to believe he is destined to win the war on terrorism, according to friends. "He believes he is there for a reason," says a confidant, "and he should try as hard as he can—and leave the rest to God."

Truman was less moralistic, emphasizing the importance of "luck and personality, forces quite beyond effort or determination," writes biographer David McCullough. "And though few presidents had ever worked so hard or taken their responsibilities so to heart in time of crisis as Truman had since the start of the war in Korea, it was luck, good and bad, and the

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large influence of personality that determined the course of events time and again, and never more so than in late December 1950 [shortly after China entered the Korean War], in the midst of his darkest passage."

Truman believed a president's first job was to make the tough choices. "The greatest part of the president's job is to make decisions—big ones and small ones, dozens of them almost every day," Truman said in that January 15 farewell address. "The papers may circulate around the government for a while, but they finally reach this desk. And then, there's no place else for them to go. The president—whoever he is—has to decide. He can't pass the buck to anybody. No one else can do the deciding for him. That's his job."

Bush made a similar point to reporters last April. "I hear the voices," he declared, "and I read the front page, and I know the speculation. But I'm the decider, and I decide what is best."

When he talks privately to friends and aides, Bush says the central question for history will be not whether he did too much in the war on terrorism but whether he did enough. "No one's going to accuse this president of not being tough enough in trying to prevent it," says a key White House adviser.

There is another parallel. In 1946, the besieged president's party lost control of both houses of Congress to the GOP, partly as a referendum on Truman and his policies. The same thing happened to the Republicans under Bush in last November's elections. Led by Truman, the Democrats made a comeback in 1948 and recaptured Congress, but four years later, in 1952, they not only lost Congress but also were ousted from the White House by Republican Dwight Eisenhower.

That can't be heartening for Bush as he ponders the next two years.

Iraq Study Group: The Forgotten Men (NSWK)

By Dan Ephron

Newsweek, January 22, 2007

Jan. 29, 2007 issue - For Leon Panetta, the gesture of respect failed to disguise the rebuff. Two hours before George W. Bush announced plans to send more troops to Iraq earlier this month, the president had his national-security adviser, Stephen Hadley, brief members of the Iraq Study Group by phone on the "surge" plan. Nine of the bipartisan panel's 10 members were on the line, including co-chairs James Baker and Lee Hamilton.

Panetta, one of the Democrats on the commission and President Bill Clinton's former chief of staff, says Hadley began by listing those recommendations Bush had chosen to incorporate into his plan. Most were minor, according to Panetta. "I interrupted him and said that while we made 79 recommendations, three were the heart and soul of the report," Panetta told NEWSWEEK, citing the drawdown of U.S. troops by next year, the need to penalize the Iraqi government if benchmarks were not met and the call for diplomacy with Iran and Syria. Hadley's response—the three were not part of the Bush plan—left Panetta feeling hoodwinked. "Mainly I'm offended by the way they created the impression they gave it consideration but really didn't." (A National Security Council official confirmed the exchange.)

A month ago, members of the graybeard Iraq Study Group were rock stars in Washington. Their report appeared to herald a return to pragmatism in Iraq, and the published version whizzed to the top of The New York Times best-seller list (fifth, as of last week, in the nonfiction paperback category). Now Hamilton, Baker and the rest are back running academic institutes or consulting firms, gone and maybe forgotten.

Or are they? Baker and Hamilton are returning to Congress this month to testify before key committees and argue for a wider diplomatic push in the Middle East. "I think you may be seeing our coming out more publicly," says Edward Djerejian, Baker's top adviser. (His boss is known to think that while the troop surge can be squared with the panel's recommendations, Bush's refusal to engage Iran and especially Syria diplomatically is the real mistake.) With opponents on both sides of the aisle predicting that Bush's surge will fail, some Capitol Hill insiders are talking about the ISG report as a kind of Plan B, to be revisited a few months down the road. "Even if it's not the star people thought it would become, the north star, it's still there, and a lot of what's in it will probably happen anyway," says a senior Democratic staffer in the Senate who did not have his boss's permission to speak on record.

If other panelists are disappointed, they're not letting on. Democrat Vernon Jordan says he knew from the start Bush would pick and choose: "I'm not walking around wounded." Ditto Alan Simpson, the Republican former senator from Wyoming: "We're

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all grown-up boys and girls. We didn't stick our thumbs in our mouths and pout." Edwin Meese, the Republican who served as Ronald Reagan's attorney general, thought Bush actually incorporated most of the panel's recommendations. And Hamilton says the panel "changed the debate" on Iraq, affecting the language Bush used in his speech.

If that sounds like cold comfort, there's always the report's financial success to savor. Publisher Vintage Books says 280,000 copies have already been shipped to stores, not bad for a policy manual. No, Baker et al. don't get a windfall. After commission expenses are paid, a portion of the money goes to the National Military Family Association, which supports the spouses and children of soldiers in service. With more troops heading to Iraq, it's money well spent.

Zakaria: Has Bush Soured The World On Democracy? (NSWK)

By Fareed Zakaria

Newsweek, January 22, 2007

Jan. 29, 2007 issue - No president has attached his name more completely to the promotion of democracy than George W. Bush. He speaks of it with genuine passion and devoted virtually his entire second Inaugural to the subject. His administration talks constantly about its "freedom agenda" and interprets global events largely in such terms. Last summer, for example, as missiles, car bombs and IEDs exploded across Lebanon, Gaza and Iraq, Condoleezza Rice described the violence as the "birth pangs" of a new, democratic Middle East. So it is striking to read this year's annual survey of "freedom in the world," released last week by Freedom House, a nonprofit that is engaged in promoting democracy around the globe. The report points out that 2006 was a bad year for liberty, under attack from creeping authoritarianism in Venezuela and Russia, a coup in Thailand, massive corruption in Africa and a host of more subtle reversals.

"The percentage of countries designated as free has failed to increase for nearly a decade and suggests that these trends may be contributing to a developing freedom stagnation," writes Freedom House director of research Arch Puddington in an essay released with the rankings. Puddington also calls attention to the "pushback" against democracy. Regimes across the world are closing down nongovernmental organizations, newspapers and other groups that advocate for human rights. And, I would add, what is most striking is that these efforts are not being met with enormous criticism. Democracy proponents are on the defensive in many places.

What explains this paradox—of freedom's retreat, even with a U.S. administration vociferous in promoting democracy? Some part of the explanation lies in the global antipathy to the U.S. president. "We have all been hurt by the association with the Bush administration," Saad Eddin Ibrahim, the Egyptian activist, told me last month. "Bush's arrogance has turned people off the idea of democracy," says Larry Diamond, co-editor of the Journal of Democracy.

But he goes on: "There's a lot more to it than that. We need to face up to the fact that in many developing countries democracy is not working very well." Diamond points to several countries where elections have been followed by governmental paralysis, corruption and ethnic warfare. The poster child for this decline has to be Nigeria, a country often lauded for its democracy. In fact, the place is in free fall—an oil-rich country with per capita GDP down to $390 (from $1,000 20 years ago), a ranking below Bangladesh on the United Nations Human Development Index, and with a third of the country having placed itself under Sharia. The new Freedom House survey rates Haiti higher now because it held elections last year. But does anyone believe that those polls will change the essential reality in Haiti—that it is a failed state?

The basic problem confronting the developing world today is not an absence of democracy but an absence of governance. From Iraq to the Palestinian territories to Nigeria to Haiti, this is the cancer that is eating away at the lives of people across the globe, plunging countries into chaos, putting citizens' lives and livelihoods at risk. It is what American foreign policy should be focused on. But the president's freedom agenda sees the entire complex process of political and economic development through one simple lens, which produces bad analysis and bad outcomes.

Consider Iraq. The administration has constantly argued that Iraq has witnessed amazing political progress over the last four years only to be undermined by violence. In fact, Iraq has seen its politics and institutions fall apart since the American invasion. Its state was dismantled, its economy disrupted, its social order overturned and its civic institutions and community corroded by sectarianism. Its three communities were never brought together to hammer out a basic deal on how they could live together. The only things that did take place in Iraq were elections (and the writing of a Constitution that is widely ignored). Those

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elections had wondrous aspects, but they also divided the country into three communities and hardened these splits. To describe the last four years as a period of political progress requires a strange definition of political development.

The administration now rewards democracies with aid. But why not have a more meaningful measure? Why not reward countries when they protect human rights, reduce corruption and increase the quality of governance? "Our aid should be conditional on absolute standards," says Diamond. "The European Union has forced change on countries that want to join it by demanding real progress on tough issues."

An administration that thinks of itself as tough has been almost romantic in its views of the world. There is good and evil out there. But there is also competence and incompetence, and that makes a crucial difference around the globe—in fact, even in the United States.

War's Arab Supporters Bitter Over Its Results (WP)

By Anthony Shadid

The Washington Post, January 22, 2007

DUBAI, United Arab Emirates -- With a certain satisfaction, Lebanese journalist Michael Young watched a local station broadcast images seen across the world on April 9, 2003: the toppling of Saddam Hussein's statue in Firdaus Square, its reverberations rumbling across a stunned Middle East. Out of curiosity, he switched to a satellite station from Syria. It was showing a documentary on a venerable Damascene mosque. He flipped to another channel, where a former Egyptian general was dismissing the idea that day that the Iraqi capital had even fallen.

"If they were scared of what was happening in Baghdad, there was more power in this moment than might have been expected. The regimes were truly scared of this moment, truly scared," recalled Young, the opinion editor of the Daily Star in Beirut.

"The problem is," he added, "the Americans failed."

The coterie of Arabs who supported the U.S.-led invasion were never the target of expensive American propaganda efforts. Their unpopular stands in the Arab world earned them inboxes full of angry e-mails; a few claimed they got death threats. And nearly four years after the invasion they backed, their sense of frustration, resentment and even betrayal speaks volumes about how withered American standing is in the Middle East today and how far the region itself has deteriorated, riven as it is by escalating conflicts, worsening sectarian tension and a simmering struggle with an ascendant Iran.

"It's a success story for al-Qaeda, a success story for autocratic Arab regimes that made democracy look ugly in their people's eyes. They can say to their people: 'Look at the democracy that the Americans want to bring to you. Democracy is trouble. You may as well forget about what the Americans promise you. They promise you death,' " said Salameh Nematt, a Jordanian analyst and the former Washington bureau chief for the Arabic-language daily newspaper al-Hayat.

Added Magdi Khalil, an Egyptian writer and proponent of the invasion, "Everything, everything is very gloomy."

The Israeli-Palestinian conflict has long festered, cultivating indelible resentment toward the United States, Israel's strategic ally. Now it is joined by growing crises and wars in Lebanon, Iraq and, on the Arab world's borders, Iran and Somalia. The Bush administration is moving to arm perceived allies: Nearly $100 million is proposed for Palestinian security forces pitted against the Islamic movement Hamas and potentially hundreds of millions more for the Lebanese army, seen as a bulwark against the ambitions of the Shiite Muslim movement Hezbollah. Across the region, political affiliations are being pared to the raw bone of sectarianism, often accompanied by emotional expressions of Sunni and Shiite identity.

From the Persian Gulf to Egypt, the arc of the administration's avowed aim of promoting democracy in a region still largely run by autocrats and monarchs has come full circle. In the latest sign of shifting priorities, Secretary of State Condoleezza Rice eschewed public criticism of Egypt's authoritarian government during a visit last week, declaring it instead part of "an important strategic relationship, one that we value greatly." Some critics see a reversion to past U.S. policy, forging an alliance of what Washington considers mainstream, albeit autocratic, states against Iran, Syria and groups such as Hamas and Hezbollah.

Implicit, critics say, is the prospect of greater confrontation in a region already racked by it.

"What's coming is worse than what is now," columnist and editor Ghassan Tueni wrote in Beirut's an-Nahar newspaper.

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"If the future and coming two to three years are negative, and what is sought after fails, the legacy will be a disaster, one of the first major disasters of the 21st century," said Shafeeq Ghabra, a political science professor at Kuwait University.

In March 2003, most of the Arab world saw the imminent invasion as American revenge for the attacks of Sept. 11, 2001, a grab for Iraq's oil, a play for unquestioned supremacy in the region, a way to protect Israel or, often, a convergence of all of them. Like Young and Khalil, Ghabra was one of the very few in the Arab world who saw the invasion as opportunity. Hussein was a malignant current in the Middle East, he thought, and only force, American force, could remove him and initiate a transformation in a sclerotic region.

He expected the United States to have had an effective plan for postwar Iraq. Soon after, he expected a renewed and serious U.S. attempt to broker an end to the Israeli-Palestinian conflict, still seen by most here as the axis of tension in the Middle East. Like Young, he was most optimistic the day Baghdad fell. But even then, and in ensuing weeks, he remembered fearing what was being unleashed, as looting and chaos ravaged the Iraqi capital. Then the Americans -- to him and others, inexplicably -- dissolved the Iraqi army.

"You saw the maximum of power and success and the moment of failure, side by side," he said.

In the fall of Hussein's government, some still see a redeeming moment. They cite Lebanon's 15-year civil war as a hopeful analogy: In time, after breathtaking carnage, the war ended there, and Lebanon remained a troubled but recognizable country.

"Nobody can prove the situation would be better if there was no invasion of Iraq. Nobody can argue that if Saddam were in power now, things would be better," said Ahmed Alrabe, a former Kuwaiti lawmaker and education minister.

More often heard are the words of Khalil. "Now," he said, with a bitter laugh, "there is only conflict and hatred."

The landscape of the Middle East today is vastly different than it was in 2003. Governments in countries such as Egypt and Syria felt insecure then, buffeted by budding reform and protest movements or international pressure. These days they appear emboldened, even confident. Iran is developing a more assertive foreign policy in the region, from Lebanon and the Palestinian territories to the Gulf.

Proponents of the invasion often point to those governments, more than the mistakes of the United States, as the culprits in Iraq's unraveling. They had the most to lose if President Bush's vision, however impractical or overly optimistic, led to more accountability in the region.

"The reason Iraq failed is partly because of American miscalculations, but partly also because everyone in the region wanted them to fail," Nematt said. "Everyone took an active role in undermining the democracy project in Iraq."

But those who most fervently supported the American action bestow much of the blame on the United States itself, in a critique all the more bitter because it comes from admirers: There was no plan for the postwar period and too few troops; Iraqis played too small a role in the early days; and the Americans fumbled about as Iran, Syria and other countries outdueled them in Iraq. Fundamentally, some say, U.S. officials knew too little about the country they inherited, imagining a blank slate for their vision.

"The United States has a remarkable capacity to screw things up bureaucratically," Young said. "Maybe I should have anticipated the same thing would happen in Iraq, I admit."

"Everything is gray, and the Americans never figure it out until it's too late," he added.

In the studios of al-Arabiya in Dubai, Abdul Rahman al-Rashed sat in his sleek office, from where he heads the newsgathering operation for one of the Arab world's largest news channels. On television sets that adorned the walls, a recitation of today's Middle East scrolled across the screens: simmering civil strife in the Palestinian territories, deadlock in Lebanon, more carnage in Iraq.

"From bad to worse," the Saudi journalist said of the region, waving his hand. "It's the worst I've ever seen. Definitely."

He recalled a word and an image that he believes charted the American experience in Iraq. The word was occupation, the American decision to run Iraq for more than a year like postwar Japan instead of installing some sort of nominally independent Iraqi government after Hussein's fall. "This is colonialism; no one uses this word at all," he said. The image was the scene in Fallujah in March 2004, when angry residents killed four American contractors working for the U.S. military, mutilated their bodies and strung up two of the corpses from a bridge. "They were easily dragged into a confrontation," Rashed said of American leaders.

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"They would get into some kind of shifting sand, and it would be difficult for them to win the war," he remembered thinking. "I knew at that moment they have the force, but they don't have the brains to manage the Iraqi situation."

Many who supported overthrowing Hussein dismissed the question of whether they would still back the invasion. The question itself is impossible or unfair, some said. But Rashed -- who said he sees as the best-case scenario a contained civil war within Iraq and the worst case a regional conflagration -- is blunt. "Of course, I would take the status quo at that time over change," he said.

At a fashionable cafe in Beirut, Young talked about a region where "the sectarian genie has been let out of the bottle." American policy, he said, reminded him of past decades: engaging despots for the sake of stability. Words such as "disaster" and "civil war" peppered his conversation. And he hinted at a sense of bitter frustration, even betrayal, in his views.

"The American agenda has completely changed," Young said. "What Iraq was set out to be has been supplanted by a completely different agenda -- containing Iran and containing Iran's allies."

"The democracy debate has ended today," he added, "and I regret that."

Iraq's Refugees (WP)

The Washington Post, January 22, 2007

ONE OF THE few postwar problems the Bush administration prepared for before the invasion of Iraq was a refugee crisis. It didn't occur in the spring of 2003, and for months afterward administration officials pointed to that fact as a sign of the war's success. Now, four years later, a refugee crisis is exploding -- and, as is so often the case with Iraq, the administration has been slow to recognize the problem and even slower to respond.

The crisis essentially began last February, when the bombing of a Shiite mosque touched off sectarian war across Iraq. Since then, according to the United Nations, some 500,000 Iraqis have been displaced from their homes, and 40,000 to 50,000 more are leaving every month. As many as 2 million Iraqis are abroad, including many who left during the regime of Saddam Hussein. The majority are in Jordan and Syria.

The negative consequences of this exodus could go well beyond a humanitarian tragedy. Jordan could be politically destabilized by the influx of Iraqis. Most of the refugees in Jordan and Syria are Sunni; as the history of the Palestinians vividly demonstrates, these communities could easily become bases and breeding grounds for the Iraqi insurgency.

The U.S. response has been shockingly small. Though it is spending $8 billion a month on the war, the Bush administration has budgeted only $20 million for refugee assistance this year. Only 466 Iraqis have been allowed to immigrate to the United States as refugees since 2003, including 202 last year. Most shameful has been U.S. treatment of translators and drivers who have risked their own and their families' lives to work for military units in Iraq: Just a handful have been granted asylum, and a special visa program has a six-year waiting list.

At a Senate hearing last week, State Department official Ellen R. Sauerbrey suggested that the number of Iraqi refugees accepted in the United States could be expanded, using most of the 20,000 emergency slots set aside annually, if funding were provided. Pressed by Sen. Edward M. Kennedy (D-Mass.), she also indicated that State would consider a special parole program to expedite the admission of Iraqis. Congress should make sure the necessary funding is included in an upcoming administration supplemental budget request for the war.

More steps are needed. The United States ought to greatly increase funding for U.N. refugee programs; it should allow Iraqis to request U.S. asylum at the embassy in Baghdad and consular offices around the country and not just outside of Iraq. It should begin working with Jordan on ways to ensure that Iraqi refugees there are provided with adequate services and jobs.

The best way to help Iraqi refugees, of course, is to secure their country so that they can return home safely. Since that won't be possible anytime soon, the United States is bound by both practical and moral considerations to address a crisis that it helped to create.

Embassy Row (WT)

By James Morrison

The Washington Times, January 22, 2007

Starring Indonesia

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The Indonesian ambassador thinks too many Washingtonians know too little about his country, so his embassy has produced a series of television shows to promote the sprawling, culturally rich and ecologically unique nation of more than 17,500 islands in Southeast Asia.

Indonesia, the world's most populous Muslim nation, makes news in the West when Islamist terrorists attack tourist resorts in Bali or hotels in the capital, Jakarta.

However, Ambassador Sudjadnan Parnohadiningrat says his country deserves better press.

"We would like to present the diversity of our country to the American people," he said. "We would like to show the face of modern-day Indonesia."

The debut film, "Gado-Gado Indonesia," will be aired tomorrow at 9 a.m. on Fairfax Public Access Channels 10, 33 and 37, Arlington Independent Media Channel 69 and on the MHz Network, which is carried on several cable TV channels in the region.

The show will be repeated on Jan. 27 at 6 a.m., Jan. 28 at 5:30 p.m. and Jan. 29 at 8:30 p.m.

New ambassador

President Bush has nominated William B. Wood to replace Ronald E. Neumann as ambassador to Afghanistan.

Mr. Wood is currently ambassador to Colombia. The White House did not announce why Mr. Neumann is leaving the post after about a year and a half.

The appointment is the latest in a diplomatic shuffle that included Zalmay Khalilzad, former ambassador to Afghanistan and Iraq, replacing John R. Bolton as ambassador to the United Nations, and Ryan C. Crocker, currently ambassador to Pakistan, replacing Mr. Khalilzad in Iraq.

The Senate must approve the nominations.

Diplomatic traffic

Foreign visitors in Washington this week include:

Today

•Deputy Prime Minister Gianfranco Fini of Italy, who addresses the Center for Strategic and International Studies. Mr. Fini, also the former foreign minister, is now leader of the National Alliance, the main opposition party in parliament.

•Wen-cheng Lin of the Taiwan Foundation for Democracy and Jiunn-Rong Yeh of the National Taiwan University. They participate in a panel discussion on democracy in Taiwan at the American Enterprise Institute.

•Elliot Morley, a member of the British Parliament, adviser to Prime Minister Tony Blair on climate change and president of the London-based Global Legislators Organization for a Balanced Environment (GLOBE) International; Adam C.T. Matthews, secretary-general of GLOBE; and Michael Jay, former director of the British Foreign Office. They hold a noon press conference at the National Press Club to discuss a summit of Group of Eight and developing nations on climate change scheduled for Feb. 14 and 15 in Washington.

Tomorrow

•Ali Afhsari, an Iranian student leader for civil rights, who addresses the Middle East Institute on the political future of Iran.

Wednesday

•AIDS Ambassadors Paul Bekkers of the Netherlands, Lennarth Hjelmaker of Sweden, Michel Kazatchkine of France, Michel Lastschenko of Belgium and Sigrun Mogedal of Norway. They meet with Mark Dybul, the U.S. global AIDS coordinator, other administration officials, members of Congress and think tank analysts.

•Kay Axhausen, a professor at the Institute for Transport Planning and Systems in Zurich. He participates in a panel discussion on transportation issues with U.S. analysts at the Swedish Embassy.

Friday

•Ioannis Eliades of the Byzantine Museum in Nicosia, Cyprus, and Charalambos Chotzakoglou of the Hellenic Open University in Athens. They discuss threats to Cyprus' cultural heritage in a forum at the Cyprus Embassy.

Harsh Winter Has Afghans Struggling For Survival (WP)

By Pamela Constable

DOJ_NMG_0119034

The Washington Post, January 22, 2007

KABUL -- It was well below freezing in Raza Khan's tiny concrete apartment late one recent night. Half a dozen children huddled under blankets on the floor, coughing in their sleep. The fire in the rusty stove had faded to ashes, and there was no more wood to stoke it. Sometime before dawn, Khan's 3-month-old granddaughter, breathing raggedly from pneumonia, grew still and died.

"There are 18 of us, and we only have three blankets. It is not enough," said Khan, a gray-bearded man of 75 who earns about $2 a day pulling handcart loads in city streets. The baby had been treated at a city hospital and sent home, but she was not strong enough to recover. "It was just too cold," the old man said.

Winter across Afghanistan is a season of majestic beauty, with distant snowcapped mountains rising in all directions, icicles forming on orchard branches and midday sunlight sparkling on iced-over irrigation streams that meander across a thousand fields.

But in the capital, it is a season of unrelenting harshness for tens of thousands of poor families, focused on the struggle to survive. People spend their days scrounging to buy a few chunks of coal or firewood, and their nights huddled under common blankets around braziers called sandali, praying for dawn to come.

More than five years after the U.S.-led overthrow of Islamic Taliban rule and the advent of an internationally backed civilian government, the country is still so destitute and undeveloped that most inhabitants have no central heating, electricity or running water. Even in Kabul, some desperate families remain beyond the reach of foreign aid agencies that provide cold-weather assistance such as free coal and blankets in impoverished rural provinces.

Winter is the time that most starkly sets apart Kabul's nouveau riche from its permanent poor. The cozy, generator-heated homes and winking shop lights of central neighborhoods such as Wazir Akbar Khan and Shar-i-Nau, home to Afghan officials and international agency employees, seem far removed from the pitch-dark alleys and frigid rented rooms of suburban slums such as Chelsitoon and Char Qala.

Worst off are thousands of former refugees such as Khan and his family, unskilled people who returned to Kabul after years of wartime exile in Pakistan. Unable to find stable jobs or shelter, they survive on the margins of a chaotic, crowded capital that has quadrupled in population since the U.S.-led invasion. Some live in tents on vacant lots or squeeze into alleys, squatting on narrow bits of frozen land.

"All my children are sick. When I cook dinner, the room becomes a little warm and I put them under a blanket. But it gets cold soon, and they wake up and start crying," said Roya, 25, a laundress with four children who lives in a single cavelike room with patched tent cloth forming a flimsy fence around her tiny front yard outside.

Two winters ago, the Afghan Ministry of Migration offered to move several hundred refugee families from their tents into empty, rent-free apartment buildings on the southern outskirts of Kabul. Roya said she refused to move, because the location was too far from affluent homes where she can walk to wash and iron clothes. The customers also give her food, and earlier this month her tiny room was hung with strings of drying beef, special donations distributed to the poor during the Muslim holiday of Eid al-Adha.

Khan and many of his neighbors took up the government's offer and moved to Teknikom, a five-story concrete college dormitory built by the Soviet Union in the 1980s and later abandoned. Today it is home to about 3,000 people, but in many ways it is still a ghost building.

The corridors are windy and dark, with blankets hung across open doorways and plastic taped over gaping windows. Small children, many of them barefoot, play in the halls. The original heating and plumbing systems have not worked in years, so older boys collect sacks of scrap paper and donkey dung to use as fuel.

"This is worse than the tents," said Yar Mahmad, 25, an unemployed driver whose ailing 10-month-old son also died of cold this month. Neighbors had each lent him $2 for medicine for the boy and then helped bury him, lighting a fire to warm their hands while they dug in the frozen ground. "Now I owe $400, and I lost my son, too," Mahmad said glumly.

No one knows exactly how cold it gets here, because there is no national weather service. Afghan television stations report the local weather based on forecasts by faraway foreign meteorologists, conveyed via the Internet. But aid workers said the temperature had recently dipped to 5 degrees Fahrenheit at night.

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Even for residents with slightly better incomes than Mahmad's, a Kabul winter such as this one, which struck earlier than usual, brings hardships unimaginable in the West. The city's overloaded, war-damaged power system is still near collapse despite extensive repairs since 2001. Homes typically receive electricity only a few hours every other night, assuming that they're wired at all. Water must be heated in buckets, and bathing can be an excruciating ordeal.

Because much of the capital's commercial life takes place outdoors, in sidewalk stalls and workshops, winter weather shuts down much of the economy. Only a few kinds of business thrive in the cold weather: the used-clothing sellers who hang sweaters and jackets from roadside fences, and the coal and wood sellers who chop and stack their wares on frozen lots.

Rabbani, an elderly man who sells firewood in the Old City district, waits for customers by the stove in his toasty plywood hut, keeping an eye on a mountain of chopped logs. Often poor families send their sons to buy a few kilograms of wood at a time, and Rabbani sometimes adds a couple of sticks to the meager pile on his ancient scale.

"I think I am the only happy man in Kabul, because when it gets cold, everyone comes to me," he said. "It is so hard for people. They ask for three kilos, and I know it will only burn for an hour. If they earn $2 a day, they have to choose between buying bread and wood."

Cold-related deaths usually come one or two at a time, but occasionally poverty and bad weather conspire to produce large numbers in one place. Last month, 80 women and children perished in central Logar province when they were trapped in several remote hillside villages after a heavy snowfall.

Afghan and international aid officials said they began planning last summer to help people in the most vulnerable regions get through the coldest months. The U.N. World Food Program, working with the Ministry of Rural Development, trucked 21,000 tons of donated oil, wheat, lentils and salt to warehouses in more than a dozen provinces.

Nevertheless, they said, the deliveries were delayed by bad security and red tape at the Pakistani border. On top of that, winter arrived early, making it hard for trucks to reach some remote spots. In some cases, officials resorted to airdropping supplies by helicopter.

"This year has been very challenging, with millions of people at risk, but we have avoided a crisis," said Ebadullah Ebadi, a spokesman for the World Food Program here. "In some provinces with heavy snows, the roads are cut off for three to four months. Because of the drought, places that used to be breadbaskets are now asking us for food."

One wealthy private philanthropist, Ehsan Bayat, has also been delivering emergency food and supplies to families in many parts of the country. He sends fleets of private trucks to needy regions and then personally flies there in Afghan army helicopters to inspect and distribute the supplies.

Bayat, an Afghan American entrepreneur who owns one of two major cellphone companies and a private TV station in Kabul, has also been taking winter supplies to needy families in the capital. Residents at the Teknikom building said that he had brought them a load of blankets and coal but that what they really needed were permanent homes.

"There is nothing here for us: no jobs, no land. In the summer we can work as laborers, but in the winter all we do is wait in the cold," said Nader Mohammed, 38, the unofficial leader of the Teknikom families. "We thought we would be welcomed home when we left Pakistan. Now we just sit here by the stove, asking ourselves why we came back."

Decreased Military Role Leaves Gaps In Drug War (LAT)

By Josh Meyer

The Los Angeles Times, January 22, 2007

WASHINGTON — Stretched thin from fighting in Iraq and Afghanistan, the U.S. military has sharply reduced its role in the war on drugs, leaving significant gaps in the nation's narcotics interdiction efforts.

Since 1989, Congress has directed the Pentagon to be the lead federal agency in detecting and monitoring illegal narcotics shipments headed to the United States by air and sea and in supporting Coast Guard efforts to intercept them. In the early 1990s, at the height of the drug war, U.S. military planes and boats filled the Southern skies and waters in search of cocaine-laden drug vessels coming from Colombia and elsewhere in South America.

But since 2002, the military has withdrawn many of those resources, according to more than a dozen current and former counter-narcotics officials, as well as a review of congressional, military and Homeland Security documents.

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Internal records show that in the last four years the Pentagon has reduced by more than 62% its aerial surveillance flight hours over Caribbean and Pacific Ocean routes that are used to smuggle in cocaine, marijuana and, increasingly, Colombian-produced heroin. At the same time, the Navy is deploying one-third fewer patrol boats for detecting and catching smugglers.

The Defense Department also plans to withdraw as many as 10 Black Hawk helicopters that have been used by a multi-agency task force to move quickly to make drug seizures and arrests in the Caribbean, a major hub for drugs heading to the United States.

And the military has deactivated many of the high-tech surveillance "aerostats," or radar balloons, that once guarded the entire southern border, saying it lacks the funds to restore and maintain them.

The Department of Defense defended its policy shift in a budget document sent to Congress in October: "The DOD position is that detecting drug trafficking is a lower priority than supporting our service members on ongoing combat missions."

Members of Congress and drug-control officials have said the Pentagon's cuts and redeployments have hamstrung the U.S. drug interdiction effort at a time when an estimated 1,000 metric tons of inexpensive, high-quality cocaine are entering the country each year.

It's hard to gauge the precise impact of the pullback because authorities say they only know how much narcotics they are seizing, not how much is getting through — especially with fewer surveillance planes and boats to gather intelligence.

In the budget report to Congress, the Pentagon estimated recently that it detected only 22% of the "actionable maritime events" in fiscal 2006 because it "lacks the optimal number of assets."

Even when they detected suspected smuggling vessels, U.S. authorities had to let one in every five go because they lacked the resources to chase them, Pentagon officials conceded in their report.

"We have not stopped trying to fix that gap. We're very much concerned about it, and working very hard to try and fix these problems," Edward Frothingham III, acting deputy assistant Defense secretary for counter-narcotics, said in an interview. "DOD is in no way lessening our support" for the war on drugs, he said. "But in the post-9/11 world, some of these assets are needed elsewhere."

With Pentagon support dropping, the Coast Guard and other Homeland Security agencies such as U.S. Customs and Border Protection are trying to play a greater role in the interdiction effort. But current and former officials within those agencies say they do not have the resources to do the job because they, too, have had to dramatically redeploy assets since the sweeping post-Sept. 11 reorganization that made Homeland Security the front line in keeping terrorists out of the United States.

"I can't stand here and tell you drugs aren't coming into the U.S. by sea. It happens," said Cmdr. Jeff Carter, a Coast Guard spokesman. "There are huge challenges, but we are making a dent."

(The Justice Department, through the FBI and Drug Enforcement Administration, also has a central role in the drug war, but it is more focused on arresting narcotics traffickers in the U.S. than on interdiction.)

The cutbacks continue at a time when the Pentagon has officially reclassified the drug interdiction effort as part of the broader war on terrorism, citing intelligence showing growing ties among terrorists, drug dealers and organized-crime syndicates.

"In the post-9/11 world, where both securing and detecting threats to our nation's borders have become critical national security objectives, we cannot continue to neglect the fact that narco-traffickers are breaching our borders on a daily basis," according to a report that was quietly issued last month by the House Subcommittee on Criminal Justice, Drug Policy and Human Resources.

At a November 2005 hearing before another House subcommittee, Rep. Dan Burton (R-Ind.) said the lack of available military assets and the amount of drugs getting through "just boggled my mind."

"The spike in narcotics shipments via Central America we ignore at our own peril," said Burton, who at the time was chairman of the international relations subcommittee on the Western Hemisphere. "They could be carrying weapons, terrorists and other things that could destroy not only the youth of America, but American cities."

The weakening of the U.S. drug interdiction effort comes just as U.S. authorities have had some major successes in the drug war, led by the Pentagon's Joint Interagency Task Force-South, based in Key West, Fla. Authorities have seized increasing

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amounts of cocaine since 2001, including a record 300,000 pounds in 2005, although records show that seizures dropped off sharply in 2006, when authorities seized 230,000 pounds.

Counter-narcotics officials, including some in the Pentagon, acknowledge that the large recent seizures are only masking more fundamental problems caused by the sharp decline in drug interdiction assets.

The recent successes were due in part to improved inter-agency cooperation and U.S. efforts to bolster the Colombian government's counter-narcotics program. They were also aided by a windfall of intelligence gained from a program known as Operation Panama Express, which allowed authorities to pinpoint major shipments of drugs, documents show. That intelligence has largely dried up as Colombian drug lords tightened their operational security, making the Pentagon's detection and monitoring assets in the so-called transit zones ever more critical, according to U.S. documents and officials.

"What you've had is a significant downsizing of the counter-narcotics effort in the transit zones, and that has very direct national security implications," said Robert B. Charles, assistant secretary of State for international narcotics and law enforcement affairs from 2003 to 2005. He said the loss of resources threatened to "consign future generations of young Americans to a deluge of cocaine and heroin."

Perhaps the most important link in the drug interdiction chain is the Pentagon's aerial patrols. Without them, a U.S. military ship can detect only about one out of every 10 suspected drug vessels (one out of five if the ship has a helicopter on board), according to statistics from the Joint Interagency Task Force-South.

With the planes, whose radars can cover hundreds of miles, the military's odds improve to seven out of 10.

Department of Defense aerial patrol hours in the transit zones declined from 6,062 hours in fiscal 2002 to a low of 1,432 in 2005. They rose to 2,296 in the most recent fiscal year, which ended in October, but since then, the Pentagon has grounded much of its fleet of P-3s for long stretches, due to lack of pilots, money for flying time or maintenance issues, documents show.

Military officials concede the aerial surveillance situation is dire, and likely to get much worse. That's because most of the Pentagon's drug planes are Vietnam-era P-3s that were mothballed for years before being brought back into service for the drug war. Many of them have been redeployed to war zones or for use in counter-terrorism operations, Frothingham said. Those remaining suffer from wing corrosion so serious that they're in the shop much of the time, U.S. documents and officials say. Many of them have no working radar, but their replacements won't be ready until at least 2012.

The Pentagon has also redirected other planes used to spot smugglers — including fighter jets and high-flying reconnaissance planes — toward other missions, and turned down requests to use unmanned drones in the drug war.

Things aren't much better at sea, where there is a continuing lack of Navy resources to intercept drug runners who are using "go fast" multi-engine boats that are often 40 feet long, travel at up to 40 knots and capable of carrying several tons of cocaine.

In the Eastern Pacific transit area, four U.S. ships are dedicated to patrolling an area larger than the continental United States.

Two years ago, U.S. authorities discovered that smugglers were easily avoiding military boats by navigating far into the eastern Pacific Ocean with the help of at-sea refueling vessels. In comparison, for every four days of patrol, U.S. military ships spend an average of eight days traveling to and from the transit zone to refuel, said Rear Adm. Jeffrey J. Hathaway, director of the JIATF-South.

Frothingham's tiny counter-narcotics office at the Pentagon is still looking for a solution because the department's leadership won't commit military tankers for the task. A senior Pentagon budget official said the British government recently pledged to provide a tanker in the Pacific, but only temporarily.

Homeland Security agencies, the Coast Guard in particular, have moved boats and planes to the region to intercept smugglers, but documents show that in most cases, the U.S. presence remains far below what it was before Sept. 11, 2001.

In May, the Pentagon decided to withdraw its Caribbean-based Black Hawk helicopters for use elsewhere. The Justice Department protested, calling the helicopters a linchpin in the U.S. counter-drug effort because they ferried law enforcement agents among the thousands of islands that cocaine traffickers use as transshipment points.

That opposition has pushed back the withdrawal of the Black Hawks until October, but counter-narcotics officials say the larger problem is that no other agency has received funding to keep them operating.

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As the U.S. fortifies its border with Mexico, counter-narcotics officials warn that smugglers could simply move east and penetrate the vast border along the Gulf Coast. In response to such threats, various U.S. agencies had for years been using radar-equipped tethered aerostats to provide continuous and long-range monitoring of smugglers by land, air and sea.

The Pentagon took over the Tethered Aerostat Radar System, or TARS, in 1992 and shut down three of the balloons in the Bahamas in 1994. Then, in 2001 and 2002, it shut down three others in Texas, Louisiana and Florida, leaving virtually the entire Gulf Coast uncovered — from Florida to east Texas, and part of the Caribbean as well.

The Pentagon won't put the radar balloons back up because it believes the money is better spent elsewhere, Frothingham said.

In November 2005, the Government Accountability Office raised serious concerns about the shortcomings in the interdiction effort, and said it was particularly troubled by the lack of strategic planning by the Pentagon and Homeland Security to deal with a major redeployment of drug war assets that it believed would only get worse, not better.

The GAO, the independent investigative arm of Congress, requested that the Pentagon and Homeland Security Department devise comprehensive plans on how to maintain the drug interdiction effort with dramatically fewer resources.

More than a year later, the GAO's Jess T. Ford said in an interview that he had seen few signs of progress.

"If that trend continues," he said, "it just means we are going to miss more and more opportunities."

Bigger Force Unnecessary (USAT)

By Gordon Adams

USA Today, January 22, 2007

Expand the American ground forces? That puts the manpower cart before the strategic horse. Just what is the mission? If we buy that, we can buy a larger Army.

Reduce force stress? That's about Iraq — this larger ground force arrives after Iraq has been decided. Leaving Iraq removes force stress; what's the mission for the bigger force?

Other big, unilateral invasion and long occupation missions are sheer fantasy, given our experience in Iraq. The American people have had enough of that. But where would they be?

•Iran? A country that rejects our "liberation," has hostile terrain, is four times as large as Iraq in area and three times larger in population, with a million-man military?

•Korea? We are shrinking in Korea because the North is so weak and the South has a superbly trained, active force of 650,000 (and 4.5 million in reserves).

•Pakistan? Our invasion would galvanize 169 million people in an Islamic country with a 1.1-million man military and nuclear weapons. Should we need to prevent Pakistan's nuclear weapons from falling into the wrong hands, the mission would be targeted and fast, with heavy use of air power to avoid a land invasion and occupation.

•China? Let's stipulate that the United States is not going to mount a land invasion of China.

•Afghanistan? A serious candidate, but our allies support us there, unlike in Iraq. Leaving Iraq allows us to beef up in Afghanistan, but the real need there is not only the military, but counter-narcotics programs, foreign assistance and tough diplomacy with Pakistan.

None of these missions makes sense, and only they would justify growing the Army. What about the "long war" against terrorism? While the military (particularly the smaller Special Forces) has its role in this struggle, terror is a tactic that demands the other elements of statecraft — diplomats, lawyers, spies, special forces, homeland defenders, foreign assistance providers.

Instead of adding troops we don't need, maybe it is time to beef up these other tools — our diplomacy, civilian reconstruction, foreign assistance, intelligence and public diplomacy. The military has a key role in this effort, but we don't need a larger one. We need one more sharply trained to its specific combat mission in the framework of a workable strategy of international engagement. We ought to answer the strategy, mission and toolkit questions, before we throw another $150 billion at the military knowing we are not doing another Iraq anytime soon.

Gordon Adams is a Fellow at the Woodrow Wilson International Center for Scholars. From 1993 to 1997, he was the senior White House national security budget official.

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Strains On U.S. Forces Justify Increasing Troop Strength (USAT)

USA Today, January 22, 2007

Growth won't help in Iraq but is prudent way to meet new threats.

A little-noticed story last week about a U.S. Army battalion in Afghanistan highlighted a critical problem for the U.S. military. The 1,200-soldier battalion is due to rotate out this spring, then to deploy later this year to Iraq, where U.S. commanders could use its help. But the top general in Afghanistan, anxious for more troops to fight resurgent Taliban forces, told reporters he wants to keep those 1,200 soldiers in Afghanistan through the end of the year.

The tug-of-war over a single battalion is the latest evidence that the military — particularly the Army — is too small for the jobs it's doing, or may have to do.

Aggressively (and rightly) downsized after the Cold War, U.S. forces were kept that way by former Defense secretary Donald Rumsfeld after 9/11 even as the stresses of fighting simultaneously in Iraq and Afghanistan began to show. With Rumsfeld out of the picture, President Bush and new Defense Secretary Robert Gates have endorsed a plan to add 92,000 troops to the Army and the Marines.

That's a modest increase — barely 7% of the roughly 1.4 million active-duty U.S. military — and even that will take several years. The schedule isn't likely to be of great help in Iraq, but it's a prudent way to prepare U.S. forces for the unpredictable challenges of the war on terrorism.

Most importantly, the U.S. military would have staying power it now lacks. The fighting in Iraq and Afghanistan has been a test of whether the current military is large enough to support long deployments of large numbers of troops. It obviously is not.

In an emergency, U.S. commanders could muster many more than the 150,000 to 170,000 troops in Iraq and Afghanistan, but sustaining them for years is much harder. Repeated deployments since 9/11 have put severe strain on the Army. About a quarter of Army troops have served more than once in Iraq or Afghanistan, and some are headed for their third tours. The Pentagon has had to shrink the time between combat deployments, and the stress on people and equipment has reached disturbing levels.

That leaves the United States ill-prepared to cope with potential threats in Korea, where some 30,000 troops are stationed, or elsewhere.

It would be dangerously unwise to seek a war with Iran, for instance, but ground forces are stretched so thin now that it's not a viable threat, which weakens diplomatic leverage aimed at resolving Iran's nuclear weapons program.

Strategists also worry about a nightmare scenario in which U.S. forces might have to fight in Pakistan. One fear is that radical Islamists could assassinate President Pervez Musharraf and threaten to get control of Pakistan's nuclear weapons. Pakistan's population of 169 million dwarfs those of Afghanistan, Iran and Iraq.

The goal of a wise foreign policy should be to avoid conflicts, but it is unwise not to prepare for them. Having an obviously strained military sends a dangerous signal to U.S. enemies around the world.

Now that the secretary of Defense supports enlarging the Army and Marine Corps, the more challenging question may be how to pay for more troops — and it certainly should be the Pentagon's burden to come up with the money.

Adding 92,000 troops would cost roughly $15 billion a year — not insignificant, but also not a huge new expense in a defense budget that tops $400 billion a year. The Pentagon needs to decide which of its many weapons programs are essential and which are just convenient.

Cost cutters have already trimmed some programs aimed at giving ground troops futuristic weapons such as robot vehicles. An ambitious program to build a next-generation fighter jet, even though today's are the best in the skies, is another potential target. So are Cold War systems such as submarines and tanks that have less utility today.

Better yet, as Congress reviews the troop-increase plan, it could restrain its members who regularly force the Pentagon to squander money on military bases and weapons systems that it doesn't want.

Iraq has shown at least two things: The United States should not provoke ill-conceived wars of choice. And if U.S. forces are called on for lengthy peacekeeping or counterinsurgency missions, all the high-tech weapons in the U.S. arsenal are no substitute for boots on the ground.

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Editorial: You're Fired (SACBEE)

The Sacramento Bee, January 22, 2007

Furtive Justice Department boots attorneys

Since the November elections, the Justice Department has asked an unknown number of U.S. attorneys around the country, including two in California, to resign before the end of their terms. As Sen. Dianne Feinstein, D-Calif., has said, these are forced resignations in districts that have major ongoing cases.

Last week at the Senate Judiciary Committee hearing, Feinstein asked Attorney General Alberto Gonzales how many U.S. attorneys were being fired, but he would not give a number.

One Californian departing is Carol Lam, the U.S. attorney in San Diego who is pursuing corruption related to the prosecution of Rep. Randy "Duke" Cunningham, now in prison, thanks to her. The other is Kevin Ryan, the U.S. attorney in San Francisco who is in the middle of investigating whether 25 companies illegally withheld information about lucrative stock options for top executives.

It is customary that U.S. attorneys are prepared to leave office when a new president is elected. At the beginning of their terms, presidents have the discretion to name the 93 U.S. attorneys, who then must be confirmed by the Senate. They typically serve until the president leaves office. These midterm U.S. attorney firings are unusual, particularly because there are no allegations of misconduct.

Feinstein is alarmed that a little-known, last-minute change to the USA Patriot Act Reauthorization in March 2006 allows the attorney general to replace U.S. attorneys without Senate confirmation. The change was not in the original bills approved by the House and Senate, and thus never got a hearing. At the request of the Justice Department, Sen. Arlen Specter, R-Pa., added the provision during a House-Senate conference committee, which reconciles House and Senate bills for a final vote.

Under the old law, the attorney general could name an interim U.S. attorney for 120 days and when that term expired, the U.S. District Court would name a replacement until a presidential nominee was confirmed by the Senate. Feinstein has introduced a bill to restore the old law.

Presidential appointment with Senate confirmation remains an important check and balance in our system of government. The Senate and the House should approve Feinstein's bill immediately to prevent an unwarranted tilt toward presidential power.

CORPORATE SCANDALS:

Apple Prosecutor Quits Team For Private Sector (FT)

By Kevin Allison In San Francisco

Financial Times, January 22, 2007

A federal prosecutor on the team investigating options backdating at Apple, the computer maker, is leaving government service for a job with a private white-collar law firm.

The departure of Chris Steskal, a member of the federal task force that brought the first charges in options backdating in August, comes days after his boss, Kevin Ryan, the US attorney for northern California, became one of several top federal prosecutors to announce that they would be leaving office.

The twin losses may interrupt the US government's effort to crack down on backdating. The justice department and the Securities and Exchange Commission are already struggling to keep up with hundreds of backdating cases.

A spokesman from the US attorney's office in northern California said the investigations into options backdating would continue in spite of the departures.

"US Attorney Ryan is taking care to ensure a smooth transition in the office's cases," the spokesman said. "There continue to be many assistant US attorneys with strong investigative skills and substantial trial experience on the stock options backdating task force and throughout the office, who are fully capable of carrying on the work of the task force."

More than 160 companies are under scrutiny for improper options backdating, in which companies use hindsight to fudge options grant dates in order to inflate their value. Although backdating itself is not illegal, it can fall foul of securities laws if not properly disclosed. It also creates accounting problems.

Federal prosecutors and the SEC are actively investigating a backdated options grant to Steve Jobs, Apple's co-founder and chief executive. Apple, which has turned the results of its own internal investigation into the matter over to federal authorities, has cleared Mr Jobs of any wrongdoing.

Meanwhile, dozens of top executives at other companies who knew about or engaged in improper dating of stock options grants have been sacked. Many companies have been forced to restate past earnings – some to the tune of hundreds of millions or even billions of dollars.

Mr Steskal is to join the law firm Fenwick & West. News of Mr Steskal's departure was first reported on Friday by The Recorder, a publication covering the legal industry.

Federal Prosecutor Leading Apple Probe To Leave For Fenwick (LAW)

By Justin Scheck, The Recorder

California Recorder, January 22, 2007

It was a move Christopher Steskal couldn't resist -- but what does it mean for the Apple probe and impending Brocade trial?

Christopher Steskal, the federal prosecutor who indicted the country's first stock option backdating prosecution in June -- and the leader of a criminal probe into Apple Inc.'s options grants -- will leave the San Francisco U.S. Attorney's Office next month to lead the white-collar practice at Fenwick & West.

Steskal has been busy with options prosecutions in recent weeks -- Apple CEO Steve Jobs was interviewed by prosecutors and SEC lawyers earlier this week, according to people familiar with the case. But the offer from Fenwick was too enticing, Steskal said.

"I didn't spread my resume around the Valley," he said Friday, referring to Silicon Valley, saying that leaving a prosecutor's post is never easy.

"You're always going to be leaving cases on the table," he said.

Steskal comes to Fenwick as perhaps the pre-eminent prosecutorial expert in options backdating, the white-collar bar's biggest source of business these days.

"He's got the respect of his colleagues, the judges and the defense bar," said Fenwick's Chairman Gordon Davidson.

Steskal leaves behind the impending trial of two executives from Brocade Communications -- the first people to be indicted for backdating -- as well as the Apple probe, which has so far zeroed in on the tech company's legal department.

Steskal said Friday that he was well into negotiations with Fenwick -- which the firm initiated in November -- before learning that Fenwick partner Dennis DeBroeck was married to Nancy Heinen, who had been Apple's GC until last year. Sources have said investigators are interested in Heinen's role in Apple's options grants, and she has been represented by Cristina Arguedas, of Arguedas, Cassman & Headley and by Miles Ehrlich of Ramsey & Ehrlich since shortly after Apple's internal probe into backdating was launched.

That added a wrinkle to the standard conflict issues that arise when a prosecutor moves to the defense bar.

"I learned that bit of information a little bit later," he said, and immediately contacted the ethics officer of the San Francisco U.S. Attorney's Office.

"What we did was contact D.C. and got a written opinion from them, and I'm transitioning the case," he said. "I'm not making any substantive decisions regarding that case."

Fenwick does intellectual property work for Apple, a client touted on the firm's site.

Steskal's departure is a major blow to the U.S. Attorney's Office. He's been the lone prosecutor in the hard-fought Brocade case, and the main driver of at least a dozen other probes in addition to Apple.

"It would be hard to understand how this couldn't have an effect on that investigation, when the lead prosecutor, or co-prosecutor, is going to leave in the middle of the investigation," said Thomas Carlucci, a partner at Foley & Lardner who represents former Apple in-house lawyer Wendy Howell, a potential target of the probe.

With U.S. Attorney Kevin Ryan on his way out and his top deputy -- and Apple co-prosecutor -- Eumi Choi also shopping herself to white-collar defense firms, the move leaves dozens of options cases in limbo.

Ryan spokesman Luke Macaulay said there are plenty of experienced prosecutors to absorb Steskal's caseload, and that the office is close to hiring two new prosecutors to handle securities cases.

FENWICK'S COUP

When Steskal settles into Fenwick's San Francisco office, he'll bring a high-profile white-collar name to a firm that has been missing one since its former top criminal defender, Brad Lewis, decamped last summer for a Fenwick client.

The new recruit could mean big business: Fenwick's robust corporate and securities litigation practices should feed white-collar work to Steskal.

Speaking over coffee on Friday, Steskal said he hadn't planned to leave the prosecutors' office anytime soon, but was drawn by the opportunity to lead a practice that has a ready source of clients.

"They're one of the few firms left that have all the pieces in place except for someone to carry the white-collar load," he said.

"With such strong ties with board members in the Valley, they're in a great position to do the internal investigations," he added.

Davidson agreed.

"Our securities litigation practice has been inundated with special investigations," he said. "Special investigations seem to be just a part of good corporate governance."

Steskal said Fenwick is also an attractive place because it has big Valley presence but hasn't been associated with sketchy options practices.

"They probably represent a third of the companies in the Valley, and relatively few of those companies have had the same stock options issues that other firms' clients have had," he said. "In part, I think that speaks a lot to their attention to corporate governance issues and conflict issues."

Still, potential conflicts are a major question when a prosecutor with pending investigations goes to the defense side.

"That was a concern of mine," Steskal said, one that he, the U.S. Attorney's Office and Fenwick worked carefully to address.

"He can't tell us what he's working on and never will, but we gave him a list of the investigations we're involved in," Davidson said.

"What I did was, any investigation where Fenwick represented parties or witnesses, I withdrew from," Steskal added.

BACK ON TRACK

While he's made his name in government, Steskal said he'd been planning to be a defense lawyer since he graduated from Harvard Law School in 1992.

But after working as an associate, first at Cravath, Swaine & Moore, then at Howard, Rice, Nemerovski, Canady, Falk & Rabkin, Steskal said, he decided he needed more trial experience and went to the U.S. Attorney's Office.

In 2001, then-San Francisco U.S. Attorney Robert Mueller was seeking to stock the office with bright young lawyers.

"Bob Mueller hired me because he liked my resume," Steskal said. "I was never going to be a career prosecutor," he added. "I would be a career prosecutor if I was independently wealthy or had won the lottery, but I'm not and I haven't."

Current and former prosecutors who've worked with Steskal say he's known for being smart, aggressive and relentless. His courtroom reputation was sealed by the conviction last year of real estate developer John Hickey in a case he handled with Assistant U.S. Attorney Timothy Crudo.

Steskal inherited the old -- some would say stale -- case years after it was indicted, and more than a decade after Hickey committed the acts that allegedly defrauded investors of $17 million. The new lead counsel had to dig through a pile of dusty files.

"It was a huge task to marshal that case," he said last week. "I mean, the evidence was way over 10 years old, and a lot of the witnesses hadn't been interviewed in 10 years. A lot of them hadn't been interviewed at all."

Steskal and Crudo secured a conviction on counts of securities and mail fraud.

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"He earned a great deal of respect in the office for resuscitating a very old prosecution and winnowing it down to a very successful case," said Berkeley-based defense lawyer Miles Ehrlich, who, as a supervisor in the U.S. Attorney's Office, had assigned the case to Steskal.

But even while that trial was going on, Steskal had a probe of Brocade Communications simmering on the back burner.

PAPER TRAILS

Steskal said Friday that his interest in Brocade was first piqued by a New York Times column in early 2005 -- long before anyone was paying attention to options backdating -- that discussed the company's financial restatement.

"I was thinking like a securities class action lawyer, and there was a mention in the press release about document irregularities, and that's a red flag," he said. "You've got to think like Bill Lerach a little bit, and it's actually a lot of fun."

He investigated it for more than a year before realizing that backdating would be bigger than his investigation of a single company.

"Like most people, I started reading the Wall Street Journal piece" early last year on studies indicating that options backdating was widespread.

Steskal's investigation, conducted jointly with the SEC, continued another several months, and in June, former Brocade CEO Gregory Reyes and ex-HR manager Stephanie Jensen were charged. While the investigation was lengthy, Steskal said, "it didn't take an unusually long time for a securities case."

But it did generate an unusual amount of publicity, rancor from the defense team and skepticism from U.S. District Judge Charles Breyer, who is presiding over both the criminal prosecution and the SEC's civil suit against former executives.

Breyer, though, had only good things to say Friday about the outgoing prosecutor.

"I think he's a very competent lawyer," Breyer said. "He's extremely professional. He's industrious, and I have a great deal of respect for his integrity."

Richard Marmaro, a partner at Skadden, Arps, Slate, Meagher & Flom defending Reyes, wasn't as quick with praise for the lead prosecutor on a case he's publicly denounced.

"I wish him the best in private practice," he said.

Sunrise Bogged Down In Accounting (WP)

By Cecilia Kang

The Washington Post, January 22, 2007

Theirs was a classic entrepreneurial story. In 1981, Paul and Terry Klaassen, in their 20s, bought and renovated an old nursing home in Oakton with $16,000 in savings.

Terry was motivated by personal experience: When her mother became ill, she found the level of care available at the time to be inadequate and undignified. Paul saw the business potential in developing a warmer and more personalized European model of senior care, like that in his family's native Netherlands.

The couple moved into the home and eventually turned the business, Sunrise Senior Living, into one of the nation's largest senior residential services providers, operating 436 retirement communities in the United States, Canada and Europe. The Klaassens had landed smack in the middle of a sweeping demographic shift as America's growing aging population was looking for better retirement options and willing to pay for better services.

Yet as analysts touted Sunrise's business outlook, that rosy picture began to fray.

Last week, the McLean-based company said it would again delay the filing of its financial results for all four quarters of 2006, which it had previously promised to deliver on March 1. Sunrise blamed the postponement on the complexity of an ongoing internal accounting review and a Securities and Exchange Commission inquiry into its accounting practices and allegations of insider stock sales.

"We share the disappointment of our investors and stakeholders regarding this delay," Bradley B. Rush, Sunrise's chief financial officer, said in the company's statement. "Rather than continue to predict the date of the ultimate end of the process, which depends on third parties, we will continue to provide interim updates as we proceed, as fast as possible, toward completion." Rush's office said he was unable to schedule an interview.

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The troubles for Sunrise began last May, when executives announced they would implement a new way of accounting for profits and losses from certain joint ventures. The move resulted in an accounting review of past earnings reports and the reduction of $100 million in profits between 1999 and 2005.

The company's share price dropped 34 percent after the announcement, reaching the year's lowest point in late July 2006. Last week, pension funds for the United Food and Commercial Workers Union filed lawsuits against Sunrise charging the company with accounting fraud and insider stock trading. Another union pension fund, the SEIU Master Trust, has pressed the company in letters about insider stock sales and the questionable timing of stock options grants.

Sunrise has said that the SEC inquiry was prompted by the SEIU's letters. In its release last week, it accused the SEIU of writing the letters to generate media attention as part of an attempt to organize Sunrise workers. Steve Abrecht, executive director of the SEIU Master Trust, said the SEIU has no members at Sunrise and has no plans to organize a union at the company.

"We're very disappointed. They've had plenty of time to do an investigation, and why they can blame it on us is hard to imagine," Abrecht said.

The pension fund also has urged Sunrise to review the composition of the review committee the company created last December. Sunrise has not disclosed who is on the committee, and the SEIU said it suspects that it might include company directors.

"It's not appropriate to have a special committee made up of board members. It would be too conflicted; they would be investigating themselves," Abrecht said.

One question raised is the $32 million in stock sales by Sunrise executives from December 2005 to May 2006, when the new accounting system was announced. The Klaassens sold about $20 million in Sunrise shares during that period, in 12 separate transactions.

Some shareholders have alleged that company executives, including the Klaassens, knew about the accounting changes months before they were made public and unloaded their shares ahead of the news. These shareholders cite a comment made during a May 11 conference call with analysts, when a Sunrise executive said the new accounting method "came into consideration late in 2005."

The company has maintained that the board members and executives did not have prior knowledge of the financial restatement at the time of their stock sales.

Another shareholder, LongView Small Cap Index Fund of Amalgamated Bank in New York, wants a review of bonuses and awards given to senior executives during the periods when earnings were restated. In a request to be voted on by shareholders at the company's annual meeting this spring, LongView argues that executives who did not meet performance targets based on the new financial results between 1999 and 2005 should return the money, the fund said.

Even with a cloud hovering above Sunrise, many analysts who follow the industry maintain that the underlying health of the company is strong. The firm has not filed a financial report since last March.

"Fundamentals for this business are terrific," said Jerry L. Doctrow, a research analyst with Stifel Nicolaus. "Sunrise really founded the assisted-living industry in America and has the brand and reputation of a high-quality provider."

Sunrise grew quickly with the help of some savvy acquisitions, including the $150 million purchase of Marriott International's senior living operation in 2003. The company's hallmark is building communities with tony architectural details, such as French doors and vaulted ceilings, and complementing those surroundings with a broad array of concierge and health services.

The company has also experienced setbacks. In the late 1990s, Sunrise found itself competing against at least a dozen other major senior living providers, and the supply of senior housing outstripped demand. Since then, the industry has consolidated and demand has caught up with the number of residential units available. In September 2005, as the company sought to evacuate residents from areas hit by Hurricane Rita, a bus Sunrise chartered for its residents exploded and 23 people were killed.

Analysts have expressed disappointment with the latest delay in financial reporting. But they also have given the company high marks for its operations. Sunrise has said that occupancy rates at the communities it operates has risen to about 94 percent.

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On Jan. 11, Sunrise and Prudential Real Estate Investors announced a joint venture to develop 18 senior communities in Britain valued at $1 billion.

"We view this announcement as a reminder that the company's core strategy of developing and operating high-quality senior living properties in attractive locations is clearly on track," Ryan Daniels, an analyst at William Blair wrote in a report.

Doctrow said the company has said repeatedly that its accounting problems have not affected its operations. "The important thing for us is cash flow, and they say none of this has affected their cash flow," he said.

Hedge Funds And Insider Trading (NYT)

The New York Times, January 22, 2007

A truism of investing is that to beat the market consistently, an investor must either take above-average risk or trade on inside information. That inevitably casts a cloud over hedge funds, which exist to beat the market. Many fail, sometimes spectacularly so. But many succeed. The question is, How?

The Wall Street Journal reported that Eliot Spitzer was asking just that question. Shortly before he resigned as New York's attorney general to become the governor, Mr. Spitzer opened investigations into whether employees at companies including Best Buy and Circuit City had improperly given nonpublic information to hedge fund managers.

Two research firms, the Gerson Lehrman Group and Vista Research, a unit of McGraw Hill, are also under investigation. They specialize in matching up people who have information — say, middle managers — with clients who crave information, like hedge funds managers. The firms collect fees from hedge fund clients and pay sources as consultants. Business for these firms has boomed since 2000, when federal regulators enacted disclosure rules that made executives at public companies wary of speaking privately with big investors.

It will be up to the prosecutors to determine if the matchmaking firms merely appear to be conduits for nonpublic information, or if they indeed are. The firms say they follow procedures to guard against any inappropriate disclosures.

But the safeguards seem weak. Gerson Lehrman told The Journal that it reminds its consultants not to divulge confidential or restricted information. A Vista spokesman said consultants must sign an ethics code that says they're "never expected" to comment on their employer.

New York's new attorney general, Andrew Cuomo, should pursue any wrongdoing. And the new Congress should move forward with hedge fund regulation. The possibility of a destabilizing meltdown only grows the longer the funds escape oversight.

CRIMINAL LAW:

Gambling Subpoenas On Wall St. (NYT)

By ANDREW ROSS SORKIN And STEPHANIE SAUL

The New York Times, January 22, 2007

The Justice Department has issued subpoenas to at least four Wall Street investment banks as part of a widening investigation into the multibillion-dollar online gambling industry, according to people briefed on the investigation.

The subpoenas were issued to firms that had underwritten the initial public offerings of some of the most popular online gambling sites that operate abroad. The banks involved in the inquiry include HSBC, Credit Suisse, Deutsche Bank and Dresdner Kleinwort, these people said.

While online gaming sites like PartyGaming and 888 Holdings operate from Gibraltar and their initial public offerings were held on the London Stock Exchange, companies that do business with them and have large bases in United States have come under scrutiny by regulators in Washington.

None of the biggest United States banks like Goldman Sachs or Citigroup underwrote the initial public offerings in London, in part because of the legal ambiguity of the sites; they are illegal in the United States, but still accessible to residents.

The subpoenas, earlier reported by The Sunday Times of London, appeared to be part of an indirect but aggressive and far-reaching attack by federal prosecutors on the Internet gambling industry just two weeks before one of its biggest days of the year, the Super Bowl.

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Unable to go directly after the casinos, which are based overseas, they have sought to prosecute the operations' American partners, marketing arms and now, possibly, investors.

The prosecutors may be emboldened by a law signed by President Bush last October that explicitly defined the illegality of running an Internet casino. Even before that law, the Unlawful Internet Gambling Enforcement Act, was adopted, the government said that Internet gambling was illegal under a 1961 provision.

These offshore casinos, typically based in Costa Rica or Antigua, allow American bettors to use their home and office computers to place wagers on a range of contests.

Millions of Americans participate; more than half of all bets placed to major offshore casinos are from residents of the United States.

The prosecutors' efforts have already taken a toll in the last two years on offshore casinos, most notably with the arrest last year of David Carruthers, the chief executive of an Internet sports book, BetonSports. The company is based in Britain and has operations in Costa Rica, but Mr. Carruthers was detained at the Dallas airport while traveling through the United States.

The arrest led to BetonSports' decision to stop taking bets from the United States, crippling its business.

Several weeks later, agents of the Port Authority of New York arrested Peter Dicks, the chairman of Sport-ingbet, which offers online sports betting and, like Mr. Carruthers's company, trades on the London Stock Exchange. Mr. Dicks was arrested at Kennedy Airport.

Last week, a British online money transfer business, Neteller, said it would cease handling gambling transactions from United States customers because of regulatory uncertainty.

"It appears that the Department of Justice is waging a war of intimidation against Internet gambling," said I. Nelson Rose, a professor of law at Whittier Law School in Costa Mesa, Calif., who is an expert on Internet gambling law.

Another lawyer, Lawrence G. Walters of Altamonte Springs, Fla., said the development was disconcerting because the prevailing wisdom had been that investment in a company that is legal and licensed in its jurisdiction was not grounds for prosecution.

"It would be the first time that that kind of liability has been imposed," Mr. Walters said.

But he cautioned that the subpoenas could be part of a government fact-finding effort and might not signal a plan to prosecute banks

Libby Trial To Display Changed Reporter-Source Relations (NYT)

By Neil A. Lewis

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — As the perjury and obstruction of justice trial of I. Lewis Libby Jr. unfolds over the next few weeks, the ways in which the case has vastly reshaped relations between reporters and high government officials will be on vivid display.

Most striking, a handful of reporters for major news organizations will testify for the prosecution. They will be asked to recount conversations they had in 2003 with Mr. Libby, then Vice President Dick Cheney's chief of staff, that were undertaken with some understanding that they were confidential.

The highly unusual spectacle of journalists giving testimony at a criminal trial about their reporting is a result of the intense investigation into the disclosure of the identity of a Central Intelligence Agency operative. Previous leak investigations typically ended in failure as reporters were able to fend off prosecutors' efforts to delve into what they learned from government sources.

But in trying to determine how Valerie Wilson, who was known by her maiden name, Valerie Plame, came to be identified as a C.I.A. operative in a newspaper column in July 2003, the prosecutor, Patrick J. Fitzgerald, successfully pressed reporters to testify before a grand jury, threatening jail if they refused. In the case of one, Judith Miller, formerly of The New York Times, Mr. Fitzgerald, with the backing of the courts, succeeded in having her jailed for 85 days until she relented.

Rodney A. Smolla, the dean of the University of Richmond Law School and an authority on the First Amendment, said the Libby investigation had made clear that any promise of confidentiality from a reporter now comes with an asterisk.

"This has undercut the assumptions that existed for several decades that a reporter's promise of confidentiality is not only sacrosanct as a matter of journalistic ethics but relatively secure as a matter of law," Dr. Smolla said. "Now it's clear that the legal

system will try to break that promise, and the sources and reporter appear much more vulnerable, at least in the federal system, than was thought to be just a short time ago."

There is no formal code that describes the rules of engagement for officials and reporters in Washington, but a less-than-neat system evolved over decades that allowed government sources to impart information to journalists without having their identities revealed publicly. Editors, hoping to be more accountable to the public, have tried in recent years to change those practices.

Nothing may have shaken those ways of doing business and the underlying relationships as much as the Libby case.

The impact in the workaday world is difficult to measure, as it is impossible to know of articles never written because officials decided not to risk becoming sources. Eve Burton, vice president of the Hearst Corporation, said her company had refrained from publishing or broadcasting stories in recent months to avoid the risk of becoming embroiled in a subpoena battle that could lead to fines and jail terms for reporters.

Another effect has been on how news organizations reconsider the pledges their journalists may make.

Bill Keller, the executive editor of The Times, has suggested that reporters may sometimes wish to negotiate the conditions of confidentiality with a source.

In a speech in October, Mr. Keller said such negotiations could go something like this: "I will keep your name out of the paper, and if I am subpoenaed as part of a leak investigation my paper will fight it. But if we lose in the courts I do not plan to go to jail or allow the paper to be fined into bankruptcy."

Mr. Libby, who is known as Scooter, is charged with lying to both a grand jury and F.B.I. agents who were investigating the leak of Ms. Wilson's identity to journalists. The case began with a July 14, 2003, column by Robert D. Novak, saying that Ms. Wilson worked at the C.I.A. and was married to Joseph C. Wilson IV, a former ambassador who had days before accused the administration of distorting intelligence to help the case for going to war in Iraq.

Mr. Libby had nothing to do with the leak to Mr. Novak, but he testified under oath that he had not disclosed information about Ms. Wilson to other journalists. Ms. Miller and Matthew Cooper of Time magazine told the grand jury that he did, in fact, talk about Ms. Wilson with them. Mr. Libby also testified that he learned of Ms. Wilson's identity from a third journalist, Tim Russert of NBC News, but Mr. Russert is expected to testify that that is false.

Mr. Libby's lawyers are expected to argue that he did not tell those reporters about Ms. Wilson and that, even if he did, he remembered incorrectly what had happened.

Many people experienced in the capital game of source and reporter will understand the thesis Mr. Fitzgerald has put forward — that Mr. Libby expected that reporters would successfully resist cooperating with law enforcement officials and that his conversations with them would never be revealed.

Mr. Fitzgerald has also said he may try to explore at trial the issue of whether waivers of confidentiality given by Mr. Libby to reporters in order to allow them to testify were genuine. Mr. Fitzgerald's goal would be to demonstrate that Mr. Libby was actually trying to hide information rather than have it disclosed.

To that end, the trial may try to solve one of the case's mysteries: whether there was any hidden meaning to a note Mr. Libby wrote to Ms. Miller giving her permission to testify before the grand jury. In September 2005, Mr. Libby wrote to Ms. Miller saying he had not spoken to reporters about Ms. Wilson and then relieving her of any journalistic obligation to keep their conversations confidential.

Mr. Libby told Ms. Miller, who was in jail at the time for refusing to cooperate with the prosecutor, that she should testify, get out of jail and experience the autumnal delight of Colorado's aspens changing color. "Out West, where you vacation, the aspens will already be turning," Mr. Libby wrote. "They turn in clusters because their roots connect them."

Was that phrase a simple attempt at a literary turn? Or was it a veiled plea for Ms. Miller to "turn" with him and back up Mr. Libby's account that he had not disclosed Ms. Wilson's identity to her?

Before Ms. Miller went to jail, she dismissed the validity of an earlier waiver Mr. Libby had offered to all journalists. She asserted that such waivers from sitting government officials were inherently coerced.

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Ms. Miller wrote in The Times that after two months in jail she "owed it to herself" to clarify whether Mr. Libby's waiver was genuine. She authorized her lawyers to seek an explicit waiver from Mr. Libby, which he granted in a telephone conversation and in the letter about aspens.

To challenge the sincerity of that waiver, Mr. Fitzgerald would probably note that, when Ms. Miller eventually testified before the grand jury, she provided information that was used against Mr. Libby in the indictment. If Ms. Miller testified truthfully to Mr. Libby's detriment, Mr. Fitzgerald may argue, then Mr. Libby must not have intended to encourage her to testify at all.

Official Backed Plans Of Business Connections (WP)

By David S. Fallis And Michael Laris, Washington Post Staff Writers

The Washington Post, January 22, 2007

Former Planning Chief Had Ties to Companies

In 2004, Peter J. Knop, a wealthy Loudoun landowner, asked the county to allow his family company to build a vast entertainment complex with a theater and studios on his 1,000-acre property near Dulles Airport.

Lawrence S. Beerman II, then chairman of Loudoun's Planning Commission and a venture capitalist, had business plans of his own. He was raising money for the purchase of an Alabama-based trucking fleet known as Evergreen Transportation Inc., according to records and interviews. He brought that deal to the Knops, and they invested, Knop said.

Two weeks after the sale was completed, Beerman voted favorably on the Knops' entertainment center, helping it clear its first regulatory hurdle.

Beerman, who held sway over land decisions in Loudoun County for nearly a decade, voted multiple times in favor of companies with which he had business ties, according to records and interviews.

His actions took place in a county where major land-use decisions have been dominated by a small group of public officials and their close allies in the development industry, The Washington Post found in a year-long investigation.

Beerman resigned abruptly from the Planning Commission in July after reporters conducted interviews about his ties to Knop and others doing business in Loudoun.

Beerman was part of a small group of public officials who assumed power in Loudoun in 2004 with the backing of a well-funded network of developers, a building industry group and others in the real estate industry. In the years since, some of those officials have worked closely with their backers, coordinating privately to ensure votes favorable to major projects, according to thousands of e-mails and other documents obtained under public records laws.

Beerman's relationships have drawn the interest of the FBI, according to two individuals who said they have been interviewed in recent months and asked to remain anonymous because of the sensitivity of the inquiry. An agent asked questions about Beerman's business activities and his actions on the Planning Commission, said one of those interviewed.

Debbie Weierman, spokeswoman for the FBI's Washington Field Office, would not say whether agents are conducting an investigation in Loudoun but said her office "is looking into reports of possible public corruption, unfair business practices and the like . . . in the Washington metropolitan area."

Beerman did not respond to written questions about his relationship with Knop.

Knop viewed Beerman as crucial to the family's development plans, according to e-mails.

In preparation for a meeting with Beerman to discuss possible Planning Commission concerns over the terms of the proposed entertainment complex, Knop wrote, "we need a script DETAILED as to EXACTLY what we want to say, give and get, and BEFOREHAND, reseaerch what he wants, so we have something to offer him." The 2004 e-mail was written to Kristen Kalina, a lobbyist Knop had hired to help promote his projects.

"Good, I agree," Kalina responded in an e-mail, which went on to discuss the size of the project and its potential impact on traffic. She suggested that she and Knop ask Beerman "to give us some insight as to what he has heard privately" from other planning commission members about Knop's proposed entertainment center. "Based on the fact that you just helped him out on the Alabama deal, he owes us this information. . . . I dont think he'll balk. Do you?"

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Knop's company made a payment to Beerman for thousands of dollars while he was a planning commissioner, according to an interview with Knop's former accountant, Angela Kelleher. The money was connected to Beerman's efforts to resolve a land dispute between Knop and Greenvest L.C., a major developer, she recalled.

Kalina also remembered payments to Beerman, which she described in a deposition, although her statements were inconsistent about when the payments were made.

Knop, who said there was nothing improper about their dealings, denied paying Beerman while he was on the commission -- "not a penny," he said in an interview.Political Forays

Beerman and Knop have known each other for years, a period during which Beerman helped shape Loudoun's development as a rapidly growing suburb.

In 1992, Beerman was appointed to a citizens committee advising on development plans near Dulles Airport. In 1995, he was elected to the Board of Supervisors, where he positioned himself as the board's go-to person on financial matters.

"I was a step ahead of most people because I knew what they were talking about," Beerman said in an interview this summer. He later declined to answer additional questions from reporters.

Beerman lost his bid for reelection in 1999 and was defeated again when he ran for board chairman in 2003. But he still had a voice in development decisions: He served two years on the county's Sanitation Authority, which controls water and sewage lines, and in 2004 was appointed to the Planning Commission, a nine-member board that helps decide which projects can be built in the county. The commission elected Beerman its chairman.

Under Beerman's leadership, the commission abandoned its practice of publicly disclosing contacts with people who had business before the board. He said in an interview that he also encouraged fellow commissioners to "do our work independently" by talking outside of meetings individually to county staff and developers with pending proposals. He regularly backed major developments across the county, including large communities near Dulles Airport proposed by Toll Brothers Inc. and Van Metre Cos.

The work came naturally to him, he said. "If you're doing this for 15 years, you kind of get a feel for it," Beerman said.

Beerman, 46, lives with his family in Ashburn. He has a passion for golf and running, and he previously worked as an investment banker. During his years in local politics, he repeatedly met with developers and their advocates to discuss proposals, building strong ties in that world. His business colleagues say he is an affable dealmaker with a sensitive radar for opportunities.

"I've had my hand in a whole bunch of different businesses," said Beerman, who said he has been involved in projects including a cell tower in Leesburg and a technology startup in Limerick, Ireland. He said he has helped finance Blockbuster franchises, cable TV companies and a medical imaging venture.Work as a Loan Officer

In February 2003, Beerman took a job as a residential loan officer with George Mason Mortgage LLC, a major lender in Northern Virginia. He asked to be assigned to the company's account with Greenvest, saying he had a contact there, according to George Mason chief executive D. Gene Merrill.

Greenvest, led by co-owner Jeff Sneider, had joined forces with former supervisor Dale Polen Myers to back a slate of candidates in 2003 who were sympathetic to the building industry. Myers backed Beerman, who lost. He was nominated to the Planning Commission by another Myers protege, Supervisor Stephen J. Snow (R-Dulles).

George Mason had a preexisting relationship as a "preferred lender" with Greenvest's home-building arm, Cambridge, according to records and interviews. That meant customers in Maryland and West Virginia who purchased homes from Cambridge were promised discounts of $4,000 to $10,000 if they used a mortgage company from the list of two or three preferred lenders.

Beerman was a point of contact at George Mason for these loans and received commissions on the mortgages he handled, records show. While Beerman benefited, other Greenvest companies had proposals pending before the Planning Commission for billions of dollars in new homes. Greenvest companies make up the county's largest private landowner.

At some point, Merrill said, Greenvest executives became concerned about a potential conflict and canceled the arrangement until it was cleared by the commonwealth's attorney in October 2004.

In a four-page advisory opinion written at Beerman's request, Loudoun Commonwealth's Attorney James E. Plowman concluded that because Beerman's work was with Cambridge, he did not have a "personal interest" in Greenvest matters before

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the Planning Commission. In Virginia, conflict-of-interest laws generally prohibit officials from voting on matters if they have a personal interest in the outcome.

"One thing I tell people is just because something might smell bad, it doesn't mean it's a statutory violation," Plowman said in an interview, noting that home buyers were not forced to use George Mason.

But Plowman also encouraged Beerman to be mindful of potential conflicts -- if, for example, Beerman knew the Planning Commission was taking up a Greenvest project in which Cambridge would be one of the builders. In that case, Plowman said Beerman would be required to disqualify himself.

Beerman had told Plowman that from 10 to 25 percent of his loan business was from Cambridge. "His annual compensation from this would be expected to exceed $10,000 annually," according to the opinion.

Two other commonwealth's attorneys, when asked about Plowman's opinion, said they would have advised Beerman not to vote on any Greenvest matters, either because his actions could be a conflict or appear to be a conflict.

"It's easy to use your imagination and come up with all sorts of scenarios where Beerman, through his company, has a stake in Greenvest's overall success, which would have to be affected by getting the green light for new development," noted one commonwealth's attorney, who spoke on condition that he not be identified because of the sensitivity of the matter.

Three weeks after Plowman's ruling, Beerman began casting a string of votes favorable to Greenvest, including four that sharply increased the value of the company's land by allowing more than 1,800 additional homes to be built on almost 1,000 acres. That gave Greenvest companies the right to build seven times the number of homes allowed before Beerman's commission and the Board of Supervisors acted.

In a written response on behalf of Greenvest, attorney Francis A. McDermott said the company had no financial relationship with Beerman and had never paid him. There was, McDermott said, no "attempt to link" the preferred-lender arrangement "to favorable results" before county officials. "In short, Greenvest has never done anything improper, or attempted in any way to exercise improper influence" over Beerman's votes or opinions, McDermott said.

Beerman said in an interview this summer that he saw nothing improper about his work as both public official and mortgage lender.

"I don't have any conflicts," Beerman said. "If someone calls me for a mortgage, they call me out of the blue. . . . I can't stop somebody from calling me. They are not calling me because, 'Oh my gosh, he voted for it.' They call me because they got a referral, or they know me, or whatever."

Late last year, Beerman left his job at George Mason and became vice president for land acquisition at Van Metre, a major home builder in the county.Business Ventures

When Beerman was on the Board of Supervisors in the late 1990s, he went to Peter J. Knop and described a cell tower venture.

"It's a great investment. What do you think?" Knop recalled Beerman saying.

Knop said he invested, one of three times he has put his money into businesses brought to him by Beerman. Two -- the cell tower venture and the trucking company -- occurred while Beerman was a public official, records and interviews show.

Knop said he also invested in a medical imaging business at Beerman's invitation.

"He puts together venture capital deals, and we participate in those deals," Knop said. "When he does a good deal, he gets a fee."

In the case of the Evergreen trucking company, the deal was a winner: The company's revenue and profits have grown substantially since 2004, according to company Chairman Sean Kish.

Knop is best known in Loudoun for his construction waste dump, an imposing mountain of rock, dirt and other material. Although it dominates the landscape on his property, known as Ticonderoga Farms, Knop has nevertheless crafted other ambitious plans for the land, including his vision of a "world cultural center" with an agricultural tourist attraction. The plans were later downsized to a corporate retreat and picnic pavilions.

His vision, however, did not include a plan by Greenvest to build hundreds of homes next door. Knop opposed the project, hoping to keep a buffer of undeveloped land next to his property.

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Beerman, who was on the Planning Commission and later voted in favor of the project, stepped in and attempted to mediate in 2004, records show. In 2005, Beerman came out to the Knop property for two meetings, one of which included a Greenvest representative, according to an account by a Ticonderoga employee filed in court.

"We had floated various ideas because we know that he's close to people in Greenvest," Knop said in an interview. Knop is in business with his son, Peter R.Q. Knop.

Knop and his son considered a solution that would have paid Beerman handsomely: Greenvest would sell the Knops some of the property, and the county would allow Greenvest to build the same number of houses on less land, according to e-mails.

Under that scenario, "Larry gets 25k," Peter R.Q. Knop wrote in a 2005 e-mail that began "Beerman proposal."

Greenvest had rebuffed Knop's attempt to purchase the property the year before. And Knop said no payment was made to Beerman, noting that it would have been inappropriate. Knop said in an e-mail to his lawyer that he did not believe the ideas from the e-mail were presented to Beerman, calling them "internal thoughts."

In a lawsuit against the county, Knop challenged the development, saying it was incongruous in that area and should not have been approved. Attorneys in the suit took depositions from Knop's employees and others and obtained their e-mails, including the message from Knop to his lawyer.

Kelleher, Knop's former accountant, who described in an interview a Knop payment to Beerman, remembers it being for $5,000 and said she thought it was connected to the Greenvest dispute. She said she was certain it coincided with his time on the Planning Commission.

"I remember writing the check, because it was one of those, 'Hmmmm, should we really be writing this check to this man?' " Kelleher said. She worked for Knop until mid-2005.

In July 2004, Knop sent Kalina, his lobbyist, an e-mail demanding an "up to date list of ALL contributions made to ALL politicians and other groups" from 2002 through 2004.Knop was frustrated at a county official's skepticism about his entertainment center.

"This should include the 'consulting fee' of 7,000. paid to Beerman. . . . Also any other fees or retainers or other sums paid to people not in their official capacity (I would include . . . other fees paid to people on the inside," Knop wrote. "If we are ever to operate efficiently, AND win, this is something which better be done ASAP," he wrote, referring to the accounting of contributions.

Kalina, a tobacco and oil company lobbyist before she began working for Knop in early 2004, was asked in a deposition about that e-mail and the $7,000 fee.

"And he was a member of the Planning Commission at the time that this $7,000 consulting fee was paid. Isn't that right?" asked the attorney questioning her.

"Yes," she answered.

Later in the deposition, after answering further questions about the payment, she said she was uncertain if it was ultimately paid to Beerman. "Maybe there was, maybe there wasn't" a payment, she said. She ended the deposition saying, "We had paid Mr. Beerman consulting fees related to other business activities for things that he did."

During the time Kalina worked for Knop, Beerman was on the Planning Commission.

Knop and his son said in an interview that the $7,000 was payment for Beerman's consulting work on a cell tower venture sometime between 2000 and 2002. Peter J. Knop said he used quotation marks around the words "consulting fee" because he believed Beerman had overcharged. As evidence of the consulting work, Knop's son later produced a copy of a canceled check to Beerman for $7,500 dated June 19, 2002.

Kelleher said the payment to Beerman that she recalled was more than 18 months later, when he was on the Planning Commission. The Knops did not respond to written questions about that discrepancy.

Knop said he has continued to work with Beerman over the years because he is good at what he does.

"His business is knowing, both in politics as well as in business, knowing where the deals are. And how do you find out where the deals are? You know -- and are on good terms with -- everybody. Larry is a very likable guy."

Staff researchers Madonna Lebling, Bobbye Pratt, and Julie Tate contributed to this report.

Influence Of Developers, Allies Runs Deep (WP)

By Michael Laris And David S. Fallis, Washington Post Staff Writers

The Washington Post, January 22, 2007

Six months after they took office in 2004, members of the Loudoun Board of Supervisors demonstrated in a single afternoon their ability to help a friend.

First, they voted 6 to 3 to boost the number of homes that could be built on the family farm of Dale Polen Myers, a former supervisor who had been instrumental in getting many of them elected. The next month, a builder bought the property from Myers's family for $12.2 million -- four times its assessed value before the zoning decision, records show.

Next, the board agreed unanimously to authorize the county to purchase a different parcel for $13.5 million, once again helping Myers, who was acting as the real estate agent. That earned Myers and her boss a commission that by industry standards would range from $270,000 to $675,000.

Such coziness has become routine among some Loudoun officials and a group of politically connected developers, landowners and others in the real estate industry, The Washington Post found in a year-long investigation.

An examination of thousands of e-mails, telephone records and county land databases and scores of interviews shows the extent to which this network of development advocates was able to influence land-use decisions in one of the country's fastest-growing and richest counties.

Supervisors sometimes followed step-by-step direction from those in the development industry on how to vote and what to say in public, according to e-mails and other county records. One planning commissioner who resigned last year voted favorably on projects by companies with which he had business ties.

In their three years in office, a majority of the current board members have voted at least two dozen times in favor of projects benefiting people or companies who helped the officials get elected. Many of those political backers were enriched, including developers and landowners who made millions when their home-building and commercial projects were approved by the county board, as well as development lawyers who netted large legal fees and real estate agents who made commissions on the deals.

Voting for friends or political allies is not, in itself, improper under Virginia conflict-of-interest laws. Those laws prohibit officials from accepting items of value, including business opportunities, that could influence their actions and from voting on matters in which they have a "personal interest."

Experts caution that in many cases it is difficult to determine whether a public official has a personal interest because the legal definition is complex and open to interpretation.

The county's supervisors and planning officials have served as gatekeepers to a wave of suburban development. Since 1990, Loudoun's population has tripled to more than a quarter-million, transforming a landscape of open fields to a series of expanding construction sites. That growth has brought thriving new communities and jobs, as well as worsening traffic and the financial burden of building new schools and providing other services.

Loudoun officials defended their efforts to work closely with developers and others.

"This is local citizen government, and these are complicated issues, and you have to reach out to somebody," said Supervisor Stephen J. Snow (R-Dulles). He said supervisors must tap the expertise and resources of the private sector to solve the county's transportation and other challenges, and that means working proactively with development companies and approving more houses to help generate additional funds.

Snow and other officials also said that their votes were based on the projects' merits and their view of what is best for the county.

Myers declined repeated requests to be interviewed.

In recent months, FBI agents have interviewed several people in the county about development decisions, according to three who said they have been contacted. One person, who declined to be named because of the sensitivity of the inquiry, was interviewed at length and said the agents probed for information about whether local officials may have development interests that would conflict with their duties on a public body.

Debbie Weierman, spokeswoman for the FBI's Washington Field Office, would not say whether agents are conducting an investigation in Loudoun but said her office "is looking into reports of possible public corruption, unfair business practices and the like . . . in the Washington metropolitan area."

Until late last year, the board votes helped spur the county's swift growth. But as voters have shown signs of displeasure, supervisors seeking reelection in November have backed off from their general enthusiasm for rapid development, voting down a major building project known by advocates as Dulles South and limiting construction in western Loudoun.

At the same time, new construction has slowed with a sagging market. Nevertheless, tens of thousands of homes that have been approved are yet to be built.Myers's Many Roles

Myers, 50, likes to say that her family has owned land in Loudoun "only" since 1779. She is a regular presence at public meetings, where she lobbies officials in the hallway and from the podium on causes that have included youth baseball and rights of property owners.

In eight years in public office, first as an appointed planner in 1992 and then as chairman of Loudoun's Board of Supervisors in the late 1990s, Myers was a dogged advocate for speeding up development.

But in 1999, voters threw her out of office and swept in eight politicians to the nine-member Board of Supervisors who promised to limit growth. The county's population had doubled in a decade to 169,000, and voters -- many of them newcomers themselves -- were attracted to the message of protecting Loudoun's quality of life.

Myers was able to turn that painful defeat into a string of business opportunities. She was looking for work just as developers and home builders were looking for people to help them block the limits on development they expected from the new board.

Myers started a consulting firm and began working with Carter Braxton Real Estate in Leesburg. She also joined with a group of builders, landowners, lawyers and Tysons Corner-based developer Greenvest L.C. to mount a well-funded, years-long campaign to regain political clout after the surprise defeat at the polls by the anti-growth forces.

After supervisors passed the strict development limits they had promised, Greenvest companies filed more than 20 lawsuits against the county, part of a coordinated barrage of about 200 such suits by developers seeking to overturn building restrictions. Greenvest companies own more land in Loudoun than any other private landowner -- more than 5,000 acres, much of it undeveloped.

Myers became a key organizer of Citizens for Property Rights, a lobbying group that assailed county supervisors who supported building limits, targeting them with attack ads and sharply criticizing them at public meetings.

Greenvest, counseled by Myers, pushed to replace the county supervisors with officials sympathetic to development. The goal, Chief Executive Jim Duszynski said in a 2003 interview, was "regime change."

In the run-up to the 2003 election, Greenvest companies and executives contributed $18,000 to the campaigns of six pro-growth board candidates and thousands more indirectly through state and local GOP organizations. Overall, companies and individuals tied to the development industry poured more than $490,000 into supervisor campaigns in Loudoun, more than seven times the figure four years earlier, according to data from the nonprofit Virginia Public Access Project.

Myers and others in the real estate development industry took key jobs in Loudoun's Republican Party and backed candidates who would provide reliable votes for development. Myers became a top strategist for three candidates: Bruce E. Tulloch, whom she had first encouraged to run in 1999; Snow, a former Army helicopter pilot whose district includes many of Greenvest's planned developments; and Lawrence S. Beerman II, a former county supervisor.

The campaign succeeded, and when the votes were counted Nov. 4, 2003, candidates supported by Myers, Greenvest or their allies had won six of the nine seats on the Board of Supervisors. They made up the new majority: Tulloch (Potomac), Snow, Lori Waters (Broad Run), Jim Clem (Leesburg), Mick Staton Jr. (Sugarland Run) and Eugene A. Delgaudio (Sterling), all Republicans.

Beerman didn't make it to the general election, losing in the Republican convention. But Snow later nominated Beerman to the Planning Commission.

When Snow was sworn into office just before Christmas 2003, Myers stood beside him. At a party meeting after the election, GOP Chairman J. Randall Minchew, a prominent development attorney, congratulated Myers for her role in helping elect a new majority and spoke of having her mentor the freshman supervisors.The New Regime

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The new supervisors met for the first time in January 2004, and Tulloch took effective command. Voters had elected another supervisor, Scott K. York, an Independent, as chairman, but Tulloch, a burly, aggressive figure, marshaled the six votes needed to give him control of the board's agenda.

Tulloch and his majority went to work. The board took an initial vote to allow central sewer and water lines throughout a 23,000-acre swath stretching from Leesburg to south of Dulles Airport. It was a key step in an effort to open up a vast area to builders. Greenvest had purchased thousands of acres there.

Myers was now at the center of a powerful political network largely built on a common interest in seeing Loudoun expand. In 2004, she was appointed to the county's Board of Equalization, whose role in valuing property kept her involved in land-use questions.

Myers retained her role as a key adviser to Greenvest. "Dale was in and out of the office all the time," said a former Greenvest executive who asked to remain anonymous so he could speak freely about the company. "She was advising [Greenvest officials] a lot about land use and what to be doing."

She was also counseling county officials. Snow said Myers and Beerman brought him their detailed plans for how sections of his district should be developed. "Those two were invaluable about the process of where things should go and why they should go," Snow said.

Behind the scenes, some supervisors kept in close contact with Myers. Cellphone records obtained under public records laws showed more than 150 calls between her and Tulloch or Snow from September 2005 through mid-January 2006.

Snow shared e-mails with Myers that he received from constituents on matters before the board. In October 2005, Supervisor Sarah R. "Sally" Kurtz (D-Catoctin) sent an e-mail to the rest of the board and other county officials asking for an investigation into possible favoritism by the Board of Equalization, on which Myers sat. About an hour later, Snow forwarded the e-mail to Myers, records show.

Tom Jewell, Myers's boss at Carter Braxton, said Myers has been unfairly "vilified" over political issues. Jewell, a prominent county Democrat and the firm's owner, described Myers as a hardworking person of integrity who devotes her free time to charity, including fundraising for Inova Loudoun Hospital.

"I just see the amount of good that she has done for this community. She loves this place," Jewell said, adding that her expertise in government land-use policies is invaluable. "Where Dale truly makes her money and gets her clients is her knowledge. . . . She has a mind like a steel trap."The July '04 Meeting

At a pivotal meeting in July 2004, the board approved the two proposals that were lucrative for Myers. In both cases, Myers's name went unmentioned in the public debate.

The vote rezoning her family's farm gave U.S. Home Corp. permission to build 500 homes on the property near Ashburn, beside a meandering waterway called Goose Creek. That was three times the 163 homes that could have been built with no board action, although within the limits of what was allowed under the county's plans.

Myers's second victory at that meeting came when Tulloch urged the county to purchase a parcel of land from the Islamic Saudi Academy Inc., a company affiliated with a conservative religious school in Fairfax County funded by the Saudi government. The school had intended to relocate to Loudoun but changed its plans.

Tulloch brought the deal to the board and urged supervisors to buy the land to build schools. Such an acquisition normally would take months as the county hashed out budget and planning issues, according to county officials. But Tulloch insisted that the supervisors move quickly, saying at the board meeting that he knew "for a fact" that the school had buyers willing to pay more than the county would pay. When asked later, Tulloch said developer Robert Buchanan was planning to pay more than the $13.5 million the county paid.

Buchanan said in a recent interview that he was going to pay considerably less -- "in the range" of $11 million. Buchanan had a contract to buy the land, records show, but agreed to step aside so the county could purchase it.

After the county completed its purchase, Myers and Carter Braxton received the sales commission, Jewell said. The Saudis had asked Myers to list the property, Jewell said, because as a supervisor in the late 1990s she had supported their plan to build the school in the face of virulent opposition ."They knew what she had gone through."

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Tulloch said in an interview that he did not learn that Myers was the agent until "well, well, well after the vote," saying, "in fact, a month probably went by" between the vote and his learning of Myers's role.

Two Loudoun officials, however, recalled Tulloch telling county staff in discussions days before that vote that Myers was handling the sale. "We clearly learned at that time that Dale was the broker for the transaction," said County Administrator Kirby M. Bowers, who was briefed by his staff.

Tulloch defended the purchase, saying the land has gained in value. It was assessed at $15.5 million in 2006. Nothing has been built on the property since the county bought it.

The sale netted the Saudis $10 million more than they had paid six years earlier.Talking Points Prepared

As the pro-growth supervisors settled into office in 2004, they appeared to be taking cues from people with a financial stake in board decisions.

Jeffery Cowart, president of Delta Strategies, Inc., a Leesburg public relations company that has advocated for Greenvest and others, coached Snow, another of the new pro-growth majority, on how to answer critics of growth, records show. In one set of " talking points," Cowart included advice on how Snow should respond if he was asked about political contributions from Greenvest. The company gave $2,000 to his campaign.

"Steve Snow's vote cannot be bought and sold," Cowart wrote in a 2004 e-mail, providing language for the supervisor. "I served my country in the military for 25 years to protect and preserve democracy and the buying and selling of votes was not among those values."

Cowart also wrote statements for Snow supporting Cowart's causes, including a local hospital he represented, e-mails show. And Cowart helped prepare a PowerPoint presentation that Snow could use in meetings to represent his thoughts on why more development in his district was good for the county, records show.

Snow, 61, who refers often to his experience as a military planner, said his work with developers simply reflected his political beliefs.

"I did what I said I was going to do," he said in a recent interview. "There's a supposition, I think, built in now to the psyche of the American people, that if you're in politics that you . . . inherently must be corrupt, that you must be on the take," he said. "They just assume you're there for self-interest, as opposed to . . . public service." Snow said he is in office to protect property rights and solve problems for residents in his district.

Once, in a moment of frustration, Snow became discouraged with his party and entertained thoughts of resignation. He dashed off an e-mail in 2005 to county GOP chairman Minchew, who had joined with Myers, Greenvest and others to help elect the new board.

"I will resign . . . as Supervisor if you wish," Snow wrote.

Minchew pressed Snow to stay.

"You are too valuable."The Ritz-Carlton Project

In the summer of 2005, the board was scheduled to vote on an enclave of resort homes managed by the Ritz-Carlton. The development, including a Jack Nicklaus-designed golf course, is across the street from Oak Hill, the still-pristine estate where President James Monroe retired in 1825.

On the eve of the vote, Tulloch and Snow received a detailed e-mail from Minchew, who represented the Ritz developer and had urged them to support his proposal. The vote was also important to Myers: She had been hired as a consultant for the project, according to Jim Brown, one of the developers.

Minchew wanted two entrances to the development so that service workers could enter separately from wealthy residents. The owners of Monroe's estate opposed the plan, saying it would disturb their historic property, a case also made by Supervisor James Burton (I-Blue Ridge).

"Dear Bruce and Steve . . . You have one heck of an agenda tomorrow," read the e-mail from Minchew dated July 18.

"I would suggest that Steve simply make the motion (we will e-mail over to you today a draft motion) and let the application be approved over Mr. Burton's objections, probably on a 5-4 vote," wrote Minchew, who copied the e-mail to Myers.

"I think that as little discussion as possible is best course of action."

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The two supervisors followed Minchew's script, with Snow making the motion and Tulloch seconding it. After heated debate, the vote came out better than Minchew predicted: 6 to 3.

Minchew declined to be interviewed.

Tulloch had taken a keen interest in the Ritz project, which he said would be an attractive, high-end addition to the county. He traveled to a similar Ritz-Carlton resort in Jupiter, Fla., at his own expense, he said, and lunched with Nicklaus to discuss golf courses. Later, he offered to use his office budget to fly Zoning Administrator Melinda Artman there to demonstrate the benefits of such a development, Artman said.

Artman said she declined the trip, saying that she would base her zoning decision solely "on what the ordinance says."This Year's Race

In its first two years, Loudoun's board of supervisors, driven by its pro-growth majority, approved more than 9,000 new homes brought forward by a host of building firms, according to county records.

Greenvest gained permission in four key votes to build more than 1,800 homes in addition to the roughly 300 that would have been allowed under the previous zoning. The total value of those additional homes could reach $1 billion, based on current sale prices.

The recent defeat by supervisors of the Dulles South plan, in which they rejected Greenvest's proposal to build 15,000 homes there, does not end the company's plans to build in the area. Greenvest is pursuing four major applications to build the same number of homes there. If the county rejects those plans, the company calculates that it could build about 2,000 homes without new approvals by the board.

Those who helped elect the pro-growth board in 2003 are gearing up for this year's race, and at least some of their efforts have been aimed at removing one supervisor: Waters, who fell out of line with some of her Republican colleagues.

Waters, the former executive director of the conservative Eagle Forum who had been elected with Myers's help, began balking in 2004 at Myers's calls for swifter home building in rural Loudoun and near Dulles.

"We need to ostracize her," Snow wrote in a 2004 e-mail. "She is anti-growth and anti-property."

Snow's e-mail went to Patricia Shockey, a Myers confidante. "Later when the opportunity presents itself, go for the jugular," Shockey told Snow. "Dale Myers will get her."

News researchers Madonna Lebling, Bobbye Pratt and Julie Tate contributed to this report.

Suspected San Rafael Kidnapper Arrested Man Who Posed As FBI Agent Demanded $5K 'Bail' (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, January 22, 2007

(01-21) 16:38 PST SAN RAFAEL -- A 40-year-old San Rafael man's Sunday morning coffee run with his girlfriend turned into a terrifying ride when a young man posing as an FBI agent took him into custody for questioning, police said.

The couple had just bought coffee at a 7-11 store on Medway Road when a cream colored Lincoln Town Car pulled behind them on Canal Street, flashed a light at them, said Margo Rohrbacher, a San Rafael police spokeswoman. They pulled over.

David Charles Moon, 26, also a San Rafael resident, emerged in a crisp coat, a tie and a knit cap that said "FBI," Rohrbacher said.

Moon convinced the man to get into his Town Car and drove off. The girlfriend soon received a call at home from her boyfriend asking her to deliver $5,000 "bail" at a nearby home renovation store.

"Needless to say," Rohrbacher said, "that's not how we do business. That didn't sound right to her, so she called 911."

Moon saw police waiting for him and tried to flee. After leading police onto Highway 101, Moon took the central San Rafael exit and "vanished," Rohrbacher said. When police spotted Moon and the Town Car again, he again tried to drive away but crashed instead, suffering minor injuries.

The victim had escaped along the way and, minutes after Moon's crash, rang a San Rafael resident's door bell seeking help, and she called 911, Rohrbacher said.

Once officers put together the two incidents, they arrested Moon on suspicion of kidnapping and other charges. His bail was set at $1 million, and he faces the possibility of spending the rest of his life in prison, Rohrbacher said.

San Rafael police are looking into whether Moon pulled anyone else over posing as an agent.

"It's certainly very possible," Rohrbacher said.

E-mail Demian Bulwa at dbulwa@sfchronicle.com.

Fake FBI Agent Kidnaps San Rafael Resident, Asks For $5k Bail (AP)

AP, January 22, 2007

San Rafael, Calif. (AP) -- David Charles Moon donned a knit cap that said FBI when he steered his car behind a San Rafael couple, flashed a light and told them to pull over, police said.

Moon, 26, emerged from his cream-colored Lincoln Town Car wearing a crisp coat and tie, and convinced the man he had just pulled over to come with him for FBI questioning.

The victim's girlfriend soon received a call from her boyfriend, who asked herr to deliver $5,000 "bail" at a nearby home renovation store.

"Needless to say," said San Rafael police spokeswoman Margo Rohrbacher, "that's not how we do business. That didn't sound right to her, so she called 911."

When Moon went to retrieve the money, he saw police waiting for him and led police onto Highway 101 before he "vanished" after taking the San Rafael exit, Rohrbacker said.

Police spotted Moon again later, but when Moon tried to drive away he crashed, suffering minor injuries.

Meanwhile the victim managed to escape and rang a San Rafael's resident's door bell. The resident called 911, Rohrbacher said.

Police arrested Moon on suspicion of kidnapping and other charges and set bail at $1 million.

San Rafael police are looking into whether Moon pulled anyone else over posing as an agent.

San Rafael PD Chases & Arrests Suspected Kidnapper (BCN)

Bay City News Wire, January 22, 2007

(BCN) SAN RAFAEL San Rafael police arrested a man Sunday morning suspected of posing as a police officer to kidnap a man and then holding him for ransom, San Rafael police spokeswoman Margo Rohrbacher said Sunday.

A man and a woman were leaving a 7-Eleven store in San Rafael between 5:30 a.m. and 6 a.m. when a man in what looked like an unmarked police vehicle pulled them over, Rohrbacher said.

The suspect, who was wearing an FBI baseball cap and had a spotlight and what looked like a police light the dashboard of his vehicle, then “arrested” the man, handcuffed him, put him in his car and drove away.

When the woman called the San Rafael Police Department to ask where she should go to pay his bail, police said they didn’t have any record of an arrest.

A short time later, the suspect called the woman from the victim’s cell phone and told her to meet him at a Home Depot store with $800 cash.

The woman called the police, who headed over to the Home Depot to meet the suspect.

A sergeant who was first on the scene saw a car matching the description of the vehicle the woman had given.

Two people could be seen inside the car.

When the suspect saw the sergeant, he sped away and entered northbound U.S. Highway 101 at the Bellam Boulevard onramp.

Once on the highway, police and the suspect reached speeds up to 100 mph, Rohrbacher said.

The suspect then took the central San Rafael exit and the car disappeared, Rohrbacher said.

Police put out a countywide all points bulletin on the suspect vehicle and discovered that it was an overdue rental car.

A short time later, officers spotted the vehicle near San Rafael High School on Mission Avenue.

This time there was only one person in the vehicle, Rohrbacher said.

The suspect fled from police again, but took a turn in the 400 block of East Francisco Boulevard too fast, lost control of his vehicle and slammed into a tree and a pole, Rohrbacher said.

Meanwhile, the San Rafael Fire Department received a call for medical help in the Peacock Gap area of Point San Pedro Road.

A man, who turned out to be the victim of the kidnapping, had knocked on a door in the neighborhood and asked for help.

He was bleeding from the head, Rohrbacher said.

The victim was taken to a nearby hospital for treatment.

The suspect, who has been identified as 26-year-old David Charles Moon, a San Rafael resident, was also taken to a nearby hospital where he will be treated and then arrested, Rohrbacher said.

Writers' Sources Sought In Pellicano Case (LAT)

By Chuck Philips, Times Staff Writer

The Los Angeles Times, January 22, 2007

A co-defendant accuses federal authorities of giving two reporters secret information.

Defense attorneys for a codefendant of indicted private investigator Anthony Pellicano have accused federal agents pursuing a wiretapping case against the pair of leaking confidential information.

In a motion filed Friday in U.S. District Court in Los Angeles, lawyers for entertainment attorney Terry Christensen call on the court to force New York Times reporters David Halbfinger and Allison Hope Weiner to reveal the names of their sources for a report published Jan. 11 in the newspaper.

The motion contends that the article slanted the evidence against Christensen, an entertainment lawyer who is accused of ordering an illegal wiretap of billionaire Kirk Kerkorian's former wife.

At the time, the couple were embroiled in a contentious child-support battle, and Christensen hired Pellicano as his private investigator.

The motion said the article presented confidential recordings "out of context" with the intent to "pillory [Christensen] in public." Christensen's legal team accused the government of leaking material that their client could not rebut because he was bound by a gag order imposed by the court.

In the article, the New York Times printed excerpts of 33 recordings Pellicano made of his own conversations with Christensen — unbeknownst to the entertainment lawyer.

The story quotes from several of those conversations, which appear to indicate that Christensen and Kerkorian knew that the billionaire's ex-wife, Lisa Bonder Kerkorian, was being wiretapped by Pellicano.

The story also quotes Christensen as saying that Kerkorian would likely hire Pellicano again.

In the motion, Christensen's lawyer, Terree A. Bowers, says prosecutors have done nothing to prevent or ameliorate repeated breaches of the court's April 3 order not to release documents and audio recordings related to the case.

Three weeks after the court issued the gag order, the New York Times ran an article by Halbfinger and Weiner that cited selective portions of raw FBI interviews — classified reports that reflect the personal views of an interviewing agent, not verbatim quotes of what a witness actually said, the motion states.

Shortly after the article ran, the U.S. attorney's office in San Diego launched an investigation to determine the sources of the leaks.

The motion says that Christensen and his legal team immediately volunteered to participate in interviews with FBI agents and the San Diego prosecutor. (Assistant U.S. Atty. Robert Ciaffa holds that job but is not named personally in the document.)

In addition, the motion says, Christensen's lawyers provided the U.S. attorney's office with "crucial witnesses and information" to aid FBI agents in their investigation.

One of those witnesses, an unnamed Los Angeles businessman, told Ciaffa and his investigators that the New York Times reporters had revealed to him that they obtained court-sealed documents from the government before they were released to the defendants as discovery materials in April, the motion says.

In the motion, Bowers appeared to express frustration with the pace of the investigation into the leaks.

"This [leak investigation] is going nowhere," Bowers wrote. "Approximately nine months have passed since the San Diego U.S. attorney's office initiated its investigation. There is no justification to delay the subpoenas of the two reporters."

On Sunday, the U.S. attorney's office in San Diego did not return calls; neither did the New York Times nor the FBI.

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Broward Exec Facing 20 Years In Prison (MH)

By Patrick Danner

The Miami Herald, January 22, 2007

Peter Lombardi, the former president of Mutual Benefits Corp., was sentenced to 20 years in federal prison Friday for his role in defrauding some 30,000 investors out of nearly $1 billion.

Lombardi had pleaded guilty in October to one count of securities fraud in the massive investment scheme, which was shut down in 2004.

Lombardi, 56, could have faced additional charges that carried a potential life sentence, but he has agreed to cooperate with the FBI and the U.S. Attorney's Office in their ongoing investigation into Mutual Benefits -- a viatical and lifesettlement company that was based in Fort Lauderdale.

Lombardi's assistance could lead to the indictment of other individuals, said Jon May, Lombardi's Fort Lauderdale lawyer.

Joel Steinger, described by authorities as Mutual Benefits' "de facto chief executive," has not been charged. His brother, Leslie Steinger, who authorities say also had a role at the company, hasn't been charged either. Their lawyers couldn't be reached Friday.

"There were a lot of people who worked there who are potentially targets of the government's investigation," May said.

Mutual Benefits purchased the life insurance policies of the sick and elderly and then sold them to investors, who paid less than the policies' face values. Such investments are often referred to as ''death futures" because investors stand to earn a better profit the quicker the death.

PONZI SCHEME

Authorities alleged the company defrauded investors by using bogus life expectancies in figuring when the insured would die. When the insured outlived their life expectancies, authorities said Mutual Benefits used money from new investors to pay premiums on those insurance policies -- making it a modern-day Ponzi scheme.

The 20-year sentence imposed by U.S. District Judge Paul Huck was the maximum Lombardi could have received on the securities-fraud charge. May said he hopes Lombardi will receive a reduction based on his assistance. Lombardi doesn't have to report to prison until April 9 so he can continue to assist prosecutors.

"Mr. Lombardi said . . . he was very sorry for his conduct," May said of Lombardi's court appearance Friday.

A March 30 hearing has been set to determine the restitution to be made by Lombardi. He previously paid $6 million to settle a civil action brought by the Securities and Exchange Commission.

As part of the same settlement, the Steingers each agreed to pay $9.5 million. But more than a year later, the Steingers have yet to pay in full, according to Alise Johnson, a lawyer with the SEC in Miami.

BALANCE DUE

Joel Steinger has paid about $3.5 million, Johnson said. The balance hasn't been paid yet because of a claim to the money made by his estranged wife, who filed for divorce in 2005.

Leslie Steinger has paid about $5 million. The balance was due last month, but Johnson said he failed to make the payment. He has been given until the end of this month to pay the rest.

The SEC maintained the insurance investments Mutual Benefits sold to investors were securities subject to the agency's regulation. A federal judge later agreed. Lombardi and the Steingers agreed to the $25 million settlement with the SEC without admitting or denying the allegations.

Last month, Clark Mitchell, a one-time Miami Beach doctor, pleaded guilty to one count of healthcare fraud for calculating fraudulently low life expectancies for the insured who sold their policies to Mutual Benefits. His sentencing is set for March 7.

FEMA Swindler Gets 14 Months (BSH)

Biloxi Sun Herald, January 22, 2007

JACKSON - A New Orleans man has been sentenced to 14 months in federal prison after he used a FEMA registration number to get multiple rooms at Jackson hotels after Hurricane Katrina, then rented out the rooms for cash.

Derrick Shane Miller was also sentenced to three years of supervised release after his prison term and was ordered to pay $27,811 in restitution to FEMA, U.S. Attorney Dunn Lampton said in a Friday statement.

Miller pleaded guilty to the charges in October.

Federal prosecutors said Miller used the FEMA number to secure the rooms from Oct. 28, 2005, to March 31, 2006. He admitted his actions were part of a scheme to defraud the agency.

Miller was indicted June 6 after an investigation by the FBI, the Mississippi Bureau of Narcotics and the Hinds County Sheriff's Department.

As Thieves Go Online To Sell Loot, Their Victims Follow (USAT)

By Brad Heath

USA Today, January 22, 2007

Popular online marketplaces that have made it easier for thieves to sell stolen property also are making it easier than ever for victims to track what was taken from them.

Before the emergence of marketplaces such as eBay, petty thieves turned regularly to pawnshops to unload stolen gadgets, jewelry and other items. That left their victims no easy way to find and recover their property. Now, by using search engines, victims are often able to locate what was stolen and take steps to get it back.

"It's kind of evolved with the Internet," says Larry Abrahamson, district attorney in Colorado's Larimer County. "Basically, if a victim (in the past) wanted to find something that was stolen, they'd go and search the local pawnshops. Now all you've got to do is sit down at your computer. It's made it easier for victims."

Abrahamson's office is pursing a case in which security officers at a Fort Collins high school found 32 stolen computers for sale on eBay. The computers were taken in a break-in during the school's winter recess. Police were able to use the online listing to find and arrest two 17-year-old students, he says.

"It literally took a minute, a minute and a half to find them," says Norm Bastian, security manager of the Poudre School District in Fort Collins.

No one keeps track of how often victims or authorities recover stolen property online. Abrahamson says police still check with pawnbrokers as part of theft investigations more often than they search for items online. The largest online marketplace, eBay, cooperates daily with law enforcement but will not disclose the number of cases in which it is asked for assistance, spokeswoman Catherine England says.

Such searches are not without obstacles. EBay alone adds about 6 million items a day, and even if stolen property shows up on the site, picking it out from among dozens of similar items isn't always easy.

Even so, "We've actually heard from law enforcement that eBay is probably one of the dumbest places criminals can go to try to sell stolen property," England says. That's because sellers need to provide detailed personal information so they can be paid.

Tammy Schroden spent the better part of a day tracking down her son's possessions on eBay after they were stolen from a Northwestern University fraternity house in Evanston, Ill., in June. She located his Nintendo game system and tipped off campus police, who bid on it but lost out to another bidder at the last minute, school spokesman Charles Loebbaka says.

Schroden's own bid — $35 for two of her son's video games — was a winner, though. When the games arrived in the mail, they had "Schroden" written on the back, she says. Eventually, Loebbaka says, campus police identified a 17-year-old from Evanston as the seller, and persuaded the boy's father to give back a stolen laptop and printer and to pay $2,600 restitution. "If I didn't pursue this," Schroden says, "I know it wouldn't have gotten as far as it did."

State Inmates Outlive Those On Outside, Report Says (CHIT/AP)

DOJ_NMG_0119061

Associated Press

Chicago Tribune, January 22, 2007

WASHINGTON -- State prison inmates, particularly blacks, are living longer on average than people on the outside, the government said Sunday.

Inmates in state prisons are dying at an average yearly rate of 250 per 100,000, according to the latest figures reported to the Justice Department by state prison officials. By comparison, the overall population of people ages 15 to 64 is dying at a rate of 308 a year.

For black inmates, the rate was 57 percent lower than the overall black population--206 versus 484. White and Hispanic prisoners both had death rates slightly above their counterparts in the overall population.

The Justice Department's Bureau of Justice Statistics said 12,129 state prisoners died from 2001 through 2004.

Eight percent were murdered or killed themselves, 2 percent died of alcohol, drugs or accidental injuries, and 1 percent of the deaths could not be explained, the report said.

The rest of the deaths--89 percent--were due to medical reasons. Of those, two-thirds of inmates had the medical problem they died of before they were admitted to prison.

Medical problems that were most common among both men and women in state prisons were heart disease, lung and liver cancer, liver diseases and AIDS-related ailments.

But the death rate among men was 72 percent higher than among women. Nearly one-quarter of the women who died had breast, ovarian, cervical or uterine cancer.

Four percent of the men who died had prostate or testicular cancer.

More than half the inmates 65 or older who died in state prisons were at least 55 when they were admitted to prison.

State prison officials reported that 94 percent of their inmates who died from an illness had been evaluated by a medical professional for that illness, and 93 percent got medication for it.

With Kids Dead, L.A. Vows Gang Crackdown (WP/AP)

By Jeremiah Marquez, The Associated Press

The Washington Post, January 22, 2007

LOS ANGELES -- A 14-year-old girl was killed by Hispanic gang members who police say were targeting blacks. A 9-year-old girl died after being hit by a stray bullet as gang members exchanged shots near her home. A cop was wounded in a gunbattle with a suspected gangster.

The soaring violence is prompting police and politicians to promise one of the toughest crackdowns against gangs in city history.

"This is the monster, this is what drives people's fears," said Deputy Chief Charles Beck, who oversees a South Los Angeles district where gang-related crime jumped 24 percent during the year ending in November.

However, the effort has met skepticism in the city that has an estimated 700 gangs with 40,000 members _ about four for every police officer _ and that gave birth to some of the nation's most notorious gangs, including the Crips, Bloods and Mara Salvatrucha, or MS-13.

"It's too big, it's too entrenched, it's too intimately connected with the urban setup here," Malcolm Klein, a gang expert at the University of Southern California, said of the gang problem. "You can reduce it. But the idea you can somehow eliminate it is ridiculous."

Gangs have thrived for generations in Los Angeles, but the especially violent past year caught police brass off guard. Citywide crime rates fell in 2006 but gang-related offenses increased 14 percent _ the first hike in four years. In the San Fernando Valley, gang murders, assaults, robberies and other crimes jumped 42 percent.

Mayor Antonio Villaraigosa has appealed to U.S. Attorney General Alberto Gonzalez for millions of dollars in anti-gang funds and for more federal prosecutors to pursue racketeering and other charges mostly used in the past against organized crime.

FBI Director Robert Mueller has assigned agents to an anti-gang task force in the San Fernando Valley to work alongside police deputized as federal officers.

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Authorities promise to increase enforcement in afflicted neighborhoods. The officers will be armed with injunctions forbidding gang members from assembling in certain areas, lawsuits aimed at shutting down gang hangouts as nuisances and probation orders barring gang members from returning to their neighborhoods after their release from prison.

In some ways, the approach mirrors a multi-agency Boston campaign in the 1990s, known as the Boston Miracle, that resulted in a dramatic decline in gun violence and murder rates.

Past efforts in Los Angeles, however, have produced mixed results.

"We've seen this movie before," said Mario Corona, a former member of the Pacoima Criminals gang in the San Fernando Valley who now works to rehabilitate gang members.

The city has been hampered in the past by a lack of resources and changing department priorities, according to a city-funded report by civil rights attorney Connie Rice.

And a 1980s anti-gang unit known as Community Resources Against Street Hoodlums, or CRASH, was disbanded after allegations of police corruption. Few of the thousands of suspected gang members in South Los Angeles were ever charged.

Residents are demanding renewed action while trying to stay out of the line of fire.

Esteban Martinez, 41, hears gunshots at night in the San Fernando Valley, where he lives with his wife and four small children.

"Everybody is afraid, but they don't speak (to police) because they are afraid to get into trouble with the gang members," Martinez said. "I'm worried about my family."

Two weeks ago, an officer searching a house in the area for wanted gang members was wounded in the leg when a gang-banger fired through a closed bedroom door.

Nothing has outraged the city more than the gang slayings of children. Last month, 9-year-old Charupha Wongwisetsiri was standing in her family's kitchen when she was struck by a stray round from gang crossfire in Angelino Heights near downtown.

That came just five days after the shooting death of Cheryl Green, a 14-year-old black girl, who was talking to friends in the Harbor Gateway area. Two Hispanic gang members, who police said were intent on killing blacks, were arrested.

Alex Sanchez, a former MS-13 member who now runs a gang intervention program, said police moves to identify the worst gangs could instead lead to more crime.

"It's feeding the egos of gang members," Sanchez said. "They're all going to want to be on the top 10."

Others said nothing will change without more jobs and better education.

"Until we get those gangsters into real jobs, we are going to have a lethal ongoing problem, pure and simple," said Jorja Leap, a social welfare professor and gang expert at the University of California, Los Angeles, who advises the mayor. "It will never change."

Racial Attacks By Gangs Rising, L.A. Officials Fear (LAT)

By Megan Garvey And Patrick Mcgreevy, Times Staff Writers

The Los Angeles Times, January 22, 2007

Statistics give only a partial picture, because determining motivation can be difficult.

The headlines are among the most stark documenting gang violence. A Latino gang member, without saying a word, guns down a 14-year-old black girl standing on a sidewalk. A black gang member shoots a Latino toddler point-blank in the chest.

For the most part, though, the role racial animosity has played in gang crime has gone unexamined, largely undocumented in crime statistics and often tamped down by politicians and law enforcement officials anxious about inflaming tensions.

That changed this month when Los Angeles Mayor Antonio Villaraigosa, Police Chief William J. Bratton and L.A. County Sheriff Lee Baca all spoke with unusual candor of their concern that an increasing number of gang crimes appear to be born out of racial hatred. In a few instances, the Los Angeles Police Department has identified Latino gangs they say are indiscriminately targeting African American residents in what appear to be campaigns to drive blacks from some neighborhoods.

The acknowledgment by top officials, some activists say, has been a long time coming.

"What is happening is similar to small earthquakes taking place along a major fault line," said Khalid Shah, executive director of Stop the Violence Increase the Peace Foundation, who said he has heard from numerous communities across the

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region reporting rises in racially motivated gang attacks. "Ultimately the danger is that there will be an explosion, particularly, I think, if we put our heads in the sand and try to act like this issue isn't real."

But getting a handle on how much gang violence is rooted in racism is difficult.

A Times analysis of Los Angeles Police Department statistics gives a partial picture, with numbers available only in cases in which a suspect's race is known.

The tracking shows that the vast majority of the most serious gang crime remains intra-racial: Latinos attacking Latinos, blacks attacking blacks.

Last year there were more than 2,700 black-on-black or Latino-on-Latino incidents compared with slightly more than 500 interracial attacks.

Intent is often unknown

Harder to determine is intent. Without an admission of motivation, and often without even a suspect to question, knowing why a victim was targeted by a gang member is difficult: Was it skin color? Did they or family members have direct ties to gangs? Was it just bad luck? Mistaken identity?

In cases where gang-related homicide, aggravated assault or robbery crossed racial lines, LAPD tracking shows an 11% jump in incidents from 2002 to 2006; from 213 to 240 black-on-Latino attacks; and from 247 to 269 Latino-on-black attacks. As those interracial crimes rose, intra-racial gang attacks fell by 23%, from 3,577 to 2,780.

In a city where blacks and Latinos make up 96% of known street gang members and often live in proximity, it would not be unexpected that the two groups account for the vast majority of interracial gang crime.

"It should be no surprise to anyone that gang members have racist tendencies," Bratton said. "Both street and prison gangs are constituted on race. But the reality is, most gang crime is motivated by greed and territory. Nevertheless, it is right that penalties are enhanced for hate crimes, and the LAPD will continue to aggressively investigate them."

While citywide statistics show small bumps in interracial attacks, some neighborhoods are seeing troubling increases.

Of the 13 attempted murders involving gang members in the west San Fernando Valley since July, 10 involved black victims and Latino suspects, Lt. Tom Smart said. In many cases, the black victims were not affiliated with gangs, he said.

Still, Lt. Paul Vernon, an LAPD gang expert, said the citywide figures should be looked at in context.

Latinos and blacks are not equally represented in either the city's population or documented gang membership. About 49% of Los Angeles residents are Latino and about 10% are black, according to the most recent Census Bureau estimates.

Of the city's estimated 39,000 street gang members, the LAPD reports about 56% are in Latino gangs and about 40% in black gangs.

Of homicides, aggravated assaults and robberies committed by black gang members, about 2 in 10 are against Latinos. About 1 in 10 of the crimes committed by Latino gang members are against blacks.

Even with an uptick last year, gang crimes remain far below the historic highs of more than a decade ago.

Geography, identity and money remain driving forces in gang crime far more than race, law enforcement officials said.

"The vast majority of gang crimes are not based on hate, as in 'I'm going to get you because of your race.' They are based on 'You are an outsider,' " Vernon said. "Now, certainly, race is one thing that can distinguish an outsider, but that doesn't mean it is based on hatred of the race."

Where violent crime takes place plays a major role in the relatively comparable number of interracial crimes committed by Latino and black gang members, despite blacks making up a much smaller portion of the population. A significant number of gang crimes occur in the Newton, Southwest, Southeast, and 77th Street divisions — an area of the city that generated 37% of violent crime citywide last year and still has a large black population.

Those who follow gang crime caution that statistics currently kept by law enforcement make it difficult to determine specific motivations for most crimes. In hundreds of cases even the race of the suspect is unknown.

In some neighborhoods, however, racism is clearly a factor.

One recent case to draw national attention was the shooting death last month of Cheryl Green, 14. Green, who was black, was allegedly targeted by 204th Street Latino gang members because of her race.

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Her shooting was one in a recent series of racially charged incidents in that neighborhood, where a decade ago the LAPD had won awards for cracking down on the 204th Street gang and a rival black gang.

Assistant Chief Earl Paysinger said the 204th Street gang isn't like most other gangs in the city. "They have taken it to the extreme with utter hate. And they have become more extreme. Spraying 'No N's here' on the walls," he said.

Racial conflict is not new in Los Angeles, where long-simmering racial tensions and anger over police treatment of blacks fueled major riots in 1965 and 1992.

By the time Los Angeles erupted over the not-guilty verdicts in the Rodney G. King police beating trial, issues between white and black Los Angeles were already being overtaken by a massive demographic shift of Latinos into the region.

By the early 1990s, many South Los Angeles neighborhoods had become majority Latino, a population that has continued to grow in recent years.

Coexistence is strained

With that shift came changing gang boundaries. Alex Alonso, who studies gang territories in Los Angeles and runs the website streetgangs.com, said that though rival black gangs have traditionally had well-defined territories that do not overlap, Latino and black gangs had long coexisted on the same streets with little trouble.

As more and more areas changed from majority black to majority Latino — and conversely as blacks moved into traditionally Latino areas such as Harbor Gateway and parts of the Valley — open conflict broke out in some cases.

At the same time, Alonso said the underlying tensions were not openly talked about, with some politicians worrying that such dialogue might inflame racial divisions.

Gang violence in general, he said, has been a difficult topic for leaders hoping to promote their areas as good places to live.

He pointed to the situation in Highland Park, where the Avenues, a notorious Latino gang, in 1995 unleashed a six-year campaign to drive African Americans out of their predominantly Latino neighborhood.

Last summer, four of the gang's leaders were found guilty in federal court of hate crimes. Three were sentenced to life in prison, and the fourth is scheduled to be sentenced Monday.

"In Highland Park no one wanted to discuss what was really going on," Alonso said. "Who knows what would have happened if they had? Maybe something would have been done sooner."

In the absence of admissions from suspects, local leaders have been quick to downplay race as motivation. Last summer, when three Latinos, including a 12-year old boy, were killed execution-style by black suspects in South Los Angeles, Villaraigosa urged residents not to jump to conclusions, although police said the victims had no gang ties and no known enemies.

"There is no information to believe that this is racially motivated," he said at the time. The case is still under investigation.

Racism often downplayed

Fernando Guerra, a Loyola Marymount professor and director of the Center for the Study of L.A., said there has been little upside for politicians in talking about the racial overtones of gang violence. The instinct, he said, is to downplay racism as a cause, in part because "it's not clear what the policy will be or even if there is a public policy that would work."

One factor in racial street violence may be long-standing racial divisions in jails and prisons. Early last year , thousands of Latino and black inmates in Los Angeles County jails engaged in a series of fights over more than a week, leaving scores injured and two black inmates dead.

As felons go in and out of jails and prisons in the state with increasing frequency, some observers worry that the strict racial divisions learned behind bars are becoming internalized.

"Given the racial dynamics of violence in prison, it would be very scary if that got transferred onto the street," said Cheryl Maxson, a UC Irvine professor who studies crime and street gangs.

Robin Toma, executive director of the Los Angeles County Human Relations Commission, called gangs a "serious problem" when it comes to hate-based crimes.

Last year, the county reported the first increase in hate crimes since 2001. But even with the jump, hate crime reports in 2005 were at their second-lowest level in the county since 1990.

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And the raw numbers are still tiny in comparison with overall crime — 69 incidents of documented gang hate crimes compared to tens of thousands of crimes reported countywide.

One step to better understanding the role of racism would be for law enforcement agencies to track and make available to researchers information about specific motivations in gang crimes when known.

"When you're talking about gang-on-gang violence, you ask, 'How much of that is part of normal gang conflicts over drugs and territory?' " Maxson said. "The question is: 'What is the role of racial conflict when you think of gang conflict?' "

On the streets, though, Alonso said both black and Latino residents in the gang neighborhoods he regularly visits have little doubt. From their perspective, he said racially motivated gang attacks have "absolutely gone up."

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Times staff writers Richard Winton and Evelyn Larrubia contributed to this report.

Kidnap Suspect Dreads Facing His Parents (WP/AP)

The Washington Post/AP, January 22, 2007

NEW YORK, Jan. 21 -- The man accused of kidnapping two Missouri boys and holding one of them for four years told a newspaper that life was good for him during that period.

Michael J. Devlin, 41, said his own parents, who live nearby, have not visited him since his arrest earlier this month, the New York Post reported Sunday.

"I don't know how I'm going to explain myself to my parents. It's much easier talking to a stranger about these things than your own parents," Devlin told the Post in two 15-minute interviews at the Franklin County Jail in Union, Mo. They were his first public comments, aside from a brief court appearance, since his arrest.

The pizzeria manager is accused of taking William "Ben" Ownby, 13, just after the boy got off a school bus Jan. 8 in Beaufort, Mo., about 50 miles southwest of St. Louis. A schoolmate's tip about a white pickup truck led authorities to Devlin's apartment in Kirkwood, Mo., a St. Louis suburb, where they found Ben and Shawn Hornbeck, 15, on Jan. 12. Shawn had been missing since 2002.

"I guess I was relatively happy" during those four years, Devlin said.

Devlin pleaded not guilty Thursday to charges of kidnapping Ben. He also is charged with kidnapping Shawn but has not entered a plea in that case.

Devlin, who refused to discuss anything related to the case, said he "was never really interested in" romantic relationships. He would not say whether he is attracted to women.

"I can't talk about that because it has to do with the case," he said.

The Post said Devlin appeared downcast and red-eyed during the first interview Friday but was smiling and more upbeat during an interview Saturday.

"I feel nothing," he said in the first interview. "I hide my emotions from other people. I hide the way I feel."

Around 2002, he started losing contact with close friends, most of whom he knew from the pizza parlor he managed in Kirkwood.

"I guess you could say I was lonely. All my friends starting getting married and having kids," he said. "Hanging out with friends just becomes a lower priority" for them.

Devlin's attorneys, Michael Kielty and Ethan Corlija, criticized jail security Sunday and said they had previously advised their client against talking to the media.

They said they had a verbal agreement with jail officials that only family and Devlin's attorneys would see him. The lawyers said the reporter who got in to see Devlin presented herself as a "family friend" to jail officials, not as a reporter.

Kielty also said the woman told Devlin she was writing for a university publication.

Post spokesman Howard Rubenstein said, "The response of the New York Post is that they stand by their published report."

Kielty and Corlija said they planned to ask a judge Monday to move Devlin to a "more secure" facility.

"I don't care if she's a reporter for the New York Post or the milkman -- the fact that she can get in is a big deal," Corlija said.

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Franklin County officials plan to investigate how the reporter, Susannah Cahalan, got access to Devlin, the St. Louis Post-Dispatch reported.

Nightclub Shooting May Beget Legislation (WP)

By Susan Levine And Theresa Vargas

The Washington Post, January 22, 2007

In the wake of a teenager's death this weekend in a packed District nightspot, D.C. Council member Jim Graham plans a meeting within days of police, regulators, industry officials and parents to craft emergency legislation barring minors from clubs that serve liquor.

"There's something wrong here," Graham (D-Ward 1) said yesterday as he weighed his options as chairman of the committee overseeing liquor control. "It's pretty amazing that the only prohibition in D.C. law in terms of a minor being in an establishment where alcohol is available [deals with] a minor being in a liquor store during school hours."

Taleshia Ford, 17, was killed early Saturday morning at Smarta/Broadway, at 1919 Ninth St. NW, when another patron's gun fired during an altercation with a bouncer. Police have made no arrests in the case.

Despite catering to teenagers, the business had a license allowing it to serve alcohol to anyone 21 and older, and the dance floor was crowded with a combination of ages. The club's owner, Smart E. Aziken, did not respond to calls seeking comment yesterday.

Graham said he was greatly concerned by the dangerous potential of "mixing alcohol and adults and teens" in a nightclub, not only because of the possibility of adults buying drinks for minors but also because of the chance teenagers could be induced into risky behavior. In the absence of city law, bars and nightclubs that exclude underage patrons do so at their discretion.

"This has got to stop," Graham said, adding that he hopes to have a bill ready for the council's Feb. 6 session. Through a spokesman, Mayor Adrian M. Fenty (D) said he would support strengthened legislation to protect youths from such situations.

Smarta/Broadway, also known as Club 1919, was temporarily shut down by police after the shooting. Its black wrought-iron doors were secured yesterday by a thick rusted chain held together by two locks. Taped outside were three "Notice of Closure" signs.

"The Chief of Police finds that continued operation of this establishment would present an imminent danger to the health, safety and welfare of the public," the signs read. Police have the authority to keep the business closed for 96 hours.

The club, near the U Street corridor, opened in September 2004. According to Jeff Coudriet, director of operations for the city's Alcoholic Beverage Regulation Administration, its application specified it would have seating for 50.

During its first year, the club was cited for selling and serving alcohol after hours, and Aziken, 44, was given a $2,000 fine and a five-day suspension. The city cited the club for additional violations last May, including a noise complaint and an allegation that patrons were allowed to leave with liquor in hand. Aziken was due to appear Wednesday for a hearing on those matters.

"In layman's terms, he's sort of racking things up here," Coudriet said.

Because of this weekend's violence, Aziken is expected tomorrow at a "summary suspension hearing" by the agency's Alcoholic Beverage Control Board, which can indefinitely withhold the club's license or revoke it. "It's firmly in our hands at that point," Coudriet said.

Meanwhile, Ford's family continued making funeral arrangements, and police pursued their investigation of the shooting. The girl, a senior at Booker T. Washington Public Charter School, had persuaded her mother to let her go to the club with older relatives.

"It's rough," said an uncle, Richard Bynum. "They're taking this real hard."

Police said the gun was taken into Smarta/Broadway by a male friend of a woman ejected earlier in the evening, allegedly for smoking marijuana. A half-dozen security guards might have been on duty, but the club had no metal detector. Officers say they believe the gun discharged accidentally.

The department, which had no leads yesterday on the pair's identity, is offering up to $25,000 to anyone who provides information leading to an arrest and conviction in Ford's killing. Authorities asked people with information to call detectives at 202-727-9099.

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Cmdr. Larry McCoy, who heads the 3rd Police District, said neighbors had complained to officers about noise disturbances at the club but not about more serious problems.

"It wasn't on my radar" before, McCoy said. "It is now."

CIVIL LAW:

Unabomber Wages Legal Battle To Halt The Sale Of Papers (NYT)

By Serge F. Kovaleski

The New York Times, January 22, 2007

Nine years after he began serving a life sentence for the Unabomber crimes, Theodore J. Kaczynski is fighting to reclaim more than 40,000 pages of his writings and correspondence so he can preserve them in their rawest form for the public to read.

Mr. Kaczynski, 64, is in a legal battle with the federal government and a group of his victims over the future of the handwritten papers, which include journals, diaries and drafts of his anti-technology manifesto.

The journals contain blunt assessments of 16 mail bombings from 1978 to 1995 that killed 3 people and injured 28, as well as his musings on the suffering of victims and their families. The government wants to auction sanitized versions of the materials on the Internet to raise money for four of Mr. Kaczynski's victims.

But, citing the First Amendment, Mr. Kaczynski has argued in court filings that the government is not entitled to his writings and has no right to alter them. The writings were among the items taken from his remote Montana cabin after his arrest in April 1996. In a motion drafted in pen, he said he planned to argue that the government had too much discretion under a federal restitution law to confiscate writings.

The four victims pursuing restitution from Mr. Kaczynski were initially reluctant to agree to the auction, fearing it could ghoulishly generate more notoriety for him and further publicize their pain. But some were equally horrified by the prospect of Mr. Kaczynski reclaiming his writings.

One of the victims, Gary Wright, a computer-store employee seriously injured in an attack 20 years ago next month, said it was difficult for the four to reach a consensus.

"How do you take four people and try to come to an agreement when they have been wronged in different ways and are in different stages of healing with different types of losses?" said Mr. Wright, now a businessman in Salt Lake City. "I'm sure that emotions were running rampant and that people were reliving it."

Mr. Kaczynski came to be known as the Unabomber after the Federal Bureau of Investigation's code name for the case, Unabom, coined because the targets included universities and airlines. In his 18-year bombing campaign Mr. Kaczynski seemed bent on thwarting the advance of technology, and his victims included university professors, scientists and business executives.

One victim who is not seeking restitution, David Gelernter, a professor of computer science at Yale, said in a letter to the court that he hoped "the criminal's property will be destroyed, or (if need be) sealed for a century at least and then made available at no charge to scholars of depravity."

A federal judge in Sacramento approved the government's auction proposal last August as a way for the group seeking restitution to collect some of the $15 million it is owed by court order. But the judge ordered that any references to Mr. Kaczynski's victims be deleted.

Mr. Kaczynski challenged the deletions, asserting that they would violate his right to freedom of expression, and that his writings should remain intact.

A lawyer for Mr. Kaczynski, John P. Balazs, said his client wanted to donate the originals to a library.

The Labadie Collection at the University of Michigan, which houses materials on anarchism and other protest movements, already has a sizable collection of Mr. Kaczynski's more recent writings and of correspondence since his arrest. Kelly Cunningham, a spokeswoman for the university, said that if Mr. Kaczynski offered to turn over additional writings, the university would examine them to determine whether they were suitable for the collection.

Among the documents that would be auctioned are letters that Mr. Kaczynski received over 25 years at his Montana cabin from his brother, David, and his mother, Wanda.

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It was David Kaczynski who led the F.B.I. to his older sibling. And while he expressed support for the victims, he said he was distressed that private family correspondence might fall into the hands of strangers and that the government had not asked him if he wanted the letters.

"I'm in favor of anything that would help the victims," David Kaczynski said in an interview. "But in a personal sense, having these letters treated as murderabilia is appalling to us. How do you balance the need for human decency and dignity with doing the best thing?"

David Kaczynski said this would not be the first time that he had felt let down by the federal government. The F.B.I. had promised to keep his role in the case a secret and to give the family at least one day's warning before they arrested his brother. They did neither.

"I feel our family has a stake in preserving our privacy and dignity," he said, "but certainly our dignity is compromised by having our letters to Ted transformed into letters of curiosity for some collector of celebrity murder cases."

In the latest twist in a three-year legal battle over the writings, Theodore Kaczynski is adopting a new strategy that could, one of the prosecutors said, mire the case in the federal courts for at least another year or two.

Also known as Inmate 04475-046 at the federal maximum-security prison in Florence, Colo., Mr. Kaczynski has asked an appeals court to assign him a new lawyer who is an expert in First Amendment litigation. Otherwise, he has told the court, he wants to represent himself in an appeal of the ruling that authorized auctioning the papers.

In approving the auction, Judge Garland E. Burrell Jr. rejected Mr. Kaczynski's argument that the sale and altering of the original writings would violate the First Amendment.

Because of the pending appeal of Judge Burrell's ruling, the four victims cannot receive, for the time being, the $7,025 the government collected towards restitution from the sale of Mr. Kaczynski's interest in his Montana land, according to Ana Maria Martel, an assistant United States attorney.

Susan Mosser, whose husband, Thomas J. Mosser, was killed 12 years ago after opening a package containing a bomb that had been sent to their North Caldwell, N.J., home by Mr. Kaczynski, expressed indignation.

"Did he worry about the rights of Hugh Scrutton, Tom Mosser or Gil Murray, from whom he took the right to live?" she wrote in an e-mail message sent through her lawyer.

"Or the rights of the other fathers, sons, brothers, sisters or husbands who were recipients of his bombs, and who suffered real, painful and genuine irreparable harm? Or the rights of those who loved them?" asked Ms. Mosser, who is one of the parties seeking restitution.

Mr. Kaczynski wrote prolifically. He was the author of a 35,000-word manifesto that was published in The Washington Post seven months before his capture. The New York Times jointly financed publication of the tract. Soon after his arrest, Mr. Kaczynski appealed unsuccessfully to the Supreme Court, arguing that his prosecution had been so tainted by news reports that the government had forfeited its right to prosecute him. In January 1998, he pleaded guilty to the federal charges against him.

In addition to Mr. Kaczynski's writings, the government's auction inventory includes an assortment of more than 250 books from his cabin. The titles include "The Brothers Karamazov," "Roman Political Ideas and Practices" and "Fundamentals of Analytical Chemistry." Among the other items cataloged for auction are bowstrings and arrows in a quiver, two axes, a scabbard and a Montana driver's license.

In a July 2005 opinion that led the prosecution to propose an auction, the United States Court of Appeals for the Ninth Circuit said the government's original plan for the sale of Mr. Kaczynski's possessions "plainly fails to serve the victims and their families."

"Though the government purported to represent these individuals, we see nowhere in the record their viewpoints and desires regarding the enforcement of the restitution order," the opinion said.

The court said its understanding of the restitution plan was that the government would assign a value to Mr. Kaczynski's items, deposit that amount of taxpayer money into an account for the victims and keep the property indefinitely. The ruling sent the matter back to the district court and stipulated that if the government did not produce a reasonable plan to maximize the monetary return to the victims, Mr. Kaczynski would get his property back.

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Ms. Martel, the assistant United States attorney, said the group of four victims pressing for restitution initially had been unequivocal about not wanting any of Mr. Kaczynski's possessions sold.

"Every time there was a discussion about what we should do with the goods, it was like opening a scab for them," Ms. Martel said. "They were very anguished that Kaczynski would receive more publicity, and that someone was going to be buying his writings about taking pleasure in their suffering. But it was clear that if they didn't agree to an auction, it would all go back to Kaczynski."

The prospect of an auction also did not sit well with Mr. Gelernter, the Yale professor who was severely injured by one of the mail bombs in 1993. He filed a letter with the court in late 2005 in which he asked that the proposed sale not happen.

"My wife and I are outraged that the court has decided to turn the sale of this criminal's property into a circus — or (more accurately) into a P.R. bonanza, starring the criminal himself," Mr. Gelernter wrote. "Why have you decided to help vicious misfits with cash to burn lionize this evil murderer?"

In a recent e-mail message to The New York Times, Mr. Gelernter said he had nothing but pity and contempt for anyone who would bid on Mr. Kaczynski's items unless "they're acting for a police agency or some serious research project that seeks to rid the world of (not 'understand') such vicious cowardly thugs."

But he emphasized that the other victims had the right to "call their own moral shots" and that he hoped that they received everything they wanted .

"God knows they deserve it," Mr. Gelernter said.

Cuyahoga Comeuppance (WSJ)

The Wall Street Journal, January 22, 2007

The judicial hammer finally came down last week on the California law firm of Brayton Purcell, one of the giants of the asbestos bar. All the firm had done was file a false claim, lie in court and obstruct discovery. But hey, everyone has a bad day once in a while.

The ruling came from Ohio Judge Harry Hanna of the Cuyahoga County Court of Common Pleas, as he barred Brayton Purcell from practicing in his court. In the process, the judge exposed one of the darker corners of tort abuse: asbestos trusts, or funds set up by bankrupt companies to pay legal claims.

The judge is overseeing a suit brought by Brayton Purcell, which claimed Lorillard Tobacco's cigarettes had caused the late Harry Kananian's mesothelioma. What emerged in court, however, is that Brayton Purcell and other firms had previously filed numerous claims to other asbestos trusts claiming that Kananian had developed his asbestos cancer for different reasons.

This is called "double dipping," and because trust payouts are confidential the public rarely learns of these abuses. Our Kimberley Strassel exposed the Kananian scam last year on these pages, reporting on court records showing that Brayton Purcell and its lead attorney, Christopher Andreas, had gone to extraordinary lengths to hide these facts.

In his opinion, Judge Hanna found that Brayton Purcell disobeyed court orders and lied to the court about it; that it had filed a false claim to an asbestos trust, because "this fiction, of course, improved chances of recovery from the trust"; that Mr. Andreas had lied to the court about what he knew about the claim forms and when and had encouraged trusts to resist discovery; and that the lead counsel had shown a "shocking" lack of "respect" during his deposition.

"The record before this court indicates that Brayton Purcell institutionally and Christopher Andreas individually have failed to abide by our rules. They have not conducted themselves with dignity. They have not honestly discharged the duties of an attorney in this case. Therefore, they have forfeited their privileges to practice before this court," the judge wrote.

Cuyahoga County has long been a mecca for asbestos lawsuits, and tens of thousands are still pending. Judge Hanna and two of his colleagues are charged with overseeing that docket, which means that Brayton Purcell's banishment is a serious sanction that hurts its pocketbook. Even better would be if his ruling inspires the Ohio State Bar Association and local or federal prosecutors to look at his findings, in particular the description of how Brayton Purcell filed a fraudulent claim with the express aim of getting a payout.

Judge Hanna is also setting an example for the judiciary, which has to take a harder line if litigation fraud is going to be reined in. Texas federal Judge Janis Graham Jack blew the whistle on silicosis fraud in 2005, while the Michigan Supreme

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Court recently outlawed the "bundling" of asbestos suits, a practice that had clogged courts and pressured companies into unfair settlements. Bankruptcy judges have also been exposing "prepackaged" bankruptcies, which often let trial lawyers and asbestos companies bilk insurers with bogus claims.

Judge Hanna has now opened the door to more scrutiny of "double dipping" and the rampant fraud inherent in asbestos trusts. The goal should be for more judges to allow for the discovery and admissibility of trust forms in ongoing litigation. His opinion is required reading for other judges, who can start asking whether similar dishonesty is destroying the integrity of their own courts.

CIVIL RIGHTS:

Roe's 34th Year Sees A New Washington (WT)

By Amy Fagan

The Washington Times, January 22, 2007

Today marks the 34th anniversary of the Supreme Court's Roe v. Wade decision, and as thousands descend on the District to protest abortion, some new twists have emerged on the political landscape, including a Democrat-controlled Congress, an upcoming Supreme Court decision and a burgeoning presidential race.

With Democrats in charge of the House and Senate, some pro-choice leaders see an opportunity to affirm and protect the landmark 1973 ruling that made abortion a constitutional right.

"I do believe that there are some opportunities for affirmative legislation that would protect women's lives and health," said Vicki Saporta, president of the National Abortion Federation. "We don't expect further abortion restrictions to move through Congress."

Still, it remains to be seen how Democratic leaders will handle the abortion issue.

The pro-life community -- participating in the annual March for Life today -- is readying itself for Democrats seeking more funding for groups that support abortion and perhaps lifting restrictions on federal funding for abortion.

But pro-life leaders note the House will still take a pro-life stance on many issues and that President Bush will likely veto objectionable legislation.

"We just need to do all we can to make the case that abortion exploits women and destroys children," said Rep. Christopher H. Smith, New Jersey Republican and chairman of the Bipartisan Congressional Pro-Life Caucus.

Mr. Smith also expects some Democrats -- especially those with their eyes on the White House -- to strike a moderate, seemingly pro-life tone on abortion.

"There may be a bogus attempt to claim common ground while money is being given to Planned Parenthood," he said, warning pro-lifers to be skeptical.

Meanwhile, activists on both sides are awaiting a decision by the Supreme Court, expected before June, on whether to uphold a federal law banning an abortion procedure sometimes called partial-birth abortion.

The pro-life community argued the law bans a procedure in which a half-born baby is killed, while the pro-choice community argued it's too broad and would ban a range of abortions.

The high court overturned a similar Nebraska law in 2000, but the Republican-controlled Congress approved a new federal ban in 2003. It was challenged in three separate lawsuits and overturned by federal courts.

But in the meantime, the pro-life movement scored a key victory with the confirmation of two new conservative Supreme Court justices -- Chief Justice John G. Roberts Jr. in 2005 and Justice Samuel A. Alito Jr. last year.

More pressing is who will control the White House in 2008.

EMILY'S List, a group that aims to elect pro-choice Democratic women, quickly endorsed Sen. Hillary Rodham Clinton, New York Democrat, who announced her presidential candidacy Saturday.

At the same time, the pro-life Susan B. Anthony List invited several likely presidential candidates to a breakfast this morning, including Sen. Sam Brownback, a Kansas Republican and pro-life leader.

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"We have to establish upfront that a presidential candidate's stance on life will be a deciding factor for a large number of voters," said the group's president, Marjorie Dannenfelser

Mrs. Clinton is sponsoring legislation that's billed as a way to reduce unintended pregnancies -- and therefore, abortions -- with initiatives, such as more federal funding for family planning.

Nonetheless, much of the action on the abortion issue will continue to take place at the state level. Last year, the South Dakota Legislature passed an abortion ban, but it was overturned by state voters in a November ballot initiative.

Ms. Saporta said this was a key victory for the pro-choice side. She also touted other victories, including a new California law seeking to protect abortion providers from anti-abortion crimes.

But Tom McClusky, vice president of government affairs at the Family Research Council, said the South Dakota situation "is not stopping other states," five of which are considering some sort of abortion ban.

And the fight continues.

Ms. Saporta said she thinks states will continue to try to restrict abortion, but she doesn't expect the courts to take "any action that would result in Roe being overturned."

Mr. Smith said he and others will continue to work to restrict and ultimately stop abortion.

"We think of ourselves as the modern-day abolition movement," Mr. Smith said. "Slavery was not abolished overnight."

ANTITRUST:

Senators To Explore Airline Merger (USAT)

By Marilyn Adams, Usa Today

USA Today, January 22, 2007

US Airways' (LCC) hostile bid for Delta Air Lines moves into the political realm this week when a U.S. Senate panel explores the potential effect of industry consolidation on fares, air service and jobs.

US Airways CEO Doug Parker and Delta CEO Gerald Grinstein will testify at Wednesday's hearing before the Senate Committee on Commerce, Science and Transportation, chaired by Sen. Daniel Inouye, D-Hawaii.

Federal regulators, consumer advocates and economists are also on the witness list.

"We're looking forward to it," said C.A. Howlett, US Airways' top lobbyist. "The instinctive reaction … is to be naturally skeptical. But the market is driving what's occurring."

Delta executives declined interview requests. US Airways — itself a merged airline formed by the 2005 takeover of the old US Airways by America West — wants to buy Delta out of bankruptcy reorganization.

The deal would create the nation's largest domestic carrier. Delta, already the USA's third-biggest carrier, wants to remain independent.

Some lawmakers and other critics of the deal say it could reduce competition and raise ticket prices, especially in cities along the East Coast where both are strong. At Reagan Washington National Airport, for example, US Airways and Delta combined control a majority of the gates and landing slots.

But US Airways argues the merger would cut costs and improve service nationwide.

Sen. Olympia Snowe, R-Maine, who serves on the Commerce Committee, met with Grinstein last week and will meet this week with Parker. Delta and US Airways together control 60% of flights from Portland, Maine's largest city.

"Our state and the traveling public should not be put at a disadvantage because of airline consolidation," she said in a statement.

Last week, Sen. Charles Schumer, D-N.Y., sent a letter to Parker, demanding to know his plans for air service to upstate New York airports if the merger occurs.

In a press release, Schumer noted Delta and US Airways together operate more than 60% of the flights from Binghamton, N.Y.

"We could see fares begin to rise and flights disappear," he said.

US Airways says it has lowered fares across New York since the 2005 merger with America West.

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On Jan. 10, US Airways raised its original mid-November bid for Delta by 20%, to $10.2 billion. US Airways has given Delta's creditor committee a Feb. 1 deadline to respond.

United Airlines, the USA's No. 2 carrier, has held preliminary merger talks with Continental Airlines. And Northwest Airlines, which filed for bankruptcy protection the same day in the same New York courthouse as Delta in 2005, hired an investment banker to explore a deal, possibly one with Delta.

Any such merger would have to be approved by the Justice Department and the Department of Transportation.

Congress has no official role to intervene. But vocal opposition from lawmakers could make a deal politically harder to get done.

Sun Nears Deal To Buy Intel Chips For Servers In Likely Hit To AMD (WSJ)

By Don Clark

The Wall Street Journal, January 22, 2007

Sun Microsystems Inc. and Intel Corp., two Silicon Valley powers that have frequently taken opposing sides in technology battles, appear ready to work together.

The companies have been negotiating an agreement under which Sun would buy Intel chips for use in server systems, according to people briefed about Sun's plans. A deal, which could be announced as soon as today, may include an endorsement by Intel of Sun's Solaris operating system, these people said.

Sun's use of Intel chips, while not unprecedented, would be a blow to Advanced Micro Devices Inc., which is now Sun's exclusive source for chips based on the popular x86 design used in most personal computers and servers. It also would be a sign of the renewed competitiveness of Intel's chips, which outsell those of AMD but whose performance levels had fallen behind that of AMD's products until recently.

Sun, of Santa Clara, Calif., also would keep making computers based on AMD chips, these people said. That dual-supplier strategy is already used by competitors Hewlett-Packard Co., International Business Machines Corp. and Dell Inc. Adding Intel-based servers would help Sun match the breadth of those rival offerings.

A Sun spokesman declined to comment, as did a spokesman for Intel.

Sumit Dhanda, an analyst with Banc of America Securities, wrote a research note Friday predicting Sun would begin using Intel chips in servers that would hit the market in late 2007. He based the prediction on unspecified "channel checks," a phrase that often refers to information from companies that supply components to computer makers.

A relationship with Intel would be the latest in a series of steps by Sun to become more flexible about technology. The company has an internally developed line of chips called Sparc that was seen in the mid-1990s as a competitive threat to Intel's chips. Scott McNealy, Sun's former chief executive officer, for years criticized rivals for relying too heavily on Intel's x86 line, and was even more derisive about a separate product family, known as Itanium, that H-P and others use for high-end servers.

Intel, meanwhile, has been a major proponent of Microsoft Corp. and its Windows operating system, which Sun battled for years with its Solaris and Java software. But Mr. McNealy and Jonathan Schwartz, who was promoted to succeed him as CEO in April, have had to shift strategies as x86 servers became a mainstay in the computer rooms of most companies.

In 2000, Sun bought Cobalt Networks Inc., a maker of smaller servers that used Intel chips; Sun eventually stopped selling those systems. In November 2003, Sun forged a deal to begin making servers with AMD's Opteron chips. Those machines are now one of the fastest-growing parts of Sun's business, though it still gets more revenue from Sparc-based systems.

Servers that use x86 chips often run the open-source Linux operating system or Microsoft's Windows. Sun became more receptive to the latter option after an April 2004 settlement of antitrust claims it filed against Microsoft. But Mr. Schwartz also pushed the company to aggressively market Solaris for x86 systems, an initiative that could be aided by Intel's endorsement.

For Intel, landing Sun would be Chief Executive Paul Otellini's biggest customer win since the June 2005 adoption of its chips by Apple Inc., another frequent critic of Intel technology in the past. Though neither Sun nor Apple buys huge volumes of microprocessors, they are both known as technically savvy and their opinions carry weight among customers.

Sun is likely to remain a close partner with AMD, whose assistance helped make Sun a major x86 server vendor. Mr. Dhanda, with Banc of America Securities, estimated that in 2008 Intel's sales to Sun might amount to $25 million to $50 million --

assuming Intel can grab 25% to 50% of the shipments that now come from AMD. That would lower AMD's annual per-share profit by about one or two cents, he estimated. AMD is expected to post a profit for 2006 of 91 cents a share, according to the average of analysts tallied by Thomson Financial.

John Taylor, an AMD spokesman, declined to comment on the possibility of a Sun-Intel relationship. But he added that competition between the chip makers is good, driving innovation and serving "the market demand for choice."

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Ford, Toyota See Alliance Potential (WSJ)

By Norihiko Shirouzu And Jeffrey Mccracken

The Wall Street Journal, January 22, 2007

Toyota Motor Corp. and Ford Motor Co. are sending more signals that they may want to establish deeper ties. But the cautious courtship between the two auto giants suggests a more modest, and less painful, approach than the megamergers of the late 1990s or the three-way alliance proposed last year among General Motors Corp., Nissan Motor Co. and Renault SA.

Speculation that Toyota and Ford might be edging toward some form of alliance has heated up since a meeting in mid-December between Ford Chief Executive Alan Mulally and Toyota Chairman Fujio Cho. Both companies scrambled to play down the significance of that encounter, calling it a mere "courtesy." They stressed the talks produced no specific deals.

• The Situation: Following a December meeting between Ford CEO Alan Mulally and Toyota Chairman Fujio Cho, the auto makers are separately considering the pros and cons of an alliance.

• What's at Stake: Toyota fears political pressure in the U.S. as Detroit swoons. Ford may see potential in Toyota's hybrid engines.

• The Bottom Line: An equity deal isn't considered likely, but people familiar with the matter say both are open to a partnership.

People familiar with the matter say the meeting was prompted by an invitation from Toyota, sent from Toyota's top brass to Mr. Mulally via a visitor to Dearborn, Mich., where Ford is based, in mid-October. That messenger, a friend of former Toyota Chairman Hiroshi Okuda, met with Mark Fields, president of Ford's Americas operations, and gave him Mr. Okuda's invitation to the new Ford CEO.

Part of Toyota's aim in courting Ford is diplomacy -- an effort to win what people familiar with management's thinking describe as political peace from the U.S.'s second-biggest automobile producer. Though protectionist rhetoric has abated significantly, Toyota officials remain concerned about a possible backlash as they continue to gain market share in the U.S. while Detroit's Big Three shut factories and ax jobs. Analysts expect Toyota to outsell Ford in the U.S. on an annual basis as early as this year.

Toyota also could benefit in a practical way if Ford agreed to use its gasoline-electric hybrid technology. That is in part because Toyota's momentum in establishing its hybrid design as an industry standard has slowed. GM has lured German auto makers DaimlerChrysler AG and BMW AG into a powerful alliance to develop a hybrid system of their own that they say is simpler than Toyota's. Other companies, including Honda Motor Co., are trying to go it alone.

Messrs. Mulally and Cho, after talking for more than two hours, ended the meeting by agreeing to meet again soon, a person familiar with the situation said. A Toyota spokesman said no further meeting has been scheduled between the two but stressed that Toyota remains open to the idea of forming a tie-up to share costs of developing new technology or joining hands in popularizing new technology. Toyota also has shared operations with GM, including an automobile assembly plant in Fremont, Calif., that it has run jointly with the U.S. car maker since the late 1980s.

"So long as it is a win-win for both parties and there is a reason for partnering...we're open to the idea of forming a partnership. I think anyone among major auto makers around the world could potentially be our alliance partner," Toyota President Katsuaki Watanabe said in an October interview.

Analysts say it is unlikely Toyota would seek to buy a stake in Ford, even though Toyota's market capitalization far exceeds Ford's. A primary obstacle is the 40% voting stock controlled by the descendants of Ford founder Henry Ford. Also, Toyota has

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generally avoided large -scale acquisitions and alliances with rival auto makers. Ford, meanwhile, has too many financial troubles to buy a significant stake in Toyota.

Even the most efficient auto makers are worried about a glut around the world of auto-making capacity and surging costs to pack cars with new technologies in part to meet increasingly stringent safety and emissions regulations. Those concerns tend to spur interest in alliances that can help bring down component or raw-material costs, or those for developing new technology, to give them an edge.

Ford, according to a person familiar with its thinking, could be interested in a joint venture or partnership with Toyota that could focus on powertrain technology such as gasoline-electric hybrid engines or on smaller, four-cylinder engines.

The December meeting, in Tokyo, was broad-based, and senior executives at Toyota said Mr. Mulally discussed his experience at Boeing Co., where he led its commercial-aircraft division before joining Ford in September. He said he studied Toyota's lean-manufacturing process and transplanted some of the Toyota-devised production and inventory-control techniques like just-in-time parts delivery to Boeing's overall aircraft-assembly operations.

Being a lean-manufacturing expert himself, those executives say, Mr. Cho was impressed by Mr. Mulally's knowledge. One of them said Messrs. Mulally and Cho "really hit it off" and predicted that their instant rapport may provide the springboard for a technical relationship of some kind.

"I don't know if Mr. Mulally realizes this," said one senior Toyota executive, "but if he asked for help or suggested a way to collaborate, knowing Mr. Cho, he would go out of his way to be responsive."

Ford, which has forecast substantial losses this year, has struggled to keep its engines competitive with other auto makers and in 2006 had to back off a much-hyped goal of building 250,000 hybrid vehicles annually because it realized it didn't have the capability to do so.

"Ford came out of that [Tokyo] meeting feeling Toyota was worried that politically there could be problems for it in the United States if Ford continued to struggle, so Toyota might want to do something that publicly looked like they were helping Ford, while it also marginally helped Toyota," said one of the people familiar with the matter.

This person said there would be more talks in the future between Ford and Toyota about pursuing some sort of technology-sharing venture.

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Cracking Down On Mixtape CDs (NYT)

By Jeff Leeds

The New York Times, January 22, 2007

Not long before Christmas, Jeff Baker, the chief of police of Morrow, Ga., a small town just south of Atlanta, and one of his officers were walking through a local shopping mall when they happened to pass a kiosk hawking rap music CDs. One in particular caught their attention.

The CD was “Tha Streets Iz Watchin,” with songs performed by the rapper Young Jeezy and, as Chief Baker recalled, it did not carry the name or address of the owner of the music copyrights, as Georgia law requires. Rather than arrest the kiosk vendor immediately, Chief Baker said, “We’d rather go after the source of the material. And at that point we had no idea what the source was.”

Any rap music aficionado would; the creator of the album is DJ Drama, whose real name is Tyree Simmons, arguably the nation’s most prominent producer of mixtapes, the name given to popular but largely unlicensed CDs stocked with yet-to-be released rap hits and free-style rhymes.

And many more people now know: last week, local authorities, working with the recording industry’s trade association, stunned fans and music executives alike by raiding DJ Drama’s studio in Atlanta and arresting him and a fellow D.J., Don Cannon, on racketeering charges. Investigators seized more than 81,000 allegedly pirated CDs and say the pair were producing unlicensed recordings and selling them without permission.

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The raid sparked an outcry among many rap fans. But it also threatens to throw into public view the recording industry's awkward relationship with mixtapes, long an integral element of rap culture and now commonly for sale on street corners, Web sites, many independent record shops and occasionally big chains.

Even as industry-financed antipiracy squads hunt for unauthorized recordings, senior executives at the major record labels privately say that they have courted — and often paid — top D.J.'s to create and distribute mixtapes featuring the labels' rappers as part of efforts to generate buzz.

"It might not necessarily have the label's logo on it, but they're the ones cutting the checks for the recording and production" of many mixtapes, said Ian Steaman, a longtime talent and marketing executive who writes for the hip-hop Web site Different Kitchen. "It's just kind of understood you need that channel of exposure for any kind of real, credible artist. I don't think this industry's ready to deal with that conversation."

The raid also exposes a schism that is taking shape as the industry tries to stanch a slide in album sales, for which many blame piracy. On one side, many label executives and officials at the Recording Industry Association of America, which represents the major music companies, say the mixtape is contributing to the problem. They argue that sales are ultimately undermined when the mixtape leaps from promotional giveaway item to replacement for an artist's official label-distributed album.

On the other side are a separate faction of label executives and a variety of artists, many of whom privately say they are worried that the chill cast on the mixtape world would handicap labels' efforts to promote hip-hop sales, which declined roughly 20 percent last year, more than any other major genre, according to Nielsen SoundScan data.

Label executives remained puzzled over the sudden arrest of DJ Drama, whose ascent through the unregulated world of compilations has largely taken place in plain sight during the last couple of years. There has been speculation that the police inquiry into his business affairs was further spurred by tips from a competitor or unhappy customer. Chief Baker of the Morrow police declined to comment on the participation of any informants.

Mixtapes have been part of rap since the genre's earliest days in the 1970s — back then, D.J.'s who spun records at clubs or parties committed their playlists to cassettes. But the proliferation of CD burners in the last several years has made the production and wide circulation — or sale — of mixtapes easier than ever.

It has also enhanced their role in tastemaking. Particularly since formerly underground mixtape hero 50 Cent broke out as a mainstream rap superstar in 2003, the top producers of unlicensed CDs have been embraced by the industry's biggest corporations, who wager that the D.J.'s reputations as renegades will translate into the sale of legitimate, licensed compilations, too.

Atlantic Records, for one, hired the mixtape D.J. known as Sickamore as a talent scout and had signed DJ Drama, to its artist roster with plans to release an authorized mixtape-style album this year. Def Jam, Columbia and other big labels have released such CDs in the past.

The labels' reliance on the D.J.'s is complicated further by the fact that many of the top mixtape creators also double as radio D.J.'s on major rap stations. Many label executives acknowledge that when they write checks to certain D.J.'s to produce a mix CD for an artist, there is often an expectation that the D.J. will play the artist's music on the air — an arrangement that recalls the industry's recent radio corruption scandals involving illicit pay-for-play, or payola.

Brad Buckles, the recording association's executive vice president for antipiracy, said authorities seized about two million unlicensed hip-hop mix CDs last year, and speculated that sales of the recordings through Web sites and other channels could be running to the tens of millions of units annually.

Public performance of certain mixtape material "is probably good promotion," Mr. Buckles said. "When you start selling them by the tens and hundreds of thousands, I don't know that anyone is saying that's of great promotional value."

Even in the case of DJ Drama, whose mixtapes have been credited with stoking the careers of artists like Young Jeezy, Lil Wayne and last year's best selling rap artist, T.I., it appears not everyone applauded inclusion on his recordings. The police said lawyers representing an array of artists sent cease-and-desist demands protesting the unauthorized use of their music, though they declined to identify the artists.

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Nonetheless, the arrests instantly sent a shiver through hip-hop circles. One prominent Web site, mixunit.com, halted the sale of its usual wares and instead refocused on rap posters and T-shirts. Under a logo that read "Free Drama & Cannon," the site said only that it was reorganizing with features that are "positive to the artists, D.J.'s and fans of this special element of hip-hop."

Fans and music executives say the raid will most likely push the production and sale of mixtapes further underground — and encourage more efforts to skirt the edge of laws against the sale of unauthorized songs. At one major mixtape Web site, fans can choose from an array of current mix CDs on display. To get one, though, they must pay $7 for a sticker bearing the Web site's name. Each sticker comes with a free mixtape.

The business can be tricky for the D.J.'s themselves too, said Mr. Buckles of the recording industry association. D.J.'s creating mixtapes with the intent of offering them free sometimes find that bootleggers then replicate the music and sell it.

"This is a world," he added, "where everything just careens out of control once it's created."

ENVIRONMENT:

Climate Policy's Odd Man Out (WP)

By Sebastian Mallaby

Washington Post, January 22, 2007

Debate Is Fast Passing Bush By

Last week the administration embarrassed itself on climate change, and today will be excruciating. A confluence of forces -- the Democratic takeover of Congress, freak winter weather, Al Gore's documentary on global warming -- has conspired to create an exciting moment in the climate debate. But the Bush team seems determined to be a wallflower, and to step on its own toes as it watches.

The embarrassment began when James Connaughton, the head of the White House's Council on Environmental Quality, told me that he accepts the case for a cap-and-trade system, at least as a concept. After I quoted him last week, Tony Snow, the White House spokesman, issued a denial: "Let me just walk you back from the carbon caps story," he said firmly. That sounded clear enough, but on Thursday the New York Times quoted Connaughton reiterating his openness to the cap-and-trade concept.

While the White House was sorting out its message, the rest of Washington was busy. Over at the Reagan building, a conference on carbon trading sold 600 tickets at $595 a pop and turned away 150 executives hungry to study the intricacies of permit allocation. Meanwhile, multiple climate bills were floating around Congress, and the House leadership promised to create a special climate committee to force legislation past the auto lobby.

All of which was a warm-up for today's excitement. This morning, on the eve of the president's State of the Union speech, an all-star team of chief executives is descending on Washington to make the case for a comprehensive climate approach built around a cap-and-trade system. The team includes four large power utilities as well as the chemical company DuPont; the aluminum giant Alcoa and the oil major BP. Naturally it features General Electric, the leading industrial cheerleader for climate regulation.

The CEOs' visit raises awkward questions for the Bush administration. Team Bush appears to believe that a cap-and-trade system would burden business, but business leaders are saying they want cap-and-trade enacted. When he spoke to me earlier this month, Connaughton argued that the spread of state requirements on renewable fuels made aggressive federal carbon regulation less urgent. Yet business leaders evidently prefer a federal solution to a complex patchwork of state initiatives.

But the biggest embarrassment in the CEOs' visit concerns the extraordinary timing. Ordinarily, lobbyists aiming to influence the president's agenda do not seek to upstage him the day before his State of the Union address. They lay down a marker in advance so the White House has time to feed their ideas into its speechwriting machinery.

So what happened on this occasion? The chief executives are in Washington today because they aren't even trying to influence the White House. As they planned their visit over the past weeks, they were barely in touch with the Bush team because they assumed Bush to be irrelevant. Just a few days ago, the planners of the visit realized that they were inadvertently trampling on

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the State of the Union. But by then it was too late. Would 10 chief executives rearrange their schedules to accommodate a lame-duck president? Forget it.

Eight months ago, when Gore's climate documentary was released, this state of affairs was inconceivable. Not only was Bush still a player, the case for climate change was widely doubted. Chortling climate-deniers, expecting an easy propaganda victory over the man whose energy-tax proposal they killed in 1993, greeted Gore's movie with glee. A group called the Competitive Enterprise Institute put out two TV commercials asserting that climate science is inconclusive. A House Republican hearing ridiculed a graph that features prominently in Gore's movie showing the world's temperature puttering along in a steady state before shooting upward like the handle of a hockey stick.

But this time around, Gore has proved a tougher adversary. His movie has grossed an astonishing $24 million, not counting foreign sales; the accompanying book has spent 29 weeks on the New York Times bestseller list. His Republican opponents have lost control of Congress. And the Competitive Enterprise Institute has lost the patronage of Exxon Mobil, which decided to stop financing climate lies and start discussing carbon regulation.

All of which makes for a surreal situation. Al Gore, the man who lost the agonizing 2000 election, has emerged as a force in the debate of the moment. George Bush, his nemesis, is so completely marginal that business guys ignore him. Meanwhile, John McCain and Barack Obama, two leading presidential contenders, are co-sponsoring a cap-and-trade bill in the Senate. To anyone who watched climate politics these past few days, the post-Bush era seemed to be beginning.

Thinking Strategically (WSJ)

By Andy Grove

The Wall Street Journal, January 22, 2007

As a connoisseur of strategy -- student, practitioner (in business) and teacher -- I have long been intrigued with the relationship between strategic principles applied to nations and strategies pursued by businesses. Strategy had its origin in military use, but over time it migrated into the business setting. The linkage is still there: Most contemporary business students, for example, will have read Sun Tzu's "Art of War" in their Business Strategy course. But it is a different relationship that preoccupies me.

Just as medical research tests biological processes in large populations of fruit flies or rodents before human application, I am intrigued by the prospect of applying -- to nations -- the strategic practices that have been formulated and evaluated in the "laboratory" of the world's businesses. As in medical applications, we must be careful in extrapolating from one to the other. Nevertheless, I believe there are benefits to such comparative analysis.

The first question that needs to be examined is this: If business's task is to generate revenue and profits for its owners, what is the equivalent task for a nation and its government? The principal measure is the Gross Domestic Product of the country. Changes in this number are commonly used yardsticks of economic health. Moreover, when one compares two national economies, say the economies of the U.S. and China, the first measure we use in this comparison is GDP. But when we talk of GDP, we must consider not just the GDP of today, but the long-term stability of the productive capacity of our economy. This is how factors like national security enter into the objectives of a government.

What about governance? Corporations are run by senior management, with power concentrated in the hands of the chief executive. The equivalent to this in our country is the institution of the executive branch headed by the president. It is important to stress that even as individual presidents come and go, we expect the institution to be durable, with a view and a constancy of purpose that is appropriately long-range.

A successful business strategist must understand cognitively and instinctively the structure of the industry in which the business operates, and must know that as the structure changes, so must the winning strategy. By way of historical example, IBM, a huge, vertically integrated company, dominated the computer industry before the advent of the personal computer. All computer companies had to be cognizant of IBM's influence on the entire industry, and had to construct strategies which allowed them to prosper in coexistence with this monolith. The arrival of the personal computer changed all this. New rules replaced old ones governing vertical integration, development of standards, and many other factors.

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After the Cold War, a similar change took place in the world of nations. Monolithic and vertically integrated military powers gave way to numerous sources of power, each following independent strategies, sometimes in partnership, sometimes embroiled in friction. That changed the rules governing international relations. If national strategy in the days of the Cold War was dominated by the presence and size of nuclear weapons capabilities, what are the critical dominant factors today, when these weapons are increasingly widespread? What takes their place? Religious beliefs? Historical relationships or enmities? How does one set strategies when these factors are unknown? As in the case of the computer industry, it takes many years to figure out how the new rules work.

An important task of strategic analysis is to determine the sources of power that affect our business. If competitors, customers or suppliers have undue influence over the behavior of our business, we lose control of our destiny, to our long-term detriment. As an example, if the control of a scarce ingredient that we need in our business is tightly held by other players, can we afford to be indifferent?

Oil is just such a scarce resource. Its availability determines the growth of a national economy. This has concerned every U.S. president since Richard Nixon, who emphatically devoted a major part of his State of the Union message in 1974 to the necessity of regaining control over our destiny by achieving independence from foreign oil suppliers.

What has happened since is illustrated in the nearby chart.

Such charts, sometimes referred to as "stagger charts," are often used in business to gauge performance against plan. They are an important way in which accountability is evaluated. A stagger chart shows a goal set in a given year for the years to follow. The actual result obtained, along with the new plan, is then shown in the next horizontal line. Looking up and down in a vertical column, one can see the consistency, or lack of it, between the various plans. Looking at the asterisked numbers along the diagonal shows how our actual energy dependence deteriorated as time went on, despite repeated commitments to reverse this trend.

The most recent addition to this thread of commitments was when President Bush, in his 2006 State of the Union address, set a new goal to replace more than 75% of our oil imports from the Middle East by 2025. Even if we somehow achieved 100% replacement of all imports by that time, when we compare this goal with the one set by President Nixon in 1974, we see a 45-year slippage in the course of 32 years. Even though the importance of the energy independence issue has been recognized and emphasized by every president since 1974, our vital national objective is vanishing like a mirage in the distance.

This kind of dependence gives great power to other nations over our destiny. It is not inconceivable that our foreign policy could be determined by them, using energy availability as a lever. If this possibility seemed far-fetched a few weeks ago, the events involving Belarus have brought home its plausibility.

In a well-publicized study of a large number of corporations, Jim Collins has found that longevity of success in the marketplace is associated with a certain leadership style. I was particularly impressed by the finding that successful leaders are able to face what Mr. Collins calls the "brutal facts" of the competitive positions of their companies. As I observe our political leaders today, I have a hard time finding many examples of a willingness to do this. In fact, I find an alarming tendency to skirt the critical issues by not even pronouncing the words that describe them, rendering them "non-words." Examples: Who among our national leaders spells out that the likely consequence of the heightened global competition is to suppress domestic wage rates? Or addresses the need to allocate the increasingly complex and expensive medical procedures being developed today? Or admits that our emergency medical system is heading toward catastrophe as it becomes the last-resort access to medical care for the growing millions of uninsured? Non-words lead to non-solutions, in energy dependence and in other key issues.

Our nation's corporations have been under severe criticism for a variety of shortcomings. Even so, the capitalist/free-market system of corporations consistently produces results. When corporations do not produce, they become irrelevant and often perish. In other words, if the brutal facts are not faced by the leaders, the brutal reality sets in. By contrast, our national strategy-setting and -execution machinery often seem broken. Consider this: Could we pull off the Manhattan Project today? With its complexities of planning and execution, under extreme time pressure? I doubt it.

Fruit flies can teach us how to cure diseases in human beings. Why not study how businesses set strategies and execute them, and adopt the best methods to address the overwhelmingly important issues facing our society?

Mr. Grove is retired chairman of Intel Corp.

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Coastal Homeowners Can't Find Insurance (NSWK)

By Karen Breslau

Newsweek, January 22, 2007

Jan. 29, 2007 issue - During the nine years she's lived in her historic sea captain's house on Cape Cod, Mass., Paula Aschettino never filed a claim against her homeowner's insurance policy. But last year she received a letter from her insurer, Hingham Mutual Group, canceling coverage on her nine-room, $600,000 oceanfront home, which has withstood its share of hurricanes since 1840. She and her husband, Michael, scrambled to find other insurance but were repeatedly denied. "They just said we are in a high-risk area," she says. A spokesman for Hingham, which canceled 9,000 Cape Cod policies, says that the company's own coverage—known as "reinsurance"—had doubled in the past year, making it necessary to withdraw from the coastal market.

The Aschettinos finally found other insurance, but only for nearly double their old premium of $1,800, and with a sky-high deductible of $12,000 against wind damage. Incensed, Aschettino circulated a petition among her neighbors demanding price reform from industry regulators. "People feel they are being totally ripped off," she says. "People are afraid to even make claims, because they are afraid they're going to be dropped."

Up and down the Eastern Seaboard, hundreds of thousands of policyholders like the Aschettinos are being dropped by their insurers; many more have had to swallow double-, even triple-digit increases in premiums and deductibles. While discontinued policies and rate hikes are nothing new in hurricane-battered Florida and the Gulf Coast, insurers are now dinging homeowners in the Northeast and mid-Atlantic states. Allstate Insurance recently announced it wouldn't take new homeowner policies in New Jersey, Connecticut and Delaware—or the five boroughs of New York City. The company also won't renew 30,000 of more than 600,000 policies it carries in and around New York City. A host of other firms are refusing to insure properties along the Atlantic coast from Maine to the Carolinas.

Why the sudden rash of cancellations? An increase in "extreme weather events" that many scientists—and now insurers—believe are linked to climate change. It's not just Category 4 hurricanes that have insurers worried. Around the country, companies have been racking up record property losses from freakish weather, such as the ice storms last week that paralyzed much of the Great Plains and froze California's citrus crops. In recent years, wildfires in the Northwest, drought and hail in the Midwest, windstorms, lightning strikes on power grids, soil subsidence and other calamities of nature have led to cumulative property losses that exceed those caused by hurricanes. "There's a shift going on to more frequent, extreme weather events," says Evan Mills, an environmental scientist at the U.S. Department of Energy's Lawrence Berkeley National Laboratory. "It's as much an issue in the heartland as on the coast."

Global warming is the culprit, claim many—including several insurers who are canceling policies. While scientists cannot determine whether a single weather event is caused by a natural cycle, or is evidence of more permanent, malignant climate change, the pattern of mounting losses is clear. According to Mills, weather-related catastrophe losses have increased from about $1 billion a year in the 1970s to an average of $17 billion a year over the past decade. In 2005, the year of Katrina, that figure reached $71 billion.

Even before Hurricane Katrina—an event that has yet to be conclusively linked to climate change—catastrophe modelers had begun to look at the probability of a Category 3 or higher storm hitting the Eastern Seaboard. What they found was terrifying: because of increasing temperatures in the Atlantic, along with changes in air and sea currents, a major storm in the densely populated and highly priced Northeast would dwarf the $45 billion in insured losses wrought by Katrina. One study found that a repeat of the "Long Island Express," the Category 3 storm that plowed through New England in 1938, killing 600 people, would cause $200 billion in damage today. (For the record, the Aschettinos want it known that their house survived the Long Island Express.) The damage from a Category 5 storm directly hitting a major city, could, researchers say, "exceed the total capacity" of the U.S. insurance industry. Before he retired earlier this year, National Hurricane Center director Max Mayfield issued a final warning: "We're setting ourselves up for a major disaster."

For many homeowners, the disaster has been financial. Stanley Dutton, a retiree from Ft. Walton Beach in Florida's panhandle, saw premiums on his 1968 ranch-style house increase from $394 in 2000 to $5,479 this past November. "I just can't put up with this anymore," says Dutton, who is selling his home and moving to Alabama. Consumer advocates, and more than a

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few politicians, suspect that insurers are using the fear of global-warming-related catastrophe to shuck risk onto policyholders and the taxpayers who fund the government insurers of last resort. Despite huge Katrina-related losses in 2005, the Consumer Federation of America estimates that in 2006, the insurance industry cleared profits of nearly $60 billion, its highest ever. (The figure includes not just property but life and auto lines combined.) Industry representatives say that although 2006 was a light storm year in the United States, they have to incorporate climate risk in their rates to remain stable—and profitable—in the future. "We believe what the scientists are telling us," says Michael Treviño, a spokesman for Allstate, which paid $5.7 billion in catastrophic losses in 2005 and has sharply cut back its coverage. "The country is in the beginning of period where we've sustained more frequent and more intense hurricanes," he says. "We believe it would be bad business to continue to add to our risk."

Whether companies are price gouging in the name of global warming will become clear only in retrospect. Regardless of who pays for the damages, climate change means tough economic choices for all Americans, 54 percent of whom now live within 50 miles of a coastline. Industry experts interviewed by NEWSWEEK were unanimous in their insistence that land-use policies and lax building standards must be reformed. "As a society we have to decide: do we want to pay for people to have that ocean view?" asks Tim Wagner, director of the National Association of Insurance Commissioners. Rather than pulling back, some insurance companies are creating incentives for customers who build with climate change in mind. Fireman's Fund Insurance offers discounts to commercial owners who rebuild damaged property using "green" building practices, which tend also to improve building safety.

Still, denial persists. In Florida last week, the legislature convened a special session to tackle the state's home-insurance crisis. One lawmaker tried to persuade his colleagues to exempt the state's panhandle from stricter—and more expensive—building codes by arguing the region's ubiquitous pine trees were "strong enough" to shield buildings against hurricane-force winds. There were guffaws on the Senate floor as another senator invoked the "Three Little Pigs" before rejecting the measure. Little is certain in the insurance world, except for this: no one will be laughing when the Big Bad Wolf blows the house down.

With Jessica Bennett in New York and Catharine Skipp in Tallahassee

FBI/DEA/ATF/USMS:

Mexico: No U.S. Pressure In Extraditions (AP)

By Mark Stevenson

AP, January 22, 2007

Mexico's attorney general said Sunday four alleged drug lords were extradited to the United States to stop them from communicating with their cartels from behind bars and to reduce the risk of violence and escape, not because of U.S. pressure.

Mexico sent Osiel Cardenas, the alleged Gulf cartel leader who was believed to be running his gang from prison, to the U.S. on Friday along with Palma Salazar, the alleged former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, former chiefs in the Arellano-Felix cartel in Tijuana.

"This decision was a unilateral and sovereign one by the Mexican government," Attorney General Eduardo Medina Mora told a news conference. The aim was to break any "physical and geographical" contact they might have had with their gangs while in Mexican prisons. He also said Mexico plans to extradite other criminals and suspects who have exhausted their legal appeals.

Mexico has recently shown more willingness to extradite drug lords, even those facing life in prison. A record 63 alleged criminals were sent to the U.S. in 2006 alone. However, it refuses to extradite anyone who would face the death penalty, which is illegal in Mexico

Along with the four drug lords, Mexico also extradited 11 alleged criminals wanted in the U.S. on charges including murder, drug trafficking, kidnapping and sex crimes.

U.S. Attorney General Alberto Gonzales called the extraditions "unprecedented in their scope and importance."

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In an interview with the Spanish newspaper El Pais published Sunday, President Felipe Calderon acknowledged that "organized crime was getting out of control ... there was a risk in Latin America that Mexico could become a country dominated by insecurity and violence."

The attorney general's comments appear to be a public admission that Mexico was struggling to keep traffickers like Cardenas from running their gangs, or staging escapes and assassinations, from behind bars.

The Mexican attorney general's office has also said the extraditions were aimed in part at cracking down on turf battles between Mexican drug cartels, which have cost hundreds of lives in recent months in states like Michoacan, Guerrero, Baja California and Sinaloa. The government has recently sent thousands of soldiers and police to try to stem the drug-fueled violence.

Medina Mora acknowledged that while Mexico could suffer some backlash, he did not believe it would face anything like the war Colombian drug traffickers fought in the 1980s to avoid extradition.

In the 1980s, a group of Colombian traffickers known as "los extraditables" began a campaign of bombings and assassinations to pressure the Colombian government not to send them to the United States to face justice.

Editorial: New Offices A Weapon To Combat Drug Cartels (SAEN)

San Antonio Express-News, January 22, 2007

The Texas-Mexico border separates sovereign nations, but social problems do not respect sovereignty.

And, because checkpoints represent such ineffective barriers when it comes to these problems, cooperation between Mexico the United States is crucial.

The U.S. government realizes partnership is necessary, according to recent reports, and that should encourage border residents growing increasingly anxious over the violence plaguing the area.

The Drug Enforcement Administration has asked the Mexican government to approve new DEA offices in Nogales, Matamoros and Nuevo Laredo, although officials refuse to provide any details, the Houston Chronicle reported.

"DEA has a very strong relationship with Mexican authorities, but any talk of new offices is premature," agency spokesman Steve Robertson said. "No decision has been made yet."

By targeting the three cities for possible offices, the agency has picked the strongholds of the drug cartels. The drug lords covet the same things — smuggling routes into the United States. And their struggle for supremacy has endangered the lives of ordinary citizens, including Americans who cross the border as tourists.

"Clearly, Mexico and the United States have a shared responsibility to make our communities safer from the drug traffickers and criminals who are threatening our way of life," Attorney General Alberto Gonzales said after meeting with his Mexican counterpart recently.

Gonzales was not referring to the DEA offices specifically, but such offices would go a long way toward enhancing the cooperation necessary to combat the pernicious drug trafficking.

U.S. Feds: Thai Wiretap Helps Bust International Heroin Crew (AP)

AP, January 19, 2007

NEW YORK (AP) — A heroin trafficking organization that processed drugs from Pakistan and Afghanistan through a storefront in Thailand has been busted with help from the first wiretap recordings to be authorized by Thai judicial authorities in a U.S. investigation, prosecutors say.

Three men from Thailand extradited to the United States to face drug charges made initial appearances in U.S. District Court in Manhattan, where they were ordered held without bail Thursday in a case authorities said processed more than $30 million in drug money.

If convicted as leaders of the drug organization, which was headquartered in Bangkok, the men each could face at least 10 years in prison and up to life in prison.

An indictment in the case said government evidence against the men included recordings captured by the first wiretap judicially authorized by the Supreme Court of Thailand as part of a U.S. investigation. U.S. Attorney Michael Garcia credited the Royal Thai Police law enforcement officers as playing a key role in the probe.

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In September, Thailand's prime minister was ousted in a bloodless coup by the military, and an interim government was set up to rule the country. Garcia's spokeswoman Rebekah Carmichael said prosecutors could not comment on the extent of help from Thailand authorities in the probe and whether the cooperation was enhanced or harmed by the coup.

The U.S. government has tried over the past decade to broaden the number of countries through which it can investigate problems like drugs and terrorism in cooperation with foreign governments.

The extraditions, as prosecutors said in court papers and a release, resulted from Operation Ivory Triangle, an investigation of drug networks in Bangkok, Lagos, Nigeria, and New York.

Prosecutors said the networks distributed heroin received from Pakistan, Afghanistan, Myanmar (formerly Burma) and northern Thailand throughout the world, including the United States, Europe, Hong Kong, China, Japan, Malaysia and Indonesia.

In an indictment, prosecutors said that a heroin business operating out of a Thai storefront provided packages of drugs that human couriers swallowed or hid inside secret compartments in suitcases as they carried them through complex distribution routes.

To get to New York, the drugs sometimes went through Pakistan, Europe, Cuba, Mexico and Miami, prosecutors said.

The route was expensive: Heroin bought for $3,500 to $6,000 per kilogram in Thailand eventually was resold in the United States for as much as $100,000 per kilogram, the U.S. government said.

Around The Nation (WT)

The Washington Times, January 22, 2007

U.S. extradites drug suspects

The U.S. government has extradited three men from Thailand to stand trial on charges of operating an international heroin-trafficking organization that routed the drug from Pakistan, Afghanistan, Burma and northern Thailand throughout the world, including the United States.

Yaya Yahayai, Henry Sichone and Andrew Sarpong, who are accused of conspiracy in a scheme to distribute heroin globally, were charged as part of "Operation Ivory Triangle," said John P. Gilbride, U.S. Drug Enforcement Administration special agent in charge.

According to indictments handed up in U.S. District Court in New York, Mr. Yahayai headed the drug trafficking organization from August 2004 until December 2005, assisted by Mr. Sichone, operating mainly out of a storefront in Bangkok.

The indictments said members of the organization transported the heroin through human couriers, mail, cargo shipments and other means.

Richardson plans presidential run

New Mexico Gov. Bill Richardson intends to take the initial step toward the Democratic nomination, hoping his extensive resume will fuel an insurgent campaign to become the first Hispanic president.

Mr. Richardson plans to announce tomorrow that he will soon file the papers to create a presidential exploratory committee, several officials with knowledge of his plans said yesterday. The governor is scheduled to appear on ABC's "This Week."

Mr. Richardson, 59, is a former congressman, U.N. ambassador and Energy Department secretary.

Border shooting images not clear

BISBEE, Ariz. -- A deadly Border Patrol shooting that drew criticism from Mexico's president was recorded by surveillance cameras, but the images are not clear, authorities said.

The Border Patrol is trying to have the tape digitally enhanced to show more detail of the Jan. 12 confrontation east of Bisbee, said Michael Nicley, chief of the agency's Tucson Sector.

Francisco Javier Dominguez Rivera, 22, of Puebla, Mexico, was fatally shot by an agent who had responded to a call about a group of seven persons crossing the desert.

Mondale criticizes vice president

ATHENS, Ga. -- Vice President Dick Cheney has bullied federal agencies and given absurd advice about the nation's risk and Iraq, Walter Mondale said yesterday.

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"I think that Cheney has stepped way over the line," the former vice president said at the opening of a three-day conference about former President Jimmy Carter at the University of Georgia.

"I think Cheney's been at the center of cooking up farcical estimates of national risks, weapons of mass destruction and the 9/11 connection to Iraq," Mr. Mondale said.

Responding to Mr. Mondale's comments, Lea Anne McBride, a spokeswoman for Mr. Cheney, said: "Twice elected to serve with President Bush, the vice president is committed to protecting Americans from those who wish to do us harm."

Navy relieves sub commander

The Navy said yesterday it had relieved the commander of a nuclear submarine that was involved in an incident that killed two sailors.

On Dec. 29, rough seas swept four American sailors from the deck of the submarine off the coast of southwestern England. The USS Minneapolis-St. Paul was leaving Plymouth harbor when the sailors were knocked into the water by surging waves. The four men were taken to a hospital in Plymouth, where two were pronounced dead.

According to officials, an initial review determined the incident was avoidable and due in part to a poor decision by the commander. A formal investigation is still under way. He was identified by the Navy as Cmdr. Edwin Ruff.

According to the Navy, Cmdr. Ruff was reassigned to a shore-based post in Norfolk.

Teen fatally stabs classmate in fight

FRAMINGHAM, Mass. -- A 15-year-old boy was fatally stabbed yesterday in a hallway at his high school in this affluent Boston suburb, and a classmate was charged with murder after blurting out, "I did it, I did it," authorities said.

Investigators would not comment on a motive for the attack.

John Odgren, 16, pleaded not guilty in the killing of 15-year-old James Alenson and was jailed without bail. He was to be tried as an adult.

The teen's attorney, Jonathan Shapiro, said his client has Asperger's syndrome, a form of autism, and has been taking medications for many years.

From wire dispatches and staff reports

Feds: Heroin Traffickers Busted, Headed To N.Y. (WNBC)

WNBC-TV, January 22, 2007

Three men have been extradited from Thailand to face federal charges in New York in connection with two international heroin-trafficking organizations, say law enforcement authorities.

Federal indictments name Yaya Yahayai, Henry Sichone and Andrew Sarpong, charging they participated in conspiracies to distribute heroin from Pakistan, Afghanistan, Burma and northern Thailand throughout the world, including the United States, Europe, Hong Kong, China, Japan, Malaysia and Indonesia.

DEA Special Agent in Charge John Gilbride said, "Operation Ivory Triangle led us on a trail throughout the world from the Bronx to West Africa to Bangkok, Thailand. Today, this world-wide heroin trafficking enterprise is out of business."

Court papers say Yahayai and Sichone operated a heroin business primarily from a storefront in Thailand from August 2004 to December 2005. Members of the organization transported the heroin through human couriers, mail and cargo shipments. The human couriers either swallowed the heroin or carried it in concealed compartments inside suitcases. They paid $3,500 to $6,000 a kilogram and then sold the heroin around the world for $100,000 a kilogram.

Sarpong is said to have recruited a courier to travel with the heroin to the U.S. from Thailand. In May 2006, a co-conspirator of Sarpong was arrested in Manhattan as she attempted to deliver 640 grams of heroin to a customer in the Bronx. The court papers say Sarpong supplied 10 passports, including U.S. passports, to a confidential informant, intending they be used by couriers to illegally bring the heroin into the country.

The three men will appear in federal court in Manhattan later today. They face up to life in prison if convicted. The indictments also seek forfeiture of more than $30 million in narcotics proceeds produced by the drug trafficking operations.

Cocaine Charge Lands Ex-cops In Prison (AP)

AP, January 19, 2007

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WASHINGTON (AP) — Guatemala's former top anti-drug investigator and his one-time deputy were sentenced Friday to 10 years in a U.S. prison for conspiring to distribute cocaine.

Adan Castillo, the former chief of Guatemala's special anti-drug police force, and Jorge Aguilar Garcia, Castillo's one-time deputy, were arrested in 2005.

The men were lured to the United States for what they thought was training on fighting drug traffickers. In reality, the U.S. Drug Enforcement Administration had been investigating the men for four months with the help of the Guatemalan government.

The two men pleaded guilty last year.

U.S. officials estimate about 75 percent of the cocaine that reaches American soil passes through Guatemala, in part because its government long did little to stop it.

Potholes & Heroin (NYDN)

By Alison Gendar, Daily News Police Bureau Chief

New York Daily News, January 22, 2007

A city pothole repairman lived a secret life as a drug courier, selling high-quality heroin smuggled into the city by a Colombian crew.

Ricardo Calderon, a city Department of Transportation employee, was paid to fill potholes and pave streets in Queens. But cops arrested him, months after watching him pick up dirty drug money - $57,000 in cash - while on the job, authorities told the Daily News.

Federal Drug Enforcement Administration agents, NYPD detectives and state police dismantled the final pieces of the drug cartel that had employed him during a series of raids last week.

"You can't make this stuff up," said New York City narcotics prosecutor Bridget Brennan. "Imagine the surprise of agents conducting surveillance when a DOT truck pulls up and a worker gets out to pick up a bag of cash. ... You never know when an investigation may lead you to the highest level of an international distribution network."

Calderon, a Colombian native, played a crucial role in trafficking heroin from Pereira, Colombia, to drug distributors in the city, authorities said.

He delivered heroin that had been smuggled into the U.S. aboard cruise ships to three suppliers - Norbero Yepes, Gustavo Cardona and Ruben Acosta - in the Bronx, authorities said.

The men allegedly ran the Moacho-Mare drug ring in Woodlawn, selling the smack to dealers in New York, several other Northeast cities and as far west as Ohio.

Before the sting operation, Calderon was caught on cell phone wiretaps setting up the drug deal while he and other DOT workers were fixing streets in Queens.

"I'm working. I'm in Maspeth. Call me, and I'll tell you at what address we'll meet," Calderon told Yepes on the wiretaps, authorities said.

On June 16, 2004, Calderon had his street repair crew drive him to Joey's Pizza on Grand Ave. in Maspeth.

He jumped off the truck and, wearing his yellow Local 983 T-shirt, sauntered into the pizza parlor. Yepes came out a few minutes later, got into a car parked nearby and blew his horn several times to signal Calderon to come to the car, authorities said.

Calderon trotted over and took a plastic bag stuffed with bundles of cash out of Yepes' trunk. The money was advance payment for a kilo of high-quality heroin, authorities said.

Yepes had told Calderon to bring the heroin to the pizza parlor, but the pothole man balked at carrying drugs in the city truck. Calderon was heard on wiretaps setting up another meeting to deliver the drugs, authorities said.

Agents kept Calderon under surveillance for the next seven months as they built their case and traced his supply lines to Colombia. He was arrested on Feb. 14, 2005.

Five months later, he was fired from the DOT - not because of the drug allegations but because he had lost his license and couldn't drive a truck anymore, authorities said.

Calderon and his relatives own five apartments in Flushing, Jackson Heights and Woodside, as well as a vacant lot in Rockaway, law enforcement sources said.

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He also bought a Washington condo from former city DOT Commissioner Christopher Lynn for $60,000, Lynn confirmed. The property, sold in January 2005, has a value of about $230,000.

"His sister was an engineer at DOT and was a dear friend of mine. If you look at his status when he bought it, he wasn't accused of doing so much as throwing a gum wrapper on the ground," said Lynn, who headed the DOT from 1996-97.

Calderon was convicted of drug crimes and sentenced last month to nine years in prison. He was one of 89 people, in the United States and Colombia, arrested during the three-year investigation, authorities said.

The Colombian smugglers stashed the heroin in double-sided suitcases and inside small packets sewn into running shorts, and then boarded cruise ships bound for Florida.

Other drug couriers swallowed balloons filled with heroin, carrying a pound or more of smack inside their lower intestines.

Authorities said Acosta, 29, was caught on wiretaps joking with Yepes about how they might have to cut open the drug couriers if any of them had trouble "excreting" the heroin pellets.

Acosta's suggestion, according to authorities who heard the wiretap: Go to Home Depot and buy a saw.

Federal Investigators Target Two N.C. Internet Pharmacies (AP)

AP, January 22, 2007

Two North Carolina-based Internet pharmacies are under investigation for distributing controlled substances, according to a federal indictment unsealed last week.

Wilmington-based United Care Pharmacy and a sister business, Kwik Fill in Fayetteville, distributed several controlled drugs without requiring customers to consult with a physician, according to the indictment. The Drug Enforcement Administration says United Care distributed several types of drugs, including erectile dysfunction drug Viagra, painkiller Vicodin and anti-anxiety drug Xanax.

United Care only required customers to fill out an online questionnaire, "which allegedly received little or no consideration by a physician before being approved," according to the indictment.

Four people have been charged in what the DEA described as a "rogue Internet pharmacy." Wilmington residents Andrew Thomas Russo and Denis Leborgne, along with David John of Nashville, Tenn., and pharmacist John F. Tuite of Myrtle Beach, S.C., made their first court appearances last week.

Jay Campbell, executive director of the North Carolina Board of Pharmacy, described operations such as United Care as a "significant threat to the public health and safety."

"The board is pleased to see that federal law enforcement is seeking to hold United Care's operators criminally liable for their conduct," he said.

Businessman's Plea Ends Pot-factory Case (YOUNGVIN)

By Patricia Meade, VINDICATOR CRIME REPORTER

Youngstown Vindicator, January 22, 2007

This is the case in which three judges wrote letters in support of a drug peddler.

YOUNGSTOWN — It came as somewhat of a surprise to federal drug agents that a lawman and legitimate businessmen were linked to a massive pot factory concealed in a warehouse.

Roger S. Bamberger, assistant U.S. attorney and 23-year veteran of the Organized Crime Drug Enforcement Task Force, reflected on the case that ended Tuesday with the guilty plea of Edwin J. Stupka, 49.

Stupka, the 11th defendant in the case, moved to Tucson, Ariz., from Youngstown around the time the first marijuana trafficking arrests were made in 2003.

He was indicted in May 2006, charged with money laundering (nearly $2 million) and conspiracy to distribute more than a ton of marijuana. He will be sentenced April 3 by U.S. District Judge Peter C. Economus in Youngstown federal court.

The advisory sentencing guideline range is nine to 15 years. As part of a plea agreement, Stupka must forfeit his ill-gotten gains — including a plane and hilltop mansion in Arizona.

Stupka has acknowledged that he attempted to launder $1.7 million through a scheme to buy a chain of Arabica Coffee Houses in Cleveland.

Bamberger said "lady luck appeared on the side of law enforcement" with the discovery of the marijuana farm inside a warehouse at 814 Marshall St. in early 2004. A Youngstown police officer and special agent with the federal bureau of Alcohol, Tobacco, Firearms and Explosives were taking photos near the warehouse in preparation for an upcoming trial when they smelled marijuana.

He said it was not only one of the largest seizures for the Drug Enforcement Administration — 3,500 plants in seven rooms — but some of the participants' backgrounds surprised investigators:

Robert Arroyo had operated Frontier Woodworking and the B&O Station Brewery and Restaurant.

Joseph Pedaline, the warehouse owner, also had Pedaline Iron Works and a heating/air conditioning company. Arroyo and Pedaline had done work on the Poland Library.

Kevin Rouan had the Pyatt Street Produce Co.

William Umbel operated the popular Pyatt Street Diner. Before sentencing in 2005, character/reference letters on his behalf were written to Judge Economus by three local judges — R. Scott Krichbaum, Robert A. Douglas Jr. and Charles J. Bannon. Judge Economus called the letters self-serving and did not consider them.

Frank Carbon had been the No. 2 man at the Mahoning County Sheriff's Department. He allowed marijuana to be stored in his office space underneath the police academy building on Southern Boulevard in Boardman.

In June 2002, Pedaline was featured with his then-partner, Arroyo, in The Vindicator as co-owners of the B&O. The remodeled train station opened then in its second attempt as a restaurant.

Investigators

Bamberger said the marijuana case was investigated by the Youngstown DEA Task Force, which includes the IRS Criminal Investigation Unit; Bureau of Criminal Identification and Investigation; police from Boardman, Youngstown, Salem, Warren, Poland Village and Beaver Township; and deputies from the Mahoning County Sheriff's Department.

He credited the "investigative acumen" of task force members Kim Nusser, a BCI special agent, Mike Hughes, a Boardman sergeant, and Gary Gruver, an IRS agent, for the airtight case.

"The citizens of the Mahoning Valley were well served by their collaborative efforts," Bamberger said.

The federal prosecutor said the marijuana distribution began as early as 1992 and continued through the summer of 2003. Stupka invested thousands of dollars in the indoor marijuana factory on Marshall Street in 2001.

Investigators learned that the high-grade pot was selling for $3,200 a pound, Bamberger said.

Guilty Pleas From 3 Heroin Kingpins (JJ)

By Michaelangelo Conte, Journal Staff Writer

Jersey Journal (NJ), January 22, 2007

Three leaders of a Hoboken-based drug ring that moved up to 20,000 bags of heroin through Hudson County each week were living the high life on drug profits, officials said. But yesterday all three pleaded guilty to federal drug crimes carrying sentences of up to 25 years in prison, officials said.

Jose "Nutty" Gonzalez, 25, of Third Street in Union City, Rory Praylow, 28, of Jackson Street in Hoboken, and Manuel "Murder" Suarez, 31, of Palisade Avenue in Jersey City, pleaded guilty in federal court in Manhattan yesterday morning, officials said.

They were among eight people busted after the six-month investigation that came to a head last March 6, Hudson County Prosecutor Edward DeFazio said.

Just after midnight that day, Hoboken police, working with the federal Drug Enforcement Agency and the Hudson County Prosecutor's Office, spotted leaders of the cartel meeting at the Hess Station on 14th Street in Hoboken, reports said.

"We are very gratified with the successful prosecution of these major drug dealers," Hudson County Prosecutor Edward DeFazio said of the pleas entered in federal court in Manhattan. "It's an outstanding example of the cooperation of law enforcement and prosecutorial agencies."

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During the six-month investigation numerous searches of locations and vehicles were conducted, resulting in seizure of 27,000 bags of heroin, four loaded semiautomatic handguns and a bulletproof vest, officials said. One of the guns recovered was later connected to a shooting in Hoboken on Super Bowl Sunday last year, DeFazio said.

Also arrested and facing charges as a result of the drug probe are Philip "Spud" Pasquale, 22, and Darryl Oliver, 35, both in Hoboken; Jason "Jay" Santos, 25, and Alex Gonzalez, 21, both of Jersey City; and Mary Gama, 27, of Union City, officials said.

Cyclist Tammy Thomas Pleads Not Guilty (WP/AP)

By David Kravets, The Associated Press

The Washington Post, January 22, 2007

SAN FRANCISCO -- Former elite cyclist Tammy Thomas pleaded not guilty in federal court Friday to charges of lying to a grand jury investigating steroid use in sports.

Thomas, the first athlete charged in a probe that has implicated some of the biggest stars in baseball and track and field, is charged with three counts of perjury and one count of obstruction of justice.

Thomas, who appeared much slimmer than during her racing days, declined comment after being released on $50,000 bond.

Thomas was banned from cycling for life in August 2002 after the performance-enhancing drug Norbolethone was detected in her urine.

The drug, once an obscure steroid used in human tests in the 1960s, was rediscovered by chemist Patrick Arnold, who supplied the Bay Area Laboratory Co-Operative with undetectable performance-enhancing drugs and is among five people who have pleaded guilty in the investigation.

Defense attorney Tony Tamburello said outside court that Thomas is innocent of any crimes because she did not knowingly lie to the grand jury when she testified in October 2003.

"She did not know at the time that she was taking that substance," Tamburello said. Nobody told her "this was Norbolethone."

Thomas was a silver medalist in the individual sprint at the 2001 World Track Cycling Championships. She has maintained her innocence and said the positive results might have been triggered by contraceptives she was using.

The indictment accuses Thomas of lying when she testified to a grand jury that she never used performance-enhancing drugs. She also is said to have lied when she testified that she did not get illegal drugs from Arnold, who pleaded guilty last year and was sentenced to three months in prison.

"She never met Patrick Arnold," Tamburello said.

Each count against Thomas carries a maximum five-year prison term and $250,000 fine. She was ordered to appear March 23 in federal court, when a trial date is likely to be set.

The probe has netted guilty pleas from BALCO founder Victor Conte, BALCO vice president James Valente and track coach Remi Korchemny as well as Greg Anderson, Barry Bonds' personal trainer, who served three months and is back in prison for refusing to testify against the Giants slugger.

Authorities suspect Bonds, like Thomas, lied to the 2003 grand jury when he said he never knowingly used steroids. A probe of Bonds for perjury and possible tax-evasion charges is ongoing.

Trevor Graham, who coached track stars Marion Jones, Justin Gatlin and Tim Montgomery, has pleaded not guilty to charges of lying when he said he did not distribute steroids to his athletes or tell them where they could be obtained.

Colombian Government Is Ensnared In A Paramilitary Scandal (NYT)

By Simon Romero

The New York Times, January 21, 2007

BOGOTÁ, Colombia, Jan. 20 — The government of President Álvaro Uribe, the largest recipient of American aid outside the Middle East, has found itself ensnared in a widening scandal as revelations surface of a secret alliance between some of the president's most prominent political supporters and paramilitary death squads.

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Testimony this week from Salvatore Mancuso, a former paramilitary commander who admitted to orchestrating the killing of more than 300 people, as well as a document made public on Friday implicating more than a dozen politicians in the pact with paramilitaries, have injected fresh detail into a slow-burning scandal that has caused Colombia's elite political class to shudder in recent weeks.

Senior members of Mr. Uribe's government and Mr. Uribe himself have said that anyone shown to have had illegal ties to the paramilitaries, which terrorized Colombian cities and the countryside in the nation's internal war, which has gone on for decades, and made fortunes in cocaine trafficking, should be prosecuted in courts of law.

The scandal has already touched Mr. Uribe's cabinet, with Senator Álvaro Araújo, the brother of Foreign Minister Maria Consuelo Araújo, under investigation for collaborating with militias.

"If there's someone involved at the highest level, they will be fired," Francisco Santos, Colombia's vice president, said in an interview. "Scrutiny is fine for us," Mr. Santos said. "This country needs to know the whole truth."

Some of the details coming to light about the breadth of paramilitary activities are the result of a process set in motion by Mr. Uribe's own government, which has allowed paramilitary leaders to confess their crimes and pay reparations in exchange for reduced sentences of no more than eight years in prison.

Though some militia leaders have balked at the deal, much of Colombia has been gripped by the first such confession, that of Mr. Mancuso, a cattleman who helped found the paramilitary movement in the 1980s in an effort to combat leftist guerrillas.

Mr. Mancuso, 48, who studied English at the University of Pittsburgh, wept during the first days of his testimony at a special hearing in Medellín last month. This week, however, he simply read from a statement describing how he oversaw the assassinations of hundreds of people, with some operations made possible with information from military intelligence.

Mr. Mancuso also put Mr. Uribe in the spotlight by saying that militias pressured people to vote for the president in 2002, when Mr. Uribe was first elected. Mr. Uribe responded quickly by going on a national radio network to say he had never sent any emissaries to strike deals with the paramilitaries.

On the heels of Mr. Mancuso's testimony, a document rumored to exist in recent weeks was published in the daily newspaper El Tiempo on Friday. It describes a secret pact in 2001 between Mr. Mancuso, other paramilitary leaders and 11 congressmen, two governors and five mayors, in which those present agreed to work together to forge "a new social contract," largely in order to protect private property rights.

Senator Miguel de la Espriella, one of the signatories to the pact, helped bring the scandal to light last year by disclosing the ties between politicians and paramilitaries. Like other officials implicated in the pact, he said he was forced to sign, raising doubts as what type of legal punishment, if any, they might receive.

"At first we declined to sign, but when they put a man with a rifle next to the document we understood we had no choice," Mr. de la Espriella, a member of the Democratic Colombia party, said in an e-mail interview.

Asked why he was the only politician to come forward with details of the secret agreement, Mr. de la Espriella, alluding to widespread suspicions that legislators and government officials had for years worked in tandem with the paramilitaries, responded, "I told myself that a half-truth doesn't serve anybody, and we should all contribute to the enlightenment of the truth during so many years of war."

Those who signed the document included not only supporters of Mr. Uribe but also high-ranking officials in the political opposition, pointing to how a growing portion of the political establishment could be tarnished by the scandal.

Some 30,000 paramilitary members have been demobilized during Mr. Uribe's government in recent years. Colombia's military still receives more than $700 million a year in aid from the United States to combat drug trafficking and armed insurgencies.

Two guerrilla groups, the Revolutionary Armed Forces of Colombia and the National Liberation Army, still operate in the country. A truck carrying more than 600 pounds of explosives this week destroyed a dairy plant in southern Colombia owned by Nestlé, the Swiss food company, an act that the police attributed to the rebels.

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Although the scandal has emerged as the most pressing political challenge to Mr. Uribe's presidency, his approval ratings remain high, at above 60 percent, after five years of rule and a re-election victory last year. Many Colombians credit Mr. Uribe for declining levels of murders and kidnappings and robust economic growth.

However, political analysts here say a steady stream of disclosures related to the paramilitary scandal could diminish Mr. Uribe's credibility, particularly if implicated officials are perceived to have close ties to the president. The scandal has already entangled a former ambassador to Chile and a former head of the intelligence service.

Equally pressing for Mr. Uribe's government could be the scandal's influence on discussions in the United States Congress of aid to Colombia and a trade agreement awaiting Congressional approval that has been signed by Mr. Uribe and President Bush. Political analysts say the Democratic-led Congress is expected to add greater scrutiny of human rights issues in Colombia.

CONGRESS-ADMINISTRATION:

Bush Draws Up Ambitious Domestic Agenda (USAT)

By David Jackson

USA Today, January 22, 2007

WASHINGTON — President Bush vowed that the Iraq war would not deter him from engaging the Democratic-controlled Congress on a sweeping domestic agenda, including helping states tailor their own plans for health insurance.

In an interview with USA TODAY, Bush pointed to the health care initiatives of California Gov. Arnold Schwarzenegger and former governors Mitt Romney of Massachusetts and Jeb Bush of Florida as reasons to support state-specific plans. However, he said state plans should not lead to universal health care run by the federal government.

"There's a lot of people in Washington that say the federal government ought to run health care. I'm not one," he said in a wide-ranging and occasionally testy conversation Friday.

Bush said he will use Tuesday's State of the Union speech to highlight a new health care plan. The plan calls for a health care tax deduction of $7,500 for individuals and $15,000 for families. The tax break would apply whether people buy their own insurance or receive coverage through their jobs.

Under Bush's plan, health insurance benefits from employers would be considered taxable income. That means people with generous health coverage would pay taxes on the amount that exceeds the tax deduction.

Bush's speech also will include more about a new energy initiative, flexibility on meeting education standards, and renewed calls to work with Democrats on immigration and other issues. "I'm going to remind Congress that we've got to show the American people that we're capable of accomplishing some big things," he said.

Sen. Edward Kennedy, D-Mass., said there are opportunities to work with Bush on issues such as immigration and health care, but "the most important issue facing us today is Iraq."

"If the president is serious about strengthening relations with Congress he should begin by seeking authority from Congress for any escalation of the war," Kennedy said Sunday in an e-mail statement.

Kennedy, chairman of the Senate panel that oversees health care, said he's concerned Bush's plan "only deals with the tax code" and may undermine the health coverage many Americans now have.

Among the domestic issues highlighted by Bush in the interview:

•Social Security. Bush said he would support new talks with Democrats on the retirement program's future with "no preconditions." He declined to rule out discussion of a tax increase to address the program's long-term solvency. "The spirit is, 'Bring your best idea how to solve the problem; we'll see if we can find common ground,' " he said.

However, Bush, who supports creating individual investment accounts in the system, indicated he remains opposed to raising taxes. "I've showed that you can solve Social Security without raising taxes."

•Energy. Bush repeated a call made last year for more alternative energy sources but declined to outline specifics. He said he would push "a bold initiative that really encourages America to become less dependent on oil."

The administration has long linked its energy programs to efforts to address global warming. "The new technologies I'll be outlining will help us deal with the issue of 'greenhouse gases,' " he said.

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•Immigration. Bush said he will continue to push for a bill that would expand opportunities for foreign "guest workers," even though conservatives in his party such as Rep. Duncan Hunter, R-Calif., say such programs amount to amnesty for illegal immigrants.

•Balanced budget. He said he will submit a budget to be balanced by 2012 without raising taxes, but did not say whether it would depend on major cuts to existing programs, future economic growth or some combination of both.

•Education. In calling for an extension of his No Child Left Behind education law, Bush said he wants "flexibility" to help struggling schools "without backsliding on standards." The law, passed with bipartisan support in 2001, expires this year. He also wants to make it easier for parents to move their children from failing schools.

•Terrorist surveillance. Bush said the program of monitoring international calls of terrorism suspects "has not been weakened" now that it is under a secret court's supervision.

•Diseases. Bush will ask Congress to help curb the spread of diseases such as malaria and AIDS worldwide. He said it means his foreign policy "is more than just spreading freedom."

Bush To Offer Health Insurance Reforms (FT)

By Eoin Callan

Financial Times, January 22, 2007

Healthcare reform will on Tuesday be thrust to the forefront of the policy issues facing candidates for the White House in 2008 when President George W. Bush uses his State of the Union speech to propose a new tax regime for health insurance benefits.

The president will appeal for support for proposals in next month's budget to cap the amount of health premiums Americans can deduct from taxable income and use the savings to offer greater tax relief for those with less generous plans.

The White House has also pledged to complement trail-blazing initiatives in California and Massachusetts to address the problem of the uninsured.

The initiatives come as opinion polls show increasing public anxiety while the costs of healthcare outstrip inflation and US employers pare back on the health benefits they provide to their workforces.

The White House said its plan would include a "standard deduction for health insurance", while families with insurance would not pay taxes on the first $15,000 (£7,600) in compensation and single people would not pay taxes on the first $7,500.

The healthcare issue will prove divisive for the Democratic party, which is more united in its opposition to Mr Bush's conduct of the war and of climate change policy.

But it is seen by Republican strategists as a particular handicap for Hillary Clinton, who holds a commanding opinion poll lead over her Democratic rivals for the presidential candidacy after taking at the weekend the first legal steps towards launching her 2008 campaign. The New York senator and former first lady has yet to address decisively her association with failed healthcare reforms during her husband's presidency.

However, she moved quickly to toughen her stance over the war in Iraq as she sought to sharpen her differences with Mr Bush and fend off a challenge from Barack Obama, the first-term senator for Illinois. In a Washington Post poll on Sunday, Mrs Clinton was backed by 41 per cent of Democrats questioned.

The former first lady is expected to lead the crucial early rounds of fundraising by the crowded field of Democratic aspirants – joined on Sunday by Bill Richardson, the New Mexico governor – in spite of a problematic record on both foreign and domestic policy. She called for the withdrawal of US troops from Baghdad and an eventual end to the occupation of Iraq. In 2002 she voted in favour of a resolution authorising an invasion.

Mrs Clinton said she did not have "faith" in Nouri al-Maliki, the Iraqi prime minister, as she stayed ahead of her Senate colleagues by backing a binding resolution aimed at stemming the flow of funds to Baghdad.

Bush Bids To Increase Focus On Health Care With Plan On Tax-Based Aid For Consumers (WSJ)

By John D. McKinnon, John Harwood

DOJ_NMG_0119091

The Wall Street Journal, January 22, 2007

WASHINGTON -- As a new Wall Street Journal/NBC News poll1 indicates health-care costs are the nation's top economic concern, President Bush joined the debate with a sweeping insurance initiative -- one that threatens a possible tax increase for many upper-income people.

White House officials said Mr. Bush will seek to extend tax deductibility of health coverage to everyone who buys it outside the workplace. But under Mr. Bush's plan, employer-provided health insurance benefits would be counted as part of income for the first time, and thus made taxable.

Historically, the government hasn't taxed employer-provided health insurance benefits but gives smaller tax breaks, or none at all, to many people who buy insurance themselves outside the workplace. The tax system is especially unfair to employees who work without traditional benefits, experts say. Effectively, Mr. Bush is proposing to eliminate the imbalance by giving everyone the same deduction -- $15,000 for families, $7,500 for singles.

Cracking the problem of health-care inflation is emerging as a major political issue for the foreseeable future, due to the persistent rise in costs, employer efforts to shift more of the burden to workers and the aging of the baby boomer generation. Still, the odds of major legislation in the current Congress appear long, and health care is likely to be a point of contention in the 2008 presidential race.

Hopes for a Large Effect

The Treasury Department estimates that the change would prompt a net increase of five million in the number of Americans with health insurance, and administration officials are hopeful the effect will be even larger. In his weekly radio address, Mr. Bush said his plan is "designed to help make basic private health insurance more affordable -- whether you get it through your job or on your own." Over 10 years, the plan would have no cost to the government, according to a person close to the administration. But details weren't available over the weekend.

With the average premium for an employer-provided family policy at $11,500, 80% of employees with health benefits would see their overall tax go down, a person close to the administration estimated. But many executives and professionals, as well as some rank-and-file union workers, could see their taxes increase.

The change also would mean a tax break for most, if not all, of the 17 million people who obtain coverage themselves, administration officials estimate. The deduction also could be used to reduce income subject to the payroll taxes that support Social Security and Medicare. That is intended to provide a benefit to lower-income workers who often don't owe any income tax.

A family without insurance earning $60,000 could get a total tax savings of about $4,500 under the plan, the person close to the administration said. That includes $2,250 of income-tax savings and an equal amount of savings from payroll taxes. Families can buy high-deductible coverage for themselves in the insurance market for an average of $5,200 -- little more than the amount a typical family could save on taxes under the administration plan.

Suits the Public Mood

At a time when the president is bucking political head winds on his Iraq policy, Mr. Bush's emphasis on health care well suits the public mood. In the new Wall Street Journal/NBC News poll, a 33% plurality of Americans calls the cost of health care the economic issue that concerns them the most -- outpacing problems such as jobs going overseas (identified by 24%), the federal budget deficit (13%) and lack of jobs that pay well (12%).

Some advocates praised Mr. Bush's plan as unexpectedly bold and predicted it would help turn the focus of the health-care debate further toward reform of the private-insurance market and away from creating or expanding government-run health-care programs.

"This really changes the conversation," said Grace-Marie Turner, president of the conservative Galen Institute. "People understand tax deductions."

But several said the administration will have to do more to help the poorest of the uninsured. Mr. Bush hinted in his Saturday radio address that he will have another initiative aimed at encouraging states to create insurance pools for lower-income people.

Despite the tax plan's appeal, the effective cap on deductibility of employer-provided coverage will be controversial with many congressional Democrats, who are focused on shoring up the workplace system of insurance and worry the White House

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proposal would undermine it. Unions and many large employers will worry about the long-term effect, particularly if it encourages younger, healthier workers to drop out of workplace plans and buy cheaper insurance themselves.

Part of the Problem

If Mr. Bush's plan isn't dead on arrival to Congress, "I think it's going to be wounded on arrival," said Ron Pollack, executive director of Families USA, a liberal advocacy group.

Many Republicans counter that the traditional unlimited tax break available for employer-provided care is actually part of the problem with the U.S. system and contributes to overspending and inflation in the sector.

Conservative economists say the change would touch off intense competition in the insurance marketplace and thereby help hold down prices, while also giving consumers more incentive to buy high-deductible coverage and become smarter shoppers.

Universal Health Coverage Attracts New Support (WP)

By Christopher Lee

The Washington Post, January 22, 2007

Harry and Louise have had a change of heart.

Thirteen years after television ads from the insurance industry featuring the fictional middle-class couple helped kill the Clinton health-care plan and make universal coverage politically radioactive, comprehensive proposals for expanding coverage to millions of uninsured Americans are flowering again inside the Beltway and around the country.

And this time, advocates hope, the political climate is right for the best ideas to grow, in large part because many business groups that opposed earlier efforts now agree that rising health-care costs and increasingly tougher access to insurance are unsustainable trends.

Whether Washington will do more than talk about the problem, however, remains to be seen. Money is tight, and some experts say major shifts in federal policy are unlikely until after the 2008 presidential election, in which health care is expected to be a major focus.

Many are not willing to wait. Karen Ignagni, president of America's Health Insurance Plans -- the same industry association that once funded the "Harry and Louise" ads -- was among representatives of 16 business, medical and consumer groups that last week called for Congress to spend $45 billion over five years to extend health coverage to most of the nation's uninsured children. After that, the groups said, lawmakers should direct billions more toward covering uninsured adults, mostly through a mixture of tax breaks and expanded federal programs.

"On this issue, the polls show that Democrats, Republicans and independents want progress," Ignagni said. "The most expensive course is to do nothing."

John J. Castellani, president of the Business Roundtable, an association of chief executives of 160 U.S. companies, issued a similar call at a separate news conference last week with leaders of AARP, the politically powerful seniors organization, and the Service Employees International Union (SEIU). "Our soaring health-care costs put American goods and services at a significant competitive disadvantage, and they slow economic growth," Castellani said. "Policymakers must act."

In recent weeks, proposals for dramatically expanding coverage have been floated by Ignagni's industry group, the Children's Defense Fund and Sen. Ron Wyden (D-Ore.). Sen. Edward M. Kennedy (D-Mass.) and Rep. John D. Dingell (D-Mich.), who lead important congressional committees, plan to pursue legislation to allow Americans under 65 to enroll in Medicare or in the health coverage enjoyed by Congress. And a bipartisan group of two senators and three House members introduced legislation last week to help states fund innovative ways to cover more people.

"Health care has been poked and prodded for years," said Wyden, who wants to replace employer coverage with a centrally financed system of private insurance for all Americans. "I believe it is time for diagnosis and treatment."

Much of the activity in Washington is being spurred by a wave of experiments at the state level, particularly Massachusetts's decision last year to require all residents to obtain health insurance, through state-subsidized policies if necessary. This month, California Gov. Arnold Schwarzenegger (R) proposed a similar plan for all 36 million Californians, funding its $12 billion cost partly through fees on employers, hospitals and doctors.

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In Pennsylvania, Gov. Edward G. Rendell (D) last week proposed creating a program of state-subsidized private insurance to help many of the 767,000 uninsured people in his state. The plan would impose taxes on tobacco and on businesses that do not offer coverage, and it would phase in a requirement that people earning more than 300 percent of the poverty level (about $60,000 for a family of four) obtain insurance.

"It is no longer a question of whether we can afford to act," Rendell said, noting that treating Pennsylvania's uninsured costs $1.4 billion annually. "The cost of inaction is far greater in terms of individual health consequences and from the increasing burden on taxpayers."

Vermont enacted legislation last year that seeks to expand coverage so that at least 96 percent of residents will have insurance by 2010. Illinois began a major expansion of coverage for children in 2005. That same year, Maine began implementing a plan whose goal is to cover all of the state's 130,000 uninsured residents by 2009.

Other states considering expanding coverage include Connecticut, Indiana, Iowa, Louisiana, Minnesota, Missouri, New Hampshire, New Jersey, New Mexico, North Carolina and Wisconsin, according to the National Conference of State Legislatures.

All the state activity is adding pressure on politicians in Washington to act on a problem that grows worse year by year. Recent census figures show that a record 46.6 million Americans, including 8.3 million children, had no health insurance in 2005, up from 39.7 million in 1994. Employer coverage is more expensive and less available.

"As usual, Washington is behind the rest of the country," said Andy Stern, president of the SEIU. "We're ready to have a very bipartisan solution. What you are seeing now that you didn't see in 1994 is that everyone is on the same side saying, 'We want universal coverage.' The only question is, 'How?' "

Ah, yes, "how" -- and how to pay for it.

Expanding coverage is a costly proposition, and Democrats, in control of Congress for the first time since 1994, have pledged not to pass major new spending proposals unless other programs are cut to avoid increasing the federal deficit.

While there is bipartisan support for reauthorizing the decade-old state-federal Children's Health Insurance Program, which covers more than 4 million children at a cost of $5 billion a year, experts say at least $12.7 billion more is needed over the next five years just to keep covering the same number of kids.

Moreover, President Bush has given no sign of departing from his advocacy of special tax-favored savings accounts and changes in the tax code as the best ways to make health insurance more affordable. In his State of the Union speech this week, Bush plans to propose more such changes and to announce a new initiative to help states get more residents into private insurance.

"We must address these rising costs so that more Americans can afford basic health insurance," the president said Saturday in his weekly radio address. "And we need to do it without creating a new federal entitlement program or raising taxes."

Despite the new enthusiasm, in the short run, most attempts to expand coverage will probably continue to happen at the state level, some lawmakers said. Federal efforts will be largely incremental and devoted to helping the states find their way.

"The states become laboratories," said Rep. Frank Pallone Jr. (D-N.J.), chairman of the House Energy and Commerce subcommittee on health. "Politically that's necessary. If we tried to adopt a universal health-care plan on the federal level, we probably wouldn't have the votes."

Sen. George V. Voinovich (R-Ohio), a member of a bipartisan group that wants to steer new grants to states, called health care "the greatest domestic problem" but also said that "the truth of the matter is that dealing with this problem between now and the election is not realistic."

"Congress is not going to act in a major way to deal with this access problem in the next couple of years," said Sen. Jeff Bingaman (D-N.M.), another member. "That's the unfortunate reality that we're facing. And so we're saying most of the effort that is possible is at the state level and at the local level. And we want to encourage it and we want to provide assistance."

But ultimately, Washington will have to do more, said Charles N. Kahn III, president of the Federation of American Hospitals.

"At the end of the day, I think the federal government and the federal taxpayers have a responsibility," said Kahn, whose organization was among those calling for $45 billion to cover children. "Clearly, there are states that are looking into this. They

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can come up with some resources. But we feel that in order to get the ball rolling from where we are now, this is the role that the federal government needs to play."

Bush Expected To Make Call For Improved Fuel Economy (NYT)

By Matthew L. Wald

New York Times, January 22, 2007

WASHINGTON, Jan. 21 — There is widespread anticipation, inside government and outside, that President Bush will call for better fuel economy in his State of the Union address on Tuesday.

The White House has posed questions to the Transportation Department about various options. One idea under consideration, government officials and car company executives who have consulted with the White House say, is to do away with the existing system of fleet averages, as has already happened with light trucks, and set a standard for each vehicle, based on its "footprint," or distance between the wheels.

The president asked for the authority to do that last year, but Congressional Democrats rejected his request, saying the White House should use its existing power to simply raise the average. A standstill has resulted.

The federal official in charge of gasoline mileage rules, Nicole R. Nason, has been telling members of Congress that when the current rules for car mileage were set, in 1975, she was 5 years old. Ms. Nason, administrator of the National Highway Traffic Safety Administration, says she hopes that when her 5-year-old daughter starts driving, the standard will be higher. But that hope has not been enough to budge either side.

Raising the number from the current 27.5 miles per gallon would cause hundreds more highway deaths each year because automakers would meet the goal by moving to smaller cars, the administration argues. It also says that the system puts an undue burden on companies that specialize in large cars — that is to say, American automakers.

A problem for the Democrats is that, once there is no fleet average, the debate gets murkier because there is no single number to argue over. Simply reforming the system without setting specific goals is "a license for obfuscation," said Clarence M. Ditlow, director of the Center for Auto Safety, which monitors the auto industry and government safety regulators.

Critics are pushing hard. Representative Edward J. Markey, a Massachusetts Democrat who wants to increase fuel economy, said: "Our problem in dealing with the Bush administration is that when they want to send troops to fight for oil, they do that whether they have the authority or not. When you ask them to reduce the need for oil, suddenly they're concerned about authority."

Higher-mileage cars can be just as safe as gas-guzzlers, Mr. Markey said, and to argue otherwise would mean "that the Ford Escape hybrid is less safe than the regular Ford Escape." He plans to reintroduce a bill that would push the standard up by one mile per gallon per year for the first 10 years, and 4 percent per year thereafter.

The car portion of the Corporate Average Fuel Economy system, known as CAFE, has not changed since 1990, and the rule governing pickups, vans and sport utility vehicles is only slowly changing. Mr. Bush, however, is expected to take steps to encourage the development of batteries used to power hybrid-electric vehicles and further raise production of ethanol.

Established in 1975 after the Arab oil embargo, the system set a minimum standard for cars twice as high as the average at the time, pushing the standard to 27.5 miles per gallon in 1985. After minor adjustments from 1985 to 1990, the car standard has been frozen at 27.5 since 1990, first by Congressional order and now by a dispute over how the rules should be structured.

Over that 17-year period, domestic oil production has declined nearly a third, to 5.2 million barrels a day from 7.4 million. As demand has grown, imports have risen by more than two-thirds to fill the gap, to 10.1 million barrels a day from 5.9 million. Ethanol, liquids from coal and tar sands are all possible alternatives, but none will make major contributions in the near future; using less oil will require reducing driving or using vehicles with better gasoline mileage.

The rule has produced unintended consequences. For example, it led car makers to redefine many household vehicles as "trucks," because those had a more lenient standard. And automakers got credit under the system for building vehicles that could run on ethanol or other alternatives, even if the vehicles actually ran on gasoline.

And the window sticker has added a wry phrase to the American vocabulary: Your actual mileage may vary. Last year, in an effort to fix that, the E.P.A. reduced the mileage promised by the sticker.

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Last spring, under the “footprint” system for light trucks, Ms. Nason’s agency set rules for model years 2008 through 2011.

The rules will push a typical Ford Explorer to 25.2 miles per gallon in 2011, from 19.4 in the 2007 model year, as measured by the Environmental Protection Agency. A PT Cruiser (which Daimler-Chrysler has classified as a light truck, helping it meet the truck average) to 28.1 miles per gallon in 2011, up from 27.4 in 2007.

(Both Ford and Daimler-Chrysler have the option of complying with the old rules based on a fleet average rather than the new vehicle-by-vehicle rule, which takes effect between model years 2008 and 2011.)

The industry’s official position is that the decision should be left to the highway traffic safety administration. Gloria Bergquist, a spokeswoman for the Alliance of Automobile Manufacturers, which represents all the major companies except Honda, said, “They’re supposed to crunch the data and come up with a sweet spot, between affordability, safety concerns, jobs, and technology, and come up with the number.”

The technology to go farther on a gallon of gas is no secret, but it costs money that Detroit auto companies have been loath to spend, especially now that they all have financial problems. For years, the automakers have argued that fuel economy is not a priority for buyers, and they have built a product line that follows that assessment.

Robert Heavenrich Jr., who retired last year as a fuel economy researcher at the E.P.A.’s Ann Arbor laboratories, said there was lots of room for modernization. More modern technology would use less fuel to do the same work. For example, Mr. Heavenrich said, he drives a 1985 General Motors Sierra Cutlass with a 231-cubic-inch engine. “You can go down to a Buick dealer today and get that same engine-transmission combination,” he said.

Mr. Heavenrich said that many Japanese cars used a hardware-software combination that allowed some cylinders to shut down during periods of low demand, like highway cruising, to save fuel, but that American manufacturers had generally not incorporated that innovation because it would raise production costs.

The E.P.A. report on fuel economy trends that Mr. Heavenrich produced annually until last year said that mileage would be about 30 percent higher if buyers would settle for the vehicle size and performance characteristics that prevailed in the mid-1980s. But what sells is heavier, zippier cars.

To some extent, though, consumers have voted for higher standards. The actual average fuel economy for cars sold in the 2005 model year, the most recent one for which numbers are available, was just over 30 miles per gallon.

Bush Expected To Warn On Energy Security (AP)

By H. Josef Hebert

AP, January 21, 2007

A year after warning America of its addiction to oil, President Bush is expected to renew concerns about energy security in his State of the Union address. But will the rhetoric be followed by action? Up to now, the record has been mixed.

Aides hint of a major pronouncement on energy in the speech before Congress and the nation Tuesday night. Yet the president is expected to take a predictable path, urging expanded use of ethanol in gasoline, more research into cleaner burning coal and on gas-electric "hybrid" cars, and greater nuclear energy.

He may tweak his voluntary program on climate change. Aides, however, say the president remains opposed to mandatory cuts in carbon dioxide and other heat-trapping "greenhouse" gases as has been proposed in Congress.

A year ago, Bush declared "America is addicted to oil" and he set a goal of replacing three-fourths of today's oil imports from the Middle East by 2025. He pledged to press for alternatives to oil and for more efficient use of energy.

He has had some success in getting more domestic production.

The Bush administration has opened new federal lands for oil and gas drilling. Last month, Congress approved opening a large new area in the Gulf of Mexico to drilling. This month, Bush lifted a longtime ban on oil and gas drilling in Alaska's Bristol Bay.

But when it comes to weaning the country away from oil, the president's critics say his rhetoric has not been matched by action.

"President Bush actually cut funding for the key energy-saving technologies," says Joseph Romm, a former head of the renewable fuels and efficiency programs at the Energy Department during the Clinton administration.

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The department's requests for renewable fuel and conservation programs have stayed flat at about $1.18 billion annually over the past six years — really a decline if inflation is considered, energy efficiency advocates say.

"Since 2002, the energy efficiency programs at the Energy Department have dropped by a third in real dollars," says Kateri Callahan, president of the Alliance to Safe Energy, a private advocacy group.

When one program is increased, others have suffered, these critics maintain.

They acknowledge spending increases for research into solar and wind energy, but contend that came at the expense of two other renewable energy programs that were eliminated: research into geothermal energy deep within the earth and efforts to make hydroelectric dams more fish friendly.

Congress has not been all that helpful, either.

The energy law passed in 2005 authorized $3.8 billion worth of renewable energy and conservation programs. But a vast majority of those programs are without funds, neither requested by the administration nor approved by Congress.

Callahan points to a $450 million consumer education and outreach campaign on energy efficiency in that law, but says "not one penny has been appropriated" nor has the money been sought by the administration.

Energy Secretary Samuel Bodman says the administration over the years has spent nearly $12 billion in developing new energy technologies. He cited the president's $2.1 billion "advanced energy initiative" in the State of the Union a year ago.

But most of that program goes for nuclear research and clean coal technology that generally has little impact on the country's dependence on oil, 70 percent of which is used in transportation.

For that, Bush told a renewable fuels conference last year in St. Louis, "we need to change how we power our automobiles. ... I like the idea of promoting a fuel that relies upon our farmers."

Bush has supported lawmakers' push to use more corn-based ethanol as a gasoline blend and he is expected to call for a sharp escalation of ethanol use in his speech.

It is a political sure bet as ethanol has widespread bipartisan support.

Among the first bills introduced in the new Democratic-run Senate calls for using 60 billion gallons of ethanol, 10 times current production capacity, by 2030.

Two 2008 presidential hopefuls, Democratic Sens. Barack Obama of Illinois and Joe Biden of Delaware, are its leading co-sponsors.

Ethanol is "riding a big wave" this year, says Mark McMinimy, a policy analyst at the Stanford Group. "The renewable fuels-ethanol juggernaut enjoys one of the most prized commodities in Washington — broad-based support, bipartisan political momentum."

But even there, the administration has been criticized for not living up to the rhetoric.

In last year's State of the Union speech, Bush announced a goal to make a "new kind of ethanol practical and competitive within six years." His administration followed within days with a budget calling for only a modest increase — about $29 million — for research into cellulosic ethanol development.

Last week, the House passed legislation that would funnel $14 billion in money collected from oil companies into a renewable fuel fund. Ethanol lobbyist Bob Dinneen of the Renewable Fuels Association welcomed the action and urged that the fund finance loan guarantees — approved by Congress in 2005, but not funded — for cellulosic ethanol plants.

Yet the White House strongly opposed the House-passed bill in part because it said additional taxes on the oil companies should not be used to pay for such new programs.

A report last week by the General Accountability Office, the investigative arm of Congress, concluded "it is unlikely" that the government's current research and development programs will provide the alternative energy sources needed to "reverse our growing dependence on imported oil."

Bush Proposals Find Little Success (WT)

By Stephen Dinan

The Washington Times, January 22, 2007

DOJ_NMG_0119097

President Bush's record of getting his State of the Union proposals enacted, after successes in his early years in office, has dropped off substantially.

Of the 12 initiatives that he proposed or called on Congress to pass in 2006, the White House can claim complete success on just three: renewing the Patriot Act, expanding health savings accounts and expanding electronic medical records. That followed unfulfilled calls in 2005 to reform Social Security and the tax code and to pass a guest-worker program for illegal aliens and future immigrants.

That record is a far cry from the major policies Mr. Bush proposed in his 2002, 2003 and 2004 speeches, and later won from Congress, including a stimulus package to pull out of recession in 2002, a $15 billion fund to combat AIDS, a prescription-drug benefit in Medicare, passage of the authority to more freely negotiate trade agreements and the goal of cutting the deficit in half.

This year, Mr. Bush is dropping the laundry-list-style proposals and will instead focus on five major themes, on which he thinks he can find common ground with Democrats.

"I just think some of the old State of the Union formulas have kind of run their course," White House press secretary Tony Snow said last week, acknowledging that the new format is in part a reflection of the new political reality of Democrats controlling Congress.

Clark Judge, a speechwriter for President Reagan and Vice President George Bush, said the recent poor record of accomplishment is part of Mr. Bush's overall political problem -- falling approval ratings.

"That's part of why his numbers dropped -- that the achievements, what he set out to do, particularly in domestic policy, didn't happen, Social Security reform being the big one, but so too making the tax cuts permanent," Mr. Judge said.

Democrats said they just want to see action out of Mr. Bush.

"I wish the president would stop talking about things and just do something," said Senate Majority Leader Harry Reid, Nevada Democrat.

In 2002, Mr. Bush's first State of the Union -- as a new president he did not deliver such an address in 2001 -- came as Democrats controlled the Senate. Yet with split control, the president rang up a series of substantial successes. In addition to the stimulus package and trade authority, he also proposed the USA Freedom Corps and won a new package of post-Enron scandal corporate rules.

His 2005 speech was grand in its reach, proposing to overhaul both the tax code and Social Security, as well as the immigration system. But none of those came to fruition, and by last year, he aimed lower, calling for a commission to look at Social Security and for moderate changes to laws.

Even those, though, proved too much, despite Republican control of Congress.

Many of the changes fell victim to Republicans' failure to pass most of the annual spending bills that stymied many of his 2006 proposals, such as the Advanced Energy Initiative or training 70,000 high school teachers.

The White House blamed congressional Democrats, who instead of going back to work this year on those spending bills decided to continue 2006 funding levels through fiscal 2007.

"It's unfortunate that this new Congress chose to move forward in a way that they have a yearlong continuing resolution rather than completing the important work of those appropriations bills," said Scott Stanzel, a spokesman for the president.

Still, he said, the ball got rolling on many of their priorities.

"There was a lot of important work that went on last year both on the domestic and international front," he said.

Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania, said that State of the Union addresses are the toughest speeches a president gives and that rarely do historians find them memorable. She said they are "time-bound" because they are usually tied to taking stock of last year's accomplishments and the upcoming year's legislative agenda.

That's not to say they have been without memorable rhetoric, such as his 2002 declaration of Iran, Saddam Hussein's Iraq and North Korea as an "axis of evil."

But this year's different style of speech gives Mr. Bush an opening, she said.

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And she said Mr. Bush's opening salvo last year on energy policy -- he declared the nation "addicted to oil" -- sets the table for this year's promised focus in part on energy policy. White House officials have told Republicans in Congress that they expect to make the most significant headlines on energy issues.

Mr. Judge said there's still plenty of time for Mr. Bush to establish a good legacy, beginning with tomorrow's speech and centering on Social Security and immigration and buying enough time for his Iraq policy to work.

"The pieces are in place, as bad as things look right now, for having had a very successful administration," Mr. Judge said.

Speechwriters For Bush Seek Perfect Pitch (NYT)

By Sheryl Gay Stolberg

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Most Americans think of President Bush as the commander in chief. His speechwriters have another name for him: the editor in chief.

"He always wants it to be logical and straightforward," William McGurn, the chief White House speechwriter, said in a hurried telephone interview on Friday, just four days before the State of the Union address. "That's his big obsession. I always say I've been edited by Bill Buckley at the National Review, Bob Bartley at The Wall Street Journal. And the president is the strictest editor, the most line by line."

Mr. McGurn, a former Journal editorial writer, and his team of about a half-dozen writers and researchers have had more than their usual exposure to presidential editing this winter. The address on Tuesday comes 13 days after Mr. Bush's prime-time speech on his new strategy in Iraq, one that even some Republicans have criticized as uninspiring, a rhetorical dud.

For the people who get paid to put words in the president's mouth, the pressure is on.

"My job is to explain the president's policy and put it forward, to state his priorities in his voice," Mr. McGurn said. "So we do what he wants, not what someone may say on the cable news."

But this is Washington, where punditry is practically an official sport, and the pundits disagree. "A mediocre speech that was flat," said David Gergen, a former Nixon speechwriter, echoing the sentiments of many. "It was solid, but they miss Gerson."

Mr. Gergen was referring to Michael J. Gerson, Mr. McGurn's predecessor, who left the administration last summer. He is credited with what many say was Mr. Bush's best speech, to a joint session of Congress nine days after the Sept. 11 attacks.

Of course, writing a speech is only half the equation; the other half is in the delivery. Veteran Bush-watchers say the president is never as good standing solo before a television camera, as he did in the White House library for the speech on Iraq, as he is before a live audience.

Mr. McGurn and his crew, which includes a onetime spokesman for former Senator Jesse Helms and a staff member who four years ago was editing the student newspaper at Yale, are described by Clark Judge, a former speechwriter for Mr. Reagan and for the first President Bush, as "a first-rate team."

They also have the task of writing for the president in very different times than Mr. Gerson did. The bipartisan support for Mr. Bush that swept over Congress and the nation after Sept. 11 is long gone, the war in Iraq is going badly, and the president is about to deliver his first State of the Union address to a Congress controlled entirely by Democrats.

Mr. Bush was determined to be prepared. Mr. McGurn said he and Christopher G. Michel, the Yale graduate, were in the Oval Office going over the Iraq speech in December when the president announced: "I need to get started on the State of the Union. We can't wait."

That called for reinforcements. Mr. McGurn's deputy, Marc A. Thiessen, the former Helms spokesman, was already working on the State of the Union. With Mr. McGurn and Mr. Michel still busy on Iraq, John McConnell, the lead speechwriter for Vice President Dick Cheney, was brought in. So, too, was Matthew Scully, a speechwriter who left in 2004. Mr. Scully now lives in Los Angeles; he has been camping out in a Washington hotel since Jan. 6.

Every White House speechwriter, current and former, knows the traditional State of the Union formula: a laundry list of ideas, many of them destined to die in the bowels of some Congressional committee room. (In 2004, Mr. Bush proposed sending humans to Mars, a plan that even Republican strategists mock today.)

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This year, the president told his speechwriters that he wanted a more thematic speech, one that would focus on a few core issues, like energy, immigration and health care, where Mr. Bush hopes to achieve compromise with the Democrats.

Mr. McGurn would not disclose details, and as for soaring rhetoric, he would not say. But he did say the president was not much interested in "flowery language."

At this point, Mr. Bush is well into rehearsing. By Friday, he had already had several run-throughs in the family theater of the White House, with officials including Stephen J. Hadley, the national security adviser, and Condoleezza Rice, the secretary of state, listening in.

For his part, Mr. McGurn is a bit tired after a month of 12-hour days and 6:45 a.m. phone calls, and in need of a decent meal. In one eight-day stretch after Christmas, he and fellow writers ate breakfast, lunch and dinner every day in the White House mess, except when it was closed, as it was for dinner on New Year's Day.

"We went to Fuddruckers," said the man who puts words in the president's mouth. "It was, like, 8 o'clock. Nothing else was open."

The Clinic Is Open (NYT)

The New York Times, January 22, 2007

Companies are proving that when it comes to health care, you can re-teach old dogs an old trick. On-site health clinics in the workplace, which had been disappearing since their peak in the 1970s, are staging a comeback. Corporations are waking up to the fact that healthy employees are more productive, while sick workers are a drag on the bottom line. And they're trying to do something about it.

The sky-high cost of health care in the United States isn't just a challenge for the families that struggle to pay rising premiums and co-payments. It's also a serious issue for American companies, whose competitors in other countries often benefit from national health insurance programs.

As Milt Freudenheim reported recently in The Times, some big American-based companies have rediscovered that it's cheaper in the long run to spend a little more on in-house health clinics. Companies from the Pepsi Bottling Group to Credit Suisse have opened or expanded their clinics. More than a quarter of the nation's 1,000 largest employers will likely offer some kind of on-site health services by the end of the year.

For employees, a clinic is a major time saver, convenient and cheap (or even free). For companies, spending a relatively small amount of money on early detection and basic preventive care can save on expensive hospital bills down the line. It's an interesting stopgap solution, provided companies do not abuse their knowledge of employee medical conditions and remain focused on the long-term health of their workers, instead of just steering them away from expensive procedures.

Innovative as they are, office and factory infirmaries will hardly solve the nation's entrenched health care crisis.

Total health spending reached nearly $2 trillion in 2005, accounting for 16 percent of the economy. It is a bit scary that the 6.9 percent increase in health spending that year — rather than a cause for alarm — is celebrated as the slowest pace of increase in six years. There are 47 million uninsured people in this country. State governments, like those in Massachusetts and California, are trying to chip away at the problem and business groups are lobbying in Washington for help with out-of-control costs.

While it is a welcome sign that businesses and states are trying to come up with answers, health care is a national issue that requires a comprehensive solution.

Gold-Plated Indifference (NYT)

By Paul Krugman

The New York Times, January 22, 2007

President Bush's Saturday radio address was devoted to health care, and officials have put out the word that the subject will be a major theme in tomorrow's State of the Union address. Mr. Bush's proposal won't go anywhere. But it's still worth looking at his remarks, because of what they say about him and his advisers.

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On the radio, Mr. Bush suggested that we should "treat health insurance more like home ownership." He went on to say that "the current tax code encourages home ownership by allowing you to deduct the interest on your mortgage from your taxes. We can reform the tax code, so that it provides a similar incentive for you to buy health insurance."

Wow. Those are the words of someone with no sense of what it's like to be uninsured.

Going without health insurance isn't like deciding to rent an apartment instead of buying a house. It's a terrifying experience, which most people endure only if they have no alternative. The uninsured don't need an "incentive" to buy insurance; they need something that makes getting insurance possible.

Most people without health insurance have low incomes, and just can't afford the premiums. And making premiums tax-deductible is almost worthless to workers whose income puts them in a low tax bracket.

Of those uninsured who aren't low-income, many can't get coverage because of pre-existing conditions — everything from diabetes to a long-ago case of jock itch. Again, tax deductions won't solve their problem.

The only people the Bush plan might move out of the ranks of the uninsured are the people we're least concerned about — affluent, healthy Americans who choose voluntarily not to be insured. At most, the Bush plan might induce some of those people to buy insurance, while in the process — whaddya know — giving many other high-income individuals yet another tax break.

While proposing this high-end tax break, Mr. Bush is also proposing a tax increase — not on the wealthy, but on workers who, he thinks, have too much health insurance. The tax code, he said, "unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise, and many Americans cannot afford the coverage they need."

Again, wow. No economic analysis I'm aware of says that when Peter chooses a good health plan, he raises Paul's premiums. And look at the condescension. Will all those who think they have "gold plated" health coverage please raise their hands?

According to press reports, the actual plan is to penalize workers with relatively generous insurance coverage. Just to be clear, we're not talking about the wealthy; we're talking about ordinary workers who have managed to negotiate better-than-average health plans.

What's driving all this is the theory, popular in conservative circles but utterly at odds with the evidence, that the big problem with U.S. health care is that people have too much insurance — that there would be large cost savings if people were forced to pay more of their medical expenses out of pocket.

The administration also believes, for some reason, that people should be pushed out of employment-based health insurance — admittedly a deeply flawed system — into the individual insurance market, which is a disaster on all fronts. Insurance companies try to avoid selling policies to people who are likely to use them, so a large fraction of premiums in the individual market goes not to paying medical bills but to bureaucracies dedicated to weeding out "high risk" applicants — and keeping them uninsured.

I'm somewhat skeptical about health care plans, like that proposed by Gov. Arnold Schwarzenegger, that propose covering gaps in the health insurance market with a series of patches, such as requiring that insurers offer policies to everyone at the same rate. But at least the authors of these plans are trying to help those most in need, and recognize that the market needs fixing.

Mr. Bush, on the other hand, is still peddling the fantasy that the free market, with a little help from tax cuts, solves all problems.

What's really striking about Mr. Bush's remarks, however, is the tone. The stuff about providing "incentives" to buy insurance, the sneering description of good coverage as "gold plated," is right-wing think-tank jargon. In the past Mr. Bush's speechwriters might have found less offensive language; now, they're not even trying to hide his fundamental indifference to the plight of less-fortunate Americans.

Emerging Grievances Within Party Likely To Test Pelosi (WP)

By Jonathan Weisman

The Washington Post, January 22, 2007

DOJ_NMG_0119101

Beneath the resounding Democratic victories of the past two weeks, tensions have been growing between House Speaker Nancy Pelosi and many new committee chairmen and other members over her aggressive management style and her approach to the war, according to lawmakers and advisers.

Powerful committee chairmen have bridled at the California Democrat's decision to impose six-year term limits on them. Liberal Democrats say she is being too cautious in confronting President Bush on the war in Iraq. Rank-and-file Democrats say she erred in denying Republicans more say in the early legislation, making the speaker appear autocratic.

And many Democrats complain that Pelosi is relying too heavily on a coterie of liberal allies from her home state and Massachusetts to the exclusion of more conservative lawmakers from the Midwest and the South.

The friction will present a growing challenge as Democrats move from the poll-tested, popular items that breezed through the House this month to more difficult legislative ventures, such as efforts to stem global warming, overhaul the nation's immigration laws, shrink the budget deficit and resolve the war in Iraq. It could also hand Republicans a powerful political weapon as they seek to regain power in 2008 by challenging the crop of new Democrats hailing from Republican-leaning districts.

Rep. Marcy Kaptur (D-Ohio) praised Pelosi for guiding through so many popular legislative items so quickly but pleaded for her to develop a more inclusive leadership style.

"If I had any advice, it would be 'Don't isolate yourself inside the territory you're most familiar with,' " Kaptur said last week. "I guess I would say to her, 'Don't be isolated by your California experience.' "

Pelosi aides and allies say she is doing her best to be inclusive, and to consult with the strong-willed old bull chairmen, but she must also make room for the new voices that helped the Democrats win back the majority. They said that although that will not be easy, most Democrats will be patient as the new majority settles in.

"I think we suffered the last time the Democrats were in power from too much chairman autonomy," said Rep. Barney Frank (D-Mass.), a Pelosi ally and the chairman of the House Financial Services Committee. "Accusing the speaker of trying to manage public policy is like accusing the fire department of trying to fight fire."

Pelosi took over the speakership this month after a messy leadership fight in which she backed the losing candidate, Rep. John P. Murtha (D-Pa.), for House majority leader. She then threw herself into her "hundred-hour" blitz.

In 2 1/2 weeks, the House adopted new rules to curtail the influence of lobbyists and control deficit spending, then passed half a dozen bills to increase the minimum wage, bolster homeland security, fund stem cell research, order the federal government to negotiate lower drug prices for Medicare, cut some student-loan interest rates, and eliminate tax breaks for oil companies to finance alternative-energy research. On virtually every vote, Republicans joined united Democrats in droves.

But backstage, the firm -- some say heavy-handed -- style Pelosi used to ensure passage of those bills and deal with committee chairmen began to chafe.

Pelosi angered her chairmen and much of the Congressional Black Caucus with her decision to maintain a Republican rule limiting committee chairmanships to six years. Those chairmen and black members have waited years, even decades, to wield power as they patiently abided by the seniority system.

Now, some of the most powerful Democratic chairmen, such as Energy and Commerce's John D. Dingell (Mich.), Appropriations' David R. Obey (Wis.), and even ideological allies such as Oversight and Government Reform's Henry A. Waxman (Calif.), are openly questioning her decision.

They point to Republican experiences with term limits, when candidates for vacated chairmanships competed with one another to raise political cash for GOP candidates and offered legislative fealty to their leaders to win appointments.

That competition strengthened the hand of the leadership and introduced politics -- even the taint of corruption -- to a process that once ran on simple seniority, some Democrats note.

But Pelosi has stood her ground, arguing that fresh blood needs to circulate through the committees. Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus, said the excesses of those competitions were the products of the Republican Party, not the process.

"Tom DeLay created that culture," he said, referring to the Republican former House majority leader. "That's not us."

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Some Democrats were frustrated with her decision not to give Republicans a chance to offer even one amendment on the six bills that passed in the initial spate. Pelosi promised the Republicans that they will have more input on other matters, but some Democrats say she has unnecessarily ceded the moral high ground.

"As we try to move forward, we have to make sure transparency and cooperation is part of the legislative process," said Rep. Jim Costa (D-Calif.), an advocate of more comity in the House.

Some rank-and-file members see bias toward "bicoastal liberals" in Pelosi's inner circle -- particularly Reps. George Miller (D-Calif.) and Edward J. Markey (D-Mass.) -- and short shrift given to the views of Midwesterners and more conservative Southern Democrats.

On the war front, two Democratic camps have developed. Liberals and antiwar stalwarts such as Murtha, one of Pelosi's closest allies, want to aggressively use the power of the purse to affect policy, possibly by denying funds for increased troop strength in Iraq. But some senior Democrats and members of the leadership, such as Emanuel and House Majority Leader Steny H. Hoyer (D-Md.), counsel a go-slow approach, in which Democrats start with a nonbinding resolution against the president's policies, use hearings to build up public support for more dramatic action, and gauge voter feelings before legislative action to stop a military buildup in Iraq.

In the most public breach, Pelosi created a special committee dedicated to global warming, infuriating Dingell, whose committee would inevitably lose jurisdiction. Dingell fumed: "These kinds of committees are as useful in relevance as feathers on a fish."

The move crystallized fears among some moderate Democrats that Pelosi would "policy shop" to produce the legislative outcome she wants, even if that outcome goes against the grain of the moderates' constituents, several House members said.

At a rancorous closed-door meeting of the Energy and Commerce Committee last week, members of all political stripes backed Dingell and threatened to subject the proposed committee to a public execution on the House floor. One conservative Democrat said Friday that the issue could turn even nastier than the race between Hoyer and Murtha for majority leader.

"These are very major blunders on her part," said a senior Democratic adviser who served for years in the House and spoke on the condition of anonymity for fear of breaching his ongoing relationships. "The general feeling is that she keeps her own political counsel. She doesn't have any staff who are her eyes and ears and can tell her what's really going on in the caucus."

Emanuel conceded some missteps and miscommunication, but he said they are not indicative of larger issues. Committee chairmen can abide term limits, Emanuel said, but they should have been informed of her thinking on the subject. "Nobody likes being caught by surprise," he said.

The fears created by the new panel on global climate change stem largely from concerns that the committee will be permanent, amassing influence at the expense of other panels, Emanuel said. Pelosi will put in writing that it will be disbanded at the end of the 110th Congress.

Pelosi spokeswoman Jennifer Crider said that the speaker has confidence and trust in her committee chairmen but that Pelosi also wants to create new platforms from which fresh voices can be heard. New task forces have been created to get the pulse of members in their 30s, veterans and rural representatives. There is a new black working group to supplement the long-standing Congressional Black Caucus and a faith working group to give a voice to the religious.

Such groups may compete with traditional power centers, but Pelosi will stand by her efforts, aides to the speaker say.

Student Loan Scam (WP)

By Robert D. Novak

The Washington Post, January 22, 2007

House Democrats were extolling their student loan bill for opening college to Americans with moderate incomes on Wednesday when Rep. Tom Price, a second-term Republican from Georgia, took the floor. "If only this bill did what they say," Price declared. His admonition constituted more than the usual hyperbole of congressional debate.

The bill, passed by an overwhelming, bipartisan vote, was touted as reducing the interest on federally subsidized student loans, from the present 6.8 percent to 3.4 percent. Actually, it gradually reaches the 3.4 percent level on July 1, 2011. A student taking out a loan on July 1 of this year would pay 6.12 percent after graduation. Only 29 percent of all students getting loans would

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be eligible for this gradual reduction. Other student loan programs will be cut to help cover the $7 billion cost over five years. And contrary to what the Democrats suggest, the bill does nothing to slow skyrocketing college tuition.

Such details are obscured, however, by the brilliant success of Speaker Nancy Pelosi's "first 100 hours." The student loan bill is one of the politically popular measures rushed through the opening days of the first Democratic-controlled House session in 12 years -- without hearings, without committee authorization and without meaningful debate. While Democratic support has been unanimous, Republicans are divided and listless.

In contrast to the ideologically diverse Democrats who controlled Congress in the past, today's House majority members are like automatons. The hand of Rep. Rahm Emanuel, chairman of the House Democratic Caucus, was apparent as Democrats newly elected under his leadership took the floor to deliver nearly identical speeches of how this bill will help poor students.

Rep. Ed Perlmutter, who won a previously Republican-held district in Colorado, used the now common anonymous anecdote in his floor speech. He told of seeing "a woman whose kids have gone to school with mine" at a swim meet in Arvada, Colo. "She told me that one of her kids is in college now, and she has another that will be going in a couple of years. She is a single mom, and her kids have done well in school, but the cost of college has become prohibitive for their entire family. She said her kids have been excellent students, but she was fearful they could not get into college and be able to pay for it."

Perlmutter added that this "single mom" thanked him for this bill changing "the cost of higher education." In fact, the bill has nothing to do with the prohibitive cost of college. It will have no effect whatsoever on her child now in college. If her second child is literally enrolling in a couple of years (in January 2009), the interest rate would be 4.76 percent, to be paid after the student leaves college. The mom may have thanked Perlmutter too soon.

Because Democrats are now committed to "pay-go" (offsetting all spending increases), this bill means cutting $6 billion from other federally subsidized student loan programs, on top of a net $12 billion cut by the last Republican-controlled Congress.

On the eve of Wednesday's debate, the Consumer Bankers Association and the Financial Services Roundtable sent a joint letter to members of Congress. The offset cuts in loan funding, the organizations warned, "cannot be absorbed by the nation's loan providers without compromising the kinds of benefits and services now provided to college students and their families."

This warning was not expected to effect heady Democrats, but it should have promoted caution among Republicans. It did not. While Democrats were 232 to 0 for the bill, only 71 Republicans followed their leadership and voted against it. The 124 Republicans voting aye included such erstwhile conservative stalwarts as Todd Akin (Mo.), Virgil Goode (Va.), Chip Pickering (Miss.), Joe Pitts (Pa.), Dana Rohrabacher (Calif.), Ed Royce (Calif.) and Todd Tiahrt (Kan.).

The once militant, united House Republicans are demoralized and on the run. They were battered in the last campaign for cutting school loans in the previous Congress and are willing to go along with a sham bill, hoping for Senate gridlock or a presidential veto.

GOP Seizes On Dissent In Majority (WT)

By Christina Bellantoni

The Washington Times, January 22, 2007

House Republicans have been quoting some unlikely allies when complaining about the methods used by the new Democratic majority -- Democratic leaders.

As the House approved the final piece of Speaker Nancy Pelosi's initial "Six for '06" agenda, Republicans lamented that the bills in the package did not go through committees and that amendments were not allowed.

Backing up their point were Senate Majority Leader Harry Reid of Nevada; Rep. Charles B. Rangel of New York, House Ways and Means Committee chairman; and Rep. John D. Dingell of Michigan, the House's longest-serving member.

"They are shutting out not just Republicans but all of the talented members of this Congress," said Rep. Adam H. Putnam of Florida, chairman of the Republican Conference.

Mr. Putnam and other Republicans repeatedly trotted out last week an article about Mr. Reid in Time magazine that included an assertion: "In private, Senate sources say, Reid has been critical of the Speaker for what he believes was

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unnecessary roughness in ramming through her first-100-hours agenda, refusing to allow Republicans to propose amendments and breaking her campaign promise to open up the lawmaking process."

The article didn't quote the Nevada Democrat directly criticizing Mrs. Pelosi, but Republicans seized on it, saying she had achieved a "trifecta" of Democratic critics.

"Top House Tax Writer, Senate Majority Leader, and now the Dean of the House," Republicans blared in a press release citing Mr. Reid, Mr. Rangel and Mr. Dingell.

The New York Post reported that Mr. Rangel is "butting heads" with the speaker over the committee process, and that there is tension between the two over tax policy.

Mr. Rangel told The Washington Times that he is "uncomfortable" with Republicans' using him to support their own point and that he is confident Democratic leaders will return to regular order now that their opening agenda has been passed.

"That was part of the 100-hour agenda, and I'd like to believe that is behind us now," Mr. Rangel said.

Though Republicans for a dozen years largely shut Democrats out of the lawmaking process using many of the same tactics, they have justified their complaints this year by saying voters sent a message they want more bipartisanship.

"I understand the need for the majority party to make its move, to make its first impression," said Minority Leader John A. Boehner of Ohio. "I understand that the first couple of bills had to come flying right to the floor, but we are short-circuiting democracy here."

Mrs. Pelosi and Majority Leader Steny H. Hoyer say their agenda has been subjected to several committee hearings and point out that their 2006 campaign highlighted their six legislative priorities, which all passed this month with some Republican support.

They note that a minimum-wage increase passed the Appropriations Committee last year but never went to the floor for a clean vote and point out their bill to expand federal support from embryonic stem-cell research is identical to one passed by the previous Congress.

Republicans counter by saying the accelerated process this month led to at least two mistakes -- the exemption of American Samoa from a minimum-wage increase and failure to include in the initial ethics package a measure barring ex-lawmakers convicted of felonies from receiving government pensions. Democrats plan to fix both errors.

"The jamming of an agenda, relying only on a handful of people, is resulting in a bad product," Mr. Putnam said. "It's not just Republicans who are noticing. Majority Leader Reid is talking about the railroading of a process and [Chairman] Rangel is saying committees need to have a role, and we couldn't agree more."

Minority Whip Roy Blunt of Missouri said Mrs. Pelosi's "rush to judgment" has produced errors that even seasoned Democrats complain about.

"The chairmen -- they're being ignored as well by the way -- understand that," he said.

Mr. Hoyer, praising the Republicans who voted for the Democratic agenda, said last week he intends "to try to continue to work on a bipartisan basis" and "reach consensus as we move forward."

"In the future, it will be more difficult," the Maryland Democrat said. "That does not mean we will always be able to do that, but it does mean that we will always try."

Further exciting Republicans was Mrs. Pelosi's plans to establish a special committee on global warming that might take aim at U.S. automakers, whose cars are a leading source of carbon emissions. The move irritated Mr. Dingell, the chairman of the Energy and Commerce Committee who hails from Michigan, home to the auto industry.

A Democratic source said some of the leaders and more conservative members were frustrated that Mrs. Pelosi seems to be pushing her own agenda by going around them. Sources said Mrs. Pelosi did not collaborate with Mr. Hoyer when crafting the plan for the warming committee.

Republican Rep. Steve King of Iowa also noted that the freshmen from both parties "have really been shut out of this process," accusing a few Democrats of making all the decisions.

"I hope the freshmen finally have a voice. I hope it starts Monday morning," he said Friday.

When John Meets Al (NYT)

DOJ_NMG_0119105

The New York Times, January 22, 2007

Four major bills have recently been offered in the Senate calling for mandatory controls on carbon dioxide, the main global warming gas. And last week, 10 big companies, including General Electric, Alcoa and progressive utilities like PG&E of California, joined in an informal coalition to press Congress and President Bush for action.

All of this has been accompanied by considerable fanfare. But at least as important was a quiet little letter to the members of the House Committee on Energy and Commerce from its new chairman, John Dingell.

A Michigan Democrat who in recent years has opposed stronger fuel economy standards for automobiles, Mr. Dingell is, at best, agnostic on global warming. But he said he would put climate change at the top of the committee agenda this year and, for good measure, would invite Al Gore — whose documentary "An Inconvenient Truth" has raised public awareness of the issue — to testify first.

Mr. Gore should quickly accept. Mr. Dingell's support will be essential to any real progress on curbing emissions. In recent years, serious discussion of climate change has been largely confined to the Senate. But laws must be passed by both chambers, and if anything is to happen in the House, it will need Mr. Dingell's participation and consent.

That is the main reason House Speaker Nancy Pelosi established a select committee on global warming last week — not to end-run Mr. Dingell's powers, which she can't really do, but to elevate an issue she regards as important and to pressure Mr. Dingell to take a leadership role.

Mr. Dingell is 80 now, a formidable warrior who during 51 years in the House has played a pivotal role in pushing through nearly every cornerstone environmental law, including the Clean Air Act, the Clean Water Act and laws protecting wilderness and endangered species. But while he supported fuel economy standards years ago, his loyalties to Detroit have led him to oppose further restrictions. As for global warming, he has said that he needs to be convinced that the consequences are truly worth worrying about, and if they are, that the problem can be addressed without bankrupting the country.

Hardly a believer, in other words, but plainly open to persuasion. Which is why it's essential for Mr. Gore and others to become part of the conversation Mr. Dingell has invited. In the end, what is most likely to move him forward is not pressure from Ms. Pelosi or anyone else but appeals to his well-documented sense of environmental stewardship.

Big Business Has Plenty Of Allies In Democrats' Congress (LAT)

By Tom Hamburger And Janet Hook

Los Angeles Times, January 22, 2007

WASHINGTON — Incoming House Speaker Nancy Pelosi terrified the oil industry late last year when she outlined her priorities for the new Democratic majorities in Congress. Within the first 100 hours, she promised, they would "roll back the multibillion dollar subsidies for Big Oil."

Last week, however, when Pelosi (D-San Francisco) won House approval of the much-touted bill socking it to the oil companies, it turned out to be considerably less drastic than many in the industry originally feared. Out of an estimated $32 billion in subsidies and tax breaks that the oil companies are scheduled to receive over the next five years, the final House bill cut just $5.5 billion.

It's not just oil: From one end of the House Democrats' "first 100 hours" agenda to the other, businessmen and their K Street lobbyists have found success amid the fear in dealing with the new Congress.

Surprising as it might seem in view of the Democrats' public rhetoric, business groups are getting their telephone calls returned. And they're getting plenty of face time with the new House and Senate leaders.

Thanks to this access, the oil industry fended off many of what it considered the most objectionable features of the proposed energy bill, while the big pharmaceutical companies had success keeping some unwanted provisions out of the new House Medicare drug bill.

And, while the House was passing its minimum wage bill, small business lobbyists were working the Senate to win tax breaks for their clients in the Senate's version of the bill.

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"There was a lot more anxiety initially because of not knowing what was going to transpire," said Stuart Roy, a member of the DCI Group, a prominent Washington lobby shop, and a onetime aide to former GOP House Majority Leader Tom DeLay of Texas. Now, Roy said, "the anxiety level is down."

Democrats are quick to point out that even if the high-profile flurry of bills contained concessions to business, they still went further than anything passed by the old Republican majorities. Instead of trimming back oil subsidies, for example, the GOP and President Bush had expanded tax credits for oil companies, saying they were necessary to encourage domestic production.

Still, as the opening round came to an end, many business lobbyists said they were relieved.

In part, the business community's early impact reflects the fact that it is a constituency Democrats can't afford to ignore. As they prepare for the 2008 election season, in which they hope to hold and extend their congressional majorities and also take over the White House, Democratic candidates will need substantial business support in the form of campaign contributions.

In addition, business groups and their K Street lobbying firms have moved quickly to adapt to the new political equation on Capitol Hill, developing new tactics in Washington and at the grass roots, as well as dusting off some time-honored ways of dealing with the opposition.

Many lobby shops had already begun adding knowledgeable and well-connected Democrats to their rosters, turning away from the "K Street Project" in which DeLay and other GOP leaders had pressured such firms to hire conservatives and dump Democrats.

"One of the lessons is that good lobbying is always bipartisan," said Scott Segal of Bracewell & Giuliani, a lobbying firm that maintained its bipartisan credentials despite the GOP pressure.

On the oil bill, Segal represented a leading oil refinery and an industry trade association. His team included former Texas Democratic Rep. Jim Chapman, along with Mike Pate, who was legislative director to the late Democratic Sen. Lloyd Bentsen of Texas. All three reached out to moderate Democrats in the new Congress.

The moderates in turn had ready access to Pelosi and led the way in softening the impact of the final bill.

Two Texas representatives took the lead: Gene Green, who represents the Houston area, and Chet Edwards of Waco. Green said the process worked because Pelosi took the unusual step of calling on "energy state legislators to tell her what we could agree to." Green particularly was a point of contact for the industry and for staff. On Jan. 9, he hosted a private meeting of about a dozen members and 20 to 30 industry lobbyists — including those representing every major oil company — to go through the legislation.

The meeting followed a series of sessions discussing the bill hosted in Pelosi's office, often led by her top energy aide, Amy Fuerstenau. .

In late November, Pelosi's conference room was filled with a coalition of environmental and consumer groups who presented a list of subsidies the oil industry enjoyed, totaling $32 billion over five years.

The list, according to one participant, included subsidies that Democratic lawmakers had unsuccessfully proposed to get rid of in years past, including several that particularly alarmed the oil industry.

One conferred favorable tax treatment for U.S. refineries that expand and upgrade their plants. Another allowed industry accounting methods that reduced their taxes dramatically. A third included a tax credit that helped manufacturers compete with imports.

Charles Drevna, a top executive of the National Petrochemical & Refiners Assn., communicated separately with Pelosi's staff opposing all three of those changes. The concerns were also represented separately by other lobbyists, and by Green and other members of Congress.

In the end, the industry was able to preserve the first two tax breaks, but lost the right to use the manufacturers credit.

Drevna was not happy with the final bill, even though it preserved two of the tax breaks he fought to save.

He and other lobbyists said the environment on the Hill was clearly less favorable for business now that Democrats are in control.

But he acknowledged that his arguments were heard. "The speaker didn't lie to us. She told us what she was going to do and went ahead and did it."

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Steve Elmendorf, a lobbyist who was a top aide to the Kerry campaign, said, "The biggest change for the business community is that in dealing with Democrats, they are not the only people at the table. Labor unions, trial lawyers, consumer advocates are also part of the discussions. That wasn't true with the Republicans."

That was cause for celebration for some last week like Tyson Slocum, who handles energy issues for the left-leaning Public Citizen organization. "In the past, the oil industry had exclusive jurisdiction over the U.S. Congress, but that's not the case anymore. Now they have an equal seat with the rest of us."

Slocum said that "the House could have been far more aggressive," in the energy bill. Still, he called it "a fantastic start, especially in light of what recent Congresses have done."

The minimum wage hike debate two weeks ago was also a tribute to the continuing clout of the business lobby, particularly small business. As the House overwhelmingly voted to increase the minimum wage from $5.15 to $7.25 with the support of scores of Republicans, the lobbyists found success in the Senate, where the GOP still has tremendous leverage.

Democrats, including Senate Finance Committee Chairman Max Baucus of Montana, declared they could not pass the wage hike without including tax breaks for small businesses and restaurants that are seen as hardest hit.

Meantime, the pharmaceutical lobby, Washington's most potent lobbying force, successfully blocked what it considered the most extreme proposals for reducing drug costs.

At one point Pelosi considered advocating a new government-run drug program, but dropped the idea and went with a less ambitious plan.

Like other industries, drug companies are hiring Democrats as lobbyists and ramping up campaign contributions. For example, lobbyist attendance at fundraisers for Ways and Means Chairman Charles B. Rangel has skyrocketed. Organizers had to add tables at a breakfast fundraiser Jan. 18 at the Phoenix Park Hotel because twice as many people as expected showed up.

Rangel was not previously close to the drug industry, whose lobbyists had battled his efforts on Medicare benefits in the past. Last week, however, a source close to Rangel said the industry's leading trade group had offered to host a fundraiser for him; Rangel has not decided whether to accept.

"I've got so many new friends these days," he told one reporter.

U.S. Financial Sector Is Losing Its Edge, Report Says (NYT)

By Jenny Anderson

The New York Times, January 22, 2007

Adding to a chorus of concern that the United States is losing its edge as the leading financial center, Senator Charles E. Schumer and Mayor Michael R. Bloomberg will release a report today urging the country to take a series of steps to improve its legal and regulatory environment.

If not, the report warns, it could lose 4 to 7 percent of the global financial services market over the next five years.

“The last thing that New York and the country, for that matter, need is to wake up one morning and find we are no longer the financial capital of the world,” Senator Schumer, Democrat of New York, said. “This report shows that could happen not just for I.P.O.’s, but for all financial services, all too easily and all too soon.”

The committee’s primary recommendations echo those of a similar report released in November, focusing on easing or eliminating provisions of the Sarbanes-Oxley Act for small and foreign companies — some steps that the Securities and Exchange Commission is currently undertaking — and curbing securities-related litigation. The latest report is one in a series commissioned in the public and private sectors voicing concern that the United States is falling behind because of a burdensome legal and regulatory environment.

The report adds some new dimensions to the debate, however, making recommendations to ease immigration restrictions facing skilled professionals from other countries, urging convergence on international accounting standards and recommending the adoption of Basel II, an international accord on capital standards, without increasing capital requirements as some United States banking regulators have suggested.

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Taking pre-emptive steps to address concerns about regulation and litigation might halt the country's loss of market share and add $15 billion to $30 billion in revenue in 2011 alone, the study said. It would also allow for the creation of 30,000 to 60,000 jobs in the securities sector.

Like all reports focused on American competitiveness, the latest report, entitled "Sustaining New York's and the U.S.'s Global Financial Services Leadership" and conducted by McKinsey, addresses the fact that the United States now commands a significantly declining share of the global market for initial public offerings.

But it also examines the broader financial services arena, including the fast-growing derivatives and structured product markets, the gigantic loan market as well as the traditional markets in stocks and bonds.

The report shows foreign markets closing in on the United States in size and certain product offerings. For example, in 2005, American investment banking and sales and trading revenue totaled $109 billion ($69 billion in sales and trading and $40 billion in investment banking) compared with $98 billion in Europe and $37 billion in Asia.

The United States remains the largest financial market in the world, as measured by what is called "financial stock" — equities, private debt, government debt and bank deposits — with $51 trillion in 2005, but its pace of growth was significantly slower than in other markets, especially the Asia-Pacific (excluding Japan) and Britain.

Emerging markets will naturally grow faster than the more developed United States market. But administration officials for Mr. Bloomberg and Mr. Schumer said the report aimed to address factors particular to the United States, namely litigation and regulation, which might deter businesses from coming here.

Critics of easing regulatory standards and the ability to bring securities class-action lawsuits point out that litigation costs have been unusually high because of settlements related to the frauds that caused the collapse of Enron and WorldCom.

Europe has a larger share of some of the more innovative areas of finance, including derivatives, the report concludes. Europe has a 56 percent share of the $52 billion global revenue pool from derivatives and a 60 percent or greater share of revenue in interest rates, foreign exchange, equity and fund-linked derivatives. The United States leads only in commodity derivatives.

Short-term recommendations include improved guidance on Sarbanes-Oxley implementation, including the ability for small companies and foreign companies within certain "sophisticated" markets to opt out of some requirements as long as it is disclosed.

The report suggests that the S.E.C. use certain exemption powers to limit liability for foreign companies to securities-related damages and impose caps on auditors' damages. Like the Capital Markets Committee report in November, the latest study recommends that the S.E.C. allow companies to mediate conflicts through arbitration rather than litigation.

McKinsey interviewed 50 financial service chief executives and business leaders, received surveys from an additional 30 financial service chief executives and separately polled 275 other senior executives in the field.

The pace of job creation in London far outstripped that of New York City, the report says. From 2002 to 2005, London's financial services work force grew by 4.3 percent, to 318,000, while New York City's shrunk by 0.7 percent, or 2,000, to 328,400 jobs.

London has been gaining an edge in attracting the largest hedge funds. In 2002, London was home to only 3 of the largest 50 hedge funds, compared with 12 today. In that same period, New York had a decline: today 18 of the largest 50 hedge funds are based in New York, compared with 28 in 2002 (Connecticut has gained two over that period, from 6 to 8).

Reiterating oft-cited figures related to market share of global initial public offerings, the report highlighted that the United States controlled 16 percent of the global stock-offering volume, exceeding $1 billion, in 2006 (through the beginning of November) compared with 57 percent in 2001. Europe's share has leaped from 33 percent in 2001 to 63 percent through the beginning of November.

"Let's be clear: The financial services industry is one reason that the 20th century was the American century and that New York became the world's capital," Mr. Bloomberg said. "We've outlined a range of practical yet innovative steps to ensure the 21st century is just as bright."

A Busy Karl Rove Stays Out Of The Spotlight (NSWK)

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Newsweek, January 22, 2007

Jan. 29, 2007 issue - Don't write Karl Rove's political obituary just yet. After the GOP's midterm thumping, President Bush's top aide fell out of the spotlight. But behind the scenes, according to administration officials (anonymous in order to discuss White House matters), Rove has been laying the groundwork for Bush's State of the Union address and mulling how the GOP can regain momentum in 2008. Earlier this month Rove showed up at a weekly meeting of influential D.C. conservatives, surprising attendees with his bubbly demeanor after weeks of rumors that he might be headed out.

"I think some people had given him up for dead, but he was good old Karl, upbeat and enthusiastic," says GOP activist Grover Norquist, who hosts the weekly sit-down. At the meeting Rove previewed Bush's final two years in office, saying Social Security reform was likely off the table and that Iraq and the economy would be the biggest issues for 2008. Rove offered a $5 bet to anyone in the room that Bush would not raise taxes during his final years in office. According to Norquist, two attendees took the bet. Norquist admits he's also skeptical about Rove's taxes claim. "I personally think it's going to happen," he tells NEWSWEEK. Rove has been busy trying to find common ground with Dems, organizing two meetings between Bush and the Blue Dog Democrats, a coalition of conservative lawmakers who offer the White House its best chance at compromise with the new Congress. Rove also sat in on many of Bush's meetings with members of Congress in recent weeks about Iraq; he didn't say much, according to one attendee who requested anonymity because the meeting was private. Still, the Architect, as Bush dubbed him after his 2004 re-election win, was notably absent from last week's Republican National Committee meetings in Washington, where last year he delivered a blistering attack on "cut and run" Dems. "I don't know anyone who holds him personally responsible for what happened to us in the election," said a GOP national committee member, who declined to be named talking about the inner circle. "But his stature isn't quite the same." The big question in D.C. now: Will Rove testify at Lewis (Scooter) Libby's criminal trial over the leak of a CIA officer's identity? Prosecutor Patrick Fitzgerald, who ruled out charges against Rove in the case, has said he won't call the top Bush aide, but Libby, Dick Cheney's former chief of staff, hasn't ruled it out.

Showdown Looms In Congress Over Drug Advertising On TV (NYT)

By Milt Freudenheim

The New York Times, January 22, 2007

Drug advertising aimed at consumers, a fast-growing category that reached $4.5 billion last year, will face hard scrutiny in the new Congress, according to industry critics in both the House and Senate.

The consumer ads will be on the griddle early in this session at hearings on the user fees that manufacturers pay to speed the reviewing of new drugs by the Food and Drug Administration. The user fee law will die in the fall unless Congress acts to renew it.

The pharmaceutical industry, which often gets what it asks for from Congress and the executive branch, seeks to renew the law and add a new set of user fees that would be pay salaries for additional F.D.A. employees to evaluate all consumer drug ads, before they are shown on television.

Both the industry and its critics agree that there should be a pause before the advertising starts — to allow time for doctors to learn about a new drug. The companies want the delay to be left up to them, but critics say the F.D.A. should require a wait of up to two years. Criticism of direct-to-consumer advertising has intensified since 2004, after Merck withdrew Vioxx, a heavily advertised painkiller, after a clinical trial showed that it sharply increased the risk of heart attacks and strokes.

“From the beginning , everyone, including the company, agreed that not everybody ought to be getting Vioxx,” said Helen Darling, president of the National Business Group on Health, an organization of large employers. “But the ads implied there was a widespread need for it.”

Spending on consumer drug advertising, meanwhile, has been growing robustly, from $1.1 billion in 1997 to $4.2 billion in 2005, according to a recent report to Congress by the Government Accountability Office. In the first nine months of 2006, spending rose 8.4 percent to $3.29 billion, on track toward $4.5 billion for the year, according to TNS Media Intelligence, an advertising research firm.

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Spending on the ads faltered in 2005 after soaring 27 percent in 2004, before Vioxx was withdrawn, said David Kweskin, a senior executive at the firm. "Now they are in a catch-up phase."

Two independent government watchdog groups sharply criticized consumer drug advertising recently, and a separate survey Jan. 9 commissioned by the PricewaterhouseCoopers accounting and consulting firm indicated that skepticism is widespread among the public, too. Only 1 in 10 consumers said the direct-to-consumer, or D.T.C., ads could provide useful information to a large audience, the survey said. (Consumer drug advertising is not permitted in most of the world, except New Zealand and the United States.)

The pharmaceutical industry itself acknowledges having an image problem.

"It would be naïve to not acknowledge the fact that D.T.C. advertising is also a lightening-rod in the health care debate in this country," said Billy Tauzin, the former congressman who is now president and chief executive of the Pharmaceutical Research and Manufacturers of America, in a speech to venture capitalists last spring. There is "one great problem" that the manufacturers face, he said: "in a word, it is trust."

"While individual patients find the information useful in discussions with their physicians," he added in his speech, "patients, physicians and consumers generally express unhappiness with D.T.C. advertising."

Mr. Tauzin's organization issued voluntary guidelines for consumer ads, which took effect last year. Under the guidelines, the companies have promised to hold off on consumer advertising of a new medicine for an unspecified "appropriate" period. That would allow time to tell doctors about risks and benefits, before television and Web site viewers see an ad and demand a prescription.

Twenty-seven members of the pharmaceutical manufacturers organization have endorsed the guidelines, but it is hard to figure exactly how long the delays in advertising will run. Bristol-Myers Squibb has said that it would delay for 12 months. Johnson & Johnson and Pfizer said they would wait six months. The manufacturers group cannot say how other companies have interpreted the guidelines, a spokesman said.

But according to TNS Media Intelligence, the companies have actually been waiting 15 months, on average, since the Vioxx debacle.

Critics say that even after F.D.A. approval, the full safety profile of a new drug cannot be known until it has been widely used for a number of years.

But the manufacturers' guidelines have to be voluntary, said Daniel E. Troy, a former chief counsel of the F.D.A., because the Supreme Court has "struck down restrictions on advertising of tobacco, alcohol, gambling and unapproved compounded drugs."

The agency sent 15 warning letters to drug companies regarding ads in 2005 and a total of 22 complaints last year.

The F.D.A. told AstraZeneca, for example, to "immediately cease" a "misleading superiority claim" in a 2005 TV commercial. The ad said AstraZeneca's Crestor was "clearly the best" in a "head to head" test with the three largest-selling cholesterol drugs.

Emily Y. Denney, an AstraZeneca spokeswoman, said that by the time the letter was received, in March 2005, the ads were no longer running. The company defended its message in the advertising as "appropriate."

Another F.D.A. letter told Amgen, a biotechnology company, to stop running commercials for Enbrel, a treatment for the skin disease psoriasis, that the F.D.A. said minimized "serious risks" associated with the drug. Amgen immediately withdrew the commercial.

Last year, the company obtained F.D.A. approval of the contents of a new Enbrel television ad before showing it, David Polk, an Amgen spokesman said. Corporate lawyers say such advertising is protected by the First Amendment under a doctrine of commercial free speech. But some experts say the limits of the protection are murky.

The closest approach to clarity was in 2002 when the Supreme Court rejected, by a 5-to-4 vote, a federal restriction on advertising by pharmacists who make their own compounds.

"It is a giant game of chicken between the government and the industry," said R. Alta Charo, a law professor and bioethics specialist at the University of Wisconsin in Madison. "I don't believe either side really wants to see a definitive case go to the Supreme Court because neither side is willing to take the risk that they will lose."

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Professor Charo was a member of a committee of experts of the Institute of Medicine, which examined drug safety issues at the request of the F.D.A. Last fall, the committee called on Congress to give the F.D.A. new authority over advertising, including the power to require a two-year moratorium on advertising before approving a new drug.

"I think the Congress has clearly indicated its strong interest and concerns about the F.D.A. and drug safety for consumers," said Sheila P. Burke, a longtime Republican health policy expert who headed the Institute of Medicine committee. "Broad-scale advertising can sometimes lead to a rapid increase in the use of a drug" that raises the risk of harm for patients, she said.

F.D.A. regulators would be granted the power to require moratoriums under a bill sponsored by Senators Edward M. Kennedy and Michael B. Enzi, the chairman and ranking Republican member of the Senate Health, Labor, Education and Pensions Committee.

"Patients deserve the best and most accurate information about the medicines they take," Senator Kennedy said in a statement. "An essential part of any drug safety proposal must be to give the F.D.A. the authority and resources it needs to oversee direct-to-consumer advertising, and to allow the F.D.A. to impose conditions or limits on that advertising, where needed to protect the public health."

Testifying for the pharmaceutical industry last year, Dr. Adrian Thomas, a vice president of Johnson & Johnson, insisted that "the important First Amendment issues that arise from banning truthful speech, even for a period of time, must be carefully considered before legislating in this area."

The Government Accountability Office said last November that the F.D.A. should be doing a better job of overseeing consumer drug ads. Now, the F.D.A. reviews only a small fraction of the advertising, picking and choosing without proper priorities, the G.A.O. said.

The G.A.O. report had been requested by three influential senators: Bill Frist, a doctor, before he stepped down as Republican leader of the Senate; Charles E. Grassley, now the ranking Republican on the finance committee, and Herb Kohl, a Democrat who heads an appropriations subcommittee that oversees the F.D.A.

Representative Henry A. Waxman, a California Democrat who is chairman of the House Oversight and Reform Committee, added a further criticism: that the F.D.A. had been slow to crack down on drug ads that included "false and misleading" claims, he said in a telephone interview.

F.D.A. officials said they had to deal with 54,000 drug promotions each year, aimed at both doctors and consumers.

"We are seriously considering all of the recommendations" of the Institute of Medicine report, said Thomas Abrams, director of the F.D.A.'s division of drug marketing, advertising and communications.

Support Grows To Make English Official (WT)

By Eric Pfeiffer

The Washington Times, January 22, 2007

The push to make English the nation's official language is building momentum, with a congressional bill on the horizon and seven states pushing legislation to make English the official language or to strengthen laws already in place.

"There's been such strong support," said Rep. Steve King, Iowa Republican. "And it's gaining momentum."

Mr. King is expected next month to reintroduce the English Language Unity Act, which seeks to make English the nation's official language. However, he said that timetable had been postponed until House Speaker Nancy Pelosi could complete the Democrats' "first 100 hours" agenda. "Nancy Pelosi has us under martial law," he said.

"The states have been wonderful on this," said Jim Boulet Jr., executive director of English First, an organization that supports making English the official language. "The problem isn't getting bills passed, it's getting them enforced." Mr. Boulet described Mr. King's bill as "a good first step."

In the last session of Congress, Mr. King drafted similar legislation and counted 160 co-sponsors, placing the bill in the top 2 percent of co-sponsored legislation. Although control of Congress has switched hands, the bill's advocates say the issue has broad, bipartisan support. "We don't necessarily expect them to jump in and say they support this unanimously," said Rob Toonkel, spokesman for U.S. English Inc., a group that supports making English the official language.

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The legislation would not bar private businesses or individuals from using multilingual material, but it does seek to prevent federal funds from being spent on such efforts.

Mr. King has long been an advocate of English-language laws. In 2002, as a state senator, Mr. King authored a successful bill making English the official language in Iowa. The bill was signed by then-Gov. Tom Vilsack, who is now a candidate for the Democratic presidential nomination in 2008.

Mr. King on Jan. 10 filed a lawsuit in state district court against Gov. Chet Culver and Secretary of State Michael Mauro, both Democrats, for violating Iowa's English-language law. The lawsuit accuses Mr. Culver, who served as secretary of state before running for governor, and Mr. Mauro of illegally placing voter-registration forms and absentee-ballot request forms on Iowa's secretary of state Web site in foreign languages.

Meanwhile, English-language laws have been introduced by state legislators in Georgia, Kansas, Kentucky, Mississippi, Missouri, New Jersey and Oklahoma. Similar legislation is expected to be introduced in other states before the end of the month. Culpeper County in Virginia and Cabarrus County in North Carolina have introduced their own English-language proposals as well.

Last month, voters in Arizona passed legislation making English the state's official language by a margin of more than 2-to-1. "The people have been well-ahead of the politicians on this one for a long time," Mr. Boulet said.

Although immigration legislation remains stalled in the halls of Capitol Hill, some supporters of making English the official language say that ambiguity has had unforeseen benefits. "[Immigration and Naturalization Service] had a record number of people applying for citizenship last year," Mr. Toonkel said.

The Department of Homeland Security's Citizenship and Immigration Services said there was an 18 percent increase in requests for citizenship applications during the first half of last year compared with 2005. Similar surges have followed a tightening of illegal-alien laws passed in states such as Arizona and California. After California passed its Proposition 187 in 1996, a total of 378,014 persons were naturalized. That was more than double the previous year's figure, when 136,727 persons were naturalized.

"This is the strongest push for official English legislation that I have seen in the last 15 years," said U.S. English Chairman Mauro E. Mujica. "I hope the jump-start that this issue has received will pay dividends in the near future by making English the official language and knocking down the linguistic barriers that divide our society."

In Troubling Times, Conservatives Head Out To Sea (WP)

By Al Kamen

The Washington Post, January 22, 2007

These are obviously not the best of times for Republicans. The House is gone. Ditto the Senate. President Bush's approval ratings are around 37 percent, and ratings on his conduct of the war are closer to 30 percent. The war itself grinds on. What's a beleaguered conservative to do?

It's time to regroup! And what better way to do that than to join the folks at the Weekly Standard, one of the last great bastions of war boosters, on a fun-filled week-long cruise in Alaska?

Yes, it's a week of sightseeing, partying and deep reflection with publisher Terry Eastland and top editors William Kristol and Fred Barnes aboard Holland America Line's ms Oosterdam this June. Other featured speakers include former Bush speechwriter Michael Gerson and military historian Fred Kagan.

One of the true highlights is just the chance to be "traveling with like-minded conservatives," the promo material says, and not having to listen to we-told-you-so rants from the liberals and leftists that you might find on other cruises.

There'll be a morning "Kaffee Klatsch" most days and panel discussions galore explaining how democracy eventually will sweep through the Middle East like wildfire, how to balance the budget and various other issues.

The ship's show lounge "features Las Vegas-style productions," and while the invitation doesn't mention it, the luxury ship does indeed have a fine casino.

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There will probably be cakewalk contests on the Lido deck each night, and spectacular Alaska each day, including a close view of the Hubbard Glacier, which, contrary to what radical-environmentalist, global-warming types would say, is "marching to the beat of a different drum . . . advancing while the rest of Alaska's ice rivers are receding rapidly."

There's a day in Ketchikan "in the heart of the Tongass National Forest." Maybe there'll be time for an optional anti-earmark pilgrimage to the proposed site of the famed "Bridge to Nowhere"? Weather permitting, there might even be a hunt for weapons of mass destruction. (Okay, okay, that was cheap.)

All this in your "penthouse suite w/verandah" for only $6,300 per person, double occupancy, or $4,500 per person in the deluxe suite. Single rooms in the cheapo category are only $2,600.

Do not miss the "photo/autograph session," where you can have your picture taken with Kristol, Barnes and Eastland. "Photos will be available for purchase," we're told. Priceless!

But hurry! There are only two penthouse suites available.Eyes on the White House, Mouth Shut

It was long a given that the key sign of whether Sen. Ted Kennedy (D-Mass.) was running for reelection was whether he was dieting. The key sign of whether Sen. Joe Biden (D-Del.) is serious about running for president is whether he can just shut up.

We know there is a "good Biden" and a "bad Biden," as he's told reporters, adding that he understands he has the capacity to "self-destruct." But when he announced his candidacy, he promised NBC's Tim Russert that "I'm going to be Joe Biden, and I'm going to try to be the best Biden I can be. If I can, I got a shot. If I can't, I lose."

Seems he's making a concerted effort to cut the rambling. Biden, of course, is the holder of the world indoor bloviation record for his spectacular 1,100-word question during Supreme Court Justice Ruth Bader Ginsburg's confirmation hearing in 1993.

But during his questioning of Secretary of State Condoleezza Rice at a recent hearing, Biden asked seven questions. The total number of words was 573, an average of only 82 words per question. The total includes his recitation of a lengthy quotation from Bush. One question was: "Are you confident?"

Could be he's serious about that presidential bid.Speaking of Bloviating . . .

Didn't seem that morale at the Agency for International Development could get much lower. Word is that a recent survey of Foreign Service officers there found about half the FSOs ranked morale as low to poor and only 12 percent said morale was good.

Probably didn't get better when employees found out last week that the annual employee awards ceremony for meritorious effort in 2006, scheduled for Wednesday, was postponed.

AID Administrator Randall Tobias, the official announcement said, will be joining Rice as "the second-ranking member of the U.S. delegation" to a gathering in Paris for donors helping Lebanon. The meeting date was only recently set, we're told.

Back in mid-November, Tobias told reporters he "might well lead the delegation" to the meeting, which he said was coming up in late January. Turns out the secretary of state will be the lead. Tobias will then go on to the all-important World Economic Forum in Davos, Switzerland, a compulsory gathering for important and self-important bloviators.

The awards ceremony was put off until sometime in early spring.

House Members Fight For Pay Parity (WP)

By Stephen Barr

The Washington Post, January 22, 2007

The annual jousting over federal pay has begun.

Nine Washington area House members, led by Majority Leader Steny H. Hoyer (D-Md.), plan to send a letter to President Bush today urging him to recommend equal pay raises for the civil service and the military in his fiscal 2008 budget.

The House members ask the president to "embrace the principle of pay parity," which the letter describes as a bipartisan approach that has been followed nearly every year for the past two decades.

Hoyer, in a statement released with the letter, said he was "very disappointed" by this year's "inadequate raise of only 2.2 percent, the lowest increase in nearly 20 years," and suggested that Bush propose a more generous raise for next year.

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"I would hope the president plans to include in his fiscal year 2008 budget an increase that will make up for last year's unacceptably low pay adjustment," Hoyer said. "Not only do our federal employees deserve fair pay, but with an aging population and a looming human capital crisis, now is the time to deliver the message that this nation values its federal workforce and will commit to recruiting and retaining the best and the brightest."

The House members who joined Hoyer in signing the letter are Reps. James P. Moran Jr. (D-Va.), Thomas M. Davis III (R-Va.), Frank R. Wolf (R-Va.), John Sarbanes (D-Md.), C.A. Dutch Ruppersberger (D-Md.), Albert R. Wynn (D-Md.) and Chris Van Hollen (D-Md.) and Del. Eleanor Holmes Norton (D-D.C.).

That list of lawmakers underscores that the raise is an important ingredient in the local economy. The Washington-Baltimore region is home to about 11 percent of the 1.8 million civil service workforce. The federal payroll was about $19.8 billion in the region last year, or about $76 million per day.

The Bush administration has balked at providing equal pay adjustments to the civil service and the military, contending that across-the-board raises fail to properly reward high-performing employees and hinder agencies that need to pay more for difficult jobs and specialized skills.

But Congress has mostly adhered to its pay parity tradition for the two segments. Some members of Congress have indicated that they prefer to see how the new civilian pay-for-performance systems work out at the Defense and Homeland Security departments before giving more discretion to federal agencies.

Congressional committees considered giving the civil service a 2.7 percent raise this year, but the proposal faded in late 2006 when the Senate could not resolve numerous disputes over fiscal 2007 spending bills. At the urging of the Pentagon, Congress approved a 2.2 percent raise for the military with higher raises permitted for mid-career officers and enlisted personnel in certain occupations. Bush later issued an executive order providing the civil service with a 2.2 percent raise this year.

The president's recommendation for next year's raise will come in his fiscal 2008 budget, which is scheduled to go to Congress on Feb. 5.

Under a 1990 federal pay law, government employees would be in line for a 2.5 percent raise next year. But the formula, based on data from the Labor Department's employment cost index, which measures wage growth, is not always followed by Congress or the White House.

The size of the 2008 raise may hinge on efforts in Congress to hold down spending and reduce the federal deficit. Still, some members of Congress may recommend a bigger raise than usual for the armed forces to recognize the toll that the Iraq fighting has taken on the troops and their families.

The decision on the raise, which usually comes late in the year as Congress wraps up appropriations bills, also will ripple across the area's nonprofit organizations and companies that use the federal raise as a benchmark when setting salaries.

In their letter, the House members said they see pay parity raises as key to keeping federal compensation as competitive as possible with the private sector. In addition, they said, an equal pay raise will send the message that all government employees are highly valued.

"As we fight the war on terrorism at home and abroad, both the armed forces and the federal civilian workforce are integral to fulfilling the role of government for the American people," the letter said.

Stephen Barr's e-mail address isbarrs@washpost.com.

Both Sides On Offense (WP)

By David S. Hilzenrath

The Washington Post, January 22, 2007

The defense of Franklin D. Raines has begun.

Two years after falling from the height of corporate power and political possibility, the former Fannie Mae chairman and Clinton budget director is waging an all-out legal battle to save his fortune and repair his battered reputation.

Accused of complicity in earnings manipulation, Raines last week escalated a counterattack against the federal agency that drove him from power and seeks to strip him of tens if not hundreds of millions of dollars. In an unconventional legal maneuver, Raines sought to move the case to federal court from the jurisdiction of that agency.

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He has fielded a defense team that includes Kevin M. Downey of Williams & Connolly, the Washington law firm that represented such embattled figures as Oliver North and Bill Clinton, and Mark Fabiani, an advocate for Clinton during the Whitewater scandal.

Raines's camp had little to say publicly over the past two years during a series of drawn-out investigations of Fannie Mae's multibillion-dollar accounting misstatements. Raines has long declined requests for interviews from The Washington Post. But since regulators filed administrative charges against him in December, his advocates have filed a flurry of papers mapping out the beginnings of a strategy.

Part of it boils down to this: Turn the tables on the accuser.

The lead accuser is James B. Lockhart III, appointed last year by President Bush to head the small federal agency that oversees Fannie Mae. It is the Office of Federal Housing Enterprise Oversight, or OFHEO, that pushed Raines into premature retirement in December 2004, and it is the same agency that could decide whether he must give up a fortune in alleged ill-gotten gains plus penalties.

Attorneys for Raines have accused Lockhart of prejudging the facts and waging "an unrelenting campaign of disparagement" against him. Last week, Raines's attorneys filed a motion in U.S. District Court for the District of Columbia asking the court to bar Lockhart from making the final judgment in the administrative proceeding. To achieve that, Raines wants the dispute moved from the administrative law arena to federal court.

The motion said Lockhart has made a host of critical comments about Raines, including a statement on "The Newshour" with Jim Lehrer that much of Raines's income while chief executive was "basically fraudulently attained." OFHEO has alleged that at least $52 million of the more than $90 million Raines received from 1998 through 2003 was tied to the company's earnings.

The duel between Raines and Lockhart pits a prominent Democrat against a longtime friend of Bush. Before Fannie Mae's accounting problems came to light, Raines was widely mentioned as a potential high-level player in a future Democratic administration. Lockhart and Bush attended prep school together, were fraternity brothers at Yale and overlapped for a year at Harvard Business School. But OFHEO's initial findings against Fannie Mae were issued under Lockhart's predecessor, a Democrat.

Raines is also defending himself in separate litigation brought by Fannie Mae investors, who allege that they lost money when Fannie Mae's stock price fell.

In filings in the shareholder case, Raines has accused OFHEO of sealing evidence that would contradict or undermine its public case against him. He is pressing to get the records made public.

For example, he contends that interviews OFHEO conducted with former Fannie Mae personnel are at odds with allegations that management set out to smooth earnings in applying a particular accounting rule and that he helped set a tone at the company that improperly focused on earnings. Among the interviews Raines wants unsealed is one with Lawrence M. Small, secretary of the Smithsonian Institution and Fannie Mae's former chief operating officer.

Asked last week about Raines's allegations, Lockhart said he thinks the agency has done a "very thorough and professional job."

"We're in the process of giving them all of the documents that it makes sense to give to them," Lockhart said.

OFHEO has argued that searching all its records for the kinds of documents Raines wants would take years and cost millions of dollars that aren't in the agency's budget. Responding to the document requests could divert the agency from its mission of overseeing Fannie Mae and rival Freddie Mac, "potentially putting at risk the housing and financial systems of the United States unless and until Congress appropriates additional funds," David A. Felt, OFHEO's deputy general counsel, said in a recent court filing.

Raines's attempt to move his case to federal court is not the first time he has sought to circumvent OFHEO. When the agency challenged Fannie Mae's accounting in 2004, Raines said the Securities and Exchange Commission should be the judge. That strategy failed when the SEC sided with OFHEO.

Lockhart has declined to bow out of the latest battle. OFHEO still chafes at what it describes as a history of ill-treatment by Fannie Mae under Raines. The agency has alleged that Fannie Mae made it corporate policy to undermine OFHEO and that

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Fannie Mae's management sought to constrain the agency to such a degree that the company "would essentially be regulated only by itself," according to a court filing.

Raines's camp has argued that OFHEO's current view of Raines contrasts with its pre-scandal assessments. For example, in its recent notice of charges against Raines, OFHEO alleged that he "failed to ensure a proper tone at the top." In a 2003 report, OFHEO said Fannie Mae's management "effectively conveys an appropriate message of integrity and ethical values."

Aligned with Raines in the fight are two other Fannie Mae veterans, former chief financial officer J. Timothy Howard and former controller Leanne G. Spencer. Lockhart has expressed "unbridled hostility" toward the three executives charged by OFHEO, and the agency's conclusions "are premised on a full scale distortion of the witnesses and documents," David S. Krakoff, an attorney for Spencer, wrote in a recent letter calling for Lockhart to recuse himself.

Under the terms of their employment with Fannie Mae, the company has been paying millions of dollars for the former executives' legal defense.

For Raines, the battle has largely replaced life in the boardrooms of major corporations. Since leaving Fannie Mae, he participated in the effort to bring baseball to Washington as a member of one of the losing groups in the competition for the Nationals franchise. He has also become a director of Revolution Health Group, a firm started by former AOL chief executive Steve Case to develop businesses in the health field.

"Frank remains the same person he was, with the degree of intellect and experience and drive and forcefulness, and he will reemerge in the business community and in the civic community as a constructive force," said Washington investor Frederic V. Malek, a former Fannie Mae director.

Stem Cells, The White House And Rankled Researchers (WP)

The Washington Post, January 22, 2007

Harvard University researchers Kevin Eggan, Chad Cowan and Douglas A. Melton wrote members of Congress earlier this month to complain that the White House domestic policy office's report "Advancing Stem Cell Science Without Destroying Human Life" was a "misuse and misunderstanding" of their research. Excerpts:

"We are surprised to see our work on reprogramming adult stem cells used to support arguments that research involving human embryonic stem cells is unnecessary. On the contrary, we assert that human embryonic stem cells hold great promise to find new treatments and cures for diseases. . . .

"The work that we performed and that was cited in the White House policy report is precisely the type of research that is currently being harmed by the President's arbitrary limitation on federal funding for human embryonic stem cell research. . . .

"We feel that the President's restrictive policy has directly impeded research that provides a hope for cures for millions of Americans. . . .

"The White House has clearly gotten it wrong. The overwhelming consensus in the scientific and medical community is that embryonic stem cell research holds the greatest potential to cure diseases and end the suffering of millions."

The Truth About Clarence Thomas (WSJ)

By Jan Crawford Greenburg

The Wall Street Journal, January 22, 2007

Clarence Thomas has borne some of the most vitriolic personal attacks in Supreme Court history. But the persistent stereotypes about his views on the law and subordinate role on the court are equally offensive -- and demonstrably false. An extensive documentary record shows that Justice Thomas has been a significant force in shaping the direction and decisions of the court for the past 15 years.

That's not the standard storyline. Immediately upon his arrival at the court, Justice Thomas was savaged by court-watchers as Antonin Scalia's dutiful apprentice, blindly following his mentor's lead. It's a grossly inaccurate portrayal, imbued with politically incorrect innuendo, as documents and notes from Justice Thomas's very first days on the court conclusively show. Far from being a Scalia lackey, the rookie jurist made clear to the other justices that he was willing to be the solo dissenter, sending a strong signal that he would not moderate his opinions for the sake of comity. By his second week on the bench, he was staking

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out bold positions in the private conferences where justices vote on cases. If either justice changed his mind to side with the other that year, it was Justice Scalia joining Justice Thomas, not the other way around.

Much of the documentary evidence for this comes from the papers of Justice Harry Blackmun, who recorded the justices' votes and took detailed notes explaining their views. I came across vivid proof while reading the papers as part of my research for a book about how the Rehnquist Court -- a court with seven justices appointed by Republican presidents -- evolved into an ideological and legal disappointment for conservatives.

Justice Thomas's first term was especially interesting. He replaced legendary liberal icon Thurgood Marshall, and joined the court just a year after David Souter took William Brennan's seat. There appeared to be a solid conservative majority, with the court poised to finally dismember the liberal legacy of the Warren Court. But that year it instead lurched inexplicably to the left -- even putting Roe v. Wade on more solid ground.

Justice Thomas's first year on the job brought to life the adage that a new justice makes a new court. His entry didn't merely change the vote of the liberal justice he replaced. It turned the chessboard around entirely, rearranging ideological alliances. Justice Thomas acted as a catalyst in different ways, shoring up conservative positions in some cases and spurring others -- the moderate Justice Sandra Day O'Connor, in particular -- to realign themselves into new voting blocs.

Consider a criminal case argued during Justice Thomas's first week. It concerned a thief's effort to get out of a Louisiana mental institution and the state's desire to keep him there. Eight justices voted to side with the thief. Justice Thomas dissented, arguing that although it "may make eminent sense as a policy matter" to let the criminal out of the mental institution, nothing in the Constitution required "the states to conform to the policy preferences of federal judges."

After he sent his dissenting opinion to the other justices, as is custom, Justices Rehnquist, Scalia and Kennedy changed their votes. The case ended up 5-4.

Justice Thomas's dissents persuaded Justice Scalia to change his mind several times that year. Even in Hudson v. McMillan, the case that prompted the New York Times to infamously label Justice Thomas the "youngest, cruelest justice," he was again, initially, the lone dissenter. Justice Scalia changed his vote after he read Justice Thomas's dissent, which said a prison inmate beaten by guards had several options for redress -- but not under the Eighth Amendment's prohibition of "cruel and unusual punishment." * * *

From the beginning, Justice Thomas was an independent voice. His brutal confirmation hearings only enforced his autonomy, making him impervious to criticism from the media and liberal law professors. He'd told his story, and no one listened. From then on, he did not care what they said about him.

Clarence Thomas, for example, is the only justice who rarely asks questions at oral arguments. One reason is that he thinks his colleagues talk too much from the bench, and he prefers to let the lawyers explain their case with fewer interruptions. But his silence is sometimes interpreted as a lack of interest, and friends have begged him to ask a few questions to dispel those suggestions. He refuses to do it. "They have no credibility," he says of critics. "I am free to live up to my oath."

But the forcefulness and clarity of Justice Thomas's views, coupled with wrongheaded depictions of him doing Justice Scalia's bidding, created an internal dynamic that caused the court to make an unexpected turn in his first year. Justice O'Connor -- who sought ideological balance -- moved to the left. With the addition of Chief Justice John Roberts and Associate Justice Samuel Alito, the court now is poised to finally fulfill the hopes of the conservative movement. As George W. Bush told his legal advisers early in his presidency, he wanted justices in "the mold of Thomas and Scalia." Interestingly, on President Bush's marquee, Justice Thomas got top billing.

Ms. Crawford Greenburg, legal correspondent for ABC News, is the author of "Supreme Conflict: The Inside Story for Control of the United States Supreme Court," published tomorrow by Penguin Press.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, January 22, 2007

War Immersion for New Defense Boss

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With a second trip to Iraq under his belt, new Defense Secretary Robert Gates has taken an immersion course in the war. Weeks after touring Iraq, he was in Afghanistan last week securing support for the U.S. mission from the allies he met with. But his was no luxury junket. Sure, he ate five-course dinners with heads of state, but mostly it was box lunches and warmed over meatloaf on military aircraft, says an aide. And the hours: One day lasted over 25 hours and included a stop at the Saudi king's hunting lodge outside Riyadh.

OTHER NEWS:

For Some Manufacturers, There Are Benefits To Keeping Production At Home (WSJ)

By Mark Whitehouse

The Wall Street Journal, January 22, 2007

NEW YORK -- It has long been an axiom that U.S.-made consumer goods such as TV sets and kitchen appliances can't compete in a world where cheaper labor can be found elsewhere. Like many axioms, though, it isn't entirely true.

Recent data from the Federal Reserve contained some surprises for anyone who thought U.S. companies don't make things for American consumers anymore. In its monthly update on factory output, the Fed reported that U.S. production of audio and video equipment surged about 2% in December and was up 23% for all of 2006.

That is a significant change from several years ago, when the numbers were negative as U.S. production moved overseas. Even output of appliances, though down for 2006, popped 5% in December.

The shift doesn't necessarily represent a renaissance. More likely, it reflects the fact that much of what can go abroad already has, leaving behind what can and should be made in the U.S. One area of strength: high-end goods like top-of-the-line $6,000 Sony Grand WEGA TV sets and $15,000 Sub-Zero PRO 48 refrigerators, which appeal to the affluent folks who have been driving much of the growth in U.S. consumer spending.

"It's the very high-end products," says Daniel Meckstroth, chief economist at Manufacturers Alliance, a trade group. "Manufacturers who have niche markets in high-end products have a very good outlook."

Such manufacturers account for only a tiny fraction of U.S. output and employment. Still, the numbers illustrate an important point about the physical and strategic limits of globalization: In just about any possible future, there will always be some business that is better done close to the customer. The obvious examples are home building and services such as restaurants, but the logic also can apply to certain types of manufacturing.

"If the thing being sold to the U.S. market is locally customized, delicate, or very large, chances are it'll continue to be produced in the U.S.," says Bruce Greenwald, professor of business and economics at Columbia University in New York. The same, he says, is true "if the manufacturing process itself involves almost no labor, like medical testing or like some very automated electronic-component manufacturing plants, chemical plants and metal-fabricating plants."

The dominant trend for the past couple decades, of course, has been the exodus of manufacturing from the U.S. to lower-cost locales such as China. Just about anything that can be mass-produced and shipped is made abroad and imported to the U.S., or soon will be. Imports account for about 90% of all the audio and video equipment sold in the U.S., 44% of household appliances and 38% of computers, according to Mr. Meckstroth, chief economist at Manufacturers Alliance, a trade group.

As a result, manufacturing has been declining as a share of the economy. In 2006, manufacturing accounted for about 12% of U.S. gross domestic product, a broad measure of economic activity. That is down from about 20% in 1980. More recently, slumps in the housing and auto sectors have sparked a drop in overall production as companies worked off unsold stockpiles of things such as furniture and auto parts. In the fourth quarter of 2006, U.S. industrial production fell at an annualized rate of 1.4%.

Many manufacturers, though, have managed to keep busy. Aside from producers of computers and business equipment, which logged double-digit growth in 2006 as companies made investments aimed at boosting efficiency, the fortunate ones include makers of consumer electronics and appliances that have set up shop in places typically associated with industrial decline.

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Take, for example, Sony Corp., of Japan, which makes its Grand WEGA high-definition TV sets at a factory near Pittsburgh, a city better known for mothballed steel mills. The TV sets employ cutting-edge technology and tend to be large, with screens ranging from 42 to 70 inches. Their size and the sensitivity of their electronics make proximity to the consumer a meaningful advantage, as does the ability to react quickly to changes in tastes for high-end equipment.

"It is important for us to produce these sets close to most of our customers," says Stan Glasgow, president and chief operating officer of Sony Electronics Inc., a Sony unit that also assembles customized VAIO computers in San Diego. Proximity "gives us a distinct advantage with our retail partners across the country, as we have the ability to quickly fill the channel with specific products."

Over in Madison, Wis., Sub-Zero Freezer Co. makes a different kind of large and expensive product: High-end refrigerators and Wolf brand stoves. Michele Bedard, vice president of marketing, says the closely held company posted double-digit growth in 2006 despite the slump in the U.S. housing market -- a fact she attributes to people choosing to invest in renovations rather than selling their homes in a soft market. Sub-Zero is in the process of expanding its production space almost 40% to about 1.4 million square feet.

Ms. Bedard says Sub-Zero prefers to manufacture locally because it can better manage the process and make changes to models on short notice. "The pros of being in Wisconsin outweigh the pros of moving overseas," she says. "We can be very nimble and just be master of our own destiny."

More U.S.-produced TV sets and refrigerators, though, probably won't translate into more jobs in the U.S. Audio and video manufacturing, for example, accounts for only about 31,000 American jobs, and the number hasn't grown along with production. Despite its plans to increase capacity, Sub-Zero isn't planning to add to its 1,700-person work force.

Across the manufacturing sector, the picture is similar: To stay competitive, companies are doing everything they can to boost productivity -- that is, make more stuff with fewer people. "Manufacturing in the U.S. is headed toward plants that have no people in them," Prof. Greenwald says.

That is bad news for factory workers who must retrain or be cast aside. It could be better for the U.S. economy as a whole. The more the U.S. can produce for each hour worked, the wealthier the average American becomes. If, for example, output per hour rises an annual rate of 3%, the average inflation-adjusted wage will more than triple over 40 years.

"Manufacturing is contributing to the welfare of the economy in terms of standard of living, but it's not generating net new jobs," says Mr. Meckstroth. "The electronics sector is one of the areas where that's most visible."

Rush Of Entries Gives '08 Race Early Intensity (NYT)

By John M. Broder, Patrick Healy

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Two years before the next president is inaugurated and a full year before the first vote is cast, the contest for the White House is off to a breathtakingly fast start, exposing an ever-growing field of candidates to longer, more intensive scrutiny and increasing the amount of money they need to remain viable.

On Sunday, Senator Hillary Rodham Clinton, Democrat of New York, held her first campaign event, highlighting her focus on health care a day after declaring her plans to run. Another Democrat, Gov. Bill Richardson of New Mexico, entered the fray, the eighth member of his party to do so. And the day was not terribly different in its pace of activity from many others in recent weeks.

The scale and swiftness of the action has the potential to upset the traditional timetables and conventions of presidential campaigning.

John Weaver, a senior adviser to Senator John McCain's presidential effort, said the intensified announcement season and compressed primary calendar would force campaigns to develop a strong national apparatus and well-organized field efforts state by state.

"It makes it nearly impossible for a dark horse candidate to break out of the pack and challenge the front-runner(s) and thus isn't healthy for the process," Mr. Weaver wrote in an e-mail message on Sunday. "All of these states, who are moving up early,

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want to play and have an impact. But oddly enough, it ultimately will limit the legitimate candidate choices for the nation at large in the primary process."

The candidates could be forced to move more quickly to take positions on big issues, stripping them of the chance to run on more gauzy platforms in the early stages and therefore exposing them to more direct criticism from rivals, interest groups and the news media. They will face earlier encounters with one another — New Hampshire and South Carolina are planning full-scale debates this spring — that will require them to display both policy expertise and a comfort level in front of the cameras.

They will be getting intensive scrutiny from opposition research operations, the news media and the public for that much longer, increasing the chances that a gaffe or position change could harm their campaigns. Deep into competition for experienced staff members, most candidates are already putting together operations in multiple states.

Kevin Madden, press secretary for the exploratory committee set up by former Gov. Mitt Romney of Massachusetts, a Republican, said his organization was already "beginning to put our teams together" for the early contests in New Hampshire, Iowa, South Carolina, Michigan and several states beyond. "It's happened at a very advanced pace," Mr. Madden said, "but you can't complain and wring your hands. You just have to work harder, faster."

Because they do not want competitors to be raising money unchallenged, more candidates are declaring their intentions earlier, which in turn means the entire field needs more money to sustain campaigns for a longer time.

There are now a dozen serious contenders from both parties competing in a presidential race that for the first time in more than half a century will not include an incumbent — either the president or the vice president — on the ballot or even a definitive front-runner.

"Crowded fields force early announcements," said Jennifer Palmieri, an adviser to John Edwards, the former senator from North Carolina who is seeking the Democratic nomination. "Candidates are concerned there will not be enough oxygen left for them if they wait too long. Having crowded fields in both parties has exacerbated this phenomenon."

Just hours after Mrs. Clinton made her candidacy official on Saturday, Senator Sam Brownback of Kansas joined the race for the Republican nomination. Last week, Senator Barack Obama, Democrat of Illinois, opened a presidential exploratory committee, emphasizing the wide-open nature of the race.

The early start of the presidential race may make it difficult for the new Democratic leaders in Congress to generate public support and media attention for their agenda. Seven sitting members of the House and Senate have declared their candidacies and several others are said to be considering it, distracting them from legislative business and drawing news coverage away from Congress and out onto the campaign trail.

John D. Podesta, a former chief of staff for President Bill Clinton and president of the Center for American Progress, said some of the early candidates surely recall the lesson of Gen. Wesley K. Clark, the Democrat who waited to jump into the last presidential race until the fall of 2003.

Given the lateness of his entry, and his limited resources, General Clark decided to skip the Iowa caucuses and focus on the New Hampshire primary. Iowa became an unexpectedly fierce contest, with John Kerry emerging as a winner and quickly rolling on to victories in New Hampshire and other early primary states.

"You need to get a foothold early and organize and get people to rally around you and your message," Mr. Podesta said, "and the need to build momentum is real."

The candidates and the early primary states are chasing each other in a mad circle, with two new states, Nevada and South Carolina, squeezing into the first weeks of the primary calendar. A number of other states, including California, New Jersey, Michigan and Illinois, are considering moving up their primaries so that they are not left out of the nominating process. With their expensive media markets, these states could quickly bankrupt candidates who have trouble raising money.

The intensity of the early action is fueled in part by President Bush's political weakness, brought on largely because of the unpopularity of the war in Iraq.

"If Bush were doing well and had a continuing ability to get things done and command the national stage, I think there would be far less focus on the campaign," said Robert Dallek, a presidential historian.

While presidential campaigns have been getting gradually longer over the past few decades, the acceleration in the 2008 cycle is particularly pronounced. The first President Bush announced his candidacy for the 1988 Republican nomination in

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October 1987; the eventual Democratic nominee in that election, Gov. Michael S. Dukakis of Massachusetts, had declared six months earlier.

Bill Clinton formally announced his candidacy for the 1992 Democratic presidential nomination on Oct. 3, 1991, about three and a half months before the Iowa caucuses. George W. Bush announced his exploratory committee for the 2000 presidential race in March 1999 and began his campaign in June 1999.

By comparison, Mr. Edwards of North Carolina, the 2004 vice-presidential nominee, has traveled to Iowa 16 times since the beginning of last year, building his organization there in hopes of scoring an early triumph that carries him into the next contests.

"The earlier process will reward candidates who truly have a succinct, credible, authentic and passionate message which can sustain itself over the long nature of the campaign," said Matthew Dowd, the chief strategist for Mr. Bush's re-election campaign in 2004.

He also said that in 2007 candidates would be rewarded by scoring points in "nonvoting events" such as media attention, their standings in the polls and the size and response of crowds, because those sorts of factors will help winnow the field more than the primaries still a year away.

Despite the intense focus by most candidates on showing that they can raise the money to run a long and expensive campaign, having a big bank account, Mr. Dowd argued, may actually not be as important in the early stages of this presidential cycle as it was in previous ones.

"It's for two reasons: the early process will not involve paid media as much, and new technology allows little cost to talk directly to voters," he said. "And the early process will make it more important for a campaign to know how to respond to knowable and unknowable events in next 12 months."

Steve Elmendorf, a Democratic strategist who worked on the presidential campaigns of Representative Richard A. Gephardt in 2003 and Senator John Kerry in 2004, warned that candidates and their aides, no matter how tired they become, would have to stay on their toes because any misstep might be captured on tape and circulated on the Internet.

"Every move they make in Iowa and New Hampshire will be on YouTube," Mr. Elmendorf said. "The only certainty by January '08 is that people will be pretty tired."

Besides taking a toll on the declared candidates, the length and cost of current campaigns also deters potential entrants. Senator Evan Bayh of Indiana and former Gov. Mark Warner of Virginia were considered among the brightest Democratic prospects, but both declined to run. They cited the crowded field, the endless burden of fund-raising and the brutal personal cost of today's presidential campaigns.

Hillary Clinton Is "In" For '08, But Crowd Grows (CSM)

By Linda Feldmann

The Christian Science Monitor, January 22, 2007

Sen. Hillary Rodham Clinton enters the 2008 presidential race uniquely positioned to make a top-flight run at be-coming America's first woman president.

The Democrat from New York brings to the table 14 years of experience at Washington's highest political levels, as both a two-term first lady and now six years as a US senator. She appears set to raise all the funds she needs, enjoys near-universal name recognition, and has at her side one of the nation's most astute political operatives, her husband, former President Clinton.

But Senator Clinton, who launched her exploratory committee on Saturday with the declaration of "I'm in," faces serious hurdles to reaching her goal. Last week's entry of Sen. Barack Obama (D) of Illinois into the contest adds a charismatic, fresh persona to the mix, and makes Clinton's nomination far from a foregone conclusion. While Clinton has already withstood intense public scrutiny of her life and record, she will face questions again, in addition to charges that she is humorless and calculating. And as a Democratic woman seeking to become commander in chief at a time of war, she must prove her bona fides on defense as she seeks to distance herself from an unpopular war that she initially supported.

A crowded race to the White House

The field for both major parties has been growing almost daily, of late. This weekend alone, two other candidates announced: New Mexico Gov. Bill Richardson (D) and Sen. Sam Brownback (R) of Kansas. For the Democrats, a field that

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includes a woman, an African- American (Senator Obama), and a Hispanic (Governor Richardson) as contenders sends the message of diversity that the party has long cultivated.

Most noteworthy, perhaps, is that the Democrats can boast a woman and an African-American as their top two candidates. A Washington Post-ABC News poll taken Friday night showed Clinton with the support of 41 percent of Democrats and Obama with 17 percent. But with the first nominating contests still a year away, those numbers remain fluid. Political analysts note that the third candidate in the Post-ABC poll (with 11 percent), former Sen. John Edwards (D) of North Carolina, is well organized in the early states, and could upset the race with a strong finish in the first contest, the Iowa caucuses.

In Clinton's announcement video, posted Saturday morning on her campaign website, www.HillaryClinton.com, the senator deployed a technique she used successfully in her first Senate campaign – a pledge to begin by listening. She did not roll out a series of policy prescriptions, but rather stated that she was "beginning a conversation." Starting Monday evening, for three nights in a row, Clinton will conduct live video Web discussions with voters.

Of the many issues she raised on her written Web statement, two will present particular challenges to her: "How do we bring the war in Iraq to the right end?" she asked. "How can we make sure every American has access to adequate health care?"

Iraq is the No. 1 issue for voters, and the liberal, activist base of the Democratic Party has long been frustrated by Clinton's centrist approach, beginning with her to decision in October 2002 to vote in favor of a congressional resolution authorizing US military action in Iraq. She has stepped away from that position, and last month said if she knew then what she knows now, she would not have voted yes. But she has not pushed her opposition to the Iraq war as far as other Democratic candidates, including Mr. Edwards and Rep. Dennis Kucinich of Ohio, who is also running again.

Last June, at a convention of liberal activists, Clinton was booed. In contrast, Obama was cheered by the same crowd, even though he has also hewed to the center on Iraq. Clinton's apparent status as a lightning rod of criticism may speak to her long tenure on the national stage and careful positioning on a range of issues that makes some progressives skeptical (though not unwilling to vote for her in the general election, many say, if she wins the nomination).

"Clinton fatigue?"

One of the many hurdles Clinton must face on the road to the White House has been dubbed "Clinton fatigue." Wrapped into that is her husband's turbulent eight years as president, including his marital infidelity and various investigations. In the White House, Hillary Clinton quickly established herself as the most powerful and controversial first lady in history, setting up shop in the West Wing and taking on the assignment of crafting a plan for national healthcare reform that failed to get off the ground.

Adding to the sense of fatigue is the years of speculation that Clinton may run for president herself some day. Now that she has jumped in, the political world can move to the next phase, an actual publicly announced campaign – as can she. But the arc of her effort may be hobbled by the fact that she is hardly a fresh face.

Then there's the family dynasty issue. Some voters may resist the idea of a succession of presidents that goes "Bush, Clinton, Bush, Clinton" – especially since the second Bush presidency has struggled so profoundly of late.

Still, Clinton brings the test of time to the equation. After 14 years in the national spotlight, the chances that she will wither or make a major mistake seem lower than with her chief rival, Obama. As senators, both must spend the entire next year casting each vote carefully just to remain viable for the nomination. Whoever wins the nomination then must do the same for the general election campaign.

If Sen. John McCain (R) of Arizona wins his party's nomination, he will face the same challenge. But if the nominee is one of the "formers" running on the GOP side – such as former New York Mayor Rudy Giuliani or former Massachusetts Gov. Mitt Romney – he will be free of the pressure to cast votes.

One dimension of the Clinton campaign that carries both risks and positives is her gender. A female nominee may make the already difficult South even harder to contest, with the exception of battleground state Florida. How the Mountain West, where the Democrats have made gains in recent elections, and the Midwest react to a woman nominee is an open question.

On the plus side for Clinton, she has a "very strong connection to the women's movement, which is an important base in the Democratic Party," says Andrew Polsky, a political scientist at Hunter College in New York.

Candidates Face New Test: Winning Netroots Primary (WSJ)

DOJ_NMG_0119123

By Amy Schatz

The Wall Street Journal, January 22, 2007

WASHINGTON -- Soon after Sen. Hillary Rodham Clinton announced her bid for the presidency on the Internet, her campaign was boasting of its success in one of the most important new presidential battlefields: the Netroots Primary.

Within hours of launching her bid Saturday, her campaign Web site had attracted 10,000 messages of support, 2,200 submissions for its blog contest and had signed up people to its email list at the rate of 100 a minute, the campaign said.

Mrs. Clinton's decision to enter the presidential race online and conduct a "national conversation" in live video Internet chats before heading to campaign isn't the conventional route taken by presidential hopefuls. This year, however, candidates are making extra efforts to win the favor -- and money -- of keepers of Web logs, or bloggers, and other Internet activists.

Mrs. Clinton's embrace of the Internet shows how seriously candidates are taking the power of the online activist community. Bloggers and other Netroots activists didn't get Howard Dean elected in 2004 or Joseph Lieberman unelected in 2006, but they certainly played a big, vocal role in both races. Unlike other early primary contests, there is no set date to decide which candidate wins or loses the Netroots primary, but early support by the Internet community this year, at least for Democratic candidates, could help decide which candidate wins the party's nomination.

"It's a fact that in Democratic politics, [the Internet has] grown increasingly important and it's par for the course for candidates to pay attention and to communicate to this community," said Peter Daou, the Clinton campaign's Internet director and former head of blog outreach for the Kerry-Edwards 2004 presidential campaign.

Other Democrats are taking the Internet announcement route this year. Yesterday, New Mexico Gov. Bill Richardson took the presidential plunge online in a video recorded in English and Spanish. Last week, Illinois Sen. Barack Obama announced his bid online. Former North Carolina Sen. John Edwards went to New Orleans for his official announcement, but his Internet site posted a preannouncement video and subsequently posted several more.

While Democratic candidates appear hesitant to ignore online activists, Republicans hoping to win the 2008 nomination have been somewhat slower to embrace the online activist community. That may simply be because Republican candidates haven't experienced the sort of online uprising that led to Mr. Dean's early success in 2004 or Mr. Lieberman's primary loss last year.

When Republican Sen. Sam Brownback of Kansas announced his candidacy on Saturday, he did it at a rally in Topeka. The Internet sites of both Arizona Sen. John McCain and former New York Mayor Rudy Giuliani offer little more than a biography and links that enable supporters to sign up for more information or donate money.

Former Massachusetts Gov. Mitt Romney has poured more attention and money into his site. On the day he announced his exploratory committee, the campaign launched an Internet video feature dubbed "Mitt TV," and began an outreach effort to right-leaning bloggers.

On The Electronic Campaign Trail (WP)

By Chris Cillizza, Dan Balz

The Washington Post, January 22, 2007

By noon on Jan. 10, Matt Rhoades and Kevin Madden knew they had a problem.

The two men handle communications for former Massachusetts governor Mitt Romney's presidential exploratory committee and had been told about a video flying around the Internet that spliced clips from Romney's 1994 debate with Sen. Edward M. Kennedy (D-Mass.). In it, Romney (R), then running for the Senate in a losing campaign against Kennedy, voiced support for abortion rights and gay rights -- positions he has since renounced.

Romney's political inner circle, alerted to the threat, decided to strike back quickly. Less than eight hours after the attack appeared, a video of Romney rebutting the charges was being sent to his supporters and to Republican blogs.

"In a viral information age, a distortion of the record can quickly sink in as fact," Madden said. "It was very important to show that what was an anonymous attack eventually became a moment of strength for our campaign."

Not long ago, an anonymous video on the Internet would have elicited little more than amusement from the candidate under attack. But the 2006 midterm campaign -- in which then-Sen. George Allen (R-Va.) saw his hopes for reelection, not to

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mention the White House, torpedoed by his now-infamous "macaca" moment captured on a widely seen video -- changed the rules.

But if last year was the year of the rogue videographers, the already-underway 2008 presidential campaign is likely to be remembered as the point where Web video became central to the communications strategy of every serious presidential candidate.

Playing defense is only one use of Web video. Equally important, the candidates and their staffs see Web-based video as an inexpensive and potentially significant tool for telling their campaign story without the filters of the traditional media.

Call it the YouTube effect, and it is only growing. The video-sharing site, which less than a year after its founding was bought by Google for $1.65 billion, has revolutionized the transfer of information via video, spawned a number of imitators and forced candidates to recalibrate choices, from their announcement strategies to their staffing decisions.

Sen. Hillary Rodham Clinton (D-N.Y.), for example, is to participate in three live online chats starting tonight -- a rapid-fire follow-up to the announcement of her presidential ambitions via video Saturday. The campaign will solicit questions in advance, and Clinton will respond on her Web site.

Peter Dao, the campaign's Internet strategist, who worked on the 2004 presidential campaign of Sen. John F. Kerry (D-Mass.), said Clinton's team hopes to make her campaign as interactive as possible and said the opportunities today are far advanced over just a few years ago.

"I remember in 2003 and 2004 when you said 'blog,' most people didn't know what you meant or the significance of it," Dao said, adding that with the growth of blogs and social networking sites, "the ubiquity of it is so amazing . . . the sky's the limit."

To be sure, the political establishment remains slightly behind the technological curve -- innovative video work for presidential campaigns is more likely to be done by 20-somethings than by more established media consultants -- but the times are clearly changing.

Take former senator John Edwards (D-N.C.). The night before he formally announced his presidential candidacy from New Orleans to a battery of cameras from the traditional media, his advisers posted a 2 1/2 -minute video on YouTube and Rocketboom.com in which the candidate outlined the themes of his campaign. To draw attention to that video, the campaign bought advertising on a variety of political blogs and e-mailed bloggers.

"Our goal was to have people go and watch that video so they could hear directly from John what this campaign was about," said Mathew Gross, chief Internet strategist for the Edwards campaign. "Within the first 48 hours or so, 50,000 people had watched that video. Now it is over 100,000 people who have seen it."

That was hardly the end of it for Edwards. Later that day he held a town hall meeting in Des Moines with more than 1,000 attendees. But the campaign streamed the session live on the Edwards Web site and, according to campaign officials, about 40,000 people tuned in to watch. The campaign used four cameras to cover the meeting, with a director shifting camera angles to increase the production values. "It was very much like live television," Gross said.

Since then, the campaign has edited the session into segments and posted them on YouTube, increasing the potential reach of what would have been a one-time event for a local audience.

Campaigns have added a position to their tables of organization: Several have decided to employ a videographer to track the moves -- public and behind the scenes -- of the candidate. "From a positive standpoint, it's providing that kind of backstage access that nobody else except the people on the campaign get to see," said Spencer Whalen, an e-campaign strategist for Sen. John McCain (R-Ariz.).

When Sen. Barack Obama (D-Ill.) set up his exploratory committee last week, his campaign sent an e-mail to supporters with a link to a video of the candidate describing why he was preparing to run for president -- a relatively inexpensive way to deliver a message, and one that was virtually unthinkable two campaigns ago.

"The evolution of the Internet as a means of organizing has been something that's grown exponentially," said David Axelrod, a media consultant for Obama. "McCain in 2000 spawned a lot of contributions on the Internet. The Howard Dean campaign in 2004 certainly was a quantum leap. As more and more people become wired to the Internet and fluent in it, it becomes a greater and greater tool for organizing the grass roots and the democratization of politics. It's not just a tool for delivering messages to people but a tool for people to deliver messages to you."

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And it is a tool for attack. Other campaigns took note of how Romney responded to the anonymous video and said they will be on notice for similar tactics that could be used against them. "If you're able to create a good viral attack ad, not as a campaign but as an individual, that can really get out there and get going," said Gross, the Edwards staffer. "That Romney episode of responding was a very smart move."

But the video record also provides a potential shield. If a rival campaign takes a quote or a incident out of context and uses it as an attack, McCain's team will have the full record to rebut, if needed.

In the 2004 campaign, the group Swift Boat Veterans for Truth got huge attention for a relatively small media buy for an ad attacking Kerry. In that case, cable news magnified the ad's impact by airing it over and over. Kerry's failure to respond more quickly is now seen as a critical mistake that contributed to his defeat.

In this campaign, groups such as the Swift Boat Veterans will not need cable television's assistance. They can go straight to the Web via YouTube and let millions of Americans see ads on their own time. A television commercial paid for by MoveOn.org, a leading progressive advocacy group, attacking McCain for his support for sending more troops to Iraq began running last week in Iowa and New Hampshire as well as on some national cable stations. It was also posted on YouTube and by Friday was one of the most popular videos on the site -- greatly expanding its universe of viewers and its influence on the national conversation.

The accelerated use of campaign video is likely to continue throughout the 2008 campaign as technology opens new opportunities and challenges, with even more significant changes likely by 2012, when Internet Protocol television -- the equivalent of television channels based on the Web -- becomes more technically and financially feasible.

For now, the race is on to exploit today's technology and compete for attention not just against other campaigns but also against other Web sites. "You'll see a technology Internet primary with people trying to do interesting things and move the ball forward," Gross said. "There is so much creativity on the Internet, as a campaign, how do you reach that level of creativity and interest?"

Just $83.8 Million? No Thanks (LAT)

By Dan Morain

The Los Angeles Times, January 22, 2007

For the first time since the nation launched its grand experiment with publicly financed presidential campaigns three decades ago, major party nominees in 2008 are expected to turn down all public funds.

The reason: The grant, expected to be $83.8 million, might not be enough to run a winning campaign.

Sen. Hillary Rodham Clinton (D-New York) is the first top-tier candidate to tip her hand that she intends to leave the public money on the table. Senior Clinton advisor Howard Wolfson said by e-mail Sunday that she would not take matching funds in the primary campaign or, if she wins the Democratic nomination, in the general election.

On her campaign website, Clinton is asking that donors give her $2,100 for the primary and another $2,100 for the general — a tangible sign that she won't seek matching funds in the general election. Candidates who take public money in the general election must forgo fundraising.

Using her contacts and those of President Clinton, Sen. Clinton raised nearly $40 million for her 2006 Senate race, showing she can tap moneyed interests in New York and California, two deep wells of Democratic money.

"She'll do fabulously" in the money race, said Sacramento lobbyist Darius Anderson, who helps Democrats raise money and is a business associate of one of Clinton's backers, Los Angeles billionaire Ron Burkle. "The Clinton network and the Clinton list is by far the most extensive of any Democrat."

Abandonment of the public financing system would threaten the survival of a Watergate-era reform that was supposed to limit the influence of big donors in presidential politics and enable more candidates to compete.

If major candidates walk away from public financing, "it really calls into question why it exists at all," said Robert D. Lenhard, chairman of the Federal Election Commission, a supporter of the system..

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The current system is being rendered obsolete by escalating campaign costs, sophisticated fundraising techniques, tepid public support and big-foot candidates such as Clinton who could raise $100 million on their own before the first 2008 primary — and $500 million by election day.

There are efforts to revive the system. "It is a reversal, but not necessarily a fatal reversal," said Steven Weissman of the nonpartisan Campaign Finance Institute in Washington, among the groups pushing to rescue public financing.

But it remains to be seen whether the heavy spending forecast for 2008 will, as public-finance advocates predict, trigger public disgust and lead to new reforms.

Until then, "To be considered a top-tier serious candidate almost by definition means you're not going to be participating in the public financing system" in either the primary or general election campaigns, said Democratic consultant Chris Lehane of San Francisco, who worked in the White House during the Clinton presidency.

As originally envisioned, the matching funds system offered candidates a deal: In exchange for voluntarily limiting their spending, the federal government would provide them with tax money to defray primary campaign costs and relieve them of having to raise money in the general election.

Taxpayers pay for it all by checking a box on their income tax forms earmarking $3. But despite outcries against the influence of private money in politics, the concept has not caught on with the public. At its height in 1980, 28% of taxpayers marked the box. Now, not even 10% ask that part of their taxes be used for presidential campaigns.

It's a system that seems almost quaint in an age of Internet fund-raising and in the face of other laws that have the effect of opening the way for big campaign spending. While $83 million seems massive, it could pale by comparison with the sums that candidates could raise from private sources — increasing the likelihood that nominees would leave the public money on the table.

"It is mind-boggling," said Washington consultant Jeffrey Bell, a Republican who supports public financing.

A handful of candidates have previously turned down public money for primary campaigns rather than agree to limit their fundraising, a precondition for getting the taxpayer largess. Ross Perot and Steve Forbes didn't need it; they used personal wealth. In the 2004 primaries, President George W. Bush and Sen. John F. Kerry (D-Mass.) raised more money than would have been permitted had they used matching funds.

But in every general election campaign, beginning in1976 when Jimmy Carter beat President Ford, the nominees have accepted matching funds. In 2004, the FEC gave $75 million each to Kerry and Bush. With an inflation adjustment, the grant will exceed $80 million in 2008 — if anyone takes it.

"The nominees of both major parties are likely to turn down public money for the general election for the first time in history, and raise private contributions for both the primary and the general," FEC commissioner Michael E. Toner said in an interview.

The system has become obsolete for a variety of reasons. By law, the election commission raises the amount of matching funds based on inflation, but the cost of campaigning has far outpaced inflation. Toner predicts that major party nominees will raise $500 million each by election day — roughly double what Bush and Kerry raised in 2004.

Fundraising itself has changed, aided by direct mail and the Internet. Legislation by Sens. John McCain (R-Ariz.) and Russell D. Feingold (D-Wis.) was intended to limit the influence of money in politics. But it also more than doubled the amount that individual donors could give to presidential candidates. That in turn has made it easier for candidates to raise yet more money.

The maximum that a single donor can give is $2,100 for a primary and another $2,100 for a general election, though the commission probably will raise that to $2,200 or $2,300 this year.

"Fundraising has changed so much that in order to ... get people to opt into the public funding system, you would have to dramatically increase the subsidy and the amount that a candidate could spend," said Anthony Corrado, a political scientist at Colby College in Maine and an expert on presidential campaign finances.

The law also provides candidates with millions of dollars for primaries — so long as they agree to restrict their spending. In 2008, the cap on spending would be about $50 million.

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The demand for money for 2008 is heightened by the heavily front-loaded primary calendar. Democrats will hold caucuses in Iowa and Nevada and primaries in New Hampshire and South Carolina between next Jan. 14 and Jan. 29. (Republicans have not set their primary calendar.)

Campaign finance experts believe a candidate easily could spend $25 million in those four states, then face a crush of primaries in February, possibly including California's.

As of last month, Clinton had $14.4 million in her campaign account. Several experts said Clinton could amass $100 million by the end of 2007.

Sen. Barack Obama (D-Ill.), McCain, former New York Mayor Rudolph W. Guiliani, and former Massachusetts Gov. Mitt Romney could raise similar sums. By contrast, Bill Clinton had $3.3 million in 1991 as he headed into Iowa and New Hampshire.

"There is going to be a $100-million entry fee in this White House race," Toner said.

Aides to at least one other candidate talk openly about his plan to bypass federal funds.

"Our intention is to opt out, but we will not make a final decision until later this year," said consultant Roy Behr of Los Angeles, representing former Iowa Gov. Tom Vilsack, a Democrat running for the presidency.

Though not tipping his hand, McCain "believes the public financing system is not fulfilling its original goal and must be reformed," said McCain spokesman Danny Diaz.

Advocates say the money race of 2008 will underscore the need to salvage the federal system. The Campaign Finance Institute suggests raising the match, offering candidates $3 for each dollar they raise in small sums. A $100 donation could be leveraged into $400. Feingold is expected to re-introduce legislation to raise the subsidy, though experts say a fix could not be instituted by the 2008 campaign.

"The system has become outmoded and we need to fix it," said Fred Wertheimer, long a proponent of public financing and head of the nonpartisan group Democracy 21, which also is pushing for an overhaul. "All the fundraising is going to make our case. The story is going to demonstrate why the [public financing] system makes sense."

But others question whether the public will lament the demise of a system derided as "welfare for politicians."

Darry Sragow, a Democratic attorney and consultant in Los Angeles, said most voters see no benefit in spending tax money on politics.

"It is the height of irony, if not insult, to say to a voter: 'We're going to take your money and send you all that mail you hate, and produce all the negative ads that make you want to use the remote,' " he said.

Iraq Tinges Clinton, McCain (WSJ)

By Jackie Calmes

The Wall Street Journal, January 22, 2007

WASHINGTON -- New York Sen. Hillary Clinton's official entry into the 2008 presidential race, which she begins far out in front of a growing Democratic pack, doesn't just rattle the rivals in her own party. It also is underscoring new doubts among Republicans about how formidable their own front-runner, Arizona Sen. John McCain, might be against the woman they most love to hate.

The vulnerabilities of both front-runners start, above all, with their stances on the increasingly unpopular war in Iraq. As Mrs. Clinton's weekend announcement of her candidacy made clear, they are responding to that issue in opposite ways.

Mrs. Clinton has long been suspect among liberal Democratic activists for her 2002 vote approving President Bush's use of force in Iraq, and then for declining to disavow it. Saturday, she showed that she has changed course. In her online announcement of her candidacy, she trumpeted a plan she has presented to block Mr. Bush's proposed increase in U.S. troop strength. The announcement, timed to get a jump on the president's State of the Union address tomorrow night, seemed designed to address her main problem with her party's base, though it could feed a sense that she is too cautious and calculating.

By contrast, Mr. McCain continues to be the most prominent supporter of the war, the president and a military buildup. That remains a popular stand among Republican voters, polls show. But it has been eroding his popularity with the general public, which over time has admired his independence but now overwhelmingly opposes the war. A new Wall Street Journal/NBC News

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poll, conducted Jan. 17-20, shows Americans by 65% to 30% say Mr. Bush shouldn't go ahead with his proposed troop "surge" if Congress passes a nonbinding resolution against it.

Selling Point

Further McCain slippage in the polls, in turn, would undercut his top selling point among Republican voters long suspicious of his maverick ways and his past criticism of Christian conservative leaders: The belief that Mr. McCain is the Republican who is best able to beat their nemesis, Mrs. Clinton.

A number of Republican leaders privately have been making that case within the party, among them former party chairman Haley Barbour, now Mississippi's governor, and Mississippi Sen. Trent Lott, the second-ranking Senate Republican leader. As the mood about the war worsens, skepticism about Mr. McCain's national appeal is building. One pro-McCain Republican lobbyist says not only voters are at stake, but also the donors he needs: "The war is really hurting McCain with the finance types."

Predictably, supporters for other Republican aspirants -- among them former New York Mayor Rudy Giuliani, former Govs. Mitt Romney of Massachusetts and Mike Huckabee of Arkansas, and Kansas Sen. Sam Brownback, who also announced his candidacy over the weekend -- are fanning the questions about Mr. McCain. As a sign of the reassessments, several Republicans pointed to last week's news that prominent national strategist and former Minnesota Rep. Vin Weber, one of Mr. McCain's earliest supporters in 2000 against then-Gov. George Bush, has become Mr. Romney's policy chairman.

Mr. Weber, in an interview, declined to address Mr. McCain's war woes. But, anticipating that Democrats will choose Mrs. Clinton, he said, "Republicans are increasingly beginning to see that if Democrats are going to nominate the consummate insider, ... perhaps that gives us our ultimate opening -- a face from outside Washington. Maybe it's Romney, maybe it's Giuliani, maybe it's Huckabee. I think it's Romney. But nobody's made the sale yet. It's still early."

For its part, the McCain campaign argues the senator remains formidable, judging both by polls and Republican endorsements in states with early nominating contests. Advisers cite the recent "Battleground Poll" conducted by bipartisan pollsters for George Washington University, which suggested Mr. McCain could beat Mrs. Clinton by 10 points. (So could Mr. Giuliani, according to the poll, though his liberal social stances lead many Republicans to conclude he can't win their nomination.) Echoing Mr. McCain's recent remark that he would rather lose an election than a war, his backers also suggest he will get points for principled consistency on the war where others, not least Mrs. Clinton, have shifted.

"John McCain is doing what he believes is right for our troops and for our country," McCain spokesman Danny Diaz said yesterday. "This is a principled individual who is committed to seeing us achieve victory in Iraq and winning the war on terror."

Both Mrs. Clinton and Mr. McCain face questions about their electability, as evidenced by the expanding field of competitors in both parties. Mr. Brownback, a favorite of social-issue conservatives who opposes the troop increase, entered the Republican contest Saturday with a more traditional political rally of family and supporters in Topeka. Yesterday, New Mexico Gov. Bill Richardson, a former congressman and, in Bill Clinton's administration, both United Nations ambassador and energy secretary, joined the Democratic fray with a Web announcement.

Comedy Skit Captures Sentiment

Mrs. Clinton's emerging high profile as the Democratic-led Congress moves to stop a troop increase, and perhaps even seek to bring troops home, is likely to help her with party voters. Moreover, most Democratic contenders originally supported the war, with exceptions such as Illinois Sen. Barack Obama and Ohio Rep. Dennis Kucinich.

Still, her shift underscores what even some supporters say is a vulnerability -- a sense that her political calculations leave people uncertain where she stands. This sentiment was captured hours after her announcement, in the opening comedy skit on television's "Saturday Night Live." The Clinton character says that for every one-point increase in Mr. Obama's popularity, more troops would come home; if he craters, "the troops can stay in Iraq."

The Clinton camp hit the electability argument head on in its opening volley on the new campaign Web site. Pollster and chief strategist Mark Penn opened his "campaign memo" with the question, "People are always asking, can Hillary Clinton win the presidency? Of course she can."

He cited her 2000 election in New York, and her landslide re-election in November with increased support from traditionally Republican areas. To arguments that she is a divisive figure, Mr. Penn cited recent polls showing an increase in the number of Americans who view Mrs. Clinton favorably.

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While many Democrats worry that she is unpopular among white men, Mr. Penn wrote that, "Women constitute a huge 'X' factor in this upcoming election" since more than 54% of voters will be women, and younger voters especially "believe it is about time this country had its first woman president."

Defend Innocent Life (WT)

By Sam Brownback

The Washington Times, January 22, 2007

Each January from all corners of the nation, hundreds of thousands descend upon the nation's capital. They come -- often in freezing conditions -- for a most significant march on Washington. They come for the March for Life on the anniversary of the tragic Supreme Court decisions in Roe v. Wade and Doe v. Bolton that made abortion legal during all nine months of pregnancy.

Youth is the most remarkable feature of the gathered, peaceful crowd. Observing the sea of people, you see faces of all colors and creeds; you see the young and the old; you see hope; you see cheerfulness; you see energy. Most of all though, you see the youth. Such a sight will disabuse most anyone of the notion that old men or politicians are the leaders of this movement. The young are the driving force. They will not stop coming; they are paying attention to the actions of their elected leaders; and they want a change in policy.

The youth understand that a large number of their generation were aborted before they ever had a chance in life. Since the tragic 1973 Supreme Court cases of Roe and Doe, more than 40 million of their peers' lives have been snuffed out because of abortion.The youth know that one of those 40 million could have been their spouse, and, for some, they realize that they too came very close to being one of the 40 million.

Life is beautiful. One's value is not contingent upon external features, such as one's bank account, one's successes or one's lineage. A human being's value is intrinsic, not earned. Without this basic moral understanding, few of our laws would make much sense. Laws against murder, for instance, would fail to make sense if we did not deem human life to be intrinsically valuable and worthy of protection.

Rather than choose an arbitrary starting point for valuing human life, we should go to the point when life begins. For this, science gives us clear understanding of when a new human life begins. Science tells us that life begins at the moment of conception, when the combination of 23 chromosomes from each pronucleus results in the 46 chromosomes present in the zygote embryo. From the moment of conception onward, a new human being is present until that life is ended in a laboratory, by an abortionist, or at some point after birth. Sadly, our current life-related policy in the United States ignores science, choosing capricious points at which to protect innocent human life. Our current policy is inconsistent, defying both logic and decency.

In the past Congress, had Republicans come out of the gate on issues central to advancing the cause of life, there is little doubt that values voters would have been inspired. Instead, in November, Republican majorities in both houses of Congress were swept from power, in part, according to some commentators, by the fact that frustrated values voters were unmotivated. The election was not a repudiation of the values for which Republicans stand; it was a repudiation of Republican performance when it came to living up to those values. As one example, consider that in the Senate the first Republican-initiated vote on abortion did not take place until late in the Congress with passage of the Fetus Farming Prohibition Act in July 2006; and this was followed by a vote on commonsense parental-notification legislation right before the election. The voters are well-educated and it was obvious to them that the past Congress did not share their priorities, except when it was close to election time.

Americans are a life-loving people. They always have been. Whether Republicans are returned to power by the voters will in large part depend upon whether Republicans embrace a Culture of Life both philosophically and in practice. The voters are watching.

I have great confidence that the leadership of our party will embrace the culture of life more consistently, and I am hopeful that they will, even from the minority, help us chart a course to find ways to get pro-life policies enacted. These are policies that are embraced by the majority of Americans. This past election was a wake-up call for pro-lifers, and the extent to which Republicans act with constancy and integrity will determine when the pro-life party of Abraham Lincoln and Ronald Reagan is returned to the majority.

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Sen. Sam Brownback, Kansas Republican, is the ranking member on the Joint Economic Committee, Financial Services Committee and General Government Appropriations Subcommittee. He also chairs the Senate Values Action Team and co-chairs the Human Rights Caucus.

The Religious Test (USAT)

By David E. Campbell, J. Quin Monson

USA Today, January 22, 2007

Should Americans fear Mitt Romney because he is a Mormon? In spite of what some political pundits have recently argued, the answer is a resounding no.

Should Romney fear how some Americans will react to his religion? Unfortunately, recent polls say yes. But just like another Massachusetts politician who faced questions about his religion, namely John F. Kennedy, Romney can, and should, tackle uneasiness about his religion head-on — sooner rather than later.

Romney has not yet officially announced his plans to run for the Republican nomination, yet the darts have already begun to fly. In fact, some critics have argued that Romney should not be elected solely because of his membership in the Church of Jesus Christ of Latter-day Saints (LDS):

•Writing in Slate, columnist Jacob Weisberg says that if Romney truly believes in his religion, "I don't want him running the country."

•Damon Linker, in The New Republic, says voters should reject Romney on religious grounds. Echoing precisely the same concerns raised about Kennedy's Catholicism, Linker argues that a Mormon president would be controlled by his church's hierarchy. In his words, "would it not be accurate to say that under a President Romney, the Church of Jesus Christ of Latter-day Saints would truly be in charge of the country?" Actually, no, it would not be accurate, any more than it was accurate to say that Kennedy would take orders from the Vatican. And neither would it be accurate to accuse the LDS church of pulling the strings of other prominent Mormon politicians, such as Senate Majority Leader Harry Reid, D-Nev., Sen. Gordon Smith, R-Ore., the late Rep. Mo Udall, D-Ariz., and numerous others.

It is true that, like many religious groups, the LDS church occasionally makes policy pronouncements, as it did last June in support of a federal constitutional amendment banning gay marriage. However, this kind of political activity has not served to constrain Mormon elected officials. Reid, at the time the Senate minority leader, led the opposition to the amendment. In response to a reporter's question about his open opposition to the LDS church's public position, his press secretary Sharyn Stein said that the church had asked members to express their opinions on the issue, so her boss was doing so "loudly and repeatedly on the Senate floor."

A President Romney would have the same autonomy to speak and act independently of his church.

Romney's challenge, however, is to make this clear to the American public. It is here that the parallel to Catholicism is instructive.

John F. Kennedy was not the first Catholic to run for president. That distinction belongs to Gov. Al Smith, D-N.Y., who, after winning the Democratic nomination in 1928, faced outright hostility to his Catholicism and suffered an ignominious defeat at the polls. The anti-Catholic bigotry that Smith confronted was in the living memory of many Democrats as Kennedy began his bid for the presidency. In an era when primaries were non-binding and often ignored by the leading candidates, Kennedy entered the West Virginia primary to show that a Catholic could win in a heavily Baptist state and thus settle the "Catholic question." He won the primary and the nomination. But still doubts lingered in the minds of the electorate about his religion.

To put those doubts to rest, Kennedy marched into the proverbial lion's den and delivered a speech to Protestant ministers in Houston. That speech is a classic appeal for religious tolerance. In it, Kennedy declared, "I do not speak for my church on public matters, and the church does not speak for me."

Similarly, enough Americans have doubts about Romney's religion that he should not wait for the primaries to tackle the "Mormon question." Recent polls find that about four out of 10 Americans say that they are unwilling to vote for a Mormon. We suspect that many voters are simply reflecting the fact that Mormonism is unfamiliar to them; it is natural to be uneasy with the unknown. However, Romney's own election in Massachusetts as well as the elections of Gordon Smith, Rep. Ernest Istook, R-

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Okla. , and former U.S. Representative Richard Swett, D-N.H., demonstrate that voters outside the Mountain West, where Mormons are most heavily concentrated, can become comfortable with Mormon candidates from across the political spectrum.

The heavy scrutiny focused on presidential candidates, even this early in the campaign, and the unease of some voters with a Mormon president, means that Romney should do now what Kennedy waited until the fall of 1960 to do. Romney needs to take a page from the Kennedy playbook and address his religion forthrightly, in a high-profile venue.

At a time when religion and politics are increasingly intertwined, it would be an opportunity to remind all Americans why the wall between church and state has served the country well.

Whatever issues voters might have with Mormonism, it is wrong to reject Romney because of his faith, just as it was wrong to reject Kennedy for his, or to disqualify today's Catholic politicians, such as Sen. John Kerry, D-Mass., and House Speaker Nancy Pelosi, D-Calif., for theirs. It is no different from dismissing Sen. Hillary Clinton, D-N.Y., because of her gender or Sen. Barack Obama, D-Ill., because of his race.

This is not an endorsement of Romney — we leave it to the voters to decide whether he deserves to be president. Rather, we endorse the spirit of Article VI in the Constitution, which states that there should be no religious test for public office.

Kennedy captured that spirit well in 1960 when he said: "While this year it may be a Catholic against whom the finger of suspicion is pointed, in other years it has been — and may someday be again — a Jew, or a Quaker, or a Unitarian, or a Baptist."

Or even a Mormon.

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Richardson Enters Presidential Race (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, January 22, 2007

WASHINGTON — New Mexico Gov. Bill Richardson jumped into the pack of Democratic White House hopefuls Sunday as a middle-of-the-road politician with a multifaceted resume who, if elected, would be the first president of Latino descent.

Richardson, 59, was born in Pasadena to a Mexican mother and an American father. Fluent in Spanish, he has courted and received Latino support over a career of more than 25 years in politics, while managing to avoid being pigeonholed as an ethnic politician.

"I believe the country would be ready for a woman president, an African American president, Hispanic president," Richardson said on ABC's "This Week," announcing the formation of an exploratory committee that enables him to begin raising money and hiring a campaign staff. "But I wouldn't run as a Hispanic candidate. I would run as an American, proud to be Hispanic, proud of my heritage."

Getting noticed will be his immediate challenge. Although Richardson's career in public service includes 14 years in the House and stints as United Nations ambassador and Energy secretary under President Clinton, he starts out in the back of a diverse pack, among the so-called second tier of Democratic candidates.

An ABC News/Washington Post poll, conducted Tuesday through Friday and published Sunday, gave Richardson 1% of Democrats surveyed, far behind Sen. Hillary Rodham Clinton of New York (41%), who announced her own exploratory committee Saturday; Sen. Barack Obama of Illinois (17%), who entered the race Tuesday; and former Sen. John Edwards, the party's 2004 vice presidential nominee (11%).

"I will outwork anybody," Richardson said. "I am a Westerner. I'm a governor."

Political insiders said it would be a miscalculation to dismiss Richardson's candidacy.

"In the course of a campaign, there are plenty of opportunities for a candidate with a compelling message, who is not as well-known, to go out there and gain support," said Democratic media consultant Anita Dunn. Democratic National Committee Chairman Howard Dean "at this point in 2004 had maybe 2%, 3%. Gov. Richardson clearly has an impressive resume; he's very smart, and works quite hard."

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A case in point is when Richardson first ran for governor in 2002, pledging to shake 600 hands a day. According to the Almanac of American Politics, he wound up breaking Teddy Roosevelt's record of 8,513 by shaking 13,392 hands at the New Mexico State Fair and a tailgate party at the University of New Mexico on Sept. 16.

"He was not afraid to be an underdog at the beginning of his career, and he was successful," said Brian Sanderoff, an independent pollster in Albuquerque. "If in his mind he is thinking vice president, he's not sharing that with anybody. He's going for the win, whether it's realistic or not."

Said Richardson, who was reelected in November with 69% of the vote: "If I don't get the nomination, I'll come back and be governor."

On the Iraq war, Richardson supports a phased withdrawal of American troops, with diplomatic efforts to broker a peace among that country's warring ethnic and religious factions. He favors trying to talk to Iran and Syria to seek their help in ending the conflict. He supports redeploying American troops from Iraq to fight the Taliban in Afghanistan.

"What we're doing now is not working," Richardson said. "The American people are against it. The surge that the president wants is going to cause more sectarian violence."

Richardson has some experience dealing with recalcitrant foreign regimes. He negotiated with the North Koreans, the Cubans and the Sudanese, and with the Taliban when they held sway over Afghanistan.

On domestic issues, he is somewhat to the right of many Democrats. He gets the endorsement of the National Rifle Assn., for instance.

On immigration, Richardson supports an overhaul of current laws to provide a path to citizenship for longtime illegal residents who can prove they are otherwise law-abiding.

Although he chided the Democratic Party for allowing President Bush to make strong inroads among Latino voters in the 2004 election, it's unclear to what extent Richardson would command a following outside of New Mexico.

"We have a very credible woman running and a very credible African American, and a very credible Latino, but I don't think any block of voters will go to any of these candidates based on gender and ethnicity," said Dunn, the media consultant. "I do think Gov. Richardson clearly has the opportunity to appeal to Hispanic voters' sense of history."

Latino voters have helped Richardson get elected at every stage of his political career, but he has usually pursued a broad agenda in office, appealing to diverse constituencies.

As governor, he pushed through tax cuts on income and capital gains backed by many in the business community. He also signed an executive order extending healthcare and other benefits to the domestic partners of gay and lesbian state employees. And he signed legislation cracking down on drunk drivers, a serious public safety problem in New Mexico.

As chief executive of a small state, Richardson has sometimes stepped on other politicians' toes, belying his easygoing image.

"He moves very fast, and very aggressively, and the devil is always in the details," said Sanderoff, the New Mexico pollster. "He sometimes has a lukewarm, if not cool, reception from fellow Democrats, who feel they are not consulted enough. He is seen as somebody who can be a bit of a bully."

Richardson's plans, which were widely known last week, were undercut somewhat by Clinton's announcement, and her candidacy was the focus of discussion on the Sunday talk shows. Another contender for the Democratic nomination, Sen. Joseph R. Biden Jr. of Delaware, described her on "Fox News Sunday" as "the odds-on pick right now," and Sen. Edward M. Kennedy (D-Mass.) told NBC's "Meet the Press" that she was "in a very strong position."

Potential Republican rivals used similar language, with Sen. John McCain of Arizona, on NBC, and former House Speaker Newt Gingrich of Georgia, on Fox, both calling her "formidable."

But Gingrich suggested that Obama's actions last week had "forced Sen. Clinton's hand by weeks. I mean, he has gained ground so rapidly that I think she sort of thought she had to remind her friends she was around."

Another Republican, Sen. Chuck Hagel of Nebraska, told C-SPAN's "Newsmakers" program Sunday that he also was considering a presidential bid, perhaps as an independent. He is a leading GOP critic of Bush's Iraq policy and is co-sponsoring a nonbinding resolution opposing an increase in U.S. forces there.

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Richardson's Quest (ABQ)

By Kate Nash

Albuquerque Tribune, January 22, 2007

Gov. Bill Richardson jumped on the presidential bandwagon this morning, revealing in English and Spanish on his just-launched Web site that he's in.

The site was activated just as Richardson was telling ABC's George Stephanopoulos that he's the man for the job.

In an interview taped by the network last week in Santa Fe, Richardson said he'll outwork any other candidate, and trotted out a laundry list of his accomplishments.

"Most importantly, I can bring this country together. I'm a negotiator. I've brought countries together, closer, on peace treaties. I've rescued Americans, hostages and servicemen. What we have right now is an opportunity to deal with major issues that really are dividing this country. I have the experience, I've been in Iraq, I've negotiated with Saddam Hussein. I was secretary of energy, I increased energy efficient in our country," he said. "I've been a governor, I created 86,000 jobs in four years, I've cut taxes, I've brought economic growth to our state, I've made our schools better. I've got the strongest record on the environment and dealing with clean energy and fighting global warming," Richardson said.

"A lot of people give speeches on these issues. I've actually done it."

Even before the show aired, the secret was out: Just after 5 a.m local time, Good Morning America played a clip of an interview.

"Also, New Mexico Gov. Bill Richardson announcing today, he'll be on 'This Week,' that he wants to run. He would be the first Hispanic president of the United States if he won. I asked him about it."

Richardson told Stephanopoulos: "I believe this country is a very tolerant, positive country. I believe the country would be ready for a woman president, an African-American president, a Hispanic president, but I wouldn't run as a Hispanic candidate, I would run as American, proud to be Hispanic, proud of my heritage."

Richardson on Monday is expected to hold a news conference in Santa Fe and to file the papers to establish an exploratory committee. He would make an official announcement soon, according to his Web site.

On his the site, www.richardsonforpresident.com, Richardson talks about energy, the economy and the war.

"The next president of the United States must get our troops out of Iraq without delay," he said. On 'This Week,' he was more specific, saying the United States should set a timetable for phased withdrawal that has U.S. combat troops out of Iraq by year's end. He also said troops should be redeployed to Afghanistan to wage the war on terrorism.

The bilingual governor was born in Pasadena but grew up in Mexico City until he was a teenager. His Mexican mother, Maria Luisa Lopez-Collada, still lives in Mexico. His father died in 1972.

The announcement ends months of murmurs about whether Richardson would run for the country's top job. Responding to a question from Stephanopoulos, Richardson said he had no interest in being anyone's vice president. "I've got a better job being governor of New Mexico. If I don't get the nomination (for president), I'll come back" to Santa Fe, he said.

Richardson, 59, joins several other Democrats who have also said they want to lead the United States, including most recently Sens. Barack Obama and Hillary Clinton. The most recent ABC poll gave Clinton a commanding lead among the potential Democratic contenders, with 41 percent. Obama was second at 17 percent, while Richardson was last on the list with 1 percent.

He now must persuade Democrats to make him the nominee against a Republican candidate for the 2008 election. He also must raise the minimum of $30 million that political observers say he'll need to make him competitive.

In November, the first-term Richardson was elected to a second, four-year stint along with Lt. Gov. Diane Denish.

After his swearing-in on New Year's Day, he held an extravagant bash at two Downtown Santa Fe hotels, to which he invited 7,000 people. The fiesta, dubbed the Boots and Bolos Inaugural Ball, even featured hundreds of jars of Gov. Bill Richardson Inaugural Salsa. Attendees were given plastic blue wristbands, with his and Denish's name on them, akin to the yellow bracelets made popular by cyclist Lance Armstrong.

Richardson, whose name doesn't have the same cache as Sen. Hillary Clinton, is nevertheless not an unknown in national politics.

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He served in Congress from 1983-97, when then-President Bill Clinton tapped him to be the U.S. ambassador to the United Nations. A year later, Clinton appointed him as the secretary of the Department of Energy.

In the past year, Richardson has made several trips to the East Coast, New Hampshire in particular. He was in another early-primary state, South Carolina earlier this month.

Money from his re-election campaign has gone to Democratic candidates in places like Nevada, Wisconsin, Colorado, and Kansas.

During his career, he's negotiated with world leaders and travled to the farthest reaches of the world, including earlier this month to Sudan, Africa, to negotiate a cease-fire between government groups and rebel factions.

After he had returned and announced that he'd brokered a deal, one group, representatives of the Sudan Justice and Equality Movement rebuffed him, saying they had not agreed.

Richardson late last year also went to Sudan to secure the relase of journalist Paul Salopek, who was detained there for more than a month.

As governor, he's solidified his Democratic base, but also befriended Republicans with initiatives including tax cuts and economic development packages.

Richardson, if elected, would be the nation's first Hispanic president. His mother is Mexican and lives in Mexico. He was born in California and raised in both Mexico and Boston.

Already, he's made state history by raising the most money Í nearly $14 million Í for his 2006 gubernatorial race. He flew through his first term, pushing an increase in the state's minimum wage, a commuter train from Albuquerque to Santa Fe, a $250,000 life insurance policy for members of the National Guard.

This legislative session, he wants tax cuts, is still pushing a wage increase and wants a $250 million road improvement package.

Richardson's wife is Boston native Barbara Richardson. They live in the Governor's Mansion in Santa Fe and have no children.

Kansas Senator, N.M. Governor Join List Of Hopefuls (USAT)

By Jill Lawrence

USA Today, January 22, 2007

WASHINGTON — Three people in two days. That's how fast the field of would-be presidents grew over the weekend.

The latest entry is New Mexico Gov. Bill Richardson, a former congressman, U.S. Energy secretary and United Nations ambassador who aims to be the Democrats' first Hispanic nominee.

"Everybody gives speeches about how they're going to fix the country's major problems. I've actually done it in the positions that I've held," Richardson said in an interview Sunday.

Richardson's move was overshadowed by New York Sen. Hillary Rodham Clinton's jump into the Democratic race on Saturday. Another headlines casualty was Kansas Sen. Sam Brownback, who announced his bid for the Republican nomination Saturday in Topeka.

Richardson said he will form an exploratory committee today and make it official in two months when his state's legislative session concludes. He said he'll raise money Tuesday in California and campaign over the weekend in Nevada, site of an early nomination contest.

Clinton said she was forming an exploratory committee, which allows presidential hopefuls to raise money for a campaign. Her headline — "I'm in" — left little doubt she, too, is a full-fledged candidate. She'll be in Iowa this weekend and New Hampshire next month.

Today through Wednesday, as a counterpoint to President Bush's State of the Union address Tuesday, Clinton is holding live video chats each evening with people who sign up at hillaryclinton.com.

"No matter where you live, no matter what your political views, I want you to be a part of this important conversation right at the start," she said. "For three nights in a row, I'll sit down to answer your questions about how we can work together for a better future."

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Brownback called himself a leader on issues important to economic, social and compassionate conservatives. "I've stood with them. I've pursued and pushed these issues. I've been aggressive," he said in an interview Sunday. "That gives me an advantage over the others looking at the field."

Brownback has worked to fight AIDS, poverty and genocide in Africa. He supports a constitutional amendment to ban gay marriage and overturning Roe v. Wade, the Supreme Court decision that legalized abortion nationwide. He proposes a personal tax code with a single rate and individual retirement accounts as voluntary alternatives to Social Security.

Richardson recently negotiated a 60-day cease-fire in Darfur, working with the Save Darfur Coalition and the State Department. He said he will formalize his candidacy after a New Mexico legislative session he hopes will produce a higher minimum wage, expanded health care coverage and increased use and sales of alternative energy.

On Iraq, Richardson opposes the president's plan to commit more troops and would cut off money for the increase. He supports a phased troop withdrawal and national reconciliation talks among Iraqis.

Richardson says his advantages include being a governor, a Westerner and Hispanic, and having hands-on experience in two critical areas: energy and foreign policy. Beyond his résumé, he said, "You have to have passion and vision. You have to be well organized. You have to be able to raise money. … I can hold my own" on all those.

The rush of weekend activity came several days after Illinois Sen. Barack Obama formed a committee to raise money for a virtually certain candidacy.

Talk shows on Sunday showcased no fewer than six people who are running for president or say they might: Richardson, Brownback, Arizona Sen. John McCain, Delaware Sen. Joseph Biden, Nebraska Sen. Chuck Hagel and former House speaker Newt Gingrich. That's about a quarter of two dozen prospects looking at the first contest in decades with no president or vice president running on either side.

Democratic Governor Of New Mexico Joins Race (NYT)

By Matthew L. Wald

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Gov. Bill Richardson of New Mexico said on Sunday that he intended to run for the Democratic nomination for president, joining a growing field that includes Senators Hillary Clinton of New York (since Saturday) and Barack Obama of Illinois (since Tuesday).

Mr. Richardson, elected to a second term as governor in November with a historic 69 percent of the vote, has a varied résumé. He was elected to Congress to represent the Santa Fe area eight times, and then was chosen by President Bill Clinton to be ambassador to the United Nations, and later, secretary of energy.

As governor, he has kept a hand in international politics, working to arrange a cease-fire this month between the government of Sudan and rebels in the Darfur region, and meeting several times with officials from North Korea to discuss nuclear weapons.

Mr. Richardson, 59, was born in Pasadena, Calif., and spent part of his childhood in Mexico City. His mother is from Mexico.

In an interview Sunday on the ABC program “This Week,” Mr. Richardson said: “I believe this country is a very tolerant, positive country. I believe the country would be ready for a woman president, an African-American president, Hispanic president.”

He added, “But I wouldn’t run as a Hispanic candidate. I would run as an American, proud to be Hispanic, proud of my heritage.”

Video of his announcement appears on his Web site in English and Spanish.

Mr. Richardson also emphasized his experience as governor, dealing with budgets, health care, the environment, drunken driving and other issues. In his position as chairman of the Western Governors’ Association and at home in Santa Fe he has been a proponent of renewable energy sources.

Mr. Richardson is an enthusiastic campaigner. According to his campaign, the Guinness Book of World Records cites him as the politician who shook the most hands in one day — 13,392 — during his 2002 campaign for governor, beating President Theodore Roosevelt’s record of 8,515, set in 1909.

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Perhaps more relevant to a national campaign, Mr. Richardson is also a strong fund-raiser. While chairman of the Democratic Governors Association, he raised more than $28 million for candidates for governor.

N.M. Governor Joins Presidential Race (WP)

By Chris Cillizza

The Washington Post, January 22, 2007

New Mexico Gov. Bill Richardson began a run for the Democratic presidential nomination yesterday, betting that his long rÃ©sumÃ© and Hispanic heritage will boost his chances in a field already stocked with better-known candidates.

"I am taking this step because we have to repair the damage that's been done to our country over the last six years," Richardson wrote in an e-mail to supporters. "Our reputation in the world is diminished, our economy has languished, and civility and common decency in government has perished." Richardson also announced his intentions -- in Spanish and English -- on his campaign Web site.

Richardson will file paperwork with the Federal Election Commission today to establish a presidential exploratory committee but will not formally announce his bid until New Mexico's legislative session ends in March.

His announcement comes just one day after Sen. Hillary Rodham Clinton (N.Y.) joined the Democratic race and less than a week after Sen. Barack Obama (Ill.) made his intentions clear. Polling done in early-voting states such as Iowa shows Clinton and Obama in the Democrats' top tier along with former North Carolina senator John Edwards.

Richardson joins a group running behind the top three that includes Sens. Joseph R. Biden Jr. (Del.) and Christopher J. Dodd (Conn.) as well as former Iowa governor Tom Vilsack.

Unlike the other second-tier candidates, Richardson is making history as he seeks to become the first Hispanic president of the United States. Although Richardson said his ethnicity is not a point of emphasis in the campaign, it could help his chances. Hispanics are the largest minority group in the United States and are becoming increasingly active and influential in national politics.

Acknowledging that he is not yet on the level of the front-runners, Richardson argued that he alone in the field has a record of creating solutions to tough problems. "I can talk the talk and walk the walk," Richardson said.

Richardson spent 15 years in Congress before being named U.S. ambassador to the United Nations by President Bill Clinton in 1997. A year later he was appointed energy secretary. Richardson returned to elected office in 2002, winning the gubernatorial race. Last fall he cruised to a second term with 69 percent of the vote.

Throughout his career in public life, Richardson has also served as a roving diplomat, dispatched to defuse crises in hot spots including North Korea and Iraq. He spent several days in Sudan last week before making his presidential intentions known.

On Iraq -- the issue which most animates Democratic primary voters -- Richardson has called for a phased withdrawal of U.S. troops to be completed by the end of this year. "There is no military solution," he said.

Regardless of the strength of his rÃ©sumÃ©, Richardson faces a rocky path to the nomination. In a recent Washington Post-ABC News poll, 1 percent of Democratic voters said they would support Richardson in a primary. By contrast, Clinton took 41 percent, Obama 17 percent and Edwards 11 percent.

Asked how he can compete with nationally known candidates such as Clinton and Obama, Richardson said: "I'll outwork them."

Meanwhile, Sen. Chuck Hagel (R-Neb.) declined to rule out an independent candidacy for president in 2008.

"I have not decided I am going to run for president, so maybe that'll be the next set of questions that you could ask after I decide what I'm going to do," Hagel said during an interview with C-SPAN.

Hagel has been perhaps the most vocal Republican critic of President Bush's handling of the war in Iraq -- a position that could make it difficult for the senator to make a serious run at the GOP nomination.

New Mexico Governor Joins '08 Fray (WT)

By Eric Pfeiffer

The Washington Times, January 22, 2007

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New Mexico Gov. Bill Richardson yesterday joined a crowded field of Democrats seeking their party's 2008 presidential nomination, citing his experience on foreign policy and as a Western state's chief executive.

"I will outwork anybody. I'm a governor," Mr. Richardson said during an appearance yesterday on ABC's "This Week." "Governors have good records in being elected presidents because we balance budgets, we deal with health care, with education."

John F. Kennedy's 1960 victory is the last White House triumph by a sitting senator.

Despite his deep resume, which also includes turns as a congressman, energy secretary and U.N. ambassador, Mr. Richardson's announcement was overwhelmed on yesterday's talk shows by the discussion focused on Saturday's presidential announcement by Sen. Hillary Rodham Clinton, New York Democrat.

"I believe I can be competitive in raising money," Mr. Richardson said when asked by host George Stephanopoulos whether he could compete with Mrs. Clinton's fundraising organization. "A lot of people give speeches about these issues. I've actually done it," he said.

Mr. Richardson also sought to play down speculation that he is secretly campaigning to run for vice president.

"I'm not interested in being vice president. I've got a better job as governor of New Mexico. If I don't get the nomination, I'll come back and be governor," he said.

The recently re-elected governor, who is one of the few members of his party to get an "A" rating from the National Rifle Association, said he thinks Democrats will warm to his candidacy once they get to know his issues, which include favoring a redeployment of American forces from Iraq.

"The surge that the president wants is going to cause more sectarian violence. And right now, we should be deploying those troops that America has in Iraq, we should redeploy them in Afghanistan, where the Taliban are a threat and terrorism is a threat."

Sen. Joseph R. Biden Jr., Delaware Democrat and a possible 2008 rival, said he sees Mrs. Clinton as his party's White House front-runner.

"I think she's incredibly formidable and has got to be the front-runner and the odds-on pick right now," the Senate Foreign Relations Committee chairman told "Fox News Sunday."

A Washington Post-ABC News poll of 1,000 released yesterday showed that Mrs. Clinton was the favorite of 41 percent of Democrats, far ahead of the 17 percent backing Illinois Sen. Barack Obama and the 11 percent who support former Sen. John Edwards of North Carolina. The poll was taken from Tuesday to Friday and has a 4 percentage point margin of error.

"But this is a marathon. There's a long way to go," said Mr. Biden, who already has announced his own presidential campaign. "We're a lifetime away."

Another potential candidate, former House Speaker Newt Gingrich, said yesterday he would run only "as a last resort." Mr. Gingrich had previously said he would seek the White House only if no other Republican had emerged as a clear front-runner by the fall.

"Fox News Sunday" host Chris Wallace told Mr. Gingrich that "you sound as if you think about running for president as a last resort, not as a first resort?"

"Exactly," Mr. Gingrich answered. "I mean, nobody's ever said it quite that way, but you're right."

Mr. Gingrich also praised Mrs. Clinton's political skills and dismissed claims that she is too polarizing a figure to win.

"I don't care what anyone else says -- she and her husband are the most formidable pair of politicians in America," the Georgia Republican said. "She is ahead in every poll. She can raise far more resources than any other Democrat. ... And you'd have to say, given those assets, that she has a six-out-of-10 chance or better of being the Democratic nominee."

For The Clinton Candidacy, A Soft Launch (WP)

By Anne E. Kornblut

The Washington Post, January 22, 2007

NEW YORK, Jan. 21 -- One day after declaring for president, Sen. Hillary Rodham Clinton (D-N.Y.) gave her first public glimpse of how she will run: as the mother of a daughter, as a serious student of policy and as a two-term senator from New York.

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With minimal staff, no family members and not even a sound system to amplify her remarks, Clinton appeared on Sunday at a colorless community clinic in Manhattan to announce a piece of health-care legislation, her first real outing since launching her presidential bid online. Despite a media crush that overwhelmed the participants, Clinton treated the event like a routine stop, acknowledging only during a question period at the end that she had finally decided to run.

"I am worried about the future of our country, and I want to help put it back on the right course, so that we can work together to meet the challenges that confront us at home and abroad in order to secure a better future for all," Clinton said when asked why she wants to be president, embracing the 2008 campaign after more than six years of frenzied speculation about her plans.

"I believe that I am in the best position to be able to do that," she said. And she repeated her latest mantra: "I'm in to win. And that's what I intend to do."

Instead of campaign rhetoric, Clinton focused on the specific theme of health care for children, locking hands with a little girl who joined her onstage. In so doing, she signaled that she will use her uniqueness as a woman -- and more specifically as a mother -- to stake out her ground in the crowded presidential field at a time when Democrats across the board are putting children at the center of their imagery and message.

Earlier this month, Rep. Nancy Pelosi (D-Calif.) made a vivid impression by assuming the House speakership surrounded by a squadron of young grandchildren. Sen. Barbara Boxer (D-Calif.) recently questioned whether Secretary of State Condoleezza Rice, not having family of her own, could understand the stakes in Iraq.

In the past, such gestures have raised fears among some Democrats of being perceived as the "Mommy Party" -- a party of seemingly soft domestic issues such as child care and government entitlement programs, in contrast to a Republican Party that stood for national security. But focusing on children's health care was a consistent move for Clinton, who began her career working for the Children's Defense Fund, championed health care as first lady in the early 1990s and authored the book "It Takes a Village," about the way children are handled in society.

Using her first appearance as a candidate to present her domestic side -- rather than the tougher side she has displayed as a member of the Senate Armed Services Committee and on her recent trip to war zones in Afghanistan and Iraq -- suggested that, at least initially, Clinton would like to strengthen her appeal to women, who make up a large part of both the electorate and the Democratic Party.

Even the location had meaning: The event was held at the Ryan Chelsea-Clinton Community Health Center, named for the Chelsea and Clinton neighborhoods whose needs it serves, and echoing the name of Clinton's daughter.

"We really are thrilled that this health center is named so appropriately," she said.

Chelsea Clinton, who now works for a hedge fund, played a minimal role in her mother's 2006 Senate reelection campaign, even skipping the state nominating convention because of a work conflict. Although she did not appear with her mother Sunday afternoon, campaign advisers have said they expect her to play a much more significant part in the presidential race, where there are already a number of photogenic children, including the young families of Sen. Barack Obama (D-Ill.) and former senator John Edwards (D-N.C.).

"If you're a mother or a grandmother, then you have an automatic connection with an enormous cross section of society," said Stephanie Cutter, a Democratic strategist who worked for Sen. John F. Kerry (D-Mass.) in 2004 but is not currently aligned with a candidate. "Women make up more than 51 percent of the voting electorate, and they show up at the polls more often than men. If you can authentically connect with them on a very personal level, then that's very important."

Arriving at Sunday's event more than half an hour later than planned, Clinton was, for all her understatedness, met with an explosion of flashbulbs and a crowd of bewildered families who had been invited to meet her.

Dozens of camera crews crammed the back of the overheated room. Japanese broadcasters did live shots from the crowd. Secret Service agents kept close watch as staff members corralled irritated photographers in a pen. Frantic members of the health center's staff tried to make room for the invited guests, who were pressed against the walls without seats. Small children squirmed and cried.

Two little girls, Olivia and Camilla Harden, were brought onstage as beneficiaries of the federal health-care system Clinton sought to promote. "You know, if there is any doubt in anyone's mind about why we need health insurance for every child, take a look at Camilla and her little sister Olivia," Clinton said, indicating the two playful girls.

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Clinton announced that she and Rep. John D. Dingell (D-Mich.) will sponsor legislation to expand the Children's Health Insurance Program to include more middle-class families. Invoking her daughter and husband, she said all parents should be able to give their children the comprehensive health care that she and Bill gave Chelsea.

Though it was her first appearance as a presidential candidate, the occasion was organized by her Senate staff and announced through her Senate office, suggesting that she will not run away from her perch but rather use it to her advantage. None of the numerous campaign staff members she has hired (not even Howard Wolfson, a New York-based consultant and a close adviser) was in evidence.

Nothing prohibits sitting lawmakers -- or presidents -- from campaigning in office, and taxpayer money can be used for travel and organizing as long as there is a reason related to their official duties.

If anything, Clinton seemed to be following the mold of her last Senate campaign, in which she worked methodically to raise money and build support. Throughout that campaign, which cost her more than $30 million to win 67 percent of New York, Clinton emphasized smaller appearances, especially upstate, appearing with groups of voters rather than at massive, flashy rallies.

Her event on Sunday felt like an extension of that campaign -- except for the context.

Clinton Confident In Her 2008 Prospects (AP)

By Beth Fouhy

AP, January 21, 2007

Sen. Hillary Rodham Clinton expressed confidence Sunday in her presidential prospects and said she awaits a spirited contest for the 2008 Democratic nomination.

"I'm looking forward to it. It'll be a great contest with a lot of talented people and I'm very confident. I'm in, I'm in it to win and that's what I intend to do," she said after her first public appearance since announcing her candidacy Saturday.

Clinton's comments came during a visit to a Manhattan community health clinic, where the New York senator was promoting a federal children's health-care program.

Clinton said she would introduce legislation to expand the Children's Health Insurance Program to all families who need it, regardless of income. Aides said Clinton was determined to attend to her Senate duties throughout the campaign.

Reflecting her new status as a leading presidential contender, the room was packed with media — some two dozen television camera crews jockeyed for position with scores of reporters from as far away as Germany. Photographers waited outside in chilly temperatures for over an hour to snap pictures of Clinton's arrival.

Clinton said she decided to run after talking to family, friends and supporters since her re-election in November.

"It was a thorough review for me about the problems we confront in the country, the particular strengths and talents I would bring — both to the race and the White House," Clinton said.

"I concluded, based on the work of my lifetime and my experience and my understanding of what our country has to confront in order to continue to make opportunity available to all of our citizens here and to restore our leadership and respect of America around the world, that I would be able to do that — to bring our country together to meet those tough challenges," she said.

The former first lady answered questions after promoting the CHIP legislation. She appeared onstage gripping the hands of 4-year old Olivia and 2-year old Camilla Harden, whose parents said they relied on CHIP for their daughters' health care. The girls looked bewildered as hundreds of flashbulbs popped and cameras whirred throughout the room.

"It's simply wrong for any child to lack health care in America. That's where we start," Clinton said.

Earlier Sunday, one of her White House rivals said Clinton is the favorite right now for the Democratic nomination but added that the party is a "lifetime" away from making its 2008 choice.

"I think she's incredibly formidable and has got to be the front-runner and the odds-on pick right now. But this is a marathon. There's a long way to go," said Sen. Joe Biden, D-Del.

The former first lady joined the race on Saturday, hoping to become the first female president.

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A crowded field of Democratic candidates is led by Clinton, Illinois Sen. Barack Obama and 2004 vice presidential nominee John Edwards. New Mexico Gov. Bill Richardson jumped in Sunday.

A Washington Post-ABC News poll released Sunday showed Clinton was the favorite of 41 percent of Democrats, more than double the support of any of her rivals.

Clinton made her announcement on a video posted Saturday on her Web site. Obama said last week he was setting up a committee to raise money and gauge support for a run.

Former GOP House Speaker Newt Gingrich, who is considering a 2008 bid, said he thought Obama "forced Senator Clinton's hand by weeks. I mean, he has gained ground so rapidly that I think she sort of thought she had to remind her friends she was around."

Gingrich said Clinton "can raise far more resources than any other Democrat, probably raise more resources than all the other Democrats combined. And you'd have to say, given those assets, that she has a six-out-of-10 chance or better of being the Democratic nominee."

Biden appeared on "Fox News Sunday." Gingrich was on "Meet the Press" on NBC.

Clinton Opens Her Campaign With Health Insurance Plan (NYT)

By Patrick Healy

The New York Times, January 22, 2007

With a 4-year-old girl clutching her hand, Senator Hillary Rodham Clinton began her newborn presidential campaign yesterday at a Manhattan health care clinic, announcing legislation that would significantly expand federal health insurance for Americans under age 18.

Mrs. Clinton said her husband, Bill, and their daughter, Chelsea, would play "support system" roles for her, and she pledged to continue protecting New York's interests in Washington even as she campaigns in Iowa and New Hampshire.

She said she wanted to be president because she was "worried about our country" and wanted to "put it back on the right course."

She made no reference to the other seven Democratic candidates, other than to say the race would be a great contest and that "a lot of talented people" were running.

The visit to Ryan/Chelsea-Clinton Community Health Center, which is just blocks west of Broadway (and is named after two neighborhoods it serves), was highly scripted political theater.

Reminiscent of the scene this month when Representative Nancy Pelosi became the first woman to be speaker of the House, children surrounded Mrs. Clinton and climbed over their parents in the audience. The event was intended to convey both her policy smarts and her warmer maternal side — a combination new to presidential primaries.

During most of the half-hour event, a 4-year-old girl named Camilla Harden, a beneficiary of the program, clutched Mrs. Clinton's left hand. Eventually Camilla began scampering around with her sister, Olivia, 2. Every time Mrs. Clinton patted or tickled the girls, the photographers' cameras clicked madly.

Mrs. Clinton's proposed legislation would renew the Children's Health Insurance Program, which provides money to states to cover Americans under age 18 whose families earn too much money to qualify for Medicaid. The 10-year-old program, which now covers four million children, is to expire this fall. Representative John D. Dingell, Democrat of Michigan, plans to introduce a similar bill.

Mrs. Clinton's legislation would raise the income eligibility limit so that more children could enroll; in New York, a family of four earning $75,000 would qualify. And the bill would allow any family, as well as employers, to buy insurance.

"They're trapped between the rising costs and the broken system, and we can help them get out of that trap," Mrs. Clinton said.

Members of the senator's staff said they were still working out the cost of the proposal. About 8.3 million Americans under 18 do not have health care, but about 70 percent of them are already eligible for Medicaid or for the program Mrs. Clinton seeks to expand.

Clinton's Camp Fires First Salvo (NSDY)

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By Glenn Thrush

Newsday, January 22, 2007

WASHINGTON -- Sen. Hillary Rodham Clinton's pollster fired an opening salvo at Sen. Barack Obama and John Edwards yesterday, claiming their campaigns are "stalled or falling" -- and suggesting Obama isn't tough enough to withstand GOP attacks in 2008.

A day after Clinton announced she would run for president -- and win -- her campaign's chief strategist Mark Penn sent a memo to reporters intended to offset an avalanche of articles emphasizing Clinton's high disapproval ratings and questioning her electability.

"She is not just strong, but the strongest Democrat in the field," wrote Penn, referring to a new national poll showing Clinton with a commanding 20-plus-point lead over Obama and Edwards, the Democratic nominee as vice president in 2004.

In Manhattan yesterday, Clinton echoed that mantra, saying, "It will be a great contest with a lot of talented people and I'm very confident. ... I'm worried about the future of our country and I want to help put it back on the right course. I believe I am best-positioned to be able to do that and that's why I'm running."

She went on to say her daughter, Chelsea, and her husband, Bill, are "my greatest advisers."

But it was Penn who stated that no other Democrat is tough enough to beat back Sen. John McCain or former New York City Mayor Rudolph Giuliani.

In a clear reference to Obama's lack of political experience on the national stage, Penn wrote: "Some of the commentators look at the ratings of people who have not yet been in the cross-fire, and say they might have a better chance. Recent history shows the opposite."

He then set his sights on Sen. John Kerry and former Vice President Al Gore, who also might run in 2008. "The last two Democratic presidential candidates started out with high favorable ratings and ended up on Election Day -- and today -- far more polarizing and disliked nationally," said the pollster, who cut his teeth on President Bill Clinton's 1996 re-election campaign.

An Obama spokesman had no comment. Attempts to contact Edwards, Kerry and Gore weren't successful.

Obama announced the formation of his exploratory panel Tuesday but didn't get a boost in the polls. Clinton now holds a commanding 41-17 percent lead over the Illinois senator among Democrats and Democrat-leaning Independents, according to an ABC News/Washington Post poll taken before her announcement, and after Obama's Jan. 16 campaign kickoff.

Strikingly, Clinton did even better among black Democratic voters, amassing a 26-point lead over Obama. "Hillary's Democratic primary support is climbing, while others are stalled or falling," crowed Penn.

Clinton isn't doing nearly as well in early primary and caucus states, particularly Iowa, where she trails Obama, Edwards and ex-Iowa Gov. Tom Vilsack.

Clinton is planning her first trip to that state next weekend, according to a news report.

Penn chalks up Clinton's poor showing in Iowa to her absence and lashed out at candidates who have made frequent stops in the state. "While some candidates have been in Iowa and New Hampshire for years, running as permanent presidential candidates, Hillary has been working hard as a senator for New York," Penn wrote.

Staff writer Reid J. Epstein contributed to this story.

Hillary Is In (WP)

The Washington Post, January 22, 2007

HILLARY RODHAM Clinton's announcement Saturday that she is entering the Democratic presidential race is not a surprise, but that doesn't take away from its significance. There has been a flurry of justifiable excitement over Sen. Barack Obama (D-Ill.), but Ms. Clinton's candidacy is equally momentous: Never before has there been a female presidential contender with such a strong prospect of winning the White House. As with Mr. Obama, that is a development to be welcomed by Americans of both parties.

Ms. Clinton enters the Democratic race as the immediate front-runner, with impressive experience in her husband's White House and on her own in the Senate and with an unmatched political operation. She is a disciplined campaigner with a broad grounding in domestic and foreign policy. She also has $14 million in the bank and the proven ability to harvest millions more.

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But if Ms. Clinton begins with formidable assets, she also faces formidable challenges. One involves the Democratic base and its unhappiness with her position on the war in Iraq. Unlike Mr. Obama, who wasn't in the Senate at the time but made his opposition clear, Ms. Clinton voted to authorize the war; she has been more reluctant than some of her Democratic rivals, most notably the 2004 vice presidential nominee, John Edwards, to renounce that backing or to call for immediate departure of the troops. "I am cursed with the responsibility gene," Ms. Clinton told the New York Times in an interview upon returning from Iraq last week. "You've got to be very careful in how you proceed with any combat situation in which American lives are at stake."

More than a little self-serving, perhaps, but Ms. Clinton's approach is, in fact, more responsible than those of some of her opponents. While this is good policy, it could be risky politics, especially in states that hold early primaries. The trick for Ms. Clinton will be to navigate the primary process on the war and other issues in a way that attracts, or at least assuages, liberal voters while not casting her as a poll-driven panderer or locking her into positions that could complicate a general election campaign.

A second and somewhat contradictory issue for primary voters is the matter of Ms. Clinton's "electability": Is she such a polarizing figure, with such high negatives (44 percent in the latest Washington Post-ABC News poll, compared with 29 percent for Mr. Obama) that she would be at a disadvantage in the fall campaign? The question about Hillary Clinton may be not so much whether a woman can win the presidency but whether this woman can.

The Clinton campaign confronts this problem directly on its Web site. Chief strategist Mark Penn argues that the candidate's poll ratings are strong, that she has demonstrated in New York the ability to win over voters in Republican areas and that she is "the one potential nominee who has been fully tested." That may be true, but for Hillary Clinton, the toughest test is still ahead.

How Obama vs. Clinton Shapes Up (WP)

By E. J. Dionne Jr.

The Washington Post, January 22, 2007

Three differences and three similarities will define the contest between Hillary Rodham Clinton and Barack Obama.

The most important difference lies in where their respective political journeys began. After her early work as an advocate for children, Clinton came to political maturity in the South as part of her husband's efforts to rescue the Democratic Party from its low point in the 1980s. She was shaped by her party's need to win back moderate and conservative voters who had strayed to Ronald Reagan's banner.

The resulting Clinton project was a brilliant top-down effort to shape new Democratic ideas that would appeal to Southern whites and the Northern working class. This explains why both Clintons were drawn to the centrist Democratic Leadership Council, far more an elite policy shop than a grass-roots organization.

In a 2002 speech, Clinton signaled her respect for this approach by praising Al From, the DLC's founder and chief executive, for understanding "from the very beginning . . . that the right ideas were more important even than improving technology, organization or fundraising." Both Clintons have employed Mark Penn, the premier New Democratic pollster who is incessant in his efforts to locate the political center.

Obama, by contrast, began his political life as a community organizer in inner-city Chicago. His earliest experiences were of a bottom-up politics mobilizing the poor and the marginalized. This had the paradoxical effect of giving some of his ideas a decidedly progressive and activist tilt and others a more conservative tinge.

Consider two statements he made in 1997, shortly after his election to the Illinois Senate. On the one hand, Obama noted that welfare recipients "generally are not represented down here in Springfield," the capital, and that his job was to stand up for them.

But the organizer's emphasis on local and community responsibility sounded quite traditional when he declared the same year that "though we may be lobbying for more school funding, it's also important for us to bring education into the homes and ensure parents are checking children's homework, turning off the television, teaching common courtesy."

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In keeping with his grass-roots background, Obama's campaign for the 2008 Democratic presidential nomination kicked off with a sense that it was a national movement, while Clinton, from the moment she announced her intentions on Saturday, commanded a well-established, well-staffed and well-financed national organization.

This second contrast can be exaggerated, since Obama will have ample financing. But the feel of the two campaigns is palpably different, with Obama enjoying an advantage on passion and Clinton on organization and discipline.

There are warnings for both candidates from the 1984 Democratic primaries, when Walter Mondale, the clear favorite, was nearly upended by the bright young upstart, Gary Hart. The danger for Clinton is that her front-running campaign will develop the habits of a cautious, inflexible behemoth. The bad news for Obama is that the solid Mondale had staying power and ultimately prevailed, though he lost in November.

There are, however, limits to the 1984 comparison, as a Clinton supporter noted over the weekend. Obama has been built up into a party savior a full year before the primaries -- he will not enjoy Hart's element of surprise -- even as expectations for Clinton have been defined downward by the incessant speculation about whether she can win.

Thus the third difference: Clinton, more than any other Democrat, has been both scarred and toughened by the partisan warfare of the past 15 years, while Obama is unscathed and untested.

This contrast was reflected in their announcement speeches. Obama attacked a politics that "has become so bitter and partisan" and pledged himself to "our common interests and concerns as Americans." Clinton spoke proudly of her ability to take on partisan foes. "I have never been afraid to stand up for what I believe in or to face down the Republican machine," she said. "I know how Washington Republicans think, how they operate and how to beat them."

Yet if Clinton and Obama present different profiles, they are, in certain respects, very much alike.

Both have displayed an unusually sophisticated and apparently genuine understanding of the role of religious faith in American politics. Both pride themselves on their ability, proven in their home states, to win over political moderates and voters not tethered to ideology.

And the woman who would become the nation's first female president and the man who would become its first African American president know how important the men and women of the white middle class will be to the outcome of the next election. Such voters will probably determine if either of them gets to become a national trailblazer -- and also if any other Democrat can find a way to get in the middle of their fight.

Anyone But A Bush Or A Clinton (LAT)

By James Burkee

The Los Angeles Times, January 22, 2007

HAVING REFUSED a third term as president, George Washington offered the nation a farewell address in 1796, urging Americans to cherish the Union and to avoid the "baneful effects" of political partisanship. Successors such as Thomas Jefferson warned against the formation of an "unnatural" aristocracy of men who inherited great fortunes and political office.

Both of these warnings have been overlooked in the debate over Hillary Rodham Clinton's 2008 presidential run. But if she secures the Democratic nomination, wins and serves two terms, by 2017 the United States will have been governed by either a Bush or a Clinton for 28 years. That's three decades governed not just by the same two families but much of the same supporting staff. As Dick Cheney is a name familiar to both Bush presidencies (as George H.W. Bush's secretary of Defense and his son's vice president), so too may a Hillary Clinton presidency resuscitate familiar names such as Harold Ickes, Paul Begala and James Carville.

And it might not end there. Former Florida Gov. Jeb Bush, encouraged by Republican leaders and the current president (who said, "I would like to see Jeb run at some point"), has not ruled out a White House bid or a vice presidential slot on the ticket in 2012 or 2016.

If Washington's caustic, partisan atmosphere is to change, the era of Bushes and Clintons needs to end in 2008.

Three times in American history have close relatives of former presidents won the office. John Quincy Adams, son of John Adams, lost the popular vote to Andrew Jackson in 1824 but won in the electoral college amid charges of a "corrupt bargain."

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Benjamin Harrison, grandson of William Henry Harrison, lost the popular vote to Grover Cleveland in 1888 and also suffered as a "minority president" and mere figurehead. George W. Bush lost the popular vote to Al Gore in 2000.

Recent polls suggest that a significant body of Americans, perhaps 40%, will not vote for Hillary Clinton under any circumstances — so it is unlikely that she could enter the Oval Office with a strong electoral mandate. The ironic upshot is that such a Hillary Clinton presidency — weakened by low approval and beset by partisan sniping — would mirror George W. Bush's presidency.

That the Bush's administration has been consumed by political partisanship comes as no surprise to students of history. From the time of John Quincy Adams — whose term in office marked the end of the Era of Good Feelings — the children, grandchildren and spouses of presidents engender exceptional hostility when they seek office themselves. For all their personal capacities, the latter Adams, Harrison and Bush — like Hillary Clinton — inherited their claims to the presidency. George W. Bush would not be president today were his name not George Bush, nor Hillary a senator from New York absent the Clinton name. This nation's traditional commitment to meritocracy inclines many to reject these "unnatural" aristocrats, who never garner widespread popularity.

Minority and bare-majority presidents are weak leaders because nothing undergirds presidential power like an election mandate. The strongest post-World War II presidents — Dwight Eisenhower, Lyndon Johnson and Ronald Reagan — were also its most popular. (Eisenhower and Johnson won at least 55% of the vote; Reagan polled just over 50% in 1980 with independent John Anderson in the race, then 59% in 1984.) Presidencies enveloped by partisanship — Harry Truman, Jimmy Carter and Bill Clinton — were made of men who won office on the barest of majorities or pluralities (Truman won 49.6% of the popular vote in 1948; Carter won 50.1% in 1976; Clinton won 43% and 50% in 1992 and 1996).

Pundits compare 2006 to the late Nixon years, with a country disillusioned by war and a deep distrust of its political leadership. In one of his last interviews, former President Ford lamented the "extreme partisanship that exists in the nation's capital today," suggesting that partisanship is even worse than in the post-Watergate era he inherited.

The nation needs today, as it got in Ford then, a president respected by both Republicans and Democrats who can restore trust in politics. It needs new faces and new ideas if it is to confront advancing crises of war, debt and entitlement reform. And it needs a president who can assume office in 2009 swimming in the political capital that only a mandate can bring. The nation needs a candidate who can win 55% or more.

And that will not happen with a Bush or Clinton on the ballot.

Campaign Allegation A Source Of Vexation (WP)

By Howard Kurtz

The Washington Post, January 22, 2007

Days after Barack Obama jumped into the presidential sweepstakes, he was hit with a thinly sourced story from his past--39 years in his past, to be exact.

The allegation, by a conservative magazine, raised questions about whether the Illinois senator had been schooled in Islamic radicalism when he was all of 6 years old.

Insight, a magazine owned by the Washington Times, cited unnamed sources in saying that young Barack attended a madrassah, or Muslim religious school, in Indonesia. In his 1995 autobiography, Obama said his Indonesian stepfather had sent him to a "predominantly Muslim school" in Jakarta, after two years in a Catholic school -- but Insight goes further in saying it was a madrassah and that Obama was raised as a Muslim.

Fox News picked up the Insight charge on two of its programs, playing up an angle involving Hillary Clinton. The magazine, citing only unnamed sources, said that researchers "connected" to the New York senator were allegedly spreading the information about her rival for the Democratic presidential nomination.

The New York Post, which, like Fox, is owned by Rupert Murdoch, also picked up the article, with the headline: " 'OSAMA' MUD FLIES AT OBAMA."

Thus, in the first media controversy of the 2008 campaign, two of the leading candidates find themselves forced to respond to allegations lacking a single named source.

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"The allegations are completely false," says Obama spokesman Robert Gibbs. "To publish this sort of trash without any documentation is surprising, but for Fox to repeat something so false, not once, but many times is appallingly irresponsible. This is exactly the type of slash-and-burn politics the American people are sick and tired of." Obama, aides note, is a Christian and belongs to a Chicago church.

Clinton campaign officials were relieved that what they regard as an absurd allegation was not picked up more widely. "It's an obvious right-wing hit job by a Moonie publication that was designed to attack Senator Clinton and Senator Obama at the same time," says Clinton spokesman Howard Wolfson. Insight, like the Washington Times, is owned by a company controlled by the Rev. Sun Myung Moon. No one answered the phone at Insight's office yesterday and its editor did not respond to an e-mail request for comment.

On the morning show "Fox & Friends" on Friday, co-host Steve Doocy said that madrassahs are financed by Saudis and teach a radical version of Islam known as Wahhabism, though he said there was a question whether that was the curriculum in the late 1960s, when Obama attended the school. Another co-host, Gretchen Carlson, said that those on the show weren't referring to all Muslims, only "the kind that want to blow us up."

After the show, Obama aides complained to Fox about what the campaign deemed inflammatory language.

Bill Shine, Fox News's senior vice president for programming, says the "Fox & Friends" hosts "did say repeatedly, over and over, that they were getting this from Insight magazine." He says the show will provide a "clarification" today by including the comments of Obama campaign spokesmen. He says the morning program is "an irreverent show" on which the hosts sometimes express their opinions.

On Friday afternoon, John Gibson, host of Fox's "The Big Story," began a segment this way: "Hillary Clinton reported to be already digging up the dirt on Barack Obama. The New York senator has reportedly outed Obama's madrassah past. That's right, the Clinton team reported to have pulled out all the stops to reveal something Obama would rather you didn't know -- that he was educated in a Muslim madrassah."

Reportedly?

Gibson's guest, Republican strategist Terry Holt, a former Bush campaign spokesman, said that the effort could be "a despicable act by an absolutely ruthless Clinton political machine. We know that they are capable of doing this." But if the information wasn't linked to Clinton, Holt said, she should "disavow" it. There was no Democratic strategist on the segment, but Gibson did read an Obama campaign statement dismissing the article as false.

Gibson portrayed the controversy as an example of hardball politics: "Picture the commercial, 'Hi, I'm Barack Obama. Funny thing happened to me on my way to the White House, somebody discovered I didn't go to a kindergarten, I went to a madrassah.' This is how the big kids play politics."

Asked if Fox News was promoting unproven rumors about Obama and Clinton, as some liberal blogs have charged, Shine says: "Some on the left might think that. I don't think anybody should read anything into that."

There was a time when major media outlets refused to touch unsubstantiated allegations. When Gennifer Flowers sold her account of an affair with Hillary Clinton's husband to the Star tabloid in 1992 -- allegations that turned out to be true, at least in part -- some news organizations went with it and others shied away for days. These days, the time elapsed between a flimsy charge from some magazine or Web site and amplification by bigger media outlets is often close to zero.

Clinton, meanwhile, faces a longer-range problem with the media. Unlike Obama, whose out-of-nowhere candidacy has been celebrated by reporters and columnists alike, the former first lady has drawn skeptical coverage from the mainstream press, stemming from the battles of her husband's administration.

"She will have to show people that she is not the person her critics describe: radically liberal, ruthlessly ambitious, or ethically compromised," the New York Times said yesterday.

"She will also have to overcome her reputation for political calculation, an inconsistent stump presence and her intimate ties to the polarizing events of her husband's White House tenure," the Los Angeles Times said.

"Clinton is known for her upright bearing and her bare knuckles," the Chicago Tribune said. At this stage, at least, many journalists seem determined to take the Democratic front-runner down a peg or two.Don't Blog About Us!

London's Daily Telegraph has decided that this blogging thing is fine -- up to a point.

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Hours before Saddam Hussein's execution, Toby Harnden, the paper's Washington correspondent, filed a story saying that the former Iraqi dictator "will spend the last moments of his life hooded" before he is hanged. Hussein declined the hood, but a rewritten Telegraph piece for the final edition repeated the erroneous detail.

In a blog posting on his paper's Web site earlier this month, Harnden responded to a reader who said, along with some unprintable words, that his story was "full of inaccuracies and made-up background."

"You're right that writing about Saddam's hanging before it happened was not my finest hour. It was one of those tricky journalistic challenges . . . The doomed dictator remains forever hooded in the headline. Hey, ho," he wrote.

Harnden said nothing about the paper's management, except to praise "my industrious online colleagues" for updating his story. Still, the Telegraph responded by taking down the posting and warning its staff. According to the Guardian, the Telegraph's Web editor wrote: "Please avoid blogging about your relationship with your employer, whether the Telegraph Media Group as an entity, 'the desk,' or 'my boss,' even in jest. Such comments are frequently misconstrued and can easily backfire. Think carefully before blogging about journalists' 'tricks of the trade.' "

Says Harnden: "The whole episode was pretty unfortunate. I think some lessons have been learned about the nature of blogging and its relationship to traditional reporting as we all try to grapple with the new online world."

Michelle Obama: Reluctant Political Spouse (NSWK)

By Karen Springen And Jonathan Darman

Newsweek, January 22, 2007

Jan. 29, 2007 issue - Michelle Obama has always been a creature of discipline and decorum. As a young lawyer, she initially brushed off advances from her future husband, Barack Obama, because they worked at the same firm. A reporter, visiting her Chicago home in 2004, noticed a to-do list for her two daughters that included time for "play." She is in bed most nights by 9:30 and rises each morning at 4:30 to run on a treadmill. "She'll sacrifice the sleep so she can make sure she has that time," says Susan Page, a friend since Harvard Law School. "Once she has a plan, she goes for it."

Now, however, Michelle's once orderly life is tending toward the chaotic, in the form of a presidential campaign, and no amount of planning can stave it off. Last week her husband's name was on the lips of every Democrat from Boston to Berkeley after he announced he was forming a presidential exploratory committee. But Michelle was out of sight—the Obama campaign declined to make her available for this story—even as many Democrats wondered what she thought of her husband's big leap. After all, she has made no secret of her ambivalence about being a political spouse: "If politics were my passion," she told the Chicago Tribune in 2004, "I'd find out how to do it and make it work." In the weeks before his announcement, Obama seemed to stiffen when asked what his wife thought of a presidential run.

The hesitant spouse is a well-known character in presidential politics, and Michelle has never been quite as conflicted as some of her comments might suggest. From the earliest days of her marriage, she has provided crucial support to Barack's political life—introducing him to the Chicago neighborhood where he would make his political name and sharing his passion for work in that community. Her friends say Michelle has long seen great things in her husband's future. "If you say to Michelle, 'Are you surprised [by the attention]?' " says her friend Valerie Jarrett, "she would say, 'The American people are beginning to see what I always knew—he's an extraordinary man born to lead'."

To her friends, Michelle seems to manage public and private pressures with effortless poise. She is intimately involved with her husband's work, reading drafts of his major speeches and tweaking his big ideas and little punctuation choices alike. But she also works full time as vice president for community relations at the University of Chicago Hospitals and juggles the schedules of her two daughters, Malia, 8, and Natasha, 5. "Wherever we're at, people come up to her [and say], 'I love your husband'," says her friend Yvonne Davila. "She gives them hugs ... She makes it seem kind of flawless."

Michelle has long had a talent for making hard work look easy. Growing up in a working-class family on Chicago's South Side, she logged long hours practicing the piano, scrawled short stories in a spiral notebook and excelled in school, skipping the second grade. Her academic performance got her into Princeton, and friends can't recall her chafing at being one of a handful of African-Americans on campus. One spring break, she and her two roommates tagged along with a Jewish student group on a ski

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trip to Vermont. "We were three black women on a trip with all of these white Jewish kids," one roommate, Angela Acree, recalls. "We stuck out like sore thumbs. But we had a great time."

After college, Michelle entered Harvard Law School, and then joined the Chicago law firm Sidley & Austin. In 1988, she was charged with mentoring a summer intern named Barack Obama. Attraction was instant, but Michelle thought an office romance unseemly. Still, Barack pursued his blushing adviser. "I think it would be OK if you went to lunch with this guy," a Sidley colleague, Kelly Jo MacArthur, remembers telling Michelle.

Lunch they did, and before long they were partners in all things professional and personal. In Chicago, they quickly stood out as an attractive, talented couple. Inside, though, it was a time of turmoil for Michelle; the death of her father in 1990 and the sudden death of another college roommate, Suzanne Alele, at only 25, compelled her to take stock of her own life. She decided to turn her back on Sidley and its hefty salary: "I wanted to have a career where I was thrilled to wake up," she told a reporter in 2004.

Public service seemed like a good fit. In 1990, Michelle interviewed for a position under Jarrett, then the deputy chief of staff to Chicago Mayor Richard Daley. Jarrett offered her the job on the spot. Michelle was flattered but had one request: "I need you to meet with my fiancé," she said. "I'm making a huge career decision ... He's nervous and he wants to know who's looking out for me." (Jarrett passed the test.)

Meanwhile, Michelle was helping to open doors for Barack. The child of a Kenyan father and a white, Kansan mother, Obama has spoken openly about his struggle as a young man to identify with the black urban American experience. After marrying Michelle in 1990 and settling on the South Side, he gained entree to one of the strongest African-American enclaves in the country. "There are a lot of successful people who have a hard time working in the community because they're not from there," says John Rogers, a Chicago investment banker and a friend of Michelle and her brother, Craig Robinson, since college. "Craig and Michelle can do it because it's where they come from."

Michelle's community ties came in handy when Barack, by then a state senator, ran for the U.S. Senate in 2004. He faced a primary dominated by some of the Democratic Party's most formidable political families. Barack won the nod thanks to the support of influential African-American business leaders, some of whom had closer ties to Michelle than they did to him. As chair of the Chicago Stock Exchange, Jarrett, Michelle's old boss and close friend, was among the most powerful African-American women in Chicago and served as finance chair of the Obama campaign.

After Barack's election, Michelle fretted publicly over what all his time away in Washington would mean for their family. But friends say that, after an exhausting Senate campaign, she cherished the relative calm of life back home in Chicago. Even now, she is still trying to keep things low key. A day after her husband's announcement last week, she celebrated her 43rd birthday at home in Chicago over bowls of chili with a friend and each of their children. "I'm sure they'll try to shelter the girls as much as they can," says Jarrett, "but some level of spotlight is inevitable." No question.

Handling that spotlight will be a challenge. In the past, Michelle has occasionally played tough enforcer with Barack in interviews but, as Nancy Reagan and Hillary Clinton can attest, voters prefer First Ladies who use a soft touch. The campaign has a careful program for introducing the Obama family to the American public in the weeks before and after his official announcement on Feb. 10. Hesitant or not, Michelle will be smiling for the cameras. Once she has a plan, she goes for it.

Obama: A Race Away From The Past? (NSWK)

By Ellis Cose

Newsweek, January 22, 2007

Jan. 29, 2007 issue - When Jesse Jackson ran for president in 1984, he resembled Barack Obama in some striking respects. A charismatic and compelling figure in his early 40s, Jackson leapt into the contest and forced America to wrestle with questions of political access and equal opportunity. In many important ways, however, Barack Obama is no Jesse Jackson—and that is a key to Obama's political appeal. Whereas Jackson was a fully formed public figure—with all the baggage that entails—Obama is a work in progress who has the ability to embrace nearly whatever qualities he chooses.

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Before setting his sights on the White House, Jackson had been a major presence on the national stage for nearly two decades. He was "bloodied up from the civil-rights battle," as he told me last week, and already had won the allegiance of many blacks and the enmity of many whites.

Obama, in contrast, "did not come up through the ranks in our community," says Jackson. Instead he "fell out of the sky in Boston," a reference to how Obama was thrust onto the national stage after an electrifying speech at the 2004 Democratic National Convention. Obama would not dispute this. He sees himself as a "post-baby-boom politician" who represents something different from those people—black, white, other—who came before him. But he acknowledges his debt to them. It is a "testimony to the sacrifices and struggles of previous generations," to people like Martin Luther King Jr. and Rosa Parks, he told me last year during an interview in Kenya, that he is where he is today.

That Obama is somewhat removed from the civil-rights struggle, is not well known to much of its leadership and—having been raised largely in Hawaii by his white mother and her parents—does not have a typical up-from-the-ghetto story has led some to wonder what to make of him. In a much-discussed column in New York's Daily News, Stanley Crouch commented: "When black Americans refer to Obama as 'one of us,' I do not know what they are talking about ... Obama makes it clear that, while he has experienced some light versions of typical racial stereotypes, he cannot claim those problems as his own—nor has he lived the life of a black American." Joseph Lowery, a former chairman of the Southern Christian Leadership Conference, the organization that King led, argues that Obama's history should not count against him. "As we move further and further into the new century, we are not going to always be able to have people running for high office who are directly connected to the civil-rights movement," he says. He describes Obama as a "a very impressive young man" about whom he doesn't know enough.

Like much of the rest of America, in other words, civil-rights veterans wonder: who is Obama, really? They are also intrigued about Obama-mania and whether it "heralds, perhaps, the birth of a new day for fuller inclusion of blacks in the body politic," says Wade Henderson, head of the Leadership Conference on Civil Rights.

Much about America has changed since Jackson's first run. A new generation has reaped the fruits of the civil-rights revolution. That is all for the good, says Jackson, as long as "civil-rights beneficiaries see their connection to the benefactors."

Obama clearly understands that connection. At the same time, he cannot afford to be seen as one constantly catering to the civil-rights establishment. And he thinks black Americans know that. The black community, he observed during one conversation, is much more sophisticated than many people suspect. It has supported him, he pointed out, even though he speaks a "very universal language."

Obama certainly does not have a lock on the black vote. Many blacks have political ties to, or feel deep affection for, the Clintons, and will therefore tilt more toward Hillary than Obama. Al Sharpton also has his fans. If he runs again, as he's hinted he might, he could draw votes from Obama—though not very many, it seems. To win, Obama will have to put together the type of "universal" coalition no black politician has ever done at the national level. (According to the new NEWSWEEK Poll, voters give Obama a 46 percent to 44 percent edge over GOP Sen. John McCain; Hillary is up 48 to 47. Both Dems lose by a hair to Rudy Giuliani.) One thing that makes him so appealing is his bedrock faith that that is possible, that he does not need to pit one group against another, that politics can be a constructive and unifying force. Of course, we have heard that message before. Now we have to see if Obama can deliver on it.

Presidential Pickings (USNEWS)

By Michael Barone

U.S. News and World Report, January 22, 2007

The single most glaring defect in our mostly admirable political system is the presidential selection process. You can point to other defects—the equal representation of the states in the Senate, judicial usurpation of decision making on sensitive issues—but the downside risks are greater in the selection of the one official who is far more powerful than any other. So what's wrong with it?

It starts too early, takes too long, and ends too abruptly. Thirteen months from today—and 10 months before the general election—we will probably know the nominees of both parties. Some candidates have been busy running most of last year, and

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now they're busy announcing their exploratory committees. So anyone who doesn't want to devote two or three years to nonstop fundraising and campaigning is ruled out. That would have eliminated past candidates like Dwight Eisenhower.

Then the races for the nominations tend to end abruptly. Iowa caucusgoers and New Hampshire primary voters—fewer than 350,000 people in a nation of 300,000,000—effectively chose the Democratic nominee last time, a choice many Democrats now regret. In 2000, 573,000 South Carolina primary voters effectively chose George W. Bush over John McCain.

It excludes many serious candidates. There's an assumption that anyone who hasn't held elective office is ineligible, which means that almost no one with actual working experience in the White House runs. The exceptions for 2008 are Hillary Rodham Clinton and, if he runs, Al Gore. Talented White House veterans like Hamilton Jordan or James Baker aren't considered presidential timber; the exception to the rule was Colin Powell, but he didn't run. Instead there's an assumption that just about any U.S. senator, no matter how bereft of managerial experience, is eligible. John Edwards used the proceeds from a $25 million lawsuit to win a Senate seat and has spent most of his time since running for president. Barack Obama won a Senate seat over weak opponents and delivered a stirring speech at the 2004 Democratic National Convention, and now he is off and running, too. Edwards and Obama are, in different ways, mesmerizing speakers and may turn out to be good managers as well. But we have little way of knowing whether they will.

It gives too much power to Iowa and New Hampshire. For years I've thumbed through the Constitution, looking for the provision that says that Iowa and New Hampshire come first. I haven't found it yet. Neither state, as Michigan Sen. Carl Levin has pointed out, is remotely typical of the nation. For this cycle, Democrats are adding early contests in Nevada and South Carolina. They're not typical either: The Las Vegas unions are the big power bloc in Nevada, and about half of South Carolina's Democratic voters are black. A better system would be the Delaware plan, which Republicans considered briefly but rejected. It had four rounds of primaries, with the smallest states voting first, so that no one could clinch a nomination till the last round. But no politician with any thought of ever running for president (i.e., almost no politician) will risk dissing Iowa and New Hampshire.

It gives one person the power to determine who is vice president. We take it for granted that the presidential nominee, and he or she alone, selects his or her running mate. But that's crazy. Ever since Jimmy Carter delegated real work to Walter Mondale, the vice presidency has been a serious office. A vice president can become president anytime and usually becomes a serious presidential candidate. We devote all manner of time and trouble to selecting presidential nominees, then toss the choice of their possible successor to one person.

So what can we do? The best answer I come up with is: Muddle through. We are not going to have a national primary or the Delaware plan or an open convention. Voters should keep in mind that character as well as issue positions is important. They should study all available clues about the managerial abilities of candidates like Mitt Romney, whom they haven't seen in action (as they have seen Rudy Giuliani). This is the first election in 80 years in which it's clear that the incumbent president and vice president are not running. The system, for all its defects, has mostly given us pretty good presidents. Let's hope America's luck holds.

Schumer: How Dems Can Win White House (NSWK)

By Chuck Schumer

Newsweek, January 22, 2007

Jan. 29, 2007 issue - I am blessed. I love my job. I wake up every Monday morning excited about the week ahead. The one downside is how consuming it is. I don't have much time for leisure activities. So whenever I can, I fit in a nice bike ride through New York City. It's good exercise, it helps me relax, and it's a great time to noodle on difficult problems. In the fall of 2005, I somehow found time for a late-afternoon bike ride. It was just about halfway between the 2004 and 2006 elections. As I pedaled around Brooklyn and Queens, incognito behind my sunglasses and helmet, I was consumed by the question that Democrats in every part of the country are asked almost every day: What does the Democratic Party stand for? How can it help the middle class and those struggling to make it there?

From the Great Depression through the 1960s, the Democrats were the party of the middle class. We won by talking about the social safety net, neglected groups and a stronger federal government. In 1980, Ronald Reagan shifted that mantle to the Republicans. The country was focused on crime, taxes and America's place in the world. By 2005, Americans had new

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concerns. Technology had created a Brave New World: terrorism, global competition, longer life. Democrats sometimes had a difficult time speaking in a convincing way on these issues. Republicans didn't have that problem. They figured out specific issues that connected to their deeply held values, defined themselves clearly by those issues and then stood by them unequivocally. In 2004, they did it with eight words: War in Iraq. Cut taxes. No gay marriage. Those eight words sum up the reasons for George W. Bush's re-election.

"What are our eight words?" I thought.

Biking through New York's boroughs in 2005, I thought about some old friends, Joe and Eileen Bailey. Though they are imaginary, I frequently talk to them. To me, they represent the hardworking and often-ignored families who are not tuned in to special-interest newsletters or editorial pages, but want a little something more from their government and their leaders.

In 2006, Democrats did much better with people like Joe and Eileen, but only because of Bush's mistakes. We had our own eight words: No war in Iraq. No corruption. Bad economy. But these eight words did not describe our own vision; they were the negative image of the Republican message. In 2006, they helped us win back Congress. In 2008, we will need to do more to persuade the Baileys to again trust the Democratic Party.

As we head toward the election, the competition between the two parties is very close. As in 1932 and 1980, the electorate is up for grabs. Reagan Republicanism, which the middle class has supported since 1980, is under strain. The average middle-class person is looking to the government once again. Still, it won't matter if Democrats don't fill the void. We need our own eight words.

I know what you're thinking. "Hurry up, Schumer! What are the eight words that will save the Democratic Party?"

The truth is, the eight words are far more elusive than you might imagine.

Believe me, I've spent two years trying to find them. Slogans are easy. Empty promises, like "better health care," are easy. But they don't stand for anything; they're typical political b.s. To generate our words, we need concrete ideas that clearly and concisely communicate our values. It's not yet possible for Democrats to boil down our core ideology into eight words. That's not a knock on Democrats. It took Republicans years to develop theirs. The eight words are the end result, not the beginning of the process.

In part of my book, "Positively American," I try to start the process by presenting 11 goals, which I call "The 50 Percent Solution." Taken together, these ideas could help define what Democrats stand for. In the book, I explain each goal, how we can achieve it and why it is important to the Baileys. For example, Democrats should commit to increasing reading and math scores 50 percent by dramatically increasing federal involvement, and funding, in public schools. We should increase the number of college graduates by 50 percent. We should call for reducing illegal immigration by at least 50 percent and increasing legal immigration. We should cut our dependence on foreign oil by 50 percent, and reduce cancer mortality, abortions and childhood obesity each by 50 percent. We should increase our ability to fight terrorism by 50 percent. Sounds like a lot. It is. Together, we can do it—and more. Families, from Appleby to Bailey to Zutter, deserve no less.

From "Positively American" by Senator Chuck Schumer. To be published by Rodale Inc. © 2007 by Charles E. Schumer.

How Deep A Distaste For Politicians Who Waffle? (WP)

By Shankar Vedantam

The Washington Post, January 22, 2007

When George W. Bush takes the podium tomorrow night to deliver his sixth State of the Union address, what are the chances he will say this? "The war in Iraq has been one gigantic mistake. I am sorry I got us into this mess. I am going to bring the troops home right away."

Even those who think anything is possible in politics would have to say the odds of such a speech are close to zero. Bush's position on Iraq has been unyielding, even as the original reasons for the war have been discredited and U.S. troops have become mired in a vicious sectarian struggle. Bush has held fast to his views even as public support for the war, and for him personally, has fallen to near-record lows.

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All of this raises a puzzle: Through much of Bill Clinton's presidency and in the last presidential election, voters said they were turned off by leaders who waffled. Americans say they want consistency from their president, not someone who panders to them by checking opinion polls before taking a stance on important issues.

One of the most effective Republican ads in the 2004 election, in fact, showed Sen. John F. Kerry (D-Mass.) windsurfing back and forth across the TV screen as an announcer talked of how Kerry had changed his views on various topics. (For reasons that probably have to do with Internet mischief-makers, a Google search yesterday for the term "waffle" produced John Kerry's official Web site as the top link.) In Bush, Americans have found a leader who gives them consistency in spades. If people really admire consistency, how is it that Bush's ratings have fallen so low?

"It is nice in theory to admire someone's consistency, but if that person has the power to effect change and affect you, then you may not admire it so much," said Hillary Hoffman, a psychologist at the University of Miami.

Experiments that explore the effects of consistent and inconsistent political stands on voters have produced a range of results. But one theme that emerges is that people think they admire consistency more than they actually do.

Hoffman once asked groups of people whether they would vote for a politician named Johnson. One group was told Johnson supported private ownership of handguns, while the other was told he was for gun control. The groups were later asked to rate the politician after a statement he supposedly made six months later. Some volunteers were told Johnson had reversed his position, while others were told he had been consistent.

The psychologist found that it mattered less to both pro-gun and anti-gun volunteers whether Johnson was consistent than whether he agreed with the volunteers' own views about guns.

When voters say they want consistency from a politician, in other words, they may really mean they want a leader who consistently agrees with them.

"Holding fast to an unpopular position . . . will gain a politician virtually nothing in the eyes of the public," concluded Hoffman and her colleague Charles Carver. "Personal respect for consistency appears very unlikely to translate into votes."

Psychologist Kevin McCaul at North Dakota State University said it is possible that people evaluate consistency differently depending on whether an issue is emotional. On a hot-button subject such as Iraq, for example, he said consistency probably matters less than whether the politician's final stance matches voters'.

"If you waffle on issues which people don't care about, then they don't care where you end up, they just care that you are waffling," McCaul said. But if voters are passionate about some topic -- abortion, for example -- then they primarily care about where a politician stands on that topic now. On issues we care about deeply, in other words, we are less interested in whether a leader's views are authentic and more interested in the bottom line -- what the leader is going do about that issue now.

But didn't Kerry pay a price in the last presidential election for waffling on the hot-button issue of the war in Iraq? McCaul argued that Kerry lost not because he was waffling but because the country was bitterly divided over the war in 2004. Had public opinion then been as sharply critical as it is now, McCaul said voters would have ignored Kerry's waffling -- or even welcomed it -- because most voters would have agreed with Kerry's critical stance on the war.

If the psychologist is right, Sen. Hillary Rodham Clinton (D-N.Y.) is unlikely to pay a political price in the 2008 presidential election for strongly supporting the Iraq war early on and for being critical of it now, so long as public opinion remains against the conflict.

One study McCaul conducted showed North Dakota voters and legislators thought consistency in a politician was very important. But this study and several others, McCaul and his colleagues concluded, "simply fail to support the intuitive views of many voters and politicians alike that the average voter values, above all, the politician who 'sticks to his guns.' "

None of this means consistency does not matter. Politicians who change their minds every other week will leave voters unsure of what they will actually do. But it appears we are willing to forgive inconsistency in politicians if they switch their views once -- as long as the change brings their stance into alignment with our views.

After listening to McCaul, I told him I still thought consistency was very important in a leader.

The psychologist thought for a moment: "I am going to go out on a limb and say, 'no you don't. You just think you do.' "

Before The Flood (opinion) (NYT)

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By Jacques Leslie

New York Times, January 22, 2007

San Francisco

WHEN the 40-foot-high Kaloko dam collapsed on the Hawaiian island of Kauai last March, its reservoir released a 70-foot-high, 200-foot-wide, 1.6-million-ton wave that carried away 16 cars, hundreds of trees and a cluster of houses, drowning all seven occupants. At least two bodies were swept three-quarters of a mile to the ocean; four were never recovered.

It is tempting to dismiss Kaloko's collapse as an isolated event, but given the perilous state of the nation's dams, it is more likely a harbinger. In 2005, the American Society of Civil Engineers gave United States dams a D, a grade that is still justified two years later.

For starters, the nation's dam stock is rapidly aging. Most dams need major repairs 25 to 50 years after they're built, and most United States dams are at least 25 years old; some, like the 116-year-old Kaloko, were built more than a century ago.

As dams age, their danger increases. This is a matter of not just advancing decrepitude, but "hazard creep" — the tendency of developers to build directly downstream from dams, in the path of floods that would follow dam failures. The result is that even though Americans now build few dams, more and more dams threaten people's lives. Chiefly for this reason, the number of dams identified in one estimate as capable of causing death and in need of rehabilitation more than doubled from 1999 to 2006, from around 500 to nearly 1,400. The civil engineers' 2005 report placed the number of unsafe dams much higher, at more than 3,500.

On top of that, dam safety officials are so overworked that in most states, they don't come close to carrying out all the inspections required by law. According to the engineers' society, the average state dam inspector is responsible for 268 dams; in four states the number exceeds 1,200. It is no coincidence that even though Hawaiian law requires dam inspections every five years, Kaloko was never inspected.

We don't even know how many dams the country possesses. Using one set of criteria, the National Inventory of Dams, maintained by the Army Corps of Engineers, places the number at 79,777, while the sum of dams inventoried by the states is more than 99,000. Even that number is questionable, since it includes suspiciously low counts from several states. In addition, state officials are constantly discovering previously uncounted dams during routine inspection trips. And if the definition of dams is broadened to include the smallest ones, the estimates are as high as several million.

Unlike, say, waterways and sanitation plants, a majority of dams — 56 percent of those inventoried — are privately owned, which is one reason dams are among the country's most dangerous structures. Many private owners can't afford to repair aging dams; some owners go so far as to resist paying by tying up official repair demands in court or campaigning to weaken state dam safety laws.

When the Kauai public works department ordered Kaloko's owner to stop grading a hilltop next to the reservoir in 1997, the local mayor interceded, instructing the responsible county engineer not to interfere; an investigation by a Hawaiian deputy attorney general published on Jan. 8 found that the owner then covered the earthen dam's emergency spillway with dirt, in the process weakening the dam's defenses.

Thousands of dams have been abandoned by their owners, and over time, title to them has become obscure — 12 percent of the dams in the Army Corps of Engineers' inventory have no known owner. As these dams become dilapidated, the states are left with the expensive task of repairing or dismantling them. Privatization advocates, take heed: this is a cautionary tale.

Climate change will also make dams more dangerous by increasing precipitation in many parts of the country, thus undermining the flood assumptions that underlie dam designs. Consider that in October 2005 and last May, two strong but hardly cataclysmic New England rain storms caused the overtopping or breaching of more than 400 dams in three states; a much fiercer storm would compromise far more dams, worsening flooding and potentially endangering thousands of people.

Dams are ranked according to the danger they pose — "high hazard" dams threaten human life if they fail; "significant hazard" dams threaten property; and "low hazard" dams threaten neither. But many dams are inaccurately ranked — the Kaloko dam, for instance, was rated low hazard.

In addition, in most states the rankings do not take into account the potential impact of toxic chemicals from factories, agricultural runoff and mines that gather in sediment behind dams, even though their sudden release can poison humans,

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wildlife and vegetation far downstream. When a coal tailings dam near Inez, Ky., failed in October 2000, 250 million gallons of coal sludge were sent into the Big Sandy River and its tributaries, killing aquatic life in the streams.

More sobering still, about half the dams in the Corps' inventory, including many high-hazard ones, do not have emergency plans in case of failure. When these plans are properly executed — by identifying structures likely to be inundated and keeping up-to-date records of residents' phone numbers — they save lives. But the plans that do exist are often inaccurate, and many of the people they're intended to protect have no idea of the potential peril they face. California is the only state that even requires property buyers to be informed of potential jeopardy from an upstream dam.

The American Society of Civil Engineers estimated in 2005 that repairing dams threatening human life would cost $10.1 billion, while a 2003 study by the Association of Dam Safety Officials placed the cost of repairing all non-federally owned dams in the national inventory at $36.2 billion. In the last session Congress considered legislation to repair dams at a rate of $25 million a year for five years, but even that feeble gesture didn't make it out of committee.

Americans are easily persuaded to spend hundred of billions of dollars combating debatable terrorist threats from outside the United States, while failing to notice that inside the country, the infrastructure is crumbling. True, outside forces from time to time topple established regimes, but usually not before their insides have started to rot.

Jacques Leslie is the author of "Deep Water: The Epic Struggle Over Dams, Displaced People and the Environment."

Virginia's Republican Hams (WSJ)

The Wall Street Journal, January 22, 2007

Virginia was once a solidly conservative Republican state, but in recent years it has tilted Democratic. A big reason for the shift is the GOP's recent love affair with higher taxes. In the 1990s Republican Governors George Allen and Jim Gilmore won sweeping victories running as tax cutters. Then in 2004 Richmond Republicans enacted the largest tax increase in the commonwealth's history -- a $1 billion hike in sales and tobacco taxes. Now they are flirting with another tax hike even though the state has a Blue Ridge Mountain-high $900 million budget surplus.

Why? The hot political issue in northern Virginia is traffic congestion. Though the state budget has doubled in 10 years, road building hasn't kept pace with population. "Not a penny of the 2004 tax increase went to fund the state's highest need, roads," fumes GOP state Senator Ken Cucinelli.

The Republican plan would spend $1 billion more for roads and cost-inefficient transit programs and pay for it through borrowing, raising taxes and fees on cars and trucks, and giving local governments authority to raise their assessments.

To be fair, these are nickel and dime fees compared to the $600 million in new taxes that Democratic Governor Tim Kaine is seeking. Democrats in the legislature, who pretend they want to fix the traffic problem, are cynically obstructing any solution so that Republicans take a fall. But if the GOP raises taxes yet again, Mr. Kaine is let off the hook and Republicans forfeit their brand identity as the anti-tax party.

Only 10 years ago the Virginia GOP was riding high after Jim Gilmore was elected Governor on a wildly popular message: "End the Car Tax." Now the Virginia Republicans want to raise car taxes. Have they learned nothing from the party's implosion in Washington?

A Tiptoe Budget (WP)

The Washington Post, January 22, 2007

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MARYLAND GOV. Martin O'Malley (D) didn't waste any time stashing his lofty talk about bold initiatives and great programmatic leaps. That's all right, because the fat years have ended; the governor inherited a $400 million shortfall for the coming fiscal year and is staring at a projected budget gap of $1.3 billion for the following year. Until Mr. O'Malley comes up with a serious revenue plan -- and that seems to be in his bulging wait-till-next-year file for the legislature -- there's trouble ahead.

To patch things for now, Mr. O'Malley would snatch nearly $967 million from the state's "rainy day" reserve fund, leaving $674 million, the minimum required by state guidelines. That's a one-time grab; what will next year bring? To his credit, Mr. O'Malley has done some fiscal shaving and shifting to bring down spending, which will disappoint various constituencies but

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makes sense in the short run. His $30 billion plan would increase state spending by a modest 2.5 percent, a smaller figure than in nine of the past 10 years. Spending increased by 12 percent in the last budget of Gov. Robert L. Ehrlich Jr. (R).

Mr. O'Malley proposes a record amount of money for school construction. In providing funds to meet the separate demands of the 2002 Thornton education plan, the governor wisely held back $94.7 million from the Geographic Cost of Education Index, which would have steered additional money to Montgomery and Prince George's counties. Mr. Ehrlich never funded it. A reasonable case can be made that Montgomery could absorb the cost and that Prince George's should drop its TRIM -- Tax Reform Initiative by Marylanders -- tax cap before passing the hat for help from Annapolis. The governor's proposal to freeze tuition at public universities will draw cheers, but, again, how long can a freeze stay in place?

In his budget submission letter, Mr. O'Malley raved that his initial budget "begins to rise to our perils and possibilities.'' But if he doesn't get cracking on the revenue front, those "perils" will dominate. The governor must produce a full-fledged revision of Maryland's tax system, which hasn't undergone significant repair in about 50 years. Corporate income tax shelters ought to be eliminated. The gas tax, not raised in 15 years, must be increased, and a tax on services is long overdue.

The Democratic legislature won't roll over and endorse all that the new governor seeks, but he should seize the honeymoon moment to take on some of the big issues with proposals for this session.

Rice Flirts With New Ideas In Search For Mideast Peace (AFP)

By Sylvie Lanteaume

AFP, January 22, 2007

US Secretary of State Condoleezza Rice embarks on a high-profile campaign to revive Israeli-Palestinian peace talks next month, but with no signs Washington is ready for a radical break with an approach that has proved fruitless for the past six years.

Pushed to take a greater role in peacemaking by European and Arab allies and under intense pressure for a foreign policy success in light of the Iraq quagmire, Rice announced during her recent Middle East tour that she will broker a rare summit meeting between Israeli and Palestinian leaders in February.

Washington will also host a meeting on February 2 of the so-called Quartet of Middle East mediators whose 2003 "road map" for achieving Palestinian statehood and peace with Israel has languished since its inception.

Rice said during a week-long trip to the Middle East and Europe that her aim was to "accelerate" implementation of the three-phase road map put forward by the United States, European Union, United Nations and Russia.

The parties never made it past the map's first stage which, reflecting the post-September 11 US war on terrorism, required the Palestinians to halt militant attacks on Israel while requiring the Jewish state to freeze settlement activity -- neither of which happened.

Rice has indicated a new US willingness to move beyond the road map's strict sequencing, which gave radical militants an effective veto power over progress since attacks on Israel were enough to bring the process to a halt.

"Everybody understands the obligations in it, but we'd gotten to a place that it was stalled, because if they weren't making progress on the first phase of the road map, then you couldn't talk about the end of the road map and what might lead to the establishment of a Palestinian state," she said.

Instead, Washington has expressed a willingness to deal simultaneously with the confidence-building measures embodied at the start of the road map and talks on end-game issues like the shape and institutions of a Palestinian state.

The revised approach reflects in part a 2002 Saudi peace plan centered on Arab states recognizing Israel in exchange for Israel withdrawing to its pre-1967 borders.

But Rice, whose immediate focus is on bringing together the moderate Palestinian president, Mahmud Abbas, and Israeli Prime Minister Ehud Olmert to advance a possible deal, has sidestepped tough questions about each man's political weakness.

Abbas and his secular Fatah party are locked in a power struggle with the radical Islamic movement Hamas, which controls the Palestinian government and has refused to recognize Israel.

Olmert's popularity has plummeted since Israel's perceived mishandling of a July-August war against Lebanon's Islamic militia, Hezbollah.

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While showing in interest in exploring some peacemaking ideas that President George W. Bush has previously shunned, Rice made clear over the past week that she was not ready to break the administration's taboo on engaging directly with Syria and Iran over their support for the Islamic radicals.

She also insisted she would not follow her predecessors in the kind of shuttle diplomacy used by past US administrations in their efforts to broker an Israeli-Palestinian peace deal.

"You don't build the possibility for breakthroughs on something as intractable as the Israeli-Palestinian conflict by five months of shuttle diplomacy," she told reporters accompanying her on the recent tour.

"There has to be a process of laying groundwork and I think we've been laying groundwork and we'll see if we've laid enough groundwork to actually produce a breakthrough," she said.

"I do think there's already been progress," she added.

Rice argued that a realignment of forces in the Middle East caused by moderates on all sides seeing their common interest in countering the spread of Iranian-backed Islamic radicalism has created new possibilities for peace.

"You sense that the tectonic plates underneath this conflict have shifted," she said.

US Aims To Trump Skeptics With Mideast Push (AFP)

By Stephen Collinson

AFP, January 21, 2007

The United States is promising an "intense" diplomatic drive in the Middle East, hoping to buck regional skepticism and its own weakened position by cracking open the Israeli-Palestinian deadlock.

With US troops mired in Iraq after nearly four bloody years, the White House turning up the heat on Iran and Syria, and Lebanon on a political knife edge, the prospect of peace dawning anywhere in the region appears slim.

But US Secretary of State Condoleezza Rice last week declared that earthshaking events like the Israeli war with the radical Shiite Hezbollah militia in Lebanon in mid-2006 had ushered in a turning point.

"A lot has happened in the Middle East in the last several years, and a lot has clarified in the Middle East," Rice said in London after a swing through the region last week.

That supposed shakedown is seen by US administration officials as exposing a divide between supposedly disruptive, radical influences such as Iran and Syria and their affiliated radical groups, and the United States's moderate Arab allies.

Rice argued the new atmosphere could provide a new chance for Israelis and Palestinians to thrash out what a future Palestinian state might look like, after years of violence which stalled the "roadmap" to peace.

"With that shift in alignment, I think you now have a chance to perhaps make progress in this issue in ways which you didn't before," she said.

But critics of President George W. Bush's administration say the idea that there has been some kind of fundamental geopolitical reordering is fanciful.

"I find this rhetoric is becoming almost Soviet in its distance from reality," said Anatol Lieven, a scholar at the New America Foundation think tank.

Critics accuse Bush of wasting US leverage by failing to make any serious effort to mediate the Arab-Israeli conflict during six years in power -- especially through his rejection of the late Palestinian leader Yasser Arafat.

After its struggles in Iraq, and with no sign of an exit that would not risk sparking regional chaos, the administration is also charged with presiding over a dangerous weakening of US prowess in the region.

Wayne White, a retired veteran of the State Department's Bureau of Intelligence and Research, who joined Lieven at a forum organized by the Middle East Policy Council on Friday, said the only clear sign from the region was that US policy was failing.

"If there is a moment of clarity with respect to Iraq and the Israeli-Palestinian issue, it is that the situation in Iraq could not be worse," he said.

Rice's comment on the Israeli-Palestinian situation flew in the face of even US expectations for progress, he argued.

"I found those remarks rather perplexing, to say the least."

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Skeptics often argue that the deepening abyss in Iraq has had the simple effect of emboldening and strengthening America's sworn enemy, Iran.

The US refusal to talk to foes in Tehran and Damascus also contributes to a deepening sense of regional crisis, they say.

Bush upped the ante against Iran earlier this month, as he announced a last-ditch troop "surge" designed to finally pacify Baghdad.

He warned US troops would chase down Islamic Republic operatives in Iraq, and dispatched a second aircraft carrier battle group to the Gulf, while offering Patriot missile defenses to US allies.

But Rice is arguing that from the eye of the storm, diplomatic progress is possible on the Israeli-Palestinian track, promising an "intense" couple of weeks which will see a string of high-profile visits to Washington, including talks of the Middle East Quartet, made up of the United States, Russia, the United Nations and the European Union.

She plans to return to the region in February, and has pledged to host a three-way summit with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas on February 2 in Washington.

"I think there are still really, really hard issues here. But you sense that the tectonic plates underneath this conflict have shifted," Rice said.

But doubters point out that Olmert and Abbas may not be in a position to convince their respective people of any hard compromises on the road to peace.

Olmert's popularity plummeted after Israel failed to crush Hezbollah in the summer conflict. Abbas has struggled for months to seal a unity government pact with the radical Islamic movement Hamas.

Quartet Upbeat On Mideast Peace Drive (FT)

By Harvey Morris

Financial Times, January 22, 2007

Senior officials of the international "quartet" have begun talking up the prospects of reviving stalled Middle East peace efforts in the coming weeks, although an unsettled political outlook in both Israel and the Palestinian Authority threatens to damp their optimism.

Members of the quartet – the US, European Union, United Nations and Russia – are proposing to leapfrog the step-by-step approach of the moribund "road map" they published in 2003 and move the parties towards direct talks on a final resolution of the conflict.

"There's an emerging consensus that the period of crisis management is over and that we must move to the political phase and, within a reasonable time, define the framework," said Javier Solana, the EU's foreign policy chief, who was in the region at the weekend.

His visit followed close on the heels of a tour by Condoleezza Rice, US secretary of state, to the Middle East and Europe.

On her final stop, in Germany, she said that initial talks she planned to hold jointly with Ehud Olmert, the Israeli prime minister, and Mahmoud Abbas, PA president, could take place by mid-February.

"We're not yet at the point where I think we can determine what we would do about formal negotiations," Ms Rice conceded. "It is really a time to try to get the parties into more of a confidence-building phase and we will see what comes after that."

The quartet is expected to meet in early February for its first high-level meeting in months. Angela Merkel, chancellor of Germany, which now holds the rotating EU presidency, left for Moscow on Sunday for talks with Vladimir Putin, Russian president. Her spokesman said the Middle East and a revival of the quartet's efforts would be an important topic raised.

The switch in emphasis towards final status talks came after Mr Abbas pre-empted an expected call from Ms Rice to accept proposals to establish a transitional Palestinian state with interim borders, a half-way solution the Palestinians feared would leave the most contentious issues of refugees and final frontiers unresolved.

The ill-fated road map proposed a performance-based route towards Palestinian statehood that would start with a halt to violence and end with a permanent settlement, for which the deadline was 2005.

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The document referred to a provisional state with temporary borders in stage two of the plan. Palestinian officials, however, noted that this was only presented as an option by the quartet.

"We don't want to see a state with temporary borders," Mohamed Dahlan, the PA's former Fatah security chief, told reporters in Ramallah on Friday. "In the past 10 years we wasted too much time on interim solutions."

Mr Dahlan said he did not believe the present Israeli government was interested in peace or that the current political uncertainty in Israel allowed for a resumption of the peace process.

The Olmert government is hard-pressed with other issues at the moment, following the announcement of a criminal investigation into the prime minister that might lead to corruption charges and after the sudden resignation of Dan Halutz, chief of staff, over last year's war in Lebanon.

Quartet officials noted, however, that there appeared to be support in the Labour party, Mr Olmert's coalition partner, for a move towards final status talks with the Palestinians. They said some of Labour's views were also shared by Tzipi Livni, foreign minister, and a member of Mr Olmert's Kadima party.

"Mr Olmert is faced with the option of doing nothing or moving to final status negotiations," said a senior quartet official. "There has not been a moment that this has been more likely since Camp David," the official said, referring to the abortive 2000 Palestinian-Israeli summit hosted by Bill Clinton, former US president.

Mr Abbas was on Sunday making a final effort to reach agreement with the PA's ruling Hamas party to establish a government of national unity.

During a visit to Damascus, he held a much-anticipated meeting on Sunday with Khaled Mashaal, the exiled Hamas leader, and there were reports of progress on choosing cabinet posts.

But the PA president also insists that a new government must accept existing agreements with Israel, a condition that would mean Hamas for the first time in effect recognising Israel's existence.

If the Damascus talks fall through, Mr Abbas has said he will go ahead with his plan to hold new parliamentary and presidential elections, a move that could bring fresh factional turmoil and dent the apparent mood of optimism within the quartet.

Palestinian Leaders Begin Unity Talks (NYT/AP)

The New York Times/AP, January 22, 2007

DAMASCUS, Syria, Jan. 21 (AP) — The Palestinian Authority president, Mahmoud Abbas of the Fatah faction, and Khaled Meshal, the exiled chief of the rival Hamas faction, met Sunday but failed to resolve an increasingly bloody dispute between their movements and form a unity government.

But the two men said in a statement that they had "achieved major progress" in the meeting, their first since July 2005, and that they hoped to resume talks within two weeks.

"There are still points of disagreement, but we will try to resolve them through a national dialogue until we form a national unity government," Mr. Meshal said during a news conference with Mr. Abbas in the Syrian capital, Damascus.

The two sides emphasized that recent Palestinian infighting, which has killed at least 62 people, was unacceptable.

"We stress that dialogue is the only language allowed for solving our differences," Mr. Meshal said.

Unity Deal Eludes Palestinian Leaders (WT/AP)

By Zeina Karam

The Washington Times/AP, January 22, 2007

DAMASCUS, Syria -- Palestinian Authority President Mahmoud Abbas and the exiled chief of the rival Hamas faction failed last night to resolve their differences over forming a unity government, dashing hopes for a quick end to deadly clashes between their supporters.

But Mr. Abbas and Hamas leader Khalid Mashaal said they "achieved major progress" during the meeting -- their first since July 2005 -- and hoped to resume talks within two weeks.

"There are still points of disagreement, but we will try to resolve them through a national dialogue until we form a national unity government," Mr. Mashaal said at a press conference with Mr. Abbas in Syria's capital, Damascus.

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The two sides stressed that recent Palestinian fighting, which has killed at least 62 persons since May, was unacceptable and pledged to exert efforts to avoid political friction.

"Palestinian bloodshed was considered totally prohibited, and we must exert all efforts to avoid frictions and internal clashes," Mr. Abbas said.

The two men had been scheduled to meet Saturday evening, but that session was canceled.

Officials from both sides had cautioned against expecting immediate results from yesterday's meeting.

Both sides said differences remained, without providing details. The thorniest issues have been control of the two factions' security forces and Hamas' refusal to recognize Israel or commit to previous accords signed between Israel and the Palestinian Authority.

An official of Mr. Abbas' Fatah party in the Gaza Strip was optimistic about the meeting, saying Mr. Abbas and Mr. Mashaal had agreed to let an independent run the Interior Ministry, though they did not agree on who should lead the powerful security wing.

"I think some things were accomplished. Some issues were resolved, and others remain problematic. That would need continuation of dialogue here in Gaza and mediation in Damascus," said Abdel Hakim Awad, Fatah's spokesman in Gaza.

He said differences also remained over the wording of the official document laying out the new government.

The deputy head of Hamas' political bureau, Moussa Abu Marzouk, who attended part of yesterday's talks, said the one sticking point was the conditions under which Mr. Abbas would name a new prime minister for the unity government.

Despite the lack of agreement, he said the meeting "will send a message to the Palestinian people that the two sides are committed to continue dialogue."

The militant group Hamas, which controls the Palestinian parliament and Cabinet, and Mr. Abbas' more moderate Fatah movement have been stuck in political deadlock since Hamas' victory in legislative elections last year. Mr. Abbas was elected president separately.

The refusal of Hamas to recognize Israel's right to exist led to Western sanctions, which have paralyzed the Palestinian economy.

Rice's Rhetoric, In Full Retreat (WP)

By Jackson Diehl

The Washington Post, January 22, 2007

Eleven months ago Secretary of State Condoleezza Rice held a joint news conference with Egyptian Foreign Minister Ahmed Aboul Gheit to report on their talks in Cairo. After Aboul Gheit summed up the topics, Rice pointed out that he had forgotten one: "Iran. You missed Iran." She then spent most of her time on Egypt's progress -- or lack of it -- "as it faces questions of democracy and reform."

Last week Aboul Gheit and Rice again appeared side by side, this time in the Egyptian tourist capital, Luxor. Once again each offered a summary of the talks -- which this year, unlike last, included President Hosni Mubarak. This time Iran loomed large in their discussions, as did Iraq. But it was Rice who neglected to mention something: "democracy and reform." During the course of her visit to Egypt, and her latest tour through the Middle East, the words never publicly crossed her lips.

The reversal this represents is staggering -- especially to Egyptians who have closely tracked Rice's visits to their country. After all, her first notable act on moving to the State Department two years ago was to cancel a visit to Egypt in order to signal U.S. displeasure with the arrest of one of the country's leading liberal democratic politicians, Ayman Nour. Thanks in part to Rice's gesture, Nour was released and Mubarak announced a multicandidate election for president in which Nour was eligible to participate.

When Rice did get to Cairo, in June 2005, she delivered a speech at the American University that was a clarion call for democracy across the Middle East. She opened her joint news conference with Aboul Gheit by saying, "we look to the Egyptians and the Egyptian people to also take a major role in leading reform in this region." And she warned Mubarak against using fraud and thuggery to manipulate the promised elections.

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"The Egyptian government must put its faith in its own people," she said. "The day must come when the rule of law replaces emergency decrees, and when the independent judiciary replaces arbitrary justice. The Egyptian government must fulfill the promise it has made to its people, and to the entire world, by giving its citizens the freedom to choose."

In the succeeding months, Mubarak did the opposite. He did use fraud and violence to control the presidential and parliamentary elections. After they were over, Nour was again arrested, and he was sentenced to prison on patently bogus charges. So when Rice appeared alongside Aboul Gheit last February, she talked about "disappointments and setbacks."

"We have talked candidly about those," she said. "We want to see an Egypt that is fully developing politically and along the lines of reform as well. And so we've discussed the future of reform. We will continue to discuss the future of reform."

Only things got worse. Mubarak canceled scheduled parliamentary elections. His security forces violently broke up protest demonstrations. Opposition leaders, from members of the Muslim Brotherhood to pro-democracy bloggers, were arrested and tortured. Nour's appeals were denied.

Before Rice arrived in Cairo this time, the city was buzzing about Internet videos -- not of Saddam Hussein but of Egyptian police who had been captured torturing innocent citizens. Mubarak had just announced a series of constitutional amendments that would exclude serious opposition candidates from future elections and curtail independent judicial monitoring of balloting. Nour is still in jail.

About all this, Rice said nothing. Instead, she praised the "important strategic relationship" with the 78-year-old Mubarak. In Rice's new parlance, Egypt has suddenly become part of a "moderate mainstream" in the Middle East, which, the secretary hopes, will stand with the United States and Israel against the "extremists" -- Iran, Syria, Hezbollah and Hamas.

Rice has made no real attempt to explain the somersault in her policy, which comes across as a feckless attempt to simplify the increasingly chaotic and dangerous situation across the region. But her latest duet with Aboul Gheit made me wonder if she still remembered that day at the American University. She took questions; one man pointed out that the United States had supported dictatorships in the Middle East for 60 years.

"Yes," conceded Rice, "there's 60 years when we didn't -- we were not outspoken about the need for democracy in this part of the world."

"Things have changed. We had a very rude awakening on September 11th, when I think we realized that our policies to try and promote what we thought was stability in the Middle East had actually allowed, underneath, a very malignant, meaning cancerous, form of extremism to grow up underneath, because people didn't have outlets for their political views." She didn't need to add that al-Qaeda was founded, in large measure, by Egyptians.

Five-and-a-half years after Sept. 11, the cancer is still growing in Egypt, and elsewhere in the "moderate mainstream." But Rice and her president, it seems, have gone back to sleep.

From Bad To Worse (USNEWS)

By Mortimer Zuckerman

US News and World Report, January 29, 2007

Is your journey really necessary? That was the slogan on the old World War II poster intended to encourage Americans to save energy. With her recently completed journey to the Middle East, Condoleezza Rice wasted both time and energy—and badly dented America's diplomatic credibility.

The secretary of state's intention was to revive the "road map" plan to settle the Israeli-Palestinian conflict. It is a worthy but misconceived idea. The conflict that must be settled once and for all—before anyone attempts anything like the plan envisioned in the road map—is the conflict among the Palestinians, which is now verging on outright civil war. In Gaza, Hamas and Fatah gunmen have been killing and kidnapping each other with increased ferocity since unknown gunmen killed three young sons of a Fatah security official. In reprisal attacks, the prime minister, Hamas's Ismail Haniyeh, and the foreign minister were attacked. Hamas operatives also murdered an imam who had the temerity to condemn the movement. In the past year, the number of Palestinians murdered has increased 50 percent.

Behind all the carnage is a call for early elections by the president, Fatah's Mahmoud Abbas, who wants to replace the ineffective Hamas government. Polls show more than half the Palestinian population is fed up with Hamas; 86 percent of those in

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Gaza say their lives have worsened since Hamas took over. Why? Because Hamas refuses to recognize Israel and renounce terrorism, international sanctions have intensified unemployment and poverty among Palestinians.

Hamas sees the call for elections as an absolute casus belli against Fatah, so both seek outside help as they rearm. Hamas has received a reported $250 million from Iran, which wants to see Hamas as militarily strong as its puppet Hezbollah in southern Lebanon.

Shooting galleries. Israeli Prime Minister Ehud Olmert, meanwhile, has conceded a lot to Abbas. Palestinians, he says, could eventually have an independent state in the West Bank and Gaza if they turn away from violence, recognize Israel's right to live in peace, and give up their demands for refugees from the 1948 Mideast War to return. Olmert's substantive offerings to date include the release of $100 million of Palestinian tax revenues so Abbas can pay salaries, the removal of security roadblocks, permission for troops loyal to Abbas to enter the Palestinian territories from Jordan, and for Fatah to receive weapons through Egypt. If all that weren't enough, Olmert is also putting a hold on military action in northern Gaza in return for the deployment of Palestinian Authority security forces to prevent rocket attacks against Israeli towns—a critical requirement as the lethal Kassams become increasingly accurate. No country can allow its cities to become shooting galleries where merely crossing the street and going to the grocery are the daily equivalent of russian roulette. The weapons, instead, just keep on coming: Egypt has utterly failed to prevent arms and explosives for Hamas from crossing its border to Gaza.

The roadblock to peace is Hamas. Prime Minister Haniyeh is just back from Tehran, where he declared time and again that his organization will never recognize Israel, will not honor any of the existing agreements between Israel and the Palestinians, and will continue its jihad until Jerusalem is liberated and "the face of the Zionist state would disappear," according to the Economist. Hamas seeks constant combat against Israelis in the hope of wearing them down morally, physically, and psychologically.

Tehran Announces More Tests Of Missiles (WT/AP)

By Nasser Karimi

The Washington Times/AP, January 22, 2007

TEHRAN -- Determined not to budge under pressure, Iran announced new tests of short-range missiles yesterday, and hard-line President Mahmoud Ahmadinejad dismissed criticism that the country's economy has been hurt by U.N. sanctions imposed over its nuclear program.

The missile tests come as the U.S. Navy is sending a second aircraft carrier to the volatile Persian Gulf. U.S. officials said the USS John C. Stennis, which will arrive in the region within weeks, is meant to be a warning to Iran.

The deployment appeared to alarm some in Iran's hard-line leadership, including a member of a powerful cleric-run body who warned last week that Washington plans to attack, possibly by striking Iranian nuclear facilities.

U.S. officials have long refused to rule out any options in the face-off with Tehran, but they say military action would be a last resort.

Stressing Iran's preparedness, state television said the Revolutionary Guards planned to begin three days of testing the short-range Zalzal and Fajr-5 missiles yesterday. It could not be confirmed whether the exercise had begun near Garmsar, a city about 60 miles southeast of Tehran.

"The maneuver is aimed at evaluating defensive and fighting capabilities of the missiles," the report quoted an unidentified Guards commander as saying.

Last year, Iran held three large-scale military exercises to test what it called an "ultra-horizon" missile and the Fajr-3, a rocket that it says can evade radar and use multiple warheads to hit several targets simultaneously.

Though U.S. officials suggest Iran exaggerates its military capabilities, Washington is concerned about Iranian progress in developing missiles. Some of its missiles are capable of hitting U.S.-allied Arab nations and Israel, which Mr. Ahmadinejad has said should be wiped off the map.

The United States, which led military maneuvers of its own in the Persian Gulf in October, also accuses Iran of supporting militants in Iraq's sectarian bloodshed and is trying to rally Arab allies to isolate the Tehran regime.

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Iran's new maneuvers are the first since the U.N. Security Council imposed sanctions last month over Mr. Ahmadinejad's defiance of its demand that Tehran suspend uranium enrichment. The sanctions ban selling materials and technology that could be used in Iran's nuclear and missile programs.

The United States and its allies accuse Iran of secretly developing atomic weapons in violation of its treaty commitments. Tehran has repeatedly denied that, saying its program is solely for the purpose of developing nuclear technology to generate electricity.

Mr. Ahmadinejad has remained defiant, saying Iran has the right to conduct uranium enrichment, a process that can produce fuel for nuclear reactors but also provide material fuel for atomic bombs.

The president's tough talk has come under criticism from both ends of Iran's political spectrum. Some reformists and conservatives have accused Mr. Ahmadinejad of focusing too much on fiery anti-Western rhetoric and not enough on domestic issues, including the economy.

Iran's Leader Stands By Nuclear Plans; Military To Hold Exercises (NYT)

By Nazila Fathi

The New York Times, January 22, 2007

TEHRAN, Jan. 21 — Iran's internal battle over President Mahmoud Ahmadinejad's defiant rhetoric on Iran's nuclear program continued to simmer on Sunday, with the president repeating his vow to ignore international sanctions and a moderate daily newspaper warning of Iran's increasing isolation.

Speaking to reporters in Parliament, Mr. Ahmadinejad described the United Nations Security Council sanctions resolution as "a rusty instrument" that "has no effect."

"The resolution was born dead," he said. "Even if they issue 10 more such resolutions it will not affect Iran's economy and politics."

He promised to continue Iran's nuclear program, saying other countries "should know that the nuclear program is our red line," the television news reported.

He made those comments days after two hard-line daily newspapers close to Iran's supreme religious leader, Ayatollah Ali Khamenei, called on Mr. Ahmadinejad to distance himself from the nuclear issue, a sign that the president's his political capital may be declining as his country comes under increasing international pressure. The newspapers accused him of using inflammatory language.

On Sunday, a third newspaper, the daily Kargozaran, which represents the views of moderate forces in the country, warned that international opposition against Iran was reaching an alarming level.

"It appears that the pressure against Iran is increasing, and, unlike an optimistic view, there is a tangible tendency among the countries in the region and in the international community toward America's policies against Iran," Jalal Khoshchehreh, the foreign editor, wrote.

The Security Council passed a sanctions resolution on Dec. 23 intended to curb Iran's uranium enrichment and missile programs. The United States and some European nations have said that Iran's nuclear program is for creating nuclear weapons. Iran contends that the program is peaceful.

In what appears to be a response to increasing Western military pressure, the Revolutionary Guards will test-fire missiles in a three-day military exercise expected to begin Monday, state-run television said. The military will fire Zelzal and Fajr-5 missiles near Garmsar, 60 miles southeast of Tehran.

The maneuvers, the first since the resolution was passed, followed the recent American decision to deploy a second aircraft carrier in the Persian Gulf, effectively doubling the United States presence there, and to extend deployments of Patriot antimissile defense systems in Kuwait and Qatar. The British Navy is also sending more ships to the gulf.

Also on Sunday, Mr. Ahmadinejad proposed a budget for the next year of the Iranian calendar, which begins on March 21, based on a significantly lower price of oil. Iran's budget is heavily dependent on oil revenues, and Mr. Ahmadinejad's budget last year was based on a price of $44 a barrel.

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The budget he presented to Parliament on Sunday reduces the price to $33, allowing a wide cushion in case oil prices continue to fall from their current level of about $52 a barrel.

"It is signal to our enemies, saying, 'We are ready, and we will manage the country even if you lower the oil prices,' " Mr. Ahmadinejad said.

State TV: Iran Conducts New Tests Of Short-range Missiles (USAT)

USA Today, January 22, 2007

Iran's elite Revolutionary Guards on Sunday were to begin three days of testing short-range Zalzal and Fajr-5 missiles, state television reported.

The announcement came days after the United States said it was sending a second aircraft carrier to the Persian Gulf. The maneuvers would be the first since the United Nations Security Council imposed sanctions last month on Iran for continuing to enrich uranium, which can be used to make bombs or fuel for nuclear power plants. "Ten more similar resolutions will not affect our economy and our policy," President Mahmoud Ahmadinejad said. Iran says its nuclear program is to produce electricity.

Palestinian leaders hit impasse on coalition government

Palestinian President Mahmoud Abbas and exiled Hamas leader Khaled Mashaal failed to agree on a unity government during their meeting in Damascus, Syria. Despite the impasse, the two leaders said in a statement that they "achieved major progress" in their first meeting since July 2005 and that they hoped for another round of talks within two weeks.

Hamas and Abbas' more-moderate Fatah movement have been deadlocked since Hamas won parliamentary elections a year ago.

Earthquakes rattle Indonesia; no severe damage reported

A powerful earthquake shook Indonesia's northeastern Sulawesi province Sunday, and two smaller quakes hit the eastern Papua province today. There were no reports of deaths or severe damage. The U.S. Geological Survey pegged Sunday's quake at magnitude 7.3.

A tsunami alert was issued Sunday, but there were no destructive waves. In December 2004, an earthquake off Indonesia's Sumatra island triggered a tsunami that left nearly 230,000 people dead or missing.

U.S. envoy: North Korea nuclear talks may resume

Talks aimed at persuading North Korea to give up nuclear weapons are likely to resume within two weeks, Assistant Secretary of State Christopher Hill said in Beijing. Hill, the chief U.S. envoy to six-nation talks hosted by China, met with Wu Dawei, the Chinese vice foreign minister. The talks began in 2003; the latest round ended in December without progress. The other countries in the talks are Russia, Japan and South Korea.

Military Surplus Parts Illegally Find Their Way To Iran, U.S. Officials Say (WP/AP)

By Sharon Theimer, Associated Press

The Washington Post, January 22, 2007

Fighter-jet parts and other sensitive U.S. military gear seized from front companies for Iran and brokers for China have been traced in criminal cases to a surprising source: the Pentagon.

In one case, federal investigators said, contraband purchased in Defense Department surplus auctions was delivered to Iran, a country President Bush has branded part of an "axis of evil."

In that instance, a Pakistani arms broker convicted of exporting U.S. missile parts to Iran resumed business after his release from prison. He purchased Chinook helicopter engine parts for Iran from a U.S. company that had bought them in a Pentagon surplus sale. U.S. Immigration and Customs Enforcement agents say those parts reached Iran.

Sensitive military surplus items are supposed to be demilitarized or "de-milled" -- rendered useless for military purposes -- or, if auctioned, sold only to buyers who promise to obey U.S. arms embargoes, export controls and other laws.

Yet the surplus sales can operate like a supermarket for arms dealers.

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"Right Item, Right Time, Right Place, Right Price, Every Time. Best Value Solutions for America's Warfighters," the Defense Reutilization and Marketing Service says on its Web site, calling itself "the place to obtain original U.S. Government surplus property."

Federal investigators are increasingly anxious that a top priority on Iran's shopping list is within its easy reach: parts for the precious fleet of F-14 Tomcat fighter jets the United States allowed Iran to buy in the 1970s when it was an ally.

In one case, convicted middlemen for Iran bought Tomcat parts from the Defense Department's surplus division. Customs agents confiscated them and returned them to the Pentagon, which sold them again -- customs evidence tags still attached -- to another buyer, a suspected broker for Iran.

"That would be evidence of a significant breakdown, in my view, in controls and processes," said Greg Kutz, the Government Accountability Office's head of special investigations. "It shouldn't happen the first time, let alone the second time."

A Defense Department official, Frederick N. Baillie, said his Pentagon unit followed procedures.

"The fact that those individuals chose to violate the law and the fact that the customs people caught them really indicates that the process is working," said Baillie, the Defense Logistics Agency's executive director of distribution and revitalization policy. "Customs is supposed to check all exports to make sure that all the appropriate certifications and licenses had been granted."

Taking Iran Down A Notch (USNEWS)

By Thomas Omestad

U.S. News and World Report, January 29, 2007

The battlefield, so far, remains confined to Iraq. But the war, in some sense, is growing wider—and more dangerously unpredictable.

The Bush administration's military campaign in Iraq—and its broader approach to the Middle East—are morphing into a head-on struggle against Iran's growing influence. The shift portends either peril or promise. Critics fear President Bush has made another dangerous gamble that is more likely to expand the conflict than to bring Iran to heel. The clarifying focus on Iran, officials counter, offers an opportunity to block the region's leading provocateur from fomenting extremism and pursuing nuclear weapons.

Call the revised strategy "pushback," if you like. The aim is to raise the price for Iranian actions on a range of fronts—from its bank—rolling of militants in Lebanon and the Palestinian territories to its alleged supplying of weapons to anti-U.S. Shiite militias in Iraq to its defiant nuclear programs. "We are clearly upping the ante and sending a powerful message to Iran," Nicholas Burns, the under secretary of state for political affairs, said in an interview last week. "They have to understand that there are consequences for their actions. This is a concerted strategy, no doubt about it."

Seek and destroy. One piece of that strategy, U.S. News has learned, is the creation of a military special operations task force to move against Iranian agents in Iraq. Task Force 16, as it is known, demonstrates the high priority assigned to the administration's new anti-Iranian drive. Its structure is modeled after the units set up to hunt for Saddam Hussein and kill Iraqi al Qaeda chief Abu Musab Zarqawi. The special ops effort is part of President Bush's newly announced pledge to "seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq." In recent weeks, U.S. forces have conducted at least two raids that captured Iranians said to be officers of the Revolutionary Guard Corps' al-Quds Brigades. Five Iranians are still being detained despite Iran's claim that they are diplomats with legal protection and have been "kidnapped."

A consensus within the administration sees Iran as emboldened by its surging oil revenues, the insurgent and sectarian violence bogging down U.S. forces in Iraq, the tenacity of its ally Hezbollah in surviving Israeli attacks in Lebanon, and the rising power of the radical Palestinian Hamas movement. "The threat that Iran represents is growing; it's multidimensional," Vice President Dick Cheney said on Fox News. U.S. intelligence czar John Negroponte says Iran now casts a "shadow" across the region. Adds Defense Secretary Robert Gates, "The Iranians clearly believe that we are tied down in Iraq ... that they are in a position to press us in many ways."

The U.S. get-tougher approach on Iran starts with Iraq, but it extends far more broadly. The administration has moved quietly on some fronts—perhaps to avoid alarming countries like Russia and China that oppose a more confrontational approach. But taken together, the various pieces point to an integrated strategy to counter Iran. "It's a shift in U.S. policy to rolling

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back Iranian influence," says Vali Nasr, an Iran expert at the Council on Foreign Relations. "The administration sees dealing with Iran as key to these other issues." Adds Michael Rubin, an American Enterprise Institute analyst who dealt with Iran issues at the Pentagon in Bush's first term, "a critical mass of information" about Iranian activities in Iraq and beyond forced the administration's hand. "It's a moment a long time in coming," he says.

U.S. Officials Try To Interpret China's Silence Over Satellite (NYT)

By David E. Sanger And Joseph Kahn

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Bush administration officials said that they had been unable to get even the most basic diplomatic response from China after their detection of a successful test to destroy a satellite 10 days ago, and that they were uncertain whether China's top leaders, including President Hu Jintao, were fully aware of the test or the reaction it would engender.

In interviews over the past two days, American officials with access to the intelligence on the test said the United States kept mum about it in hopes that China would come forth with an explanation.

It was more than a week before the intelligence leaked out: a Chinese missile had been launched and an aging weather satellite in its path, more than 500 miles above the earth, had been reduced to rubble. But protests filed by the United States, Japan, Canada and Australia, among others, were met with silence — and quizzical looks from officials in The Chinese Foreign Ministry, who seemed to be caught unaware.

The mysteries surrounding China's silence are reminiscent of the cold war, when every case of muscle-flexing by competing powers was examined for evidence of a deeper agenda.

The American officials presume that Mr. Hu was generally aware of the missile testing program, but speculate that he may not have known the timing of the test. China's continuing silence would appear to suggest, at a minimum, that Mr. Hu did not anticipate a strong international reaction, either because he had not fully prepared for the possibility that the test would succeed, or because he did not foresee that American intelligence on it would be shared with allies, or leaked.

In an interview late Friday, Stephen J. Hadley, President Bush's national security adviser, raised the possibility that China's leaders might not have fully known what their military was doing.

"The question on something like this is, at what level in the Chinese government are people witting, and have they approved?" Mr. Hadley asked. He suggested that the diplomatic protests were intended, in part, to force Mr. Hu to give some clue about China's intentions.

"It will ensure that the issue will now get ventilated at the highest levels in China," he said, "and it will be interesting to see how it comes out."

The threat to United States interests is clear: the test demonstrated that China could destroy American spy satellites in low-earth orbit (the very satellites that picked up the destruction of the Chinese weather satellite).

Chinese military officials have extensively studied how the United States has used satellite imagery in the Persian Gulf war, the wars in Iraq and Afghanistan, and in tracking North Korea's nuclear weapons program — an area in which there has been some limited intelligence-sharing between Chinese and American officials. Several senior administration officials said such studies had included extensive analysis of how satellite surveillance could be used by the United States in case of a crisis over Taiwan.

"This is a wake-up call," said Robert Joseph, the under secretary of state for arms control and international security. "A small number of states are pursuing capabilities to exploit our vulnerabilities."

As a result, officials said, the Chinese test is likely to prompt an urgent new effort inside the Bush administration to find ways to counter China's antisatellite technology. Among the options are efforts to "harden" vulnerable satellites, improve their maneuverability so that they can evade crude kinetic weapons like the one that destroyed the Chinese satellite and develop a backup system of replacement satellites that could be launched immediately if one in orbit is destroyed.

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American officials noted that the United States and Russia had not conducted such tests for two decades, and that the international norm had changed, in part because so many private satellites had been launched by many nations. "The Chinese seem out of step on this one, and we don't know why," one official said.

But the more immediate mystery about the destruction of the satellite revolves around China's prolonged silence — and what it says about the commitments President Hu and President Bush have made concerning increasing their communication, and diminishing the secrecy around China's military buildup.

Chinese leaders often hesitate to engage with foreign officials on matters of military secrecy. It took days to get the Chinese to respond in the first foreign policy crisis to confront the Bush administration — the forcing down, on Chinese territory, of an American spy plane in 2001. Eventually the plane's crew was returned, unharmed, but the prolonged silence unnerved American officials.

In this case, the communication blackout raised the possibility that top Chinese officials were either trying to anger the United States or that the test was conducted without the full involvement of the one official who has authority to coordinate the military and civilian bureaucracies: President Hu. American officials said they believed that the Foreign Ministry — the one department that deals daily with the rest of the world — was left in the dark.

"What we heard, in essence, was, 'We'll get back to you,' " said a senior American diplomat. "It was unclear they even knew what was going on."

Chinese political and military analysts, who would not speak on the record about an issue the Chinese government still regards as secret, said they considered it unlikely that the army's Second Artillery forces, in charge of its ballistic missiles, would conduct a test of a sophisticated new weapon without approval from the highest levels.

But they suggested that the test might have been approved in principle, with little advance preparation for the diplomatic fallout in the event it was successful. That entails not just new military worries; the destruction of the weather satellite left debris in space that could damage satellites from other nations.

"It's the kind of silence that makes you wonder what's happening inside the country," said another senior American official who has been monitoring the case. "I'm sure the Chinese leadership knew there were tests under way, in a general sort of way. But they don't seem to have been prepared for a success, and they clearly had not thought about what they would say to the world."

The timing is significant. Chinese officials have hinted in recent months that they are prepared to grant an American request to establish a military-to-military hot line that may be used to enhance communication. But China has moved slowly to establish the link, which is based on the cold war hot line to Moscow, and there is little evidence that Chinese military officers would have offered an explanation for the antisatellite test if it had been set up.

President Bush and Mr. Hu hold regular phone conversations about continuing issues, including how to manage North Korea's nuclear program. But Mr. Hu and Mr. Bush never developed the kind of close ties that Mr. Bush's aides forecast once the pragmatic-sounding Mr. Hu, who is close to Mr. Bush's age, took office.

Their relationship suffered during an awkward trip by Mr. Hu to Washington last spring, when Mr. Bush declined to hold a state dinner for him — there was a working lunch instead — and the arrival ceremony was marred by a mistaken announcement that the anthem that would be played would be for the Republic of China, the formal name for Taiwan.

Sen. Biden Warns Against Space Arms Race (AP)

By Desmond Butler

AP, January 22, 2007

The Senate Foreign Relations Committee chairman warned on Sunday against fostering an arms race in space after China was reported to have conducted an anti-satellite weapons test.

Sen. Joe Biden, D-Del., said the test was provocative, but that the United States had ways to combat the threat posed by it.

"I don't think we should be overly worried about this at this point," Biden said. "We have ways to deal with that ability."

The U.S. said China conducted the test earlier this month in which an old Chinese weather satellite was destroyed by a missile.

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Biden, who is running for president in 2008, said President Bush's policy on weapons in space need to be reviewed.

"One of the things we have to talk about is whether or not the, sort of, ideological base notion about how we deal with space and weapons in space and the use of weapons from space is something that is a path we should continue to follow," he said.

In October, Bush signed an order asserting the United States' right to deny adversaries access to space for hostile purposes. As part of the first revision of U.S. space policy in nearly 10 years, the update said the U.S. would oppose the development of treaties or other restrictions that seek to prohibit or limit America's access to or use of space.

"This is not the direction we want to go, in escalating competition in space. And we should be talking about it," Biden said.

Analysts said China's weather satellites would travel at about the same altitude as U.S. spy satellites, so the test represented an indirect threat to American defense systems.

The Chinese foreign ministry has denied knowledge of the test.

Biden appeared on "Fox News Sunday."

Foreign-Aid Program May Be Hamstrung By Budget (WSJ)

By Michael M. Phillips

The Wall Street Journal, January 22, 2007

WASHINGTON -- President Bush's signature foreign-assistance program is likely to run out of money this year, leaving in the lurch several poor countries that have labored to meet its strict eligibility standards, according to aid officials.

Mr. Bush introduced the Millennium Challenge program in 2002 as a new approach to fix the perceived failures of overseas-development assistance.

The grants would be large enough to transform the recipient nations' economic fortunes, he said then, and the money would go only to countries that met quantitative standards for honest government, free-market policies and generous social spending.

Now the program's budget is expected to fall short of its projected needs by $400 million to $1 billion, depending on the outcome of congressional negotiations over the coming weeks. The crunch comes at a time when Morocco, Tanzania, Mozambique and several other developing nations are nearing agreements on huge aid packages.

"At a lower level of funding, [the program] will need to turn away countries that have developed sound proposals designed to assist millions of the poor -- such as microfinance programs that help women, and water, irrigation, and transportation systems that enable poor farmers to participate in the local economy," said John Danilovich, chief executive of the Millennium Challenge Corp., which implements the aid effort.

When the program was launched, the president promised to secure $5 billion a year from Congress for his plan.

Instead, he has consistently asked lawmakers for less than that, and lawmakers have consistently provided less than he requested.

The Republican-led Congress failed to complete fiscal 2007 spending bills before this month's hand-over to the Democrats. It appears likely that the Democrats will hold this year's spending largely to 2006 levels and focus instead on the fiscal 2008 budget, which takes effect Oct. 1.

"The Republicans' failure to get the job done will unfortunately leave a number of agencies in a situation that is less than ideal," said Rep. Nita Lowey, New York Democrat and chairwoman of the subcommittee that funds the aid effort.

The squeeze will likely provide the aid program with between $1.14 billion and $1.75 billion this year, compared with the $3 billion Mr. Bush had requested. The president again plans to ask Congress for $3 billion for the program when he presents his 2008 budget next month, according to two people familiar with the proposal. \Antipoverty advocates are lobbying furiously on the Hill to ensure that request is fully funded.

The Millennium Challenge Corp. was still struggling to get off the ground and facing stiff congressional criticism when Mr. Danilovich, a former oil-shipping executive and Republican activist, took over in late 2005.

He accelerated its grant-giving, and the agency now boasts 11 aid agreements totaling $3 billion, including a $461 million package for Mali and an equivalent deal for El Salvador.

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Mr. Danilovich has met with scores of lawmakers to plead the agency's case. The program's demanding eligibility standards, he says, have given countries from Lesotho to Georgia an incentive to crack down on corruption and other impediments to economic growth.

Still, many lawmakers worry that the Millennium Challenge Corp., which is barred by Congress from employing more than 300 people, is paying more attention to signing deals than it is to ensuring that they are implemented well enough to actually promote growth and reduce poverty.

"There are very few champions [on Capitol Hill] and, I think, dwindling support," said Sheila Herrling, senior policy analyst at the nonpartisan Center for Global Development think tank in Washington.

Ms. Herrling said that some key lawmakers want to steer Millennium Challenge aid away from roads, airports and other infrastructure projects and toward health, education and other social programs.

North Korea Talks Should Resume Soon: US Envoy (AFP)

AFP, January 22, 2007

Six-nation talks on North Korea's nuclear programme should resume as soon as possible, the chief US envoy to the negotiations said after holding discussions with host nation China.

"I have had lengthy discussions with (Chinese Vice Minister) Wu Dawei and we have agreed to the need to get the six-party talks going as soon as possible," US Assistant Secretary of State Christopher Hill told journalists.

"I would hope the Chinese government will be able to announce soon the start-up of the six-party talks."

Hill made the comments before flying back to the United States, wrapping up a whirlwind trip to brief South Korea, Japan and China on his rare one-on-one talks with North Korea's nuclear envoy Kim Kye-Gwan in Berlin last week.

Kim met with his counterpart in Russia, the sixth member nation of the diplomatic forum that began in 2003, while Hill briefed his six-party counterparts in Seoul, Tokyo and Beijing.

International concern has intensified since North Korea, one of the most isolated and impoverished countries in the world, tested a nuclear weapon in October last year.

The test led to UN sanctions and even condemnation from China, Pyongyang's most important ally.

Washington subsequently redoubled efforts to implement a six-party deal reached in September 2005 to verifiably dismantle North Korea's nuclear programme in exchange for diplomatic recognition and food and energy aid.

Six-nation talks in December, the first since the nuclear test, failed to result in any tangible progress as North Korea, emboldened by the detonation, demanded an end to the UN sanctions.

The reclusive state also insisted that US financial sanctions implemented in late 2005 be lifted.

Hill said the US Treasury Department would resume separate bilateral talks with North Korea soon, which focus on Macau's Banco Delta Asia, accused of laundering money on behalf of the impoverished state.

"We have not determined where they (financial talks) will be held but that will not be a problem," Hill said.

"They will probably be held before or at the same time as the six-party talks."

Hill expressed the hope that the next round of six-party negotiations would be more fruitful than the last round.

"Based on all the consultations we've had in the last week or so I think we have a basis for getting together as soon as possible in the six-party talks and making progess," Hill said before departing Beijing for Washington.

During his talks with Wu, Hill said he briefly discussed a surprise January 11 Chinese missile test that destroyed a satellite, resulting in worldwide concern that China could trigger an arms race in space.

"We had some private discussion, but let me allow the defense department and state department to speak on that issue," Hill said, refusing further comment.

South Korea's nuclear envoy Chun Young-Woo will visit Beijing this week to discuss the resumption of the six-party talks, Hill said.

U.S. Envoy Sees Potential In Korea Talks (AP)

By Alexa Olesen

AP, January 22, 2007

DOJ_NMG_0119168

The U.S. envoy to talks on North Korea's nuclear disarmament said Monday he believed there was potential for progress in the next round of negotiations and China would soon announce a start date.

The comments follow pledges by the key players, Washington and Pyongyang, to strive for progress in the slow-moving negotiations.

The Chinese-organized international talks took on added urgency after North Korea alarmed its neighbors in October by testing a nuclear bomb. But the latest round ended in December in Beijing with no breakthroughs.

U.S. Assistant Secretary of State Christopher Hill told reporters that Washington was disappointed with the lack of progress in the last round but that he believed there was "a basis for making progress" when negotiators meet again. He did not elaborate.

Hill said that in talks Sunday with his Chinese counterpart, Wu Dawei, the two sides agreed the high-level negotiations should start again "as soon as possible."

"We hope that the Chinese government will be able to announce soon the start up of the talks," he said.

Meanwhile, South Korean media reported that North Korea has agreed to discuss the disarmament of its nuclear weapons when talks resume, which would mark a shift in the North's stance.

North Korea agreed to directly address moves to disarm when Hill and the North's chief nuclear envoy, Kim Kye Gwan, met in Berlin last week, the Yonhap news agency reported, citing unidentified diplomatic sources.

A South Korean newspaper reported Monday that at the Berlin meeting, North Korea and the United States came close to an agreement for the communist state to freeze its nuclear activity and allow international monitoring in exchange for aid.

Chosun Ilbo newspaper, citing unidentified officials in Seoul and Beijing, said Kim offered to halt the operation of the five-megawatt reactor at the North's main nuclear complex and other nuclear activity while allowing monitoring by the International Atomic Energy Agency, the U.N. nuclear watchdog.

In return, Kim demanded the United States provide the impoverished North with economic and energy aid and show "sincerity" in efforts to resolve a dispute over Washington's imposition of financial restrictions against Pyongyang, the report said.

Hill responded positively to Kim's request for aid, the paper said. But the report did not say how the U.S. diplomat reacted to the North's request over the financial dispute.

South Korean officials were not immediately available for comment.

Previously, Pyongyang said it would not discuss nuclear disarmament unless the United States first lifted financial restrictions imposed for the North's alleged counterfeiting and money laundering.

Separate talks between the U.S. and North Korea on the financial sanctions issue were also expected to resume soon, but no date or location had been fixed yet, Hill said.

"I think they will be very soon, probably the same time or before the six party talks," he said.

The participants in the six-party talks are North Korea, the United States, Japan, South Korea, China and Russia.

U.S. Envoy Upbeat About New Korea Talks (NYT)

New York Times, January 22, 2007

BEIJING, Monday, Jan. 22 — The chief American envoy to talks on North Korea's nuclear weapons program said Monday morning that he hoped a new round of six-nation negotiations would get under way shortly, and he expressed cautious optimism about prospects for reaching a settlement.

The envoy, Christopher R. Hill, an assistant secretary of state, told reporters after consultations with the Chinese in Beijing that he felt there was a new "basis for making progress." He said China, the host of the talks, may announce the start date for a new session shortly.

His relatively upbeat assessment came after he had a rare bilateral meeting with his North Korean counterpart in Berlin last week.

The last round of talks in December began with a burst of optimism, but ended in stalemate.

A South Korean newspaper, the Chosun Ilbo, reported Monday that North Korea had offered to halt the operation of the five-megawatt reactor at its main nuclear complex while allowing monitoring by the international weapons inspectors.

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It said that in return, the United States agreed to provide the North with economic and energy aid and show “sincerity” in efforts to resolve a dispute over Washington’s imposition of financial restrictions.

U.N. Left Out Of Plans For Korea (WT)

By Andrew Salmon

The Washington Times, January 22, 2007

SEOUL -- Planning for a handover of military command to South Korean forces has failed to provide for a small but vital U.N. force, jeopardizing the allied deterrent on the Peninsula, the U.S. commander said.

Gen. Burwell B. Bell, joint head of the Combined Forces Command, warned that the problem must be resolved because a crisis on the Peninsula could "almost instantaneously lead to combat operations."

In that case, "there could be no time to make changes in our command structure while crisis escalates," Gen. Bell told reporters. Unless the problem is addressed, "this situation will make it impossible to credibly maintain the armistice."

Combined Forces Command, led since the Korean War by a U.S. general, has operational wartime control over about 29,000 U.S. troops and more than 600,000 South Korean troops.

At the request of the government of President Roh Moo-hyun, that command will be dissolved, and the South Korean forces would serve under South Korean command. The change is set to go into effect in the next two to five years.

However, Gen. Bell warned, no adequate planning has been done for the parallel U.N. Command, a largely administrative body that oversees the 1953 armistice that ended the Korean War.

The unit has only 60 soldiers, but it provides the legal framework for the mobilization of reinforcements from the 16 U.N. member states that fought in the Korean War if another conflict breaks out.

"It allows sending states to return forces to Korea without further [U.N.] resolutions," said Dave Oten, spokesman for U.S. Forces Korea. "The legal authority is already there."

Gen. Bell, in a meeting with foreign journalists late last week that was also attended by senior diplomats from the 16-nation U.N. coalition, warned that clarity in command structures will be essential during the coming transition to Korean command.

"The inactivation of Combined Forces Command and the transfer of Republic of Korea forces wartime [operational command] to an independent ROK military command will create a military authority-to-responsibility mismatch for the United Nations Command," he said, using the acronym for Republic of Korea.

He noted that the U.N. commander would no longer have "immediate access" to South Korean troops, a situation that would undermine the military deterrent.

Traditionally, the commander of U.S. forces in Korea also serves as U.N. commander. Gen. Bell said he expects that arrangement to continue and that the U.N. commander will maintain operational control of all U.N. forces in Korea.

One ambassador at the conference confirmed that his country was paying close attention to the way the U.N. Command will be structured during the transition.

The United States and South Korea are at odds over the timing of the transition of the Combined Forces command. Although the Korean government proposed the change, it is in less of a hurry than the American side is.

Seoul expects to be ready to take full control after 2012, but Washington is pressing to make the switch as early as 2009.

Gen. Bell said that he hoped a definite date would be ironed out through bilateral negotiations by this summer.

It was the general's second press conference this year. Two weeks ago, he spoke about issues bedeviling the U.S.-Korea alliance, particularly budgetary disagreements and reported Korean moves to delay the redeployment of American troops from their central Seoul base to a less intrusive garrison near the city of Pyeongtaek, 40 miles south of the capital.

The frank nature of the general's comments surprised some analysts.

"Bell is expressing his frustration. the Korean side doesn't want to make difficult decisions, and it is leaving Washington frustrated," said Peter Beck, a Seoul-based analyst with the International Crisis Group.

"There is not even a master plan for Pyeongtaek that both sides can agree on. Korea wants control, but doesn't have the means of pulling it off on their own."

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The alliance has been strained by mass anti-American protests aimed at U.S. troops, the rise in South Korea of a new generation of liberal politicians who are critical of Washington and the Bush administration's suspicion toward Seoul's attempts to engage North Korea.

LETTERS (WSJ)

Wall Street Journal, January 22, 2007

U.N.'s Program for the Poor of North Korea Strives to Forestall Corruption

In response to Melanie Kirkpatrick's Jan. 19 editorial-page commentary "United Nations Dictators Program" and the accompanying editorial "U.N. Cash for Kim" about the United Nations Development Program's work in North Korea, I would like to offer some important context and relevant facts.

Here are the facts: There is no reason to believe that our programs were subverted to fund nuclear activities in North Korea, and the most recent audits conducted in 1999, 2001 and 2004 did not raise this concern. We would also welcome an independent and external audit of our operations in North Korea. Moreover we strongly support the secretary-general's call to have an inquiry into the operations of the U.N.'s funds and programs world-wide to ensure there are no misperceptions about our activities in North Korea or elsewhere.

UNDP operations in North Korea are in accordance with decisions of the 36 countries on its board, which includes the U.S., and with resolutions passed recently by the Security Council. They are also in accordance with UNDP's board-approved financial regulations. All of UNDP activities in North Korea have been and continue to be subject to regular audits and controls.

Here is the context: Operating a development agency in North Korea is a complex business. To give an example, operating in North Korea entails an unavoidable transfer of foreign currency. Either we pay our local staff and contractors directly in Euros or we exchange euros for North Korean won via the central bank. In light of the current context, we are taking all possible steps to reduce to an absolute minimum of hard-currency transactions and have decided that direct recruitment of staff is pre-requisite for our continued cooperation in the DPRK. The only way to prevent all hard currency from finding its way into North Korea would be to cease operations there.

Our organization works in North Korea because the member states of the U.N. and UNDP's board have made it very clear that they want us there. UNDP and its sister U.N. agencies have helped the North Korean people cope with a devastating famine in the 1990s and continue their assistance to improve the lives of North Korea's impoverished people. If the member states of the U.N. and UNDP's board were to decide that our presence there were no longer useful, we would leave immediately.

Associate Administrator

Under-Secretary-General

U.N. Development Program

New York

House Call: Doctor-Patient Bond

As a primary care internal medicine physician who has made house calls for the past 27 years, I found your report "Green Thumb: Finding Doctors Who Will Make House Calls" (Money & Investing, Jan. 13) to be factual and interesting, but missing one critical point that affects both doctors and patients. It isn't the physical event of a house call that is so greatly helpful for many ailing patients; it is much more often the presence of a trusted doctor at the bedside who can help the patient and family make the right decisions.

A hired-gun house call will produce a spur-of-the-moment physician of uncertain credentials, a doctor with litigation concerns, a physician with no prior knowledge about medical history or a doctor-businessman looking for payment for the time spent driving and talking. Often, the final result may be a call to 911 for the patient to be transported to an emergency room where expensive tests may clarify a diagnosis and where life-sustaining procedures may be brought to an elderly person who had been ready for the end of life.

I have found that when a patient reaches out from his or her bed, clutching my hand with a grip that is often surprisingly strong, the payment for the doctor and the value for the patient isn't financial but is instead an intangible that comes from deep within the souls of both the doctor and the patient.

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Roger C. Dunham, M.D.

Santa Barbara, Calif.

There is no way an insurer can adequately compensate for a house call, and I am embarrassed to charge a patient what I think the visit is really worth. So, I usually don't charge the patient or the insurance carrier anything. I am sure that other primary-care doctors also do the house call as an act of charity, particularly when they visit the elderly sick. The visit gives the doctor a chance to better understand the dynamics of the home situation and strengthen their relationships with their patients. Whether or not to charge for house calls is a very personal matter, but at least for the elderly, it seems that charging takes away from the physician's satisfaction. In an inexplicable way, I think it also lessens the physician's effectiveness.

Edward J Volpintesta, M.D.

Bethel, Conn.

The FICA Life

In regard to "No New Taxes" by Mike Pence, editorial page, Jan. 13: The fear of a Republican Social Security tax increase is so great in some quarters that opponents are throwing everything they can find at it in their march toward an America that contributes as little as possible to anything: The "poor" middle-class working Americans struggling to make ends meet and earning more than $94,200 a year will be exploited beyond belief and, no doubt, will be forced to sell their homes and withdraw their children from college. It won't amount to a hill of beans to the rest of us who earn average wages and see FICA as a way of life.

Michael D. McCaffrey

Yarmouthport, Mass.

Antediluvian Outlook

Attempting to discredit free trade, Sen. Byron Dorgan resorts to tired rhetorical tricks (Letters, Jan. 18). For example, he complains about the loss of manufacturing jobs. In fact, though, most of these job losses are due to automation that increases workers' productivity. As economies advance, the loss of manufacturing jobs is no more surprising or regrettable than was our loss over the past few centuries of agricultural jobs or our earlier loss of hunter-gather jobs.

Sen. Dorgan calls free-traders "blind." It is much closer to the truth to call protectionists antediluvian.

Chairman

Department of Economics

George Mason University

Fairfax, Va.

Oil, Gas Investments Vital to Our Security

The Bush administration's decision to lift oil and natural gas drilling bans in areas of the Gulf of Mexico and Bristol Bay, Alaska, is a step in the right direction to improving American energy security ("U.S. Is Raising Gulf Royalties for Oil and Gas," Jan. 10). But the administration is sending a mixed message by raising the royalty rates on new offshore deep-water federal oil and gas leases, effectively steering capital away from future American energy investment and increasing our dependence on foreign energy sources.

In evaluating deep-water projects, independent producers perform a careful cost-benefit analysis, factoring in lease bonus payments and royalties. Under the administration's proposed increases, royalty rates will discourage high bonus payments and potentially discourage many American energy projects. Higher royalty rates almost always lead to less resources being developed.

Oil and natural gas are essential components of America's energy supply for the foreseeable future. Policies that reduce investments in American oil and gas production are a threat to American energy security.

Barry Russell

President

Independent Petroleum Association of America

Washington

(The IPAA represents companies holding 80% of Gulf of Mexico shallow-water leases and 75% of deep-water leases.)

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Freely Traded Yuan Is Worth Rooting For

When it comes to the U.S. trade imbalance, the only exchange rate that really matters is the rate between the dollar and the Chinese yuan ("Why U.S. Should Root for Dollar to Weaken More," The Outlook, Jan. 8). With most of our trading partners, exchange rates act to naturally adjust trade imbalances; however, as long as the yuan isn't floating freely, a weakening dollar, relative to other world currencies, won't have the desired effect of reducing our trade imbalance in any significant way. The deficit will remain high because Chinese imports, which make up the bulk of the deficit, will remain cheap. Exports to other countries from the U.S. won't make up the difference because an artificially weak yuan hurts the competitiveness of those other economies. Furthermore, even if the dollar weakens, the loss of the U.S. manufacturing base, especially over the past 20 years and especially to China, means that there are fewer goods to export. Exporting, therefore, has a diminished ability to affect the trade balance.

Rather than "rooting" for a weakening dollar around the world, we should be insisting on a freely traded yuan or imposing tariffs on all Chinese goods to make up for the existing artificial valuation.

Vision Of Rebuilding Lebanon Wanes (NYT)

By Hassan M. Fattah

The New York Times, January 22, 2007

BINT JBAIL, Lebanon, Jan. 16 — In August, Mohammed al-Seyed watched with some pride as tractors driven by Hezbollah men rolled in to begin scooping away the rubble and debris of a month of war with Israel, while engineers and others set to work.

This Hezbollah stronghold would soon rise again, the leaders of both the town and the militant group's building arm, Construction Jihad, said defiantly.

More than five months later, however, with winter here and Lebanon's government enmeshed in political crisis, the tractors are gone, the army of men has disappeared and Bint Jbail's town center still resembles Dresden after World War II.

"They told us everything was going to be rebuilt soon," Mr. Seyed said Tuesday, speaking of town leaders. "They're not doing anything now. We want to build but they won't let us. They promise to pay us, but they don't. All we want is our homes back and they won't even let us have them!"

There may be as many excuses for the slowdown in rebuilding in the south as there are political factions in this nation. Some people blame the weather; some say residents living abroad are just taking their time; some officials cite disagreements over the amounts paid to those who have lost their homes. In one rare admission, a senior Construction Jihad official said his group was overwhelmed by the destruction.

"Our goal initially was to work with our own hands, but we soon realized we weren't enough, so we decided to begin reimbursing people," said Abou Ali Bayloun, regional director for Construction Jihad in the southern port town of Tyre. "It is natural that the workers in the area will not be enough in the area. It needs a lot of workers to do this."

But politics is at the heart of the problem. Hezbollah and its supporters point fingers at the government of Prime Minister Fouad Siniora; the government reflects the accusation back at Hezbollah. Residents now blame both sides.

Ultimately, some analysts say, neither side wants to take responsibility for the task of reconstruction. The government avoids direct involvement on the ground, trying to avoid blame for inefficiency, while Hezbollah has also reduced its activities and is capitalizing on residents' frustrations for the lack of action.

"One side doesn't want to be accused of slowing things down," said Habib Debs, professor of urban planning at the American University of Beirut. "The other side wants to blame the government for not doing anything. So nothing is being done and both are happy that that neither is doing anything."

Certainly, the two sides lack coordination and cooperation, which alone is a serious barrier to reconstruction. Fear, too, plays a role: residents who could begin building have hesitated, fearing further conflict with Israel or, worse, civil war.

"People are terrified," said Ali Eid, deputy mayor of the town of Srifa, one of the few southern towns witnessing major construction. "They know that if there's problem in Beirut, it will spread and spread south. We've started because we had to. But Bint Jbail is closer to any war that may happen."

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The political wrangling unleashed in the war's aftermath, culminating in the walkout by six Hezbollah-aligned ministers in November and six weeks of unbroken demonstrations in Beirut by Hezbollah and its new allies — including Christian and Druse groups that were once its mortal enemies — has raised sectarian tensions, especially between Sunnis and Shiites.

Officials of the Siniora government insist that they have done what they could for the Shiite-dominated and Hezbollah-friendly south, but that the political crisis has prevented major decisions from being made.

"Hezbollah has been part of all the committees," said Mohammad Safadi, minister of public works and transportation. "They are part of the decision-making process so they are as much to blame." Mr. Safadi said that up to 40,000 households had received government payments of up to $40,000 each to rebuild their homes and could proceed at will.

But officials in Bint Jbail and other southern towns accuse the government of adding red tape and withholding aid to punish them. Bint Jbail's leaders say that electricity service worsened after Mohammad Fneish, the minister of electricity and water resources, resigned with the other Shiite-aligned ministers. They say that telephone service is still spotty because the minister of telecommunications is Marwan Hamadeh, an ally of the Druse leader Walid Jumblat, an outspoken critic of Hezbollah.

"The whole south is in the same situation as us," said Haitham Bazzi, who heads a committee on reconstruction for the old section of Bint Jbail. "They have forgotten us, despite the war and everything we went through. That's why many people here are fed up and want the government out even before the politicians do."

The town — which has 6,000 full-time residents and almost 30,000 living abroad, most in the United States — was adopted by the government of Qatar, which promised to finance the reconstruction. But many villagers feared that residents would take the payments and abandon the village, so Ali Bazzi, the mayor, lobbied to get the Qataris to hire a construction company to rebuild the whole area and preserve its historic nature.

He outlined big dreams for his decimated town in August. It was to become a model city in the south, with new apartment blocks, wider streets and modern infrastructure. A group of local residents and college professors stepped in with its own competing plan, which would rebuild the historic homes, preserving the town's character while leaving the high rises at the town's periphery. The debate, local residents say, continues.

Now the reconstruction plan is moving in stages, said Hussein Saad, a member of the city council. The first stage, now complete, entailed reimbursements of up to several thousand dollars for reparable damage to homes. The second will pay up to $40,000 for rebuilding demolished homes. And finally a third will rebuild homes in the historic older district. The foundations of a temporary market are in place, to house stores and stalls until the bombed-out market is rebuilt.

But city officials say that much of the process has been stalled as they wait for approvals from the Department of City Planning, a branch of the Ministry of Public Works and Transportation in Beirut. Mr. Safadi, the minister, acknowledged the delay but said he had found a way to work around the problems.

The cabinet has drafted new legislation allowing all residents of the south to expedite construction, but said the legislation would normally have to be passed by Parliament. Instead, the cabinet has encouraged city governments to move ahead.

"We simply can't wait for Mr. Berri to hold a session of Parliament any more," Mr. Safadi said, speaking of Nabih Berri, the speaker of the Parliament who has backed the opposition and has refused to convene Parliament. "We can no longer hold the people ransom."

In the rubble of Bint Jbail on Tuesday, Mr. Seyed's voice continued to rise. "I am going to pitch my tent in the center of town and stage my own protest," he said. "We'll bring down the city government. We'll bring down the whole damn show."

An Israeli Ross Perot (NSWK)

By Kevin Peraino

Newsweek, January 29, 2007

Officially it was only a Chanukah party, but the blowout that billionaire Arkady Gaydamak threw a few weeks ago in Tel Aviv was also one hell of a political rally. Hundreds of outsize candles and scores of plasma televisions cast a flickering glow on banks of tulips and orchids that had been flown in for the occasion—as was the evening's star entertainer, Enrique Iglesias. Fashion models in low-cut dresses mingled with septuagenarian rabbis and top-tier politicians like Benjamin Netanyahu. The guest list was so tight that the uninvited son of a cabinet minister was caught trying to push his way in through the kitchen. "Half

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the guests were there out of genuine appreciation for Mr. Gaydamak," says David Nitzani, the event's organizer. "And then there were a bunch who just wanted to be seen."

A $2 million bacchanal is hardly the traditional way to observe the Jewish "festival of lights." But Gaydamak has no patience for stodgy ritual, and the 54-year-old Moscow-born financier is just about the only one in Israel who feels like celebrating. After last summer's punishing war with Hizbullah and a rash of political scandals this winter, Israelis are fed up with their current crop of leaders. Military Chief of Staff Lt. Gen. Dan Halutz has resigned after a series of investigations found that his forces had mishandled the Lebanon war. Prime Minister Ehud Olmert faces 14 percent approval ratings—and now a criminal investigation into his role in the sale of one of Israel's largest banks while he was Finance minister. One of his top aides has already been placed under house arrest in a fraud investigation involving the state's Tax Authority. (Both Olmert and his aides deny any wrong-doing.) A recent poll by Israel's Dahaf Institute found that 85 percent of Israelis considered their political leaders to be corrupt. "There's a [power] vacuum," says Shlomo Avineri, a political scientist at Jerusalem's Hebrew University. "And that's when these sorts of oligarchs step in."

Gaydamak styles himself as a sort of Israeli Ross Perot—an eccentric electoral outsider with the bank account and business acumen to fill the gap. During last summer's war, Gaydamak paid about $14 million to house 6,000 Israeli refugees in two tent cities along the Mediterranean. In November he sent 2,000 residents of Sderot, an Israeli village near the Gaza border that has been hammered by rocket attacks, for a weeklong vacation at a Red Sea beach resort. Critics view Gaydamak as more of a Citizen Kane—an awkward tycoon desperately trying to buy friends and build a political base. "Give me three months, and half the Knesset will be mine," Gaydamak told the Israeli daily Yediot Ahronot late last year. A poll last year in the same newspaper predicted that a party led by Gaydamak could win eight out of 120 Knesset seats in a snap election—enough to make him a behind-the-scenes kingmaker. (Gaydamak tells NEWSWEEK he has no current plans to run for office.)

His past could be a problem. After emigrating from the Soviet Union in 1972, Gaydamak built a fortune on oil deals and the Russian stock market. In 2000 he relocated to Israel from France, where he is wanted for alleged tax evasion. (He denies any impropriety.) A 2002 study by the nonprofit Center for Public Integrity in Washington, D.C., concluded that Gaydamak "epitomized the business of war in the post-Cold War era—an entrepreneur with global ties to arms smuggling, resource exploitation and private military companies." For his part, Gaydamak says: "I was never involved in any arms sales, deals—nothing. It's a complete lie."

Despite his political liabilities, mainstream politicians aren't taking chances. Earlier this month a Knesset committee debated a measure nicknamed the "anti-Gaydamak law," which would require any candidate to count large philanthropic gifts as campaign expenses, making them subject to spending limits already on the books. Still, even the measure's author, Ran Cohen, doubts it will ever become law. "He has enough money to buy other politicians," says Cohen. "I'm not sure I'll win."

To many Israelis, Gaydamak's murky reputation outweighs his apparently good intentions. Mordechai Eleasi, a 38-year-old Sderot resident, spent a weekend this past November relaxing with his wife and three kids at a luxury hotel in Eilat on the tycoon's tab. But Eleasi says he has no intention of voting for Gaydamak. "He's a nice guy, we thank him, but that's all," says Eleasi, with the cool indifference of an underwhelmed prom date. "I never really thought about him as anything more than that." Gaydamak's money can buy influence, gratitude—possibly even votes. It still can't buy love.

In Somalia, New Government Faces Old Problem: Clans (NYT)

By Jeffrey Gettleman

The New York Times, January 22, 2007

MOGADISHU, Somalia, Jan. 18 — Fifteen men and one woman sat on the floor of a sunlit room. It was hot. Many people were sweating. The elders of the Ayr clan had called a political meeting, and very quickly it was clear that their attitudes toward the nation's newly empowered transitional government were unanimous — and bitter.

"The government is weak," said Mohammed Abdi, an Ayr elder. "We can't support it."

Somalia, which has been an archetype of Africa's ills for so long, has waited 16 years for this government. The United Nations has invested millions of dollars into propping it up. American officials are so intent on it succeeding that, in the interests

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of regional stability and counterterrorism, American forces have ventured onto Somali soil for the first time in more than a decade to hunt down the last of the Islamist leaders who held a firm grip on much of the country until just a few weeks ago.

But whether Somalia pulls itself together now or explodes into bloodshed again depends not on American troops, foreign peacekeepers, investment or aid. It depends on clans. "Clannism," said Ali Mahdi Mohammed, an influential clan leader and once a contender for president, "is our national cancer."

It was clan animosities that tore down Somalia's last government in 1991, clan militias that humiliated American troops in 1993, bringing a troubled aid mission to a hasty end, and clan warfare that has consumed countless lives and reduced Mogadishu, Somalia's once-beautiful capital by the sea, into a pile of bullet-pocked bricks.

The government, which took the capital for the first time last month, is trying to address the clan problem head-on. It is using a mathematical formula based on rough estimates of the population (the last census was in 1975) to allocate parliamentary seats and ministerial posts on a clan basis, and plans to govern like that until the next elections, which are proposed for 2009.

But that approach is hardly original — and it does not have an encouraging history. It is the 14th attempt since 1991 to form a clan-based government; all the others have disappeared into a vortex of suspicion and violence.

The Green Line in Mogadishu, a blasted-out boulevard with blackened buildings on each side, is a monument to fratricide. It is the dividing line between two clans, the Haber Gedir and the Abgal, which are actually part of the same family.

Somalia's main clans are divided into a dizzying number of subclans, sub-subclans and even sub-sub-subclans, and the term clan is loosely used for large family networks, like the Hawiye, and smaller ones, like the Ayr.

There is no definitive clan chart, with different clans disputing how they are interrelated, and Somalis argue over whether they have physical differences. But all clans are based on ancient genealogies. You cannot join a clan. You are born into one.

The Islamists, who seized power six months ago, had their own solution for this. They tried to submerge clan identities under the blanket of Islam, the one thing, besides language, that all Somalis share. They delivered more stability to Mogadishu in their short reign than the city had seen for a decade and a half.

But then they made an enormous mistake. In December, the Islamists tried to seize all of south-central Somalia, including Baidoa, the seat of the transitional government. Their attacks provoked a crushing response from neighboring Ethiopia, which commands one of the most powerful militaries in Africa and viewed the Islamists as a regional threat. Within a week, the Ethiopian forces, with approval from American officials, annihilated the Islamist army.

Now many Somalis wonder what would have happened to the Islamist ideology if the Ethiopians had never stormed in. "Islam was probably the best answer for us," said Hassan Gedi Roble, a chief of the Dir clan. "A government of clans is only going to create clan competition." The Islamists have gone underground, vowing to wage a guerrilla war.

And already the resistance in the capital is beginning to work along clan lines, with attacks against government troops concentrated in neighborhoods that were Islamist strongholds. Government soldiers are so frightened of driving through Tawfik, dominated by the Ayr, that they change out of their uniforms into street clothes before they enter. In other areas not far away, like Sinai, inhabited by many Abgal, shopkeepers pump their fists in the air and cheer when they see the government troops.

Clans have been the bedrock of Somali identity since the first bands of nomads fought over water holes.

"Out there, you needed to belong to someone," said Yusuf Mohammed Ali, a shipping magnate and respected figure among the Suleiman clan.

The same is true today on Mogadishu's chaotic streets. In a place that has teetered so long with no government, no police forces, few institutions and great uncertainty, clans function as a safety net, a social network — most people marry within their clan — a justice system and, most importantly, as protection.

The factionalism makes government a tricky affair. Somalia's infamous warlords, like Muhammad Qanyare Afrah, are essentially clan leaders with their own clan armies.

Everybody in Mogadishu calls Mr. Qanyare a warlord, but he prefers "M.P."

"We are members of Parliament," he said, referring to a group of fellow militia leaders who were given positions in the government in an attempt to bring peace. "We are not street boys."

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Mr. Qanyare, who is from the Mursade clan, laid out the long history of conflict between the Haber Gedir (which includes the Ayr) and the Darod, the clan of the transitional president, Abdullahi Yusuf Ahmed.

Relations with the Ayr seem especially combustible: it is one of the largest clans in Mogadishu; many of the Islamist leaders were Ayr; and government officials have accused Ayr elders of backing the insurgency. Ayr elders say they have been cut out of the new administration.

American officials are urging the government to reconcile with all clans, and they are becoming increasingly alarmed about the authoritarian streak of the government, which has already declared martial law and briefly shut down radio stations.

Senator Russell D. Feingold, Democrat of Wisconsin and chairman of the Senate's subcommittee on Africa, said at a conference in Washington this week that President Yusuf's government was "already running the risk of missing a critical window to establish itself as a credible, transparent and representative government."

The transitional government says security begins with disarmament, but so far disarmament has been mostly a farce. Mr. Qanyare and a few other militia leaders turned in some rusty guns this month.

But military grade firepower is still everywhere. Somalia was a cold-war dumping ground for arms, and then it exploded into every-clan-for-itself anarchy. That combination created such a gun glut that high-powered assault rifles are openly sold for $15 at a Mogadishu market called Sky Shooters (a place where shoppers test the goods by unleashing a stream of lead into the sky).

Many of Mogadishu's residents, even those who resented the Islamists' draconian decrees — no Western music, no cigarettes, no high-heeled shoes — said they felt safer a few months ago. That annoys Abdirizak Adam Hassan, the president's chief of staff.

"This government is constrained by rules," he said. "Unlike the Islamists, we can't just go around lashing people."

One obvious problem is the transitional government's reliance on Ethiopian muscle. Ethiopian troops may have been willing to vanquish the Islamist army, but they are not willing to work as policemen.

The Ethiopian military is now threatening to leave altogether in a matter of weeks, apparently trying to pressure the United Nations and the African Union to quickly assemble a peacekeeping force to fill the vacuum. Only a small portion of the necessary troops have been committed, and it is not clear how the Somalis will receive them.

The best hope is that Mogadishu's residents are so exhausted by war that they will not turn on the foreign peacekeepers the way they did in 1993 when they attacked American and United Nations soldiers who had come to help feed them.

Mr. Mahdi, the former presidential contender, said the government had about three months to pull things together. "After that," he said, "Mogadishu will be ungovernable."

Already, more than a dozen people have been killed in insurgent strikes. On Thursday, thousands of flyers mysteriously appeared across the city warning people to stay away from government soldiers.

Abdi Fatah, a former Islamist fighter who clipped his beard and swapped his robes for polo shirts and slacks, said, "The Ayr guys are meeting every night."

The Ayr elders denied they were fueling the insurgency.

But when asked if the government had as much grass-roots support as the Islamists, their meeting room suddenly grew quiet.

"That was a joke, right?" one man asked. And then the room burst into derisive laughter.

From Marine To Warlord (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, January 22, 2007

A Somali who once lived in West Covina now has hopes of becoming president of his homeland.

MOGADISHU, SOMALIA — The Planning Department clerk from West Covina was mapping bike routes and San Bernardino Freeway overpasses when two U.S. Marines drove up in a white Chevrolet and took him away.

The night before, on Oct. 3, 1993, Hussein Mohammed Aidid had watched in horror as television conveyed images of a disastrous U.S. military mission against a Mogadishu warlord. After two Black Hawk helicopters crashed, an ensuing gunfight left 18 American servicemen dead, and rioting Somalis dragged some of the bodies through the streets.

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"Hell is coming," he recalled thinking before turning off the TV in disgust.

Perhaps no one in the world was more conflicted than Aidid, a Somalian immigrant who settled in Southern California as teenager. He had served with the U.S. Marines in Mogadishu for four months that year as part of Operation Restore Hope, and the death of the U.S. Rangers "was like a black hole inside of me."

But his father, Mohammed Farah Aidid, was the warlord the U.S. was targeting.

The next morning, at the U.S. Marine base at Camp Pendleton, a commander asked Aidid to send a letter to his father, pleading for the release of a captured U.S. pilot. He said he didn't hesitate.

"I felt almost as if I could have been in that conflict and died," he said.

Three years later, however, Aidid would abandon his job and his military ties in America to return home after the death of his father. Aidid assumed control of his father's militia, inherited a vast swath of territory and became one of Somalia's most powerful warlords himself.

Today Aidid, 44, is trying to change mantles again. As interior minister for Somalia's struggling transitional government, he is the man charged with restoring security to Mogadishu. After routing Islamic fighters from southern Somalia last month with the help of Ethiopian troops, the government is trying to bring order after 16 years of chaos and clan wars.

Described by critics as a wily opportunist who switches alliances easily, Aidid makes no secret of his desire to one day become president. Despite anger by some Somalis over the recent U.S. airstrike against suspected terrorists in the country, Aidid said his U.S. background is an asset, not a liability.

"People say to me: 'You are our connection to the world. You understand that world. Be that bridge,' " he said.

Over the years, Aidid has struggled to emerge from the shadow of his famous father. Both are still vilified in some parts of the country for using ruthless tactics to crush opponents. Even political allies groan at his occasional blunders, such as his recent suggestion that Somalia and archrival Ethiopia might one day merge into a single country.

"He's a lightweight," said Ken Menkhaus, Somalia scholar at Davidson College in North Carolina. "He's never had the gravitas of his father."

But even those who scoff at Aidid as immature or unstable warn against counting him out. His family and clan connections, encyclopedic memory and track record for political survival guarantee his spot as a power broker in Somalia's future.

Supporters praise Aidid as the first to make the transition from warlord to politician. They say his push for reconciliation, including forgiving the clan that killed his father in a 1996 battle and giving up land for peace, fostered an environment that enabled the current government to form.

"He's fresh and young and doesn't have a black record," said Abdirasak Farah Ahmed, a taxi driver from Aidid's clan. "He was the main one who got rid of the warlords. He is the only one who can unite the people."

In the sitting room of his rented Mogadishu house, Aidid remains a clash of U.S. and African cultures. He wears a dark Western suit and power tie, with bare feet. He acknowledges two wives and seven children, though an aide counts four wives and 20 kids.

He can dance and feast in a cow field during an all-night clan festival, but still retains some of his old military habits, such as jotting down tasks and thoughts in a small notebook. He speaks so rapidly at times, for example rattling off the "Seven Habits of Highly Effective People," that it seems his mouth can scarcely keep pace with his brain.

Aidid enjoyed a comfortable upbringing as son of a military guard until his father was jailed in 1969 on suspicion of plotting a coup against then-dictator Mohamed Siad Barre. In 1975, Aidid's father was released from prison and rejoined the resistance. He sent Aidid to the U.S. His mother and other siblings would soon join.

"We moved into exile so my father could do the opposition work he had to do," Aidid said. When he graduated from Covina High School, he said, joining the Marines was a natural choice. "I come from a military family," he said. "My hero was my father. I felt I must do something for my new country." His interest in science and math led him to specialize in computers and programming, studying the inner workings of MX missiles and artillery.

After serving in Iraq in the 1991 Persian Gulf War, Aidid's unit was tagged for a four-month mission in Mogadishu to deliver food and humanitarian support. Siad Barre had been ousted in 1991 in a revolution led by Aidid's father, but his clan had become engaged in a power struggle that was destabilizing the country.

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It was a personal journey for Aidid, who briefly reunited with the father he had not seen for several years. After Aidid and his unit returned to California in March 1993, his father's relations with the United States unraveled further, and Somalia unraveled with them.

During the following two years, Aidid resumed his old life, living in Diamond Bar, driving around in a Mazda RX-7 and eating at Chinese restaurants. When he returned to Somalia in 1995 to introduce his fiancee, a Somali also living in California, to his father, the elder Aidid tapped his son to be his successor.

Just one year later, Mohammed Aidid was fatally shot in battle. The clan elected the younger Aidid to take over as head of a coalition of clans and warlords known as the Somali National Alliance.

"It was the hardest decision," he said. "My life [in the U.S.] was set. I knew that system. I didn't know anything about Somalia." Ultimately, he said, he felt obliged to fulfill a promise to his father to one day take over.

Aidid reconnected with his Somalian roots. He started another family in Mogadishu. He began referring to the Oct. 3 U.S. helicopter crash as a "gloomy day for the aggressors" and a "victorious day for the Somalis." But Aidid said he never developed the taste for the life of a warlord.

"My father was a general," he said. "He did things by action. I reversed. I flipped the coin. I did things through reconciliation."

Analysts confirm that the younger Aidid was among the first to seek reconciliation in Mogadishu, though they noted that at times he also boycotted peace conferences. He reached a power-sharing agreement with other Mogadishu warlords. But fighting soon resumed. And Aidid, who began with a huge expanse of southern Somalia, including Mogadishu, Baidoa and Kismayo, had retrenched by 1999 into Mogadishu's presidential palace, a small but symbolic holding.

"Sometimes a lion delivers a cat," said one Somalian clan leader, drawing a disparaging comparison between father and son.

Aidid continued his father's bloody campaign to hold Baidoa against an Ethiopian-supported resistance. Thousands of civilians were killed in the fighting, and Aidid's militia was accused of human rights abuses, such as killing the wives of rebels and shooting residents lined up for food.

"He's a criminal," said Abdulaziz Mohamed Omar, 22, who said he lost three cousins to Aidid's fighters.

Aidid blamed the violence on Baidoa's rebels and defended his record. His goal, he said, was never to control land or make money.

"We didn't remove Siad Barre to become another dictator," he said.

He said he started a process that eventually weakened warlords, including himself, and brought all sides to the negotiating table.

"The objective was to create a democratic society, to reconcile with warlords and put them into parliament," he said. "And that strategy worked."

Experts say Aidid's version of history is a bit revisionist.

"His father, and to some extent the son, contributed to the instability and chaos in Somalia," said Ted Dagne, analyst at the Congressional Research Service.

Aidid said his standing in Somalian politics stems from popular support. "We survived here for so many years because we are with the people and their hearts," he said.

Aidid said he hoped to extend reconciliation to the U.S. by forging a closer relationship with the country he said offered him so much. Memories of Oct. 3 are never far from his mind, and he said he'd like to build a memorial in Mogadishu for those who died that day. As a reminder, Aidid said he still holds the dog tags of the captured U.S. pilot he helped release.

"I'm keeping them for him," Aidid said. "I want to give them to him when I see him."

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Murder Of Outspoken Journalist Tests Turkey's Democratic Gains (CSM)

By Yigal Schleifer

The Christian Science Monitor, January 22, 2007

DOJ_NMG_0119179

The murder Friday of a prominent and outspoken Armenian journalist has sent shock waves throughout Turkey and raised questions about whether a recent nationalist upsurge in the country has taken a violent turn. It also presents the government with what many say is a serious challenge to its already embattled democratization and reform efforts.

The journalist, Hrant Dink, was a vocal critic of Turkey's treatment of its religious minorities and had been particularly outspoken against the government's policy of rejecting claims that the mass killings of Armenians by the Ottoman Turks in 1915 was genocide. He was shot in broad daylight just outside the offices of the bilingual Turkish-Armenian newspaper Agos, where he served as editor.

"A bullet has been fired at democracy and freedom of expression. I condemn the traitorous hands behind this disgraceful murder," Prime Minister Tayyip Erdogan said on television soon after Mr. Dink was murdered. "This was an attack on our peace and stability."

The past few years have seen Turkey engaged in a deep internal struggle. On the one hand, the country's drive toward European Union (EU) membership has resulted in significant political reforms, particularly regarding democratization and human rights, and the freeing up of the debate on what had previously been taboo subjects, such as the Armenian question.

On the other hand, the EU-related reforms have been met with a strong nationalist backlash.

Nationalist lawyers and prosecutors, for example, have been able to use a law, known as Article 301, to charge writers and journalists like Dink and Nobel Laureate Orhan Pamuk with the crime of insulting Turkish identity as a way of stifling the emerging debates and putting the brakes on Turkey's EU bid.

Dink was tried under this article, and in 2005 was convicted and handed a suspended six-month prison sentence.

"In a sense, both sides have been sharpening their axes, thinking that the EU question is the final intellectual battle in Turkey," says Ali Carkoglu, a professor of political science at Istanbul's Sabanci University. "It touches on everything that is salient in Turkish politics: the Islam versus secularism debate, democratization, and the extent to which individual human rights are to be protected."

For many Turks, the killing of Dink harks back to the turbulent '70s and '80s, when journalists and intellectuals were frequently the victims of ideologically inspired violence. Although Turkey has moved forward, some wonder whether Dink's murder is an indication that the political gains made over the past few years have yet to be consolidated.

"In a way, he took too many risks, he underestimated his opponents," says Rifat Bali, an Istanbul-based researcher who studies Turkey's minority communities. "Some of the ultranationalist core of Turkey has not changed. It is a militant core that is ready, if necessary, to murder its ideological opponents," he says.

Unlike in the past, however, Turkey's government was quick to respond to the murder, sending top officials to oversee the investigation. The quick arrest of the suspect – teenager Ogun Samast – is also seen as a positive sign, since in the past perpetrators of such crimes were rarely caught.

"Those who created nationalist sentiment in Turkey have fed such a monster that there are many youngsters on the streets who do not find the ... state nationalist enough and are ready to take the law into their own hands," wrote Ismet Berkan in his daily column in Radikal, one of Turkey's main dailies. Extreme nationalism in Turkey is divided into secular and religious camps, although what unites both is non-Muslim minorities.

Experts here say the murder poses a major challenge for the Turkish government, led by the moderately Islamic Justice and Development Party (AKP).

With its EU bid already suffering – negotiations with Brussels have been partially suspended since December – the killing of a journalist who had already been the target of legal proceedings strongly condemned by the EU will only increase the pressure on Ankara and further tarnish its image in Europe.

"The image problem was already bad and this can only make it worse. Turkey will be seen as a country not only curtailing freedom of expression but the country that can also produce people who will assassinate writers and thinkers," says Suat Kiniklioglu, director of the German Marshall Fund's office in Turkey.

"The atmosphere that created this person to go after Hrant Dink with a gun was really the result of the atmosphere created by the trials brought on by Article 301," he says. "In that respect, the government will need now to really take article 301 seriously."

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Outside the offices of Agos, an Armenian word that refers to a place where a seed is growing, a makeshift memorial has been created near the spot where Dink was gunned down, with crowds gathering to light candles and lay down flowers.

Dink, who founded the paper in 1996, used his last few columns to write about his legal woes.

"For me, 2007 is likely to be a hard year," he wrote in one column. "The trials will continue, new ones will be started. Who knows what other injustices I will be up against."

In his final column, Dink wrote about the increasing amount of hate mail he was getting, including one letter that scared him enough that he went to the local prosecutor to ask for protection, although without any luck.

"I don't know anyone else like him who raised his voice for minorities and democracy in Turkey," says Murat Celikkan, a veteran Turkish journalist and human rights activist.

"Intellectually he was a very important figure for Turkey. We don't have anyone else like him."

The Murder Of Hrant Dink (WSJ)

By Elif Shafak

The Wall Street Journal, January 22, 2007

ISTANBUL -- "I feel like a pigeon," Hrant Dink wrote in his last article. "Like a pigeon I wander uneasily amidst this city, watching my back constantly, so timid and yet, so free." That pigeon was gunned down Friday by a young Turkish fanatic on one of the most crowded streets of Istanbul.

Few people can inspire a whole nation in their lifetime, fewer still with their death. Hrant Dink did both. He was a prominent journalist, the editor of the Armenian weekly Agos, an outspoken intellectual, a peace activist, a true citizen of Istanbul and a dear friend. When the news of his assassination broke, thousands poured into the streets, chanting, "We are all Hrant Dink, we are all Armenian!" People slept in front of his office, guarding the spot where he'd fallen with candles and flowers.

The next day, all the main Turkish papers, left or right, spoke in a chorus of outrage on their front pages. Even more hard-line writers sincerely mourned his loss, asking where things had gone wrong. His death shattered the country and the grief cut across all sorts of ideological and social divides. His funeral will be attended by people from all religions, ethnicities and political inclinations. For Hrant Dink was a man impossible not to love, and far from "denigrating Turkishness," the crime which an Istanbul court convicted him of (under the anti-free-speech Article 301), for talking about the killings of Armenians in the closing days of the Ottoman Empire, he truly loved this land.

That his death was interpreted by some beyond Turkey as proof that Turks don't belong in the European Union would have upset Hrant. Without close ties to the EU, and the West as a whole, he worried that the country will become less democratic and more insular. His Turkey is a tapestry, a place where conflicting voices coexist. His best friends, companions and colleagues were Muslim Turks.

Yet Hrant Dink was, since his early childhood, used to discrimination. As he was getting ready to appeal his six-month sentence (eventually suspended) to the European Court of Justice, he wrote that, "I had no other option left. Why is it that although everyone tried under Article 301 has been acquitted one way or another, I have been sentenced to prison? Is it because I am Armenian and they wanted to intimidate me, teach me my limits?" Hrant knew the price to be paid for being in the political and ethnic minority, and still refused to withdraw into a glass ghetto.

Surrounded with friends and family, Hrant Dink was in many ways a lonely man. As critical as he was of Turkish ultranationalism, he had little time for Armenian ultranationalism. At his talks in the U.S., Europe and Australia to Armenian groups, he never played to the gallery. The biases and generalizations about Turkey and Turks in the Armenian diaspora frustrated him. "There is a big difference between Armenians in the diaspora and Armenians in Turkey," he once said. "You guys are Armenian one day a year, on the 24th of April" -- the commemoration of the 1915 massacres and deportations -- "whereas we are Armenian every day of the year but on that one."

Hrant opposed a French bill last year that sought to criminalize denial of the Armenian genocide, as well as a similar law now under discussion in the U.S. Congress. "If they pass the law in France, I will go there," he said, "and though I believe the opposite, I will openly say that there was no genocide." As a genuine supporter of freedom of expression, Hrant believed that it

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should be up to people, Turks and Armenians together, to find the means to reconcile, not to politicians to pass judgment on that history.

Many people asked Hrant why he didn't leave Turkey for Europe or America. The answer he gave was the inspiration for one that a Turkish-Armenian characters in my last novel, "The Bastard of Istanbul," offers.

"But why would I want to do that? This city is my city. My family's history in this city goes back at least 500 years. Armenian Istanbulites belong to Istanbul, just like the Turkish, Kurdish, Greek and Jewish Istanbulites do. We have first managed and then badly failed to live together. We cannot fail again."

Ms. Shafak is the author of "The Bastard of Istanbul" (Viking, 2007).

Pressure Builds On Blair Over Weapons Probe (CSM)

By Mark Rice-Oxley

The Christian Science Monitor, January 22, 2007

Britain is facing stinging international criticism for smothering a corruption inquiry into arms deals with Saudi Arabia, a decision that appears to sacrifice probity and rule of law for the sake of security and commercial relations.

Prime Minister Tony Blair, who took responsibility for the move to pull the plug on a two-year inquiry into the multibillion-dollar Al-Yamamah deals, argued that persisting with the probe would jeopardize the struggle against terrorism.

His chief law officer, Attorney General Lord Goldsmith, has indicated that lives were at stake. The government's argument is that the corruption inquiry, which was pursuing allegations that Saudi middlemen received tens of millions of pounds in bribes for "facilitating" the arms deals, was becoming so uncomfortable for the Saudis that it was jeopardizing cooperation on security.

But the move has generated furious condemnation. Domestically, critics are seeking a legal ruling to overturn the decision. And internationally, the Organization for Economic Cooperation and Development (OECD) says it suspects Britain is in breach of an anticorruption convention and has given London until March to come up with some answers.

"This is unprecedented," says Helen Fisher, an OECD spokeswoman. "It's a huge issue at the OECD. The committee makes it very clear that [bribery] is not a part of doing business, that there has to be a level playing field. When dealing with developing countries, bribery does massive damage."

When it was signed in the mid-1980s, the Al-Yamamah arms deal was trumpeted as a breakthrough moment for Britain's defense industry. The initial deal provided for the sale of 200 Tornado fighter jets to the Saudis, and was won from under the noses of French and US rivals. A second phase followed in the 1990s. Altogether the deal has already earned the now-private defense firm BAE Systems more than £40 billion ($79 billion), according to most estimates.

But there were soon whispers of bribery, allegations of perks lavished on Saudi dealmakers, accusations that senior figures in the Saudi royal and family may have benefited from bribes worth as much as £60 million ($120 million). An inquiry by Britain's National Audit Office examined the deal in 1992. Its report was unprecedentedly suppressed.

The Serious Fraud Office (SFO) took up the case in November 2004. Its deliberations reportedly threatened the third phase of Al-Yamamah under which Britain will supply Saudi Arabia with 72 Eurofighter aircraft for around £70 million ($140 million). BAE has denied any wrongdoing.

The government said the commercial aspect, though considerable, was not the reason for ordering the SFO to call off the hunt. Mr. Blair said last week that proceeding with the SFO probe "would have been devastating for our relationship with an important country with whom we cooperate closely on terrorism, on security, on the Middle East peace process."

Blair's case has been undermined somewhat by reports that MI5 and MI6, the security services, could not confirm that there were any explicit threats by the Saudis to discontinue cooperation if the investigation ran its full course.

But several security experts say that the case highlights the awkward dilemma facing Blair.

"The UK does have security problems and the Saudis can help," says Rodney Wilson, a Middle East expert at Durham University. "It comes down to names and flows of funding and people who are Al Qaeda sympathizers in the UK, activists," says Professor Wilson. "It's important information."

He says Britain had to balance international flak "with the possibility of getting blown up.... International criticism is one thing, but the job of the government is to protect citizens here and abroad and this information does help that."

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For others, the scramble to keep the Saudis on board, however, is less understandable. MJ Gohel, a terrorism expert at the London-based Asia-Pacific Foundation, says Saudi cooperation in the war on terror has been "half-hearted." The Saudi government has not done enough, he says, to stop terrorist finance, and its domestic crackdown is aimed more at antiroyalty elements rather than at anti-Western ones.

"They buy a lot of arms from Britain, so on a trading and financial level it's important, but on a strategic and intelligence level, the advantages of this alliance are quite dubious," he says.

Critics at home and abroad can continue to embarrass Blair on the issue. Britain is a signatory to the OECD's convention on corruption. Article 5 says the prosecution of bribery "shall not be influenced by considerations of national economic interest, the potential effect upon relations with another state or the identity of the natural or legal persons involved."

The 29 other nations in the OECD, along with six observer nations, said last week they all had "serious concerns" that Britain was in breach of the convention. "To argue that the public interest was more important than the rule of law is an incredible reversal of 1,000 years of political struggle to enshrine the public interest in the law," says Lawrence Cockcroft, chairman of the British branch of Transparency International.

He says the affair will now make it harder for London to lecture others about corruption, weakening at a stroke the international consensus that has been building in the past decade to tackle graft.

US And EU Near Agriculture Trade Deal (FT)

By Eoin Callan And Alan Beattie

Financial Times, January 22, 2007

Trade negotiators from the US and European Union are edging towards a deal that could restart stalled world trade talks, according to people familiar with the discussions.

The progress follows a meeting of high-level officials that finished at the weekend and constant cabinet-level contact between Washington and Brussels in the run up to the World Economic Forum meeting in Davos, Switzerland, this week, officials said.

The proposed outline of an agreement between the world's two largest trading blocs includes politically explosive concessions that are already causing rifts in Europe and alarm in the US farm lobby.

The fragile deal that is starting to emerge has yet to be finalised and comes amid tremendous uncertainty about whether negotiators can get the political backing to achieve a breakthrough in the Doha round of trade talks.

The deal that has been taking shape behind closed doors includes a proposal by Brussels to cut barriers to foreign agricultural products by an average of at least 54 per cent and a conditional offer by the US to lower the ceiling on its domestic farm subsidies to close to $17bn (€13.1bn, £8.6bn).

This tentative pact represents a significant advance beyond entrenched battle lines over farm policy that have impeded wider trade talks for years. Both sides have also explored yet deeper cuts to tariffs and subsidies, according to people familiar with the dialogue.

An official said: "We are trying to get to the absolute limit of what is politically feasible without falling off a cliff."

The latest round of transatlantic talks began four days ago and included detailed technical discussions about ways to narrow differences over exemptions for so-called sensitive products such as beef and dairy produce. A senior EU trade official said the talks were "constructive but not definitive".

Both sides are also keenly aware that the deal taking shape is meeting active resistance from Paris, which has demanded that the farm talks in Doha be put on the agenda of the meeting of EU agriculture ministers next Monday.

This hostile political environment makes the progress in negotiations all the more remarkable and has prompted Brussels to seek the support of Angela Merkel, the chancellor of Germany.

While Germany has traditionally played a key role in persuading Paris to accept trade deals, the poor state of Franco-German relations suggests that while Berlin might find it easier to push for a deal, France might feel freer than before to block it.

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The Bush administration has also met key figures on Capitol Hill who will shape policy on agriculture and trade under the new Democratic leadership of Congress. But it is likely to take weeks to establish whether Congress would consider renewing President George W. Bush's trade promotion authority – which expires in six months and is needed to complete a deal.

These approaches included an appeal to Collin Peterson, the influential chairman of the agriculture committee in the House of Representatives, to tone down his opposition to the renewal of trade promotion authority.

The congressman said after the meeting that he remained deeply critical of US trade policy but was not determined to wreck a Doha deal that included meaningful benefits for US farmers.

Mr Bush is also likely to use his State of the Union speech on Tuesday to address growing public and political concerns about the economic disruption caused by trade.

But this is unlikely to quash scepticism at the World Trade Organisation about the political mandate of US and EU negotiators, or cure the breakthrough-fatigue shared by participants and observers of the Doha round.

Any agreement is also contingent on reciprocal concessions by Brazil and India on lowering barriers to trade in industrial goods and services – which are still under negotiation.

Brazil has been negotiating separately with the US and EU and dispatched a senior diplomat to Delhi over the weekend to try to broker a common position ahead of talks planned for Davos. A US trade official said the Swiss forum would allow for important meetings to take place but would not produce any public statement on a "breakthrough".

But there was sufficient expectation that fresh political impetus would emerge from the forum that the G20 group of developing nations was mobilising to hold multilateral talks next week in Geneva.

Merkel Energizes Western Links To Russia (WSJ)

By Marcus Walker

The Wall Street Journal, January 22, 2007

After a meeting with German Chancellor Angela Merkel, Russian President Vladimir Putin pledged to ensure smooth natural-gas and oil supplies to Europe just weeks after Russia shut down an oil pipeline to the European Union during a dispute with neighboring Belarus.

The announcement after yesterday's meeting in Sochi, on Russia's Black Sea coast, underscored Ms. Merkel's growing role as the linchpin in Europe's troubled relationship with Russia, its dominant energy supplier, at a time when concerns about Russia's clout and direction are growing.

In an interview with The Wall Street Journal last week ahead of her Russia visit, Ms. Merkel made it clear she had no illusions about a relationship that has split the EU between countries that believe the EU should take a tougher line with Moscow and those that favor a more pragmatic approach. "Irritations like those that have occurred should not be repeated," she said of this month's oil-supply interruption, which hit Germany, Poland, Hungary, Slovakia and the Czech Republic. But she added, "The fact remains that we won't be able to manage without Russian gas and oil in Europe, and we don't want to either." (Read an edited transcript of the interview.)

With U.K. Prime Minister Tony Blair and French President Jacques Chirac both in the final months of their terms, Ms. Merkel, a physicist by training from the former East Germany, is growing into a role as the go-to person in Europe and for other major international partners as well.

Last week, Secretary of State Condoleezza Rice stopped in Berlin to talk with Ms. Merkel on her way back from a trip to the Middle East. The trip came shortly after Ms. Merkel had visited Washington and called for a revived effort by the "quartet" of America, Russia, the EU and the United Nations to secure peace in Israel's occupied territories. Also last week, U.S. and North Korean diplomats chose Berlin for rare bilateral talks aimed at resolving the standoff over Pyongyang's nuclear-weapons program.

Ms. Merkel's status as Europe's most influential political actor is partly due to timing -- she holds the EU's rotating presidency and this year's chairmanship of the Group of Eight leading nations. But her combination of plain speaking and bridge building has won her admirers on the international stage. In addition, Germany's revived economy has restored the country's status as the EU's economic powerhouse. Ms. Merkel earned respect last year by solving a rancorous EU budget dispute

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between Britain and France and by mending German-American fences, severely damaged when her predecessor, Gerhard Schröder, fell out with President Bush over the Iraq war.

In Sochi, Mr. Putin said that to improve security of supply to the EU, Russia would seek to cut its dependence on transit routes through neighboring states such as Belarus. Mr. Putin also said Russia would speed up work on building a gas pipeline to Germany under the Baltic Sea. The Baltic pipeline project, however, has caused divisions between Germany and others in Europe, particularly Poland, precisely because it seeks to bypass Poland, Belarus and other transit countries. Poland fears it would then become more vulnerable to political pressure from Moscow, because turning off the gas or oil to Warsaw would no longer also mean switching off the supply to Berlin and Paris.

In the Belarus case earlier this month, Russia shut the oil supply because Belarus imposed transit fees in response to a pricing dispute with Moscow. A year ago, a Russian-Ukrainian pricing dispute also led to shortfalls in Europe's gas supply, triggering a storm of concern over the EU's dependence on Russian energy. The EU gets 25% of its natural gas, representing 44% of its natural-gas imports, from Russia.

In Thursday's interview, Ms. Merkel said she wanted to "build a distribution network within the EU, so that we can help each other in an emergency," an offer designed to ease Polish fears over the Baltic pipeline project. At the same time, she said the EU should aim to further diversify its sources and suppliers of energy.

Ms. Merkel said she wanted to write a Russian commitment to stable energy supplies into the EU's 10-year-old cooperation treaty with Russia, which is due for renegotiation. "Regulating it by treaty in this way offers an opportunity to build trust," said Ms. Merkel, adding, "It's important to remember that, apart from these irritations, Russia has been a stable energy supplier in Europe over many decades, also during the Cold War."

Negotiations on a new so-called Permanent Co-operation Agreement with Russia were supposed to start late last year. However, Poland has blocked the EU side from starting talks, demanding that Moscow first end a yearlong ban on meat imports from Poland. Russia says there are continuing problems with Poland's meat-certification system. Poland says the ban is political.

This week, Ms. Merkel heads to Davos, Switzerland, for the annual meeting of the World Economic Forum, where she will present an ambitious agenda for the G-8 this year. Items include global warming, Africa's economic development and EU-U.S. economic cooperation. On her trip to Washington, Ms. Merkel delivered a set of proposals on how to reduce nontariff barriers between Europe and the U.S.

She said in the interview that she still hopes the stalled Doha Round of world trade talks will succeed, and that she prefers multilateral trade liberalization to a web of bilateral trade deals. She stressed that she doesn't want her proposal for better-functioning trans-Atlantic trade to be seen as a rival proposal to a world trade deal.

"Doha is concerned with tariffs, with trade barriers," she said, while her proposals for trans-Atlantic trade are designed to reduce regulatory hurdles to trade. She cited financial-market regulations, patent rules and auto-emission standards as instances where "we inflict an unbelievable amount of costs on each other in accessing the American market and the European market."

The fact that past proposals for a trans-Atlantic single market got nowhere doesn't deter her. "Business has a very great interest in this," she said. "This is a big project -- you can't get through it in half a year. ... But I want to establish it on the agenda at the EU-U.S. summit, and then we can take on points step by step."

Russia To Cut Use Of Energy Transit Countries (FT)

By Neil Buckley And George Parker

Financial Times, January 22, 2007

Russia's President Vladimir Putin said on Sunday that Moscow would reduce its dependence on transit countries, such as neighbouring Belarus and Ukraine, to help guarantee security of energy supplies to Europe.

His comments came as Angela Merkel, the German chancellor, chided Russia for failing to warn Europe before it briefly cut oil supplies through a pipeline across Belarus this month, and said Russian-EU communications on energy needed to improve.

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Energy security dominated talks on Sunday between the two leaders at Mr Putin's residence near the southern Russian city of Sochi, although they also discussed the Middle East and Kosovo, the breakaway province of Serbia. Mr Putin reiterated a warning that Moscow would only support a solution for the province that satisfied both the Kosovan population and Belgrade.

The meeting was the first between the two leaders since Russia cut oil supplies without warning for three days through the Druzhba pipeline amid a dispute over transit tariffs with Belarus.

Mr Putin told reporters after the meeting that Russia would "develop our transportation network in the most active way, so we have the capacity to supply our raw materials directly to our main customers".

"We will speed up our work on building a pipeline system to the coast of the Pacific Ocean, [and] we will broaden our capacity to transport hydrocarbons in the north, including in north-west Russia, to reduce our dependence on transit states," he added.

His comments were in part a reference to the controversial Nordstream pipeline, which a consortium led by Gazpro, the state-controlled energy group, is building under the Baltic Sea from Russia to Germany, bypassing countries including Poland. Mr Putin and Ms Merkel are understood to have discussed ways of bringing other countries into the pipeline projects.

Dmitry Peskov, a spokesman for Mr Putin, said more European countries were expressing interest in becoming involved.

"When we have this project we will have the capacity to ensure the reliable and stable flow of energy resources to Europe," he said. "We will not be dependent on the will of any transit countries."

But the inclusion of other partners risks causing further anger in Poland, unhappy about the Nordstream project because it bypasses its territory and the deal was signed over its head by Berlin and Moscow.

Ms Merkel suggested an improved mechanism for energy communications could form part of a new partnership and co-operation agreement on which Russia and the EU are due to start negotiations. Those remain frozen, however, after the two sides failed to secure a breakthrough in a dispute over Russia's long-standing ban on imports of Polish meat, prompting Warsaw to maintain a veto on new EU-Russia talks.

"I told Mr Putin that [energy] communication has to be improved and Mr Putin confirmed that, so that we could avoid any worries," Ms Merkel said.

Mr Peskov admitted that the recent oil shutdown had caused concern in the west and the dispute might have been handled better.

He said the dispute had been "an emergency", but admitted "it would have been better had we informed" European customers of the imminent supply halt.

Investors Credit Putin As They Pile Up Profits (WSJ)

By Guy Chazan

The Wall Street Journal, January 22, 2007

MOSCOW -- In Western capitals, Vladimir Putin has an image problem. Politicians in the U.S. and Europe routinely accuse him of squelching domestic dissent, strong-arming foreign oil companies and using Russia's vast energy resources to blackmail neighbors.

One constituency, however, has a strikingly different take on the Russian president. To many investors, Mr. Putin is a hero. The reason: the Russian stock market's spectacular rally during his seven years of rule.

When Mr. Putin took office in January 2000, the country's publicly traded stocks were valued at $74 billion. Their value now exceeds $1 trillion. Russia's benchmark RTS index rose 71% in 2006, the fourth year under Mr. Putin that the market has returned more than 50%.

"He's done a helluva of a job," says Mark Mobius, an emerging-market guru and managing director of Templeton Asset Management Ltd. "The country has made tremendous strides in the time we've been there, and you've got to give Putin credit for that."

Many money managers are betting the rally will continue this year -- even with lofty valuations, falling oil prices and rising political uncertainty in the run-up to Russian presidential elections in March 2008, when Mr. Putin is obliged by term limits to stand down.

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To be sure, some investors agree with Western criticism of Russia's spotty human-rights record and of Mr. Putin's moves to undermine the independence of Russia's courts and parliament. They concede that in the long run democratic institutions are crucial for healthy market economies. But for the time being, concern about the state of Russian democracy isn't driving share prices.

Events that shape the West's political stance toward Russia, like the unsolved murder in London last November of Alexander Litvinenko -- the former KGB agent who on his deathbed accused Mr. Putin of having him poisoned -- barely register on most investors' radar screens.

The Kremlin has denied any responsibility for Mr. Litvinenko's death and answers broader Western criticism by saying that Russia is pursuing its own path to democracy.

Huge Strides

Many investors argue that critics don't give Mr. Putin enough credit for the huge strides Russia has made under his presidency. Though he has created mammoth state-run national champions that dominate the oil and gas industry, they say there is plenty of competition in other sectors. And in sharp contrast to the spendthrift populism of Venezuela's Hugo Chávez, Mr. Putin has kept tight control of Russia's purse strings, despite the oil boom.

"Two key factors in any emerging market are economic predictability and political stability," says Chris Weafer, chief economist at Alfa Bank in Moscow. "Russia has the first thanks to oil, and the second thanks to Putin."

Oil is the cornerstone of Russia's rebound. The world's second-biggest crude exporter after Saudi Arabia, Russia has reaped huge dividends from the commodity boom over the past five years. The inflow of oil dollars has lifted the value of stocks and real estate here to unprecedented highs.

But bankers and investors say Mr. Putin's contribution has been crucial. He inherited a country that defaulted on its debt in 1998, reducing itself to a pariah in international financial circles, and repaired its tottering public finances. He also bolstered the central government's waning power. "He did a lot of positive things in a very short period of time," says Mr. Mobius, who oversees $32 billion in emerging-market assets, 5% of which is invested in Russia.

Indeed, Russia now boasts the biggest foreign-exchange reserves outside Asia, huge budget surpluses and an $89 billion rainy-day fund created as a hedge against falling oil prices. It has also paid off most of its foreign debt.

Even among investors, however, Mr. Putin has his detractors. Some were outraged by the Kremlin's politically motivated campaign against billionaire Mikhail Khodorkovsky and his company OAO Yukos, the blue-chip oil giant that was Russia's most popular stock among Western investors until the Kremlin partially renationalized it in 2004. Mr. Khodorkovsky ended up in prison on fraud and tax-evasion charges.

Others shrink from his aggressive brand of state capitalism. Many took exception, for example, to the way Royal Dutch Shell PLC was forced to sell control of the huge Sakhalin energy project to the government-run natural-gas monopoly OAO Gazprom last month after Russian regulators suddenly discovered a raft of environmental violations. Shell acknowledged some lapses but said it had been working to fix them.

Western investors also frequently cite widespread corruption and a lack of transparency as major obstacles to doing business in Russia. Last year the country shared 121st place in watchdog group Transparency International's annual corruption perceptions index with Third World countries like Rwanda, Benin and Honduras. Some businessmen complain that corruption has got worse under Mr. Putin.

"In general, Putin's been a good leader, though former Yukos shareholders and current Shell executives may beg to differ," says Samuel Oubadia, co-manager of the ING Russia fund, which has $940 million in assets under management and was up 67.5% last year, the best 2006 return among U.S.-based emerging-market funds.

Though the Yukos case cost investors around $45 billion in lost value, the Kremlin followed up with investor-friendly moves that did much to restore market confidence: the removal of restrictions on foreign ownership of shares in Gazprom, and the sale of stock in the state oil company OAO Rosneft last summer.

As a result, the RTS has delivered a 250% return since its lows at the depths of the Yukos crisis in July 2004. Shares in Gazprom have nearly quadrupled over the same period: It is now one of the world's largest companies, with a market capitalization of $239 billion, and is showing up in portfolios all over the world. Fidelity Investments is a big shareholder and U.S.

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mutual-fund manager T. Rowe Price Group Inc. says Gazprom is among the top 10 holdings of two of its retail emerging markets funds.

Meanwhile, Western corporate giants, such as General Motors Corp., Citigroup Inc. and Toyota Motor Corp., unfazed by the Kremlin's heavy-handed treatment of companies like Shell, have poured into the country to get a piece of Russia's consumer boom. Foreign direct investment, though still low in proportion to the size of the country's economy, doubled last year to $30 billion. Major U.S. investment banks like Goldman Sachs Group Inc. and Morgan Stanley have ramped up their Moscow operations, drawn there by the emergence of strong, cash-rich Russian companies looking to list overseas and buy assets abroad.

Against that backdrop, the market is ready to indulge Mr. Putin. When Bill Browder, one of Russia's biggest foreign investors and once a staunch defender of the Kremlin's policies, was refused entry into the country in November 2005 as a "threat to national security," the initial reaction was disquiet: Over the ensuing months, investors pulled hundreds of millions of dollars out of his fund, Hermitage Capital Management. But the outflows stopped last summer, and Mr. Browder's fund, which has $3.4 billion in assets under management, was up 39% last year.

Mr. Browder says he is still "selectively bullish" about Russia, though he is less likely these days to give Mr. Putin all the credit for the country's turnaround. "My logic is that it's a liquidity-driven market, and the forces driving liquidity are still there," says Mr. Browder.

Highly Vulnerable

Skeptics warn that with a stock market dominated by natural-resource companies, Russia remains highly vulnerable to swings in commodity prices. So far this year, a fall in the price of crude has helped push the RTS down 5.7%

"If we get oil prices in the region of $45 per barrel this year, I wouldn't be surprised to see the market trading at around 1200," or roughly a third from its record end-of-2006 close, says John-Paul Smith, global strategist at Pictet Asset Management, which has around $11 billion invested in emerging markets assets.

Part of the problem is that Mr. Putin has made little headway diversifying Russia's economy and lessening its dependence on energy exports. "In the past, investors were able to give Russia the benefit of the doubt because its assets were so cheap," says Mr. Weafer, the Alfa Bank economist. "Now they need to know where the long-term growth is going to come from."

Politics is another potential danger. Though there is little doubt that Mr. Putin's preferred candidate -- he hasn't said who that is -- will win the 2008 elections, uncertainty about the succession could still spook the market, some analysts warn.

But betting against Mr. Putin has been a losing proposition for investors in the past. "I've said at the start of every year there's no way we can get more than 30% out of Russia," says Alexander Schwarzkopf of Altima Partners, which has $2.5 billion in assets under management, a quarter of it in Russia. "Every time I'm proved wrong."

Write to Guy Chazan at guy.chazan@wsj.com1

Serbia Poll Points To Victory For Nationalist Hardliners (FT)

By Neil Macdonald

Financial Times, January 22, 2007

Hardline nationalists won the largest share of votes again in Serbia's parliamentary elections on Sunday, in a result that will keep "democratic forces" on the defensive for another four years.

Vojislav Kostunica, the nationalist-leaning prime minister, looks well placed to keep his job at the head of a new coalition government, although his new partners could push harder for reviving European Union pre-accession talks.

But the election result could further obstruct western efforts to award independence to Kosovo, the disputed province of Serbia governed by the United Nations since 1999.

The extreme nationalist Radical party has won 81 seats in the 250-seat legislature, about the same as it has held since the last parliamentary elections, in 2003.

The centre-left Democrats, led by Boris Tadic, the country's staunchly pro-EU president, increased their share less than they had hoped, winning only 65 seats, according to results announced by independent monitors after polls closed.

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The Democrats, who stayed out of Mr Kostunica's last government, are expected to take over key economic portfolios, but probably in return for accepting him as head of the cabinet.

Mr Kostunica's electoral list has won only 47 seats, making it the third largest bloc in the 250-seat legislature. However, the Radicals and Democrats have categorically refused to work together, giving him considerable bargaining clout.

The elections are the south-eastern European country's first under a new constitution following Montenegro's exit from a dysfunctional state union last year, ending the last tie between former Yugoslav republics. But Serbia still wrestles with losing Kosovo, its southern province, which was placed under UN administration in 1999 and could be transferred to EU supervision this year.

Martti Ahtisaari, chief UN mediator in the dispute, has waited until after the se elections to present his proposal, thought to call for ending Serbia's sovereignty over the mostly ethnic Albanian -territory.

While all the main parties agree that Kosovo should remain part of Serbia, the prime minister has also blamed the EU for pressure to arrest Ratko Mladic, the fugitive Bosnian Serb war leader wanted for genocide.

Mr Kostunica prevaricates about co-operating with the UN tribunal in The Hague, although he said his government was unable to locate and capture General Mladic. However, he promises to "integrate" the deeply polarised country and press ahead with legal and economic reforms.

G17 Plus, a free-market party led by Mladjan Dinkic, who recently resigned as finance minister, with 19 seats would be the other obvious choice for a coalition government. However, post-election bargaining will be intense and could be complicated if the announcement over Kosovo inflames nationalist passions.

The Democrats named their own candidate, Bozidar Djelic, as a more EU-friendly alternative for prime minister after Mr Kostunica refused to rule out a coa-lition with the Radicals.

China Shift On Reserves Isn't Likely To Hit Dollar (WSJ)

By James T. Areddy

The Wall Street Journal, January 22, 2007

SHANGHAI -- China's decision to make greater use of its $1.06 trillion in foreign-exchange reserves could fuel uncertainty about the dollar but is unlikely to result in any immediate selling of the U.S. currency by the world's fourth-biggest economy.

In a speech Saturday at the end of a key financial working conference, Premier Wen Jiabao said China would "actively explore and expand the channels and methods for using foreign-exchange reserves," according to the official Xinhua news agency. The comment was the highest-level confirmation yet that China is thinking actively about how it can use the reserves, which have increased by more than six times since 2000 and made China one of the largest holders of U.S. Treasury bonds.

Mr. Wen's comment on reserves was part of a broader strategy outlined at the two-day national financial work conference, held every five years. The strategy aims to strengthen the financial system and reduce the economy's dependence on exports and investment. Among its main points is Beijing's intention to restructure the financial system in rural areas, where most Chinese live. U.S. officials and others have urged such efforts, saying China's mounting currency reserves -- which are fueled by huge trade surpluses -- show it hasn't done enough to develop its domestic economy.

The framework Mr. Wen outlined in his speech was extremely broad. The pattern set by past conferences suggests more specific policies will emerge in coming months.

Global financial markets are likely to zero in on what the weekend meeting means for China's dollar policy. Mr. Wen said nothing about selling dollars, but currency traders are hypersensitive to any signs Beijing is losing its appetite for the U.S. currency. Wang Qing, an analyst at Bank of America in Hong Kong, said the message of the conference is twofold: Beijing intends to encourage imports in a bid to erode its currency reserves, and it is planning to create an entity that will invest a portion of the reserves. For markets, "this might rekindle this talk of diversifying the reserves" away from dollar-denominated assets such as U.S. Treasurys, Mr. Wang said.

Beyond Mr. Wen's vague comment about expanding the use of the reserves, Xinhua cited the premier as saying China would take measures to bring balance to China's international payments, where the country has much more money coming in

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than going out. He also reiterated that China would continue to steadily advance its exchange-rate overhauls aimed at making the yuan more flexible.

China already has used portions of its currency reserves to recapitalize big state-owned banks. In recent months, analysts have debated the possible use of the reserves for other purposes including investment in natural resources. But the reserves, which are held and managed by China's central bank, don't comprise cash that the government can simply spend as it wants.

One thing Beijing could do to erode its reserves, or at least slow their growth, is encourage Chinese companies to import more oil and other commodities. That would require them to repurchase dollars from the central bank sold to it by exporters. China also could shift a portion of the reserves into a new entity, like ones operated by the South Korean and Singaporean governments, that invest in companies on behalf of the government. Bank of America's Mr. Wang said that whatever it does, Beijing will be eager not to rattle financial markets with its plans.

Another possible use of the currency reserves would be to inject some of them into Agricultural Bank of China, which lends primarily to rural borrowers and is the only one of China's four big state banks that hasn't yet received this kind of bailout. Mr. Wen said Beijing has decided to restructure Agricultural Bank into a stock-holding company, a move that could lead to an eventual listing of the weak institution.

Only 60% of China's 120 million rural families have access to financial-system offerings such as loans, according to Xinhua, making it difficult to replicate in its hinterland the economic growth China has seen in coastal cities.

Chavez To U.S.: 'Go To Hell, Gringos!' (AP)

By Christopher Toothaker, Associated Press Writer

AP, January 22, 2007

President Hugo Chavez told U.S. officials to "Go to hell!" on his weekly radio and TV show Sunday for what he called unacceptable meddling after Washington raised concerns about a measure to grant Venezuela's fiery leftist leader broad lawmaking powers.

The National Assembly, which is controlled by the president's political allies, is expected to give final approval this week to what it calls the "enabling law," which would give Chavez the authority to pass a series of laws by decree during an 18-month period.

On Friday, U.S. State Department deputy spokesman Tom Casey said Chavez's plans under the law "have caused us some concern."

Chavez rejected Casey's statement in his broadcast, saying: "Go to hell, gringos! Go home!"

Chavez, who was re-elected by a wide margin last month, has said he will enact sweeping reforms to remake Venezuela into a socialist state. Among his plans are nationalizing the main telecommunications company and the electricity and natural gas sectors.

The president's opponents accuse him of using his political strength to expand his powers.

Relations between Caracas and Washington have been tense since Chavez was briefly ousted in a 2002 coup that he claimed the U.S. played a role in. The Bush administration has repeatedly denied being involved, although it recognized an interim government established by coup leaders.

Since then, Chavez has consistently accused the U.S. of conspiring to oust him and often asserts the CIA is working to destabilize his government. U.S. officials have denied trying to overthrow Chavez, but they have labeled him a threat to democracy.

Criticizing excessive consumption and self-indulgence, Chavez also announced plans in his broadcast to raise domestic gasoline prices and approve a new tax on luxury goods such as private yachts, second homes and extravagant automobiles.

He did not give details on the gas price hike, which he said would not affect bus drivers who provide public transportation, or the luxury tax. He said revenue from the new measures would be put toward government social programs.

Venezuela is one of the world's leading petroleum exporters and gasoline now costs as little as 12 cents a gallon due to government subsidies.

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In typical style, Chavez spoke for hours Sunday during his first appearance on the weekly program in five months. He sent his best wishes to the ailing Cuban leader Fidel Castro, his close ally and friend who has been sidelined since intestinal surgery last summer.

Chavez also remarked on the hanging of former Iraqi President Saddam Hussein: "They took out Saddam Hussein and they hanged him, for good or worse. It's not up to me to judge any government, but that gentleman was the president of that country."

Venezuela's Revenue Push Comes With Big Risks (WSJ)

By José De Córdoba

The Wall Street Journal, January 22, 2007

In a move that may hint at growing economic problems in Venezuela, the country's president, Hugo Chávez ordered his telecommunications minister to seize control of a Verizon-controlled telecommunications company before paying compensation to its U.S. owners.

Mr. Chávez's announcement threw further doubts on whether Verizon Communications Inc. would receive fair compensation for its stake in Compañia Anónima Nacional Teléfonos de Venezuela, known as CANTV. It also raises questions about the health of the Venezuelan economy as the price of oil that Venezuela depends on continues to fall -- and Mr. Chávez shows no signs of cutting his rate of spending.

By seizing CANTV before paying its owners, Mr. Chávez would boost the state's revenues immediately. In other revenue-raising measures, Mr. Chávez announced that Venezuela would boost the price of gasoline charged by the state-owned oil company at domestic gas stations.

Venezuelans have long paid just pennies per gallon for gasoline. Mr. Chávez said the increases, which he didn't specify, wouldn't affect the poor because they don't drive cars. But in the past, such increases in the price of fuel have proved to be political dynamite. In 1989, hundreds died in riots in Caracas when transport companies passed along a rise in their fuel costs to consumers.

Earlier this month, Mr. Chávez announced Venezuela would nationalize CANTV as well as the country's private power companies. At the time, Venezuelan officials said the companies would receive fair compensation. In a statement, Verizon said that while the process Venezuela plans to follow in nationalizing the company hasn't been fully defined, "we support efforts to adopt a proper process."

Mr. Chávez addressed the CANTV issue during his weekly television show. "CANTV was practically given away when it was privatized," he said, and then he urged his telecommunications minister to take over the company quickly.

With about $50 billion of reserves, Venezuela has sufficient funds to purchase the companies, which Robert Bottome, the publisher of VenEconomia, a leading Caracas financial journal, estimates are worth around $4 billion.

But a New York investment banker who closely follows Venezuela says the point of nationalizing companies is for countries to get access to their cash flow. If Venezuela pays for CANTV upfront, it would be laying out more money initially than it was collecting for the telecom firm. Delaying the payment to CANTV shareholders would produce a cash gain for the Chávez government from the start, and probably drive down the ultimate price it would pay.

Mr. Chávez's moves come as world oil prices have continued their downward spiral. Friday, the price of the Venezuelan mix of crudes was down to about $46.87, about $15 below highs of around $60 last year. Meanwhile, inflation has escalated to more than 20%, according to private economists.

Even while the price of oil has fallen, Mr. Chávez, who won a landslide re-election in December, and has vowed to remake Venezuela into a socialist state, has continued a spending spree, increasing domestic subsidies and promises of foreign aid.

Rwanda Suspects Seek Asylum (WT)

By Jim McElhatton

The Washington Times, January 22, 2007

Three Rwanda citizens who faced death sentences in the 1999 kidnapping and slaughter of two Americans in Uganda are seeking political asylum now that U.S. authorities have moved to drop the charges.

Francois Karake, Leonidas Bimenyimana and Gregoire Nyaminani, reputed members of the Liberation Army of Rwanda who have been detained in the D.C. Jail for nearly four years, were charged in the bludgeoning deaths of Robert Haubner and his wife, Susan Miller, of Portland, Ore.

The couple, on a safari vacation to see rare mountain gorillas, were killed with six other tourists from New Zealand and Britain when men with guns, axes and machetes raided their camp in a national park in Uganda on March 1, 1999. Authorities said the killings were meant to erode U.S. support for Rwanda's government. The men were brought to the U.S. to face trial in 2003.

However, prosecutors earlier this month filed a motion to drop felony murder charges after a federal judge last year threw out the defendants' confessions, citing evidence that the men were tortured while imprisoned by Rwandan officials.

With a dismissal pending, the defendants are seeking asylum in the U.S. because of "fear of persecution" if they go back to Rwanda, according to recently filed court records.

Defense attorneys disclosed the applications for asylum last week in a memo to U.S. District Judge Ellen S. Huvelle.

"This will assure that once charges are dismissed, the defendants will not be at risk for being taken from the country without the opportunity to address their fear of persecution, which would await them when they return," the memo stated.

It is not clear whether the three men, whom authorities have called terrorists, could live in the United States. A spokesman for the U.S. attorney's office said that once charges are dropped the men would be handled "as would any other person or persons who do not have legal immigration status to remain in the U.S."

But efforts to deport them would be complicated if the men have completed applications seeking political asylum, said a specialist on the issue.

With a completed application, "no action can be taken to deport you" until authorities decide whether to grant asylum, said Christopher D. Candland, a political science professor at Wellesley College who has testified as an expert witness in political asylum cases.

However, Mr. Candland said U.S. Citizenship and Immigration Services officials almost certainly would detain the defendants after the criminal charges are dropped.

Defense attorneys, who have declined to comment on the case, stated in recent legal filings that they want Judge Huvelle to postpone deciding whether to dismiss charges until after Department of Homeland Security officials provide formal notice that they are reviewing the asylum applications.

Without such notice, the attorneys argue, the defendants risk being sent back to Rwanda as soon as the criminal charges are dropped.

Judge Huvelle's opinion in August stated that the defendants' confessions were "extracted only after countless hours of repetitive questioning over a period of many months, during which time they were subjected to periods of solitary confinement ... torture and repeated physical abuse."

Prosecutors said the men were among a band of about 100 that invaded the Bwindi Impenetrable Forest National Park, a remote rainforest in the southwestern region of Uganda known for the presence of rare mountain gorillas.

The group attacked the park's guards and sentries, killing four, one of whom was burned alive. Three women were raped before being killed. And some of the victims, including Mr. Haubner, were beaten to death with axes.

Family members of Mr. Haubner and his wife could not be reached for comment yesterday. Last year, Mr. Haubner's sister, Deanne Haubner, told the Oregonian newspaper that the confessions should have been admitted as evidence even if the defendants were tortured because "so were Rob and Susan and all the people they killed."

"So I'm afraid I don't feel sorry for them if they were tortured," she said.

Darfur: Aid Workers Are The New Targets (NSWK)

By Rod Nordland

Newsweek, January 29, 2007

Last Sept. 11 was a momentous day in Darfur, too. After unidentified militiamen attacked aid workers from the Nobel Prize-winning Médecins sans Frontières at a roadblock on that date, most of the international aid groups ministering to Darfur's 6

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million people stopped using the roads. On Dec. 18, in the southern town of Gereida, unrelated gunmen attacked the compounds of Oxfam and Action Contre la Faim. More than 70 aid workers subsequently pulled out of the refugee camp there—Darfur's largest, with 130,000 people—leaving only 10 Red Cross employees behind. Yet at the time no one revealed what had really sparked the dramatic pullbacks. In both cases, international staff, including three French aid workers, were either raped or sexually assaulted in territory controlled by the Sudanese government and its allies.

Rape as a weapon has become depressingly commonplace in Darfur, where 200,000 Africans have been killed and a third of the population have been sent fleeing into camps in three years of war. But the attacks on international aid workers herald a dramatic and dangerous new trend—the deliberate targeting of those helping to keep Darfur's millions of refugees alive. A dozen staffers from foreign NGOs have been killed in just the past six months, more than in the previous two years. There are an estimated 14,000 aid workers in Darfur now, the majority of them Sudanese, working for foreign NGOs and U.N. agencies and delivering $1 billion a year in aid. Just a few more horrific attacks could throw that massive operation into jeopardy. Last week 14 U.N. agencies working in Darfur issued a stark warning that "the humanitarian community cannot indefinitely assure the survival of the population in Darfur if insecurity continues."

Médecins sans Frontières country director Jean Vataux confirms that two MSF staffers, a Sudanese and a European, were subjected to a serious sexual assault on Sept. 11 after being forced out of their vehicle near Zalingei, in an area under government control. While the women were not raped, Vataux says, "there was a clear desire to hurt and humiliate." The women were badly beaten as well. Vataux says MSF reported the incident to Sudanese authorities, who promised to investigate but so far have not reported any outcome. Action Contre la Faim's country director Philippe Conraud confirms that two Frenchwomen working for ACF in Gereida were raped by armed men, but would not provide details. In the Gereida attack, aid agencies' compounds were systematically looted, numerous vehicles stolen and staff terrorized at gunpoint for six hours.

The two incidents add to a pattern of increased violence since a peace agreement was signed last May between the government and some rebels. After that, rebel factions splintered further. In some areas, the government is working with rebel signatories; in others, it's fighting them, and in some places the rebels are fighting one another. The version of the conflict that has seized the imagination of the world—and that prompted former secretary of State Colin Powell to describe the killing there as "genocide"—involved marauding Arab militiamen known as Janjaweed, often backed up by Sudanese military forces, laying waste to scattered villages. Now as many as 12 different groups are at each other's throats, tussling over control of huge refugee camps or angling for their share of promised government compensation. On Jan. 10, New Mexico Gov. Bill Richardson announced he had brokered a 60-day ceasefire; so far, it has yet to start. "The ceasefire?" says a senior officer with the African Union peacekeepers in Darfur, who asked to remain anonymous for fear of offending Sudanese authorities. "That's like the peace. We haven't seen either."

Assaults on aid organizations have wide repercussions. After a Dec. 8 attack on the International Committee of the Red Cross compound in Kutum, in northern Darfur, all but three of the international staff pulled out. Villagers driven from their homes by Janjaweed have since dispersed rather than seek refuge in the camp there. "We don't know where 30,000 people are," says Rebecca Dale of the International Rescue Committee. "Only about two or three thousand have shown up."

Khartoum has pledged to give aid agencies unfettered access to Darfur, and has frequently boasted of its cooperation with the international community. Yet the NGOs say their workers, especially those from Western countries, are frequently denied visas and travel permits, while key equipment and supplies are held up in Sudanese Customs. And they cannot complain too loudly. "We can't afford to be kicked out," says Dawn Blalock, spokesman for the United Nations' Office for the Coordination of Humanitarian Affairs. The stakes are too high: Blalock points out that the aid groups have managed to lower the overall malnutrition rate in Darfur below the emergency level of 15 percent. Without them, no one knows how bad it could get.

Those who speak out have paid a price. The Norwegian Refugee Council, serving 250,000 displaced Darfurians, was expelled in November to hardly a murmur from the United Nations. Late last year the U.N. secretary-general's representative to Sudan, Jan Pronk, the highest U.N. mission official there, was thrown out by Khartoum after he complained publicly about continued Janjaweed attacks. He has yet to be replaced, leaving the U.N. mission leaderless. "The international community have been taken for a ride," says Pronk. And yet again, the ones suffering most are the people of Darfur.

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Ban's Reform Call (WSJ)

The Wall Street Journal, January 22, 2007

U.N. Secretary-General Ban Ki Moon has been on the job for less than a month, but with a 26-word announcement Friday he did more to reform that international body than anything ever attempted by predecessor Kofi Annan.

"The Secretary-General will call for an urgent, system wide and external inquiry into all activities done around the globe by the U.N. funds and programs." So said Mr. Ban's spokesman after the Secretary-General met with Ad Melkert, associate administrator of the United Nations Development Program. The key word here is "external." Concerns about corruption in the U.N.'s Oil for Food program bubbled for years before Mr. Annan finally agreed to set up the independent Volcker Commission.

The proximate cause for Friday's meeting between Messrs. Ban and Melkert, and for Mr. Ban's clean-house announcement, was Melanie Kirkpatrick's op-ed article in these pages Friday detailing irregularities in the UNDP's programs in North Korea and citing U.S. concerns that tens of millions of dollars in hard currency have been funneled to dictator Kim Jong Il.

The UNDP must have got Mr. Ban's memo. We publish today a letter1 from the agency's Mr. Melkert, responding to Ms. Kirkpatrick's article and our accompanying editorial. "We . . . welcome an independent and external audit of our operations in North Korea," he writes. And, "If the member states of the U.N. and UNDP's board were to decide that our presence there were no longer useful, we would leave immediately."

Kim Jong Il is about as likely to change the way he does business as he is to move to Hollywood to pursue his avocation as a movie buff, so a UNDP pullout from North Korea is the right policy. The Pyongyang government won't even permit U.N. officials to visit the sites of some of the projects that their agency is funding. There's no way of knowing whether the "battery factory" paid for with U.N. money actually exists or is just a vehicle for funding Kim's regime.

In a statement posted on its Web site Friday, the UNDP asserts that it can account for all but $337,000 of its recent expenditures in North Korea. Of the $6.5 million spent in 2005-2006, it says, only $337,000 went to projects directly managed by the North Korean government. The agency now manages most of its projects in North Korea directly.

If oversight has improved in the past two years, so much the better. In any case, any investigation ought to go back at least to the late 1990s, when an internal audit turned up shenanigans and much more money was spent, and ideally all the way back to 1979, when the program began.

We also couldn't help but notice the second-day story by the Washington Post's Colum Lynch, whose reporting is known to speak for the U.N. bureaucracy. He said some in the U.N. consider the U.S. questions to be an attempt to discredit Mark Malloch Brown, who ran UNDP from 1999-2005 before becoming Mr. Annan's chief of staff. We hadn't mentioned Mr. Malloch Brown in our Friday editorial, but now that Mr. Lynch does we agree his tenure at UNDP should also be looked at.

Meanwhile, the UNDP's executive board meeting this week should be lively as members consider the U.S.-led motion to defer UNDP programs in North Korea pending an investigation. The 36-member board is composed of 18 "rich" countries and 18 "poor" ones, which means those that provide the money and those that spend it. It would be quite a spectacle if the poor countries side with fellow board member North Korea.

The ultimate sanction is money, and there's already movement in Congress to withhold the U.S. contribution to the UNDP, which last year constituted 11.4% of the agency's core budget. Unlike dues to the U.N., contributions to the UNDP and other agencies are voluntary. New Jersey Republican Scott Garrett plans to introduce a bill this week to cut off U.S. funding for the UNDP pending a full accounting and an investigation into its program in North Korea. Ileana Ros-Lehtinen, ranking Republican on the International Relations Committee, said Friday that she "and other members" are determined to apply "pressure."

In the absence of a U.N. leadership that demanded transparency and accountability, Congress and various U.S. Administrations have been trying to reform the organization for years. If Secretary-General Ban follows through on his call for "external" audits of all U.N. programs, it will be a refreshing change at Turtle Bay.

DOJ_NMG_0119194

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JANUARY 22, 2007 7:45 AM EST

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TERRORISM NEWS:

Greece, U.S. Probe Attack (WT)

By Andrew Borowiec

The Washington Times, January 22, 2007

NICOSIA, Cyprus -- U.S. and Greek security services report close cooperation in the investigation of a grenade attack on the U.S. embassy in Athens, offsetting months of diplomatic squabbling and negative Greek opinion polls about the United States and its policies.

"We have discovered that there is excellent cooperation between Greece and the United States in combating violence and terrorism," said Giorgios Koumoutsakos, a spokesman for the Greek Foreign Ministry.

Although the perpetrators of the embassy attack are not known, FBI agents have joined a Greek police team in conducting extensive searches in the capital and vicinity, coordinated by the Ministry of Public Order. More than 20,000 cars had been checked by the weekend.

Initial comments by the Greek press ranged from warnings of more attacks to assurances that neither Greek prestige nor relations with the United States had been damaged by the incident.

Although no one was injured in the Jan. 12 attack with a rocket-propelled grenade, it sparked a wave of speculation about security in Greece, a longstanding American concern before the dismantling in 2002 of the terrorist "November 17" organization.

The Greek press is divided on the strength and objectives of the latest attackers, who are thought to belong to a leftist group that calls itself "Revolutionary Struggle."

Mary Bossis, a Greek analyst on terrorism, described the group as potentially highly dangerous because "it doesn't have a specific program but has ties to crime syndicates."

Investigators trace the origins of Revolutionary Struggle to 2003, when a wave of seven attacks with explosive devices caused material damage but no casualties. No member of the organization has been arrested.

The influential Vima daily in Athens said the attack on the embassy was "powerful, audacious and highly symbolic."

"Unfortunately terrorism is returning, ready to put its dark and damaging stamp on political developments," the newspaper wrote. But Nikos Konstandaras, a commentator for the Kathimerini daily, dismissed the attack as the work of "certain groups trying to make themselves appear heroic.

There has been little change in opinion polls, which for the past six months have shown persistent opposition to the United States and mistrust of U.S. policies -- including its handling of internal issues such as poverty.

"Anti-American sentiment in Greece exists on all social levels and across different age groups, irrespective of ideological and political convictions," wrote Kathimerini. As reasons it cited U.S. support for the former military junta, the war in Iraq and American support for Turkey, Greece's historical foe.

Nevertheless, Americans are generally welcomed in Greece and U.S. tourism has been growing the past two years, according to government data.

Editorial: A Case Of Whiplash (FWST)

The Fort Worth Star-Telegram, January 22, 2007

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Leave it to the Bush administration to bend the law to the breaking point -- and then couch its return to reason as merely a voluntary fine-tuning of policy.

It happened when the administration finally gave up on language that accommodated what bordered on torture of detainees captured in Afghanistan and Iraq. It happened when the administration relented on its resistance to extending protections of the Geneva Conventions to terrorism suspects.

And it happened again when the administration agreed to let the Foreign Intelligence Surveillance Court authorize wiretaps to spy on phone calls involving suspected foreign terrorists.

Not long after the 9-11 terror attacks, Bush allowed the National Security Agency to monitor calls between people in the United States and international sources suspected of connections to al Qaeda or other terrorist groups. But the program operated outside the Foreign Intelligence Surveillance Act system that was set up to prevent surveillance abuses in gathering foreign intelligence within U.S. borders.

When The New York Times in December 2005 revealed the existence of the warrantless eavesdropping program, administration officials insisted that the Constitution and congressional authorization gave Bush power to bypass the FISA Court, which Bush portrayed as too slow and cumbersome to accommodate national security needs in battling terrorism.

But now Attorney General Alberto Gonzales insists that the Justice Department was working to put the spying program under FISA Court oversight long before the warrantless wiretapping came to public light.

If that's so, why didn't he say so long before now? Why continue to feed the disturbing impression that this administration is determined to make itself more equal than the other two branches?

Notably, administration officials haven't backed down on their claims of executive authority. Stepping under the FISA Court umbrella appears to be a pragmatic act: Democrats who have been skeptical of Bush's overreaching now control Congress, and an appeals court later this month will consider whether a federal judge in Detroit properly held the wiretapping program unconstitutional.

Gonzales called orders from the FISA Court authorizing the monitoring "innovative" and "complex." But he doesn't want to reveal details -- even though, according to several news reports, FISA Court President Judge Colleen Kollar-Kotelly doesn't object to releasing the court's orders (which include classified material) if the Justice Department agrees.

The American public doesn't need to know sensitive operational details about programs legitimately operating to protect our security. It does need to stop getting whiplash from an administration that repeatedly tests our trust and damages its own credibility.

Editorial: Wiretap Backtrack (BANGORN)

Bangor (ME) Daily News, January 22, 2007

Facing congressional investigations and legal challenges, the Bush administration last week reversed course and said it would seek the approval of a secret court before monitoring Americans' international communications as part of its terrorism surveillance work. Bringing the eavesdropping program back under the Foreign Intelligence Surveillance Court is the right thing to do, but it does not negate the need for continued scrutiny from Congress, which the Senate Judiciary Committee reiterated Thursday with tough questions for Attorney General Alberto Gonzales.

Unfortunately, Mr. Gonzales did not answer most questions. Particularly troublesome, the attorney general is refusing to allow the court to reveal details of the arrangement worked out with the administration. The court's presiding judge said she would detail its orders to lawmakers if allowed to do so by the Bush administration. Mr. Gonzales said the administration wanted to keep details of the wiretapping operation confidential.

The committee is right not to take the administration's word that the program, even under court review, is within the president's authority and meets constitutional requirements. It heard the same assurances about the torture of suspected terrorists and detaining such suspects without access to judicial proceedings. The administration has since backed off both these stances due to adverse court rulings and belated intervention from Congress.

In December 2005, it was revealed that the National Security Agency was eavesdropping on phone calls and e-mails between the United States and other countries without warrants. The Bush administration said Congress told the president to use "all necessary and appropriate force" to stop terrorists when it passed the Authorization for Use of Military Force after the Sept. 11 terrorist attacks. Several senators, including Maine Sens. Olympia Snowe and Susan Collins, say it wasn't their intention in voting for the resolution to give the president the authority to bypass the Foreign Intelligence Surveillance Act. The administration said the FISA process was too slow and cumbersome.

With the Democratic takeover of Congress, it has changed its mind. The Justice Department this week said it had recently received several warrants from the court allowing it to monitor communications where there was probable cause to believe one

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of the participants had terrorist links. With the orders in hand, future eavesdropping would be conducted with the approval of the FISA court, Attorney General Gonzales said.

Without knowing details, such as whether warrants are issued on a blanket basis, lawmakers must continue to scrutinize the program to ensure American's privacy is protected.

Bush Tries To Dodge Accountability Again (ROT)

Roanoke (VA) Times, January 22, 2007

The administration backtracks on warrantless wiretaps just in time.

Last week, the Bush administration backtracked on its program of warrantless wiretapping. Attorney General Alberto Gonzales said officials will no longer listen in on Americans' international phone calls and e-mails without first getting court approval. It's a promising victory for civil liberties and the Constitution.

However, before Democrats start crowing that the party's control of Congress led to the change, they should look at the administration's history in cases like this. The reversal reflects less a fear of Congress and more the White House's tactics to avoid legal rebuke.

The administration had said its eavesdropping program did not require court oversight. Now it has worked out a deal with the Foreign Intelligence Surveillance Court for warrants. The details of the program remain dismayingly vague, but it is certainly a move toward what the administration should have been doing in the first place.

So why, after more than a year of insisting everything was proper, has the administration reversed course? No doubt the threat of congressional investigations was a factor, but coming federal trials that could have declared the whole program illegal seem the more likely cause.

This isn't the first time the administration has employed this dodge.

Recall the case of Jose Padilla, an American citizen detained by the administration as an enemy combatant. When the Supreme Court was about to review his detention, the administration suddenly dropped allegations that he was a terrorist and moved his case to the criminal justice system, rendering the appeal moot.

Likewise, in the case of Yaser Hamdi, another American held incommunicado by the military, the White House released him to Saudi Arabia before the courts could rule.

Engage in illegal activities. Continue them while challenges wind their way through the courts. When a final decision is near, pull the carpet out from under the case to avoid legal reckoning. The administration can cling to its illusion that it still has the right to ignore the Constitution.

The courts should not allow the president to circumvent justice again. The Bush administration says it will get a warrant for now, but the challenges to government intrusion should go forward to remind the executive that his power has limits.

Wiretap Shift Raises Questions (SPT)

St. Petersburg (FL) Times, January 22, 2007

The public has known about the warrantless domestic wiretapping program of the Bush administration since the New York Times broke the story in December 2005. It took from then until the day before Attorney General Alberto Gonzales was scheduled to appear before the new Democratic-controlled Senate for the administration to finally bring its intelligence-gathering into compliance with the law. We appreciate the action but are left to wonder what took so long and whether there is less here than meets the eye.

It was a shocking revelation when the newspaper reported that the National Security Agency had been authorized by President Bush to monitor the international phone calls and e-mails of people inside this country suspected of terrorist links. Congress, under the Foreign Intelligence Surveillance Act, established a process for warrants to be issued by a secret court when counterterrorism or counterintelligence was at issue. Yet Bush's order ignored the jurisdiction of this court and approved spying on Americans without any court oversight.

After the program came to light, Bush refused to acknowledge its extralegal nature, declaring instead that he had the inherent authority as commander in chief to order warrantless eavesdropping. This stunning position was reiterated by Gonzales on Thursday during questioning by members of the Senate Judiciary Committee.

The administration's ongoing claim of supreme executive authority adds a measure of discomfort to its overdue concession to the rule of law. The attorney general informed Congress in a letter on Wednesday that the administration will shut down its warrantless eavesdropping program in favor of one that respects the FISA court's jurisdiction. But in his testimony before the Senate committee, Gonzales gave no assurances that the administration would not revert to its old ways in the future.

Maybe that is why lawmakers from both parties were left wondering what the administration is really up to. Questions were raised about why it took five years to bring the NSA eavesdropping program into compliance with FISA. Some senators wanted

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to know whether the administration was making individual showings to the FISA court, as is constitutionally required, or requesting broad warrants that could be used to spy on many people at once. Gonzales was not forthcoming.

The purpose of the sudden change in policy appears to be an attempt by the administration to avoid having its authority questioned, investigated and potentially curtailed by Congress. The demise of warrantless spying is a desirable policy reversal, even if it is not clear that there has been a change of attitude in the White House.

EDITORIAL Bush Administration Backs Off Of Secretive, Dangerous Policy (AAS)

Austin (TX) American-Statesman, January 22, 2007

Elections have consequences. Just ask U.S. Attorney General Alberto Gonzales, who announced last week that President Bush will no longer order wiretaps without the approval of a special federal court.

In the aftermath of the Sept. 11, 2001, terrorist attacks on the United States, the president had allowed the National Security Administration to wiretap — without a warrant — telephone conversations and electronic mail between a party in the United States and one outside the country. The program was not disclosed to the public until The New York Times reported it in December 2005.

Until last week, the president had defended the program as a constitutional use of his authority to defend the nation. He and his supporters also argued that it was not legally necessary, and not practical, to first get court approval.

But critics in Congress and elsewhere, including this newspaper, argued that not only was court approval necessary, the procedure itself was already in place, had been for years and posed no obstacle to the government when it needed to move quickly.

The Foreign Intelligence Surveillance Court was created in 1978 to handle such sensitive situations, is highly secretive and has rarely denied approval of a wiretap request. The law even provides for situations in which, in emergencies, the wiretap can be placed first and the warrant sought shortly thereafter.

The issue is not whether to wiretap — of course persons suspected by the government of terrorist activities ought to be investigated. And to date, we know of no instance in which the Bush administration wiretapped political enemies or critics.

But no president, regardless of party, should have the power to order a wiretap on the private conversations and messages of someone in the United States without the constitutional check of court approval. It's far too tempting for those given such unlimited power to apply it ever more widely and eventually threaten the privacy of all.

The Bush administration complained of shortcomings in the 1978 law, but it never asked Congress to change it, and few in the Republican majorities in the House and Senate challenged the administration's assertion of wiretapping authority.

But the Nov. 7 election installed Democratic majorities much more willing to take on the president on the wiretap issue and other matters touching on national security and Americans' civil rights. And so on Wednesday, Gonzales suddenly announced that the administration had worked out its problems with the special court and that wiretaps would be submitted to it for approval.

Some in Congress suspect the administration is playing word games, and Gonzales fed that suspicion by refusing to give details about the new policy during an appearance before a Senate committee on Thursday. On the other hand, conservative voices that had stoutly defended the presidential refusal to get warrants for the wiretaps were outraged by the administration's sudden about-face.

Whatever its motive, the Bush administration was right to start going to the court to get the warrants, and we hope the court itself will not be a rubber stamp for this or any other administration.

Financing Terrorists Is Not About Speech (LAT)

The Los Angeles Times, January 22, 2007

THE SUPREME COURT has rightly refused to block the trial of seven Los Angeles residents accused of contributing funds to an Iranian opposition movement that the State Department has branded a terrorist group.

The high court let stand a ruling by the U.S. 9th Circuit Court of Appeals that prosecuting the defendants — who are innocent until proved guilty — posed no 1st Amendment problem. As Judge Andrew J. Kleinfeld pithily put it: "Sometimes money serves as a proxy for speech, and sometimes it buys goods and services that are not speech. Guns and bombs are not speech."

In 1997, then-Secretary of State Madeleine Albright designated the Marxist group Mujahedin Khalq, or MEK, as a "foreign terrorist organization," a designation reaffirmed in 1999. Formed in the 1960s to oppose the rule of the shah of Iran, MEK now opposes the Islamic regime in Tehran and, according to the State Department, engaged in terrorism against Iran between 1997 and 2001.

Under the 1996 Antiterrorism and Effective Death Penalty Act, it's a crime to knowingly provide material support to an organization that appears on the State Department's list. The defendants in the Los Angeles case are accused of soliciting donations for MEK in Los Angeles and of wiring at least several hundred thousand dollars to an MEK bank account in Turkey.

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The truth of those allegations is a matter for a jury. What the defendants sought from the 9th Circuit was a ruling that their prosecution violated the 1st Amendment because of flaws in the way MEK was designated a terrorist organization.

Yet, as Kleinfeld noted, MEK's own description of its activities supported the terrorist designation. The designation was on the books when the defendants allegedly contributed to the group. More to the point, as the Supreme Court has recognized in upholding restrictions on contributions to election campaigns, money cannot always simplistically be equated with speech even in a domestic context. The "money is speech" mantra makes even less sense when the money buys guns.

Of course, the State Department should use care in designating a group as a terrorist organization. Such designations can be challenged though not ignored. Individuals accused of providing such a group with material support shouldn't be able to substitute their judgment for the department's any more than consumers should be able to substitute their judgment about a dangerous drug for that of the Food and Drug Administration. Neither case is a free-speech issue.

HOMELAND RESPONSE:

TSA To Track Rail Shipments With Toxic Cargo (USAT)

By Thomas Frank, Usa Today

USA Today, January 22, 2007

WASHINGTON — The government for the first time will monitor rail shipments of potentially deadly cargo passing through cities to make sure cars vulnerable to attack don't sit unguarded for too long.

The Transportation Security Administration (TSA) will start a nationwide tracking system in about a month to determine how long rail cars filled with lethal materials are stopped on tracks or sit in unsecured storage yards in urban areas.

Unguarded rail cars filled with toxic chemicals such as chlorine in cities are the single biggest terrorist threat related to the nation's railroads, the TSA says.

The U.S. Naval Research Lab has said an attack on such a rail car could kill 100,000 people. Railroads carry 105,000 carloads of toxic chemicals a year, and 1.6 million carloads of other hazardous materials such as explosives and radioactive items, the government says.

The new tracking system lets the TSA enforce an agreement it reached with railroads to cut the amount of time hazardous rail shipments spend unguarded in cities. The agreement, signed by the 257 railroads that transport toxic chemicals, aims to reduce by 25% this year the number of hours hazardous rail shipments sit unguarded in each of 46 major urban areas. "This immediately reduces the risk of a terrorist attack," TSA chief Kip Hawley said. "These cars will not be sitting ducks."

The TSA plans to send inspectors soon to areas where it finds toxic shipments unguarded for long periods and work on safety improvements. Railroads can give toxic cargo priority so it doesn't sit on tracks waiting for other trains to pass, or store it in guarded yards.

The tracking comes as cities consider banning or restricting hazardous rail shipments. Local officials fear attacks and accidents like the fiery train derailment Tuesday near Louisville that spewed toxic smoke and forced people from homes, businesses and a school.

"Rerouting is by far the most important way to reduce risk," said Fred Millar, a rail-safety advocate who helped enact a ban in Washington, D.C., in 2005, the nation's first. "If you don't reroute hazardous shipments, it's not a serious program."

Rail companies fear such laws would force them to send hazardous cargo hundreds of miles around cities. CSX Transportation blocked the Washington ordinance with a lawsuit that is pending.

Hawley said barring hazardous rail cargo from cities could force it onto trucks, which are more easily attacked and accident-prone. "You want to keep it on rail," Hawley said.

Matthew Zone, a Cleveland city councilman who proposed barring hazardous cargo from one of that city's four rail lines, called the TSA monitoring "a move in the right direction."

Railroads carry two-thirds of shipped toxic chemicals, most of it chlorine and anhydrous ammonia, a fertilizer.

Should US Track Each Foreigner's Exit? (CSM)

By Alexandra Marks

The Christian Science Monitor, January 22, 2007

A program to record visa-holders' departures via land is being suspended because of technology issues, say security officials.

The United States knows when visitors carrying visas enter the country, but it has no idea when, or if, most of those people leave.

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Congress ordered that key flaw in the immigration system to be fixed as far back as 1996 – in part because as many as 100,000 people overstay their visas annually and join the ranks of undocumented workers. But the 9/11 attacks gave the request new impetus: The 9/11 commission in 2004 recommended that the loophole be closed, and the 2004 Intelligence Reform and Terrorism Prevention Act mandated that it be done "as expeditiously as possible."

By the end of this year, the Department of Homeland Security (DHS) expects to have a system in place to track people who leave by air or by sea. But it has decided to abandon its efforts to track the exits of foreigners who depart through the nation's border checkpoints on land.

Tuesday, top DHS officials will go before the Senate Judiciary Committee to explain the department's rationale.

"Land presents somewhat of a challenge," says the DHS official who confirmed that the land exit program was being suspended. "We're still looking into doing it at some point in time; it might be a number of years."

The problem, according to DHS, is that the technology doesn't yet exist to create an entry/exit program for people who cross by land – at least not without causing huge traffic delays that would disrupt commerce and daily life in border towns.

Critics say the real problem is a lack of political will and confused priorities. They charge that DHS has set the technical bar too high – for instance, requiring the system to be able to check people's exit from the country while they're driving by at 50 miles per hour.

The controversy over the entry/exit program, which is called US Visit, illustrates not only the difficulty of securing US borders physically, but also the larger question of how best to use limited resources to improve security in a post-9/11 world. Advocates of a comprehensive exit and entry program say it is crucial to security, because the nation must know who's leaving as well as who's coming into the US. Indeed, two of the 9/11 hijackers had overstayed their visas.

"We have to recognize that there are very real threats and it still is an international border – people who've become used to quick and easy crossings have to understand that there are very compelling reasons now to change the way they do business," says Jessica Vaughan, a senior policy analyst at the Center for Immigration Studies in Washington. "Maybe just-in-time manufacturing was fine in 2000 when you could get a truckload of stuff across the border very quickly and easily, but things are different now."

Critics of US Visit say it's a waste of valuable resources to focus on the 309 million people who cross the nation's land borders annually. More than 70 percent of those who cross regularly are truck drivers, workers, or people going to visit family across the border. The vast majority of the rest are vacationers.

"I understand the politics as to why we'd like to target temporary visitors, students, and others, but I haven't seen ... a really cogent analysis about why [it] would be better to put billions of dollars into that as opposed to training people to speak foreign languages and infiltrating groups that are suspicious," says Allan Wernick, a professor at Baruch College in New York and chairman of the Citizenship and Immigration Project.

DHS is testing its exit-verification program at 12 airports and two seaports. It has set up kiosks where visitors swipe their travel documents as well as have two fingerprints and a picture recorded to ensure they are indeed the person who came in on that visa. By the end of the year, DHS plans to have that system operating at the 80 US airports that accommodate international travelers.

DHS also had a pilot program at five land ports. That system used radio frequency technology to scan a chip in people's visas when they drove out of the country into Canada or Mexico. The goal was for it to work if cars were driving as fast as 50 miles an hour.

"That's unrealistic. Even with E-ZPass you have to slow down to five miles per hour," says Ms. Vaughan, in a reference to a toll-tracking card used by commuters.

A DHS spokesperson said the radio frequency technology failed in part because it couldn't prove that the people carrying the visas with the microchip were the same ones who came into the country – a congressional requirement. A recent General Accountability Office study found that to meet the mandate that the exit program be biometric, DHS would have to spend billions to expand border crossings and hire new staff to prevent huge traffic back-ups at the border.

A DHS spokeswoman defends delaying the implementation at land ports until the technology is available to make it viable to use the biometric visa identifiers – such as fingerprints – at the land ports of entry.

"We've had success by incrementally phasing the program in at airports, and that's what's resulted in no traffic buildup. And we will be phasing it in sometime in the future at land ports," says Anna Hinken, a US Visit spokeswoman. "Biometrics is the future. "These types of systems require resources and planning. It's not something that happens overnight."

U.S. Watches For Cultivation Sites Of 'Pepsi Jihad' (WT)

By Shaun Waterman

The Washington Times, January 22, 2007

DOJ_NMG_0119202

U.S. law-enforcement and intelligence officials say they are taking steps to monitor and combat the spread of Islamist extremism and support for a violent holy war against the West among a "Pepsi jihad" generation of young Muslims in the United States.

At a hearing last week, officials from the CIA, FBI and Department of Homeland Security told lawmakers that the United States had less of a problem with "homegrown" Islamist terrorists than Europe did because of its history as a nation of immigrants.

"I think the American historical experience ... with bringing in various groups and giving them, frankly, more opportunity than they might have enjoyed elsewhere has helped us immeasurably in this regard," CIA Director Michael V. Hayden told the House Permanent Select Committee on Intelligence.

Despite that, Phillip Mudd from the FBI's National Security Branch said, the ideology of extremist Islam -- and its attendant support for violence against the West in general and the United States in particular -- was spreading in the United States.

"The commonality we have [with Europe] is people who are using the Internet or talking among friends who are part of what I would characterize as a Pepsi jihad. ... It's become popular among youth, and we have this phenomenon in the United States."

Charlie Allen, the head of intelligence for the Department of Homeland Security, said the department reorganized its intelligence analysts late last year and "created a branch focused exclusively on radicalization in the homeland [that] is studying the dynamics of individual and organizational radicalization."

He said the United States did not have "the alienation and the de facto segregation that we see in some places in Europe," but that nonetheless there were "pockets of extremism" in the country.

He said the branch would create state-by-state and regional assessments this year "of the means and mechanism through which radicalization manifests throughout the United States."

He added that another factor present in many of the successful "homegrown" Islamist attacks in Europe -- the Madrid and London transit bombings being the classic examples -- was a leader directing would-be terrorists to training facilities.

"Frequently, we see a charismatic leader ... who selects people for further education, perhaps overseas, particularly into South Asia."

The question of the role played by al Qaeda's central command in Pakistan in providing support and direction for so-called "homegrown" plots in Europe has vexed analysts since the Madrid rail bombings in March 2004.

"While the incidents might be homegrown and the recruitment base, if you will, can often be second-generation immigrants who have a Muslim background, we've always found some kind of linkage back to" al Qaeda's leadership, said Director of National Intelligence John D. Negroponte.

Mr. Allen noted that the Homeland Security Department had a unit dedicated to demographic analysis of immigrant communities in the United States, which might, wittingly or not, harbor networks of criminals or human smugglers that terrorists could exploit.

The unit will fuse intelligence and law-enforcement reporting to "assess patterns in which migrant communities -- and likely associated extremists -- may or could travel to and establish themselves within the homeland." The unit aims to "provide strategic warning of mass migration to the United States and likely exploitation by illicit actors."

WAR NEWS:

Senators Seek Support Against Iraq Surge (AP)

By Hope Yen

AP, January 22, 2007

Two leading Senate Democrats sought to build support Sunday for a bipartisan resolution opposing President Bush's war strategy in Iraq, cautioning that division over whether it goes far enough could spell defeat.

"The worst thing we can do is to vote on something critical of the current policy and lose it," said Sen. Carl Levin, D-Mich., who chairs the Senate Armed Services Committee. "The public doesn't support his policy, a majority of Congress doesn't support his policy."

"If we lose it, the president will use the defeat of a resolution as support of his public policy," Levin said.

The new Democratic-led Congress heads this week toward its first vote on the war, with the Senate Foreign Relations Committee beginning debate Wednesday on a resolution condemning Bush's proposal to send 21,500 more troops to Baghdad and Anbar province. A vote could come as early as that same day.

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The proposed nonbinding resolution, which is largely symbolic and would have no affect on money for troops, states that "it is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq."

It has generated some division among Democrats who want to go farther by cutting funding for new troops, moderates in both parties who want softer language and Republican leaders who have vowed to filibuster.

On Sunday, Levin and Sen. Joseph Biden, D-Del., who sponsored the resolution along with Republicans Chuck Hagel of Nebraska and Olympia Snowe of Maine, called their proposal a first step that would send a "powerful message" that Bush must change course.

Other congressional steps, such as limiting federal appropriations for the war, could come later if Bush were to continue pushing forward with additional troops in defiance of the resolution, they said.

Biden, who chairs the Senate Foreign Relations Committee, downplayed the notion that support could splinter over how far lawmakers should go to restrain the president's power to wage war. He said he expected the half-dozen competing proposals to oppose the war each would get an airing.

"I don't think there's any muddled message here," Biden said. "They'll all get a chance to be voted on, with some discussion."

The proposals to limit the war vary.

Rep. John Murtha, D-Pa., and Sen. Edward Kennedy, D-Mass., say they want to cut funding for new troops to prevent the deployments. Sen. Christopher Dodd, D-Conn., has a proposal that would cap troops at existing levels.

Republican Sen. Gordon Smith of Oregon said he was wary of the term "escalating" in the resolution and was working with Sens. Susan Collins, R-Maine, and Ben Nelson, D-Neb., on a "constructive, nonpartisan resolution that expresses the opposition of the Senate to the surge."

Collins and Nelson, alongside Sen. John Warner, R-Va., were expected to announce the details Monday.

And the fiscally conservative Blue Dog Democrats say they would introduce legislation this week calling for greater accountability on how Iraq war funds are spent.

Bush, meanwhile, was expected to address the Iraq war in his State of the Union address Tuesday and renew his calls to work together with Democrats on a bipartisan way forward.

Earlier that day, the Senate Armed Services Committee will also hear from Lt. Gen. David Petraeus, a former division commander in Iraq, who was tapped by Bush to replace Gen. George Casey as the top American commander in Iraq.

On Sunday, Biden said despite the competing proposals, there was overwhelming bipartisan support in Congress against the war. He said Vice President Dick Cheney was absolutely wrong in suggesting that a resolution against the war would "embolden our enemy."

"Every single person out there that is of any consequence knows the vice president doesn't know what he's talking about. I can't be more blunt than that," Biden said. "He is yet to be right one single time on Iraq."

Hagel suggested there may be more Republican support than is generally known for seeking a vote in Congress toward ending the war in Iraq.

"It is wrong to put American troops in the middle of a sectarian civil war," he said. "Are we not to register our sense of where we are going in this country?"

"Let every member of the Senate express themselves," he said, saying they owe that to the American public.

"We have anarchy in Iraq," he said. "It's getting worse."

Biden and Levin spoke on "Fox News Sunday," and Hagel was on CBS' "Face the Nation."

McCain Hits Resolution On Surge (WT)

By Stephen Dinan

The Washington Times, January 22, 2007

Sen. John McCain yesterday said voting for a resolution disapproving of President Bush's troop-surge idea would be a slap at the 21,000 new troops that would be sent to Iraq under the plan, putting the upcoming congressional debate on the Iraq war in stark terms.

Mr. McCain and other Republicans also signaled their worry over Gen. George Casey's nomination to become Army chief of staff, signaling another possible congressional fight for Mr. Bush with his own party as he tries to move forward on his new Iraq strategy.

"I have very serious concerns about General Casey's nomination," Mr. McCain said on NBC's "Meet the Press," arguing Gen. Casey's record in Iraq may not merit the new post and would send a wrong message to the troops.

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Mr. Bush has announced he will commit more than 17,000 more soldiers to Baghdad to try to help Iraqi national police and military units quell Sunni-Shi'ite violence, and said he will send 4,000 Marines to go after al Qaeda fighters in Anbar province.

Top Senate Democrats, joined by a leading dissident Republican, last week announced a resolution opposing Mr. Bush's plan. Senate Democratic leaders have promised to force a floor vote, and House Democratic leaders said they are working on their own similar resolution. The resolution is not binding on Mr. Bush, but the lawmakers hope the signal it would send would cause him to change course.

Both Republicans and Democrats used yesterday's round of talk shows to try to build support for their positions heading into what is shaping up as a major showdown.

Sen. Carl Levin, Michigan Democrat and chairman of the Senate Armed Services Committee, said Democrats must unify behind the resolution, though, or risk a fracture that could deliver a public victory to Mr. Bush.

"The worst thing we can do is to vote on something which is critical of the current policy and lose it," Mr. Levin, one of the authors of the resolution, said on "Fox News Sunday."

Pulling further to the left are those such as Sen. Edward M. Kennedy, Massachusetts Democrat. He said troop escalations have failed in other parts of Iraq in the past, and said the one idea that hasn't been tried is "de-escalation."

"That's a policy, which I believe, then, will require the Iraqi government to assume responsibility for their security, rather than now sending additional troops, which will be an additional crutch for the Iraqi government in delaying their judgment decision in order to take the security," he said.

Mr. Kennedy has his own bill that would force the president to come back to Congress for permission to broaden the war. He said if Mr. Bush ignores the will of Congress as expressed in upcoming votes, lawmakers should then defund the war.

"If we have a president that is going to effectively defy the American people, are going to defy the generals, defy the majority of a Congress of the United States in Republicans and Democrats, then we, I think, have a responsibility to end the funding for the war," he said on NBC. "Are we really being more loyal to our troops, putting them in the midst of a civil war?"

Mr. McCain, who is exploring a run for president, is now closely tied to the troop-surge idea, even though he said that his choice would be to send still more troops to make sure they get the job done.

"I promise you, if we fail here, there will be plenty enough blame to go around to everyone, including to me," Mr. McCain said, acknowledging that he is so tied to the plan that Democrats now call it the "Bush-McCain increase."

He said the Democrats' resolution would be a slap at the troops Mr. Bush is preparing to send.

"This resolution is basically a vote of no confidence in the men and women we are sending over there," he said. "We're saying, 'We're sending you -- we're not going to stop you from going there, but we don't believe you can succeed, and we're not willing to support that.' I don't think the troops would find that an expression of support."

Webb Would Defund Rebuilding Iraq (USAT)

By Kathy Kiely

USA Today, January 22, 2007

WASHINGTON — The Democratic senator who will deliver his party's formal response to President Bush's State of the Union address Tuesday says he favors cutting off funding for Iraq reconstruction in order to pay for Hurricane Katrina recovery instead.

"How can we keep sending billions of dollars over to Iraq and not fund a really energetic effort to help places like New Orleans?" Sen. Jim Webb, D-Va., asked in an interview Friday. Webb said that Iraq and what he sees as the precarious state of the nation's economy and infrastructure are two of the topics he'll tackle in his speech.

Senate Majority Leader Harry Reid, D-Nev., chose Webb, an iconoclastic freshman, to deliver the prime-time rebuttal to the president. Reid said Webb personifies the "spirit of bipartisanship," and the call for "a new direction for working families and an end to the war in Iraq."

Webb also highlights the Democrats' effort to move beyond their traditional political base. A senator for less than a month, Webb is a combat veteran who says, "I can still justify the war in Vietnam." His eldest son is a Marine stationed in Iraq.

Webb is a former Republican who won election in a state Bush carried by 9 percentage points in 2004. This marks the second year in a row that a Democrat from Virginia will deliver the State of the Union response. Last year, the honor went to Gov. Tim Kaine.

A pugnacious former boxer, Webb made headlines by rebuffing Bush's attempt to ask about Webb's son at a White House reception with a call to bring the troops home from Iraq. The White House wouldn't comment, but Webb confirmed the incident.

"I didn't start it," said Webb, who insists he harbors no hard feelings. "I wouldn't mind having lunch with George W. Bush."

Webb, who has written novels, screenplays and magazine articles, said that he's working with Reid about the general themes of his speech but that he has "enough independence" to say it his way.

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"I'm really careful with words," Webb said.

In his speech, which the senator said he's trying to keep to about five minutes, he plans to address:

·Iraq and national security. Webb, who called the administration's decision to invade Iraq "reckless," said he won't support cutting funds for the military effort, but he wants Congress to create pressure for a diplomatic solution. "There will never be political stability in Iraq as long as there are American combat troops on the streets of Iraq," he said. "We need to get them out."

·Economics and globalization. Webb said he believes that the "internationalization of corporate America" is widening the gap between rich and poor.

·Government accountability. Webb said he will discuss ethics reform and efforts to expand congressional oversight of the executive branch.

Webb, who served as secretary of the Navy in the Reagan administration, intends to do some horn-tooting for his new party: "I think the Democratic leadership really deserves some kudos."

Congress's Challenge On Iraq (NYT)

The New York Times, January 22, 2007

President Bush's refusal to come up with a serious policy on Iraq means that the Democrats will have to goad him toward one. Congress needs to do more than just oppose the latest ill-conceived military escalation. It needs to insist that American troops are not captive to the destructive policies of an Iraqi government for which sectarian revenge counts for more than national unity and civil peace.

To do that, it needs to demand that Mr. Bush impose firm, enforceable benchmarks on Prime Minister Nuri Kamal al-Maliki — if any American troops are going to remain in Iraq.

In the Senate a nonbinding, bipartisan resolution seems headed toward early passage. Sponsored by Joseph Biden, Chuck Hagel and Carl Levin, it expresses strong opposition to sending more troops, citing the failure of the Iraqi government to keep its past promises on national reconciliation.

Passing this resolution by the widest possible bipartisan margin would be a good first step. It would make clear to the American people (who called for a change last November), to President Bush (who didn't listen) and to Mr. Maliki (who didn't seem to notice) that the days of uncritical American support for Shiite misrule are over.

Already, the newly questioning tone in Congress has pushed Mr. Maliki to distance himself — at least publicly — from his ally Moktada al-Sadr, whose Mahdi Army has been responsible for some of the worst outrages against Baghdad's Sunni population. It is too early to say whether this is a public relations ploy, or whether Mr. Maliki will now allow the Americans and his own army to move against Mahdi Army strongholds. The Senate resolution should make clear that that is the first prerequisite for continued American support.

Hortatory statements are unlikely to change Mr. Bush's mind or Mr. Maliki's behavior, so the Congress will likely have to go further. Both houses will need to find ways to use their power — including the power of the purse — to do what Mr. Bush refuses to do: set and enforce deadlines for the Iraqi government to disarm militias, share oil revenues and reintegrate the Sunni middle class into Iraqi life.

Funding limits that simply freeze the number of troops, like the one Senator Edward Kennedy now proposes, are inadequate. The much more difficult challenge is to figure out ways to compel Mr. Bush to come up with a policy that has at least some chance of letting American troops come home without leaving total chaos behind.

Even if the Congress could stop Mr. Bush from sending an additional 20,000 troops, there will still be 130,000 caught in Iraq's maelstrom.

Congress Plays Bad Cop On Iraq (LAT)

The Los Angeles Times, January 22, 2007

AS SOON AS this week, the Senate could adopt a nonbinding resolution that reads in part: "It is not in the national interest of the United States to deepen its military involvement in Iraq." The House is likely to follow suit.

Whether the final wording of the resolution refers to President Bush's planned movement of 21,500 more U.S. troops to Iraq as an "escalation" or something else (the language may be softened to attract more Republican votes), it would represent a dissent from the surge, the centerpiece of Bush's revised Iraq policy. The resolution would have no effect on the conduct of the war — and any attempt by Congress to meddle in military strategy should be rejected — but it would be seen as a blow to the president.

Maybe it shouldn't be. Congress actually could be doing Bush a favor by disagreeing with him. Ideally, passage of the resolution would create a diplomatic version of the "good cop/bad cop" routine, with Congress playing the role of the bad cop and Bush using its stubbornness as leverage in dealing with Iraqi Prime Minister Nouri Maliki.

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Such a strategy is possible because there is not as much daylight between Bush and his congressional critics as the resolution indicates. In addition to opposing the surge, the resolution — drafted by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.) and Carl Levin (D-Mich.) — calls for the United States to "transfer, under an appropriately expedited timeline, responsibility for internal security and halting sectarian violence in Iraq to the government of Iraq and Iraqi security forces."

Bush's plan disdains timetables, but it also involves pressuring Maliki to come down hard on his fellow Shiites in the Al Mahdi militia headed by Muqtada Sadr. That pressure seems to be having an effect. Two commanders of that militia complained last week that Maliki, under U.S. pressure, was no longer protecting them. On Friday, U.S. and Iraqi forces arrested one of Sadr's lieutenants.

There is no guarantee that Maliki won't backslide or that the surge will stabilize Baghdad and Al Anbar province as Bush hopes. In going on record against the surge, however, Congress won't — and probably can't — stop it. But the nonbinding resolution could still serve Bush's other objective if the Iraqis take it not literally but seriously as reaffirmation of Bush's pledge that the U.S. commitment in Iraq is not open-ended.

In June, a Senate that was only marginally more Republican than the current body soundly rejected a resolution calling for a withdrawal of U.S. forces to begin by the end of 2006, with no timetable for complete withdrawal. That the current resolution probably will prevail is a reflection not just of the passage of time and the changeover of Congress but also of growing and bipartisan fatigue with the war.

If he is smart, Bush will use that impatience to his advantage in pursuing both aspects of his "new way forward" — a surge in U.S. troops and a message to the Iraqis that the surge is their last, best and temporary hope of U.S. assistance in keeping their country together.

McCain, Graham May Oppose General Casey As Army Chief (Correct) (BLOOM)

By Nadine Elsibai

Bloomberg, January 22, 2007

(Corrects spelling of Lindsey Graham in first paragraph)

Jan. 21 (Bloomberg) -- Senators John McCain and Lindsey Graham, who have strongly backed sending more U.S. troops to Iraq, indicated they may not support a promotion for the current military commander there because of past U.S. mistakes.

McCain, senior Republican on the Armed Services Committee, said on NBC's ``Meet the Press" program that he likely won't support General George Casey's nomination as Army chief of staff because of the ``failed leadership" of the U.S. forces in Iraq. Graham, another Republican member of the panel, said on CNN that Casey will face ``hard questions" during confirmation hearings.

President George W. Bush announced earlier this month he is replacing Casey as commanding general of multinational forces in Iraq and nominating him to the Pentagon post. Casey has been the top commander in Iraq since July 2004, and sectarian violence there has worsened over the past year. McCain is a leading Republican voice on military matters and, along with Graham, has been pushing the president to commit more forces to the fight. Bush announced Jan. 10 he will send 21,500 more soldiers and Marines into Iraq.

``I have very serious concerns about General Casey's nomination," McCain, of Arizona, said. ``I'm concerned about failed leadership, the message that sends to the rest of the military."

The strategy advocated by Casey and General John Abizaid, head of the U.S. Central Command, ``has not produced the outcomes we all desire in Iraq," Graham, of South Carolina, said on CNN's ``Late Edition" program. ``And General Casey will be held to account for the advice he's given in the past."

Changes

Abizaid is retiring. Bush picked Admiral William Fallon to replace Abizaid as head of military operations in the Middle East and Lieutenant General David Petraeus to replace Casey in Iraq.

Before Bush's announcement, the U.S. had about 132,000 troops in Iraq. Casey said last week that the additional troops will be in Iraq until ``late summer." More than 3,000 U.S. military personnel have died since the March 2003 invasion of Iraq, including 12 who were killed in a helicopter crash yesterday, according to the Defense Department. At least 10 more were killed in insurgent attacks or by roadside bombs.

Democratic and Republican lawmakers continued to voice opposition to Bush's strategy. Democratic Senators Carl Levin of Michigan and Joseph Biden of Delaware and Republican Senator Chuck Hagel of Nebraska are sponsoring a nonbinding resolution opposing the addition of more troops to Iraq.

``I want every member of the United States Senate to have to take a position on this," Hagel said on CBS's ``Face the Nation" program. ``We have kids dying every day. It is wrong to put American troops in the middle of a sectarian civil war."

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Levin, chairman of the Senate Armed Services Committee, said on the ``Fox News Sunday'' program that the U.S. should ``keep the pressure on the Iraqis to reach a political settlement and not deepen our military involvement, which adds targets but doesn't add much in the way of pressure.''

Levin has called for the U.S. to set a timetable of four to six months for withdrawing most of its forces from the country and is planning hearings on Bush's strategy.

`Wrong Way'

Biden, chairman of the Foreign Relations Committee, said today that Bush is trying to fix the Iraq problem ``the exact wrong way'' as he and Vice President Dick Cheney maintain that withdrawing from Iraq would only embolden the enemy.

Bush isn't ``listening to his military,'' Biden said on the Fox program. ``He's not listening to his old secretaries of state. He's not listening to his old friends. He's not listening to anybody but Cheney, and Cheney is dead-wrong.''

Congressional Democrats opposed to the plan, along with some Republicans, are exploring options to block Bush's strategy by attaching conditions to future military spending measures or passing legislation that requires the president to ask Congress to authorize a troop increase.

In a recent Newsweek magazine poll, 68 percent of the U.S. public opposed Bush's deployment of more troops to Iraq, including 45 percent who said they were strongly opposed. Twenty-six percent favored the approach.

The poll found that more people had confidence in the new Democratic congressional leaders to make decisions on Iraq, with 55 percent saying they trusted the Democrats more than the Republican president. Thirty-two percent said they had more faith in Bush.

The poll, released yesterday, has a margin of error of plus or minus four percentage points. It is based on interviews of 1,003 adults on Jan. 17 and 18.

McCain May Oppose Pick For Army Staff Chief (WP)

By R. Jeffrey Smith And Walter Pincus

The Washington Post, January 22, 2007

Sen. John McCain (R-Ariz.) said yesterday that he is inclined to oppose President Bush's appointment of Gen. George W. Casey Jr. as the new Army chief of staff, on the grounds that Casey's 2 1/2 -year tenure as U.S. military leader in Iraq was marked by "failed leadership."

McCain, the senior Republican on the Armed Services Committee, which must confirm Casey's appointment, and a likely presidential candidate in 2008, accused Casey of presiding over "a failed policy" in Iraq, in which McCain said Iraqi forces were expected too quickly to assume growing responsibility for security matters there.

Reiterating his support for the troop "surge" to Iraq announced recently by President Bush, McCain said on NBC's "Meet the Press" that U.S. policy had produced Iraqi turmoil so bad that, if no change were made, "within months we would see a total breakdown in Iraq." The result, he said, would be ethnic cleansing between rival religious groups in the capital on the scale of that in Srebrenica, where Serbian military forces slaughtered 8,000 Bosnian Muslims in 1995.

"We can't expect Americans to sit outside Baghdad or outside the borders and watch such a thing go on," McCain said.

While he said he preferred a larger troop buildup than the new 21,500-person deployment proposed by Bush, McCain said the new U.S. military commander in Iraq, Lt. Gen. David H. Petraeus, had assured him that if Petraeus "needed more, he would receive them."

The Senate Foreign Relations Committee is expected to take up resolutions on Iraq on Wednesday, some nonbinding and others that would cap the number of U.S. troops there or reduce future funding for American or Iraqi security forces.

Sen. Joseph R. Biden Jr. (D-Del.), chairman of the committee and co-sponsor of a bipartisan, nonbinding resolution that would put senators on record as opposing Bush's plan, said votes on other approaches would not deliver a muddled message.

"There's an overwhelming . . . consensus that we should deescalate the war," he added during an appearance on "Fox News Sunday."

Sen. Carl M. Levin (D-Mich.), chairman of the Armed Services Committee, said on the same program, "It will be a very powerful message if a bipartisan majority of the Congress say that they disagree with the increased military involvement in Iraq." He added that could only be a first step: "If the president does not take heed to that step, at that point, you then consider another step."

Levin warned, however, "The worst thing we can do is to vote on something which is critical of the current policy and lose it, because if we lose that vote, the president will use the defeat of a resolution as support for his policy."

Unlike Petraeus, Casey has been privately skeptical about the wisdom of deploying five new divisions now. He argued last year that the presence of U.S. troops was fostering an unhealthy Iraqi dependency on foreign assistance. After publicly

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embracing Bush's plan, however, Casey said that it could make Baghdad residents begin to feel safe in their neighborhoods by the end of the summer.

McCain retorted yesterday: "It's taken us nearly four years to get to this desperate situation we're in today. So to think that within three or four months or a short period of time that we could retrieve the situation, I think, is just foolishness."

McCain has previously sought to deny military promotions to officers whose work in Iraq displeased him, including several associated with policies that he said had led to the abuse of U.S. military detainees there. While not promising outright to oppose Casey's appointment, he said, "I have hard questions to ask him, and I'm very skeptical about it."

Levin has said he is inclined to back Casey.

Meanwhile, McCain faces opposition from some Republican lawmakers who disagree with his endorsement of the troop buildup.

Among the members of the Foreign Relations Committee, according to Sen. Chuck Hagel (R-Neb.), "I don't believe there was one Republican senator who came forward with any kind of enthusiasm or any kind of strong support of the president's plan."

"The party that I first voted for on top of a tank in the Mekong Delta in 1968 is not the party I see today," Hagel said on CBS's "Face the Nation" yesterday.

As for the nonbinding resolution, McCain called it "basically a vote of no confidence in the men and women we are sending over there."

McCain, whom polls have shown running neck and neck among potential voters with newly announced Democratic presidential candidate Hillary Rodham Clinton, said yesterday that the senator from New York would make a "serious president." He did not reiterate his February 2005 comment that she would make a "good president."

U.S. Troops' Deadly Weekend (LAT)

By Borzou Daragahi

The Los Angeles Times, January 22, 2007

BAGHDAD — Two Marines were killed Sunday in Al Anbar province west of the capital, bringing the weekend U.S. death toll to at least 27, a dramatic increase in fatalities that comes as President Bush is trying to convince a wary public of his plan to escalate the military presence in Iraq.

The U.S. military also reported that at least five more U.S. soldiers and one Marine had died in separate combat incidents in Baghdad and Al Anbar on Saturday, the third-deadliest day for American forces since the March 2003 invasion of Iraq.

Another 44 Iraqis were killed or found dead in political and sectarian violence, including the bombing of a bus in a middle-class Shiite Muslim neighborhood of Baghdad that left seven dead and 15 injured.

A British soldier was killed Sunday when his vehicle struck a roadside bomb in the southern city of Basra. Four British soldiers were injured in the blast.

The deaths come as the U.S. begins to deploy thousands of additional troops into Iraq, the first of 21,500 meant to bolster forces that must confront Shiite and Sunni Arab gunmen in a complex peacekeeping and counterinsurgency mission.

The bulk of the U.S. deaths Saturday came in the crash of a Black Hawk helicopter northeast of Baghdad. Twelve soldiers were killed.

U.S. officials have not announced the cause of the crash.

A witness and an insurgent group said that hostile fire had struck the aircraft. CNN, reporting from Washington, quoted an anonymous Pentagon official saying that the crash was probably caused by insurgent fire.

In Saturday's most audacious guerrilla attack, gunmen in sport utility vehicles and uniforms stormed a provincial security building in Karbala as U.S. and Iraqi officials discussed plans to protect pilgrims during an upcoming Shiite religious festival. The gunmen made their way past checkpoints and burst into the building, guns blazing.

Five U.S. soldiers were killed and three injured in the attack.

Karbala is a Shiite stronghold that abuts the Sunni Arab heartland. U.S. and Iraqi officials would not disclose whether they suspected Shiite militants or Sunni insurgents in the attack.

"The mystery that accompanied this operation was so deep that we can't accuse any side," Aqil Khazali, the governor of Karbala province, told reporters.

The city of Karbala has fallen under the sway of radical Shiite cleric Muqtada Sadr and his Al Mahdi army. But officials loyal to Sadr's movement, which on Sunday ended a largely symbolic boycott of the Iraqi government, denied that the Al Mahdi army had staged the assault.

"There is an extremist side that wants to pretend that this act is done by the Sadr movement, but everybody knows that the Al Mahdi army doesn't have such abilities," said Haidar Tarfi, a Sadr representative in Najaf.

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The Sadr movement's decision to again embrace the political process may help bolster Iraq's weak central government, which attempts to administer the country from behind the walls of the heavily fortified Green Zone.

U.S. officials have described Sadr's movement as the single greatest threat to the stability of Iraq and the primary instigator of sectarian violence.

White House officials, over the objections of many in Congress and a majority of Americans, have launched their plan to increase the number of troops in Iraq in hopes of stabilizing the country.

"I think that this is our chance now, our last chance, to have a new strategy which will give us a chance to prevail," Sen. John McCain (R-Ariz.), a supporter of Bush's plan, said in an interview on NBC's "Meet the Press."

The plan's stiffest congressional opponents include some Republicans, including Sen. Chuck Hagel of Nebraska, who said in an interview on CBS' "Face the Nation" that lawmakers should vote up or down on a resolution to stop the president's troop increase.

"I want every member of the U.S. Senate to have to take a position on this," Hagel said. "We have kids dying every day. It is wrong to put American troops in the middle of a sectarian civil war."

Analysts say Bush's plan may or may not work, but it will surely entail higher U.S. casualties, which will deepen the war's unpopularity.

"The bind Bush is in is that most Americans have pretty much had it with this whole venture," said Wayne White, a former State Department intelligence analyst who is now at the Middle East Institute, a Washington think tank.

"Throwing even more men into Iraq is seen as throwing good money after bad," he said. "The strategy he's embarking on will cause more U.S. casualties. There's no way around it."

Some U.S. military commanders in Iraq say the sacrifices will prove worthwhile.

"We're winning in places that don't make the news," Marine Col. William Crowe, commander of the 7th Marine Regiment, said at a ceremony Saturday in which the 2nd Marine Regiment assumed responsibility for part of the Sunni-dominated Al Anbar province.

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Times staff writer Tony Perry in Al Asad and special correspondents in Baghdad, Hillah, Kirkuk and Najaf contributed to this report.

At Least 27 U.S. Troops Killed In Iraq Over Weekend (CHIT)

By Borzou Daragahi

Chicago Tribune, January 22, 2007

BAGHDAD -- At least 27 U.S. troops were killed in a helicopter crash and insurgent attacks across Iraq over the weekend in one of the deadliest stretches for the American military here in nearly two years.

The surge in fatalities comes just days before President Bush's State of the Union address , which is likely to inject a note of urgency into the debate over his Iraq policy.

The weekend's deadliest episode was the crash of a Black Hawk helicopter northeast of Baghdad on Saturday afternoon, killing all 12 U.S. soldiers aboard. The military initially had said 13 were killed but revised it to 12 early today.

South of the capital in the Shiite Muslim city of Karbala, men armed with grenades, mortars and assault rifles swarmed a provincial security building manned by U.S. and Iraqi forces, the military said. At least five U.S. soldiers were killed and three wounded.

Today, the U.S. military reported the deaths of five more troops, four soldiers and a Marine assigned to Regimental Combat Team 5 in Anbar province.

Five more U.S. troops and at least 59 Iraqis were also reported killed or found dead Saturday and today in politically motivated violence as Iraqi and American forces stepped up an effort to target Shiite militiamen and Sunni Arab insurgents.

A British soldier was also killed today when a roadside bomb struck his vehicle in Basra. Four British soldiers were also injured in the blast.

U.S. military officials said the cause of Saturday's helicopter crash had yet to be determined, but Iraqi sources said it was shot down. A witness said he saw ground fire bring down the aircraft, and an insurgent group claimed responsibility for the attack in an Internet posting that could not be authenticated.

Iraqi officials and witnesses said the crash took place near the town of Buhriz in the region of Tarefiya, a rural Sunni enclave of canals and wheat fields about six miles south of Baqubah, the capital of Diyala province. The area is known as an insurgent stronghold. A recent joint U.S.-Iraqi military offensive focused on Diyala.

A message posted on the Web by the Mujahedin Army, an insurgent group that operates out of Baghdad and Diyala provinces, claimed responsibility for the attack.

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"The helicopter was downed by [an] antiaircraft [rocket] that belongs to the Mujahedin Army in Buhriz," said the statement, posted to a Web site where insurgent claims are frequently trumpeted.

An Iraqi witness, who spoke on condition of anonymity, said the helicopter was felled by ground fire, but the U.S. military could not confirm the account. Lt. Col. Josslyn Aberle, a military spokeswoman in Baghdad, said that the crash took place northeast of Baghdad about 3 p.m.

"All passengers and crew were military service members," she wrote in response to an e-mailed query, adding that more information was expected today. So far no additional information has been released. The military withheld names of the victims pending notification of family members.

Saturday's crash was the first since a U.S. Marine CH-53 transport chopper went down in an accident in Al Anbar province Dec. 11, killing one Marine.

Insurgents last shot down a helicopter on May 14, near the village of Yousifiya south of the capital; two soldiers died in that attack.

At least 25 soldiers were killed Saturday. The deadliest day for American service members in Iraq was Jan. 26, 2005, when 37 U.S. troops were killed, 31 of them in the accidental crash of a CH-53E Super Stallion helicopter in Al Anbar.

The Karbala clash erupted as U.S. and Iraqi officials planned security for the Ashura festival, an annual Shiite pilgrimage. Karbala has come under the sway of Shiite militiamen loyal to radical cleric Muqtada Sadr, but it also is adjacent to Sunni areas. A statement released by the military Saturday did not clarify whether the attackers were suspected Sunni or Shiite gunmen.

Iraqi officials said the audacious attack began when a half-dozen vehicles filled with men wearing official-looking uniforms made their way past a checkpoint and burst into the provincial security building, guns blazing.

Americans view Sadr's movement as the country's biggest threat. Today lawmakers close to Sadr, the Shiite cleric, announced they were ending a largely symbolic boycott of the government.

The sharp rise in American military deaths comes as the U.S. intensifies its efforts to curb violence in Baghdad, with Pentagon planners and White House officials pushing forward with a plan to increase the number of U.S. soldiers in Iraq by 21,500.

The first of the additional troops, the 3,200 soldiers of the 2nd Brigade of the 82nd Airborne Division, have arrived in Baghdad and will be "fully operational" within two weeks, the U.S. military said today in a statement.

Their mission will be to help Iraqi security forces "clear, control and retain key areas" of Baghdad "to reduce violence and to set the conditions for a transition to full Iraqi control of security in the city," the military said.

Bush and other supporters of the plan say it is an essential move to give the Iraqi government breathing space to crack down on violent groups and heal political wounds.

Opponents, including Democratic Party leaders in Congress and some skeptical Republicans, consider it a risky escalation that could bolster anti-American sentiment in Iraq and across the Middle East, and lead to more U.S. casualties. Since the 2003 invasion of Iraq, 3,047 U.S. troops have died in Iraq, according to icasualties.org.

Weekend Violence Includes One Of U.S. Troops' Deadliest Days In Iraq (USAT)

By Rick Jervis And Jim Michaels, Usa Today

USA Today, January 22, 2007

BAGHDAD — The U.S. military on Sunday added six to the number of American servicemembers killed a day earlier, bringing Saturday's death toll to 25 and making it one of the deadliest days of the war for U.S. troops.

Two Marines also were killed Sunday in separate incidents in western Anbar province, according to a military statement today.

The spike in deaths came as U.S. reinforcements streamed into Baghdad as part of the White House's new strategy to pacify the capital and western Iraq.

The U.S. military said Sunday that four soldiers and a Marine died Saturday from wounds suffered in separate clashes in Anbar province, center of Iraq's Sunni insurgency. Separately, a soldier was killed by a roadside bomb northeast of Baghdad, the military said.

The military said it is continuing to investigate the cause of a helicopter crash on Saturday that killed 12 soldiers northeast of Baghdad. Investigators are looking into the possibility the helicopter was brought down by enemy fire.

The military is also investigating an attack on a government center in Karbala, a Shiite holy city. Five U.S. soldiers died and three were wounded Saturday in that clash. Two other soldiers also died Saturday in separate incidents.

The 25 U.S. fatalities on Saturday made it the third-deadliest day of the war. The bloodiest day was Jan. 26, 2005, when 37 U.S. troops died, 31 in a helicopter crash. Twenty-eight U.S. service personnel died on the third day of the U.S.-led invasion in March 2003.

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In Karbala, the provisional governor said U.S. troops battled militia members who attacked his office ahead of a 10-day Shiite religious festival. Akeel al-Khazaali said the gunmen wore military uniforms and drove black SUVs similar to those used in official convoys.

Renewed violence over the weekend coincided with the arrival in Baghdad of the first U.S. reinforcements who are part of a plan to boost troop levels in Iraq by 21,500 American servicemembers. The additional troops will be placedin Baghdad and Anbar province.

A brigade of the 82nd Airborne Division, about 3,200 soldiers, arrived in Baghdad and will be operating in the capital by early next month, the U.S. military said. "The brigade adds operational flexibility that will assist in securing the population," Lt. Gen. Ray Odierno, the second-ranking U.S. commander in Iraq, said in a statement.

Iraqi officials have pushed to quicken the transfer of full control of Iraq's military to the government. On Sunday, members of the parliamentary bloc led by rebel Shiite cleric Muqtada al-Sadr said they were ending their nearly two-month government boycott, saying they have won an agreement to speed up the turnover of command to the Iraqi government.

The lawmakers said they reached a compromise with the government of Prime Minister Nouri al-Maliki involving a timetable for Iraqi forces to take over security and the withdrawal of U.S. forces. They did not release details. Al-Sadr's loyalists withdrew from parliament and the Cabinet in November to protest al-Maliki's decision to meet with President Bush in Amman. Thirty of the 275 lawmakers and six of the 38 Cabinet members are in al-Sadr's bloc.

"We announce our return to parliament, we will attend today's session," Bahaa al-Araji, one of the 30 lawmakers loyal to al-Sadr, said during a news conference Sunday.

U.S. Ambassador Zalmay Khalilzad and top U.S. commanders have called for al-Sadr's Mahdi Army militia to be disarmed, accusing it of operating Shiite death squads.

U.S. Toll In Iraq Is 27 For Deadly Weekend (NYT)

By Damien Cave

The New York Times, January 22, 2007

BAGHDAD, Jan. 21 — The United States military said that two marines died Sunday in western Iraq and that an additional seven service members died Saturday. The deaths brought the weekend toll to 27 and made Saturday the third-deadliest day for United States forces since the war here began.

Seven of the deaths announced Sunday, including those of three marines, were caused by “enemy action” in Anbar Province, a restive stronghold of the Sunni insurgency, while another soldier was killed Saturday in Baghdad by a roadside bomb, the military statements said.

New details also emerged about clashes on Saturday in the Shiite holy city of Karbala, which left five Americans dead. Lt. Col. Scott R. Bleichwehl, an American military spokesman, said the gunmen who stormed the provincial governor’s office during a meeting between American and local officials were wearing what appeared to be American military uniforms in an effort to impersonate United States soldiers.

The sophisticated attack hinted at what could be a new threat for American troops as they start a fresh security plan centered on small bases in Baghdad’s bloodiest neighborhoods, where soldiers will live and work with Iraqi forces. Military officials have said that one of their greatest concerns is that troops will be vulnerable to attack from killers who appear to be colleagues.

It is not uncommon for gunmen to impersonate Iraqi security forces, but this seems to be the first time that attackers have tried to disguise themselves as Americans.

Colonel Bleichwehl declined to provide further details about the Karbala attackers, emphasizing that the attack was still being investigated. But Iraqi officials said the gunmen disguised their intent with uniforms, American flak jackets, guns and a convoy of at least seven GMC sport utility vehicles, which are usually used by American officials in Iraq.

Karbala’s provincial governor, Akeel al-Khazaali, said at a news conference that the local police at a checkpoint on the city’s edge waved the vehicles through because they believed the convoy held important Americans. At other checkpoints, the police said, the vehicles sped through without stopping. In one case, some of the impersonators fired their weapons, and when they reached the provincial offices, they simply attacked.

The police in Babil said the disguises were imperfect — officers at checkpoints saw that the men were bearded, they said — but sufficient to get the gunmen through a crowded, heavily patrolled city without being searched.

After the attack, which was repelled by American forces, the police said, the gunmen fled north into Babil Province, where several sport utility vehicles matching the description of those used in the attack were found Sunday.

DOJ_NMG_0119212

Mr. Khazaali said the identities of the gunmen were unknown. Other Iraqi officials said the clues pointed to Sunni groups based in Elbu Alwan, a Sunni stronghold about 25 miles north of Karbala in Babil Province. Four of the vehicles were found there early Sunday morning, the police said.

They said American and Iraqi troops immediately surrounded the town and were still searching the area on Sunday.

Some police commanders in Babil Province and Mr. Khazaali said one of the recovered vehicles in Elbu Alwan held three American bodies and a fourth soldier who was critically wounded. Mr. Khazaali also said that at least one additional American had been kidnapped. But American military officials said they were not missing anyone, and other police commanders in Babil said the men found in the vehicle were gunmen.

The sport utility vehicles also held clues of the attackers' elaborate efforts to pass as American. One had a sign on its back window warning drivers to stay back, in English and Arabic, the authorities said, a close copy of those used on some official American vehicles. They also said a bag of civilian American clothing, guns and body armor had been found in the vehicles.

The police said two other empty vehicles were found in Sadda, about 15 miles north of Hilla, the major city in the province.

Uncertainties also lingered Sunday about Saturday's deadliest incident, the crash of a Black Hawk helicopter north of Baghdad that left 12 service members dead. Though local authorities said the helicopter was shot down, the military said once again on Sunday that the crash was still under investigation. It provided no information about the cause of the crash.

The deadliest day for American service members in Iraq also involved a helicopter crash. On Jan. 26, 2005, 37 uniformed Americans died, including 31 when a Marine helicopter crashed in a sandstorm. The second-deadliest day was March 23, 2003, when 28 Americans were killed and Pfc. Jessica Lynch, among others, was captured.

In Baghdad, lawmakers loyal to the militant cleric Moktada al-Sadr ended their nearly two-month boycott of Parliament and ferociously lashed out at American officials for their recent arrest of a cleric and senior adviser to Mr. Sadr, Abdel Hadi al-Daraji.

Falah Shashal, one of 30 members in the bloc supporting Mr. Sadr, said the American raid, in which one of Mr. Daraji's guards was killed, "was inhuman and against human rights."

Two separate car bombs in the capital killed at least seven people and wounded 20 more, an Interior Ministry official said. A roadside bomb killed a British soldier north of Basra in southern Iraq, according to the British military.

In Mosul, the Iraqi police detained three Iranians on Saturday, said Wathiq al-Hamdani, the police chief for Nineveh Province. He said the men were found without passports and claimed that they had permission to travel in an adjacent Kurd-controlled area and were lost. American forces detained six Iranians on Jan. 11 after raiding an office in Erbil, a major city in Iraqi Kurdistan.

In Dibis, in Kirkuk Province, gunmen fired on guards protecting local oil facilities on Sunday, setting one oil well on fire. Iraq's oil minister, Hussein al-Sharistani, said that such attacks appeared to be on the rise. He said at a news conference that 289 Iraqi oil workers had been killed in 2006, and an additional 179 wounded. He called on Iraqis to inform the authorities if they saw anyone "target the interests of Iraq and those who kidnap ministry staff from the work sites to stop Iraq from exporting its oil."

Disguises Used In Attack On Troops (WP)

By Ernesto Londoã±o

The Washington Post, January 22, 2007

BAGHDAD, Jan. 21 -- The armored sport-utility vehicles whisked into a government compound in the city of Karbala with speed and urgency, the way most Americans and foreign dignitaries travel along Iraq's treacherous roads these days.

Iraqi guards at checkpoints waved them through Saturday afternoon because the men wore what appeared to be legitimate U.S. military uniforms and badges, and drove cars commonly used by foreigners, the provincial governor said.

Once inside, however, the men unleashed one of the deadliest and most brazen attacks on U.S. forces in a secure area. Five American service members were killed in a hail of grenades and gunfire in a breach of security that Iraqi officials called unprecedented.

The attack, which lasted roughly 20 minutes, came on a day when the United States lost at least 20 other troops, including a dozen in a helicopter crash, making it the third most lethal day for American forces in Iraq.

Meanwhile, the military announced the arrival of 3,200 troops of the 82nd Airborne Division's 2nd Brigade Combat Team, the first unit to reach Baghdad as part of a 21,500-troop increase that the Bush administration hopes will restore order in the violent capital.

"Soldiers from the 82nd come to us ready to engage in a wide variety of operations in support of the Iraqi Baghdad Security Plan," Lt. Gen. Raymond T. Odierno, the second-ranking U.S. commander in Iraq, said in a statement. "The brigade adds operational flexibility that will assist in securing the population."

U.S. military officials said Sunday that they could not discuss the attack in Karbala in detail because it remained under investigation. But they said the version of events provided by the governor's office was consistent with their preliminary findings.

After arriving at the Provincial Joint Coordination Center in Karbala, 60 miles southwest of Baghdad, the attackers detonated sound bombs, Iraqi officials said. "They wanted to create a panic situation," said an aide to Karbala Gov. Akeel al-Khazaali, who described the events with the governor's permission but on condition of anonymity because he fears reprisals.

The men then stormed into a room where Americans and Iraqis were making plans to ensure the safety of thousands of people expected to visit the holy city for an upcoming holiday.

"They didn't target anyone but the American soldiers," the governor's aide said.

After the attack, the assailants returned to their vehicles and drove away. It was unclear how many people participated, and the men's identities and motive remained unclear, but the attack was particularly striking because of the resources and sophistication involved, Iraqi officials said.

The men drove off toward the city of Babil, north of Karbala, where they shot at guards at a checkpoint, said Capt. Muthana Ahmad, a police spokesman. Vehicles later recovered contained three bodies and one injured individual. The U.S. military took possession of the vehicles, the spokesman said.

In December 2004, a U.S. base in Mosul was penetrated by a suicide bomber who killed 22 people, including 14 U.S. service members. But Saturday's attack appeared to present a new danger to authorities in Iraq: assailants who disguise themselves as officials and travel in convoys.

"The way it happened and the new style, the province has not seen before," said Abdul al-Yasri, head of the provincial council in Karbala. "And this will make us insist on carrying on the security procedures even on official delegates and diplomats when they are coming to Karbala province."

Military officials said Sunday that the cause of the helicopter crash, which killed 12 soldiers northeast of Baghdad on Saturday, also remained under investigation. They said they could not confirm accounts by Iraqi officials and civilians who said it was shot down by insurgents in a Sunni Muslim-dominated area of Diyala province. U.S. officials initially reported that 13 soldiers died in the crash.

The military also announced that two Marines were killed in separate combat incidents Sunday in Anbar province in western Iraq. The military said four soldiers and one Marine were killed in combat Saturday in Anbar. The service members' names were withheld pending notification of their relatives, officials said.

The British military said that a roadside bomb in the southern city of Basra killed one British soldier and wounded four, [a] news agency reported.

Reports of carnage targeting Iraqis also continued Sunday. A passenger stepped off of a public minivan in central Baghdad, leaving behind a bomb that exploded, killing four police officers and three civilians, said Gen. Sadoun Qasim of the Iraqi Interior Ministry.

Elsewhere in Baghdad, at least five people were killed by two improvised explosive devices.

Four Iraqis, including a 1-year-old and a 5-year-old, were killed Friday by an improvised explosive device in the city of Yusufiyah, south of Baghdad, the U.S. military said in a statement. An ambulance transporting one of the wounded struck another roadside bomb en route to the hospital. The second blast caused no injuries.

In Ramadi, 60 miles west of Baghdad, a hospital official said the body of a fighter from the insurgent group al-Qaeda in Iraq was taken to the hospital after being discovered in a house. The 31-year-old man had been carrying a fake Iraqi passport and a real Saudi one, according to Muhammad Ismail, a doctor at the hospital.

Sadr Bloc Ends Boycott Of Iraqi National Assembly

The parliamentary bloc of radical Shiite cleric Moqtada al-Sadr announced an end to a boycott that has kept Iraq's young National Assembly semi-paralyzed for two months.

The Sadr bloc returned to the assembly after a parliamentary committee and the speaker, Mahmoud al-Mashhadani, agreed to a series of demands, said Falah Hasan Shenshel, a member of the Sadr bloc.

The demands included establishing a timetable for the buildup of Iraqi troops and the withdrawal of U.S. troops, and a condition that the presence of foreign troops would not be extended without a vote by the assembly, Shenshel said. U.S. troops should retreat from Iraqi cities and return to their bases by the end of August, he said.

"By doing so, America would confirm that it came to Iraq as a liberator and not as an occupier," Shenshel said.

Sadr's movement has 30 seats in the 275-member parliament, and his political loyalists have called for a prompt withdrawal of U.S. troops. He is widely regarded as a focal instigator of the sectarian violence that has ravaged the country in recent months.

Also Sunday, two officials said that Prime Minister Nouri al-Maliki had ended his protection of Sadr's militia, the Mahdi Army, after U.S. intelligence convinced him that the group was infiltrated by death squads, the Associated Press reported. The officials spoke on condition of anonymity because the information was confidential.

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"Al-Maliki realized he couldn't keep defending the Mahdi Army because of the information and evidence that the armed group was taking part in the killings, displacing people and violating the state's sovereignty," one official said.

U.S. Forces Look To Iraqi City For Progress (LAT)

By Alexandra Zavis

The Los Angeles Times, January 22, 2007

MOSUL, IRAQ — The date 11/11 is so ingrained in the memory of residents of this ancient citadel that it requires no further explanation than 9/11 would in the United States.

On Nov. 11, 2004, the city that had been heralded as an American success story fell to Sunni Arab insurgents and the local police melted away.

It took U.S.-led troops months of hard fighting to reclaim Mosul, a diverse city of about 2 million people wedged between the Kurdish north and Arab south, about 60 miles from the Syrian border.

More than two years later, U.S. officials are again touting the city as an example of progress in an intensified effort to train Iraqi forces to take over security so American troops can begin heading home.

Thousands of new police officers and soldiers have been recruited here and across northern Iraq. Their U.S. handlers say they are better trained, better equipped and more motivated than their predecessors, allowing American forces to reduce their presence in the six northern provinces by more than a third over the last year, to about 19,500.

The 2nd Iraqi Army Division assumed security control over Mosul on Dec. 22 and is expected to fall under the command of Iraqi ground forces today, completing a hand-over that is a cornerstone of the U.S. exit strategy in Iraq.

Still a violent place

Yet the city where former Iraqi leader Saddam Hussein's feared sons, Uday and Qusai, died in a gunfight with U.S. forces in 2003 is far from subdued. Bombings and mortar barrages rattle residents almost daily, and neighborhoods remain hotbeds of the Sunni Arab insurgency. Assassins have killed police officers, journalists, university professors, even a popular singer.

Senna Ahmed, a 27-year-old primary school teacher, said she had not taken her three children for a walk in more than a year. She lives in a predominantly Sunni neighborhood of drab concrete homes that is a focus of violence.

Every day, she said, the streets are clogged with checkpoints — some run by the police, others by Americans, and some by insurgents. Fighters pull up at high speed, set up weapons and start firing at the security forces, sending residents scurrying indoors to escape the inevitable riposte.

"We are caught between the hammer of the insurgents and the anvil of the troops," she said.

U.S. military officials think insurgents inspired by Al Qaeda and funded by exiled members of Hussein's Baath Party are trying to regain a foothold in the city. Last month, the U.S. military announced the capture of a senior Al Qaeda in Iraq leader who they said had returned to Mosul to reorganize the insurgency after spending months directing operations in west Baghdad.

With the U.S. planning to deploy about 17,000 additional troops in Baghdad, officials predict that insurgents will soon redirect many of their activities to cities such as Mosul and nearby Tall Afar. But the province's governor and police and army chiefs say that Mosul will not fall again.

"We sacrificed our blood for this country," said Duraid Kashmoula, who succeeded his slain brother as governor of Nineveh province and has survived more assassination attempts than he can count. "We are not going to let it go now."

Yet he and others blanch at the possibility of American troops leaving the region, which receives little support from Baghdad.

"It is not a good idea for them to leave right now," said Mosul's police chief, Gen. Mohammed Wathiq.

Nobody wants a repeat of 11/11, they said.

No match for insurgency

In the year after the U.S.-led invasion in 2003, the United States spent millions in Mosul refurbishing schools and factories, setting up a police force and fire department, and forming one of the first city councils to draw in members of all the major ethnic and religious groups. At the time, the councils were heralded as a model of representative government.

But when U.S. forces reduced their presence, the police force proved no match for the insurgency, leaving Kashmoula to defend the governor's palace with a handful of bodyguards.

U.S. and Iraqi officials think they have again turned the city around. This time, they say, they have trained and equipped two divisions of soldiers, about 8,000 troops each, and more than 18,000 police officers for the province, of which Mosul is the capital.

Police officers and soldiers who before rarely left their bases are guarding checkpoints, cruising bustling shopping streets, collecting intelligence, conducting raids and breaking up insurgent cells, with U.S. forces taking an increasingly secondary role, American officials said.

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When insurgents attack, the local security forces swarm to the fight, said Army Col. Steve Townsend, commander of the 3rd Stryker Brigade Combat Team, 2nd Infantry Division, based in Ft. Lewis, Wash.

"Sometimes they will say to us, 'Why don't you stay on the [base] today? We'll take care of you,' " said Lt. Col. Fred Johnson, Townsend's deputy. "That's pretty powerful."

The U.S. effort in Mosul, they said, has benefited from close ties with a group of strong Iraqi leaders, including Kashmoula and Wathiq, who meet regularly over endless rounds of sweet tea to coordinate security in the city.

Wathiq regularly goes on patrols with his forces and never misses an opportunity to promote their successes on television.

He strode into his office one Friday morning, normally a day off, for an early morning security meeting with U.S. commanders. He told them he had been out on patrol until 5 a.m., and stopped at home only long enough to change clothes.

"In 2004, there was no security, no peace. Now we are maybe 75% secure," he said, as glasses of tea were passed around the room, which was barricaded behind layers of concrete walls and concertina wire.

As if on cue, a loud explosion rocked the building. Wathiq reached for the phone and barked questions. A suicide car bomber had just plowed into an army convoy, he informed his visitors. There were injuries, but no one was killed.

The main problem, he continued, is the justice system. Police and soldiers are making arrests, but judges are afraid to dispense harsh sentences.

"The terrorists know where they live, and they are afraid," he said, before tucking a pistol into his waist and racing off in a heavily armed convoy to watch a police team play an army squad in a soccer match.

Lack of trust all around

In a bid to counter the problem, the Nineveh criminal court has recently started bringing judges up from Baghdad to try terrorism cases, securing death sentences against at least five defendants, according to local news reports.

Sports matches aside, there remains deep distrust between Wathiq's locally recruited police officers, most of them Sunni Arabs, and the city's predominantly Kurdish soldiers, who were brought in from the north by the U.S. military to help fill the security vacuum in 2004.

Army commanders accuse the police rank-and-file of ties to the insurgency. The police and some residents treat the soldiers like outsiders.

Corruption and inefficiency plague both forces. Residents grumble that police officers are as likely to commit crimes as to solve them. And it can take months for ammunition, spare parts and other crucial supplies to reach the units.

Chronic electricity and fuel shortages compound the misery. Residents say they get only a few hours of power a day and can find no diesel to run generators or gas to heat their homes.

Iraqi officials worry that if services don't improve, public support could swing back to the insurgency.

"The locals are becoming our enemies because of the bad services they are getting," said Brig. Gen. Aziz Abdal Hussein, a former army commander who heads Mosul's Joint Coordination Center, the Iraqi equivalent of a 911 system.

His biggest concern is the legions of young men with no jobs. They are easy prey for insurgents willing to pay $100 to plant a bomb.

"If we don't find them jobs," he said, "the terrorists will."

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Times special correspondent Ruaa Zarary in Mosul contributed to this report.

Hawkish Gates Sees More Force As Leverage (NYT)

By David S. Cloud

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Less than a month after Defense Secretary Robert M. Gates took office, his imprint on American military strategy is beginning to show.

Mr. Gates, it turns out, is a hawk.

In just the last two weeks, he has supported deepening the American military commitment in Iraq, spoken approvingly of sending more troops to Afghanistan and, after dispatching a second American aircraft carrier to the Persian Gulf, declared that negotiations with Iran right now would be futile.

But a hawk may not be all he is. His favorite quotation from history, he told reporters traveling with him this week for meetings with allies and commanders in Europe and the Middle East, is from Frederick the Great, the 18th century Prussian monarch and gifted musician: “Negotiations without arms are like music books without instruments.”

Or, put another way, it takes military power to create the leverage necessary to make negotiations fruitful.

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Mr. Gates seems to be hoping that a short-term application of military might can shift the balance of power in the region sufficiently to make eventual political settlements — between Shiites and Sunnis in Iraq, with Taliban insurgents in Afghanistan and even with the ayatollahs in Iran — more plausible for the United States than they appear right now.

It is too early to say whether this new approach will work, or even whether Mr. Gates's views will ultimately drive decisions in an administration where President Bush himself has rarely shown interest in that sort of strategic thinking.

But there is no mistaking the course change at the Pentagon.

Already there are signs, some large and some small, that Mr. Gates would like to discard assumptions that have dictated how the Bush administration has fought in Iraq.

The most far-reaching of those has been the idea, promoted by his predecessor, Donald H. Rumsfeld, that the American military should be deployed with the fewest number of forces necessary to do the job.

In practice, many critics inside and outside the military say, that has meant that the Army and Marine Corps have never had adequate force levels to do the job in Iraq.

Mr. Bush's plan to send more than 20,000 additional troops to Iraq was not Mr. Gates's idea, but he quickly supported it after joining the administration last month, even overruling military commanders who asked initially for only about 7,000 more troops.

Mr. Gates does seem to share Mr. Rumsfeld's concern that sending more American troops will only delay the day when Iraq's government will assume greater responsibility for security.

But rather than withhold additional troops altogether, Mr. Gates has insisted that the additional forces are a source of leverage over the Iraqi prime minister, Nuri Kamal al-Maliki.

He has emphasized repeatedly that the American troop buildup, which is happening over a period of months, could be halted if Iraq's Shiite-dominated government does not deliver on promises to send its own troops to Baghdad and not to interfere with operations against Shiite death squads in Baghdad.

Perhaps the biggest test of Mr. Gates's influence will be whether the United States follows through on this threat if Mr. Maliki does not comply with those promises.

Mr. Gates's formative experience in government came over a three-decade career as a Soviet specialist in the Central Intelligence Agency.

He argued in a 1999 speech, almost a decade after he stepped down as C.I.A. director, that billions of dollars in covert aid, including Stinger missiles, to the Afghan rebels fighting the Soviet occupation in the 1980s enabled them to "fight the vaunted Soviet Army to a standoff and eventually force a political decision to withdraw."

At its height, the Soviet deployment to Afghanistan was over 100,000 troops, more than double the current American and NATO force level in Afghanistan, and yet the Soviets still retreated in defeat.

In some ways, the United States, as an occupying army in both Afghanistan and Iraq, is dealing with the same difficulties the Soviets faced then.

How can it avoid the same fate? Mr. Gates seems to think it can be done by, in addition to pressuring Mr. Maliki, bringing pressure to bear on other countries to help stabilize the region.

Hopscotching around the Persian Gulf last week, Mr. Gates met with leaders from Saudi Arabia, Qatar and Bahrain, appealing to those Sunni governments to urge their fellow Sunnis in Iraq to reach a political accommodation with the Mr. Maliki's Shiite-dominated government.

His warning to the Persian Gulf kingdoms was blunt: If Iraq falls apart, the Iranian Shiites will gain power in the region, to the Sunnis' disadvantage.

Mr. Gates also seems to think there might be a way to restrain Iran's nuclear ambitions and its meddling in Iraq, short of going to war against Iran. He mused publicly last week that negotiations between the United States and Iran might one day make sense, if the United States could regain "leverage" over the Iranians.

How to do that? As Frederick the Great might have said, send in more troops and another aircraft carrier first.

Al-Maliki Turns On Shi'ite Militia (WT/AP)

By Steven R. Hurst, Associated Press

The Washington Times, January 22, 2007

BAGHDAD -- Iraq's prime minister has stopped protecting Shi'ite cleric Muqtada al-Sadr's militia because U.S. intelligence convinced him that the group was infiltrated by death squads whose actions were leaving him isolated, two officials said yesterday.

DOJ_NMG_0119217

In a desperate bid to fend off an all-out U.S. offensive, the radical anti-American cleric on Friday ordered the 30 lawmakers and six Cabinet ministers under his control to end their nearly two-month boycott of parliament. They were back at their jobs yesterday.

Sheik al-Sadr already had ordered his militia fighters not to display their weapons. They have not, however, ceded control of the formerly mixed neighborhoods that they captured by killing Sunnis or forcing them to abandon their homes and businesses.

The U.S. death toll from Saturday climbed to 25, as the military reported yesterday that six more troops had died that day, the deadliest in two years.

The latest military reports said that four soldiers and a Marine had died during combat Saturday in Anbar province and that one soldier was killed in a roadside bombing northeast of Baghdad.

Nineteen of the deaths were reported Saturday: 12 in a Black Hawk helicopter crash, five in an attack on a security meeting in the Shi'ite holy city of Karbala and two in roadside bomb attacks elsewhere. It was the third highest one-day toll of the war.

Prime Minister Nouri al-Maliki's turnaround on the Mahdi Army was surprising. As recently as Oct. 31, he had intervened to end a U.S. blockade of Sadr City, the Shi'ite enclave in Baghdad that is the militia's headquarters. The group has been held responsible for much of the sectarian bloodshed that has turned the capital into a battle zone in the past year.

Sometime between Oct. 31 and Nov. 30, when the prime minister met President Bush in Amman, Jordan, Mr. al-Maliki began to believe the U.S. intelligence reports and other evidence about the militia, the two government officials said.

"Al-Maliki realized he couldn't keep defending the Mahdi Army because of the information and evidence that the armed group was taking part in the killings, displacing people and violating the state's sovereignty," said one official.

Both he and a second government official who confirmed the account refused to be identified by name.

"The Americans don't act on rumors but on accurate intelligence. There are many intelligence agencies acting on the ground, and they know what's going on," said the second official, confirming the Americans had given Mr. al-Maliki overwhelming evidence about the Mahdi Army's deep involvement in the sectarian slaughter.

Earlier this month, Mr. Bush and Mr. al-Maliki separately announced a new security drive to cut off the sectarian violence in the capital and surrounding regions.

Mr. Bush announced that an additional 21,500 U.S. troops would be sent to Iraq, and Mr. al-Maliki promised a similar number of forces, who will take the lead in the overall operation.

Iraq's Special Forces Command division has teamed with the Americans since late last year for a series of pinpoint attacks in which at least five top Mahdi Army figures have been killed or captured.

The neighborhood-by-neighborhood sweep, expected to begin in earnest by next month, will target Sunni insurgents, al Qaeda in Iraq and its allied militant bands as well as Shi'ite militias, such as the Mahdi Army and the Badr Brigade.

The latter is the Iranian-trained military wing of Iraq's most power Shi'ite political group, the Supreme Council for the Islamic Revolution in Iraq.

The first government official said Mr. al-Maliki's message was blunt.

"He told the sheik that the activities of both the Sadrist politicians and the militia have inflamed hatred among neighboring Sunni Arab states that have been complaining bitterly to the Americans," the official said.

Sunni Muslims are the majority sect in the key Arab countries, including Saudi Arabia, Jordan and Egypt.

Bush And Maliki: With Friends Like These… (NSWK)

By Michael Hirsh And Richard Wolffe

Newsweek, January 29, 2007

It may have been the last time George W. Bush felt really good about Iraq. Last June, as the president flew back from a surprise visit to Baghdad—and his first sitdown with the new Iraqi prime minister, Nuri al-Maliki—he was visibly excited. Bush was savoring a rare moment in his presidency: an unbroken string of great news out of Iraq. The U.S. Air Force had just knocked off Abu Mussab al-Zarqawi at his hideout north of Baghdad. The tough, plain-spoken Maliki had replaced Ibrahim Jaafari, Iraq's disastrously wishy-washy interim prime minister. And Bush had brazenly ordered Air Force One into a war zone in broad daylight so that he could shake hands with Iraq's first democratically elected leader under the new Constitution. The president wasn't disappointed. "I wanted to hear whether or not he was stuck in the past or willing to think about the future," a relaxed Bush later told reporters onboard Air Force One. "And I came away with a very positive impression." Maliki, Bush said back then, "is a no-nonsense guy that talks about priorities and how he's going to achieve the priorities. And that's comforting."

The White House doesn't seem to be taking much comfort in Maliki now. Late last week Bush gathered a group of his dwindling Republican supporters in the third-floor solarium at the White House to discuss his latest plan to salvage the war in Iraq—the deployment of 21,000 more U.S. troops to pacify Baghdad and Anbar province. According to one participant,

conservative Sen. Craig Thomas of Wyoming, many of the GOP senators expressed doubts that America could depend on Maliki. They cited the Shiite leader's failure to quell the sectarian violence that contributed to the deaths of more than 34,000 Iraqis in 2006, according to the United Nations, as well as nearly 600 U.S. soldiers since he took over in May. "The president expressed doubts, too," says Thomas. With Vice President Dick Cheney sitting silently beside him, Bush "also indicated he was going to make pretty clear what he expects from the prime minister." Echoing Secretary of State Condoleezza Rice, who recently told Congress that Maliki was living on "borrowed time," Bush added ominously that "if [Maliki's effort] doesn't work very well there's a good chance those people over there will replace him," says Thomas.

Rarely have so many American hopes depended on a single foreign leader—and one of dubious loyalties at that. The president will walk into the well of the House for his seventh State of the Union speech this week, knowing that his fate is inextricably tied to Maliki's. While Bush will get the customary ovation, he knows the war has emboldened Democrats and silenced Republicans in Congress. In the new NEWSWEEK Poll, the president's approval rating matched his record low of 31 percent. Seventy percent of Americans disapprove of his handling of Iraq, and more than half trust the Democrats in Congress to make better decisions about the war. Two thirds oppose his plan to inject more troops into the fight. Among Republicans, however, there is still broad support for both the war and the president, which creates a dilemma for nervous GOP candidates looking to the next election.

Not surprisingly, the president has retooled his State of the Union address to focus on Iraq. And the key audience will not be Democrats, who are planning to vote on a nonbinding Senate resolution opposing Bush's "surge" plan next week. Instead it will be Republicans, at least a dozen of whom are expected to join Sen. Chuck Hagel voting in favor.

Much of their skepticism can be traced back to mistrust of Maliki, who admittedly has not given them much reason for confidence. The Iraqi prime minister was put into power with the support of Shiite radical Moqtada al-Sadr's political bloc, and has stymied previous U.S. attempts to target Sadr's Mahdi Army militia. During the most recent U.S. attempt to stabilize Baghdad, just last fall, he could not or would not provide enough Iraqi troops to make the plan work. His handling of Saddam Hussein's execution, an unsavory affair marred by Shiite taunts of the former dictator, again raised questions of whether he was biased against Sunnis. "So much of our future in that place is in the hands of Maliki," says one Republican doubter, Sen. George Voinovich of Ohio, who doesn't think the Iraqi prime minister is up to the challenge. He also worries that Maliki wants to turn Iraq into "a Shiite theocracy like they have in Iran."

True, like many Shiite opponents of Saddam, Maliki spent almost a decade in exile—in Syria and Iran—in the 1980s. During that time he developed ties to the Sadr family, and his Dawa Party is seen by many Iraqi Sunnis as part of Tehran's sphere of influence. Yet unlike Sadr or other Iraqi politicians like Abdelaziz al-Hakim, leader of the Iranian-backed Supreme Council for Islamic Revolution in Iraq (SCIRI), he is not a cleric himself. He also has a reputation as a pragmatist, earned while helping to negotiate Iraq's Constitution in 2005. Asked about Sadr last week, Maliki said that if the cleric works with the Baghdad government, then "he is my friend and he is my ally. If he does the opposite, he would be someone who is rebellious, someone who is acting against the law. To assure you ... in the last four years, I only talked to [Sadr] twice."

Bush's new public coolness toward Maliki is at least partly an attempt to show skeptical Republicans that he's not going into this blindly. For his part, Maliki cannot afford to look as though he's kowtowing to Washington when Sunni insurgents continue to massacre his fellow Shiites. He hasn't publicly supported Bush's "surge" plan, and responded to questions about Rice's "borrowed time" remark by saying the secretary had given a "morale boost" to terrorists.

On the other hand, to establish his bona fides with Bush, Maliki emphasized to reporters in Baghdad last week that Iraqi forces had detained some 400 members of Sadr's militia in recent months. Still, U.S. officials were unnerved two weeks ago when Maliki named an obscure Shiite general from Iraq's south, Lt. Gen. Aboud Qanbar, as the new commander of Iraqi forces in Baghdad. A U.S. official who is privy to Iraq intelligence but would discuss sensitive material only anonymously noted that there were many other officers whom Maliki could have chosen for the job who would have been less polarizing to Sunnis.

The U.S. military is now so suspicious of Maliki that on Friday, when U.S. forces arrested Sadr's media director in Baghdad, Sheik Abdul Hadi Darraji, the prime minister's office wasn't even informed of the raid. Darraji has been linked to death-squad killings of Sunnis in Baghdad. Some Iraqi politicians who are also leery of Maliki say it was wise of the Americans to keep him out of the loop. "If Maliki had been told, [the arrest] wouldn't have happened," says Mahmoud Othman, a Kurdish member of Parliament. "Maliki would not agree to this." Indeed Maliki has intervened several times in recent months to secure the release of Sadr supporters.

Why has Bush seemingly staked his legacy on this contradictory figure? At one time the bond seemed deeply personal. At their last face-to-face meeting, in Jordan in November, Bush called the Iraqi prime minister "the right guy for Iraq." His judgment was based partly on Bush's respect for Maliki's courage under fire. "He's been in power for six months, and I've been able to watch a leader emerge," the president told reporters. At the same time, White House officials also revealed they had

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eavesdropped on Maliki's private conversations to make sure the Iraqi prime minister was telling his supporters the same thing he was telling U.S. officials. They were reassured that he was, for the most part—a marked contrast to Jaafari.

According to sources knowledgeable about the discussions, departing U.S. ambassador Zalmay Khalilzad has also supported Maliki's line on Sadr—that his ties to the cleric give him a better chance than anyone of persuading Sadr to work within the political system. But the biggest reason to trust Maliki may simply be that Washington has no other choice. Hakim's SCIRI is the single largest party in Parliament and would likely provide the next prime minister if Maliki were voted out. But U.S. officials note that the first Shiite death squads to appear on the scene in 2005 had shadowy links to the Ministry of Interior, which is dominated by Hakim's party. There is no talk of replacing Maliki with a military strongman—something that would be virulently opposed not only by Iraqis but also, according to the NEWSWEEK Poll, by 83 percent of Americans. Maliki "is a reasonably bad choice among a set of really bad options," says one former senior U.S. official who spoke anonymously because he maintains close ties to the White House.

Ironically, American generals may be more willing to give Maliki time than the politicians back in Washington. Lt. Gen. David Petraeus, the incoming commander of multinational forces in Iraq, understands that the main point of the surge is to provide just enough security on the streets of Baghdad. Then, say Defense officials speaking anonymously because they are not authorized to discuss Petraeus's thinking, Maliki can theoretically persuade Sadr to stand down his militia. If that succeeds, then the frightened Sunni population might just be persuaded to part ways with insurgents. While Mahdi militia commanders warn they will retaliate if attacked by the Americans, for now the movement's political leaders are urging patience. "We have instructions from Sayeed Moqtada to stay calm so that the Sadr followers aren't dragged into this confrontation," Baha al-Araji, a senior Sadr leader and member of the National Assembly, told NEWSWEEK.

The question is whether Bush or Maliki will get all the time they need. Sen. Gordon Smith of Oregon, another Republican who has come out as a strong critic of the surge plan, says many of his GOP colleagues who still publicly support the war effort have told him they're giving the president until the end of 2007. "Patience is not inexhaustible, and it is likely to run out this year," Smith said. The problem: the better part of the "surge" troops won't get there until the middle of 2007, leaving Maliki little time to produce.

And so Bush and Maliki are engaged in an awkward minuet with one another: each needs a partner, but they can't afford to dance too closely. As Maliki himself puts it rather clinically: "A relationship of interconnected interests has been formed between me and President Bush." While administration officials deny there is any "Plan B" if Maliki fails—if he prevents U.S. troops from going after Shia militias and Sunni insurgents equally, for instance—this is mostly to try to pump up public confidence. "Of course the administration has thought about it," says Philip Zelikow, who served as Rice's senior counselor until January. "They don't want to talk about it. They're trying to create a climate of positive expectations to replace the vicious cycle of negative expectations last year." Expectations are fine—for a time. But reality ultimately matters more, and the shape of that reality is now in the hands of Nuri al-Maliki.

History's Verdict (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, January 22, 2007

Only 32 percent of Americans approve of his job performance. Forty-three percent say that his war was a mistake. Critics deride him as too stubborn and inflexible. Others dismiss him as an intellectual lightweight. But the president sticks to his guns. "I wonder how far Moses would have gone if he'd taken a poll in Egypt?" he writes. "It isn't polls or public opinion of the moment that counts. It's right and wrong."

Sounds like President Bush, defending his policies in Iraq and the war on terrorism. Actually, it was Harry Truman in 1952, defending his conduct of the Cold War and the war in Korea.

As Bush struggles to salvage victory in Iraq and regain some political traction with his State of the Union address, the 43rd president increasingly sees himself—rightly or wrongly—in the mold of the 33rd. Bush recently told congressional leaders his own policies would be vindicated by history, just as Truman's were. Others aren't so sure.

"Both men happened to be in office when a new international challenge took place, and each dealt with it in a different way," says Boston University historian Julian Zelizer. Adds presidential scholar Doug Brinkley: "What they have in common is that both are presidents who operate out of certitude" and stayed the course despite opposition from their adversaries in Congress and doubts among the American people.

In a commencement address at West Point last May, Bush praised Truman for restructuring both government institutions and the armed forces to deal with the communist threat, and for showing bold decisiveness by ordering an airlift to break a Soviet blockade of Berlin. "By the actions he took, the institutions he built, the alliances he forged, and the doctrines he set down, President Truman laid the foundations for America's victory in the Cold War," Bush told the cadets. He added that America's

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adversaries today are similar to those Truman faced—enemies who pursue a "murderous ideology that despises freedom, crushes all dissent, has territorial ambitions, and pursues totalitarian aims."

The problem is that at least some presidential scholars believe Bush may be exaggerating the parallels. They wonder whether his response in Iraq or his approach to terrorism measures up to the sort of hard-eyed realism or long-term vision displayed by Truman. "A little knowledge is a dangerous thing," says Rutgers political scientist Ross Baker. "President Bush can draw a lot of false analogies."

Adds presidential scholar Robert Dallek: "Everybody who gets into serious trouble in the presidency invokes the Truman history and the Truman experience. But there's only one Harry Truman."

These historians also tend to draw a distinction between the magnitude of the decisions thrust on Truman and those facing Bush. While Bush and his allies say he is "trying to reposition America for a new world order" in the wake of 9/11, Brinkley observes, "the Bush argument is a huge stretch. It dishonors the legacy of Truman to make the comparison."

Truman, who took over the presidency following the death of Franklin Roosevelt in April 1945, presided over the end of World War II. He ushered in the atomic age by ordering the bomb dropped on Japan. He and his aides devised a series of pathbreaking institutions to contain communism during the Cold War. Among Truman's innovations: the founding of the United Nations, the World Bank, and the International Monetary Fund in 1945; the creation of the CIA, the National Security Council, and the Joint Chiefs of Staff, and the promotion of the Truman Doctrine, which declared America's intention to help nations combat communist insurgencies around the world, all in 1947; starting the Marshall Plan to provide massive economic aid to Europe in 1948; the Berlin airlift in 1948-49; and the NATO treaty in 1949, which placed Europe under an umbrella of U.S. security.

White House Press Secretary Tony Snow told U.S. News that Truman "laid the foundation for presidents later. President Bush wants to lay foundations for future presidents on the central point of our national security for many years to come."

Still, the critics are skeptical. Bush's creation of the Department of Homeland Security, which he initially opposed, and his other steps to fight terrorism—like reorganizing the nation's intelligence capabilities—may not measure up to Truman's achievements, according to some historians. "He's really reaching," Dallek argues. "Where is his containment doctrine, as Truman had? What is his doctrine for ending the war on terrorism?"

Yet there is one big unknown: The scholars admit that if there are no more major terrorist attacks on the United States by the end of his presidency, Bush can argue that he accomplished his most vital mission—keeping America safe. That would be an accomplishment that historians couldn't ignore. Both Bush and Vice President Dick Cheney have always linked the war in Iraq to the global war on terrorism. They say fighting in Iraq is keeping the "evildoers" at bay and preventing them from taking their battle into the United States.

BIG DOINGS

Truman and Bush governed during historic times. "Each period of our national history has had its special challenges," Truman said in his inaugural address on Jan. 20, 1949. "Those that confront us now are as momentous as any in the past. Today marks the beginning not only of a new administration but of a period that will be eventful, perhaps decisive, for us and for the world."

In his State of the Union address on Jan. 31, 2006, Bush made a similar point. "We've been called to leadership in a period of consequence. We've entered a great ideological conflict we did nothing to invite," he said. "[T]he destination of history is determined by human action, and every great movement of history comes to a point of choosing."

Both presidents sought to spread democracy around the world—Truman in opposition to communism, Bush in opposition to Islamic jihadism. "Democracy alone can supply the vitalizing force to stir the peoples of the world into triumphant action, not only against their human oppressors but also against their ancient enemies—hunger, misery, and despair," Truman proclaimed in his 1949 inaugural. Bush has echoed those themes many times.

In a statement that startled many in Washington, Bush declared in his inaugural speech on Jan. 20, 2005: "The survival of liberty in our land increasingly depends on the success of liberty in other lands. The best hope for peace in our world is the expansion of freedom in all the world. ... So it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world."

COMPARING KOREA AND IRAQ

It was after his surge of far-reaching Cold War initiatives in the late 1940s that Truman experienced his most bitter dilemma. In November 1950, as American and allied forces pushed North Korean invaders out of South Korea, disaster struck. China flooded the peninsula with several hundred thousand troops and pushed the United States, the South Koreans, and other coalition forces back 300 miles. Gen. Douglas MacArthur urged the administration to recognize that the United States was in a state of war with China and to drop 30 to 50 atomic bombs on Manchuria and the cities of China. Truman, fearing a world conflagration, refused to seriously consider those options. MacArthur, however, continued to promote his plan on Capitol Hill,

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until April 11, 1951, when Truman announced that he had fired the popular general. At the time, it was a much-criticized decision; Truman was accused of refusing to take the blame for a war gone bad. But the firing was later lauded by historians. They said the commander in chief could never allow a military officer to defy him.

Bush sees parallels in his steadfast pursuit of victory in Iraq, despite many setbacks. And Bush's removal of his top generals in early January seemed based on a Truman-like conviction that the top brass need to be on the same page as the president, this time regarding a "surge" of troops into Iraq. Gen. John Abizaid is being replaced by Adm. William Fallon as the top U.S. commander in the Mideast, and Gen. George Casey is being replaced by Lt. Gen. David Petraeus as U.S. commander in Iraq.

But Rutgers political scientist Ross Baker points out that the Korean War was a broad international operation, conducted under United Nations auspices. "It really was a multinational force," Baker says, in contrast to the Iraq war, which started as a mostly unilateral intervention, with some help from Britain, and remains largely a U.S. enterprise. Casualties in Korea, though, were far heavier. The United States has lost about 3,000 soldiers and marines in Iraq so far. The Korean War claimed more than 54,000 Americans.

THE COLD WAR AND THE WAR ON TERRORISM

"President Bush makes an explicit comparison between the beginning of the war on terror and the beginning of the Cold War," says a former senior Bush adviser who was at the president's side for most of his first term. "Truman had massive historical challenges with a nation that had grown tired. But Truman very consciously tried to put in institutional frameworks to deal with these challenges."

In his farewell address to the nation, given from the Oval Office on Jan. 15, 1953, Truman said, "I suppose that history will remember my term in office as the years when the Cold War began to overshadow our lives. I have had hardly a day in office that has not been dominated by this all-embracing struggle. ... And always in the background there has been the atomic bomb. But when history says that my term of office saw the beginning of the Cold War, it will also say that in those eight years we have set the course that can win it."

Bush takes a different tack. "You never know what your history is going to be until long after you're gone," he says. "So presidents shouldn't worry about history. You just can't. You do what you think is right, and if you're thinking big enough, that history will eventually prove you right or wrong."

Dallek has reached his own controversial conclusion, and Bush would not be pleased. "Bush will be remembered more for the war in Iraq than the war on terrorism," the historian told U.S. News. "The war in Iraq is a disaster. And there is no grand strategy for the war on terrorism." Unless Bush can turn Iraq around or somehow elevate the war on terrorism to a historic level, "he will be seen as a failed president," Dallek contends.

Yet Bush appears to believe he is destined to win the war on terrorism, according to friends. "He believes he is there for a reason," says a confidant, "and he should try as hard as he can—and leave the rest to God."

Truman was less moralistic, emphasizing the importance of "luck and personality, forces quite beyond effort or determination," writes biographer David McCullough. "And though few presidents had ever worked so hard or taken their responsibilities so to heart in time of crisis as Truman had since the start of the war in Korea, it was luck, good and bad, and the large influence of personality that determined the course of events time and again, and never more so than in late December 1950 [shortly after China entered the Korean War], in the midst of his darkest passage."

Truman believed a president's first job was to make the tough choices. "The greatest part of the president's job is to make decisions—big ones and small ones, dozens of them almost every day," Truman said in that January 15 farewell address. "The papers may circulate around the government for a while, but they finally reach this desk. And then, there's no place else for them to go. The president—whoever he is—has to decide. He can't pass the buck to anybody. No one else can do the deciding for him. That's his job."

Bush made a similar point to reporters last April. "I hear the voices," he declared, "and I read the front page, and I know the speculation. But I'm the decider, and I decide what is best."

When he talks privately to friends and aides, Bush says the central question for history will be not whether he did too much in the war on terrorism but whether he did enough. "No one's going to accuse this president of not being tough enough in trying to prevent it," says a key White House adviser.

There is another parallel. In 1946, the besieged president's party lost control of both houses of Congress to the GOP, partly as a referendum on Truman and his policies. The same thing happened to the Republicans under Bush in last November's elections. Led by Truman, the Democrats made a comeback in 1948 and recaptured Congress, but four years later, in 1952, they not only lost Congress but also were ousted from the White House by Republican Dwight Eisenhower.

That can't be heartening for Bush as he ponders the next two years.

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Iraq Study Group: The Forgotten Men (NSWK)

By Dan Ephron

Newsweek, January 22, 2007

Jan. 29, 2007 issue - For Leon Panetta, the gesture of respect failed to disguise the rebuff. Two hours before George W. Bush announced plans to send more troops to Iraq earlier this month, the president had his national-security adviser, Stephen Hadley, brief members of the Iraq Study Group by phone on the "surge" plan. Nine of the bipartisan panel's 10 members were on the line, including co-chairs James Baker and Lee Hamilton.

Panetta, one of the Democrats on the commission and President Bill Clinton's former chief of staff, says Hadley began by listing those recommendations Bush had chosen to incorporate into his plan. Most were minor, according to Panetta. "I interrupted him and said that while we made 79 recommendations, three were the heart and soul of the report," Panetta told NEWSWEEK, citing the drawdown of U.S. troops by next year, the need to penalize the Iraqi government if benchmarks were not met and the call for diplomacy with Iran and Syria. Hadley's response—the three were not part of the Bush plan—left Panetta feeling hoodwinked. "Mainly I'm offended by the way they created the impression they gave it consideration but really didn't." (A National Security Council official confirmed the exchange.)

A month ago, members of the graybeard Iraq Study Group were rock stars in Washington. Their report appeared to herald a return to pragmatism in Iraq, and the published version whizzed to the top of The New York Times best-seller list (fifth, as of last week, in the nonfiction paperback category). Now Hamilton, Baker and the rest are back running academic institutes or consulting firms, gone and maybe forgotten.

Or are they? Baker and Hamilton are returning to Congress this month to testify before key committees and argue for a wider diplomatic push in the Middle East. "I think you may be seeing our coming out more publicly," says Edward Djerejian, Baker's top adviser. (His boss is known to think that while the troop surge can be squared with the panel's recommendations, Bush's refusal to engage Iran and especially Syria diplomatically is the real mistake.) With opponents on both sides of the aisle predicting that Bush's surge will fail, some Capitol Hill insiders are talking about the ISG report as a kind of Plan B, to be revisited a few months down the road. "Even if it's not the star people thought it would become, the north star, it's still there, and a lot of what's in it will probably happen anyway," says a senior Democratic staffer in the Senate who did not have his boss's permission to speak on record.

If other panelists are disappointed, they're not letting on. Democrat Vernon Jordan says he knew from the start Bush would pick and choose: "I'm not walking around wounded." Ditto Alan Simpson, the Republican former senator from Wyoming: "We're all grown-up boys and girls. We didn't stick our thumbs in our mouths and pout." Edwin Meese, the Republican who served as Ronald Reagan's attorney general, thought Bush actually incorporated most of the panel's recommendations. And Hamilton says the panel "changed the debate" on Iraq, affecting the language Bush used in his speech.

If that sounds like cold comfort, there's always the report's financial success to savor. Publisher Vintage Books says 280,000 copies have already been shipped to stores, not bad for a policy manual. No, Baker et al. don't get a windfall. After commission expenses are paid, a portion of the money goes to the National Military Family Association, which supports the spouses and children of soldiers in service. With more troops heading to Iraq, it's money well spent.

Zakaria: Has Bush Soured The World On Democracy? (NSWK)

By Fareed Zakaria

Newsweek, January 22, 2007

Jan. 29, 2007 issue - No president has attached his name more completely to the promotion of democracy than George W. Bush. He speaks of it with genuine passion and devoted virtually his entire second Inaugural to the subject. His administration talks constantly about its "freedom agenda" and interprets global events largely in such terms. Last summer, for example, as missiles, car bombs and IEDs exploded across Lebanon, Gaza and Iraq, Condoleezza Rice described the violence as the "birth pangs" of a new, democratic Middle East. So it is striking to read this year's annual survey of "freedom in the world," released last week by Freedom House, a nonprofit that is engaged in promoting democracy around the globe. The report points out that 2006 was a bad year for liberty, under attack from creeping authoritarianism in Venezuela and Russia, a coup in Thailand, massive corruption in Africa and a host of more subtle reversals.

"The percentage of countries designated as free has failed to increase for nearly a decade and suggests that these trends may be contributing to a developing freedom stagnation," writes Freedom House director of research Arch Puddington in an essay released with the rankings. Puddington also calls attention to the "pushback" against democracy. Regimes across the world are closing down nongovernmental organizations, newspapers and other groups that advocate for human rights. And, I

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would add, what is most striking is that these efforts are not being met with enormous criticism. Democracy proponents are on the defensive in many places.

What explains this paradox—of freedom's retreat, even with a U.S. administration vociferous in promoting democracy? Some part of the explanation lies in the global antipathy to the U.S. president. "We have all been hurt by the association with the Bush administration," Saad Eddin Ibrahim, the Egyptian activist, told me last month. "Bush's arrogance has turned people off the idea of democracy," says Larry Diamond, co-editor of the Journal of Democracy.

But he goes on: "There's a lot more to it than that. We need to face up to the fact that in many developing countries democracy is not working very well." Diamond points to several countries where elections have been followed by governmental paralysis, corruption and ethnic warfare. The poster child for this decline has to be Nigeria, a country often lauded for its democracy. In fact, the place is in free fall—an oil-rich country with per capita GDP down to $390 (from $1,000 20 years ago), a ranking below Bangladesh on the United Nations Human Development Index, and with a third of the country having placed itself under Sharia. The new Freedom House survey rates Haiti higher now because it held elections last year. But does anyone believe that those polls will change the essential reality in Haiti—that it is a failed state?

The basic problem confronting the developing world today is not an absence of democracy but an absence of governance. From Iraq to the Palestinian territories to Nigeria to Haiti, this is the cancer that is eating away at the lives of people across the globe, plunging countries into chaos, putting citizens' lives and livelihoods at risk. It is what American foreign policy should be focused on. But the president's freedom agenda sees the entire complex process of political and economic development through one simple lens, which produces bad analysis and bad outcomes.

Consider Iraq. The administration has constantly argued that Iraq has witnessed amazing political progress over the last four years only to be undermined by violence. In fact, Iraq has seen its politics and institutions fall apart since the American invasion. Its state was dismantled, its economy disrupted, its social order overturned and its civic institutions and community corroded by sectarianism. Its three communities were never brought together to hammer out a basic deal on how they could live together. The only things that did take place in Iraq were elections (and the writing of a Constitution that is widely ignored). Those elections had wondrous aspects, but they also divided the country into three communities and hardened these splits. To describe the last four years as a period of political progress requires a strange definition of political development.

The administration now rewards democracies with aid. But why not have a more meaningful measure? Why not reward countries when they protect human rights, reduce corruption and increase the quality of governance? "Our aid should be conditional on absolute standards," says Diamond. "The European Union has forced change on countries that want to join it by demanding real progress on tough issues."

An administration that thinks of itself as tough has been almost romantic in its views of the world. There is good and evil out there. But there is also competence and incompetence, and that makes a crucial difference around the globe—in fact, even in the United States.

War's Arab Supporters Bitter Over Its Results (WP)

By Anthony Shadid

The Washington Post, January 22, 2007

DUBAI, United Arab Emirates -- With a certain satisfaction, Lebanese journalist Michael Young watched a local station broadcast images seen across the world on April 9, 2003: the toppling of Saddam Hussein's statue in Firdaus Square, its reverberations rumbling across a stunned Middle East. Out of curiosity, he switched to a satellite station from Syria. It was showing a documentary on a venerable Damascene mosque. He flipped to another channel, where a former Egyptian general was dismissing the idea that day that the Iraqi capital had even fallen.

"If they were scared of what was happening in Baghdad, there was more power in this moment than might have been expected. The regimes were truly scared of this moment, truly scared," recalled Young, the opinion editor of the Daily Star in Beirut.

"The problem is," he added, "the Americans failed."

The coterie of Arabs who supported the U.S.-led invasion were never the target of expensive American propaganda efforts. Their unpopular stands in the Arab world earned them inboxes full of angry e-mails; a few claimed they got death threats. And nearly four years after the invasion they backed, their sense of frustration, resentment and even betrayal speaks volumes about how withered American standing is in the Middle East today and how far the region itself has deteriorated, riven as it is by escalating conflicts, worsening sectarian tension and a simmering struggle with an ascendant Iran.

"It's a success story for al-Qaeda, a success story for autocratic Arab regimes that made democracy look ugly in their people's eyes. They can say to their people: 'Look at the democracy that the Americans want to bring to you. Democracy is

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trouble. You may as well forget about what the Americans promise you. They promise you death,' " said Salameh Nematt, a Jordanian analyst and the former Washington bureau chief for the Arabic-language daily newspaper al-Hayat.

Added Magdi Khalil, an Egyptian writer and proponent of the invasion, "Everything, everything is very gloomy."

The Israeli-Palestinian conflict has long festered, cultivating indelible resentment toward the United States, Israel's strategic ally. Now it is joined by growing crises and wars in Lebanon, Iraq and, on the Arab world's borders, Iran and Somalia. The Bush administration is moving to arm perceived allies: Nearly $100 million is proposed for Palestinian security forces pitted against the Islamic movement Hamas and potentially hundreds of millions more for the Lebanese army, seen as a bulwark against the ambitions of the Shiite Muslim movement Hezbollah. Across the region, political affiliations are being pared to the raw bone of sectarianism, often accompanied by emotional expressions of Sunni and Shiite identity.

From the Persian Gulf to Egypt, the arc of the administration's avowed aim of promoting democracy in a region still largely run by autocrats and monarchs has come full circle. In the latest sign of shifting priorities, Secretary of State Condoleezza Rice eschewed public criticism of Egypt's authoritarian government during a visit last week, declaring it instead part of "an important strategic relationship, one that we value greatly." Some critics see a reversion to past U.S. policy, forging an alliance of what Washington considers mainstream, albeit autocratic, states against Iran, Syria and groups such as Hamas and Hezbollah.

Implicit, critics say, is the prospect of greater confrontation in a region already racked by it.

"What's coming is worse than what is now," columnist and editor Ghassan Tueni wrote in Beirut's an-Nahar newspaper.

"If the future and coming two to three years are negative, and what is sought after fails, the legacy will be a disaster, one of the first major disasters of the 21st century," said Shafeeq Ghabra, a political science professor at Kuwait University.

In March 2003, most of the Arab world saw the imminent invasion as American revenge for the attacks of Sept. 11, 2001, a grab for Iraq's oil, a play for unquestioned supremacy in the region, a way to protect Israel or, often, a convergence of all of them. Like Young and Khalil, Ghabra was one of the very few in the Arab world who saw the invasion as opportunity. Hussein was a malignant current in the Middle East, he thought, and only force, American force, could remove him and initiate a transformation in a sclerotic region.

He expected the United States to have had an effective plan for postwar Iraq. Soon after, he expected a renewed and serious U.S. attempt to broker an end to the Israeli-Palestinian conflict, still seen by most here as the axis of tension in the Middle East. Like Young, he was most optimistic the day Baghdad fell. But even then, and in ensuing weeks, he remembered fearing what was being unleashed, as looting and chaos ravaged the Iraqi capital. Then the Americans -- to him and others, inexplicably -- dissolved the Iraqi army.

"You saw the maximum of power and success and the moment of failure, side by side," he said.

In the fall of Hussein's government, some still see a redeeming moment. They cite Lebanon's 15-year civil war as a hopeful analogy: In time, after breathtaking carnage, the war ended there, and Lebanon remained a troubled but recognizable country.

"Nobody can prove the situation would be better if there was no invasion of Iraq. Nobody can argue that if Saddam were in power now, things would be better," said Ahmed Alrabe, a former Kuwaiti lawmaker and education minister.

More often heard are the words of Khalil. "Now," he said, with a bitter laugh, "there is only conflict and hatred."

The landscape of the Middle East today is vastly different than it was in 2003. Governments in countries such as Egypt and Syria felt insecure then, buffeted by budding reform and protest movements or international pressure. These days they appear emboldened, even confident. Iran is developing a more assertive foreign policy in the region, from Lebanon and the Palestinian territories to the Gulf.

Proponents of the invasion often point to those governments, more than the mistakes of the United States, as the culprits in Iraq's unraveling. They had the most to lose if President Bush's vision, however impractical or overly optimistic, led to more accountability in the region.

"The reason Iraq failed is partly because of American miscalculations, but partly also because everyone in the region wanted them to fail," Nematt said. "Everyone took an active role in undermining the democracy project in Iraq."

But those who most fervently supported the American action bestow much of the blame on the United States itself, in a critique all the more bitter because it comes from admirers: There was no plan for the postwar period and too few troops; Iraqis played too small a role in the early days; and the Americans fumbled about as Iran, Syria and other countries outdueled them in Iraq. Fundamentally, some say, U.S. officials knew too little about the country they inherited, imagining a blank slate for their vision.

"The United States has a remarkable capacity to screw things up bureaucratically," Young said. "Maybe I should have anticipated the same thing would happen in Iraq, I admit."

"Everything is gray, and the Americans never figure it out until it's too late," he added.

In the studios of al-Arabiya in Dubai, Abdul Rahman al-Rashed sat in his sleek office, from where he heads the newsgathering operation for one of the Arab world's largest news channels. On television sets that adorned the walls, a recitation

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of today's Middle East scrolled across the screens: simmering civil strife in the Palestinian territories, deadlock in Lebanon, more carnage in Iraq.

"From bad to worse," the Saudi journalist said of the region, waving his hand. "It's the worst I've ever seen. Definitely."

He recalled a word and an image that he believes charted the American experience in Iraq. The word was occupation, the American decision to run Iraq for more than a year like postwar Japan instead of installing some sort of nominally independent Iraqi government after Hussein's fall. "This is colonialism; no one uses this word at all," he said. The image was the scene in Fallujah in March 2004, when angry residents killed four American contractors working for the U.S. military, mutilated their bodies and strung up two of the corpses from a bridge. "They were easily dragged into a confrontation," Rashed said of American leaders.

"They would get into some kind of shifting sand, and it would be difficult for them to win the war," he remembered thinking. "I knew at that moment they have the force, but they don't have the brains to manage the Iraqi situation."

Many who supported overthrowing Hussein dismissed the question of whether they would still back the invasion. The question itself is impossible or unfair, some said. But Rashed -- who said he sees as the best-case scenario a contained civil war within Iraq and the worst case a regional conflagration -- is blunt. "Of course, I would take the status quo at that time over change," he said.

At a fashionable cafe in Beirut, Young talked about a region where "the sectarian genie has been let out of the bottle." American policy, he said, reminded him of past decades: engaging despots for the sake of stability. Words such as "disaster" and "civil war" peppered his conversation. And he hinted at a sense of bitter frustration, even betrayal, in his views.

"The American agenda has completely changed," Young said. "What Iraq was set out to be has been supplanted by a completely different agenda -- containing Iran and containing Iran's allies."

"The democracy debate has ended today," he added, "and I regret that."

Iraq's Refugees (WP)

The Washington Post, January 22, 2007

ONE OF THE few postwar problems the Bush administration prepared for before the invasion of Iraq was a refugee crisis. It didn't occur in the spring of 2003, and for months afterward administration officials pointed to that fact as a sign of the war's success. Now, four years later, a refugee crisis is exploding -- and, as is so often the case with Iraq, the administration has been slow to recognize the problem and even slower to respond.

The crisis essentially began last February, when the bombing of a Shiite mosque touched off sectarian war across Iraq. Since then, according to the United Nations, some 500,000 Iraqis have been displaced from their homes, and 40,000 to 50,000 more are leaving every month. As many as 2 million Iraqis are abroad, including many who left during the regime of Saddam Hussein. The majority are in Jordan and Syria.

The negative consequences of this exodus could go well beyond a humanitarian tragedy. Jordan could be politically destabilized by the influx of Iraqis. Most of the refugees in Jordan and Syria are Sunni; as the history of the Palestinians vividly demonstrates, these communities could easily become bases and breeding grounds for the Iraqi insurgency.

The U.S. response has been shockingly small. Though it is spending $8 billion a month on the war, the Bush administration has budgeted only $20 million for refugee assistance this year. Only 466 Iraqis have been allowed to immigrate to the United States as refugees since 2003, including 202 last year. Most shameful has been U.S. treatment of translators and drivers who have risked their own and their families' lives to work for military units in Iraq: Just a handful have been granted asylum, and a special visa program has a six-year waiting list.

At a Senate hearing last week, State Department official Ellen R. Sauerbrey suggested that the number of Iraqi refugees accepted in the United States could be expanded, using most of the 20,000 emergency slots set aside annually, if funding were provided. Pressed by Sen. Edward M. Kennedy (D-Mass.), she also indicated that State would consider a special parole program to expedite the admission of Iraqis. Congress should make sure the necessary funding is included in an upcoming administration supplemental budget request for the war.

More steps are needed. The United States ought to greatly increase funding for U.N. refugee programs; it should allow Iraqis to request U.S. asylum at the embassy in Baghdad and consular offices around the country and not just outside of Iraq. It should begin working with Jordan on ways to ensure that Iraqi refugees there are provided with adequate services and jobs.

The best way to help Iraqi refugees, of course, is to secure their country so that they can return home safely. Since that won't be possible anytime soon, the United States is bound by both practical and moral considerations to address a crisis that it helped to create.

Embassy Row (WT)

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By James Morrison

The Washington Times, January 22, 2007

Starring Indonesia

The Indonesian ambassador thinks too many Washingtonians know too little about his country, so his embassy has produced a series of television shows to promote the sprawling, culturally rich and ecologically unique nation of more than 17,500 islands in Southeast Asia.

Indonesia, the world's most populous Muslim nation, makes news in the West when Islamist terrorists attack tourist resorts in Bali or hotels in the capital, Jakarta.

However, Ambassador Sudjadnan Parnohadiningrat says his country deserves better press.

"We would like to present the diversity of our country to the American people," he said. "We would like to show the face of modern-day Indonesia."

The debut film, "Gado-Gado Indonesia," will be aired tomorrow at 9 a.m. on Fairfax Public Access Channels 10, 33 and 37, Arlington Independent Media Channel 69 and on the MHz Network, which is carried on several cable TV channels in the region.

The show will be repeated on Jan. 27 at 6 a.m., Jan. 28 at 5:30 p.m. and Jan. 29 at 8:30 p.m.

New ambassador

President Bush has nominated William B. Wood to replace Ronald E. Neumann as ambassador to Afghanistan.

Mr. Wood is currently ambassador to Colombia. The White House did not announce why Mr. Neumann is leaving the post after about a year and a half.

The appointment is the latest in a diplomatic shuffle that included Zalmay Khalilzad, former ambassador to Afghanistan and Iraq, replacing John R. Bolton as ambassador to the United Nations, and Ryan C. Crocker, currently ambassador to Pakistan, replacing Mr. Khalilzad in Iraq.

The Senate must approve the nominations.

Diplomatic traffic

Foreign visitors in Washington this week include:

Today

·Deputy Prime Minister Gianfranco Fini of Italy, who addresses the Center for Strategic and International Studies. Mr. Fini, also the former foreign minister, is now leader of the National Alliance, the main opposition party in parliament.

·Wen-cheng Lin of the Taiwan Foundation for Democracy and Jiunn-Rong Yeh of the National Taiwan University. They participate in a panel discussion on democracy in Taiwan at the American Enterprise Institute.

·Elliot Morley, a member of the British Parliament, adviser to Prime Minister Tony Blair on climate change and president of the London-based Global Legislators Organization for a Balanced Environment (GLOBE) International; Adam C.T. Matthews, secretary-general of GLOBE; and Michael Jay, former director of the British Foreign Office. They hold a noon press conference at the National Press Club to discuss a summit of Group of Eight and developing nations on climate change scheduled for Feb. 14 and 15 in Washington.

Tomorrow

·Ali Afhsari, an Iranian student leader for civil rights, who addresses the Middle East Institute on the political future of Iran.

Wednesday

·AIDS Ambassadors Paul Bekkers of the Netherlands, Lennarth Hjelmaker of Sweden, Michel Kazatchkine of France, Michel Lastschenko of Belgium and Sigrun Mogedal of Norway. They meet with Mark Dybul, the U.S. global AIDS coordinator, other administration officials, members of Congress and think tank analysts.

·Kay Axhausen, a professor at the Institute for Transport Planning and Systems in Zurich. He participates in a panel discussion on transportation issues with U.S. analysts at the Swedish Embassy.

Friday

·Ioannis Eliades of the Byzantine Museum in Nicosia, Cyprus, and Charalambos Chotzakoglou of the Hellenic Open University in Athens. They discuss threats to Cyprus' cultural heritage in a forum at the Cyprus Embassy.

Harsh Winter Has Afghans Struggling For Survival (WP)

By Pamela Constable

The Washington Post, January 22, 2007

KABUL -- It was well below freezing in Raza Khan's tiny concrete apartment late one recent night. Half a dozen children huddled under blankets on the floor, coughing in their sleep. The fire in the rusty stove had faded to ashes, and there was no more wood to stoke it. Sometime before dawn, Khan's 3-month-old granddaughter, breathing raggedly from pneumonia, grew still and died.

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"There are 18 of us, and we only have three blankets. It is not enough," said Khan, a gray-bearded man of 75 who earns about $2 a day pulling handcart loads in city streets. The baby had been treated at a city hospital and sent home, but she was not strong enough to recover. "It was just too cold," the old man said.

Winter across Afghanistan is a season of majestic beauty, with distant snowcapped mountains rising in all directions, icicles forming on orchard branches and midday sunlight sparkling on iced-over irrigation streams that meander across a thousand fields.

But in the capital, it is a season of unrelenting harshness for tens of thousands of poor families, focused on the struggle to survive. People spend their days scrounging to buy a few chunks of coal or firewood, and their nights huddled under common blankets around braziers called sandali, praying for dawn to come.

More than five years after the U.S.-led overthrow of Islamic Taliban rule and the advent of an internationally backed civilian government, the country is still so destitute and undeveloped that most inhabitants have no central heating, electricity or running water. Even in Kabul, some desperate families remain beyond the reach of foreign aid agencies that provide cold-weather assistance such as free coal and blankets in impoverished rural provinces.

Winter is the time that most starkly sets apart Kabul's nouveau riche from its permanent poor. The cozy, generator-heated homes and winking shop lights of central neighborhoods such as Wazir Akbar Khan and Shar-i-Nau, home to Afghan officials and international agency employees, seem far removed from the pitch-dark alleys and frigid rented rooms of suburban slums such as Chelsitoon and Char Qala.

Worst off are thousands of former refugees such as Khan and his family, unskilled people who returned to Kabul after years of wartime exile in Pakistan. Unable to find stable jobs or shelter, they survive on the margins of a chaotic, crowded capital that has quadrupled in population since the U.S.-led invasion. Some live in tents on vacant lots or squeeze into alleys, squatting on narrow bits of frozen land.

"All my children are sick. When I cook dinner, the room becomes a little warm and I put them under a blanket. But it gets cold soon, and they wake up and start crying," said Roya, 25, a laundress with four children who lives in a single cavelike room with patched tent cloth forming a flimsy fence around her tiny front yard outside.

Two winters ago, the Afghan Ministry of Migration offered to move several hundred refugee families from their tents into empty, rent-free apartment buildings on the southern outskirts of Kabul. Roya said she refused to move, because the location was too far from affluent homes where she can walk to wash and iron clothes. The customers also give her food, and earlier this month her tiny room was hung with strings of drying beef, special donations distributed to the poor during the Muslim holiday of Eid al-Adha.

Khan and many of his neighbors took up the government's offer and moved to Teknikom, a five-story concrete college dormitory built by the Soviet Union in the 1980s and later abandoned. Today it is home to about 3,000 people, but in many ways it is still a ghost building.

The corridors are windy and dark, with blankets hung across open doorways and plastic taped over gaping windows. Small children, many of them barefoot, play in the halls. The original heating and plumbing systems have not worked in years, so older boys collect sacks of scrap paper and donkey dung to use as fuel.

"This is worse than the tents," said Yar Mahmad, 25, an unemployed driver whose ailing 10-month-old son also died of cold this month. Neighbors had each lent him $2 for medicine for the boy and then helped bury him, lighting a fire to warm their hands while they dug in the frozen ground. "Now I owe $400, and I lost my son, too," Mahmad said glumly.

No one knows exactly how cold it gets here, because there is no national weather service. Afghan television stations report the local weather based on forecasts by faraway foreign meteorologists, conveyed via the Internet. But aid workers said the temperature had recently dipped to 5 degrees Fahrenheit at night.

Even for residents with slightly better incomes than Mahmad's, a Kabul winter such as this one, which struck earlier than usual, brings hardships unimaginable in the West. The city's overloaded, war-damaged power system is still near collapse despite extensive repairs since 2001. Homes typically receive electricity only a few hours every other night, assuming that they're wired at all. Water must be heated in buckets, and bathing can be an excruciating ordeal.

Because much of the capital's commercial life takes place outdoors, in sidewalk stalls and workshops, winter weather shuts down much of the economy. Only a few kinds of business thrive in the cold weather: the used-clothing sellers who hang sweaters and jackets from roadside fences, and the coal and wood sellers who chop and stack their wares on frozen lots.

Rabbani, an elderly man who sells firewood in the Old City district, waits for customers by the stove in his toasty plywood hut, keeping an eye on a mountain of chopped logs. Often poor families send their sons to buy a few kilograms of wood at a time, and Rabbani sometimes adds a couple of sticks to the meager pile on his ancient scale.

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"I think I am the only happy man in Kabul, because when it gets cold, everyone comes to me," he said. "It is so hard for people. They ask for three kilos, and I know it will only burn for an hour. If they earn $2 a day, they have to choose between buying bread and wood."

Cold-related deaths usually come one or two at a time, but occasionally poverty and bad weather conspire to produce large numbers in one place. Last month, 80 women and children perished in central Logar province when they were trapped in several remote hillside villages after a heavy snowfall.

Afghan and international aid officials said they began planning last summer to help people in the most vulnerable regions get through the coldest months. The U.N. World Food Program, working with the Ministry of Rural Development, trucked 21,000 tons of donated oil, wheat, lentils and salt to warehouses in more than a dozen provinces.

Nevertheless, they said, the deliveries were delayed by bad security and red tape at the Pakistani border. On top of that, winter arrived early, making it hard for trucks to reach some remote spots. In some cases, officials resorted to airdropping supplies by helicopter.

"This year has been very challenging, with millions of people at risk, but we have avoided a crisis," said Ebadullah Ebadi, a spokesman for the World Food Program here. "In some provinces with heavy snows, the roads are cut off for three to four months. Because of the drought, places that used to be breadbaskets are now asking us for food."

One wealthy private philanthropist, Ehsan Bayat, has also been delivering emergency food and supplies to families in many parts of the country. He sends fleets of private trucks to needy regions and then personally flies there in Afghan army helicopters to inspect and distribute the supplies.

Bayat, an Afghan American entrepreneur who owns one of two major cellphone companies and a private TV station in Kabul, has also been taking winter supplies to needy families in the capital. Residents at the Teknikom building said that he had brought them a load of blankets and coal but that what they really needed were permanent homes.

"There is nothing here for us: no jobs, no land. In the summer we can work as laborers, but in the winter all we do is wait in the cold," said Nader Mohammed, 38, the unofficial leader of the Teknikom families. "We thought we would be welcomed home when we left Pakistan. Now we just sit here by the stove, asking ourselves why we came back."

Decreased Military Role Leaves Gaps In Drug War (LAT)

By Josh Meyer

The Los Angeles Times, January 22, 2007

WASHINGTON — Stretched thin from fighting in Iraq and Afghanistan, the U.S. military has sharply reduced its role in the war on drugs, leaving significant gaps in the nation's narcotics interdiction efforts.

Since 1989, Congress has directed the Pentagon to be the lead federal agency in detecting and monitoring illegal narcotics shipments headed to the United States by air and sea and in supporting Coast Guard efforts to intercept them. In the early 1990s, at the height of the drug war, U.S. military planes and boats filled the Southern skies and waters in search of cocaine-laden drug vessels coming from Colombia and elsewhere in South America.

But since 2002, the military has withdrawn many of those resources, according to more than a dozen current and former counter-narcotics officials, as well as a review of congressional, military and Homeland Security documents.

Internal records show that in the last four years the Pentagon has reduced by more than 62% its aerial surveillance flight hours over Caribbean and Pacific Ocean routes that are used to smuggle in cocaine, marijuana and, increasingly, Colombian-produced heroin. At the same time, the Navy is deploying one-third fewer patrol boats for detecting and catching smugglers.

The Defense Department also plans to withdraw as many as 10 Black Hawk helicopters that have been used by a multi-agency task force to move quickly to make drug seizures and arrests in the Caribbean, a major hub for drugs heading to the United States.

And the military has deactivated many of the high-tech surveillance "aerostats," or radar balloons, that once guarded the entire southern border, saying it lacks the funds to restore and maintain them.

The Department of Defense defended its policy shift in a budget document sent to Congress in October: "The DOD position is that detecting drug trafficking is a lower priority than supporting our service members on ongoing combat missions."

Members of Congress and drug-control officials have said the Pentagon's cuts and redeployments have hamstrung the U.S. drug interdiction effort at a time when an estimated 1,000 metric tons of inexpensive, high-quality cocaine are entering the country each year.

It's hard to gauge the precise impact of the pullback because authorities say they only know how much narcotics they are seizing, not how much is getting through — especially with fewer surveillance planes and boats to gather intelligence.

In the budget report to Congress, the Pentagon estimated recently that it detected only 22% of the "actionable maritime events" in fiscal 2006 because it "lacks the optimal number of assets."

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Even when they detected suspected smuggling vessels, U.S. authorities had to let one in every five go because they lacked the resources to chase them, Pentagon officials conceded in their report.

"We have not stopped trying to fix that gap. We're very much concerned about it, and working very hard to try and fix these problems," Edward Frothingham III, acting deputy assistant Defense secretary for counter-narcotics, said in an interview. "DOD is in no way lessening our support" for the war on drugs, he said. "But in the post-9/11 world, some of these assets are needed elsewhere."

With Pentagon support dropping, the Coast Guard and other Homeland Security agencies such as U.S. Customs and Border Protection are trying to play a greater role in the interdiction effort. But current and former officials within those agencies say they do not have the resources to do the job because they, too, have had to dramatically redeploy assets since the sweeping post-Sept. 11 reorganization that made Homeland Security the front line in keeping terrorists out of the United States.

"I can't stand here and tell you drugs aren't coming into the U.S. by sea. It happens," said Cmdr. Jeff Carter, a Coast Guard spokesman. "There are huge challenges, but we are making a dent."

(The Justice Department, through the FBI and Drug Enforcement Administration, also has a central role in the drug war, but it is more focused on arresting narcotics traffickers in the U.S. than on interdiction.)

The cutbacks continue at a time when the Pentagon has officially reclassified the drug interdiction effort as part of the broader war on terrorism, citing intelligence showing growing ties among terrorists, drug dealers and organized-crime syndicates.

"In the post-9/11 world, where both securing and detecting threats to our nation's borders have become critical national security objectives, we cannot continue to neglect the fact that narco-traffickers are breaching our borders on a daily basis," according to a report that was quietly issued last month by the House Subcommittee on Criminal Justice, Drug Policy and Human Resources.

At a November 2005 hearing before another House subcommittee, Rep. Dan Burton (R-Ind.) said the lack of available military assets and the amount of drugs getting through "just boggled my mind."

"The spike in narcotics shipments via Central America we ignore at our own peril," said Burton, who at the time was chairman of the international relations subcommittee on the Western Hemisphere. "They could be carrying weapons, terrorists and other things that could destroy not only the youth of America, but American cities."

The weakening of the U.S. drug interdiction effort comes just as U.S. authorities have had some major successes in the drug war, led by the Pentagon's Joint Interagency Task Force-South, based in Key West, Fla. Authorities have seized increasing amounts of cocaine since 2001, including a record 300,000 pounds in 2005, although records show that seizures dropped off sharply in 2006, when authorities seized 230,000 pounds.

Counter-narcotics officials, including some in the Pentagon, acknowledge that the large recent seizures are only masking more fundamental problems caused by the sharp decline in drug interdiction assets.

The recent successes were due in part to improved inter-agency cooperation and U.S. efforts to bolster the Colombian government's counter-narcotics program. They were also aided by a windfall of intelligence gained from a program known as Operation Panama Express, which allowed authorities to pinpoint major shipments of drugs, documents show. That intelligence has largely dried up as Colombian drug lords tightened their operational security, making the Pentagon's detection and monitoring assets in the so-called transit zones ever more critical, according to U.S. documents and officials.

"What you've had is a significant downsizing of the counter-narcotics effort in the transit zones, and that has very direct national security implications," said Robert B. Charles, assistant secretary of State for international narcotics and law enforcement affairs from 2003 to 2005. He said the loss of resources threatened to "consign future generations of young Americans to a deluge of cocaine and heroin."

Perhaps the most important link in the drug interdiction chain is the Pentagon's aerial patrols. Without them, a U.S. military ship can detect only about one out of every 10 suspected drug vessels (one out of five if the ship has a helicopter on board), according to statistics from the Joint Interagency Task Force-South.

With the planes, whose radars can cover hundreds of miles, the military's odds improve to seven out of 10.

Department of Defense aerial patrol hours in the transit zones declined from 6,062 hours in fiscal 2002 to a low of 1,432 in 2005. They rose to 2,296 in the most recent fiscal year, which ended in October, but since then, the Pentagon has grounded much of its fleet of P-3s for long stretches, due to lack of pilots, money for flying time or maintenance issues, documents show.

Military officials concede the aerial surveillance situation is dire, and likely to get much worse. That's because most of the Pentagon's drug planes are Vietnam-era P-3s that were mothballed for years before being brought back into service for the drug war. Many of them have been redeployed to war zones or for use in counter-terrorism operations, Frothingham said. Those remaining suffer from wing corrosion so serious that they're in the shop much of the time, U.S. documents and officials say. Many of them have no working radar, but their replacements won't be ready until at least 2012.

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The Pentagon has also redirected other planes used to spot smugglers — including fighter jets and high-flying reconnaissance planes — toward other missions, and turned down requests to use unmanned drones in the drug war.

Things aren't much better at sea, where there is a continuing lack of Navy resources to intercept drug runners who are using "go fast" multi-engine boats that are often 40 feet long, travel at up to 40 knots and capable of carrying several tons of cocaine.

In the Eastern Pacific transit area, four U.S. ships are dedicated to patrolling an area larger than the continental United States.

Two years ago, U.S. authorities discovered that smugglers were easily avoiding military boats by navigating far into the eastern Pacific Ocean with the help of at-sea refueling vessels. In comparison, for every four days of patrol, U.S. military ships spend an average of eight days traveling to and from the transit zone to refuel, said Rear Adm. Jeffrey J. Hathaway, director of the JIATF-South.

Frothingham's tiny counter-narcotics office at the Pentagon is still looking for a solution because the department's leadership won't commit military tankers for the task. A senior Pentagon budget official said the British government recently pledged to provide a tanker in the Pacific, but only temporarily.

Homeland Security agencies, the Coast Guard in particular, have moved boats and planes to the region to intercept smugglers, but documents show that in most cases, the U.S. presence remains far below what it was before Sept. 11, 2001.

In May, the Pentagon decided to withdraw its Caribbean-based Black Hawk helicopters for use elsewhere. The Justice Department protested, calling the helicopters a linchpin in the U.S. counter-drug effort because they ferried law enforcement agents among the thousands of islands that cocaine traffickers use as transshipment points.

That opposition has pushed back the withdrawal of the Black Hawks until October, but counter-narcotics officials say the larger problem is that no other agency has received funding to keep them operating.

As the U.S. fortifies its border with Mexico, counter-narcotics officials warn that smugglers could simply move east and penetrate the vast border along the Gulf Coast. In response to such threats, various U.S. agencies had for years been using radar-equipped tethered aerostats to provide continuous and long-range monitoring of smugglers by land, air and sea.

The Pentagon took over the Tethered Aerostat Radar System, or TARS, in 1992 and shut down three of the balloons in the Bahamas in 1994. Then, in 2001 and 2002, it shut down three others in Texas, Louisiana and Florida, leaving virtually the entire Gulf Coast uncovered — from Florida to east Texas, and part of the Caribbean as well.

The Pentagon won't put the radar balloons back up because it believes the money is better spent elsewhere, Frothingham said.

In November 2005, the Government Accountability Office raised serious concerns about the shortcomings in the interdiction effort, and said it was particularly troubled by the lack of strategic planning by the Pentagon and Homeland Security to deal with a major redeployment of drug war assets that it believed would only get worse, not better.

The GAO, the independent investigative arm of Congress, requested that the Pentagon and Homeland Security Department devise comprehensive plans on how to maintain the drug interdiction effort with dramatically fewer resources.

More than a year later, the GAO's Jess T. Ford said in an interview that he had seen few signs of progress.

"If that trend continues," he said, "it just means we are going to miss more and more opportunities."

Bigger Force Unnecessary (USAT)

By Gordon Adams

USA Today, January 22, 2007

Expand the American ground forces? That puts the manpower cart before the strategic horse. Just what is the mission? If we buy that, we can buy a larger Army.

Reduce force stress? That's about Iraq — this larger ground force arrives after Iraq has been decided. Leaving Iraq removes force stress; what's the mission for the bigger force?

Other big, unilateral invasion and long occupation missions are sheer fantasy, given our experience in Iraq. The American people have had enough of that. But where would they be?

·Iran? A country that rejects our "liberation," has hostile terrain, is four times as large as Iraq in area and three times larger in population, with a million-man military?

·Korea? We are shrinking in Korea because the North is so weak and the South has a superbly trained, active force of 650,000 (and 4.5 million in reserves).

·Pakistan? Our invasion would galvanize 169 million people in an Islamic country with a 1.1-million man military and nuclear weapons. Should we need to prevent Pakistan's nuclear weapons from falling into the wrong hands, the mission would be targeted and fast, with heavy use of air power to avoid a land invasion and occupation.

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·China? Let's stipulate that the United States is not going to mount a land invasion of China.

·Afghanistan? A serious candidate, but our allies support us there, unlike in Iraq. Leaving Iraq allows us to beef up in Afghanistan, but the real need there is not only the military, but counter-narcotics programs, foreign assistance and tough diplomacy with Pakistan.

None of these missions makes sense, and only they would justify growing the Army. What about the "long war" against terrorism? While the military (particularly the smaller Special Forces) has its role in this struggle, terror is a tactic that demands the other elements of statecraft — diplomats, lawyers, spies, special forces, homeland defenders, foreign assistance providers.

Instead of adding troops we don't need, maybe it is time to beef up these other tools — our diplomacy, civilian reconstruction, foreign assistance, intelligence and public diplomacy. The military has a key role in this effort, but we don't need a larger one. We need one more sharply trained to its specific combat mission in the framework of a workable strategy of international engagement. We ought to answer the strategy, mission and toolkit questions, before we throw another $150 billion at the military knowing we are not doing another Iraq anytime soon.

Gordon Adams is a Fellow at the Woodrow Wilson International Center for Scholars. From 1993 to 1997, he was the senior White House national security budget official.

Strains On U.S. Forces Justify Increasing Troop Strength (USAT)

USA Today, January 22, 2007

Growth won't help in Iraq but is prudent way to meet new threats.

A little-noticed story last week about a U.S. Army battalion in Afghanistan highlighted a critical problem for the U.S. military. The 1,200-soldier battalion is due to rotate out this spring, then to deploy later this year to Iraq, where U.S. commanders could use its help. But the top general in Afghanistan, anxious for more troops to fight resurgent Taliban forces, told reporters he wants to keep those 1,200 soldiers in Afghanistan through the end of the year.

The tug-of-war over a single battalion is the latest evidence that the military — particularly the Army — is too small for the jobs it's doing, or may have to do.

Aggressively (and rightly) downsized after the Cold War, U.S. forces were kept that way by former Defense secretary Donald Rumsfeld after 9/11 even as the stresses of fighting simultaneously in Iraq and Afghanistan began to show. With Rumsfeld out of the picture, President Bush and new Defense Secretary Robert Gates have endorsed a plan to add 92,000 troops to the Army and the Marines.

That's a modest increase — barely 7% of the roughly 1.4 million active-duty U.S. military — and even that will take several years. The schedule isn't likely to be of great help in Iraq, but it's a prudent way to prepare U.S. forces for the unpredictable challenges of the war on terrorism.

Most importantly, the U.S. military would have staying power it now lacks. The fighting in Iraq and Afghanistan has been a test of whether the current military is large enough to support long deployments of large numbers of troops. It obviously is not.

In an emergency, U.S. commanders could muster many more than the 150,000 to 170,000 troops in Iraq and Afghanistan, but sustaining them for years is much harder. Repeated deployments since 9/11 have put severe strain on the Army. About a quarter of Army troops have served more than once in Iraq or Afghanistan, and some are headed for their third tours. The Pentagon has had to shrink the time between combat deployments, and the stress on people and equipment has reached disturbing levels.

That leaves the United States ill-prepared to cope with potential threats in Korea, where some 30,000 troops are stationed, or elsewhere.

It would be dangerously unwise to seek a war with Iran, for instance, but ground forces are stretched so thin now that it's not a viable threat, which weakens diplomatic leverage aimed at resolving Iran's nuclear weapons program.

Strategists also worry about a nightmare scenario in which U.S. forces might have to fight in Pakistan. One fear is that radical Islamists could assassinate President Pervez Musharraf and threaten to get control of Pakistan's nuclear weapons. Pakistan's population of 169 million dwarfs those of Afghanistan, Iran and Iraq.

The goal of a wise foreign policy should be to avoid conflicts, but it is unwise not to prepare for them. Having an obviously strained military sends a dangerous signal to U.S. enemies around the world.

Now that the secretary of Defense supports enlarging the Army and Marine Corps, the more challenging question may be how to pay for more troops — and it certainly should be the Pentagon's burden to come up with the money.

Adding 92,000 troops would cost roughly $15 billion a year — not insignificant, but also not a huge new expense in a defense budget that tops $400 billion a year. The Pentagon needs to decide which of its many weapons programs are essential and which are just convenient.

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Cost cutters have already trimmed some programs aimed at giving ground troops futuristic weapons such as robot vehicles. An ambitious program to build a next-generation fighter jet, even though today's are the best in the skies, is another potential target. So are Cold War systems such as submarines and tanks that have less utility today.

Better yet, as Congress reviews the troop-increase plan, it could restrain its members who regularly force the Pentagon to squander money on military bases and weapons systems that it doesn't want.

Iraq has shown at least two things: The United States should not provoke ill-conceived wars of choice. And if U.S. forces are called on for lengthy peacekeeping or counterinsurgency missions, all the high-tech weapons in the U.S. arsenal are no substitute for boots on the ground.

DOJ:

Editorial: You're Fired (SACBEE)

The Sacramento Bee, January 22, 2007

Furtive Justice Department boots attorneys

Since the November elections, the Justice Department has asked an unknown number of U.S. attorneys around the country, including two in California, to resign before the end of their terms. As Sen. Dianne Feinstein, D-Calif., has said, these are forced resignations in districts that have major ongoing cases.

Last week at the Senate Judiciary Committee hearing, Feinstein asked Attorney General Alberto Gonzales how many U.S. attorneys were being fired, but he would not give a number.

One Californian departing is Carol Lam, the U.S. attorney in San Diego who is pursuing corruption related to the prosecution of Rep. Randy "Duke" Cunningham, now in prison, thanks to her. The other is Kevin Ryan, the U.S. attorney in San Francisco who is in the middle of investigating whether 25 companies illegally withheld information about lucrative stock options for top executives.

It is customary that U.S. attorneys are prepared to leave office when a new president is elected. At the beginning of their terms, presidents have the discretion to name the 93 U.S. attorneys, who then must be confirmed by the Senate. They typically serve until the president leaves office. These midterm U.S. attorney firings are unusual, particularly because there are no allegations of misconduct.

Feinstein is alarmed that a little-known, last-minute change to the USA Patriot Act Reauthorization in March 2006 allows the attorney general to replace U.S. attorneys without Senate confirmation. The change was not in the original bills approved by the House and Senate, and thus never got a hearing. At the request of the Justice Department, Sen. Arlen Specter, R-Pa., added the provision during a House-Senate conference committee, which reconciles House and Senate bills for a final vote.

Under the old law, the attorney general could name an interim U.S. attorney for 120 days and when that term expired, the U.S. District Court would name a replacement until a presidential nominee was confirmed by the Senate. Feinstein has introduced a bill to restore the old law.

Presidential appointment with Senate confirmation remains an important check and balance in our system of government. The Senate and the House should approve Feinstein's bill immediately to prevent an unwarranted tilt toward presidential power.

CORPORATE SCANDALS:

Apple Prosecutor Quits Team For Private Sector (FT)

By Kevin Allison In San Francisco

Financial Times, January 22, 2007

A federal prosecutor on the team investigating options backdating at Apple, the computer maker, is leaving government service for a job with a private white-collar law firm.

The departure of Chris Steskal, a member of the federal task force that brought the first charges in options backdating in August, comes days after his boss, Kevin Ryan, the US attorney for northern California, became one of several top federal prosecutors to announce that they would be leaving office.

The twin losses may interrupt the US government's effort to crack down on backdating. The justice department and the Securities and Exchange Commission are already struggling to keep up with hundreds of backdating cases.

A spokesman from the US attorney's office in northern California said the investigations into options backdating would continue in spite of the departures.

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“US Attorney Ryan is taking care to ensure a smooth transition in the office’s cases,” the spokesman said. “There continue to be many assistant US attorneys with strong investigative skills and substantial trial experience on the stock options backdating task force and throughout the office, who are fully capable of carrying on the work of the task force.”

More than 160 companies are under scrutiny for improper options backdating, in which companies use hindsight to fudge options grant dates in order to inflate their value. Although backdating itself is not illegal, it can fall foul of securities laws if not properly disclosed. It also creates accounting problems.

Federal prosecutors and the SEC are actively investigating a backdated options grant to Steve Jobs, Apple’s co-founder and chief executive. Apple, which has turned the results of its own internal investigation into the matter over to federal authorities, has cleared Mr Jobs of any wrongdoing.

Meanwhile, dozens of top executives at other companies who knew about or engaged in improper dating of stock options grants have been sacked. Many companies have been forced to restate past earnings – some to the tune of hundreds of millions or even billions of dollars.

Mr Steskal is to join the law firm Fenwick & West. News of Mr Steskal’s departure was first reported on Friday by The Recorder, a publication covering the legal industry.

Federal Prosecutor Leading Apple Probe To Leave For Fenwick (LAW)

By Justin Scheck, The Recorder

California Recorder, January 22, 2007

It was a move Christopher Steskal couldn't resist -- but what does it mean for the Apple probe and impending Brocade trial?

Christopher Steskal, the federal prosecutor who indicted the country's first stock option backdating prosecution in June -- and the leader of a criminal probe into Apple Inc.'s options grants -- will leave the San Francisco U.S. Attorney's Office next month to lead the white-collar practice at Fenwick & West.

Steskal has been busy with options prosecutions in recent weeks -- Apple CEO Steve Jobs was interviewed by prosecutors and SEC lawyers earlier this week, according to people familiar with the case. But the offer from Fenwick was too enticing, Steskal said.

"I didn't spread my resume around the Valley," he said Friday, referring to Silicon Valley, saying that leaving a prosecutor's post is never easy.

"You're always going to be leaving cases on the table," he said.

Steskal comes to Fenwick as perhaps the pre-eminent prosecutorial expert in options backdating, the white-collar bar's biggest source of business these days.

"He's got the respect of his colleagues, the judges and the defense bar," said Fenwick's Chairman Gordon Davidson.

Steskal leaves behind the impending trial of two executives from Brocade Communications -- the first people to be indicted for backdating -- as well as the Apple probe, which has so far zeroed in on the tech company's legal department.

Steskal said Friday that he was well into negotiations with Fenwick -- which the firm initiated in November -- before learning that Fenwick partner Dennis DeBroeck was married to Nancy Heinen, who had been Apple's GC until last year. Sources have said investigators are interested in Heinen's role in Apple's options grants, and she has been represented by Cristina Arguedas, of Arguedas, Cassman & Headley and by Miles Ehrlich of Ramsey & Ehrlich since shortly after Apple's internal probe into backdating was launched.

That added a wrinkle to the standard conflict issues that arise when a prosecutor moves to the defense bar.

"I learned that bit of information a little bit later," he said, and immediately contacted the ethics officer of the San Francisco U.S. Attorney's Office.

"What we did was contact D.C. and got a written opinion from them, and I'm transitioning the case," he said. "I'm not making any substantive decisions regarding that case."

Fenwick does intellectual property work for Apple, a client touted on the firm's site.

Steskal's departure is a major blow to the U.S. Attorney's Office. He's been the lone prosecutor in the hard-fought Brocade case, and the main driver of at least a dozen other probes in addition to Apple.

"It would be hard to understand how this couldn't have an effect on that investigation, when the lead prosecutor, or co-prosecutor, is going to leave in the middle of the investigation," said Thomas Carlucci, a partner at Foley & Lardner who represents former Apple in-house lawyer Wendy Howell, a potential target of the probe.

With U.S. Attorney Kevin Ryan on his way out and his top deputy -- and Apple co-prosecutor -- Eumi Choi also shopping herself to white-collar defense firms, the move leaves dozens of options cases in limbo.

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Ryan spokesman Luke Macaulay said there are plenty of experienced prosecutors to absorb Steskal's caseload, and that the office is close to hiring two new prosecutors to handle securities cases.

FENWICK'S COUP

When Steskal settles into Fenwick's San Francisco office, he'll bring a high-profile white-collar name to a firm that has been missing one since its former top criminal defender, Brad Lewis, decamped last summer for a Fenwick client.

The new recruit could mean big business: Fenwick's robust corporate and securities litigation practices should feed white-collar work to Steskal.

Speaking over coffee on Friday, Steskal said he hadn't planned to leave the prosecutors' office anytime soon, but was drawn by the opportunity to lead a practice that has a ready source of clients.

"They're one of the few firms left that have all the pieces in place except for someone to carry the white-collar load," he said.

"With such strong ties with board members in the Valley, they're in a great position to do the internal investigations," he added.

Davidson agreed.

"Our securities litigation practice has been inundated with special investigations," he said. "Special investigations seem to be just a part of good corporate governance."

Steskal said Fenwick is also an attractive place because it has big Valley presence but hasn't been associated with sketchy options practices.

"They probably represent a third of the companies in the Valley, and relatively few of those companies have had the same stock options issues that other firms' clients have had," he said. "In part, I think that speaks a lot to their attention to corporate governance issues and conflict issues."

Still, potential conflicts are a major question when a prosecutor with pending investigations goes to the defense side.

"That was a concern of mine," Steskal said, one that he, the U.S. Attorney's Office and Fenwick worked carefully to address.

"He can't tell us what he's working on and never will, but we gave him a list of the investigations we're involved in," Davidson said.

"What I did was, any investigation where Fenwick represented parties or witnesses, I withdrew from," Steskal added.

BACK ON TRACK

While he's made his name in government, Steskal said he'd been planning to be a defense lawyer since he graduated from Harvard Law School in 1992.

But after working as an associate, first at Cravath, Swaine & Moore, then at Howard, Rice, Nemerovski, Canady, Falk & Rabkin, Steskal said, he decided he needed more trial experience and went to the U.S. Attorney's Office.

In 2001, then-San Francisco U.S. Attorney Robert Mueller was seeking to stock the office with bright young lawyers.

"Bob Mueller hired me because he liked my resume," Steskal said. "I was never going to be a career prosecutor," he added. "I would be a career prosecutor if I was independently wealthy or had won the lottery, but I'm not and I haven't."

Current and former prosecutors who've worked with Steskal say he's known for being smart, aggressive and relentless. His courtroom reputation was sealed by the conviction last year of real estate developer John Hickey in a case he handled with Assistant U.S. Attorney Timothy Crudo.

Steskal inherited the old -- some would say stale -- case years after it was indicted, and more than a decade after Hickey committed the acts that allegedly defrauded investors of $17 million. The new lead counsel had to dig through a pile of dusty files.

"It was a huge task to marshal that case," he said last week. "I mean, the evidence was way over 10 years old, and a lot of the witnesses hadn't been interviewed in 10 years. A lot of them hadn't been interviewed at all."

Steskal and Crudo secured a conviction on counts of securities and mail fraud.

"He earned a great deal of respect in the office for resuscitating a very old prosecution and winnowing it down to a very successful case," said Berkeley-based defense lawyer Miles Ehrlich, who, as a supervisor in the U.S. Attorney's Office, had assigned the case to Steskal.

But even while that trial was going on, Steskal had a probe of Brocade Communications simmering on the back burner.

PAPER TRAILS

Steskal said Friday that his interest in Brocade was first piqued by a New York Times column in early 2005 -- long before anyone was paying attention to options backdating -- that discussed the company's financial restatement.

"I was thinking like a securities class action lawyer, and there was a mention in the press release about document irregularities, and that's a red flag," he said. "You've got to think like Bill Lerach a little bit, and it's actually a lot of fun."

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He investigated it for more than a year before realizing that backdating would be bigger than his investigation of a single company.

"Like most people, I started reading the Wall Street Journal piece" early last year on studies indicating that options backdating was widespread.

Steskal's investigation, conducted jointly with the SEC, continued another several months, and in June, former Brocade CEO Gregory Reyes and ex-HR manager Stephanie Jensen were charged. While the investigation was lengthy, Steskal said, "it didn't take an unusually long time for a securities case."

But it did generate an unusual amount of publicity, rancor from the defense team and skepticism from U.S. District Judge Charles Breyer, who is presiding over both the criminal prosecution and the SEC's civil suit against former executives.

Breyer, though, had only good things to say Friday about the outgoing prosecutor.

"I think he's a very competent lawyer," Breyer said. "He's extremely professional. He's industrious, and I have a great deal of respect for his integrity."

Richard Marmaro, a partner at Skadden, Arps, Slate, Meagher & Flom defending Reyes, wasn't as quick with praise for the lead prosecutor on a case he's publicly denounced.

"I wish him the best in private practice," he said.

Sunrise Bogged Down In Accounting (WP)

By Cecilia Kang

The Washington Post, January 22, 2007

Theirs was a classic entrepreneurial story. In 1981, Paul and Terry Klaassen, in their 20s, bought and renovated an old nursing home in Oakton with $16,000 in savings.

Terry was motivated by personal experience: When her mother became ill, she found the level of care available at the time to be inadequate and undignified. Paul saw the business potential in developing a warmer and more personalized European model of senior care, like that in his family's native Netherlands.

The couple moved into the home and eventually turned the business, Sunrise Senior Living, into one of the nation's largest senior residential services providers, operating 436 retirement communities in the United States, Canada and Europe. The Klaassens had landed smack in the middle of a sweeping demographic shift as America's growing aging population was looking for better retirement options and willing to pay for better services.

Yet as analysts touted Sunrise's business outlook, that rosy picture began to fray.

Last week, the McLean-based company said it would again delay the filing of its financial results for all four quarters of 2006, which it had previously promised to deliver on March 1. Sunrise blamed the postponement on the complexity of an ongoing internal accounting review and a Securities and Exchange Commission inquiry into its accounting practices and allegations of insider stock sales.

"We share the disappointment of our investors and stakeholders regarding this delay," Bradley B. Rush, Sunrise's chief financial officer, said in the company's statement. "Rather than continue to predict the date of the ultimate end of the process, which depends on third parties, we will continue to provide interim updates as we proceed, as fast as possible, toward completion." Rush's office said he was unable to schedule an interview.

The troubles for Sunrise began last May, when executives announced they would implement a new way of accounting for profits and losses from certain joint ventures. The move resulted in an accounting review of past earnings reports and the reduction of $100 million in profits between 1999 and 2005.

The company's share price dropped 34 percent after the announcement, reaching the year's lowest point in late July 2006. Last week, pension funds for the United Food and Commercial Workers Union filed lawsuits against Sunrise charging the company with accounting fraud and insider stock trading. Another union pension fund, the SEIU Master Trust, has pressed the company in letters about insider stock sales and the questionable timing of stock options grants.

Sunrise has said that the SEC inquiry was prompted by the SEIU's letters. In its release last week, it accused the SEIU of writing the letters to generate media attention as part of an attempt to organize Sunrise workers. Steve Abrecht, executive director of the SEIU Master Trust, said the SEIU has no members at Sunrise and has no plans to organize a union at the company.

"We're very disappointed. They've had plenty of time to do an investigation, and why they can blame it on us is hard to imagine," Abrecht said.

The pension fund also has urged Sunrise to review the composition of the review committee the company created last December. Sunrise has not disclosed who is on the committee, and the SEIU said it suspects that it might include company directors.

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"It's not appropriate to have a special committee made up of board members. It would be too conflicted; they would be investigating themselves," Abrecht said.

One question raised is the $32 million in stock sales by Sunrise executives from December 2005 to May 2006, when the new accounting system was announced. The Klaassens sold about $20 million in Sunrise shares during that period, in 12 separate transactions.

Some shareholders have alleged that company executives, including the Klaassens, knew about the accounting changes months before they were made public and unloaded their shares ahead of the news. These shareholders cite a comment made during a May 11 conference call with analysts, when a Sunrise executive said the new accounting method "came into consideration late in 2005."

The company has maintained that the board members and executives did not have prior knowledge of the financial restatement at the time of their stock sales.

Another shareholder, LongView Small Cap Index Fund of Amalgamated Bank in New York, wants a review of bonuses and awards given to senior executives during the periods when earnings were restated. In a request to be voted on by shareholders at the company's annual meeting this spring, LongView argues that executives who did not meet performance targets based on the new financial results between 1999 and 2005 should return the money, the fund said.

Even with a cloud hovering above Sunrise, many analysts who follow the industry maintain that the underlying health of the company is strong. The firm has not filed a financial report since last March.

"Fundamentals for this business are terrific," said Jerry L. Doctrow, a research analyst with Stifel Nicolaus. "Sunrise really founded the assisted-living industry in America and has the brand and reputation of a high-quality provider."

Sunrise grew quickly with the help of some savvy acquisitions, including the $150 million purchase of Marriott International's senior living operation in 2003. The company's hallmark is building communities with tony architectural details, such as French doors and vaulted ceilings, and complementing those surroundings with a broad array of concierge and health services.

The company has also experienced setbacks. In the late 1990s, Sunrise found itself competing against at least a dozen other major senior living providers, and the supply of senior housing outstripped demand. Since then, the industry has consolidated and demand has caught up with the number of residential units available. In September 2005, as the company sought to evacuate residents from areas hit by Hurricane Rita, a bus Sunrise chartered for its residents exploded and 23 people were killed.

Analysts have expressed disappointment with the latest delay in financial reporting. But they also have given the company high marks for its operations. Sunrise has said that occupancy rates at the communities it operates has risen to about 94 percent. On Jan. 11, Sunrise and Prudential Real Estate Investors announced a joint venture to develop 18 senior communities in Britain valued at $1 billion.

"We view this announcement as a reminder that the company's core strategy of developing and operating high-quality senior living properties in attractive locations is clearly on track," Ryan Daniels, an analyst at William Blair wrote in a report.

Doctrow said the company has said repeatedly that its accounting problems have not affected its operations. "The important thing for us is cash flow, and they say none of this has affected their cash flow," he said.

Hedge Funds And Insider Trading (NYT)

The New York Times, January 22, 2007

A truism of investing is that to beat the market consistently, an investor must either take above-average risk or trade on inside information. That inevitably casts a cloud over hedge funds, which exist to beat the market. Many fail, sometimes spectacularly so. But many succeed. The question is, How?

The Wall Street Journal reported that Eliot Spitzer was asking just that question. Shortly before he resigned as New York's attorney general to become the governor, Mr. Spitzer opened investigations into whether employees at companies including Best Buy and Circuit City had improperly given nonpublic information to hedge fund managers.

Two research firms, the Gerson Lehrman Group and Vista Research, a unit of McGraw Hill, are also under investigation. They specialize in matching up people who have information — say, middle managers — with clients who crave information, like hedge funds managers. The firms collect fees from hedge fund clients and pay sources as consultants. Business for these firms has boomed since 2000, when federal regulators enacted disclosure rules that made executives at public companies wary of speaking privately with big investors.

It will be up to the prosecutors to determine if the matchmaking firms merely appear to be conduits for nonpublic information, or if they indeed are. The firms say they follow procedures to guard against any inappropriate disclosures.

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But the safeguards seem weak. Gerson Lehrman told The Journal that it reminds its consultants not to divulge confidential or restricted information. A Vista spokesman said consultants must sign an ethics code that says they're "never expected" to comment on their employer.

New York's new attorney general, Andrew Cuomo, should pursue any wrongdoing. And the new Congress should move forward with hedge fund regulation. The possibility of a destabilizing meltdown only grows the longer the funds escape oversight.

CRIMINAL LAW:

Gambling Subpoenas On Wall St. (NYT)

By ANDREW ROSS SORKIN And STEPHANIE SAUL

The New York Times, January 22, 2007

The Justice Department has issued subpoenas to at least four Wall Street investment banks as part of a widening investigation into the multibillion-dollar online gambling industry, according to people briefed on the investigation.

The subpoenas were issued to firms that had underwritten the initial public offerings of some of the most popular online gambling sites that operate abroad. The banks involved in the inquiry include HSBC, Credit Suisse, Deutsche Bank and Dresdner Kleinwort, these people said.

While online gaming sites like PartyGaming and 888 Holdings operate from Gibraltar and their initial public offerings were held on the London Stock Exchange, companies that do business with them and have large bases in United States have come under scrutiny by regulators in Washington.

None of the biggest United States banks like Goldman Sachs or Citigroup underwrote the initial public offerings in London, in part because of the legal ambiguity of the sites; they are illegal in the United States, but still accessible to residents.

The subpoenas, earlier reported by The Sunday Times of London, appeared to be part of an indirect but aggressive and far-reaching attack by federal prosecutors on the Internet gambling industry just two weeks before one of its biggest days of the year, the Super Bowl.

Unable to go directly after the casinos, which are based overseas, they have sought to prosecute the operations' American partners, marketing arms and now, possibly, investors.

The prosecutors may be emboldened by a law signed by President Bush last October that explicitly defined the illegality of running an Internet casino. Even before that law, the Unlawful Internet Gambling Enforcement Act, was adopted, the government said that Internet gambling was illegal under a 1961 provision.

These offshore casinos, typically based in Costa Rica or Antigua, allow American bettors to use their home and office computers to place wagers on a range of contests.

Millions of Americans participate; more than half of all bets placed to major offshore casinos are from residents of the United States.

The prosecutors' efforts have already taken a toll in the last two years on offshore casinos, most notably with the arrest last year of David Carruthers, the chief executive of an Internet sports book, BetonSports. The company is based in Britain and has operations in Costa Rica, but Mr. Carruthers was detained at the Dallas airport while traveling through the United States.

The arrest led to BetonSports' decision to stop taking bets from the United States, crippling its business.

Several weeks later, agents of the Port Authority of New York arrested Peter Dicks, the chairman of Sport-ingbet, which offers online sports betting and, like Mr. Carruthers's company, trades on the London Stock Exchange. Mr. Dicks was arrested at Kennedy Airport.

Last week, a British online money transfer business, Neteller, said it would cease handling gambling transactions from United States customers because of regulatory uncertainty.

"It appears that the Department of Justice is waging a war of intimidation against Internet gambling," said I. Nelson Rose, a professor of law at Whittier Law School in Costa Mesa, Calif., who is an expert on Internet gambling law.

Another lawyer, Lawrence G. Walters of Altamonte Springs, Fla., said the development was disconcerting because the prevailing wisdom had been that investment in a company that is legal and licensed in its jurisdiction was not grounds for prosecution.

"It would be the first time that that kind of liability has been imposed," Mr. Walters said.

But he cautioned that the subpoenas could be part of a government fact-finding effort and might not signal a plan to prosecute banks

Libby Trial To Display Changed Reporter-Source Relations (NYT)

DOJ_NMG_0119238

By Neil A. Lewis

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — As the perjury and obstruction of justice trial of I. Lewis Libby Jr. unfolds over the next few weeks, the ways in which the case has vastly reshaped relations between reporters and high government officials will be on vivid display.

Most striking, a handful of reporters for major news organizations will testify for the prosecution. They will be asked to recount conversations they had in 2003 with Mr. Libby, then Vice President Dick Cheney's chief of staff, that were undertaken with some understanding that they were confidential.

The highly unusual spectacle of journalists giving testimony at a criminal trial about their reporting is a result of the intense investigation into the disclosure of the identity of a Central Intelligence Agency operative. Previous leak investigations typically ended in failure as reporters were able to fend off prosecutors' efforts to delve into what they learned from government sources.

But in trying to determine how Valerie Wilson, who was known by her maiden name, Valerie Plame, came to be identified as a C.I.A. operative in a newspaper column in July 2003, the prosecutor, Patrick J. Fitzgerald, successfully pressed reporters to testify before a grand jury, threatening jail if they refused. In the case of one, Judith Miller, formerly of The New York Times, Mr. Fitzgerald, with the backing of the courts, succeeded in having her jailed for 85 days until she relented.

Rodney A. Smolla, the dean of the University of Richmond Law School and an authority on the First Amendment, said the Libby investigation had made clear that any promise of confidentiality from a reporter now comes with an asterisk.

"This has undercut the assumptions that existed for several decades that a reporter's promise of confidentiality is not only sacrosanct as a matter of journalistic ethics but relatively secure as a matter of law," Dr. Smolla said. "Now it's clear that the legal system will try to break that promise, and the sources and reporter appear much more vulnerable, at least in the federal system, than was thought to be just a short time ago."

There is no formal code that describes the rules of engagement for officials and reporters in Washington, but a less-than-neat system evolved over decades that allowed government sources to impart information to journalists without having their identities revealed publicly. Editors, hoping to be more accountable to the public, have tried in recent years to change those practices.

Nothing may have shaken those ways of doing business and the underlying relationships as much as the Libby case.

The impact in the workaday world is difficult to measure, as it is impossible to know of articles never written because officials decided not to risk becoming sources. Eve Burton, vice president of the Hearst Corporation, said her company had refrained from publishing or broadcasting stories in recent months to avoid the risk of becoming embroiled in a subpoena battle that could lead to fines and jail terms for reporters.

Another effect has been on how news organizations reconsider the pledges their journalists may make.

Bill Keller, the executive editor of The Times, has suggested that reporters may sometimes wish to negotiate the conditions of confidentiality with a source.

In a speech in October, Mr. Keller said such negotiations could go something like this: "I will keep your name out of the paper, and if I am subpoenaed as part of a leak investigation my paper will fight it. But if we lose in the courts I do not plan to go to jail or allow the paper to be fined into bankruptcy."

Mr. Libby, who is known as Scooter, is charged with lying to both a grand jury and F.B.I. agents who were investigating the leak of Ms. Wilson's identity to journalists. The case began with a July 14, 2003, column by Robert D. Novak, saying that Ms. Wilson worked at the C.I.A. and was married to Joseph C. Wilson IV, a former ambassador who had days before accused the administration of distorting intelligence to help the case for going to war in Iraq.

Mr. Libby had nothing to do with the leak to Mr. Novak, but he testified under oath that he had not disclosed information about Ms. Wilson to other journalists. Ms. Miller and Matthew Cooper of Time magazine told the grand jury that he did, in fact, talk about Ms. Wilson with them. Mr. Libby also testified that he learned of Ms. Wilson's identity from a third journalist, Tim Russert of NBC News, but Mr. Russert is expected to testify that that is false.

Mr. Libby's lawyers are expected to argue that he did not tell those reporters about Ms. Wilson and that, even if he did, he remembered incorrectly what had happened.

Many people experienced in the capital game of source and reporter will understand the thesis Mr. Fitzgerald has put forward — that Mr. Libby expected that reporters would successfully resist cooperating with law enforcement officials and that his conversations with them would never be revealed.

Mr. Fitzgerald has also said he may try to explore at trial the issue of whether waivers of confidentiality given by Mr. Libby to reporters in order to allow them to testify were genuine. Mr. Fitzgerald's goal would be to demonstrate that Mr. Libby was actually trying to hide information rather than have it disclosed.

To that end, the trial may try to solve one of the case's mysteries: whether there was any hidden meaning to a note Mr. Libby wrote to Ms. Miller giving her permission to testify before the grand jury. In September 2005, Mr. Libby wrote to Ms. Miller saying he had not spoken to reporters about Ms. Wilson and then relieving her of any journalistic obligation to keep their conversations confidential.

Mr. Libby told Ms. Miller, who was in jail at the time for refusing to cooperate with the prosecutor, that she should testify, get out of jail and experience the autumnal delight of Colorado's aspens changing color. "Out West, where you vacation, the aspens will already be turning," Mr. Libby wrote. "They turn in clusters because their roots connect them."

Was that phrase a simple attempt at a literary turn? Or was it a veiled plea for Ms. Miller to "turn" with him and back up Mr. Libby's account that he had not disclosed Ms. Wilson's identity to her?

Before Ms. Miller went to jail, she dismissed the validity of an earlier waiver Mr. Libby had offered to all journalists. She asserted that such waivers from sitting government officials were inherently coerced.

Ms. Miller wrote in The Times that after two months in jail she "owed it to herself" to clarify whether Mr. Libby's waiver was genuine. She authorized her lawyers to seek an explicit waiver from Mr. Libby, which he granted in a telephone conversation and in the letter about aspens.

To challenge the sincerity of that waiver, Mr. Fitzgerald would probably note that, when Ms. Miller eventually testified before the grand jury, she provided information that was used against Mr. Libby in the indictment. If Ms. Miller testified truthfully to Mr. Libby's detriment, Mr. Fitzgerald may argue, then Mr. Libby must not have intended to encourage her to testify at all.

Official Backed Plans Of Business Connections (WP)

By David S. Fallis And Michael Laris, Washington Post Staff Writers

The Washington Post, January 22, 2007

Former Planning Chief Had Ties to Companies

In 2004, Peter J. Knop, a wealthy Loudoun landowner, asked the county to allow his family company to build a vast entertainment complex with a theater and studios on his 1,000-acre property near Dulles Airport.

Lawrence S. Beerman II, then chairman of Loudoun's Planning Commission and a venture capitalist, had business plans of his own. He was raising money for the purchase of an Alabama-based trucking fleet known as Evergreen Transportation Inc., according to records and interviews. He brought that deal to the Knops, and they invested, Knop said.

Two weeks after the sale was completed, Beerman voted favorably on the Knops' entertainment center, helping it clear its first regulatory hurdle.

Beerman, who held sway over land decisions in Loudoun County for nearly a decade, voted multiple times in favor of companies with which he had business ties, according to records and interviews.

His actions took place in a county where major land-use decisions have been dominated by a small group of public officials and their close allies in the development industry, The Washington Post found in a year-long investigation.

Beerman resigned abruptly from the Planning Commission in July after reporters conducted interviews about his ties to Knop and others doing business in Loudoun.

Beerman was part of a small group of public officials who assumed power in Loudoun in 2004 with the backing of a well-funded network of developers, a building industry group and others in the real estate industry. In the years since, some of those officials have worked closely with their backers, coordinating privately to ensure votes favorable to major projects, according to thousands of e-mails and other documents obtained under public records laws.

Beerman's relationships have drawn the interest of the FBI, according to two individuals who said they have been interviewed in recent months and asked to remain anonymous because of the sensitivity of the inquiry. An agent asked questions about Beerman's business activities and his actions on the Planning Commission, said one of those interviewed.

Debbie Weierman, spokeswoman for the FBI's Washington Field Office, would not say whether agents are conducting an investigation in Loudoun but said her office "is looking into reports of possible public corruption, unfair business practices and the like . . . in the Washington metropolitan area."

Beerman did not respond to written questions about his relationship with Knop.

Knop viewed Beerman as crucial to the family's development plans, according to e-mails.

In preparation for a meeting with Beerman to discuss possible Planning Commission concerns over the terms of the proposed entertainment complex, Knop wrote, "we need a script DETAILED as to EXACTLY what we want to say, give and get, and BEFOREHAND, reseaerch what he wants, so we have something to offer him." The 2004 e-mail was written to Kristen Kalina, a lobbyist Knop had hired to help promote his projects.

"Good, I agree," Kalina responded in an e-mail, which went on to discuss the size of the project and its potential impact on traffic. She suggested that she and Knop ask Beerman "to give us some insight as to what he has heard privately" from other

planning commission members about Knop's proposed entertainment center. "Based on the fact that you just helped him out on the Alabama deal, he owes us this information. . . . I dont think he'll balk. Do you?"

Knop's company made a payment to Beerman for thousands of dollars while he was a planning commissioner, according to an interview with Knop's former accountant, Angela Kelleher. The money was connected to Beerman's efforts to resolve a land dispute between Knop and Greenvest L.C., a major developer, she recalled.

Kalina also remembered payments to Beerman, which she described in a deposition, although her statements were inconsistent about when the payments were made.

Knop, who said there was nothing improper about their dealings, denied paying Beerman while he was on the commission -- "not a penny," he said in an interview.Political Forays

Beerman and Knop have known each other for years, a period during which Beerman helped shape Loudoun's development as a rapidly growing suburb.

In 1992, Beerman was appointed to a citizens committee advising on development plans near Dulles Airport. In 1995, he was elected to the Board of Supervisors, where he positioned himself as the board's go-to person on financial matters.

"I was a step ahead of most people because I knew what they were talking about," Beerman said in an interview this summer. He later declined to answer additional questions from reporters.

Beerman lost his bid for reelection in 1999 and was defeated again when he ran for board chairman in 2003. But he still had a voice in development decisions: He served two years on the county's Sanitation Authority, which controls water and sewage lines, and in 2004 was appointed to the Planning Commission, a nine-member board that helps decide which projects can be built in the county. The commission elected Beerman its chairman.

Under Beerman's leadership, the commission abandoned its practice of publicly disclosing contacts with people who had business before the board. He said in an interview that he also encouraged fellow commissioners to "do our work independently" by talking outside of meetings individually to county staff and developers with pending proposals. He regularly backed major developments across the county, including large communities near Dulles Airport proposed by Toll Brothers Inc. and Van Metre Cos.

The work came naturally to him, he said. "If you're doing this for 15 years, you kind of get a feel for it," Beerman said.

Beerman, 46, lives with his family in Ashburn. He has a passion for golf and running, and he previously worked as an investment banker. During his years in local politics, he repeatedly met with developers and their advocates to discuss proposals, building strong ties in that world. His business colleagues say he is an affable dealmaker with a sensitive radar for opportunities.

"I've had my hand in a whole bunch of different businesses," said Beerman, who said he has been involved in projects including a cell tower in Leesburg and a technology startup in Limerick, Ireland. He said he has helped finance Blockbuster franchises, cable TV companies and a medical imaging venture.Work as a Loan Officer

In February 2003, Beerman took a job as a residential loan officer with George Mason Mortgage LLC, a major lender in Northern Virginia. He asked to be assigned to the company's account with Greenvest, saying he had a contact there, according to George Mason chief executive D. Gene Merrill.

Greenvest, led by co-owner Jeff Sneider, had joined forces with former supervisor Dale Polen Myers to back a slate of candidates in 2003 who were sympathetic to the building industry. Myers backed Beerman, who lost. He was nominated to the Planning Commission by another Myers protege, Supervisor Stephen J. Snow (R-Dulles).

George Mason had a preexisting relationship as a "preferred lender" with Greenvest's home-building arm, Cambridge, according to records and interviews. That meant customers in Maryland and West Virginia who purchased homes from Cambridge were promised discounts of $4,000 to $10,000 if they used a mortgage company from the list of two or three preferred lenders.

Beerman was a point of contact at George Mason for these loans and received commissions on the mortgages he handled, records show. While Beerman benefited, other Greenvest companies had proposals pending before the Planning Commission for billions of dollars in new homes. Greenvest companies make up the county's largest private landowner.

At some point, Merrill said, Greenvest executives became concerned about a potential conflict and canceled the arrangement until it was cleared by the commonwealth's attorney in October 2004.

In a four-page advisory opinion written at Beerman's request, Loudoun Commonwealth's Attorney James E. Plowman concluded that because Beerman's work was with Cambridge, he did not have a "personal interest" in Greenvest matters before the Planning Commission. In Virginia, conflict-of-interest laws generally prohibit officials from voting on matters if they have a personal interest in the outcome.

"One thing I tell people is just because something might smell bad, it doesn't mean it's a statutory violation," Plowman said in an interview, noting that home buyers were not forced to use George Mason.

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But Plowman also encouraged Beerman to be mindful of potential conflicts -- if, for example, Beerman knew the Planning Commission was taking up a Greenvest project in which Cambridge would be one of the builders. In that case, Plowman said Beerman would be required to disqualify himself.

Beerman had told Plowman that from 10 to 25 percent of his loan business was from Cambridge. "His annual compensation from this would be expected to exceed $10,000 annually," according to the opinion.

Two other commonwealth's attorneys, when asked about Plowman's opinion, said they would have advised Beerman not to vote on any Greenvest matters, either because his actions could be a conflict or appear to be a conflict.

"It's easy to use your imagination and come up with all sorts of scenarios where Beerman, through his company, has a stake in Greenvest's overall success, which would have to be affected by getting the green light for new development," noted one commonwealth's attorney, who spoke on condition that he not be identified because of the sensitivity of the matter.

Three weeks after Plowman's ruling, Beerman began casting a string of votes favorable to Greenvest, including four that sharply increased the value of the company's land by allowing more than 1,800 additional homes to be built on almost 1,000 acres. That gave Greenvest companies the right to build seven times the number of homes allowed before Beerman's commission and the Board of Supervisors acted.

In a written response on behalf of Greenvest, attorney Francis A. McDermott said the company had no financial relationship with Beerman and had never paid him. There was, McDermott said, no "attempt to link" the preferred-lender arrangement "to favorable results" before county officials. "In short, Greenvest has never done anything improper, or attempted in any way to exercise improper influence" over Beerman's votes or opinions, McDermott said.

Beerman said in an interview this summer that he saw nothing improper about his work as both public official and mortgage lender.

"I don't have any conflicts," Beerman said. "If someone calls me for a mortgage, they call me out of the blue. . . . I can't stop somebody from calling me. They are not calling me because, 'Oh my gosh, he voted for it.' They call me because they got a referral, or they know me, or whatever."

Late last year, Beerman left his job at George Mason and became vice president for land acquisition at Van Metre, a major home builder in the county.Business Ventures

When Beerman was on the Board of Supervisors in the late 1990s, he went to Peter J. Knop and described a cell tower venture.

"It's a great investment. What do you think?" Knop recalled Beerman saying.

Knop said he invested, one of three times he has put his money into businesses brought to him by Beerman. Two -- the cell tower venture and the trucking company -- occurred while Beerman was a public official, records and interviews show.

Knop said he also invested in a medical imaging business at Beerman's invitation.

"He puts together venture capital deals, and we participate in those deals," Knop said. "When he does a good deal, he gets a fee."

In the case of the Evergreen trucking company, the deal was a winner: The company's revenue and profits have grown substantially since 2004, according to company Chairman Sean Kish.

Knop is best known in Loudoun for his construction waste dump, an imposing mountain of rock, dirt and other material. Although it dominates the landscape on his property, known as Ticonderoga Farms, Knop has nevertheless crafted other ambitious plans for the land, including his vision of a "world cultural center" with an agricultural tourist attraction. The plans were later downsized to a corporate retreat and picnic pavilions.

His vision, however, did not include a plan by Greenvest to build hundreds of homes next door. Knop opposed the project, hoping to keep a buffer of undeveloped land next to his property.

Beerman, who was on the Planning Commission and later voted in favor of the project, stepped in and attempted to mediate in 2004, records show. In 2005, Beerman came out to the Knop property for two meetings, one of which included a Greenvest representative, according to an account by a Ticonderoga employee filed in court.

"We had floated various ideas because we know that he's close to people in Greenvest," Knop said in an interview. Knop is in business with his son, Peter R.Q. Knop.

Knop and his son considered a solution that would have paid Beerman handsomely: Greenvest would sell the Knops some of the property, and the county would allow Greenvest to build the same number of houses on less land, according to e-mails.

Under that scenario, "Larry gets 25k," Peter R.Q. Knop wrote in a 2005 e-mail that began "Beerman proposal."

Greenvest had rebuffed Knop's attempt to purchase the property the year before. And Knop said no payment was made to Beerman, noting that it would have been inappropriate. Knop said in an e-mail to his lawyer that he did not believe the ideas from the e-mail were presented to Beerman, calling them "internal thoughts."

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In a lawsuit against the county, Knop challenged the development, saying it was incongruous in that area and should not have been approved. Attorneys in the suit took depositions from Knop's employees and others and obtained their e-mails, including the message from Knop to his lawyer.

Kelleher, Knop's former accountant, who described in an interview a Knop payment to Beerman, remembers it being for $5,000 and said she thought it was connected to the Greenvest dispute. She said she was certain it coincided with his time on the Planning Commission.

"I remember writing the check, because it was one of those, 'Hmmmm, should we really be writing this check to this man?' " Kelleher said. She worked for Knop until mid-2005.

In July 2004, Knop sent Kalina, his lobbyist, an e-mail demanding an "up to date list of ALL contributions made to ALL politicians and other groups" from 2002 through 2004.Knop was frustrated at a county official's skepticism about his entertainment center.

"This should include the 'consulting fee' of 7,000. paid to Beerman. . . . Also any other fees or retainers or other sums paid to people not in their official capacity (I would include . . . other fees paid to people on the inside," Knop wrote. "If we are ever to operate efficiently, AND win, this is something which better be done ASAP," he wrote, referring to the accounting of contributions.

Kalina, a tobacco and oil company lobbyist before she began working for Knop in early 2004, was asked in a deposition about that e-mail and the $7,000 fee.

"And he was a member of the Planning Commission at the time that this $7,000 consulting fee was paid. Isn't that right?" asked the attorney questioning her.

"Yes," she answered.

Later in the deposition, after answering further questions about the payment, she said she was uncertain if it was ultimately paid to Beerman. "Maybe there was, maybe there wasn't" a payment, she said. She ended the deposition saying, "We had paid Mr. Beerman consulting fees related to other business activities for things that he did."

During the time Kalina worked for Knop, Beerman was on the Planning Commission.

Knop and his son said in an interview that the $7,000 was payment for Beerman's consulting work on a cell tower venture sometime between 2000 and 2002. Peter J. Knop said he used quotation marks around the words "consulting fee" because he believed Beerman had overcharged. As evidence of the consulting work, Knop's son later produced a copy of a canceled check to Beerman for $7,500 dated June 19, 2002.

Kelleher said the payment to Beerman that she recalled was more than 18 months later, when he was on the Planning Commission. The Knops did not respond to written questions about that discrepancy.

Knop said he has continued to work with Beerman over the years because he is good at what he does.

"His business is knowing, both in politics as well as in business, knowing where the deals are. And how do you find out where the deals are? You know -- and are on good terms with -- everybody. Larry is a very likable guy."

Staff researchers Madonna Lebling, Bobbye Pratt, and Julie Tate contributed to this report.

Influence Of Developers, Allies Runs Deep (WP)

By Michael Laris And David S. Fallis, Washington Post Staff Writers

The Washington Post, January 22, 2007

Six months after they took office in 2004, members of the Loudoun Board of Supervisors demonstrated in a single afternoon their ability to help a friend.

First, they voted 6 to 3 to boost the number of homes that could be built on the family farm of Dale Polen Myers, a former supervisor who had been instrumental in getting many of them elected. The next month, a builder bought the property from Myers's family for $12.2 million -- four times its assessed value before the zoning decision, records show.

Next, the board agreed unanimously to authorize the county to purchase a different parcel for $13.5 million, once again helping Myers, who was acting as the real estate agent. That earned Myers and her boss a commission that by industry standards would range from $270,000 to $675,000.

Such coziness has become routine among some Loudoun officials and a group of politically connected developers, landowners and others in the real estate industry, The Washington Post found in a year-long investigation.

An examination of thousands of e-mails, telephone records and county land databases and scores of interviews shows the extent to which this network of development advocates was able to influence land-use decisions in one of the country's fastest-growing and richest counties.

Supervisors sometimes followed step-by-step direction from those in the development industry on how to vote and what to say in public, according to e-mails and other county records. One planning commissioner who resigned last year voted favorably on projects by companies with which he had business ties.

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In their three years in office, a majority of the current board members have voted at least two dozen times in favor of projects benefiting people or companies who helped the officials get elected. Many of those political backers were enriched, including developers and landowners who made millions when their home-building and commercial projects were approved by the county board, as well as development lawyers who netted large legal fees and real estate agents who made commissions on the deals.

Voting for friends or political allies is not, in itself, improper under Virginia conflict-of-interest laws. Those laws prohibit officials from accepting items of value, including business opportunities, that could influence their actions and from voting on matters in which they have a "personal interest."

Experts caution that in many cases it is difficult to determine whether a public official has a personal interest because the legal definition is complex and open to interpretation.

The county's supervisors and planning officials have served as gatekeepers to a wave of suburban development. Since 1990, Loudoun's population has tripled to more than a quarter-million, transforming a landscape of open fields to a series of expanding construction sites. That growth has brought thriving new communities and jobs, as well as worsening traffic and the financial burden of building new schools and providing other services.

Loudoun officials defended their efforts to work closely with developers and others.

"This is local citizen government, and these are complicated issues, and you have to reach out to somebody," said Supervisor Stephen J. Snow (R-Dulles). He said supervisors must tap the expertise and resources of the private sector to solve the county's transportation and other challenges, and that means working proactively with development companies and approving more houses to help generate additional funds.

Snow and other officials also said that their votes were based on the projects' merits and their view of what is best for the county.

Myers declined repeated requests to be interviewed.

In recent months, FBI agents have interviewed several people in the county about development decisions, according to three who said they have been contacted. One person, who declined to be named because of the sensitivity of the inquiry, was interviewed at length and said the agents probed for information about whether local officials may have development interests that would conflict with their duties on a public body.

Debbie Weierman, spokeswoman for the FBI's Washington Field Office, would not say whether agents are conducting an investigation in Loudoun but said her office "is looking into reports of possible public corruption, unfair business practices and the like . . . in the Washington metropolitan area."

Until late last year, the board votes helped spur the county's swift growth. But as voters have shown signs of displeasure, supervisors seeking reelection in November have backed off from their general enthusiasm for rapid development, voting down a major building project known by advocates as Dulles South and limiting construction in western Loudoun.

At the same time, new construction has slowed with a sagging market. Nevertheless, tens of thousands of homes that have been approved are yet to be built.Myers's Many Roles

Myers, 50, likes to say that her family has owned land in Loudoun "only" since 1779. She is a regular presence at public meetings, where she lobbies officials in the hallway and from the podium on causes that have included youth baseball and rights of property owners.

In eight years in public office, first as an appointed planner in 1992 and then as chairman of Loudoun's Board of Supervisors in the late 1990s, Myers was a dogged advocate for speeding up development.

But in 1999, voters threw her out of office and swept in eight politicians to the nine-member Board of Supervisors who promised to limit growth. The county's population had doubled in a decade to 169,000, and voters -- many of them newcomers themselves -- were attracted to the message of protecting Loudoun's quality of life.

Myers was able to turn that painful defeat into a string of business opportunities. She was looking for work just as developers and home builders were looking for people to help them block the limits on development they expected from the new board.

Myers started a consulting firm and began working with Carter Braxton Real Estate in Leesburg. She also joined with a group of builders, landowners, lawyers and Tysons Corner-based developer Greenvest L.C. to mount a well-funded, years-long campaign to regain political clout after the surprise defeat at the polls by the anti-growth forces.

After supervisors passed the strict development limits they had promised, Greenvest companies filed more than 20 lawsuits against the county, part of a coordinated barrage of about 200 such suits by developers seeking to overturn building restrictions. Greenvest companies own more land in Loudoun than any other private landowner -- more than 5,000 acres, much of it undeveloped.

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Myers became a key organizer of Citizens for Property Rights, a lobbying group that assailed county supervisors who supported building limits, targeting them with attack ads and sharply criticizing them at public meetings.

Greenvest, counseled by Myers, pushed to replace the county supervisors with officials sympathetic to development. The goal, Chief Executive Jim Duszynski said in a 2003 interview, was "regime change."

In the run-up to the 2003 election, Greenvest companies and executives contributed $18,000 to the campaigns of six pro-growth board candidates and thousands more indirectly through state and local GOP organizations. Overall, companies and individuals tied to the development industry poured more than $490,000 into supervisor campaigns in Loudoun, more than seven times the figure four years earlier, according to data from the nonprofit Virginia Public Access Project.

Myers and others in the real estate development industry took key jobs in Loudoun's Republican Party and backed candidates who would provide reliable votes for development. Myers became a top strategist for three candidates: Bruce E. Tulloch, whom she had first encouraged to run in 1999; Snow, a former Army helicopter pilot whose district includes many of Greenvest's planned developments; and Lawrence S. Beerman II, a former county supervisor.

The campaign succeeded, and when the votes were counted Nov. 4, 2003, candidates supported by Myers, Greenvest or their allies had won six of the nine seats on the Board of Supervisors. They made up the new majority: Tulloch (Potomac), Snow, Lori Waters (Broad Run), Jim Clem (Leesburg), Mick Staton Jr. (Sugarland Run) and Eugene A. Delgaudio (Sterling), all Republicans.

Beerman didn't make it to the general election, losing in the Republican convention. But Snow later nominated Beerman to the Planning Commission.

When Snow was sworn into office just before Christmas 2003, Myers stood beside him. At a party meeting after the election, GOP Chairman J. Randall Minchew, a prominent development attorney, congratulated Myers for her role in helping elect a new majority and spoke of having her mentor the freshman supervisors.The New Regime

The new supervisors met for the first time in January 2004, and Tulloch took effective command. Voters had elected another supervisor, Scott K. York, an Independent, as chairman, but Tulloch, a burly, aggressive figure, marshaled the six votes needed to give him control of the board's agenda.

Tulloch and his majority went to work. The board took an initial vote to allow central sewer and water lines throughout a 23,000-acre swath stretching from Leesburg to south of Dulles Airport. It was a key step in an effort to open up a vast area to builders. Greenvest had purchased thousands of acres there.

Myers was now at the center of a powerful political network largely built on a common interest in seeing Loudoun expand. In 2004, she was appointed to the county's Board of Equalization, whose role in valuing property kept her involved in land-use questions.

Myers retained her role as a key adviser to Greenvest. "Dale was in and out of the office all the time," said a former Greenvest executive who asked to remain anonymous so he could speak freely about the company. "She was advising [Greenvest officials] a lot about land use and what to be doing."

She was also counseling county officials. Snow said Myers and Beerman brought him their detailed plans for how sections of his district should be developed. "Those two were invaluable about the process of where things should go and why they should go," Snow said.

Behind the scenes, some supervisors kept in close contact with Myers. Cellphone records obtained under public records laws showed more than 150 calls between her and Tulloch or Snow from September 2005 through mid-January 2006.

Snow shared e-mails with Myers that he received from constituents on matters before the board. In October 2005, Supervisor Sarah R. "Sally" Kurtz (D-Catoctin) sent an e-mail to the rest of the board and other county officials asking for an investigation into possible favoritism by the Board of Equalization, on which Myers sat. About an hour later, Snow forwarded the e-mail to Myers, records show.

Tom Jewell, Myers's boss at Carter Braxton, said Myers has been unfairly "vilified" over political issues. Jewell, a prominent county Democrat and the firm's owner, described Myers as a hardworking person of integrity who devotes her free time to charity, including fundraising for Inova Loudoun Hospital.

"I just see the amount of good that she has done for this community. She loves this place," Jewell said, adding that her expertise in government land-use policies is invaluable. "Where Dale truly makes her money and gets her clients is her knowledge. . . . She has a mind like a steel trap."The July '04 Meeting

At a pivotal meeting in July 2004, the board approved the two proposals that were lucrative for Myers. In both cases, Myers's name went unmentioned in the public debate.

The vote rezoning her family's farm gave U.S. Home Corp. permission to build 500 homes on the property near Ashburn, beside a meandering waterway called Goose Creek. That was three times the 163 homes that could have been built with no board action, although within the limits of what was allowed under the county's plans.

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Myers's second victory at that meeting came when Tulloch urged the county to purchase a parcel of land from the Islamic Saudi Academy Inc., a company affiliated with a conservative religious school in Fairfax County funded by the Saudi government. The school had intended to relocate to Loudoun but changed its plans.

Tulloch brought the deal to the board and urged supervisors to buy the land to build schools. Such an acquisition normally would take months as the county hashed out budget and planning issues, according to county officials. But Tulloch insisted that the supervisors move quickly, saying at the board meeting that he knew "for a fact" that the school had buyers willing to pay more than the county would pay. When asked later, Tulloch said developer Robert Buchanan was planning to pay more than the $13.5 million the county paid.

Buchanan said in a recent interview that he was going to pay considerably less -- "in the range" of $11 million. Buchanan had a contract to buy the land, records show, but agreed to step aside so the county could purchase it.

After the county completed its purchase, Myers and Carter Braxton received the sales commission, Jewell said. The Saudis had asked Myers to list the property, Jewell said, because as a supervisor in the late 1990s she had supported their plan to build the school in the face of virulent opposition ."They knew what she had gone through."

Tulloch said in an interview that he did not learn that Myers was the agent until "well, well, well after the vote," saying, "in fact, a month probably went by" between the vote and his learning of Myers's role.

Two Loudoun officials, however, recalled Tulloch telling county staff in discussions days before that vote that Myers was handling the sale. "We clearly learned at that time that Dale was the broker for the transaction," said County Administrator Kirby M. Bowers, who was briefed by his staff.

Tulloch defended the purchase, saying the land has gained in value. It was assessed at $15.5 million in 2006. Nothing has been built on the property since the county bought it.

The sale netted the Saudis $10 million more than they had paid six years earlier.Talking Points Prepared

As the pro-growth supervisors settled into office in 2004, they appeared to be taking cues from people with a financial stake in board decisions.

Jeffery Cowart, president of Delta Strategies, Inc., a Leesburg public relations company that has advocated for Greenvest and others, coached Snow, another of the new pro-growth majority, on how to answer critics of growth, records show. In one set of " talking points," Cowart included advice on how Snow should respond if he was asked about political contributions from Greenvest. The company gave $2,000 to his campaign.

"Steve Snow's vote cannot be bought and sold," Cowart wrote in a 2004 e-mail, providing language for the supervisor. "I served my country in the military for 25 years to protect and preserve democracy and the buying and selling of votes was not among those values."

Cowart also wrote statements for Snow supporting Cowart's causes, including a local hospital he represented, e-mails show. And Cowart helped prepare a PowerPoint presentation that Snow could use in meetings to represent his thoughts on why more development in his district was good for the county, records show.

Snow, 61, who refers often to his experience as a military planner, said his work with developers simply reflected his political beliefs.

"I did what I said I was going to do," he said in a recent interview. "There's a supposition, I think, built in now to the psyche of the American people, that if you're in politics that you . . . inherently must be corrupt, that you must be on the take," he said. "They just assume you're there for self-interest, as opposed to . . . public service." Snow said he is in office to protect property rights and solve problems for residents in his district.

Once, in a moment of frustration, Snow became discouraged with his party and entertained thoughts of resignation. He dashed off an e-mail in 2005 to county GOP chairman Minchew, who had joined with Myers, Greenvest and others to help elect the new board.

"I will resign . . . as Supervisor if you wish," Snow wrote.

Minchew pressed Snow to stay.

"You are too valuable."The Ritz-Carlton Project

In the summer of 2005, the board was scheduled to vote on an enclave of resort homes managed by the Ritz-Carlton. The development, including a Jack Nicklaus-designed golf course, is across the street from Oak Hill, the still-pristine estate where President James Monroe retired in 1825.

On the eve of the vote, Tulloch and Snow received a detailed e-mail from Minchew, who represented the Ritz developer and had urged them to support his proposal. The vote was also important to Myers: She had been hired as a consultant for the project, according to Jim Brown, one of the developers.

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Minchew wanted two entrances to the development so that service workers could enter separately from wealthy residents. The owners of Monroe's estate opposed the plan, saying it would disturb their historic property, a case also made by Supervisor James Burton (I-Blue Ridge).

"Dear Bruce and Steve . . . You have one heck of an agenda tomorrow," read the e-mail from Minchew dated July 18.

"I would suggest that Steve simply make the motion (we will e-mail over to you today a draft motion) and let the application be approved over Mr. Burton's objections, probably on a 5-4 vote," wrote Minchew, who copied the e-mail to Myers.

"I think that as little discussion as possible is best course of action."

The two supervisors followed Minchew's script, with Snow making the motion and Tulloch seconding it. After heated debate, the vote came out better than Minchew predicted: 6 to 3.

Minchew declined to be interviewed.

Tulloch had taken a keen interest in the Ritz project, which he said would be an attractive, high-end addition to the county. He traveled to a similar Ritz-Carlton resort in Jupiter, Fla., at his own expense, he said, and lunched with Nicklaus to discuss golf courses. Later, he offered to use his office budget to fly Zoning Administrator Melinda Artman there to demonstrate the benefits of such a development, Artman said.

Artman said she declined the trip, saying that she would base her zoning decision solely "on what the ordinance says."This Year's Race

In its first two years, Loudoun's board of supervisors, driven by its pro-growth majority, approved more than 9,000 new homes brought forward by a host of building firms, according to county records.

Greenvest gained permission in four key votes to build more than 1,800 homes in addition to the roughly 300 that would have been allowed under the previous zoning. The total value of those additional homes could reach $1 billion, based on current sale prices.

The recent defeat by supervisors of the Dulles South plan, in which they rejected Greenvest's proposal to build 15,000 homes there, does not end the company's plans to build in the area. Greenvest is pursuing four major applications to build the same number of homes there. If the county rejects those plans, the company calculates that it could build about 2,000 homes without new approvals by the board.

Those who helped elect the pro-growth board in 2003 are gearing up for this year's race, and at least some of their efforts have been aimed at removing one supervisor: Waters, who fell out of line with some of her Republican colleagues.

Waters, the former executive director of the conservative Eagle Forum who had been elected with Myers's help, began balking in 2004 at Myers's calls for swifter home building in rural Loudoun and near Dulles.

"We need to ostracize her," Snow wrote in a 2004 e-mail. "She is anti-growth and anti-property."

Snow's e-mail went to Patricia Shockey, a Myers confidante. "Later when the opportunity presents itself, go for the jugular," Shockey told Snow. "Dale Myers will get her."

News researchers Madonna Lebling, Bobbye Pratt and Julie Tate contributed to this report.

Suspected San Rafael Kidnapper Arrested Man Who Posed As FBI Agent Demanded $5K 'Bail' (SFC)

By Demian Bulwa, Chronicle Staff Writer

San Francisco Chronicle, January 22, 2007

(01-21) 16:38 PST SAN RAFAEL -- A 40-year-old San Rafael man's Sunday morning coffee run with his girlfriend turned into a terrifying ride when a young man posing as an FBI agent took him into custody for questioning, police said.

The couple had just bought coffee at a 7-11 store on Medway Road when a cream colored Lincoln Town Car pulled behind them on Canal Street, flashed a light at them, said Margo Rohrbacher, a San Rafael police spokeswoman. They pulled over.

David Charles Moon, 26, also a San Rafael resident, emerged in a crisp coat, a tie and a knit cap that said "FBI," Rohrbacher said.

Moon convinced the man to get into his Town Car and drove off. The girlfriend soon received a call at home from her boyfriend asking her to deliver $5,000 "bail" at a nearby home renovation store.

"Needless to say," Rohrbacher said, "that's not how we do business. That didn't sound right to her, so she called 911."

Moon saw police waiting for him and tried to flee. After leading police onto Highway 101, Moon took the central San Rafael exit and "vanished," Rohrbacher said. When police spotted Moon and the Town Car again, he again tried to drive away but crashed instead, suffering minor injuries.

The victim had escaped along the way and, minutes after Moon's crash, rang a San Rafael resident's door bell seeking help, and she called 911, Rohrbacher said.

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Once officers put together the two incidents, they arrested Moon on suspicion of kidnapping and other charges. His bail was set at $1 million, and he faces the possibility of spending the rest of his life in prison, Rohrbacher said.

San Rafael police are looking into whether Moon pulled anyone else over posing as an agent.

"It's certainly very possible," Rohrbacher said.

E-mail Demian Bulwa at dbulwa@sfchronicle.com.

Fake FBI Agent Kidnaps San Rafael Resident, Asks For $5k Bail (AP)

AP, January 22, 2007

San Rafael, Calif. (AP) -- David Charles Moon donned a knit cap that said FBI when he steered his car behind a San Rafael couple, flashed a light and told them to pull over, police said.

Moon, 26, emerged from his cream-colored Lincoln Town Car wearing a crisp coat and tie, and convinced the man he had just pulled over to come with him for FBI questioning.

The victim's girlfriend soon received a call from her boyfriend, who asked herr to deliver $5,000 "bail" at a nearby home renovation store.

"Needless to say," said San Rafael police spokeswoman Margo Rohrbacher, "that's not how we do business. That didn't sound right to her, so she called 911."

When Moon went to retrieve the money, he saw police waiting for him and led police onto Highway 101 before he "vanished" after taking the San Rafael exit, Rohrbacker said.

Police spotted Moon again later, but when Moon tried to drive away he crashed, suffering minor injuries.

Meanwhile the victim managed to escape and rang a San Rafael's resident's door bell. The resident called 911, Rohrbacher said.

Police arrested Moon on suspicion of kidnapping and other charges and set bail at $1 million.

San Rafael police are looking into whether Moon pulled anyone else over posing as an agent.

San Rafael PD Chases & Arrests Suspected Kidnapper (BCN)

Bay City News Wire, January 22, 2007

(BCN) SAN RAFAEL San Rafael police arrested a man Sunday morning suspected of posing as a police officer to kidnap a man and then holding him for ransom, San Rafael police spokeswoman Margo Rohrbacher said Sunday.

A man and a woman were leaving a 7-Eleven store in San Rafael between 5:30 a.m. and 6 a.m. when a man in what looked like an unmarked police vehicle pulled them over, Rohrbacher said.

The suspect, who was wearing an FBI baseball cap and had a spotlight and what looked like a police light the dashboard of his vehicle, then “arrested” the man, handcuffed him, put him in his car and drove away.

When the woman called the San Rafael Police Department to ask where she should go to pay his bail, police said they didn’t have any record of an arrest.

A short time later, the suspect called the woman from the victim’s cell phone and told her to meet him at a Home Depot store with $800 cash.

The woman called the police, who headed over to the Home Depot to meet the suspect.

A sergeant who was first on the scene saw a car matching the description of the vehicle the woman had given.

Two people could be seen inside the car.

When the suspect saw the sergeant, he sped away and entered northbound U.S. Highway 101 at the Bellam Boulevard onramp.

Once on the highway, police and the suspect reached speeds up to 100 mph, Rohrbacher said.

The suspect then took the central San Rafael exit and the car disappeared, Rohrbacher said.

Police put out a countywide all points bulletin on the suspect vehicle and discovered that it was an overdue rental car.

A short time later, officers spotted the vehicle near San Rafael High School on Mission Avenue.

This time there was only one person in the vehicle, Rohrbacher said.

The suspect fled from police again, but took a turn in the 400 block of East Francisco Boulevard too fast, lost control of his vehicle and slammed into a tree and a pole, Rohrbacher said.

Meanwhile, the San Rafael Fire Department received a call for medical help in the Peacock Gap area of Point San Pedro Road.

A man, who turned out to be the victim of the kidnapping, had knocked on a door in the neighborhood and asked for help.

He was bleeding from the head, Rohrbacher said.

The victim was taken to a nearby hospital for treatment.

The suspect, who has been identified as 26-year-old David Charles Moon, a San Rafael resident, was also taken to a nearby hospital where he will be treated and then arrested, Rohrbacher said.

Writers' Sources Sought In Pellicano Case (LAT)

By Chuck Philips, Times Staff Writer

The Los Angeles Times, January 22, 2007

A co-defendant accuses federal authorities of giving two reporters secret information.

Defense attorneys for a codefendant of indicted private investigator Anthony Pellicano have accused federal agents pursuing a wiretapping case against the pair of leaking confidential information.

In a motion filed Friday in U.S. District Court in Los Angeles, lawyers for entertainment attorney Terry Christensen call on the court to force New York Times reporters David Halbfinger and Allison Hope Weiner to reveal the names of their sources for a report published Jan. 11 in the newspaper.

The motion contends that the article slanted the evidence against Christensen, an entertainment lawyer who is accused of ordering an illegal wiretap of billionaire Kirk Kerkorian's former wife.

At the time, the couple were embroiled in a contentious child-support battle, and Christensen hired Pellicano as his private investigator.

The motion said the article presented confidential recordings "out of context" with the intent to "pillory [Christensen] in public." Christensen's legal team accused the government of leaking material that their client could not rebut because he was bound by a gag order imposed by the court.

In the article, the New York Times printed excerpts of 33 recordings Pellicano made of his own conversations with Christensen — unbeknownst to the entertainment lawyer.

The story quotes from several of those conversations, which appear to indicate that Christensen and Kerkorian knew that the billionaire's ex-wife, Lisa Bonder Kerkorian, was being wiretapped by Pellicano.

The story also quotes Christensen as saying that Kerkorian would likely hire Pellicano again.

In the motion, Christensen's lawyer, Terree A. Bowers, says prosecutors have done nothing to prevent or ameliorate repeated breaches of the court's April 3 order not to release documents and audio recordings related to the case.

Three weeks after the court issued the gag order, the New York Times ran an article by Halbfinger and Weiner that cited selective portions of raw FBI interviews — classified reports that reflect the personal views of an interviewing agent, not verbatim quotes of what a witness actually said, the motion states.

Shortly after the article ran, the U.S. attorney's office in San Diego launched an investigation to determine the sources of the leaks.

The motion says that Christensen and his legal team immediately volunteered to participate in interviews with FBI agents and the San Diego prosecutor. (Assistant U.S. Atty. Robert Ciaffa holds that job but is not named personally in the document.)

In addition, the motion says, Christensen's lawyers provided the U.S. attorney's office with "crucial witnesses and information" to aid FBI agents in their investigation.

One of those witnesses, an unnamed Los Angeles businessman, told Ciaffa and his investigators that the New York Times reporters had revealed to him that they obtained court-sealed documents from the government before they were released to the defendants as discovery materials in April, the motion says.

In the motion, Bowers appeared to express frustration with the pace of the investigation into the leaks.

"This [leak investigation] is going nowhere," Bowers wrote. "Approximately nine months have passed since the San Diego U.S. attorney's office initiated its investigation. There is no justification to delay the subpoenas of the two reporters."

On Sunday, the U.S. attorney's office in San Diego did not return calls; neither did the New York Times nor the FBI.

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Broward Exec Facing 20 Years In Prison (MH)

By Patrick Danner

The Miami Herald, January 22, 2007

Peter Lombardi, the former president of Mutual Benefits Corp., was sentenced to 20 years in federal prison Friday for his role in defrauding some 30,000 investors out of nearly $1 billion.

Lombardi had pleaded guilty in October to one count of securities fraud in the massive investment scheme, which was shut down in 2004.

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Lombardi, 56, could have faced additional charges that carried a potential life sentence, but he has agreed to cooperate with the FBI and the U.S. Attorney's Office in their ongoing investigation into Mutual Benefits -- a viatical and lifesettlement company that was based in Fort Lauderdale.

Lombardi's assistance could lead to the indictment of other individuals, said Jon May, Lombardi's Fort Lauderdale lawyer.

Joel Steinger, described by authorities as Mutual Benefits' "de facto chief executive," has not been charged. His brother, Leslie Steinger, who authorities say also had a role at the company, hasn't been charged either. Their lawyers couldn't be reached Friday.

"There were a lot of people who worked there who are potentially targets of the government's investigation," May said.

Mutual Benefits purchased the life insurance policies of the sick and elderly and then sold them to investors, who paid less than the policies' face values. Such investments are often referred to as "death futures" because investors stand to earn a better profit the quicker the death.

PONZI SCHEME

Authorities alleged the company defrauded investors by using bogus life expectancies in figuring when the insured would die. When the insured outlived their life expectancies, authorities said Mutual Benefits used money from new investors to pay premiums on those insurance policies -- making it a modern-day Ponzi scheme.

The 20-year sentence imposed by U.S. District Judge Paul Huck was the maximum Lombardi could have received on the securities-fraud charge. May said he hopes Lombardi will receive a reduction based on his assistance. Lombardi doesn't have to report to prison until April 9 so he can continue to assist prosecutors.

"Mr. Lombardi said . . . he was very sorry for his conduct," May said of Lombardi's court appearance Friday.

A March 30 hearing has been set to determine the restitution to be made by Lombardi. He previously paid $6 million to settle a civil action brought by the Securities and Exchange Commission.

As part of the same settlement, the Steingers each agreed to pay $9.5 million. But more than a year later, the Steingers have yet to pay in full, according to Alise Johnson, a lawyer with the SEC in Miami.

BALANCE DUE

Joel Steinger has paid about $3.5 million, Johnson said. The balance hasn't been paid yet because of a claim to the money made by his estranged wife, who filed for divorce in 2005.

Leslie Steinger has paid about $5 million. The balance was due last month, but Johnson said he failed to make the payment. He has been given until the end of this month to pay the rest.

The SEC maintained the insurance investments Mutual Benefits sold to investors were securities subject to the agency's regulation. A federal judge later agreed. Lombardi and the Steingers agreed to the $25 million settlement with the SEC without admitting or denying the allegations.

Last month, Clark Mitchell, a one-time Miami Beach doctor, pleaded guilty to one count of healthcare fraud for calculating fraudulently low life expectancies for the insured who sold their policies to Mutual Benefits. His sentencing is set for March 7.

FEMA Swindler Gets 14 Months (BSH)

Biloxi Sun Herald, January 22, 2007

JACKSON - A New Orleans man has been sentenced to 14 months in federal prison after he used a FEMA registration number to get multiple rooms at Jackson hotels after Hurricane Katrina, then rented out the rooms for cash.

Derrick Shane Miller was also sentenced to three years of supervised release after his prison term and was ordered to pay $27,811 in restitution to FEMA, U.S. Attorney Dunn Lampton said in a Friday statement.

Miller pleaded guilty to the charges in October.

Federal prosecutors said Miller used the FEMA number to secure the rooms from Oct. 28, 2005, to March 31, 2006. He admitted his actions were part of a scheme to defraud the agency.

Miller was indicted June 6 after an investigation by the FBI, the Mississippi Bureau of Narcotics and the Hinds County Sheriff's Department.

As Thieves Go Online To Sell Loot, Their Victims Follow (USAT)

By Brad Heath

USA Today, January 22, 2007

Popular online marketplaces that have made it easier for thieves to sell stolen property also are making it easier than ever for victims to track what was taken from them.

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Before the emergence of marketplaces such as eBay, petty thieves turned regularly to pawnshops to unload stolen gadgets, jewelry and other items. That left their victims no easy way to find and recover their property. Now, by using search engines, victims are often able to locate what was stolen and take steps to get it back.

"It's kind of evolved with the Internet," says Larry Abrahamson, district attorney in Colorado's Larimer County. "Basically, if a victim (in the past) wanted to find something that was stolen, they'd go and search the local pawnshops. Now all you've got to do is sit down at your computer. It's made it easier for victims."

Abrahamson's office is pursing a case in which security officers at a Fort Collins high school found 32 stolen computers for sale on eBay. The computers were taken in a break-in during the school's winter recess. Police were able to use the online listing to find and arrest two 17-year-old students, he says.

"It literally took a minute, a minute and a half to find them," says Norm Bastian, security manager of the Poudre School District in Fort Collins.

No one keeps track of how often victims or authorities recover stolen property online. Abrahamson says police still check with pawnbrokers as part of theft investigations more often than they search for items online. The largest online marketplace, eBay, cooperates daily with law enforcement but will not disclose the number of cases in which it is asked for assistance, spokeswoman Catherine England says.

Such searches are not without obstacles. EBay alone adds about 6 million items a day, and even if stolen property shows up on the site, picking it out from among dozens of similar items isn't always easy.

Even so, "We've actually heard from law enforcement that eBay is probably one of the dumbest places criminals can go to try to sell stolen property," England says. That's because sellers need to provide detailed personal information so they can be paid.

Tammy Schroden spent the better part of a day tracking down her son's possessions on eBay after they were stolen from a Northwestern University fraternity house in Evanston, Ill., in June. She located his Nintendo game system and tipped off campus police, who bid on it but lost out to another bidder at the last minute, school spokesman Charles Loebbaka says.

Schroden's own bid — $35 for two of her son's video games — was a winner, though. When the games arrived in the mail, they had "Schroden" written on the back, she says. Eventually, Loebbaka says, campus police identified a 17-year-old from Evanston as the seller, and persuaded the boy's father to give back a stolen laptop and printer and to pay $2,600 restitution. "If I didn't pursue this," Schroden says, "I know it wouldn't have gotten as far as it did."

State Inmates Outlive Those On Outside, Report Says (CHIT/AP)

Associated Press

Chicago Tribune, January 22, 2007

WASHINGTON -- State prison inmates, particularly blacks, are living longer on average than people on the outside, the government said Sunday.

Inmates in state prisons are dying at an average yearly rate of 250 per 100,000, according to the latest figures reported to the Justice Department by state prison officials. By comparison, the overall population of people ages 15 to 64 is dying at a rate of 308 a year.

For black inmates, the rate was 57 percent lower than the overall black population--206 versus 484. White and Hispanic prisoners both had death rates slightly above their counterparts in the overall population.

The Justice Department's Bureau of Justice Statistics said 12,129 state prisoners died from 2001 through 2004.

Eight percent were murdered or killed themselves, 2 percent died of alcohol, drugs or accidental injuries, and 1 percent of the deaths could not be explained, the report said.

The rest of the deaths--89 percent--were due to medical reasons. Of those, two-thirds of inmates had the medical problem they died of before they were admitted to prison.

Medical problems that were most common among both men and women in state prisons were heart disease, lung and liver cancer, liver diseases and AIDS-related ailments.

But the death rate among men was 72 percent higher than among women. Nearly one-quarter of the women who died had breast, ovarian, cervical or uterine cancer.

Four percent of the men who died had prostate or testicular cancer.

More than half the inmates 65 or older who died in state prisons were at least 55 when they were admitted to prison.

State prison officials reported that 94 percent of their inmates who died from an illness had been evaluated by a medical professional for that illness, and 93 percent got medication for it.

With Kids Dead, L.A. Vows Gang Crackdown (WP/AP)

By Jeremiah Marquez, The Associated Press

The Washington Post, January 22, 2007

LOS ANGELES -- A 14-year-old girl was killed by Hispanic gang members who police say were targeting blacks. A 9-year-old girl died after being hit by a stray bullet as gang members exchanged shots near her home. A cop was wounded in a gunbattle with a suspected gangster.

The soaring violence is prompting police and politicians to promise one of the toughest crackdowns against gangs in city history.

"This is the monster, this is what drives people's fears," said Deputy Chief Charles Beck, who oversees a South Los Angeles district where gang-related crime jumped 24 percent during the year ending in November.

However, the effort has met skepticism in the city that has an estimated 700 gangs with 40,000 members _ about four for every police officer _ and that gave birth to some of the nation's most notorious gangs, including the Crips, Bloods and Mara Salvatrucha, or MS-13.

"It's too big, it's too entrenched, it's too intimately connected with the urban setup here," Malcolm Klein, a gang expert at the University of Southern California, said of the gang problem. "You can reduce it. But the idea you can somehow eliminate it is ridiculous."

Gangs have thrived for generations in Los Angeles, but the especially violent past year caught police brass off guard. Citywide crime rates fell in 2006 but gang-related offenses increased 14 percent _ the first hike in four years. In the San Fernando Valley, gang murders, assaults, robberies and other crimes jumped 42 percent.

Mayor Antonio Villaraigosa has appealed to U.S. Attorney General Alberto Gonzalez for millions of dollars in anti-gang funds and for more federal prosecutors to pursue racketeering and other charges mostly used in the past against organized crime.

FBI Director Robert Mueller has assigned agents to an anti-gang task force in the San Fernando Valley to work alongside police deputized as federal officers.

Authorities promise to increase enforcement in afflicted neighborhoods. The officers will be armed with injunctions forbidding gang members from assembling in certain areas, lawsuits aimed at shutting down gang hangouts as nuisances and probation orders barring gang members from returning to their neighborhoods after their release from prison.

In some ways, the approach mirrors a multi-agency Boston campaign in the 1990s, known as the Boston Miracle, that resulted in a dramatic decline in gun violence and murder rates.

Past efforts in Los Angeles, however, have produced mixed results.

"We've seen this movie before," said Mario Corona, a former member of the Pacoima Criminals gang in the San Fernando Valley who now works to rehabilitate gang members.

The city has been hampered in the past by a lack of resources and changing department priorities, according to a city-funded report by civil rights attorney Connie Rice.

And a 1980s anti-gang unit known as Community Resources Against Street Hoodlums, or CRASH, was disbanded after allegations of police corruption. Few of the thousands of suspected gang members in South Los Angeles were ever charged.

Residents are demanding renewed action while trying to stay out of the line of fire.

Esteban Martinez, 41, hears gunshots at night in the San Fernando Valley, where he lives with his wife and four small children.

"Everybody is afraid, but they don't speak (to police) because they are afraid to get into trouble with the gang members," Martinez said. "I'm worried about my family."

Two weeks ago, an officer searching a house in the area for wanted gang members was wounded in the leg when a gang-banger fired through a closed bedroom door.

Nothing has outraged the city more than the gang slayings of children. Last month, 9-year-old Charupha Wongwisetsiri was standing in her family's kitchen when she was struck by a stray round from gang crossfire in Angelino Heights near downtown.

That came just five days after the shooting death of Cheryl Green, a 14-year-old black girl, who was talking to friends in the Harbor Gateway area. Two Hispanic gang members, who police said were intent on killing blacks, were arrested.

Alex Sanchez, a former MS-13 member who now runs a gang intervention program, said police moves to identify the worst gangs could instead lead to more crime.

"It's feeding the egos of gang members," Sanchez said. "They're all going to want to be on the top 10."

Others said nothing will change without more jobs and better education.

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"Until we get those gangsters into real jobs, we are going to have a lethal ongoing problem, pure and simple," said Jorja Leap, a social welfare professor and gang expert at the University of California, Los Angeles, who advises the mayor. "It will never change."

Racial Attacks By Gangs Rising, L.A. Officials Fear (LAT)

By Megan Garvey And Patrick Mcgreevy, Times Staff Writers

The Los Angeles Times, January 22, 2007

Statistics give only a partial picture, because determining motivation can be difficult.

The headlines are among the most stark documenting gang violence. A Latino gang member, without saying a word, guns down a 14-year-old black girl standing on a sidewalk. A black gang member shoots a Latino toddler point-blank in the chest.

For the most part, though, the role racial animosity has played in gang crime has gone unexamined, largely undocumented in crime statistics and often tamped down by politicians and law enforcement officials anxious about inflaming tensions.

That changed this month when Los Angeles Mayor Antonio Villaraigosa, Police Chief William J. Bratton and L.A. County Sheriff Lee Baca all spoke with unusual candor of their concern that an increasing number of gang crimes appear to be born out of racial hatred. In a few instances, the Los Angeles Police Department has identified Latino gangs they say are indiscriminately targeting African American residents in what appear to be campaigns to drive blacks from some neighborhoods.

The acknowledgment by top officials, some activists say, has been a long time coming.

"What is happening is similar to small earthquakes taking place along a major fault line," said Khalid Shah, executive director of Stop the Violence Increase the Peace Foundation, who said he has heard from numerous communities across the region reporting rises in racially motivated gang attacks. "Ultimately the danger is that there will be an explosion, particularly, I think, if we put our heads in the sand and try to act like this issue isn't real."

But getting a handle on how much gang violence is rooted in racism is difficult.

A Times analysis of Los Angeles Police Department statistics gives a partial picture, with numbers available only in cases in which a suspect's race is known.

The tracking shows that the vast majority of the most serious gang crime remains intra-racial: Latinos attacking Latinos, blacks attacking blacks.

Last year there were more than 2,700 black-on-black or Latino-on-Latino incidents compared with slightly more than 500 interracial attacks.

Intent is often unknown

Harder to determine is intent. Without an admission of motivation, and often without even a suspect to question, knowing why a victim was targeted by a gang member is difficult: Was it skin color? Did they or family members have direct ties to gangs? Was it just bad luck? Mistaken identity?

In cases where gang-related homicide, aggravated assault or robbery crossed racial lines, LAPD tracking shows an 11% jump in incidents from 2002 to 2006; from 213 to 240 black-on-Latino attacks; and from 247 to 269 Latino-on-black attacks. As those interracial crimes rose, intra-racial gang attacks fell by 23%, from 3,577 to 2,780.

In a city where blacks and Latinos make up 96% of known street gang members and often live in proximity, it would not be unexpected that the two groups account for the vast majority of interracial gang crime.

"It should be no surprise to anyone that gang members have racist tendencies," Bratton said. "Both street and prison gangs are constituted on race. But the reality is, most gang crime is motivated by greed and territory. Nevertheless, it is right that penalties are enhanced for hate crimes, and the LAPD will continue to aggressively investigate them."

While citywide statistics show small bumps in interracial attacks, some neighborhoods are seeing troubling increases.

Of the 13 attempted murders involving gang members in the west San Fernando Valley since July, 10 involved black victims and Latino suspects, Lt. Tom Smart said. In many cases, the black victims were not affiliated with gangs, he said.

Still, Lt. Paul Vernon, an LAPD gang expert, said the citywide figures should be looked at in context.

Latinos and blacks are not equally represented in either the city's population or documented gang membership. About 49% of Los Angeles residents are Latino and about 10% are black, according to the most recent Census Bureau estimates.

Of the city's estimated 39,000 street gang members, the LAPD reports about 56% are in Latino gangs and about 40% in black gangs.

Of homicides, aggravated assaults and robberies committed by black gang members, about 2 in 10 are against Latinos. About 1 in 10 of the crimes committed by Latino gang members are against blacks.

Even with an uptick last year, gang crimes remain far below the historic highs of more than a decade ago.

Geography, identity and money remain driving forces in gang crime far more than race, law enforcement officials said.

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"The vast majority of gang crimes are not based on hate, as in 'I'm going to get you because of your race.' They are based on 'You are an outsider,' " Vernon said. "Now, certainly, race is one thing that can distinguish an outsider, but that doesn't mean it is based on hatred of the race."

Where violent crime takes place plays a major role in the relatively comparable number of interracial crimes committed by Latino and black gang members, despite blacks making up a much smaller portion of the population. A significant number of gang crimes occur in the Newton, Southwest, Southeast, and 77th Street divisions — an area of the city that generated 37% of violent crime citywide last year and still has a large black population.

Those who follow gang crime caution that statistics currently kept by law enforcement make it difficult to determine specific motivations for most crimes. In hundreds of cases even the race of the suspect is unknown.

In some neighborhoods, however, racism is clearly a factor.

One recent case to draw national attention was the shooting death last month of Cheryl Green, 14. Green, who was black, was allegedly targeted by 204th Street Latino gang members because of her race.

Her shooting was one in a recent series of racially charged incidents in that neighborhood, where a decade ago the LAPD had won awards for cracking down on the 204th Street gang and a rival black gang.

Assistant Chief Earl Paysinger said the 204th Street gang isn't like most other gangs in the city. "They have taken it to the extreme with utter hate. And they have become more extreme. Spraying 'No N's here' on the walls," he said.

Racial conflict is not new in Los Angeles, where long-simmering racial tensions and anger over police treatment of blacks fueled major riots in 1965 and 1992.

By the time Los Angeles erupted over the not-guilty verdicts in the Rodney G. King police beating trial, issues between white and black Los Angeles were already being overtaken by a massive demographic shift of Latinos into the region.

By the early 1990s, many South Los Angeles neighborhoods had become majority Latino, a population that has continued to grow in recent years.

Coexistence is strained

With that shift came changing gang boundaries. Alex Alonso, who studies gang territories in Los Angeles and runs the website streetgangs.com, said that though rival black gangs have traditionally had well-defined territories that do not overlap, Latino and black gangs had long coexisted on the same streets with little trouble.

As more and more areas changed from majority black to majority Latino — and conversely as blacks moved into traditionally Latino areas such as Harbor Gateway and parts of the Valley — open conflict broke out in some cases.

At the same time, Alonso said the underlying tensions were not openly talked about, with some politicians worrying that such dialogue might inflame racial divisions.

Gang violence in general, he said, has been a difficult topic for leaders hoping to promote their areas as good places to live.

He pointed to the situation in Highland Park, where the Avenues, a notorious Latino gang, in 1995 unleashed a six-year campaign to drive African Americans out of their predominantly Latino neighborhood.

Last summer, four of the gang's leaders were found guilty in federal court of hate crimes. Three were sentenced to life in prison, and the fourth is scheduled to be sentenced Monday.

"In Highland Park no one wanted to discuss what was really going on," Alonso said. "Who knows what would have happened if they had? Maybe something would have been done sooner."

In the absence of admissions from suspects, local leaders have been quick to downplay race as motivation. Last summer, when three Latinos, including a 12-year old boy, were killed execution-style by black suspects in South Los Angeles, Villaraigosa urged residents not to jump to conclusions, although police said the victims had no gang ties and no known enemies.

"There is no information to believe that this is racially motivated," he said at the time. The case is still under investigation.

Racism often downplayed

Fernando Guerra, a Loyola Marymount professor and director of the Center for the Study of L.A., said there has been little upside for politicians in talking about the racial overtones of gang violence. The instinct, he said, is to downplay racism as a cause, in part because "it's not clear what the policy will be or even if there is a public policy that would work."

One factor in racial street violence may be long-standing racial divisions in jails and prisons. Early last year , thousands of Latino and black inmates in Los Angeles County jails engaged in a series of fights over more than a week, leaving scores injured and two black inmates dead.

As felons go in and out of jails and prisons in the state with increasing frequency, some observers worry that the strict racial divisions learned behind bars are becoming internalized.

"Given the racial dynamics of violence in prison, it would be very scary if that got transferred onto the street," said Cheryl Maxson, a UC Irvine professor who studies crime and street gangs.

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Robin Toma, executive director of the Los Angeles County Human Relations Commission, called gangs a "serious problem" when it comes to hate-based crimes.

Last year, the county reported the first increase in hate crimes since 2001. But even with the jump, hate crime reports in 2005 were at their second-lowest level in the county since 1990.

And the raw numbers are still tiny in comparison with overall crime — 69 incidents of documented gang hate crimes compared to tens of thousands of crimes reported countywide.

One step to better understanding the role of racism would be for law enforcement agencies to track and make available to researchers information about specific motivations in gang crimes when known.

"When you're talking about gang-on-gang violence, you ask, 'How much of that is part of normal gang conflicts over drugs and territory?' " Maxson said. "The question is: 'What is the role of racial conflict when you think of gang conflict?' "

On the streets, though, Alonso said both black and Latino residents in the gang neighborhoods he regularly visits have little doubt. From their perspective, he said racially motivated gang attacks have "absolutely gone up."

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Times staff writers Richard Winton and Evelyn Larrubia contributed to this report.

Kidnap Suspect Dreads Facing His Parents (WP/AP)

The Washington Post/AP, January 22, 2007

NEW YORK, Jan. 21 -- The man accused of kidnapping two Missouri boys and holding one of them for four years told a newspaper that life was good for him during that period.

Michael J. Devlin, 41, said his own parents, who live nearby, have not visited him since his arrest earlier this month, the New York Post reported Sunday.

"I don't know how I'm going to explain myself to my parents. It's much easier talking to a stranger about these things than your own parents," Devlin told the Post in two 15-minute interviews at the Franklin County Jail in Union, Mo. They were his first public comments, aside from a brief court appearance, since his arrest.

The pizzeria manager is accused of taking William "Ben" Ownby, 13, just after the boy got off a school bus Jan. 8 in Beaufort, Mo., about 50 miles southwest of St. Louis. A schoolmate's tip about a white pickup truck led authorities to Devlin's apartment in Kirkwood, Mo., a St. Louis suburb, where they found Ben and Shawn Hornbeck, 15, on Jan. 12. Shawn had been missing since 2002.

"I guess I was relatively happy" during those four years, Devlin said.

Devlin pleaded not guilty Thursday to charges of kidnapping Ben. He also is charged with kidnapping Shawn but has not entered a plea in that case.

Devlin, who refused to discuss anything related to the case, said he "was never really interested in" romantic relationships. He would not say whether he is attracted to women.

"I can't talk about that because it has to do with the case," he said.

The Post said Devlin appeared downcast and red-eyed during the first interview Friday but was smiling and more upbeat during an interview Saturday.

"I feel nothing," he said in the first interview. "I hide my emotions from other people. I hide the way I feel."

Around 2002, he started losing contact with close friends, most of whom he knew from the pizza parlor he managed in Kirkwood.

"I guess you could say I was lonely. All my friends starting getting married and having kids," he said. "Hanging out with friends just becomes a lower priority" for them.

Devlin's attorneys, Michael Kielty and Ethan Corlija, criticized jail security Sunday and said they had previously advised their client against talking to the media.

They said they had a verbal agreement with jail officials that only family and Devlin's attorneys would see him. The lawyers said the reporter who got in to see Devlin presented herself as a "family friend" to jail officials, not as a reporter.

Kielty also said the woman told Devlin she was writing for a university publication.

Post spokesman Howard Rubenstein said, "The response of the New York Post is that they stand by their published report."

Kielty and Corlija said they planned to ask a judge Monday to move Devlin to a "more secure" facility.

"I don't care if she's a reporter for the New York Post or the milkman -- the fact that she can get in is a big deal," Corlija said.

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Franklin County officials plan to investigate how the reporter, Susannah Cahalan, got access to Devlin, the St. Louis Post-Dispatch reported.

Nightclub Shooting May Beget Legislation (WP)

By Susan Levine And Theresa Vargas

The Washington Post, January 22, 2007

In the wake of a teenager's death this weekend in a packed District nightspot, D.C. Council member Jim Graham plans a meeting within days of police, regulators, industry officials and parents to craft emergency legislation barring minors from clubs that serve liquor.

"There's something wrong here," Graham (D-Ward 1) said yesterday as he weighed his options as chairman of the committee overseeing liquor control. "It's pretty amazing that the only prohibition in D.C. law in terms of a minor being in an establishment where alcohol is available [deals with] a minor being in a liquor store during school hours."

Taleshia Ford, 17, was killed early Saturday morning at Smarta/Broadway, at 1919 Ninth St. NW, when another patron's gun fired during an altercation with a bouncer. Police have made no arrests in the case.

Despite catering to teenagers, the business had a license allowing it to serve alcohol to anyone 21 and older, and the dance floor was crowded with a combination of ages. The club's owner, Smart E. Aziken, did not respond to calls seeking comment yesterday.

Graham said he was greatly concerned by the dangerous potential of "mixing alcohol and adults and teens" in a nightclub, not only because of the possibility of adults buying drinks for minors but also because of the chance teenagers could be induced into risky behavior. In the absence of city law, bars and nightclubs that exclude underage patrons do so at their discretion.

"This has got to stop," Graham said, adding that he hopes to have a bill ready for the council's Feb. 6 session. Through a spokesman, Mayor Adrian M. Fenty (D) said he would support strengthened legislation to protect youths from such situations.

Smarta/Broadway, also known as Club 1919, was temporarily shut down by police after the shooting. Its black wrought-iron doors were secured yesterday by a thick rusted chain held together by two locks. Taped outside were three "Notice of Closure" signs.

"The Chief of Police finds that continued operation of this establishment would present an imminent danger to the health, safety and welfare of the public," the signs read. Police have the authority to keep the business closed for 96 hours.

The club, near the U Street corridor, opened in September 2004. According to Jeff Coudriet, director of operations for the city's Alcoholic Beverage Regulation Administration, its application specified it would have seating for 50.

During its first year, the club was cited for selling and serving alcohol after hours, and Aziken, 44, was given a $2,000 fine and a five-day suspension. The city cited the club for additional violations last May, including a noise complaint and an allegation that patrons were allowed to leave with liquor in hand. Aziken was due to appear Wednesday for a hearing on those matters.

"In layman's terms, he's sort of racking things up here," Coudriet said.

Because of this weekend's violence, Aziken is expected tomorrow at a "summary suspension hearing" by the agency's Alcoholic Beverage Control Board, which can indefinitely withhold the club's license or revoke it. "It's firmly in our hands at that point," Coudriet said.

Meanwhile, Ford's family continued making funeral arrangements, and police pursued their investigation of the shooting. The girl, a senior at Booker T. Washington Public Charter School, had persuaded her mother to let her go to the club with older relatives.

"It's rough," said an uncle, Richard Bynum. "They're taking this real hard."

Police said the gun was taken into Smarta/Broadway by a male friend of a woman ejected earlier in the evening, allegedly for smoking marijuana. A half-dozen security guards might have been on duty, but the club had no metal detector. Officers say they believe the gun discharged accidentally.

The department, which had no leads yesterday on the pair's identity, is offering up to $25,000 to anyone who provides information leading to an arrest and conviction in Ford's killing. Authorities asked people with information to call detectives at 202-727-9099.

Cmdr. Larry McCoy, who heads the 3rd Police District, said neighbors had complained to officers about noise disturbances at the club but not about more serious problems.

"It wasn't on my radar" before, McCoy said. "It is now."

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CIVIL LAW:

Unabomber Wages Legal Battle To Halt The Sale Of Papers (NYT)

By Serge F. Kovaleski

The New York Times, January 22, 2007

Nine years after he began serving a life sentence for the Unabomber crimes, Theodore J. Kaczynski is fighting to reclaim more than 40,000 pages of his writings and correspondence so he can preserve them in their rawest form for the public to read.

Mr. Kaczynski, 64, is in a legal battle with the federal government and a group of his victims over the future of the handwritten papers, which include journals, diaries and drafts of his anti-technology manifesto.

The journals contain blunt assessments of 16 mail bombings from 1978 to 1995 that killed 3 people and injured 28, as well as his musings on the suffering of victims and their families. The government wants to auction sanitized versions of the materials on the Internet to raise money for four of Mr. Kaczynski's victims.

But, citing the First Amendment, Mr. Kaczynski has argued in court filings that the government is not entitled to his writings and has no right to alter them. The writings were among the items taken from his remote Montana cabin after his arrest in April 1996. In a motion drafted in pen, he said he planned to argue that the government had too much discretion under a federal restitution law to confiscate writings.

The four victims pursuing restitution from Mr. Kaczynski were initially reluctant to agree to the auction, fearing it could ghoulishly generate more notoriety for him and further publicize their pain. But some were equally horrified by the prospect of Mr. Kaczynski reclaiming his writings.

One of the victims, Gary Wright, a computer-store employee seriously injured in an attack 20 years ago next month, said it was difficult for the four to reach a consensus.

"How do you take four people and try to come to an agreement when they have been wronged in different ways and are in different stages of healing with different types of losses?" said Mr. Wright, now a businessman in Salt Lake City. "I'm sure that emotions were running rampant and that people were reliving it."

Mr. Kaczynski came to be known as the Unabomber after the Federal Bureau of Investigation's code name for the case, Unabom, coined because the targets included universities and airlines. In his 18-year bombing campaign Mr. Kaczynski seemed bent on thwarting the advance of technology, and his victims included university professors, scientists and business executives.

One victim who is not seeking restitution, David Gelernter, a professor of computer science at Yale, said in a letter to the court that he hoped "the criminal's property will be destroyed, or (if need be) sealed for a century at least and then made available at no charge to scholars of depravity."

A federal judge in Sacramento approved the government's auction proposal last August as a way for the group seeking restitution to collect some of the $15 million it is owed by court order. But the judge ordered that any references to Mr. Kaczynski's victims be deleted.

Mr. Kaczynski challenged the deletions, asserting that they would violate his right to freedom of expression, and that his writings should remain intact.

A lawyer for Mr. Kaczynski, John P. Balazs, said his client wanted to donate the originals to a library.

The Labadie Collection at the University of Michigan, which houses materials on anarchism and other protest movements, already has a sizable collection of Mr. Kaczynski's more recent writings and of correspondence since his arrest. Kelly Cunningham, a spokeswoman for the university, said that if Mr. Kaczynski offered to turn over additional writings, the university would examine them to determine whether they were suitable for the collection.

Among the documents that would be auctioned are letters that Mr. Kaczynski received over 25 years at his Montana cabin from his brother, David, and his mother, Wanda.

It was David Kaczynski who led the F.B.I. to his older sibling. And while he expressed support for the victims, he said he was distressed that private family correspondence might fall into the hands of strangers and that the government had not asked him if he wanted the letters.

"I'm in favor of anything that would help the victims," David Kaczynski said in an interview. "But in a personal sense, having these letters treated as murderabilia is appalling to us. How do you balance the need for human decency and dignity with doing the best thing?"

David Kaczynski said this would not be the first time that he had felt let down by the federal government. The F.B.I. had promised to keep his role in the case a secret and to give the family at least one day's warning before they arrested his brother. They did neither.

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"I feel our family has a stake in preserving our privacy and dignity," he said, "but certainly our dignity is compromised by having our letters to Ted transformed into letters of curiosity for some collector of celebrity murder cases."

In the latest twist in a three-year legal battle over the writings, Theodore Kaczynski is adopting a new strategy that could, one of the prosecutors said, mire the case in the federal courts for at least another year or two.

Also known as Inmate 04475-046 at the federal maximum-security prison in Florence, Colo., Mr. Kaczynski has asked an appeals court to assign him a new lawyer who is an expert in First Amendment litigation. Otherwise, he has told the court, he wants to represent himself in an appeal of the ruling that authorized auctioning the papers.

In approving the auction, Judge Garland E. Burrell Jr. rejected Mr. Kaczynski's argument that the sale and altering of the original writings would violate the First Amendment.

Because of the pending appeal of Judge Burrell's ruling, the four victims cannot receive, for the time being, the $7,025 the government collected towards restitution from the sale of Mr. Kaczynski's interest in his Montana land, according to Ana Maria Martel, an assistant United States attorney.

Susan Mosser, whose husband, Thomas J. Mosser, was killed 12 years ago after opening a package containing a bomb that had been sent to their North Caldwell, N.J., home by Mr. Kaczynski, expressed indignation.

"Did he worry about the rights of Hugh Scrutton, Tom Mosser or Gil Murray, from whom he took the right to live?" she wrote in an e-mail message sent through her lawyer.

"Or the rights of the other fathers, sons, brothers, sisters or husbands who were recipients of his bombs, and who suffered real, painful and genuine irreparable harm? Or the rights of those who loved them?" asked Ms. Mosser, who is one of the parties seeking restitution.

Mr. Kaczynski wrote prolifically. He was the author of a 35,000-word manifesto that was published in The Washington Post seven months before his capture. The New York Times jointly financed publication of the tract. Soon after his arrest, Mr. Kaczynski appealed unsuccessfully to the Supreme Court, arguing that his prosecution had been so tainted by news reports that the government had forfeited its right to prosecute him. In January 1998, he pleaded guilty to the federal charges against him.

In addition to Mr. Kaczynski's writings, the government's auction inventory includes an assortment of more than 250 books from his cabin. The titles include "The Brothers Karamazov," "Roman Political Ideas and Practices" and "Fundamentals of Analytical Chemistry." Among the other items cataloged for auction are bowstrings and arrows in a quiver, two axes, a scabbard and a Montana driver's license.

In a July 2005 opinion that led the prosecution to propose an auction, the United States Court of Appeals for the Ninth Circuit said the government's original plan for the sale of Mr. Kaczynski's possessions "plainly fails to serve the victims and their families."

"Though the government purported to represent these individuals, we see nowhere in the record their viewpoints and desires regarding the enforcement of the restitution order," the opinion said.

The court said its understanding of the restitution plan was that the government would assign a value to Mr. Kaczynski's items, deposit that amount of taxpayer money into an account for the victims and keep the property indefinitely. The ruling sent the matter back to the district court and stipulated that if the government did not produce a reasonable plan to maximize the monetary return to the victims, Mr. Kaczynski would get his property back.

Ms. Martel, the assistant United States attorney, said the group of four victims pressing for restitution initially had been unequivocal about not wanting any of Mr. Kaczynski's possessions sold.

"Every time there was a discussion about what we should do with the goods, it was like opening a scab for them," Ms. Martel said. "They were very anguished that Kaczynski would receive more publicity, and that someone was going to be buying his writings about taking pleasure in their suffering. But it was clear that if they didn't agree to an auction, it would all go back to Kaczynski."

The prospect of an auction also did not sit well with Mr. Gelernter, the Yale professor who was severely injured by one of the mail bombs in 1993. He filed a letter with the court in late 2005 in which he asked that the proposed sale not happen.

"My wife and I are outraged that the court has decided to turn the sale of this criminal's property into a circus — or (more accurately) into a P.R. bonanza, starring the criminal himself," Mr. Gelernter wrote. "Why have you decided to help vicious misfits with cash to burn lionize this evil murderer?"

In a recent e-mail message to The New York Times, Mr. Gelernter said he had nothing but pity and contempt for anyone who would bid on Mr. Kaczynski's items unless "they're acting for a police agency or some serious research project that seeks to rid the world of (not 'understand') such vicious cowardly thugs."

But he emphasized that the other victims had the right to "call their own moral shots" and that he hoped that they received everything they wanted .

"God knows they deserve it," Mr. Gelernter said.

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Cuyahoga Comeuppance (WSJ)

The Wall Street Journal, January 22, 2007

The judicial hammer finally came down last week on the California law firm of Brayton Purcell, one of the giants of the asbestos bar. All the firm had done was file a false claim, lie in court and obstruct discovery. But hey, everyone has a bad day once in a while.

The ruling came from Ohio Judge Harry Hanna of the Cuyahoga County Court of Common Pleas, as he barred Brayton Purcell from practicing in his court. In the process, the judge exposed one of the darker corners of tort abuse: asbestos trusts, or funds set up by bankrupt companies to pay legal claims.

The judge is overseeing a suit brought by Brayton Purcell, which claimed Lorillard Tobacco's cigarettes had caused the late Harry Kananian's mesothelioma. What emerged in court, however, is that Brayton Purcell and other firms had previously filed numerous claims to other asbestos trusts claiming that Kananian had developed his asbestos cancer for different reasons.

This is called "double dipping," and because trust payouts are confidential the public rarely learns of these abuses. Our Kimberley Strassel exposed the Kananian scam last year on these pages, reporting on court records showing that Brayton Purcell and its lead attorney, Christopher Andreas, had gone to extraordinary lengths to hide these facts.

In his opinion, Judge Hanna found that Brayton Purcell disobeyed court orders and lied to the court about it; that it had filed a false claim to an asbestos trust, because "this fiction, of course, improved chances of recovery from the trust"; that Mr. Andreas had lied to the court about what he knew about the claim forms and when and had encouraged trusts to resist discovery; and that the lead counsel had shown a "shocking" lack of "respect" during his deposition.

"The record before this court indicates that Brayton Purcell institutionally and Christopher Andreas individually have failed to abide by our rules. They have not conducted themselves with dignity. They have not honestly discharged the duties of an attorney in this case. Therefore, they have forfeited their privileges to practice before this court," the judge wrote.

Cuyahoga County has long been a mecca for asbestos lawsuits, and tens of thousands are still pending. Judge Hanna and two of his colleagues are charged with overseeing that docket, which means that Brayton Purcell's banishment is a serious sanction that hurts its pocketbook. Even better would be if his ruling inspires the Ohio State Bar Association and local or federal prosecutors to look at his findings, in particular the description of how Brayton Purcell filed a fraudulent claim with the express aim of getting a payout.

Judge Hanna is also setting an example for the judiciary, which has to take a harder line if litigation fraud is going to be reined in. Texas federal Judge Janis Graham Jack blew the whistle on silicosis fraud in 2005, while the Michigan Supreme Court recently outlawed the "bundling" of asbestos suits, a practice that had clogged courts and pressured companies into unfair settlements. Bankruptcy judges have also been exposing "prepackaged" bankruptcies, which often let trial lawyers and asbestos companies bilk insurers with bogus claims.

Judge Hanna has now opened the door to more scrutiny of "double dipping" and the rampant fraud inherent in asbestos trusts. The goal should be for more judges to allow for the discovery and admissibility of trust forms in ongoing litigation. His opinion is required reading for other judges, who can start asking whether similar dishonesty is destroying the integrity of their own courts.

CIVIL RIGHTS:

Roe's 34th Year Sees A New Washington (WT)

By Amy Fagan

The Washington Times, January 22, 2007

Today marks the 34th anniversary of the Supreme Court's Roe v. Wade decision, and as thousands descend on the District to protest abortion, some new twists have emerged on the political landscape, including a Democrat-controlled Congress, an upcoming Supreme Court decision and a burgeoning presidential race.

With Democrats in charge of the House and Senate, some pro-choice leaders see an opportunity to affirm and protect the landmark 1973 ruling that made abortion a constitutional right.

"I do believe that there are some opportunities for affirmative legislation that would protect women's lives and health," said Vicki Saporta, president of the National Abortion Federation. "We don't expect further abortion restrictions to move through Congress."

Still, it remains to be seen how Democratic leaders will handle the abortion issue.

The pro-life community -- participating in the annual March for Life today -- is readying itself for Democrats seeking more funding for groups that support abortion and perhaps lifting restrictions on federal funding for abortion.

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But pro-life leaders note the House will still take a pro-life stance on many issues and that President Bush will likely veto objectionable legislation.

"We just need to do all we can to make the case that abortion exploits women and destroys children," said Rep. Christopher H. Smith, New Jersey Republican and chairman of the Bipartisan Congressional Pro-Life Caucus.

Mr. Smith also expects some Democrats -- especially those with their eyes on the White House -- to strike a moderate, seemingly pro-life tone on abortion.

"There may be a bogus attempt to claim common ground while money is being given to Planned Parenthood," he said, warning pro-lifers to be skeptical.

Meanwhile, activists on both sides are awaiting a decision by the Supreme Court, expected before June, on whether to uphold a federal law banning an abortion procedure sometimes called partial-birth abortion.

The pro-life community argued the law bans a procedure in which a half-born baby is killed, while the pro-choice community argued it's too broad and would ban a range of abortions.

The high court overturned a similar Nebraska law in 2000, but the Republican-controlled Congress approved a new federal ban in 2003. It was challenged in three separate lawsuits and overturned by federal courts.

But in the meantime, the pro-life movement scored a key victory with the confirmation of two new conservative Supreme Court justices -- Chief Justice John G. Roberts Jr. in 2005 and Justice Samuel A. Alito Jr. last year.

More pressing is who will control the White House in 2008.

EMILY'S List, a group that aims to elect pro-choice Democratic women, quickly endorsed Sen. Hillary Rodham Clinton, New York Democrat, who announced her presidential candidacy Saturday.

At the same time, the pro-life Susan B. Anthony List invited several likely presidential candidates to a breakfast this morning, including Sen. Sam Brownback, a Kansas Republican and pro-life leader.

"We have to establish upfront that a presidential candidate's stance on life will be a deciding factor for a large number of voters," said the group's president, Marjorie Dannenfelser

Mrs. Clinton is sponsoring legislation that's billed as a way to reduce unintended pregnancies -- and therefore, abortions -- with initiatives, such as more federal funding for family planning.

Nonetheless, much of the action on the abortion issue will continue to take place at the state level. Last year, the South Dakota Legislature passed an abortion ban, but it was overturned by state voters in a November ballot initiative.

Ms. Saporta said this was a key victory for the pro-choice side. She also touted other victories, including a new California law seeking to protect abortion providers from anti-abortion crimes.

But Tom McClusky, vice president of government affairs at the Family Research Council, said the South Dakota situation "is not stopping other states," five of which are considering some sort of abortion ban.

And the fight continues.

Ms. Saporta said she thinks states will continue to try to restrict abortion, but she doesn't expect the courts to take "any action that would result in Roe being overturned."

Mr. Smith said he and others will continue to work to restrict and ultimately stop abortion.

"We think of ourselves as the modern-day abolition movement," Mr. Smith said. "Slavery was not abolished overnight."

ANTITRUST:

Senators To Explore Airline Merger (USAT)

By Marilyn Adams, Usa Today

USA Today, January 22, 2007

US Airways' (LCC) hostile bid for Delta Air Lines moves into the political realm this week when a U.S. Senate panel explores the potential effect of industry consolidation on fares, air service and jobs.

US Airways CEO Doug Parker and Delta CEO Gerald Grinstein will testify at Wednesday's hearing before the Senate Committee on Commerce, Science and Transportation, chaired by Sen. Daniel Inouye, D-Hawaii.

Federal regulators, consumer advocates and economists are also on the witness list.

"We're looking forward to it," said C.A. Howlett, US Airways' top lobbyist. "The instinctive reaction … is to be naturally skeptical. But the market is driving what's occurring."

Delta executives declined interview requests. US Airways — itself a merged airline formed by the 2005 takeover of the old US Airways by America West — wants to buy Delta out of bankruptcy reorganization.

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The deal would create the nation's largest domestic carrier. Delta, already the USA's third-biggest carrier, wants to remain independent.

Some lawmakers and other critics of the deal say it could reduce competition and raise ticket prices, especially in cities along the East Coast where both are strong. At Reagan Washington National Airport, for example, US Airways and Delta combined control a majority of the gates and landing slots.

But US Airways argues the merger would cut costs and improve service nationwide.

Sen. Olympia Snowe, R-Maine, who serves on the Commerce Committee, met with Grinstein last week and will meet this week with Parker. Delta and US Airways together control 60% of flights from Portland, Maine's largest city.

"Our state and the traveling public should not be put at a disadvantage because of airline consolidation," she said in a statement.

Last week, Sen. Charles Schumer, D-N.Y., sent a letter to Parker, demanding to know his plans for air service to upstate New York airports if the merger occurs.

In a press release, Schumer noted Delta and US Airways together operate more than 60% of the flights from Binghamton, N.Y.

"We could see fares begin to rise and flights disappear," he said.

US Airways says it has lowered fares across New York since the 2005 merger with America West.

On Jan. 10, US Airways raised its original mid-November bid for Delta by 20%, to $10.2 billion. US Airways has given Delta's creditor committee a Feb. 1 deadline to respond.

United Airlines, the USA's No. 2 carrier, has held preliminary merger talks with Continental Airlines. And Northwest Airlines, which filed for bankruptcy protection the same day in the same New York courthouse as Delta in 2005, hired an investment banker to explore a deal, possibly one with Delta.

Any such merger would have to be approved by the Justice Department and the Department of Transportation.

Congress has no official role to intervene. But vocal opposition from lawmakers could make a deal politically harder to get done.

Sun Nears Deal To Buy Intel Chips For Servers In Likely Hit To AMD (WSJ)

By Don Clark

The Wall Street Journal, January 22, 2007

Sun Microsystems Inc. and Intel Corp., two Silicon Valley powers that have frequently taken opposing sides in technology battles, appear ready to work together.

The companies have been negotiating an agreement under which Sun would buy Intel chips for use in server systems, according to people briefed about Sun's plans. A deal, which could be announced as soon as today, may include an endorsement by Intel of Sun's Solaris operating system, these people said.

Sun's use of Intel chips, while not unprecedented, would be a blow to Advanced Micro Devices Inc., which is now Sun's exclusive source for chips based on the popular x86 design used in most personal computers and servers. It also would be a sign of the renewed competitiveness of Intel's chips, which outsell those of AMD but whose performance levels had fallen behind that of AMD's products until recently.

Sun, of Santa Clara, Calif., also would keep making computers based on AMD chips, these people said. That dual-supplier strategy is already used by competitors Hewlett-Packard Co., International Business Machines Corp. and Dell Inc. Adding Intel-based servers would help Sun match the breadth of those rival offerings.

A Sun spokesman declined to comment, as did a spokesman for Intel.

Sumit Dhanda, an analyst with Banc of America Securities, wrote a research note Friday predicting Sun would begin using Intel chips in servers that would hit the market in late 2007. He based the prediction on unspecified "channel checks," a phrase that often refers to information from companies that supply components to computer makers.

A relationship with Intel would be the latest in a series of steps by Sun to become more flexible about technology. The company has an internally developed line of chips called Sparc that was seen in the mid-1990s as a competitive threat to Intel's chips. Scott McNealy, Sun's former chief executive officer, for years criticized rivals for relying too heavily on Intel's x86 line, and was even more derisive about a separate product family, known as Itanium, that H-P and others use for high-end servers.

Intel, meanwhile, has been a major proponent of Microsoft Corp. and its Windows operating system, which Sun battled for years with its Solaris and Java software. But Mr. McNealy and Jonathan Schwartz, who was promoted to succeed him as CEO in April, have had to shift strategies as x86 servers became a mainstay in the computer rooms of most companies.

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In 2000, Sun bought Cobalt Networks Inc., a maker of smaller servers that used Intel chips; Sun eventually stopped selling those systems. In November 2003, Sun forged a deal to begin making servers with AMD's Opteron chips. Those machines are now one of the fastest-growing parts of Sun's business, though it still gets more revenue from Sparc-based systems.

Servers that use x86 chips often run the open-source Linux operating system or Microsoft's Windows. Sun became more receptive to the latter option after an April 2004 settlement of antitrust claims it filed against Microsoft. But Mr. Schwartz also pushed the company to aggressively market Solaris for x86 systems, an initiative that could be aided by Intel's endorsement.

For Intel, landing Sun would be Chief Executive Paul Otellini's biggest customer win since the June 2005 adoption of its chips by Apple Inc., another frequent critic of Intel technology in the past. Though neither Sun nor Apple buys huge volumes of microprocessors, they are both known as technically savvy and their opinions carry weight among customers.

Sun is likely to remain a close partner with AMD, whose assistance helped make Sun a major x86 server vendor. Mr. Dhanda, with Banc of America Securities, estimated that in 2008 Intel's sales to Sun might amount to $25 million to $50 million -- assuming Intel can grab 25% to 50% of the shipments that now come from AMD. That would lower AMD's annual per-share profit by about one or two cents, he estimated. AMD is expected to post a profit for 2006 of 91 cents a share, according to the average of analysts tallied by Thomson Financial.

John Taylor, an AMD spokesman, declined to comment on the possibility of a Sun-Intel relationship. But he added that competition between the chip makers is good, driving innovation and serving "the market demand for choice."

Write to Don Clark at don.clark@wsj.com1

Ford, Toyota See Alliance Potential (WSJ)

By Norihiko Shirouzu And Jeffrey Mccracken

The Wall Street Journal, January 22, 2007

Toyota Motor Corp. and Ford Motor Co. are sending more signals that they may want to establish deeper ties. But the cautious courtship between the two auto giants suggests a more modest, and less painful, approach than the megamergers of the late 1990s or the three-way alliance proposed last year among General Motors Corp., Nissan Motor Co. and Renault SA.

Speculation that Toyota and Ford might be edging toward some form of alliance has heated up since a meeting in mid-December between Ford Chief Executive Alan Mulally and Toyota Chairman Fujio Cho. Both companies scrambled to play down the significance of that encounter, calling it a mere "courtesy." They stressed the talks produced no specific deals.

· The Situation: Following a December meeting between Ford CEO Alan Mulally and Toyota Chairman Fujio Cho, the auto makers are separately considering the pros and cons of an alliance.

· What's at Stake: Toyota fears political pressure in the U.S. as Detroit swoons. Ford may see potential in Toyota's hybrid engines.

· The Bottom Line: An equity deal isn't considered likely, but people familiar with the matter say both are open to a partnership.

People familiar with the matter say the meeting was prompted by an invitation from Toyota, sent from Toyota's top brass to Mr. Mulally via a visitor to Dearborn, Mich., where Ford is based, in mid-October. That messenger, a friend of former Toyota Chairman Hiroshi Okuda, met with Mark Fields, president of Ford's Americas operations, and gave him Mr. Okuda's invitation to the new Ford CEO.

Part of Toyota's aim in courting Ford is diplomacy -- an effort to win what people familiar with management's thinking describe as political peace from the U.S.'s second-biggest automobile producer. Though protectionist rhetoric has abated significantly, Toyota officials remain concerned about a possible backlash as they continue to gain market share in the U.S. while Detroit's Big Three shut factories and ax jobs. Analysts expect Toyota to outsell Ford in the U.S. on an annual basis as early as this year.

Toyota also could benefit in a practical way if Ford agreed to use its gasoline-electric hybrid technology. That is in part because Toyota's momentum in establishing its hybrid design as an industry standard has slowed. GM has lured German auto makers DaimlerChrysler AG and BMW AG into a powerful alliance to develop a hybrid system of their own that they say is simpler than Toyota's. Other companies, including Honda Motor Co., are trying to go it alone.

Messrs. Mulally and Cho, after talking for more than two hours, ended the meeting by agreeing to meet again soon, a person familiar with the situation said. A Toyota spokesman said no further meeting has been scheduled between the two but stressed that Toyota remains open to the idea of forming a tie-up to share costs of developing new technology or joining hands in popularizing new technology. Toyota also has shared operations with GM, including an automobile assembly plant in Fremont, Calif., that it has run jointly with the U.S. car maker since the late 1980s.

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"So long as it is a win-win for both parties and there is a reason for partnering...we're open to the idea of forming a partnership. I think anyone among major auto makers around the world could potentially be our alliance partner," Toyota President Katsuaki Watanabe said in an October interview.

Analysts say it is unlikely Toyota would seek to buy a stake in Ford, even though Toyota's market capitalization far exceeds Ford's. A primary obstacle is the 40% voting stock controlled by the descendants of Ford founder Henry Ford. Also, Toyota has generally avoided large -scale acquisitions and alliances with rival auto makers. Ford, meanwhile, has too many financial troubles to buy a significant stake in Toyota.

Even the most efficient auto makers are worried about a glut around the world of auto-making capacity and surging costs to pack cars with new technologies in part to meet increasingly stringent safety and emissions regulations. Those concerns tend to spur interest in alliances that can help bring down component or raw-material costs, or those for developing new technology, to give them an edge.

Ford, according to a person familiar with its thinking, could be interested in a joint venture or partnership with Toyota that could focus on powertrain technology such as gasoline-electric hybrid engines or on smaller, four-cylinder engines.

The December meeting, in Tokyo, was broad-based, and senior executives at Toyota said Mr. Mulally discussed his experience at Boeing Co., where he led its commercial-aircraft division before joining Ford in September. He said he studied Toyota's lean-manufacturing process and transplanted some of the Toyota-devised production and inventory-control techniques like just-in-time parts delivery to Boeing's overall aircraft-assembly operations.

Being a lean-manufacturing expert himself, those executives say, Mr. Cho was impressed by Mr. Mulally's knowledge. One of them said Messrs. Mulally and Cho "really hit it off" and predicted that their instant rapport may provide the springboard for a technical relationship of some kind.

"I don't know if Mr. Mulally realizes this," said one senior Toyota executive, "but if he asked for help or suggested a way to collaborate, knowing Mr. Cho, he would go out of his way to be responsive."

Ford, which has forecast substantial losses this year, has struggled to keep its engines competitive with other auto makers and in 2006 had to back off a much-hyped goal of building 250,000 hybrid vehicles annually because it realized it didn't have the capability to do so.

"Ford came out of that [Tokyo] meeting feeling Toyota was worried that politically there could be problems for it in the United States if Ford continued to struggle, so Toyota might want to do something that publicly looked like they were helping Ford, while it also marginally helped Toyota," said one of the people familiar with the matter.

This person said there would be more talks in the future between Ford and Toyota about pursuing some sort of technology-sharing venture.

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Cracking Down On Mixtape CDs (NYT)

By Jeff Leeds

The New York Times, January 22, 2007

Not long before Christmas, Jeff Baker, the chief of police of Morrow, Ga., a small town just south of Atlanta, and one of his officers were walking through a local shopping mall when they happened to pass a kiosk hawking rap music CDs. One in particular caught their attention.

The CD was “Tha Streets Iz Watchin,” with songs performed by the rapper Young Jeezy and, as Chief Baker recalled, it did not carry the name or address of the owner of the music copyrights, as Georgia law requires. Rather than arrest the kiosk vendor immediately, Chief Baker said, “We’d rather go after the source of the material. And at that point we had no idea what the source was.”

Any rap music aficionado would; the creator of the album is DJ Drama, whose real name is Tyree Simmons, arguably the nation’s most prominent producer of mixtapes, the name given to popular but largely unlicensed CDs stocked with yet-to-be released rap hits and free-style rhymes.

And many more people now know: last week, local authorities, working with the recording industry’s trade association, stunned fans and music executives alike by raiding DJ Drama’s studio in Atlanta and arresting him and a fellow D.J., Don Cannon, on racketeering charges. Investigators seized more than 81,000 allegedly pirated CDs and say the pair were producing unlicensed recordings and selling them without permission.

The raid sparked an outcry among many rap fans. But it also threatens to throw into public view the recording industry’s awkward relationship with mixtapes, long an integral element of rap culture and now commonly for sale on street corners, Web sites, many independent record shops and occasionally big chains.

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Even as industry-financed antipiracy squads hunt for unauthorized recordings, senior executives at the major record labels privately say that they have courted — and often paid — top D.J.'s to create and distribute mixtapes featuring the labels' rappers as part of efforts to generate buzz.

"It might not necessarily have the label's logo on it, but they're the ones cutting the checks for the recording and production" of many mixtapes, said Ian Steaman, a longtime talent and marketing executive who writes for the hip-hop Web site Different Kitchen. "It's just kind of understood you need that channel of exposure for any kind of real, credible artist. I don't think this industry's ready to deal with that conversation."

The raid also exposes a schism that is taking shape as the industry tries to stanch a slide in album sales, for which many blame piracy. On one side, many label executives and officials at the Recording Industry Association of America, which represents the major music companies, say the mixtape is contributing to the problem. They argue that sales are ultimately undermined when the mixtape leaps from promotional giveaway item to replacement for an artist's official label-distributed album.

On the other side are a separate faction of label executives and a variety of artists, many of whom privately say they are worried that the chill cast on the mixtape world would handicap labels' efforts to promote hip-hop sales, which declined roughly 20 percent last year, more than any other major genre, according to Nielsen SoundScan data.

Label executives remained puzzled over the sudden arrest of DJ Drama, whose ascent through the unregulated world of compilations has largely taken place in plain sight during the last couple of years. There has been speculation that the police inquiry into his business affairs was further spurred by tips from a competitor or unhappy customer. Chief Baker of the Morrow police declined to comment on the participation of any informants.

Mixtapes have been part of rap since the genre's earliest days in the 1970s — back then, D.J.'s who spun records at clubs or parties committed their playlists to cassettes. But the proliferation of CD burners in the last several years has made the production and wide circulation — or sale — of mixtapes easier than ever.

It has also enhanced their role in tastemaking. Particularly since formerly underground mixtape hero 50 Cent broke out as a mainstream rap superstar in 2003, the top producers of unlicensed CDs have been embraced by the industry's biggest corporations, who wager that the D.J.'s reputations as renegades will translate into the sale of legitimate, licensed compilations, too.

Atlantic Records, for one, hired the mixtape D.J. known as Sickamore as a talent scout and had signed DJ Drama, to its artist roster with plans to release an authorized mixtape-style album this year. Def Jam, Columbia and other big labels have released such CDs in the past.

The labels' reliance on the D.J.'s is complicated further by the fact that many of the top mixtape creators also double as radio D.J.'s on major rap stations. Many label executives acknowledge that when they write checks to certain D.J.'s to produce a mix CD for an artist, there is often an expectation that the D.J. will play the artist's music on the air — an arrangement that recalls the industry's recent radio corruption scandals involving illicit pay-for-play, or payola.

Brad Buckles, the recording association's executive vice president for antipiracy, said authorities seized about two million unlicensed hip-hop mix CDs last year, and speculated that sales of the recordings through Web sites and other channels could be running to the tens of millions of units annually.

Public performance of certain mixtape material "is probably good promotion," Mr. Buckles said. "When you start selling them by the tens and hundreds of thousands, I don't know that anyone is saying that's of great promotional value."

Even in the case of DJ Drama, whose mixtapes have been credited with stoking the careers of artists like Young Jeezy, Lil Wayne and last year's best selling rap artist, T.I., it appears not everyone applauded inclusion on his recordings. The police said lawyers representing an array of artists sent cease-and-desist demands protesting the unauthorized use of their music, though they declined to identify the artists.

Nonetheless, the arrests instantly sent a shiver through hip-hop circles. One prominent Web site, mixunit.com, halted the sale of its usual wares and instead refocused on rap posters and T-shirts. Under a logo that read "Free Drama & Cannon," the site said only that it was reorganizing with features that are "positive to the artists, D.J.'s and fans of this special element of hip-hop."

Fans and music executives say the raid will most likely push the production and sale of mixtapes further underground — and encourage more efforts to skirt the edge of laws against the sale of unauthorized songs. At one major mixtape Web site, fans can choose from an array of current mix CDs on display. To get one, though, they must pay $7 for a sticker bearing the Web site's name. Each sticker comes with a free mixtape.

The business can be tricky for the D.J.'s themselves too, said Mr. Buckles of the recording industry association. D.J.'s creating mixtapes with the intent of offering them free sometimes find that bootleggers then replicate the music and sell it.

"This is a world," he added, "where everything just careens out of control once it's created."

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ENVIRONMENT:

Climate Policy's Odd Man Out (WP)

By Sebastian Mallaby
Washington Post, January 22, 2007
Debate Is Fast Passing Bush By

Last week the administration embarrassed itself on climate change, and today will be excruciating. A confluence of forces -- the Democratic takeover of Congress, freak winter weather, Al Gore's documentary on global warming -- has conspired to create an exciting moment in the climate debate. But the Bush team seems determined to be a wallflower, and to step on its own toes as it watches.

The embarrassment began when James Connaughton, the head of the White House's Council on Environmental Quality, told me that he accepts the case for a cap-and-trade system, at least as a concept. After I quoted him last week, Tony Snow, the White House spokesman, issued a denial: "Let me just walk you back from the carbon caps story," he said firmly. That sounded clear enough, but on Thursday the New York Times quoted Connaughton reiterating his openness to the cap-and-trade concept.

While the White House was sorting out its message, the rest of Washington was busy. Over at the Reagan building, a conference on carbon trading sold 600 tickets at $595 a pop and turned away 150 executives hungry to study the intricacies of permit allocation. Meanwhile, multiple climate bills were floating around Congress, and the House leadership promised to create a special climate committee to force legislation past the auto lobby.

All of which was a warm-up for today's excitement. This morning, on the eve of the president's State of the Union speech, an all-star team of chief executives is descending on Washington to make the case for a comprehensive climate approach built around a cap-and-trade system. The team includes four large power utilities as well as the chemical company DuPont; the aluminum giant Alcoa and the oil major BP. Naturally it features General Electric, the leading industrial cheerleader for climate regulation.

The CEOs' visit raises awkward questions for the Bush administration. Team Bush appears to believe that a cap-and-trade system would burden business, but business leaders are saying they want cap-and-trade enacted. When he spoke to me earlier this month, Connaughton argued that the spread of state requirements on renewable fuels made aggressive federal carbon regulation less urgent. Yet business leaders evidently prefer a federal solution to a complex patchwork of state initiatives.

But the biggest embarrassment in the CEOs' visit concerns the extraordinary timing. Ordinarily, lobbyists aiming to influence the president's agenda do not seek to upstage him the day before his State of the Union address. They lay down a marker in advance so the White House has time to feed their ideas into its speechwriting machinery.

So what happened on this occasion? The chief executives are in Washington today because they aren't even trying to influence the White House. As they planned their visit over the past weeks, they were barely in touch with the Bush team because they assumed Bush to be irrelevant. Just a few days ago, the planners of the visit realized that they were inadvertently trampling on the State of the Union. But by then it was too late. Would 10 chief executives rearrange their schedules to accommodate a lame-duck president? Forget it.

Eight months ago, when Gore's climate documentary was released, this state of affairs was inconceivable. Not only was Bush still a player, the case for climate change was widely doubted. Chortling climate-deniers, expecting an easy propaganda victory over the man whose energy-tax proposal they killed in 1993, greeted Gore's movie with glee. A group called the Competitive Enterprise Institute put out two TV commercials asserting that climate science is inconclusive. A House Republican hearing ridiculed a graph that features prominently in Gore's movie showing the world's temperature puttering along in a steady state before shooting upward like the handle of a hockey stick.

But this time around, Gore has proved a tougher adversary. His movie has grossed an astonishing $24 million, not counting foreign sales; the accompanying book has spent 29 weeks on the New York Times bestseller list. His Republican opponents have lost control of Congress. And the Competitive Enterprise Institute has lost the patronage of Exxon Mobil, which decided to stop financing climate lies and start discussing carbon regulation.

All of which makes for a surreal situation. Al Gore, the man who lost the agonizing 2000 election, has emerged as a force in the debate of the moment. George Bush, his nemesis, is so completely marginal that business guys ignore him. Meanwhile, John McCain and Barack Obama, two leading presidential contenders, are co-sponsoring a cap-and-trade bill in the Senate. To anyone who watched climate politics these past few days, the post-Bush era seemed to be beginning.

Thinking Strategically (WSJ)

By Andy Grove

DOJ_NMG_0119265

The Wall Street Journal, January 22, 2007

As a connoisseur of strategy -- student, practitioner (in business) and teacher -- I have long been intrigued with the relationship between strategic principles applied to nations and strategies pursued by businesses. Strategy had its origin in military use, but over time it migrated into the business setting. The linkage is still there: Most contemporary business students, for example, will have read Sun Tzu's "Art of War" in their Business Strategy course. But it is a different relationship that preoccupies me.

Just as medical research tests biological processes in large populations of fruit flies or rodents before human application, I am intrigued by the prospect of applying -- to nations -- the strategic practices that have been formulated and evaluated in the "laboratory" of the world's businesses. As in medical applications, we must be careful in extrapolating from one to the other. Nevertheless, I believe there are benefits to such comparative analysis.

The first question that needs to be examined is this: If business's task is to generate revenue and profits for its owners, what is the equivalent task for a nation and its government? The principal measure is the Gross Domestic Product of the country. Changes in this number are commonly used yardsticks of economic health. Moreover, when one compares two national economies, say the economies of the U.S. and China, the first measure we use in this comparison is GDP. But when we talk of GDP, we must consider not just the GDP of today, but the long-term stability of the productive capacity of our economy. This is how factors like national security enter into the objectives of a government.

What about governance? Corporations are run by senior management, with power concentrated in the hands of the chief executive. The equivalent to this in our country is the institution of the executive branch headed by the president. It is important to stress that even as individual presidents come and go, we expect the institution to be durable, with a view and a constancy of purpose that is appropriately long-range.

A successful business strategist must understand cognitively and instinctively the structure of the industry in which the business operates, and must know that as the structure changes, so must the winning strategy. By way of historical example, IBM, a huge, vertically integrated company, dominated the computer industry before the advent of the personal computer. All computer companies had to be cognizant of IBM's influence on the entire industry, and had to construct strategies which allowed them to prosper in coexistence with this monolith. The arrival of the personal computer changed all this. New rules replaced old ones governing vertical integration, development of standards, and many other factors.

After the Cold War, a similar change took place in the world of nations. Monolithic and vertically integrated military powers gave way to numerous sources of power, each following independent strategies, sometimes in partnership, sometimes embroiled in friction. That changed the rules governing international relations. If national strategy in the days of the Cold War was dominated by the presence and size of nuclear weapons capabilities, what are the critical dominant factors today, when these weapons are increasingly widespread? What takes their place? Religious beliefs? Historical relationships or enmities? How does one set strategies when these factors are unknown? As in the case of the computer industry, it takes many years to figure out how the new rules work.

An important task of strategic analysis is to determine the sources of power that affect our business. If competitors, customers or suppliers have undue influence over the behavior of our business, we lose control of our destiny, to our long-term detriment. As an example, if the control of a scarce ingredient that we need in our business is tightly held by other players, can we afford to be indifferent?

Oil is just such a scarce resource. Its availability determines the growth of a national economy. This has concerned every U.S. president since Richard Nixon, who emphatically devoted a major part of his State of the Union message in 1974 to the necessity of regaining control over our destiny by achieving independence from foreign oil suppliers.

What has happened since is illustrated in the nearby chart.

Such charts, sometimes referred to as "stagger charts," are often used in business to gauge performance against plan. They are an important way in which accountability is evaluated. A stagger chart shows a goal set in a given year for the years to follow. The actual result obtained, along with the new plan, is then shown in the next horizontal line. Looking up and down in a vertical column, one can see the consistency, or lack of it, between the various plans. Looking at the asterisked numbers along the diagonal shows how our actual energy dependence deteriorated as time went on, despite repeated commitments to reverse this trend.

The most recent addition to this thread of commitments was when President Bush, in his 2006 State of the Union address, set a new goal to replace more than 75% of our oil imports from the Middle East by 2025. Even if we somehow achieved 100% replacement of all imports by that time, when we compare this goal with the one set by President Nixon in 1974, we see a 45-year slippage in the course of 32 years. Even though the importance of the energy independence issue has been recognized and emphasized by every president since 1974, our vital national objective is vanishing like a mirage in the distance.

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This kind of dependence gives great power to other nations over our destiny. It is not inconceivable that our foreign policy could be determined by them, using energy availability as a lever. If this possibility seemed far-fetched a few weeks ago, the events involving Belarus have brought home its plausibility.

In a well-publicized study of a large number of corporations, Jim Collins has found that longevity of success in the marketplace is associated with a certain leadership style. I was particularly impressed by the finding that successful leaders are able to face what Mr. Collins calls the "brutal facts" of the competitive positions of their companies. As I observe our political leaders today, I have a hard time finding many examples of a willingness to do this. In fact, I find an alarming tendency to skirt the critical issues by not even pronouncing the words that describe them, rendering them "non-words." Examples: Who among our national leaders spells out that the likely consequence of the heightened global competition is to suppress domestic wage rates? Or addresses the need to allocate the increasingly complex and expensive medical procedures being developed today? Or admits that our emergency medical system is heading toward catastrophe as it becomes the last-resort access to medical care for the growing millions of uninsured? Non-words lead to non-solutions, in energy dependence and in other key issues.

Our nation's corporations have been under severe criticism for a variety of shortcomings. Even so, the capitalist/free-market system of corporations consistently produces results. When corporations do not produce, they become irrelevant and often perish. In other words, if the brutal facts are not faced by the leaders, the brutal reality sets in. By contrast, our national strategy-setting and -execution machinery often seem broken. Consider this: Could we pull off the Manhattan Project today? With its complexities of planning and execution, under extreme time pressure? I doubt it.

Fruit flies can teach us how to cure diseases in human beings. Why not study how businesses set strategies and execute them, and adopt the best methods to address the overwhelmingly important issues facing our society?

Mr. Grove is retired chairman of Intel Corp.

Coastal Homeowners Can't Find Insurance (NSWK)

By Karen Breslau

Newsweek, January 22, 2007

Jan. 29, 2007 issue - During the nine years she's lived in her historic sea captain's house on Cape Cod, Mass., Paula Aschettino never filed a claim against her homeowner's insurance policy. But last year she received a letter from her insurer, Hingham Mutual Group, canceling coverage on her nine-room, $600,000 oceanfront home, which has withstood its share of hurricanes since 1840. She and her husband, Michael, scrambled to find other insurance but were repeatedly denied. "They just said we are in a high-risk area," she says. A spokesman for Hingham, which canceled 9,000 Cape Cod policies, says that the company's own coverage—known as "reinsurance"—had doubled in the past year, making it necessary to withdraw from the coastal market.

The Aschettinos finally found other insurance, but only for nearly double their old premium of $1,800, and with a sky-high deductible of $12,000 against wind damage. Incensed, Aschettino circulated a petition among her neighbors demanding price reform from industry regulators. "People feel they are being totally ripped off," she says. "People are afraid to even make claims, because they are afraid they're going to be dropped."

Up and down the Eastern Seaboard, hundreds of thousands of policyholders like the Aschettinos are being dropped by their insurers; many more have had to swallow double-, even triple-digit increases in premiums and deductibles. While discontinued policies and rate hikes are nothing new in hurricane-battered Florida and the Gulf Coast, insurers are now dinging homeowners in the Northeast and mid-Atlantic states. Allstate Insurance recently announced it wouldn't take new homeowner policies in New Jersey, Connecticut and Delaware—or the five boroughs of New York City. The company also won't renew 30,000 of more than 600,000 policies it carries in and around New York City. A host of other firms are refusing to insure properties along the Atlantic coast from Maine to the Carolinas.

Why the sudden rash of cancellations? An increase in "extreme weather events" that many scientists—and now insurers—believe are linked to climate change. It's not just Category 4 hurricanes that have insurers worried. Around the country, companies have been racking up record property losses from freakish weather, such as the ice storms last week that paralyzed much of the Great Plains and froze California's citrus crops. In recent years, wildfires in the Northwest, drought and hail in the Midwest, windstorms, lightning strikes on power grids, soil subsidence and other calamities of nature have led to cumulative property losses that exceed those caused by hurricanes. "There's a shift going on to more frequent, extreme weather events," says Evan Mills, an environmental scientist at the U.S. Department of Energy's Lawrence Berkeley National Laboratory. "It's as much an issue in the heartland as on the coast."

Global warming is the culprit, claim many—including several insurers who are canceling policies. While scientists cannot determine whether a single weather event is caused by a natural cycle, or is evidence of more permanent, malignant climate change, the pattern of mounting losses is clear. According to Mills, weather-related catastrophe losses have increased from

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about $1 billion a year in the 1970s to an average of $17 billion a year over the past decade. In 2005, the year of Katrina, that figure reached $71 billion.

Even before Hurricane Katrina—an event that has yet to be conclusively linked to climate change—catastrophe modelers had begun to look at the probability of a Category 3 or higher storm hitting the Eastern Seaboard. What they found was terrifying: because of increasing temperatures in the Atlantic, along with changes in air and sea currents, a major storm in the densely populated and highly priced Northeast would dwarf the $45 billion in insured losses wrought by Katrina. One study found that a repeat of the "Long Island Express," the Category 3 storm that plowed through New England in 1938, killing 600 people, would cause $200 billion in damage today. (For the record, the Aschettinos want it known that their house survived the Long Island Express.) The damage from a Category 5 storm directly hitting a major city, could, researchers say, "exceed the total capacity" of the U.S. insurance industry. Before he retired earlier this year, National Hurricane Center director Max Mayfield issued a final warning: "We're setting ourselves up for a major disaster."

For many homeowners, the disaster has been financial. Stanley Dutton, a retiree from Ft. Walton Beach in Florida's panhandle, saw premiums on his 1968 ranch-style house increase from $394 in 2000 to $5,479 this past November. "I just can't put up with this anymore," says Dutton, who is selling his home and moving to Alabama. Consumer advocates, and more than a few politicians, suspect that insurers are using the fear of global-warming-related catastrophe to shuck risk onto policyholders and the taxpayers who fund the government insurers of last resort. Despite huge Katrina-related losses in 2005, the Consumer Federation of America estimates that in 2006, the insurance industry cleared profits of nearly $60 billion, its highest ever. (The figure includes not just property but life and auto lines combined.) Industry representatives say that although 2006 was a light storm year in the United States, they have to incorporate climate risk in their rates to remain stable—and profitable—in the future. "We believe what the scientists are telling us," says Michael Treviño, a spokesman for Allstate, which paid $5.7 billion in catastrophic losses in 2005 and has sharply cut back its coverage. "The country is in the beginning of period where we've sustained more frequent and more intense hurricanes," he says. "We believe it would be bad business to continue to add to our risk."

Whether companies are price gouging in the name of global warming will become clear only in retrospect. Regardless of who pays for the damages, climate change means tough economic choices for all Americans, 54 percent of whom now live within 50 miles of a coastline. Industry experts interviewed by NEWSWEEK were unanimous in their insistence that land-use policies and lax building standards must be reformed. "As a society we have to decide: do we want to pay for people to have that ocean view?" asks Tim Wagner, director of the National Association of Insurance Commissioners. Rather than pulling back, some insurance companies are creating incentives for customers who build with climate change in mind. Fireman's Fund Insurance offers discounts to commercial owners who rebuild damaged property using "green" building practices, which tend also to improve building safety.

Still, denial persists. In Florida last week, the legislature convened a special session to tackle the state's home-insurance crisis. One lawmaker tried to persuade his colleagues to exempt the state's panhandle from stricter—and more expensive—building codes by arguing the region's ubiquitous pine trees were "strong enough" to shield buildings against hurricane-force winds. There were guffaws on the Senate floor as another senator invoked the "Three Little Pigs" before rejecting the measure. Little is certain in the insurance world, except for this: no one will be laughing when the Big Bad Wolf blows the house down.

With Jessica Bennett in New York and Catharine Skipp in Tallahassee

FBI/DEA/ATF/USMS:

Mexico: No U.S. Pressure In Extraditions (AP)

By Mark Stevenson

AP, January 22, 2007

Mexico's attorney general said Sunday four alleged drug lords were extradited to the United States to stop them from communicating with their cartels from behind bars and to reduce the risk of violence and escape, not because of U.S. pressure.

Mexico sent Osiel Cardenas, the alleged Gulf cartel leader who was believed to be running his gang from prison, to the U.S. on Friday along with Palma Salazar, the alleged former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, former chiefs in the Arellano-Felix cartel in Tijuana.

"This decision was a unilateral and sovereign one by the Mexican government," Attorney General Eduardo Medina Mora told a news conference. The aim was to break any "physical and geographical" contact they might have had with their gangs while in Mexican prisons. He also said Mexico plans to extradite other criminals and suspects who have exhausted their legal appeals.

Mexico has recently shown more willingness to extradite drug lords, even those facing life in prison. A record 63 alleged criminals were sent to the U.S. in 2006 alone. However, it refuses to extradite anyone who would face the death penalty, which is illegal in Mexico

Along with the four drug lords, Mexico also extradited 11 alleged criminals wanted in the U.S. on charges including murder, drug trafficking, kidnapping and sex crimes.

U.S. Attorney General Alberto Gonzales called the extraditions "unprecedented in their scope and importance."

In an interview with the Spanish newspaper El Pais published Sunday, President Felipe Calderon acknowledged that "organized crime was getting out of control ... there was a risk in Latin America that Mexico could become a country dominated by insecurity and violence."

The attorney general's comments appear to be a public admission that Mexico was struggling to keep traffickers like Cardenas from running their gangs, or staging escapes and assassinations, from behind bars.

The Mexican attorney general's office has also said the extraditions were aimed in part at cracking down on turf battles between Mexican drug cartels, which have cost hundreds of lives in recent months in states like Michoacan, Guerrero, Baja California and Sinaloa. The government has recently sent thousands of soldiers and police to try to stem the drug-fueled violence.

Medina Mora acknowledged that while Mexico could suffer some backlash, he did not believe it would face anything like the war Colombian drug traffickers fought in the 1980s to avoid extradition.

In the 1980s, a group of Colombian traffickers known as "los extraditables" began a campaign of bombings and assassinations to pressure the Colombian government not to send them to the United States to face justice.

Editorial: New Offices A Weapon To Combat Drug Cartels (SAEN)

San Antonio Express-News, January 22, 2007

The Texas-Mexico border separates sovereign nations, but social problems do not respect sovereignty.

And, because checkpoints represent such ineffective barriers when it comes to these problems, cooperation between Mexico the United States is crucial.

The U.S. government realizes partnership is necessary, according to recent reports, and that should encourage border residents growing increasingly anxious over the violence plaguing the area.

The Drug Enforcement Administration has asked the Mexican government to approve new DEA offices in Nogales, Matamoros and Nuevo Laredo, although officials refuse to provide any details, the Houston Chronicle reported.

"DEA has a very strong relationship with Mexican authorities, but any talk of new offices is premature," agency spokesman Steve Robertson said. "No decision has been made yet."

By targeting the three cities for possible offices, the agency has picked the strongholds of the drug cartels. The drug lords covet the same things — smuggling routes into the United States. And their struggle for supremacy has endangered the lives of ordinary citizens, including Americans who cross the border as tourists.

"Clearly, Mexico and the United States have a shared responsibility to make our communities safer from the drug traffickers and criminals who are threatening our way of life," Attorney General Alberto Gonzales said after meeting with his Mexican counterpart recently.

Gonzales was not referring to the DEA offices specifically, but such offices would go a long way toward enhancing the cooperation necessary to combat the pernicious drug trafficking.

U.S. Feds: Thai Wiretap Helps Bust International Heroin Crew (AP)

AP, January 19, 2007

NEW YORK (AP) — A heroin trafficking organization that processed drugs from Pakistan and Afghanistan through a storefront in Thailand has been busted with help from the first wiretap recordings to be authorized by Thai judicial authorities in a U.S. investigation, prosecutors say.

Three men from Thailand extradited to the United States to face drug charges made initial appearances in U.S. District Court in Manhattan, where they were ordered held without bail Thursday in a case authorities said processed more than $30 million in drug money.

If convicted as leaders of the drug organization, which was headquartered in Bangkok, the men each could face at least 10 years in prison and up to life in prison.

An indictment in the case said government evidence against the men included recordings captured by the first wiretap judicially authorized by the Supreme Court of Thailand as part of a U.S. investigation. U.S. Attorney Michael Garcia credited the Royal Thai Police law enforcement officers as playing a key role in the probe.

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In September, Thailand's prime minister was ousted in a bloodless coup by the military, and an interim government was set up to rule the country. Garcia's spokeswoman Rebekah Carmichael said prosecutors could not comment on the extent of help from Thailand authorities in the probe and whether the cooperation was enhanced or harmed by the coup.

The U.S. government has tried over the past decade to broaden the number of countries through which it can investigate problems like drugs and terrorism in cooperation with foreign governments.

The extraditions, as prosecutors said in court papers and a release, resulted from Operation Ivory Triangle, an investigation of drug networks in Bangkok, Lagos, Nigeria, and New York.

Prosecutors said the networks distributed heroin received from Pakistan, Afghanistan, Myanmar (formerly Burma) and northern Thailand throughout the world, including the United States, Europe, Hong Kong, China, Japan, Malaysia and Indonesia.

In an indictment, prosecutors said that a heroin business operating out of a Thai storefront provided packages of drugs that human couriers swallowed or hid inside secret compartments in suitcases as they carried them through complex distribution routes.

To get to New York, the drugs sometimes went through Pakistan, Europe, Cuba, Mexico and Miami, prosecutors said.

The route was expensive: Heroin bought for $3,500 to $6,000 per kilogram in Thailand eventually was resold in the United States for as much as $100,000 per kilogram, the U.S. government said.

Around The Nation (WT)

The Washington Times, January 22, 2007

U.S. extradites drug suspects

The U.S. government has extradited three men from Thailand to stand trial on charges of operating an international heroin-trafficking organization that routed the drug from Pakistan, Afghanistan, Burma and northern Thailand throughout the world, including the United States.

Yaya Yahayai, Henry Sichone and Andrew Sarpong, who are accused of conspiracy in a scheme to distribute heroin globally, were charged as part of "Operation Ivory Triangle," said John P. Gilbride, U.S. Drug Enforcement Administration special agent in charge.

According to indictments handed up in U.S. District Court in New York, Mr. Yahayai headed the drug trafficking organization from August 2004 until December 2005, assisted by Mr. Sichone, operating mainly out of a storefront in Bangkok.

The indictments said members of the organization transported the heroin through human couriers, mail, cargo shipments and other means.

Richardson plans presidential run

New Mexico Gov. Bill Richardson intends to take the initial step toward the Democratic nomination, hoping his extensive resume will fuel an insurgent campaign to become the first Hispanic president.

Mr. Richardson plans to announce tomorrow that he will soon file the papers to create a presidential exploratory committee, several officials with knowledge of his plans said yesterday. The governor is scheduled to appear on ABC's "This Week."

Mr. Richardson, 59, is a former congressman, U.N. ambassador and Energy Department secretary.

Border shooting images not clear

BISBEE, Ariz. -- A deadly Border Patrol shooting that drew criticism from Mexico's president was recorded by surveillance cameras, but the images are not clear, authorities said.

The Border Patrol is trying to have the tape digitally enhanced to show more detail of the Jan. 12 confrontation east of Bisbee, said Michael Nicley, chief of the agency's Tucson Sector.

Francisco Javier Dominguez Rivera, 22, of Puebla, Mexico, was fatally shot by an agent who had responded to a call about a group of seven persons crossing the desert.

Mondale criticizes vice president

ATHENS, Ga. -- Vice President Dick Cheney has bullied federal agencies and given absurd advice about the nation's risk and Iraq, Walter Mondale said yesterday.

"I think that Cheney has stepped way over the line," the former vice president said at the opening of a three-day conference about former President Jimmy Carter at the University of Georgia.

"I think Cheney's been at the center of cooking up farcical estimates of national risks, weapons of mass destruction and the 9/11 connection to Iraq," Mr. Mondale said.

Responding to Mr. Mondale's comments, Lea Anne McBride, a spokeswoman for Mr. Cheney, said: "Twice elected to serve with President Bush, the vice president is committed to protecting Americans from those who wish to do us harm."

Navy relieves sub commander

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The Navy said yesterday it had relieved the commander of a nuclear submarine that was involved in an incident that killed two sailors.

On Dec. 29, rough seas swept four American sailors from the deck of the submarine off the coast of southwestern England. The USS Minneapolis-St. Paul was leaving Plymouth harbor when the sailors were knocked into the water by surging waves. The four men were taken to a hospital in Plymouth, where two were pronounced dead.

According to officials, an initial review determined the incident was avoidable and due in part to a poor decision by the commander. A formal investigation is still under way. He was identified by the Navy as Cmdr. Edwin Ruff.

According to the Navy, Cmdr. Ruff was reassigned to a shore-based post in Norfolk.

Teen fatally stabs classmate in fight

FRAMINGHAM, Mass. -- A 15-year-old boy was fatally stabbed yesterday in a hallway at his high school in this affluent Boston suburb, and a classmate was charged with murder after blurting out, "I did it, I did it," authorities said.

Investigators would not comment on a motive for the attack.

John Odgren, 16, pleaded not guilty in the killing of 15-year-old James Alenson and was jailed without bail. He was to be tried as an adult.

The teen's attorney, Jonathan Shapiro, said his client has Asperger's syndrome, a form of autism, and has been taking medications for many years.

From wire dispatches and staff reports

Feds: Heroin Traffickers Busted, Headed To N.Y. (WNBC)

WNBC-TV, January 22, 2007

Three men have been extradited from Thailand to face federal charges in New York in connection with two international heroin-trafficking organizations, say law enforcement authorities.

Federal indictments name Yaya Yahayai, Henry Sichone and Andrew Sarpong, charging they participated in conspiracies to distribute heroin from Pakistan, Afghanistan, Burma and northern Thailand throughout the world, including the United States, Europe, Hong Kong, China, Japan, Malaysia and Indonesia.

DEA Special Agent in Charge John Gilbride said, "Operation Ivory Triangle led us on a trail throughout the world from the Bronx to West Africa to Bangkok, Thailand. Today, this world-wide heroin trafficking enterprise is out of business."

Court papers say Yahayai and Sichone operated a heroin business primarily from a storefront in Thailand from August 2004 to December 2005. Members of the organization transported the heroin through human couriers, mail and cargo shipments. The human couriers either swallowed the heroin or carried it in concealed compartments inside suitcases. They paid $3,500 to $6,000 a kilogram and then sold the heroin around the world for $100,000 a kilogram.

Sarpong is said to have recruited a courier to travel with the heroin to the U.S. from Thailand. In May 2006, a co-conspirator of Sarpong was arrested in Manhattan as she attempted to deliver 640 grams of heroin to a customer in the Bronx. The court papers say Sarpong supplied 10 passports, including U.S. passports, to a confidential informant, intending they be used by couriers to illegally bring the heroin into the country.

The three men will appear in federal court in Manhattan later today. They face up to life in prison if convicted. The indictments also seek forfeiture of more than $30 million in narcotics proceeds produced by the drug trafficking operations.

Cocaine Charge Lands Ex-cops In Prison (AP)

AP, January 19, 2007

WASHINGTON (AP) — Guatemala's former top anti-drug investigator and his one-time deputy were sentenced Friday to 10 years in a U.S. prison for conspiring to distribute cocaine.

Adan Castillo, the former chief of Guatemala's special anti-drug police force, and Jorge Aguilar Garcia, Castillo's one-time deputy, were arrested in 2005.

The men were lured to the United States for what they thought was training on fighting drug traffickers. In reality, the U.S. Drug Enforcement Administration had been investigating the men for four months with the help of the Guatemalan government.

The two men pleaded guilty last year.

U.S. officials estimate about 75 percent of the cocaine that reaches American soil passes through Guatemala, in part because its government long did little to stop it.

Potholes & Heroin (NYDN)

By Alison Gendar, Daily News Police Bureau Chief

New York Daily News, January 22, 2007

A city pothole repairman lived a secret life as a drug courier, selling high-quality heroin smuggled into the city by a Colombian crew.

Ricardo Calderon, a city Department of Transportation employee, was paid to fill potholes and pave streets in Queens. But cops arrested him, months after watching him pick up dirty drug money - $57,000 in cash - while on the job, authorities told the Daily News.

Federal Drug Enforcement Administration agents, NYPD detectives and state police dismantled the final pieces of the drug cartel that had employed him during a series of raids last week.

"You can't make this stuff up," said New York City narcotics prosecutor Bridget Brennan. "Imagine the surprise of agents conducting surveillance when a DOT truck pulls up and a worker gets out to pick up a bag of cash. ... You never know when an investigation may lead you to the highest level of an international distribution network."

Calderon, a Colombian native, played a crucial role in trafficking heroin from Pereira, Colombia, to drug distributors in the city, authorities said.

He delivered heroin that had been smuggled into the U.S. aboard cruise ships to three suppliers - Norbero Yepes, Gustavo Cardona and Ruben Acosta - in the Bronx, authorities said.

The men allegedly ran the Moacho-Mare drug ring in Woodlawn, selling the smack to dealers in New York, several other Northeast cities and as far west as Ohio.

Before the sting operation, Calderon was caught on cell phone wiretaps setting up the drug deal while he and other DOT workers were fixing streets in Queens.

"I'm working. I'm in Maspeth. Call me, and I'll tell you at what address we'll meet," Calderon told Yepes on the wiretaps, authorities said.

On June 16, 2004, Calderon had his street repair crew drive him to Joey's Pizza on Grand Ave. in Maspeth.

He jumped off the truck and, wearing his yellow Local 983 T-shirt, sauntered into the pizza parlor. Yepes came out a few minutes later, got into a car parked nearby and blew his horn several times to signal Calderon to come to the car, authorities said.

Calderon trotted over and took a plastic bag stuffed with bundles of cash out of Yepes' trunk. The money was advance payment for a kilo of high-quality heroin, authorities said.

Yepes had told Calderon to bring the heroin to the pizza parlor, but the pothole man balked at carrying drugs in the city truck. Calderon was heard on wiretaps setting up another meeting to deliver the drugs, authorities said.

Agents kept Calderon under surveillance for the next seven months as they built their case and traced his supply lines to Colombia. He was arrested on Feb. 14, 2005.

Five months later, he was fired from the DOT - not because of the drug allegations but because he had lost his license and couldn't drive a truck anymore, authorities said.

Calderon and his relatives own five apartments in Flushing, Jackson Heights and Woodside, as well as a vacant lot in Rockaway, law enforcement sources said.

He also bought a Washington condo from former city DOT Commissioner Christopher Lynn for $60,000, Lynn confirmed. The property, sold in January 2005, has a value of about $230,000.

"His sister was an engineer at DOT and was a dear friend of mine. If you look at his status when he bought it, he wasn't accused of doing so much as throwing a gum wrapper on the ground," said Lynn, who headed the DOT from 1996-97.

Calderon was convicted of drug crimes and sentenced last month to nine years in prison. He was one of 89 people, in the United States and Colombia, arrested during the three-year investigation, authorities said.

The Colombian smugglers stashed the heroin in double-sided suitcases and inside small packets sewn into running shorts, and then boarded cruise ships bound for Florida.

Other drug couriers swallowed balloons filled with heroin, carrying a pound or more of smack inside their lower intestines.

Authorities said Acosta, 29, was caught on wiretaps joking with Yepes about how they might have to cut open the drug couriers if any of them had trouble "excreting" the heroin pellets.

Acosta's suggestion, according to authorities who heard the wiretap: Go to Home Depot and buy a saw.

Federal Investigators Target Two N.C. Internet Pharmacies (AP)

AP, January 22, 2007

Two North Carolina-based Internet pharmacies are under investigation for distributing controlled substances, according to a federal indictment unsealed last week.

Wilmington-based United Care Pharmacy and a sister business, Kwik Fill in Fayetteville, distributed several controlled drugs without requiring customers to consult with a physician, according to the indictment. The Drug Enforcement Administration

says United Care distributed several types of drugs, including erectile dysfunction drug Viagra, painkiller Vicodin and anti-anxiety drug Xanax.

United Care only required customers to fill out an online questionnaire, "which allegedly received little or no consideration by a physician before being approved," according to the indictment.

Four people have been charged in what the DEA described as a "rogue Internet pharmacy." Wilmington residents Andrew Thomas Russo and Denis Leborgne, along with David John of Nashville, Tenn., and pharmacist John F. Tuite of Myrtle Beach, S.C., made their first court appearances last week.

Jay Campbell, executive director of the North Carolina Board of Pharmacy, described operations such as United Care as a "significant threat to the public health and safety."

"The board is pleased to see that federal law enforcement is seeking to hold United Care's operators criminally liable for their conduct," he said.

Businessman's Plea Ends Pot-factory Case (YOUNGVIN)

By Patricia Meade, VINDICATOR CRIME REPORTER

Youngstown Vindicator, January 22, 2007

This is the case in which three judges wrote letters in support of a drug peddler.

YOUNGSTOWN — It came as somewhat of a surprise to federal drug agents that a lawman and legitimate businessmen were linked to a massive pot factory concealed in a warehouse.

Roger S. Bamberger, assistant U.S. attorney and 23-year veteran of the Organized Crime Drug Enforcement Task Force, reflected on the case that ended Tuesday with the guilty plea of Edwin J. Stupka, 49.

Stupka, the 11th defendant in the case, moved to Tucson, Ariz., from Youngstown around the time the first marijuana trafficking arrests were made in 2003.

He was indicted in May 2006, charged with money laundering (nearly $2 million) and conspiracy to distribute more than a ton of marijuana. He will be sentenced April 3 by U.S. District Judge Peter C. Economus in Youngstown federal court.

The advisory sentencing guideline range is nine to 15 years. As part of a plea agreement, Stupka must forfeit his ill-gotten gains — including a plane and hilltop mansion in Arizona.

Stupka has acknowledged that he attempted to launder $1.7 million through a scheme to buy a chain of Arabica Coffee Houses in Cleveland.

Bamberger said "lady luck appeared on the side of law enforcement" with the discovery of the marijuana farm inside a warehouse at 814 Marshall St. in early 2004. A Youngstown police officer and special agent with the federal bureau of Alcohol, Tobacco, Firearms and Explosives were taking photos near the warehouse in preparation for an upcoming trial when they smelled marijuana.

He said it was not only one of the largest seizures for the Drug Enforcement Administration — 3,500 plants in seven rooms — but some of the participants' backgrounds surprised investigators:

Robert Arroyo had operated Frontier Woodworking and the B&O Station Brewery and Restaurant.

Joseph Pedaline, the warehouse owner, also had Pedaline Iron Works and a heating/air conditioning company. Arroyo and Pedaline had done work on the Poland Library.

Kevin Rouan had the Pyatt Street Produce Co.

William Umbel operated the popular Pyatt Street Diner. Before sentencing in 2005, character/reference letters on his behalf were written to Judge Economus by three local judges — R. Scott Krichbaum, Robert A. Douglas Jr. and Charles J. Bannon. Judge Economus called the letters self-serving and did not consider them.

Frank Carbon had been the No. 2 man at the Mahoning County Sheriff's Department. He allowed marijuana to be stored in his office space underneath the police academy building on Southern Boulevard in Boardman.

In June 2002, Pedaline was featured with his then-partner, Arroyo, in The Vindicator as co-owners of the B&O. The remodeled train station opened then in its second attempt as a restaurant.

Investigators

Bamberger said the marijuana case was investigated by the Youngstown DEA Task Force, which includes the IRS Criminal Investigation Unit; Bureau of Criminal Identification and Investigation; police from Boardman, Youngstown, Salem, Warren, Poland Village and Beaver Township; and deputies from the Mahoning County Sheriff's Department.

He credited the "investigative acumen" of task force members Kim Nusser, a BCI special agent, Mike Hughes, a Boardman sergeant, and Gary Gruver, an IRS agent, for the airtight case.

"The citizens of the Mahoning Valley were well served by their collaborative efforts," Bamberger said.

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The federal prosecutor said the marijuana distribution began as early as 1992 and continued through the summer of 2003. Stupka invested thousands of dollars in the indoor marijuana factory on Marshall Street in 2001.

Investigators learned that the high-grade pot was selling for $3,200 a pound, Bamberger said.

Guilty Pleas From 3 Heroin Kingpins (JJ)

By Michaelangelo Conte, Journal Staff Writer

Jersey Journal (NJ), January 22, 2007

Three leaders of a Hoboken-based drug ring that moved up to 20,000 bags of heroin through Hudson County each week were living the high life on drug profits, officials said. But yesterday all three pleaded guilty to federal drug crimes carrying sentences of up to 25 years in prison, officials said.

Jose "Nutty" Gonzalez, 25, of Third Street in Union City, Rory Praylow, 28, of Jackson Street in Hoboken, and Manuel "Murder" Suarez, 31, of Palisade Avenue in Jersey City, pleaded guilty in federal court in Manhattan yesterday morning, officials said.

They were among eight people busted after the six-month investigation that came to a head last March 6, Hudson County Prosecutor Edward DeFazio said.

Just after midnight that day, Hoboken police, working with the federal Drug Enforcement Agency and the Hudson County Prosecutor's Office, spotted leaders of the cartel meeting at the Hess Station on 14th Street in Hoboken, reports said.

"We are very gratified with the successful prosecution of these major drug dealers," Hudson County Prosecutor Edward DeFazio said of the pleas entered in federal court in Manhattan. "It's an outstanding example of the cooperation of law enforcement and prosecutorial agencies."

During the six-month investigation numerous searches of locations and vehicles were conducted, resulting in seizure of 27,000 bags of heroin, four loaded semiautomatic handguns and a bulletproof vest, officials said. One of the guns recovered was later connected to a shooting in Hoboken on Super Bowl Sunday last year, DeFazio said.

Also arrested and facing charges as a result of the drug probe are Philip "Spud" Pasquale, 22, and Darryl Oliver, 35, both in Hoboken; Jason "Jay" Santos, 25, and Alex Gonzalez, 21, both of Jersey City; and Mary Gama, 27, of Union City, officials said.

Cyclist Tammy Thomas Pleads Not Guilty (WP/AP)

By David Kravets, The Associated Press

The Washington Post, January 22, 2007

SAN FRANCISCO -- Former elite cyclist Tammy Thomas pleaded not guilty in federal court Friday to charges of lying to a grand jury investigating steroid use in sports.

Thomas, the first athlete charged in a probe that has implicated some of the biggest stars in baseball and track and field, is charged with three counts of perjury and one count of obstruction of justice.

Thomas, who appeared much slimmer than during her racing days, declined comment after being released on $50,000 bond.

Thomas was banned from cycling for life in August 2002 after the performance-enhancing drug Norbolethone was detected in her urine.

The drug, once an obscure steroid used in human tests in the 1960s, was rediscovered by chemist Patrick Arnold, who supplied the Bay Area Laboratory Co-Operative with undetectable performance-enhancing drugs and is among five people who have pleaded guilty in the investigation.

Defense attorney Tony Tamburello said outside court that Thomas is innocent of any crimes because she did not knowingly lie to the grand jury when she testified in October 2003.

"She did not know at the time that she was taking that substance," Tamburello said. Nobody told her "this was Norbolethone."

Thomas was a silver medalist in the individual sprint at the 2001 World Track Cycling Championships. She has maintained her innocence and said the positive results might have been triggered by contraceptives she was using.

The indictment accuses Thomas of lying when she testified to a grand jury that she never used performance-enhancing drugs. She also is said to have lied when she testified that she did not get illegal drugs from Arnold, who pleaded guilty last year and was sentenced to three months in prison.

"She never met Patrick Arnold," Tamburello said.

Each count against Thomas carries a maximum five-year prison term and $250,000 fine. She was ordered to appear March 23 in federal court, when a trial date is likely to be set.

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The probe has netted guilty pleas from BALCO founder Victor Conte, BALCO vice president James Valente and track coach Remi Korchemny as well as Greg Anderson, Barry Bonds' personal trainer, who served three months and is back in prison for refusing to testify against the Giants slugger.

Authorities suspect Bonds, like Thomas, lied to the 2003 grand jury when he said he never knowingly used steroids. A probe of Bonds for perjury and possible tax-evasion charges is ongoing.

Trevor Graham, who coached track stars Marion Jones, Justin Gatlin and Tim Montgomery, has pleaded not guilty to charges of lying when he said he did not distribute steroids to his athletes or tell them where they could be obtained.

Colombian Government Is Ensnared In A Paramilitary Scandal (NYT)

By Simon Romero

The New York Times, January 21, 2007

BOGOTÁ, Colombia, Jan. 20 — The government of President Álvaro Uribe, the largest recipient of American aid outside the Middle East, has found itself ensnared in a widening scandal as revelations surface of a secret alliance between some of the president's most prominent political supporters and paramilitary death squads.

Testimony this week from Salvatore Mancuso, a former paramilitary commander who admitted to orchestrating the killing of more than 300 people, as well as a document made public on Friday implicating more than a dozen politicians in the pact with paramilitaries, have injected fresh detail into a slow-burning scandal that has caused Colombia's elite political class to shudder in recent weeks.

Senior members of Mr. Uribe's government and Mr. Uribe himself have said that anyone shown to have had illegal ties to the paramilitaries, which terrorized Colombian cities and the countryside in the nation's internal war, which has gone on for decades, and made fortunes in cocaine trafficking, should be prosecuted in courts of law.

The scandal has already touched Mr. Uribe's cabinet, with Senator Álvaro Araújo, the brother of Foreign Minister Maria Consuelo Araújo, under investigation for collaborating with militias.

"If there's someone involved at the highest level, they will be fired," Francisco Santos, Colombia's vice president, said in an interview. "Scrutiny is fine for us," Mr. Santos said. "This country needs to know the whole truth."

Some of the details coming to light about the breadth of paramilitary activities are the result of a process set in motion by Mr. Uribe's own government, which has allowed paramilitary leaders to confess their crimes and pay reparations in exchange for reduced sentences of no more than eight years in prison.

Though some militia leaders have balked at the deal, much of Colombia has been gripped by the first such confession, that of Mr. Mancuso, a cattleman who helped found the paramilitary movement in the 1980s in an effort to combat leftist guerrillas.

Mr. Mancuso, 48, who studied English at the University of Pittsburgh, wept during the first days of his testimony at a special hearing in Medellín last month. This week, however, he simply read from a statement describing how he oversaw the assassinations of hundreds of people, with some operations made possible with information from military intelligence.

Mr. Mancuso also put Mr. Uribe in the spotlight by saying that militias pressured people to vote for the president in 2002, when Mr. Uribe was first elected. Mr. Uribe responded quickly by going on a national radio network to say he had never sent any emissaries to strike deals with the paramilitaries.

On the heels of Mr. Mancuso's testimony, a document rumored to exist in recent weeks was published in the daily newspaper El Tiempo on Friday. It describes a secret pact in 2001 between Mr. Mancuso, other paramilitary leaders and 11 congressmen, two governors and five mayors, in which those present agreed to work together to forge "a new social contract," largely in order to protect private property rights.

Senator Miguel de la Espriella, one of the signatories to the pact, helped bring the scandal to light last year by disclosing the ties between politicians and paramilitaries. Like other officials implicated in the pact, he said he was forced to sign, raising doubts as what type of legal punishment, if any, they might receive.

"At first we declined to sign, but when they put a man with a rifle next to the document we understood we had no choice," Mr. de la Espriella, a member of the Democratic Colombia party, said in an e-mail interview.

Asked why he was the only politician to come forward with details of the secret agreement, Mr. de la Espriella, alluding to widespread suspicions that legislators and government officials had for years worked in tandem with the paramilitaries, responded, "I told myself that a half-truth doesn't serve anybody, and we should all contribute to the enlightenment of the truth during so many years of war."

Those who signed the document included not only supporters of Mr. Uribe but also high-ranking officials in the political opposition, pointing to how a growing portion of the political establishment could be tarnished by the scandal.

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Some 30,000 paramilitary members have been demobilized during Mr. Uribe's government in recent years. Colombia's military still receives more than $700 million a year in aid from the United States to combat drug trafficking and armed insurgencies.

Two guerrilla groups, the Revolutionary Armed Forces of Colombia and the National Liberation Army, still operate in the country. A truck carrying more than 600 pounds of explosives this week destroyed a dairy plant in southern Colombia owned by Nestlé, the Swiss food company, an act that the police attributed to the rebels.

Although the scandal has emerged as the most pressing political challenge to Mr. Uribe's presidency, his approval ratings remain high, at above 60 percent, after five years of rule and a re-election victory last year. Many Colombians credit Mr. Uribe for declining levels of murders and kidnappings and robust economic growth.

However, political analysts here say a steady stream of disclosures related to the paramilitary scandal could diminish Mr. Uribe's credibility, particularly if implicated officials are perceived to have close ties to the president. The scandal has already entangled a former ambassador to Chile and a former head of the intelligence service.

Equally pressing for Mr. Uribe's government could be the scandal's influence on discussions in the United States Congress of aid to Colombia and a trade agreement awaiting Congressional approval that has been signed by Mr. Uribe and President Bush. Political analysts say the Democratic-led Congress is expected to add greater scrutiny of human rights issues in Colombia.

CONGRESS-ADMINISTRATION:

Bush Draws Up Ambitious Domestic Agenda (USAT)

By David Jackson

USA Today, January 22, 2007

WASHINGTON — President Bush vowed that the Iraq war would not deter him from engaging the Democratic-controlled Congress on a sweeping domestic agenda, including helping states tailor their own plans for health insurance.

In an interview with USA TODAY, Bush pointed to the health care initiatives of California Gov. Arnold Schwarzenegger and former governors Mitt Romney of Massachusetts and Jeb Bush of Florida as reasons to support state-specific plans. However, he said state plans should not lead to universal health care run by the federal government.

"There's a lot of people in Washington that say the federal government ought to run health care. I'm not one," he said in a wide-ranging and occasionally testy conversation Friday.

Bush said he will use Tuesday's State of the Union speech to highlight a new health care plan. The plan calls for a health care tax deduction of $7,500 for individuals and $15,000 for families. The tax break would apply whether people buy their own insurance or receive coverage through their jobs.

Under Bush's plan, health insurance benefits from employers would be considered taxable income. That means people with generous health coverage would pay taxes on the amount that exceeds the tax deduction.

Bush's speech also will include more about a new energy initiative, flexibility on meeting education standards, and renewed calls to work with Democrats on immigration and other issues. "I'm going to remind Congress that we've got to show the American people that we're capable of accomplishing some big things," he said.

Sen. Edward Kennedy, D-Mass., said there are opportunities to work with Bush on issues such as immigration and health care, but "the most important issue facing us today is Iraq."

"If the president is serious about strengthening relations with Congress he should begin by seeking authority from Congress for any escalation of the war," Kennedy said Sunday in an e-mail statement.

Kennedy, chairman of the Senate panel that oversees health care, said he's concerned Bush's plan "only deals with the tax code" and may undermine the health coverage many Americans now have.

Among the domestic issues highlighted by Bush in the interview:

·Social Security. Bush said he would support new talks with Democrats on the retirement program's future with "no preconditions." He declined to rule out discussion of a tax increase to address the program's long-term solvency. "The spirit is, 'Bring your best idea how to solve the problem; we'll see if we can find common ground,' " he said.

However, Bush, who supports creating individual investment accounts in the system, indicated he remains opposed to raising taxes. "I've showed that you can solve Social Security without raising taxes."

·Energy. Bush repeated a call made last year for more alternative energy sources but declined to outline specifics. He said he would push "a bold initiative that really encourages America to become less dependent on oil."

The administration has long linked its energy programs to efforts to address global warming. "The new technologies I'll be outlining will help us deal with the issue of 'greenhouse gases,' " he said.

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·Immigration. Bush said he will continue to push for a bill that would expand opportunities for foreign "guest workers," even though conservatives in his party such as Rep. Duncan Hunter, R-Calif., say such programs amount to amnesty for illegal immigrants.

·Balanced budget. He said he will submit a budget to be balanced by 2012 without raising taxes, but did not say whether it would depend on major cuts to existing programs, future economic growth or some combination of both.

·Education. In calling for an extension of his No Child Left Behind education law, Bush said he wants "flexibility" to help struggling schools "without backsliding on standards." The law, passed with bipartisan support in 2001, expires this year. He also wants to make it easier for parents to move their children from failing schools.

·Terrorist surveillance. Bush said the program of monitoring international calls of terrorism suspects "has not been weakened" now that it is under a secret court's supervision.

·Diseases. Bush will ask Congress to help curb the spread of diseases such as malaria and AIDS worldwide. He said it means his foreign policy "is more than just spreading freedom."

Bush To Offer Health Insurance Reforms (FT)

By Eoin Callan

Financial Times, January 22, 2007

Healthcare reform will on Tuesday be thrust to the forefront of the policy issues facing candidates for the White House in 2008 when President George W. Bush uses his State of the Union speech to propose a new tax regime for health insurance benefits.

The president will appeal for support for proposals in next month's budget to cap the amount of health premiums Americans can deduct from taxable income and use the savings to offer greater tax relief for those with less generous plans.

The White House has also pledged to complement trail-blazing initiatives in California and Massachusetts to address the problem of the uninsured.

The initiatives come as opinion polls show increasing public anxiety while the costs of healthcare outstrip inflation and US employers pare back on the health benefits they provide to their workforces.

The White House said its plan would include a "standard deduction for health insurance", while families with insurance would not pay taxes on the first $15,000 (£7,600) in compensation and single people would not pay taxes on the first $7,500.

The healthcare issue will prove divisive for the Democratic party, which is more united in its opposition to Mr Bush's conduct of the war and of climate change policy.

But it is seen by Republican strategists as a particular handicap for Hillary Clinton, who holds a commanding opinion poll lead over her Democratic rivals for the presidential candidacy after taking at the weekend the first legal steps towards launching her 2008 campaign. The New York senator and former first lady has yet to address decisively her association with failed healthcare reforms during her husband's presidency.

However, she moved quickly to toughen her stance over the war in Iraq as she sought to sharpen her differences with Mr Bush and fend off a challenge from Barack Obama, the first-term senator for Illinois. In a Washington Post poll on Sunday, Mrs Clinton was backed by 41 per cent of Democrats questioned.

The former first lady is expected to lead the crucial early rounds of fundraising by the crowded field of Democratic aspirants – joined on Sunday by Bill Richardson, the New Mexico governor – in spite of a problematic record on both foreign and domestic policy. She called for the withdrawal of US troops from Baghdad and an eventual end to the occupation of Iraq. In 2002 she voted in favour of a resolution authorising an invasion.

Mrs Clinton said she did not have "faith" in Nouri al-Maliki, the Iraqi prime minister, as she stayed ahead of her Senate colleagues by backing a binding resolution aimed at stemming the flow of funds to Baghdad.

Bush Bids To Increase Focus On Health Care With Plan On Tax-Based Aid For Consumers (WSJ)

By John D. McKinnon, John Harwood

The Wall Street Journal, January 22, 2007

WASHINGTON -- As a new Wall Street Journal/NBC News poll1 indicates health-care costs are the nation's top economic concern, President Bush joined the debate with a sweeping insurance initiative -- one that threatens a possible tax increase for many upper-income people.

White House officials said Mr. Bush will seek to extend tax deductibility of health coverage to everyone who buys it outside the workplace. But under Mr. Bush's plan, employer-provided health insurance benefits would be counted as part of income for the first time, and thus made taxable.

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Historically, the government hasn't taxed employer-provided health insurance benefits but gives smaller tax breaks, or none at all, to many people who buy insurance themselves outside the workplace. The tax system is especially unfair to employees who work without traditional benefits, experts say. Effectively, Mr. Bush is proposing to eliminate the imbalance by giving everyone the same deduction -- $15,000 for families, $7,500 for singles.

Cracking the problem of health-care inflation is emerging as a major political issue for the foreseeable future, due to the persistent rise in costs, employer efforts to shift more of the burden to workers and the aging of the baby boomer generation. Still, the odds of major legislation in the current Congress appear long, and health care is likely to be a point of contention in the 2008 presidential race.

Hopes for a Large Effect

The Treasury Department estimates that the change would prompt a net increase of five million in the number of Americans with health insurance, and administration officials are hopeful the effect will be even larger. In his weekly radio address, Mr. Bush said his plan is "designed to help make basic private health insurance more affordable -- whether you get it through your job or on your own." Over 10 years, the plan would have no cost to the government, according to a person close to the administration. But details weren't available over the weekend.

With the average premium for an employer-provided family policy at $11,500, 80% of employees with health benefits would see their overall tax go down, a person close to the administration estimated. But many executives and professionals, as well as some rank-and-file union workers, could see their taxes increase.

The change also would mean a tax break for most, if not all, of the 17 million people who obtain coverage themselves, administration officials estimate. The deduction also could be used to reduce income subject to the payroll taxes that support Social Security and Medicare. That is intended to provide a benefit to lower-income workers who often don't owe any income tax.

A family without insurance earning $60,000 could get a total tax savings of about $4,500 under the plan, the person close to the administration said. That includes $2,250 of income-tax savings and an equal amount of savings from payroll taxes. Families can buy high-deductible coverage for themselves in the insurance market for an average of $5,200 -- little more than the amount a typical family could save on taxes under the administration plan.

Suits the Public Mood

At a time when the president is bucking political head winds on his Iraq policy, Mr. Bush's emphasis on health care well suits the public mood. In the new Wall Street Journal/NBC News poll, a 33% plurality of Americans calls the cost of health care the economic issue that concerns them the most -- outpacing problems such as jobs going overseas (identified by 24%), the federal budget deficit (13%) and lack of jobs that pay well (12%).

Some advocates praised Mr. Bush's plan as unexpectedly bold and predicted it would help turn the focus of the health-care debate further toward reform of the private-insurance market and away from creating or expanding government-run health-care programs.

"This really changes the conversation," said Grace-Marie Turner, president of the conservative Galen Institute. "People understand tax deductions."

But several said the administration will have to do more to help the poorest of the uninsured. Mr. Bush hinted in his Saturday radio address that he will have another initiative aimed at encouraging states to create insurance pools for lower-income people.

Despite the tax plan's appeal, the effective cap on deductibility of employer-provided coverage will be controversial with many congressional Democrats, who are focused on shoring up the workplace system of insurance and worry the White House proposal would undermine it. Unions and many large employers will worry about the long-term effect, particularly if it encourages younger, healthier workers to drop out of workplace plans and buy cheaper insurance themselves.

Part of the Problem

If Mr. Bush's plan isn't dead on arrival to Congress, "I think it's going to be wounded on arrival," said Ron Pollack, executive director of Families USA, a liberal advocacy group.

Many Republicans counter that the traditional unlimited tax break available for employer-provided care is actually part of the problem with the U.S. system and contributes to overspending and inflation in the sector.

Conservative economists say the change would touch off intense competition in the insurance marketplace and thereby help hold down prices, while also giving consumers more incentive to buy high-deductible coverage and become smarter shoppers.

Universal Health Coverage Attracts New Support (WP)

By Christopher Lee

The Washington Post, January 22, 2007

DOJ_NMG_0119278

Harry and Louise have had a change of heart.

Thirteen years after television ads from the insurance industry featuring the fictional middle-class couple helped kill the Clinton health-care plan and make universal coverage politically radioactive, comprehensive proposals for expanding coverage to millions of uninsured Americans are flowering again inside the Beltway and around the country.

And this time, advocates hope, the political climate is right for the best ideas to grow, in large part because many business groups that opposed earlier efforts now agree that rising health-care costs and increasingly tougher access to insurance are unsustainable trends.

Whether Washington will do more than talk about the problem, however, remains to be seen. Money is tight, and some experts say major shifts in federal policy are unlikely until after the 2008 presidential election, in which health care is expected to be a major focus.

Many are not willing to wait. Karen Ignagni, president of America's Health Insurance Plans -- the same industry association that once funded the "Harry and Louise" ads -- was among representatives of 16 business, medical and consumer groups that last week called for Congress to spend $45 billion over five years to extend health coverage to most of the nation's uninsured children. After that, the groups said, lawmakers should direct billions more toward covering uninsured adults, mostly through a mixture of tax breaks and expanded federal programs.

"On this issue, the polls show that Democrats, Republicans and independents want progress," Ignagni said. "The most expensive course is to do nothing."

John J. Castellani, president of the Business Roundtable, an association of chief executives of 160 U.S. companies, issued a similar call at a separate news conference last week with leaders of AARP, the politically powerful seniors organization, and the Service Employees International Union (SEIU). "Our soaring health-care costs put American goods and services at a significant competitive disadvantage, and they slow economic growth," Castellani said. "Policymakers must act."

In recent weeks, proposals for dramatically expanding coverage have been floated by Ignagni's industry group, the Children's Defense Fund and Sen. Ron Wyden (D-Ore.). Sen. Edward M. Kennedy (D-Mass.) and Rep. John D. Dingell (D-Mich.), who lead important congressional committees, plan to pursue legislation to allow Americans under 65 to enroll in Medicare or in the health coverage enjoyed by Congress. And a bipartisan group of two senators and three House members introduced legislation last week to help states fund innovative ways to cover more people.

"Health care has been poked and prodded for years," said Wyden, who wants to replace employer coverage with a centrally financed system of private insurance for all Americans. "I believe it is time for diagnosis and treatment."

Much of the activity in Washington is being spurred by a wave of experiments at the state level, particularly Massachusetts's decision last year to require all residents to obtain health insurance, through state-subsidized policies if necessary. This month, California Gov. Arnold Schwarzenegger (R) proposed a similar plan for all 36 million Californians, funding its $12 billion cost partly through fees on employers, hospitals and doctors.

In Pennsylvania, Gov. Edward G. Rendell (D) last week proposed creating a program of state-subsidized private insurance to help many of the 767,000 uninsured people in his state. The plan would impose taxes on tobacco and on businesses that do not offer coverage, and it would phase in a requirement that people earning more than 300 percent of the poverty level (about $60,000 for a family of four) obtain insurance.

"It is no longer a question of whether we can afford to act," Rendell said, noting that treating Pennsylvania's uninsured costs $1.4 billion annually. "The cost of inaction is far greater in terms of individual health consequences and from the increasing burden on taxpayers."

Vermont enacted legislation last year that seeks to expand coverage so that at least 96 percent of residents will have insurance by 2010. Illinois began a major expansion of coverage for children in 2005. That same year, Maine began implementing a plan whose goal is to cover all of the state's 130,000 uninsured residents by 2009.

Other states considering expanding coverage include Connecticut, Indiana, Iowa, Louisiana, Minnesota, Missouri, New Hampshire, New Jersey, New Mexico, North Carolina and Wisconsin, according to the National Conference of State Legislatures.

All the state activity is adding pressure on politicians in Washington to act on a problem that grows worse year by year. Recent census figures show that a record 46.6 million Americans, including 8.3 million children, had no health insurance in 2005, up from 39.7 million in 1994. Employer coverage is more expensive and less available.

"As usual, Washington is behind the rest of the country," said Andy Stern, president of the SEIU. "We're ready to have a very bipartisan solution. What you are seeing now that you didn't see in 1994 is that everyone is on the same side saying, 'We want universal coverage.' The only question is, 'How?' "

Ah, yes, "how" -- and how to pay for it.

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Expanding coverage is a costly proposition, and Democrats, in control of Congress for the first time since 1994, have pledged not to pass major new spending proposals unless other programs are cut to avoid increasing the federal deficit.

While there is bipartisan support for reauthorizing the decade-old state-federal Children's Health Insurance Program, which covers more than 4 million children at a cost of $5 billion a year, experts say at least $12.7 billion more is needed over the next five years just to keep covering the same number of kids.

Moreover, President Bush has given no sign of departing from his advocacy of special tax-favored savings accounts and changes in the tax code as the best ways to make health insurance more affordable. In his State of the Union speech this week, Bush plans to propose more such changes and to announce a new initiative to help states get more residents into private insurance.

"We must address these rising costs so that more Americans can afford basic health insurance," the president said Saturday in his weekly radio address. "And we need to do it without creating a new federal entitlement program or raising taxes."

Despite the new enthusiasm, in the short run, most attempts to expand coverage will probably continue to happen at the state level, some lawmakers said. Federal efforts will be largely incremental and devoted to helping the states find their way.

"The states become laboratories," said Rep. Frank Pallone Jr. (D-N.J.), chairman of the House Energy and Commerce subcommittee on health. "Politically that's necessary. If we tried to adopt a universal health-care plan on the federal level, we probably wouldn't have the votes."

Sen. George V. Voinovich (R-Ohio), a member of a bipartisan group that wants to steer new grants to states, called health care "the greatest domestic problem" but also said that "the truth of the matter is that dealing with this problem between now and the election is not realistic."

"Congress is not going to act in a major way to deal with this access problem in the next couple of years," said Sen. Jeff Bingaman (D-N.M.), another member. "That's the unfortunate reality that we're facing. And so we're saying most of the effort that is possible is at the state level and at the local level. And we want to encourage it and we want to provide assistance."

But ultimately, Washington will have to do more, said Charles N. Kahn III, president of the Federation of American Hospitals.

"At the end of the day, I think the federal government and the federal taxpayers have a responsibility," said Kahn, whose organization was among those calling for $45 billion to cover children. "Clearly, there are states that are looking into this. They can come up with some resources. But we feel that in order to get the ball rolling from where we are now, this is the role that the federal government needs to play."

Bush Expected To Make Call For Improved Fuel Economy (NYT)

By Matthew L. Wald

New York Times, January 22, 2007

WASHINGTON, Jan. 21 — There is widespread anticipation, inside government and outside, that President Bush will call for better fuel economy in his State of the Union address on Tuesday.

The White House has posed questions to the Transportation Department about various options. One idea under consideration, government officials and car company executives who have consulted with the White House say, is to do away with the existing system of fleet averages, as has already happened with light trucks, and set a standard for each vehicle, based on its “footprint,” or distance between the wheels.

The president asked for the authority to do that last year, but Congressional Democrats rejected his request, saying the White House should use its existing power to simply raise the average. A standstill has resulted.

The federal official in charge of gasoline mileage rules, Nicole R. Nason, has been telling members of Congress that when the current rules for car mileage were set, in 1975, she was 5 years old. Ms. Nason, administrator of the National Highway Traffic Safety Administration, says she hopes that when her 5-year-old daughter starts driving, the standard will be higher. But that hope has not been enough to budge either side.

Raising the number from the current 27.5 miles per gallon would cause hundreds more highway deaths each year because automakers would meet the goal by moving to smaller cars, the administration argues. It also says that the system puts an undue burden on companies that specialize in large cars — that is to say, American automakers.

A problem for the Democrats is that, once there is no fleet average, the debate gets murkier because there is no single number to argue over. Simply reforming the system without setting specific goals is “a license for obfuscation,” said Clarence M. Ditlow, director of the Center for Auto Safety, which monitors the auto industry and government safety regulators.

Critics are pushing hard. Representative Edward J. Markey, a Massachusetts Democrat who wants to increase fuel economy, said: “Our problem in dealing with the Bush administration is that when they want to send troops to fight for oil, they do

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that whether they have the authority or not. When you ask them to reduce the need for oil, suddenly they're concerned about authority."

Higher-mileage cars can be just as safe as gas-guzzlers, Mr. Markey said, and to argue otherwise would mean "that the Ford Escape hybrid is less safe than the regular Ford Escape." He plans to reintroduce a bill that would push the standard up by one mile per gallon per year for the first 10 years, and 4 percent per year thereafter.

The car portion of the Corporate Average Fuel Economy system, known as CAFE, has not changed since 1990, and the rule governing pickups, vans and sport utility vehicles is only slowly changing. Mr. Bush, however, is expected to take steps to encourage the development of batteries used to power hybrid-electric vehicles and further raise production of ethanol.

Established in 1975 after the Arab oil embargo, the system set a minimum standard for cars twice as high as the average at the time, pushing the standard to 27.5 miles per gallon in 1985. After minor adjustments from 1985 to 1990, the car standard has been frozen at 27.5 since 1990, first by Congressional order and now by a dispute over how the rules should be structured.

Over that 17-year period, domestic oil production has declined nearly a third, to 5.2 million barrels a day from 7.4 million. As demand has grown, imports have risen by more than two-thirds to fill the gap, to 10.1 million barrels a day from 5.9 million. Ethanol, liquids from coal and tar sands are all possible alternatives, but none will make major contributions in the near future; using less oil will require reducing driving or using vehicles with better gasoline mileage.

The rule has produced unintended consequences. For example, it led car makers to redefine many household vehicles as "trucks," because those had a more lenient standard. And automakers got credit under the system for building vehicles that could run on ethanol or other alternatives, even if the vehicles actually ran on gasoline.

And the window sticker has added a wry phrase to the American vocabulary: Your actual mileage may vary. Last year, in an effort to fix that, the E.P.A. reduced the mileage promised by the sticker.

Last spring, under the "footprint" system for light trucks, Ms. Nason's agency set rules for model years 2008 through 2011.

The rules will push a typical Ford Explorer to 25.2 miles per gallon in 2011, from 19.4 in the 2007 model year, as measured by the Environmental Protection Agency. A PT Cruiser (which Daimler-Chrysler has classified as a light truck, helping it meet the truck average) to 28.1 miles per gallon in 2011, up from 27.4 in 2007.

(Both Ford and Daimler-Chrysler have the option of complying with the old rules based on a fleet average rather than the new vehicle-by-vehicle rule, which takes effect between model years 2008 and 2011.)

The industry's official position is that the decision should be left to the highway traffic safety administration. Gloria Bergquist, a spokeswoman for the Alliance of Automobile Manufacturers, which represents all the major companies except Honda, said, "They're supposed to crunch the data and come up with a sweet spot, between affordability, safety concerns, jobs, and technology, and come up with the number."

The technology to go farther on a gallon of gas is no secret, but it costs money that Detroit auto companies have been loath to spend, especially now that they all have financial problems. For years, the automakers have argued that fuel economy is not a priority for buyers, and they have built a product line that follows that assessment.

Robert Heavenrich Jr., who retired last year as a fuel economy researcher at the E.P.A.'s Ann Arbor laboratories, said there was lots of room for modernization. More modern technology would use less fuel to do the same work. For example, Mr. Heavenrich said, he drives a 1985 General Motors Sierra Cutlass with a 231-cubic-inch engine. "You can go down to a Buick dealer today and get that same engine-transmission combination," he said.

Mr. Heavenrich said that many Japanese cars used a hardware-software combination that allowed some cylinders to shut down during periods of low demand, like highway cruising, to save fuel, but that American manufacturers had generally not incorporated that innovation because it would raise production costs.

The E.P.A. report on fuel economy trends that Mr. Heavenrich produced annually until last year said that mileage would be about 30 percent higher if buyers would settle for the vehicle size and performance characteristics that prevailed in the mid-1980s. But what sells is heavier, zippier cars.

To some extent, though, consumers have voted for higher standards. The actual average fuel economy for cars sold in the 2005 model year, the most recent one for which numbers are available, was just over 30 miles per gallon.

Bush Expected To Warn On Energy Security (AP)

By H. Josef Hebert

AP, January 21, 2007

A year after warning America of its addiction to oil, President Bush is expected to renew concerns about energy security in his State of the Union address. But will the rhetoric be followed by action? Up to now, the record has been mixed.

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Aides hint of a major pronouncement on energy in the speech before Congress and the nation Tuesday night. Yet the president is expected to take a predictable path, urging expanded use of ethanol in gasoline, more research into cleaner burning coal and on gas-electric "hybrid" cars, and greater nuclear energy.

He may tweak his voluntary program on climate change. Aides, however, say the president remains opposed to mandatory cuts in carbon dioxide and other heat-trapping "greenhouse" gases as has been proposed in Congress.

A year ago, Bush declared "America is addicted to oil" and he set a goal of replacing three-fourths of today's oil imports from the Middle East by 2025. He pledged to press for alternatives to oil and for more efficient use of energy.

He has had some success in getting more domestic production.

The Bush administration has opened new federal lands for oil and gas drilling. Last month, Congress approved opening a large new area in the Gulf of Mexico to drilling. This month, Bush lifted a longtime ban on oil and gas drilling in Alaska's Bristol Bay.

But when it comes to weaning the country away from oil, the president's critics say his rhetoric has not been matched by action.

"President Bush actually cut funding for the key energy-saving technologies," says Joseph Romm, a former head of the renewable fuels and efficiency programs at the Energy Department during the Clinton administration.

The department's requests for renewable fuel and conservation programs have stayed flat at about $1.18 billion annually over the past six years — really a decline if inflation is considered, energy efficiency advocates say.

"Since 2002, the energy efficiency programs at the Energy Department have dropped by a third in real dollars," says Kateri Callahan, president of the Alliance to Safe Energy, a private advocacy group.

When one program is increased, others have suffered, these critics maintain.

They acknowledge spending increases for research into solar and wind energy, but contend that came at the expense of two other renewable energy programs that were eliminated: research into geothermal energy deep within the earth and efforts to make hydroelectric dams more fish friendly.

Congress has not been all that helpful, either.

The energy law passed in 2005 authorized $3.8 billion worth of renewable energy and conservation programs. But a vast majority of those programs are without funds, neither requested by the administration nor approved by Congress.

Callahan points to a $450 million consumer education and outreach campaign on energy efficiency in that law, but says "not one penny has been appropriated" nor has the money been sought by the administration.

Energy Secretary Samuel Bodman says the administration over the years has spent nearly $12 billion in developing new energy technologies. He cited the president's $2.1 billion "advanced energy initiative" in the State of the Union a year ago.

But most of that program goes for nuclear research and clean coal technology that generally has little impact on the country's dependence on oil, 70 percent of which is used in transportation.

For that, Bush told a renewable fuels conference last year in St. Louis, "we need to change how we power our automobiles. ... I like the idea of promoting a fuel that relies upon our farmers."

Bush has supported lawmakers' push to use more corn-based ethanol as a gasoline blend and he is expected to call for a sharp escalation of ethanol use in his speech.

It is a political sure bet as ethanol has widespread bipartisan support.

Among the first bills introduced in the new Democratic-run Senate calls for using 60 billion gallons of ethanol, 10 times current production capacity, by 2030.

Two 2008 presidential hopefuls, Democratic Sens. Barack Obama of Illinois and Joe Biden of Delaware, are its leading co-sponsors.

Ethanol is "riding a big wave" this year, says Mark McMinimy, a policy analyst at the Stanford Group. "The renewable fuels-ethanol juggernaut enjoys one of the most prized commodities in Washington — broad-based support, bipartisan political momentum."

But even there, the administration has been criticized for not living up to the rhetoric.

In last year's State of the Union speech, Bush announced a goal to make a "new kind of ethanol practical and competitive within six years." His administration followed within days with a budget calling for only a modest increase — about $29 million — for research into cellulosic ethanol development.

Last week, the House passed legislation that would funnel $14 billion in money collected from oil companies into a renewable fuel fund. Ethanol lobbyist Bob Dinneen of the Renewable Fuels Association welcomed the action and urged that the fund finance loan guarantees — approved by Congress in 2005, but not funded — for cellulosic ethanol plants.

Yet the White House strongly opposed the House-passed bill in part because it said additional taxes on the oil companies should not be used to pay for such new programs.

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A report last week by the General Accountability Office, the investigative arm of Congress, concluded "it is unlikely" that the government's current research and development programs will provide the alternative energy sources needed to "reverse our growing dependence on imported oil."

Bush Proposals Find Little Success (WT)

By Stephen Dinan

The Washington Times, January 22, 2007

President Bush's record of getting his State of the Union proposals enacted, after successes in his early years in office, has dropped off substantially.

Of the 12 initiatives that he proposed or called on Congress to pass in 2006, the White House can claim complete success on just three: renewing the Patriot Act, expanding health savings accounts and expanding electronic medical records. That followed unfulfilled calls in 2005 to reform Social Security and the tax code and to pass a guest-worker program for illegal aliens and future immigrants.

That record is a far cry from the major policies Mr. Bush proposed in his 2002, 2003 and 2004 speeches, and later won from Congress, including a stimulus package to pull out of recession in 2002, a $15 billion fund to combat AIDS, a prescription-drug benefit in Medicare, passage of the authority to more freely negotiate trade agreements and the goal of cutting the deficit in half.

This year, Mr. Bush is dropping the laundry-list-style proposals and will instead focus on five major themes, on which he thinks he can find common ground with Democrats.

"I just think some of the old State of the Union formulas have kind of run their course," White House press secretary Tony Snow said last week, acknowledging that the new format is in part a reflection of the new political reality of Democrats controlling Congress.

Clark Judge, a speechwriter for President Reagan and Vice President George Bush, said the recent poor record of accomplishment is part of Mr. Bush's overall political problem -- falling approval ratings.

"That's part of why his numbers dropped -- that the achievements, what he set out to do, particularly in domestic policy, didn't happen, Social Security reform being the big one, but so too making the tax cuts permanent," Mr. Judge said.

Democrats said they just want to see action out of Mr. Bush.

"I wish the president would stop talking about things and just do something," said Senate Majority Leader Harry Reid, Nevada Democrat.

In 2002, Mr. Bush's first State of the Union -- as a new president he did not deliver such an address in 2001 -- came as Democrats controlled the Senate. Yet with split control, the president rang up a series of substantial successes. In addition to the stimulus package and trade authority, he also proposed the USA Freedom Corps and won a new package of post-Enron scandal corporate rules.

His 2005 speech was grand in its reach, proposing to overhaul both the tax code and Social Security, as well as the immigration system. But none of those came to fruition, and by last year, he aimed lower, calling for a commission to look at Social Security and for moderate changes to laws.

Even those, though, proved too much, despite Republican control of Congress.

Many of the changes fell victim to Republicans' failure to pass most of the annual spending bills that stymied many of his 2006 proposals, such as the Advanced Energy Initiative or training 70,000 high school teachers.

The White House blamed congressional Democrats, who instead of going back to work this year on those spending bills decided to continue 2006 funding levels through fiscal 2007.

"It's unfortunate that this new Congress chose to move forward in a way that they have a yearlong continuing resolution rather than completing the important work of those appropriations bills," said Scott Stanzel, a spokesman for the president.

Still, he said, the ball got rolling on many of their priorities.

"There was a lot of important work that went on last year both on the domestic and international front," he said.

Kathleen Hall Jamieson, director of the Annenberg Public Policy Center at the University of Pennsylvania, said that State of the Union addresses are the toughest speeches a president gives and that rarely do historians find them memorable. She said they are "time-bound" because they are usually tied to taking stock of last year's accomplishments and the upcoming year's legislative agenda.

That's not to say they have been without memorable rhetoric, such as his 2002 declaration of Iran, Saddam Hussein's Iraq and North Korea as an "axis of evil."

But this year's different style of speech gives Mr. Bush an opening, she said.

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And she said Mr. Bush's opening salvo last year on energy policy -- he declared the nation "addicted to oil" -- sets the table for this year's promised focus in part on energy policy. White House officials have told Republicans in Congress that they expect to make the most significant headlines on energy issues.

Mr. Judge said there's still plenty of time for Mr. Bush to establish a good legacy, beginning with tomorrow's speech and centering on Social Security and immigration and buying enough time for his Iraq policy to work.

"The pieces are in place, as bad as things look right now, for having had a very successful administration," Mr. Judge said.

Speechwriters For Bush Seek Perfect Pitch (NYT)

By Sheryl Gay Stolberg

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Most Americans think of President Bush as the commander in chief. His speechwriters have another name for him: the editor in chief.

"He always wants it to be logical and straightforward," William McGurn, the chief White House speechwriter, said in a hurried telephone interview on Friday, just four days before the State of the Union address. "That's his big obsession. I always say I've been edited by Bill Buckley at the National Review, Bob Bartley at The Wall Street Journal. And the president is the strictest editor, the most line by line."

Mr. McGurn, a former Journal editorial writer, and his team of about a half-dozen writers and researchers have had more than their usual exposure to presidential editing this winter. The address on Tuesday comes 13 days after Mr. Bush's prime-time speech on his new strategy in Iraq, one that even some Republicans have criticized as uninspiring, a rhetorical dud.

For the people who get paid to put words in the president's mouth, the pressure is on.

"My job is to explain the president's policy and put it forward, to state his priorities in his voice," Mr. McGurn said. "So we do what he wants, not what someone may say on the cable news."

But this is Washington, where punditry is practically an official sport, and the pundits disagree. "A mediocre speech that was flat," said David Gergen, a former Nixon speechwriter, echoing the sentiments of many. "It was solid, but they miss Gerson."

Mr. Gergen was referring to Michael J. Gerson, Mr. McGurn's predecessor, who left the administration last summer. He is credited with what many say was Mr. Bush's best speech, to a joint session of Congress nine days after the Sept. 11 attacks.

Of course, writing a speech is only half the equation; the other half is in the delivery. Veteran Bush-watchers say the president is never as good standing solo before a television camera, as he did in the White House library for the speech on Iraq, as he is before a live audience.

Mr. McGurn and his crew, which includes a onetime spokesman for former Senator Jesse Helms and a staff member who four years ago was editing the student newspaper at Yale, are described by Clark Judge, a former speechwriter for Mr. Reagan and for the first President Bush, as "a first-rate team."

They also have the task of writing for the president in very different times than Mr. Gerson did. The bipartisan support for Mr. Bush that swept over Congress and the nation after Sept. 11 is long gone, the war in Iraq is going badly, and the president is about to deliver his first State of the Union address to a Congress controlled entirely by Democrats.

Mr. Bush was determined to be prepared. Mr. McGurn said he and Christopher G. Michel, the Yale graduate, were in the Oval Office going over the Iraq speech in December when the president announced: "I need to get started on the State of the Union. We can't wait."

That called for reinforcements. Mr. McGurn's deputy, Marc A. Thiessen, the former Helms spokesman, was already working on the State of the Union. With Mr. McGurn and Mr. Michel still busy on Iraq, John McConnell, the lead speechwriter for Vice President Dick Cheney, was brought in. So, too, was Matthew Scully, a speechwriter who left in 2004. Mr. Scully now lives in Los Angeles; he has been camping out in a Washington hotel since Jan. 6.

Every White House speechwriter, current and former, knows the traditional State of the Union formula: a laundry list of ideas, many of them destined to die in the bowels of some Congressional committee room. (In 2004, Mr. Bush proposed sending humans to Mars, a plan that even Republican strategists mock today.)

This year, the president told his speechwriters that he wanted a more thematic speech, one that would focus on a few core issues, like energy, immigration and health care, where Mr. Bush hopes to achieve compromise with the Democrats.

Mr. McGurn would not disclose details, and as for soaring rhetoric, he would not say. But he did say the president was not much interested in "flowery language."

At this point, Mr. Bush is well into rehearsing. By Friday, he had already had several run-throughs in the family theater of the White House, with officials including Stephen J. Hadley, the national security adviser, and Condoleezza Rice, the secretary of state, listening in.

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For his part, Mr. McGurn is a bit tired after a month of 12-hour days and 6:45 a.m. phone calls, and in need of a decent meal. In one eight-day stretch after Christmas, he and fellow writers ate breakfast, lunch and dinner every day in the White House mess, except when it was closed, as it was for dinner on New Year's Day.

"We went to Fuddruckers," said the man who puts words in the president's mouth. "It was, like, 8 o'clock. Nothing else was open."

The Clinic Is Open (NYT)

The New York Times, January 22, 2007

Companies are proving that when it comes to health care, you can re-teach old dogs an old trick. On-site health clinics in the workplace, which had been disappearing since their peak in the 1970s, are staging a comeback. Corporations are waking up to the fact that healthy employees are more productive, while sick workers are a drag on the bottom line. And they're trying to do something about it.

The sky-high cost of health care in the United States isn't just a challenge for the families that struggle to pay rising premiums and co-payments. It's also a serious issue for American companies, whose competitors in other countries often benefit from national health insurance programs.

As Milt Freudenheim reported recently in The Times, some big American-based companies have rediscovered that it's cheaper in the long run to spend a little more on in-house health clinics. Companies from the Pepsi Bottling Group to Credit Suisse have opened or expanded their clinics. More than a quarter of the nation's 1,000 largest employers will likely offer some kind of on-site health services by the end of the year.

For employees, a clinic is a major time saver, convenient and cheap (or even free). For companies, spending a relatively small amount of money on early detection and basic preventive care can save on expensive hospital bills down the line. It's an interesting stopgap solution, provided companies do not abuse their knowledge of employee medical conditions and remain focused on the long-term health of their workers, instead of just steering them away from expensive procedures.

Innovative as they are, office and factory infirmaries will hardly solve the nation's entrenched health care crisis.

Total health spending reached nearly $2 trillion in 2005, accounting for 16 percent of the economy. It is a bit scary that the 6.9 percent increase in health spending that year — rather than a cause for alarm — is celebrated as the slowest pace of increase in six years. There are 47 million uninsured people in this country. State governments, like those in Massachusetts and California, are trying to chip away at the problem and business groups are lobbying in Washington for help with out-of-control costs.

While it is a welcome sign that businesses and states are trying to come up with answers, health care is a national issue that requires a comprehensive solution.

Gold-Plated Indifference (NYT)

By Paul Krugman

The New York Times, January 22, 2007

President Bush's Saturday radio address was devoted to health care, and officials have put out the word that the subject will be a major theme in tomorrow's State of the Union address. Mr. Bush's proposal won't go anywhere. But it's still worth looking at his remarks, because of what they say about him and his advisers.

On the radio, Mr. Bush suggested that we should "treat health insurance more like home ownership." He went on to say that "the current tax code encourages home ownership by allowing you to deduct the interest on your mortgage from your taxes. We can reform the tax code, so that it provides a similar incentive for you to buy health insurance."

Wow. Those are the words of someone with no sense of what it's like to be uninsured.

Going without health insurance isn't like deciding to rent an apartment instead of buying a house. It's a terrifying experience, which most people endure only if they have no alternative. The uninsured don't need an "incentive" to buy insurance; they need something that makes getting insurance possible.

Most people without health insurance have low incomes, and just can't afford the premiums. And making premiums tax-deductible is almost worthless to workers whose income puts them in a low tax bracket.

Of those uninsured who aren't low-income, many can't get coverage because of pre-existing conditions — everything from diabetes to a long-ago case of jock itch. Again, tax deductions won't solve their problem.

The only people the Bush plan might move out of the ranks of the uninsured are the people we're least concerned about — affluent, healthy Americans who choose voluntarily not to be insured. At most, the Bush plan might induce some of those people to buy insurance, while in the process — whaddya know — giving many other high-income individuals yet another tax break.

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While proposing this high-end tax break, Mr. Bush is also proposing a tax increase — not on the wealthy, but on workers who, he thinks, have too much health insurance. The tax code, he said, "unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise, and many Americans cannot afford the coverage they need."

Again, wow. No economic analysis I'm aware of says that when Peter chooses a good health plan, he raises Paul's premiums. And look at the condescension. Will all those who think they have "gold plated" health coverage please raise their hands?

According to press reports, the actual plan is to penalize workers with relatively generous insurance coverage. Just to be clear, we're not talking about the wealthy; we're talking about ordinary workers who have managed to negotiate better-than-average health plans.

What's driving all this is the theory, popular in conservative circles but utterly at odds with the evidence, that the big problem with U.S. health care is that people have too much insurance — that there would be large cost savings if people were forced to pay more of their medical expenses out of pocket.

The administration also believes, for some reason, that people should be pushed out of employment-based health insurance — admittedly a deeply flawed system — into the individual insurance market, which is a disaster on all fronts. Insurance companies try to avoid selling policies to people who are likely to use them, so a large fraction of premiums in the individual market goes not to paying medical bills but to bureaucracies dedicated to weeding out "high risk" applicants — and keeping them uninsured.

I'm somewhat skeptical about health care plans, like that proposed by Gov. Arnold Schwarzenegger, that propose covering gaps in the health insurance market with a series of patches, such as requiring that insurers offer policies to everyone at the same rate. But at least the authors of these plans are trying to help those most in need, and recognize that the market needs fixing.

Mr. Bush, on the other hand, is still peddling the fantasy that the free market, with a little help from tax cuts, solves all problems.

What's really striking about Mr. Bush's remarks, however, is the tone. The stuff about providing "incentives" to buy insurance, the sneering description of good coverage as "gold plated," is right-wing think-tank jargon. In the past Mr. Bush's speechwriters might have found less offensive language; now, they're not even trying to hide his fundamental indifference to the plight of less-fortunate Americans.

Emerging Grievances Within Party Likely To Test Pelosi (WP)

By Jonathan Weisman

The Washington Post, January 22, 2007

Beneath the resounding Democratic victories of the past two weeks, tensions have been growing between House Speaker Nancy Pelosi and many new committee chairmen and other members over her aggressive management style and her approach to the war, according to lawmakers and advisers.

Powerful committee chairmen have bridled at the California Democrat's decision to impose six-year term limits on them. Liberal Democrats say she is being too cautious in confronting President Bush on the war in Iraq. Rank-and-file Democrats say she erred in denying Republicans more say in the early legislation, making the speaker appear autocratic.

And many Democrats complain that Pelosi is relying too heavily on a coterie of liberal allies from her home state and Massachusetts to the exclusion of more conservative lawmakers from the Midwest and the South.

The friction will present a growing challenge as Democrats move from the poll-tested, popular items that breezed through the House this month to more difficult legislative ventures, such as efforts to stem global warming, overhaul the nation's immigration laws, shrink the budget deficit and resolve the war in Iraq. It could also hand Republicans a powerful political weapon as they seek to regain power in 2008 by challenging the crop of new Democrats hailing from Republican-leaning districts.

Rep. Marcy Kaptur (D-Ohio) praised Pelosi for guiding through so many popular legislative items so quickly but pleaded for her to develop a more inclusive leadership style.

"If I had any advice, it would be 'Don't isolate yourself inside the territory you're most familiar with,' " Kaptur said last week. "I guess I would say to her, 'Don't be isolated by your California experience.' "

Pelosi aides and allies say she is doing her best to be inclusive, and to consult with the strong-willed old bull chairmen, but she must also make room for the new voices that helped the Democrats win back the majority. They said that although that will not be easy, most Democrats will be patient as the new majority settles in.

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"I think we suffered the last time the Democrats were in power from too much chairman autonomy," said Rep. Barney Frank (D-Mass.), a Pelosi ally and the chairman of the House Financial Services Committee. "Accusing the speaker of trying to manage public policy is like accusing the fire department of trying to fight fire."

Pelosi took over the speakership this month after a messy leadership fight in which she backed the losing candidate, Rep. John P. Murtha (D-Pa.), for House majority leader. She then threw herself into her "hundred-hour" blitz.

In 2 1/2 weeks, the House adopted new rules to curtail the influence of lobbyists and control deficit spending, then passed half a dozen bills to increase the minimum wage, bolster homeland security, fund stem cell research, order the federal government to negotiate lower drug prices for Medicare, cut some student-loan interest rates, and eliminate tax breaks for oil companies to finance alternative-energy research. On virtually every vote, Republicans joined united Democrats in droves.

But backstage, the firm -- some say heavy-handed -- style Pelosi used to ensure passage of those bills and deal with committee chairmen began to chafe.

Pelosi angered her chairmen and much of the Congressional Black Caucus with her decision to maintain a Republican rule limiting committee chairmanships to six years. Those chairmen and black members have waited years, even decades, to wield power as they patiently abided by the seniority system.

Now, some of the most powerful Democratic chairmen, such as Energy and Commerce's John D. Dingell (Mich.), Appropriations' David R. Obey (Wis.), and even ideological allies such as Oversight and Government Reform's Henry A. Waxman (Calif.), are openly questioning her decision.

They point to Republican experiences with term limits, when candidates for vacated chairmanships competed with one another to raise political cash for GOP candidates and offered legislative fealty to their leaders to win appointments.

That competition strengthened the hand of the leadership and introduced politics -- even the taint of corruption -- to a process that once ran on simple seniority, some Democrats note.

But Pelosi has stood her ground, arguing that fresh blood needs to circulate through the committees. Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus, said the excesses of those competitions were the products of the Republican Party, not the process.

"Tom DeLay created that culture," he said, referring to the Republican former House majority leader. "That's not us."

Some Democrats were frustrated with her decision not to give Republicans a chance to offer even one amendment on the six bills that passed in the initial spate. Pelosi promised the Republicans that they will have more input on other matters, but some Democrats say she has unnecessarily ceded the moral high ground.

"As we try to move forward, we have to make sure transparency and cooperation is part of the legislative process," said Rep. Jim Costa (D-Calif.), an advocate of more comity in the House.

Some rank-and-file members see bias toward "bicoastal liberals" in Pelosi's inner circle -- particularly Reps. George Miller (D-Calif.) and Edward J. Markey (D-Mass.) -- and short shrift given to the views of Midwesterners and more conservative Southern Democrats.

On the war front, two Democratic camps have developed. Liberals and antiwar stalwarts such as Murtha, one of Pelosi's closest allies, want to aggressively use the power of the purse to affect policy, possibly by denying funds for increased troop strength in Iraq. But some senior Democrats and members of the leadership, such as Emanuel and House Majority Leader Steny H. Hoyer (D-Md.), counsel a go-slow approach, in which Democrats start with a nonbinding resolution against the president's policies, use hearings to build up public support for more dramatic action, and gauge voter feelings before legislative action to stop a military buildup in Iraq.

In the most public breach, Pelosi created a special committee dedicated to global warming, infuriating Dingell, whose committee would inevitably lose jurisdiction. Dingell fumed: "These kinds of committees are as useful in relevance as feathers on a fish."

The move crystallized fears among some moderate Democrats that Pelosi would "policy shop" to produce the legislative outcome she wants, even if that outcome goes against the grain of the moderates' constituents, several House members said.

At a rancorous closed-door meeting of the Energy and Commerce Committee last week, members of all political stripes backed Dingell and threatened to subject the proposed committee to a public execution on the House floor. One conservative Democrat said Friday that the issue could turn even nastier than the race between Hoyer and Murtha for majority leader.

"These are very major blunders on her part," said a senior Democratic adviser who served for years in the House and spoke on the condition of anonymity for fear of breaching his ongoing relationships. "The general feeling is that she keeps her own political counsel. She doesn't have any staff who are her eyes and ears and can tell her what's really going on in the caucus."

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Emanuel conceded some missteps and miscommunication, but he said they are not indicative of larger issues. Committee chairmen can abide term limits, Emanuel said, but they should have been informed of her thinking on the subject. "Nobody likes being caught by surprise," he said.

The fears created by the new panel on global climate change stem largely from concerns that the committee will be permanent, amassing influence at the expense of other panels, Emanuel said. Pelosi will put in writing that it will be disbanded at the end of the 110th Congress.

Pelosi spokeswoman Jennifer Crider said that the speaker has confidence and trust in her committee chairmen but that Pelosi also wants to create new platforms from which fresh voices can be heard. New task forces have been created to get the pulse of members in their 30s, veterans and rural representatives. There is a new black working group to supplement the long-standing Congressional Black Caucus and a faith working group to give a voice to the religious.

Such groups may compete with traditional power centers, but Pelosi will stand by her efforts, aides to the speaker say.

Student Loan Scam (WP)

By Robert D. Novak

The Washington Post, January 22, 2007

House Democrats were extolling their student loan bill for opening college to Americans with moderate incomes on Wednesday when Rep. Tom Price, a second-term Republican from Georgia, took the floor. "If only this bill did what they say," Price declared. His admonition constituted more than the usual hyperbole of congressional debate.

The bill, passed by an overwhelming, bipartisan vote, was touted as reducing the interest on federally subsidized student loans, from the present 6.8 percent to 3.4 percent. Actually, it gradually reaches the 3.4 percent level on July 1, 2011. A student taking out a loan on July 1 of this year would pay 6.12 percent after graduation. Only 29 percent of all students getting loans would be eligible for this gradual reduction. Other student loan programs will be cut to help cover the $7 billion cost over five years. And contrary to what the Democrats suggest, the bill does nothing to slow skyrocketing college tuition.

Such details are obscured, however, by the brilliant success of Speaker Nancy Pelosi's "first 100 hours." The student loan bill is one of the politically popular measures rushed through the opening days of the first Democratic-controlled House session in 12 years -- without hearings, without committee authorization and without meaningful debate. While Democratic support has been unanimous, Republicans are divided and listless.

In contrast to the ideologically diverse Democrats who controlled Congress in the past, today's House majority members are like automatons. The hand of Rep. Rahm Emanuel, chairman of the House Democratic Caucus, was apparent as Democrats newly elected under his leadership took the floor to deliver nearly identical speeches of how this bill will help poor students.

Rep. Ed Perlmutter, who won a previously Republican-held district in Colorado, used the now common anonymous anecdote in his floor speech. He told of seeing "a woman whose kids have gone to school with mine" at a swim meet in Arvada, Colo. "She told me that one of her kids is in college now, and she has another that will be going in a couple of years. She is a single mom, and her kids have done well in school, but the cost of college has become prohibitive for their entire family. She said her kids have been excellent students, but she was fearful they could not get into college and be able to pay for it."

Perlmutter added that this "single mom" thanked him for this bill changing "the cost of higher education." In fact, the bill has nothing to do with the prohibitive cost of college. It will have no effect whatsoever on her child now in college. If her second child is literally enrolling in a couple of years (in January 2009), the interest rate would be 4.76 percent, to be paid after the student leaves college. The mom may have thanked Perlmutter too soon.

Because Democrats are now committed to "pay-go" (offsetting all spending increases), this bill means cutting $6 billion from other federally subsidized student loan programs, on top of a net $12 billion cut by the last Republican-controlled Congress.

On the eve of Wednesday's debate, the Consumer Bankers Association and the Financial Services Roundtable sent a joint letter to members of Congress. The offset cuts in loan funding, the organizations warned, "cannot be absorbed by the nation's loan providers without compromising the kinds of benefits and services now provided to college students and their families."

This warning was not expected to effect heady Democrats, but it should have promoted caution among Republicans. It did not. While Democrats were 232 to 0 for the bill, only 71 Republicans followed their leadership and voted against it. The 124 Republicans voting aye included such erstwhile conservative stalwarts as Todd Akin (Mo.), Virgil Goode (Va.), Chip Pickering (Miss.), Joe Pitts (Pa.), Dana Rohrabacher (Calif.), Ed Royce (Calif.) and Todd Tiahrt (Kan.).

The once militant, united House Republicans are demoralized and on the run. They were battered in the last campaign for cutting school loans in the previous Congress and are willing to go along with a sham bill, hoping for Senate gridlock or a presidential veto.

GOP Seizes On Dissent In Majority (WT)

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By Christina Bellantoni

The Washington Times, January 22, 2007

House Republicans have been quoting some unlikely allies when complaining about the methods used by the new Democratic majority -- Democratic leaders.

As the House approved the final piece of Speaker Nancy Pelosi's initial "Six for '06" agenda, Republicans lamented that the bills in the package did not go through committees and that amendments were not allowed.

Backing up their point were Senate Majority Leader Harry Reid of Nevada; Rep. Charles B. Rangel of New York, House Ways and Means Committee chairman; and Rep. John D. Dingell of Michigan, the House's longest-serving member.

"They are shutting out not just Republicans but all of the talented members of this Congress," said Rep. Adam H. Putnam of Florida, chairman of the Republican Conference.

Mr. Putnam and other Republicans repeatedly trotted out last week an article about Mr. Reid in Time magazine that included an assertion: "In private, Senate sources say, Reid has been critical of the Speaker for what he believes was unnecessary roughness in ramming through her first-100-hours agenda, refusing to allow Republicans to propose amendments and breaking her campaign promise to open up the lawmaking process."

The article didn't quote the Nevada Democrat directly criticizing Mrs. Pelosi, but Republicans seized on it, saying she had achieved a "trifecta" of Democratic critics.

"Top House Tax Writer, Senate Majority Leader, and now the Dean of the House," Republicans blared in a press release citing Mr. Reid, Mr. Rangel and Mr. Dingell.

The New York Post reported that Mr. Rangel is "butting heads" with the speaker over the committee process, and that there is tension between the two over tax policy.

Mr. Rangel told The Washington Times that he is "uncomfortable" with Republicans' using him to support their own point and that he is confident Democratic leaders will return to regular order now that their opening agenda has been passed.

"That was part of the 100-hour agenda, and I'd like to believe that is behind us now," Mr. Rangel said.

Though Republicans for a dozen years largely shut Democrats out of the lawmaking process using many of the same tactics, they have justified their complaints this year by saying voters sent a message they want more bipartisanship.

"I understand the need for the majority party to make its move, to make its first impression," said Minority Leader John A. Boehner of Ohio. "I understand that the first couple of bills had to come flying right to the floor, but we are short-circuiting democracy here."

Mrs. Pelosi and Majority Leader Steny H. Hoyer say their agenda has been subjected to several committee hearings and point out that their 2006 campaign highlighted their six legislative priorities, which all passed this month with some Republican support.

They note that a minimum-wage increase passed the Appropriations Committee last year but never went to the floor for a clean vote and point out their bill to expand federal support from embryonic stem-cell research is identical to one passed by the previous Congress.

Republicans counter by saying the accelerated process this month led to at least two mistakes -- the exemption of American Samoa from a minimum-wage increase and failure to include in the initial ethics package a measure barring ex-lawmakers convicted of felonies from receiving government pensions. Democrats plan to fix both errors.

"The jamming of an agenda, relying only on a handful of people, is resulting in a bad product," Mr. Putnam said. "It's not just Republicans who are noticing. Majority Leader Reid is talking about the railroading of a process and [Chairman] Rangel is saying committees need to have a role, and we couldn't agree more."

Minority Whip Roy Blunt of Missouri said Mrs. Pelosi's "rush to judgment" has produced errors that even seasoned Democrats complain about.

"The chairmen -- they're being ignored as well by the way -- understand that," he said.

Mr. Hoyer, praising the Republicans who voted for the Democratic agenda, said last week he intends "to try to continue to work on a bipartisan basis" and "reach consensus as we move forward."

"In the future, it will be more difficult," the Maryland Democrat said. "That does not mean we will always be able to do that, but it does mean that we will always try."

Further exciting Republicans was Mrs. Pelosi's plans to establish a special committee on global warming that might take aim at U.S. automakers, whose cars are a leading source of carbon emissions. The move irritated Mr. Dingell, the chairman of the Energy and Commerce Committee who hails from Michigan, home to the auto industry.

A Democratic source said some of the leaders and more conservative members were frustrated that Mrs. Pelosi seems to be pushing her own agenda by going around them. Sources said Mrs. Pelosi did not collaborate with Mr. Hoyer when crafting the plan for the warming committee.

Republican Rep. Steve King of Iowa also noted that the freshmen from both parties "have really been shut out of this process," accusing a few Democrats of making all the decisions.

"I hope the freshmen finally have a voice. I hope it starts Monday morning," he said Friday.

When John Meets Al (NYT)

The New York Times, January 22, 2007

Four major bills have recently been offered in the Senate calling for mandatory controls on carbon dioxide, the main global warming gas. And last week, 10 big companies, including General Electric, Alcoa and progressive utilities like PG&E of California, joined in an informal coalition to press Congress and President Bush for action.

All of this has been accompanied by considerable fanfare. But at least as important was a quiet little letter to the members of the House Committee on Energy and Commerce from its new chairman, John Dingell.

A Michigan Democrat who in recent years has opposed stronger fuel economy standards for automobiles, Mr. Dingell is, at best, agnostic on global warming. But he said he would put climate change at the top of the committee agenda this year and, for good measure, would invite Al Gore — whose documentary "An Inconvenient Truth" has raised public awareness of the issue — to testify first.

Mr. Gore should quickly accept. Mr. Dingell's support will be essential to any real progress on curbing emissions. In recent years, serious discussion of climate change has been largely confined to the Senate. But laws must be passed by both chambers, and if anything is to happen in the House, it will need Mr. Dingell's participation and consent.

That is the main reason House Speaker Nancy Pelosi established a select committee on global warming last week — not to end-run Mr. Dingell's powers, which she can't really do, but to elevate an issue she regards as important and to pressure Mr. Dingell to take a leadership role.

Mr. Dingell is 80 now, a formidable warrior who during 51 years in the House has played a pivotal role in pushing through nearly every cornerstone environmental law, including the Clean Air Act, the Clean Water Act and laws protecting wilderness and endangered species. But while he supported fuel economy standards years ago, his loyalties to Detroit have led him to oppose further restrictions. As for global warming, he has said that he needs to be convinced that the consequences are truly worth worrying about, and if they are, that the problem can be addressed without bankrupting the country.

Hardly a believer, in other words, but plainly open to persuasion. Which is why it's essential for Mr. Gore and others to become part of the conversation Mr. Dingell has invited. In the end, what is most likely to move him forward is not pressure from Ms. Pelosi or anyone else but appeals to his well-documented sense of environmental stewardship.

Big Business Has Plenty Of Allies In Democrats' Congress (LAT)

By Tom Hamburger And Janet Hook

Los Angeles Times, January 22, 2007

WASHINGTON — Incoming House Speaker Nancy Pelosi terrified the oil industry late last year when she outlined her priorities for the new Democratic majorities in Congress. Within the first 100 hours, she promised, they would "roll back the multibillion dollar subsidies for Big Oil."

Last week, however, when Pelosi (D-San Francisco) won House approval of the much-touted bill socking it to the oil companies, it turned out to be considerably less drastic than many in the industry originally feared. Out of an estimated $32 billion in subsidies and tax breaks that the oil companies are scheduled to receive over the next five years, the final House bill cut just $5.5 billion.

It's not just oil: From one end of the House Democrats' "first 100 hours" agenda to the other, businessmen and their K Street lobbyists have found success amid the fear in dealing with the new Congress.

Surprising as it might seem in view of the Democrats' public rhetoric, business groups are getting their telephone calls returned. And they're getting plenty of face time with the new House and Senate leaders.

Thanks to this access, the oil industry fended off many of what it considered the most objectionable features of the proposed energy bill, while the big pharmaceutical companies had success keeping some unwanted provisions out of the new House Medicare drug bill.

And, while the House was passing its minimum wage bill, small business lobbyists were working the Senate to win tax breaks for their clients in the Senate's version of the bill.

"There was a lot more anxiety initially because of not knowing what was going to transpire," said Stuart Roy, a member of the DCI Group, a prominent Washington lobby shop, and a onetime aide to former GOP House Majority Leader Tom DeLay of Texas. Now, Roy said, "the anxiety level is down."

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Democrats are quick to point out that even if the high-profile flurry of bills contained concessions to business, they still went further than anything passed by the old Republican majorities. Instead of trimming back oil subsidies, for example, the GOP and President Bush had expanded tax credits for oil companies, saying they were necessary to encourage domestic production.

Still, as the opening round came to an end, many business lobbyists said they were relieved.

In part, the business community's early impact reflects the fact that it is a constituency Democrats can't afford to ignore. As they prepare for the 2008 election season, in which they hope to hold and extend their congressional majorities and also take over the White House, Democratic candidates will need substantial business support in the form of campaign contributions.

In addition, business groups and their K Street lobbying firms have moved quickly to adapt to the new political equation on Capitol Hill, developing new tactics in Washington and at the grass roots, as well as dusting off some time-honored ways of dealing with the opposition.

Many lobby shops had already begun adding knowledgeable and well-connected Democrats to their rosters, turning away from the "K Street Project" in which DeLay and other GOP leaders had pressured such firms to hire conservatives and dump Democrats.

"One of the lessons is that good lobbying is always bipartisan," said Scott Segal of Bracewell & Giuliani, a lobbying firm that maintained its bipartisan credentials despite the GOP pressure.

On the oil bill, Segal represented a leading oil refinery and an industry trade association. His team included former Texas Democratic Rep. Jim Chapman, along with Mike Pate, who was legislative director to the late Democratic Sen. Lloyd Bentsen of Texas. All three reached out to moderate Democrats in the new Congress.

The moderates in turn had ready access to Pelosi and led the way in softening the impact of the final bill.

Two Texas representatives took the lead: Gene Green, who represents the Houston area, and Chet Edwards of Waco. Green said the process worked because Pelosi took the unusual step of calling on "energy state legislators to tell her what we could agree to." Green particularly was a point of contact for the industry and for staff. On Jan. 9, he hosted a private meeting of about a dozen members and 20 to 30 industry lobbyists — including those representing every major oil company — to go through the legislation.

The meeting followed a series of sessions discussing the bill hosted in Pelosi's office, often led by her top energy aide, Amy Fuerstenau. .

In late November, Pelosi's conference room was filled with a coalition of environmental and consumer groups who presented a list of subsidies the oil industry enjoyed, totaling $32 billion over five years.

The list, according to one participant, included subsidies that Democratic lawmakers had unsuccessfully proposed to get rid of in years past, including several that particularly alarmed the oil industry.

One conferred favorable tax treatment for U.S. refineries that expand and upgrade their plants. Another allowed industry accounting methods that reduced their taxes dramatically. A third included a tax credit that helped manufacturers compete with imports.

Charles Drevna, a top executive of the National Petrochemical & Refiners Assn., communicated separately with Pelosi's staff opposing all three of those changes. The concerns were also represented separately by other lobbyists, and by Green and other members of Congress.

In the end, the industry was able to preserve the first two tax breaks, but lost the right to use the manufacturers credit.

Drevna was not happy with the final bill, even though it preserved two of the tax breaks he fought to save.

He and other lobbyists said the environment on the Hill was clearly less favorable for business now that Democrats are in control.

But he acknowledged that his arguments were heard. "The speaker didn't lie to us. She told us what she was going to do and went ahead and did it."

Steve Elmendorf, a lobbyist who was a top aide to the Kerry campaign, said, "The biggest change for the business community is that in dealing with Democrats, they are not the only people at the table. Labor unions, trial lawyers, consumer advocates are also part of the discussions. That wasn't true with the Republicans."

That was cause for celebration for some last week like Tyson Slocum, who handles energy issues for the left-leaning Public Citizen organization. "In the past, the oil industry had exclusive jurisdiction over the U.S. Congress, but that's not the case anymore. Now they have an equal seat with the rest of us."

Slocum said that "the House could have been far more aggressive," in the energy bill. Still, he called it "a fantastic start, especially in light of what recent Congresses have done."

The minimum wage hike debate two weeks ago was also a tribute to the continuing clout of the business lobby, particularly small business. As the House overwhelmingly voted to increase the minimum wage from $5.15 to $7.25 with the support of scores of Republicans, the lobbyists found success in the Senate, where the GOP still has tremendous leverage.

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Democrats, including Senate Finance Committee Chairman Max Baucus of Montana, declared they could not pass the wage hike without including tax breaks for small businesses and restaurants that are seen as hardest hit.

Meantime, the pharmaceutical lobby, Washington's most potent lobbying force, successfully blocked what it considered the most extreme proposals for reducing drug costs.

At one point Pelosi considered advocating a new government-run drug program, but dropped the idea and went with a less ambitious plan.

Like other industries, drug companies are hiring Democrats as lobbyists and ramping up campaign contributions. For example, lobbyist attendance at fundraisers for Ways and Means Chairman Charles B. Rangel has skyrocketed. Organizers had to add tables at a breakfast fundraiser Jan. 18 at the Phoenix Park Hotel because twice as many people as expected showed up.

Rangel was not previously close to the drug industry, whose lobbyists had battled his efforts on Medicare benefits in the past. Last week, however, a source close to Rangel said the industry's leading trade group had offered to host a fundraiser for him; Rangel has not decided whether to accept.

"I've got so many new friends these days," he told one reporter.

U.S. Financial Sector Is Losing Its Edge, Report Says (NYT)

By Jenny Anderson

The New York Times, January 22, 2007

Adding to a chorus of concern that the United States is losing its edge as the leading financial center, Senator Charles E. Schumer and Mayor Michael R. Bloomberg will release a report today urging the country to take a series of steps to improve its legal and regulatory environment.

If not, the report warns, it could lose 4 to 7 percent of the global financial services market over the next five years.

“The last thing that New York and the country, for that matter, need is to wake up one morning and find we are no longer the financial capital of the world,” Senator Schumer, Democrat of New York, said. “This report shows that could happen not just for I.P.O.’s, but for all financial services, all too easily and all too soon.”

The committee’s primary recommendations echo those of a similar report released in November, focusing on easing or eliminating provisions of the Sarbanes-Oxley Act for small and foreign companies — some steps that the Securities and Exchange Commission is currently undertaking — and curbing securities-related litigation. The latest report is one in a series commissioned in the public and private sectors voicing concern that the United States is falling behind because of a burdensome legal and regulatory environment.

The report adds some new dimensions to the debate, however, making recommendations to ease immigration restrictions facing skilled professionals from other countries, urging convergence on international accounting standards and recommending the adoption of Basel II, an international accord on capital standards, without increasing capital requirements as some United States banking regulators have suggested.

Taking pre-emptive steps to address concerns about regulation and litigation might halt the country’s loss of market share and add $15 billion to $30 billion in revenue in 2011 alone, the study said. It would also allow for the creation of 30,000 to 60,000 jobs in the securities sector.

Like all reports focused on American competitiveness, the latest report, entitled “Sustaining New York’s and the U.S.’s Global Financial Services Leadership” and conducted by McKinsey, addresses the fact that the United States now commands a significantly declining share of the global market for initial public offerings.

But it also examines the broader financial services arena, including the fast-growing derivatives and structured product markets, the gigantic loan market as well as the traditional markets in stocks and bonds.

The report shows foreign markets closing in on the United States in size and certain product offerings. For example, in 2005, American investment banking and sales and trading revenue totaled $109 billion ($69 billion in sales and trading and $40 billion in investment banking) compared with $98 billion in Europe and $37 billion in Asia.

The United States remains the largest financial market in the world, as measured by what is called “financial stock” — equities, private debt, government debt and bank deposits — with $51 trillion in 2005, but its pace of growth was significantly slower than in other markets, especially the Asia-Pacific (excluding Japan) and Britain.

Emerging markets will naturally grow faster than the more developed United States market. But administration officials for Mr. Bloomberg and Mr. Schumer said the report aimed to address factors particular to the United States, namely litigation and regulation, which might deter businesses from coming here.

Critics of easing regulatory standards and the ability to bring securities class-action lawsuits point out that litigation costs have been unusually high because of settlements related to the frauds that caused the collapse of Enron and WorldCom.

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Europe has a larger share of some of the more innovative areas of finance, including derivatives, the report concludes. Europe has a 56 percent share of the $52 billion global revenue pool from derivatives and a 60 percent or greater share of revenue in interest rates, foreign exchange, equity and fund-linked derivatives. The United States leads only in commodity derivatives.

Short-term recommendations include improved guidance on Sarbanes-Oxley implementation, including the ability for small companies and foreign companies within certain "sophisticated" markets to opt out of some requirements as long as it is disclosed.

The report suggests that the S.E.C. use certain exemption powers to limit liability for foreign companies to securities-related damages and impose caps on auditors' damages. Like the Capital Markets Committee report in November, the latest study recommends that the S.E.C. allow companies to mediate conflicts through arbitration rather than litigation.

McKinsey interviewed 50 financial service chief executives and business leaders, received surveys from an additional 30 financial service chief executives and separately polled 275 other senior executives in the field.

The pace of job creation in London far outstripped that of New York City, the report says. From 2002 to 2005, London's financial services work force grew by 4.3 percent, to 318,000, while New York City's shrunk by 0.7 percent, or 2,000, to 328,400 jobs.

London has been gaining an edge in attracting the largest hedge funds. In 2002, London was home to only 3 of the largest 50 hedge funds, compared with 12 today. In that same period, New York had a decline: today 18 of the largest 50 hedge funds are based in New York, compared with 28 in 2002 (Connecticut has gained two over that period, from 6 to 8).

Reiterating oft-cited figures related to market share of global initial public offerings, the report highlighted that the United States controlled 16 percent of the global stock-offering volume, exceeding $1 billion, in 2006 (through the beginning of November) compared with 57 percent in 2001. Europe's share has leaped from 33 percent in 2001 to 63 percent through the beginning of November.

"Let's be clear: The financial services industry is one reason that the 20th century was the American century and that New York became the world's capital," Mr. Bloomberg said. "We've outlined a range of practical yet innovative steps to ensure the 21st century is just as bright."

A Busy Karl Rove Stays Out Of The Spotlight (NSWK)

Newsweek, January 22, 2007

Jan. 29, 2007 issue - Don't write Karl Rove's political obituary just yet. After the GOP's midterm thumping, President Bush's top aide fell out of the spotlight. But behind the scenes, according to administration officials (anonymous in order to discuss White House matters), Rove has been laying the groundwork for Bush's State of the Union address and mulling how the GOP can regain momentum in 2008. Earlier this month Rove showed up at a weekly meeting of influential D.C. conservatives, surprising attendees with his bubbly demeanor after weeks of rumors that he might be headed out.

"I think some people had given him up for dead, but he was good old Karl, upbeat and enthusiastic," says GOP activist Grover Norquist, who hosts the weekly sit-down. At the meeting Rove previewed Bush's final two years in office, saying Social Security reform was likely off the table and that Iraq and the economy would be the biggest issues for 2008. Rove offered a $5 bet to anyone in the room that Bush would not raise taxes during his final years in office. According to Norquist, two attendees took the bet. Norquist admits he's also skeptical about Rove's taxes claim. "I personally think it's going to happen," he tells NEWSWEEK. Rove has been busy trying to find common ground with Dems, organizing two meetings between Bush and the Blue Dog Democrats, a coalition of conservative lawmakers who offer the White House its best chance at compromise with the new Congress. Rove also sat in on many of Bush's meetings with members of Congress in recent weeks about Iraq; he didn't say much, according to one attendee who requested anonymity because the meeting was private. Still, the Architect, as Bush dubbed him after his 2004 re-election win, was notably absent from last week's Republican National Committee meetings in Washington, where last year he delivered a blistering attack on "cut and run" Dems. "I don't know anyone who holds him personally responsible for what happened to us in the election," said a GOP national committee member, who declined to be named talking about the inner circle. "But his stature isn't quite the same." The big question in D.C. now: Will Rove testify at Lewis (Scooter) Libby's criminal trial over the leak of a CIA officer's identity? Prosecutor Patrick Fitzgerald, who ruled out charges against Rove in the case, has said he won't call the top Bush aide, but Libby, Dick Cheney's former chief of staff, hasn't ruled it out.

Showdown Looms In Congress Over Drug Advertising On TV (NYT)

By Milt Freudenheim

The New York Times, January 22, 2007

DOJ_NMG_0119293

Drug advertising aimed at consumers, a fast-growing category that reached $4.5 billion last year, will face hard scrutiny in the new Congress, according to industry critics in both the House and Senate.

The consumer ads will be on the griddle early in this session at hearings on the user fees that manufacturers pay to speed the reviewing of new drugs by the Food and Drug Administration. The user fee law will die in the fall unless Congress acts to renew it.

The pharmaceutical industry, which often gets what it asks for from Congress and the executive branch, seeks to renew the law and add a new set of user fees that would be pay salaries for additional F.D.A. employees to evaluate all consumer drug ads, before they are shown on television.

Both the industry and its critics agree that there should be a pause before the advertising starts — to allow time for doctors to learn about a new drug. The companies want the delay to be left up to them, but critics say the F.D.A. should require a wait of up to two years. Criticism of direct-to-consumer advertising has intensified since 2004, after Merck withdrew Vioxx, a heavily advertised painkiller, after a clinical trial showed that it sharply increased the risk of heart attacks and strokes.

"From the beginning , everyone, including the company, agreed that not everybody ought to be getting Vioxx," said Helen Darling, president of the National Business Group on Health, an organization of large employers. "But the ads implied there was a widespread need for it."

Spending on consumer drug advertising, meanwhile, has been growing robustly, from $1.1 billion in 1997 to $4.2 billion in 2005, according to a recent report to Congress by the Government Accountability Office. In the first nine months of 2006, spending rose 8.4 percent to $3.29 billion, on track toward $4.5 billion for the year, according to TNS Media Intelligence, an advertising research firm.

Spending on the ads faltered in 2005 after soaring 27 percent in 2004, before Vioxx was withdrawn, said David Kweskin, a senior executive at the firm. "Now they are in a catch-up phase."

Two independent government watchdog groups sharply criticized consumer drug advertising recently, and a separate survey Jan. 9 commissioned by the PricewaterhouseCoopers accounting and consulting firm indicated that skepticism is widespread among the public, too. Only 1 in 10 consumers said the direct-to-consumer, or D.T.C., ads could provide useful information to a large audience, the survey said. (Consumer drug advertising is not permitted in most of the world, except New Zealand and the United States.)

The pharmaceutical industry itself acknowledges having an image problem.

"It would be naïve to not acknowledge the fact that D.T.C. advertising is also a lightening-rod in the health care debate in this country," said Billy Tauzin, the former congressman who is now president and chief executive of the Pharmaceutical Research and Manufacturers of America, in a speech to venture capitalists last spring. There is "one great problem" that the manufacturers face, he said: "in a word, it is trust."

"While individual patients find the information useful in discussions with their physicians," he added in his speech, "patients, physicians and consumers generally express unhappiness with D.T.C. advertising."

Mr. Tauzin's organization issued voluntary guidelines for consumer ads, which took effect last year. Under the guidelines, the companies have promised to hold off on consumer advertising of a new medicine for an unspecified "appropriate" period. That would allow time to tell doctors about risks and benefits, before television and Web site viewers see an ad and demand a prescription.

Twenty-seven members of the pharmaceutical manufacturers organization have endorsed the guidelines, but it is hard to figure exactly how long the delays in advertising will run. Bristol-Myers Squibb has said that it would delay for 12 months. Johnson & Johnson and Pfizer said they would wait six months. The manufacturers group cannot say how other companies have interpreted the guidelines, a spokesman said.

But according to TNS Media Intelligence, the companies have actually been waiting 15 months, on average, since the Vioxx debacle.

Critics say that even after F.D.A. approval, the full safety profile of a new drug cannot be known until it has been widely used for a number of years.

But the manufacturers' guidelines have to be voluntary, said Daniel E. Troy, a former chief counsel of the F.D.A., because the Supreme Court has "struck down restrictions on advertising of tobacco, alcohol, gambling and unapproved compounded drugs."

The agency sent 15 warning letters to drug companies regarding ads in 2005 and a total of 22 complaints last year.

The F.D.A. told AstraZeneca, for example, to "immediately cease" a "misleading superiority claim" in a 2005 TV commercial. The ad said AstraZeneca's Crestor was "clearly the best" in a "head to head" test with the three largest-selling cholesterol drugs.

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Emily Y. Denney, an AstraZeneca spokeswoman, said that by the time the letter was received, in March 2005, the ads were no longer running. The company defended its message in the advertising as "appropriate."

Another F.D.A. letter told Amgen, a biotechnology company, to stop running commercials for Enbrel, a treatment for the skin disease psoriasis, that the F.D.A. said minimized "serious risks" associated with the drug. Amgen immediately withdrew the commercial.

Last year, the company obtained F.D.A. approval of the contents of a new Enbrel television ad before showing it, David Polk, an Amgen spokesman said. Corporate lawyers say such advertising is protected by the First Amendment under a doctrine of commercial free speech. But some experts say the limits of the protection are murky.

The closest approach to clarity was in 2002 when the Supreme Court rejected, by a 5-to-4 vote, a federal restriction on advertising by pharmacists who make their own compounds.

"It is a giant game of chicken between the government and the industry," said R. Alta Charo, a law professor and bioethics specialist at the University of Wisconsin in Madison. "I don't believe either side really wants to see a definitive case go to the Supreme Court because neither side is willing to take the risk that they will lose."

Professor Charo was a member of a committee of experts of the Institute of Medicine, which examined drug safety issues at the request of the F.D.A. Last fall, the committee called on Congress to give the F.D.A. new authority over advertising, including the power to require a two-year moratorium on advertising before approving a new drug.

"I think the Congress has clearly indicated its strong interest and concerns about the F.D.A. and drug safety for consumers," said Sheila P. Burke, a longtime Republican health policy expert who headed the Institute of Medicine committee. "Broad-scale advertising can sometimes lead to a rapid increase in the use of a drug" that raises the risk of harm for patients, she said.

F.D.A. regulators would be granted the power to require moratoriums under a bill sponsored by Senators Edward M. Kennedy and Michael B. Enzi, the chairman and ranking Republican member of the Senate Health, Labor, Education and Pensions Committee.

"Patients deserve the best and most accurate information about the medicines they take," Senator Kennedy said in a statement. "An essential part of any drug safety proposal must be to give the F.D.A. the authority and resources it needs to oversee direct-to-consumer advertising, and to allow the F.D.A. to impose conditions or limits on that advertising, where needed to protect the public health."

Testifying for the pharmaceutical industry last year, Dr. Adrian Thomas, a vice president of Johnson & Johnson, insisted that "the important First Amendment issues that arise from banning truthful speech, even for a period of time, must be carefully considered before legislating in this area."

The Government Accountability Office said last November that the F.D.A. should be doing a better job of overseeing consumer drug ads. Now, the F.D.A. reviews only a small fraction of the advertising, picking and choosing without proper priorities, the G.A.O. said.

The G.A.O. report had been requested by three influential senators: Bill Frist, a doctor, before he stepped down as Republican leader of the Senate; Charles E. Grassley, now the ranking Republican on the finance committee, and Herb Kohl, a Democrat who heads an appropriations subcommittee that oversees the F.D.A.

Representative Henry A. Waxman, a California Democrat who is chairman of the House Oversight and Reform Committee, added a further criticism: that the F.D.A. had been slow to crack down on drug ads that included "false and misleading" claims, he said in a telephone interview.

F.D.A. officials said they had to deal with 54,000 drug promotions each year, aimed at both doctors and consumers.

"We are seriously considering all of the recommendations" of the Institute of Medicine report, said Thomas Abrams, director of the F.D.A.'s division of drug marketing, advertising and communications.

Support Grows To Make English Official (WT)

By Eric Pfeiffer

The Washington Times, January 22, 2007

The push to make English the nation's official language is building momentum, with a congressional bill on the horizon and seven states pushing legislation to make English the official language or to strengthen laws already in place.

"There's been such strong support," said Rep. Steve King, Iowa Republican. "And it's gaining momentum."

Mr. King is expected next month to reintroduce the English Language Unity Act, which seeks to make English the nation's official language. However, he said that timetable had been postponed until House Speaker Nancy Pelosi could complete the Democrats' "first 100 hours" agenda. "Nancy Pelosi has us under martial law," he said.

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"The states have been wonderful on this," said Jim Boulet Jr., executive director of English First, an organization that supports making English the official language. "The problem isn't getting bills passed, it's getting them enforced." Mr. Boulet described Mr. King's bill as "a good first step."

In the last session of Congress, Mr. King drafted similar legislation and counted 160 co-sponsors, placing the bill in the top 2 percent of co-sponsored legislation. Although control of Congress has switched hands, the bill's advocates say the issue has broad, bipartisan support. "We don't necessarily expect them to jump in and say they support this unanimously," said Rob Toonkel, spokesman for U.S. English Inc., a group that supports making English the official language.

The legislation would not bar private businesses or individuals from using multilingual material, but it does seek to prevent federal funds from being spent on such efforts.

Mr. King has long been an advocate of English-language laws. In 2002, as a state senator, Mr. King authored a successful bill making English the official language in Iowa. The bill was signed by then-Gov. Tom Vilsack, who is now a candidate for the Democratic presidential nomination in 2008.

Mr. King on Jan. 10 filed a lawsuit in state district court against Gov. Chet Culver and Secretary of State Michael Mauro, both Democrats, for violating Iowa's English-language law. The lawsuit accuses Mr. Culver, who served as secretary of state before running for governor, and Mr. Mauro of illegally placing voter-registration forms and absentee-ballot request forms on Iowa's secretary of state Web site in foreign languages.

Meanwhile, English-language laws have been introduced by state legislators in Georgia, Kansas, Kentucky, Mississippi, Missouri, New Jersey and Oklahoma. Similar legislation is expected to be introduced in other states before the end of the month. Culpeper County in Virginia and Cabarrus County in North Carolina have introduced their own English-language proposals as well.

Last month, voters in Arizona passed legislation making English the state's official language by a margin of more than 2-to-1. "The people have been well-ahead of the politicians on this one for a long time," Mr. Boulet said.

Although immigration legislation remains stalled in the halls of Capitol Hill, some supporters of making English the official language say that ambiguity has had unforeseen benefits. "[Immigration and Naturalization Service] had a record number of people applying for citizenship last year," Mr. Toonkel said.

The Department of Homeland Security's Citizenship and Immigration Services said there was an 18 percent increase in requests for citizenship applications during the first half of last year compared with 2005. Similar surges have followed a tightening of illegal-alien laws passed in states such as Arizona and California. After California passed its Proposition 187 in 1996, a total of 378,014 persons were naturalized. That was more than double the previous year's figure, when 136,727 persons were naturalized.

"This is the strongest push for official English legislation that I have seen in the last 15 years," said U.S. English Chairman Mauro E. Mujica. "I hope the jump-start that this issue has received will pay dividends in the near future by making English the official language and knocking down the linguistic barriers that divide our society."

In Troubling Times, Conservatives Head Out To Sea (WP)

By Al Kamen

The Washington Post, January 22, 2007

These are obviously not the best of times for Republicans. The House is gone. Ditto the Senate. President Bush's approval ratings are around 37 percent, and ratings on his conduct of the war are closer to 30 percent. The war itself grinds on. What's a beleaguered conservative to do?

It's time to regroup! And what better way to do that than to join the folks at the Weekly Standard, one of the last great bastions of war boosters, on a fun-filled week-long cruise in Alaska?

Yes, it's a week of sightseeing, partying and deep reflection with publisher Terry Eastland and top editors William Kristol and Fred Barnes aboard Holland America Line's ms Oosterdam this June. Other featured speakers include former Bush speechwriter Michael Gerson and military historian Fred Kagan.

One of the true highlights is just the chance to be "traveling with like-minded conservatives," the promo material says, and not having to listen to we-told-you-so rants from the liberals and leftists that you might find on other cruises.

There'll be a morning "Kaffee Klatsch" most days and panel discussions galore explaining how democracy eventually will sweep through the Middle East like wildfire, how to balance the budget and various other issues.

The ship's show lounge "features Las Vegas-style productions," and while the invitation doesn't mention it, the luxury ship does indeed have a fine casino.

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There will probably be cakewalk contests on the Lido deck each night, and spectacular Alaska each day, including a close view of the Hubbard Glacier, which, contrary to what radical-environmentalist, global-warming types would say, is "marching to the beat of a different drum . . . advancing while the rest of Alaska's ice rivers are receding rapidly."

There's a day in Ketchikan "in the heart of the Tongass National Forest." Maybe there'll be time for an optional anti-earmark pilgrimage to the proposed site of the famed "Bridge to Nowhere"? Weather permitting, there might even be a hunt for weapons of mass destruction. (Okay, okay, that was cheap.)

All this in your "penthouse suite w/verandah" for only $6,300 per person, double occupancy, or $4,500 per person in the deluxe suite. Single rooms in the cheapo category are only $2,600.

Do not miss the "photo/autograph session," where you can have your picture taken with Kristol, Barnes and Eastland. "Photos will be available for purchase," we're told. Priceless!

But hurry! There are only two penthouse suites available.Eyes on the White House, Mouth Shut

It was long a given that the key sign of whether Sen. Ted Kennedy (D-Mass.) was running for reelection was whether he was dieting. The key sign of whether Sen. Joe Biden (D-Del.) is serious about running for president is whether he can just shut up.

We know there is a "good Biden" and a "bad Biden," as he's told reporters, adding that he understands he has the capacity to "self-destruct." But when he announced his candidacy, he promised NBC's Tim Russert that "I'm going to be Joe Biden, and I'm going to try to be the best Biden I can be. If I can, I got a shot. If I can't, I lose."

Seems he's making a concerted effort to cut the rambling. Biden, of course, is the holder of the world indoor bloviation record for his spectacular 1,100-word question during Supreme Court Justice Ruth Bader Ginsburg's confirmation hearing in 1993.

But during his questioning of Secretary of State Condoleezza Rice at a recent hearing, Biden asked seven questions. The total number of words was 573, an average of only 82 words per question. The total includes his recitation of a lengthy quotation from Bush. One question was: "Are you confident?"

Could be he's serious about that presidential bid.Speaking of Bloviating . . .

Didn't seem that morale at the Agency for International Development could get much lower. Word is that a recent survey of Foreign Service officers there found about half the FSOs ranked morale as low to poor and only 12 percent said morale was good.

Probably didn't get better when employees found out last week that the annual employee awards ceremony for meritorious effort in 2006, scheduled for Wednesday, was postponed.

AID Administrator Randall Tobias, the official announcement said, will be joining Rice as "the second-ranking member of the U.S. delegation" to a gathering in Paris for donors helping Lebanon. The meeting date was only recently set, we're told.

Back in mid-November, Tobias told reporters he "might well lead the delegation" to the meeting, which he said was coming up in late January. Turns out the secretary of state will be the lead. Tobias will then go on to the all-important World Economic Forum in Davos, Switzerland, a compulsory gathering for important and self-important bloviators.

The awards ceremony was put off until sometime in early spring.

House Members Fight For Pay Parity (WP)

By Stephen Barr

The Washington Post, January 22, 2007

The annual jousting over federal pay has begun.

Nine Washington area House members, led by Majority Leader Steny H. Hoyer (D-Md.), plan to send a letter to President Bush today urging him to recommend equal pay raises for the civil service and the military in his fiscal 2008 budget.

The House members ask the president to "embrace the principle of pay parity," which the letter describes as a bipartisan approach that has been followed nearly every year for the past two decades.

Hoyer, in a statement released with the letter, said he was "very disappointed" by this year's "inadequate raise of only 2.2 percent, the lowest increase in nearly 20 years," and suggested that Bush propose a more generous raise for next year.

"I would hope the president plans to include in his fiscal year 2008 budget an increase that will make up for last year's unacceptably low pay adjustment," Hoyer said. "Not only do our federal employees deserve fair pay, but with an aging population and a looming human capital crisis, now is the time to deliver the message that this nation values its federal workforce and will commit to recruiting and retaining the best and the brightest."

The House members who joined Hoyer in signing the letter are Reps. James P. Moran Jr. (D-Va.), Thomas M. Davis III (R-Va.), Frank R. Wolf (R-Va.), John Sarbanes (D-Md.), C.A. Dutch Ruppersberger (D-Md.), Albert R. Wynn (D-Md.) and Chris Van Hollen (D-Md.) and Del. Eleanor Holmes Norton (D-D.C.).

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That list of lawmakers underscores that the raise is an important ingredient in the local economy. The Washington-Baltimore region is home to about 11 percent of the 1.8 million civil service workforce. The federal payroll was about $19.8 billion in the region last year, or about $76 million per day.

The Bush administration has balked at providing equal pay adjustments to the civil service and the military, contending that across-the-board raises fail to properly reward high-performing employees and hinder agencies that need to pay more for difficult jobs and specialized skills.

But Congress has mostly adhered to its pay parity tradition for the two segments. Some members of Congress have indicated that they prefer to see how the new civilian pay-for-performance systems work out at the Defense and Homeland Security departments before giving more discretion to federal agencies.

Congressional committees considered giving the civil service a 2.7 percent raise this year, but the proposal faded in late 2006 when the Senate could not resolve numerous disputes over fiscal 2007 spending bills. At the urging of the Pentagon, Congress approved a 2.2 percent raise for the military with higher raises permitted for mid-career officers and enlisted personnel in certain occupations. Bush later issued an executive order providing the civil service with a 2.2 percent raise this year.

The president's recommendation for next year's raise will come in his fiscal 2008 budget, which is scheduled to go to Congress on Feb. 5.

Under a 1990 federal pay law, government employees would be in line for a 2.5 percent raise next year. But the formula, based on data from the Labor Department's employment cost index, which measures wage growth, is not always followed by Congress or the White House.

The size of the 2008 raise may hinge on efforts in Congress to hold down spending and reduce the federal deficit. Still, some members of Congress may recommend a bigger raise than usual for the armed forces to recognize the toll that the Iraq fighting has taken on the troops and their families.

The decision on the raise, which usually comes late in the year as Congress wraps up appropriations bills, also will ripple across the area's nonprofit organizations and companies that use the federal raise as a benchmark when setting salaries.

In their letter, the House members said they see pay parity raises as key to keeping federal compensation as competitive as possible with the private sector. In addition, they said, an equal pay raise will send the message that all government employees are highly valued.

"As we fight the war on terrorism at home and abroad, both the armed forces and the federal civilian workforce are integral to fulfilling the role of government for the American people," the letter said.

Stephen Barr's e-mail address isbarrs@washpost.com.

Both Sides On Offense (WP)

By David S. Hilzenrath

The Washington Post, January 22, 2007

The defense of Franklin D. Raines has begun.

Two years after falling from the height of corporate power and political possibility, the former Fannie Mae chairman and Clinton budget director is waging an all-out legal battle to save his fortune and repair his battered reputation.

Accused of complicity in earnings manipulation, Raines last week escalated a counterattack against the federal agency that drove him from power and seeks to strip him of tens if not hundreds of millions of dollars. In an unconventional legal maneuver, Raines sought to move the case to federal court from the jurisdiction of that agency.

He has fielded a defense team that includes Kevin M. Downey of Williams & Connolly, the Washington law firm that represented such embattled figures as Oliver North and Bill Clinton, and Mark Fabiani, an advocate for Clinton during the Whitewater scandal.

Raines's camp had little to say publicly over the past two years during a series of drawn-out investigations of Fannie Mae's multibillion-dollar accounting misstatements. Raines has long declined requests for interviews from The Washington Post. But since regulators filed administrative charges against him in December, his advocates have filed a flurry of papers mapping out the beginnings of a strategy.

Part of it boils down to this: Turn the tables on the accuser.

The lead accuser is James B. Lockhart III, appointed last year by President Bush to head the small federal agency that oversees Fannie Mae. It is the Office of Federal Housing Enterprise Oversight, or OFHEO, that pushed Raines into premature retirement in December 2004, and it is the same agency that could decide whether he must give up a fortune in alleged ill-gotten gains plus penalties.

Attorneys for Raines have accused Lockhart of prejudging the facts and waging "an unrelenting campaign of disparagement" against him. Last week, Raines's attorneys filed a motion in U.S. District Court for the District of Columbia asking

the court to bar Lockhart from making the final judgment in the administrative proceeding. To achieve that, Raines wants the dispute moved from the administrative law arena to federal court.

The motion said Lockhart has made a host of critical comments about Raines, including a statement on "The Newshour" with Jim Lehrer that much of Raines's income while chief executive was "basically fraudulently attained." OFHEO has alleged that at least $52 million of the more than $90 million Raines received from 1998 through 2003 was tied to the company's earnings.

The duel between Raines and Lockhart pits a prominent Democrat against a longtime friend of Bush. Before Fannie Mae's accounting problems came to light, Raines was widely mentioned as a potential high-level player in a future Democratic administration. Lockhart and Bush attended prep school together, were fraternity brothers at Yale and overlapped for a year at Harvard Business School. But OFHEO's initial findings against Fannie Mae were issued under Lockhart's predecessor, a Democrat.

Raines is also defending himself in separate litigation brought by Fannie Mae investors, who allege that they lost money when Fannie Mae's stock price fell.

In filings in the shareholder case, Raines has accused OFHEO of sealing evidence that would contradict or undermine its public case against him. He is pressing to get the records made public.

For example, he contends that interviews OFHEO conducted with former Fannie Mae personnel are at odds with allegations that management set out to smooth earnings in applying a particular accounting rule and that he helped set a tone at the company that improperly focused on earnings. Among the interviews Raines wants unsealed is one with Lawrence M. Small, secretary of the Smithsonian Institution and Fannie Mae's former chief operating officer.

Asked last week about Raines's allegations, Lockhart said he thinks the agency has done a "very thorough and professional job."

"We're in the process of giving them all of the documents that it makes sense to give to them," Lockhart said.

OFHEO has argued that searching all its records for the kinds of documents Raines wants would take years and cost millions of dollars that aren't in the agency's budget. Responding to the document requests could divert the agency from its mission of overseeing Fannie Mae and rival Freddie Mac, "potentially putting at risk the housing and financial systems of the United States unless and until Congress appropriates additional funds," David A. Felt, OFHEO's deputy general counsel, said in a recent court filing.

Raines's attempt to move his case to federal court is not the first time he has sought to circumvent OFHEO. When the agency challenged Fannie Mae's accounting in 2004, Raines said the Securities and Exchange Commission should be the judge. That strategy failed when the SEC sided with OFHEO.

Lockhart has declined to bow out of the latest battle. OFHEO still chafes at what it describes as a history of ill-treatment by Fannie Mae under Raines. The agency has alleged that Fannie Mae made it corporate policy to undermine OFHEO and that Fannie Mae's management sought to constrain the agency to such a degree that the company "would essentially be regulated only by itself," according to a court filing.

Raines's camp has argued that OFHEO's current view of Raines contrasts with its pre-scandal assessments. For example, in its recent notice of charges against Raines, OFHEO alleged that he "failed to ensure a proper tone at the top." In a 2003 report, OFHEO said Fannie Mae's management "effectively conveys an appropriate message of integrity and ethical values."

Aligned with Raines in the fight are two other Fannie Mae veterans, former chief financial officer J. Timothy Howard and former controller Leanne G. Spencer. Lockhart has expressed "unbridled hostility" toward the three executives charged by OFHEO, and the agency's conclusions "are premised on a full scale distortion of the witnesses and documents," David S. Krakoff, an attorney for Spencer, wrote in a recent letter calling for Lockhart to recuse himself.

Under the terms of their employment with Fannie Mae, the company has been paying millions of dollars for the former executives' legal defense.

For Raines, the battle has largely replaced life in the boardrooms of major corporations. Since leaving Fannie Mae, he participated in the effort to bring baseball to Washington as a member of one of the losing groups in the competition for the Nationals franchise. He has also become a director of Revolution Health Group, a firm started by former AOL chief executive Steve Case to develop businesses in the health field.

"Frank remains the same person he was, with the degree of intellect and experience and drive and forcefulness, and he will reemerge in the business community and in the civic community as a constructive force," said Washington investor Frederic V. Malek, a former Fannie Mae director.

Stem Cells, The White House And Rankled Researchers (WP)

The Washington Post, January 22, 2007

DOJ_NMG_0119299

Harvard University researchers Kevin Eggan, Chad Cowan and Douglas A. Melton wrote members of Congress earlier this month to complain that the White House domestic policy office's report "Advancing Stem Cell Science Without Destroying Human Life" was a "misuse and misunderstanding" of their research. Excerpts:

"We are surprised to see our work on reprogramming adult stem cells used to support arguments that research involving human embryonic stem cells is unnecessary. On the contrary, we assert that human embryonic stem cells hold great promise to find new treatments and cures for diseases. . . .

"The work that we performed and that was cited in the White House policy report is precisely the type of research that is currently being harmed by the President's arbitrary limitation on federal funding for human embryonic stem cell research. . . .

"We feel that the President's restrictive policy has directly impeded research that provides a hope for cures for millions of Americans. . . .

"The White House has clearly gotten it wrong. The overwhelming consensus in the scientific and medical community is that embryonic stem cell research holds the greatest potential to cure diseases and end the suffering of millions."

The Truth About Clarence Thomas (WSJ)

By Jan Crawford Greenburg

The Wall Street Journal, January 22, 2007

Clarence Thomas has borne some of the most vitriolic personal attacks in Supreme Court history. But the persistent stereotypes about his views on the law and subordinate role on the court are equally offensive -- and demonstrably false. An extensive documentary record shows that Justice Thomas has been a significant force in shaping the direction and decisions of the court for the past 15 years.

That's not the standard storyline. Immediately upon his arrival at the court, Justice Thomas was savaged by court-watchers as Antonin Scalia's dutiful apprentice, blindly following his mentor's lead. It's a grossly inaccurate portrayal, imbued with politically incorrect innuendo, as documents and notes from Justice Thomas's very first days on the court conclusively show. Far from being a Scalia lackey, the rookie jurist made clear to the other justices that he was willing to be the solo dissenter, sending a strong signal that he would not moderate his opinions for the sake of comity. By his second week on the bench, he was staking out bold positions in the private conferences where justices vote on cases. If either justice changed his mind to side with the other that year, it was Justice Scalia joining Justice Thomas, not the other way around.

Much of the documentary evidence for this comes from the papers of Justice Harry Blackmun, who recorded the justices' votes and took detailed notes explaining their views. I came across vivid proof while reading the papers as part of my research for a book about how the Rehnquist Court -- a court with seven justices appointed by Republican presidents -- evolved into an ideological and legal disappointment for conservatives.

Justice Thomas's first term was especially interesting. He replaced legendary liberal icon Thurgood Marshall, and joined the court just a year after David Souter took William Brennan's seat. There appeared to be a solid conservative majority, with the court poised to finally dismember the liberal legacy of the Warren Court. But that year it instead lurched inexplicably to the left -- even putting Roe v. Wade on more solid ground.

Justice Thomas's first year on the job brought to life the adage that a new justice makes a new court. His entry didn't merely change the vote of the liberal justice he replaced. It turned the chessboard around entirely, rearranging ideological alliances. Justice Thomas acted as a catalyst in different ways, shoring up conservative positions in some cases and spurring others -- the moderate Justice Sandra Day O'Connor, in particular -- to realign themselves into new voting blocs.

Consider a criminal case argued during Justice Thomas's first week. It concerned a thief's effort to get out of a Louisiana mental institution and the state's desire to keep him there. Eight justices voted to side with the thief. Justice Thomas dissented, arguing that although it "may make eminent sense as a policy matter" to let the criminal out of the mental institution, nothing in the Constitution required "the states to conform to the policy preferences of federal judges."

After he sent his dissenting opinion to the other justices, as is custom, Justices Rehnquist, Scalia and Kennedy changed their votes. The case ended up 5-4.

Justice Thomas's dissents persuaded Justice Scalia to change his mind several times that year. Even in Hudson v. McMillan, the case that prompted the New York Times to infamously label Justice Thomas the "youngest, cruelest justice," he was again, initially, the lone dissenter. Justice Scalia changed his vote after he read Justice Thomas's dissent, which said a prison inmate beaten by guards had several options for redress -- but not under the Eighth Amendment's prohibition of "cruel and unusual punishment." * * *

From the beginning, Justice Thomas was an independent voice. His brutal confirmation hearings only enforced his autonomy, making him impervious to criticism from the media and liberal law professors. He'd told his story, and no one listened. From then on, he did not care what they said about him.

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Clarence Thomas, for example, is the only justice who rarely asks questions at oral arguments. One reason is that he thinks his colleagues talk too much from the bench, and he prefers to let the lawyers explain their case with fewer interruptions. But his silence is sometimes interpreted as a lack of interest, and friends have begged him to ask a few questions to dispel those suggestions. He refuses to do it. "They have no credibility," he says of critics. "I am free to live up to my oath."

But the forcefulness and clarity of Justice Thomas's views, coupled with wrongheaded depictions of him doing Justice Scalia's bidding, created an internal dynamic that caused the court to make an unexpected turn in his first year. Justice O'Connor -- who sought ideological balance -- moved to the left. With the addition of Chief Justice John Roberts and Associate Justice Samuel Alito, the court now is poised to finally fulfill the hopes of the conservative movement. As George W. Bush told his legal advisers early in his presidency, he wanted justices in "the mold of Thomas and Scalia." Interestingly, on President Bush's marquee, Justice Thomas got top billing.

Ms. Crawford Greenburg, legal correspondent for ABC News, is the author of "Supreme Conflict: The Inside Story for Control of the United States Supreme Court," published tomorrow by Penguin Press.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, January 22, 2007

War Immersion for New Defense Boss

With a second trip to Iraq under his belt, new Defense Secretary Robert Gates has taken an immersion course in the war. Weeks after touring Iraq, he was in Afghanistan last week securing support for the U.S. mission from the allies he met with. But his was no luxury junket. Sure, he ate five-course dinners with heads of state, but mostly it was box lunches and warmed over meatloaf on military aircraft, says an aide. And the hours: One day lasted over 25 hours and included a stop at the Saudi king's hunting lodge outside Riyadh.

OTHER NEWS:

For Some Manufacturers, There Are Benefits To Keeping Production At Home (WSJ)

By Mark Whitehouse

The Wall Street Journal, January 22, 2007

NEW YORK -- It has long been an axiom that U.S.-made consumer goods such as TV sets and kitchen appliances can't compete in a world where cheaper labor can be found elsewhere. Like many axioms, though, it isn't entirely true.

Recent data from the Federal Reserve contained some surprises for anyone who thought U.S. companies don't make things for American consumers anymore. In its monthly update on factory output, the Fed reported that U.S. production of audio and video equipment surged about 2% in December and was up 23% for all of 2006.

That is a significant change from several years ago, when the numbers were negative as U.S. production moved overseas. Even output of appliances, though down for 2006, popped 5% in December.

The shift doesn't necessarily represent a renaissance. More likely, it reflects the fact that much of what can go abroad already has, leaving behind what can and should be made in the U.S. One area of strength: high-end goods like top-of-the-line $6,000 Sony Grand WEGA TV sets and $15,000 Sub-Zero PRO 48 refrigerators, which appeal to the affluent folks who have been driving much of the growth in U.S. consumer spending.

"It's the very high-end products," says Daniel Meckstroth, chief economist at Manufacturers Alliance, a trade group. "Manufacturers who have niche markets in high-end products have a very good outlook."

Such manufacturers account for only a tiny fraction of U.S. output and employment. Still, the numbers illustrate an important point about the physical and strategic limits of globalization: In just about any possible future, there will always be some business that is better done close to the customer. The obvious examples are home building and services such as restaurants, but the logic also can apply to certain types of manufacturing.

"If the thing being sold to the U.S. market is locally customized, delicate, or very large, chances are it'll continue to be produced in the U.S.," says Bruce Greenwald, professor of business and economics at Columbia University in New York. The same, he says, is true "if the manufacturing process itself involves almost no labor, like medical testing or like some very automated electronic-component manufacturing plants, chemical plants and metal-fabricating plants."

The dominant trend for the past couple decades, of course, has been the exodus of manufacturing from the U.S. to lower-cost locales such as China. Just about anything that can be mass-produced and shipped is made abroad and imported to the

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U.S., or soon will be. Imports account for about 90% of all the audio and video equipment sold in the U.S., 44% of household appliances and 38% of computers, according to Mr. Meckstroth, chief economist at Manufacturers Alliance, a trade group.

As a result, manufacturing has been declining as a share of the economy. In 2006, manufacturing accounted for about 12% of U.S. gross domestic product, a broad measure of economic activity. That is down from about 20% in 1980. More recently, slumps in the housing and auto sectors have sparked a drop in overall production as companies worked off unsold stockpiles of things such as furniture and auto parts. In the fourth quarter of 2006, U.S. industrial production fell at an annualized rate of 1.4%.

Many manufacturers, though, have managed to keep busy. Aside from producers of computers and business equipment, which logged double-digit growth in 2006 as companies made investments aimed at boosting efficiency, the fortunate ones include makers of consumer electronics and appliances that have set up shop in places typically associated with industrial decline.

Take, for example, Sony Corp., of Japan, which makes its Grand WEGA high-definition TV sets at a factory near Pittsburgh, a city better known for mothballed steel mills. The TV sets employ cutting-edge technology and tend to be large, with screens ranging from 42 to 70 inches. Their size and the sensitivity of their electronics make proximity to the consumer a meaningful advantage, as does the ability to react quickly to changes in tastes for high-end equipment.

"It is important for us to produce these sets close to most of our customers," says Stan Glasgow, president and chief operating officer of Sony Electronics Inc., a Sony unit that also assembles customized VAIO computers in San Diego. Proximity "gives us a distinct advantage with our retail partners across the country, as we have the ability to quickly fill the channel with specific products."

Over in Madison, Wis., Sub-Zero Freezer Co. makes a different kind of large and expensive product: High-end refrigerators and Wolf brand stoves. Michele Bedard, vice president of marketing, says the closely held company posted double-digit growth in 2006 despite the slump in the U.S. housing market -- a fact she attributes to people choosing to invest in renovations rather than selling their homes in a soft market. Sub-Zero is in the process of expanding its production space almost 40% to about 1.4 million square feet.

Ms. Bedard says Sub-Zero prefers to manufacture locally because it can better manage the process and make changes to models on short notice. "The pros of being in Wisconsin outweigh the pros of moving overseas," she says. "We can be very nimble and just be master of our own destiny."

More U.S.-produced TV sets and refrigerators, though, probably won't translate into more jobs in the U.S. Audio and video manufacturing, for example, accounts for only about 31,000 American jobs, and the number hasn't grown along with production. Despite its plans to increase capacity, Sub-Zero isn't planning to add to its 1,700-person work force.

Across the manufacturing sector, the picture is similar: To stay competitive, companies are doing everything they can to boost productivity -- that is, make more stuff with fewer people. "Manufacturing in the U.S. is headed toward plants that have no people in them," Prof. Greenwald says.

That is bad news for factory workers who must retrain or be cast aside. It could be better for the U.S. economy as a whole. The more the U.S. can produce for each hour worked, the wealthier the average American becomes. If, for example, output per hour rises an annual rate of 3%, the average inflation-adjusted wage will more than triple over 40 years.

"Manufacturing is contributing to the welfare of the economy in terms of standard of living, but it's not generating net new jobs," says Mr. Meckstroth. "The electronics sector is one of the areas where that's most visible."

Rush Of Entries Gives '08 Race Early Intensity (NYT)

By John M. Broder, Patrick Healy

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Two years before the next president is inaugurated and a full year before the first vote is cast, the contest for the White House is off to a breathtakingly fast start, exposing an ever-growing field of candidates to longer, more intensive scrutiny and increasing the amount of money they need to remain viable.

On Sunday, Senator Hillary Rodham Clinton, Democrat of New York, held her first campaign event, highlighting her focus on health care a day after declaring her plans to run. Another Democrat, Gov. Bill Richardson of New Mexico, entered the fray, the eighth member of his party to do so. And the day was not terribly different in its pace of activity from many others in recent weeks.

The scale and swiftness of the action has the potential to upset the traditional timetables and conventions of presidential campaigning.

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John Weaver, a senior adviser to Senator John McCain's presidential effort, said the intensified announcement season and compressed primary calendar would force campaigns to develop a strong national apparatus and well-organized field efforts state by state.

"It makes it nearly impossible for a dark horse candidate to break out of the pack and challenge the front-runner(s) and thus isn't healthy for the process," Mr. Weaver wrote in an e-mail message on Sunday. "All of these states, who are moving up early, want to play and have an impact. But oddly enough, it ultimately will limit the legitimate candidate choices for the nation at large in the primary process."

The candidates could be forced to move more quickly to take positions on big issues, stripping them of the chance to run on more gauzy platforms in the early stages and therefore exposing them to more direct criticism from rivals, interest groups and the news media. They will face earlier encounters with one another — New Hampshire and South Carolina are planning full-scale debates this spring — that will require them to display both policy expertise and a comfort level in front of the cameras.

They will be getting intensive scrutiny from opposition research operations, the news media and the public for that much longer, increasing the chances that a gaffe or position change could harm their campaigns. Deep into competition for experienced staff members, most candidates are already putting together operations in multiple states.

Kevin Madden, press secretary for the exploratory committee set up by former Gov. Mitt Romney of Massachusetts, a Republican, said his organization was already "beginning to put our teams together" for the early contests in New Hampshire, Iowa, South Carolina, Michigan and several states beyond. "It's happened at a very advanced pace," Mr. Madden said, "but you can't complain and wring your hands. You just have to work harder, faster."

Because they do not want competitors to be raising money unchallenged, more candidates are declaring their intentions earlier, which in turn means the entire field needs more money to sustain campaigns for a longer time.

There are now a dozen serious contenders from both parties competing in a presidential race that for the first time in more than half a century will not include an incumbent — either the president or the vice president — on the ballot or even a definitive front-runner.

"Crowded fields force early announcements," said Jennifer Palmieri, an adviser to John Edwards, the former senator from North Carolina who is seeking the Democratic nomination. "Candidates are concerned there will not be enough oxygen left for them if they wait too long. Having crowded fields in both parties has exacerbated this phenomenon."

Just hours after Mrs. Clinton made her candidacy official on Saturday, Senator Sam Brownback of Kansas joined the race for the Republican nomination. Last week, Senator Barack Obama, Democrat of Illinois, opened a presidential exploratory committee, emphasizing the wide-open nature of the race.

The early start of the presidential race may make it difficult for the new Democratic leaders in Congress to generate public support and media attention for their agenda. Seven sitting members of the House and Senate have declared their candidacies and several others are said to be considering it, distracting them from legislative business and drawing news coverage away from Congress and out onto the campaign trail.

John D. Podesta, a former chief of staff for President Bill Clinton and president of the Center for American Progress, said some of the early candidates surely recall the lesson of Gen. Wesley K. Clark, the Democrat who waited to jump into the last presidential race until the fall of 2003.

Given the lateness of his entry, and his limited resources, General Clark decided to skip the Iowa caucuses and focus on the New Hampshire primary. Iowa became an unexpectedly fierce contest, with John Kerry emerging as a winner and quickly rolling on to victories in New Hampshire and other early primary states.

"You need to get a foothold early and organize and get people to rally around you and your message," Mr. Podesta said, "and the need to build momentum is real."

The candidates and the early primary states are chasing each other in a mad circle, with two new states, Nevada and South Carolina, squeezing into the first weeks of the primary calendar. A number of other states, including California, New Jersey, Michigan and Illinois, are considering moving up their primaries so that they are not left out of the nominating process. With their expensive media markets, these states could quickly bankrupt candidates who have trouble raising money.

The intensity of the early action is fueled in part by President Bush's political weakness, brought on largely because of the unpopularity of the war in Iraq.

"If Bush were doing well and had a continuing ability to get things done and command the national stage, I think there would be far less focus on the campaign," said Robert Dallek, a presidential historian.

While presidential campaigns have been getting gradually longer over the past few decades, the acceleration in the 2008 cycle is particularly pronounced. The first President Bush announced his candidacy for the 1988 Republican nomination in October 1987; the eventual Democratic nominee in that election, Gov. Michael S. Dukakis of Massachusetts, had declared six months earlier.

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Bill Clinton formally announced his candidacy for the 1992 Democratic presidential nomination on Oct. 3, 1991, about three and a half months before the Iowa caucuses. George W. Bush announced his exploratory committee for the 2000 presidential race in March 1999 and began his campaign in June 1999.

By comparison, Mr. Edwards of North Carolina, the 2004 vice-presidential nominee, has traveled to Iowa 16 times since the beginning of last year, building his organization there in hopes of scoring an early triumph that carries him into the next contests.

"The earlier process will reward candidates who truly have a succinct, credible, authentic and passionate message which can sustain itself over the long nature of the campaign," said Matthew Dowd, the chief strategist for Mr. Bush's re-election campaign in 2004.

He also said that in 2007 candidates would be rewarded by scoring points in "nonvoting events" such as media attention, their standings in the polls and the size and response of crowds, because those sorts of factors will help winnow the field more than the primaries still a year away.

Despite the intense focus by most candidates on showing that they can raise the money to run a long and expensive campaign, having a big bank account, Mr. Dowd argued, may actually not be as important in the early stages of this presidential cycle as it was in previous ones.

"It's for two reasons: the early process will not involve paid media as much, and new technology allows little cost to talk directly to voters," he said. "And the early process will make it more important for a campaign to know how to respond to knowable and unknowable events in next 12 months."

Steve Elmendorf, a Democratic strategist who worked on the presidential campaigns of Representative Richard A. Gephardt in 2003 and Senator John Kerry in 2004, warned that candidates and their aides, no matter how tired they become, would have to stay on their toes because any misstep might be captured on tape and circulated on the Internet.

"Every move they make in Iowa and New Hampshire will be on YouTube," Mr. Elmendorf said. "The only certainty by January '08 is that people will be pretty tired."

Besides taking a toll on the declared candidates, the length and cost of current campaigns also deters potential entrants. Senator Evan Bayh of Indiana and former Gov. Mark Warner of Virginia were considered among the brightest Democratic prospects, but both declined to run. They cited the crowded field, the endless burden of fund-raising and the brutal personal cost of today's presidential campaigns.

Hillary Clinton Is "In" For '08, But Crowd Grows (CSM)

By Linda Feldmann

The Christian Science Monitor, January 22, 2007

Sen. Hillary Rodham Clinton enters the 2008 presidential race uniquely positioned to make a top-flight run at be-coming America's first woman president.

The Democrat from New York brings to the table 14 years of experience at Washington's highest political levels, as both a two-term first lady and now six years as a US senator. She appears set to raise all the funds she needs, enjoys near-universal name recognition, and has at her side one of the nation's most astute political operatives, her husband, former President Clinton.

But Senator Clinton, who launched her exploratory committee on Saturday with the declaration of "I'm in," faces serious hurdles to reaching her goal. Last week's entry of Sen. Barack Obama (D) of Illinois into the contest adds a charismatic, fresh persona to the mix, and makes Clinton's nomination far from a foregone conclusion. While Clinton has already withstood intense public scrutiny of her life and record, she will face questions again, in addition to charges that she is humorless and calculating. And as a Democratic woman seeking to become commander in chief at a time of war, she must prove her bona fides on defense as she seeks to distance herself from an unpopular war that she initially supported.

A crowded race to the White House

The field for both major parties has been growing almost daily, of late. This weekend alone, two other candidates announced: New Mexico Gov. Bill Richardson (D) and Sen. Sam Brownback (R) of Kansas. For the Democrats, a field that includes a woman, an African- American (Senator Obama), and a Hispanic (Governor Richardson) as contenders sends the message of diversity that the party has long cultivated.

Most noteworthy, perhaps, is that the Democrats can boast a woman and an African-American as their top two candidates. A Washington Post-ABC News poll taken Friday night showed Clinton with the support of 41 percent of Democrats and Obama with 17 percent. But with the first nominating contests still a year away, those numbers remain fluid. Political analysts note that the third candidate in the Post-ABC poll (with 11 percent), former Sen. John Edwards (D) of North Carolina, is well organized in the early states, and could upset the race with a strong finish in the first contest, the Iowa caucuses.

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In Clinton's announcement video, posted Saturday morning on her campaign website, www.HillaryClinton.com, the senator deployed a technique she used successfully in her first Senate campaign – a pledge to begin by listening. She did not roll out a series of policy prescriptions, but rather stated that she was "beginning a conversation." Starting Monday evening, for three nights in a row, Clinton will conduct live video Web discussions with voters.

Of the many issues she raised on her written Web statement, two will present particular challenges to her: "How do we bring the war in Iraq to the right end?" she asked. "How can we make sure every American has access to adequate health care?"

Iraq is the No. 1 issue for voters, and the liberal, activist base of the Democratic Party has long been frustrated by Clinton's centrist approach, beginning with her to decision in October 2002 to vote in favor of a congressional resolution authorizing US military action in Iraq. She has stepped away from that position, and last month said if she knew then what she knows now, she would not have voted yes. But she has not pushed her opposition to the Iraq war as far as other Democratic candidates, including Mr. Edwards and Rep. Dennis Kucinich of Ohio, who is also running again.

Last June, at a convention of liberal activists, Clinton was booed. In contrast, Obama was cheered by the same crowd, even though he has also hewed to the center on Iraq. Clinton's apparent status as a lightning rod of criticism may speak to her long tenure on the national stage and careful positioning on a range of issues that makes some progressives skeptical (though not unwilling to vote for her in the general election, many say, if she wins the nomination).

"Clinton fatigue?"

One of the many hurdles Clinton must face on the road to the White House has been dubbed "Clinton fatigue." Wrapped into that is her husband's turbulent eight years as president, including his marital infidelity and various investigations. In the White House, Hillary Clinton quickly established herself as the most powerful and controversial first lady in history, setting up shop in the West Wing and taking on the assignment of crafting a plan for national healthcare reform that failed to get off the ground.

Adding to the sense of fatigue is the years of speculation that Clinton may run for president herself some day. Now that she has jumped in, the political world can move to the next phase, an actual publicly announced campaign – as can she. But the arc of her effort may be hobbled by the fact that she is hardly a fresh face.

Then there's the family dynasty issue. Some voters may resist the idea of a succession of presidents that goes "Bush, Clinton, Bush, Clinton" – especially since the second Bush presidency has struggled so profoundly of late.

Still, Clinton brings the test of time to the equation. After 14 years in the national spotlight, the chances that she will wither or make a major mistake seem lower than with her chief rival, Obama. As senators, both must spend the entire next year casting each vote carefully just to remain viable for the nomination. Whoever wins the nomination then must do the same for the general election campaign.

If Sen. John McCain (R) of Arizona wins his party's nomination, he will face the same challenge. But if the nominee is one of the "formers" running on the GOP side – such as former New York Mayor Rudy Giuliani or former Massachusetts Gov. Mitt Romney – he will be free of the pressure to cast votes.

One dimension of the Clinton campaign that carries both risks and positives is her gender. A female nominee may make the already difficult South even harder to contest, with the exception of battleground state Florida. How the Mountain West, where the Democrats have made gains in recent elections, and the Midwest react to a woman nominee is an open question.

On the plus side for Clinton, she has a "very strong connection to the women's movement, which is an important base in the Democratic Party," says Andrew Polsky, a political scientist at Hunter College in New York.

Candidates Face New Test: Winning Netroots Primary (WSJ)

By Amy Schatz

The Wall Street Journal, January 22, 2007

WASHINGTON -- Soon after Sen. Hillary Rodham Clinton announced her bid for the presidency on the Internet, her campaign was boasting of its success in one of the most important new presidential battlefields: the Netroots Primary.

Within hours of launching her bid Saturday, her campaign Web site had attracted 10,000 messages of support, 2,200 submissions for its blog contest and had signed up people to its email list at the rate of 100 a minute, the campaign said.

Mrs. Clinton's decision to enter the presidential race online and conduct a "national conversation" in live video Internet chats before heading to campaign isn't the conventional route taken by presidential hopefuls. This year, however, candidates are making extra efforts to win the favor -- and money -- of keepers of Web logs, or bloggers, and other Internet activists.

Mrs. Clinton's embrace of the Internet shows how seriously candidates are taking the power of the online activist community. Bloggers and other Netroots activists didn't get Howard Dean elected in 2004 or Joseph Lieberman unelected in 2006, but they certainly played a big, vocal role in both races. Unlike other early primary contests, there is no set date to decide

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which candidate wins or loses the Netroots primary, but early support by the Internet community this year, at least for Democratic candidates, could help decide which candidate wins the party's nomination.

"It's a fact that in Democratic politics, [the Internet has] grown increasingly important and it's par for the course for candidates to pay attention and to communicate to this community," said Peter Daou, the Clinton campaign's Internet director and former head of blog outreach for the Kerry-Edwards 2004 presidential campaign.

Other Democrats are taking the Internet announcement route this year. Yesterday, New Mexico Gov. Bill Richardson took the presidential plunge online in a video recorded in English and Spanish. Last week, Illinois Sen. Barack Obama announced his bid online. Former North Carolina Sen. John Edwards went to New Orleans for his official announcement, but his Internet site posted a preannouncement video and subsequently posted several more.

While Democratic candidates appear hesitant to ignore online activists, Republicans hoping to win the 2008 nomination have been somewhat slower to embrace the online activist community. That may simply be because Republican candidates haven't experienced the sort of online uprising that led to Mr. Dean's early success in 2004 or Mr. Lieberman's primary loss last year.

When Republican Sen. Sam Brownback of Kansas announced his candidacy on Saturday, he did it at a rally in Topeka. The Internet sites of both Arizona Sen. John McCain and former New York Mayor Rudy Giuliani offer little more than a biography and links that enable supporters to sign up for more information or donate money.

Former Massachusetts Gov. Mitt Romney has poured more attention and money into his site. On the day he announced his exploratory committee, the campaign launched an Internet video feature dubbed "Mitt TV," and began an outreach effort to right-leaning bloggers.

On The Electronic Campaign Trail (WP)

By Chris Cillizza, Dan Balz

The Washington Post, January 22, 2007

By noon on Jan. 10, Matt Rhoades and Kevin Madden knew they had a problem.

The two men handle communications for former Massachusetts governor Mitt Romney's presidential exploratory committee and had been told about a video flying around the Internet that spliced clips from Romney's 1994 debate with Sen. Edward M. Kennedy (D-Mass.). In it, Romney (R), then running for the Senate in a losing campaign against Kennedy, voiced support for abortion rights and gay rights -- positions he has since renounced.

Romney's political inner circle, alerted to the threat, decided to strike back quickly. Less than eight hours after the attack appeared, a video of Romney rebutting the charges was being sent to his supporters and to Republican blogs.

"In a viral information age, a distortion of the record can quickly sink in as fact," Madden said. "It was very important to show that what was an anonymous attack eventually became a moment of strength for our campaign."

Not long ago, an anonymous video on the Internet would have elicited little more than amusement from the candidate under attack. But the 2006 midterm campaign -- in which then-Sen. George Allen (R-Va.) saw his hopes for reelection, not to mention the White House, torpedoed by his now-infamous "macaca" moment captured on a widely seen video -- changed the rules.

But if last year was the year of the rogue videographers, the already-underway 2008 presidential campaign is likely to be remembered as the point where Web video became central to the communications strategy of every serious presidential candidate.

Playing defense is only one use of Web video. Equally important, the candidates and their staffs see Web-based video as an inexpensive and potentially significant tool for telling their campaign story without the filters of the traditional media.

Call it the YouTube effect, and it is only growing. The video-sharing site, which less than a year after its founding was bought by Google for $1.65 billion, has revolutionized the transfer of information via video, spawned a number of imitators and forced candidates to recalibrate choices, from their announcement strategies to their staffing decisions.

Sen. Hillary Rodham Clinton (D-N.Y.), for example, is to participate in three live online chats starting tonight -- a rapid-fire follow-up to the announcement of her presidential ambitions via video Saturday. The campaign will solicit questions in advance, and Clinton will respond on her Web site.

Peter Dao, the campaign's Internet strategist, who worked on the 2004 presidential campaign of Sen. John F. Kerry (D-Mass.), said Clinton's team hopes to make her campaign as interactive as possible and said the opportunities today are far advanced over just a few years ago.

"I remember in 2003 and 2004 when you said 'blog,' most people didn't know what you meant or the significance of it," Dao said, adding that with the growth of blogs and social networking sites, "the ubiquity of it is so amazing . . . the sky's the limit."

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To be sure, the political establishment remains slightly behind the technological curve -- innovative video work for presidential campaigns is more likely to be done by 20-somethings than by more established media consultants -- but the times are clearly changing.

Take former senator John Edwards (D-N.C.). The night before he formally announced his presidential candidacy from New Orleans to a battery of cameras from the traditional media, his advisers posted a 2 1/2 -minute video on YouTube and Rocketboom.com in which the candidate outlined the themes of his campaign. To draw attention to that video, the campaign bought advertising on a variety of political blogs and e-mailed bloggers.

"Our goal was to have people go and watch that video so they could hear directly from John what this campaign was about," said Mathew Gross, chief Internet strategist for the Edwards campaign. "Within the first 48 hours or so, 50,000 people had watched that video. Now it is over 100,000 people who have seen it."

That was hardly the end of it for Edwards. Later that day he held a town hall meeting in Des Moines with more than 1,000 attendees. But the campaign streamed the session live on the Edwards Web site and, according to campaign officials, about 40,000 people tuned in to watch. The campaign used four cameras to cover the meeting, with a director shifting camera angles to increase the production values. "It was very much like live television," Gross said.

Since then, the campaign has edited the session into segments and posted them on YouTube, increasing the potential reach of what would have been a one-time event for a local audience.

Campaigns have added a position to their tables of organization: Several have decided to employ a videographer to track the moves -- public and behind the scenes -- of the candidate. "From a positive standpoint, it's providing that kind of backstage access that nobody else except the people on the campaign get to see," said Spencer Whalen, an e-campaign strategist for Sen. John McCain (R-Ariz.).

When Sen. Barack Obama (D-Ill.) set up his exploratory committee last week, his campaign sent an e-mail to supporters with a link to a video of the candidate describing why he was preparing to run for president -- a relatively inexpensive way to deliver a message, and one that was virtually unthinkable two campaigns ago.

"The evolution of the Internet as a means of organizing has been something that's grown exponentially," said David Axelrod, a media consultant for Obama. "McCain in 2000 spawned a lot of contributions on the Internet. The Howard Dean campaign in 2004 certainly was a quantum leap. As more and more people become wired to the Internet and fluent in it, it becomes a greater and greater tool for organizing the grass roots and the democratization of politics. It's not just a tool for delivering messages to people but a tool for people to deliver messages to you."

And it is a tool for attack. Other campaigns took note of how Romney responded to the anonymous video and said they will be on notice for similar tactics that could be used against them. "If you're able to create a good viral attack ad, not as a campaign but as an individual, that can really get out there and get going," said Gross, the Edwards staffer. "That Romney episode of responding was a very smart move."

But the video record also provides a potential shield. If a rival campaign takes a quote or a incident out of context and uses it as an attack, McCain's team will have the full record to rebut, if needed.

In the 2004 campaign, the group Swift Boat Veterans for Truth got huge attention for a relatively small media buy for an ad attacking Kerry. In that case, cable news magnified the ad's impact by airing it over and over. Kerry's failure to respond more quickly is now seen as a critical mistake that contributed to his defeat.

In this campaign, groups such as the Swift Boat Veterans will not need cable television's assistance. They can go straight to the Web via YouTube and let millions of Americans see ads on their own time. A television commercial paid for by MoveOn.org, a leading progressive advocacy group, attacking McCain for his support for sending more troops to Iraq began running last week in Iowa and New Hampshire as well as on some national cable stations. It was also posted on YouTube and by Friday was one of the most popular videos on the site -- greatly expanding its universe of viewers and its influence on the national conversation.

The accelerated use of campaign video is likely to continue throughout the 2008 campaign as technology opens new opportunities and challenges, with even more significant changes likely by 2012, when Internet Protocol television -- the equivalent of television channels based on the Web -- becomes more technically and financially feasible.

For now, the race is on to exploit today's technology and compete for attention not just against other campaigns but also against other Web sites. "You'll see a technology Internet primary with people trying to do interesting things and move the ball forward," Gross said. "There is so much creativity on the Internet, as a campaign, how do you reach that level of creativity and interest?"

Just $83.8 Million? No Thanks (LAT)

By Dan Morain

DOJ_NMG_0119307

The Los Angeles Times, January 22, 2007

For the first time since the nation launched its grand experiment with publicly financed presidential campaigns three decades ago, major party nominees in 2008 are expected to turn down all public funds.

The reason: The grant, expected to be $83.8 million, might not be enough to run a winning campaign.

Sen. Hillary Rodham Clinton (D-New York) is the first top-tier candidate to tip her hand that she intends to leave the public money on the table. Senior Clinton advisor Howard Wolfson said by e-mail Sunday that she would not take matching funds in the primary campaign or, if she wins the Democratic nomination, in the general election.

On her campaign website, Clinton is asking that donors give her $2,100 for the primary and another $2,100 for the general — a tangible sign that she won't seek matching funds in the general election. Candidates who take public money in the general election must forgo fundraising.

Using her contacts and those of President Clinton, Sen. Clinton raised nearly $40 million for her 2006 Senate race, showing she can tap moneyed interests in New York and California, two deep wells of Democratic money.

"She'll do fabulously" in the money race, said Sacramento lobbyist Darius Anderson, who helps Democrats raise money and is a business associate of one of Clinton's backers, Los Angeles billionaire Ron Burkle. "The Clinton network and the Clinton list is by far the most extensive of any Democrat."

Abandonment of the public financing system would threaten the survival of a Watergate-era reform that was supposed to limit the influence of big donors in presidential politics and enable more candidates to compete.

If major candidates walk away from public financing, "it really calls into question why it exists at all," said Robert D. Lenhard, chairman of the Federal Election Commission, a supporter of the system..

The current system is being rendered obsolete by escalating campaign costs, sophisticated fundraising techniques, tepid public support and big-foot candidates such as Clinton who could raise $100 million on their own before the first 2008 primary — and $500 million by election day.

There are efforts to revive the system. "It is a reversal, but not necessarily a fatal reversal," said Steven Weissman of the nonpartisan Campaign Finance Institute in Washington, among the groups pushing to rescue public financing.

But it remains to be seen whether the heavy spending forecast for 2008 will, as public-finance advocates predict, trigger public disgust and lead to new reforms.

Until then, "To be considered a top-tier serious candidate almost by definition means you're not going to be participating in the public financing system" in either the primary or general election campaigns, said Democratic consultant Chris Lehane of San Francisco, who worked in the White House during the Clinton presidency.

As originally envisioned, the matching funds system offered candidates a deal: In exchange for voluntarily limiting their spending, the federal government would provide them with tax money to defray primary campaign costs and relieve them of having to raise money in the general election.

Taxpayers pay for it all by checking a box on their income tax forms earmarking $3. But despite outcries against the influence of private money in politics, the concept has not caught on with the public. At its height in 1980, 28% of taxpayers marked the box. Now, not even 10% ask that part of their taxes be used for presidential campaigns.

It's a system that seems almost quaint in an age of Internet fund-raising and in the face of other laws that have the effect of opening the way for big campaign spending. While $83 million seems massive, it could pale by comparison with the sums that candidates could raise from private sources — increasing the likelihood that nominees would leave the public money on the table.

"It is mind-boggling," said Washington consultant Jeffrey Bell, a Republican who supports public financing.

A handful of candidates have previously turned down public money for primary campaigns rather than agree to limit their fundraising, a precondition for getting the taxpayer largess. Ross Perot and Steve Forbes didn't need it; they used personal wealth. In the 2004 primaries, President George W. Bush and Sen. John F. Kerry (D-Mass.) raised more money than would have been permitted had they used matching funds.

But in every general election campaign, beginning in1976 when Jimmy Carter beat President Ford, the nominees have accepted matching funds. In 2004, the FEC gave $75 million each to Kerry and Bush. With an inflation adjustment, the grant will exceed $80 million in 2008 — if anyone takes it.

"The nominees of both major parties are likely to turn down public money for the general election for the first time in history, and raise private contributions for both the primary and the general," FEC commissioner Michael E. Toner said in an interview.

The system has become obsolete for a variety of reasons. By law, the election commission raises the amount of matching funds based on inflation, but the cost of campaigning has far outpaced inflation. Toner predicts that major party nominees will raise $500 million each by election day — roughly double what Bush and Kerry raised in 2004.

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Fundraising itself has changed, aided by direct mail and the Internet. Legislation by Sens. John McCain (R-Ariz.) and Russell D. Feingold (D-Wis.) was intended to limit the influence of money in politics. But it also more than doubled the amount that individual donors could give to presidential candidates. That in turn has made it easier for candidates to raise yet more money.

The maximum that a single donor can give is $2,100 for a primary and another $2,100 for a general election, though the commission probably will raise that to $2,200 or $2,300 this year.

"Fundraising has changed so much that in order to ... get people to opt into the public funding system, you would have to dramatically increase the subsidy and the amount that a candidate could spend," said Anthony Corrado, a political scientist at Colby College in Maine and an expert on presidential campaign finances.

The law also provides candidates with millions of dollars for primaries — so long as they agree to restrict their spending. In 2008, the cap on spending would be about $50 million.

The demand for money for 2008 is heightened by the heavily front-loaded primary calendar. Democrats will hold caucuses in Iowa and Nevada and primaries in New Hampshire and South Carolina between next Jan. 14 and Jan. 29. (Republicans have not set their primary calendar.)

Campaign finance experts believe a candidate easily could spend $25 million in those four states, then face a crush of primaries in February, possibly including California's.

As of last month, Clinton had $14.4 million in her campaign account. Several experts said Clinton could amass $100 million by the end of 2007.

Sen. Barack Obama (D-Ill.), McCain, former New York Mayor Rudolph W. Guiliani, and former Massachusetts Gov. Mitt Romney could raise similar sums. By contrast, Bill Clinton had $3.3 million in 1991 as he headed into Iowa and New Hampshire.

"There is going to be a $100-million entry fee in this White House race," Toner said.

Aides to at least one other candidate talk openly about his plan to bypass federal funds.

"Our intention is to opt out, but we will not make a final decision until later this year," said consultant Roy Behr of Los Angeles, representing former Iowa Gov. Tom Vilsack, a Democrat running for the presidency.

Though not tipping his hand, McCain "believes the public financing system is not fulfilling its original goal and must be reformed," said McCain spokesman Danny Diaz.

Advocates say the money race of 2008 will underscore the need to salvage the federal system. The Campaign Finance Institute suggests raising the match, offering candidates $3 for each dollar they raise in small sums. A $100 donation could be leveraged into $400. Feingold is expected to re-introduce legislation to raise the subsidy, though experts say a fix could not be instituted by the 2008 campaign.

"The system has become outmoded and we need to fix it," said Fred Wertheimer, long a proponent of public financing and head of the nonpartisan group Democracy 21, which also is pushing for an overhaul. "All the fundraising is going to make our case. The story is going to demonstrate why the [public financing] system makes sense."

But others question whether the public will lament the demise of a system derided as "welfare for politicians."

Darry Sragow, a Democratic attorney and consultant in Los Angeles, said most voters see no benefit in spending tax money on politics.

"It is the height of irony, if not insult, to say to a voter: 'We're going to take your money and send you all that mail you hate, and produce all the negative ads that make you want to use the remote,' " he said.

Iraq Tinges Clinton, McCain (WSJ)

By Jackie Calmes

The Wall Street Journal, January 22, 2007

WASHINGTON -- New York Sen. Hillary Clinton's official entry into the 2008 presidential race, which she begins far out in front of a growing Democratic pack, doesn't just rattle the rivals in her own party. It also is underscoring new doubts among Republicans about how formidable their own front-runner, Arizona Sen. John McCain, might be against the woman they most love to hate.

The vulnerabilities of both front-runners start, above all, with their stances on the increasingly unpopular war in Iraq. As Mrs. Clinton's weekend announcement of her candidacy made clear, they are responding to that issue in opposite ways.

Mrs. Clinton has long been suspect among liberal Democratic activists for her 2002 vote approving President Bush's use of force in Iraq, and then for declining to disavow it. Saturday, she showed that she has changed course. In her online announcement of her candidacy, she trumpeted a plan she has presented to block Mr. Bush's proposed increase in U.S. troop strength. The announcement, timed to get a jump on the president's State of the Union address tomorrow night, seemed

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designed to address her main problem with her party's base, though it could feed a sense that she is too cautious and calculating.

By contrast, Mr. McCain continues to be the most prominent supporter of the war, the president and a military buildup. That remains a popular stand among Republican voters, polls show. But it has been eroding his popularity with the general public, which over time has admired his independence but now overwhelmingly opposes the war. A new Wall Street Journal/NBC News poll, conducted Jan. 17-20, shows Americans by 65% to 30% say Mr. Bush shouldn't go ahead with his proposed troop "surge" if Congress passes a nonbinding resolution against it.

Selling Point

Further McCain slippage in the polls, in turn, would undercut his top selling point among Republican voters long suspicious of his maverick ways and his past criticism of Christian conservative leaders: The belief that Mr. McCain is the Republican who is best able to beat their nemesis, Mrs. Clinton.

A number of Republican leaders privately have been making that case within the party, among them former party chairman Haley Barbour, now Mississippi's governor, and Mississippi Sen. Trent Lott, the second-ranking Senate Republican leader. As the mood about the war worsens, skepticism about Mr. McCain's national appeal is building. One pro-McCain Republican lobbyist says not only voters are at stake, but also the donors he needs: "The war is really hurting McCain with the finance types."

Predictably, supporters for other Republican aspirants -- among them former New York Mayor Rudy Giuliani, former Govs. Mitt Romney of Massachusetts and Mike Huckabee of Arkansas, and Kansas Sen. Sam Brownback, who also announced his candidacy over the weekend -- are fanning the questions about Mr. McCain. As a sign of the reassessments, several Republicans pointed to last week's news that prominent national strategist and former Minnesota Rep. Vin Weber, one of Mr. McCain's earliest supporters in 2000 against then-Gov. George Bush, has become Mr. Romney's policy chairman.

Mr. Weber, in an interview, declined to address Mr. McCain's war woes. But, anticipating that Democrats will choose Mrs. Clinton, he said, "Republicans are increasingly beginning to see that if Democrats are going to nominate the consummate insider, ... perhaps that gives us our ultimate opening -- a face from outside Washington. Maybe it's Romney, maybe it's Giuliani, maybe it's Huckabee. I think it's Romney. But nobody's made the sale yet. It's still early."

For its part, the McCain campaign argues the senator remains formidable, judging both by polls and Republican endorsements in states with early nominating contests. Advisers cite the recent "Battleground Poll" conducted by bipartisan pollsters for George Washington University, which suggested Mr. McCain could beat Mrs. Clinton by 10 points. (So could Mr. Giuliani, according to the poll, though his liberal social stances lead many Republicans to conclude he can't win their nomination.) Echoing Mr. McCain's recent remark that he would rather lose an election than a war, his backers also suggest he will get points for principled consistency on the war where others, not least Mrs. Clinton, have shifted.

"John McCain is doing what he believes is right for our troops and for our country," McCain spokesman Danny Diaz said yesterday. "This is a principled individual who is committed to seeing us achieve victory in Iraq and winning the war on terror."

Both Mrs. Clinton and Mr. McCain face questions about their electability, as evidenced by the expanding field of competitors in both parties. Mr. Brownback, a favorite of social-issue conservatives who opposes the troop increase, entered the Republican contest Saturday with a more traditional political rally of family and supporters in Topeka. Yesterday, New Mexico Gov. Bill Richardson, a former congressman and, in Bill Clinton's administration, both United Nations ambassador and energy secretary, joined the Democratic fray with a Web announcement.

Comedy Skit Captures Sentiment

Mrs. Clinton's emerging high profile as the Democratic-led Congress moves to stop a troop increase, and perhaps even seek to bring troops home, is likely to help her with party voters. Moreover, most Democratic contenders originally supported the war, with exceptions such as Illinois Sen. Barack Obama and Ohio Rep. Dennis Kucinich.

Still, her shift underscores what even some supporters say is a vulnerability -- a sense that her political calculations leave people uncertain where she stands. This sentiment was captured hours after her announcement, in the opening comedy skit on television's "Saturday Night Live." The Clinton character says that for every one-point increase in Mr. Obama's popularity, more troops would come home; if he craters, "the troops can stay in Iraq."

The Clinton camp hit the electability argument head on in its opening volley on the new campaign Web site. Pollster and chief strategist Mark Penn opened his "campaign memo" with the question, "People are always asking, can Hillary Clinton win the presidency? Of course she can."

He cited her 2000 election in New York, and her landslide re-election in November with increased support from traditionally Republican areas. To arguments that she is a divisive figure, Mr. Penn cited recent polls showing an increase in the number of Americans who view Mrs. Clinton favorably.

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While many Democrats worry that she is unpopular among white men, Mr. Penn wrote that, "Women constitute a huge 'X' factor in this upcoming election" since more than 54% of voters will be women, and younger voters especially "believe it is about time this country had its first woman president."

Defend Innocent Life (WT)

By Sam Brownback

The Washington Times, January 22, 2007

Each January from all corners of the nation, hundreds of thousands descend upon the nation's capital. They come -- often in freezing conditions -- for a most significant march on Washington. They come for the March for Life on the anniversary of the tragic Supreme Court decisions in Roe v. Wade and Doe v. Bolton that made abortion legal during all nine months of pregnancy.

Youth is the most remarkable feature of the gathered, peaceful crowd. Observing the sea of people, you see faces of all colors and creeds; you see the young and the old; you see hope; you see cheerfulness; you see energy. Most of all though, you see the youth. Such a sight will disabuse most anyone of the notion that old men or politicians are the leaders of this movement. The young are the driving force. They will not stop coming; they are paying attention to the actions of their elected leaders; and they want a change in policy.

The youth understand that a large number of their generation were aborted before they ever had a chance in life. Since the tragic 1973 Supreme Court cases of Roe and Doe, more than 40 million of their peers' lives have been snuffed out because of abortion.The youth know that one of those 40 million could have been their spouse, and, for some, they realize that they too came very close to being one of the 40 million.

Life is beautiful. One's value is not contingent upon external features, such as one's bank account, one's successes or one's lineage. A human being's value is intrinsic, not earned. Without this basic moral understanding, few of our laws would make much sense. Laws against murder, for instance, would fail to make sense if we did not deem human life to be intrinsically valuable and worthy of protection.

Rather than choose an arbitrary starting point for valuing human life, we should go to the point when life begins. For this, science gives us clear understanding of when a new human life begins. Science tells us that life begins at the moment of conception, when the combination of 23 chromosomes from each pronucleus results in the 46 chromosomes present in the zygote embryo. From the moment of conception onward, a new human being is present until that life is ended in a laboratory, by an abortionist, or at some point after birth. Sadly, our current life-related policy in the United States ignores science, choosing capricious points at which to protect innocent human life. Our current policy is inconsistent, defying both logic and decency.

In the past Congress, had Republicans come out of the gate on issues central to advancing the cause of life, there is little doubt that values voters would have been inspired. Instead, in November, Republican majorities in both houses of Congress were swept from power, in part, according to some commentators, by the fact that frustrated values voters were unmotivated. The election was not a repudiation of the values for which Republicans stand; it was a repudiation of Republican performance when it came to living up to those values. As one example, consider that in the Senate the first Republican-initiated vote on abortion did not take place until late in the Congress with passage of the Fetus Farming Prohibition Act in July 2006; and this was followed by a vote on commonsense parental-notification legislation right before the election. The voters are well-educated and it was obvious to them that the past Congress did not share their priorities, except when it was close to election time.

Americans are a life-loving people. They always have been. Whether Republicans are returned to power by the voters will in large part depend upon whether Republicans embrace a Culture of Life both philosophically and in practice. The voters are watching.

I have great confidence that the leadership of our party will embrace the culture of life more consistently, and I am hopeful that they will, even from the minority, help us chart a course to find ways to get pro-life policies enacted. These are policies that are embraced by the majority of Americans. This past election was a wake-up call for pro-lifers, and the extent to which Republicans act with constancy and integrity will determine when the pro-life party of Abraham Lincoln and Ronald Reagan is returned to the majority.

Sen. Sam Brownback, Kansas Republican, is the ranking member on the Joint Economic Committee, Financial Services Committee and General Government Appropriations Subcommittee. He also chairs the Senate Values Action Team and co-chairs the Human Rights Caucus.

The Religious Test (USAT)

By David E. Campbell, J. Quin Monson

USA Today, January 22, 2007

DOJ_NMG_0119311

Should Americans fear Mitt Romney because he is a Mormon? In spite of what some political pundits have recently argued, the answer is a resounding no.

Should Romney fear how some Americans will react to his religion? Unfortunately, recent polls say yes. But just like another Massachusetts politician who faced questions about his religion, namely John F. Kennedy, Romney can, and should, tackle uneasiness about his religion head-on — sooner rather than later.

Romney has not yet officially announced his plans to run for the Republican nomination, yet the darts have already begun to fly. In fact, some critics have argued that Romney should not be elected solely because of his membership in the Church of Jesus Christ of Latter-day Saints (LDS):

·Writing in Slate, columnist Jacob Weisberg says that if Romney truly believes in his religion, "I don't want him running the country."

·Damon Linker, in The New Republic, says voters should reject Romney on religious grounds. Echoing precisely the same concerns raised about Kennedy's Catholicism, Linker argues that a Mormon president would be controlled by his church's hierarchy. In his words, "would it not be accurate to say that under a President Romney, the Church of Jesus Christ of Latter-day Saints would truly be in charge of the country?" Actually, no, it would not be accurate, any more than it was accurate to say that Kennedy would take orders from the Vatican. And neither would it be accurate to accuse the LDS church of pulling the strings of other prominent Mormon politicians, such as Senate Majority Leader Harry Reid, D-Nev., Sen. Gordon Smith, R-Ore., the late Rep. Mo Udall, D-Ariz., and numerous others.

It is true that, like many religious groups, the LDS church occasionally makes policy pronouncements, as it did last June in support of a federal constitutional amendment banning gay marriage. However, this kind of political activity has not served to constrain Mormon elected officials. Reid, at the time the Senate minority leader, led the opposition to the amendment. In response to a reporter's question about his open opposition to the LDS church's public position, his press secretary Sharyn Stein said that the church had asked members to express their opinions on the issue, so her boss was doing so "loudly and repeatedly on the Senate floor."

A President Romney would have the same autonomy to speak and act independently of his church.

Romney's challenge, however, is to make this clear to the American public. It is here that the parallel to Catholicism is instructive.

John F. Kennedy was not the first Catholic to run for president. That distinction belongs to Gov. Al Smith, D-N.Y., who, after winning the Democratic nomination in 1928, faced outright hostility to his Catholicism and suffered an ignominious defeat at the polls. The anti-Catholic bigotry that Smith confronted was in the living memory of many Democrats as Kennedy began his bid for the presidency. In an era when primaries were non-binding and often ignored by the leading candidates, Kennedy entered the West Virginia primary to show that a Catholic could win in a heavily Baptist state and thus settle the "Catholic question." He won the primary and the nomination. But still doubts lingered in the minds of the electorate about his religion.

To put those doubts to rest, Kennedy marched into the proverbial lion's den and delivered a speech to Protestant ministers in Houston. That speech is a classic appeal for religious tolerance. In it, Kennedy declared, "I do not speak for my church on public matters, and the church does not speak for me."

Similarly, enough Americans have doubts about Romney's religion that he should not wait for the primaries to tackle the "Mormon question." Recent polls find that about four out of 10 Americans say that they are unwilling to vote for a Mormon. We suspect that many voters are simply reflecting the fact that Mormonism is unfamiliar to them; it is natural to be uneasy with the unknown. However, Romney's own election in Massachusetts as well as the elections of Gordon Smith, Rep. Ernest Istook, R-Okla. , and former U.S. Representative Richard Swett, D-N.H., demonstrate that voters outside the Mountain West, where Mormons are most heavily concentrated, can become comfortable with Mormon candidates from across the political spectrum.

The heavy scrutiny focused on presidential candidates, even this early in the campaign, and the unease of some voters with a Mormon president, means that Romney should do now what Kennedy waited until the fall of 1960 to do. Romney needs to take a page from the Kennedy playbook and address his religion forthrightly, in a high-profile venue.

At a time when religion and politics are increasingly intertwined, it would be an opportunity to remind all Americans why the wall between church and state has served the country well.

Whatever issues voters might have with Mormonism, it is wrong to reject Romney because of his faith, just as it was wrong to reject Kennedy for his, or to disqualify today's Catholic politicians, such as Sen. John Kerry, D-Mass., and House Speaker Nancy Pelosi, D-Calif., for theirs. It is no different from dismissing Sen. Hillary Clinton, D-N.Y., because of her gender or Sen. Barack Obama, D-Ill., because of his race.

This is not an endorsement of Romney — we leave it to the voters to decide whether he deserves to be president. Rather, we endorse the spirit of Article VI in the Constitution, which states that there should be no religious test for public office.

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Kennedy captured that spirit well in 1960 when he said: "While this year it may be a Catholic against whom the finger of suspicion is pointed, in other years it has been — and may someday be again — a Jew, or a Quaker, or a Unitarian, or a Baptist."

Or even a Mormon.

David E. Campbell teaches political science at the University of Notre Dame. J. Quin Monson teaches political science at Brigham Young University. The views expressed are their own and do not necessarily represent the views of their respective institutions.

Richardson Enters Presidential Race (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, January 22, 2007

WASHINGTON — New Mexico Gov. Bill Richardson jumped into the pack of Democratic White House hopefuls Sunday as a middle-of-the-road politician with a multifaceted resume who, if elected, would be the first president of Latino descent.

Richardson, 59, was born in Pasadena to a Mexican mother and an American father. Fluent in Spanish, he has courted and received Latino support over a career of more than 25 years in politics, while managing to avoid being pigeonholed as an ethnic politician.

"I believe the country would be ready for a woman president, an African American president, Hispanic president," Richardson said on ABC's "This Week," announcing the formation of an exploratory committee that enables him to begin raising money and hiring a campaign staff. "But I wouldn't run as a Hispanic candidate. I would run as an American, proud to be Hispanic, proud of my heritage."

Getting noticed will be his immediate challenge. Although Richardson's career in public service includes 14 years in the House and stints as United Nations ambassador and Energy secretary under President Clinton, he starts out in the back of a diverse pack, among the so-called second tier of Democratic candidates.

An ABC News/Washington Post poll, conducted Tuesday through Friday and published Sunday, gave Richardson 1% of Democrats surveyed, far behind Sen. Hillary Rodham Clinton of New York (41%), who announced her own exploratory committee Saturday; Sen. Barack Obama of Illinois (17%), who entered the race Tuesday; and former Sen. John Edwards, the party's 2004 vice presidential nominee (11%).

"I will outwork anybody," Richardson said. "I am a Westerner. I'm a governor."

Political insiders said it would be a miscalculation to dismiss Richardson's candidacy.

"In the course of a campaign, there are plenty of opportunities for a candidate with a compelling message, who is not as well-known, to go out there and gain support," said Democratic media consultant Anita Dunn. Democratic National Committee Chairman Howard Dean "at this point in 2004 had maybe 2%, 3%. Gov. Richardson clearly has an impressive resume; he's very smart, and works quite hard."

A case in point is when Richardson first ran for governor in 2002, pledging to shake 600 hands a day. According to the Almanac of American Politics, he wound up breaking Teddy Roosevelt's record of 8,513 by shaking 13,392 hands at the New Mexico State Fair and a tailgate party at the University of New Mexico on Sept. 16.

"He was not afraid to be an underdog at the beginning of his career, and he was successful," said Brian Sanderoff, an independent pollster in Albuquerque. "If in his mind he is thinking vice president, he's not sharing that with anybody. He's going for the win, whether it's realistic or not."

Said Richardson, who was reelected in November with 69% of the vote: "If I don't get the nomination, I'll come back and be governor."

On the Iraq war, Richardson supports a phased withdrawal of American troops, with diplomatic efforts to broker a peace among that country's warring ethnic and religious factions. He favors trying to talk to Iran and Syria to seek their help in ending the conflict. He supports redeploying American troops from Iraq to fight the Taliban in Afghanistan.

"What we're doing now is not working," Richardson said. "The American people are against it. The surge that the president wants is going to cause more sectarian violence."

Richardson has some experience dealing with recalcitrant foreign regimes. He negotiated with the North Koreans, the Cubans and the Sudanese, and with the Taliban when they held sway over Afghanistan.

On domestic issues, he is somewhat to the right of many Democrats. He gets the endorsement of the National Rifle Assn., for instance.

On immigration, Richardson supports an overhaul of current laws to provide a path to citizenship for longtime illegal residents who can prove they are otherwise law-abiding.

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Although he chided the Democratic Party for allowing President Bush to make strong inroads among Latino voters in the 2004 election, it's unclear to what extent Richardson would command a following outside of New Mexico.

"We have a very credible woman running and a very credible African American, and a very credible Latino, but I don't think any block of voters will go to any of these candidates based on gender and ethnicity," said Dunn, the media consultant. "I do think Gov. Richardson clearly has the opportunity to appeal to Hispanic voters' sense of history."

Latino voters have helped Richardson get elected at every stage of his political career, but he has usually pursued a broad agenda in office, appealing to diverse constituencies.

As governor, he pushed through tax cuts on income and capital gains backed by many in the business community. He also signed an executive order extending healthcare and other benefits to the domestic partners of gay and lesbian state employees. And he signed legislation cracking down on drunk drivers, a serious public safety problem in New Mexico.

As chief executive of a small state, Richardson has sometimes stepped on other politicians' toes, belying his easygoing image.

"He moves very fast, and very aggressively, and the devil is always in the details," said Sanderoff, the New Mexico pollster. "He sometimes has a lukewarm, if not cool, reception from fellow Democrats, who feel they are not consulted enough. He is seen as somebody who can be a bit of a bully."

Richardson's plans, which were widely known last week, were undercut somewhat by Clinton's announcement, and her candidacy was the focus of discussion on the Sunday talk shows. Another contender for the Democratic nomination, Sen. Joseph R. Biden Jr. of Delaware, described her on "Fox News Sunday" as "the odds-on pick right now," and Sen. Edward M. Kennedy (D-Mass.) told NBC's "Meet the Press" that she was "in a very strong position."

Potential Republican rivals used similar language, with Sen. John McCain of Arizona, on NBC, and former House Speaker Newt Gingrich of Georgia, on Fox, both calling her "formidable."

But Gingrich suggested that Obama's actions last week had "forced Sen. Clinton's hand by weeks. I mean, he has gained ground so rapidly that I think she sort of thought she had to remind her friends she was around."

Another Republican, Sen. Chuck Hagel of Nebraska, told C-SPAN's "Newsmakers" program Sunday that he also was considering a presidential bid, perhaps as an independent. He is a leading GOP critic of Bush's Iraq policy and is co-sponsoring a nonbinding resolution opposing an increase in U.S. forces there.

Richardson's Quest (ABQ)

By Kate Nash

Albuquerque Tribune, January 22, 2007

Gov. Bill Richardson jumped on the presidential bandwagon this morning, revealing in English and Spanish on his just-launched Web site that he's in.

The site was activated just as Richardson was telling ABC's George Stephanopoulos that he's the man for the job.

In an interview taped by the network last week in Santa Fe, Richardson said he'll outwork any other candidate, and trotted out a laundry list of his accomplishments.

"Most importantly, I can bring this country together. I'm a negotiator. I've brought countries together, closer, on peace treaties. I've rescued Americans, hostages and servicemen. What we have right now is an opportunity to deal with major issues that really are dividing this country. I have the experience, I've been in Iraq, I've negotiated with Saddam Hussein. I was secretary of energy, I increased energy efficient in our country," he said. "I've been a governor, I created 86,000 jobs in four years, I've cut taxes, I've brought economic growth to our state, I've made our schools better. I've got the strongest record on the environment and dealing with clean energy and fighting global warming," Richardson said.

"A lot of people give speeches on these issues. I've actually done it."

Even before the show aired, the secret was out: Just after 5 a.m local time, Good Morning America played a clip of an interview.

"Also, New Mexico Gov. Bill Richardson announcing today, he'll be on 'This Week,' that he wants to run. He would be the first Hispanic president of the United States if he won. I asked him about it."

Richardson told Stephanopoulos: "I believe this country is a very tolerant, positive country. I believe the country would be ready for a woman president, an African-American president, a Hispanic president, but I wouldn't run as a Hispanic candidate, I would run as American, proud to be Hispanic, proud of my heritage."

Richardson on Monday is expected to hold a news conference in Santa Fe and to file the papers to establish an exploratory committee. He would make an official announcement soon, according to his Web site.

On his the site, www.richardsonforpresident.com, Richardson talks about energy, the economy and the war.

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"The next president of the United States must get our troops out of Iraq without delay," he said. On 'This Week,' he was more specific, saying the United States should set a timetable for phased withdrawal that has U.S. combat troops out of Iraq by year's end. He also said troops should be redeployed to Afghanistan to wage the war on terrorism.

The bilingual governor was born in Pasadena but grew up in Mexico City until he was a teenager. His Mexican mother, Maria Luisa Lopez-Collada, still lives in Mexico. His father died in 1972.

The announcement ends months of murmurs about whether Richardson would run for the country's top job. Responding to a question from Stephanopoulos, Richardson said he had no interest in being anyone's vice president. "I've got a better job being governor of New Mexico. If I don't get the nomination (for president), I'll come back" to Santa Fe, he said.

Richardson, 59, joins several other Democrats who have also said they want to lead the United States, including most recently Sens. Barack Obama and Hillary Clinton. The most recent ABC poll gave Clinton a commanding lead among the potential Democratic contenders, with 41 percent. Obama was second at 17 percent, while Richardson was last on the list with 1 percent.

He now must persuade Democrats to make him the nominee against a Republican candidate for the 2008 election. He also must raise the minimum of $30 million that political observers say he'll need to make him competitive.

In November, the first-term Richardson was elected to a second, four-year stint along with Lt. Gov. Diane Denish.

After his swearing-in on New Year's Day, he held an extravagant bash at two Downtown Santa Fe hotels, to which he invited 7,000 people. The fiesta, dubbed the Boots and Bolos Inaugural Ball, even featured hundreds of jars of Gov. Bill Richardson Inaugural Salsa. Attendees were given plastic blue wristbands, with his and Denish's name on them, akin to the yellow bracelets made popular by cyclist Lance Armstrong.

Richardson, whose name doesn't have the same cache as Sen. Hillary Clinton, is nevertheless not an unknown in national politics.

He served in Congress from 1983-97, when then-President Bill Clinton tapped him to be the U.S. ambassador to the United Nations. A year later, Clinton appointed him as the secretary of the Department of Energy.

In the past year, Richardson has made several trips to the East Coast, New Hampshire in particular. He was in another early-primary state, South Carolina earlier this month.

Money from his re-election campaign has gone to Democratic candidates in places like Nevada, Wisconsin, Colorado, and Kansas.

During his career, he's negotiated with world leaders and travled to the farthest reaches of the world, including earlier this month to Sudan, Africa, to negotiate a cease-fire between government groups and rebel factions.

After he had returned and announced that he'd brokered a deal, one group, representatives of the Sudan Justice and Equality Movement rebuffed him, saying they had not agreed.

Richardson late last year also went to Sudan to secure the relase of journalist Paul Salopek, who was detained there for more than a month.

As governor, he's solidified his Democratic base, but also befriended Republicans with initiatives including tax cuts and economic development packages.

Richardson, if elected, would be the nation's first Hispanic president. His mother is Mexican and lives in Mexico. He was born in California and raised in both Mexico and Boston.

Already, he's made state history by raising the most money Í nearly $14 million Í for his 2006 gubernatorial race. He flew through his first term, pushing an increase in the state's minimum wage, a commuter train from Albuquerque to Santa Fe, a $250,000 life insurance policy for members of the National Guard.

This legislative session, he wants tax cuts, is still pushing a wage increase and wants a $250 million road improvement package.

Richardson's wife is Boston native Barbara Richardson. They live in the Governor's Mansion in Santa Fe and have no children.

Kansas Senator, N.M. Governor Join List Of Hopefuls (USAT)

By Jill Lawrence

USA Today, January 22, 2007

WASHINGTON — Three people in two days. That's how fast the field of would-be presidents grew over the weekend.

The latest entry is New Mexico Gov. Bill Richardson, a former congressman, U.S. Energy secretary and United Nations ambassador who aims to be the Democrats' first Hispanic nominee.

"Everybody gives speeches about how they're going to fix the country's major problems. I've actually done it in the positions that I've held," Richardson said in an interview Sunday.

Richardson's move was overshadowed by New York Sen. Hillary Rodham Clinton's jump into the Democratic race on Saturday. Another headlines casualty was Kansas Sen. Sam Brownback, who announced his bid for the Republican nomination Saturday in Topeka.

Richardson said he will form an exploratory committee today and make it official in two months when his state's legislative session concludes. He said he'll raise money Tuesday in California and campaign over the weekend in Nevada, site of an early nomination contest.

Clinton said she was forming an exploratory committee, which allows presidential hopefuls to raise money for a campaign. Her headline — "I'm in" — left little doubt she, too, is a full-fledged candidate. She'll be in Iowa this weekend and New Hampshire next month.

Today through Wednesday, as a counterpoint to President Bush's State of the Union address Tuesday, Clinton is holding live video chats each evening with people who sign up at hillaryclinton.com.

"No matter where you live, no matter what your political views, I want you to be a part of this important conversation right at the start," she said. "For three nights in a row, I'll sit down to answer your questions about how we can work together for a better future."

Brownback called himself a leader on issues important to economic, social and compassionate conservatives. "I've stood with them. I've pursued and pushed these issues. I've been aggressive," he said in an interview Sunday. "That gives me an advantage over the others looking at the field."

Brownback has worked to fight AIDS, poverty and genocide in Africa. He supports a constitutional amendment to ban gay marriage and overturning Roe v. Wade, the Supreme Court decision that legalized abortion nationwide. He proposes a personal tax code with a single rate and individual retirement accounts as voluntary alternatives to Social Security.

Richardson recently negotiated a 60-day cease-fire in Darfur, working with the Save Darfur Coalition and the State Department. He said he will formalize his candidacy after a New Mexico legislative session he hopes will produce a higher minimum wage, expanded health care coverage and increased use and sales of alternative energy.

On Iraq, Richardson opposes the president's plan to commit more troops and would cut off money for the increase. He supports a phased troop withdrawal and national reconciliation talks among Iraqis.

Richardson says his advantages include being a governor, a Westerner and Hispanic, and having hands-on experience in two critical areas: energy and foreign policy. Beyond his résumé, he said, "You have to have passion and vision. You have to be well organized. You have to be able to raise money. … I can hold my own" on all those.

The rush of weekend activity came several days after Illinois Sen. Barack Obama formed a committee to raise money for a virtually certain candidacy.

Talk shows on Sunday showcased no fewer than six people who are running for president or say they might: Richardson, Brownback, Arizona Sen. John McCain, Delaware Sen. Joseph Biden, Nebraska Sen. Chuck Hagel and former House speaker Newt Gingrich. That's about a quarter of two dozen prospects looking at the first contest in decades with no president or vice president running on either side.

Democratic Governor Of New Mexico Joins Race (NYT)

By Matthew L. Wald

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Gov. Bill Richardson of New Mexico said on Sunday that he intended to run for the Democratic nomination for president, joining a growing field that includes Senators Hillary Clinton of New York (since Saturday) and Barack Obama of Illinois (since Tuesday).

Mr. Richardson, elected to a second term as governor in November with a historic 69 percent of the vote, has a varied résumé. He was elected to Congress to represent the Santa Fe area eight times, and then was chosen by President Bill Clinton to be ambassador to the United Nations, and later, secretary of energy.

As governor, he has kept a hand in international politics, working to arrange a cease-fire this month between the government of Sudan and rebels in the Darfur region, and meeting several times with officials from North Korea to discuss nuclear weapons.

Mr. Richardson, 59, was born in Pasadena, Calif., and spent part of his childhood in Mexico City. His mother is from Mexico.

In an interview Sunday on the ABC program “This Week,” Mr. Richardson said: “I believe this country is a very tolerant, positive country. I believe the country would be ready for a woman president, an African-American president, Hispanic president.”

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He added, “But I wouldn’t run as a Hispanic candidate. I would run as an American, proud to be Hispanic, proud of my heritage.”

Video of his announcement appears on his Web site in English and Spanish.

Mr. Richardson also emphasized his experience as governor, dealing with budgets, health care, the environment, drunken driving and other issues. In his position as chairman of the Western Governors’ Association and at home in Santa Fe he has been a proponent of renewable energy sources.

Mr. Richardson is an enthusiastic campaigner. According to his campaign, the Guinness Book of World Records cites him as the politician who shook the most hands in one day — 13,392 — during his 2002 campaign for governor, beating President Theodore Roosevelt’s record of 8,515, set in 1909.

Perhaps more relevant to a national campaign, Mr. Richardson is also a strong fund-raiser. While chairman of the Democratic Governors Association, he raised more than $28 million for candidates for governor.

N.M. Governor Joins Presidential Race (WP)

By Chris Cillizza

The Washington Post, January 22, 2007

New Mexico Gov. Bill Richardson began a run for the Democratic presidential nomination yesterday, betting that his long rÃ©sumÃ© and Hispanic heritage will boost his chances in a field already stocked with better-known candidates.

"I am taking this step because we have to repair the damage that's been done to our country over the last six years," Richardson wrote in an e-mail to supporters. "Our reputation in the world is diminished, our economy has languished, and civility and common decency in government has perished." Richardson also announced his intentions -- in Spanish and English -- on his campaign Web site.

Richardson will file paperwork with the Federal Election Commission today to establish a presidential exploratory committee but will not formally announce his bid until New Mexico's legislative session ends in March.

His announcement comes just one day after Sen. Hillary Rodham Clinton (N.Y.) joined the Democratic race and less than a week after Sen. Barack Obama (Ill.) made his intentions clear. Polling done in early-voting states such as Iowa shows Clinton and Obama in the Democrats' top tier along with former North Carolina senator John Edwards.

Richardson joins a group running behind the top three that includes Sens. Joseph R. Biden Jr. (Del.) and Christopher J. Dodd (Conn.) as well as former Iowa governor Tom Vilsack.

Unlike the other second-tier candidates, Richardson is making history as he seeks to become the first Hispanic president of the United States. Although Richardson said his ethnicity is not a point of emphasis in the campaign, it could help his chances. Hispanics are the largest minority group in the United States and are becoming increasingly active and influential in national politics.

Acknowledging that he is not yet on the level of the front-runners, Richardson argued that he alone in the field has a record of creating solutions to tough problems. "I can talk the talk and walk the walk," Richardson said.

Richardson spent 15 years in Congress before being named U.S. ambassador to the United Nations by President Bill Clinton in 1997. A year later he was appointed energy secretary. Richardson returned to elected office in 2002, winning the gubernatorial race. Last fall he cruised to a second term with 69 percent of the vote.

Throughout his career in public life, Richardson has also served as a roving diplomat, dispatched to defuse crises in hot spots including North Korea and Iraq. He spent several days in Sudan last week before making his presidential intentions known.

On Iraq -- the issue which most animates Democratic primary voters -- Richardson has called for a phased withdrawal of U.S. troops to be completed by the end of this year. "There is no military solution," he said.

Regardless of the strength of his rÃ©sumÃ©, Richardson faces a rocky path to the nomination. In a recent Washington Post-ABC News poll, 1 percent of Democratic voters said they would support Richardson in a primary. By contrast, Clinton took 41 percent, Obama 17 percent and Edwards 11 percent.

Asked how he can compete with nationally known candidates such as Clinton and Obama, Richardson said: "I'll outwork them."

Meanwhile, Sen. Chuck Hagel (R-Neb.) declined to rule out an independent candidacy for president in 2008.

"I have not decided I am going to run for president, so maybe that'll be the next set of questions that you could ask after I decide what I'm going to do," Hagel said during an interview with C-SPAN.

Hagel has been perhaps the most vocal Republican critic of President Bush's handling of the war in Iraq -- a position that could make it difficult for the senator to make a serious run at the GOP nomination.

New Mexico Governor Joins '08 Fray (WT)

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By Eric Pfeiffer

The Washington Times, January 22, 2007

New Mexico Gov. Bill Richardson yesterday joined a crowded field of Democrats seeking their party's 2008 presidential nomination, citing his experience on foreign policy and as a Western state's chief executive.

"I will outwork anybody. I'm a governor," Mr. Richardson said during an appearance yesterday on ABC's "This Week." "Governors have good records in being elected presidents because we balance budgets, we deal with health care, with education."

John F. Kennedy's 1960 victory is the last White House triumph by a sitting senator.

Despite his deep resume, which also includes turns as a congressman, energy secretary and U.N. ambassador, Mr. Richardson's announcement was overwhelmed on yesterday's talk shows by the discussion focused on Saturday's presidential announcement by Sen. Hillary Rodham Clinton, New York Democrat.

"I believe I can be competitive in raising money," Mr. Richardson said when asked by host George Stephanopoulos whether he could compete with Mrs. Clinton's fundraising organization. "A lot of people give speeches about these issues. I've actually done it," he said.

Mr. Richardson also sought to play down speculation that he is secretly campaigning to run for vice president.

"I'm not interested in being vice president. I've got a better job as governor of New Mexico. If I don't get the nomination, I'll come back and be governor," he said.

The recently re-elected governor, who is one of the few members of his party to get an "A" rating from the National Rifle Association, said he thinks Democrats will warm to his candidacy once they get to know his issues, which include favoring a redeployment of American forces from Iraq.

"The surge that the president wants is going to cause more sectarian violence. And right now, we should be deploying those troops that America has in Iraq, we should redeploy them in Afghanistan, where the Taliban are a threat and terrorism is a threat."

Sen. Joseph R. Biden Jr., Delaware Democrat and a possible 2008 rival, said he sees Mrs. Clinton as his party's White House front-runner.

"I think she's incredibly formidable and has got to be the front-runner and the odds-on pick right now," the Senate Foreign Relations Committee chairman told "Fox News Sunday."

A Washington Post-ABC News poll of 1,000 released yesterday showed that Mrs. Clinton was the favorite of 41 percent of Democrats, far ahead of the 17 percent backing Illinois Sen. Barack Obama and the 11 percent who support former Sen. John Edwards of North Carolina. The poll was taken from Tuesday to Friday and has a 4 percentage point margin of error.

"But this is a marathon. There's a long way to go," said Mr. Biden, who already has announced his own presidential campaign. "We're a lifetime away."

Another potential candidate, former House Speaker Newt Gingrich, said yesterday he would run only "as a last resort." Mr. Gingrich had previously said he would seek the White House only if no other Republican had emerged as a clear front-runner by the fall.

"Fox News Sunday" host Chris Wallace told Mr. Gingrich that "you sound as if you think about running for president as a last resort, not as a first resort?"

"Exactly," Mr. Gingrich answered. "I mean, nobody's ever said it quite that way, but you're right."

Mr. Gingrich also praised Mrs. Clinton's political skills and dismissed claims that she is too polarizing a figure to win.

"I don't care what anyone else says -- she and her husband are the most formidable pair of politicians in America," the Georgia Republican said. "She is ahead in every poll. She can raise far more resources than any other Democrat. ... And you'd have to say, given those assets, that she has a six-out-of-10 chance or better of being the Democratic nominee."

For The Clinton Candidacy, A Soft Launch (WP)

By Anne E. Kornblut

The Washington Post, January 22, 2007

NEW YORK, Jan. 21 -- One day after declaring for president, Sen. Hillary Rodham Clinton (D-N.Y.) gave her first public glimpse of how she will run: as the mother of a daughter, as a serious student of policy and as a two-term senator from New York.

With minimal staff, no family members and not even a sound system to amplify her remarks, Clinton appeared on Sunday at a colorless community clinic in Manhattan to announce a piece of health-care legislation, her first real outing since launching her presidential bid online. Despite a media crush that overwhelmed the participants, Clinton treated the event like a routine stop, acknowledging only during a question period at the end that she had finally decided to run.

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"I am worried about the future of our country, and I want to help put it back on the right course, so that we can work together to meet the challenges that confront us at home and abroad in order to secure a better future for all," Clinton said when asked why she wants to be president, embracing the 2008 campaign after more than six years of frenzied speculation about her plans.

"I believe that I am in the best position to be able to do that," she said. And she repeated her latest mantra: "I'm in to win. And that's what I intend to do."

Instead of campaign rhetoric, Clinton focused on the specific theme of health care for children, locking hands with a little girl who joined her onstage. In so doing, she signaled that she will use her uniqueness as a woman -- and more specifically as a mother -- to stake out her ground in the crowded presidential field at a time when Democrats across the board are putting children at the center of their imagery and message.

Earlier this month, Rep. Nancy Pelosi (D-Calif.) made a vivid impression by assuming the House speakership surrounded by a squadron of young grandchildren. Sen. Barbara Boxer (D-Calif.) recently questioned whether Secretary of State Condoleezza Rice, not having family of her own, could understand the stakes in Iraq.

In the past, such gestures have raised fears among some Democrats of being perceived as the "Mommy Party" -- a party of seemingly soft domestic issues such as child care and government entitlement programs, in contrast to a Republican Party that stood for national security. But focusing on children's health care was a consistent move for Clinton, who began her career working for the Children's Defense Fund, championed health care as first lady in the early 1990s and authored the book "It Takes a Village," about the way children are handled in society.

Using her first appearance as a candidate to present her domestic side -- rather than the tougher side she has displayed as a member of the Senate Armed Services Committee and on her recent trip to war zones in Afghanistan and Iraq -- suggested that, at least initially, Clinton would like to strengthen her appeal to women, who make up a large part of both the electorate and the Democratic Party.

Even the location had meaning: The event was held at the Ryan Chelsea-Clinton Community Health Center, named for the Chelsea and Clinton neighborhoods whose needs it serves, and echoing the name of Clinton's daughter.

"We really are thrilled that this health center is named so appropriately," she said.

Chelsea Clinton, who now works for a hedge fund, played a minimal role in her mother's 2006 Senate reelection campaign, even skipping the state nominating convention because of a work conflict. Although she did not appear with her mother Sunday afternoon, campaign advisers have said they expect her to play a much more significant part in the presidential race, where there are already a number of photogenic children, including the young families of Sen. Barack Obama (D-Ill.) and former senator John Edwards (D-N.C.).

"If you're a mother or a grandmother, then you have an automatic connection with an enormous cross section of society," said Stephanie Cutter, a Democratic strategist who worked for Sen. John F. Kerry (D-Mass.) in 2004 but is not currently aligned with a candidate. "Women make up more than 51 percent of the voting electorate, and they show up at the polls more often than men. If you can authentically connect with them on a very personal level, then that's very important."

Arriving at Sunday's event more than half an hour later than planned, Clinton was, for all her understatedness, met with an explosion of flashbulbs and a crowd of bewildered families who had been invited to meet her.

Dozens of camera crews crammed the back of the overheated room. Japanese broadcasters did live shots from the crowd. Secret Service agents kept close watch as staff members corralled irritated photographers in a pen. Frantic members of the health center's staff tried to make room for the invited guests, who were pressed against the walls without seats. Small children squirmed and cried.

Two little girls, Olivia and Camilla Harden, were brought onstage as beneficiaries of the federal health-care system Clinton sought to promote. "You know, if there is any doubt in anyone's mind about why we need health insurance for every child, take a look at Camilla and her little sister Olivia," Clinton said, indicating the two playful girls.

Clinton announced that she and Rep. John D. Dingell (D-Mich.) will sponsor legislation to expand the Children's Health Insurance Program to include more middle-class families. Invoking her daughter and husband, she said all parents should be able to give their children the comprehensive health care that she and Bill gave Chelsea.

Though it was her first appearance as a presidential candidate, the occasion was organized by her Senate staff and announced through her Senate office, suggesting that she will not run away from her perch but rather use it to her advantage. None of the numerous campaign staff members she has hired (not even Howard Wolfson, a New York-based consultant and a close adviser) was in evidence.

Nothing prohibits sitting lawmakers -- or presidents -- from campaigning in office, and taxpayer money can be used for travel and organizing as long as there is a reason related to their official duties.

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If anything, Clinton seemed to be following the mold of her last Senate campaign, in which she worked methodically to raise money and build support. Throughout that campaign, which cost her more than $30 million to win 67 percent of New York, Clinton emphasized smaller appearances, especially upstate, appearing with groups of voters rather than at massive, flashy rallies.

Her event on Sunday felt like an extension of that campaign -- except for the context.

Clinton Confident In Her 2008 Prospects (AP)

By Beth Fouhy

AP, January 21, 2007

Sen. Hillary Rodham Clinton expressed confidence Sunday in her presidential prospects and said she awaits a spirited contest for the 2008 Democratic nomination.

"I'm looking forward to it. It'll be a great contest with a lot of talented people and I'm very confident. I'm in, I'm in it to win and that's what I intend to do," she said after her first public appearance since announcing her candidacy Saturday.

Clinton's comments came during a visit to a Manhattan community health clinic, where the New York senator was promoting a federal children's health-care program.

Clinton said she would introduce legislation to expand the Children's Health Insurance Program to all families who need it, regardless of income. Aides said Clinton was determined to attend to her Senate duties throughout the campaign.

Reflecting her new status as a leading presidential contender, the room was packed with media — some two dozen television camera crews jockeyed for position with scores of reporters from as far away as Germany. Photographers waited outside in chilly temperatures for over an hour to snap pictures of Clinton's arrival.

Clinton said she decided to run after talking to family, friends and supporters since her re-election in November.

"It was a thorough review for me about the problems we confront in the country, the particular strengths and talents I would bring — both to the race and the White House," Clinton said.

"I concluded, based on the work of my lifetime and my experience and my understanding of what our country has to confront in order to continue to make opportunity available to all of our citizens here and to restore our leadership and respect of America around the world, that I would be able to do that — to bring our country together to meet those tough challenges," she said.

The former first lady answered questions after promoting the CHIP legislation. She appeared onstage gripping the hands of 4-year old Olivia and 2-year old Camilla Harden, whose parents said they relied on CHIP for their daughters' health care. The girls looked bewildered as hundreds of flashbulbs popped and cameras whirred throughout the room.

"It's simply wrong for any child to lack health care in America. That's where we start," Clinton said.

Earlier Sunday, one of her White House rivals said Clinton is the favorite right now for the Democratic nomination but added that the party is a "lifetime" away from making its 2008 choice.

"I think she's incredibly formidable and has got to be the front-runner and the odds-on pick right now. But this is a marathon. There's a long way to go," said Sen. Joe Biden, D-Del.

The former first lady joined the race on Saturday, hoping to become the first female president.

A crowded field of Democratic candidates is led by Clinton, Illinois Sen. Barack Obama and 2004 vice presidential nominee John Edwards. New Mexico Gov. Bill Richardson jumped in Sunday.

A Washington Post-ABC News poll released Sunday showed Clinton was the favorite of 41 percent of Democrats, more than double the support of any of her rivals.

Clinton made her announcement on a video posted Saturday on her Web site. Obama said last week he was setting up a committee to raise money and gauge support for a run.

Former GOP House Speaker Newt Gingrich, who is considering a 2008 bid, said he thought Obama "forced Senator Clinton's hand by weeks. I mean, he has gained ground so rapidly that I think she sort of thought she had to remind her friends she was around."

Gingrich said Clinton "can raise far more resources than any other Democrat, probably raise more resources than all the other Democrats combined. And you'd have to say, given those assets, that she has a six-out-of-10 chance or better of being the Democratic nominee."

Biden appeared on "Fox News Sunday." Gingrich was on "Meet the Press" on NBC.

Clinton Opens Her Campaign With Health Insurance Plan (NYT)

By Patrick Healy

The New York Times, January 22, 2007

DOJ_NMG_0119320

With a 4-year-old girl clutching her hand, Senator Hillary Rodham Clinton began her newborn presidential campaign yesterday at a Manhattan health care clinic, announcing legislation that would significantly expand federal health insurance for Americans under age 18.

Mrs. Clinton said her husband, Bill, and their daughter, Chelsea, would play “support system” roles for her, and she pledged to continue protecting New York’s interests in Washington even as she campaigns in Iowa and New Hampshire.

She said she wanted to be president because she was “worried about our country” and wanted to “put it back on the right course.”

She made no reference to the other seven Democratic candidates, other than to say the race would be a great contest and that “a lot of talented people” were running.

The visit to Ryan/Chelsea-Clinton Community Health Center, which is just blocks west of Broadway (and is named after two neighborhoods it serves), was highly scripted political theater.

Reminiscent of the scene this month when Representative Nancy Pelosi became the first woman to be speaker of the House, children surrounded Mrs. Clinton and climbed over their parents in the audience. The event was intended to convey both her policy smarts and her warmer maternal side — a combination new to presidential primaries.

During most of the half-hour event, a 4-year-old girl named Camilla Harden, a beneficiary of the program, clutched Mrs. Clinton’s left hand. Eventually Camilla began scampering around with her sister, Olivia, 2. Every time Mrs. Clinton patted or tickled the girls, the photographers’ cameras clicked madly.

Mrs. Clinton’s proposed legislation would renew the Children’s Health Insurance Program, which provides money to states to cover Americans under age 18 whose families earn too much money to qualify for Medicaid. The 10-year-old program, which now covers four million children, is to expire this fall. Representative John D. Dingell, Democrat of Michigan, plans to introduce a similar bill.

Mrs. Clinton’s legislation would raise the income eligibility limit so that more children could enroll; in New York, a family of four earning $75,000 would qualify. And the bill would allow any family, as well as employers, to buy insurance.

“They’re trapped between the rising costs and the broken system, and we can help them get out of that trap,” Mrs. Clinton said.

Members of the senator’s staff said they were still working out the cost of the proposal. About 8.3 million Americans under 18 do not have health care, but about 70 percent of them are already eligible for Medicaid or for the program Mrs. Clinton seeks to expand.

Clinton's Camp Fires First Salvo (NSDY)

By Glenn Thrush

Newsday, January 22, 2007

WASHINGTON -- Sen. Hillary Rodham Clinton's pollster fired an opening salvo at Sen. Barack Obama and John Edwards yesterday, claiming their campaigns are "stalled or falling" -- and suggesting Obama isn't tough enough to withstand GOP attacks in 2008.

A day after Clinton announced she would run for president -- and win -- her campaign's chief strategist Mark Penn sent a memo to reporters intended to offset an avalanche of articles emphasizing Clinton's high disapproval ratings and questioning her electability.

"She is not just strong, but the strongest Democrat in the field," wrote Penn, referring to a new national poll showing Clinton with a commanding 20-plus-point lead over Obama and Edwards, the Democratic nominee as vice president in 2004.

In Manhattan yesterday, Clinton echoed that mantra, saying, "It will be a great contest with a lot of talented people and I'm very confident. ... I'm worried about the future of our country and I want to help put it back on the right course. I believe I am best-positioned to be able to do that and that's why I'm running."

She went on to say her daughter, Chelsea, and her husband, Bill, are "my greatest advisers."

But it was Penn who stated that no other Democrat is tough enough to beat back Sen. John McCain or former New York City Mayor Rudolph Giuliani.

In a clear reference to Obama's lack of political experience on the national stage, Penn wrote: "Some of the commentators look at the ratings of people who have not yet been in the cross-fire, and say they might have a better chance. Recent history shows the opposite."

He then set his sights on Sen. John Kerry and former Vice President Al Gore, who also might run in 2008. "The last two Democratic presidential candidates started out with high favorable ratings and ended up on Election Day -- and today -- far more polarizing and disliked nationally," said the pollster, who cut his teeth on President Bill Clinton's 1996 re-election campaign.

An Obama spokesman had no comment. Attempts to contact Edwards, Kerry and Gore weren't successful.

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Obama announced the formation of his exploratory panel Tuesday but didn't get a boost in the polls. Clinton now holds a commanding 41-17 percent lead over the Illinois senator among Democrats and Democrat-leaning Independents, according to an ABC News/Washington Post poll taken before her announcement, and after Obama's Jan. 16 campaign kickoff.

Strikingly, Clinton did even better among black Democratic voters, amassing a 26-point lead over Obama. "Hillary's Democratic primary support is climbing, while others are stalled or falling," crowed Penn.

Clinton isn't doing nearly as well in early primary and caucus states, particularly Iowa, where she trails Obama, Edwards and ex-Iowa Gov. Tom Vilsack.

Clinton is planning her first trip to that state next weekend, according to a news report.

Penn chalks up Clinton's poor showing in Iowa to her absence and lashed out at candidates who have made frequent stops in the state. "While some candidates have been in Iowa and New Hampshire for years, running as permanent presidential candidates, Hillary has been working hard as a senator for New York," Penn wrote.

Staff writer Reid J. Epstein contributed to this story.

Hillary Is In (WP)

The Washington Post, January 22, 2007

HILLARY RODHAM Clinton's announcement Saturday that she is entering the Democratic presidential race is not a surprise, but that doesn't take away from its significance. There has been a flurry of justifiable excitement over Sen. Barack Obama (D-Ill.), but Ms. Clinton's candidacy is equally momentous: Never before has there been a female presidential contender with such a strong prospect of winning the White House. As with Mr. Obama, that is a development to be welcomed by Americans of both parties.

Ms. Clinton enters the Democratic race as the immediate front-runner, with impressive experience in her husband's White House and on her own in the Senate and with an unmatched political operation. She is a disciplined campaigner with a broad grounding in domestic and foreign policy. She also has $14 million in the bank and the proven ability to harvest millions more.

But if Ms. Clinton begins with formidable assets, she also faces formidable challenges. One involves the Democratic base and its unhappiness with her position on the war in Iraq. Unlike Mr. Obama, who wasn't in the Senate at the time but made his opposition clear, Ms. Clinton voted to authorize the war; she has been more reluctant than some of her Democratic rivals, most notably the 2004 vice presidential nominee, John Edwards, to renounce that backing or to call for immediate departure of the troops. "I am cursed with the responsibility gene," Ms. Clinton told the New York Times in an interview upon returning from Iraq last week. "You've got to be very careful in how you proceed with any combat situation in which American lives are at stake."

More than a little self-serving, perhaps, but Ms. Clinton's approach is, in fact, more responsible than those of some of her opponents. While this is good policy, it could be risky politics, especially in states that hold early primaries. The trick for Ms. Clinton will be to navigate the primary process on the war and other issues in a way that attracts, or at least assuages, liberal voters while not casting her as a poll-driven panderer or locking her into positions that could complicate a general election campaign.

A second and somewhat contradictory issue for primary voters is the matter of Ms. Clinton's "electability": Is she such a polarizing figure, with such high negatives (44 percent in the latest Washington Post-ABC News poll, compared with 29 percent for Mr. Obama) that she would be at a disadvantage in the fall campaign? The question about Hillary Clinton may be not so much whether a woman can win the presidency but whether this woman can.

The Clinton campaign confronts this problem directly on its Web site. Chief strategist Mark Penn argues that the candidate's poll ratings are strong, that she has demonstrated in New York the ability to win over voters in Republican areas and that she is "the one potential nominee who has been fully tested." That may be true, but for Hillary Clinton, the toughest test is still ahead.

How Obama vs. Clinton Shapes Up (WP)

By E. J. Dionne Jr.

The Washington Post, January 22, 2007

Three differences and three similarities will define the contest between Hillary Rodham Clinton and Barack Obama.

The most important difference lies in where their respective political journeys began. After her early work as an advocate for children, Clinton came to political maturity in the South as part of her husband's efforts to rescue the Democratic Party from its low point in the 1980s. She was shaped by her party's need to win back moderate and conservative voters who had strayed to Ronald Reagan's banner.

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The resulting Clinton project was a brilliant top-down effort to shape new Democratic ideas that would appeal to Southern whites and the Northern working class. This explains why both Clintons were drawn to the centrist Democratic Leadership Council, far more an elite policy shop than a grass-roots organization.

In a 2002 speech, Clinton signaled her respect for this approach by praising Al From, the DLC's founder and chief executive, for understanding "from the very beginning . . . that the right ideas were more important even than improving technology, organization or fundraising." Both Clintons have employed Mark Penn, the premier New Democratic pollster who is incessant in his efforts to locate the political center.

Obama, by contrast, began his political life as a community organizer in inner-city Chicago. His earliest experiences were of a bottom-up politics mobilizing the poor and the marginalized. This had the paradoxical effect of giving some of his ideas a decidedly progressive and activist tilt and others a more conservative tinge.

Consider two statements he made in 1997, shortly after his election to the Illinois Senate. On the one hand, Obama noted that welfare recipients "generally are not represented down here in Springfield," the capital, and that his job was to stand up for them.

But the organizer's emphasis on local and community responsibility sounded quite traditional when he declared the same year that "though we may be lobbying for more school funding, it's also important for us to bring education into the homes and ensure parents are checking children's homework, turning off the television, teaching common courtesy."

In keeping with his grass-roots background, Obama's campaign for the 2008 Democratic presidential nomination kicked off with a sense that it was a national movement, while Clinton, from the moment she announced her intentions on Saturday, commanded a well-established, well-staffed and well-financed national organization.

This second contrast can be exaggerated, since Obama will have ample financing. But the feel of the two campaigns is palpably different, with Obama enjoying an advantage on passion and Clinton on organization and discipline.

There are warnings for both candidates from the 1984 Democratic primaries, when Walter Mondale, the clear favorite, was nearly upended by the bright young upstart, Gary Hart. The danger for Clinton is that her front-running campaign will develop the habits of a cautious, inflexible behemoth. The bad news for Obama is that the solid Mondale had staying power and ultimately prevailed, though he lost in November.

There are, however, limits to the 1984 comparison, as a Clinton supporter noted over the weekend. Obama has been built up into a party savior a full year before the primaries -- he will not enjoy Hart's element of surprise -- even as expectations for Clinton have been defined downward by the incessant speculation about whether she can win.

Thus the third difference: Clinton, more than any other Democrat, has been both scarred and toughened by the partisan warfare of the past 15 years, while Obama is unscathed and untested.

This contrast was reflected in their announcement speeches. Obama attacked a politics that "has become so bitter and partisan" and pledged himself to "our common interests and concerns as Americans." Clinton spoke proudly of her ability to take on partisan foes. "I have never been afraid to stand up for what I believe in or to face down the Republican machine," she said. "I know how Washington Republicans think, how they operate and how to beat them."

Yet if Clinton and Obama present different profiles, they are, in certain respects, very much alike.

Both have displayed an unusually sophisticated and apparently genuine understanding of the role of religious faith in American politics. Both pride themselves on their ability, proven in their home states, to win over political moderates and voters not tethered to ideology.

And the woman who would become the nation's first female president and the man who would become its first African American president know how important the men and women of the white middle class will be to the outcome of the next election. Such voters will probably determine if either of them gets to become a national trailblazer -- and also if any other Democrat can find a way to get in the middle of their fight.

Anyone But A Bush Or A Clinton (LAT)

By James Burkee

The Los Angeles Times, January 22, 2007

HAVING REFUSED a third term as president, George Washington offered the nation a farewell address in 1796, urging Americans to cherish the Union and to avoid the "baneful effects" of political partisanship. Successors such as Thomas Jefferson warned against the formation of an "unnatural" aristocracy of men who inherited great fortunes and political office.

Both of these warnings have been overlooked in the debate over Hillary Rodham Clinton's 2008 presidential run. But if she secures the Democratic nomination, wins and serves two terms, by 2017 the United States will have been governed by either a Bush or a Clinton for 28 years. That's three decades governed not just by the same two families but much of the same supporting staff. As Dick Cheney is a name familiar to both Bush presidencies (as George H.W. Bush's secretary of Defense and

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his son's vice president), so too may a Hillary Clinton presidency resuscitate familiar names such as Harold Ickes, Paul Begala and James Carville.

And it might not end there. Former Florida Gov. Jeb Bush, encouraged by Republican leaders and the current president (who said, "I would like to see Jeb run at some point"), has not ruled out a White House bid or a vice presidential slot on the ticket in 2012 or 2016.

If Washington's caustic, partisan atmosphere is to change, the era of Bushes and Clintons needs to end in 2008.

Three times in American history have close relatives of former presidents won the office. John Quincy Adams, son of John Adams, lost the popular vote to Andrew Jackson in 1824 but won in the electoral college amid charges of a "corrupt bargain." Benjamin Harrison, grandson of William Henry Harrison, lost the popular vote to Grover Cleveland in 1888 and also suffered as a "minority president" and mere figurehead. George W. Bush lost the popular vote to Al Gore in 2000.

Recent polls suggest that a significant body of Americans, perhaps 40%, will not vote for Hillary Clinton under any circumstances — so it is unlikely that she could enter the Oval Office with a strong electoral mandate. The ironic upshot is that such a Hillary Clinton presidency — weakened by low approval and beset by partisan sniping — would mirror George W. Bush's presidency.

That the Bush's administration has been consumed by political partisanship comes as no surprise to students of history. From the time of John Quincy Adams — whose term in office marked the end of the Era of Good Feelings — the children, grandchildren and spouses of presidents engender exceptional hostility when they seek office themselves. For all their personal capacities, the latter Adams, Harrison and Bush — like Hillary Clinton — inherited their claims to the presidency. George W. Bush would not be president today were his name not George Bush, nor Hillary a senator from New York absent the Clinton name. This nation's traditional commitment to meritocracy inclines many to reject these "unnatural" aristocrats, who never garner widespread popularity.

Minority and bare-majority presidents are weak leaders because nothing undergirds presidential power like an election mandate. The strongest post-World War II presidents — Dwight Eisenhower, Lyndon Johnson and Ronald Reagan — were also its most popular. (Eisenhower and Johnson won at least 55% of the vote; Reagan polled just over 50% in 1980 with independent John Anderson in the race, then 59% in 1984.) Presidencies enveloped by partisanship — Harry Truman, Jimmy Carter and Bill Clinton — were made of men who won office on the barest of majorities or pluralities (Truman won 49.6% of the popular vote in 1948; Carter won 50.1% in 1976; Clinton won 43% and 50% in 1992 and 1996).

Pundits compare 2006 to the late Nixon years, with a country disillusioned by war and a deep distrust of its political leadership. In one of his last interviews, former President Ford lamented the "extreme partisanship that exists in the nation's capital today," suggesting that partisanship is even worse than in the post-Watergate era he inherited.

The nation needs today, as it got in Ford then, a president respected by both Republicans and Democrats who can restore trust in politics. It needs new faces and new ideas if it is to confront advancing crises of war, debt and entitlement reform. And it needs a president who can assume office in 2009 swimming in the political capital that only a mandate can bring. The nation needs a candidate who can win 55% or more.

And that will not happen with a Bush or Clinton on the ballot.

Campaign Allegation A Source Of Vexation (WP)

By Howard Kurtz

The Washington Post, January 22, 2007

Days after Barack Obama jumped into the presidential sweepstakes, he was hit with a thinly sourced story from his past--39 years in his past, to be exact.

The allegation, by a conservative magazine, raised questions about whether the Illinois senator had been schooled in Islamic radicalism when he was all of 6 years old.

Insight, a magazine owned by the Washington Times, cited unnamed sources in saying that young Barack attended a madrassah, or Muslim religious school, in Indonesia. In his 1995 autobiography, Obama said his Indonesian stepfather had sent him to a "predominantly Muslim school" in Jakarta, after two years in a Catholic school -- but Insight goes further in saying it was a madrassah and that Obama was raised as a Muslim.

Fox News picked up the Insight charge on two of its programs, playing up an angle involving Hillary Clinton. The magazine, citing only unnamed sources, said that researchers "connected" to the New York senator were allegedly spreading the information about her rival for the Democratic presidential nomination.

The New York Post, which, like Fox, is owned by Rupert Murdoch, also picked up the article, with the headline: " 'OSAMA' MUD FLIES AT OBAMA."

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Thus, in the first media controversy of the 2008 campaign, two of the leading candidates find themselves forced to respond to allegations lacking a single named source.

"The allegations are completely false," says Obama spokesman Robert Gibbs. "To publish this sort of trash without any documentation is surprising, but for Fox to repeat something so false, not once, but many times is appallingly irresponsible. This is exactly the type of slash-and-burn politics the American people are sick and tired of." Obama, aides note, is a Christian and belongs to a Chicago church.

Clinton campaign officials were relieved that what they regard as an absurd allegation was not picked up more widely. "It's an obvious right-wing hit job by a Moonie publication that was designed to attack Senator Clinton and Senator Obama at the same time," says Clinton spokesman Howard Wolfson. Insight, like the Washington Times, is owned by a company controlled by the Rev. Sun Myung Moon. No one answered the phone at Insight's office yesterday and its editor did not respond to an e-mail request for comment.

On the morning show "Fox & Friends" on Friday, co-host Steve Doocy said that madrassahs are financed by Saudis and teach a radical version of Islam known as Wahhabism, though he said there was a question whether that was the curriculum in the late 1960s, when Obama attended the school. Another co-host, Gretchen Carlson, said that those on the show weren't referring to all Muslims, only "the kind that want to blow us up."

After the show, Obama aides complained to Fox about what the campaign deemed inflammatory language.

Bill Shine, Fox News's senior vice president for programming, says the "Fox & Friends" hosts "did say repeatedly, over and over, that they were getting this from Insight magazine." He says the show will provide a "clarification" today by including the comments of Obama campaign spokesmen. He says the morning program is "an irreverent show" on which the hosts sometimes express their opinions.

On Friday afternoon, John Gibson, host of Fox's "The Big Story," began a segment this way: "Hillary Clinton reported to be already digging up the dirt on Barack Obama. The New York senator has reportedly outed Obama's madrassah past. That's right, the Clinton team reported to have pulled out all the stops to reveal something Obama would rather you didn't know -- that he was educated in a Muslim madrassah."

Reportedly?

Gibson's guest, Republican strategist Terry Holt, a former Bush campaign spokesman, said that the effort could be "a despicable act by an absolutely ruthless Clinton political machine. We know that they are capable of doing this." But if the information wasn't linked to Clinton, Holt said, she should "disavow" it. There was no Democratic strategist on the segment, but Gibson did read an Obama campaign statement dismissing the article as false.

Gibson portrayed the controversy as an example of hardball politics: "Picture the commercial, 'Hi, I'm Barack Obama. Funny thing happened to me on my way to the White House, somebody discovered I didn't go to a kindergarten, I went to a madrassah.' This is how the big kids play politics."

Asked if Fox News was promoting unproven rumors about Obama and Clinton, as some liberal blogs have charged, Shine says: "Some on the left might think that. I don't think anybody should read anything into that."

There was a time when major media outlets refused to touch unsubstantiated allegations. When Gennifer Flowers sold her account of an affair with Hillary Clinton's husband to the Star tabloid in 1992 -- allegations that turned out to be true, at least in part -- some news organizations went with it and others shied away for days. These days, the time elapsed between a flimsy charge from some magazine or Web site and amplification by bigger media outlets is often close to zero.

Clinton, meanwhile, faces a longer-range problem with the media. Unlike Obama, whose out-of-nowhere candidacy has been celebrated by reporters and columnists alike, the former first lady has drawn skeptical coverage from the mainstream press, stemming from the battles of her husband's administration.

"She will have to show people that she is not the person her critics describe: radically liberal, ruthlessly ambitious, or ethically compromised," the New York Times said yesterday.

"She will also have to overcome her reputation for political calculation, an inconsistent stump presence and her intimate ties to the polarizing events of her husband's White House tenure," the Los Angeles Times said.

"Clinton is known for her upright bearing and her bare knuckles," the Chicago Tribune said. At this stage, at least, many journalists seem determined to take the Democratic front-runner down a peg or two.Don't Blog About Us!

London's Daily Telegraph has decided that this blogging thing is fine -- up to a point.

Hours before Saddam Hussein's execution, Toby Harnden, the paper's Washington correspondent, filed a story saying that the former Iraqi dictator "will spend the last moments of his life hooded" before he is hanged. Hussein declined the hood, but a rewritten Telegraph piece for the final edition repeated the erroneous detail.

In a blog posting on his paper's Web site earlier this month, Harnden responded to a reader who said, along with some unprintable words, that his story was "full of inaccuracies and made-up background."

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"You're right that writing about Saddam's hanging before it happened was not my finest hour. It was one of those tricky journalistic challenges . . . The doomed dictator remains forever hooded in the headline. Hey, ho," he wrote.

Harnden said nothing about the paper's management, except to praise "my industrious online colleagues" for updating his story. Still, the Telegraph responded by taking down the posting and warning its staff. According to the Guardian, the Telegraph's Web editor wrote: "Please avoid blogging about your relationship with your employer, whether the Telegraph Media Group as an entity, 'the desk,' or 'my boss,' even in jest. Such comments are frequently misconstrued and can easily backfire. Think carefully before blogging about journalists' 'tricks of the trade.' "

Says Harnden: "The whole episode was pretty unfortunate. I think some lessons have been learned about the nature of blogging and its relationship to traditional reporting as we all try to grapple with the new online world."

Michelle Obama: Reluctant Political Spouse (NSWK)

By Karen Springen And Jonathan Darman

Newsweek, January 22, 2007

Jan. 29, 2007 issue - Michelle Obama has always been a creature of discipline and decorum. As a young lawyer, she initially brushed off advances from her future husband, Barack Obama, because they worked at the same firm. A reporter, visiting her Chicago home in 2004, noticed a to-do list for her two daughters that included time for "play." She is in bed most nights by 9:30 and rises each morning at 4:30 to run on a treadmill. "She'll sacrifice the sleep so she can make sure she has that time," says Susan Page, a friend since Harvard Law School. "Once she has a plan, she goes for it."

Now, however, Michelle's once orderly life is tending toward the chaotic, in the form of a presidential campaign, and no amount of planning can stave it off. Last week her husband's name was on the lips of every Democrat from Boston to Berkeley after he announced he was forming a presidential exploratory committee. But Michelle was out of sight—the Obama campaign declined to make her available for this story—even as many Democrats wondered what she thought of her husband's big leap. After all, she has made no secret of her ambivalence about being a political spouse: "If politics were my passion," she told the Chicago Tribune in 2004, "I'd find out how to do it and make it work." In the weeks before his announcement, Obama seemed to stiffen when asked what his wife thought of a presidential run.

The hesitant spouse is a well-known character in presidential politics, and Michelle has never been quite as conflicted as some of her comments might suggest. From the earliest days of her marriage, she has provided crucial support to Barack's political life—introducing him to the Chicago neighborhood where he would make his political name and sharing his passion for work in that community. Her friends say Michelle has long seen great things in her husband's future. "If you say to Michelle, 'Are you surprised [by the attention]?' " says her friend Valerie Jarrett, "she would say, 'The American people are beginning to see what I always knew—he's an extraordinary man born to lead'."

To her friends, Michelle seems to manage public and private pressures with effortless poise. She is intimately involved with her husband's work, reading drafts of his major speeches and tweaking his big ideas and little punctuation choices alike. But she also works full time as vice president for community relations at the University of Chicago Hospitals and juggles the schedules of her two daughters, Malia, 8, and Natasha, 5. "Wherever we're at, people come up to her [and say], 'I love your husband'," says her friend Yvonne Davila. "She gives them hugs ... She makes it seem kind of flawless."

Michelle has long had a talent for making hard work look easy. Growing up in a working-class family on Chicago's South Side, she logged long hours practicing the piano, scrawled short stories in a spiral notebook and excelled in school, skipping the second grade. Her academic performance got her into Princeton, and friends can't recall her chafing at being one of a handful of African-Americans on campus. One spring break, she and her two roommates tagged along with a Jewish student group on a ski trip to Vermont. "We were three black women on a trip with all of these white Jewish kids," one roommate, Angela Acree, recalls. "We stuck out like sore thumbs. But we had a great time."

After college, Michelle entered Harvard Law School, and then joined the Chicago law firm Sidley & Austin. In 1988, she was charged with mentoring a summer intern named Barack Obama. Attraction was instant, but Michelle thought an office romance unseemly. Still, Barack pursued his blushing adviser. "I think it would be OK if you went to lunch with this guy," a Sidley colleague, Kelly Jo MacArthur, remembers telling Michelle.

Lunch they did, and before long they were partners in all things professional and personal. In Chicago, they quickly stood out as an attractive, talented couple. Inside, though, it was a time of turmoil for Michelle; the death of her father in 1990 and the sudden death of another college roommate, Suzanne Alele, at only 25, compelled her to take stock of her own life. She decided to turn her back on Sidley and its hefty salary: "I wanted to have a career where I was thrilled to wake up," she told a reporter in 2004.

Public service seemed like a good fit. In 1990, Michelle interviewed for a position under Jarrett, then the deputy chief of staff to Chicago Mayor Richard Daley. Jarrett offered her the job on the spot. Michelle was flattered but had one request: "I need

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you to meet with my fiancé," she said. "I'm making a huge career decision ... He's nervous and he wants to know who's looking out for me." (Jarrett passed the test.)

Meanwhile, Michelle was helping to open doors for Barack. The child of a Kenyan father and a white, Kansan mother, Obama has spoken openly about his struggle as a young man to identify with the black urban American experience. After marrying Michelle in 1990 and settling on the South Side, he gained entree to one of the strongest African-American enclaves in the country. "There are a lot of successful people who have a hard time working in the community because they're not from there," says John Rogers, a Chicago investment banker and a friend of Michelle and her brother, Craig Robinson, since college. "Craig and Michelle can do it because it's where they come from."

Michelle's community ties came in handy when Barack, by then a state senator, ran for the U.S. Senate in 2004. He faced a primary dominated by some of the Democratic Party's most formidable political families. Barack won the nod thanks to the support of influential African-American business leaders, some of whom had closer ties to Michelle than they did to him. As chair of the Chicago Stock Exchange, Jarrett, Michelle's old boss and close friend, was among the most powerful African-American women in Chicago and served as finance chair of the Obama campaign.

After Barack's election, Michelle fretted publicly over what all his time away in Washington would mean for their family. But friends say that, after an exhausting Senate campaign, she cherished the relative calm of life back home in Chicago. Even now, she is still trying to keep things low key. A day after her husband's announcement last week, she celebrated her 43rd birthday at home in Chicago over bowls of chili with a friend and each of their children. "I'm sure they'll try to shelter the girls as much as they can," says Jarrett, "but some level of spotlight is inevitable." No question.

Handling that spotlight will be a challenge. In the past, Michelle has occasionally played tough enforcer with Barack in interviews but, as Nancy Reagan and Hillary Clinton can attest, voters prefer First Ladies who use a soft touch. The campaign has a careful program for introducing the Obama family to the American public in the weeks before and after his official announcement on Feb. 10. Hesitant or not, Michelle will be smiling for the cameras. Once she has a plan, she goes for it.

Obama: A Race Away From The Past? (NSWK)

By Ellis Cose

Newsweek, January 22, 2007

Jan. 29, 2007 issue - When Jesse Jackson ran for president in 1984, he resembled Barack Obama in some striking respects. A charismatic and compelling figure in his early 40s, Jackson leapt into the contest and forced America to wrestle with questions of political access and equal opportunity. In many important ways, however, Barack Obama is no Jesse Jackson—and that is a key to Obama's political appeal. Whereas Jackson was a fully formed public figure—with all the baggage that entails—Obama is a work in progress who has the ability to embrace nearly whatever qualities he chooses.

Before setting his sights on the White House, Jackson had been a major presence on the national stage for nearly two decades. He was "bloodied up from the civil-rights battle," as he told me last week, and already had won the allegiance of many blacks and the enmity of many whites.

Obama, in contrast, "did not come up through the ranks in our community," says Jackson. Instead he "fell out of the sky in Boston," a reference to how Obama was thrust onto the national stage after an electrifying speech at the 2004 Democratic National Convention. Obama would not dispute this. He sees himself as a "post-baby-boom politician" who represents something different from those people—black, white, other—who came before him. But he acknowledges his debt to them. It is a "testimony to the sacrifices and struggles of previous generations," to people like Martin Luther King Jr. and Rosa Parks, he told me last year during an interview in Kenya, that he is where he is today.

That Obama is somewhat removed from the civil-rights struggle, is not well known to much of its leadership and—having been raised largely in Hawaii by his white mother and her parents—does not have a typical up-from-the-ghetto story has led some to wonder what to make of him. In a much-discussed column in New York's Daily News, Stanley Crouch commented: "When black Americans refer to Obama as 'one of us,' I do not know what they are talking about ... Obama makes it clear that, while he has experienced some light versions of typical racial stereotypes, he cannot claim those problems as his own—nor has he lived the life of a black American." Joseph Lowery, a former chairman of the Southern Christian Leadership Conference, the organization that King led, argues that Obama's history should not count against him. "As we move further and further into the new century, we are not going to always be able to have people running for high office who are directly connected to the civil-rights movement," he says. He describes Obama as a "a very impressive young man" about whom he doesn't know enough.

Like much of the rest of America, in other words, civil-rights veterans wonder: who is Obama, really? They are also intrigued about Obama-mania and whether it "heralds, perhaps, the birth of a new day for fuller inclusion of blacks in the body politic," says Wade Henderson, head of the Leadership Conference on Civil Rights.

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Much about America has changed since Jackson's first run. A new generation has reaped the fruits of the civil-rights revolution. That is all for the good, says Jackson, as long as "civil-rights beneficiaries see their connection to the benefactors."

Obama clearly understands that connection. At the same time, he cannot afford to be seen as one constantly catering to the civil-rights establishment. And he thinks black Americans know that. The black community, he observed during one conversation, is much more sophisticated than many people suspect. It has supported him, he pointed out, even though he speaks a "very universal language."

Obama certainly does not have a lock on the black vote. Many blacks have political ties to, or feel deep affection for, the Clintons, and will therefore tilt more toward Hillary than Obama. Al Sharpton also has his fans. If he runs again, as he's hinted he might, he could draw votes from Obama—though not very many, it seems. To win, Obama will have to put together the type of "universal" coalition no black politician has ever done at the national level. (According to the new NEWSWEEK Poll, voters give Obama a 46 percent to 44 percent edge over GOP Sen. John McCain; Hillary is up 48 to 47. Both Dems lose by a hair to Rudy Giuliani.) One thing that makes him so appealing is his bedrock faith that that is possible, that he does not need to pit one group against another, that politics can be a constructive and unifying force. Of course, we have heard that message before. Now we have to see if Obama can deliver on it.

Presidential Pickings (USNEWS)

By Michael Barone

U.S. News and World Report, January 22, 2007

The single most glaring defect in our mostly admirable political system is the presidential selection process. You can point to other defects—the equal representation of the states in the Senate, judicial usurpation of decision making on sensitive issues—but the downside risks are greater in the selection of the one official who is far more powerful than any other. So what's wrong with it?

It starts too early, takes too long, and ends too abruptly. Thirteen months from today—and 10 months before the general election—we will probably know the nominees of both parties. Some candidates have been busy running most of last year, and now they're busy announcing their exploratory committees. So anyone who doesn't want to devote two or three years to nonstop fundraising and campaigning is ruled out. That would have eliminated past candidates like Dwight Eisenhower.

Then the races for the nominations tend to end abruptly. Iowa caucusgoers and New Hampshire primary voters—fewer than 350,000 people in a nation of 300,000,000—effectively chose the Democratic nominee last time, a choice many Democrats now regret. In 2000, 573,000 South Carolina primary voters effectively chose George W. Bush over John McCain.

It excludes many serious candidates. There's an assumption that anyone who hasn't held elective office is ineligible, which means that almost no one with actual working experience in the White House runs. The exceptions for 2008 are Hillary Rodham Clinton and, if he runs, Al Gore. Talented White House veterans like Hamilton Jordan or James Baker aren't considered presidential timber; the exception to the rule was Colin Powell, but he didn't run. Instead there's an assumption that just about any U.S. senator, no matter how bereft of managerial experience, is eligible. John Edwards used the proceeds from a $25 million lawsuit to win a Senate seat and has spent most of his time since running for president. Barack Obama won a Senate seat over weak opponents and delivered a stirring speech at the 2004 Democratic National Convention, and now he is off and running, too. Edwards and Obama are, in different ways, mesmerizing speakers and may turn out to be good managers as well. But we have little way of knowing whether they will.

It gives too much power to Iowa and New Hampshire. For years I've thumbed through the Constitution, looking for the provision that says that Iowa and New Hampshire come first. I haven't found it yet. Neither state, as Michigan Sen. Carl Levin has pointed out, is remotely typical of the nation. For this cycle, Democrats are adding early contests in Nevada and South Carolina. They're not typical either: The Las Vegas unions are the big power bloc in Nevada, and about half of South Carolina's Democratic voters are black. A better system would be the Delaware plan, which Republicans considered briefly but rejected. It had four rounds of primaries, with the smallest states voting first, so that no one could clinch a nomination till the last round. But no politician with any thought of ever running for president (i.e., almost no politician) will risk dissing Iowa and New Hampshire.

It gives one person the power to determine who is vice president. We take it for granted that the presidential nominee, and he or she alone, selects his or her running mate. But that's crazy. Ever since Jimmy Carter delegated real work to Walter Mondale, the vice presidency has been a serious office. A vice president can become president anytime and usually becomes a serious presidential candidate. We devote all manner of time and trouble to selecting presidential nominees, then toss the choice of their possible successor to one person.

So what can we do? The best answer I come up with is: Muddle through. We are not going to have a national primary or the Delaware plan or an open convention. Voters should keep in mind that character as well as issue positions is important. They should study all available clues about the managerial abilities of candidates like Mitt Romney, whom they haven't seen in action

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(as they have seen Rudy Giuliani). This is the first election in 80 years in which it's clear that the incumbent president and vice president are not running. The system, for all its defects, has mostly given us pretty good presidents. Let's hope America's luck holds.

Schumer: How Dems Can Win White House (NSWK)

By Chuck Schumer

Newsweek, January 22, 2007

Jan. 29, 2007 issue - I am blessed. I love my job. I wake up every Monday morning excited about the week ahead. The one downside is how consuming it is. I don't have much time for leisure activities. So whenever I can, I fit in a nice bike ride through New York City. It's good exercise, it helps me relax, and it's a great time to noodle on difficult problems. In the fall of 2005, I somehow found time for a late-afternoon bike ride. It was just about halfway between the 2004 and 2006 elections. As I pedaled around Brooklyn and Queens, incognito behind my sunglasses and helmet, I was consumed by the question that Democrats in every part of the country are asked almost every day: What does the Democratic Party stand for? How can it help the middle class and those struggling to make it there?

From the Great Depression through the 1960s, the Democrats were the party of the middle class. We won by talking about the social safety net, neglected groups and a stronger federal government. In 1980, Ronald Reagan shifted that mantle to the Republicans. The country was focused on crime, taxes and America's place in the world. By 2005, Americans had new concerns. Technology had created a Brave New World: terrorism, global competition, longer life. Democrats sometimes had a difficult time speaking in a convincing way on these issues. Republicans didn't have that problem. They figured out specific issues that connected to their deeply held values, defined themselves clearly by those issues and then stood by them unequivocally. In 2004, they did it with eight words: War in Iraq. Cut taxes. No gay marriage. Those eight words sum up the reasons for George W. Bush's re-election.

"What are our eight words?" I thought.

Biking through New York's boroughs in 2005, I thought about some old friends, Joe and Eileen Bailey. Though they are imaginary, I frequently talk to them. To me, they represent the hardworking and often-ignored families who are not tuned in to special-interest newsletters or editorial pages, but want a little something more from their government and their leaders.

In 2006, Democrats did much better with people like Joe and Eileen, but only because of Bush's mistakes. We had our own eight words: No war in Iraq. No corruption. Bad economy. But these eight words did not describe our own vision; they were the negative image of the Republican message. In 2006, they helped us win back Congress. In 2008, we will need to do more to persuade the Baileys to again trust the Democratic Party.

As we head toward the election, the competition between the two parties is very close. As in 1932 and 1980, the electorate is up for grabs. Reagan Republicanism, which the middle class has supported since 1980, is under strain. The average middle-class person is looking to the government once again. Still, it won't matter if Democrats don't fill the void. We need our own eight words.

I know what you're thinking. "Hurry up, Schumer! What are the eight words that will save the Democratic Party?"

The truth is, the eight words are far more elusive than you might imagine.

Believe me, I've spent two years trying to find them. Slogans are easy. Empty promises, like "better health care," are easy. But they don't stand for anything; they're typical political b.s. To generate our words, we need concrete ideas that clearly and concisely communicate our values. It's not yet possible for Democrats to boil down our core ideology into eight words. That's not a knock on Democrats. It took Republicans years to develop theirs. The eight words are the end result, not the beginning of the process.

In part of my book, "Positively American," I try to start the process by presenting 11 goals, which I call "The 50 Percent Solution." Taken together, these ideas could help define what Democrats stand for. In the book, I explain each goal, how we can achieve it and why it is important to the Baileys. For example, Democrats should commit to increasing reading and math scores 50 percent by dramatically increasing federal involvement, and funding, in public schools. We should increase the number of college graduates by 50 percent. We should call for reducing illegal immigration by at least 50 percent and increasing legal immigration. We should cut our dependence on foreign oil by 50 percent, and reduce cancer mortality, abortions and childhood obesity each by 50 percent. We should increase our ability to fight terrorism by 50 percent. Sounds like a lot. It is. Together, we can do it—and more. Families, from Appleby to Bailey to Zutter, deserve no less.

From "Positively American" by Senator Chuck Schumer. To be published by Rodale Inc. © 2007 by Charles E. Schumer.

How Deep A Distaste For Politicians Who Waffle? (WP)

By Shankar Vedantam

The Washington Post, January 22, 2007

When George W. Bush takes the podium tomorrow night to deliver his sixth State of the Union address, what are the chances he will say this? "The war in Iraq has been one gigantic mistake. I am sorry I got us into this mess. I am going to bring the troops home right away."

Even those who think anything is possible in politics would have to say the odds of such a speech are close to zero. Bush's position on Iraq has been unyielding, even as the original reasons for the war have been discredited and U.S. troops have become mired in a vicious sectarian struggle. Bush has held fast to his views even as public support for the war, and for him personally, has fallen to near-record lows.

All of this raises a puzzle: Through much of Bill Clinton's presidency and in the last presidential election, voters said they were turned off by leaders who waffled. Americans say they want consistency from their president, not someone who panders to them by checking opinion polls before taking a stance on important issues.

One of the most effective Republican ads in the 2004 election, in fact, showed Sen. John F. Kerry (D-Mass.) windsurfing back and forth across the TV screen as an announcer talked of how Kerry had changed his views on various topics. (For reasons that probably have to do with Internet mischief-makers, a Google search yesterday for the term "waffle" produced John Kerry's official Web site as the top link.) In Bush, Americans have found a leader who gives them consistency in spades. If people really admire consistency, how is it that Bush's ratings have fallen so low?

"It is nice in theory to admire someone's consistency, but if that person has the power to effect change and affect you, then you may not admire it so much," said Hillary Hoffman, a psychologist at the University of Miami.

Experiments that explore the effects of consistent and inconsistent political stands on voters have produced a range of results. But one theme that emerges is that people think they admire consistency more than they actually do.

Hoffman once asked groups of people whether they would vote for a politician named Johnson. One group was told Johnson supported private ownership of handguns, while the other was told he was for gun control. The groups were later asked to rate the politician after a statement he supposedly made six months later. Some volunteers were told Johnson had reversed his position, while others were told he had been consistent.

The psychologist found that it mattered less to both pro-gun and anti-gun volunteers whether Johnson was consistent than whether he agreed with the volunteers' own views about guns.

When voters say they want consistency from a politician, in other words, they may really mean they want a leader who consistently agrees with them.

"Holding fast to an unpopular position . . . will gain a politician virtually nothing in the eyes of the public," concluded Hoffman and her colleague Charles Carver. "Personal respect for consistency appears very unlikely to translate into votes."

Psychologist Kevin McCaul at North Dakota State University said it is possible that people evaluate consistency differently depending on whether an issue is emotional. On a hot-button subject such as Iraq, for example, he said consistency probably matters less than whether the politician's final stance matches voters'.

"If you waffle on issues which people don't care about, then they don't care where you end up, they just care that you are waffling," McCaul said. But if voters are passionate about some topic -- abortion, for example -- then they primarily care about where a politician stands on that topic now. On issues we care about deeply, in other words, we are less interested in whether a leader's views are authentic and more interested in the bottom line -- what the leader is going do about that issue now.

But didn't Kerry pay a price in the last presidential election for waffling on the hot-button issue of the war in Iraq? McCaul argued that Kerry lost not because he was waffling but because the country was bitterly divided over the war in 2004. Had public opinion then been as sharply critical as it is now, McCaul said voters would have ignored Kerry's waffling -- or even welcomed it -- because most voters would have agreed with Kerry's critical stance on the war.

If the psychologist is right, Sen. Hillary Rodham Clinton (D-N.Y.) is unlikely to pay a political price in the 2008 presidential election for strongly supporting the Iraq war early on and for being critical of it now, so long as public opinion remains against the conflict.

One study McCaul conducted showed North Dakota voters and legislators thought consistency in a politician was very important. But this study and several others, McCaul and his colleagues concluded, "simply fail to support the intuitive views of many voters and politicians alike that the average voter values, above all, the politician who 'sticks to his guns.' "

None of this means consistency does not matter. Politicians who change their minds every other week will leave voters unsure of what they will actually do. But it appears we are willing to forgive inconsistency in politicians if they switch their views once -- as long as the change brings their stance into alignment with our views.

After listening to McCaul, I told him I still thought consistency was very important in a leader.

The psychologist thought for a moment: "I am going to go out on a limb and say, 'no you don't. You just think you do.' "

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Before The Flood (opinion) (NYT)

By Jacques Leslie

New York Times, January 22, 2007

San Francisco

WHEN the 40-foot-high Kaloko dam collapsed on the Hawaiian island of Kauai last March, its reservoir released a 70-foot-high, 200-foot-wide, 1.6-million-ton wave that carried away 16 cars, hundreds of trees and a cluster of houses, drowning all seven occupants. At least two bodies were swept three-quarters of a mile to the ocean; four were never recovered.

It is tempting to dismiss Kaloko's collapse as an isolated event, but given the perilous state of the nation's dams, it is more likely a harbinger. In 2005, the American Society of Civil Engineers gave United States dams a D, a grade that is still justified two years later.

For starters, the nation's dam stock is rapidly aging. Most dams need major repairs 25 to 50 years after they're built, and most United States dams are at least 25 years old; some, like the 116-year-old Kaloko, were built more than a century ago.

As dams age, their danger increases. This is a matter of not just advancing decrepitude, but "hazard creep" — the tendency of developers to build directly downstream from dams, in the path of floods that would follow dam failures. The result is that even though Americans now build few dams, more and more dams threaten people's lives. Chiefly for this reason, the number of dams identified in one estimate as capable of causing death and in need of rehabilitation more than doubled from 1999 to 2006, from around 500 to nearly 1,400. The civil engineers' 2005 report placed the number of unsafe dams much higher, at more than 3,500.

On top of that, dam safety officials are so overworked that in most states, they don't come close to carrying out all the inspections required by law. According to the engineers' society, the average state dam inspector is responsible for 268 dams; in four states the number exceeds 1,200. It is no coincidence that even though Hawaiian law requires dam inspections every five years, Kaloko was never inspected.

We don't even know how many dams the country possesses. Using one set of criteria, the National Inventory of Dams, maintained by the Army Corps of Engineers, places the number at 79,777, while the sum of dams inventoried by the states is more than 99,000. Even that number is questionable, since it includes suspiciously low counts from several states. In addition, state officials are constantly discovering previously uncounted dams during routine inspection trips. And if the definition of dams is broadened to include the smallest ones, the estimates are as high as several million.

Unlike, say, waterways and sanitation plants, a majority of dams — 56 percent of those inventoried — are privately owned, which is one reason dams are among the country's most dangerous structures. Many private owners can't afford to repair aging dams; some owners go so far as to resist paying by tying up official repair demands in court or campaigning to weaken state dam safety laws.

When the Kauai public works department ordered Kaloko's owner to stop grading a hilltop next to the reservoir in 1997, the local mayor interceded, instructing the responsible county engineer not to interfere; an investigation by a Hawaiian deputy attorney general published on Jan. 8 found that the owner then covered the earthen dam's emergency spillway with dirt, in the process weakening the dam's defenses.

Thousands of dams have been abandoned by their owners, and over time, title to them has become obscure — 12 percent of the dams in the Army Corps of Engineers' inventory have no known owner. As these dams become dilapidated, the states are left with the expensive task of repairing or dismantling them. Privatization advocates, take heed: this is a cautionary tale.

Climate change will also make dams more dangerous by increasing precipitation in many parts of the country, thus undermining the flood assumptions that underlie dam designs. Consider that in October 2005 and last May, two strong but hardly cataclysmic New England rain storms caused the overtopping or breaching of more than 400 dams in three states; a much fiercer storm would compromise far more dams, worsening flooding and potentially endangering thousands of people.

Dams are ranked according to the danger they pose — "high hazard" dams threaten human life if they fail; "significant hazard" dams threaten property; and "low hazard" dams threaten neither. But many dams are inaccurately ranked — the Kaloko dam, for instance, was rated low hazard.

In addition, in most states the rankings do not take into account the potential impact of toxic chemicals from factories, agricultural runoff and mines that gather in sediment behind dams, even though their sudden release can poison humans, wildlife and vegetation far downstream. When a coal tailings dam near Inez, Ky., failed in October 2000, 250 million gallons of coal sludge were sent into the Big Sandy River and its tributaries, killing aquatic life in the streams.

More sobering still, about half the dams in the Corps' inventory, including many high-hazard ones, do not have emergency plans in case of failure. When these plans are properly executed — by identifying structures likely to be inundated and keeping up-to-date records of residents' phone numbers — they save lives. But the plans that do exist are often inaccurate, and many of

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the people they're intended to protect have no idea of the potential peril they face. California is the only state that even requires property buyers to be informed of potential jeopardy from an upstream dam.

The American Society of Civil Engineers estimated in 2005 that repairing dams threatening human life would cost $10.1 billion, while a 2003 study by the Association of Dam Safety Officials placed the cost of repairing all non-federally owned dams in the national inventory at $36.2 billion. In the last session Congress considered legislation to repair dams at a rate of $25 million a year for five years, but even that feeble gesture didn't make it out of committee.

Americans are easily persuaded to spend hundred of billions of dollars combating debatable terrorist threats from outside the United States, while failing to notice that inside the country, the infrastructure is crumbling. True, outside forces from time to time topple established regimes, but usually not before their insides have started to rot.

Jacques Leslie is the author of "Deep Water: The Epic Struggle Over Dams, Displaced People and the Environment."

Virginia's Republican Hams (WSJ)

The Wall Street Journal, January 22, 2007

Virginia was once a solidly conservative Republican state, but in recent years it has tilted Democratic. A big reason for the shift is the GOP's recent love affair with higher taxes. In the 1990s Republican Governors George Allen and Jim Gilmore won sweeping victories running as tax cutters. Then in 2004 Richmond Republicans enacted the largest tax increase in the commonwealth's history -- a $1 billion hike in sales and tobacco taxes. Now they are flirting with another tax hike even though the state has a Blue Ridge Mountain-high $900 million budget surplus.

Why? The hot political issue in northern Virginia is traffic congestion. Though the state budget has doubled in 10 years, road building hasn't kept pace with population. "Not a penny of the 2004 tax increase went to fund the state's highest need, roads," fumes GOP state Senator Ken Cucinelli.

The Republican plan would spend $1 billion more for roads and cost-inefficient transit programs and pay for it through borrowing, raising taxes and fees on cars and trucks, and giving local governments authority to raise their assessments.

To be fair, these are nickel and dime fees compared to the $600 million in new taxes that Democratic Governor Tim Kaine is seeking. Democrats in the legislature, who pretend they want to fix the traffic problem, are cynically obstructing any solution so that Republicans take a fall. But if the GOP raises taxes yet again, Mr. Kaine is let off the hook and Republicans forfeit their brand identity as the anti-tax party.

Only 10 years ago the Virginia GOP was riding high after Jim Gilmore was elected Governor on a wildly popular message: "End the Car Tax." Now the Virginia Republicans want to raise car taxes. Have they learned nothing from the party's implosion in Washington?

A Tiptoe Budget (WP)

The Washington Post, January 22, 2007

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MARYLAND GOV. Martin O'Malley (D) didn't waste any time stashing his lofty talk about bold initiatives and great programmatic leaps. That's all right, because the fat years have ended; the governor inherited a $400 million shortfall for the coming fiscal year and is staring at a projected budget gap of $1.3 billion for the following year. Until Mr. O'Malley comes up with a serious revenue plan -- and that seems to be in his bulging wait-till-next-year file for the legislature -- there's trouble ahead.

To patch things for now, Mr. O'Malley would snatch nearly $967 million from the state's "rainy day" reserve fund, leaving $674 million, the minimum required by state guidelines. That's a one-time grab; what will next year bring? To his credit, Mr. O'Malley has done some fiscal shaving and shifting to bring down spending, which will disappoint various constituencies but makes sense in the short run. His $30 billion plan would increase state spending by a modest 2.5 percent, a smaller figure than in nine of the past 10 years. Spending increased by 12 percent in the last budget of Gov. Robert L. Ehrlich Jr. (R).

Mr. O'Malley proposes a record amount of money for school construction. In providing funds to meet the separate demands of the 2002 Thornton education plan, the governor wisely held back $94.7 million from the Geographic Cost of Education Index, which would have steered additional money to Montgomery and Prince George's counties. Mr. Ehrlich never funded it. A reasonable case can be made that Montgomery could absorb the cost and that Prince George's should drop its TRIM -- Tax Reform Initiative by Marylanders -- tax cap before passing the hat for help from Annapolis. The governor's proposal to freeze tuition at public universities will draw cheers, but, again, how long can a freeze stay in place?

In his budget submission letter, Mr. O'Malley raved that his initial budget "begins to rise to our perils and possibilities." But if he doesn't get cracking on the revenue front, those "perils" will dominate. The governor must produce a full-fledged revision of Maryland's tax system, which hasn't undergone significant repair in about 50 years. Corporate income tax shelters ought to be eliminated. The gas tax, not raised in 15 years, must be increased, and a tax on services is long overdue.

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The Democratic legislature won't roll over and endorse all that the new governor seeks, but he should seize the honeymoon moment to take on some of the big issues with proposals for this session.

Rice Flirts With New Ideas In Search For Mideast Peace (AFP)

By Sylvie Lanteaume

AFP, January 22, 2007

US Secretary of State Condoleezza Rice embarks on a high-profile campaign to revive Israeli-Palestinian peace talks next month, but with no signs Washington is ready for a radical break with an approach that has proved fruitless for the past six years.

Pushed to take a greater role in peacemaking by European and Arab allies and under intense pressure for a foreign policy success in light of the Iraq quagmire, Rice announced during her recent Middle East tour that she will broker a rare summit meeting between Israeli and Palestinian leaders in February.

Washington will also host a meeting on February 2 of the so-called Quartet of Middle East mediators whose 2003 "road map" for achieving Palestinian statehood and peace with Israel has languished since its inception.

Rice said during a week-long trip to the Middle East and Europe that her aim was to "accelerate" implementation of the three-phase road map put forward by the United States, European Union, United Nations and Russia.

The parties never made it past the map's first stage which, reflecting the post-September 11 US war on terrorism, required the Palestinians to halt militant attacks on Israel while requiring the Jewish state to freeze settlement activity -- neither of which happened.

Rice has indicated a new US willingness to move beyond the road map's strict sequencing, which gave radical militants an effective veto power over progress since attacks on Israel were enough to bring the process to a halt.

"Everybody understands the obligations in it, but we'd gotten to a place that it was stalled, because if they weren't making progress on the first phase of the road map, then you couldn't talk about the end of the road map and what might lead to the establishment of a Palestinian state," she said.

Instead, Washington has expressed a willingness to deal simultaneously with the confidence-building measures embodied at the start of the road map and talks on end-game issues like the shape and institutions of a Palestinian state.

The revised approach reflects in part a 2002 Saudi peace plan centered on Arab states recognizing Israel in exchange for Israel withdrawing to its pre-1967 borders.

But Rice, whose immediate focus is on bringing together the moderate Palestinian president, Mahmud Abbas, and Israeli Prime Minister Ehud Olmert to advance a possible deal, has sidestepped tough questions about each man's political weakness.

Abbas and his secular Fatah party are locked in a power struggle with the radical Islamic movement Hamas, which controls the Palestinian government and has refused to recognize Israel.

Olmert's popularity has plummeted since Israel's perceived mishandling of a July-August war against Lebanon's Islamic militia, Hezbollah.

While showing in interest in exploring some peacemaking ideas that President George W. Bush has previously shunned, Rice made clear over the past week that she was not ready to break the administration's taboo on engaging directly with Syria and Iran over their support for the Islamic radicals.

She also insisted she would not follow her predecessors in the kind of shuttle diplomacy used by past US administrations in their efforts to broker an Israeli-Palestinian peace deal.

"You don't build the possibility for breakthroughs on something as intractable as the Israeli-Palestinian conflict by five months of shuttle diplomacy," she told reporters accompanying her on the recent tour.

"There has to be a process of laying groundwork and I think we've been laying groundwork and we'll see if we've laid enough groundwork to actually produce a breakthrough," she said.

"I do think there's already been progress," she added.

Rice argued that a realignment of forces in the Middle East caused by moderates on all sides seeing their common interest in countering the spread of Iranian-backed Islamic radicalism has created new possibilities for peace.

"You sense that the tectonic plates underneath this conflict have shifted," she said.

US Aims To Trump Skeptics With Mideast Push (AFP)

By Stephen Collinson

AFP, January 21, 2007

The United States is promising an "intense" diplomatic drive in the Middle East, hoping to buck regional skepticism and its own weakened position by cracking open the Israeli-Palestinian deadlock.

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With US troops mired in Iraq after nearly four bloody years, the White House turning up the heat on Iran and Syria, and Lebanon on a political knife edge, the prospect of peace dawning anywhere in the region appears slim.

But US Secretary of State Condoleezza Rice last week declared that earthshaking events like the Israeli war with the radical Shiite Hezbollah militia in Lebanon in mid-2006 had ushered in a turning point.

"A lot has happened in the Middle East in the last several years, and a lot has clarified in the Middle East," Rice said in London after a swing through the region last week.

That supposed shakedown is seen by US administration officials as exposing a divide between supposedly disruptive, radical influences such as Iran and Syria and their affiliated radical groups, and the United States's moderate Arab allies.

Rice argued the new atmosphere could provide a new chance for Israelis and Palestinians to thrash out what a future Palestinian state might look like, after years of violence which stalled the "roadmap" to peace.

"With that shift in alignment, I think you now have a chance to perhaps make progress in this issue in ways which you didn't before," she said.

But critics of President George W. Bush's administration say the idea that there has been some kind of fundamental geopolitical reordering is fanciful.

"I find this rhetoric is becoming almost Soviet in its distance from reality," said Anatol Lieven, a scholar at the New America Foundation think tank.

Critics accuse Bush of wasting US leverage by failing to make any serious effort to mediate the Arab-Israeli conflict during six years in power -- especially through his rejection of the late Palestinian leader Yasser Arafat.

After its struggles in Iraq, and with no sign of an exit that would not risk sparking regional chaos, the administration is also charged with presiding over a dangerous weakening of US prowess in the region.

Wayne White, a retired veteran of the State Department's Bureau of Intelligence and Research, who joined Lieven at a forum organized by the Middle East Policy Council on Friday, said the only clear sign from the region was that US policy was failing.

"If there is a moment of clarity with respect to Iraq and the Israeli-Palestinian issue, it is that the situation in Iraq could not be worse," he said.

Rice's comment on the Israeli-Palestinian situation flew in the face of even US expectations for progress, he argued.

"I found those remarks rather perplexing, to say the least."

Skeptics often argue that the deepening abyss in Iraq has had the simple effect of emboldening and strengthening America's sworn enemy, Iran.

The US refusal to talk to foes in Tehran and Damascus also contributes to a deepening sense of regional crisis, they say.

Bush upped the ante against Iran earlier this month, as he announced a last-ditch troop "surge" designed to finally pacify Baghdad.

He warned US troops would chase down Islamic Republic operatives in Iraq, and dispatched a second aircraft carrier battle group to the Gulf, while offering Patriot missile defenses to US allies.

But Rice is arguing that from the eye of the storm, diplomatic progress is possible on the Israeli-Palestinian track, promising an "intense" couple of weeks which will see a string of high-profile visits to Washington, including talks of the Middle East Quartet, made up of the United States, Russia, the United Nations and the European Union.

She plans to return to the region in February, and has pledged to host a three-way summit with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas on February 2 in Washington.

"I think there are still really, really hard issues here. But you sense that the tectonic plates underneath this conflict have shifted," Rice said.

But doubters point out that Olmert and Abbas may not be in a position to convince their respective people of any hard compromises on the road to peace.

Olmert's popularity plummeted after Israel failed to crush Hezbollah in the summer conflict. Abbas has struggled for months to seal a unity government pact with the radical Islamic movement Hamas.

Quartet Upbeat On Mideast Peace Drive (FT)

By Harvey Morris

Financial Times, January 22, 2007

Senior officials of the international “quartet” have begun talking up the prospects of reviving stalled Middle East peace efforts in the coming weeks, although an unsettled political outlook in both Israel and the Palestinian Authority threatens to damp their optimism.

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Members of the quartet – the US, European Union, United Nations and Russia – are proposing to leapfrog the step-by-step approach of the moribund "road map" they published in 2003 and move the parties towards direct talks on a final resolution of the conflict.

"There's an emerging consensus that the period of crisis management is over and that we must move to the political phase and, within a reasonable time, define the framework," said Javier Solana, the EU's foreign policy chief, who was in the region at the weekend.

His visit followed close on the heels of a tour by Condoleezza Rice, US secretary of state, to the Middle East and Europe.

On her final stop, in Germany, she said that initial talks she planned to hold jointly with Ehud Olmert, the Israeli prime minister, and Mahmoud Abbas, PA president, could take place by mid-February.

"We're not yet at the point where I think we can determine what we would do about formal negotiations," Ms Rice conceded. "It is really a time to try to get the parties into more of a confidence-building phase and we will see what comes after that."

The quartet is expected to meet in early February for its first high-level meeting in months. Angela Merkel, chancellor of Germany, which now holds the rotating EU presidency, left for Moscow on Sunday for talks with Vladimir Putin, Russian president. Her spokesman said the Middle East and a revival of the quartet's efforts would be an important topic raised.

The switch in emphasis towards final status talks came after Mr Abbas pre-empted an expected call from Ms Rice to accept proposals to establish a transitional Palestinian state with interim borders, a half-way solution the Palestinians feared would leave the most contentious issues of refugees and final frontiers unresolved.

The ill-fated road map proposed a performance-based route towards Palestinian statehood that would start with a halt to violence and end with a permanent settlement, for which the deadline was 2005.

The document referred to a provisional state with temporary borders in stage two of the plan. Palestinian officials, however, noted that this was only presented as an option by the quartet.

"We don't want to see a state with temporary borders," Mohamed Dahlan, the PA's former Fatah security chief, told reporters in Ramallah on Friday. "In the past 10 years we wasted too much time on interim solutions."

Mr Dahlan said he did not believe the present Israeli government was interested in peace or that the current political uncertainty in Israel allowed for a resumption of the peace process.

The Olmert government is hard-pressed with other issues at the moment, following the announcement of a criminal investigation into the prime minister that might lead to corruption charges and after the sudden resignation of Dan Halutz, chief of staff, over last year's war in Lebanon.

Quartet officials noted, however, that there appeared to be support in the Labour party, Mr Olmert's coalition partner, for a move towards final status talks with the Palestinians. They said some of Labour's views were also shared by Tzipi Livni, foreign minister, and a member of Mr Olmert's Kadima party.

"Mr Olmert is faced with the option of doing nothing or moving to final status negotiations," said a senior quartet official. "There has not been a moment that this has been more likely since Camp David," the official said, referring to the abortive 2000 Palestinian-Israeli summit hosted by Bill Clinton, former US president.

Mr Abbas was on Sunday making a final effort to reach agreement with the PA's ruling Hamas party to establish a government of national unity.

During a visit to Damascus, he held a much-anticipated meeting on Sunday with Khaled Mashaal, the exiled Hamas leader, and there were reports of progress on choosing cabinet posts.

But the PA president also insists that a new government must accept existing agreements with Israel, a condition that would mean Hamas for the first time in effect recognising Israel's existence.

If the Damascus talks fall through, Mr Abbas has said he will go ahead with his plan to hold new parliamentary and presidential elections, a move that could bring fresh factional turmoil and dent the apparent mood of optimism within the quartet.

Palestinian Leaders Begin Unity Talks (NYT/AP)

The New York Times/AP, January 22, 2007

DAMASCUS, Syria, Jan. 21 (AP) — The Palestinian Authority president, Mahmoud Abbas of the Fatah faction, and Khaled Meshal, the exiled chief of the rival Hamas faction, met Sunday but failed to resolve an increasingly bloody dispute between their movements and form a unity government.

But the two men said in a statement that they had "achieved major progress" in the meeting, their first since July 2005, and that they hoped to resume talks within two weeks.

"There are still points of disagreement, but we will try to resolve them through a national dialogue until we form a national unity government," Mr. Meshal said during a news conference with Mr. Abbas in the Syrian capital, Damascus.

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The two sides emphasized that recent Palestinian infighting, which has killed at least 62 people, was unacceptable.

"We stress that dialogue is the only language allowed for solving our differences," Mr. Meshal said.

Unity Deal Eludes Palestinian Leaders (WT/AP)

By Zeina Karam

The Washington Times/AP, January 22, 2007

DAMASCUS, Syria -- Palestinian Authority President Mahmoud Abbas and the exiled chief of the rival Hamas faction failed last night to resolve their differences over forming a unity government, dashing hopes for a quick end to deadly clashes between their supporters.

But Mr. Abbas and Hamas leader Khalid Mashaal said they "achieved major progress" during the meeting -- their first since July 2005 -- and hoped to resume talks within two weeks.

"There are still points of disagreement, but we will try to resolve them through a national dialogue until we form a national unity government," Mr. Mashaal said at a press conference with Mr. Abbas in Syria's capital, Damascus.

The two sides stressed that recent Palestinian fighting, which has killed at least 62 persons since May, was unacceptable and pledged to exert efforts to avoid political friction.

"Palestinian bloodshed was considered totally prohibited, and we must exert all efforts to avoid frictions and internal clashes," Mr. Abbas said.

The two men had been scheduled to meet Saturday evening, but that session was canceled.

Officials from both sides had cautioned against expecting immediate results from yesterday's meeting.

Both sides said differences remained, without providing details. The thorniest issues have been control of the two factions' security forces and Hamas' refusal to recognize Israel or commit to previous accords signed between Israel and the Palestinian Authority.

An official of Mr. Abbas' Fatah party in the Gaza Strip was optimistic about the meeting, saying Mr. Abbas and Mr. Mashaal had agreed to let an independent run the Interior Ministry, though they did not agree on who should lead the powerful security wing.

"I think some things were accomplished. Some issues were resolved, and others remain problematic. That would need continuation of dialogue here in Gaza and mediation in Damascus," said Abdel Hakim Awad, Fatah's spokesman in Gaza.

He said differences also remained over the wording of the official document laying out the new government.

The deputy head of Hamas' political bureau, Moussa Abu Marzouk, who attended part of yesterday's talks, said the one sticking point was the conditions under which Mr. Abbas would name a new prime minister for the unity government.

Despite the lack of agreement, he said the meeting "will send a message to the Palestinian people that the two sides are committed to continue dialogue."

The militant group Hamas, which controls the Palestinian parliament and Cabinet, and Mr. Abbas' more moderate Fatah movement have been stuck in political deadlock since Hamas' victory in legislative elections last year. Mr. Abbas was elected president separately.

The refusal of Hamas to recognize Israel's right to exist led to Western sanctions, which have paralyzed the Palestinian economy.

Rice's Rhetoric, In Full Retreat (WP)

By Jackson Diehl

The Washington Post, January 22, 2007

Eleven months ago Secretary of State Condoleezza Rice held a joint news conference with Egyptian Foreign Minister Ahmed Aboul Gheit to report on their talks in Cairo. After Aboul Gheit summed up the topics, Rice pointed out that he had forgotten one: "Iran. You missed Iran." She then spent most of her time on Egypt's progress -- or lack of it -- "as it faces questions of democracy and reform."

Last week Aboul Gheit and Rice again appeared side by side, this time in the Egyptian tourist capital, Luxor. Once again each offered a summary of the talks -- which this year, unlike last, included President Hosni Mubarak. This time Iran loomed large in their discussions, as did Iraq. But it was Rice who neglected to mention something: "democracy and reform." During the course of her visit to Egypt, and her latest tour through the Middle East, the words never publicly crossed her lips.

The reversal this represents is staggering -- especially to Egyptians who have closely tracked Rice's visits to their country. After all, her first notable act on moving to the State Department two years ago was to cancel a visit to Egypt in order to signal U.S. displeasure with the arrest of one of the country's leading liberal democratic politicians, Ayman Nour. Thanks in part to

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Rice's gesture, Nour was released and Mubarak announced a multicandidate election for president in which Nour was eligible to participate.

When Rice did get to Cairo, in June 2005, she delivered a speech at the American University that was a clarion call for democracy across the Middle East. She opened her joint news conference with Aboul Gheit by saying, "we look to the Egyptians and the Egyptian people to also take a major role in leading reform in this region." And she warned Mubarak against using fraud and thuggery to manipulate the promised elections.

"The Egyptian government must put its faith in its own people," she said. "The day must come when the rule of law replaces emergency decrees, and when the independent judiciary replaces arbitrary justice. The Egyptian government must fulfill the promise it has made to its people, and to the entire world, by giving its citizens the freedom to choose."

In the succeeding months, Mubarak did the opposite. He did use fraud and violence to control the presidential and parliamentary elections. After they were over, Nour was again arrested, and he was sentenced to prison on patently bogus charges. So when Rice appeared alongside Aboul Gheit last February, she talked about "disappointments and setbacks."

"We have talked candidly about those," she said. "We want to see an Egypt that is fully developing politically and along the lines of reform as well. And so we've discussed the future of reform. We will continue to discuss the future of reform."

Only things got worse. Mubarak canceled scheduled parliamentary elections. His security forces violently broke up protest demonstrations. Opposition leaders, from members of the Muslim Brotherhood to pro-democracy bloggers, were arrested and tortured. Nour's appeals were denied.

Before Rice arrived in Cairo this time, the city was buzzing about Internet videos -- not of Saddam Hussein but of Egyptian police who had been captured torturing innocent citizens. Mubarak had just announced a series of constitutional amendments that would exclude serious opposition candidates from future elections and curtail independent judicial monitoring of balloting. Nour is still in jail.

About all this, Rice said nothing. Instead, she praised the "important strategic relationship" with the 78-year-old Mubarak. In Rice's new parlance, Egypt has suddenly become part of a "moderate mainstream" in the Middle East, which, the secretary hopes, will stand with the United States and Israel against the "extremists" -- Iran, Syria, Hezbollah and Hamas.

Rice has made no real attempt to explain the somersault in her policy, which comes across as a feckless attempt to simplify the increasingly chaotic and dangerous situation across the region. But her latest duet with Aboul Gheit made me wonder if she still remembered that day at the American University. She took questions; one man pointed out that the United States had supported dictatorships in the Middle East for 60 years.

"Yes," conceded Rice, "there's 60 years when we didn't -- we were not outspoken about the need for democracy in this part of the world."

"Things have changed. We had a very rude awakening on September 11th, when I think we realized that our policies to try and promote what we thought was stability in the Middle East had actually allowed, underneath, a very malignant, meaning cancerous, form of extremism to grow up underneath, because people didn't have outlets for their political views." She didn't need to add that al-Qaeda was founded, in large measure, by Egyptians.

Five-and-a-half years after Sept. 11, the cancer is still growing in Egypt, and elsewhere in the "moderate mainstream." But Rice and her president, it seems, have gone back to sleep.

From Bad To Worse (USNEWS)

By Mortimer Zuckerman

US News and World Report, January 29, 2007

Is your journey really necessary? That was the slogan on the old World War II poster intended to encourage Americans to save energy. With her recently completed journey to the Middle East, Condoleezza Rice wasted both time and energy—and badly dented America's diplomatic credibility.

The secretary of state's intention was to revive the "road map" plan to settle the Israeli-Palestinian conflict. It is a worthy but misconceived idea. The conflict that must be settled once and for all—before anyone attempts anything like the plan envisioned in the road map—is the conflict among the Palestinians, which is now verging on outright civil war. In Gaza, Hamas and Fatah gunmen have been killing and kidnapping each other with increased ferocity since unknown gunmen killed three young sons of a Fatah security official. In reprisal attacks, the prime minister, Hamas's Ismail Haniyeh, and the foreign minister were attacked. Hamas operatives also murdered an imam who had the temerity to condemn the movement. In the past year, the number of Palestinians murdered has increased 50 percent.

Behind all the carnage is a call for early elections by the president, Fatah's Mahmoud Abbas, who wants to replace the ineffective Hamas government. Polls show more than half the Palestinian population is fed up with Hamas; 86 percent of those in

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Gaza say their lives have worsened since Hamas took over. Why? Because Hamas refuses to recognize Israel and renounce terrorism, international sanctions have intensified unemployment and poverty among Palestinians.

Hamas sees the call for elections as an absolute casus belli against Fatah, so both seek outside help as they rearm. Hamas has received a reported $250 million from Iran, which wants to see Hamas as militarily strong as its puppet Hezbollah in southern Lebanon.

Shooting galleries. Israeli Prime Minister Ehud Olmert, meanwhile, has conceded a lot to Abbas. Palestinians, he says, could eventually have an independent state in the West Bank and Gaza if they turn away from violence, recognize Israel's right to live in peace, and give up their demands for refugees from the 1948 Mideast War to return. Olmert's substantive offerings to date include the release of $100 million of Palestinian tax revenues so Abbas can pay salaries, the removal of security roadblocks, permission for troops loyal to Abbas to enter the Palestinian territories from Jordan, and for Fatah to receive weapons through Egypt. If all that weren't enough, Olmert is also putting a hold on military action in northern Gaza in return for the deployment of Palestinian Authority security forces to prevent rocket attacks against Israeli towns—a critical requirement as the lethal Kassams become increasingly accurate. No country can allow its cities to become shooting galleries where merely crossing the street and going to the grocery are the daily equivalent of russian roulette. The weapons, instead, just keep on coming: Egypt has utterly failed to prevent arms and explosives for Hamas from crossing its border to Gaza.

The roadblock to peace is Hamas. Prime Minister Haniyeh is just back from Tehran, where he declared time and again that his organization will never recognize Israel, will not honor any of the existing agreements between Israel and the Palestinians, and will continue its jihad until Jerusalem is liberated and "the face of the Zionist state would disappear," according to the Economist. Hamas seeks constant combat against Israelis in the hope of wearing them down morally, physically, and psychologically.

Tehran Announces More Tests Of Missiles (WT/AP)

By Nasser Karimi

The Washington Times/AP, January 22, 2007

TEHRAN -- Determined not to budge under pressure, Iran announced new tests of short-range missiles yesterday, and hard-line President Mahmoud Ahmadinejad dismissed criticism that the country's economy has been hurt by U.N. sanctions imposed over its nuclear program.

The missile tests come as the U.S. Navy is sending a second aircraft carrier to the volatile Persian Gulf. U.S. officials said the USS John C. Stennis, which will arrive in the region within weeks, is meant to be a warning to Iran.

The deployment appeared to alarm some in Iran's hard-line leadership, including a member of a powerful cleric-run body who warned last week that Washington plans to attack, possibly by striking Iranian nuclear facilities.

U.S. officials have long refused to rule out any options in the face-off with Tehran, but they say military action would be a last resort.

Stressing Iran's preparedness, state television said the Revolutionary Guards planned to begin three days of testing the short-range Zalzal and Fajr-5 missiles yesterday. It could not be confirmed whether the exercise had begun near Garmsar, a city about 60 miles southeast of Tehran.

"The maneuver is aimed at evaluating defensive and fighting capabilities of the missiles," the report quoted an unidentified Guards commander as saying.

Last year, Iran held three large-scale military exercises to test what it called an "ultra-horizon" missile and the Fajr-3, a rocket that it says can evade radar and use multiple warheads to hit several targets simultaneously.

Though U.S. officials suggest Iran exaggerates its military capabilities, Washington is concerned about Iranian progress in developing missiles. Some of its missiles are capable of hitting U.S.-allied Arab nations and Israel, which Mr. Ahmadinejad has said should be wiped off the map.

The United States, which led military maneuvers of its own in the Persian Gulf in October, also accuses Iran of supporting militants in Iraq's sectarian bloodshed and is trying to rally Arab allies to isolate the Tehran regime.

Iran's new maneuvers are the first since the U.N. Security Council imposed sanctions last month over Mr. Ahmadinejad's defiance of its demand that Tehran suspend uranium enrichment. The sanctions ban selling materials and technology that could be used in Iran's nuclear and missile programs.

The United States and its allies accuse Iran of secretly developing atomic weapons in violation of its treaty commitments. Tehran has repeatedly denied that, saying its program is solely for the purpose of developing nuclear technology to generate electricity.

Mr. Ahmadinejad has remained defiant, saying Iran has the right to conduct uranium enrichment, a process that can produce fuel for nuclear reactors but also provide material fuel for atomic bombs.

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The president's tough talk has come under criticism from both ends of Iran's political spectrum. Some reformists and conservatives have accused Mr. Ahmadinejad of focusing too much on fiery anti-Western rhetoric and not enough on domestic issues, including the economy.

Iran's Leader Stands By Nuclear Plans; Military To Hold Exercises (NYT)

By Nazila Fathi

The New York Times, January 22, 2007

TEHRAN, Jan. 21 — Iran's internal battle over President Mahmoud Ahmadinejad's defiant rhetoric on Iran's nuclear program continued to simmer on Sunday, with the president repeating his vow to ignore international sanctions and a moderate daily newspaper warning of Iran's increasing isolation.

Speaking to reporters in Parliament, Mr. Ahmadinejad described the United Nations Security Council sanctions resolution as "a rusty instrument" that "has no effect."

"The resolution was born dead," he said. "Even if they issue 10 more such resolutions it will not affect Iran's economy and politics."

He promised to continue Iran's nuclear program, saying other countries "should know that the nuclear program is our red line," the television news reported.

He made those comments days after two hard-line daily newspapers close to Iran's supreme religious leader, Ayatollah Ali Khamenei, called on Mr. Ahmadinejad to distance himself from the nuclear issue, a sign that the president's his political capital may be declining as his country comes under increasing international pressure. The newspapers accused him of using inflammatory language.

On Sunday, a third newspaper, the daily Kargozaran, which represents the views of moderate forces in the country, warned that international opposition against Iran was reaching an alarming level.

"It appears that the pressure against Iran is increasing, and, unlike an optimistic view, there is a tangible tendency among the countries in the region and in the international community toward America's policies against Iran," Jalal Khoshchehreh, the foreign editor, wrote.

The Security Council passed a sanctions resolution on Dec. 23 intended to curb Iran's uranium enrichment and missile programs. The United States and some European nations have said that Iran's nuclear program is for creating nuclear weapons. Iran contends that the program is peaceful.

In what appears to be a response to increasing Western military pressure, the Revolutionary Guards will test-fire missiles in a three-day military exercise expected to begin Monday, state-run television said. The military will fire Zelzal and Fajr-5 missiles near Garmsar, 60 miles southeast of Tehran.

The maneuvers, the first since the resolution was passed, followed the recent American decision to deploy a second aircraft carrier in the Persian Gulf, effectively doubling the United States presence there, and to extend deployments of Patriot antimissile defense systems in Kuwait and Qatar. The British Navy is also sending more ships to the gulf.

Also on Sunday, Mr. Ahmadinejad proposed a budget for the next year of the Iranian calendar, which begins on March 21, based on a significantly lower price of oil. Iran's budget is heavily dependent on oil revenues, and Mr. Ahmadinejad's budget last year was based on a price of $44 a barrel.

The budget he presented to Parliament on Sunday reduces the price to $33, allowing a wide cushion in case oil prices continue to fall from their current level of about $52 a barrel.

"It is signal to our enemies, saying, 'We are ready, and we will manage the country even if you lower the oil prices,' " Mr. Ahmadinejad said.

State TV: Iran Conducts New Tests Of Short-range Missiles (USAT)

USA Today, January 22, 2007

Iran's elite Revolutionary Guards on Sunday were to begin three days of testing short-range Zalzal and Fajr-5 missiles, state television reported.

The announcement came days after the United States said it was sending a second aircraft carrier to the Persian Gulf. The maneuvers would be the first since the United Nations Security Council imposed sanctions last month on Iran for continuing to enrich uranium, which can be used to make bombs or fuel for nuclear power plants. "Ten more similar resolutions will not affect our economy and our policy," President Mahmoud Ahmadinejad said. Iran says its nuclear program is to produce electricity.

Palestinian leaders hit impasse on coalition government

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Palestinian President Mahmoud Abbas and exiled Hamas leader Khaled Mashaal failed to agree on a unity government during their meeting in Damascus, Syria. Despite the impasse, the two leaders said in a statement that they "achieved major progress" in their first meeting since July 2005 and that they hoped for another round of talks within two weeks.

Hamas and Abbas' more-moderate Fatah movement have been deadlocked since Hamas won parliamentary elections a year ago.

Earthquakes rattle Indonesia; no severe damage reported

A powerful earthquake shook Indonesia's northeastern Sulawesi province Sunday, and two smaller quakes hit the eastern Papua province today. There were no reports of deaths or severe damage. The U.S. Geological Survey pegged Sunday's quake at magnitude 7.3.

A tsunami alert was issued Sunday, but there were no destructive waves. In December 2004, an earthquake off Indonesia's Sumatra island triggered a tsunami that left nearly 230,000 people dead or missing.

U.S. envoy: North Korea nuclear talks may resume

Talks aimed at persuading North Korea to give up nuclear weapons are likely to resume within two weeks, Assistant Secretary of State Christopher Hill said in Beijing. Hill, the chief U.S. envoy to six-nation talks hosted by China, met with Wu Dawei, the Chinese vice foreign minister. The talks began in 2003; the latest round ended in December without progress. The other countries in the talks are Russia, Japan and South Korea.

Military Surplus Parts Illegally Find Their Way To Iran, U.S. Officials Say (WP/AP)

By Sharon Theimer, Associated Press

The Washington Post, January 22, 2007

Fighter-jet parts and other sensitive U.S. military gear seized from front companies for Iran and brokers for China have been traced in criminal cases to a surprising source: the Pentagon.

In one case, federal investigators said, contraband purchased in Defense Department surplus auctions was delivered to Iran, a country President Bush has branded part of an "axis of evil."

In that instance, a Pakistani arms broker convicted of exporting U.S. missile parts to Iran resumed business after his release from prison. He purchased Chinook helicopter engine parts for Iran from a U.S. company that had bought them in a Pentagon surplus sale. U.S. Immigration and Customs Enforcement agents say those parts reached Iran.

Sensitive military surplus items are supposed to be demilitarized or "de-milled" -- rendered useless for military purposes -- or, if auctioned, sold only to buyers who promise to obey U.S. arms embargoes, export controls and other laws.

Yet the surplus sales can operate like a supermarket for arms dealers.

"Right Item, Right Time, Right Place, Right Price, Every Time. Best Value Solutions for America's Warfighters," the Defense Reutilization and Marketing Service says on its Web site, calling itself "the place to obtain original U.S. Government surplus property."

Federal investigators are increasingly anxious that a top priority on Iran's shopping list is within its easy reach: parts for the precious fleet of F-14 Tomcat fighter jets the United States allowed Iran to buy in the 1970s when it was an ally.

In one case, convicted middlemen for Iran bought Tomcat parts from the Defense Department's surplus division. Customs agents confiscated them and returned them to the Pentagon, which sold them again -- customs evidence tags still attached -- to another buyer, a suspected broker for Iran.

"That would be evidence of a significant breakdown, in my view, in controls and processes," said Greg Kutz, the Government Accountability Office's head of special investigations. "It shouldn't happen the first time, let alone the second time."

A Defense Department official, Frederick N. Baillie, said his Pentagon unit followed procedures.

"The fact that those individuals chose to violate the law and the fact that the customs people caught them really indicates that the process is working," said Baillie, the Defense Logistics Agency's executive director of distribution and revitalization policy. "Customs is supposed to check all exports to make sure that all the appropriate certifications and licenses had been granted."

Taking Iran Down A Notch (USNEWS)

By Thomas Omestad

U.S. News and World Report, January 29, 2007

The battlefield, so far, remains confined to Iraq. But the war, in some sense, is growing wider—and more dangerously unpredictable.

The Bush administration's military campaign in Iraq—and its broader approach to the Middle East—are morphing into a head-on struggle against Iran's growing influence. The shift portends either peril or promise. Critics fear President Bush has

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made another dangerous gamble that is more likely to expand the conflict than to bring Iran to heel. The clarifying focus on Iran, officials counter, offers an opportunity to block the region's leading provocateur from fomenting extremism and pursuing nuclear weapons.

Call the revised strategy "pushback," if you like. The aim is to raise the price for Iranian actions on a range of fronts—from its bank—rolling of militants in Lebanon and the Palestinian territories to its alleged supplying of weapons to anti-U.S. Shiite militias in Iraq to its defiant nuclear programs. "We are clearly upping the ante and sending a powerful message to Iran," Nicholas Burns, the under secretary of state for political affairs, said in an interview last week. "They have to understand that there are consequences for their actions. This is a concerted strategy, no doubt about it."

Seek and destroy. One piece of that strategy, U.S. News has learned, is the creation of a military special operations task force to move against Iranian agents in Iraq. Task Force 16, as it is known, demonstrates the high priority assigned to the administration's new anti-Iranian drive. Its structure is modeled after the units set up to hunt for Saddam Hussein and kill Iraqi al Qaeda chief Abu Musab Zarqawi. The special ops effort is part of President Bush's newly announced pledge to "seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq." In recent weeks, U.S. forces have conducted at least two raids that captured Iranians said to be officers of the Revolutionary Guard Corps' al-Quds Brigades. Five Iranians are still being detained despite Iran's claim that they are diplomats with legal protection and have been "kidnapped."

A consensus within the administration sees Iran as emboldened by its surging oil revenues, the insurgent and sectarian violence bogging down U.S. forces in Iraq, the tenacity of its ally Hezbollah in surviving Israeli attacks in Lebanon, and the rising power of the radical Palestinian Hamas movement. "The threat that Iran represents is growing; it's multidimensional," Vice President Dick Cheney said on Fox News. U.S. intelligence czar John Negroponte says Iran now casts a "shadow" across the region. Adds Defense Secretary Robert Gates, "The Iranians clearly believe that we are tied down in Iraq ... that they are in a position to press us in many ways."

The U.S. get-tougher approach on Iran starts with Iraq, but it extends far more broadly. The administration has moved quietly on some fronts—perhaps to avoid alarming countries like Russia and China that oppose a more confrontational approach. But taken together, the various pieces point to an integrated strategy to counter Iran. "It's a shift in U.S. policy to rolling back Iranian influence," says Vali Nasr, an Iran expert at the Council on Foreign Relations. "The administration sees dealing with Iran as key to these other issues." Adds Michael Rubin, an American Enterprise Institute analyst who dealt with Iran issues at the Pentagon in Bush's first term, "a critical mass of information" about Iranian activities in Iraq and beyond forced the administration's hand. "It's a moment a long time in coming," he says.

U.S. Officials Try To Interpret China's Silence Over Satellite (NYT)

By David E. Sanger And Joseph Kahn

The New York Times, January 22, 2007

WASHINGTON, Jan. 21 — Bush administration officials said that they had been unable to get even the most basic diplomatic response from China after their detection of a successful test to destroy a satellite 10 days ago, and that they were uncertain whether China's top leaders, including President Hu Jintao, were fully aware of the test or the reaction it would engender.

In interviews over the past two days, American officials with access to the intelligence on the test said the United States kept mum about it in hopes that China would come forth with an explanation.

It was more than a week before the intelligence leaked out: a Chinese missile had been launched and an aging weather satellite in its path, more than 500 miles above the earth, had been reduced to rubble. But protests filed by the United States, Japan, Canada and Australia, among others, were met with silence — and quizzical looks from officials in The Chinese Foreign Ministry, who seemed to be caught unaware.

The mysteries surrounding China's silence are reminiscent of the cold war, when every case of muscle-flexing by competing powers was examined for evidence of a deeper agenda.

The American officials presume that Mr. Hu was generally aware of the missile testing program, but speculate that he may not have known the timing of the test. China's continuing silence would appear to suggest, at a minimum, that Mr. Hu did not anticipate a strong international reaction, either because he had not fully prepared for the possibility that the test would succeed, or because he did not foresee that American intelligence on it would be shared with allies, or leaked.

In an interview late Friday, Stephen J. Hadley, President Bush's national security adviser, raised the possibility that China's leaders might not have fully known what their military was doing.

"The question on something like this is, at what level in the Chinese government are people witting, and have they approved?" Mr. Hadley asked. He suggested that the diplomatic protests were intended, in part, to force Mr. Hu to give some clue about China's intentions.

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"It will ensure that the issue will now get ventilated at the highest levels in China," he said, "and it will be interesting to see how it comes out."

The threat to United States interests is clear: the test demonstrated that China could destroy American spy satellites in low-earth orbit (the very satellites that picked up the destruction of the Chinese weather satellite).

Chinese military officials have extensively studied how the United States has used satellite imagery in the Persian Gulf war, the wars in Iraq and Afghanistan, and in tracking North Korea's nuclear weapons program — an area in which there has been some limited intelligence-sharing between Chinese and American officials. Several senior administration officials said such studies had included extensive analysis of how satellite surveillance could be used by the United States in case of a crisis over Taiwan.

"This is a wake-up call," said Robert Joseph, the under secretary of state for arms control and international security. "A small number of states are pursuing capabilities to exploit our vulnerabilities."

As a result, officials said, the Chinese test is likely to prompt an urgent new effort inside the Bush administration to find ways to counter China's antisatellite technology. Among the options are efforts to "harden" vulnerable satellites, improve their maneuverability so that they can evade crude kinetic weapons like the one that destroyed the Chinese satellite and develop a backup system of replacement satellites that could be launched immediately if one in orbit is destroyed.

American officials noted that the United States and Russia had not conducted such tests for two decades, and that the international norm had changed, in part because so many private satellites had been launched by many nations. "The Chinese seem out of step on this one, and we don't know why," one official said.

But the more immediate mystery about the destruction of the satellite revolves around China's prolonged silence — and what it says about the commitments President Hu and President Bush have made concerning increasing their communication, and diminishing the secrecy around China's military buildup.

Chinese leaders often hesitate to engage with foreign officials on matters of military secrecy. It took days to get the Chinese to respond in the first foreign policy crisis to confront the Bush administration — the forcing down, on Chinese territory, of an American spy plane in 2001. Eventually the plane's crew was returned, unharmed, but the prolonged silence unnerved American officials.

In this case, the communication blackout raised the possibility that top Chinese officials were either trying to anger the United States or that the test was conducted without the full involvement of the one official who has authority to coordinate the military and civilian bureaucracies: President Hu. American officials said they believed that the Foreign Ministry — the one department that deals daily with the rest of the world — was left in the dark.

"What we heard, in essence, was, 'We'll get back to you,' " said a senior American diplomat. "It was unclear they even knew what was going on."

Chinese political and military analysts, who would not speak on the record about an issue the Chinese government still regards as secret, said they considered it unlikely that the army's Second Artillery forces, in charge of its ballistic missiles, would conduct a test of a sophisticated new weapon without approval from the highest levels.

But they suggested that the test might have been approved in principle, with little advance preparation for the diplomatic fallout in the event it was successful. That entails not just new military worries; the destruction of the weather satellite left debris in space that could damage satellites from other nations.

"It's the kind of silence that makes you wonder what's happening inside the country," said another senior American official who has been monitoring the case. "I'm sure the Chinese leadership knew there were tests under way, in a general sort of way. But they don't seem to have been prepared for a success, and they clearly had not thought about what they would say to the world."

The timing is significant. Chinese officials have hinted in recent months that they are prepared to grant an American request to establish a military-to-military hot line that may be used to enhance communication. But China has moved slowly to establish the link, which is based on the cold war hot line to Moscow, and there is little evidence that Chinese military officers would have offered an explanation for the antisatellite test if it had been set up.

President Bush and Mr. Hu hold regular phone conversations about continuing issues, including how to manage North Korea's nuclear program. But Mr. Hu and Mr. Bush never developed the kind of close ties that Mr. Bush's aides forecast once the pragmatic-sounding Mr. Hu, who is close to Mr. Bush's age, took office.

Their relationship suffered during an awkward trip by Mr. Hu to Washington last spring, when Mr. Bush declined to hold a state dinner for him — there was a working lunch instead — and the arrival ceremony was marred by a mistaken announcement that the anthem that would be played would be for the Republic of China, the formal name for Taiwan.

Sen. Biden Warns Against Space Arms Race (AP)

By Desmond Butler
AP, January 22, 2007

The Senate Foreign Relations Committee chairman warned on Sunday against fostering an arms race in space after China was reported to have conducted an anti-satellite weapons test.

Sen. Joe Biden, D-Del., said the test was provocative, but that the United States had ways to combat the threat posed by it.

"I don't think we should be overly worried about this at this point," Biden said. "We have ways to deal with that ability."

The U.S. said China conducted the test earlier this month in which an old Chinese weather satellite was destroyed by a missile.

Biden, who is running for president in 2008, said President Bush's policy on weapons in space need to be reviewed.

"One of the things we have to talk about is whether or not the, sort of, ideological base notion about how we deal with space and weapons in space and the use of weapons from space is something that is a path we should continue to follow," he said.

In October, Bush signed an order asserting the United States' right to deny adversaries access to space for hostile purposes. As part of the first revision of U.S. space policy in nearly 10 years, the update said the U.S. would oppose the development of treaties or other restrictions that seek to prohibit or limit America's access to or use of space.

"This is not the direction we want to go, in escalating competition in space. And we should be talking about it," Biden said.

Analysts said China's weather satellites would travel at about the same altitude as U.S. spy satellites, so the test represented an indirect threat to American defense systems.

The Chinese foreign ministry has denied knowledge of the test.

Biden appeared on "Fox News Sunday."

Foreign-Aid Program May Be Hamstrung By Budget (WSJ)

By Michael M. Phillips
The Wall Street Journal, January 22, 2007

WASHINGTON -- President Bush's signature foreign-assistance program is likely to run out of money this year, leaving in the lurch several poor countries that have labored to meet its strict eligibility standards, according to aid officials.

Mr. Bush introduced the Millennium Challenge program in 2002 as a new approach to fix the perceived failures of overseas-development assistance.

The grants would be large enough to transform the recipient nations' economic fortunes, he said then, and the money would go only to countries that met quantitative standards for honest government, free-market policies and generous social spending.

Now the program's budget is expected to fall short of its projected needs by $400 million to $1 billion, depending on the outcome of congressional negotiations over the coming weeks. The crunch comes at a time when Morocco, Tanzania, Mozambique and several other developing nations are nearing agreements on huge aid packages.

"At a lower level of funding, [the program] will need to turn away countries that have developed sound proposals designed to assist millions of the poor -- such as microfinance programs that help women, and water, irrigation, and transportation systems that enable poor farmers to participate in the local economy," said John Danilovich, chief executive of the Millennium Challenge Corp., which implements the aid effort.

When the program was launched, the president promised to secure $5 billion a year from Congress for his plan.

Instead, he has consistently asked lawmakers for less than that, and lawmakers have consistently provided less than he requested.

The Republican-led Congress failed to complete fiscal 2007 spending bills before this month's hand-over to the Democrats. It appears likely that the Democrats will hold this year's spending largely to 2006 levels and focus instead on the fiscal 2008 budget, which takes effect Oct. 1.

"The Republicans' failure to get the job done will unfortunately leave a number of agencies in a situation that is less than ideal," said Rep. Nita Lowey, New York Democrat and chairwoman of the subcommittee that funds the aid effort.

The squeeze will likely provide the aid program with between $1.14 billion and $1.75 billion this year, compared with the $3 billion Mr. Bush had requested. The president again plans to ask Congress for $3 billion for the program when he presents his 2008 budget next month, according to two people familiar with the proposal. \Antipoverty advocates are lobbying furiously on the Hill to ensure that request is fully funded.

The Millennium Challenge Corp. was still struggling to get off the ground and facing stiff congressional criticism when Mr. Danilovich, a former oil-shipping executive and Republican activist, took over in late 2005.

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He accelerated its grant-giving, and the agency now boasts 11 aid agreements totaling $3 billion, including a $461 million package for Mali and an equivalent deal for El Salvador.

Mr. Danilovich has met with scores of lawmakers to plead the agency's case. The program's demanding eligibility standards, he says, have given countries from Lesotho to Georgia an incentive to crack down on corruption and other impediments to economic growth.

Still, many lawmakers worry that the Millennium Challenge Corp., which is barred by Congress from employing more than 300 people, is paying more attention to signing deals than it is to ensuring that they are implemented well enough to actually promote growth and reduce poverty.

"There are very few champions [on Capitol Hill] and, I think, dwindling support," said Sheila Herrling, senior policy analyst at the nonpartisan Center for Global Development think tank in Washington.

Ms. Herrling said that some key lawmakers want to steer Millennium Challenge aid away from roads, airports and other infrastructure projects and toward health, education and other social programs.

North Korea Talks Should Resume Soon: US Envoy (AFP)

AFP, January 22, 2007

Six-nation talks on North Korea's nuclear programme should resume as soon as possible, the chief US envoy to the negotiations said after holding discussions with host nation China.

"I have had lengthy discussions with (Chinese Vice Minister) Wu Dawei and we have agreed to the need to get the six-party talks going as soon as possible," US Assistant Secretary of State Christopher Hill told journalists.

"I would hope the Chinese government will be able to announce soon the start-up of the six-party talks."

Hill made the comments before flying back to the United States, wrapping up a whirlwind trip to brief South Korea, Japan and China on his rare one-on-one talks with North Korea's nuclear envoy Kim Kye-Gwan in Berlin last week.

Kim met with his counterpart in Russia, the sixth member nation of the diplomatic forum that began in 2003, while Hill briefed his six-party counterparts in Seoul, Tokyo and Beijing.

International concern has intensified since North Korea, one of the most isolated and impoverished countries in the world, tested a nuclear weapon in October last year.

The test led to UN sanctions and even condemnation from China, Pyongyang's most important ally.

Washington subsequently redoubled efforts to implement a six-party deal reached in September 2005 to verifiably dismantle North Korea's nuclear programme in exchange for diplomatic recognition and food and energy aid.

Six-nation talks in December, the first since the nuclear test, failed to result in any tangible progress as North Korea, emboldened by the detonation, demanded an end to the UN sanctions.

The reclusive state also insisted that US financial sanctions implemented in late 2005 be lifted.

Hill said the US Treasury Department would resume separate bilateral talks with North Korea soon, which focus on Macau's Banco Delta Asia, accused of laundering money on behalf of the impoverished state.

"We have not determined where they (financial talks) will be held but that will not be a problem," Hill said.

"They will probably be held before or at the same time as the six-party talks."

Hill expressed the hope that the next round of six-party negotiations would be more fruitful than the last round.

"Based on all the consultations we've had in the last week or so I think we have a basis for getting together as soon as possible in the six-party talks and making progess," Hill said before departing Beijing for Washington.

During his talks with Wu, Hill said he briefly discussed a surprise January 11 Chinese missile test that destroyed a satellite, resulting in worldwide concern that China could trigger an arms race in space.

"We had some private discussion, but let me allow the defense department and state department to speak on that issue," Hill said, refusing further comment.

South Korea's nuclear envoy Chun Young-Woo will visit Beijing this week to discuss the resumption of the six-party talks, Hill said.

U.S. Envoy Sees Potential In Korea Talks (AP)

By Alexa Olesen

AP, January 22, 2007

The U.S. envoy to talks on North Korea's nuclear disarmament said Monday he believed there was potential for progress in the next round of negotiations and China would soon announce a start date.

The comments follow pledges by the key players, Washington and Pyongyang, to strive for progress in the slow-moving negotiations.

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The Chinese-organized international talks took on added urgency after North Korea alarmed its neighbors in October by testing a nuclear bomb. But the latest round ended in December in Beijing with no breakthroughs.

U.S. Assistant Secretary of State Christopher Hill told reporters that Washington was disappointed with the lack of progress in the last round but that he believed there was "a basis for making progress" when negotiators meet again. He did not elaborate.

Hill said that in talks Sunday with his Chinese counterpart, Wu Dawei, the two sides agreed the high-level negotiations should start again "as soon as possible."

"We hope that the Chinese government will be able to announce soon the start up of the talks," he said.

Meanwhile, South Korean media reported that North Korea has agreed to discuss the disarmament of its nuclear weapons when talks resume, which would mark a shift in the North's stance.

North Korea agreed to directly address moves to disarm when Hill and the North's chief nuclear envoy, Kim Kye Gwan, met in Berlin last week, the Yonhap news agency reported, citing unidentified diplomatic sources.

A South Korean newspaper reported Monday that at the Berlin meeting, North Korea and the United States came close to an agreement for the communist state to freeze its nuclear activity and allow international monitoring in exchange for aid.

Chosun Ilbo newspaper, citing unidentified officials in Seoul and Beijing, said Kim offered to halt the operation of the five-megawatt reactor at the North's main nuclear complex and other nuclear activity while allowing monitoring by the International Atomic Energy Agency, the U.N. nuclear watchdog.

In return, Kim demanded the United States provide the impoverished North with economic and energy aid and show "sincerity" in efforts to resolve a dispute over Washington's imposition of financial restrictions against Pyongyang, the report said.

Hill responded positively to Kim's request for aid, the paper said. But the report did not say how the U.S. diplomat reacted to the North's request over the financial dispute.

South Korean officials were not immediately available for comment.

Previously, Pyongyang said it would not discuss nuclear disarmament unless the United States first lifted financial restrictions imposed for the North's alleged counterfeiting and money laundering.

Separate talks between the U.S. and North Korea on the financial sanctions issue were also expected to resume soon, but no date or location had been fixed yet, Hill said.

"I think they will be very soon, probably the same time or before the six party talks," he said.

The participants in the six-party talks are North Korea, the United States, Japan, South Korea, China and Russia.

U.S. Envoy Upbeat About New Korea Talks (NYT)

New York Times, January 22, 2007

BEIJING, Monday, Jan. 22 — The chief American envoy to talks on North Korea's nuclear weapons program said Monday morning that he hoped a new round of six-nation negotiations would get under way shortly, and he expressed cautious optimism about prospects for reaching a settlement.

The envoy, Christopher R. Hill, an assistant secretary of state, told reporters after consultations with the Chinese in Beijing that he felt there was a new "basis for making progress." He said China, the host of the talks, may announce the start date for a new session shortly.

His relatively upbeat assessment came after he had a rare bilateral meeting with his North Korean counterpart in Berlin last week.

The last round of talks in December began with a burst of optimism, but ended in stalemate.

A South Korean newspaper, the Chosun Ilbo, reported Monday that North Korea had offered to halt the operation of the five-megawatt reactor at its main nuclear complex while allowing monitoring by the international weapons inspectors.

It said that in return, the United States agreed to provide the North with economic and energy aid and show "sincerity" in efforts to resolve a dispute over Washington's imposition of financial restrictions.

U.N. Left Out Of Plans For Korea (WT)

By Andrew Salmon

The Washington Times, January 22, 2007

SEOUL -- Planning for a handover of military command to South Korean forces has failed to provide for a small but vital U.N. force, jeopardizing the allied deterrent on the Peninsula, the U.S. commander said.

Gen. Burwell B. Bell, joint head of the Combined Forces Command, warned that the problem must be resolved because a crisis on the Peninsula could "almost instantaneously lead to combat operations."

In that case, "there could be no time to make changes in our command structure while crisis escalates," Gen. Bell told reporters. Unless the problem is addressed, "this situation will make it impossible to credibly maintain the armistice."

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Combined Forces Command, led since the Korean War by a U.S. general, has operational wartime control over about 29,000 U.S. troops and more than 600,000 South Korean troops.

At the request of the government of President Roh Moo-hyun, that command will be dissolved, and the South Korean forces would serve under South Korean command. The change is set to go into effect in the next two to five years.

However, Gen. Bell warned, no adequate planning has been done for the parallel U.N. Command, a largely administrative body that oversees the 1953 armistice that ended the Korean War.

The unit has only 60 soldiers, but it provides the legal framework for the mobilization of reinforcements from the 16 U.N. member states that fought in the Korean War if another conflict breaks out.

"It allows sending states to return forces to Korea without further [U.N.] resolutions," said Dave Oten, spokesman for U.S. Forces Korea. "The legal authority is already there."

Gen. Bell, in a meeting with foreign journalists late last week that was also attended by senior diplomats from the 16-nation U.N. coalition, warned that clarity in command structures will be essential during the coming transition to Korean command.

"The inactivation of Combined Forces Command and the transfer of Republic of Korea forces wartime [operational command] to an independent ROK military command will create a military authority-to-responsibility mismatch for the United Nations Command," he said, using the acronym for Republic of Korea.

He noted that the U.N. commander would no longer have "immediate access" to South Korean troops, a situation that would undermine the military deterrent.

Traditionally, the commander of U.S. forces in Korea also serves as U.N. commander. Gen. Bell said he expects that arrangement to continue and that the U.N. commander will maintain operational control of all U.N. forces in Korea.

One ambassador at the conference confirmed that his country was paying close attention to the way the U.N. Command will be structured during the transition.

The United States and South Korea are at odds over the timing of the transition of the Combined Forces command. Although the Korean government proposed the change, it is in less of a hurry than the American side is.

Seoul expects to be ready to take full control after 2012, but Washington is pressing to make the switch as early as 2009.

Gen. Bell said that he hoped a definite date would be ironed out through bilateral negotiations by this summer.

It was the general's second press conference this year. Two weeks ago, he spoke about issues bedeviling the U.S.-Korea alliance, particularly budgetary disagreements and reported Korean moves to delay the redeployment of American troops from their central Seoul base to a less intrusive garrison near the city of Pyeongtaek, 40 miles south of the capital.

The frank nature of the general's comments surprised some analysts.

"Bell is expressing his frustration. the Korean side doesn't want to make difficult decisions, and it is leaving Washington frustrated," said Peter Beck, a Seoul-based analyst with the International Crisis Group.

"There is not even a master plan for Pyeongtaek that both sides can agree on. Korea wants control, but doesn't have the means of pulling it off on their own."

The alliance has been strained by mass anti-American protests aimed at U.S. troops, the rise in South Korea of a new generation of liberal politicians who are critical of Washington and the Bush administration's suspicion toward Seoul's attempts to engage North Korea.

LETTERS (WSJ)

Wall Street Journal, January 22, 2007

U.N.'s Program for the Poor of North Korea Strives to Forestall Corruption

In response to Melanie Kirkpatrick's Jan. 19 editorial-page commentary "United Nations Dictators Program" and the accompanying editorial "U.N. Cash for Kim" about the United Nations Development Program's work in North Korea, I would like to offer some important context and relevant facts.

Here are the facts: There is no reason to believe that our programs were subverted to fund nuclear activities in North Korea, and the most recent audits conducted in 1999, 2001 and 2004 did not raise this concern. We would also welcome an independent and external audit of our operations in North Korea. Moreover we strongly support the secretary-general's call to have an inquiry into the operations of the U.N.'s funds and programs world-wide to ensure there are no misperceptions about our activities in North Korea or elsewhere.

UNDP operations in North Korea are in accordance with decisions of the 36 countries on its board, which includes the U.S., and with resolutions passed recently by the Security Council. They are also in accordance with UNDP's board-approved financial regulations. All of UNDP activities in North Korea have been and continue to be subject to regular audits and controls.

Here is the context: Operating a development agency in North Korea is a complex business. To give an example, operating in North Korea entails an unavoidable transfer of foreign currency. Either we pay our local staff and contractors directly in Euros

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or we exchange euros for North Korean won via the central bank. In light of the current context, we are taking all possible steps to reduce to an absolute minimum of hard-currency transactions and have decided that direct recruitment of staff is pre-requisite for our continued cooperation in the DPRK. The only way to prevent all hard currency from finding its way into North Korea would be to cease operations there.

Our organization works in North Korea because the member states of the U.N. and UNDP's board have made it very clear that they want us there. UNDP and its sister U.N. agencies have helped the North Korean people cope with a devastating famine in the 1990s and continue their assistance to improve the lives of North Korea's impoverished people. If the member states of the U.N. and UNDP's board were to decide that our presence there were no longer useful, we would leave immediately.

Associate Administrator
Under-Secretary-General
U.N. Development Program
New York

House Call: Doctor-Patient Bond

As a primary care internal medicine physician who has made house calls for the past 27 years, I found your report "Green Thumb: Finding Doctors Who Will Make House Calls" (Money & Investing, Jan. 13) to be factual and interesting, but missing one critical point that affects both doctors and patients. It isn't the physical event of a house call that is so greatly helpful for many ailing patients; it is much more often the presence of a trusted doctor at the bedside who can help the patient and family make the right decisions.

A hired-gun house call will produce a spur-of-the-moment physician of uncertain credentials, a doctor with litigation concerns, a physician with no prior knowledge about medical history or a doctor-businessman looking for payment for the time spent driving and talking. Often, the final result may be a call to 911 for the patient to be transported to an emergency room where expensive tests may clarify a diagnosis and where life-sustaining procedures may be brought to an elderly person who had been ready for the end of life.

I have found that when a patient reaches out from his or her bed, clutching my hand with a grip that is often surprisingly strong, the payment for the doctor and the value for the patient isn't financial but is instead an intangible that comes from deep within the souls of both the doctor and the patient.

Roger C. Dunham, M.D.
Santa Barbara, Calif.

There is no way an insurer can adequately compensate for a house call, and I am embarrassed to charge a patient what I think the visit is really worth. So, I usually don't charge the patient or the insurance carrier anything. I am sure that other primary-care doctors also do the house call as an act of charity, particularly when they visit the elderly sick. The visit gives the doctor a chance to better understand the dynamics of the home situation and strengthen their relationships with their patients. Whether or not to charge for house calls is a very personal matter, but at least for the elderly, it seems that charging takes away from the physician's satisfaction. In an inexplicable way, I think it also lessens the physician's effectiveness.

Edward J Volpintesta, M.D.
Bethel, Conn.

The FICA Life

In regard to "No New Taxes" by Mike Pence, editorial page, Jan. 13: The fear of a Republican Social Security tax increase is so great in some quarters that opponents are throwing everything they can find at it in their march toward an America that contributes as little as possible to anything: The "poor" middle-class working Americans struggling to make ends meet and earning more than $94,200 a year will be exploited beyond belief and, no doubt, will be forced to sell their homes and withdraw their children from college. It won't amount to a hill of beans to the rest of us who earn average wages and see FICA as a way of life.

Michael D. McCaffrey
Yarmouthport, Mass.

Antediluvian Outlook

Attempting to discredit free trade, Sen. Byron Dorgan resorts to tired rhetorical tricks (Letters, Jan. 18). For example, he complains about the loss of manufacturing jobs. In fact, though, most of these job losses are due to automation that increases workers' productivity. As economies advance, the loss of manufacturing jobs is no more surprising or regrettable than was our loss over the past few centuries of agricultural jobs or our earlier loss of hunter-gather jobs.

Sen. Dorgan calls free-traders "blind." It is much closer to the truth to call protectionists antediluvian.

Chairman
Department of Economics

DOJ_NMG_0119347

George Mason University
Fairfax, Va.

Oil, Gas Investments Vital to Our Security

The Bush administration's decision to lift oil and natural gas drilling bans in areas of the Gulf of Mexico and Bristol Bay, Alaska, is a step in the right direction to improving American energy security ("U.S. Is Raising Gulf Royalties for Oil and Gas," Jan. 10). But the administration is sending a mixed message by raising the royalty rates on new offshore deep-water federal oil and gas leases, effectively steering capital away from future American energy investment and increasing our dependence on foreign energy sources.

In evaluating deep-water projects, independent producers perform a careful cost-benefit analysis, factoring in lease bonus payments and royalties. Under the administration's proposed increases, royalty rates will discourage high bonus payments and potentially discourage many American energy projects. Higher royalty rates almost always lead to less resources being developed.

Oil and natural gas are essential components of America's energy supply for the foreseeable future. Policies that reduce investments in American oil and gas production are a threat to American energy security.

Barry Russell
President
Independent Petroleum Association of America
Washington

(The IPAA represents companies holding 80% of Gulf of Mexico shallow-water leases and 75% of deep-water leases.)

Freely Traded Yuan Is Worth Rooting For

When it comes to the U.S. trade imbalance, the only exchange rate that really matters is the rate between the dollar and the Chinese yuan ("Why U.S. Should Root for Dollar to Weaken More," The Outlook, Jan. 8). With most of our trading partners, exchange rates act to naturally adjust trade imbalances; however, as long as the yuan isn't floating freely, a weakening dollar, relative to other world currencies, won't have the desired effect of reducing our trade imbalance in any significant way. The deficit will remain high because Chinese imports, which make up the bulk of the deficit, will remain cheap. Exports to other countries from the U.S. won't make up the difference because an artificially weak yuan hurts the competitiveness of those other economies. Furthermore, even if the dollar weakens, the loss of the U.S. manufacturing base, especially over the past 20 years and especially to China, means that there are fewer goods to export. Exporting, therefore, has a diminished ability to affect the trade balance.

Rather than "rooting" for a weakening dollar around the world, we should be insisting on a freely traded yuan or imposing tariffs on all Chinese goods to make up for the existing artificial valuation.

Vision Of Rebuilding Lebanon Wanes (NYT)

By Hassan M. Fattah
The New York Times, January 22, 2007

BINT JBAIL, Lebanon, Jan. 16 — In August, Mohammed al-Seyed watched with some pride as tractors driven by Hezbollah men rolled in to begin scooping away the rubble and debris of a month of war with Israel, while engineers and others set to work.

This Hezbollah stronghold would soon rise again, the leaders of both the town and the militant group's building arm, Construction Jihad, said defiantly.

More than five months later, however, with winter here and Lebanon's government enmeshed in political crisis, the tractors are gone, the army of men has disappeared and Bint Jbail's town center still resembles Dresden after World War II.

"They told us everything was going to be rebuilt soon," Mr. Seyed said Tuesday, speaking of town leaders. "They're not doing anything now. We want to build but they won't let us. They promise to pay us, but they don't. All we want is our homes back and they won't even let us have them!"

There may be as many excuses for the slowdown in rebuilding in the south as there are political factions in this nation. Some people blame the weather; some say residents living abroad are just taking their time; some officials cite disagreements over the amounts paid to those who have lost their homes. In one rare admission, a senior Construction Jihad official said his group was overwhelmed by the destruction.

"Our goal initially was to work with our own hands, but we soon realized we weren't enough, so we decided to begin reimbursing people," said Abou Ali Bayloun, regional director for Construction Jihad in the southern port town of Tyre. "It is natural that the workers in the area will not be enough in the area. It needs a lot of workers to do this."

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But politics is at the heart of the problem. Hezbollah and its supporters point fingers at the government of Prime Minister Fouad Siniora; the government reflects the accusation back at Hezbollah. Residents now blame both sides.

Ultimately, some analysts say, neither side wants to take responsibility for the task of reconstruction. The government avoids direct involvement on the ground, trying to avoid blame for inefficiency, while Hezbollah has also reduced its activities and is capitalizing on residents' frustrations for the lack of action.

"One side doesn't want to be accused of slowing things down," said Habib Debs, professor of urban planning at the American University of Beirut. "The other side wants to blame the government for not doing anything. So nothing is being done and both are happy that that neither is doing anything."

Certainly, the two sides lack coordination and cooperation, which alone is a serious barrier to reconstruction. Fear, too, plays a role: residents who could begin building have hesitated, fearing further conflict with Israel or, worse, civil war.

"People are terrified," said Ali Eid, deputy mayor of the town of Srifa, one of the few southern towns witnessing major construction. "They know that if there's problem in Beirut, it will spread and spread south. We've started because we had to. But Bint Jbail is closer to any war that may happen."

The political wrangling unleashed in the war's aftermath, culminating in the walkout by six Hezbollah-aligned ministers in November and six weeks of unbroken demonstrations in Beirut by Hezbollah and its new allies — including Christian and Druse groups that were once its mortal enemies — has raised sectarian tensions, especially between Sunnis and Shiites.

Officials of the Siniora government insist that they have done what they could for the Shiite-dominated and Hezbollah-friendly south, but that the political crisis has prevented major decisions from being made.

"Hezbollah has been part of all the committees," said Mohammad Safadi, minister of public works and transportation. "They are part of the decision-making process so they are as much to blame." Mr. Safadi said that up to 40,000 households had received government payments of up to $40,000 each to rebuild their homes and could proceed at will.

But officials in Bint Jbail and other southern towns accuse the government of adding red tape and withholding aid to punish them. Bint Jbail's leaders say that electricity service worsened after Mohammad Fneish, the minister of electricity and water resources, resigned with the other Shiite-aligned ministers. They say that telephone service is still spotty because the minister of telecommunications is Marwan Hamadeh, an ally of the Druse leader Walid Jumblat, an outspoken critic of Hezbollah.

"The whole south is in the same situation as us," said Haitham Bazzi, who heads a committee on reconstruction for the old section of Bint Jbail. "They have forgotten us, despite the war and everything we went through. That's why many people here are fed up and want the government out even before the politicians do."

The town — which has 6,000 full-time residents and almost 30,000 living abroad, most in the United States — was adopted by the government of Qatar, which promised to finance the reconstruction. But many villagers feared that residents would take the payments and abandon the village, so Ali Bazzi, the mayor, lobbied to get the Qataris to hire a construction company to rebuild the whole area and preserve its historic nature.

He outlined big dreams for his decimated town in August. It was to become a model city in the south, with new apartment blocks, wider streets and modern infrastructure. A group of local residents and college professors stepped in with its own competing plan, which would rebuild the historic homes, preserving the town's character while leaving the high rises at the town's periphery. The debate, local residents say, continues.

Now the reconstruction plan is moving in stages, said Hussein Saad, a member of the city council. The first stage, now complete, entailed reimbursements of up to several thousand dollars for reparable damage to homes. The second will pay up to $40,000 for rebuilding demolished homes. And finally a third will rebuild homes in the historic older district. The foundations of a temporary market are in place, to house stores and stalls until the bombed-out market is rebuilt.

But city officials say that much of the process has been stalled as they wait for approvals from the Department of City Planning, a branch of the Ministry of Public Works and Transportation in Beirut. Mr. Safadi, the minister, acknowledged the delay but said he had found a way to work around the problems.

The cabinet has drafted new legislation allowing all residents of the south to expedite construction, but said the legislation would normally have to be passed by Parliament. Instead, the cabinet has encouraged city governments to move ahead.

"We simply can't wait for Mr. Berri to hold a session of Parliament any more," Mr. Safadi said, speaking of Nabih Berri, the speaker of the Parliament who has backed the opposition and has refused to convene Parliament. "We can no longer hold the people ransom."

In the rubble of Bint Jbail on Tuesday, Mr. Seyed's voice continued to rise. "I am going to pitch my tent in the center of town and stage my own protest," he said. "We'll bring down the city government. We'll bring down the whole damn show."

An Israeli Ross Perot (NSWK)

By Kevin Peraino

DOJ_NMG_0119349

Newsweek, January 29, 2007

Officially it was only a Chanukah party, but the blowout that billionaire Arkady Gaydamak threw a few weeks ago in Tel Aviv was also one hell of a political rally. Hundreds of outsize candles and scores of plasma televisions cast a flickering glow on banks of tulips and orchids that had been flown in for the occasion—as was the evening's star entertainer, Enrique Iglesias. Fashion models in low-cut dresses mingled with septuagenarian rabbis and top-tier politicians like Benjamin Netanyahu. The guest list was so tight that the uninvited son of a cabinet minister was caught trying to push his way in through the kitchen. "Half the guests were there out of genuine appreciation for Mr. Gaydamak," says David Nitzani, the event's organizer. "And then there were a bunch who just wanted to be seen."

A $2 million bacchanal is hardly the traditional way to observe the Jewish "festival of lights." But Gaydamak has no patience for stodgy ritual, and the 54-year-old Moscow-born financier is just about the only one in Israel who feels like celebrating. After last summer's punishing war with Hizbullah and a rash of political scandals this winter, Israelis are fed up with their current crop of leaders. Military Chief of Staff Lt. Gen. Dan Halutz has resigned after a series of investigations found that his forces had mishandled the Lebanon war. Prime Minister Ehud Olmert faces 14 percent approval ratings—and now a criminal investigation into his role in the sale of one of Israel's largest banks while he was Finance minister. One of his top aides has already been placed under house arrest in a fraud investigation involving the state's Tax Authority. (Both Olmert and his aides deny any wrong-doing.) A recent poll by Israel's Dahaf Institute found that 85 percent of Israelis considered their political leaders to be corrupt. "There's a [power] vacuum," says Shlomo Avineri, a political scientist at Jerusalem's Hebrew University. "And that's when these sorts of oligarchs step in."

Gaydamak styles himself as a sort of Israeli Ross Perot—an eccentric electoral outsider with the bank account and business acumen to fill the gap. During last summer's war, Gaydamak paid about $14 million to house 6,000 Israeli refugees in two tent cities along the Mediterranean. In November he sent 2,000 residents of Sderot, an Israeli village near the Gaza border that has been hammered by rocket attacks, for a weeklong vacation at a Red Sea beach resort. Critics view Gaydamak as more of a Citizen Kane—an awkward tycoon desperately trying to buy friends and build a political base. "Give me three months, and half the Knesset will be mine," Gaydamak told the Israeli daily Yediot Ahronot late last year. A poll last year in the same newspaper predicted that a party led by Gaydamak could win eight out of 120 Knesset seats in a snap election—enough to make him a behind-the-scenes kingmaker. (Gaydamak tells NEWSWEEK he has no current plans to run for office.)

His past could be a problem. After emigrating from the Soviet Union in 1972, Gaydamak built a fortune on oil deals and the Russian stock market. In 2000 he relocated to Israel from France, where he is wanted for alleged tax evasion. (He denies any impropriety.) A 2002 study by the nonprofit Center for Public Integrity in Washington, D.C., concluded that Gaydamak "epitomized the business of war in the post-Cold War era—an entrepreneur with global ties to arms smuggling, resource exploitation and private military companies." For his part, Gaydamak says: "I was never involved in any arms sales, deals—nothing. It's a complete lie."

Despite his political liabilities, mainstream politicians aren't taking chances. Earlier this month a Knesset committee debated a measure nicknamed the "anti-Gaydamak law," which would require any candidate to count large philanthropic gifts as campaign expenses, making them subject to spending limits already on the books. Still, even the measure's author, Ran Cohen, doubts it will ever become law. "He has enough money to buy other politicians," says Cohen. "I'm not sure I'll win."

To many Israelis, Gaydamak's murky reputation outweighs his apparently good intentions. Mordechai Eleasi, a 38-year-old Sderot resident, spent a weekend this past November relaxing with his wife and three kids at a luxury hotel in Eilat on the tycoon's tab. But Eleasi says he has no intention of voting for Gaydamak. "He's a nice guy, we thank him, but that's all," says Eleasi, with the cool indifference of an underwhelmed prom date. "I never really thought about him as anything more than that." Gaydamak's money can buy influence, gratitude—possibly even votes. It still can't buy love.

In Somalia, New Government Faces Old Problem: Clans (NYT)

By Jeffrey Gettleman

The New York Times, January 22, 2007

MOGADISHU, Somalia, Jan. 18 — Fifteen men and one woman sat on the floor of a sunlit room. It was hot. Many people were sweating. The elders of the Ayr clan had called a political meeting, and very quickly it was clear that their attitudes toward the nation's newly empowered transitional government were unanimous — and bitter.

"The government is weak," said Mohammed Abdi, an Ayr elder. "We can't support it."

Somalia, which has been an archetype of Africa's ills for so long, has waited 16 years for this government. The United Nations has invested millions of dollars into propping it up. American officials are so intent on it succeeding that, in the interests of regional stability and counterterrorism, American forces have ventured onto Somali soil for the first time in more than a decade to hunt down the last of the Islamist leaders who held a firm grip on much of the country until just a few weeks ago.

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But whether Somalia pulls itself together now or explodes into bloodshed again depends not on American troops, foreign peacekeepers, investment or aid. It depends on clans. "Clannism," said Ali Mahdi Mohammed, an influential clan leader and once a contender for president, "is our national cancer."

It was clan animosities that tore down Somalia's last government in 1991, clan militias that humiliated American troops in 1993, bringing a troubled aid mission to a hasty end, and clan warfare that has consumed countless lives and reduced Mogadishu, Somalia's once-beautiful capital by the sea, into a pile of bullet-pocked bricks.

The government, which took the capital for the first time last month, is trying to address the clan problem head-on. It is using a mathematical formula based on rough estimates of the population (the last census was in 1975) to allocate parliamentary seats and ministerial posts on a clan basis, and plans to govern like that until the next elections, which are proposed for 2009.

But that approach is hardly original — and it does not have an encouraging history. It is the 14th attempt since 1991 to form a clan-based government; all the others have disappeared into a vortex of suspicion and violence.

The Green Line in Mogadishu, a blasted-out boulevard with blackened buildings on each side, is a monument to fratricide. It is the dividing line between two clans, the Haber Gedir and the Abgal, which are actually part of the same family.

Somalia's main clans are divided into a dizzying number of subclans, sub-subclans and even sub-sub-subclans, and the term clan is loosely used for large family networks, like the Hawiye, and smaller ones, like the Ayr.

There is no definitive clan chart, with different clans disputing how they are interrelated, and Somalis argue over whether they have physical differences. But all clans are based on ancient genealogies. You cannot join a clan. You are born into one.

The Islamists, who seized power six months ago, had their own solution for this. They tried to submerge clan identities under the blanket of Islam, the one thing, besides language, that all Somalis share. They delivered more stability to Mogadishu in their short reign than the city had seen for a decade and a half.

But then they made an enormous mistake. In December, the Islamists tried to seize all of south-central Somalia, including Baidoa, the seat of the transitional government. Their attacks provoked a crushing response from neighboring Ethiopia, which commands one of the most powerful militaries in Africa and viewed the Islamists as a regional threat. Within a week, the Ethiopian forces, with approval from American officials, annihilated the Islamist army.

Now many Somalis wonder what would have happened to the Islamist ideology if the Ethiopians had never stormed in. "Islam was probably the best answer for us," said Hassan Gedi Roble, a chief of the Dir clan. "A government of clans is only going to create clan competition." The Islamists have gone underground, vowing to wage a guerrilla war.

And already the resistance in the capital is beginning to work along clan lines, with attacks against government troops concentrated in neighborhoods that were Islamist strongholds. Government soldiers are so frightened of driving through Tawfik, dominated by the Ayr, that they change out of their uniforms into street clothes before they enter. In other areas not far away, like Sinai, inhabited by many Abgal, shopkeepers pump their fists in the air and cheer when they see the government troops.

Clans have been the bedrock of Somali identity since the first bands of nomads fought over water holes.

"Out there, you needed to belong to someone," said Yusuf Mohammed Ali, a shipping magnate and respected figure among the Suleiman clan.

The same is true today on Mogadishu's chaotic streets. In a place that has teetered so long with no government, no police forces, few institutions and great uncertainty, clans function as a safety net, a social network — most people marry within their clan — a justice system and, most importantly, as protection.

The factionalism makes government a tricky affair. Somalia's infamous warlords, like Muhammad Qanyare Afrah, are essentially clan leaders with their own clan armies.

Everybody in Mogadishu calls Mr. Qanyare a warlord, but he prefers "M.P."

"We are members of Parliament," he said, referring to a group of fellow militia leaders who were given positions in the government in an attempt to bring peace. "We are not street boys."

Mr. Qanyare, who is from the Mursade clan, laid out the long history of conflict between the Haber Gedir (which includes the Ayr) and the Darod, the clan of the transitional president, Abdullahi Yusuf Ahmed.

Relations with the Ayr seem especially combustible: it is one of the largest clans in Mogadishu; many of the Islamist leaders were Ayr; and government officials have accused Ayr elders of backing the insurgency. Ayr elders say they have been cut out of the new administration.

American officials are urging the government to reconcile with all clans, and they are becoming increasingly alarmed about the authoritarian streak of the government, which has already declared martial law and briefly shut down radio stations.

Senator Russell D. Feingold, Democrat of Wisconsin and chairman of the Senate's subcommittee on Africa, said at a conference in Washington this week that President Yusuf's government was "already running the risk of missing a critical window to establish itself as a credible, transparent and representative government."

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The transitional government says security begins with disarmament, but so far disarmament has been mostly a farce. Mr. Qanyare and a few other militia leaders turned in some rusty guns this month.

But military grade firepower is still everywhere. Somalia was a cold-war dumping ground for arms, and then it exploded into every-clan-for-itself anarchy. That combination created such a gun glut that high-powered assault rifles are openly sold for $15 at a Mogadishu market called Sky Shooters (a place where shoppers test the goods by unleashing a stream of lead into the sky).

Many of Mogadishu's residents, even those who resented the Islamists' draconian decrees — no Western music, no cigarettes, no high-heeled shoes — said they felt safer a few months ago. That annoys Abdirizak Adam Hassan, the president's chief of staff.

"This government is constrained by rules," he said. "Unlike the Islamists, we can't just go around lashing people."

One obvious problem is the transitional government's reliance on Ethiopian muscle. Ethiopian troops may have been willing to vanquish the Islamist army, but they are not willing to work as policemen.

The Ethiopian military is now threatening to leave altogether in a matter of weeks, apparently trying to pressure the United Nations and the African Union to quickly assemble a peacekeeping force to fill the vacuum. Only a small portion of the necessary troops have been committed, and it is not clear how the Somalis will receive them.

The best hope is that Mogadishu's residents are so exhausted by war that they will not turn on the foreign peacekeepers the way they did in 1993 when they attacked American and United Nations soldiers who had come to help feed them.

Mr. Mahdi, the former presidential contender, said the government had about three months to pull things together. "After that," he said, "Mogadishu will be ungovernable."

Already, more than a dozen people have been killed in insurgent strikes. On Thursday, thousands of flyers mysteriously appeared across the city warning people to stay away from government soldiers.

Abdi Fatah, a former Islamist fighter who clipped his beard and swapped his robes for polo shirts and slacks, said, "The Ayr guys are meeting every night."

The Ayr elders denied they were fueling the insurgency.

But when asked if the government had as much grass-roots support as the Islamists, their meeting room suddenly grew quiet.

"That was a joke, right?" one man asked. And then the room burst into derisive laughter.

From Marine To Warlord (LAT)

By Edmund Sanders, Times Staff Writer

The Los Angeles Times, January 22, 2007

A Somali who once lived in West Covina now has hopes of becoming president of his homeland.

MOGADISHU, SOMALIA — The Planning Department clerk from West Covina was mapping bike routes and San Bernardino Freeway overpasses when two U.S. Marines drove up in a white Chevrolet and took him away.

The night before, on Oct. 3, 1993, Hussein Mohammed Aidid had watched in horror as television conveyed images of a disastrous U.S. military mission against a Mogadishu warlord. After two Black Hawk helicopters crashed, an ensuing gunfight left 18 American servicemen dead, and rioting Somalis dragged some of the bodies through the streets.

"Hell is coming," he recalled thinking before turning off the TV in disgust.

Perhaps no one in the world was more conflicted than Aidid, a Somalian immigrant who settled in Southern California as teenager. He had served with the U.S. Marines in Mogadishu for four months that year as part of Operation Restore Hope, and the death of the U.S. Rangers "was like a black hole inside of me."

But his father, Mohammed Farah Aidid, was the warlord the U.S. was targeting.

The next morning, at the U.S. Marine base at Camp Pendleton, a commander asked Aidid to send a letter to his father, pleading for the release of a captured U.S. pilot. He said he didn't hesitate.

"I felt almost as if I could have been in that conflict and died," he said.

Three years later, however, Aidid would abandon his job and his military ties in America to return home after the death of his father. Aidid assumed control of his father's militia, inherited a vast swath of territory and became one of Somalia's most powerful warlords himself.

Today Aidid, 44, is trying to change mantles again. As interior minister for Somalia's struggling transitional government, he is the man charged with restoring security to Mogadishu. After routing Islamic fighters from southern Somalia last month with the help of Ethiopian troops, the government is trying to bring order after 16 years of chaos and clan wars.

Described by critics as a wily opportunist who switches alliances easily, Aidid makes no secret of his desire to one day become president. Despite anger by some Somalis over the recent U.S. airstrike against suspected terrorists in the country, Aidid said his U.S. background is an asset, not a liability.

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"People say to me: 'You are our connection to the world. You understand that world. Be that bridge,' " he said.

Over the years, Aidid has struggled to emerge from the shadow of his famous father. Both are still vilified in some parts of the country for using ruthless tactics to crush opponents. Even political allies groan at his occasional blunders, such as his recent suggestion that Somalia and archrival Ethiopia might one day merge into a single country.

"He's a lightweight," said Ken Menkhaus, Somalia scholar at Davidson College in North Carolina. "He's never had the gravitas of his father."

But even those who scoff at Aidid as immature or unstable warn against counting him out. His family and clan connections, encyclopedic memory and track record for political survival guarantee his spot as a power broker in Somalia's future.

Supporters praise Aidid as the first to make the transition from warlord to politician. They say his push for reconciliation, including forgiving the clan that killed his father in a 1996 battle and giving up land for peace, fostered an environment that enabled the current government to form.

"He's fresh and young and doesn't have a black record," said Abdirasak Farah Ahmed, a taxi driver from Aidid's clan. "He was the main one who got rid of the warlords. He is the only one who can unite the people."

In the sitting room of his rented Mogadishu house, Aidid remains a clash of U.S. and African cultures. He wears a dark Western suit and power tie, with bare feet. He acknowledges two wives and seven children, though an aide counts four wives and 20 kids.

He can dance and feast in a cow field during an all-night clan festival, but still retains some of his old military habits, such as jotting down tasks and thoughts in a small notebook. He speaks so rapidly at times, for example rattling off the "Seven Habits of Highly Effective People," that it seems his mouth can scarcely keep pace with his brain.

Aidid enjoyed a comfortable upbringing as son of a military guard until his father was jailed in 1969 on suspicion of plotting a coup against then-dictator Mohamed Siad Barre. In 1975, Aidid's father was released from prison and rejoined the resistance. He sent Aidid to the U.S. His mother and other siblings would soon join.

"We moved into exile so my father could do the opposition work he had to do," Aidid said. When he graduated from Covina High School, he said, joining the Marines was a natural choice. "I come from a military family," he said. "My hero was my father. I felt I must do something for my new country." His interest in science and math led him to specialize in computers and programming, studying the inner workings of MX missiles and artillery.

After serving in Iraq in the 1991 Persian Gulf War, Aidid's unit was tagged for a four-month mission in Mogadishu to deliver food and humanitarian support. Siad Barre had been ousted in 1991 in a revolution led by Aidid's father, but his clan had become engaged in a power struggle that was destabilizing the country.

It was a personal journey for Aidid, who briefly reunited with the father he had not seen for several years. After Aidid and his unit returned to California in March 1993, his father's relations with the United States unraveled further, and Somalia unraveled with them.

During the following two years, Aidid resumed his old life, living in Diamond Bar, driving around in a Mazda RX-7 and eating at Chinese restaurants. When he returned to Somalia in 1995 to introduce his fiancee, a Somali also living in California, to his father, the elder Aidid tapped his son to be his successor.

Just one year later, Mohammed Aidid was fatally shot in battle. The clan elected the younger Aidid to take over as head of a coalition of clans and warlords known as the Somali National Alliance.

"It was the hardest decision," he said. "My life [in the U.S.] was set. I knew that system. I didn't know anything about Somalia." Ultimately, he said, he felt obliged to fulfill a promise to his father to one day take over.

Aidid reconnected with his Somalian roots. He started another family in Mogadishu. He began referring to the Oct. 3 U.S. helicopter crash as a "gloomy day for the aggressors" and a "victorious day for the Somalis." But Aidid said he never developed the taste for the life of a warlord.

"My father was a general," he said. "He did things by action. I reversed. I flipped the coin. I did things through reconciliation."

Analysts confirm that the younger Aidid was among the first to seek reconciliation in Mogadishu, though they noted that at times he also boycotted peace conferences. He reached a power-sharing agreement with other Mogadishu warlords. But fighting soon resumed. And Aidid, who began with a huge expanse of southern Somalia, including Mogadishu, Baidoa and Kismayo, had retrenched by 1999 into Mogadishu's presidential palace, a small but symbolic holding.

"Sometimes a lion delivers a cat," said one Somalian clan leader, drawing a disparaging comparison between father and son.

Aidid continued his father's bloody campaign to hold Baidoa against an Ethiopian-supported resistance. Thousands of civilians were killed in the fighting, and Aidid's militia was accused of human rights abuses, such as killing the wives of rebels and shooting residents lined up for food.

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"He's a criminal," said Abdulaziz Mohamed Omar, 22, who said he lost three cousins to Aidid's fighters.

Aidid blamed the violence on Baidoa's rebels and defended his record. His goal, he said, was never to control land or make money.

"We didn't remove Siad Barre to become another dictator," he said.

He said he started a process that eventually weakened warlords, including himself, and brought all sides to the negotiating table.

"The objective was to create a democratic society, to reconcile with warlords and put them into parliament," he said. "And that strategy worked."

Experts say Aidid's version of history is a bit revisionist.

"His father, and to some extent the son, contributed to the instability and chaos in Somalia," said Ted Dagne, analyst at the Congressional Research Service.

Aidid said his standing in Somalian politics stems from popular support. "We survived here for so many years because we are with the people and their hearts," he said.

Aidid said he hoped to extend reconciliation to the U.S. by forging a closer relationship with the country he said offered him so much. Memories of Oct. 3 are never far from his mind, and he said he'd like to build a memorial in Mogadishu for those who died that day. As a reminder, Aidid said he still holds the dog tags of the captured U.S. pilot he helped release.

"I'm keeping them for him," Aidid said. "I want to give them to him when I see him."

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Murder Of Outspoken Journalist Tests Turkey's Democratic Gains (CSM)

By Yigal Schleifer

The Christian Science Monitor, January 22, 2007

The murder Friday of a prominent and outspoken Armenian journalist has sent shock waves throughout Turkey and raised questions about whether a recent nationalist upsurge in the country has taken a violent turn. It also presents the government with what many say is a serious challenge to its already embattled democratization and reform efforts.

The journalist, Hrant Dink, was a vocal critic of Turkey's treatment of its religious minorities and had been particularly outspoken against the government's policy of rejecting claims that the mass killings of Armenians by the Ottoman Turks in 1915 was genocide. He was shot in broad daylight just outside the offices of the bilingual Turkish-Armenian newspaper Agos, where he served as editor.

"A bullet has been fired at democracy and freedom of expression. I condemn the traitorous hands behind this disgraceful murder," Prime Minister Tayyip Erdogan said on television soon after Mr. Dink was murdered. "This was an attack on our peace and stability."

The past few years have seen Turkey engaged in a deep internal struggle. On the one hand, the country's drive toward European Union (EU) membership has resulted in significant political reforms, particularly regarding democratization and human rights, and the freeing up of the debate on what had previously been taboo subjects, such as the Armenian question.

On the other hand, the EU-related reforms have been met with a strong nationalist backlash.

Nationalist lawyers and prosecutors, for example, have been able to use a law, known as Article 301, to charge writers and journalists like Dink and Nobel Laureate Orhan Pamuk with the crime of insulting Turkish identity as a way of stifling the emerging debates and putting the brakes on Turkey's EU bid.

Dink was tried under this article, and in 2005 was convicted and handed a suspended six-month prison sentence.

"In a sense, both sides have been sharpening their axes, thinking that the EU question is the final intellectual battle in Turkey," says Ali Carkoglu, a professor of political science at Istanbul's Sabanci University. "It touches on everything that is salient in Turkish politics: the Islam versus secularism debate, democratization, and the extent to which individual human rights are to be protected."

For many Turks, the killing of Dink harks back to the turbulent '70s and '80s, when journalists and intellectuals were frequently the victims of ideologically inspired violence. Although Turkey has moved forward, some wonder whether Dink's murder is an indication that the political gains made over the past few years have yet to be consolidated.

"In a way, he took too many risks, he underestimated his opponents," says Rifat Bali, an Istanbul-based researcher who studies Turkey's minority communities. "Some of the ultranationalist core of Turkey has not changed. It is a militant core that is ready, if necessary, to murder its ideological opponents," he says.

Unlike in the past, however, Turkey's government was quick to respond to the murder, sending top officials to oversee the investigation. The quick arrest of the suspect – teenager Ogun Samast – is also seen as a positive sign, since in the past perpetrators of such crimes were rarely caught.

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"Those who created nationalist sentiment in Turkey have fed such a monster that there are many youngsters on the streets who do not find the ... state nationalist enough and are ready to take the law into their own hands," wrote Ismet Berkan in his daily column in Radikal, one of Turkey's main dailies. Extreme nationalism in Turkey is divided into secular and religious camps, although what unites both is non-Muslim minorities.

Experts here say the murder poses a major challenge for the Turkish government, led by the moderately Islamic Justice and Development Party (AKP).

With its EU bid already suffering – negotiations with Brussels have been partially suspended since December – the killing of a journalist who had already been the target of legal proceedings strongly condemned by the EU will only increase the pressure on Ankara and further tarnish its image in Europe.

"The image problem was already bad and this can only make it worse. Turkey will be seen as a country not only curtailing freedom of expression but the country that can also produce people who will assassinate writers and thinkers," says Suat Kiniklioglu, director of the German Marshall Fund's office in Turkey.

"The atmosphere that created this person to go after Hrant Dink with a gun was really the result of the atmosphere created by the trials brought on by Article 301," he says. "In that respect, the government will need now to really take article 301 seriously."

Outside the offices of Agos, an Armenian word that refers to a place where a seed is growing, a makeshift memorial has been created near the spot where Dink was gunned down, with crowds gathering to light candles and lay down flowers.

Dink, who founded the paper in 1996, used his last few columns to write about his legal woes.

"For me, 2007 is likely to be a hard year," he wrote in one column. "The trials will continue, new ones will be started. Who knows what other injustices I will be up against."

In his final column, Dink wrote about the increasing amount of hate mail he was getting, including one letter that scared him enough that he went to the local prosecutor to ask for protection, although without any luck.

"I don't know anyone else like him who raised his voice for minorities and democracy in Turkey," says Murat Celikkan, a veteran Turkish journalist and human rights activist.

"Intellectually he was a very important figure for Turkey. We don't have anyone else like him."

The Murder Of Hrant Dink (WSJ)

By Elif Shafak

The Wall Street Journal, January 22, 2007

ISTANBUL -- "I feel like a pigeon," Hrant Dink wrote in his last article. "Like a pigeon I wander uneasily amidst this city, watching my back constantly, so timid and yet, so free." That pigeon was gunned down Friday by a young Turkish fanatic on one of the most crowded streets of Istanbul.

Few people can inspire a whole nation in their lifetime, fewer still with their death. Hrant Dink did both. He was a prominent journalist, the editor of the Armenian weekly Agos, an outspoken intellectual, a peace activist, a true citizen of Istanbul and a dear friend. When the news of his assassination broke, thousands poured into the streets, chanting, "We are all Hrant Dink, we are all Armenian!" People slept in front of his office, guarding the spot where he'd fallen with candles and flowers.

The next day, all the main Turkish papers, left or right, spoke in a chorus of outrage on their front pages. Even more hard-line writers sincerely mourned his loss, asking where things had gone wrong. His death shattered the country and the grief cut across all sorts of ideological and social divides. His funeral will be attended by people from all religions, ethnicities and political inclinations. For Hrant Dink was a man impossible not to love, and far from "denigrating Turkishness," the crime which an Istanbul court convicted him of (under the anti-free-speech Article 301), for talking about the killings of Armenians in the closing days of the Ottoman Empire, he truly loved this land.

That his death was interpreted by some beyond Turkey as proof that Turks don't belong in the European Union would have upset Hrant. Without close ties to the EU, and the West as a whole, he worried that the country will become less democratic and more insular. His Turkey is a tapestry, a place where conflicting voices coexist. His best friends, companions and colleagues were Muslim Turks.

Yet Hrant Dink was, since his early childhood, used to discrimination. As he was getting ready to appeal his six-month sentence (eventually suspended) to the European Court of Justice, he wrote that, "I had no other option left. Why is it that although everyone tried under Article 301 has been acquitted one way or another, I have been sentenced to prison? Is it because I am Armenian and they wanted to intimidate me, teach me my limits?" Hrant knew the price to be paid for being in the political and ethnic minority, and still refused to withdraw into a glass ghetto.

Surrounded with friends and family, Hrant Dink was in many ways a lonely man. As critical as he was of Turkish ultranationalism, he had little time for Armenian ultranationalism. At his talks in the U.S., Europe and Australia to Armenian

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groups, he never played to the gallery. The biases and generalizations about Turkey and Turks in the Armenian diaspora frustrated him. "There is a big difference between Armenians in the diaspora and Armenians in Turkey," he once said. "You guys are Armenian one day a year, on the 24th of April" -- the commemoration of the 1915 massacres and deportations -- "whereas we are Armenian every day of the year but on that one."

Hrant opposed a French bill last year that sought to criminalize denial of the Armenian genocide, as well as a similar law now under discussion in the U.S. Congress. "If they pass the law in France, I will go there," he said, "and though I believe the opposite, I will openly say that there was no genocide." As a genuine supporter of freedom of expression, Hrant believed that it should be up to people, Turks and Armenians together, to find the means to reconcile, not to politicians to pass judgment on that history.

Many people asked Hrant why he didn't leave Turkey for Europe or America. The answer he gave was the inspiration for one that a Turkish-Armenian characters in my last novel, "The Bastard of Istanbul," offers.

"But why would I want to do that? This city is my city. My family's history in this city goes back at least 500 years. Armenian Istanbulites belong to Istanbul, just like the Turkish, Kurdish, Greek and Jewish Istanbulites do. We have first managed and then badly failed to live together. We cannot fail again."

Ms. Shafak is the author of "The Bastard of Istanbul" (Viking, 2007).

Pressure Builds On Blair Over Weapons Probe (CSM)

By Mark Rice-Oxley

The Christian Science Monitor, January 22, 2007

Britain is facing stinging international criticism for smothering a corruption inquiry into arms deals with Saudi Arabia, a decision that appears to sacrifice probity and rule of law for the sake of security and commercial relations.

Prime Minister Tony Blair, who took responsibility for the move to pull the plug on a two-year inquiry into the multibillion-dollar Al-Yamamah deals, argued that persisting with the probe would jeopardize the struggle against terrorism.

His chief law officer, Attorney General Lord Goldsmith, has indicated that lives were at stake. The government's argument is that the corruption inquiry, which was pursuing allegations that Saudi middlemen received tens of millions of pounds in bribes for "facilitating" the arms deals, was becoming so uncomfortable for the Saudis that it was jeopardizing cooperation on security.

But the move has generated furious condemnation. Domestically, critics are seeking a legal ruling to overturn the decision. And internationally, the Organization for Economic Cooperation and Development (OECD) says it suspects Britain is in breach of an anticorruption convention and has given London until March to come up with some answers.

"This is unprecedented," says Helen Fisher, an OECD spokeswoman. "It's a huge issue at the OECD. The committee makes it very clear that [bribery] is not a part of doing business, that there has to be a level playing field. When dealing with developing countries, bribery does massive damage."

When it was signed in the mid-1980s, the Al-Yamamah arms deal was trumpeted as a breakthrough moment for Britain's defense industry. The initial deal provided for the sale of 200 Tornado fighter jets to the Saudis, and was won from under the noses of French and US rivals. A second phase followed in the 1990s. Altogether the deal has already earned the now-private defense firm BAE Systems more than £40 billion ($79 billion), according to most estimates.

But there were soon whispers of bribery, allegations of perks lavished on Saudi dealmakers, accusations that senior figures in the Saudi royal and family may have benefited from bribes worth as much as £60 million ($120 million). An inquiry by Britain's National Audit Office examined the deal in 1992. Its report was unprecedentedly suppressed.

The Serious Fraud Office (SFO) took up the case in November 2004. Its deliberations reportedly threatened the third phase of Al-Yamamah under which Britain will supply Saudi Arabia with 72 Eurofighter aircraft for around £70 million ($140 million). BAE has denied any wrongdoing.

The government said the commercial aspect, though considerable, was not the reason for ordering the SFO to call off the hunt. Mr. Blair said last week that proceeding with the SFO probe "would have been devastating for our relationship with an important country with whom we cooperate closely on terrorism, on security, on the Middle East peace process."

Blair's case has been undermined somewhat by reports that MI5 and MI6, the security services, could not confirm that there were any explicit threats by the Saudis to discontinue cooperation if the investigation ran its full course.

But several security experts say that the case highlights the awkward dilemma facing Blair.

"The UK does have security problems and the Saudis can help," says Rodney Wilson, a Middle East expert at Durham University. "It comes down to names and flows of funding and people who are Al Qaeda sympathizers in the UK, activists," says Professor Wilson. "It's important information."

He says Britain had to balance international flak "with the possibility of getting blown up.... International criticism is one thing, but the job of the government is to protect citizens here and abroad and this information does help that."

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For others, the scramble to keep the Saudis on board, however, is less understandable. MJ Gohel, a terrorism expert at the London-based Asia-Pacific Foundation, says Saudi cooperation in the war on terror has been "half-hearted." The Saudi government has not done enough, he says, to stop terrorist finance, and its domestic crackdown is aimed more at antiroyalty elements rather than at anti-Western ones.

"They buy a lot of arms from Britain, so on a trading and financial level it's important, but on a strategic and intelligence level, the advantages of this alliance are quite dubious," he says.

Critics at home and abroad can continue to embarrass Blair on the issue. Britain is a signatory to the OECD's convention on corruption. Article 5 says the prosecution of bribery "shall not be influenced by considerations of national economic interest, the potential effect upon relations with another state or the identity of the natural or legal persons involved."

The 29 other nations in the OECD, along with six observer nations, said last week they all had "serious concerns" that Britain was in breach of the convention. "To argue that the public interest was more important than the rule of law is an incredible reversal of 1,000 years of political struggle to enshrine the public interest in the law," says Lawrence Cockcroft, chairman of the British branch of Transparency International.

He says the affair will now make it harder for London to lecture others about corruption, weakening at a stroke the international consensus that has been building in the past decade to tackle graft.

US And EU Near Agriculture Trade Deal (FT)

By Eoin Callan And Alan Beattie

Financial Times, January 22, 2007

Trade negotiators from the US and European Union are edging towards a deal that could restart stalled world trade talks, according to people familiar with the discussions.

The progress follows a meeting of high-level officials that finished at the weekend and constant cabinet-level contact between Washington and Brussels in the run up to the World Economic Forum meeting in Davos, Switzerland, this week, officials said.

The proposed outline of an agreement between the world's two largest trading blocs includes politically explosive concessions that are already causing rifts in Europe and alarm in the US farm lobby.

The fragile deal that is starting to emerge has yet to be finalised and comes amid tremendous uncertainty about whether negotiators can get the political backing to achieve a breakthrough in the Doha round of trade talks.

The deal that has been taking shape behind closed doors includes a proposal by Brussels to cut barriers to foreign agricultural products by an average of at least 54 per cent and a conditional offer by the US to lower the ceiling on its domestic farm subsidies to close to $17bn (€13.1bn, £8.6bn).

This tentative pact represents a significant advance beyond entrenched battle lines over farm policy that have impeded wider trade talks for years. Both sides have also explored yet deeper cuts to tariffs and subsidies, according to people familiar with the dialogue.

An official said: "We are trying to get to the absolute limit of what is politically feasible without falling off a cliff."

The latest round of transatlantic talks began four days ago and included detailed technical discussions about ways to narrow differences over exemptions for so-called sensitive products such as beef and dairy produce. A senior EU trade official said the talks were "constructive but not definitive".

Both sides are also keenly aware that the deal taking shape is meeting active resistance from Paris, which has demanded that the farm talks in Doha be put on the agenda of the meeting of EU agriculture ministers next Monday.

This hostile political environment makes the progress in negotiations all the more remarkable and has prompted Brussels to seek the support of Angela Merkel, the chancellor of Germany.

While Germany has traditionally played a key role in persuading Paris to accept trade deals, the poor state of Franco-German relations suggests that while Berlin might find it easier to push for a deal, France might feel freer than before to block it.

The Bush administration has also met key figures on Capitol Hill who will shape policy on agriculture and trade under the new Democratic leadership of Congress. But it is likely to take weeks to establish whether Congress would consider renewing President George W. Bush's trade promotion authority – which expires in six months and is needed to complete a deal.

These approaches included an appeal to Collin Peterson, the influential chairman of the agriculture committee in the House of Representatives, to tone down his opposition to the renewal of trade promotion authority.

The congressman said after the meeting that he remained deeply critical of US trade policy but was not determined to wreck a Doha deal that included meaningful benefits for US farmers.

Mr Bush is also likely to use his State of the Union speech on Tuesday to address growing public and political concerns about the economic disruption caused by trade.

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But this is unlikely to quash scepticism at the World Trade Organisation about the political mandate of US and EU negotiators, or cure the breakthrough-fatigue shared by participants and observers of the Doha round.

Any agreement is also contingent on reciprocal concessions by Brazil and India on lowering barriers to trade in industrial goods and services – which are still under negotiation.

Brazil has been negotiating separately with the US and EU and dispatched a senior diplomat to Delhi over the weekend to try to broker a common position ahead of talks planned for Davos. A US trade official said the Swiss forum would allow for important meetings to take place but would not produce any public statement on a "breakthrough".

But there was sufficient expectation that fresh political impetus would emerge from the forum that the G20 group of developing nations was mobilising to hold multilateral talks next week in Geneva.

Merkel Energizes Western Links To Russia (WSJ)

By Marcus Walker

The Wall Street Journal, January 22, 2007

After a meeting with German Chancellor Angela Merkel, Russian President Vladimir Putin pledged to ensure smooth natural-gas and oil supplies to Europe just weeks after Russia shut down an oil pipeline to the European Union during a dispute with neighboring Belarus.

The announcement after yesterday's meeting in Sochi, on Russia's Black Sea coast, underscored Ms. Merkel's growing role as the linchpin in Europe's troubled relationship with Russia, its dominant energy supplier, at a time when concerns about Russia's clout and direction are growing.

In an interview with The Wall Street Journal last week ahead of her Russia visit, Ms. Merkel made it clear she had no illusions about a relationship that has split the EU between countries that believe the EU should take a tougher line with Moscow and those that favor a more pragmatic approach. "Irritations like those that have occurred should not be repeated," she said of this month's oil-supply interruption, which hit Germany, Poland, Hungary, Slovakia and the Czech Republic. But she added, "The fact remains that we won't be able to manage without Russian gas and oil in Europe, and we don't want to either." (Read an edited transcript of the interview.)

With U.K. Prime Minister Tony Blair and French President Jacques Chirac both in the final months of their terms, Ms. Merkel, a physicist by training from the former East Germany, is growing into a role as the go-to person in Europe and for other major international partners as well.

Last week, Secretary of State Condoleezza Rice stopped in Berlin to talk with Ms. Merkel on her way back from a trip to the Middle East. The trip came shortly after Ms. Merkel had visited Washington and called for a revived effort by the "quartet" of America, Russia, the EU and the United Nations to secure peace in Israel's occupied territories. Also last week, U.S. and North Korean diplomats chose Berlin for rare bilateral talks aimed at resolving the standoff over Pyongyang's nuclear-weapons program.

Ms. Merkel's status as Europe's most influential political actor is partly due to timing -- she holds the EU's rotating presidency and this year's chairmanship of the Group of Eight leading nations. But her combination of plain speaking and bridge building has won her admirers on the international stage. In addition, Germany's revived economy has restored the country's status as the EU's economic powerhouse. Ms. Merkel earned respect last year by solving a rancorous EU budget dispute between Britain and France and by mending German-American fences, severely damaged when her predecessor, Gerhard Schröder, fell out with President Bush over the Iraq war.

In Sochi, Mr. Putin said that to improve security of supply to the EU, Russia would seek to cut its dependence on transit routes through neighboring states such as Belarus. Mr. Putin also said Russia would speed up work on building a gas pipeline to Germany under the Baltic Sea. The Baltic pipeline project, however, has caused divisions between Germany and others in Europe, particularly Poland, precisely because it seeks to bypass Poland, Belarus and other transit countries. Poland fears it would then become more vulnerable to political pressure from Moscow, because turning off the gas or oil to Warsaw would no longer also mean switching off the supply to Berlin and Paris.

In the Belarus case earlier this month, Russia shut the oil supply because Belarus imposed transit fees in response to a pricing dispute with Moscow. A year ago, a Russian-Ukrainian pricing dispute also led to shortfalls in Europe's gas supply, triggering a storm of concern over the EU's dependence on Russian energy. The EU gets 25% of its natural gas, representing 44% of its natural-gas imports, from Russia.

In Thursday's interview, Ms. Merkel said she wanted to "build a distribution network within the EU, so that we can help each other in an emergency," an offer designed to ease Polish fears over the Baltic pipeline project. At the same time, she said the EU should aim to further diversify its sources and suppliers of energy.

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Ms. Merkel said she wanted to write a Russian commitment to stable energy supplies into the EU's 10-year-old cooperation treaty with Russia, which is due for renegotiation. "Regulating it by treaty in this way offers an opportunity to build trust," said Ms. Merkel, adding, "It's important to remember that, apart from these irritations, Russia has been a stable energy supplier in Europe over many decades, also during the Cold War."

Negotiations on a new so-called Permanent Co-operation Agreement with Russia were supposed to start late last year. However, Poland has blocked the EU side from starting talks, demanding that Moscow first end a yearlong ban on meat imports from Poland. Russia says there are continuing problems with Poland's meat-certification system. Poland says the ban is political.

This week, Ms. Merkel heads to Davos, Switzerland, for the annual meeting of the World Economic Forum, where she will present an ambitious agenda for the G-8 this year. Items include global warming, Africa's economic development and EU-U.S. economic cooperation. On her trip to Washington, Ms. Merkel delivered a set of proposals on how to reduce nontariff barriers between Europe and the U.S.

She said in the interview that she still hopes the stalled Doha Round of world trade talks will succeed, and that she prefers multilateral trade liberalization to a web of bilateral trade deals. She stressed that she doesn't want her proposal for better-functioning trans-Atlantic trade to be seen as a rival proposal to a world trade deal.

"Doha is concerned with tariffs, with trade barriers," she said, while her proposals for trans-Atlantic trade are designed to reduce regulatory hurdles to trade. She cited financial-market regulations, patent rules and auto-emission standards as instances where "we inflict an unbelievable amount of costs on each other in accessing the American market and the European market."

The fact that past proposals for a trans-Atlantic single market got nowhere doesn't deter her. "Business has a very great interest in this," she said. "This is a big project -- you can't get through it in half a year. ... But I want to establish it on the agenda at the EU-U.S. summit, and then we can take on points step by step."

Russia To Cut Use Of Energy Transit Countries (FT)

By Neil Buckley And George Parker

Financial Times, January 22, 2007

Russia's President Vladimir Putin said on Sunday that Moscow would reduce its dependence on transit countries, such as neighbouring Belarus and Ukraine, to help guarantee security of energy supplies to Europe.

His comments came as Angela Merkel, the German chancellor, chided Russia for failing to warn Europe before it briefly cut oil supplies through a pipeline across Belarus this month, and said Russian-EU communications on energy needed to improve.

Energy security dominated talks on Sunday between the two leaders at Mr Putin's residence near the southern Russian city of Sochi, although they also discussed the Middle East and Kosovo, the breakaway province of Serbia. Mr Putin reiterated a warning that Moscow would only support a solution for the province that satisfied both the Kosovan population and Belgrade.

The meeting was the first between the two leaders since Russia cut oil supplies without warning for three days through the Druzhba pipeline amid a dispute over transit tariffs with Belarus.

Mr Putin told reporters after the meeting that Russia would "develop our transportation network in the most active way, so we have the capacity to supply our raw materials directly to our main customers".

"We will speed up our work on building a pipeline system to the coast of the Pacific Ocean, [and] we will broaden our capacity to transport hydrocarbons in the north, including in north-west Russia, to reduce our dependence on transit states," he added.

His comments were in part a reference to the controversial Nordstream pipeline, which a consortium led by Gazpro, the state-controlled energy group, is building under the Baltic Sea from Russia to Germany, bypassing countries including Poland. Mr Putin and Ms Merkel are understood to have discussed ways of bringing other countries into the pipeline projects.

Dmitry Peskov, a spokesman for Mr Putin, said more European countries were expressing interest in becoming involved.

"When we have this project we will have the capacity to ensure the reliable and stable flow of energy resources to Europe," he said. "We will not be dependent on the will of any transit countries."

But the inclusion of other partners risks causing further anger in Poland, unhappy about the Nordstream project because it bypasses its territory and the deal was signed over its head by Berlin and Moscow.

Ms Merkel suggested an improved mechanism for energy communications could form part of a new partnership and co-operation agreement on which Russia and the EU are due to start negotiations. Those remain frozen, however, after the two sides failed to secure a breakthrough in a dispute over Russia's long-standing ban on imports of Polish meat, prompting Warsaw to maintain a veto on new EU-Russia talks.

"I told Mr Putin that [energy] communication has to be improved and Mr Putin confirmed that, so that we could avoid any worries," Ms Merkel said.

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Mr Peskov admitted that the recent oil shutdown had caused concern in the west and the dispute might have been handled better.

He said the dispute had been “an emergency”, but admitted “it would have been better had we informed” European customers of the imminent supply halt.

Investors Credit Putin As They Pile Up Profits (WSJ)

By Guy Chazan

The Wall Street Journal, January 22, 2007

MOSCOW -- In Western capitals, Vladimir Putin has an image problem. Politicians in the U.S. and Europe routinely accuse him of squelching domestic dissent, strong-arming foreign oil companies and using Russia's vast energy resources to blackmail neighbors.

One constituency, however, has a strikingly different take on the Russian president. To many investors, Mr. Putin is a hero. The reason: the Russian stock market's spectacular rally during his seven years of rule.

When Mr. Putin took office in January 2000, the country's publicly traded stocks were valued at $74 billion. Their value now exceeds $1 trillion. Russia's benchmark RTS index rose 71% in 2006, the fourth year under Mr. Putin that the market has returned more than 50%.

"He's done a helluva of a job," says Mark Mobius, an emerging-market guru and managing director of Templeton Asset Management Ltd. "The country has made tremendous strides in the time we've been there, and you've got to give Putin credit for that."

Many money managers are betting the rally will continue this year -- even with lofty valuations, falling oil prices and rising political uncertainty in the run-up to Russian presidential elections in March 2008, when Mr. Putin is obliged by term limits to stand down.

To be sure, some investors agree with Western criticism of Russia's spotty human-rights record and of Mr. Putin's moves to undermine the independence of Russia's courts and parliament. They concede that in the long run democratic institutions are crucial for healthy market economies. But for the time being, concern about the state of Russian democracy isn't driving share prices.

Events that shape the West's political stance toward Russia, like the unsolved murder in London last November of Alexander Litvinenko -- the former KGB agent who on his deathbed accused Mr. Putin of having him poisoned -- barely register on most investors' radar screens.

The Kremlin has denied any responsibility for Mr. Litvinenko's death and answers broader Western criticism by saying that Russia is pursuing its own path to democracy.

Huge Strides

Many investors argue that critics don't give Mr. Putin enough credit for the huge strides Russia has made under his presidency. Though he has created mammoth state-run national champions that dominate the oil and gas industry, they say there is plenty of competition in other sectors. And in sharp contrast to the spendthrift populism of Venezuela's Hugo Chávez, Mr. Putin has kept tight control of Russia's purse strings, despite the oil boom.

"Two key factors in any emerging market are economic predictability and political stability," says Chris Weafer, chief economist at Alfa Bank in Moscow. "Russia has the first thanks to oil, and the second thanks to Putin."

Oil is the cornerstone of Russia's rebound. The world's second-biggest crude exporter after Saudi Arabia, Russia has reaped huge dividends from the commodity boom over the past five years. The inflow of oil dollars has lifted the value of stocks and real estate here to unprecedented highs.

But bankers and investors say Mr. Putin's contribution has been crucial. He inherited a country that defaulted on its debt in 1998, reducing itself to a pariah in international financial circles, and repaired its tottering public finances. He also bolstered the central government's waning power. "He did a lot of positive things in a very short period of time," says Mr. Mobius, who oversees $32 billion in emerging-market assets, 5% of which is invested in Russia.

Indeed, Russia now boasts the biggest foreign-exchange reserves outside Asia, huge budget surpluses and an $89 billion rainy-day fund created as a hedge against falling oil prices. It has also paid off most of its foreign debt.

Even among investors, however, Mr. Putin has his detractors. Some were outraged by the Kremlin's politically motivated campaign against billionaire Mikhail Khodorkovsky and his company OAO Yukos, the blue-chip oil giant that was Russia's most popular stock among Western investors until the Kremlin partially renationalized it in 2004. Mr. Khodorkovsky ended up in prison on fraud and tax-evasion charges.

Others shrink from his aggressive brand of state capitalism. Many took exception, for example, to the way Royal Dutch Shell PLC was forced to sell control of the huge Sakhalin energy project to the government-run natural-gas monopoly OAO

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Gazprom last month after Russian regulators suddenly discovered a raft of environmental violations. Shell acknowledged some lapses but said it had been working to fix them.

Western investors also frequently cite widespread corruption and a lack of transparency as major obstacles to doing business in Russia. Last year the country shared 121st place in watchdog group Transparency International's annual corruption perceptions index with Third World countries like Rwanda, Benin and Honduras. Some businessmen complain that corruption has got worse under Mr. Putin.

"In general, Putin's been a good leader, though former Yukos shareholders and current Shell executives may beg to differ," says Samuel Oubadia, co-manager of the ING Russia fund, which has $940 million in assets under management and was up 67.5% last year, the best 2006 return among U.S.-based emerging-market funds.

Though the Yukos case cost investors around $45 billion in lost value, the Kremlin followed up with investor-friendly moves that did much to restore market confidence: the removal of restrictions on foreign ownership of shares in Gazprom, and the sale of stock in the state oil company OAO Rosneft last summer.

As a result, the RTS has delivered a 250% return since its lows at the depths of the Yukos crisis in July 2004. Shares in Gazprom have nearly quadrupled over the same period: It is now one of the world's largest companies, with a market capitalization of $239 billion, and is showing up in portfolios all over the world. Fidelity Investments is a big shareholder and U.S. mutual-fund manager T. Rowe Price Group Inc. says Gazprom is among the top 10 holdings of two of its retail emerging markets funds.

Meanwhile, Western corporate giants, such as General Motors Corp., Citigroup Inc. and Toyota Motor Corp., unfazed by the Kremlin's heavy-handed treatment of companies like Shell, have poured into the country to get a piece of Russia's consumer boom. Foreign direct investment, though still low in proportion to the size of the country's economy, doubled last year to $30 billion. Major U.S. investment banks like Goldman Sachs Group Inc. and Morgan Stanley have ramped up their Moscow operations, drawn there by the emergence of strong, cash-rich Russian companies looking to list overseas and buy assets abroad.

Against that backdrop, the market is ready to indulge Mr. Putin. When Bill Browder, one of Russia's biggest foreign investors and once a staunch defender of the Kremlin's policies, was refused entry into the country in November 2005 as a "threat to national security," the initial reaction was disquiet: Over the ensuing months, investors pulled hundreds of millions of dollars out of his fund, Hermitage Capital Management. But the outflows stopped last summer, and Mr. Browder's fund, which has $3.4 billion in assets under management, was up 39% last year.

Mr. Browder says he is still "selectively bullish" about Russia, though he is less likely these days to give Mr. Putin all the credit for the country's turnaround. "My logic is that it's a liquidity-driven market, and the forces driving liquidity are still there," says Mr. Browder.

Highly Vulnerable

Skeptics warn that with a stock market dominated by natural-resource companies, Russia remains highly vulnerable to swings in commodity prices. So far this year, a fall in the price of crude has helped push the RTS down 5.7%

"If we get oil prices in the region of $45 per barrel this year, I wouldn't be surprised to see the market trading at around 1200," or roughly a third from its record end-of-2006 close, says John-Paul Smith, global strategist at Pictet Asset Management, which has around $11 billion invested in emerging markets assets.

Part of the problem is that Mr. Putin has made little headway diversifying Russia's economy and lessening its dependence on energy exports. "In the past, investors were able to give Russia the benefit of the doubt because its assets were so cheap," says Mr. Weafer, the Alfa Bank economist. "Now they need to know where the long-term growth is going to come from."

Politics is another potential danger. Though there is little doubt that Mr. Putin's preferred candidate -- he hasn't said who that is -- will win the 2008 elections, uncertainty about the succession could still spook the market, some analysts warn.

But betting against Mr. Putin has been a losing proposition for investors in the past. "I've said at the start of every year there's no way we can get more than 30% out of Russia," says Alexander Schwarzkopf of Altima Partners, which has $2.5 billion in assets under management, a quarter of it in Russia. "Every time I'm proved wrong."

Write to Guy Chazan at guy.chazan@wsj.com1

Serbia Poll Points To Victory For Nationalist Hardliners (FT)

By Neil Macdonald

Financial Times, January 22, 2007

Hardline nationalists won the largest share of votes again in Serbia's parliamentary elections on Sunday, in a result that will keep "democratic forces" on the defensive for another four years.

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Vojislav Kostunica, the nationalist-leaning prime minister, looks well placed to keep his job at the head of a new coalition government, although his new partners could push harder for reviving European Union pre-accession talks.

But the election result could further obstruct western efforts to award independence to Kosovo, the disputed province of Serbia governed by the United Nations since 1999.

The extreme nationalist Radical party has won 81 seats in the 250-seat legislature, about the same as it has held since the last parliamentary elections, in 2003.

The centre-left Democrats, led by Boris Tadic, the country's staunchly pro-EU president, increased their share less than they had hoped, winning only 65 seats, according to results announced by independent monitors after polls closed.

The Democrats, who stayed out of Mr Kostunica's last government, are expected to take over key economic portfolios, but probably in return for accepting him as head of the cabinet.

Mr Kostunica's electoral list has won only 47 seats, making it the third largest bloc in the 250-seat legislature. However, the Radicals and Democrats have categorically refused to work together, giving him considerable bargaining clout.

The elections are the south-eastern European country's first under a new constitution following Montenegro's exit from a dysfunctional state union last year, ending the last tie between former Yugoslav republics. But Serbia still wrestles with losing Kosovo, its southern province, which was placed under UN administration in 1999 and could be transferred to EU supervision this year.

Martti Ahtisaari, chief UN mediator in the dispute, has waited until after the se elections to present his proposal, thought to call for ending Serbia's sovereignty over the mostly ethnic Albanian -territory.

While all the main parties agree that Kosovo should remain part of Serbia, the prime minister has also blamed the EU for pressure to arrest Ratko Mladic, the fugitive Bosnian Serb war leader wanted for genocide.

Mr Kostunica prevaricates about co-operating with the UN tribunal in The Hague, although he said his government was unable to locate and capture General Mladic. However, he promises to "integrate" the deeply polarised country and press ahead with legal and economic reforms.

G17 Plus, a free-market party led by Mladjan Dinkic, who recently resigned as finance minister, with 19 seats would be the other obvious choice for a coalition government. However, post-election bargaining will be intense and could be complicated if the announcement over Kosovo inflames nationalist passions.

The Democrats named their own candidate, Bozidar Djelic, as a more EU-friendly alternative for prime minister after Mr Kostunica refused to rule out a coa-lition with the Radicals.

China Shift On Reserves Isn't Likely To Hit Dollar (WSJ)

By James T. Areddy

The Wall Street Journal, January 22, 2007

SHANGHAI -- China's decision to make greater use of its $1.06 trillion in foreign-exchange reserves could fuel uncertainty about the dollar but is unlikely to result in any immediate selling of the U.S. currency by the world's fourth-biggest economy.

In a speech Saturday at the end of a key financial working conference, Premier Wen Jiabao said China would "actively explore and expand the channels and methods for using foreign-exchange reserves," according to the official Xinhua news agency. The comment was the highest-level confirmation yet that China is thinking actively about how it can use the reserves, which have increased by more than six times since 2000 and made China one of the largest holders of U.S. Treasury bonds.

Mr. Wen's comment on reserves was part of a broader strategy outlined at the two-day national financial work conference, held every five years. The strategy aims to strengthen the financial system and reduce the economy's dependence on exports and investment. Among its main points is Beijing's intention to restructure the financial system in rural areas, where most Chinese live. U.S. officials and others have urged such efforts, saying China's mounting currency reserves -- which are fueled by huge trade surpluses -- show it hasn't done enough to develop its domestic economy.

The framework Mr. Wen outlined in his speech was extremely broad. The pattern set by past conferences suggests more specific policies will emerge in coming months.

Global financial markets are likely to zero in on what the weekend meeting means for China's dollar policy. Mr. Wen said nothing about selling dollars, but currency traders are hypersensitive to any signs Beijing is losing its appetite for the U.S. currency. Wang Qing, an analyst at Bank of America in Hong Kong, said the message of the conference is twofold: Beijing intends to encourage imports in a bid to erode its currency reserves, and it is planning to create an entity that will invest a portion of the reserves. For markets, "this might rekindle this talk of diversifying the reserves" away from dollar-denominated assets such as U.S. Treasurys, Mr. Wang said.

Beyond Mr. Wen's vague comment about expanding the use of the reserves, Xinhua cited the premier as saying China would take measures to bring balance to China's international payments, where the country has much more money coming in

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than going out. He also reiterated that China would continue to steadily advance its exchange-rate overhauls aimed at making the yuan more flexible.

China already has used portions of its currency reserves to recapitalize big state-owned banks. In recent months, analysts have debated the possible use of the reserves for other purposes including investment in natural resources. But the reserves, which are held and managed by China's central bank, don't comprise cash that the government can simply spend as it wants.

One thing Beijing could do to erode its reserves, or at least slow their growth, is encourage Chinese companies to import more oil and other commodities. That would require them to repurchase dollars from the central bank sold to it by exporters. China also could shift a portion of the reserves into a new entity, like ones operated by the South Korean and Singaporean governments, that invest in companies on behalf of the government. Bank of America's Mr. Wang said that whatever it does, Beijing will be eager not to rattle financial markets with its plans.

Another possible use of the currency reserves would be to inject some of them into Agricultural Bank of China, which lends primarily to rural borrowers and is the only one of China's four big state banks that hasn't yet received this kind of bailout. Mr. Wen said Beijing has decided to restructure Agricultural Bank into a stock-holding company, a move that could lead to an eventual listing of the weak institution.

Only 60% of China's 120 million rural families have access to financial-system offerings such as loans, according to Xinhua, making it difficult to replicate in its hinterland the economic growth China has seen in coastal cities.

Chavez To U.S.: 'Go To Hell, Gringos!' (AP)

By Christopher Toothaker, Associated Press Writer

AP, January 22, 2007

President Hugo Chavez told U.S. officials to "Go to hell!" on his weekly radio and TV show Sunday for what he called unacceptable meddling after Washington raised concerns about a measure to grant Venezuela's fiery leftist leader broad lawmaking powers.

The National Assembly, which is controlled by the president's political allies, is expected to give final approval this week to what it calls the "enabling law," which would give Chavez the authority to pass a series of laws by decree during an 18-month period.

On Friday, U.S. State Department deputy spokesman Tom Casey said Chavez's plans under the law "have caused us some concern."

Chavez rejected Casey's statement in his broadcast, saying: "Go to hell, gringos! Go home!"

Chavez, who was re-elected by a wide margin last month, has said he will enact sweeping reforms to remake Venezuela into a socialist state. Among his plans are nationalizing the main telecommunications company and the electricity and natural gas sectors.

The president's opponents accuse him of using his political strength to expand his powers.

Relations between Caracas and Washington have been tense since Chavez was briefly ousted in a 2002 coup that he claimed the U.S. played a role in. The Bush administration has repeatedly denied being involved, although it recognized an interim government established by coup leaders.

Since then, Chavez has consistently accused the U.S. of conspiring to oust him and often asserts the CIA is working to destabilize his government. U.S. officials have denied trying to overthrow Chavez, but they have labeled him a threat to democracy.

Criticizing excessive consumption and self-indulgence, Chavez also announced plans in his broadcast to raise domestic gasoline prices and approve a new tax on luxury goods such as private yachts, second homes and extravagant automobiles.

He did not give details on the gas price hike, which he said would not affect bus drivers who provide public transportation, or the luxury tax. He said revenue from the new measures would be put toward government social programs.

Venezuela is one of the world's leading petroleum exporters and gasoline now costs as little as 12 cents a gallon due to government subsidies.

In typical style, Chavez spoke for hours Sunday during his first appearance on the weekly program in five months. He sent his best wishes to the ailing Cuban leader Fidel Castro, his close ally and friend who has been sidelined since intestinal surgery last summer.

Chavez also remarked on the hanging of former Iraqi President Saddam Hussein: "They took out Saddam Hussein and they hanged him, for good or worse. It's not up to me to judge any government, but that gentleman was the president of that country."

Venezuela's Revenue Push Comes With Big Risks (WSJ)

DOJ_NMG_0119363

By José De Córdoba

The Wall Street Journal, January 22, 2007

In a move that may hint at growing economic problems in Venezuela, the country's president, Hugo Chávez ordered his telecommunications minister to seize control of a Verizon-controlled telecommunications company before paying compensation to its U.S. owners.

Mr. Chávez's announcement threw further doubts on whether Verizon Communications Inc. would receive fair compensation for its stake in Compañia Anónima Nacional Teléfonos de Venezuela, known as CANTV. It also raises questions about the health of the Venezuelan economy as the price of oil that Venezuela depends on continues to fall -- and Mr. Chávez shows no signs of cutting his rate of spending.

By seizing CANTV before paying its owners, Mr. Chávez would boost the state's revenues immediately. In other revenue-raising measures, Mr. Chávez announced that Venezuela would boost the price of gasoline charged by the state-owned oil company at domestic gas stations.

Venezuelans have long paid just pennies per gallon for gasoline. Mr. Chávez said the increases, which he didn't specify, wouldn't affect the poor because they don't drive cars. But in the past, such increases in the price of fuel have proved to be political dynamite. In 1989, hundreds died in riots in Caracas when transport companies passed along a rise in their fuel costs to consumers.

Earlier this month, Mr. Chávez announced Venezuela would nationalize CANTV as well as the country's private power companies. At the time, Venezuelan officials said the companies would receive fair compensation. In a statement, Verizon said that while the process Venezuela plans to follow in nationalizing the company hasn't been fully defined, "we support efforts to adopt a proper process."

Mr. Chávez addressed the CANTV issue during his weekly television show. "CANTV was practically given away when it was privatized," he said, and then he urged his telecommunications minister to take over the company quickly.

With about $50 billion of reserves, Venezuela has sufficient funds to purchase the companies, which Robert Bottome, the publisher of VenEconomia, a leading Caracas financial journal, estimates are worth around $4 billion.

But a New York investment banker who closely follows Venezuela says the point of nationalizing companies is for countries to get access to their cash flow. If Venezuela pays for CANTV upfront, it would be laying out more money initially than it was collecting for the telecom firm. Delaying the payment to CANTV shareholders would produce a cash gain for the Chávez government from the start, and probably drive down the ultimate price it would pay.

Mr. Chávez's moves come as world oil prices have continued their downward spiral. Friday, the price of the Venezuelan mix of crudes was down to about $46.87, about $15 below highs of around $60 last year. Meanwhile, inflation has escalated to more than 20%, according to private economists.

Even while the price of oil has fallen, Mr. Chávez, who won a landslide re-election in December, and has vowed to remake Venezuela into a socialist state, has continued a spending spree, increasing domestic subsidies and promises of foreign aid.

Rwanda Suspects Seek Asylum (WT)

By Jim McElhatton

The Washington Times, January 22, 2007

Three Rwanda citizens who faced death sentences in the 1999 kidnapping and slaughter of two Americans in Uganda are seeking political asylum now that U.S. authorities have moved to drop the charges.

Francois Karake, Leonidas Bimenyimana and Gregoire Nyaminani, reputed members of the Liberation Army of Rwanda who have been detained in the D.C. Jail for nearly four years, were charged in the bludgeoning deaths of Robert Haubner and his wife, Susan Miller, of Portland, Ore.

The couple, on a safari vacation to see rare mountain gorillas, were killed with six other tourists from New Zealand and Britain when men with guns, axes and machetes raided their camp in a national park in Uganda on March 1, 1999. Authorities said the killings were meant to erode U.S. support for Rwanda's government. The men were brought to the U.S. to face trial in 2003.

However, prosecutors earlier this month filed a motion to drop felony murder charges after a federal judge last year threw out the defendants' confessions, citing evidence that the men were tortured while imprisoned by Rwandan officials.

With a dismissal pending, the defendants are seeking asylum in the U.S. because of "fear of persecution" if they go back to Rwanda, according to recently filed court records.

Defense attorneys disclosed the applications for asylum last week in a memo to U.S. District Judge Ellen S. Huvelle.

"This will assure that once charges are dismissed, the defendants will not be at risk for being taken from the country without the opportunity to address their fear of persecution, which would await them when they return," the memo stated.

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It is not clear whether the three men, whom authorities have called terrorists, could live in the United States. A spokesman for the U.S. attorney's office said that once charges are dropped the men would be handled "as would any other person or persons who do not have legal immigration status to remain in the U.S."

But efforts to deport them would be complicated if the men have completed applications seeking political asylum, said a specialist on the issue.

With a completed application, "no action can be taken to deport you" until authorities decide whether to grant asylum, said Christopher D. Candland, a political science professor at Wellesley College who has testified as an expert witness in political asylum cases.

However, Mr. Candland said U.S. Citizenship and Immigration Services officials almost certainly would detain the defendants after the criminal charges are dropped.

Defense attorneys, who have declined to comment on the case, stated in recent legal filings that they want Judge Huvelle to postpone deciding whether to dismiss charges until after Department of Homeland Security officials provide formal notice that they are reviewing the asylum applications.

Without such notice, the attorneys argue, the defendants risk being sent back to Rwanda as soon as the criminal charges are dropped.

Judge Huvelle's opinion in August stated that the defendants' confessions were "extracted only after countless hours of repetitive questioning over a period of many months, during which time they were subjected to periods of solitary confinement ... torture and repeated physical abuse."

Prosecutors said the men were among a band of about 100 that invaded the Bwindi Impenetrable Forest National Park, a remote rainforest in the southwestern region of Uganda known for the presence of rare mountain gorillas.

The group attacked the park's guards and sentries, killing four, one of whom was burned alive. Three women were raped before being killed. And some of the victims, including Mr. Haubner, were beaten to death with axes.

Family members of Mr. Haubner and his wife could not be reached for comment yesterday. Last year, Mr. Haubner's sister, Deanne Haubner, told the Oregonian newspaper that the confessions should have been admitted as evidence even if the defendants were tortured because "so were Rob and Susan and all the people they killed."

"So I'm afraid I don't feel sorry for them if they were tortured," she said.

Darfur: Aid Workers Are The New Targets (NSWK)

By Rod Nordland

Newsweek, January 29, 2007

Last Sept. 11 was a momentous day in Darfur, too. After unidentified militiamen attacked aid workers from the Nobel Prize-winning Médecins sans Frontières at a roadblock on that date, most of the international aid groups ministering to Darfur's 6 million people stopped using the roads. On Dec. 18, in the southern town of Gereida, unrelated gunmen attacked the compounds of Oxfam and Action Contre la Faim. More than 70 aid workers subsequently pulled out of the refugee camp there—Darfur's largest, with 130,000 people—leaving only 10 Red Cross employees behind. Yet at the time no one revealed what had really sparked the dramatic pullbacks. In both cases, international staff, including three French aid workers, were either raped or sexually assaulted in territory controlled by the Sudanese government and its allies.

Rape as a weapon has become depressingly commonplace in Darfur, where 200,000 Africans have been killed and a third of the population have been sent fleeing into camps in three years of war. But the attacks on international aid workers herald a dramatic and dangerous new trend—the deliberate targeting of those helping to keep Darfur's millions of refugees alive. A dozen staffers from foreign NGOs have been killed in just the past six months, more than in the previous two years. There are an estimated 14,000 aid workers in Darfur now, the majority of them Sudanese, working for foreign NGOs and U.N. agencies and delivering $1 billion a year in aid. Just a few more horrific attacks could throw that massive operation into jeopardy. Last week 14 U.N. agencies working in Darfur issued a stark warning that "the humanitarian community cannot indefinitely assure the survival of the population in Darfur if insecurity continues."

Médecins sans Frontières country director Jean Vataux confirms that two MSF staffers, a Sudanese and a European, were subjected to a serious sexual assault on Sept. 11 after being forced out of their vehicle near Zalingei, in an area under government control. While the women were not raped, Vataux says, "there was a clear desire to hurt and humiliate." The women were badly beaten as well. Vataux says MSF reported the incident to Sudanese authorities, who promised to investigate but so far have not reported any outcome. Action Contre la Faim's country director Philippe Conraud confirms that two Frenchwomen working for ACF in Gereida were raped by armed men, but would not provide details. In the Gereida attack, aid agencies' compounds were systematically looted, numerous vehicles stolen and staff terrorized at gunpoint for six hours.

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The two incidents add to a pattern of increased violence since a peace agreement was signed last May between the government and some rebels. After that, rebel factions splintered further. In some areas, the government is working with rebel signatories; in others, it's fighting them, and in some places the rebels are fighting one another. The version of the conflict that has seized the imagination of the world—and that prompted former secretary of State Colin Powell to describe the killing there as "genocide"—involved marauding Arab militiamen known as Janjaweed, often backed up by Sudanese military forces, laying waste to scattered villages. Now as many as 12 different groups are at each other's throats, tussling over control of huge refugee camps or angling for their share of promised government compensation. On Jan. 10, New Mexico Gov. Bill Richardson announced he had brokered a 60-day ceasefire; so far, it has yet to start. "The ceasefire?" says a senior officer with the African Union peacekeepers in Darfur, who asked to remain anonymous for fear of offending Sudanese authorities. "That's like the peace. We haven't seen either."

Assaults on aid organizations have wide repercussions. After a Dec. 8 attack on the International Committee of the Red Cross compound in Kutum, in northern Darfur, all but three of the international staff pulled out. Villagers driven from their homes by Janjaweed have since dispersed rather than seek refuge in the camp there. "We don't know where 30,000 people are," says Rebecca Dale of the International Rescue Committee. "Only about two or three thousand have shown up."

Khartoum has pledged to give aid agencies unfettered access to Darfur, and has frequently boasted of its cooperation with the international community. Yet the NGOs say their workers, especially those from Western countries, are frequently denied visas and travel permits, while key equipment and supplies are held up in Sudanese Customs. And they cannot complain too loudly. "We can't afford to be kicked out," says Dawn Blalock, spokesman for the United Nations' Office for the Coordination of Humanitarian Affairs. The stakes are too high: Blalock points out that the aid groups have managed to lower the overall malnutrition rate in Darfur below the emergency level of 15 percent. Without them, no one knows how bad it could get.

Those who speak out have paid a price. The Norwegian Refugee Council, serving 250,000 displaced Darfurians, was expelled in November to hardly a murmur from the United Nations. Late last year the U.N. secretary-general's representative to Sudan, Jan Pronk, the highest U.N. mission official there, was thrown out by Khartoum after he complained publicly about continued Janjaweed attacks. He has yet to be replaced, leaving the U.N. mission leaderless. "The international community have been taken for a ride," says Pronk. And yet again, the ones suffering most are the people of Darfur.

Ban's Reform Call (WSJ)

The Wall Street Journal, January 22, 2007

U.N. Secretary-General Ban Ki Moon has been on the job for less than a month, but with a 26-word announcement Friday he did more to reform that international body than anything ever attempted by predecessor Kofi Annan.

"The Secretary-General will call for an urgent, system wide and external inquiry into all activities done around the globe by the U.N. funds and programs." So said Mr. Ban's spokesman after the Secretary-General met with Ad Melkert, associate administrator of the United Nations Development Program. The key word here is "external." Concerns about corruption in the U.N.'s Oil for Food program bubbled for years before Mr. Annan finally agreed to set up the independent Volcker Commission.

The proximate cause for Friday's meeting between Messrs. Ban and Melkert, and for Mr. Ban's clean-house announcement, was Melanie Kirkpatrick's op-ed article in these pages Friday detailing irregularities in the UNDP's programs in North Korea and citing U.S. concerns that tens of millions of dollars in hard currency have been funneled to dictator Kim Jong Il.

The UNDP must have got Mr. Ban's memo. We publish today a letter1 from the agency's Mr. Melkert, responding to Ms. Kirkpatrick's article and our accompanying editorial. "We . . . welcome an independent and external audit of our operations in North Korea," he writes. And, "If the member states of the U.N. and UNDP's board were to decide that our presence there were no longer useful, we would leave immediately."

Kim Jong Il is about as likely to change the way he does business as he is to move to Hollywood to pursue his avocation as a movie buff, so a UNDP pullout from North Korea is the right policy. The Pyongyang government won't even permit U.N. officials to visit the sites of some of the projects that their agency is funding. There's no way of knowing whether the "battery factory" paid for with U.N. money actually exists or is just a vehicle for funding Kim's regime.

In a statement posted on its Web site Friday, the UNDP asserts that it can account for all but $337,000 of its recent expenditures in North Korea. Of the $6.5 million spent in 2005-2006, it says, only $337,000 went to projects directly managed by the North Korean government. The agency now manages most of its projects in North Korea directly.

If oversight has improved in the past two years, so much the better. In any case, any investigation ought to go back at least to the late 1990s, when an internal audit turned up shenanigans and much more money was spent, and ideally all the way back to 1979, when the program began.

We also couldn't help but notice the second-day story by the Washington Post's Colum Lynch, whose reporting is known to speak for the U.N. bureaucracy. He said some in the U.N. consider the U.S. questions to be an attempt to discredit Mark Malloch

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Brown, who ran UNDP from 1999-2005 before becoming Mr. Annan's chief of staff. We hadn't mentioned Mr. Malloch Brown in our Friday editorial, but now that Mr. Lynch does we agree his tenure at UNDP should also be looked at.

Meanwhile, the UNDP's executive board meeting this week should be lively as members consider the U.S.-led motion to defer UNDP programs in North Korea pending an investigation. The 36-member board is composed of 18 "rich" countries and 18 "poor" ones, which means those that provide the money and those that spend it. It would be quite a spectacle if the poor countries side with fellow board member North Korea.

The ultimate sanction is money, and there's already movement in Congress to withhold the U.S. contribution to the UNDP, which last year constituted 11.4% of the agency's core budget. Unlike dues to the U.N., contributions to the UNDP and other agencies are voluntary. New Jersey Republican Scott Garrett plans to introduce a bill this week to cut off U.S. funding for the UNDP pending a full accounting and an investigation into its program in North Korea. Ileana Ros-Lehtinen, ranking Republican on the International Relations Committee, said Friday that she "and other members" are determined to apply "pressure."

In the absence of a U.N. leadership that demanded transparency and accountability, Congress and various U.S. Administrations have been trying to reform the organization for years. If Secretary-General Ban follows through on his call for "external" audits of all U.N. programs, it will be a refreshing change at Turtle Bay.

DOJ_NMG_0119367

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, January 22, 2007 8:10 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, January 21, 2007
Attachments:	agnb070121.pdf; agnb070121.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 21, 2007 7:45 AM EST

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TERRORISM NEWS:

UK MPs Urge International Community To Deal With Guantanamo Detainees. BBC.com (1/21) reports, "MPs who have visited Guantanamo Bay have called on Britain and the international community to do more to help the US close the camp. Seven Foreign Affairs Committee members visited the detention centre for 'enemy combatants' in Cuba in September. In a report they were critical of the conditions there, but said many inmates posed a threat and the world needed to find a 'longer term solution'. Opposition MPs and human rights groups called the report 'disappointing.'" The AP (1/21, Stringer) says the report "called for an overhaul of the Geneva Conventions and suggesting Prime Minister Tony Blair lead efforts to update the international standards to reflect the challenge of terrorism."

WPost, NYTimes Encourage Congress To Pursue Investigation Of Wiretapping Program. The Washington Post (1/21, B6, 690K), in an editorial, writes, "when the Bush administration announced that it had belatedly put its warrantless wiretapping program under court supervision, its attitude was like that of a traffic officer trying to hurry along bystanders at an accident scene: 'Move right along, folks, nothing to look at here.' The administration would like Congress, under its new management, to abandon its efforts to dislodge details about the program's operations or to craft legislation to provide a legal framework. Lawmakers don't seem inclined to simply go away, nor should they."

The New York Times (1/21, WK11, 1.16M) editorializes, "By now, this is a familiar pattern: First, Mr. Bush and his aides say his actions are so vital to national security that to even report on them — let alone question them — lends comfort to the terrorists. Then, usually when his decisions face scrutiny from someone other than a compliant Republican Congress, the president seems to compromise. Behind this behavior are at least two dynamics, both of them disturbing. The first is that the policies Mr. Bush is trying so hard to hide have little, if anything, to do with real national security issues — and everything to do with a campaign, spearheaded by Vice President Dick Cheney, to break the restraints on presidential power."

More Commentary. The Sacramento Bee (1/21) editorializes, "The Senate Judiciary Committee surely had something else in mind when Attorney General Alberto Gonzales dropped by last Thursday to talk about the state of affairs at the Justice Department. … Gonzales provided more details about the department's prosecution of the 'Girls Gone Wild' video series than he did about warrantless surveillance. His testimony leaves more questions than it answers and should be considered only Round One of the oversight process on surveillance." The Bee continues, "After last week's hearing, we still don't know whether the warrants sought by the administration from the FISA court are for surveillance of known phone numbers or known persons, or for dragnet-style data-mining operations of hundreds or thousands of individuals. Normally, the government would seek a FISA warrant for surveillance of a particular suspect's phone calls or e-mails. A congressional staffer told the New York Times that the FISA approvals appear to be for a hybrid of individual warrants and broader approval, whatever that means. Gonzales offered no information or documents to clarify the matter." The Bee adds, "Clearly, Congress still has a lot to do to determine whether the spying program follows the 1978 law and the Constitution. And Congress and the president will have to be open to negotiating possible adjustments to the 29-year-old law to reflect developments in technology, surveillance and the new realities of terrorism. But this should be non-negotiable: Congress cannot let the president get away with disregarding or rewriting the law and the Constitution at his whim."

The Grand Rapids Press (MI) (1/21) editorializes, "After resisting for more than a year, the Bush administration is putting its controversial domestic wiretapping program under the jurisdiction of the secret court set up to govern such cases. It's a good course correction. Concerns about terrorism shouldn't give federal intelligence agencies license to eavesdrop on citizens' phone calls and e-mails without court approval or congressional oversight. … U.S. Attorney General Alberto Gonzales says the Justice Department has worked out an 'innovative' arrangement to bring the surveillance program under FISA jurisdiction. He wouldn't elaborate on the specifics to members of the Senate Judiciary Committee this week, so questions remain about what form

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the new compliance takes. Congressional leaders shouldn't be left in the dark about this new arrangement. … The issue is not about whether to monitor the communications of suspected terrorists but doing it legally and with proper checks and balances. We all should want that."

The Wilmington (DE) News Journal (1/21) editorializes, "So apparently there is a way to do surveillance of intelligence suspects with court oversight after all. For a year, the Bush administration insisted that wartime justified secrecy and executive privileges, regardless of a 1978 law setting up review through a Foreign Intelligence Surveillance Court. … Now, after months of rebuffing congressional negotiations and the threat of investigation, the Justice Department has a method for going to designated judges when it wants to monitor international e-mail and telephone calls given a probably terrorism link." The Journal adds, "Skepticism is rife in the Capitol and among civil libertarians, and rightly so. There is only a vague outline of what the new ground rules are that prompted the administration's turn-around. … The Justice Department also is to go before federal court in Cincinnati on Jan. 31 for more arguments on the constitutionality of the Bush's earlier policy. … Congress should look into exactly what is going on. Given this administration's resistance to judicial checks on presidential authority, this adaptation may well be too good to be true."

The Hartford Courant (1/21) reports, "President George W. Bush has substituted one controversial spying program with another. … The old program eavesdropped on American and foreign al-Qaida suspects without the legally required court oversight. The new program? Well, it eavesdrops on the same targets, but now with the required warrants." The Courant adds, "On Wednesday, the Bush administration announced it had dismantled the fiercely criticized program and started applying for court approval for wiretaps - but under new orders and opinions issued by the FISA court. The administration's turnabout was supposed to be welcome news. But the new FISA orders are so wrapped in mystery that no one outside the Bush administration and the spy court knows what they say. .. .The presiding judge has no objection to releasing them, but the Justice Department refuses to do so or to give even the bare outlines on how the new program works. … Without those details, it's impossible for lawmakers to judge whether their 1978 law is protecting privacy rights as well as public safety."

The Houston Chronicle (1/21) editorializes, "After operating an electronic surveillance program for five years outside legally mandated oversight by a secret federal court, President George W. Bush has seemingly bowed to legal and congressional pressure. … While lawmakers and officials of civil liberties groups welcomed the development, they also want more information on whether the FISA court will review each surveillance request individually or whether it has simply given blanket approval for the activities by the National Security Agency." The Chronicle adds, "In a visit with the Chronicle Editorial Board last year, U.S. Attorney General Alberto Gonzales justified the surveillance program as a legal extension of presidential authority in wartime and a congressional resolution supporting military action against terrorists. … In testimony before the Senate Judiciary Committee on Thursday, Gonzales refused to explain why the administration had reversed its previous position that court oversight was too restrictive to effectively combat terrorism." The Chronicle concludes, "Americans need to be reassured that their constitutionally guaranteed rights against illegal government surveillance are being safeguarded as mandated by the FISA legislation. … If the chief jurist of the relevant court sees no harm in explaining how it will oversee the program, the administration should assent to providing a thorough explanation to lawmakers and the public."

The Akron (OH) Beacon Journal (1/21) editorializes, "For more than a year, the Bush White House has publicly claimed the right to conduct electronic surveillance, without first seeking a court warrant, of Americans suspected of terrorist ties. It vigorously defended the program, which started after the Sept. 11 attacks, at congressional hearings and in legal briefs, denying it violated the constitutional protections of citizens. The president insisted the war on terrorism made speedy, warrantless wiretaps a national security imperative. … After all the contention, it is encouraging that the president has reversed course, the Justice Department announcing on Wednesday the program will be under the oversight of the court created by the 1978 Foreign Intelligence Surveillance Act. It is the right decision, a welcome return to checks and balances." The Journal concludes, "In Senate hearings Thursday, a tight-lipped Attorney General Alberto Gonzales did little to ease worries whether the new 'innovative arrangements' with the FISA court would merely provide the program a blanket cover to conduct wiretaps. Congress would do well to press hard for clarification."

The Las Vegas Sun (1/21) reports, "One day before the Senate Judiciary Committee was to begin hearings on President Bush's warrantless domestic eavesdropping program, Bush administration officials announced that such surveillance would now be subject to judicial review. … The decision was a reversal for Bush, who has stubbornly insisted that forcing the National Security Agency to adhere to a 1970s-era law - which requires the agency to seek warrants in a secret court before monitoring Americans' communications - hindered the government's ability to track terrorist activity. Bush started domestic surveillance without warrants after the Sept. 11, 2001, attacks." The Sun continues, "The timing of this apparent reversal in policy doesn't help to quell suspicions, as Bush often makes grand

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public promises to deflect criticism. And it is unclear how much the process will change. Attorney General Alberto Gonzales, citing security concerns, refused to tell the Judiciary Committee whether eavesdropping requests will be reviewed one at a time or in groups. … The Bush administration's history of secrecy and deceit by omission runs deep, and it is hard to believe that this seeming change of heart is anything more than an attempt to avoid scrutiny by a Congress that is now run by Democrats."

The Orange County (CA) Register (1/21) editorializes, "The announcement… is welcome at first blush. It may prove to be an unalloyed benefit. But questions remain, and there are details the American people should be able to know about what government is doing in their name." The Register continues, "An obvious question: If this program was considered legal and utterly essential a year ago, why is there no need to continue it? At a Senate Judiciary Committee hearing last Thursday, Attorney General Alberto Gonzales said the administration had worked out procedures for more "swift and agile" consideration by the FISA court, but did not provide details. … It is also valid to wonder whether this switch was done to avoid judicial scrutiny in three cases challenging the program that are before the courts and might now be moot. … On balance, however, this is a welcome development. Checks and balances don't always prevent abuse, but they are essential to the American system."

The Miami Herald (1/21) editorializes, "It would be nice to believe that the Bush administration's reversal of policy on its secret wiretapping program -- allowing a measure of judicial oversight for the first time -- represents a change of attitude regarding the balance between civil liberties and executive power. But that's hardly the case. … This administration has a consistent pattern of ignoring fundamental rights such as privacy and habeas corpus in order to extend the reach of the 'unitary executive.' Congress has a duty to find out more about the program and determine whether this change is merely a tactical shift designed to preserve the questionable authority of the president to decide which of those rights can be overlooked or denied in the name of national security." The Herald adds, "It is vital for Congress to learn the answers to these and other questions about who is secretly listening to the conversations of Americans and under what rules. Courts are supposed to determine when there is probable cause to suspect that the target of the wiretap is connected to terrorism. Without oversight, even the most well-intended prosecutor or federal agent can step across the line that protects our freedoms. … Whether the administration likes it or not, this is part of the bedrock system of checks and balances that has preserved the civil liberties that Americans cherish."

In a column for the Chicago Tribune (1/21), Steve Chapman writes, "Is President Bush surrendering in the war on terror? For more than a year, the administration has insisted that preserving its 'terrorist surveillance program,' which involves unfettered and unauthorized wiretapping of Americans suspected of communicating with Al Qaeda operatives abroad, was, in the words of former White House press secretary Scott McClellan, 'a vital tool' for us 'to stay a step ahead of a deadly enemy that is determined to strike America again.' Now, Atty. Gen. Alberto Gonzales says the program will not be renewed." Chapman continues, "This about-face must be causing massive cognitive dissonance within the administration and among conservatives who regard any check on executive power as a favor to Al Qaeda. From the moment the secret National Security Agency program was revealed by The New York Times in 2005, Republicans treated its critics as foolish appeasers. … Never mind that it apparently violated the law, and never mind that it let the government spy on Americans right here at home, without bothering to get the search warrants that are normally required. Issues of legality, constitutionality and privacy cut no ice with the administration and its supporters. Either you were for the program, or you preferred to expose us to catastrophe." Chapman concludes, "Maybe we were misled before, or maybe we're being misled now. But the next time the president tries to sell us on the idea that some expansion of executive power is critical to fighting terrorism, I hope he'll throw in the Brooklyn Bridge."

HOMELAND RESPONSE:

Travel Industry Analysts Concerned By New Passport Requirement. The Washington Times (1/21, Price, 88K) reports on its front page, "Some travel-industry officials say they fear a passport bottleneck when new federal regulations take effect Tuesday requiring Americans to show a passport to re-enter the United States after traveling to countries in the Western Hemisphere. But officials at the State and Homeland Security departments, which are implementing the changes, say most travelers who need passports to comply with the new rules already have them."

New Orleans Population May Not Return To Pre-Katrina Levels. The New York Times (1/21, A1, Nossiter, 1.16M) reports, "some economists and demographers are beginning to wonder whether New Orleans will top out at about half its prestorm population of about 444,000, already in a steep decline from its peak of 627,525 in the 1960 Census. At the moment, the population is well below half, and future gains are likely to be small. … The new doubts, surprisingly, are largely not based on the widespread damage caused by the flood. Rather, crippling problems that existed long before Hurricane Katrina are

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mostly being blamed for the city's failure to thrive. In this view, the storm was merely a grim exclamation point to conditions decades in the making. Before the storm, some economists say, New Orleans may have had more people than its economy could support, and the stalled repopulation is merely reflecting that."

WAR NEWS:

Bush "Held To Plan" On Iraq Strategy. In a front page report headlined "Embattled, Bush Held To Plan to Salvage Iraq," the Washington Post (1/21, Abramowitz, Baker, 690K) details President Bush's path to his eventual strategy on Iraq: "A reconstruction of the administration's Iraq policy review, based on more than a dozen interviews with senior advisers, Bush associates, lawmakers and national security officials, reveals a president taking the lead in driving the process toward one more effort at victory -- despite doubts along the way from his own military commanders, lawmakers and the public at large." Bush "seems uninfluenced by the electorate on Iraq and headed for a showdown with the new Democratic Congress." However, "some Bush advisers believe they misjudged the politics that would greet Bush's Jan. 10 unveiling of the new plan," not expecting "near-universal opposition by Democrats and visceral anger even among some Republicans. . ... On Dec. 13, Bush went to the super-secure 'tank' at the Pentagon to listen to his top generals, only to walk away convinced that some of them were trying to manage defeat rather than find a way to victory."

More Than Two-Thirds Oppose Surge In New Poll. NBC Nightly News (1/20, story 4, Seigenthaler, 9.87M) reported, "Iraq was on the agenda today for President Bush when he met with his Secretary of State and new Secretary of Defense, while a new poll indicates a large majority of Americans oppose the President's new plan for Iraq." NBC (Yang): "Secretary of State Condoleezza Rice and Defense Secretary Robert Gates came here to brief President Bush on their just completed trips to the Middle East. President Bush's top foreign policy and military advisors arrived at the White House early facing intense pressure on Iraq; the President discussed the situation for about an hour before leaving with the First Lady for Camp David. It came as a new 'Newsweek' poll showed 68% of Americans oppose President Bush's plan to send more troops to Iraq. All-time low for the poll."

Administration Warns Iraqi Government To Honor Bargain. The New York Times (1/21, A6, Cooper, Sanger, 1.16M) reports, "President Bush and his top advisers, after nine days of unrelenting criticism from Congress, are warning the Iraqi government that continuing funding for an American troop increase and other elements of Mr. Bush's new Iraq strategy will be contingent" on Prime Minister Nouri al-Maliki's "delivery on promises to quell violence, senior administration officials said in recent interviews." Administration officials, "who have carefully avoided declaring outright that the American commitment in Iraq would be cut back if Mr. Maliki fails, are using the open hostility of most Democrats and the skepticism of many Republicans as a way to underscore to the prime minister that the White House plan represents a last chance for him." After intense criticism from Democrats, Republicans, and retired Gen. Joseph Hoar, "some members of the administration are already discussing what one called 'Plan C,' even as the administration publicly expresses support for Mr. Maliki. Some senior officials, insisting on anonymity, are discussing alternative leadership for the Iraqi government."

Vietnam Enters Discussion Of Iraq War. The Los Angeles Times (1/21, Levey, 850K) reports, "On the floors of the House and Senate, in committee hearings and news conferences since the president's Jan. 10 announcement, lawmakers on both sides of the aisle and both sides of the war debate have repeatedly invoked America's longest war. Opponents use the vocabulary of the Vietnam War as they talk of opposing an escalation that they consider as divisive as those pushed by Presidents Johnson and Nixon in the 1960s and early 1970s. And supporters of the president warn of repeating other mistakes of that conflict by withdrawing support for American soldiers while they remain in harm's way."

History Lesson Seen For Bush In Algerian War. The Boston Globe (1/21, 413K) editorializes, "At Henry Kissinger's recommendation, President Bush is reading 'A Savage War of Peace,' the classic account of the Algerian war of independence, 1954-1962." The Globe sees many differences between Algeria and Iraq, for example, the "brutal realism" of Charles deGaulle when "he uttered the fateful words, 'self-determination,' which meant independence. Today President Bush has yet to show this degree of flexibility in Iraq. ... Perhaps the lesson of 'A Savage War of Peace' is that, however painful withdrawal and defeat may be, continuous bloodshed and stalemate are worse."

More Commentary On Bush Iraq Strategy. New York Times (1/21, WK12, 1.16M) columnist Frank Rich writes, "Our failure to check the administration when it rushed into Iraq in 2003 will look even more shameful to history if we roll over again for a reboot in 2007. ... This time we must do what too few did the first time: call the White House on its lies. Lies should not be confused with euphemisms like 'incompetence' and 'denial.'"

In his Washington Post (1/21, B7, 690K) column, David Broder writes optimistically that Gen. David Petraeus "has a realistic appraisal of the people he is dealing with in Baghdad and is quite willing to lean hard on them. ... The challenge is

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immense, but for a change, there is a chance to get the full weight of our government pulling in the same direction."

More Than 20 US Troops Killed In Iraq War's Third-Deadliest Day. NBC Nightly News (1/20, story 3, 2:00, Seigenthaler, 9.87M) reported, "It's been a deadly day for Americans in Iraq, one of the deadliest of the war so far. In the last 24 hours, more than 20 Americans have been killed, 13 in a helicopter crash near Baghdad." NBC (Boettcher): "What caused this crash? That is important if it was shot down, and according to witnesses at the scene they said the helicopter was on fire. Late tonight the military is saying it appears there were mechanical problems with the helicopter and that is all we know." Seigenthaler: "There was another serious attack in Iraq today, right?" Boettcher: "Absolutely. This is the one that is worrying, John. This occurred south of Baghdad, five US soldiers were killed and according to the US military it was illegally armed militias. ... this is a very serious issue. There could have been high ranking officers at this meeting who were killed."

The CBS Evening News (1/20, story 3, 2:10, Attkisson, 7.66M) reported, "This has been the worst day in almost two years for US troops in Iraq. The death toll rose by at least 21. The military announced five soldiers were killed in an attack by militia fighters in Karbala. Three other Americans died in separate attacks. But in the worst incident, 13 service members were killed when their Blackhawk helicopter crashed northeast of Baghdad." ABC World News (1/120, story 3, 1:50, Berman, 8.78M) reported, "The US military says one of its helicopters went down northeast of Baghdad, killing 13 on board. The news comes amid growing resistance to President Bush's plan to send thousands more troops to the war zone." ABC (Morrell): "According to the website icasualties.Org, this is the 44th deadly helicopter crash since the war began nearly four years ago. In all, 198 US and coalition forces have been killed in those crashes."

The Washington Post (1/21, Londono, 690K) says on its front page that Saturday's deaths "made the day the third-deadliest for U.S. service members in Iraq since the war began." The bloodshed "came as the Bush administration was extending the tours of some troops in Iraq and sending additional ones for a buildup that has met strong resistance in Congress." The New York Times (1/21, A6, Cave, 1.16M) called it "one of the deadliest days for United States forces since the Iraq war began." Of a gun battle in Karbala, the Times reports, 'Iraqi state television reported that at least two dozen gunmen assaulted the building, getting inside, and drawing a response from American troops who were dropped by helicopter onto the roof. ... The attack nonetheless seemed to be the latest in a series of power struggles in the south among a patchwork of Shiite tribes and political parties." The Washington Times/AP (1/21, A1, Mroue) reports, "The crash and other deaths came as a brigade of the U.S. 82nd Airborne Division arrived in Baghdad and prepared for deployment in early February the first of the 21,500-troop buildup ordered by President Bush."

The Los Angeles Times (1/21, A1, Daragahi, 850K) reports, "The surge in fatalities just days before President Bush's State of the Union address was likely to inject a note of urgency into the debate over his Iraq policy. ... A witness said he saw ground fire bring down the [helicopter], and an insurgent group claimed responsibility for the attack in an Internet posting that could not be authenticated." In addition, "American troops raided the capital's main emergency hospital Saturday morning, seizing the weapons of security guards believed to be linked to Sadr's Al Mahdi militia, hospital and police officials said. ... One hospital employee said the Americans searched the hospital for a person who allegedly belongs to the Al Mahdi army."

US Brigade Soon Ready For Baghdad. The AP (1/21, Hurst) reports, "A newly arrived brigade of the U.S. 82nd Airborne Division, the first of the 21,500-troop buildup ordered by President Bush, will be ready to join the fresh drive to quell sectarian violence in the capital by the start of next month, the American military said Sunday. ... The announcement came a day after at least 20 U.S. service members were killed in Iraq on Saturday, the highest daily toll in two years for American forces." The AP continues, "Prime Minister Nouri al-Maliki has pledged to put an about equal number of Iraqi troops on the streets and has vowed they will target both Sunni insurgents and Shiite militia fighters. Maliki has promised he will no longer block action against the Mahdi Army militia ... Since Bush and Maliki announced the planned drive against militants, U.S. and Iraqi special forces have regularly killed or captured a number of Mahdi Army commanders. The drive against Sunni insurgents has increased as well."

Kurdish Troops Deserting To Avoid Baghdad Service. The Boston Globe (1/21, Fadel, Taha, 413K) reports, "As the Iraqi government attempts to secure a capital city ravaged by conflict between Sunni and Shi'ite Muslim Arabs, its decision to bring a third party into the mix may cause more problems than peace. Kurdish soldiers from northern Iraq, who are mostly Sunnis but not Arabs, are deserting the army to avoid the civil war in Baghdad, a conflict they consider someone else's problem." In interviews, Kurdish "soldiers in Sulaimaniyah expressed loyalty to their Kurdish brethren, not to Iraq. Many said they'd already deserted, and those who are going to Baghdad said they'd flee if the situation there became too difficult."

US Finds Success In Once-Dangerous Iraqi Town. The Los Angeles Times (1/21, Perry, 850K) reports

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that two years ago, the Iraqi town of Husaybah "was considered too dangerous even for a quick tour by a U.S. general in his armored Humvee. ... In a country studded with areas where the U.S. has either failed or made only limited progress toward stabilization, Husaybah and the surrounding Qaim region stand out as a success, officials said." The Times adds, "The effort has combined U.S. military and economic power, backed by help from the municipal and tribal leadership." Marines "launched a massive effort to find weapons caches and confront insurgent sanctuaries," while economic projects include "a 10-lane port of entry from Syria that should provide an economic boost. Marines are assisting the health clinic and hospital, and the U.S. is funding construction of a jobs center and vehicle registration site."

Army Says Colonel's Orders Led To Deaths Of Four Iraqis. The New York Times (1/21, A10, Von Zielbauer, 1.16M) reports, "Army investigators say that Col. Michael D. Steele, a decorated combat veteran and brigade commander in Iraq, issued improper orders to his soldiers that contributed to the deaths of four unarmed Iraqi men during a raid in May, according to military documents." Two Pentagon officials said last week that Steele "was formally reprimanded in the summer by Lt. Gen. Peter W. Chiarelli, the former commander in Iraq, for not reporting the deaths and other details of the raid."

Iraqi TV Betrays Sectarian Tensions. The Washington Post (1/21, A18, DeYoung, 690K) reports on an angry exchange between Shiite and Sunni politicians on Al Jazeera: "The exchange between two middle-aged men in suits was an up close and personal look at the religious and ethnic divides -- Sunni Muslim vs. Shiite Muslim, Arab vs. Persian -- that President Bush now cites as the main impediments to peace in Iraq. Widely circulated on the Internet in recent weeks, the video clip has fueled sectarian jeers and cheers in chat rooms throughout the Middle East. ... The Bush administration has long charged that mainstream Arab networks such as al-Jazeera provide a platform to terrorists. But communications technology now allows the warring parties in Iraq direct access to audiences in Iraq and beyond."

Banned Station Broadcasts Voices Of Sunni Insurgents. The New York Times (1/21, A8, Santora, Cave, 1.16M) reports about the banned Al Zawra TV station's broadcast of footage of an American soldier being shot, "Such tapes, along with images of victims of Shiite militias and unflattering coverage of Shiite leaders, are beaming across Iraq and much of the Middle East 24 hours a day, broadcast by a banned Iraqi satellite television station that has become a major information center for the Sunni insurgency — and the focus of a cat-and-mouse hunt that has exasperated and infuriated American and Iraqi forces. Making the situation even more galling for the authorities, American and Iraqi officials say that money stolen from the United States probably helps pay for the station."

Rice Says Talks With Iran, Syria Would Not Aid US In Iraq. AFP (1/20) reports Secretary of State Condoleezza Rice has "reiterated Washington's opposition to talking to Syria or Iran to get their help in easing unrest in Iraq." In a German interview to be published tomorrow, Rice said that, "to believe that Damascus or Tehran would suddenly be ready to help stabilise Iraq, simply because the United States would talk to them, is false." AFP notes she further indicated that "Syria and Iran's 'only motivation' in entering into such talks would be to draw some advantage for themselves, adding that this was not diplomacy but blackmail. Damascus would expect some goodwill from Washington over its Lebanon policy while Tehran would want room for manoeuvre on its nuclear programme, Rice said."

Ahmadinejad's Hold On Power Said To Be Increasingly Uncertain. In an op-ed in today's Los Angeles Times (1/21, 850K), professor Dariush Zahedi and journalist Omid Memarian say the "clock may be ticking" on the tenure of Iranian President Mahmoud Ahmadinejad. Recent events "have pushed conservatives inside Iran to further distance themselves from" him, and "there have also been reports that Iran's supreme leader, Ayatollah Ali Khamenei, has given a green light to parliament to criticize the president's performance." Last month's election results "emboldened his opponents," and Ahmadinejad's attempt "to return the Islamic revolution toward what he views as its essence — anti-Zionism and populism -- has riled the country's pragmatic and traditional conservatives." Noting that he may grow as a target for criticism because "blaming a single individual who can easily be restrained or even removed for all that ails Iran could avert a legitimacy crisis for the system," Zahedi and Memarian say Ahmadinejad "is no doubt praying that the U.S. will not be satisfied with Iran's diplomatic and economic isolation and will launch military strikes against" its nuclear sites. Such a move "would surely give new life to Ahmadinejad's militant faction, enabling him to rally the masses behind the flag, compel his conservative critics to close ranks behind him and crush the remnants of Iran's liberal civil society and democratic movement."

Columnists Challenge Bush's "Impatience" On Iran. In his Washington Post (1/21, B7, 690K) column, Jim Hoagland writes, "President Bush once again risks confusing his destiny with that of the nation. His presidency is running out of time. The United States is not. An all-or-nothing confrontation with Iran that has to be resolved before Bush leaves office is an artificial concept that will deepen American problems abroad. ... The 'hurry-up' offense that works

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beautifully for the New England Patriots at game's end is far too dangerous when the stakes are war and peace." Hoagland suggests, "The Saudis have enough reserve production capacity to swing OPEC prices up and down at will. ... So a broad, sustained campaign of economic sanctions is perhaps the most effective way to bring pressure to bear on an Iranian regime that has failed to deliver on its grandiose promises of prosperity to a restive population."

New York Times (1/21, WK13, 1.16M) columnist Nicholas Kristof writes, "One of the most worrying parts of President Bush's Iraq strategy doesn't have anything to do with Iraq. It's the way he's ramping up a confrontation with Iran." Bush is "increasing the risk that he will drag the U.S. into a third war in an Islamic country in six years. Instead of disengaging from war, he could end up starting another." Kristof continues, "Unfortunately, Mr. Bush's military pressure may end up making Iraq bloodier than ever. Instead of being cowed, Iran may use its proxies in Iraq, Afghanistan, Lebanon and elsewhere to kill more American officials and troops. Or even ordinary Americans here at home." In addition, pressuring Iran could help "Iranian hard-liners crush Iran's democracy movement."

Pakistan Denies Its Intelligence Services Protect Key Taliban Leaders. The New York Times (1/21, A1, Gall, 1.16M) examines the role Pakistani intelligence services might play along the Afghan-Pakistani border. "The government of Pakistan vehemently rejects the allegation and insists that it is fully committed to help American and NATO forces prevail against the Taliban." However, experts "say that Pakistani intelligence agencies -- in particular the powerful Inter-Services Intelligence and Military Intelligence -- have been supporting a Taliban restoration, motivated not only by Islamic fervor but also by a longstanding view that the jihadist movement allows them to assert greater influence on Pakistan's vulnerable western flank." The Times says its investigation "leaves little doubt that Quetta is an important base for the Taliban, and found many signs that Pakistani authorities are encouraging the insurgents, if not sponsoring them." Several analysts believe that "Pakistan has long seen jihadi movements like the Taliban as a counter to Indian and Russian influence next door in Afghanistan, and as a way to provide Pakistan with 'strategic depth,' or a friendly buffer on its western border."

Under the headline, "Pakistan Denies It Harbors Taliban," the Washington Post (1/21, A20, Constable, 690K) notes, "Faced with new charges that Pakistan is harboring Islamic insurgents, including fugitive Taliban leader Mohammad Omar, Pakistani officials this weekend denied such allegations and defended their efforts to curb cross-border insurgent attacks in Afghanistan as sincere if not totally successful." The Post adds, "Afghan officials have long charged that Omar and other Taliban leaders operate from Quetta, and senior U.S. officials have recently begun echoing those accusations, saying Pakistan has not done enough to curb Taliban attacks although it continues to be a valuable ally in the broader fight against Islamic terrorism."

Afghan Women's Gains Are Endangered. The Los Angeles Times (1/21, Rubin, 850K) reports in a 2,700 word article, "Five years after the end of the Taliban era, there are new opportunities for women in Afghanistan, and notable efforts are underway to make their daily lives better, especially in Kabul, the capital. Improving the status of women has been a core goal of U.S. policy here ... But conversations with dozens of women suggest that each step forward has been a struggle. Afghan society remains deeply uncomfortable with the idea of women gaining independence and authority. The Taliban's resurgence has reversed incremental gains, particularly in the south. If the Taliban incursions spread, more women are likely to lose ground. Families in the south that recently began allowing their daughters to go to school and wives to enroll in vocational programs have pulled them out because of Taliban attacks."

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Senate Urged To Curb US Attorney Dismissals. The Roanoke (VA) Times (1/21) editorializes, "The administration's forced resignations among U.S. attorneys tell the tale of the corrupting influence of unchecked power. … It is a new old story, about one of those 'little-noticed' provisions in complex legislation that draws attention only when it starts to stink." The Times continues, "The complex law is the Patriot Act. The smelly provision -- one of many, but a noticeable one of late -- is an innocuous-seeming change in the way the executive branch makes interim appointments of U.S. attorneys. … In effect, the change allows the attorney general to replace federal prosecutors without Senate approval." The Times adds, "The Bush administration seems to be using this new power, in part, to rid the Justice Department of prosecutors deep into political corruption investigations and to put political hacks in their place. … Congress should act quickly to strip the law of a provision so ripe for abuse." The Times notes, "U.S. attorneys are appointed by the president and approved by the Senate. When appointees leave, voluntarily or not, the attorney general can make an interim appointment that is not subject to a Senate vote. … Feinstein and Leahy have filed a bill to restore the district court's authority to make interim appointments. Gonzales' protestations of high principle do not persuade. The senators should press on."

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CORPORATE SCANDALS:

Prosecutor In Apple Options Case Joins Firm.

Bloomberg (1/21, News) reports, "Christopher J. Steskal, a lead prosecutor of a federal task force investigating the backdating of stock options at Apple Inc. and other companies, is leaving his San Francisco post to join a law firm, the United State Attorney's office in San Francisco confirmed late Friday. … Mr. Steskal's decision follows the recent resignation of his boss, United States Attorney Kevin V. Ryan." Bloomberg continues, "Mr. Steskal also was the lead prosecutor in the government's case against Gregory L. Reyes, the former chief executive of Brocade Communications Systems. … Mr. Steskal, who was to try Mr. Reyes's case in June in San Francisco, is the second of five assistant United States attorneys on the task force to leave since its formation in July. He said he would join the San Francisco office of Fenwick & West within 30 days." Bloomberg adds, "William J. Portanova, a criminal defense attorney and former federal prosecutor, said that he believed that the Brocade case would not suffer, no matter who is picked to succeed Mr. Steskal. … Luke Macaulay, a spokesman for the United States Attorney's office in San Francisco, said that one of two prosecutors the office is planning to hire would replace Mr. Steskal on the task force."

The San Francisco Chronicle (1/21, Page F - 1, Guynn) reports, "The abrupt resignations last week of U.S. Attorney Kevin Ryan, the Justice Department's top law enforcement official in Northern California, and Assistant U.S. Attorney Chris Steskal, the lead prosecutor on the task force investigating stock-option backdating, raise questions about the fate of Bay Area technology companies under investigation." The Chronicle continues, "Ryan gained a national profile for his aggressive stance on the controversial issue, becoming the first prosecutor to file backdating charges -- against two former executives of Brocade Communications Systems Inc. for allegedly violating securities laws by backdating stock options without properly accounting for them. … But it is the loss of Steskal, who is leaving to head the white-collar crime unit at Fenwick & West, headquartered in Mountain View, that could dramatically slow the pace of the criminal probes. Steskal was the office's resident expert on backdating, overseeing a dozen probes into suspect options grants, the highest-profile of which was Apple Computer Inc. He also was the lead prosecutor in the case against Brocade. … 'Any time a line prosecutor leaves an investigation, there's clearly a loss of momentum because that person is invested, knows the cases and has spent all the time with the cases,' said Thomas Carlucci, a San Francisco lawyer who represents former Apple attorney Wendy Howell, a potential target of the federal probe. 'So there is undoubtedly going to be a momentary hiccup given that Chris has been the lead in all of the stock-option cases and in particular in the Apple case.'"

Enron Survivor Hunts Riches In New Guinea.

The New York Times (1/21, Duhigg) reports, "The South Pacific islands of Papua New Guinea, where canned mackerel occasionally serves as currency and cannibalism was once on the menu, are a long way from the corporate jungles where Enron was born. … Yet amid the wreckage of Enron, the energy giant that went bankrupt in 2001, is a leftover sliver of the company that is still doing business in Papua New Guinea: an oil refinery near the country's capital, Port Moresby, that was shipped there from Alaska and in which Enron continues to hold a small stake." The Times continues, "In November, the relatively obscure Houston company that owns most of that refinery, the InterOil Corporation, made the kind of announcement investors crave: explorations near the refinery had uncorked a vast pool of natural gas potentially larger than the United States' total residential consumption of the fossil fuel in 2005. The size of the discovery was so large, Phil E. Mulacek, InterOil's chairman and chief executive, informed an analyst, that simply controlling its output 'was sort of like trying to stop the Mississippi.'" The Times adds, "Just a few years ago, such proclamations — and the executives who made them — might have been viewed as curiosities, if they were noticed at all. Energy prices were so low that many natural-gas discoveries were burnt off so that drilling rigs could extract precious oil deposits further below. And rattled investors might have been wary of any company linked to Enron, especially one like InterOil that was boasting of possible treasures unearthed in remote jungles. … But that was then. This is now. … After a lengthy dormant spell, the global search for gas and oil has reignited with a fervor that is transforming companies like InterOil into Wall Street darlings. 'The gold rush is back on,' said Andrew V. Boland, an energy analyst at Peters & Company, a Canadian investment firm. 'It's like the wild, wild West, all over again.'"

Study Finds Backdated Options May Be Contagious.

The New York Times (1/21, Hulbert) reports, "Directors of corporations often form a tight-knit community, serving at more than one company and creating what are known as interlocking boards of directors. As a result of this chumminess, corporate practices that otherwise might remain confined to just a few companies can spread quickly. … That appears to have been the case with the backdating of stock options, according to a new statistical study of publicly traded American companies." The Times continues, "The study's authors are two finance professors, John M. Bizjak of Portland State University in Oregon and

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Michael L. Lemmon of the University of Utah, as well as one of Professor Lemmon's graduate students, Ryan J. Whitby. … Options backdating, of course, involves retroactively granting options to executives and directors on dates when a company's stock price was lower. The practice has favorable monetary, accounting and tax consequences for the companies themselves, as well as for the recipients. It isn't necessarily illegal, but it must be disclosed under federal securities law. Federal prosecutors and the Securities and Exchange Commission are investigating numerous companies in connection with options backdating. … How did the practice become trendy in boardrooms across America? According to the study, a big part of the answer may be found in interlocking boards, which the researchers describe as the biggest conduit for transferring information about options backdating." The Times notes, "The study looked at publicly traded companies that granted options at any point from 1996 through 2002, and it particularly examined those that began to engage in options backdating during this time. The researchers found that the probability that a company would start the practice rose by a third to a half if one of its directors was also on the board of a company that was already backdating options. The range in these probabilities depended on various factors, including the number of directors who served on other companies' boards. … The researchers would not have been able to reach statistically meaningful results based only on the 120 or so companies that regulators have publicly identified as under investigation for possible options backdating. As a result, the sample was expanded to include other companies where the odds of having engaged in the practice were overwhelming, according to the researchers."

CRIMINAL LAW:

Libby Trial Opening Statements Begin Tuesday. ABC World News (1/20, story 4, 2:20, Berman, 8.78M) reported, "In Washington this week, the beginning of a trial that reaches the highest levels of power. Former White House aide Lewis 'Scooter' Libby is being tried on five felony counts stemming from the investigation over who outed an undercover CIA agent. The case involves weighty issues of national security and could send a man to prison. For many in Washington, it has all the makings of a good thriller." ABC (Marquez): "The Libby trial is quickly becoming Washington's favorite parlor game with a juicy plot and a who's-who of characters. … At the top of the witness list, Vice President Dick Cheney, Scooter Libby's former boss. Also NBC's Tim Russert and the Washington Post's Bob Woodward. The plot reads like a whodunit it novel, with the Bush administration at the center. … In what can only be called bad timing, opening statements in the Libby trial begin Tuesday, yhe same day as the President's State of the Union address."

Area In California Tops In Child Porn Arrests. The Fresno Bee (1/21, Ellis) reports, "When it comes to fighting child exploitation, no part of the nation has put up statistical numbers like the federal law enforcement zone centered on Fresno and Sacramento." The Bee continues, "Over the past two fiscal years — including the one that ended Sept. 30 — the Eastern District of California has indicted more people for child pornography, molestation and related crimes than any other federal law enforcement zone in the nation. … In the fiscal year that ended Sept. 30, the number was 71. In the one that preceded it, the total was 67. … 'It's something we're very proud of,' said McGregor W. Scott, U.S. Attorney for the Eastern District of California." The Bee notes, "Proud, but also surprised. Such information, Scott said, isn't published regularly, and for the most part the various federal districts around the nation are unaware of any statistical crime totals from outside their own region. … This particular recognition came last month, during a Washington, D.C., conference on Project Safe Childhood. During a speech, Associate Attorney General Bill Mercer — who holds the No. 3 position at the Justice Department — singled out the Eastern District of California, which runs from Kern County to the Oregon border, as the national leader in child exploitation indictments. … Assistant U.S. Attorney David Gappa, who specializes in child exploitation cases in Fresno's federal courthouse, said, 'We're always just looking for a way we can do a case, rather than ways we can't do it.'"

Violent Crime Down Sharply In Providence, RI. The Providence Journal (1/21, Smith) reports, "With a crew of streetworkers calming gang feuds and a gun task force invading criminal haunts, the frequency of murder has fallen to a historic low in Rhode Island's capital city. … The number of slayings fell by half last year and violent crime overall declined sharply, Police Chief Dean M. Esserman said, as improved law enforcement strategy and tactics such as the streetworkers and gun task force had a cumulative effect." The Journal continues, "While 22 people were killed in 2005, that fell to 11 in 2006, which Esserman said last week is the fewest in 31 years. … Violent crimes decreased by 18.6 percent last year, according to preliminary figures in a police document obtained by The Providence Journal. The number of such crimes — homicide, rape, robbery and aggravated assault — fell from 1,145 to 932, a decrease of 213." The Journal adds, "Mayor David N. Cicilline and the chief are scheduled to announce final numbers for 2006 tomorrow, including figures for property crime and total crime. Excepting murders, the final figures for violent crime may vary slightly from the preliminary figures. … Killings in Providence, the

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second most-populated city in New England, peaked at 30 in 2000, then declined to 23 in 2001 and 2002, to 20 in 2003, and then to 18 in 2004. The next year there was a spike, to 22, but then the number plummeted last year. … Esserman has no explanation for what he called 'a blip' in killings and violent crime in 2005. But since he became chief in January 2003, he contends, a disciplined, dedicated and properly staffed Police Department has brought down both violent and property crimes."

Trial Casts Shadow Over DeVecchio's Retirement Years. The Sarasota Herald Tribune (1/21, Lee) reported, "By the time R. Lindley DeVecchio settled in Sarasota, his days at the FBI had become gangland lore. … Having sealed up a 33-year career with the FBI, DeVecchio bought a courtyard-style home set among hammocks of palms in virtually crime-free Palmer Ranch. … And then he got indicted for murder. The supervisory special agent who helped bring down the leaders of New York City's five organized crime families now faces four 25-years-to-life prison sentences in what a prosecutor at the Brooklyn District Attorney's Office has called 'one of the worst cases of law enforcement corruption in the history of this country.'" The Herald Tribune notes, "DeVecchio, who declined to speak publicly about his pending trial or his life in Sarasota, pleaded not guilty to all four counts of second-degree murder at his March 30 arraignment in Brooklyn State Supreme Court. And a 1994 internal Justice Department investigation into similar accusations" that DeVecchio had leaked information to the mob "found he had done nothing wrong." The Herald details DeVecchio's career and the allegations of criminal activity and adds, "Here, he blends in as a typical retiree. … But for DeVecchio, the trial looms."

ANTITRUST:

Black Seen As Potential Savior Of Seattle Post-Intelligencer. The Seattle Times (1/21, Pryne) reports, "Could David Black save the P-I? … With a decision looming in four months that might spell the beginning of the end for the smaller of Seattle's two daily newspapers, some speculate Black could ride to the Post-Intelligencer's rescue." The Times continues, "He kept an endangered daily alive before under similar circumstances, they note, in Honolulu. … Liz Brown, administrative officer for the Pacific Northwest Newspaper Guild, said she mentioned the possibility to Don Kendall, who heads Black Press' new King County operations, at a meeting last month. … 'I told him, "You could save the day again," ' said Brown, whose union represents workers at both Seattle papers. … But Kendall said he's never discussed buying or printing the P-I with Black. What's more, he added, Seattle isn't Honolulu." The Times adds, "The P-I has pretty much been only a newsroom since 1983. That's when its owner, The Hearst Corp., entered into a federally sanctioned joint operating agreement (JOA) with The Seattle Times Co. … The Times prints, circulates and sells the advertising for both papers. In return, it gets most of the proceeds. But it has maintained in recent years that it is losing money under the arrangement and moved in 2003 to trigger an escape clause in the contract. … Hearst has said the P-I couldn't survive outside the JOA. It also says The Times' loss claims aren't valid. … After years of litigation, the companies agreed last spring to submit their dispute to binding arbitration. The arbitrator is scheduled to rule by May 31. … If The Times wins, the agreement calls for Hearst to shut down the P-I in six to 12 months. In return, it would get 32 percent of The Times' profits until 2083, when the JOA expires." The Times notes, "To comply with antitrust laws, however, the U.S. Justice Department or federal judges almost certainly would require Hearst to put the P-I up for sale before closing it. That's what happened in Hawaii in 2000."

ENVIRONMENT/INDIAN AFFAIRS:

Plans To Restore Yosemite End Up In Court. The San Francisco Chronicle (1/21, A1, Squatriglia) reports, "When the Merced River overran its banks and scoured Yosemite National Park a decade ago, many saw an unprecedented opportunity to restore the iconic park and cede more of the Yosemite Valley to nature. … A plan by the National Park Service to reinvent the valley and another to protect the Merced River drew broad support from environmentalists, the public and the government. Years of acrimonious debate over how to manage a crown jewel of America's national park system gave way to a consensus that the Park Service had finally gotten it right. … Yet 10 years after the flood, both plans remain tied up in court, challenged by a small but passionate group of activists who argue that the Park Service would render Yosemite an exclusive resort. A federal judge has rejected the river plan, the future of the valley plan is uncertain and, with several projects planned for the valley brought to a halt, frustrated park officials worry they'll be told to begin the planning process anew. … But many of the environmentalists who championed the plans have moved on to other issues. Public, not to mention governmental, priorities have shifted. There is mounting concern that the broad support for remaking Yosemite is gone." The Chronicle adds, "Californians, too, overwhelmingly approved of the plans, according to a statewide poll commissioned by the defense council shortly after the plans were announced. .. But two small environmental organizations, Friends of Yosemite Valley and Mariposans for

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Environmentally Responsible Growth, opposed the plans. They sued, arguing that the Merced River Plan was hastily written, used flawed data and favored development. … U.S. District Judge Anthony Ishii agreed and rejected the plan in July. He ordered the Park Service to draft a new plan, a process the Park Service says will take 33 months. In October, Ishii shut down several construction projects until the new plan is drafted. … The U.S. Justice Department is expected to announce it will appeal Ishii's rulings, but now finds itself defending the Yosemite Valley Plan as well."

Families Concerned About Unsolved Tribal Cases. The Yakima (WA) Herald Republic (1/21, Ferolito) reports, "Authorities still have no clue about what happened to Donnie Sampson. … The 71-year-old Yakama tribal official left early Oct. 30, 1994, for the Wilson Charlie-Dry Creek area, one of his favorite hunting spots near Mount Adams." The Republic continues, "Three days later, authorities found his 1992 four-wheel drive pickup in more than a foot of snow near the mouth of Holdaway Meadows north of Mount Adams in the closed area of the Yakama reservation. … A rifle, pickup keys, extra clothing and a sack lunch were found inside his truck, but no trace of Sampson, a member of the Yakama Nation Code of Ethics Committee, a watchdog board of tribal government." The Republic adds, "His disappearance puzzled family and tribal authorities. A massive search involving helicopters, snowmobiles, dogs and nearly 100 people found no trace of him, and seven years later he was presumed dead, according to the Yakima County Coroner's Office. … His disappearance isn't the only grief his family suffers. Two years earlier, the body of Sampson's 30-year-old daughter, Shari Dee Sampson Elwell, was found strangled and sexually mutilated in an area not far from where her father later disappeared. … The family hadn't seen her for weeks before a group of hunters found her body." The Republic notes, "Her death, which remains unsolved, capped a decade-long string of mysterious deaths involving at least a dozen women -- all but two were tribal members -- on the 1.2-million-acre Yakama reservation. … Those cases are just two of an unknown number involving either unsolved deaths or missing tribal members here. … It's hard to say just how many unsolved cases exist because case files are dispersed among tribal, federal, state and county law enforcement agencies, says Yakama tribal police Chief Davis Washines. … How cases are classified on the reservation often determines which jurisdiction they fall under, he says. … If it's classified a homicide on tribal land, it goes to the FBI. If it's a missing tribal member or accidental death, tribal police take it. If it's a death caused by an auto accident, either the Washington State Patrol or Yakima County Sheriff's Office could take it."

NYTimes Blasts Administration Over Failure To Finance Global Warming Research. The New York Times (1/21, WK11, 1.16M) editorializes, "At a time when concerns about global warming are rising, the Bush administration is sharply reducing the number of satellites that can measure the impact of rising temperatures and a host of other environmental trends. The administration's hypocrisy is stunning. For years, the president and top officials have justified their refusal to grapple seriously with global warming by insisting that more research is needed. Now, after pledging that such research would be the centerpiece of a new climate change strategy, the administration is underfinancing some of the most important efforts to gather data."

FBI/DEA/ATF/USMS:

US Officials Hail Extradition Of Mexican Drug Kingpins. The Washington Post (1/21, A15, Roig-Franzia, 690K) reports, "The extradition to the United States of four major drug traffickers, including Osiel Cardenas Guillen, head of the powerful Gulf cartel, was hailed Saturday by U.S. officials as a signal of a new era of cooperation." Attorney General Alberto Gonzales "called the extraditions 'unprecedented.' … For years, U.S. officials have criticized Mexico as a sometimes-difficult partner in the war against drugs because of its reluctance to extradite top drug lords to the United States. Mexico has long refused to extradite suspects who might face the death penalty. In 2001, Mexico's Supreme Court also barred extraditions of suspects facing possible life sentences, which were considered 'cruel and unusual punishment' here. But the court reversed itself in November 2005, clearing the way for higher-profile extraditions. The ruling did not affect death penalty cases." The Washington Times (1/21, Adams, 88K) reports U.S. Ambassador Tony Garza "said the latest extradition demonstrated the 'courage and conviction' of Mexico's president, attorney general and law enforcement officers."

The New York Times (1/21, A15, McKinley, 1.16M) reports Cárdenas Guillén "was among the 21 people flown under heavy armed guard to the United States on Friday night and handed over to federal authorities. He is under indictment in Texas for trafficking in marijuana and threatening to kill three law enforcement agents. The Mexican government also turned over Ismael and Gilberto Higuera Guerrero, brothers who were high-ranking members of the Arellano-Félix cartel in Tijuana, as well as Hector Palma Salazar, a former leader in the Sinaloa cartel. All face racketeering and drug trafficking charges in Southern California.

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The Dallas Morning News (1/21, Iliff, Corchado, 500K) reports, "In a prepared statement, the Mexico attorney general's office blamed the drug lords for 'generating a wave of violence and social decomposition in our country, in addition to damaging the health of thousands of Mexicans by turning them into prisoners of their drug addiction.'" The Los Angeles Times (1/21, Tobar, 850K) reports, "Even inside their Mexican prisons, the kingpins were known for outrageous behavior. Cardenas treated 17,000 people to a Day of the Child party at a baseball stadium in the border city of Reynosa last year."

The San Diego Union-Tribune (1/21, Hall) reports, "Mexico's extradition of 15 reputed drug lords and violent criminals, four of whom have ties to San Diego, drew praise from the U.S. attorney general yesterday and signaled its new determination to keep traffickers from running their cartels from inside prison walls. … 'The actions overnight by the Mexican government are unprecedented in their scope and importance,' U.S. Attorney General Alberto Gonzales said in a statement yesterday." The Union-Tribune continues, "Osiel Cárdenas, the alleged Gulf cartel leader who was believed to be running his gang from prison in Mexico, was sent north late Friday along with 14 others wanted by the United States after their appeals against extradition ran out, the office of Mexico's attorney general said. … Four of those extradited had been indicted years ago in San Diego. They include the reputed former leader of the Sinaloa drug cartel and three men connected to the Arellano Félix drug cartel. They will be transported to San Diego 'relatively soon,' perhaps within weeks, to answer the charges against them, Justice Department spokesman Dean Boyd said." The Union-Tribune adds, "All of the suspects are being held in Houston and are expected to appear in court there early this week. .. Gonzales applauded 'the bold stance' of Mexican President Felipe Calderón and his government 'in targeting the drug-related violence and corruption that affects both our nations.'"

The AP (1/21, Stevenson) reports, "Osiel Cardenas, the alleged Gulf cartel leader thought to be running his gang from prison in Mexico, was sent north late Friday along with 14 others wanted by the U.S. after their appeals against extradition ran out, the office of Mexico's attorney general said. … The Mexican attorney general's office said the extraditions were also aimed in part at cracking down on turf battles between Mexican drug cartels, which have cost hundreds of lives in recent months in states such as Michoacan, Guerrero, Baja California and Sinaloa." The AP adds, "Recently, the government has sent thousands of soldiers and police to try to stem the drugfueled violence. … 'This changes the rules, as far drug traffickers' impunity and the potential punishment they face,' said Oscar Aguilar, a political-science professor at Mexico City's Iberoamerican University. 'Before, the capos could say, "Well, if they ever do catch me, I'll be in Mexico, my family and associates can visit me whenever they want, and I can keep running the business" ' from prison. … Mexican officials have said that Cardenas and top members of the Tijuana cartel forged an alliance while locked up at a maximum-security prison just west of Mexico City, where they organized to fight turf wars against rival drug lords."

CONGRESS-ADMINISTRATION:

Bush State Of The Union Address To Focus On Health Care, Energy Policy. The Washington Times (1/21, Dinan, 88K) reports the White House "has told Republicans on Capitol Hill that Tuesday's address will make the most news on health care and energy policy. Aides have said the speech will forgo the usual laundry list of new programs and instead focus on those two areas and three others: the war on terrorism, immigration and education. 'President Bush will outline issues where he believes we can find common ground with the new Congress,' spokeswoman Dana Perino said."

Bush Health Care Initiative Includes New Tax On Some Insurance Plans. The Washington Post (1/21, A4, Fletcher, 690K) reports Bush "will propose a deep tax break for Americans who purchase their own medical insurance and would finance it with an unprecedented tax on a portion of high-priced health-care plans that workers receive from their employers, according to the White House. The initiative, which the president briefly previewed in his radio address yesterday, has a dual purpose: It would create a financial incentive for the estimated 46 million to 48 million Americans who lack health insurance to buy it. And it would rein in the soaring cost of health insurance by encouraging workers in high-priced plans to seek more modest coverage." According to the Post, the proposal "marks a sharp departure for a president who has been criticized for advocating tax cuts that disproportionately benefit higher-income Americans," though Administration officials "refuse to characterize the plan as a tax increase because it raises no new money for the federal government. Instead, it would add a new tax on employer-provided health-care plans worth more than $15,000 to subsidize those who buy modestly priced plans out of their pockets. In addition, they say, the plan is consistent with the president's idea of increasing access to health insurance through the private market while encouraging people to be more cost-conscious as they purchase medical-care coverage."

The Washington Times (1/21, Dinan, 88K) reports that in his weekly radio address Bush "said his plan will treat health insurance like a mortgage. … The changes will require congressional action and Mr. Bush, now facing a Democratic

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majority in Congress, ruled out raising taxes or 'creating a new federal entitlement program' as possible options for expanding health care." The AP (1/20) reports that "a Bush administration official familiar with the proposals" would not "disclose the amount of the proposed deduction or the top amount of coverage from employer-sponsored plans that would remain free of income and payroll taxes."

The Los Angeles Times (1/21, Alonso-Zaldivar, 850K) reports, "Bush's proposal is a combination of carrots and sticks — and, if enacted, would create new winners and losers in the health insurance arena. It is likely to run into opposition in the Democratic-led Congress but could serve as a key element of a broader package dealing with rising healthcare costs and shrinking coverage. The carrot in Bush's plan is the creation of a health insurance tax deduction that all taxpayers would receive — $7,500 a year for individuals and $15,000 for families. … Bush's plan may seem like a startling move from a president who has repeatedly vowed not to raise taxes. People with generous healthcare coverage would face the higher taxes, although they could avoid the hit by switching to a standard policy. Family coverage costs an average of $11,500 to $13,000 a year, according to industry surveys."

Rangel Claims Bush Would Raise Taxes On Middle Class. The New York Times (1/21, Stolberg, Pear, 1.16M), in a front-page article titled, "Bush To Urge New Tax Plan For Health Care Coverage," describes Bush's plan as a "one-two punch: tax breaks to help low-income people buy health insurance and tax increases for some workers whose health plans cost significantly more than the national average. … The basic concept is that employer-provided health insurance, now treated as a fringe benefit exempt from taxation, would no longer be entirely tax-free." The proposed plan "is a startling move for a president who has repeatedly vowed not to raise taxes. And it is certain to run into opposition from business groups, labor unions and, most of all, the Democrats who now run Capitol Hill. … Critics say it would, in effect, tax people with insurance to provide coverage to those without it." Rep. Charles Rangel is quoted as saying, "It's a bad policy. …. We are trying to bring tax relief to the middle class. The president is trying to increase their tax liability."

Webb's State Of The Union Response Expected To Draw More Attention Than Usual. In an "Editorial Observer" piece for the New York Times (1/21, WK11, 1.16M) Francis X. Clines writes, "Normally, no one pays much attention to the opposition's rebuttal to a State of the Union address. But the capital's mood as the war spirals downward is palpably, if not desperately, expectant of some change, somehow. And in Washington, fresh rhetoric must be invested to feed any chance of change." Sen. Jim Webb, "whose upset victory was fueled by stinging, uninhibited criticism of the Bush administration's bungling of its war, clearly has something closer to a glinting riposte in mind than some boilerplate response for the record."

WPost Says "Independence" Ought Not Be Goal Of US Energy Policy. The Washington Post (1/21, 690K), in an editorial, notes that energy policy "is likely to be featured in President Bush's State of the Union address; a variety of energy bills have been proposed in Congress; and this year's reauthorization of the farm program may repackage agricultural handouts as ethanol-promoting energy policy. But there is a danger in the way political leaders are framing this issue. 'Energy independence' is more elusive and less rewarding than is commonly perceived. … If the United States replaced all oil imports with domestically produced fuel, how much more secure would it be? Well, a Venezuelan or Iranian oil embargo could still hurt U.S. motorists and oil-consuming industries. An embargo would create a global scarcity of oil, and fuel prices would jump -- including the price of fuel in the United States." The Post concludes, "Bush and Congress should focus their energy policy on mitigating climate change and accept security gains that may flow from that as a welcome byproduct."

LATimes Concerned By Bush's "Lack Of Stature" Internationally. The Los Angeles Times (1/21, 850K), in an editorial, writes, "Bush will be with us for another two years, and this Tuesday, with the State of the Union address, he will attempt to begin engineering a fourth-quarter comeback. Iraq will remain at the forefront, of course, but Bush desperately needs to find ways to remain relevant on the domestic front as well. Comprehensive immigration reform would be one way to do that, and perhaps Bush will embrace environmentalism in the same way that Ronald Reagan improbably embraced arms control in his last years in office. Regardless of the issue, the most worrisome aspect of the Bush administration at this point is the president's lack of stature. It sounds corny, but the president of the United States remains the leader of the free world, and it's essential for him to command respect and authority on the global stage. The unsettling question about Bush in his fourth quarter is whether anyone will take him seriously the next time he identifies a crisis — especially if, and when, it's a real crisis."

Bolten Credited With Creating More Pragmatic White House. In the New York Times (1/21, WK3, 1.16M) Jim Rutenberg writes about "an emerging pragmatism inside the West Wing." According to Rutenberg, "In the last few months, the new White House chief of staff, Joshua B. Bolten, has switched out longtime Bush loyalists with a handful of so-called policy realists — and their appointments have cast a famously ideological White House inner circle in a more pragmatic light. And they have expressed a willingness

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to deal with a new Democratic Congress. But Washington being Washington, there is skepticism. Just how pragmatic will they be on issues they hold dear? … In fact, the administration's decisions in the last few weeks could be seen as a move to compromise now to avoid more serious setbacks to his agenda later. In other words, it is pragmatism at gunpoint. Take, for instance, the administration's agreement last week to submit the wiretap program to judicial review. Opponents of the program said the administration had finally folded," however "the administration may also have deflated Congressional plans to move against the program. In effect, critics say, the White House was trying to duck for now a debate on a crucial balance of power question."

Parties Struggle To Find Common Ground On Social Security Reform. The New York Times (1/21, A21, Toner, 1.16M) reports President Bush "is renewing his call for a bipartisan effort on Social Security, but few other issues so clearly highlight the limits of bipartisanship these days, the mistrust and ideological division just barely below the surface. … Efforts have been made: Treasury Secretary Henry M. Paulson Jr. has talked to crucial lawmakers, including" Rep. Charles Rangel, the chairman of the Ways and Means Committee, "'encouraging everyone to bring all their ideas to the table, and hoping that some kind of consensus can emerge,' as Michele Davis, the assistant Treasury secretary, puts it. Mr. Rangel said he had also been talking about the possibility of action on Social Security with the ranking Republican on his committee, Representative Jim McCrery. And in the Senate, [Sen. Judd] Gregg and Senator Kent Conrad, the chairman of the Budget Committee, have proposed a bipartisan working group to explore broad entitlement and fiscal issues. But the old fault lines have quickly re-emerged. Vice President Dick Cheney, in an interview with Fox News last week, said Mr. Paulson's openness to all ideas did not indicate that the administration was open to any increase in the payroll tax that supports Social Security." Sen. Conrad "said that after those comments, his effort to move forward with his working group 'is on life support.'"

New Congress Seen As "Hostile" To Business Interests. The Washington Post (1/21, F2, 690K) reports, "For almost a year, business interests have had an inkling that their days of calling the shots in Washington were about to come to an end. But last week, as the clocked ticked down on the symbolic first 100 hours of the 110th Congress, it was becoming pretty clear how hostile the political environment had become after 12 years of Republican rule. It wasn't just that key business lobbyists were no longer invited to the weekly meeting to set the agenda, plan strategy and coordinate the talking points. Or that much of the promised legislation was hostile to their interests, such as House passage last week of an energy bill that wiped out tax breaks and raised royalty fees for the oil industry and cut subsidies to banks and others making college loans. Or that, in pushing through their first six bills, House Democrats were able to get an average of 62 votes from the once-united Republican caucus. More troubling for business interests was the fact that nearly every day seemed to bring news of some fresh new offensive -- a hostile hearing or a special new committee or some calculated retreat by the Bush administration, leaving them surprised and exposed."

Will Notes Frank's Views On Federal Reserve's Independence. In his Washington Post (1/21, B7, 690K) column, George Will writes that Rep. Barney Frank, chairman of the House Financial Services Committee, "mildly says that Congress should 'pay a little more attention' to the seven governors of the Federal Reserve system, all of whom are confirmed by Congress. The Fed, says Frank less mildly, should not be considered 'above democracy': 'We can debate whether Terri Schiavo's life should be recognized as over' and other fundamental questions of existence, 'but God forbid anybody in elected office should talk about whether or not we need a 25-basis-point increase' in interest rates. 'Somehow that's sacrosanct. No, it isn't. It's public policy.'" Frank "wants the Fed to emphasize full employment as well as protect the currency as a store of value -- restraining inflation."

Congressional Democrats Approach Abortion Debate Cautiously. The Washington Post (1/21, A5, Murray, 690K) reports, "Eager to avoid a resumption of the culture wars, the new Democratic leaders are trying to tiptoe around the abortion issue by promoting legislation to encourage birth control and assist women who decide to proceed with unwanted pregnancies. Democrats acknowledge that they alienated many social conservatives and churchgoing voters during years of combat with Republicans over the explosive issue of reproductive rights, and they want to change their emphasis to woo some of those voters back into the fold." Democrats are reaching out to "religious moderates who support, in principle, the Roe v. Wade Supreme Court decision that legalized abortion nationwide but who are morally squeamish about terminating pregnancies."

Sanders Continues To Embrace Socialism. The New York Times Magazine (1/21, Leibovich) profiles Sen. Bernie Sanders, noting that Sanders "has always been an easier fit in Vermont than in Washington. Being a Socialist in the seat of two-party orthodoxy will do that. While he has generally championed liberal Democratic positions over the years — and the Democratic Senatorial Campaign Committee endorsed his Senate campaign — Sanders has

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strenuously resisted calling himself a Democrat. And he has clung to a mantle — socialism — that brings considerable stigma, in large part for its association with authoritarian communist regimes (which Sanders is quick to disavow). But he does little to airbrush the red 'S' from his political profile."

Brooks Offers Guarded Praise For New Congress. In his New York Times (1/21, WK12, 1.16M) column, David Brooks writes, "We're in bipartisan nirvana. Bills are passing through the House 356 to 71 and through the Senate 96 to 2. Nancy Pelosi is aglow, and this week President Bush will trot out a State of the Union speech so conciliatory in tone it'll sound like Gandhi on Quaaludes. The question is, What is all this good cheer accomplishing? It's time to render judgments on the substance of all this legislation coursing through the Democratic Congress." According to Brooks, Congress "hasn't tried anything big. It has a weakness for showy symbolism and middle-class subsidies. Still, at least it hasn't humiliated the nation the way the last Congress did, and it looks set to do some modest good."

Bush's SCOTUS Picks Examined. In an op-ed for the Washington Post (1/21, B1, 690K) Jan Crawford Greenburg, legal correspondent for ABC News, writes, "The departures of [Justices] O'Connor and Rehnquist produced a titanic conflict over their successors, one that turned allies into enemies, damaged reputations and reopened old wounds. Yet, after bizarre missteps and strategic brilliance at the highest levels, Bush engineered lasting change in the court, succeeding where past Republican presidents -- including his own father -- had failed. And in so doing, he provided some redemption for the conservative movement, so dismayed by watching Republicans in the political branches flout ethics laws, expand government and indulge in runaway spending. If nothing else, they would get their court.

OTHER NEWS:

States Get Ahead Of Congress With Populist Proposals. The Washington Post (1/21, A12, Russakoff, 690K) reports, "Paying heed to voters' economic anxieties, governors of both parties and in all regions opened legislative sessions with proposals such as eliminating sales taxes on groceries, providing public kindergarten for low-income children, targeting tax relief to low- and moderate-income families and investing state dollars in job training for a new economy. Stepping ahead of the Democratic-controlled House in attending to the growing gap between rich and poor, lawmakers in 17 states are moving to raise the minimum wage sooner or more than Congress proposes, or to tie it to inflation so it continues to rise. … And California Gov. Arnold Schwarzenegger (R) was hardly the sole governor calling for universal health insurance. His counterparts in Kansas, Illinois and Colorado did the same, while governors in Arizona, New Mexico, Indiana, New York and elsewhere called for covering hundreds of thousands of low-income, uninsured families."

Clinton Says "I'm In" Race For Democratic Presidential Nomination. Sen. Hillary Clinton's formal entry into the 2008 presidential race dominates the news, leading all three broadcast network newscasts and appearing on the front page of newspapers across the US. The reports are generally laudatory, calling Clinton's candidacy history-making, as she becomes the most serious female presidential candidate to date, and the first spouse of a former president to seek the presidency. While Clinton announced the creation of an exploratory committee, most reports paint her candidacy as official, with many stories and headlines prominently noting that Clinton declared, "I'm in." Clinton's announcement came two years to the day before the next presidential inauguration.

ABC World News (1/20, lead story, 2:30, Berman, 8.78M) reported, "It was just two words, but they were two words that sent tremors across the political landscape: 'I'm in.' … A new ABC News/Washington Post poll just out tonight shows Sen. Clinton with a huge lead in her own party. Other polls show her running strongly against her likely Republican opponents. However you slice it, Sen. Clinton is shaping up as the woman to beat." But as ABC's Kate Snow added, "Even within her own campaign, there are concerns that some Democratic voters think Sen. Clinton is not electable. Critics are eager to exploit her husband's past and public life as First Lady. Some political watchers believe Clinton was under pressure to get in the race, particularly after Sen. Barack Obama's announcement this week. … Today, Senator Obama welcomed Clinton to the race, calling her a friend. Many Republicans say they would rather face Obama than Clinton. She has more experience with campaigns. She's a prolific fund-raiser." Following that lead report, George Stephanopoulos said on ABC World News (1/20, story 2, 2:10, 8.78M), "The Clinton people were going for the political equivalent of shock and awe. And that's exactly what they got. We've already seen she's way ahead in the Democratic primaries right now, but this is going to solidify it. The machine is behind it. She's going to dominate news coverage for the next several days around the President's State of the Union."

The CBS Evening News (1/20, lead story, 2:15, Attkisson, 7.66M) reported, "The pack of 2008 presidential hopefuls got even bigger today. After months, even years of speculation," Clinton "joined the Democratic race for the

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White House, while Kansas Sen. Sam Brownback announced his bid for the Republican nod." Clinton "threw her hat into the ring on line." CBS (Chen): "Not that there ever was much doubt, but today the waiting game ended. … In her Web-only announcement, Clinton revealed herself as a gracious on-line hostess with sharp political elbows. … As the first former presidential spouse to try to return to the White House on her own merits," Clinton's candidacy "was certainly going to draw a buzz, and let's remember, this is not just any former First Lady." The CBS Evening News (1/20, story 2, 3:25, Attkisson, 7.66M) also examined the race to date, with political correspondent Gloria Borger asked if "we assume one of those two candidates," Clinton or Obama, "will be the Democratic nominee." Borger said, "I don't think we can assume anything yet. … They're very well known, they're very attractive candidates, and they're sucking all the oxygen out of the room. But anything can happen in a presidential campaign, and there are lots of people who believe that these two could cancel each other out and eventually make room for a second-tier candidate like John Edwards or Joe Biden."

NBC Nightly News (1/12, lead story, 2:30, Seigenthaler, 9.87M) led by reporting, "Sen. Hillary Clinton made history today. She is running for president, the first First Lady to ever take that step." NBC (Reid): "In a webcast, Hillary says she is exploring a run for President but on the screen it says 'I am in. And I am in to win,' leaving little doubt that she is running directly at President Bush." Clinton: "After six years of George Bush, it is time to renew the promise of America." Political journalist John Harwood said on NBC Nightly News (1/20, story 2, 2:20, 9.87M), "She is the favorite, but not an overwhelming one. If neither one of the candidates make a mistake, Barack Obama will win, but her experience in Bill Clinton's campaign and presidency makes it much less likely she will make a mistake."

On CNN (1/20), correspondent Candy Crowley said, "It's amazing…that something so expected could generate excitement and a little bit of surprise. But nonetheless, there you have it. … We are told by some that she decided to get in at this point because she wanted to untie her hands. She was in that limbo of between everyone believing she was a candidate and yet every time she went up to the cameras, she would get asked the question. So, getting in now unties her hands, it also gives Barack Obama a little run for his money when it comes to marquee names in the race."

The Washington Post (1/21, Balz, 690K) says on its front page that Clinton made her Web announcement "early in the morning, and then spent the day at her Washington home making calls to supporters, donors and friends. Her announcement was deliberately timed to come shortly before President Bush's State of the Union address on Tuesday night, campaign advisers said, so she can draw a contrast with the administration's record and help focus attention on the office of the presidency." The New York Times (1/21, Healy, Zeleny, 1.16M), also on the front page, focused on the money race, saying Clinton is "immediately squaring off against" Obama and the rest of the field "in what is effectively the party's first primary, the competition for campaign donations." Another New York Times (1/21, A27, Healy, 1.16M) story says Clinton advisers "said that they chose Jan. 20 as the target date for an announcement during a meeting in mid-December, and that Mrs. Clinton was 'raring to go' on Friday."

The Los Angeles Times (1/21, Braun, Hook, 850K) called Clinton's move "long-anticipated," saying she is "aiming to make history as the first woman elected to the White House after an audacious and turbulent political journey from first lady to a New York Senate seat." Clinton "sets out with strong advantages -- national name recognition, a command of the major issues, a crack campaign staff and a brimming war chest. But she will also have to overcome her reputation for political calculation, an inconsistent stump presence and her intimate ties to the polarizing events of her husband's White House tenure." A Washington Times (1/21, Hurt, 88K) front-page report calls Clinton "a front-runner even before she entered the contest." This week's announcements "set up a historic race that will include Mrs. Clinton, who would be the first female president if elected; Mr. Obama, who would be the first black president;" and Gov. Bill Richardson, "who would become the first Hispanic president." The Dallas Morning News (1/21, 500K) says the "sizable field of candidates underscores the belief that, for all of Mrs. Clinton's experience and credentials, there are Democrats who question whether she can win a general election." The New York Daily News (1/21, DeFrank, 729K) says Republicans "have been lying in wait for Clinton for months, honing their attack strategy."

The Chicago Tribune (1/21, Zuckman, 617K) leads its report by saying Clinton called "for a national conversation to undo what she sees as the damage wrought by President Bush" in a "polished videotaped announcement. … With massive resources and a worldwide profile, she instantly became the most serious woman candidate ever to run for president." The Boston Globe (1/21, Milligan, 413K) says Clinton, "seated on a living room couch and speaking as though she were addressing a small gathering instead of millions of voters," promised to "begin a 'conversation' with Americans to solicit views on how to end the war in Iraq and deal with issues including energy independence, health care, and the federal deficit." Newsday (1/21, Thrush) calls the Clinton candidacy "a historic and hyped bid." The AP (1/20) said in New York, "Democrats in New York offered up whoopees while Republicans had scolding 'we-told-you-so' reminders" as Clinton got in the race.

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One of the more negative headlines is on the front page of the San Francisco Chronicle (1/21, Marinucci, Wildermuth, 384K), which says "Candidate Clinton Faces Tough Battle For Nation's Favor." But the story's lead focuses on the fact that Clinton's entry "sets up a high-priced, high-profile political melee that could make California, working to move its primary up to February, the decisive contest in the campaign for the Democratic nomination." The New York Times/AP (1/21, A16) says California may move its primary to February 5.

The AP (1/20, Fouhy) called it the start of a "trailblazing campaign for the White House" by Clinton, and BBC.com (1/20, Greene) says "all thoughts will now turn to whether the New York Democrat really has what it takes to become the first woman president of the United States." CNN.com (1/20) and the Web site of The Hill (1/20, Marre) also reported on Clinton's entry.

Two major newspapers examine Clinton's use of the Internet to launch her campaign. The Washington Post (1/21, D1, Hornaday, 690K) says if a "Democratic primary were held on sheer production values," Clinton "would win in a landslide. … Unlike other candidates (coughBarack Obamacough), whose videos might have been produced by a guy with a cellphone camera, Clinton's announcement was a veritable showpiece of Hollywood-style set design, lighting and cinematography." The Los Angeles Times (1/21, Gosselin, 850K) says on its front page that "in choosing the Internet to announce she intends to run," Clinton "bowed to the burgeoning political power of the medium and offered a preview of how she hopes to harness it to her purposes." The Washington Post (1/21, A2, Cillizza, Murray, 690K) also looks at how candidates "carefully craft first impressions."

Additional stories examine variables that will impact Clinton's hopes. The Washington Post (1/21, A6, Romano, 690K) looks at the issue of gender -- the Washington Post (1/21, D3, Argetsinger, Roberts, 690K) "Reliable Source" column calls Clinton the "first woman who maybe, kinda, has a chance of getting elected U.S. president," and the New York Post (1/21, 631K) says "feminist leaders" said a "successful Hillary Clinton campaign would not just be a win for her, but for women everywhere" -- while the Chicago Tribune (1/21, Tackett, 617K) examines the nation's strong feelings about Clinton and her husband. In addition, the Washington Post (1/21, A6, 690K) runs down the roster of the Clinton campaign team.

Clinton Said To See Nomination Contest As Bigger Challenge Than General Election. The New York Times (1/21, A27, Healy, 1.16M) says that of the Democratic contenders, Clinton "is the most battle-tested, has the biggest fund-raising network and can walk into the job with a unique set of skills and perspectives gleaned from eight years in the White House as first lady. Yet none of that guarantees Mrs. Clinton will steamroll her opponents, or manage and master the issues that have long vexed her, like the war in Iraq and universal health insurance. Far from it: she has told friends that she is more worried about winning the Democratic nomination than winning a general election against a Republican." A front-page Washington Post (1/21, Murray, Baker, 690K) story examines the "tough choices" top Democrats face in deciding whom to support, saying "Clinton, Obama and the other Democratic presidential contenders already are squaring off in what might be called the Rahm Primary, an early contest to win over the movers and shakers" of the party like Rep. Rahm Emanuel.

McAuliffe Predicts "Tough Campaign," But Says "Strong" Clinton Can Prevail. Clinton adviser Terry McAuliffe said on CNN (1/20, Whitfield), "We all know that she has all the characteristics to be a great president. She has character strength and she's strong. She can reach out to so many different people. … This is going to be a tough campaign. I think we have the best Democratic field that we have ever had in the history of our party. … And she's going to be in there with the rest of them, laying out their vision for the future of the country. But, as I say, this is historic and she is going to bring all her talents. And you look at her eight years as first lady and all of the people she knows all around the world, we're looking for new leadership in this country. And Hillary is going to provide us with that leadership." The Times of London (1/21, Baxter) headlines a report "Hillary Runs For The White House As 'New Thatcher,'" saying that McAuliffe compared Clinton and former British Prime Minister Margaret Thatcher. McAuliffe said, "Their policies are totally different but they are both perceived as very tough."

Clinton Iowa-Bound Next Weekend. The AP (1/20) reports Clinton "will make her initial foray into Iowa next weekend, aides said Saturday. Details of the upcoming campaign swing were still being finalized."

Brownback Enters Race For GOP Presidential Nomination. Coverage of Sen. Sam Brownback's formal entry into the presidential race is in marked contrast to the coverage of Sen. Hillary Clinton's announcement. Brownback stories do not make the front pages, and some headlines do not even mention him by name. Under the headline "Kansas Senator Announces Bid For Presidency," the New York Times (1/21, A27, Swarns, 1.16M) reports Brownback, "declaring himself a proud conservative before a crowd of cheering supporters waving American flags," announced his candidacy in Topeka. Brownback, "an evangelical Protestant turned Roman Catholic and a former Kansas agriculture secretary, said he would focus on reviving faith and families in America; combating abortion, poverty and wasteful government spending; opposing same-sex marriage; and revamping Social Security and the federal tax system."

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The Washington Post (1/21, A8, Mosk, 690K) says the "son of a rural Kansas farmer" has "become a leader among religious conservatives in Congress." He "acknowledged being little known beyond his home state. A Washington Post-ABC News poll released yesterday shows he is supported by 1 percent of Republicans and Republican-leaning independents. He was also unlucky to announce his candidacy on the same day" as Clinton. The Los Angeles Times/AP(1/21) reports says the "favorite of the religious right" is "now in a battle against better-known rivals for the GOP nomination." CNN.com (1/20, Johnson) and the Web site of The Hill (1/20, Marre) also reported on Brownback's candidacy.

On CNN (1/20), correspondent Candy Crowley said, "Talking to locals around here and indeed talking to the senator, they said, look, he's been in some races where we have totally written him off, and the fact of the matter is he's come back, including 1996, when he ran for Bob Dole's seat. So he's seen uphill battles before. He sees this as just another one. He's a conservative. He says he believes most of the country is. He thinks this will be a competition of ideas. We all like to think that when we're starting out. So nonetheless, he is on the road, and believes he's got a shot at it."

McCain Faces Trouble From Arizona Conservative Foes. The Arizona Republic (1/21, Nowicki) reports, "On the national stage, Sen. John McCain is a political star and a front-runner for the 2008 Republican presidential nomination. But back home, he faces some vocal critics in his own party who seem determined to derail his White House chances." McCain supporters such as Arizona GOP Chairman Matt Salmon "are fuming about the latest stunt to embarrass McCain: a presidential 'straw poll' that found McCain coming in fourth." Rep. Duncan Hunter, "a little-known congressman," won, followed by Mitt Romney and Newt Gingrich. Straw polls "at political events are a fairly common way to informally gauge support for a candidate or an idea. Some Republicans called this one a sham orchestrated to hurt McCain. Others acknowledged irregularities with the way the survey was conducted but defended it as a legitimate expression of grass-roots dissatisfaction with McCain."

Florida Journalist Says 2008 Jeb Bush Presidential Bid Still Possible. In an op-ed for the Washington Post (1/21, B1, 690K) S.V. Dáte, Tallahassee bureau chief for the Palm Beach Post and author of "Jeb: America's Next Bush," considers that if Jeb Bush has been elected president in 2000, "Tuesday would have marked his sixth State of the Union address -- and it might have been his best yet. The nation is in great shape, President Jeb Bush would have reported: record tax cuts propelling the economy to greater heights; a revolutionary school-vouchers program for the first time granting low-income parents real education choices; and, five years after the capture of Osama bin Laden, the final 20,000 U.S. troops returning home from Iraq." Dáte adds, "I've covered Jeb Bush for eight years as a state capital reporter, and I'm convinced that he remains the GOP conservative wing's best hope for a post-Iraq comeback. And his own political ambitions burn as brightly as ever. Perhaps 2012 or 2016 or -- why not? -- maybe even 2008, if things break right. … Should John McCain or Rudolph W. Giuliani or Mitt Romney fail to build a dominating presence by mid-summer, there is probably only one Republican who could come in at such a late date and still build an effective organization and a powerful fundraising machine in a matter of weeks: Jeb Bush."

Possible GOP Senate Retirements In 2008 Considered. The Washington Post (1/21, A2, 690K) takes a look at Republican senators in addition to Wayne Allard who are "contemplating calling it quits" in 2008. The Post says "the betting" is that Thad Cochran, Larry Craig, and Elizabeth Dole will run, and that Pete Domenici and Chuck Hagel will retire. On Sen. John Warner, the Post pegs the betting as "slight tilt to retire."

Clinton, Carter Establishing Alternative Baptist Coalition. The Washington Post (1/21, A3, Cooperman, 690K) reports former presidents Jimmy Carter and Bill Clinton "are leading an effort to forge dozens of small and medium-size, black and white Baptist organizations into a robust coalition that would serve as a counterweight to the conservative Southern Baptist Convention. The giant SBC "has long dominated the political, theological and social landscape among Baptists" and "has also been closely aligned with the Republican Party. The new coalition, which is Carter's brainchild, would give moderate Baptists a stronger collective voice and could provide Democrats with greater entree into the Baptist community. But Carter and other organizers are trying to walk a fine line, insisting that the alliance is not directly political while touting its potential to recast the role of religion in the public square."

"Safe" Correspondents' Dinner Pick Provokes Minor Controversy. The Washington Post (1/21, D1, Farhi, 690K) reports, "The White House press corps last week found itself embroiled in controversy -- a controversy over its efforts to avoid controversy at an event whose guests include President Bush. Stung by criticism that comedian Stephen Colbert went too far last year in his remarks at the White House Correspondents' Association annual dinner, the group announced last week that it had lined up a different kind of

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entertainer for its next dinner on April 21: impersonator Rich Little. The choice elicited two general reactions: Who? And why?"

Ex-Senator Smathers Dies. The Washington Post (1/21, C7, 690K) reports, "George A. Smathers, 93, a former Democratic senator from Florida who forged friendships with presidents, waged war against communism, resisted civil rights legislation and was an early voice warning against Fidel Castro's rise to power in Cuba, died Jan. 20. … Mr. Smathers was among a new breed of congressmen -- including John F. Kennedy and Richard M. Nixon -- who arrived on Capitol Hill in the late 1940s and were shaped by their experience in World War II. Mr. Smathers used his during more than two decades in Washington to focus on international issues and to fight communism."

Key Palestinian Unity Meeting Delayed. The AP (1/21, Karam) reports, "Key talks on forming a Palestinian unity government and ending deadly infighting were canceled Saturday night, dimming expectations for a planned meeting between" President Mahmoud Abbas and Hamas leader Khaled Mashaal. One Hamas leader "said further preliminary negotiations were needed to resolve differences over forming a coalition government before [Abbas and Mashaal] could meet. He did not elaborate." The AP says "there had been hopes that the meeting — the first between Abbas and Mashaal since July 2005 — could end the yearlong political deadlock," and adds, "The thorniest issues are control of the two factions' security forces and Hamas' refusal to recognize Israel's right to exist."

"Charismatic" Fatah Lawmaker Profiled. Under the headline, "Lawmaker's Tough Talk Rouses Fatah Faithful, the Los Angeles Times (1/21, Ellingwood, 850K) profiles Mohammed Dahlan. "The former Palestinian security chief gained a reputation for having an iron hand during a crackdown against Hamas a decade ago. Now he again is at the forefront of his Fatah movement's conflict with the radical Islamist group." His "tough talk generated an exhilarating shiver among many members of the once-dominant Fatah movement, still struggling to regain its balance a year after losing parliamentary elections to Hamas, and renewed speculation among Palestinians over Dahlan's ambitions." He "dismisses" the "speculation" about seeking the presidency, "even though he has helped fuel it by assuming a higher profile after many months in the background. Poised and always impeccably groomed, Dahlan lately has appeared nearly inseparable from Palestinian Authority President Mahmoud Abbas, also of Fatah, with whom he has had an up-and-down relationship."

UN Boosts Protection In Kosovo For Today's Serbian Election. The Washington Times (1/21, Phillips, 88K) reports the US "has moved troops to northern Kosovo to protect the Serbian minority ahead of elections today in Serbia." Two American platoons, one Austrian, and one Georgian platoon "were deployed in late December for a month to a NATO camp at Leposavic, close to the border with Serbia." That "redeployment was part of NATO's plan for rapid intervention aimed at providing security for about 100,000 Serbs living in Kosovo." The Times adds, "After the election, Kosovo is expected to be offered limited independence from Belgrade."

Under the headline, "Kosovo Looms Over Serbian Vote," the Los Angeles Times (1/21, Rubin, 850K) links the impending UN decision on Kosovo's final status to today's vote. "The imminent loss of the province has been a central issue in the parliamentary campaign. Serbian politicians, intent on proving their loyalty to the country's traditional identity, have pulled out the stops to convince the world that the province should remain within their nation's borders." Describing modern Kosovo, the Times notes, "Landlocked, poor and now populated mostly by ethnic Albanians hostile to Serbs, it nonetheless has become a symbol of Serbia's image of itself as a righteous nation, a beacon of the Orthodox Christian world."

Czech Premier Says US Seeks Missile Defense Radar Base. The AP (1/20, Janicek) carries a statement by Czech Prime Minister Mirek Topolanek that "the United States has asked the Czech Republic to host a radar base that would be part of a global missile defense system, drawing a warning from Russia of retaliatory actions." The Bush Administration "declined comment" on the remarks, but the US "has been negotiating with Poland and the Czech Republic, both former communist states now in NATO, as it explores setting up missile defense sites in Eastern Europe." The AP adds, "The U.S. request that the Czech Republic host only an X-band radar facility could indicate Washington is considering putting launchers for anti-missile missiles in Poland."

Arrest Made In Turkish Journalist's Murder. The New York Times (1/21, Arsu, 1.16M) and other media report the arrest of Ogun Samast, a Turkish teenager, in the Friday assassination of Turkish-Armenian newspaper editor Hrant Dink. Samast "was captured in Samsun, a Black Sea port, after his father recognized his images from the surveillance video and notified the police in Trabzon, their hometown." Police reports indicate Samast admitted murdering Dink. Prime Minister Recep Tayyip Erdogan "praised the efforts of the security forces Saturday and

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expressed satisfaction that an arrest had been made before Mr. Dink's funeral on Tuesday."

Chinese Test Said To Embolden Critics, Supporters Of US Space Weapons. In its "Week in Review" section, the New York Times (1/21, WK3, Broad, 1.16M) analyzes domestic US reaction to China's test of an anti-satellite missile. "The nation's star warriors, frustrated that their plans to arm the heavens went nowhere for two decades despite more than $100 billion in blue-sky research, felt a shiver of hope last week with news" of the test. "Having long warned of the Chinese threat, they now said their fears were vindicated and expressed optimism for their own projects." However, the Times notes, "the prospect of a new arms race in space is also energizing an opposition, including arms control supporters and fiscal conservatives alarmed at the rising costs of the Iraq war." Opponents believe that "an unfettered arms race could hurt the United States more than any other nation," but "that logic has not persuaded the Star Wars advocates, who say the United States needs to protect its huge investment in space satellites by being ahead of anyone else in shooting such devices out of the sky."

Vatican's "Measured" Statement Said To Open Door To Chinese Relations. The New York Times (1/21, A8, Fisher, 1.16M) notes the Vatican "issued a measured statement on Saturday on its future relations with China, saying it wanted a 'respectful and constructive dialogue' to rebuild diplomatic ties but still noting the 'suffering' of Chinese Catholics." Vatican leaders have been engaged in "high-level talks…on rebuilding relations with China." The Times says Pope Benedict XVI and "Chinese officials have expressed a desire to restore diplomatic ties broken in 1951 when the Communist government took over. But any concrete steps were frozen after the official Chinese church, which answers to the government, appointed several bishops last year without the Vatican's consent." Yesterday's statement "was even in its tone," and the Times adds the "reconciliatory tone seemed aimed at encouraging more talks with the government." The Washington Times (1/21, Phillips, 88K) has a report on Vatican politics on its front page.

Hong Kong Acts To Stem Births By Mainland Chinese. The New York Times (1/21, A3, Bradsher, 1.16M) describes the impact of "an influx of mainland Chinese women who go to great lengths to make sure that their babies are born in Hong Kong." Beginning February 1, "pregnant women from the mainland will have to pay $5,000 for their hospital care before they are even allowed to enter Hong Kong… Under rules the government announced Tuesday evening, immigration officers will be instructed to turn back any mainlander who appears to be at least seven months pregnant and has not paid." The Times says that "policy is expected to produce tearful showdowns at border points, and is already provoking an acrimonious debate in Hong Kong over what it means to be a citizen of" the territory.

Thai Authorites Arrest 15 In Bombing Probe. The New York Times (1/21, A12, Mydans, Fuller, 1.16M) carries Thai police statements that authorities "detained 15 people, including some military officers, in connection with a string of bombings that killed three people and disrupted celebrations on New Year's Eve." The operation involved "nearly 100 police officers and soldiers" searching "18 locations in and around the capital," and the Times notes the "arrests were made under martial law imposed after a coup four months ago that ousted Prime Minister Thaksin Shinawatra." Also yesterday, Thaksin "said that he did not want to return to Thailand if his presence would cause division or unrest and that he had no plans to become involved in politics."

Key Somali Warlord Backs Interim Government. The Washington Post (1/21, A21, 690K) notes "feared" Somali rebel leader Mohamed Dheere, "the last major warlord to withhold support from Somalia's government, surrendered his weapons and militiamen on Saturday -- a boost for a fledgling leadership that still faces threats of guerrilla attacks from the Islamic movement that fled the capital." Dheere "gave the army chief 23 trucks mounted with heavy weapons and ordered 220 of his fighters to report for training at government camps." The Post notes that "fears of an Islamic insurgency grew following an ambush Saturday morning on a convoy of Ethiopian troops in Mogadishu. The Ethiopians returned fire, killing a man and a woman on the side of the road."

Botswana Court Ruling Allows Bushmen To Live Inside Kalahari Reserve. The Washington Post (1/21, A15, Timberg, 690K) examines the initial impact of a Botswana court ruling that gives traditional Bushmen access to their ancestral homes within a protected game park. The "landmark court ruling" grants "the traditional hunter-gatherers rights to land they and their ancestors occupied for thousands of years." The government announced Friday "that all Bushmen, whether named in the suit or not, were free to enter the game reserve while the government developed a new permanent policy on the issue."

Paramilitary Alliance Scandal Could Implicate Colombia's Uribe. The New York Times (1/21, A15, Romero, 1.16M) reports the Colombian government, "the largest recipient of American aid outside the Middle East, has found itself ensnared in a widening scandal as revelations

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surface of a secret alliance" between some of President Alvaro Uribe's "most prominent political supporters and paramilitary death squads." Two recent revelations "have injected fresh detail into a slow-burning scandal that has caused Colombia's elite political class to shudder in recent weeks." Sen. Alvara Araujo, the brother of Foreign Minister Maria Consuelo Araujo, is "under investigation for collaborating with militias," and one paramilitary leader's testimony claims "that militias pressured people to vote for the president in 2002, when Mr. Uribe was first elected." The Times adds, "Although the scandal has emerged as the most pressing political challenge to Mr. Uribe's presidency, his approval ratings remain high."

Brazilian Pipeline Projects Said To Seek Economic, Social Balance. The New York Times (1/21, A14, Rohter, 1.16M) examines the challenges of extracting gas and oil from Brazil's Amazon. "Over the years, Petrobras, Brazil's state-controlled oil company, has invested more than $7 billion in Amazon exploration and development, and in 1986 it made a major find here. But only now — after a seemingly endless sequence of geographic, logistical, environmental and political challenges were overcome — is the first in what is intended as a series of pipelines finally being constructed." Noting that "there was initially strong resistance to the pipeline from local people, environmental and indigenous groups and archaeologists," the Times says, "rather than steamrolling the opponents and skeptics," Petrobras "chose to woo them. The two million residents of Amazonas State have been promised economic benefits that have contributed to the project's $1.15 billion price, and scientists and environmentalists were consulted about how to minimize damage to the jungle that blankets the state." One pipeline project "is being built with a requirement that two-thirds of the labor force be hired from the population already in the region." Also, that pipeline "will include spurs to seven smaller towns on its way to" its terminus, meaning "diesel fuel will no longer have to be sent in by boat for local consumption, blackouts will diminish and businesses can be promised regular supplies of cheap, clean energy."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Copter Crash, Attacks Kill 19 U.S. Troops In Iraq."
"Web's Power To Shape Politics Grows."
"Interracial Attacks Worry L.A. Leaders."
"Diabetes For Fun And Profit."

New York Times:
"Pakistani Role Seen In Taliban Surge At Border."
"Clinton Enters '08 Field, Fueling Race For Money."
"Bush To Urge New Tax Plan For Health Care Coverage."
"Refugees Find Hostility And Hope On Soccer Field."
"Helicopter Crash Claims 13 On Deadly Day For U.S. In Iraq."
"New Orleans Of Future May Stay Half Its Old Size."

Washington Post:
"Hillary Clinton Opens Presidential Bid."
"20 U.S. Troops Killed In Iraq."
"Influence Of Developers, Allies Runs Deep."
"Embattled, Bush Held To Plan To Salvage Iraq."
"For Democratic Advisers, A Season Of Tough Choices."
"D.C. Teen Is Killed At U Street Area Nightclub."

Washington Times:
"'I'm In To Win' White House, Hillary Says."
"Passport Prerequisite."
"Benedict Seen As Isolated At Vatican."
"O'Malley Holds Power To Alter Top Md. Court."
"U.S. Copter Crash Claims 13 In Iraq."

Detroit Free Press:
"Chilling At TigerFest."
"Plymouth Parties With Ice."
"Pistons Cruise As Artest, Kings Show Little Fight."

Atlanta Journal-Constitution:
"'I'm In To Win' Clinton Says."
"What Is Too Much Child Support?"
"Fulton DA To Look Into '85 Rape."
"Making Millions From Scratch-Offs."
"13 Dead In U.S. Copter Crash."
"Report: Missing Boy Met Police."

Dallas Morning News:
"Dream Home Becomes Legal Nightmare."
"Horse Meat Ban Is Upheld."
"Cartel Leader Handed To U.S."
"FB Schools Have Different View Of Immigrants."
"Restaurants Thrive In Bishop District."
"Clinton Joins Race: 'I'm In To Win.'"
"6 Killed In Iraq Bus Bombing."
"Not-Quite-Dead Duck Rescued From Refrigerator."

Houston Chronicle:
"Bribery Sting Snares HPD Officer."
"Continental Pilot Dies After Falling Ill In Cockpit."
"Bp Workers Ill-Trained For Dangers, Report Says."
"Rockets Run Out Of Steam, Lose To Nuggets."
"Design-A-City Contest Sparks Career Aspirations."
"Upgrade Of HPD Radios May Wait 5 Years."
"Mars Platform Surpasses Pre-Katrina Oil Levels."
"Driver Charged In Needville Police Chief's Death."

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"U.S. Loses 20 On One Of Deadliest Days In Iraq."
"Minnesota Man Plummets 16 Stories, Survives."

Story Lineup From Last Night's Network News:
ABC: Clinton Presidential Race; Clinton Campaign Strategy; Violence In Iraq; Bush's War Plans In Iraq.
CBS: Clinton Presidential Race; Other Presidential Hopefuls; Violence In Iraq.
NBC: Clinton Presidential Race; Other Presidential Hopefuls; Violence In Iraq; Rare Meeting At White House.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. President and Mrs. Bush will overnight at Camp David.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: O'CONNOR CONFERENCE _ The eighth annual Cardinal O'Connor Conference on Life will be held at Georgetown University. The event gathers more than 500 high school and college students from around the country in advance of the annual March for Life demonstration on the National Mall each January. Location: Healy Hall's Gaston Auditorium, Georgetown University. Contacts: Bridget Bowes, 412-965-4993

ROE V. WADE ANNIVERSARY EVENTS _ Highlights: 8 a.m. - 5 p.m. The American Life League holds a series of briefings with pro-life leaders. Holiday Inn on Capitol Hill. Contact: Amber Dolle, 540-903-9572 9 a.m. Prayer and demonstration. In front of the Supreme Court. Contact: Amber Dolle, 540-903-9572. 1:30 p.m. - 5 p.m. Second session of the March for Life Convention. Hyatt Regency Hotel on Capitol Hill, 400 New Jersey Ave. NW. Contact: 202-543-3377

TRANSPORTATION RESEARCH BOARD _ The Transportation Research Board holds its 86th Annual Meeting at three Washington hotels. Some 10,000 transportation professionals from around the world are expected to attend. Location: Marriott Wardman Park, 2660 Woodley Road NW; Omni Shoreham, 2500 Calvert St. NW; and Washington Hilton, 1919 Connecticut Ave. NW. Contacts: Russell Houston, 202-334-3252

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DOJ_NMG_0119391

THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 21, 2007 7:45 AM EST

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TERRORISM NEWS:

UK MPs Urge International Community To Deal With Guantanamo Detainees. BBC.com (1/21) reports, "MPs who have visited Guantanamo Bay have called on Britain and the international community to do more to help the US close the camp. Seven Foreign Affairs Committee members visited the detention centre for 'enemy combatants' in Cuba in September. In a report they were critical of the conditions there, but said many inmates posed a threat and the world needed to find a 'longer term solution'. Opposition MPs and human rights groups called the report 'disappointing.'" The AP (1/21, Stringer) says the report "called for an overhaul of the Geneva Conventions and suggesting Prime Minister Tony Blair lead efforts to update the international standards to reflect the challenge of terrorism."

WPost, NYTimes Encourage Congress To Pursue Investigation Of Wiretapping Program. The Washington Post (1/21, B6, 690K), in an editorial, writes, "when the Bush administration announced that it had belatedly put its warrantless wiretapping program under court supervision, its attitude was like that of a traffic officer trying to hurry along bystanders at an accident scene: 'Move right along, folks, nothing to look at here.' The administration would like Congress, under its new management, to abandon its efforts to dislodge details about the program's operations or to craft legislation to provide a legal framework. Lawmakers don't seem inclined to simply go away, nor should they."

The New York Times (1/21, WK11, 1.16M) editorializes, "By now, this is a familiar pattern: First, Mr. Bush and his aides say his actions are so vital to national security that to even report on them — let alone question them — lends comfort to the terrorists. Then, usually when his decisions face scrutiny from someone other than a compliant Republican Congress, the president seems to compromise. Behind this behavior are at least two dynamics, both of them disturbing. The first is that the policies Mr. Bush is trying so hard to hide have little, if anything, to do with real national security issues — and everything to do with a campaign, spearheaded by Vice President Dick Cheney, to break the restraints on presidential power."

More Commentary. The Sacramento Bee (1/21) editorializes, "The Senate Judiciary Committee surely had something else in mind when Attorney General Alberto Gonzales dropped by last Thursday to talk about the state of affairs at the Justice Department. … Gonzales provided more details about the department's prosecution of the 'Girls Gone Wild' video series than he did about warrantless surveillance. His testimony leaves more questions than it answers and should be considered only Round One of the oversight process on surveillance." The Bee continues, "After last week's hearing, we still don't know whether the warrants sought by the administration from the FISA court are for surveillance of known phone numbers or known persons, or for dragnet-style data-mining operations of hundreds or thousands of individuals. Normally, the government would seek a FISA warrant for surveillance of a particular suspect's phone calls or e-mails. A congressional staffer told the New York Times that the FISA approvals appear to be for a hybrid of individual warrants and broader approval, whatever that means. Gonzales offered no information or documents to clarify the matter." The Bee adds, "Clearly, Congress still has a lot to do to determine whether the spying program follows the 1978 law and the Constitution. And Congress and the president will have to be open to negotiating possible adjustments to the 29-year-old law to reflect developments in technology, surveillance and the new realities of terrorism. But this should be non-negotiable: Congress cannot let the president get away with disregarding or rewriting the law and the Constitution at his whim."

The Grand Rapids Press (MI) (1/21) editorializes, "After resisting for more than a year, the Bush administration is putting its controversial domestic wiretapping program under the jurisdiction of the secret court set up to govern such cases. It's a good course correction. Concerns about terrorism shouldn't give federal intelligence agencies license to eavesdrop on citizens' phone calls and e-mails without court approval or congressional oversight. … U.S. Attorney General Alberto Gonzales says the Justice Department has worked out an 'innovative' arrangement to bring the surveillance program under FISA jurisdiction. He wouldn't elaborate on the specifics to members of the Senate Judiciary Committee this week, so questions remain about what form the new compliance takes. Congressional leaders shouldn't be left in the dark about this new arrangement. … The issue is not about whether to monitor the communications of

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suspected terrorists but doing it legally and with proper checks and balances. We all should want that."

The Wilmington (DE) News Journal (1/21) editorializes, "So apparently there is a way to do surveillance of intelligence suspects with court oversight after all. For a year, the Bush administration insisted that wartime justified secrecy and executive privileges, regardless of a 1978 law setting up review through a Foreign Intelligence Surveillance Court. … Now, after months of rebuffing congressional negotiations and the threat of investigation, the Justice Department has a method for going to designated judges when it wants to monitor international e-mail and telephone calls given a probably terrorism link." The Journal adds, "Skepticism is rife in the Capitol and among civil libertarians, and rightly so. There is only a vague outline of what the new ground rules are that prompted the administration's turn-around. … The Justice Department also is to go before federal court in Cincinnati on Jan. 31 for more arguments on the constitutionality of the Bush's earlier policy. … Congress should look into exactly what is going on. Given this administration's resistance to judicial checks on presidential authority, this adaptation may well be too good to be true."

The Hartford Courant (1/21) reports, "President George W. Bush has substituted one controversial spying program with another. … The old program eavesdropped on American and foreign al-Qaida suspects without the legally required court oversight. The new program? Well, it eavesdrops on the same targets, but now with the required warrants." The Courant adds, "On Wednesday, the Bush administration announced it had dismantled the fiercely criticized program and started applying for court approval for wiretaps - but under new orders and opinions issued by the FISA court. The administration's turnabout was supposed to be welcome news. But the new FISA orders are so wrapped in mystery that no one outside the Bush administration and the spy court knows what they say. .. .The presiding judge has no objection to releasing them, but the Justice Department refuses to do so or to give even the bare outlines on how the new program works. … Without those details, it's impossible for lawmakers to judge whether their 1978 law is protecting privacy rights as well as public safety."

The Houston Chronicle (1/21) editorializes, "After operating an electronic surveillance program for five years outside legally mandated oversight by a secret federal court, President George W. Bush has seemingly bowed to legal and congressional pressure. … While lawmakers and officials of civil liberties groups welcomed the development, they also want more information on whether the FISA court will review each surveillance request individually or whether it has simply given blanket approval for the activities by the National Security Agency." The Chronicle adds, "In a visit with the Chronicle Editorial Board last year, U.S. Attorney General Alberto Gonzales justified the surveillance program as a legal extension of presidential authority in wartime and a congressional resolution supporting military action against terrorists. … In testimony before the Senate Judiciary Committee on Thursday, Gonzales refused to explain why the administration had reversed its previous position that court oversight was too restrictive to effectively combat terrorism." The Chronicle concludes, "Americans need to be reassured that their constitutionally guaranteed rights against illegal government surveillance are being safeguarded as mandated by the FISA legislation. … If the chief jurist of the relevant court sees no harm in explaining how it will oversee the program, the administration should assent to providing a thorough explanation to lawmakers and the public."

The Akron (OH) Beacon Journal (1/21) editorializes, "For more than a year, the Bush White House has publicly claimed the right to conduct electronic surveillance, without first seeking a court warrant, of Americans suspected of terrorist ties. It vigorously defended the program, which started after the Sept. 11 attacks, at congressional hearings and in legal briefs, denying it violated the constitutional protections of citizens. The president insisted the war on terrorism made speedy, warrantless wiretaps a national security imperative. … After all the contention, it is encouraging that the president has reversed course, the Justice Department announcing on Wednesday the program will be under the oversight of the court created by the 1978 Foreign Intelligence Surveillance Act. It is the right decision, a welcome return to checks and balances." The Journal concludes, "In Senate hearings Thursday, a tight-lipped Attorney General Alberto Gonzales did little to ease worries whether the new 'innovative arrangements' with the FISA court would merely provide the program a blanket cover to conduct wiretaps. Congress would do well to press hard for clarification."

The Las Vegas Sun (1/21) reports, "One day before the Senate Judiciary Committee was to begin hearings on President Bush's warrantless domestic eavesdropping program, Bush administration officials announced that such surveillance would now be subject to judicial review. … The decision was a reversal for Bush, who has stubbornly insisted that forcing the National Security Agency to adhere to a 1970s-era law - which requires the agency to seek warrants in a secret court before monitoring Americans' communications - hindered the government's ability to track terrorist activity. Bush started domestic surveillance without warrants after the Sept. 11, 2001, attacks." The Sun continues, "The timing of this apparent reversal in policy doesn't help to quell suspicions, as Bush often makes grand public promises to deflect criticism. And it is unclear how much the process will change. Attorney General Alberto Gonzales, citing security concerns, refused to tell the Judiciary Committee whether eavesdropping requests will be reviewed one at a time or in groups. … The Bush

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administration's history of secrecy and deceit by omission runs deep, and it is hard to believe that this seeming change of heart is anything more than an attempt to avoid scrutiny by a Congress that is now run by Democrats."

The Orange County (CA) Register (1/21) editorializes, "The announcement… is welcome at first blush. It may prove to be an unalloyed benefit. But questions remain, and there are details the American people should be able to know about what government is doing in their name." The Register continues, "An obvious question: If this program was considered legal and utterly essential a year ago, why is there no need to continue it? At a Senate Judiciary Committee hearing last Thursday, Attorney General Alberto Gonzales said the administration had worked out procedures for more "swift and agile" consideration by the FISA court, but did not provide details. … It is also valid to wonder whether this switch was done to avoid judicial scrutiny in three cases challenging the program that are before the courts and might now be moot. … On balance, however, this is a welcome development. Checks and balances don't always prevent abuse, but they are essential to the American system."

The Miami Herald (1/21) editorializes, "It would be nice to believe that the Bush administration's reversal of policy on its secret wiretapping program -- allowing a measure of judicial oversight for the first time -- represents a change of attitude regarding the balance between civil liberties and executive power. But that's hardly the case. … This administration has a consistent pattern of ignoring fundamental rights such as privacy and habeas corpus in order to extend the reach of the 'unitary executive.' Congress has a duty to find out more about the program and determine whether this change is merely a tactical shift designed to preserve the questionable authority of the president to decide which of those rights can be overlooked or denied in the name of national security." The Herald adds, "It is vital for Congress to learn the answers to these and other questions about who is secretly listening to the conversations of Americans and under what rules. Courts are supposed to determine when there is probable cause to suspect that the target of the wiretap is connected to terrorism. Without oversight, even the most well-intended prosecutor or federal agent can step across the line that protects our freedoms. … Whether the administration likes it or not, this is part of the bedrock system of checks and balances that has preserved the civil liberties that Americans cherish."

In a column for the Chicago Tribune (1/21), Steve Chapman writes, "Is President Bush surrendering in the war on terror? For more than a year, the administration has insisted that preserving its 'terrorist surveillance program,' which involves unfettered and unauthorized wiretapping of Americans suspected of communicating with Al Qaeda operatives abroad, was, in the words of former White House press secretary Scott McClellan, 'a vital tool' for us 'to stay a step ahead of a deadly enemy that is determined to strike America again.' Now, Atty. Gen. Alberto Gonzales says the program will not be renewed." Chapman continues, "This about-face must be causing massive cognitive dissonance within the administration and among conservatives who regard any check on executive power as a favor to Al Qaeda. From the moment the secret National Security Agency program was revealed by The New York Times in 2005, Republicans treated its critics as foolish appeasers. … Never mind that it apparently violated the law, and never mind that it let the government spy on Americans right here at home, without bothering to get the search warrants that are normally required. Issues of legality, constitutionality and privacy cut no ice with the administration and its supporters. Either you were for the program, or you preferred to expose us to catastrophe." Chapman concludes, "Maybe we were misled before, or maybe we're being misled now. But the next time the president tries to sell us on the idea that some expansion of executive power is critical to fighting terrorism, I hope he'll throw in the Brooklyn Bridge."

HOMELAND RESPONSE:

Travel Industry Analysts Concerned By New Passport Requirement. The Washington Times (1/21, Price, 88K) reports on its front page, "Some travel-industry officials say they fear a passport bottleneck when new federal regulations take effect Tuesday requiring Americans to show a passport to re-enter the United States after traveling to countries in the Western Hemisphere. But officials at the State and Homeland Security departments, which are implementing the changes, say most travelers who need passports to comply with the new rules already have them."

New Orleans Population May Not Return To Pre-Katrina Levels. The New York Times (1/21, A1, Nossiter, 1.16M) reports, "some economists and demographers are beginning to wonder whether New Orleans will top out at about half its prestorm population of about 444,000, already in a steep decline from its peak of 627,525 in the 1960 Census. At the moment, the population is well below half, and future gains are likely to be small. … The new doubts, surprisingly, are largely not based on the widespread damage caused by the flood. Rather, crippling problems that existed long before Hurricane Katrina are mostly being blamed for the city's failure to thrive. In this view, the storm was merely a grim exclamation point to conditions decades in the making. Before the storm, some economists say, New Orleans may have had more people than its economy could support, and the stalled repopulation is merely reflecting that."

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WAR NEWS:

Bush "Held To Plan" On Iraq Strategy. In a front page report headlined "Embattled, Bush Held To Plan to Salvage Iraq," the Washington Post (1/21, Abramowitz, Baker, 690K) details President Bush's path to his eventual strategy on Iraq: "A reconstruction of the administration's Iraq policy review, based on more than a dozen interviews with senior advisers, Bush associates, lawmakers and national security officials, reveals a president taking the lead in driving the process toward one more effort at victory -- despite doubts along the way from his own military commanders, lawmakers and the public at large." Bush "seems uninfluenced by the electorate on Iraq and headed for a showdown with the new Democratic Congress." However, "some Bush advisers believe they misjudged the politics that would greet Bush's Jan. 10 unveiling of the new plan," not expecting "near-universal opposition by Democrats and visceral anger even among some Republicans. . ... On Dec. 13, Bush went to the super-secure 'tank' at the Pentagon to listen to his top generals, only to walk away convinced that some of them were trying to manage defeat rather than find a way to victory."

More Than Two-Thirds Oppose Surge In New Poll. NBC Nightly News (1/20, story 4, Seigenthaler, 9.87M) reported, "Iraq was on the agenda today for President Bush when he met with his Secretary of State and new Secretary of Defense, while a new poll indicates a large majority of Americans oppose the President's new plan for Iraq." NBC (Yang): "Secretary of State Condoleezza Rice and Defense Secretary Robert Gates came here to brief President Bush on their just completed trips to the Middle East. President Bush's top foreign policy and military advisors arrived at the White House early facing intense pressure on Iraq; the President discussed the situation for about an hour before leaving with the First Lady for Camp David. It came as a new 'Newsweek' poll showed 68% of Americans oppose President Bush's plan to send more troops to Iraq. All-time low for the poll."

Administration Warns Iraqi Government To Honor Bargain. The New York Times (1/21, A6, Cooper, Sanger, 1.16M) reports, "President Bush and his top advisers, after nine days of unrelenting criticism from Congress, are warning the Iraqi government that continuing funding for an American troop increase and other elements of Mr. Bush's new Iraq strategy will be contingent" on Prime Minister Nouri al-Maliki's "delivery on promises to quell violence, senior administration officials said in recent interviews." Administration officials, "who have carefully avoided declaring outright that the American commitment in Iraq would be cut back if Mr. Maliki fails, are using the open hostility of most Democrats and the skepticism of many Republicans as a way to underscore to the prime minister that the White House plan represents a last chance for him." After intense criticism from Democrats, Republicans, and retired Gen. Joseph Hoar, "some members of the administration are already discussing what one called 'Plan C,' even as the administration publicly expresses support for Mr. Maliki. Some senior officials, insisting on anonymity, are discussing alternative leadership for the Iraqi government."

Vietnam Enters Discussion Of Iraq War. The Los Angeles Times (1/21, Levey, 850K) reports, "On the floors of the House and Senate, in committee hearings and news conferences since the president's Jan. 10 announcement, lawmakers on both sides of the aisle and both sides of the war debate have repeatedly invoked America's longest war. Opponents use the vocabulary of the Vietnam War as they talk of opposing an escalation that they consider as divisive as those pushed by Presidents Johnson and Nixon in the 1960s and early 1970s. And supporters of the president warn of repeating other mistakes of that conflict by withdrawing support for American soldiers while they remain in harm's way."

History Lesson Seen For Bush In Algerian War. The Boston Globe (1/21, 413K) editorializes, "At Henry Kissinger's recommendation, President Bush is reading 'A Savage War of Peace,' the classic account of the Algerian war of independence, 1954-1962." The Globe sees many differences between Algeria and Iraq, for example, the "brutal realism" of Charles deGaulle when "he uttered the fateful words, 'self-determination,' which meant independence. Today President Bush has yet to show this degree of flexibility in Iraq. ... Perhaps the lesson of 'A Savage War of Peace' is that, however painful withdrawal and defeat may be, continuous bloodshed and stalemate are worse."

More Commentary On Bush Iraq Strategy. New York Times (1/21, WK12, 1.16M) columnist Frank Rich writes, "Our failure to check the administration when it rushed into Iraq in 2003 will look even more shameful to history if we roll over again for a reboot in 2007. ... This time we must do what too few did the first time: call the White House on its lies. Lies should not be confused with euphemisms like 'incompetence' and 'denial.'"

In his Washington Post (1/21, B7, 690K) column, David Broder writes optimistically that Gen. David Petraeus "has a realistic appraisal of the people he is dealing with in Baghdad and is quite willing to lean hard on them. ... The challenge is immense, but for a change, there is a chance to get the full weight of our government pulling in the same direction."

More Than 20 US Troops Killed In Iraq War's Third-Deadliest Day. NBC Nightly News (1/20, story 3, 2:00, Seigenthaler, 9.87M) reported, "It's been a deadly day for Americans in Iraq, one of the deadliest of the war so far.

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In the last 24 hours, more than 20 Americans have been killed, 13 in a helicopter crash near Baghdad." NBC (Boettcher): "What caused this crash? That is important if it was shot down, and according to witnesses at the scene they said the helicopter was on fire. Late tonight the military is saying it appears there were mechanical problems with the helicopter and that is all we know." Seigenthaler: "There was another serious attack in Iraq today, right?" Boettcher: "Absolutely. This is the one that is worrying, John. This occurred south of Baghdad, five US soldiers were killed and according to the US military it was illegally armed militias. ... this is a very serious issue. There could have been high ranking officers at this meeting who were killed."

The CBS Evening News (1/20, story 3, 2:10, Attkisson, 7.66M) reported, "This has been the worst day in almost two years for US troops in Iraq. The death toll rose by at least 21. The military announced five soldiers were killed in an attack by militia fighters in Karbala. Three other Americans died in separate attacks. But in the worst incident, 13 service members were killed when their Blackhawk helicopter crashed northeast of Baghdad." ABC World News (1/120, story 3, 1:50, Berman, 8.78M) reported, "The US military says one of its helicopters went down northeast of Baghdad, killing 13 on board. The news comes amid growing resistance to President Bush's plan to send thousands more troops to the war zone." ABC (Morrell): "According to the website icasualties.Org, this is the 44th deadly helicopter crash since the war began nearly four years ago. In all, 198 US and coalition forces have been killed in those crashes."

The Washington Post (1/21, Londono, 690K) says on its front page that Saturday's deaths "made the day the third-deadliest for U.S. service members in Iraq since the war began." The bloodshed "came as the Bush administration was extending the tours of some troops in Iraq and sending additional ones for a buildup that has met strong resistance in Congress." The New York Times (1/21, A6, Cave, 1.16M) called it "one of the deadliest days for United States forces since the Iraq war began." Of a gun battle in Karbala, the Times reports, 'Iraqi state television reported that at least two dozen gunmen assaulted the building, getting inside, and drawing a response from American troops who were dropped by helicopter onto the roof. ... The attack nonetheless seemed to be the latest in a series of power struggles in the south among a patchwork of Shiite tribes and political parties." The Washington Times/AP (1/21, A1, Mroue) reports, "The crash and other deaths came as a brigade of the U.S. 82nd Airborne Division arrived in Baghdad and prepared for deployment in early February the first of the 21,500-troop buildup ordered by President Bush."

The Los Angeles Times (1/21, A1, Daragahi, 850K) reports, "The surge in fatalities just days before President Bush's State of the Union address was likely to inject a note of urgency into the debate over his Iraq policy. ... A witness said he saw ground fire bring down the [helicopter], and an insurgent group claimed responsibility for the attack in an Internet posting that could not be authenticated." In addition, "American troops raided the capital's main emergency hospital Saturday morning, seizing the weapons of security guards believed to be linked to Sadr's Al Mahdi militia, hospital and police officials said. ... One hospital employee said the Americans searched the hospital for a person who allegedly belongs to the Al Mahdi army."

US Brigade Soon Ready For Baghdad. The AP (1/21, Hurst) reports, "A newly arrived brigade of the U.S. 82nd Airborne Division, the first of the 21,500-troop buildup ordered by President Bush, will be ready to join the fresh drive to quell sectarian violence in the capital by the start of next month, the American military said Sunday. ... The announcement came a day after at least 20 U.S. service members were killed in Iraq on Saturday, the highest daily toll in two years for American forces." The AP continues, "Prime Minister Nouri al-Maliki has pledged to put an about equal number of Iraqi troops on the streets and has vowed they will target both Sunni insurgents and Shiite militia fighters. Maliki has promised he will no longer block action against the Mahdi Army militia ... Since Bush and Maliki announced the planned drive against militants, U.S. and Iraqi special forces have regularly killed or captured a number of Mahdi Army commanders. The drive against Sunni insurgents has increased as well."

Kurdish Troops Deserting To Avoid Baghdad Service. The Boston Globe (1/21, Fadel, Taha, 413K) reports, "As the Iraqi government attempts to secure a capital city ravaged by conflict between Sunni and Shi'ite Muslim Arabs, its decision to bring a third party into the mix may cause more problems than peace. Kurdish soldiers from northern Iraq, who are mostly Sunnis but not Arabs, are deserting the army to avoid the civil war in Baghdad, a conflict they consider someone else's problem." In interviews, Kurdish "soldiers in Sulaimaniyah expressed loyalty to their Kurdish brethren, not to Iraq. Many said they'd already deserted, and those who are going to Baghdad said they'd flee if the situation there became too difficult."

US Finds Success In Once-Dangerous Iraqi Town. The Los Angeles Times (1/21, Perry, 850K) reports that two years ago, the Iraqi town of Husaybah "was considered too dangerous even for a quick tour by a U.S. general in his armored Humvee. ... In a country studded with areas where the U.S. has either failed or made only limited progress toward stabilization, Husaybah and the surrounding Qaim region stand out as a success, officials said." The Times adds, "The effort has combined U.S. military and economic power, backed by help from the municipal and tribal leadership." Marines "launched a massive effort to find

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weapons caches and confront insurgent sanctuaries," while economic projects include "a 10-lane port of entry from Syria that should provide an economic boost. Marines are assisting the health clinic and hospital, and the U.S. is funding construction of a jobs center and vehicle registration site."

Army Says Colonel's Orders Led To Deaths Of Four Iraqis. The New York Times (1/21, A10, Von Zielbauer, 1.16M) reports, "Army investigators say that Col. Michael D. Steele, a decorated combat veteran and brigade commander in Iraq, issued improper orders to his soldiers that contributed to the deaths of four unarmed Iraqi men during a raid in May, according to military documents." Two Pentagon officials said last week that Steele "was formally reprimanded in the summer by Lt. Gen. Peter W. Chiarelli, the former commander in Iraq, for not reporting the deaths and other details of the raid."

Iraqi TV Betrays Sectarian Tensions. The Washington Post (1/21, A18, DeYoung, 690K) reports on an angry exchange between Shiite and Sunni politicians on Al Jazeera: "The exchange between two middle-aged men in suits was an up close and personal look at the religious and ethnic divides -- Sunni Muslim vs. Shiite Muslim, Arab vs. Persian -- that President Bush now cites as the main impediments to peace in Iraq. Widely circulated on the Internet in recent weeks, the video clip has fueled sectarian jeers and cheers in chat rooms throughout the Middle East. ... The Bush administration has long charged that mainstream Arab networks such as al-Jazeera provide a platform to terrorists. But communications technology now allows the warring parties in Iraq direct access to audiences in Iraq and beyond."

Banned Station Broadcasts Voices Of Sunni Insurgents. The New York Times (1/21, A8, Santora, Cave, 1.16M) reports about the banned Al Zawra TV station's broadcast of footage of an American soldier being shot, "Such tapes, along with images of victims of Shiite militias and unflattering coverage of Shiite leaders, are beaming across Iraq and much of the Middle East 24 hours a day, broadcast by a banned Iraqi satellite television station that has become a major information center for the Sunni insurgency — and the focus of a cat-and-mouse hunt that has exasperated and infuriated American and Iraqi forces. Making the situation even more galling for the authorities, American and Iraqi officials say that money stolen from the United States probably helps pay for the station."

Rice Says Talks With Iran, Syria Would Not Aid US In Iraq. AFP (1/20) reports Secretary of State Condoleezza Rice has "reiterated Washington's opposition to talking to Syria or Iran to get their help in easing unrest in Iraq." In a German interview to be published tomorrow, Rice said that, "to believe that Damascus or Tehran would suddenly be ready to help stabilise Iraq, simply because the United States would talk to them, is false." AFP notes she further indicated that "Syria and Iran's 'only motivation' in entering into such talks would be to draw some advantage for themselves, adding that this was not diplomacy but blackmail. Damascus would expect some goodwill from Washington over its Lebanon policy while Tehran would want room for manoeuvre on its nuclear programme, Rice said."

Ahmadinejad's Hold On Power Said To Be Increasingly Uncertain. In an op-ed in today's Los Angeles Times (1/21, 850K), professor Dariush Zahedi and journalist Omid Memarian say the "clock may be ticking" on the tenure of Iranian President Mahmoud Ahmadinejad. Recent events "have pushed conservatives inside Iran to further distance themselves from" him, and "there have also been reports that Iran's supreme leader, Ayatollah Ali Khamenei, has given a green light to parliament to criticize the president's performance." Last month's election results "emboldened his opponents," and Ahmadinejad's attempt "to return the Islamic revolution toward what he views as its essence — anti-Zionism and populism -- has riled the country's pragmatic and traditional conservatives." Noting that he may grow as a target for criticism because "blaming a single individual who can easily be restrained or even removed for all that ails Iran could avert a legitimacy crisis for the system," Zahedi and Memarian say Ahmadinejad "is no doubt praying that the U.S. will not be satisfied with Iran's diplomatic and economic isolation and will launch military strikes against" its nuclear sites. Such a move "would surely give new life to Ahmadinejad's militant faction, enabling him to rally the masses behind the flag, compel his conservative critics to close ranks behind him and crush the remnants of Iran's liberal civil society and democratic movement."

Columnists Challenge Bush's "Impatience" On Iran. In his Washington Post (1/21, B7, 690K) column, Jim Hoagland writes, "President Bush once again risks confusing his destiny with that of the nation. His presidency is running out of time. The United States is not. An all-or-nothing confrontation with Iran that has to be resolved before Bush leaves office is an artificial concept that will deepen American problems abroad. ... The 'hurry-up' offense that works beautifully for the New England Patriots at game's end is far too dangerous when the stakes are war and peace." Hoagland suggests, "The Saudis have enough reserve production capacity to swing OPEC prices up and down at will. ... So a broad, sustained campaign of economic sanctions is perhaps the most effective way to bring pressure to bear on an Iranian regime that has failed to deliver on its grandiose promises of prosperity to a restive population."

New York Times (1/21, WK13, 1.16M) columnist Nicholas Kristof writes, "One of the most worrying parts of

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President Bush's Iraq strategy doesn't have anything to do with Iraq. It's the way he's ramping up a confrontation with Iran." Bush is "increasing the risk that he will drag the U.S. into a third war in an Islamic country in six years. Instead of disengaging from war, he could end up starting another." Kristof continues, "Unfortunately, Mr. Bush's military pressure may end up making Iraq bloodier than ever. Instead of being cowed, Iran may use its proxies in Iraq, Afghanistan, Lebanon and elsewhere to kill more American officials and troops. Or even ordinary Americans here at home." In addition, pressuring Iran could help "Iranian hard-liners crush Iran's democracy movement."

Pakistan Denies Its Intelligence Services Protect Key Taliban Leaders. The New York Times (1/21, A1, Gall, 1.16M) examines the role Pakistani intelligence services might play along the Afghan-Pakistani border. "The government of Pakistan vehemently rejects the allegation and insists that it is fully committed to help American and NATO forces prevail against the Taliban." However, experts "say that Pakistani intelligence agencies -- in particular the powerful Inter-Services Intelligence and Military Intelligence -- have been supporting a Taliban restoration, motivated not only by Islamic fervor but also by a longstanding view that the jihadist movement allows them to assert greater influence on Pakistan's vulnerable western flank." The Times says its investigation "leaves little doubt that Quetta is an important base for the Taliban, and found many signs that Pakistani authorities are encouraging the insurgents, if not sponsoring them." Several analysts believe that "Pakistan has long seen jihadi movements like the Taliban as a counter to Indian and Russian influence next door in Afghanistan, and as a way to provide Pakistan with 'strategic depth,' or a friendly buffer on its western border."

Under the headline, "Pakistan Denies It Harbors Taliban," the Washington Post (1/21, A20, Constable, 690K) notes, "Faced with new charges that Pakistan is harboring Islamic insurgents, including fugitive Taliban leader Mohammad Omar, Pakistani officials this weekend denied such allegations and defended their efforts to curb cross-border insurgent attacks in Afghanistan as sincere if not totally successful." The Post adds, "Afghan officials have long charged that Omar and other Taliban leaders operate from Quetta, and senior U.S. officials have recently begun echoing those accusations, saying Pakistan has not done enough to curb Taliban attacks although it continues to be a valuable ally in the broader fight against Islamic terrorism."

Afghan Women's Gains Are Endangered. The Los Angeles Times (1/21, Rubin, 850K) reports in a 2,700 word article, "Five years after the end of the Taliban era, there are new opportunities for women in Afghanistan, and notable efforts are underway to make their daily lives better, especially in Kabul, the capital. Improving the status of women has been a core goal of U.S. policy here ... But conversations with dozens of women suggest that each step forward has been a struggle. Afghan society remains deeply uncomfortable with the idea of women gaining independence and authority. The Taliban's resurgence has reversed incremental gains, particularly in the south. If the Taliban incursions spread, more women are likely to lose ground. Families in the south that recently began allowing their daughters to go to school and wives to enroll in vocational programs have pulled them out because of Taliban attacks."

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Senate Urged To Curb US Attorney Dismissals. The Roanoke (VA) Times (1/21) editorializes, "The administration's forced resignations among U.S. attorneys tell the tale of the corrupting influence of unchecked power. … It is a new old story, about one of those 'little-noticed' provisions in complex legislation that draws attention only when it starts to stink." The Times continues, "The complex law is the Patriot Act. The smelly provision -- one of many, but a noticeable one of late -- is an innocuous-seeming change in the way the executive branch makes interim appointments of U.S. attorneys. … In effect, the change allows the attorney general to replace federal prosecutors without Senate approval." The Times adds, "The Bush administration seems to be using this new power, in part, to rid the Justice Department of prosecutors deep into political corruption investigations and to put political hacks in their place. … Congress should act quickly to strip the law of a provision so ripe for abuse." The Times notes, "U.S. attorneys are appointed by the president and approved by the Senate. When appointees leave, voluntarily or not, the attorney general can make an interim appointment that is not subject to a Senate vote. … Feinstein and Leahy have filed a bill to restore the district court's authority to make interim appointments. Gonzales' protestations of high principle do not persuade. The senators should press on."

CORPORATE SCANDALS:

Prosecutor In Apple Options Case Joins Firm. Bloomberg (1/21, News) reports, "Christopher J. Steskal, a lead prosecutor of a federal task force investigating the backdating of stock options at Apple Inc. and other companies, is leaving his San Francisco post to join a law firm, the United State Attorney's office in San Francisco confirmed late Friday. … Mr. Steskal's decision follows the recent resignation of his boss, United States Attorney Kevin V. Ryan." Bloomberg continues, "Mr. Steskal also was the

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lead prosecutor in the government's case against Gregory L. Reyes, the former chief executive of Brocade Communications Systems. … Mr. Steskal, who was to try Mr. Reyes's case in June in San Francisco, is the second of five assistant United States attorneys on the task force to leave since its formation in July. He said he would join the San Francisco office of Fenwick & West within 30 days." Bloomberg adds, "William J. Portanova, a criminal defense attorney and former federal prosecutor, said that he believed that the Brocade case would not suffer, no matter who is picked to succeed Mr. Steskal. … Luke Macaulay, a spokesman for the United States Attorney's office in San Francisco, said that one of two prosecutors the office is planning to hire would replace Mr. Steskal on the task force."

The San Francisco Chronicle (1/21, Page F - 1, Guynn) reports, "The abrupt resignations last week of U.S. Attorney Kevin Ryan, the Justice Department's top law enforcement official in Northern California, and Assistant U.S. Attorney Chris Steskal, the lead prosecutor on the task force investigating stock-option backdating, raise questions about the fate of Bay Area technology companies under investigation." The Chronicle continues, "Ryan gained a national profile for his aggressive stance on the controversial issue, becoming the first prosecutor to file backdating charges -- against two former executives of Brocade Communications Systems Inc. for allegedly violating securities laws by backdating stock options without properly accounting for them. … But it is the loss of Steskal, who is leaving to head the white-collar crime unit at Fenwick & West, headquartered in Mountain View, that could dramatically slow the pace of the criminal probes. Steskal was the office's resident expert on backdating, overseeing a dozen probes into suspect options grants, the highest-profile of which was Apple Computer Inc. He also was the lead prosecutor in the case against Brocade. … 'Any time a line prosecutor leaves an investigation, there's clearly a loss of momentum because that person is invested, knows the cases and has spent all the time with the cases,' said Thomas Carlucci, a San Francisco lawyer who represents former Apple attorney Wendy Howell, a potential target of the federal probe. 'So there is undoubtedly going to be a momentary hiccup given that Chris has been the lead in all of the stock-option cases and in particular in the Apple case.'"

Enron Survivor Hunts Riches In New Guinea. The New York Times (1/21, Duhigg) reports, "The South Pacific islands of Papua New Guinea, where canned mackerel occasionally serves as currency and cannibalism was once on the menu, are a long way from the corporate jungles where Enron was born. … Yet amid the wreckage of Enron, the energy giant that went bankrupt in 2001, is a leftover sliver of the company that is still doing business in Papua New Guinea: an oil refinery near the country's capital, Port Moresby, that was shipped there from Alaska and in which Enron continues to hold a small stake." The Times continues, "In November, the relatively obscure Houston company that owns most of that refinery, the InterOil Corporation, made the kind of announcement investors crave: explorations near the refinery had uncorked a vast pool of natural gas potentially larger than the United States' total residential consumption of the fossil fuel in 2005. The size of the discovery was so large, Phil E. Mulacek, InterOil's chairman and chief executive, informed an analyst, that simply controlling its output 'was sort of like trying to stop the Mississippi.'" The Times adds, "Just a few years ago, such proclamations — and the executives who made them — might have been viewed as curiosities, if they were noticed at all. Energy prices were so low that many natural-gas discoveries were burnt off so that drilling rigs could extract precious oil deposits further below. And rattled investors might have been wary of any company linked to Enron, especially one like InterOil that was boasting of possible treasures unearthed in remote jungles. … But that was then. This is now. … After a lengthy dormant spell, the global search for gas and oil has reignited with a fervor that is transforming companies like InterOil into Wall Street darlings. 'The gold rush is back on,' said Andrew V. Boland, an energy analyst at Peters & Company, a Canadian investment firm. 'It's like the wild, wild West, all over again.'"

Study Finds Backdated Options May Be Contagious. The New York Times (1/21, Hulbert) reports, "Directors of corporations often form a tight-knit community, serving at more than one company and creating what are known as interlocking boards of directors. As a result of this chumminess, corporate practices that otherwise might remain confined to just a few companies can spread quickly. … That appears to have been the case with the backdating of stock options, according to a new statistical study of publicly traded American companies." The Times continues, "The study's authors are two finance professors, John M. Bizjak of Portland State University in Oregon and Michael L. Lemmon of the University of Utah, as well as one of Professor Lemmon's graduate students, Ryan J. Whitby. … Options backdating, of course, involves retroactively granting options to executives and directors on dates when a company's stock price was lower. The practice has favorable monetary, accounting and tax consequences for the companies themselves, as well as for the recipients. It isn't necessarily illegal, but it must be disclosed under federal securities law. Federal prosecutors and the Securities and Exchange Commission are investigating numerous companies in connection with options backdating. … How did the practice become trendy in boardrooms across America? According to the study, a big part of the answer may be found in

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interlocking boards, which the researchers describe as the biggest conduit for transferring information about options backdating." The Times notes, "The study looked at publicly traded companies that granted options at any point from 1996 through 2002, and it particularly examined those that began to engage in options backdating during this time. The researchers found that the probability that a company would start the practice rose by a third to a half if one of its directors was also on the board of a company that was already backdating options. The range in these probabilities depended on various factors, including the number of directors who served on other companies' boards. … The researchers would not have been able to reach statistically meaningful results based only on the 120 or so companies that regulators have publicly identified as under investigation for possible options backdating. As a result, the sample was expanded to include other companies where the odds of having engaged in the practice were overwhelming, according to the researchers."

CRIMINAL LAW:

Libby Trial Opening Statements Begin Tuesday. ABC World News (1/20, story 4, 2:20, Berman, 8.78M) reported, "In Washington this week, the beginning of a trial that reaches the highest levels of power. Former White House aide Lewis 'Scooter' Libby is being tried on five felony counts stemming from the investigation over who outed an undercover CIA agent. The case involves weighty issues of national security and could send a man to prison. For many in Washington, it has all the makings of a good thriller." ABC (Marquez): "The Libby trial is quickly becoming Washington's favorite parlor game with a juicy plot and a who's-who of characters. … At the top of the witness list, Vice President Dick Cheney, Scooter Libby's former boss. Also NBC's Tim Russert and the Washington Post's Bob Woodward. The plot reads like a whodunit it novel, with the Bush administration at the center. … In what can only be called bad timing, opening statements in the Libby trial begin Tuesday, yhe same day as the President's State of the Union address."

Area In California Tops In Child Porn Arrests. The Fresno Bee (1/21, Ellis) reports, "When it comes to fighting child exploitation, no part of the nation has put up statistical numbers like the federal law enforcement zone centered on Fresno and Sacramento." The Bee continues, "Over the past two fiscal years — including the one that ended Sept. 30 — the Eastern District of California has indicted more people for child pornography, molestation and related crimes than any other federal law enforcement zone in the nation. … In the fiscal year that ended Sept. 30, the number was 71. In the one that preceded it, the total was 67. … 'It's something we're very proud of,' said McGregor W. Scott, U.S. Attorney for the Eastern District of California." The Bee notes, "Proud, but also surprised. Such information, Scott said, isn't published regularly, and for the most part the various federal districts around the nation are unaware of any statistical crime totals from outside their own region. … This particular recognition came last month, during a Washington, D.C., conference on Project Safe Childhood. During a speech, Associate Attorney General Bill Mercer — who holds the No. 3 position at the Justice Department — singled out the Eastern District of California, which runs from Kern County to the Oregon border, as the national leader in child exploitation indictments. … Assistant U.S. Attorney David Gappa, who specializes in child exploitation cases in Fresno's federal courthouse, said, 'We're always just looking for a way we can do a case, rather than ways we can't do it.'"

Violent Crime Down Sharply In Providence, RI. The Providence Journal (1/21, Smith) reports, "With a crew of streetworkers calming gang feuds and a gun task force invading criminal haunts, the frequency of murder has fallen to a historic low in Rhode Island's capital city. … The number of slayings fell by half last year and violent crime overall declined sharply, Police Chief Dean M. Esserman said, as improved law enforcement strategy and tactics such as the streetworkers and gun task force had a cumulative effect." The Journal continues, "While 22 people were killed in 2005, that fell to 11 in 2006, which Esserman said last week is the fewest in 31 years. … Violent crimes decreased by 18.6 percent last year, according to preliminary figures in a police document obtained by The Providence Journal. The number of such crimes — homicide, rape, robbery and aggravated assault — fell from 1,145 to 932, a decrease of 213." The Journal adds, "Mayor David N. Cicilline and the chief are scheduled to announce final numbers for 2006 tomorrow, including figures for property crime and total crime. Excepting murders, the final figures for violent crime may vary slightly from the preliminary figures. … Killings in Providence, the second most-populated city in New England, peaked at 30 in 2000, then declined to 23 in 2001 and 2002, to 20 in 2003, and then to 18 in 2004. The next year there was a spike, to 22, but then the number plummeted last year. … Esserman has no explanation for what he called 'a blip' in killings and violent crime in 2005. But since he became chief in January 2003, he contends, a disciplined, dedicated and properly staffed Police Department has brought down both violent and property crimes."

Trial Casts Shadow Over DeVecchio's Retirement Years. The Sarasota Herald Tribune (1/21, Lee) reported, "By the time R. Lindley DeVecchio settled in Sarasota, his days at the FBI had become gangland lore. … Having sealed up a 33-year career with the FBI, DeVecchio

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bought a courtyard-style home set among hammocks of palms in virtually crime-free Palmer Ranch. … And then he got indicted for murder. The supervisory special agent who helped bring down the leaders of New York City's five organized crime families now faces four 25-years-to-life prison sentences in what a prosecutor at the Brooklyn District Attorney's Office has called 'one of the worst cases of law enforcement corruption in the history of this country.'" The Herald Tribune notes, "DeVecchio, who declined to speak publicly about his pending trial or his life in Sarasota, pleaded not guilty to all four counts of second-degree murder at his March 30 arraignment in Brooklyn State Supreme Court. And a 1994 internal Justice Department investigation into similar accusations" that DeVecchio had leaked information to the mob "found he had done nothing wrong." The Herald details DeVecchio's career and the allegations of criminal activity and adds, "Here, he blends in as a typical retiree. … But for DeVecchio, the trial looms."

ANTITRUST:

Black Seen As Potential Savior Of Seattle Post-Intelligencer. The Seattle Times (1/21, Pryne) reports, "Could David Black save the P-I? … With a decision looming in four months that might spell the beginning of the end for the smaller of Seattle's two daily newspapers, some speculate Black could ride to the Post-Intelligencer's rescue." The Times continues, "He kept an endangered daily alive before under similar circumstances, they note, in Honolulu. … Liz Brown, administrative officer for the Pacific Northwest Newspaper Guild, said she mentioned the possibility to Don Kendall, who heads Black Press' new King County operations, at a meeting last month. … 'I told him, "You could save the day again," ' said Brown, whose union represents workers at both Seattle papers. … But Kendall said he's never discussed buying or printing the P-I with Black. What's more, he added, Seattle isn't Honolulu." The Times adds, "The P-I has pretty much been only a newsroom since 1983. That's when its owner, The Hearst Corp., entered into a federally sanctioned joint operating agreement (JOA) with The Seattle Times Co. … The Times prints, circulates and sells the advertising for both papers. In return, it gets most of the proceeds. But it has maintained in recent years that it is losing money under the arrangement and moved in 2003 to trigger an escape clause in the contract. … Hearst has said the P-I couldn't survive outside the JOA. It also says The Times' loss claims aren't valid. … After years of litigation, the companies agreed last spring to submit their dispute to binding arbitration. The arbitrator is scheduled to rule by May 31. … If The Times wins, the agreement calls for Hearst to shut down the P-I in six to 12 months. In return, it would get 32 percent of The Times' profits until 2083, when the JOA expires." The Times notes, "To comply with antitrust laws, however, the U.S. Justice Department or federal judges almost certainly would require Hearst to put the P-I up for sale before closing it. That's what happened in Hawaii in 2000."

ENVIRONMENT/INDIAN AFFAIRS:

Plans To Restore Yosemite End Up In Court. The San Francisco Chronicle (1/21, A1, Squatriglia) reports, "When the Merced River overran its banks and scoured Yosemite National Park a decade ago, many saw an unprecedented opportunity to restore the iconic park and cede more of the Yosemite Valley to nature. … A plan by the National Park Service to reinvent the valley and another to protect the Merced River drew broad support from environmentalists, the public and the government. Years of acrimonious debate over how to manage a crown jewel of America's national park system gave way to a consensus that the Park Service had finally gotten it right. … Yet 10 years after the flood, both plans remain tied up in court, challenged by a small but passionate group of activists who argue that the Park Service would render Yosemite an exclusive resort. A federal judge has rejected the river plan, the future of the valley plan is uncertain and, with several projects planned for the valley brought to a halt, frustrated park officials worry they'll be told to begin the planning process anew. … But many of the environmentalists who championed the plans have moved on to other issues. Public, not to mention governmental, priorities have shifted. There is mounting concern that the broad support for remaking Yosemite is gone." The Chronicle adds, "Californians, too, overwhelmingly approved of the plans, according to a statewide poll commissioned by the defense council shortly after the plans were announced. .. But two small environmental organizations, Friends of Yosemite Valley and Mariposans for Environmentally Responsible Growth, opposed the plans. They sued, arguing that the Merced River Plan was hastily written, used flawed data and favored development. … U.S. District Judge Anthony Ishii agreed and rejected the plan in July. He ordered the Park Service to draft a new plan, a process the Park Service says will take 33 months. In October, Ishii shut down several construction projects until the new plan is drafted. … The U.S. Justice Department is expected to announce it will appeal Ishii's rulings, but now finds itself defending the Yosemite Valley Plan as well."

Families Concerned About Unsolved Tribal Cases. The Yakima (WA) Herald Republic (1/21, Ferolito) reports, "Authorities still have no clue about what happened to Donnie Sampson. … The 71-year-old Yakama tribal official left early Oct. 30, 1994, for the Wilson Charlie-Dry Creek

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area, one of his favorite hunting spots near Mount Adams." The Republic continues, "Three days later, authorities found his 1992 four-wheel drive pickup in more than a foot of snow near the mouth of Holdaway Meadows north of Mount Adams in the closed area of the Yakama reservation. … A rifle, pickup keys, extra clothing and a sack lunch were found inside his truck, but no trace of Sampson, a member of the Yakama Nation Code of Ethics Committee, a watchdog board of tribal government." The Republic adds, "His disappearance puzzled family and tribal authorities. A massive search involving helicopters, snowmobiles, dogs and nearly 100 people found no trace of him, and seven years later he was presumed dead, according to the Yakima County Coroner's Office. … His disappearance isn't the only grief his family suffers. Two years earlier, the body of Sampson's 30-year-old daughter, Shari Dee Sampson Elwell, was found strangled and sexually mutilated in an area not far from where her father later disappeared. … The family hadn't seen her for weeks before a group of hunters found her body." The Republic notes, "Her death, which remains unsolved, capped a decade-long string of mysterious deaths involving at least a dozen women -- all but two were tribal members -- on the 1.2-million-acre Yakama reservation. … Those cases are just two of an unknown number involving either unsolved deaths or missing tribal members here. … It's hard to say just how many unsolved cases exist because case files are dispersed among tribal, federal, state and county law enforcement agencies, says Yakama tribal police Chief Davis Washines. … How cases are classified on the reservation often determines which jurisdiction they fall under, he says. … If it's classified a homicide on tribal land, it goes to the FBI. If it's a missing tribal member or accidental death, tribal police take it. If it's a death caused by an auto accident, either the Washington State Patrol or Yakima County Sheriff's Office could take it."

NYTimes Blasts Administration Over Failure To Finance Global Warming Research. The New York Times (1/21, WK11, 1.16M) editorializes, "At a time when concerns about global warming are rising, the Bush administration is sharply reducing the number of satellites that can measure the impact of rising temperatures and a host of other environmental trends. The administration's hypocrisy is stunning. For years, the president and top officials have justified their refusal to grapple seriously with global warming by insisting that more research is needed. Now, after pledging that such research would be the centerpiece of a new climate change strategy, the administration is underfinancing some of the most important efforts to gather data."

FBI/DEA/ATF/USMS:

US Officials Hail Extradition Of Mexican Drug Kingpins. The Washington Post (1/21, A15, Roig-Franzia, 690K) reports, "The extradition to the United States of four major drug traffickers, including Osiel Cardenas Guillen, head of the powerful Gulf cartel, was hailed Saturday by U.S. officials as a signal of a new era of cooperation." Attorney General Alberto Gonzales "called the extraditions 'unprecedented.' … For years, U.S. officials have criticized Mexico as a sometimes-difficult partner in the war against drugs because of its reluctance to extradite top drug lords to the United States. Mexico has long refused to extradite suspects who might face the death penalty. In 2001, Mexico's Supreme Court also barred extraditions of suspects facing possible life sentences, which were considered 'cruel and unusual punishment' here. But the court reversed itself in November 2005, clearing the way for higher-profile extraditions. The ruling did not affect death penalty cases." The Washington Times (1/21, Adams, 88K) reports U.S. Ambassador Tony Garza "said the latest extradition demonstrated the 'courage and conviction' of Mexico's president, attorney general and law enforcement officers."

The New York Times (1/21, A15, McKinley, 1.16M) reports Cárdenas Guillén "was among the 21 people flown under heavy armed guard to the United States on Friday night and handed over to federal authorities. He is under indictment in Texas for trafficking in marijuana and threatening to kill three law enforcement agents. The Mexican government also turned over Ismael and Gilberto Higuera Guerrero, brothers who were high-ranking members of the Arellano-Félix cartel in Tijuana, as well as Hector Palma Salazar, a former leader in the Sinaloa cartel. All face racketeering and drug trafficking charges in Southern California.

The Dallas Morning News (1/21, Iliff, Corchado, 500K) reports, "In a prepared statement, the Mexico attorney general's office blamed the drug lords for 'generating a wave of violence and social decomposition in our country, in addition to damaging the health of thousands of Mexicans by turning them into prisoners of their drug addiction.'" The Los Angeles Times (1/21, Tobar, 850K) reports, "Even inside their Mexican prisons, the kingpins were known for outrageous behavior. Cardenas treated 17,000 people to a Day of the Child party at a baseball stadium in the border city of Reynosa last year."

The San Diego Union-Tribune (1/21, Hall) reports, "Mexico's extradition of 15 reputed drug lords and violent criminals, four of whom have ties to San Diego, drew praise from the U.S. attorney general yesterday and signaled its new determination to keep traffickers from running their cartels

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from inside prison walls. … 'The actions overnight by the Mexican government are unprecedented in their scope and importance,' U.S. Attorney General Alberto Gonzales said in a statement yesterday." The Union-Tribune continues, "Osiel Cárdenas, the alleged Gulf cartel leader who was believed to be running his gang from prison in Mexico, was sent north late Friday along with 14 others wanted by the United States after their appeals against extradition ran out, the office of Mexico's attorney general said. … Four of those extradited had been indicted years ago in San Diego. They include the reputed former leader of the Sinaloa drug cartel and three men connected to the Arellano Félix drug cartel. They will be transported to San Diego 'relatively soon,' perhaps within weeks, to answer the charges against them, Justice Department spokesman Dean Boyd said." The Union-Tribune adds, "All of the suspects are being held in Houston and are expected to appear in court there early this week. .. Gonzales applauded 'the bold stance' of Mexican President Felipe Calderón and his government 'in targeting the drug-related violence and corruption that affects both our nations.'"

The AP (1/21, Stevenson) reports, "Osiel Cardenas, the alleged Gulf cartel leader thought to be running his gang from prison in Mexico, was sent north late Friday along with 14 others wanted by the U.S. after their appeals against extradition ran out, the office of Mexico's attorney general said. … The Mexican attorney general's office said the extraditions were also aimed in part at cracking down on turf battles between Mexican drug cartels, which have cost hundreds of lives in recent months in states such as Michoacan, Guerrero, Baja California and Sinaloa." The AP adds, "Recently, the government has sent thousands of soldiers and police to try to stem the drugfueled violence. … 'This changes the rules, as far drug traffickers' impunity and the potential punishment they face,' said Oscar Aguilar, a political-science professor at Mexico City's Iberoamerican University. 'Before, the capos could say, "Well, if they ever do catch me, I'll be in Mexico, my family and associates can visit me whenever they want, and I can keep running the business" ' from prison. … Mexican officials have said that Cardenas and top members of the Tijuana cartel forged an alliance while locked up at a maximum-security prison just west of Mexico City, where they organized to fight turf wars against rival drug lords."

CONGRESS-ADMINISTRATION:

Bush State Of The Union Address To Focus On Health Care, Energy Policy. The Washington Times (1/21, Dinan, 88K) reports the White House "has told Republicans on Capitol Hill that Tuesday's address will make the most news on health care and energy policy. Aides have said the speech will forgo the usual laundry list of new programs and instead focus on those two areas and three others: the war on terrorism, immigration and education. 'President Bush will outline issues where he believes we can find common ground with the new Congress,' spokeswoman Dana Perino said."

Bush Health Care Initiative Includes New Tax On Some Insurance Plans. The Washington Post (1/21, A4, Fletcher, 690K) reports Bush "will propose a deep tax break for Americans who purchase their own medical insurance and would finance it with an unprecedented tax on a portion of high-priced health-care plans that workers receive from their employers, according to the White House. The initiative, which the president briefly previewed in his radio address yesterday, has a dual purpose: It would create a financial incentive for the estimated 46 million to 48 million Americans who lack health insurance to buy it. And it would rein in the soaring cost of health insurance by encouraging workers in high-priced plans to seek more modest coverage." According to the Post, the proposal "marks a sharp departure for a president who has been criticized for advocating tax cuts that disproportionately benefit higher-income Americans," though Administration officials "refuse to characterize the plan as a tax increase because it raises no new money for the federal government. Instead, it would add a new tax on employer-provided health-care plans worth more than $15,000 to subsidize those who buy modestly priced plans out of their pockets. In addition, they say, the plan is consistent with the president's idea of increasing access to health insurance through the private market while encouraging people to be more cost-conscious as they purchase medical-care coverage."

The Washington Times (1/21, Dinan, 88K) reports that in his weekly radio address Bush "said his plan will treat health insurance like a mortgage. … The changes will require congressional action and Mr. Bush, now facing a Democratic majority in Congress, ruled out raising taxes or 'creating a new federal entitlement program' as possible options for expanding health care." The AP (1/20) reports that "a Bush administration official familiar with the proposals" would not "disclose the amount of the proposed deduction or the top amount of coverage from employer-sponsored plans that would remain free of income and payroll taxes."

The Los Angeles Times (1/21, Alonso-Zaldivar, 850K) reports, "Bush's proposal is a combination of carrots and sticks — and, if enacted, would create new winners and losers in the health insurance arena. It is likely to run into opposition in the Democratic-led Congress but could serve as a key element of a broader package dealing with rising healthcare costs and shrinking coverage. The carrot in Bush's plan is the creation of a health insurance tax deduction that all taxpayers would receive — $7,500 a year for individuals and $15,000 for families. … Bush's plan may seem like a startling move from a president who has

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repeatedly vowed not to raise taxes. People with generous healthcare coverage would face the higher taxes, although they could avoid the hit by switching to a standard policy. Family coverage costs an average of $11,500 to $13,000 a year, according to industry surveys."

Rangel Claims Bush Would Raise Taxes On Middle Class. The New York Times (1/21, Stolberg, Pear, 1.16M), in a front-page article titled, "Bush To Urge New Tax Plan For Health Care Coverage," describes Bush's plan as a "one-two punch: tax breaks to help low-income people buy health insurance and tax increases for some workers whose health plans cost significantly more than the national average. … The basic concept is that employer-provided health insurance, now treated as a fringe benefit exempt from taxation, would no longer be entirely tax-free." The proposed plan "is a startling move for a president who has repeatedly vowed not to raise taxes. And it is certain to run into opposition from business groups, labor unions and, most of all, the Democrats who now run Capitol Hill. … Critics say it would, in effect, tax people with insurance to provide coverage to those without it." Rep. Charles Rangel is quoted as saying, "It's a bad policy. …. We are trying to bring tax relief to the middle class. The president is trying to increase their tax liability."

Webb's State Of The Union Response Expected To Draw More Attention Than Usual. In an "Editorial Observer" piece for the New York Times (1/21, WK11, 1.16M) Francis X. Clines writes, "Normally, no one pays much attention to the opposition's rebuttal to a State of the Union address. But the capital's mood as the war spirals downward is palpably, if not desperately, expectant of some change, somehow. And in Washington, fresh rhetoric must be invested to feed any chance of change." Sen. Jim Webb, "whose upset victory was fueled by stinging, uninhibited criticism of the Bush administration's bungling of its war, clearly has something closer to a glinting riposte in mind than some boilerplate response for the record."

WPost Says "Independence" Ought Not Be Goal Of US Energy Policy. The Washington Post (1/21, 690K), in an editorial, notes that energy policy "is likely to be featured in President Bush's State of the Union address; a variety of energy bills have been proposed in Congress; and this year's reauthorization of the farm program may repackage agricultural handouts as ethanol-promoting energy policy. But there is a danger in the way political leaders are framing this issue. 'Energy independence' is more elusive and less rewarding than is commonly perceived. … If the United States replaced all oil imports with domestically produced fuel, how much more secure would it be? Well, a Venezuelan or Iranian oil embargo could still hurt U.S. motorists and oil-consuming industries. An embargo would create a global scarcity of oil, and fuel prices would jump -- including the price of fuel in the United States." The Post concludes, "Bush and Congress should focus their energy policy on mitigating climate change and accept security gains that may flow from that as a welcome byproduct."

LATimes Concerned By Bush's "Lack Of Stature" Internationally. The Los Angeles Times (1/21, 850K), in an editorial, writes, "Bush will be with us for another two years, and this Tuesday, with the State of the Union address, he will attempt to begin engineering a fourth-quarter comeback. Iraq will remain at the forefront, of course, but Bush desperately needs to find ways to remain relevant on the domestic front as well. Comprehensive immigration reform would be one way to do that, and perhaps Bush will embrace environmentalism in the same way that Ronald Reagan improbably embraced arms control in his last years in office. Regardless of the issue, the most worrisome aspect of the Bush administration at this point is the president's lack of stature. It sounds corny, but the president of the United States remains the leader of the free world, and it's essential for him to command respect and authority on the global stage. The unsettling question about Bush in his fourth quarter is whether anyone will take him seriously the next time he identifies a crisis — especially if, and when, it's a real crisis."

Bolten Credited With Creating More Pragmatic White House. In the New York Times (1/21, WK3, 1.16M) Jim Rutenberg writes about "an emerging pragmatism inside the West Wing." According to Rutenberg, "In the last few months, the new White House chief of staff, Joshua B. Bolten, has switched out longtime Bush loyalists with a handful of so-called policy realists — and their appointments have cast a famously ideological White House inner circle in a more pragmatic light. And they have expressed a willingness to deal with a new Democratic Congress. But Washington being Washington, there is skepticism. Just how pragmatic will they be on issues they hold dear? … In fact, the administration's decisions in the last few weeks could be seen as a move to compromise now to avoid more serious setbacks to his agenda later. In other words, it is pragmatism at gunpoint. Take, for instance, the administration's agreement last week to submit the wiretap program to judicial review. Opponents of the program said the administration had finally folded," however "the administration may also have deflated Congressional plans to move against the program. In effect, critics say, the White House was trying to duck for now a debate on a crucial balance of power question."

Parties Struggle To Find Common Ground On Social Security Reform. The New York Times (1/21, A21, Toner, 1.16M) reports President Bush "is renewing his call for a bipartisan effort on Social Security, but few other

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issues so clearly highlight the limits of bipartisanship these days, the mistrust and ideological division just barely below the surface. … Efforts have been made: Treasury Secretary Henry M. Paulson Jr. has talked to crucial lawmakers, including" Rep. Charles Rangel, the chairman of the Ways and Means Committee, "'encouraging everyone to bring all their ideas to the table, and hoping that some kind of consensus can emerge,' as Michele Davis, the assistant Treasury secretary, puts it. Mr. Rangel said he had also been talking about the possibility of action on Social Security with the ranking Republican on his committee, Representative Jim McCrery. And in the Senate, [Sen. Judd] Gregg and Senator Kent Conrad, the chairman of the Budget Committee, have proposed a bipartisan working group to explore broad entitlement and fiscal issues. But the old fault lines have quickly re-emerged. Vice President Dick Cheney, in an interview with Fox News last week, said Mr. Paulson's openness to all ideas did not indicate that the administration was open to any increase in the payroll tax that supports Social Security." Sen. Conrad "said that after those comments, his effort to move forward with his working group 'is on life support.'"

New Congress Seen As "Hostile" To Business Interests. The Washington Post (1/21, F2, 690K) reports, "For almost a year, business interests have had an inkling that their days of calling the shots in Washington were about to come to an end. But last week, as the clocked ticked down on the symbolic first 100 hours of the 110th Congress, it was becoming pretty clear how hostile the political environment had become after 12 years of Republican rule. It wasn't just that key business lobbyists were no longer invited to the weekly meeting to set the agenda, plan strategy and coordinate the talking points. Or that much of the promised legislation was hostile to their interests, such as House passage last week of an energy bill that wiped out tax breaks and raised royalty fees for the oil industry and cut subsidies to banks and others making college loans. Or that, in pushing through their first six bills, House Democrats were able to get an average of 62 votes from the once-united Republican caucus. More troubling for business interests was the fact that nearly every day seemed to bring news of some fresh new offensive -- a hostile hearing or a special new committee or some calculated retreat by the Bush administration, leaving them surprised and exposed."

Will Notes Frank's Views On Federal Reserve's Independence. In his Washington Post (1/21, B7, 690K) column, George Will writes that Rep. Barney Frank, chairman of the House Financial Services Committee, "mildly says that Congress should 'pay a little more attention' to the seven governors of the Federal Reserve system, all of whom are confirmed by Congress. The Fed, says Frank less mildly, should not be considered 'above democracy': 'We can debate whether Terri Schiavo's life should be recognized as over' and other fundamental questions of existence, 'but God forbid anybody in elected office should talk about whether or not we need a 25-basis-point increase' in interest rates. 'Somehow that's sacrosanct. No, it isn't. It's public policy.'" Frank "wants the Fed to emphasize full employment as well as protect the currency as a store of value -- restraining inflation."

Congressional Democrats Approach Abortion Debate Cautiously. The Washington Post (1/21, A5, Murray, 690K) reports, "Eager to avoid a resumption of the culture wars, the new Democratic leaders are trying to tiptoe around the abortion issue by promoting legislation to encourage birth control and assist women who decide to proceed with unwanted pregnancies. Democrats acknowledge that they alienated many social conservatives and churchgoing voters during years of combat with Republicans over the explosive issue of reproductive rights, and they want to change their emphasis to woo some of those voters back into the fold." Democrats are reaching out to "religious moderates who support, in principle, the Roe v. Wade Supreme Court decision that legalized abortion nationwide but who are morally squeamish about terminating pregnancies."

Sanders Continues To Embrace Socialism. The New York Times Magazine (1/21, Leibovich) profiles Sen. Bernie Sanders, noting that Sanders "has always been an easier fit in Vermont than in Washington. Being a Socialist in the seat of two-party orthodoxy will do that. While he has generally championed liberal Democratic positions over the years — and the Democratic Senatorial Campaign Committee endorsed his Senate campaign — Sanders has strenuously resisted calling himself a Democrat. And he has clung to a mantle — socialism — that brings considerable stigma, in large part for its association with authoritarian communist regimes (which Sanders is quick to disavow). But he does little to airbrush the red 'S' from his political profile."

Brooks Offers Guarded Praise For New Congress. In his New York Times (1/21, WK12, 1.16M) column, David Brooks writes, "We're in bipartisan nirvana. Bills are passing through the House 356 to 71 and through the Senate 96 to 2. Nancy Pelosi is aglow, and this week President Bush will trot out a State of the Union speech so conciliatory in tone it'll sound like Gandhi on Quaaludes. The question is, What is all this good cheer accomplishing? It's time to render judgments on the substance of all this legislation coursing through the Democratic Congress." According to Brooks, Congress "hasn't tried anything big. It has a weakness for showy symbolism and middle-class

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subsidies. Still, at least it hasn't humiliated the nation the way the last Congress did, and it looks set to do some modest good."

Bush's SCOTUS Picks Examined. In an op-ed for the Washington Post (1/21, B1, 690K) Jan Crawford Greenburg, legal correspondent for ABC News, writes, "The departures of [Justices] O'Connor and Rehnquist produced a titanic conflict over their successors, one that turned allies into enemies, damaged reputations and reopened old wounds. Yet, after bizarre missteps and strategic brilliance at the highest levels, Bush engineered lasting change in the court, succeeding where past Republican presidents -- including his own father -- had failed. And in so doing, he provided some redemption for the conservative movement, so dismayed by watching Republicans in the political branches flout ethics laws, expand government and indulge in runaway spending. If nothing else, they would get their court.

OTHER NEWS:

States Get Ahead Of Congress With Populist Proposals. The Washington Post (1/21, A12, Russakoff, 690K) reports, "Paying heed to voters' economic anxieties, governors of both parties and in all regions opened legislative sessions with proposals such as eliminating sales taxes on groceries, providing public kindergarten for low-income children, targeting tax relief to low- and moderate-income families and investing state dollars in job training for a new economy. Stepping ahead of the Democratic-controlled House in attending to the growing gap between rich and poor, lawmakers in 17 states are moving to raise the minimum wage sooner or more than Congress proposes, or to tie it to inflation so it continues to rise. … And California Gov. Arnold Schwarzenegger (R) was hardly the sole governor calling for universal health insurance. His counterparts in Kansas, Illinois and Colorado did the same, while governors in Arizona, New Mexico, Indiana, New York and elsewhere called for covering hundreds of thousands of low-income, uninsured families."

Clinton Says "I'm In" Race For Democratic Presidential Nomination. Sen. Hillary Clinton's formal entry into the 2008 presidential race dominates the news, leading all three broadcast network newscasts and appearing on the front page of newspapers across the US. The reports are generally laudatory, calling Clinton's candidacy history-making, as she becomes the most serious female presidential candidate to date, and the first spouse of a former president to seek the presidency. While Clinton announced the creation of an exploratory committee, most reports paint her candidacy as official, with many stories and headlines prominently noting that Clinton declared, "I'm in." Clinton's announcement came two years to the day before the next presidential inauguration.

ABC World News (1/20, lead story, 2:30, Berman, 8.78M) reported, "It was just two words, but they were two words that sent tremors across the political landscape: 'I'm in.' … A new ABC News/Washington Post poll just out tonight shows Sen. Clinton with a huge lead in her own party. Other polls show her running strongly against her likely Republican opponents. However you slice it, Sen. Clinton is shaping up as the woman to beat." But as ABC's Kate Snow added, "Even within her own campaign, there are concerns that some Democratic voters think Sen. Clinton is not electable. Critics are eager to exploit her husband's past and public life as First Lady. Some political watchers believe Clinton was under pressure to get in the race, particularly after Sen. Barack Obama's announcement this week. … Today, Senator Obama welcomed Clinton to the race, calling her a friend. Many Republicans say they would rather face Obama than Clinton. She has more experience with campaigns. She's a prolific fund-raiser." Following that lead report, George Stephanopoulos said on ABC World News (1/20, story 2, 2:10, 8.78M), "The Clinton people were going for the political equivalent of shock and awe. And that's exactly what they got. We've already seen she's way ahead in the Democratic primaries right now, but this is going to solidify it. The machine is behind it. She's going to dominate news coverage for the next several days around the President's State of the Union."

The CBS Evening News (1/20, lead story, 2:15, Attkisson, 7.66M) reported, "The pack of 2008 presidential hopefuls got even bigger today. After months, even years of speculation," Clinton "joined the Democratic race for the White House, while Kansas Sen. Sam Brownback announced his bid for the Republican nod." Clinton "threw her hat into the ring on line." CBS (Chen): "Not that there ever was much doubt, but today the waiting game ended. … In her Web-only announcement, Clinton revealed herself as a gracious on-line hostess with sharp political elbows. … As the first former presidential spouse to try to return to the White House on her own merits," Clinton's candidacy "was certainly going to draw a buzz, and let's remember, this is not just any former First Lady." The CBS Evening News (1/20, story 2, 3:25, Attkisson, 7.66M) also examined the race to date, with political correspondent Gloria Borger asked if "we assume one of those two candidates," Clinton or Obama, "will be the Democratic nominee." Borger said, "I don't think we can assume anything yet. … They're very well known, they're very attractive candidates, and they're sucking all the oxygen out of the room. But anything can happen in a presidential campaign, and there are lots of people who believe that these two could cancel each other out and

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eventually make room for a second-tier candidate like John Edwards or Joe Biden."

NBC Nightly News (1/12, lead story, 2:30, Seigenthaler, 9.87M) led by reporting, "Sen. Hillary Clinton made history today. She is running for president, the first First Lady to ever take that step." NBC (Reid): "In a webcast, Hillary says she is exploring a run for President but on the screen it says 'I am in. And I am in to win,' leaving little doubt that she is running directly at President Bush." Clinton: "After six years of George Bush, it is time to renew the promise of America." Political journalist John Harwood said on NBC Nightly News (1/20, story 2, 2:20, 9.87M), "She is the favorite, but not an overwhelming one. If neither one of the candidates make a mistake, Barack Obama will win, but her experience in Bill Clinton's campaign and presidency makes it much less likely she will make a mistake."

On CNN (1/20), correspondent Candy Crowley said, "It's amazing…that something so expected could generate excitement and a little bit of surprise. But nonetheless, there you have it. … We are told by some that she decided to get in at this point because she wanted to untie her hands. She was in that limbo of between everyone believing she was a candidate and yet every time she went up to the cameras, she would get asked the question. So, getting in now unties her hands, it also gives Barack Obama a little run for his money when it comes to marquee names in the race."

The Washington Post (1/21, Balz, 690K) says on its front page that Clinton made her Web announcement "early in the morning, and then spent the day at her Washington home making calls to supporters, donors and friends. Her announcement was deliberately timed to come shortly before President Bush's State of the Union address on Tuesday night, campaign advisers said, so she can draw a contrast with the administration's record and help focus attention on the office of the presidency." The New York Times (1/21, Healy, Zeleny, 1.16M), also on the front page, focused on the money race, saying Clinton is "immediately squaring off against" Obama and the rest of the field "in what is effectively the party's first primary, the competition for campaign donations." Another New York Times (1/21, A27, Healy, 1.16M) story says Clinton advisers "said that they chose Jan. 20 as the target date for an announcement during a meeting in mid-December, and that Mrs. Clinton was 'raring to go' on Friday."

The Los Angeles Times (1/21, Braun, Hook, 850K) called Clinton's move "long-anticipated," saying she is "aiming to make history as the first woman elected to the White House after an audacious and turbulent political journey from first lady to a New York Senate seat." Clinton "sets out with strong advantages -- national name recognition, a command of the major issues, a crack campaign staff and a brimming war chest. But she will also have to overcome her reputation for political calculation, an inconsistent stump presence and her intimate ties to the polarizing events of her husband's White House tenure." A Washington Times (1/21, Hurt, 88K) front-page report calls Clinton "a front-runner even before she entered the contest." This week's announcements "set up a historic race that will include Mrs. Clinton, who would be the first female president if elected; Mr. Obama, who would be the first black president;" and Gov. Bill Richardson, "who would become the first Hispanic president." The Dallas Morning News (1/21, 500K) says the "sizable field of candidates underscores the belief that, for all of Mrs. Clinton's experience and credentials, there are Democrats who question whether she can win a general election." The New York Daily News (1/21, DeFrank, 729K) says Republicans "have been lying in wait for Clinton for months, honing their attack strategy."

The Chicago Tribune (1/21, Zuckman, 617K) leads its report by saying Clinton called "for a national conversation to undo what she sees as the damage wrought by President Bush" in a "polished videotaped announcement. … With massive resources and a worldwide profile, she instantly became the most serious woman candidate ever to run for president." The Boston Globe (1/21, Milligan, 413K) says Clinton, "seated on a living room couch and speaking as though she were addressing a small gathering instead of millions of voters," promised to "begin a 'conversation' with Americans to solicit views on how to end the war in Iraq and deal with issues including energy independence, health care, and the federal deficit." Newsday (1/21, Thrush) calls the Clinton candidacy "a historic and hyped bid." The AP (1/20) said in New York, "Democrats in New York offered up whoopees while Republicans had scolding 'we-told-you-so' reminders" as Clinton got in the race.

One of the more negative headlines is on the front page of the San Francisco Chronicle (1/21, Marinucci, Wildermuth, 384K), which says "Candidate Clinton Faces Tough Battle For Nation's Favor." But the story's lead focuses on the fact that Clinton's entry "sets up a high-priced, high-profile political melee that could make California, working to move its primary up to February, the decisive contest in the campaign for the Democratic nomination." The New York Times/AP (1/21, A16) says California may move its primary to February 5.

The AP (1/20, Fouhy) called it the start of a "trailblazing campaign for the White House" by Clinton, and BBC.com (1/20, Greene) says "all thoughts will now turn to whether the New York Democrat really has what it takes to become the first woman president of the United States." CNN.com (1/20) and the Web site of The Hill (1/20, Marre) also reported on Clinton's entry.

Two major newspapers examine Clinton's use of the Internet to launch her campaign. The Washington Post (1/21, D1, Hornaday, 690K) says if a "Democratic primary were held on sheer production values," Clinton "would win in a landslide. … Unlike other candidates (coughBarack

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Obamacough), whose videos might have been produced by a guy with a cellphone camera, Clinton's announcement was a veritable showpiece of Hollywood-style set design, lighting and cinematography." The Los Angeles Times (1/21, Gosselin, 850K) says on its front page that "in choosing the Internet to announce she intends to run," Clinton "bowed to the burgeoning political power of the medium and offered a preview of how she hopes to harness it to her purposes." The Washington Post (1/21, A2, Cillizza, Murray, 690K) also looks at how candidates "carefully craft first impressions."

Additional stories examine variables that will impact Clinton's hopes. The Washington Post (1/21, A6, Romano, 690K) looks at the issue of gender -- the Washington Post (1/21, D3, Argetsinger, Roberts, 690K) "Reliable Source" column calls Clinton the "first woman who maybe, kinda, has a chance of getting elected U.S. president," and the New York Post (1/21, 631K) says "feminist leaders" said a "successful Hillary Clinton campaign would not just be a win for her, but for women everywhere" -- while the Chicago Tribune (1/21, Tackett, 617K) examines the nation's strong feelings about Clinton and her husband. In addition, the Washington Post (1/21, A6, 690K) runs down the roster of the Clinton campaign team.

Clinton Said To See Nomination Contest As Bigger Challenge Than General Election. The New York Times (1/21, A27, Healy, 1.16M) says that of the Democratic contenders, Clinton "is the most battle-tested, has the biggest fund-raising network and can walk into the job with a unique set of skills and perspectives gleaned from eight years in the White House as first lady. Yet none of that guarantees Mrs. Clinton will steamroll her opponents, or manage and master the issues that have long vexed her, like the war in Iraq and universal health insurance. Far from it: she has told friends that she is more worried about winning the Democratic nomination than winning a general election against a Republican." A front-page Washington Post (1/21, Murray, Baker, 690K) story examines the "tough choices" top Democrats face in deciding whom to support, saying "Clinton, Obama and the other Democratic presidential contenders already are squaring off in what might be called the Rahm Primary, an early contest to win over the movers and shakers" of the party like Rep. Rahm Emanuel.

McAuliffe Predicts "Tough Campaign," But Says "Strong" Clinton Can Prevail. Clinton adviser Terry McAuliffe said on CNN (1/20, Whitfield), "We all know that she has all the characteristics to be a great president. She has character strength and she's strong. She can reach out to so many different people. … This is going to be a tough campaign. I think we have the best Democratic field that we have ever had in the history of our party. … And she's going to be in there with the rest of them, laying out their vision for the future of the country. But, as I say, this is historic and she is going to bring all her talents. And you look at her eight years as first lady and all of the people she knows all around the world, we're looking for new leadership in this country. And Hillary is going to provide us with that leadership." The Times of London (1/21, Baxter) headlines a report "Hillary Runs For The White House As 'New Thatcher,'" saying that McAuliffe compared Clinton and former British Prime Minister Margaret Thatcher. McAuliffe said, "Their policies are totally different but they are both perceived as very tough."

Clinton Iowa-Bound Next Weekend. The AP (1/20) reports Clinton "will make her initial foray into Iowa next weekend, aides said Saturday. Details of the upcoming campaign swing were still being finalized."

Brownback Enters Race For GOP Presidential Nomination. Coverage of Sen. Sam Brownback's formal entry into the presidential race is in marked contrast to the coverage of Sen. Hillary Clinton's announcement. Brownback stories do not make the front pages, and some headlines do not even mention him by name. Under the headline "Kansas Senator Announces Bid For Presidency," the New York Times (1/21, A27, Swarns, 1.16M) reports Brownback, "declaring himself a proud conservative before a crowd of cheering supporters waving American flags," announced his candidacy in Topeka. Brownback, "an evangelical Protestant turned Roman Catholic and a former Kansas agriculture secretary, said he would focus on reviving faith and families in America; combating abortion, poverty and wasteful government spending; opposing same-sex marriage; and revamping Social Security and the federal tax system."

The Washington Post (1/21, A8, Mosk, 690K) says the "son of a rural Kansas farmer" has "become a leader among religious conservatives in Congress." He "acknowledged being little known beyond his home state. A Washington Post-ABC News poll released yesterday shows he is supported by 1 percent of Republicans and Republican-leaning independents. He was also unlucky to announce his candidacy on the same day" as Clinton. The Los Angeles Times/AP(1/21) reports says the "favorite of the religious right" is "now in a battle against better-known rivals for the GOP nomination." CNN.com (1/20, Johnson) and the Web site of The Hill (1/20, Marre) also reported on Brownback's candidacy.

On CNN (1/20), correspondent Candy Crowley said, "Talking to locals around here and indeed talking to the senator, they said, look, he's been in some races where we have totally written him off, and the fact of the matter is he's come back, including 1996, when he ran for Bob Dole's seat. So he's seen uphill battles before. He sees this as just another one. He's a conservative. He says he believes most of the country is. He thinks this will be a competition of ideas. We all like to think that when we're starting out. So

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nonetheless, he is on the road, and believes he's got a shot at it."

McCain Faces Trouble From Arizona Conservative Foes. The Arizona Republic (1/21, Nowicki) reports, "On the national stage, Sen. John McCain is a political star and a front-runner for the 2008 Republican presidential nomination. But back home, he faces some vocal critics in his own party who seem determined to derail his White House chances." McCain supporters such as Arizona GOP Chairman Matt Salmon "are fuming about the latest stunt to embarrass McCain: a presidential 'straw poll' that found McCain coming in fourth." Rep. Duncan Hunter, "a little-known congressman," won, followed by Mitt Romney and Newt Gingrich. Straw polls "at political events are a fairly common way to informally gauge support for a candidate or an idea. Some Republicans called this one a sham orchestrated to hurt McCain. Others acknowledged irregularities with the way the survey was conducted but defended it as a legitimate expression of grass-roots dissatisfaction with McCain."

Florida Journalist Says 2008 Jeb Bush Presidential Bid Still Possible. In an op-ed for the Washington Post (1/21, B1, 690K) S.V. Dáte, Tallahassee bureau chief for the Palm Beach Post and author of "Jeb: America's Next Bush," considers that if Jeb Bush has been elected president in 2000, "Tuesday would have marked his sixth State of the Union address -- and it might have been his best yet. The nation is in great shape, President Jeb Bush would have reported: record tax cuts propelling the economy to greater heights; a revolutionary school-vouchers program for the first time granting low-income parents real education choices; and, five years after the capture of Osama bin Laden, the final 20,000 U.S. troops returning home from Iraq." Dáte adds, "I've covered Jeb Bush for eight years as a state capital reporter, and I'm convinced that he remains the GOP conservative wing's best hope for a post-Iraq comeback. And his own political ambitions burn as brightly as ever. Perhaps 2012 or 2016 or -- why not? -- maybe even 2008, if things break right. … Should John McCain or Rudolph W. Giuliani or Mitt Romney fail to build a dominating presence by mid-summer, there is probably only one Republican who could come in at such a late date and still build an effective organization and a powerful fundraising machine in a matter of weeks: Jeb Bush."

Possible GOP Senate Retirements In 2008 Considered. The Washington Post (1/21, A2, 690K) takes a look at Republican senators in addition to Wayne Allard who are "contemplating calling it quits" in 2008. The Post says "the betting" is that Thad Cochran, Larry Craig, and Elizabeth Dole will run, and that Pete Domenici and Chuck Hagel will retire. On Sen. John Warner, the Post pegs the betting as "slight tilt to retire."

Clinton, Carter Establishing Alternative Baptist Coalition. The Washington Post (1/21, A3, Cooperman, 690K) reports former presidents Jimmy Carter and Bill Clinton "are leading an effort to forge dozens of small and medium-size, black and white Baptist organizations into a robust coalition that would serve as a counterweight to the conservative Southern Baptist Convention. The giant SBC "has long dominated the political, theological and social landscape among Baptists" and "has also been closely aligned with the Republican Party. The new coalition, which is Carter's brainchild, would give moderate Baptists a stronger collective voice and could provide Democrats with greater entree into the Baptist community. But Carter and other organizers are trying to walk a fine line, insisting that the alliance is not directly political while touting its potential to recast the role of religion in the public square."

"Safe" Correspondents' Dinner Pick Provokes Minor Controversy. The Washington Post (1/21, D1, Farhi, 690K) reports, "The White House press corps last week found itself embroiled in controversy -- a controversy over its efforts to avoid controversy at an event whose guests include President Bush. Stung by criticism that comedian Stephen Colbert went too far last year in his remarks at the White House Correspondents' Association annual dinner, the group announced last week that it had lined up a different kind of entertainer for its next dinner on April 21: impersonator Rich Little. The choice elicited two general reactions: Who? And why?"

Ex-Senator Smathers Dies. The Washington Post (1/21, C7, 690K) reports, "George A. Smathers, 93, a former Democratic senator from Florida who forged friendships with presidents, waged war against communism, resisted civil rights legislation and was an early voice warning against Fidel Castro's rise to power in Cuba, died Jan. 20. … Mr. Smathers was among a new breed of congressmen -- including John F. Kennedy and Richard M. Nixon -- who arrived on Capitol Hill in the late 1940s and were shaped by their experience in World War II. Mr. Smathers used his during more than two decades in Washington to focus on international issues and to fight communism."

Key Palestinian Unity Meeting Delayed. The AP (1/21, Karam) reports, "Key talks on forming a Palestinian unity government and ending deadly infighting were canceled Saturday night, dimming expectations for a planned meeting between" President Mahmoud Abbas and Hamas leader Khaled Mashaal. One Hamas leader "said further preliminary

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negotiations were needed to resolve differences over forming a coalition government before [Abbas and Mashaal] could meet. He did not elaborate." The AP says "there had been hopes that the meeting — the first between Abbas and Mashaal since July 2005 — could end the yearlong political deadlock," and adds, "The thorniest issues are control of the two factions' security forces and Hamas' refusal to recognize Israel's right to exist."

"Charismatic" Fatah Lawmaker Profiled. Under the headline, "Lawmaker's Tough Talk Rouses Fatah Faithful, the Los Angeles Times (1/21, Ellingwood, 850K) profiles Mohammed Dahlan. "The former Palestinian security chief gained a reputation for having an iron hand during a crackdown against Hamas a decade ago. Now he again is at the forefront of his Fatah movement's conflict with the radical Islamist group." His "tough talk generated an exhilarating shiver among many members of the once-dominant Fatah movement, still struggling to regain its balance a year after losing parliamentary elections to Hamas, and renewed speculation among Palestinians over Dahlan's ambitions." He "dismisses" the "speculation" about seeking the presidency, "even though he has helped fuel it by assuming a higher profile after many months in the background. Poised and always impeccably groomed, Dahlan lately has appeared nearly inseparable from Palestinian Authority President Mahmoud Abbas, also of Fatah, with whom he has had an up-and-down relationship."

UN Boosts Protection In Kosovo For Today's Serbian Election. The Washington Times (1/21, Phillips, 88K) reports the US "has moved troops to northern Kosovo to protect the Serbian minority ahead of elections today in Serbia." Two American platoons, one Austrian, and one Georgian platoon "were deployed in late December for a month to a NATO camp at Leposavic, close to the border with Serbia." That "redeployment was part of NATO's plan for rapid intervention aimed at providing security for about 100,000 Serbs living in Kosovo." The Times adds, "After the election, Kosovo is expected to be offered limited independence from Belgrade."

Under the headline, "Kosovo Looms Over Serbian Vote," the Los Angeles Times (1/21, Rubin, 850K) links the impending UN decision on Kosovo's final status to today's vote. "The imminent loss of the province has been a central issue in the parliamentary campaign. Serbian politicians, intent on proving their loyalty to the country's traditional identity, have pulled out the stops to convince the world that the province should remain within their nation's borders." Describing modern Kosovo, the Times notes, "Landlocked, poor and now populated mostly by ethnic Albanians hostile to Serbs, it nonetheless has become a symbol of Serbia's image of itself as a righteous nation, a beacon of the Orthodox Christian world."

Czech Premier Says US Seeks Missile Defense Radar Base. The AP (1/20, Janicek) carries a statement by Czech Prime Minister Mirek Topolanek that "the United States has asked the Czech Republic to host a radar base that would be part of a global missile defense system, drawing a warning from Russia of retaliatory actions." The Bush Administration "declined comment" on the remarks, but the US "has been negotiating with Poland and the Czech Republic, both former communist states now in NATO, as it explores setting up missile defense sites in Eastern Europe." The AP adds, "The U.S. request that the Czech Republic host only an X-band radar facility could indicate Washington is considering putting launchers for anti-missile missiles in Poland."

Arrest Made In Turkish Journalist's Murder. The New York Times (1/21, Arsu, 1.16M) and other media report the arrest of Ogun Samast, a Turkish teenager, in the Friday assassination of Turkish-Armenian newspaper editor Hrant Dink. Samast "was captured in Samsun, a Black Sea port, after his father recognized his images from the surveillance video and notified the police in Trabzon, their hometown." Police reports indicate Samast admitted murdering Dink. Prime Minister Recep Tayyip Erdogan "praised the efforts of the security forces Saturday and expressed satisfaction that an arrest had been made before Mr. Dink's funeral on Tuesday."

Chinese Test Said To Embolden Critics, Supporters Of US Space Weapons. In its "Week in Review" section, the New York Times (1/21, WK3, Broad, 1.16M) analyzes domestic US reaction to China's test of an anti-satellite missile. "The nation's star warriors, frustrated that their plans to arm the heavens went nowhere for two decades despite more than $100 billion in blue-sky research, felt a shiver of hope last week with news" of the test. "Having long warned of the Chinese threat, they now said their fears were vindicated and expressed optimism for their own projects." However, the Times notes, "the prospect of a new arms race in space is also energizing an opposition, including arms control supporters and fiscal conservatives alarmed at the rising costs of the Iraq war." Opponents believe that "an unfettered arms race could hurt the United States more than any other nation," but "that logic has not persuaded the Star Wars advocates, who say the United States needs to protect its huge investment in space satellites by being ahead of anyone else in shooting such devices out of the sky."

Vatican's "Measured" Statement Said To Open Door To Chinese Relations. The New York Times

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(1/21, A8, Fisher, 1.16M) notes the Vatican "issued a measured statement on Saturday on its future relations with China, saying it wanted a 'respectful and constructive dialogue' to rebuild diplomatic ties but still noting the 'suffering' of Chinese Catholics." Vatican leaders have been engaged in "high-level talks…on rebuilding relations with China." The Times says Pope Benedict XVI and "Chinese officials have expressed a desire to restore diplomatic ties broken in 1951 when the Communist government took over. But any concrete steps were frozen after the official Chinese church, which answers to the government, appointed several bishops last year without the Vatican's consent." Yesterday's statement "was even in its tone," and the Times adds the "reconciliatory tone seemed aimed at encouraging more talks with the government." The Washington Times (1/21, Phillips, 88K) has a report on Vatican politics on its front page.

Hong Kong Acts To Stem Births By Mainland Chinese. The New York Times (1/21, A3, Bradsher, 1.16M) describes the impact of "an influx of mainland Chinese women who go to great lengths to make sure that their babies are born in Hong Kong." Beginning February 1, "pregnant women from the mainland will have to pay $5,000 for their hospital care before they are even allowed to enter Hong Kong… Under rules the government announced Tuesday evening, immigration officers will be instructed to turn back any mainlander who appears to be at least seven months pregnant and has not paid." The Times says that "policy is expected to produce tearful showdowns at border points, and is already provoking an acrimonious debate in Hong Kong over what it means to be a citizen of" the territory.

Thai Authorites Arrest 15 In Bombing Probe. The New York Times (1/21, A12, Mydans, Fuller, 1.16M) carries Thai police statements that authorities "detained 15 people, including some military officers, in connection with a string of bombings that killed three people and disrupted celebrations on New Year's Eve." The operation involved "nearly 100 police officers and soldiers" searching "18 locations in and around the capital," and the Times notes the "arrests were made under martial law imposed after a coup four months ago that ousted Prime Minister Thaksin Shinawatra." Also yesterday, Thaksin "said that he did not want to return to Thailand if his presence would cause division or unrest and that he had no plans to become involved in politics."

Key Somali Warlord Backs Interim Government. The Washington Post (1/21, A21, 690K) notes "feared" Somali rebel leader Mohamed Dheere, "the last major warlord to withhold support from Somalia's government, surrendered his weapons and militiamen on Saturday -- a boost for a fledgling leadership that still faces threats of guerrilla attacks from the Islamic movement that fled the capital." Dheere "gave the army chief 23 trucks mounted with heavy weapons and ordered 220 of his fighters to report for training at government camps." The Post notes that "fears of an Islamic insurgency grew following an ambush Saturday morning on a convoy of Ethiopian troops in Mogadishu. The Ethiopians returned fire, killing a man and a woman on the side of the road."

Botswana Court Ruling Allows Bushmen To Live Inside Kalahari Reserve. The Washington Post (1/21, A15, Timberg, 690K) examines the initial impact of a Botswana court ruling that gives traditional Bushmen access to their ancestral homes within a protected game park. The "landmark court ruling" grants "the traditional hunter-gatherers rights to land they and their ancestors occupied for thousands of years." The government announced Friday "that all Bushmen, whether named in the suit or not, were free to enter the game reserve while the government developed a new permanent policy on the issue."

Paramilitary Alliance Scandal Could Implicate Colombia's Uribe. The New York Times (1/21, A15, Romero, 1.16M) reports the Colombian government, "the largest recipient of American aid outside the Middle East, has found itself ensnared in a widening scandal as revelations surface of a secret alliance" between some of President Alvaro Uribe's "most prominent political supporters and paramilitary death squads." Two recent revelations "have injected fresh detail into a slow-burning scandal that has caused Colombia's elite political class to shudder in recent weeks." Sen. Alvara Araujo, the brother of Foreign Minister Maria Consuelo Araujo, is "under investigation for collaborating with militias," and one paramilitary leader's testimony claims "that militias pressured people to vote for the president in 2002, when Mr. Uribe was first elected." The Times adds, "Although the scandal has emerged as the most pressing political challenge to Mr. Uribe's presidency, his approval ratings remain high."

Brazilian Pipeline Projects Said To Seek Economic, Social Balance. The New York Times (1/21, A14, Rohter, 1.16M) examines the challenges of extracting gas and oil from Brazil's Amazon. "Over the years, Petrobras, Brazil's state-controlled oil company, has invested more than $7 billion in Amazon exploration and development, and in 1986 it made a major find here. But only now — after a seemingly endless sequence of geographic, logistical, environmental and political challenges were overcome — is the first in what is intended as a series of pipelines finally being constructed." Noting that "there was initially strong resistance to the pipeline from local people, environmental

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and indigenous groups and archaeologists," the Times says, "rather than steamrolling the opponents and skeptics," Petrobras "chose to woo them. The two million residents of Amazonas State have been promised economic benefits that have contributed to the project's $1.15 billion price, and scientists and environmentalists were consulted about how to minimize damage to the jungle that blankets the state." One pipeline project "is being built with a requirement that two-thirds of the labor force be hired from the population already in the region." Also, that pipeline "will include spurs to seven smaller towns on its way to" its terminus, meaning "diesel fuel will no longer have to be sent in by boat for local consumption, blackouts will diminish and businesses can be promised regular supplies of cheap, clean energy."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Copter Crash, Attacks Kill 19 U.S. Troops In Iraq."
"Web's Power To Shape Politics Grows."
"Interracial Attacks Worry L.A. Leaders."
"Diabetes For Fun And Profit."

New York Times:
"Pakistani Role Seen In Taliban Surge At Border."
"Clinton Enters '08 Field, Fueling Race For Money."
"Bush To Urge New Tax Plan For Health Care Coverage."
"Refugees Find Hostility And Hope On Soccer Field."
"Helicopter Crash Claims 13 On Deadly Day For U.S. In Iraq."
"New Orleans Of Future May Stay Half Its Old Size."

Washington Post:
"Hillary Clinton Opens Presidential Bid."
"20 U.S. Troops Killed In Iraq."
"Influence Of Developers, Allies Runs Deep."
"Embattled, Bush Held To Plan To Salvage Iraq."
"For Democratic Advisers, A Season Of Tough Choices."
"D.C. Teen Is Killed At U Street Area Nightclub."

Washington Times:
"'I'm In To Win' White House, Hillary Says."
"Passport Prerequisite."
"Benedict Seen As Isolated At Vatican."
"O'Malley Holds Power To Alter Top Md. Court."
"U.S. Copter Crash Claims 13 In Iraq."

Detroit Free Press:
"Chilling At TigerFest."
"Plymouth Parties With Ice."
"Pistons Cruise As Artest, Kings Show Little Fight."

Atlanta Journal-Constitution:
"'I'm In To Win' Clinton Says."
"What Is Too Much Child Support?"
"Fulton DA To Look Into '85 Rape."
"Making Millions From Scratch-Offs."
"13 Dead In U.S. Copter Crash."
"Report: Missing Boy Met Police."

Dallas Morning News:
"Dream Home Becomes Legal Nightmare."
"Horse Meat Ban Is Upheld."
"Cartel Leader Handed To U.S."
"FB Schools Have Different View Of Immigrants."
"Restaurants Thrive In Bishop District."
"Clinton Joins Race: 'I'm In To Win.'"
"6 Killed In Iraq Bus Bombing."
"Not-Quite-Dead Duck Rescued From Refrigerator."

Houston Chronicle:
"Bribery Sting Snares HPD Officer."
"Continental Pilot Dies After Falling Ill In Cockpit."
"Bp Workers Ill-Trained For Dangers, Report Says."
"Rockets Run Out Of Steam, Lose To Nuggets."
"Design-A-City Contest Sparks Career Aspirations."
"Upgrade Of HPD Radios May Wait 5 Years."
"Mars Platform Surpasses Pre-Katrina Oil Levels."
"Driver Charged In Needville Police Chief's Death."
"U.S. Loses 20 On One Of Deadliest Days In Iraq."
"Minnesota Man Plummets 16 Stories, Survives."

Story Lineup From Last Night's Network News:
ABC: Clinton Presidential Race; Clinton Campaign Strategy; Violence In Iraq; Bush's War Plans In Iraq.
CBS: Clinton Presidential Race; Other Presidential Hopefuls; Violence In Iraq.
NBC: Clinton Presidential Race; Other Presidential Hopefuls; Violence In Iraq; Rare Meeting At White House.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:
PRESIDENT BUSH — No public schedule. President and Mrs. Bush will overnight at Camp David.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: O'CONNOR CONFERENCE _ The eighth annual Cardinal O'Connor Conference on Life will be held at Georgetown University. The event gathers more than 500 high school and college students from around the country in advance of the annual March for Life demonstration on the National Mall each January. Location: Healy Hall's Gaston

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Auditorium, Georgetown University. Contacts: Bridget Bowes, 412-965-4993

ROE V. WADE ANNIVERSARY EVENTS _ Highlights: 8 a.m. - 5 p.m. The American Life League holds a series of briefings with pro-life leaders. Holiday Inn on Capitol Hill. Contact: Amber Dolle, 540-903-9572 9 a.m. Prayer and demonstration. In front of the Supreme Court. Contact: Amber Dolle, 540-903-9572. 1:30 p.m. - 5 p.m. Second session of the March for Life Convention. Hyatt Regency Hotel on Capitol Hill, 400 New Jersey Ave. NW. Contact: 202-543-3377

TRANSPORTATION RESEARCH BOARD _ The Transportation Research Board holds its 86th Annual Meeting at three Washington hotels. Some 10,000 transportation professionals from around the world are expected to attend. Location: Marriott Wardman Park, 2660 Woodley Road NW; Omni Shoreham, 2500 Calvert St. NW; and Washington Hilton, 1919 Connecticut Ave. NW. Contacts: Russell Houston, 202-334-3252

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DOJ_NMG_0119414

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, January 22, 2007 8:16 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Sunday, January 21, 2007
Attachments:	dojclips070121.pdf; dojclips070121.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 21, 2007 7:45 AM EST

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TERRORISM NEWS:

Help US Close Guantanamo, Say MPs (BBC)

BBC.com, January 21, 2007

MPs who have visited Guantanamo Bay have called on Britain and the international community to do more to help the US close the camp.

Seven Foreign Affairs Committee members visited the detention centre for "enemy combatants" in Cuba in September.

In a report they were critical of the conditions there, but said many inmates posed a threat and the world needed to find a "longer term solution".

Opposition MPs and human rights groups called the report "disappointing".

'Real threat'

The Guantanamo Bay facility was set up at a US base in Cuba after the invasion of Afghanistan in 2002.

The international community as a whole needs to shoulder its responsibility in finding a longer-term solution

MPs' report The camp once held 750 inmates, including several British citizens. A total of 395 prisoners are currently being held there, including nine British residents, whom the government says it is not obliged to try to bring home.

The report by the seven MPs said many of those detained presented a "real threat to public safety", and said all states were under an obligation to protect their citizens and others.

But at present only the US was doing so, and "the international community as a whole needs to shoulder its responsibility in finding a longer-term solution," it said.

The chairman of the committee, Mike Gapes, told BBC News: "The problem is if you closed it straight away what do you do with the people that are there?

"Some of them no doubt could be released - sent back to there country of origin and be of no threat to anyone. But there are people there that are dangerous people...

"The international community as a whole needs to look at finding a longer-term solution."

24-hour lighting

The MPs spent only one day at the camp and had no direct access to detainees.

Their report says food was plentiful, medical care good and the facilities broadly comparable with a British maximum security prison.

But they said the camp did not meet UK guidelines for recreation and education facilities nor for access to the media, lawyers and the outside world.

One area apparently was closed for repair after detainees had been found dismantling the plumbing to make weapons.

Electric lighting was kept on 24 hours a day. Some detainees were reported to be clinically obese; two were being force-fed and 20% had some psychiatric condition.

The MPs said prisoner abuse had "almost certainly" happened there but the added that this was "unlikely to be taking place now".

And they said the government was right to "stick to its established policy of not accepting consular responsibility for non-British nationals".

'Missed opportunity'

Liberal Democrat MP Sarah Teather, who represents a 10-year-old constituent whose father is being held at the camp, said the committee appeared to have been given "the VIP antiseptic tour".

"The committee were given no direct access to prisoners, and they do not appear to have taken evidence either from former detainees, or lawyers or families of current detainees," she said.

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Tory MP Andrew Tyrie, who chairs the all party Parliamentary group on extraordinary rendition, said the report did not address the main issue, "which is whether US detention policy, whether in Guantanamo or elsewhere, is making the US, UK and the West more secure or less".

Amnesty International said the report was a "missed opportunity".

"We would have liked to have seen the committee unequivocally backing Amnesty International's long-standing call for Guantanamo to be closed immediately," said the organisation's UK director Kate Allen.

"We do not share the committee's apparent confidence that abuse is unlikely to be taking place now," she added.

Clive Stafford Smith, legal director of charity Reprieve which represents 38 prisoners at the base, said the report was "full of factual errors" and largely based on a "show tour".

U.K. Panel Urges Guantanamo Alternative (AP)

By David Stringer, Associated Press Writer

AP, January 21, 2007

A panel of British lawmakers urged the government Sunday to work with the United States to develop an alternative to holding terror suspects at Guantanamo — aiming to speed up the closure of the much-criticized U.S. military prison.

The Commons Foreign Affairs Select Committee released a report that also called for an overhaul of the Geneva Conventions and suggesting Prime Minister Tony Blair lead efforts to update the international standards to reflect the challenge of terrorism.

"The international community as a whole needs to shoulder its responsibility in finding a longer-term solution" to the indefinite detention of terrorist suspects at Guantanamo.

"We recommend that the government engage actively with the U.S. administration and with the international community to assist the process of closing Guantanamo as soon as may be consistent with the overriding need to protect the public from terrorist threats," the report said.

About 395 foreign men currently held at Guantanamo are allegedly linked to al-Qaida or the Taliban. Human rights groups have condemned the U.S. for operating the prison, where most detainees have been held for years without being charged.

The U.S. government has blocked their access to U.S. courts, claiming it has the authority to detain them indefinitely to keep America safe. The military says many of those imprisoned provide interrogators with information about terror networks. The U.S. has operated the prison for five years.

Nine British nationals held at the facility had been released by January 2005, but the committee said it believed another nine former British residents remained at Guantanamo. Human rights lawyers have said they were aware of eight ex-British residents being detained.

Seven panel members visited Guantanamo in September. Though the image of inmates "kneeling in the dirt, shackled and hooded" was no longer accurate, the report said Guantanamo failed to achieve minimum British standards "on access to exercise and recreation, to lawyers, and to the outside world through educational facilities and the media."

In October, Foreign Secretary Margaret Beckett said Guantanamo was "unacceptable in terms of human rights" and "ineffective in terms of counterterrorism."

Blair has gone no further than calling the camp an "anomaly" that sooner or later must end.

The committee called on Blair and his successor to help change the Geneva Convention that governs treatment of prisoners of war to "deal more satisfactorily with asymmetric warfare, with international combatants and with the status of irregular combatants."

President Bush has said the Geneva Conventions do not apply to Guantanamo detainees, who were classified as "enemy combatants" — a status that accords them fewer rights than prisoners of war.

Britain's Foreign Office said it would not comment on the report until a formal response had been sent to the committee.

A Retreat On Wiretapping? (WP)

The Washington Post, January 21, 2007

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WHEN THE Bush administration announced that it had belatedly put its warrantless wiretapping program under court supervision, its attitude was like that of a traffic officer trying to hurry along bystanders at an accident scene: "Move right along, folks, nothing to look at here." The administration would like Congress, under its new management, to abandon its efforts to dislodge details about the program's operations or to craft legislation to provide a legal framework. Lawmakers don't seem inclined to simply go away, nor should they.

It may be that the Justice Department has devised what Attorney General Alberto R. Gonzales called a "creative" way to bring the surveillance program under the procedures of the Foreign Intelligence Surveillance Act (FISA), one that preserves the "speed and agility" that the administration wants while ensuring adequate judicial review, not simply broad-brush, "programmatic" approval for warrantless wiretapping. If so, that would be good news. It's what we have been saying should happen since the program was revealed more than a year ago -- even as the administration insisted that such a move was neither practically feasible nor legally required.

But there is no way for lawmakers to make a determination about the program on the basis of information they have and every reason for them to be skeptical of the administration's assurances, given its previous intransigence. Those who've been briefed on the program have said they still have questions, and they expressed concerns. Rep. Heather A. Wilson (R-N.M.) said that it "doesn't have the protections for civil liberties" she believes necessary.

The special court that oversees the FISA law has said that it is willing, with the administration's approval, to provide a copy of the order under which it is operating. But Mr. Gonzales was anything but reassuring last week when members of the Senate Judiciary Committee pressed for access to the relevant documents. "Are you saying that you might object to the court giving us decisions that you've publicly announced?" said Chairman Patrick J. Leahy (D-Vt.) "Are we a little 'Alice in Wonderland' here?"

A little? Traveling down the rabbit hole with Mr. Gonzales is an endlessly frustrating journey, light on details, heavy on unsubstantiated assurances. "So could you give us some idea of the breadth of these warrants?" Sen. Charles E. Schumer (D-N.Y.) asked the attorney general. "What I can tell you, Senator, is that they meet the legal requirements under FISA," Mr. Gonzales replied. Maybe that kind of conclusory non-answer would suffice when Republicans were in the majority. In fact, no senator of either party should stand for it.

Retreat And Cheat (NYT)

The New York Times, January 21, 2007

President Bush's warrantless wiretapping program was once deemed so vital to national security that it could not be subjected to judicial review. Last week, the White House said it was doing just that.

In 2005, the White House would not even comment on news reports about the C.I.A.'s prisons because Americans' safety depended on their being kept secret. In 2006, Mr. Bush held a photo-op to announce that he was keeping them open.

The administration has repeatedly insisted that it was essential to the American way of life for Mr. Bush to be able to imprison foreigners without trial or legal counsel. Now the administration claims it was trying to bring those detainees to trial all along but was stymied by white-shoe lawyers.

By now, this is a familiar pattern: First, Mr. Bush and his aides say his actions are so vital to national security that to even report on them — let alone question them — lends comfort to the terrorists. Then, usually when his decisions face scrutiny from someone other than a compliant Republican Congress, the president seems to compromise.

Behind this behavior are at least two dynamics, both of them disturbing.

The first is that the policies Mr. Bush is trying so hard to hide have little, if anything, to do with real national security issues — and everything to do with a campaign, spearheaded by Vice President Dick Cheney, to break the restraints on presidential power imposed after Vietnam and Watergate. And there is much less than meets the eye to Mr. Bush's supposed concessions.

Generally, they mask the fact that he either got what he wanted from Congress or found a way to add some other veneer of legitimacy to his lawless behavior. The campaign to expand presidential power goes on, at the expense of American values.

Mr. Bush's aides don't try very hard to hide it. The day the shift on domestic wiretapping was announced, Attorney General Alberto Gonzales gave a speech in which he sneered at the idea of allowing judges to review national security policies. The next day, he was in the Senate refusing to turn over the agreement that he said would provide judicial review for the wiretapping. And

his lawyers were in court arguing that a lawsuit over the warrantless eavesdropping should be dropped because Mr. Bush said he would stop the operation.

We don't know exactly what agreement the White House made with the Foreign Intelligence Surveillance Court about eavesdropping. But there is evidence that Mr. Bush got some broad approval for a wiretapping "program" rather than the individual warrants required by law. Because the court works in secret, the public may never know whether Mr. Bush really is complying with the law.

Nor is there likely to be an explanation of why the White House could not have sought the court's approval in the first place. The White House's claim that the process is too cumbersome doesn't ring true. The law already allows the government to wiretap first and then ask for a warrant within three days. The real reason is almost certainly that the imperial presidency had no desire to share power even with the most secret part of the judiciary.

Why else would the president have turned down more than one offer from Congress to amend the 1978 wiretapping law after 9/11 to make getting warrants easier and faster than the three-day rule?

For that matter, why did the White House initially refuse to work with senior Republican lawmakers to create a legal court system for the Guantánamo detainees? Instead, Mr. Bush ordered the creation of kangaroo courts, expanding presidential authority at the expense of Congress and the judiciary, and at the expense of justice.

The Republican-led Congress (with the help of cowed Democrats) refused to hold Mr. Bush and his presidency to account on any of these issues. The Military Commissions Act, passed by Congress just before the midterm elections last year, gave Mr. Bush a pass on what he had already done with the detainees outside the law, and did not stop him from jailing non-Americans indefinitely without due process. Congress absolved American intelligence agents of past abuses of prisoners and approved future abuses, and Mr. Bush happily announced that the C.I.A. prisons would stay open.

There are signs, from people like Senator Patrick Leahy, the new chairman of the Judiciary Committee, that the Democrats will be tougher than the Republicans on these issues. The eavesdropping program and Mr. Bush's secret deal with the surveillance court are a very good place to start.

Editorial: Legal Eavesdropping, Or Surveillance Gone Wild? (SACBEE)

The Sacramento Bee, January 21, 2007

The Senate Judiciary Committee surely had something else in mind when Attorney General Alberto Gonzales dropped by last Thursday to talk about the state of affairs at the Justice Department.

Gonzales provided more details about the department's prosecution of the "Girls Gone Wild" video series than he did about warrantless surveillance. His testimony leaves more questions than it answers and should be considered only Round One of the oversight process on surveillance.

Nothing in the backdrop seems to have changed. While the administration now has gone to the Foreign Intelligence Surveillance Court for warrants, it continues to say that the president has "inherent power" to eavesdrop on Americans and others inside the United States, to search for evidence of terrorist activity without court-approved warrants. In short, the decision to seek warrants could be temporary and applied only as the president chooses.

The earlier decision by Bush to monitor international phone calls and international e-mail messages of people inside the United States without warrants was a major shift in American intelligence-gathering practices -- and a major re-interpretation of the Fourth Amendment's requirements for warrants, based on probable cause, for searches and seizures. With that decision, the Bush administration decided to do an end run around the Foreign Intelligence Surveillance Act. That, enacted in 1978, made it a crime to eavesdrop on Americans without judicial oversight.

After last week's hearing, we still don't know whether the warrants sought by the administration from the FISA court are for surveillance of known phone numbers or known persons, or for dragnet-style data-mining operations of hundreds or thousands of individuals. Normally, the government would seek a FISA warrant for surveillance of a particular suspect's phone calls or e-mails. A congressional staffer told the New York Times that the FISA approvals appear to be for a hybrid of individual warrants and broader approval, whatever that means. Gonzales offered no information or documents to clarify the matter.

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U.S. District Judge Colleen Kollar-Kotelly, presiding judge of the FISA court, told the Judiciary Committee in a letter that the court would be willing to give lawmakers copies of orders and opinions related to the surveillance program "if the executive and legislative branches reach agreement for access to this material." Gonzales said the decision would have to be the president's.

Clearly, Congress still has a lot to do to determine whether the spying program follows the 1978 law and the Constitution. And Congress and the president will have to be open to negotiating possible adjustments to the 29-year-old law to reflect developments in technology, surveillance and the new realities of terrorism. But this should be non-negotiable: Congress cannot let the president get away with disregarding or rewriting the law and the Constitution at his whim.

A senior administration official told the New York Times that "People ought to take yes for an answer" -- implying that Congress should just accept the executive branch's word that the spying program is all hunky dory now that it has been approved by the FISA court. That's not how checks and balances work.

Editorial: Judicious Change To Wiretapping (GRPRESS)

Grand Rapids Press (MI), January 21, 2007

After resisting for more than a year, the Bush administration is putting its controversial domestic wiretapping program under the jurisdiction of the secret court set up to govern such cases. It's a good course correction. Concerns about terrorism shouldn't give federal intelligence agencies license to eavesdrop on citizens' phone calls and e-mails without court approval or congressional oversight.

The administration now says it will comply with the 1978 Foreign Intelligence Surveillance Act (FISA) and seek warrants from the secret panel of 11 federal judges for its domestic surveillance program, which monitors communications to and from the United States of people with suspected terrorist ties. That is not an unreasonable or onerous requirement.

President Bush waived the warrant requirement shortly after 9/11 in a secret order that didn't become public knowledge until December 2005. The president chose not to seek authority from the special FISA court, contending he had power under other statutes and that the FISA review process is too slow and too cumbersome to meet the technical needs of the eavesdropping program.

The FISA law was a Cold War-era statute designed to track Soviet agents when communication essentially meant office or home telephones. Today's Islamist terrorists operate globally and not just with standard telephones but with the Internet, disposable cell phones, email and fiber-optic networks. But instead of agreeing to amend the surveillance act to meet today's technical challenges, the administration chose to simply ignore it. That was a bad decision.

Advocacy groups filed lawsuits challenging the legality of the surveillance program. U.S. District Judge Anna Diggs Taylor in Detroit ruled that the program was unconstitutional and should be halted. A federal appeals court is scheduled to hear the first appellate argument about the lawfulness of the program in two weeks. That may have prompted the government's about-face.

U.S. Attorney General Alberto Gonzales says the Justice Department has worked out an "innovative" arrangement to bring the surveillance program under FISA jurisdiction. He wouldn't elaborate on the specifics to members of the Senate Judiciary Committee this week, so questions remain about what form the new compliance takes. Congressional leaders shouldn't be left in the dark about this new arrangement.

The operational details need not be made public, but congressional leaders or members of the House and Senate Intelligence committees should be thoroughly briefed. What has changed to make the process workable? Does the arrangement require the National Security Agency to seek individual warrants? Or did the court approve of the overall program and grant blanket wiretapping privileges to the NSA?

The issue is not about whether to monitor the communications of suspected terrorists but doing it legally and with proper checks and balances. We all should want that.

Our View Intelligence Oversight Should Confirm Judges' Role In Wiretap Orders (WILNJ)

Wilmington (DE) News Journal, January 21, 2007

So apparently there is a way to do surveillance of intelligence suspects with court oversight after all. For a year, the Bush administration insisted that wartime justified secrecy and executive privileges, regardless of a 1978 law setting up review through a Foreign Intelligence Surveillance Court.

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Now, after months of rebuffing congressional negotiations and the threat of investigation, the Justice Department has a method for going to designated judges when it wants to monitor international e-mail and telephone calls given a probably terrorism link.

Skepticism is rife in the Capitol and among civil libertarians, and rightly so. There is only a vague outline of what the new ground rules are that prompted the administration's turn-around.

The Justice Department also is to go before federal court in Cincinnati on Jan. 31 for more arguments on the constitutionality of the Bush's earlier policy.

Congress should look into exactly what is going on. Given this administration's resistance to judicial checks on presidential authority, this adaptation may well be too good to be true.

Editorial: Legally Secret (HARTC)

The Hartford Courant, January 21, 2007

President George W. Bush has substituted one controversial spying program with another.

The old program eavesdropped on American and foreign al-Qaida suspects without the legally required court oversight. The new program? Well, it eavesdrops on the same targets, but now with the required warrants.

Just how broad and loose those warrants are, however - whether they give blanket authority for spying on broad groups of people, for example - are among the important details that nobody outside a small, tight-lipped circle knows.

So much for quelling fears of Big Brother.

The 1978 Foreign Intelligence Surveillance Act required a warrant from a special court before an American citizen could be wiretapped. The National Security Agency ignored that legality in the domestic wiretapping program it began in 2001. The program was itself a well-kept secret until it was exposed by The New York Times in late 2005.

On Wednesday, the Bush administration announced it had dismantled the fiercely criticized program and started applying for court approval for wiretaps - but under new orders and opinions issued by the FISA court. The administration's turnabout was supposed to be welcome news. But the new FISA orders are so wrapped in mystery that no one outside the Bush administration and the spy court knows what they say.

The presiding judge has no objection to releasing them, but the Justice Department refuses to do so or to give even the bare outlines on how the new program works.

Without those details, it's impossible for lawmakers to judge whether their 1978 law is protecting privacy rights as well as public safety.

Editorial: Unanswered Questions (HC)

Houston Chronicle

Houston Chronicle, January 21, 2007

Decision by Bush administration to reinstate judicial oversight of domestic wiretaps a welcome step that needs clarification

After operating an electronic surveillance program for five years outside legally mandated oversight by a secret federal court, President George W. Bush has seemingly bowed to legal and congressional pressure. Justice Department officials have announced an arrangement with the Foreign Intelligence Surveillance Act court to obtain warrants for future spying inside the U.S.

While lawmakers and officials of civil liberties groups welcomed the development, they also want more information on whether the FISA court will review each surveillance request individually or whether it has simply given blanket approval for the activities by the National Security Agency.

Some suspect that the administration's action is simply a maneuver to derail several pending federal court cases challenging the constitutionality of the president's secretly authorized Terrorist Surveillance Program. The Justice Department added some credence to that view by immediately filing notice with the U.S. Court of Appeals for the 6th Circuit that upcoming filings would address implications of the latest development.

Both Democratic and Republican lawmakers immediately expressed their concerns as to whether the new plan satisfies the requirements of existing law. One House Intelligence panel member, Rep. Heather A. Wilson, R-N.M., told reporters that she

believed a single FISA judge had issued an unspecified order with blanket approval for surveillance rather than case-by-case warrants. Wilson is concerned that there are inadequate safeguards for civil liberties as provided by either the FISA legislation or a bill she proposed last year.

Other legislators wondered why the administration has taken so long to bring the surveillance program back under the supervision of the judiciary. The chairman of the Senate Intelligence Committee, Sen. John D. Rockefeller IV, D-W.Va., called the Justice Department announcement "confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary." Sen. Charles Schumer, D-N.Y., wondered why the administration took so long to bring an unlawful program back under the umbrella of the courts.

In a visit with the Chronicle Editorial Board last year, U.S. Attorney General Alberto Gonzales justified the surveillance program as a legal extension of presidential authority in wartime and a congressional resolution supporting military action against terrorists.

In testimony before the Senate Judiciary Committee on Thursday, Gonzales refused to explain why the administration had reversed its previous position that court oversight was too restrictive to effectively combat terrorism.

The Judiciary Committee chairman, Sen. Patrick J. Leahy, D-Vt., produced a letter from FISA court presiding judge Colleen Kollar-Kotelly stating she was willing to give the panel the currently classified surveillance orders if the Justice Department agreed. Gonzales responded that he could not authorize the release because it was not his decision to make, indicating President Bush must make the call.

Americans need to be reassured that their constitutionally guaranteed rights against illegal government surveillance are being safeguarded as mandated by the FISA legislation.

If the chief jurist of the relevant court sees no harm in explaining how it will oversee the program, the administration should assent to providing a thorough explanation to lawmakers and the public.

Editorial: Balance Point (ABJ)

Akron (OH) Beacon Journal, January 21, 2007

The Bush White House says yes to judicial oversight

For more than a year, the Bush White House has publicly claimed the right to conduct electronic surveillance, without first seeking a court warrant, of Americans suspected of terrorist ties. It vigorously defended the program, which started after the Sept. 11 attacks, at congressional hearings and in legal briefs, denying it violated the constitutional protections of citizens. The president insisted the war on terrorism made speedy, warrantless wiretaps a national security imperative.

After all the contention, it is encouraging that the president has reversed course, the Justice Department announcing on Wednesday the program will be under the oversight of the court created by the 1978 Foreign Intelligence Surveillance Act. It is the right decision, a welcome return to checks and balances.

That said, it should not surprise the unexpected reversal has met with skepticism on Capitol Hill. On several anti-terrorism issues, including the interrogation and access of terror suspects to legal counsel, the Bush team has made extravagant claims of executive power, ignoring the roles Congress or the courts may play. The expansive assertion of authority earned a sharp rebuke in a 2004 Supreme Court ruling, Justice Sandra Day O'Connor scolding that ``a state of war is not a blank check for the president when it comes to the rights of the nation's citizens."

The president has forfeited much good will, certainly the benefit of the doubt. He has invited questioning of his intentions and the timing of the about-face on the National Security Agency's wiretap program. In this instance, analysts noted the White House's penchant for riding a controversial policy hard and then shifting course without conceding error, just when the policy is about to be tested in the courts or in Congress. The federal appeals court in Cincinnati was due to hear a case on the legality of the wiretap program. Other lawsuits are pending.

In Senate hearings Thursday, a tight-lipped Attorney General Alberto Gonzales did little to ease worries whether the new ``innovative arrangements" with the FISA court would merely provide the program a blanket cover to conduct wiretaps. Congress would do well to press hard for clarification.

Editorial: Timing Raises Questions (LVS)

Las Vegas Sun, January 21, 2007

Suspicions persist in Bush's claim of changes to government's domestic spying program

One day before the Senate Judiciary Committee was to begin hearings on President Bush's warrantless domestic eavesdropping program, Bush administration officials announced that such surveillance would now be subject to judicial review.

The decision was a reversal for Bush, who has stubbornly insisted that forcing the National Security Agency to adhere to a 1970s-era law - which requires the agency to seek warrants in a secret court before monitoring Americans' communications - hindered the government's ability to track terrorist activity. Bush started domestic surveillance without warrants after the Sept. 11, 2001, attacks.

The New York Times revealed the program's existence in 2005. Bush has since been admonished by both Democratic and Republican lawmakers and federal appeals courts for what amounts to spying on Americans without any judicial oversight.

The timing of this apparent reversal in policy doesn't help to quell suspicions, as Bush often makes grand public promises to deflect criticism. And it is unclear how much the process will change. Attorney General Alberto Gonzales, citing security concerns, refused to tell the Judiciary Committee whether eavesdropping requests will be reviewed one at a time or in groups.

The Bush administration's history of secrecy and deceit by omission runs deep, and it is hard to believe that this seeming change of heart is anything more than an attempt to avoid scrutiny by a Congress that is now run by Democrats.

No More Warrantless Spying (OCR)

Orange County (CA) Register, January 21, 2007

Bush defends the NSA domestic snooping even as he ends the program

The announcement last week that President Bush will not reauthorize the program of having the National Security Agency spy, eavesdrop or perform surveillance on U.S. residents suspected of having contact with terrorists overseas without a warrant being issued is welcome at first blush. It may prove to be an unalloyed benefit. But questions remain, and there are details the American people should be able to know about what government is doing in their name.

The program, revealed in December 2005 by the New York Times, has been controversial because it appears to be illegal. The Foreign Intelligence Surveillance Act of 1978 made a distinction between surveillance of Americans and intelligence surveillance of people in other countries. Americans can't have their phones tapped or be subject to certain other kinds of surveillance without probable cause and a warrant from a court.

The act set up a special secret court to consider requests to eavesdrop on Americans suspected of working for a foreign power. Over the years the court has disapproved only a handful of requests, and most of those were later approved with modifications. If there's a good reason to spy on Americans, the FISA court generally gives the government permission.

President Bush and other members of his administration have maintained that the program is legal as an extension of presidential powers in time of crisis or war. It was begun right after the attacks of 9/11, presumably because even the FISA procedures were considered too cumbersome in an era of cell phones, e-mail, instant messaging and more diverse threats.

An obvious question: If this program was considered legal and utterly essential a year ago, why is there no need to continue it? At a Senate Judiciary Committee hearing last Thursday, Attorney General Alberto Gonzales said the administration had worked out procedures for more "swift and agile" consideration by the FISA court, but did not provide details.

It is also valid to wonder whether this switch was done to avoid judicial scrutiny in three cases challenging the program that are before the courts and might now be moot.

On balance, however, this is a welcome development. Checks and balances don't always prevent abuse, but they are essential to the American system.

Preserving Civil Liberties (MH)

The Miami Herald, January 21, 2007

It would be nice to believe that the Bush administration's reversal of policy on its secret wire tapping program -- allowing a measure of judicial oversight for the first time -- represents a change of attitude regarding the balance between civil liberties and executive power. But that's hardly the case.

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This administration has a consistent pattern of ignoring fundamental rights such as privacy and habeas corpus in order to extend the reach of the "unitary executive." Congress has a duty to find out more about the program and determine whether this change is merely a tactical shift designed to preserve the questionable authority of the president to decide which of those rights can be overlooked or denied in the name of national security.

A positive step

At issue is a vague White House announcement on Wednesday giving the secret Foreign Intelligence Surveillance Court jurisdiction over warrantless eavesdropping -- known as the "Terrorist Surveillance Program." This is a positive step to allow at least some monitoring of this unsupervised activity. But in an appearance before Congress Thursday, Attorney General Alberto Gonzales, a steadfast defender of the program, continued to withhold pertinent details. He also failed to give reassurances that the administration would not suddenly reverse itself once again and deny the courts proper jurisdiction.

In the past, the administration has been known to shift gears suddenly when facing a slapdown from the Supreme Court over dubious assertions of executive power. That was the case, for example, in the prosecution of Jose Padilla, held incommunicado as an "enemy combatant" for three years before the administration decided to charge him as a criminal.

This made the Padilla appeal before the court moot, hence averting a possible ruling that would have undermined the White House's claims of unfettered authority to designate U.S. citizens as enemy combatants. In the latest instance, a federal court in Cincinnati was on the verge of holding the first appellate hearing on the warrantless wiretapping program. By deciding to give the so-called FISA Court authority to monitor the program, the administration can argue that this case is also moot and thus can avoid a potentially embarrassing judicial spanking.

If civil liberties advocates are right -- and they have a strong case -- the administration has been operating outside the law for five years. FISA was created in the 1970s as a super-secret court to deal with sensitive national security eavesdropping. Why did it take 19 months following public disclosure of the secret wiretapping for the administration to agree that the court should monitor the program? Did the court surrender any of its authority in return for getting the program back under its jurisdiction?

Checks and balances

It is vital for Congress to learn the answers to these and other questions about who is secretly listening to the conversations of Americans and under what rules. Courts are supposed to determine when there is probable cause to suspect that the target of the wiretap is connected to terrorism. Without oversight, even the most well-intended prosecutor or federal agent can step across the line that protects our freedoms.

Whether the administration likes it or not, this is part of the bedrock system of checks and balances that has preserved the civil liberties that Americans cherish.

Steve Chapman: Never Mind What We Said About Spying (CHIT)

Chicago Tribune, January 21, 2007

Is President Bush surrendering in the war on terror? For more than a year, the administration has insisted that preserving its "terrorist surveillance program," which involves unfettered and unauthorized wiretapping of Americans suspected of communicating with Al Qaeda operatives abroad, was, in the words of former White House press secretary Scott McClellan, "a vital tool" for us "to stay a step ahead of a deadly enemy that is determined to strike America again." Now, Atty. Gen. Alberto Gonzales says the program will not be renewed.

Before, we were told it was impossible to combat terrorism within the confines of the 1978 Foreign Intelligence Surveillance Act, which places such investigations under the review of a special intelligence court--a process Gonzales portrayed as cumbersome and obsolete.

But that was in the past. "Any electronic surveillance that was occurring as part of the Terrorist Surveillance Program will now be conducted subject to the approval of the Foreign Intelligence Surveillance Court," wrote Gonzales in a letter to the Senate Judiciary Committee last week. Did we say impossible? We meant easy!

This about-face must be causing massive cognitive dissonance within the administration and among conservatives who regard any check on executive power as a favor to Al Qaeda. From the moment the secret National Security Agency program was revealed by The New York Times in 2005, Republicans treated its critics as foolish appeasers.

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Never mind that it apparently violated the law, and never mind that it let the government spy on Americans right here at home, without bothering to get the search warrants that are normally required. Issues of legality, constitutionality and privacy cut no ice with the administration and its supporters. Either you were for the program, or you preferred to expose us to catastrophe.

During last fall's campaign, Bush mercilessly ridiculed congressional critics. "They must not think we're at war," he charged. "When the Terrorist Surveillance Program was brought to a vote on the floor of the House of Representatives, the vast majority of Democrats voted against it." So when, exactly, did the war end?

Even stalwart administration allies are asking that question. An editorial in The Wall Street Journal, which defended the program from the start, declared itself "baffled by Mr. Bush's surrender" and warned that the "administration has some explaining to do--not least to its own officials who spent months saying FISA warrants were dangerously restrictive."

Contrary to the president's suggestions, critics were never against surveillance of Al Qaeda confederates in the United States. They only wanted the government to do what cops normally do when they want to eavesdrop: go to a judge and explain why the person targeted warrants investigation. In an emergency, FISA even allows the NSA to install the wire-tap first and seek approval within 72 hours. But that wasn't good enough for the administration.

The attorney general now says the NSA no longer has to operate as it did because the Justice Department worked with the Foreign Intelligence Surveillance Court to devise a faster, more flexible way to get a judge's approval of wiretaps. But if there is a way to do that, why did the administration wait five years to propose it?

Congress, after all, has amended FISA several times since it was enacted. Yet the White House chose to circumvent the law and create a secret program that, if the president had his way, would still be spying on Americans without our knowledge.

We don't know exactly how the program will operate under the court's supervision, because Gonzales refuses to say. But apparently the administration has succumbed to the once-intolerable burden of demonstrating to judges that certain people pose a danger before they are bugged.

Sen. Arlen Specter (R-Pa.), the ranking Republican on the Judiciary Committee, says Justice Department officials assured him the eavesdropping will proceed on the basis of old-fashioned individualized warrants, not simply a blanket court approval of what the NSA was doing. Other sources told The Washington Post that such warrants are one part of the new system. So apparently we can fight Al Qaeda without giving up our privacy protections.

Maybe we were misled before, or maybe we're being misled now. But the next time the president tries to sell us on the idea that some expansion of executive power is critical to fighting terrorism, I hope he'll throw in the Brooklyn Bridge.

HOMELAND RESPONSE:

Passport Prerequisite (WT)

By Joyce Howard Price

The Washington Times, January 21, 2007

Some travel-industry officials say they fear a passport bottleneck when new federal regulations take effect Tuesday requiring Americans to show a passport to re-enter the United States after traveling to countries in the Western Hemisphere.

But officials at the State and Homeland Security departments, which are implementing the changes, say most travelers who need passports to comply with the new rules already have them.

The first phase of the Western Hemisphere Travel Initiative (WHTI) will require U.S. citizens traveling by air between the United States and Canada, Mexico, Central and South America, the Caribbean and Bermuda to present a valid passport. In the past, many of these destinations required only a valid U.S. driver's license or other official identification.

The changes in travel requirements do not affect trips to and from U.S.-controlled territories in the Caribbean, such as Puerto Rico and the Virgin Islands.

The new rules were recommended by the September 11 commission and were passed into law as part of the Intelligence Reform and Terrorism Prevention Act of 2004. The rules are aimed at reducing the threat of terrorism and creating a uniform system to identify travelers.

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Currently, a traveler "may make a verbal declaration of citizenship" or "produce 8,000 different documents" to try to show who they are as they try to cross the border, making authentication of identity both difficult and time-consuming, said Derwood Staeben, a senior adviser for the State Department's Consular Affairs Bureau, which oversees passports. "In fiscal 2005, our Customs Bureau intercepted 75,000 fraudulent documents."

A recent poll by Kayak.com, which provides travel information to about 2 million people a month, showed that "only a small percentage of those planning to get a passport" to comply with the new regulations "have even sent in their applications," said Steve Hafner, co-founder and chief executive officer of the firm, which has offices in New Jersey and Massachusetts.

"We think it could create a major backlog when the U.S. State Department starts processing all those applications, once they are in the system," Mr. Hafner said, noting that it already takes six weeks for applicants to obtain a passport.

In contrast, data from the Homeland Security Department show that 86 percent of Americans who have flown to the United States since Nov. 20 had passports, leading Homeland Security Secretary Michael Chertoff to say Thursday that he expects a "relatively seamless transition."

Overall, about 73 million Americans -- or 27 percent to 28 percent of the U.S. population -- have passports, Mr. Staeben said.

But Ileana Kerasidis, manager of Skyline Travel in Alexandria, said her clients are expressing "tremendous concern" about potential passport backlogs.

'Start very early'

Steve Dahlgren, manager of Ticket to Ride, a travel agency in the District, said he is "recommending that people start very early" in the passport-application process.

"For example, if someone is planning a trip in July and would usually wait until May to apply for a passport, we are advising them to apply now," Mr. Dahlgren said. "There is not much confidence the process will be smooth. I am not concerned that the State Department will be completely overwhelmed, but I think it's best to start early and be safe."

The State Department says it has "dedicated sufficient resources" to handle the nearly 4 million additional applications for passports it expects to receive this year as a result of the new requirements. It says it has hired 250 new employees to review passport applications.

"We've been preparing for this, and so we're not expecting a backlog," Mr. Staeben said. "We don't have a backlog now, even though applications are up 51 percent over last year. We process passports in a six-week period, and we expect that to continue."

However, Mr. Dahlgren said he's heard from some clients who already have waited at least eight weeks to get passports. "There is a backlog," he said.

The second phase of the WHTI, expected to begin as early as Jan. 1, 2008, will require citizens traveling back to the United States by land or sea -- including ferries -- to show passports.

About 86 million people fly to the United States each year. But about four times that number arrive in cars. As a result, many officials are expecting passport applications to rise dramatically next year. The State Department says it expects 18 million applications in 2008, up from 12.1 million last year and an anticipated 16 million this year.

A price to pay

Because the new passport requirements can add sharply to the cost of a trip -- especially for families -- there seems to be increased client interest in travel to places that will remain passport-free, said Drew Patterson, a vice president at Kayak.com.

In most cases, a passport costs $97, which includes a $30 execution fee. For children younger than 16, the cost is $82. Mr. Staeben said those prices will not rise under the new policy.

But a couple with three children who need passports to travel somewhere that passports formerly weren't necessary will pay another $440.

And if they need a passport in a hurry, they will have to pay $60 more per person -- or a total of $300 for a family of five -- for the faster service. Mr. Staeben said paying the "expedite fee" typically means applicants will receive passports in two weeks rather than six.

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Some hotel chains and tourism offices in parts of the Caribbean affected by the new rules, including Nassau and Paradise Island in the Bahamas, are offering promotions that reimburse travelers who suddenly need to get passports.

As for what will happen to U.S. citizens who attempt to re-enter the country without a passport, the government says the law allows the new documentation requirements to be waived under certain circumstances.

"These exceptions include individual cases of unforeseen emergency and individual cases based on 'humanitarian or national-interest reasons,' " the State Department says in a fact sheet.

Exempting 'snowbirds'

Mr. Chertoff said so-called "snowbirds" -- Canadians spending the winter in the United States -- are also exempt from the new passport requirements. "We will allow them to depart from the United States without having a passport for some significant period of time to avoid the problem of people who may have come here last year" before the requirement took effect, he told reporters last week.

There also will be exceptions for those with special cards issued for those who travel between the United States and Canada for work, merchant marines with Coast Guard documents and permanent residents with green cards.

In addition, the State Department says it "has processes to assist U.S. citizens overseas to obtain emergency travel documentation for those with lost or stolen passports."

Originally, the proposed date for implementation of the air phase of WHTI was Jan. 1, rather than Jan. 23. But it was postponed at the request of the airline industry "in order to facilitate holiday travel," the government said.

Later this year, the State Department will begin providing credit-card-size Passport Cards or PASS Cards, which can be used as ID for land and sea travel between the United States and Canada, Mexico, the Caribbean and Bermuda.

Passport applicants must appear in person at a passport acceptance center, found in post offices, federal courthouses, county clerk offices and even libraries in some communities. Full information about the application process can be obtained at the State Department's Web site (http://travel.state.gov/passport/passport_1738.html).

New Orleans Of Future May Stay Half Its Old Size (NYT)

By Adam Nossiter

The New York Times, January 21, 2007

NEW ORLEANS, Jan. 20 — The empty streets, deserted avenues and abandoned houses prompt a gnawing question, nearly 17 months after Hurricane Katrina: Is this what New Orleans has come to — a city half its old size?

Over and over, the city's leaders reassure citizens that better days and, above all, more people are in the future. Their destiny will not merely be to reside in a smaller city with a few good restaurants and curious local customs, the citizens are told.

But some economists and demographers are beginning to wonder whether New Orleans will top out at about half its prestorm population of about 444,000, already in a steep decline from its peak of 627,525 in the 1960 Census. At the moment, the population is well below half, and future gains are likely to be small.

"It will be a trickle based on what we know now," said Elliott Stonecipher, a consultant and demographer based in Shreveport, La. "Low tens of thousands, over three or four or five years, something in that range. I would say we could start losing people, especially if the crime problem doesn't get high visibility."

The new doubts, surprisingly, are largely not based on the widespread damage caused by the flood. Rather, crippling problems that existed long before Hurricane Katrina are mostly being blamed for the city's failure to thrive.

In this view, the storm was merely a grim exclamation point to conditions decades in the making. Before the storm, some economists say, New Orleans may have had more people than its economy could support, and the stalled repopulation is merely reflecting that.

Hurricane Katrina may have brutally recalibrated the city's demographics, setting New Orleans firmly on the path its underlying characteristics had already been leading it down: a city losing people at the rate of perhaps 1.5 percent a year before Hurricane Katrina, with a stagnant economy, more than a quarter of the population living in poverty, and a staggeringly high rate of unemployment, in which as many as one in five were jobless or not seeking work.

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Political leaders, worried about the loss of clout and a Congressional seat, press for people to return, but a smaller New Orleans may not be bad, some economists say. Most of those who have not returned — 175,000, by Mr. Stonecipher's count — are very poor, and can be more easily absorbed in places with vibrant job markets, they say.

Large-scale concentrations of deep poverty — as was the case in New Orleans before the storm — are inherently harmful to cities. The smaller New Orleans is almost certain to wind up with a far higher percentage of its population working than before Hurricane Katrina.

"Where there are high concentrations of poverty, people can't see a way out," said William Oakland, a retired economist from Tulane University who has studied the city's economy for decades. "Maybe the diaspora is a blessing."

Others, however, worry that permanently losing so many people threatens the city's culture — its unique way of talking, parading and eating.

"Culture is people," said Richard Campanella, a Tulane geographer who has written extensively about the city's neighborhoods. "If half the local people are dispersed and no longer living cohesively in those social networks, then half of local culture is gone."

The new doubts also take into account the current barriers to repopulation, including the well-documented failure of the state's Road Home aid program for homeowners, the loss of tens of thousands of jobs since the storm, the crime problem and delays in rebuilding moderately priced housing. Official efforts — local, state and federal — to rebuild the network of hospitals, schools and public housing projects that once served the city's huge poor population have been faltering. But they also look at what New Orleans was before the storm.

The low population figure, 191,000, which was reported by the Louisiana Recovery Authority in November last year in the most credible survey to date, was about half the 444,000 count in a Census estimate before Hurricane Katrina. The number was surprising, dashing expectations of a "big return," as one economist put it, and was hotly disputed by local officials. Still, upticks, if there are any, are imperceptible: the percentage of prehurricane gas and electric users who were getting service, for instance, remained the same between April and November 2006, the Brookings Institution reported last month.

"Our expectations were just wrong," said James A. Richardson, an economist who directs the Public Administration Institute at Louisiana State University. "I don't believe it will ever be 450,000 again. I think New Orleans did not need 450,000 people to support the economy you had at that time."

With no real place for the poorest of the evacuees in the economy before the storm, New Orleans may have permanently lost that part of its population. Supporting that notion is an unpublished analysis by Mr. Oakland, the former Tulane economist, which shows unusually low rates of participation in the labor force before Hurricane Katrina.

Thus, a frequent impression of prehurricane travelers to New Orleans — that there were "a lot of people hanging around, going nowhere," as the Nobel-winning Columbia University economist Edmund S. Phelps, a sometime-visitor, puts it — turns out to have a statistical basis.

The statistics, which compare the number of people actually working with the total working-age population, suggest "there are a lot of people out there not working," said Mr. Oakland, referring to the period before Hurricane Katrina. Or, he said, they were working in an underground economy, not measured by statistics. If not actually illegal, he said, it was not very profitable.

In New Orleans, before the storm, about 4 out of 10 men in the working-age population were out of a job or not looking for one, compared with less than 3 in 10 nationally.

Employment had dropped sharply in the city from 1969 to 1999, Mr. Oakland writes. More than half of young black men ages 16 to 24 were not in the labor force. Unemployment rates among young blacks were above 25 percent. "The data is showing New Orleans is really a basket case," Mr. Oakland said.

In the city's poorest areas, the numbers were even more discouraging. In places like the Lower Ninth Ward or Central City, half of all working-age people were not looking for work, Mr. Oakland wrote. The real unemployment rate in these impoverished, high-crime areas, which would include those not looking for work, would have been a "whopping" 32 percent, he wrote.

Compounding the city's difficulties, and, in effect, helping to stem the population loss, was a secondary factor: the direness of the city's poverty, and its concentration. Those conditions helped make the city's poor population exceptionally immobile. New

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Orleans was also poor not only in absolute terms, but also in relative terms. The poorest 30 percent of households had a lower share of the city's total income than the comparable slice in any other similar Southern city, Mr. Oakland found.

"The job mobility was very low among the poor, so they just stay where they are, and the social welfare system shored them up," Mr. Oakland said.

The city's population was thus "out of equilibrium, if you would say that," Mr. Oakland added. "It's not normal to have that level of nonparticipation in the labor force."

Haunting the city's effort to repopulate, too, is the incalculable toll inflicted by ghosts from its past — a political legacy of corruption and patronage, and a deep racial division with a far more distressing passage toward integration than was experienced, say, in Atlanta.

Looking to the future, another 50,000 people might eventually be added to the city's population, Mr. Oakland suggested, but there are no guarantees.

There has been little to no construction of cheap housing that would enable the return of the largest category of those still displaced, Mr. Stonecipher noted.

A second category of people, 50,000 or more who have established themselves elsewhere but who could return, may be even harder to recapture, given the combination of past weaknesses and continuing present-day hurdles.

"The longer it lasts, the more likely it is that our population is plateauing, the longer the uncertainty continues," said Janet Speyrer, an economist at the University of New Orleans.

WAR NEWS:

Embattled, Bush Held To Plan To Salvage Iraq (WP)

By Michael Abramowitz, Peter Baker

The Washington Post, January 21, 2007

Iraqi Prime Minister Nouri al-Maliki had a surprise for President Bush when they sat down with their aides in the Four Seasons Hotel in Amman, Jordan. Firing up a PowerPoint presentation, Maliki and his national security adviser proposed that U.S. troops withdraw to the outskirts of Baghdad and let Iraqis take over security in the strife-torn capital. Maliki said he did not want any more U.S. troops at all, just more authority.

The president listened intently to the unexpected proposal at their Nov. 30 meeting, according to accounts from several administration officials. Bush seemed impressed that Maliki had taken the initiative, but it did not take him long to reject the idea.

By the time Bush returned to Washington, the plan had already been picked through by his military commanders. At a meeting in the White House's Roosevelt Room, the president flatly told his advisers that the Maliki plan was not going to work. He had concluded that the Iraqis were not up to the task and that Baghdad would collapse into chaos, making a bad situation worse. And so the Americans would have to help them.

From that early December meeting on, Bush was headed down a path that would result in his defying critics and the seeming message of the November elections by ordering 21,500 more U.S. troops to Iraq. A reconstruction of the administration's Iraq policy review, based on more than a dozen interviews with senior advisers, Bush associates, lawmakers and national security officials, reveals a president taking the lead in driving the process toward one more effort at victory -- despite doubts along the way from his own military commanders, lawmakers and the public at large.

He never seriously considered beginning to withdraw U.S. forces, as urged by newly elected Democratic congressional leaders and the bipartisan Iraq Study Group. And he had grown skeptical of his own military commanders, who were telling him no more troops were needed.

So Bush relied on his own judgment that the best answer was to try once again to snuff out the sectarian violence in Baghdad, even at the risk of putting U.S. soldiers into a crossfire between Sunni insurgents and Shiite militias. When his generals resisted sending more troops, he seemed irritated. When they finally agreed to go along with the plan, he doubled the number of troops they requested.

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It was a signature moment for a president who seems uninfluenced by the electorate on Iraq and headed for a showdown with the new Democratic Congress. Presented with an opportunity to pull back, Bush instead chose to extend and, in some ways, deepen his commitment, gambling that more time and a new plan will finally bring success to the troubled U.S. military mission.

"The guy who is most committed to winning and finding a way to win is the president. He always has been; he's the only reason we are still in this fight," said Frederick W. Kagan, a military historian at the American Enterprise Institute whose advice to send more troops has been closely monitored by senior administration policymakers.

Yet in hindsight, some Bush advisers believe they misjudged the politics that would greet Bush's Jan. 10 unveiling of the new plan. They understood that many if not most Democrats would not welcome a troop increase but thought at least some would grudgingly go along -- not anticipating what ended up as near-universal opposition by Democrats and visceral anger even among some Republicans.

They had hoped more members of Congress would embrace the advice that Sen. Joseph I. Lieberman (I-Conn.) gave the president during one session in the Cabinet Room. "Mr. President, I have two words for you," Lieberman said, according to officials who were present. " 'Be bold.' "

That advice, at least, Bush would take to heart.Political Surprises

Bush's new Iraq plan traces its origin to last summer, after the second of two operations designed to quell spiking violence in Baghdad collapsed. For more than three years, Bush and his advisers had been leading the war on the fundamental belief that once they built a representative democratic government, the Sunni insurgency and sectarian violence would ebb.

By early fall, even as Bush was on the campaign trail accusing Democrats of defeatism, he and his senior advisers were coming to the conclusion that his core assumptions were wrong. The political process would not lead to security in Iraq. In fact, it would have to be the other way around. And they started to doubt the advice from Defense Secretary Donald H. Rumsfeld and senior commanders in Baghdad that troop levels were adequate to contain the violence.

"It was pretty clear when you started to look at our assumptions, many of them just weren't right," said a senior administration official, who like others discussed internal deliberations on the condition of anonymity.

Bush concluded by the run-up to the Nov. 7 congressional elections that to change course he would have to get rid of Rumsfeld, the senior figure in his administration most resistant to rethinking the Iraq strategy. At the same time, several agency reviews of Iraq policy were launched. But both decisions were kept secret until after the balloting.

In the meantime, Bush dispatched national security adviser Stephen J. Hadley to Iraq to bring back what White House officials called "ground truth." Hadley returned from his Oct. 29 to Nov. 5 trip profoundly disturbed by the Maliki government, uncertain whether the prime minister was capable of doing what was necessary to rein in Shiite militias.

The day after the election, Bush announced that he was removing Rumsfeld and replacing him with former CIA director Robert M. Gates. That same day, Hadley sent a five-page classified memo to the president that proposed bolstering Maliki's political and security capacities and raised the prospect of more U.S. troops.

On Nov. 14, Bush ordered that the various agency reviews be combined into a single process and declared that he would lead it himself. A group led by deputy national security adviser J.D. Crouch II began a series of grueling seven- and eight-hour-a-day meetings.

Closeted in a conference room named for World War II-era secretary of state Cordell Hull, the Iraq team debated papers presented by senior officials throughout the government. State Department officials urged a more energetic outreach to Iraqis beyond Baghdad's Green Zone, to hedge against failure by the Maliki government. Other officials, including those in the office of Vice President Cheney, voiced concern that U.S. steps to reach out to disaffected Sunni Iraqis had not brought about a corresponding decrease in violence.

The president also heard from outside experts. In an early December Oval Office meeting, retired Army Gen. Jack Keane presented his own plan for an increase of tens of thousands of U.S. troops to restore security in Baghdad. Another retired Army general, Barry R. McCaffrey, said he told Bush that the idea was a "fool's errand" and argued that putting more troops on the ground would not change the underlying dynamic. Still, the administration was interested enough in a buildup that Keane had follow-up sessions with Cheney and Hadley.

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At the same time, White House officials called in scores of lawmakers to discuss Iraq with the president in the weeks leading up to Bush's Jan. 10 speech. While many Democrats dismissed such talks as a facade of consultation over a decision long since made, Carl M. Levin (D-Mich.), chairman of the Senate Armed Services Committee, said when he told Hadley at a private meeting that the president needed to make clear that the U.S. commitment was not "open-ended," Hadley picked up the telephone and called an aide to make sure the speech included such language.

White House aides also debated how to respond to the Iraq Study Group, a bipartisan, congressionally chartered commission headed by former secretary of state James A. Baker III, a close friend of the president's father, and former congressman Lee H. Hamilton (Ind.), a widely respected Democrat. At first, officials said, they hoped the group would prove a vehicle for bringing the two parties together after a bitter election.

But the panel advanced several key proposals that the White House quickly made clear were unacceptable to Bush, particularly a plan to withdraw U.S. combat forces by early 2008, open talks with Iraq's neighbors Iran and Syria, and condition U.S. assistance on the Maliki government meeting defined political benchmarks.Rejecting Plan B

A version of Maliki's surprise proposal during the Amman meeting turned out to be the major alternative considered by Bush, White House officials said. The plan called for ringing Baghdad with U.S. troops while Iraqi security forces fought the sectarian violence in the city. Other U.S. troops in the country would shift to the borders to keep Iranian and Syrian infiltrators out, leaving U.S. forces with one main combat mission -- attacking al-Qaeda elements in Anbar province in western Iraq.

The plan had the appeal of not pulling U.S. troops out of the country while still allowing Iraqis to settle their own differences. But Bush worried that such a move might mean losing the war.

"He became convinced that that was not sustainable," Hadley said in an interview. "Let's assume that the sectarian violence does escalate. Are the American military really going to stand outside the city while sectarian violence rages in Baghdad? I don't think so."

The Bush team concluded that the previous Baghdad security plans had failed for four reasons: The Iraqis never took ownership over security, Maliki placed political constraints on military operations, there were not enough reliable Iraqi and U.S. forces, and there was no serious effort to rebuild areas taken back from insurgents or militias.

Bush spent hours in conversation with Maliki, on the phone and in videoconference, probing to determine whether he could count on the prime minister. "The president decided we need to bring this issue to a head," one senior adviser said. "We need to clarify whether this government is really a partner or not."

Dan Bartlett, counselor to the president, said Maliki's presentation of a new plan in Amman was a sign of his heightened interest in tackling Baghdad's security problems.

"We all recognized that it was too ambitious," he said. "What the president liked was the intent and the willingness to take on more responsibility."

Another problem for Bush was that the military did not necessarily want more troops. Army Gens. John P. Abizaid, the Middle East commander, and George W. Casey Jr., the commander in Iraq, opposed an influx of U.S. forces because they were unconvinced it would change the dynamics on the ground.

Resistance from Casey and the Joint Chiefs of Staff flared throughout the process. On Dec. 13, Bush went to the super-secure "tank" at the Pentagon to listen to his top generals, only to walk away convinced that some of them were trying to manage defeat rather than find a way to victory.

Bush decided to placate some of the concerns expressed by the generals about the overextended military and told The Washington Post six days later that he would expand the size of the Army and Marines. When Gates went to Baghdad that week, he came back with Casey's agreement for more troops based on the understanding that the commander would no longer be held back by the Iraqi government and that the United States would address the country's economic needs.

"He was not overriding his commanders," one Bush aide said of the president. "But he was pushing them to identify what went wrong and what do we need to change what happened."

Still, Bush and the military came at the plan from different perspectives. Casey asked for two more brigades for Baghdad, plus a third that would be stationed in Kuwait as a reserve and two others that would be put on call back in the United States.

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Bush decided that was not enough. His advisers studied the experience in the northern Iraqi town of Mosul under Army Lt. Gen. David H. Petraeus, who successfully undercut the insurgency there, and they decided they could not risk having too few troops. Bush had already decided to replace Casey with Petraeus, and through intermediaries the president reached out to Petraeus, who was supportive of more troops than Casey requested.

So the president reversed Casey's plan, deciding that all five brigades would go to Baghdad in a phased deployment. "The president came out and said, 'Let's err on the side of making sure they have everything they need,' " said a senior official.

Bush Administration, Under Criticism, Warns Iraq To Fulfill Its End Of The Bargain (NYT)

By Helene Cooper, David E. Sanger

The New York Times, January 21, 2007

WASHINGTON, Jan. 20 — President Bush and his top advisers, after nine days of unrelenting criticism from Congress, are warning the Iraqi government that continuing funding for an American troop increase and other elements of Mr. Bush's new Iraq strategy will be contingent on Prime Minister Nuri Kamal al-Maliki's delivery on promises to quell violence, senior administration officials said in recent interviews.

"It's going to be a little bit pay-as-you-go, and it's going to depend a lot on Iraqis performing," Stephen J. Hadley, President Bush's national security adviser, said Friday.

"As Mr. Maliki's government follows through on its promises," Mr. Hadley said, the administration will "be in a much better position to resist any efforts to fence the funds" when the Iraq budget request goes before Congress.

The warning is coming despite President Bush's declaration, in an interview last weekend, that he had the sole authority to carry out the strategy, including an increase of about 18,000 troops to secure Baghdad. Now, administration officials, who have carefully avoided declaring outright that the American commitment in Iraq would be cut back if Mr. Maliki fails, are using the open hostility of most Democrats and the skepticism of many Republicans as a way to underscore to the prime minister that the White House plan represents a last chance for him.

In recent days, however, as Mr. Bush's plan has come under attack in both houses, White House officials are trying to head off both a vote condemning Mr. Bush's approach and a longer-term effort to restrict money or limit the number of troops that can be sent.

The White House has dismissed some of that criticism as partisan and "poisonous," the word it used in response to House Speaker Nancy Pelosi's charge on Friday that Mr. Bush knows that "because the troops are in harm's way, that we won't cut off the resources." She went on to charge, "that's why he's moving so quickly to put them in harm's way."

But even the ranking Republican member of the Senate Armed Services Committee, Senator John W. Warner of Virginia, has declared deep concern about the wisdom of sending more troops, and one of the nation's most senior retired marines, Gen. Joseph P. Hoar, told the Senate Foreign Relations Committee that "the addition of 20,000 troops is too, little too late."

The result is that some members of the administration are already discussing what one called "Plan C," even as the administration publicly expresses support for Mr. Maliki. Some senior officials, insisting on anonymity, are discussing alternative leadership for the Iraqi government, including throwing American support behind another Shiite leader, Adel Abdul Mahdi. Mr. Mahdi is the deputy to Abdul Aziz al-Hakim, the leader of the Iranian-backed Supreme Council of the Islamic Revolution in Iraq, a party known as Sciri. Mr. Mahdi has long been a favorite of the White House to take the top job; he lost out last spring when the anti-American cleric Moktada al-Sadr, whose family has long feuded with Mr. Hakim's, threw his support behind Mr. Maliki in a vote within the Shiite coalition.

Administration officials maintain that there is no American plan afoot to encourage a removal of Mr. Maliki from power, and several senior officials said that if Mr. Maliki does not follow through on his promise to deploy Iraqi Army and police brigades in Baghdad to quell sectarian violence, the Iraqis themselves will move to replace him as prime minister.

Some in the administration complain that backing a member of Mr. Hakim's party would quickly give Iran enormous influence over the Iraqi government; when American military forces picked up Iranian operatives in Baghdad late last month, the raid took place within Mr. Hakim's compound. Those operatives were later released after Iran and Iraq claimed they had diplomatic immunity; the Pentagon said one of the men was the chief of operations for an elite Iranian military unit.

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The conflicting signals here reflect doubt within the administration that Mr. Maliki will actually prove either willing or able to crack down on Shiite militia groups, which make up a large percentage of his support base.

Secretary of State Condoleezza Rice's recent trip through the region to sell America's Sunni Arab allies on Mr. Bush's Iraq strategy, underscored just how much hostility there is among Sunni Arabs toward Mr. Maliki, administration officials said. "What she heard was that Maliki has failed completely, both politically and personally, and they don't trust him to crack down on the Shiites," one senior administration official said.

Mr. Hadley expressed concern about Mr. Maliki in a memorandum to Mr. Bush in November, which was later leaked. But his comments on Friday appeared to be the first time that any senior administration official had suggested that should those doubts grow, Congress could imperil Mr. Bush's new approach.

Administration officials, in interviews, said they were not conceding that Congress was heading toward making a troop increase contingent on Iraqi action. But by warning the Iraqis of the possibility, they are clearly both using Congress's dissatisfaction to gain leverage, and preparing for the possibility that the Democratic majority may impose conditions that Mr. Bush has resisted.

Last Sunday, on the CBS program "60 Minutes," Mr. Bush insisted that he has the authority as commander-in-chief to execute his strategy, no matter what kind of objections Congress raises. "In this situation, I do, yeah," he said. "Now, I fully understand they could try to stop me from doing it. But I made my decision, and we're going forward."

Interviews with senior administration officials, however, indicated that now that question is no longer viewed in such black-and-white terms. While Mr. Bush clearly has the money to keep his strategy afloat for a number of months, there is a growing realization that domestic pressure to place a "cap" on troop levels or begin withdrawal could become overwhelming. So, in an effort to turn a potential constraint into a negotiating tool, Mr. Bush's aides have begun to tell Iraqi politicians that Congress's patience with the pace of the war is just about exhausted.

"If they do perform in the next two months, we've probably bought ourselves another four months," said one senior administration official, referring to the Iraqi government.

The hedging under way reflects a continuing debate within the administration about how explicitly to make the proposed troop increase conditional on Iraqi performance, administration officials said. That debate was still on display even after Mr. Bush, in his speech to the nation on Jan. 10, praised the Maliki government's "strong commitment" to ending sectarian violence, and pledged that "America will change our strategy help the Iraqis carry out their campaign to put down sectarian violence—and bring security to the people of Baghdad."

But the next morning, both Ms. Rice and Defense Secretary Robert M. Gates struck a different note. "Among Americans and Iraqis, there is no confusion over one basic fact: It is the Iraqis who are responsible for what kind of country Iraq will be," Ms. Rice said during a news briefing at the White House. "The president has conveyed to the Iraqi leadership that we will support their good decisions, but that Americans' patience is limited."

Mr. Gates went further a week ago when he suggested that the United States had built "off-ramps" in case the troop reinforcement was not needed, and said that if they were used, "you don't necessarily have to go to the full extent of the buildup." At another point, he said, "We're going to know pretty early on whether the Iraqis are meeting their military commitments," he said.

But American officials have been cagey about how they would respond if they conclude Mr. Maliki is unwilling or unable to face down Shiite militias, or strike the deals necessary to reach a political accord with the minority Sunnis. American leverage over Mr. Maliki is limited, especially because he has never been enthusiastic about an increase of American troops, and has even suggested that he is not interested in remaining the country's leader for long.

"The baseline strategy is that we'll invest in good performance, not in things we consider foolish and destructive," said Philip D. Zelikow, the former counselor at the State Department who participated in the administration's Iraq strategy review. "Since the odds that the Iraqi government are genuinely going to adopt" the Iraqi part of the troop increase "are uncertain, recent events reinforce the need to underscore this baseline strategy, which may not seem to promise a big win but also doesn't seem to be placing such a big gamble," Mr. Zelikow said.

Vietnam Surfaces On Both Sides Of Iraq Debate (LAT)

DOJ_NMG_0119436

By Noam N. Levey, Times Staff Writer

The Los Angeles Times, January 21, 2007

Supporters and critics of Bush policies have invoked the conflict. But scholars say the two wars differ greatly.

WASHINGTON — As President Bush was preparing to announce plans to send more troops to Iraq earlier this month, Sen. Edward M. Kennedy chose to talk about another conflict.

"In Vietnam, the White House grew increasingly obsessed with victory, and increasingly divorced from the will of the people," the 74-year-old Massachusetts Democrat said in a speech to the National Press Club.

"We all know what happened, though," he continued.

"There was no military solution to that war.... In the end, 58,000 Americans died in the search for it. Echoes of that disaster are all around us today."

Kennedy mentioned Vietnam seven times in the speech, in which he outlined plans to challenge Bush's plan.

Other members of Congress would follow.

On the floors of the House and Senate, in committee hearings and news conferences since the president's Jan. 10 announcement, lawmakers on both sides of the aisle and both sides of the war debate have repeatedly invoked America's longest war.

Opponents use the vocabulary of the Vietnam War as they talk of opposing an escalation that they consider as divisive as those pushed by Presidents Johnson and Nixon in the 1960s and early 1970s. And supporters of the president warn of repeating other mistakes of that conflict by withdrawing support for American soldiers while they remain in harm's way.

Capitol Hill even witnessed the recent return of one of the Vietnam era's iconic figures when former Sen. George S. McGovern of South Dakota, the 1972 Democratic presidential nominee, came to Washington to offer lawmakers advice about ending this war.

Analogies between the two conflicts are as old as the Iraq war itself — and fraught with some peril, said Vassar College historian Robert K. Brigham, author of the recent book "Is Iraq Another Vietnam?"

"When you say 'escalation' like Vietnam, you are in a sense saying there is an escalation that has no end ... and 'phased withdrawal' rings of a retreat from Vietnam," Brigham said. "One thing we have to be careful of is that a lot of the references to Vietnam are intellectual shorthand.... Vietnam is a very complicated war to understand."

Just as Iraq and Vietnam are vastly different, the American military commitments in the two conflicts have striking differences.

At the peak of the Vietnam War, there were nearly 540,000 American troops in Vietnam, with more than 58,000 of them killed. In Iraq, troop levels have remained relatively stable at about 130,000, and more than 3,000 of them have died.

Nonetheless, the president's proposal seems to have rekindled a spirited debate on Capitol Hill about America's last prolonged war and what lessons can be drawn from it.

"You have a generation who grew up with Vietnam as the political issue of their time," said Rep. Brad Sherman (D-Sherman Oaks), who reminded Secretary of State Condoleezza Rice at a recent hearing that the United States had withdrawn from Vietnam and had still won the Cold War.

For critics of the Bush plan, Vietnam has provided ammunition to bolster their calls for congressional intervention to end the current conflict and to push for a political rather than a military solution.

"If the lesson in Iraq teaches anything, it is that military might has very great limitations," Sen. Robert C. Byrd (D-W.Va.) said on the floor of the Senate recently. "But then that is a lesson we should have learned many years ago from Vietnam."

Byrd, a longtime war opponent who has been in the Senate since 1959, is one of seven current senators who were elected before the end of the Vietnam War.

In the House, Rep. Carolyn B. Maloney (D-N.Y.) drew on her brother's experience in Vietnam to challenge the president's proposal.

"As the sister of a Vietnam veteran, I still remember vividly our escalation of that failed war.... ," Maloney said. "I remember vividly the worry I had for my brother and the feeling that our troops would be better-served if they were returned home rather than fighting in another country's civil war. Those are the same feelings I have today."

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Sen. Joseph R. Biden Jr. (D-Del.), who joined the Senate in 1973 as the last U.S. troops were being withdrawn from Vietnam and is now a vocal Iraq war opponent, also touched on Vietnam as he opened Senate Foreign Relations Committee hearings on the president's plan.

"I think we all learned a lesson, whether we went or didn't go, whether we were for it or against it, [that] no foreign policy can be sustained in this country without the informed consent of the American people," Biden said. "They've got to sign on."

At the same committee meeting, Sen. Chuck Hagel (R-Neb.), an Army infantryman in Vietnam in 1968, was even more critical of the president's proposal, calling it "the most dangerous foreign policy blunder in this country since Vietnam."

Biden and Hagel have introduced a resolution opposing Bush's plan.

The president has consistently rejected Vietnam analogies, arguing that the conditions in Iraq and in the United States bear little resemblance to the Vietnam era.

"Iraq, after the overthrow of the tyrant, voted on a constitution that is intended to unite the whole country. And then they had elections under that constitution where nearly 12 million people voted for this unity government which is different from Vietnam," the president said before he visited Vietnam in November.

At a recent briefing, White House Press Secretary Tony Snow dismissed Hagel's Vietnam reference as little more than "a pretty good line."

Several of the president's congressional allies also have argued more recently that the price of leaving Iraq would be much higher than that of leaving Vietnam.

"We were able to walk away from Vietnam," said Sen. John McCain (R-Ariz.), a former Navy fighter pilot who spent 5 1/2 years as a prisoner of war in North Vietnam. "If we walk away from Iraq, we'll be back, possibly in the context of a wider war in the world's most volatile region."

Meanwhile, other congressional Republicans, including several more Vietnam veterans, have drawn on their own experiences during the war to challenge proposals that Congress should use its budgetary authority to stop the deployment of additional troops.

"I served at a time when we saw the Congress reduce funding for the military," Rep. John Kline (R-Minn.) said last week while unveiling a resolution opposing any cutoff of funds to troops.

"We served at a time when the military did not have the support of the people, the press or the Congress," said Kline, who flew Marine Corps helicopters during the Vietnam War. "I don't ever want to see that again."

Times researcher Robin Cochran contributed to this report.

Bush's History Lesson (BOS)

The Boston Globe, January 21, 2007

AT HENRY Kissinger's recommendation, President Bush is reading "A Savage War of Peace," the classic account of the Algerian war of independence, 1954-1962. It holds up as well today as it did when published in 1977, but it's an odd choice for the president as he escalates the war in Iraq.

British historian Alistair Horne is sympathetic to all the combatants:

The French Army, trying to recover from defeats at the hands of the Germans (1940) and the Vietnamese (1954).

The National Liberation Front (FLN in the French abbreviation), insurgents who forged a political victory despite defeats in the field.

The million or so European settlers in Algeria.

The 9 million Muslim Algerians who bore the brunt of the war and had to make a decision to go against a colonial order that had lasted since 1830.

But the differences with Iraq are huge, and they include:

Problem of the pieds noirs (black feet), as the European settlers were called. "If the pied noir loved France," Horne writes, "it was with a love that sought constant reassurance." They refused to compromise with the Muslims early in the struggle. Americans, for all their problems in Iraq, experience none of this emotional tug.

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Dilemma of the army. Not a few soldiers were pied noir, which added urgency to the army's quest to redeem itself in Algeria. And the high command, all of whom had lived through the Third Republic, the Vichy government, the German occupation, and 26 changes of government in the Fourth Republic, had trouble maintaining a proper subordination to civilian authority. Many enlisted men and junior officers were draftees, fostering an intimate involvement of the home front in the war.

Coherence of the opposition. US troops in Iraq are fighting Sunnis, Shi'ites, Iranians, remnants of the Ba'ath Party, and a few others. In Algeria, there were splits in the Muslim population at first, but as the war wore on the resistance coalesced around the FLN, protected by a sanctuary in Tunisia. They weren't religious fanatics, like many of those in Iraq.

Soldiers' successes: US troops can point to few military victories since they swept into Baghdad almost four years ago. The French Army, however, effectively sealed the border with Tunisia with its electrified Morice Line, conducted an offensive in 1959 that broke the back of FLN forces within the country, and, in its most famous victory, destroyed the urban terrorist force in Algiers in 1957.

To win the Battle of Algiers, the French needed accurate intelligence, and they got it by torture. There have been occasional questionable practices in Iraq, notably at Abu Ghraib prison, but Americans should be relieved that no military leader has stooped to the debased tactics of the Algiers garrison.

Return of the hero. But the FLN would not be crushed, and the Fourth Republic politicians were divided about what to do. Under pressure from the army in Algeria in 1958, they brought back Charles de Gaulle, leader of the Free French in World War II. He had preserved French honor after Hitler's conquest, and had gone head to head with Churchill and Roosevelt. No American politician today can match his experience.

Brutal realism. De Gaulle intensified military pressure on the FLN and cast about for a political solution: total integration, a loose affiliation with France, or perhaps independence with the French maintaining control of the Saharan wastes, where oil had been discovered. The FLN would have none of these. Then in 1959 he uttered the fateful words, "self-determination," which meant independence. Today President Bush has yet to show this degree of flexibility in Iraq.

Officers' revolt. The pieds noirs and the army in Algeria were enraged. Pieds noirs tried to assassinate de Gaulle four times when he next visited Algeria, and several generals decided it was time to depose him. "I forbid every Frenchman, and above all every soldier, to execute their orders," de Gaulle thundered in a radio broadcast. "Frenchwomen, Frenchmen, help me!" The French conscripts in Algeria, listening via small transistor radios, the iPods of their day, heeded his words, and the revolt collapsed.

It wasn't over, though. The pieds noirs and their military allies commenced a terrorist war in Algeria and France, until they were crushed, and de Gaulle arranged a peace agreement with the FLN and a referendum that favored independence on July 1, 1962. France accepted 1,380,000 refugees, pieds noirs, and Muslim allies. Of the Muslim solders who helped the French and did not flee, tens of thousands were executed, some when they were forced to clear mines from the Morice Line. The ending of a long war against foreign occupiers is rarely neat and bloodless.

Horne writes of a formerly European district of Algiers, "Despite the . . . bricks and stones of the pieds noirs, were they really here at all?" Perhaps the lesson of "A Savage War of Peace" is that, however painful withdrawal and defeat may be, continuous bloodshed and stalemate are worse.

Lying Like It's 2003 (NYT)

By Frank Rich

The New York Times, January 21, 2007

THOSE who forget history may be doomed to repeat it, but who could imagine we'd already be in danger of replaying that rotten year 2003?

Scooter Libby, the mastermind behind the White House's bogus scenarios for ginning up the war in Iraq, is back at Washington's center stage, proudly defending the indefensible in a perjury trial. Ahmad Chalabi, the peddler of flawed prewar intelligence hyped by Mr. Libby, is back in clover in Baghdad, where he purports to lead the government's Shiite-Baathist reconciliation efforts in between visits to his pal Mahmoud Ahmadinejad in Iran.

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Last but never least is Mr. Libby's former boss and Mr. Chalabi's former patron, Dick Cheney, who is back on Sunday-morning television floating fictions about Iraq and accusing administration critics of aiding Al Qaeda. When the vice president went on a tear like this in 2003, hawking Iraq's nonexistent W.M.D. and nonexistent connections to Mohamed Atta, he set the stage for a war that now kills Iraqi civilians in rising numbers (34,000-plus last year) that are heading into the genocidal realms of Saddam. Mr. Cheney's latest sales pitch is for a new plan for "victory" promising an even bigger bloodbath.

Mr. Cheney was honest, at least, when he said that the White House's Iraq policy would remain "full speed ahead!" no matter what happened on Nov. 7. Now it is our patriotic duty — politicians, the press and the public alike — to apply the brakes. Our failure to check the administration when it rushed into Iraq in 2003 will look even more shameful to history if we roll over again for a reboot in 2007. For all the belated Washington scrutiny of the war since the election, and for all the heralded (if so far symbolic) Congressional efforts to challenge it, too much lip service is still being paid to the deceptive P.R. strategies used by the administration to sell its reckless policies. This time we must do what too few did the first time: call the White House on its lies. Lies should not be confused with euphemisms like "incompetence" and "denial."

Mr. Cheney's performance last week on "Fox News Sunday" illustrates the problem; his lying is nowhere near its last throes. Asked by Chris Wallace about the White House's decision to overrule commanders who recommended against a troop escalation, the vice president said, "I don't think we've overruled the commanders." He claimed we've made "enormous progress" in Iraq. He said the administration is not "embattled." (Well, maybe that one is denial.)

This White House gang is so practiced in lying with a straight face that it never thinks twice about recycling its greatest hits. Hours after Mr. Cheney's Fox interview, President Bush was on "60 Minutes," claiming that before the war "everybody was wrong on weapons of mass destruction" and that "the minute we found out" the W.M.D. didn't exist he "was the first to say so." Everybody, of course, was not wrong on W.M.D., starting with the United Nations weapons inspection team in Iraq. Nor was Mr. Bush the first to come clean once the truth became apparent after the invasion. On May 29, 2003 — two days after a secret Defense Intelligence Agency-sponsored mission found no biological weapons in trailers captured by American forces — Mr. Bush declared: "We found the weapons of mass destruction. We found biological laboratories."

But that's all W.M.D under the bridge. The most important lies to watch for now are the new ones being reiterated daily by the administration's top brass, from Mr. Bush and Mr. Cheney on down. You know fiasco awaits America when everyone in the White House is reading in unison from the same fictional script, as they did back in the day when "mushroom clouds" and "uranium from Africa" were the daily drumbeat.

The latest lies are custom-made to prop up the new "way forward" that is anything but. Among the emerging examples is a rewriting of the history of Iraq's sectarian violence. The fictional version was initially laid out by Mr. Bush in his Jan. 10 prime-time speech and has since been repeated on television by both Mr. Cheney and the national security adviser, Stephen Hadley, last Sunday and by Mr. Bush again on PBS's "NewsHour" on Tuesday. It goes like this: sectarian violence didn't start spiraling out of control until the summer of 2006, after Sunni terrorists bombed the Golden Mosque in Samarra and forced the Shiites to take revenge.

But as Mark Seibel of McClatchy Newspapers noted last week, "the president's account understates by at least 15 months when Shiite death squads began targeting Sunni politicians and clerics." They were visible in embryo long before that; The Times, among others, reported as far back as September 2003 that Shiite militias were becoming more radical, dangerous and anti-American. The reasons Mr. Bush pretends that Shiite killing started only last year are obvious enough. He wants to duck culpability for failing to recognize the sectarian violence from the outset — much as he failed to recognize the Sunni insurgency before it — and to underplay the intractability of the civil war to which he will now sacrifice fresh American flesh.

An equally big lie is the administration's constant claim that it is on the same page as Prime Minister Nuri al-Maliki as we go full speed ahead. Only last month Mr. Maliki told The Wall Street Journal that he wished he "could be done with" his role as Iraq's leader "before the end of this term." Now we are asked to believe not merely that he is a strongman capable of vanquishing the death squads of the anti-American cleric Moktada al-Sadr, his political ally, but also that he can be trusted to produce the troops he failed to supply in last year's failed Baghdad crackdown. Yet as recently as November, there still wasn't a single Iraqi battalion capable of fighting on its own.

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Hardly a day passes without Mr. Maliki mocking the White House's professed faith in him. In the past week or so alone, he has presided over a second botched hanging (despite delaying it for more than two weeks to put in place new guidelines), charged Condi Rice with giving a "morale boost to the terrorists" because she criticized him, and overruled American objections to appoint an obscure commander from deep in Shiite territory to run the Baghdad "surge." His government doesn't even try to hide its greater allegiance to Iran. Mr. Maliki's foreign minister has asked for the release of the five Iranians detained in an American raid on an Iranian office in northern Iraq this month and, on Monday, called for setting up more Iranian "consulates" in Iraq.

The president's pretense that Mr. Maliki and his inept, ill-equipped, militia-infiltrated security forces can advance American interests in this war is Neville Chamberlain-like in its naiveté and disingenuousness. An American military official in Baghdad read the writing on the wall to The Times last week: "We are implementing a strategy to embolden a government that is actually part of the problem. We are being played like a pawn." That's why the most destructive lie of all may be the White House's constant refrain that its doomed strategy is the only one anyone has proposed. Administration critics, Mr. Cheney said last Sunday, "have absolutely nothing to offer in its place," as if the Iraq Study Group, John Murtha and Joseph Biden-Leslie Gelb plans, among others, didn't predate the White House's own.

In reality we're learning piece by piece that it is the White House that has no plan. Ms. Rice has now downsized the surge/escalation into an "augmentation," inadvertently divulging how the Pentagon is improvising, juggling small deployments in fits and starts. No one can plausibly explain how a parallel chain of command sending American and Iraqi troops into urban street combat side by side will work with Iraqis in the lead (it will report to a "committee" led by Mr. Maliki!). Or how $1 billion in new American reconstruction spending will accomplish what the $30 billion thrown down the drain in previous reconstruction spending did not.

All of this replays 2003, when the White House refused to consider any plan, including existing ones in the Pentagon and State Department bureaucracies, for coping with a broken post-Saddam Iraq. Then, as at every stage of the war since, the only administration plan was for a propaganda campaign to bamboozle American voters into believing "victory" was just around the corner.

The next push on the "way forward" propaganda campaign arrives Tuesday night, with the State of the Union address. The good news is that the Democrats have chosen Jim Webb, the new Virginia senator, to give their official response. Mr. Webb, a Reagan administration Navy secretary and the father of a son serving in Iraq, has already provoked a testy exchange about the war with the president at a White House reception for freshmen in Congress. He's the kind of guy likely to keep a scorecard of the lies on Tuesday night. But whether he does or not, it's incumbent on all those talking heads who fell for "shock and awe" and "Mission Accomplished" in 2003 to not let history repeat itself in 2007. Facing the truth is the only way forward in Iraq.

A Chance For Unity On Iraq (WP)

By David S. Broder

The Washington Post, January 21, 2007

The change of command in Iraq offers an opportunity to move past the divisive domestic debate over the deployment of more troops to Baghdad and instead put the pressure where it belongs -- on the government of Prime Minister Nouri al-Maliki.

When Lt. Gen. David Petraeus, the new commander in Iraq, goes before the Senate Armed Services Committee on Tuesday, lawmakers are likely to hear a very different presentation from what they usually get from the Pentagon.

Rather than ask the senators to grant him free rein to operate as he wishes, Petraeus is ready, I am told, to invite and encourage the closest kind of congressional scrutiny of what is happening in Iraq.

The suggestion made here last week that Congress require frequent briefings from Petraeus and the embassy in Baghdad, to ensure that Maliki is keeping his promises to supply troops and avoid political interference, is one that Petraeus is prepared to endorse.

The weekly schedule that I suggested is too frequent for the general; it would take up too much staff time. But he could manage a biweekly schedule of closed briefings, and it would accomplish the same goal -- a constant reminder to Maliki that if he fails to cooperate with the strategic plan, any remaining support in Congress for his government will disappear.

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Petraeus's offer, which I am told will be made in explicit terms unless his civilian bosses in the Pentagon and White House intervene, provides the best avenue yet to appear for dealing with the mess in Iraq.

It will not satisfy those in Congress who would like to block or protest the "surge" of additional troops into Iraq ordered by President Bush. But the resolutions and legislation they are discussing will not keep Bush from carrying out his plan.

In effect, Petraeus is offering a way to convert the opposition to the war that is growing in both Republican and Democratic ranks into leverage on Maliki. Together, they can hold the prime minister to his pledge to go after all the combatants -- Shiites as well as Sunnis -- and to provide the troops for the fight.

What makes this possible is the character of the new commander in Iraq. Petraeus, who will get his fourth star with this new assignment, is a tested combat leader, the former commanding officer of the 101st Airborne Division. But Petraeus, who has a PhD from Princeton, also is co-author of the Army guide to counterinsurgency warfare and is a sophisticated student of both Iraqi and U.S. politics.

He knows what he needs to do to secure congressional support for his mission. And he has a realistic appraisal of the people he is dealing with in Baghdad and is quite willing to lean hard on them.

In fact, even before the change of command in Iraq, Petraeus has sent a trusted translator to start preparing the Maliki government for the closer monitoring that lies ahead; he was in the picture when Sen. Hillary Rodham Clinton met with Maliki during her recent visit to Iraq.

In his testimony, the general is expected to tell lawmakers that he believes the "surge" of 21,500 additional soldiers and Marines into Iraq can help suppress the sectarian violence in Baghdad -- if Maliki keeps his end of the bargain.

If the streets are safe, it will be easier to insist that the Iraqis working in the ministries do their jobs, without fear of retaliation against their families or themselves.

But Petraeus, who spent 18 months trying to organize the training of Iraqi army and police forces in an earlier phase of the war, knows how tough a challenge it will be to improve either the Iraqi military or its bureaucracy. When then-Defense Secretary Donald Rumsfeld pulled him out of Iraq to run the Army Combined Arms Center at Fort Leavenworth, Kan., Sen. John McCain, among others, was furious that the ablest American in Iraq had been reassigned.

Returning to an Iraq where the security situation is now far worse, Petraeus is guardedly hopeful about the military mission.

But even if the violence can be quelled, a major concern is whether the other parts of our government -- notably the State Department -- are prepared for the effort it will take to get the Iraq economy up and running, unemployment down, the oil industry operating, and the government ministries delivering the basic services people need and expect.

The challenge is immense, but for a change, there is a chance to get the full weight of our government pulling in the same direction. Congress ought to seize the opportunity.

20 U.S. Troops Killed In Iraq (WP)

By Ernesto Londono

The Washington Post, January 21, 2007

BAGHDAD, Jan. 20 -- A U.S. Black Hawk helicopter crashed Saturday afternoon northeast of the capital, killing all 13 American soldiers on board, and at least seven soldiers died in other parts of the country, officials said. The deaths made the day the third-deadliest for U.S. service members in Iraq since the war began.

The incidents came as the Bush administration was extending the tours of some troops in Iraq and sending additional ones for a buildup that has met strong resistance in Congress. The administration has billed the increase as a key step toward securing the viability of Iraq's young government and bringing down the level of violence.

The helicopter went down about 3 p.m. in a barren area south of Baqubah in Diyala province. According to media reports, several parts of the province have come under Sunni insurgent control in recent months.

The military said the cause of the crash was under investigation.

"We can't confirm what the cause of the incident was," said Lt. Col. Josslyn L. Aberle, a military spokeswoman. "That's a big part of the investigation."

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Another helicopter traveling nearby, as is standard in military operations, remained in the air awaiting backup after the crash, Aberle said. "We had aircraft support within minutes," she said. A response team landed and cordoned off the scene, Aberle said.

Navy Capt. Frank Pascual, a member of a U.S. media relations team in the United Arab Emirates, told al-Arabiya television that the helicopter was believed to have suffered technical troubles before going down, the Associated Press reported.

Arkan al-Mujamai, 28, a day laborer who lives near the crash site, said in a telephone interview that the helicopter was shot down by a group of Sunni Muslim insurgents, one of whom is his uncle.

Mujamai said six Sunni insurgents were planting roadside bombs in the area when they saw a helicopter flying low overhead. One of the insurgents shot it down with a heavy machine gun, he said. Five of the insurgents, including his uncle, were missing Saturday night, and one returned with a wound on the left side of his upper body, he said.

Mujamai has provided The Washington Post with reliable information during past interviews, but his account Saturday could not be independently verified.

According to a database on military deaths kept by The Washington Post, 164 Americans have died in helicopter crashes in Iraq during the war.

Saturday's casualties included five soldiers who were killed in the southern city of Karbala after a military facility came under attack, the military said in a statement released late Saturday. The attack was carried out by an "illegally armed militia group," which ambushed the soldiers with grenades, guns and other weapons, the statement said. Three soldiers were wounded while fighting back, it said.

Local Iraqi officials and Iraqi and U.S. military personnel are stationed at the facility, which serves as a coordination center, the military said. The attack came as the soldiers were holding a meeting to ensure the safety of Shiite pilgrims during a coming holiday.

A Multinational Division Baghdad soldier was killed Saturday by an improvised explosive device while patrolling a neighborhood in the northern part of the capital, the military said in a statement.

A Task Force Lightning soldier assigned to the 1st Cavalry Division's 4th Brigade was killed by an improvised explosive device in Nineveh province in northern Iraq. Two soldiers were injured by the explosion. Earlier in the week, the unit had arrested 12 suspected insurgents while conducting raids in northern Baghdad "to disrupt militia activities," according to the statement.

The deadly string of incidents came on the eve of the Islamic new year, which starts Sunday.

At least two other service members were killed Friday, according to statements issued by the military, including a Marine assigned to Regimental Combat Team 5 who died of injuries sustained in what the military described as "enemy action" in Anbar province in western Iraq and a soldier who died in combat in Nineveh province.

The military said the names of the service members would be released after their relatives had been notified.

Meanwhile Saturday, two men were arrested trying to sneak a car bomb into Baghdad's fortified Green Zone, the military said.

The day was also deadly for Iraqis. In Khalis, a city in Diyala province, Saad Zowanie, a local prosecutor, was killed, according to Ali Khaiyam, a Diyala police spokesman. Elsewhere in the province, eight men were killed when U.S. helicopters bombed an area northeast of Baqubah, Khaiyam said.

Helicopter Crash Claims 13 On Deadly Day For U.S. In Iraq (NYT)

By Damien Cave

The New York Times, January 21, 2007

BAGHDAD, Jan. 20 — On one of the deadliest days for United States forces since the Iraq war began, an American helicopter crashed in a Sunni area north of Baghdad on Saturday, killing all 13 people onboard, the United States military said.

Iraqi officials in the area said it had been shot down, though there was no immediate confirmation from American officials.

In separate episodes, five American soldiers were killed and three wounded in a battle with gunmen who attacked the local governor's office in the Shiite holy city of Karbala, and two soldiers died from other attacks, military officials said.

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It was not clear whether all those on the helicopter were Americans. If they were, 20 uniformed Americans died Saturday. On the worst day of the war for American forces, Jan. 26, 2005, 37 American service members died. Thirty-one of them died when a Marine helicopter crashed in the western desert, and six others in combat that day.

An Interior Ministry official and the police in Diyala Province said Saturday that the American helicopter was shot down about 4 p.m. by insurgents who had fired missiles or grenades from at least two locations. It crashed near Tarrafa Village, they said, over a rural area near the Diyala River.

The American military said that debris had been immediately surrounded and secured. Several hours after the crash, soldiers were still combing through the wreckage.

A spokesman declined to provide details on the type of aircraft or how it crashed. The number of people aboard suggested that it had been a Black Hawk transport helicopter, which typically carries about 10 passengers and 4 crew members.

The crash occurred northeast of Baghdad near Baquba, where American and Iraqi forces have been battling Sunni insurgents and Shiite militia forces for months.

The American military also announced seven other deaths on Saturday and three deaths from earlier in the week. In addition to the five soldiers killed during the battle in Karbala, a soldier was killed in northern Baghdad on Saturday when a roadside bomb exploded near his patrol, and another, assigned to a unit of engineers, died of wounds from a roadside bomb in northern Iraq.

The three earlier deaths were of a sailor from Brooklyn who died Wednesday in a "noncombat-related incident" at Camp Bucca, an American-run detention center in southern Iraq; a marine who died Friday from wounds suffered in combat in Anbar Province; and a soldier who died Friday after being wounded by a roadside bomb in Tikrit, north of Baghdad.

The gun battle in Karbala started when "an illegally armed militia," according to a statement from the American military, attacked the offices of the provincial government in Karbala with guns and grenades.

Brig. Gen. Vincent K. Brooks, deputy commander for Multi-National Division-Baghdad, said American and Iraqi security forces were meeting at the time of the attack to ensure that Shiite pilgrims would be safe during the celebrations later this month for Ashura, one of Shiite Islam's holiest days, which marks the seventh-century martyrdom of the Prophet Muhammad's grandson, Hussein.

Iraqi state television reported that at least two dozen gunmen assaulted the building, getting inside, and drawing a response from American troops who were dropped by helicopter onto the roof.

Col. Scott Bleichwehl, a military spokesman, said it was not clear who or how many had attacked. By 10 p.m., the building had been secured, he said.

"It was never lost," he said. "It came under fire from a couple of directions. We responded to it."

The attack nonetheless seemed to be the latest in a series of power struggles in the south among a patchwork of Shiite tribes and political parties. American officials have been pressing the government of Nuri Kamal al-Maliki to set a date for provincial elections, which they said would firmly establish new leaders and possibly reduce the fighting.

Iraqi state television reported that a raid in south Baghdad on Saturday, with around 100 Iraqi police commandos backed by six United States helicopters, killed 15 suspected Sunni Arab insurgents.

The police found 29 bodies in the capital, many with gunshot wounds to the head.

U.S. Copter Crash Claims 13 In Iraq (WT/AP)

By Bassem Mroue

The Washington Times, January 21, 2007

BAGHDAD - A U.S. Army helicopter crashed northeast of the capital yesterday, killing all 13 persons on board on one of the deadliest days for U.S. forces since the Iraq war began. At least five other American soldiers died in an attack blamed on militiamen in the city of Karbala.

The crash and other deaths came as a brigade of the U.S. 82nd Airborne Division arrived in Baghdad and prepared for deployment in early February the first of the 21,500-troop buildup ordered by President Bush.

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The division's 2nd Brigade with 3,200 soldiers will "assist Iraqi Security Forces to clear, control and retain key areas of the capital city in order to reduce violence and to set the conditions for a transition to full Iraqi control of security in the city," the military said.

The military gave little information on the crash of the Black Hawk during good weather in Diyala province, where U.S. and Iraqi forces have been battling Sunni insurgents and Shi'ite militias around the city of Baqouba for months.

Lt. Col. Josslyn Aberle, a U.S. spokeswoman, said the cause of the crash had not been determined. Navy Capt. Frank Pascual, a member of a U.S. media-relations team in the United Arab Emirates, told Al Arabiya television that the helicopter was believed to have suffered technical troubles before going down.

It was the fourth-deadliest crash since the war started in March 2003. The worst occurred Jan. 26, 2005, when a Marine transport helicopter went down during a sandstorm in the western desert. Thirty Marines and one sailor were killed the most U.S. personnel to die in a single incident in Iraq.

The U.S. military later reported that militia fighters attacked a provincial headquarters in the Shi'ite Muslim holy city of Karbala, killing five American soldiers and wounding three last night.

The military said "an illegally armed militia group" attacked the building with grenades, small arms and "indirect fire," which usually means mortars or rockets.

"A meeting was taking place at the time of the attack to ensure the security of Shi'ite pilgrims participating in the Ashoura commemorations," said Brig. Gen. Vincent K. Brooks, deputy commander of the Multi-National Division-Baghdad.

Karbala is 50 miles south of Baghdad and thousands of Shi'ite pilgrims are flocking to the city to mark the 10-day Ashoura festival commemorating the death of one of Shi'ite Islam's most sacred saints, Imam Hussein, grandson of the prophet Muhammad.

Gen. Brooks said Iraqi officials and security forces as well as U.S. troops were present at the meeting, but his statement did not mention other casualties from the attack. It said the headquarters had "been secured by coalition and Iraqi security forces."

Earlier, Karbala Gov. Akeel al-Khazaali had reported that U.S. troops raided the provincial headquarters looking for wanted men but left with no prisoners. But Gen. Brooks said that report was incorrect.

The general did not identify any group suspected of staging the attack, but residents reached by telephone had reported seeing military helicopters flying over the local headquarters of anti-American Shi'ite cleric Muqtada al-Sadr.

Sheik al-Sadr's Mahdi's Army militia, which has been accused of playing a big role in sectarian killings, has been hit repeatedly in recent weeks by operations in which key commanders have been captured or killed by U.S. and Iraqi troops.

Also yesterday, the U.S. military announced that combat Friday had killed an Army soldier in Nineveh province and a Marine in Anbar province, a Sunni insurgent stronghold west of the capital.

In south Baghdad, U.S. helicopters dropped Iraqi police commandos into the dangerous Dora neighborhood to stage a raid on the Omar Brigade, an al Qaeda-linked Sunni militant group, Interior Ministry spokesman Abdul-Karim Khalaf said.

Mr. Khalaf said 15 insurgents were killed and five captured during an intense battle at two abandoned houses taken over by Sunni gunmen, who he blamed for a series of kidnappings and killings in a bid to cleanse the once-mixed neighborhood of Shi'ite residents.

"We were provided with helicopter support by our friends in the multinational forces, and we did not suffer any casualties," Mr. Khalaf said. U.S. aircraft gave covering fire, but the U.S. military did not respond to a request for comment on the raid.

Sheik al-Sadr's followers voiced increasing anger over Friday's capture of a senior aide to the radical cleric in a raid in eastern Baghdad.

Nassar al-Rubaie, the head of Sheik al-Sadr's bloc in parliament, accused U.S. forces of trying to provoke the Sadrists into violence during the expanding campaign to quell Iraq's fighting.

"We condemn strongly the arrest of Sheik Abdul-Hadi al-Darraji. He is moderate and well-known as a media personality and always available in negotiations," Mr. al-Rubaie said.

U.S. and Iraqi forces reportedly detained Mr. al-Darraji during a raid on a mosque complex before dawn Friday.

Police reported at least 16 Iraqis slain in attacks yesterday. In addition, officials said 29 bodies were found in Baghdad and three in the northern city of Mosul, most of them showing signs of torture a hallmark of killings by sectarian death squads.

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At Least 19 U.S. Troops Killed In Iraq (LAT)

By Borzou Daragahi

The Los Angeles Times, January 21, 2007

Most perish in a copter crash. U.S. asserts cause is unknown; a witness says craft was downed.

At least 19 U.S. troops were killed in a helicopter crash and insurgent attacks across Iraq on Saturday in the deadliest day for the American military here in nearly two years.

The U.S. military also reported the deaths of two other troops the previous day, and the surge in fatalities just days before President Bush's State of the Union address was likely to inject a note of urgency into the debate over his Iraq policy.

The day's deadliest episode was the crash of a Black Hawk helicopter northeast of Baghdad on Saturday afternoon, killing all 12 U.S. soldiers aboard. The military initially had said 13 were killed but revised it to 12 early today.

South of the capital in the Shiite Muslim city of Karbala, men armed with grenades, mortars and assault rifles swarmed a provincial security building manned by U.S. and Iraqi forces, the military said. At least five U.S. soldiers were killed and three wounded.

Four more U.S. troops and 44 Iraqis were also reported killed or found dead Saturday in politically motivated violence as Iraqi and American forces stepped up an effort to target Shiite militiamen and Sunni Arab insurgents.

U.S. military officials said the cause of Saturday's crash had yet to be determined, but Iraqi sources said it was shot down. A witness said he saw ground fire bring down the aircraft, and an insurgent group claimed responsibility for the attack in an Internet posting that could not be authenticated.

Iraqi officials and witnesses said the crash took place near the town of Buhriz in the region of Tarefiya, a rural Sunni enclave of canals and wheat fields about six miles south of Baqubah, the capital of Diyala province. The area is known as an insurgent stronghold. A recent joint U.S.-Iraqi military offensive focused on Diyala.

Claiming responsibility

A message posted on the Web by the Mujahedin Army, an insurgent group that operates out of Baghdad and Diyala provinces, claimed responsibility for the attack.

"The helicopter was downed by [an] antiaircraft [rocket] that belongs to the Mujahedin Army in Buhriz," said the statement, posted to a website where insurgent claims are frequently trumpeted.

An Iraqi witness, who spoke on condition of anonymity, said the helicopter was felled by ground fire.

"I'm not sure if it was a rocket or other projectile," said the man, a farmer. "After the helicopter was fired upon, it was obvious that it was losing control. Then it crashed with an explosion and the smoke started." The farmer said he and others dared not approach the wreckage to look for survivors, fearing that U.S. forces arriving on the scene might fire at them.

The U.S. military could not confirm the account. Lt. Col. Josslyn Aberle, a military spokeswoman in Baghdad, said that the crash took place northeast of Baghdad about 3 p.m.

"All passengers and crew were military service members," she wrote in response to an e-mailed query, adding that more information was expected today. The military withheld names of the victims pending notification of family members.

An Iraqi official who spoke on condition of anonymity said U.S. forces had cordoned off a vast area of farmland and sheep pastures.

The U.S. military increasingly has come to rely on helicopters to transport troops between bases as roadside bombs target vehicle convoys. "There are helicopters flying over the area all the time," said the farmer.

Saturday's crash was the first since a U.S. Marine CH-53 transport chopper went down in an accident in Al Anbar province Dec. 11, killing one Marine. Insurgents last shot down a helicopter on May 14, near the village of Yousifiya south of the capital; two soldiers died in that attack.

The deadliest day for American service members in Iraq was Jan. 26, 2005, when 37 U.S. troops were killed, 31 of them in the accidental crash of a CH-53E Super Stallion helicopter in Al Anbar.

The Karbala clash erupted as U.S. and Iraqi officials planned security for the Ashura festival, an annual Shiite pilgrimage. Karbala has come under the sway of Shiite militiamen loyal to radical cleric Muqtada Sadr, but it also is adjacent to Sunni areas. A statement released by the military did not clarify whether the attackers were suspected Sunni or Shiite gunmen.

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New U.S. troops arrive

The sharp rise in American military deaths comes as the U.S. intensifies its efforts to curb violence in Baghdad, with Pentagon planners and White House officials pushing forward with a plan to increase the number of U.S. soldiers in Iraq by 21,500.

The first of the additional troops, the 3,200 soldiers of the 2nd Brigade of the 82nd Airborne Division, have arrived in Baghdad and will be "fully operational" within two weeks, the U.S. military said today in a statement. Their mission will be to help Iraqi security forces "clear, control and retain key areas" of Baghdad "to reduce violence and to set the conditions for a transition to full Iraqi control of security in the city," the military said.

Bush and other supporters of the plan say it is an essential move to give the Iraqi government breathing space to crack down on violent groups and heal political wounds.

Opponents, including Democratic Party leaders in Congress and some skeptical Republicans, consider it a risky escalation that could bolster anti-American sentiment in Iraq and across the Middle East, and lead to more U.S. casualties. Since the 2003 invasion of Iraq, 3,047 U.S. troops have died in Iraq, according to icasualties.org.

Four other Americans were reported killed in separate incidents.

One soldier in northern Baghdad and another in northern Iraq were killed Saturday when their convoys struck roadside bombs, and the U.S. military reported that two troops had died the previous day.

A soldier assigned to the 1st Cavalry Division near Mosul died Friday from injuries sustained from an improvised explosive device, the official term for a roadside bomb. Two soldiers were injured in the bombing. And a Marine died of wounds he sustained Friday in combat in Al Anbar, a news release said.

U.S. military leaders have identified Shiite militias as the greatest threat to Iraq's stability. American troops raided the capital's main emergency hospital Saturday morning, seizing the weapons of security guards believed to be linked to Sadr's Al Mahdi militia, hospital and police officials said.

Iraqi forces said the U.S. military seized AK-47s and machine guns ostensibly used by the guards to protect the facility, which has come under repeated attack by insurgents.

One hospital employee said the Americans searched the hospital for a person who allegedly belongs to the Al Mahdi army. They were not able to identify the individual, and the guards were released after being told they'd face arrest if they were seen with weapons again, Iraqi officials at the hospital said.

Iraq's Health Ministry is controlled by Shiites loyal to Sadr. U.S. military commanders have complained privately that Sadr loyalists have turned the ministry into a political and fundraising tool. Sunnis complain that they're denied healthcare services or targeted for kidnapping and assassination upon entering state-controlled hospitals and clinics.

"It is known by everyone in Iraq that [the ministry] is fully occupied by Sadrists and the Mahdi army," said Saleh Mutlak, a Sunni lawmaker. "They removed all the previous officials and they got new ones. Everybody there has to swear his loyalty to the Mahdi army and Muqtada Sadr, otherwise he will not stay."

The 5:30 a.m. raid on Baghdad's Yarmouk Hospital followed Friday arrest of Sheik Abdul-Hadi Darraji, a Sadr deputy and frequent spokesman, by U.S. and Iraqi troops.

Sunni suspects detained

U.S. forces also detained 25 people they described as suspected terrorists in Sunni enclaves north and west of Baghdad, a news release said.

Authorities in Baghdad said they discovered the bodies of 29 Iraqi civilians, all apparently victims of sectarian death squads, that had been dumped in various parts of the capital.

Mortar battles between neighboring Shiite and Sunni enclaves in northern Baghdad left at least four dead and 18 injured. Gunmen ambushed and killed a ranking Ministry of Interior official in northern Baghdad.

Near the provincial capital of Hillah, south of Baghdad, authorities discovered the bullet-riddled body of a man in his 30s. Unidentified gunmen in another town opened fire on a crowd, killing one.

Gunmen in the town of Madaen, a suburb south of the capital, broke into two houses and killed three people, including two women.

DOJ_NMG_0119447

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Times staff writers Said Rifai and Mohammed Rasheed and special correspondents in Baghdad, Baqubah, Hillah and Kirkuk contributed to this report.

U.S.: Brigade Soon Ready For Baghdad (AP)

By Steven R. Hurst, Associated Press Writer

AP, January 21, 2007

A newly arrived brigade of the U.S. 82nd Airborne Division, the first of the 21,500-troop buildup ordered by President Bush, will be ready to join the fresh drive to quell sectarian violence in the capital by the start of next month, the American military said Sunday.

The 2nd Brigade of the 82nd Airborne has 3,200 soldiers who will "assist Iraqi Security Forces to clear, control and retain key areas of the capital city in order to reduce violence and to set the conditions for a transition to full Iraqi control of security in the city," the military said in a statement.

The announcement came a day after at least 20 U.S. service members were killed in Iraq on Saturday, the highest daily toll in two years for American forces.

Four more brigades were expected to be deployed to Iraq between now and May, mainly in Baghdad, as part of Bush's plan to back Iraqi forces in a third attempt in less than a year to clamp off the raging sectarian warfare that has shattered the Iraqi capital.

Prime Minister Nouri al-Maliki has pledged to put an about equal number of Iraqi troops on the streets and has vowed they will target both Sunni insurgents and Shiite militia fighters.

Al-Maliki has promised he will no longer block action against the Mahdi Army militia, the armed wing of radical Shiite cleric Muqtada al-Sadr, an ally of al-Maliki. The militia is believed responsible for much of the sectarian bloodshed in Baghdad, where the Health Ministry said about 16,000 people died in the violence last year.

Since the Bush and al-Maliki announced the planned drive against militants, U.S. and Iraqi special forces have regularly killed or captured a number of Mahdi Army commanders. The drive against Sunni insurgents has increased as well, with elite Iraqi police commandos reported to have killed 15 members of the al-Qaida-linked Omar Brigade in a U.S.-backed airborne assault on Saturday.

Kurdish Troops From North Deserting (BOS/MCT)

By Leila Fadel And Yaseen Taha,

The Boston Globe/McClatchy, January 21, 2007

Loyalties are with militia, not with Iraq

SULAIMANIYAH, Iraq -- As the Iraqi government attempts to secure a capital city ravaged by conflict between Sunni and Shi'ite Muslim Arabs, its decision to bring a third party into the mix may cause more problems than peace.

Kurdish soldiers from northern Iraq, who are mostly Sunnis but not Arabs, are deserting the army to avoid the civil war in Baghdad, a conflict they consider someone else's problem.

The Iraqi Army brigades being sent to the capital are filled with former members of a Kurdish militia, the peshmerga, that's the armed wing of President Jalal Talabani of Iraq's political party, the Patriotic Union of Kurdistan. Most remain loyal to that militia.

Much as Shi'ite militias have infiltrated the Iraqi security forces across Arab Iraq, the peshmerga fill the ranks of the Iraqi Army in the Kurdish region in the north, poised to secure a semi-independent Kurdistan and seize oil-rich Kirkuk and parts of Mosul if Iraq falls apart. One thing they didn't bank on, they said, was being sent into the "fire" of Baghdad.

"The soldiers don't know the Arabic language, the Arab tradition, and they don't have any experience fighting terror," said Anwar Dolani, a former peshmerga commander who leads the brigade that's being transferred to Baghdad from the Kurdish city of Sulaimaniyah.

Dolani called the desertions a "phenomenon" but refused to say how many soldiers have left the army.

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"I can't deny that a number of soldiers have deserted the army, and it might increase due to the ferocious military operations in Baghdad," he said.

"This is the biggest performance through which we can test them," said Lieutenant General Ali Ghaidan, the commander of land forces for the Iraqi Ministry of Defense. The Kurdish soldiers will be using translators, and they'll start off doing less dangerous tasks such as manning checkpoints with Arab soldiers, he said.

In interviews, however, soldiers in Sulaimaniyah expressed loyalty to their Kurdish brethren, not to Iraq. Many said they'd already deserted, and those who are going to Baghdad said they'd flee if the situation there became too difficult.

"I joined the army to be a soldier in my homeland, among my people. Not to fight for others who I have nothing to do with," said Ameen Kareem, 38, who took a week's leave with other soldiers from his brigade in the Kurdish city of Erbil and never returned. "I used to fight in the mountains and valleys, not in the streets."

Kareem said he knew that deserting was risky, but he said he'd rather be behind bars in Kurdistan than a "soldier in Baghdad's fire." Without the language and with his Kurdish features, he was sure he would stand out, he said. He's a Kurd, he said, and he has no reason to become a target in an Arab war.

Now he drives a taxi in Sulaimaniyah, eking out a living and praying that he doesn't get caught.

Other soldiers in Sulaimaniyah also said they didn't want to be involved in someone else's war.

Farman Mohammed, 42, celebrated the Muslim Eid holiday with his family last month and didn't go back when he heard that he might be deployed to Baghdad. Afraid for his life, he found a new job and settled in with his family.

"The fanatic Sunnis in Baghdad kill the Shi'ites and vice versa. Both of them are outraged against the Kurds. They will not hesitate to kill us and accuse us of being collaborators with the occupiers," he said. "How can we face them alone?"

Those who are planning to go to Baghdad said they didn't want to be considered cowards.

Mohammed Abdoul, 41, reluctantly prepared to leave for the Iraqi capital earlier this week.

"I don't know why we should interfere in this Sunni-Shi'ite war," he said. "If I am going to face a difficult task in Baghdad and feel sectarian tension, I will leave the army forever, come back to Sulaimaniyah, and work in the market."

An army brigade from Sulaimaniyah began arriving at Muthana Airport in Baghdad last week, and a brigade from Erbil is expected in February, Ghaidan said.

The 1,200 Kurdish soldiers in each of the two brigades from the Kurdish north will be dwarfed by 2,700 soldiers in each brigade that are being brought to Baghdad from the Shi'ite south.

Generals in Erbil and Sulaimaniyah begged the Ministry of Defense to choose brigades out of Kirkuk that spoke Arabic to help in Baghdad, Dolani said. Ghaidan wouldn't explain why entire Kurdish brigades weren't being transferred from the north.

Taming Iraq's "Wild West" (LAT)

By Tony Perry

The Los Angeles Times, January 21, 2007

HUSAYBAH, IRAQ — It's midday in this farming-and-smuggling town on the Syrian border, and the market square is bustling.

A colorful array of fruits and vegetables and plump fish from both sides of the border is for sale in stalls along the muddy main street. The smell of freshly baked bread permeates the air. The jewelry stores, bridal salon, Internet cafe, pharmacy, and bicycle and butcher shops are crowded with customers. So is the pool hall.

"Business is good," Ahmed Ratib, the town cobbler, said as he nailed new heels on a pair of shoes. "Not like in the past."

Two years ago, the same streets were fraught with roadside bombs and snipers, and sellers and buyers stayed away. The area was considered too dangerous even for a quick tour by a U.S. general in his armored Humvee.

The Qaim region was routinely described, including in The Times, as an out-of-control "wild west" where the Marines were fighting with only limited success to control the smuggling of insurgent fighters and weapons from Syria.

Today, Marines walk the downtown beat, chatting with residents, fielding their complaints, encouraging them to contact the Iraqi police if they suspect insurgent activity.

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In a country studded with areas where the U.S. has either failed or made only limited progress toward stabilization, Husaybah and the surrounding Qaim region stand out as a success, officials said.

A State Department counterinsurgency expert, who is based in Iraq, lists Qaim as "very good," Fallouja as "good but backsliding" and Ramadi as "a mess" (a description the commanding officer there disputes).

The effort has combined U.S. military and economic power, backed by help from the municipal and tribal leadership.

In fall 2005, the Marines launched a massive effort to find weapons caches and confront insurgent sanctuaries in this part of Al Anbar province. A follow-up campaign is underway to the northeast of Husaybah, along both sides of the Euphrates River.

The U.S. also has several improvement projects underway, including a 10-lane port of entry from Syria that should provide an economic boost. Marines are assisting the health clinic and hospital, and the U.S. is funding construction of a jobs center and vehicle registration site.

Despite the improvement, problems persist. The port-of-entry project, being built by an American company with Iraqi workers and British security guards, is behind schedule, in part because building materials were hijacked.

Insurgents routinely hijack gasoline trucks coming from Baghdad. A City Council member was recently arrested on suspicion of insurgent activity, and bombers have tried to knock out the telephone system. The mayor needs bodyguards around the clock.

Hundreds of families are said to be coming here to escape Baghdad, which could lead to a struggle for housing and jobs.

"We had better get some tents and be ready," said Capt. Sean Wilson, commander of Kilo Company, 3rd Battalion, 4th Regiment, as he continued walking the beat with his troops.

But Husaybah also has major advantages, including a mayor who refuses to be intimidated and has brokered a deal with local sheiks to get their support in fighting insurgents. The sheiks, whose tribes are spread on both sides of the border, were reluctant; but last fall they committed themselves to the fight.

Calling themselves the Protectors of the Desert, the sheiks have pledged to eliminate insurgents. U.S. officials, to avoid the rise of private militias, have asked that the sheiks instead urge tribesmen to carry on the fight by joining the police force or army. Hundreds of young men have volunteered for the police force and been sent to the police academy in Jordan, at U.S. expense.

"Things were very bad here in the past," said Farhan Farhan, mayor of Husaybah and Qaim. "The tribes and the people decided to fight, along with the Iraqi forces and the Americans. The terrorists only wanted to kill innocent people."

Marines are encouraged to spread the idea that the U.S. is not an occupying power but a transition force, in place until Iraqi security forces are ready to take charge.

"We try to be genuine, to show them we're trying to make things better," said Lance Cpl. Carey Tennison, 26, of San Antonio. "We appreciate that they want to control their own town. They just don't know how to do it yet."

President Bush, in a speech this month, said the Baghdad government had promised to take full responsibility for all provinces by November.

The next day, Col. William Crowe, commander of the Twentynine Palms-based 7th Marine Regiment, told a group of enlisted Marines that within months, the Americans may no longer be required in Qaim.

As they walk their beat, Wilson and his troops ask residents about their problems and what changes they hope to see in Husaybah. Some complain that thieves steal goods from the market stalls at night, and others complain about the paucity of fuel at the government gas station.

When asked about their own actions to help their town, the residents often reply that something will happen, inshallah — God willing.

Mohammed Ali was out shopping for dinner when Marines stopped to talk. He had a plastic bag of greens and radishes and offered the Marines a taste.

"Do you want the Americans to go home?" the captain asked.

"Someday, but not yet — too many Ali Babas [thieves] are still here," Ali said.

After more talk of the radishes and the good weather, Ali asked, somewhat tentatively, whether the Marines would be leaving soon.

"Inshallah," the captain answered.

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Army Says Improper Orders By Colonel Led To 4 Deaths (NYT)

By Paul Von Zielbauer

The New York Times, January 21, 2007

Army investigators say that Col. Michael D. Steele, a decorated combat veteran and brigade commander in Iraq, issued improper orders to his soldiers that contributed to the deaths of four unarmed Iraqi men during a raid in May, according to military documents.

No charges have been filed against Colonel Steele in the Army's continuing investigation. But two Defense Department officials said last week that Colonel Steele was formally reprimanded in the summer by Lt. Gen. Peter W. Chiarelli, the former commander in Iraq, for not reporting the deaths and other details of the raid. The action was not made public.

The reprimand and the controversy surrounding the raid have effectively ended the career of Colonel Steele, an aggressive officer known for unorthodox methods and who was portrayed in the book and movie "Black Hawk Down" as a fearless fighter during Special Operations missions in Somalia in 1993.

The four Iraqi men were killed on a channel island northwest of Baghdad on May 9 by members of the division's Third Brigade Combat Team, which Colonel Steele commanded. Four soldiers were later charged with murder by military prosecutors, who said they captured the men, then turned them loose and killed them as part of a staged escape attempt. Over the past two weeks, two of the soldiers have pleaded guilty to lesser charges.

The military's administrative investigation into Colonel Steele centered on how he communicated the rules of engagement, the instructions that all soldiers must follow to determine whether they may legally use lethal force against an enemy, to his soldiers before the raid.

The colonel improperly led his soldiers to believe that distinguishing combatants from noncombatants — a main tenet of the military's standing rules of engagement — was not necessary during the May 9 mission, according to a classified report in June by Brig. Gen. Thomas Maffey, a deputy commander tapped by General Chiarelli to investigate Colonel Steele. "A person cannot be targeted on status simply by being present on an objective deemed hostile by an on-scene commander," General Maffey wrote in his June 16 report.

Although the colonel's "miscommunication" of the rules contributed to the deaths of four unarmed Iraqis, General Maffey wrote, formal charges were not warranted "in light of his honest belief of the correctness of the mission R.O.E." The general recommended that Colonel Steele be admonished, a lesser punishment than the formal reprimand he eventually received.

Several soldiers have said in sworn statements that Colonel Steele told them to kill all military-age males. Colonel Steele and two lawyers representing him did not respond to several e-mail and phone messages requesting comment on the case. But in testimony he gave on June 3 to General Maffey and another investigator at an Army garrison in Tikrit, Colonel Steele said he did not use "specific language" to order his soldiers to kill all military-age males, and that "we don't shoot people with their hands up."

On June 10, an investigative report by the 101st Airborne Division's lawyers concluded: "Although clearly unintentional, confusion regarding the R.O.E. was the proximate cause of the death of at least four unarmed individuals, none of whom committed a hostile act or displayed hostile intent."

In his June 3 testimony, Colonel Steele said he told his men that Army intelligence had shown that the island held dozens of fighters for Al Qaeda. "Guys, you are going to get shot coming off the helicopter," Colonel Steele said he told them before the raid. "If you don't get shot, you ought to be surprised."

As it turned out, the assault occurred without encountering any hostile fire, and the soldiers found only unarmed men, women and children. Only excess caution by Colonel Steele's troops spared the Iraqi civilians from being shot, General Maffey wrote in his report.

The military's investigations of Colonel Steele's actions before and after the raid also determined that the fourth Iraqi man killed in the assault was 70 years old, unarmed and not a legitimate target.

After the raid, several soldiers noticed blindfolds and plastic handcuffs on the bodies of three of the men who were killed. Colonel Steele testified that he ordered a junior officer to begin an investigation into the deaths but to avoid reporting any findings to the division commander until the colonel returned from leave a few weeks later.

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The formal reprimand Colonel Steele received effectively blocks any chance for his promotion, according to former and current military officers. “When you’re looking to go from colonel to general, and it’s a 2 percent selection rate, you’re looking to throw people out, and that’s an easy one,” said John D. Hutson, the former judge advocate general of the Navy.

In November, Colonel Steele was reassigned out of Iraq and the 101st Airborne Division to an administrative assignment at Fort McPherson, Ga., where the Army Forces Command oversees the readiness of United States-based active-duty and Army Reserve soldiers. He will work in the unit responsible for Army operations and training, including developing methods of teaching soldiers how to handle enemy detainees, an Army spokesman said.

In addition to the trial of the four soldiers charged in the killings during the raid, an investigation is continuing into whether at least 10 other soldiers from Colonel Steele’s former brigade lied to cover up three of the deaths, according to a classified report in December by the Army’s Criminal Investigative Division. A division spokesman declined to comment on its investigation.

Sunni-Shiite Fight Flares In Broadcasts (WP)

By Karen DeYoung

The Washington Post, January 21, 2007

It was the worst insult a Sunni Iraqi could give to a Shiite countryman.

"You Persian shoe!" politician Mishan al-Jabouri shouted at journalist Sadeq al-Musawi during a panel discussion earlier this month on al-Jazeera television. "I will do things to you that you cannot even imagine."

Musawi gave it back in kind. "You are a thief. . . . Your father killed Kurds. We will settle accounts with all of you," he warned before stomping off the set past the pleading al-Jazeera moderator.

The exchange between two middle-aged men in suits was an up close and personal look at the religious and ethnic divides -- Sunni Muslim vs. Shiite Muslim, Arab vs. Persian -- that President Bush now cites as the main impediments to peace in Iraq. Widely circulated on the Internet in recent weeks, the video clip has fueled sectarian jeers and cheers in chat rooms throughout the Middle East.

For Jabouri, who sparked the shouting by offering a Koranic prayer for "the soul of the martyred president Saddam Hussein," it was welcome free publicity.

"It's spreading around the world," he said of the video in a telephone interview Friday from Damascus, "showing all the people the truth" of what he called the criminal occupation of Iraq by the U.S. military and an Iran-backed Shiite government in Baghdad.

"I've received thousands of letters from this interview, all supporting me. If you go to any tiny village in Saudi Arabia, in the [Persian] Gulf, you'll find discussions about this interview."

Even more popular among the Arab world's majority Sunnis, if press accounts in the region are to be believed, is Jabouri's satellite television station, al-Zawraa. Its battlefield videos of U.S. soldiers and Iraqi Shiites being blown apart with roadside explosions, truck bombs and sniper bullets fired by Sunni insurgents mark the first time such fare -- long an Internet staple -- has had its own television station.

The Bush administration has long charged that mainstream Arab networks such as al-Jazeera provide a platform to terrorists. But communications technology now allows the warring parties in Iraq direct access to audiences in Iraq and beyond.

The Internet videos are ubiquitous. The al-Jazeera clip apparently was first posted, with English subtitles, by the Middle East Media Research Institute, which monitors and distributes audio and video broadcasts from the region, many of them unflattering to Arabs. Macabrely humorous to Western ears, the clip has become a favorite on YouTube and hundreds of other sites.

Al-Zawraa television may prove just as difficult to squelch as the Internet.

A Sunni politician twice elected to the parliament, Jabouri started the station, a mix of standard entertainment and pro-Sunni rants, after Hussein's fall. Last year, he fled to Syria after the Iraqi government charged him with siphoning money from an American-financed project in his native Salahuddin province. In November, security forces shut down the station's Baghdad headquarters.

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A month later, the station was back on the air, this time via the Egyptian satellite company Nilesat, with newly violent content featuring crudely recorded Sunni attacks on U.S. soldiers and what were said to be civilian Sunni victims of terrorism by Shiite militias.

Both the U.S. and Iraqi governments protested and asked the Egyptian government to force Nilesat to shut al-Zawraa down. "My understanding as of this weekend was that the broadcast had ceased," State Department spokesman Sean McCormack said on Jan. 3.

A few days later, it was back on television screens across the Arab world, albeit with old footage of exploding Humvees and dead bodies looped over and over again, 24 hours a day. Egypt's Sunni government had blocked incoming video feeds to al-Zawraa but said free speech considerations prevented it from being shut off altogether.

Amin Basyouni, board chairman of Cairo-based Nilesat, said no government had asked him to cancel al-Zawraa. "We never interfere with content on any channel from any country in the world," he said. "We are like an airline. Passengers go on board. We never ask them, 'Why are you going to London or Paris?' "

Although conservative critics in the United States and the blogosphere have charged that al-Zawraa is a direct outlet for al-Qaeda in Iraq, Jabouri is most closely affiliated with the Islamic Army of Iraq, made up of ex-Baathists.

"We generally describe this as a Sunni Baathist insurgent media outlet rather than anything else," said a State Department official, who agreed to discuss the issue on condition he not be named. "It certainly isn't al-Qaeda broadcasting in Iraq." Jabouri, the official said, "is what our departed secretary of defense used to refer to as a 'dead-ender.' "

Jabouri denied supporting al-Qaeda and drew a sharp distinction between terrorists and what he called resistance fighters.

"The terrorists . . . the same people who bombed the Trade [Center] towers in New York and the civilian people in Iraq. . . . But there are honest resistance members fighting the invaders of their country," he said.

Despite his televised prayer for Hussein's soul, Jabouri said, he had little sympathy for Hussein. Yet "the way they hanged him and the words they said to him makes Saddam Hussein a semi-idol" to Sunnis, he said.

Jabouri said Friday that, thanks to a contract with Paris-based Eutelsat Communications, he expected to send new material from Iraq "in 48 hours." Eutelsat's Washington office said it had no record of a contract and referred calls to Paris, where no one could be reached late Friday.

The government of Syria, where Jabouri now lives, "does not allow" him to transmit from inside its borders, he said.

But the insurgents can download video images into computers and send them directly to the satellite transmitter via the Internet.

"With two, three or four computers in different places" not under U.S. or Iraqi control, he said, "I can send anywhere in the world."

Banned Station Broadcasts Voice Of Rebels In Iraq (NYT)

By Marc Santora, Damien Cave

The New York Times, January 21, 2007

BAGHDAD, Jan. 20 — The video starts with a young American soldier patrolling an Iraqi street. His head is obscured by leaves, so a red target is digitally inserted to draw the viewer's eye. A split second later, the soldier collapses, shot. Martial music kicks in, a jihadi answer to John Philip Sousa. The time and place of the attack scrolls at the bottom of the screen.

Such tapes, along with images of victims of Shiite militias and unflattering coverage of Shiite leaders, are beaming across Iraq and much of the Middle East 24 hours a day, broadcast by a banned Iraqi satellite television station that has become a major information center for the Sunni insurgency — and the focus of a cat-and-mouse hunt that has exasperated and infuriated American and Iraqi forces.

Making the situation even more galling for the authorities, American and Iraqi officials say that money stolen from the United States probably helps pay for the station.

"They do not have programs but buffoonery, blaspheming and support for terrorism," said Jalal al-Din al-Sagheer, a senior member of the Supreme Council for the Islamic Revolution in Iraq, a Shiite party. "The source of funding for the channel is theft."

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The channel's founder, Meshaan al-Juburi, is a former Sunni member of Parliament who was indicted last February on charges of embezzling millions of American dollars meant to pay for a vast pipeline protection force he had been assigned to help build with recruits from Salahuddin Province. He was accused of collecting salaries for thousands of soldiers who did not exist.

He denied the charges and went into hiding, fleeing to Syria.

But the American and Iraqi officials said he funneled some of the money to Sunni insurgents, and they suspect much of it helped him shift the programming on his channel, Al Zawra ("the gate" in Arabic), from popular music videos and dance shows to gruesome and detailed death scenes.

Iraqi officials said Mr. Juburi made the switch to irritate his critics, and to try and buy himself protection from prosecution.

"He started showing the insurgency videos just to be close to the resistance," said Mahmoud al-Mashhadani, a Sunni Arab and speaker of Parliament. "Because the only thing that can save him from punishment is for the Iraqi government to collapse."

Iraqi officials banned the station on Nov. 5, focusing on its anti-Shiite footage and accusing it of "agitating the people against a large Iraqi sect with killing and genocide." Since then, the station has become a pirate outfit, fleeing new, makeshift headquarters at least twice.

Some top American military officials say they have aggressively tried to find where the broadcasts originate to put an end to them, but so far they have failed.

Baha al-Araji, a Shiite member of Parliament familiar with efforts to cut off the station, said the Iraqi government had also asked Nilesat, the Egyptian broadcaster responsible for transmitting the station via satellite, to cancel its contract with Al Zawra. So far, the company has refused, and the Egyptian government has rejected requests to intervene.

Iraqi officials said Nilesat promised not to renew Al Zawra's contract, though they did not know when it would expire.

The station's popularity is being aided by growing fears among Sunnis in neighboring countries of Shiite domination in Iraq, fears Al Zawra stokes through the often gruesome videotape of what it identifies as death-squad victims.

As neighborhoods in Baghdad and elsewhere continue to be purged of Sunnis, the broadcasts prominently list the names of areas that have been taken over, advocating bloody vengeance. And even as America considers sending more troops to Iraq, in part to protect Sunnis from being slaughtered, the channel is meant to inspire resistance.

Mr. Juburi's critics said he has a history of parlaying political favor into personal fortunes. Iraqi officials said he made millions as a cigarette supplier under Saddam Hussein, and later ingratiated himself with Americans searching for Sunnis to bring into Iraq's new government.

Mr. Juburi now lives openly and comfortably in Syria.

He refused requests for an interview, but has often appeared on other Arab satellite channels to defend the station. Earlier this month on Al Jazeera, he debated Sadiq al-Musawi, a Shiite Iraqi political analyst, condemning Iraq's government and what he described as an ambitious effort to "defame" Al Zawra.

In an interview conducted via e-mail, a representative of Al Zawra, who did not reveal his name, said that the station's leaders had been a direct target of the Americans, and forced to move twice. The representative railed against the Americans and the Shiite militias, as well as the government of Prime Minister Nuri al-Maliki.

"Our media's message is to broadcast the voice of the resisters to the American and Iranian occupation, to reveal the crimes of Badr Organization and Moktada's army and the gangs of Maliki," the representative said, citing two prominent Shiite militias, "and document it and work on forming a legal directorate to prosecute them in international courts for the crimes of genocide against the Sunni Arabs in Iraq."

When the station shuttered its Baghdad office several months ago, it was thought to have moved its operations to Salahuddin Province, northwest of Baghdad, in the Sunni heartland. The governor there said publicly that he was ordered to make sure he did not play host to the station, noting that the Americans had delivered a "stern" message on the subject. In December, Kurdish officials denied reports that the station was operating out of a Christian neighborhood in Erbil.

The station does not have much structure or style. Grainy clips of grisly violence, running in loops and sometimes in slow motion, are interspersed with news bulletins featuring just two commentators — a woman, who wraps and covers her face, and a man in a full battle fatigues whose face is uncovered, and who appears to be about 30 years old.

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They regularly accuse Iraq's Shiite-led government of being a front for Iran. Mr. Mashhadani, the Parliamentary speaker and a Sunni, is often called "Mashhadi" — a reference to the Iranian town of Mashhad, Iran's holiest Shiite city.

The station also frequently offers critical coverage of the rebel cleric Moktada al-Sadr, including broadcasting a clip that the station says demonstrates his militia's infiltration of the Iraqi Army. Mr. Sadr is shown sitting with aides, discussing how many militiamen he can spare to be a part of the Iraqi Army. In the end, he says that he will supply two divisions. The source of the video is unclear.

In an odd twist, at the same time as the broadcasts promote attacks against the Americans and the Shiite militias, the station's main commentator, the man in fatigues, encourages other Shiites to join the struggle.

In fact, the commentator, who reads his diatribes from an undisclosed location, is himself a Shiite, according to a Baghdad couple who identified themselves as his parents.

As the station's agenda shifts from focusing strictly on the Americans to rallying Sunnis to prevent Shiite control of the country, the potential of the message to stir up more bloodshed is that much greater.

But the representative of the station seemed confident that it would stay on the air.

"Al Zawra represents all factions of resistance against the Iranian and American occupation," he wrote. "And it is committed to broadcasting their messages and activities without any interference or discrimination."

Rice Rules Out Talks With Syria, Iran (AFP)

AFP, January 21, 2007

US Secretary of State Condoleezza Rice has reiterated Washington's opposition to talking to Syria or Iran to get their help in easing unrest in Iraq.

To believe that Damascus or Tehran would suddenly be ready to help stabilise Iraq, simply because the United States would talk to them, is false, Rice told German magazine Spiegel in an interview to be published on Monday.

Syria and Iran's "only motivation" in entering into such talks would be to draw some advantage for themselves, Rice said, adding that this was not diplomacy but blackmail.

Damascus would expect some goodwill from Washington over its Lebanon policy while Tehran would want room for manoeuvre on its nuclear programme, Rice said.

The Clock May Be Ticking On Iran's Fiery President (LAT)

By Dariush Zahedi, Omid Memarian

The Los Angeles Times, January 21, 2007

THE BUSH administration's decision to step up pressure against Iran by going after Iranian agents inside Iraq, coupled with the Islamic Republic's increasing economic and diplomatic isolation, have pushed conservatives inside Iran to further distance themselves from President Mahmoud Ahmadinejad.

Many pragmatic and traditional conservatives, such as former President Hashemi Rafsanjani and Ayatollah Ahmad Janati, who is the secretary of the Council of Guardians, were critical of Ahmadinejad's management of Iran's economic and foreign policies before U.S. military forces recently detained members of the Revolutionary Guard and Iranian intelligence agents in Irbil, Iraq. This incident, coupled with the U.N. Security Council's imposition of sanctions on Iran because of its refusal to abandon its nuclear program, has reportedly prompted 50 parliamentary members to sign a letter calling on Ahmadinejad to appear before parliament to explain himself. There have also been reports that Iran's supreme leader, Ayatollah Ali Khamenei, has given a green light to parliament to criticize the president's performance. Coupled with the country's deteriorating economy, these developments could push Ahmadinejad's opponents to replace him with a less doctrinaire politician.

In Iran, the legislative branch and such supervisory institutions as the Council of Guardians have special powers to ensure that the nation's policies conform to the constitution, Islam and the interests of the Islamic Republic. As former President Mohammad Khatami, a reformist, discovered to his chagrin, the president is accountable to the electorate but lacks sufficient power to fulfill his promises to the people.

Until municipal elections in December, the relatively young conservatives who control Iran's parliament and the more traditional conservatives beholden to the clerics were unsure of Ahmadinejad's popularity. As a result, they were largely

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deferential to the president, allowing him wide latitude in conducting the nation's foreign and domestic policies. But Ahmadinejad's humiliation at the polls — about 90% of his allies lost — has emboldened his opponents.

Ahmadinejad was elected in 2005 on a populist platform of combating poverty and corruption through a more equitable distribution of Iran's oil wealth. He comes from the most militant and ideologically driven faction in Iran, known as the Hezbollahis. In general, they are right-wing populists with security and military backgrounds in the Revolutionary Guard and the voluntary militia attached to it, the Basij. The president has gone out of his way to placate these extremist forces, granting them multibillion-dollar infrastructure contracts to develop the country's oil and gas sector, among other enterprises. Most flamboyantly, he has endeavored to return the Islamic revolution toward what he views as its essence — anti-Zionism and populism.

That has riled the country's pragmatic and traditional conservatives. Many recognize that last month's Holocaust denial conference in Tehran and Ahmadinejad's repeated threats to wipe Israel off the map may have persuaded China and Russia to vote for U.N. sanctions against Iran's nuclear program.

The economy remains a problem for Ahmadinejad. His decision to inject huge amounts of oil money into the Iranian economy and engage in deficit spending has stoked inflation, which has made it even more difficult for the poor to make ends meet. The prices of such basic items as beef, poultry, fruits and bread have increased by 25%, and rents have risen 30%.

In an unusual departure from the standard practice, conservatives blamed Ahmadinejad more than the United States after the five Iranians were detained in Irbil. Iran's unexpectedly moderate reaction to the detentions indicates that Ahmadinejad's voice in formulating Iranian policy may be fading.

But other developments also threaten to weaken his authority. President Bush's rejection of the Iraq Survey Group's recommendation that the U.S. seek out Tehran's cooperation in stabilizing Iraq unsettled some in Iran's ruling elite who believed that Bush had no choice, given U.S. domestic politics, but to invite Tehran to the table. The successful U.S.-led campaign to dry up financing for Iran's much-needed oil and gas and other industrial projects will only exacerbate the nation's economic woes. And Saudi Arabia's acceptance of lower oil prices through increased production will put additional pressure on an economy chiefly fueled by petrodollars.

From the conservatives' point of view, blaming a single individual who can easily be restrained or even removed for all that ails Iran could avert a legitimacy crisis for the system. Parliament can impeach Ahmadinejad, or the supreme leader can remove him. Short of that, a stern lecture from Khamenei could force Ahmadinejad to temper his words and play a less visible role.

Viewing himself as a man of God, Ahmadinejad is no doubt praying that the U.S. will not be satisfied with Iran's diplomatic and economic isolation and will launch military strikes against the Islamic Republic's nuclear installations. Such action may or may not set back Iran's nuclear ambitions. But it would surely give new life to Ahmadinejad's militant faction, enabling him to rally the masses behind the flag, compel his conservative critics to close ranks behind him and crush the remnants of Iran's liberal civil society and democratic movement.

DARIUSH ZAHEDI teaches in the departments of political economy and peace and conflict studies at UC Berkeley. OMID MEMARIAN, an Iranian journalist, was awarded Human Rights Watch's highest award.

Impatience On Iran Carries A Price (WP)

By Jim Hoagland

The Washington Post, January 21, 2007

President Bush once again risks confusing his destiny with that of the nation. His presidency is running out of time. The United States is not. An all-or-nothing confrontation with Iran that has to be resolved before Bush leaves office is an artificial concept that will deepen American problems abroad.

Sports metaphors are dear to Bush and Secretary of State Condoleezza Rice. But their "new thinking" on Iran and Iraq must not be allowed to turn into the political equivalent of pro football's two-minute drill. The "hurry-up" offense that works beautifully for the New England Patriots at game's end is far too dangerous when the stakes are war and peace.

With his presidency in its final two years, signs multiply that Bush has lost patience on Iran with the U.N. Security Council, much as he did on Iraq in 2003. While Rice was traveling in the Middle East and Europe last week, American allies were being told that Washington would not seek new and tougher Security Council sanctions against Iran, as has been widely expected.

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Iran rejected the largely symbolic sanctions that were adopted by the council on Dec. 23 and vowed to continue its nuclear program. That program will allow Tehran to master within a year or two the technology needed to manufacture atomic bombs, according to Western intelligence agencies. Iran claims it will not develop such weapons.

But Russia's unexpectedly strong opposition even to weak sanctions adopted only after months of debate has deepened Bush's growing disillusionment with President Vladimir Putin.

The American leader is determined not to get caught in "a dead end" at the United Nations, according to U.S. officials. Bush is said to feel that Putin went back on personal pledges to support meaningful U.N. action in return for Bush's committing to diplomatic efforts last June. Bush rarely forgives someone he believes has gone back on promises to him.

Instead of returning to the United Nations for a new resolution, the administration has launched a broad effort to assemble an economic coalition of the willing to confront Iran. Trade, investment and the price of oil are the primary targets Washington chose for this coalition.

The United States wants European Union nations to deny export credits to Iran and to encourage their banks to join a campaign led by the U.S. Treasury to squeeze Iranian financial institutions linked to their government's support for terrorism in the Middle East. Iran's poorly managed oil fields are in desperate need of new foreign technology and investment, making Iran vulnerable to this kind of pressure.

The campaign received a big boost last week when it became clear that Saudi Arabia is finally worried enough about Iran to use oil as a weapon against the regime of President Mahmoud Ahmadinejad. Saudi oil minister Ali Nuaimi publicly opposed Iranian calls for production cuts by the OPEC cartel to halt a decline that has taken crude oil from $78 a barrel in July to just above $50 a barrel last week.

The Saudis have enough reserve production capacity to swing OPEC prices up and down at will. Their relatively small population gives them a flexibility in postponing revenue gains that populous Iran lacks. Nuaimi's pronouncement, although cast as a technical matter that had nothing to do with politics, seemed to give teeth to recent warnings issued in private by Prince Bandar bin Sultan, the Saudi national security adviser, that the kingdom will now respond to Iranian hostility with its own confrontational tactics.

So a broad, sustained campaign of economic sanctions is perhaps the most effective way to bring pressure to bear on an Iranian regime that has failed to deliver on its grandiose promises of prosperity to a restive population.

But it is the Europeans and the Saudis, not the Bush administration, who control the tools of economic pressure that Washington wants wielded. Managing a campaign in which the immediate price will be paid by others will require skill, extensive consultations and enormous patience.

Such a campaign would be undermined by hurry-up tactics built around the American political calendar, or the use of U.S. military force in Iraq intended to serve as a show of force against Iran. Divisions within the Saudi royal family over how to handle Iran also should be handled with care, not bluster, by Washington. A new consensus with Europe on how to proceed must be sought as well.

This will all take time. Bush must guard against a sense of false urgency dictated by his time in office coming to an end. As Charles de Gaulle counseled, history continues even though the graveyard is full of indispensable leaders.

Hang Up! Tehran Is Calling (NYT)

By Nicholas D. Kristof

The New York Times, January 21, 2007

One of the most worrying parts of President Bush's Iraq strategy doesn't have anything to do with Iraq. It's the way he's ramping up a confrontation with Iran.

Across a broad spectrum of policy levers, Mr. Bush is raising the pressure on Iran, increasing the risk that he will drag the U.S. into a third war in an Islamic country in six years. Instead of disengaging from war, he could end up starting another.

We could have taken another route. In 2003, Iran sent the U.S. a detailed message offering to work together to capture terrorists, to stabilize Iraq, to resolve nuclear disputes, to withdraw military support for Hezbollah and Hamas, and to moderate its position on Israel, in exchange for the U.S. lifting sanctions and warming up to Iran.

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Some diplomats liked the idea, but administration hawks rejected it at once. Lawrence Wilkerson, a former chief of staff to Colin Powell, says that the State Department sent a cable to the Swiss ambassador in Tehran, who looks after U.S. interests in Iran, scolding him for even forwarding the package to Washington.

Obviously, Iran's offer might have led nowhere. But it's plain where rejection of the offer has taken us: more Americans are dying in Iraq, and some experts worry about clashes with Iran itself.

The Iraq Study Group proposed engagement with Iran, but instead Mr. Bush has been escalating the rhetoric and military pressure.

"When you have such a buildup and have zero communications, and you have an arena like Iraq where you may step on each other's toes, you could have rapid escalation," warns Vali Nasr, an expert on the region at the Naval Postgraduate School.

It doesn't appear that Mr. Bush wants a war with Iran. His aim seems to be a show of force to deter Iran and reassure our allies in the region. But he is on a path that may easily lead to escalation.

It's unfortunate that we are ratcheting up the military pressure, because the administration has quietly taken one very useful step against Iran: squeezing its access to international banking transactions. That has caused real economic pain and has added to the unpopularity of Iran's hard-line president, Mahmoud Ahmadinejad. Those banking sanctions, not military moves, are a reason Mr. Ahmadinejad has been rebuked by the country's supreme leader.

Unfortunately, both Mr. Bush and Mr. Ahmadinejad benefit from confrontation. Both are unpopular domestically but can use a crisis to distract from their policy failures.

"The current strategy benefits Ahmadinejad," says Professor Nasr. "It's going to divert attention at the popular level from democracy."

Mr. Ahmadinejad is facing growing criticism: he has been heckled by university students and scolded in the press, and his candidates did poorly in recent elections. Ordinary Iranians love the U.S. — it's the most pro-American country in the Middle East I've visited — and a civil society is struggling to be born.

"If there is any military strike on Iran, all this movement will end," said Shirin Ebadi, the Iranian lawyer and Nobel Peace Prize winner.

Even some Republicans opposed to a "grand bargain" favor some kind of engagement. Mitchell Reiss, a former senior State Department official under Mr. Bush, proposes technical talks with Iran about drug trafficking and maritime security. "Even if they are a nonstarter for Tehran, I think we score points in the region for trying," Ambassador Reiss said.

Granted, Mr. Bush is right to be frustrated by Iran and the way it's defying the international community with its nuclear program.

Unfortunately, Mr. Bush's military pressure may end up making Iraq bloodier than ever. Instead of being cowed, Iran may use its proxies in Iraq, Afghanistan, Lebanon and elsewhere to kill more American officials and troops.

Or even ordinary Americans here at home. "It's a pretty good assumption that they have, if not operatives, at least sympathetic actors and affiliated groups" in the U.S., said Henry Crumpton, the State Department coordinator for counterterrorism.

Mr. Bush is absolutely right to denounce Iran's leaders for stealing elections, suppressing their people and dabbling in terrorism. But we ourselves are partly to blame for the awful government in Tehran.

By instigating a coup in 1953 and seeking special legal privileges for American troops in 1964, we empowered extremists like Ayatollah Ruhollah Khomeini and allowed them to tap nationalist outrage. So it would be in keeping with tradition if Mr. Bush, by shortsightedly stoking a confrontation with Tehran, now inadvertently helped Iranian hard-liners crush Iran's democracy movement.

Pakistani Role Seen In Taliban Surge At Border (NYT)

By Carlotta Gall

The New York Times, January 21, 2007

QUETTA, Pakistan — The most explosive question about the Taliban resurgence here along the border between Afghanistan and Pakistan is this: Have Pakistani intelligence agencies been promoting the Islamic insurgency?

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The government of Pakistan vehemently rejects the allegation and insists that it is fully committed to help American and NATO forces prevail against the Taliban militants who were driven from power in Afghanistan in 2001.

Western diplomats in both countries and Pakistani opposition figures say that Pakistani intelligence agencies — in particular the powerful Inter-Services Intelligence and Military Intelligence — have been supporting a Taliban restoration, motivated not only by Islamic fervor but also by a longstanding view that the jihadist movement allows them to assert greater influence on Pakistan's vulnerable western flank.

More than two weeks of reporting along this frontier, including dozens of interviews with residents on each side of the porous border, leaves little doubt that Quetta is an important base for the Taliban, and found many signs that Pakistani authorities are encouraging the insurgents, if not sponsoring them.

The evidence is provided in fearful whispers, and it is anecdotal.

At Jamiya Islamiya, a religious school here in Quetta, Taliban sympathies are on flagrant display, and residents say students have gone with their teachers' blessings to die in suicide bombings in Afghanistan.

Three families whose sons had died as suicide bombers in Afghanistan said they were afraid to talk about the deaths because of pressure from Pakistani intelligence agents. Local people say dozens of families have lost sons in Afghanistan as suicide bombers and fighters.

One former Taliban commander said in an interview that he had been jailed by Pakistani intelligence officials because he would not go to Afghanistan to fight. He said that, for Western and local consumption, his arrest had been billed as part of Pakistan's crackdown on the Taliban in Pakistan. Former Taliban members who have refused to fight in Afghanistan have been arrested — or even mysteriously killed — after resisting pressure to re-enlist in the Taliban, Pakistani and Afghan tribal elders said.

"The Pakistanis are actively supporting the Taliban," declared a Western diplomat in an interview in Kabul. He said he had seen an intelligence report of a recent meeting on the Afghan border between a senior Taliban commander and a retired colonel of the Pakistani Inter-Services Intelligence.

Pakistanis and Afghans interviewed on the frontier, frightened by the long reach of Pakistan's intelligence agencies, spoke only with assurances that they would not be named. Even then, they spoke cautiously.

The Pakistani military and intelligence services have for decades used religious parties as a convenient instrument to keep domestic political opponents at bay and for foreign policy adventures, said Husain Haqqani, a former adviser to several of Pakistan's prime ministers and the author of a book on the relationship between the Islamists and the Pakistani security forces.

The religious parties recruited for the jihad in Kashmir and Afghanistan from the 1980s, when the Pakistani intelligence agencies ran the resistance by the mujahedeen and channeled money to them from the United States and Saudi Arabia to fight the Soviet Union in Afghanistan, Mr. Haqqani said.

In return for help in Kashmir and Afghanistan the intelligence services would rig votes for the religious parties and allow them freedom to operate, he said.

"The religious parties provide them with recruits, personnel, cover and deniability," Mr. Haqqani said in a telephone interview from Washington, where he is now a visiting scholar at the Carnegie Endowment for International Peace.

The Inter-Services Intelligence once had an entire wing dedicated to training jihadis, he said. Today the religious parties probably have enough of their own people to do the training, but, he added, the I.S.I. so thoroughly monitors phone calls and people's movements that it would be almost impossible for any religious party to operate a training camp without its knowledge.

"They trained the people who are at the heart of it all, and they have done nothing to roll back their protégés," Mr. Haqqani said.

After the Sept. 11, 2001, attacks in the United States, President Pervez Musharraf, under strong American pressure, pledged to help root out Islamic extremism, and, as both head of the army and president, he has more direct control of the intelligence services than past civilian prime ministers. But according to several analysts, Pakistani intelligence officials believe it is more prudent to prepare for the day when Western troops leave Afghanistan.

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Pakistan has long seen jihadi movements like the Taliban as a counter to Indian and Russian influence next door in Afghanistan, the Western diplomat and other analysts said, and as a way to provide Pakistan with "strategic depth," or a friendly buffer on its western border.

In Pashtunabad, a warren of high mud-brick walls and narrow lanes in Quetta, the links of the government, religious parties and Taliban commanders to a local madrasa are thinly hidden, said a local opposition party member who lives in the neighborhood.

Three students from the madrasa went to Afghanistan recently on suicide missions, he said. The family of one of the men admitted that he had blown himself up but denied that he had attended the school. The man's brother suggested that he had been forced into the mission and that someone had recruited him for payment.

"Nowadays people are getting money from somewhere and they are killing other people's children," he said. "We are afraid of this government," he said. His father said he feared the same people would try to take his other son and asked that no family names be used.

President Musharraf relies on the religious party Jamiat Ulema-i-Islam, or J.U.I., which dominates this province, Baluchistan, as an important partner in the provincial and national parliaments.

At a madrasa, called simply Jamiya Islamiya, on winding Hajji Ghabi Road, a board in the courtyard proudly declares "Long Live Mullah Omar," in praise of the Taliban leader, and "Long Live Fazlur Rehman," the leader of J.U.I.

Members of the provincial government and Jamiat Ulema-i-Islam are frequent visitors to the school, the local opposition party member said, asking that his name not be used because he feared Pakistan's intelligence services. People on motorbikes with green government license plates visit at night, he said, as do luxurious sport utility vehicles with blackened windows, a favorite of Taliban commanders.

Maulvi Noor Muhammad, a Jamiat Ulema-i-Islam representative from Baluchistan in the National Assembly, recently received a guest barefoot while sitting on the floor of a grubby district office in Quetta, a map of the world above him painted on the wall to represent his belief in worldwide Islamic revolution.

He denied providing the militants any logistical support. "The J.U.I. is not supporting the Taliban anymore," he said. "We are only providing moral support. We pray for their success in ousting the foreign troops from the land of Afghanistan."

On a recent morning, the deputy director of the Jamiya Islamiya madrasa, Qari Muhammad Ibrahim, declined to meet a female reporter for The New York Times but answered a question from a local male reporter.

He did not deny that some of the madrasa's 280 students had gone to fight in Afghanistan. "In the Koran it is written that it is every Muslim's right to fight jihad," he said. "All we are telling them is what is in the Koran, and then it's up to them to go to jihad."

NATO officials and Western diplomats in Afghanistan have grown increasingly critical of Pakistan for allowing the Taliban leaders, commanders and soldiers to operate from their country, which has given an advantage to the insurgency in southern Afghanistan. In September, Gen. James L. Jones, then NATO's supreme commander, told the Senate Foreign Relations Committee that Quetta remained the headquarters of the Taliban movement.

Still, Pakistan has insisted that the Taliban leadership is not based in Quetta. "If there are Taliban in Quetta, they are few," said Pakistan's minister for information and broadcasting, Tariq Azim Khan. "You can count them on your fingers."

American officials and Western diplomats noted that, when put under enough pressure, Pakistan had come through with flashes of cooperation. But that only seems to reinforce the view that Pakistan's intelligence agencies are more in touch with what is going on in the Taliban insurgency than the government lets on publicly.

For instance, a senior Taliban leader, Mullah Akhtar Muhammad Osmani, who operated on both sides of the border, was killed in an airstrike in Afghanistan on Dec. 19, after Pakistan helped track him, an American official in Afghanistan said.

At the same time, a kind of dirty war is building between Afghan and Pakistani intelligence agencies. A senior Afghan intelligence official said one of its informers in Pakistan was recently killed and dumped in pieces in Peshawar, a border town. The Afghan intelligence service has also recently arrested two Afghan generals, one retired, who have been charged with spying for Pakistan, as well as a Pakistani suspected of being an intelligence agent.

President Musharraf has acknowledged that some retired Pakistani intelligence officials may still be involved in supporting their former protégés in the Taliban.

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Hamid Gul, the former director general of Pakistani intelligence, remains a public and unapologetic supporter of the Taliban, visiting madrasas and speaking in support of jihad at graduation ceremonies.

Afghan intelligence officials recently produced a captured insurgent who said Mr. Gul facilitated his training and logistics through an office in the Pakistani town of Nowshera, in the North-West Frontier Province, west of the capital, Islamabad.

NATO and American officials in Afghanistan say there is also evidence of support from current midlevel Pakistani intelligence officials. Just how far up that support reaches remains in dispute.

At least five villages in Pishin, a district northwest of Quetta that stretches toward the Afghan border, lost sons in the recent fighting in Kandahar between the Taliban and NATO forces, opposition politicians said.

One village, Karbala, is a main center of support for the jihad, local people say. Unlike the other villages, which blend into the stark desertlike landscape with their mud-brick houses and compound walls, Karbala has lavish houses, mosques and madrasas, suggesting an unusual wealth.

Farther on, in the village of Bagarzai, lies the grave of Azizullah, a religious scholar who used only one name and acquired fame as a Taliban commander.

Only 25, he was killed with a group of 15 to 20 men in an airstrike in the Afghan province of Helmand on May 22, said his father, Hajji Abdul Hai. Thousands of people attended his funeral, including senior members of the provincial government, the father said.

Mr. Hai, 50, who is a Jamiat Ulema-i-Islam member, denied that his son had been persuaded to fight by anyone. “From the start it was his spirit to take part in jihad,” his father said. “It’s all to do with personal will. If someone agrees, then he goes. Even if someone wishes to, no one can stop him.”

It is an argument that supporters of the jihad use frequently. But for some of the families mourning their sons, there is no doubt that the madrasas and the religious parties are the first point of contact.

That was the conclusion reached by the family of Muhammad Daoud, a 22-year-old man from Pishin who disappeared more than a year ago.

“In our search we went to many places and everyone said different things,” said his father, Hajji Noora Gul. “We went to the madrasa in Pashtunabad, but no one was ready to tell us his whereabouts.”

“Even the madrasa people did not know,” he added. “Behind the curtain of the madrasa, maybe there are other people who do this. Maybe there are some businessmen who take them.”

Then, he said, a Taliban propaganda CD came out showing his son with a group of others taking an oath before the Taliban commander, Mullah Dadullah.

“He had a shawl over his head and was preparing for a suicide bombing,” Mr. Gul said. “He said, ‘I am fighting for God, and I am ready for this.’ ”

His eldest son, Allah Dad, 33, blamed the jihadi groups and the Inter-Services Intelligence. “We don’t know how he made contact with those jihadi groups,” he said. “There are some groups active in taking people to Afghanistan and they are active in Quetta.

“All Taliban are I.S.I. Taliban,” he added. “It is not possible to go to Afghanistan without the help of the I.S.I. Everyone says this.”

Pakistan Denies It Harbors Taliban (WP)

By Pamela Constable

The Washington Post, January 21, 2007

ISLAMABAD, Pakistan, Jan. 20 -- Faced with new charges that Pakistan is harboring Islamic insurgents, including fugitive Taliban leader Mohammad Omar, Pakistani officials this weekend denied such allegations and defended their efforts to curb cross-border insurgent attacks in Afghanistan as sincere if not totally successful.

"We don't deny the Taliban come and go, but that is not the entire truth," Maj. Gen. Shaukat Sultan, Pakistan's military spokesman, said in an interview Saturday. "If 25 percent of the problem lies on our side of the border, 75 percent of it lies on the Afghan side." Of four known top Taliban commanders, he said, three are Afghan and one is Pakistani.

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Sultan and other officials denied statements by a Taliban spokesman arrested in recent days in Afghanistan that Omar has been living in the Pakistani border city of Quetta under the protection of Pakistani intelligence agents. Omar's capture has been a top priority for U.S. forces in Afghanistan since the overthrow of Taliban rule in 2001.

Afghan officials have long charged that Omar and other Taliban leaders operate from Quetta, and senior U.S. officials have recently begun echoing those accusations, saying Pakistan has not done enough to curb Taliban attacks although it continues to be a valuable ally in the broader fight against Islamic terrorism.

Sultan said Pakistani officials repeatedly had asked Afghan and U.S. authorities to provide them with solid information on Omar's location but had received none. He also asserted that the captured Taliban spokesman, known as Mohammad Hanif, had lied about Omar's whereabouts after being tortured by interrogators in Afghanistan.

However, the army spokesman acknowledged that several Afghan refugee camps near Quetta and elsewhere provide safe havens for insurgents, who he said easily cross back and forth across the busy and porous border. "They do come for rest and recuperation," Sultan said, adding that Pakistan plans to close the camps and send all their inhabitants home.

Pakistan's president, Gen. Pervez Musharraf, said at a meeting of his national security council Thursday that strong punitive action would be taken against illegal cross-border actions and against any terrorists seeking refuge in Pakistan, according to news reports here.

Pakistani officials also defended their recent military and political actions in the tribal regions along the northwest border with Afghanistan, including peace pacts with tribal leaders in the adjoining South and North Waziristan districts. Afghan and U.S. officials charge that cross-border attacks from that area have risen dramatically since the pacts were signed in September.

Sultan acknowledged that a senior Taliban commander based in South Waziristan, Beitullah Mehsud, had been recruiting and arming local men to become insurgents despite the terms of the peace deal, which was aimed at stopping extremist violence in Pakistan and across the border.

He said an airstrike against several training camps in South Waziristan last Monday had been aimed at punishing Mehsud, although the commander escaped and has since tried to rally supporters for revenge attacks. Sultan also denied reports this week that a pilotless U.S. Predator aircraft had first dropped bombs on the camp, saying, "The strike was carried out by us. We struck against five compounds and destroyed three."

In a separate interview Friday, Ali Jan Mohammed Orakzai, the governor of Pakistan's North-West Frontier province and the architect of the North and South Waziristan accords, asserted that the pacts had been successful in some ways but had led to worrisome local tensions and had not been able to stop all cross-border movement by insurgents.

"There have been no attacks on law enforcement agencies, and no efforts to challenge the government writ," Orakzai said. "We do admit that some cross-border movement is taking place, but to say that it has increased because of the agreement is unrealistic. We have 80,000 troops deployed on the border, and they are not sitting there for nothing."

He also said that the government was "really squeezing" local tribes that had violated the agreements, and that they had created confusion and tension between locals and foreign-born residents who fled to Pakistan from various Afghan conflicts over the years and now feel pressure to leave.

But Orakzai, a retired army general who led numerous military operations against Islamic militants in the tribal areas after 2001, said it was imperative to switch to a political approach after hundreds of soldiers died, traditional tribal structures collapsed and local anti-government sentiments soared, helping Islamic extremists attract more support.

Orakzai was scathing in his criticism of the Afghan government, saying it had been unable to extend control or services to much of the country and was largely to blame for the revival of the Taliban insurgency. "There is no democracy, no writ of government in Afghanistan," he said. The Afghan government has received billions of dollars in foreign aid and is protected by tens of thousands of NATO and U.S. troops.

In the past several weeks, the nature of Pakistan's role in relation to cross-border insurgent attacks has provoked contradictory foreign assessments. Top American military and civilian officials have said Pakistan needs to do more to eliminate safe havens for the Taliban and prevent them from slipping into Afghanistan.

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But NATO commanders in Afghanistan, who oversee 31,000 troops there, say Pakistan has helped international forces far more than is widely known. For example, they said, Pakistani intelligence sources were crucial in tracking down Akhtar Mohammad Osmani, a senior Taliban commander who was killed in a U.S. airstrike in southern Afghanistan in December.

"The Pakistan government does not wish to see the Taliban in power here," Lt. Gen. David Richards, the outgoing NATO commander in Kabul, said in an interview recently. "They are determined to bear down on the insurgency. But when they help us, they get no credit for it. No one says thank you."

Afghan Women's Quiet Revolution Hangs By A Thread (LAT)

By Alissa J. Rubin, Times Staff Writer

The Los Angeles Times, January 21, 2007

Each step toward equality has been a struggle, but the nation's instability is eroding their gains.

Kabul, Afghanistan — EACH morning, the policewoman puts on her uniform, goes to her precinct office, sits behind a bare desk. And waits.

She is one of several officers appointed to make it easier for women to report domestic violence. Her job ought to be one of the busiest in the district. Instead, Pushtoon, who goes by one name, has one of the loneliest.

"Last week we had one woman. Before that there had not been anyone for several weeks," she said, twisting hands left scarred by her attempt at suicide years ago in a Taliban jail. "Women are afraid to come, but we are not allowed to go to them.

"The police chiefs will not let us. They say it is unsafe for women officers," she said.

Five years after the end of the Taliban era, there are new opportunities for women in Afghanistan, and notable efforts are underway to make their daily lives better, especially in Kabul, the capital. Improving the status of women has been a core goal of U.S. policy here, and Secretary of State Condoleezza Rice said at a congressional hearing in 2005 that enshrining women's equality in the Afghan Constitution was an important advance for the entire region.

But conversations with dozens of women suggest that each step forward has been a struggle. Afghan society remains deeply uncomfortable with the idea of women gaining independence and authority. The Taliban's resurgence has reversed incremental gains, particularly in the south. If the Taliban incursions spread, more women are likely to lose ground.

Families in the south that recently began allowing their daughters to go to school and wives to enroll in vocational programs have pulled them out because of Taliban attacks.

"Women's future depends so much on security. As much as se-curity deteriorates, women's situation deteriorates," said Masuda Jalal, former acting minister of women's affairs. "At the first sign of insecurity, the head of the family protects his women and children, and the first measure they take is to keep them inside the house."

Women who have gained ground haven't talked of the constitutional principles of equality. Instead, they focus on the respect accorded women by the Koran, and on the importance of mothers and homes, where older women have long held positions of power.

Their goal, often unstated, is to convince fathers and brothers, husbands and sons that when a woman is empowered, the males benefit as well. They hope their daughters will at least have more choices than they had.

Women are learning to drive, some at their husbands' urging so they can help with family errands. Small numbers have opened bank accounts. Women have become a regular presence on television talk shows, and they deliver weather reports and other news features.

According to Farsona Simimi, a popular television talk show host, "There is a quiet revolution here." But, she added, "I do not know whether it will succeed."

Pushing a stone uphill

THREE times in the last century, the status of women has improved, only to suffer reversals.

The first time was in the 1920s, when ruler Amanullah Khan abolished the requirement that women be completely covered in public and encouraged his wife to wear a hat without a veil. He was ousted by the mullahs.

The lot of women improved again in the 1960s, when four women were elected to parliament. One of them was the mother of Nasrine Gross, now an Afghan American lecturer in sociology at Kabul University.

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A family album contains photos of her mother and several friends at a picnic 40 years ago. They wear knee-length dresses with short sleeves; a couple of them have beehive hairdos, strands blowing free in the summer breeze as they lean against a sleek car. Two men in Western clothing stand nearby.

"No one can believe these pictures were taken here," Gross said.

In the 1970s, political turmoil stymied women's progress. But in the next decade, ruling communists prohibited women from wearing burkas and appointed many to government posts. More than 50 were given judgeships, and many others took positions in the police and healthcare professions.

When the Taliban took power in 1996, it banned all education for women, even small girls. It removed women from almost all jobs outside the home and required them to cover their faces in public by wearing a burka. In some areas, it demanded that house windows be painted black so women could not see out and men could not see in. Women were whipped in public for the smallest infraction.

Educated Afghans and international aid workers say the U.S.-backed government of President Hamid Karzai has done little besides removing the Taliban restrictions. He has only one woman in his Cabinet of 25 and none among his top advisors.

Several Afghan women said that they had encouraged Karzai to do small things, such as have his wife accompany him to public events, but that he had never done so.

In the name of Islam

RAHALA Salim was one of those who became a judge under the communists, and she recalls watching in horror as the Taliban dismantled every vestige of protection for women.

"As a judge, when I saw women coming to me crying because they had been abused, I felt responsible, I felt I had to defend their rights," said Salim, who was removed from her post by the Taliban. Under its rule, she said, "if a man was accused of rape, it was the woman who was arrested and blamed."

Salim knew from her legal studies that Sharia, or Islamic law, offered women some legal protection. The Koran and hadiths, the sayings of the prophet Muhammad, are open to an array of interpretations. And early Islam glorifies several women, including Muhammad's daughter Fatima, who is portrayed as an independent leader of her people.

"We have to know the real Sharia; we have to be able to point to passages in the holy Koran and say, 'Here, read this,' " Salim said. "In Islamic history, men have been the boss. They want to be the boss forever. That's why they never want women to appear in public, but that is not Islam; that is cultural tradition."

The notion of Islam as a pillar of freedom came from Salim's mother.

"My mother didn't have any sons, and so my father took a second wife, and it made her extremely sad and it made her life very hard," Salim said. "She told me, 'Unless you can have enough education, you can never stand against men. You must learn Islam so you can struggle against them.' "

During the Taliban era, Salim began to teach the Koran. Once a week, 70 women would gather for classes, sometimes at her house, sometimes elsewhere so the Taliban would not become suspicious.

"I would cook something as if we were just gathering for a meal, and then we would recite the holy Koran and discuss Islamic questions and then political issues," she recalled.

After the Taliban fled, Salim ran for parliament. But she understood that she would need the mullahs behind her, and when she was elected, she asked them whether she could address families in the mosque. Her appeal opened the door for women to enter there. In her district, women never had; they prayed at home.

"It was the first time that women saw the inside of the mosque," she said. Then, with the mullahs' assent, she asked the families to send their daughters to school.

Other women have reached similar conclusions: that if they are to persuade men to stand behind them, they will need mullahs as allies and Islam as a shield.

Jalal, the former women's minister, has convened meetings of mullahs to discuss Koranic interpretations of women's rights. A meeting last summer in Kabul drew 100 mullahs from around the country. She also has asked new "women's councils" to work closely with local mullahs. So far, the councils are active primarily in Kabul and on its outskirts.

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In Chakadera, a district at the foot of mountains about an hour north of Kabul, Maseema Sakhi acts as the local liaison to the Women's Affairs Ministry. A tiny, graceful woman of 45, she went to college and teaches at the local grade school. But she married a village man and lives in a typical Afghan mud compound with several generations of family, where chickens and turkeys roam the yard.

She has made overtures to local mullahs, so when there are domestic problems they consider coming to her.

Recently a girl arrived in the village in tattered clothes, exhausted and battered. She had run away from her husband's family. She said she had been badly beaten and was afraid she would be killed.

In the past, the elders and the mullah might have forced the girl to tell them where she came from and taken her back, all but condemning her to death. This time, the mullah sent for Sakhi.

"She had walked three days and three nights through the mountains without stopping. Her feet were torn," Sakhi said. "She said she was so miserable in her home that she wished a wild animal would eat her. We took her to the women's ministry, and now she is in a shelter and she calls me her mother."

'Someone should listen'

PUSHTOON, the policewoman, never thought of herself as a crusader.

Her mother died when she was an infant. Brought up by her father in Logar province, south of Kabul, she gained a rudimentary knowledge of reading.

At 13, she was married to a man many years her senior. At 15, she bore the first of her six children. The family moved to Pakistan, where her husband, who was often unemployed, took up with a younger woman.

Depressed, confused and only dimly aware of how the Taliban treated women, Pushtoon returned to Logar to claim a piece of land her father had left her when he died. She wanted to sell it to help support her family.

But the Taliban arrested her, saying she must have killed her husband since he wasn't with her. Her only relatives were her husband's family, and they wanted the land for themselves. The Taliban accused her of murder and took her to the women's prison in Kabul.

Locked in a cell barely large enough for a bed, she became desperate.

"I was shouting and shouting that I was innocent, and no one was listening," she recalled, nervously touching the braid on the cuff of her police uniform.

After six months, she shut herself in a tiny, squalid latrine, lighted a match and held it to her clothing.

"The flames licked over the material and burned my hair and was burning my face and burned my hands," she said. "I burned myself to die there. That would have been better than a life in prison. I knew no one in Kabul. No one came to visit me. I had two daughters and four boys and they were in Pakistan and I missed them."

But she didn't die. And a few days later the Taliban released her. She still has scars on her hands and a dark, pitted mark on her forehead from the flames. She covers it with the ornamental red makeup that some Afghan women daub above their brows.

And she has a cause.

She cited the case of a woman who sought her help: "Her husband didn't have a job. He was home all the time and he beat her every day. He broke two of her teeth, and he put a pillow over her mouth when he hit her so she wouldn't shout and so the neighbors would not hear."

Such women are often afraid that if they complain, their husbands will kill them and they will bring dishonor to their families, Pushtoon said.

"I am doing this job now," Pushtoon said, "because when a woman says she is innocent, someone should listen."

'Happy Morning'

FARSONA Simimi has taken a different road, becoming a popular television talk show host on the Tolo network, one of Afghanistan's new private stations.

She uses the nonthreatening idiom of shows such as "Bride" and "Happy Morning" to help women think about asserting their rights and to help men understand the problems women face. She often alternates taboo topics with ones that even the most conservative men would not oppose.

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"Today I had two subjects on the family program: how to teach a child and how to get dark spots out of a shirt," she said with a smile.

Dressed modestly in a high-necked white blouse and an ankle-length white skirt, only her veil suggests her independent views: It perches so far back on her head that it looks in danger of slipping off, and it shows a swath of her slightly hennaed hair.

"When I first was on TV, my family was afraid for me," she said. "People said to my husband, 'How can you let her do that?' "

A year ago, one of Simimi's female colleagues was slain. Many people think it was because someone in her family considered her too modern. She wore blouses and tight jeans and went to clubs at night, said colleagues at Tolo.

It has taken almost three years, but Simimi has found that her audience is beginning to trust her. Women telephone her at the station and send her e-mails, and when she attends weddings or other large gatherings, they seek her out to ask questions or tell her their stories.

Her greatest regret is that television cannot yet show the cracked ribs and the burns and the other abuses women suffer.

"But we can talk about some of these things. One of our main topics on the family program is men beating their wives…. And we talk about arranged marriage from many perspectives, [such as] the father picks a person and doesn't talk about it or discuss it with the woman."

When she looks at her own family, she sees the problem writ small. Her young son recently told her as she was leaving for work, "Mama, you must wear a bigger scarf."

"Now, where did he get that idea? He is only 8, but he spends time with his father, with his grandfather — they must say some of these things," she said.

"It will take a long, long time for things to change. We must wait for this generation to grow up, and then maybe in two more generations we will see some changes."

The sewing circle

OUTSIDE Kabul, where villages sit lonely in the mountain desert, women's prospects are far bleaker. In Chakadera, Sakhi's village, formation of a sewing circle was seen as a major advance. It allowed women to meet and share their stories. But the conversations often turn to domestic violence.

Chakadera was on the front line when the Taliban took over, and its women were forbidden even to go to the village market. They married first cousins because those were the only people they could meet. Now the women gather in a school room to sew, to laugh a little, cry, and support those among them most battered by their men.

But no one knows how long the sewing group will last. In early autumn, a nearby school was burned. If there is another attack, the women might not be allowed to go out, or their daughters to go to school.

For now, Sakhi said, "everybody can come here to sew and weave and forget her sorrows for two or three hours each week."

One of the women, Malalai, 29, managed a smile even though she expressed little affection for her husband, who forbids her even to buy clothes for their children without his permission. Married at 15, she was a mother of three boys and two girls before she was 24. She wants a different life for her girls.

"I want them to get an education, to work, and only then to get married," she said.

What will happen if the Taliban returns?

She brushed her hand over several spools of thread sitting before her on the floor, knocking each one over as if they represented the sewing circle, the dreams for her daughters, the possibility of a different future.

"Gone," she said. All gone.

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Rubin recently was on assignment in Afghanistan.

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Editorial: A Case Of Justice That Stinks (ROT)

Roanoke (VA) Times, January 21, 2007

The administration's forced resignations among U.S. attorneys tell the tale of the corrupting influence of unchecked power.

is a new old story, about one of those "little-noticed" provisions in complex legislation that draws attention only when it starts to stink.

The complex law is the Patriot Act. The smelly provision -- one of many, but a noticeable one of late -- is an innocuous-seeming change in the way the executive branch makes interim appointments of U.S. attorneys.

In effect, the change allows the attorney general to replace federal prosecutors without Senate approval.

The Bush administration seems to be using this new power, in part, to rid the Justice Department of prosecutors deep into political corruption investigations and to put political hacks in their place.

Congress should act quickly to strip the law of a provision so ripe for abuse.

Distressingly, lawmakers passed the change without debate last year when the GOP-dominated Congress approved the USA Patriot Improvement and Reauthorization Act.

The political blog TPMmuckraker.com reports that a spokesman for one of the bill's Republican managers, Rep. James Sensenbrenner, said then-Senate Judiciary Chairman Arlen Specter slipped the new language into the bill at the last minute. Separate measures passed earlier in both houses did not include the change.

U.S. attorneys are appointed by the president and approved by the Senate. When appointees leave, voluntarily or not, the attorney general can make an interim appointment that is not subject to a Senate vote.

Formerly, such an appointment could last up to 120 days, after which a local federal district court would name a replacement until the vacancy was filled. Now interim appointments can last indefinitely, at least until the end of a president's term, a process that circumvents the Senate's check on executive power.

That change began stinking after a series of forced resignations that includes the impending departure of Carol Lam, the U.S. attorney for San Diego. Lam focused her office's efforts on successfully prosecuting former Rep. Duke Cunningham for corruption.

The head of the FBI's San Diego office bemoans Lam's ouster, saying it will jeopardize a continuing investigation that has touched several Republican lawmakers. He and several former federal prosecutors say her firing smells of politics.

Not so, Attorney General Alberto Gonzales insists. He testified at a congressional hearing Thursday, assuring Democratic Sens. Dianne Feinstein and Patrick Leahy that U.S. attorneys are never removed to retaliate for or interfere with an investigation or court case.

"Sources" suggest other reasons for Lam's firing, from her pursuit of public corruption and white-collar crime at the expense of drug smuggling and gun cases to a poor track record for convictions. Suspicions that politics underlies all would be hard to prove -- but they are also hard to dismiss.

One of Gonzales' interim appointments, after all, is J. Timothy Griffin, since late December the interim U.S. attorney for the Eastern District of Arkansas. His career up to then was spent largely doing "opposition research" -- digging up dirt on Democrats -- for the Republican Party and, from 2005 to 2006, for Karl Rove.

The Justice Department forced Griffin's predecessor to resign.

Such examples illustrate, at the least, the potential for putrefying politics to corrupt the Justice Department's use of truly awesome powers.

Feinstein and Leahy have filed a bill to restore the district court's authority to make interim appointments. Gonzales' protestations of high principle do not persuade. The senators should press on.

CORPORATE SCANDALS:

Prosecutor In Apple Case Joins Law Firm (BLOOM)

By Bloomberg News

Bloomberg, January 21, 2007

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Christopher J. Steskal, a lead prosecutor of a federal task force investigating the backdating of stock options at Apple Inc. and other companies, is leaving his San Francisco post to join a law firm, the United State Attorney's office in San Francisco confirmed late Friday.

Mr. Steskal's decision follows the recent resignation of his boss, United States Attorney Kevin V. Ryan.

Mr. Steskal also was the lead prosecutor in the government's case against Gregory L. Reyes, the former chief executive of Brocade Communications Systems.

Mr. Steskal, who was to try Mr. Reyes's case in June in San Francisco, is the second of five assistant United States attorneys on the task force to leave since its formation in July. He said he would join the San Francisco office of Fenwick & West within 30 days.

William J. Portanova, a criminal defense attorney and former federal prosecutor, said that he believed that the Brocade case would not suffer, no matter who is picked to succeed Mr. Steskal.

"The government has people stacked up ready to pick up the case and run with it," he said.

Luke Macaulay, a spokesman for the United States Attorney's office in San Francisco, said that one of two prosecutors the office is planning to hire would replace Mr. Steskal on the task force.

Departures Could Slow Option Probe Two In U.S. Attorney's Office Were First To File Charges For Backdating Stock Grants (SFC)

By Jessica Guynn, Chronicle Staff Writer

San Francisco Chronicle, January 21, 2007

The abrupt resignations last week of U.S. Attorney Kevin Ryan, the Justice Department's top law enforcement official in Northern California, and Assistant U.S. Attorney Chris Steskal, the lead prosecutor on the task force investigating stock-option backdating, raise questions about the fate of Bay Area technology companies under investigation.

Ryan gained a national profile for his aggressive stance on the controversial issue, becoming the first prosecutor to file backdating charges -- against two former executives of Brocade Communications Systems Inc. for allegedly violating securities laws by backdating stock options without properly accounting for them.

But it is the loss of Steskal, who is leaving to head the white-collar crime unit at Fenwick & West, headquartered in Mountain View, that could dramatically slow the pace of the criminal probes. Steskal was the office's resident expert on backdating, overseeing a dozen probes into suspect options grants, the highest-profile of which was Apple Computer Inc. He also was the lead prosecutor in the case against Brocade.

"Any time a line prosecutor leaves an investigation, there's clearly a loss of momentum because that person is invested, knows the cases and has spent all the time with the cases," said Thomas Carlucci, a San Francisco lawyer who represents former Apple attorney Wendy Howell, a potential target of the federal probe. "So there is undoubtedly going to be a momentary hiccup given that Chris has been the lead in all of the stock-option cases and in particular in the Apple case."

Luke Macaulay, a spokesman for the Justice Department, said the agency has a long track record of managing cases and investigations during leadership transitions.

"U.S. Attorney Ryan is taking care to ensure a smooth transition in the office's cases," Macauley said. "There continue to be many assistant U.S. attorneys with strong investigative skills and substantial trial experience on the stock-options backdating task force and throughout the office who are fully capable of carrying on the work of the task force."

In the long run, the swiftly revolving door at the U.S. attorney's office is unlikely to have a profound impact on the backdating probes, former federal prosecutors and legal experts agree.

"Whenever new leadership comes into an office, there is inevitably a period of adjustment and assessment for the new U.S. attorney to decide whether this type of investigation is going to be a priority and how much in the way of resources he or she is willing to commit," said former Colorado U.S. Attorney William Leone, now in private practice.

Will Ryan's successor share his zeal? Ryan and other federal prosecutors had pledged that 2007 will bring more prosecutions.

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"Mr. Ryan saw the critical import of these issues that touch on companies that employ hundreds of thousands of people and have billions of dollars of investments, including from citizens and pension funds," said James Post, a Boston University management professor. "He saw that no matter how you look at it, shareholders are hurt when options are backdated."

In an interview last month with The Chronicle, Ryan said his office was investigating more than 25 companies, of which 15 to 20 percent had troubling red flags. Any replacement for Ryan likely will pursue the high-profile cases, legal observers said.

"Obviously the question remains: Are there cases that can be made?" said one former federal prosecutor, who asked not to be named. "If there are good cases, I don't see why anyone wouldn't want to pursue them."

Backdating -- manipulating the timing of stock-option grants to enrich company executives -- became a cause celebre for Ryan, who in July formed a task force to focus on the growing scandal.

Since then, the toll of the scandal on corporate America has been heavy, engulfing as many as 200 companies and leading to a rash of executive resignations and billions of dollars in restatements as well as the indictment of five former top executives at two companies, Brocade and Comverse Technology Inc.

More than 2,000 public companies have backdating issues, according to Erik Lie, the University of Iowa finance professor whose research zeroed in on the widespread practice of choosing dates on which the stock was trading lower to inflate the value of options for executives.

Many of the companies embroiled in the scandal hail from Silicon Valley, the most prominent of which is Apple.

Dual investigations from regulators and prosecutors have unsettled investors, who are concerned about the future of Chief Executive Officer Steve Jobs. An internal investigation at the Cupertino tech giant found that Jobs chose "favorable" dates for options but did not understand the accounting implications.

Federal law enforcement is focusing on cases of serious fraud, such as deliberately misleading investors or forging documents. Many companies have voluntarily reported problems in the ways they accounted for options. Both the Justice Department and the Securities and Exchange Commission have promised swift and aggressive action.

Ryan is among a handful of top prosecutors nationwide who are leaving the Justice Department. Rumors of his pending resignation had circulated in the legal community for months.

A conservative Republican, Ryan served as a state prosecutor and state court judge before being appointed to the federal post by President Bush in 2002. His stormy tenure was characterized by high-profile prosecutions but also by widespread reports of low morale and an exodus of experienced prosecutors from the office, which has about 100 lawyers.

How he ran the office became the subject of a recent internal Justice Department audit.

In an e-mail to his staff, Ryan cited personal and professional reasons for leaving the job. Ryan did not say when his resignation will take effect, but one former federal prosecutor said he expects Ryan to leave office in the next four to six weeks, when his successor is lined up.

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Big Game? An Enron Survivor Hunts For Riches (NYT)

By Charles Duhigg

The New York Times, January 21, 2007

THE South Pacific islands of Papua New Guinea, where canned mackerel occasionally serves as currency and cannibalism was once on the menu, are a long way from the corporate jungles where Enron was born.

Yet amid the wreckage of Enron, the energy giant that went bankrupt in 2001, is a leftover sliver of the company that is still doing business in Papua New Guinea: an oil refinery near the country's capital, Port Moresby, that was shipped there from Alaska and in which Enron continues to hold a small stake.

In November, the relatively obscure Houston company that owns most of that refinery, the InterOil Corporation, made the kind of announcement investors crave: explorations near the refinery had uncorked a vast pool of natural gas potentially larger than the United States' total residential consumption of the fossil fuel in 2005. The size of the discovery was so large, Phil E. Mulacek, InterOil's chairman and chief executive, informed an analyst, that simply controlling its output "was sort of like trying to stop the Mississippi."

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Just a few years ago, such proclamations — and the executives who made them — might have been viewed as curiosities, if they were noticed at all. Energy prices were so low that many natural-gas discoveries were burnt off so that drilling rigs could extract precious oil deposits further below. And rattled investors might have been wary of any company linked to Enron, especially one like InterOil that was boasting of possible treasures unearthed in remote jungles.

But that was then. This is now.

After a lengthy dormant spell, the global search for gas and oil has reignited with a fervor that is transforming companies like InterOil into Wall Street darlings. "The gold rush is back on," said Andrew V. Boland, an energy analyst at Peters & Company, a Canadian investment firm. "It's like the wild, wild West, all over again."

InterOil's gas find — which is unconfirmed and may be impossible to transport — caused the company's stock price to soar and its market capitalization to swell to $891 million from $572 million within three weeks of the announcement. Many of InterOil's financial backers, including Merrill Lynch, Morgan Stanley, Goldman Sachs, Wells Fargo, and Boone Pickens's investment firm, increased their bets after the discovery was revealed. Stanley Druckenmiller, a former lieutenant of George Soros, disclosed three days after the announcement that his hedge fund had poured more than $30 million into InterOil stock.

The passion for unearthing energy riches goes well beyond InterOil, of course. Yet, as the tangled history and relationships behind InterOil demonstrate, fortune and merit do not always march in lockstep in today's energy scramble. In addition to enfranchising bold explorers, energy fever has empowered scrappy promoters and would-be kingmakers who are rushing to remake nations and economies in a flash, analysts say.

In a controversial move, the monarchy of Qatar, for instance, earned a shot at becoming a regional power broker after a collection of local magnates helped to persuade the government and ExxonMobil to pour more than $25 billion into the nation's gas fields. In Bolivia, President Evo Morales is trying to use his country's gas reservoirs to force neighboring Chile to give his landlocked country a corridor to the sea.

For small companies like InterOil, the possibilities for riches and influence are even more intoxicating. "I knew from the start this company would be great," said Wayne Andrews, an analyst at Raymond James who has long encouraged investors to buy InterOil. "These guys have moved mountains. They're working in an area with huge documented reservoirs of crude oil and natural gas. This is how fortunes are made."

Critics disagree. The company's history of disappointing results cause some to worry that not everything at InterOil is as it seems.

"This is a very questionable company," said Peter J. Hodson, a senior portfolio manager at Sprott Asset Management who has both owned and bet against InterOil's stock, but is not currently invested in the company. "These are not the types of people who are supposed to win the energy race."

INTEROIL was born in 1994, when Mr. Mulacek, a Texas oilman, bought a small Alaskan oil refinery and decided to relocate it halfway around the world.

Mr. Mulacek, who declined repeated interview requests, founded his first energy company in 1981 while he was still an undergraduate at Texas Tech University. In 1990, according to an interview with The Australian, the newspaper, he was processing oil waste in war-torn Kuwait when he met a group of Chevron executives. Four years later, they invited him to Alaska on a fishing trip that also included a tour of a small refinery that Chevron was trying to sell.

At the time, oil refineries were not in high demand. Global petroleum development had slowed to a relative standstill as energy companies faced record low oil prices. But Mr. Mulacek saw in the Alaskan refinery a unique opportunity: although the rugged terrain of Papua New Guinea, 6,000 miles away, was known to house oil and gas reserves — in some places, visitors could squeeze rocks until their hands were coated with an oily residue — the country had no domestic refining capacity. Mr. Mulacek, who is described by acquaintances as a uniquely intense and driven businessman, bought the refinery and started the move.

To find investors to finance the purchase, he enlisted the aid of Gaylen J. Byker, an oil executive who he had met through mutual acquaintances. Mr. Byker was about to become president of Calvin College, an educational affiliate of the Christian Reformed Church that is based in Grand Rapids, Mich. (Mr. Byker still holds that position.) But before taking the reins at Calvin

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College, Mr. Byker incorporated a small company to invest in Mr. Mulacek's refinery. A few months later, in mid-1995, Mr. Byker sold a portion of that company to his previous employer, the Offshore Energy Development Corporation.

When Offshore Energy went public a few months after that, Mr. Byker sold his shares for $1.6 million, according to securities filings. Five months later, Offshore Energy's stock had declined by more than 73 percent, and Offshore Energy announced that it was for sale. In 1997, Titan Exploration, controlled by the deal maker Richard Rainwater, and an Enron subsidiary named JEDI (an entity later implicated in Enron's bankruptcy) bought the company and its stake in Mr. Mulacek's refinery.

By the time Titan entered the scene, Mr. Mulacek and Mr. Byker were scrambling to find cash to finance the refinery's relocation, according to Mr. Byker. Foremost among potential financiers was the Overseas Private Investment Corporation, a federal agency also known as OPIC that offers American companies loans and insurance for foreign projects with strategic value to the United States.

By 1999, when InterOil's talks with OPIC were announced, Papua New Guinea was struggling to maintain a fragile peace achieved only a year earlier when a treaty ended a popular revolt that had claimed 20,000 lives. The United States had promised more than $1 million in direct aid to help quell unrest. In 2001, OPIC agreed to lend InterOil $85 million to finance the refinery's rebuilding.

By then, the project was almost 10 years old and reconstruction was almost complete. But the refinery failed to meet expectations: although it began in 2004 to process crude bought from other oil companies, and has produced millions of barrels of gasoline and other products, it has never sold any of it at a profit. InterOil has booked about $893 million in revenue over the last three years, largely by selling the refinery's output. But the company reported increasing losses, posting a net loss of $37 million in 2005 alone, the last full year for which data are available.

"When crude was $30 a barrel, this refinery made a lot of sense," said Mr. Byker, who still serves as an InterOil director. But the market for nontransportation fuels produced in the refining process, like naphtha, became less profitable as the price of crude rose, said Mr. Byker, causing InterOil's earnings to suffer. The company has spent millions of dollars making the refinery more efficient, but thus far "it hasn't worked out as we hoped," he said.

A dearth of profits, however, did not stop InterOil from raising wads of money from investors. InterOil raised more than $125 million from shareholders and $318 million from debt holders between 2003 and 2005, according to securities filings. It did so based on assets that consist primarily of the refinery, which Mr. Byker said InterOil bought for less than $10 million, about 60 Papua New Guinean gas stations and a handful of oil and gas exploration projects.

The company's executives and analysts say investors are willing to overlook InterOil's losses because they believe that its oil and gas exploration activities will eventually pay off.

"While there hasn't been any real success in the company's history, I think they're on the brink of something huge," said Mr. Andrews at Raymond James, one of the few Wall Street analysts who has consistently followed the company. "I know it's controversial, and when people bash the company, I can't really say they're wrong, but I think it's going to be a great investment. It's happened with other energy explorers before."

In the last seven years, InterOil has drilled major wells in at least eight locations in Papua New Guinea. At the beginning of many of those projects, InterOil executives announced impressive preliminary results. With wells bearing such robust and bullish names as "Rhino," "Sterling Mustang" and "Triceratops," InterOil has announced tentative oil finds that topped 1.3 billion barrels.

And, as has always been the case on Wall Street, rosy announcements often provide more than enough fuel to ignite a stock surge.

A dollar invested in the company's stock in January 2002, when InterOil first said it discovered a major new oil system in Papua New Guinea, would be worth nearly $11.50 today. (By comparison, $1 invested in ExxonMobil would be worth $2.10.) During that time InterOil insiders, including Mr. Mulacek and Mr. Byker, have exercised stock options worth millions of dollars, and hedge funds have sold large blocks of shares to smaller, retail buyers, according to interviews with some of these large investors.

But none of InterOil's wells have ever produced any significant amounts of oil, according to securities filings. Almost all of its petroleum wells are now capped or dormant. InterOil remains dependent on buying crude from other Papua New Guinea oil

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explorers and foreign companies that it then refines. Mr. Byker said the company has always been forthright about its exploration activities, and has always been explicit in public statements that its business projections may be wrong. "Those press releases were very carefully couched," Mr. Byker said.

InterOil's vice president for investor and public relations, Anesti Dermedgoglou, agreed. "There is often a difference between expectations and results in life," he said. "I can't help if investors get too excited. I don't control the stock price."

Mr. Byker added that throughout the company's history, InterOil insiders have held onto most of their stock, showing that they are as dedicated as the investors they approached.

The company has also always urged inside shareholders to be forthright about their purchases and sales of the company's stock, he said.

"We're all pretty well committed," said Mr. Byker, who personally owns shares worth more than $8 million. Mr. Mulacek holds shares worth more than $25 million, according to securities filings.

But Mr. Byker acknowledges that the company's convoluted, labyrinthine ownership structure makes it difficult to know exactly who owns what at InterOil. For instance, a portion of InterOil's shares are owned by a series of different entities that Mr. Mulacek and his family partially own. There are also a number of other entities partially owned or affiliated with Mr. Mulacek or Mr. Byker that own InterOil stock.

"The company grew up over a long period of time, and so there were a lot of different groups involved," Mr. Byker said. Although identified in filings as one of InterOil's largest shareholders, Mr. Byker said that "there are lots of other people involved with this company who own more than I do."

"But it's hard to tell who they are or who owns what," he added, "because they work through limited partnerships and offshore companies."

Such explanations have not satisfied some short-sellers and analysts, such as Ira Zadikow at Great Eastern Securities in New York and Mr. Hodson of Sprott Asset Management, who say the company's complicated ownership structure is worrisome.

InterOil has obtained millions of dollars in loans from Clarion Finanz AG, the investment firm of Carlo Civelli, a Swiss businessman who has worked with Mr. Mulacek since 1996 as an investor or adviser. Last year, InterOil announced that Clarion and Merrill Lynch had agreed to lend the company $130 million. Mr. Civelli has a long history as an investor in Canadian energy, mining and technology companies, where he often takes director posts.

In 1994, according to news reports, two inspectors working for the British government reviewing insider-trading allegations accused Mr. Civelli of improperly working with a broker to disguise stock sales of companies involved in takeover talks. The inspectors also examined financial transactions that they believed were "akin to a money-laundering operation," according to the reports, for possible links to Mr. Civelli. Mr. Civelli was never charged with any crimes by the British government, and Vancouver Stock Exchange officials who reviewed the report decided not to pursue their own investigation.

In an interview, Mr. Civelli said that he would have been criminally charged if there had been any real evidence of wrongdoing. "They were interested in destroying my reputation," he said. "They were not interested in the truth."

In a second, unrelated case earlier this year, Canadian securities regulators said Mr. Civelli had covertly helped another executive gain control of a publicly traded energy company after regulators had banned the executive from running any public companies. Mr. Civelli said the regulators' claims were false, and that he was simply helping to broker a stock deal. Canadian regulators have not charged Mr. Civelli with any wrongdoing in the matter.

Merrill Lynch, which had a banking relationship with Enron and is now one of InterOil's major lenders, declined to discuss its relationship with Mr. Civelli or InterOil. For his part, Mr. Byker asserted that Mr. Civelli's problems had nothing to do with InterOil. "He's been a very reliable and straightforward person in everything involving InterOil," he said.

InterOil has had other entanglements with controversial figures. In 2004, Mr. Mulacek hired an investor relations executive named Carl Caserta, whom the Securities and Exchange Commission had barred from the securities industry almost two decades earlier, after he was accused of buying hundreds of thousands of stock shares for clients without their authorization. Mr. Caserta, who declined to speak on the record, stopped working for InterOil in 2005, according to his former employer, Lighthouse Capital Ltd.

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Mr. Byker said the InterOil board was not aware of Mr. Caserta's history when he was retained. Mr. Dermedgoglou of InterOil said he was not aware that the firm had hired Mr. Caserta.

THE tangled corporate structure at InterOil, and the skein of financial and business relationships propping it up, might not have generated much attention if the company had not unfurled its November announcement about the Mississippi-sized natural-gas fields it had found in Papua New Guinea. The timing of the announcement was impeccable, arriving amid a global transformation in energy exploration.

For years, foreign development of natural gas lagged behind the search for other resources like petroleum, because low natural-gas prices did not generate much interest. But earlier in this decade, energy prices began rising and natural-gas exploration became much more attractive. Previously discovered but undeveloped gas fields in Qatar, Nigeria, Indonesia, Algeria, Australia, Iran, Egypt and Trinidad and Tobago began drawing interest. Analysts at Cambridge Energy Research Associates forecast that production of liquefied natural gas, or L.N.G., will more than double by 2012.

InterOil's blue-chip backers, all of whom declined to speak about the company, are betting that some of that enthusiasm will spill into Papua New Guinea. But if InterOil's gas find is to become a gold mine, someone needs to build a plant nearby that can convert natural gas into a liquid, so it can be easily transported.

While InterOil bought its refinery for just $10 million, L.N.G. plants are a tad more pricey: the cost of such facilities starts at about $4 billion.

"The name of the game is creating the infrastructure to bring reserves to market," said Michael Zenker at Cambridge Energy Research Associates. "There's a tremendous appetite for L.N.G. projects, and companies and development banks are lining up. Where that money goes may have as much to do with hype and politics as economic logic."

Almost every country with untapped gas fields is racing to convince major energy companies, international lenders and third-world development organizations that its gas finds justify extraction. In November, when InterOil tentatively reported its discovery of 4 trillion to 11 trillion cubic feet of natural gas, the company also said it had lined up $130 million for pre-engineering work on a liquefied natural gas plant. But to win the energy race, it obviously will need to raise much more.

To that end, InterOil executives have enlisted Papua New Guinea's prime minister, Sir Michael Somare, and its energy minister, Sir Moi Avei, to convince investors and foreign governments that the nation deserves their help. At InterOil's urging, the country has changed its tax laws to make natural-gas investments more profitable. InterOil executives are circling the globe to pitch investors on the company's stock and a major new refinery project.

Some independent engineers and analysts say InterOil's efforts may pay off.

"They've been very open with their data, and at first glance you can't help but be amazed," said Robb Moss, a geologist at Acumen Capital Finance Partners in Calgary, Alberta, who has reviewed InterOil's published findings. Acumen is not an investor in the company.

"But until you drill a lot of wells, you can't really measure anything," Mr. Moss added. "It's almost impossible to accurately forecast anything at this stage."

Furthermore, analysts say, given the enormous amount of natural gas development occurring elsewhere, it is unclear if developing even a large discovery makes sense. InterOil critics note that Australia, a neighbor of Papua New Guinea, is already the fifth-largest producer of liquefied natural gas in the world, and is expected to more than double its production by 2015, according to the United States Department of Energy. Such concerns helped persuade a consortium of investors to pull out of plans to build a pipeline from Papua New Guinea to Australia in August.

"High gas prices have seduced investors into overlooking concerns," said Mr. Boland at Peters & Company. "Energy is always cyclical, and the natural-gas market is particularly fickle."

If InterOil can convince investors to back an L.N.G. plant, the company is almost certain to profit from the gas fields, analysts say, because it will make the deposits cheaper to develop than fields in other countries.

To that end, Mr. Mulacek is working hard. A few years ago, he flew with a handful of Papua New Guinea ministers to Trinidad, a nation that won the natural-gas lottery when a plant was constructed there in the late 1990s. Today, the energy industry is one of Trinidad's largest employers.

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"We're making our case to organizations like OPIC, who want to help impoverished countries, and to groups like Merrill Lynch and foreign investors, who are very interested," Mr. Byker said.

If InterOil succeeds, the company's shares, which closed on Friday at $26.20, may climb. If executives fail, or the discovered gas reserves turn out to be too small to justify a pipeline or plant, the company may, like Enron, simply disappear.

InterOil's executives are undaunted, and enthusiastic, about the challenges of striking it rich in Papua New Guinea.

"This is a beautiful island, filled with amazing jungles and rainforest, spectacular animals and birds that are like something out of storybooks," Mr. Byker said. "It's like an unknown frontier. These areas need visionaries. That's how dreams become real."

Why Backdated Options Might Be Contagious (NYT)

By Mark Hulbert

The New York Times, January 21, 2007

DIRECTORS of corporations often form a tight-knit community, serving at more than one company and creating what are known as interlocking boards of directors. As a result of this chumminess, corporate practices that otherwise might remain confined to just a few companies can spread quickly.

That appears to have been the case with the backdating of stock options, according to a new statistical study of publicly traded American companies.

The study's authors are two finance professors, John M. Bizjak of Portland State University in Oregon and Michael L. Lemmon of the University of Utah, as well as one of Professor Lemmon's graduate students, Ryan J. Whitby. A version of the study, "Option Backdating and Board Interlocks," is at papers.ssrn.com/sol3/papers.cfm?abstract-id=946787.

Options backdating, of course, involves retroactively granting options to executives and directors on dates when a company's stock price was lower. The practice has favorable monetary, accounting and tax consequences for the companies themselves, as well as for the recipients. It isn't necessarily illegal, but it must be disclosed under federal securities law. Federal prosecutors and the Securities and Exchange Commission are investigating numerous companies in connection with options backdating.

How did the practice become trendy in boardrooms across America? According to the study, a big part of the answer may be found in interlocking boards, which the researchers describe as the biggest conduit for transferring information about options backdating.

The study looked at publicly traded companies that granted options at any point from 1996 through 2002, and it particularly examined those that began to engage in options backdating during this time. The researchers found that the probability that a company would start the practice rose by a third to a half if one of its directors was also on the board of a company that was already backdating options. The range in these probabilities depended on various factors, including the number of directors who served on other companies' boards.

The researchers would not have been able to reach statistically meaningful results based only on the 120 or so companies that regulators have publicly identified as under investigation for possible options backdating. As a result, the sample was expanded to include other companies where the odds of having engaged in the practice were overwhelming, according to the researchers.

To identify these additional companies, they looked at the behavior of the companies' stocks in the days before and after the option grant dates. If the price of a company's stock fell substantially just before the grant date, then rose substantially immediately after, the researchers flagged the grant as suspicious. That's because the odds are extremely small, they say, that a company would randomly pick a date so conveniently sandwiched between a large price drop and a subsequent price hike. Even so, the researchers didn't assume that a company had engaged in backdating unless at least 20 percent of its option grants were suspicious.

In an interview, Professor Bizjak said that though this hurdle was quite high, surpassing it wasn't proof that a company backdated options. There is a small theoretical possibility, he said, that the company was just lucky in picking very favorable days for granting at least 20 percent of its options. But he and his fellow researchers are confident, he said, that the number of companies that backdated at least some options is close to the total reached in their study. He also noted that this number —

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around 1,400, or 43 percent of the publicly traded companies that granted options from 1996 to 2002 — was in line with estimates reached by other academic researchers.

IF these estimates are even modestly close to correct, there are hundreds of companies that engaged in options backdating but whose identities are not yet public. The study didn't identify any likely companies by name, but it showed investors how to do so themselves. Such insight could be valuable, because a company's stock typically drops when previously undisclosed backdating is belatedly made known.

Professor Bizjak advises investors to check whether the boards of any companies in their portfolios are heavily interlocked with those of companies where backdating is already public knowledge. There is a markedly increased chance that such companies have also engaged in the practice, making their stocks vulnerable.

CRIMINAL LAW:

Calif. Zone Tops In Porn Arrests (FRESBEE)

By John Ellis, The Fresno Bee

Fresno Bee, January 21, 2007

Area including Fresno leads nation in exploitation indictments.

When it comes to fighting child exploitation, no part of the nation has put up statistical numbers like the federal law enforcement zone centered on Fresno and Sacramento.

Over the past two fiscal years — including the one that ended Sept. 30 — the Eastern District of California has indicted more people for child pornography, molestation and related crimes than any other federal law enforcement zone in the nation.

In the fiscal year that ended Sept. 30, the number was 71. In the one that preceded it, the total was 67.

"It's something we're very proud of," said McGregor W. Scott, U.S. Attorney for the Eastern District of California.

Proud, but also surprised. Such information, Scott said, isn't published regularly, and for the most part the various federal districts around the nation are unaware of any statistical crime totals from outside their own region.

This particular recognition came last month, during a Washington, D.C., conference on Project Safe Childhood. During a speech, Associate Attorney General Bill Mercer — who holds the No. 3 position at the Justice Department — singled out the Eastern District of California, which runs from Kern County to the Oregon border, as the national leader in child exploitation indictments.

Assistant U.S. Attorney David Gappa, who specializes in child exploitation cases in Fresno's federal courthouse, said, "We're always just looking for a way we can do a case, rather than ways we can't do it."

Scott cited four primary reasons for the high numbers in his district:

Weak state laws. Until recently, Scott said, California had weak child pornography and child exploitation laws.

That changed somewhat in September, when Gov. Schwarzenegger signed a package of bills that, among other things, allows possession of child pornography to be charged as a felony and extends prison sentences for Internet luring.

Before that, Scott pointed out, the federal government "was the only game in town" for "egregious cases where men posed a real threat to children."

Outreach. During his first six months on the job, Scott said, he visited all 34 counties in California's Eastern District, talking to sheriffs and police chiefs at every stop.

Because of the state's weak laws, he stressed that law enforcement officials should send child pornography and child exploitation cases to the federal level for prosecution. They responded, he said.

Making it a priority. Studies done among inmates at federal penitentiaries found a connection between possession of child pornography and child molestation.

It prompted a policy change at the U.S. Attorney's Office for the Eastern District, labeling such crimes as "crimes of violence" and making prosecution of them a priority.

Momentum. In the end, a snowball effect happened as local and federal law enforcement and federal prosecutors saw the results of their efforts — long prison sentences for those convicted of child pornography or child exploitation crimes.

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Gappa said the cooperation between agencies was key in the effort.

"We're fortunate to have aggressive prosecution, but we're also benefitting from high-quality investigations at agencies that have also made it a priority."

He specifically cited Clovis police, the Fresno County Sheriff's Department and the federal Immigration and Customs Enforcement for their efforts.

Rick Eaton, assistant special agent in charge of the federal Immigration and Customs Enforcement's Sacramento office — which oversees Fresno — agreed that cooperation between law enforcement agencies has been critical to the successful child exploitation efforts.

"I have never had a better working relationship in 30 years of law enforcement than with the U.S. Attorney's Office," Eaton said.

"It makes you want to cooperate with everybody else."

The reporter can be reached at jellis@fresnobee.comor (559) 441-6320.

Violent Crime Falls Sharply In Providence (PROJO)

By Gregory Smith, Journal Staff Writer

The Providence Journal, January 21, 2007

PROVIDENCE — With a crew of streetworkers calming gang feuds and a gun task force invading criminal haunts, the frequency of murder has fallen to a historic low in Rhode Island's capital city.

The number of slayings fell by half last year and violent crime overall declined sharply, Police Chief Dean M. Esserman said, as improved law enforcement strategy and tactics such as the streetworkers and gun task force had a cumulative effect.

While 22 people were killed in 2005, that fell to 11 in 2006, which Esserman said last week is the fewest in 31 years.

Violent crimes decreased by 18.6 percent last year, according to preliminary figures in a police document obtained by The Providence Journal. The number of such crimes — homicide, rape, robbery and aggravated assault — fell from 1,145 to 932, a decrease of 213.

Mayor David N. Cicilline and the chief are scheduled to announce final numbers for 2006 tomorrow, including figures for property crime and total crime. Excepting murders, the final figures for violent crime may vary slightly from the preliminary figures.

Killings in Providence, the second most-populated city in New England, peaked at 30 in 2000, then declined to 23 in 2001 and 2002, to 20 in 2003, and then to 18 in 2004. The next year there was a spike, to 22, but then the number plummeted last year.

Esserman has no explanation for what he called "a blip" in killings and violent crime in 2005. But since he became chief in January 2003, he contends, a disciplined, dedicated and properly staffed Police Department has brought down both violent and property crimes.

"We have focused on crime as never before over the last four years," Esserman said last week. "Even though we worked very hard in 2005, there was some terrible violence that was hard for us to intercept. … I think our strategies are working" overall.

Those strategies, among others, include the government-subsidized streetworker program, in which paid youth workers from the nonprofit Institute for the Study and Practice of Nonviolence mediate conflicts and try to head off violence; a concerted effort to separate criminals from their guns; and community policing.

Community policing entails the decentralization of the police command to delegate more decision-making authority to captains and lieutenants in neighborhoods, and the enlistment of community groups, other agencies inside and outside law enforcement, and residents to help solve problems and prevent crimes.

The decrease in killings and violent crime in Providence runs contrary to a national trend over the past few years in which cities comparable to Providence and larger cities generally have seen an increase. The severity of the violence has gotten worse and teenagers are becoming criminals at a younger age, according to law enforcement experts.

Violent crime nationwide surged by 2.5 percent in 2005 — the highest rate of increase in 15 years — according to the FBI. And for the first six months of 2006, violent crime was up nearly 4 percent. The FBI does not yet have a figure for the entire year.

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Although a reason sometimes is never found, slayings generally stem from the illicit drug trade, money or street disputes and personal relationships that sour, such as cases of domestic violence. Gang activity can be a direct factor, although the police say gang-related violence in Providence has diminished, in part because of a gang task force that predates Esserman's tenure.

None of the 2006 homicide victims in Providence was younger than 20 years old, a phenomenon in which Teny Gross, director of the Institute for the Study and Practice of Nonviolence, takes some pride.

"We work on small conflicts. We don't wait for them to become huge," he said of the streetworkers.

"A lot of little detail works. If a kid gets robbed, we're trying to mediate, trying to get stuff returned."

"As a salesperson of a positive lifestyle," Gross said, "I still have very little to offer" compared with the lure of the streets and the camaraderie of gangs. Investing in youth programs pays off in the long run with a reduction in crime and other benefits, he said.

The streetworker program began in August 2003 with three streetworkers and expanded to five in 2005. Gross did a flurry of hiring in 2006, boosting his crew to 13, and he said the larger complement had an effect. But he cautioned that he is having trouble paying for them.

One of the factors in the decline in violent crime over time is fewer shootings, which fell to 44 in 2006. There were 105 people shot in 2002, 92 in 2003, 73 in 2004 and 65 in 2005. A five-member gun task force, according to Esserman, has had an impact.

Task force members watch criminal hangouts, waiting for suspects to do something suspicious so they can confront and frisk them in the hopes of finding a gun. However, more firearms actually are seized by the police Narcotics and Organized Crime Bureau in the course of drug investigations.

The U.S. Justice Department collaborates with the city police, arranging for the assignment of agents from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives to work on gun crime. Everyone caught with a gun is interviewed by a federal agent to determine if the suspect is eligible for federal prosecution, according to Esserman.

Gun-carrying criminals are dealt with more harshly in the federal criminal justice system than in the state system, with longer sentences and incarceration in prisons far away from family and friends. Although the federal system has a provision for sentence reduction called "good time," there is no parole.

A properly sized police force also has made a difference, according to Esserman.

"Most [sizeable] police departments in the country have suffered significant attrition in the last four years," Esserman said. For example, he pointed out, the New York City police force was reduced by several thousand officers, Boston by several hundred and New Haven, Conn., by several dozen.

The chief credited the mayor and City Council for maintaining Providence's force of 494, which currently has no vacancies.

"There is no me" in the anticrime achievements, said Esserman, who thanked state and federal officials and other groups that he counts as the department's partners. "There's only we."

"We have focused on crime as never before over the last four years."

Dean M. Esserman,

Providence police chief

"We have focused on crime as never before over the last four years."

Dean M. Esserman,

Providence police chief

WHO IS R. LINDLEY DeVECCHIO? (HTRIB)

By CAROL E. LEE

The Herald Tribune (Southwest Florida), January 21, 2007

SARASOTA -- By the time R. Lindley DeVecchio settled in Sarasota, his days at the FBI had become gangland lore.

He worked Brooklyn turf alongside storied undercover agents like "Donnie Brasco," back when mobsters gunned each other down in the streets and children stumbled upon bullet-riddled corpses while playing outside.

Having sealed up a 33-year career with the FBI, DeVecchio bought a courtyard-style home set among hammocks of palms in virtually crime-free Palmer Ranch. He became a grandfather. He got elected president of a homeowners association where the major issue is landscaping.

And then he got indicted for murder.

The supervisory special agent who helped bring down the leaders of New York City's five organized crime families now faces four 25-years-to-life prison sentences in what a prosecutor at the Brooklyn District Attorney's Office has called "one of the worst cases of law enforcement corruption in the history of this country."

As he awaits another pretrial hearing this month, DeVecchio, 66, has also been busy tending to some local matters, leading the search for a property manager at his deed-restricted community and coordinating elections to the homeowners association.

Some 1,200 miles north, in the chambers of a small Brooklyn courtroom, sits the bane of his golden years.

The foot-thick case file charges that when DeVecchio was investigating organized crime in the 1980s and 1990s, he gave a legendary capo in the Colombo family the addresses of his enemies and details about whom among his crew might be a rat.

The leaks led to the shooting deaths of a young woman, an 18-year-old kid, a mobster flirting with born-again Christianity and a bus company employee, court documents say.

DeVecchio, who declined to speak publicly about his pending trial or his life in Sarasota, pleaded not guilty to all four counts of second-degree murder at his March 30 arraignment in Brooklyn State Supreme Court.

And a 1994 internal Justice Department investigation into similar accusations found he had done nothing wrong.

"We deny the allegations in as strong a language as you can possibly deny anything," said one of DeVecchio's lawyers, Mark Bederow. "He's being falsely accused of the worst crimes imaginable."

But Brooklyn prosecutors say DeVecchio became too entwined with top-echelon informant Gregory Scarpa Sr., a "made" Colombo family mobster who once boasted that he stopped counting the number of murders he committed after reaching 50.

DeVecchio, prosecutors say, fed Scarpa confidential FBI information that kept the Colombo consigliere out of jail and helped him take out rivals. He took weekly payments in return and extracted inside information about the Mafia that aided his rise in the bureau, court files allege.

New York tabloids have since branded DeVecchio a "rogue," and his court appearances are main events. There, the case generates the pomp of blue-ribbon kinds on which prosecutors make names for themselves.

Here in Sarasota, DeVecchio's presence mostly goes unnoticed.

Taking the occasional note and wearing a sticker name tag, he sat quietly through a two-hour community meeting last week, where residents gave out certificates for best holiday decorations and a sheriff's deputy explained how he handles teenage disturbances.

In DeVecchio's community, Savannah at Turtle Rock, the rare mention of his legal woes falls on shrugged shoulders. His neighbors do not pry.

"It's not an issue. The folks here -- which is very, very nice -- judge you for what you're doing," said Ron Mingst, who lives next door to DeVecchio, whom he met at a New Jersey gym about five years ago. "You're doing a good job in the community. You're doing a good job as president of our association. That's what they see."

From clerk to agent

In 1963, DeVecchio was 23, with a political science degree from George Washington University and a clerk's job in J. Edgar Hoover's FBI. Scarpa was in his initial years as an informant.

DeVecchio became an agent a few years later and soon specialized in organized crime at the bureau's New York City office.

"He was one of the best informant analysts that we had," said James Kossler, one of DeVecchio's former bosses. "He was very good at developing informants and getting information that we needed."

Informants are paid FBI sources who are not allowed to participate in criminal activities without permission from the bureau.

But Gregory "The Grim Reaper" Scarpa dabbled in a medley of crimes: loan sharking, drug dealing, burglary, illegal gambling and murder.

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One of his attorneys once told The New Yorker magazine that Scarpa being an FBI informant was as inconceivable as finding out that "Mother Teresa is assisting Saddam Hussein."

Handling the mobster was a touchy endeavor, and the FBI had a falling out with him in the mid-1970s.

DeVecchio brought Scarpa back into the fold in 1980 after getting permission from the bureau.

The charismatic agent with curly, dark hair and a mustache became the only one in the bureau to deal with the informant.

"Scarpa immediately became an important source of information in connection with the FBI's war on organized crime because he was highly placed in the Colombo crime family," DeVecchio stated in court records. "Moreover, Scarpa understood the inner workings of the Colombo crime family."

DeVecchio's informant finesse helped then-U.S. Attorney Rudolph Giuliani jail leaders of the city's Cosa Nostra in the celebrated 1986 Commission case.

"Without Lin or without that informant, we wouldn't have been able to accomplish what we did," Kossler said.

But the Brooklyn District Attorney's office says that over the course of their 12-year relationship, Scarpa also gave DeVecchio rolls of rubber-band bound cash for confidential information, and DeVecchio kept $66,598 of FBI money intended for Scarpa.

DeVecchio has said he never took more than small gifts from Scarpa, such as a pan of lasagna and a Cabbage Patch doll when they were popular and scarce. He vehemently denies intentionally giving any information to Scarpa that could have led to the murders of which he stands accused.

"At no time did I ever instruct Scarpa to murder anyone," DeVecchio stated in an affidavit. "Nor did I ever conspire with him to plan any murder."

The murders

In late September 1984, DeVecchio walked up the four steps leading to Scarpa's two-story home on Avenue J in Brooklyn and suggested he "take care of" the girlfriend of Alphonse Persico, a fugitive and the brother of the Colombo family boss, court documents charge.

He said 31-year-old Mary Bari had talked to federal agents and might reveal the location of Persico, prosecutors allege.

A few days later, Scarpa and his crew lured Bari to a Brooklyn bar with the promise of a job offer. As she entered the club, one of them allegedly slid his arm around her and pushed her to the floor. She was shot three times in the head, the case charges.

Prosecutors say DeVecchio gave Scarpa a similar tip a year and a half later. He told him that one of his crewmen, Joseph DeDomenico, 44, had cut him out of profits from robbing jewelry and fur stores, and could be a liability because he was dating a born-again Christian, court documents allege. Being born again was one step from being a rat, prosecutors say Scarpa later told his right-hand man, and he ordered DeDomenico killed.

DeVecchio again warned Scarpa of a potential snitch among his ranks in May 1990, prosecutors charge. And a couple of Scarpa soldiers later shot 18-year-old Patrick Porco in the head and dumped his body on a street corner, the case alleges.

A bloody internal war broke out in the Colombo family the following year, in the wake of its boss's imprisonment.

DeVecchio was a supervisor of the FBI squad investigating the Colombo family. Scarpa continued to pick off rivals.

One of them was Lorenzo Lampasi, 66, whom he shot with a rifle outside his Brooklyn home after DeVecchio gave Scarpa his address, prosecutors charge.

The war lasted about a year. Nearly a dozen people died.

Retired to Florida

Scarpa was convicted on gun charges in 1992. The FBI ordered DeVecchio to cut ties.

Around the same time, some of DeVecchio's colleagues began to question the orthodoxy of his relationship with Scarpa, who died in prison in 1994 while serving time for murder and racketeering.

The department conducted a two-year investigation and found DeVecchio innocent.

He retired from the FBI in October 1996.

He sold his home in Dumont, N.J., where he had lived for decades, and moved to Sarasota in 2004.

Here, he blends in as a typical retiree. He belongs to a motorcycle club. And like many who have chartered a new beginning in paradise, he shoots the breeze over the fence with his neighbor, Mingst, about their home building woes.

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His prospects for another term on the homeowners' board appears untainted by the lawsuit. No one else has volunteered for the job, although the 82 homeowners probably would have elected DeVecchio anyway.

"No one has come up to me and wanted to discuss the situation, and I've never even heard that someone would say that we want to remove him from the board," said Burke Terhune, the board's secretary.

But for DeVecchio, the trial looms.

Unless he gets permission from a judge -- as he did to watch the July Fourth fireworks at Sarasota Bay -- he can always be found inside his three-bedroom home during a mandated curfew from 9 p.m. to 6 a.m.

He wears an electronic monitoring anklet. He has had to notify a judge of his plans to lunch with his fiancée, get a haircut or peruse the Ellenton outlet mall. And this summer he had to reschedule a homeowners board meeting because it conflicted with a court appearance.

DeVecchio simply told the group he had to "go and testify," Terhune said.

"It seemed like it was New York City or someplace. He said the next meeting will be at this time, if it's OK with the rest of you," Terhune said.

No one asked questions.

ANTITRUST:

Some Speculate On Future Of P-I, Purchase By Black (SEATIMES)

By Eric Pryne, Seattle Times staff reporter

The Seattle Times, January 21, 2007

Could David Black save the P-I?

With a decision looming in four months that might spell the beginning of the end for the smaller of Seattle's two daily newspapers, some speculate Black could ride to the Post-Intelligencer's rescue.

He kept an endangered daily alive before under similar circumstances, they note, in Honolulu.

Liz Brown, administrative officer for the Pacific Northwest Newspaper Guild, said she mentioned the possibility to Don Kendall, who heads Black Press' new King County operations, at a meeting last month.

"I told him, 'You could save the day again,' " said Brown, whose union represents workers at both Seattle papers.

But Kendall said he's never discussed buying or printing the P-I with Black. What's more, he added, Seattle isn't Honolulu.

Here's the P-I's situation, and how Black conceivably could factor into it.

The P-I has pretty much been only a newsroom since 1983. That's when its owner, The Hearst Corp., entered into a federally sanctioned joint operating agreement (JOA) with The Seattle Times Co.

The Times prints, circulates and sells the advertising for both papers. In return, it gets most of the proceeds. But it has maintained in recent years that it is losing money under the arrangement and moved in 2003 to trigger an escape clause in the contract.

Hearst has said the P-I couldn't survive outside the JOA. It also says The Times' loss claims aren't valid.

After years of litigation, the companies agreed last spring to submit their dispute to binding arbitration. The arbitrator is scheduled to rule by May 31.

If The Times wins, the agreement calls for Hearst to shut down the P-I in six to 12 months. In return, it would get 32 percent of The Times' profits until 2083, when the JOA expires.

To comply with antitrust laws, however, the U.S. Justice Department or federal judges almost certainly would require Hearst to put the P-I up for sale before closing it. That's what happened in Hawaii in 2000.

The owner of the Honolulu Star-Bulletin had announced that, in return for a cash payout, it would close its paper and dissolve its JOA with the larger Honolulu Advertiser. After the courts stepped in, the Star-Bulletin was put up for sale

The Star-Bulletin then — like the P-I today — had no presses, no advertising sales force and no circulation network. "It was essentially a startup business," said Wayne Cahill of the Hawaii Newspaper Guild.

But Black stepped in when no one else in the industry would, buying the paper for $10,000 and building up the business and production end from scratch. Kendall, who headed Black's Hawaii operations at the time, says it wouldn't have happened if the company hadn't also been able to buy an Oahu weekly with presses that became the foundation for the Star-Bulletin's new printing operation.

In almost every other U.S. city, the dissolution of a JOA has meant the death of a paper. In Honolulu, the Star-Bulletin survives.

Black could do the same thing in Seattle, Brown and others say. The Times-Hearst arbitration agreement acknowledges Hearst could still collect its 32 percent of The Times' profits, even if it sells the P-I to a buyer willing to publish the paper outside the JOA.

Kendall said he doesn't know whether the Kent press Black acquired as part of the King County Journal Newspapers purchase is big enough to print the P-I. What's more, he said, he hasn't asked: "In this region, our focus is on community newspapers."

But others say it would be possible, perhaps by adding capacity at Kent and contracting out part of the press run.

"It's a business opportunity he [Black] might well be interested in," said Cahill, who once worked in The Times' circulation department.

The Seattle situation isn't identical to Honolulu's. For one, powerful political forces in Hawaii lined up to save the Star-Bulletin. That hasn't happened — at least not yet in Seattle.

Publishing the P-I would require a huge investment on Black's part, not just in equipment but in people, said John Morton, a leading national newspaper analyst.

"It would be a very daunting prospect," he said.

ENVIRONMENT/INDIAN AFFAIRS:

Blueprint To Beautify, Restore Yosemite Tangled Up In Court (SFC)

By Chuck Squatriglia, Chronicle Staff Writer

San Francisco Chronicle, January 21, 2007

When the Merced River overran its banks and scoured Yosemite National Park a decade ago, many saw an unprecedented opportunity to restore the iconic park and cede more of the Yosemite Valley to nature.

A plan by the National Park Service to reinvent the valley and another to protect the Merced River drew broad support from environmentalists, the public and the government. Years of acrimonious debate over how to manage a crown jewel of America's national park system gave way to a consensus that the Park Service had finally gotten it right.

Yet 10 years after the flood, both plans remain tied up in court, challenged by a small but passionate group of activists who argue that the Park Service would render Yosemite an exclusive resort. A federal judge has rejected the river plan, the future of the valley plan is uncertain and, with several projects planned for the valley brought to a halt, frustrated park officials worry they'll be told to begin the planning process anew.

But many of the environmentalists who championed the plans have moved on to other issues. Public, not to mention governmental, priorities have shifted. There is mounting concern that the broad support for remaking Yosemite is gone.

"We are rapidly approaching a point where a historic opportunity will become a lost opportunity," said Jay Watson, who as regional director of the Wilderness Society was intimately involved in shaping the park plans before leaving the organization two years ago. "Everything was aligned. I'm not sure a similar effort could be mounted again."

The flood devastated Yosemite Valley during the first three days of 1997. The Merced River, swollen by rain and melting snow, raced past Pohono Bridge at 187,000 gallons per second and crested at 16 feet.

The water ripped up roads, washed out bridges and ruined the park's water and sewer systems. It felled trees, inundated cabins and swamped campgrounds. What wasn't soaked was carried away. Picnic tables, bear-resistant food lockers and even tent cabins washed up miles downstream.

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Bruce Babbitt, Interior secretary at the time of the disaster, called Yosemite "a national treasure" and vowed to rebuild. Congress appropriated $220.5 million for the task.

The Park Service had for decades worried that the place John Muir called "the incomparable valley" was being overwhelmed. Yosemite covers 1,169 square miles, but 95 percent of the 3.5 million or so people who visit each year don't venture out of Yosemite Valley, which is 7 miles long and 1 mile wide. So in 1980, the Park Service produced a blueprint, called the General Management Plan, to curtail traffic and push development to the park periphery. It was shelved for lack of money and political will.

The flood provided both.

Flush with cash, the Park Service used the general plan to frame the Yosemite Valley Plan released in March 2000. It outlined 250 projects that would reduce traffic, reclaim developed land and restore ecosystems at a cost of $442 million. It would, officials said, reduce the development footprint in the valley.

The valley plan came three months after the Park Service, responding to a 1999 federal court order, completed a plan to protect the Merced River, which wends 81 miles through the park.

Together, the documents provided an ambitious blueprint to reinvent Yosemite. The Wilderness Society, the National Parks Conservation Association, the American Alpine Club and the Natural Resources Defense Council eagerly endorsed them.

"We believed (the plans) would provide a strong and environmentally sound groundwork for the park's future and make, at long last, real progress toward fulfilling the goals of the original General Management Plan to restore the valley," defense council attorney Johanna Wald said recently.

Californians, too, overwhelmingly approved of the plans, according to a statewide poll commissioned by the defense council shortly after the plans were announced.

But two small environmental organizations, Friends of Yosemite Valley and Mariposans for Environmentally Responsible Growth, opposed the plans. They sued, arguing that the Merced River Plan was hastily written, used flawed data and favored development.

U.S. District Judge Anthony Ishii agreed and rejected the plan in July. He ordered the Park Service to draft a new plan, a process the Park Service says will take 33 months. In October, Ishii shut down several construction projects until the new plan is drafted.

The U.S. Justice Department is expected to announce it will appeal Ishii's rulings, but now finds itself defending the Yosemite Valley Plan as well.

The plaintiffs filed another lawsuit on Dec. 28, arguing that the valley plan should be tossed because it was based upon a General Management Plan that was never adopted and a Merced River Plan that was invalidated.

"Yosemite should take a deep breath and do the work needed to develop a legally compliant river plan, and then use that to develop a valley plan," said Greg Adair, executive director of Friends of Yosemite Valley. He said the organization has several hundred active members, most of whom live in the communities surrounding Yosemite and visit the park regularly.

He praises the Park Service for developing an "excellent" wilderness management plan and said the plaintiffs simply want the agency to apply the same effort to the river and valley plans.

"If they would draft a solid Merced River plan and give it a chance, and then come back and draft the valley plan so it respects the river and works toward protection, we would step back and agree with it," he said. "But until they do that, we'll be in conflict."

The issue goes far deeper than the nuts and bolts of two highly technical documents. It is a fundamental question of how to manage the park, and the plaintiffs disagree with the Park Service on almost every point.

They believe the Park Service has crafted a plan to urbanize Yosemite and create a theme park resort. They argue it will expand Yosemite Lodge, cede the valley to tour buses and push traditional campers aside in favor of RVs. They say the plan does little to restore the valley's beauty.

Adair insists that he recognizes the Park Service must serve a broad constituency, but argues it has failed to do so.

"We see the proposals at Yosemite as benefiting the wealthy and the corporate interests over the people," he said. "It's mass-transit, tour-bus tourism."

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The plaintiffs' reading of the plans stuns park officials and their supporters. Yosemite Superintendent Mike Tollefson says Adair's claims are "so bogus."

"Before the flood, we had twice the number of rooms at the lodge," he said. "Cutting the number of rooms in half is not urbanization. We've lost more than 300 camping spaces. That's not urbanization. We've got a plan to move 600 more employees out of the valley. That's not urbanization. We've got a shuttle system that gets people out of their cars. That's not urbanization."

Tollefson is proud of the work that was accomplished before Judge Ishii pulled the plug. Lower Yosemite Falls was remade with almost a mile of trails, five footbridges and other amenities. Sixty-eight acres of meadowland were restored. The park's dilapidated sewer system was rebuilt. Two dams spanning the Merced River were removed. A fleet of 18 hybrid shuttle buses replaced the park's entire diesel fleet.

The park is "standing tall," Tollefson said, but he's frustrated that he hasn't done more since he was named superintendent four years ago. And he wonders how much longer his hands will be tied by litigation that has already cost the park as much as $15 million.

"They have squandered a lot of money and time," he said of the plaintiffs. "But the opportunity hasn't been totally squandered. We're dedicated to improving the resource and the visitor experience. The idea that B.J. Griffin, superintendent at the time of the flood, put forth was 'We need to put it back, so let's put it back better than it was.' She started that work, and it's been very frustrating that we haven't been able to finish."

Yosemite since the flood of '97

Heavy rain and snowmelt caused the Merced River to overrun its banks, flooding Yosemite Valley during the first three days of 1997. Ongoing litigation has halted several projects launched in the wake of the flood. Here's a look at the valley since the flood:

Lower Yosemite Falls

The park installed nearly 1 mile of paved trails, five footbridges, small stone amphitheater, new restrooms and other amenities to make it easier to navigate the park's most popular feature. The $13.5 million project was completed in 2005.

Yosemite Lodge

250 low- and moderately-priced rooms in cabins and cottages lost in the flood will not be replaced, and the land will be restored. Eighty-eight lodge rooms will be removed and replaced with 90 new rooms.

Lower and Upper River campgrounds

262 campsites were lost in the flood and will be replaced with sites outside the valley.

Cook's Meadow and Stoneman Meadow (numbered on map)

Asphalt trails were replaced with wood boardwalks traversing the meadows, and fill-dirt and invasive species were removed, restoring 68 acres of meadowland between 2003 and 2006.

Lower Pines

103 campsites destroyed in the flood will be replaced with sites elsewhere in the park.

Upper Pines

The park hopes to create 39 RV campsites and 59 traditional campsites.

Curry Village

Employee housing provided in tent cabins has been replaced with 27 buildings providing 219 beds.

Happy Isles footbridge

Heavily damaged in a 1996 rockslide and further damaged in the flood, it was removed in 2000 and has not yet been replaced.

Happy Isles dam

Small, obsolete hydroelectric dam was removed in 2004.

Other projects

Park sewer system: Completely overhauled in 2003.

Water and utility lines: Had crisscrossed the valley floor underground; were consolidated into one trench since last year.

Hybrid shuttle buses: Fleet of 18 replaced the park's diesel buses in 2005.

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Shuttle bus stops: Erected at Yosemite Falls, Sentinel Bridge, LeConte Memorial Lodge, Awahnee Hotel and the Valley Visitor Center between 2004 and 2006.

Cascades Dam: Obsolete hydroelectric dam just west of the valley was removed in 2004.

Campsites: The park hopes to add as many as 800 outside the valley, including the 365 lost in the flood.

Sources: ESRI, TeleAtlas, USGS

The Chronicle

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One Tribal Family Lost Two Members In Unsolved Cases (YHR)

By Phil Ferolito, YAKIMA HERALD-REPUBLIC

Yakima (WA) Herald Republic, January 21, 2007

Authorities still have no clue about what happened to Donnie Sampson.

The 71-year-old Yakama tribal official left early Oct. 30, 1994, for the Wilson Charlie-Dry Creek area, one of his favorite hunting spots near Mount Adams.

Three days later, authorities found his 1992 four-wheel drive pickup in more than a foot of snow near the mouth of Holdaway Meadows north of Mount Adams in the closed area of the Yakama reservation.

A rifle, pickup keys, extra clothing and a sack lunch were found inside his truck, but no trace of Sampson, a member of the Yakama Nation Code of Ethics Committee, a watchdog board of tribal government.

His disappearance puzzled family and tribal authorities. A massive search involving helicopters, snowmobiles, dogs and nearly 100 people found no trace of him, and seven years later he was presumed dead, according to the Yakima County Coroner's Office.

His disappearance isn't the only grief his family suffers. Two years earlier, the body of Sampson's 30-year-old daughter, Shari Dee Sampson Elwell, was found strangled and sexually mutilated in an area not far from where her father later disappeared.

The family hadn't seen her for weeks before a group of hunters found her body.

Her death, which remains unsolved, capped a decade-long string of mysterious deaths involving at least a dozen women -- all but two were tribal members -- on the 1.2-million-acre Yakama reservation.

Those cases are just two of an unknown number involving either unsolved deaths or missing tribal members here.

It's hard to say just how many unsolved cases exist because case files are dispersed among tribal, federal, state and county law enforcement agencies, says Yakama tribal police Chief Davis Washines.

How cases are classified on the reservation often determines which jurisdiction they fall under, he says.

If it's classified a homicide on tribal land, it goes to the FBI. If it's a missing tribal member or accidental death, tribal police take it. If it's a death caused by an auto accident, either the Washington State Patrol or Yakima County Sheriff's Office could take it.

Without any central filing system, though, it's hard for tribal police to discern which cases remain unsolved or have been closed, says Washines, who worked on some of the cases in the rash of women's deaths that spanned the 1980s.

Washines says tribal detectives are now working with the FBI not only to determine the number of unsolved deaths here, but also to update the number of missing persons.

"It may be quite an extensive list," he says.

When it comes to the number of unsolved homicides on the reservation, federal authorities have provided conflicting information.

Last spring, they said only one homicide remained unsolved here, but later changed the number to possibly two.

Finally, FBI spokesman Ray Lauer in Seattle said the number of unsolved cases including deaths or missing people could be as high as 32, a number Smiskin estimates dating back to the early 1970s.

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Reports gathered by the Yakima Herald-Republic nearly two decades ago accounted for at least 13 mysterious deaths here involving women, many of them classified as homicides. Now, those cases and others are the focus of a cold case review sparked by U.S. Attorney General Alberto Gonzales.

Newspaper reports during the early 1990s reflected that tribal members and some investigators weren't convinced the FBI was doing all it could to solve the cases.

But FBI officials say that's not what happened. They say they had suspects in some of those cases, but they didn't have enough evidence to convict and the cases were subsequently closed, Lauer says.

FBI officials recently promised to discuss the unsolved cases involving women with the Yakima Herald-Republic, but changed their mind, saying they first needed to review the cases and couldn't say how long it would take.

Because of the lack of any central filing system on criminal cases on reservations, it's difficult to assess the FBI's efforts on Indian reservations in general or compile any statistics, says Gary Edwards, president of the national Native American Law Enforcement Association, a Washington, D.C.-based nonprofit organization that represents tribal police.

"It's still a problem that is going to have to be looked at," he says. "There hasn't been a clear boundary of who reports what to which agency."

Concurring with Edwards, Washines also blames much of it on a lack of resources and ability to conduct thorough follow-up investigations.

While describing the working relationship with the FBI as "generally good," Washines admits that the agency many times was shorthanded and often tribal police were left to investigate homicides.

"Which we did, which we were very successful in providing information to the Department of Justice office," he says. "I think the lack of resources, our ability to do a real thorough follow-up and our communication could have been better."

Blinding Ourselves In Space (NYT)

The New York Times, January 21, 2007

You don't have to be a space or climate expert to recognize that this country's ability to track climate and environmental changes from space is heading in the wrong direction. At a time when concerns about global warming are rising, the Bush administration is sharply reducing the number of satellites that can measure the impact of rising temperatures and a host of other environmental trends.

The administration's hypocrisy is stunning. For years, the president and top officials have justified their refusal to grapple seriously with global warming by insisting that more research is needed. Now, after pledging that such research would be the centerpiece of a new climate change strategy, the administration is underfinancing some of the most important efforts to gather data.

A report issued last week by the National Academy of Sciences projected an alarming decline in vital studies and monitoring. The National Aeronautics and Space Administration currently has a sizable number of Earth-observing satellites and instruments in orbit, but since 2000 its budget for earth sciences has decreased over 30 percent when adjusted for inflation.

By 2010, the number of operating sensors and instruments on NASA satellites that observe the Earth is likely to drop by 40 percent as old equipment fails and is not promptly replaced. Meanwhile, at the National Oceanic and Atmospheric Administration, huge cost overruns and technical problems have delayed planned launchings of key climate and weather-monitoring satellites and forced the elimination of instruments essential for climate science.

The setbacks are bound to hobble efforts to understand whether hurricanes and heat waves are becoming more frequent and intense, whether ice sheets will collapse and drive sea levels dangerously high, and how fish stocks, deforestation, drinking water supplies and air pollution are affected as populations grow and economies take off. We clearly need more data in coming years, not less.

The academy's panel estimates that some $7.5 billion in new money is needed through 2020, mostly at NASA, to conduct high-priority observational missions. NASA's resources are already grievously overextended. It must finish building the international space station, keep flying the rickety shuttle fleet and start developing a follow-on spacecraft to explore the Moon and get ready to travel to Mars.

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With little new money to carry out these costly tasks, the agency has been forced to rein in other parts of its budget, including earth science studies. Unless Congress gives NASA more funds, the agency should shift money internally to give Earth observations higher priority. Studies that could affect the livability of the planet seem vastly more consequential than completing a space station or returning to the Moon by an arbitrary date.

FBI/DEA/ATF/USMS:

U.S. Officials Laud Transfer Of Mexican Drug Suspects (WP)

By Manuel Roig-Franzia

The Washington Post, January 21, 2007

MEXICO CITY, Jan. 20 -- The extradition to the United States of four major drug traffickers, including Osiel Cardenas Guillen, head of the powerful Gulf cartel, was hailed Saturday by U.S. officials as a signal of a new era of cooperation.

U.S. Attorney General Alberto R. Gonzales called the extraditions "unprecedented," and the U.S. ambassador to Mexico, Antonio O. Garza Jr., proclaimed the transfer "a monumental moment in our two nations' battle with the vicious drug traffickers and criminals who threaten our very way of life."

For years, U.S. officials have criticized Mexico as a sometimes-difficult partner in the war against drugs because of its reluctance to extradite top drug lords to the United States. Mexico has long refused to extradite suspects who might face the death penalty. In 2001, Mexico's Supreme Court also barred extraditions of suspects facing possible life sentences, which were considered "cruel and unusual punishment" here. But the court reversed itself in November 2005, clearing the way for higher-profile extraditions. The ruling did not affect death penalty cases.

C?rdenas, who was suspected of running his drug empire from his prison cell, was one of 15 people extradited late Friday. A swaggering figure, he is known for his gold-plated rifle and for currying favor with the poor by lavishing children with thousands of dollars' worth of toys, cakes and milk.

C?rdenas faces drug distribution charges in southern Texas and is also charged with assaulting and threatening to kill agents of the FBI and the Drug Enforcement Administration, as well as a sheriff's deputy. Two brothers, Ismael and Gilberto Higuera Guerrero -- both former high-ranking members of the Arellano Felix drug cartel -- face drug trafficking and money laundering charges in Southern California. Hector "El Guero" Palma Salazar, a former top figure in the Chapo Guzman-Guero Palma cartel, also faces drug distribution charges in Southern California.

Mexico extradited a record 63 suspects to the United States in 2006. But the administration of President Vicente Fox, who left office Dec. 1, was criticized for failing to turn over large numbers of high-ranking drug lords.

The latest extraditions coincide with a major crackdown on drug gangs in Mexico by the administration of President Felipe Calderon, who has been using the military to swarm regions of the country plagued by brazen violence, including beheadings. In the hours before the extraditions were announced, Calderon dispatched more than 7,000 soldiers to Acapulco, where drug violence threatens the lucrative tourist market. The offensive is the third ordered by Calderon, who also has sent troops to Tijuana and the state of Michoacan.

"Calderon is sending a message that he is going to be firm in combating the drug cartels. But on the other hand, the extraditions also allow him to get rid of hot potatoes from the Mexican penal system," said Jorge Chabat, an expert in Mexican criminal justice.

Mexico's prisons, which are notoriously corrupt, have struggled to handle drug kingpins. Mexico's most powerful drug lord, Joaquin "El Chapo" Guzman, escaped from prison in 2001 and remains at large despite a U.S. government reward for information leading to his arrest.

Mexican drug cartels have become some of the most powerful and violent in the world. Between 70 and 90 percent of cocaine destined for the United States passes through Mexico, according to the U.S. State Department's Bureau for International Narcotics and Law Enforcement Affairs.

Drug gangs are suspected in more than 2,000 killings in Mexico last year, including dozens of police officers and local political officials. Chabat said the cartels would probably respond to the extraditions with more killings.

Reputed Drug Lords Extradited To U.S. (WT/AP)

By Lisa J. Adams

The Washington Times, January 21, 2007

MEXICO CITY -- Mexico has extradited a purported drug-cartel boss and three other reputed major traffickers to the United States, a move that Washington yesterday called "unprecedented" in the cross-border fight against organized crime.

Osiel Cardenas, the purportedGulf cartel leader who was thought still to be running his gang from jail in Mexico, was sent north Friday along with 13 others wanted by U.S. authorities after their appeals against extradition ran out, the office of Mexico's attorney general said.

U.S. Attorney General Alberto R. Gonzales praised Mexican President Felipe Calderon yesterday for the extradition, saying the United States had never before received from Mexico such a large number of drug suspects and others wanted for prosecution in the United States.

"The actions overnight by the Mexican government are unprecedented in their scope and importance," Mr. Gonzales said yesterday.

In the past, Mexico has been reluctant to extradite major Mexican drug lords to the United States, arguing they should face justice here first.

Officials also refused to send anyone to the United States who would face the death penalty, which is barred in Mexico.

But that attitude changed under President Vicente Fox, who last September promised to extradite "all of those who have pending matters with U.S. justice."

Mr. Fox extradited a record 63 reputed criminals to the United States in 2006 alone, including suspected drug kingpin Francisco Rafael Arellano Felix of the Tijuana-based Arellano Felix gang.

Mr. Calderon, who took office Dec. 1, promised to increase the flow drug-trafficking suspects sent to the United States and to do his share to fight the organized crime that has infiltrated all aspects of Mexican society, including nearly every level of law enforcement and government.

U.S. Ambassador Tony Garza said the latest extradition demonstrated the "courage and conviction" of Mexico's president, attorney general and law enforcement officers.

"Today, both the Mexican and the American people can celebrate a monumental moment in our two nations' battle with the vicious drug traffickers and criminals who threaten our very way of life," Mr. Garza said in a statement Friday night.

In addition to Cardenas, Mexico extradited Ismael and Gilberto Higuera Guerrero, brothers and former chiefs in the Arellano Felix cartel in Tijuana and Mexicali; and Hector Palma Salazar, a former leader in the Sinaloa cartel led by Joaquin "El Chapo" Guzman.

Eleven others were extradited on a variety of U.S. charges, including murder, drug trafficking, kidnapping and sex crimes, the two governments said.

After taking office, Mr. Calderon almost immediately ordered widespread raids by federal police and army troops in states where rival drug-trafficking gangs have engaged in shootouts, executions and even beheadings in recent months.

More than 17,000 soldiers have been deployed in the city of Tijuana, across from San Diego; Mr. Calderon's native central state of Michoacan; and the Pacific coast state of Guerrero, which includes the resort city of Acapulco.

Many drug leaders remain at large. Guzman, the head of the Sinaloa cartel, who escaped from a Mexican prison in 2001, is described as Mexico's most powerful drug lord.

Mexican investigators say Guzman has formed an alliance with purported drug barons Ismael "El Mayo" Zambada and Juan Jose "El Azul" Esparragoza. Known as "the Federation," the alliance is engaged in a bloody turf war with the Gulf and Tijuana cartels, with the gangs using heavy weapons like rocket-propelled grenades.

Washington has offered rewards of $5 million each for information leading to the arrests of Zambada and Guzman.

Mexico Sends 4 Kingpins To Face Trial In The U.S. (NYT)

By James C. McKinley

The New York Times, January 21, 2007

DOJ_NMG_0119487

MEXICO CITY, Jan. 20 — Breaking with longstanding practice, Mexico extradited four major drug traffickers to the United States late Friday and sent a signal that the country's newly elected president, Felipe Calderón, is serious about cooperating with his northern neighbor to dismantle cartels.

United States law enforcement officials have long complained about Mexican reluctance to hand over drug traffickers indicted in crimes north of the Rio Grande, as many drug kingpins have continued to operate their deadly networks from inside Mexican prisons, where they have been able to corrupt officials.

Until now, however, the Mexican government has resisted the extraditions, arguing that the drug cartel leaders must face justice here first. Also, until a recent Supreme Court ruling, Mexican officials were unable to extradite criminals because they face the death penalty in the United States, which is banned in Mexico. The court overturned that rule.

"The actions overnight by the Mexican government are unprecedented in their scope and importance," the United States attorney general, Alberto R. Gonzales, said in a statement on Saturday.

Osiel Cárdenas Guillén, the leader of the Gulf Cartel in Tamaulipas State, was among the 21 people flown under heavy armed guard to the United States on Friday night and handed over to federal authorities. He is under indictment in Texas for trafficking in marijuana and threatening to kill three law enforcement agents.

The Mexican government also turned over Ismael and Gilberto Higuera Guerrero, brothers who were high-ranking members of the Arellano-Félix cartel in Tijuana, as well as Hector Palma Salazar, a former leader in the Sinaloa cartel. All face racketeering and drug trafficking charges in Southern California.

The Sinaloa cartel controls the border around El Paso. Joaquín Guzman, known as El Chapo, escaped from prison in 2001 after bribing officials and still oversees the gang, along with several other important traffickers who have somehow eluded the Mexican police.

Former President Vicente Fox, who left office in December, created a special force to combat organized crime and arrested scores of high-ranking mobsters, weakening the three major cartels in Tijuana and Sinaloa State in the west and Tamaulipas State, along the eastern Texas border.

But his administration failed to break up the Sinaloa mob, and the arrests of people like Mr. Cárdenas and his counterpart in Tijuana, Benjamin Arellano-Félix, set off an underworld turf war that has increased in brutality and claimed thousands of lives in recent years.

Officials at the Drug Enforcement Agency privately voiced frustration with the Fox administration for not extraditing the drug kingpins to the United States, where they would be unable to run their networks from prison. A similar tactic proved effective in Colombia, Panama and other countries where drugs are produced and shipped.

Mr. Calderón and his attorney general, Eduardo Medina Mora, did not immediately say why they had switched course. The attorney general's office put out a statement saying simply that the people extradited had run out of appeals against extradition and that Mexico wanted them to face trial in the United States before the time limit ran out on the charges there.

But all are serving sentences or facing trials in Mexico. In the past, the Mexican authorities have said those were barriers to extradition.

A high-ranking federal prosecutor, speaking on the condition of anonymity, said President Calderón had decided to extradite the drug traffickers despite their pending legal proceedings. The aim is to make it difficult for them to communicate with their lieutenants in Mexico. "It breaks up the entire logistical structure of these organizations here," the prosecutor said.

Besides the four top drug traffickers, the Mexicans extradited seven other lower-level drug dealers, among them Gilberto Salinas Doria, who is wanted in the Southern District of New York on charges of helping to import 200 tons of cocaine.

They delivered four other prisoners wanted on charges of murder, drug trafficking and trafficking in prostitutes, officials said. One of these, Consuelo Carreto Valencia, is under indictment in New York City on charges of smuggling women and forcing them to become prostitutes.

Cartel Leader Handed To U.S. (DMN)

By Laurence Iliff, Alfredo Corchado

The Dallas Morning News, January 21, 2007

DOJ_NMG_0119488

MEXICO CITY – The Gulf cartel leader alleged to have directed a violent turf war along the Mexico-Texas border from his Mexican prison now faces the law in the Lone Star State after President Felipe Calderón's unprecedented decision to extradite 11 drug traffickers to the U.S.

According to a video released by the Mexican government, Osiel Cárdenas Guillen, whose nickname "matamigos" means "friend-killer," was being held in Houston, where he will face charges that include threatening to murder three U.S. law enforcement officials.

AP/Mexico Attorney Generals Office Alleged Gulf cartel leader Osiel Cardenas, third from left, is moved during his extradition to the United States from Mexico.

In a landmark, top-secret operation, Mr. Cárdenas and 14 others were extradited to the U.S. late Friday, bringing lavish praise by U.S. officials and hope for a new era of cooperation in battling drug trafficking.

But it also prompted fear of retaliation by drug cartels that are heavily armed and well financed.

Although the extraditions seemed to signal a new policy, they actually were the culmination of several years' effort by the government to enable the transfers under Mexican law.

"The actions overnight by the Mexican government are unprecedented in their scope and importance," said U.S. Attorney General Al Gonzales, who met with his Mexican counterpart in Mexico City earlier this month. "Never before has the United States received from Mexico such a large number of major drug defendants and other criminals for prosecution in this country, including Osiel Cárdenas Guillen, the accused chief of the notorious Gulf cartel."

The controversial subject of extraditing high-level drug lords has been a source of debate and legal complications for decades. U.S. officials want the capos in their control, but Latin American leaders have faced nationalistic concerns at home. Law enforcement officials have long complained that the kingpins continue to run their drug empires from prison.

Mr. Cárdenas' cartel is active in Nuevo Laredo and along the Mexican border with Texas. Its enforcement arm, the Zetas, is a paramilitary group that includes former Mexican Army soldiers. The Zetas are suspected of having ordered killings in the United States, including in Dallas.

The 15 extraditions include four reputed top drug lords from three different cartels and seven lesser drug traffickers. The remaining four people are wanted in the U.S. for crimes such as human smuggling, homicide, and sexual assault against a child.

In a prepared statement, the Mexico attorney general's office blamed the drug lords for "generating a wave of violence and social decomposition in our country, in addition to damaging the health of thousands of Mexicans by turning them into prisoners of their drug addiction."

Possible return

While the extradited drug lords will now be charged and tried in the United States, some still may have to come back to Mexico to complete their sentences, said Jorge Chabat, an analyst who specializes in the drug war. Whether they will first serve out their sentences in Mexico or in the United States is not clear, he said.

An estimated 2,500 people died last year in the cartels' fight among themselves and with government forces. The killings included a level of violence never seen before, such as decapitations.

U.S. Ambassador to Mexico Tony Garza, who was critical of the previous administration of President Vicente Fox for not controlling the narco violence, congratulated Mr. Calderón.

"Today, both the Mexican and the American people can celebrate a monumental moment in our two nations' battle with the vicious drug-traffickers and criminals who threaten our very way of life," Mr. Garza said in a prepared statement Saturday. "Some of the most brutal criminals in the history of our two countries have been extradited from Mexico to the United States to face justice for the crimes they have committed."

But the bold move by Mr. Calderón, made possible by a 2005 Mexican Supreme Court decision that opened the door to more extraditions, could lead to more violence, particularly along the border with Texas as cartel leaders move in to fill a powerful vacuum.

A merchant in Nuevo Laredo, speaking by phone on the condition of anonymity because of possible repercussions, expressed fear the move would escalate violence in the border city across from Laredo, Texas.

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"This will get nastier," the merchant said. "I don't see an end to this unless tomorrow the American drug consumers, in unison, said, 'Hey, let's all kick the habit,' and I have more faith in hell freezing over before that happens."

One of the those extradited, Hector "El Guero" Palma, is a top associate of Mexico's most wanted man, Joaquin "El Chapo" Guzman, the reputed leader of the Sinaloa cartel that has been fighting a bloody turf war across Mexico with the Gulf cartel.

Court paved way

In Mexico, the law prevented the extradition of anyone who would face life in prison or the death penalty since those punishments do not exist in Mexico. But the country's Supreme Court ruled in 2005 that Mexico does have a de facto life sentence when multiple charges are considered, giving the green light for extraditions except when the defendant would face the death penalty.

One veteran U.S. law enforcement official, speaking on the condition of anonymity, said: "No one believed this extradition would ever happen, so the fact that this is now a done deal is simply unbelievable. This has to be among the best things that's ever happened between our two countries."

But the law enforcement official also warned that repercussions, particularly in the short term, are likely – as happened in Colombia. In the 1980s, the government of Colombia began a policy of extraditing cartel leaders to the United States. The move led to a massive backlash, as bombings and assassinations ravaged the nation.

"There will definitively be serious repercussions and threats against Calderón, and U.S. officials," the U.S. official added. "But in the long term, it's the best thing that has ever happened. Mexico will gain a lot of respect worldwide and be seen as a country where rule of law is practiced."

The law enforcement official added that the move will likely force cartel leaders to reassess their violent action and come up with a new approach, like dividing up the country's drug routes evenly among leaders.

"The violence has to stop," the official said. "There's too much pressure from both governments for them to continue their violent ways. They have to start behaving like serious businessmen because one thing is clear: the drug demand will not end with these extraditions."

Mr. Chabat, the Mexican analyst, said that Mexican drug lords have generally avoided targeting politicians, the public or American tourists and are unlikely to start now.

"In Colombia, when they started extraditing drug kingpins, the narcos responded with violence, but in Mexico we don't have a history of the drug traffickers directly taking on the government like in Colombia, although I don't rule it out completely," said Mr. Chabat.

In terms of targeting the millions of American tourists who visit Mexico each year, Mr. Chabat said that was also unlikely given the magnitude of the United States' ability to retaliate.

"If you ask the drug traffickers whether they want to fight against the U.S. government or the Mexican government, they would certainly say against the Mexican government," said Mr. Chabat, who thinks Mr. Calderón's actions could also improve U.S.-Mexican relations and can't hurt the immigration reform efforts in the U.S. Congress.

The extradition was done under a cloud of secrecy, officials said, a sign that there was fear word could get to cartel leaders. One U.S. official, speaking on the condition of anonymity, said there were reports that the Gulf cartel was in the process of breaking Mr. Cardenas from jail.

"The government had no choice but to act fast, and they did, and for that they should be praised," the official said.

Mexico's Extraditions Make A Point (LAT)

By Héctor Tobar

The Los Angeles Times, January 21, 2007

MEXICO CITY — Mexico's decision to extradite 10 leaders of its most powerful drug-trafficking organizations to the U.S. is a landmark event that will boost the fortunes of new President Felipe Calderon, though the long-term effect on the drug business remains uncertain, Mexican analysts and U.S. officials said Saturday.

The extraditions took place late Friday night, just seven weeks after Calderon took office, but after several years of legal and diplomatic wrangling by officials on both sides of the border.

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"The actions overnight by the Mexican government are unprecedented in their scope and importance," U.S. Atty. Gen. Alberto R. Gonzales said in a statement Saturday. "Never before has the United States received from Mexico such a large number of major drug defendants and other criminals for prosecution in this country."

In all, Mexican authorities extradited 15 people. The most prominent was Osiel Cardenas, who was reputed to have been running the Gulf cartel from his cell at the maximum-security La Palma prison since his arrest in 2003.

A federal grand jury in Texas indicted Cardenas in 1999 on drug-trafficking and assault charges. The Bush administration singled him out for special treatment in 2001 under the Foreign Narcotics Kingpin Designation Act, which allows the government to freeze the assets of those who do business with drug lords and their families.

Three others extradited late Friday were on the White House kingpin list, including Hector Palma, said to be the top lieutenant of Joaquin "El Chapo" Guzman, leader of the Sinaloa cartel. Had he not escaped from a Mexican prison in 2001, Guzman too might have been extradited Friday.

Palma is a colorful figure who, it has been said, once paid $40 million in annual protection fees to the Guadalajara municipal police. When he was arrested in 1999 after his small plane crashed, he had in his possession a handgun encrusted with diamonds and emeralds.

The other two on the kingpin list extradited were Ismael Higuera Guerrero and Gilberto Higuera Guerrero, brothers and bosses in the Arellano Felix cartel, based in Tijuana.

Even inside their Mexican prisons, the kingpins were known for outrageous behavior. Cardenas treated 17,000 people to a Day of the Child party at a baseball stadium in the border city of Reynosa last year.

Columnist Ricardo Aleman wrote in the Mexico City newspaper El Universal that Cardenas was deliberately making the government of then-President Vicente Fox look ridiculous.

"In spite of being locked up in the most secure and strict of Mexico's prisons, the head of the cartel does what he wants," Aleman wrote last May. "It seems to confirm the fact that the most powerful cartels and criminal groups are beyond the control of the state."

Widespread corruption in the prison system made it nearly impossible for Mexican officials to control the drug bosses, said Jorge Chabat, an expert on the drug trade.

"Having them out of Mexico is one less headache for the Mexican government," Chabat said. The extraditions, coming on the heels of Calderon's decision to send federal troops to combat drug trafficking in Baja California and the southern states of Michoacan and Guerrero, add to the sense that the new president is trying to take charge of a seemingly intractable problem.

"We are determined not to tolerate any defiance to the authority of the state," Calderon said Friday.

The extraditions give Calderon increased credibility as he deals with the U.S. on contentious issues, including immigration reform and legislation approved last year in Washington to tighten the U.S.-Mexican border.

As well, the extraditions in effect end the kingpins' influence over the vast drug-trafficking organizations, although new leaders are almost certain to emerge. "It's like any big business," Chabat said. "If the CEO resigns, then a new CEO takes his place."

U.S. and Mexican officials say the drug-trafficking organizations are huge businesses in which no individual knows more than a handful of others — a cell-like structure that makes them especially difficult to break.

How the drug-trafficking organizations will react to the extraditions remains an open question. In Colombia in the 1980s, drug kingpins resisted extradition to the U.S. with a campaign of bombings and assassinations.

In recent years, analysts say, Mexico's drug-trafficking organizations have not sought an open confrontation with the federal government. Most of their firepower has been directed against one another, and against municipal and state officials. Last year, more than 2,000 people were killed as rival groups battled one another and the authorities.

Cardenas and the Gulf cartel, based in the northern Mexican state of Tamaulipas, have upped the ante in the war against their rivals from the western state of Sinaloa by recruiting highly trained soldiers from the Mexican army, known as the Zetas.

The rival Mexican syndicates are responsible for 80% of the cocaine that enters the United States, according to American officials.

DOJ_NMG_0119491

Gonzales Lauds Mexico's Extradition Of 15 To U.S. (SDUT)

By Matthew T. Hall, Staff Writer

The San Diego Union-Tribune, January 21, 2007

Mexico's extradition of 15 reputed drug lords and violent criminals, four of whom have ties to San Diego, drew praise from the U.S. attorney general yesterday and signaled its new determination to keep traffickers from running their cartels from inside prison walls.

"The actions overnight by the Mexican government are unprecedented in their scope and importance," U.S. Attorney General Alberto Gonzales said in a statement yesterday.

Osiel Cárdenas, the alleged Gulf cartel leader who was believed to be running his gang from prison in Mexico, was sent north late Friday along with 14 others wanted by the United States after their appeals against extradition ran out, the office of Mexico's attorney general said.

Four of those extradited had been indicted years ago in San Diego. They include the reputed former leader of the Sinaloa drug cartel and three men connected to the Arellano Félix drug cartel. They will be transported to San Diego "relatively soon," perhaps within weeks, to answer the charges against them, Justice Department spokesman Dean Boyd said.

All of the suspects are being held in Houston and are expected to appear in court there early this week.

Gonzales applauded "the bold stance" of Mexican President Felipe Calderón and his government "in targeting the drug-related violence and corruption that affects both our nations."

The three men who worked for the Arellano Félix cartel are brothers Ismael and Gilberto Higuera Guerrero, indicted in 2003 on racketeering, drug-trafficking and money-laundering charges, and José Alberto Marquez Esqueda, indicted in 2002 on charges of importing and distributing marijuana and cocaine.

Ismael Higuera Guerrero was a chief lieutenant in the Arellano Félix cartel in charge of day-to-day operations, including the receipt and export of cocaine and marijuana, according to his indictment. He was arrested in Ensenada in 2000.

Gilberto Higuera Guerrero supervised drug trafficking from Mexicali and used kidnapping, torture and murder to enforce the cartel's work, according to the same indictment. Mexican authorities captured him in Mexicali in 2004 at a time when he was estranged from the cartel and appeared to be hiding from it.

José Alberto Marquez Esqueda worked as an enforcer, bodyguard and caretaker of the drug "stash houses" for the cartel, according to his indictment. He was arrested in Tijuana in 2003.

The fourth person who will appear in San Diego federal court is Hector Palma Salazar, indicted in 1995 on charges of conspiring to distribute large amounts of cocaine. He is said to be a past leader of the Sinaloa cartel. He was arrested in 1995 near Guadalajara, and a Mexican court denied an extradition request for him by the U.S. government three years ago.

The 10 other purported criminals are wanted in the United States on a variety of charges in Texas, New York and Washington, including murder, drug trafficking, kidnapping and sex crimes.

Traditionally, Mexico has been reluctant to extradite major Mexican drug lords to the United States. Its officials also refused to send anyone to the United States who would face the death penalty, which is barred in Mexico.

But that attitude changed under former President Vicente Fox, who in September promised to extradite "all of those who have pending matters with U.S. justice."

Fox extradited a record 63 alleged criminals to the United States in 2006, including suspected drug kingpin Francisco Rafael Arellano Félix of the Tijuana-based Arellano Félix gang.

Calderón, who took office Dec. 1, promised to increase the flow of drug-trafficking suspects sent to the United States. He also vowed to fight the organized crime that has infiltrated all aspects of Mexican society.

The Associated Press contributed to this report.

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Extraditing Reputed Drug Lords Earns Mexico Praise From U.S. (AP)

By Mark Stevenson

AP, January 21, 2007

DOJ_NMG_0119492

MEXICO CITY — Mexico's extradition of four reputed drug lords drew praise from the U.S. attorney general yesterday and signaled its new determination to keep traffickers from running their cartels from inside prison walls.

U.S. Attorney General Alberto Gonzales said the extraditions on Friday were "unprecedented in their scope and importance."

Osiel Cardenas, the alleged Gulf cartel leader thought to be running his gang from prison in Mexico, was sent north late Friday along with 14 others wanted by the U.S. after their appeals against extradition ran out, the office of Mexico's attorney general said.

"Never before has the United States received from Mexico such a large number of major drug defendants and other criminals for prosecution in this country," Gonzales said in a statement yesterday.

The Mexican attorney general's office said the extraditions were also aimed in part at cracking down on turf battles between Mexican drug cartels, which have cost hundreds of lives in recent months in states such as Michoacan, Guerrero, Baja California and Sinaloa.

Recently, the government has sent thousands of soldiers and police to try to stem the drugfueled violence.

"This changes the rules, as far drug traffickers' impunity and the potential punishment they face," said Oscar Aguilar, a political-science professor at Mexico City's Iberoamerican University. "Before, the capos could say, 'Well, if they ever do catch me, I'll be in Mexico, my family and associates can visit me whenever they want, and I can keep running the business' " from prison.

Mexican officials have said that Cardenas and top members of the Tijuana cartel forged an alliance while locked up at a maximum-security prison just west of Mexico City, where they organized to fight turf wars against rival drug lords.

Authorities also said Cardenas sought to control that prison and other jails through gangs of inmates, and might have organized killings both inside and outside prison. Authorities say he ran his cartel by passing messages to attorneys for him and dozens of associates.

The United States once offered a $2 million reward for Cardenas before his 2003 arrest. In 1999, U.S. officials said Cardenas held two U.S. agents at gunpoint in their car in a Mexican border city, then let them go, saying: "You gringos, this is my territory. You can't control it, so get the hell out of here."

In the past, Mexico has been reluctant to extradite major Mexican drug lords to the United States, arguing that they should face justice here first. They also refused to send anyone to the United States who would face the death penalty, which is illegal in Mexico.

But that attitude changed under former President Vicente Fox, who last September promised to extradite "all of those who have pending matters with U.S. justice." Fox extradited a record 63 alleged criminals to the U.S. in 2006, including the suspected drug kingpin Francisco Rafael Arellano Felix.

In addition to Cardenas, Mexico on Friday extradited Ismael and Gilberto Higuera Guerrero, brothers and former chiefs in the Arellano-Felix cartel in Tijuana and Mexicali, and Hector Palma Salazar, a former leader in the Sinaloa cartel led by Joaquin "El Chapo" Guzman.

Eleven others were extradited on a variety of U.S. charges, including murder, drug trafficking, kidnapping and sex crimes.

CONGRESS-ADMINISTRATION:

Bush To Announce Health Care Tax Incentives (WT)

By Stephen Dinan

The Washington Times, January 21, 2007

President Bush yesterday said he wants to expand health care coverage by putting incentives into the tax code for individuals to buy their own, and that he will lay out a detailed plan in Tuesday's State of the Union speech.

In his weekly radio address Mr. Bush said his plan will treat health insurance like a mortgage.

"The current tax code encourages home ownership by allowing you to deduct the interest on your mortgage from your taxes," he said. "We can reform the tax code so that it provides a similar incentive for you to buy health insurance."

The changes will require congressional action and Mr. Bush, now facing a Democratic majority in Congress, ruled out raising taxes or "creating a new federal entitlement program" as possible options for expanding health care.

The White House has told Republicans on Capitol Hill that Tuesday's address will make the most news on health care and energy policy. Aides have said the speech will forgo the usual laundry list of new programs and instead focus on those two areas and three others: the war on terrorism, immigration and education.

"President Bush will outline issues where he believes we can find common ground with the new Congress," spokeswoman Dana Perino said.

In his radio address Mr. Bush called for aiding states that are trying innovative programs to broaden health coverage.

In doing so, he is returning to a strength of the Republican Party in the 1990s, when governors pioneered welfare reform plans and the federal government followed their lead.

Former Massachusetts Gov. Mitt Romney, a Republican now exploring a run for president, created a program in his state that sought to cover those eligible under existing programs such as Medicaid, subsidize coverage for the poor who are ineligible, and punish those who can afford it but don't sign up through penalties such as higher taxes.

And earlier this month, California Gov. Arnold Schwarzenegger, a Republican, announced his own plan to require all residents to have health insurance and to force most companies to provide insurance for employees or face a higher tax rate.

With Democrats now in control of Congress and promising to push plans to expand health care coverage, Mr. Bush is trying to get out in front of them and set the parameters for the debate.

"Health insurance should be available, it should be affordable, and it should put you and your doctor in charge of your medical decisions," Mr. Bush said, calling on Congress to pass the package he will propose Tuesday.

House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, is not embracing the idea.

"This is a dangerous policy that ultimately shifts cost and risk from employers to employees and could result in a higher number of uninsured," Mr. Rangel said.

Census Bureau data show that 46.6 million individuals, or 15.9 percent of the population, were without health insurance in 2005. That was 1.3 million more than in 2004.

The figures show that Medicare and Medicaid, the main government insurance programs, cover an increasing percentage of the population, while employer-sponsored health plans and plans bought by individuals both declined from 2004 to 2005.

Bush Seeks Shift In Health Coverage (WP)

By Michael A. Fletcher

The Washington Post, January 21, 2007

President Bush will propose a deep tax break for Americans who purchase their own medical insurance and would finance it with an unprecedented tax on a portion of high-priced health-care plans that workers receive from their employers, according to the White House.

The initiative, which the president briefly previewed in his radio address yesterday, has a dual purpose: It would create a financial incentive for the estimated 46 million to 48 million Americans who lack health insurance to buy it. And it would rein in the soaring cost of health insurance by encouraging workers in high-priced plans to seek more modest coverage.

"Today, the tax code unfairly penalizes people who do not get health insurance through their job," Bush said. "It unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise and many Americans cannot afford the coverage they need."

The proposal, which Bush plans to fully unveil in Tuesday's State of the Union address, marks a sharp departure for a president who has been criticized for advocating tax cuts that disproportionately benefit higher-income Americans.

Administration officials familiar with the plan say it reflects the new political order in Washington, where Democrats now control both chambers of Congress. They refuse to characterize the plan as a tax increase because it raises no new money for the federal government. Instead, it would add a new tax on employer-provided health-care plans worth more than $15,000 to subsidize those who buy modestly priced plans out of their pockets.

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In addition, they say, the plan is consistent with the president's idea of increasing access to health insurance through the private market while encouraging people to be more cost-conscious as they purchase medical-care coverage.

In his speech Tuesday night, the president will also propose increasing the federal assistance to states that make private health-care plans available to low-income or chronically unhealthy people who are uninsured. The administration hopes to provide waivers under Medicaid -- the government health insurance program for the poor that is jointly funded by the federal government and the states -- to allow states to redirect money from hospitals and nursing homes to individuals to help them buy health insurance.

Some states are already moving to offer health-care coverage to the uninsured. California Gov. Arnold Schwarzenegger (R) recently announced a plan to provide coverage to about 6.5 million people, including many recent immigrants, who are uninsured. If the plan is approved by the state legislature, California would become the fourth state -- along with Massachusetts, Vermont and Maine -- to offer near-universal health insurance.

Taken together, Bush's proposals are his most ambitious attempt to address the health-care crisis. In the past, Bush had pushed for limited tax breaks to help people buy health insurance, but those initiatives never gained traction. He has also advocated health savings accounts, consumer-driven plans with higher deductibles and lower premiums than those in traditional insurance.

The new tax measure would attempt to roughly equalize the benefits of people who have health insurance, whether they buy it or receive it from employers.

The estimated 150 million people covered by employer-provided health insurance are not taxed on the value of their health insurance, regardless of how much it is worth. The average employer-provided family health insurance plan costs $11,500 a year, administration officials said -- three times what it cost 19 years ago.

Under the president's proposal, workers who receive employer-provided health insurance would have to pay a tax on the cost of their benefit above $15,000, the threshold proposed by Bush for the tax break. For instance, if a person's health insurance costs $16,000, he would pay a tax on the $1,000 difference.

People with families who buy low-cost policies, meanwhile, would have their taxable income reduced by $15,000, regardless of the cost of the plans and whether they itemize deductions on their tax returns. The deduction would be $7,500 for single individuals. The deduction, to be indexed to account for inflation, would also be extended to those with employer-provided plans, to be offset by the cost of their coverage.

"This is a huge incentive for the uninsured to get coverage, but, also, the vast majority of people with employer-provided coverage will benefit as well," a senior administration official said. "This is essentially a standard deduction for health care, and the size of the deduction will be significantly higher than the cost of an average policy."

The Bush administration estimates that 80 percent of people with employer-provided plans would see their tax liability fall because the deduction would be larger than the value of their insurance plans.

The idea of ending the taxpayer subsidy for what some in the health industry call "Cadillac health insurance" policies and using the savings to subsidize insurance for those who do not have it has been around for at least two decades, experts said. Underlying the idea is the belief that the current tax structure essentially adds to the inflationary pressure on health care by subsidizing expensive health-care plans, making coverage even more unaffordable for those who do not have it.

But now may be an interesting moment to resurrect the idea because the new Democratic Congress has vowed not to initiate any new programs that cannot pay for themselves. Additionally, the idea of imposing a tax on those with generous coverage to help those without it has a progressive cast that could appeal to Democrats. "It is being proposed by a Republican, but it's kind of a Democrat idea," said Robert Laszewski, a health policy consultant. "It should be something that will interest a lot of Democrats."

Still, some leading Democrats are skeptical of the plan. "It is good that the president is finally talking about health care," said Sen. Edward M. Kennedy (D-Mass.), chairman of the Senate committee that oversees health-care matters. "I question, however, why the president thinks the way to solve this problem is through the tax code."

Bush To Propose Health Insurance Changes (AP)

DOJ_NMG_0119495

AP, January 20, 2007

WASHINGTON (AP) — President Bush will propose in his State of the Union address a tax break for people who buy their own health insurance and a limit on how much coverage individuals can receive tax free at work.

The proposal to be announced Tuesday offers a tax deduction to people who purchase coverage and urges those with generous plans to either embrace cheaper insurance or pay taxes on part of it, according to a Bush administration official familiar with the proposals.

If passed by Congress, the plan would be the first time that workers could get a tax break for buying their own insurance. At the same time, it would be the first time that some employer-provided health care benefits could be taxed.

Bush also will announce steps next week to take some federal money now going to hospitals and institutions and give it to states for programs to reduce the number of uninsured people.

The cost of health care is growing more than two times faster than wages, making it harder for families to buy insurance and for employers to sponsor a health benefit for workers, Bush said Saturday in his weekly radio address.

"Our challenge is clear: We must address these rising costs, so that more Americans can afford basic health insurance," Bush said. "And we need to do it without creating a new federal entitlement program or raising taxes."

Further details of the two proposals were to be announced in the State of the Union address.

The official, who spoke on condition of anonymity so as not to pre-empt the president's speech, would not disclose the amount of the proposed deduction or the top amount of coverage from employer-sponsored plans that would remain free of income and payroll taxes.

"The tax code unfairly penalizes people who do not get health insurance through their job," Bush said. "It unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise, and many Americans cannot afford the coverage they need."

He said health insurance needs to be treated more like homeownership.

"The current tax code encourages homeownership by allowing you to deduct the interest on your mortgage from your taxes," Bush said. "We can reform the tax code, so that it provides a similar incentive for you to buy health insurance."

There are an estimated 46 million to 48 million people in the United States who are uninsured at some point during the year.

"Most of the uninsured are people who are working and they've got a little bit too high of income to qualify for Medicaid or other government programs. If they buy health insurance they have to pay for it entirely out of their own pocket," Dr. Mark McClellan, former administrator for the Centers for Medicare and Medicaid Services and former commissioner of the Food and Drug Administration, said in a telephone interview. "This would be a significant amount of new help for them."

William Galston, a domestic policy adviser to President Clinton and a fellow at the Brookings Institution, said making health insurance more affordable for people on the individual market is a good idea. But he said he is worried that the proposal, taken by itself, could make it harder to argue for a more comprehensive measure for widening health care insurance to cover many more people.

"If it goes through as is, it's going to make the task of bargaining for a broader bill more difficult," Galston said, although he said he had not yet seen details of the proposals.

Under a second proposal, the president is proposing to redirect federal dollars that hospitals and other institutions get to help cover costs for caring for the uninsured. With this money, states would set up programs to assist people in getting health coverage and help people with high-cost health conditions.

Several states are working to reduce the number of people living without health insurance.

California Gov. Arnold Schwarzenegger, for instance, has announced a plan that would cost $12 billion a year to extend health care coverage to most of the state's 6.5 million uninsured. That would make it the second state, after Massachusetts, to require everyone to carry insurance.

"When somebody is uninsured and they come into the emergency room there are federal programs that provide some help with covering those costs," McClellan said.

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"The idea would be to redirect that money to provide better subsidies and assistance for people to get affordable health insurance. If you've got more people with insurance, you don't need to have as much in the way of payments to the institutions," he said.

Hospital administrators are worried about what the president's plan will mean for their facilities. They fear they will be getting less money when they treat Medicare patients. They say the federal reimbursements already do not cover costs and that the president's plan will remove tens of millions of dollars for them.

Bush, who has begun rehearsing drafts of the speech, left Saturday for Camp David with Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and White House chief of staff Joshua Bolten. Before departing, he met with Rice and Defense Secretary Robert Gates to hear details of their recent foreign trips.

Rice was in the Middle East, and Gates returned to Washington on Saturday after a whirlwind tour that began last weekend in London and ended Friday in southern Iraq. In between he visited NATO headquarters in Brussels, met with troops and officials in Afghanistan and made stops in Saudi Arabia, Bahrain and Qatar.

To Expand Health Coverage, Bush Pitches Tax Code Change (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, January 21, 2007

WASHINGTON — President Bush on Saturday entered the growing debate about providing healthcare coverage for uninsured Americans, calling for a major change in the tax system to help those whose employers don't offer a plan.

Bush's proposal is a combination of carrots and sticks — and, if enacted, would create new winners and losers in the health insurance arena. It is likely to run into opposition in the Democratic-led Congress but could serve as a key element of a broader package dealing with rising healthcare costs and shrinking coverage.

The carrot in Bush's plan is the creation of a health insurance tax deduction that all taxpayers would receive — $7,500 a year for individuals and $15,000 for families.

But the proposal also comes with a stick: Those with insurance plans with an annual premium more than the deduction would have to pay income taxes on the difference. That would be a big change from current law, under which all employerprovided health insurance is tax-free for workers.

Bush wants to use tax revenue from people with benefit-rich plans — the healthcare haves — to pay for the new health insurance deduction. That would enable many of the estimated 47 million uninsured Americans — the healthcare have-nots — to buy coverage.

"One of the most promising ways to make private health insurance more affordable is by reforming the federal tax code," Bush said in his weekly radio address.

"Today, the tax code unfairly penalizes people who do not get health insurance through their job," he said. "It unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise, and many Americans cannot afford the coverage they need."

Bush's plan may seem like a startling move from a president who has repeatedly vowed not to raise taxes. People with generous healthcare coverage would face the higher taxes, although they could avoid the hit by switching to a standard policy. Family coverage costs an average of $11,500 to $13,000 a year, according to industry surveys.

Defending the plan, a White House official said it would be a wash for federal coffers. Over 10 years, all the additional revenue would go toward the tax deduction to help people buy coverage.

Saturday's radio address signaled that healthcare will be a theme of the president's State of the Union message on Tuesday, in which he will also propose an initiative to help governors expand coverage.

Consumer groups, medical organizations, insurers, employers and state leaders have recently reopened the long-dormant debate over healthcare. In California, Gov. Arnold Schwarzenegger is pursuing an ambitious plan to cover as many as 6 million uninsured residents.

Though Bush focused Saturday on a plan to expand coverage, he stopped short of committing to the goal of coverage for all.

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Congressional aides have privately expressed concern that the president's budget will call for tens of billions of dollars in cuts in healthcare programs such as Medicare and Medicaid as part of his pledge to balance the federal budget in five years.

On Capitol Hill, prominent Democrats issued statements saying they were glad Bush was talking about healthcare but were skeptical about his plan.

"To the extent that the president is now recognizing that all Americans need health coverage, that's positive," said Rep. Henry A. Waxman (D-Los Angeles). "But it clearly cannot come at the cost of undermining comprehensive health coverage for those who do have insurance."

Sen. Edward M. Kennedy (D-Mass.) said he questioned "why the president thinks the way to solve this problem is through the tax code."

Many economists, however, say that Bush's plan deserves serious consideration.

"Given that we agree that we need some combination of individual and social responsibility, this is one key step in a total package that could bring coverage to all Americans," said Len Nichols of the nonpartisan New America Foundation think tank.

But Nichols would use the additional revenue to expand group coverage instead of individually purchased policies.

The current tax breaks for health insurance are worth about $147 billion a year, surpassing the mortgage interest deduction. Not only is employerprovided health insurance tax-free for employees, but companies can also deduct the cost as a business expense.

There are two main reasons many economists and healthcare experts believe this system is flawed.

One is that it gives no help to people without employerprovided coverage. In effect, that makes health insurance coverage even more prohibitive for small employers and the selfemployed.

"It's an unlevel playing field in terms of providing support," said Mark McClellan, who formerly headed Medicare and Medicaid and is a health economist and physician. "In the 21st century, we have more people working in self-employment, so there are more and more people who don't benefit from the tax exclusion."

The other reason is that many economists believe an unlimited tax deduction for employer-provided coverage encourages wasteful healthcare spending.

Many of those who would have to pay more under Bush's plan are union workers who have negotiated generous health insurance packages. The plan is likely to be opposed not only by organized labor, but also by big employers, which fear that unions would push for bigger wage hikes if health benefits were curtailed.

Some influential administration allies, such as the U.S. Chamber of Commerce, have already raised questions.

"Our concern … is that it would undermine the current system and become a disincentive for employers providing good, rich benefits for their employees," said Katie Mahoney, a healthcare policy expert for the business group.

Bush To Urge New Tax Plan For Health Care Coverage (NYT)

By Sheryl Gay Stolberg, Robert Pear

The New York Times, January 21, 2007

WASHINGTON, Jan. 20 — President Bush intends to use his State of the Union address Tuesday to tackle the rising cost of health care with a one-two punch: tax breaks to help low-income people buy health insurance and tax increases for some workers whose health plans cost significantly more than the national average.

White House officials say Mr. Bush has decided to forgo the traditional formula for the State of the Union — a laundry list of ideas, many of them dead on arrival — in favor of a more thematic speech that will concentrate on a few issues, like health care, immigration and energy, on which he hopes to make gains with the new Democrat-controlled Congress.

The basic concept is that employer-provided health insurance, now treated as a fringe benefit exempt from taxation, would no longer be entirely tax-free. Workers could be taxed if their coverage exceeded limits set by the government. But the government would also offer a new tax deduction for people buying health insurance on their own.

“I will propose a tax reform designed to help make basic private insurance more affordable,” Mr. Bush said in his weekly radio address on Saturday, “whether you get it through your job or on your own.” He did not offer specifics, but an administration official provided details of the plan.

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The proposed plan is a startling move for a president who has repeatedly vowed not to raise taxes. And it is certain to run into opposition from business groups, labor unions and, most of all, the Democrats who now run Capitol Hill.

"It's a bad policy," Representative Charles B. Rangel, the New York Democrat who is chairman of the House committee that writes tax legislation, said in an interview Friday night. "We are trying to bring tax relief to the middle class. The president is trying to increase their tax liability. This proposal is inconsistent with what the majority is seeking in the House and the Senate."

White House officials say the health tax plan would neither increase spending nor reduce tax revenues. Supporters say it would expand coverage to some of the 47 million uninsured. But critics say it would, in effect, tax people with insurance to provide coverage to those without it.

That would amount to a tectonic shift in the way people get and pay for their health coverage, and historically it has been all but impossible to win Congressional approval for such changes. When President Ronald Reagan made a proposal similar to Mr. Bush's in 1986, it died in Congress, with Mr. Rangel helping to lead the opposition.

As he heads into the address, his first delivered to a Congress controlled entirely by Democrats, Mr. Bush faces intense skepticism from lawmakers over his new strategy in Iraq. But while he will not be able to avoid the subject of Iraq in the speech, White House officials hope to use the address to shift the national conversation away from the war and toward the possibility of bipartisan cooperation in Washington.

"What they want to accomplish is to have the average American believe that Bush really does want to work across party lines and he's going to do it," said one Republican strategist close to the White House.

In his radio address on Saturday, Mr. Bush described his proposal as a way to "treat health insurance more like home ownership," giving people tax deductions for their health insurance in much the same way as they get tax deductions for home mortgage interest. He said the current system "unwisely encourages workers to choose overly expensive, gold-plated plans," driving up the overall cost of coverage and care.

The federal government does without tens of billions of dollars each year in potential tax revenue by making health coverage tax-free. The idea of limiting such tax-free coverage has circulated in various forms for more than two decades and is "quite controversial," said Dr. Mark B. McClellan, a former White House economist and Medicare administrator, who has consulted with Bush officials on the plan.

"The conventional wisdom is that there would be too much political opposition to propose" such limits, Dr. McClellan said.

In preparation for the president's speech, the White House has been shopping the idea around Capitol Hill, trying to sound out lawmakers like Senator Charles E. Grassley of Iowa, the senior Republican on the Senate Finance Committee, and Senator Ron Wyden, Democrat of Oregon.

The administration official said Mr. Wyden's plan contained tax provisions similar to the one proposed by the president. But in an interview, Mr. Wyden was skeptical. He said any tax changes must be coupled with regulations that would encourage private insurance companies to offer affordable coverage to people with pre-existing health conditions.

"The market is broken," Mr. Wyden said. "Private insurance companies cherry-pick. They're trying to take just healthy people and send fragile people over to government programs more fragile than they are, and I'm not sure what this does to fix the broken market."

The Census Bureau estimates that 175 million Americans obtain private health insurance through employers, while 27 million people are covered by insurance bought outside the workplace. The rest, with the exception of the 47 million uninsured, are covered through government programs like Medicare and Medicaid and military health care.

Under Mr. Bush's proposal, people buying health insurance on their own would receive a tax break similar to the one that has historically been available to people who receive coverage through their jobs. The plan is tied to the average cost of family health coverage, which is currently $11,500 a year.

It would work like this: The administration would cap the amount of benefits that can remain tax free at $15,000 for a family and $7,500 for an individual. Anyone whose health insurance cost more than that would pay taxes on the difference. For example, a family with coverage costing $16,000 a year would pay taxes on $1,000.

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The cap would also be used to establish the amount of the new deduction for people who lack coverage. In this example, a family buying insurance on its own could take a $15,000 deduction — even if the insurance cost less. The cap would rise with some measure of overall inflation, but would not necessarily keep pace with the costs of medical care and health insurance.

A White House official, speaking on condition of anonymity so as not to upstage the president, said, "The vast majority of people with employer-provided coverage will benefit as well."

One of the nation's leading experts on tax policy, C. Eugene Steuerle, a Treasury official in the Reagan administration who is now a senior fellow at the Urban Institute, said the proposal "would probably help increase the number of people with health insurance at no cost to the budget."

The administration official said the White House envisioned health insurance companies offering new plans to meet a growing market. But employers expressed doubts.

"This is a classic case of robbing Peter to help Paul pay for coverage," said E. Neil Trautwein, a vice president of the National Retail Federation, which represents retailers of all sizes. "I do not think the president will find many backers in the employer community for this proposal."

In trying to address the problems of the uninsured, Mr. Trautwein said, "we should not start by endangering coverage for people who already have it."

Senate Newcomer Is Designated To Encounter President Bush Yet Again (NYT)

By Francis X. Clines

The New York Times, January 21, 2007

Senator Jim Webb, a spirited Democratic freshman from Virginia, looked uneasy as he hand wrote his very first letter of condolence to a grieving constituent who had just lost her soldier son in the Iraq war. The senator, a lantern-jawed Marine veteran with his own son at war, brightened noticeably as he discussed the surprising invitation from his party's leaders to deliver the main response for the Democrats to President Bush's State of the Union address on Tuesday.

Normally, no one pays much attention to the opposition's rebuttal to a State of the Union address. But the capital's mood as the war spirals downward is palpably, if not desperately, expectant of some change, somehow. And in Washington, fresh rhetoric must be invested to feed any chance of change.

With their narrow victory, the Democrats newly in control of Congress are being turned to as if they are the loyal opposition in the British system, expected to be ready with a shadow cabinet wielding dossiers of perfectly worded alternatives.

It won't work quite that way on Tuesday night when Senator Webb speaks for a perennially discordant party full of upholders of yes-buts and whereases and why-nots. But Mr. Webb, whose upset victory was fueled by stinging, uninhibited criticism of the Bush administration's bungling of its war, clearly has something closer to a glinting riposte in mind than some boilerplate response for the record.

"My sense is people really want to see something different here," said the senator, dismissing the administration's dispatch of another 20,000 troops as not even a doomed strategy, but a "flailing around" for public relations cover. "Sooner or later we are going to withdraw from Iraq," Mr. Webb explained. "The circumstances under which we withdraw are the debate."

Tuesday will not be the first time the president and Mr. Webb have had a close encounter. After the election, the senator-elect declined to stand in a reception line and be photographed with Mr. Bush. News reports told of how the president later sought him out, asking, "How's your boy?"

"I'd like to get them out of Iraq, Mr. President," Mr. Webb responded, broadening the question.

"That's not what I asked you," Mr. Bush replied, sounding snappish. "How's your boy?"

"That's between me and my boy, Mr. President," said Mr. Webb, showing some of the instincts he honed as a former member of a Republican president's administration and a former boxer.

In choosing Mr. Webb, the party seems to be inviting some of his patented iconoclasm to tinge its image, particularly since he is not among the Democrats who first backed the war. Speaker Nancy Pelosi, who was against the war from the first, journeyed from the House to privately tell her Senate colleagues that the party has nothing less than a moral imperative to move the Iraq issue in a new direction.

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And so expectations are being raised. Party leaders made sure that Representative Tim Walz of Minnesota, a combat veteran of Afghanistan who speaks knowingly of the troops and their families, had the radio rebuttal last weekend when President Bush accused the Democrats of "proposing nothing," for all their objections to the latest version of his war plan.

A former secretary of the Navy for Ronald Reagan, Mr. Webb says he ran as a Democrat because his own politics are rooted in national security interests, and he found that issue despoiled by the Bush administration. "Hurricane Katrina was the thing that pushed me over into running," he said. "Katrina and the war were parallel situations in terms of failed leadership."

For the senator, the way out of Iraq is "from the outside in" — the full-scale regional diplomacy eschewed by the administration — rather than from inside Washington's misplaced sense of being the center of all solutions.

He is not alone. Republicans have been talking to Democrats about the wording of nonbinding resolutions of disapproval of the president's troop increase. Senator Olympia Snowe of Maine joined Senator Chuck Hagel, a fellow Republican from Nebraska, in the protest. Others were privately dickering.

Maybe nobody will be listening on Tuesday. But as a freshman, Senator Webb likes the early feel of things. He has already presided at the head of the chamber, aided by stage cues from a parliamentarian.

"I closed the Senate down on Friday, and I was teasing the Republican staffers that since there was nobody on the floor, I was going to ask for unanimous consent to withdraw from Iraq." The recollection prompted a booming laugh from the new senator that rolled forth like a preamble to Tuesday night.

"Told them we're going to be out of Iraq by the time I'm done."

Energy Independence (WP)

The Washington Post, January 21, 2007

BOTH CONGRESS and the Bush administration seem certain to return to energy policy this year. The subject is likely to be featured in President Bush's State of the Union address; a variety of energy bills have been proposed in Congress; and this year's reauthorization of the farm program may repackage agricultural handouts as ethanol-promoting energy policy. But there is a danger in the way political leaders are framing this issue. "Energy independence" is more elusive and less rewarding than is commonly perceived. It should not be allowed to take precedence over attempts to curb global warming.

The United States imports 60 percent of the petroleum it consumes, about double the share two decades ago. Those imports come mostly from countries whose governments are unstable, unsavory or overtly hostile to the United States: 60 percent of the world's oil reserves are in the Middle East, 10 percent in Africa, 6 percent in Venezuela and 5 percent in Russia. It sounds reasonable to argue that if the United States relied less on these regions for its fuel, it would be better off.

But consider this thought experiment: If the United States replaced all oil imports with domestically produced fuel, how much more secure would it be? Well, a Venezuelan or Iranian oil embargo could still hurt U.S. motorists and oil-consuming industries. An embargo would create a global scarcity of oil, and fuel prices would jump -- including the price of fuel in the United States. Admittedly, Americans would be paying those high prices to producers in their own country rather than to producers abroad, but the importance of this distinction is debatable. Some producers in the United States are foreign-owned, and many production operations abroad are U.S.-owned.

Some military planners say that, even so, energy independence would boost national security. The nation must be able to count on access to sufficient fuel to power its military machine and key industries. But two-fifths of the oil consumed in the United States is domestically produced, and the nation maintains a strategic petroleum reserve. Besides, it would take a truly formidable enemy to prevent the United States from buying oil simultaneously from the Middle East, West Africa and Latin America. True energy security comes not so much from energy independence as from diverse sources of supply.

Another security argument for energy independence is that by importing oil from radical Islamic regimes the United States is financing both sides in the struggle against terrorism. But it doesn't matter to Islamic radicals who buys their oil; the United States has banned Iranian oil imports since 1979, but Iran's crude still fetches the world price in the international market. It's true that, in pursuing energy independence, the United States would either restrict its consumption or boost its output; this would slightly alter the global balance of supply and demand, perhaps reducing the oil price and diminishing Iran's revenue. But even this effect is not certain: Saudi Arabia might respond by pumping less so that prices remained stable.

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This is not to say that curing the American addiction to oil would bring no security benefits whatever. Over the long term it would probably exert a moderating influence on oil prices; this would reduce the influence of authoritarian petro-states such as Russia or Venezuela. But this distant and uncertain benefit should not be the prime driver of energy policy. Mr. Bush and Congress should focus their energy policy on mitigating climate change and accept security gains that may flow from that as a welcome byproduct.

Bush's Fourth Quarter (LAT)

The Los Angeles Times, January 21, 2007

ON THE EVE of his seventh State of the Union address, President Bush's Texas swagger is muted. Not long ago, Bush famously called himself "the decider," but the drubbing he took in November's elections has reduced him to being "educator in chief," as he referred to himself on "60 Minutes" a week ago.

He wasn't referring to education, of course; he's realized that he's lost the support of most of the country (and Congress) on the war in Iraq and that he needs to "educate" them back into the fold. The problem for the administration, as it enters the fourth quarter, is that persuasion has never been its strength.

Quite the contrary — it's been anathema to its political approach. In the aftermath of the Clinton years, the Bush administration proudly stood against nuance and muddled compromise. The 9/11 attacks reinforced the White House's penchant for viewing the world in binary terms, and Bush's "with us or against us" mantra fit the moment. On issue after issue, from tax cuts to Iraq to its tactics against suspected terrorists, this administration has portrayed opponents as beyond the pale, while its own positions are crucial to the defense of Western civilization. Until recently, Bush also seemed pathologically incapable of conceding any failings or of deviating from campaign-style happy talk, even about the clearly deteriorating situation in Iraq.

Such absolutism is hard to sustain in a messy democracy (or a messy world, for that matter). It makes altering course all the more shocking — not just to those who support the administration, who feel misled or, worse, used, but to those who advocated for change. So, for instance, it was jarring to see the administration suddenly drop its insistence that judges should have no oversight over the National Security Agency's Terrorist Surveillance Program. It was the right thing to do, but it was hard to reconcile with the White House's previous hyperbolic narrative.

There have been other whiplash-inducing U-turns for Bush, along with more than a few policy dead-ends. Remember those ill-advised steel import tariffs? And whatever happened to all that talk of going to Mars and overhauling Social Security? After 9/11, the president initially opposed federalizing airport security and creating a Department of Homeland Security. He changed course on the military's interrogation methods and on whether Guantanamo detainees were covered by the Geneva Convention. In another departure, the administration engaged North Korea in bilateral talks last week, and there is talk of starting to take global warming seriously.

This isn't to say that Bush is exceptionally inconsistent. It's that he's exceptionally obstinate, and so changes in policy prove more damaging to his credibility than they might be otherwise.

On Iraq, of course, the president is still (though he would not put it this way) staying the course, insofar as he believes (rightly, in our view) that it would be disastrous for the United States to walk blithely away from the mess it created. That Bush himself only recently seems to have noticed the mess in Iraq — or acknowledged it — is one of those credibility-sapping traits that doesn't inspire much confidence in his ability to succeed.

To be fair, this is never an easy time for a second-term president. Bush is in the uncomfortable position of having to rely on the likes of Iraqi Prime Minister Nouri Maliki and radical Shiite cleric Muqtada Sadr to define his legacy. But then, at least he's not spending his days forced to deny having sex with "that woman," dealing with allegations that he illegally funneled arms to a Central American insurgency or fending off efforts to get at his incriminating tapes.

Bush will be with us for another two years, and this Tuesday, with the State of the Union address, he will attempt to begin engineering a fourth-quarter comeback. Iraq will remain at the forefront, of course, but Bush desperately needs to find ways to remain relevant on the domestic front as well. Comprehensive immigration reform would be one way to do that, and perhaps

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Bush will embrace environmentalism in the same way that Ronald Reagan improbably embraced arms control in his last years in office.

Regardless of the issue, the most worrisome aspect of the Bush administration at this point is the president's lack of stature. It sounds corny, but the president of the United States remains the leader of the free world, and it's essential for him to command respect and authority on the global stage. The unsettling question about Bush in his fourth quarter is whether anyone will take him seriously the next time he identifies a crisis — especially if, and when, it's a real crisis.

Pragmatic, Up To A Point (NYT)

By Jim Rutenberg

The New York Times, January 21, 2007

THE town almost missed the news late Wednesday afternoon when the White House announced President Bush was ending his warrantless wiretap program. It was initially hard to believe that a president who has held his ground on so many fronts, against so many prevailing forces, had reversed himself on a signature assertion of executive power.

There had to be a hitch.

But perhaps the move — which really did happen — should not have come as such a surprise.

It was the latest evidence of an emerging pragmatism inside the West Wing. In the last few months, the new White House chief of staff, Joshua B. Bolten, has switched out longtime Bush loyalists with a handful of so-called policy realists — and their appointments have cast a famously ideological White House inner circle in a more pragmatic light. And they have expressed a willingness to deal with a new Democratic Congress.

But Washington being Washington, there is skepticism. Just how pragmatic will they be on issues they hold dear?

Kenneth Duberstein, the former chief of staff to President Ronald Reagan who has welcomed the changes, said it was clear that Mr. Bolten had retooled the administration for a new era of "compromise and confrontation." But, he added, "They may have changed their faces, but not what's in their hearts."

This goes to a fundamental debate over whether — or how far — the president will do a turnabout on issues which he had refused to budge on when dealing with a Republican Congress.

Evidence is ample that Mr. Bush will choose his battles more carefully in his final two years. After all, the war is taking up so much political oxygen and Congress is under Democratic management. And as Texas governor, Mr. Bush worked well with Democrats.

"He understands how to work with a majority and he understands how to work as part of a minority and he'll adjust accordingly," said Mark McKinnon, a political strategist for Mr. Bush's presidential campaigns. "This is a president who still wants to get a lot done."

Yet this new approach is not a wholesale about-face. In fact, the administration's decisions in the last few weeks could be seen as a move to compromise now to avoid more serious setbacks to his agenda later. In other words, it is pragmatism at gunpoint.

Take, for instance, the administration's agreement last week to submit the wiretap program to judicial review. Opponents of the program said the administration had finally folded, trying to avoid pending legal decisions that could find that presidents do not have the wartime executive authority to issue wiretaps without warrants. In the process, the administration may also have deflated Congressional plans to move against the program. In effect, critics say, the White House was trying to duck for now a debate on a crucial balance of power question.

"They've changed the surveillance program under the pressure," said Senator Arlen Specter of Pennsylvania, a leading Republican opponent of the policy.

Mr. Specter said he did not think the administration would yield on its long-term goal, pushed most by Vice President Dick Cheney, to reclaim the executive authority that was lost after Watergate.

"I would expect the vice president to continue to insist on executive power," he said.

Mr. Specter is among the administration's many moderate allies who hopes that one of Mr. Bolten's new appointees, the incoming White House counsel Fred F. Fielding, will prevent what the administration's critics would call overreaching. Fairly or

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not, the woman he is succeeding, Harriet Miers, was seen as too often going along with — or being unable to rein in — some of the administration's more assertive impulses. Mr. Fielding, who has the stature of having worked for Presidents Richard Nixon and Ronald Reagan, is perceived to be better able to counterbalance those impulses.

Mr. Specter said, "I think Fred is going to be much more" — here comes that word again — "realistic in his dealings."

The same has been said about Robert M. Gates, the successor to Defense Secretary Donald H. Rumsfeld, who hails from the realist school of foreign policy.

Even Democrats praised his appointment. But they were decidedly less enthusiastic about the Iraq policy he ultimately endorsed — including an increase in troops — which many took as a rebuttal to the bipartisan approach recommended by the Iraq Study Group.

"What the president did on Iraq just sends a real signal that he's going to continue to basically do what he wants to do," said Leon Panetta, a former chief of staff to Bill Clinton and a member of the Iraq Study Group. A true test of how pragmatic Mr. Bush will be will come on Tuesday night when Mr. Bush presents his State of the Union address.

HIS team is clearly hoping to do in 2007 what Bill Clinton did in his penultimate address, in 1999: produce a rousing speech with a hefty set of goals that catch his opponents off guard and help put his second term on firmer footing.

Mr. Bush's strategists have already foreshadowed a more aggressive approach to end what the president last year called the nation's "addiction to oil." The president is expected to reaffirm his understanding of the human causes of global warming, and discuss ways to reduce emissions.

Yet some energy industry officials have said his proposals will be partly pre-emptive — adopting an environmental policy that hews to his anti-regulatory and free-market principles before someone with more liberal ideas on regulation can take over in 2009.

And, just as President Clinton in 1999 proposed a long-term fix for Social Security and challenged his Republican partners in Congress to join him, Mr. Bush is likely to do the same this year. Mr. Clinton had opened the door to investment of some Social Security funds in the stock market, a break from traditional liberal orthodoxy.

Some conservatives fear that Henry M. Paulson, Mr. Bush's new treasury secretary, will similarly try to seek common ground with Democrats, in this case by not categorically ruling out some sort of tax increase to help shore up the system. But Republicans close to the administration say Mr. Bush's longtime political adviser, Karl Rove, is focused on holding together the president's conservative coalition, and would be dead set against any such thing.

Yet all of this talk about deal making and pragmatism is enough to give Mr. Bush's longtime supporters a serious stomach ache. Grover Norquist, president of Americans for Tax Reform, who consults regularly with White House officials, suggested that Mr. Bush should avoid deal making, hold firm on his principles and help Republicans win back power in 2008 to finish out his vision thereafter.

"What you're sacrificing short term is approbation," Mr. Norquist said. "But you'll be able to say 'It didn't happen when I was in office, but it happened because I was in office.' "

Fragile Hopes For Bipartisan Rescue Of Social Security (NYT)

By Robin Toner

The New York Times, January 21, 2007

WASHINGTON, Jan. 20 — President Bush is renewing his call for a bipartisan effort on Social Security, but few other issues so clearly highlight the limits of bipartisanship these days, the mistrust and ideological division just barely below the surface.

Many Democrats and Republicans agree that this period of divided government should, theoretically, be an opportune moment to find a solution to the long-term fiscal problems in Social Security, the 72-year-old government pension system. It is almost universally acknowledged that any fix — which would be likely to involve a politically risky mix of benefit reductions, tax hikes or other painful changes — would require broad and deep bipartisan support.

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"The American people have to sense on these types of issues that it's absolutely bipartisan and that the agreement was reached in an absolutely fair way," said Senator Judd Gregg, Republican of New Hampshire, the senior Republican on the Budget Committee. "And that's one of the strengths of divided government."

But even the earliest efforts at a rapprochement have been vexed, in large part because of the memories of the Social Security battle of 2005, when Mr. Bush campaigned hard to create private investment accounts in the program but failed.

Efforts have been made: Treasury Secretary Henry M. Paulson Jr. has talked to crucial lawmakers, including Representative Charles B. Rangel of New York, the chairman of the Ways and Means Committee, "encouraging everyone to bring all their ideas to the table, and hoping that some kind of consensus can emerge," as Michele Davis, the assistant Treasury secretary, puts it.

Mr. Rangel said he had also been talking about the possibility of action on Social Security with the ranking Republican on his committee, Representative Jim McCrery of Louisiana. And in the Senate, Mr. Gregg and Senator Kent Conrad of North Dakota, the chairman of the Budget Committee, have proposed a bipartisan working group to explore broad entitlement and fiscal issues.

But the old fault lines have quickly re-emerged. Vice President Dick Cheney, in an interview with Fox News last week, said Mr. Paulson's openness to all ideas did not indicate that the administration was open to any increase in the payroll tax that supports Social Security. Raising the cap on income subject to payroll taxes — now at $97,500 — is one of the most commonly cited ways to shore up Social Security. "I think this president has been very, very clear on his position on taxes, and nothing's changed," Mr. Cheney said.

Mr. Conrad said that after those comments, his effort to move forward with his working group "is on life support." He added, "People have interpreted that to mean that the administration is not willing to alter their position one iota, and it's their way or the highway. Well, that's not going to work."

Democrats already mistrustful of negotiating with the administration were buttressed in their views, Mr. Conrad added. "They say, look, they're playing us for suckers."

Many Democrats say they still want the president to take private investment accounts explicitly off the table before serious negotiations can begin. Mr. Bush is expected to include those accounts in his budget again this year, although with their hypothetical creation pushed back a year.

Representative Rahm Emanuel, chairman of the Democratic Caucus, said that in a climate of such uncertainty for many Americans' private pension programs, it was all the more important "not to take away the one solid cornerstone of their retirement." He added, "It's not good politics and it's not good economics."

Senator Max Baucus of Montana, the chairman of the Finance Committee, a critical venue for any Social Security plan, said he too believed the president must give up his private accounts before serious talks could occur. If so, he added, "I'm more than open, if the president is truly willing to look at all options."

It is, in short, a polarized debate, and likely to become all the more so as the parties head into the 2008 election. On left and right, advocacy groups are watching for any signs of a flinch. Grover Norquist, the antitax conservative, said he was vocally making a pre-emptive case against any payroll tax increase, although he had been assured by the president in December that he would hold the line.

Still, Mr. Norquist added, it is simply too dangerous to walk into negotiations with the Democrats without explicitly ruling out tax increases. "Mom didn't want you to have girls at the house after 10, not because she didn't trust you, but because she thought it was unwise," he said.

There is similar vigilance on the left. "There is no reason for us, as a campaign working on this issue, and there's no reason for the Democrats to compromise with this president on the most sacrosanct program to progressives after he lost the privatization debate and lost the election," said Brad Woodhouse of Americans United for Change, a liberal labor-backed organization.

Business Faces New Pressures On The Hill (WP)

The Washington Post, January 21, 2007

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For almost a year, business interests have had an inkling that their days of calling the shots in Washington were about to come to an end.

But last week, as the clocked ticked down on the symbolic first 100 hours of the 110th Congress, it was becoming pretty clear how hostile the political environment had become after 12 years of Republican rule.

It wasn't just that key business lobbyists were no longer invited to the weekly meeting to set the agenda, plan strategy and coordinate the talking points. Or that much of the promised legislation was hostile to their interests, such as House passage last week of an energy bill that wiped out tax breaks and raised royalty fees for the oil industry and cut subsidies to banks and others making college loans. Or that, in pushing through their first six bills, House Democrats were able to get an average of 62 votes from the once-united Republican caucus.

More troubling for business interests was the fact that nearly every day seemed to bring news of some fresh new offensive -- a hostile hearing or a special new committee or some calculated retreat by the Bush administration, leaving them surprised and exposed.

"I don't think most people have grasped what they are facing yet," said Kenneth Kies, the go-to tax lobbyist, after the Senate Finance Committee unveiled an unexpected proposal to limit the amount of income that top corporate executives could defer tax-free.

And imagine the surprise of auto industry executives when House Speaker Nancy Pelosi said she would appoint a special committee on energy independence and global warming as a way around John Dingell, Detroit's main man in Washington and chairman of the House Energy and Commerce Committee, who could always be counted on to keep the lid on fuel economy and auto emission standards.

Meanwhile, small-business lobbyists were not pleased to see the head of the very big-business Business Roundtable standing before reporters with the heads of AARP and the Service Employees International Union, saying nice things about health-reform efforts that require all businesses to offer some kind of health insurance or pay an offsetting tax.

Just how far left the political center of gravity has moved on these issues may be clearer after President Bush delivers his State of the Union message this week, in which he will try to reestablish his centrality in the policy debate by stealing a march on the Democrats on a number of domestic initiatives, not all of which may be to business's liking.

But the early going has revealed that a business community that has spent a decade playing offense had become a bit rusty when playing defense. A strategy of playing to stalemate rather than compromise in the closely divided Senate may founder as Republicans respond to the public clamor for bipartisan accomplishment. And while Bush seems ready to begin wielding his veto pen, he may want to husband his political capital for issues relating to the war and presidential power rather than protecting business interests.

The Equality Engineer (WP)

By George F. Will

The Washington Post, January 21, 2007

Barney Frank, the 14-term Massachusetts congressman who chairs the House Financial Services Committee, says it might be useful to "make it a misdemeanor to use metaphors in the discussion of public policy," such as "a rising tide lifts all boats." Against what he considers that too-complacent view of economic growth (the metaphor was John Kennedy's), Frank says: A rising tide is wonderful "if you have a boat."

Frank questions whether market-driven wealth creation is producing more inequality "than is either socially healthy or economically necessary." He favors much more government intervention in the economy to diminish inequality. Sometimes he means equal dependence on government. For example, he wants everyone enrolled in Medicare -- with larger co-payments for higher-income people -- in order to take health care "out of the wage system."

Frank mildly says that Congress should "pay a little more attention" to the seven governors of the Federal Reserve system, all of whom are confirmed by Congress. The Fed, says Frank less mildly, should not be considered "above democracy": "We can debate whether Terri Schiavo's life should be recognized as over" and other fundamental questions of existence, "but God forbid

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anybody in elected office should talk about whether or not we need a 25-basis-point increase" in interest rates. "Somehow that's sacrosanct. No, it isn't. It's public policy."

The late Sen. William Proxmire, a populist Democrat who represented Wisconsin for 32 years, said that all members of Congress should have written on their bathroom mirrors, so it is the first thing they read each day, this: "The Fed is a creature of Congress." Frank says Congress should not intervene in monetary policy . . . "unless." By monitoring whether the Fed's governors act as they said they would when they were being confirmed, Congress would be "setting the predicate for intervention if they act otherwise."

He wants the Fed to emphasize full employment as well as protect the currency as a store of value -- restraining inflation. But the Fed's stunning conquest of inflation since the early 1980s is almost a sufficient explanation of subsequent prosperity.

Three years ago, when unemployment was 5.8 percent, Frank outlined his doctrine of "capitalism plus" -- plus a lot of government -- in a House speech, warning that America was at "a major inflection point" where the economy's ability to create wealth is exceeding its ability to create jobs. Today, unemployment is 4.5 percent. How low can it go? He answers briskly: It fell to 3.8 percent during the Clinton administration. Could that become normal? And Frank says that when the New York Times wrote that the economy had exceeded its "normal rate of growth" for 11 years, he wrote to the Times wondering whether facts are redefining normality.

Frank may be the most liberal member of Congress. His thinking is what today's liberalism looks like when organized by a first-class mind. He thinks he discerns cultural contradictions of conservatism: Some conservative policies -- free trade and tax and other policies that (he thinks) widen income inequalities -- undermine support for other conservative policies. When capitalism's "creative destruction," intensified by globalization, churns the labor market and deepens the insecurities of millions of families, conservatives should not be surprised by the collapse of public support for free trade and an immigration policy adequate to the economy's needs.

Frank's solution, "fair trade," is to use the threat of denying access to the American market to force less developed countries to adopt "minimal standards of civility," meaning more expansive -- more American -- labor rights and environmental protections. This is an economic version of George W. Bush's foreign policy. Bush's Wilsonian goal is "ending tyranny in our world." Frank's trade policy is "Wilsonianism without weapons." Or perhaps it is Johnsonian (Lyndon Johnson): Trade policy should impose semi-Great Society rules on less developed trading partners, thereby helping the poor in those countries -- and reducing those countries' competitive advantages.

Frank's committee has, he says, "a larger jurisdiction to talk than to legislate." Pay attention to the talk: In it liberalism's interest in diminishing inequality (using government power to regulate the economy's distribution effects) duels with conservatism's emphasis on freedom (incentives by which market forces rationally allocate wealth and opportunity).

Frank says he is fortunate to be "in a profession where a weakness of mine -- a short attention span -- is a strength." In a government with its fingers in far too many pies, legislators must flit from one subject to another. What distinguishes Frank, however, is the coherence -- which is not a synonym for persuasiveness -- of his argument for more government-engineered equality.

Democrats Seek To Avert Abortion Clashes (WP)

By Shailagh Murray

The Washington Post, January 21, 2007

Eager to avoid a resumption of the culture wars, the new Democratic leaders are trying to tiptoe around the abortion issue by promoting legislation to encourage birth control and assist women who decide to proceed with unwanted pregnancies.

Democrats acknowledge that they alienated many social conservatives and churchgoing voters during years of combat with Republicans over the explosive issue of reproductive rights, and they want to change their emphasis to woo some of those voters back into the fold.

On the opening day of the 110th Congress on Jan. 4, for instance, Senate Majority Leader Harry M. Reid (D-Nev.), an abortion foe, introduced a bill to increase funding for family planning and to improve access to emergency contraception. The

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measure has been endorsed by Sen. Edward M. Kennedy (D-Mass.), a champion of abortion rights, and Sen. Hillary Rodham Clinton (N.Y.), a leading Democratic presidential prospect.

These and other initiatives are a far cry from previous Democratic efforts that drew strong conservative opposition, including funding for abortions for women in the military serving overseas and U.N. family-planning programs in Third World countries.

"There are few more divisive issues in America today than abortion, but there is an opportunity to find common ground if we are willing to join together and seize it," Reid said recently. "The rate of unintended pregnancies is unacceptably high." Legislation such as his, he added, "can reduce the number of unintended pregnancies and the resulting abortions in America today."

During the past decade of Republican rule, Congress became a battleground for opposing forces in the abortion debate. Nearly 150 bills and amendments have been offered with the aim of restricting the procedure. Democrats and pro-abortion-rights Republicans blocked most of those measures, but in the process they alienated a vital group of voters -- religious moderates who support, in principle, the Roe v. Wade Supreme Court decision that legalized abortion nationwide but who are morally squeamish about terminating pregnancies.

Now Democrats are seeking to reach these "abortion grays" through their own legislative proposals, all focused on preventing unwanted pregnancies. The initiatives, including several in development for more than a year, represent an attempt to broaden the discussion beyond the traditional framework of whether abortion should be legal. By recasting their approach, Democrats hope to appeal to "grays" in suburban areas and Midwestern towns who have voted Republican in recent elections.

"We believe deeply that we can do better than we're doing in our country when it comes to preventing unintended pregnancies and helping to support mothers and children," Clinton said in announcing her support for Reid's initiative.

In the House, Reps. Tim Ryan (Ohio), a Democrat who opposes abortion, and Rosa DeLauro (Conn.), a member of the Democratic leadership who supports abortion rights, are backing measures to make contraception easier to obtain, while providing aid to women who proceed with unintended pregnancies. House Speaker Nancy Pelosi (D-Calif.) helped smooth the path for the Ryan-DeLauro bill, and Rep. Rahm Emanuel (Ill.), the fourth-ranking House Democrat, is a cosponsor. "This is something that Democrats are really into," Emanuel said.

At least four similar bills are circulating. Antiabortion Democrats who are reluctant to promote contraception use are backing a more limited effort to help pregnant women and single mothers.

"You're going to see a change in the tone of the debate, and a move toward more solutions, rather than the divisiveness," said Nancy Keenan, president of NARAL Pro-Choice America, a leading abortion rights group that signed on early to the prevention agenda. "What we're going to see in this Congress is some problem-solving."

The 2006 election results sent mixed signals about where voters stand on abortion. On one hand, pro-abortion-rights Democrats won in 22 House districts that had been represented by antiabortion Republicans. Three Senate seats also flipped from anti- to pro-abortion-rights candidates, and antiabortion ballot initiatives failed in three states, including South Dakota, where voters blocked an effort to outlaw the procedure.

On the other hand, five antiabortion Democrats were elected to the House from districts in the industrial Midwest and South, conservative regions that the Democratic Party had been struggling to infiltrate. Robert P. Casey Jr. (Pa.), who is Catholic and opposes abortion, won a Senate seat with strong Democratic establishment backing -- although his father, the late Pennsylvania governor Robert P. Casey Sr., had been barred from addressing the 1992 Democratic National Convention because of his antiabortion views. A slim majority of the Senate leans toward favoring abortion rights, but the Democratic-led House remains antiabortion by a narrow margin. As one abortion rights activist put it, "We've made gains, but we don't have carte blanche on anything."

Democrats hope their proposals for preventing unwanted pregnancies will become a bridge within the party and even across the aisle to some Republicans, a way to reconcile moral reservations with legal rights.

Third Way, a moderate Democratic policy group, coined the term "abortion grays" to define the nearly two-thirds of voters who hold mixed views on the subject. Rachel Laser, Third Way's abortion expert, has counseled numerous Democratic

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candidates and lawmakers on prevention rhetoric. In a poll the group commissioned last summer, 69 percent of voters said they supported the goal of reducing the number of abortions "while still preserving the basic right to have one."

And yet Democrats have been reluctant even to mention abortion in recent years. Laser reviewed Senate Web sites and found that Democratic members used the word fewer than 350 times, while Republicans raised the issue 1,900 times. Democrats "also are prone to make conflicting statements about abortion or to couple their pro-choice voting records with a statement professing their personal opposition to abortion," one of her Third Way memos said. "This comes across as defensive, confusing and disingenuous."

The Reid bill, sponsored in the House by Rep. Louise M. Slaughter (D-N.Y.), would increase funds for family-planning services, ensure contraception equity in health insurance plans and improve access to emergency contraception. The Ryan-DeLauro legislation would expand access to contraception, fund sex-education programs, improve health-care access for low-income women and children, and extend adoption tax credits.

There are still minefields, as Ryan discovered when he entered the abortion fray in the House. A 33-year-old Catholic who represents a working-class Ohio district, he has sought to jostle Democratic thinking on abortion since his service in the state legislature. After he was elected to Congress in 2002, Ryan reached out to the antiabortion group Democrats for Life. The group was devising what evolved into a foundation of the prevention agenda, a plan to lower the abortion rate by 95 percent over 10 years.

In late 2005, Democrats for Life discussed a possible collaboration with Third Way, but an alliance never materialized because many antiabortion Democrats, particularly Catholics, were reluctant to endorse contraception provisions.

"We wanted a bill that all pro-life Democrats could feel comfortable supporting," said Kristen Day, executive director of Democrats for Life. But Ryan decided that Democrats had to go further, and he shopped his bill around the House without the group's support. It has since become the leading Democratic vehicle in that chamber. "We cannot have a legitimate abortion-reduction bill without contraception," Ryan said.

But the Democrats for Life bill also has gained broad support and even has attracted some Republican backers. Among its provisions: expanding welfare and health benefits for pregnant women and closing health-insurance loopholes that limit prenatal care. At least three states -- Alabama, Michigan and Virginia -- are considering smaller versions of the House package, Day said.

"In the ideal world, there would have been just one bill," she said. "But it's a positive step that our party has been talking about this. Two bills is a good thing."

The Socialist Senator (NYT)

By Mark Leibovich

The New York Times Magazine, January 21, 2007

When Bernie Sanders visits a high-school class, as he does regularly, students don't hear a speech, a focus-grouped polemic, a campaign pitch or, heaven forbid, practiced one-liners. Nor, in all likelihood, do they hear Sanders tell stories about his family, childhood or some hardship he has endured. He makes no great effort to "connect" emotionally in the manner that politicians strive for these days, and he probably doesn't "feel your pain" either, or at least make a point of saying so. It's not that Sanders is against connecting, or feeling your pain, but the process seems needlessly passive and unproductive, and he prefers a more dynamic level of engagement.

"I urge you all to argue with your teachers, argue with your parents," Sanders told a group of about 60 students at South Burlington High School — generally liberal, affluent and collegebound — one afternoon in mid-December.

The newly elected senator whipped his head forward with a force that shifted his free-for-all frizz of white hair over his forehead. (Journalistic convention in Vermont mandates that every Sanders story remark on his unruly hair as early on as possible. It also stipulates that every piece of his clothing be described as "rumpled.")

"C'mon, I'm not seeing enough hands in here," he said.

A senior named Marissa Meredyth raised hers, and Sanders flicked his index finger at her as if he were shooting a rubber band. She bemoaned recent cuts to college financial-aid programs.

Sanders bemoans these, too, but he'd rather provoke.

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"How we going to pay for this financial aid?" Sanders asked. "Who in here wants us to raise taxes on your parents to pay for this?"

Not many, based on the show of hands.

"O.K., so much for financial aid," Sanders said, shrugging.

Next topic: "How many of you think it was a good idea to give the president the authority to go to war in Iraq?"

No hands.

"C'mon, anyone?"

He paused, paced, hungry for dissent, a morsel before lunch. Sanders says he thinks Iraq was a terrible idea, too, but he seemed to crave a jolt to the anesthetizing hum of consensus in the room.

"Iraq is a huge and very complicated issue," Sanders said, finally. ("Huge" is Sanders favorite word, which he pronounces "yooge," befitting a thick Brooklyn accent unsmoothed-over by 38 years in Vermont.) He mentioned that Vermont has had more casualties in Iraq per capita than any other state in the union, including one from South Burlington High School.

"O.K., last call for an Iraq supporter," he said. Going once, going twice.

By this point, Sanders's cheeks had turned a shade of dark pink with a strange hint of orange. It's a notable Sanders trait; his face seems to change color with the tenor of a conversation, like a mood ring. His complexion goes orangey-pink when he's impatient (often when someone else is speaking), purpley-pink when he's making a point or a softer shade of pink when at rest, "rest" being a relative term.

Next question from Sanders: "Should people in this country who want to go to college be able to go, regardless of income?"

Wall-to-wall hands, with the exception of one belonging to Andy Gower, a senior in a backward baseball cap who recently moved up from North Carolina. Relatively conservative, Andy is a conspicuous outlier in the class. Bernie knows how he feels, having spent eight terms as the lone Socialist in Congress, and the first to serve in the House since the 1920s.

"Why do you think that?" Sanders asked Andy.

He replied with a question of his own: "Why should people who can afford to go to college pay for people who can't?" He was sheepish at first but gained momentum. "Why should people who are successful in this society be burdened by people who aren't? It's just a fact of life. Some people will succeed, and some people won't. And it's just the way it's going to be and has always been."

A few classmates smirked, shook their heads. But Sanders was suddenly buoyant. He stomped forward, clapped twice — provocation achieved.

Hands were shooting up everywhere, and Sanders contorted his mouth into a goofy grin.

"At the end of the day, democracy is a tough process," Sanders said finally, arms restored to their flailing default positions.

"The discussion we've had in here is at a higher level than what we often have on the floor of the United States Congress," Sanders gushed, for as much as he ever gushes, which is not much.

And given some of the things Sanders has said about the United States Congress, maybe this wasn't such a gush after all.

Sanders has always been an easier fit in Vermont than in Washington. Being a Socialist in the seat of two-party orthodoxy will do that. While he has generally championed liberal Democratic positions over the years — and the Democratic Senatorial Campaign Committee endorsed his Senate campaign — Sanders has strenuously resisted calling himself a Democrat. And he has clung to a mantle — socialism — that brings considerable stigma, in large part for its association with authoritarian communist regimes (which Sanders is quick to disavow).

But he does little to airbrush the red "S" from his political profile. On the wall of his Congressional office hangs a portrait of Eugene V. Debs, the Socialist Party presidential candidate of the early 20th century. A poster in a conference room marks Burlington's sister-city relationship with Puerto Cabeza, Nicaragua — one of a few such alliances he forged with cities in Marxist states during his 10-year stint as mayor of Vermont's biggest city in the 1980s.

Socialism brings Sanders instant novelty in Washington and, in many circles, instant dismissal as a freak. But Sanders's outcast status in Washington probably owes as much to his jackhammer style as to any stubborn ideology. It is a town filled with student body president types — and Sanders, for his part, finished a distant third when he ran to be president of his class at James Madison High School in Brooklyn.

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Few would describe Sanders's personality as "winning" in the classic politician's sense. He appears to burn a disproportionate number of calories smiling and making eye contact. "Bernie is not going to win a lot of 'whom would you rather live on a desert island with' contests," says Garrison Nelson, a professor of political science at the University of Vermont. No matter. Sanders's agitating style in Washington also constitutes a basic facet of anticharm, antipolitician appeal at home.

"I'm not afraid of being called a troublemaker," Sanders says, something he's been called many times, in many different ways, many of them unprintable. "But you have to be smart. And being smart means not creating needless enemies for yourself."

In this regard, Sanders has not always been smart, especially when he was first elected to the House in 1990. He called Congress "impotent" and dismissed the two major parties as indistinguishable tools of the wealthy. He said it wouldn't bother him if 80 percent of his colleagues lost re-election — not the best way to win friends in a new workplace.

"Bernie alienates his natural allies," Representative Barney Frank, the Massachusetts Democrat, said at the time. "His holier-than-thou attitude — saying in a very loud voice he is smarter than everyone else and purer than everyone else — really undercuts his effectiveness." The late Joe Moakley, another Massachusetts Democrat, waxed almost poetic in his derision for Sanders. "He is out there wailing on his own," Moakley said. "He screams and hollers, but he is all alone."

Frank says he came to like and work well with Sanders, with whom he served on the House Financial Services Committee. His early objections were over Sanders's railing against both parties as if they were the same. "I think when he first got here, Bernie underestimated the degree that Republicans had moved to the right," Frank told me. "I get sick of people saying 'a curse on both your houses.' When you point out to them that you agree with them on most things, they'll say, 'Yeah, well, I hold my friends up to a higher standard.' Well, O.K., but remember that we're your friends."

Among his House colleagues, "Bernie's not a bad guy," is something I heard a lot of. "You appreciate Bernie the more you see him in action," says Senator Chuck Schumer, the head of the Democratic Senatorial Campaign Committee, who served with him for several years in the House. A fellow Brooklynite who is nine years younger, Schumer attended the same elementary school as Sanders (P.S. 197) and the same high school (James Madison, which also graduated a third United States senator, Norm Coleman, Republican of Minnesota). "Bernie does tend to grow on people, whether it's in the House or in Vermont," Schumer says.

But he has clearly grown bigger in Vermont, and more seamlessly. "His bumper stickers just say, 'Bernie,' " says Senator Patrick Leahy, Vermont's senior Senator and a Democrat. "You have to reach a certain exulted status in politics to be referred to only by your first name."

Sanders is particularly beloved in Burlington, which elected the recovering fringe candidate as its mayor despite the Reagan landslide of 1980 — thus christening the so-called "People's Republic of Burlington." Some supporters called themselves "Sanderistas."

His election to the Senate in November came at the expense of a too-perfect Bernie foil — Richard Tarrant, a well-barbered, Bentley-driving Republican businessman who spent $7 million of his own money so he could lose by 33 percentage points.

"Congratulations, Bernie," a fan yells to Sanders outside his district office in Burlington. Sanders was out for a quick bagel on a balmy December morning, temperatures in the 60s — another day of Al Gore weather in the once-frozen north. He walked head down but kept getting stopped. "Now you gotta run for president, please," the congratulator added, something Sanders gets a lot of too.

It is a reception that any natural, eager-to-please politician would relish — and accordingly, Sanders dispatches these glad-handing chores with the visible joy of someone cleaning a litter box, coughing out his obligatory thank yous and continuing on his way.

Sanders's popularity in Vermont brings up the obvious questions: to what degree is he a quaint totem of the state, like the hermit thrush (the state bird), and could a Socialist be elected to the Senate anywhere else?

In recent years, Vermont has joined — perhaps surpassed — states like Massachusetts and New York in the top tier of liberal outposts. Several distinctions nurture the state's credentials: It was the first place to legalize civil unions for same-sex partners; it is the home of Phish, the countercultural rock-folk band and contemporary analog to the Grateful Dead and of Ben

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and Jerry's ice cream (and its peacenik-themed flavors); and it is host to cultural quirks and ordinances like not allowing billboards, being the last state to get a Wal-Mart.

The state has also incubated several politicians who have achieved national boogie-man status among Republicans. They include Leahy, the Grateful Dead fan and chairman of the Senate Judiciary Committee; former Senator James Jeffords, the liberal Republican who became an Independent in 2001, giving Democrats a temporary majority; and Howard Dean, the former governor whose presidential campaign boom (and perhaps fizzle) was tied heavily to his association with Vermont's progressive politics.

Sanders fits snugly into this maverick's pantheon. But Leahy says his fellow senator appeals to an antiestablishment strain in Vermont that is not necessary liberal. Leahy notes that he himself is the only Democrat the state's voters have ever elected to the Senate. Before 1992, only one Democratic presidential candidate carried Vermont — Lyndon Johnson in 1964.

"A lot of the lower-income parts of our state are Republican," Leahy says, adding that many of them are populated by rural libertarians who are greatly suspicious of government intrusion into individual rights. "I saw Bernie signs all over those parts of the state."

Sanders opposes some federal gun-control laws, which has helped him in a state where "you grow up believing it is legal to shoot deer on the statehouse lawn in Montpelier," says Luke Albee, a South Burlington native who was Leahy's House chief of staff.

But again: Could Sanders be elected to the Senate anywhere else?

No, not as a Socialist, Schumer says. "Even in New York State it would be hard."

Massachusetts? "Maybe this year he could," Frank says, meaning 2006. "But if he were running in any other state, he probably would have to comb his hair."

Leahy says that just any Socialist probably couldn't get elected in Vermont, either. But Sanders has made himself known in a state small enough — physically and in terms of population — for someone, particularly a tireless someone, to insinuate himself into neighborly dialogues and build a following that skirts ideological pigeonholes. Indeed, there are no shortages of war veterans or struggling farmers in Vermont who would seemingly have no use for a humorless aging hippie peacenik Socialist from Brooklyn, except that Sanders has dealt with many of them personally, and it's a good bet his office has helped them procure some government benefit.

"People have gotten to know him as Bernie," Leahy says. "Not as the Socialist."

Sanders calls himself as a "democratic Socialist." When I asked him what this meant, as a practical matter, in capitalist America circa 2007, he did what he often does: he donned his rhetorical Viking's helmet and waxed lovingly about the Socialist governments of Scandinavia. He mentioned that Scandinavian countries have nearly wiped out poverty in children — as opposed to the United States, where 18 to 20 percent of kids live in poverty. The Finnish government provides free day care to all children; Norwegian workers get 42 weeks of maternity leave at full pay.

But would Americans ever accept the kinds of taxes that finance the Scandinavian welfare state? And would Sanders himself trade in the United States government for the Finnish one? He is curiously, frustratingly non-responsive to questions like this. "I think there is a great deal we can learn from Scandinavia," he said after a long pause. And then he returns to railing about economic justice and the rising gap between rich and poor, things he speaks of with a sense of outrage that always seems freshly summoned.

Sanders crinkles his face whenever a conversation veers too long from this kind of "important stuff" and into the "silly stuff," like clothes and style. "I do not like personality profiles," Sanders told me during our first conversation. He trumpets a familiar rant against the media, its emphasis on gaffes, polls and trivial details.

"If I walked up on a stage and fell down, that would be the top story," Sanders says. "You wouldn't hear anything about the growing gap between rich and poor."

When I first met Sanders in person on Church Street, there were big streaks of dried mud on his shoes and dried blood on his neck from what looked to be a shaving mishap. His hair flew every which way in a gust of wind. At six feet tall, he is wiry, but he walks with shoulders hunched and elbows out, like a big, skulking bird. From a distance, he looked as if he could be homeless.

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Closer in, the overwhelming impression made by Sanders is that of an acute worrier. He evinces the wearied default manner of a longtime insomniac, eyes weather-beaten with big lines and a perpetual slight cringe. His brow appears close to collapse beneath the weight of an invisible sandbag.

Richard Sugarman, a professor of religion at the University of Vermont and a longtime friend, recalls that during Sanders's days as mayor, constituents would sometimes call him at his listed home phone number in the middle of the night. "Someone would call at 3 a.m. and say, 'Hey Bernie, someone just threw a brick through my window, what should I do?' He was as hands on as anyone. ... Does he have an off-mode? Not really."

Luke Albee, Leahy's former chief of staff, says: "He has no hobbies. He works. He doesn't take time off. Bernie doesn't even eat lunch. The idea of building a fire and reading a book and going on vacation, that's not something he does."

As much as anything, this distills why Sanders has been an awkward fit in the chummy realm of Capitol Hill. He is no pleaser or jokester by anyone's prototype. I don't recall Sanders laughing more than two or three times in the 48 hours I spent with him in Vermont. His one memorably funny aside came when I asked if his Congressional office had a dress code.

"Yes," he said. "You can't come in if you're totally nude," he said. He instituted the rule, he said, when his outreach director, Phil Fiermonte, who is now sitting next to him, came to work naked.

"Totally nude," Sanders said. "On three occasions."

He was kidding, presumably.

Riding in the passenger seat of Fiermonte's car, Sanders was shouting into a brick-size cellphone, the likes of which were all the rage in the 1990s. He was talking to a staff person who was about to meet with someone from the office of Senator Edward Kennedy, chairman of Health, Education, Labor and Pensions, one of five committees that Sanders will sit on. Sanders voice filled the car.

"Dental care is yooge," Sanders boomed into the phone. This has been a leitmotif of my visit — Sanders's crusade to improve dental health among Vermont's rural poor. He views this as an employment and economic issue. "How many employers are going to hire someone who doesn't have teeth?" he asks. "You go around this state, and you will find a lot of people with no teeth. It is their badge of poverty."

Improving dental care for the poor is a classic Sanders issue: unsexy and given to practical solutions and his obsessive attention. Sanders sees bad dental care among the poor as a "pothole issue" in Vermont, meaning it is pervasive and something that government should be active in fixing (like potholes). Teeth are tangible, especially when they hurt.

Sanders's car pulled into the parking lot of H.O. Wheeler Elementary School in North Burlington, where he was visiting a drop-by dental clinic. The notion of "school-based dental care" excites Sanders immensely, and his gait speeds as he enters the school, past the main office, a classroom and several school officials he has come to know over multiple visits.

"If you're a kid, and you're having dental pain, you're not going to be learning a lot," said Joseph Arioli, of Burlington's Community Health Center and one of a half-dozen program administrators — including a dentist in scrubs — convened around a dentist chair.

The clinic provides free access to dental care for kids at high risk of neglecting their teeth. Students are typically seen during the school day, which means they miss minimal class time and their parents don't have to leave work to take them. Betsy Liley, a grant writer for the city, says that many households in Vermont own just one toothbrush.

"Lemme guess, a lot of the dietary habits you see here are not great," Sanders said. Nods all around. He said he'd do his best to secure more financing and vowed to return. And he told Liley that he might bring her to Washington to testify before a Senate committee.

Walking out, Sanders didn't bother with goodbye — just as he didn't with hello — only a thank you and a "what you're doing here is yooge" over his shoulder.

"Great program," Sanders said in the car. He likes to check in whenever possible. That's essentially what I did with Sanders in Vermont: check in, with programs that he's been involved with or wants to learn more about. He likes to hit lots of meetings, quick, businesslike transactions.

Only once in six discussions I sat in on did Sanders indulge in a personal anecdote. He was in his office talking to Sharon Moffat, Vermont's acting commissioner of health, and the topic turned to dental care.

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"I have a personal story to tell you," Sanders said, and my ears perked up as I fantasized of learning the "Rosebud" episode that might explain Bernie's interest in teeth.

"I was in the House cloakroom about five years ago," Sanders said. "And I was thirsty. I took a drink of grape juice. Blawww."

He scrunched up his face.

"It was awful, awful. Then I looked at the label. The amount of junk they put in there is unbelievable."

Moffat nodded.

"Anyway, I no longer drink that stuff," Sanders said.

Sanders's parents were Jewish immigrants from Poland. His father, Eli, a struggling paint salesman who saw his family wiped out in the Holocaust, worried constantly about supporting his wife and two sons. His mother, Dorothy, dreamed of living in a "private home," but they never made it beyond their three-and-a-half-room apartment on East 26th and Kings Highway. She died at age 46, when Bernie was 19. "Sensitivity to class was imbedded in me then quite deeply," Sanders told me.

Sanders spent a year at Brooklyn College before transferring to the University of Chicago, where he studied psychology and helped lead protests against racially segregated housing on campus. He spent time on a kibbutz in Israel after graduation and then moved to Vermont with his first wife. "I had always been captivated by rural life," he says. As a child, Sanders attended Boy Scout camp upstate and used to cry on the bus as it returned him to New York at the end of the summer.

In Vermont, Sanders worked many jobs for meager sums — as a freelance writer, filmmaker, carpenter and researcher, among other things. (Sanders has one son, Levi, and three stepchildren from his marriage to his second wife, Jane O'Meara Driscoll, the president of a small college in Burlington whom he met at a party on the night of his first mayoral victory.)

Politics came to dominate Sanders's life. He was an early member of Vermont's Liberty Union party, an offshoot of the antiwar movement in Vermont. He ran as the party's nominee for the Senate in a special election in 1971 and finished with 2 percent of the vote. The following year, he ran for governor and received 1 percent. He would run two more times for statewide office that decade as a third-party candidate and never come close.

That changed when he ran for mayor of Burlington in 1980, at Sugarman's urging. Sugarman studied the race and believed Sanders could win, if few others did. Sanders knocked on doors all over the city, campaigned day and night and beat a six-term Democratic incumbent by 12 votes.

"People generally assumed this was a fluke and that he would be gone in two years," said Peter Clavelle, a friend who succeeded Sanders as mayor.

Sanders spoke out against poverty in the third world and made good-will visits to the Soviet Union and Cuba, among other places that U.S. mayors generally didn't travel to during that time. But a funny thing happened on the way to what many had dismissed as a short-running circus. Sanders undertook ambitious downtown revitalization projects and courted evil capitalist entities known as "businesses." He balanced budgets. His administration sued the local cable franchise and won reduced rates for customers. He drew a minor-league baseball team to town, the Vermont Reds (named for the Cincinnatis, not the Commies).

Sanders's appeal in Vermont's biggest city blended the "think globally" sensibility of a liberal college town with the "act locally" practicality of a hands-on mayor. He offered sister-city relations with the Sandinistas and efficient snowplowing for the People's Republic of Burlington. Before Sanders's mayoral victory, Leahy says, it was easy not to take him seriously. "Then he got over that barrier, and got elected. He fixed the streets, filled the potholes, worked with the business community. He did what serious leaders do." He was re-elected three times.

In a sense, Sanders's stint as mayor become a template for his subsequent successes — and limitations — as a national officeholder. In the House, he gained great publicity and favor as an audacious critic with a geopolitical purview, but ultimately left his biggest mark with small-bore diligence to the local realpolitik.

I was reminded of this when I asked Sanders in early January what his immediate legislative goals would be in the Senate. He listed these broad-brush priorities: 1) ending the Iraq war; 2) reversing the "rapid decline of the middle class" (a corollary to "addressing the gap between rich and poor"); 3) reordering priorities in the federal budget; and 4) enacting environmental laws to thwart global warming. When I asked how he would translate any of his priorities into concrete legislation, he nodded sheepishly and said, "I'm in the process of trying to figure that out now." It is an unsatisfying response somewhat reminiscent of Sanders's all-

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purpose invocations of Scandinavia whenever he's pressed on how his socialist philosophy can be applied to the two-party system he exists in.

As a general rule, Sanders is much more convincing at proffering outrage than solutions. He can do this in Vermont, in part, because he is an entrenched political brand — "Bernie" — and voters will forgive a little blowhardedness (if not demagoguery) from someone they basically agree with and who has grown utterly familiar to their landscape, like cows. Sanders can also pull this off because, as he did in the mayor's office, he has buttressed his bomb-throwing with rock-solid attention to the pothole matters of dental clinics, veterans' benefits, farm subsidies, the kind of things an attentive politician operating in a tiny state (with a population of just 620,000) can fashion a formidable political base from.

After three terms as mayor, Sanders ran for Vermont's at-large House seat in 1988 as an Independent and lost by a small margin to Peter Smith, the Republican former lieutenant governor. He won a rematch in 1990.

"When I came into the House, no one knew what to do with me," Sanders says. "I was the only representative from Vermont, so I had no one to help me. And I was the only Independent, so no one knew where to put me in terms of committee."

Sanders was known as something of a pragmatic gadfly in the House. His grillings of former Federal Reserve Chairman Alan Greenspan became a running burlesque, much awaited by many Hill and Federal Reserve watchers whenever Greenspan appeared before the House Financial Services Committee. ("Do you give one whit of concern for the middle class and working families of this country?" Sanders asked Greenspan in one representative exchange.)

Sanders was not without his legislative triumphs. He was adept at working with people with whom he otherwise disagreed sharply — forging alliances with conservatives like Representative Ron Paul, Republican of Texas and a well-known libertarian, with whom he shared a common hostility to the U.S.A. Patriot Act. In what might have been Sanders's signature triumph of recent years, he was instrumental in striking a provision from the Patriot Act that would have required librarians to release data on what their patrons were reading.

But in keeping with his pragmatic gadfly's approach, Sanders was far more accomplished at filing amendments to House bills than actually writing and producing legislation of his own. He was also gifted at drawing attention to his issues and (just as important) to himself. He was the first congressman to lead a bus trip to Canada to help seniors buy cheaper prescription drugs.

As he makes the transition to his new job, Sanders says his former House colleagues have teased him about not becoming "like the rest of them" in the Senate. Sanders jokes about this, as much as he jokes about anything. He says he will be required to enter a machine that zaps his brain and transforms him "into a member in good standing in the House of Lords."

"We're talking about a completely different animal here," Sanders says. The House fosters a more hospitable habitat for the audacious and eccentric; their ranks tend to be camouflaged by its larger numbers, curtailed by strict time limits on floor speeches and reined in by the outsize power of the House leadership. Senators can speak for as long as they want and single-handedly buck the wishes of 99 other senators by placing "holds" on bills and nominations. Tradition dictates that senators exercise such privileges sparingly.

"There will be times when he causes the Democratic leadership some agita," Schumer predicts. "But knowing him, I think he's smart enough not to make any gratuitous enemies. He might make enemies, but they won't be gratuitous enemies."

Sanders told me, "You have to ask yourself, Did the people send me here to give long speeches, or did they send me here to get things done?"

By "you" Sanders means himself, as his sleepless Socialist adventure proceeds into the House of Lords.

On a quiet morning in mid-December, Sanders was sitting in his new office in the basement of a Senate office building — it is a temporary office he will inhabit before he moves to another temporary office that he will occupy until a permanent space opens up, probably around March. It's all very exasperating, he said, this office-space situation. But he asked that I keep the specifics of his exasperation out of the article. He is trying to meet a stepped-up standard of tact and decorum in his new home.

"Why can't we get these phone calls forwarded from the House office?" Sanders asked a staff person who is working temporarily at a temporary reception desk in the temporary-temporary office. Everything seems temporary, but not as temporary as before. Sanders has a six-year term now instead of a two-year one. Friends have advised him to pace himself, curb his impatience. He would seem ill wired for this, but he is trying. He even took a four-day vacation last month — and to Palm Springs.

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But now he has work to do, beginning with getting to know his colleagues. "Personal relationships are very important in the Senate," he told me. He likes the Senate majority leader, Harry Reid, a lot, appreciates that he gave him the committee assignments that he wanted — Health, Education, Labor and Pensions; the Environment and Public Works; Veterans' Affairs; Energy and Natural Resources; and the Budget. And wouldn't you know, Reid has an interest in dental care, too. He grew up dirt poor in Nevada, and his mother had no teeth. The first thing Reid did when he got his first job — at a gas station — was buy her a new set. So the Senate's leading Democrat gets the importance of dental care, which could help save teeth in Vermont.

"Let's go somewhere else to talk," Sanders said, as we headed out the door of his temporary-temporary office. "We can get some coffee."

We traversed a maze of hallways that lead into a Senate dining room. "Can we sit down in here?" he asked a busperson. Yes, but then Sanders looked at a bunch of tables covered in white linen table clothes, not what he had in mind.

We walked upstairs, in search of a quiet place in the new neighborhood, on the Senate side. He kept navigating short hallways and turning back. An elevator opened in front of Sanders. It said "Senators Only." The attendant invited him on, but he hesitated, turned away and began looking for another route to wherever he was going.

Sanders zigzags the Capitol this way barely recognized, or acknowledged (or congratulated, or urged to run for president). A few people stare at the new senator as he walks by — maybe because he looks lost, or famous, or maybe just because he looks like a strange bird out of Vermont.

Mr. Chips Goes To Congress (NYT)

By David Brooks

The New York Times, January 21, 2007

We're in bipartisan nirvana. Bills are passing through the House 356 to 71 and through the Senate 96 to 2. Nancy Pelosi is aglow, and this week President Bush will trot out a State of the Union speech so conciliatory in tone it'll sound like Gandhi on Quaaludes.

The question is, What is all this good cheer accomplishing? It's time to render judgments on the substance of all this legislation coursing through the Democratic Congress:

Ethics reform: A–. This is the best thing the Democrats have done. The bans on lobbyist-financed gifts, meals and travel are unimportant. Few legislators are corrupted by a steak or even a ride in a Gulfstream.

But there are measures in the tough Senate bill that will change behavior. Legislators will have to wait two years before becoming lobbyists. Lobbyists will have to disclose donations they collect and bundle. There will be more transparency on earmarks. If this bill becomes law, the Democrats will have done something significant to clean up Washington.

Minimum wage: B–. The traditional argument against raising the minimum wage is that higher labor costs mean that employers hire fewer workers. It's hard to believe this burden will cost many jobs, given how low the minimum wage is now.

On the other hand, raising the minimum wage won't be of much benefit to the working poor. Only 0.6 percent of all wage workers make the minimum, and many of those are middle-class teenagers or recent grads.

The economists Richard Burkhauser of Cornell and Joseph Sabia of the University of Georgia estimate that a mere 12.7 percent of the benefits of a federal minimum wage hike would go to poor families, while 63 percent would go to families earning more than twice the poverty line. In sum, a poorly targeted publicity measure that will nonetheless help some people in need. Raising the earned-income tax credit would have been better.

Prescription drugs: D. While they were the opposition, Democrats fulminated that the Republicans were so deep in the pockets of Big Pharma that they wouldn't even let the government negotiate lower drug prices. But governing is harder than kvetching, and the Congressional Budget Office has concluded that the Democratic plan would have a negligible effect on prices for the elderly.

The plan allows the government to negotiate, but doesn't take the politically difficult step of giving it any leverage to actually lower prices. A symbolic gesture.

Student loans: C–. House Democrats (and 124 Republicans) voted to cut the interest rates on student loans. This is a nice subsidy for middle-class grads, but will do almost nothing to help working-class kids complete college. Over the past three

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decades, the federal government has spent more than $750 billion on financial aid, with spending levels exploding over the past 10 years. This money has done little to improve graduation rates. That's because relatively few students can't complete college for financial reasons.

Study after study has failed to find any link between recent federal subsidy programs and college attendance. Democrats would have been better off streamlining existing aid or focusing their efforts on Pell grants.

Energy policies: A–. Democrats have voted to reduce some of the government's oil and gas subsidies and shift them toward renewable energy. As Jerry Taylor wrote in The National Review recently, the case for the existing oil subsidies is "laughably thin." In fact, it's too bad Congress didn't take an even bigger slice out of corporate pork.

Sept. 11 commission recommendations: C–. This is another case of governing being a lot harder than complaining. Democrats vowed to enact all the recommendations, but immediately backtracked on the one the commission said was "among the most difficult and important": strengthening Congressional oversight. No guts, no glory.

Stem cell research. B. The House voted 253 to 174 to reverse the Bush restrictions on embryonic stem cell research funding (not enough to overturn a veto). A good move, for most of us. But it's hard to judge the practical consequences, given how distant the benefits of this research are, and the fact that recent innovations like amniotic stem cells might alter the whole debate.

In conclusion, if a wonky Mr. Chips were to step back and render a judgment on the new Congress so far, he'd note that it's not a terribly ambitious student. It hasn't tried anything big. It has a weakness for showy symbolism and middle-class subsidies. Still, at least it hasn't humiliated the nation the way the last Congress did, and it looks set to do some modest good.

The Cause Bush Did Justice To (WP)

By Jan Crawford Greenburg

The Washington Post, January 21, 2007

The courtroom crackled with tension on the final day of the Supreme Court's 2004-05 session. It was shaping up to be a historic day, many believed, and the seats were packed with top government officials and people who had camped out overnight in the sticky heat of a Washington summer. They had come for one reason: to see Chief Justice William H. Rehnquist announce his retirement after 33 years on the court.

Rehnquist was dying of thyroid cancer, and he appeared almost ghostly that morning as he pulled back his tall leather chair in the center of the bench. He was thin and stooped, his once-robust complexion now gray. His booming baritone, which had silenced many a lawyer, was weak, and he struggled even to briefly summarize the court's decision in a key religion case.

When he finished, he thanked the court for its work during a difficult year. The room grew still, and the other justices peered at Rehnquist. The chief justice paused briefly, then banged down the gavel and slowly rose. Most of his colleagues seemed confused. Only Justice Sandra Day O'Connor, his friend of five decades, appeared to have a sense of purpose. She already knew about his plans for the future -- and her own. She turned and stepped beside her old chief, ready to help him if he needed her arm, as he shuffled back to his chambers. There was no announcement.

The anticlimax that morning only reinforced unease among conservatives. Amid the rumors of retirement and change, they were facing an uncomfortable reality: The Rehnquist Court, with seven justices appointed by Republican presidents, had become a legal and ideological disappointment. The justices had consistently refused to set aside landmark liberal rulings of previous Supreme Courts and had declined to issue clear decisions on some of the most contentious matters of constitutional law. On issue after issue -- abortion, affirmative action, capital punishment, separation of church and state, and presidential power -- conservatives watched the court chart a liberal path, injecting itself into explosive public disputes and handing the left big victories.

Ironically, the court's decision on Bush v. Gore, in which the five most conservative justices voted to stop the Florida recounts in the 2000 presidential election and deliver victory to George W. Bush, was also a blow to conservatives: It opened the court to criticism for deciding the case on politics, not law, and those denunciations may have made the court's moderates, O'Connor and Anthony M. Kennedy, more wary of being cast as predictable votes on the right.

Once in the White House, however, President Bush was to ultimately get the openings that conservatives needed to remake the court for a post-Rehnquist era. When the chief justice announced his illness in the days before the 2004 election, the moment

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for change was at hand. And barely two months after Rehnquist banged his gavel for the last time, on June 27, 2005, Bush seized that moment and filled not one but two vacancies.

The departures of O'Connor and Rehnquist produced a titanic conflict over their successors, one that turned allies into enemies, damaged reputations and reopened old wounds. Yet, after bizarre missteps and strategic brilliance at the highest levels, Bush engineered lasting change in the court, succeeding where past Republican presidents -- including his own father -- had failed. And in so doing, he provided some redemption for the conservative movement, so dismayed by watching Republicans in the political branches flout ethics laws, expand government and indulge in runaway spending. If nothing else, they would get their court.

Bush was seared by his father's 1990 nomination of David H. Souter to the Supreme Court, and he vowed to avenge that mistake. Souter, an unknown New Hampshire jurist who edged out favored nominee Kenneth W. Starr, quickly became one of the court's most liberal justices. Conservatives consider his selection one of the biggest blunders of a Republican president in the 20th century.

Bush promised to nominate justices in the mold of Antonin Scalia and Clarence Thomas, and his advisers methodically looked for nominees who fit that bill. A group of advisers, including Vice President Cheney, had begun quietly interviewing prospective nominees after the extent of Rehnquist's illness became apparent. They were looking for solid judicial conservatives with proven track records. Determined to avoid a Souter redux, they looked for nominees with a clear paper trail. They did not want another Anthony M. Kennedy, a moderate conservative who they believed had drifted to the left in his years on the court. They believed that service in the executive branch, which typically desensitized people to media coverage, would stiffen a justice's backbone once those critical newspaper editorials began rolling in.

John G. Roberts Jr., a highly regarded Supreme Court advocate who had served in two Republican administrations, was among the top candidates. He also had impressed conservative colleagues during his short tenure on the D.C.-based federal appeals court, an impression that liberal judges confirmed. Judge Harry Edwards, an outspoken liberal on that court, said privately that Roberts was "the most conservative judge" he had ever seen. (And Edwards has served with Scalia and Thomas.)

Also on the short list was Samuel A. Alito Jr., a Newark-based federal judge who had 15 years of experience on the bench and who deputy White House counsel William K. Kelley believed had "never written a wrong opinion."

Roberts wasn't an obvious choice after his screening interview with Cheney and other top advisers. He had carefully held his views on controversial issues (including abortion) close for so long that some in the administration were suspicious of those views. But Roberts had supporters in the White House, and Kelley was one of them. He knew Roberts held conservative views; he just didn't share them often. He and others pointed to Roberts's record under presidents Ronald Reagan and George H.W. Bush, as well as his opinions on the appeals court, to convince skeptics that he was the kind of conservative Bush wanted to nominate. Roberts edged onto the short list to meet with the president.

Meanwhile, Alito had wowed the group in his interview with his quiet confidence and sparkling conservative record. He even joked about his nickname, "Scalito," which journalists used to compare him to Scalia. (Alito disliked the nickname, believing it had less to do with his opinions than with his Italian ethnicity.)

Then O'Connor shocked Washington by announcing her retirement in July 2005, with the ailing Rehnquist still serving as chief justice, and administration lawyers renewed efforts to find female and minority candidates. However, Bush eventually went back to his original list and interviewed five contenders: Alito, Roberts, Edith Brown Clement, J. Michael Luttig and J. Harvie Wilkinson III. Bush told advisers that Roberts's qualifications "jumped off the page," and that Roberts's congenial nature would be an asset in a court packed with strong personalities. After interviewing Roberts in the West Wing, Bush quickly settled on him to replace O'Connor.

Six weeks later, on Sept. 3, the weekend before Roberts's confirmation hearings were to begin on Capitol Hill, Rehnquist died at home in Virginia. His death came at one of the lowest points of Bush's presidency. Only five days before, Hurricane Katrina had devastated the Gulf Coast, killing nearly 2,000 people and displacing many more. As the floodwaters rose and state and local officials floundered, neither Bush nor his administration seemed to grasp the scale of the disaster.

On the weekend of Rehnquist's death, Bush was in full damage-control mode, and he did not hesitate on his decision for the court's new leader. He called Roberts at his home in Chevy Chase less than 12 hours after the news of Rehnquist's death

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became public, and asked him to come to the White House that afternoon. The next morning, he introduced Roberts as his nominee for chief justice -- just moments before he boarded Air Force One for another trip back to the ravaged Gulf Coast.

Now Bush had to find a replacement for O'Connor, and this time he told advisers that it would be a woman or a minority. He was getting pressure, including from the first lady, to nominate a woman. And as new White House lawyers were to quickly learn, the president indeed cared about diversity and demanded that the lists of nominees to federal posts or lower courts always include women and minorities.

But as one candidate after another fell off the roster -- some were too old, some too liberal, some too unpredictable -- White House counsel Harriet Miers edged her way onto it. The Miers story -- how she became the nominee and then withdrew -- is a perfect storm of missteps and disconnect throughout the White House.

Bush's decision to nominate Miers was driven by his determination not to repeat his father's mistake with Souter. Of all the possible nominees, he knew Miers best, and he knew she would not change. She had been involved in the selection of Roberts; in fact, Miers had originally worried that he wasn't conservative enough. Bush was confident that she wouldn't disappoint.

Coincidentally, the opposition of conservative groups to Miers also was driven by the Souter nomination. To conservatives, Miers was an unproven and untested nominee, just as Souter had been. How could she stand up to the liberal intellectual heavyweights on the court, such as Stephen G. Breyer? Who could say she wouldn't change once Bush left town and headed back to Texas? Conservatives would not be fooled again.

Alito was waiting in the wings when Miers's nomination fell apart. Unlike Reagan, who appointed the more liberal Kennedy to the court in 1987 after his nominations of Robert H. Bork and Douglas H. Ginsburg went down in flames, Bush had no problem seeking another solid conservative. With a Republican majority in the Senate, he did not compromise. Alito was considered a solid conservative, though not combative like others, and he had hired liberal law clerks. Bush hoped that Alito, like Roberts, would prove effective in building coalitions.

The call from the White House surprised Alito. Living in New Jersey, he had been insulated from the negative Washington buzz over Miers. He had absorbed the disappointment about being passed over and had come to terms with remaining a federal appellate judge. Alito didn't know that he had been Miers's choice for the O'Connor vacancy after Roberts got the nod for the top spot. She liked his quiet confidence; he didn't seem to be pushing too hard for the job. When Alito was nominated just four days after Miers dropped out, she greeted him warmly in the White House, moments before Bush introduced him as his next nominee.

With the miasma in Iraq and a historic midterm election that wrested control of Congress from Republicans, many have labeled Bush's presidency an unmitigated failure. Yet no historian will be able to write that Bush failed to follow through on his campaign promises regarding the Supreme Court. His nominations of Roberts and Alito -- two of the most conservative justices to reach the court in many years -- will be felt for decades to come.

Bush fulfilled his early vow to appoint justices in the mold of Scalia and Thomas. Together with those two justices, Alito and Roberts make the Roberts Court the most conservative Supreme Court in half a century. Roberts and Alito will not be as forceful as Scalia and Thomas on the bench or in their opinions; they are unlikely to push moderates away with their strong views. For that reason, they may be more effective than Scalia or Thomas in finally removing the court from the contentious social issues that conservatives think belong in legislatures. With the court now poised to recede from some of those divisive cultural debates, George W. Bush and his lawyers at the White House and Justice Department will continue shaping the direction of U.S. law and culture long after many of them are dead.

Jan Crawford Greenburg is the legal correspondent for ABC News and author of "Supreme Conflict: The Inside Story of the Struggle for Control of the United States Supreme Court" (Penguin Press).

OTHER NEWS:

States Act On Congressional Goals (WP)

By Dale Russakoff

The Washington Post, January 21, 2007

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The newly Democratic House may think it responded swiftly to the populist message of the November elections with passage of Speaker Nancy Pelosi's 100-hour agenda. But out in the heartland, many state legislatures and governors hope to leave Congress in the dust.

Paying heed to voters' economic anxieties, governors of both parties and in all regions opened legislative sessions with proposals such as eliminating sales taxes on groceries, providing public kindergarten for low-income children, targeting tax relief to low- and moderate-income families and investing state dollars in job training for a new economy.

Stepping ahead of the Democratic-controlled House in attending to the growing gap between rich and poor, lawmakers in 17 states are moving to raise the minimum wage sooner or more than Congress proposes, or to tie it to inflation so it continues to rise. Under the House bill, the federal minimum wage would not reach its target of $7.25 an hour for more than two years and would not rise with inflation.

And California Gov. Arnold Schwarzenegger (R) was hardly the sole governor calling for universal health insurance. His counterparts in Kansas, Illinois and Colorado did the same, while governors in Arizona, New Mexico, Indiana, New York and elsewhere called for covering hundreds of thousands of low-income, uninsured families.

"If you ask voters what do you want your state to do, that takes federal issues like the war in Iraq and the deficit off the table," said Bernie Horn of the Center for Policy Alternatives, which supports liberal policies in state legislatures. "So economic insecurity is the top issue."

While this partly reflects Democratic gains in the November elections in state legislatures and in governors' offices, it is hardly a one-party phenomenon.

Politicians of both parties are moving to eliminate state sales taxes on groceries in the cause of economic fairness. In his State of the State address, newly elected Arkansas Gov. Mike Beebe (D) invoked "a moral charge to rid our state of its most regressive tax, the state sales tax on food." A similar measure failed last year, but Beebe said 25 of 35 state senators are co-sponsoring his plan to halve the 6-cent tax this year and eventually eliminate it.

In Wyoming, the Republican-controlled House Revenue Committee passed a grocery tax exemption last week that would cost the state $50 million, rejecting alternative tax relief measures that would benefit the wealthy. And in Idaho, Gov. C. L. "Butch" Otter (R) called for a grocery tax credit for low-income residents.

Lawmakers in 17 states are moving to raise their minimum wages despite the pending congressional action. The majority-Democratic Mississippi House of Representatives passed a measure to raise the state minimum wage to $7.25 an hour by next January, at least a year ahead of the federal increase, and to index it to inflation so that it rises with the cost of living.

"I thought we needed to index it because Democrats control Congress now, but if Republicans ever get back even one house of Congress, they'll never raise the minimum wage again," said Mississippi state Rep. Ricky Cummings (D), sponsor of the measure, which faces strong resistance in the narrowly Democratic state Senate and from Gov. Haley Barbour (R).

Barbour said the indexing provision would eventually raise Mississippi's minimum wage above that of neighboring states, which he argued would drive jobs away. "Alabama, Arkansas, Louisiana, Tennessee must be laughing up their sleeves," he said.

Ray Keating, chief economist at the Small Business and Entrepreneurship Council, said businesses are concerned about the populist mood in legislatures, particularly surrounding minimum wage indexing and health care.

"The minimum wage indexing is especially troubling," he said. "You'll see it most clearly when the economy slows down and job creation slows down. States that pushed to get their minimum wage ahead of the federal wage are going to feel it."

Minimum wage indexing bills are pending in Kansas, Nebraska, Indiana, North Dakota, Minnesota, Rhode Island, Texas, Utah, Virginia and Wyoming, but analysts said it is too early to tell whether any of them will be enacted.

As for universal health care, Keating said it is not "the type of proposal we'd hope to come from Republicans, who usually believe in restrained government, lower taxes and less regulation." He was referring to Schwarzenegger and former Massachusetts Gov. Mitt Romney (R), who steered a mandatory-coverage measure through his legislature and now is considering running for president.

The free-market approach is alive and well in some states, however. In Georgia, where Gov. Sonny Perdue (R) and Republican majorities in both houses were re-elected by large margins, Perdue has proposed solving the health-care crisis by

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emphasizing preventive care, exercise, healthful diets and access to cost and quality comparisons for medical care. He also called for tax incentives to develop more health care in underserved rural areas.

Arizona Gov. Janet Napolitano (D), who chairs the National Governors Association, said its annual meeting next month will focus on how to use government, particularly public schools and colleges, to foster an "innovation economy" that expands opportunity for people of all incomes.

Governors have called for expanded job training, pre-kindergarten and college scholarships for low-income students, all in the name of equipping more people to compete for higher-wage jobs.

In Arkansas, Beebe called for spending $111 million to provide preschool for all children whose families earn up to twice the poverty level. He also proposed scholarships for students in families earning under $25,000 a year. Colorado Gov. Bill Ritter (D) proposed a similar plan.

Napolitano linked health insurance to education in her State of the State address, saying healthy children are better learners and calling for state-subsidized coverage for children in families making up to $60,000. Republicans who control the legislature called the plan too generous and expensive.

"What I sense out there," Napolitano said, "is people asking: Where are we going as a country? What is the economic future that we're going to have? Are we really going to be the generation that hands off an economic future less bright than the one we were handed?"

Hillary Clinton Opens Presidential Bid (WP)

By Dan Balz

The Washington Post, January 21, 2007

New York Democratic Sen. Hillary Rodham Clinton yesterday launched a long-anticipated 2008 presidential campaign that could make her the first female president in the nation's history and the only former first lady to follow her husband in the White House.

"I'm in and I'm in to win," Clinton said on her campaign Web site early in the morning, and then spent the day at her Washington home making calls to supporters, donors and friends. Her announcement was deliberately timed to come shortly before President Bush's State of the Union address on Tuesday night, campaign advisers said, so she can draw a contrast with the administration's record and help focus attention on the office of the presidency.

Their hope, they said, is to establish Clinton as the candidate best prepared to become the first Democrat in the White House since Bush succeeded Bill Clinton six years ago.

"The stakes will be high when America chooses a new president in 2008," she said in a statement that was posted on her Web site along with a video announcement. "As a senator, I will spend two years doing everything in my power to limit the damage George W. Bush can do. But only a new president will be able to undo Bush's mistakes and restore our hope and optimism."

Clinton begins the long campaign as the clear front-runner for the Democratic nomination, according to a nationwide Washington Post-ABC News poll completed Friday night. The poll showed her the favorite of 41 percent of Democrats, giving her more than double the support of any of her potential rivals.

Illinois Sen. Barack Obama, who established his exploratory committee last week, has generated enormous interest and attention, putting the Clinton camp on notice. The poll put him in second place among Democrats at 17 percent, but his support has not increased over the past month as he has moved toward a formal candidacy.

In hypothetical general election matchups against the two most prominent prospective GOP candidates, Clinton narrowly leads Arizona Sen. John McCain and is running about even with former New York mayor Rudolph W. Giuliani.

In her video statement, Clinton made only a glancing reference to the war in Iraq. She has emerged as a vocal critic of the president and opposes his proposal to send more than 20,000 additional troops into the conflict. But she voted for the war in 2002 and angered some party antiwar activists by standing behind that vote until last month.

Regardless, Clinton brings considerable assets to the race.

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As a former first lady now serving her second term in the Senate, she has one of the best-known names in American politics. She has a national network of supporters, the capacity to raise as much or more money than any of her rivals, and a r?sum? of political activity dating back decades that now includes six years in the Senate and a landslide reelection victory in November.

And for the past 15 years, she has shown an ability to weather sometimes harsh attacks from her critics, especially among conservatives.

But those considerable assets have done nothing to ward off a sizable cadre of rivals. That group includes, in addition to Obama, former North Carolina senator John Edwards, Connecticut Sen. Christopher J. Dodd and former Iowa governor Tom Vilsack, all of whom have established campaign committees.

New Mexico Gov. Bill Richardson plans to declare his intentions today and Delaware Sen. Joseph R. Biden Jr. has said he will be a candidate. The field also includes Ohio Rep. Dennis J. Kucinich. On the sidelines are Sen. John F. Kerry of Massachusetts, the 2004 nominee, who is considering becoming a candidate, and former vice president Al Gore, the 2000 nominee, who has said he is not likely to run again.

The size and experience of the Democratic field underscores the reality that, for all of her support, fundraising potential and political muscle, Clinton continues to face questions about whether she can win a general election.

The electability issue comes in different forms. Will she suffer from a sense of Clinton fatigue on the part of many voters, who may be looking for the kind of fresh face Obama offers? Is she too defined as a partisan Democrat to fit the mood of an electorate that may be hungry for a different style of politics after eight years of the Clinton presidency and six years of Bush? Have the attacks against her as a cold and calculating politician created an image that, correct or incorrect, will be difficult to overcome?

Wasting no time to confront the issue, Clinton's campaign posted on its Web site a 1,250-word memo from strategist and pollster Mark Penn that begins: "People are always asking, can Hillary Clinton win the presidency? Of course she can."

"The number one asset we have is Hillary Clinton, her strength and leadership," Penn said in an interview. "As more and more people get to know her -- as they know her in New York -- they will like the leadership and the experience she represents."

But many Democrats say she will have to work to overcome skepticism about her candidacy inside the party. "Can they [voters] finally see the reality of Hillary Clinton, not the myth of Hillary Clinton?" said Mickey Kantor, who was commerce secretary in the Clinton administration and supports the senator's candidacy. "The money will be there. . . . The experienced people will be there. All those things she will have. But the image [is something] she will have to turn around in some parts of the country."

Clinton loyalists describe her as the least-known famous person in politics, by which they mean they do not believe people know the real Hillary Clinton. They hope to use town hall meetings, living-room coffees and interactive Internet conversations to reintroduce her to voters. On her Web site yesterday, Clinton emphasized her Midwestern middle-class roots and her cooperation with Republicans in the Senate.

All that may help to personalize her, but her advisers say the most effective way of overcoming questions about her electability is to focus voters' attention on what it takes to be president -- strength, intelligence, discipline and toughness -- all of which they say she already exhibits.

"At the end of the day, people are going to make a decision about who would be the best president, and that's the person they're going to vote for," campaign spokesman Howard Wolfson said.

Campaign officials also believe that Clinton's potential for making history as the nation's first female president will give the campaign added energy, a talking point emphasized in a memo sent to supporters yesterday. "In particular, younger generation women believe it's time we had our first woman president and believe Hillary is the right choice," the memo states.

The Post-ABC News poll demonstrates that she remains the candidate to beat for the nomination. Clinton led the Democratic field with 41 percent, followed by Obama with 17 percent, Edwards with 11 percent and Gore with 10 percent.

She had significantly greater support among women (49 percent) than men (30 percent) and drew about the same support from liberals (38 percent) as moderates (37 percent). Her strongest support came among nonwhite Democrats, 56 percent of whom backed her, despite the presence of Obama, who is the son of a black Kenyan father and white American mother.

In general election tests, she led McCain 50 to 45 percent and was roughly even with Giuliani, with 49 percent to his 47.

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More than half the respondents, 54 percent, gave Clinton a favorable rating, while 44 percent viewed her unfavorably. Giuliani, at 61 percent, had a higher rating, but McCain and Obama were both somewhat lower -- 49 and 45 percent, respectively. A quarter of those surveyed had no opinion about Obama and 16 percent had no opinion about McCain.

Sixty-one percent of Americans gave her husband, former president Bill Clinton, a favorable rating.

The poll also suggested that the New York senator may be less damaged by her position on the war than some analysts have suggested. Among Democrats who say the war is the most important issue facing the country -- the overwhelming percentage of whom oppose the war -- Clinton's favorable rating is 76 percent, almost identical among all Democrats, and she wins the support of 43 percent of that group, compared with 18 percent for Obama.

Clinton has more potentially serious problems in some of the early states where the nomination fight will begin. She trails either Edwards or Obama in recent polls in Iowa and has a much more fragile lead (or, in at least one case, is in second place) in New Hampshire. That is one reason campaign advisers want to get her to Iowa and New Hampshire as quickly as possible.

She will appear publicly in New York this afternoon, and will answer questions from voters during live online chats Monday, Tuesday and Wednesday nights. Her first trip to Iowa, whose caucuses will kick off the nomination contest, will come next weekend.

Clinton Enters '08 Field, Fueling Race For Money (NYT)

By Patrick Healy, Jeff Zeleny

The New York Times, January 21, 2007

Senator Hillary Rodham Clinton jumped into the 2008 presidential race yesterday, immediately squaring off against Senator Barack Obama and the rest of the Democratic field in what is effectively the party's first primary, the competition for campaign donations.

"I'm in," Mrs. Clinton said in an e-mail message to supporters early yesterday. "And I'm in to win."

If successful, Mrs. Clinton, 59, would be the first female nominee of a major American political party, and she would become the first spouse of a former president to seek a return to the White House.

Her entrance into the race followed Mr. Obama's by less than a week, and highlighted the urgency for her of not falling behind in the competition for money, especially in New York, her home turf, where the battle has already reached a fever pitch. It also set off rounds of e-mail messages and conference calls among both her allies and opponents.

George Soros, the billionaire New York philanthropist, has made maximum donations in the past to both candidates, for instance, and last week he faced a choice: support Mr. Obama, who created his committee on Tuesday, or stay neutral and see what Mrs. Clinton and others had to say. In this case, Mr. Obama won.

Mr. Soros sent the maximum contribution, $2,100, to Mr. Obama, the first-term senator from Illinois, just hours after he declared his plans to run.

"Soros believes that Senator Obama brings a new energy to the political system and has the potential to be a transformational leader," said Michael Vachon, a spokesman for Mr. Soros.

Mrs. Clinton's presidential operation is only one day old, but she already finds herself in a breakneck competition against Mr. Obama for fund-raising supremacy in two towns that she and her husband have mined heavily for political gold: New York and Hollywood. Mr. Obama's entrance into the race has also put up for grabs other groups that are primary targets for Mrs. Clinton, including African-Americans and women.

At this early stage in the nomination fight, securing donations and signing up fund-raisers are among the best ways of showing political strength in a crowded field (seven Democrats and counting). And Mr. Obama and Mrs. Clinton are looking to raise at least $75 million this year alone.

Advisers said yesterday that they had begun corralling donors to build quickly on the formidable $14 million that Mrs. Clinton already had in the bank. They predicted that they would outpace Mr. Obama, though they acknowledged that he is moving impressively to try to match Mrs. Clinton's national fund-raising network, which has been in the making far longer than his.

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Mrs. Clinton faces some fatigue among donors after more than 15 years of Clinton fund-raising, Democratic contributors and strategists said, and some skepticism about whether she can win. Yet she has the Democrats' most popular rainmaker at her full disposal, former President Bill Clinton, and she has influential friends like the lawyer and power broker Vernon E. Jordan Jr. to help keep African-American donors and others by her side.

Notably, no prominent Clinton fund-raiser has moved to Mr. Obama's camp (though his aides are working on it). Mrs. Clinton has also lined up a powerful roster of fund-raising and economic advisers in New York, including the financiers Roger Altman, Steven Rattner, Blair W. Effron, Alan Patricof and Mr. Rattner's wife, Maureen White, a former finance chairwoman of the Democratic National Committee.

"Maureen and I will happily do everything we can to help her," Mr. Rattner said. "Based on our long relationship with her, we feel that she has demonstrated incontrovertibly that she would be an effective candidate and a terrific president."

For all of the attention swirling around Mr. Obama, meanwhile, he faces many obstacles as he seeks to become the nation's first black president. His background, including a father from Kenya and a mother from Kansas, has elevated his appeal, but it does little to answer questions about whether he has the experience to serve in the White House.

Picking off Clinton loyalists is no easy task, either. Hours after opening his fund-raising committee on Tuesday, Mr. Obama convened separate conference calls with donors in Chicago and on the East and West Coasts; in the East Coast phone call, according to participants, Mr. Obama asked them to keep an open mind about his candidacy even if they had been allies of Mrs. Clinton.

James Torrey, chairman of the global hedge fund Torrey Funds, said he signed on with Mr. Obama not as a snub to Mrs. Clinton, but because he believed that the Illinois senator had the best chance of inspiring Democrats and other voters.

"I know it's perceived as an anti-Hillary thing," Mr. Torrey said in an interview Friday. "I think she's marvelous, I think she's a great senator, but I'd rather see Barack Obama as president. I think the Republicans will make it their life's work to bring her down."

Several New York and Hollywood donors offered a similar assessment: they liked Mrs. Clinton as a senator, but worried that her rating in a new Washington Post/ABC News Poll released Saturday was at 41 percent, despite having nearly 100 percent name recognition.

Some of her veteran supporters in New York are now on the fence, including the business executives Orin S. Kramer and Robert Zimmerman, who are active in Democratic politics. Others say they plan to play it safe and contribute to both candidates. In Los Angeles, the producers David Geffen, Jeffrey Katzenberg and Steven Spielberg are working to plan a fund-raiser for Mr. Obama after he officially enters the race, which he is scheduled to do on Feb. 10. Mr. Geffen has signed on with Mr. Obama, while Mr. Katzenberg and Mr. Spielberg have not decided which candidate to formally endorse.

Yet hedging bets with a spread of donations could prove perilous with the Clinton camp, said Bob Kerrey, the former Nebraska senator who is president of the New School University.

"The Clintons value loyalty, and I don't think they are going to risk offending her," Mr. Kerrey said of Mrs. Clinton's traditional supporters, noting that he spoke to several undecided Democrats last week. Referring to Mr. Obama, he added: "He's got to reach out to Hillary's supporters and hope he can persuade some of them. If he doesn't, she's the nominee."

Mr. Zimmerman said he was enthusiastic about Mrs. Clinton. Asked why he had not aligned with her yet, he said: "It's appropriate and respectful to hear every candidate's message."

Mr. Obama is putting together his own finance team to focus on New York. He has hired Julianna Smoot, who helped tap Wall Street money as part of a record-setting team at the Democratic Senatorial Campaign Committee under Senator Charles E. Schumer of New York. He has also dispatched a fund-raiser, Jenny Yeager, to run his New York operation, and he is calling on Robert Wolf, chairman of UBS Americas, to raise money. (A spokeswoman for Mr. Wolf, who has donated to Mrs. Clinton and other Democrats, confirmed that he planned to help Mr. Obama.)

In New York, chief executives, lawyers, entertainers, gay men and lesbians, African-Americans and women have been prominent in political fund-raising for decades — though usually they are picking among outsiders, not hometown friends and allies. Yet the 2008 race will test personal and political loyalties, with Mrs. Clinton preparing to announce a run and former Mayor

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Rudolph W. Giuliani and perhaps former Gov. George E. Pataki moving to seek the Republican nomination. Mayor Michael R. Bloomberg is also being encouraged to run as an independent.

The attention given to Mrs. Clinton and Mr. Obama is making fund-raising that much more difficult for other Democrats. While former Senator John Edwards of North Carolina still hopes to tap into a network of supporters among trial lawyers, his former profession, and to build an army of grass-roots donors, strategists for other candidates conceded that raising money would be an uphill battle and said it was an open question whether there was room for more than one alternative to Mrs. Clinton.

"I just got off the phone with someone who said, 'It's between Edwards and Obama,' and with a little nudging I pushed him over to the Obama camp," said Jeh Johnson, a partner at the Paul, Weiss law firm in New York who has been making fund-raising calls on behalf of Mr. Obama.

Mr. Johnson, who was general counsel for the Air Force in the Clinton administration, said younger Democrats and women — crucial parts of Mrs. Clinton's base — were excited about Mr. Obama. "I haven't encountered many New Yorkers who say, 'No, I'm not interested, I'm a Hillary supporter,' " he said.

The competition for supporters — and contributors — extends well beyond New York. And Mr. Obama could complicate Mrs. Clinton's fund-raising efforts in Chicago, another lucrative base for Democrats. In her Senate re-election bid last year, she raised nearly $700,000 from Illinois, her native state.

One Democratic operative, who has knowledge of Mrs. Clinton's fund-raising operation in the Midwest, called donors in Chicago last week after Mr. Obama's announcement, asking whether it would be foolhardy to sign onto the Clinton campaign if he was in the race. While party officials say Mr. Obama will have an advantage in Chicago, they said Mrs. Clinton would still find considerable support there.

While Mr. Obama has never run a national campaign, his political action committee, the Hopefund, has attracted a broad base of contributors from across the country.

In the New York entertainment industry, too, Mr. Obama's candidacy has received raves. Hours after his announcement Tuesday, the Broadway producer Margo Lion sent out an e-mail message urging her friends to donate to him — making clear that the theater community was not locked down by Mrs. Clinton.

"Along with many others in the industry, I will be producing a fund-raiser at the St. James Theater later this spring" for Mr. Obama, Ms. Lion wrote. "We need to find a new direction for our country, and finally, we have the man to do it."

Announcement Sends Race Into High Gear (NYT)

By Patrick Healy

The New York Times, January 21, 2007

Senator Hillary Rodham Clinton's entry into the 2008 presidential contest yesterday set off rounds of e-mail messages and conference calls among both her allies and opponents, some of whom were shaking their heads that a major political event was happening early on a Saturday morning.

Advisers to some of her top 2008 rivals — Senators John McCain and Barack Obama, and former Gov. Mitt Romney of Massachusetts — replied within minutes to requests for comment, and signaled that the Clinton announcement meant that the 2008 race was truly under way.

"She's tough enough, smart enough and experienced enough to overcome a decidedly liberal philosophy," said John Weaver, a senior adviser to Mr. McCain, who is preparing to seek the Republican presidential nomination.

"The Clinton, Obama, Edwards chain match will be hard to avert my eyes from, speaking as a pure spectator, of course," Mr. Weaver added, referring to former Senator John Edwards of North Carolina. (At least four other Democrats are preparing to campaign as well.)

Clinton advisers said that they chose Jan. 20 as the target date for an announcement during a meeting in mid-December, and that Mrs. Clinton was "raring to go" on Friday.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," Mrs. Clinton said in announcing the formation of a presidential exploratory committee on her Web site, HillaryClinton.com. "After nearly $70 million

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spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them."

The advisers said she wanted to announce yesterday so that she would dominate the weekend news and Sunday talk shows, and to demonstrate a contrast in leadership with President Bush as he prepares for his State of the Union speech on Tuesday night.

Next weekend, she plans to campaign across Iowa, the site of the first presidential caucuses in January 2008, and visit the early primary state of New Hampshire soon after.

Mrs. Clinton appears at the head of the Democratic pack in many national polls, yet she is in a tighter spot in some voter surveys in Iowa and New Hampshire, which begin the presidential nominating process. Recent polls show Mr. Obama and Mr. Edwards doing well in those states.

"She has not spent as much time in those state as in others, but this is a woman who is not a stranger for hard work, and who is prepared to go out and work hard for every vote," said one Clinton adviser, who spoke on condition of anonymity because he did not want to openly acknowledge that she was running behind to anyone.

Other than Mr. Obama and Mr. Edwards, the 2008 Democratic field at this stage also includes Senators Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut; former Gov. Tom Vilsack of Iowa; and Representative Dennis J. Kucinich of Ohio. An eighth possible candidate, Gov. Bill Richardson of New Mexico, was expected to declare today that he is forming an exploratory committee.

Clinton Joins 2008 Race For President (LAT)

By Stephen Braun, Janet Hook

The Los Angeles Times, January 21, 2007

WASHINGTON — Sen. Hillary Rodham Clinton made her long-anticipated entrance Saturday into the 2008 presidential race, aiming to make history as the first woman elected to the White House after an audacious and turbulent political journey from first lady to a New York Senate seat.

"I'm in," she said in a statement accompanying a video airing on her newly unveiled campaign website. "And I'm in to win."

Clinton, 59, long has been viewed by most Democratic insiders as the odds-on favorite to capture her party's presidential nod. But doubts have surrounded her prospects of winning the general election. And of late, her status in the nomination race has become more clouded, in part by the candidacy of Sen. Barack Obama (D-Ill.).

She sets out with strong advantages — national name recognition, a command of the major issues, a crack campaign staff and a brimming war chest.

But she will also have to overcome her reputation for political calculation, an inconsistent stump presence and her intimate ties to the polarizing events of her husband's White House tenure, from the collapse of its healthcare initiative in 1994 to the 1998-99 impeachment crisis.

Clinton held back from a formal announcement of her candidacy, taking the preliminary step of forming an exploratory committee. But her campaign quickly kicked into overdrive; a mass e-mail soliciting donations was sent to her vast base of support, and aides made preparations for her to make appearances in the coming days in Iowa and New Hampshire, sites of the crucial early contests in the nominating process.

In her video clip and written statement, Clinton lost no time in confronting two of the major questions that loom as hurdles to her drive for the nomination — how she will reckon with her early support for the war in Iraq and whether wary voters will look beyond the furors of her eight high-profile years as Bill Clinton's influential first lady.

"How do we bring the war in Iraq to the right end?" Clinton asked on the video.

Although she simply raised the question in her announcement, last week she waded more deeply into the intensifying debate over the war by proposing a cap on troop levels in Iraq. That suggestion was spurned by the Bush administration and questioned by some of her own party's antiwar activists as fainthearted.

Up against the GOP

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In a message clearly aimed at Democratic primary voters, Clinton in her statement also declared that she was eminently electable and braced to ward off organized attempts by conservatives and Republican rivals to demonize her past.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," said Clinton, who breezed to reelection in November after easily first winning her Senate seat in 2000.

"After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them," she said.

The final vote in the 2008 election is almost two years away, however, and Clinton must first pass a potentially tough cast of Democratic challengers.

Her entry into the race came five days after a similar move by Obama, whose magnetic appeal and electrifying speeches have quickly positioned him as a threat to her prospects. In his bid to become the first black president, he has added his own historic dimension to the campaign that competes with Clinton's path-breaking effort.

Responding to Clinton's announcement, Obama said: "I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back to work."

What the polls say

A conflicting spate of recent polls suggested Clinton is poised at the top of the field, but they also showed Obama would be a formidable foe in the early contests, as would former Sen. John Edwards of North Carolina.

A Washington Post-ABC News nationwide poll released Saturday of Democrats and Democratic-leaning independents showed Clinton far ahead of the pack. She was backed by 41%, compared with 17% for Obama and 11% for Edwards.

But a survey released last week by pollster John Zogby of likely Democratic voters in the New Hampshire primary showed Obama slightly ahead, with Clinton and Edwards tied.

Already in full campaign mode, Edwards has staked out a strong antiwar position, disavowing his 2002 Senate vote to authorize the Iraq invasion. His aides suggest that Clinton's refusal to do the same could harm her chances among Democratic activists in Iowa and New Hampshire, where sentiment against the war runs high.

In the primary campaign, Clinton can be expected to emphasize her political experience — especially in contrast to Obama, who has been in the Senate barely more than two years, and Edwards, who quit the chamber after one term.

Clinton has established a reputation as a hardworking lawmaker. She secured a seat on the Senate Armed Services Committee and, in the wake of the Sept. 11 terrorist attacks, concentrated on domestic security issues. She also has sought better benefits for members of the military and focused on improving the economy of upstate New York.

Often taking nuanced stances on hot-button issues, she has made a point of working with conservative Republicans. She joined with Sen. Lindsey Graham (R-S.C.) — who as a House member had helped prosecute the impeachment case against her husband — in sponsoring legislation designed to aid domestic U.S. manufacturers.

Several Clinton supporters said her decision to announce her presidential intentions Saturday had been planned more than three weeks ago, with a target date carefully slotted to fall after she returned from last week's fact-finding trip to Iraq and Afghanistan and before President Bush's State of the Union speech Tuesday.

Clinton aides said Obama's announcement last Tuesday that he was establishing an exploratory committee was not a key factor in settling on the timing of her statement.

Her move was also carefully coordinated, aides said, so that an intricately designed website would spring to life at the same time the e-mail appeal for money was sent out. As part of the Internet effort, Clinton will take questions from prospective voters during three nightly Web sessions, starting Monday.

"Let's chat," she urged breezily.

Signals to women

Clinton took care in her announcement to send signals to the constituency she and her aides hope will provide her campaign with much of its energy — women eager to send one of their own to the White House for the first time.

Clinton noted her role in working on "family" issues of healthcare and education, and pointedly referred to her 1998 trip to China as first lady "to affirm that women's rights are human rights."

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Deputy campaign spokesman Phil Singer said, "This is a historic candidacy that will energize the largest voting bloc in America — women."

Even before her announcement, Clinton won an important nod from Ellen R. Malcolm, the director of Emily's List, a well-financed Washington political organization that provides support for pro-choice Democratic women running for office.

"Many of us have waited a lifetime for this opportunity," Malcolm said.

Clinton's campaign structure solidified in recent weeks as she debriefed key party officials across the country, hired veteran campaign aides and huddled almost daily with a star-studded circle of advisors that included her husband and many of his former top staffers.

During her 2006 Senate reelection campaign, Clinton invested more than $11 million to amass a list identifying hundreds of thousands of supporters and low-figure donors. Despite spending more than $35 million, Clinton still has $14 million on hand — far outstripping any of her rivals.

To raise the estimated $100 million or more that experts say the major campaigns will need, Clinton also has built a dependable pyramid of wealthy supporters. Her strongest bases are New York's financial center — where she can count on Wall Street heavyweights such as venture capitalist Alan J. Patricof, former Clinton deputy Treasury secretary Roger Altman and investment banker Steven Rattner — and Southern California, where staunch supporters include entertainment industry stalwarts Haim Saban and Sherry Lansing and billionaire businessman Ron Burkle.

"I spoke to her today and told her, 'We're ready to go,' " Saban said Saturday. "I'm awaiting instructions."

A field well set

With Clinton's move into the race — and the expected entry today of New Mexico Gov. Bill Richardson — many political observers regard the field of serious Democratic presidential candidates as fairly well set. There is still some talk that former presidential nominees Al Gore and Sen. John F. Kerry of Massachusetts may join the race. But even without them, Democrats will choose from an array of candidates.

Clinton is regarded with wary respect by aides to Sen. John McCain (R-Ariz.), considered by many the early front-runner for the GOP nomination. "People underestimate her at their own political peril," John Weaver, McCain's top political advisor, said Saturday.

Weaver described Clinton as "diligent," a word that only begins to depict the habitual caution and steely preparation of a woman immersed in the minutiae of politics since her teenage years.

Path to the White House

Once a devotee of conservative icon Sen. Barry Goldwater, the Wellesley College and Yale Law School graduate drifted to the left by the early 1970s, working as a House Judiciary committee staffer during the Watergate investigation of President Nixon.

She moved to Arkansas, marrying Bill Clinton (whom she met at law school) and helping steer him toward the state's governorship and then the presidency. During his 1992 campaign against former President George H.W. Bush, Bill Clinton advertised their pairing as a political "twofer." And once in office, he gave his wife an important role in domestic policy, especially on family and children's issues.

But her push for a comprehensive national healthcare policy collapsed and was a factor in the GOP's winning control of Congress in 1994. From then on, the first lady was often on the defensive, dogged by GOP-sponsored investigations into White House travel abuses and an Arkansas land deal; the suicide of her close aide, Vince Foster; and finally, her husband's sexual relationship with intern Monica S. Lewinsky that led to the impeachment proceedings.

At first fiercely supporting her husband when news of the Lewinsky scandal broke, Clinton said they had been targeted by a "vast right-wing conspiracy." But as details of President Clinton's affair emerged, their marriage teetered, she later acknowledged in her autobiography.

2000 Senate victory

Even before her husband's administration officially ended in January 2001, Clinton had made history by winning her Senate seat in the 2000 campaign — becoming the first first lady to gain an elected office.

In the Senate, her delicate dance on Iraq helped her cut a more moderate profile, which could help her in a general election contest. But it remains a potential problem for Democratic primary voters.

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Although she has opposed Bush's troop buildup, she has not set a timetable for withdrawal and remained silent as other Democratic lawmakers have repudiated their vote for the invasion of Iraq.

Dissent from the left has created an opening for some of her rivals, but her commanding lead in fundraising and fame positions her to overcome such criticism.

"She is the 800-pound gorilla in this race," said Mark Mellman, a Democratic pollster who is neutral in the primary. "Could [the Iraq issue] cost her something? Yes, but a 600-pound gorilla is still pretty big. Being the front-runner means she can afford to sustain some blows."

"I'm In To Win" White House, Hillary Says (WT)

By Charles Hurt

The Washington Times, January 21, 2007

Sen. Hillary Rodham Clinton -- newly re-elected to the Senate representing the state of New York -- formed a presidential exploratory committee yesterday with hopes of returning to the White House eight years after departing as first lady.

On her campaign Web site, she wrote: "I'm in. And I'm in to win."

"I'm not just starting a campaign, though, I'm beginning a conversation -- with you, with America," she said in a video announcement posted yesterday on the site. "Because we all need to be part of the discussion if we're all going to be part of the solution. And all of us have to be part of the solution."

A front-runner even before she entered the contest, Mrs. Clinton made her announcement just days after Sen. Barack Obama of Illinois said on his Web site that he, too, intends to run for president. New Mexico Gov. Bill Richardson is expected to announce his own presidential bid today.

The announcements set up a historic race that will include Mrs. Clinton, who would be the first female president if elected; Mr. Obama, who would be the first black president; and Mr. Richardson, who would become the first Hispanic president.

The Clinton campaign quickly seized upon its front-runner status yesterday by going directly into full-campaign mode, issuing statements and updates throughout the day.

"Demonstrating the ground-swell of enthusiasm generated by her historic candidacy, Senator Hillary Rodham Clinton's announcement for president lit up the Internet today, garnering rave reviews in the blogosphere and thousands of supporters flocking to her Web site each hour," the campaign reported yesterday afternoon.

The air of inevitability that Mrs. Clinton will receive the Democratic nomination is crucial for fundraising, an art that Mrs. Clinton already has mastered. She has more than $14 million in her campaign account after spending more than $30 million in a decisive victory over her underfunded Republican challenger in November's election.

In another announcement yesterday, the Clinton campaign touted the latest poll conducted by The Washington Post and ABC News showing Mrs. Clinton with a commanding lead over the entire field of potential Democratic hopefuls.

Mrs. Clinton garnered 41 percent among Democrats; Mr. Obama took 17 percent; and former Sen. John Edwards, the North Carolina Democrat who was his party's 2004 vice presidential nominee, netted 11 percent. Former Vice President Al Gore garnered 10 percent, and Sen. John Kerry, the 2004 Democratic presidential nominee, drew 8 percent. No other potential candidates earned more than 3 percent.

The poll, conducted last week among 561 Democrats and Democratic-leaning independents, shows virtually no change from last month, suggesting that the intense buzz surrounding Mr. Obama's candidacy has had little real impact.

Mr. Obama issued a statement welcoming Mrs. Clinton to the contest.

"Senator Clinton is a good friend and a colleague whom I greatly respect," he said. "I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track."

In her announcement, Mrs. Clinton laid out several key issues she hopes to address in her campaign, leading with an attempt to disarm one of the most explosive obstacles in her path to the nomination: her 2002 vote authorizing the war in Iraq.

"Let's talk about how to bring the right end to the war in Iraq and to restore respect for America around the world," she said, seated on a sofa beside a large cushion embroidered with a floral pattern.

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Mrs. Clinton also mentioned her hope for energy independence, an "end to the deficits that threaten Social Security and Medicare," and "how every American can have quality, affordable health care."

Mrs. Clinton also tried tapping into the general exhaustion over the current administration.

"You know, after six years of George Bush, it is time to renew the promise of America," she said.

Also announcing his presidential intentions yesterday was Sen. Sam Brownback, the Kansas Republican whose staunch pro-life positions have endeared him to many Christian conservatives.

Last week, Mr. Brownback offered a bleak assessment of the Iraq war and said he opposes Mr. Bush's plan to increase the number of troops in Iraq. But in his announcement address yesterday, he sounded a more optimistic tone.

"It is a long fight. We will win," he told an audience in his hometown of Topeka. "We cannot lose our will to win. We must win to redeem our troops' sacrifice."

The Washington Post/ABC poll showed Mr. Brownback lingering at the back of the pack, with about 1 percent support from Republicans.

Leading the Republican field was former New York City Mayor Rudolph W. Giuliani with 34 percent, followed by Sen. John McCain of Arizona with 27 percent. Former Massachusetts Gov. Mitt Romney and former House Speaker Newt Gingrich each garnered 9 percent.

The survey of Democrats had a margin of error of 4 percentage points. The survey of Republicans had a margin of error of 5 percentage points.

Clinton Joins Race: "I'm In To Win" (DMN)

The Dallas Morning News, January 21, 2007

NEW YORK – Democratic Sen. Hillary Rodham Clinton launched a trailblazing campaign for the White House on Saturday, a former first lady turned political powerhouse intent on becoming the first female president.

"I'm in. And I'm in to win," she said.

In a videotaped message posted on her Web site, Mrs. Clinton said she was eager to start a dialogue with voters about challenges she hoped to tackle as president – affordable health care, deficit reduction and bringing the "right" end to the Iraq war.

"I'm not just starting a campaign, though, I'm beginning a conversation with you, with America," she said. "Let's talk. Let's chat. The conversation in Washington has been just a little one-sided lately, don't you think?"

Mrs. Clinton's announcement, while widely anticipated, was nonetheless historic in a fast-developing race that has already seen the emergence of a formidable contender, Democratic Sen. Barack Obama of Illinois.

In an instant, Mrs. Clinton became the most credible female candidate ever to seek the presidency and the first presidential spouse to attempt to return to the White House in her own right. Her husband, Bill, served two terms as president from 1993 to 2001.

With her immense star power, vast network of supporters and donors and seasoned team of political advisers, the 59-year-old Mrs. Clinton long has topped every national poll of potential Democratic contenders.

"The front-runner has just stepped on the stage," observed Charlie Cook, the nonpartisan political analyst and author of the authoritative Cook Political Report.

Pressure to decide

But since joining the field, Mr. Obama has secured the backing of a number of prominent fundraisers, including billionaire philanthropist George Soros, stepping up the pressure on Mrs. Clinton to disclose her plans.

Her controversial tenure as first lady left her a deeply polarizing figure among voters, leading many Democrats to doubt Mrs. Clinton's viability in a general election.

In a detailed statement posted on her Web site, Mrs. Clinton sought to acknowledge and bat away such doubts.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," she wrote. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate and how to beat them."

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Recently, Mrs. Clinton has clashed with many in her own party over the Iraq war.

Mrs. Clinton supported the 2002 resolution authorizing military intervention in Iraq. She has refused to recant her vote or call for a deadline for the removal of troops. She has announced her opposition to President Bush's troop increase in Iraq and has introduced legislation capping troop levels.

"A woman candidate could find it easier to run in peacetime, rather than wartime, but Senator Clinton's tried to position herself as a serious person on national security," said Andrew Polsky, a presidential historian at Hunter College. "But that means she's staked out a difficult position on the war that won't make it easy for her to get the Democratic nomination."

With a $14 million campaign treasury, Mrs. Clinton starts with an impressive fundraising advantage over the rest of the Democratic field. But Mr. Obama and others have started to secure fundraising commitments from New York, California and other deep-pocketed, Clinton-friendly areas.

Her creation of a presidential exploratory committee, announced Saturday, allows her to raise money for the campaign; she already has lined up campaign staff.

In tone and substance, Mrs. Clinton's videotaped announcement recalled her first Senate race in New York in 2000, where she conducted a "listening tour" of the state's 62 counties before formally entering the contest.

She promised a three-day series of Web chats with voters beginning Monday and prepared a campaign swing late this coming week through the early caucusing state of Iowa, while a visit to New Hampshire was in the works.

Today, New Mexico Gov. Bill Richardson was also set to enter the Democratic field; if elected, he would be the first Hispanic president.

John Edwards of North Carolina and several other veteran politicians are also running.

Outsize candidacies

The sizable field of candidates underscores the belief that, for all of Mrs. Clinton's experience and credentials, there are Democrats who question whether she can win a general election.

For the short term at least, the outsize candidacies of Mrs. Clinton and Mr. Obama are expected to soak up the lion's share of attention.

Mr. Obama, who launched his own presidential committee on Tuesday, praised Mrs. Clinton as a friend and colleague.

"I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track," he said in a statement.

An influential player in her husband's political career in Arkansas, Mrs. Clinton leapt to the national scene during the 1992 presidential campaign when husband and wife fought to survive the scandal over Gennifer Flowers' allegations of a lengthy affair with Mr. Clinton when he was the state's governor.

As first lady, Mrs. Clinton headed up a disastrous first-term effort to overhaul the health care insurance system. There was more controversy as the couple battled allegations of impropriety over land deals and fundraising, missing records from her former Arkansas law firm and even her quick and hefty profits from an investment in cattle futures.

There was no letup in the second term. The president found himself denying – then admitting – a sexual relationship with White House intern Monica Lewinsky. As he battled impeachment and possible removal from office, his wife's poll numbers rose.

Her own political career began to take shape in late 1998 when New York Democrat Daniel Patrick Moynihan announced he would not seek re-election to the Senate seat he had held since 1976 and she decided to run.

The campaign trail was not always friendly. For almost every cheer, there was a shouted "Go home, Hillary!" and the emerging Republican theme that carpetbagger Clinton simply wanted to use New York as a launching pad for a later presidential run.

Republicans Party Over Prospect Of Her As Nominee (NYDN)

By Thomas M. DeFrank

New York Daily News, January 21, 2007

WASHINGTON - She's hardly a pushover, but top Republican leaders think Hillary Clinton's candidacy is a dream come true.

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GOP strategists aren't silly enough to discount Clinton's impressive assets: rock-star appeal, enormous name recognition, a five-star political machine, bulging treasury and a trailblazer pedigree that will drive millions of proud women to the polls.

"Make no mistake about it, she will be the Democrat nominee and she can absolutely be elected President," one of President Bush's closest political confidants said yesterday.

Indeed, the standard line, heard from party leaders on down to precinct chairmen, is that the junior senator from New York is an exceedingly formidable opponent.

"I think she could win," Vice President Cheney said last October. "I disagree with her on nearly all the issues, but nobody should underestimate her. She's a very serious candidate for President."

Even so, Republicans have been lying in wait for Clinton for months, honing their attack strategy and hoping those leaks from Democratic tacticians worried about Hillary's - and her husband's - political baggage wouldn't derail the senator's outsize ambitions.

Now that she's in to stay, Republicans know they're facing a huge, nasty brawl to hang onto the White House next year. But many party elders believe she can be had.

"She's the one Democrat capable of uniting and galvanizing every person in our party, even the ones mad at Bush," a senior GOP election strategist said recently.

Republicans say Hillary loses in the end for these factors:

The country wants the uniter, not a divider that Bush promised but wasn't - and Hillary is the most turbocharged polarizer on the planet.

Voters still aren't ready for a female President, but they're embarrassed to admit their bias to pollsters, so Hillary's numbers are inflated.

Elections are won in the middle, and Hillary is Ted Kennedy in a pantsuit. "She can zig and zag all she wants," a senior GOP planner said yesterday, "but she will never convince anyone she's anything but an oldfashioned liberal."

She and Bill Clinton's complicated personal life is the kind of below-the-radar drag that never goes away, no matter how many times Hillary scoffs at what she calls "mythology."

Still, Hillary is a powerhouse of a candidate, and beating her won't be easy. "You are going to see the roughest, most hard-fought election in the history of America," another senior GOP strategist predicted, "and it will come down to one state or two."

Hillary Clinton Eyes Presidency (CHIT)

By Jill Zuckman

Chicago Tribune, January 21, 2007

WASHINGTON—Calling for a national conversation to undo what she sees as the damage wrought by President Bush, Sen. Hillary Clinton of New York launched her presidential campaign Saturday with a polished videotaped announcement, making history as the only former first lady to run for the nation's highest office.

"The frontrunner has just stepped on the stage," observed Charlie Cook, the non-partisan political analyst and author of the authoritative Cook Political Report.

With massive resources and a worldwide profile, she instantly became the most serious woman candidate ever to run for president. Her decision to form an exploratory committee for president is expected to swamp many of the other Democratic candidates as they hunt for money, organization and voter support that she has already locked up during years of preparation.

Still, Clinton faces many serious challenges. She has an image as divisive and polarizing; she made grave mistakes in taking the lead on trying to remake the health care system in the 1990s; and she has been considered slow to renounce her vote to go to war in Iraq, a touchstone issue for party activists who dominate the nominatng process.

Nevertheless, Clinton, who grew up in Park Ridge, made clear that her campaign is no mere symbol or quixotic venture.

"I'm in it," she said. "I'm in to win."

"This is the first woman in our history who will be taken seriously by everyone," said Ruth Mandel, director of the Eagleton Institute of Politics at Rutgers University.

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Sen. Barack Obama (D-Ill.) announced his intention to run for president last Tuesday, creating his own wave of excitement about the historic nature of an African-American candidate for president. Former Sen. John Edwards of North Carolina is running, too, with a focus on eradicating poverty. And New Mexico Gov. Bill Richardson, who would be the first Latino to run for the White House, is expected to announce his candidacy Sunday.

"For all the excitement and focus on Obama, she's the one who almost has Obama and Edwards lapped in terms of poll numbers and very likely money," said Cook.

A new ABC-Washington Post poll showed Clinton leading Obama 41-17 among Democratic-leaning voters. Edwards received 11 percent support, while former Vice President Al Gore got 10 percent and Massachusetts Sen. John Kerry received 8 percent. Neither Gore nor Kerry, the 2004 nominee, has said he is running for president in 2008.

Obama welcomed Clinton and other candidates into the race Saturday "as allies in the work of getting our country back on track."

Clinton struck just that theme in her announcement on her Web site, www.hillaryclinton.com.

"I want you to join me not just for the campaign but for a conversation about the future of our country—about the bold but practical changes we need to overcome six years of Bush administration failures," said Clinton, a New York senator since 2001 and first lady for eight years beginning in 1993.

Marking the growing importance of the Internet to political campaigns, Clinton asked voters to join her in a series of Web chats over three days beginning Monday at 7 p.m. to discuss the future of the nation. It is the virtual equivalent of the listening tours Clinton took throughout New York as she ran for Senate as a non-New Yorker.

"This is a big election with some very big questions," said Clinton, sitting on her living room couch in a warm red blazer. "How do we bring the war in Iraq to the right end? How can we make sure every American has access to adequate health care? How will we ensure our children inherit a clean environment and energy independence? How can we reduce the deficits that threaten Social Security and Medicare?"

She used her video announcement to introduce herself, but also to let voters know she believes she is tough enough to win, whatever attacks may come her way.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," said Clinton, who coined the phrase "vast, right-wing conspiracy" to denounce critics of her husband's presidential administration.

"After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them," she said.

Clinton has been elected easily in New York and won praise for her constituent services. In the Senate, she has worked with Republicans and has modulated her position on abortion, while continuing to favor abortion rights.

Emily's List, the nation's largest political action committee, immediately endorsed Clinton, pledging to raise as much money for her as possible from its 100,000 members. The PAC is dedicated to electing women candidates who support abortion rights.

"She's been through the fires of the political wars and has shown that she's tough and doesn't rattle and can stay focused and be effective," said Ellen Malcolm, president of Emily's List. "Women across the country are going to be excited and energized and wanting to help elect the first woman president."

Clinton is making history in more than one way. She is the first woman to run who would be trying to win the same high office once held by her husband, former President Bill Clinton. And she is the first woman to run for president who is considered credible enough to win.

In recent history, Elizabeth Dole—now a North Carolina senator—ran for president in 2000 in the Republican primary, but she never gained traction and dropped out of the race early. In 1987, former Rep. Patricia Schroeder (D-Colo.) ran for president, but failed to mount a serious campaign.

Expectations for Clinton, however, are far different given her longstanding political connections and her ability to raise money. She already has a campaign staff in place.

"She's been preparing for a long time, she has the experience, the background, knowledge, the ambition, the organization," said Mandel.

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Still, top-tier candidates in the past have been unable to convert their charisma or their cash-on-hand into the votes required to win.

"There's something that can trip up any candidate, you never know," said Mandel.

For now, one of Clinton's biggest challenges may come from Obama, who has generated excitement among voters almost everywhere he goes. He's also drawn high-powered fundraising support from billionaire George Soros and lavish words of praise from talk-show host Oprah Winfrey.

But Obama has never been through a rigorous campaign, nor has he experienced the roughness of a presidential race as Clinton has.

"I think he's going to have a very, very hard time beating her," Cook said. "What you've got is a boxer from the YMCA level going into the world championship fight. He's never taken a punch, he's never had a tough race."

Clinton Gives Her Answer To Voters: I'm In (BOS)

By Susan Milligan

The Boston Globe, January 21, 2007

WASHINGTON -- Senator Hillary Rodham Clinton, hounded for months with questions about her presidential ambitions, gave a two-word answer yesterday to voters: "I'm in."

In an Internet video statement, the New York Democrat and former first lady said she would be forming an exploratory committee to determine whether she will become a formal candidate for the Democratic nomination in 2008, the first step in launching a full-scale campaign.

"You know, after six years of George Bush, it is time to renew the promise of America -- our basic bargain that no matter who you are or where you live, if you work hard and play by the rules, you can build a good life for yourself and your family," Clinton said, addressing voters alone, with no sign of her husband, former president Bill Clinton.

Seated on a living room couch and speaking as though she were addressing a small gathering instead of millions of voters, Clinton promised to begin a "conversation" with Americans to solicit views on how to end the war in Iraq and deal with issues including energy independence, health care, and the federal deficit.

The tactic mirrors the "listening tour" Clinton took of New York State before her successful campaign for the US Senate seat in 2000. Clinton's nonstop travel to small towns around the state has been credited with winning over an initially skeptical upstate New York and delivering her the US Senate seat.

"So let's talk. Let's chat. Let's start a dialogue about your ideas and mine," Clinton said, gesticulating casually with her hands on a website that refers to the US senator by her first name. "Because the conversation in Washington has been just a little one-sided lately, don't you think? And we can all see how well that works."

The second-term senator joins a crowded pack of Democrats seeking the nomination, including several current and former colleagues. Her biggest threats, according to public opinion polls and political polls, are charismatic Illinois Senator Barack Obama and John Edwards , former North Carolina senator, who has been leading an antipoverty center since his unsuccessful run for the vice presidency in 2004.

Antiwar Democrats have complained Clinton has never categorically renounced her 2002 vote for the use of force in Iraq, as other candidates have done. Clinton last week laid out a plan for phased withdrawal of troops from Iraq.

Clinton, 59, has major advantages in fund-raising ability, name recognition, and the historic quality of her candidacy, one of the few launched by a woman for the White House. But both Obama, a newcomer whose message of unity has electrified crowds in his early campaign, and Edwards, an antiwar candidate who has highlighted the plight of the working poor, are strong rivals, analysts say.

"She's the national front-runner, but she's not the runaway favorite anymore," said John Zogby , a pollster in upstate New York. "She's running against Jack Kennedy and Bobby Kennedy," he said, referring to Edwards and Obama.

Also running among Democrats are Senators Joseph Biden of Delaware and Christopher Dodd of Connecticut, Representative Dennis Kucinich of Ohio, and Tom Vilsack, former Iowa governor. Governor Bill Richardson of New Mexico is

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scheduled to announce his plans today , while Senator John F. Kerry , Democrat of Massachusetts, is expected to reveal his intentions soon.

Senator Sam Brownback , a Kansas Republican, announced yesterday that he will seek the GOP nomination. Brownback, one of the most prominent antiabortion lawmakers in Congress, is competing against Mitt Romney , former Massachusetts governor, for the social conservative vote.

Clinton is scheduled to make a public appearance in New York today, and said she will participate in online video chats during the week starting tomorrow.

Obama, who also used a video Web format to announce his exploratory committee last week, said he welcomed Clinton into the race. "Senator Clinton is a good friend and a colleague whom I greatly respect. I welcome her and all the candidates , not as competitors, but as allies in the work of getting our country back on track," Obama said in a statement.

Long expected by both supporters and critics, Clinton's announcement yesterday captured an immediate endorsement from EMILY's List , an influential group that raises funds for Democratic women who are abortion rights activists . It was the group's first-ever presidential endorsement.

"I think some people had worries and concerns anticipating the run, but now that it's begun, there's a tremendous sense of excitement," said Ellen Malcolm , president of EMILY's List. "I think there's no question women will be tremendously excited about electing the first woman president."

The New York senator brings an impressive resume to the race, and has a vast network of political supporters and donors. Her political career has blossomed since 1992, when she was derided by some for saying, "I suppose I could have stayed home and baked cookies and had teas," but instead pursued a career in law while her husband was in the Arkansas governor's mansion.

As first lady, Clinton headed a health care task force that ultimately ended in a political debacle for both Clintons, with the plan rejected on Capitol Hill. After a painful public examination of her marriage after Bill Clinton's affair with former intern Monica Lewinsky was revealed, Hillary Rodham Clinton rallied in 2000, persuading New York voters to send an Illinois native and former Arkansas first lady to the US Senate.

In the Senate, Clinton has drawn respect from both parties for her knowledge and hard work. But she remains a divisive figure nationwide, a factor political consultants and pollsters say is her biggest early hurdle to capturing the Democratic nomination.

"There are people who might be looking for a change, who might not be comfortable with a Bush-Clinton-Bush-Clinton sequence" in the White House," said Lee Miringoff , director of the Marist Institute for Public Opinion in Poughkeepsie, N.Y. A recent Marist poll showed that 47 percent of American voters would never vote for Clinton, and "that doesn't leave a lot of room for error," Miringoff said.

Zogby -- whose polling last week showed Clinton trailing Obama in New Hampshire, site of the first primary, and behind Edwards in Iowa, the location of the first Democratic caucuses -- said Clinton looked "feminine enough, commanding enough, and smart enough" in her video. But he and other Democrats said Clinton must now assure the party that she is electable.

"She's got to prove to Democrats first that she is a winner," said Peter Fenn , a Washington-based Democratic consultant. "She's got to convince the people who like her, like what she stands for, who like the idea of a Clinton presidency, but are reluctant to go on the bandwagon because they're not sure she can win."

While other candidates, like Obama, are trying to become better known nationally, Clinton must counter negative impressions held by voters who have never seen her in person or heard her speak on issues -- a challenge Clinton has acknowledged.

"You may think you know about me, but I may be the most famous person you know very little about," Clinton said during a National Public Radio interview last month. "I'd like to make sure the record is clear and then people can make their own judgments."

Clinton Announces 2008 Presidential Bid (NSDY)

By Glenn Thrush

DOJ_NMG_0119535

Newsday, January 21, 2007

"I'm in. And I'm in to win."

With these words, Sen. Hillary Rodham Clinton Saturday launched a historic and hyped bid for the 2008 Democratic presidential nomination, a first step toward her goal of becoming the nation's first female commander in chief.

In a conversational two-minute video filmed in the parlor of White Haven, her Washington mansion, the former first lady announced a presidential exploratory committee -- then quickly added that she won't just be exploring, she's actually running.

Wasting little time, Clinton is traveling to Iowa next weekend, her first trip to an early primary or caucus state and, to some extent, an act of political self-preservation. She's currently running fourth among Iowa's liberal Democratic voters behind Illinois Sen. Barack Obama, former vice presidential candidate John Edwards and ex-Iowa Gov. Tom Vilsack.

Clinton is likely to visit New Hampshire in the next several weeks, according to people familiar with her plans.

"As we campaign to win the White House, we will make history and remake our future," Clinton, 59, said in a statement posted along with the video on HillaryClinton.com. "This campaign is our moment, our chance to stand up for the principles and values that we cherish."

Receptionists at HILL PAC, the senator's sprawling Washington-based political action committee, began answering the phones "Hillary for president" Saturday.

Clinton, who has been criticized by many in the party's left wing for voting to authorize the Iraq war in October 2002, said she would use the campaign to "talk about how to bring the right end to the war in Iraq and to restore respect for America around the world."

The video was recorded last Wednesday, a day after Obama aired a similar video announcing his own exploratory committee on his campaign site, BarackObama.com. In that statement, Obama didn't go as far as Clinton, saying he'd announce his final plans Feb. 10.

Clinton's timing had nothing to do with Obama's announcement, staffers said. But it did come just in time to be discussed on the national Sunday morning news shows.

Still, Clinton's entry into the race comes as her sheen of inevitability has been stripped away by Obama and Edwards, who are battling her for big-money donors and leverage with interest groups, especially unions.

Saturday was the latest leg of what has surely been one of the longest, strangest trips in modern politics.

Born to a middle-class family in Chicago, Clinton achieved national renown as an anti-Vietnam activist at Wellesley College in the late 1960s and then as a student leader at Yale University Law School, where she met Bill Clinton.

Following a stint as a congressional lawyer on the Watergate committee, she married Clinton and served as first lady of Arkansas while moonlighting as a Rose Law Firm partner, Legal Services Corporation official and children's rights activist.

In 2000, after eight tumultuous years in the White House that included her failed health care reform attempt, she was elected to fill the New York Senate seat vacated by Daniel Patrick Moynihan.

Clinton was re-elected last year by a landslide, spending more than $50 million, much of it to develop a direct-mail and donor database that will be used for her presidential run.

She still has about $14 million in the bank. Clinton's fearsome fundraising operation, arguably the best of its kind in either party, will be officially back in business next week to raise the $75 million to $100 million she'll need for the primaries.

Clinton is the last of the major 2008 contenders to create an exploratory committee, a step already taken by Obama, Edwards, and Republicans John McCain and Rudolph Giuliani.

N.Y. Dems Cheer Clinton Announcement, GOP Says, "We Told You So" (AP)

AP, January 20, 2007

ALBANY, N.Y. (AP) — Democrats in New York offered up whoopees while Republicans had scolding "we-told-you-so" reminders Saturday in the wake of Sen. Hillary Rodham Clinton's entry into the race for the 2008 Democratic presidential nomination.

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"She understands the enormous challenges that America faces and she's going to make a great president," former state Democratic Party Chairwoman Judith Hope, who is close to both Clintons, told The Associated Press just minutes after New York's junior senator launched her website announcement.

"I think it's an exciting moment in history for New York women, for American women and, in fact, for women around the world," added Hope, who heads "Eleanor's Legacy," a New York-based political action committee named for former first lady Eleanor Roosevelt and dedicated to advancing the political careers of women candidates.

But John Spencer, the former Yonkers mayor who was crushed by Clinton as she won a second Senate term in November, said the announcement came as no surprise and simply proved what he had complained about throughout their campaign — that New York would have an "absentee senator."

"Senator Clinton is not going to be in New York," he told the AP on Saturday when reached at his Yonkers home. "She's going to be in New Hampshire and Iowa and South Carolina and fighting with (Democratic presidential candidate rival) Barack Obama and others, and that takes away from the everyday needs of New Yorkers."

"Mrs. Clinton running for president, now there's a new story," former state GOP Chairman Stephen Minarik told the AP. "Mrs. Clinton should be embarrassed by her deceptive game she played out on New York voters last year."

In fact, during the campaign against Spencer, Clinton had said she realized there was a lot of talk about her possibly running for president and said if that bothered people they should take it into consideration when they voted. Unlike her first campaign for Senate in 2000, Clinton refused during her 2006 race to rule out a presidential run.

Hope, whose father was a two-term speaker of the Arkansas House of Representatives before Bill Clinton became governor there, said that while Sen. Clinton faced "a real contest' for the Democratic nomination, "she's got to give this a try and I think she will win the nomination."

With the nomination in hand, Hope predicted a general election victory in 2008 for Clinton based on her successful strategy in New York of reaching out to more conservative voters.

"She will confound her critics," Hope said. "She will win some of them over, as she did in New York, and the others she will simply leave in the dust."

Republican Spencer said he agreed with Hope that Clinton would win the Democratic nomination and thought that was a good thing.

"I hope she is the presidential candidate because I think she is easily beaten," Spencer said. "I know she's put the mask on in New York and she's pulled the wool over the people of New York's eyes, but she's a very, very liberal Democrat."

While GOP leaders in Clinton's adopted state — she only moved to New York in 1999 — were critical, New York Democrats were praising Clinton as someone who could become the first New Yorker to win the White House since Franklin Delano Roosevelt.

"Few candidates come with a better preparation and stronger base of support than Hillary," said New York's new Democratic governor, Eliot Spitzer, after receiving a Saturday morning call from Clinton during which they talked about her plans.

"Hillary has done a superb job both campaigning and serving the people of New York, and she'll do an even better job as president," said New York's senior senator, fellow Democrat Charles Schumer.

"She won over New Yorkers from every part of our state and we know she'll do the same across the country," said David Pollak, a current co-chairman of the state party.

"Senator Clinton has been a fabulous senator for us and will be an incredible president," said state Assemblyman Herman Farrell, who just resigned as state party chairman.

Hope said Clinton would be helped by the experience she and her husband gained during his two successful campaigns for the White House.

Asked about concerns that a new Clinton candidacy would resurrect the scandals that dogged Bill Clinton's presidential tenure, Hope said, "It raises a lot of issues, including that fact that under Bill Clinton this country was prosperous and peaceful and Americans were doing very well. That is, of course, what I would concentrate on."

Candidate Clinton Faces Tough Battle For Nation's Favor (SFC)

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By Carla Marinucci, John Wildermuth

San Francisco Chronicle, January 21, 2007

New York Sen. Hillary Rodham Clinton's leap into the 2008 presidential race Saturday sets up a high-priced, high-profile political melee that could make California, working to move its primary up to February, the decisive contest in the campaign for the Democratic nomination.

"I'm in. And I'm in to win," was the simple announcement Clinton posted on her campaign Web site Saturday morning. The long-expected announcement was a low-key opening to her historic effort to become the country's first female president and return to the White House where she spent eight years as first lady.

In a video aimed at her supporters across the nation, the former first lady said that she was forming an exploratory committee for a presidential run, although she made it clear she wasn't just testing the waters.

"I want you to join me not just for the campaign, but for a conversation about the future of our country," she said. "And I am forming my exploratory committee because I believe that together we can bring the leadership that this country needs."

Clinton's announcement probably will cement her spot as the front-runner in the scramble for the Democratic presidential nomination, both in California and across the nation. In a national Gallup Poll taken last week, 29 percent of Democrats and Democrat-leaning independents said they would be most likely to vote for Clinton in 2008, compared with 18 percent who backed Illinois Sen. Barack Obama, who announced his own exploratory committee last week. Obama is an African American newcomer with enormous appeal to many Democrats.

The poll also showed Clinton easily winning a head-to-head matchup with Obama, 53 percent to 39 percent.

In California, where 58 percent of Democrats are women, Clinton has "a built-in advantage" among primary voters, said pollster Mark Baldassare, director of the Public Policy Institute of California. Baldassare, however, also noted that Clinton is not the current favorite in polls for Iowa and New Hampshire, the two states that traditionally open the 2008 primary season.

For years, some party strategists have quietly suggested that while Clinton's wild popularity among rank-and-file Democrats is enough to take the party nomination, she is too polarizing a figure to win a national election. They worry that all the scandals, complaints and gossip surrounding Bill Clinton's presidential years will take on new life if Hillary Clinton becomes the Democratic nominee.

"Hillary is no surprise. She's the front-runner in money," said Bruce Cain, director of the Institute of Governmental Studies at UC Berkeley. "But there isn't a Democratic group I've spoken to that isn't nervous about her. There is a real fear that her baggage will divert the campaign."

Clinton's efforts in recent years to become a more centrist Democrat also have brought her problems with the left wing of her party, especially with those most opposed to the war in Iraq.

"If Hillary Clinton is in the California primary, it becomes a tough contest" between her and Obama, said Phil Trounstine of the Survey and Policy Research Institute at San Jose State University. "Obama's stance against the war, and Hillary's (past vote) for it, could be her Achilles' heel in California."

Clinton faced many of those concerns in her announcement Saturday, talking about the need to bring the war "to the right end" and warning Republicans and Democrats that she's ready for a fight.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," she said in her video statement. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them."

Beating the other Democrats in the race is the first order of business, though. Besides Obama, six other Democrats already have entered the presidential derby and New Mexico Gov. Bill Richardson is expected to announce his own exploratory committee today.

"Hillary and Barack are the two front-runners ... and the problem for Hillary is that all the activists will flock to (him)," said Katie Merrill, a Democratic strategist. "People who have never been involved in a campaign have read his book ('The Audacity of Hope') and want to walk door to door for him."

Clinton has undeniable strengths, including $14 million in the bank, a battle-tested campaign organization, and more experience on the national scene.

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But the 45-year-old Obama "has created a wave that is compelling," Merrill said, and against his fresh face, Clinton, 59, could find herself labeled -- and dismissed -- as the establishment candidate.

Gov. Arnold Schwarzenegger and a number of Democrats in the Legislature only last week started a new drive to move California's primary from its traditional slot in June -- months after many other states have conducted their primaries -- to the first week in February.

Republican strategist Matthew Dowd, who helped shape the Bush-Cheney 2004 campaign victory, said such a move would fundamentally alter the Democratic primary race.

"That will move California from being a vacuum for money to a place where (candidates) can appeal to a lot of voters," he said. "It will put a premium on the ability to get media attention -- and whoever has that ability" has an advantage.

In California, where Schwarzenegger was able to win office with virtually no electoral experience, voters may be far more open to a newcomer like Obama, Dowd said.

"This year's election, for both parties, was about the next generation of politics," he said. "Barack Obama represents a new language, the next generation ... and (Clinton) is a little bit of yesterday's news."

The proposed shift in the California primary date represents a potentially huge change in the 2008 race, Baldassare agreed.

"If Schwarzenegger is able to move up the California primary, it becomes the de facto national primary -- a heavyweight battle," he said.

A February primary in California instantly becomes more influential, because its diversity makes it "a microcosm of the national population," something that New Hampshire, Iowa, Nevada and many of the other early primary and caucus states aren't, said Sherry Bebitch Jeffe, a political analyst and senior scholar at the University of Southern California.

The question, though, is exactly who would benefit if the state moves its presidential primary to February. Campaigning in a sprawling state like California takes lots of time and even more money, especially with the $1 million to $2 million-a-week cost of the type of TV ad campaign it typically takes to win in the state.

While Obama has started to build a fundraising organization in California and across the nation, Clinton has had years to work the state and make contacts with the financial and political movers and shakers.

Clinton has "accelerated the time frame" with her declaration, said Bill Carrick, a veteran Democratic consultant, which pressures all the candidates to get organized almost a year before the Jan. 14, 2008, New Hampshire primary.

"California is bigger and more open-minded than most other states, (which) gives a chance for somebody to walk in, like a Barack Obama," being a nontraditional fresh candidate, Carrick said. But because of the size of the state and its diverse population, "name ID and money will be a big thing, and Hillary has both of those."

Those longtime ties Clinton and her husband have in California also could make a difference come election day.

"Hillary Clinton is a very strong candidate in California," a state that was a strong backer of Bill Clinton, said Susan Kennedy, Schwarzenegger's chief of staff and the head of the Democratic Party's coordinated campaign effort in California in 1992, when Clinton was first elected president.

"These are loyal Clinton Democrats in California, where the center of gravity for Democrats is in the San Francisco Bay Area and Los Angeles," Kennedy said. "She has a strong base in both regions."

California Considers Moving Primary To February (NYT/AP)

The New York Times, January 21, 2007

SACRAMENTO, Calif., Jan. 20 (AP) — California is considering moving up the date of its presidential primary in hope of gaining more clout in picking White House nominees.

State Senator Ron Calderon said Friday that he planned to introduce a bill on Monday that would move the primary from June to February, making it one of the earliest in the country.

“California is the biggest and most influential state in the union, yet our current June presidential primary virtually ensures that the nominees will be determined long before our voters cast their ballots,” Mr. Calderon, the chairman of the Senate elections committee, said in a statement.

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A similar bill was introduced in the Assembly on Thursday.

California, which has 55 electoral votes, has traditionally held its primary elections in June. But in 1996, it began experimenting with a March primary in hopes of giving its voters a bigger say in determining who wins the White House.

Other states moved up their primaries and caucuses, as well. By the time California's elections were held, the nominations were locked up.

In 2004, Gov. Arnold Schwarzenegger signed legislation moving the primary back to June.

But Mr. Schwarzenegger said this week that he would support a move to February, complaining that presidential candidates only visited California to raise campaign donations.

"We're kind of an afterthought when it comes to the presidential campaign," he told the Sacramento Press Club. "I mean, all those guys come out here, and they clean up, and they take the money and run. Millions and millions and millions of dollars — both parties."

If the legislation passes, the election would be held on the first Tuesday after the first Monday in February.

Clinton: "I'm In To Win" White House (AP)

By Beth Fouhy

AP, January 20, 2007

NEW YORK (AP) - Democratic Sen. Hillary Rodham Clinton launched a trailblazing campaign for the White House on Saturday, a former first lady turned political powerhouse intent on becoming the first female president. "I'm in, and I'm in to win," she said.

In a videotaped message posted on her Web site, Clinton said she was eager to start a dialogue with voters about challenges she hoped to tackle as president - affordable health care, deficit reduction and bringing the "right" end to the Iraq war.

"I'm not just starting a campaign, though, I'm beginning a conversation with you, with America," she said. "Let's talk. Let's chat. The conversation in Washington has been just a little one-sided lately, don't you think?"

Clinton's announcement, while widely anticipated, was nonetheless historic in a fast-developing campaign that has already seen the emergence of a formidable black contender, Democratic Sen. Barack Obama of Illinois.

(AP) Sen. Hillary Rodham Clinton greets fans in New York, in this Dec. 18, 2006, file photo. Democratic...

Full ImageIn an instant, Clinton became the most credible female candidate ever to seek the presidency and the first presidential spouse to attempt to return to the White House in her own right. Her husband, Bill, served two terms as president from 1993 to 2001.

"I am one of the millions of women who have waited all their lives to see the first woman sworn in as president of the United States - and now we have our best opportunity to see that dream fulfilled," said Ellen Malcolm, president of EMILY's list, which raises money for Democratic women who run for office.

With her immense star power, vast network of supporters and donors and seasoned team of political advisers, the 59-year-old Clinton long has topped every national poll of potential Democratic contenders.

But since joining the field, Obama has secured the backing of a number of prominent fundraisers, including billionaire philanthropist George Soros, stepping up the pressure on Clinton to disclose her plans.

Her controversial tenure as first lady left her a deeply polarizing figure among voters, leading many Democrats to doubt Clinton's viability in a general election.

(AP) U.S. Sen. Hillary Rodham Clinton, D-N.Y., reacts to applause before addressing the Association for...

Full ImageIn a detailed statement posted on her Web site, Clinton sought to acknowledge and bat away such doubts.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," she wrote. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate and how to beat them."

Recently, Clinton has clashed with many in her own party over the Iraq war.

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Clinton supported the 2002 resolution authorizing military intervention in Iraq. She has refused to recant her vote or call for a deadline for the removal of troops. She has announced her opposition to President Bush's troop increase in Iraq and has introduced legislation capping troop levels.

"A woman candidate could find it easier to run in peacetime, rather than wartime, but Senator Clinton's tried to position herself as a serious person on national security," said Andrew Polsky, a presidential historian at Hunter College. "But that means she's staked out difficult position on the war that won't make it easy for her to get the Democratic nomination."

(AP) Sen. Hillary Rodham Clinton, D-NY, talks about her trip to Iraq during Capitol Hill news conference...

Full ImageWith a $14 million campaign treasury, Clinton starts with an impressive fundraising advantage over the rest of the Democratic field. But Obama and others have started to secure fundraising commitments from New York, California and other deep-pocketed, Clinton-friendly areas.

Her creation of a presidential exploratory committee, announced Saturday, allows her to raise money for the campaign; she already has lined up campaign staff.

In tone and substance, Clinton's videotaped announcement recalled her first Senate race in New York in 2000, where she conducted a "listening tour" of the state's 62 counties before formally entering the contest.

She promised a three-day series of Web chats with voters beginning Monday and prepared a campaign swing late this coming week through the early voting state of Iowa, while a visit to New Hampshire was in the works.

On Sunday, New Mexico Gov. Bill Richardson was also set to enter the Democratic field; if elected, he would be the first Hispanic president.

(AP) Sen. Hillary Clinton, D-NY, listens to speakers, in this Dec. 21, 2006, file photo in New York. In...

Full ImageFor the short term at least, the outsized candidacies of Clinton and Obama were expected to soak up the lion's share of attention.

Obama, who launched his own presidential committee on Tuesday, praised Clinton as a friend and colleague.

"I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track," he said in a statement.

Campaigning in New Hampshire, Connecticut Sen. Chris Dodd did not comment specifically on Clinton's announcement, but said: "I'm not one for exploratory committees. You're in or you're not."

Other Democratic contenders include former Iowa Gov. Tom Vilsack; Ohio Rep. Dennis Kucinich and former North Carolina Sen. John Edwards, the party's 2004 vice-presidential nominee. Delaware Sen. Joe Biden has said he will run and planned to formalize his intentions soon. Massachusetts Sen. John Kerry, the party's 2004 standard bearer, is also contemplating another run.

An influential player in her husband's political career in Arkansas, Hillary Clinton leapt to the national scene during the 1992 presidential campaign when husband and wife fought to survive the scandal over Gennifer Flowers' allegations of a lengthy affair with Bill Clinton when he was the state's governor.

The Clintons appeared together on CBS'"60 Minutes" to talk about their marriage - Hillary Clinton's first famous "Stand by Your Man" moment.

As first lady, Clinton headed up a disastrous first-term effort to overhaul the health care insurance system. There was more controversy as the couple battled allegations of impropriety over land deals and fundraising, missing records from her former Arkansas law firm and even her quick and hefty profits from an investment in cattle futures.

There was no letup in the second term. The president found himself denying - then admitting - having a sexual relationship with White House intern Monica Lewinsky. As he battled impeachment and possible removal from office, his wife's poll numbers rose.

Her own political career began to take shape in late 1998 when New York Democrat Daniel Patrick Moynihan announced he would not seek re-election to the Senate seat he had held since 1976.

The campaign trail was not always friendly. For almost every cheer, there was a shouted "Go home, Hillary!" and the emerging Republican theme that carpetbagger Clinton simply wanted to use New York as a launching pad for a later presidential run.

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Can Hillary Clinton Win In 2008? (BBC)

By Richard Allen Greene

BBC.com, January 20, 2007

Hillary Clinton has finally announced that she is considering running for president in 2008 - a declaration anticipated for the past six years that puts a heavyweight contender into the race.

Senator Clinton has already made history by becoming the first former First Lady to be elected to public office.

But all thoughts will now turn to whether the New York Democrat really has what it takes to become the first woman president of the United States.

It would be foolish to dismiss a woman who sits on an enormous war chest and is backed by some of the best political strategists in the country.

But it would be equally unwise to bet that the US will elect a woman president when the country is at war - much less one who is already reviled by a substantial minority of Americans for her perceived liberalism and association with Bill Clinton.

Warning to Republicans

Mark Corallo, a Republican strategist, reckons she has a good chance of capturing the White House in 2008 - and says he is constantly warning friends against underestimating her.

"Every time a Republican tells me: 'We want [to run against] Hillary', I say: 'Be careful what you wish for'.

"There is no other candidate on either side of the equation that has the instant party organisation and the ability to raise an enormous amount of money.

"She has the two most formidable strategists in the Democratic Party - Terry McAuliffe and Harold Ickes," Mr Corallo says before correcting himself: "No, three, because Bill Clinton is the most formidable. The guy is brilliant."

Mr Corallo, co-owner of the consultancy Corallo Comstock, says only one Democrat could take the party's nomination away from Senator Clinton: Barack Obama, the first-term senator from Illinois.

"He has the 'wow factor' that Bill had," the strategist says, which, he predicts, will make him Senator Clinton's first target.

"Hillary's partisans will start to whisper that he is an empty suit" without the experience to win or govern, he says.

"If Obama is tough enough, it is going to be an interesting primary season," he says.

Goliath and Davids

But Larry Sabato, director of the University of Virginia's Center for Politics, is not so certain that Hillary Clinton will be waltzing into the White House any time soon.

"She's Goliath, but plenty of Goliaths have been downed by Davids," says Mr Sabato, who specialises in elections.

Senator Clinton regularly comes top in polls asking Democrats who they would like their 2008 White House candidate to be.

Mr Sabato argues that is simply because "everyone knows who she is".

In the states that are first to choose their preferred presidential candidate, he adds, she is not doing as well.

"It is surprising how weak she is in places like Iowa and New Hampshire, and they matter enormously."

He says the intensely committed party activists in those states may fear she cannot win a national election and will shy away from her.

"They realise she has serious problems - we are going to get a regurgitation of all those past scandals and controversies with new wrinkles and information."

He also thinks her personality does her no favours.

"People just don't warm up to her, including a lot of Democrats - they don't dislike her, but they don't feel warmly towards her at all," he says.

"And I have never understood how someone could spend so much time around Bill Clinton and be such a wooden speaker," he adds.

"I'm not saying she can't get nominated or that she can't win a general election. But this is nowhere near the slam-dunk it is made out to be."

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Hillary Clinton Launches White House Bid: "I'm In" (CNN)

CNN.com, January 20, 2007

WASHINGTON (CNN) -- Sen. Hillary Clinton jumped into the fray as a 2008 presidential candidate with the words "I'm in" posted on her Web site.

"And I'm in to win," she added in a statement, announcing she has set up an exploratory committee that can gauge opinions and raise money for a presidential campaign.

Clinton's announcement comes on the same day that the next president will be inaugurated two years down the road: January 20, 2009.

The former first lady and Democratic senator from New York is considered her party's front-runner in what has become a diverse Democratic field.

Should she win, she would be the first woman to serve as president of the United States -- and the first presidential spouse to do so as well. President Bill Clinton served two terms from 1993 to 2001.

On Tuesday, Democrat Sen. Barack Obama announced that he was filing papers to form a presidential exploratory committee, a bid to become the first African-American president. And on Sunday, New Mexico Gov. Bill Richardson, also a Democrat, is expected to announce his bid, one that could make him the first Latino president.Live 'Web chats' start Monday

Bringing "the right end" to the war in Iraq, reducing the deficit, making the country energy independent and health care affordable were issues Clinton touted in her announcement, speaking on a video posted on her site.

"After six years of George Bush, it is time to renew the promise of America," she said.

"I grew up in a middle-class family in the middle of America, and we believed in that promise," the 59-year-old Chicago native said.

"I still do. I've spent my entire life trying to make good on it, whether it was fighting for women's basic rights or children's basic health care, protecting our social security or protecting our soldiers."

On Sunday she'll appear at the Ryan Chelsea-Clinton Community Health Center to discuss legislation that would expand the State Children's Health Insurance Program. The center bears the names of the two Manhattan neighborhoods it serves -- Chelsea and Clinton -- coincidentally, Chelsea Clinton is the senator's daughter's name.

In the video, she invited Americans to join her in a three-night series of live video Web chats beginning Monday.

"So let's talk. Let's chat, let's start a dialogue about your ideas and mine, because the conversation in Washington has been just a little one-sided lately, don't you think?"

She'll travel next weekend to Iowa and later to New Hampshire, two kickoff states for the Democratic presidential nominating process in 2008, according to her campaign organizers.

When Clinton launched her Senate bid in New York in 1999, she began a "listening tour" around the state to explore views on education, business and health care issues.

Her Republican opponent, Rick Lazio, called her a "carpetbagger" because she had not previously lived in New York. But she beat him, becoming the first sitting first lady to win an elected office, and was re-elected last year with 67 percent of the vote.

A crowded field

Clinton's announcement puts her in a big Democratic crowd of candidates.

In a statement released Saturday, Obama said: "Senator Clinton is a good friend and a colleague whom I greatly respect. I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track."

In addition to Obama and Richardson, the field also includes former Sen. John Edwards of North Carolina, the party's 2004 vice presidential nominee, who declared his candidacy late last year; Rep. Dennis Kucinich of Ohio, a liberal critic of the war in Iraq; and Iowa Gov. Tom Vilsack.

Sens. Joe Biden of Delaware and Chris Dodd of Connecticut have also said they will seek the nomination, and other Democrats mentioned as possible candidates include the party's 2004 presidential candidate, Sen. John Kerry of Massachusetts; retired Army Gen. Wesley Clark, and the Rev. Al Sharpton.Clinton wants troop cap, is wary of al-Maliki

Clinton, who just returned from a trip to U.S. military facilities in Afghanistan, Iraq and Germany, has urged the Bush administration to return its focus to Afghanistan.

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She has proposed a bill to cap troop levels in Iraq and require congressional approval before the president may send more troops.

She has also been highly critical of Iraqi Prime Minister Nuri al-Maliki, saying Washington should cut off financial support to the Iraqi government unless it shows commitment to stemming the sectarian violence there.

"I don't have any faith," she said of al-Maliki, when asked by CNN if she had any faith in him.

In 2002, Clinton was among the majority in Congress who voted in favor of authorizing Bush to attack Iraq if Saddam Hussein refused to give up weapons of mass destruction as required by U.N. resolutions.

In a 2005 letter to constituents posted on her Senate Web site, she said that she took responsibility for her vote, which she said she made "on the basis of the evidence presented by the administration."

In turn, she said, "I, along with a majority of Americans, expect the president and his administration to take responsibility for the false assurances, faulty evidence and mismanagement of the war."

Sen. Clinton Throws Hat Into Ring (HILL)

By Klaus Marre

The Hill, January 20, 2007

"I'm in."

Six years after leaving 1600 Pennsylvania Avenue as first lady, Sen. Hillary Clinton (D-N.Y.) announced Saturday morning that she wants to return to the White House, this time as the country's first female president. Clinton said she is launching a presidential exploratory committee, eliminating the last doubts regarding her intentions in 2008. She cited the need for "bold changes" to fix the damage that "six years of Bush administration failures" had done to the country.

"The promise of America is that all of us will have access to opportunity, and I want to run a 2008 campaign that renews that promise, a campaign built on a lifetime record of results," she said.

Clinton pledged to take her campaign to the people and plans to hold web chats over the course of the coming days. The first such chat, in which people can ask Clinton questions about her bid, the platform of the campaign and the issues that face the country, will be held Monday at 7:00 pm. In her current job in the Senate, Clinton said she would spend the next two years "doing everything in my power to limit the damage George W. Bush can do.

"But only a new president will be able to undo Bush's mistakes and restore our hope and optimism," Clinton added. New York's junior senator jumps to the top of the list of announced Democratic contenders. Her ability to raise funds, a national profile and the Clinton political network are all major assets in her campaign. However, she is joining an already crowded field that is expected to get even more full over the course of this year.

This week, rising Democratic star Sen. Barack Obama (D-Ill.) also announced he would make a run for the White House and 2004 vice presidential candidate John Edwards, the former North Carolina senator, has also thrown his hat in the ring. In addition, several other Democrats have already begun campaigning.

Throwing Her Hat On The Web (WP)

By Ann Hornaday

The Washington Post, January 21, 2007

If a Democratic primary were held on sheer production values, Hillary Rodham Clinton would win in a landslide.

In the video on Clinton's Web site yesterday, announcing the formation of a presidential exploratory committee, she chucked the formulaic genre of flag-draped backdrops and stiff monotones, instead delivering a 1-minute 45-second vlog-cast that arrived like a chintz-upholstered, sun-drenched blockbuster.

Perched almost-comfortably on a shabby-chic couch with a carefully rumpled pillow at her back, Clinton spoke in that intimate tone befitting her rhetoric, which focused on words like "conversation" and "chat."

Unlike other candidates (coughBarack Obamacough), whose videos might have been produced by a guy with a cellphone camera, Clinton's announcement was a veritable showpiece of Hollywood-style set design, lighting and cinematography. While Clinton, looking radiant in a red jacket and flattering makeup, affected the demeanor of a kaffe-klatching neighbor while speaking about the Iraq war, energy, Social Security and health care, the camera swung with pen dular subtlety between a background

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tableaux of framed family pictures and a fabulous table lamp exuding a warm glow. In fact, the background is so eye-catching, so crowded with totemic details, so bursting with semiotic potential, that I missed whole passages of Clinton's statement the first time around. (And yes, I do want that lamp.)

The effect was one of breathtaking political shrewdness and brilliant staging, like a mash-up between "The West Wing" and Diane Keaton's latest holiday heartwarmer. And for all its studied spontaneity, its air of having been pre-tested, choreographed, and managed to within a microfiber of Clinton's mascara, it worked, if only to provide a little eye candy within a grainy sea of canned speeches and awkward iChats. The aesthetic sophistication suited Clinton, who, as a former first lady and a U.S. senator, would look hopelessly out of place in most other contexts (rocking the mom jeans in the Ninth Ward? Uh-uh. Maybe an ornate Senate office, but where's the zazz in yet another wall of law books?), and the look and the script warmed up a woman portrayed as either an amoral ice queen or control-freaky dragon lady by her political opponents.

Still, for all of Clinton's glitz, the best example of the announcement video genre is John Edwards's, which he staged like a news story in post-Katrina New Orleans. Seamlessly blending form and content, Edwards seemed to take a page from Anderson Cooper for character and setting, while he spoke passionately about his signature theme of "two Americas" and creating a fake-news video image that would look right at home amid the screen grabs, podcasts and bootlegs on the Web. (Meanwhile, Republican U.S. Sen. Sam Brownback made an announcement yesterday as well, but he kicked it old school, stating he was an actual presidential candidate, not an exploratory one, and delivering the news live in front of hundreds of supporters, with his Web site presumably receiving the official video by pneumatic tube.)

So candidates now find themselves thrust into a new target-shoots-first media universe, where to preempt leaks and take an early bite of the public-awareness apple, the Web site exploratory committee announcement has become the new hat in the ring. And while politicians navigate the Googley highways and Wiki byways, looking about as comfortable as Barbara Bush at a rave, the young and the viral that they're trying so desperately to win over are ready to chew up and spit out anything that smacks of the inauthentic, the unhip or the analog.

It remains to be seen whether any or all of these explorers decide to run, and then if any of them succeed in conquering YouTube political culture. On second thought, that one's easy -- the only remaining question is who will be the first presidential candidate to figure out how to combine their campaign kick-off with Diet Coke and Mentos.

Tops In Political Toolbox: Internet (LAT)

By Peter G. Gosselin

The Los Angeles Times, January 21, 2007

WASHINGTON — In choosing the Internet to announce she intends to run for the presidency in 2008, Sen. Hillary Rodham Clinton bowed to the burgeoning political power of the medium and offered a preview of how she hopes to harness it to her purposes.

In declaring "I'm in" the White House race in a video clip on her new campaign website, HillaryClinton.com, the New York Democrat did considerably more than simply appear before the cameras; she invited supporters to join an almost Oprah Winfrey-like session of give and take.

"Let's talk. Let's chat. Let's start a dialogue about your ideas and mine…. " she told viewers."With a little help from modern technology, I'll be holding live online video chats … starting Monday."

By doing this, Clinton signaled her intention of using the Internet to shore up one of her chief political weak points, what independent analyst Charlie Cook called the caricature of her as "this shrill, raving, partisan, liberal lunatic."

"She needs to build people's comfort level with her, and she's going to do that with [an Internet] conversation," Cook said.

Clinton's online declaration that she is forming a presidential exploratory committee came less than a week after similar news delivered online by Sen. Barack Obama (D-Ill).

It also follows even more elaborate use of the Internet by the third major presidential contender in the Democratic ranks, former Sen. John Edwards of North Carolina.

The website for Edwards, the party's vice presidential nominee in 2004, offers documentary-style video of him grousing about his political consultants and informally chatting about the campaign ahead.

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The Internet's power both to make and break politicians has been vividly demonstrated in recent years.

In 2004, former Vermont Gov. Howard Dean jumped from political obscurity to grab the front-runner's position in the initial stages of the Democratic race largely on the strength of the interest and fundraising he generated online.

Last year, Sen. George Allen (R-Va.) watched his reelection campaign — and his hopes of emerging as a prime contender for the GOP presidential nomination — go down in flames after a video clip of him addressing a young man of Indian descent as "macaca" made the rounds on the Web.

Barely a factor in campaigning 11 years ago when Clinton's husband won reelection as president, the Internet has become an integral part of the political landscape, with every major candidate fielding a website and seeking to create a virtual community around his — or her — campaign.

But with the recent advent of YouTube and other video-sharing sites, analysts said the most intriguing aspect of the evolving use of the Web may be as part of an immense game of political "gotcha," in which campaigns seek to catch opposing candidates off-guard and off-message, as happened to Allen.

Analysts said Clinton's announcement and the accompanying rollout of her campaign website underscore the well-organized nature of her bid.

In addition to the video clip, the site includes a political analysis of recent polls suggesting she can win, as well as invitations to contribute and sponsor local events to support her.

"This is an example of what's to come," Cook said. "It has lots of bells and whistles. There's nothing left to chance."

With Boots Or Suits, Candidates Carefully Craft First Impressions (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, January 21, 2007

The announcement of a candidacy for president can leave a lasting impression.

While it's only a single day in a marathon campaign, it's also the first glimpse that many voters get of a candidate. And, as we all know, first impressions matter.

Democratic strategist Chris LeHane calls these announcements "the reality TV shows of politics," adding: "Each announcement is designed to out-entertain the prior announcements."

Take the declarations of candidacy by Sen. Barack Obama (D-Ill.) and former senator John Edwards (D-N.C.).

Edwards -- clad in jeans, a tan work shirt and boots -- entered the race just after Christmas, making his announcement in front of a New Orleans home, destroyed by Hurricane Katrina, that was being rebuilt.

Obama -- casual in a suit coat and an open-necked shirt -- countered with a low-key and decidedly serious video sent to supporters last week.

"The announcement strategies reflect the state of the candidacies," said Stephanie Cutter, a Democratic consultant well-versed in image politics, in an e-mail. "Sen. Obama's celebrity allows for him to control three news cycles with a simple and articulate internet video, while Sen. Edwards smartly took advantage of a slow news cycle and executed a multi-state tour to make national news."

And now Sen. Hillary Rodham Clinton (D-N.Y.) is in the race, joining the fray with a two-minute video clip shot from her home in the District.

The understated tone of the Clinton announcement -- released on a Saturday via video -- ran counter to suggestions the Fix fielded earlier in the week about how the senator should make it official.

Jamal Simmons, a founder of Cherry Tree Mobile Media, suggested an aircraft carrier as an appropriate backdrop to convey Clinton's "serious times demand serious leaders" message. Unfortunately, "George Bush ruined that photo op," he said.

Matt Bennett, a partner in Third Way, a centrist Democratic advocacy group, suggested that Clinton go deliberately low-tech.

"High-tech announcements are totally last cycle," he said. "Clinton should go retro-chic. How about a slide show? Or maybe a filmstrip?"

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2 days: Will Al Gore's "An Inconvenient Truth" be nominated for an Academy Award for best documentary film? And would such an accolade increase the pressure on the former vice president to consider a run for president in 2008? We'll know the answer to the first question in 48 hours.

19 days: Former Massachusetts governor Mitt Romney (R) makes a stop in Alabama to speak to the state's Republican Executive Committee. Why? No longer content with its spectator status in the nomination fights every four years, Alabama has moved its presidential primary from June 2008 to February 5, 2008.

Far From A Hindrance, Gender Could Be Key For Clinton (WP)

By Lois Romano

The Washington Post, January 21, 2007

Sen. Hillary Rodham Clinton enters the presidential arena as the most viable woman ever to seek the office and at a propitious moment.

More women hold elected office than ever before, and 9 million more women than men voted in the last presidential election. The New York Democrat's candidacy will test whether she can turn excitement over gender into a powerful political advantage.

"Over the last 35 years, the political climate has changed to make women more acceptable to Americans at all levels of office," said Ruth B. Mandel, director of the Eagleton Institute of Politics at Rutgers University. "And now, finally, the moment has arrived when we have a candidate ready to make that leap and a public that can see a woman in that role."

After some rocky moments with female voters over the past 15 years, Clinton begins her historic race viewed favorably by 59 percent of women nationally, according to a Washington Post-ABC News poll completed Friday night. She is viewed favorably among women of all age groups and educational backgrounds, and has especially large advantages among core pockets of Democratic women, including non-whites and lower-income women, and among Northeasterners.

In primary and general election matchups as of today, Clinton has sizable advantages among women, the survey showed. Forty-nine percent of Democratic and Democratic-leaning women would support her in their state's caucus or primary if it were held today, compared with 18 percent who would support Sen. Barack Obama (Ill.). And against Sen. John McCain (R-Ariz.) or former New York mayor Rudolph W. Giuliani (R), she has a big lead among women.

She is particularly popular among younger women, 18-34, who see her as a role model and who may not recall the negative publicity and partisan attacks that Clinton weathered as first lady over her health-care proposal and other issues. "I like her because she's a Democrat and a woman, and it's time for a female president," said Rene Davis, 23, of Gloucester, N.J. "If I have a daughter, I want to know that she can run for president."

For this reason, women's advocates see her candidacy as having the potential to create a cultural and political shift not unlike those under John F. Kennedy, the first Catholic president and a symbol of generational change, or during the Vietnam War.

"What is so exciting about this is that she will appeal to a whole new generation of women who will become political and get involved because of her," says Ellen Malcolm, the president of Emily's List, which raises money for female candidates. "We will see a dramatic shift in demographics that could affect the landscape for decades to come."

In the Post survey, Clinton made her most significant strides in the past 10 months among women 55 and older, 59 percent of whom have a favorable view of her, compared with 48 percent last year.

"I think you're seeing an overall warming up towards her," said Mark Penn, a longtime adviser and pollster for Clinton and her husband, former president Bill Clinton. "With older women, objections are beginning to melt because Senator Clinton is getting out there and saying, 'Here's what I can do,' and they are paying attention."

Clinton follows a path walked by other female presidential candidates, who either were dismissed as tokens or could not generate the support and funds to be competitive. In recent political history, a handful made the effort: Margaret Chase Smith in 1964, Shirley Chisholm in 1972, Patricia Schroeder in 1988 and Sen. Elizabeth Dole (R-N.C.) in 2000.

Clinton's relationship with women has been slow in developing. It took her a long time to recover from a remark she made during her husband's 1992 campaign, when she appeared to be scornful of those who stayed home and baked cookies. But she

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generated tremendous sympathy when she stoically dealt with the public humiliation of her husband's affair with Monica Lewinsky.

Today, the senator's advisers acknowledge that one hurdle for Clinton will be to convince women that she can actually win -- a fear that women often articulate.

In her first race for the Senate in New York, her campaign targeted those very women in an advertisement showing a woman who said she tells her friends who have doubts about Clinton that they should "get over it."

Eventually Clinton won over a highly skeptical female electorate through relentless public appearances, old-fashioned retail politics and advertising. She won with 55 percent of the vote, including what exit polls showed was 60 percent of female voters.

Sources say Clinton's presidential campaign will attempt to implement this same strategy on a grander scale, by exposing her to as many people as possible in the small groups in which she thrives.

It was no accident that her announcement came in the form of a personal video, where she called her effort the beginning of a "conversation." And last month, she ventured onto "The View," the daytime show by women for women.

"There's no question women are stepping back and taking a second look," said Terry McAuliffe, a friend and adviser.

The Reliable Source (WP)

By Amy Argetsinger, Roxanne Roberts

The Washington Post, January 21, 2007

Nancy Pelosi -- first female speaker of the House! Hillary Rodham Clinton -- first woman who maybe, kinda, has a chance of getting elected U.S. president! We haven't been so excited since . . . well, since Katie Couric became the first female solo anchor of a major American network evening newscast! Let's look back at some of our sister pioneers.

Dawn of Time: Eve, first woman to hear, "I told you so."

35 B.C.: Livia, wife of Augustus, first Roman woman allowed to handle her own money.

1872: Victoria Woodhull, first woman to run for president of the United States.

1899: Martha Place, first woman to die in the electric chair.

1901: Annie Edson Taylor, first person to survive trip over Niagara Falls in a barrel.

1903: Marie Curie, first woman to win a Nobel Prize in physics.{+1}

1910s: Madame C.J. Walker, first African American female self-made millionaire.

1916: Jeannette Rankin, first woman elected to Congress.

1928: Janet Gaynor, first woman to win an Oscar, Best Actress.{+2}

1936: Wallis Warfield Simpson, Time's first female Man of the Year.

1952: Christine Jorgensen, first woman with an unassailable reason to shop for new clothes.{+3}

1958: Coya Knutson, first female member of Congress whose relationship wrecked her career, or vice versa.{+4}

1964: Margaret Chase Smith, first woman to have her name placed in nomination for president at a major party convention.{+5}

1969: Golda Meir, Israel, world's first female prime minister.

1970: Diane Crump, first female jockey to ride in the Kentucky Derby.

1974: Isabel Peron, Argentina, world's first female president.

1977: Michelle Triola, first to successfully sue for "palimony."{+6}

1978: Janice Dickinson, world's first female supermodel.{+7}

1980: Sherry Lansing, first female head of a major movie studio.

1981: Sandra Day O'Connor, first female Supreme Court justice.

1997: Madeleine Albright, first female secretary of state.

2006: Ellen Johnson-Sirleaf, Liberia, first woman elected head of an African nation, and Michelle Bachelet, first female president of Chile.{+8}

{+1} Dies before she can say "nyah, nyah" to Larry Summers.

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{+2} Eighty years later, "separate but equal" still reigns in showbiz awards.

{+3} After ex-GI George Jorgensen got the world's first (highly publicized) sex change.

{+4} An opponent enlisted her drunk husband to write a "Coya, come home" letter. She lost, she went home to Minnesota, she divorced him.

{+5} She lost.

{+6} Won thousands from tough-guy actor Lee Marvin, her longtime live-in boyfriend, after he dumped her.

{+7} Or so she insists in every TV appearance.

{+8} That's right, and in the U.S. we're still waiting.

Hill's Bid Her-Storic: Feminists (NYPOST)

The New York Post, January 21, 2007

January 21, 2007 -- I am woman, watch me run.

A successful Hillary Clinton campaign would not just be a win for her, but for women everywhere, feminist leaders said yesterday.

"We are thrilled a prominent woman has entered the race," said Kim Gandy, the president of the National Organization for Women. "Every woman who runs opens another door."

"A woman's place is in the house - the White House!" said high-profile lawyer Gloria Allred.

On her campaign Web site, Clinton talked of the effect her candidacy would have on women everywhere. If she wins the Democratic nomination, it would be the first run of a woman on a major-party ticket since Rep. Geraldine Ferraro sought the vice presidency 1984.

"As we campaign to win the White House, we will make history and remake our future," she told supporters on the site yesterday. "We can only break barriers if we dare to confront them."

Mosemarie Boyd, president of American Women Presidents, said President Bush and Vice President Dick Cheney had already "proven" that a woman can be president.

"Dick Cheney proved you don't have to have a heart and Bush proved that you don't have to have a brain," said Boyd.

Noted feminist Gloria Steinem echoed those sentiments.

"The question is whether she can accomplish the same thing [she has in New York] in a big country," said Steinem. "Certainly she would be a thousand times better than what we currently have."

Race May Revolve Around Clintons (CHIT)

By Michael Tackett

Chicago Tribune, January 21, 2007

Shortly after breakfast Saturday, the country reverted to a familiar rhythm--Clinton Standard Time.

Hillary Rodham Clinton's bold splash into the presidential waters ensures that for the foreseeable future the race for her fellow Democrats and for Republicans will be about the Clintons--what she does, what he does--bringing with it all the brilliance, triumph, power, passion, drama and love-hate, place-called-Hope, didn't-inhale, flirt-with-disaster madness that defined the eight years of Bill Clinton's presidency.

But make no mistake: In this race, at this point, Sen. Hillary Clinton of New York is the sun. Everyone else, including Sen. Barack Obama of Illinois, revolves around her.

She will have the money, the organization and the most attention focused on her. It will be her blessing and may be her curse. She repels at least as much as she attracts. At least for now.

Saturday morning, on her Web site, she gave an "It takes a village" approach to her campaign, saying she wanted to engage voters in a "conversation" about the state of the country. It was a low-key pitch with high production values and bespoke a drive and confidence. This moment has been a long time in the planning.

She gave an early indication of her style last week when Obama announced his own White House intentions, refusing to even acknowledge his fitness to be commander in chief. Instead, she gave an icily perfunctory "let the voters decide" back of the hand.

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Obama did not follow suit. In a statement, he said, "Senator Clinton is a good friend and colleague whom I greatly respect. I welcome her and all the candidates, not as competitors but as allies in the work of getting our country back on track."

Grace notes are the more common approach in the early rounds of a presidential campaign. Clinton is known for her upright bearing, and her bare knuckles.

She enters the competition as the candidate who is at once most potent and most polarizing. The good news for her is that it is hard to see how her negatives could go much higher. In New York, she started her Senate campaign in 2000 in a similar position and, through a focused campaign to deliver for the folks back home, she won over a huge part of the state, including traditionally Republican Upstate, home of her greatest skeptics.

She has been a star in the Senate, but won points for not seeking the spotlight. She has tacked to the center on some issues, even moderating her position on abortion. That approach is just another measure of the tactical brilliance the Clintons bring to any political race in which they choose to play.

The former president and potential "first man," Bill Clinton, has been talking up his wife's chances as he has rebuilt his own popularity among a wide swath of the American people.

Without question one of the most gifted politicians of the last 50 years, the former president could be an extraordinary asset to his wife, in effect doubling the capacity of her campaign. He also carries some obvious risks and his life will again be put under a spotlight.

A substantial segment of the public seems to have a near-fixed view of the former first lady, and it is not positive, representing perhaps the singular challenge of her candidacy: reversing a perception about someone who is so well known.

Even within the Democratic Party, she will have obstacles, and none likely to be more important than her early support for the war in Iraq and her reluctance to join those who are asking for an immediate drawndown of troops. It is a doubly difficult walk for Clinton who, as a woman, faces scrutiny that men do not on issues of national security. Bill Clinton, it seems, would find a way to recalibrate.

And that is another hurdle--having her political skills constantly compared to those of her husband.

The spur-of-the-moment polls--taken about a year before the first votes cast in the Iowa caucuses--look very good for the junior senator from New York. But they also are just this side of meaningless, given that they reflect her name recognition more than real support at this stage.

That in no way diminishes her position as this race begins, the position at the top. When the Clintons first became known nationally during the New Hampshire primary in 1992, Bill Clinton famously offered the couple as the ultimate two-for-the-price-of-one bargain.

That notion faded dramatically when Hillary Clinton was put in charge of the president's health care reform package and her popularity plummeted.

Interestingly, it was when she was seen as somewhat of a victim during the Clinton impeachment that America saw her in different light, and even started to embrace her.

Now, Hillary Clinton is testing whether the nation wants a sequel of the Clinton Era, and Clinton Standard Time.

Clinton Assembles A Seasoned Team (WP)

The Washington Post, January 21, 2007

Although Sen. Hillary Rodham Clinton's (D-N.Y.) presidential campaign is just a day old, she already has a full stable of senior staffers in place. Here is a look at the people who will guide Clinton's White House bid.

Patti Solis Doyle: Unquestionably a first among equals in Clinton's inner circle, Solis Doyle will manage the campaign. She has been with Clinton since her days as the first lady of Arkansas.

Mike Henry: A newcomer to the Clinton circle, Henry will be deputy campaign manager. He made a name for himself by leading Virginia Gov. Timothy M. Kaine (D) to victory in 2005 and then overseeing Senate Democrats' national ad campaign in 2006.

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Howard Wolfson: Wolfson will oversee the communications operation for Clinton, reprising the role he played in her 2000 Senate race. Wolfson has deep roots in Democratic New York politics, having worked for Sen. Charles E. Schumer and Rep. Nita M. Lowey.

Evelyn S. Lieberman: Lieberman, a former undersecretary of state and senior aide in President Bill Clinton's White House, will be chief operating officer.

Jonathan Mantz: As finance director, Mantz has the Herculean task of raising the millions Clinton will need to compete in the four early-voting states and beyond. Before joining Clinton, Mantz oversaw fundraising for New Jersey Gov. Jon S. Corzine (D).

Neera Tanden: Tanden served as policy adviser to President Bill Clinton and went on to serve as the legislative director in Hillary Clinton's Senate office. She will be the campaign's policy director.

Kim Molstre: Fresh off a stint in the office of House Speaker Nancy Pelosi (D-Calif.), Molstre will serve as director of scheduling and long-term planning. In 2004, Molstre worked on the presidential efforts of former congressman Richard A. Gephardt (D-Mo.) and Sen. John F. Kerry (D-Mass.).

Mandy Grunwald: A veteran of Bill Clinton's 1992 campaign, Grunwald designed the ads for Hillary Clinton's 2000 and 2006 Senate races. She will be the lead media consultant in 2008 as well.

Mark Penn: The pollster of choice during President Bill Clinton's second term, Penn, like Grunwald, has been with Hillary Clinton since her run in 2000.

Phil Singer: Singer, the deputy communications director, is extremely close to Schumer, for whom he worked at the Democratic Senatorial Campaign Committee in the 2006 election. He also has experience in past presidential politics as a member of Kerry's rapid-response operation.

Leecia Eve: Eve, a black woman from Buffalo, will be a senior policy adviser to the campaign. She worked as counsel to Clinton in her Senate office, leaving to make an abbreviated bid for lieutenant governor in New York in 2006.

Minyon Moore: Moore served a stint as political director in the Clinton White House and will be a senior adviser in the campaign. Moore, an African American, oversaw minority outreach for Kerry's 2004 campaign.

Ann Lewis: Lewis is a longtime Clinton loyalist. She was deputy campaign manager for President Bill Clinton's 1996 reelection race and handled communications during Hillary Clinton's 2006 reelection contest. She will be a senior adviser to the '08 campaign.

In A Field Of Heavy Hitters, No Sure Thing (NYT)

By Patrick Healy

The New York Times, January 21, 2007

Compared with the other Democrats who plan to run for president in 2008, Senator Hillary Rodham Clinton is the most battle-tested, has the biggest fund-raising network and can walk into the job with a unique set of skills and perspectives gleaned from eight years in the White House as first lady.

Yet none of that guarantees Mrs. Clinton will steamroll her opponents, or manage and master the issues that have long vexed her, like the war in Iraq and universal health insurance. Far from it: she has told friends that she is more worried about winning the Democratic nomination than winning a general election against a Republican.

With this presidential campaign starting far earlier than any in history, Mrs. Clinton, Senator Barack Obama of Illinois and their five Democratic rivals find themselves facing 400 more days before the nomination is sealed up. Each of those days could bring a surprise or flub or Senate vote or controversy that might change their political fortunes. The field is still growing, too: Gov. Bill Richardson of New Mexico is expected to jump in today. And whither John Kerry? Wesley Clark? Al Gore?

“Given the high velocity of the campaign at this early stage, it’s incredible to think what the race will look like a year from now, and who will be standing out,” said Steve Elmendorf, a Democratic political consultant who supports Mrs. Clinton.

Mrs. Clinton has also told friends that she does not think of herself as the Democratic front-runner, nor does she like the word — which are both things that front-runners tend to say, political analysts note. (Her new campaign wasted no time yesterday sending an e-mail message about a new Washington Post-ABC poll giving Mrs. Clinton a 41 percentage point lead over her closest rival, Mr. Obama, who had 17 points.)

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Still, unlike 1988, when the so-called seven dwarves were running for the Democratic nomination, the current field is full of heavy hitters, and Mrs. Clinton faces formidable challenges. Mr. Obama is Mrs. Clinton's strongest rival thus far in attracting crowds of screaming fans; John Edwards, the former senator from North Carolina, was the 2004 vice presidential nominee, and has staked out a clear antiwar position; and Senators Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut are seasoned lawmakers who lead powerful committees, giving them access to donors and the media spotlight.

"Democrats are going to have a real opportunity to see some of the best and brightest in the party," said Kathy Sullivan, the chairwoman of the New Hampshire Democratic Party. "We're a wait-and-see state, and while a lot of people are very excited about Senator Clinton — including me — very few people have made up their minds."

Mrs. Clinton's advisers say she knows full well, from long and sometimes painful experience, the challenges to come. She will have to convince people that another Clinton in the White House will bring more of the successes, and fewer of the shadows and scandals, that marked her husband's administration, her advisers say. She will have to figure out the role that Mr. Clinton will play, a question that Republicans will almost certainly highlight.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," Mrs. Clinton said in a statement on her new campaign Web site. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them."

In her statement, she also called for "bold but practical changes" in national policy, a four-word formulation that her advisers said was carefully chosen, given that she has sought to portray herself as both a pragmatist and someone who thinks big. Some Democrats dismiss the latter image, finding her too cautious. Yet her pledge of boldness reflects her well-known desire to disprove the notion that she is hesitant or calculating.

And she will have to show people that she is not the person her critics describe: radically liberal, ruthlessly ambitious, or ethically compromised. Her friends say she is none of these; some of them still chide her for being the "Goldwater girl" of her youth.

Political analysts say that part of her challenge will be letting voters see the full her and not just a rehearsed politician, no easy task for such a private person.

"People consider her to be capable and smart, even those who hate her, but have taken issue over the years with her hardness and lack of warmth," said Ruth Sherman, a political communications specialist who spent time yesterday watching Mrs. Clinton's video announcement on the campaign Web site. "If she can keep it up and persuade people it is authentic, they will have a hard time remembering the Hillary they loved to hate."

Mrs. Clinton will also have to persuade enough people to trust a woman as commander in chief at a time of war, and to view her as a steady, forward-thinking critic of the Iraq war and not as indecisive. Her years on the Senate Armed Services Committee, and her ties to military leaders on New York bases and in Washington, should help, advisers say.

"I would say she is more qualified to be commander in chief than any other Democrat or Republican running, given her years of international experience and her work with the military," said Ellen R. Malcolm, the president of Emily's List, a political and fund-raising organization that endorsed Mrs. Clinton yesterday.

Indeed, one reason Mrs. Clinton chose to make her announcement on a Saturday morning, when the political world is usually in slumber, was to dominate the news cycle, her advisers said, and contrast herself vividly as a leader with President Bush before his State of the Union speech on Tuesday night. They waved off the appearance that she was announcing to catch up with Mr. Obama, who declared his plans to run on Tuesday. They said they had determined in mid-December that, if Mrs. Clinton decided to run, they would announce the decision on the Saturday before the State of the Union address.

Mrs. Clinton spent yesterday at home in Chappaqua with Mr. Clinton, making calls to crucial Democratic officials across the country, including Michael Gronstal, the majority leader of the Iowa State Senate, as well as to some supporters.

She plans to attend Mr. Bush's speech on Tuesday and hit the campaign trail for the first time soon after, traveling next weekend to Iowa, the site of the first presidential caucuses in January 2008. After that, she will visit the early primary state of New Hampshire, where Mr. Obama and Mr. Edwards have been recently. Mr. Dodd and former Gov. Tom Vilsack of Iowa have visited the state in the last few days.

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For Democratic Advisers, A Season Of Tough Choices (WP)

By Shailagh Murray, Peter Baker

The Washington Post, January 21, 2007

Rep. Rahm Emanuel considers Sen. Barack Obama a close friend. The Illinois Democrats had dinner just last week. They are both from Chicago and socialize together with their wives. But Emanuel got his big break in national politics from Bill Clinton and worked for him in the White House. And now his worst-case scenario has come true -- both Obama and Sen. Hillary Rodham Clinton are running for president and want his support.

Emanuel was widely credited with engineering his party's takeover of the House in November. Now fellow White House veterans are pressing him to take a senior position in the former first lady's campaign. Meanwhile, Chicago allies, led by the powerful Daley family, are pressing him to take a senior position in his Illinois colleague's campaign.

Torn by conflicting loyalties, Emanuel is ducking. "Maybe the witness protection program," he joked. "Or maybe I'll just stop answering the phone."

They still have Iowa and New Hampshire to conquer, but Clinton, Obama and the other Democratic presidential contenders already are squaring off in what might be called the Rahm Primary, an early contest to win over the movers and shakers from the only Democratic administration in the last quarter-century.

As Clinton kicks off a bid to follow in her husband's footsteps to the White House, she is trying to reconstitute much of his old team.

While it might seem like a simple loyalty test, loyalty in politics is not always defined in terms of who hired someone first or who someone worked for longest. Politics breeds complicated relationships. They are partly personal, partly ideological and partly transactional.

"It creates a dilemma for a lot of people," said Joe Lockhart, a former White House press secretary now at the Glover Park Group, a communications and lobbying firm with close ties to Hillary Clinton. "It would be easy if you had worked for a person who you knew wasn't up to the job, but that's not the case this year. It takes a little soul-searching on what you want to do."

Many familiar figures from the 1990s, such as Lockhart, are back in the Clinton corner formally or informally -- political advisers, fundraisers and policy aides such as James Carville, Harold Ickes, Mark Penn, Mandy Grunwald, Ann Lewis, Maggie Williams, Bruce Reed, John D. Podesta, Patti Solis Doyle and Terence R. McAuliffe.

But others are signing up with Obama or other candidates or staying on the sidelines, out of estrangement from the Clintons, skepticism about her chances, fealty to other patrons or some combination.

Former treasury secretary Robert E. Rubin, widely considered his party's economic wise man, has refused to sign up with Hillary Clinton or any of the other candidates. So has House Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.), who first recruited Hillary Clinton to run for Senate from New York in 2000 but who lately has encouraged Obama to run for president.

"I don't know who the rest of the candidates are," Rangel said with a wry arch of an eyebrow last week when asked whether he would prefer Obama or Clinton.

Former commerce secretary William M. Daley, like his brother Richard M. Daley, the mayor of Chicago, is backing Obama, and so are former national security adviser Anthony Lake and former assistant secretary of state Susan E. Rice. A handful of junior Clinton White House aides are working for the Obama campaign as well.

Former White House political director Douglas B. Sosnik and Clinton pollster Stanley Greenberg are with Sen. Christopher J. Dodd (Conn.). Sen. Joseph R. Biden Jr. (Del.) has Clinton administration veterans Ronald A. Klain, Tom Donilon, Antony Blinken and Evan Ryan. Jennifer Palmieri, a former White House spokeswoman, is helping former senator John Edwards (N.C.). And one former Clinton Cabinet member, New Mexico Gov. Bill Richardson, is running against his former boss's wife himself.

"Most Democratic political professionals over the age of 25 who came to Washington passed through the Clinton administration at some point unless they spent their entire career on the Hill," said Reed, Bill Clinton's domestic policy adviser and now president of the Democratic Leadership Council. "It would be hard to fill a campaign without some people who had the '90s on their resumes."

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For some, the choice was not that hard. "The Clintons, for me and for many of us who worked for him, we owe them our loyalty," said Steve Ricchetti, who was deputy White House chief of staff. "They have been very generous personally and gave me my biggest opportunities in public service. It's not something you forget."

Yet others have not forgotten the personal slights, policy struggles and turf battles; after eight years, the Clinton White House was left with its share of scar tissue. Hillary Clinton inspired deep affection and loyalty among her own staff, but she could be demanding, and her temper sometimes singed those outside her inner circle.

For that matter, her husband could be tough to work for as well. Some who served in the West Wing emerged bruised by the experience, disenchanted with the conduct that led to his impeachment and leery of returning for Clinton the Sequel.

They do not couch their decisions this year in those terms, though, at least not publicly. They explain their neutrality or affiliations by the complex rules of political allegiance -- an old boss who came calling, a new job that prevents partisan activity, more recent involvement with another candidate, the sorts of word-of-mouth encounters that can bring teams together by happenstance more than by design.

Sosnik and Greenberg went back to Dodd, their original sponsor in politics. Dodd was Greenberg's first client. Sosnik drove Dodd in his 1980 campaign and became his chief of staff. "I first worked for Chris Dodd over 25 years ago and have always considered him my mentor," Sosnik said. "He taught me that there is nothing more important in life as well as in politics than being loyal to your friends."

Others calculated that another candidate would be more likely to win or would be a better president than Hillary Clinton. Lake said he was impressed with Obama. "This is the first time I've been excited by somebody since 1992, when I was doing foreign policy with Bill Clinton," he said. As for Hillary Clinton, he said: "I think highly of her. It's not that I'm trying to help somebody run against her. I'm helping somebody I think can be a great president."

Under other circumstances, Emanuel would be a natural for the Obama camp. But Emanuel was a rambunctious 31-year-old when he joined Clinton's campaign in 1991 as one of the original members of the Little Rock war room and followed the candidate to the White House. Although he was demoted at one point -- reportedly at the instigation of the first lady -- he eventually became one of the president's closest aides.

Emanuel declared on television early last year that he was supporting Clinton, but that was before Obama expressed interest in running. Now he is officially neutral. And both sides are lobbying him to take a top campaign post. "I'm going to call Rahm and talk the issue through with him and see what he thinks," said Mickey Kantor, who chaired Bill Clinton's campaign in 1992 and is now backing Hillary Clinton.

Obama has been calling, too. He had dinner with Emanuel on Thursday, which the congressman called a longstanding personal engagement. Asked where Emanuel will come down in the 2008 race, Obama recently told the Chicago Tribune: "Rahm knows the right thing to do."

If he does, he is not saying what the right thing is. "I have two friends in this. I just got off a two-year national campaign. It took everything out of me," Emanuel said. "There's a time for governing and a time for campaigning, and I'm in the governing mode right now."

As for picking sides, he said: "There will be an appropriate time. But now is not the appropriate time."

Hillary Runs For The White House As "new Thatcher" (LONT)

By Sarah Baxter

Times of London, January 21, 2007

HILLARY CLINTON is to be presented as America's Margaret Thatcher as she tries to become the first woman to win the White House. As she entered the 2008 presidential race yesterday, a senior adviser said that her campaign would emphasise security, defence and personal strengths reminiscent of the Iron Lady.

"Their policies are totally different but they are both perceived as very tough," said Terry McAuliffe, Clinton's campaign chairman. "She is strong on foreign policy. People have got to know you are going to keep them safe."

Clinton, 59, used her website to announce that she was taking the first step of her campaign by forming a presidential exploratory committee. "I'm in. And I'm in to win," she said.

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It made the New York senator the instant frontrunner for the Democratic nomination. “She has the name recognition, the money, the glitz, she’s got it all,” McAuliffe said.

If she wins, she will return to the White House where she spent eight years as first lady during Bill Clinton’s presidency from 1993-2001.

McAuliffe predicted a rough campaign. “She is going to fight for herself and she is going to have people around her who will fight,” he said.

“They are going to play mean, nasty and dirty on the other side. You don’t walk into a knife fight without adequate gloves.”

The Clinton campaign intends to paint the Republican nominee as President George W Bush’s political heir, particularly over the war in Iraq. “George Bush is going to be on the ticket whether they like it or not,” McAuliffe added.

Clinton said she would talk to voters about “how to bring the right end to the war in Iraq and restore respect for America around the world”. She also hopes to appeal to women voters in their twenties and thirties.

Clinton faces strong competition from Barack Obama, the charismatic but inexperienced 45-year-old Illinois senator. The race is already being billed “the magic v the machine”.

Aides: Clinton Plans Weekend Swing Through Iowa (AP)

AP, January 20, 2007

DES MOINES (AP) — New York Sen. Hillary Rodham Clinton, the newest entrant in the race for the Democratic presidential nomination, will make her initial foray into Iowa next weekend, aides said Saturday.

Details of the upcoming campaign swing were still being finalized, but spokeswoman Lorraine Voles said an official announcement would come within days.

Clinton's decision to enter the race, and to compete in Iowa's leadoff precinct caucuses, reshuffles the Democratic contest in the state.

"This is going to be a real donnybrook," said Jeff Link, a veteran Democratic strategist who is advising former Iowa Gov. Tom Vilsack in his bid for the nomination. "I think the race is completely up in the air."

Former Iowa Democratic Chairman Gordon Fischer said he got a call from Clinton aides advising him of her plans, which were announced on her website early Saturday morning.

"She will be a very formidable candidate," Fischer said. "It's not a shock. She has been calling people and asking for advice."

While Clinton lags behind other Democrats in building a campaign organization for Iowa's caucuses, she is very well known and traveled to the state often during here husband's two terms in office, and afterward.

Some political onlookers had suggested she would use Vilsack's presence in the race as an excuse to skip past Iowa's leadoff caucuses, but she has clearly decided against that strategy.

Her move comes after Illinois Sen. Barack Obama announced he will form an exploratory committee to ponder seeking the Democratic nomination, with a final decision expected Feb. 10. Despite starting later, key Iowa activists said Clinton is certain to be a force.

"I think she'll be a serious player here in Iowa and other places," said veteran strategist Ron Parker. "Once she starts touring Iowa, she'll have some of the same star power as Sen. Obama, and then you add on top of that her fundraising ability."

Clinton is seeking to become the first female president, and her ability to raise money sets her apart from other women candidates, many of whom have struggled with raising campaign funds. Clinton raised more than $40 million in winning a second term in the Senate in November, and still has $13 million in the bank.

"I think the great intangible in all this is the appeal she will have as a female candidate, with experience, with fundraising ability and as somebody who has been battle tested in a real campaign," Parker said.

Clinton has been calling leading Democrats in Iowa to keep them posted about her intentions. Among them is Senate Majority Leader Michael Gronstal, a Democrat from Council Bluffs, who said he spoke with her Saturday.

"I kind of said, 'Well, welcome to the race in Iowa,'" Gronstal said. "I told her the field was open in Iowa and we're welcome to basically anyone."

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Link said Vilsack welcomes the competition in his home state, saying there's plenty of time until activists attend caucuses early next year.

"Everything has been turned upside down in the last two weeks," Link said. "I don't even think there's been enough time passed for there to be a conventional wisdom."

Parker agreed that Iowa's backing for the Democratic presidential nomination is up for grabs.

"Twelve months is a long, long time for all of the candidates," he said.

Clinton's decision comes as the pace of campaigning in Iowa is beginning to quicken. Former North Carolina Sen. John Edwards swung through the state on Saturday holding a town hall meeting on the war in Iraq at the University of Iowa, and former Wisconsin Gov. Tommy Thompson was also spending time in eastern Iowa.

It's widely anticipated that Obama will make a stop in Iowa soon if he chooses to enter into the race early next month.

Kansas Senator Announces Bid For Presidency (NYT)

By Rachel L. Swarns

The New York Times, January 21, 2007

WASHINGTON, Jan. 20 — Declaring himself a proud conservative before a crowd of cheering supporters waving American flags, Senator Sam Brownback, Republican of Kansas, on Saturday announced his candidacy for president.

Mr. Brownback, an evangelical Protestant turned Roman Catholic and a former Kansas agriculture secretary, said he would focus on reviving faith and families in America; combating abortion, poverty and wasteful government spending; opposing same-sex marriage; and revamping Social Security and the federal tax system.

“The last thing we need in America is to take God out of our public lives and institutions,” Mr. Brownback said during his speech in Topeka, Kan. “We need to embrace our nation’s motto, ‘In God we trust,’ and not be ashamed of it.

“To walk away from the Almighty is to embrace decline for a nation,” he said. “To embrace him leads to renewal, for individuals and for nations.”

Mr. Brownback, 50, was first elected to the House in 1994. Two years later, he was elected to the Senate, to complete the unexpired part of Senator Bob Dole’s term when Mr. Dole left to run for president.

Mr. Brownback acknowledged that he would be one of the lesser-known candidates in what is expected to be a crowded field of Republican presidential hopefuls, including Senator John McCain of Arizona and Rudolph W. Giuliani, the former mayor of New York.

He said his bid might be “a long shot,” but he compared himself to other successful presidential candidates who had come from behind, including Jimmy Carter and Bill Clinton. He said his ideas would separate him from the pack.

“I start out with less name ID, but I’ve been there before,” Mr. Brownback said at a news conference after his speech in Topeka, Kan. “My positions are at the heart of where the Republican Party is.”

With his opposition to abortion, embryonic stem-cell research and same-sex marriage, Mr. Brownback hopes to establish himself as the dominant conservative in the race. The American Conservative Union, which hails him as one of “the best of the best” in the Senate, gave him a 100 percent conservative rating in its most recent survey of Congress.

In recent weeks, Mr. Brownback has been emboldened by the struggles of Mitt Romney, the former Massachusetts governor, whose conservative credentials have come under attack because of questions about his evolving positions on abortion and gay rights. Mr. Brownback said Saturday that he planned to march in an anti-abortion rally in Washington on Monday.

But Mr. Brownback has also broken with Republicans on some issues. He supports putting most of the nation’s 12 million illegal immigrants on a path to citizenship, for instance. And this month, he joined many Congressional Democrats in announcing that he opposed President Bush’s plan to increase the number of troops in Iraq.

Paul M. Weyrich, chairman of the Free Congress Foundation, a conservative research group, praised Mr. Brownback for his commitment to conservative principles. But he questioned whether the senator had the charisma to prevail. “If he can prove that, then he will have a shot,” Mr. Weyrich said. “If not, then his conservatism will not be enough to carry him.”

Brownback Announces Presidential Bid (WP)

By Matthew Mosk

DOJ_NMG_0119556

The Washington Post, January 21, 2007

Sen. Sam Brownback, the son of a rural Kansas farmer who has become a leader among religious conservatives in Congress, formally launched his 2008 bid for president at a rally in Topeka yesterday.

Brownback, 50, became one of the first Republicans to announce the formation of an exploratory committee six weeks ago, and yesterday said he had decided "to take the first steps on the yellow brick road to the White House."

The Kansas Republican acknowledged being little known beyond his home state. A Washington Post-ABC News poll released yesterday shows he is supported by 1 percent of Republicans and Republican-leaning independents. He was also unlucky to announce his candidacy on the same day as a better-known Democratic contender, Sen. Hillary Rodham Clinton (D-N.Y.).

But he may be the best-known among those who hope to be the choice of social conservatives and wield that power to break into a group of more visible GOP candidates.

"My positions are where the heart of the Republican Party is," he told reporters after his speech.

Brownback's supporters say the party's better-known contenders -- Arizona Sen. John McCain, former New York mayor Rudolph W. Giuliani and former Massachusetts governor Mitt Romney -- offer weaker platforms for voters who strongly oppose abortion, same-sex marriage and stem cell research.

"There are really two primaries taking place simultaneously in the Republican party," said Gary Bauer, the family values activist who ran for president in 2000. "One, for center-left candidates, is being fought out between Giuliani and Senator McCain. On the conservative side, nobody has captured that crown yet, but Senator Brownback will be a major competitor."

Brownback was raised on a farm in tiny Parker, Kan., served as the state's youngest-ever secretary of agriculture and came to Congress in 1994. Two years later, he won the Senate seat that had been vacated by Robert J. Dole in advance of his run for president.

While in Congress, Brownback, a Methodist most of his life, converted to Catholicism and forged an alliance with conservative Christian leaders on the Hill. He began leading meetings of the Values Action Team, where advocacy groups meet to track socially conservative legislation, and speaking out sternly about a cultural decline.

"Senator Brownback is unrivaled as an advocate for the family and for life in Washington," said Tony Perkins, president of the Family Research Council. "What Sam has that is unique, is that he has a pro-life, pro-family record to go with his pro-life, pro-family message."

Brownback captured many of those themes yesterday as he addressed a raucous crowd of supporters in Topeka, Kan., telling them: "I am a conservative and I'm proud to be a conservative."

In his 17-minute speech, he touched on the sanctity of marriage, the protection of all life "whether elderly or in the womb," and the need to preserve religion's place in public institutions. But he also addressed other subjects, vowing for instance to "end deaths by cancer in 10 years," and to take the tax code "behind the barn" and kill it "with a dull ax."

After the speech, Brownback conceded that he "starts out with less name ID" than other candidates. According to the Post-ABC News poll, Giuliani is favored by 34 percent of Republicans and Republican-leaning independents, McCain by 27 percent and Romney by 9 percent, with former House speaker Newt Gingrich, who is also considering a run for the White House, at 9 percent as well.

Giuliani, McCain and Romney also have hired teams of advisers seasoned in President Bush's two campaigns and signaled that they hope to raise $100 million by the time primary season begins early next year.

Brownback's Senate campaign account has $600,000 as he starts his fundraising drive. A key to his campaign's financial strength may rest with Tom Monaghan, founder of Domino's Pizza and a Roman Catholic philanthropist who started Legatus, a lay group of wealthy conservative business executives. Monaghan has been serving as a top adviser to Brownback's campaign.

The senator's chances may ultimately depend on his ability to ignite Christian conservatives, said John Green, senior fellow with the Pew Forum on Religion and Public Life. Religious activists "don't have a consensus candidate yet," he said, but Brownback is one "they're certainly paying a lot of attention to."

Sen. Brownback Joins Presidential Race (LAT/AP)

DOJ_NMG_0119557

The Los Angeles Times, January 21, 2007

TOPEKA, KAN. — Sen. Sam Brownback of Kansas jumped into the 2008 presidential race Saturday, a favorite of the religious right now in a battle against better-known rivals for the GOP nomination.

"My family and I are taking the first steps on the yellow brick road to the White House. It's a great journey," the two-term senator told hundreds of supporters. He pledged to fight for the nation's cultural values and to focus on rebuilding families.

The 50-year-old Brownback offers himself as a "full-scale Ronald Reagan conservative."

After Saturday's speech, he told reporters: "My positions are at the heart of where the Republican Party is. I'm willing to take those positions with all comers."

Brownback's announcement, planned weeks ago, came hours after Sen. Hillary Rodham Clinton (D-N.Y.) entered her party's 2008 race.

"I don't know why she did that. I guess she's scared of me," Brownback said.

Though he is on solid footing on social issues, Brownback has broken with some Republicans on the Iraq war and immigration. He opposes sending more troops to Iraq and favors a path to citizenship for some of the estimated 11 million illegal immigrants in the U.S.

Conservative Kansan Starts White House Run (CNN)

By Sasha Johnson

CNN.com, January 20, 2007

TOPEKA, Kansas (CNN) -- On a day when the political world was consumed with Hillary Clinton, Republican Senator Sam Brownback made his official foray into an already crowded field of 2008 aspirants.

"It is with sincere humility and a determination to do good that I declare my candidacy for President of the United States," Brownback told a buoyant crowd of supporters in Topeka, Kansas, Saturday.

The two-term senator enters a Republican field already dominated by big names and money, most notably Arizona Senator John McCain, former New York City Mayor Rudy Giuliani and former Massachusetts Governor Mitt Romney. McCain, Giuliani and Romney have yet to make their candidacies official but are raising money through exploratory committees.

Sen. Sam Brownback, a Kansas Republican, became the second member of Congress on Saturday to formally announce a run for the White House when New York Democratic Sen. Hillary Clinton announced on her Web site that she is forming a presidential exploratory committee.

A break from Bush on Iraq

A self-described fiscal and social conservative, Brownback made headlines recently when he broke with President George W. Bush and came out against the president's plan to send 20,000 more U.S. troops to Iraq and called for more diplomatic efforts.

"The United States seems to care more about a peaceful Iraq than the Iraqis do," Brownback said in a senate floor speech last week after returning from a trip to Afghanistan and Iraq. "If that is the case, it is difficult to understand why more U.S. troops would make a difference."

Brownback briefly mentioned the Iraq war in his speech which mainly revolved around faith and family issues. "We must win to redeem our troops' sacrifice. Let us resolve to have a bipartisan strategy for the war. We need unity here to win over there," he said.

Breaking with the White House on Iraq could be politically risky among the Republican base Brownback needs to court and win in order to be a successful candidate, said Chuck Hurley, a member of his exploratory committee, said.

Brownback spent a good deal of time during a trip to Iowa last week meeting with various constituencies and explaining the "reasoning" behind his position, Hurley, an Iowa supporter, said.

"As the debate unfolds, his position, if he's right will look prescient," said Hurley. Hurley concedes some "hardcore conservatives" will "initially recoil" at Brownback's stance but "among those willing to engage in an open debate, he'll be fine."Preempted by Clinton

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Brownback appeared to take the news of Senator Clinton's newly formed exploratory committee in stride acknowledging her marquis name and political star power.

"I think this is just a confirmation of something people have pretty well already mentally processed would take place," Brownback told CNN's Candy Crowley. "I think it's way too early to handicap this, this is a long road with a lot of things to go."

Despite his underdog status, many political observers caution those who are quick to write Brownback off in the 2008 cycle. "There is a path for him to be a factor in this race," said Chuck Todd, editor-in-chief of "The Hotline," a daily political publication. Todd calls Brownback "not a predictable Republican," pointing to the Kansas senator's strong anti-abortion platform, his deep religious ties to the Christian community, and his willingness to buck the conservative base and support immigration reform and efforts to combat global warming. "Brownback is trying to say 'hey you can be culturally conservative and mainstream'" at the same time, Todd said.

Brownback's strong Catholic faith could help pave the way in the early caucus state of Iowa where Christian evangelicals are a highly organized voting bloc. According to supporters Brownback has regularly returned to the state since 2004 meeting activists in small house parties across the state. In that year's presidential election almost half of Iowa Republican voters said they were either evangelical or born again Christian according to exit polls.

After his speech in Topeka, Brownback is scheduled to travel to North Carolina and then to Washington, D.C. for Monday's March for Life.

Brownback Formalizes White House Bid (HILL)

By Klaus Marre

The Hill, January 20, 2007

Sen. Sam Brownback (R-Kan) on Saturday formally announced his intention to seek the presidency. "I am running to spread hope and ideas," Brownback said in his announcement. "We are a blessed nation at an important crossroads. War, corruption, disintegrating families, and for some, hopelessness, tear at the American Dream."

Brownback's bid is seen as an uphill battle because several high-profile, well-organized candidates with deeper pockets are expected to join the race for the GOP nomination. These include Arizona Sen. John McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney.

But if Brownback can become the consensus choice of value conservatives, his candidacy could make waves and build momentum. Many members of the Christian conservative base have concerns over the views of the better known candidates on issues like abortion and gay marriage.

The senator's announcement showed that his campaign will strongly focus on traditional values. "We must renew our families and rebuild our culture!" Brownback said.

But his announcement, which was overshadowed by Sen. Hillary Clinton's declaration earlier Saturday that she would also seek the presidency, also showed that the campaign will not only be limited to promoting conservative values. The introduction of a flat tax is part of his platform, as is the aim to achieve energy independence. In addition, Brownback vowed to fight government waste and help the poor in the US and abroad.

McCain Contends With Vocal Critics (AR)

By Dan Nowicki

The Arizona Republic, January 21, 2007

On the national stage, Sen. John McCain is a political star and a front-runner for the 2008 Republican presidential nomination.

But back home, he faces some vocal critics in his own party who seem determined to derail his White House chances.

McCain supporters, including Arizona GOP Chairman Matt Salmon, are fuming about the latest stunt to embarrass McCain: a presidential "straw poll" that found McCain coming in fourth. Duncan Hunter, a little-known congressman from El Cajon, Calif., finished first.

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Hunter's exploratory committee helped distribute the straw-poll results under the headline "Arizona Republican presidential primary no lock for John McCain." The news release, which lists Maricopa County GOP Chairman Lyle Tuttle as the contact person, did not provide details about the unscientific survey's methodology.

A number of national and local media outlets and political blogs ran with the story, which carries the man-bites-dog appeal of McCain trailing in his home state's biggest county.

Bruce Merrill, an Arizona State University political scientist and polling expert, said he caught a television blurb about McCain finishing fourth in an Arizona poll.

Initially intrigued, Merrill said he was surprised, and appalled, to learn the report was based on a dubious straw poll.

"I think it is, one, irresponsible journalism to even report on it," Merrill said. "And, number two, if I were McCain, I would be madder than hell."

Merrill said he intended to launch his own poll of Arizona Republicans to determine their sentiment toward potential GOP contenders.

"My concern is that this (straw poll) is a perfect case of where a poll could create public opinion rather than measure public opinion," Merrill said.

Sham or accurate gauge?

In general, straw polls at political events are a fairly common way to informally gauge support for a candidate or an idea.

Some Republicans called this one a sham orchestrated to hurt McCain. Others acknowledged irregularities with the way the survey was conducted but defended it as a legitimate expression of grass-roots dissatisfaction with McCain.

Maricopa County Republicans conducted the straw poll at their Jan. 13 organizational meeting.

The one-page ballot offered 12 Republican possibilities for president and asked precinct committeemen to pick their first choice as well as label certain candidates "acceptable" or "unacceptable."

Hunter finished first, with 96 of 458 ballots cast. Former Massachusetts Gov. Mitt Romney was second with 82, former House Speaker Newt Gingrich was third with 53 and McCain was fourth with 50. Secretary of State Condoleezza Rice, who has said she will not run, came in fifth with 27 votes.

Tom Tancredo, a Colorado congressman known as a hard-line foe of illegal immigration, was sixth with 24 votes.

Former New York City Mayor Rudolph Giuliani, also considered a national front-runner, was seventh with 22 votes.

In the "unacceptable" category, McCain was the top vote-getter.

Rob Haney, legislative District 11 Republican chairman and an outspoken McCain critic, said many "platform" Republicans have abandoned McCain over issues such as campaign-finance reform, gun control and immigration.

"I don't know how anybody could look at that survey and say it wasn't reflective of what the Republican base felt," Haney said. "That is the Republican base: your precinct committeemen."

Tensions between McCain and segments of the party faithful are not unique to Maricopa County or Arizona. During his 2000 presidential campaign, McCain alienated many conservatives.

The straw poll "does suggest that there is enduring enmity toward McCain in many conservative circles," said Larry Sabato, director of the Center for Politics at the University of Virginia. "They just don't like him, and they never will. McCain could walk on water, and their headline would be, 'McCain can't swim.' "

Salmon called the straw poll the latest salvo in an ongoing attack by a disgruntled few.

"We have a couple of people who are activists within the Republican Party who have made it their cause celebre to try to torpedo John McCain, and they play a lot of games," Salmon said. "They try to make it seem like the opposition is a lot bigger and broader than it really is."

Capitalizing on results

In the news release announcing the straw-poll results, Tuttle, the county GOP chairman, invited other Republicans to compete in Arizona's February 2008 presidential primary.

"This straw poll demonstrates that candidates who might be tempted to ignore campaigning here, thinking that our senior senator has it wrapped up, may make a big mistake," Tuttle says in the written statement. "Arizona is very much in play."

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In a telephone interview, Tuttle acknowledged that the straw poll was unscientific and said nobody "tried to make it something that it wasn't."

The straw poll was not publicized, and ballots were hard to find at the meeting, said Tom Liddy, a former Maricopa County GOP chairman and radio talk-show host.

"I started asking around, and a lot of people didn't have them," he said. "Other people, I found, had five or six ballots. So it's kind of bogus."

Tuttle conceded that not everybody got a ballot. But he dismissed claims that the straw poll was rigged against McCain as "horse pucky."

"It was not manipulated in any way that I am aware of," Tuttle said. "The people who voted, I assume, voted their consciences."

Haney said some in attendance voted by proxy for absent committee members, while others did not. The proxy voting "wasn't handled as best as it could be," he said.

Hunter, the straw-poll winner, is the former chairman of the House Armed Services Committee.

Haney, who supports Hunter, said Hunter's candidacy started generating local "buzz" after Rep. Trent Franks, R-Ariz., announced his support.

"I expected him to do relatively well, but I didn't expect him to finish first," Haney said.

In 2000, McCain won Arizona's primary despite Republican Gov. Jane Hull's endorsement of George W. Bush.

"Senator McCain has tremendous support in Arizona and was re-elected (in 2004) with nearly 80 percent of the vote," said Danny Diaz, a spokesman for McCain's presidential exploratory committee. "The senator and his team will continue to communicate his message of 'common-sense conservatism' with supporters in the state."

Donna Reagan, a former legislative District 8 GOP chairwoman who attended the county meeting, is rooting for McCain.

"I'm proud that our state has a person who can make a run for the presidency," said Reagan, whose daughter, Michele, is a state lawmaker from Scottsdale.

"What's that saying? Sometimes you're not considered a king in your own country."

What Would Jeb Do? (WP)

By S.v. Date

The Washington Post, January 21, 2007

Tuesday would have marked his sixth State of the Union address -- and it might have been his best yet.

The nation is in great shape, President Jeb Bush would have reported: record tax cuts propelling the economy to greater heights; a revolutionary school-vouchers program for the first time granting low-income parents real education choices; and, five years after the capture of Osama bin Laden, the final 20,000 U.S. troops returning home from Iraq.

The president would break into his fluent Spanish and wave at his Mexican-born wife, Columba, gazing at him from the balcony. The cameras would settle on their eldest, George P. Bush, 30, and commentators would speculate on whether the dashing lawyer would soon run for Congress and carry on the Bush dynasty.

Yet contrary to the best-laid plans of the Bush family, it won't be John Ellis "Jeb" Bush addressing the nation this week, all

because of that disastrous November Tuesday a dozen years ago. That was the day Jeb -- the articulate and handsome workaholic, the one who as a boy spoke of his White House ambitions, and the one the Bush family counted on to avenge the Great Usurpation of 1992 -- narrowly lost his bid to be governor of Florida. Meanwhile, his older brother George W. had overcome long odds and won the Texas governorship, putting George an insurmountable step ahead of Jeb in the race for the presidency.

But what if Jeb had won the Florida governorship in 1994, been reelected and then taken the White House in 2000? How would the nation be different? What sort of State of the Union would he deliver this week?

This is more than an exercise in alternative history. Because of Florida's term limits, Jeb stepped down as governor three weeks ago, but he should not be counted out of the national political scene. I've covered Jeb Bush for eight years as a state capital reporter, and I'm convinced that he remains the GOP conservative wing's best hope for a post-Iraq comeback. And his own political ambitions burn as brightly as ever. Perhaps 2012 or 2016 or -- why not? -- maybe even 2008, if things break right.

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Jeb and George W. are seven years apart but have much in common. Both are stubborn. Both appear convinced that anything that government does the private sector can do better. Both are enamored of tax cuts. And both seem to believe that voters don't have the right to observe the workings of their administrations and should simply trust them to do the right thing. However, the two display real differences on issues spanning crisis management, fiscal policy, foreign policy and, perhaps most important, personal style. Jeb pays much more attention to detail than his brother, and is far more dogged and competent in advancing his agenda -- meaning that a Jeb presidency over the past seven years would have been distinct from his brother's -- and a future one would be as well.

Look first to the home front. On key domestic policy issues such as tax cuts and education reform, Jeb probably would have mirrored his brother's instincts and proposals, though he might have displayed greater staying power in seeing them through.

Under President Jeb, the nation still would have had large federal tax cuts, skewed heavily toward the rich -- or the "risk takers" and "job creators," in Bush family parlance. In Florida, he reduced taxes by $12.2 billion over his eight years, with more than half of that going to the wealthiest 4.5 percent of the population. That saved the average risk taker more than $1,500 a year by the time Jeb left office. And much as President George W. Bush cites tax cuts as the explanation for any positive economic results, Gov. Jeb Bush says that his tax cuts created jobs in Florida and gave us the best economy in the country. (In reality, Jeb had the lowest job-creation rate of any Florida governor dating to 1971.)

On education, Jeb quickly pushed into law a testing program, just as his brother did in Texas and later nationally through No Child Left Behind. Unlike George W., however, Jeb succeeded in introducing the nation's first statewide school-vouchers program. The results are unclear: Jeb says that students who used vouchers to attend private schools received better educations than they had been getting in public schools. But all we know is that the vast majority of such schoolchildren received religious educations at the public's expense. Gov. Bush refused to release the scores for the few voucher children who had to take the public-school standardized test, so whether their educations were superior or awful remains anyone's guess.

For a brief period, George W. sought to include school vouchers in NCLB, but he eventually relented; Jeb, I believe, would never have let it drop. Indeed, much more than his older brother, Jeb seems to take pleasure in the business of governing, as opposed to just campaigning. Whereas George W. claims to stay at 30,000 feet and see the big picture, Jeb is all about the details. He kept long hours as governor, took home fat binders to study each night and knew enough about policy matters to make detailed and cogent arguments for his ideas. It's hard to imagine a President Jeb countenancing the explosion of pork-barrel earmarks in the federal budget the way his brother did, for example. During his eight years as governor, Jeb took the time to slash thousands of such projects out of Florida state budgets, most of them inserted by Republican lawmakers.

His willingness to delve into the nitty gritty probably would have made Jeb a radically different commander in chief than his brother during one of the most dramatic and tragic events of the Bush presidency: Hurricane Katrina.

When a spate of hurricanes struck Florida in the late summer of 2004, Jeb responded quickly. He didn't dream up schemes to give hurricane victims private-school vouchers for their children. He didn't try to privatize disaster response. Instead, he worked on obvious, sensible things: He implemented an effective and thorough evacuation, and then came in quickly with massive assistance, including search-and-rescue teams, water, ice, food, law enforcement -- in more or less that order.

This was Jeb's shining, nonpartisan leadership moment in Florida and, the tragedy notwithstanding, he relished the challenge. He loves to compete, and standing up to a category four or five storm is the ultimate challenge a Florida governor can face.

In the state-of-the-art Emergency Operations Center on the southern edge of Tallahassee, with its giant display screens and dozens of computers, Jeb was in his element, walking around, getting status reports about how many shelters were open, effortlessly issuing commands without worrying about obstructionist judges or meddlesome state legislators.

Had Jeb been president in the days before Katrina struck, he would have known that such a huge storm threatened catastrophe for New Orleans. He would have known that the levees could break -- and he would have made sure that the city and state governments got all the help they needed. Jeb would not have undermined the Federal Emergency Management Agency with cronyism and incompetence. He would have "federalized" Katrina while the storm was still in the Gulf, taking over the evacuation and even using the military to empty the Lower Ninth Ward ahead of the storm, if that's what it took.

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"I have learned a lot during my tenure as governor," Jeb told the Pensacola News Journal during that hurricane season. "One is when to be partisan and when not to be. Storms don't hit just Rs and Ds or independents. They're all Floridians."

I believe Jeb was being candid. He would have responded just as vigorously if the storm had struck a predominantly black, poor and entirely Democratic town as he did when it hit Republican-rich cities such as Pensacola, Punta Gorda and Stuart. A poor Florida city is still a Florida city, and to let a hurricane kill hundreds of Floridians, or to allow it to destroy a town without quickly rebuilding, is to let the hurricane defeat him.

Jeb Bush doesn't do defeat.

That leads to the key question of a Jeb Bush presidency. In public, of course, Jeb has supported his brother's decision to invade Iraq. "It's tough," he said in a recent interview with Newsmax.com. "Thank God the president has been resolute, because it's not a popular war." But would Jeb have made the same choice? Would his state of the union speech this week have to include a lengthy discussion of a war in Iraq gone horribly wrong?

Unlike George, who ridiculed his classmates at Yale University for opposing the Vietnam War but then sought refuge in the National Guard, Jeb was troubled enough by that war that, according to his mother in a 1984 interview, he considered registering as a conscientious objector. Ultimately, he chose not to hurt his father's political career -- at the time, George H.W. Bush was President Richard M. Nixon's ambassador to the United Nations -- and registered for the draft. He was never called. "I had no compelling reason to go to Vietnam" he told the Miami Herald in 1994.

But he has grown more hawkish over time. Jeb Bush was a 1997 signatory to the Project for the New American Century, the neoconservative blueprint for a more "Reaganite" foreign policy. And his mother, Barbara, recalls in her memoirs a 1990 dinner gathering with President George H.W. Bush, their four sons and Air Force Chief of Staff Merrill McPeak. At the time, the president was pondering how to handle Saddam Hussein, who had invaded Kuwait, and Jeb (then 37) agreed with his brothers that their father should deal with Hussein harshly.

Yet Jeb did not sign on to PNAC's 1998 call to invade Iraq and depose Hussein. He also likes and respects former secretary of state Colin L. Powell; perhaps Jeb would have followed the "Powell Doctrine" in Afghanistan after the attacks of Sept. 11, 2001, pursuing the Taliban and al-Qaeda leader Osama bin Laden more zealously and using overwhelming force. With about 300,000 troops stabilizing Afghanistan, Iraq might not have become the imperative that it became under George W.

Finally, there is a chance that Jeb's more internationally minded background -- he majored in Latin American studies in college and later lived in Venezuela for two years as a young bank officer -- might have made him open to a nuanced, more even-handed foreign policy, less susceptible to his neoconservative friends urging him to deal with Iraq once and for all.

It is impossible to know, but I suspect that the United States still would have gone to war in Iraq under President Jeb Bush. He would have been amenable to a compelling case from the same neocon camp that influenced George W., and Hussein's 1993 assassination attempt against George H.W. Bush could have clinched the deal. However, once in Iraq, Jeb would have been less prone to botch the job through inattention and cronyism. As with Florida's hurricanes, Jeb probably would have considered the task of invading, occupying and rebuilding a foreign country too important to outsource to political hacks or ideologues.

Once the family's brightest hope for this generation, Jeb may now prove a victim of the political ruin his older brother has brought to the Bush brand. Barely three in 10 Americans think that George W. is doing a good job. What are the chances that voters will gamble on the First Brother?

No one should write Jeb's political epitaph just yet. Even a 2008 presidential run should not be ruled out entirely. Should John McCain or Rudolph W. Giuliani or Mitt Romney fail to build a dominating presence by mid-summer, there is probably only one Republican who could come in at such a late date and still build an effective organization and a powerful fundraising machine in a matter of weeks: Jeb Bush. After all, Jeb raised about $35 million to win reelection as Florida governor four years ago. Pulling in $100 million in a few months is well within the realm of the possible.

In all likelihood, though, 2008 would be tough. The Iraq war is not getting any more popular, and U.S. troops may not be coming home quickly enough to allow Jeb a credible run.

A better fit for Jeb this time around is the number two slot. It would ensure his claim to be the GOP's front-runner in future contests. Coming on the heels of the George W. Bush presidency, the prospect of a Vice President Jeb Bush is not quite as scary

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as a President Jeb Bush. And the campaign trail is the ideal venue for Jeb to sell himself to the national media. The gap between Jeb, the Serious and Thoughtful Grownup, and George, the Perpetual Frat Boy, would become a major storyline.

McCain swung by Tallahassee in December 2005 to sound out Jeb about running with him, and any Republican candidate would be foolish not to put him on the short list. He can raise money by the bucketfuls. Unlike his father and brother, Jeb does not tread gingerly through debates as though they were minefields, but uses them to his advantage. The fact that he has a Mexican-born wife could put Democrats on the defensive in California. And he remains popular in electoral-vote-rich Florida.

Jeb Bush will turn 54 next month. He has plenty of time. Given his personality and his sense of mission -- not to mention that his father and brother have already succeeded at this -- it seems impossible that Jeb would not run for president. Whether in two or six or 10 years, the United States will face the prospect of yet another Bush in the White House. Americans will then quickly learn what we in Florida already know: This Bush not only combines his father's interest in governing and his brother's permanent campaign but also brings a relentlessness to impose his will that seems entirely his own.

And ultimately, if Jeb is hobbled by the myth or reality of "Bush fatigue," one cure seems certain: Hillary Rodham Clinton. Should the junior senator from New York run away with the Democratic nomination, Jeb would have a ready answer for those who lament a Bush Dynasty.

"We're going to have a dynasty either way," he could respond. "The question is: Which one do you want? My family or hers?"

S.V. Dáte is the Tallahassee bureau chief for the Palm Beach Post and author of "Jeb: America's Next Bush" (Tarcher/Penguin).

Gut Check (WP)

The Washington Post, January 21, 2007

Colorado Sen. Wayne Allard's decision not to run for reelection last week gives Democrats a prime pickup opportunity in 2008. Is Allard's retirement a blip on the radar or a sign of things to come? Here's a look at the other Republican senators contemplating calling it quits in '08:

Sen. John Warner (Va.): Frustrated by his lack of power and still gasping at George Allen's drubbing in November, this five-term vet may take a pass -- especially if Democrats find a strong candidate.

The Betting: Slight tilt to retire.

Sen. Chuck Hagel (Neb.): One of President Bush's strongest GOP war critics, he has never come across as an enthusiastic senator -- and he still has an eye on the White House in '08.

The Betting: Lean retires.

Sen. Elizabeth Dole (N.C.): The former Senate Republican campaign chair had a miserable 2006, but her colleagues believe she will tough it out to reinstate her icon status.

The Betting: Lean runs.

Sen. Pete Domenici (N.M.): The official word is that he's running, but two years is a long time for a 74-year-old who has health problems and appears increasingly frail.

The Betting: Lean retires.

Sen. Larry Craig (Idaho): Another regular on the retirement rumor mill, but Democrats aren't paying much attention, because Idaho is Republican country.

The Betting: Lean runs.

Sen. Thad Cochran (Miss.): He recently suggested that a decision may be a year away. The longer a party loyalist such as Cochran waits, the more inclined he may be to stay.

The Betting: Lean runs.

Carter, Clinton Seek To Bring Together Moderate Baptists (WP)

By Alan Cooperman

The Washington Post, January 21, 2007

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Former presidents Jimmy Carter and Bill Clinton are leading an effort to forge dozens of small and medium-size, black and white Baptist organizations into a robust coalition that would serve as a counterweight to the conservative Southern Baptist Convention.

The giant SBC, with more than 16 million members, has long dominated the political, theological and social landscape among Baptists, often spawning resentment among smaller Baptist groups. It has also been closely aligned with the Republican Party.

The new coalition, which is Carter's brainchild, would give moderate Baptists a stronger collective voice and could provide Democrats with greater entree into the Baptist community. But Carter and other organizers are trying to walk a fine line, insisting that the alliance is not directly political while touting its potential to recast the role of religion in the public square.

"We hope . . . to emphasize the common commitments that bind us together rather than to concentrate on the divisive issues that separate us," Carter said. "There's too much of an image in the Baptist world, and among non-Christians, that the main, permeating characteristic of Christian groups is animosity toward one another and an absence of ability to cooperate in a spirit of brotherhood and sisterhood."

The Rev. Richard Land, head of the SBC's Ethics and Religious Liberty Commission, said the smaller Baptist groups are in "a search for significance and relevance." He scoffed at the idea that the new coalition would be nonpartisan.

"I'm not going to question their motives. I just know that if I were them, I would be concerned about how it might appear to many people, the timing," Land said. "Purportedly they're going to hold a convention of several thousand people in Atlanta in early 2008, hosted by two former Democratic presidents, one of whom has a wife seeking the Democratic presidential nomination. Some would see that as an overtly political activity."

Carter and Clinton were raised as Southern Baptists but have expressed dismay over the SBC's increasingly conservative bent since traditionalists defeated modernists in a struggle for control of the denomination in the 1970s and '80s.

The leadership battle, which raged over issues such as biblical inerrancy, temperance, homosexuality, abortion and women's role in the church, culminated in 2000 with revisions to the "Baptist Faith and Message" that barred women from serving as pastors and called for wives to "submit graciously" to the leadership of their husbands.

Carter stopped calling himself a Southern Baptist that year. Clinton attended a Methodist church during his years in the White House.

On Jan. 9 at the Carter Center in Atlanta, the two ex-presidents brought together the heads of 40 Baptist denominations and organizations to launch a year-long organizing effort that they hope will climax with the celebration of a "New Baptist Covenant" in early 2008. Clinton described himself as just a "cheerleader" for the effort and declined to be interviewed.

One of the main organizers, William D. Underwood, president of Mercer University in Atlanta, said the covenant's members will spend the coming months identifying joint projects to undertake in international aid, domestic poverty relief and missionary work.

"We're not against any other group of people of faith," he said. "We're against the fact that 100,000 people died last month of malaria. We're against the fact that hundreds of thousands of Africans face starvation each year."

The covenant would not be not a new denomination but a coalition of four historically black Baptist churches -- including the 7.5-million-member National Baptist Convention USA and the 2.5-million-member Progressive National Baptist Convention -- and several predominantly white Baptist groups, including the 1.4-million-member American Baptist Churches USA and the 500,000-member Cooperative Baptist Fellowship.

Together, they have more than 20 million members, outnumbering the SBC, which was not invited to the Atlanta meeting.

"The elephant is no longer in the room. There's been a convergence of the rest of the Baptists in North America," said the Rev. Daniel Vestal, national coordinator of the Cooperative Baptist Fellowship, a group of present and former Southern Baptists unhappy with the SBC's course.

"The thrust here is for a voice of Baptists that has not been heard," said the Rev. William J. Shaw, president of the Nashville-based National Baptist Convention USA. "Most of the representations of Baptists have come from the prominent television personalities, and that's okay, but they don't represent the full sweep of Baptist understanding of the faith."

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Shaw said broadcast evangelists such as the Rev. Jerry Falwell and the Rev. Pat Robertson, along with the Southern Baptist Convention, have "downsized the moral message" of the Bible "so that the dominant question has to do with sexuality."

Black Baptist churches, he said, are saying that "sexuality is not the only dimension of morality. The whole business of social justice, of a fair prosecution of offenders, caring for the environment, immigration, even the morality of our foreign policy, are things that really need to be put into the debate."

Land denied that Southern Baptists care only about sexual morality, noting that the SBC was heavily involved in relief efforts after Hurricane Katrina. But he agreed that there appear to be significant disagreements between the SBC and the new coalition.

"One of the areas where we would be in significant disagreement would be our view toward Israel, as highlighted by President Carter's new book," he said, referring to "Palestine Peace Not Apartheid," published in November by Simon & Schuster. Fourteen members of an advisory panel at the Carter Center have resigned over the book's depiction of the Israeli-Palestinian conflict.

Another difference, he said, was made clear last week when Carter spoke of sexual orientation as an "ancillary issue." "Most Southern Baptists would disagree with that," Land said. "We're not going to affirm and accept all sexual orientations."

Although the SBC was not invited to the planning meetings, Carter said he is confident that "many full-fledged Southern Baptists" will join the new covenant.

"We want our whole concept to be receptive and positive and inclusive -- and not exclusive or rejecting any Baptist," he said.

With Rich Little, Press Corps Is Assured A Nice Impression (WP)

By Paul Farhi

The Washington Post, January 21, 2007

The White House press corps last week found itself embroiled in controversy -- a controversy over its efforts to avoid controversy at an event whose guests include President Bush.

Stung by criticism that comedian Stephen Colbert went too far last year in his remarks at the White House Correspondents' Association annual dinner, the group announced last week that it had lined up a different kind of entertainer for its next dinner on April 21: impersonator Rich Little.

The choice elicited two general reactions: Who? And why?

While the name is probably unfamiliar to people under 40, Little was a popular Las Vegas performer and guest star on TV variety shows of the 1960s and 1970s. He's best known for impressions of celebrities (Johnny Carson, Jimmy Stewart, Jack Benny) and presidents (Nixon and Reagan) who are no longer with us.

But "edgy" Little isn't. Even in his heyday, he didn't do biting topical satire or searing political humor. As a performer, he's more "Ed Sullivan" than "Daily Show."

Which is why, according to Little, he was hired in the first place. "One of the reasons they picked me is because I'm not controversial," he said yesterday from his home in Las Vegas. "They did get some flak about the guy they had last year. I don't think they wanted someone political or controversial again."

Yet after Colbert made waves -- he compared the Bush administration to the Hindenburg disaster, among other things -- some wondered whether choosing Little indicated that the rough, tough White House press corps was going soft, ensuring that its honored guests from the White House would suffer not even the slightest slight.

That's more or less how MSNBC host Keith Olbermann read it; he nominated the entire correspondents' association as his "Worst Person in the World" on his program last week.

Little, 68, disavows comments attributed to him in the Las Vegas Review-Journal last week that seemed to suggest he had been told by the press group to go easy on the president and that he "wouldn't even mention the word 'Iraq' " at the dinner. "No one ever put restrictions on what I can do or say," Little said. "I wouldn't mention Iraq because there's nothing funny about it."

Nevertheless, Little's published comments put the WHCA on the defensive. The group's president, C-SPAN's Steve Scully, issued a statement saying: "The White House Correspondents' Association never dictates or censors the content of a press

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dinner entertainer's act . . . My advice to [Little's agency] when we booked [him] in December was to follow the time-honored Washington motto [of] the Gridiron Dinner: 'Singe, but never burn.' "

On the other hand, Scully said in an interview, the group does want to avoid "an Imus moment," a reference to radio talk-show host Don Imus's monologue at the 1996 Radio and Television Correspondents' Association Dinner, in which Imus rankled some of the assembled with off-color cracks about President Clinton's extramarital behavior.

"I loved Colbert and thought he was outstanding," Scully said, "but some people don't get his brand of humor. Do you want to invite someone to a party and make them into a political pi?ata? That's not the purpose of the dinner. It's for [journalists] and their sources and contacts to have an enjoyable evening. That's what we're trying to do."

Scully said his group sought David Letterman, Jay Leno, Billy Crystal and Martin Short as performers for this year's dinner, but none was interested. Scully turned to Little after seeing him perform on Letterman's TV show in November. He accepted the gig, which Scully said pays "in the low five figures."

But even a nice paycheck doesn't make playing black-tie Washington worthwhile, says Lewis Black, comedian and "Daily Show" regular. "What they want at those events are [politically correct] jokes, and P.C. jokes just aren't funny," said Black, who grew up in Silver Spring. "You spend the rest of the year making fun of these people, and when you come to Washington, you have to turn your act into a series of innocuous knock-knock jokes. It's just painful."

When he performed at the Radio and Television Correspondents' Association dinner in 2005, Black said, he edited all of his usual material, even avoiding saying "nipple" in reference to the Janet Jackson "wardrobe malfunction" incident. He also thought it was inappropriate to use the word "laid" in the punch line of a joke about his high school prom, which had been held in the same Hilton Washington ballroom as the dinner.

As for Little's being hired this year by the White House Correspondents' Association, Black said: "It's like going from Jackson Pollock to paint-by-numbers. God love Rich Little, but he's not in this decade. He's in no position to pose any threat to anyone. He makes Bob Hope look like Lenny Bruce. It's sad that we've reached this point" with comedy as political expression.

Another reason to scrap the dinner altogether, suggests Rem Rieder, editor of the American Journalism Review. After the Colbert controversy last year, and an earlier one in which Bush joked about not finding weapons of mass destruction, Rieder wrote that such press-politico events reflect the "smugness" and arrogance of the news media, suggesting that they are "part of a wealthy elite, completely out of touch with ordinary Americans."

The hiring of "a controversy-free" Little underscores the point, he says: "Do we really need a neon sign to proclaim the coziness of the White House press corps and the White House's occupant? It's really hard for me to understand making a decision like this, particularly so close to the WMD debacle. The dinner must go."

George A. Smathers, 93; Former Florida Senator (WP/AP)

The Washington Post, January 21, 2007

George A. Smathers, 93, a former Democratic senator from Florida who forged friendships with presidents, waged war against communism, resisted civil rights legislation and was an early voice warning against Fidel Castro's rise to power in Cuba, died Jan. 20 at Indian Creek Village, an exclusive island community near Miami. He had a stroke earlier in the week.

Mr. Smathers was among a new breed of congressmen -- including John F. Kennedy and Richard M. Nixon -- who arrived on Capitol Hill in the late 1940s and were shaped by their experience in World War II. Mr. Smathers used his during more than two decades in Washington to focus on international issues and to fight communism.

Early in his career he was considered a moderate, but by the time he left office in 1969, he had a tarnished legacy as an opponent of civil rights.

Charming, tall and handsome -- his opponents called him "Gorgeous George" -- Mr. Smathers easily won friends. He spoke on behalf of the groom at Kennedy's wedding rehearsal dinner. When Lyndon B. Johnson suffered his first heart attack, Mr. Smathers was at his side. And when Nixon sought a refuge from the White House, Mr. Smathers sold him a house on Key Biscayne in Florida.

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In spite of his connections, Mr. Smathers sometimes found himself at odds with his party's leadership. Like other Southern Democrats, he coddled segregationist white voters. He supported voting rights for African Americans but sought to weaken other equal rights measures and voted against the landmark Civil Rights Act of 1964.

He opposed Thurgood Marshall's nomination to the Supreme Court and called the Brown v. Board of Education decision, which declared school segregation illegal -- a "clear abuse of judicial power." When the Rev. Martin Luther King Jr. was jailed in St. Augustine, Fla., Mr. Smathers offered to pay King's bail, but only if he left the state.

As an expert on Latin America, Mr. Smathers supported the Alliance for Progress, which pumped billions of dollars in aid to the region. He was also among the earliest and loudest voices cautioning of Castro's communist leanings and urged a hard-line approach to Cuba and a total embargo on its goods.

George Armistead Smathers was born Nov. 13, 1913, in Atlantic City. His father was a federal judge and his uncle a U.S. senator. His family moved to Miami when he was 6, and he won his first election, as student body president, while attending Miami Senior High School.

After graduating from the University of Florida, he received a law degree from there in 1938. He served as an assistant U.S. district attorney, then entered the Marine Corps during World War II.

In 1946, Mr. Smathers won his congressional seat by unseating a four-term representative. He and Kennedy, who was elected the same year, shared similar affluent backgrounds, wartime experiences and a passion for golf -- and women. Hampered by a bad back and other war injuries, Kennedy sometimes leaned on Mr. Smathers as they walked to the floor of Congress to cast votes.

When Mr. Smathers ran for the Senate in 1950, the race turned out to be among the most contentious in Florida's history. Mr. Smathers badgered incumbent Sen. Claude Pepper (D) on his support of civil rights and accused Pepper of being a communist sympathizer. Both sides issued scurrilous statements, but the most famous remarks may never have been uttered.

"Do you know that Claude Pepper is known all over Washington as a shameless extrovert?" Mr. Smathers was quoted as saying. "Not only that, but this man is reliably reported to practice nepotism with his sister-in-law and he has a sister who was once a thespian in wicked New York. Worst of all, it is an established fact that Mr. Pepper, before his marriage, habitually practiced celibacy."

The comments appeared in Time magazine and were forever etched into public memory, but Mr. Smathers denied ever having made them. Pepper's backers called Mr. Smathers a fearmonger and a bigot, but Mr. Smathers prevailed.

In Congress, Mr. Smathers helped pass bills to create Medicare, the Small Business Administration and Everglades National Park. He pushed for federal holidays to be moved to Mondays and ardently supported the war in Vietnam.

After voluntarily leaving office in 1969, Mr. Smathers made a fortune through lobbying and varied business ventures, ranging from orange groves to car dealerships. He gave tens of millions of dollars to the University of Florida and the University of Miami.

His first marriage, to Rosemary Townley Smathers, ended in divorce soon after his departure from politics.

Survivors include his wife, Carolyn Hyder Smathers, whom he married in the early 1970s, of Indian Creek Village; two sons from his first marriage, John Smathers of Arlington and Bruce Smathers, a former Florida secretary of state, of Jacksonville; a sister; and three grandchildren.

Talks On Palestinian Unity Postponed (AP)

By Zeina Karam, Associated Press Writer

AP, January 21, 2007

Key talks on forming a Palestinian unity government and ending deadly infighting were canceled Saturday night, dimming expectations for a planned meeting between the Palestinian president and the exiled leader of Hamas militants.

"The meeting was postponed until tomorrow (at the earliest). We hope that it will be held," Izzat Rashaq, a member of Hamas' politburo, told The Associated Press.

Rashaq said further preliminary negotiations were needed to resolve differences over forming a coalition government before Palestinian President Mahmoud Abbas and Hamas leader Khaled Mashaal could meet. He did not elaborate.

Another senior member of a Palestinian faction also told AP the meeting had been postponed.

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"There are difficulties facing such a meeting and there are current mediations to try and resolve the problems," he said, agreeing to discuss the matter only if not quoted by name or even by faction because of the sensitivity of the matter.

There had been hopes that the meeting — the first between Abbas and Mashaal since July 2005 — could end the yearlong political deadlock between the militant Hamas, which controls the Palestinian parliament and Cabinet, and Abbas' more moderate Fatah movement.

With the two sides unable to agree, tensions have repeatedly exploded into warfare in the Gaza Strip — a traditional Hamas stronghold — that has killed at least 62 people.

The thorniest issues are control of the two factions' security forces and Hamas' refusal to recognize Israel's right to exist.

Western nations are demanding that the militant Islamic group accept Israel's existence and renounce violence as a condition for ending an economic boycott they imposed on the Palestinian Authority after Hamas won legislative elections last year.

Abbas has been pushing Hamas for months to form a unity government of independent experts in hopes of ending the sanctions and has threatened to call early elections if the two sides can't agree.

Before Abbas arrived in Damascus on Saturday, he had billed the planned talks with Mashaal as a last-ditch effort to end the crisis.

But, as Abbas began meeting with leading members of other Palestinian factions Saturday evening, his aide Saeb Erekat sought to play down the significance of any talks with Mashaal and would not confirm a meeting had been planned.

"The purpose of this visit is for President Abbas to meet with (Syrian) President (Bashar) Assad, though I'm not excluding the possibility of President Abbas meeting with Mr. Mashaal and other Palestinian leaders in Damascus," Erekat told reporters.

Abbas met with the Syrian-based leaders of the Democratic Front for the Liberation of Palestine and Islamic Jihad at his hotel in the Syrian capital.

Rashaq, the Hamas official, said Islamic Jihad leaders and the leaders of other Palestinian factions were involved in mediation efforts to try to resolve the problems between Hamas and Abbas' Fatah movement. "We hope an agreement can be reached," he said.

Mashaal has lived in Damascus since 1997, when he survived an Israeli assassination attempt in Jordan.

Abbas came to Damascus bolstered by Israel's release to him on Friday of $100 million in frozen Palestinian taxes that the Jewish state has refused to turn over to the Hamas-controlled Palestinian government.

Israel said the money would be used by Abbas for humanitarian purposes and to strengthen his security forces.

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Associated Press writer Albert Aji contributed to this report.

Lawmaker's Tough Talk Rouses Fatah Faithful (LAT)

By Ken Ellingwood

The Los Angeles Times, January 21, 2007

RAMALLAH, WEST BANK — Once again, Mohammed Dahlan is playing the heavy.

The former Palestinian security chief gained a reputation for having an iron hand during a crackdown against Hamas a decade ago. Now he again is at the forefront of his Fatah movement's conflict with the radical Islamist group.

The 45-year-old lawmaker stoked tensions during a fiery speech at a rally in the Gaza Strip this month, angrily labeling Hamas "murderers" and vowing to strike back twice as hard if its gunmen carried out more attacks on his Fatah brethren.

The address, marking Fatah's 42nd anniversary, came three days after Hamas forces besieged the Gaza home of a senior Fatah security official, killing him and six others as the official pleaded for help in a telephone call aired live by Palestinian radio.

During the Jan. 7 rally, which drew tens of thousands of backers, Dahlan defiantly pushed his bodyguards away, reportedly telling them to "let Hamas shoot me."

Hamas activists call Dahlan a thug and say he is serving as a proxy for Israeli and U.S. efforts to oust them from power.

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But the tough talk also generated an exhilarating shiver among many members of the once-dominant Fatah movement, still struggling to regain its balance a year after losing parliamentary elections to Hamas, and renewed speculation among Palestinians over Dahlan's ambitions.

"He wants to be the president of the Palestinians. It is very clear," said Hani Masri, a Palestinian commentator in the West Bank city of Ramallah.

Poised and well groomed

Dahlan dismisses such speculation, even though he has helped fuel it by assuming a higher profile after many months in the background. Poised and always impeccably groomed, Dahlan lately has appeared nearly inseparable from Palestinian Authority President Mahmoud Abbas, also of Fatah, with whom he has had an up-and-down relationship.

Israeli media have reported that Abbas quietly named Dahlan to oversee Palestinian security forces, in effect putting him in command of Fatah's battle with Hamas. Dahlan has denied it.

"I'm just a member of Fatah and not more than that. I will carry out my responsibilities on that basis," he told foreign journalists in a briefing Friday. "I'm a person up the street."

Among the next generation of Fatah activists, polls generally show Dahlan and Marwan Barghouti, the jailed leader of the Palestinian uprising, as the favored potential successors to Abbas.

Many party members complain of a leadership vacuum since the death of Yasser Arafat in 2004. Abbas, 71, has not indicated any plans to step aside, nor made it clear whether he will run if early elections are held this year. Abbas has called for presidential and parliamentary elections to break the months-long impasse with Hamas, but he has not followed through.

Dahlan is popular in Gaza, where clan ties helped him win a legislative seat despite Hamas' near sweep and where he retains influence with thousands of members of the security forces loyal to Fatah. A canny political survivor and charismatic counterpoint to the drab Abbas, he receives a rock star's reception among admirers, especially women and young people.

But he has scant support in the more populous West Bank. Even Fatah members there regard him as potentially divisive and in too big a hurry for power. Moreover, ordinary Palestinians view Dahlan's lifestyle as lavish, possible evidence of his ties to the graft that was rampant under Arafat. Dahlan has denied corruption allegations.

But by standing up to Hamas, Dahlan appears to have provided his listless party with a fortifying jolt. His speech came during a spate of factional violence that killed more than 30 people.

"It was very important to Fatah. It gave them this push back by showing there was someone willing to stand up," said Diana Buttu, a political analyst and former legal advisor to the Palestine Liberation Organization. "For the first time in a long time, he energized the movement."

Analyst Ghassan Khatib, a former planning minister, said Dahlan had to step up when the Fatah-Hamas deadlock turned violent.

"Fatah needed a strong man in Gaza to lead," Khatib said. "He's the only one who can do that."

'Leading the coup'

Hamas has portrayed Dahlan as the embodiment of its fight with Fatah.

"Dahlan is leading the coup against the democratically elected government," said Ismail Radwan, a Hamas spokesman in Gaza.

Hamas officials accused Dahlan of orchestrating what they said was an assassination attempt against Prime Minister Ismail Haniyeh in December. Hamas spokesmen say Dahlan has incited further factional violence, and they accused him of treason.

Dahlan depicts Hamas members as religious zealots bent on keeping power no matter the cost.

"If Hamas kills somebody from Fatah, I will not stay quiet. I will confront them," he told reporters.

The two sides have a history of bad blood.

Dahlan, who led a Fatah youth group in the Gaza Strip during the 1980s, recalls with disdain that the Islamists refused to join the Palestinian resistance movement. Hamas leaders, meanwhile, blame Dahlan for the torture and humiliation they said their members endured at the hands of his forces when Arafat ordered a crackdown in 1996.

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Dahlan grew up in a refugee camp in Khan Yunis, in the southern Gaza Strip, and as a young Fatah activist repeatedly was jailed by Israeli authorities before being deported to Jordan in 1988. He later joined Arafat in Tunis, Tunisia, and returned in 1994 with the rest of the exiled Palestinian leadership after the signing of the interim peace agreement with Israel.

He has served as a negotiator, but came to be known for his role in security matters. Although Dahlan had a stormy relationship with Arafat, he never formally broke with the late leader.

Dahlan is viewed among Palestinians as the strongest man in Gaza, with thousands of guns at his command, and as a favorite of U.S. officials. Many Palestinians remain wary of Dahlan's past cooperation with Israel on security issues, saying he became too closely associated with the Jewish state even though he came under fire from Israeli forces after violence broke out in 2000.

"He is seen as a man who seems very close to America and Israel during a period when neither one is giving the Palestinians anything," said Masri, the commentator.

A senior U.S. State Department official described Dahlan as "a serious guy" who supports peace with Israel "on terms favorable to the Palestinians."

The Bush administration is seeking congressional approval for $86 million in what it describes as nonlethal aid to bolster security forces under the control of Abbas. Officials in Hamas consider the move part of an effort to undermine it.

Dahlan says his focus since Fatah's defeat has been to rebuild and rejuvenate the party, now led largely by men of advanced years, in anticipation of the next electoral battle.

"Wherever I can assist Fatah and can serve Fatah, I will do it," he said. "If Hamas gets upset, it's not my problem."

U.S. Troops To Protect Serbs In Kosovo (WT)

By John Phillips, The Washington Times

The Washington Times, January 21, 2007

BELGRADE, Serbia -- The United States has moved troops to northern Kosovo to protect the Serbian minority ahead of elections today in Serbia, where nationalists have pledged to prevent the province's ethnic-Albanian majority from obtaining independence.

Two U.S. military platoons, accompanied by one Austrian and one Georgian platoon were deployed in late December for a month to a NATO camp at Leposavic, close to the border with Serbia, Kosovo's peacekeepers' headquarters announced. The redeployment was part of NATO's plan for rapid intervention aimed at providing security for about 100,000 Serbs living in Kosovo.

A U.N. civil administration mission and about 16,000 NATO protection troops have been in Kosovo to curb ethnic conflicts since 1999, when an Allied bombing campaign expelled Serbian forces.

The war ended a wave of brutal ethnic cleansing against the Kosovar civilian population by Serbian then-President Slobodan Milosevic's regime.

In the Kosovo capital of Pristina, leaders of ethnic Albanians, who make up 90 percent of the province's population of 1.8 million, insist on independence. Serbia Prime Minister Vojislav Kostunica has said Kosovo will be part of Serbia and the historic cradle of Serbian culture forever.

After the election, Kosovo is expected to be offered limited independence from Belgrade.

The latest rotation of about 1,500 U.S. troops under Brig. Gen. Douglas Earhart, commander of the U.S. Army National Guard's 29th Infantry Division and of Kosovo Forces Multi-National Task Force (East) moved into position in Kosovo last month. Most are Guard troops from Virginia, Massachusetts, 20 other states and Puerto Rico.

The United Nations late last year delayed a recommendation by the U.N. special envoy for Kosovo, Martti Ahtisaari, on the future status of Kosovo so as not to prejudice the Serbian elections.

NATO said last week it is unlikely to reduce troop levels in the province until 2008. NATO has 16,500 soldiers from 35 countries deployed in Kosovo.

"We will maintain our mandate, our strength, our organization on 2007," Lt. Gen. Roland Kather, the German commander of NATO's Kosovo force, said at a press conference. "I think that there will be no change until early 2008, and then we'll have to look at how far we have come."

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Kosovo Looms Over Serbian Vote (LAT)

By Alissa J. Rubin

The Los Angeles Times, January 21, 2007

BELGRADE, SERBIA — Once the most powerful of the former Yugoslav republics and a kingdom that reached from the Adriatic to the Aegean, Serbia is about to lose the only vestige of its days of glory: Kosovo.

United Nations mediators say they will unveil their plan for the province, which is predominantly ethnic Albanian and Muslim, and has been governed as a U.N. protectorate since 1999, sometime after today's Serbian general elections.

Although the result of their deliberations appears to be a foregone conclusion and most outsiders have viewed Kosovo as a separate entity since a U.S.-led NATO air campaign forced the withdrawal of Serbian security forces, Serbs hardly see the same reality.

The imminent loss of the province has been a central issue in the parliamentary campaign. Serbian politicians, intent on proving their loyalty to the country's traditional identity, have pulled out the stops to convince the world that the province should remain within their nation's borders.

They have hired the high-powered Republican-affiliated lobbying firm of Barbour Griffith & Rogers in Washington. The Serbian Orthodox Church has allied itself with televangelist Pat Robertson, who shares its concern about the rise of Muslim influence in the West.

Serbian political leaders have been on the phone to the Russians, fellow Slavs who have veto power in the U.N. Security Council, which would have to approve any broad independence deal.

Symbol of righteousness

Why does the province exert such a hold on the Serbian imagination? Landlocked, poor and now populated mostly by ethnic Albanians hostile to Serbs, it nonetheless has become a symbol of Serbia's image of itself as a righteous nation, a beacon of the Orthodox Christian world.

"We were all raised on the Kosovo myth … and Serbs, even if they don't go there, see it as part of their country, part of our history," said Rade Stanic, editor of the newsweekly Evropa.

Every Serbian schoolchild studies the epic poetry that describes the 14th century battle of medieval Serbian princes against the Turks. Although the Turks won, Serbs believe they won in the eyes of heaven by martyring themselves on Kosovo Polje, the battlefield that gives the province its name.

Prince Lazar, the hero, is given a choice by a gray falcon on the eve of the battle: "Which kingdom is it that you long for most? / Will you choose a heavenly crown today? / Or will you choose an earthly crown?"

Lazar chooses heaven. "Earthly kingdoms are such passing things / A heavenly kingdom, raging in the dark, endures eternally," he says.

To this day, Kosovo is thought of as Serbia's Jerusalem. The seat of the Serbian Orthodox Church and the titular home of the patriarch, its spiritual leader, as well as some of its most beautiful and historic monasteries, are at Pec, deep in Kosovo.

However, Kosovo's population now is 90% ethnic Albanian. A majority of them are Muslims; most of the rest are Catholics.

Serb politicians' mantra

The election campaign in Serbia has focused on many immediate issues such as unemployment and inflation, but talk of Kosovo's status has also been a mantra. On this issue, there is little difference in the positions of the leading parties, all of which support Kosovo remaining part of Serbia.

The likely outcome of the elections will be a split among the three leading parties: The Radical Party, led by Vojislav Seselj, who is being held in The Hague on war crimes charges, takes a nationalist stand and believes that Serbia must confront the West; the party of Vojislav Kostunica, the current prime minister, advocates a slow rapprochement with Europe and the West; and the party of President Boris Tadic is more Western-leaning.

Kostunica, a lawyer by training, has endeavored to make a strong case that under international law, no sovereign country has ever been forced to grant independence to part of its territory. Serbs argue that it is as if Florida wanted to be a separate country, and the world decided that the U.S. should be compelled to give it independence.

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U.S. diplomats queried on the point said that lawyers had not looked at the precedents but that Kosovo's case was different because it had been a U.N. protectorate, and that the Serbian "ethnic cleansing" there in 1999 in effect ended Serbia's right to control the province.

But Kostunica's argument has resonated with Russian leaders, who fear that if Kosovo can be taken away from Serbia, they could lose areas of Russia that aspire to independence, such as Chechnya.

If Russia opposes independence at the Security Council, ethnic Albanian officials would have to declare independence and wait for countries to recognize Kosovo as a sovereign state, a far more unwieldy process.

Serbian political analysts believe that the West has failed to take into account the potential for a nationalist backlash if Kosovo separates. In that case, the Radical Party, with its more isolationist ideology, would gain significant support, they argue.

"It would be best if things stay as they are; Kosovo already has a sort of de facto independence. But political symbolism is very important, and the United States and the international community is wrong to push for a formal resolution of Kosovo's status," said Djordje Vukadinovic, a professor of political science at Belgrade University.

"The status quo leaves the illusion of sovereignty and allows Serbia not to lose face by having its territory shrink again," he said. "It's a mirage, but mirages are useful in politics and it would mean a reduction in radicalism, which Washington does not want and which would otherwise grow."

Waiting game

Diplomats said it was possible that the U.N. would delay an announcement of Kosovo's status until after Serbia forms a government, which could take a month or more.

In the meantime, Kosovo's Albanians have become increasingly frustrated with the slow movement on their province's status, and some experts warn that spring could bring a renewal of violence.

Vukadinovic and others point out that Serbs never refer to Kosovo's "final status," the terminology used by Kosovo's Albanians and by the West, but speak of its "future" status.

"Saying 'future' status suggests that there could be other futures after the next one, and it leaves open the possibility that the Serbs will control Kosovo again," said a political consultant in Belgrade, the capital of Serbia, who asked not to be named because of the subject's political sensitivity. He noted that it took more than four centuries after the Serbs' defeat by the Turks for them to regain control of Kosovo, but that eventually they succeeded.

"Serbs don't think in years," he said, "they think in centuries."

PM: U.S. Wants Base In Czech Republic (AP)

By Karel Janicek, Associated Press Writer

AP, January 21, 2007

The United States has asked the Czech Republic to host a radar base that would be part of a global missile defense system, the prime minister announced Saturday, drawing a warning from Russia of retaliatory actions.

U.S. officials contend the system could defend Europe against intercontinental missiles fired by states such as Iran and North Korea. But the Kremlin warned that the military balance in Europe could be at stake and said the development risked a new arms race.

Independent defense experts have said the ground-based missile defense system is still years from being able to protect against long-range missile attacks.

Washington declined comment on Prime Minister Mirek Topolanek's statement. But the U.S. has been negotiating with Poland and the Czech Republic, both former communist states now in NATO, as it explores setting up missile defense sites in Eastern Europe.

The U.S. has missile interceptor bases in Alaska and California. It activated a powerful X-band radar site in northern Japan as part of the system last September, but so far has no anti-missile weapons based outside U.S. territory.

The U.S. request that the Czech Republic host only an X-band radar facility could indicate Washington is considering putting launchers for anti-missile missiles in Poland.

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Czech authorities refused to comment on Poland's possible role. Topolanek said only that he would discuss the issue with his Polish counterpart, Jaroslaw Kaczynski.

Topolanek said his government would name a committee in the next week to consider the U.S. request and a decision could take several months. Czech opposition parties have spoken against the defense system, and the premier's governing coalition does not have enough parliament votes to pass measures on its own.

In Moscow, Andrei Kokoshin, the former Russian Security Council chief who now heads parliament's committee for ties with former Soviet bloc nations, warned that Czech approval of the plan would "not pass without consequences."

Russian lawmakers dealing with security issues "will recommend taking retaliatory measures" that would "help maintain strategic stability and ensure the national security of Russia and our friends and allies," Kokoshin was quoted as telling the Interfax news agency.

A State Department spokesman, Edgar Vasquez, told The Associated Press he could not confirm that the Czechs had been asked to host the radar site and Poles the missile interceptors. He only repeated that negotiations were under way.

"Depending on the result of the discussions, the U.S. will seek to field a limited number of ground-based missile defense silo launchers, with their associated interceptors, similar to those currently fielded at Fort Greely, Alaska, and to deploy an X-band radar for midcourse tracking and discrimination of ballistic missile threats out of the Middle East," he said.

Vasquez would not specify which countries in the Middle East are considered a threat, but U.S. officials and others worry about Iran's development of long-range missiles that can reach Europe.

The missile defense system is intended to begin tracking missiles early during their boost phase and then guide intercepter missiles that would destroy the threatening missiles in flight.

So far, the U.S. military has deployed only a small number of interceptor missiles — at least 11 at Fort Greely and two at Vandenberg Air Force Base on the central California coast.

Topolanek said that if the Czech Republic approves the U.S. request, some 200 American specialists would be deployed here and the base would become operational in 2011.

"We are convinced that a possible deployment of the radar station on our territory is in our interest," he said. "It will increase security of the Czech Republic and Europe."

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Associated Press writers Maria Danilova in Moscow and John Heilprin in Washington contributed to this report.

Turkish Police Arrest Teenage Suspect In Editor's Killing (NYT)

By Sebnem Arsu

The New York Times, January 21, 2007

ISTANBUL, Jan. 20 — The Turkish police on Saturday arrested a 17-year-old suspect in the killing of a newspaper editor who championed Armenian rights, Turkish authorities said.

The editor, Hrant Dink, 52, a Turk of Armenian descent, was shot Friday afternoon outside the office of his newspaper, Agos. A gunman was recorded by a surveillance camera nearby, and the police appealed to the public for help in identifying him.

On Saturday night, Ogun Samast was captured in Samsun, a Black Sea port, after his father recognized his images from the surveillance video and notified the police in Trabzon, their hometown, said Muammer Guler, Istanbul's governor, at a news conference just before midnight.

"The suspect was captured in Samsun on a passenger bus destined to Trabzon, together with all the evidence, including his gun and the white beret" seen in the video, Mr. Guler said.

Mr. Samast, an unemployed secondary school graduate who arrived in Istanbul a week ago, admitted killing Mr. Dink, the Samsun police said.

The police are also looking into possible links between Mr. Samast and the killing of a Catholic priest, Andrea Santaro, last February. The assailant was a 16-year-old who, like the priest and Mr. Samast, was from Trabzon.

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Prime Minister Recep Tayyip Erdogan praised the efforts of the security forces Saturday and expressed satisfaction that an arrest had been made before Mr. Dink's funeral on Tuesday. "We're going to continue investigations with the same determination," Mr. Erdogan told the reporters, assuring that the arrest was only the start.

Mr. Guler said at a news conference earlier Saturday that Mr. Samast had visited the Agos office on Friday. He apparently posed as a university student hoping to meet Mr. Dink, whose secretary told the young man he would need an appointment.

The secretary later saw him loitering outside the office before Mr. Dink was attacked, Mr. Guler said.

Kazim Kolcuoglu, head of the Istanbul Bar Association, noting that Mr. Samast and the killer of Mr. Santaro were under 18, said that minors in Turkey are used in slayings because they face lower penalties than an adult convicted of the same crime.

As a 17-year-old, Mr. Samast will be interrogated by a public prosecutor instead of the police, and will be tried at a minors' court, which will lead to certain reductions on his possible jail term, Mr. Kolcuoglu said.

Mr. Dink's murder has shocked Turkey. Mr. Erdogan condemned the shooting as a direct attack on Turkey's stability, and analysts from diverse political backgrounds appeared to agree.

"If the trigger finger aimed at the air of stability and confidence in Turkey, it hit the bull's eye," wrote Mehmet Barlas, a columnist for the center-right newspaper Sabah.

Although analysts like Mr. Barlas saw the assassination as a politically motivated attack on Turkey's progress toward membership in the European Union, others blamed a controversial law under which Mr. Dink had been convicted of insulting the Turkish identity.

Mr. Dink, who angered many in Turkey by challenging the official Turkish version of the 1915 Armenian genocide, was given a six-month, suspended sentence. But in the eyes of many radical nationalists, it made him a target.

Meanwhile, people continued to flock to the Agos office in Istanbul. Chants of "We are all Armenians, we are all Hrants," filled the air.

"We're here because we lost one of us," said a 33-year-old woman. As a teacher, she declined to give her name because it is illegal in Turkey for public workers to make public comments. "I want to see the perpetrators be brought to justice and the plot behind this assassination clarified immediately," she said.

Agos, the only bilingual Armenian-Turkish newspaper in Turkey, was founded and run by Mr. Dink since 1996.

"We lost the voice that spoke for us, but Turkey lost as much as we did," said Nadya Ismezoglu, an Armenian woman standing outside the Agos office. "Our pain is indescribable."

Look Up! Is It A Threat? Or A Plea For A Ban? (NYT)

By William J. Broad

The New York Times, January 21, 2007

THE nation's star warriors, frustrated that their plans to arm the heavens went nowhere for two decades despite more than $100 billion in blue-sky research, felt a shiver of hope last week with news that China had conducted its first successful test of an antisatellite weapon.

Having long warned of the Chinese threat, they now said their fears were vindicated and expressed optimism for their own projects, which range from new kinds of defensive satellites to flotillas of space weapons and orbital battle stations able to shatter all kinds of enemy arms.

China, a group of 26 "Star Wars" supporters warned in a recent report, has "begun to erode American space dominance" and will accelerate that slide with "both lasers and missiles capable of destroying satellites."

H. Baker Spring of the Heritage Foundation, a conservative research group in Washington, said in an interview that the cost to the United States of new arms and defensive measures would most likely run to "billions or tens of billions of dollars a year, pretty much year in and year out," and added, "I don't think that's excessive."

But the prospect of a new arms race in space is also energizing an opposition, including arms control supporters and fiscal conservatives alarmed at the rising costs of the Iraq war. Treaties could short-circuit the costly game of measure-countermeasure on the high frontier before it expands any further, they say. Currently, no international treaty or domestic law forbids such developments.

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An unfettered arms race could hurt the United States more than any other nation, arms control advocates argue. The United States owns or operates 443 of the 845 active satellites that now orbit the planet, or 53 percent. By contrast, China owns just 4 percent.

"We not only have the most satellites but they are more integrated into our economy and our way of making war than any other country," said Laura Grego, a staff scientist at the Union of Concerned Scientists, a private group in Cambridge, Mass., that takes liberal positions on arms issues and environmental issues. "We have the most to lose in an unrestrained arms race."

But that logic has not persuaded the Star Wars advocates, who say the United States needs to protect its huge investment in space satellites by being ahead of anyone else in shooting such devices out of the sky.

Diplomats from around the globe have gathered in Geneva for many years to hammer out a treaty on the "Prevention of an Arms Race in Outer Space," which would ban space weapons. Arms control supporters say China and Russia have backed the process, while the United States has dragged its feet.

Last year, John Mohanco, a State Department official, told the diplomats in Geneva that as long as attacks on satellites remained a threat, "our government will continue to consider the possible role that space-related weapons may play in protecting our assets."

A Heritage Foundation analysis of such diplomacy says China is charging ahead to build space arms while "seeking to block the United States from developing its own anti-satellite weapons and space-based ballistic missile defense systems."

China's strategy, the analysis says, is clear: "Work on public opinion in the United States to make moral arguments against weapons in space, develop international coalitions to limit the way that the United States can use space, and develop China's own weapons systems and tactics to destroy American satellites and space-based weapons."

But Theresa Hitchens, a critic of the administration's space arms research who is director of the Center for Defense Information, a private group in Washington that tracks military programs, said that China's antisatellite test might be "a shot across the bow" meant to prod the Bush administration into serious negotiations. In the test, a Chinese missile pulverized an aging Chinese weather satellite more than 500 miles above Earth on Jan. 11.

Ms. Hitchens warned that an arms race in space could easily spin out of control, noting that India has been "rattling its sword" and some experts in that country are openly calling for antisatellite arms. A global competition that produced armadas of space weapons, she added, could raise the risk of accidental nuclear war if, for instance, a whirling piece of space junk knocked out a spy satellite.

"How do you know it's not a precursor to a nuclear attack?" she asked. "Do you have an itchy trigger finger? If you've got a lot of satellites out there, you probably do."

The Bush administration has conducted secret research that critics say could produce a powerful ground-based laser meant to shatter enemy satellites. The project, parts of which were made public through Air Force budget documents submitted to Congress last year, appears to be part of a wide-ranging administration effort to develop space weapons, both defensive and offensive.

John E. Pike, who is the director of GlobalSecurity.org, a group in Washington that conducts research on military and space topics, said that treaties and defensive measures were the smart, cheap way to counter antisatellite threats, and that the star warriors in the wake of the Chinese tests were playing a false card.

"They're trying to piggyback on a totally unrelated topic," he said. "This says nothing about space-based weapons, star wars or any of that."

But a report, "Missile Defense, the Space Relationship and the 21st Century," researched by a group of organizations that focus on national security issues and published late last year by the Institute for Foreign Policy Analysis, called the military development of the high frontier vital to the nation's protection from a wide variety of threats — including Chinese arms.

"Without the means to dissuade, deter and defeat the growing number of strategic adversaries now arrayed against it," the group warned, "the United States will be unable to maintain its status of global leadership."

Vatican Urges "Dialogue" With China To Rebuild Ties (NYT)

By Ian Fisher

DOJ_NMG_0119576

The New York Times, January 21, 2007

ROME, Jan. 20 — The Vatican issued a measured statement on Saturday on its future relations with China, saying it wanted a "respectful and constructive dialogue" to rebuild diplomatic ties but still noting the "suffering" of Chinese Catholics.

The statement was issued after two days of high-level talks at the Vatican on rebuilding relations with China. The statement said Pope Benedict XVI intended to write a letter to Catholics in China, though it did not say when or hint at any message.

The pope and Chinese officials have expressed a desire to restore diplomatic ties broken in 1951 when the Communist government took over. But any concrete steps were frozen after the official Chinese church, which answers to the government, appointed several bishops last year without the Vatican's consent.

The pope issued statements protesting the appointment of the bishops, saying that China had violated a long-standing, if informal, agreement in which the Vatican was able to have a tacit role in the process.

But the statement on Saturday was even in its tone, avoiding harsh criticism of China as it spoke of "following the road of a respectful and constructive dialogue with the governing authority to overcome the misunderstandings of the past."

The reconciliatory tone seemed aimed at encouraging more talks with the government. Still, the statement strongly praised the bravery of Catholics in China who are loyal to Rome, rather than to the Chinese authorities. An "official church" of five million Catholics, presided over by the government, exists beside with an underground church of 10 million.

"It is noted, with deep recognition, the luminous testimony offered by bishops, priests and the faithful, who without ceding to compromises, have maintained their faith to Seat of St. Peter, at times even at the price of grave suffering," the statement read.

The pope did not take part in the meetings, though the statement said he was fully briefed.

Benedict Seen As Isolated At Vatican (WT)

By John Phillips

The Washington Times, January 21, 2007

VATICAN CITY -- The forced resignation of Pope Benedict XVI's handpicked choice for archbishop of Warsaw, Stanislaw Wielgus, has exposed divisions within the Vatican, which insiders say have left the pontiff increasingly isolated.

"Benedict does not have a decisive temperament and must take into account his age," said the Italian Panorama newsmagazine. "The initiatives he has taken are meeting with much resistance."

Bishop Wielgus announced his resignation on Jan. 9, just two days after accepting the post, in the face of disclosures that he had been an agent for Poland's communist secret service for decades and twice attended its spy school.

Benedict had passed over six other candidates to select Bishop Wielgus for the post, actions that suggest he was at best poorly advised by his entourage, Vatican sources say.

The Vatican declined to comment for this article.

The controversy over Bishop Wielgus recalled the Muslim furor over a papal speech last year at the University of Regensburg in Germany. Afterward, Vatican watchers asked why the pope's aides had not spotted the potentially offensive remarks in the text and removed them in advance.

Marco Politi, the respected Vatican reporter for La Repubblica newspaper, said many officials in the Curia, the church's central government, resent the conservative pontiff and see him as "a man of the past."

As he prepares to celebrate his 80th birthday on April 16, Benedict evidently has fostered resentment by trying to sideline several Polish clerics appointed to senior Vatican posts by Polish-born John Paul II, who died in 2005.

Cardinal Edmund Szoka, a Polish-American, was replaced as governor of Vatican City, responsible for the day-to-day running of the tiny state in Rome.

Also planned is the transfer of Edward Nowak, the secretary for the Congregation of Saints, the body that rules on requests for sainthood, according to Panorama.

In another move, Benedict was expected to replace the archbishop of Moscow, Tadeusz Kondrusiewicz, also Polish, to improve the pope's chances of arranging a historic meeting with Russian Orthodox Patriarch Alexius II, Vatican sources say.

In recent months, the German pontiff has moved to reorganize his inner Cabinet around Cardinal Tarcisio Bertone, the extroverted Vatican secretary of state from the Salesian Order.

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Cardinal Bertone, named in September, made headlines last month by suggesting that the Vatican could field a soccer team in Italy's first division.

Other key appointments include Dominique Mamberti as effective foreign minister of the Holy See and the elevation of Indian Cardinal Ivan Dias to head the Congregation for the Evangelization of Peoples.

But Benedict, who is more used to playing a low-key role as John Paul's personal theologian, evidently has had difficulty becoming a team leader.

"For months, Benedict appeared isolated, closed up in his study polishing his speeches, writing his book on Jesus of Nazareth to be published in April or playing the piano," said Ignazio Ingrao, who writes for Panorama.

"His only outings were dinners at the home of his former secretary, Monsignor Josef Clemens. He has paid dearly for not being a team player."

La Repubblica said the pope was furious when he was forced to accept Bishop Wielgus' resignation only hours before his formal installation.

Among those Benedict reportedly passed over for the Warsaw Archdiocese was Stanislaw Rylko, president of the Pontifical Council for the Laity and the reputed ghostwriter of the last books by John Paul II.

Bishop Wielgus at first denied cooperating with Poland's communist-era secret police, despite disclosures in a Polish weekly that his name was on a list of documents found at the National Remembrance Institute. He then acknowledged it, but said he "never informed on anyone and never tried to hurt anyone."

Hong Kong Tries To Stop Mainlander Baby Boom (NYT)

By Keith Bradsher

The New York Times, January 21, 2007

HONG KONG, Jan. 19 — The plaintive cries of newborns never stop in the special care infant ward at Hong Kong's Queen Elizabeth Hospital — a ward designed for 30 babies but that has had as many as 60 at a time in recent weeks.

The crowding is not a result of a baby boom among Hong Kong women, who have the world's lowest birthrate. Instead, the rows of bassinets are full because of an influx of mainland Chinese women who go to great lengths to make sure that their babies are born in Hong Kong.

The Hong Kong government wants to discourage them. Starting Feb. 1, pregnant women from the mainland will have to pay $5,000 for their hospital care before they are even allowed to enter Hong Kong, which has been a semiautonomous Chinese territory since Britain returned it in 1997.

Under rules the government announced Tuesday evening, immigration officers will be instructed to turn back any mainlander who appears to be at least seven months pregnant and has not paid.

The policy is expected to produce tearful showdowns at border points, and is already provoking an acrimonious debate in Hong Kong over what it means to be a citizen of this cosmopolitan metropolis on the South China Sea.

Just as many women from Mexico struggle to make sure their babies are born in the United States and are entitled to American citizenship, thousands of women from the mainland come to Hong Kong to give birth because it entitles their babies to permanent residency here. The benefits include a free education and subsidized health care as part of Hong Kong's British-inspired welfare policies. Hong Kong residents pay as little as $12.80 to give birth at a hospital because of extensive government subsidies.

The issue has divided the democracy movement here. Some, like Martin Lee, the founding chairman of the Democratic Party, agree with the city's Beijing-appointed leaders that Hong Kong needs more citizens because of its low birthrate — 0.9 per woman of child-bearing age, far below the replacement rate of 2.1. If the babies grow up and come live here, Hong Kong will have young people to care for an aging population. By having babies here, the mainland women "do what we cannot do ourselves," Mr. Lee said.

But others in the democracy movement, like Dr. Kwok Ka-ki, a surgeon who represents the medical profession in the legislature, say permanent residency should be restricted to babies born to Hong Kong parents.

"How could we stand the impact if huge numbers of mainland women come here to have babies?" he asked.

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The number of babies born in Hong Kong to mainland mothers surged to 15,000 last year from several hundred a year in the late 1990s. Before the new restrictions were adopted, the number was poised to rise even more, as the Year of the Pig, which Chinese tradition holds to be an auspicious time for adding to a family, begins on Feb. 4 or Feb. 18, depending on which Chinese tradition is followed.

Every fifth Year of the Pig, falling once every 60 years, is considered especially auspicious and is known as a Year of the Golden Pig. The coming year is a Year of the Golden Pig, and is expected to produce an increase in births because marriage and birth statistics across China continue to show clear influences from such traditional beliefs, despite strong efforts by the Chinese Communist Party to dismiss them as superstitions.

Having a baby in Hong Kong, a city of 6.9 million people, can also help a family evade the mainland's one-child policy, although enforcement of that policy has been less stringent in recent years. Most of the women giving birth here return to the mainland initially to raise their babies because the mothers do not have the right to live here. The babies frequently have Hong Kong fathers, because Hong Kong companies now employ an estimated 11 million people on the mainland and send tens of thousands of Hong Kong citizens, mostly men, to manage them.

After marrying a Hong Kong man, a mainland woman can wait as long as seven years for the legal right to live here.

Beijing officials made it much easier in 2003 for mainlanders to visit Hong Kong, in a bid to help Hong Kong's struggling economy recover from SARS (severe acute respiratory syndrome) and thereby reduce pressures in Hong Kong for more democratic local rule.

Greater access has produced a tourism boom and throngs at shopping malls, but it has also made it much easier for pregnant women from the mainland to reach here.

Queen Elizabeth Hospital is on Kowloon Peninsula close to the train station where mainland Chinese arrive. It has been receiving a steady flow of women, many of whom show up in labor and with minimal medical records, making it hard to provide proper care.

"We have to be very cautious, very careful, because they've got complications as well" in some cases, said Dr. Cecilia Cheon, a consulting obstetrician at the hospital.

The special care infant ward handles babies born with jaundice and other problems not severe enough to require that they be placed in intensive care. The ward was so busy on Wednesday that the regular nurses were joined by retired pediatric nurses who had been called in to help give the babies bottles, burp them and change their diapers.

Dr. Terence Lao, an obstetrician at Queen Mary Hospital on Hong Kong Island, said the unexpected arrival of women in labor with few health records posed several risks. The women may be infected with influenza, asymptomatic tuberculosis or even H.I.V., the virus that causes AIDS.

"Even if we are suspecting something, we cannot get the tests back in time," Dr. Lao said.

It is also harder to treat a baby at birth for possible health problems if no ultrasound tests have been done in advance to determine the health of the fetus.

Dr. Anthony Hedley, a former chairman of the department of community medicine at Hong Kong University and a frequent critic of government health policies, said that discouraging pregnant women from the mainland from traveling to Hong Kong was a prudent health measure. "It's not good for mothers or infants to be shuttling long distances," he said.

But Dr. Kwok said that the new rules might prompt mainland women to enter the territory before their pregnancies show, and then to overstay their visas to give birth here.

Beijing officials have been quiet on Hong Kong's new restrictions. Mainland leaders seldom comment publicly on issues involving Hong Kong, to avoid being accused of interfering with the city's autonomy, but they wield enormous influence on a wide range of issues.

The new policy has attracted its share of jokes. A cartoon in the South China Morning Post on Wednesday showed a large-bellied woman walking past two immigration officers.

"You're letting her in?" one of the officers asked.

The other replied, "Apparently it's only heroin, which is a customs problem."

DOJ_NMG_0119579

Thai Army Officers Held In Bombings (NYT)

By Seth Mydans, Thomas Fuller

The New York Times, January 21, 2007

SINGAPORE, Jan. 20 — Authorities in Thailand detained 15 people, including some military officers, in connection with a string of bombings that killed three people and disrupted celebrations on New Year's Eve, the police said Saturday.

Police sources said nearly 100 police officers and soldiers had searched 18 locations in and around the capital and detained eight military officers and seven civilians.

"I was informed by police that they have detained some suspects and it is very regrettable that some of the officers are involved," Prime Minister Surayud Chulanont told reporters in Bangkok. "It is the power of police to investigate and file charges if they have evidence."

The arrests were made under martial law imposed after a coup four months ago that ousted Prime Minister Thaksin Shinawatra.

The police said no charges had been filed, and it remained unclear who was behind the bombings, which the government has said were done by supporters of Mr. Thaksin.

In separate televised comments on Saturday, Mr. Surayud said Mr. Thaksin, who was outside the country at the time of the coup and is now in Japan, could return to Thailand if he promised not to engage in politics.

"Mr. Thaksin should express clearly that he will stop all movements and express that his family wants to live in peace," Mr. Surayud said. "Then, we can talk and make arrangements."

The interim government, appointed by the military junta, has remained worried about a backlash from Mr. Thaksin's backers and has resisted the possibility of his return.

On Jan. 10 the government told television executives not to carry statements by Mr. Thaksin.

On Saturday the local cable provider, UBC, deleted from its broadcast a CNN interview done this week in Singapore.

In the interview, Mr. Thaksin denied involvement in the bomb blasts, saying: "I do everything for the good of the country and the people. I don't do something that's stupid."

He said that he did not want to return to Thailand if his presence would cause division or unrest and that he had no plans to become involved in politics.

"If I have to go to testify, I go," he said, referring to potential corruption cases against him. "But now the reason I'm not going back yet because I want unity in the country. I want the administration to do the reconciliation.

"I want everyone to unite, to move the country forward together," he said.

The ruling generals remain nervous, however.

Last week the coup leader, Gen. Sonthi Boonyaratglin, told fellow members of the junta not to talk on mobile telephones because they might be tapped.

"Our army has a problem now," he said. "When we make a call, the line goes to Singapore. When we talk secrets, they go straight to Singapore."

Early last year the family of Mr. Thaksin, a telecommunications tycoon, sold control of his company, Shin Corporation, to Temasek, the investment arm of the Singapore government.

The tax-free, $1.9 billion sale contributed to the building opposition against Mr. Thaksin that culminated in the coup.

It also raised tensions between the governments that broke into the open last week when Mr. Thaksin visited Singapore and met with a government official.

Worried about Mr. Thaksin's possible return and about potential threats or violence by his supporters, the ruling generals now seem increasingly to be on the defensive.

"What General Sonthi said was they should be careful of confidential information they talk about on mobile phones," said a spokesman for the junta, Sunsern Kaewkumnerd. "They should switch to talk on fixed-line phones or in person."

Tanyapas Chuaycho, a company spokeswoman, denied that there had been any wiretapping.

"We are a business, we are not a spy," she told the Bloomberg news agency. "We can't do it, and the question is why would we?"

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In recent months, Mr. Thaksin has been traveling through Asia, from Hong Kong to Bali to China to Singapore to Japan, meeting with supporters and keeping his name in the newspapers at home.

He is represented in Washington by Barbour Griffith & Rogers, a prominent lobbying firm, and he has hired the public relations firm Edelman of New York to help arrange meetings with the news media.

In a telephone interview from Hong Kong, Alan VanderMolen, vice president for Asia and the Pacific at Edelman, said, "We're working with him in his capacity as a private citizen and supporting some media outreach to support his efforts to return to Thailand."

Major Warlord Surrenders Arms To Somali Government (WP/AP)

The Washington Post, January 21, 2007

MOGADISHU, Somalia, Jan. 20 -- The last major warlord to withhold support from Somalia's government surrendered his weapons and militiamen on Saturday -- a boost for a fledgling leadership that still faces threats of guerrilla attacks from the Islamic movement that fled the capital.

Mohamed Dheere, one of the most feared rebel leaders in Somalia, gave the army chief 23 trucks mounted with heavy weapons and ordered 220 of his fighters to report for training at government camps. The handover took place during a ceremony in Dheere's stronghold of Jowhar, about 60 miles north of the capital of Mogadishu, said Abdirahman Dinari, the government spokesman.

But fears of an Islamic insurgency grew following an ambush Saturday morning on a convoy of Ethiopian troops in Mogadishu. The Ethiopians returned fire, killing a man and a woman on the side of the road, said Hawa Malin, a Mogadishu resident. Two other people died on the way to the hospital, officials said.

Late Friday, government troops also repelled an attack on the Somali president's palace.

A leader in Somalia's Islamic Courts movement said his group was responsible for the attacks, calling it part of a "new uprising."

"The only solution can be reconciliation and talks between the transitional federal government and the Islamic Courts," said Ahmed Qare, the movement's deputy chairman.

The U.N.-backed government -- with key military backing from Ethiopia -- drove the Islamic movement that had challenged it out of Mogadishu and much of the rest of southern Somalia weeks ago. But Islamic leaders have threatened a guerrilla war as long as Ethiopian troops remain in Somalia.

The United States and the European Union have called on the government to hold peace talks. So far, only clan leaders and warlords have been involved in the process, and religious leaders have been excluded.

The government has asked African peacekeepers to maintain security in the country, but they are unlikely to come if fighting continues. African Union officials approved an 8,000-peacekeeper mission Friday, but only Uganda has volunteered troops thus far.

Somalia has not had an effective central government since 1991 when warlords overthrew longtime dictator Mohamed Siad Barre and then turned on each other, reducing the Horn of Africa nation to anarchy and clan-based violence.

Expelled Bushmen Return Home (WP)

By Craig Timberg

The Washington Post, January 21, 2007

GABORONE, Botswana -- Several dozen Bushmen who had been expelled from the Central Kalahari Game Reserve have returned there under a landmark court ruling giving the traditional hunter-gatherers rights to land they and their ancestors occupied for thousands of years.

Ten families entered the vast, arid game reserve on Jan. 13, said Duma Gideon Boko, a lawyer who represented the Bushmen in their suit seeking to reverse years of government efforts to drive them out. The December judgment, which ended Botswana's longest-running legal battle, called the government's actions unconstitutional and ruled that the Bushmen were free to return to the game reserve.

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The initial government response to the ruling suggested that only the 189 Bushmen named in the suit would be allowed to return, and park officials denied access to several others who sought to enter the park last month, according to Bushmen representatives and news reports.

But Jeff F. Ramsay, spokesman for President Festus Mogae, said Friday that all Bushmen, whether named in the suit or not, were free to enter the game reserve while the government developed a new permanent policy on the issue. Ramsay said 44 Bushmen, including several not named in the suit, entered this month.

"Those who wish to go into the park can do so," Ramsay said.

His comments were the latest sign that Botswana's government is seeking to defuse a standoff that has generated years of bad publicity for a country otherwise admired as a bastion of stability, prosperity and democracy on a troubled continent.

Disagreements remain over whether the Bushmen will be allowed to bring their livestock into the game reserve, which the government says is restricted to wild animals, and whether the government must provide services such as medical care to the people living there.

But Boko said government officials have been more conciliatory on most issues since the ruling.

"I think they are backing off," he said.

Bushmen, a catchall term for several related ethnic groups whose languages include distinctive clicks and pops, are descendants of hunter-gatherers who once roamed most of southern African before other groups relying on settled agriculture took control of the region. Bushmen long have been victims of discrimination and once were routinely shot as if they were vermin by farmers guarding their fields.

About 100,000 Bushmen remain in southern Africa, with the largest group in Botswana. Only a tiny minority is seeking to live traditionally in the Central Kalahari Game Reserve, an area larger than Switzerland.

Even before government relocation efforts, Bushmen living in the game reserve augmented their diets with livestock such as goats and some crops. Several Bushmen families had trucks for delivering water or making trips outside the reserve.

Major relocation campaigns happened in 1997, 2002 and 2005, and Bushmen alleged that police and park wardens destroyed their huts, dumped precious water supplies and used intimidation to drive the Bushmen to camps outside the reserve. The government also sharply restricted most forms of hunting, making it difficult for Bushmen to get crucial protein for their diets.

Bushmen advocacy groups have long said the government was motivated by a desire to control any diamonds -- the mainstay of the national economy -- that might be found in the park. The government, meanwhile, has said it was seeking to offer the Bushmen modern government services while also protecting the ecology of the game reserve.

On Thursday, Mogae visited with Bushmen at New Xade, a resettlement camp beyond the western border of the game reserve. New Xade has such amenities as schools, concrete homes and medical clinics, and Bushmen say it is impossible to maintain their ancient lifestyle there.

Mogae reportedly urged the Bushmen to embrace modernization, as most of the country has since independence from Britain in 1966.

Colombian Government Is Ensnared In A Paramilitary Scandal (NYT)

By Simon Romero

The New York Times, January 21, 2007

BOGOTÁ, Colombia, Jan. 20 — The government of President Álvaro Uribe, the largest recipient of American aid outside the Middle East, has found itself ensnared in a widening scandal as revelations surface of a secret alliance between some of the president's most prominent political supporters and paramilitary death squads.

Testimony this week from Salvatore Mancuso, a former paramilitary commander who admitted to orchestrating the killing of more than 300 people, as well as a document made public on Friday implicating more than a dozen politicians in the pact with paramilitaries, have injected fresh detail into a slow-burning scandal that has caused Colombia's elite political class to shudder in recent weeks.

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Senior members of Mr. Uribe's government and Mr. Uribe himself have said that anyone shown to have had illegal ties to the paramilitaries, which terrorized Colombian cities and the countryside in the nation's internal war, which has gone on for decades, and made fortunes in cocaine trafficking, should be prosecuted in courts of law.

The scandal has already touched Mr. Uribe's cabinet, with Senator Álvaro Araújo, the brother of Foreign Minister Maria Consuelo Araújo, under investigation for collaborating with militias.

"If there's someone involved at the highest level, they will be fired," Francisco Santos, Colombia's vice president, said in an interview. "Scrutiny is fine for us," Mr. Santos said. "This country needs to know the whole truth."

Some of the details coming to light about the breadth of paramilitary activities are the result of a process set in motion by Mr. Uribe's own government, which has allowed paramilitary leaders to confess their crimes and pay reparations in exchange for reduced sentences of no more than eight years in prison.

Though some militia leaders have balked at the deal, much of Colombia has been gripped by the first such confession, that of Mr. Mancuso, a cattleman who helped found the paramilitary movement in the 1980s in an effort to combat leftist guerrillas.

Mr. Mancuso, 48, who studied English at the University of Pittsburgh, wept during the first days of his testimony at a special hearing in Medellín last month. This week, however, he simply read from a statement describing how he oversaw the assassinations of hundreds of people, with some operations made possible with information from military intelligence.

Mr. Mancuso also put Mr. Uribe in the spotlight by saying that militias pressured people to vote for the president in 2002, when Mr. Uribe was first elected. Mr. Uribe responded quickly by going on a national radio network to say he had never sent any emissaries to strike deals with the paramilitaries.

On the heels of Mr. Mancuso's testimony, a document rumored to exist in recent weeks was published in the daily newspaper El Tiempo on Friday. It describes a secret pact in 2001 between Mr. Mancuso, other paramilitary leaders and 11 congressmen, two governors and five mayors, in which those present agreed to work together to forge "a new social contract," largely in order to protect private property rights.

Senator Miguel de la Espriella, one of the signatories to the pact, helped bring the scandal to light last year by disclosing the ties between politicians and paramilitaries. Like other officials implicated in the pact, he said he was forced to sign, raising doubts as what type of legal punishment, if any, they might receive.

"At first we declined to sign, but when they put a man with a rifle next to the document we understood we had no choice," Mr. de la Espriella, a member of the Democratic Colombia party, said in an e-mail interview.

Asked why he was the only politician to come forward with details of the secret agreement, Mr. de la Espriella, alluding to widespread suspicions that legislators and government officials had for years worked in tandem with the paramilitaries, responded, "I told myself that a half-truth doesn't serve anybody, and we should all contribute to the enlightenment of the truth during so many years of war."

Those who signed the document included not only supporters of Mr. Uribe but also high-ranking officials in the political opposition, pointing to how a growing portion of the political establishment could be tarnished by the scandal.

Some 30,000 paramilitary members have been demobilized during Mr. Uribe's government in recent years. Colombia's military still receives more than $700 million a year in aid from the United States to combat drug trafficking and armed insurgencies.

Two guerrilla groups, the Revolutionary Armed Forces of Colombia and the National Liberation Army, still operate in the country. A truck carrying more than 600 pounds of explosives this week destroyed a dairy plant in southern Colombia owned by Nestlé, the Swiss food company, an act that the police attributed to the rebels.

Although the scandal has emerged as the most pressing political challenge to Mr. Uribe's presidency, his approval ratings remain high, at above 60 percent, after five years of rule and a re-election victory last year. Many Colombians credit Mr. Uribe for declining levels of murders and kidnappings and robust economic growth.

However, political analysts here say a steady stream of disclosures related to the paramilitary scandal could diminish Mr. Uribe's credibility, particularly if implicated officials are perceived to have close ties to the president. The scandal has already entangled a former ambassador to Chile and a former head of the intelligence service.

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Equally pressing for Mr. Uribe's government could be the scandal's influence on discussions in the United States Congress of aid to Colombia and a trade agreement awaiting Congressional approval that has been signed by Mr. Uribe and President Bush. Political analysts say the Democratic-led Congress is expected to add greater scrutiny of human rights issues in Colombia.

Vast Pipelines In Amazon Face Challenges Over Protecting Rights And Rivers (NYT)

By Larry Rohter

The New York Times, January 21, 2007

URUCU, Brazil — In theory, the issue is a simple one: Brazil needs more sources of energy to keep its economy humming, and huge reserves of gas and oil are in the Amazon jungle. Problem solved.

Over the years, Petrobras, Brazil's state-controlled oil company, has, in fact, invested more than $7 billion in Amazon exploration and development, and in 1986 it made a major find here. But only now — after a seemingly endless sequence of geographic, logistical, environmental and political challenges were overcome — is the first in what is intended as a series of pipelines finally being constructed, this one to carry gas the 400 miles from here to Manaus, a port city of 1.5 million at the junction of the region's two biggest rivers that is emerging as an important industrial center.

"Everything in the Amazon requires preparation that is big, long and complicated, especially a pioneering effort like this one," explained Joelson Falcão Mendes, the company's regional director here. "You've got a harsh climate that limits you to working only four months a year in some places. You're working in mud and crossing rivers that are not navigable, and there are 47 tropical diseases to worry about."

But oil pipeline leaks and the collapse of an offshore drilling platform in other parts of the country have damaged Petrobras's reputation, and there was initially strong resistance to the pipeline from local people, environmental and indigenous groups and archaeologists.

Some of them preferred that the gas be transported to Manaus by tankers from a terminal north of here, already connected by a pipeline, while others argued it would be cheaper and safer to buy the excess electricity generated by the Guri Dam in Venezuela.

Rather than steamrolling the opponents and skeptics, however, as often happens in Brazil, the company chose to woo them. The two million residents of Amazonas State have been promised economic benefits that have contributed to the project's $1.15 billion price, and scientists and environmentalists were consulted about how to minimize damage to the jungle that blankets the state, which is larger than Britain, France, Germany and Italy combined.

"They have really tried to minimize the impact, and the outcome is not as bad as we had feared," said Paulo Adário, director of Greenpeace's Amazon campaign. "Since they are taking oil and gas out of the heart of the Amazon, creating a model for what will be done in the future, that concern is quite understandable and necessary."

A second pipeline, which would head south to Porto Velho, a city more than 300 miles away, is a far more complicated matter. That project still faces challenges from advocates for the environment and rights of indigenous people because it will cross rivers and Indian lands, and is competing with two large dams for government money.

Farther west, near the Jurua River, Petrobras also has plans to develop oil and gas deposits first discovered in 1978. Company officials said they hoped to begin production in 2010, after construction of a pipeline that would run through dense and remote jungle to a refinery here.

Recent changes in energy policy in neighboring countries have added to the importance of the planned network of Amazon pipelines. For example, President Evo Morales of Bolivia, which has substantial reserves of gas that supply Brazil, has nationalized oil fields and refineries there, shutting out Petrobras, and has suggested quadrupling the price of some of the natural gas his country supplies to Brazil's industrialized south.

"All the research indicates that we are certain to find more gas in the Amazon," Eduardo Braga, the governor of Amazonas, said in an interview in Manaus, the state capital. "Brazil is going to need that gas over the next 30 years, so it is imperative that we develop those deposits. This is a strategic issue, not just for the Amazon but for all of Brazil."

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The challenges Petrobras has had to confront also raise questions about the viability of the grand plan of Venezuela's president, Hugo Chávez, to build a 5,000-mile gas pipeline from Caracas to Buenos Aires, a cornerstone of his campaign to bring South America's economies together.

Initial estimates of the cost of that project, which would be longer than the Great Wall of China, run as high as $24 billion.

"The pipeline should be the locomotive of a new process of integration whose objective will be to defeat poverty and exclusion," Mr. Chávez said during a visit to São Paulo, Brazil's industrial capital, last year. "Unity is our only path."

[On Thursday, Brazil and Venezuela signed an agreement that calls for studies to begin this year on construction of a pipeline to cut through the northern Amazon to Manaus and then split in two directions.]

But environmental groups have complained that Mr. Chávez is trying to rush or even bypass the hearings and studies that are normally required and that his plan would worsen problems of deforestation and population migration.

"Just imagine the rivers and vast areas of forest they would have to cross," Mr. Adário said. "This is just something that just leaped out of Chávez's head. I don't know of a single technical expert or scientist who has done a serious analysis of the impacts that would have."

In the past, the construction of large energy projects in the Amazon, such as the mammoth Tucuruí dam, typically led to the migration of thousands of peasants seeking work and the creation of slum settlements in the jungle. When a project is finished, the workers will often remain, with no jobs, swelling social and environmental problems that are already intractable.

Small jungle settlements along the path of transmission lines have also complained that no provision is made for them to be supplied electricity. That alienates local residents and has even provoked some incidents of sabotage.

Urucu, however, is being built with a requirement that two-thirds of the labor force be hired from the population already in the region. That has created about 10,000 jobs, a significant advance in a region with fewer than 500,000 people, as well as job-training programs.

To prevent an influx of settlers, who typically carve out illegal homesteads along highways, almost no permanent roads have been built.

Instead, the armed forces bring in supplies and equipment by helicopter or boat, and many construction workers live in floating dormitories that move from one site to the next as the work advances.

"There was a time when the only way to get in here was to come by helicopter and then rappel down," said Mauro Loureiro, the project's technical director. "It took hundreds of trips like that just to open a clearing to be able to do the initial soundings and then dig a test well."

In addition, the pipeline here will include spurs to seven smaller towns on its way to Manaus, adding $30 million and 78 miles to the project. As a result, diesel fuel will no longer have to be sent in by boat for local consumption, blackouts will diminish and businesses can be promised regular supplies of cheap, clean energy.

"Each municipality is using this to increase its economic potential," said Mr. Braga, the Amazonas governor. The projects, he said, include one to build a plant in Codajas to process açaí (pronounced ah-sigh-EE), an Amazon fruit whose purple pulp and juice Brazilians consume as a health and energy tonic, and another in, in Manacaparu, to expand the production of organic fibers there.

"The idea is not only to avoid repeating the errors committed in the past, but also to change the energy sources here in the north of the country," Mr. Braga said. "More than 90 percent of this state is forest, and I want to keep it that way."

DOJ_NMG_0119585

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, JANUARY 21, 2007 7:45 AM EST

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TERRORISM NEWS:

Help US Close Guantanamo, Say MPs (BBC)

BBC.com, January 21, 2007

MPs who have visited Guantanamo Bay have called on Britain and the international community to do more to help the US close the camp.

Seven Foreign Affairs Committee members visited the detention centre for "enemy combatants" in Cuba in September.

In a report they were critical of the conditions there, but said many inmates posed a threat and the world needed to find a "longer term solution".

Opposition MPs and human rights groups called the report "disappointing".

'Real threat'

The Guantanamo Bay facility was set up at a US base in Cuba after the invasion of Afghanistan in 2002.

The international community as a whole needs to shoulder its responsibility in finding a longer-term solution

MPs' report The camp once held 750 inmates, including several British citizens. A total of 395 prisoners are currently being held there, including nine British residents, whom the government says it is not obliged to try to bring home.

The report by the seven MPs said many of those detained presented a "real threat to public safety", and said all states were under an obligation to protect their citizens and others.

But at present only the US was doing so, and "the international community as a whole needs to shoulder its responsibility in finding a longer-term solution," it said.

The chairman of the committee, Mike Gapes, told BBC News: "The problem is if you closed it straight away what do you do with the people that are there?

"Some of them no doubt could be released - sent back to there country of origin and be of no threat to anyone. But there are people there that are dangerous people...

"The international community as a whole needs to look at finding a longer-term solution."

24-hour lighting

The MPs spent only one day at the camp and had no direct access to detainees.

Their report says food was plentiful, medical care good and the facilities broadly comparable with a British maximum security prison.

But they said the camp did not meet UK guidelines for recreation and education facilities nor for access to the media, lawyers and the outside world.

One area apparently was closed for repair after detainees had been found dismantling the plumbing to make weapons.

Electric lighting was kept on 24 hours a day. Some detainees were reported to be clinically obese; two were being force-fed and 20% had some psychiatric condition.

The MPs said prisoner abuse had "almost certainly" happened there but the added that this was "unlikely to be taking place now".

And they said the government was right to "stick to its established policy of not accepting consular responsibility for non-British nationals".

'Missed opportunity'

Liberal Democrat MP Sarah Teather, who represents a 10-year-old constituent whose father is being held at the camp, said the committee appeared to have been given "the VIP antiseptic tour".

"The committee were given no direct access to prisoners, and they do not appear to have taken evidence either from former detainees, or lawyers or families of current detainees," she said.

Tory MP Andrew Tyrie, who chairs the all party Parliamentary group on extraordinary rendition, said the report did not address the main issue, "which is whether US detention policy, whether in Guantanamo or elsewhere, is making the US, UK and the West more secure or less".

Amnesty International said the report was a "missed opportunity".

"We would have liked to have seen the committee unequivocally backing Amnesty International's long-standing call for Guantanamo to be closed immediately," said the organisation's UK director Kate Allen.

"We do not share the committee's apparent confidence that abuse is unlikely to be taking place now," she added.

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Clive Stafford Smith, legal director of charity Reprieve which represents 38 prisoners at the base, said the report was "full of factual errors" and largely based on a "show tour".

U.K. Panel Urges Guantanamo Alternative (AP)

By David Stringer, Associated Press Writer

AP, January 21, 2007

A panel of British lawmakers urged the government Sunday to work with the United States to develop an alternative to holding terror suspects at Guantanamo — aiming to speed up the closure of the much-criticized U.S. military prison.

The Commons Foreign Affairs Select Committee released a report that also called for an overhaul of the Geneva Conventions and suggesting Prime Minister Tony Blair lead efforts to update the international standards to reflect the challenge of terrorism.

"The international community as a whole needs to shoulder its responsibility in finding a longer-term solution" to the indefinite detention of terrorist suspects at Guantanamo.

"We recommend that the government engage actively with the U.S. administration and with the international community to assist the process of closing Guantanamo as soon as may be consistent with the overriding need to protect the public from terrorist threats," the report said.

About 395 foreign men currently held at Guantanamo are allegedly linked to al-Qaida or the Taliban. Human rights groups have condemned the U.S. for operating the prison, where most detainees have been held for years without being charged.

The U.S. government has blocked their access to U.S. courts, claiming it has the authority to detain them indefinitely to keep America safe. The military says many of those imprisoned provide interrogators with information about terror networks. The U.S. has operated the prison for five years.

Nine British nationals held at the facility had been released by January 2005, but the committee said it believed another nine former British residents remained at Guantanamo. Human rights lawyers have said they were aware of eight ex-British residents being detained.

Seven panel members visited Guantanamo in September. Though the image of inmates "kneeling in the dirt, shackled and hooded" was no longer accurate, the report said Guantanamo failed to achieve minimum British standards "on access to exercise and recreation, to lawyers, and to the outside world through educational facilities and the media."

In October, Foreign Secretary Margaret Beckett said Guantanamo was "unacceptable in terms of human rights" and "ineffective in terms of counterterrorism."

Blair has gone no further than calling the camp an "anomaly" that sooner or later must end.

The committee called on Blair and his successor to help change the Geneva Convention that governs treatment of prisoners of war to "deal more satisfactorily with asymmetric warfare, with international combatants and with the status of irregular combatants."

President Bush has said the Geneva Conventions do not apply to Guantanamo detainees, who were classified as "enemy combatants" — a status that accords them fewer rights than prisoners of war.

Britain's Foreign Office said it would not comment on the report until a formal response had been sent to the committee.

A Retreat On Wiretapping? (WP)

The Washington Post, January 21, 2007

WHEN THE Bush administration announced that it had belatedly put its warrantless wiretapping program under court supervision, its attitude was like that of a traffic officer trying to hurry along bystanders at an accident scene: "Move right along, folks, nothing to look at here." The administration would like Congress, under its new management, to abandon its efforts to dislodge details about the program's operations or to craft legislation to provide a legal framework. Lawmakers don't seem inclined to simply go away, nor should they.

It may be that the Justice Department has devised what Attorney General Alberto R. Gonzales called a "creative" way to bring the surveillance program under the procedures of the Foreign Intelligence Surveillance Act (FISA), one that preserves the "speed and agility" that the administration wants while ensuring adequate judicial review, not simply broad-brush, "programmatic" approval for warrantless wiretapping. If so, that would be good news. It's what we have been saying should happen since the program was revealed more than a year ago -- even as the administration insisted that such a move was neither practically feasible nor legally required.

But there is no way for lawmakers to make a determination about the program on the basis of information they have and every reason for them to be skeptical of the administration's assurances, given its previous intransigence. Those who've been

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briefed on the program have said they still have questions, and they expressed concerns. Rep. Heather A. Wilson (R-N.M.) said that it "doesn't have the protections for civil liberties" she believes necessary.

The special court that oversees the FISA law has said that it is willing, with the administration's approval, to provide a copy of the order under which it is operating. But Mr. Gonzales was anything but reassuring last week when members of the Senate Judiciary Committee pressed for access to the relevant documents. "Are you saying that you might object to the court giving us decisions that you've publicly announced?" said Chairman Patrick J. Leahy (D-Vt.) "Are we a little 'Alice in Wonderland' here?"

A little? Traveling down the rabbit hole with Mr. Gonzales is an endlessly frustrating journey, light on details, heavy on unsubstantiated assurances. "So could you give us some idea of the breadth of these warrants?" Sen. Charles E. Schumer (D-N.Y.) asked the attorney general. "What I can tell you, Senator, is that they meet the legal requirements under FISA," Mr. Gonzales replied. Maybe that kind of conclusory non-answer would suffice when Republicans were in the majority. In fact, no senator of either party should stand for it.

Retreat And Cheat (NYT)

The New York Times, January 21, 2007

President Bush's warrantless wiretapping program was once deemed so vital to national security that it could not be subjected to judicial review. Last week, the White House said it was doing just that.

In 2005, the White House would not even comment on news reports about the C.I.A.'s prisons because Americans' safety depended on their being kept secret. In 2006, Mr. Bush held a photo-op to announce that he was keeping them open.

The administration has repeatedly insisted that it was essential to the American way of life for Mr. Bush to be able to imprison foreigners without trial or legal counsel. Now the administration claims it was trying to bring those detainees to trial all along but was stymied by white-shoe lawyers.

By now, this is a familiar pattern: First, Mr. Bush and his aides say his actions are so vital to national security that to even report on them — let alone question them — lends comfort to the terrorists. Then, usually when his decisions face scrutiny from someone other than a compliant Republican Congress, the president seems to compromise.

Behind this behavior are at least two dynamics, both of them disturbing.

The first is that the policies Mr. Bush is trying so hard to hide have little, if anything, to do with real national security issues — and everything to do with a campaign, spearheaded by Vice President Dick Cheney, to break the restraints on presidential power imposed after Vietnam and Watergate. And there is much less than meets the eye to Mr. Bush's supposed concessions.

Generally, they mask the fact that he either got what he wanted from Congress or found a way to add some other veneer of legitimacy to his lawless behavior. The campaign to expand presidential power goes on, at the expense of American values.

Mr. Bush's aides don't try very hard to hide it. The day the shift on domestic wiretapping was announced, Attorney General Alberto Gonzales gave a speech in which he sneered at the idea of allowing judges to review national security policies. The next day, he was in the Senate refusing to turn over the agreement that he said would provide judicial review for the wiretapping. And his lawyers were in court arguing that a lawsuit over the warrantless eavesdropping should be dropped because Mr. Bush said he would stop the operation.

We don't know exactly what agreement the White House made with the Foreign Intelligence Surveillance Court about eavesdropping. But there is evidence that Mr. Bush got some broad approval for a wiretapping "program" rather than the individual warrants required by law. Because the court works in secret, the public may never know whether Mr. Bush really is complying with the law.

Nor is there likely to be an explanation of why the White House could not have sought the court's approval in the first place. The White House's claim that the process is too cumbersome doesn't ring true. The law already allows the government to wiretap first and then ask for a warrant within three days. The real reason is almost certainly that the imperial presidency had no desire to share power even with the most secret part of the judiciary.

Why else would the president have turned down more than one offer from Congress to amend the 1978 wiretapping law after 9/11 to make getting warrants easier and faster than the three-day rule?

For that matter, why did the White House initially refuse to work with senior Republican lawmakers to create a legal court system for the Guantánamo detainees? Instead, Mr. Bush ordered the creation of kangaroo courts, expanding presidential authority at the expense of Congress and the judiciary, and at the expense of justice.

The Republican-led Congress (with the help of cowed Democrats) refused to hold Mr. Bush and his presidency to account on any of these issues. The Military Commissions Act, passed by Congress just before the midterm elections last year, gave Mr. Bush a pass on what he had already done with the detainees outside the law, and did not stop him from jailing non-Americans indefinitely without due process. Congress absolved American intelligence agents of past abuses of prisoners and approved future abuses, and Mr. Bush happily announced that the C.I.A. prisons would stay open.

There are signs, from people like Senator Patrick Leahy, the new chairman of the Judiciary Committee, that the Democrats will be tougher than the Republicans on these issues. The eavesdropping program and Mr. Bush's secret deal with the surveillance court are a very good place to start.

Editorial: Legal Eavesdropping, Or Surveillance Gone Wild? (SACBEE)

The Sacramento Bee, January 21, 2007

The Senate Judiciary Committee surely had something else in mind when Attorney General Alberto Gonzales dropped by last Thursday to talk about the state of affairs at the Justice Department.

Gonzales provided more details about the department's prosecution of the "Girls Gone Wild" video series than he did about warrantless surveillance. His testimony leaves more questions than it answers and should be considered only Round One of the oversight process on surveillance.

Nothing in the backdrop seems to have changed. While the administration now has gone to the Foreign Intelligence Surveillance Court for warrants, it continues to say that the president has "inherent power" to eavesdrop on Americans and others inside the United States, to search for evidence of terrorist activity without court-approved warrants. In short, the decision to seek warrants could be temporary and applied only as the president chooses.

The earlier decision by Bush to monitor international phone calls and international e-mail messages of people inside the United States without warrants was a major shift in American intelligence-gathering practices -- and a major re-interpretation of the Fourth Amendment's requirements for warrants, based on probable cause, for searches and seizures. With that decision, the Bush administration decided to do an end run around the Foreign Intelligence Surveillance Act. That, enacted in 1978, made it a crime to eavesdrop on Americans without judicial oversight.

After last week's hearing, we still don't know whether the warrants sought by the administration from the FISA court are for surveillance of known phone numbers or known persons, or for dragnet-style data-mining operations of hundreds or thousands of individuals. Normally, the government would seek a FISA warrant for surveillance of a particular suspect's phone calls or e-mails. A congressional staffer told the New York Times that the FISA approvals appear to be for a hybrid of individual warrants and broader approval, whatever that means. Gonzales offered no information or documents to clarify the matter.

U.S. District Judge Colleen Kollar-Kotelly, presiding judge of the FISA court, told the Judiciary Committee in a letter that the court would be willing to give lawmakers copies of orders and opinions related to the surveillance program "if the executive and legislative branches reach agreement for access to this material." Gonzales said the decision would have to be the president's.

Clearly, Congress still has a lot to do to determine whether the spying program follows the 1978 law and the Constitution. And Congress and the president will have to be open to negotiating possible adjustments to the 29-year-old law to reflect developments in technology, surveillance and the new realities of terrorism. But this should be non-negotiable: Congress cannot let the president get away with disregarding or rewriting the law and the Constitution at his whim.

A senior administration official told the New York Times that "People ought to take yes for an answer" -- implying that Congress should just accept the executive branch's word that the spying program is all hunky dory now that it has been approved by the FISA court. That's not how checks and balances work.

Editorial: Judicious Change To Wiretapping (GRPRESS)

Grand Rapids Press (MI), January 21, 2007

After resisting for more than a year, the Bush administration is putting its controversial domestic wiretapping program under the jurisdiction of the secret court set up to govern such cases. It's a good course correction. Concerns about terrorism shouldn't give federal intelligence agencies license to eavesdrop on citizens' phone calls and e-mails without court approval or congressional oversight.

The administration now says it will comply with the 1978 Foreign Intelligence Surveillance Act (FISA) and seek warrants from the secret panel of 11 federal judges for its domestic surveillance program, which monitors communications to and from the United States of people with suspected terrorist ties. That is not an unreasonable or onerous requirement.

President Bush waived the warrant requirement shortly after 9/11 in a secret order that didn't become public knowledge until December 2005. The president chose not to seek authority from the special FISA court, contending he had power under other statutes and that the FISA review process is too slow and too cumbersome to meet the technical needs of the eavesdropping program.

The FISA law was a Cold War-era statute designed to track Soviet agents when communication essentially meant office or home telephones. Today's Islamist terrorists operate globally and not just with standard telephones but with the Internet, disposable cell phones, email and fiber-optic networks. But instead of agreeing to amend the surveillance act to meet today's technical challenges, the administration chose to simply ignore it. That was a bad decision.

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Advocacy groups filed lawsuits challenging the legality of the surveillance program. U.S. District Judge Anna Diggs Taylor in Detroit ruled that the program was unconstitutional and should be halted. A federal appeals court is scheduled to hear the first appellate argument about the lawfulness of the program in two weeks. That may have prompted the government's about-face.

U.S. Attorney General Alberto Gonzales says the Justice Department has worked out an "innovative" arrangement to bring the surveillance program under FISA jurisdiction. He wouldn't elaborate on the specifics to members of the Senate Judiciary Committee this week, so questions remain about what form the new compliance takes. Congressional leaders shouldn't be left in the dark about this new arrangement.

The operational details need not be made public, but congressional leaders or members of the House and Senate Intelligence committees should be thoroughly briefed. What has changed to make the process workable? Does the arrangement require the National Security Agency to seek individual warrants? Or did the court approve of the overall program and grant blanket wiretapping privileges to the NSA?

The issue is not about whether to monitor the communications of suspected terrorists but doing it legally and with proper checks and balances. We all should want that.

Our View Intelligence Oversight Should Confirm Judges' Role In Wiretap Orders (WILNJ)

Wilmington (DE) News Journal, January 21, 2007

So apparently there is a way to do surveillance of intelligence suspects with court oversight after all. For a year, the Bush administration insisted that wartime justified secrecy and executive privileges, regardless of a 1978 law setting up review through a Foreign Intelligence Surveillance Court.

Now, after months of rebuffing congressional negotiations and the threat of investigation, the Justice Department has a method for going to designated judges when it wants to monitor international e-mail and telephone calls given a probably terrorism link.

Skepticism is rife in the Capitol and among civil libertarians, and rightly so. There is only a vague outline of what the new ground rules are that prompted the administration's turn-around.

The Justice Department also is to go before federal court in Cincinnati on Jan. 31 for more arguments on the constitutionality of the Bush's earlier policy.

Congress should look into exactly what is going on. Given this administration's resistance to judicial checks on presidential authority, this adaptation may well be too good to be true.

Editorial: Legally Secret (HARTC)

The Hartford Courant, January 21, 2007

President George W. Bush has substituted one controversial spying program with another.

The old program eavesdropped on American and foreign al-Qaida suspects without the legally required court oversight. The new program? Well, it eavesdrops on the same targets, but now with the required warrants.

Just how broad and loose those warrants are, however - whether they give blanket authority for spying on broad groups of people, for example - are among the important details that nobody outside a small, tight-lipped circle knows.

So much for quelling fears of Big Brother.

The 1978 Foreign Intelligence Surveillance Act required a warrant from a special court before an American citizen could be wiretapped. The National Security Agency ignored that legality in the domestic wiretapping program it began in 2001. The program was itself a well-kept secret until it was exposed by The New York Times in late 2005.

On Wednesday, the Bush administration announced it had dismantled the fiercely criticized program and started applying for court approval for wiretaps - but under new orders and opinions issued by the FISA court. The administration's turnabout was supposed to be welcome news. But the new FISA orders are so wrapped in mystery that no one outside the Bush administration and the spy court knows what they say.

The presiding judge has no objection to releasing them, but the Justice Department refuses to do so or to give even the bare outlines on how the new program works.

Without those details, it's impossible for lawmakers to judge whether their 1978 law is protecting privacy rights as well as public safety.

Editorial: Unanswered Questions (HC)

Houston Chronicle

Houston Chronicle, January 21, 2007

Decision by Bush administration to reinstate judicial oversight of domestic wiretaps a welcome step that needs clarification

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After operating an electronic surveillance program for five years outside legally mandated oversight by a secret federal court, President George W. Bush has seemingly bowed to legal and congressional pressure. Justice Department officials have announced an arrangement with the Foreign Intelligence Surveillance Act court to obtain warrants for future spying inside the U.S.

While lawmakers and officials of civil liberties groups welcomed the development, they also want more information on whether the FISA court will review each surveillance request individually or whether it has simply given blanket approval for the activities by the National Security Agency.

Some suspect that the administration's action is simply a maneuver to derail several pending federal court cases challenging the constitutionality of the president's secretly authorized Terrorist Surveillance Program. The Justice Department added some credence to that view by immediately filing notice with the U.S. Court of Appeals for the 6th Circuit that upcoming filings would address implications of the latest development.

Both Democratic and Republican lawmakers immediately expressed their concerns as to whether the new plan satisfies the requirements of existing law. One House Intelligence panel member, Rep. Heather A. Wilson, R-N.M., told reporters that she believed a single FISA judge had issued an unspecified order with blanket approval for surveillance rather than case-by-case warrants. Wilson is concerned that there are inadequate safeguards for civil liberties as provided by either the FISA legislation or a bill she proposed last year.

Other legislators wondered why the administration has taken so long to bring the surveillance program back under the supervision of the judiciary. The chairman of the Senate Intelligence Committee, Sen. John D. Rockefeller IV, D-W.Va., called the Justice Department announcement "confirmation that the administration's go-it-alone approach, effectively excluding Congress and the courts and operating outside the law, was unnecessary." Sen. Charles Schumer, D-N.Y., wondered why the administration took so long to bring an unlawful program back under the umbrella of the courts.

In a visit with the Chronicle Editorial Board last year, U.S. Attorney General Alberto Gonzales justified the surveillance program as a legal extension of presidential authority in wartime and a congressional resolution supporting military action against terrorists.

In testimony before the Senate Judiciary Committee on Thursday, Gonzales refused to explain why the administration had reversed its previous position that court oversight was too restrictive to effectively combat terrorism.

The Judiciary Committee chairman, Sen. Patrick J. Leahy, D-Vt., produced a letter from FISA court presiding judge Colleen Kollar-Kotelly stating she was willing to give the panel the currently classified surveillance orders if the Justice Department agreed. Gonzales responded that he could not authorize the release because it was not his decision to make, indicating President Bush must make the call.

Americans need to be reassured that their constitutionally guaranteed rights against illegal government surveillance are being safeguarded as mandated by the FISA legislation.

If the chief jurist of the relevant court sees no harm in explaining how it will oversee the program, the administration should assent to providing a thorough explanation to lawmakers and the public.

Editorial: Balance Point (ABJ)

Akron (OH) Beacon Journal, January 21, 2007

The Bush White House says yes to judicial oversight

For more than a year, the Bush White House has publicly claimed the right to conduct electronic surveillance, without first seeking a court warrant, of Americans suspected of terrorist ties. It vigorously defended the program, which started after the Sept. 11 attacks, at congressional hearings and in legal briefs, denying it violated the constitutional protections of citizens. The president insisted the war on terrorism made speedy, warrantless wiretaps a national security imperative.

After all the contention, it is encouraging that the president has reversed course, the Justice Department announcing on Wednesday the program will be under the oversight of the court created by the 1978 Foreign Intelligence Surveillance Act. It is the right decision, a welcome return to checks and balances.

That said, it should not surprise the unexpected reversal has met with skepticism on Capitol Hill. On several anti-terrorism issues, including the interrogation and access of terror suspects to legal counsel, the Bush team has made extravagant claims of executive power, ignoring the roles Congress or the courts may play. The expansive assertion of authority earned a sharp rebuke in a 2004 Supreme Court ruling, Justice Sandra Day O'Connor scolding that ``a state of war is not a blank check for the president when it comes to the rights of the nation's citizens."

The president has forfeited much good will, certainly the benefit of the doubt. He has invited questioning of his intentions and the timing of the about-face on the National Security Agency's wiretap program. In this instance, analysts noted the White House's penchant for riding a controversial policy hard and then shifting course without conceding error, just when the policy is

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about to be tested in the courts or in Congress. The federal appeals court in Cincinnati was due to hear a case on the legality of the wiretap program. Other lawsuits are pending.

In Senate hearings Thursday, a tight-lipped Attorney General Alberto Gonzales did little to ease worries whether the new ``innovative arrangements'' with the FISA court would merely provide the program a blanket cover to conduct wiretaps. Congress would do well to press hard for clarification.

Editorial: Timing Raises Questions (LVS)

Las Vegas Sun, January 21, 2007

Suspicions persist in Bush's claim of changes to government's domestic spying program

One day before the Senate Judiciary Committee was to begin hearings on President Bush's warrantless domestic eavesdropping program, Bush administration officials announced that such surveillance would now be subject to judicial review.

The decision was a reversal for Bush, who has stubbornly insisted that forcing the National Security Agency to adhere to a 1970s-era law - which requires the agency to seek warrants in a secret court before monitoring Americans' communications - hindered the government's ability to track terrorist activity. Bush started domestic surveillance without warrants after the Sept. 11, 2001, attacks.

The New York Times revealed the program's existence in 2005. Bush has since been admonished by both Democratic and Republican lawmakers and federal appeals courts for what amounts to spying on Americans without any judicial oversight.

The timing of this apparent reversal in policy doesn't help to quell suspicions, as Bush often makes grand public promises to deflect criticism. And it is unclear how much the process will change. Attorney General Alberto Gonzales, citing security concerns, refused to tell the Judiciary Committee whether eavesdropping requests will be reviewed one at a time or in groups.

The Bush administration's history of secrecy and deceit by omission runs deep, and it is hard to believe that this seeming change of heart is anything more than an attempt to avoid scrutiny by a Congress that is now run by Democrats.

No More Warrantless Spying (OCR)

Orange County (CA) Register, January 21, 2007

Bush defends the NSA domestic snooping even as he ends the program

The announcement last week that President Bush will not reauthorize the program of having the National Security Agency spy, eavesdrop or perform surveillance on U.S. residents suspected of having contact with terrorists overseas without a warrant being issued is welcome at first blush. It may prove to be an unalloyed benefit. But questions remain, and there are details the American people should be able to know about what government is doing in their name.

The program, revealed in December 2005 by the New York Times, has been controversial because it appears to be illegal. The Foreign Intelligence Surveillance Act of 1978 made a distinction between surveillance of Americans and intelligence surveillance of people in other countries. Americans can't have their phones tapped or be subject to certain other kinds of surveillance without probable cause and a warrant from a court.

The act set up a special secret court to consider requests to eavesdrop on Americans suspected of working for a foreign power. Over the years the court has disapproved only a handful of requests, and most of those were later approved with modifications. If there's a good reason to spy on Americans, the FISA court generally gives the government permission.

President Bush and other members of his administration have maintained that the program is legal as an extension of presidential powers in time of crisis or war. It was begun right after the attacks of 9/11, presumably because even the FISA procedures were considered too cumbersome in an era of cell phones, e-mail, instant messaging and more diverse threats.

An obvious question: If this program was considered legal and utterly essential a year ago, why is there no need to continue it? At a Senate Judiciary Committee hearing last Thursday, Attorney General Alberto Gonzales said the administration had worked out procedures for more "swift and agile" consideration by the FISA court, but did not provide details.

It is also valid to wonder whether this switch was done to avoid judicial scrutiny in three cases challenging the program that are before the courts and might now be moot.

On balance, however, this is a welcome development. Checks and balances don't always prevent abuse, but they are essential to the American system.

Preserving Civil Liberties (MH)

The Miami Herald, January 21, 2007

It would be nice to believe that the Bush administration's reversal of policy on its secret wiretapping program -- allowing a measure of judicial oversight for the first time -- represents a change of attitude regarding the balance between civil liberties and executive power. But that's hardly the case.

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This administration has a consistent pattern of ignoring fundamental rights such as privacy and habeas corpus in order to extend the reach of the "unitary executive." Congress has a duty to find out more about the program and determine whether this change is merely a tactical shift designed to preserve the questionable authority of the president to decide which of those rights can be overlooked or denied in the name of national security.

A positive step

At issue is a vague White House announcement on Wednesday giving the secret Foreign Intelligence Surveillance Court jurisdiction over warrantless eavesdropping -- known as the "Terrorist Surveillance Program." This is a positive step to allow at least some monitoring of this unsupervised activity. But in an appearance before Congress Thursday, Attorney General Alberto Gonzales, a steadfast defender of the program, continued to withhold pertinent details. He also failed to give reassurances that the administration would not suddenly reverse itself once again and deny the courts proper jurisdiction.

In the past, the administration has been known to shift gears suddenly when facing a slapdown from the Supreme Court over dubious assertions of executive power. That was the case, for example, in the prosecution of Jose Padilla, held incommunicado as an "enemy combatant" for three years before the administration decided to charge him as a criminal.

This made the Padilla appeal before the court moot, hence averting a possible ruling that would have undermined the White House's claims of unfettered authority to designate U.S. citizens as enemy combatants. In the latest instance, a federal court in Cincinnati was on the verge of holding the first appellate hearing on the warrantless wiretapping program. By deciding to give the so-called FISA Court authority to monitor the program, the administration can argue that this case is also moot and thus can avoid a potentially embarrassing judicial spanking.

If civil liberties advocates are right -- and they have a strong case -- the administration has been operating outside the law for five years. FISA was created in the 1970s as a super-secret court to deal with sensitive national security eavesdropping. Why did it take 19 months following public disclosure of the secret wiretapping for the administration to agree that the court should monitor the program? Did the court surrender any of its authority in return for getting the program back under its jurisdiction?

Checks and balances

It is vital for Congress to learn the answers to these and other questions about who is secretly listening to the conversations of Americans and under what rules. Courts are supposed to determine when there is probable cause to suspect that the target of the wiretap is connected to terrorism. Without oversight, even the most well-intended prosecutor or federal agent can step across the line that protects our freedoms.

Whether the administration likes it or not, this is part of the bedrock system of checks and balances that has preserved the civil liberties that Americans cherish.

Steve Chapman: Never Mind What We Said About Spying (CHIT)

Chicago Tribune, January 21, 2007

Is President Bush surrendering in the war on terror? For more than a year, the administration has insisted that preserving its "terrorist surveillance program," which involves unfettered and unauthorized wiretapping of Americans suspected of communicating with Al Qaeda operatives abroad, was, in the words of former White House press secretary Scott McClellan, "a vital tool" for us "to stay a step ahead of a deadly enemy that is determined to strike America again." Now, Atty. Gen. Alberto Gonzales says the program will not be renewed.

Before, we were told it was impossible to combat terrorism within the confines of the 1978 Foreign Intelligence Surveillance Act, which places such investigations under the review of a special intelligence court--a process Gonzales portrayed as cumbersome and obsolete.

But that was in the past. "Any electronic surveillance that was occurring as part of the Terrorist Surveillance Program will now be conducted subject to the approval of the Foreign Intelligence Surveillance Court," wrote Gonzales in a letter to the Senate Judiciary Committee last week. Did we say impossible? We meant easy!

This about-face must be causing massive cognitive dissonance within the administration and among conservatives who regard any check on executive power as a favor to Al Qaeda. From the moment the secret National Security Agency program was revealed by The New York Times in 2005, Republicans treated its critics as foolish appeasers.

Never mind that it apparently violated the law, and never mind that it let the government spy on Americans right here at home, without bothering to get the search warrants that are normally required. Issues of legality, constitutionality and privacy cut no ice with the administration and its supporters. Either you were for the program, or you preferred to expose us to catastrophe.

During last fall's campaign, Bush mercilessly ridiculed congressional critics. "They must not think we're at war," he charged. "When the Terrorist Surveillance Program was brought to a vote on the floor of the House of Representatives, the vast majority of Democrats voted against it." So when, exactly, did the war end?

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Even stalwart administration allies are asking that question. An editorial in The Wall Street Journal, which defended the program from the start, declared itself "baffled by Mr. Bush's surrender" and warned that the "administration has some explaining to do--not least to its own officials who spent months saying FISA warrants were dangerously restrictive."

Contrary to the president's suggestions, critics were never against surveillance of Al Qaeda confederates in the United States. They only wanted the government to do what cops normally do when they want to eavesdrop: go to a judge and explain why the person targeted warrants investigation. In an emergency, FISA even allows the NSA to install the wire-tap first and seek approval within 72 hours. But that wasn't good enough for the administration.

The attorney general now says the NSA no longer has to operate as it did because the Justice Department worked with the Foreign Intelligence Surveillance Court to devise a faster, more flexible way to get a judge's approval of wiretaps. But if there is a way to do that, why did the administration wait five years to propose it?

Congress, after all, has amended FISA several times since it was enacted. Yet the White House chose to circumvent the law and create a secret program that, if the president had his way, would still be spying on Americans without our knowledge.

We don't know exactly how the program will operate under the court's supervision, because Gonzales refuses to say. But apparently the administration has succumbed to the once-intolerable burden of demonstrating to judges that certain people pose a danger before they are bugged.

Sen. Arlen Specter (R-Pa.), the ranking Republican on the Judiciary Committee, says Justice Department officials assured him the eavesdropping will proceed on the basis of old-fashioned individualized warrants, not simply a blanket court approval of what the NSA was doing. Other sources told The Washington Post that such warrants are one part of the new system. So apparently we can fight Al Qaeda without giving up our privacy protections.

Maybe we were misled before, or maybe we're being misled now. But the next time the president tries to sell us on the idea that some expansion of executive power is critical to fighting terrorism, I hope he'll throw in the Brooklyn Bridge.

HOMELAND RESPONSE:

Passport Prerequisite (WT)

By Joyce Howard Price

The Washington Times, January 21, 2007

Some travel-industry officials say they fear a passport bottleneck when new federal regulations take effect Tuesday requiring Americans to show a passport to re-enter the United States after traveling to countries in the Western Hemisphere.

But officials at the State and Homeland Security departments, which are implementing the changes, say most travelers who need passports to comply with the new rules already have them.

The first phase of the Western Hemisphere Travel Initiative (WHTI) will require U.S. citizens traveling by air between the United States and Canada, Mexico, Central and South America, the Caribbean and Bermuda to present a valid passport. In the past, many of these destinations required only a valid U.S. driver's license or other official identification.

The changes in travel requirements do not affect trips to and from U.S.-controlled territories in the Caribbean, such as Puerto Rico and the Virgin Islands.

The new rules were recommended by the September 11 commission and were passed into law as part of the Intelligence Reform and Terrorism Prevention Act of 2004. The rules are aimed at reducing the threat of terrorism and creating a uniform system to identify travelers.

Currently, a traveler "may make a verbal declaration of citizenship" or "produce 8,000 different documents" to try to show who they are as they try to cross the border, making authentication of identity both difficult and time-consuming, said Derwood Staeben, a senior adviser for the State Department's Consular Affairs Bureau, which oversees passports. "In fiscal 2005, our Customs Bureau intercepted 75,000 fraudulent documents."

A recent poll by Kayak.com, which provides travel information to about 2 million people a month, showed that "only a small percentage of those planning to get a passport" to comply with the new regulations "have even sent in their applications," said Steve Hafner, co-founder and chief executive officer of the firm, which has offices in New Jersey and Massachusetts.

"We think it could create a major backlog when the U.S. State Department starts processing all those applications, once they are in the system," Mr. Hafner said, noting that it already takes six weeks for applicants to obtain a passport.

In contrast, data from the Homeland Security Department show that 86 percent of Americans who have flown to the United States since Nov. 20 had passports, leading Homeland Security Secretary Michael Chertoff to say Thursday that he expects a "relatively seamless transition."

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Overall, about 73 million Americans -- or 27 percent to 28 percent of the U.S. population -- have passports, Mr. Staeben said.

But Ileana Kerasidis, manager of Skyline Travel in Alexandria, said her clients are expressing "tremendous concern" about potential passport backlogs.

'Start very early'

Steve Dahlgren, manager of Ticket to Ride, a travel agency in the District, said he is "recommending that people start very early" in the passport-application process.

"For example, if someone is planning a trip in July and would usually wait until May to apply for a passport, we are advising them to apply now," Mr. Dahlgren said. "There is not much confidence the process will be smooth. I am not concerned that the State Department will be completely overwhelmed, but I think it's best to start early and be safe."

The State Department says it has "dedicated sufficient resources" to handle the nearly 4 million additional applications for passports it expects to receive this year as a result of the new requirements. It says it has hired 250 new employees to review passport applications.

"We've been preparing for this, and so we're not expecting a backlog," Mr. Staeben said. "We don't have a backlog now, even though applications are up 51 percent over last year. We process passports in a six-week period, and we expect that to continue."

However, Mr. Dahlgren said he's heard from some clients who already have waited at least eight weeks to get passports. "There is a backlog," he said.

The second phase of the WHTI, expected to begin as early as Jan. 1, 2008, will require citizens traveling back to the United States by land or sea -- including ferries -- to show passports.

About 86 million people fly to the United States each year. But about four times that number arrive in cars. As a result, many officials are expecting passport applications to rise dramatically next year. The State Department says it expects 18 million applications in 2008, up from 12.1 million last year and an anticipated 16 million this year.

A price to pay

Because the new passport requirements can add sharply to the cost of a trip -- especially for families -- there seems to be increased client interest in travel to places that will remain passport-free, said Drew Patterson, a vice president at Kayak.com.

In most cases, a passport costs $97, which includes a $30 execution fee. For children younger than 16, the cost is $82. Mr. Staeben said those prices will not rise under the new policy.

But a couple with three children who need passports to travel somewhere that passports formerly weren't necessary will pay another $440.

And if they need a passport in a hurry, they will have to pay $60 more per person -- or a total of $300 for a family of five -- for the faster service. Mr. Staeben said paying the "expedite fee" typically means applicants will receive passports in two weeks rather than six.

Some hotel chains and tourism offices in parts of the Caribbean affected by the new rules, including Nassau and Paradise Island in the Bahamas, are offering promotions that reimburse travelers who suddenly need to get passports.

As for what will happen to U.S. citizens who attempt to re-enter the country without a passport, the government says the law allows the new documentation requirements to be waived under certain circumstances.

"These exceptions include individual cases of unforeseen emergency and individual cases based on 'humanitarian or national-interest reasons,' " the State Department says in a fact sheet.

Exempting 'snowbirds'

Mr. Chertoff said so-called "snowbirds" -- Canadians spending the winter in the United States -- are also exempt from the new passport requirements. "We will allow them to depart from the United States without having a passport for some significant period of time to avoid the problem of people who may have come here last year" before the requirement took effect, he told reporters last week.

There also will be exceptions for those with special cards issued for those who travel between the United States and Canada for work, merchant marines with Coast Guard documents and permanent residents with green cards.

In addition, the State Department says it "has processes to assist U.S. citizens overseas to obtain emergency travel documentation for those with lost or stolen passports."

Originally, the proposed date for implementation of the air phase of WHTI was Jan. 1, rather than Jan. 23. But it was postponed at the request of the airline industry "in order to facilitate holiday travel," the government said.

Later this year, the State Department will begin providing credit-card-size Passport Cards or PASS Cards, which can be used as ID for land and sea travel between the United States and Canada, Mexico, the Caribbean and Bermuda.

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Passport applicants must appear in person at a passport acceptance center, found in post offices, federal courthouses, county clerk offices and even libraries in some communities. Full information about the application process can be obtained at the State Department's Web site (http://travel.state.gov/passport/passport_1738.html).

New Orleans Of Future May Stay Half Its Old Size (NYT)

By Adam Nossiter

The New York Times, January 21, 2007

NEW ORLEANS, Jan. 20 — The empty streets, deserted avenues and abandoned houses prompt a gnawing question, nearly 17 months after Hurricane Katrina: Is this what New Orleans has come to — a city half its old size?

Over and over, the city's leaders reassure citizens that better days and, above all, more people are in the future. Their destiny will not merely be to reside in a smaller city with a few good restaurants and curious local customs, the citizens are told.

But some economists and demographers are beginning to wonder whether New Orleans will top out at about half its prestorm population of about 444,000, already in a steep decline from its peak of 627,525 in the 1960 Census. At the moment, the population is well below half, and future gains are likely to be small.

"It will be a trickle based on what we know now," said Elliott Stonecipher, a consultant and demographer based in Shreveport, La. "Low tens of thousands, over three or four or five years, something in that range. I would say we could start losing people, especially if the crime problem doesn't get high visibility."

The new doubts, surprisingly, are largely not based on the widespread damage caused by the flood. Rather, crippling problems that existed long before Hurricane Katrina are mostly being blamed for the city's failure to thrive.

In this view, the storm was merely a grim exclamation point to conditions decades in the making. Before the storm, some economists say, New Orleans may have had more people than its economy could support, and the stalled repopulation is merely reflecting that.

Hurricane Katrina may have brutally recalibrated the city's demographics, setting New Orleans firmly on the path its underlying characteristics had already been leading it down: a city losing people at the rate of perhaps 1.5 percent a year before Hurricane Katrina, with a stagnant economy, more than a quarter of the population living in poverty, and a staggeringly high rate of unemployment, in which as many as one in five were jobless or not seeking work.

Political leaders, worried about the loss of clout and a Congressional seat, press for people to return, but a smaller New Orleans may not be bad, some economists say. Most of those who have not returned — 175,000, by Mr. Stonecipher's count — are very poor, and can be more easily absorbed in places with vibrant job markets, they say.

Large-scale concentrations of deep poverty — as was the case in New Orleans before the storm — are inherently harmful to cities. The smaller New Orleans is almost certain to wind up with a far higher percentage of its population working than before Hurricane Katrina.

"Where there are high concentrations of poverty, people can't see a way out," said William Oakland, a retired economist from Tulane University who has studied the city's economy for decades. "Maybe the diaspora is a blessing."

Others, however, worry that permanently losing so many people threatens the city's culture — its unique way of talking, parading and eating.

"Culture is people," said Richard Campanella, a Tulane geographer who has written extensively about the city's neighborhoods. "If half the local people are dispersed and no longer living cohesively in those social networks, then half of local culture is gone."

The new doubts also take into account the current barriers to repopulation, including the well-documented failure of the state's Road Home aid program for homeowners, the loss of tens of thousands of jobs since the storm, the crime problem and delays in rebuilding moderately priced housing. Official efforts — local, state and federal — to rebuild the network of hospitals, schools and public housing projects that once served the city's huge poor population have been faltering. But they also look at what New Orleans was before the storm.

The low population figure, 191,000, which was reported by the Louisiana Recovery Authority in November last year in the most credible survey to date, was about half the 444,000 count in a Census estimate before Hurricane Katrina. The number was surprising, dashing expectations of a "big return," as one economist put it, and was hotly disputed by local officials. Still, upticks, if there are any, are imperceptible: the percentage of prehurricane gas and electric users who were getting service, for instance, remained the same between April and November 2006, the Brookings Institution reported last month.

"Our expectations were just wrong," said James A. Richardson, an economist who directs the Public Administration Institute at Louisiana State University. "I don't believe it will ever be 450,000 again. I think New Orleans did not need 450,000 people to support the economy you had at that time."

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With no real place for the poorest of the evacuees in the economy before the storm, New Orleans may have permanently lost that part of its population. Supporting that notion is an unpublished analysis by Mr. Oakland, the former Tulane economist, which shows unusually low rates of participation in the labor force before Hurricane Katrina.

Thus, a frequent impression of prehurricane travelers to New Orleans — that there were "a lot of people hanging around, going nowhere," as the Nobel-winning Columbia University economist Edmund S. Phelps, a sometime-visitor, puts it — turns out to have a statistical basis.

The statistics, which compare the number of people actually working with the total working-age population, suggest "there are a lot of people out there not working," said Mr. Oakland, referring to the period before Hurricane Katrina. Or, he said, they were working in an underground economy, not measured by statistics. If not actually illegal, he said, it was not very profitable.

In New Orleans, before the storm, about 4 out of 10 men in the working-age population were out of a job or not looking for one, compared with less than 3 in 10 nationally.

Employment had dropped sharply in the city from 1969 to 1999, Mr. Oakland writes. More than half of young black men ages 16 to 24 were not in the labor force. Unemployment rates among young blacks were above 25 percent. "The data is showing New Orleans is really a basket case," Mr. Oakland said.

In the city's poorest areas, the numbers were even more discouraging. In places like the Lower Ninth Ward or Central City, half of all working-age people were not looking for work, Mr. Oakland wrote. The real unemployment rate in these impoverished, high-crime areas, which would include those not looking for work, would have been a "whopping" 32 percent, he wrote.

Compounding the city's difficulties, and, in effect, helping to stem the population loss, was a secondary factor: the direness of the city's poverty, and its concentration. Those conditions helped make the city's poor population exceptionally immobile. New Orleans was also poor not only in absolute terms, but also in relative terms. The poorest 30 percent of households had a lower share of the city's total income than the comparable slice in any other similar Southern city, Mr. Oakland found.

"The job mobility was very low among the poor, so they just stay where they are, and the social welfare system shored them up," Mr. Oakland said.

The city's population was thus "out of equilibrium, if you would say that," Mr. Oakland added. "It's not normal to have that level of nonparticipation in the labor force."

Haunting the city's effort to repopulate, too, is the incalculable toll inflicted by ghosts from its past — a political legacy of corruption and patronage, and a deep racial division with a far more distressing passage toward integration than was experienced, say, in Atlanta.

Looking to the future, another 50,000 people might eventually be added to the city's population, Mr. Oakland suggested, but there are no guarantees.

There has been little to no construction of cheap housing that would enable the return of the largest category of those still displaced, Mr. Stonecipher noted.

A second category of people, 50,000 or more who have established themselves elsewhere but who could return, may be even harder to recapture, given the combination of past weaknesses and continuing present-day hurdles.

"The longer it lasts, the more likely it is that our population is plateauing, the longer the uncertainty continues," said Janet Speyrer, an economist at the University of New Orleans.

WAR NEWS:

Embattled, Bush Held To Plan To Salvage Iraq (WP)

By Michael Abramowitz, Peter Baker

The Washington Post, January 21, 2007

Iraqi Prime Minister Nouri al-Maliki had a surprise for President Bush when they sat down with their aides in the Four Seasons Hotel in Amman, Jordan. Firing up a PowerPoint presentation, Maliki and his national security adviser proposed that U.S. troops withdraw to the outskirts of Baghdad and let Iraqis take over security in the strife-torn capital. Maliki said he did not want any more U.S. troops at all, just more authority.

The president listened intently to the unexpected proposal at their Nov. 30 meeting, according to accounts from several administration officials. Bush seemed impressed that Maliki had taken the initiative, but it did not take him long to reject the idea.

By the time Bush returned to Washington, the plan had already been picked through by his military commanders. At a meeting in the White House's Roosevelt Room, the president flatly told his advisers that the Maliki plan was not going to work. He had concluded that the Iraqis were not up to the task and that Baghdad would collapse into chaos, making a bad situation worse. And so the Americans would have to help them.

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From that early December meeting on, Bush was headed down a path that would result in his defying critics and the seeming message of the November elections by ordering 21,500 more U.S. troops to Iraq. A reconstruction of the administration's Iraq policy review, based on more than a dozen interviews with senior advisers, Bush associates, lawmakers and national security officials, reveals a president taking the lead in driving the process toward one more effort at victory -- despite doubts along the way from his own military commanders, lawmakers and the public at large.

He never seriously considered beginning to withdraw U.S. forces, as urged by newly elected Democratic congressional leaders and the bipartisan Iraq Study Group. And he had grown skeptical of his own military commanders, who were telling him no more troops were needed.

So Bush relied on his own judgment that the best answer was to try once again to snuff out the sectarian violence in Baghdad, even at the risk of putting U.S. soldiers into a crossfire between Sunni insurgents and Shiite militias. When his generals resisted sending more troops, he seemed irritated. When they finally agreed to go along with the plan, he doubled the number of troops they requested.

It was a signature moment for a president who seems uninfluenced by the electorate on Iraq and headed for a showdown with the new Democratic Congress. Presented with an opportunity to pull back, Bush instead chose to extend and, in some ways, deepen his commitment, gambling that more time and a new plan will finally bring success to the troubled U.S. military mission.

"The guy who is most committed to winning and finding a way to win is the president. He always has been; he's the only reason we are still in this fight," said Frederick W. Kagan, a military historian at the American Enterprise Institute whose advice to send more troops has been closely monitored by senior administration policymakers.

Yet in hindsight, some Bush advisers believe they misjudged the politics that would greet Bush's Jan. 10 unveiling of the new plan. They understood that many if not most Democrats would not welcome a troop increase but thought at least some would grudgingly go along -- not anticipating what ended up as near-universal opposition by Democrats and visceral anger even among some Republicans.

They had hoped more members of Congress would embrace the advice that Sen. Joseph I. Lieberman (I-Conn.) gave the president during one session in the Cabinet Room. "Mr. President, I have two words for you," Lieberman said, according to officials who were present. " 'Be bold.' "

That advice, at least, Bush would take to heart.Political Surprises

Bush's new Iraq plan traces its origin to last summer, after the second of two operations designed to quell spiking violence in Baghdad collapsed. For more than three years, Bush and his advisers had been leading the war on the fundamental belief that once they built a representative democratic government, the Sunni insurgency and sectarian violence would ebb.

By early fall, even as Bush was on the campaign trail accusing Democrats of defeatism, he and his senior advisers were coming to the conclusion that his core assumptions were wrong. The political process would not lead to security in Iraq. In fact, it would have to be the other way around. And they started to doubt the advice from Defense Secretary Donald H. Rumsfeld and senior commanders in Baghdad that troop levels were adequate to contain the violence.

"It was pretty clear when you started to look at our assumptions, many of them just weren't right," said a senior administration official, who like others discussed internal deliberations on the condition of anonymity.

Bush concluded by the run-up to the Nov. 7 congressional elections that to change course he would have to get rid of Rumsfeld, the senior figure in his administration most resistant to rethinking the Iraq strategy. At the same time, several agency reviews of Iraq policy were launched. But both decisions were kept secret until after the balloting.

In the meantime, Bush dispatched national security adviser Stephen J. Hadley to Iraq to bring back what White House officials called "ground truth." Hadley returned from his Oct. 29 to Nov. 5 trip profoundly disturbed by the Maliki government, uncertain whether the prime minister was capable of doing what was necessary to rein in Shiite militias.

The day after the election, Bush announced that he was removing Rumsfeld and replacing him with former CIA director Robert M. Gates. That same day, Hadley sent a five-page classified memo to the president that proposed bolstering Maliki's political and security capacities and raised the prospect of more U.S. troops.

On Nov. 14, Bush ordered that the various agency reviews be combined into a single process and declared that he would lead it himself. A group led by deputy national security adviser J.D. Crouch II began a series of grueling seven- and eight-hour-a-day meetings.

Closeted in a conference room named for World War II-era secretary of state Cordell Hull, the Iraq team debated papers presented by senior officials throughout the government. State Department officials urged a more energetic outreach to Iraqis beyond Baghdad's Green Zone, to hedge against failure by the Maliki government. Other officials, including those in the office of Vice President Cheney, voiced concern that U.S. steps to reach out to disaffected Sunni Iraqis had not brought about a corresponding decrease in violence.

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The president also heard from outside experts. In an early December Oval Office meeting, retired Army Gen. Jack Keane presented his own plan for an increase of tens of thousands of U.S. troops to restore security in Baghdad. Another retired Army general, Barry R. McCaffrey, said he told Bush that the idea was a "fool's errand" and argued that putting more troops on the ground would not change the underlying dynamic. Still, the administration was interested enough in a buildup that Keane had follow-up sessions with Cheney and Hadley.

At the same time, White House officials called in scores of lawmakers to discuss Iraq with the president in the weeks leading up to Bush's Jan. 10 speech. While many Democrats dismissed such talks as a facade of consultation over a decision long since made, Carl M. Levin (D-Mich.), chairman of the Senate Armed Services Committee, said when he told Hadley at a private meeting that the president needed to make clear that the U.S. commitment was not "open-ended," Hadley picked up the telephone and called an aide to make sure the speech included such language.

White House aides also debated how to respond to the Iraq Study Group, a bipartisan, congressionally chartered commission headed by former secretary of state James A. Baker III, a close friend of the president's father, and former congressman Lee H. Hamilton (Ind.), a widely respected Democrat. At first, officials said, they hoped the group would prove a vehicle for bringing the two parties together after a bitter election.

But the panel advanced several key proposals that the White House quickly made clear were unacceptable to Bush, particularly a plan to withdraw U.S. combat forces by early 2008, open talks with Iraq's neighbors Iran and Syria, and condition U.S. assistance on the Maliki government meeting defined political benchmarks.Rejecting Plan B

A version of Maliki's surprise proposal during the Amman meeting turned out to be the major alternative considered by Bush, White House officials said. The plan called for ringing Baghdad with U.S. troops while Iraqi security forces fought the sectarian violence in the city. Other U.S. troops in the country would shift to the borders to keep Iranian and Syrian infiltrators out, leaving U.S. forces with one main combat mission -- attacking al-Qaeda elements in Anbar province in western Iraq.

The plan had the appeal of not pulling U.S. troops out of the country while still allowing Iraqis to settle their own differences. But Bush worried that such a move might mean losing the war.

"He became convinced that that was not sustainable," Hadley said in an interview. "Let's assume that the sectarian violence does escalate. Are the American military really going to stand outside the city while sectarian violence rages in Baghdad? I don't think so."

The Bush team concluded that the previous Baghdad security plans had failed for four reasons: The Iraqis never took ownership over security, Maliki placed political constraints on military operations, there were not enough reliable Iraqi and U.S. forces, and there was no serious effort to rebuild areas taken back from insurgents or militias.

Bush spent hours in conversation with Maliki, on the phone and in videoconference, probing to determine whether he could count on the prime minister. "The president decided we need to bring this issue to a head," one senior adviser said. "We need to clarify whether this government is really a partner or not."

Dan Bartlett, counselor to the president, said Maliki's presentation of a new plan in Amman was a sign of his heightened interest in tackling Baghdad's security problems.

"We all recognized that it was too ambitious," he said. "What the president liked was the intent and the willingness to take on more responsibility."

Another problem for Bush was that the military did not necessarily want more troops. Army Gens. John P. Abizaid, the Middle East commander, and George W. Casey Jr., the commander in Iraq, opposed an influx of U.S. forces because they were unconvinced it would change the dynamics on the ground.

Resistance from Casey and the Joint Chiefs of Staff flared throughout the process. On Dec. 13, Bush went to the super-secure "tank" at the Pentagon to listen to his top generals, only to walk away convinced that some of them were trying to manage defeat rather than find a way to victory.

Bush decided to placate some of the concerns expressed by the generals about the overextended military and told The Washington Post six days later that he would expand the size of the Army and Marines. When Gates went to Baghdad that week, he came back with Casey's agreement for more troops based on the understanding that the commander would no longer be held back by the Iraqi government and that the United States would address the country's economic needs.

"He was not overriding his commanders," one Bush aide said of the president. "But he was pushing them to identify what went wrong and what do we need to change what happened."

Still, Bush and the military came at the plan from different perspectives. Casey asked for two more brigades for Baghdad, plus a third that would be stationed in Kuwait as a reserve and two others that would be put on call back in the United States.

Bush decided that was not enough. His advisers studied the experience in the northern Iraqi town of Mosul under Army Lt. Gen. David H. Petraeus, who successfully undercut the insurgency there, and they decided they could not risk having too few

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troops. Bush had already decided to replace Casey with Petraeus, and through intermediaries the president reached out to Petraeus, who was supportive of more troops than Casey requested.

So the president reversed Casey's plan, deciding that all five brigades would go to Baghdad in a phased deployment. "The president came out and said, 'Let's err on the side of making sure they have everything they need,' " said a senior official.

Bush Administration, Under Criticism, Warns Iraq To Fulfill Its End Of The Bargain (NYT)

By Helene Cooper, David E. Sanger

The New York Times, January 21, 2007

WASHINGTON, Jan. 20 — President Bush and his top advisers, after nine days of unrelenting criticism from Congress, are warning the Iraqi government that continuing funding for an American troop increase and other elements of Mr. Bush's new Iraq strategy will be contingent on Prime Minister Nuri Kamal al-Maliki's delivery on promises to quell violence, senior administration officials said in recent interviews.

"It's going to be a little bit pay-as-you-go, and it's going to depend a lot on Iraqis performing," Stephen J. Hadley, President Bush's national security adviser, said Friday.

"As Mr. Maliki's government follows through on its promises," Mr. Hadley said, the administration will "be in a much better position to resist any efforts to fence the funds" when the Iraq budget request goes before Congress.

The warning is coming despite President Bush's declaration, in an interview last weekend, that he had the sole authority to carry out the strategy, including an increase of about 18,000 troops to secure Baghdad. Now, administration officials, who have carefully avoided declaring outright that the American commitment in Iraq would be cut back if Mr. Maliki fails, are using the open hostility of most Democrats and the skepticism of many Republicans as a way to underscore to the prime minister that the White House plan represents a last chance for him.

In recent days, however, as Mr. Bush's plan has come under attack in both houses, White House officials are trying to head off both a vote condemning Mr. Bush's approach and a longer-term effort to restrict money or limit the number of troops that can be sent.

The White House has dismissed some of that criticism as partisan and "poisonous," the word it used in response to House Speaker Nancy Pelosi's charge on Friday that Mr. Bush knows that "because the troops are in harm's way, that we won't cut off the resources." She went on to charge, "that's why he's moving so quickly to put them in harm's way."

But even the ranking Republican member of the Senate Armed Services Committee, Senator John W. Warner of Virginia, has declared deep concern about the wisdom of sending more troops, and one of the nation's most senior retired marines, Gen. Joseph P. Hoar, told the Senate Foreign Relations Committee that "the addition of 20,000 troops is too, little too late."

The result is that some members of the administration are already discussing what one called "Plan C," even as the administration publicly expresses support for Mr. Maliki. Some senior officials, insisting on anonymity, are discussing alternative leadership for the Iraqi government, including throwing American support behind another Shiite leader, Adel Abdul Mahdi. Mr. Mahdi is the deputy to Abdul Aziz al-Hakim, the leader of the Iranian-backed Supreme Council of the Islamic Revolution in Iraq, a party known as Sciri. Mr. Mahdi has long been a favorite of the White House to take the top job; he lost out last spring when the anti-American cleric Moktada al-Sadr, whose family has long feuded with Mr. Hakim's, threw his support behind Mr. Maliki in a vote within the Shiite coalition.

Administration officials maintain that there is no American plan afoot to encourage a removal of Mr. Maliki from power, and several senior officials said that if Mr. Maliki does not follow through on his promise to deploy Iraqi Army and police brigades in Baghdad to quell sectarian violence, the Iraqis themselves will move to replace him as prime minister.

Some in the administration complain that backing a member of Mr. Hakim's party would quickly give Iran enormous influence over the Iraqi government; when American military forces picked up Iranian operatives in Baghdad late last month, the raid took place within Mr. Hakim's compound. Those operatives were later released after Iran and Iraq claimed they had diplomatic immunity; the Pentagon said one of the men was the chief of operations for an elite Iranian military unit.

The conflicting signals here reflect doubt within the administration that Mr. Maliki will actually prove either willing or able to crack down on Shiite militia groups, which make up a large percentage of his support base.

Secretary of State Condoleezza Rice's recent trip through the region to sell America's Sunni Arab allies on Mr. Bush's Iraq strategy, underscored just how much hostility there is among Sunni Arabs toward Mr. Maliki, administration officials said. "What she heard was that Maliki has failed completely, both politically and personally, and they don't trust him to crack down on the Shiites," one senior administration official said.

Mr. Hadley expressed concern about Mr. Maliki in a memorandum to Mr. Bush in November, which was later leaked. But his comments on Friday appeared to be the first time that any senior administration official had suggested that should those doubts grow, Congress could imperil Mr. Bush's new approach.

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Administration officials, in interviews, said they were not conceding that Congress was heading toward making a troop increase contingent on Iraqi action. But by warning the Iraqis of the possibility, they are clearly both using Congress's dissatisfaction to gain leverage, and preparing for the possibility that the Democratic majority may impose conditions that Mr. Bush has resisted.

Last Sunday, on the CBS program "60 Minutes," Mr. Bush insisted that he has the authority as commander-in-chief to execute his strategy, no matter what kind of objections Congress raises. "In this situation, I do, yeah," he said. "Now, I fully understand they could try to stop me from doing it. But I made my decision, and we're going forward."

Interviews with senior administration officials, however, indicated that now that question is no longer viewed in such black-and-white terms. While Mr. Bush clearly has the money to keep his strategy afloat for a number of months, there is a growing realization that domestic pressure to place a "cap" on troop levels or begin withdrawal could become overwhelming. So, in an effort to turn a potential constraint into a negotiating tool, Mr. Bush's aides have begun to tell Iraqi politicians that Congress's patience with the pace of the war is just about exhausted.

"If they do perform in the next two months, we've probably bought ourselves another four months," said one senior administration official, referring to the Iraqi government.

The hedging under way reflects a continuing debate within the administration about how explicitly to make the proposed troop increase conditional on Iraqi performance, administration officials said. That debate was still on display even after Mr. Bush, in his speech to the nation on Jan. 10, praised the Maliki government's "strong commitment" to ending sectarian violence, and pledged that "America will change our strategy help the Iraqis carry out their campaign to put down sectarian violence—and bring security to the people of Baghdad."

But the next morning, both Ms. Rice and Defense Secretary Robert M. Gates struck a different note. "Among Americans and Iraqis, there is no confusion over one basic fact: It is the Iraqis who are responsible for what kind of country Iraq will be," Ms. Rice said during a news briefing at the White House. "The president has conveyed to the Iraqi leadership that we will support their good decisions, but that Americans' patience is limited."

Mr. Gates went further a week ago when he suggested that the United States had built "off-ramps" in case the troop reinforcement was not needed, and said that if they were used, "you don't necessarily have to go to the full extent of the buildup." At another point, he said, "We're going to know pretty early on whether the Iraqis are meeting their military commitments," he said.

But American officials have been cagey about how they would respond if they conclude Mr. Maliki is unwilling or unable to face down Shiite militias, or strike the deals necessary to reach a political accord with the minority Sunnis. American leverage over Mr. Maliki is limited, especially because he has never been enthusiastic about an increase of American troops, and has even suggested that he is not interested in remaining the country's leader for long.

"The baseline strategy is that we'll invest in good performance, not in things we consider foolish and destructive," said Philip D. Zelikow, the former counselor at the State Department who participated in the administration's Iraq strategy review. "Since the odds that the Iraqi government are genuinely going to adopt" the Iraqi part of the troop increase "are uncertain, recent events reinforce the need to underscore this baseline strategy, which may not seem to promise a big win but also doesn't seem to be placing such a big gamble," Mr. Zelikow said.

Vietnam Surfaces On Both Sides Of Iraq Debate (LAT)

By Noam N. Levey, Times Staff Writer

The Los Angeles Times, January 21, 2007

Supporters and critics of Bush policies have invoked the conflict. But scholars say the two wars differ greatly.

WASHINGTON — As President Bush was preparing to announce plans to send more troops to Iraq earlier this month, Sen. Edward M. Kennedy chose to talk about another conflict.

"In Vietnam, the White House grew increasingly obsessed with victory, and increasingly divorced from the will of the people," the 74-year-old Massachusetts Democrat said in a speech to the National Press Club.

"We all know what happened, though," he continued.

"There was no military solution to that war.... In the end, 58,000 Americans died in the search for it. Echoes of that disaster are all around us today."

Kennedy mentioned Vietnam seven times in the speech, in which he outlined plans to challenge Bush's plan.

Other members of Congress would follow.

On the floors of the House and Senate, in committee hearings and news conferences since the president's Jan. 10 announcement, lawmakers on both sides of the aisle and both sides of the war debate have repeatedly invoked America's longest war.

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Opponents use the vocabulary of the Vietnam War as they talk of opposing an escalation that they consider as divisive as those pushed by Presidents Johnson and Nixon in the 1960s and early 1970s. And supporters of the president warn of repeating other mistakes of that conflict by withdrawing support for American soldiers while they remain in harm's way.

Capitol Hill even witnessed the recent return of one of the Vietnam era's iconic figures when former Sen. George S. McGovern of South Dakota, the 1972 Democratic presidential nominee, came to Washington to offer lawmakers advice about ending this war.

Analogies between the two conflicts are as old as the Iraq war itself — and fraught with some peril, said Vassar College historian Robert K. Brigham, author of the recent book "Is Iraq Another Vietnam?"

"When you say 'escalation' like Vietnam, you are in a sense saying there is an escalation that has no end ... and 'phased withdrawal' rings of a retreat from Vietnam," Brigham said. "One thing we have to be careful of is that a lot of the references to Vietnam are intellectual shorthand.... Vietnam is a very complicated war to understand."

Just as Iraq and Vietnam are vastly different, the American military commitments in the two conflicts have striking differences.

At the peak of the Vietnam War, there were nearly 540,000 American troops in Vietnam, with more than 58,000 of them killed. In Iraq, troop levels have remained relatively stable at about 130,000, and more than 3,000 of them have died.

Nonetheless, the president's proposal seems to have rekindled a spirited debate on Capitol Hill about America's last prolonged war and what lessons can be drawn from it.

"You have a generation who grew up with Vietnam as the political issue of their time," said Rep. Brad Sherman (D-Sherman Oaks), who reminded Secretary of State Condoleezza Rice at a recent hearing that the United States had withdrawn from Vietnam and had still won the Cold War.

For critics of the Bush plan, Vietnam has provided ammunition to bolster their calls for congressional intervention to end the current conflict and to push for a political rather than a military solution.

"If the lesson in Iraq teaches anything, it is that military might has very great limitations," Sen. Robert C. Byrd (D-W.Va.) said on the floor of the Senate recently. "But then that is a lesson we should have learned many years ago from Vietnam."

Byrd, a longtime war opponent who has been in the Senate since 1959, is one of seven current senators who were elected before the end of the Vietnam War.

In the House, Rep. Carolyn B. Maloney (D-N.Y.) drew on her brother's experience in Vietnam to challenge the president's proposal.

"As the sister of a Vietnam veteran, I still remember vividly our escalation of that failed war.... ," Maloney said. "I remember vividly the worry I had for my brother and the feeling that our troops would be better-served if they were returned home rather than fighting in another country's civil war. Those are the same feelings I have today."

Sen. Joseph R. Biden Jr. (D-Del.), who joined the Senate in 1973 as the last U.S. troops were being withdrawn from Vietnam and is now a vocal Iraq war opponent, also touched on Vietnam as he opened Senate Foreign Relations Committee hearings on the president's plan.

"I think we all learned a lesson, whether we went or didn't go, whether we were for it or against it, [that] no foreign policy can be sustained in this country without the informed consent of the American people," Biden said. "They've got to sign on."

At the same committee meeting, Sen. Chuck Hagel (R-Neb.), an Army infantryman in Vietnam in 1968, was even more critical of the president's proposal, calling it "the most dangerous foreign policy blunder in this country since Vietnam."

Biden and Hagel have introduced a resolution opposing Bush's plan.

The president has consistently rejected Vietnam analogies, arguing that the conditions in Iraq and in the United States bear little resemblance to the Vietnam era.

"Iraq, after the overthrow of the tyrant, voted on a constitution that is intended to unite the whole country. And then they had elections under that constitution where nearly 12 million people voted for this unity government which is different from Vietnam," the president said before he visited Vietnam in November.

At a recent briefing, White House Press Secretary Tony Snow dismissed Hagel's Vietnam reference as little more than "a pretty good line."

Several of the president's congressional allies also have argued more recently that the price of leaving Iraq would be much higher than that of leaving Vietnam.

"We were able to walk away from Vietnam," said Sen. John McCain (R-Ariz.), a former Navy fighter pilot who spent 5 1/2 years as a prisoner of war in North Vietnam. "If we walk away from Iraq, we'll be back, possibly in the context of a wider war in the world's most volatile region."

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Meanwhile, other congressional Republicans, including several more Vietnam veterans, have drawn on their own experiences during the war to challenge proposals that Congress should use its budgetary authority to stop the deployment of additional troops.

"I served at a time when we saw the Congress reduce funding for the military," Rep. John Kline (R-Minn.) said last week while unveiling a resolution opposing any cutoff of funds to troops.

"We served at a time when the military did not have the support of the people, the press or the Congress," said Kline, who flew Marine Corps helicopters during the Vietnam War. "I don't ever want to see that again."

Times researcher Robin Cochran contributed to this report.

Bush's History Lesson (BOS)

The Boston Globe, January 21, 2007

AT HENRY Kissinger's recommendation, President Bush is reading "A Savage War of Peace," the classic account of the Algerian war of independence, 1954-1962. It holds up as well today as it did when published in 1977, but it's an odd choice for the president as he escalates the war in Iraq.

British historian Alistair Horne is sympathetic to all the combatants:

The French Army, trying to recover from defeats at the hands of the Germans (1940) and the Vietnamese (1954).

The National Liberation Front (FLN in the French abbreviation), insurgents who forged a political victory despite defeats in the field.

The million or so European settlers in Algeria.

The 9 million Muslim Algerians who bore the brunt of the war and had to make a decision to go against a colonial order that had lasted since 1830.

But the differences with Iraq are huge, and they include:

Problem of the pieds noirs (black feet), as the European settlers were called. "If the pied noir loved France," Horne writes, "it was with a love that sought constant reassurance." They refused to compromise with the Muslims early in the struggle. Americans, for all their problems in Iraq, experience none of this emotional tug.

Dilemma of the army. Not a few soldiers were pied noir, which added urgency to the army's quest to redeem itself in Algeria. And the high command, all of whom had lived through the Third Republic, the Vichy government, the German occupation, and 26 changes of government in the Fourth Republic, had trouble maintaining a proper subordination to civilian authority. Many enlisted men and junior officers were draftees, fostering an intimate involvement of the home front in the war.

Coherence of the opposition. US troops in Iraq are fighting Sunnis, Shi'ites, Iranians, remnants of the Ba'ath Party, and a few others. In Algeria, there were splits in the Muslim population at first, but as the war wore on the resistance coalesced around the FLN, protected by a sanctuary in Tunisia. They weren't religious fanatics, like many of those in Iraq.

Soldiers' successes: US troops can point to few military victories since they swept into Baghdad almost four years ago. The French Army, however, effectively sealed the border with Tunisia with its electrified Morice Line, conducted an offensive in 1959 that broke the back of FLN forces within the country, and, in its most famous victory, destroyed the urban terrorist force in Algiers in 1957.

To win the Battle of Algiers, the French needed accurate intelligence, and they got it by torture. There have been occasional questionable practices in Iraq, notably at Abu Ghraib prison, but Americans should be relieved that no military leader has stooped to the debased tactics of the Algiers garrison.

Return of the hero. But the FLN would not be crushed, and the Fourth Republic politicians were divided about what to do. Under pressure from the army in Algeria in 1958, they brought back Charles de Gaulle, leader of the Free French in World War II. He had preserved French honor after Hitler's conquest, and had gone head to head with Churchill and Roosevelt. No American politician today can match his experience.

Brutal realism. De Gaulle intensified military pressure on the FLN and cast about for a political solution: total integration, a loose affiliation with France, or perhaps independence with the French maintaining control of the Saharan wastes, where oil had been discovered. The FLN would have none of these. Then in 1959 he uttered the fateful words, "self-determination," which meant independence. Today President Bush has yet to show this degree of flexibility in Iraq.

Officers' revolt. The pieds noirs and the army in Algeria were enraged. Pieds noirs tried to assassinate de Gaulle four times when he next visited Algeria, and several generals decided it was time to depose him. "I forbid every Frenchman, and above all every soldier, to execute their orders," de Gaulle thundered in a radio broadcast. "Frenchwomen, Frenchmen, help me!" The French conscripts in Algeria, listening via small transistor radios, the iPods of their day, heeded his words, and the revolt collapsed.

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It wasn't over, though. The pieds noirs and their military allies commenced a terrorist war in Algeria and France, until they were crushed, and de Gaulle arranged a peace agreement with the FLN and a referendum that favored independence on July 1, 1962. France accepted 1,380,000 refugees, pieds noirs, and Muslim allies. Of the Muslim solders who helped the French and did not flee, tens of thousands were executed, some when they were forced to clear mines from the Morice Line. The ending of a long war against foreign occupiers is rarely neat and bloodless.

Horne writes of a formerly European district of Algiers, "Despite the . . . bricks and stones of the pieds noirs, were they really here at all?" Perhaps the lesson of "A Savage War of Peace" is that, however painful withdrawal and defeat may be, continuous bloodshed and stalemate are worse.

Lying Like It's 2003 (NYT)

By Frank Rich

The New York Times, January 21, 2007

THOSE who forget history may be doomed to repeat it, but who could imagine we'd already be in danger of replaying that rotten year 2003?

Scooter Libby, the mastermind behind the White House's bogus scenarios for ginning up the war in Iraq, is back at Washington's center stage, proudly defending the indefensible in a perjury trial. Ahmad Chalabi, the peddler of flawed prewar intelligence hyped by Mr. Libby, is back in clover in Baghdad, where he purports to lead the government's Shiite-Baathist reconciliation efforts in between visits to his pal Mahmoud Ahmadinejad in Iran.

Last but never least is Mr. Libby's former boss and Mr. Chalabi's former patron, Dick Cheney, who is back on Sunday-morning television floating fictions about Iraq and accusing administration critics of aiding Al Qaeda. When the vice president went on a tear like this in 2003, hawking Iraq's nonexistent W.M.D. and nonexistent connections to Mohamed Atta, he set the stage for a war that now kills Iraqi civilians in rising numbers (34,000-plus last year) that are heading into the genocidal realms of Saddam. Mr. Cheney's latest sales pitch is for a new plan for "victory" promising an even bigger bloodbath.

Mr. Cheney was honest, at least, when he said that the White House's Iraq policy would remain "full speed ahead!" no matter what happened on Nov. 7. Now it is our patriotic duty — politicians, the press and the public alike — to apply the brakes. Our failure to check the administration when it rushed into Iraq in 2003 will look even more shameful to history if we roll over again for a reboot in 2007. For all the belated Washington scrutiny of the war since the election, and for all the heralded (if so far symbolic) Congressional efforts to challenge it, too much lip service is still being paid to the deceptive P.R. strategies used by the administration to sell its reckless policies. This time we must do what too few did the first time: call the White House on its lies. Lies should not be confused with euphemisms like "incompetence" and "denial."

Mr. Cheney's performance last week on "Fox News Sunday" illustrates the problem; his lying is nowhere near its last throes. Asked by Chris Wallace about the White House's decision to overrule commanders who recommended against a troop escalation, the vice president said, "I don't think we've overruled the commanders." He claimed we've made "enormous progress" in Iraq. He said the administration is not "embattled." (Well, maybe that one is denial.)

This White House gang is so practiced in lying with a straight face that it never thinks twice about recycling its greatest hits. Hours after Mr. Cheney's Fox interview, President Bush was on "60 Minutes," claiming that before the war "everybody was wrong on weapons of mass destruction" and that "the minute we found out" the W.M.D. didn't exist he "was the first to say so." Everybody, of course, was not wrong on W.M.D., starting with the United Nations weapons inspection team in Iraq. Nor was Mr. Bush the first to come clean once the truth became apparent after the invasion. On May 29, 2003 — two days after a secret Defense Intelligence Agency-sponsored mission found no biological weapons in trailers captured by American forces — Mr. Bush declared: "We found the weapons of mass destruction. We found biological laboratories."

But that's all W.M.D under the bridge. The most important lies to watch for now are the new ones being reiterated daily by the administration's top brass, from Mr. Bush and Mr. Cheney on down. You know fiasco awaits America when everyone in the White House is reading in unison from the same fictional script, as they did back in the day when "mushroom clouds" and "uranium from Africa" were the daily drumbeat.

The latest lies are custom-made to prop up the new "way forward" that is anything but. Among the emerging examples is a rewriting of the history of Iraq's sectarian violence. The fictional version was initially laid out by Mr. Bush in his Jan. 10 prime-time speech and has since been repeated on television by both Mr. Cheney and the national security adviser, Stephen Hadley, last Sunday and by Mr. Bush again on PBS's "NewsHour" on Tuesday. It goes like this: sectarian violence didn't start spiraling out of control until the summer of 2006, after Sunni terrorists bombed the Golden Mosque in Samarra and forced the Shiites to take revenge.

But as Mark Seibel of McClatchy Newspapers noted last week, "the president's account understates by at least 15 months when Shiite death squads began targeting Sunni politicians and clerics." They were visible in embryo long before that; The

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Times, among others, reported as far back as September 2003 that Shiite militias were becoming more radical, dangerous and anti-American. The reasons Mr. Bush pretends that Shiite killing started only last year are obvious enough. He wants to duck culpability for failing to recognize the sectarian violence from the outset — much as he failed to recognize the Sunni insurgency before it — and to underplay the intractability of the civil war to which he will now sacrifice fresh American flesh.

An equally big lie is the administration's constant claim that it is on the same page as Prime Minister Nuri al-Maliki as we go full speed ahead. Only last month Mr. Maliki told The Wall Street Journal that he wished he "could be done with" his role as Iraq's leader "before the end of this term." Now we are asked to believe not merely that he is a strongman capable of vanquishing the death squads of the anti-American cleric Moktada al-Sadr, his political ally, but also that he can be trusted to produce the troops he failed to supply in last year's failed Baghdad crackdown. Yet as recently as November, there still wasn't a single Iraqi battalion capable of fighting on its own.

Hardly a day passes without Mr. Maliki mocking the White House's professed faith in him. In the past week or so alone, he has presided over a second botched hanging (despite delaying it for more than two weeks to put in place new guidelines), charged Condi Rice with giving a "morale boost to the terrorists" because she criticized him, and overruled American objections to appoint an obscure commander from deep in Shiite territory to run the Baghdad "surge." His government doesn't even try to hide its greater allegiance to Iran. Mr. Maliki's foreign minister has asked for the release of the five Iranians detained in an American raid on an Iranian office in northern Iraq this month and, on Monday, called for setting up more Iranian "consulates" in Iraq.

The president's pretense that Mr. Maliki and his inept, ill-equipped, militia-infiltrated security forces can advance American interests in this war is Neville Chamberlain-like in its naiveté and disingenuousness. An American military official in Baghdad read the writing on the wall to The Times last week: "We are implementing a strategy to embolden a government that is actually part of the problem. We are being played like a pawn." That's why the most destructive lie of all may be the White House's constant refrain that its doomed strategy is the only one anyone has proposed. Administration critics, Mr. Cheney said last Sunday, "have absolutely nothing to offer in its place," as if the Iraq Study Group, John Murtha and Joseph Biden-Leslie Gelb plans, among others, didn't predate the White House's own.

In reality we're learning piece by piece that it is the White House that has no plan. Ms. Rice has now downsized the surge/escalation into an "augmentation," inadvertently divulging how the Pentagon is improvising, juggling small deployments in fits and starts. No one can plausibly explain how a parallel chain of command sending American and Iraqi troops into urban street combat side by side will work with Iraqis in the lead (it will report to a "committee" led by Mr. Maliki!). Or how $1 billion in new American reconstruction spending will accomplish what the $30 billion thrown down the drain in previous reconstruction spending did not.

All of this replays 2003, when the White House refused to consider any plan, including existing ones in the Pentagon and State Department bureaucracies, for coping with a broken post-Saddam Iraq. Then, as at every stage of the war since, the only administration plan was for a propaganda campaign to bamboozle American voters into believing "victory" was just around the corner.

The next push on the "way forward" propaganda campaign arrives Tuesday night, with the State of the Union address. The good news is that the Democrats have chosen Jim Webb, the new Virginia senator, to give their official response. Mr. Webb, a Reagan administration Navy secretary and the father of a son serving in Iraq, has already provoked a testy exchange about the war with the president at a White House reception for freshmen in Congress. He's the kind of guy likely to keep a scorecard of the lies on Tuesday night. But whether he does or not, it's incumbent on all those talking heads who fell for "shock and awe" and "Mission Accomplished" in 2003 to not let history repeat itself in 2007. Facing the truth is the only way forward in Iraq.

A Chance For Unity On Iraq (WP)

By David S. Broder

The Washington Post, January 21, 2007

The change of command in Iraq offers an opportunity to move past the divisive domestic debate over the deployment of more troops to Baghdad and instead put the pressure where it belongs -- on the government of Prime Minister Nouri al-Maliki.

When Lt. Gen. David Petraeus, the new commander in Iraq, goes before the Senate Armed Services Committee on Tuesday, lawmakers are likely to hear a very different presentation from what they usually get from the Pentagon.

Rather than ask the senators to grant him free rein to operate as he wishes, Petraeus is ready, I am told, to invite and encourage the closest kind of congressional scrutiny of what is happening in Iraq.

The suggestion made here last week that Congress require frequent briefings from Petraeus and the embassy in Baghdad, to ensure that Maliki is keeping his promises to supply troops and avoid political interference, is one that Petraeus is prepared to endorse.

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The weekly schedule that I suggested is too frequent for the general; it would take up too much staff time. But he could manage a biweekly schedule of closed briefings, and it would accomplish the same goal -- a constant reminder to Maliki that if he fails to cooperate with the strategic plan, any remaining support in Congress for his government will disappear.

Petraeus's offer, which I am told will be made in explicit terms unless his civilian bosses in the Pentagon and White House intervene, provides the best avenue yet to appear for dealing with the mess in Iraq.

It will not satisfy those in Congress who would like to block or protest the "surge" of additional troops into Iraq ordered by President Bush. But the resolutions and legislation they are discussing will not keep Bush from carrying out his plan.

In effect, Petraeus is offering a way to convert the opposition to the war that is growing in both Republican and Democratic ranks into leverage on Maliki. Together, they can hold the prime minister to his pledge to go after all the combatants -- Shiites as well as Sunnis -- and to provide the troops for the fight.

What makes this possible is the character of the new commander in Iraq. Petraeus, who will get his fourth star with this new assignment, is a tested combat leader, the former commanding officer of the 101st Airborne Division. But Petraeus, who has a PhD from Princeton, also is co-author of the Army guide to counterinsurgency warfare and is a sophisticated student of both Iraqi and U.S. politics.

He knows what he needs to do to secure congressional support for his mission. And he has a realistic appraisal of the people he is dealing with in Baghdad and is quite willing to lean hard on them.

In fact, even before the change of command in Iraq, Petraeus has sent a trusted translator to start preparing the Maliki government for the closer monitoring that lies ahead; he was in the picture when Sen. Hillary Rodham Clinton met with Maliki during her recent visit to Iraq.

In his testimony, the general is expected to tell lawmakers that he believes the "surge" of 21,500 additional soldiers and Marines into Iraq can help suppress the sectarian violence in Baghdad -- if Maliki keeps his end of the bargain.

If the streets are safe, it will be easier to insist that the Iraqis working in the ministries do their jobs, without fear of retaliation against their families or themselves.

But Petraeus, who spent 18 months trying to organize the training of Iraqi army and police forces in an earlier phase of the war, knows how tough a challenge it will be to improve either the Iraqi military or its bureaucracy. When then-Defense Secretary Donald Rumsfeld pulled him out of Iraq to run the Army Combined Arms Center at Fort Leavenworth, Kan., Sen. John McCain, among others, was furious that the ablest American in Iraq had been reassigned.

Returning to an Iraq where the security situation is now far worse, Petraeus is guardedly hopeful about the military mission.

But even if the violence can be quelled, a major concern is whether the other parts of our government -- notably the State Department -- are prepared for the effort it will take to get the Iraq economy up and running, unemployment down, the oil industry operating, and the government ministries delivering the basic services people need and expect.

The challenge is immense, but for a change, there is a chance to get the full weight of our government pulling in the same direction. Congress ought to seize the opportunity.

20 U.S. Troops Killed In Iraq (WP)

By Ernesto Londono

The Washington Post, January 21, 2007

BAGHDAD, Jan. 20 -- A U.S. Black Hawk helicopter crashed Saturday afternoon northeast of the capital, killing all 13 American soldiers on board, and at least seven soldiers died in other parts of the country, officials said. The deaths made the day the third-deadliest for U.S. service members in Iraq since the war began.

The incidents came as the Bush administration was extending the tours of some troops in Iraq and sending additional ones for a buildup that has met strong resistance in Congress. The administration has billed the increase as a key step toward securing the viability of Iraq's young government and bringing down the level of violence.

The helicopter went down about 3 p.m. in a barren area south of Baqubah in Diyala province. According to media reports, several parts of the province have come under Sunni insurgent control in recent months.

The military said the cause of the crash was under investigation.

"We can't confirm what the cause of the incident was," said Lt. Col. Josslyn L. Aberle, a military spokeswoman. "That's a big part of the investigation."

Another helicopter traveling nearby, as is standard in military operations, remained in the air awaiting backup after the crash, Aberle said. "We had aircraft support within minutes," she said. A response team landed and cordoned off the scene, Aberle said.

Navy Capt. Frank Pascual, a member of a U.S. media relations team in the United Arab Emirates, told al-Arabiya television that the helicopter was believed to have suffered technical troubles before going down, the Associated Press reported.

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Arkan al-Mujamai, 28, a day laborer who lives near the crash site, said in a telephone interview that the helicopter was shot down by a group of Sunni Muslim insurgents, one of whom is his uncle.

Mujamai said six Sunni insurgents were planting roadside bombs in the area when they saw a helicopter flying low overhead. One of the insurgents shot it down with a heavy machine gun, he said. Five of the insurgents, including his uncle, were missing Saturday night, and one returned with a wound on the left side of his upper body, he said.

Mujamai has provided The Washington Post with reliable information during past interviews, but his account Saturday could not be independently verified.

According to a database on military deaths kept by The Washington Post, 164 Americans have died in helicopter crashes in Iraq during the war.

Saturday's casualties included five soldiers who were killed in the southern city of Karbala after a military facility came under attack, the military said in a statement released late Saturday. The attack was carried out by an "illegally armed militia group," which ambushed the soldiers with grenades, guns and other weapons, the statement said. Three soldiers were wounded while fighting back, it said.

Local Iraqi officials and Iraqi and U.S. military personnel are stationed at the facility, which serves as a coordination center, the military said. The attack came as the soldiers were holding a meeting to ensure the safety of Shiite pilgrims during a coming holiday.

A Multinational Division Baghdad soldier was killed Saturday by an improvised explosive device while patrolling a neighborhood in the northern part of the capital, the military said in a statement.

A Task Force Lightning soldier assigned to the 1st Cavalry Division's 4th Brigade was killed by an improvised explosive device in Nineveh province in northern Iraq. Two soldiers were injured by the explosion. Earlier in the week, the unit had arrested 12 suspected insurgents while conducting raids in northern Baghdad "to disrupt militia activities," according to the statement.

The deadly string of incidents came on the eve of the Islamic new year, which starts Sunday.

At least two other service members were killed Friday, according to statements issued by the military, including a Marine assigned to Regimental Combat Team 5 who died of injuries sustained in what the military described as "enemy action" in Anbar province in western Iraq and a soldier who died in combat in Nineveh province.

The military said the names of the service members would be released after their relatives had been notified.

Meanwhile Saturday, two men were arrested trying to sneak a car bomb into Baghdad's fortified Green Zone, the military said.

The day was also deadly for Iraqis. In Khalis, a city in Diyala province, Saad Zowanie, a local prosecutor, was killed, according to Ali Khaiyam, a Diyala police spokesman. Elsewhere in the province, eight men were killed when U.S. helicopters bombed an area northeast of Baqubah, Khaiyam said.

Helicopter Crash Claims 13 On Deadly Day For U.S. In Iraq (NYT)

By Damien Cave

The New York Times, January 21, 2007

BAGHDAD, Jan. 20 — On one of the deadliest days for United States forces since the Iraq war began, an American helicopter crashed in a Sunni area north of Baghdad on Saturday, killing all 13 people onboard, the United States military said.

Iraqi officials in the area said it had been shot down, though there was no immediate confirmation from American officials.

In separate episodes, five American soldiers were killed and three wounded in a battle with gunmen who attacked the local governor's office in the Shiite holy city of Karbala, and two soldiers died from other attacks, military officials said.

It was not clear whether all those on the helicopter were Americans. If they were, 20 uniformed Americans died Saturday. On the worst day of the war for American forces, Jan. 26, 2005, 37 American service members died. Thirty-one of them died when a Marine helicopter crashed in the western desert, and six others in combat that day.

An Interior Ministry official and the police in Diyala Province said Saturday that the American helicopter was shot down about 4 p.m. by insurgents who had fired missiles or grenades from at least two locations. It crashed near Tarrafa Village, they said, over a rural area near the Diyala River.

The American military said that debris had been immediately surrounded and secured. Several hours after the crash, soldiers were still combing through the wreckage.

A spokesman declined to provide details on the type of aircraft or how it crashed. The number of people aboard suggested that it had been a Black Hawk transport helicopter, which typically carries about 10 passengers and 4 crew members.

The crash occurred northeast of Baghdad near Baquba, where American and Iraqi forces have been battling Sunni insurgents and Shiite militia forces for months.

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The American military also announced seven other deaths on Saturday and three deaths from earlier in the week. In addition to the five soldiers killed during the battle in Karbala, a soldier was killed in northern Baghdad on Saturday when a roadside bomb exploded near his patrol, and another, assigned to a unit of engineers, died of wounds from a roadside bomb in northern Iraq.

The three earlier deaths were of a sailor from Brooklyn who died Wednesday in a "noncombat-related incident" at Camp Bucca, an American-run detention center in southern Iraq; a marine who died Friday from wounds suffered in combat in Anbar Province; and a soldier who died Friday after being wounded by a roadside bomb in Tikrit, north of Baghdad.

The gun battle in Karbala started when "an illegally armed militia," according to a statement from the American military, attacked the offices of the provincial government in Karbala with guns and grenades.

Brig. Gen. Vincent K. Brooks, deputy commander for Multi-National Division-Baghdad, said American and Iraqi security forces were meeting at the time of the attack to ensure that Shiite pilgrims would be safe during the celebrations later this month for Ashura, one of Shiite Islam's holiest days, which marks the seventh-century martyrdom of the Prophet Muhammad's grandson, Hussein.

Iraqi state television reported that at least two dozen gunmen assaulted the building, getting inside, and drawing a response from American troops who were dropped by helicopter onto the roof.

Col. Scott Bleichwehl, a military spokesman, said it was not clear who or how many had attacked. By 10 p.m., the building had been secured, he said.

"It was never lost," he said. "It came under fire from a couple of directions. We responded to it."

The attack nonetheless seemed to be the latest in a series of power struggles in the south among a patchwork of Shiite tribes and political parties. American officials have been pressing the government of Nuri Kamal al-Maliki to set a date for provincial elections, which they said would firmly establish new leaders and possibly reduce the fighting.

Iraqi state television reported that a raid in south Baghdad on Saturday, with around 100 Iraqi police commandos backed by six United States helicopters, killed 15 suspected Sunni Arab insurgents.

The police found 29 bodies in the capital, many with gunshot wounds to the head.

U.S. Copter Crash Claims 13 In Iraq (WT/AP)

By Bassem Mroue

The Washington Times, January 21, 2007

BAGHDAD - A U.S. Army helicopter crashed northeast of the capital yesterday, killing all 13 persons on board on one of the deadliest days for U.S. forces since the Iraq war began. At least five other American soldiers died in an attack blamed on militiamen in the city of Karbala.

The crash and other deaths came as a brigade of the U.S. 82nd Airborne Division arrived in Baghdad and prepared for deployment in early February the first of the 21,500-troop buildup ordered by President Bush.

The division's 2nd Brigade with 3,200 soldiers will "assist Iraqi Security Forces to clear, control and retain key areas of the capital city in order to reduce violence and to set the conditions for a transition to full Iraqi control of security in the city," the military said.

The military gave little information on the crash of the Black Hawk during good weather in Diyala province, where U.S. and Iraqi forces have been battling Sunni insurgents and Shi'ite militias around the city of Baqouba for months.

Lt. Col. Josslyn Aberle, a U.S. spokeswoman, said the cause of the crash had not been determined. Navy Capt. Frank Pascual, a member of a U.S. media-relations team in the United Arab Emirates, told Al Arabiya television that the helicopter was believed to have suffered technical troubles before going down.

It was the fourth-deadliest crash since the war started in March 2003. The worst occurred Jan. 26, 2005, when a Marine transport helicopter went down during a sandstorm in the western desert. Thirty Marines and one sailor were killed the most U.S. personnel to die in a single incident in Iraq.

The U.S. military later reported that militia fighters attacked a provincial headquarters in the Shi'ite Muslim holy city of Karbala, killing five American soldiers and wounding three last night.

The military said "an illegally armed militia group" attacked the building with grenades, small arms and "indirect fire," which usually means mortars or rockets.

"A meeting was taking place at the time of the attack to ensure the security of Shi'ite pilgrims participating in the Ashoura commemorations," said Brig. Gen. Vincent K. Brooks, deputy commander of the Multi-National Division-Baghdad.

Karbala is 50 miles south of Baghdad and thousands of Shi'ite pilgrims are flocking to the city to mark the 10-day Ashoura festival commemorating the death of one of Shi'ite Islam's most sacred saints, Imam Hussein, grandson of the prophet Muhammad.

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Gen. Brooks said Iraqi officials and security forces as well as U.S. troops were present at the meeting, but his statement did not mention other casualties from the attack. It said the headquarters had "been secured by coalition and Iraqi security forces."

Earlier, Karbala Gov. Akeel al-Khazaali had reported that U.S. troops raided the provincial headquarters looking for wanted men but left with no prisoners. But Gen. Brooks said that report was incorrect.

The general did not identify any group suspected of staging the attack, but residents reached by telephone had reported seeing military helicopters flying over the local headquarters of anti-American Shi'ite cleric Muqtada al-Sadr.

Sheik al-Sadr's Mahdi's Army militia, which has been accused of playing a big role in sectarian killings, has been hit repeatedly in recent weeks by operations in which key commanders have been captured or killed by U.S. and Iraqi troops.

Also yesterday, the U.S. military announced that combat Friday had killed an Army soldier in Nineveh province and a Marine in Anbar province, a Sunni insurgent stronghold west of the capital.

In south Baghdad, U.S. helicopters dropped Iraqi police commandos into the dangerous Dora neighborhood to stage a raid on the Omar Brigade, an al Qaeda-linked Sunni militant group, Interior Ministry spokesman Abdul-Karim Khalaf said.

Mr. Khalaf said 15 insurgents were killed and five captured during an intense battle at two abandoned houses taken over by Sunni gunmen, who he blamed for a series of kidnappings and killings in a bid to cleanse the once-mixed neighborhood of Shi'ite residents.

"We were provided with helicopter support by our friends in the multinational forces, and we did not suffer any casualties," Mr. Khalaf said. U.S. aircraft gave covering fire, but the U.S. military did not respond to a request for comment on the raid.

Sheik al-Sadr's followers voiced increasing anger over Friday's capture of a senior aide to the radical cleric in a raid in eastern Baghdad.

Nassar al-Rubaie, the head of Sheik al-Sadr's bloc in parliament, accused U.S. forces of trying to provoke the Sadrists into violence during the expanding campaign to quell Iraq's fighting.

"We condemn strongly the arrest of Sheik Abdul-Hadi al-Darraji. He is moderate and well-known as a media personality and always available in negotiations," Mr. al-Rubaie said.

U.S. and Iraqi forces reportedly detained Mr. al-Darraji during a raid on a mosque complex before dawn Friday.

Police reported at least 16 Iraqis slain in attacks yesterday. In addition, officials said 29 bodies were found in Baghdad and three in the northern city of Mosul, most of them showing signs of torture a hallmark of killings by sectarian death squads.

At Least 19 U.S. Troops Killed In Iraq (LAT)

By Borzou Daragahi

The Los Angeles Times, January 21, 2007

Most perish in a copter crash. U.S. asserts cause is unknown; a witness says craft was downed.

At least 19 U.S. troops were killed in a helicopter crash and insurgent attacks across Iraq on Saturday in the deadliest day for the American military here in nearly two years.

The U.S. military also reported the deaths of two other troops the previous day, and the surge in fatalities just days before President Bush's State of the Union address was likely to inject a note of urgency into the debate over his Iraq policy.

The day's deadliest episode was the crash of a Black Hawk helicopter northeast of Baghdad on Saturday afternoon, killing all 12 U.S. soldiers aboard. The military initially had said 13 were killed but revised it to 12 early today.

South of the capital in the Shiite Muslim city of Karbala, men armed with grenades, mortars and assault rifles swarmed a provincial security building manned by U.S. and Iraqi forces, the military said. At least five U.S. soldiers were killed and three wounded.

Four more U.S. troops and 44 Iraqis were also reported killed or found dead Saturday in politically motivated violence as Iraqi and American forces stepped up an effort to target Shiite militiamen and Sunni Arab insurgents.

U.S. military officials said the cause of Saturday's crash had yet to be determined, but Iraqi sources said it was shot down. A witness said he saw ground fire bring down the aircraft, and an insurgent group claimed responsibility for the attack in an Internet posting that could not be authenticated.

Iraqi officials and witnesses said the crash took place near the town of Buhriz in the region of Tarefiya, a rural Sunni enclave of canals and wheat fields about six miles south of Baqubah, the capital of Diyala province. The area is known as an insurgent stronghold. A recent joint U.S.-Iraqi military offensive focused on Diyala.

Claiming responsibility

A message posted on the Web by the Mujahedin Army, an insurgent group that operates out of Baghdad and Diyala provinces, claimed responsibility for the attack.

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"The helicopter was downed by [an] antiaircraft [rocket] that belongs to the Mujahedin Army in Buhriz," said the statement, posted to a website where insurgent claims are frequently trumpeted.

An Iraqi witness, who spoke on condition of anonymity, said the helicopter was felled by ground fire.

"I'm not sure if it was a rocket or other projectile," said the man, a farmer. "After the helicopter was fired upon, it was obvious that it was losing control. Then it crashed with an explosion and the smoke started." The farmer said he and others dared not approach the wreckage to look for survivors, fearing that U.S. forces arriving on the scene might fire at them.

The U.S. military could not confirm the account. Lt. Col. Josslyn Aberle, a military spokeswoman in Baghdad, said that the crash took place northeast of Baghdad about 3 p.m.

"All passengers and crew were military service members," she wrote in response to an e-mailed query, adding that more information was expected today. The military withheld names of the victims pending notification of family members.

An Iraqi official who spoke on condition of anonymity said U.S. forces had cordoned off a vast area of farmland and sheep pastures.

The U.S. military increasingly has come to rely on helicopters to transport troops between bases as roadside bombs target vehicle convoys. "There are helicopters flying over the area all the time," said the farmer.

Saturday's crash was the first since a U.S. Marine CH-53 transport chopper went down in an accident in Al Anbar province Dec. 11, killing one Marine. Insurgents last shot down a helicopter on May 14, near the village of Yousifiya south of the capital; two soldiers died in that attack.

The deadliest day for American service members in Iraq was Jan. 26, 2005, when 37 U.S. troops were killed, 31 of them in the accidental crash of a CH-53E Super Stallion helicopter in Al Anbar.

The Karbala clash erupted as U.S. and Iraqi officials planned security for the Ashura festival, an annual Shiite pilgrimage. Karbala has come under the sway of Shiite militiamen loyal to radical cleric Muqtada Sadr, but it also is adjacent to Sunni areas. A statement released by the military did not clarify whether the attackers were suspected Sunni or Shiite gunmen.

New U.S. troops arrive

The sharp rise in American military deaths comes as the U.S. intensifies its efforts to curb violence in Baghdad, with Pentagon planners and White House officials pushing forward with a plan to increase the number of U.S. soldiers in Iraq by 21,500.

The first of the additional troops, the 3,200 soldiers of the 2nd Brigade of the 82nd Airborne Division, have arrived in Baghdad and will be "fully operational" within two weeks, the U.S. military said today in a statement. Their mission will be to help Iraqi security forces "clear, control and retain key areas" of Baghdad "to reduce violence and to set the conditions for a transition to full Iraqi control of security in the city," the military said.

Bush and other supporters of the plan say it is an essential move to give the Iraqi government breathing space to crack down on violent groups and heal political wounds.

Opponents, including Democratic Party leaders in Congress and some skeptical Republicans, consider it a risky escalation that could bolster anti-American sentiment in Iraq and across the Middle East, and lead to more U.S. casualties. Since the 2003 invasion of Iraq, 3,047 U.S. troops have died in Iraq, according to icasualties.org.

Four other Americans were reported killed in separate incidents.

One soldier in northern Baghdad and another in northern Iraq were killed Saturday when their convoys struck roadside bombs, and the U.S. military reported that two troops had died the previous day.

A soldier assigned to the 1st Cavalry Division near Mosul died Friday from injuries sustained from an improvised explosive device, the official term for a roadside bomb. Two soldiers were injured in the bombing. And a Marine died of wounds he sustained Friday in combat in Al Anbar, a news release said.

U.S. military leaders have identified Shiite militias as the greatest threat to Iraq's stability. American troops raided the capital's main emergency hospital Saturday morning, seizing the weapons of security guards believed to be linked to Sadr's Al Mahdi militia, hospital and police officials said.

Iraqi forces said the U.S. military seized AK-47s and machine guns ostensibly used by the guards to protect the facility, which has come under repeated attack by insurgents.

One hospital employee said the Americans searched the hospital for a person who allegedly belongs to the Al Mahdi army. They were not able to identify the individual, and the guards were released after being told they'd face arrest if they were seen with weapons again, Iraqi officials at the hospital said.

Iraq's Health Ministry is controlled by Shiites loyal to Sadr. U.S. military commanders have complained privately that Sadr loyalists have turned the ministry into a political and fundraising tool. Sunnis complain that they're denied healthcare services or targeted for kidnapping and assassination upon entering state-controlled hospitals and clinics.

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"It is known by everyone in Iraq that [the ministry] is fully occupied by Sadrists and the Mahdi army," said Saleh Mutlak, a Sunni lawmaker. "They removed all the previous officials and they got new ones. Everybody there has to swear his loyalty to the Mahdi army and Muqtada Sadr, otherwise he will not stay."

The 5:30 a.m. raid on Baghdad's Yarmouk Hospital followed Friday arrest of Sheik Abdul-Hadi Darraji, a Sadr deputy and frequent spokesman, by U.S. and Iraqi troops.

Sunni suspects detained

U.S. forces also detained 25 people they described as suspected terrorists in Sunni enclaves north and west of Baghdad, a news release said.

Authorities in Baghdad said they discovered the bodies of 29 Iraqi civilians, all apparently victims of sectarian death squads, that had been dumped in various parts of the capital.

Mortar battles between neighboring Shiite and Sunni enclaves in northern Baghdad left at least four dead and 18 injured. Gunmen ambushed and killed a ranking Ministry of Interior official in northern Baghdad.

Near the provincial capital of Hillah, south of Baghdad, authorities discovered the bullet-riddled body of a man in his 30s. Unidentified gunmen in another town opened fire on a crowd, killing one.

Gunmen in the town of Madaen, a suburb south of the capital, broke into two houses and killed three people, including two women.

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Times staff writers Said Rifai and Mohammed Rasheed and special correspondents in Baghdad, Baqubah, Hillah and Kirkuk contributed to this report.

U.S.: Brigade Soon Ready For Baghdad (AP)

By Steven R. Hurst, Associated Press Writer

AP, January 21, 2007

A newly arrived brigade of the U.S. 82nd Airborne Division, the first of the 21,500-troop buildup ordered by President Bush, will be ready to join the fresh drive to quell sectarian violence in the capital by the start of next month, the American military said Sunday.

The 2nd Brigade of the 82nd Airborne has 3,200 soldiers who will "assist Iraqi Security Forces to clear, control and retain key areas of the capital city in order to reduce violence and to set the conditions for a transition to full Iraqi control of security in the city," the military said in a statement.

The announcement came a day after at least 20 U.S. service members were killed in Iraq on Saturday, the highest daily toll in two years for American forces.

Four more brigades were expected to be deployed to Iraq between now and May, mainly in Baghdad, as part of Bush's plan to back Iraqi forces in a third attempt in less than a year to clamp off the raging sectarian warfare that has shattered the Iraqi capital.

Prime Minister Nouri al-Maliki has pledged to put an about equal number of Iraqi troops on the streets and has vowed they will target both Sunni insurgents and Shiite militia fighters.

Al-Maliki has promised he will no longer block action against the Mahdi Army militia, the armed wing of radical Shiite cleric Muqtada al-Sadr, an ally of al-Maliki. The militia is believed responsible for much of the sectarian bloodshed in Baghdad, where the Health Ministry said about 16,000 people died in the violence last year.

Since the Bush and al-Maliki announced the planned drive against militants, U.S. and Iraqi special forces have regularly killed or captured a number of Mahdi Army commanders. The drive against Sunni insurgents has increased as well, with elite Iraqi police commandos reported to have killed 15 members of the al-Qaida-linked Omar Brigade in a U.S.-backed airborne assault on Saturday.

Kurdish Troops From North Deserting (BOS/MCT)

By Leila Fadel And Yaseen Taha,

The Boston Globe/McClatchy, January 21, 2007

Loyalties are with militia, not with Iraq

SULAIMANIYAH, Iraq -- As the Iraqi government attempts to secure a capital city ravaged by conflict between Sunni and Shi'ite Muslim Arabs, its decision to bring a third party into the mix may cause more problems than peace.

Kurdish soldiers from northern Iraq, who are mostly Sunnis but not Arabs, are deserting the army to avoid the civil war in Baghdad, a conflict they consider someone else's problem.

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The Iraqi Army brigades being sent to the capital are filled with former members of a Kurdish militia, the peshmerga, that's the armed wing of President Jalal Talabani of Iraq's political party, the Patriotic Union of Kurdistan. Most remain loyal to that militia.

Much as Shi'ite militias have infiltrated the Iraqi security forces across Arab Iraq, the peshmerga fill the ranks of the Iraqi Army in the Kurdish region in the north, poised to secure a semi-independent Kurdistan and seize oil-rich Kirkuk and parts of Mosul if Iraq falls apart. One thing they didn't bank on, they said, was being sent into the "fire" of Baghdad.

"The soldiers don't know the Arabic language, the Arab tradition, and they don't have any experience fighting terror," said Anwar Dolani, a former peshmerga commander who leads the brigade that's being transferred to Baghdad from the Kurdish city of Sulaimaniyah.

Dolani called the desertions a "phenomenon" but refused to say how many soldiers have left the army.

"I can't deny that a number of soldiers have deserted the army, and it might increase due to the ferocious military operations in Baghdad," he said.

"This is the biggest performance through which we can test them," said Lieutenant General Ali Ghaidan, the commander of land forces for the Iraqi Ministry of Defense. The Kurdish soldiers will be using translators, and they'll start off doing less dangerous tasks such as manning checkpoints with Arab soldiers, he said.

In interviews, however, soldiers in Sulaimaniyah expressed loyalty to their Kurdish brethren, not to Iraq. Many said they'd already deserted, and those who are going to Baghdad said they'd flee if the situation there became too difficult.

"I joined the army to be a soldier in my homeland, among my people. Not to fight for others who I have nothing to do with," said Ameen Kareem, 38, who took a week's leave with other soldiers from his brigade in the Kurdish city of Erbil and never returned. "I used to fight in the mountains and valleys, not in the streets."

Kareem said he knew that deserting was risky, but he said he'd rather be behind bars in Kurdistan than a "soldier in Baghdad's fire." Without the language and with his Kurdish features, he was sure he would stand out, he said. He's a Kurd, he said, and he has no reason to become a target in an Arab war.

Now he drives a taxi in Sulaimaniyah, eking out a living and praying that he doesn't get caught.

Other soldiers in Sulaimaniyah also said they didn't want to be involved in someone else's war.

Farman Mohammed, 42, celebrated the Muslim Eid holiday with his family last month and didn't go back when he heard that he might be deployed to Baghdad. Afraid for his life, he found a new job and settled in with his family.

"The fanatic Sunnis in Baghdad kill the Shi'ites and vice versa. Both of them are outraged against the Kurds. They will not hesitate to kill us and accuse us of being collaborators with the occupiers," he said. "How can we face them alone?"

Those who are planning to go to Baghdad said they didn't want to be considered cowards.

Mohammed Abdoul, 41, reluctantly prepared to leave for the Iraqi capital earlier this week.

"I don't know why we should interfere in this Sunni-Shi'ite war," he said. "If I am going to face a difficult task in Baghdad and feel sectarian tension, I will leave the army forever, come back to Sulaimaniyah, and work in the market."

An army brigade from Sulaimaniyah began arriving at Muthana Airport in Baghdad last week, and a brigade from Erbil is expected in February, Ghaidan said.

The 1,200 Kurdish soldiers in each of the two brigades from the Kurdish north will be dwarfed by 2,700 soldiers in each brigade that are being brought to Baghdad from the Shi'ite south.

Generals in Erbil and Sulaimaniyah begged the Ministry of Defense to choose brigades out of Kirkuk that spoke Arabic to help in Baghdad, Dolani said. Ghaidan wouldn't explain why entire Kurdish brigades weren't being transferred from the north.

Taming Iraq's "Wild West" (LAT)

By Tony Perry

The Los Angeles Times, January 21, 2007

HUSAYBAH, IRAQ — It's midday in this farming-and-smuggling town on the Syrian border, and the market square is bustling.

A colorful array of fruits and vegetables and plump fish from both sides of the border is for sale in stalls along the muddy main street. The smell of freshly baked bread permeates the air. The jewelry stores, bridal salon, Internet cafe, pharmacy, and bicycle and butcher shops are crowded with customers. So is the pool hall.

"Business is good," Ahmed Ratib, the town cobbler, said as he nailed new heels on a pair of shoes. "Not like in the past."

Two years ago, the same streets were fraught with roadside bombs and snipers, and sellers and buyers stayed away. The area was considered too dangerous even for a quick tour by a U.S. general in his armored Humvee.

The Qaim region was routinely described, including in The Times, as an out-of-control "wild west" where the Marines were fighting with only limited success to control the smuggling of insurgent fighters and weapons from Syria.

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Today, Marines walk the downtown beat, chatting with residents, fielding their complaints, encouraging them to contact the Iraqi police if they suspect insurgent activity.

In a country studded with areas where the U.S. has either failed or made only limited progress toward stabilization, Husaybah and the surrounding Qaim region stand out as a success, officials said.

A State Department counterinsurgency expert, who is based in Iraq, lists Qaim as "very good," Fallouja as "good but backsliding" and Ramadi as "a mess" (a description the commanding officer there disputes).

The effort has combined U.S. military and economic power, backed by help from the municipal and tribal leadership.

In fall 2005, the Marines launched a massive effort to find weapons caches and confront insurgent sanctuaries in this part of Al Anbar province. A follow-up campaign is underway to the northeast of Husaybah, along both sides of the Euphrates River.

The U.S. also has several improvement projects underway, including a 10-lane port of entry from Syria that should provide an economic boost. Marines are assisting the health clinic and hospital, and the U.S. is funding construction of a jobs center and vehicle registration site.

Despite the improvement, problems persist. The port-of-entry project, being built by an American company with Iraqi workers and British security guards, is behind schedule, in part because building materials were hijacked.

Insurgents routinely hijack gasoline trucks coming from Baghdad. A City Council member was recently arrested on suspicion of insurgent activity, and bombers have tried to knock out the telephone system. The mayor needs bodyguards around the clock.

Hundreds of families are said to be coming here to escape Baghdad, which could lead to a struggle for housing and jobs.

"We had better get some tents and be ready," said Capt. Sean Wilson, commander of Kilo Company, 3rd Battalion, 4th Regiment, as he continued walking the beat with his troops.

But Husaybah also has major advantages, including a mayor who refuses to be intimidated and has brokered a deal with local sheiks to get their support in fighting insurgents. The sheiks, whose tribes are spread on both sides of the border, were reluctant; but last fall they committed themselves to the fight.

Calling themselves the Protectors of the Desert, the sheiks have pledged to eliminate insurgents. U.S. officials, to avoid the rise of private militias, have asked that the sheiks instead urge tribesmen to carry on the fight by joining the police force or army. Hundreds of young men have volunteered for the police force and been sent to the police academy in Jordan, at U.S. expense.

"Things were very bad here in the past," said Farhan Farhan, mayor of Husaybah and Qaim. "The tribes and the people decided to fight, along with the Iraqi forces and the Americans. The terrorists only wanted to kill innocent people."

Marines are encouraged to spread the idea that the U.S. is not an occupying power but a transition force, in place until Iraqi security forces are ready to take charge.

"We try to be genuine, to show them we're trying to make things better," said Lance Cpl. Carey Tennison, 26, of San Antonio. "We appreciate that they want to control their own town. They just don't know how to do it yet."

President Bush, in a speech this month, said the Baghdad government had promised to take full responsibility for all provinces by November.

The next day, Col. William Crowe, commander of the Twentynine Palms-based 7th Marine Regiment, told a group of enlisted Marines that within months, the Americans may no longer be required in Qaim.

As they walk their beat, Wilson and his troops ask residents about their problems and what changes they hope to see in Husaybah. Some complain that thieves steal goods from the market stalls at night, and others complain about the paucity of fuel at the government gas station.

When asked about their own actions to help their town, the residents often reply that something will happen, inshallah — God willing.

Mohammed Ali was out shopping for dinner when Marines stopped to talk. He had a plastic bag of greens and radishes and offered the Marines a taste.

"Do you want the Americans to go home?" the captain asked.

"Someday, but not yet — too many Ali Babas [thieves] are still here," Ali said.

After more talk of the radishes and the good weather, Ali asked, somewhat tentatively, whether the Marines would be leaving soon.

"Inshallah," the captain answered.

Army Says Improper Orders By Colonel Led To 4 Deaths (NYT)

By Paul Von Zielbauer

The New York Times, January 21, 2007

DOJ_NMG_0119615

Army investigators say that Col. Michael D. Steele, a decorated combat veteran and brigade commander in Iraq, issued improper orders to his soldiers that contributed to the deaths of four unarmed Iraqi men during a raid in May, according to military documents.

No charges have been filed against Colonel Steele in the Army's continuing investigation. But two Defense Department officials said last week that Colonel Steele was formally reprimanded in the summer by Lt. Gen. Peter W. Chiarelli, the former commander in Iraq, for not reporting the deaths and other details of the raid. The action was not made public.

The reprimand and the controversy surrounding the raid have effectively ended the career of Colonel Steele, an aggressive officer known for unorthodox methods and who was portrayed in the book and movie "Black Hawk Down" as a fearless fighter during Special Operations missions in Somalia in 1993.

The four Iraqi men were killed on a channel island northwest of Baghdad on May 9 by members of the division's Third Brigade Combat Team, which Colonel Steele commanded. Four soldiers were later charged with murder by military prosecutors, who said they captured the men, then turned them loose and killed them as part of a staged escape attempt. Over the past two weeks, two of the soldiers have pleaded guilty to lesser charges.

The military's administrative investigation into Colonel Steele centered on how he communicated the rules of engagement, the instructions that all soldiers must follow to determine whether they may legally use lethal force against an enemy, to his soldiers before the raid.

The colonel improperly led his soldiers to believe that distinguishing combatants from noncombatants — a main tenet of the military's standing rules of engagement — was not necessary during the May 9 mission, according to a classified report in June by Brig. Gen. Thomas Maffey, a deputy commander tapped by General Chiarelli to investigate Colonel Steele. "A person cannot be targeted on status simply by being present on an objective deemed hostile by an on-scene commander," General Maffey wrote in his June 16 report.

Although the colonel's "miscommunication" of the rules contributed to the deaths of four unarmed Iraqis, General Maffey wrote, formal charges were not warranted "in light of his honest belief of the correctness of the mission R.O.E." The general recommended that Colonel Steele be admonished, a lesser punishment than the formal reprimand he eventually received.

Several soldiers have said in sworn statements that Colonel Steele told them to kill all military-age males. Colonel Steele and two lawyers representing him did not respond to several e-mail and phone messages requesting comment on the case. But in testimony he gave on June 3 to General Maffey and another investigator at an Army garrison in Tikrit, Colonel Steele said he did not use "specific language" to order his soldiers to kill all military-age males, and that "we don't shoot people with their hands up."

On June 10, an investigative report by the 101st Airborne Division's lawyers concluded: "Although clearly unintentional, confusion regarding the R.O.E. was the proximate cause of the death of at least four unarmed individuals, none of whom committed a hostile act or displayed hostile intent."

In his June 3 testimony, Colonel Steele said he told his men that Army intelligence had shown that the island held dozens of fighters for Al Qaeda. "Guys, you are going to get shot coming off the helicopter," Colonel Steele said he told them before the raid. "If you don't get shot, you ought to be surprised."

As it turned out, the assault occurred without encountering any hostile fire, and the soldiers found only unarmed men, women and children. Only excess caution by Colonel Steele's troops spared the Iraqi civilians from being shot, General Maffey wrote in his report.

The military's investigations of Colonel Steele's actions before and after the raid also determined that the fourth Iraqi man killed in the assault was 70 years old, unarmed and not a legitimate target.

After the raid, several soldiers noticed blindfolds and plastic handcuffs on the bodies of three of the men who were killed. Colonel Steele testified that he ordered a junior officer to begin an investigation into the deaths but to avoid reporting any findings to the division commander until the colonel returned from leave a few weeks later.

The formal reprimand Colonel Steele received effectively blocks any chance for his promotion, according to former and current military officers. "When you're looking to go from colonel to general, and it's a 2 percent selection rate, you're looking to throw people out, and that's an easy one," said John D. Hutson, the former judge advocate general of the Navy.

In November, Colonel Steele was reassigned out of Iraq and the 101st Airborne Division to an administrative assignment at Fort McPherson, Ga., where the Army Forces Command oversees the readiness of United States-based active-duty and Army Reserve soldiers. He will work in the unit responsible for Army operations and training, including developing methods of teaching soldiers how to handle enemy detainees, an Army spokesman said.

In addition to the trial of the four soldiers charged in the killings during the raid, an investigation is continuing into whether at least 10 other soldiers from Colonel Steele's former brigade lied to cover up three of the deaths, according to a classified report in December by the Army's Criminal Investigative Division. A division spokesman declined to comment on its investigation.

DOJ_NMG_0119616

Sunni-Shiite Fight Flares In Broadcasts (WP)

By Karen DeYoung

The Washington Post, January 21, 2007

It was the worst insult a Sunni Iraqi could give to a Shiite countryman.

"You Persian shoe!" politician Mishan al-Jabouri shouted at journalist Sadeq al-Musawi during a panel discussion earlier this month on al-Jazeera television. "I will do things to you that you cannot even imagine."

Musawi gave it back in kind. "You are a thief. . . . Your father killed Kurds. We will settle accounts with all of you," he warned before stomping off the set past the pleading al-Jazeera moderator.

The exchange between two middle-aged men in suits was an up close and personal look at the religious and ethnic divides -- Sunni Muslim vs. Shiite Muslim, Arab vs. Persian -- that President Bush now cites as the main impediments to peace in Iraq. Widely circulated on the Internet in recent weeks, the video clip has fueled sectarian jeers and cheers in chat rooms throughout the Middle East.

For Jabouri, who sparked the shouting by offering a Koranic prayer for "the soul of the martyred president Saddam Hussein," it was welcome free publicity.

"It's spreading around the world," he said of the video in a telephone interview Friday from Damascus, "showing all the people the truth" of what he called the criminal occupation of Iraq by the U.S. military and an Iran-backed Shiite government in Baghdad.

"I've received thousands of letters from this interview, all supporting me. If you go to any tiny village in Saudi Arabia, in the [Persian] Gulf, you'll find discussions about this interview."

Even more popular among the Arab world's majority Sunnis, if press accounts in the region are to be believed, is Jabouri's satellite television station, al-Zawraa. Its battlefield videos of U.S. soldiers and Iraqi Shiites being blown apart with roadside explosions, truck bombs and sniper bullets fired by Sunni insurgents mark the first time such fare -- long an Internet staple -- has had its own television station.

The Bush administration has long charged that mainstream Arab networks such as al-Jazeera provide a platform to terrorists. But communications technology now allows the warring parties in Iraq direct access to audiences in Iraq and beyond.

The Internet videos are ubiquitous. The al-Jazeera clip apparently was first posted, with English subtitles, by the Middle East Media Research Institute, which monitors and distributes audio and video broadcasts from the region, many of them unflattering to Arabs. Macabrely humorous to Western ears, the clip has become a favorite on YouTube and hundreds of other sites.

Al-Zawraa television may prove just as difficult to squelch as the Internet.

A Sunni politician twice elected to the parliament, Jabouri started the station, a mix of standard entertainment and pro-Sunni rants, after Hussein's fall. Last year, he fled to Syria after the Iraqi government charged him with siphoning money from an American-financed project in his native Salahuddin province. In November, security forces shut down the station's Baghdad headquarters.

A month later, the station was back on the air, this time via the Egyptian satellite company Nilesat, with newly violent content featuring crudely recorded Sunni attacks on U.S. soldiers and what were said to be civilian Sunni victims of terrorism by Shiite militias.

Both the U.S. and Iraqi governments protested and asked the Egyptian government to force Nilesat to shut al-Zawraa down. "My understanding as of this weekend was that the broadcast had ceased," State Department spokesman Sean McCormack said on Jan. 3.

A few days later, it was back on television screens across the Arab world, albeit with old footage of exploding Humvees and dead bodies looped over and over again, 24 hours a day. Egypt's Sunni government had blocked incoming video feeds to al-Zawraa but said free speech considerations prevented it from being shut off altogether.

Amin Basyouni, board chairman of Cairo-based Nilesat, said no government had asked him to cancel al-Zawraa. "We never interfere with content on any channel from any country in the world," he said. "We are like an airline. Passengers go on board. We never ask them, 'Why are you going to London or Paris?' "

Although conservative critics in the United States and the blogosphere have charged that al-Zawraa is a direct outlet for al-Qaeda in Iraq, Jabouri is most closely affiliated with the Islamic Army of Iraq, made up of ex-Baathists.

"We generally describe this as a Sunni Baathist insurgent media outlet rather than anything else," said a State Department official, who agreed to discuss the issue on condition he not be named. "It certainly isn't al-Qaeda broadcasting in Iraq." Jabouri, the official said, "is what our departed secretary of defense used to refer to as a 'dead-ender.' "

Jabouri denied supporting al-Qaeda and drew a sharp distinction between terrorists and what he called resistance fighters.

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"The terrorists . . . the same people who bombed the Trade [Center] towers in New York and the civilian people in Iraq. . . . But there are honest resistance members fighting the invaders of their country," he said.

Despite his televised prayer for Hussein's soul, Jabouri said, he had little sympathy for Hussein. Yet "the way they hanged him and the words they said to him makes Saddam Hussein a semi-idol" to Sunnis, he said.

Jabouri said Friday that, thanks to a contract with Paris-based Eutelsat Communications, he expected to send new material from Iraq "in 48 hours." Eutelsat's Washington office said it had no record of a contract and referred calls to Paris, where no one could be reached late Friday.

The government of Syria, where Jabouri now lives, "does not allow" him to transmit from inside its borders, he said.

But the insurgents can download video images into computers and send them directly to the satellite transmitter via the Internet.

"With two, three or four computers in different places" not under U.S. or Iraqi control, he said, "I can send anywhere in the world."

Banned Station Broadcasts Voice Of Rebels In Iraq (NYT)

By Marc Santora, Damien Cave

The New York Times, January 21, 2007

BAGHDAD, Jan. 20 — The video starts with a young American soldier patrolling an Iraqi street. His head is obscured by leaves, so a red target is digitally inserted to draw the viewer's eye. A split second later, the soldier collapses, shot. Martial music kicks in, a jihadi answer to John Philip Sousa. The time and place of the attack scrolls at the bottom of the screen.

Such tapes, along with images of victims of Shiite militias and unflattering coverage of Shiite leaders, are beaming across Iraq and much of the Middle East 24 hours a day, broadcast by a banned Iraqi satellite television station that has become a major information center for the Sunni insurgency — and the focus of a cat-and-mouse hunt that has exasperated and infuriated American and Iraqi forces.

Making the situation even more galling for the authorities, American and Iraqi officials say that money stolen from the United States probably helps pay for the station.

"They do not have programs but buffoonery, blaspheming and support for terrorism," said Jalal al-Din al-Sagheer, a senior member of the Supreme Council for the Islamic Revolution in Iraq, a Shiite party. "The source of funding for the channel is theft."

The channel's founder, Meshaan al-Juburi, is a former Sunni member of Parliament who was indicted last February on charges of embezzling millions of American dollars meant to pay for a vast pipeline protection force he had been assigned to help build with recruits from Salahuddin Province. He was accused of collecting salaries for thousands of soldiers who did not exist.

He denied the charges and went into hiding, fleeing to Syria.

But the American and Iraqi officials said he funneled some of the money to Sunni insurgents, and they suspect much of it helped him shift the programming on his channel, Al Zawra ("the gate" in Arabic), from popular music videos and dance shows to gruesome and detailed death scenes.

Iraqi officials said Mr. Juburi made the switch to irritate his critics, and to try and buy himself protection from prosecution.

"He started showing the insurgency videos just to be close to the resistance," said Mahmoud al-Mashhadani, a Sunni Arab and speaker of Parliament. "Because the only thing that can save him from punishment is for the Iraqi government to collapse."

Iraqi officials banned the station on Nov. 5, focusing on its anti-Shiite footage and accusing it of "agitating the people against a large Iraqi sect with killing and genocide." Since then, the station has become a pirate outfit, fleeing new, makeshift headquarters at least twice.

Some top American military officials say they have aggressively tried to find where the broadcasts originate to put an end to them, but so far they have failed.

Baha al-Araji, a Shiite member of Parliament familiar with efforts to cut off the station, said the Iraqi government had also asked Nilesat, the Egyptian broadcaster responsible for transmitting the station via satellite, to cancel its contract with Al Zawra. So far, the company has refused, and the Egyptian government has rejected requests to intervene.

Iraqi officials said Nilesat promised not to renew Al Zawra's contract, though they did not know when it would expire.

The station's popularity is being aided by growing fears among Sunnis in neighboring countries of Shiite domination in Iraq, fears Al Zawra stokes through the often gruesome videotape of what it identifies as death-squad victims.

As neighborhoods in Baghdad and elsewhere continue to be purged of Sunnis, the broadcasts prominently list the names of areas that have been taken over, advocating bloody vengeance. And even as America considers sending more troops to Iraq, in part to protect Sunnis from being slaughtered, the channel is meant to inspire resistance.

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Mr. Juburi's critics said he has a history of parlaying political favor into personal fortunes. Iraqi officials said he made millions as a cigarette supplier under Saddam Hussein, and later ingratiated himself with Americans searching for Sunnis to bring into Iraq's new government.

Mr. Juburi now lives openly and comfortably in Syria.

He refused requests for an interview, but has often appeared on other Arab satellite channels to defend the station. Earlier this month on Al Jazeera, he debated Sadiq al-Musawi, a Shiite Iraqi political analyst, condemning Iraq's government and what he described as an ambitious effort to "defame" Al Zawra.

In an interview conducted via e-mail, a representative of Al Zawra, who did not reveal his name, said that the station's leaders had been a direct target of the Americans, and forced to move twice. The representative railed against the Americans and the Shiite militias, as well as the government of Prime Minister Nuri al-Maliki.

"Our media's message is to broadcast the voice of the resisters to the American and Iranian occupation, to reveal the crimes of Badr Organization and Moktada's army and the gangs of Maliki," the representative said, citing two prominent Shiite militias, "and document it and work on forming a legal directorate to prosecute them in international courts for the crimes of genocide against the Sunni Arabs in Iraq."

When the station shuttered its Baghdad office several months ago, it was thought to have moved its operations to Salahuddin Province, northwest of Baghdad, in the Sunni heartland. The governor there said publicly that he was ordered to make sure he did not play host to the station, noting that the Americans had delivered a "stern" message on the subject. In December, Kurdish officials denied reports that the station was operating out of a Christian neighborhood in Erbil.

The station does not have much structure or style. Grainy clips of grisly violence, running in loops and sometimes in slow motion, are interspersed with news bulletins featuring just two commentators — a woman, who wraps and covers her face, and a man in a full battle fatigues whose face is uncovered, and who appears to be about 30 years old.

They regularly accuse Iraq's Shiite-led government of being a front for Iran. Mr. Mashhadani, the Parliamentary speaker and a Sunni, is often called "Mashhadi" — a reference to the Iranian town of Mashhad, Iran's holiest Shiite city.

The station also frequently offers critical coverage of the rebel cleric Moktada al-Sadr, including broadcasting a clip that the station says demonstrates his militia's infiltration of the Iraqi Army. Mr. Sadr is shown sitting with aides, discussing how many militiamen he can spare to be a part of the Iraqi Army. In the end, he says that he will supply two divisions. The source of the video is unclear.

In an odd twist, at the same time as the broadcasts promote attacks against the Americans and the Shiite militias, the station's main commentator, the man in fatigues, encourages other Shiites to join the struggle.

In fact, the commentator, who reads his diatribes from an undisclosed location, is himself a Shiite, according to a Baghdad couple who identified themselves as his parents.

As the station's agenda shifts from focusing strictly on the Americans to rallying Sunnis to prevent Shiite control of the country, the potential of the message to stir up more bloodshed is that much greater.

But the representative of the station seemed confident that it would stay on the air.

"Al Zawra represents all factions of resistance against the Iranian and American occupation," he wrote. "And it is committed to broadcasting their messages and activities without any interference or discrimination."

Rice Rules Out Talks With Syria, Iran (AFP)

AFP, January 21, 2007

US Secretary of State Condoleezza Rice has reiterated Washington's opposition to talking to Syria or Iran to get their help in easing unrest in Iraq.

To believe that Damascus or Tehran would suddenly be ready to help stabilise Iraq, simply because the United States would talk to them, is false, Rice told German magazine Spiegel in an interview to be published on Monday.

Syria and Iran's "only motivation" in entering into such talks would be to draw some advantage for themselves, Rice said, adding that this was not diplomacy but blackmail.

Damascus would expect some goodwill from Washington over its Lebanon policy while Tehran would want room for manoeuvre on its nuclear programme, Rice said.

The Clock May Be Ticking On Iran's Fiery President (LAT)

By Dariush Zahedi, Omid Memarian

The Los Angeles Times, January 21, 2007

DOJ_NMG_0119619

THE BUSH administration's decision to step up pressure against Iran by going after Iranian agents inside Iraq, coupled with the Islamic Republic's increasing economic and diplomatic isolation, have pushed conservatives inside Iran to further distance themselves from President Mahmoud Ahmadinejad.

Many pragmatic and traditional conservatives, such as former President Hashemi Rafsanjani and Ayatollah Ahmad Janati, who is the secretary of the Council of Guardians, were critical of Ahmadinejad's management of Iran's economic and foreign policies before U.S. military forces recently detained members of the Revolutionary Guard and Iranian intelligence agents in Irbil, Iraq. This incident, coupled with the U.N. Security Council's imposition of sanctions on Iran because of its refusal to abandon its nuclear program, has reportedly prompted 50 parliamentary members to sign a letter calling on Ahmadinejad to appear before parliament to explain himself. There have also been reports that Iran's supreme leader, Ayatollah Ali Khamenei, has given a green light to parliament to criticize the president's performance. Coupled with the country's deteriorating economy, these developments could push Ahmadinejad's opponents to replace him with a less doctrinaire politician.

In Iran, the legislative branch and such supervisory institutions as the Council of Guardians have special powers to ensure that the nation's policies conform to the constitution, Islam and the interests of the Islamic Republic. As former President Mohammad Khatami, a reformist, discovered to his chagrin, the president is accountable to the electorate but lacks sufficient power to fulfill his promises to the people.

Until municipal elections in December, the relatively young conservatives who control Iran's parliament and the more traditional conservatives beholden to the clerics were unsure of Ahmadinejad's popularity. As a result, they were largely deferential to the president, allowing him wide latitude in conducting the nation's foreign and domestic policies. But Ahmadinejad's humiliation at the polls — about 90% of his allies lost — has emboldened his opponents.

Ahmadinejad was elected in 2005 on a populist platform of combating poverty and corruption through a more equitable distribution of Iran's oil wealth. He comes from the most militant and ideologically driven faction in Iran, known as the Hezbollahis. In general, they are right-wing populists with security and military backgrounds in the Revolutionary Guard and the voluntary militia attached to it, the Basij. The president has gone out of his way to placate these extremist forces, granting them multibillion-dollar infrastructure contracts to develop the country's oil and gas sector, among other enterprises. Most flamboyantly, he has endeavored to return the Islamic revolution toward what he views as its essence — anti-Zionism and populism.

That has riled the country's pragmatic and traditional conservatives. Many recognize that last month's Holocaust denial conference in Tehran and Ahmadinejad's repeated threats to wipe Israel off the map may have persuaded China and Russia to vote for U.N. sanctions against Iran's nuclear program.

The economy remains a problem for Ahmadinejad. His decision to inject huge amounts of oil money into the Iranian economy and engage in deficit spending has stoked inflation, which has made it even more difficult for the poor to make ends meet. The prices of such basic items as beef, poultry, fruits and bread have increased by 25%, and rents have risen 30%.

In an unusual departure from the standard practice, conservatives blamed Ahmadinejad more than the United States after the five Iranians were detained in Irbil. Iran's unexpectedly moderate reaction to the detentions indicates that Ahmadinejad's voice in formulating Iranian policy may be fading.

But other developments also threaten to weaken his authority. President Bush's rejection of the Iraq Survey Group's recommendation that the U.S. seek out Tehran's cooperation in stabilizing Iraq unsettled some in Iran's ruling elite who believed that Bush had no choice, given U.S. domestic politics, but to invite Tehran to the table. The successful U.S.-led campaign to dry up financing for Iran's much-needed oil and gas and other industrial projects will only exacerbate the nation's economic woes. And Saudi Arabia's acceptance of lower oil prices through increased production will put additional pressure on an economy chiefly fueled by petrodollars.

From the conservatives' point of view, blaming a single individual who can easily be restrained or even removed for all that ails Iran could avert a legitimacy crisis for the system. Parliament can impeach Ahmadinejad, or the supreme leader can remove him. Short of that, a stern lecture from Khamenei could force Ahmadinejad to temper his words and play a less visible role.

Viewing himself as a man of God, Ahmadinejad is no doubt praying that the U.S. will not be satisfied with Iran's diplomatic and economic isolation and will launch military strikes against the Islamic Republic's nuclear installations. Such action may or may not set back Iran's nuclear ambitions. But it would surely give new life to Ahmadinejad's militant faction, enabling him to rally the masses behind the flag, compel his conservative critics to close ranks behind him and crush the remnants of Iran's liberal civil society and democratic movement.

DARIUSH ZAHEDI teaches in the departments of political economy and peace and conflict studies at UC Berkeley. OMID MEMARIAN, an Iranian journalist, was awarded Human Rights Watch's highest award.

Impatience On Iran Carries A Price (WP)

By Jim Hoagland

DOJ_NMG_0119620

The Washington Post, January 21, 2007

President Bush once again risks confusing his destiny with that of the nation. His presidency is running out of time. The United States is not. An all-or-nothing confrontation with Iran that has to be resolved before Bush leaves office is an artificial concept that will deepen American problems abroad.

Sports metaphors are dear to Bush and Secretary of State Condoleezza Rice. But their "new thinking" on Iran and Iraq must not be allowed to turn into the political equivalent of pro football's two-minute drill. The "hurry-up" offense that works beautifully for the New England Patriots at game's end is far too dangerous when the stakes are war and peace.

With his presidency in its final two years, signs multiply that Bush has lost patience on Iran with the U.N. Security Council, much as he did on Iraq in 2003. While Rice was traveling in the Middle East and Europe last week, American allies were being told that Washington would not seek new and tougher Security Council sanctions against Iran, as has been widely expected.

Iran rejected the largely symbolic sanctions that were adopted by the council on Dec. 23 and vowed to continue its nuclear program. That program will allow Tehran to master within a year or two the technology needed to manufacture atomic bombs, according to Western intelligence agencies. Iran claims it will not develop such weapons.

But Russia's unexpectedly strong opposition even to weak sanctions adopted only after months of debate has deepened Bush's growing disillusionment with President Vladimir Putin.

The American leader is determined not to get caught in "a dead end" at the United Nations, according to U.S. officials. Bush is said to feel that Putin went back on personal pledges to support meaningful U.N. action in return for Bush's committing to diplomatic efforts last June. Bush rarely forgives someone he believes has gone back on promises to him.

Instead of returning to the United Nations for a new resolution, the administration has launched a broad effort to assemble an economic coalition of the willing to confront Iran. Trade, investment and the price of oil are the primary targets Washington chose for this coalition.

The United States wants European Union nations to deny export credits to Iran and to encourage their banks to join a campaign led by the U.S. Treasury to squeeze Iranian financial institutions linked to their government's support for terrorism in the Middle East. Iran's poorly managed oil fields are in desperate need of new foreign technology and investment, making Iran vulnerable to this kind of pressure.

The campaign received a big boost last week when it became clear that Saudi Arabia is finally worried enough about Iran to use oil as a weapon against the regime of President Mahmoud Ahmadinejad. Saudi oil minister Ali Nuaimi publicly opposed Iranian calls for production cuts by the OPEC cartel to halt a decline that has taken crude oil from $78 a barrel in July to just above $50 a barrel last week.

The Saudis have enough reserve production capacity to swing OPEC prices up and down at will. Their relatively small population gives them a flexibility in postponing revenue gains that populous Iran lacks. Nuaimi's pronouncement, although cast as a technical matter that had nothing to do with politics, seemed to give teeth to recent warnings issued in private by Prince Bandar bin Sultan, the Saudi national security adviser, that the kingdom will now respond to Iranian hostility with its own confrontational tactics.

So a broad, sustained campaign of economic sanctions is perhaps the most effective way to bring pressure to bear on an Iranian regime that has failed to deliver on its grandiose promises of prosperity to a restive population.

But it is the Europeans and the Saudis, not the Bush administration, who control the tools of economic pressure that Washington wants wielded. Managing a campaign in which the immediate price will be paid by others will require skill, extensive consultations and enormous patience.

Such a campaign would be undermined by hurry-up tactics built around the American political calendar, or the use of U.S. military force in Iraq intended to serve as a show of force against Iran. Divisions within the Saudi royal family over how to handle Iran also should be handled with care, not bluster, by Washington. A new consensus with Europe on how to proceed must be sought as well.

This will all take time. Bush must guard against a sense of false urgency dictated by his time in office coming to an end. As Charles de Gaulle counseled, history continues even though the graveyard is full of indispensable leaders.

Hang Up! Tehran Is Calling (NYT)

By Nicholas D. Kristof

The New York Times, January 21, 2007

One of the most worrying parts of President Bush's Iraq strategy doesn't have anything to do with Iraq. It's the way he's ramping up a confrontation with Iran.

Across a broad spectrum of policy levers, Mr. Bush is raising the pressure on Iran, increasing the risk that he will drag the U.S. into a third war in an Islamic country in six years. Instead of disengaging from war, he could end up starting another.

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We could have taken another route. In 2003, Iran sent the U.S. a detailed message offering to work together to capture terrorists, to stabilize Iraq, to resolve nuclear disputes, to withdraw military support for Hezbollah and Hamas, and to moderate its position on Israel, in exchange for the U.S. lifting sanctions and warming up to Iran.

Some diplomats liked the idea, but administration hawks rejected it at once. Lawrence Wilkerson, a former chief of staff to Colin Powell, says that the State Department sent a cable to the Swiss ambassador in Tehran, who looks after U.S. interests in Iran, scolding him for even forwarding the package to Washington.

Obviously, Iran's offer might have led nowhere. But it's plain where rejection of the offer has taken us: more Americans are dying in Iraq, and some experts worry about clashes with Iran itself.

The Iraq Study Group proposed engagement with Iran, but instead Mr. Bush has been escalating the rhetoric and military pressure.

"When you have such a buildup and have zero communications, and you have an arena like Iraq where you may step on each other's toes, you could have rapid escalation," warns Vali Nasr, an expert on the region at the Naval Postgraduate School.

It doesn't appear that Mr. Bush wants a war with Iran. His aim seems to be a show of force to deter Iran and reassure our allies in the region. But he is on a path that may easily lead to escalation.

It's unfortunate that we are ratcheting up the military pressure, because the administration has quietly taken one very useful step against Iran: squeezing its access to international banking transactions. That has caused real economic pain and has added to the unpopularity of Iran's hard-line president, Mahmoud Ahmadinejad. Those banking sanctions, not military moves, are a reason Mr. Ahmadinejad has been rebuked by the country's supreme leader.

Unfortunately, both Mr. Bush and Mr. Ahmadinejad benefit from confrontation. Both are unpopular domestically but can use a crisis to distract from their policy failures.

"The current strategy benefits Ahmadinejad," says Professor Nasr. "It's going to divert attention at the popular level from democracy."

Mr. Ahmadinejad is facing growing criticism: he has been heckled by university students and scolded in the press, and his candidates did poorly in recent elections. Ordinary Iranians love the U.S. — it's the most pro-American country in the Middle East I've visited — and a civil society is struggling to be born.

"If there is any military strike on Iran, all this movement will end," said Shirin Ebadi, the Iranian lawyer and Nobel Peace Prize winner.

Even some Republicans opposed to a "grand bargain" favor some kind of engagement. Mitchell Reiss, a former senior State Department official under Mr. Bush, proposes technical talks with Iran about drug trafficking and maritime security. "Even if they are a nonstarter for Tehran, I think we score points in the region for trying," Ambassador Reiss said.

Granted, Mr. Bush is right to be frustrated by Iran and the way it's defying the international community with its nuclear program.

Unfortunately, Mr. Bush's military pressure may end up making Iraq bloodier than ever. Instead of being cowed, Iran may use its proxies in Iraq, Afghanistan, Lebanon and elsewhere to kill more American officials and troops.

Or even ordinary Americans here at home. "It's a pretty good assumption that they have, if not operatives, at least sympathetic actors and affiliated groups" in the U.S., said Henry Crumpton, the State Department coordinator for counterterrorism.

Mr. Bush is absolutely right to denounce Iran's leaders for stealing elections, suppressing their people and dabbling in terrorism. But we ourselves are partly to blame for the awful government in Tehran.

By instigating a coup in 1953 and seeking special legal privileges for American troops in 1964, we empowered extremists like Ayatollah Ruhollah Khomeini and allowed them to tap nationalist outrage. So it would be in keeping with tradition if Mr. Bush, by shortsightedly stoking a confrontation with Tehran, now inadvertently helped Iranian hard-liners crush Iran's democracy movement.

Pakistani Role Seen In Taliban Surge At Border (NYT)

By Carlotta Gall

The New York Times, January 21, 2007

QUETTA, Pakistan — The most explosive question about the Taliban resurgence here along the border between Afghanistan and Pakistan is this: Have Pakistani intelligence agencies been promoting the Islamic insurgency?

The government of Pakistan vehemently rejects the allegation and insists that it is fully committed to help American and NATO forces prevail against the Taliban militants who were driven from power in Afghanistan in 2001.

Western diplomats in both countries and Pakistani opposition figures say that Pakistani intelligence agencies — in particular the powerful Inter-Services Intelligence and Military Intelligence — have been supporting a Taliban restoration,

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motivated not only by Islamic fervor but also by a longstanding view that the jihadist movement allows them to assert greater influence on Pakistan's vulnerable western flank.

More than two weeks of reporting along this frontier, including dozens of interviews with residents on each side of the porous border, leaves little doubt that Quetta is an important base for the Taliban, and found many signs that Pakistani authorities are encouraging the insurgents, if not sponsoring them.

The evidence is provided in fearful whispers, and it is anecdotal.

At Jamiya Islamiya, a religious school here in Quetta, Taliban sympathies are on flagrant display, and residents say students have gone with their teachers' blessings to die in suicide bombings in Afghanistan.

Three families whose sons had died as suicide bombers in Afghanistan said they were afraid to talk about the deaths because of pressure from Pakistani intelligence agents. Local people say dozens of families have lost sons in Afghanistan as suicide bombers and fighters.

One former Taliban commander said in an interview that he had been jailed by Pakistani intelligence officials because he would not go to Afghanistan to fight. He said that, for Western and local consumption, his arrest had been billed as part of Pakistan's crackdown on the Taliban in Pakistan. Former Taliban members who have refused to fight in Afghanistan have been arrested — or even mysteriously killed — after resisting pressure to re-enlist in the Taliban, Pakistani and Afghan tribal elders said.

"The Pakistanis are actively supporting the Taliban," declared a Western diplomat in an interview in Kabul. He said he had seen an intelligence report of a recent meeting on the Afghan border between a senior Taliban commander and a retired colonel of the Pakistani Inter-Services Intelligence.

Pakistanis and Afghans interviewed on the frontier, frightened by the long reach of Pakistan's intelligence agencies, spoke only with assurances that they would not be named. Even then, they spoke cautiously.

The Pakistani military and intelligence services have for decades used religious parties as a convenient instrument to keep domestic political opponents at bay and for foreign policy adventures, said Husain Haqqani, a former adviser to several of Pakistan's prime ministers and the author of a book on the relationship between the Islamists and the Pakistani security forces.

The religious parties recruited for the jihad in Kashmir and Afghanistan from the 1980s, when the Pakistani intelligence agencies ran the resistance by the mujahedeen and channeled money to them from the United States and Saudi Arabia to fight the Soviet Union in Afghanistan, Mr. Haqqani said.

In return for help in Kashmir and Afghanistan the intelligence services would rig votes for the religious parties and allow them freedom to operate, he said.

"The religious parties provide them with recruits, personnel, cover and deniability," Mr. Haqqani said in a telephone interview from Washington, where he is now a visiting scholar at the Carnegie Endowment for International Peace.

The Inter-Services Intelligence once had an entire wing dedicated to training jihadis, he said. Today the religious parties probably have enough of their own people to do the training, but, he added, the I.S.I. so thoroughly monitors phone calls and people's movements that it would be almost impossible for any religious party to operate a training camp without its knowledge.

"They trained the people who are at the heart of it all, and they have done nothing to roll back their protégés," Mr. Haqqani said.

After the Sept. 11, 2001, attacks in the United States, President Pervez Musharraf, under strong American pressure, pledged to help root out Islamic extremism, and, as both head of the army and president, he has more direct control of the intelligence services than past civilian prime ministers. But according to several analysts, Pakistani intelligence officials believe it is more prudent to prepare for the day when Western troops leave Afghanistan.

Pakistan has long seen jihadi movements like the Taliban as a counter to Indian and Russian influence next door in Afghanistan, the Western diplomat and other analysts said, and as a way to provide Pakistan with "strategic depth," or a friendly buffer on its western border.

In Pashtunabad, a warren of high mud-brick walls and narrow lanes in Quetta, the links of the government, religious parties and Taliban commanders to a local madrasa are thinly hidden, said a local opposition party member who lives in the neighborhood.

Three students from the madrasa went to Afghanistan recently on suicide missions, he said. The family of one of the men admitted that he had blown himself up but denied that he had attended the school. The man's brother suggested that he had been forced into the mission and that someone had recruited him for payment.

"Nowadays people are getting money from somewhere and they are killing other people's children," he said. "We are afraid of this government," he said. His father said he feared the same people would try to take his other son and asked that no family names be used.

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President Musharraf relies on the religious party Jamiat Ulema-i-Islam, or J.U.I., which dominates this province, Baluchistan, as an important partner in the provincial and national parliaments.

At a madrasa, called simply Jamiya Islamiya, on winding Hajji Ghabi Road, a board in the courtyard proudly declares "Long Live Mullah Omar," in praise of the Taliban leader, and "Long Live Fazlur Rehman," the leader of J.U.I.

Members of the provincial government and Jamiat Ulema-i-Islam are frequent visitors to the school, the local opposition party member said, asking that his name not be used because he feared Pakistan's intelligence services. People on motorbikes with green government license plates visit at night, he said, as do luxurious sport utility vehicles with blackened windows, a favorite of Taliban commanders.

Maulvi Noor Muhammad, a Jamiat Ulema-i-Islam representative from Baluchistan in the National Assembly, recently received a guest barefoot while sitting on the floor of a grubby district office in Quetta, a map of the world above him painted on the wall to represent his belief in worldwide Islamic revolution.

He denied providing the militants any logistical support. "The J.U.I. is not supporting the Taliban anymore," he said. "We are only providing moral support. We pray for their success in ousting the foreign troops from the land of Afghanistan."

On a recent morning, the deputy director of the Jamiya Islamiya madrasa, Qari Muhammad Ibrahim, declined to meet a female reporter for The New York Times but answered a question from a local male reporter.

He did not deny that some of the madrasa's 280 students had gone to fight in Afghanistan. "In the Koran it is written that it is every Muslim's right to fight jihad," he said. "All we are telling them is what is in the Koran, and then it's up to them to go to jihad."

NATO officials and Western diplomats in Afghanistan have grown increasingly critical of Pakistan for allowing the Taliban leaders, commanders and soldiers to operate from their country, which has given an advantage to the insurgency in southern Afghanistan. In September, Gen. James L. Jones, then NATO's supreme commander, told the Senate Foreign Relations Committee that Quetta remained the headquarters of the Taliban movement.

Still, Pakistan has insisted that the Taliban leadership is not based in Quetta. "If there are Taliban in Quetta, they are few," said Pakistan's minister for information and broadcasting, Tariq Azim Khan. "You can count them on your fingers."

American officials and Western diplomats noted that, when put under enough pressure, Pakistan had come through with flashes of cooperation. But that only seems to reinforce the view that Pakistan's intelligence agencies are more in touch with what is going on in the Taliban insurgency than the government lets on publicly.

For instance, a senior Taliban leader, Mullah Akhtar Muhammad Osmani, who operated on both sides of the border, was killed in an airstrike in Afghanistan on Dec. 19, after Pakistan helped track him, an American official in Afghanistan said.

At the same time, a kind of dirty war is building between Afghan and Pakistani intelligence agencies. A senior Afghan intelligence official said one of its informers in Pakistan was recently killed and dumped in pieces in Peshawar, a border town. The Afghan intelligence service has also recently arrested two Afghan generals, one retired, who have been charged with spying for Pakistan, as well as a Pakistani suspected of being an intelligence agent.

President Musharraf has acknowledged that some retired Pakistani intelligence officials may still be involved in supporting their former protégés in the Taliban.

Hamid Gul, the former director general of Pakistani intelligence, remains a public and unapologetic supporter of the Taliban, visiting madrasas and speaking in support of jihad at graduation ceremonies.

Afghan intelligence officials recently produced a captured insurgent who said Mr. Gul facilitated his training and logistics through an office in the Pakistani town of Nowshera, in the North-West Frontier Province, west of the capital, Islamabad.

NATO and American officials in Afghanistan say there is also evidence of support from current midlevel Pakistani intelligence officials. Just how far up that support reaches remains in dispute.

At least five villages in Pishin, a district northwest of Quetta that stretches toward the Afghan border, lost sons in the recent fighting in Kandahar between the Taliban and NATO forces, opposition politicians said.

One village, Karbala, is a main center of support for the jihad, local people say. Unlike the other villages, which blend into the stark desertlike landscape with their mud-brick houses and compound walls, Karbala has lavish houses, mosques and madrasas, suggesting an unusual wealth.

Farther on, in the village of Bagarzai, lies the grave of Azizullah, a religious scholar who used only one name and acquired fame as a Taliban commander.

Only 25, he was killed with a group of 15 to 20 men in an airstrike in the Afghan province of Helmand on May 22, said his father, Hajji Abdul Hai. Thousands of people attended his funeral, including senior members of the provincial government, the father said.

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Mr. Hai, 50, who is a Jamiat Ulema-i-Islam member, denied that his son had been persuaded to fight by anyone. “From the start it was his spirit to take part in jihad,” his father said. “It’s all to do with personal will. If someone agrees, then he goes. Even if someone wishes to, no one can stop him.”

It is an argument that supporters of the jihad use frequently. But for some of the families mourning their sons, there is no doubt that the madrasas and the religious parties are the first point of contact.

That was the conclusion reached by the family of Muhammad Daoud, a 22-year-old man from Pishin who disappeared more than a year ago.

“In our search we went to many places and everyone said different things,” said his father, Hajji Noora Gul. “We went to the madrasa in Pashtunabad, but no one was ready to tell us his whereabouts.”

“Even the madrasa people did not know,” he added. “Behind the curtain of the madrasa, maybe there are other people who do this. Maybe there are some businessmen who take them.”

Then, he said, a Taliban propaganda CD came out showing his son with a group of others taking an oath before the Taliban commander, Mullah Dadullah.

“He had a shawl over his head and was preparing for a suicide bombing,” Mr. Gul said. “He said, ‘I am fighting for God, and I am ready for this.’ ”

His eldest son, Allah Dad, 33, blamed the jihadi groups and the Inter-Services Intelligence. “We don’t know how he made contact with those jihadi groups,” he said. “There are some groups active in taking people to Afghanistan and they are active in Quetta.

“All Taliban are I.S.I. Taliban,” he added. “It is not possible to go to Afghanistan without the help of the I.S.I. Everyone says this.”

Pakistan Denies It Harbors Taliban (WP)

By Pamela Constable

The Washington Post, January 21, 2007

ISLAMABAD, Pakistan, Jan. 20 -- Faced with new charges that Pakistan is harboring Islamic insurgents, including fugitive Taliban leader Mohammad Omar, Pakistani officials this weekend denied such allegations and defended their efforts to curb cross-border insurgent attacks in Afghanistan as sincere if not totally successful.

"We don't deny the Taliban come and go, but that is not the entire truth," Maj. Gen. Shaukat Sultan, Pakistan's military spokesman, said in an interview Saturday. "If 25 percent of the problem lies on our side of the border, 75 percent of it lies on the Afghan side." Of four known top Taliban commanders, he said, three are Afghan and one is Pakistani.

Sultan and other officials denied statements by a Taliban spokesman arrested in recent days in Afghanistan that Omar has been living in the Pakistani border city of Quetta under the protection of Pakistani intelligence agents. Omar's capture has been a top priority for U.S. forces in Afghanistan since the overthrow of Taliban rule in 2001.

Afghan officials have long charged that Omar and other Taliban leaders operate from Quetta, and senior U.S. officials have recently begun echoing those accusations, saying Pakistan has not done enough to curb Taliban attacks although it continues to be a valuable ally in the broader fight against Islamic terrorism.

Sultan said Pakistani officials repeatedly had asked Afghan and U.S. authorities to provide them with solid information on Omar's location but had received none. He also asserted that the captured Taliban spokesman, known as Mohammad Hanif, had lied about Omar's whereabouts after being tortured by interrogators in Afghanistan.

However, the army spokesman acknowledged that several Afghan refugee camps near Quetta and elsewhere provide safe havens for insurgents, who he said easily cross back and forth across the busy and porous border. "They do come for rest and recuperation," Sultan said, adding that Pakistan plans to close the camps and send all their inhabitants home.

Pakistan's president, Gen. Pervez Musharraf, said at a meeting of his national security council Thursday that strong punitive action would be taken against illegal cross-border actions and against any terrorists seeking refuge in Pakistan, according to news reports here.

Pakistani officials also defended their recent military and political actions in the tribal regions along the northwest border with Afghanistan, including peace pacts with tribal leaders in the adjoining South and North Waziristan districts. Afghan and U.S. officials charge that cross-border attacks from that area have risen dramatically since the pacts were signed in September.

Sultan acknowledged that a senior Taliban commander based in South Waziristan, Beitullah Mehsud, had been recruiting and arming local men to become insurgents despite the terms of the peace deal, which was aimed at stopping extremist violence in Pakistan and across the border.

He said an airstrike against several training camps in South Waziristan last Monday had been aimed at punishing Mehsud, although the commander escaped and has since tried to rally supporters for revenge attacks. Sultan also denied reports this

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week that a pilotless U.S. Predator aircraft had first dropped bombs on the camp, saying, "The strike was carried out by us. We struck against five compounds and destroyed three."

In a separate interview Friday, Ali Jan Mohammed Orakzai, the governor of Pakistan's North-West Frontier province and the architect of the North and South Waziristan accords, asserted that the pacts had been successful in some ways but had led to worrisome local tensions and had not been able to stop all cross-border movement by insurgents.

"There have been no attacks on law enforcement agencies, and no efforts to challenge the government writ," Orakzai said. "We do admit that some cross-border movement is taking place, but to say that it has increased because of the agreement is unrealistic. We have 80,000 troops deployed on the border, and they are not sitting there for nothing."

He also said that the government was "really squeezing" local tribes that had violated the agreements, and that they had created confusion and tension between locals and foreign-born residents who fled to Pakistan from various Afghan conflicts over the years and now feel pressure to leave.

But Orakzai, a retired army general who led numerous military operations against Islamic militants in the tribal areas after 2001, said it was imperative to switch to a political approach after hundreds of soldiers died, traditional tribal structures collapsed and local anti-government sentiments soared, helping Islamic extremists attract more support.

Orakzai was scathing in his criticism of the Afghan government, saying it had been unable to extend control or services to much of the country and was largely to blame for the revival of the Taliban insurgency. "There is no democracy, no writ of government in Afghanistan," he said. The Afghan government has received billions of dollars in foreign aid and is protected by tens of thousands of NATO and U.S. troops.

In the past several weeks, the nature of Pakistan's role in relation to cross-border insurgent attacks has provoked contradictory foreign assessments. Top American military and civilian officials have said Pakistan needs to do more to eliminate safe havens for the Taliban and prevent them from slipping into Afghanistan.

But NATO commanders in Afghanistan, who oversee 31,000 troops there, say Pakistan has helped international forces far more than is widely known. For example, they said, Pakistani intelligence sources were crucial in tracking down Akhtar Mohammad Osmani, a senior Taliban commander who was killed in a U.S. airstrike in southern Afghanistan in December.

"The Pakistan government does not wish to see the Taliban in power here," Lt. Gen. David Richards, the outgoing NATO commander in Kabul, said in an interview recently. "They are determined to bear down on the insurgency. But when they help us, they get no credit for it. No one says thank you."

Afghan Women's Quiet Revolution Hangs By A Thread (LAT)

By Alissa J. Rubin, Times Staff Writer

The Los Angeles Times, January 21, 2007

Each step toward equality has been a struggle, but the nation's instability is eroding their gains.

Kabul, Afghanistan — EACH morning, the policewoman puts on her uniform, goes to her precinct office, sits behind a bare desk. And waits.

She is one of several officers appointed to make it easier for women to report domestic violence. Her job ought to be one of the busiest in the district. Instead, Pushtoon, who goes by one name, has one of the loneliest.

"Last week we had one woman. Before that there had not been anyone for several weeks," she said, twisting hands left scarred by her attempt at suicide years ago in a Taliban jail. "Women are afraid to come, but we are not allowed to go to them.

"The police chiefs will not let us. They say it is unsafe for women officers," she said.

Five years after the end of the Taliban era, there are new opportunities for women in Afghanistan, and notable efforts are underway to make their daily lives better, especially in Kabul, the capital. Improving the status of women has been a core goal of U.S. policy here, and Secretary of State Condoleezza Rice said at a congressional hearing in 2005 that enshrining women's equality in the Afghan Constitution was an important advance for the entire region.

But conversations with dozens of women suggest that each step forward has been a struggle. Afghan society remains deeply uncomfortable with the idea of women gaining independence and authority. The Taliban's resurgence has reversed incremental gains, particularly in the south. If the Taliban incursions spread, more women are likely to lose ground.

Families in the south that recently began allowing their daughters to go to school and wives to enroll in vocational programs have pulled them out because of Taliban attacks.

"Women's future depends so much on security. As much as se-curity deteriorates, women's situation deteriorates," said Masuda Jalal, former acting minister of women's affairs. "At the first sign of insecurity, the head of the family protects his women and children, and the first measure they take is to keep them inside the house."

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Women who have gained ground haven't talked of the constitutional principles of equality. Instead, they focus on the respect accorded women by the Koran, and on the importance of mothers and homes, where older women have long held positions of power.

Their goal, often unstated, is to convince fathers and brothers, husbands and sons that when a woman is empowered, the males benefit as well. They hope their daughters will at least have more choices than they had.

Women are learning to drive, some at their husbands' urging so they can help with family errands. Small numbers have opened bank accounts. Women have become a regular presence on television talk shows, and they deliver weather reports and other news features.

According to Farsona Simimi, a popular television talk show host, "There is a quiet revolution here." But, she added, "I do not know whether it will succeed."

Pushing a stone uphill

THREE times in the last century, the status of women has improved, only to suffer reversals.

The first time was in the 1920s, when ruler Amanullah Khan abolished the requirement that women be completely covered in public and encouraged his wife to wear a hat without a veil. He was ousted by the mullahs.

The lot of women improved again in the 1960s, when four women were elected to parliament. One of them was the mother of Nasrine Gross, now an Afghan American lecturer in sociology at Kabul University.

A family album contains photos of her mother and several friends at a picnic 40 years ago. They wear knee-length dresses with short sleeves; a couple of them have beehive hairdos, strands blowing free in the summer breeze as they lean against a sleek car. Two men in Western clothing stand nearby.

"No one can believe these pictures were taken here," Gross said.

In the 1970s, political turmoil stymied women's progress. But in the next decade, ruling communists prohibited women from wearing burkas and appointed many to government posts. More than 50 were given judgeships, and many others took positions in the police and healthcare professions.

When the Taliban took power in 1996, it banned all education for women, even small girls. It removed women from almost all jobs outside the home and required them to cover their faces in public by wearing a burka. In some areas, it demanded that house windows be painted black so women could not see out and men could not see in. Women were whipped in public for the smallest infraction.

Educated Afghans and international aid workers say the U.S.-backed government of President Hamid Karzai has done little besides removing the Taliban restrictions. He has only one woman in his Cabinet of 25 and none among his top advisors.

Several Afghan women said that they had encouraged Karzai to do small things, such as have his wife accompany him to public events, but that he had never done so.

In the name of Islam

RAHALA Salim was one of those who became a judge under the communists, and she recalls watching in horror as the Taliban dismantled every vestige of protection for women.

"As a judge, when I saw women coming to me crying because they had been abused, I felt responsible, I felt I had to defend their rights," said Salim, who was removed from her post by the Taliban. Under its rule, she said, "if a man was accused of rape, it was the woman who was arrested and blamed."

Salim knew from her legal studies that Sharia, or Islamic law, offered women some legal protection. The Koran and hadiths, the sayings of the prophet Muhammad, are open to an array of interpretations. And early Islam glorifies several women, including Muhammad's daughter Fatima, who is portrayed as an independent leader of her people.

"We have to know the real Sharia; we have to be able to point to passages in the holy Koran and say, 'Here, read this,' " Salim said. "In Islamic history, men have been the boss. They want to be the boss forever. That's why they never want women to appear in public, but that is not Islam; that is cultural tradition."

The notion of Islam as a pillar of freedom came from Salim's mother.

"My mother didn't have any sons, and so my father took a second wife, and it made her extremely sad and it made her life very hard," Salim said. "She told me, 'Unless you can have enough education, you can never stand against men. You must learn Islam so you can struggle against them.' "

During the Taliban era, Salim began to teach the Koran. Once a week, 70 women would gather for classes, sometimes at her house, sometimes elsewhere so the Taliban would not become suspicious.

"I would cook something as if we were just gathering for a meal, and then we would recite the holy Koran and discuss Islamic questions and then political issues," she recalled.

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After the Taliban fled, Salim ran for parliament. But she understood that she would need the mullahs behind her, and when she was elected, she asked them whether she could address families in the mosque. Her appeal opened the door for women to enter there. In her district, women never had; they prayed at home.

"It was the first time that women saw the inside of the mosque," she said. Then, with the mullahs' assent, she asked the families to send their daughters to school.

Other women have reached similar conclusions: that if they are to persuade men to stand behind them, they will need mullahs as allies and Islam as a shield.

Jalal, the former women's minister, has convened meetings of mullahs to discuss Koranic interpretations of women's rights. A meeting last summer in Kabul drew 100 mullahs from around the country. She also has asked new "women's councils" to work closely with local mullahs. So far, the councils are active primarily in Kabul and on its outskirts.

In Chakadera, a district at the foot of mountains about an hour north of Kabul, Maseema Sakhi acts as the local liaison to the Women's Affairs Ministry. A tiny, graceful woman of 45, she went to college and teaches at the local grade school. But she married a village man and lives in a typical Afghan mud compound with several generations of family, where chickens and turkeys roam the yard.

She has made overtures to local mullahs, so when there are domestic problems they consider coming to her.

Recently a girl arrived in the village in tattered clothes, exhausted and battered. She had run away from her husband's family. She said she had been badly beaten and was afraid she would be killed.

In the past, the elders and the mullah might have forced the girl to tell them where she came from and taken her back, all but condemning her to death. This time, the mullah sent for Sakhi.

"She had walked three days and three nights through the mountains without stopping. Her feet were torn," Sakhi said. "She said she was so miserable in her home that she wished a wild animal would eat her. We took her to the women's ministry, and now she is in a shelter and she calls me her mother."

'Someone should listen'

PUSHTOON, the policewoman, never thought of herself as a crusader.

Her mother died when she was an infant. Brought up by her father in Logar province, south of Kabul, she gained a rudimentary knowledge of reading.

At 13, she was married to a man many years her senior. At 15, she bore the first of her six children. The family moved to Pakistan, where her husband, who was often unemployed, took up with a younger woman.

Depressed, confused and only dimly aware of how the Taliban treated women, Pushtoon returned to Logar to claim a piece of land her father had left her when he died. She wanted to sell it to help support her family.

But the Taliban arrested her, saying she must have killed her husband since he wasn't with her. Her only relatives were her husband's family, and they wanted the land for themselves. The Taliban accused her of murder and took her to the women's prison in Kabul.

Locked in a cell barely large enough for a bed, she became desperate.

"I was shouting and shouting that I was innocent, and no one was listening," she recalled, nervously touching the braid on the cuff of her police uniform.

After six months, she shut herself in a tiny, squalid latrine, lighted a match and held it to her clothing.

"The flames licked over the material and burned my hair and was burning my face and burned my hands," she said. "I burned myself to die there. That would have been better than a life in prison. I knew no one in Kabul. No one came to visit me. I had two daughters and four boys and they were in Pakistan and I missed them."

But she didn't die. And a few days later the Taliban released her. She still has scars on her hands and a dark, pitted mark on her forehead from the flames. She covers it with the ornamental red makeup that some Afghan women daub above their brows.

And she has a cause.

She cited the case of a woman who sought her help: "Her husband didn't have a job. He was home all the time and he beat her every day. He broke two of her teeth, and he put a pillow over her mouth when he hit her so she wouldn't shout and so the neighbors would not hear."

Such women are often afraid that if they complain, their husbands will kill them and they will bring dishonor to their families, Pushtoon said.

"I am doing this job now," Pushtoon said, "because when a woman says she is innocent, someone should listen."

'Happy Morning'

FARSONA Simimi has taken a different road, becoming a popular television talk show host on the Tolo network, one of Afghanistan's new private stations.

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She uses the nonthreatening idiom of shows such as "Bride" and "Happy Morning" to help women think about asserting their rights and to help men understand the problems women face. She often alternates taboo topics with ones that even the most conservative men would not oppose.

"Today I had two subjects on the family program: how to teach a child and how to get dark spots out of a shirt," she said with a smile.

Dressed modestly in a high-necked white blouse and an ankle-length white skirt, only her veil suggests her independent views: It perches so far back on her head that it looks in danger of slipping off, and it shows a swath of her slightly hennaed hair.

"When I first was on TV, my family was afraid for me," she said. "People said to my husband, 'How can you let her do that?' "

A year ago, one of Simimi's female colleagues was slain. Many people think it was because someone in her family considered her too modern. She wore blouses and tight jeans and went to clubs at night, said colleagues at Tolo.

It has taken almost three years, but Simimi has found that her audience is beginning to trust her. Women telephone her at the station and send her e-mails, and when she attends weddings or other large gatherings, they seek her out to ask questions or tell her their stories.

Her greatest regret is that television cannot yet show the cracked ribs and the burns and the other abuses women suffer.

"But we can talk about some of these things. One of our main topics on the family program is men beating their wives…. And we talk about arranged marriage from many perspectives, [such as] the father picks a person and doesn't talk about it or discuss it with the woman."

When she looks at her own family, she sees the problem writ small. Her young son recently told her as she was leaving for work, "Mama, you must wear a bigger scarf."

"Now, where did he get that idea? He is only 8, but he spends time with his father, with his grandfather — they must say some of these things," she said.

"It will take a long, long time for things to change. We must wait for this generation to grow up, and then maybe in two more generations we will see some changes."

The sewing circle

OUTSIDE Kabul, where villages sit lonely in the mountain desert, women's prospects are far bleaker. In Chakadera, Sakhi's village, formation of a sewing circle was seen as a major advance. It allowed women to meet and share their stories. But the conversations often turn to domestic violence.

Chakadera was on the front line when the Taliban took over, and its women were forbidden even to go to the village market. They married first cousins because those were the only people they could meet. Now the women gather in a school room to sew, to laugh a little, cry, and support those among them most battered by their men.

But no one knows how long the sewing group will last. In early autumn, a nearby school was burned. If there is another attack, the women might not be allowed to go out, or their daughters to go to school.

For now, Sakhi said, "everybody can come here to sew and weave and forget her sorrows for two or three hours each week."

One of the women, Malalai, 29, managed a smile even though she expressed little affection for her husband, who forbids her even to buy clothes for their children without his permission. Married at 15, she was a mother of three boys and two girls before she was 24. She wants a different life for her girls.

"I want them to get an education, to work, and only then to get married," she said.

What will happen if the Taliban returns?

She brushed her hand over several spools of thread sitting before her on the floor, knocking each one over as if they represented the sewing circle, the dreams for her daughters, the possibility of a different future.

"Gone," she said. All gone.

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Rubin recently was on assignment in Afghanistan.

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Editorial: A Case Of Justice That Stinks (ROT)

Roanoke (VA) Times, January 21, 2007

The administration's forced resignations among U.S. attorneys tell the tale of the corrupting influence of unchecked power.

is a new old story, about one of those "little-noticed" provisions in complex legislation that draws attention only when it starts to stink.

The complex law is the Patriot Act. The smelly provision -- one of many, but a noticeable one of late -- is an innocuous-seeming change in the way the executive branch makes interim appointments of U.S. attorneys.

In effect, the change allows the attorney general to replace federal prosecutors without Senate approval.

The Bush administration seems to be using this new power, in part, to rid the Justice Department of prosecutors deep into political corruption investigations and to put political hacks in their place.

Congress should act quickly to strip the law of a provision so ripe for abuse.

Distressingly, lawmakers passed the change without debate last year when the GOP-dominated Congress approved the USA Patriot Improvement and Reauthorization Act.

The political blog TPMmuckraker.com reports that a spokesman for one of the bill's Republican managers, Rep. James Sensenbrenner, said then-Senate Judiciary Chairman Arlen Specter slipped the new language into the bill at the last minute. Separate measures passed earlier in both houses did not include the change.

U.S. attorneys are appointed by the president and approved by the Senate. When appointees leave, voluntarily or not, the attorney general can make an interim appointment that is not subject to a Senate vote.

Formerly, such an appointment could last up to 120 days, after which a local federal district court would name a replacement until the vacancy was filled. Now interim appointments can last indefinitely, at least until the end of a president's term, a process that circumvents the Senate's check on executive power.

That change began stinking after a series of forced resignations that includes the impending departure of Carol Lam, the U.S. attorney for San Diego. Lam focused her office's efforts on successfully prosecuting former Rep. Duke Cunningham for corruption.

The head of the FBI's San Diego office bemoans Lam's ouster, saying it will jeopardize a continuing investigation that has touched several Republican lawmakers. He and several former federal prosecutors say her firing smells of politics.

Not so, Attorney General Alberto Gonzales insists. He testified at a congressional hearing Thursday, assuring Democratic Sens. Dianne Feinstein and Patrick Leahy that U.S. attorneys are never removed to retaliate for or interfere with an investigation or court case.

"Sources" suggest other reasons for Lam's firing, from her pursuit of public corruption and white-collar crime at the expense of drug smuggling and gun cases to a poor track record for convictions. Suspicions that politics underlies all would be hard to prove -- but they are also hard to dismiss.

One of Gonzales' interim appointments, after all, is J. Timothy Griffin, since late December the interim U.S. attorney for the Eastern District of Arkansas. His career up to then was spent largely doing "opposition research" -- digging up dirt on Democrats -- for the Republican Party and, from 2005 to 2006, for Karl Rove.

The Justice Department forced Griffin's predecessor to resign.

Such examples illustrate, at the least, the potential for putrefying politics to corrupt the Justice Department's use of truly awesome powers.

Feinstein and Leahy have filed a bill to restore the district court's authority to make interim appointments. Gonzales' protestations of high principle do not persuade. The senators should press on.

CORPORATE SCANDALS:

Prosecutor In Apple Case Joins Law Firm (BLOOM)

By Bloomberg News

Bloomberg, January 21, 2007

Christopher J. Steskal, a lead prosecutor of a federal task force investigating the backdating of stock options at Apple Inc. and other companies, is leaving his San Francisco post to join a law firm, the United State Attorney's office in San Francisco confirmed late Friday.

Mr. Steskal's decision follows the recent resignation of his boss, United States Attorney Kevin V. Ryan.

Mr. Steskal also was the lead prosecutor in the government's case against Gregory L. Reyes, the former chief executive of Brocade Communications Systems.

Mr. Steskal, who was to try Mr. Reyes's case in June in San Francisco, is the second of five assistant United States attorneys on the task force to leave since its formation in July. He said he would join the San Francisco office of Fenwick & West within 30 days.

William J. Portanova, a criminal defense attorney and former federal prosecutor, said that he believed that the Brocade case would not suffer, no matter who is picked to succeed Mr. Steskal.

“The government has people stacked up ready to pick up the case and run with it,” he said.

Luke Macaulay, a spokesman for the United States Attorney’s office in San Francisco, said that one of two prosecutors the office is planning to hire would replace Mr. Steskal on the task force.

Departures Could Slow Option Probe Two In U.S. Attorney's Office Were First To File Charges For Backdating Stock Grants (SFC)

By Jessica Guynn, Chronicle Staff Writer

San Francisco Chronicle, January 21, 2007

The abrupt resignations last week of U.S. Attorney Kevin Ryan, the Justice Department's top law enforcement official in Northern California, and Assistant U.S. Attorney Chris Steskal, the lead prosecutor on the task force investigating stock-option backdating, raise questions about the fate of Bay Area technology companies under investigation.

Ryan gained a national profile for his aggressive stance on the controversial issue, becoming the first prosecutor to file backdating charges -- against two former executives of Brocade Communications Systems Inc. for allegedly violating securities laws by backdating stock options without properly accounting for them.

But it is the loss of Steskal, who is leaving to head the white-collar crime unit at Fenwick & West, headquartered in Mountain View, that could dramatically slow the pace of the criminal probes. Steskal was the office's resident expert on backdating, overseeing a dozen probes into suspect options grants, the highest-profile of which was Apple Computer Inc. He also was the lead prosecutor in the case against Brocade.

"Any time a line prosecutor leaves an investigation, there's clearly a loss of momentum because that person is invested, knows the cases and has spent all the time with the cases," said Thomas Carlucci, a San Francisco lawyer who represents former Apple attorney Wendy Howell, a potential target of the federal probe. "So there is undoubtedly going to be a momentary hiccup given that Chris has been the lead in all of the stock-option cases and in particular in the Apple case."

Luke Macaulay, a spokesman for the Justice Department, said the agency has a long track record of managing cases and investigations during leadership transitions.

"U.S. Attorney Ryan is taking care to ensure a smooth transition in the office's cases," Macauley said. "There continue to be many assistant U.S. attorneys with strong investigative skills and substantial trial experience on the stock-options backdating task force and throughout the office who are fully capable of carrying on the work of the task force."

In the long run, the swiftly revolving door at the U.S. attorney's office is unlikely to have a profound impact on the backdating probes, former federal prosecutors and legal experts agree.

"Whenever new leadership comes into an office, there is inevitably a period of adjustment and assessment for the new U.S. attorney to decide whether this type of investigation is going to be a priority and how much in the way of resources he or she is willing to commit," said former Colorado U.S. Attorney William Leone, now in private practice.

Will Ryan's successor share his zeal? Ryan and other federal prosecutors had pledged that 2007 will bring more prosecutions.

"Mr. Ryan saw the critical import of these issues that touch on companies that employ hundreds of thousands of people and have billions of dollars of investments, including from citizens and pension funds," said James Post, a Boston University management professor. "He saw that no matter how you look at it, shareholders are hurt when options are backdated."

In an interview last month with The Chronicle, Ryan said his office was investigating more than 25 companies, of which 15 to 20 percent had troubling red flags. Any replacement for Ryan likely will pursue the high-profile cases, legal observers said.

"Obviously the question remains: Are there cases that can be made?" said one former federal prosecutor, who asked not to be named. "If there are good cases, I don't see why anyone wouldn't want to pursue them."

Backdating -- manipulating the timing of stock-option grants to enrich company executives -- became a cause celebre for Ryan, who in July formed a task force to focus on the growing scandal.

Since then, the toll of the scandal on corporate America has been heavy, engulfing as many as 200 companies and leading to a rash of executive resignations and billions of dollars in restatements as well as the indictment of five former top executives at two companies, Brocade and Comverse Technology Inc.

More than 2,000 public companies have backdating issues, according to Erik Lie, the University of Iowa finance professor whose research zeroed in on the widespread practice of choosing dates on which the stock was trading lower to inflate the value of options for executives.

Many of the companies embroiled in the scandal hail from Silicon Valley, the most prominent of which is Apple.

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Dual investigations from regulators and prosecutors have unsettled investors, who are concerned about the future of Chief Executive Officer Steve Jobs. An internal investigation at the Cupertino tech giant found that Jobs chose "favorable" dates for options but did not understand the accounting implications.

Federal law enforcement is focusing on cases of serious fraud, such as deliberately misleading investors or forging documents. Many companies have voluntarily reported problems in the ways they accounted for options. Both the Justice Department and the Securities and Exchange Commission have promised swift and aggressive action.

Ryan is among a handful of top prosecutors nationwide who are leaving the Justice Department. Rumors of his pending resignation had circulated in the legal community for months.

A conservative Republican, Ryan served as a state prosecutor and state court judge before being appointed to the federal post by President Bush in 2002. His stormy tenure was characterized by high-profile prosecutions but also by widespread reports of low morale and an exodus of experienced prosecutors from the office, which has about 100 lawyers.

How he ran the office became the subject of a recent internal Justice Department audit.

In an e-mail to his staff, Ryan cited personal and professional reasons for leaving the job. Ryan did not say when his resignation will take effect, but one former federal prosecutor said he expects Ryan to leave office in the next four to six weeks, when his successor is lined up.

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Big Game? An Enron Survivor Hunts For Riches (NYT)

By Charles Duhigg

The New York Times, January 21, 2007

THE South Pacific islands of Papua New Guinea, where canned mackerel occasionally serves as currency and cannibalism was once on the menu, are a long way from the corporate jungles where Enron was born.

Yet amid the wreckage of Enron, the energy giant that went bankrupt in 2001, is a leftover sliver of the company that is still doing business in Papua New Guinea: an oil refinery near the country's capital, Port Moresby, that was shipped there from Alaska and in which Enron continues to hold a small stake.

In November, the relatively obscure Houston company that owns most of that refinery, the InterOil Corporation, made the kind of announcement investors crave: explorations near the refinery had uncorked a vast pool of natural gas potentially larger than the United States' total residential consumption of the fossil fuel in 2005. The size of the discovery was so large, Phil E. Mulacek, InterOil's chairman and chief executive, informed an analyst, that simply controlling its output "was sort of like trying to stop the Mississippi."

Just a few years ago, such proclamations — and the executives who made them — might have been viewed as curiosities, if they were noticed at all. Energy prices were so low that many natural-gas discoveries were burnt off so that drilling rigs could extract precious oil deposits further below. And rattled investors might have been wary of any company linked to Enron, especially one like InterOil that was boasting of possible treasures unearthed in remote jungles.

But that was then. This is now.

After a lengthy dormant spell, the global search for gas and oil has reignited with a fervor that is transforming companies like InterOil into Wall Street darlings. "The gold rush is back on," said Andrew V. Boland, an energy analyst at Peters & Company, a Canadian investment firm. "It's like the wild, wild West, all over again."

InterOil's gas find — which is unconfirmed and may be impossible to transport — caused the company's stock price to soar and its market capitalization to swell to $891 million from $572 million within three weeks of the announcement. Many of InterOil's financial backers, including Merrill Lynch, Morgan Stanley, Goldman Sachs, Wells Fargo, and Boone Pickens's investment firm, increased their bets after the discovery was revealed. Stanley Druckenmiller, a former lieutenant of George Soros, disclosed three days after the announcement that his hedge fund had poured more than $30 million into InterOil stock.

The passion for unearthing energy riches goes well beyond InterOil, of course. Yet, as the tangled history and relationships behind InterOil demonstrate, fortune and merit do not always march in lockstep in today's energy scramble. In addition to enfranchising bold explorers, energy fever has empowered scrappy promoters and would-be kingmakers who are rushing to remake nations and economies in a flash, analysts say.

In a controversial move, the monarchy of Qatar, for instance, earned a shot at becoming a regional power broker after a collection of local magnates helped to persuade the government and ExxonMobil to pour more than $25 billion into the nation's gas fields. In Bolivia, President Evo Morales is trying to use his country's gas reservoirs to force neighboring Chile to give his landlocked country a corridor to the sea.

For small companies like InterOil, the possibilities for riches and influence are even more intoxicating. "I knew from the start this company would be great," said Wayne Andrews, an analyst at Raymond James who has long encouraged investors to buy

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InterOil. “These guys have moved mountains. They’re working in an area with huge documented reservoirs of crude oil and natural gas. This is how fortunes are made.”

Critics disagree. The company’s history of disappointing results cause some to worry that not everything at InterOil is as it seems.

“This is a very questionable company,” said Peter J. Hodson, a senior portfolio manager at Sprott Asset Management who has both owned and bet against InterOil’s stock, but is not currently invested in the company. “These are not the types of people who are supposed to win the energy race.”

INTEROIL was born in 1994, when Mr. Mulacek, a Texas oilman, bought a small Alaskan oil refinery and decided to relocate it halfway around the world.

Mr. Mulacek, who declined repeated interview requests, founded his first energy company in 1981 while he was still an undergraduate at Texas Tech University. In 1990, according to an interview with The Australian, the newspaper, he was processing oil waste in war-torn Kuwait when he met a group of Chevron executives. Four years later, they invited him to Alaska on a fishing trip that also included a tour of a small refinery that Chevron was trying to sell.

At the time, oil refineries were not in high demand. Global petroleum development had slowed to a relative standstill as energy companies faced record low oil prices. But Mr. Mulacek saw in the Alaskan refinery a unique opportunity: although the rugged terrain of Papua New Guinea, 6,000 miles away, was known to house oil and gas reserves — in some places, visitors could squeeze rocks until their hands were coated with an oily residue — the country had no domestic refining capacity. Mr. Mulacek, who is described by acquaintances as a uniquely intense and driven businessman, bought the refinery and started the move.

To find investors to finance the purchase, he enlisted the aid of Gaylen J. Byker, an oil executive who he had met through mutual acquaintances. Mr. Byker was about to become president of Calvin College, an educational affiliate of the Christian Reformed Church that is based in Grand Rapids, Mich. (Mr. Byker still holds that position.) But before taking the reins at Calvin College, Mr. Byker incorporated a small company to invest in Mr. Mulacek’s refinery. A few months later, in mid-1995, Mr. Byker sold a portion of that company to his previous employer, the Offshore Energy Development Corporation.

When Offshore Energy went public a few months after that, Mr. Byker sold his shares for $1.6 million, according to securities filings. Five months later, Offshore Energy’s stock had declined by more than 73 percent, and Offshore Energy announced that it was for sale. In 1997, Titan Exploration, controlled by the deal maker Richard Rainwater, and an Enron subsidiary named JEDI (an entity later implicated in Enron’s bankruptcy) bought the company and its stake in Mr. Mulacek’s refinery.

By the time Titan entered the scene, Mr. Mulacek and Mr. Byker were scrambling to find cash to finance the refinery’s relocation, according to Mr. Byker. Foremost among potential financiers was the Overseas Private Investment Corporation, a federal agency also known as OPIC that offers American companies loans and insurance for foreign projects with strategic value to the United States.

By 1999, when InterOil’s talks with OPIC were announced, Papua New Guinea was struggling to maintain a fragile peace achieved only a year earlier when a treaty ended a popular revolt that had claimed 20,000 lives. The United States had promised more than $1 million in direct aid to help quell unrest. In 2001, OPIC agreed to lend InterOil $85 million to finance the refinery’s rebuilding.

By then, the project was almost 10 years old and reconstruction was almost complete. But the refinery failed to meet expectations: although it began in 2004 to process crude bought from other oil companies, and has produced millions of barrels of gasoline and other products, it has never sold any of it at a profit. InterOil has booked about $893 million in revenue over the last three years, largely by selling the refinery’s output. But the company reported increasing losses, posting a net loss of $37 million in 2005 alone, the last full year for which data are available.

“When crude was $30 a barrel, this refinery made a lot of sense,” said Mr. Byker, who still serves as an InterOil director. But the market for nontransportation fuels produced in the refining process, like naphtha, became less profitable as the price of crude rose, said Mr. Byker, causing InterOil’s earnings to suffer. The company has spent millions of dollars making the refinery more efficient, but thus far “it hasn’t worked out as we hoped,” he said.

A dearth of profits, however, did not stop InterOil from raising wads of money from investors. InterOil raised more than $125 million from shareholders and $318 million from debt holders between 2003 and 2005, according to securities filings. It did so based on assets that consist primarily of the refinery, which Mr. Byker said InterOil bought for less than $10 million, about 60 Papua New Guinean gas stations and a handful of oil and gas exploration projects.

The company’s executives and analysts say investors are willing to overlook InterOil’s losses because they believe that its oil and gas exploration activities will eventually pay off.

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"While there hasn't been any real success in the company's history, I think they're on the brink of something huge," said Mr. Andrews at Raymond James, one of the few Wall Street analysts who has consistently followed the company. "I know it's controversial, and when people bash the company, I can't really say they're wrong, but I think it's going to be a great investment. It's happened with other energy explorers before."

In the last seven years, InterOil has drilled major wells in at least eight locations in Papua New Guinea. At the beginning of many of those projects, InterOil executives announced impressive preliminary results. With wells bearing such robust and bullish names as "Rhino," "Sterling Mustang" and "Triceratops," InterOil has announced tentative oil finds that topped 1.3 billion barrels.

And, as has always been the case on Wall Street, rosy announcements often provide more than enough fuel to ignite a stock surge.

A dollar invested in the company's stock in January 2002, when InterOil first said it discovered a major new oil system in Papua New Guinea, would be worth nearly $11.50 today. (By comparison, $1 invested in ExxonMobil would be worth $2.10.) During that time InterOil insiders, including Mr. Mulacek and Mr. Byker, have exercised stock options worth millions of dollars, and hedge funds have sold large blocks of shares to smaller, retail buyers, according to interviews with some of these large investors.

But none of InterOil's wells have ever produced any significant amounts of oil, according to securities filings. Almost all of its petroleum wells are now capped or dormant. InterOil remains dependent on buying crude from other Papua New Guinea oil explorers and foreign companies that it then refines. Mr. Byker said the company has always been forthright about its exploration activities, and has always been explicit in public statements that its business projections may be wrong. "Those press releases were very carefully couched," Mr. Byker said.

InterOil's vice president for investor and public relations, Anesti Dermedgoglou, agreed. "There is often a difference between expectations and results in life," he said. "I can't help if investors get too excited. I don't control the stock price."

Mr. Byker added that throughout the company's history, InterOil insiders have held onto most of their stock, showing that they are as dedicated as the investors they approached.

The company has also always urged inside shareholders to be forthright about their purchases and sales of the company's stock, he said.

"We're all pretty well committed," said Mr. Byker, who personally owns shares worth more than $8 million. Mr. Mulacek holds shares worth more than $25 million, according to securities filings.

But Mr. Byker acknowledges that the company's convoluted, labyrinthine ownership structure makes it difficult to know exactly who owns what at InterOil. For instance, a portion of InterOil's shares are owned by a series of different entities that Mr. Mulacek and his family partially own. There are also a number of other entities partially owned or affiliated with Mr. Mulacek or Mr. Byker that own InterOil stock.

"The company grew up over a long period of time, and so there were a lot of different groups involved," Mr. Byker said. Although identified in filings as one of InterOil's largest shareholders, Mr. Byker said that "there are lots of other people involved with this company who own more than I do."

"But it's hard to tell who they are or who owns what," he added, "because they work through limited partnerships and offshore companies."

Such explanations have not satisfied some short-sellers and analysts, such as Ira Zadikow at Great Eastern Securities in New York and Mr. Hodson of Sprott Asset Management, who say the company's complicated ownership structure is worrisome.

InterOil has obtained millions of dollars in loans from Clarion Finanz AG, the investment firm of Carlo Civelli, a Swiss businessman who has worked with Mr. Mulacek since 1996 as an investor or adviser. Last year, InterOil announced that Clarion and Merrill Lynch had agreed to lend the company $130 million. Mr. Civelli has a long history as an investor in Canadian energy, mining and technology companies, where he often takes director posts.

In 1994, according to news reports, two inspectors working for the British government reviewing insider-trading allegations accused Mr. Civelli of improperly working with a broker to disguise stock sales of companies involved in takeover talks. The inspectors also examined financial transactions that they believed were "akin to a money-laundering operation," according to the reports, for possible links to Mr. Civelli. Mr. Civelli was never charged with any crimes by the British government, and Vancouver Stock Exchange officials who reviewed the report decided not to pursue their own investigation.

In an interview, Mr. Civelli said that he would have been criminally charged if there had been any real evidence of wrongdoing. "They were interested in destroying my reputation," he said. "They were not interested in the truth."

In a second, unrelated case earlier this year, Canadian securities regulators said Mr. Civelli had covertly helped another executive gain control of a publicly traded energy company after regulators had banned the executive from running any public companies. Mr. Civelli said the regulators' claims were false, and that he was simply helping to broker a stock deal. Canadian regulators have not charged Mr. Civelli with any wrongdoing in the matter.

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Merrill Lynch, which had a banking relationship with Enron and is now one of InterOil's major lenders, declined to discuss its relationship with Mr. Civelli or InterOil. For his part, Mr. Byker asserted that Mr. Civelli's problems had nothing to do with InterOil. "He's been a very reliable and straightforward person in everything involving InterOil," he said.

InterOil has had other entanglements with controversial figures. In 2004, Mr. Mulacek hired an investor relations executive named Carl Caserta, whom the Securities and Exchange Commission had barred from the securities industry almost two decades earlier, after he was accused of buying hundreds of thousands of stock shares for clients without their authorization. Mr. Caserta, who declined to speak on the record, stopped working for InterOil in 2005, according to his former employer, Lighthouse Capital Ltd.

Mr. Byker said the InterOil board was not aware of Mr. Caserta's history when he was retained. Mr. Dermedgoglou of InterOil said he was not aware that the firm had hired Mr. Caserta.

THE tangled corporate structure at InterOil, and the skein of financial and business relationships propping it up, might not have generated much attention if the company had not unfurled its November announcement about the Mississippi-sized natural-gas fields it had found in Papua New Guinea. The timing of the announcement was impeccable, arriving amid a global transformation in energy exploration.

For years, foreign development of natural gas lagged behind the search for other resources like petroleum, because low natural-gas prices did not generate much interest. But earlier in this decade, energy prices began rising and natural-gas exploration became much more attractive. Previously discovered but undeveloped gas fields in Qatar, Nigeria, Indonesia, Algeria, Australia, Iran, Egypt and Trinidad and Tobago began drawing interest. Analysts at Cambridge Energy Research Associates forecast that production of liquefied natural gas, or L.N.G., will more than double by 2012.

InterOil's blue-chip backers, all of whom declined to speak about the company, are betting that some of that enthusiasm will spill into Papua New Guinea. But if InterOil's gas find is to become a gold mine, someone needs to build a plant nearby that can convert natural gas into a liquid, so it can be easily transported.

While InterOil bought its refinery for just $10 million, L.N.G. plants are a tad more pricey: the cost of such facilities starts at about $4 billion.

"The name of the game is creating the infrastructure to bring reserves to market," said Michael Zenker at Cambridge Energy Research Associates. "There's a tremendous appetite for L.N.G. projects, and companies and development banks are lining up. Where that money goes may have as much to do with hype and politics as economic logic."

Almost every country with untapped gas fields is racing to convince major energy companies, international lenders and third-world development organizations that its gas finds justify extraction. In November, when InterOil tentatively reported its discovery of 4 trillion to 11 trillion cubic feet of natural gas, the company also said it had lined up $130 million for pre-engineering work on a liquefied natural gas plant. But to win the energy race, it obviously will need to raise much more.

To that end, InterOil executives have enlisted Papua New Guinea's prime minister, Sir Michael Somare, and its energy minister, Sir Moi Avei, to convince investors and foreign governments that the nation deserves their help. At InterOil's urging, the country has changed its tax laws to make natural-gas investments more profitable. InterOil executives are circling the globe to pitch investors on the company's stock and a major new refinery project.

Some independent engineers and analysts say InterOil's efforts may pay off.

"They've been very open with their data, and at first glance you can't help but be amazed," said Robb Moss, a geologist at Acumen Capital Finance Partners in Calgary, Alberta, who has reviewed InterOil's published findings. Acumen is not an investor in the company.

"But until you drill a lot of wells, you can't really measure anything," Mr. Moss added. "It's almost impossible to accurately forecast anything at this stage."

Furthermore, analysts say, given the enormous amount of natural gas development occurring elsewhere, it is unclear if developing even a large discovery makes sense. InterOil critics note that Australia, a neighbor of Papua New Guinea, is already the fifth-largest producer of liquefied natural gas in the world, and is expected to more than double its production by 2015, according to the United States Department of Energy. Such concerns helped persuade a consortium of investors to pull out of plans to build a pipeline from Papua New Guinea to Australia in August.

"High gas prices have seduced investors into overlooking concerns," said Mr. Boland at Peters & Company. "Energy is always cyclical, and the natural-gas market is particularly fickle."

If InterOil can convince investors to back an L.N.G. plant, the company is almost certain to profit from the gas fields, analysts say, because it will make the deposits cheaper to develop than fields in other countries.

To that end, Mr. Mulacek is working hard. A few years ago, he flew with a handful of Papua New Guinea ministers to Trinidad, a nation that won the natural-gas lottery when a plant was constructed there in the late 1990s. Today, the energy industry is one of Trinidad's largest employers.

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"We're making our case to organizations like OPIC, who want to help impoverished countries, and to groups like Merrill Lynch and foreign investors, who are very interested," Mr. Byker said.

If InterOil succeeds, the company's shares, which closed on Friday at $26.20, may climb. If executives fail, or the discovered gas reserves turn out to be too small to justify a pipeline or plant, the company may, like Enron, simply disappear.

InterOil's executives are undaunted, and enthusiastic, about the challenges of striking it rich in Papua New Guinea.

"This is a beautiful island, filled with amazing jungles and rainforest, spectacular animals and birds that are like something out of storybooks," Mr. Byker said. "It's like an unknown frontier. These areas need visionaries. That's how dreams become real."

Why Backdated Options Might Be Contagious (NYT)

By Mark Hulbert

The New York Times, January 21, 2007

DIRECTORS of corporations often form a tight-knit community, serving at more than one company and creating what are known as interlocking boards of directors. As a result of this chumminess, corporate practices that otherwise might remain confined to just a few companies can spread quickly.

That appears to have been the case with the backdating of stock options, according to a new statistical study of publicly traded American companies.

The study's authors are two finance professors, John M. Bizjak of Portland State University in Oregon and Michael L. Lemmon of the University of Utah, as well as one of Professor Lemmon's graduate students, Ryan J. Whitby. A version of the study, "Option Backdating and Board Interlocks," is at papers.ssrn.com/sol3/papers.cfm?abstract-id=946787.

Options backdating, of course, involves retroactively granting options to executives and directors on dates when a company's stock price was lower. The practice has favorable monetary, accounting and tax consequences for the companies themselves, as well as for the recipients. It isn't necessarily illegal, but it must be disclosed under federal securities law. Federal prosecutors and the Securities and Exchange Commission are investigating numerous companies in connection with options backdating.

How did the practice become trendy in boardrooms across America? According to the study, a big part of the answer may be found in interlocking boards, which the researchers describe as the biggest conduit for transferring information about options backdating.

The study looked at publicly traded companies that granted options at any point from 1996 through 2002, and it particularly examined those that began to engage in options backdating during this time. The researchers found that the probability that a company would start the practice rose by a third to a half if one of its directors was also on the board of a company that was already backdating options. The range in these probabilities depended on various factors, including the number of directors who served on other companies' boards.

The researchers would not have been able to reach statistically meaningful results based only on the 120 or so companies that regulators have publicly identified as under investigation for possible options backdating. As a result, the sample was expanded to include other companies where the odds of having engaged in the practice were overwhelming, according to the researchers.

To identify these additional companies, they looked at the behavior of the companies' stocks in the days before and after the option grant dates. If the price of a company's stock fell substantially just before the grant date, then rose substantially immediately after, the researchers flagged the grant as suspicious. That's because the odds are extremely small, they say, that a company would randomly pick a date so conveniently sandwiched between a large price drop and a subsequent price hike. Even so, the researchers didn't assume that a company had engaged in backdating unless at least 20 percent of its option grants were suspicious.

In an interview, Professor Bizjak said that though this hurdle was quite high, surpassing it wasn't proof that a company backdated options. There is a small theoretical possibility, he said, that the company was just lucky in picking very favorable days for granting at least 20 percent of its options. But he and his fellow researchers are confident, he said, that the number of companies that backdated at least some options is close to the total reached in their study. He also noted that this number — around 1,400, or 43 percent of the publicly traded companies that granted options from 1996 to 2002 — was in line with estimates reached by other academic researchers.

IF these estimates are even modestly close to correct, there are hundreds of companies that engaged in options backdating but whose identities are not yet public. The study didn't identify any likely companies by name, but it showed investors how to do so themselves. Such insight could be valuable, because a company's stock typically drops when previously undisclosed backdating is belatedly made known.

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Professor Bizjak advises investors to check whether the boards of any companies in their portfolios are heavily interlocked with those of companies where backdating is already public knowledge. There is a markedly increased chance that such companies have also engaged in the practice, making their stocks vulnerable.

CRIMINAL LAW:

Calif. Zone Tops In Porn Arrests (FRESBEE)

By John Ellis, The Fresno Bee

Fresno Bee, January 21, 2007

Area including Fresno leads nation in exploitation indictments.

When it comes to fighting child exploitation, no part of the nation has put up statistical numbers like the federal law enforcement zone centered on Fresno and Sacramento.

Over the past two fiscal years — including the one that ended Sept. 30 — the Eastern District of California has indicted more people for child pornography, molestation and related crimes than any other federal law enforcement zone in the nation.

In the fiscal year that ended Sept. 30, the number was 71. In the one that preceded it, the total was 67.

"It's something we're very proud of," said McGregor W. Scott, U.S. Attorney for the Eastern District of California.

Proud, but also surprised. Such information, Scott said, isn't published regularly, and for the most part the various federal districts around the nation are unaware of any statistical crime totals from outside their own region.

This particular recognition came last month, during a Washington, D.C., conference on Project Safe Childhood. During a speech, Associate Attorney General Bill Mercer — who holds the No. 3 position at the Justice Department — singled out the Eastern District of California, which runs from Kern County to the Oregon border, as the national leader in child exploitation indictments.

Assistant U.S. Attorney David Gappa, who specializes in child exploitation cases in Fresno's federal courthouse, said, "We're always just looking for a way we can do a case, rather than ways we can't do it."

Scott cited four primary reasons for the high numbers in his district:

Weak state laws. Until recently, Scott said, California had weak child pornography and child exploitation laws.

That changed somewhat in September, when Gov. Schwarzenegger signed a package of bills that, among other things, allows possession of child pornography to be charged as a felony and extends prison sentences for Internet luring.

Before that, Scott pointed out, the federal government "was the only game in town" for "egregious cases where men posed a real threat to children."

Outreach. During his first six months on the job, Scott said, he visited all 34 counties in California's Eastern District, talking to sheriffs and police chiefs at every stop.

Because of the state's weak laws, he stressed that law enforcement officials should send child pornography and child exploitation cases to the federal level for prosecution. They responded, he said.

Making it a priority. Studies done among inmates at federal penitentiaries found a connection between possession of child pornography and child molestation.

It prompted a policy change at the U.S. Attorney's Office for the Eastern District, labeling such crimes as "crimes of violence" and making prosecution of them a priority.

Momentum. In the end, a snowball effect happened as local and federal law enforcement and federal prosecutors saw the results of their efforts — long prison sentences for those convicted of child pornography or child exploitation crimes.

Gappa said the cooperation between agencies was key in the effort.

"We're fortunate to have aggressive prosecution, but we're also benefitting from high-quality investigations at agencies that have also made it a priority."

He specifically cited Clovis police, the Fresno County Sheriff's Department and the federal Immigration and Customs Enforcement for their efforts.

Rick Eaton, assistant special agent in charge of the federal Immigration and Customs Enforcement's Sacramento office — which oversees Fresno — agreed that cooperation between law enforcement agencies has been critical to the successful child exploitation efforts.

"I have never had a better working relationship in 30 years of law enforcement than with the U.S. Attorney's Office," Eaton said.

"It makes you want to cooperate with everybody else."

The reporter can be reached at jellis@fresnobee.comor (559) 441-6320.

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Violent Crime Falls Sharply In Providence (PROJO)

By Gregory Smith, Journal Staff Writer

The Providence Journal, January 21, 2007

PROVIDENCE — With a crew of streetworkers calming gang feuds and a gun task force invading criminal haunts, the frequency of murder has fallen to a historic low in Rhode Island's capital city.

The number of slayings fell by half last year and violent crime overall declined sharply, Police Chief Dean M. Esserman said, as improved law enforcement strategy and tactics such as the streetworkers and gun task force had a cumulative effect.

While 22 people were killed in 2005, that fell to 11 in 2006, which Esserman said last week is the fewest in 31 years.

Violent crimes decreased by 18.6 percent last year, according to preliminary figures in a police document obtained by The Providence Journal. The number of such crimes — homicide, rape, robbery and aggravated assault — fell from 1,145 to 932, a decrease of 213.

Mayor David N. Cicilline and the chief are scheduled to announce final numbers for 2006 tomorrow, including figures for property crime and total crime. Excepting murders, the final figures for violent crime may vary slightly from the preliminary figures.

Killings in Providence, the second most-populated city in New England, peaked at 30 in 2000, then declined to 23 in 2001 and 2002, to 20 in 2003, and then to 18 in 2004. The next year there was a spike, to 22, but then the number plummeted last year.

Esserman has no explanation for what he called "a blip" in killings and violent crime in 2005. But since he became chief in January 2003, he contends, a disciplined, dedicated and properly staffed Police Department has brought down both violent and property crimes.

"We have focused on crime as never before over the last four years," Esserman said last week. "Even though we worked very hard in 2005, there was some terrible violence that was hard for us to intercept. … I think our strategies are working" overall.

Those strategies, among others, include the government-subsidized streetworker program, in which paid youth workers from the nonprofit Institute for the Study and Practice of Nonviolence mediate conflicts and try to head off violence; a concerted effort to separate criminals from their guns; and community policing.

Community policing entails the decentralization of the police command to delegate more decision-making authority to captains and lieutenants in neighborhoods, and the enlistment of community groups, other agencies inside and outside law enforcement, and residents to help solve problems and prevent crimes.

The decrease in killings and violent crime in Providence runs contrary to a national trend over the past few years in which cities comparable to Providence and larger cities generally have seen an increase. The severity of the violence has gotten worse and teenagers are becoming criminals at a younger age, according to law enforcement experts.

Violent crime nationwide surged by 2.5 percent in 2005 — the highest rate of increase in 15 years — according to the FBI. And for the first six months of 2006, violent crime was up nearly 4 percent. The FBI does not yet have a figure for the entire year.

Although a reason sometimes is never found, slayings generally stem from the illicit drug trade, money or street disputes and personal relationships that sour, such as cases of domestic violence. Gang activity can be a direct factor, although the police say gang-related violence in Providence has diminished, in part because of a gang task force that predates Esserman's tenure.

None of the 2006 homicide victims in Providence was younger than 20 years old, a phenomenon in which Teny Gross, director of the Institute for the Study and Practice of Nonviolence, takes some pride.

"We work on small conflicts. We don't wait for them to become huge," he said of the streetworkers.

"A lot of little detail works. If a kid gets robbed, we're trying to mediate, trying to get stuff returned."

"As a salesperson of a positive lifestyle," Gross said, "I still have very little to offer" compared with the lure of the streets and the camaraderie of gangs. Investing in youth programs pays off in the long run with a reduction in crime and other benefits, he said.

The streetworker program began in August 2003 with three streetworkers and expanded to five in 2005. Gross did a flurry of hiring in 2006, boosting his crew to 13, and he said the larger complement had an effect. But he cautioned that he is having trouble paying for them.

One of the factors in the decline in violent crime over time is fewer shootings, which fell to 44 in 2006. There were 105 people shot in 2002, 92 in 2003, 73 in 2004 and 65 in 2005. A five-member gun task force, according to Esserman, has had an impact.

Task force members watch criminal hangouts, waiting for suspects to do something suspicious so they can confront and frisk them in the hopes of finding a gun. However, more firearms actually are seized by the police Narcotics and Organized Crime Bureau in the course of drug investigations.

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The U.S. Justice Department collaborates with the city police, arranging for the assignment of agents from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives to work on gun crime. Everyone caught with a gun is interviewed by a federal agent to determine if the suspect is eligible for federal prosecution, according to Esserman.

Gun-carrying criminals are dealt with more harshly in the federal criminal justice system than in the state system, with longer sentences and incarceration in prisons far away from family and friends. Although the federal system has a provision for sentence reduction called "good time," there is no parole.

A properly sized police force also has made a difference, according to Esserman.

"Most [sizeable] police departments in the country have suffered significant attrition in the last four years," Esserman said. For example, he pointed out, the New York City police force was reduced by several thousand officers, Boston by several hundred and New Haven, Conn., by several dozen.

The chief credited the mayor and City Council for maintaining Providence's force of 494, which currently has no vacancies.

"There is no me" in the anticrime achievements, said Esserman, who thanked state and federal officials and other groups that he counts as the department's partners. "There's only we."

"We have focused on crime as never before over the last four years."

Dean M. Esserman,

Providence police chief

"We have focused on crime as never before over the last four years."

Dean M. Esserman,

Providence police chief

WHO IS R. LINDLEY DeVECCHIO? (HTRIB)

By CAROL E. LEE

The Herald Tribune (Southwest Florida), January 21, 2007

SARASOTA -- By the time R. Lindley DeVecchio settled in Sarasota, his days at the FBI had become gangland lore.

He worked Brooklyn turf alongside storied undercover agents like "Donnie Brasco," back when mobsters gunned each other down in the streets and children stumbled upon bullet-riddled corpses while playing outside.

Having sealed up a 33-year career with the FBI, DeVecchio bought a courtyard-style home set among hammocks of palms in virtually crime-free Palmer Ranch. He became a grandfather. He got elected president of a homeowners association where the major issue is landscaping.

And then he got indicted for murder.

The supervisory special agent who helped bring down the leaders of New York City's five organized crime families now faces four 25-years-to-life prison sentences in what a prosecutor at the Brooklyn District Attorney's Office has called "one of the worst cases of law enforcement corruption in the history of this country."

As he awaits another pretrial hearing this month, DeVecchio, 66, has also been busy tending to some local matters, leading the search for a property manager at his deed-restricted community and coordinating elections to the homeowners association.

Some 1,200 miles north, in the chambers of a small Brooklyn courtroom, sits the bane of his golden years.

The foot-thick case file charges that when DeVecchio was investigating organized crime in the 1980s and 1990s, he gave a legendary capo in the Colombo family the addresses of his enemies and details about whom among his crew might be a rat.

The leaks led to the shooting deaths of a young woman, an 18-year-old kid, a mobster flirting with born-again Christianity and a bus company employee, court documents say.

DeVecchio, who declined to speak publicly about his pending trial or his life in Sarasota, pleaded not guilty to all four counts of second-degree murder at his March 30 arraignment in Brooklyn State Supreme Court.

And a 1994 internal Justice Department investigation into similar accusations found he had done nothing wrong.

"We deny the allegations in as strong a language as you can possibly deny anything," said one of DeVecchio's lawyers, Mark Bederow. "He's being falsely accused of the worst crimes imaginable."

But Brooklyn prosecutors say DeVecchio became too entwined with top-echelon informant Gregory Scarpa Sr., a "made" Colombo family mobster who once boasted that he stopped counting the number of murders he committed after reaching 50.

DeVecchio, prosecutors say, fed Scarpa confidential FBI information that kept the Colombo consigliere out of jail and helped him take out rivals. He took weekly payments in return and extracted inside information about the Mafia that aided his rise in the bureau, court files allege.

New York tabloids have since branded DeVecchio a "rogue," and his court appearances are main events. There, the case generates the pomp of blue-ribbon kinds on which prosecutors make names for themselves.

Here in Sarasota, DeVecchio's presence mostly goes unnoticed.

Taking the occasional note and wearing a sticker name tag, he sat quietly through a two-hour community meeting last week, where residents gave out certificates for best holiday decorations and a sheriff's deputy explained how he handles teenage disturbances.

In DeVecchio's community, Savannah at Turtle Rock, the rare mention of his legal woes falls on shrugged shoulders. His neighbors do not pry.

"It's not an issue. The folks here -- which is very, very nice -- judge you for what you're doing," said Ron Mingst, who lives next door to DeVecchio, whom he met at a New Jersey gym about five years ago. "You're doing a good job in the community. You're doing a good job as president of our association. That's what they see."

From clerk to agent

In 1963, DeVecchio was 23, with a political science degree from George Washington University and a clerk's job in J. Edgar Hoover's FBI. Scarpa was in his initial years as an informant.

DeVecchio became an agent a few years later and soon specialized in organized crime at the bureau's New York City office.

"He was one of the best informant analysts that we had," said James Kossler, one of DeVecchio's former bosses. "He was very good at developing informants and getting information that we needed."

Informants are paid FBI sources who are not allowed to participate in criminal activities without permission from the bureau.

But Gregory "The Grim Reaper" Scarpa dabbled in a medley of crimes: loan sharking, drug dealing, burglary, illegal gambling and murder.

One of his attorneys once told The New Yorker magazine that Scarpa being an FBI informant was as inconceivable as finding out that "Mother Teresa is assisting Saddam Hussein."

Handling the mobster was a touchy endeavor, and the FBI had a falling out with him in the mid-1970s.

DeVecchio brought Scarpa back into the fold in 1980 after getting permission from the bureau.

The charismatic agent with curly, dark hair and a mustache became the only one in the bureau to deal with the informant.

"Scarpa immediately became an important source of information in connection with the FBI's war on organized crime because he was highly placed in the Colombo crime family," DeVecchio stated in court records. "Moreover, Scarpa understood the inner workings of the Colombo crime family."

DeVecchio's informant finesse helped then-U.S. Attorney Rudolph Giuliani jail leaders of the city's Cosa Nostra in the celebrated 1986 Commission case.

"Without Lin or without that informant, we wouldn't have been able to accomplish what we did," Kossler said.

But the Brooklyn District Attorney's office says that over the course of their 12-year relationship, Scarpa also gave DeVecchio rolls of rubber-band bound cash for confidential information, and DeVecchio kept $66,598 of FBI money intended for Scarpa.

DeVecchio has said he never took more than small gifts from Scarpa, such as a pan of lasagna and a Cabbage Patch doll when they were popular and scarce. He vehemently denies intentionally giving any information to Scarpa that could have led to the murders of which he stands accused.

"At no time did I ever instruct Scarpa to murder anyone," DeVecchio stated in an affidavit. "Nor did I ever conspire with him to plan any murder."

The murders

In late September 1984, DeVecchio walked up the four steps leading to Scarpa's two-story home on Avenue J in Brooklyn and suggested he "take care of" the girlfriend of Alphonse Persico, a fugitive and the brother of the Colombo family boss, court documents charge.

He said 31-year-old Mary Bari had talked to federal agents and might reveal the location of Persico, prosecutors allege.

A few days later, Scarpa and his crew lured Bari to a Brooklyn bar with the promise of a job offer. As she entered the club, one of them allegedly slid his arm around her and pushed her to the floor. She was shot three times in the head, the case charges.

Prosecutors say DeVecchio gave Scarpa a similar tip a year and a half later. He told him that one of his crewmen, Joseph DeDomenico, 44, had cut him out of profits from robbing jewelry and fur stores, and could be a liability because he was dating a born-again Christian, court documents allege. Being born again was one step from being a rat, prosecutors say Scarpa later told his right-hand man, and he ordered DeDomenico killed.

DeVecchio again warned Scarpa of a potential snitch among his ranks in May 1990, prosecutors charge. And a couple of Scarpa soldiers later shot 18-year-old Patrick Porco in the head and dumped his body on a street corner, the case alleges.

A bloody internal war broke out in the Colombo family the following year, in the wake of its boss's imprisonment.

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DeVecchio was a supervisor of the FBI squad investigating the Colombo family. Scarpa continued to pick off rivals.

One of them was Lorenzo Lampasi, 66, whom he shot with a rifle outside his Brooklyn home after DeVecchio gave Scarpa his address, prosecutors charge.

The war lasted about a year. Nearly a dozen people died.

Retired to Florida

Scarpa was convicted on gun charges in 1992. The FBI ordered DeVecchio to cut ties.

Around the same time, some of DeVecchio's colleagues began to question the orthodoxy of his relationship with Scarpa, who died in prison in 1994 while serving time for murder and racketeering.

The department conducted a two-year investigation and found DeVecchio innocent.

He retired from the FBI in October 1996.

He sold his home in Dumont, N.J., where he had lived for decades, and moved to Sarasota in 2004.

Here, he blends in as a typical retiree. He belongs to a motorcycle club. And like many who have chartered a new beginning in paradise, he shoots the breeze over the fence with his neighbor, Mingst, about their home building woes.

His prospects for another term on the homeowners' board appears untainted by the lawsuit. No one else has volunteered for the job, although the 82 homeowners probably would have elected DeVecchio anyway.

"No one has come up to me and wanted to discuss the situation, and I've never even heard that someone would say that we want to remove him from the board," said Burke Terhune, the board's secretary.

But for DeVecchio, the trial looms.

Unless he gets permission from a judge -- as he did to watch the July Fourth fireworks at Sarasota Bay -- he can always be found inside his three-bedroom home during a mandated curfew from 9 p.m. to 6 a.m.

He wears an electronic monitoring anklet. He has had to notify a judge of his plans to lunch with his fiancée, get a haircut or peruse the Ellenton outlet mall. And this summer he had to reschedule a homeowners board meeting because it conflicted with a court appearance.

DeVecchio simply told the group he had to "go and testify," Terhune said.

"It seemed like it was New York City or someplace. He said the next meeting will be at this time, if it's OK with the rest of you," Terhune said.

No one asked questions.

ANTITRUST:

Some Speculate On Future Of P-I, Purchase By Black (SEATIMES)

By Eric Pryne, Seattle Times staff reporter

The Seattle Times, January 21, 2007

Could David Black save the P-I?

With a decision looming in four months that might spell the beginning of the end for the smaller of Seattle's two daily newspapers, some speculate Black could ride to the Post-Intelligencer's rescue.

He kept an endangered daily alive before under similar circumstances, they note, in Honolulu.

Liz Brown, administrative officer for the Pacific Northwest Newspaper Guild, said she mentioned the possibility to Don Kendall, who heads Black Press' new King County operations, at a meeting last month.

"I told him, 'You could save the day again,' " said Brown, whose union represents workers at both Seattle papers.

But Kendall said he's never discussed buying or printing the P-I with Black. What's more, he added, Seattle isn't Honolulu.

Here's the P-I's situation, and how Black conceivably could factor into it.

The P-I has pretty much been only a newsroom since 1983. That's when its owner, The Hearst Corp., entered into a federally sanctioned joint operating agreement (JOA) with The Seattle Times Co.

The Times prints, circulates and sells the advertising for both papers. In return, it gets most of the proceeds. But it has maintained in recent years that it is losing money under the arrangement and moved in 2003 to trigger an escape clause in the contract.

Hearst has said the P-I couldn't survive outside the JOA. It also says The Times' loss claims aren't valid.

After years of litigation, the companies agreed last spring to submit their dispute to binding arbitration. The arbitrator is scheduled to rule by May 31.

If The Times wins, the agreement calls for Hearst to shut down the P-I in six to 12 months. In return, it would get 32 percent of The Times' profits until 2083, when the JOA expires.

To comply with antitrust laws, however, the U.S. Justice Department or federal judges almost certainly would require Hearst to put the P-I up for sale before closing it. That's what happened in Hawaii in 2000.

The owner of the Honolulu Star-Bulletin had announced that, in return for a cash payout, it would close its paper and dissolve its JOA with the larger Honolulu Advertiser. After the courts stepped in, the Star-Bulletin was put up for sale

The Star-Bulletin then — like the P-I today — had no presses, no advertising sales force and no circulation network. "It was essentially a startup business," said Wayne Cahill of the Hawaii Newspaper Guild.

But Black stepped in when no one else in the industry would, buying the paper for $10,000 and building up the business and production end from scratch. Kendall, who headed Black's Hawaii operations at the time, says it wouldn't have happened if the company hadn't also been able to buy an Oahu weekly with presses that became the foundation for the Star-Bulletin's new printing operation.

In almost every other U.S. city, the dissolution of a JOA has meant the death of a paper. In Honolulu, the Star-Bulletin survives.

Black could do the same thing in Seattle, Brown and others say. The Times-Hearst arbitration agreement acknowledges Hearst could still collect its 32 percent of The Times' profits, even if it sells the P-I to a buyer willing to publish the paper outside the JOA.

Kendall said he doesn't know whether the Kent press Black acquired as part of the King County Journal Newspapers purchase is big enough to print the P-I. What's more, he said, he hasn't asked: "In this region, our focus is on community newspapers."

But others say it would be possible, perhaps by adding capacity at Kent and contracting out part of the press run.

"It's a business opportunity he [Black] might well be interested in," said Cahill, who once worked in The Times' circulation department.

The Seattle situation isn't identical to Honolulu's. For one, powerful political forces in Hawaii lined up to save the Star-Bulletin. That hasn't happened — at least not yet in Seattle.

Publishing the P-I would require a huge investment on Black's part, not just in equipment but in people, said John Morton, a leading national newspaper analyst.

"It would be a very daunting prospect," he said.

ENVIRONMENT/INDIAN AFFAIRS:

Blueprint To Beautify, Restore Yosemite Tangled Up In Court (SFC)

By Chuck Squatriglia, Chronicle Staff Writer

San Francisco Chronicle, January 21, 2007

When the Merced River overran its banks and scoured Yosemite National Park a decade ago, many saw an unprecedented opportunity to restore the iconic park and cede more of the Yosemite Valley to nature.

A plan by the National Park Service to reinvent the valley and another to protect the Merced River drew broad support from environmentalists, the public and the government. Years of acrimonious debate over how to manage a crown jewel of America's national park system gave way to a consensus that the Park Service had finally gotten it right.

Yet 10 years after the flood, both plans remain tied up in court, challenged by a small but passionate group of activists who argue that the Park Service would render Yosemite an exclusive resort. A federal judge has rejected the river plan, the future of the valley plan is uncertain and, with several projects planned for the valley brought to a halt, frustrated park officials worry they'll be told to begin the planning process anew.

But many of the environmentalists who championed the plans have moved on to other issues. Public, not to mention governmental, priorities have shifted. There is mounting concern that the broad support for remaking Yosemite is gone.

"We are rapidly approaching a point where a historic opportunity will become a lost opportunity," said Jay Watson, who as regional director of the Wilderness Society was intimately involved in shaping the park plans before leaving the organization two years ago. "Everything was aligned. I'm not sure a similar effort could be mounted again."

The flood devastated Yosemite Valley during the first three days of 1997. The Merced River, swollen by rain and melting snow, raced past Pohono Bridge at 187,000 gallons per second and crested at 16 feet.

The water ripped up roads, washed out bridges and ruined the park's water and sewer systems. It felled trees, inundated cabins and swamped campgrounds. What wasn't soaked was carried away. Picnic tables, bear-resistant food lockers and even tent cabins washed up miles downstream.

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Bruce Babbitt, Interior secretary at the time of the disaster, called Yosemite "a national treasure" and vowed to rebuild. Congress appropriated $220.5 million for the task.

The Park Service had for decades worried that the place John Muir called "the incomparable valley" was being overwhelmed. Yosemite covers 1,169 square miles, but 95 percent of the 3.5 million or so people who visit each year don't venture out of Yosemite Valley, which is 7 miles long and 1 mile wide. So in 1980, the Park Service produced a blueprint, called the General Management Plan, to curtail traffic and push development to the park periphery. It was shelved for lack of money and political will.

The flood provided both.

Flush with cash, the Park Service used the general plan to frame the Yosemite Valley Plan released in March 2000. It outlined 250 projects that would reduce traffic, reclaim developed land and restore ecosystems at a cost of $442 million. It would, officials said, reduce the development footprint in the valley.

The valley plan came three months after the Park Service, responding to a 1999 federal court order, completed a plan to protect the Merced River, which wends 81 miles through the park.

Together, the documents provided an ambitious blueprint to reinvent Yosemite. The Wilderness Society, the National Parks Conservation Association, the American Alpine Club and the Natural Resources Defense Council eagerly endorsed them.

"We believed (the plans) would provide a strong and environmentally sound groundwork for the park's future and make, at long last, real progress toward fulfilling the goals of the original General Management Plan to restore the valley," defense council attorney Johanna Wald said recently.

Californians, too, overwhelmingly approved of the plans, according to a statewide poll commissioned by the defense council shortly after the plans were announced.

But two small environmental organizations, Friends of Yosemite Valley and Mariposans for Environmentally Responsible Growth, opposed the plans. They sued, arguing that the Merced River Plan was hastily written, used flawed data and favored development.

U.S. District Judge Anthony Ishii agreed and rejected the plan in July. He ordered the Park Service to draft a new plan, a process the Park Service says will take 33 months. In October, Ishii shut down several construction projects until the new plan is drafted.

The U.S. Justice Department is expected to announce it will appeal Ishii's rulings, but now finds itself defending the Yosemite Valley Plan as well.

The plaintiffs filed another lawsuit on Dec. 28, arguing that the valley plan should be tossed because it was based upon a General Management Plan that was never adopted and a Merced River Plan that was invalidated.

"Yosemite should take a deep breath and do the work needed to develop a legally compliant river plan, and then use that to develop a valley plan," said Greg Adair, executive director of Friends of Yosemite Valley. He said the organization has several hundred active members, most of whom live in the communities surrounding Yosemite and visit the park regularly.

He praises the Park Service for developing an "excellent" wilderness management plan and said the plaintiffs simply want the agency to apply the same effort to the river and valley plans.

"If they would draft a solid Merced River plan and give it a chance, and then come back and draft the valley plan so it respects the river and works toward protection, we would step back and agree with it," he said. "But until they do that, we'll be in conflict."

The issue goes far deeper than the nuts and bolts of two highly technical documents. It is a fundamental question of how to manage the park, and the plaintiffs disagree with the Park Service on almost every point.

They believe the Park Service has crafted a plan to urbanize Yosemite and create a theme park resort. They argue it will expand Yosemite Lodge, cede the valley to tour buses and push traditional campers aside in favor of RVs. They say the plan does little to restore the valley's beauty.

Adair insists that he recognizes the Park Service must serve a broad constituency, but argues it has failed to do so.

"We see the proposals at Yosemite as benefiting the wealthy and the corporate interests over the people," he said. "It's mass-transit, tour-bus tourism."

The plaintiffs' reading of the plans stuns park officials and their supporters. Yosemite Superintendent Mike Tollefson says Adair's claims are "so bogus."

"Before the flood, we had twice the number of rooms at the lodge," he said. "Cutting the number of rooms in half is not urbanization. We've lost more than 300 camping spaces. That's not urbanization. We've got a plan to move 600 more employees out of the valley. That's not urbanization. We've got a shuttle system that gets people out of their cars. That's not urbanization."

Tollefson is proud of the work that was accomplished before Judge Ishii pulled the plug. Lower Yosemite Falls was remade with almost a mile of trails, five footbridges and other amenities. Sixty-eight acres of meadowland were restored. The park's

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dilapidated sewer system was rebuilt. Two dams spanning the Merced River were removed. A fleet of 18 hybrid shuttle buses replaced the park's entire diesel fleet.

The park is "standing tall," Tollefson said, but he's frustrated that he hasn't done more since he was named superintendent four years ago. And he wonders how much longer his hands will be tied by litigation that has already cost the park as much as $15 million.

"They have squandered a lot of money and time," he said of the plaintiffs. "But the opportunity hasn't been totally squandered. We're dedicated to improving the resource and the visitor experience. The idea that B.J. Griffin, superintendent at the time of the flood, put forth was 'We need to put it back, so let's put it back better than it was.' She started that work, and it's been very frustrating that we haven't been able to finish."

Yosemite since the flood of '97

Heavy rain and snowmelt caused the Merced River to overrun its banks, flooding Yosemite Valley during the first three days of 1997. Ongoing litigation has halted several projects launched in the wake of the flood. Here's a look at the valley since the flood:

Lower Yosemite Falls

The park installed nearly 1 mile of paved trails, five footbridges, small stone amphitheater, new restrooms and other amenities to make it easier to navigate the park's most popular feature. The $13.5 million project was completed in 2005.

Yosemite Lodge

250 low- and moderately-priced rooms in cabins and cottages lost in the flood will not be replaced, and the land will be restored. Eighty-eight lodge rooms will be removed and replaced with 90 new rooms.

Lower and Upper River campgrounds

262 campsites were lost in the flood and will be replaced with sites outside the valley.

Cook's Meadow and Stoneman Meadow (numbered on map)

Asphalt trails were replaced with wood boardwalks traversing the meadows, and fill-dirt and invasive species were removed, restoring 68 acres of meadowland between 2003 and 2006.

Lower Pines

103 campsites destroyed in the flood will be replaced with sites elsewhere in the park.

Upper Pines

The park hopes to create 39 RV campsites and 59 traditional campsites.

Curry Village

Employee housing provided in tent cabins has been replaced with 27 buildings providing 219 beds.

Happy Isles footbridge

Heavily damaged in a 1996 rockslide and further damaged in the flood, it was removed in 2000 and has not yet been replaced.

Happy Isles dam

Small, obsolete hydroelectric dam was removed in 2004.

Other projects

Park sewer system: Completely overhauled in 2003.

Water and utility lines: Had crisscrossed the valley floor underground; were consolidated into one trench since last year.

Hybrid shuttle buses: Fleet of 18 replaced the park's diesel buses in 2005.

Shuttle bus stops: Erected at Yosemite Falls, Sentinel Bridge, LeConte Memorial Lodge, Awahnee Hotel and the Valley Visitor Center between 2004 and 2006.

Cascades Dam: Obsolete hydroelectric dam just west of the valley was removed in 2004.

Campsites: The park hopes to add as many as 800 outside the valley, including the 365 lost in the flood.

Sources: ESRI, TeleAtlas, USGS

The Chronicle

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One Tribal Family Lost Two Members In Unsolved Cases (YHR)

By Phil Ferolito, YAKIMA HERALD-REPUBLIC

Yakima (WA) Herald Republic, January 21, 2007

Authorities still have no clue about what happened to Donnie Sampson.

The 71-year-old Yakama tribal official left early Oct. 30, 1994, for the Wilson Charlie-Dry Creek area, one of his favorite hunting spots near Mount Adams.

Three days later, authorities found his 1992 four-wheel drive pickup in more than a foot of snow near the mouth of Holdaway Meadows north of Mount Adams in the closed area of the Yakama reservation.

A rifle, pickup keys, extra clothing and a sack lunch were found inside his truck, but no trace of Sampson, a member of the Yakama Nation Code of Ethics Committee, a watchdog board of tribal government.

His disappearance puzzled family and tribal authorities. A massive search involving helicopters, snowmobiles, dogs and nearly 100 people found no trace of him, and seven years later he was presumed dead, according to the Yakima County Coroner's Office.

His disappearance isn't the only grief his family suffers. Two years earlier, the body of Sampson's 30-year-old daughter, Shari Dee Sampson Elwell, was found strangled and sexually mutilated in an area not far from where her father later disappeared.

The family hadn't seen her for weeks before a group of hunters found her body.

Her death, which remains unsolved, capped a decade-long string of mysterious deaths involving at least a dozen women -- all but two were tribal members -- on the 1.2-million-acre Yakama reservation.

Those cases are just two of an unknown number involving either unsolved deaths or missing tribal members here.

It's hard to say just how many unsolved cases exist because case files are dispersed among tribal, federal, state and county law enforcement agencies, says Yakama tribal police Chief Davis Washines.

How cases are classified on the reservation often determines which jurisdiction they fall under, he says.

If it's classified a homicide on tribal land, it goes to the FBI. If it's a missing tribal member or accidental death, tribal police take it. If it's a death caused by an auto accident, either the Washington State Patrol or Yakima County Sheriff's Office could take it.

Without any central filing system, though, it's hard for tribal police to discern which cases remain unsolved or have been closed, says Washines, who worked on some of the cases in the rash of women's deaths that spanned the 1980s.

Washines says tribal detectives are now working with the FBI not only to determine the number of unsolved deaths here, but also to update the number of missing persons.

"It may be quite an extensive list," he says.

When it comes to the number of unsolved homicides on the reservation, federal authorities have provided conflicting information.

Last spring, they said only one homicide remained unsolved here, but later changed the number to possibly two.

Finally, FBI spokesman Ray Lauer in Seattle said the number of unsolved cases including deaths or missing people could be as high as 32, a number Smiskin estimates dating back to the early 1970s.

Reports gathered by the Yakima Herald-Republic nearly two decades ago accounted for at least 13 mysterious deaths here involving women, many of them classified as homicides. Now, those cases and others are the focus of a cold case review sparked by U.S. Attorney General Alberto Gonzales.

Newspaper reports during the early 1990s reflected that tribal members and some investigators weren't convinced the FBI was doing all it could to solve the cases.

But FBI officials say that's not what happened. They say they had suspects in some of those cases, but they didn't have enough evidence to convict and the cases were subsequently closed, Lauer says.

FBI officials recently promised to discuss the unsolved cases involving women with the Yakima Herald-Republic, but changed their mind, saying they first needed to review the cases and couldn't say how long it would take.

Because of the lack of any central filing system on criminal cases on reservations, it's difficult to assess the FBI's efforts on Indian reservations in general or compile any statistics, says Gary Edwards, president of the national Native American Law Enforcement Association, a Washington, D.C.-based nonprofit organization that represents tribal police.

"It's still a problem that is going to have to be looked at," he says. "There hasn't been a clear boundary of who reports what to which agency."

Concurring with Edwards, Washines also blames much of it on a lack of resources and ability to conduct thorough follow-up investigations.

While describing the working relationship with the FBI as "generally good," Washines admits that the agency many times was shorthanded and often tribal police were left to investigate homicides.

"Which we did, which we were very successful in providing information to the Department of Justice office," he says. "I think the lack of resources, our ability to do a real thorough follow-up and our communication could have been better."

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Blinding Ourselves In Space (NYT)

The New York Times, January 21, 2007

You don't have to be a space or climate expert to recognize that this country's ability to track climate and environmental changes from space is heading in the wrong direction. At a time when concerns about global warming are rising, the Bush administration is sharply reducing the number of satellites that can measure the impact of rising temperatures and a host of other environmental trends.

The administration's hypocrisy is stunning. For years, the president and top officials have justified their refusal to grapple seriously with global warming by insisting that more research is needed. Now, after pledging that such research would be the centerpiece of a new climate change strategy, the administration is underfinancing some of the most important efforts to gather data.

A report issued last week by the National Academy of Sciences projected an alarming decline in vital studies and monitoring. The National Aeronautics and Space Administration currently has a sizable number of Earth-observing satellites and instruments in orbit, but since 2000 its budget for earth sciences has decreased over 30 percent when adjusted for inflation.

By 2010, the number of operating sensors and instruments on NASA satellites that observe the Earth is likely to drop by 40 percent as old equipment fails and is not promptly replaced. Meanwhile, at the National Oceanic and Atmospheric Administration, huge cost overruns and technical problems have delayed planned launchings of key climate and weather-monitoring satellites and forced the elimination of instruments essential for climate science.

The setbacks are bound to hobble efforts to understand whether hurricanes and heat waves are becoming more frequent and intense, whether ice sheets will collapse and drive sea levels dangerously high, and how fish stocks, deforestation, drinking water supplies and air pollution are affected as populations grow and economies take off. We clearly need more data in coming years, not less.

The academy's panel estimates that some $7.5 billion in new money is needed through 2020, mostly at NASA, to conduct high-priority observational missions. NASA's resources are already grievously overextended. It must finish building the international space station, keep flying the rickety shuttle fleet and start developing a follow-on spacecraft to explore the Moon and get ready to travel to Mars.

With little new money to carry out these costly tasks, the agency has been forced to rein in other parts of its budget, including earth science studies. Unless Congress gives NASA more funds, the agency should shift money internally to give Earth observations higher priority. Studies that could affect the livability of the planet seem vastly more consequential than completing a space station or returning to the Moon by an arbitrary date.

FBI/DEA/ATF/USMS:

U.S. Officials Laud Transfer Of Mexican Drug Suspects (WP)

By Manuel Roig-Franzia

The Washington Post, January 21, 2007

MEXICO CITY, Jan. 20 -- The extradition to the United States of four major drug traffickers, including Osiel Cardenas Guillen, head of the powerful Gulf cartel, was hailed Saturday by U.S. officials as a signal of a new era of cooperation.

U.S. Attorney General Alberto R. Gonzales called the extraditions "unprecedented," and the U.S. ambassador to Mexico, Antonio O. Garza Jr., proclaimed the transfer "a monumental moment in our two nations' battle with the vicious drug traffickers and criminals who threaten our very way of life."

For years, U.S. officials have criticized Mexico as a sometimes-difficult partner in the war against drugs because of its reluctance to extradite top drug lords to the United States. Mexico has long refused to extradite suspects who might face the death penalty. In 2001, Mexico's Supreme Court also barred extraditions of suspects facing possible life sentences, which were considered "cruel and unusual punishment" here. But the court reversed itself in November 2005, clearing the way for higher-profile extraditions. The ruling did not affect death penalty cases.

C?rdenas, who was suspected of running his drug empire from his prison cell, was one of 15 people extradited late Friday. A swaggering figure, he is known for his gold-plated rifle and for currying favor with the poor by lavishing children with thousands of dollars' worth of toys, cakes and milk.

C?rdenas faces drug distribution charges in southern Texas and is also charged with assaulting and threatening to kill agents of the FBI and the Drug Enforcement Administration, as well as a sheriff's deputy. Two brothers, Ismael and Gilberto Higuera Guerrero -- both former high-ranking members of the Arellano Felix drug cartel -- face drug trafficking and money

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laundering charges in Southern California. Hector "El Guero" Palma Salazar, a former top figure in the Chapo Guzman-Guero Palma cartel, also faces drug distribution charges in Southern California.

Mexico extradited a record 63 suspects to the United States in 2006. But the administration of President Vicente Fox, who left office Dec. 1, was criticized for failing to turn over large numbers of high-ranking drug lords.

The latest extraditions coincide with a major crackdown on drug gangs in Mexico by the administration of President Felipe Calderon, who has been using the military to swarm regions of the country plagued by brazen violence, including beheadings. In the hours before the extraditions were announced, Calderon dispatched more than 7,000 soldiers to Acapulco, where drug violence threatens the lucrative tourist market. The offensive is the third ordered by Calderon, who also has sent troops to Tijuana and the state of Michoacan.

"Calderon is sending a message that he is going to be firm in combating the drug cartels. But on the other hand, the extraditions also allow him to get rid of hot potatoes from the Mexican penal system," said Jorge Chabat, an expert in Mexican criminal justice.

Mexico's prisons, which are notoriously corrupt, have struggled to handle drug kingpins. Mexico's most powerful drug lord, Joaquin "El Chapo" Guzman, escaped from prison in 2001 and remains at large despite a U.S. government reward for information leading to his arrest.

Mexican drug cartels have become some of the most powerful and violent in the world. Between 70 and 90 percent of cocaine destined for the United States passes through Mexico, according to the U.S. State Department's Bureau for International Narcotics and Law Enforcement Affairs.

Drug gangs are suspected in more than 2,000 killings in Mexico last year, including dozens of police officers and local political officials. Chabat said the cartels would probably respond to the extraditions with more killings.

Reputed Drug Lords Extradited To U.S. (WT/AP)

By Lisa J. Adams

The Washington Times, January 21, 2007

MEXICO CITY -- Mexico has extradited a purported drug-cartel boss and three other reputed major traffickers to the United States, a move that Washington yesterday called "unprecedented" in the cross-border fight against organized crime.

Osiel Cardenas, the purportedGulf cartel leader who was thought still to be running his gang from jail in Mexico, was sent north Friday along with 13 others wanted by U.S. authorities after their appeals against extradition ran out, the office of Mexico's attorney general said.

U.S. Attorney General Alberto R. Gonzales praised Mexican President Felipe Calderon yesterday for the extradition, saying the United States had never before received from Mexico such a large number of drug suspects and others wanted for prosecution in the United States.

"The actions overnight by the Mexican government are unprecedented in their scope and importance," Mr. Gonzales said yesterday.

In the past, Mexico has been reluctant to extradite major Mexican drug lords to the United States, arguing they should face justice here first.

Officials also refused to send anyone to the United States who would face the death penalty, which is barred in Mexico.

But that attitude changed under President Vicente Fox, who last September promised to extradite "all of those who have pending matters with U.S. justice."

Mr. Fox extradited a record 63 reputed criminals to the United States in 2006 alone, including suspected drug kingpin Francisco Rafael Arellano Felix of the Tijuana-based Arellano Felix gang.

Mr. Calderon, who took office Dec. 1, promised to increase the flow drug-trafficking suspects sent to the United States and to do his share to fight the organized crime that has infiltrated all aspects of Mexican society, including nearly every level of law enforcement and government.

U.S. Ambassador Tony Garza said the latest extradition demonstrated the "courage and conviction" of Mexico's president, attorney general and law enforcement officers.

"Today, both the Mexican and the American people can celebrate a monumental moment in our two nations' battle with the vicious drug traffickers and criminals who threaten our very way of life," Mr. Garza said in a statement Friday night.

In addition to Cardenas, Mexico extradited Ismael and Gilberto Higuera Guerrero, brothers and former chiefs in the Arellano Felix cartel in Tijuana and Mexicali; and Hector Palma Salazar, a former leader in the Sinaloa cartel led by Joaquin "El Chapo" Guzman.

Eleven others were extradited on a variety of U.S. charges, including murder, drug trafficking, kidnapping and sex crimes, the two governments said.

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After taking office, Mr. Calderon almost immediately ordered widespread raids by federal police and army troops in states where rival drug-trafficking gangs have engaged in shootouts, executions and even beheadings in recent months.

More than 17,000 soldiers have been deployed in the city of Tijuana, across from San Diego; Mr. Calderon's native central state of Michoacan; and the Pacific coast state of Guerrero, which includes the resort city of Acapulco.

Many drug leaders remain at large. Guzman, the head of the Sinaloa cartel, who escaped from a Mexican prison in 2001, is described as Mexico's most powerful drug lord.

Mexican investigators say Guzman has formed an alliance with purported drug barons Ismael "El Mayo" Zambada and Juan Jose "El Azul" Esparragoza. Known as "the Federation," the alliance is engaged in a bloody turf war with the Gulf and Tijuana cartels, with the gangs using heavy weapons like rocket-propelled grenades.

Washington has offered rewards of $5 million each for information leading to the arrests of Zambada and Guzman.

Mexico Sends 4 Kingpins To Face Trial In The U.S. (NYT)

By James C. McKinley

The New York Times, January 21, 2007

MEXICO CITY, Jan. 20 — Breaking with longstanding practice, Mexico extradited four major drug traffickers to the United States late Friday and sent a signal that the country's newly elected president, Felipe Calderón, is serious about cooperating with his northern neighbor to dismantle cartels.

United States law enforcement officials have long complained about Mexican reluctance to hand over drug traffickers indicted in crimes north of the Rio Grande, as many drug kingpins have continued to operate their deadly networks from inside Mexican prisons, where they have been able to corrupt officials.

Until now, however, the Mexican government has resisted the extraditions, arguing that the drug cartel leaders must face justice here first. Also, until a recent Supreme Court ruling, Mexican officials were unable to extradite criminals because they face the death penalty in the United States, which is banned in Mexico. The court overturned that rule.

"The actions overnight by the Mexican government are unprecedented in their scope and importance," the United States attorney general, Alberto R. Gonzales, said in a statement on Saturday.

Osiel Cárdenas Guillén, the leader of the Gulf Cartel in Tamaulipas State, was among the 21 people flown under heavy armed guard to the United States on Friday night and handed over to federal authorities. He is under indictment in Texas for trafficking in marijuana and threatening to kill three law enforcement agents.

The Mexican government also turned over Ismael and Gilberto Higuera Guerrero, brothers who were high-ranking members of the Arellano-Félix cartel in Tijuana, as well as Hector Palma Salazar, a former leader in the Sinaloa cartel. All face racketeering and drug trafficking charges in Southern California.

The Sinaloa cartel controls the border around El Paso. Joaquín Guzman, known as El Chapo, escaped from prison in 2001 after bribing officials and still oversees the gang, along with several other important traffickers who have somehow eluded the Mexican police.

Former President Vicente Fox, who left office in December, created a special force to combat organized crime and arrested scores of high-ranking mobsters, weakening the three major cartels in Tijuana and Sinaloa State in the west and Tamaulipas State, along the eastern Texas border.

But his administration failed to break up the Sinaloa mob, and the arrests of people like Mr. Cárdenas and his counterpart in Tijuana, Benjamin Arellano-Félix, set off an underworld turf war that has increased in brutality and claimed thousands of lives in recent years.

Officials at the Drug Enforcement Agency privately voiced frustration with the Fox administration for not extraditing the drug kingpins to the United States, where they would be unable to run their networks from prison. A similar tactic proved effective in Colombia, Panama and other countries where drugs are produced and shipped.

Mr. Calderón and his attorney general, Eduardo Medina Mora, did not immediately say why they had switched course. The attorney general's office put out a statement saying simply that the people extradited had run out of appeals against extradition and that Mexico wanted them to face trial in the United States before the time limit ran out on the charges there.

But all are serving sentences or facing trials in Mexico. In the past, the Mexican authorities have said those were barriers to extradition.

A high-ranking federal prosecutor, speaking on the condition of anonymity, said President Calderón had decided to extradite the drug traffickers despite their pending legal proceedings. The aim is to make it difficult for them to communicate with their lieutenants in Mexico. "It breaks up the entire logistical structure of these organizations here," the prosecutor said.

Besides the four top drug traffickers, the Mexicans extradited seven other lower-level drug dealers, among them Gilberto Salinas Doria, who is wanted in the Southern District of New York on charges of helping to import 200 tons of cocaine.

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They delivered four other prisoners wanted on charges of murder, drug trafficking and trafficking in prostitutes, officials said. One of these, Consuelo Carreto Valencia, is under indictment in New York City on charges of smuggling women and forcing them to become prostitutes.

Cartel Leader Handed To U.S. (DMN)

By Laurence Iliff, Alfredo Corchado

The Dallas Morning News, January 21, 2007

MEXICO CITY – The Gulf cartel leader alleged to have directed a violent turf war along the Mexico-Texas border from his Mexican prison now faces the law in the Lone Star State after President Felipe Calderón's unprecedented decision to extradite 11 drug traffickers to the U.S.

According to a video released by the Mexican government, Osiel Cárdenas Guillen, whose nickname "matamigos" means "friend-killer," was being held in Houston, where he will face charges that include threatening to murder three U.S. law enforcement officials.

AP/Mexico Attorney Generals Office Alleged Gulf cartel leader Osiel Cardenas, third from left, is moved during his extradition to the United States from Mexico.

In a landmark, top-secret operation, Mr. Cárdenas and 14 others were extradited to the U.S. late Friday, bringing lavish praise by U.S. officials and hope for a new era of cooperation in battling drug trafficking.

But it also prompted fear of retaliation by drug cartels that are heavily armed and well financed.

Although the extraditions seemed to signal a new policy, they actually were the culmination of several years' effort by the government to enable the transfers under Mexican law.

"The actions overnight by the Mexican government are unprecedented in their scope and importance," said U.S. Attorney General Al Gonzales, who met with his Mexican counterpart in Mexico City earlier this month. "Never before has the United States received from Mexico such a large number of major drug defendants and other criminals for prosecution in this country, including Osiel Cárdenas Guillen, the accused chief of the notorious Gulf cartel."

The controversial subject of extraditing high-level drug lords has been a source of debate and legal complications for decades. U.S. officials want the capos in their control, but Latin American leaders have faced nationalistic concerns at home. Law enforcement officials have long complained that the kingpins continue to run their drug empires from prison.

Mr. Cárdenas' cartel is active in Nuevo Laredo and along the Mexican border with Texas. Its enforcement arm, the Zetas, is a paramilitary group that includes former Mexican Army soldiers. The Zetas are suspected of having ordered killings in the United States, including in Dallas.

The 15 extraditions include four reputed top drug lords from three different cartels and seven lesser drug traffickers. The remaining four people are wanted in the U.S. for crimes such as human smuggling, homicide, and sexual assault against a child.

In a prepared statement, the Mexico attorney general's office blamed the drug lords for "generating a wave of violence and social decomposition in our country, in addition to damaging the health of thousands of Mexicans by turning them into prisoners of their drug addiction."

Possible return

While the extradited drug lords will now be charged and tried in the United States, some still may have to come back to Mexico to complete their sentences, said Jorge Chabat, an analyst who specializes in the drug war. Whether they will first serve out their sentences in Mexico or in the United States is not clear, he said.

An estimated 2,500 people died last year in the cartels' fight among themselves and with government forces. The killings included a level of violence never seen before, such as decapitations.

U.S. Ambassador to Mexico Tony Garza, who was critical of the previous administration of President Vicente Fox for not controlling the narco violence, congratulated Mr. Calderón.

"Today, both the Mexican and the American people can celebrate a monumental moment in our two nations' battle with the vicious drug-traffickers and criminals who threaten our very way of life," Mr. Garza said in a prepared statement Saturday. "Some of the most brutal criminals in the history of our two countries have been extradited from Mexico to the United States to face justice for the crimes they have committed."

But the bold move by Mr. Calderón, made possible by a 2005 Mexican Supreme Court decision that opened the door to more extraditions, could lead to more violence, particularly along the border with Texas as cartel leaders move in to fill a powerful vacuum.

A merchant in Nuevo Laredo, speaking by phone on the condition of anonymity because of possible repercussions, expressed fear the move would escalate violence in the border city across from Laredo, Texas.

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"This will get nastier," the merchant said. "I don't see an end to this unless tomorrow the American drug consumers, in unison, said, 'Hey, let's all kick the habit,' and I have more faith in hell freezing over before that happens."

One of the those extradited, Hector "El Guero" Palma, is a top associate of Mexico's most wanted man, Joaquin "El Chapo" Guzman, the reputed leader of the Sinaloa cartel that has been fighting a bloody turf war across Mexico with the Gulf cartel.

Court paved way

In Mexico, the law prevented the extradition of anyone who would face life in prison or the death penalty since those punishments do not exist in Mexico. But the country's Supreme Court ruled in 2005 that Mexico does have a de facto life sentence when multiple charges are considered, giving the green light for extraditions except when the defendant would face the death penalty.

One veteran U.S. law enforcement official, speaking on the condition of anonymity, said: "No one believed this extradition would ever happen, so the fact that this is now a done deal is simply unbelievable. This has to be among the best things that's ever happened between our two countries."

But the law enforcement official also warned that repercussions, particularly in the short term, are likely – as happened in Colombia. In the 1980s, the government of Colombia began a policy of extraditing cartel leaders to the United States. The move led to a massive backlash, as bombings and assassinations ravaged the nation.

"There will definitively be serious repercussions and threats against Calderón, and U.S. officials," the U.S. official added. "But in the long term, it's the best thing that has ever happened. Mexico will gain a lot of respect worldwide and be seen as a country where rule of law is practiced."

The law enforcement official added that the move will likely force cartel leaders to reassess their violent action and come up with a new approach, like dividing up the country's drug routes evenly among leaders.

"The violence has to stop," the official said. "There's too much pressure from both governments for them to continue their violent ways. They have to start behaving like serious businessmen because one thing is clear: the drug demand will not end with these extraditions."

Mr. Chabat, the Mexican analyst, said that Mexican drug lords have generally avoided targeting politicians, the public or American tourists and are unlikely to start now.

"In Colombia, when they started extraditing drug kingpins, the narcos responded with violence, but in Mexico we don't have a history of the drug traffickers directly taking on the government like in Colombia, although I don't rule it out completely," said Mr. Chabat.

In terms of targeting the millions of American tourists who visit Mexico each year, Mr. Chabat said that was also unlikely given the magnitude of the United States' ability to retaliate.

"If you ask the drug traffickers whether they want to fight against the U.S. government or the Mexican government, they would certainly say against the Mexican government," said Mr. Chabat, who thinks Mr. Calderón's actions could also improve U.S.-Mexican relations and can't hurt the immigration reform efforts in the U.S. Congress.

The extradition was done under a cloud of secrecy, officials said, a sign that there was fear word could get to cartel leaders. One U.S. official, speaking on the condition of anonymity, said there were reports that the Gulf cartel was in the process of breaking Mr. Cardenas from jail.

"The government had no choice but to act fast, and they did, and for that they should be praised," the official said.

Mexico's Extraditions Make A Point (LAT)

By Héctor Tobar

The Los Angeles Times, January 21, 2007

MEXICO CITY — Mexico's decision to extradite 10 leaders of its most powerful drug-trafficking organizations to the U.S. is a landmark event that will boost the fortunes of new President Felipe Calderon, though the long-term effect on the drug business remains uncertain, Mexican analysts and U.S. officials said Saturday.

The extraditions took place late Friday night, just seven weeks after Calderon took office, but after several years of legal and diplomatic wrangling by officials on both sides of the border.

"The actions overnight by the Mexican government are unprecedented in their scope and importance," U.S. Atty. Gen. Alberto R. Gonzales said in a statement Saturday. "Never before has the United States received from Mexico such a large number of major drug defendants and other criminals for prosecution in this country."

In all, Mexican authorities extradited 15 people. The most prominent was Osiel Cardenas, who was reputed to have been running the Gulf cartel from his cell at the maximum-security La Palma prison since his arrest in 2003.

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A federal grand jury in Texas indicted Cardenas in 1999 on drug-trafficking and assault charges. The Bush administration singled him out for special treatment in 2001 under the Foreign Narcotics Kingpin Designation Act, which allows the government to freeze the assets of those who do business with drug lords and their families.

Three others extradited late Friday were on the White House kingpin list, including Hector Palma, said to be the top lieutenant of Joaquin "El Chapo" Guzman, leader of the Sinaloa cartel. Had he not escaped from a Mexican prison in 2001, Guzman too might have been extradited Friday.

Palma is a colorful figure who, it has been said, once paid $40 million in annual protection fees to the Guadalajara municipal police. When he was arrested in 1999 after his small plane crashed, he had in his possession a handgun encrusted with diamonds and emeralds.

The other two on the kingpin list extradited were Ismael Higuera Guerrero and Gilberto Higuera Guerrero, brothers and bosses in the Arellano Felix cartel, based in Tijuana.

Even inside their Mexican prisons, the kingpins were known for outrageous behavior. Cardenas treated 17,000 people to a Day of the Child party at a baseball stadium in the border city of Reynosa last year.

Columnist Ricardo Aleman wrote in the Mexico City newspaper El Universal that Cardenas was deliberately making the government of then-President Vicente Fox look ridiculous.

"In spite of being locked up in the most secure and strict of Mexico's prisons, the head of the cartel does what he wants," Aleman wrote last May. "It seems to confirm the fact that the most powerful cartels and criminal groups are beyond the control of the state."

Widespread corruption in the prison system made it nearly impossible for Mexican officials to control the drug bosses, said Jorge Chabat, an expert on the drug trade.

"Having them out of Mexico is one less headache for the Mexican government," Chabat said. The extraditions, coming on the heels of Calderon's decision to send federal troops to combat drug trafficking in Baja California and the southern states of Michoacan and Guerrero, add to the sense that the new president is trying to take charge of a seemingly intractable problem.

"We are determined not to tolerate any defiance to the authority of the state," Calderon said Friday.

The extraditions give Calderon increased credibility as he deals with the U.S. on contentious issues, including immigration reform and legislation approved last year in Washington to tighten the U.S.-Mexican border.

As well, the extraditions in effect end the kingpins' influence over the vast drug-trafficking organizations, although new leaders are almost certain to emerge. "It's like any big business," Chabat said. "If the CEO resigns, then a new CEO takes his place."

U.S. and Mexican officials say the drug-trafficking organizations are huge businesses in which no individual knows more than a handful of others — a cell-like structure that makes them especially difficult to break.

How the drug-trafficking organizations will react to the extraditions remains an open question. In Colombia in the 1980s, drug kingpins resisted extradition to the U.S. with a campaign of bombings and assassinations.

In recent years, analysts say, Mexico's drug-trafficking organizations have not sought an open confrontation with the federal government. Most of their firepower has been directed against one another, and against municipal and state officials. Last year, more than 2,000 people were killed as rival groups battled one another and the authorities.

Cardenas and the Gulf cartel, based in the northern Mexican state of Tamaulipas, have upped the ante in the war against their rivals from the western state of Sinaloa by recruiting highly trained soldiers from the Mexican army, known as the Zetas.

The rival Mexican syndicates are responsible for 80% of the cocaine that enters the United States, according to American officials.

Gonzales Lauds Mexico's Extradition Of 15 To U.S. (SDUT)

By Matthew T. Hall, Staff Writer

The San Diego Union-Tribune, January 21, 2007

Mexico's extradition of 15 reputed drug lords and violent criminals, four of whom have ties to San Diego, drew praise from the U.S. attorney general yesterday and signaled its new determination to keep traffickers from running their cartels from inside prison walls.

“The actions overnight by the Mexican government are unprecedented in their scope and importance,” U.S. Attorney General Alberto Gonzales said in a statement yesterday.

Osiel Cárdenas, the alleged Gulf cartel leader who was believed to be running his gang from prison in Mexico, was sent north late Friday along with 14 others wanted by the United States after their appeals against extradition ran out, the office of Mexico's attorney general said.

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Four of those extradited had been indicted years ago in San Diego. They include the reputed former leader of the Sinaloa drug cartel and three men connected to the Arellano Félix drug cartel. They will be transported to San Diego "relatively soon," perhaps within weeks, to answer the charges against them, Justice Department spokesman Dean Boyd said.

All of the suspects are being held in Houston and are expected to appear in court there early this week.

Gonzales applauded "the bold stance" of Mexican President Felipe Calderón and his government "in targeting the drug-related violence and corruption that affects both our nations."

The three men who worked for the Arellano Félix cartel are brothers Ismael and Gilberto Higuera Guerrero, indicted in 2003 on racketeering, drug-trafficking and money-laundering charges, and José Alberto Marquez Esqueda, indicted in 2002 on charges of importing and distributing marijuana and cocaine.

Ismael Higuera Guerrero was a chief lieutenant in the Arellano Félix cartel in charge of day-to-day operations, including the receipt and export of cocaine and marijuana, according to his indictment. He was arrested in Ensenada in 2000.

Gilberto Higuera Guerrero supervised drug trafficking from Mexicali and used kidnapping, torture and murder to enforce the cartel's work, according to the same indictment. Mexican authorities captured him in Mexicali in 2004 at a time when he was estranged from the cartel and appeared to be hiding from it.

José Alberto Marquez Esqueda worked as an enforcer, bodyguard and caretaker of the drug "stash houses" for the cartel, according to his indictment. He was arrested in Tijuana in 2003.

The fourth person who will appear in San Diego federal court is Hector Palma Salazar, indicted in 1995 on charges of conspiring to distribute large amounts of cocaine. He is said to be a past leader of the Sinaloa cartel. He was arrested in 1995 near Guadalajara, and a Mexican court denied an extradition request for him by the U.S. government three years ago.

The 10 other purported criminals are wanted in the United States on a variety of charges in Texas, New York and Washington, including murder, drug trafficking, kidnapping and sex crimes.

Traditionally, Mexico has been reluctant to extradite major Mexican drug lords to the United States. Its officials also refused to send anyone to the United States who would face the death penalty, which is barred in Mexico.

But that attitude changed under former President Vicente Fox, who in September promised to extradite "all of those who have pending matters with U.S. justice."

Fox extradited a record 63 alleged criminals to the United States in 2006, including suspected drug kingpin Francisco Rafael Arellano Félix of the Tijuana-based Arellano Félix gang.

Calderón, who took office Dec. 1, promised to increase the flow of drug-trafficking suspects sent to the United States. He also vowed to fight the organized crime that has infiltrated all aspects of Mexican society.

The Associated Press contributed to this report.

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Extraditing Reputed Drug Lords Earns Mexico Praise From U.S. (AP)

By Mark Stevenson

AP, January 21, 2007

MEXICO CITY — Mexico's extradition of four reputed drug lords drew praise from the U.S. attorney general yesterday and signaled its new determination to keep traffickers from running their cartels from inside prison walls.

U.S. Attorney General Alberto Gonzales said the extraditions on Friday were "unprecedented in their scope and importance."

Osiel Cardenas, the alleged Gulf cartel leader thought to be running his gang from prison in Mexico, was sent north late Friday along with 14 others wanted by the U.S. after their appeals against extradition ran out, the office of Mexico's attorney general said.

"Never before has the United States received from Mexico such a large number of major drug defendants and other criminals for prosecution in this country," Gonzales said in a statement yesterday.

The Mexican attorney general's office said the extraditions were also aimed in part at cracking down on turf battles between Mexican drug cartels, which have cost hundreds of lives in recent months in states such as Michoacan, Guerrero, Baja California and Sinaloa.

Recently, the government has sent thousands of soldiers and police to try to stem the drugfueled violence.

"This changes the rules, as far drug traffickers' impunity and the potential punishment they face," said Oscar Aguilar, a political-science professor at Mexico City's Iberoamerican University. "Before, the capos could say, 'Well, if they ever do catch me, I'll be in Mexico, my family and associates can visit me whenever they want, and I can keep running the business' " from prison.

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Mexican officials have said that Cardenas and top members of the Tijuana cartel forged an alliance while locked up at a maximum-security prison just west of Mexico City, where they organized to fight turf wars against rival drug lords.

Authorities also said Cardenas sought to control that prison and other jails through gangs of inmates, and might have organized killings both inside and outside prison. Authorities say he ran his cartel by passing messages to attorneys for him and dozens of associates.

The United States once offered a $2 million reward for Cardenas before his 2003 arrest. In 1999, U.S. officials said Cardenas held two U.S. agents at gunpoint in their car in a Mexican border city, then let them go, saying: "You gringos, this is my territory. You can't control it, so get the hell out of here."

In the past, Mexico has been reluctant to extradite major Mexican drug lords to the United States, arguing that they should face justice here first. They also refused to send anyone to the United States who would face the death penalty, which is illegal in Mexico.

But that attitude changed under former President Vicente Fox, who last September promised to extradite "all of those who have pending matters with U.S. justice." Fox extradited a record 63 alleged criminals to the U.S. in 2006, including the suspected drug kingpin Francisco Rafael Arellano Felix.

In addition to Cardenas, Mexico on Friday extradited Ismael and Gilberto Higuera Guerrero, brothers and former chiefs in the Arellano-Felix cartel in Tijuana and Mexicali, and Hector Palma Salazar, a former leader in the Sinaloa cartel led by Joaquin "El Chapo" Guzman.

Eleven others were extradited on a variety of U.S. charges, including murder, drug trafficking, kidnapping and sex crimes.

CONGRESS-ADMINISTRATION:

Bush To Announce Health Care Tax Incentives (WT)

By Stephen Dinan

The Washington Times, January 21, 2007

President Bush yesterday said he wants to expand health care coverage by putting incentives into the tax code for individuals to buy their own, and that he will lay out a detailed plan in Tuesday's State of the Union speech.

In his weekly radio address Mr. Bush said his plan will treat health insurance like a mortgage.

"The current tax code encourages home ownership by allowing you to deduct the interest on your mortgage from your taxes," he said. "We can reform the tax code so that it provides a similar incentive for you to buy health insurance."

The changes will require congressional action and Mr. Bush, now facing a Democratic majority in Congress, ruled out raising taxes or "creating a new federal entitlement program" as possible options for expanding health care.

The White House has told Republicans on Capitol Hill that Tuesday's address will make the most news on health care and energy policy. Aides have said the speech will forgo the usual laundry list of new programs and instead focus on those two areas and three others: the war on terrorism, immigration and education.

"President Bush will outline issues where he believes we can find common ground with the new Congress," spokeswoman Dana Perino said.

In his radio address Mr. Bush called for aiding states that are trying innovative programs to broaden health coverage.

In doing so, he is returning to a strength of the Republican Party in the 1990s, when governors pioneered welfare reform plans and the federal government followed their lead.

Former Massachusetts Gov. Mitt Romney, a Republican now exploring a run for president, created a program in his state that sought to cover those eligible under existing programs such as Medicaid, subsidize coverage for the poor who are ineligible, and punish those who can afford it but don't sign up through penalties such as higher taxes.

And earlier this month, California Gov. Arnold Schwarzenegger, a Republican, announced his own plan to require all residents to have health insurance and to force most companies to provide insurance for employees or face a higher tax rate.

With Democrats now in control of Congress and promising to push plans to expand health care coverage, Mr. Bush is trying to get out in front of them and set the parameters for the debate.

"Health insurance should be available, it should be affordable, and it should put you and your doctor in charge of your medical decisions," Mr. Bush said, calling on Congress to pass the package he will propose Tuesday.

House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, is not embracing the idea.

"This is a dangerous policy that ultimately shifts cost and risk from employers to employees and could result in a higher number of uninsured," Mr. Rangel said.

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Census Bureau data show that 46.6 million individuals, or 15.9 percent of the population, were without health insurance in 2005. That was 1.3 million more than in 2004.

The figures show that Medicare and Medicaid, the main government insurance programs, cover an increasing percentage of the population, while employer-sponsored health plans and plans bought by individuals both declined from 2004 to 2005.

Bush Seeks Shift In Health Coverage (WP)

By Michael A. Fletcher

The Washington Post, January 21, 2007

President Bush will propose a deep tax break for Americans who purchase their own medical insurance and would finance it with an unprecedented tax on a portion of high-priced health-care plans that workers receive from their employers, according to the White House.

The initiative, which the president briefly previewed in his radio address yesterday, has a dual purpose: It would create a financial incentive for the estimated 46 million to 48 million Americans who lack health insurance to buy it. And it would rein in the soaring cost of health insurance by encouraging workers in high-priced plans to seek more modest coverage.

"Today, the tax code unfairly penalizes people who do not get health insurance through their job," Bush said. "It unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise and many Americans cannot afford the coverage they need."

The proposal, which Bush plans to fully unveil in Tuesday's State of the Union address, marks a sharp departure for a president who has been criticized for advocating tax cuts that disproportionately benefit higher-income Americans.

Administration officials familiar with the plan say it reflects the new political order in Washington, where Democrats now control both chambers of Congress. They refuse to characterize the plan as a tax increase because it raises no new money for the federal government. Instead, it would add a new tax on employer-provided health-care plans worth more than $15,000 to subsidize those who buy modestly priced plans out of their pockets.

In addition, they say, the plan is consistent with the president's idea of increasing access to health insurance through the private market while encouraging people to be more cost-conscious as they purchase medical-care coverage.

In his speech Tuesday night, the president will also propose increasing the federal assistance to states that make private health-care plans available to low-income or chronically unhealthy people who are uninsured. The administration hopes to provide waivers under Medicaid -- the government health insurance program for the poor that is jointly funded by the federal government and the states -- to allow states to redirect money from hospitals and nursing homes to individuals to help them buy health insurance.

Some states are already moving to offer health-care coverage to the uninsured. California Gov. Arnold Schwarzenegger (R) recently announced a plan to provide coverage to about 6.5 million people, including many recent immigrants, who are uninsured. If the plan is approved by the state legislature, California would become the fourth state -- along with Massachusetts, Vermont and Maine -- to offer near-universal health insurance.

Taken together, Bush's proposals are his most ambitious attempt to address the health-care crisis. In the past, Bush had pushed for limited tax breaks to help people buy health insurance, but those initiatives never gained traction. He has also advocated health savings accounts, consumer-driven plans with higher deductibles and lower premiums than those in traditional insurance.

The new tax measure would attempt to roughly equalize the benefits of people who have health insurance, whether they buy it or receive it from employers.

The estimated 150 million people covered by employer-provided health insurance are not taxed on the value of their health insurance, regardless of how much it is worth. The average employer-provided family health insurance plan costs $11,500 a year, administration officials said -- three times what it cost 19 years ago.

Under the president's proposal, workers who receive employer-provided health insurance would have to pay a tax on the cost of their benefit above $15,000, the threshold proposed by Bush for the tax break. For instance, if a person's health insurance costs $16,000, he would pay a tax on the $1,000 difference.

People with families who buy low-cost policies, meanwhile, would have their taxable income reduced by $15,000, regardless of the cost of the plans and whether they itemize deductions on their tax returns. The deduction would be $7,500 for single individuals. The deduction, to be indexed to account for inflation, would also be extended to those with employer-provided plans, to be offset by the cost of their coverage.

"This is a huge incentive for the uninsured to get coverage, but, also, the vast majority of people with employer-provided coverage will benefit as well," a senior administration official said. "This is essentially a standard deduction for health care, and the size of the deduction will be significantly higher than the cost of an average policy."

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The Bush administration estimates that 80 percent of people with employer-provided plans would see their tax liability fall because the deduction would be larger than the value of their insurance plans.

The idea of ending the taxpayer subsidy for what some in the health industry call "Cadillac health insurance" policies and using the savings to subsidize insurance for those who do not have it has been around for at least two decades, experts said. Underlying the idea is the belief that the current tax structure essentially adds to the inflationary pressure on health care by subsidizing expensive health-care plans, making coverage even more unaffordable for those who do not have it.

But now may be an interesting moment to resurrect the idea because the new Democratic Congress has vowed not to initiate any new programs that cannot pay for themselves. Additionally, the idea of imposing a tax on those with generous coverage to help those without it has a progressive cast that could appeal to Democrats. "It is being proposed by a Republican, but it's kind of a Democrat idea," said Robert Laszewski, a health policy consultant. "It should be something that will interest a lot of Democrats."

Still, some leading Democrats are skeptical of the plan. "It is good that the president is finally talking about health care," said Sen. Edward M. Kennedy (D-Mass.), chairman of the Senate committee that oversees health-care matters. "I question, however, why the president thinks the way to solve this problem is through the tax code."

Bush To Propose Health Insurance Changes (AP)

AP, January 20, 2007

WASHINGTON (AP) — President Bush will propose in his State of the Union address a tax break for people who buy their own health insurance and a limit on how much coverage individuals can receive tax free at work.

The proposal to be announced Tuesday offers a tax deduction to people who purchase coverage and urges those with generous plans to either embrace cheaper insurance or pay taxes on part of it, according to a Bush administration official familiar with the proposals.

If passed by Congress, the plan would be the first time that workers could get a tax break for buying their own insurance. At the same time, it would be the first time that some employer-provided health care benefits could be taxed.

Bush also will announce steps next week to take some federal money now going to hospitals and institutions and give it to states for programs to reduce the number of uninsured people.

The cost of health care is growing more than two times faster than wages, making it harder for families to buy insurance and for employers to sponsor a health benefit for workers, Bush said Saturday in his weekly radio address.

"Our challenge is clear: We must address these rising costs, so that more Americans can afford basic health insurance," Bush said. "And we need to do it without creating a new federal entitlement program or raising taxes."

Further details of the two proposals were to be announced in the State of the Union address.

The official, who spoke on condition of anonymity so as not to pre-empt the president's speech, would not disclose the amount of the proposed deduction or the top amount of coverage from employer-sponsored plans that would remain free of income and payroll taxes.

"The tax code unfairly penalizes people who do not get health insurance through their job," Bush said. "It unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise, and many Americans cannot afford the coverage they need."

He said health insurance needs to be treated more like homeownership.

"The current tax code encourages homeownership by allowing you to deduct the interest on your mortgage from your taxes," Bush said. "We can reform the tax code, so that it provides a similar incentive for you to buy health insurance."

There are an estimated 46 million to 48 million people in the United States who are uninsured at some point during the year.

"Most of the uninsured are people who are working and they've got a little bit too high of income to qualify for Medicaid or other government programs. If they buy health insurance they have to pay for it entirely out of their own pocket," Dr. Mark McClellan, former administrator for the Centers for Medicare and Medicaid Services and former commissioner of the Food and Drug Administration, said in a telephone interview. "This would be a significant amount of new help for them."

William Galston, a domestic policy adviser to President Clinton and a fellow at the Brookings Institution, said making health insurance more affordable for people on the individual market is a good idea. But he said he is worried that the proposal, taken by itself, could make it harder to argue for a more comprehensive measure for widening health care insurance to cover many more people.

"If it goes through as is, it's going to make the task of bargaining for a broader bill more difficult," Galston said, although he said he had not yet seen details of the proposals.

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Under a second proposal, the president is proposing to redirect federal dollars that hospitals and other institutions get to help cover costs for caring for the uninsured. With this money, states would set up programs to assist people in getting health coverage and help people with high-cost health conditions.

Several states are working to reduce the number of people living without health insurance.

California Gov. Arnold Schwarzenegger, for instance, has announced a plan that would cost $12 billion a year to extend health care coverage to most of the state's 6.5 million uninsured. That would make it the second state, after Massachusetts, to require everyone to carry insurance.

"When somebody is uninsured and they come into the emergency room there are federal programs that provide some help with covering those costs," McClellan said.

"The idea would be to redirect that money to provide better subsidies and assistance for people to get affordable health insurance. If you've got more people with insurance, you don't need to have as much in the way of payments to the institutions," he said.

Hospital administrators are worried about what the president's plan will mean for their facilities. They fear they will be getting less money when they treat Medicare patients. They say the federal reimbursements already do not cover costs and that the president's plan will remove tens of millions of dollars for them.

Bush, who has begun rehearsing drafts of the speech, left Saturday for Camp David with Secretary of State Condoleezza Rice, national security adviser Stephen Hadley and White House chief of staff Joshua Bolten. Before departing, he met with Rice and Defense Secretary Robert Gates to hear details of their recent foreign trips.

Rice was in the Middle East, and Gates returned to Washington on Saturday after a whirlwind tour that began last weekend in London and ended Friday in southern Iraq. In between he visited NATO headquarters in Brussels, met with troops and officials in Afghanistan and made stops in Saudi Arabia, Bahrain and Qatar.

To Expand Health Coverage, Bush Pitches Tax Code Change (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, January 21, 2007

WASHINGTON — President Bush on Saturday entered the growing debate about providing healthcare coverage for uninsured Americans, calling for a major change in the tax system to help those whose employers don't offer a plan.

Bush's proposal is a combination of carrots and sticks — and, if enacted, would create new winners and losers in the health insurance arena. It is likely to run into opposition in the Democratic-led Congress but could serve as a key element of a broader package dealing with rising healthcare costs and shrinking coverage.

The carrot in Bush's plan is the creation of a health insurance tax deduction that all taxpayers would receive — $7,500 a year for individuals and $15,000 for families.

But the proposal also comes with a stick: Those with insurance plans with an annual premium more than the deduction would have to pay income taxes on the difference. That would be a big change from current law, under which all employerprovided health insurance is tax-free for workers.

Bush wants to use tax revenue from people with benefit-rich plans — the healthcare haves — to pay for the new health insurance deduction. That would enable many of the estimated 47 million uninsured Americans — the healthcare have-nots — to buy coverage.

"One of the most promising ways to make private health insurance more affordable is by reforming the federal tax code," Bush said in his weekly radio address.

"Today, the tax code unfairly penalizes people who do not get health insurance through their job," he said. "It unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise, and many Americans cannot afford the coverage they need."

Bush's plan may seem like a startling move from a president who has repeatedly vowed not to raise taxes. People with generous healthcare coverage would face the higher taxes, although they could avoid the hit by switching to a standard policy. Family coverage costs an average of $11,500 to $13,000 a year, according to industry surveys.

Defending the plan, a White House official said it would be a wash for federal coffers. Over 10 years, all the additional revenue would go toward the tax deduction to help people buy coverage.

Saturday's radio address signaled that healthcare will be a theme of the president's State of the Union message on Tuesday, in which he will also propose an initiative to help governors expand coverage.

Consumer groups, medical organizations, insurers, employers and state leaders have recently reopened the long- dormant debate over healthcare. In California, Gov. Arnold Schwarzenegger is pursuing an ambitious plan to cover as many as 6 million uninsured residents.

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Though Bush focused Saturday on a plan to expand coverage, he stopped short of committing to the goal of coverage for all.

Congressional aides have privately expressed concern that the president's budget will call for tens of billions of dollars in cuts in healthcare programs such as Medicare and Medicaid as part of his pledge to balance the federal budget in five years.

On Capitol Hill, prominent Democrats issued statements saying they were glad Bush was talking about healthcare but were skeptical about his plan.

"To the extent that the president is now recognizing that all Americans need health coverage, that's positive," said Rep. Henry A. Waxman (D-Los Angeles). "But it clearly cannot come at the cost of undermining comprehensive health coverage for those who do have insurance."

Sen. Edward M. Kennedy (D-Mass.) said he questioned "why the president thinks the way to solve this problem is through the tax code."

Many economists, however, say that Bush's plan deserves serious consideration.

"Given that we agree that we need some combination of individual and social responsibility, this is one key step in a total package that could bring coverage to all Americans," said Len Nichols of the nonpartisan New America Foundation think tank.

But Nichols would use the additional revenue to expand group coverage instead of individually purchased policies.

The current tax breaks for health insurance are worth about $147 billion a year, surpassing the mortgage interest deduction. Not only is employerprovided health insurance tax-free for employees, but companies can also deduct the cost as a business expense.

There are two main reasons many economists and healthcare experts believe this system is flawed.

One is that it gives no help to people without employerprovided coverage. In effect, that makes health insurance coverage even more prohibitive for small employers and the selfemployed.

"It's an unlevel playing field in terms of providing support," said Mark McClellan, who formerly headed Medicare and Medicaid and is a health economist and physician. "In the 21st century, we have more people working in self-employment, so there are more and more people who don't benefit from the tax exclusion."

The other reason is that many economists believe an unlimited tax deduction for employer-provided coverage encourages wasteful healthcare spending.

Many of those who would have to pay more under Bush's plan are union workers who have negotiated generous health insurance packages. The plan is likely to be opposed not only by organized labor, but also by big employers, which fear that unions would push for bigger wage hikes if health benefits were curtailed.

Some influential administration allies, such as the U.S. Chamber of Commerce, have already raised questions.

"Our concern … is that it would undermine the current system and become a disincentive for employers providing good, rich benefits for their employees," said Katie Mahoney, a healthcare policy expert for the business group.

Bush To Urge New Tax Plan For Health Care Coverage (NYT)

By Sheryl Gay Stolberg, Robert Pear

The New York Times, January 21, 2007

WASHINGTON, Jan. 20 — President Bush intends to use his State of the Union address Tuesday to tackle the rising cost of health care with a one-two punch: tax breaks to help low-income people buy health insurance and tax increases for some workers whose health plans cost significantly more than the national average.

White House officials say Mr. Bush has decided to forgo the traditional formula for the State of the Union — a laundry list of ideas, many of them dead on arrival — in favor of a more thematic speech that will concentrate on a few issues, like health care, immigration and energy, on which he hopes to make gains with the new Democrat-controlled Congress.

The basic concept is that employer-provided health insurance, now treated as a fringe benefit exempt from taxation, would no longer be entirely tax-free. Workers could be taxed if their coverage exceeded limits set by the government. But the government would also offer a new tax deduction for people buying health insurance on their own.

“I will propose a tax reform designed to help make basic private insurance more affordable,” Mr. Bush said in his weekly radio address on Saturday, “whether you get it through your job or on your own.” He did not offer specifics, but an administration official provided details of the plan.

The proposed plan is a startling move for a president who has repeatedly vowed not to raise taxes. And it is certain to run into opposition from business groups, labor unions and, most of all, the Democrats who now run Capitol Hill.

“It’s a bad policy,” Representative Charles B. Rangel, the New York Democrat who is chairman of the House committee that writes tax legislation, said in an interview Friday night. “We are trying to bring tax relief to the middle class. The president is trying to increase their tax liability. This proposal is inconsistent with what the majority is seeking in the House and the Senate.”

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White House officials say the health tax plan would neither increase spending nor reduce tax revenues. Supporters say it would expand coverage to some of the 47 million uninsured. But critics say it would, in effect, tax people with insurance to provide coverage to those without it.

That would amount to a tectonic shift in the way people get and pay for their health coverage, and historically it has been all but impossible to win Congressional approval for such changes. When President Ronald Reagan made a proposal similar to Mr. Bush's in 1986, it died in Congress, with Mr. Rangel helping to lead the opposition.

As he heads into the address, his first delivered to a Congress controlled entirely by Democrats, Mr. Bush faces intense skepticism from lawmakers over his new strategy in Iraq. But while he will not be able to avoid the subject of Iraq in the speech, White House officials hope to use the address to shift the national conversation away from the war and toward the possibility of bipartisan cooperation in Washington.

"What they want to accomplish is to have the average American believe that Bush really does want to work across party lines and he's going to do it," said one Republican strategist close to the White House.

In his radio address on Saturday, Mr. Bush described his proposal as a way to "treat health insurance more like home ownership," giving people tax deductions for their health insurance in much the same way as they get tax deductions for home mortgage interest. He said the current system "unwisely encourages workers to choose overly expensive, gold-plated plans," driving up the overall cost of coverage and care.

The federal government does without tens of billions of dollars each year in potential tax revenue by making health coverage tax-free. The idea of limiting such tax-free coverage has circulated in various forms for more than two decades and is "quite controversial," said Dr. Mark B. McClellan, a former White House economist and Medicare administrator, who has consulted with Bush officials on the plan.

"The conventional wisdom is that there would be too much political opposition to propose" such limits, Dr. McClellan said.

In preparation for the president's speech, the White House has been shopping the idea around Capitol Hill, trying to sound out lawmakers like Senator Charles E. Grassley of Iowa, the senior Republican on the Senate Finance Committee, and Senator Ron Wyden, Democrat of Oregon.

The administration official said Mr. Wyden's plan contained tax provisions similar to the one proposed by the president. But in an interview, Mr. Wyden was skeptical. He said any tax changes must be coupled with regulations that would encourage private insurance companies to offer affordable coverage to people with pre-existing health conditions.

"The market is broken," Mr. Wyden said. "Private insurance companies cherry-pick. They're trying to take just healthy people and send fragile people over to government programs more fragile than they are, and I'm not sure what this does to fix the broken market."

The Census Bureau estimates that 175 million Americans obtain private health insurance through employers, while 27 million people are covered by insurance bought outside the workplace. The rest, with the exception of the 47 million uninsured, are covered through government programs like Medicare and Medicaid and military health care.

Under Mr. Bush's proposal, people buying health insurance on their own would receive a tax break similar to the one that has historically been available to people who receive coverage through their jobs. The plan is tied to the average cost of family health coverage, which is currently $11,500 a year.

It would work like this: The administration would cap the amount of benefits that can remain tax free at $15,000 for a family and $7,500 for an individual. Anyone whose health insurance cost more than that would pay taxes on the difference. For example, a family with coverage costing $16,000 a year would pay taxes on $1,000.

The cap would also be used to establish the amount of the new deduction for people who lack coverage. In this example, a family buying insurance on its own could take a $15,000 deduction — even if the insurance cost less. The cap would rise with some measure of overall inflation, but would not necessarily keep pace with the costs of medical care and health insurance.

A White House official, speaking on condition of anonymity so as not to upstage the president, said, "The vast majority of people with employer-provided coverage will benefit as well."

One of the nation's leading experts on tax policy, C. Eugene Steuerle, a Treasury official in the Reagan administration who is now a senior fellow at the Urban Institute, said the proposal "would probably help increase the number of people with health insurance at no cost to the budget."

The administration official said the White House envisioned health insurance companies offering new plans to meet a growing market. But employers expressed doubts.

"This is a classic case of robbing Peter to help Paul pay for coverage," said E. Neil Trautwein, a vice president of the National Retail Federation, which represents retailers of all sizes. "I do not think the president will find many backers in the employer community for this proposal."

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In trying to address the problems of the uninsured, Mr. Trautwein said, "we should not start by endangering coverage for people who already have it."

Senate Newcomer Is Designated To Encounter President Bush Yet Again (NYT)

By Francis X. Clines

The New York Times, January 21, 2007

Senator Jim Webb, a spirited Democratic freshman from Virginia, looked uneasy as he hand wrote his very first letter of condolence to a grieving constituent who had just lost her soldier son in the Iraq war. The senator, a lantern-jawed Marine veteran with his own son at war, brightened noticeably as he discussed the surprising invitation from his party's leaders to deliver the main response for the Democrats to President Bush's State of the Union address on Tuesday.

Normally, no one pays much attention to the opposition's rebuttal to a State of the Union address. But the capital's mood as the war spirals downward is palpably, if not desperately, expectant of some change, somehow. And in Washington, fresh rhetoric must be invested to feed any chance of change.

With their narrow victory, the Democrats newly in control of Congress are being turned to as if they are the loyal opposition in the British system, expected to be ready with a shadow cabinet wielding dossiers of perfectly worded alternatives.

It won't work quite that way on Tuesday night when Senator Webb speaks for a perennially discordant party full of upholders of yes-buts and whereases and why-nots. But Mr. Webb, whose upset victory was fueled by stinging, uninhibited criticism of the Bush administration's bungling of its war, clearly has something closer to a glinting riposte in mind than some boilerplate response for the record.

"My sense is people really want to see something different here," said the senator, dismissing the administration's dispatch of another 20,000 troops as not even a doomed strategy, but a "flailing around" for public relations cover. "Sooner or later we are going to withdraw from Iraq," Mr. Webb explained. "The circumstances under which we withdraw are the debate."

Tuesday will not be the first time the president and Mr. Webb have had a close encounter. After the election, the senator-elect declined to stand in a reception line and be photographed with Mr. Bush. News reports told of how the president later sought him out, asking, "How's your boy?"

"I'd like to get them out of Iraq, Mr. President," Mr. Webb responded, broadening the question.

"That's not what I asked you," Mr. Bush replied, sounding snappish. "How's your boy?"

"That's between me and my boy, Mr. President," said Mr. Webb, showing some of the instincts he honed as a former member of a Republican president's administration and a former boxer.

In choosing Mr. Webb, the party seems to be inviting some of his patented iconoclasm to tinge its image, particularly since he is not among the Democrats who first backed the war. Speaker Nancy Pelosi, who was against the war from the first, journeyed from the House to privately tell her Senate colleagues that the party has nothing less than a moral imperative to move the Iraq issue in a new direction.

And so expectations are being raised. Party leaders made sure that Representative Tim Walz of Minnesota, a combat veteran of Afghanistan who speaks knowingly of the troops and their families, had the radio rebuttal last weekend when President Bush accused the Democrats of "proposing nothing," for all their objections to the latest version of his war plan.

A former secretary of the Navy for Ronald Reagan, Mr. Webb says he ran as a Democrat because his own politics are rooted in national security interests, and he found that issue despoiled by the Bush administration. "Hurricane Katrina was the thing that pushed me over into running," he said. "Katrina and the war were parallel situations in terms of failed leadership."

For the senator, the way out of Iraq is "from the outside in" — the full-scale regional diplomacy eschewed by the administration — rather than from inside Washington's misplaced sense of being the center of all solutions.

He is not alone. Republicans have been talking to Democrats about the wording of nonbinding resolutions of disapproval of the president's troop increase. Senator Olympia Snowe of Maine joined Senator Chuck Hagel, a fellow Republican from Nebraska, in the protest. Others were privately dickering.

Maybe nobody will be listening on Tuesday. But as a freshman, Senator Webb likes the early feel of things. He has already presided at the head of the chamber, aided by stage cues from a parliamentarian.

"I closed the Senate down on Friday, and I was teasing the Republican staffers that since there was nobody on the floor, I was going to ask for unanimous consent to withdraw from Iraq." The recollection prompted a booming laugh from the new senator that rolled forth like a preamble to Tuesday night.

"Told them we're going to be out of Iraq by the time I'm done."

Energy Independence (WP)

The Washington Post, January 21, 2007

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BOTH CONGRESS and the Bush administration seem certain to return to energy policy this year. The subject is likely to be featured in President Bush's State of the Union address; a variety of energy bills have been proposed in Congress; and this year's reauthorization of the farm program may repackage agricultural handouts as ethanol-promoting energy policy. But there is a danger in the way political leaders are framing this issue. "Energy independence" is more elusive and less rewarding than is commonly perceived. It should not be allowed to take precedence over attempts to curb global warming.

The United States imports 60 percent of the petroleum it consumes, about double the share two decades ago. Those imports come mostly from countries whose governments are unstable, unsavory or overtly hostile to the United States: 60 percent of the world's oil reserves are in the Middle East, 10 percent in Africa, 6 percent in Venezuela and 5 percent in Russia. It sounds reasonable to argue that if the United States relied less on these regions for its fuel, it would be better off.

But consider this thought experiment: If the United States replaced all oil imports with domestically produced fuel, how much more secure would it be? Well, a Venezuelan or Iranian oil embargo could still hurt U.S. motorists and oil-consuming industries. An embargo would create a global scarcity of oil, and fuel prices would jump -- including the price of fuel in the United States. Admittedly, Americans would be paying those high prices to producers in their own country rather than to producers abroad, but the importance of this distinction is debatable. Some producers in the United States are foreign-owned, and many production operations abroad are U.S.-owned.

Some military planners say that, even so, energy independence would boost national security. The nation must be able to count on access to sufficient fuel to power its military machine and key industries. But two-fifths of the oil consumed in the United States is domestically produced, and the nation maintains a strategic petroleum reserve. Besides, it would take a truly formidable enemy to prevent the United States from buying oil simultaneously from the Middle East, West Africa and Latin America. True energy security comes not so much from energy independence as from diverse sources of supply.

Another security argument for energy independence is that by importing oil from radical Islamic regimes the United States is financing both sides in the struggle against terrorism. But it doesn't matter to Islamic radicals who buys their oil; the United States has banned Iranian oil imports since 1979, but Iran's crude still fetches the world price in the international market. It's true that, in pursuing energy independence, the United States would either restrict its consumption or boost its output; this would slightly alter the global balance of supply and demand, perhaps reducing the oil price and diminishing Iran's revenue. But even this effect is not certain: Saudi Arabia might respond by pumping less so that prices remained stable.

This is not to say that curing the American addiction to oil would bring no security benefits whatever. Over the long term it would probably exert a moderating influence on oil prices; this would reduce the influence of authoritarian petro-states such as Russia or Venezuela. But this distant and uncertain benefit should not be the prime driver of energy policy. Mr. Bush and Congress should focus their energy policy on mitigating climate change and accept security gains that may flow from that as a welcome byproduct.

Bush's Fourth Quarter (LAT)

The Los Angeles Times, January 21, 2007

ON THE EVE of his seventh State of the Union address, President Bush's Texas swagger is muted. Not long ago, Bush famously called himself "the decider," but the drubbing he took in November's elections has reduced him to being "educator in chief," as he referred to himself on "60 Minutes" a week ago.

He wasn't referring to education, of course; he's realized that he's lost the support of most of the country (and Congress) on the war in Iraq and that he needs to "educate" them back into the fold. The problem for the administration, as it enters the fourth quarter, is that persuasion has never been its strength.

Quite the contrary — it's been anathema to its political approach. In the aftermath of the Clinton years, the Bush administration proudly stood against nuance and muddled compromise. The 9/11 attacks reinforced the White House's penchant for viewing the world in binary terms, and Bush's "with us or against us" mantra fit the moment. On issue after issue, from tax cuts to Iraq to its tactics against suspected terrorists, this administration has portrayed opponents as beyond the pale, while its own positions are crucial to the defense of Western civilization. Until recently, Bush also seemed pathologically incapable of conceding any failings or of deviating from campaign-style happy talk, even about the clearly deteriorating situation in Iraq.

Such absolutism is hard to sustain in a messy democracy (or a messy world, for that matter). It makes altering course all the more shocking — not just to those who support the administration, who feel misled or, worse, used, but to those who advocated for change. So, for instance, it was jarring to see the administration suddenly drop its insistence that judges should have no oversight over the National Security Agency's Terrorist Surveillance Program. It was the right thing to do, but it was hard to reconcile with the White House's previous hyperbolic narrative.

There have been other whiplash-inducing U-turns for Bush, along with more than a few policy dead-ends. Remember those ill-advised steel import tariffs? And whatever happened to all that talk of going to Mars and overhauling Social Security?

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After 9/11, the president initially opposed federalizing airport security and creating a Department of Homeland Security. He changed course on the military's interrogation methods and on whether Guantanamo detainees were covered by the Geneva Convention. In another departure, the administration engaged North Korea in bilateral talks last week, and there is talk of starting to take global warming seriously.

This isn't to say that Bush is exceptionally inconsistent. It's that he's exceptionally obstinate, and so changes in policy prove more damaging to his credibility than they might be otherwise.

On Iraq, of course, the president is still (though he would not put it this way) staying the course, insofar as he believes (rightly, in our view) that it would be disastrous for the United States to walk blithely away from the mess it created. That Bush himself only recently seems to have noticed the mess in Iraq — or acknowledged it — is one of those credibility-sapping traits that doesn't inspire much confidence in his ability to succeed.

To be fair, this is never an easy time for a second-term president. Bush is in the uncomfortable position of having to rely on the likes of Iraqi Prime Minister Nouri Maliki and radical Shiite cleric Muqtada Sadr to define his legacy. But then, at least he's not spending his days forced to deny having sex with "that woman," dealing with allegations that he illegally funneled arms to a Central American insurgency or fending off efforts to get at his incriminating tapes.

Bush will be with us for another two years, and this Tuesday, with the State of the Union address, he will attempt to begin engineering a fourth-quarter comeback. Iraq will remain at the forefront, of course, but Bush desperately needs to find ways to remain relevant on the domestic front as well. Comprehensive immigration reform would be one way to do that, and perhaps Bush will embrace environmentalism in the same way that Ronald Reagan improbably embraced arms control in his last years in office.

Regardless of the issue, the most worrisome aspect of the Bush administration at this point is the president's lack of stature. It sounds corny, but the president of the United States remains the leader of the free world, and it's essential for him to command respect and authority on the global stage. The unsettling question about Bush in his fourth quarter is whether anyone will take him seriously the next time he identifies a crisis — especially if, and when, it's a real crisis.

Pragmatic, Up To A Point (NYT)

By Jim Rutenberg

The New York Times, January 21, 2007

THE town almost missed the news late Wednesday afternoon when the White House announced President Bush was ending his warrantless wiretap program. It was initially hard to believe that a president who has held his ground on so many fronts, against so many prevailing forces, had reversed himself on a signature assertion of executive power.

There had to be a hitch.

But perhaps the move — which really did happen — should not have come as such a surprise.

It was the latest evidence of an emerging pragmatism inside the West Wing. In the last few months, the new White House chief of staff, Joshua B. Bolten, has switched out longtime Bush loyalists with a handful of so-called policy realists — and their appointments have cast a famously ideological White House inner circle in a more pragmatic light. And they have expressed a willingness to deal with a new Democratic Congress.

But Washington being Washington, there is skepticism. Just how pragmatic will they be on issues they hold dear?

Kenneth Duberstein, the former chief of staff to President Ronald Reagan who has welcomed the changes, said it was clear that Mr. Bolten had retooled the administration for a new era of “compromise and confrontation.” But, he added, “They may have changed their faces, but not what’s in their hearts.”

This goes to a fundamental debate over whether — or how far — the president will do a turnabout on issues which he had refused to budge on when dealing with a Republican Congress.

Evidence is ample that Mr. Bush will choose his battles more carefully in his final two years. After all, the war is taking up so much political oxygen and Congress is under Democratic management. And as Texas governor, Mr. Bush worked well with Democrats.

“He understands how to work with a majority and he understands how to work as part of a minority and he’ll adjust accordingly,” said Mark McKinnon, a political strategist for Mr. Bush’s presidential campaigns. “This is a president who still wants to get a lot done.”

Yet this new approach is not a wholesale about-face. In fact, the administration’s decisions in the last few weeks could be seen as a move to compromise now to avoid more serious setbacks to his agenda later. In other words, it is pragmatism at gunpoint.

Take, for instance, the administration’s agreement last week to submit the wiretap program to judicial review. Opponents of the program said the administration had finally folded, trying to avoid pending legal decisions that could find that presidents do

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not have the wartime executive authority to issue wiretaps without warrants. In the process, the administration may also have deflated Congressional plans to move against the program. In effect, critics say, the White House was trying to duck for now a debate on a crucial balance of power question.

"They've changed the surveillance program under the pressure," said Senator Arlen Specter of Pennsylvania, a leading Republican opponent of the policy.

Mr. Specter said he did not think the administration would yield on its long-term goal, pushed most by Vice President Dick Cheney, to reclaim the executive authority that was lost after Watergate.

"I would expect the vice president to continue to insist on executive power," he said.

Mr. Specter is among the administration's many moderate allies who hopes that one of Mr. Bolten's new appointees, the incoming White House counsel Fred F. Fielding, will prevent what the administration's critics would call overreaching. Fairly or not, the woman he is succeeding, Harriet Miers, was seen as too often going along with — or being unable to rein in — some of the administration's more assertive impulses. Mr. Fielding, who has the stature of having worked for Presidents Richard Nixon and Ronald Reagan, is perceived to be better able to counterbalance those impulses.

Mr. Specter said, "I think Fred is going to be much more" — here comes that word again — "realistic in his dealings."

The same has been said about Robert M. Gates, the successor to Defense Secretary Donald H. Rumsfeld, who hails from the realist school of foreign policy.

Even Democrats praised his appointment. But they were decidedly less enthusiastic about the Iraq policy he ultimately endorsed — including an increase in troops — which many took as a rebuttal to the bipartisan approach recommended by the Iraq Study Group.

"What the president did on Iraq just sends a real signal that he's going to continue to basically do what he wants to do," said Leon Panetta, a former chief of staff to Bill Clinton and a member of the Iraq Study Group. A true test of how pragmatic Mr. Bush will be will come on Tuesday night when Mr. Bush presents his State of the Union address.

HIS team is clearly hoping to do in 2007 what Bill Clinton did in his penultimate address, in 1999: produce a rousing speech with a hefty set of goals that catch his opponents off guard and help put his second term on firmer footing.

Mr. Bush's strategists have already foreshadowed a more aggressive approach to end what the president last year called the nation's "addiction to oil." The president is expected to reaffirm his understanding of the human causes of global warming, and discuss ways to reduce emissions.

Yet some energy industry officials have said his proposals will be partly pre-emptive — adopting an environmental policy that hews to his anti-regulatory and free-market principles before someone with more liberal ideas on regulation can take over in 2009.

And, just as President Clinton in 1999 proposed a long-term fix for Social Security and challenged his Republican partners in Congress to join him, Mr. Bush is likely to do the same this year. Mr. Clinton had opened the door to investment of some Social Security funds in the stock market, a break from traditional liberal orthodoxy.

Some conservatives fear that Henry M. Paulson, Mr. Bush's new treasury secretary, will similarly try to seek common ground with Democrats, in this case by not categorically ruling out some sort of tax increase to help shore up the system. But Republicans close to the administration say Mr. Bush's longtime political adviser, Karl Rove, is focused on holding together the president's conservative coalition, and would be dead set against any such thing.

Yet all of this talk about deal making and pragmatism is enough to give Mr. Bush's longtime supporters a serious stomach ache. Grover Norquist, president of Americans for Tax Reform, who consults regularly with White House officials, suggested that Mr. Bush should avoid deal making, hold firm on his principles and help Republicans win back power in 2008 to finish out his vision thereafter.

"What you're sacrificing short term is approbation," Mr. Norquist said. "But you'll be able to say 'It didn't happen when I was in office, but it happened because I was in office.' "

Fragile Hopes For Bipartisan Rescue Of Social Security (NYT)

By Robin Toner

The New York Times, January 21, 2007

WASHINGTON, Jan. 20 — President Bush is renewing his call for a bipartisan effort on Social Security, but few other issues so clearly highlight the limits of bipartisanship these days, the mistrust and ideological division just barely below the surface.

Many Democrats and Republicans agree that this period of divided government should, theoretically, be an opportune moment to find a solution to the long-term fiscal problems in Social Security, the 72-year-old government pension system. It is

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almost universally acknowledged that any fix — which would be likely to involve a politically risky mix of benefit reductions, tax hikes or other painful changes — would require broad and deep bipartisan support.

"The American people have to sense on these types of issues that it's absolutely bipartisan and that the agreement was reached in an absolutely fair way," said Senator Judd Gregg, Republican of New Hampshire, the senior Republican on the Budget Committee. "And that's one of the strengths of divided government."

But even the earliest efforts at a rapprochement have been vexed, in large part because of the memories of the Social Security battle of 2005, when Mr. Bush campaigned hard to create private investment accounts in the program but failed.

Efforts have been made: Treasury Secretary Henry M. Paulson Jr. has talked to crucial lawmakers, including Representative Charles B. Rangel of New York, the chairman of the Ways and Means Committee, "encouraging everyone to bring all their ideas to the table, and hoping that some kind of consensus can emerge," as Michele Davis, the assistant Treasury secretary, puts it.

Mr. Rangel said he had also been talking about the possibility of action on Social Security with the ranking Republican on his committee, Representative Jim McCrery of Louisiana. And in the Senate, Mr. Gregg and Senator Kent Conrad of North Dakota, the chairman of the Budget Committee, have proposed a bipartisan working group to explore broad entitlement and fiscal issues.

But the old fault lines have quickly re-emerged. Vice President Dick Cheney, in an interview with Fox News last week, said Mr. Paulson's openness to all ideas did not indicate that the administration was open to any increase in the payroll tax that supports Social Security. Raising the cap on income subject to payroll taxes — now at $97,500 — is one of the most commonly cited ways to shore up Social Security. "I think this president has been very, very clear on his position on taxes, and nothing's changed," Mr. Cheney said.

Mr. Conrad said that after those comments, his effort to move forward with his working group "is on life support." He added, "People have interpreted that to mean that the administration is not willing to alter their position one iota, and it's their way or the highway. Well, that's not going to work."

Democrats already mistrustful of negotiating with the administration were buttressed in their views, Mr. Conrad added. "They say, look, they're playing us for suckers."

Many Democrats say they still want the president to take private investment accounts explicitly off the table before serious negotiations can begin. Mr. Bush is expected to include those accounts in his budget again this year, although with their hypothetical creation pushed back a year.

Representative Rahm Emanuel, chairman of the Democratic Caucus, said that in a climate of such uncertainty for many Americans' private pension programs, it was all the more important "not to take away the one solid cornerstone of their retirement." He added, "It's not good politics and it's not good economics."

Senator Max Baucus of Montana, the chairman of the Finance Committee, a critical venue for any Social Security plan, said he too believed the president must give up his private accounts before serious talks could occur. If so, he added, "I'm more than open, if the president is truly willing to look at all options."

It is, in short, a polarized debate, and likely to become all the more so as the parties head into the 2008 election. On left and right, advocacy groups are watching for any signs of a flinch. Grover Norquist, the antitax conservative, said he was vocally making a pre-emptive case against any payroll tax increase, although he had been assured by the president in December that he would hold the line.

Still, Mr. Norquist added, it is simply too dangerous to walk into negotiations with the Democrats without explicitly ruling out tax increases. "Mom didn't want you to have girls at the house after 10, not because she didn't trust you, but because she thought it was unwise," he said.

There is similar vigilance on the left. "There is no reason for us, as a campaign working on this issue, and there's no reason for the Democrats to compromise with this president on the most sacrosanct program to progressives after he lost the privatization debate and lost the election," said Brad Woodhouse of Americans United for Change, a liberal labor-backed organization.

Business Faces New Pressures On The Hill (WP)

The Washington Post, January 21, 2007

For almost a year, business interests have had an inkling that their days of calling the shots in Washington were about to come to an end.

But last week, as the clocked ticked down on the symbolic first 100 hours of the 110th Congress, it was becoming pretty clear how hostile the political environment had become after 12 years of Republican rule.

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It wasn't just that key business lobbyists were no longer invited to the weekly meeting to set the agenda, plan strategy and coordinate the talking points. Or that much of the promised legislation was hostile to their interests, such as House passage last week of an energy bill that wiped out tax breaks and raised royalty fees for the oil industry and cut subsidies to banks and others making college loans. Or that, in pushing through their first six bills, House Democrats were able to get an average of 62 votes from the once-united Republican caucus.

More troubling for business interests was the fact that nearly every day seemed to bring news of some fresh new offensive -- a hostile hearing or a special new committee or some calculated retreat by the Bush administration, leaving them surprised and exposed.

"I don't think most people have grasped what they are facing yet," said Kenneth Kies, the go-to tax lobbyist, after the Senate Finance Committee unveiled an unexpected proposal to limit the amount of income that top corporate executives could defer tax-free.

And imagine the surprise of auto industry executives when House Speaker Nancy Pelosi said she would appoint a special committee on energy independence and global warming as a way around John Dingell, Detroit's main man in Washington and chairman of the House Energy and Commerce Committee, who could always be counted on to keep the lid on fuel economy and auto emission standards.

Meanwhile, small-business lobbyists were not pleased to see the head of the very big-business Business Roundtable standing before reporters with the heads of AARP and the Service Employees International Union, saying nice things about health-reform efforts that require all businesses to offer some kind of health insurance or pay an offsetting tax.

Just how far left the political center of gravity has moved on these issues may be clearer after President Bush delivers his State of the Union message this week, in which he will try to reestablish his centrality in the policy debate by stealing a march on the Democrats on a number of domestic initiatives, not all of which may be to business's liking.

But the early going has revealed that a business community that has spent a decade playing offense had become a bit rusty when playing defense. A strategy of playing to stalemate rather than compromise in the closely divided Senate may founder as Republicans respond to the public clamor for bipartisan accomplishment. And while Bush seems ready to begin wielding his veto pen, he may want to husband his political capital for issues relating to the war and presidential power rather than protecting business interests.

The Equality Engineer (WP)

By George F. Will

The Washington Post, January 21, 2007

Barney Frank, the 14-term Massachusetts congressman who chairs the House Financial Services Committee, says it might be useful to "make it a misdemeanor to use metaphors in the discussion of public policy," such as "a rising tide lifts all boats." Against what he considers that too-complacent view of economic growth (the metaphor was John Kennedy's), Frank says: A rising tide is wonderful "if you have a boat."

Frank questions whether market-driven wealth creation is producing more inequality "than is either socially healthy or economically necessary." He favors much more government intervention in the economy to diminish inequality. Sometimes he means equal dependence on government. For example, he wants everyone enrolled in Medicare -- with larger co-payments for higher-income people -- in order to take health care "out of the wage system."

Frank mildly says that Congress should "pay a little more attention" to the seven governors of the Federal Reserve system, all of whom are confirmed by Congress. The Fed, says Frank less mildly, should not be considered "above democracy": "We can debate whether Terri Schiavo's life should be recognized as over" and other fundamental questions of existence, "but God forbid anybody in elected office should talk about whether or not we need a 25-basis-point increase" in interest rates. "Somehow that's sacrosanct. No, it isn't. It's public policy."

The late Sen. William Proxmire, a populist Democrat who represented Wisconsin for 32 years, said that all members of Congress should have written on their bathroom mirrors, so it is the first thing they read each day, this: "The Fed is a creature of Congress." Frank says Congress should not intervene in monetary policy . . . "unless." By monitoring whether the Fed's governors act as they said they would when they were being confirmed, Congress would be "setting the predicate for intervention if they act otherwise."

He wants the Fed to emphasize full employment as well as protect the currency as a store of value -- restraining inflation. But the Fed's stunning conquest of inflation since the early 1980s is almost a sufficient explanation of subsequent prosperity.

Three years ago, when unemployment was 5.8 percent, Frank outlined his doctrine of "capitalism plus" -- plus a lot of government -- in a House speech, warning that America was at "a major inflection point" where the economy's ability to create wealth is exceeding its ability to create jobs. Today, unemployment is 4.5 percent. How low can it go? He answers briskly: It fell

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to 3.8 percent during the Clinton administration. Could that become normal? And Frank says that when the New York Times wrote that the economy had exceeded its "normal rate of growth" for 11 years, he wrote to the Times wondering whether facts are redefining normality.

Frank may be the most liberal member of Congress. His thinking is what today's liberalism looks like when organized by a first-class mind. He thinks he discerns cultural contradictions of conservatism: Some conservative policies -- free trade and tax and other policies that (he thinks) widen income inequalities -- undermine support for other conservative policies. When capitalism's "creative destruction," intensified by globalization, churns the labor market and deepens the insecurities of millions of families, conservatives should not be surprised by the collapse of public support for free trade and an immigration policy adequate to the economy's needs.

Frank's solution, "fair trade," is to use the threat of denying access to the American market to force less developed countries to adopt "minimal standards of civility," meaning more expansive -- more American -- labor rights and environmental protections. This is an economic version of George W. Bush's foreign policy. Bush's Wilsonian goal is "ending tyranny in our world." Frank's trade policy is "Wilsonianism without weapons." Or perhaps it is Johnsonian (Lyndon Johnson): Trade policy should impose semi-Great Society rules on less developed trading partners, thereby helping the poor in those countries -- and reducing those countries' competitive advantages.

Frank's committee has, he says, "a larger jurisdiction to talk than to legislate." Pay attention to the talk: In it liberalism's interest in diminishing inequality (using government power to regulate the economy's distribution effects) duels with conservatism's emphasis on freedom (incentives by which market forces rationally allocate wealth and opportunity).

Frank says he is fortunate to be "in a profession where a weakness of mine -- a short attention span -- is a strength." In a government with its fingers in far too many pies, legislators must flit from one subject to another. What distinguishes Frank, however, is the coherence -- which is not a synonym for persuasiveness -- of his argument for more government-engineered equality.

Democrats Seek To Avert Abortion Clashes (WP)

By Shailagh Murray

The Washington Post, January 21, 2007

Eager to avoid a resumption of the culture wars, the new Democratic leaders are trying to tiptoe around the abortion issue by promoting legislation to encourage birth control and assist women who decide to proceed with unwanted pregnancies.

Democrats acknowledge that they alienated many social conservatives and churchgoing voters during years of combat with Republicans over the explosive issue of reproductive rights, and they want to change their emphasis to woo some of those voters back into the fold.

On the opening day of the 110th Congress on Jan. 4, for instance, Senate Majority Leader Harry M. Reid (D-Nev.), an abortion foe, introduced a bill to increase funding for family planning and to improve access to emergency contraception. The measure has been endorsed by Sen. Edward M. Kennedy (D-Mass.), a champion of abortion rights, and Sen. Hillary Rodham Clinton (N.Y.), a leading Democratic presidential prospect.

These and other initiatives are a far cry from previous Democratic efforts that drew strong conservative opposition, including funding for abortions for women in the military serving overseas and U.N. family-planning programs in Third World countries.

"There are few more divisive issues in America today than abortion, but there is an opportunity to find common ground if we are willing to join together and seize it," Reid said recently. "The rate of unintended pregnancies is unacceptably high." Legislation such as his, he added, "can reduce the number of unintended pregnancies and the resulting abortions in America today."

During the past decade of Republican rule, Congress became a battleground for opposing forces in the abortion debate. Nearly 150 bills and amendments have been offered with the aim of restricting the procedure. Democrats and pro-abortion-rights Republicans blocked most of those measures, but in the process they alienated a vital group of voters -- religious moderates who support, in principle, the Roe v. Wade Supreme Court decision that legalized abortion nationwide but who are morally squeamish about terminating pregnancies.

Now Democrats are seeking to reach these "abortion grays" through their own legislative proposals, all focused on preventing unwanted pregnancies. The initiatives, including several in development for more than a year, represent an attempt to broaden the discussion beyond the traditional framework of whether abortion should be legal. By recasting their approach, Democrats hope to appeal to "grays" in suburban areas and Midwestern towns who have voted Republican in recent elections.

"We believe deeply that we can do better than we're doing in our country when it comes to preventing unintended pregnancies and helping to support mothers and children," Clinton said in announcing her support for Reid's initiative.

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In the House, Reps. Tim Ryan (Ohio), a Democrat who opposes abortion, and Rosa DeLauro (Conn.), a member of the Democratic leadership who supports abortion rights, are backing measures to make contraception easier to obtain, while providing aid to women who proceed with unintended pregnancies. House Speaker Nancy Pelosi (D-Calif.) helped smooth the path for the Ryan-DeLauro bill, and Rep. Rahm Emanuel (Ill.), the fourth-ranking House Democrat, is a cosponsor. "This is something that Democrats are really into," Emanuel said.

At least four similar bills are circulating. Antiabortion Democrats who are reluctant to promote contraception use are backing a more limited effort to help pregnant women and single mothers.

"You're going to see a change in the tone of the debate, and a move toward more solutions, rather than the divisiveness," said Nancy Keenan, president of NARAL Pro-Choice America, a leading abortion rights group that signed on early to the prevention agenda. "What we're going to see in this Congress is some problem-solving."

The 2006 election results sent mixed signals about where voters stand on abortion. On one hand, pro-abortion-rights Democrats won in 22 House districts that had been represented by antiabortion Republicans. Three Senate seats also flipped from anti- to pro-abortion-rights candidates, and antiabortion ballot initiatives failed in three states, including South Dakota, where voters blocked an effort to outlaw the procedure.

On the other hand, five antiabortion Democrats were elected to the House from districts in the industrial Midwest and South, conservative regions that the Democratic Party had been struggling to infiltrate. Robert P. Casey Jr. (Pa.), who is Catholic and opposes abortion, won a Senate seat with strong Democratic establishment backing -- although his father, the late Pennsylvania governor Robert P. Casey Sr., had been barred from addressing the 1992 Democratic National Convention because of his antiabortion views. A slim majority of the Senate leans toward favoring abortion rights, but the Democratic-led House remains antiabortion by a narrow margin. As one abortion rights activist put it, "We've made gains, but we don't have carte blanche on anything."

Democrats hope their proposals for preventing unwanted pregnancies will become a bridge within the party and even across the aisle to some Republicans, a way to reconcile moral reservations with legal rights.

Third Way, a moderate Democratic policy group, coined the term "abortion grays" to define the nearly two-thirds of voters who hold mixed views on the subject. Rachel Laser, Third Way's abortion expert, has counseled numerous Democratic candidates and lawmakers on prevention rhetoric. In a poll the group commissioned last summer, 69 percent of voters said they supported the goal of reducing the number of abortions "while still preserving the basic right to have one."

And yet Democrats have been reluctant even to mention abortion in recent years. Laser reviewed Senate Web sites and found that Democratic members used the word fewer than 350 times, while Republicans raised the issue 1,900 times. Democrats "also are prone to make conflicting statements about abortion or to couple their pro-choice voting records with a statement professing their personal opposition to abortion," one of her Third Way memos said. "This comes across as defensive, confusing and disingenuous."

The Reid bill, sponsored in the House by Rep. Louise M. Slaughter (D-N.Y.), would increase funds for family-planning services, ensure contraception equity in health insurance plans and improve access to emergency contraception. The Ryan-DeLauro legislation would expand access to contraception, fund sex-education programs, improve health-care access for low-income women and children, and extend adoption tax credits.

There are still minefields, as Ryan discovered when he entered the abortion fray in the House. A 33-year-old Catholic who represents a working-class Ohio district, he has sought to jostle Democratic thinking on abortion since his service in the state legislature. After he was elected to Congress in 2002, Ryan reached out to the antiabortion group Democrats for Life. The group was devising what evolved into a foundation of the prevention agenda, a plan to lower the abortion rate by 95 percent over 10 years.

In late 2005, Democrats for Life discussed a possible collaboration with Third Way, but an alliance never materialized because many antiabortion Democrats, particularly Catholics, were reluctant to endorse contraception provisions.

"We wanted a bill that all pro-life Democrats could feel comfortable supporting," said Kristen Day, executive director of Democrats for Life. But Ryan decided that Democrats had to go further, and he shopped his bill around the House without the group's support. It has since become the leading Democratic vehicle in that chamber. "We cannot have a legitimate abortion-reduction bill without contraception," Ryan said.

But the Democrats for Life bill also has gained broad support and even has attracted some Republican backers. Among its provisions: expanding welfare and health benefits for pregnant women and closing health-insurance loopholes that limit prenatal care. At least three states -- Alabama, Michigan and Virginia -- are considering smaller versions of the House package, Day said.

"In the ideal world, there would have been just one bill," she said. "But it's a positive step that our party has been talking about this. Two bills is a good thing."

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The Socialist Senator (NYT)

By Mark Leibovich

The New York Times Magazine, January 21, 2007

When Bernie Sanders visits a high-school class, as he does regularly, students don't hear a speech, a focus-grouped polemic, a campaign pitch or, heaven forbid, practiced one-liners. Nor, in all likelihood, do they hear Sanders tell stories about his family, childhood or some hardship he has endured. He makes no great effort to "connect" emotionally in the manner that politicians strive for these days, and he probably doesn't "feel your pain" either, or at least make a point of saying so. It's not that Sanders is against connecting, or feeling your pain, but the process seems needlessly passive and unproductive, and he prefers a more dynamic level of engagement.

"I urge you all to argue with your teachers, argue with your parents," Sanders told a group of about 60 students at South Burlington High School — generally liberal, affluent and collegebound — one afternoon in mid-December.

The newly elected senator whipped his head forward with a force that shifted his free-for-all frizz of white hair over his forehead. (Journalistic convention in Vermont mandates that every Sanders story remark on his unruly hair as early on as possible. It also stipulates that every piece of his clothing be described as "rumpled.")

"C'mon, I'm not seeing enough hands in here," he said.

A senior named Marissa Meredyth raised hers, and Sanders flicked his index finger at her as if he were shooting a rubber band. She bemoaned recent cuts to college financial-aid programs.

Sanders bemoans these, too, but he'd rather provoke.

"How we going to pay for this financial aid?" Sanders asked. "Who in here wants us to raise taxes on your parents to pay for this?"

Not many, based on the show of hands.

"O.K., so much for financial aid," Sanders said, shrugging.

Next topic: "How many of you think it was a good idea to give the president the authority to go to war in Iraq?"

No hands.

"C'mon, anyone?"

He paused, paced, hungry for dissent, a morsel before lunch. Sanders says he thinks Iraq was a terrible idea, too, but he seemed to crave a jolt to the anesthetizing hum of consensus in the room.

"Iraq is a huge and very complicated issue," Sanders said, finally. ("Huge" is Sanders favorite word, which he pronounces "yooge," befitting a thick Brooklyn accent unsmoothed-over by 38 years in Vermont.) He mentioned that Vermont has had more casualties in Iraq per capita than any other state in the union, including one from South Burlington High School.

"O.K., last call for an Iraq supporter," he said. Going once, going twice.

By this point, Sanders's cheeks had turned a shade of dark pink with a strange hint of orange. It's a notable Sanders trait; his face seems to change color with the tenor of a conversation, like a mood ring. His complexion goes orangey-pink when he's impatient (often when someone else is speaking), purpley-pink when he's making a point or a softer shade of pink when at rest, "rest" being a relative term.

Next question from Sanders: "Should people in this country who want to go to college be able to go, regardless of income?"

Wall-to-wall hands, with the exception of one belonging to Andy Gower, a senior in a backward baseball cap who recently moved up from North Carolina. Relatively conservative, Andy is a conspicuous outlier in the class. Bernie knows how he feels, having spent eight terms as the lone Socialist in Congress, and the first to serve in the House since the 1920s.

"Why do you think that?" Sanders asked Andy.

He replied with a question of his own: "Why should people who can afford to go to college pay for people who can't?" He was sheepish at first but gained momentum. "Why should people who are successful in this society be burdened by people who aren't? It's just a fact of life. Some people will succeed, and some people won't. And it's just the way it's going to be and has always been."

A few classmates smirked, shook their heads. But Sanders was suddenly buoyant. He stomped forward, clapped twice — provocation achieved.

Hands were shooting up everywhere, and Sanders contorted his mouth into a goofy grin.

"At the end of the day, democracy is a tough process," Sanders said finally, arms restored to their flailing default positions.

"The discussion we've had in here is at a higher level than what we often have on the floor of the United States Congress," Sanders gushed, for as much as he ever gushes, which is not much.

And given some of the things Sanders has said about the United States Congress, maybe this wasn't such a gush after all.

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Sanders has always been an easier fit in Vermont than in Washington. Being a Socialist in the seat of two-party orthodoxy will do that. While he has generally championed liberal Democratic positions over the years — and the Democratic Senatorial Campaign Committee endorsed his Senate campaign — Sanders has strenuously resisted calling himself a Democrat. And he has clung to a mantle — socialism — that brings considerable stigma, in large part for its association with authoritarian communist regimes (which Sanders is quick to disavow).

But he does little to airbrush the red "S" from his political profile. On the wall of his Congressional office hangs a portrait of Eugene V. Debs, the Socialist Party presidential candidate of the early 20th century. A poster in a conference room marks Burlington's sister-city relationship with Puerto Cabeza, Nicaragua — one of a few such alliances he forged with cities in Marxist states during his 10-year stint as mayor of Vermont's biggest city in the 1980s.

Socialism brings Sanders instant novelty in Washington and, in many circles, instant dismissal as a freak. But Sanders's outcast status in Washington probably owes as much to his jackhammer style as to any stubborn ideology. It is a town filled with student body president types — and Sanders, for his part, finished a distant third when he ran to be president of his class at James Madison High School in Brooklyn.

Few would describe Sanders's personality as "winning" in the classic politician's sense. He appears to burn a disproportionate number of calories smiling and making eye contact. "Bernie is not going to win a lot of 'whom would you rather live on a desert island with' contests," says Garrison Nelson, a professor of political science at the University of Vermont. No matter. Sanders's agitating style in Washington also constitutes a basic facet of anticharm, antipolitician appeal at home.

"I'm not afraid of being called a troublemaker," Sanders says, something he's been called many times, in many different ways, many of them unprintable. "But you have to be smart. And being smart means not creating needless enemies for yourself."

In this regard, Sanders has not always been smart, especially when he was first elected to the House in 1990. He called Congress "impotent" and dismissed the two major parties as indistinguishable tools of the wealthy. He said it wouldn't bother him if 80 percent of his colleagues lost re-election — not the best way to win friends in a new workplace.

"Bernie alienates his natural allies," Representative Barney Frank, the Massachusetts Democrat, said at the time. "His holier-than-thou attitude — saying in a very loud voice he is smarter than everyone else and purer than everyone else — really undercuts his effectiveness." The late Joe Moakley, another Massachusetts Democrat, waxed almost poetic in his derision for Sanders. "He is out there wailing on his own," Moakley said. "He screams and hollers, but he is all alone."

Frank says he came to like and work well with Sanders, with whom he served on the House Financial Services Committee. His early objections were over Sanders's railing against both parties as if they were the same. "I think when he first got here, Bernie underestimated the degree that Republicans had moved to the right," Frank told me. "I get sick of people saying 'a curse on both your houses.' When you point out to them that you agree with them on most things, they'll say, 'Yeah, well, I hold my friends up to a higher standard.' Well, O.K., but remember that we're your friends."

Among his House colleagues, "Bernie's not a bad guy," is something I heard a lot of. "You appreciate Bernie the more you see him in action," says Senator Chuck Schumer, the head of the Democratic Senatorial Campaign Committee, who served with him for several years in the House. A fellow Brooklynite who is nine years younger, Schumer attended the same elementary school as Sanders (P.S. 197) and the same high school (James Madison, which also graduated a third United States senator, Norm Coleman, Republican of Minnesota). "Bernie does tend to grow on people, whether it's in the House or in Vermont," Schumer says.

But he has clearly grown bigger in Vermont, and more seamlessly. "His bumper stickers just say, 'Bernie,' " says Senator Patrick Leahy, Vermont's senior Senator and a Democrat. "You have to reach a certain exulted status in politics to be referred to only by your first name."

Sanders is particularly beloved in Burlington, which elected the recovering fringe candidate as its mayor despite the Reagan landslide of 1980 — thus christening the so-called "People's Republic of Burlington." Some supporters called themselves "Sanderistas."

His election to the Senate in November came at the expense of a too-perfect Bernie foil — Richard Tarrant, a well-barbered, Bentley-driving Republican businessman who spent $7 million of his own money so he could lose by 33 percentage points.

"Congratulations, Bernie," a fan yells to Sanders outside his district office in Burlington. Sanders was out for a quick bagel on a balmy December morning, temperatures in the 60s — another day of Al Gore weather in the once-frozen north. He walked head down but kept getting stopped. "Now you gotta run for president, please," the congratulator added, something Sanders gets a lot of too.

It is a reception that any natural, eager-to-please politician would relish — and accordingly, Sanders dispatches these glad-handing chores with the visible joy of someone cleaning a litter box, coughing out his obligatory thank yous and continuing on his way.

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Sanders's popularity in Vermont brings up the obvious questions: to what degree is he a quaint totem of the state, like the hermit thrush (the state bird), and could a Socialist be elected to the Senate anywhere else?

In recent years, Vermont has joined — perhaps surpassed — states like Massachusetts and New York in the top tier of liberal outposts. Several distinctions nurture the state's credentials: It was the first place to legalize civil unions for same-sex partners; it is the home of Phish, the countercultural rock-folk band and contemporary analog to the Grateful Dead and of Ben and Jerry's ice cream (and its peacenik-themed flavors); and it is host to cultural quirks and ordinances like not allowing billboards, being the last state to get a Wal-Mart.

The state has also incubated several politicians who have achieved national boogie-man status among Republicans. They include Leahy, the Grateful Dead fan and chairman of the Senate Judiciary Committee; former Senator James Jeffords, the liberal Republican who became an Independent in 2001, giving Democrats a temporary majority; and Howard Dean, the former governor whose presidential campaign boom (and perhaps fizzle) was tied heavily to his association with Vermont's progressive politics.

Sanders fits snugly into this maverick's pantheon. But Leahy says his fellow senator appeals to an antiestablishment strain in Vermont that is not necessary liberal. Leahy notes that he himself is the only Democrat the state's voters have ever elected to the Senate. Before 1992, only one Democratic presidential candidate carried Vermont — Lyndon Johnson in 1964.

"A lot of the lower-income parts of our state are Republican," Leahy says, adding that many of them are populated by rural libertarians who are greatly suspicious of government intrusion into individual rights. "I saw Bernie signs all over those parts of the state."

Sanders opposes some federal gun-control laws, which has helped him in a state where "you grow up believing it is legal to shoot deer on the statehouse lawn in Montpelier," says Luke Albee, a South Burlington native who was Leahy's House chief of staff.

But again: Could Sanders be elected to the Senate anywhere else?

No, not as a Socialist, Schumer says. "Even in New York State it would be hard."

Massachusetts? "Maybe this year he could," Frank says, meaning 2006. "But if he were running in any other state, he probably would have to comb his hair."

Leahy says that just any Socialist probably couldn't get elected in Vermont, either. But Sanders has made himself known in a state small enough — physically and in terms of population — for someone, particularly a tireless someone, to insinuate himself into neighborly dialogues and build a following that skirts ideological pigeonholes. Indeed, there are no shortages of war veterans or struggling farmers in Vermont who would seemingly have no use for a humorless aging hippie peacenik Socialist from Brooklyn, except that Sanders has dealt with many of them personally, and it's a good bet his office has helped them procure some government benefit.

"People have gotten to know him as Bernie," Leahy says. "Not as the Socialist."

Sanders calls himself as a "democratic Socialist." When I asked him what this meant, as a practical matter, in capitalist America circa 2007, he did what he often does: he donned his rhetorical Viking's helmet and waxed lovingly about the Socialist governments of Scandinavia. He mentioned that Scandinavian countries have nearly wiped out poverty in children — as opposed to the United States, where 18 to 20 percent of kids live in poverty. The Finnish government provides free day care to all children; Norwegian workers get 42 weeks of maternity leave at full pay.

But would Americans ever accept the kinds of taxes that finance the Scandinavian welfare state? And would Sanders himself trade in the United States government for the Finnish one? He is curiously, frustratingly non-responsive to questions like this. "I think there is a great deal we can learn from Scandinavia," he said after a long pause. And then he returns to railing about economic justice and the rising gap between rich and poor, things he speaks of with a sense of outrage that always seems freshly summoned.

Sanders crinkles his face whenever a conversation veers too long from this kind of "important stuff" and into the "silly stuff," like clothes and style. "I do not like personality profiles," Sanders told me during our first conversation. He trumpets a familiar rant against the media, its emphasis on gaffes, polls and trivial details.

"If I walked up on a stage and fell down, that would be the top story," Sanders says. "You wouldn't hear anything about the growing gap between rich and poor."

When I first met Sanders in person on Church Street, there were big streaks of dried mud on his shoes and dried blood on his neck from what looked to be a shaving mishap. His hair flew every which way in a gust of wind. At six feet tall, he is wiry, but he walks with shoulders hunched and elbows out, like a big, skulking bird. From a distance, he looked as if he could be homeless.

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Closer in, the overwhelming impression made by Sanders is that of an acute worrier. He evinces the wearied default manner of a longtime insomniac, eyes weather-beaten with big lines and a perpetual slight cringe. His brow appears close to collapse beneath the weight of an invisible sandbag.

Richard Sugarman, a professor of religion at the University of Vermont and a longtime friend, recalls that during Sanders's days as mayor, constituents would sometimes call him at his listed home phone number in the middle of the night. "Someone would call at 3 a.m. and say, 'Hey Bernie, someone just threw a brick through my window, what should I do?' He was as hands on as anyone. ... Does he have an off-mode? Not really."

Luke Albee, Leahy's former chief of staff, says: "He has no hobbies. He works. He doesn't take time off. Bernie doesn't even eat lunch. The idea of building a fire and reading a book and going on vacation, that's not something he does."

As much as anything, this distills why Sanders has been an awkward fit in the chummy realm of Capitol Hill. He is no pleaser or jokester by anyone's prototype. I don't recall Sanders laughing more than two or three times in the 48 hours I spent with him in Vermont. His one memorably funny aside came when I asked if his Congressional office had a dress code.

"Yes," he said. "You can't come in if you're totally nude," he said. He instituted the rule, he said, when his outreach director, Phil Fiermonte, who is now sitting next to him, came to work naked.

"Totally nude," Sanders said. "On three occasions."

He was kidding, presumably.

Riding in the passenger seat of Fiermonte's car, Sanders was shouting into a brick-size cellphone, the likes of which were all the rage in the 1990s. He was talking to a staff person who was about to meet with someone from the office of Senator Edward Kennedy, chairman of Health, Education, Labor and Pensions, one of five committees that Sanders will sit on. Sanders voice filled the car.

"Dental care is yooge," Sanders boomed into the phone. This has been a leitmotif of my visit — Sanders's crusade to improve dental health among Vermont's rural poor. He views this as an employment and economic issue. "How many employers are going to hire someone who doesn't have teeth?" he asks. "You go around this state, and you will find a lot of people with no teeth. It is their badge of poverty."

Improving dental care for the poor is a classic Sanders issue: unsexy and given to practical solutions and his obsessive attention. Sanders sees bad dental care among the poor as a "pothole issue" in Vermont, meaning it is pervasive and something that government should be active in fixing (like potholes). Teeth are tangible, especially when they hurt.

Sanders's car pulled into the parking lot of H.O. Wheeler Elementary School in North Burlington, where he was visiting a drop-by dental clinic. The notion of "school-based dental care" excites Sanders immensely, and his gait speeds as he enters the school, past the main office, a classroom and several school officials he has come to know over multiple visits.

"If you're a kid, and you're having dental pain, you're not going to be learning a lot," said Joseph Arioli, of Burlington's Community Health Center and one of a half-dozen program administrators — including a dentist in scrubs — convened around a dentist chair.

The clinic provides free access to dental care for kids at high risk of neglecting their teeth. Students are typically seen during the school day, which means they miss minimal class time and their parents don't have to leave work to take them. Betsy Liley, a grant writer for the city, says that many households in Vermont own just one toothbrush.

"Lemme guess, a lot of the dietary habits you see here are not great," Sanders said. Nods all around. He said he'd do his best to secure more financing and vowed to return. And he told Liley that he might bring her to Washington to testify before a Senate committee.

Walking out, Sanders didn't bother with goodbye — just as he didn't with hello — only a thank you and a "what you're doing here is yooge" over his shoulder.

"Great program," Sanders said in the car. He likes to check in whenever possible. That's essentially what I did with Sanders in Vermont: check in, with programs that he's been involved with or wants to learn more about. He likes to hit lots of meetings, quick, businesslike transactions.

Only once in six discussions I sat in on did Sanders indulge in a personal anecdote. He was in his office talking to Sharon Moffat, Vermont's acting commissioner of health, and the topic turned to dental care.

"I have a personal story to tell you," Sanders said, and my ears perked up as I fantasized of learning the "Rosebud" episode that might explain Bernie's interest in teeth.

"I was in the House cloakroom about five years ago," Sanders said. "And I was thirsty. I took a drink of grape juice. Blawww."

He scrunched up his face.

"It was awful, awful. Then I looked at the label. The amount of junk they put in there is unbelievable."

Moffat nodded.

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"Anyway, I no longer drink that stuff," Sanders said.

Sanders's parents were Jewish immigrants from Poland. His father, Eli, a struggling paint salesman who saw his family wiped out in the Holocaust, worried constantly about supporting his wife and two sons. His mother, Dorothy, dreamed of living in a "private home," but they never made it beyond their three-and-a-half-room apartment on East 26th and Kings Highway. She died at age 46, when Bernie was 19. "Sensitivity to class was imbedded in me then quite deeply," Sanders told me.

Sanders spent a year at Brooklyn College before transferring to the University of Chicago, where he studied psychology and helped lead protests against racially segregated housing on campus. He spent time on a kibbutz in Israel after graduation and then moved to Vermont with his first wife. "I had always been captivated by rural life," he says. As a child, Sanders attended Boy Scout camp upstate and used to cry on the bus as it returned him to New York at the end of the summer.

In Vermont, Sanders worked many jobs for meager sums — as a freelance writer, filmmaker, carpenter and researcher, among other things. (Sanders has one son, Levi, and three stepchildren from his marriage to his second wife, Jane O'Meara Driscoll, the president of a small college in Burlington whom he met at a party on the night of his first mayoral victory.)

Politics came to dominate Sanders's life. He was an early member of Vermont's Liberty Union party, an offshoot of the antiwar movement in Vermont. He ran as the party's nominee for the Senate in a special election in 1971 and finished with 2 percent of the vote. The following year, he ran for governor and received 1 percent. He would run two more times for statewide office that decade as a third-party candidate and never come close.

That changed when he ran for mayor of Burlington in 1980, at Sugarman's urging. Sugarman studied the race and believed Sanders could win, if few others did. Sanders knocked on doors all over the city, campaigned day and night and beat a six-term Democratic incumbent by 12 votes.

"People generally assumed this was a fluke and that he would be gone in two years," said Peter Clavelle, a friend who succeeded Sanders as mayor.

Sanders spoke out against poverty in the third world and made good-will visits to the Soviet Union and Cuba, among other places that U.S. mayors generally didn't travel to during that time. But a funny thing happened on the way to what many had dismissed as a short-running circus. Sanders undertook ambitious downtown revitalization projects and courted evil capitalist entities known as "businesses." He balanced budgets. His administration sued the local cable franchise and won reduced rates for customers. He drew a minor-league baseball team to town, the Vermont Reds (named for the Cincinnatis, not the Commies).

Sanders's appeal in Vermont's biggest city blended the "think globally" sensibility of a liberal college town with the "act locally" practicality of a hands-on mayor. He offered sister-city relations with the Sandinistas and efficient snowplowing for the People's Republic of Burlington. Before Sanders's mayoral victory, Leahy says, it was easy not to take him seriously. "Then he got over that barrier, and got elected. He fixed the streets, filled the potholes, worked with the business community. He did what serious leaders do." He was re-elected three times.

In a sense, Sanders's stint as mayor become a template for his subsequent successes — and limitations — as a national officeholder. In the House, he gained great publicity and favor as an audacious critic with a geopolitical purview, but ultimately left his biggest mark with small-bore diligence to the local realpolitik.

I was reminded of this when I asked Sanders in early January what his immediate legislative goals would be in the Senate. He listed these broad-brush priorities: 1) ending the Iraq war; 2) reversing the "rapid decline of the middle class" (a corollary to "addressing the gap between rich and poor"); 3) reordering priorities in the federal budget; and 4) enacting environmental laws to thwart global warming. When I asked how he would translate any of his priorities into concrete legislation, he nodded sheepishly and said, "I'm in the process of trying to figure that out now." It is an unsatisfying response somewhat reminiscent of Sanders's all-purpose invocations of Scandinavia whenever he's pressed on how his socialist philosophy can be applied to the two-party system he exists in.

As a general rule, Sanders is much more convincing at proffering outrage than solutions. He can do this in Vermont, in part, because he is an entrenched political brand — "Bernie" — and voters will forgive a little blowhardedness (if not demagoguery) from someone they basically agree with and who has grown utterly familiar to their landscape, like cows. Sanders can also pull this off because, as he did in the mayor's office, he has buttressed his bomb-throwing with rock-solid attention to the pothole matters of dental clinics, veterans' benefits, farm subsidies, the kind of things an attentive politician operating in a tiny state (with a population of just 620,000) can fashion a formidable political base from.

After three terms as mayor, Sanders ran for Vermont's at-large House seat in 1988 as an Independent and lost by a small margin to Peter Smith, the Republican former lieutenant governor. He won a rematch in 1990.

"When I came into the House, no one knew what to do with me," Sanders says. "I was the only representative from Vermont, so I had no one to help me. And I was the only Independent, so no one knew where to put me in terms of committee."

Sanders was known as something of a pragmatic gadfly in the House. His grillings of former Federal Reserve Chairman Alan Greenspan became a running burlesque, much awaited by many Hill and Federal Reserve watchers whenever Greenspan

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appeared before the House Financial Services Committee. ("Do you give one whit of concern for the middle class and working families of this country?" Sanders asked Greenspan in one representative exchange.)

Sanders was not without his legislative triumphs. He was adept at working with people with whom he otherwise disagreed sharply — forging alliances with conservatives like Representative Ron Paul, Republican of Texas and a well-known libertarian, with whom he shared a common hostility to the U.S.A. Patriot Act. In what might have been Sanders's signature triumph of recent years, he was instrumental in striking a provision from the Patriot Act that would have required librarians to release data on what their patrons were reading.

But in keeping with his pragmatic gadfly's approach, Sanders was far more accomplished at filing amendments to House bills than actually writing and producing legislation of his own. He was also gifted at drawing attention to his issues and (just as important) to himself. He was the first congressman to lead a bus trip to Canada to help seniors buy cheaper prescription drugs.

As he makes the transition to his new job, Sanders says his former House colleagues have teased him about not becoming "like the rest of them" in the Senate. Sanders jokes about this, as much as he jokes about anything. He says he will be required to enter a machine that zaps his brain and transforms him "into a member in good standing in the House of Lords."

"We're talking about a completely different animal here," Sanders says. The House fosters a more hospitable habitat for the audacious and eccentric; their ranks tend to be camouflaged by its larger numbers, curtailed by strict time limits on floor speeches and reined in by the outsize power of the House leadership. Senators can speak for as long as they want and single-handedly buck the wishes of 99 other senators by placing "holds" on bills and nominations. Tradition dictates that senators exercise such privileges sparingly.

"There will be times when he causes the Democratic leadership some agita," Schumer predicts. "But knowing him, I think he's smart enough not to make any gratuitous enemies. He might make enemies, but they won't be gratuitous enemies."

Sanders told me, "You have to ask yourself, Did the people send me here to give long speeches, or did they send me here to get things done?"

By "you" Sanders means himself, as his sleepless Socialist adventure proceeds into the House of Lords.

On a quiet morning in mid-December, Sanders was sitting in his new office in the basement of a Senate office building — it is a temporary office he will inhabit before he moves to another temporary office that he will occupy until a permanent space opens up, probably around March. It's all very exasperating, he said, this office-space situation. But he asked that I keep the specifics of his exasperation out of the article. He is trying to meet a stepped-up standard of tact and decorum in his new home.

"Why can't we get these phone calls forwarded from the House office?" Sanders asked a staff person who is working temporarily at a temporary reception desk in the temporary-temporary office. Everything seems temporary, but not as temporary as before. Sanders has a six-year term now instead of a two-year one. Friends have advised him to pace himself, curb his impatience. He would seem ill wired for this, but he is trying. He even took a four-day vacation last month — and to Palm Springs.

But now he has work to do, beginning with getting to know his colleagues. "Personal relationships are very important in the Senate," he told me. He likes the Senate majority leader, Harry Reid, a lot, appreciates that he gave him the committee assignments that he wanted — Health, Education, Labor and Pensions; the Environment and Public Works; Veterans' Affairs; Energy and Natural Resources; and the Budget. And wouldn't you know, Reid has an interest in dental care, too. He grew up dirt poor in Nevada, and his mother had no teeth. The first thing Reid did when he got his first job — at a gas station — was buy her a new set. So the Senate's leading Democrat gets the importance of dental care, which could help save teeth in Vermont.

"Let's go somewhere else to talk," Sanders said, as we headed out the door of his temporary-temporary office. "We can get some coffee."

We traversed a maze of hallways that lead into a Senate dining room. "Can we sit down in here?" he asked a busperson. Yes, but then Sanders looked at a bunch of tables covered in white linen table clothes, not what he had in mind.

We walked upstairs, in search of a quiet place in the new neighborhood, on the Senate side. He kept navigating short hallways and turning back. An elevator opened in front of Sanders. It said "Senators Only." The attendant invited him on, but he hesitated, turned away and began looking for another route to wherever he was going.

Sanders zigzags the Capitol this way barely recognized, or acknowledged (or congratulated, or urged to run for president). A few people stare at the new senator as he walks by — maybe because he looks lost, or famous, or maybe just because he looks like a strange bird out of Vermont.

Mr. Chips Goes To Congress (NYT)

By David Brooks

The New York Times, January 21, 2007

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We're in bipartisan nirvana. Bills are passing through the House 356 to 71 and through the Senate 96 to 2. Nancy Pelosi is aglow, and this week President Bush will trot out a State of the Union speech so conciliatory in tone it'll sound like Gandhi on Quaaludes.

The question is, What is all this good cheer accomplishing? It's time to render judgments on the substance of all this legislation coursing through the Democratic Congress:

Ethics reform: A–. This is the best thing the Democrats have done. The bans on lobbyist-financed gifts, meals and travel are unimportant. Few legislators are corrupted by a steak or even a ride in a Gulfstream.

But there are measures in the tough Senate bill that will change behavior. Legislators will have to wait two years before becoming lobbyists. Lobbyists will have to disclose donations they collect and bundle. There will be more transparency on earmarks. If this bill becomes law, the Democrats will have done something significant to clean up Washington.

Minimum wage: B–. The traditional argument against raising the minimum wage is that higher labor costs mean that employers hire fewer workers. It's hard to believe this burden will cost many jobs, given how low the minimum wage is now.

On the other hand, raising the minimum wage won't be of much benefit to the working poor. Only 0.6 percent of all wage workers make the minimum, and many of those are middle-class teenagers or recent grads.

The economists Richard Burkhauser of Cornell and Joseph Sabia of the University of Georgia estimate that a mere 12.7 percent of the benefits of a federal minimum wage hike would go to poor families, while 63 percent would go to families earning more than twice the poverty line. In sum, a poorly targeted publicity measure that will nonetheless help some people in need. Raising the earned-income tax credit would have been better.

Prescription drugs: D. While they were the opposition, Democrats fulminated that the Republicans were so deep in the pockets of Big Pharma that they wouldn't even let the government negotiate lower drug prices. But governing is harder than kvetching, and the Congressional Budget Office has concluded that the Democratic plan would have a negligible effect on prices for the elderly.

The plan allows the government to negotiate, but doesn't take the politically difficult step of giving it any leverage to actually lower prices. A symbolic gesture.

Student loans: C–. House Democrats (and 124 Republicans) voted to cut the interest rates on student loans. This is a nice subsidy for middle-class grads, but will do almost nothing to help working-class kids complete college. Over the past three decades, the federal government has spent more than $750 billion on financial aid, with spending levels exploding over the past 10 years. This money has done little to improve graduation rates. That's because relatively few students can't complete college for financial reasons.

Study after study has failed to find any link between recent federal subsidy programs and college attendance. Democrats would have been better off streamlining existing aid or focusing their efforts on Pell grants.

Energy policies: A–. Democrats have voted to reduce some of the government's oil and gas subsidies and shift them toward renewable energy. As Jerry Taylor wrote in The National Review recently, the case for the existing oil subsidies is "laughably thin." In fact, it's too bad Congress didn't take an even bigger slice out of corporate pork.

Sept. 11 commission recommendations: C–. This is another case of governing being a lot harder than complaining. Democrats vowed to enact all the recommendations, but immediately backtracked on the one the commission said was "among the most difficult and important": strengthening Congressional oversight. No guts, no glory.

Stem cell research. B. The House voted 253 to 174 to reverse the Bush restrictions on embryonic stem cell research funding (not enough to overturn a veto). A good move, for most of us. But it's hard to judge the practical consequences, given how distant the benefits of this research are, and the fact that recent innovations like amniotic stem cells might alter the whole debate.

In conclusion, if a wonky Mr. Chips were to step back and render a judgment on the new Congress so far, he'd note that it's not a terribly ambitious student. It hasn't tried anything big. It has a weakness for showy symbolism and middle-class subsidies. Still, at least it hasn't humiliated the nation the way the last Congress did, and it looks set to do some modest good.

The Cause Bush Did Justice To (WP)

By Jan Crawford Greenburg

The Washington Post, January 21, 2007

The courtroom crackled with tension on the final day of the Supreme Court's 2004-05 session. It was shaping up to be a historic day, many believed, and the seats were packed with top government officials and people who had camped out overnight in the sticky heat of a Washington summer. They had come for one reason: to see Chief Justice William H. Rehnquist announce his retirement after 33 years on the court.

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Rehnquist was dying of thyroid cancer, and he appeared almost ghostly that morning as he pulled back his tall leather chair in the center of the bench. He was thin and stooped, his once-robust complexion now gray. His booming baritone, which had silenced many a lawyer, was weak, and he struggled even to briefly summarize the court's decision in a key religion case.

When he finished, he thanked the court for its work during a difficult year. The room grew still, and the other justices peered at Rehnquist. The chief justice paused briefly, then banged down the gavel and slowly rose. Most of his colleagues seemed confused. Only Justice Sandra Day O'Connor, his friend of five decades, appeared to have a sense of purpose. She already knew about his plans for the future -- and her own. She turned and stepped beside her old chief, ready to help him if he needed her arm, as he shuffled back to his chambers. There was no announcement.

The anticlimax that morning only reinforced unease among conservatives. Amid the rumors of retirement and change, they were facing an uncomfortable reality: The Rehnquist Court, with seven justices appointed by Republican presidents, had become a legal and ideological disappointment. The justices had consistently refused to set aside landmark liberal rulings of previous Supreme Courts and had declined to issue clear decisions on some of the most contentious matters of constitutional law. On issue after issue -- abortion, affirmative action, capital punishment, separation of church and state, and presidential power -- conservatives watched the court chart a liberal path, injecting itself into explosive public disputes and handing the left big victories.

Ironically, the court's decision on Bush v. Gore, in which the five most conservative justices voted to stop the Florida recounts in the 2000 presidential election and deliver victory to George W. Bush, was also a blow to conservatives: It opened the court to criticism for deciding the case on politics, not law, and those denunciations may have made the court's moderates, O'Connor and Anthony M. Kennedy, more wary of being cast as predictable votes on the right.

Once in the White House, however, President Bush was to ultimately get the openings that conservatives needed to remake the court for a post-Rehnquist era. When the chief justice announced his illness in the days before the 2004 election, the moment for change was at hand. And barely two months after Rehnquist banged his gavel for the last time, on June 27, 2005, Bush seized that moment and filled not one but two vacancies.

The departures of O'Connor and Rehnquist produced a titanic conflict over their successors, one that turned allies into enemies, damaged reputations and reopened old wounds. Yet, after bizarre missteps and strategic brilliance at the highest levels, Bush engineered lasting change in the court, succeeding where past Republican presidents -- including his own father -- had failed. And in so doing, he provided some redemption for the conservative movement, so dismayed by watching Republicans in the political branches flout ethics laws, expand government and indulge in runaway spending. If nothing else, they would get their court.

Bush was seared by his father's 1990 nomination of David H. Souter to the Supreme Court, and he vowed to avenge that mistake. Souter, an unknown New Hampshire jurist who edged out favored nominee Kenneth W. Starr, quickly became one of the court's most liberal justices. Conservatives consider his selection one of the biggest blunders of a Republican president in the 20th century.

Bush promised to nominate justices in the mold of Antonin Scalia and Clarence Thomas, and his advisers methodically looked for nominees who fit that bill. A group of advisers, including Vice President Cheney, had begun quietly interviewing prospective nominees after the extent of Rehnquist's illness became apparent. They were looking for solid judicial conservatives with proven track records. Determined to avoid a Souter redux, they looked for nominees with a clear paper trail. They did not want another Anthony M. Kennedy, a moderate conservative who they believed had drifted to the left in his years on the court. They believed that service in the executive branch, which typically desensitized people to media coverage, would stiffen a justice's backbone once those critical newspaper editorials began rolling in.

John G. Roberts Jr., a highly regarded Supreme Court advocate who had served in two Republican administrations, was among the top candidates. He also had impressed conservative colleagues during his short tenure on the D.C.-based federal appeals court, an impression that liberal judges confirmed. Judge Harry Edwards, an outspoken liberal on that court, said privately that Roberts was "the most conservative judge" he had ever seen. (And Edwards has served with Scalia and Thomas.)

Also on the short list was Samuel A. Alito Jr., a Newark-based federal judge who had 15 years of experience on the bench and who deputy White House counsel William K. Kelley believed had "never written a wrong opinion."

Roberts wasn't an obvious choice after his screening interview with Cheney and other top advisers. He had carefully held his views on controversial issues (including abortion) close for so long that some in the administration were suspicious of those views. But Roberts had supporters in the White House, and Kelley was one of them. He knew Roberts held conservative views; he just didn't share them often. He and others pointed to Roberts's record under presidents Ronald Reagan and George H.W. Bush, as well as his opinions on the appeals court, to convince skeptics that he was the kind of conservative Bush wanted to nominate. Roberts edged onto the short list to meet with the president.

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Meanwhile, Alito had wowed the group in his interview with his quiet confidence and sparkling conservative record. He even joked about his nickname, "Scalito," which journalists used to compare him to Scalia. (Alito disliked the nickname, believing it had less to do with his opinions than with his Italian ethnicity.)

Then O'Connor shocked Washington by announcing her retirement in July 2005, with the ailing Rehnquist still serving as chief justice, and administration lawyers renewed efforts to find female and minority candidates. However, Bush eventually went back to his original list and interviewed five contenders: Alito, Roberts, Edith Brown Clement, J. Michael Luttig and J. Harvie Wilkinson III. Bush told advisers that Roberts's qualifications "jumped off the page," and that Roberts's congenial nature would be an asset in a court packed with strong personalities. After interviewing Roberts in the West Wing, Bush quickly settled on him to replace O'Connor.

Six weeks later, on Sept. 3, the weekend before Roberts's confirmation hearings were to begin on Capitol Hill, Rehnquist died at home in Virginia. His death came at one of the lowest points of Bush's presidency. Only five days before, Hurricane Katrina had devastated the Gulf Coast, killing nearly 2,000 people and displacing many more. As the floodwaters rose and state and local officials floundered, neither Bush nor his administration seemed to grasp the scale of the disaster.

On the weekend of Rehnquist's death, Bush was in full damage-control mode, and he did not hesitate on his decision for the court's new leader. He called Roberts at his home in Chevy Chase less than 12 hours after the news of Rehnquist's death became public, and asked him to come to the White House that afternoon. The next morning, he introduced Roberts as his nominee for chief justice -- just moments before he boarded Air Force One for another trip back to the ravaged Gulf Coast.

Now Bush had to find a replacement for O'Connor, and this time he told advisers that it would be a woman or a minority. He was getting pressure, including from the first lady, to nominate a woman. And as new White House lawyers were to quickly learn, the president indeed cared about diversity and demanded that the lists of nominees to federal posts or lower courts always include women and minorities.

But as one candidate after another fell off the roster -- some were too old, some too liberal, some too unpredictable -- White House counsel Harriet Miers edged her way onto it. The Miers story -- how she became the nominee and then withdrew -- is a perfect storm of missteps and disconnect throughout the White House.

Bush's decision to nominate Miers was driven by his determination not to repeat his father's mistake with Souter. Of all the possible nominees, he knew Miers best, and he knew she would not change. She had been involved in the selection of Roberts; in fact, Miers had originally worried that he wasn't conservative enough. Bush was confident that she wouldn't disappoint.

Coincidentally, the opposition of conservative groups to Miers also was driven by the Souter nomination. To conservatives, Miers was an unproven and untested nominee, just as Souter had been. How could she stand up to the liberal intellectual heavyweights on the court, such as Stephen G. Breyer? Who could say she wouldn't change once Bush left town and headed back to Texas? Conservatives would not be fooled again.

Alito was waiting in the wings when Miers's nomination fell apart. Unlike Reagan, who appointed the more liberal Kennedy to the court in 1987 after his nominations of Robert H. Bork and Douglas H. Ginsburg went down in flames, Bush had no problem seeking another solid conservative. With a Republican majority in the Senate, he did not compromise. Alito was considered a solid conservative, though not combative like others, and he had hired liberal law clerks. Bush hoped that Alito, like Roberts, would prove effective in building coalitions.

The call from the White House surprised Alito. Living in New Jersey, he had been insulated from the negative Washington buzz over Miers. He had absorbed the disappointment about being passed over and had come to terms with remaining a federal appellate judge. Alito didn't know that he had been Miers's choice for the O'Connor vacancy after Roberts got the nod for the top spot. She liked his quiet confidence; he didn't seem to be pushing too hard for the job. When Alito was nominated just four days after Miers dropped out, she greeted him warmly in the White House, moments before Bush introduced him as his next nominee.

With the miasma in Iraq and a historic midterm election that wrested control of Congress from Republicans, many have labeled Bush's presidency an unmitigated failure. Yet no historian will be able to write that Bush failed to follow through on his campaign promises regarding the Supreme Court. His nominations of Roberts and Alito -- two of the most conservative justices to reach the court in many years -- will be felt for decades to come.

Bush fulfilled his early vow to appoint justices in the mold of Scalia and Thomas. Together with those two justices, Alito and Roberts make the Roberts Court the most conservative Supreme Court in half a century. Roberts and Alito will not be as forceful as Scalia and Thomas on the bench or in their opinions; they are unlikely to push moderates away with their strong views. For that reason, they may be more effective than Scalia or Thomas in finally removing the court from the contentious social issues that conservatives think belong in legislatures. With the court now poised to recede from some of those divisive cultural debates, George W. Bush and his lawyers at the White House and Justice Department will continue shaping the direction of U.S. law and culture long after many of them are dead.

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Jan Crawford Greenburg is the legal correspondent for ABC News and author of "Supreme Conflict: The Inside Story of the Struggle for Control of the United States Supreme Court" (Penguin Press).

OTHER NEWS:

States Act On Congressional Goals (WP)

By Dale Russakoff

The Washington Post, January 21, 2007

The newly Democratic House may think it responded swiftly to the populist message of the November elections with passage of Speaker Nancy Pelosi's 100-hour agenda. But out in the heartland, many state legislatures and governors hope to leave Congress in the dust.

Paying heed to voters' economic anxieties, governors of both parties and in all regions opened legislative sessions with proposals such as eliminating sales taxes on groceries, providing public kindergarten for low-income children, targeting tax relief to low- and moderate-income families and investing state dollars in job training for a new economy.

Stepping ahead of the Democratic-controlled House in attending to the growing gap between rich and poor, lawmakers in 17 states are moving to raise the minimum wage sooner or more than Congress proposes, or to tie it to inflation so it continues to rise. Under the House bill, the federal minimum wage would not reach its target of $7.25 an hour for more than two years and would not rise with inflation.

And California Gov. Arnold Schwarzenegger (R) was hardly the sole governor calling for universal health insurance. His counterparts in Kansas, Illinois and Colorado did the same, while governors in Arizona, New Mexico, Indiana, New York and elsewhere called for covering hundreds of thousands of low-income, uninsured families.

"If you ask voters what do you want your state to do, that takes federal issues like the war in Iraq and the deficit off the table," said Bernie Horn of the Center for Policy Alternatives, which supports liberal policies in state legislatures. "So economic insecurity is the top issue."

While this partly reflects Democratic gains in the November elections in state legislatures and in governors' offices, it is hardly a one-party phenomenon.

Politicians of both parties are moving to eliminate state sales taxes on groceries in the cause of economic fairness. In his State of the State address, newly elected Arkansas Gov. Mike Beebe (D) invoked "a moral charge to rid our state of its most regressive tax, the state sales tax on food." A similar measure failed last year, but Beebe said 25 of 35 state senators are co-sponsoring his plan to halve the 6-cent tax this year and eventually eliminate it.

In Wyoming, the Republican-controlled House Revenue Committee passed a grocery tax exemption last week that would cost the state $50 million, rejecting alternative tax relief measures that would benefit the wealthy. And in Idaho, Gov. C. L. "Butch" Otter (R) called for a grocery tax credit for low-income residents.

Lawmakers in 17 states are moving to raise their minimum wages despite the pending congressional action. The majority-Democratic Mississippi House of Representatives passed a measure to raise the state minimum wage to $7.25 an hour by next January, at least a year ahead of the federal increase, and to index it to inflation so that it rises with the cost of living.

"I thought we needed to index it because Democrats control Congress now, but if Republicans ever get back even one house of Congress, they'll never raise the minimum wage again," said Mississippi state Rep. Ricky Cummings (D), sponsor of the measure, which faces strong resistance in the narrowly Democratic state Senate and from Gov. Haley Barbour (R).

Barbour said the indexing provision would eventually raise Mississippi's minimum wage above that of neighboring states, which he argued would drive jobs away. "Alabama, Arkansas, Louisiana, Tennessee must be laughing up their sleeves," he said.

Ray Keating, chief economist at the Small Business and Entrepreneurship Council, said businesses are concerned about the populist mood in legislatures, particularly surrounding minimum wage indexing and health care.

"The minimum wage indexing is especially troubling," he said. "You'll see it most clearly when the economy slows down and job creation slows down. States that pushed to get their minimum wage ahead of the federal wage are going to feel it."

Minimum wage indexing bills are pending in Kansas, Nebraska, Indiana, North Dakota, Minnesota, Rhode Island, Texas, Utah, Virginia and Wyoming, but analysts said it is too early to tell whether any of them will be enacted.

As for universal health care, Keating said it is not "the type of proposal we'd hope to come from Republicans, who usually believe in restrained government, lower taxes and less regulation." He was referring to Schwarzenegger and former Massachusetts Gov. Mitt Romney (R), who steered a mandatory-coverage measure through his legislature and now is considering running for president.

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The free-market approach is alive and well in some states, however. In Georgia, where Gov. Sonny Perdue (R) and Republican majorities in both houses were re-elected by large margins, Perdue has proposed solving the health-care crisis by emphasizing preventive care, exercise, healthful diets and access to cost and quality comparisons for medical care. He also called for tax incentives to develop more health care in underserved rural areas.

Arizona Gov. Janet Napolitano (D), who chairs the National Governors Association, said its annual meeting next month will focus on how to use government, particularly public schools and colleges, to foster an "innovation economy" that expands opportunity for people of all incomes.

Governors have called for expanded job training, pre-kindergarten and college scholarships for low-income students, all in the name of equipping more people to compete for higher-wage jobs.

In Arkansas, Beebe called for spending $111 million to provide preschool for all children whose families earn up to twice the poverty level. He also proposed scholarships for students in families earning under $25,000 a year. Colorado Gov. Bill Ritter (D) proposed a similar plan.

Napolitano linked health insurance to education in her State of the State address, saying healthy children are better learners and calling for state-subsidized coverage for children in families making up to $60,000. Republicans who control the legislature called the plan too generous and expensive.

"What I sense out there," Napolitano said, "is people asking: Where are we going as a country? What is the economic future that we're going to have? Are we really going to be the generation that hands off an economic future less bright than the one we were handed?"

Hillary Clinton Opens Presidential Bid (WP)

By Dan Balz

The Washington Post, January 21, 2007

New York Democratic Sen. Hillary Rodham Clinton yesterday launched a long-anticipated 2008 presidential campaign that could make her the first female president in the nation's history and the only former first lady to follow her husband in the White House.

"I'm in and I'm in to win," Clinton said on her campaign Web site early in the morning, and then spent the day at her Washington home making calls to supporters, donors and friends. Her announcement was deliberately timed to come shortly before President Bush's State of the Union address on Tuesday night, campaign advisers said, so she can draw a contrast with the administration's record and help focus attention on the office of the presidency.

Their hope, they said, is to establish Clinton as the candidate best prepared to become the first Democrat in the White House since Bush succeeded Bill Clinton six years ago.

"The stakes will be high when America chooses a new president in 2008," she said in a statement that was posted on her Web site along with a video announcement. "As a senator, I will spend two years doing everything in my power to limit the damage George W. Bush can do. But only a new president will be able to undo Bush's mistakes and restore our hope and optimism."

Clinton begins the long campaign as the clear front-runner for the Democratic nomination, according to a nationwide Washington Post-ABC News poll completed Friday night. The poll showed her the favorite of 41 percent of Democrats, giving her more than double the support of any of her potential rivals.

Illinois Sen. Barack Obama, who established his exploratory committee last week, has generated enormous interest and attention, putting the Clinton camp on notice. The poll put him in second place among Democrats at 17 percent, but his support has not increased over the past month as he has moved toward a formal candidacy.

In hypothetical general election matchups against the two most prominent prospective GOP candidates, Clinton narrowly leads Arizona Sen. John McCain and is running about even with former New York mayor Rudolph W. Giuliani.

In her video statement, Clinton made only a glancing reference to the war in Iraq. She has emerged as a vocal critic of the president and opposes his proposal to send more than 20,000 additional troops into the conflict. But she voted for the war in 2002 and angered some party antiwar activists by standing behind that vote until last month.

Regardless, Clinton brings considerable assets to the race.

As a former first lady now serving her second term in the Senate, she has one of the best-known names in American politics. She has a national network of supporters, the capacity to raise as much or more money than any of her rivals, and a r?sum? of political activity dating back decades that now includes six years in the Senate and a landslide reelection victory in November.

And for the past 15 years, she has shown an ability to weather sometimes harsh attacks from her critics, especially among conservatives.

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But those considerable assets have done nothing to ward off a sizable cadre of rivals. That group includes, in addition to Obama, former North Carolina senator John Edwards, Connecticut Sen. Christopher J. Dodd and former Iowa governor Tom Vilsack, all of whom have established campaign committees.

New Mexico Gov. Bill Richardson plans to declare his intentions today and Delaware Sen. Joseph R. Biden Jr. has said he will be a candidate. The field also includes Ohio Rep. Dennis J. Kucinich. On the sidelines are Sen. John F. Kerry of Massachusetts, the 2004 nominee, who is considering becoming a candidate, and former vice president Al Gore, the 2000 nominee, who has said he is not likely to run again.

The size and experience of the Democratic field underscores the reality that, for all of her support, fundraising potential and political muscle, Clinton continues to face questions about whether she can win a general election.

The electability issue comes in different forms. Will she suffer from a sense of Clinton fatigue on the part of many voters, who may be looking for the kind of fresh face Obama offers? Is she too defined as a partisan Democrat to fit the mood of an electorate that may be hungry for a different style of politics after eight years of the Clinton presidency and six years of Bush? Have the attacks against her as a cold and calculating politician created an image that, correct or incorrect, will be difficult to overcome?

Wasting no time to confront the issue, Clinton's campaign posted on its Web site a 1,250-word memo from strategist and pollster Mark Penn that begins: "People are always asking, can Hillary Clinton win the presidency? Of course she can."

"The number one asset we have is Hillary Clinton, her strength and leadership," Penn said in an interview. "As more and more people get to know her -- as they know her in New York -- they will like the leadership and the experience she represents."

But many Democrats say she will have to work to overcome skepticism about her candidacy inside the party. "Can they [voters] finally see the reality of Hillary Clinton, not the myth of Hillary Clinton?" said Mickey Kantor, who was commerce secretary in the Clinton administration and supports the senator's candidacy. "The money will be there. . . . The experienced people will be there. All those things she will have. But the image [is something] she will have to turn around in some parts of the country."

Clinton loyalists describe her as the least-known famous person in politics, by which they mean they do not believe people know the real Hillary Clinton. They hope to use town hall meetings, living-room coffees and interactive Internet conversations to reintroduce her to voters. On her Web site yesterday, Clinton emphasized her Midwestern middle-class roots and her cooperation with Republicans in the Senate.

All that may help to personalize her, but her advisers say the most effective way of overcoming questions about her electability is to focus voters' attention on what it takes to be president -- strength, intelligence, discipline and toughness -- all of which they say she already exhibits.

"At the end of the day, people are going to make a decision about who would be the best president, and that's the person they're going to vote for," campaign spokesman Howard Wolfson said.

Campaign officials also believe that Clinton's potential for making history as the nation's first female president will give the campaign added energy, a talking point emphasized in a memo sent to supporters yesterday. "In particular, younger generation women believe it's time we had our first woman president and believe Hillary is the right choice," the memo states.

The Post-ABC News poll demonstrates that she remains the candidate to beat for the nomination. Clinton led the Democratic field with 41 percent, followed by Obama with 17 percent, Edwards with 11 percent and Gore with 10 percent.

She had significantly greater support among women (49 percent) than men (30 percent) and drew about the same support from liberals (38 percent) as moderates (37 percent). Her strongest support came among nonwhite Democrats, 56 percent of whom backed her, despite the presence of Obama, who is the son of a black Kenyan father and white American mother.

In general election tests, she led McCain 50 to 45 percent and was roughly even with Giuliani, with 49 percent to his 47.

More than half the respondents, 54 percent, gave Clinton a favorable rating, while 44 percent viewed her unfavorably. Giuliani, at 61 percent, had a higher rating, but McCain and Obama were both somewhat lower -- 49 and 45 percent, respectively. A quarter of those surveyed had no opinion about Obama and 16 percent had no opinion about McCain.

Sixty-one percent of Americans gave her husband, former president Bill Clinton, a favorable rating.

The poll also suggested that the New York senator may be less damaged by her position on the war than some analysts have suggested. Among Democrats who say the war is the most important issue facing the country -- the overwhelming percentage of whom oppose the war -- Clinton's favorable rating is 76 percent, almost identical among all Democrats, and she wins the support of 43 percent of that group, compared with 18 percent for Obama.

Clinton has more potentially serious problems in some of the early states where the nomination fight will begin. She trails either Edwards or Obama in recent polls in Iowa and has a much more fragile lead (or, in at least one case, is in second place) in New Hampshire. That is one reason campaign advisers want to get her to Iowa and New Hampshire as quickly as possible.

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She will appear publicly in New York this afternoon, and will answer questions from voters during live online chats Monday, Tuesday and Wednesday nights. Her first trip to Iowa, whose caucuses will kick off the nomination contest, will come next weekend.

Clinton Enters '08 Field, Fueling Race For Money (NYT)

By Patrick Healy, Jeff Zeleny

The New York Times, January 21, 2007

Senator Hillary Rodham Clinton jumped into the 2008 presidential race yesterday, immediately squaring off against Senator Barack Obama and the rest of the Democratic field in what is effectively the party's first primary, the competition for campaign donations.

"I'm in," Mrs. Clinton said in an e-mail message to supporters early yesterday. "And I'm in to win."

If successful, Mrs. Clinton, 59, would be the first female nominee of a major American political party, and she would become the first spouse of a former president to seek a return to the White House.

Her entrance into the race followed Mr. Obama's by less than a week, and highlighted the urgency for her of not falling behind in the competition for money, especially in New York, her home turf, where the battle has already reached a fever pitch. It also set off rounds of e-mail messages and conference calls among both her allies and opponents.

George Soros, the billionaire New York philanthropist, has made maximum donations in the past to both candidates, for instance, and last week he faced a choice: support Mr. Obama, who created his committee on Tuesday, or stay neutral and see what Mrs. Clinton and others had to say. In this case, Mr. Obama won.

Mr. Soros sent the maximum contribution, $2,100, to Mr. Obama, the first-term senator from Illinois, just hours after he declared his plans to run.

"Soros believes that Senator Obama brings a new energy to the political system and has the potential to be a transformational leader," said Michael Vachon, a spokesman for Mr. Soros.

Mrs. Clinton's presidential operation is only one day old, but she already finds herself in a breakneck competition against Mr. Obama for fund-raising supremacy in two towns that she and her husband have mined heavily for political gold: New York and Hollywood. Mr. Obama's entrance into the race has also put up for grabs other groups that are primary targets for Mrs. Clinton, including African-Americans and women.

At this early stage in the nomination fight, securing donations and signing up fund-raisers are among the best ways of showing political strength in a crowded field (seven Democrats and counting). And Mr. Obama and Mrs. Clinton are looking to raise at least $75 million this year alone.

Advisers said yesterday that they had begun corralling donors to build quickly on the formidable $14 million that Mrs. Clinton already had in the bank. They predicted that they would outpace Mr. Obama, though they acknowledged that he is moving impressively to try to match Mrs. Clinton's national fund-raising network, which has been in the making far longer than his.

Mrs. Clinton faces some fatigue among donors after more than 15 years of Clinton fund-raising, Democratic contributors and strategists said, and some skepticism about whether she can win. Yet she has the Democrats' most popular rainmaker at her full disposal, former President Bill Clinton, and she has influential friends like the lawyer and power broker Vernon E. Jordan Jr. to help keep African-American donors and others by her side.

Notably, no prominent Clinton fund-raiser has moved to Mr. Obama's camp (though his aides are working on it). Mrs. Clinton has also lined up a powerful roster of fund-raising and economic advisers in New York, including the financiers Roger Altman, Steven Rattner, Blair W. Effron, Alan Patricof and Mr. Rattner's wife, Maureen White, a former finance chairwoman of the Democratic National Committee.

"Maureen and I will happily do everything we can to help her," Mr. Rattner said. "Based on our long relationship with her, we feel that she has demonstrated incontrovertibly that she would be an effective candidate and a terrific president."

For all of the attention swirling around Mr. Obama, meanwhile, he faces many obstacles as he seeks to become the nation's first black president. His background, including a father from Kenya and a mother from Kansas, has elevated his appeal, but it does little to answer questions about whether he has the experience to serve in the White House.

Picking off Clinton loyalists is no easy task, either. Hours after opening his fund-raising committee on Tuesday, Mr. Obama convened separate conference calls with donors in Chicago and on the East and West Coasts; in the East Coast phone call, according to participants, Mr. Obama asked them to keep an open mind about his candidacy even if they had been allies of Mrs. Clinton.

James Torrey, chairman of the global hedge fund Torrey Funds, said he signed on with Mr. Obama not as a snub to Mrs. Clinton, but because he believed that the Illinois senator had the best chance of inspiring Democrats and other voters.

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"I know it's perceived as an anti-Hillary thing," Mr. Torrey said in an interview Friday. "I think she's marvelous, I think she's a great senator, but I'd rather see Barack Obama as president. I think the Republicans will make it their life's work to bring her down."

Several New York and Hollywood donors offered a similar assessment: they liked Mrs. Clinton as a senator, but worried that her rating in a new Washington Post/ABC News Poll released Saturday was at 41 percent, despite having nearly 100 percent name recognition.

Some of her veteran supporters in New York are now on the fence, including the business executives Orin S. Kramer and Robert Zimmerman, who are active in Democratic politics. Others say they plan to play it safe and contribute to both candidates. In Los Angeles, the producers David Geffen, Jeffrey Katzenberg and Steven Spielberg are working to plan a fund-raiser for Mr. Obama after he officially enters the race, which he is scheduled to do on Feb. 10. Mr. Geffen has signed on with Mr. Obama, while Mr. Katzenberg and Mr. Spielberg have not decided which candidate to formally endorse.

Yet hedging bets with a spread of donations could prove perilous with the Clinton camp, said Bob Kerrey, the former Nebraska senator who is president of the New School University.

"The Clintons value loyalty, and I don't think they are going to risk offending her," Mr. Kerrey said of Mrs. Clinton's traditional supporters, noting that he spoke to several undecided Democrats last week. Referring to Mr. Obama, he added: "He's got to reach out to Hillary's supporters and hope he can persuade some of them. If he doesn't, she's the nominee."

Mr. Zimmerman said he was enthusiastic about Mrs. Clinton. Asked why he had not aligned with her yet, he said: "It's appropriate and respectful to hear every candidate's message."

Mr. Obama is putting together his own finance team to focus on New York. He has hired Julianna Smoot, who helped tap Wall Street money as part of a record-setting team at the Democratic Senatorial Campaign Committee under Senator Charles E. Schumer of New York. He has also dispatched a fund-raiser, Jenny Yeager, to run his New York operation, and he is calling on Robert Wolf, chairman of UBS Americas, to raise money. (A spokeswoman for Mr. Wolf, who has donated to Mrs. Clinton and other Democrats, confirmed that he planned to help Mr. Obama.)

In New York, chief executives, lawyers, entertainers, gay men and lesbians, African-Americans and women have been prominent in political fund-raising for decades — though usually they are picking among outsiders, not hometown friends and allies. Yet the 2008 race will test personal and political loyalties, with Mrs. Clinton preparing to announce a run and former Mayor Rudolph W. Giuliani and perhaps former Gov. George E. Pataki moving to seek the Republican nomination. Mayor Michael R. Bloomberg is also being encouraged to run as an independent.

The attention given to Mrs. Clinton and Mr. Obama is making fund-raising that much more difficult for other Democrats. While former Senator John Edwards of North Carolina still hopes to tap into a network of supporters among trial lawyers, his former profession, and to build an army of grass-roots donors, strategists for other candidates conceded that raising money would be an uphill battle and said it was an open question whether there was room for more than one alternative to Mrs. Clinton.

"I just got off the phone with someone who said, 'It's between Edwards and Obama,' and with a little nudging I pushed him over to the Obama camp," said Jeh Johnson, a partner at the Paul, Weiss law firm in New York who has been making fund-raising calls on behalf of Mr. Obama.

Mr. Johnson, who was general counsel for the Air Force in the Clinton administration, said younger Democrats and women — crucial parts of Mrs. Clinton's base — were excited about Mr. Obama. "I haven't encountered many New Yorkers who say, 'No, I'm not interested, I'm a Hillary supporter,' " he said.

The competition for supporters — and contributors — extends well beyond New York. And Mr. Obama could complicate Mrs. Clinton's fund-raising efforts in Chicago, another lucrative base for Democrats. In her Senate re-election bid last year, she raised nearly $700,000 from Illinois, her native state.

One Democratic operative, who has knowledge of Mrs. Clinton's fund-raising operation in the Midwest, called donors in Chicago last week after Mr. Obama's announcement, asking whether it would be foolhardy to sign onto the Clinton campaign if he was in the race. While party officials say Mr. Obama will have an advantage in Chicago, they said Mrs. Clinton would still find considerable support there.

While Mr. Obama has never run a national campaign, his political action committee, the Hopefund, has attracted a broad base of contributors from across the country.

In the New York entertainment industry, too, Mr. Obama's candidacy has received raves. Hours after his announcement Tuesday, the Broadway producer Margo Lion sent out an e-mail message urging her friends to donate to him — making clear that the theater community was not locked down by Mrs. Clinton.

"Along with many others in the industry, I will be producing a fund-raiser at the St. James Theater later this spring" for Mr. Obama, Ms. Lion wrote. "We need to find a new direction for our country, and finally, we have the man to do it."

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Announcement Sends Race Into High Gear (NYT)

By Patrick Healy

The New York Times, January 21, 2007

Senator Hillary Rodham Clinton's entry into the 2008 presidential contest yesterday set off rounds of e-mail messages and conference calls among both her allies and opponents, some of whom were shaking their heads that a major political event was happening early on a Saturday morning.

Advisers to some of her top 2008 rivals — Senators John McCain and Barack Obama, and former Gov. Mitt Romney of Massachusetts — replied within minutes to requests for comment, and signaled that the Clinton announcement meant that the 2008 race was truly under way.

"She's tough enough, smart enough and experienced enough to overcome a decidedly liberal philosophy," said John Weaver, a senior adviser to Mr. McCain, who is preparing to seek the Republican presidential nomination.

"The Clinton, Obama, Edwards chain match will be hard to avert my eyes from, speaking as a pure spectator, of course," Mr. Weaver added, referring to former Senator John Edwards of North Carolina. (At least four other Democrats are preparing to campaign as well.)

Clinton advisers said that they chose Jan. 20 as the target date for an announcement during a meeting in mid-December, and that Mrs. Clinton was "raring to go" on Friday.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," Mrs. Clinton said in announcing the formation of a presidential exploratory committee on her Web site, HillaryClinton.com. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them."

The advisers said she wanted to announce yesterday so that she would dominate the weekend news and Sunday talk shows, and to demonstrate a contrast in leadership with President Bush as he prepares for his State of the Union speech on Tuesday night.

Next weekend, she plans to campaign across Iowa, the site of the first presidential caucuses in January 2008, and visit the early primary state of New Hampshire soon after.

Mrs. Clinton appears at the head of the Democratic pack in many national polls, yet she is in a tighter spot in some voter surveys in Iowa and New Hampshire, which begin the presidential nominating process. Recent polls show Mr. Obama and Mr. Edwards doing well in those states.

"She has not spent as much time in those state as in others, but this is a woman who is not a stranger for hard work, and who is prepared to go out and work hard for every vote," said one Clinton adviser, who spoke on condition of anonymity because he did not want to openly acknowledge that she was running behind to anyone.

Other than Mr. Obama and Mr. Edwards, the 2008 Democratic field at this stage also includes Senators Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut; former Gov. Tom Vilsack of Iowa; and Representative Dennis J. Kucinich of Ohio. An eighth possible candidate, Gov. Bill Richardson of New Mexico, was expected to declare today that he is forming an exploratory committee.

Clinton Joins 2008 Race For President (LAT)

By Stephen Braun, Janet Hook

The Los Angeles Times, January 21, 2007

WASHINGTON — Sen. Hillary Rodham Clinton made her long-anticipated entrance Saturday into the 2008 presidential race, aiming to make history as the first woman elected to the White House after an audacious and turbulent political journey from first lady to a New York Senate seat.

"I'm in," she said in a statement accompanying a video airing on her newly unveiled campaign website. "And I'm in to win."

Clinton, 59, long has been viewed by most Democratic insiders as the odds-on favorite to capture her party's presidential nod. But doubts have surrounded her prospects of winning the general election. And of late, her status in the nomination race has become more clouded, in part by the candidacy of Sen. Barack Obama (D-Ill.).

She sets out with strong advantages — national name recognition, a command of the major issues, a crack campaign staff and a brimming war chest.

But she will also have to overcome her reputation for political calculation, an inconsistent stump presence and her intimate ties to the polarizing events of her husband's White House tenure, from the collapse of its healthcare initiative in 1994 to the 1998-99 impeachment crisis.

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Clinton held back from a formal announcement of her candidacy, taking the preliminary step of forming an exploratory committee. But her campaign quickly kicked into overdrive; a mass e-mail soliciting donations was sent to her vast base of support, and aides made preparations for her to make appearances in the coming days in Iowa and New Hampshire, sites of the crucial early contests in the nominating process.

In her video clip and written statement, Clinton lost no time in confronting two of the major questions that loom as hurdles to her drive for the nomination — how she will reckon with her early support for the war in Iraq and whether wary voters will look beyond the furors of her eight high-profile years as Bill Clinton's influential first lady.

"How do we bring the war in Iraq to the right end?" Clinton asked on the video.

Although she simply raised the question in her announcement, last week she waded more deeply into the intensifying debate over the war by proposing a cap on troop levels in Iraq. That suggestion was spurned by the Bush administration and questioned by some of her own party's antiwar activists as fainthearted.

Up against the GOP

In a message clearly aimed at Democratic primary voters, Clinton in her statement also declared that she was eminently electable and braced to ward off organized attempts by conservatives and Republican rivals to demonize her past.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," said Clinton, who breezed to reelection in November after easily first winning her Senate seat in 2000.

"After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them," she said.

The final vote in the 2008 election is almost two years away, however, and Clinton must first pass a potentially tough cast of Democratic challengers.

Her entry into the race came five days after a similar move by Obama, whose magnetic appeal and electrifying speeches have quickly positioned him as a threat to her prospects. In his bid to become the first black president, he has added his own historic dimension to the campaign that competes with Clinton's path-breaking effort.

Responding to Clinton's announcement, Obama said: "I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back to work."

What the polls say

A conflicting spate of recent polls suggested Clinton is poised at the top of the field, but they also showed Obama would be a formidable foe in the early contests, as would former Sen. John Edwards of North Carolina.

A Washington Post-ABC News nationwide poll released Saturday of Democrats and Democratic-leaning independents showed Clinton far ahead of the pack. She was backed by 41%, compared with 17% for Obama and 11% for Edwards.

But a survey released last week by pollster John Zogby of likely Democratic voters in the New Hampshire primary showed Obama slightly ahead, with Clinton and Edwards tied.

Already in full campaign mode, Edwards has staked out a strong antiwar position, disavowing his 2002 Senate vote to authorize the Iraq invasion. His aides suggest that Clinton's refusal to do the same could harm her chances among Democratic activists in Iowa and New Hampshire, where sentiment against the war runs high.

In the primary campaign, Clinton can be expected to emphasize her political experience — especially in contrast to Obama, who has been in the Senate barely more than two years, and Edwards, who quit the chamber after one term.

Clinton has established a reputation as a hardworking lawmaker. She secured a seat on the Senate Armed Services Committee and, in the wake of the Sept. 11 terrorist attacks, concentrated on domestic security issues. She also has sought better benefits for members of the military and focused on improving the economy of upstate New York.

Often taking nuanced stances on hot-button issues, she has made a point of working with conservative Republicans. She joined with Sen. Lindsey Graham (R-S.C.) — who as a House member had helped prosecute the impeachment case against her husband — in sponsoring legislation designed to aid domestic U.S. manufacturers.

Several Clinton supporters said her decision to announce her presidential intentions Saturday had been planned more than three weeks ago, with a target date carefully slotted to fall after she returned from last week's fact-finding trip to Iraq and Afghanistan and before President Bush's State of the Union speech Tuesday.

Clinton aides said Obama's announcement last Tuesday that he was establishing an exploratory committee was not a key factor in settling on the timing of her statement.

Her move was also carefully coordinated, aides said, so that an intricately designed website would spring to life at the same time the e-mail appeal for money was sent out. As part of the Internet effort, Clinton will take questions from prospective voters during three nightly Web sessions, starting Monday.

"Let's chat," she urged breezily.

Signals to women

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Clinton took care in her announcement to send signals to the constituency she and her aides hope will provide her campaign with much of its energy — women eager to send one of their own to the White House for the first time.

Clinton noted her role in working on "family" issues of healthcare and education, and pointedly referred to her 1998 trip to China as first lady "to affirm that women's rights are human rights."

Deputy campaign spokesman Phil Singer said, "This is a historic candidacy that will energize the largest voting bloc in America — women."

Even before her announcement, Clinton won an important nod from Ellen R. Malcolm, the director of Emily's List, a well-financed Washington political organization that provides support for pro-choice Democratic women running for office.

"Many of us have waited a lifetime for this opportunity," Malcolm said.

Clinton's campaign structure solidified in recent weeks as she debriefed key party officials across the country, hired veteran campaign aides and huddled almost daily with a star-studded circle of advisors that included her husband and many of his former top staffers.

During her 2006 Senate reelection campaign, Clinton invested more than $11 million to amass a list identifying hundreds of thousands of supporters and low-figure donors. Despite spending more than $35 million, Clinton still has $14 million on hand — far outstripping any of her rivals.

To raise the estimated $100 million or more that experts say the major campaigns will need, Clinton also has built a dependable pyramid of wealthy supporters. Her strongest bases are New York's financial center — where she can count on Wall Street heavyweights such as venture capitalist Alan J. Patricof, former Clinton deputy Treasury secretary Roger Altman and investment banker Steven Rattner — and Southern California, where staunch supporters include entertainment industry stalwarts Haim Saban and Sherry Lansing and billionaire businessman Ron Burkle.

"I spoke to her today and told her, 'We're ready to go,' " Saban said Saturday. "I'm awaiting instructions."

A field well set

With Clinton's move into the race — and the expected entry today of New Mexico Gov. Bill Richardson — many political observers regard the field of serious Democratic presidential candidates as fairly well set. There is still some talk that former presidential nominees Al Gore and Sen. John F. Kerry of Massachusetts may join the race. But even without them, Democrats will choose from an array of candidates.

Clinton is regarded with wary respect by aides to Sen. John McCain (R-Ariz.), considered by many the early front-runner for the GOP nomination. "People underestimate her at their own political peril," John Weaver, McCain's top political advisor, said Saturday.

Weaver described Clinton as "diligent," a word that only begins to depict the habitual caution and steely preparation of a woman immersed in the minutiae of politics since her teenage years.

Path to the White House

Once a devotee of conservative icon Sen. Barry Goldwater, the Wellesley College and Yale Law School graduate drifted to the left by the early 1970s, working as a House Judiciary committee staffer during the Watergate investigation of President Nixon.

She moved to Arkansas, marrying Bill Clinton (whom she met at law school) and helping steer him toward the state's governorship and then the presidency. During his 1992 campaign against former President George H.W. Bush, Bill Clinton advertised their pairing as a political "twofer." And once in office, he gave his wife an important role in domestic policy, especially on family and children's issues.

But her push for a comprehensive national healthcare policy collapsed and was a factor in the GOP's winning control of Congress in 1994. From then on, the first lady was often on the defensive, dogged by GOP-sponsored investigations into White House travel abuses and an Arkansas land deal; the suicide of her close aide, Vince Foster; and finally, her husband's sexual relationship with intern Monica S. Lewinsky that led to the impeachment proceedings.

At first fiercely supporting her husband when news of the Lewinsky scandal broke, Clinton said they had been targeted by a "vast right-wing conspiracy." But as details of President Clinton's affair emerged, their marriage teetered, she later acknowledged in her autobiography.

2000 Senate victory

Even before her husband's administration officially ended in January 2001, Clinton had made history by winning her Senate seat in the 2000 campaign — becoming the first first lady to gain an elected office.

In the Senate, her delicate dance on Iraq helped her cut a more moderate profile, which could help her in a general election contest. But it remains a potential problem for Democratic primary voters.

Although she has opposed Bush's troop buildup, she has not set a timetable for withdrawal and remained silent as other Democratic lawmakers have repudiated their vote for the invasion of Iraq.

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Dissent from the left has created an opening for some of her rivals, but her commanding lead in fundraising and fame positions her to overcome such criticism.

"She is the 800-pound gorilla in this race," said Mark Mellman, a Democratic pollster who is neutral in the primary. "Could [the Iraq issue] cost her something? Yes, but a 600-pound gorilla is still pretty big. Being the front-runner means she can afford to sustain some blows."

"I'm In To Win" White House, Hillary Says (WT)

By Charles Hurt

The Washington Times, January 21, 2007

Sen. Hillary Rodham Clinton -- newly re-elected to the Senate representing the state of New York -- formed a presidential exploratory committee yesterday with hopes of returning to the White House eight years after departing as first lady.

On her campaign Web site, she wrote: "I'm in. And I'm in to win."

"I'm not just starting a campaign, though, I'm beginning a conversation -- with you, with America," she said in a video announcement posted yesterday on the site. "Because we all need to be part of the discussion if we're all going to be part of the solution. And all of us have to be part of the solution."

A front-runner even before she entered the contest, Mrs. Clinton made her announcement just days after Sen. Barack Obama of Illinois said on his Web site that he, too, intends to run for president. New Mexico Gov. Bill Richardson is expected to announce his own presidential bid today.

The announcements set up a historic race that will include Mrs. Clinton, who would be the first female president if elected; Mr. Obama, who would be the first black president; and Mr. Richardson, who would become the first Hispanic president.

The Clinton campaign quickly seized upon its front-runner status yesterday by going directly into full-campaign mode, issuing statements and updates throughout the day.

"Demonstrating the ground-swell of enthusiasm generated by her historic candidacy, Senator Hillary Rodham Clinton's announcement for president lit up the Internet today, garnering rave reviews in the blogosphere and thousands of supporters flocking to her Web site each hour," the campaign reported yesterday afternoon.

The air of inevitability that Mrs. Clinton will receive the Democratic nomination is crucial for fundraising, an art that Mrs. Clinton already has mastered. She has more than $14 million in her campaign account after spending more than $30 million in a decisive victory over her underfunded Republican challenger in November's election.

In another announcement yesterday, the Clinton campaign touted the latest poll conducted by The Washington Post and ABC News showing Mrs. Clinton with a commanding lead over the entire field of potential Democratic hopefuls.

Mrs. Clinton garnered 41 percent among Democrats; Mr. Obama took 17 percent; and former Sen. John Edwards, the North Carolina Democrat who was his party's 2004 vice presidential nominee, netted 11 percent. Former Vice President Al Gore garnered 10 percent, and Sen. John Kerry, the 2004 Democratic presidential nominee, drew 8 percent. No other potential candidates earned more than 3 percent.

The poll, conducted last week among 561 Democrats and Democratic-leaning independents, shows virtually no change from last month, suggesting that the intense buzz surrounding Mr. Obama's candidacy has had little real impact.

Mr. Obama issued a statement welcoming Mrs. Clinton to the contest.

"Senator Clinton is a good friend and a colleague whom I greatly respect," he said. "I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track."

In her announcement, Mrs. Clinton laid out several key issues she hopes to address in her campaign, leading with an attempt to disarm one of the most explosive obstacles in her path to the nomination: her 2002 vote authorizing the war in Iraq.

"Let's talk about how to bring the right end to the war in Iraq and to restore respect for America around the world," she said, seated on a sofa beside a large cushion embroidered with a floral pattern.

Mrs. Clinton also mentioned her hope for energy independence, an "end to the deficits that threaten Social Security and Medicare," and "how every American can have quality, affordable health care."

Mrs. Clinton also tried tapping into the general exhaustion over the current administration.

"You know, after six years of George Bush, it is time to renew the promise of America," she said.

Also announcing his presidential intentions yesterday was Sen. Sam Brownback, the Kansas Republican whose staunch pro-life positions have endeared him to many Christian conservatives.

Last week, Mr. Brownback offered a bleak assessment of the Iraq war and said he opposes Mr. Bush's plan to increase the number of troops in Iraq. But in his announcement address yesterday, he sounded a more optimistic tone.

"It is a long fight. We will win," he told an audience in his hometown of Topeka. "We cannot lose our will to win. We must win to redeem our troops' sacrifice."

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The Washington Post/ABC poll showed Mr. Brownback lingering at the back of the pack, with about 1 percent support from Republicans.

Leading the Republican field was former New York City Mayor Rudolph W. Giuliani with 34 percent, followed by Sen. John McCain of Arizona with 27 percent. Former Massachusetts Gov. Mitt Romney and former House Speaker Newt Gingrich each garnered 9 percent.

The survey of Democrats had a margin of error of 4 percentage points. The survey of Republicans had a margin of error of 5 percentage points.

Clinton Joins Race: "I'm In To Win" (DMN)

The Dallas Morning News, January 21, 2007

NEW YORK – Democratic Sen. Hillary Rodham Clinton launched a trailblazing campaign for the White House on Saturday, a former first lady turned political powerhouse intent on becoming the first female president.

"I'm in. And I'm in to win," she said.

In a videotaped message posted on her Web site, Mrs. Clinton said she was eager to start a dialogue with voters about challenges she hoped to tackle as president – affordable health care, deficit reduction and bringing the "right" end to the Iraq war.

"I'm not just starting a campaign, though, I'm beginning a conversation with you, with America," she said. "Let's talk. Let's chat. The conversation in Washington has been just a little one-sided lately, don't you think?"

Mrs. Clinton's announcement, while widely anticipated, was nonetheless historic in a fast-developing race that has already seen the emergence of a formidable contender, Democratic Sen. Barack Obama of Illinois.

In an instant, Mrs. Clinton became the most credible female candidate ever to seek the presidency and the first presidential spouse to attempt to return to the White House in her own right. Her husband, Bill, served two terms as president from 1993 to 2001.

With her immense star power, vast network of supporters and donors and seasoned team of political advisers, the 59-year-old Mrs. Clinton long has topped every national poll of potential Democratic contenders.

"The front-runner has just stepped on the stage," observed Charlie Cook, the nonpartisan political analyst and author of the authoritative Cook Political Report.

Pressure to decide

But since joining the field, Mr. Obama has secured the backing of a number of prominent fundraisers, including billionaire philanthropist George Soros, stepping up the pressure on Mrs. Clinton to disclose her plans.

Her controversial tenure as first lady left her a deeply polarizing figure among voters, leading many Democrats to doubt Mrs. Clinton's viability in a general election.

In a detailed statement posted on her Web site, Mrs. Clinton sought to acknowledge and bat away such doubts.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," she wrote. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate and how to beat them."

Recently, Mrs. Clinton has clashed with many in her own party over the Iraq war.

Mrs. Clinton supported the 2002 resolution authorizing military intervention in Iraq. She has refused to recant her vote or call for a deadline for the removal of troops. She has announced her opposition to President Bush's troop increase in Iraq and has introduced legislation capping troop levels.

"A woman candidate could find it easier to run in peacetime, rather than wartime, but Senator Clinton's tried to position herself as a serious person on national security," said Andrew Polsky, a presidential historian at Hunter College. "But that means she's staked out a difficult position on the war that won't make it easy for her to get the Democratic nomination."

With a $14 million campaign treasury, Mrs. Clinton starts with an impressive fundraising advantage over the rest of the Democratic field. But Mr. Obama and others have started to secure fundraising commitments from New York, California and other deep-pocketed, Clinton-friendly areas.

Her creation of a presidential exploratory committee, announced Saturday, allows her to raise money for the campaign; she already has lined up campaign staff.

In tone and substance, Mrs. Clinton's videotaped announcement recalled her first Senate race in New York in 2000, where she conducted a "listening tour" of the state's 62 counties before formally entering the contest.

She promised a three-day series of Web chats with voters beginning Monday and prepared a campaign swing late this coming week through the early caucusing state of Iowa, while a visit to New Hampshire was in the works.

Today, New Mexico Gov. Bill Richardson was also set to enter the Democratic field; if elected, he would be the first Hispanic president.

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John Edwards of North Carolina and several other veteran politicians are also running.

Outsize candidacies

The sizable field of candidates underscores the belief that, for all of Mrs. Clinton's experience and credentials, there are Democrats who question whether she can win a general election.

For the short term at least, the outsize candidacies of Mrs. Clinton and Mr. Obama are expected to soak up the lion's share of attention.

Mr. Obama, who launched his own presidential committee on Tuesday, praised Mrs. Clinton as a friend and colleague.

"I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track," he said in a statement.

An influential player in her husband's political career in Arkansas, Mrs. Clinton leapt to the national scene during the 1992 presidential campaign when husband and wife fought to survive the scandal over Gennifer Flowers' allegations of a lengthy affair with Mr. Clinton when he was the state's governor.

As first lady, Mrs. Clinton headed up a disastrous first-term effort to overhaul the health care insurance system. There was more controversy as the couple battled allegations of impropriety over land deals and fundraising, missing records from her former Arkansas law firm and even her quick and hefty profits from an investment in cattle futures.

There was no letup in the second term. The president found himself denying – then admitting – a sexual relationship with White House intern Monica Lewinsky. As he battled impeachment and possible removal from office, his wife's poll numbers rose.

Her own political career began to take shape in late 1998 when New York Democrat Daniel Patrick Moynihan announced he would not seek re-election to the Senate seat he had held since 1976 and she decided to run.

The campaign trail was not always friendly. For almost every cheer, there was a shouted "Go home, Hillary!" and the emerging Republican theme that carpetbagger Clinton simply wanted to use New York as a launching pad for a later presidential run.

Republicans Party Over Prospect Of Her As Nominee (NYDN)

By Thomas M. DeFrank

New York Daily News, January 21, 2007

WASHINGTON - She's hardly a pushover, but top Republican leaders think Hillary Clinton's candidacy is a dream come true.

GOP strategists aren't silly enough to discount Clinton's impressive assets: rock-star appeal, enormous name recognition, a five-star political machine, bulging treasury and a trailblazer pedigree that will drive millions of proud women to the polls.

"Make no mistake about it, she will be the Democrat nominee and she can absolutely be elected President," one of President Bush's closest political confidants said yesterday.

Indeed, the standard line, heard from party leaders on down to precinct chairmen, is that the junior senator from New York is an exceedingly formidable opponent.

"I think she could win," Vice President Cheney said last October. "I disagree with her on nearly all the issues, but nobody should underestimate her. She's a very serious candidate for President."

Even so, Republicans have been lying in wait for Clinton for months, honing their attack strategy and hoping those leaks from Democratic tacticians worried about Hillary's - and her husband's - political baggage wouldn't derail the senator's outsize ambitions.

Now that she's in to stay, Republicans know they're facing a huge, nasty brawl to hang onto the White House next year. But many party elders believe she can be had.

"She's the one Democrat capable of uniting and galvanizing every person in our party, even the ones mad at Bush," a senior GOP election strategist said recently.

Republicans say Hillary loses in the end for these factors:

The country wants the uniter, not a divider that Bush promised but wasn't - and Hillary is the most turbocharged polarizer on the planet.

Voters still aren't ready for a female President, but they're embarrassed to admit their bias to pollsters, so Hillary's numbers are inflated.

Elections are won in the middle, and Hillary is Ted Kennedy in a pantsuit. "She can zig and zag all she wants," a senior GOP planner said yesterday, "but she will never convince anyone she's anything but an oldfashioned liberal."

She and Bill Clinton's complicated personal life is the kind of below-the-radar drag that never goes away, no matter how many times Hillary scoffs at what she calls "mythology."

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Still, Hillary is a powerhouse of a candidate, and beating her won't be easy. "You are going to see the roughest, most hard-fought election in the history of America," another senior GOP strategist predicted, "and it will come down to one state or two."

Hillary Clinton Eyes Presidency (CHIT)

By Jill Zuckman

Chicago Tribune, January 21, 2007

WASHINGTON—Calling for a national conversation to undo what she sees as the damage wrought by President Bush, Sen. Hillary Clinton of New York launched her presidential campaign Saturday with a polished videotaped announcement, making history as the only former first lady to run for the nation's highest office.

"The frontrunner has just stepped on the stage," observed Charlie Cook, the non-partisan political analyst and author of the authoritative Cook Political Report.

With massive resources and a worldwide profile, she instantly became the most serious woman candidate ever to run for president. Her decision to form an exploratory committee for president is expected to swamp many of the other Democratic candidates as they hunt for money, organization and voter support that she has already locked up during years of preparation.

Still, Clinton faces many serious challenges. She has an image as divisive and polarizing; she made grave mistakes in taking the lead on trying to remake the health care system in the 1990s; and she has been considered slow to renounce her vote to go to war in Iraq, a touchstone issue for party activists who dominate the nominatng process.

Nevertheless, Clinton, who grew up in Park Ridge, made clear that her campaign is no mere symbol or quixotic venture.

"I'm in it," she said. "I'm in to win."

"This is the first woman in our history who will be taken seriously by everyone," said Ruth Mandel, director of the Eagleton Institute of Politics at Rutgers University.

Sen. Barack Obama (D-Ill.) announced his intention to run for president last Tuesday, creating his own wave of excitement about the historic nature of an African-American candidate for president. Former Sen. John Edwards of North Carolina is running, too, with a focus on eradicating poverty. And New Mexico Gov. Bill Richardson, who would be the first Latino to run for the White House, is expected to announce his candidacy Sunday.

"For all the excitement and focus on Obama, she's the one who almost has Obama and Edwards lapped in terms of poll numbers and very likely money," said Cook.

A new ABC-Washington Post poll showed Clinton leading Obama 41-17 among Democratic-leaning voters. Edwards received 11 percent support, while former Vice President Al Gore got 10 percent and Massachusetts Sen. John Kerry received 8 percent. Neither Gore nor Kerry, the 2004 nominee, has said he is running for president in 2008.

Obama welcomed Clinton and other candidates into the race Saturday "as allies in the work of getting our country back on track."

Clinton struck just that theme in her announcement on her Web site, www.hillaryclinton.com.

"I want you to join me not just for the campaign but for a conversation about the future of our country—about the bold but practical changes we need to overcome six years of Bush administration failures," said Clinton, a New York senator since 2001 and first lady for eight years beginning in 1993.

Marking the growing importance of the Internet to political campaigns, Clinton asked voters to join her in a series of Web chats over three days beginning Monday at 7 p.m. to discuss the future of the nation. It is the virtual equivalent of the listening tours Clinton took throughout New York as she ran for Senate as a non-New Yorker.

"This is a big election with some very big questions," said Clinton, sitting on her living room couch in a warm red blazer. "How do we bring the war in Iraq to the right end? How can we make sure every American has access to adequate health care? How will we ensure our children inherit a clean environment and energy independence? How can we reduce the deficits that threaten Social Security and Medicare?"

She used her video announcement to introduce herself, but also to let voters know she believes she is tough enough to win, whatever attacks may come her way.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," said Clinton, who coined the phrase "vast, right-wing conspiracy" to denounce critics of her husband's presidential administration.

"After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them," she said.

Clinton has been elected easily in New York and won praise for her constituent services. In the Senate, she has worked with Republicans and has modulated her position on abortion, while continuing to favor abortion rights.

Emily's List, the nation's largest political action committee, immediately endorsed Clinton, pledging to raise as much money for her as possible from its 100,000 members. The PAC is dedicated to electing women candidates who support abortion rights.

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"She's been through the fires of the political wars and has shown that she's tough and doesn't rattle and can stay focused and be effective," said Ellen Malcolm, president of Emily's List. "Women across the country are going to be excited and energized and wanting to help elect the first woman president."

Clinton is making history in more than one way. She is the first woman to run who would be trying to win the same high office once held by her husband, former President Bill Clinton. And she is the first woman to run for president who is considered credible enough to win.

In recent history, Elizabeth Dole—now a North Carolina senator—ran for president in 2000 in the Republican primary, but she never gained traction and dropped out of the race early. In 1987, former Rep. Patricia Schroeder (D-Colo.) ran for president, but failed to mount a serious campaign.

Expectations for Clinton, however, are far different given her longstanding political connections and her ability to raise money. She already has a campaign staff in place.

"She's been preparing for a long time, she has the experience, the background, knowledge, the ambition, the organization," said Mandel.

Still, top-tier candidates in the past have been unable to convert their charisma or their cash-on-hand into the votes required to win.

"There's something that can trip up any candidate, you never know," said Mandel.

For now, one of Clinton's biggest challenges may come from Obama, who has generated excitement among voters almost everywhere he goes. He's also drawn high-powered fundraising support from billionaire George Soros and lavish words of praise from talk-show host Oprah Winfrey.

But Obama has never been through a rigorous campaign, nor has he experienced the roughness of a presidential race as Clinton has.

"I think he's going to have a very, very hard time beating her," Cook said. "What you've got is a boxer from the YMCA level going into the world championship fight. He's never taken a punch, he's never had a tough race."

Clinton Gives Her Answer To Voters: I'm In (BOS)

By Susan Milligan

The Boston Globe, January 21, 2007

WASHINGTON -- Senator Hillary Rodham Clinton, hounded for months with questions about her presidential ambitions, gave a two-word answer yesterday to voters: "I'm in."

In an Internet video statement, the New York Democrat and former first lady said she would be forming an exploratory committee to determine whether she will become a formal candidate for the Democratic nomination in 2008, the first step in launching a full-scale campaign.

"You know, after six years of George Bush, it is time to renew the promise of America -- our basic bargain that no matter who you are or where you live, if you work hard and play by the rules, you can build a good life for yourself and your family," Clinton said, addressing voters alone, with no sign of her husband, former president Bill Clinton.

Seated on a living room couch and speaking as though she were addressing a small gathering instead of millions of voters, Clinton promised to begin a "conversation" with Americans to solicit views on how to end the war in Iraq and deal with issues including energy independence, health care, and the federal deficit.

The tactic mirrors the "listening tour" Clinton took of New York State before her successful campaign for the US Senate seat in 2000. Clinton's nonstop travel to small towns around the state has been credited with winning over an initially skeptical upstate New York and delivering her the US Senate seat.

"So let's talk. Let's chat. Let's start a dialogue about your ideas and mine," Clinton said, gesticulating casually with her hands on a website that refers to the US senator by her first name. "Because the conversation in Washington has been just a little one-sided lately, don't you think? And we can all see how well that works."

The second-term senator joins a crowded pack of Democrats seeking the nomination, including several current and former colleagues. Her biggest threats, according to public opinion polls and political polls, are charismatic Illinois Senator Barack Obama and John Edwards , former North Carolina senator, who has been leading an antipoverty center since his unsuccessful run for the vice presidency in 2004.

Antiwar Democrats have complained Clinton has never categorically renounced her 2002 vote for the use of force in Iraq, as other candidates have done. Clinton last week laid out a plan for phased withdrawal of troops from Iraq.

Clinton, 59, has major advantages in fund-raising ability, name recognition, and the historic quality of her candidacy, one of the few launched by a woman for the White House. But both Obama, a newcomer whose message of unity has electrified

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crowds in his early campaign, and Edwards, an antiwar candidate who has highlighted the plight of the working poor, are strong rivals, analysts say.

"She's the national front-runner, but she's not the runaway favorite anymore," said John Zogby , a pollster in upstate New York. "She's running against Jack Kennedy and Bobby Kennedy," he said, referring to Edwards and Obama.

Also running among Democrats are Senators Joseph Biden of Delaware and Christopher Dodd of Connecticut, Representative Dennis Kucinich of Ohio, and Tom Vilsack, former Iowa governor. Governor Bill Richardson of New Mexico is scheduled to announce his plans today , while Senator John F. Kerry , Democrat of Massachusetts, is expected to reveal his intentions soon.

Senator Sam Brownback , a Kansas Republican, announced yesterday that he will seek the GOP nomination. Brownback, one of the most prominent antiabortion lawmakers in Congress, is competing against Mitt Romney , former Massachusetts governor, for the social conservative vote.

Clinton is scheduled to make a public appearance in New York today, and said she will participate in online video chats during the week starting tomorrow.

Obama, who also used a video Web format to announce his exploratory committee last week, said he welcomed Clinton into the race. "Senator Clinton is a good friend and a colleague whom I greatly respect. I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track," Obama said in a statement.

Long expected by both supporters and critics, Clinton's announcement yesterday captured an immediate endorsement from EMILY's List , an influential group that raises funds for Democratic women who are abortion rights activists . It was the group's first-ever presidential endorsement.

"I think some people had worries and concerns anticipating the run, but now that it's begun, there's a tremendous sense of excitement," said Ellen Malcolm , president of EMILY's List. "I think there's no question women will be tremendously excited about electing the first woman president."

The New York senator brings an impressive resume to the race, and has a vast network of political supporters and donors. Her political career has blossomed since 1992, when she was derided by some for saying, "I suppose I could have stayed home and baked cookies and had teas," but instead pursued a career in law while her husband was in the Arkansas governor's mansion.

As first lady, Clinton headed a health care task force that ultimately ended in a political debacle for both Clintons, with the plan rejected on Capitol Hill. After a painful public examination of her marriage after Bill Clinton's affair with former intern Monica Lewinsky was revealed, Hillary Rodham Clinton rallied in 2000, persuading New York voters to send an Illinois native and former Arkansas first lady to the US Senate.

In the Senate, Clinton has drawn respect from both parties for her knowledge and hard work. But she remains a divisive figure nationwide, a factor political consultants and pollsters say is her biggest early hurdle to capturing the Democratic nomination.

"There are people who might be looking for a change, who might not be comfortable with a Bush-Clinton-Bush-Clinton sequence" in the White House," said Lee Miringoff , director of the Marist Institute for Public Opinion in Poughkeepsie, N.Y. A recent Marist poll showed that 47 percent of American voters would never vote for Clinton, and "that doesn't leave a lot of room for error," Miringoff said.

Zogby -- whose polling last week showed Clinton trailing Obama in New Hampshire, site of the first primary, and behind Edwards in Iowa, the location of the first Democratic caucuses -- said Clinton looked "feminine enough, commanding enough, and smart enough" in her video. But he and other Democrats said Clinton must now assure the party that she is electable.

"She's got to prove to Democrats first that she is a winner," said Peter Fenn , a Washington-based Democratic consultant. "She's got to convince the people who like her, like what she stands for, who like the idea of a Clinton presidency, but are reluctant to go on the bandwagon because they're not sure she can win."

While other candidates, like Obama, are trying to become better known nationally, Clinton must counter negative impressions held by voters who have never seen her in person or heard her speak on issues -- a challenge Clinton has acknowledged.

"You may think you know about me, but I may be the most famous person you know very little about," Clinton said during a National Public Radio interview last month. "I'd like to make sure the record is clear and then people can make their own judgments."

Clinton Announces 2008 Presidential Bid (NSDY)

By Glenn Thrush

Newsday, January 21, 2007

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"I'm in. And I'm in to win."

With these words, Sen. Hillary Rodham Clinton Saturday launched a historic and hyped bid for the 2008 Democratic presidential nomination, a first step toward her goal of becoming the nation's first female commander in chief.

In a conversational two-minute video filmed in the parlor of White Haven, her Washington mansion, the former first lady announced a presidential exploratory committee -- then quickly added that she won't just be exploring, she's actually running.

Wasting little time, Clinton is traveling to Iowa next weekend, her first trip to an early primary or caucus state and, to some extent, an act of political self-preservation. She's currently running fourth among Iowa's liberal Democratic voters behind Illinois Sen. Barack Obama, former vice presidential candidate John Edwards and ex-Iowa Gov. Tom Vilsack.

Clinton is likely to visit New Hampshire in the next several weeks, according to people familiar with her plans.

"As we campaign to win the White House, we will make history and remake our future," Clinton, 59, said in a statement posted along with the video on HillaryClinton.com. "This campaign is our moment, our chance to stand up for the principles and values that we cherish."

Receptionists at HILL PAC, the senator's sprawling Washington-based political action committee, began answering the phones "Hillary for president" Saturday.

Clinton, who has been criticized by many in the party's left wing for voting to authorize the Iraq war in October 2002, said she would use the campaign to "talk about how to bring the right end to the war in Iraq and to restore respect for America around the world."

The video was recorded last Wednesday, a day after Obama aired a similar video announcing his own exploratory committee on his campaign site, BarackObama.com. In that statement, Obama didn't go as far as Clinton, saying he'd announce his final plans Feb. 10.

Clinton's timing had nothing to do with Obama's announcement, staffers said. But it did come just in time to be discussed on the national Sunday morning news shows.

Still, Clinton's entry into the race comes as her sheen of inevitability has been stripped away by Obama and Edwards, who are battling her for big-money donors and leverage with interest groups, especially unions.

Saturday was the latest leg of what has surely been one of the longest, strangest trips in modern politics.

Born to a middle-class family in Chicago, Clinton achieved national renown as an anti-Vietnam activist at Wellesley College in the late 1960s and then as a student leader at Yale University Law School, where she met Bill Clinton.

Following a stint as a congressional lawyer on the Watergate committee, she married Clinton and served as first lady of Arkansas while moonlighting as a Rose Law Firm partner, Legal Services Corporation official and children's rights activist.

In 2000, after eight tumultuous years in the White House that included her failed health care reform attempt, she was elected to fill the New York Senate seat vacated by Daniel Patrick Moynihan.

Clinton was re-elected last year by a landslide, spending more than $50 million, much of it to develop a direct-mail and donor database that will be used for her presidential run.

She still has about $14 million in the bank. Clinton's fearsome fundraising operation, arguably the best of its kind in either party, will be officially back in business next week to raise the $75 million to $100 million she'll need for the primaries.

Clinton is the last of the major 2008 contenders to create an exploratory committee, a step already taken by Obama, Edwards, and Republicans John McCain and Rudolph Giuliani.

N.Y. Dems Cheer Clinton Announcement, GOP Says, "We Told You So" (AP)

AP, January 20, 2007

ALBANY, N.Y. (AP) — Democrats in New York offered up whoopees while Republicans had scolding "we-told-you-so" reminders Saturday in the wake of Sen. Hillary Rodham Clinton's entry into the race for the 2008 Democratic presidential nomination.

"She understands the enormous challenges that America faces and she's going to make a great president," former state Democratic Party Chairwoman Judith Hope, who is close to both Clintons, told The Associated Press just minutes after New York's junior senator launched her website announcement.

"I think it's an exciting moment in history for New York women, for American women and, in fact, for women around the world," added Hope, who heads "Eleanor's Legacy," a New York-based political action committee named for former first lady Eleanor Roosevelt and dedicated to advancing the political careers of women candidates.

But John Spencer, the former Yonkers mayor who was crushed by Clinton as she won a second Senate term in November, said the announcement came as no surprise and simply proved what he had complained about throughout their campaign — that New York would have an "absentee senator."

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"Senator Clinton is not going to be in New York," he told the AP on Saturday when reached at his Yonkers home. "She's going to be in New Hampshire and Iowa and South Carolina and fighting with (Democratic presidential candidate rival) Barack Obama and others, and that takes away from the everyday needs of New Yorkers."

"Mrs. Clinton running for president, now there's a new story," former state GOP Chairman Stephen Minarik told the AP. "Mrs. Clinton should be embarrassed by her deceptive game she played out on New York voters last year."

In fact, during the campaign against Spencer, Clinton had said she realized there was a lot of talk about her possibly running for president and said if that bothered people they should take it into consideration when they voted. Unlike her first campaign for Senate in 2000, Clinton refused during her 2006 race to rule out a presidential run.

Hope, whose father was a two-term speaker of the Arkansas House of Representatives before Bill Clinton became governor there, said that while Sen. Clinton faced "a real contest' for the Democratic nomination, "she's got to give this a try and I think she will win the nomination."

With the nomination in hand, Hope predicted a general election victory in 2008 for Clinton based on her successful strategy in New York of reaching out to more conservative voters.

"She will confound her critics," Hope said. "She will win some of them over, as she did in New York, and the others she will simply leave in the dust."

Republican Spencer said he agreed with Hope that Clinton would win the Democratic nomination and thought that was a good thing.

"I hope she is the presidential candidate because I think she is easily beaten," Spencer said. "I know she's put the mask on in New York and she's pulled the wool over the people of New York's eyes, but she's a very, very liberal Democrat."

While GOP leaders in Clinton's adopted state — she only moved to New York in 1999 — were critical, New York Democrats were praising Clinton as someone who could become the first New Yorker to win the White House since Franklin Delano Roosevelt.

"Few candidates come with a better preparation and stronger base of support than Hillary," said New York's new Democratic governor, Eliot Spitzer, after receiving a Saturday morning call from Clinton during which they talked about her plans.

"Hillary has done a superb job both campaigning and serving the people of New York, and she'll do an even better job as president," said New York's senior senator, fellow Democrat Charles Schumer.

"She won over New Yorkers from every part of our state and we know she'll do the same across the country," said David Pollak, a current co-chairman of the state party.

"Senator Clinton has been a fabulous senator for us and will be an incredible president," said state Assemblyman Herman Farrell, who just resigned as state party chairman.

Hope said Clinton would be helped by the experience she and her husband gained during his two successful campaigns for the White House.

Asked about concerns that a new Clinton candidacy would resurrect the scandals that dogged Bill Clinton's presidential tenure, Hope said, "It raises a lot of issues, including that fact that under Bill Clinton this country was prosperous and peaceful and Americans were doing very well. That is, of course, what I would concentrate on."

Candidate Clinton Faces Tough Battle For Nation's Favor (SFC)

By Carla Marinucci, John Wildermuth

San Francisco Chronicle, January 21, 2007

New York Sen. Hillary Rodham Clinton's leap into the 2008 presidential race Saturday sets up a high-priced, high-profile political melee that could make California, working to move its primary up to February, the decisive contest in the campaign for the Democratic nomination.

"I'm in. And I'm in to win," was the simple announcement Clinton posted on her campaign Web site Saturday morning. The long-expected announcement was a low-key opening to her historic effort to become the country's first female president and return to the White House where she spent eight years as first lady.

In a video aimed at her supporters across the nation, the former first lady said that she was forming an exploratory committee for a presidential run, although she made it clear she wasn't just testing the waters.

"I want you to join me not just for the campaign, but for a conversation about the future of our country," she said. "And I am forming my exploratory committee because I believe that together we can bring the leadership that this country needs."

Clinton's announcement probably will cement her spot as the front-runner in the scramble for the Democratic presidential nomination, both in California and across the nation. In a national Gallup Poll taken last week, 29 percent of Democrats and Democrat-leaning independents said they would be most likely to vote for Clinton in 2008, compared with 18 percent who

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backed Illinois Sen. Barack Obama, who announced his own exploratory committee last week. Obama is an African American newcomer with enormous appeal to many Democrats.

The poll also showed Clinton easily winning a head-to-head matchup with Obama, 53 percent to 39 percent.

In California, where 58 percent of Democrats are women, Clinton has "a built-in advantage" among primary voters, said pollster Mark Baldassare, director of the Public Policy Institute of California. Baldassare, however, also noted that Clinton is not the current favorite in polls for Iowa and New Hampshire, the two states that traditionally open the 2008 primary season.

For years, some party strategists have quietly suggested that while Clinton's wild popularity among rank-and-file Democrats is enough to take the party nomination, she is too polarizing a figure to win a national election. They worry that all the scandals, complaints and gossip surrounding Bill Clinton's presidential years will take on new life if Hillary Clinton becomes the Democratic nominee.

"Hillary is no surprise. She's the front-runner in money," said Bruce Cain, director of the Institute of Governmental Studies at UC Berkeley. "But there isn't a Democratic group I've spoken to that isn't nervous about her. There is a real fear that her baggage will divert the campaign."

Clinton's efforts in recent years to become a more centrist Democrat also have brought her problems with the left wing of her party, especially with those most opposed to the war in Iraq.

"If Hillary Clinton is in the California primary, it becomes a tough contest" between her and Obama, said Phil Trounstine of the Survey and Policy Research Institute at San Jose State University. "Obama's stance against the war, and Hillary's (past vote) for it, could be her Achilles' heel in California."

Clinton faced many of those concerns in her announcement Saturday, talking about the need to bring the war "to the right end" and warning Republicans and Democrats that she's ready for a fight.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," she said in her video statement. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them."

Beating the other Democrats in the race is the first order of business, though. Besides Obama, six other Democrats already have entered the presidential derby and New Mexico Gov. Bill Richardson is expected to announce his own exploratory committee today.

"Hillary and Barack are the two front-runners ... and the problem for Hillary is that all the activists will flock to (him)," said Katie Merrill, a Democratic strategist. "People who have never been involved in a campaign have read his book ('The Audacity of Hope') and want to walk door to door for him."

Clinton has undeniable strengths, including $14 million in the bank, a battle-tested campaign organization, and more experience on the national scene.

But the 45-year-old Obama "has created a wave that is compelling," Merrill said, and against his fresh face, Clinton, 59, could find herself labeled -- and dismissed -- as the establishment candidate.

Gov. Arnold Schwarzenegger and a number of Democrats in the Legislature only last week started a new drive to move California's primary from its traditional slot in June -- months after many other states have conducted their primaries -- to the first week in February.

Republican strategist Matthew Dowd, who helped shape the Bush-Cheney 2004 campaign victory, said such a move would fundamentally alter the Democratic primary race.

"That will move California from being a vacuum for money to a place where (candidates) can appeal to a lot of voters," he said. "It will put a premium on the ability to get media attention -- and whoever has that ability" has an advantage.

In California, where Schwarzenegger was able to win office with virtually no electoral experience, voters may be far more open to a newcomer like Obama, Dowd said.

"This year's election, for both parties, was about the next generation of politics," he said. "Barack Obama represents a new language, the next generation ... and (Clinton) is a little bit of yesterday's news."

The proposed shift in the California primary date represents a potentially huge change in the 2008 race, Baldassare agreed.

"If Schwarzenegger is able to move up the California primary, it becomes the de facto national primary -- a heavyweight battle," he said.

A February primary in California instantly becomes more influential, because its diversity makes it "a microcosm of the national population," something that New Hampshire, Iowa, Nevada and many of the other early primary and caucus states aren't, said Sherry Bebitch Jeffe, a political analyst and senior scholar at the University of Southern California.

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The question, though, is exactly who would benefit if the state moves its presidential primary to February. Campaigning in a sprawling state like California takes lots of time and even more money, especially with the $1 million to $2 million-a-week cost of the type of TV ad campaign it typically takes to win in the state.

While Obama has started to build a fundraising organization in California and across the nation, Clinton has had years to work the state and make contacts with the financial and political movers and shakers.

Clinton has "accelerated the time frame" with her declaration, said Bill Carrick, a veteran Democratic consultant, which pressures all the candidates to get organized almost a year before the Jan. 14, 2008, New Hampshire primary.

"California is bigger and more open-minded than most other states, (which) gives a chance for somebody to walk in, like a Barack Obama," being a nontraditional fresh candidate, Carrick said. But because of the size of the state and its diverse population, "name ID and money will be a big thing, and Hillary has both of those."

Those longtime ties Clinton and her husband have in California also could make a difference come election day.

"Hillary Clinton is a very strong candidate in California," a state that was a strong backer of Bill Clinton, said Susan Kennedy, Schwarzenegger's chief of staff and the head of the Democratic Party's coordinated campaign effort in California in 1992, when Clinton was first elected president.

"These are loyal Clinton Democrats in California, where the center of gravity for Democrats is in the San Francisco Bay Area and Los Angeles," Kennedy said. "She has a strong base in both regions."

California Considers Moving Primary To February (NYT/AP)

The New York Times, January 21, 2007

SACRAMENTO, Calif., Jan. 20 (AP) — California is considering moving up the date of its presidential primary in hope of gaining more clout in picking White House nominees.

State Senator Ron Calderon said Friday that he planned to introduce a bill on Monday that would move the primary from June to February, making it one of the earliest in the country.

“California is the biggest and most influential state in the union, yet our current June presidential primary virtually ensures that the nominees will be determined long before our voters cast their ballots,” Mr. Calderon, the chairman of the Senate elections committee, said in a statement.

A similar bill was introduced in the Assembly on Thursday.

California, which has 55 electoral votes, has traditionally held its primary elections in June. But in 1996, it began experimenting with a March primary in hopes of giving its voters a bigger say in determining who wins the White House.

Other states moved up their primaries and caucuses, as well. By the time California’s elections were held, the nominations were locked up.

In 2004, Gov. Arnold Schwarzenegger signed legislation moving the primary back to June.

But Mr. Schwarzenegger said this week that he would support a move to February, complaining that presidential candidates only visited California to raise campaign donations.

“We’re kind of an afterthought when it comes to the presidential campaign,” he told the Sacramento Press Club. “I mean, all those guys come out here, and they clean up, and they take the money and run. Millions and millions and millions of dollars — both parties.”

If the legislation passes, the election would be held on the first Tuesday after the first Monday in February.

Clinton: "I'm In To Win" White House (AP)

By Beth Fouhy

AP, January 20, 2007

NEW YORK (AP) - Democratic Sen. Hillary Rodham Clinton launched a trailblazing campaign for the White House on Saturday, a former first lady turned political powerhouse intent on becoming the first female president. "I'm in, and I'm in to win," she said.

In a videotaped message posted on her Web site, Clinton said she was eager to start a dialogue with voters about challenges she hoped to tackle as president - affordable health care, deficit reduction and bringing the "right" end to the Iraq war.

"I'm not just starting a campaign, though, I'm beginning a conversation with you, with America," she said. "Let's talk. Let's chat. The conversation in Washington has been just a little one-sided lately, don't you think?"

Clinton's announcement, while widely anticipated, was nonetheless historic in a fast-developing campaign that has already seen the emergence of a formidable black contender, Democratic Sen. Barack Obama of Illinois.

(AP) Sen. Hillary Rodham Clinton greets fans in New York, in this Dec. 18, 2006, file photo. Democratic...

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Full ImageIn an instant, Clinton became the most credible female candidate ever to seek the presidency and the first presidential spouse to attempt to return to the White House in her own right. Her husband, Bill, served two terms as president from 1993 to 2001.

"I am one of the millions of women who have waited all their lives to see the first woman sworn in as president of the United States - and now we have our best opportunity to see that dream fulfilled," said Ellen Malcolm, president of EMILY's list, which raises money for Democratic women who run for office.

With her immense star power, vast network of supporters and donors and seasoned team of political advisers, the 59-year-old Clinton long has topped every national poll of potential Democratic contenders.

But since joining the field, Obama has secured the backing of a number of prominent fundraisers, including billionaire philanthropist George Soros, stepping up the pressure on Clinton to disclose her plans.

Her controversial tenure as first lady left her a deeply polarizing figure among voters, leading many Democrats to doubt Clinton's viability in a general election.

(AP) U.S. Sen. Hillary Rodham Clinton, D-N.Y., reacts to applause before addressing the Association for...

Full ImageIn a detailed statement posted on her Web site, Clinton sought to acknowledge and bat away such doubts.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," she wrote. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate and how to beat them."

Recently, Clinton has clashed with many in her own party over the Iraq war.

Clinton supported the 2002 resolution authorizing military intervention in Iraq. She has refused to recant her vote or call for a deadline for the removal of troops. She has announced her opposition to President Bush's troop increase in Iraq and has introduced legislation capping troop levels.

"A woman candidate could find it easier to run in peacetime, rather than wartime, but Senator Clinton's tried to position herself as a serious person on national security," said Andrew Polsky, a presidential historian at Hunter College. "But that means she's staked out difficult position on the war that won't make it easy for her to get the Democratic nomination."

(AP) Sen. Hillary Rodham Clinton, D-NY, talks about her trip to Iraq during Capitol Hill news conference...

Full ImageWith a $14 million campaign treasury, Clinton starts with an impressive fundraising advantage over the rest of the Democratic field. But Obama and others have started to secure fundraising commitments from New York, California and other deep-pocketed, Clinton-friendly areas.

Her creation of a presidential exploratory committee, announced Saturday, allows her to raise money for the campaign; she already has lined up campaign staff.

In tone and substance, Clinton's videotaped announcement recalled her first Senate race in New York in 2000, where she conducted a "listening tour" of the state's 62 counties before formally entering the contest.

She promised a three-day series of Web chats with voters beginning Monday and prepared a campaign swing late this coming week through the early voting state of Iowa, while a visit to New Hampshire was in the works.

On Sunday, New Mexico Gov. Bill Richardson was also set to enter the Democratic field; if elected, he would be the first Hispanic president.

(AP) Sen. Hillary Clinton, D-NY, listens to speakers, in this Dec. 21, 2006, file photo in New York. In...

Full ImageFor the short term at least, the outsized candidacies of Clinton and Obama were expected to soak up the lion's share of attention.

Obama, who launched his own presidential committee on Tuesday, praised Clinton as a friend and colleague.

"I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track," he said in a statement.

Campaigning in New Hampshire, Connecticut Sen. Chris Dodd did not comment specifically on Clinton's announcement, but said: "I'm not one for exploratory committees. You're in or you're not."

Other Democratic contenders include former Iowa Gov. Tom Vilsack; Ohio Rep. Dennis Kucinich and former North Carolina Sen. John Edwards, the party's 2004 vice-presidential nominee. Delaware Sen. Joe Biden has said he will run and planned to formalize his intentions soon. Massachusetts Sen. John Kerry, the party's 2004 standard bearer, is also contemplating another run.

An influential player in her husband's political career in Arkansas, Hillary Clinton leapt to the national scene during the 1992 presidential campaign when husband and wife fought to survive the scandal over Gennifer Flowers' allegations of a lengthy affair with Bill Clinton when he was the state's governor.

The Clintons appeared together on CBS'"60 Minutes" to talk about their marriage - Hillary Clinton's first famous "Stand by Your Man" moment.

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As first lady, Clinton headed up a disastrous first-term effort to overhaul the health care insurance system. There was more controversy as the couple battled allegations of impropriety over land deals and fundraising, missing records from her former Arkansas law firm and even her quick and hefty profits from an investment in cattle futures.

There was no letup in the second term. The president found himself denying - then admitting - having a sexual relationship with White House intern Monica Lewinsky. As he battled impeachment and possible removal from office, his wife's poll numbers rose.

Her own political career began to take shape in late 1998 when New York Democrat Daniel Patrick Moynihan announced he would not seek re-election to the Senate seat he had held since 1976.

The campaign trail was not always friendly. For almost every cheer, there was a shouted "Go home, Hillary!" and the emerging Republican theme that carpetbagger Clinton simply wanted to use New York as a launching pad for a later presidential run.

Can Hillary Clinton Win In 2008? (BBC)

By Richard Allen Greene

BBC.com, January 20, 2007

Hillary Clinton has finally announced that she is considering running for president in 2008 - a declaration anticipated for the past six years that puts a heavyweight contender into the race.

Senator Clinton has already made history by becoming the first former First Lady to be elected to public office.

But all thoughts will now turn to whether the New York Democrat really has what it takes to become the first woman president of the United States.

It would be foolish to dismiss a woman who sits on an enormous war chest and is backed by some of the best political strategists in the country.

But it would be equally unwise to bet that the US will elect a woman president when the country is at war - much less one who is already reviled by a substantial minority of Americans for her perceived liberalism and association with Bill Clinton.

Warning to Republicans

Mark Corallo, a Republican strategist, reckons she has a good chance of capturing the White House in 2008 - and says he is constantly warning friends against underestimating her.

"Every time a Republican tells me: 'We want [to run against] Hillary', I say: 'Be careful what you wish for'.

"There is no other candidate on either side of the equation that has the instant party organisation and the ability to raise an enormous amount of money.

"She has the two most formidable strategists in the Democratic Party - Terry McAuliffe and Harold Ickes," Mr Corallo says before correcting himself: "No, three, because Bill Clinton is the most formidable. The guy is brilliant."

Mr Corallo, co-owner of the consultancy Corallo Comstock, says only one Democrat could take the party's nomination away from Senator Clinton: Barack Obama, the first-term senator from Illinois.

"He has the 'wow factor' that Bill had," the strategist says, which, he predicts, will make him Senator Clinton's first target.

"Hillary's partisans will start to whisper that he is an empty suit" without the experience to win or govern, he says.

"If Obama is tough enough, it is going to be an interesting primary season," he says.

Goliath and Davids

But Larry Sabato, director of the University of Virginia's Center for Politics, is not so certain that Hillary Clinton will be waltzing into the White House any time soon.

"She's Goliath, but plenty of Goliaths have been downed by Davids," says Mr Sabato, who specialises in elections.

Senator Clinton regularly comes top in polls asking Democrats who they would like their 2008 White House candidate to be.

Mr Sabato argues that is simply because "everyone knows who she is".

In the states that are first to choose their preferred presidential candidate, he adds, she is not doing as well.

"It is surprising how weak she is in places like Iowa and New Hampshire, and they matter enormously."

He says the intensely committed party activists in those states may fear she cannot win a national election and will shy away from her.

"They realise she has serious problems - we are going to get a regurgitation of all those past scandals and controversies with new wrinkles and information."

He also thinks her personality does her no favours.

"People just don't warm up to her, including a lot of Democrats - they don't dislike her, but they don't feel warmly towards her at all," he says.

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"And I have never understood how someone could spend so much time around Bill Clinton and be such a wooden speaker," he adds.

"I'm not saying she can't get nominated or that she can't win a general election. But this is nowhere near the slam-dunk it is made out to be."

Hillary Clinton Launches White House Bid: "I'm In" (CNN)

CNN.com, January 20, 2007

WASHINGTON (CNN) -- Sen. Hillary Clinton jumped into the fray as a 2008 presidential candidate with the words "I'm in" posted on her Web site.

"And I'm in to win," she added in a statement, announcing she has set up an exploratory committee that can gauge opinions and raise money for a presidential campaign.

Clinton's announcement comes on the same day that the next president will be inaugurated two years down the road: January 20, 2009.

The former first lady and Democratic senator from New York is considered her party's front-runner in what has become a diverse Democratic field.

Should she win, she would be the first woman to serve as president of the United States -- and the first presidential spouse to do so as well. President Bill Clinton served two terms from 1993 to 2001.

On Tuesday, Democrat Sen. Barack Obama announced that he was filing papers to form a presidential exploratory committee, a bid to become the first African-American president. And on Sunday, New Mexico Gov. Bill Richardson, also a Democrat, is expected to announce his bid, one that could make him the first Latino president.Live 'Web chats' start Monday

Bringing "the right end" to the war in Iraq, reducing the deficit, making the country energy independent and health care affordable were issues Clinton touted in her announcement, speaking on a video posted on her site.

"After six years of George Bush, it is time to renew the promise of America," she said.

"I grew up in a middle-class family in the middle of America, and we believed in that promise," the 59-year-old Chicago native said.

"I still do. I've spent my entire life trying to make good on it, whether it was fighting for women's basic rights or children's basic health care, protecting our social security or protecting our soldiers."

On Sunday she'll appear at the Ryan Chelsea-Clinton Community Health Center to discuss legislation that would expand the State Children's Health Insurance Program. The center bears the names of the two Manhattan neighborhoods it serves -- Chelsea and Clinton -- coincidentally, Chelsea Clinton is the senator's daughter's name.

In the video, she invited Americans to join her in a three-night series of live video Web chats beginning Monday.

"So let's talk. Let's chat, let's start a dialogue about your ideas and mine, because the conversation in Washington has been just a little one-sided lately, don't you think?"

She'll travel next weekend to Iowa and later to New Hampshire, two kickoff states for the Democratic presidential nominating process in 2008, according to her campaign organizers.

When Clinton launched her Senate bid in New York in 1999, she began a "listening tour" around the state to explore views on education, business and health care issues.

Her Republican opponent, Rick Lazio, called her a "carpetbagger" because she had not previously lived in New York. But she beat him, becoming the first sitting first lady to win an elected office, and was re-elected last year with 67 percent of the vote.

A crowded field

Clinton's announcement puts her in a big Democratic crowd of candidates.

In a statement released Saturday, Obama said: "Senator Clinton is a good friend and a colleague whom I greatly respect. I welcome her and all the candidates, not as competitors, but as allies in the work of getting our country back on track."

In addition to Obama and Richardson, the field also includes former Sen. John Edwards of North Carolina, the party's 2004 vice presidential nominee, who declared his candidacy late last year; Rep. Dennis Kucinich of Ohio, a liberal critic of the war in Iraq; and Iowa Gov. Tom Vilsack.

Sens. Joe Biden of Delaware and Chris Dodd of Connecticut have also said they will seek the nomination, and other Democrats mentioned as possible candidates include the party's 2004 presidential candidate, Sen. John Kerry of Massachusetts; retired Army Gen. Wesley Clark, and the Rev. Al Sharpton.Clinton wants troop cap, is wary of al-Maliki

Clinton, who just returned from a trip to U.S. military facilities in Afghanistan, Iraq and Germany, has urged the Bush administration to return its focus to Afghanistan.

She has proposed a bill to cap troop levels in Iraq and require congressional approval before the president may send more troops.

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She has also been highly critical of Iraqi Prime Minister Nuri al-Maliki, saying Washington should cut off financial support to the Iraqi government unless it shows commitment to stemming the sectarian violence there.

"I don't have any faith," she said of al-Maliki, when asked by CNN if she had any faith in him.

In 2002, Clinton was among the majority in Congress who voted in favor of authorizing Bush to attack Iraq if Saddam Hussein refused to give up weapons of mass destruction as required by U.N. resolutions.

In a 2005 letter to constituents posted on her Senate Web site, she said that she took responsibility for her vote, which she said she made "on the basis of the evidence presented by the administration."

In turn, she said, "I, along with a majority of Americans, expect the president and his administration to take responsibility for the false assurances, faulty evidence and mismanagement of the war."

Sen. Clinton Throws Hat Into Ring (HILL)

By Klaus Marre

The Hill, January 20, 2007

"I'm in."

Six years after leaving 1600 Pennsylvania Avenue as first lady, Sen. Hillary Clinton (D-N.Y.) announced Saturday morning that she wants to return to the White House, this time as the country's first female president. Clinton said she is launching a presidential exploratory committee, eliminating the last doubts regarding her intentions in 2008. She cited the need for "bold changes" to fix the damage that "six years of Bush administration failures" had done to the country.

"The promise of America is that all of us will have access to opportunity, and I want to run a 2008 campaign that renews that promise, a campaign built on a lifetime record of results," she said.

Clinton pledged to take her campaign to the people and plans to hold web chats over the course of the coming days. The first such chat, in which people can ask Clinton questions about her bid, the platform of the campaign and the issues that face the country, will be held Monday at 7:00 pm. In her current job in the Senate, Clinton said she would spend the next two years "doing everything in my power to limit the damage George W. Bush can do.

"But only a new president will be able to undo Bush's mistakes and restore our hope and optimism," Clinton added. New York's junior senator jumps to the top of the list of announced Democratic contenders. Her ability to raise funds, a national profile and the Clinton political network are all major assets in her campaign. However, she is joining an already crowded field that is expected to get even more full over the course of this year.

This week, rising Democratic star Sen. Barack Obama (D-Ill.) also announced he would make a run for the White House and 2004 vice presidential candidate John Edwards, the former North Carolina senator, has also thrown his hat in the ring. In addition, several other Democrats have already begun campaigning.

Throwing Her Hat On The Web (WP)

By Ann Hornaday

The Washington Post, January 21, 2007

If a Democratic primary were held on sheer production values, Hillary Rodham Clinton would win in a landslide.

In the video on Clinton's Web site yesterday, announcing the formation of a presidential exploratory committee, she chucked the formulaic genre of flag-draped backdrops and stiff monotones, instead delivering a 1-minute 45-second vlog-cast that arrived like a chintz-upholstered, sun-drenched blockbuster.

Perched almost-comfortably on a shabby-chic couch with a carefully rumpled pillow at her back, Clinton spoke in that intimate tone befitting her rhetoric, which focused on words like "conversation" and "chat."

Unlike other candidates (coughBarack Obamacough), whose videos might have been produced by a guy with a cellphone camera, Clinton's announcement was a veritable showpiece of Hollywood-style set design, lighting and cinematography. While Clinton, looking radiant in a red jacket and flattering makeup, affected the demeanor of a kaffe-klatching neighbor while speaking about the Iraq war, energy, Social Security and health care, the camera swung with pen dular subtlety between a background tableaux of framed family pictures and a fabulous table lamp exuding a warm glow. In fact, the background is so eye-catching, so crowded with totemic details, so bursting with semiotic potential, that I missed whole passages of Clinton's statement the first time around. (And yes, I do want that lamp.)

The effect was one of breathtaking political shrewdness and brilliant staging, like a mash-up between "The West Wing" and Diane Keaton's latest holiday heartwarmer. And for all its studied spontaneity, its air of having been pre-tested, choreographed, and managed to within a microfiber of Clinton's mascara, it worked, if only to provide a little eye candy within a grainy sea of canned speeches and awkward iChats. The aesthetic sophistication suited Clinton, who, as a former first lady and a U.S. senator, would look hopelessly out of place in most other contexts (rocking the mom jeans in the Ninth Ward? Uh-uh. Maybe an

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ornate Senate office, but where's the zazz in yet another wall of law books?), and the look and the script warmed up a woman portrayed as either an amoral ice queen or control-freaky dragon lady by her political opponents.

Still, for all of Clinton's glitz, the best example of the announcement video genre is John Edwards's, which he staged like a news story in post-Katrina New Orleans. Seamlessly blending form and content, Edwards seemed to take a page from Anderson Cooper for character and setting, while he spoke passionately about his signature theme of "two Americas" and creating a fake-news video image that would look right at home amid the screen grabs, podcasts and bootlegs on the Web. (Meanwhile, Republican U.S. Sen. Sam Brownback made an announcement yesterday as well, but he kicked it old school, stating he was an actual presidential candidate, not an exploratory one, and delivering the news live in front of hundreds of supporters, with his Web site presumably receiving the official video by pneumatic tube.)

So candidates now find themselves thrust into a new target-shoots-first media universe, where to preempt leaks and take an early bite of the public-awareness apple, the Web site exploratory committee announcement has become the new hat in the ring. And while politicians navigate the Googley highways and Wiki byways, looking about as comfortable as Barbara Bush at a rave, the young and the viral that they're trying so desperately to win over are ready to chew up and spit out anything that smacks of the inauthentic, the unhip or the analog.

It remains to be seen whether any or all of these explorers decide to run, and then if any of them succeed in conquering YouTube political culture. On second thought, that one's easy -- the only remaining question is who will be the first presidential candidate to figure out how to combine their campaign kick-off with Diet Coke and Mentos.

Tops In Political Toolbox: Internet (LAT)

By Peter G. Gosselin

The Los Angeles Times, January 21, 2007

WASHINGTON — In choosing the Internet to announce she intends to run for the presidency in 2008, Sen. Hillary Rodham Clinton bowed to the burgeoning political power of the medium and offered a preview of how she hopes to harness it to her purposes.

In declaring "I'm in" the White House race in a video clip on her new campaign website, HillaryClinton.com, the New York Democrat did considerably more than simply appear before the cameras; she invited supporters to join an almost Oprah Winfrey-like session of give and take.

"Let's talk. Let's chat. Let's start a dialogue about your ideas and mine…. " she told viewers."With a little help from modern technology, I'll be holding live online video chats … starting Monday."

By doing this, Clinton signaled her intention of using the Internet to shore up one of her chief political weak points, what independent analyst Charlie Cook called the caricature of her as "this shrill, raving, partisan, liberal lunatic."

"She needs to build people's comfort level with her, and she's going to do that with [an Internet] conversation," Cook said.

Clinton's online declaration that she is forming a presidential exploratory committee came less than a week after similar news delivered online by Sen. Barack Obama (D-Ill).

It also follows even more elaborate use of the Internet by the third major presidential contender in the Democratic ranks, former Sen. John Edwards of North Carolina.

The website for Edwards, the party's vice presidential nominee in 2004, offers documentary-style video of him grousing about his political consultants and informally chatting about the campaign ahead.

The Internet's power both to make and break politicians has been vividly demonstrated in recent years.

In 2004, former Vermont Gov. Howard Dean jumped from political obscurity to grab the front-runner's position in the initial stages of the Democratic race largely on the strength of the interest and fundraising he generated online.

Last year, Sen. George Allen (R-Va.) watched his reelection campaign — and his hopes of emerging as a prime contender for the GOP presidential nomination — go down in flames after a video clip of him addressing a young man of Indian descent as "macaca" made the rounds on the Web.

Barely a factor in campaigning 11 years ago when Clinton's husband won reelection as president, the Internet has become an integral part of the political landscape, with every major candidate fielding a website and seeking to create a virtual community around his — or her — campaign.

But with the recent advent of YouTube and other video-sharing sites, analysts said the most intriguing aspect of the evolving use of the Web may be as part of an immense game of political "gotcha," in which campaigns seek to catch opposing candidates off-guard and off-message, as happened to Allen.

Analysts said Clinton's announcement and the accompanying rollout of her campaign website underscore the well-organized nature of her bid.

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In addition to the video clip, the site includes a political analysis of recent polls suggesting she can win, as well as invitations to contribute and sponsor local events to support her.

"This is an example of what's to come," Cook said. "It has lots of bells and whistles. There's nothing left to chance."

With Boots Or Suits, Candidates Carefully Craft First Impressions (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, January 21, 2007

The announcement of a candidacy for president can leave a lasting impression.

While it's only a single day in a marathon campaign, it's also the first glimpse that many voters get of a candidate. And, as we all know, first impressions matter.

Democratic strategist Chris LeHane calls these announcements "the reality TV shows of politics," adding: "Each announcement is designed to out-entertain the prior announcements."

Take the declarations of candidacy by Sen. Barack Obama (D-Ill.) and former senator John Edwards (D-N.C.).

Edwards -- clad in jeans, a tan work shirt and boots -- entered the race just after Christmas, making his announcement in front of a New Orleans home, destroyed by Hurricane Katrina, that was being rebuilt.

Obama -- casual in a suit coat and an open-necked shirt -- countered with a low-key and decidedly serious video sent to supporters last week.

"The announcement strategies reflect the state of the candidacies," said Stephanie Cutter, a Democratic consultant well-versed in image politics, in an e-mail. "Sen. Obama's celebrity allows for him to control three news cycles with a simple and articulate internet video, while Sen. Edwards smartly took advantage of a slow news cycle and executed a multi-state tour to make national news."

And now Sen. Hillary Rodham Clinton (D-N.Y.) is in the race, joining the fray with a two-minute video clip shot from her home in the District.

The understated tone of the Clinton announcement -- released on a Saturday via video -- ran counter to suggestions the Fix fielded earlier in the week about how the senator should make it official.

Jamal Simmons, a founder of Cherry Tree Mobile Media, suggested an aircraft carrier as an appropriate backdrop to convey Clinton's "serious times demand serious leaders" message. Unfortunately, "George Bush ruined that photo op," he said.

Matt Bennett, a partner in Third Way, a centrist Democratic advocacy group, suggested that Clinton go deliberately low-tech.

"High-tech announcements are totally last cycle," he said. "Clinton should go retro-chic. How about a slide show? Or maybe a filmstrip?"

2 days: Will Al Gore's "An Inconvenient Truth" be nominated for an Academy Award for best documentary film? And would such an accolade increase the pressure on the former vice president to consider a run for president in 2008? We'll know the answer to the first question in 48 hours.

19 days: Former Massachusetts governor Mitt Romney (R) makes a stop in Alabama to speak to the state's Republican Executive Committee. Why? No longer content with its spectator status in the nomination fights every four years, Alabama has moved its presidential primary from June 2008 to February 5, 2008.

Far From A Hindrance, Gender Could Be Key For Clinton (WP)

By Lois Romano

The Washington Post, January 21, 2007

Sen. Hillary Rodham Clinton enters the presidential arena as the most viable woman ever to seek the office and at a propitious moment.

More women hold elected office than ever before, and 9 million more women than men voted in the last presidential election. The New York Democrat's candidacy will test whether she can turn excitement over gender into a powerful political advantage.

"Over the last 35 years, the political climate has changed to make women more acceptable to Americans at all levels of office," said Ruth B. Mandel, director of the Eagleton Institute of Politics at Rutgers University. "And now, finally, the moment has arrived when we have a candidate ready to make that leap and a public that can see a woman in that role."

After some rocky moments with female voters over the past 15 years, Clinton begins her historic race viewed favorably by 59 percent of women nationally, according to a Washington Post-ABC News poll completed Friday night. She is viewed favorably among women of all age groups and educational backgrounds, and has especially large advantages among core pockets of Democratic women, including non-whites and lower-income women, and among Northeasterners.

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In primary and general election matchups as of today, Clinton has sizable advantages among women, the survey showed. Forty-nine percent of Democratic and Democratic-leaning women would support her in their state's caucus or primary if it were held today, compared with 18 percent who would support Sen. Barack Obama (Ill.). And against Sen. John McCain (R-Ariz.) or former New York mayor Rudolph W. Giuliani (R), she has a big lead among women.

She is particularly popular among younger women, 18-34, who see her as a role model and who may not recall the negative publicity and partisan attacks that Clinton weathered as first lady over her health-care proposal and other issues. "I like her because she's a Democrat and a woman, and it's time for a female president," said Rene Davis, 23, of Gloucester, N.J . "If I have a daughter, I want to know that she can run for president."

For this reason, women's advocates see her candidacy as having the potential to create a cultural and political shift not unlike those under John F. Kennedy, the first Catholic president and a symbol of generational change, or during the Vietnam War.

"What is so exciting about this is that she will appeal to a whole new generation of women who will become political and get involved because of her," says Ellen Malcolm, the president of Emily's List, which raises money for female candidates. "We will see a dramatic shift in demographics that could affect the landscape for decades to come."

In the Post survey, Clinton made her most significant strides in the past 10 months among women 55 and older, 59 percent of whom have a favorable view of her, compared with 48 percent last year.

"I think you're seeing an overall warming up towards her," said Mark Penn, a longtime adviser and pollster for Clinton and her husband, former president Bill Clinton. "With older women, objections are beginning to melt because Senator Clinton is getting out there and saying, 'Here's what I can do,' and they are paying attention."

Clinton follows a path walked by other female presidential candidates, who either were dismissed as tokens or could not generate the support and funds to be competitive. In recent political history, a handful made the effort: Margaret Chase Smith in 1964, Shirley Chisholm in 1972, Patricia Schroeder in 1988 and Sen. Elizabeth Dole (R-N.C.) in 2000.

Clinton's relationship with women has been slow in developing. It took her a long time to recover from a remark she made during her husband's 1992 campaign, when she appeared to be scornful of those who stayed home and baked cookies. But she generated tremendous sympathy when she stoically dealt with the public humiliation of her husband's affair with Monica Lewinsky.

Today, the senator's advisers acknowledge that one hurdle for Clinton will be to convince women that she can actually win -- a fear that women often articulate.

In her first race for the Senate in New York, her campaign targeted those very women in an advertisement showing a woman who said she tells her friends who have doubts about Clinton that they should "get over it."

Eventually Clinton won over a highly skeptical female electorate through relentless public appearances, old-fashioned retail politics and advertising. She won with 55 percent of the vote, including what exit polls showed was 60 percent of female voters.

Sources say Clinton's presidential campaign will attempt to implement this same strategy on a grander scale, by exposing her to as many people as possible in the small groups in which she thrives.

It was no accident that her announcement came in the form of a personal video, where she called her effort the beginning of a "conversation." And last month, she ventured onto "The View," the daytime show by women for women.

"There's no question women are stepping back and taking a second look," said Terry McAuliffe, a friend and adviser.

The Reliable Source (WP)

By Amy Argetsinger, Roxanne Roberts

The Washington Post, January 21, 2007

Nancy Pelosi -- first female speaker of the House! Hillary Rodham Clinton -- first woman who maybe, kinda, has a chance of getting elected U.S. president! We haven't been so excited since . . . well, since Katie Couric became the first female solo anchor of a major American network evening newscast! Let's look back at some of our sister pioneers.

Dawn of Time: Eve, first woman to hear, "I told you so."

35 B.C.: Livia, wife of Augustus, first Roman woman allowed to handle her own money.

1872: Victoria Woodhull, first woman to run for president of the United States.

1899: Martha Place, first woman to die in the electric chair.

1901: Annie Edson Taylor, first person to survive trip over Niagara Falls in a barrel.

1903: Marie Curie, first woman to win a Nobel Prize in physics.{+1}

1910s: Madame C.J. Walker, first African American female self-made millionaire.

1916: Jeannette Rankin, first woman elected to Congress.

1928: Janet Gaynor, first woman to win an Oscar, Best Actress.{+2}

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1936: Wallis Warfield Simpson, Time's first female Man of the Year.

1952: Christine Jorgensen, first woman with an unassailable reason to shop for new clothes.{+3}

1958: Coya Knutson, first female member of Congress whose relationship wrecked her career, or vice versa.{+4}

1964: Margaret Chase Smith, first woman to have her name placed in nomination for president at a major party convention.{+5}

1969: Golda Meir, Israel, world's first female prime minister.

1970: Diane Crump, first female jockey to ride in the Kentucky Derby.

1974: Isabel Peron, Argentina, world's first female president.

1977: Michelle Triola, first to successfully sue for "palimony."{+6}

1978: Janice Dickinson, world's first female supermodel.{+7}

1980: Sherry Lansing, first female head of a major movie studio.

1981: Sandra Day O'Connor, first female Supreme Court justice.

1997: Madeleine Albright, first female secretary of state.

2006: Ellen Johnson-Sirleaf, Liberia, first woman elected head of an African nation, and Michelle Bachelet, first female president of Chile.{+8}

{+1} Dies before she can say "nyah, nyah" to Larry Summers.

{+2} Eighty years later, "separate but equal" still reigns in showbiz awards.

{+3} After ex-GI George Jorgensen got the world's first (highly publicized) sex change.

{+4} An opponent enlisted her drunk husband to write a "Coya, come home" letter. She lost, she went home to Minnesota, she divorced him.

{+5} She lost.

{+6} Won thousands from tough-guy actor Lee Marvin, her longtime live-in boyfriend, after he dumped her.

{+7} Or so she insists in every TV appearance.

{+8} That's right, and in the U.S. we're still waiting.

Hill's Bid Her-Storic: Feminists (NYPOST)

The New York Post, January 21, 2007

January 21, 2007 -- I am woman, watch me run.

A successful Hillary Clinton campaign would not just be a win for her, but for women everywhere, feminist leaders said yesterday.

"We are thrilled a prominent woman has entered the race," said Kim Gandy, the president of the National Organization for Women. "Every woman who runs opens another door."

"A woman's place is in the house - the White House!" said high-profile lawyer Gloria Allred.

On her campaign Web site, Clinton talked of the effect her candidacy would have on women everywhere. If she wins the Democratic nomination, it would be the first run of a woman on a major-party ticket since Rep. Geraldine Ferraro sought the vice presidency 1984.

"As we campaign to win the White House, we will make history and remake our future," she told supporters on the site yesterday. "We can only break barriers if we dare to confront them."

Mosemarie Boyd, president of American Women Presidents, said President Bush and Vice President Dick Cheney had already "proven" that a woman can be president.

"Dick Cheney proved you don't have to have a heart and Bush proved that you don't have to have a brain," said Boyd.

Noted feminist Gloria Steinem echoed those sentiments.

"The question is whether she can accomplish the same thing [she has in New York] in a big country," said Steinem. "Certainly she would be a thousand times better than what we currently have."

Race May Revolve Around Clintons (CHIT)

By Michael Tackett

Chicago Tribune, January 21, 2007

Shortly after breakfast Saturday, the country reverted to a familiar rhythm--Clinton Standard Time.

Hillary Rodham Clinton's bold splash into the presidential waters ensures that for the foreseeable future the race for her fellow Democrats and for Republicans will be about the Clintons--what she does, what he does--bringing with it all the brilliance, triumph, power, passion, drama and love-hate, place-called-Hope, didn't-inhale, flirt-with-disaster madness that defined the eight years of Bill Clinton's presidency.

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But make no mistake: In this race, at this point, Sen. Hillary Clinton of New York is the sun. Everyone else, including Sen. Barack Obama of Illinois, revolves around her.

She will have the money, the organization and the most attention focused on her. It will be her blessing and may be her curse. She repels at least as much as she attracts. At least for now.

Saturday morning, on her Web site, she gave an "It takes a village" approach to her campaign, saying she wanted to engage voters in a "conversation" about the state of the country. It was a low-key pitch with high production values and bespoke a drive and confidence. This moment has been a long time in the planning.

She gave an early indication of her style last week when Obama announced his own White House intentions, refusing to even acknowledge his fitness to be commander in chief. Instead, she gave an icily perfunctory "let the voters decide" back of the hand.

Obama did not follow suit. In a statement, he said, "Senator Clinton is a good friend and colleague whom I greatly respect. I welcome her and all the candidates, not as competitors but as allies in the work of getting our country back on track."

Grace notes are the more common approach in the early rounds of a presidential campaign. Clinton is known for her upright bearing, and her bare knuckles.

She enters the competition as the candidate who is at once most potent and most polarizing. The good news for her is that it is hard to see how her negatives could go much higher. In New York, she started her Senate campaign in 2000 in a similar position and, through a focused campaign to deliver for the folks back home, she won over a huge part of the state, including traditionally Republican Upstate, home of her greatest skeptics.

She has been a star in the Senate, but won points for not seeking the spotlight. She has tacked to the center on some issues, even moderating her position on abortion. That approach is just another measure of the tactical brilliance the Clintons bring to any political race in which they choose to play.

The former president and potential "first man," Bill Clinton, has been talking up his wife's chances as he has rebuilt his own popularity among a wide swath of the American people.

Without question one of the most gifted politicians of the last 50 years, the former president could be an extraordinary asset to his wife, in effect doubling the capacity of her campaign. He also carries some obvious risks and his life will again be put under a spotlight.

A substantial segment of the public seems to have a near-fixed view of the former first lady, and it is not positive, representing perhaps the singular challenge of her candidacy: reversing a perception about someone who is so well known.

Even within the Democratic Party, she will have obstacles, and none likely to be more important than her early support for the war in Iraq and her reluctance to join those who are asking for an immediate drawndown of troops. It is a doubly difficult walk for Clinton who, as a woman, faces scrutiny that men do not on issues of national security. Bill Clinton, it seems, would find a way to recalibrate.

And that is another hurdle--having her political skills constantly compared to those of her husband.

The spur-of-the-moment polls--taken about a year before the first votes cast in the Iowa caucuses--look very good for the junior senator from New York. But they also are just this side of meaningless, given that they reflect her name recognition more than real support at this stage.

That in no way diminishes her position as this race begins, the position at the top. When the Clintons first became known nationally during the New Hampshire primary in 1992, Bill Clinton famously offered the couple as the ultimate two-for-the-price-of-one bargain.

That notion faded dramatically when Hillary Clinton was put in charge of the president's health care reform package and her popularity plummeted.

Interestingly, it was when she was seen as somewhat of a victim during the Clinton impeachment that America saw her in different light, and even started to embrace her.

Now, Hillary Clinton is testing whether the nation wants a sequel of the Clinton Era, and Clinton Standard Time.

Clinton Assembles A Seasoned Team (WP)

The Washington Post, January 21, 2007

Although Sen. Hillary Rodham Clinton's (D-N.Y.) presidential campaign is just a day old, she already has a full stable of senior staffers in place. Here is a look at the people who will guide Clinton's White House bid.

Patti Solis Doyle: Unquestionably a first among equals in Clinton's inner circle, Solis Doyle will manage the campaign. She has been with Clinton since her days as the first lady of Arkansas.

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Mike Henry: A newcomer to the Clinton circle, Henry will be deputy campaign manager. He made a name for himself by leading Virginia Gov. Timothy M. Kaine (D) to victory in 2005 and then overseeing Senate Democrats' national ad campaign in 2006.

Howard Wolfson: Wolfson will oversee the communications operation for Clinton, reprising the role he played in her 2000 Senate race. Wolfson has deep roots in Democratic New York politics, having worked for Sen. Charles E. Schumer and Rep. Nita M. Lowey.

Evelyn S. Lieberman: Lieberman, a former undersecretary of state and senior aide in President Bill Clinton's White House, will be chief operating officer.

Jonathan Mantz: As finance director, Mantz has the Herculean task of raising the millions Clinton will need to compete in the four early-voting states and beyond. Before joining Clinton, Mantz oversaw fundraising for New Jersey Gov. Jon S. Corzine (D).

Neera Tanden: Tanden served as policy adviser to President Bill Clinton and went on to serve as the legislative director in Hillary Clinton's Senate office. She will be the campaign's policy director.

Kim Molstre: Fresh off a stint in the office of House Speaker Nancy Pelosi (D-Calif.), Molstre will serve as director of scheduling and long-term planning. In 2004, Molstre worked on the presidential efforts of former congressman Richard A. Gephardt (D-Mo.) and Sen. John F. Kerry (D-Mass.).

Mandy Grunwald: A veteran of Bill Clinton's 1992 campaign, Grunwald designed the ads for Hillary Clinton's 2000 and 2006 Senate races. She will be the lead media consultant in 2008 as well.

Mark Penn: The pollster of choice during President Bill Clinton's second term, Penn, like Grunwald, has been with Hillary Clinton since her run in 2000.

Phil Singer: Singer, the deputy communications director, is extremely close to Schumer, for whom he worked at the Democratic Senatorial Campaign Committee in the 2006 election. He also has experience in past presidential politics as a member of Kerry's rapid-response operation.

Leecia Eve: Eve, a black woman from Buffalo, will be a senior policy adviser to the campaign. She worked as counsel to Clinton in her Senate office, leaving to make an abbreviated bid for lieutenant governor in New York in 2006.

Minyon Moore: Moore served a stint as political director in the Clinton White House and will be a senior adviser in the campaign. Moore, an African American, oversaw minority outreach for Kerry's 2004 campaign.

Ann Lewis: Lewis is a longtime Clinton loyalist. She was deputy campaign manager for President Bill Clinton's 1996 reelection race and handled communications during Hillary Clinton's 2006 reelection contest. She will be a senior adviser to the '08 campaign.

In A Field Of Heavy Hitters, No Sure Thing (NYT)

By Patrick Healy

The New York Times, January 21, 2007

Compared with the other Democrats who plan to run for president in 2008, Senator Hillary Rodham Clinton is the most battle-tested, has the biggest fund-raising network and can walk into the job with a unique set of skills and perspectives gleaned from eight years in the White House as first lady.

Yet none of that guarantees Mrs. Clinton will steamroll her opponents, or manage and master the issues that have long vexed her, like the war in Iraq and universal health insurance. Far from it: she has told friends that she is more worried about winning the Democratic nomination than winning a general election against a Republican.

With this presidential campaign starting far earlier than any in history, Mrs. Clinton, Senator Barack Obama of Illinois and their five Democratic rivals find themselves facing 400 more days before the nomination is sealed up. Each of those days could bring a surprise or flub or Senate vote or controversy that might change their political fortunes. The field is still growing, too: Gov. Bill Richardson of New Mexico is expected to jump in today. And whither John Kerry? Wesley Clark? Al Gore?

“Given the high velocity of the campaign at this early stage, it’s incredible to think what the race will look like a year from now, and who will be standing out,” said Steve Elmendorf, a Democratic political consultant who supports Mrs. Clinton.

Mrs. Clinton has also told friends that she does not think of herself as the Democratic front-runner, nor does she like the word — which are both things that front-runners tend to say, political analysts note. (Her new campaign wasted no time yesterday sending an e-mail message about a new Washington Post-ABC poll giving Mrs. Clinton a 41 percentage point lead over her closest rival, Mr. Obama, who had 17 points.)

Still, unlike 1988, when the so-called seven dwarves were running for the Democratic nomination, the current field is full of heavy hitters, and Mrs. Clinton faces formidable challenges. Mr. Obama is Mrs. Clinton’s strongest rival thus far in attracting crowds of screaming fans; John Edwards, the former senator from North Carolina, was the 2004 vice presidential nominee, and

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has staked out a clear antiwar position; and Senators Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut are seasoned lawmakers who lead powerful committees, giving them access to donors and the media spotlight.

"Democrats are going to have a real opportunity to see some of the best and brightest in the party," said Kathy Sullivan, the chairwoman of the New Hampshire Democratic Party. "We're a wait-and-see state, and while a lot of people are very excited about Senator Clinton — including me — very few people have made up their minds."

Mrs. Clinton's advisers say she knows full well, from long and sometimes painful experience, the challenges to come. She will have to convince people that another Clinton in the White House will bring more of the successes, and fewer of the shadows and scandals, that marked her husband's administration, her advisers say. She will have to figure out the role that Mr. Clinton will play, a question that Republicans will almost certainly highlight.

"I have never been afraid to stand up for what I believe in or to face down the Republican machine," Mrs. Clinton said in a statement on her new campaign Web site. "After nearly $70 million spent against my campaigns in New York and two landslide wins, I can say I know how Washington Republicans think, how they operate, and how to beat them."

In her statement, she also called for "bold but practical changes" in national policy, a four-word formulation that her advisers said was carefully chosen, given that she has sought to portray herself as both a pragmatist and someone who thinks big. Some Democrats dismiss the latter image, finding her too cautious. Yet her pledge of boldness reflects her well-known desire to disprove the notion that she is hesitant or calculating.

And she will have to show people that she is not the person her critics describe: radically liberal, ruthlessly ambitious, or ethically compromised. Her friends say she is none of these; some of them still chide her for being the "Goldwater girl" of her youth.

Political analysts say that part of her challenge will be letting voters see the full her and not just a rehearsed politician, no easy task for such a private person.

"People consider her to be capable and smart, even those who hate her, but have taken issue over the years with her hardness and lack of warmth," said Ruth Sherman, a political communications specialist who spent time yesterday watching Mrs. Clinton's video announcement on the campaign Web site. "If she can keep it up and persuade people it is authentic, they will have a hard time remembering the Hillary they loved to hate."

Mrs. Clinton will also have to persuade enough people to trust a woman as commander in chief at a time of war, and to view her as a steady, forward-thinking critic of the Iraq war and not as indecisive. Her years on the Senate Armed Services Committee, and her ties to military leaders on New York bases and in Washington, should help, advisers say.

"I would say she is more qualified to be commander in chief than any other Democrat or Republican running, given her years of international experience and her work with the military," said Ellen R. Malcolm, the president of Emily's List, a political and fund-raising organization that endorsed Mrs. Clinton yesterday.

Indeed, one reason Mrs. Clinton chose to make her announcement on a Saturday morning, when the political world is usually in slumber, was to dominate the news cycle, her advisers said, and contrast herself vividly as a leader with President Bush before his State of the Union speech on Tuesday night. They waved off the appearance that she was announcing to catch up with Mr. Obama, who declared his plans to run on Tuesday. They said they had determined in mid-December that, if Mrs. Clinton decided to run, they would announce the decision on the Saturday before the State of the Union address.

Mrs. Clinton spent yesterday at home in Chappaqua with Mr. Clinton, making calls to crucial Democratic officials across the country, including Michael Gronstal, the majority leader of the Iowa State Senate, as well as to some supporters.

She plans to attend Mr. Bush's speech on Tuesday and hit the campaign trail for the first time soon after, traveling next weekend to Iowa, the site of the first presidential caucuses in January 2008. After that, she will visit the early primary state of New Hampshire, where Mr. Obama and Mr. Edwards have been recently. Mr. Dodd and former Gov. Tom Vilsack of Iowa have visited the state in the last few days.

For Democratic Advisers, A Season Of Tough Choices (WP)

By Shailagh Murray, Peter Baker

The Washington Post, January 21, 2007

Rep. Rahm Emanuel considers Sen. Barack Obama a close friend. The Illinois Democrats had dinner just last week. They are both from Chicago and socialize together with their wives. But Emanuel got his big break in national politics from Bill Clinton and worked for him in the White House. And now his worst-case scenario has come true -- both Obama and Sen. Hillary Rodham Clinton are running for president and want his support.

Emanuel was widely credited with engineering his party's takeover of the House in November. Now fellow White House veterans are pressing him to take a senior position in the former first lady's campaign. Meanwhile, Chicago allies, led by the powerful Daley family, are pressing him to take a senior position in his Illinois colleague's campaign.

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Torn by conflicting loyalties, Emanuel is ducking. "Maybe the witness protection program," he joked. "Or maybe I'll just stop answering the phone."

They still have Iowa and New Hampshire to conquer, but Clinton, Obama and the other Democratic presidential contenders already are squaring off in what might be called the Rahm Primary, an early contest to win over the movers and shakers from the only Democratic administration in the last quarter-century.

As Clinton kicks off a bid to follow in her husband's footsteps to the White House, she is trying to reconstitute much of his old team.

While it might seem like a simple loyalty test, loyalty in politics is not always defined in terms of who hired someone first or who someone worked for longest. Politics breeds complicated relationships. They are partly personal, partly ideological and partly transactional.

"It creates a dilemma for a lot of people," said Joe Lockhart, a former White House press secretary now at the Glover Park Group, a communications and lobbying firm with close ties to Hillary Clinton. "It would be easy if you had worked for a person who you knew wasn't up to the job, but that's not the case this year. It takes a little soul-searching on what you want to do."

Many familiar figures from the 1990s, such as Lockhart, are back in the Clinton corner formally or informally -- political advisers, fundraisers and policy aides such as James Carville, Harold Ickes, Mark Penn, Mandy Grunwald, Ann Lewis, Maggie Williams, Bruce Reed, John D. Podesta, Patti Solis Doyle and Terence R. McAuliffe.

But others are signing up with Obama or other candidates or staying on the sidelines, out of estrangement from the Clintons, skepticism about her chances, fealty to other patrons or some combination.

Former treasury secretary Robert E. Rubin, widely considered his party's economic wise man, has refused to sign up with Hillary Clinton or any of the other candidates. So has House Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.), who first recruited Hillary Clinton to run for Senate from New York in 2000 but who lately has encouraged Obama to run for president.

"I don't know who the rest of the candidates are," Rangel said with a wry arch of an eyebrow last week when asked whether he would prefer Obama or Clinton.

Former commerce secretary William M. Daley, like his brother Richard M. Daley, the mayor of Chicago, is backing Obama, and so are former national security adviser Anthony Lake and former assistant secretary of state Susan E. Rice. A handful of junior Clinton White House aides are working for the Obama campaign as well.

Former White House political director Douglas B. Sosnik and Clinton pollster Stanley Greenberg are with Sen. Christopher J. Dodd (Conn.). Sen. Joseph R. Biden Jr. (Del.) has Clinton administration veterans Ronald A. Klain, Tom Donilon, Antony Blinken and Evan Ryan. Jennifer Palmieri, a former White House spokeswoman, is helping former senator John Edwards (N.C.). And one former Clinton Cabinet member, New Mexico Gov. Bill Richardson, is running against his former boss's wife himself.

"Most Democratic political professionals over the age of 25 who came to Washington passed through the Clinton administration at some point unless they spent their entire career on the Hill," said Reed, Bill Clinton's domestic policy adviser and now president of the Democratic Leadership Council. "It would be hard to fill a campaign without some people who had the '90s on their resumes."

For some, the choice was not that hard. "The Clintons, for me and for many of us who worked for him, we owe them our loyalty," said Steve Ricchetti, who was deputy White House chief of staff. "They have been very generous personally and gave me my biggest opportunities in public service. It's not something you forget."

Yet others have not forgotten the personal slights, policy struggles and turf battles; after eight years, the Clinton White House was left with its share of scar tissue. Hillary Clinton inspired deep affection and loyalty among her own staff, but she could be demanding, and her temper sometimes singed those outside her inner circle.

For that matter, her husband could be tough to work for as well. Some who served in the West Wing emerged bruised by the experience, disenchanted with the conduct that led to his impeachment and leery of returning for Clinton the Sequel.

They do not couch their decisions this year in those terms, though, at least not publicly. They explain their neutrality or affiliations by the complex rules of political allegiance -- an old boss who came calling, a new job that prevents partisan activity, more recent involvement with another candidate, the sorts of word-of-mouth encounters that can bring teams together by happenstance more than by design.

Sosnik and Greenberg went back to Dodd, their original sponsor in politics. Dodd was Greenberg's first client. Sosnik drove Dodd in his 1980 campaign and became his chief of staff. "I first worked for Chris Dodd over 25 years ago and have always considered him my mentor," Sosnik said. "He taught me that there is nothing more important in life as well as in politics than being loyal to your friends."

Others calculated that another candidate would be more likely to win or would be a better president than Hillary Clinton. Lake said he was impressed with Obama. "This is the first time I've been excited by somebody since 1992, when I was doing

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foreign policy with Bill Clinton," he said. As for Hillary Clinton, he said: "I think highly of her. It's not that I'm trying to help somebody run against her. I'm helping somebody I think can be a great president."

Under other circumstances, Emanuel would be a natural for the Obama camp. But Emanuel was a rambunctious 31-year-old when he joined Clinton's campaign in 1991 as one of the original members of the Little Rock war room and followed the candidate to the White House. Although he was demoted at one point -- reportedly at the instigation of the first lady -- he eventually became one of the president's closest aides.

Emanuel declared on television early last year that he was supporting Clinton, but that was before Obama expressed interest in running. Now he is officially neutral. And both sides are lobbying him to take a top campaign post. "I'm going to call Rahm and talk the issue through with him and see what he thinks," said Mickey Kantor, who chaired Bill Clinton's campaign in 1992 and is now backing Hillary Clinton.

Obama has been calling, too. He had dinner with Emanuel on Thursday, which the congressman called a longstanding personal engagement. Asked where Emanuel will come down in the 2008 race, Obama recently told the Chicago Tribune: "Rahm knows the right thing to do."

If he does, he is not saying what the right thing is. "I have two friends in this. I just got off a two-year national campaign. It took everything out of me," Emanuel said. "There's a time for governing and a time for campaigning, and I'm in the governing mode right now."

As for picking sides, he said: "There will be an appropriate time. But now is not the appropriate time."

Hillary Runs For The White House As "new Thatcher" (LONT)

By Sarah Baxter

Times of London, January 21, 2007

HILLARY CLINTON is to be presented as America's Margaret Thatcher as she tries to become the first woman to win the White House. As she entered the 2008 presidential race yesterday, a senior adviser said that her campaign would emphasise security, defence and personal strengths reminiscent of the Iron Lady.

"Their policies are totally different but they are both perceived as very tough," said Terry McAuliffe, Clinton's campaign chairman. "She is strong on foreign policy. People have got to know you are going to keep them safe."

Clinton, 59, used her website to announce that she was taking the first step of her campaign by forming a presidential exploratory committee. "I'm in. And I'm in to win," she said.

It made the New York senator the instant frontrunner for the Democratic nomination. "She has the name recognition, the money, the glitz, she's got it all," McAuliffe said.

If she wins, she will return to the White House where she spent eight years as first lady during Bill Clinton's presidency from 1993-2001.

McAuliffe predicted a rough campaign. "She is going to fight for herself and she is going to have people around her who will fight," he said.

"They are going to play mean, nasty and dirty on the other side. You don't walk into a knife fight without adequate gloves."

The Clinton campaign intends to paint the Republican nominee as President George W Bush's political heir, particularly over the war in Iraq. "George Bush is going to be on the ticket whether they like it or not," McAuliffe added.

Clinton said she would talk to voters about "how to bring the right end to the war in Iraq and restore respect for America around the world". She also hopes to appeal to women voters in their twenties and thirties.

Clinton faces strong competition from Barack Obama, the charismatic but inexperienced 45-year-old Illinois senator. The race is already being billed "the magic v the machine".

Aides: Clinton Plans Weekend Swing Through Iowa (AP)

AP, January 20, 2007

DES MOINES (AP) — New York Sen. Hillary Rodham Clinton, the newest entrant in the race for the Democratic presidential nomination, will make her initial foray into Iowa next weekend, aides said Saturday.

Details of the upcoming campaign swing were still being finalized, but spokeswoman Lorraine Voles said an official announcement would come within days.

Clinton's decision to enter the race, and to compete in Iowa's leadoff precinct caucuses, reshuffles the Democratic contest in the state.

"This is going to be a real donnybrook," said Jeff Link, a veteran Democratic strategist who is advising former Iowa Gov. Tom Vilsack in his bid for the nomination. "I think the race is completely up in the air."

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Former Iowa Democratic Chairman Gordon Fischer said he got a call from Clinton aides advising him of her plans, which were announced on her website early Saturday morning.

"She will be a very formidable candidate," Fischer said. "It's not a shock. She has been calling people and asking for advice."

While Clinton lags behind other Democrats in building a campaign organization for Iowa's caucuses, she is very well known and traveled to the state often during here husband's two terms in office, and afterward.

Some political onlookers had suggested she would use Vilsack's presence in the race as an excuse to skip past Iowa's leadoff caucuses, but she has clearly decided against that strategy.

Her move comes after Illinois Sen. Barack Obama announced he will form an exploratory committee to ponder seeking the Democratic nomination, with a final decision expected Feb. 10. Despite starting later, key Iowa activists said Clinton is certain to be a force.

"I think she'll be a serious player here in Iowa and other places," said veteran strategist Ron Parker. "Once she starts touring Iowa, she'll have some of the same star power as Sen. Obama, and then you add on top of that her fundraising ability."

Clinton is seeking to become the first female president, and her ability to raise money sets her apart from other women candidates, many of whom have struggled with raising campaign funds. Clinton raised more than $40 million in winning a second term in the Senate in November, and still has $13 million in the bank.

"I think the great intangible in all this is the appeal she will have as a female candidate, with experience, with fundraising ability and as somebody who has been battle tested in a real campaign," Parker said.

Clinton has been calling leading Democrats in Iowa to keep them posted about her intentions. Among them is Senate Majority Leader Michael Gronstal, a Democrat from Council Bluffs, who said he spoke with her Saturday.

"I kind of said, 'Well, welcome to the race in Iowa,'" Gronstal said. "I told her the field was open in Iowa and we're welcome to basically anyone."

Link said Vilsack welcomes the competition in his home state, saying there's plenty of time until activists attend caucuses early next year.

"Everything has been turned upside down in the last two weeks," Link said. "I don't even think there's been enough time passed for there to be a conventional wisdom."

Parker agreed that Iowa's backing for the Democratic presidential nomination is up for grabs.

"Twelve months is a long, long time for all of the candidates," he said.

Clinton's decision comes as the pace of campaigning in Iowa is beginning to quicken. Former North Carolina Sen. John Edwards swung through the state on Saturday holding a town hall meeting on the war in Iraq at the University of Iowa, and former Wisconsin Gov. Tommy Thompson was also spending time in eastern Iowa.

It's widely anticipated that Obama will make a stop in Iowa soon if he chooses to enter into the race early next month.

Kansas Senator Announces Bid For Presidency (NYT)

By Rachel L. Swarns

The New York Times, January 21, 2007

WASHINGTON, Jan. 20 — Declaring himself a proud conservative before a crowd of cheering supporters waving American flags, Senator Sam Brownback, Republican of Kansas, on Saturday announced his candidacy for president.

Mr. Brownback, an evangelical Protestant turned Roman Catholic and a former Kansas agriculture secretary, said he would focus on reviving faith and families in America; combating abortion, poverty and wasteful government spending; opposing same-sex marriage; and revamping Social Security and the federal tax system.

“The last thing we need in America is to take God out of our public lives and institutions,” Mr. Brownback said during his speech in Topeka, Kan. “We need to embrace our nation’s motto, ‘In God we trust,’ and not be ashamed of it.

“To walk away from the Almighty is to embrace decline for a nation,” he said. “To embrace him leads to renewal, for individuals and for nations.”

Mr. Brownback, 50, was first elected to the House in 1994. Two years later, he was elected to the Senate, to complete the unexpired part of Senator Bob Dole’s term when Mr. Dole left to run for president.

Mr. Brownback acknowledged that he would be one of the lesser-known candidates in what is expected to be a crowded field of Republican presidential hopefuls, including Senator John McCain of Arizona and Rudolph W. Giuliani, the former mayor of New York.

He said his bid might be “a long shot,” but he compared himself to other successful presidential candidates who had come from behind, including Jimmy Carter and Bill Clinton. He said his ideas would separate him from the pack.

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"I start out with less name ID, but I've been there before," Mr. Brownback said at a news conference after his speech in Topeka, Kan. "My positions are at the heart of where the Republican Party is."

With his opposition to abortion, embryonic stem-cell research and same-sex marriage, Mr. Brownback hopes to establish himself as the dominant conservative in the race. The American Conservative Union, which hails him as one of "the best of the best" in the Senate, gave him a 100 percent conservative rating in its most recent survey of Congress.

In recent weeks, Mr. Brownback has been emboldened by the struggles of Mitt Romney, the former Massachusetts governor, whose conservative credentials have come under attack because of questions about his evolving positions on abortion and gay rights. Mr. Brownback said Saturday that he planned to march in an anti-abortion rally in Washington on Monday.

But Mr. Brownback has also broken with Republicans on some issues. He supports putting most of the nation's 12 million illegal immigrants on a path to citizenship, for instance. And this month, he joined many Congressional Democrats in announcing that he opposed President Bush's plan to increase the number of troops in Iraq.

Paul M. Weyrich, chairman of the Free Congress Foundation, a conservative research group, praised Mr. Brownback for his commitment to conservative principles. But he questioned whether the senator had the charisma to prevail. "If he can prove that, then he will have a shot," Mr. Weyrich said. "If not, then his conservatism will not be enough to carry him."

Brownback Announces Presidential Bid (WP)

By Matthew Mosk

The Washington Post, January 21, 2007

Sen. Sam Brownback, the son of a rural Kansas farmer who has become a leader among religious conservatives in Congress, formally launched his 2008 bid for president at a rally in Topeka yesterday.

Brownback, 50, became one of the first Republicans to announce the formation of an exploratory committee six weeks ago, and yesterday said he had decided "to take the first steps on the yellow brick road to the White House."

The Kansas Republican acknowledged being little known beyond his home state. A Washington Post-ABC News poll released yesterday shows he is supported by 1 percent of Republicans and Republican-leaning independents. He was also unlucky to announce his candidacy on the same day as a better-known Democratic contender, Sen. Hillary Rodham Clinton (D-N.Y.).

But he may be the best-known among those who hope to be the choice of social conservatives and wield that power to break into a group of more visible GOP candidates.

"My positions are where the heart of the Republican Party is," he told reporters after his speech.

Brownback's supporters say the party's better-known contenders -- Arizona Sen. John McCain, former New York mayor Rudolph W. Giuliani and former Massachusetts governor Mitt Romney -- offer weaker platforms for voters who strongly oppose abortion, same-sex marriage and stem cell research.

"There are really two primaries taking place simultaneously in the Republican party," said Gary Bauer, the family values activist who ran for president in 2000. "One, for center-left candidates, is being fought out between Giuliani and Senator McCain. On the conservative side, nobody has captured that crown yet, but Senator Brownback will be a major competitor."

Brownback was raised on a farm in tiny Parker, Kan., served as the state's youngest-ever secretary of agriculture and came to Congress in 1994. Two years later, he won the Senate seat that had been vacated by Robert J. Dole in advance of his run for president.

While in Congress, Brownback, a Methodist most of his life, converted to Catholicism and forged an alliance with conservative Christian leaders on the Hill. He began leading meetings of the Values Action Team, where advocacy groups meet to track socially conservative legislation, and speaking out sternly about a cultural decline.

"Senator Brownback is unrivaled as an advocate for the family and for life in Washington," said Tony Perkins, president of the Family Research Council. "What Sam has that is unique, is that he has a pro-life, pro-family record to go with his pro-life, pro-family message."

Brownback captured many of those themes yesterday as he addressed a raucous crowd of supporters in Topeka, Kan., telling them: "I am a conservative and I'm proud to be a conservative."

In his 17-minute speech, he touched on the sanctity of marriage, the protection of all life "whether elderly or in the womb," and the need to preserve religion's place in public institutions. But he also addressed other subjects, vowing for instance to "end deaths by cancer in 10 years," and to take the tax code "behind the barn" and kill it "with a dull ax."

After the speech, Brownback conceded that he "starts out with less name ID" than other candidates. According to the Post-ABC News poll, Giuliani is favored by 34 percent of Republicans and Republican-leaning independents, McCain by 27 percent and Romney by 9 percent, with former House speaker Newt Gingrich, who is also considering a run for the White House, at 9 percent as well.

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Giuliani, McCain and Romney also have hired teams of advisers seasoned in President Bush's two campaigns and signaled that they hope to raise $100 million by the time primary season begins early next year.

Brownback's Senate campaign account has $600,000 as he starts his fundraising drive. A key to his campaign's financial strength may rest with Tom Monaghan, founder of Domino's Pizza and a Roman Catholic philanthropist who started Legatus, a lay group of wealthy conservative business executives. Monaghan has been serving as a top adviser to Brownback's campaign.

The senator's chances may ultimately depend on his ability to ignite Christian conservatives, said John Green, senior fellow with the Pew Forum on Religion and Public Life. Religious activists "don't have a consensus candidate yet," he said, but Brownback is one "they're certainly paying a lot of attention to."

Sen. Brownback Joins Presidential Race (LAT/AP)

The Los Angeles Times, January 21, 2007

TOPEKA, KAN. — Sen. Sam Brownback of Kansas jumped into the 2008 presidential race Saturday, a favorite of the religious right now in a battle against better-known rivals for the GOP nomination.

"My family and I are taking the first steps on the yellow brick road to the White House. It's a great journey," the two-term senator told hundreds of supporters. He pledged to fight for the nation's cultural values and to focus on rebuilding families.

The 50-year-old Brownback offers himself as a "full-scale Ronald Reagan conservative."

After Saturday's speech, he told reporters: "My positions are at the heart of where the Republican Party is. I'm willing to take those positions with all comers."

Brownback's announcement, planned weeks ago, came hours after Sen. Hillary Rodham Clinton (D-N.Y.) entered her party's 2008 race.

"I don't know why she did that. I guess she's scared of me," Brownback said.

Though he is on solid footing on social issues, Brownback has broken with some Republicans on the Iraq war and immigration. He opposes sending more troops to Iraq and favors a path to citizenship for some of the estimated 11 million illegal immigrants in the U.S.

Conservative Kansan Starts White House Run (CNN)

By Sasha Johnson

CNN.com, January 20, 2007

TOPEKA, Kansas (CNN) -- On a day when the political world was consumed with Hillary Clinton, Republican Senator Sam Brownback made his official foray into an already crowded field of 2008 aspirants.

"It is with sincere humility and a determination to do good that I declare my candidacy for President of the United States," Brownback told a buoyant crowd of supporters in Topeka, Kansas, Saturday.

The two-term senator enters a Republican field already dominated by big names and money, most notably Arizona Senator John McCain, former New York City Mayor Rudy Giuliani and former Massachusetts Governor Mitt Romney. McCain, Giuliani and Romney have yet to make their candidacies official but are raising money through exploratory committees.

Sen. Sam Brownback, a Kansas Republican, became the second member of Congress on Saturday to formally announce a run for the White House when New York Democratic Sen. Hillary Clinton announced on her Web site that she is forming a presidential exploratory committee.

A break from Bush on Iraq

A self-described fiscal and social conservative, Brownback made headlines recently when he broke with President George W. Bush and came out against the president's plan to send 20,000 more U.S. troops to Iraq and called for more diplomatic efforts.

"The United States seems to care more about a peaceful Iraq than the Iraqis do," Brownback said in a senate floor speech last week after returning from a trip to Afghanistan and Iraq. "If that is the case, it is difficult to understand why more U.S. troops would make a difference."

Brownback briefly mentioned the Iraq war in his speech which mainly revolved around faith and family issues. "We must win to redeem our troops' sacrifice. Let us resolve to have a bipartisan strategy for the war. We need unity here to win over there," he said.

Breaking with the White House on Iraq could be politically risky among the Republican base Brownback needs to court and win in order to be a successful candidate, said Chuck Hurley, a member of his exploratory committee, said.

Brownback spent a good deal of time during a trip to Iowa last week meeting with various constituencies and explaining the "reasoning" behind his position, Hurley, an Iowa supporter, said.

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"As the debate unfolds, his position, if he's right will look prescient," said Hurley. Hurley concedes some "hardcore conservatives" will "initially recoil" at Brownback's stance but "among those willing to engage in an open debate, he'll be fine."Preempted by Clinton

Brownback appeared to take the news of Senator Clinton's newly formed exploratory committee in stride acknowledging her marquis name and political star power.

"I think this is just a confirmation of something people have pretty well already mentally processed would take place," Brownback told CNN's Candy Crowley. "I think it's way too early to handicap this, this is a long road with a lot of things to go."

Despite his underdog status, many political observers caution those who are quick to write Brownback off in the 2008 cycle. "There is a path for him to be a factor in this race," said Chuck Todd, editor-in-chief of "The Hotline," a daily political publication. Todd calls Brownback "not a predictable Republican," pointing to the Kansas senator's strong anti-abortion platform, his deep religious ties to the Christian community, and his willingness to buck the conservative base and support immigration reform and efforts to combat global warming. "Brownback is trying to say 'hey you can be culturally conservative and mainstream'" at the same time, Todd said.

Brownback's strong Catholic faith could help pave the way in the early caucus state of Iowa where Christian evangelicals are a highly organized voting bloc. According to supporters Brownback has regularly returned to the state since 2004 meeting activists in small house parties across the state. In that year's presidential election almost half of Iowa Republican voters said they were either evangelical or born again Christian according to exit polls.

After his speech in Topeka, Brownback is scheduled to travel to North Carolina and then to Washington, D.C. for Monday's March for Life.

Brownback Formalizes White House Bid (HILL)

By Klaus Marre

The Hill, January 20, 2007

Sen. Sam Brownback (R-Kan) on Saturday formally announced his intention to seek the presidency. "I am running to spread hope and ideas," Brownback said in his announcement. "We are a blessed nation at an important crossroads. War, corruption, disintegrating families, and for some, hopelessness, tear at the American Dream."

Brownback's bid is seen as an uphill battle because several high-profile, well-organized candidates with deeper pockets are expected to join the race for the GOP nomination. These include Arizona Sen. John McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney.

But if Brownback can become the consensus choice of value conservatives, his candidacy could make waves and build momentum. Many members of the Christian conservative base have concerns over the views of the better known candidates on issues like abortion and gay marriage.

The senator's announcement showed that his campaign will strongly focus on traditional values. "We must renew our families and rebuild our culture!" Brownback said.

But his announcement, which was overshadowed by Sen. Hillary Clinton's declaration earlier Saturday that she would also seek the presidency, also showed that the campaign will not only be limited to promoting conservative values. The introduction of a flat tax is part of his platform, as is the aim to achieve energy independence. In addition, Brownback vowed to fight government waste and help the poor in the US and abroad.

McCain Contends With Vocal Critics (AR)

By Dan Nowicki

The Arizona Republic, January 21, 2007

On the national stage, Sen. John McCain is a political star and a front-runner for the 2008 Republican presidential nomination.

But back home, he faces some vocal critics in his own party who seem determined to derail his White House chances.

McCain supporters, including Arizona GOP Chairman Matt Salmon, are fuming about the latest stunt to embarrass McCain: a presidential "straw poll" that found McCain coming in fourth. Duncan Hunter, a little-known congressman from El Cajon, Calif., finished first.

Hunter's exploratory committee helped distribute the straw-poll results under the headline "Arizona Republican presidential primary no lock for John McCain." The news release, which lists Maricopa County GOP Chairman Lyle Tuttle as the contact person, did not provide details about the unscientific survey's methodology.

A number of national and local media outlets and political blogs ran with the story, which carries the man-bites-dog appeal of McCain trailing in his home state's biggest county.

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Bruce Merrill, an Arizona State University political scientist and polling expert, said he caught a television blurb about McCain finishing fourth in an Arizona poll.

Initially intrigued, Merrill said he was surprised, and appalled, to learn the report was based on a dubious straw poll.

"I think it is, one, irresponsible journalism to even report on it," Merrill said. "And, number two, if I were McCain, I would be madder than hell."

Merrill said he intended to launch his own poll of Arizona Republicans to determine their sentiment toward potential GOP contenders.

"My concern is that this (straw poll) is a perfect case of where a poll could create public opinion rather than measure public opinion," Merrill said.

Sham or accurate gauge?

In general, straw polls at political events are a fairly common way to informally gauge support for a candidate or an idea.

Some Republicans called this one a sham orchestrated to hurt McCain. Others acknowledged irregularities with the way the survey was conducted but defended it as a legitimate expression of grass-roots dissatisfaction with McCain.

Maricopa County Republicans conducted the straw poll at their Jan. 13 organizational meeting.

The one-page ballot offered 12 Republican possibilities for president and asked precinct committeemen to pick their first choice as well as label certain candidates "acceptable" or "unacceptable."

Hunter finished first, with 96 of 458 ballots cast. Former Massachusetts Gov. Mitt Romney was second with 82, former House Speaker Newt Gingrich was third with 53 and McCain was fourth with 50. Secretary of State Condoleezza Rice, who has said she will not run, came in fifth with 27 votes.

Tom Tancredo, a Colorado congressman known as a hard-line foe of illegal immigration, was sixth with 24 votes.

Former New York City Mayor Rudolph Giuliani, also considered a national front-runner, was seventh with 22 votes.

In the "unacceptable" category, McCain was the top vote-getter.

Rob Haney, legislative District 11 Republican chairman and an outspoken McCain critic, said many "platform" Republicans have abandoned McCain over issues such as campaign-finance reform, gun control and immigration.

"I don't know how anybody could look at that survey and say it wasn't reflective of what the Republican base felt," Haney said. "That is the Republican base: your precinct committeemen."

Tensions between McCain and segments of the party faithful are not unique to Maricopa County or Arizona. During his 2000 presidential campaign, McCain alienated many conservatives.

The straw poll "does suggest that there is enduring enmity toward McCain in many conservative circles," said Larry Sabato, director of the Center for Politics at the University of Virginia. "They just don't like him, and they never will. McCain could walk on water, and their headline would be, 'McCain can't swim.' "

Salmon called the straw poll the latest salvo in an ongoing attack by a disgruntled few.

"We have a couple of people who are activists within the Republican Party who have made it their cause celebre to try to torpedo John McCain, and they play a lot of games," Salmon said. "They try to make it seem like the opposition is a lot bigger and broader than it really is."

Capitalizing on results

In the news release announcing the straw-poll results, Tuttle, the county GOP chairman, invited other Republicans to compete in Arizona's February 2008 presidential primary.

"This straw poll demonstrates that candidates who might be tempted to ignore campaigning here, thinking that our senior senator has it wrapped up, may make a big mistake," Tuttle says in the written statement. "Arizona is very much in play."

In a telephone interview, Tuttle acknowledged that the straw poll was unscientific and said nobody "tried to make it something that it wasn't."

The straw poll was not publicized, and ballots were hard to find at the meeting, said Tom Liddy, a former Maricopa County GOP chairman and radio talk-show host.

"I started asking around, and a lot of people didn't have them," he said. "Other people, I found, had five or six ballots. So it's kind of bogus."

Tuttle conceded that not everybody got a ballot. But he dismissed claims that the straw poll was rigged against McCain as "horse pucky."

"It was not manipulated in any way that I am aware of," Tuttle said. "The people who voted, I assume, voted their consciences."

Haney said some in attendance voted by proxy for absent committee members, while others did not. The proxy voting "wasn't handled as best as it could be," he said.

Hunter, the straw-poll winner, is the former chairman of the House Armed Services Committee.

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Haney, who supports Hunter, said Hunter's candidacy started generating local "buzz" after Rep. Trent Franks, R-Ariz., announced his support.

"I expected him to do relatively well, but I didn't expect him to finish first," Haney said.

In 2000, McCain won Arizona's primary despite Republican Gov. Jane Hull's endorsement of George W. Bush.

"Senator McCain has tremendous support in Arizona and was re-elected (in 2004) with nearly 80 percent of the vote," said Danny Diaz, a spokesman for McCain's presidential exploratory committee. "The senator and his team will continue to communicate his message of 'common-sense conservatism' with supporters in the state."

Donna Reagan, a former legislative District 8 GOP chairwoman who attended the county meeting, is rooting for McCain.

"I'm proud that our state has a person who can make a run for the presidency," said Reagan, whose daughter, Michele, is a state lawmaker from Scottsdale.

"What's that saying? Sometimes you're not considered a king in your own country."

What Would Jeb Do? (WP)

By S.v. Date

The Washington Post, January 21, 2007

Tuesday would have marked his sixth State of the Union address -- and it might have been his best yet.

The nation is in great shape, President Jeb Bush would have reported: record tax cuts propelling the economy to greater heights; a revolutionary school-vouchers program for the first time granting low-income parents real education choices; and, five years after the capture of Osama bin Laden, the final 20,000 U.S. troops returning home from Iraq.

The president would break into his fluent Spanish and wave at his Mexican-born wife, Columba, gazing at him from the balcony. The cameras would settle on their eldest, George P. Bush, 30, and commentators would speculate on whether the dashing lawyer would soon run for Congress and carry on the Bush dynasty.

Yet contrary to the best-laid plans of the Bush family, it won't be John Ellis "Jeb" Bush addressing the nation this week, all

because of that disastrous November Tuesday a dozen years ago. That was the day Jeb -- the articulate and handsome workaholic, the one who as a boy spoke of his White House ambitions, and the one the Bush family counted on to avenge the Great Usurpation of 1992 -- narrowly lost his bid to be governor of Florida. Meanwhile, his older brother George W. had overcome long odds and won the Texas governorship, putting George an insurmountable step ahead of Jeb in the race for the presidency.

But what if Jeb had won the Florida governorship in 1994, been reelected and then taken the White House in 2000? How would the nation be different? What sort of State of the Union would he deliver this week?

This is more than an exercise in alternative history. Because of Florida's term limits, Jeb stepped down as governor three weeks ago, but he should not be counted out of the national political scene. I've covered Jeb Bush for eight years as a state capital reporter, and I'm convinced that he remains the GOP conservative wing's best hope for a post-Iraq comeback. And his own political ambitions burn as brightly as ever. Perhaps 2012 or 2016 or -- why not? -- maybe even 2008, if things break right.

Jeb and George W. are seven years apart but have much in common. Both are stubborn. Both appear convinced that anything that government does the private sector can do better. Both are enamored of tax cuts. And both seem to believe that voters don't have the right to observe the workings of their administrations and should simply trust them to do the right thing. However, the two display real differences on issues spanning crisis management, fiscal policy, foreign policy and, perhaps most important, personal style. Jeb pays much more attention to detail than his brother, and is far more dogged and competent in advancing his agenda -- meaning that a Jeb presidency over the past seven years would have been distinct from his brother's -- and a future one would be as well.

Look first to the home front. On key domestic policy issues such as tax cuts and education reform, Jeb probably would have mirrored his brother's instincts and proposals, though he might have displayed greater staying power in seeing them through.

Under President Jeb, the nation still would have had large federal tax cuts, skewed heavily toward the rich -- or the "risk takers" and "job creators," in Bush family parlance. In Florida, he reduced taxes by $12.2 billion over his eight years, with more than half of that going to the wealthiest 4.5 percent of the population. That saved the average risk taker more than $1,500 a year by the time Jeb left office. And much as President George W. Bush cites tax cuts as the explanation for any positive economic results, Gov. Jeb Bush says that his tax cuts created jobs in Florida and gave us the best economy in the country. (In reality, Jeb had the lowest job-creation rate of any Florida governor dating to 1971.)

On education, Jeb quickly pushed into law a testing program, just as his brother did in Texas and later nationally through No Child Left Behind. Unlike George W., however, Jeb succeeded in introducing the nation's first statewide school-vouchers program. The results are unclear: Jeb says that students who used vouchers to attend private schools received better educations

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than they had been getting in public schools. But all we know is that the vast majority of such schoolchildren received religious educations at the public's expense. Gov. Bush refused to release the scores for the few voucher children who had to take the public-school standardized test, so whether their educations were superior or awful remains anyone's guess.

For a brief period, George W. sought to include school vouchers in NCLB, but he eventually relented; Jeb, I believe, would never have let it drop. Indeed, much more than his older brother, Jeb seems to take pleasure in the business of governing, as opposed to just campaigning. Whereas George W. claims to stay at 30,000 feet and see the big picture, Jeb is all about the details. He kept long hours as governor, took home fat binders to study each night and knew enough about policy matters to make detailed and cogent arguments for his ideas. It's hard to imagine a President Jeb countenancing the explosion of pork-barrel earmarks in the federal budget the way his brother did, for example. During his eight years as governor, Jeb took the time to slash thousands of such projects out of Florida state budgets, most of them inserted by Republican lawmakers.

His willingness to delve into the nitty gritty probably would have made Jeb a radically different commander in chief than his brother during one of the most dramatic and tragic events of the Bush presidency: Hurricane Katrina.

When a spate of hurricanes struck Florida in the late summer of 2004, Jeb responded quickly. He didn't dream up schemes to give hurricane victims private-school vouchers for their children. He didn't try to privatize disaster response. Instead, he worked on obvious, sensible things: He implemented an effective and thorough evacuation, and then came in quickly with massive assistance, including search-and-rescue teams, water, ice, food, law enforcement -- in more or less that order.

This was Jeb's shining, nonpartisan leadership moment in Florida and, the tragedy notwithstanding, he relished the challenge. He loves to compete, and standing up to a category four or five storm is the ultimate challenge a Florida governor can face.

In the state-of-the-art Emergency Operations Center on the southern edge of Tallahassee, with its giant display screens and dozens of computers, Jeb was in his element, walking around, getting status reports about how many shelters were open, effortlessly issuing commands without worrying about obstructionist judges or meddlesome state legislators.

Had Jeb been president in the days before Katrina struck, he would have known that such a huge storm threatened catastrophe for New Orleans. He would have known that the levees could break -- and he would have made sure that the city and state governments got all the help they needed. Jeb would not have undermined the Federal Emergency Management Agency with cronyism and incompetence. He would have "federalized" Katrina while the storm was still in the Gulf, taking over the evacuation and even using the military to empty the Lower Ninth Ward ahead of the storm, if that's what it took.

"I have learned a lot during my tenure as governor," Jeb told the Pensacola News Journal during that hurricane season. "One is when to be partisan and when not to be. Storms don't hit just Rs and Ds or independents. They're all Floridians."

I believe Jeb was being candid. He would have responded just as vigorously if the storm had struck a predominantly black, poor and entirely Democratic town as he did when it hit Republican-rich cities such as Pensacola, Punta Gorda and Stuart. A poor Florida city is still a Florida city, and to let a hurricane kill hundreds of Floridians, or to allow it to destroy a town without quickly rebuilding, is to let the hurricane defeat him.

Jeb Bush doesn't do defeat.

That leads to the key question of a Jeb Bush presidency. In public, of course, Jeb has supported his brother's decision to invade Iraq. "It's tough," he said in a recent interview with Newsmax.com. "Thank God the president has been resolute, because it's not a popular war." But would Jeb have made the same choice? Would his state of the union speech this week have to include a lengthy discussion of a war in Iraq gone horribly wrong?

Unlike George, who ridiculed his classmates at Yale University for opposing the Vietnam War but then sought refuge in the National Guard, Jeb was troubled enough by that war that, according to his mother in a 1984 interview, he considered registering as a conscientious objector. Ultimately, he chose not to hurt his father's political career -- at the time, George H.W. Bush was President Richard M. Nixon's ambassador to the United Nations -- and registered for the draft. He was never called. "I had no compelling reason to go to Vietnam" he told the Miami Herald in 1994.

But he has grown more hawkish over time. Jeb Bush was a 1997 signatory to the Project for the New American Century, the neoconservative blueprint for a more "Reaganite" foreign policy. And his mother, Barbara, recalls in her memoirs a 1990 dinner gathering with President George H.W. Bush, their four sons and Air Force Chief of Staff Merrill McPeak. At the time, the president was pondering how to handle Saddam Hussein, who had invaded Kuwait, and Jeb (then 37) agreed with his brothers that their father should deal with Hussein harshly.

Yet Jeb did not sign on to PNAC's 1998 call to invade Iraq and depose Hussein. He also likes and respects former secretary of state Colin L. Powell; perhaps Jeb would have followed the "Powell Doctrine" in Afghanistan after the attacks of Sept. 11, 2001, pursuing the Taliban and al-Qaeda leader Osama bin Laden more zealously and using overwhelming force. With about 300,000 troops stabilizing Afghanistan, Iraq might not have become the imperative that it became under George W.

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Finally, there is a chance that Jeb's more internationally minded background -- he majored in Latin American studies in college and later lived in Venezuela for two years as a young bank officer -- might have made him open to a nuanced, more even-handed foreign policy, less susceptible to his neoconservative friends urging him to deal with Iraq once and for all.

It is impossible to know, but I suspect that the United States still would have gone to war in Iraq under President Jeb Bush. He would have been amenable to a compelling case from the same neocon camp that influenced George W., and Hussein's 1993 assassination attempt against George H.W. Bush could have clinched the deal. However, once in Iraq, Jeb would have been less prone to botch the job through inattention and cronyism. As with Florida's hurricanes, Jeb probably would have considered the task of invading, occupying and rebuilding a foreign country too important to outsource to political hacks or ideologues.

Once the family's brightest hope for this generation, Jeb may now prove a victim of the political ruin his older brother has brought to the Bush brand. Barely three in 10 Americans think that George W. is doing a good job. What are the chances that voters will gamble on the First Brother?

No one should write Jeb's political epitaph just yet. Even a 2008 presidential run should not be ruled out entirely. Should John McCain or Rudolph W. Giuliani or Mitt Romney fail to build a dominating presence by mid-summer, there is probably only one Republican who could come in at such a late date and still build an effective organization and a powerful fundraising machine in a matter of weeks: Jeb Bush. After all, Jeb raised about $35 million to win reelection as Florida governor four years ago. Pulling in $100 million in a few months is well within the realm of the possible.

In all likelihood, though, 2008 would be tough. The Iraq war is not getting any more popular, and U.S. troops may not be coming home quickly enough to allow Jeb a credible run.

A better fit for Jeb this time around is the number two slot. It would ensure his claim to be the GOP's front-runner in future contests. Coming on the heels of the George W. Bush presidency, the prospect of a Vice President Jeb Bush is not quite as scary as a President Jeb Bush. And the campaign trail is the ideal venue for Jeb to sell himself to the national media. The gap between Jeb, the Serious and Thoughtful Grownup, and George, the Perpetual Frat Boy, would become a major story line.

McCain swung by Tallahassee in December 2005 to sound out Jeb about running with him, and any Republican candidate would be foolish not to put him on the short list. He can raise money by the bucketfuls. Unlike his father and brother, Jeb does not tread gingerly through debates as though they were minefields, but uses them to his advantage. The fact that he has a Mexican-born wife could put Democrats on the defensive in California. And he remains popular in electoral-vote-rich Florida.

Jeb Bush will turn 54 next month. He has plenty of time. Given his personality and his sense of mission -- not to mention that his father and brother have already succeeded at this -- it seems impossible that Jeb would not run for president. Whether in two or six or 10 years, the United States will face the prospect of yet another Bush in the White House. Americans will then quickly learn what we in Florida already know: This Bush not only combines his father's interest in governing and his brother's permanent campaign but also brings a relentlessness to impose his will that seems entirely his own.

And ultimately, if Jeb is hobbled by the myth or reality of "Bush fatigue," one cure seems certain: Hillary Rodham Clinton. Should the junior senator from New York run away with the Democratic nomination, Jeb would have a ready answer for those who lament a Bush Dynasty.

"We're going to have a dynasty either way," he could respond. "The question is: Which one do you want? My family or hers?"

S.V. Dáte is the Tallahassee bureau chief for the Palm Beach Post and author of "Jeb: America's Next Bush" (Tarcher/Penguin).

Gut Check (WP)

The Washington Post, January 21, 2007

Colorado Sen. Wayne Allard's decision not to run for reelection last week gives Democrats a prime pickup opportunity in 2008. Is Allard's retirement a blip on the radar or a sign of things to come? Here's a look at the other Republican senators contemplating calling it quits in '08:

Sen. John Warner (Va.): Frustrated by his lack of power and still gasping at George Allen's drubbing in November, this five-term vet may take a pass -- especially if Democrats find a strong candidate.

The Betting: Slight tilt to retire.

Sen. Chuck Hagel (Neb.): One of President Bush's strongest GOP war critics, he has never come across as an enthusiastic senator -- and he still has an eye on the White House in '08.

The Betting: Lean retires.

Sen. Elizabeth Dole (N.C.): The former Senate Republican campaign chair had a miserable 2006, but her colleagues believe she will tough it out to reinstate her icon status.

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The Betting: Lean runs.

Sen. Pete Domenici (N.M.): The official word is that he's running, but two years is a long time for a 74-year-old who has health problems and appears increasingly frail.

The Betting: Lean retires.

Sen. Larry Craig (Idaho): Another regular on the retirement rumor mill, but Democrats aren't paying much attention, because Idaho is Republican country.

The Betting: Lean runs.

Sen. Thad Cochran (Miss.): He recently suggested that a decision may be a year away. The longer a party loyalist such as Cochran waits, the more inclined he may be to stay.

The Betting: Lean runs.

Carter, Clinton Seek To Bring Together Moderate Baptists (WP)

By Alan Cooperman

The Washington Post, January 21, 2007

Former presidents Jimmy Carter and Bill Clinton are leading an effort to forge dozens of small and medium-size, black and white Baptist organizations into a robust coalition that would serve as a counterweight to the conservative Southern Baptist Convention.

The giant SBC, with more than 16 million members, has long dominated the political, theological and social landscape among Baptists, often spawning resentment among smaller Baptist groups. It has also been closely aligned with the Republican Party.

The new coalition, which is Carter's brainchild, would give moderate Baptists a stronger collective voice and could provide Democrats with greater entree into the Baptist community. But Carter and other organizers are trying to walk a fine line, insisting that the alliance is not directly political while touting its potential to recast the role of religion in the public square.

"We hope . . . to emphasize the common commitments that bind us together rather than to concentrate on the divisive issues that separate us," Carter said. "There's too much of an image in the Baptist world, and among non-Christians, that the main, permeating characteristic of Christian groups is animosity toward one another and an absence of ability to cooperate in a spirit of brotherhood and sisterhood."

The Rev. Richard Land, head of the SBC's Ethics and Religious Liberty Commission, said the smaller Baptist groups are in "a search for significance and relevance." He scoffed at the idea that the new coalition would be nonpartisan.

"I'm not going to question their motives. I just know that if I were them, I would be concerned about how it might appear to many people, the timing," Land said. "Purportedly they're going to hold a convention of several thousand people in Atlanta in early 2008, hosted by two former Democratic presidents, one of whom has a wife seeking the Democratic presidential nomination. Some would see that as an overtly political activity."

Carter and Clinton were raised as Southern Baptists but have expressed dismay over the SBC's increasingly conservative bent since traditionalists defeated modernists in a struggle for control of the denomination in the 1970s and '80s.

The leadership battle, which raged over issues such as biblical inerrancy, temperance, homosexuality, abortion and women's role in the church, culminated in 2000 with revisions to the "Baptist Faith and Message" that barred women from serving as pastors and called for wives to "submit graciously" to the leadership of their husbands.

Carter stopped calling himself a Southern Baptist that year. Clinton attended a Methodist church during his years in the White House.

On Jan. 9 at the Carter Center in Atlanta, the two ex-presidents brought together the heads of 40 Baptist denominations and organizations to launch a year-long organizing effort that they hope will climax with the celebration of a "New Baptist Covenant" in early 2008. Clinton described himself as just a "cheerleader" for the effort and declined to be interviewed.

One of the main organizers, William D. Underwood, president of Mercer University in Atlanta, said the covenant's members will spend the coming months identifying joint projects to undertake in international aid, domestic poverty relief and missionary work.

"We're not against any other group of people of faith," he said. "We're against the fact that 100,000 people died last month of malaria. We're against the fact that hundreds of thousands of Africans face starvation each year."

The covenant would not be not a new denomination but a coalition of four historically black Baptist churches -- including the 7.5-million-member National Baptist Convention USA and the 2.5-million-member Progressive National Baptist Convention -- and several predominantly white Baptist groups, including the 1.4-million-member American Baptist Churches USA and the 500,000-member Cooperative Baptist Fellowship.

Together, they have more than 20 million members, outnumbering the SBC, which was not invited to the Atlanta meeting.

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"The elephant is no longer in the room. There's been a convergence of the rest of the Baptists in North America," said the Rev. Daniel Vestal, national coordinator of the Cooperative Baptist Fellowship, a group of present and former Southern Baptists unhappy with the SBC's course.

"The thrust here is for a voice of Baptists that has not been heard," said the Rev. William J. Shaw, president of the Nashville-based National Baptist Convention USA. "Most of the representations of Baptists have come from the prominent television personalities, and that's okay, but they don't represent the full sweep of Baptist understanding of the faith."

Shaw said broadcast evangelists such as the Rev. Jerry Falwell and the Rev. Pat Robertson, along with the Southern Baptist Convention, have "downsized the moral message" of the Bible "so that the dominant question has to do with sexuality."

Black Baptist churches, he said, are saying that "sexuality is not the only dimension of morality. The whole business of social justice, of a fair prosecution of offenders, caring for the environment, immigration, even the morality of our foreign policy, are things that really need to be put into the debate."

Land denied that Southern Baptists care only about sexual morality, noting that the SBC was heavily involved in relief efforts after Hurricane Katrina. But he agreed that there appear to be significant disagreements between the SBC and the new coalition.

"One of the areas where we would be in significant disagreement would be our view toward Israel, as highlighted by President Carter's new book," he said, referring to "Palestine Peace Not Apartheid," published in November by Simon & Schuster. Fourteen members of an advisory panel at the Carter Center have resigned over the book's depiction of the Israeli-Palestinian conflict.

Another difference, he said, was made clear last week when Carter spoke of sexual orientation as an "ancillary issue." "Most Southern Baptists would disagree with that," Land said. "We're not going to affirm and accept all sexual orientations."

Although the SBC was not invited to the planning meetings, Carter said he is confident that "many full-fledged Southern Baptists" will join the new covenant.

"We want our whole concept to be receptive and positive and inclusive -- and not exclusive or rejecting any Baptist," he said.

With Rich Little, Press Corps Is Assured A Nice Impression (WP)

By Paul Farhi

The Washington Post, January 21, 2007

The White House press corps last week found itself embroiled in controversy -- a controversy over its efforts to avoid controversy at an event whose guests include President Bush.

Stung by criticism that comedian Stephen Colbert went too far last year in his remarks at the White House Correspondents' Association annual dinner, the group announced last week that it had lined up a different kind of entertainer for its next dinner on April 21: impersonator Rich Little.

The choice elicited two general reactions: Who? And why?

While the name is probably unfamiliar to people under 40, Little was a popular Las Vegas performer and guest star on TV variety shows of the 1960s and 1970s. He's best known for impressions of celebrities (Johnny Carson, Jimmy Stewart, Jack Benny) and presidents (Nixon and Reagan) who are no longer with us.

But "edgy" Little isn't. Even in his heyday, he didn't do biting topical satire or searing political humor. As a performer, he's more "Ed Sullivan" than "Daily Show."

Which is why, according to Little, he was hired in the first place. "One of the reasons they picked me is because I'm not controversial," he said yesterday from his home in Las Vegas. "They did get some flak about the guy they had last year. I don't think they wanted someone political or controversial again."

Yet after Colbert made waves -- he compared the Bush administration to the Hindenburg disaster, among other things -- some wondered whether choosing Little indicated that the rough, tough White House press corps was going soft, ensuring that its honored guests from the White House would suffer not even the slightest slight.

That's more or less how MSNBC host Keith Olbermann read it; he nominated the entire correspondents' association as his "Worst Person in the World" on his program last week.

Little, 68, disavows comments attributed to him in the Las Vegas Review-Journal last week that seemed to suggest he had been told by the press group to go easy on the president and that he "wouldn't even mention the word 'Iraq' " at the dinner. "No one ever put restrictions on what I can do or say," Little said. "I wouldn't mention Iraq because there's nothing funny about it."

Nevertheless, Little's published comments put the WHCA on the defensive. The group's president, C-SPAN's Steve Scully, issued a statement saying: "The White House Correspondents' Association never dictates or censors the content of a press

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dinner entertainer's act . . . My advice to [Little's agency] when we booked [him] in December was to follow the time-honored Washington motto [of] the Gridiron Dinner: 'Singe, but never burn.' "

On the other hand, Scully said in an interview, the group does want to avoid "an Imus moment," a reference to radio talk-show host Don Imus's monologue at the 1996 Radio and Television Correspondents' Association Dinner, in which Imus rankled some of the assembled with off-color cracks about President Clinton's extramarital behavior.

"I loved Colbert and thought he was outstanding," Scully said, "but some people don't get his brand of humor. Do you want to invite someone to a party and make them into a political pi?ata? That's not the purpose of the dinner. It's for [journalists] and their sources and contacts to have an enjoyable evening. That's what we're trying to do."

Scully said his group sought David Letterman, Jay Leno, Billy Crystal and Martin Short as performers for this year's dinner, but none was interested. Scully turned to Little after seeing him perform on Letterman's TV show in November. He accepted the gig, which Scully said pays "in the low five figures."

But even a nice paycheck doesn't make playing black-tie Washington worthwhile, says Lewis Black, comedian and "Daily Show" regular. "What they want at those events are [politically correct] jokes, and P.C. jokes just aren't funny," said Black, who grew up in Silver Spring. "You spend the rest of the year making fun of these people, and when you come to Washington, you have to turn your act into a series of innocuous knock-knock jokes. It's just painful."

When he performed at the Radio and Television Correspondents' Association dinner in 2005, Black said, he edited all of his usual material, even avoiding saying "nipple" in reference to the Janet Jackson "wardrobe malfunction" incident. He also thought it was inappropriate to use the word "laid" in the punch line of a joke about his high school prom, which had been held in the same Hilton Washington ballroom as the dinner.

As for Little's being hired this year by the White House Correspondents' Association, Black said: "It's like going from Jackson Pollock to paint-by-numbers. God love Rich Little, but he's not in this decade. He's in no position to pose any threat to anyone. He makes Bob Hope look like Lenny Bruce. It's sad that we've reached this point" with comedy as political expression.

Another reason to scrap the dinner altogether, suggests Rem Rieder, editor of the American Journalism Review. After the Colbert controversy last year, and an earlier one in which Bush joked about not finding weapons of mass destruction, Rieder wrote that such press-politico events reflect the "smugness" and arrogance of the news media, suggesting that they are "part of a wealthy elite, completely out of touch with ordinary Americans."

The hiring of "a controversy-free" Little underscores the point, he says: "Do we really need a neon sign to proclaim the coziness of the White House press corps and the White House's occupant? It's really hard for me to understand making a decision like this, particularly so close to the WMD debacle. The dinner must go."

George A. Smathers, 93; Former Florida Senator (WP/AP)

The Washington Post, January 21, 2007

George A. Smathers, 93, a former Democratic senator from Florida who forged friendships with presidents, waged war against communism, resisted civil rights legislation and was an early voice warning against Fidel Castro's rise to power in Cuba, died Jan. 20 at Indian Creek Village, an exclusive island community near Miami. He had a stroke earlier in the week.

Mr. Smathers was among a new breed of congressmen -- including John F. Kennedy and Richard M. Nixon -- who arrived on Capitol Hill in the late 1940s and were shaped by their experience in World War II. Mr. Smathers used his during more than two decades in Washington to focus on international issues and to fight communism.

Early in his career he was considered a moderate, but by the time he left office in 1969, he had a tarnished legacy as an opponent of civil rights.

Charming, tall and handsome -- his opponents called him "Gorgeous George" -- Mr. Smathers easily won friends. He spoke on behalf of the groom at Kennedy's wedding rehearsal dinner. When Lyndon B. Johnson suffered his first heart attack, Mr. Smathers was at his side. And when Nixon sought a refuge from the White House, Mr. Smathers sold him a house on Key Biscayne in Florida.

In spite of his connections, Mr. Smathers sometimes found himself at odds with his party's leadership. Like other Southern Democrats, he coddled segregationist white voters. He supported voting rights for African Americans but sought to weaken other equal rights measures and voted against the landmark Civil Rights Act of 1964.

He opposed Thurgood Marshall's nomination to the Supreme Court and called the Brown v. Board of Education decision, which declared school segregation illegal -- a "clear abuse of judicial power." When the Rev. Martin Luther King Jr. was jailed in St. Augustine, Fla., Mr. Smathers offered to pay King's bail, but only if he left the state.

As an expert on Latin America, Mr. Smathers supported the Alliance for Progress, which pumped billions of dollars in aid to the region. He was also among the earliest and loudest voices cautioning of Castro's communist leanings and urged a hard-line approach to Cuba and a total embargo on its goods.

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George Armistead Smathers was born Nov. 13, 1913, in Atlantic City. His father was a federal judge and his uncle a U.S. senator. His family moved to Miami when he was 6, and he won his first election, as student body president, while attending Miami Senior High School.

After graduating from the University of Florida, he received a law degree from there in 1938. He served as an assistant U.S. district attorney, then entered the Marine Corps during World War II.

In 1946, Mr. Smathers won his congressional seat by unseating a four-term representative. He and Kennedy, who was elected the same year, shared similar affluent backgrounds, wartime experiences and a passion for golf -- and women. Hampered by a bad back and other war injuries, Kennedy sometimes leaned on Mr. Smathers as they walked to the floor of Congress to cast votes.

When Mr. Smathers ran for the Senate in 1950, the race turned out to be among the most contentious in Florida's history. Mr. Smathers badgered incumbent Sen. Claude Pepper (D) on his support of civil rights and accused Pepper of being a communist sympathizer. Both sides issued scurrilous statements, but the most famous remarks may never have been uttered.

"Do you know that Claude Pepper is known all over Washington as a shameless extrovert?" Mr. Smathers was quoted as saying. "Not only that, but this man is reliably reported to practice nepotism with his sister-in-law and he has a sister who was once a thespian in wicked New York. Worst of all, it is an established fact that Mr. Pepper, before his marriage, habitually practiced celibacy."

The comments appeared in Time magazine and were forever etched into public memory, but Mr. Smathers denied ever having made them. Pepper's backers called Mr. Smathers a fearmonger and a bigot, but Mr. Smathers prevailed.

In Congress, Mr. Smathers helped pass bills to create Medicare, the Small Business Administration and Everglades National Park. He pushed for federal holidays to be moved to Mondays and ardently supported the war in Vietnam.

After voluntarily leaving office in 1969, Mr. Smathers made a fortune through lobbying and varied business ventures, ranging from orange groves to car dealerships. He gave tens of millions of dollars to the University of Florida and the University of Miami.

His first marriage, to Rosemary Townley Smathers, ended in divorce soon after his departure from politics.

Survivors include his wife, Carolyn Hyder Smathers, whom he married in the early 1970s, of Indian Creek Village; two sons from his first marriage, John Smathers of Arlington and Bruce Smathers, a former Florida secretary of state, of Jacksonville; a sister; and three grandchildren.

Talks On Palestinian Unity Postponed (AP)

By Zeina Karam, Associated Press Writer

AP, January 21, 2007

Key talks on forming a Palestinian unity government and ending deadly infighting were canceled Saturday night, dimming expectations for a planned meeting between the Palestinian president and the exiled leader of Hamas militants.

"The meeting was postponed until tomorrow (at the earliest). We hope that it will be held," Izzat Rashaq, a member of Hamas' politburo, told The Associated Press.

Rashaq said further preliminary negotiations were needed to resolve differences over forming a coalition government before Palestinian President Mahmoud Abbas and Hamas leader Khaled Mashaal could meet. He did not elaborate.

Another senior member of a Palestinian faction also told AP the meeting had been postponed.

"There are difficulties facing such a meeting and there are current mediations to try and resolve the problems," he said, agreeing to discuss the matter only if not quoted by name or even by faction because of the sensitivity of the matter.

There had been hopes that the meeting — the first between Abbas and Mashaal since July 2005 — could end the yearlong political deadlock between the militant Hamas, which controls the Palestinian parliament and Cabinet, and Abbas' more moderate Fatah movement.

With the two sides unable to agree, tensions have repeatedly exploded into warfare in the Gaza Strip — a traditional Hamas stronghold — that has killed at least 62 people.

The thorniest issues are control of the two factions' security forces and Hamas' refusal to recognize Israel's right to exist.

Western nations are demanding that the militant Islamic group accept Israel's existence and renounce violence as a condition for ending an economic boycott they imposed on the Palestinian Authority after Hamas won legislative elections last year.

Abbas has been pushing Hamas for months to form a unity government of independent experts in hopes of ending the sanctions and has threatened to call early elections if the two sides can't agree.

Before Abbas arrived in Damascus on Saturday, he had billed the planned talks with Mashaal as a last-ditch effort to end the crisis.

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But, as Abbas began meeting with leading members of other Palestinian factions Saturday evening, his aide Saeb Erekat sought to play down the significance of any talks with Mashaal and would not confirm a meeting had been planned.

"The purpose of this visit is for President Abbas to meet with (Syrian) President (Bashar) Assad, though I'm not excluding the possibility of President Abbas meeting with Mr. Mashaal and other Palestinian leaders in Damascus," Erekat told reporters.

Abbas met with the Syrian-based leaders of the Democratic Front for the Liberation of Palestine and Islamic Jihad at his hotel in the Syrian capital.

Rashaq, the Hamas official, said Islamic Jihad leaders and the leaders of other Palestinian factions were involved in mediation efforts to try to resolve the problems between Hamas and Abbas' Fatah movement. "We hope an agreement can be reached," he said.

Mashaal has lived in Damascus since 1997, when he survived an Israeli assassination attempt in Jordan.

Abbas came to Damascus bolstered by Israel's release to him on Friday of $100 million in frozen Palestinian taxes that the Jewish state has refused to turn over to the Hamas-controlled Palestinian government.

Israel said the money would be used by Abbas for humanitarian purposes and to strengthen his security forces.

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Associated Press writer Albert Aji contributed to this report.

Lawmaker's Tough Talk Rouses Fatah Faithful (LAT)

By Ken Ellingwood

The Los Angeles Times, January 21, 2007

RAMALLAH, WEST BANK — Once again, Mohammed Dahlan is playing the heavy.

The former Palestinian security chief gained a reputation for having an iron hand during a crackdown against Hamas a decade ago. Now he again is at the forefront of his Fatah movement's conflict with the radical Islamist group.

The 45-year-old lawmaker stoked tensions during a fiery speech at a rally in the Gaza Strip this month, angrily labeling Hamas "murderers" and vowing to strike back twice as hard if its gunmen carried out more attacks on his Fatah brethren.

The address, marking Fatah's 42nd anniversary, came three days after Hamas forces besieged the Gaza home of a senior Fatah security official, killing him and six others as the official pleaded for help in a telephone call aired live by Palestinian radio.

During the Jan. 7 rally, which drew tens of thousands of backers, Dahlan defiantly pushed his bodyguards away, reportedly telling them to "let Hamas shoot me."

Hamas activists call Dahlan a thug and say he is serving as a proxy for Israeli and U.S. efforts to oust them from power.

But the tough talk also generated an exhilarating shiver among many members of the once-dominant Fatah movement, still struggling to regain its balance a year after losing parliamentary elections to Hamas, and renewed speculation among Palestinians over Dahlan's ambitions.

"He wants to be the president of the Palestinians. It is very clear," said Hani Masri, a Palestinian commentator in the West Bank city of Ramallah.

Poised and well groomed

Dahlan dismisses such speculation, even though he has helped fuel it by assuming a higher profile after many months in the background. Poised and always impeccably groomed, Dahlan lately has appeared nearly inseparable from Palestinian Authority President Mahmoud Abbas, also of Fatah, with whom he has had an up-and-down relationship.

Israeli media have reported that Abbas quietly named Dahlan to oversee Palestinian security forces, in effect putting him in command of Fatah's battle with Hamas. Dahlan has denied it.

"I'm just a member of Fatah and not more than that. I will carry out my responsibilities on that basis," he told foreign journalists in a briefing Friday. "I'm a person up the street."

Among the next generation of Fatah activists, polls generally show Dahlan and Marwan Barghouti, the jailed leader of the Palestinian uprising, as the favored potential successors to Abbas.

Many party members complain of a leadership vacuum since the death of Yasser Arafat in 2004. Abbas, 71, has not indicated any plans to step aside, nor made it clear whether he will run if early elections are held this year. Abbas has called for presidential and parliamentary elections to break the months-long impasse with Hamas, but he has not followed through.

Dahlan is popular in Gaza, where clan ties helped him win a legislative seat despite Hamas' near sweep and where he retains influence with thousands of members of the security forces loyal to Fatah. A canny political survivor and charismatic counterpoint to the drab Abbas, he receives a rock star's reception among admirers, especially women and young people.

But he has scant support in the more populous West Bank. Even Fatah members there regard him as potentially divisive and in too big a hurry for power. Moreover, ordinary Palestinians view Dahlan's lifestyle as lavish, possible evidence of his ties to the graft that was rampant under Arafat. Dahlan has denied corruption allegations.

But by standing up to Hamas, Dahlan appears to have provided his listless party with a fortifying jolt. His speech came during a spate of factional violence that killed more than 30 people.

"It was very important to Fatah. It gave them this push back by showing there was someone willing to stand up," said Diana Buttu, a political analyst and former legal advisor to the Palestine Liberation Organization. "For the first time in a long time, he energized the movement."

Analyst Ghassan Khatib, a former planning minister, said Dahlan had to step up when the Fatah-Hamas deadlock turned violent.

"Fatah needed a strong man in Gaza to lead," Khatib said. "He's the only one who can do that."

'Leading the coup'

Hamas has portrayed Dahlan as the embodiment of its fight with Fatah.

"Dahlan is leading the coup against the democratically elected government," said Ismail Radwan, a Hamas spokesman in Gaza.

Hamas officials accused Dahlan of orchestrating what they said was an assassination attempt against Prime Minister Ismail Haniyeh in December. Hamas spokesmen say Dahlan has incited further factional violence, and they accused him of treason.

Dahlan depicts Hamas members as religious zealots bent on keeping power no matter the cost.

"If Hamas kills somebody from Fatah, I will not stay quiet. I will confront them," he told reporters.

The two sides have a history of bad blood.

Dahlan, who led a Fatah youth group in the Gaza Strip during the 1980s, recalls with disdain that the Islamists refused to join the Palestinian resistance movement. Hamas leaders, meanwhile, blame Dahlan for the torture and humiliation they said their members endured at the hands of his forces when Arafat ordered a crackdown in 1996.

Dahlan grew up in a refugee camp in Khan Yunis, in the southern Gaza Strip, and as a young Fatah activist repeatedly was jailed by Israeli authorities before being deported to Jordan in 1988. He later joined Arafat in Tunis, Tunisia, and returned in 1994 with the rest of the exiled Palestinian leadership after the signing of the interim peace agreement with Israel.

He has served as a negotiator, but came to be known for his role in security matters. Although Dahlan had a stormy relationship with Arafat, he never formally broke with the late leader.

Dahlan is viewed among Palestinians as the strongest man in Gaza, with thousands of guns at his command, and as a favorite of U.S. officials. Many Palestinians remain wary of Dahlan's past cooperation with Israel on security issues, saying he became too closely associated with the Jewish state even though he came under fire from Israeli forces after violence broke out in 2000.

"He is seen as a man who seems very close to America and Israel during a period when neither one is giving the Palestinians anything," said Masri, the commentator.

A senior U.S. State Department official described Dahlan as "a serious guy" who supports peace with Israel "on terms favorable to the Palestinians."

The Bush administration is seeking congressional approval for $86 million in what it describes as nonlethal aid to bolster security forces under the control of Abbas. Officials in Hamas consider the move part of an effort to undermine it.

Dahlan says his focus since Fatah's defeat has been to rebuild and rejuvenate the party, now led largely by men of advanced years, in anticipation of the next electoral battle.

"Wherever I can assist Fatah and can serve Fatah, I will do it," he said. "If Hamas gets upset, it's not my problem."

U.S. Troops To Protect Serbs In Kosovo (WT)

By John Phillips, The Washington Times

The Washington Times, January 21, 2007

BELGRADE, Serbia -- The United States has moved troops to northern Kosovo to protect the Serbian minority ahead of elections today in Serbia, where nationalists have pledged to prevent the province's ethnic-Albanian majority from obtaining independence.

Two U.S. military platoons, accompanied by one Austrian and one Georgian platoon were deployed in late December for a month to a NATO camp at Leposavic, close to the border with Serbia, Kosovo's peacekeepers' headquarters announced. The redeployment was part of NATO's plan for rapid intervention aimed at providing security for about 100,000 Serbs living in Kosovo.

A U.N. civil administration mission and about 16,000 NATO protection troops have been in Kosovo to curb ethnic conflicts since 1999, when an Allied bombing campaign expelled Serbian forces.

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The war ended a wave of brutal ethnic cleansing against the Kosovar civilian population by Serbian then-President Slobodan Milosevic's regime.

In the Kosovo capital of Pristina, leaders of ethnic Albanians, who make up 90 percent of the province's population of 1.8 million, insist on independence. Serbia Prime Minister Vojislav Kostunica has said Kosovo will be part of Serbia and the historic cradle of Serbian culture forever.

After the election, Kosovo is expected to be offered limited independence from Belgrade.

The latest rotation of about 1,500 U.S. troops under Brig. Gen. Douglas Earhart, commander of the U.S. Army National Guard's 29th Infantry Division and of Kosovo Forces Multi-National Task Force (East) moved into position in Kosovo last month. Most are Guard troops from Virginia, Massachusetts, 20 other states and Puerto Rico.

The United Nations late last year delayed a recommendation by the U.N. special envoy for Kosovo, Martti Ahtisaari, on the future status of Kosovo so as not to prejudice the Serbian elections.

NATO said last week it is unlikely to reduce troop levels in the province until 2008. NATO has 16,500 soldiers from 35 countries deployed in Kosovo.

"We will maintain our mandate, our strength, our organization on 2007," Lt. Gen. Roland Kather, the German commander of NATO's Kosovo force, said at a press conference. "I think that there will be no change until early 2008, and then we'll have to look at how far we have come."

Kosovo Looms Over Serbian Vote (LAT)

By Alissa J. Rubin

The Los Angeles Times, January 21, 2007

BELGRADE, SERBIA — Once the most powerful of the former Yugoslav republics and a kingdom that reached from the Adriatic to the Aegean, Serbia is about to lose the only vestige of its days of glory: Kosovo.

United Nations mediators say they will unveil their plan for the province, which is predominantly ethnic Albanian and Muslim, and has been governed as a U.N. protectorate since 1999, sometime after today's Serbian general elections.

Although the result of their deliberations appears to be a foregone conclusion and most outsiders have viewed Kosovo as a separate entity since a U.S.-led NATO air campaign forced the withdrawal of Serbian security forces, Serbs hardly see the same reality.

The imminent loss of the province has been a central issue in the parliamentary campaign. Serbian politicians, intent on proving their loyalty to the country's traditional identity, have pulled out the stops to convince the world that the province should remain within their nation's borders.

They have hired the high-powered Republican-affiliated lobbying firm of Barbour Griffith & Rogers in Washington. The Serbian Orthodox Church has allied itself with televangelist Pat Robertson, who shares its concern about the rise of Muslim influence in the West.

Serbian political leaders have been on the phone to the Russians, fellow Slavs who have veto power in the U.N. Security Council, which would have to approve any broad independence deal.

Symbol of righteousness

Why does the province exert such a hold on the Serbian imagination? Landlocked, poor and now populated mostly by ethnic Albanians hostile to Serbs, it nonetheless has become a symbol of Serbia's image of itself as a righteous nation, a beacon of the Orthodox Christian world.

"We were all raised on the Kosovo myth … and Serbs, even if they don't go there, see it as part of their country, part of our history," said Rade Stanic, editor of the newsweekly Evropa.

Every Serbian schoolchild studies the epic poetry that describes the 14th century battle of medieval Serbian princes against the Turks. Although the Turks won, Serbs believe they won in the eyes of heaven by martyring themselves on Kosovo Polje, the battlefield that gives the province its name.

Prince Lazar, the hero, is given a choice by a gray falcon on the eve of the battle: "Which kingdom is it that you long for most? / Will you choose a heavenly crown today? / Or will you choose an earthly crown?"

Lazar chooses heaven. "Earthly kingdoms are such passing things / A heavenly kingdom, raging in the dark, endures eternally," he says.

To this day, Kosovo is thought of as Serbia's Jerusalem. The seat of the Serbian Orthodox Church and the titular home of the patriarch, its spiritual leader, as well as some of its most beautiful and historic monasteries, are at Pec, deep in Kosovo.

However, Kosovo's population now is 90% ethnic Albanian. A majority of them are Muslims; most of the rest are Catholics.

Serb politicians' mantra

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The election campaign in Serbia has focused on many immediate issues such as unemployment and inflation, but talk of Kosovo's status has also been a mantra. On this issue, there is little difference in the positions of the leading parties, all of which support Kosovo remaining part of Serbia.

The likely outcome of the elections will be a split among the three leading parties: The Radical Party, led by Vojislav Seselj, who is being held in The Hague on war crimes charges, takes a nationalist stand and believes that Serbia must confront the West; the party of Vojislav Kostunica, the current prime minister, advocates a slow rapprochement with Europe and the West; and the party of President Boris Tadic is more Western-leaning.

Kostunica, a lawyer by training, has endeavored to make a strong case that under international law, no sovereign country has ever been forced to grant independence to part of its territory. Serbs argue that it is as if Florida wanted to be a separate country, and the world decided that the U.S. should be compelled to give it independence.

U.S. diplomats queried on the point said that lawyers had not looked at the precedents but that Kosovo's case was different because it had been a U.N. protectorate, and that the Serbian "ethnic cleansing" there in 1999 in effect ended Serbia's right to control the province.

But Kostunica's argument has resonated with Russian leaders, who fear that if Kosovo can be taken away from Serbia, they could lose areas of Russia that aspire to independence, such as Chechnya.

If Russia opposes independence at the Security Council, ethnic Albanian officials would have to declare independence and wait for countries to recognize Kosovo as a sovereign state, a far more unwieldy process.

Serbian political analysts believe that the West has failed to take into account the potential for a nationalist backlash if Kosovo separates. In that case, the Radical Party, with its more isolationist ideology, would gain significant support, they argue.

"It would be best if things stay as they are; Kosovo already has a sort of de facto independence. But political symbolism is very important, and the United States and the international community is wrong to push for a formal resolution of Kosovo's status," said Djordje Vukadinovic, a professor of political science at Belgrade University.

"The status quo leaves the illusion of sovereignty and allows Serbia not to lose face by having its territory shrink again," he said. "It's a mirage, but mirages are useful in politics and it would mean a reduction in radicalism, which Washington does not want and which would otherwise grow."

Waiting game

Diplomats said it was possible that the U.N. would delay an announcement of Kosovo's status until after Serbia forms a government, which could take a month or more.

In the meantime, Kosovo's Albanians have become increasingly frustrated with the slow movement on their province's status, and some experts warn that spring could bring a renewal of violence.

Vukadinovic and others point out that Serbs never refer to Kosovo's "final status," the terminology used by Kosovo's Albanians and by the West, but speak of its "future" status.

"Saying 'future' status suggests that there could be other futures after the next one, and it leaves open the possibility that the Serbs will control Kosovo again," said a political consultant in Belgrade, the capital of Serbia, who asked not to be named because of the subject's political sensitivity. He noted that it took more than four centuries after the Serbs' defeat by the Turks for them to regain control of Kosovo, but that eventually they succeeded.

"Serbs don't think in years," he said, "they think in centuries."

PM: U.S. Wants Base In Czech Republic (AP)

By Karel Janicek, Associated Press Writer

AP, January 21, 2007

The United States has asked the Czech Republic to host a radar base that would be part of a global missile defense system, the prime minister announced Saturday, drawing a warning from Russia of retaliatory actions.

U.S. officials contend the system could defend Europe against intercontinental missiles fired by states such as Iran and North Korea. But the Kremlin warned that the military balance in Europe could be at stake and said the development risked a new arms race.

Independent defense experts have said the ground-based missile defense system is still years from being able to protect against long-range missile attacks.

Washington declined comment on Prime Minister Mirek Topolanek's statement. But the U.S. has been negotiating with Poland and the Czech Republic, both former communist states now in NATO, as it explores setting up missile defense sites in Eastern Europe.

The U.S. has missile interceptor bases in Alaska and California. It activated a powerful X-band radar site in northern Japan as part of the system last September, but so far has no anti-missile weapons based outside U.S. territory.

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The U.S. request that the Czech Republic host only an X-band radar facility could indicate Washington is considering putting launchers for anti-missile missiles in Poland.

Czech authorities refused to comment on Poland's possible role. Topolanek said only that he would discuss the issue with his Polish counterpart, Jaroslaw Kaczynski.

Topolanek said his government would name a committee in the next week to consider the U.S. request and a decision could take several months. Czech opposition parties have spoken against the defense system, and the premier's governing coalition does not have enough parliament votes to pass measures on its own.

In Moscow, Andrei Kokoshin, the former Russian Security Council chief who now heads parliament's committee for ties with former Soviet bloc nations, warned that Czech approval of the plan would "not pass without consequences."

Russian lawmakers dealing with security issues "will recommend taking retaliatory measures" that would "help maintain strategic stability and ensure the national security of Russia and our friends and allies," Kokoshin was quoted as telling the Interfax news agency.

A State Department spokesman, Edgar Vasquez, told The Associated Press he could not confirm that the Czechs had been asked to host the radar site and Poles the missile interceptors. He only repeated that negotiations were under way.

"Depending on the result of the discussions, the U.S. will seek to field a limited number of ground-based missile defense silo launchers, with their associated interceptors, similar to those currently fielded at Fort Greely, Alaska, and to deploy an X-band radar for midcourse tracking and discrimination of ballistic missile threats out of the Middle East," he said.

Vasquez would not specify which countries in the Middle East are considered a threat, but U.S. officials and others worry about Iran's development of long-range missiles that can reach Europe.

The missile defense system is intended to begin tracking missiles early during their boost phase and then guide intercepter missiles that would destroy the threatening missiles in flight.

So far, the U.S. military has deployed only a small number of interceptor missiles — at least 11 at Fort Greely and two at Vandenberg Air Force Base on the central California coast.

Topolanek said that if the Czech Republic approves the U.S. request, some 200 American specialists would be deployed here and the base would become operational in 2011.

"We are convinced that a possible deployment of the radar station on our territory is in our interest," he said. "It will increase security of the Czech Republic and Europe."

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Associated Press writers Maria Danilova in Moscow and John Heilprin in Washington contributed to this report.

Turkish Police Arrest Teenage Suspect In Editor's Killing (NYT)

By Sebnem Arsu

The New York Times, January 21, 2007

ISTANBUL, Jan. 20 — The Turkish police on Saturday arrested a 17-year-old suspect in the killing of a newspaper editor who championed Armenian rights, Turkish authorities said.

The editor, Hrant Dink, 52, a Turk of Armenian descent, was shot Friday afternoon outside the office of his newspaper, Agos. A gunman was recorded by a surveillance camera nearby, and the police appealed to the public for help in identifying him.

On Saturday night, Ogun Samast was captured in Samsun, a Black Sea port, after his father recognized his images from the surveillance video and notified the police in Trabzon, their hometown, said Muammer Guler, Istanbul's governor, at a news conference just before midnight.

"The suspect was captured in Samsun on a passenger bus destined to Trabzon, together with all the evidence, including his gun and the white beret" seen in the video, Mr. Guler said.

Mr. Samast, an unemployed secondary school graduate who arrived in Istanbul a week ago, admitted killing Mr. Dink, the Samsun police said.

The police are also looking into possible links between Mr. Samast and the killing of a Catholic priest, Andrea Santaro, last February. The assailant was a 16-year-old who, like the priest and Mr. Samast, was from Trabzon.

Prime Minister Recep Tayyip Erdogan praised the efforts of the security forces Saturday and expressed satisfaction that an arrest had been made before Mr. Dink's funeral on Tuesday. "We're going to continue investigations with the same determination," Mr. Erdogan told the reporters, assuring that the arrest was only the start.

Mr. Guler said at a news conference earlier Saturday that Mr. Samast had visited the Agos office on Friday. He apparently posed as a university student hoping to meet Mr. Dink, whose secretary told the young man he would need an appointment.

The secretary later saw him loitering outside the office before Mr. Dink was attacked, Mr. Guler said.

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Kazim Kolcuoglu, head of the Istanbul Bar Association, noting that Mr. Samast and the killer of Mr. Santaro were under 18, said that minors in Turkey are used in slayings because they face lower penalties than an adult convicted of the same crime.

As a 17-year-old, Mr. Samast will be interrogated by a public prosecutor instead of the police, and will be tried at a minors' court, which will lead to certain reductions on his possible jail term, Mr. Kolcuoglu said.

Mr. Dink's murder has shocked Turkey. Mr. Erdogan condemned the shooting as a direct attack on Turkey's stability, and analysts from diverse political backgrounds appeared to agree.

"If the trigger finger aimed at the air of stability and confidence in Turkey, it hit the bull's eye," wrote Mehmet Barlas, a columnist for the center-right newspaper Sabah.

Although analysts like Mr. Barlas saw the assassination as a politically motivated attack on Turkey's progress toward membership in the European Union, others blamed a controversial law under which Mr. Dink had been convicted of insulting the Turkish identity.

Mr. Dink, who angered many in Turkey by challenging the official Turkish version of the 1915 Armenian genocide, was given a six-month, suspended sentence. But in the eyes of many radical nationalists, it made him a target.

Meanwhile, people continued to flock to the Agos office in Istanbul. Chants of "We are all Armenians, we are all Hrants," filled the air.

"We're here because we lost one of us," said a 33-year-old woman. As a teacher, she declined to give her name because it is illegal in Turkey for public workers to make public comments. "I want to see the perpetrators be brought to justice and the plot behind this assassination clarified immediately," she said.

Agos, the only bilingual Armenian-Turkish newspaper in Turkey, was founded and run by Mr. Dink since 1996.

"We lost the voice that spoke for us, but Turkey lost as much as we did," said Nadya Ismezoglu, an Armenian woman standing outside the Agos office. "Our pain is indescribable."

Look Up! Is It A Threat? Or A Plea For A Ban? (NYT)

By William J. Broad

The New York Times, January 21, 2007

THE nation's star warriors, frustrated that their plans to arm the heavens went nowhere for two decades despite more than $100 billion in blue-sky research, felt a shiver of hope last week with news that China had conducted its first successful test of an antisatellite weapon.

Having long warned of the Chinese threat, they now said their fears were vindicated and expressed optimism for their own projects, which range from new kinds of defensive satellites to flotillas of space weapons and orbital battle stations able to shatter all kinds of enemy arms.

China, a group of 26 "Star Wars" supporters warned in a recent report, has "begun to erode American space dominance" and will accelerate that slide with "both lasers and missiles capable of destroying satellites."

H. Baker Spring of the Heritage Foundation, a conservative research group in Washington, said in an interview that the cost to the United States of new arms and defensive measures would most likely run to "billions or tens of billions of dollars a year, pretty much year in and year out," and added, "I don't think that's excessive."

But the prospect of a new arms race in space is also energizing an opposition, including arms control supporters and fiscal conservatives alarmed at the rising costs of the Iraq war. Treaties could short-circuit the costly game of measure-countermeasure on the high frontier before it expands any further, they say. Currently, no international treaty or domestic law forbids such developments.

An unfettered arms race could hurt the United States more than any other nation, arms control advocates argue. The United States owns or operates 443 of the 845 active satellites that now orbit the planet, or 53 percent. By contrast, China owns just 4 percent.

"We not only have the most satellites but they are more integrated into our economy and our way of making war than any other country," said Laura Grego, a staff scientist at the Union of Concerned Scientists, a private group in Cambridge, Mass., that takes liberal positions on arms issues and environmental issues. "We have the most to lose in an unrestrained arms race."

But that logic has not persuaded the Star Wars advocates, who say the United States needs to protect its huge investment in space satellites by being ahead of anyone else in shooting such devices out of the sky.

Diplomats from around the globe have gathered in Geneva for many years to hammer out a treaty on the "Prevention of an Arms Race in Outer Space," which would ban space weapons. Arms control supporters say China and Russia have backed the process, while the United States has dragged its feet.

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Last year, John Mohanco, a State Department official, told the diplomats in Geneva that as long as attacks on satellites remained a threat, "our government will continue to consider the possible role that space-related weapons may play in protecting our assets."

A Heritage Foundation analysis of such diplomacy says China is charging ahead to build space arms while "seeking to block the United States from developing its own anti-satellite weapons and space-based ballistic missile defense systems."

China's strategy, the analysis says, is clear: "Work on public opinion in the United States to make moral arguments against weapons in space, develop international coalitions to limit the way that the United States can use space, and develop China's own weapons systems and tactics to destroy American satellites and space-based weapons."

But Theresa Hitchens, a critic of the administration's space arms research who is director of the Center for Defense Information, a private group in Washington that tracks military programs, said that China's antisatellite test might be "a shot across the bow" meant to prod the Bush administration into serious negotiations. In the test, a Chinese missile pulverized an aging Chinese weather satellite more than 500 miles above Earth on Jan. 11.

Ms. Hitchens warned that an arms race in space could easily spin out of control, noting that India has been "rattling its sword" and some experts in that country are openly calling for antisatellite arms. A global competition that produced armadas of space weapons, she added, could raise the risk of accidental nuclear war if, for instance, a whirling piece of space junk knocked out a spy satellite.

"How do you know it's not a precursor to a nuclear attack?" she asked. "Do you have an itchy trigger finger? If you've got a lot of satellites out there, you probably do."

The Bush administration has conducted secret research that critics say could produce a powerful ground-based laser meant to shatter enemy satellites. The project, parts of which were made public through Air Force budget documents submitted to Congress last year, appears to be part of a wide-ranging administration effort to develop space weapons, both defensive and offensive.

John E. Pike, who is the director of GlobalSecurity.org, a group in Washington that conducts research on military and space topics, said that treaties and defensive measures were the smart, cheap way to counter antisatellite threats, and that the star warriors in the wake of the Chinese tests were playing a false card.

"They're trying to piggyback on a totally unrelated topic," he said. "This says nothing about space-based weapons, star wars or any of that."

But a report, "Missile Defense, the Space Relationship and the 21st Century," researched by a group of organizations that focus on national security issues and published late last year by the Institute for Foreign Policy Analysis, called the military development of the high frontier vital to the nation's protection from a wide variety of threats — including Chinese arms.

"Without the means to dissuade, deter and defeat the growing number of strategic adversaries now arrayed against it," the group warned, "the United States will be unable to maintain its status of global leadership."

Vatican Urges "Dialogue" With China To Rebuild Ties (NYT)

By Ian Fisher

The New York Times, January 21, 2007

ROME, Jan. 20 — The Vatican issued a measured statement on Saturday on its future relations with China, saying it wanted a "respectful and constructive dialogue" to rebuild diplomatic ties but still noting the "suffering" of Chinese Catholics.

The statement was issued after two days of high-level talks at the Vatican on rebuilding relations with China. The statement said Pope Benedict XVI intended to write a letter to Catholics in China, though it did not say when or hint at any message.

The pope and Chinese officials have expressed a desire to restore diplomatic ties broken in 1951 when the Communist government took over. But any concrete steps were frozen after the official Chinese church, which answers to the government, appointed several bishops last year without the Vatican's consent.

The pope issued statements protesting the appointment of the bishops, saying that China had violated a long-standing, if informal, agreement in which the Vatican was able to have a tacit role in the process.

But the statement on Saturday was even in its tone, avoiding harsh criticism of China as it spoke of "following the road of a respectful and constructive dialogue with the governing authority to overcome the misunderstandings of the past."

The reconciliatory tone seemed aimed at encouraging more talks with the government. Still, the statement strongly praised the bravery of Catholics in China who are loyal to Rome, rather than to the Chinese authorities. An "official church" of five million Catholics, presided over by the government, exists beside with an underground church of 10 million.

"It is noted, with deep recognition, the luminous testimony offered by bishops, priests and the faithful, who without ceding to compromises, have maintained their faith to Seat of St. Peter, at times even at the price of grave suffering," the statement read.

The pope did not take part in the meetings, though the statement said he was fully briefed.

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Benedict Seen As Isolated At Vatican (WT)

By John Phillips

The Washington Times, January 21, 2007

VATICAN CITY -- The forced resignation of Pope Benedict XVI's handpicked choice for archbishop of Warsaw, Stanislaw Wielgus, has exposed divisions within the Vatican, which insiders say have left the pontiff increasingly isolated.

"Benedict does not have a decisive temperament and must take into account his age," said the Italian Panorama newsmagazine. "The initiatives he has taken are meeting with much resistance."

Bishop Wielgus announced his resignation on Jan. 9, just two days after accepting the post, in the face of disclosures that he had been an agent for Poland's communist secret service for decades and twice attended its spy school.

Benedict had passed over six other candidates to select Bishop Wielgus for the post, actions that suggest he was at best poorly advised by his entourage, Vatican sources say.

The Vatican declined to comment for this article.

The controversy over Bishop Wielgus recalled the Muslim furor over a papal speech last year at the University of Regensburg in Germany. Afterward, Vatican watchers asked why the pope's aides had not spotted the potentially offensive remarks in the text and removed them in advance.

Marco Politi, the respected Vatican reporter for La Repubblica newspaper, said many officials in the Curia, the church's central government, resent the conservative pontiff and see him as "a man of the past."

As he prepares to celebrate his 80th birthday on April 16, Benedict evidently has fostered resentment by trying to sideline several Polish clerics appointed to senior Vatican posts by Polish-born John Paul II, who died in 2005.

Cardinal Edmund Szoka, a Polish-American, was replaced as governor of Vatican City, responsible for the day-to-day running of the tiny state in Rome.

Also planned is the transfer of Edward Nowak, the secretary for the Congregation of Saints, the body that rules on requests for sainthood, according to Panorama.

In another move, Benedict was expected to replace the archbishop of Moscow, Tadeusz Kondrusiewicz, also Polish, to improve the pope's chances of arranging a historic meeting with Russian Orthodox Patriarch Alexius II, Vatican sources say.

In recent months, the German pontiff has moved to reorganize his inner Cabinet around Cardinal Tarcisio Bertone, the extroverted Vatican secretary of state from the Salesian Order.

Cardinal Bertone, named in September, made headlines last month by suggesting that the Vatican could field a soccer team in Italy's first division.

Other key appointments include Dominique Mamberti as effective foreign minister of the Holy See and the elevation of Indian Cardinal Ivan Dias to head the Congregation for the Evangelization of Peoples.

But Benedict, who is more used to playing a low-key role as John Paul's personal theologian, evidently has had difficulty becoming a team leader.

"For months, Benedict appeared isolated, closed up in his study polishing his speeches, writing his book on Jesus of Nazareth to be published in April or playing the piano," said Ignazio Ingrao, who writes for Panorama.

"His only outings were dinners at the home of his former secretary, Monsignor Josef Clemens. He has paid dearly for not being a team player."

La Repubblica said the pope was furious when he was forced to accept Bishop Wielgus' resignation only hours before his formal installation.

Among those Benedict reportedly passed over for the Warsaw Archdiocese was Stanislaw Rylko, president of the Pontifical Council for the Laity and the reputed ghostwriter of the last books by John Paul II.

Bishop Wielgus at first denied cooperating with Poland's communist-era secret police, despite disclosures in a Polish weekly that his name was on a list of documents found at the National Remembrance Institute. He then acknowledged it, but said he "never informed on anyone and never tried to hurt anyone."

Hong Kong Tries To Stop Mainlander Baby Boom (NYT)

By Keith Bradsher

The New York Times, January 21, 2007

HONG KONG, Jan. 19 — The plaintive cries of newborns never stop in the special care infant ward at Hong Kong's Queen Elizabeth Hospital — a ward designed for 30 babies but that has had as many as 60 at a time in recent weeks.

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The crowding is not a result of a baby boom among Hong Kong women, who have the world's lowest birthrate. Instead, the rows of bassinets are full because of an influx of mainland Chinese women who go to great lengths to make sure that their babies are born in Hong Kong.

The Hong Kong government wants to discourage them. Starting Feb. 1, pregnant women from the mainland will have to pay $5,000 for their hospital care before they are even allowed to enter Hong Kong, which has been a semiautonomous Chinese territory since Britain returned it in 1997.

Under rules the government announced Tuesday evening, immigration officers will be instructed to turn back any mainlander who appears to be at least seven months pregnant and has not paid.

The policy is expected to produce tearful showdowns at border points, and is already provoking an acrimonious debate in Hong Kong over what it means to be a citizen of this cosmopolitan metropolis on the South China Sea.

Just as many women from Mexico struggle to make sure their babies are born in the United States and are entitled to American citizenship, thousands of women from the mainland come to Hong Kong to give birth because it entitles their babies to permanent residency here. The benefits include a free education and subsidized health care as part of Hong Kong's British-inspired welfare policies. Hong Kong residents pay as little as $12.80 to give birth at a hospital because of extensive government subsidies.

The issue has divided the democracy movement here. Some, like Martin Lee, the founding chairman of the Democratic Party, agree with the city's Beijing-appointed leaders that Hong Kong needs more citizens because of its low birthrate — 0.9 per woman of child-bearing age, far below the replacement rate of 2.1. If the babies grow up and come live here, Hong Kong will have young people to care for an aging population. By having babies here, the mainland women "do what we cannot do ourselves," Mr. Lee said.

But others in the democracy movement, like Dr. Kwok Ka-ki, a surgeon who represents the medical profession in the legislature, say permanent residency should be restricted to babies born to Hong Kong parents.

"How could we stand the impact if huge numbers of mainland women come here to have babies?" he asked.

The number of babies born in Hong Kong to mainland mothers surged to 15,000 last year from several hundred a year in the late 1990s. Before the new restrictions were adopted, the number was poised to rise even more, as the Year of the Pig, which Chinese tradition holds to be an auspicious time for adding to a family, begins on Feb. 4 or Feb. 18, depending on which Chinese tradition is followed.

Every fifth Year of the Pig, falling once every 60 years, is considered especially auspicious and is known as a Year of the Golden Pig. The coming year is a Year of the Golden Pig, and is expected to produce an increase in births because marriage and birth statistics across China continue to show clear influences from such traditional beliefs, despite strong efforts by the Chinese Communist Party to dismiss them as superstitions.

Having a baby in Hong Kong, a city of 6.9 million people, can also help a family evade the mainland's one-child policy, although enforcement of that policy has been less stringent in recent years. Most of the women giving birth here return to the mainland initially to raise their babies because the mothers do not have the right to live here. The babies frequently have Hong Kong fathers, because Hong Kong companies now employ an estimated 11 million people on the mainland and send tens of thousands of Hong Kong citizens, mostly men, to manage them.

After marrying a Hong Kong man, a mainland woman can wait as long as seven years for the legal right to live here.

Beijing officials made it much easier in 2003 for mainlanders to visit Hong Kong, in a bid to help Hong Kong's struggling economy recover from SARS (severe acute respiratory syndrome) and thereby reduce pressures in Hong Kong for more democratic local rule.

Greater access has produced a tourism boom and throngs at shopping malls, but it has also made it much easier for pregnant women from the mainland to reach here.

Queen Elizabeth Hospital is on Kowloon Peninsula close to the train station where mainland Chinese arrive. It has been receiving a steady flow of women, many of whom show up in labor and with minimal medical records, making it hard to provide proper care.

"We have to be very cautious, very careful, because they've got complications as well" in some cases, said Dr. Cecilia Cheon, a consulting obstetrician at the hospital.

The special care infant ward handles babies born with jaundice and other problems not severe enough to require that they be placed in intensive care. The ward was so busy on Wednesday that the regular nurses were joined by retired pediatric nurses who had been called in to help give the babies bottles, burp them and change their diapers.

Dr. Terence Lao, an obstetrician at Queen Mary Hospital on Hong Kong Island, said the unexpected arrival of women in labor with few health records posed several risks. The women may be infected with influenza, asymptomatic tuberculosis or even H.I.V., the virus that causes AIDS.

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"Even if we are suspecting something, we cannot get the tests back in time," Dr. Lao said.

It is also harder to treat a baby at birth for possible health problems if no ultrasound tests have been done in advance to determine the health of the fetus.

Dr. Anthony Hedley, a former chairman of the department of community medicine at Hong Kong University and a frequent critic of government health policies, said that discouraging pregnant women from the mainland from traveling to Hong Kong was a prudent health measure. "It's not good for mothers or infants to be shuttling long distances," he said.

But Dr. Kwok said that the new rules might prompt mainland women to enter the territory before their pregnancies show, and then to overstay their visas to give birth here.

Beijing officials have been quiet on Hong Kong's new restrictions. Mainland leaders seldom comment publicly on issues involving Hong Kong, to avoid being accused of interfering with the city's autonomy, but they wield enormous influence on a wide range of issues.

The new policy has attracted its share of jokes. A cartoon in the South China Morning Post on Wednesday showed a large-bellied woman walking past two immigration officers.

"You're letting her in?" one of the officers asked.

The other replied, "Apparently it's only heroin, which is a customs problem."

Thai Army Officers Held In Bombings (NYT)

By Seth Mydans, Thomas Fuller

The New York Times, January 21, 2007

SINGAPORE, Jan. 20 — Authorities in Thailand detained 15 people, including some military officers, in connection with a string of bombings that killed three people and disrupted celebrations on New Year's Eve, the police said Saturday.

Police sources said nearly 100 police officers and soldiers had searched 18 locations in and around the capital and detained eight military officers and seven civilians.

"I was informed by police that they have detained some suspects and it is very regrettable that some of the officers are involved," Prime Minister Surayud Chulanont told reporters in Bangkok. "It is the power of police to investigate and file charges if they have evidence."

The arrests were made under martial law imposed after a coup four months ago that ousted Prime Minister Thaksin Shinawatra.

The police said no charges had been filed, and it remained unclear who was behind the bombings, which the government has said were done by supporters of Mr. Thaksin.

In separate televised comments on Saturday, Mr. Surayud said Mr. Thaksin, who was outside the country at the time of the coup and is now in Japan, could return to Thailand if he promised not to engage in politics.

"Mr. Thaksin should express clearly that he will stop all movements and express that his family wants to live in peace," Mr. Surayud said. "Then, we can talk and make arrangements."

The interim government, appointed by the military junta, has remained worried about a backlash from Mr. Thaksin's backers and has resisted the possibility of his return.

On Jan. 10 the government told television executives not to carry statements by Mr. Thaksin.

On Saturday the local cable provider, UBC, deleted from its broadcast a CNN interview done this week in Singapore.

In the interview, Mr. Thaksin denied involvement in the bomb blasts, saying: "I do everything for the good of the country and the people. I don't do something that's stupid."

He said that he did not want to return to Thailand if his presence would cause division or unrest and that he had no plans to become involved in politics.

"If I have to go to testify, I go," he said, referring to potential corruption cases against him. "But now the reason I'm not going back yet because I want unity in the country. I want the administration to do the reconciliation.

"I want everyone to unite, to move the country forward together," he said.

The ruling generals remain nervous, however.

Last week the coup leader, Gen. Sonthi Boonyaratglin, told fellow members of the junta not to talk on mobile telephones because they might be tapped.

"Our army has a problem now," he said. "When we make a call, the line goes to Singapore. When we talk secrets, they go straight to Singapore."

Early last year the family of Mr. Thaksin, a telecommunications tycoon, sold control of his company, Shin Corporation, to Temasek, the investment arm of the Singapore government.

The tax-free, $1.9 billion sale contributed to the building opposition against Mr. Thaksin that culminated in the coup.

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It also raised tensions between the governments that broke into the open last week when Mr. Thaksin visited Singapore and met with a government official.

Worried about Mr. Thaksin's possible return and about potential threats or violence by his supporters, the ruling generals now seem increasingly to be on the defensive.

"What General Sonthi said was they should be careful of confidential information they talk about on mobile phones," said a spokesman for the junta, Sunsern Kaewkumnerd. "They should switch to talk on fixed-line phones or in person."

Tanyapas Chuaycho, a company spokeswoman, denied that there had been any wiretapping.

"We are a business, we are not a spy," she told the Bloomberg news agency. "We can't do it, and the question is why would we?"

In recent months, Mr. Thaksin has been traveling through Asia, from Hong Kong to Bali to China to Singapore to Japan, meeting with supporters and keeping his name in the newspapers at home.

He is represented in Washington by Barbour Griffith & Rogers, a prominent lobbying firm, and he has hired the public relations firm Edelman of New York to help arrange meetings with the news media.

In a telephone interview from Hong Kong, Alan VanderMolen, vice president for Asia and the Pacific at Edelman, said, "We're working with him in his capacity as a private citizen and supporting some media outreach to support his efforts to return to Thailand."

Major Warlord Surrenders Arms To Somali Government (WP/AP)

The Washington Post, January 21, 2007

MOGADISHU, Somalia, Jan. 20 -- The last major warlord to withhold support from Somalia's government surrendered his weapons and militiamen on Saturday -- a boost for a fledgling leadership that still faces threats of guerrilla attacks from the Islamic movement that fled the capital.

Mohamed Dheere, one of the most feared rebel leaders in Somalia, gave the army chief 23 trucks mounted with heavy weapons and ordered 220 of his fighters to report for training at government camps. The handover took place during a ceremony in Dheere's stronghold of Jowhar, about 60 miles north of the capital of Mogadishu, said Abdirahman Dinari, the government spokesman.

But fears of an Islamic insurgency grew following an ambush Saturday morning on a convoy of Ethiopian troops in Mogadishu. The Ethiopians returned fire, killing a man and a woman on the side of the road, said Hawa Malin, a Mogadishu resident. Two other people died on the way to the hospital, officials said.

Late Friday, government troops also repelled an attack on the Somali president's palace.

A leader in Somalia's Islamic Courts movement said his group was responsible for the attacks, calling it part of a "new uprising."

"The only solution can be reconciliation and talks between the transitional federal government and the Islamic Courts," said Ahmed Qare, the movement's deputy chairman.

The U.N.-backed government -- with key military backing from Ethiopia -- drove the Islamic movement that had challenged it out of Mogadishu and much of the rest of southern Somalia weeks ago. But Islamic leaders have threatened a guerrilla war as long as Ethiopian troops remain in Somalia.

The United States and the European Union have called on the government to hold peace talks. So far, only clan leaders and warlords have been involved in the process, and religious leaders have been excluded.

The government has asked African peacekeepers to maintain security in the country, but they are unlikely to come if fighting continues. African Union officials approved an 8,000-peacekeeper mission Friday, but only Uganda has volunteered troops thus far.

Somalia has not had an effective central government since 1991 when warlords overthrew longtime dictator Mohamed Siad Barre and then turned on each other, reducing the Horn of Africa nation to anarchy and clan-based violence.

Expelled Bushmen Return Home (WP)

By Craig Timberg

The Washington Post, January 21, 2007

GABORONE, Botswana -- Several dozen Bushmen who had been expelled from the Central Kalahari Game Reserve have returned there under a landmark court ruling giving the traditional hunter-gatherers rights to land they and their ancestors occupied for thousands of years.

Ten families entered the vast, arid game reserve on Jan. 13, said Duma Gideon Boko, a lawyer who represented the Bushmen in their suit seeking to reverse years of government efforts to drive them out. The December judgment, which ended

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Botswana's longest-running legal battle, called the government's actions unconstitutional and ruled that the Bushmen were free to return to the game reserve.

The initial government response to the ruling suggested that only the 189 Bushmen named in the suit would be allowed to return, and park officials denied access to several others who sought to enter the park last month, according to Bushmen representatives and news reports.

But Jeff F. Ramsay, spokesman for President Festus Mogae, said Friday that all Bushmen, whether named in the suit or not, were free to enter the game reserve while the government developed a new permanent policy on the issue. Ramsay said 44 Bushmen, including several not named in the suit, entered this month.

"Those who wish to go into the park can do so," Ramsay said.

His comments were the latest sign that Botswana's government is seeking to defuse a standoff that has generated years of bad publicity for a country otherwise admired as a bastion of stability, prosperity and democracy on a troubled continent.

Disagreements remain over whether the Bushmen will be allowed to bring their livestock into the game reserve, which the government says is restricted to wild animals, and whether the government must provide services such as medical care to the people living there.

But Boko said government officials have been more conciliatory on most issues since the ruling.

"I think they are backing off," he said.

Bushmen, a catchall term for several related ethnic groups whose languages include distinctive clicks and pops, are descendants of hunter-gatherers who once roamed most of southern African before other groups relying on settled agriculture took control of the region. Bushmen long have been victims of discrimination and once were routinely shot as if they were vermin by farmers guarding their fields.

About 100,000 Bushmen remain in southern Africa, with the largest group in Botswana. Only a tiny minority is seeking to live traditionally in the Central Kalahari Game Reserve, an area larger than Switzerland.

Even before government relocation efforts, Bushmen living in the game reserve augmented their diets with livestock such as goats and some crops. Several Bushmen families had trucks for delivering water or making trips outside the reserve.

Major relocation campaigns happened in 1997, 2002 and 2005, and Bushmen alleged that police and park wardens destroyed their huts, dumped precious water supplies and used intimidation to drive the Bushmen to camps outside the reserve. The government also sharply restricted most forms of hunting, making it difficult for Bushmen to get crucial protein for their diets.

Bushmen advocacy groups have long said the government was motivated by a desire to control any diamonds -- the mainstay of the national economy -- that might be found in the park. The government, meanwhile, has said it was seeking to offer the Bushmen modern government services while also protecting the ecology of the game reserve.

On Thursday, Mogae visited with Bushmen at New Xade, a resettlement camp beyond the western border of the game reserve. New Xade has such amenities as schools, concrete homes and medical clinics, and Bushmen say it is impossible to maintain their ancient lifestyle there.

Mogae reportedly urged the Bushmen to embrace modernization, as most of the country has since independence from Britain in 1966.

Colombian Government Is Ensnared In A Paramilitary Scandal (NYT)

By Simon Romero

The New York Times, January 21, 2007

BOGOTÁ, Colombia, Jan. 20 — The government of President Álvaro Uribe, the largest recipient of American aid outside the Middle East, has found itself ensnared in a widening scandal as revelations surface of a secret alliance between some of the president's most prominent political supporters and paramilitary death squads.

Testimony this week from Salvatore Mancuso, a former paramilitary commander who admitted to orchestrating the killing of more than 300 people, as well as a document made public on Friday implicating more than a dozen politicians in the pact with paramilitaries, have injected fresh detail into a slow-burning scandal that has caused Colombia's elite political class to shudder in recent weeks.

Senior members of Mr. Uribe's government and Mr. Uribe himself have said that anyone shown to have had illegal ties to the paramilitaries, which terrorized Colombian cities and the countryside in the nation's internal war, which has gone on for decades, and made fortunes in cocaine trafficking, should be prosecuted in courts of law.

The scandal has already touched Mr. Uribe's cabinet, with Senator Álvaro Araújo, the brother of Foreign Minister Maria Consuelo Araújo, under investigation for collaborating with militias.

"If there's someone involved at the highest level, they will be fired," Francisco Santos, Colombia's vice president, said in an interview. "Scrutiny is fine for us," Mr. Santos said. "This country needs to know the whole truth."

Some of the details coming to light about the breadth of paramilitary activities are the result of a process set in motion by Mr. Uribe's own government, which has allowed paramilitary leaders to confess their crimes and pay reparations in exchange for reduced sentences of no more than eight years in prison.

Though some militia leaders have balked at the deal, much of Colombia has been gripped by the first such confession, that of Mr. Mancuso, a cattleman who helped found the paramilitary movement in the 1980s in an effort to combat leftist guerrillas.

Mr. Mancuso, 48, who studied English at the University of Pittsburgh, wept during the first days of his testimony at a special hearing in Medellín last month. This week, however, he simply read from a statement describing how he oversaw the assassinations of hundreds of people, with some operations made possible with information from military intelligence.

Mr. Mancuso also put Mr. Uribe in the spotlight by saying that militias pressured people to vote for the president in 2002, when Mr. Uribe was first elected. Mr. Uribe responded quickly by going on a national radio network to say he had never sent any emissaries to strike deals with the paramilitaries.

On the heels of Mr. Mancuso's testimony, a document rumored to exist in recent weeks was published in the daily newspaper El Tiempo on Friday. It describes a secret pact in 2001 between Mr. Mancuso, other paramilitary leaders and 11 congressmen, two governors and five mayors, in which those present agreed to work together to forge "a new social contract," largely in order to protect private property rights.

Senator Miguel de la Espriella, one of the signatories to the pact, helped bring the scandal to light last year by disclosing the ties between politicians and paramilitaries. Like other officials implicated in the pact, he said he was forced to sign, raising doubts as what type of legal punishment, if any, they might receive.

"At first we declined to sign, but when they put a man with a rifle next to the document we understood we had no choice," Mr. de la Espriella, a member of the Democratic Colombia party, said in an e-mail interview.

Asked why he was the only politician to come forward with details of the secret agreement, Mr. de la Espriella, alluding to widespread suspicions that legislators and government officials had for years worked in tandem with the paramilitaries, responded, "I told myself that a half-truth doesn't serve anybody, and we should all contribute to the enlightenment of the truth during so many years of war."

Those who signed the document included not only supporters of Mr. Uribe but also high-ranking officials in the political opposition, pointing to how a growing portion of the political establishment could be tarnished by the scandal.

Some 30,000 paramilitary members have been demobilized during Mr. Uribe's government in recent years. Colombia's military still receives more than $700 million a year in aid from the United States to combat drug trafficking and armed insurgencies.

Two guerrilla groups, the Revolutionary Armed Forces of Colombia and the National Liberation Army, still operate in the country. A truck carrying more than 600 pounds of explosives this week destroyed a dairy plant in southern Colombia owned by Nestlé, the Swiss food company, an act that the police attributed to the rebels.

Although the scandal has emerged as the most pressing political challenge to Mr. Uribe's presidency, his approval ratings remain high, at above 60 percent, after five years of rule and a re-election victory last year. Many Colombians credit Mr. Uribe for declining levels of murders and kidnappings and robust economic growth.

However, political analysts here say a steady stream of disclosures related to the paramilitary scandal could diminish Mr. Uribe's credibility, particularly if implicated officials are perceived to have close ties to the president. The scandal has already entangled a former ambassador to Chile and a former head of the intelligence service.

Equally pressing for Mr. Uribe's government could be the scandal's influence on discussions in the United States Congress of aid to Colombia and a trade agreement awaiting Congressional approval that has been signed by Mr. Uribe and President Bush. Political analysts say the Democratic-led Congress is expected to add greater scrutiny of human rights issues in Colombia.

Vast Pipelines In Amazon Face Challenges Over Protecting Rights And Rivers (NYT)

By Larry Rohter

The New York Times, January 21, 2007

URUCU, Brazil — In theory, the issue is a simple one: Brazil needs more sources of energy to keep its economy humming, and huge reserves of gas and oil are in the Amazon jungle. Problem solved.

Over the years, Petrobras, Brazil's state-controlled oil company, has, in fact, invested more than $7 billion in Amazon exploration and development, and in 1986 it made a major find here. But only now — after a seemingly endless sequence of geographic, logistical, environmental and political challenges were overcome — is the first in what is intended as a series of pipelines finally being constructed, this one to carry gas the 400 miles from here to Manaus, a port city of 1.5 million at the junction of the region's two biggest rivers that is emerging as an important industrial center.

DOJ_NMG_0119731

"Everything in the Amazon requires preparation that is big, long and complicated, especially a pioneering effort like this one," explained Joelson Falcão Mendes, the company's regional director here. "You've got a harsh climate that limits you to working only four months a year in some places. You're working in mud and crossing rivers that are not navigable, and there are 47 tropical diseases to worry about."

But oil pipeline leaks and the collapse of an offshore drilling platform in other parts of the country have damaged Petrobras's reputation, and there was initially strong resistance to the pipeline from local people, environmental and indigenous groups and archaeologists.

Some of them preferred that the gas be transported to Manaus by tankers from a terminal north of here, already connected by a pipeline, while others argued it would be cheaper and safer to buy the excess electricity generated by the Guri Dam in Venezuela.

Rather than steamrolling the opponents and skeptics, however, as often happens in Brazil, the company chose to woo them. The two million residents of Amazonas State have been promised economic benefits that have contributed to the project's $1.15 billion price, and scientists and environmentalists were consulted about how to minimize damage to the jungle that blankets the state, which is larger than Britain, France, Germany and Italy combined.

"They have really tried to minimize the impact, and the outcome is not as bad as we had feared," said Paulo Adário, director of Greenpeace's Amazon campaign. "Since they are taking oil and gas out of the heart of the Amazon, creating a model for what will be done in the future, that concern is quite understandable and necessary."

A second pipeline, which would head south to Porto Velho, a city more than 300 miles away, is a far more complicated matter. That project still faces challenges from advocates for the environment and rights of indigenous people because it will cross rivers and Indian lands, and is competing with two large dams for government money.

Farther west, near the Jurua River, Petrobras also has plans to develop oil and gas deposits first discovered in 1978. Company officials said they hoped to begin production in 2010, after construction of a pipeline that would run through dense and remote jungle to a refinery here.

Recent changes in energy policy in neighboring countries have added to the importance of the planned network of Amazon pipelines. For example, President Evo Morales of Bolivia, which has substantial reserves of gas that supply Brazil, has nationalized oil fields and refineries there, shutting out Petrobras, and has suggested quadrupling the price of some of the natural gas his country supplies to Brazil's industrialized south.

"All the research indicates that we are certain to find more gas in the Amazon," Eduardo Braga, the governor of Amazonas, said in an interview in Manaus, the state capital. "Brazil is going to need that gas over the next 30 years, so it is imperative that we develop those deposits. This is a strategic issue, not just for the Amazon but for all of Brazil."

The challenges Petrobras has had to confront also raise questions about the viability of the grand plan of Venezuela's president, Hugo Chávez, to build a 5,000-mile gas pipeline from Caracas to Buenos Aires, a cornerstone of his campaign to bring South America's economies together.

Initial estimates of the cost of that project, which would be longer than the Great Wall of China, run as high as $24 billion.

"The pipeline should be the locomotive of a new process of integration whose objective will be to defeat poverty and exclusion," Mr. Chávez said during a visit to São Paulo, Brazil's industrial capital, last year. "Unity is our only path."

[On Thursday, Brazil and Venezuela signed an agreement that calls for studies to begin this year on construction of a pipeline to cut through the northern Amazon to Manaus and then split in two directions.]

But environmental groups have complained that Mr. Chávez is trying to rush or even bypass the hearings and studies that are normally required and that his plan would worsen problems of deforestation and population migration.

"Just imagine the rivers and vast areas of forest they would have to cross," Mr. Adário said. "This is just something that just leaped out of Chávez's head. I don't know of a single technical expert or scientist who has done a serious analysis of the impacts that would have."

In the past, the construction of large energy projects in the Amazon, such as the mammoth Tucuruí dam, typically led to the migration of thousands of peasants seeking work and the creation of slum settlements in the jungle. When a project is finished, the workers will often remain, with no jobs, swelling social and environmental problems that are already intractable.

Small jungle settlements along the path of transmission lines have also complained that no provision is made for them to be supplied electricity. That alienates local residents and has even provoked some incidents of sabotage.

Urucu, however, is being built with a requirement that two-thirds of the labor force be hired from the population already in the region. That has created about 10,000 jobs, a significant advance in a region with fewer than 500,000 people, as well as job-training programs.

To prevent an influx of settlers, who typically carve out illegal homesteads along highways, almost no permanent roads have been built.

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Instead, the armed forces bring in supplies and equipment by helicopter or boat, and many construction workers live in floating dormitories that move from one site to the next as the work advances.

"There was a time when the only way to get in here was to come by helicopter and then rappel down," said Mauro Loureiro, the project's technical director. "It took hundreds of trips like that just to open a clearing to be able to do the initial soundings and then dig a test well."

In addition, the pipeline here will include spurs to seven smaller towns on its way to Manaus, adding $30 million and 78 miles to the project. As a result, diesel fuel will no longer have to be sent in by boat for local consumption, blackouts will diminish and businesses can be promised regular supplies of cheap, clean energy.

"Each municipality is using this to increase its economic potential," said Mr. Braga, the Amazonas governor. The projects, he said, include one to build a plant in Codajas to process açaí (pronounced ah-sigh-EE), an Amazon fruit whose purple pulp and juice Brazilians consume as a health and energy tonic, and another in, in Manacaparu, to expand the production of organic fibers there.

"The idea is not only to avoid repeating the errors committed in the past, but also to change the energy sources here in the north of the country," Mr. Braga said. "More than 90 percent of this state is forest, and I want to keep it that way."

DOJ_NMG_0119733

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Attachments:	dojclips070120.pdf; dojclips070120.doc

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TERRORISM NEWS:

Administration Stays Course In Legal War (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, January 20, 2007

Bush's team sees victory even in retreats in fights over anti-terror tactics.

WASHINGTON — In its legal war on terrorism, the Bush administration has proved itself undeterred by apparent setbacks.

Faced with challenges involving spying, military tribunals and other anti-terrorism efforts it devised after Sept. 11, 2001, the administration has revised its legal rationales and shifted tactics a bit. But to a remarkable degree, it has continued on the same course as before — to the frustration of its many critics.

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"From the start, the approach has been to take the most aggressive positions in defense of public safety and to retreat only for tactical reasons," said Washington attorney Brad Berenson, an associate White House counsel during President Bush's first term. "There's been no overall pullback."

The latest example of this strategy of winning-by-avoiding-defeat came this week, when Atty. Gen. Alberto R. Gonzales announced that a special Justice Department court had approved a new round of wiretaps.

Previously, the administration said the president had an "inherent authority" to order — without court approval — wiretapping of terrorism suspects' international calls, despite a 1978 law against such surveillance.

Bush's claim sparked outrage from civil libertarians and sharp criticism on Capitol Hill, particularly from Democrats. This month, those Democratic critics took control of the House and Senate. Even before that, a federal judge in Detroit had declared Bush's policy unconstitutional; that case is now before a U.S. appeals court.

Rather than continue toward a confrontation with the new Congress that could thwart the program, Gonzales told lawmakers Wednesday that Justice Department lawyers now would get court approval for their wiretaps. But while the change of course was seen by many as defeat for the administration, Bush and his attorney general treated it as a victory.

"Nothing has changed in the program, except the court has said, 'We've analyzed it and it's a legitimate way to protect the country,' " the president said in an interview with Tribune Broadcasting.

During a Senate hearing, Gonzales corrected critics who said the announcement meant the administration had "terminated" its efforts to intercept calls into and out of this country. He explained that the administration, to gain court approval, had changed its legal rationale for the wiretapping, rather than change the wiretapping program itself.

But he refused to explain this rationale, prompting anger and frustration among some Democrats.

"The attorney general was being purposely evasive," said Rep. Adam B. Schiff (D-Burbank), who has worked on bills to overhaul and update the wiretapping law. "They are following the unilateralist approach again. They are saying, 'We are going to bring it within [the court system], and we are not going to tell you how we are going to do it.' "

This pattern has been repeated over the last five years. Bold administration claims of authority in the war on terrorism have been followed by slow and grudging retreats. And in nearly every instance, a setback or about-face has not seriously hampered the administration.

In June, the White House suffered what many saw as a historic rebuke when the Supreme Court struck down Bush's rules for military tribunals. The justices said the proposed system did not meet the standards of fairness set by the Geneva Convention or by the U.S. military code of justice.

Undaunted, the administration got the GOP-controlled Congress to write Bush's proposal into law. And, to prevent further interference from the courts, the new law said judges could not hear pleas from "aliens" held by the U.S. military. By the year's end, the Supreme Court defeat had been converted into a White House victory.

Four years ago, the Supreme Court took up a challenge to the administration's policy of holding men captured in Afghanistan or Pakistan. In a split decision, the court said the government could hold these men as war prisoners, but it must give them some sort of hearing.

Though civil libertarians called that ruling a defeat for the administration, White House lawyers saw a victory. As Berenson said, "The detention power is the most important issue."

Hundreds of men remain held at Guantanamo Bay, and they have been given only cursory hearings before a panel of military officers.

Regardless of how the administration views it, Georgetown University law professor David Cole said he believed this week's announcement on wiretapping showed the era of unchecked executive power had ended. With the Democrats in control of Congress and a challenge working its way through the courts, Bush could no longer claim he had an inherent power to ignore the wiretapping law, he said.

"If you look at it over five years, it's clear they have retreated on many fronts," said Cole, a longtime administration critic.

Still, in many cases it's hard to see how the retreats have substantively changed how the administration wages its war.

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In 2002, Bush's lawyers asserted that the president could order the arrest and imprisonment of Americans he deemed "enemy combatants." These people can be held in U.S. military prisons without charges and barred from even speaking to a lawyer, they said.

In a secret memo, Bush's lawyers also said the president could order the use of extreme pain to force captured men to talk, despite laws and treaties that bar the use of torture and cruelty.

Those policies, though widely condemned, still stand, revised but not repealed.

Last year, when the case of alleged enemy combatant Jose Padilla was due to come before the Supreme Court, the administration switched course and moved him from a military brig to a federal prison near Miami. He is being held there awaiting a trial.

A debate over torture and harsh treatment of prisoners had a similarly inconclusive end. Led by Sen. John McCain (R-Ariz.), a prisoner of war during the Vietnam War, Congress adopted a stricter ban on cruel and degrading treatment. Bush agreed to the bill but added a so-called signing statement last January saying he reserved the right to do what was necessary to "protect the American people from further terrorist attacks."

Bush's lawyers had argued that the CIA sometimes needed to use pressure and pain to force suspected terrorists to talk and to reveal plans for attacks.

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Editorial: A Dubious Reversal (ERG)

Eugene (OR) Register-Guard, January 20, 2007

Congress should take a skeptical approach to the Bush administration's announcement that it is reversing course and allowing a secret federal court to oversee a controversial electronic surveillance program.

Such a warning shouldn't be necessary. Since 9/11, Congress has repeatedly been thwarted, marginalized, and circumvented by an administration that is intent on calling every shot in the war on terror - and that is indifferent to the system of checks and balances required by the Constitution.

Five years ago, President Bush secretly ordered the National Security Agency to tap Americans' calls and e-mails without court approval. On Wednesday, the administration announced it will comply with the federal law that requires the agency to first obtain warrants before conducting such surveillance.

There was no explanation why the president has suddenly decided he can comply with a law that he once declared cumbersome, confining and a menace to national security. Bush simply said his Justice Department has sought warrants from the secret federal court established under the 1971 Foreign Intelligence Surveillance Act and got them with the "necessary speed and agility."

In other words: "Nevermind. We've decided to obey the law, after all."

It's tempting to applaud this change as a prudent and long-overdue move by a president who saw the light after last November's election.

Tempting. But unwise.

One day after announcing the change, Bush clarified that the essential elements of the surveillance program remain intact. "Nothing has changed in the program except the court has said we've analyzed it and it's a legitimate way to protect the country," he said.

Meanwhile, Attorney General Alberto Gonzales disputed reports that the warrantless program run by the NSA had been "terminated." He also said the administration might block any effort by Congress to obtain copies of the court's decision to approve the administration's wiretaps.

As if all that weren't troubling enough, Gonzales also said the administration still believes the Constitution gives the president the authority to order eavesdropping without court approval during a time of war.

So, the administration now wants Congress and the American public to believe that it has changed a surveillance program that it says really hasn't changed at all. By the way, don't ask for details because none will be provided. And don't forget: The president still has the authority to snoop without warrants whenever he wants.

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Congress should demand details and answers about the surveillance program - and do whatever is necessary to obtain them. Meanwhile, the question of the wiretap program's constitutionality should continue to make its way through the courts. A federal judge ordered a halt to the program last year, declaring it unconstitutional. The government's appeal is scheduled for argument in two weeks, raising a question of whether the administration's announcement was timed to influence the outcome of the case.

The president should remember that he is a creature of the Constitution and is not immune from its authority. Whether the issue is surveillance, torture or the war in Iraq, Congress must make certain that truth is understood inside the White House.

Editorial: Ship Righted (CCT)

Cape Cod (MA) Times, January 20, 2007

With a simple change of mind, the Bush administration has made a bitter constitutional question moot.

Would they had done it five years ago, when the same tools, time-tested and true, were also available.

On Wednesday, the Justice Department announced it was letting the court established under the Foreign Intelligence Surveillance Act â€“ FISA â€“ monitor the Terrorist Surveillance Program, the program that intercepted phone calls and e-mails between foreign callers and subjects in this country. At the time Attorney General Antonio Gonzalesâ€™ letter to the Senate Judiciary Committee was released Wednesday, the court had already approved one request for tapping a person believed to be linked to al-

Qaida or a similar group.

The spying program was started in 2001, in the aftermath of 9/11. When it was revealed, sticklers for constitutional protections cited the Fourth Amendment: â€œThe right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause. ...â€

Warrants â€“ the lack of them â€“ have been the issue all along. No one objected to the tactic of defending against terrorism by listening for suspicious calls. It was the fact such policing was being done without external review that violated separation of powers and alarmed conservatives as well as liberals. In our system, the judiciary is the third and co-equal branch of government. In August, U.S. District Judge Anna Diggs Taylor in Detroit ruled the program unconstitutional and ordered it stopped. It continued under appeal.

The administrationâ€™s steadfast refusal to consider warrants had all the makings of a â€œslippery slopeâ€ away from the checks and balances of the Constitution. Warrants provide a paper trail. They are the working papers of accountability and transparency of government power.

The exasperating thing about President Bushâ€™s plan was that it served no useful purpose. The FISA court process has been established for 25 years as the mechanism for sensitive surveillance matters. FISA court proceedings â€“ usually only one judge â€“ are not held in public, so no secrets are compromised. As in the much-maligned Patriot Act, there are prudent exceptions for those cases when speed is of the essence â€“ the warrant can catch up with the wiretaps at a later date.

The White House, via spokesman Tony Snow, now embraces the FISA supervision: â€œThe Foreign Intelligence Surveillance Court has put together its guidelines and its rules and those have met administration concerns about speed and agility when it comes to responding to bits of intelligence where we may to be able to save American lives.â€

The important thing is that the Constitution â€“ that American original â€“ once again acted as ballast to right the ship of state.

Editorial: Maintain Oversight Of Spying Program (DMR)

Des Moines Register, January 20, 2007

Congress must protect citizens' rights.

The Bush administration's back flip on the National Security Agency's warrantless wiretaps is a breathtaking example of chutzpah.

For more than a year, the administration fiercely defended the NSA practice of secretly tapping American citizens' phone calls without court approval or congressional oversight as vital to fighting terrorists. Critics were condemned for putting silly constitutional formalities above national security. Then, Wednesday, before U.S. Attorney General Alberto Gonzales was headed

to Capitol Hill for a grilling by the Senate Judiciary Committee, he announced the government had decided to seek approval for wiretaps from a special federal court after all.

One day the party line is that the president, under the authority of an act of Congress following 9/11, has unfettered power to spy on American citizens without oversight by Congress or the federal courts. Then, it is, "Oh, never mind."

Actually, the first example of the administration's chutzpah was when it insisted the president could authorize secret searches of American citizens' private communications without a warrant from a court. As the founders understood based on their experience with the king's agents, no government should have the right to conduct random searches, without court supervision under the authority of Congress. That fundamental separation-of-powers framework, the foundation of our constitutional government, was arrogantly dismissed by the Bush administration in its wiretaps program.

Members of the Senate thought the timing - the day before Gonzales was scheduled to appear before a hostile committee - was curious. Gonzales, however, said the administration had been negotiating with the chief judge of the Foreign Intelligence Surveillance Court for months on details of putting the "Terrorist Surveillance Program" under the jurisdiction of the court.

The administration's timing more likely was related to a Jan. 31 hearing before the 6th Circuit U.S. Court of Appeals in Cincinnati on the legality of the warrantless searches. That court is reviewing a decision by a federal district judge in Detroit who ruled in August that the spying is unconstitutional. This is reminiscent of the case of Jose Padilla, a U.S. citizen held by the government for more than three years as a suspected terrorist, who was suddenly released to Florida authorities on minor charges just as his case was scheduled to be reviewed by the U.S. Supreme Court.

Could it be the administration saw that it was headed for a Supreme Court reversal and decided to pull the plug?

Either way, it is not entirely clear that with this change the administration is truly showing respect for the Fourth Amendment. The Justice Department has refused to release details of the order by the FISA court - even though the court's chief judge said in a letter to the Senate that she had no objections to releasing the order.

Congress should continue to press the administration for details of the FISA court process, and it should insist on having oversight of any NSA spying on American citizens.

The Homeland Security Pageant (WP)

By William Wan

The Washington Post, January 20, 2007

First came duct tape. Then the airport liquid ban. And yesterday, officials unveiled the latest development in the country's war on terror: an American Idol-style contest for homeland security inventors.

Six finalists. One stage. Ten minutes each to win the hearts of the judges and walk away with $50,000. Or perhaps more important, a phone call from one of the defense contractors sitting in the audience.

Among the contestants:

-- A Russian scientist with his biological weapons detector. "All of Western civilization is at war," he proclaimed.

-- A team from Boston with a 300-degree steel furnace capable of killing biological threats.

-- A former Ohio police officer, frustrated with law enforcement's unwieldy Web networks and offering a way to fix them.

-- An inventor from Atlanta with an X-ray device able to detect everything from a vial of cocaine to nuclear waste.

-- And the hometown favorite, the Baltimore creators of a virtual reality helmet with 180-degree peripheral vision, for military and disaster-response training.

For two hours yesterday, they worked the stage at the Loews Annapolis Hotel, talking up their wares and how they might shield the nation from death and destruction.

The idea for the contest was hatched last year by the Chesapeake Innovation Center, a county-owned nonprofit organization charged with bringing homeland security firms to Anne Arundel. As the fifth anniversary of the Sept. 11, 2001, terrorist attacks approached, the center's leaders wanted to contribute somehow -- to create something that would make the sobering, scary world a little bit safer. Business sponsors put up $25,000 toward the cash prize, and the state put up another $25,000.

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But the prize, many said, was almost incidental in an industry where contracts are measured by the million and sometimes billion. The high stakes had to do with the audience at yesterday's presentation: a rich assortment of security experts, military officials and defense contractors, all of them potential clients and investors.

The group received 50 applications for its Defend America Challenge, ranging from three-page outlines to 80-page volumes. Six were invited for the finals -- a 10-minute presentation and a two-minute Q&A.

And as they took to the stage yesterday, evil seemed to lurk everywhere: radioactive cargo containers, anthrax-tainted dollar bills, instant messages with secret instructions for mass destruction.

And yet, despite the doomsday scenarios, the event had all the makings of a beauty pageant -- the fierce rivalry and accompanying camaraderie, the big smiles and slick packaging. Presentation, after all, would count for a quarter of contestants' scores.

Before the contest started, Yuval Boger, the virtual reality guy from Baltimore, was talking up the hometown advantage. "Well, it's only human to check out the competition, to try to see how you'll measure up," he said. "And with all things being equal, maybe the judges will want to invest locally in Maryland rather than somewhere else."

The X-ray man nearby, however, played down any rivalry. "I don't view it so much as direct competition with them," said Dolan Falconer, who had come from Atlanta to talk about an X-ray machine that could detect everything from explosives to radioactive waste. "We're all winners already for being selected as one of the six finalists."

One company, BioDefense, had lugged along a working model of its massive mail decontamination machine. Sitting in the hotel lobby on the back of a Hummer was the 375-pound unit -- a large steel box that looked suspiciously like a washing machine.

"When you're dealing with something like white powder in the mail, you don't know what it is. Best thing is to just kill it all," said company rep Jonathan Morrone. He thrust a few letters into the machine's mouth and pointed out the microwave plates, the 300-degree convection heaters and the ultraviolet light.

Several in the audience hoped to test out the Baltimore virtual reality headgear. "We couldn't bring it," Boger said. The bulky equipment and computers would have taken too long to set up, and coping with long lines of people waiting to geek out on his company's system would have distracted from its main purpose -- winning.

But mindful of the presentation component, Boger had brought another, more low-tech prop -- two cardboard toilet paper tubes -- to illustrate how normal virtual reality helmets can offer only tunnel vision compared with his company's high-resolution models.

"You got to have the steak and the sizzle," he said with a sly smile. "You got to entertain them but tell them something substantial, too."

Alexander Asanov, the Russian scientist, took a more gloom-and-doom approach, speaking of a "war with the extremists," in a sober voice thick with accent. "It is a war of ideas. It cannot be won by bullets; so we need to empower our ideas."

Preferably his idea, he added, as he described technology that detects biomolecular threats like anthrax within minutes.

In the end the winner was announced with a sealed envelope and a dramatic pause: It was Falconer, the X-ray man from Atlanta, who ended up taking home the oversized check.

"I don't want to call it luck, because it took a lot of hard work, but on any given day, any of us could have won," he said graciously.

Another $50,000 prize, for the best invention by a Maryland company, went to Boger's virtual reality helmet.

There were smiles all around, business cards exchanged and all through the hotel ballroom a feeling that the nation was now perhaps a little safer.

HOMELAND RESPONSE:

Man Who Reported False Threat Makes Plea Deal (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, January 20, 2007

DOJ_NMG_0119742

An Ontario man who falsely told the FBI that he overheard a co-worker talking about a terrorist attack that would "knock L.A. off the Earth" could face five years in prison.

In a plea deal with prosecutors announced Friday, Dennis Leon Kolupski, 54, admitted that three weeks before Sept. 11, 2005, he called FBI officials to say he had overheard a co-worker talking about the bombings in London and Madrid before stating that "9/11 is nothing like what will happen on 9/12."

Officials at the U.S. attorney's office in Los Angeles said Kolupski admitted that he never heard the person making threats and hoped his report would bring more scrutiny on the co-worker. Kolupski will appear in court Feb. 26.

FBI Not Amused By Area Man's Terrorist Plot 'tip' (ONTDB)

By Rod Leveque, Staff Writer

Ontario Daily Bulletin, January 20, 2007

If your shifty-eyed co-worker is hunched over his desk, conspiring on his cell phone to blow up the world, it's probably OK to call the FBI and report it.

If, on the other hand, you don't share a cubicle with the next Osama bin Laden, think twice before phoning in any bogus terrorist tips to the feds.

An Ontario man accused of falsely reporting that his colleague was plotting to wipe Los Angeles "off the earth" has discovered just how seriously federal investigators take such bogus reports.

Dennis Leon Kolupski, 54, faces up to five years in federal prison after agreeing to plead guilty to providing false information to the FBI about his co-worker's non-existent terrorist plot.

"The world changed on 9/11 and this type of conduct is not allowable," Assistant U.S. Attorney Richard Lee said. "I would hope the average person wouldn't do something like this."

Prosecutors said Kolupski called the FBI in 2005 - three weeks before the anniversary of the Sept. 11 terrorist attacks - and lodged the false reports.

He told investigators he overheard a co-worker on a cell phone make statements such as "9/11 is nothing like what will happen on 9/12," and that "this will knock L.A. off the earth."

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The FBI dispatched agents to investigate the claim and interview the co-worker, Lee said. They ultimately concluded the report was groundless.

Kolupski later told investigators what he heard was in a language other than English, and that he intended his report to bring scrutiny to the co-worker, according to the U.S. Attorney's Office.

Kolupski is set to make his first court appearance Feb. 26. If he follows through on his promise to plead guilty to the felony charge, he could avoid prison and be placed on probation.

His attorney, Rosa Mosley, declined to comment Friday.

Lee said the government has no tolerance for bogus terrorist reports because they drain the resources of the agencies that are forced to investigate them.

However, the prosecutor said he hopes Kolupski's case doesn't discourage anybody from reporting honest tips.

"If you have a legitimate bit of information, by all means, that should be passed on," he said. "But if you are just wholesale providing false info, that is an unnecessary use of government resources and that's a criminal act. It's my hope this case illustrates this is not the right choice to make."

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Prosecutors Say Man Makes Plea Deal In Phony LA Terror Threat (MHCA)

Monterey (CA) Herald, January 20, 2007

LOS ANGELES - An Ontario man who claimed he overhead plans for a Sept. 11-style terrorist attack will plead guilty to providing false information to the FBI, authorities said Friday.

Dennis Leon Kolupski, 54, could be sentenced to five years in federal prison under a plea agreement filed Friday, according to the U.S. attorney's office.

He was scheduled to appear in court on Feb. 26 but he may enter his plea at a later date, said Assistant U.S. Attorney Richard Y. Lee.

Kolupski called the FBI three weeks before the Sept. 11 anniversary in 2005 and claimed he overheard a cell phone conversation in which a co-worker threatened to knock Los Angeles "off the earth."

Kolupski said he overheard the man say: "9/11 is nothing like what will happen on 9/12."

However, Kolupski later acknowledged that he did not hear any threats to Los Angeles and that the conversation wasn't in English, prosecutors said.

Lee said Kolupski had been under stress for "personal reasons."

"In a moment of stress he called the FBI and relayed this information regarding this non-existing threat," Lee said.

It was a criminal act nonetheless, he said.

"Making these types of false reports is a tremendous drain on law enforcement," he said.

Negroponte Calls Intelligence Restructuring A "Work In Progress" (WP)

By Walter Pincus

The Washington Post, January 20, 2007

The "complex and demanding" process of restructuring the U.S. intelligence community is still "a work in progress" after 22 months of effort, John D. Negroponte said yesterday in a farewell address wrapping up his tenure as the first director of national intelligence.

Negroponte, who is leaving to become deputy secretary of state, spoke in the lobby of the modernistic Defense Intelligence Analysis Center at Bolling Air Force Base before 400 senior intelligence community officials and a portion of the 1,700 employees that make up the Office of the Director of National Intelligence.

He said one success was the way various organizations worked together during the 2006 Lebanon-Israel crisis to determine which agency was best positioned to gather certain types of intelligence and share it with others, reducing duplication of effort. That same "lift and shift" of intelligence is continuing in the ongoing Darfur crisis and with regard to Somalia, he said.

Another innovation he cited: the support an intelligence community science and technology team is giving to the group run by retired U.S. Army Gen. Montgomery C. Meigs that is coming up with new solutions to defeat the improvised explosive devices (IEDs) that are the most deadly killers of American troops in Iraq.

Additional integration of analysts and collectors is among the challenges still facing the community, particularly when it comes to so-called hard targets such as North Korea and Iran, he said.

CIA Director Michael V. Hayden, who was the first principal deputy national intelligence director before taking over the agency, praised the job Negroponte has done and said the former ambassador is returning to "his first calling" as a diplomat.

Hayden also used his time to praise how the restructuring has helped him focus solely on CIA problems without worrying about dividing his time with concerns about the rest of the community, as previous CIA directors had done when they had broader responsibilities. In a change from his prepared text, and in the spirit of collegiality, Haydon dropped a description of the CIA serving "in a leading role" in the intelligence community and just said the agency was serving "in our role" in the community.

U.S. Agency Tries To Fix No-Fly List Mistakes (WP)

By Ellen Nakashima, Alec Klein

The Washington Post, January 20, 2007

Every time Kiernan O'Dwyer arrived at the airport after traveling overseas in recent years, he was flagged as a potential terrorist. But his uniform was a dead giveaway to his true identity: He is a veteran pilot for American Airlines.

U.S. customs agents have stopped him about 80 times since 2003, apparently because his name and birth date nearly match those of an Irish Republican Army leader, one of at least 300,000 names on the U.S. government's watch lists. O'Dwyer falls under an unenviable category of false positives, people who are wrongly detained because some of their personal information matches that of a terrorist or other suspect.

The number of misidentifications is unknown, according to government auditors, but it has caused headaches for a cross-section of travelers, including nuns, infants and members of Congress. The U.S. Customs and Border Protection agency, under

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the jurisdiction of the Homeland Security Department, said it was trying to remedy the problem with a system to prevent unwarranted detentions on international flights.

An agency official said in an interview that the system, launched in February 2006, has eliminated about 17,500 detentions involving people entering the country at airports, seaports and at land borders. It is part of what the government says is an effort to prevent terrorism while not inconveniencing travelers or violating their privacy and civil liberties, though it is not yet applied to domestic flights.

The challenge is complicated by the vast and growing databases of electronically stored personal information that draw on different agencies' records, which must be continually updated to be accurate. Federal agencies and airlines are using computer-driven algorithms to compare travelers' names against watch lists.

Under the new system, which overrides Customs and Border Protection's main database, people continue to be stopped if their name appears on a watch list. But if the follow-up screening clears them, customs agents make note of that so the next time they travel, those people should not be detained.

"It is certainly not in our interests to continually stop people when we have a system in place that can stop that," said John P. Wagner, the agency's director of passenger automation programs. "It's a waste of their time. A waste of our time."

The agency has another terrorist screening tool, the "automated targeting system" for passengers, that can potentially do the same thing, said Brian C. Goebel, former senior policy adviser to the U.S. Customs and Border Protection commissioner. "ATS is designed really to identify the red flags associated with potential risks -- terrorist indicators," he said. But it should also identify passengers who do not merit follow-up screening, Goebel said.

O'Dwyer, 51, of Pittsboro, N.C., is not convinced that the problem has been fixed. "I've been told that everything is fine before," he said. Even after Customs and Border Protection introduced the system to prevent misidentifications, O'Dwyer said he was detained about 30 times.

All his problems began in 2003, after O'Dwyer returned from a trip to Europe. Reaching the customs desk at John F. Kennedy International Airport, he was stunned when officials pulled him aside for further screening. He showed them his passport. He had no criminal record. Ninety minutes later, he was cleared.

But he kept getting detained -- so often that customs agents took to greeting him by his first name.

"They'd look at their screen and know I'd been screened and say, 'Oh boy, you've been through here a bunch,' " he recalled.

O'Dwyer even carried a letter from the Customs and Border Protection Office of Field Operations saying, "(Y)ou are not, nor have you ever been, on record as a criminal suspect."

But, he said, customs officers told him the letter could have been forged. He said he offered to submit to fingerprints, just as foreign flight crews do, but to no avail.

O'Dwyer become so frustrated that he gave up flying internationally in May, a move that he said cost him $10,000 a year in salary and expenses. He said he is still stopped when he reaches the domestic gate, and a supervisor must help him get cleared.

Christopher White, a spokesman for the Transportation Security Administration, which handles domestic passengers, declined to comment on O'Dwyer's case, saying that the agency does not publicly verify names on its watch lists. About 15,000 people per week apply for redress, saying they have been mistakenly placed on the TSA's rolls. About 33,000 have applied to be removed from those lists as of April, the most recent date available. Soon, TSA's no-fly list will be pared of names erroneously included, officials said.

The FBI also declined to discuss specific cases. FBI spokesman Paul Bresson noted that the agencies are "refining" their watch lists, "removing names when they're cleared."

Wagner, the customs official, said that though the system for eliminating false positives applies only to international flights, eventually it will extend to domestic travelers. And the Homeland Security Department, which houses both Customs and Border Protection and the TSA, will soon begin a Traveler Redress Inquiry Program for people who believe they have been wrongfully subjected to additional screening or denied permission to board flights to or from the United States.

O'Dwyer, for one, still does not know why he was detained, gleaning only through "offhand" comments from customs agents that his name nearly matched that of an IRA operative. One IRA leader with whom he could be confused is Ciaran O'Dwyer,

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according to World-Check, a British firm that maintains a global database of terrorists, high-risk individuals and political figures. The IRA leader, born about 1955, was convicted in June 2005 and sentenced to five years and nine months.

O'Dwyer, the pilot, who also was born in 1955, has not lost all hope. In the spring, he intends to test the customs screening system when he goes on holiday to Italy.

Two Governors Appeal For Antiterror Aid (NYT)

By David Kocieniewski

The New York Times, January 20, 2007

HOBOKEN, N.J., Jan 19 — Warning that it would be a "grave mistake" to further reduce antiterrorism financing to the nation's busiest urban center, Govs. Eliot Spitzer of New York and Jon S. Corzine of New Jersey pressed the Bush administration on Friday for a substantial increase in federal money to improve security for the region's highways and mass transit lines.

Appearing at a news conference in Hoboken Terminal that tens of thousands of commuters to Manhattan pass through each day, Mr. Spitzer and Mr. Corzine released a letter to the secretary of homeland security, Michael Chertoff, saying that their efforts to deter another terror attack had been set back by substantial cuts in financing for counterterrorism announced in June.

Since the June announcement, the federal government has changed the guidelines used to determine aid, combining parts of New York and New Jersey, and officials in both states have said they worry that new classification system could foreshadow additional cuts.

Mr. Chertoff said this month that the new classification system would not necessarily mean that the region would receive less money because it would be distributed based on risk.

"To say, for example, the risk for New York is at this level and the risk if you cross the Hudson River is at a much lower level doesn't make a lot of sense," Mr. Chertoff said.

But Mr. Spitzer and Mr. Corzine, both Democrats, said they wanted to speak out now, while the financing levels are being determined in Washington.

"There could be a temptation through combining the risk analysis, to reduce the overall level of funding awards," the letter says. "That would be a grave mistake and would only serve to undermine the public's confidence."

Federal antiterrorism aid to New York City dropped to $127 million from $204 million in the 2006 fiscal year.

New Jersey fared slightly better: aid to its six densely populated northern counties climbed to $34.3 million, up from $19.4 million. For the rest of the state, there was a sharp cut in grants, to $17.7 million, down from $36.3 million last year.

The news conference was the first joint public appearance of the two governors since Mr. Spitzer took office. While Mr. Corzine has had several border disputes with Gov. Edward G. Rendell of Pennsylvania, and previous New York and New Jersey governors have periodically jousted over Port Authority spending and sports franchises, Mr. Spitzer and Mr. Corzine say they have a cordial working relationship.

Neither Mr. Corzine nor Mr. Spitzer would cite a specific dollar amount they sought from Washington, but said that five years after the 9/11 attacks, the region's infrastructure remained vulnerable.

"I feel kind of like a college student calling home and saying, 'Just send money,' " Mr. Spitzer said.

Canadians Brace For Passport Rules (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, January 20, 2007

Starting Tuesday, air passengers into the U.S. will need the document.

TORONTO — Canadians are scrambling to get passports before new U.S. rules go into effect Tuesday requiring all air travelers coming into the United States from Canada, Mexico and the Caribbean to carry one. Tourism officials here worry that the restrictions will deter Americans from coming north.

The rules, designed to keep closer track of the millions of people who cross U.S. borders, were recommended by the Sept. 11 commission and mandated by Congress in 2004. They were supposed to take effect Jan. 1, but U.S. officials postponed their implementation until Jan. 23 to avoid disrupting holiday travel.

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Travelers coming into the U.S. by land or sea will not need a passport until January 2008 and can still enter using a birth certificate, driver's license or border crossing card that shows citizenship. But beginning Tuesday, airline passengers coming into the U.S. will have to produce a passport. Exceptions to the rules are those traveling between Canada and the U.S. for work who were issued special cards, merchant mariners with Coast Guard documents and permanent residents with "green cards."

Officials expect some glitches at first. "People will still be showing up with sorry stories and no passports, I guarantee you," said a Canadian customs official at the Toronto airport.

In December, there was a 31% increase in passport applications compared with the previous year, said Francine Charbonneau, a spokeswoman for Passport Canada. The department has added an extra shift at print centers to get passports out quickly.

So far this year, 96% of travelers from Canada have used passports, U.S. Immigration and Customs Enforcement officials say. The majority were traveling on business.

"Anything that gets me through customs faster I'll do," said Brett Nelson, a Canadian engineering and sales manager who travels twice a month to the U.S. He has been using his passport for about a year, since a border official said the U.S. preferred it. But Nelson said he doesn't agree with the restriction.

"It's remnant paranoia from 9/11," he said. "They're still afraid of people hijacking an airplane. But you can still drive across the border with a truck bomb as long as you have a driver's license."

Canadian tourism officials worry that the new rules will give Americans another reason to go somewhere else. The country's $50-billion tourism industry has seen visits by U.S. travelers drop 28% over the last five years, especially as the Canadian dollar has grown stronger.

The staggered implementation of the rules — for air travel this year, for land and sea next year — is also causing uncertainty.

"It's the confusion over the requirements that is creating the biggest problem," said Randy Williams, president and CEO of the Tourism Industry Assn. of Canada.

Only 40% of Americans have passports, according to the U.S. Customs and Border Protection agency.

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Farley, The Times' United Nations Bureau chief, was recently on assignment in Canada.

Housing Aid Extended For '05 Storm Victims (WP)

By Spencer S. Hsu

The Washington Post, January 20, 2007

The U.S. government will extend housing aid through August for hundreds of thousands of Gulf Coast residents still displaced by hurricanes Katrina and Rita, officials said yesterday, acknowledging that wide swaths of New Orleans and parts of coastal Mississippi remain uninhabitable nearly 17 months after the 2005 storms.

The Federal Emergency Management Agency said it would continue for six more months to pay for 130,000 households' trailers, mobile homes and apartments, aid that under federal law would have expired at the end of next month.

Officials in Louisiana, Mississippi and Texas and advocacy groups had urged FEMA for a decision since December, saying the historic housing crisis triggered by the devastating storms had not subsided. A delay or denial would have crippled rebuilding efforts and disrupted hundreds of thousands of lives, they said, as families living in trailers near their original homes would have had to move away and others in apartments would have been turned out by landlords seeking to rent to non-subsidized tenants.

The new Democratic Congress also stepped up pressure, frustrated at the Bush administration's improvised policies and the slow pace of recovery in New Orleans.

"This is very welcome news for the thousands of Louisianans still struggling with the everyday challenges of recovery and rebuilding," said Sen. Mary L. Landrieu (D-La.), who announced the decision after speaking with FEMA Director R. David Paulison. A formal announcement is set for early next week.

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Louisiana Gov. Kathleen Babineaux Blanco (D) and Mississippi Gov. Haley Barbour (R) expressed gratitude but warned that the shortage of permanent housing will continue past August.

"Even though the number of Mississippians relying on this program is reduced each month as housing is rebuilt, it is clear thousands of our citizens will be without permanent housing six months from now," said Barbour, who sought a one-year extension.

Blanco called the recovery effort "beyond the scope of federal rules."

Housing advocates in Washington said they hope FEMA will notify recipients speedily and plan for longer-term housing. Sen. Joseph I. Lieberman (I-Conn.), chairman of the Senate Homeland Security Committee, added, "I will await official word from FEMA before determining if its provisions are adequate."

The order covers about 100,000 households in Louisiana and 30,000 households in Mississippi. A breakdown of housing type or costs was not available, FEMA spokesman James McIntyre said.

In Houston, about 100,000 evacuees, mostly from New Orleans, live in privately owned apartments paid for by FEMA, a spokesman for Mayor Bill White said.

FEMA will pay for the extension through earlier appropriations to its disaster recovery fund, and no new spending by Congress is needed, McIntyre said.

Extension Granted To Hurricane Victims (NYT)

By Leslie Eaton

The New York Times, January 20, 2007

The federal government will allow the 110,000 families still living in trailers because of Hurricanes Katrina and Rita to stay through August, a spokesman for the Federal Emergency Management Agency said. The housing program had been scheduled to expire at the end of February, and some community groups had been expecting FEMA to start issuing eviction notices as early as next week. The six-month extension, announced by Senator Mary L. Landrieu, Democrat of Louisiana, also applies to displaced families living in apartments paid for by FEMA.

WAR NEWS:

Top Dems Slam Bush On War Strategy (SFC)

By Edward Epstein

San Francisco Chronicle, January 20, 2007

Washington -- The two top Democratic leaders of the new Congress blasted President Bush on his decision to send more troops to Iraq and warned him not to take military action against Iran without their approval, but they offered their bipartisan cooperation on domestic issues.

House Speaker Nancy Pelosi of San Francisco and Senate Majority Leader Harry Reid of Nevada also indicated Friday in their annual "pre-buttal" to Bush's State of the Union speech that they want Congress to take strong action on global warming, an issue that until recently the Bush administration has downplayed.

The Democratic leaders' comments on Iraq, however, left little doubt that the debate over the war will overshadow everything else this year on Capitol Hill.

That impression was reinforced by a sharp exchange of words between the White House and Pelosi.

Pelosi, appearing on ABC's "Good Morning America," reiterated her tough stand against Bush's handling of the war.

The president "has to answer for his war. He has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder," the speaker said.

Pelosi also said that keeping troops in Iraq in the midst of sectarian fighting "is not an obligation of the American people in perpetuity." The president has said he will send 21,500 more troops to Iraq, while many congressional Democrats have called for troop withdrawals.

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Pelosi indicated she thought Bush was rushing some of the extra troops to Iraq quickly to pre-empt possible congressional resolutions opposing such new deployments.

"The president knows that because the troops are in harm's way that we won't cut off the resources. That's why he's moving so quickly to put them in harm's way," Pelosi said.

Those comments set off Dana Perino, deputy White House press secretary. She called Pelosi's comments "poisonous," especially for implying that Bush was using troops for political purposes.

"Speaker Pelosi was arguing in essence that the president is putting young men and women in harm's way for tactical political reasons. And she's questioning his motivations rather than questioning his policies," Perino told reporters.

"The one thing you can say about President Bush is that he's not moving forward with this new plan because he thinks it is popular. He is doing it because he thinks it is right," she added.

Opinion polls show fewer than 3 in 10 Americans support the president's announced policy to increase troop levels in Iraq.

In her appearance with Reid at the National Press Club, Pelosi again voiced support for the bipartisan, nonbinding Senate resolution introduced this week that opposes Bush's troop increase. The House will take up the resolution if it gets through the Senate.

Reid said "the president's new plan can be summed up in four words: more of the same. Like our military generals, the American people and a growing bipartisan chorus in Congress, I believe escalation is a serious mistake."

The Senate majority leader also warned Bush about recent speculation that the administration is considering military action against Iran because of its meddling in Iraq and because of its nuclear program.

"I'd like to be clear: The president does not have the authority to launch military action in Iran without first seeking congressional authorization," Reid said.

At the White House, Perino repeated the president's position that no military operations are contemplated against Iran. "There seems to be fanning of flames where there's no fire," she said of Reid's comments.

The atmosphere over cooperation on some domestic issues is brighter going into Tuesday's scheduled State of the Union, given comments by the two Democrats and the White House.

Pelosi listed numerous issues -- such as developing alternative energy sources, immigration policy, reauthorizing the "No Child Left Behind" education program, funding basic scientific research, curbing the federal budget deficit, reforming health care policy, helping the Gulf Coast recover from Hurricane Katrina, and combatting global warming -- on which Democrats will push legislation that she hopes can be bipartisan and get Bush's support.

She said Americans "want to see their leaders focus on American priorities, and they want us to work together for the American people."

Bush plans to address many of those topics in his annual speech -- the first the president will deliver before a Congress controlled by the opposition Democrats.

"Americans should expect a discussion of the commonsense principles that will provide the basis for President Bush's approach to governing with a new Congress," Perino said.

She said the speech will differ from the usual State of the Union in that it won't be the usual "laundry list of proposals."

Since the November election, Bush has shown a more conciliatory approach toward the Democratic Congress. The president replaced Defense Secretary Donald Rumsfeld and United Nations Ambassador John Bolton. This week, he reversed his policy on warrantless wiretaps and has indicated he would sign a minimum wage increase, which was one of Pelosi's top priorities.

But if Bush hopes to move the focus off Iraq, he probably will be disappointed. His speech will be followed immediately on network television by the Democratic response, which this year will be delivered by new Democratic Sen. Jim Webb of Virginia, who defeated Republican Sen. George Allen in November in part on an anti-war platform. Webb campaigned carrying the combat boots worn by his son, a Marine serving in Iraq.

Pelosi, White House Clash On Iraq (LAT)

By James Gerstenzang

DOJ_NMG_0119749

The Los Angeles Times, January 20, 2007

WASHINGTON — With barely a nod to the bipartisan civility they have saluted since the last election, House Speaker Nancy Pelosi and a White House spokeswoman traded sharp language Friday over President Bush's Iraq policy.

"He has to answer for his war. He has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder," said Pelosi, a Democrat from San Francisco.

"The president knows that because the troops are in harm's way, that we won't cut off the resources. That's why he's moving so quickly to put them in harm's way," she said in an interview on ABC's "Good Morning America."

Bush has said he will put additional forces in Iraq, an effort largely aimed at stopping the sectarian violence in Baghdad. Some Democrats have said Congress should block Bush's plan by eliminating funding for the troop increase.

Deputy White House Press Secretary Dana Perino called Pelosi's comments "poisonous" and decried a "sound-bite war" emanating from Capitol Hill.

"Speaker Pelosi was arguing, in essence, that the president is putting young men and women in harm's way for tactical, political reasons. And she's questioning his motivations rather than questioning his policies," Perino said at the daily White House news briefing.

The exchange highlighted the difficulty the new Democratic leadership and the White House have faced in adhering to promises to stop the partisan quarreling that was common before the November election.

Pelosi, when asked whether she was saying that Bush deliberately timed the dispatch of troops so that Congress could not intervene, said, "I would certainly hope he didn't manipulate the timing of sending the troops in."

Democrats Want Accounting On Iraq War Spending (WT)

By Charles Hurt, Joseph Curl

The Washington Times, January 20, 2007

Conservative House Democrats yesterday announced a plan to investigate the awarding of contracts in Iraq, as the White House and Speaker Nancy Pelosi sparred over President Bush's new war strategy.

"It's long past time that we kept track of the money and the weapons that we're giving to the Iraqis and replace the waste, fraud and abuse with proper oversight, responsibility and accountability," said Rep. Patrick J. Murphy, Pennsylvania Democrat.

Mr. Murphy and the coalition Blue Dog Democrats drafted a resolution demanding a detailed accounting of where the $400 billion spent so far on the Iraq war has gone and where future expenditures will go.

It also would require that future requests by the administration for war money go through Congress' normal budget channels as opposed to the special "emergency supplemental" requests that bypass regular congressional appropriations.

"We're spending $8.4 billion a month in Iraq, $12 million an hour in Iraq," Rep. Mike Thompson, California Democrat, said. "We owe it not only to the American taxpayers ... but most important, we owe it to the men and women who are putting their life on the line in Iraq to make sure that money's being spent appropriately."

A number of government oversights -- including an Iraq special inspector general, the Pentagon inspector general and the military service's own financial watchdogs -- are stationed in-country. They have produced scores of reports and audits on U.S. spending.

Meanwhile, Mrs. Pelosi said Mr. Bush is swiftly enacting his plan to move 21,000 troops into Iraq solely to prevent opponents on Capitol Hill from blocking the new war strategy.

"The president knows that because the troops are in harm's way, that we won't cut off the resources; that's why he's moving so quickly to put them in harm's way," she said on ABC's "Good Morning America."

The White House yesterday labeled Mrs. Pelosi's comments "poisonous."

Despite a pledge from the president and top Democrats to seek middle ground and try to work together, majority leaders are now engaging in "a sound-bite war," Deputy Press Secretary Dana Perino said.

"[I]t's certainly not in keeping with the bipartisan spirit and civility that the Democrats pledged and that we looked forward to, and the president will again call for that in his State of the Union address," she said.

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Mrs. Pelosi also said that Mr. Bush "has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder," but she refused to say how Democrats would improve the situation.

"[I]t's the president's war, and he's the one without a plan," she said.

The White House struck back fiercely on that comment, too.

"To say that this is only the president's war makes a mockery of the notion that when we are a nation at war, we should all hang together," Mrs. Perino said.

"The president really hopes that in this time of an epic struggle against radical Islam, that when we are facing an enemy that is determined to hurt us in Iraq and to hurt us here at home, that we can come together and be constructive."

Mr. Murphy, an Iraq war veteran elected to Congress in November, said 20 cents of every dollar that's been spent in Iraq cannot be accounted for. And much of the money that has been accounted for was wasted, he said.

Taxpayers, for instance, spent $75 million to build a police academy in Baghdad.

"You know what they're going to do with it?" Mr. Murphy asked. "They're tearing it down."

Senators To Offer Centrist Proposal On Iraq (NYT)

By Carl Hulse, Jeff Zeleny

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Senator John W. Warner of Virginia is drafting a proposal on Iraq policy with two Senate centrists in an effort to provide an outlet for lawmakers uneasy with President Bush's troop buildup but unwilling to back a toughly worded resolution opposing the new strategy.

Aides said Friday that Mr. Warner, a Republican who just stepped down as chairman of the Armed Services Committee, was working with Senators Susan Collins, Republican of Maine, and Ben Nelson, Democrat of Nebraska, to draw up a Senate resolution they will unveil Monday as an alternative to another bipartisan plan that flatly opposes troop increases in Iraq.

That measure, by Senators Chuck Hagel, Republican of Nebraska, and Joseph R. Biden Jr. of Delaware and Carl Levin of Michigan, both Democrats, is scheduled to be considered by the Foreign Relations Committee on Wednesday. But the emergence of a proposal embraced by Mr. Warner, an influential Republican leader on military issues, and other proposals circulating in the Senate showed there was no consensus yet.

The flurry of Iraq resolutions, coming from the political left, right and middle, raised the prospect of muddling the outcome of what Democratic leaders had hoped to keep a simple yes-or-no vote on Mr. Bush's plan. Now, some lawmakers could vote for multiple resolutions if they reached the Senate floor.

"Either you support an escalation of American forces in Iraq or you don't," Mr. Hagel said Friday. "You can try and dance on the pinhead of technicality and wordsmithing all you want, but it's going to come down to that."

The undercurrent of the 2008 presidential campaign is also pulling on the debate over the symbolic vote on Iraq. Democrats had originally planned to offer a single nonbinding resolution, but now at least four senators with presidential aspirations have put their own names on Iraq proposals.

In short order this week, Senator Christopher J. Dodd of Connecticut introduced a plan to cap troop levels in Iraq; Senator Hillary Rodham Clinton of New York offered a similar proposal; and Senator Barack Obama of Illinois said he would present legislation as early as next week. All stopped shy of a proposal offered by Senator Edward M. Kennedy, Democrat of Massachusetts, that would block spending for any troop increase, an idea favored by the staunchest opponents of the war.

With votes in the House and Senate still to come, Democratic Congressional leaders jousted with the White House on Friday over Mr. Bush's plan to add more than 20,000 troops to try to quiet violence in Iraq.

In an interview on "Good Morning America" on ABC, Speaker Nancy Pelosi accused Mr. Bush of moving quickly to put the added troops in place because he knew Congress would not limit spending for military personnel in the field.

"Democrats will never cut off funding for our troops when they are in harm's way," Ms. Pelosi said, "but we will hold the president accountable. He has to answer for his war. He has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder."

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That drew a sharp response from the White House, where Dana Perino, a spokeswoman, called Ms. Pelosi's comments "poisonous" and said Democrats had embarked on "sound bite war."

"Speaker Pelosi was arguing in essence that the president is putting young men and women in harm's way for tactical political reasons," Ms. Perino said. "And she's questioning his motivations, rather than questioning his policies."

Senators Warner, Collins and Nelson, in a move reminiscent of the "Gang of 14" meetings that helped avert a showdown over judicial filibusters in 2005, began meeting this week after they saw the language of the initial bipartisan resolution. Some lawmakers who had expressed resistance to the troop increase said the wording was too partisan and went far beyond the issue of Iraq to discuss the entire Middle East, North Korea and Afghanistan.

Aides to the three senators declined to elaborate on the proposal, but all three have expressed skepticism about the administration's plan to send more troops to Iraq. In an interview last week, Mr. Warner said Congress should move deliberately, but swiftly.

"Each of us are pained by the casualties that we are taking," Mr. Warner said. "We cannot dither around on it."

Mr. Biden and his allies have some advantages in making their resolution the center of the debate because he is now chairman of the Foreign Relations Committee and can move his resolution quickly through that panel. And the Democratic leadership, which determines the floor schedule, has indicated its support for the concept as well.

"The president's plan will receive an up-or-down vote in both chambers of Congress," Senator Harry Reid of Nevada, the majority leader, said Friday in a speech at the National Press Club. "With that vote, our hope, really our prayer, is that the president will finally listen: listen to the generals, listen to the Iraq Study Group, listen to the American people and listen to a bipartisan Congress."

Casey Urges Patience In Securing Baghdad (WP)

By Josh White

The Washington Post, January 20, 2007

The deployment of 21,500 additional U.S. troops in Iraq probably will last at least until the end of the summer, a top general said yesterday, urging patience with President Bush's strategy while a bipartisan group of U.S. legislators continued pressing for a new plan.

Gen. George W. Casey Jr., the top U.S. military officer in Iraq, said that the primary focus of the additional U.S. forces will be to secure a violent Baghdad and that their mission, if it goes as planned, could last well into 2007. He and other defense officials have said in recent days that the new battle for Baghdad could take some time but that it will be apparent in coming months whether progress is being made.

"That's not going to happen overnight either, and you're going to see some progress gradually over the next 60 to 90 days," Casey told reporters in southern Iraq yesterday, according to a transcript. "But I think it's probably going to be the summer, late summer, before we get to the point where the people in Baghdad feel safe in their neighborhoods. . . . The first troops are just arriving now, so we've got to wait and see the effect they have on the situation here before we even start thinking about when we might send them home."

The president's plan has drawn ire from Democrats who see the November elections as a mandate to change course in Iraq. House Speaker Nancy Pelosi (D-Calif.) lashed out in an ABC News interview aired yesterday, saying that Bush has "dug a hole so deep he can't even see the light on this" and calling the buildup "a stark blunder."

"The president knows that because the troops are in harm's way, that we won't cut off the resources," Pelosi told ABC. "That's why he's moving so quickly to put them in harm's way, but we will hold the president accountable. He has to answer for his war."

White House officials bristled at Pelosi's comments, with spokeswoman Dana Perino calling them "poisonous."

"I think questioning the president's motivations and suggesting that he, for some political reason, is rushing troops into harm's way, is not appropriate, it is not correct, and it is unfortunate because we do have troops in harm's way," Perino said at a news conference.

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In a speech at the National Press Club yesterday with Senate Majority Leader Harry M. Reid (D-Nev.), Pelosi said the war has produced tens of thousands of casualties, cost hundreds of billions of dollars and damaged the country's standing internationally. She said it also has strained the U.S. military and thus threatens national security.

"Escalating our military involvement in Iraq will not reverse these negative effects. It will only add to them," Pelosi said.

Reid echoed Pelosi's position: "Unfortunately, the president's new plan can be summed up in four words: 'more of the same.' Like our military generals, the American people, and a growing bipartisan chorus in Congress, I believe escalation is a serious mistake . . . Interjecting more U.S. military forces will not end this civil war."

Yesterday, a bipartisan group from the Senate Armed Services Committee announced it will give a resolution on Monday "addressing the president's plan to augment U.S. military forces in Iraq."

The chief sponsor of the resolution, Sen. John W. Warner (Va.), the ranking Republican of the committee, has expressed reservations about putting U.S. forces in the middle of a sectarian fight in Baghdad and has openly questioned sending more troops. Warner's public comments suggest his plan will fall somewhere between the president's strategy and the Democrats' position.

Casey explained his request for more troops yesterday, indicating that he saw three reasons for a more robust presence: the deteriorating situation in Baghdad; the commitments from the Iraqi government that will allow free U.S. troop movement throughout the city; and the fact that Iraqi forces have not been reliable enough "where we could count on them to do the right thing without additional coalition support."

The increased demand for U.S. troops in Iraq is likely to lead to an early, involuntary call-up late this year or early next year of about four Army National Guard combat brigades with 3,500 to 4,000 troops each, Pentagon officials said.

The Army had planned to be able to supply 18 or 19 combat brigades for Iraq and other overseas duty continually, but the requirement is now for 23, placing a heavy burden on the active-duty Army, said Lt. Gen. Stephen M. Speakes, Army deputy chief of staff, in a Pentagon briefing yesterday. The mobilization of guard brigades will allow active-duty combat units to spend more time at home.

To further ease the strain, the Army and Marine Corps are starting a push to expand their ranks by 12,000 additional troops each year for the next five years, leading senior Pentagon officials to appeal for greater public support for military service. The increase will require a combination of retaining troops and recruiting.

General Sees Summer Deadline For Troops (NYT)

By David S. Cloud

The New York Times, January 20, 2007

TALLIL AIR BASE, Iraq, Jan. 19 — Gen. George W. Casey Jr., the top commander in Iraq, said Friday that the additional troops being sent to Iraq under President Bush's new plan to stabilize the country could begin to be withdrawn by late summer if security conditions improve.

"I believe the projections are late summer," General Casey said, adding, "I think it's probably going to be the summer — late summer — before you get to the point where people in Baghdad feel safe in their neighborhoods."

The American buildup, which is expected to reach slightly more than 20,000 troops, is just beginning, and all the units may not be in place for several months, but General Casey said there could be signs of improvement in Baghdad in 60 to 90 days. He also said that the Iraqi Prime Minister, Nuri Kamal al-Maliki, appeared to be carrying through on his side of the plan, which requires the Iraqi government to commit more troops and not to interfere with military operations aimed at cracking down on the Shiite militias that have been blamed for much of the sectarian violence in Baghdad.

"So far, so good," General Casey said. "We are seeing them come through on those commitments."

The three Iraqi brigades that Mr. Maliki promised have not yet arrived in Baghdad. But General Casey said that American and Iraqi units have arrested a number of insurgent and death squad members, including five or six death squad leaders in the last three or four weeks. Secretary of Defense Robert M. Gates, who is making his second trip to Iraq in less than a month, came to southern Iraq on Friday for talks with British commanders and General Casey.

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Britain has about 7,000 troops in southern Iraq, and officials in London told Mr. Gates earlier this week that they were making plans to withdraw most of them sometime this year.

"As we see the need for less troops, the surplus will go home," said Maj. Chris Ormond-King, a British military spokesman in Basra, where Mr. Gates held the talks with British commanders.

Major Ormond-King said that Britain maintains three bases inside Basra, Iraq's second-largest city, but that plans were moving forward to turn over the city to full Iraqi control, a step that he added was "probably achievable" by this spring.

He said that British commanders had no plans to disarm Shiite militia groups, including the Mahdi Army and the Badr Organization, that have been vying for power in the city, as long as they do not attack British forces. A critical part of the new American strategy for stabilizing Iraq is to persuade Mr. Maliki to disarm Shiite militias as well as Sunni insurgents. In the past, Mr. Maliki has been reluctant to crack down on the Mahdi Army, whose leader, Moktada al-Sadr, has been a pivotal member of his political coalition.

Mr. Gates said this week that Britain was making troop reductions at the same time Washington was building up forces in Iraq because conditions in southern Iraq are different than those in Baghdad and other parts of Iraq, where the United States has most of its troops.

Mr. Gates had lunch in Basra with General Casey and Maj. Gen. Jonathan Shaw, the recently arrived British commander. Later, Mr. Gates and General Casey traveled to this air base in southern Iraq to meet with Australian and Romanian commanders and to receive briefings on reconstruction efforts in the south.

Since taking office, Mr. Gates has pushed to ensure that the new American strategy to send additional troops also includes a renewed focus on reconstruction efforts.

Some "Surge" Troops May Return Soon (WSJ)

By Greg Jaffe

The Wall Street Journal, January 20, 2007

TALIL AIR BASE, Iraq -- Gen. George Casey, who is overseeing the addition of 21,500 troops to Iraq, said the U.S. may consider bringing some of those new forces home as soon as late summer.

"I think it will be late summer before people in Baghdad feel safer in their neighborhoods," he said.

Gen. Casey met with Defense Secretary Robert Gates here Friday. After Mr. Gates went out of his way not to reveal his opinion on troop levels in his first weeks in office, he seems to have decided that the best way to stem surging violence in Iraq and Afghanistan for now is more U.S. troops.

His statements over the past week -- as he toured the Persian Gulf, Afghanistan and Iraq -- suggest that even if the additional troops don't produce quick results in the coming months, he will exercise patience. Less clear is whether lawmakers on Capitol Hill and voters -- who in polls are skeptical about the force increases -- will be willing to tolerate the Bush administration's troop "surge" without quick results. If the strategy doesn't work, it isn't clear whether the administration has a backup plan.

Mr. Gates, making his second trip to Iraq in less than a month, spent most of his time here learning about southern Iraq, where British troops make up the preponderance of forces. His visit seemed to highlight the differences between the U.S. and British in Iraq.

In contrast to Baghdad -- where the U.S. is adding troops -- British commanders have told U.S. officials they will likely withdraw a number of their 7,000 troops in southern Iraq this year.

In Baghdad, U.S. officials talk frequently about the need to disarm Shiite militias such as the Badr Corps and the Mahdi Army. And American commanders are pushing U.S. troops deeper into Baghdad's densely populated conflict zones.

In the British zone, the opposite is happening. British troops already seem to be taking a less aggressive approach in the south, particularly when it comes to disarming the Shiite militias. They also seem to be pulling back from conflict zones and turning more of the fight over to Iraqi troops.

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A British spokesman says United Kingdom forces are going out of their way not to confront the Shiite militias. "We are not taking them on," said Maj. Chris Ormand-King, adding that "the militias are not necessarily a bad thing." He said the militias eventually will be folded into the police and army, but he cautioned the process "could take decades."

The British position is in large part a product of the fact that they have essentially committed to turning over control to the Iraqis in the next few months and to sending troops home or redirecting them to Afghanistan, where violence has also risen. With fewer troops, the British say there are limits to what they can do.

Earlier this fall, for example, the British pulled out of a base in al Amarah, where U.K. forces took frequent fire, and moved to a less populated area along the Iraq-Iran border. Within days of turning the base over to Iraqi army forces, it was looted by impoverished locals. The base hasn't been rebuilt.

"This is an extremely poor area," and what the Iraqis decide to do with the base will "be something the Iraqis will have to sort out for themselves," Maj. Ormand-King said.

Gen. Casey, speaking to reporters, said it is too early to know whether the new U.S.-Iraqi strategy to secure Baghdad will work. Much will depend on whether the Iraqi government provides adequate forces for the fight and doesn't prevent troops from entering key neighborhoods or arresting political figures involved in illegal activity.

Iraq Aiding U.S. Surge, General Says (WT)

By David R. Sands

The Washington Times, January 20, 2007

TALIL AIR BASE, Iraq -- Iraq's government has begun to deliver on commitments it made to complement President Bush's plan for a new infusion of U.S. troops, but the results may not be fully felt in Baghdad for more than six months, the top U.S. commander said yesterday.

"So far, so good," said Gen. George Casey, talking to reporters after briefing visiting Defense Secretary Robert M. Gates on the security situation in Iraq.

Gen. Casey said the results on the ground will not be felt overnight for Baghdad, but that some of the extra U.S. troops could begin to pull out by midyear.

"It may be summer, late summer before the people of Baghdad can feel safe in their neighborhoods," he said.

Gen. Casey's optimism comes amid a crescendo of opposition in Congress to Bush's decision to send more troops, with both the House and Senate planning votes condemn and possibly block the move.

Meanwhile, the U.S. troop surge has started.

In addition, the government of Prime Minister Nouri al-Maliki has begun to transfer three promised Iraqi brigades to Baghdad amid continued insurgent attacks and vicious sectarian killings by warring Shi'ite and Sunni militants.

In Baghdad yesterday, U.S. and Iraqi forces arrested one of militant cleric Muqtada al-Sadr's top aides, according to the Associated Press.

An adviser to Mr. al-Maliki, however, denied the government knew in advance about the raid, in which Sheik Abdul-Hadi al-Darraji was captured.

"There was no coordination with the Iraqi political leadership and this arrest was not part of the new security plan," the adviser, Sadiq al-Rikabi, told Al-Arabiya television, the AP reported. "Coordination with the Iraqi political leadership is needed before conducting such operations that draw popular reactions."

His comments reflected the differences between the United States and Iraq's Shi'ite-dominated government on U.S. demands for a crackdown on Shi'ite militias that have been blamed for much of the recent violence.

Mr. Gates, on his second visit to Iraq in less than a month, did not meet with Mr. al-Maliki or any other Iraqi officials on this trip, which focused on the relatively peaceful southern part of the country.

As he did in stops at three Arab capitals before coming to Iraq, Mr. Gates said there is a growing regional consensus that Iraq must not be allowed to descend into chaos.

"Given what is at stake here, failure is not an option," he said.

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Gen. Casey, who is wrapping up a 21/2-year stint as the top U.S. commander in Iraq. defended the pace of U.S. aid and support for Iraq's army.

Mr. al-Maliki had complained earlier this week that his security forces had not been given the equipment and training they needed to provide security for the country.

Gen. Casey said the job of equipping Iraq's 325,000-member security force was on track to be completed by the end of this year.

Mr. Gates began the day with a briefing at the British-run base near Basra, the country's second-largest city located in the southern Shi'ite heartland.

Britain, with about 6,200 troops in southern Iraq, mostly in Basra, plans to keep forces Iraq through 2007 and perhaps into 2008, a top British general said yesterday.

"Do I see ourselves being here throughout 2007? Yes," Army Lt. Gen. Graeme Lamb, deputy commander of Multi-National Force-Iraq, told reporters at the Pentagon in a teleconference from Iraq.

"Do I see that commitment being carried on to 2008? That will be for discussion among this sovereign government, my government, our part in the coalition and the like," Gen. Lamb said.

Levels of violence in the south have been lower than in Baghdad and central Iraq, although six British soldiers were wounded in a mortar attack in Basra shortly before Mr. Gates and Gen. Casey arrived.

Iraqi troops are in charge of security in two of the four provinces in the British-run sector.

Shi'ite militias remain a potent force in the south, but British military spokesman Maj. Chris Ormond-King said British commanders hope to co-opt the militias into the new national security forces.

"The militias are not a problem for us," he said. "What is a problem are some of the rogue elements in those militias."

A total of 129 British soldiers have been killed since the 2003 U.S.-led invasion.

Mr. Gates' visit to Talil Air Base, located nearly 200 miles southeast of Baghdad and once used by forces of Saddam Hussein, was the final stop in a weeklong tour that included London, Brussels, Afghanistan, Saudi Arabia, Qatar and Bahrain.

With a close-to-the-vest manner and a preference for yellow index cards in delivering his public remarks, Mr. Gates has already proved a sharp contrast to colorful and quotable former Defense Secretary Donald H. Rumsfeld.

Briefing reporters with Gen. Casey, Mr. Gates remarked that he had learned at least one fact on his global fact-finding tour: "I'm getting too old to do seven countries in 51/2 days."

Casey: "Surge" Could Go Home By Summer (CHIT/AP)

By Robert Burns

Chicago Tribune, January 20, 2007

TALLIL AIR BASE, Iraq -- The top U.S. commander in Iraq predicted Friday that some of the extra troops President Bush is sending could make an impact and start returning home by late summer, an optimistic note in contrast to skepticism of the plan back home.

Gen. George Casey said security in the war zone should gradually improve during the next three months as the 21,500 added troops build up in Baghdad and in Anbar province. However, the plan's success depends on the Iraqi government fulfilling its own pledges of adding troops and taking an aggressive approach to sectarian militias and death squads, he said.

Iraqi Prime Minister Nouri al-Maliki has failed to deliver on such promises before.

"I think it's probably going to be the summer, late summer, before we get to the point where the people in Baghdad feel safe in their neighborhoods," Casey told reporters at a news conference with Defense Secretary Robert Gates.

Asked when he thought some of the extra U.S. troops could be pulled back, Casey replied, "I believe the projections are late summer, but the first troops are just arriving," so nothing is sure.

Sounding his optimistic note, he said, "You're going to see some progress gradually over the next 60 to 90 days."

Gates, making his second trip to Iraq since he took over for Donald H. Rumsfeld on Dec. 18, headed home after a daylong visit that was not announced in advance. Gates and Secretary of State Condoleezza Rice, just back from the Middle East, will meet with Bush Saturday morning at the White House to report on their trips.

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His trip came as the Bush administration begins a new phase in the war including a troop buildup that has sparked widespread opposition in Congress and the general public, a reshuffling of Mideast commanders and diplomats and intensified military pressure on Iran. Congress is to take up nonbinding legislation opposing the buildup next week.

"Our goal is an Iraq that can defend itself, sustain itself, and govern itself and live free from the scourge of extremism," Gates said. "There's widespread agreement here that failure would be a calamity for American national interests and those of many other countries as well."

The first extra troops -- a brigade of the 82nd Airborne Division -- have just arrived in Baghdad, and Gates said it was too early to predict how Bush's plan for quelling the sectarian violence in the capital will work.

Four other brigades are to arrive between now and May, assuming the Iraqis follow through on their commitment to bring three additional Iraqi army brigades into Baghdad and to allow raids against all illegal militias.

Administration officials have declined to estimate how long the extra troops will be needed in Iraq, saying it depends on conditions. Gates said earlier this month that the increase seemed likely to last months, but not 18 months or two years.

Casey had expressed reservations about adding U.S. troops in Baghdad before Bush announced the plan on Jan. 10. The general said several factors had changed recently, including commitments by al-Maliki to not prohibit U.S. and Iraqi security forces from arresting leaders of Shiite militias who have political connections in the Maliki government.

Casey also said he was encouraged at the prospect of al-Maliki fulfilling his promise to send an extra three Iraqi army brigades to the capital to help the reinforced U.S. contingent.

Asked how the Iraqi government was doing to meet its commitments, he said, "So far, so good."

Casey will soon leave his post as part of a house-cleaning Bush is conducting on his military and diplomatic teams for the Middle East.

The U.S. troop reinforcements are supposed to secure Baghdad, although 4,000 of the extra troops are for Anbar province in western Iraq, where a Marine-led force is fighting an Sunni Arab insurgency.

Gates stopped earlier in Basra, the country's second-largest city, where he and Casey met with Maj. Gen. Jonathan Shaw, the newly arrived commander of British forces in southern Iraq.

At Tallil Air Base, which is near the ancient city of Ur and had been a main air defense post of the Iraqi military under Saddam Hussein, Gates and Casey met with commanders from several coalition countries, including Australia, Romania, Denmark and Britain, as well as with U.S. trainers of Iraqi forces.

The Bush administration has accused Iran of meddling in Iraqi affairs and contributing technology and bomb-making materials for insurgents to use against U.S. and Iraqi security forces.

A British military spokesman in Basra told reporters that no hard evidence had been obtained of Iranian arms, money or weapons technology entering southern Iraq.

But the spokesman, Maj. Chris Ormond-King, added, "As a gut feeling we know there is Iranian influence" here. The predominantly Shiite Muslim areas of southern Iraq have historic ties to Iran, which is a predominantly Shiite nation.

Britain, which has the largest troop contingent among the U.S. allies with about 7,000 soldiers in the Basra area, is planning to withdraw a large portion of them this year.

Joseph Lieberman Unbowed (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, January 20, 2007

WASHINGTON -- The war in Iraq brings to Joe Lieberman's mind an old Mark Twain story. "When a cat jumps on a hot stove, the cat never jumps on the stove again because the cat always assumes the stove is hot," says the senator from Connecticut. "But we are smarter than that. OK, so Vietnam didn't work out. But there are times when you've got to use force, to protect your security and to protect your principles."

Try telling that to the nuisance of congressional felines now prowling around the Iraq debate, eyeing it like a cooker on high boil. Next week will witness a Senate vote on a resolution condemning President Bush's new plan to quell growing sectarian

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violence and terrorism in Iraq by increasing the number of troops. While that vote may be largely symbolic, it comes amid far more ominous congressional calls to cut off war funding, to leave the Iraqis to settle their differences, to bring the troops home.

If ever the Iraq political debate was at a crossroads, it's now.

At the center of this fray is Sen. Lieberman, a sort of Horatio at the congressional bridge -- spiritedly trying to hold back a bipartisan stampede out of Iraq that he believes will result in devastating consequences for that country, the region, and, most importantly, U.S. national security.

"Iraq is the central part of a larger and ultimately longer-term conflict in the Middle East between moderates and extremists, between democrats and dictators, between Iran- and Iraq-sponsored terrorism and the rest of the Middle East . . . Are we going to surrender to them, surrender that country to them, and encourage people like them to be in authority and power all over the Middle East and in a better position to strike us again?" asks Mr. Lieberman. If only Livy had his quill today.

These are blunt words, and quite a few more flow from Mr. Lieberman throughout a lively interview in his office this past week. A born gentleman, he refrains from lobbing any pot shots at opponents. But he made clear that he felt Washington had been ducking an honest debate about the war and the consequences of abandoning it, hiding instead behind "cosmetic" resolutions and rhetoric. Four years into the conflict, Mr. Lieberman thinks there is value in remembering again why it is we're in Iraq.

This is well-trod ground for a man who supported not just the first Gulf War, but sponsored the 1998 Iraq Liberation Act that aimed to topple the regime. In 2003 "we did something that was right and courageous, which was to overthrow Saddam Hussein," says Mr. Lieberman. "He was a genocidal dictator, he tried to assassinate a former American president, he used chemical weapons [on his] . . . own people . . . He was a hater of the United States." Saddam was a danger, not to mention a barrier to creating a democratic Middle East that ceases to be a threat to the U.S.

This is why the senator remains unmoved today by those colleagues who have abandoned the cause, lamenting that they were "deceived" about the existence of WMD or that they have "lost confidence in the leadership of the president." Says Mr. Lieberman: "If you still think, not only that the original purpose of going in was right, but that how it ends will have a significant effect on American security for a generation or more to come, then you don't back away." And that, he says, counts even in the face of faltering public opinion. "I think we are elected to lead. . . . Americans are understandably responding to the carnage they see on TV every night, and what we have to urge them is not to surrender to the people who are causing that carnage."

Mr. Lieberman, who returned from his latest visit to Iraq in December, freely acknowledges what he believes were "the series of mistakes that were made after Saddam Hussein was overthrown," from the disbanding of the Iraqi army to our reluctance to send more troops (something he has advocated since the fall of 2003). Still, "we were getting to a point where we were making some significant progress -- and it is important not to overlook this. There were three elections held. Those were a powerful demonstration of what no one is able to deny, even those who now want to turn away and give up on Iraq. Which is that the majority of the Iraqi people want a better life for themselves and their families. The majority is not involved in sectarian violence and clearly not involved in terrorism."

There are still hopeful signs, he says. His recent trip included a stop in Ramadi in Anbar province -- an area thick with terrorist operatives -- where the senator saw evidence that "we've turned the tribal leaders to our side, against al Qaeda." Mr. Lieberman also felt from his discussions around the country that there were strong signs a "moderate, multiethnic coalition" was coming together among political leaders who would support Prime Minister Nouri al-Maliki in a renewed push to restore order. "This thing is still winnable," says Mr. Lieberman. "And it is critical that we take advantage of this opportunity to win."

Which gets to President Bush's proposal for more troops, a plan Mr. Lieberman enthusiastically endorses. "The people in Congress, and the public, were quite right in saying the president's got to come up with a different approach. And he did. It's better than any other plan I've seen because it holds the hope of success. Most of the other plans are effectively just giving up and walking away."

Are 21,500 additional troops really enough? "I wish it was more, truthfully," he answers, throwing his own wish of 35,000 or even 40,000. "But I believe it is adequate. What I hope is that it is implemented quickly." The troops will be vital to quelling what Mr. Lieberman sees as several very different conflicts currently raging in Iraq. In Baghdad, more U.S. soldiers will bolster more Iraqi forces who aim to hold neighborhoods wracked by violence between local Shiites and Sunnis. In Anbar, they will hunt down

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al Qaeda. More troops, says Mr. Lieberman, will also provide the opportunity "to change the dynamic" in the wider war on terrorism, by sending a message to Iran and others that the U.S. will not abandon the region's moderates who are struggling to create a new democratic order.

And what of those Americans looking for some guarantee this will succeed? "None of us can be certain [the president's plan] is going to work; all the choices we have in Iraq right now are difficult. But by far, the one that is the worst, and would have disastrous consequences, is to pick up and leave, in small steps or in one large step, for all the reasons we know," he replies, emphatically. He also wants to speak beyond the proposal itself, to its author. "I have admiration for the president, because I believe he gets it. He understands the challenge of our time, which is from Islamic extremism . . . And he knows what he's doing is not popular. But he's doing it because he thinks it is right for the country." * * *

So what does that say about Mr. Lieberman's Senate brethren, those who now want to turn tail for Rome, abandoning Horatio and his damned bridge to the enemy? What, I ask, accounts for the growing numbers of senators -- including Republicans such as Nebraska's Chuck Hagel, Maine's Olympia Snowe, Oregon's Gordon Smith -- who could well provide the decisive votes to undermine their own president in a time of war?

Mr. Lieberman offers a few half-hearted (dare I say, gentlemanly) explanations for the Senate's frigid feet. Some feel let down because the WMDs were never found; others are "affected in a political context by the loss of public support." But he ends up back at a baser truth, conceding that "some people, I just think have been partisan about this -- and that, to me, is the worst reason."

Mr. Lieberman is also frustrated that those supporting the resolution are dodging the tough questions. "The resolution that is being talked about, in one sense I'd say it is offensive, because it is only cosmetic . . . It won't affect the implementation of a new plan to succeed, to win in Iraq. But at the same time it will send a mixed message to those who are fighting for us in Iraq, and those who are fighting against us in Iraq. It will be a very graphic example . . . that we are divided."

But what can Mr. Lieberman, President Bush and others do to stave off such a capitulation? For starters, he responds, his side needs to make sure the naysayers aren't allowed to just criticize. "Part of the case would be, look, if you are really against the war and you are really against what the president is proposing, have the nerve to do what Congress under the Constitution is authorized to do: Move to cut off the funding and then let's have a real head-to-head debate."

Critics of the president's approach might also be made to put forward an alternative, and justify their proposals -- beyond some vague notion that this must all be solved by the Iraqi parliament, which Mr. Lieberman explains isn't so much a solution as wish-fulfillment. "There is an attempt by some of my colleagues here to say that it is wrong to think a military victory is possible, and in the end this requires a political solution among Iraqis. Well, of course it does. But as President Bush said, and as I believe, you can't have a political solution, you can't have economic growth . . . unless you first have security. That's key. Security's basic."

The other alternative, of course, is to simply admit defeat. Some in Congress are working up the courage to say as much, and to further suggest that abandoning Iraq wouldn't be all that bad. "People say this is just like Vietnam, we could leave, and that would be that. That won't be that. We're in a war which has it origins in this part of the world, in the Middle East, in the conflict within Islam. If we pull out and essentially surrender to the extremists and terrorists, they are naturally going to follow us right back to our shores.

"If we leave the place collapses. And it's more than civil war, it's ethnic cleansing. The Iranians come in and dominate a good chunk of the country. Al Qaeda takes over a good part and uses it as a base. The Kurds [can sustain themselves] but it gets very ominous. . . . And then the same group of people who attacked us on 9/11, they achieve a victory, and they will use that victory to strike at us again."

Speaking of the threat posed by Iran, Mr. Lieberman has been equally unimpressed by the U.S.'s lack of resolve. "I'm troubled by this reflex reaction to talk with Iran. We're a strong enough country, when it seems productive we shouldn't hesitate to talk to anybody. But we ought to talk when it is in our interest, not theirs. And right now it is only in Iran's interest."

He says he's been encouraged by the administration's tougher stance in recent weeks, and in particular President Bush's decision to move another carrier battle group to the Gulf region -- "which sends a message to Iran."

Mr. Lieberman also notes that, "We know that some of our American soldiers are being killed by sophisticated IEDs from Iran. The evidence is just closed, clear, compelling. . . . I can't believe the concern expressed by some of my colleagues here

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about whether we have a right to take prisoner Iranians who we conclude are either supplying weapons to Iraqis who are using them to kill American troops, or training them to kill American troops." As for the rest of the world community, "they're in denial."

What is remarkable, I think toward the end of our conversation, is how spry and feisty the senator looks. He did, after all, just come off a draining year fighting a bitter battle -- against his own party -- for his political life. Mr. Lieberman is now officially an "independent," yet he takes care to describe himself as an "independent Democrat." Why identify with a party that is so uniformly opposed to him on an issue so dear to his heart? He admits he frets that foreign policy is the "Achilles heel" of his politic al side, and that "unless the Democratic Party can prove to the people that as a party it is not either pacifist or isolationist, but is willing to stand up and protect the security of the American people, then we're going to have trouble electing a president."

His own Democratic heroes are Truman and Kennedy. "The Kennedy inaugural was the single . . . speech that brought me into public life. Those famous words 'Pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty.' That's what it has meant to me to be a Democrat." Horatio's challenge now is to convince his party -- and more than a few Republicans -- to also remember just who they are.

Key Aide To Sadr Arrested In Baghdad (WP)

By Ernesto Londono

The Washington Post, January 20, 2007

BAGHDAD, Jan. 19 -- U.S.-backed Iraqi forces arrested a top aide to anti-American Shiite cleric Moqtada al-Sadr in eastern Baghdad on Friday, amid growing signs of stepped-up efforts to quell Sadr and his supporters.

U.S. military officials said in November that Sadr's Mahdi Army militia represents the greatest threat to Iraq's security. U.S. and Iraqi forces are preparing a renewed effort to pacify Baghdad, including the deployment of additional U.S. troops.

Abdul Hadi al-Daraji, Sadr's media director in Baghdad, was arrested at his house in the neighborhood of Baladiyat, near the Mahdi Army stronghold of Sadr City, shortly after midnight, said Sadr spokesman Abdul Razak al-Nadawi.

The spokesman said a guard was killed during the operation. At least two other aides were taken into custody, according to a statement released by the U.S. military.

The statement did not identify Daraji by name, but said the main suspect was involved in the assassination of numerous members of Iraq's security forces and is "affiliated with illegal armed group cells targeting Iraqi civilians for sectarian attacks." The military said the arrest was the result of an "Iraqi-led" operation.

Nadawi said "the occupation forces are provoking Sadr . . . by these daily operations or every-other-day operations." The spokesman added that the cleric's followers "are the only ones demanding and putting a timetable for the occupation withdrawal."

Iraqi Prime Minister Nouri al-Maliki, who has been pressured by the Bush administration to bring the Mahdi Army and other Shiite militias under control, was not forewarned about the arrest, said Ali Dabbagh, a spokesman for Maliki. Dabbagh said the prime minister was not notified about every impending high-profile arrest.

"No one is untouchable for the security forces," Dabbagh said. "At the same time, no one was interested to go into a fight with the Sadr movement." Sadr, whose supporters hold 30 seats in parliament, is a key supporter of Maliki, who is a Shiite, but the cleric is also widely seen as an instigator of the country's sectarian violence.

Neither Dabbagh nor the U.S. military said whether Daraji had been charged with a crime. "Definitely, if he's not charged, he will be released in a respectful way," Dabbagh said.

Sadr said in an interview with an Italian newspaper published Friday that a crackdown had begun and that 400 of his men had been arrested, according to the Associated Press.

Maliki told reporters this week that 430 Mahdi Army members had been arrested in recent days, but Nadawi said Thursday that the arrests stretched back to August 2004.

In the interview, Sadr said his militiamen would not fight back during the Muslim holy month of Muharram, which started Friday for Sunnis and begins Saturday for Shiites, saying it was against the faith to kill at that time.

"Let them kill us. For a true believer there is no better moment than this to die: Heaven is ensured," he was quoted as saying. "After Muharram, we'll see."

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Also on Friday, the U.S. military reported the death of an American soldier killed Thursday by an improvised explosive device.

The soldier, who was not identified pending notification of relatives, was traveling in a convoy conducting an escort mission in a neighborhood in northwest Baghdad when the blast occurred. Three other soldiers were injured.

Aide To Militant Shiite Cleric Held After U.S.-Iraqi Raid (NYT)

By Sabrina Tavernise

The New York Times, January 20, 2007

BAGHDAD, Jan. 19 — A senior aide to the Shiite cleric Moktada al-Sadr was detained here in a joint American-Iraqi raid before dawn on Friday, Iraqi and American officials said, in the latest high-profile arrest of a Shiite militia member.

The aide, Abdel Hadi al-Daraji, a powerful cleric whose official position is as a spokesman for Mr. Sadr but who also is accused of running a Mafia-style crime empire in northeast Baghdad, was arrested in a mosque close to his house in the neighborhood of Baladiyad. He was detained with two of his guards. A third was shot dead in the raid.

The American military did not identify Mr. Daraji by name, saying only that it had captured "an illegal armed-group leader," and that he was suspected of having been involved in "the organized kidnapping, torture and murder of Iraqi civilians." A spokesman for Mr. Sadr confirmed that Mr. Daraji was the aide who was arrested and denied the charges of criminal activity.

Mr. Daraji, an elfin man who came from poverty into the Shiite religious community after the American invasion, had been in hiding since the fall, when the military began actively pursuing members of Mr. Sadr's militia, the Mahdi Army, a central driver of sectarian violence here.

The detention will be a test for the government of Prime Minister Nuri Kamal al-Maliki. Mr. Maliki has generally avoided confrontation with Mr. Sadr, whose tremendous political influence helped him win the prime minister post last year. And as recently as October, Iraqi government officials persuaded the top American military commander, Gen. George W. Casey Jr., to release a senior aide to Mr. Sadr from American custody.

Mr. Daraji was a central figure in Mr. Sadr's organization during its battles with the American military in 2004, leading his vast army of spokesmen and media advisers. But as the years passed, he staked out territory of his own in his native Sadr City, a sprawling grid of cement-block houses in northeast Baghdad, and local residents said he had been involved in some of the worst militia crimes.

Iraqis who knew him said he had grown rich from his power in the neighborhood. He was known as a middleman, arranging government contracts with local businessmen and taking commissions, and also receiving secret Iranian financing. He had built a fancy new house in Baladiyad, near the mosque where he was arrested Friday morning.

His involvement in crime became well known in the neighborhood and in recent months Mr. Sadr disavowed him, but some still consider him a top aide. He went into hiding, and in October had all but stopped answering his cellphone and responded only to previously arranged agreed-upon patterns of rings.

Many welcomed the news of his arrest.

"It's a good thing," said one Iraqi who knew people around Mr. Daraji and who spoke anonymously out of concern for his family's safety. "He's No. 1 in all this city."

In Sadr City, the arrest stirred some discontent, but not the mass protests that such an arrest would have provoked in past years. Muhammed al-Musawi, a cleric speaking at Friday Prayer, said the government should instead spend its time looking for Sunni militants, like those who engineered a bombing at a university this week.

US Forces Seize Sadr Aide (FT)

By Steve Negus

Financial Times, January 20, 2007

Key figures in Iraq's Sadrist movement said on Friday that US forces had detained one of its top members, the latest in a series of signs that Prime Minister Nouri al-Maliki had authorised a crackdown on the radical Shia movement whose militias are blamed for a large share of the country's sectarian violence.

The arrest coincided with the arrival of US Secretary of Defense Robert Gates in Basra in the south of the country.

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The Sadrists identified the detainee as Abd al-Hadi al-Darraji, the movement's media director in Baghdad. The US military said special Iraqi army forces operating with coalition advisers captured a high-level suspect "based on credible intelligence that he [was involved in] the organised kidnapping, torture and murder of Iraqi civilians".

"The suspect allegedly leads various illegal armed group operations and is affiliated with illegal armed group cells targeting Iraqi civilians for sectarian attacks and violence," the statement said.

It said he was affiliated with Abu Diraa, a fugitive militia leader whom US officers say is responsible for the brutal murder of numerous Sunni civilians, but whom many Shia consider a folk hero, claiming he only targets terrorists.

Mr Maliki has been under heavy pressure from the US to crack down on Shia militias ever since he took power last summer and the beginning of this year is widely viewed as his last chance to demonstrate that is serious about imposing the authority of a non-sectarian state, as opposed to helping the Shia to win a sectarian civil war.

The prime minister, whose government has in the past been accused of protecting leaders of the Sadrists' Mahdi Army militia and blocking operations in their support base of Sadr City, has recently suggested that he may have authorised more wide-ranging operations against the radical Shia movement. Two days ago, he said that over 400 Mahdi Army fighters had recently been arrested.

The prime minister may be reluctant to explicitly declare an offensive against the Mahdi Army, which many Baghdad Shia have seen as their first line of defence against Sunni militants who have targeted Shia mosques, religious ceremonies and other civilian targets for the past three years.

The Sadrists for their part say that they are under a crackdown.

One resident of Sadr City said that the movement's rank-and-file had largely disappeared from the streets, and that the leaders believed that they were being hunted and were keeping a low profile.

The Sadrists also say that they have received instructions from Moqtada al-Sadr, the young radical cleric who at least nominally commands the movement, not to resist or provoke the Americans. Officials have also hinted that the group's 30-strong parliamentary bloc may end a boycott of parliament called in November to protest against a meeting between Mr Maliki and US President George W Bush.

In the past, Mr Sadr has built much of his legitimacy from his movement's vocal and militant opposition to the US military presence in Iraq.

However, his movement has long espoused deepening Sunni-Shia ties, and he has reportedly tried to rein in or replace commanders who are responsible for some of the worst abuses. He has also come under pressure from rival Shia groups to allow his militia to be dismantled, lest the United States cut support for the country's Shia-led government.

Top Sadr Deputy Is Arrested (LAT)

By Louise Roug

The Los Angeles Times, January 20, 2007

BAGHDAD — U.S. and Iraqi troops on Friday arrested a top Shiite leader suspected of torturing and killing civilians. The capture of the man Iraqi officials identified as Sheik Abdul-Hadi Darraji, a chief aide of anti-American cleric Muqtada Sadr, comes on the heels of a promised crackdown on Shiite militias by Prime Minister Nouri Maliki.

A spokesman for Sadr's office in Najaf quickly condemned the joint raid in Baghdad, promising countrywide demonstrations.

"Let the Americans know that in these provocative acts against the Sadr movement they are playing with fire," Sheik Abdel Razaq Nidawi said. "And we will wait for the orders of Sayed Muqtada regarding the arrest."

A recently unveiled Baghdad security plan involving the deployment of additional U.S. troops hinges on whether Iraqi forces can, or will, clamp down on Shiite militias such as Sadr's Al Mahdi army. Gunmen loyal to Sadr have long been suspected of fomenting much of the violence in the capital.

However, the significance of Darraji's arrest remains unclear. In the past, Maliki's government has forced U.S. troops to release suspected militiamen affiliated with Sadr, whom the prime minister relies upon for political support. And there seemed to be confusion Friday about whether Maliki had been informed of the raid that led to Darraji's arrest.

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One spokesman told the Al Arabiya TV news channel that the operation took place without the prime minister's knowledge. But another Maliki official said in a telephone interview that the Iraqi government supported the arrest.

The U.S. military did not name Darraji but said in a statement that special Iraqi army forces and their U.S. advisors detained "a high-level, illegal armed-group leader" in an east Baghdad neighborhood. Sadr officials and an Iraqi government spokesman said the man was Darraji.

In addition to leading a group suspected of torturing and murdering Iraqi civilians, Darraji has allegedly been involved in assassinating Iraqi security forces and government officials, the U.S. military said in a statement.

"He is believed to be affiliated with Abu Dura and other Baghdad death squad commanders," it said.

The leader known as Abu Dura is a notorious figure in the mostly Shiite slum of the capital known as Sadr City, reputedly responsible for numerous deaths and the most grisly torture. By several accounts, Abu Dura has split with Sadr and is running a renegade militia cell.

Shiite Muslim clerics used their pulpits during Friday prayers to criticize the arrest.

Sayed Muhannad Musawi told worshipers in Sadr City that the arrest was part of a Bush administration strategy to "cover their failure in Iraq" and he called upon the Iraqi government to release the detainees.

"We say to the government that we are not terrorists," said Musawi, responding to a recent statement by Maliki that the government had arrested 400 militiamen affiliated with Sadr. "We are not killers. Rather, we defend innocent citizens."

Among residents in the vast slum, the arrest was greeted with dismay.

"The arrest in Sadr City proves the brutality of the Americans against the safe cities in Iraq," said Ali Abdullah, a 40-year-old owner of an appliance shop. "As a resident of this city, I demand that the government play its role in stopping the operations against unarmed civilians."

Teacher Mohsin Asaidi, 37, called Darraji a symbol for Sadr's followers and his arrest "proof to the world that terrorism and the invasion [of Iraq] are two faces of the same coin."

Sheik Hassan Zarqani, a Sadr official in Najaf, a city holy to Shiites, demanded the release of all detainees associated with Sadr's group, calling the most recent arrest a "very bad message to the Sadr movement, which is trying very hard to stabilize the situation in Baghdad."

A Sadr official's account of the 2 a.m. raid at a Shiite holy site differed from the U.S. military's, saying that four others, not two, were arrested with Darraji. During a gunfight, one guard was killed and the holy site was damaged, said the official, who requested anonymity.

U.S. troops are not allowed to enter Muslim holy sites, including mosques. The U.S. military said its troops never set foot on the site.

Later Friday morning, mourners gathered for a funeral procession taking the body of Ali Raheem, the guard, to Najaf, witnesses said.

Also on Friday, U.S. Secretary of Defense Robert M. Gates arrived in Iraq, touching down in the southern city of Basra, where Shiite militias are engaged in a fierce campaign against the approximately 7,000 British forces there.

Britain has consolidated forces in a few bases around the city and plans a significant troop drawdown this year.

Gates met with Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, and Maj. Gen. Jonathan Shaw, commander of British troops here.

In recent days, a palace housing British forces has come under heavy rocket bombardment. Attackers have also planted mines in the Shatt al Arab waterway, targeting river patrols, and buried roadside bombs aimed at convoys driving through the city. A spokeswoman for the British forces in Basra said six British troops were injured and two vehicles destroyed in an attack on their base that included rocket and machine-gun fire.

In a news conference with Gates at Tallil air base, northwest of Basra near the city of Nasiriya, Casey suggested that some of the extra troops President Bush plans to send could start returning home by late summer. But, he said, that depends on the Iraqi government fulfilling its pledges of adding troops and taking an aggressive approach to sectarian militias and death squads, the Associated Press reported. Gates added, "Our goal is an Iraq that can defend itself, sustain itself and govern itself and live free from the scourge of extremism."

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Elsewhere in Iraq, violence continued, authorities said.

Police patrols recovered the bodies of 18 people, including a politician from Sunni Arab-dominated Fallouja. Some of the corpses bore signs of torture.

Mortar fire killed three and injured seven in various neighborhoods of Baghdad. Armed men opened fire randomly at shoppers at a market, killing one and injuring two.

A roadside bomb killed a police officer and injured another.

In the northern city of Kirkuk, drive-by gunmen assassinated a cleric Thursday night.

An American soldier was killed and three others were wounded by a roadside bomb Thursday in northwestern Baghdad, the U.S. military said in a statement.

The U.S. military on Friday also confirmed that a suicide car bomber attacked near a compound housing Kurdish peshmerga forces earlier in the week, killing four and injuring 38.

Top Aide Of Muqtada Al-Sadr Arrested (AP)

By Kim Gamel, Associated Press Writer

AP, January 20, 2007

U.S. and Iraqi forces swooped into a mosque complex in east Baghdad on Friday and detained a top aide to radical anti-American cleric Muqtada al-Sadr, the latest in a series of operations aimed at eviscerating the leadership of the Mahdi Army militia.

The raid drew immediate criticism from the Iraqi government, which complained it had not been consulted. An aide to Prime Minister Nouri al-Maliki, who owes his job as Iraqi leader to al-Sadr's backing, said the operation was not part of a coming joint U.S.-Iraq security drive.

Under the plan, to which President Bush has committed an additional 21,500 American troops, U.S. commanders have been promised a freer hand against both Sunni insurgents and Shiite militiamen.

"There was no coordination with the Iraqi political leadership and this arrest was not part of the new security plan," Sadiq al-Rikabi, the al-Maliki adviser, told Al-Arabiya television. "Coordination with the Iraqi political leadership is needed before conducting such operations that draw popular reactions."

Abdul-Hadi al-Darraji was captured in the early morning raid and his bodyguard was killed in what Abdul-Zahra al-Suweiadi, a senior al-Sadr aide, called a "cowardly act." Al-Sadr's office said al-Darraji was media director for the cleric's political movement and demanded his immediate release.

"America is playing with fire and our patience is beginning to fade," said Abdul-Razzaq al-Nidawi, an al-Sadr aide in the Shiite holy city of Najaf. "This savage barbarian act will not pass peacefully."

The U.S. military, in a statement that did not name al-Darraji or mention the Mahdi Army by name, said special Iraqi army forces operating with U.S. advisers had "captured a high-level, illegal armed group leader" in Baghdad's Baladiyat neighborhood, which is adjacent to Sadr City, the Mahdi Army stronghold.

"Iraqi forces detained him based on credible intelligence that he is the leader of an illegal armed group (involved in) ... the organized kidnapping, torture and murder of Iraqi civilians. The suspect is also reportedly involved in the assassination of numerous Iraqi Security Forces members and government officials," the U.S. statement said.

It said two other suspects were detained for questioning.

Also Friday, the top American commander in Iraq, Gen. George Casey, said he thought some of the extra troops might return home after a few months.

"I think it's probably going to be the summer, late summer, before you get to the point where people in Baghdad feel safe in their neighborhoods," Casey said at a news conference at Tallil Air Base in southern Iraq with visiting Defense Secretary Robert Gates.

Asked how long the additional American forces would remain, Casey replied, "I believe the projections are late summer."

The first group of extra troops — a brigade of the 82nd Airborne Division — has just arrived in Baghdad, and Gates said it was too early to predict how Bush's plan for quelling the sectarian violence in the capital will work.

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Four other brigades are to be sent to Iraq between now and May, assuming the Iraqis follow through on their commitment to bring three additional Iraqi army brigades into Baghdad and to allow raids against all illegal militias.

Gates' daylong visit was not announced in advance. The defense chief met with U.S. commanders and their allied counterparts as the Bush troop buildup was encountering widespread opposition in Congress.

House Speaker Nancy Pelosi said Friday that the Iraq war "is not an obligation of the American people in perpetuity." The president, she said, "has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder."

Democratic support was building around a resolution that would rebuff Bush's plans for more troops to Iraq, and more Republicans were looking for ways to sign on to the measure.

In an interview with an Italian newspaper, al-Sadr said the U.S.-Iraqi security crackdown already has begun. And he confirmed reports that 400 Mahdi Army men have been arrested.

The La Repubblica interviewer quoted al-Sadr as saying he feared for his life and stayed on the move constantly. His aides have told The Associated Press he seldom sleeps in the same place for two nights in succession.

Al-Sadr said his militias would not fight back immediately because Islam forbids killing during the Muslim holy month of Muharram, which starts Friday for Sunnis and Saturday for Shiites.

"Let them kill us. For a true believer there is no better moment than this to die: Heaven is ensured," he was quoted as saying. "After Muharram, we'll see."

Al-Sadr said he is being targeted.

"For this reason, I have moved my family to a secure location. I even have had a will drawn up, and I move continuously in a way that only few can know where I am," he was quoted as saying by La Repubblica.

Some of al-Sadr's militia commanders have said al-Maliki has stopped protecting the Shiite fighters under pressure from Washington. They have claimed at least five top commanders were captured or killed in recent months.

While al-Maliki has vowed he will not interfere in U.S. attempts to rid the capital of militiamen, his aide al-Rikabi declared that "the new security plan does not target a specific militia, it targets everyone practicing killing and terrorism against civilians, whether Sunnis or Shiites."

At least 27 people were killed or found dead as a result of sectarian violence across Iraq on Friday, including a man working for the Ministry of Tourism and Archaeology Affairs who was shot and killed near his home in a predominantly Sunni neighborhood in western Baghdad. Gunmen also attacked a Shiite mosque in southern Baghdad, killing two guards and setting off explosives to damage the building.

A roadside bomb killed one U.S. soldier and wounded three others in an attack Thursday against a patrol that was escorting a convoy in northwestern Baghdad, the military said Friday.

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AP military writer Robert Burns in Basra and Lolita C. Baldor in Washington contributed to this report.

Iran Complains About U.S. Detentions (AP)

By Edith M. Lederer, Associated Press Writer

AP, January 20, 2007

Iran charged in a letter to U.N. Secretary-General Ban Ki-moon on Friday that the United States illegally attacked its consulate in the northern Iraqi city of Irbil last week and demanded the immediate release of five detained Iranians.

The U.S. military accused the Iranians of links to an Iranian Revolutionary Guard faction that is allegedly supporting insurgents in Iraq. It disputed Iranian claims that the men were diplomats and that the office is a consulate.

In its letter, Iran's deputy ambassador Mehdi Danesh-Yazdi strongly condemned the Jan. 11 raid and accused the U.S. of "another flagrant violation of the basic principles of international law" and diplomatic conventions which bar attacks on diplomatic missions.

The Foreign Ministry said U.S. forces also confiscated documents and other property. It said Iran has had an office in Irbil since 1992, and its status was officially changed to a consulate in the past year.

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Danesh-Yazdi called for the immediate release of the five Iranians, the return of the property seized by U.S. forces and compensation for damages to the consulate.

"The Islamic Republic of Iran holds the U.S. government fully responsible for the consequences of this unlawful act, and for the safety and security of the ... consular officers," Danesh-Yazdi said.

"Indeed, the said attack constitutes a matter of grave concern that requires an urgent and resolute response on the part of the United Nations, and in particular the Security Council," Danesh-Yazdi said.

He did not indicate what specific response Iran was seeking, but asked Ban to circulate his letter as an official document of the General Assembly and the Security Council.

Iran Reportedly Set For Talks With U.S. (AP)

By Bassem Mroue, Associated Press Writer

AP, January 20, 2007

President Jalal Talabani said in remarks published Friday that the Iranians were ready to meet with the U.S. for talks about security issues — part of an apparent effort by Talabani to encourage a dialogue between two nations that are increasingly at odds, and vital to Iraq.

Talabani's comments, in an interview with the respected pan-Arab daily Al Hayat, came amid escalating tensions between Washington and Tehran. In recent weeks, the U.S. has built up naval forces in the Persian Gulf and raided an Iranian liaison office in northern. Iran meanwhile has stepped up military operations along its border, Iranians arriving in Iraq say.

"During my last visit to Tehran, I discussed the matter with Iranian officials who said they are ready to meet the Americans but they said that the Americans should publicly announce their readiness," Talabani said in the interview. He was last in Iran in late November.

Talabani, currently on a visit to Syria, said "the Iranians showed flexibility. I will say it for history that they said they are ready for an understanding with America from Afghanistan to Lebanon. They are ready for discussions in order to reach results that please both sides."

Talabani's office confirmed the accuracy of the quoted comments.

Iranian officials were not immediately available for comment because Friday is the holy day in the Muslim world.

The United States accuses Iran of helping Sunni insurgents and Shiite militias in Iraq, and of trying to build a nuclear weapons program. Washington has also asked Tehran to end support for militant groups, including Hezbollah in Lebanon and the Palestinian group Hamas.

In his interview, Talabani described two failed efforts by U.S. and Iranian officials to hold secret talks last year.

At one point last year, Talabani said, the Iranians proposed a three-way meeting with U.S. and Iraqi officials, and the Americans accepted. The talks were to be held in the town of Dokan, in Iraq's northern Kurdish area.

U.S. Ambassador Zalmay Khalilzad, Talabani told the newspaper, traveled to Dokan a day before the scheduled meeting. But the Iranians boycotted, Talabani said, because they thought the secrecy of the meeting had been compromised.

The Iranians proposed another meeting before Prime Minister Nouri al-Maliki's government took office in May, Talabani said, but the Americans wanted to wait until the Cabinet was formed. The Iranians "considered that procrastination and canceled the meeting," he said.

Earlier this week, Lawrence Wilkerson, former Secretary of State Colin Powell's chief of staff, told the British Broadcasting Corp. that Vice President Dick Cheney in 2003 rejected an Iranian offer to help the United States stabilize Iraq, and for Tehran to end its military support for Hezbollah and Hamas.

State Department deputy spokesman Tom H. Casey on Thursday said he had no knowledge of the offer. But he said the U.S. is open to talks with Tehran.

Meanwhile, Iranian reinforcements were reported along the Iraqi border in the northern Kurdish region in response to what residents said was an intensification of over-flights by U.S. warplanes in recent days.

Travelers arriving in Iraq's northern Sulaimaniyah province said they saw dozens of Revolutionary Guards with vehicles carrying 106 millimeter cannons. They chanted "death to American. Death to Israel."

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Mamosta Aziz, a senior official at the Kurdistan Ministry of Peshmerga, or militias, said Iranian forces had remained on their side of the border.

Iran's Foreign Minister Manouchehr Mottaki told state-run television Friday that Iran will file a formal complaint with the U.N. Security Council over the U.S.'s detention of five Iranians in northern Iraq.

The U.S. military stormed an Iranian government office in the Kurdish-controlled city of Irbil on Jan. 11 and arrested the Iranians, whom it accuses of links to an Iranian Revolutionary Guard faction that is allegedly supporting insurgents.

Iran says the arrested men were diplomats and the office a consulate, but the U.S. disputes this.

Leading Senator Assails President Over Iran Stance (NYT)

By Mark Mazzetti

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — The new chairman of the Senate Intelligence Committee on Friday sharply criticized the Bush administration's increasingly combative stance toward Iran, saying that White House efforts to portray it as a growing threat are uncomfortably reminiscent of rhetoric about Iraq before the American invasion of 2003.

Senator John D. Rockefeller IV, the West Virginia Democrat who took control of the committee this month, said that the administration was building a case against Tehran even as American intelligence agencies still know little about either Iran's internal dynamics or its intentions in the Middle East.

"To be quite honest, I'm a little concerned that it's Iraq again," Senator Rockefeller said during an interview in his office. "This whole concept of moving against Iran is bizarre."

Mr. Rockefeller did not say which aspects of the Bush administration's case against Iran he thought were not supported by solid intelligence. He did say he agreed with the White House that Iranian operatives inside Iraq were supporting Shiite militias and working against American troops.

Mr. Rockefeller said he believed President Bush was getting poor advice from advisers who argue that an uncompromising stance toward the government in Tehran will serve American interests.

"I don't think that policy makers in this administration particularly understand Iran," he said.

The comments of Mr. Rockefeller reflect the mounting concerns being voiced by other influential Democrats, including the Senate majority leader, Harry Reid of Nevada, and Senator Joseph R. Biden Jr. of Delaware, about the Bush administration's approach to Iran. The Democrats have warned that the administration is moving toward a confrontation with Iran when the United States has neither the military resources nor the support among American allies and members of Congress to carry out such a move.

Because Mr. Rockefeller is one of a handful of lawmakers with access to the most classified intelligence about the threat from Iran, his views carry particular weight. He has also historically been more tempered in his criticism of the White House on national security issues than some of his Democratic colleagues.

Mr. Rockefeller was biting in his criticism of how President Bush has dealt with the threat of Islamic radicalism since the Sept. 11 attacks, saying he believed that the campaign against international terrorism was "still a mystery" to the president.

"I don't think he understands the world," Mr. Rockefeller said. "I don't think he's particularly curious about the world. I don't think he reads like he says he does."

He added, "Every time he's read something he tells you about it, I think."

Last week, the Intelligence Committee heard testimony from John D. Negroponte, the director of national intelligence, that an emboldened Iran was casting a shadow across the Middle East and could decide to send Hezbollah operatives on missions to hit American targets.

Mr. Negroponte testified the morning after President Bush had, in a televised address to the nation, said he was determined to confront what he called worrying activities by Iranian operatives in Iraq, and announced that the Pentagon was building up the American naval presence in the Persian Gulf and sending a battery of Patriot missiles to deter Iranian aggression.

Some Democrats have suggested that Mr. Bush's speech was the beginning of a meticulously choreographed campaign to demonize Iran, much the way the administration built its public case against Iraq.

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In a speech on Friday, Mr. Reid warned the White House not to take military action against Iran without seeking approval from Congress.

Gordon D. Johndroe, a White House spokesman, said in response to Senator Rockefeller's comments that Iran was taking provocative actions both inside Iraq and elsewhere, and that American allies were united in efforts to end what intelligence officials believe is a covert nuclear weapons program inside the country.

"It has been clear for some time that Iran has been meddling in Iraq, and the Iraqis have made the concerns known to the Iranians," Mr. Johndroe said. He noted that the administration has said it would be willing to begin direct talks with Iran — which have not occurred since 1979 — if Iran agreed to suspend its uranium enrichment and reprocessing activities.

Gen. Michael V. Hayden, director of the Central Intelligence Agency, told lawmakers on Thursday that over the past year and a half he had come to a "much darker interpretation" of Iran's activities inside Iraq.

"I think there's a clear line of evidence that points out the Iranians want to punish the United States, hurt the United States in Iraq, tie down the United States in Iraq, so that our other options in the region, against other activities the Iranians might have, would be limited," he said.

Mr. Rockefeller's committee is working to complete a long-delayed investigation into the misuse of intelligence about Iraq in the months before the American-led invasion.

He said that the committee was nearing completion on one part of that investigation, concerning whether the White House ignored prewar C.I.A. assessments that Iraq could disintegrate into chaos.

That report, Mr. Rockefeller said, could be released within months and was "not going to make for pleasant reading at the White House."

Mr. Rockefeller said that with Democrats now in charge of the Intelligence Committee, he expected the panel to be much more aggressive, both in investigating the use of intelligence to fashion White House policy and in subjecting secret intelligence programs to new scrutiny. He mentioned the C.I.A's network of secret prisons and the National Security Agency's domestic wiretapping program as likely subjects of investigations.

"We weren't able to drill down on a lot of stuff" during the years in which the Intelligence Committee was under Republican control, Mr. Rockefeller said. "Now, there's a very different attitude."

Draft Law Keeps Central Control Over Oil In Iraq (NYT)

By James Glanz

The New York Times, January 20, 2007

BAGHDAD, Jan. 19 — After months of tense bargaining, a cabinet-level committee has produced a draft law governing Iraq's vast oil fields that would distribute all revenues through the federal government and grant Baghdad wide powers in exploration, development and awarding major international contracts.

The draft, described Friday by several members of the committee, could still change and must be approved by the Iraqi cabinet and Parliament before it becomes law. Negotiations have veered off track in the past, and members of the political and sectarian groups with interest in the law could still object as they read it more closely.

But if approved in anything close to its present form, the law would appear to settle a longstanding debate over whether the oil industry and its revenues should be overseen by the central government or the regions dominated by Kurds in the north and Shiite Arabs in the south, where the richest oil fields are located.

The draft comes down firmly on the side of central oversight, a decision that advocates for Iraq's unity are likely to trumpet as a triumph. Because control of the oil industry touches so directly on the interests of all Iraq's warring sectarian groups, and therefore the future of the country, the proposed law has been described as the most critical piece of pending legislation.

"This will give us the basis of the unity of this country," said Ali Baban, the Iraqi planning minister and a member of the Sunni-dominated Tawafaq party who serves on the negotiating committee. "We pushed for the center in Baghdad, but we didn't neglect the Kurds and other regions," Mr. Baban said.

Negotiators said that the final weeks of wrangling on the draft focused on a federal committee that would be set up to review the oil contracts. Kurdish, and to some extent Shiite, parties wanted to maintain regional control over the contracts, while

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Sunni Arabs, with few oil resources on territories they dominate, insisted that the federal committee have the power to approve contracts, rather than just reviewing them and offering advice.

The negotiators appear to have finessed that issue by allowing the regions to initiate the process of tendering contracts before sending them to Baghdad for approval. To limit the powers of the committee, they also have drawn up an exacting set of criteria to govern the deliberations of the committee rather than simply relying on its independent discretion. And in a bow to the Kurds, who objected to the use of the word "approve" in describing the committee's duties, the draft law says instead that the committee may review and reject contracts that do not meet the criteria.

The draft law would also radically restructure parts of Iraq's state-controlled oil industry by giving wide independence — possibly leading to eventual privatization — to the government companies that control oil exports, the maintenance of pipelines and the operation of oil platforms in the Persian Gulf.

The law would also revive the Iraqi National Oil Company, a countrywide umbrella organization that was essentially closed by Saddam Hussein.

At the same time, the law would place substantial administrative authorities outside Baghdad by allowing any region that produces at least 150,000 barrels of oil a day to create its own operating company, according to Hussain al-Shahristani, the Iraqi oil minister and member of a powerful coalition of Shiite political parties who also serves on the negotiating committee.

Barham Salih, a deputy prime minister and the chairman of the negotiating committee, said that the precise wording of clauses could still change. He was speaking by telephone from Iraqi Kurdistan, where Mr. Salih, a Kurd, said he was still working to cement support for some provisions in the draft law.

"This is the most important piece of legislation that Iraq will adopt, and it is not a surprise that it is taking long, tedious rounds of negotiations," Mr. Salih said. "We are close, but we have not yet closed the deal. We are making progress and need to continue."

The developments come with several additional cautions, not the least of which is that in Iraq's chaotic wartime environment, even laws that do get passed can have little impact. In one example of a document arrived at through similar negotiations, Iraq's Constitution, it remains unclear what effect many of the fastidiously negotiated clauses are having in the governance of the country.

And even though Iraq's main political and sectarian groups have been represented in the talks over the oil law, it is still possible that members of those groups could bridle as the draft is scrutinized more widely.

As a case in point, the Kurdistan regional government issued a statement on Friday criticizing an Oil Ministry spokesman for saying that the oil law had been agreed upon unanimously and put in final form.

"Although the process of drafting the oil law is nearing completion, the important annexes to the law are still pending," the statement said.

Some of those annexes will address how to deal with fields that are already producing oil under existing contracts, how to begin taking bids for drilling new wells in known fields and exploring areas where currently unknown oil fields could be located.

The committee achieved a breakthrough of sorts in December, when negotiators took a step toward central control by agreeing that all oil revenues should first go to the central government before being sent back to the regions in amounts proportional to population.

But the talks bogged down on the question of whether the committee, to be called the Federal Oil and Gas Council, would be called upon to approve contracts proposed by the regions or just review those contracts and offer advice. In its current form, the draft law avoids the word "approve" and in effect gives the committee veto power.

Whatever the language, Mr. Shahristani, the oil minister, said, the committee will in fact pass judgment on each contract, even when it originates in a proposed deal between a company and one of the oil-producing regions.

But the committee must make its decision based on specific guidelines, like a directive to maximize profits for Iraq and to keep the contracting process transparent, Mr. Shahristani said. And there are other checks and balances written into the law. For example, while the regions can propose their own deals, they will have to work with companies that have been "pre-qualified" in Baghdad.

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Directives like that could still generate objections in Kurdistan, which wants as much freedom as possible to write its own contracts.

The draft law also specifies that technical experts in the Oil Ministry are to be included in the process at all levels. It is the ministry that will be called upon to write a plan for which oil fields will be developed and drilled first, and which ones will follow. The federal council would simply be called upon to endorse that plan or send it back for revisions.

The Oil Ministry would also be closely involved in developing "model contracts" to be used as templates at all levels of Iraq's oil industry.

Having an oil law will in principle make it easier to attract international companies with the resources and expertise that the country so desperately needs. Still, hovering over all the negotiations is the question of whether companies will want to do business in Iraq.

Mr. Shahristani, for one, says that because of the financial stakes, companies are already reaching out.

"The international companies keep contacting me — every week, without exception," Mr. Shahristani said. "They are all very, very keen."

Temporary "Enjoyment Marriages" In Vogue Again With Some Iraqis (WP)

By Nancy Trejos

The Washington Post, January 20, 2007

BAGHDAD -- Fatima Ali was a 24-year-old divorcee with no high school diploma and no job. Shawket al-Rubae was a 34-year-old Shiite sheik with a pregnant wife who, he said, could not have sex with him.

Ali wanted someone to take care of her. Rubae wanted a companion.

They met one afternoon in May at the house he shares with his wife, in the room where he accepts visitors seeking his religious counsel. He had a proposal. Would Ali be his temporary wife? He would pay her 5,000 Iraqi dinars upfront -- about $4 -- in addition to her monthly expenses. About twice a week over the next eight months, he would summon her to a house he would rent.

The negotiations took an hour and ended with an unwritten agreement, the couple recalled. Thus began their "mutaa," or enjoyment marriage, a temporary union believed by Shiite Muslims to be sanctioned by Islamic law.

The Shiite practice began 1,400 years ago, in what is now Iraq and other parts of the region, as a way to provide for war widows. Banned by President Saddam Hussein's Sunni-led government, it has regained popularity since the 2003 U.S.-led invasion of Iraq brought the majority Shiites to power, said clerics, women's rights activists and mutaa spouses.

"During Saddam's time, there was no religious freedom," said Faris al-Shareef, a sheik who lives in the mainly Shiite city of Hilla.

Opponents of mutaa, most of them Sunni Arabs, say it is less about religious freedom and more about economic exploitation. Thousands of men are dying in the sectarian violence that has followed the invasion, leaving behind widows who must fend for themselves. Many young men are out of work and prefer temporary over permanent wives who require long-term financial commitments. In a mutaa arrangement, the woman is entitled to payment only for the duration of the marriage.

"It's a cover for prostitution," said Um Akram, a women's rights activist in Baghdad. "Some women, because they don't want to be prostitutes, they think that this is legal because it's got some kind of religious cover. But it is wrong, and they're still prostitutes from the society's point of view." Um Akram, like the mutaa spouses interviewed, asked that only parts of her name be published.

Many intellectuals consider ancient traditions such as these an obstacle to Iraq's effort to become a more modern, democratic society. In recent years, extremist religious groups have gained more power in Iraq.

"These steps are taking the whole country backwards and are definitely hurdles to the advancement of the country," said Hamdia Ahmed, a former member of parliament and a women's rights activist in Baghdad. "The only solution is to separate Islam from politics."

Shiite clerics and others who practice mutaa say such marriages are keeping young women from having unwed sex and widowed or divorced women from resorting to prostitution to make money.

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They say a mutaa marriage is not much different from a traditional marriage in which the husband pays the wife's family a dowry and provides for her financially.

"It was designed as a humanitarian help for women," said Mahdi al-Shog, a Shiite cleric.

According to Shiite religious law, a mutaa relationship can last for a few minutes or several years. A man can have an unlimited number of mutaa wives and a permanent wife at the same time. A woman can have only one husband at a time, permanent or temporary. No written contract or official ceremony is required in a mutaa. When the time limit ends, the man and woman go their separate ways with none of the messiness of a regular divorce.

Although the temporary arrangements are becoming more common, they are still controversial, and people usually conduct them secretly.

Ali had a normal marriage once. It lasted only three months because the couple did not get along. Her chances for another permanent marriage, she said, were slim. Men often prefer virgins over widows and divorced women, she said.

She welcomed Rubae's proposal because he was a well-known sheik in her neighborhood. Her family was fond of him. "He was a good guy, and he was a religious man," she said.

Rubae had been in 15 mutaa marriages before. A year ago he entered into a permanent marriage with a woman who had been his mutaa wife for a day. When she became pregnant eight months ago, she suggested he take a temporary wife but asked him not to tell her if he did. She does not know about his involvement with Ali.

"As a pregnant woman, she cannot give me my needs," Rubae said. "She treats me real good and she wants me to be happy."

He chose Ali partly because her blond hair, light brown eyes and petite figure had always attracted him. "When she puts makeup on, it destroys her beauty," he said.

He also liked that she was religiously devout, and he said he wanted to keep her from a relationship outside of marriage.

Ali didn't think of him in a romantic way at first. "After we got married, I started loving him," she said.

The money he gave her helped. Her father owns a bakery but money has always been tight, so much so that she had to end her education after elementary school. But money wasn't her only reason for entering the enjoyment marriage. "I have needs just like any other woman," she said.

Both Shiite and Sunni Muslims allow men to have more than one permanent wife, but they disagree over mutaa.

Most Shiites believe that the prophet Muhammad encouraged the practice as a way to give widows an income. Grand Ayatollah Ali Sistani, Iraq's most revered Shiite cleric, has sanctioned it and offers advice on his Web site.

Um Ahmed, a 28-year-old woman from Najaf, lost her husband in 2005 when he was caught in the crossfire of a fight between two Shiite militias.

Soon after his death, she had her first mutaa relationship, with a man who was in a permanent marriage. He paid her 50,000 Iraqi dinars upfront -- or $38 -- and gave her money whenever she needed it during their six-month relationship.

She said she needed it often. She is a tailor and the only one in her family of 10 who works.

"When a human being needs money, the need will make a person do anything," she said. "It's better than doing the wrong things. This is religiously accepted."

Many Sunnis believe that the practice is outdated and ripe for abuse. They also see it as more evidence of Iranian influence on Iraqi life. Mutaa is widespread in Iran's Shiite theocratic state.

"It is a big insult to women," said Ibtsam Z. Alsha, a Sunni lawyer and the head of the organization Women for the Common Good of Women.

Women's rights activists also bemoan what they say is an increase in mutaa on college campuses. Some female students do it for money. Others do it for love when their parents forbid them to marry a man from another sect.

Amani, a 22-year-old Baghdad University engineering student, said she is a Sunni but agreed to enter into a mutaa relationship with her Shiite boyfriend because her parents disapproved of him. "I hated my family because they did not allow this marriage," she said. "I did this to spite my family."

Still, she has not told them about the relationship. "If they find out, it will be my end," she said.

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A woman cannot terminate a temporary marriage before it expires unless the man agrees, said four sheiks interviewed for this article.

Once the marriage is over, she has to wait at least two menstrual cycles before she can have another relationship so that paternity can be easily determined if she becomes pregnant, they said.

Most mutaa contracts stipulate that no children be produced. If a woman were to become pregnant anyway, Islamic law would require the man to support the child, the sheiks said. But the clerics disagreed over how much power they have to impose that rule.

Rubae said the man who refuses his child would be whipped or even killed. "We as the sheiks should be sure this thing will stay legitimate," he said.

Shareef, the sheik from Hilla, said some men take advantage of their rights under religious law but refuse to accept their responsibility when a child is born. In some of those cases, he said, a sharia court, using Islamic law, is not as effective as a secular court in enforcing the rules.

"I am supporting the idea of the government regulating mutaa marriages, just like the permanent marriages, so these man cannot run away," he said. "Otherwise the women are losing their rights."

Um Akram, the women's rights activist in Baghdad, said more women are asking her organization for help in getting national identification cards for children born of mutaa relationships. Parents must present a marriage certificate to obtain the identification cards, which are required by schools and employers.

Um Akram said some single women have given up their children for adoption to married couples who can use their marriage certificates to register them.

"The men just hit and run, and they don't want to have a family," she said. "The children are paying the price."

Ali and Rubae agreed not to have children. They simply wanted to enjoy each other.

On the days he could see her, he gave her flowers, perfume, clothing and a watch. They had meals together. Sometimes he could spend the whole day with her. Other times, just five or six hours.

Ali said she cried when the marriage ended early last week. "It's just like a permanent marriage," she said. "When he leaves, I become sad."

Her sorrow did not last long. Rubae said Jan. 12 that he had decided to marry her again. This time, he said, he would marry her for a year, enough time for his wife to fully recover from childbirth.

The Next Body Armor Design Gets A Show In Natick (BOS)

By Megan Woolhouse, Globe Staff

The Boston Globe, January 20, 2007

New style is lighter and more protective

NATICK -- The Army's Natick research center showed off the next generation in body armor yesterday to Secretary of the Army Francis J. Harvey, but it's not scheduled to get on the battlefield for three years.

The new body armor hangs on a frame 2 inches from a soldier's body, a design that researchers say limits the impact and injury from a roadside bomb or mortar shell.

Sergeant Joshua Devereaux modeled the gear for Harvey, who asked what he thought of it.

"I'd take this system right now," the sergeant said. But Devereaux and other soldiers will have to wait.

The new armor remains under development and has not been funded by Congress. Harvey and General Benjamin S. Griffin, head of Army Materiel Command, held classified meetings on body armor during a one-day tour of the US Army Soldier Systems Center in Natick.

US Representative Martin T. Meehan, a Lowell Democrat, said that while the military has improved its performance, it still needs to find ways to get the new armor to soldiers and Marines sooner, especially with the additional troops headed to Iraq.

"We're still not giving soldiers the proper body armor to protect themselves," Meehan said. "The higher-ups are always saying we do, but when you talk to people, you find out we're not getting them the best technology. I think it's embarrassing."

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Such criticisms are not new. Early in the Iraq war, soldiers and their families were spending hundreds or even thousands of dollars on protective gear they said the military was not providing. In 2005, Pentagon leaders agreed to reimburse soldiers who bought their own body armor, but six months later the Pentagon reversed its stand, banning the practice. Officials said at the time that they had questions about commercial product quality and could not guarantee the equipment's effectiveness.

There have also been calls for side armor for additional protection. Last January, The New York Times reported that a secret Pentagon study found that as many as 80 percent of the Marines who have been killed in Iraq from wounds to the upper body could have survived if they had extra body armor. Such side armor has been available since 2003, the newspaper reported, but has not been routinely available to troops.

Meeting with reporters in Natick yesterday, Harvey defended the time it takes to get equipment to the field. He said the number of armored Humvees, for example, increased from hundreds to tens of thousands between 2003 and 2005.

"I come from private industry," he said. "And I don't think anybody in private industry could have responded that quickly."

The military currently issues Interceptor body armor, a vest that hangs over a soldier's torso and is made out of Kevlar and ceramic plates. When struck by mortar or gunfire, even at close range, it can absorb much of the impact.

But the plates still pack a punch, an impact that can crack a soldier's sternum, break a rib, or cause serious bruising, said Natick engineer Jean-Louis "Dutch" DeGay.

The next generation of body armor, called the Chassis, is also made of Kevlar and ceramic, but the plates are 12 percent larger, 2 to 4 pounds lighter, and hang from a shoulder frame inches from the body. The new body armor also includes two underarm panels about 8 inches long, which hang about an inch from the body and provide more protection.

"That was one of the lessons learned from the Interceptor," DeGay said.

The redesign is part of a broader effort by the Army to create the Future Force Warrior, rethinking everything from the design of helmets to T-shirts. Much of the emphasis is on how to incorporate more technology into standard uniforms, including heart rate monitors, computers, and global positioning systems.

The Natick center develops rations, clothing, and other equipment. Harvey also inspected the latest Meals Ready to Eat (such as chicken pesto with bowtie pasta) and saw a parade of new, wrinkle-free, fade-resistant uniforms. The center employs about 1,100 civilians, 750 contractors, and 150 military personnel.

Missing In Antiwar Action (WP)

By John McMillian

The Washington Post, January 20, 2007

Recently I finished teaching a freshman seminar at Harvard called "From Reform to Revolution: Youth Culture in the 1960s." When I built the syllabus, I asked students to ponder a single, overarching question: "How did the youth rebellion of the 1960s happen?" That is, what caused millions of young people to pierce the bland and platitudinous din that characterized the early Cold War years? Why did so many youths -- many of them affluent and college-educated -- suddenly decide that American society needed to be radically overhauled?

But as the semester progressed, my students frequently turned the question around: Why is there no rising protest movement among young people today? At the very least, they asked, shouldn't we be seeing more antiwar activity? According to a CNN poll this month, 67 percent of Americans oppose the war in Iraq, and more than half would like to see all U.S. troops home by year's end. Given that it was not until August 1968 that a majority of Americans began calling the Vietnam War a "mistake," this is a remarkable statistic. By 1968, of course, antiwar teach-ins, sit-ins and marches were commonplace on many campuses; demonstrators had violently clashed with soldiers on the steps of the Pentagon; and the Democratic National Convention had descended into chaos over the war.

Today, grass-roots antiwar activism has not been entirely absent. But one would be hard-pressed to argue that we're on the cusp of a rising protest movement. Why not?

First, the civil rights movement exerted a forceful influence on left-wing protesters in the 1960s. When African Americans bravely stood up against attack dogs, cattle prods and fire hoses, they dramatically demonstrated the power of collective action to foster social change.

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Second, the draft personalized the Vietnam War not just for the hundreds of thousands of young men who were conscripted but also for their loved ones. No matter how strained the U.S. military becomes, our all-volunteer army -- widely regarded as a lethal "third rail" in American politics -- isn't going away anytime soon. As a result, too many of us enjoy the luxury of regarding the Iraq war as an abstraction. Among my 12 students, only two personally knew someone serving in Iraq. One is a medic, the other a chaplain.

But my students suggested some other reasons today's youth seem so passive. Although this high-achieving group was hardly representative, many of them spoke plaintively about being pressured from an early age to begin building their credentials for college. "Students are expected to get perfect grades, excel in extracurricular activities, save the world and be home before dinner time," quipped one freshman. These demands seem to be common nationwide. The American Academy of Pediatrics warned this month of the physical and mental health problems that may arise from the competitive and hurried lifestyles of many youths. In such pressure-cooker environments, students are unlikely to become committed organizers.

Nor are many students likely to be socialized into antiwar activism. Every campus has its left-wing organizers, but today the gauzy idealism that circulated among teenagers in the 1960s seems almost freakishly anomalous. According to a recent U.S. Census report, 79 percent of college freshmen in 1970 said that "developing a meaningful philosophy of life" was among their goals, whereas only 36 percent said becoming wealthy was a high priority. By contrast, in 2005, 75 percent of incoming students listed "being very well off financially" among their chief aims.

Some of my students suggested that they might not even be capable of experiencing the kind of indignation and disillusionment that spurred many baby boomers toward activism. In the Vietnam era, the shameful dissembling of American politicians provoked outrage. But living in the shadow of Vietnam and Watergate, and weaned on "The Simpsons" and "The Daily Show," today's youth greet the Bush administration's spin and ever-evolving rationale for war with ironic world-weariness and bemused laughter. "The Iraq war turned out to be a hoax from the beginning? Figures!"

The students who took my seminar were a particularly serious-minded and delightful bunch. Most of them came to admire the pluck and panache of the New Leftists we studied, and they were quick to recognize how frequently the concerns of Vietnam-era protesters dovetailed with their own complaints against the Iraq war. Some even wistfully remarked that they would like to be part of a generational rebellion.

But they doubt that this is likely to happen. "Just like [in] the 1960s, we have an unjust war, a lying president, and dead American soldiers sent home everyday," one student wrote me in an e-mail. "But rather than fight the administration or demand a forum to express our unhappiness, we accept the status quo and focus on our own problems."

The writer is a lecturer in history and literature at Harvard University. He can be reached atmcmill@fas.harvard.edu.

CORPORATE SCANDALS:

Feds Defend Siegelman Jurors, Question E-Mails Used By Defense (AP)

AP, January 20, 2007

Montgomery (AP) - Federal prosecutors defended jurors who convicted former Gov. Don Siegelman and former HealthSouth chief Richard Scrushy, claiming the latest purported e-mails from jurors were concocted and no cause for a new trial.

Acting U-S- Attorney Louis Franklin, in a brief filed late Friday, asked Montgomery Federal Judge Mark Fuller to deny the defense request to reconsider his earlier order denying a new trial.

Siegelman and Scrushy were convicted in June of bribery and conspiracy following a two month government corruption trial in federal court. Siegelman was convicted of a separate obstruction of justice charge. Both are appealing.

Arguing for a new trial, defense attorneys submitted copies of more e-mails that purportedly were sent between two jurors during the trial, alleging that the jurors deliberated improperly outside the presence of the full jury.

The defense lawyers said they received printed copies in December of the messages that were sent anonymously through the mail. The judge earlier had refused to order a new trial because of some earlier e-mail evidence submitted to the court.

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Siegelman attorney David McDonald says there are six e-mails -- five between two jurors and a sixth one between one of the same jurors and a third juror. He called on the Justice Department to investigate the e-mails.

Franklin accuses the defense of continuing its --quoting here -- "rolling, anonymous attacks on the jurors" that "fall far short of the well-settled standards for the extraordinarily relief of a new trial, or indeed for any further hearing, investigation, or other action" by the court.

States Study Marketing Of Lilly Pill (NYT)

By Alex Berenson

The New York Times, January 20, 2007

Stepping up government investigations into Eli Lilly's marketing of its best-selling drug Zyprexa, state prosecutors in Illinois and Vermont have demanded that the company turn over information about the way it promoted the medication.

On Thursday, lawyers from the consumer protection division of the Illinois attorney general's office demanded that Lilly hand over marketing materials, e-mail messages, and other documents with information about promotion of Zyprexa. Vermont investigators issued a similar order yesterday morning.

The orders are the civil equivalents of criminal subpoenas, according to Deborah Hagan, the chief of the Illinois consumer protection division.

Illinois and Vermont are now part of a coordinated five-state civil investigation into the way Lilly promoted Zyprexa, a treatment for schizophrenia and bipolar disorder. The states are investigating whether Lilly tried to hide Zyprexa's risk of causing weight gain and other risks associated with diabetes and whether the company promoted Zyprexa for use in patients who do not have schizophrenia or bipolar disorder.

Federal laws prohibit such so-called "off label" marketing, although doctors may prescribe any drug for any disease that they believe the drug will help.

The orders on Thursday and yesterday are the first formal demands for Lilly documents from state attorneys and they indicate an escalation of the investigation, according to Ms. Hagan and Julie Brill, who is an assistant attorney general in Vermont.

"We can ask for documents; we can ask for answers to questions; and we can ask for people to come in and testify under oath," Ms. Hagan said. Federal prosecutors in Philadelphia have also recently accelerated their own investigation into Lilly's marketing of Zyprexa.

In a statement yesterday, Lilly said it would cooperate with the investigations and had done nothing wrong. "We intend to cooperate with the Illinois attorney general's civil investigative demand relating to Zyprexa," the company said. "We cannot comment further about this or other ongoing investigations."

While the investigation being led by Illinois is civil, other investigations into Lilly's conduct are both civil and criminal. Attorneys general in California and Florida may seek to recover Medicaid payments that the states made for Zyprexa. Medicaid represents a sizable percentage of the drug's overall sales because many people who take the medicine are disabled and do not work.

Any fine or cost recovery could be sizable, because Zyprexa has been a commercial success. The drug is by far Eli Lilly's largest-selling product, with sales of $4.2 billion last year and about $30 billion since its introduction in 1996. More than 20 million people have taken Zyprexa since Lilly began selling the drug.

The investigations could continue for months or possibly years, people involved in the cases say, as investigators sift through tens of thousands of documents from the company and talk to current and former employees.

Zyprexa, whose generic name is olanzapine, is a potent chemical that binds with receptors in the brain to reduce the symptoms of schizophrenia and bipolar disorder. But Zyprexa also causes severe weight gain and changes in blood sugar and cholesterol in many patients who take it.

Internal Lilly documents provided to The New York Times last month by a lawyer in Alaska who represents people with mental illness indicate that Lilly has engaged in a decade-long campaign to play down the seriousness of the side effects of Zyprexa.

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Lilly did not disclose to doctors that its own data showed that 16 percent of people taking Zyprexa for a year gained more than 66 pounds, according to the documents.

The documents also indicate that the company told its drug representatives to promote Zyprexa to doctors for the treatment of conditions other than bipolar disorder or schizophrenia.

Lilly has said it did not market Zyprexa off-label and said so again in its statement yesterday.

"Lilly is committed to the highest ethical standards and to promoting our medications only for approved uses," the company said.

But its marketing materials have repeated references to promoting the drug for other uses. And some sales representatives and doctors have also said they believed that the company was marketing off-label.

Still, any criminal prosecution of the company could face a high burden. While settlements of off-label marketing cases have led to large fines, such cases so far have fizzled if they reach juries.

And as long as drug makers comply with federal requirements to provide data about their products to the Food and Drug Administration, companies have a relatively strong defense against criminal prosecution, according to lawyers who are experts in drug marketing.

H.P. Chief Defends Timing Of Stock Sale (BLOOM)

Bloomberg, January 20, 2007

The chief executive of Hewlett-Packard, Mark V. Hurd, told Congressional lawmakers that his sale of company shares on Aug. 25 was "totally unrelated" to the fact that he was questioned the same day about an ill-fated internal investigation.

The sale of 100,000 shares of Hewlett-Packard was made during a scheduled window for trading by executives, Mr. Hurd wrote in a letter dated Dec. 21 that he sent to the chairman of the House Energy and Commerce Committee, John D. Dingell, a Michigan Democrat.

On the same day the trade was completed, Mr. Hurd was interviewed by lawyers from the law firm of Wilson Sonsini Goodrich & Rosati. The lawyers were looking into techniques used by Hewlett-Packard to identify the source of boardroom leaks.

The disclosure of the internal investigation into the source of the leaks eventually lead to resignations of the H.P. chairwoman, C. Patricia Dunn, and four other executives.

Last week, an outside investigator hired by H.P., Bryan Wagner, 29, of Littleton, Colo., pleaded guilty to identification theft and conspiracy because he posed as a reporter and a director of the company to obtain private telephone records.

Mr. Hurd's defense of his stock sale came in response to a Dec. 12 letter from Mr. Dingell and Representative Bart Stupak of Michigan, a Democrat who heads the subcommittee on oversight and investigations. They asked him about the timing of the sale.

The letter from the lawmakers noted that revelations of improperly dated stock option grants at more than 180 companies have raised questions about whether executives are cashing in or dodging bullets "while in possession of potentially damaging material facts that shareholders do not know."

Mr. Hurd, who noted that shares of Hewlett-Packard had risen significantly since the sale, said the trade was not a case of "bullet dodging."

Mr. Dingell and Mr. Stupak forwarded Mr. Hurd's letter to the Security and Exchange Commission and asked for the agency's views on the matter.

Their letter also noted that the S.E.C. was conducting an investigation into Hewlett-Packard's use of false identities to secure private phone records, a practice known as pretexting.

The two lawmakers asked the agency to inform the committee when that investigation was completed and "whether any violations of the federal securities laws have occurred."

An S.E.C. spokesman, John Heine, said the agency did not comment on Congressional correspondence. Mr. Heine said that it was against agency policy to comment on a pending investigations or to even confirm that an investigation was under way.

Shares of Hewlett-Packard fell 34 cents yesterday, to $42.

Two Are Sentenced For Fraud Involving Trading Of Stocks (BLOOM)

Bloomberg, January 20, 2007

Two former traders at the New York Stock Exchange were each sentenced yesterday to six months in prison and fined $250,000 for improper stock trading.

The two traders, Michael J. Hayward and Michael F. Stern, former managers at Van der Moolen Specialists USA, were each convicted of securities fraud at a trial in July, part of a crackdown on illegal trading on the New York Stock Exchange.

Judge Sidney H. Stein of Federal District Court in Manhattan also ordered Mr. Stern, 56, and Mr. Hayward, 53, to perform 320 hours of community service.

The case stems from a two-year investigation of trading specialists, who match buy and sell orders on the exchange floor to maintain an orderly market in specific securities. Specialists buy and sell for their own accounts and their clients'. Prosecutors said some specialists were using incoming orders to trade for their own firms, making millions of dollars at the expense of clients.

"This is intentional criminal conduct," Judge Stein said. "Deterrence is very important."

The case involved trading activity from 1999 to 2003. More than half a dozen former clerks testified that Mr. Hayward and Mr. Stern directed them to trade for Van der Moolen's account for a profit. Prosecutors also accused the defendants of "interpositioning," or buying stock from one customer and selling to another to profit on the price difference, instead of matching the orders.

Of the 15 specialists charged with fraud by federal prosecutors in April 2005, three, including Mr. Stern and Mr. Hayward, were convicted at trial, and two pleaded guilty. Two other specialists were acquitted. Prosecutors dismissed charges against seven others, and one defendant remains a fugitive.

The inquiry led to charges against stock exchange specialist firms. In March 2004, seven firms agreed to pay $247 million to settle claims by the Securities and Exchange Commission and the New York Stock Exchange that they profited on trades at the expense of customers from 1999 to 2003. Among the firms were Van der Moolen, Bear Wagner Specialists, Spear Leeds & Kellogg, and Banc of America Specialist.

Executives Get Bonuses As Firms Reprice Options (WSJ)

By Charles Forelle

The Wall Street Journal, January 20, 2007

Aim Is to Offset Losses As Backdating Is Fixed; Mr. Deason's Windfall

The stock-options backdating scandal has prompted dozens of companies to fire top executives, take charges totaling billions of dollars against earnings and tell shareholders that they misrepresented how options were awarded.

Now, a number of companies are taking one more step: making special payments to executives or directors who received backdated options. Companies say the payments will compensate executives and directors who weren't involved in options wrongdoing, yet saw their potential profit reduced when their options were adjusted to reflect the actual dates they were issued. Several of the companies describe the payments as bonuses in regulatory filings.

But the practice has given critics more fodder for attacks on ballooning executive pay levels and special perks.

Federal authorities are scrutinizing the options practices of nearly 140 companies, and scores more companies are conducting internal reviews. A stock option typically gives its holder the right to buy a set amount of stock at some future time, at its price at the time the option was granted. The idea is to give recipients an incentive to help boost the company's share price. But a number of companies and executives changed the date on their grants to make them appear they had been granted at a time when the price was even lower, making them worth more to their holders.

Many companies that have acknowledged options-dating troubles are adopting the position that misdated options -- particularly those granted to top executives -- should be fixed without taking more out of shareholders' pockets. For instance, Sehat Sutardja, chief executive officer of microchip maker Marvell Technology Group Ltd., recently reimbursed his employer $5,355,001 for wrongly dated stock options he already had cashed in. He also agreed to forgo another $5.4 million from the value of options he still holds.

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But some companies are taking another course. At KLA-Tencor Corp., for instance, Chief Executive Richard Wallace is in line for an options-related "special cash bonus," according to a securities filing.

The semiconductor-equipment maker is adjusting some of Mr. Wallace's options to carry the share prices that correspond to the dates the options were awarded, rather than the wrong ones achieved through backdating. The adjustments shaved $368,618.36 from the value of those grants. According to the filing, Mr. Wallace will have that amount paid to him in cash.

In effect, Mr. Wallace may come out ahead now that backdating has been exposed, since he is swapping unrealized, potential profit -- which could evaporate if KLA-Tencor shares fall -- for cash. By keeping the repriced options, he retains the chance to profit from them if shares rise higher.

In most cases, the companies making the payments say the executives in question aren't the ones responsible for the options troubles. KLA-Tencor has said in filings that Mr. Wallace, a 19-year company veteran who became CEO last year, had "no involvement" in the improper options granting, which it says occurred primarily from July 1997 through June 2002, a period when Mr. Wallace was a lower-level executive.

KLA-Tencor has said it intends to cancel improper options held by former CEO Kenneth Schroeder, and it will reprice -- without compensatory payment -- improper options held by Ken Levy, its former chairman. Mr. Schroeder, a longtime executive who had taken an advisory role, was fired and Mr. Levy left in the wake of KLA-Tencor backdating revelations last year.

A KLA-Tencor spokeswoman, Kyra Whitten, says the bonuses are being paid to Mr. Wallace and two other officials because the company doesn't want employees not involved with the options trouble to be "adversely impacted." She said the company hasn't yet decided how it will treat backdated options held by nonexecutive employees.

With readjusted prices, most of Mr. Wallace's options are still "in the money" -- meaning their price is below the current market price. But a portion aren't -- meaning they wouldn't be profitable if cashed out. KLA-Tencor will pay Mr. Wallace $84,332.69 for that portion, according to the company's securities filings, meaning Mr. Wallace will be making money from so-called underwater options that otherwise wouldn't yield profit for him at all. The payment is due in January 2008.

The bonuses don't sit well with shareholder activists. "To do this in the context of the outrage over the practice [of backdating] is just shocking," says Ann Yerger, the executive director of the Council of Institutional Investors, who said she was stunned when informed of the payments. "It is a sign that something remains rotten in corporate America with regard to executive pay."

Brian Foley, a compensation consultant in White Plains, N.Y., says, "it seems to me that it [reimbursement] would really stick in one's craw if it goes to the CEO, CFO, general counsel, or anyone who was in the know or should have been in the know."

Mr. Foley adds that the cash payments are "awkward," since it means people get paid for options they haven't yet -- and might never -- exercise.

At Affiliated Computer Services Inc., a Dallas outsourcer that last year ousted two top executives because of extensive backdating, several of those who remain are in line for special bonuses to compensate them for the loss of value on their wrongly dated grants. At the top of the list: Chairman Darwin Deason, who was head of the company's compensation committee and CEO for much of time when backdating occurred. Mr. Deason, who founded ACS and holds more than $400 million of company stock, will get a payment of $650,000, according to an ACS securities filing.

Michael Buckley, a spokesman for ACS, said Mr. Deason isn't being treated differently than any other employee.

Another ACS executive, Thomas Burlin, will get just over $100,000 thanks to the repricing of a misdated option grant that is presently out-of-the-money. Mr. Burlin's options aren't worth anything at ACS's current stock price.

Meanwhile, Fossil Inc. has said seven officers of the clothing-and-accessories maker could be up for a "cash bonus" if their options were repriced. And microchip maker Broadcom Corp. said a top sales executive may be up for a "special" payment of $525,870 next January to compensate him for lost option value.

Top executives of Sonus Networks Inc., a Massachusetts-based telecommunications-equipment maker, also may have a payday coming. The company has said it likely will reprice wrongly dated options, though it hasn't yet done so. Sonus says in a filing that upon repricing, it intends to pay certain executives and directors for any lost value.

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Sonus's chairman and CEO, Hassan Ahmed, has some four million options covered by the payout agreement -- including one grant of 640,000 shares that is deeply under water. It now carries a grant date of April 3, 2001, with an exercise price of $13.875.

The stock was near a sharp low on that date, meaning a new price from a date even couple of days later would shrink Mr. Ahmed's potential profit. If the option is repriced to April 5, for example, the exercise price would change to $17.875 -- and Mr. Ahmed would be in line for a special payment of $2.6 million for an option that is otherwise very far from being profitable. (Sonus shares currently trade at $7.20.)

"All this really is is acknowledging a previous commitment" to grant an option at the originally agreed price, said Charlie Gray, Sonus's general counsel. He said Sonus hasn't determined whether the April 2001 grant carried an incorrect price, and he added that the company might seek to renegotiate the payment agreement in cases where the grant is well out of the money. He said Sonus's audit committee examined the granting practices and concluded that no current member of management, including Mr. Ahmed, did anything wrong.

The recent disclosures about the repricings come in large part thanks to a provision of Section 409A of the federal tax code. Section 409A slaps a 20% excise tax, along with other penalties, on certain "discount" stock options whose exercise price is below the level of the stock on the day the option was granted. Options backdated to a day with a low price are a type of discount option. By agreeing to reprice the options, an executive is saved from the big tax bill.

Executives who already have exercised backdated options may have to pay a penalty tax. But at least one company, j2 Global Communications Inc., a Los Angeles seller of telecom services, is relieving that burden. In a filing, the company says it "anticipates resolving the matter directly with the Internal Revenue Service on behalf of all such holders, including making any payments that are required." In addition to paying its executives' taxes, j2 Global also is offering a "compensating payment" to several because of repriced options. The company says in its filing that it had used "incorrect measurement dates" for some options but that "no willful backdating took place."

The bulk of companies that have admitted to options problems aren't being nearly so generous.

Every director and executive officer of chip maker Actel Corp. of Mountain View, Calif., for instance, will have wrongly dated options repriced with no reimbursement. Stephen Hemsley, who replaced William McGuire as CEO of UnitedHealth Group Inc. after Dr. McGuire's options-fueled ouster, is surrendering about $190 million in value, though the Minnetonka, Minn., insurer said it believes Mr. Hemsley did nothing wrong. (Dr. McGuire is forfeiting $200 million.) Boston Communications Group Inc. of Bedford, Mass., said in a filing that 13 current or former executives or directors are surrendering outright a total of more than 410,000 wrongly dated options, without compensation.

Write to Charles Forelle at charles.forelle@wsj.com1

CRIMINAL LAW:

Ney Sentenced To 30 Months In Prison For Abramoff Deals (WP)

By Susan Schmidt, James V. Grimaldi

The Washington Post, January 20, 2007

Former Ohio Republican congressman Robert W. Ney was sentenced to 30 months in prison yesterday, becoming the first elected official headed for jail because of corrupt dealings with now-convicted lobbyist Jack Abramoff.

U.S. District Judge Ellen S. Huvelle handed down a tougher sentence than the 27 months recommended by prosecutors, telling Ney that, "as a member of Congress, you had the responsibility above all else to set an example and to uphold the law."

Ney became a symbol of the corruption that aroused voters and helped sweep into Congress a new Democratic majority promising ethics reform.

The former chairman of the House Administration Committee admitted that he performed official acts for Abramoff's lobbying clients between 2001 and 2004, receiving in exchange luxury vacation trips, skybox seats at sporting events, campaign contributions and expensive meals. Ney also admitted receiving tens of thousands of dollars in gambling chips from a businessman who sought his help with the State Department.

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In the continuing investigation, Ney and seven others have pleaded guilty or have been convicted, and several are cooperating as witnesses. In addition to the government's chief witness, Abramoff, they include Ney's former chief of staff, Neil G. Volz, and two other Capitol Hill staffers who once worked for former congressman Tom DeLay (R-Tex.). All three were part of Abramoff's lobbying team.

More charges are expected. Prosecutors recently notified a former deputy secretary of the interior, J. Steven Griles, that he is a target, sources familiar with the probe said.

Ney said yesterday that he regretted his actions and was sorry for disappointing his family and voters.

"I will continue to take full responsibility for my actions and battle the demons of addiction," he said, referring to the alcohol problem for which he has sought treatment.

In a letter to the judge, Matthew D. Parker, a friend and former aide, said that Ney began to drink more heavily in 2004 when he first came under federal scrutiny. "Bob was a functioning alcoholic who could rarely make it through the day without drinking and would often begin drinking beers as early as 7:30 a.m.," Parker said. But the judge rejected his plea for leniency.

"Whether or not you've served your constituents well, on some level you have seriously betrayed the public's trust and abused your power as a congressman," Huvelle told Ney. "You have a long way to go to make amends for what's happened."

Ney pleaded guilty to one count each of conspiracy and making false statements. Huvelle agreed to a request that he serve his term in a federal prison in Morgantown, W.Va., where he can receive alcohol treatment. She ordered him to pay a $6,000 fine, remain on probation for two years after his release, and participate in community service.

"Today's sentence makes it clear that our government is not for sale," Assistant Attorney General Alice S. Fisher said in a statement. "Former Congressman Ney now faces 30 months in prison for abusing his position of trust as a representative of the American people. The Justice Department will continue to pursue and prosecute public officials who compromise the integrity of elected office for private benefit."

The gifts Ney accepted from Abramoff included a golfing trip to Scotland and other travel that prosecutors valued at more than $170,000. In return, Ney sought to insert four amendments to benefit Abramoff's clients into a 2002 election reform bill. Ney also admitted helping another Abramoff client win a multimillion-dollar contract to provide wireless communication services to the U.S. Capitol.

The congressman twice inserted comments in the Congressional Record aimed at bolstering a bid by Abramoff to take ownership of a Florida casino company.

Along with acknowledging his dealings with Abramoff, Ney admitted accepting free air travel, luxury accommodations and thousands of dollars worth of gambling chips in 2003 from a foreign businessman who has been identified by Ney attorney Mark H. Tuohey as Fouad al-Zayat, a high-rolling London gambler. Zayat has been described in the media as an arms middleman. He sought Ney's help in getting a visa and an exemption to a U.S. law that bars the sale of airplane parts to other countries.

Ney and his staff also offered to aid Abramoff's clients in the summer of 2003 as Ney prepared for a trip to Russia. Abramoff's team got the congressman to intervene with the U.S. Consulate in Moscow to help resolve a passport issue for the daughter of an Abramoff client. Volz, then working for Abramoff, later paid for Ney's stay at a luxury hotel in Lake George, N.Y.

Huvelle is the second judge to show little sympathy for federal officials convicted in the scandal.

Earlier this month, Magistrate Judge Alan Kay issued a stiffer sentence than the one worked out by prosecutors and defense attorneys in the case of Roger G. Stillwell. An Interior Department employee, Stillwell gave Abramoff copies of internal agency documents and accepted football tickets from him. Prosecutors had sought six months of probation, but Kay extended it to two years, saying there is "no such thing as a free lunch, particularly as provided by lobbyists."

In response to what Democrats have dubbed the "culture of corruption," the House and the Senate this month passed ethics packages that would prohibit lawmakers from accepting gifts, meals and travel from lobbyists, and force them to put their names on the "earmarks" that they tuck into bills, often benefiting lobbyists' clients. Also pending is a measure that would take away congressional pensions from members convicted of corruption, but it would not be retroactive. Ney could collect up to $33,000 a year by age 62.

Ney Is Sentenced To 2½ Years In Abramoff Case (NYT)

By Philip Shenon

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Former Representative Bob Ney, the only member of Congress to admit guilt in the Jack Abramoff lobbying scandal, was sentenced Friday to two and a half years in prison, longer than had been requested by the Justice Department.

Judge Ellen S. Huvelle of the Federal District Court in Washington said she had decided on her somewhat tougher sentence for Mr. Ney, an Ohio Republican, because his crimes involved a "significant and serious abuse of the public trust" over several years. The 30-month term she imposed was three months longer than prosecutors had asked.

"You have a long way to go to make amends," Judge Huvelle told the former lawmaker, citing tens of thousands of dollars' worth of luxury overseas travel and other gifts he accepted from Mr. Abramoff and the corrupt Republican lobbyist's partners in return for official favors.

Mr. Ney, who served six terms in the House before resigning in early November, will be able to keep his Congressional pension. Legislation now in Congress, similar to a bill for which he once voted that never became law, would deny pension payments to lawmakers convicted of crimes like bribery and fraud, but the measure would not apply retroactively.

The precise amount of Mr. Ney's pension cannot be independently known, because of a variety of factors, but it will not be as large as those of many senior members, given his relatively few years in office. Further, since he is only 52, he will not get any payments for at least four years.

In a brief statement to Judge Huvelle, Mr. Ney apologized Friday to his family and his former constituents and suggested that his crimes had resulted in part from alcoholism.

He said he was continuing to "battle with the demons of addiction that are within me," and requested through his lawyers that he serve his sentence at a federal prison in West Virginia that has a rehabilitation program.

The Justice Department had sought a 27-month term, the shortest possible under Judge Huvelle's interpretation of federal sentencing guidelines, because a plea bargain that Mr. Ney struck last year allowed the government to avoid a long trial. The judge could have sentenced him to as much as 33 months.

Judge Huvelle also ordered that Mr. Ney pay $6,000 in fines and that after serving his prison term, he be placed on two years' probation, during which he must abstain from alcohol.

In his plea bargain, Mr. Ney confessed that he had essentially sold his office to Mr. Abramoff's lobbying operation and others. Mr. Abramoff himself pleaded guilty last year to conspiring to corrupt public officials, and the scandal surrounding him, which opinion polls suggest was a factor in the Democratic Congressional victory in last November's elections, has brought a number of officials under scrutiny.

Just last week a lawyer for J. Steven Griles, who formerly served the Bush administration as the No. 2 official at the Interior Department, confirmed that Mr. Griles had been notified that he was likely to be indicted in the Abramoff inquiry.

Ney Will Serve 30 Months In Abramoff Hill Bribery (WT)

By Jerry Seper

The Washington Times, January 20, 2007

Former Republican congressman Bob Ney was sentenced yesterday to 30 months in prison for providing political favors to convicted lobbyist Jack Abramoff in exchange for expensive trips, sports and concert tickets, and casino chips.

The six-term Ohio congressman and former chairman of the House Administration Committee apologized to his family and friends and told U.S. District Judge Ellen Segal Huvelle he would continue "to battle the demons of addiction that are within me."

Judge Huvelle said Ney had betrayed the public's trust and his admitted problems with alcohol did not explain his illegal conduct.

"As a member of Congress, you had a responsibility to set an example," said Judge Huvelle, who recommended that Ney serve his time at a federal prison in Morgantown, W.Va.

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Ney, 52, who pleaded guilty in October to charges of conspiracy to defraud the public, was the first member of Congress to admit peddling influence for Abramoff, now serving a five-year, 10-month sentence for fraud in the purchase of a Miami casino cruise line.

The Justice Department's investigation into suspected influence peddling on Capitol Hill is ongoing and other members of Congress are also expected to be named. Sources close to the probe told The Washington Times that Abramoff has given prosecutors incriminating information on "dozens of members of Congress and staff."

Ney had faced 10 years in prison but agreed to cooperate with the government in the investigation. He resigned from Congress on Nov. 2 after admitting he received expensive trips, sports tickets and casino chips from Abramoff in exchange for trying to win favorable legislative results.

Prosecutors said Ney improperly accepted trips to play golf, gamble or vacation in Scotland, New Orleans and New York between August 2002 and August 2003. The total cost of the trips by Ney and others exceeded $170,000, court papers said.

Ney's former chief of staff, Neil Volz, who left Ney's office in 2002 to join Abramoff's powerful Washington lobbying firm, pleaded guilty in May to being part of a conspiracy to provide Ney with the trip to Scotland and other pricey gifts from Abramoff.

Abramoff has been cooperating with Justice Department prosecutors for several months and was incarcerated in a federal institution in Maryland in the Miami case at the request of prosecutors to allow them to continue to interview him about their ongoing case.

The former Washington power broker also has pleaded guilty to conspiracy, mail fraud and tax evasion in connection with his lobbying activities in the nation's capital. He has yet to be sentenced on those charges, but prosecutors are recommending a prison term of nine years to 11 years and three months to run at the same time as his sentence in the Florida case.

When accusations first surfaced tying Ney to the Abramoff scandal, the Ohio congressman denied any involvement. He said at the time he "did not know, and had no way of knowing, the self-serving and fraudulent nature of Abramoff's activities."

Identified only as "Representative No. 1" in the initial Abramoff indictment, Ney received a "lavish trip to Scotland to play golf on world-famous courses" and other benefits in exchange for support on various issues. The indictment said Abramoff arranged for a $50,000 check to be sent from Texas to pay for the Scotland trip.

Ney remains eligible to receive his congressional pension, said the National Taxpayers Union, which tracks pensions. It said Ney would be eligible for about $29,000 a year if he waits to draw it until 2016, when he turns 62.

Ney Gets 30 Months In Corruption Case (LAT)

By Joel Havemann

The Los Angeles Times, January 20, 2007

WASHINGTON — Former Rep. Bob Ney (R-Ohio) on Friday became the second member of Congress to draw a prison term for his role in influence-peddling scandals that helped doom the GOP majority on Capitol Hill in November's election.

Ney, 52, was sentenced by a federal judge to 30 months in prison followed by two years of supervised release — during which he is to perform 200 hours of community service. He was also fined $6,000.

"You violated a host of laws that you, as a congressman, are sworn to enforce and uphold," U.S. District Judge Ellen Segal Huvelle told Ney as she sentenced him.

Huvelle recommended that Ney enter a prison alcohol-rehabilitation program. Shortly after pleading guilty to the charges against him this fall, Ney acknowledged a drinking problem and checked into a rehabilitation program.

In brief remarks to the judge, Ney apologized to his family and constituents. "I will continue to take full responsibility, accept the consequence and battle the demons of addiction that are within me," he said.

Where Ney will serve and when he will report is to be determined later, but Huvelle recommended he be incarcerated at a minimum security federal prison in Morgantown, W.Va. Ney pleaded guilty in October to conspiracy to commit multiple offenses involving the use of his elected office for corrupt purposes and to making false statements to investigators.

Co-conspirators in Ney's case, all of whom pleaded guilty, included lobbyist Jack Abramoff, Ney's former chief of staff and two aides to former House Majority Leader Tom DeLay (R-Texas).

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Ney admitted soliciting and accepting bribes from Abramoff and his lobbying staff in return for legislative actions that benefited Abramoff clients. He performed similar illegal favors for Fouad al Zayat, a Syrian-born businessman.

Among the items Ney accepted were a golfing trip to Scotland and thousands of dollars in casino gambling chips while on overseas junkets.

"Today's sentence makes it clear that our government is not for sale," said Assistant Atty. Gen. Alice S. Fisher, who heads the Justice Department's criminal division.

Ney, who served six two-year House terms, will be eligible to draw a congressional pension of about $29,000 a year if he waits until he is 62 to draw it, the National Taxpayers Union estimated.

A wide-ranging ethics bill passed by the Senate on Thursday and sent to the House would deny pensions to members of Congress convicted of felonies in the future, but even if it becomes law it would not apply to Ney.

Ney is the second former House member sentenced to prison in the last year. Former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe) is serving an eight-year sentence in a separate case for bribery and tax evasion, stemming from help he provided defense contractors in obtaining lucrative federal contracts.

DeLay, once one of Washington's most powerful Republicans, and Rep. Mark Foley (R-Fla.) resigned from the House last year because of ethics controversies. DeLay is fighting charges in Texas that he violated state campaign finance laws; Foley quit after revelations that over several years he made sexual overtures to congressional pages.

Ney Gets 30-Month Sentence (RC)

RollCall.com, January 19, 2007

Judge Ellen Huvelle sentenced former Ohio Rep. Bob Ney (R) to serve 30 months in prison and recommended that he be assigned to a residential alcohol substance abuse program in Morgantown, W.Va.

The judge's sentence was three months longer than recommended by prosecutors after they reached a plea agreement with Ney on charges of conspiracy and making false statements last October.

In imposing the 30-month sentence, the U.S. district judge cited Ney's four-year "abuse of the public trust" in accepting gifts and campaign contributions connected to the scandal surrounding then-lobbyist Jack Abramoff.

She said Ney would face two years of "supervised release" for each count of which he was convicted and would be required to pay a $6,000 fine during the first two years of his release.

Ney will be subjected to alcohol and drug tests during his parole and must participate in an alcohol treatment program. He must also perform 100 hours of community service during every two years he remains on parole.

A contrite Ney accepted responsibility for his crimes and hugged supporters after his sentencing.

"Moving forward, I will continue to take full responsibility for my actions and to battle the demons of addiction," he told the court. "Although my life and career have changed forever, I hope to continue my work helping and serving my community very soon."

Latest Abramoff Casualty Sentenced To 30 Months In Prison (HILL)

By By Jackie Kucinich

The Hill, January 19, 2007

Ex-Rep. Bob Ney (R-Ohio) was sentenced to 30 months in prison Friday, three months longer than the government recommendation, for his role in the Jack Abramoff lobbying scandal.

U.S. District Judge Ellen Segal Huvelle said the sentence was intended to reflect the gravity of the crimes and violation of the public trust.

"Constituents and the public trusted to you represent them," she said, adding that Ney "seriously abused" his position. Huvelle agreed to allow Ney to continue to seek treatment for alcohol addiction while he is incarcerated in Morgantown, W.Va.

Prior to hearing his sentence Ney, dressed in a gray suit and blue-and-yellow-striped tie, apologized to his constituents and his family for abusing his position as a member of Congress.

"I stand here sorrowful … I will no longer be able to serve the public," Ney said. "I hope and pray that with time our family will recover."

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Huvelle also imposed a $6,000 fine on Ney to be paid over his two-year probationary period.

A request by Ney's lawyer, Mark H. Tuohey, to extend the time period due to Ney's precarious financial situation was denied by Huvelle.

Ney pleaded guilty to charges on conspiracy and bribery in October and resigned from Congress in November.

Gifts that Ney received ranged from a trip to Scotland to thousands of dollars in gambling chips.

Sizing Up The Libby CIA-Leak Trial (WSJ)

By Nick Timiraos

The Wall Street Journal, January 20, 2007

Opening arguments in the trial of Lewis "Scooter" Libby, the ex-chief of staff to Vice President Dick Cheney, who is accused of lying to a grand jury in the government's leak investigation, get started next week.

The trial promises to be a high-profile event, with potential witnesses ranging from the vice president to television journalist Tim Russert. But it also represents a bizarre twist in a case that has tested the limits of laws to protect reporters and their sources and could spotlight how key players in the Bush administration defended the case for war in Iraq.

Here's a closer look at some of the issues:

What prompted the CIA-leak investigation? In 2002, the Central Intelligence Agency sent former Ambassador Joseph C. Wilson to investigate claims that Iraq was seeking nuclear-weapons materials from Niger. He found no basis for the claims and said his advice was ignored. Mr. Wilson argued in an op-ed piece in the New York Times that the Bush administration had manipulated intelligence to sell the Iraq war.

Soon after, syndicated columnist Robert Novak reported that Mr. Wilson's wife, Valerie Plame, was a Central Intelligence Agency agent and that she had arranged for him to get the job. The Justice Department assigned prosecutor Patrick Fitzgerald to investigate whether Ms. Plame's identity as a covert CIA officer was blown by Mr. Novak's sources in retaliation for her husband's criticism.

Is the disclosure of an agent's identity a crime? In certain cases, yes. Under the Intelligence Identities Protection Act, investigators must prove that the agent's name was intentionally revealed by someone who knew that the agent was undercover and that the agent's identity was not previously disclosed. The law has rarely been used to prosecute anyone.

Was Mr. Libby responsible for the leak? It appears he wasn't. Prosecutors claim that Mr. Libby discussed Ms. Plame with at least three reporters. But last September, Richard Armitage, former deputy secretary of state, acknowledged publicly that he was the original source who told Mr. Novak that Mr. Wilson's wife worked at the CIA. Mr. Fitzgerald apparently knew that Mr. Armitage was the original source throughout his two-year investigation. Mr. Armitage was not charged with a crime because he didn't know Ms. Plame was a covert operative.

So why is Mr. Libby being prosecuted? The government claims Mr. Libby lied when he told investigators he learned of Ms. Plame's identity from Mr. Russert, Washington bureau chief of NBC News. The government alleges Mr. Libby learned of Ms. Plame's identity from his boss, the vice president.

The prosecution is expected to call the two reporters with whom Mr. Libby discussed Ms. Plame's role as a CIA agent. But because perjury cases require proof that the defendant lied on purpose, simply proving that he told a falsehood won't be enough for the government. They will try to show that Ms. Plame's role had Mr. Libby's attention with testimony from government officials who discussed the matter with the former aide.

What is Mr. Libby's defense? The defense says there was no orchestrated campaign to retaliate against Mr. Wilson. Instead, lawyers will argue that Mr. Libby got his facts wrong because he was facing weighty national security matters and didn't remember the details of every conversation that he had with every reporter.

If the vice president testifies, he may be asked about the copy of Mr. Wilson's op-ed that he gave to Mr. Libby with handwritten notes that questioned the rationale for Mr. Wilson's trip. Mr. Cheney wrote, "Do we ordinarily send people out pro bono to work for us? Or did his wife send him on a junket?"

What lasting effect could the case have on the media? The case initially alarmed press advocates because reporters were forced to reveal their sources during the investigation, fueling concerns that sources would be less willing to speak candidly with

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reporters in the future. But the prospect of both the prosecution and defense using reporters as key witnesses during the trial has fueled concerns that the public might see reporters as less independent, further eroding press credibility.

What is the possible penalty? If convicted on all five counts, Mr. Libby faces a maximum fine of $1.25 million and 30 years in jail, though his sentence would likely be less because he has no criminal record. Mr. Libby's supporters, who say he is an honest man subjected to a prosecutorial witch-hunt, might lobby the president for a pardon.

Fight Averted, For Now, Over U.S. Reporter's Notes In CIA Case (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, January 20, 2007

(AP) - WASHINGTON-Defense attorneys are withdrawing, for now, their request to use NBC News reporter Andrea Mitchell's notes during the CIA leak case, heading off a potential fight leading to the trial of former White House aide I. Lewis Libby.

A federal judge said Friday that he probably would release Mitchell's notes to attorneys for Libby and scheduled a hearing on the issue Monday. Within hours, network spokeswoman Barbara Levin said the request for the notes had been withdrawn and the hearing canceled.

Mitchell's notes on her conversation with former vice presidential chief of staff Libby have been under subpoena for nearly a year, but U.S. District Judge Reggie Walton had ruled that because Mitchell was unlikely to testify at trial, her notes would not be released.

Libby is accused of lying to investigators about his conversations with reporters regarding outed CIA operative Valerie Plame. Plame's identity was revealed shortly after her husband, Joseph Wilson, criticized the in a newspaper article the administration's use of false intelligence to ease the march to war in Iraq.

Attorneys for Libby, former chief of staff for Vice President Dick Cheney, said in court Friday they planned to call Mitchell as a defense witness during the perjury and obstruction trial.

Opening arguments are scheduled for Tuesday.

Walton reversed course and ordered attorneys for NBC to be in court Monday to discuss the notes. He said: "I don't see how I can deprive the defense of it."

Though the hearing was canceled, the notes remain under subpoena, and defense attorneys could raise the issue again during the four- to six-week trial.

Libby is accused of lying to investigators about what he told reporters regarding Plame, whose husband, former ambassador Wilson, emerged in 2003 as a vocal critic of the Bush administration's prewar intelligence use.

Libby told authorities that he learned Plame's identity from reporters, but prosecutors say Libby learned it during a series of high-level conversations about how to rebut Wilson's criticisms.

Mitchell's testimony and notes could help Libby's case by describing an atmosphere of tension and finger-pointing within the Bush administration regarding intelligence issues on Iraq. That could bolster Libby's claims about a hectic and tumultuous climate in which he could not accurately remember certain conversations.

The Libby Injustice (WSJ)

The Wall Street Journal, January 20, 2007

Opening arguments begin next week in the trial of I. Lewis "Scooter" Libby, and, regardless of the verdict, it is our firm belief that this is a case that should never have been brought. While a tragedy for Mr. Libby and his family in personal terms, the case is among the most egregious examples we can recall of criminalizing political differences.

In the most important sense, this is a case without a crime. Yes, Mr. Libby is charged with perjury and obstruction of justice, which are serious offenses. But this seasoned, disciplined lawyer is accused of lying to cover up a leak he didn't commit, and which has long been proven not to have been a crime at all. One early bit of drama will be to see what motive prosecutor Patrick Fitzgerald comes up with to explain why Mr. Libby would lie to the FBI and a grand jury when he had essentially nothing to hide.

All the more so because one of the mysteries of this case is Mr. Fitzgerald himself. He made his reputation as a tough prosecutor in Chicago who was nonetheless scrupulous about the law. But in this case, he knew from the very first day of his

appointment in December 2003 that neither Mr. Libby nor the Vice President's office had orchestrated the leak of Valerie Plame's name to columnist Robert Novak.

He also knew -- based on earlier FBI interviews -- that the real leaker was Richard Armitage, the No. 2 man at the State Department and if anything a policy rival of Mr. Libby's inside the Bush Administration. The original theory of the case -- that the leak was a political vendetta against Ms. Plame's husband, Joe Wilson -- was thus demonstrably false from the start of his probe. The "crime," in short, had been solved.

Yet Mr. Fitzgerald has persisted for three long years, and only six weeks into his investigation sought and received an expansion of his authority in order to go after a senior administration official -- Mr. Libby -- who had had nothing to do with the leak Mr. Fitzgerald was investigating. And he pursued the case even to the extent of creating a Constitutional showdown over reporters and their sources. Why? * * *

As it happens, Messrs. Fitzgerald and Libby had crossed legal paths before. Before he joined the Bush Administration, Mr. Libby had, for a number of years in the 1980s and 1990s, been a lawyer for Marc Rich. Mr. Rich is the oil trader and financier who fled to Switzerland in 1983, just ahead of his indictment for tax-evasion by the U.S. Attorney for the Southern District of New York. Bill Clinton pardoned Mr. Rich in 2001, and so the feds never did get their man. The pardon so infuriated Justice lawyers who had worked on the case that the Southern District promptly launched an investigation into whether the pardon had been "proper." One former prosecutor we spoke to described the Rich case as "the single most rancorous case in the history of the Southern District."

Two of the prosecutors who worked on the Rich case over the years were none other than Mr. Fitzgerald and James Comey, who while Deputy Attorney General appointed Mr. Fitzgerald to investigate the Plame leak. Mr. Fitzgerald worked in the Southern District for five years starting in 1988, at the same time that Mr. Libby was developing a legal theory of Mr. Rich's innocence in a bid to get the charges dropped. The prosecutors never did accept the argument, but Leonard Garment, who brought Mr. Libby onto the case in 1985, says that he believes Mr. Libby's legal work helped set the stage for Mr. Rich's eventual pardon.

This was all long ago, it's true. But Mr. Libby and Mr. Comey tangled more recently as well. In 2004, as Mr. Fitzgerald was gearing up his investigation, Mr. Libby was the Administration's point man in trying to get Justice to sign off on the NSA wiretapping program. In early 2004, Mr. Comey was acting Attorney General while John Ashcroft recovered from gall bladder surgery, and Mr. Comey reportedly refused to give the NSA program the greenlight, prompting the White House to seek out Mr. Ashcroft in the hospital in a bid to circumvent Mr. Comey.

Motive is a difficult thing to gauge. We don't know whether this long personal history played any role either in Mr. Fitzgerald's single-minded pursuit of Mr. Libby, or in Mr. Comey's decision to grant the prosecutor plenary power even though the central mystery of the case had already been resolved. But connecting the dots linking the three men at the heart of this case seems worth doing given the puzzling nature of this prosecution.

As for the trial itself, Mr. Fitzgerald will have to prove not only that Mr. Libby knowingly made false statements but that they served some larger purpose of obstructing justice. The evidence so far is thin. At a mega-press conference announcing his indictment, the prosecutor spoke piously about the need to indict officials who throw "sand . . . in the eyes" of the "umpire." But we know Mr. Libby had nothing to cover up, and his plausible defense will be in part that his recollections simply differed from those of the journalists he spoke with about Mr. and Mrs. Wilson.

At the same press event, Mr. Fitzgerald also made comments suggesting he bought into Joe Wilson's conspiratorial theory of the case -- remarks that now look both disingenuous and prejudicial to Mr. Libby. And this week, trial judge Reggie Walton seemed to acknowledge the extensive negative pretrial publicity about Mr. Libby by granting his lawyers their request for considerable leeway in questioning jurors during voir dire. Mr. Fitzgerald's main advantage may be a Washington, D.C., jury pool inclined to dislike anyone associated with the Bush Administration.

This case is really about a political fight over the Iraq War. In talking to reporters, Mr. Libby was doing his job and attempting to defend Administration policy against political attacks. He had no evident reason to lie to the grand jury. Once Mr. Armitage had fessed up as the leaker in October 2003, a wiser prosecutor than Mr. Fitzgerald would have realized he had entered the realm of politics and gone home.

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FBI Details Threat From Gangs In Military (CHIST)

By Frank Main, Crime Reporter

Chicago Sun-Times, January 20, 2007

Says members of Illinois biker gangs in Iraq

Members of the Hells Angels, including an Army lieutenant colonel from Illinois, have served the U.S. military in Iraq. Another Iraq war veteran, a Marine who belongs to the Maniac Latin Disciples street gang, is charged with shooting three teens in Aurora.

They are examples of growing gang activity in the military, which "poses a threat to law enforcement officials and national security," according to a new FBI report obtained by the Sun-Times.

"The military enlistment of gang members could ultimately lead to the worldwide expansion of U.S.-based gangs," the report warned.

The report by the FBI's National Gang Intelligence Center said gang members sneak into the military by failing to report criminal convictions or using fake documents. Some have sealed juvenile records unavailable to recruiters. And most of the recruiters are not properly trained to recognize gang affiliation, the report said.

"Military recruiters under pressure to meet recruiting goals have engaged in criminal violations such as overly aggressive recruiting tactics and document falsification," said the report.

While gang members constitute a "fraction" of the military, the extent of the problem is difficult to gauge because the military is not required to provide the FBI with statistics on crime at military posts. Still, the FBI has documented disturbing examples of how gang members get into the military -- and the crimes they commit in the service.

In 2005, for instance, a Latin Kings member was allegedly recruited into the Army at a Brooklyn, N.Y., courthouse while awaiting trial for assaulting a New York police officer with a razor. He was reportedly instructed by the recruiter to conceal his gang affiliation, the report said.

Reportedly steal weaponsMany members of the Illinois-based Outlaw Motorcycle Gang and the Hells Angels have military experience and have been known to recruit soldiers due to their explosives and firearms experience, the report said. One of the most violent gangs -- the MS-13 -- is increasing its presence on or near U.S. military installations, the FBI said.

Some gang members use their military positions to steal weapons and other equipment.

Last year, an Army soldier who is a gang member identified 60 to 70 gang-affiliated military personnel in his unit allegedly involved in the theft and sale of military weapons and supplies, the report said. The soldier said many of them were sergeants in charge of ammunition and grenade distribution and that commanders were aware of their actions.

Training can be deadlyAnd earlier this month, two Illinois National Guard soldiers were charged with selling stolen body armor, night-vision goggles and other military equipment to undercover federal agents. A third, unnamed soldier may have intended to supply Chicago gangs with body armor he stole in Iraq, according to a conversation secretly recorded by the FBI.

Gang members in the military also are applying their battle training to the streets when they return home, the FBI warned. One Iraq veteran in California apparently relied on his Marine training in a shootout that killed a police officer and wounded another.

The Sun-Times began investigating gangs in the military last year after obtaining photos of gang graffiti on military equipment and buildings in Iraq. Some of the graffiti referred to Chicago-based gangs such as the Black Disciples and Latin Kings.

fmain@suntimes.com

Ex-FBI Agent Guilty Of Assault (PROJO)

By Katie Mulvaney, Journal Staff Writer

The Providence Journal, January 20, 2007

After a three-day trial in Bridgeport, Conn., a federal jury found a retired FBI special agent guilty of assaulting an officer, the U.S. Attorney's office said.

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U.S. marshals, working with the Rhode Island Sheriffs Department and Stratford, Conn., police, arrested Gary L. John after a struggle in Stratford, on Dec. 8, 2005, concluding a two-month probe into his whereabouts, according to Charles J. Wyant, of the U.S. Marshals in Rhode Island.

John, formerly of 110 Post Rd., Westerly, was wanted in Rhode Island for allegedly violating protective and no-contact orders barring him from contacting his ex-wife and for failing to appear in court. Superior Court Judge Melanie Thunberg issued a warrant for his arrest after he showed up at his ex-wife's workplace on Sept. 1, 2005, court records show.

The marshals received a tip that John was living with a woman in Stratford and supporting himself through odd jobs, such as splitting wood and driving a limousine, Wyant said.

John, 58, tried to punch a deputy marshal attempting to place him in custody, court records show. He was arrested after a struggle and charged with felony assault on a federal marshal, according to the U.S. Attorney's office.

Jurors in U.S. District Court in Connecticut deliberated three hours before finding John guilty on Thursday. He faces up to eight years in prison and a $250,000 fine at his sentencing before U.S. District Judge Janet C. Hall on April 10, the U.S. Attorney's office said.

John has been held since his arrest after the court found that he posed a flight risk and a danger to his ex-wife and the community, said Thomas Carson, of the U.S. Attorney's office in Connecticut.

An FBI agent for 29 years, John has been in and out of jail since he separated from his wife in 2001. He has faced an array of charges, ranging from domestic disorderly conduct to repeatedly violating no-contact orders by harassing his ex-wife.

John worked as a surveillance specialist in the FBI's Boston field office until 2002.

Retired FBI Agent Convicted In Assault (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, January 20, 2007

BRIDGEPORT — A federal jury convicted a retired FBI agent of assaulting a deputy U.S. marshal during a Dec. 8, 2005, arrest in Stratford.

The jury took only three hours Thursday to deliberate the fate of retired FBI Special Agent Gary John before advising U.S. District Judge Janet C. Hall that they had found him guilty.

John, 58, formerly of Piute Lane in Stratford's Oronoque Village, faces up to eight years in prison when he is sentenced April 10. He has been detained without bond since the arrest.

The verdict ended a two-day trial in which Deputy U.S. Marshal James Masterson accused John of failing to obey his commands and then throwing "roundhouse" punches while being placed under arrest. At the time, Rhode Island federal marshals had a warrant for John's arrest for violating a "no-contact" order obtained by his ex-wife.

Masterson, a former Milford police officer, said John repeatedly refused to show his hands, lie down on the ground and stay back after being confronted in the driveway of the home. Assistant U.S. Attorney Anthony Kaplan played a sometimes frantic 911 call made by Masterson who was requesting backup at the arrest site.

John accused federal marshals of overreacting when one struck him with a metallic object and others piled on, punched him and ground his face into an ice-covered driveway.

He claimed he never punched Masterson but did reach out and grab someone's arms as he was being pushed to the ground.

John is 6 feet tall and 165 pounds, while Masterson, 37, has a muscular 5-foot, 9-inch, 200-pound frame.

John was represented by Robert Mann of Rhode Island. It is expected that he will file a civil suit claiming excessive force.

Former FBI Agent Wanted In Rhode Island Convicted Of Assault (AP)

AP, January 20, 2007

UNDATED (AP) -- A former FBI agent wanted for violating restraining orders in Rhode Island is convicted of assaulting a deputy marshal.

Gary John was arrested in Stratford in 2005. Prosecutors say he tried to punch a U.S. deputy marshal during his arrest.

John formerly lived in Westerly and was wanted in Rhode Island for failing to appear in court and violating restraining orders by appearing at his ex-wife's workplace. He faces up to eight years in prison and a 250,000 dollar fine for the assault charge. A sentencing hearing is set for April tenth.

Solid Data Scarce For Child Abductions (AP)

By David Crary, Ap National Writer

AP, January 20, 2007

NEW YORK -- Few crimes rivet the public as much as the abduction of a child and yet -- unlike murder, rape or even car theft -- there are no authoritative national statistics on the offense.

Kidnapping is not among the crimes covered by the FBI's annual uniform crime reports, and the last major federal study of child abductions used data from 1999, leaving experts to only guess the trends since then even as concern mounts about a possible surge of abductions by sexual predators using the Internet.

The Justice Department says the most recent nationwide data on child abductions is National Incidence Studies of Missing, Abducted, Runaway and Throwaway Children, a report issued in 2002 and based on survey data mostly collected in 1999.

That report estimated that 58,200 children annually are victims of non-family abductions, with the vast majority held briefly for any number of reasons -- a dispute between girlfriend and boyfriend, for instance -- and returned safely, often without the filing of a police report.

The report estimated that there were 115 cases in 1999 of "stereotypical kidnappings" -- in which children were taken by non-family members for long periods, put up for ransom or killed by their abductors. In 40 percent of these cases, the child was killed.

However, the report said the actual number of stereotypical kidnappings could be anywhere from 60 to 170, and there has been no comprehensive federal effort since then to update the statistic.

University of New Hampshire sociologist David Finkelhor, a co-author of the 2002 report, believes the number of stereotypical kidnappings is stable or declining. But he remains dismayed at the lack of firm statistics to corroborate his suppositions and allay the fears of parents.

"You only have to think about a comparable situation in public health," he said. "If there were some disease killing even a few hundred kids a year, and parents were anxious, you know the Centers for Disease Control would have good statistics."

The Justice Department, using partial national statistics, estimated last year that 3,400 kidnappings of juveniles by strangers were reported to police in 2001. These would include many short-lasting abductions that did not rise to the level of the menacing "stereotypical kidnappings."

Police departments also are required to file prompt reports on any missing child, but these reports often do not provide details on whether an abduction might be involved.

Ernie Allen, president of the National Center for Missing and Exploited Children, said his organization is working with the Justice Department to develop a method for compiling annual data on missing and abducted children.

Like Finkelhor, Allen surmises that worst-case "stereotypical kidnappings" have declined in recent years, but he worries about a possible increase as more sexual predators use the Internet to contact youthful targets.

"Why we're pushing the Justice Department to provide annualized estimates is so we have the kind of data to track progress and variations from year to year," he said.

Allen expressed hope that a model of the new data-gathering system could be in place later this year.

CIVIL LAW:

High Court To Revisit Campaign Finance Law (WP)

By Robert Barnes, Matthew Mosk

The Washington Post, January 20, 2007

DOJ_NMG_0119789

The Supreme Court agreed yesterday to revisit the landmark 2002 legislation overhauling the nation's campaign finance laws, moving to settle the role of campaign spending by corporations, unions and special interest groups in time for the 2008 presidential primaries.

It would be the first time the court has reviewed the McCain-Feingold law of 2002 since justices ruled 5 to 4 three years ago that the act was constitutional. Since then, Justice Sandra Day O'Connor, who was in the majority, has been replaced by Justice Samuel A. Alito Jr.

At issue in the case is the question of whether so-called issue advocacy ads paid for by the general funds of special interest groups and broadcast in the period before a federal election may mention specific candidates. A three-judge panel in Washington last month overturned that prohibition, which is one of the key provisions of the law known formally as the Bipartisan Campaign Reform Act.

"The stakes are enormous," said Michael E. Toner, a Federal Election Commission member who served on President Bush's campaign in 2000. "We're watching this case very closely."

The specific rule against naming a candidate -- 30 days before a primary and 60 days before a general election -- is one of the bright lines in the act governing the role special interest groups may play in the election and, to its supporters, one of the act's virtues.

"One of the advantages of McCain-Feingold is that it's clear," said Trevor Potter, an adviser to Sen. John McCain (R-Ariz.), the law's namesake, and president of the Campaign Legal Center.

If the justices uphold the lower-court ruling, Potter predicts additional disputes in the courts and at the FEC about when an independent group's commercial would be considered legitimate issue advocacy, and when it would be considered an attempt to influence the outcome of an election.

"You will have endless challenges to see where the line should be," he said.

But James Bopp Jr., the Indiana attorney and Republican National Committee member who brought the case on behalf of Wisconsin Right to Life, said the current prohibition cracks down on groups that are merely intending to influence lawmakers in the manner encouraged by the First Amendment.

The right to petition the government, Bopp said, should not be limited simply because it makes campaign finance laws too complicated.

"The court is perfectly capable of drawing a sensible and reasonable line between grass-roots lobbying and influencing an election," Bopp said.

The justices moved quickly to take the case, which they will hear in April, in time for a ruling by the end of the court's summer term. It will make for unusual political pairings.

The Republican National Committee has been one of the strongest critics of the law, although McCain is one of his party's leading presidential contenders and a party to the appeal of the lower court's decision. The Bush administration is defending the Federal Election Commission against the Wisconsin antiabortion group, which has been a strong supporter of the president.

And Sen. Russell Feingold (D-Wis.) is not only one of the sponsors of the law but also the subject of the ads in question.

The 2004 radio ads put out by Wisconsin Right to Life said that a group of senators in Washington was keeping Bush's judicial nominees from getting a vote in the Senate and asked listeners to tell Feingold and the state's other senator, Herb Kohl (D), not to participate. "Contact Sens. Feingold and Kohl and tell them to oppose the filibuster," the announcer said.

But because Feingold was up for reelection, the FEC said that the group could not run the ads in the closing weeks of the election.

U.S. District Judge Richard J. Leon, joined by U.S. Court of Appeals Judge David B. Sentelle, said the proper way to evaluate the ads was to look simply at what they said. They found that the ads neither endorsed nor opposed Feingold, did not mention his upcoming election and did not tell listeners whether the senator had been a part of the filibuster. They agreed with the antiabortion group's contention that the ads were "textbook" examples of issue ads.

But dissenting District Judge Richard W. Roberts said courts must view the ads in context. In this case, Wisconsin Right to Life was a longtime opponent of Feingold and had made his defeat one of its priorities. Although the language in the ad was neutral, it referred listeners to a Web site that contained highly critical reviews of the senator.

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And Roberts said there could be credence to the defendants' argument that the ads were a "sham" designed to test McCain-Feingold rather than to argue for a point of view. There were no filibusters at the time that the group wanted to run the ads, and the group could have paid for them through a political action committee, upon which the restrictions would not apply.

Richard L. Hasen, an election law expert at Loyola Law School in Los Angeles, said the Supreme Court challenge is "going to be a prime opportunity for opponents of campaign regulations to make some headway in watering down the standards."

He said the decision by the two-member majority of the lower court that context should not be considered in evaluating the ads is "opposite what the majority of the Supreme Court found" when upholding McCain-Feingold three years ago.

What could make the outcome different this time, he said, is "simply the replacement of Justice O'Connor with Justice Alito."

The consolidated case is Federal Election Commission v. Wisconsin Right to Life (06-969) and McCain v. Wisconsin Right to Life (06-970).

Justices Revisit Campaign Finance Issue (NYT)

By Linda Greenhouse

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — The Supreme Court stepped back into the debate over campaign finance regulation on Friday, announcing an expedited review of a ruling last month that substantially narrowed the application of a major provision of the McCain-Feingold federal campaign law.

At issue is a section of the 2002 statute that imposes a blackout period before elections on television advertisements that meet the law's definition of "electioneering communications" and that are paid for from the general treasuries of corporations or labor unions.

The question is how to reconcile that provision with the free-speech rights of groups that say they are engaged in grass-roots lobbying, the sort of genuine issue advertising the First Amendment protects.

The court heard the same case a year ago, shortly before Justice Samuel A. Alito Jr. took his seat last January. Faced with the prospect of a 4-to-4 deadlock in the absence of Justice Sandra Day O'Connor, who was days away from retirement and would not have been able to participate in a decision, the court then sent the case back to the lower court.

While that move postponed the court's encounter with the Bipartisan Campaign Reform Act, as the McCain-Feingold law is formally known, an eventual encounter was inevitable because Congress, in passing the law, made Supreme Court review mandatory.

The plaintiff is a Wisconsin anti-abortion group that in 2004 sought to run three television commercials criticizing a Senate filibuster against President Bush's judicial nominees and urging viewers to ask the state's two senators to permit the nominations to come to a vote.

One of the senators, Russell D. Feingold, was up for re-election; the other, Herb Kohl, was not. The advertisements said nothing about voting for or against either man. Advised by the Federal Election Commission that the television spots would be barred as electioneering communications during the 60 days before the November election, the group, Wisconsin Right to Life Inc., filed a lawsuit intended to test the provision's constitutionality.

A special three-judge Federal District Court here at first turned back the challenge under the Supreme Court's ruling in 2003, which by a 5-to-4 vote upheld all major provisions of the McCain-Feingold law against a variety of challenges. But in their ruling last January, which was unanimous and unsigned, the justices said the district court had misinterpreted the 2003 decision as a blanket endorsement of the law.

The court said it had not meant to foreclose a finding that the electioneering-communication provision, which imposes a blackout 30 days before a primary and 60 days before a general election, might be found unconstitutional in particular applications.

That was a surprise to the Federal Election Commission and many election lawyers, who had regarded the constitutionality of the provision as settled. In a 2-to-1 decision issued on Dec. 21, the district court ruled that the statute's application to the Wisconsin Right to Life television spots would indeed be unconstitutional.

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Both the Federal Election Commission and several Congressional supporters of the law, including Senator John McCain, the Arizona Republican who was one of the chief sponsors, filed expedited appeals from that ruling. The federal agency said the district court's decision was based on a "seriously flawed" analysis that would undermine "a critical component of the campaign-finance reform that Congress enacted" and that the Supreme Court had declared to be constitutional on its face.

The election commission did suggest that the case might now be moot, a finding that the Supreme Court is free to make after it hears the argument in late April. Federal courts can retain jurisdiction over disputes that they deem moot but "capable of repetition," a plausible description of the Wisconsin Right to Life case because the group's lawyer, James Bopp Jr., has brought a number of such cases and is committed to continuing his challenge.

"Politicians should not be able to use campaign finance laws like McCain-Feingold to prohibit citizen groups from engaging in grass-roots lobbying," Mr. Bopp said.

The basic argument in the cases — Federal Election Commission v. Wisconsin Right to Life Inc., No. 06-969; and McCain v. Wisconsin Right to Life Inc., No. 06-970 — is over how the district court analyzed the advertisements in finding that they were genuine issue ads rather than thinly veiled campaign commercials.

The majority said that because judges "should not be in the business of trying to read any speaker's mind," courts should limit their analysis to "language within the four corners" of a commercial. Noting that the ads did not "promote, attack, support or oppose" any candidate, the court said it would accept Wisconsin Right to Life's assertion that the ads were not "intended to influence the voters' decisions" and so were not subject to the blackout period.

The dissenting judge said that the only way to separate a genuine issue ad from a "sham" was to examine the advertisement's "purpose and effect" in its full context.

Justice Alito may well be in a position to determine the outcome, or perhaps even the course of federal campaign regulation if he departs from Justice O'Connor's across-the-board support of the McCain-Feingold law. Chief Justice John G. Roberts Jr. is not in that position, because his predecessor, Chief Justice William H. Rehnquist, was one of the four dissenters from the court's 2003 decision upholding the law.

Among other cases the court accepted on Friday was a challenge by two governments, those of India and Mongolia, to New York City's effort to collect property taxes on the portions of their United Nations missions that are used to house staff members.

The question in the case — Permanent Mission of India v. New York, No. 06-134 — is whether the city's suit to collect the taxes, some $18 million dating from 1981, should have been barred by sovereign immunity.

High Court To Review Campaign Finance Law (LAT)

By David G. Savage

The Los Angeles Times, January 20, 2007

WASHINGTON — The Supreme Court set the stage Friday for striking down a part of the McCain-Feingold campaign finance law that bars the broadcast of corporate and union-funded ads just prior to an election.

Three years ago, the justices narrowly upheld the McCain-Feingold Act of 2002 and its rule against corporate-funded broadcast ads, which was adopted to prevent powerful interests from using their money to sway elections in the final weeks of a campaign. The now-retired Justice Sandra Day O'Connor cast a deciding vote in favor of the law.

On Friday, the justices announced they would hear a free-speech challenge to the rule in April, this time before a court that is likely to be more skeptical of laws that restrict election-related spending.

Although advocates of campaign funding laws say they are trying to limit the influence of big money in politics, critics say the measures unconstitutionally restrict people and groups from voicing their political views.

The critics include Justices Antonin Scalia, Clarence Thomas and Anthony M. Kennedy. They voted to strike down the McCain-Feingold Act as unconstitutional. If Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. join them, they will have a majority to limit or strike the rule against corporate-funded broadcast ads.

That would open the door to more special interest ads on radio and TV prior to the 2008 primary and general elections.

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For decades, corporations and unions have not been allowed to use their money to fund candidates or their campaigns. However, nothing prevents individuals, including corporate and union officers, from giving $2,000 to a candidate for federal office. They also may use their money to join with others to pay for ads for or against a candidate.

The McCain-Feingold Act specifically bans corporate and union-funded ads that mention a candidate for federal office within 30 days of the primary election or within 60 days of the general election. In upholding this rule in principle, the high court agreed with Congress that these ads are intended to influence an election, and therefore, they may be restricted because they amount to use of corporate and union money to sway an election.

But free-speech advocates have been eager to get a new challenge before the high court.

James Bopp Jr., an Indiana lawyer who represents free-speech and anti-abortion causes, brought a test case on behalf of the nonprofit Wisconsin Right to Life Inc. He proposed to run radio ads during the summer of 2004 that criticized Democratic Sens. Russell D. Feingold and Herb Kohl, both of Wisconsin, for refusing to approve all of President Bush's pending judicial nominees. Feingold, a co-sponsor of the campaign funding law, was then seeking reelection.

The Federal Election Commission said these ads would be illegal. Bopp sued, citing the 1st Amendment and arguing these ads amounted to "grassroots lobbying" of a federal office holders, not an election ad. In December, a three-judge panel in Washington agreed with Bopp and said "genuine issue ads" are protected as free speech.

Supporters of the campaign-funding law, including Sen. John McCain (R-Ariz.), fear that if the ruling is upheld, it would open a large loophole. Though Bopp represents a small, nonprofit group, large corporate interests could broadcast ads that fault candidates for their positions on important issues.

Bopp argues that the restrictions on campaign spending allow lawmakers to shield themselves from criticism. "Politicians should not be able to use campaign finance laws, like McCain-Feingold, to prohibit citizen groups from engaging in grass roots lobbying," he said Friday.

The justices voted to hear two appeals raising the same basic issue. They are Federal Elections Commission vs. Wisconsin Right to Life and McCain vs. Wisconsin Right to Life. The cases will be decided by late June.

High Court To Referee Campaign Finance Case (WT/AP)

By Associated Press

The Washington Times, January 20, 2007

The Supreme Court agreed yesterday to referee a challenge to limits on pre-election ads, a key provision of the landmark campaign finance law that the court upheld in 2003.

The justices will hear an appeal of a lower court decision that relaxed restrictions on mentioning candidates by name in issue ads run by corporations, labor unions and other special interest groups near the climax of a campaign.

The court will hear the case in April and almost certainly decide it by July, well before the first presidential voting takes place in the Iowa caucuses next January.

Issue ads are those that do not purport to influence an election, but rather focus attention on an issue their sponsors find important. A provision of the McCain-Feingold law prohibits mentioning a candidate in issue ads in the 60 days before a general election and 30 days before a primary.

Its purpose was to end the common practice of circumventing limits on contributions in federal elections by airing ads that avoided expressly advocating a vote for or against someone while making clear a preference for, or more often, disapproval of one candidate.

The Supreme Court previously said the provision complies with First Amendment guarantees of free speech. The 2-1 ruling by a special court here in December does not so much challenge the high court holding as carve out exceptions to it.

Yet if the justices were to adopt the lower court's reasoning, they would "really blow a hole" in the provision, said Richard Hasen, an election law specialist at Loyola Law School in Los Angeles.

"The purpose of the provision was to close a loophole that was allowing large amounts of corporate and union money to be spent on ads intended to influence federal elections," Mr. Hasen said. The court could reopen "that loophole for a large number of ads."

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The Supreme Court yesterday also said it will review a lower court ruling allowing New York City to sue countries that own property near the United Nations over unpaid taxes.

The city has battled over property taxes for years with countries that house their consulates and diplomatic missions in Manhattan skyscrapers.

Under U.S. treaties, embassies and other diplomatic buildings are generally tax-exempt, but the city claims some countries are refusing to pay taxes on real estate used for non-diplomatic purposes, such as restaurants and apartments.

High Court Takes "Issue Ad" Cases (CNN)

CNN.com, January 19, 2007

WASHINGTON (CNN) -- Jumping into a heated free-speech dispute a year before the presidential primaries, the Supreme Court on Friday accepted a pair of appeals over a sweeping campaign-finance reform law that limits "issue ads."

Oral arguments in the cases will be held in late April, with a ruling expected by late June -- six months before the 2008 election officially kicks off with primaries and caucuses in such states as Iowa, New Hampshire and Nevada.

The question for the high court is whether issue ads aired mainly on television -- and funded by businesses, labor unions, and other groups -- can be banned 60 days before a general election, and 30 days before a primary.

That restriction was a key part of the McCain-Feingold congressional bill setting strict limits on political spending and the message behind it.

The issue ads are widely used to promote particular causes such as environmental protection or tax reform, and they specifically cannot endorse or even mention any particular candidate or political party.

An anti-abortion group, Wisconsin Right to Life, had filed a lawsuit in 2004, demanding the right to air ads that urged viewers to contact their Democratic U.S. senators -- Herb Kohl and Russ Feingold -- and tell them to support President Bush's judicial nominees. Both lawmakers were running for re-election in 2004, and retained their seats.

The Supreme Court, in a series of rulings in recent years, has generally upheld the constitutionality of these campaign finance reform laws from Congress. But a federal court last month allowed the Wisconsin group's lawsuit to go forward. The justices will delve into a complicated legal dispute over the kinds of legal challenges that can be filed and heard by the courts.

The cases are FEC v. Wisconsin Right to Life (06-969) and McCain v. Wisconsin Right to Life (06-970).

In a separate case, the justices will hear oral arguments in an appeal by a staffer to Sen. Mark Dayton, D-Minnesota. At issue was whether the staffer had the legal right to sue his boss over personnel policy. Federal law generally protects federal officeholders from individual lawsuits over their official duties.

The case is Office of Sen. Mark Dayton v. Hanson (06-618).

House Panel Opens Investigation Of GSA Chief's Deal With Friend (WP)

By Robert O'Harrow, Scott Higham

The Washington Post, January 20, 2007

The chairman of the House Oversight and Government Reform Committee yesterday opened an investigation into a no-bid contract that the chief of the General Services Administration attempted to give to companies operated by her longtime friend.

Rep. Henry A. Waxman (D-Calif.) requested documents from GSA Administrator Lurita Alexis Doan and others after The Washington Post reported yesterday that Doan had signed a $20,000 deal with her friend's companies for a 24-page report about the procurement agency's use of businesses owned by minorities and women.

Sen. Charles E. Grassley (Iowa), the ranking GOP member of the Finance Committee, said it "is infuriating after all the problems in the past at GSA that this administrator would attempt to use tax money to give no-bid contracts to her friends."

The GSA's inspector general's office is conducting its own investigation into the arrangement between Doan and her friend, Edie Fraser, who runs Public Affairs Group Inc. and its divisions, according to sources who said they were not authorized to speak publicly about the investigation. The deal was terminated in August after agency lawyers and officials raised questions about possible procurement violations.

In three two-page letters issued to Doan, Fraser and the GSA's former general counsel, Waxman demanded an array of records, including "emails, calendars, office visitation logs, meeting notes, and other documents."

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Waxman asked Doan and Fraser for a copy of the contract and records of their communications. He asked former GSA general counsel Alan R. Swendiman for a briefing. Swendiman advised Doan to terminate the deal; he has since left the agency for a job at the White House.

The GSA issued a brief statement yesterday saying that Doan received the letter and spoke to Waxman. "As always, GSA will fully cooperate with Congress," the statement said.

In an e-mail to her staff, Doan said: "This incident has already been reviewed and no improprieties have been found."

In a statement yesterday, Sen. Joseph I. Lieberman (I-Conn.), chairman of the Homeland Security and Governmental Affairs Committee, said he expects the administrator of the GSA "to follow federal procurement regulations" and "possess better judgment than she has shown."

On July 25, two months after taking office, Doan signed the no-bid contract. Doan said in an interview that she "made a mistake."

Doan has had several clashes with GSA officials since taking over the agency in May. She compared the enforcement efforts of her inspector general's office to "terrorism," proposed cutting the budget of that office by $5 million and sought to curtail agency contract audits.

Doan also intervened in an effort to determine whether contractors accused of fraud should be suspended or debarred from doing business with the government. Contracting experts said in interviews that her intervention created the appearance of impropriety.

In the letters issued yesterday, Waxman demanded that Doan turn over documents related to her proposals to cut the inspector general's budget and curtail the contract audits. The letters also requested records pertaining to the debarment proceedings.

Legal Fight Resumes Over Guard's Back Pay (MR)

By Sean Reilly, Washington Bureau

Mobile Press-Register (AL), January 20, 2007

WASHINGTON -- Following a congressional counterattack, lawyers are resuming a legal fight seeking back pay for National Guard members for time spent taking government-prescribed correspondence courses.

"The courts may have an entirely different view of what Congress can do in this particular situation," said Mobile lawyer Richard Dorman, part of the team representing Baldwin County resident William A. Clark and other Guard members in states ranging from North Carolina to Hawaii.

The federal lawsuit, filed in 2000, alleges that Guard members must take the courses to win promotions or even to keep their current rank.

Nonetheless, the military does not pay them for the time needed to complete the work, according to the lawsuit. Pentagon attorneys countered that Guard members could be paid only if they took correspondence courses while on active duty.

In 2003, the U.S. Court of Appeals for the Federal Circuit in Washington, D.C., effectively sided with Clark, who is now a staff sergeant with almost 20 years of service, court papers indicate.

After added rounds of legal maneuvering, however, Congress -- apparently at the Pentagon's behest -- last year added an amendment to an annual defense bill aimed at overriding the appellate court decision.

In an unusual move, Dorman's firm, now known as Cunningham, Bounds, Crowder, Brown & Breedlove, LLC, hired a prominent Washington, D.C., lobbying shop to oppose the law change, according to a report filed with the Secretary of the Senate.

In a court filing last month, Clark's lawyers said the new provision would improperly interfere with the court's judgment, adding that the amendment "cannot properly be retroactively applied to limit this right to compensation for numerous reasons," including the U.S. Constitution's doctrine of separation of powers.

Citing the amendment, government lawyers have since asked U.S. Claims Court Judge Nancy Firestone to throw out the case. A response from the plaintiffs is due early next month. It is unclear how soon after that Firestone might rule. Dorman, who is handling the case with lawyers from two Washington, D.C., firms, is asking Firestone to certify the case as a class action.

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Approximately 400,000 past and present Guard members could be affected, with $550 million in compensation potentially at stake, he said in an interview Friday.

At the National Guard Bureau in northern Virginia, spokesman Manny Pacheco could not confirm those numbers on the case Friday.

"We would not know the ramifications of how many people it would involve until the case is obviously settled," he said, adding that the suit is being handled by the U.S. Justice Department, which customarily represents federal agencies in litigation.

Clark, who Dorman said lives in the Robertsdale area, could not be reached for comment Friday. A 2004 Press-Register article described him as a Guard musician. In 1999, he was demoted from staff sergeant to sergeant after failing to complete all of the "sub courses" required in the Basic Non-Commissioned Officer Course, the lawsuit states.

He later regained his earlier rank after successfully finishing the course "without pay," the suit states. If his side wins, he could receive at least $2,500 in compensation, his attorneys told the Press-Register three years ago.

Plaintiffs' Team Takes Hit On Asbestos (WSJ)

By Paul Davies

The Wall Street Journal, January 20, 2007

In the latest setback for plaintiffs' attorneys involved in large-scale asbestos litigation, an Ohio state court judge barred a California law firm from appearing in his court after finding that its lawyers had lied and obstructed the discovery process in a case involving an asbestos claim.

In a harshly worded opinion issued late Thursday, Judge Harry Hanna listed more than a dozen instances where attorneys from the Novato, Calif., law firm Brayton Purcell LLP either lied to the court, intentionally withheld key discovery materials, or distorted the degree of asbestos exposure alleged.

The ruling is one of a number in the past several years that have gone against asbestos plaintiffs, including several in Mississippi, for years regarded as a plaintiff-friendly state. Other states have erected legislative hurdles, making asbestos claims more difficult to win.

Judge Hanna's ruling stemmed from a lawsuit brought by Brayton Purcell against Lorillard Tobacco Co. on behalf of the estate of the late Harry Kananian. The suit claimed Mr. Kananian died from a type of cancer caused by asbestos contained in Kent brand cigarette filters in the late 1950s.

According to Judge Hanna's ruling, the attorneys for Mr. Kananian, who died in 2000, altered claim forms used in earlier suits, which led to inconsistent assertions as to the cause of his asbestos exposure. Mr. Kananian had previously sued and collected roughly $700,000 from other asbestos defendants.

Judge Hanna didn't dismiss the suit, however, finding that Mr. Kananian's family "did nothing improper." The judge did bar Brayton Purcell from appearing in the Ohio state court in Cuyahoga County, based in Cleveland.

Specifically, Judge Hanna signaled out Christopher Andreas, a junior partner at the firm. The judge questioned Mr. Andreas's "appearance, attitude and veracity" during a deposition in which he wore a T-shirt that read: "Killer smokes -- Kent cigarettes -- 1952-1956 -- made by Lorillard Tobacco."

An attorney for Mr. Andreas and Brayton Purcell said "none of the skirmishes were material to the substance of the case."

Lorillard said it hopes the judge's ruling "will benefit other companies that may be subject to unethical conduct in asbestos personal injury and mass tort litigation." Lorillard is an indirect subsidiary of the Loews Corp.

Lisa Rickard, president of the U.S. Chamber of Commerce's Institute for Legal Reform, said defendants should have a legal right to know when plaintiffs have alleged conflicting sources of exposure in multiple claims. "Defendants should also have a right to know how much money a plaintiff has collected from other sources for the same injury," she said.

A representative for the American Association for Justice, a trial lawyers' organization, couldn't be reached for comment.

Write to Paul Davies at paul.davies@wsj.com1

CIVIL RIGHTS:

DOJ_NMG_0119796

San Francisco Police Are Criticized In Wake Of Fight Involving A Yale Singing Group (NYT)

By Jesse Mckinley

The New York Times, January 20, 2007

SAN FRANCISCO, Jan. 19 — Investigators from the San Francisco Police Department are expected to travel toConnecticut this weekend to interview victims of a New Year's Day street fight here that left several Yale University students injured and the department once again fending off criticism.

The investigation stems from an attack just after midnight on Jan. 1, when several members of the Baker's Dozen, an all-male a cappella group from Yale, were set upon by a group of young men. The latter were apparently envious of the attention the singers had received at a New Year's Eve party, those who gave the party say. Members of the Yale group said they were taunted with anti-gay slurs, and were later jumped and pummeled on a nearby street in the city's usually sedate Richmond neighborhood. Three members of the group were injured, including one whose jaw was broken in two places.

The police have made no arrests after detaining four suspects only briefly after the fight, a course of action that angered and confused families of the students. And that frustration has grown as almost three weeks have passed with no arrests.

"I don't have any idea why this is taking so long," said Laura Aziz, a schoolteacher in Manhattan who is the mother of Sharyar Aziz, the student whose jaw was broken. "It seems to me at this point, and from what we've heard from police, that charges would be filed."

The police have also been accused of being slow to respond because of a personality conflict with the party's hosts, a married couple — Leanna Dawydiak and Reno Rapagnani — who were members of the Police Department. (Mr. Rapagnani is a retired investigator; Ms. Dawydiak is on disability.) Ms. Dawydiak said they were not well liked in the department, in part because of accusations that they had leaked information during a previous police scandal known as Fajitagate, accusations they were cleared of.

"We were despised," said Ms. Dawydiak, who gave the New Year's Eve party for her 19-year-old daughter, Rose. "I hate to say it, but I kind of think that had an effect."

Sgt. Neville Gittens, a police spokesman, dismissed that accusation.

"We don't show up to a scene and gauge our investigation as to who a person is," Sergeant Gittens said. "That's not how we do business."

He also said that it was too early in the investigation to determine whether the attack could be characterized as a hate crime, in light of the anti-gay slurs during the attack.

Sergeant Gittens defended the department's initial response, saying that when officers arrived at the scene, a group of young men pointed out four potential suspects but then left before they themselves could be interviewed.

"People stand around and say 'those are the guys' and then leave," he said. "If people don't stick around, you can't make an arrest."

Sergeant Gittens said the chaotic scene after the fight had also complicated the investigation. There may have also been some underage drinking. Ms. Dawydiak, who was not at the party at the time of the attack, said that she and her husband hid all the alcohol in the house before the party, but that some uninvited guests — those believed to have started the fight — might have brought beer.

Whitney Leigh, a lawyer for two of the victims, said that at least two Yale students identified their assailants the night of the attack. "The police had enough information to arrest multiple individuals at the scene," Mr. Leigh said.

On Tuesday, investigators met with representatives of the San Francisco district attorney, who told the police that more evidence was needed before charges could be filed, a development that the police say is routine.

"Everyone needs to be patient and let us do what we do," Sergeant Gittens said. "Things take time."

Still, reports of the attack — and the pace of the police investigation — have buffeted the department, which has weathered several scandals in recent years, including Fajitagate, a 2002 incident involving three off-duty officers who were accused of accosting two men and using excessive force as they demanded that the men surrender a bag of fajitas.

The fajita scandal led to grand jury indictments, lawsuits and a turnover of the top command, even though the three officers initially accused in the attacks were acquitted of criminal charges.

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In 2005, the department also endured accusations of prejudice after homemade videos surfaced featuring uniformed and plainclothes officers in racially and sexually charged skits. The videos, made for a department Christmas party, led to an announcement on Nov. 30 by Chief Heather Fong that 35 officers would face disciplinary charges in front of the police commission and the police chief.

In the Yale case, the Aziz family has been particularly vocal, with Ms. Aziz and her son appearing on the Fox News Channel last week with Sean Hannity, the conservative talk show host. Mr. Hannity offered a $10,000 reward for information in the case, calling the Baker's Dozen "the national anthem singers" because the group had sung "The Star-Spangled Banner" at the party before being attacked.

On Friday, Ms. Aziz said the family was encouraged that the police were making the trip to interview her son, who has since returned to Yale, though with his jaw wired shut for the next five weeks. She said her son had not been cowed by the attack. "He's absolutely going back to everything he did before," Ms. Aziz said. "And he's still going to rehearsals with the group."

Testimony To Be Heard On Shooting By The Police (NYT)

By Al Baker

The New York Times, January 20, 2007

A Queens grand jury that will weigh evidence in the fatal police shooting of an unarmed black man on his wedding day in November will begin hearing testimony next week, lawyers involved in the case said yesterday.

Two months after the unarmed man, Sean Bell, was killed and two of his friends were wounded in a fusillade of 50 police bullets, prosecutors are expected to begin presenting evidence and calling witnesses before the panel, the lawyers said.

"My understanding is that they should begin presenting on Monday," said Michael Hardy, a lawyer who represents the woman Mr. Bell was to marry, Nicole Paultre Bell (she took his name after his death), and the two men wounded in the shooting.

The office of the Queens district attorney, Richard A. Brown, declined to comment or answer questions about the grand jury process. "The investigation is continuing," said Meris Campbell, a spokeswoman.

Mr. Hardy, lawyers representing some of the five officers involved in the shooting and others said they expected the grand jury's work would last at least three weeks. The two men wounded in the Nov. 25 shooting, Trent Benefield and Joseph Guzman, intend to testify, said Mr. Hardy, and will most likely do so toward the end of the grand jury process.

"They are crucial witnesses," he said. "And that, obviously, will present a very significant challenge to whatever testimony is given by the officers who did the shooting, if any."

Of the officers who fired at Mr. Bell, two are black, one is black and Hispanic, and two are white.

In recent weeks, four of the five officers have given investigators for the Queens district attorney's office their version of events. The fifth, Detective Michael Oliver, who fired 31 of the shots, has not spoken to prosecutors, according to one lawyer involved in the case.

But it remained unclear yesterday if Detective Oliver planned to testify before the grand jury or speak with prosecutors, and his lawyer did not return phone calls seeking comment.

Paul P. Martin, a lawyer who represents Detective Marc Cooper, said his client would testify before the grand jury. "My client's actions were reasonable under the circumstances and justified," he said.

It is unclear if Detective Paul Headley will testify. A lawyer for another officer, the undercover detective who fired the first of the 50 shots, has said his client intended to testify. Stephen C. Worth, a lawyer for Officer Michael Carey, said he was "reserving judgment" on whether his client would testify.

Officers who face grand juries in Queens can find themselves in one of several rooms that look like college lecture halls, with seats in tiered rows. There are some grand juries that sit for a month at a time, and one that sits for six months, though each can be extended. It is unclear which type will hear the Bell case.

Editorial: A Tragedy Of Errors (WP)

The Washington Post, January 20, 2007

The police report on the killing of an unarmed man by a SWAT officer finds fault -- but raises too many questions.

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"OUR GOAL is to be as open and transparent as possible," Fairfax County Police Chief David M. Rohrer said last week as he released a report on the fatal police shooting a year ago of an unarmed, nonthreatening suspect. The report confesses to "gaps in decision-making guidelines" and questionable actions in what should have been a routine arrest of Salvatore J. Culosi, a 37-year-old optometrist suspected of being a sports bookmaker.

But the story still merits more explanation. In the report the police -- for the first time -- officially acknowledge the identity of the shooter: Officer Deval V. Bullock, a SWAT unit member with 17 years' experience. So why was the SWAT unit called in to help round up a man who had been taking bets from the same undercover detective for months -- and who had no criminal record? Exactly how did Officer Bullock's finger wind up on the trigger of his .45-caliber pistol, which fired a single deadly round into Mr. Culosi's chest?

Chief Rohrer's report does acknowledge what should have been obvious all along: that SWAT team power was unnecessary. Risk assessment policies have been inconsistent and are being revised, the report says. Good, because even Officer Bullock himself "was not comfortable with the original plan and challenged it prior to the briefing," the report notes.

As for the shooting, the report concludes that "based on the preponderance of the evidence," an "involuntary muscle contraction" caused Officer Bullock's finger to slip down to the trigger and fire the shot. The report says Officer Bullock's vehicle door apparently bumped his left side as he was climbing out, causing his right side to flinch involuntarily. Even if you buy this finding -- and medical experts say it can happen -- Mr. Culosi never should have been placed in a situation where this could happen.

The chief's report does not state what discipline was imposed on Officer Bullock. But what is passing for punishment so far is little more than a frown and a wink. As reported by The Post's Tom Jackman, a police internal affairs report shown to this newspaper recommended that Officer Bullock be suspended for 120 hours without pay and transferred out of the SWAT unit. On Jan. 8, sources say, the chief imposed both the suspension and the transfer. How tough is that?

The chief prosecutor in Fairfax, Robert F. Horan Jr. -- who has never prosecuted a police officer for wrongfully shooting a citizen -- remained true to the force, swiftly declining to prosecute Officer Bullock or even to refer the case to a grand jury. The Justice Department's Civil Rights Division has yet to release any results of its inquiry. So the case is not closed, nor should it be. Public confidence in the justice system still hangs in the balance.

ANTITRUST:

Plaintiffs In Microsoft Case Claim Firm Is Violating U.S. Antitrust Deal (AP)

By David Pitt, THE ASSOCIATED PRESS

AP, January 20, 2007

DES MOINES, Iowa — The plaintiffs in Iowa's class-action antitrust lawsuit against Microsoft Corp. claim they have uncovered information that indicates the software company is violating its 2002 agreement with the Justice Department.

The alleged misconduct surrounds Microsoft's duty to share software hooks known as application programming interfaces, or APIs, which let disparate programs work together. The Iowa plaintiffs' attorneys have alleged that Microsoft has not disclosed certain APIs to other software developers who want to make programs compatible with Microsoft software.

Plaintiffs' attorney Roxanne Conlin asked the judge in the Iowa case, Scott Rosenberg, for permission to tell the Justice Department and the Iowa attorney general what her side knows. Rosenberg responded that she could provide the information if a court order or a subpoena is issued for it.

The API issue also has landed Microsoft into trouble with the European Commission, which imposed a fine of 3 million euros ($3.9 million) a day last July for failure to provide proper software documentation. In response, the company provided 8,500 pages of documentation in November.

Microsoft attorney Rich Wallis said he doubted the Iowa case had turned up any information that would surprise the federal government and its independent experts who monitor the 2002 antitrust settlement. Microsoft must appear before a federal judge quarterly on the matter, and at the most recent hearing, in December, the judge said Microsoft was complying.

The Justice Department declined to comment.

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Conlin represents thousands of Iowans who purchased Microsoft software between 1994 and 2006. They claim that the company engaged in anticompetitive conduct that caused customers to pay at least $300 million more for software than they would have if there had been competition.

Microsoft denies the allegations, and its attorneys said they'll show Iowa customers received quality products at a fair price.

Microsoft Eyed Apple In '03 (BLOOM)

By Dina Bass And Bob Van Voris, BLOOMBERG NEWS

Bloomberg, January 20, 2007

Software maker considered partnership, or creating player to rival iPod

Microsoft Corp., the world's largest software maker, considered as early as 2003 working with Apple Inc. or creating its own digital music player to rival Apple's dominant iPod.

Microsoft, displeased with hardware partners Creative Technology Ltd. and Dell Inc., which made players using Microsoft's Windows Media software, talked about building its own device, according to an e-mail exchange between Windows chief Jim Allchin and media software executive Amir Majidimehr. The correspondence, which was introduced into evidence in a civil antitrust trial against Microsoft in Des Moines, Iowa, was made public Friday.

Allchin, who started the exchange in an e-mail titled "sucking on media players," also suggested that he talk to Apple Chief Executive Steve Jobs to get the iPod to work with Microsoft's media software for fear the iPod would "drive people away from Windows Media Player." Microsoft introduced its music player, Zune, in November.

"My goodness it's terrible," Allchin wrote about one of Creative's devices. "What I don't understand is though is I was told the new Creative Labs device would be comparable to Apple. That is so not the case."

Majidimehr replied, "Now you feel our pain." He said Microsoft was providing cash incentives to get the partners to improve devices. If that doesn't work "it is time for us to roll up our sleeves and do our own hardware," he wrote.

Microsoft had been working with partners on music devices for at least a year before Apple introduced the iPod in 2001 and catapulted to a dominant position in the market. Microsoft and its partners failed to come up with compelling hardware and had difficulty getting software to properly connect music collections on computers with their devices.

In July, Microsoft announced that it would change course and sell its own device, software and music service under the brand Zune. A spokesman for Microsoft's digital media group declined to comment.

Microsoft sold "hundreds of thousands" of Zune devices during Christmas, according to Entertainment and Devices Division President Robbie Bach. Apple sold 21.1 million iPods last quarter.

Microsoft is defending itself in a private antitrust class action in Iowa that began in December. In the trial, a statewide class of consumers claims that Microsoft used its monopoly position in computer operating systems and software applications to overcharge for its software, including Windows, Word and Excel. The consumers claim $329 million in damages since 1994. That amount may be tripled under Iowa law.

Earlier this week, the trial judge gave permission for plaintiffs' lawyers to tell the Justice Department that they believe Microsoft violated a 2002 court order in the U.S. government's antitrust suit against the company. The lawyers say Microsoft hasn't disclosed certain application programming interfaces to other software developers who want to make programs compatible with Microsoft software.

The e-mails mark the second set of conversations exhibited in the trial in which Allchin, a 16-year Microsoft veteran, expresses concern about competition with Apple products. In a 2004 e-mail to Chairman Bill Gates and CEO Steve Ballmer, made public during opening statements in December, Allchin criticized Windows and said "I would buy a Mac today if I was not working at Microsoft."

At the time, Allchin was leading development of Longhorn, the code name for Windows Vista, which reaches stores Jan. 30.

Allchin, who is retiring after Vista is released, referred to Longhorn as "a pig" and said "we have lost our way."

This report includes information from The Associated Press.

Esmark To Buy West Virginia Tin-plate Plant (BLOOM)

Bloomberg News

Bloomberg, January 20, 2007

Arcelor Mittal, the world's largest steel company, has agreed to sell its tin-plate plant in Weirton, W.Va., to Chicago Heights-based Esmark Inc. to satisfy U.S. antitrust concerns.

Esmark signed a memorandum of understanding to acquire the plant, Esmark Chief Financial Officer Craig Bouchard said Friday. The agreement is contingent on approval by the Justice Department, he said. Terms weren't disclosed.

Esmark "has entered into a memorandum of understanding with Mittal Steel to purchase the hot-strip mill and tin-finishing operations of Mittal's Weirton plant," Bouchard said. "We are working on finalizing the asset purchase agreement by Feb. 2."

The company's interest in Weirton increased after it acquired the steelworks of nearby Wheeling, W.Va.-based Wheeling-Pittsburgh Corp. through a reverse takeover in November. Excluded from the deal with Arcelor Mittal are a Weirton blast furnace, caster and basic oxygen furnace, Bouchard said.

The steel- and iron-making facilities at Weirton have been idled since June 2005 .

Mark Glyptis, president of the Independent Steelworkers Union at the Weirton plant, says the facility is still "ready and able to make quality steel."

A clause in its labor contract gives the union veto power over a sale of the facility, Glyptis said.

William Steers, a Chicago-based spokesman with Arcelor Mittal, couldn't be reached.

The Justice Department demanded Arcelor Mittal sell some assets to preserve competition in the tin-plate market in the Eastern U.S. Arcelor Mittal is the world's largest maker of tin plate, a type of steel coated with tin that is used mostly in packaging such as cans.

Gina Talamona, a spokeswoman with the Justice Department, said the matter is "still under review" and declined to comment further.

Should the government approve the sale of the Weirton plant and the company completes arrangements with the union, a definitive agreement with Esmark would be reached no later than Feb. 2, Bouchard said.

Mittal originally had planned to satisfy U.S. antitrust concerns by selling a plant belonging to Dofasco, Canada's biggest steelmaker, which was acquired by Arcelor SA last March for $5.2 billion. Mittal completed its $38.3 billion takeover of Arcelor in November.

But after the original deal fell through, the Justice Department demanded that Mittal Arcelor sell Weirton or the Sparrows Point plant in Maryland.

Steelmaking Neighbors Eye Partial Merger (PPG)

By Len Boselovic, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, January 20, 2007

Required divestiture may put Weirton's rolling mills in Wheeling-Pitt's hands

Combining the Ohio Valley's two steel producers, long a topic of speculation in the small industrial towns along the river, took on renewed urgency yesterday when the Chicago-area steel distributor that wants to merge with Wheeling-Pittsburgh Steel confirmed it expects to acquire portions of the former operations of Weirton Steel.

Esmark said it has a memorandum of understanding with Arcelor Mittal, the world's largest steel producer and owner of the Weirton mill. U.S. antitrust regulators are requiring Arcelor Mittal to divest one of its North American mills as a condition of Mittal's acquisition of Arcelor last year.

Esmark gained control of Wheeling-Pitt in November, when the steel distributor's shareholders elected its slate of directors over the incumbent board, led by former Chairman and Chief Executive Officer James G. Bradley. The successful proxy fight set the stage for a vote by Wheeling-Pitt shareholders on merging with Esmark.

Esmark's shopping list includes the Weirton mills that roll steel slabs into sheet steel and coat it to make food cans and other products, but not the blast furnaces and other equipment used to produce the slabs. The company expects to sign a definitive agreement with Arcelor Mittal by Feb. 2.

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That doesn't sit well with the leader of the union representing Weirton's workers. Independent Steelworkers Union President Mark Glyptis wants the steelmaking end of his plant to be included in any sale, saying it would put about 300 more workers on the payroll. He said steel executive Mitch Hecht is interested in acquiring the whole operation.

The ISU's labor agreement with Arcelor Mittal gives it the power to veto any sale of Weirton, Mr. Glyptis said.

Esmark would have to negotiate a contract with his union and so far talks have been mostly limited to brief telephone conversations.

"There have not been any meaningful, sit-down negotiations," Mr. Glyptis said.

Any contract with the ISU would affect the jobs of Wheeling-Pitt workers, who are represented by the United Steelworkers of America and operate the same kind of equipment Esmark hopes to acquire at Weirton. One of the stumbling blocks in past efforts to merge the two companies has been whether both of the unions would survive.

Those previous initiatives, including talks in 1999 when the industry was entering a severe depression that ultimately bankrupted both Weirton and Wheeling-Pitt, drew mixed reviews. Some thought combining two of the industry's weakest players would produce a stronger competitor, while longtime industry analyst Charles Bradford compared it to two garbage trucks colliding.

A Wheeling-Pitt/Weirton merger makes sense to James P. Bouchard, Esmark's chairman and chief executive officer.

"We are excited about the opportunities presented by the potential combination of three businesses," he said.

Wheeling-Pitt emerged from bankruptcy in 2003, the same year Weirton sought bankruptcy protection. Weirton was acquired a year later by International Steel Group, a Cleveland company cobbled together from the carcasses of Bethlehem Steel, LTV Steel and other bankrupt producers. Mittal acquired ISG in 2005 and subsequently shut down Weirton's steelmaking facilities. It continues to process steel sheet at the plant and employs about 1,275, Mr. Glyptis said.

Wheeling-Pitt employs about 3,100 at plants in Ohio, West Virginia and Allenport, Pa.

Any sale would have to be approved by the U.S. Department of Justice. The agency has given Mittal until Jan. 28 to sell Dofasco, its Canadian arm. That would take care of antitrust concerns. However, Arcelor put Dofasco into a trust before it was swallowed by Mittal. The trust prevents Arcelor Mittal from divesting the Canadian producer.

Unless the trust is broken, Mittal must sell either Weirton or its Sparrows Point plant near Baltimore, formerly operated by Bethlehem.

(Len Boselovic can be reached at lboselovic@post-gazette.com or 412-263-1941.)

Case Could Kill Mill (BRADV)

By Gary Perilloux, Advocate business writer

Baton Rouge Advocate, January 20, 2007

Antitrust remedy might make La. steel plant moot

A U.S. Justice Department case could kill a German steelmaker's desire to build a $3 billion mill in Louisiana.

Or it could open the door for St. James Parish to score a 3,000-job coup in Convent. Alabama and Arkansas also are vying for the steel mill.

Louisiana's chances of wooing ThyssenKrupp, amid a consolidating steel industry, may rest heavily with a Washington, D.C., federal court that's a week away from a key antitrust milestone.

After the world's two largest steel companies — Luxembourg-based Arcelor and Mittal Steel of The Netherlands — complete a merger this spring, a concentration of 84 percent of the tin production in the Eastern United States would result.

Here's why that matters to Louisiana: To break up the perceived tin monopoly, the Justice Department wants Arcelor Mittal to sell Canada's largest steelmaker, Dofasco, to ThyssenKrupp for $4.6 billion.

Should that happen, ThyssenKrupp would gain 3.9 million tons of annual steel production as it brings on line a 5-million ton Brazilian slab mill in 2009. The Canadian output is about what the proposed steel mill on the Gulf Coast would produce.

But if ThyssenKrupp doesn't acquire Dofasco, it likely would build the Gulf Coast mill to handle 3 million tons of the annual raw steel product from Brazil, with 2 million tons going to Germany.

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ThyssenKrupp's final public comments on the Gulf Coast project came in November. The company didn't return numerous messages left by The Advocate. And Louisiana economic development officials are remaining mum on the deal, citing confidentiality agreements.

Charles Bradford, a New York-based steel industry analyst, said the Gulf Coast mill is far from a sure thing even should the Dofasco deal fall through.

"It's not necessary they do the thing on the coast," he said, citing the high expense of the $3 billion project. "That's really hard to swallow. It wouldn't take much more to buy U.S. Steel."

Such a bid would cost about $12 billion, Bradford said, but could be reduced to $8 billion by selling off central Europe operations and $4 billion to $5 billion by selling off piping and tubing divisions.

The Justice Department isn't commenting on the antitrust case but its last public statement in November listed a strong preference that Arcelor Mittal divest Dofasco rather than two alternatives: selling plants in West Virginia or Maryland.

The explanation is simple, Bradford said: Dofasco is much more likely to thrive as a separate entity than the West Virginia or Maryland mills.

Constance Robinson of the Washington, D.C., law firm Kilpatrick Stockton agrees.

"In general, the Justice Department will strive to get a divestiture that cures the competitive harm they've identified," said Robinson, who worked 27 years as an antitrust attorney for the department until 2003. "They're looking for somebody who will be a long-term player, competitively."

But the most-baffling part of the case is Arcelor Mittal might not be able to accomplish what the Justice Department wants. In early 2006, when Arcelor was still attempting to thwart a Mittal buyout, it placed control of Dofasco's stock in a Dutch foundation controlled by three board members, two of them with strong Arcelor ties.

State Is Reviewing Deal For Hoover (COLDISP)

By James Nash, THE COLUMBUS DISPATCH

Columbus Dispatch, January 20, 2007

Attorney general raises antitrust issues in sale to rival company in Hong Kong

Ohio Attorney General Marc Dann is looking into antitrust concerns that have arisen based on a Hong Kong company's planned purchase of the North Canton-based Hoover vacuum-cleaner company.

Dann, a Democrat who led the antitrust division of the West Virginia attorney general's office earlier in his career, is investigating whether Techtronic Industries Co. Ltd. legally can purchase Hoover, which employs about 1,000 Ohio workers.

Techtronic manufactures the Dirt Devil, Regina, Royal and Vax brands of floor cleaners.

Dann's office had not filed an antitrust claim as of yesterday, said Edgar Simpson, the attorney general's administration and policy chief.

"The idea is to get some information to see if there's an impact on the competitive marketplace," Simpson said. "We have a feeling that we need to look at this pretty quickly. It is an Ohio company, and we feel that we have standing to do this."

The Federal Trade Commission and U.S. Justice Department also have regulatory oversight of the acquisition, but Simpson said Dann thinks that his office also should look at the deal.

In a Dec. 7 news release announcing the $107 million purchase of Hoover, Techtronic said the deal is scheduled to close by the end of the summer but could be final as early as March.

Hoover is a division of Whirlpool Corp., based in Benton Harbor, Mich.

A Whirlpool spokeswoman did not return a call for comment yesterday.

Techtronic has not announced whether it plans to keep Hoover's manufacturing jobs in Ohio.

The purchase has raised concerns that the company might shift the manufacturing operations to an Asian country with lower labor costs.

Hoover's Ohio roots go back to 1875, when the family settled in North Canton.

The company began manufacturing vacuum cleaners in 1908.

jnash@dispatch.com

Caremark Shareholders Get Their Say (TENN)

By Todd Pack, Staff Writer

Nashville Tennessean, January 20, 2007

CVS merger vote to be next month

CVS Corp. and Caremark Rx Inc. said Friday that the Securities and Exchange Commission has given the go-ahead for them to take their proposed "merger of equals" to a vote of shareholders next month even as a third company pushes its rival bid.

Caremark shareholders will vote on the CVS deal at a special meeting Feb. 20 at 8:30 a.m. at the Hilton Nashville Downtown.

CVS shareholders will vote at a special meeting Feb. 23 at the drugstore chain's headquarters in Woonsocket, R.I.

"We are very pleased that we have received clearance from the SEC to move forward with our shareholder vote next month. We remain on track to close our merger with Caremark by the end of February," Tom Ryan, CVS' chairman, president and CEO, said in a statement.

"We look forward to our respective shareholder meetings and to closing our strategic merger of equals with CVS," said Mac Crawford, Caremark's chairman, president and CEO.

CVS, the United States' secondlargest drugstore chain in sales, announced plans to merge with Caremark, the second-largest pharmacy benefits manager, or PBM, on Nov. 1.

Based on Friday's closing price, CVS' offer was worth almost $24.6 billion, or $57.58 a share including a special $2-per-share cash dividend that the combined firm would pay Caremark shareholders after the deal closes.

Hostile bid from St. Louis

Express Scripts Inc., the nation's third-largest PBM, made a hostile bid to buy Caremark on Dec. 18. Caremark's board of directors rejected it earlier this month, but Express is hoping Caremark's shareholders will overrule their own board.

The Express offer still faces several hurdles, including a federal antitrust review tied to concerns about the market share a combined Express-Caremark would have.

The initial Express offer was much higher than CVS', but that difference has narrowed in recent days with fluctuations in stock prices. Based on Friday's closing prices, its offer was worth $24.6 billion, or $57.69 a share — only 11 cents higher than CVS' bid with the $2 dividend included.

In a statement, Express Scripts said it "has made a superior proposal to acquire Caremark. We urge Caremark stockholders to vote down the CVS acquisition."

Tribune Board Panel To Meet On Auction (WSJ)

The Wall Street Journal, January 20, 2007

A special committee of Tribune Co.'s board overseeing an auction of the company is to meet with its advisers Saturday, three days after receiving three proposals, according to people familiar with the situation. The full board is also expected to meet, possibly to vote on the recommendation of the special committee. A Tribune spokesman declined to comment on the schedule.

None of the proposals offers what Tribune is looking for: a premium for the entire company, which owns newspapers such as the Los Angeles Times and TV stations.

It is unlikely that the special committee will recommend any of the offers in their current form, said a person familiar with the situation. The committee is likely to try to negotiate better terms on each of the offers, or might reject them out of hand. The company may decide to spin off its TV stations or take on added debt to fund a dividend on its own.

Meanwhile, Tribune is negotiating with Gannett Co. to sell two of its papers in Connecticut, the Stamford Advocate and Greenwich Time.

Patent Trial Near, Bristol-Myers Counts On Resilience (NYT)

By Stephanie Saul

The New York Times, January 20, 2007

LAWRENCEVILLE, N.J., Jan. 19 — Bristol-Myers Squibb staggered, but the drug maker has remained on its feet.

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That is the view of the company's interim chief executive, James M. Cornelius, who on Friday compared the company's struggle with a generic competitor to a boxing competition.

"A less resilient, less solid management and employee base would have crumbled under a billion-dollar hit," Mr. Cornelius said during an interview at a company office here. "We took a body blow, but we didn't go down for the count."

Mr. Cornelius said the damage from last summer's market onslaught by a generic copy of Bristol-Myers's blockbuster drug Plavix, a blood thinner, would exceed $1 billion, but the company had "more or less" already made up the money.

The financial details of that comeback, he said, will be revealed next Thursday when the company releases its fourth-quarter results.

The blow was dealt last summer by the Canadian company Apotex, which sold its Plavix imitator for only three weeks in August, before a federal judge ordered a halt. But during that period an estimated six-month supply of generic Plavix flooded the United States market.

The episode followed bungled efforts to settle a patent dispute with Apotex. And it eventually cost the Bristol-Myers chief executive at the time, Peter R. Dolan, his job.

Apotex has hardly gone away, though. Even as Mr. Cornelius expressed optimism yesterday about the company's future, lawyers were making final preparations to begin a trial Monday in federal court in Manhattan. There, Bristol-Myers and its marketing partner, the French company Sanofi-Aventis, will defend the Plavix patent against the Apotex challenge.

The trial's outcome will be critical for Bristol-Myers, which derives nearly a third of its revenue from Plavix. The drug's 2005 sales in this country were $3.8 billion and its use is growing. Worldwide sales of Plavix exceeded $6 billion in 2005, making it the second-largest drug, behind Lipitor from Pfizer.

In a four-week trial where much of the testimony is expected to involve scientific minutiae, Bristol-Myers and Sanofi will be asking Judge Sidney H. Stein to uphold their Plavix patent.

"Starting Monday is an important historic event for this company," Mr. Cornelius said, adding that the company was so optimistic about its chances of winning the case that it is proceeding to break ground on a $750 million biologic drug plant in Devens, Mass.

Bristol-Myers plans to give more details of its 2006 performance, including how it has compensated for the lost Plavix sales, on Thursday. The company has been predicting that earnings for the year will wind up at 97 cents a share.

"I don't think we're going to disappoint anybody," said Mr. Cornelius, who is in some ways Bristol-Myers' accidental chief executive.

Nearly a year ago, after a long career at the drug maker Eli Lilly and then a stint as chairman and interim chief executive of the device maker Guidant, Mr. Cornelius thought he had engineered an early retirement from the pressured environment of big corporations.

After closing the $27 billion sale of Guidant to Boston Scientific, following an exhaustive takeover battle with Johnson & Johnson, Mr. Cornelius had planned to settle into a new life dominated by charity volunteering, long stretches at his second home in Maui and avid support for the Indianapolis Colts.

An Indianapolis resident, he owns Colts season tickets on the 42-yard line.

But Mr. Cornelius, who is 63, said he "parachuted in, a somewhat reluctant volunteer" to take the reins of Bristol-Myers in September after Mr. Dolan's ouster. Mr. Cornelius had served on the Bristol-Myers Squibb board.

Since then, the company's board has continued a search for a permanent replacement for Mr. Dolan — Mr. Cornelius said he was not interested in the job — and also has been exploring a sale or merger of the $52 billion company.

Even as the patent trial begins, the company is the target of a federal investigation focusing on whether it violated federal antitrust laws in its attempt earlier last year to settle the litigation with Apotex.

When those settlement talks unraveled, Apotex flooded the United States market with its generic version of the drug before Judge Stein ordered distribution to stop, ruling that it was likely that the Plavix patent would be upheld.

Despite the judge's ruling, Apotex had already shipped enough of its version of the drug that prescriptions for Plavix plunged 32 percent in the third quarter.

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The stock took a hit, too. Bristol-Myers shares, which had traded at nearly $26 in July, fell to just above $20 in August. The stock has since recovered, closing Friday at $26.63 — a level that Mr. Cornelius said was partly a result of the company's strong pipeline of new products.

Mr. Cornelius said yesterday that the market for blood thinners was still working through the remaining inventory of Apotex's drug, clopidogrel bisulfate, but that more than half of prescriptions were now being filled with the Bristol-Myers product, and its share was growing steadily.

The trial also comes at an important time for United States patent law, in which courts lately have generally favored innovator companies. Meanwhile, a Supreme Court ruling is expected this year on a patent case, KSR International v. Teleflex Inc., involving automotive gas pedals.

The key issue in that case — the question of what constitutes an "obvious" and, hence, invalid patent — could have a bearing on the Plavix patent.

Among other arguments, Apotex has claimed that the formula for Plavix would have been obvious to a scientist, based on an older patent that expired in 2003. Judge Stein had rejected that argument during preliminary proceedings.

"If KSR raises the bar for nonobviousness, Judge Stein may need to rethink his conclusion that the Plavix patent is not obvious," said C. Scott Hemphill, an associate professor of law at Columbia University.

Mr. Cornelius said the company had other options if Apotex won the Plavix case. "If we lose we have a backup plan that changes the nature of everything we do, but we don't plan on losing," he said.

Instead, he said, he sees 2007 as the beginning of a new era for the company, which recently signed a $1.35 billion deal with AstraZeneca to jointly develop two diabetes compounds. The company is also entertaining the idea of finding partners for some of its other products in the development pipeline, he said.

"When I first joined Eli Lilly, everybody said, 'I hope Lilly can someday be like Bristol-Myers Squibb,' " Mr. Cornelius said, acknowledging that Bristol-Myers was no longer the industry role model. "I'd like to get it back there. That's the target — '07 is going to be the beginning of that."

Suit By Record Companies Against XM Going To Trial (AP)

By Larry Neumeister, Associated Press

AP, January 20, 2007

NEW YORK, Jan. 19 -- A lawsuit in which record companies allege XM Satellite Radio Holdings is cheating them by letting consumers store songs can proceed toward trial, a judge ruled Friday after finding merit to the companies' claims.

U.S. District Judge Deborah A. Batts made the finding in a case brought by Atlantic Recording, BMG Music, Capitol Records and other music distribution companies against the licensed satellite radio broadcaster.

In a lawsuit last year, the companies said XM directly infringes on their exclusive distribution rights by letting consumers record songs onto special receivers marketed as "XM + MP3" players.

XM has argued it is protected from infringement lawsuits by the Audio Home Recording Act of 1992, which permits individuals to record music off the radio for private use. The judge said she did not believe the company was protected in this instance by the act.

In a statement, XM said it remains confident that the lawsuit is without merit and it would prevail.

"At this stage of the proceeding, the court's ruling is required to be based on the false characterizations set forth in the plaintiffs' complaint. The real facts strongly support our view that the lawsuit is barred by the Audio Home Recording Act. We look forward to making our case in court," XM said.

Messages for comment left with lawyers on both sides were not immediately returned.

In refusing to toss out the lawsuit, the judge noted that the record companies consent to XM's use of their copyrighted material solely for the purposes of providing a digital satellite broadcasting service.

She said XM operates like traditional radio broadcast providers that cannot offer an interactive service, publish programming schedules prior to broadcast and play songs from an artist more often than specified within a three-hour period.

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But by broadcasting and storing copyrighted music for later recording by the consumer, the judge said, XM is both a broadcaster and a distributor, yet only paying to be a broadcaster.

"The record companies sufficiently allege that serving as a music distributor to XM + MP3 users gives XM added commercial benefit as a satellite radio broadcaster," Batts said.

Although XM argued in court papers that an XM + MP3 player is much like a traditional radio-cassette player, the judge said "it is not."

"It is manifestly apparent that the use of a radio-cassette player to record songs played over free radio does not threaten the market for copyrighted works as does the use of a recorder which stores songs from private radio broadcasts on a subscription fee basis," she said.

XM shares fell 73 cents, or 4.4 percent, to $15.72 on Friday.

ENVIRONMENT:

Judge Orders Review Of Salamander Status (FINDLAW/AP)

By Terence Chea, Associated Press Writer

AP, January 20, 2007

(AP) - SAN FRANCISCO-A federal judge on Friday ruled that the U.S. Fish and Wildlife Service illegally rejected a petition by environmentalists to give protected status to two salamander species that live in old-growth forests in California and Oregon.

U.S. District Judge William Alsup ordered the agency to consider listing the Siskiyou Mountains and Scott Bar salamanders as threatened or endangered species.

The San Francisco-based judge said the service's decision last year to deny the petition was "arbitrary and capricious." Alsup gave the agency until March 23 to decide whether to conduct a more in-depth analysis of the salamanders' status.

If the two species are granted protected status, the U.S. Forest Service would be required to make sure that logging operations do not harm the salamanders or their habitat.

Both salamanders are about five inches long, colored black with speckles, and have no lungs, instead breathing through their skin. They live on rocky slopes under the canopy of old-growth trees in the Siskiyou Mountains and Klamath River basin in northern California and southern Oregon.

The Fish and Wildlife Service will comply with Judge Alsup's order, said agency spokeswoman Alexandra Pitts.

Environmentalists who filed the original petition in April 2004 were pleased with Friday's decision.

"We're delighted that they're going to be considered for protection," said Noah Greenwald, a biologist with the Center for Biological Diversity, one of five environmental groups that sued the service.

Minerals Chief Defends Response To Lease Problem (BILLGAZ)

By Noelle Straub, Gazette Washington Bureau

Billings Gazette, January 20, 2007

WASHINGTON - Minerals Management Service Director Johnnie Burton defended herself Friday against charges by some lawmakers that she should have acted earlier upon hearing of a mistake in oil and gas drilling leases that could cost the government billions of dollars.

Deep-water leases signed in 1998 and 1999 during the Clinton administration omitted a clause triggering royalty payments if energy prices rose over a certain amount. Officials say they raised the matter with Burton in early 2004, although she does not remember it, a report by the Interior Department's inspector general found.

"I am now being held responsible for not remembering a passing mention of an issue in 2004, and for not doing anything to remedy a mistake made by the Clinton administration when, in fact, I wrote every company in June 2006 asking them if we could agree to an amendment to their leases," Burton wrote in a letter to the editor of the Casper (Wyo.) Star-Tribune.

"Unfortunately, only six of them agreed to an amendment," she added. "I cannot force anyone to change a valid lease signed by a representative of the U.S. government eight years after the fact, or had I acted in 2004, five years after the fact."

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The error in the leases has cost the government about $1 billion in revenue and if not fixed could cost $10 billion.

The inspector general found that MMS officials made a conscious decision to omit the language from the leases, but that the choice was simply a mistake and was not malicious. Officials decided to leave out the language in the mistaken belief that another regulation, the Royalty Relief Act, automatically covered it.

Burton testified before a House committee in September that she first learned about the issue in late 2005 or early 2006. But a former associate director said he was sure he had briefed Burton on the issue in early 2004, the inspector general's report said. Burton said that if she was informed then, she "may have simply dismissed the fact as a nonissue since she knew the application of price thresholds was discretionary," the report said. "She said she did not remember putting a great deal of thought into the matter," the report said. "She speculated that she was probably told of the mistake in conjunction with being informed that (the solicitor's office) had opined that nothing could be legally done to remedy the issue."

Sen. Ron Wyden, D-Ore., asked why Burton wasn't moved to another position, given those findings. Rep. Darrell Issa, R-Calif., who sits on the House Oversight and Government Reform Committee, suggested Burton should resign if she learned of the problems earlier than she told Congress. Issa last year chaired the subcommittee that investigated the leases and heard Burton's testimony.

Burton was appointed director in 2002. She noted that the problem was first discovered in 2000, the last year of the Clinton administration, but nothing was done about it at the time.

In 2000, some energy companies brought the matter to the attention of lower-level MMS employees in the Gulf of Mexico region and asked for clarification. But those employees for some reason did not report the matter to any higher-ups, the inspector general found. In 2004, when oil prices rose steeply, the issue came up again at the agency.

Some "casual discussions" took place then, but centered only on the fact that the solicitor's office had already made a decision on the issue and nothing could be done, Inspector General Earl Devaney said at a Senate Energy and Natural Resources Committee hearing.

A more substantial discussion involving higher-ups or even the Justice Department should have taken place but did not, he said.

Addressing what happened in 2004, Burton said some companies asked the administrator of the offshore program and his staff whether royalties were due on the leases.

"The staff asked the department's attorneys for advice," Burton said. "The advice was clear: the leases did not require payment until the royalty-free volume had been produced, market price notwithstanding. The leases were valid; there was no legal question."

"Apparently the administrator of the program told his staff in an e-mail that he had advised me of this issue in 2004," she added. "There is no e-mail from me or to me on this issue. I absolutely do not remember this being mentioned to me at that time."

After being told about the issue in late 2005 or early 2006, Burton asked the inspector general in March of 2006 to investigate.

"The inspector general concluded there was a bureaucratic mistake omitting the thresholds and in the process told me there were e-mails that implied someone mentioned the issue to me in 2004," Burton said. "I stated I did not remember."

Burton said she is "gratified by the kind comments" of Wyoming members of Congress on her behalf. Sen. Craig Thomas, R-Wyo., strongly defended Burton at the Senate hearing, saying she has done a "great job" and didn't deserve the criticism.

He faulted the inspector general's report for the focus on Burton. Thomas wondered why the report didn't use such harsh language about the Clinton administration officials who made the blunder as it did about current officials.

The report said the mishandling of the leases stemmed from a "jaw-dropping example of bureaucratic bungling" and a "shockingly cavalier management approach." Asked about those phrases by Thomas, Devaney said he was not referring to Burton but rather to actions by MMS officials both in 2000 and 2004.

FBI/DEA/ATF/USMS:

FBI Chief Likes New Facility (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, January 20, 2007

Mueller calls the L.A. area's Joint Regional Intelligence Center, opened last summer to help fight terrorism, a model for federal and local cooperation.

The Los Angeles area's new counter-terrorism center drew high marks Friday from FBI Director Robert S. Mueller III, who toured the high-tech facility in Norwalk and pronounced it a model for federal and local cooperation.

The Joint Regional Intelligence Center opened six months ago as a co-venture of the FBI, Los Angeles Police Department, Los Angeles County Sheriff's Department and other local law enforcement agencies as a hub for information gathering, analysis and sharing.

With 30 similar centers having opened or in the works in other parts of the country, Mueller said the use of cutting-edge technology and intelligence sharing by police officers on the streets of Southern California sets a good example and gives him confidence about efforts to head off terrorism here.

"It's a model for the rest of the country," Mueller said. "With the contribution of first responders and the law enforcement intelligence component, it's the type of fusion you need to prevent terrorist attacks and to follow up on any threats of any terrorist attacks."

Mueller said the center is tangible proof of improved cooperation among agencies in the post-9/11 era. "It enhances our partnership with the Los Angeles Police Department and Los Angeles [County] Sheriff's Department," he said. "They are doing a great job."

Mueller was accompanied on the tour and briefing by L.A. Mayor Antonio Villaraigosa and Police Chief William J. Bratton, who are lobbying federal officials to expand sharing of federal crime databases with agencies in Southern California.

The mayor called the center "the crown jewel of our effort to address counter-terrorism and homeland security here in Los Angeles."

About 30 analysts from federal and local law enforcement agencies work at the center, which has received about 500 tips from the public and other sources since opening in July.

Asked whether the center has foiled any terrorist plots since opening, Bratton said, "I can't speak to the terrorism issue with specificity other than the fact that since it's been up and running, there have been no major or significant incidents of concern."

Bratton said the effort to combat terrorism is part of a larger cooperative venture to have agencies share crime data. Officials from the LAPD and Sheriff's Department met Thursday with representatives of dozens of police departments in the county about pooling data through a computer system called CopLink. The system is already in use by the LAPD and Sheriff's Department.

That system would link all the disparate law enforcement databases to allow analysts at the center and police investigators to call up information from anywhere in the county, including the names of people arrested, cited or interviewed by officers or thought to be involved in crimes.

"It will be helpful to deal with not only terrorism concerns, but also crime concerns," Bratton said. "It will be a cornerstone of the local gang initiative we just announced. We will have the ability for the first time for agencies throughout the county to put information into the same file."

The police chief said he talked to Mueller on Friday about the desire of local law enforcement to connect CopLink to a federal crime database called Links.

"It would give us access to federal intelligence files, criminal and terrorism-related, so we would then have the most comprehensive set of intelligence files in the country," Bratton said.

The chief said he plans a trip to Washington, D.C., to follow up his talks with Mueller on gaining access to the federal database.

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NY Court: FBI May Have Coerced Filmmaker (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, January 20, 2007

(AP) - NEW YORK-An effort by the FBI and federal prosecutors to remove a short fictional film about a military takeover of New York City from the Internet may have violated the First Amendment, a federal appeals court said Friday.

But the 2nd U.S. Circuit Court of Appeals in Manhattan said a lower court was still correct to toss out a lawsuit brought against an FBI agent and a federal prosecutor by a web hosting service operator and Michael Zieper, who wrote, directed and produced the film.

The appeals court said in a written opinion that the FBI agent, Joseph Metzinger, and the assistant U.S. attorney, Lisa Korologos, were immune from the lawsuit because it would not have been clear to a reasonable officer in their position that they were doing anything wrong.

Metzinger and Korologos got involved Nov. 8, 1999, when the New York Police Department faxed information to the FBI's Joint Terrorism Task Force about the film, "Military Takeover of New York City."

The film includes various shots of Times Square as an unseen narrator who purports to be a military officer briefs other members of the military about plans for a military takeover of Times Square on New Year's Eve 1999.

The appeals court said Metzinger and Korologos were free to ask filmmaker Zieper and Web site operator Mark Wieger to take the film down - but Metzinger went too far when he said that FBI agents were heading to Zieper's home and he could not stop them.

"A reasonable juror could conclude that some of the defendants' actions here did cross the sometimes fine line between an attempt to convince and an attempt to coerce," the appeals court wrote.

While Metzinger spoke in a polite and non-threatening tone, and did not refer to criminal statutes or legal consequences, he never made it clear that Zieper's actions were lawful or that he would not face consequences for making the video public, the court said. It cautioned public officials "to make sure that the totality of their actions do not convey a threat even when their words do not."

Metzinger told Wieger he was worried the film could incite a riot. Wieger blocked web access to the film beginning Nov. 15, 1999, but restored it 11 days later.

Yusill Scribner, a spokeswoman for federal prosecutors in New York, said the government had no comment.

Aden Fine, an American Civil Liberties Union lawyer who represented the plaintiffs, said the decision shows that even if "government officials government officials use a polite tone and don't directly issue threats, they can violate an individual's First Amendment rights."

Pelosi Urges Halt To Prosecution Of Chronicle Writers Letter To Attorney General Also Calls For Federal Shield Law (SFC)

By Zachary Coile, Chronicle Washington Bureau

San Francisco Chronicle, January 20, 2007

Washington -- House Speaker Nancy Pelosi added her voice Friday to a growing list of lawmakers urging Attorney General Alberto Gonzales to drop the prosecution of two Chronicle reporters who face 18 months in prison for refusing to name their sources for stories about steroid use in professional sports.

Pelosi, in a three-paragraph letter, called on Gonzales to withdraw the subpoenas of Lance Williams and Mark Fainaru-Wada asking them to identify their confidential sources.

Pelosi was seeking to ratchet up the pressure after two top lawmakers -- new Democratic House Judiciary Committee Chairman John Conyers of Michigan and Rep. Tom Davis of Virginia, the top Republican on the House Oversight and Government Reform Committee -- asked Gonzales in a letter Thursday to rescind the subpoenas.

"I ask that you give favorable consideration to their bipartisan request for relief," Pelosi wrote in her letter to the attorney general. "Freedom of the press is critical for our democracy and for informing our citizens about public policy issues."

The Justice Department did not respond to a request for comment on the letter. But a spokeswoman said Thursday that the agency subpoenas journalists "only when absolutely necessary."

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Fainaru-Wada and Williams were ruled in contempt of court in September by U.S. District Judge Jeffrey White for refusing to testify to a grand jury investigating who leaked transcripts in the steroid distribution case involving the Bay Area Laboratory Co-Operative.

White sentenced Fainaru-Wada and Williams to up to 18 months in prison and imposed a $1,000-a-day fine on The Chronicle, but he suspended those penalties pending an appeal.

A panel of the Ninth Circuit U.S. Court of Appeals in San Francisco is scheduled to hear the case in March.

Fainaru-Wada and Williams wrote articles in 2004 that quoted grand jury testimony of athletes describing their use of substances supplied by the lab known as BALCO.

Pelosi met Thursday with Fainaru-Wada and Chronicle Editor Phil Bronstein in her Capitol Hill office, where she "expressed admiration to the reporters for their stories and for the public service they have done, as well as her concern about some of these prosecutions and that reporters are going to jail," her spokesman Brendan Daly said.

Pelosi has pledged to support a federal media shield law, which would protect journalists in most cases from being forced to disclose their confidential sources. The measure stalled last year in the GOP-led Congress and faces major hurdles even in a Democrat-controlled Congress.

Pelosi insisted she sees the bill as vital to protecting the freedom of the press.

"That's why I have expressed support for a federal shield law, so that the policies and actions of the United States Government seek to protect and preserve that freedom," Pelosi told Gonzales in the letter.

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Top Lawmaker Demands Answers From Justice Department (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, January 20, 2007

The ranking member of a House committee is demanding answers from the Justice Department about recent reports in The New York Sun that intelligence agencies failed to cooperate with FBI investigations into leaks of classified material and that the FBI's files on some leak probes have disappeared.

The top Republican on the House Committee on Oversight and Government Reform, Rep. Thomas Davis of Virginia, said he was troubled by the Sun's report last week that FBI documents showed at least three leak investigations appeared to have been closed after case agents repeatedly complained about a lack of cooperation from the "victim agency."

"The FBI holds itself out as the premiere investigative agency for the United States. As such, I find it hard to believe the FBI closes espionage leak investigations simply because another agency refuses to cooperate," Mr. Davis wrote Friday in a letter to Attorney General Gonzales.

At a press conference last month, President Bush again decried leaks of classified information. "It's an ongoing problem," the president said. "At some point in time, it would be helpful if we can find somebody inside our government who is leaking materials, clearly against the law, that they be held to account."

Mr. Davis wrote, "How can we ensure, as the President requested, those who leak classified information 'be held to account,' if the Department of Justice (DOJ) does not insist on pursuing investigative leads?"

The Sun's report about the alleged non-cooperation with leak probes was based on documents obtained under a federal Freedom of Information Act lawsuit brought by this reporter. The released records were heavily redacted to protect classified information, privacy, and investigative methods, the FBI said.

The Sun reported last month that a declaration filed by the FBI in connection with the Freedom of Information Act lawsuit indicated that 22 of 94 files believed to relate to recent leak investigations were missing from the bureau's file room with no indication of who had removed them.

Mr. Davis asked Mr. Gonzales to provide information on how the chief of the Justice Department's Counterespionage Section, John Dion, responded to the FBI's requests to close the leak investigations. The congressman also asked for details on what happened to the missing files.

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A Justice Department spokesman told the Sun last week that Mr. Dion believes agencies generally provide good cooperation with leak probes. Prosecutors declined to discuss ther individual cases in which problems were reported.

Mr. Davis's letter Friday questioning the Justice Department's actions on classified leaks came one day after the congressman joined with the Democratic chairman of the House Judiciary Committee, John Conyers Jr. of Michigan, to complain that prosecutors were being too aggressive in pursuing leaks of secret grand jury testimony in an investigation into steroid use in professional sports. Two San Francisco Chronicle reporters are facing possible jail time for refusing to name their sources in that case.

"At most, the violation at issue is a breach of a court-sanctioned protective order," Messrs. Davis and Conyers wrote in a letter also addressed to Mr. Gonzales. "While the sanctity of a protective order is an important interest, this case is significantly different from others involving a breach of national security, terrorism, or serious criminal conduct."

The two congressmen asked Mr. Gonzales to withdraw the subpoenas to the journalists.

Physician Gets 2-year Prison Sentence (CINPOST)

Cincinnati (OH) Post, January 20, 2007

A Cincinnati doctor was sentenced to two years in prison Friday in connection with drug abuse in pain clinics where he worked.

Dr. Gregory L. Ebner, 55, pleaded guilty in June to money laundering and structuring money transactions illegally. He also faces three years supervised release and a $10,000 fine, according to the U.S. Department of Justice.

Starting in January 2001, Ebner worked in pain clinics in the southern Ohio towns of Lucasville, Chillicothe, Hanging Rock and Jackson.

A clinic would open for a short time, then move to another location in a nearby town after law enforcement officers started to investigate, prosecutors said.

Ebner worked in the clinics two or three days a week and saw 60 to 70 patients a day, according to federal court records.

He prescribed pain relievers such as Lorcet and Xanax after cursory exams, never checking the height, weight or blood pressure of patients. He never maintained any diagnostic equipment at the clinics.

Patients paid $175 to $200 per visit, with only cash payments allowed, prosecutors said. Patients who asked for refills were charged the same amount, but didn't have to make an office visit.

All patients received prescriptions called into a pharmacy. Many patients signed an agreement to use only the South Shore Pharmacy in South Shore, Ky., across the Ohio river from the clinics.

Ebner admitted his work at the pain clinics was below standards for medical practices, according to the Justice Department.

Ebner split the patient payments with the owner of the pain clinics, William Jewell Jr. Ebner broke the payments into smaller amounts, typically less than $10,000, and deposited them in his personal bank account to avoid reporting requirements.

Ebner took the illegal proceeds and wrote checks for investments, including a down payment on real estate and payment of his home mortgage.

Jewell and Nico Capurro, another Cincinnati doctor who worked in the clinics, were indicted in September on charges of conspiracy to distribute controlled substances.

Capurro, who resigned as Clermont County coroner in 2002 after 20 years in that post, also faces three counts of money laundering and three counts of structuring money transactions. Jewell also faces one count of money laundering.

They have pleaded not guilty to all charges and are free on bail pending trial.

Ebert is to surrender to the Bureau of Prisons on March 19.

IMMIGRATION:

Labor Groups, Business Seek Immigration Law Overhaul (WP)

By Krissah Williams

DOJ_NMG_0119812

The Washington Post, January 20, 2007

Worried that surprise raids are driving away workers who are their lifeblood, businesses are pooling their money and joining unusually broad alliances that include labor unions and civil rights groups to push Congress to overhaul the nation's immigration laws.

The coalition Alliance for Immigration Reform 2007 announced its formation this week, placing the force of the U.S. Chamber of Commerce, Service Employees International Union and the nation's largest Hispanic civil rights group behind a unified lobbying effort to get a law passed before the politics of the 2008 presidential campaign make a compromise on the contentious issue unworkable.

Pressure has been building on employers and labor as the Immigration and Customs Enforcement agency becomes more active. Last month, its agents raided Swift & Co., a participant in a government pilot program that runs Social Security numbers through a federal database. The raids sent hundreds of undocumented immigrants to detention centers and jolted business groups.

"It proved that the current system doesn't work . . . and is failing everybody," R. Bruce Josten, executive vice president of the chamber, said during a conference call Thursday.

Business groups paint a dire picture of a U.S. economy without the country's estimated 12 million illegal immigrants. The National Restaurant Association says jobs in food service are growing one and a half times as fast as the U.S. labor force. And the construction industry needs 250,000 new workers per year to replace its aging workforce, according to Associated Builders and Contractors.

Proponents of a plan to legalize undocumented workers say this year offers an important window. President Bush and the Democratic-controlled Congress have called immigration reform a priority, and the coalition considers a Senate bill last year that provided a path to citizenship for undocumented workers a blueprint for the policy. That legislation stalled in November when the House and Senate could not hash out a compromise.

The table is now set, said Cecilia MuÃ±oz, vice president of the National Council of La Raza, a Latino civil rights group. "Over the course of the last year the policy ideas have really come into focus."

To hold the marriage of business and labor and right- and left-leaning politics together, the coalition's ideal bill would include both a path to citizenship for illegal immigrants already here and more visas for temporary workers, said Douglas G. Rivlin, spokesman for the National Immigration Forum, which is a member of the alliance.

The coalition splinters on the details. Labor unions advocate a new kind of visa that would not make the immigration status of temporary workers dependent upon their employers. Business groups want the visa program to be as simple as possible.

In opposition are groups such as the Minutemen, which raised nearly $1 million for its political action committee last year, according to the Center for Responsive Politics. The money was used primarily to back candidates who support building physical barriers to illegal immigration and deporting those who are here illegally.

Several of the candidates that the group supported, including Arizona Republican Randy Graf, lost in November, and the Republican Party in general ceded a large share of the Hispanic vote, a signal to some that tough enforcement policies are not politically popular. The Alliance for Immigration Reform said it has a significant budget and will marshal the coalition's resources to push its message.

"We can keep the heat on the back of the neck of the leadership to get this thing done," the chamber's Josten said.

Congress has not yet begun formally negotiating immigration legislation. Alliance members estimate they will need 70 to 80 percent of the Democrats and 30 to 50 percent of the Republicans in both chambers to get a law passed.

"This is not a Democratic slam dunk, and it's not a Bush slam dunk," Rivlin said. "It's going to take a lot of working together to get things done."

Immigration Stagnation (WP)

The Washington Post, January 20, 2007

DOJ_NMG_0119813

FOR MOST people living in the United States, the amount of time and money wasted in bureaucratic Washington is a distressing but distant annoyance. For some, however, the inefficiencies cause daily hardship -- and harm U.S. interests in the process.

Just ask Shmul Kaplan, an 80-year-old amputee and Ukrainian immigrant whom The Post's Darryl Fears wrote about last month. Granted asylum in 1997, Mr. Kaplan has waited -- and waited -- for his naturalization papers to come through. After seven years of patience, he lost his Supplemental Security Income because he did not gain citizenship in time to retain federal benefits. He currently lives on $215 a month for rent and $140 in food stamps. Now lawyers are pursuing a class action lawsuit on behalf of the Shmul Kaplans in this country against a range of federal agencies complicit in delaying their citizenship applications and denying them benefits.

The Post's Spencer S. Hsu reported that U.S. Citizenship and Immigration Services, a successor to the much-maligned Immigration and Naturalization Service, is overwhelmed and has failed to pursue basic administrative and technical reforms. A recent congressional investigation revealed that immigration officers had lost track of 111,000 files. A report released this month by the Department of Homeland Security's inspector general faults Citizenship and Immigration Services as remaining "entrenched in a cycle of continual planning, with limited progress toward achieving its long-term transformation goals."

Despite these difficulties, Homeland Security lists its progress on immigration services as an accomplishment of the past year, pointing out that it has eliminated its backlog of applications, which stood at 3.8 million in 2004. Not so the FBI, which checks the names of those applying for citizenship. If an applicant's name is too similar to that of someone on a federal watch list, the FBI runs a background investigation, a procedure that can take months.

The FBI admits that 100,000 background checks have sat uncompleted for a year or longer. The bureau insists that it is speeding its work and that the immigration agency can tag names for expedited service. There is, it seems, plenty of blame to go around.

America hardly encourages foreigners to enter and live in the country legally when simply processing their naturalization forms can take years. Citizenship and Immigration Services needs to cut its wait times by making a rapid transition to electronic forms and better organizing reform efforts. And the FBI must conduct background checks more efficiently. The roughly 6,000 disabled asylum seekers who, the lawsuit alleges, lost their benefits will be suffering in the meantime.

Bush Comments On Agents Who Shot Suspected Drug Dealer (NYT)

By Rachel L. Swarns

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — President Bush waded this week into the furor surrounding two former border patrol agents who were each convicted and sentenced to more than a decade in prison in the shooting of a suspected Mexican drug dealer in Texas.

The case has become something of a cause among some advocates for tougher border security, who argue that the agents should be pardoned because they were doing their jobs in 2005 when they fired on the man, an assertion that has been contested by the federal prosecutors overseeing the case.

In an interview with KFOX-TV in El Paso, Mr. Bush was asked on Thursday whether he would consider a pardon for the two former agents, Ignacio Ramos and Jose Alonso Compean, who began serving their federal prison sentences of 11 years and 12 years respectively this week.

“There are standards that need to be met in law enforcement, and according to a jury of their peers, these officers violated some standards,” Mr. Bush said. “On this case, people need to take a hard look at the facts, at the evidence that the jury looked at, as well as a judge. And that’s — I will do the same thing.”

“Now, there’s a process for pardons,” he continued. “I mean, it’s got to work its way through a system here in government. But I just want people to take a sober look at the reality. It’s a case, as you said, it’s got a lot of emotions.”

Some interpreted Mr. Bush’s remarks to imply that he would consider a pardon for the two men. But Justice Department officials said on Friday that the two men were ineligible for consideration of a pardon at this time.

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Requests for pardons, which are screened by the Justice Department before being considered by the White House, are not considered until at least five years after a petitioner has been convicted or released from jail or prison, according to the department's guidelines.

A commutation of sentence, which reduces the period of incarceration, is not generally considered for people who are appealing their convictions, the guidelines said.

The two former agents have said they will appeal their convictions.

Johnny Sutton, the United States attorney who oversaw prosecution of the case, , dismissed the idea that the two men were simply doing their jobs or defending themselves. During their trial, the agents said they had scuffled with the suspected drug dealer, who they believed had a gun, before firing at him.

"Nothing could be further from the truth," Mr. Sutton said in a statement last week, noting that the two men did not report the shooting to their superiors.

"These agents shot someone who they knew to be unarmed and running away," Mr. Sutton said. "They destroyed evidence, covered up a crime scene and then filed false reports about what happened. It is shocking that there are people who believe it is O.K. for agents to shoot an unarmed suspect who is running away."

Hunter Asks Congress To Pardon Border Agents (WT)

By Jerry Seper

The Washington Times, January 20, 2007

A California congressman has introduced legislation calling for a congressional pardon for two U.S. Border Patrol agents sent to prison this week for shooting a suspected drug smuggler in the buttocks as he fled back into Mexico.

Rep. Duncan Hunter also asked that pending any legislative action of the Congressional Pardon for Border Patrol Agents Ramos and Compean Act, that the two agents -- Ignacio Ramos, 37, and Jose Alonso Compean, 28 -- be segregated from the general prison population to ensure their safety.

"The Border Patrol is America's first line of defense against the constant and unrelenting efforts of drug and human smugglers to illegally enter the United States," said the nine-term Republican. "Agents Compean and Ramos fulfilled their responsibilities as Border Patrol agents and rightfully pursued a suspected and fleeing drug smuggler.

"It is irresponsible to punish them with jail time," he said.

The two agents surrendered on Wednesday for shooting drug-smuggling suspect Osbaldo Aldrete-Davila after he refused their orders to halt, abandoned his van along the Rio Grande with 743 pounds of marijuana inside, assaulted Compean, who tried to block his dash into Mexico, and then fled to a waiting van in Mexico.

During the trial, Ramos' attorney, Mary Stillinger, had argued that her client shot in defense of Compean, saying Ramos saw his partner on the ground and that when Aldrete-Davila turned toward the agents Compean believed he was holding a weapon.

She and Maria Ramirez, one of Compean's attorneys, also told the jury that more than half a dozen other Border Patrol agents, including two supervisors, were at the scene of the shooting and did not report anything.

Assistant U.S. Attorney Diane Kanof said during trial that Ramos and Compean violated Aldrete-Davila's civil rights by shooting and that the agents had violated Border Patrol policies by chasing the fleeing suspect.

Aldrete-Davila has said he plans to file a $5 million civil rights lawsuit against the government.

The agents turned themselves over to U.S. marshals at the federal courthouse in El Paso, Texas, to begin 11- and 12-year sentences, respectively. Both were taken to the county jail where they will wait for transportation to their assigned federal prisons. Ramos is expected to serve his time in Mississippi and Compean in Ohio.

"We cannot turn our back on Agents Compean and Ramos or the rest of the men and women proudly serving in the U.S. Border Patrol," Mr. Hunter said. "These two agents deserve our full support and the congressional pardon provided by this legislation."

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Ramos, a 10-year Border Patrol veteran and former Agent of the Year nominee, and Compean, a five-year member of the force, were sentenced in October in federal court in El Paso on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

The conviction came after Aldrete-Davila was found in Mexico by Department of Homeland Security investigators and given immunity by U.S. prosecutors against any drug charges in exchange for his testimony against the agents.

The immunity agreement protected Aldrete-Davila from being charged in the United States with drug smuggling.

TAX:

W. Palm Commissioner Resigns (FLSUNSEN)

By Peter Franceschina And Nancy L. Othón, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 20, 2007

West Palm Beach · City Commissioner James Exline resigned his seat Friday and will be charged with a single count of tax evasion in coming weeks, his attorney said.

Attorney Robert Gershman said Exline failed to report approximately $60,000 in income during the 2004 tax year but would not say where his client got that income.

The Palm Beach County State Attorney's Office is running a grand jury investigation into possible corruption and conflicts of interest among city officials. The charge Exline faces, however, is a federal charge, Gershman said.

Exline, 42, a former city planner who was first appointed to his seat in 1999, has been cooperating with law enforcement officials for several months and will not face further charges, Gershman said.

"He has been cooperating and has been honest and straightforward, and available to local, state and federal authorities for anything at any time," Gershman said. "The money had no bearing on his official actions as a city commissioner."

The tax evasion charge is punishable by up to five years in prison and $100,000 in fines. Exline will be allowed to surrender when the charge is filed, Gershman said.

"We are well aware West Palm Beach City Commissioner Exline is resigning [Friday]. However, our office is not going to be commenting on whether any charges are likely at this time," U.S. Attorney's Office spokeswoman Alicia Valle said.

Exline is the second city commissioner to resign under a cloud in the past year, and his departure is sure to fuel the distrust residents have expressed in recent months.

Former Commissioner Ray Liberti, 60, pleaded guilty in May to federal charges of mail fraud and obstruction of justice in a case that triggered the wider corruption investigation.

Liberti admitted he used his public office to help two real estate investors press the owners of a West Palm Beach massage parlor and a nightclub into selling their businesses at below-market prices. In return for his help, he received $66,000 in cash and an expensive TAG Heuer watch. He was sentenced in October to 18 months in prison.

Exline delivered his resignation letter to City Manager Edward Mitchell about 4 p.m. Friday. He made no mention of why he was resigning.

"I am thankful to have participated in the growth and redevelopment of the city's neighborhoods and downtown," Exline wrote. "I am certain the positive commission work will continue and the city will flourish."

Exline has a planning business, Urban Land Consulting, in downtown. City officials wiped his biography from the city's Web site within an hour of his resignation. He represented central and northern portions of the city.

He could face prison time or lesser sanctions such as house arrest or probation, Gershman said. Exline has already paid the roughly $18,000 in taxes that he owes, Gershman said.

Although Commissioner Kimberly Mitchell said she had heard Exline's resignation was imminent, she was almost at a loss for words Friday.

"I am just, I'm sad for the city. That's how I feel about it," Mitchell said. "I honestly have no idea what this particular issue revolves around, but I just think for the trust that sits out there -- and that is on shaky ground at best -- this serves as another blow to

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the people. And that part of it really makes me very sad, as a resident and as somebody who gives my heart and soul and brain to public service."

The state grand jury investigation has been focusing primarily on the city's new $154 million city hall-library complex, City Center, now under construction downtown, as well as other city contracts. A number of city officials, including Mayor Lois Frankel and commissioners, have testified before the grand jury.

Within days of Liberti's charges, Frankel announced she had discovered Liberti was on the payroll of a consulting firm involved in the selection of contractors to build City Center. Frankel said she found that Liberti, beginning in 2003, was paid $5,000 a month and later $8,000 a month for consulting work. The city ended its contract with the consulting firm.

Palm Beach County State Attorney Barry Krischer launched the grand jury investigation a few weeks later. Krischer's spokesman, Michael Edmondson, said the grand jury was expected to finish its work in several weeks.

Frankel said she did not know the circumstances surrounding Exline's unreported income or whether it was connected to his actions in office.

"I would not know. My office talked to the U.S. Attorney's Office that the resignation involves a personal tax matter," Frankel said. "That is what Mr. Exline told me, and that was what we were told."

Commissioner Bill Moss said that as far as he knows, the charge has nothing to do with city business.

"If he was resigning because of something to do with corruption, then I would say, `What's going on here?'" Moss said. "I don't see this affecting the city. I hope we can get back to running the government like we were elected to do."

Exline Resigns Post Under Tax Cloud (PALMBEACHP)

By Thomas R. Collins, Susan Spencer-Wendel , Tony Doris, Palm Beach Post Staff Writers

Palm Beach Post (FL), January 20, 2007

WEST PALM BEACH — Jim Exline resigned from his city commission seat Friday and plans to plead guilty to a tax evasion charge that he said will be filed in the next few weeks by federal prosecutors, with whom he has been cooperating since June.

He could face a sentence ranging from five years in prison and a $100,000 fine all the way down to probation, said his attorney, Robert Gershman.

Exline's departure adds more intrigue to a busy election season in which Mayor Lois Frankel faces former City Commissioner Al Zucaro.

Commissioners will appoint a replacement, who will serve less than a month until voters choose a permanent successor in the March 13 election.

Exline is the second city commissioner to resign in response to federal charges in the past eight months, following Ray Liberti's departure in May.

Exline, 42, said he did not report $60,000 in income earned in 2004, avoiding a payment of $18,000 in taxes.

"I was going through my divorce, and I didn't disclose all my income," the former commissioner said. Neither he nor his attorney would say where that money came from, other than to say, in Gershman's words, that it was "ordinary business income."

Exline agreed to a lengthy interview with The Palm Beach Post on Friday afternoon in order to underscore his cooperation with federal authorities, try to salvage his reputation as a public servant in his hometown and attempt to avoid being lumped with recent public corruption cases involving former Palm Beach County Commissioner Tony Masilotti and Liberti, Exline's former colleague who is now serving a federal prison term.

Dressed casually in an untucked white shirt, blue jeans and brown loafers, Exline said in his attorney's office that he is optimistic he will avoid prison.

"I think the chances are very minimal," he said.

His attorney said, "I do not see the reason to punish him beyond the felony conviction he is already going to obtain."

But Gershman acknowledged the sentence ultimately will be up to a federal judge.

In terms of image, there is much for Exline to overcome. His resignation comes after open criticism and public demands for his resignation from city residents. They said they were troubled over his votes to annex property owned by developer and

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former Palm Beach County Administrator John Sansbury in 2004. The annexation boosted the property's value at a time when Exline was working as a sales agent for Sansbury's realty firm.

Seven months after the annexation votes, Exline received 100 percent of the commission on a land sale as an agent for Sansbury's firm.

On Friday, Exline said he approached federal prosecutors about the unpaid taxes in June. He said he offered to resign on the spot, but the authorities wanted him to stay in his post while he cooperated with them.

"Jim has made himself available to state and federal investigators for any questions they had," Gershman said. "The authorities were asking questions about anything and everything."

He added, "It was not only limited to the recent headlines," referring to the public corruption cases that have engulfed Palm Beach County since May.

Assistant U.S. Attorney John Kastrenakas declined to comment on Exline.

Exline's first meeting with federal investigators came shortly after it was publicly disclosed, in the last week of May, that a federal grand jury was investigating a land deal involving Masilotti.

But Exline said he did not have any legal concerns other than the tax matter when he talked to federal officials.

"My issue has always been my taxes and not anything else," he said.

On the annexation matter, he said, "I didn't think I did anything wrong."

However, he now wishes he had disclosed his ties to Sansbury at the time of the annexation votes.

"If I look back now, to have been safe I would have disclosed it because I know now more than I knew then," he said. "I had never received any financial benefit, and that was my test."

State ethics officials would not issue a formal opinion because one was never formally requested.

Exline has been involved in a variety of business ventures, including his land planning firm, Urban Land Consulting; a tanning salon in Jupiter he has since sold; and a Rotelli Pizza & Pasta restaurant in Boca Raton that he owns along with his brother-in-law and nephew.

A Rotelli location in the Esperante building in downtown West Palm Beach, also partly owned by Exline, is set to open Tuesday or Wednesday, Exline said.

But he has had financial troubles. He was sued by the credit-card company MBNA for failing to pay more than $37,000 in charges. He blamed the troubles on spending by his ex-wife, Cuban-born Yusdaly Brito Gonzalez, 15 years his junior, from whom he was divorced in 2005.

In the divorce filing, Exline reported three unpaid credit-card balances, including the one with MBNA, totaling $97,593. MBNA is the only company that filed suit in Palm Beach County Circuit Court. The lawsuit was settled for an undisclosed amount.

Exline said he was addressing the other debt as well.

He bought Tan Lines of Jupiter in July 2002 for $20,000 and sold it for $85,000 in March 2005, he said. A divorce filing by Exline, filed about two weeks before the sale, estimated the current fair market value at $25,000 and said the business was losing $931 a month.

As a city commissioner, Exline earned $30,000 a year. Plus, Exline - like the other city commissioners, the mayor and other top city employees - has benefited from a premium health-care plan in which he is reimbursed for all of his out-of-pocket medical expenses, including up to $10,000 a year for dental work.

On Friday, Exline did his best to express hope for his future.

He is excited about the Rotelli restaurant's opening in West Palm Beach. His brother-in-law, Jeffery R. Smith, is the nationwide chain's chief operating officer.

Exline said he would probably have to sell his shares in the Rotelli restaurants once convicted on the tax charges because, with a felony record, he would not be able to hold a beer and wine license.

He hopes to participate in the chain's Rotelli Express concept, in which alcohol is not sold.

Nonetheless, he said, he would remain in West Palm Beach, devote more time to his planning firm and possibly branch out into development.

"I'll do other things. I'll be fine," Exline said. "I'm a very smart, very creative person."

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He said he would begin with modest development projects.

"I would like to start doing small retail and small office projects and start from there," he said.

He believes he can attract clients to his planning firm.

"My clients who know me and the people who knew me know I am honest and ethical and I do a good job."

Exline emphasized his years of work for the city. He worked in city hall as a planner from 1988 to 1994. In 1991, he made an unsuccessful run for mayor. He also has served as a member of the Treasure Coast Regional Planning Council and the traffic-planning board, the Metropolitan Planning Organization.

Aside from government work, he also has been a member of the board of the Salvation Army Community Center advisory board, giving guidance to a center serving children and teenagers.

But as a commissioner, Exline lately had found himself under siege. Residents, infuriated by what they saw as ethical transgressions, openly questioned why he was still on the dais and occasionally held up signs in the commission chambers demanding that he leave office.

Other residents, including Denise Smith-Barnes, his opponent in last March's election, described him as an ineffective representative for their district. In recent months, as north-end residents stormed city-hall chambers in public meetings to complain of rampant crime, Exline frequently did not have much to say.

Mayor Lois Frankel said Exline's resignation may bring a measure of relief to city affairs.

"I think that all these allegations, they create a cloud, and I, for one, I'm glad that we get this behind us," she said. "I'm not happy it happened, but there's been so much speculation. I don't know the merit of the speculation."

Exline said the group criticizing him was small.

"I would call them more of an opposition group," he said. "That was the only thing they could come up with - that I wasn't at enough city events."

He credits his help as a commissioner in creating "a new neighborhood downtown," peopled with new residents living in condos. He also says he helped clean up his north-end district, acting as the commission's liaison to a code enforcement task force.

Throughout his time as commissioner, Exline said, he sacrificed work in his planning business, lest he work with clients presenting a conflict of interest.

"Over the years, I've walked away from hundreds of thousands of dollars in planning fees," he said. "And I've never argued about it. It was my choice."

The bottom line, he said, was that he has a lot of basics in life to remain happy about.

"I'm very thankful for what I have," he said. "My friends are behind me. My family's behind me. I've got a good attorney. And I'm thankful."

Scandals Keep Growing (PALMBEACHP)

Palm Beach Post (FL), January 20, 2007

The unprecedented level of government scandal in Palm Beach County went higher Friday with the forced resignation of West Palm Beach City Commissioner Jim Exline, who faces a federal tax evasion charge over an alleged $60,000 in unreported income from 2004.

If convicted, Mr. Exline could be sentenced to as many as five years in prison and fined $100,000. He is the second city commissioner to resign because of criminal charges within the past year. Ray Liberti left office in May and is serving time in federal prison after pleading guilty to fraud and obstruction charges.

Federal investigators, including the FBI, also have forced the resignation of ex-County Commissioner Tony Masilotti, who last week pleaded guilty to a corruption charge stemming from a series of land deals in Martin County. He did those deals with falsified documents that The Palm Beach Post uncovered. Two of Masilotti's business associates also face charges, and the federal investigation is continuing. A state grand jury has been investigating allegations of a "pay-to-play" culture within West Palm Beach government for months, and Commissioner Exline's departure adds new interest to that work.

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In August, The Post reported a pattern of conflicted interests with Commissioner Exline that included using his position to advance real estate deals for himself and his own business associates. He used his vote as commissioner in 2004 to approve land annexation that benefited Sansbury Realty, where he was licensed as a sales associate. Six months after the vote, company owner John Sansbury paid him a $36,400 commission on the sale of a building a couple of blocks from City Hall. Mr. Exline also has admitted frequenting a Boynton Beach strip club whose owners were convicted as part of federal prostitution, money laundering and arson investigations.

Commissioner Exline's attorney, Robert Gershman, says his client intends to cooperate with authorities. That cooperation should include disclosing pay-to-play dealings that may have occurred in a city where conflicts of interest appear to be part of the culture of doing business. Clearly, federal investigators have no shortage of leads to follow in Palm Beach County. The longer they go after criminal activity by public officials, the better it will be for the public.

Justice Dept. Sues Local Tax Preparer (KZGAZETTE)

By Jane C. Parikh

Kalamazoo Gazette (MI), January 20, 2007

Portage resident Donald A. Gray is being sued by the U.S. Department of Justice for allegedly filing false income-tax returns on behalf of clients, resulting so far in an estimated $1.5 million in tax losses.

Justice department spokesman Andrew Ames said he did not know how many returns that may involve.

Gray is among four Michigan men being sued by the justice department for allegedly filing false income-tax returns for clients. The lawsuits seek to prevent the four men from filing more income-tax returns.

Gray, who lists himself as a certified public accountant in the telephone book, did not return phone calls Friday from the Kalamazoo Gazette seeking comment. The lawsuit against Gray was filed Jan. 16 in U.S. District Court for the Western District of Michigan in Grand Rapids.

It alleges that, ``Since 2004, Gray has been preparing false federal income-tax returns and related forms for customers to fraudulently under-report their income. On the returns he prepares for customers, Gray falsely states that he is a licensed CPA."

The lawsuit said Gray either ``falsely reports that his customer received no income or Gray substantially under-reports his customer's income, and fraudulently claims a refund of all federal taxes withheld from his customer's wages."

There was no immediate word on what would happen to, or what should be done by, individuals whose tax returns were prepared in such a manner.

According to documents, the other area men identified by the Department of Justice as having committed tax fraud are: Charles Conces, of Battle Creek; Peter Eric Hendrickson, of Commerce Township; and Robert L. Mosher, of Cedar Springs.

Justice department officials charge in the lawsuit that Gray is following a scheme promoted by Hendrickson who operates a Web site called losthorizons.com.

Ames declined to answer questions directly related to the lawsuits. He said Friday that since 2001 the justice department has issued about 215 injunctions against tax preparers who file false income-tax returns for clients.

``It's happening all across the country," Ames said. ``The (Internal Revenue Service) conducts audits and reviews, and if (the offense) is serious enough, it's turned over to us."

He said if criminal complaints are brought forth, the IRS would determine the penalties.

In a press release issued by the justice department about Gray's lawsuit, Eileen O'Connor, assistant attorney general for the justice department's tax division, said, ``People who prepare fraudulent tax returns expose themselves and their customers to the risk of substantial civil penalties and criminal prosecution."

High Court Considers Tax Authority Case (AP)

By Mark Sherman

AP, January 20, 2007

WASHINGTON - Foreign countries fighting New York City's effort to collect property taxes will get the chance to make their case to the Supreme Court.

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The justices said Friday they will review a lower court ruling allowing the city to sue countries that own property near the United Nations over unpaid taxes.

The city has battled over property taxes for years with countries that house their consulates and diplomatic missions in Manhattan skyscrapers.

Under U.S. treaties, embassies and other diplomatic buildings are generally tax-exempt, but the city claims some countries are refusing to pay taxes on real estate used for non-diplomatic purposes, such as restaurants and apartments.

Two countries sued by the city, India and Mongolia, had argued that sovereign immunity meant they couldn't be sued in U.S. courts.

The 2nd U.S. Circuit Court of Appeals ruled last April, affirming a lower-court decision, that federal courts have the power to resolve such disputes.

The city is seeking $16.4 million in unpaid taxes and interest from India and $2.1 million from Mongolia, the Justice Department said in legal papers filed in support of the foreign governments.

New York City has singled out only a few countries with lawsuits. It has failed in attempts to collect taxes from other countries, including Hungary, Libya, Rwanda, Nigeria and Uganda. Turkey settled a lawsuit for $5 million, far less than the city initially said it owed.

A federal law requires the U.S. government to withhold some aid to nations that fail to pay real estate taxes on buildings in New York or Washington, D.C., but only if a U.S. court decides that the debts are valid.

The case is Permanent Mission of India v. New York, 06-134.

IRS May Widen Probe Of Fees On Municipal Investment Contracts (BLOOM)

By Darrell Preston

Bloomberg, January 20, 2007

Jan. 19 (Bloomberg) -- The Internal Revenue Service may widen its examination of municipal bond reinvestment practices amid a U.S. criminal probe of whether financial firms rigged bids on investment contracts bought by local governments, the head of the agency's tax-exempt bond enforcement division said.

The IRS, which has focused its scrutiny on investment contract fees related to housing and non-profit debt, may broaden the scope of its audits to other types of municipal bonds, said Clifford Gannett, director of the IRS's tax-exempt bond enforcement office, in comments yesterday in Washington at a meeting of the Government Finance Officers Association.

IRS investigations have found that improper bidding practices by financial firms for investment contracts with local governments may have deprived the U.S. of money it was owed. The findings prompted the widest antitrust probe of the municipal bond market, where local governments have $2.3 trillion of debt outstanding.

``We're going methodically, there could be more out there," Gannett said.

The Justice Department, in connection with the IRS and Securities and Exchange Commission, is investigating whether bankers and brokers conspired to fix prices on the contracts. U.S. prosecutors in November subpoenaed more than a dozen financial firms and seized documents from three brokers.

Gannett said the 64 employees in his office have been helping with the criminal investigation.

Market Integrity

The IRS allows state and local governments to sell bonds exempt from federal income tax, requiring that municipalities rebate much of the earnings they reap from reinvesting tax- exempt bond proceeds to the Treasury. To ``ensure the integrity of the market," the IRS has a responsibility to seek out those who take advantage of the subsidy, Gannett said.

In 2006, the IRS examined 30 bond financings by charitable groups, mostly for low-income housing, Gannett said. In four, the IRS found no irregularities, he said. The other 26 are in ``various states of development."

Gannett said the IRS has ``seen all kinds of irregularities in bids" on investment contracts and ``mechanisms to pull fees out" and would like to see changes in how firms are awarded the business, such as by increasing the use of electronic bidding. The IRS also plans to look at non-profit corporations that sold tax-exempt bonds and then gave up their non-profit status. Some may still have outstanding tax-exempt bonds, he said.

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The IRS isn't limiting its review just to investment contracts and continues to look for other irregularities that may force it to examine the tax-exempt bond status of issues it finds abusive, Gannett said.

Railroads Seek Tax Aid (WSJ)

By Robert Guy Matthews

The Wall Street Journal, January 20, 2007

WASHINGTON -- The 400 small, often money-losing, railroads that connect isolated farm towns to major rail lines won a minor tax break from Congress in 2004 after strenuous lobbying -- only to see the Internal Revenue Service write rules last September that limited the subsidy so much it was almost worthless.

But the short-line railroad industry, as it's known, is the little industry that could. It quietly got Congress at the end of last year to undo what the IRS had done, a classic example of the lobbying clout a small industry can wield if its pieces are across congressional districts and states from Vermont to Kansas.

Next stop for the short-line railroads: getting Congress to extend the $100 million annual tax break beyond its scheduled expiration at the end of this year.

Some 65 members who endorsed the tax break have retired or were voted out of office. "We have all these new members in Congress who don't know anything about it," says Adam Nordstrom, lobbyist for the American Shortline and Regional Railroad Association, an organization of short-line operators. Mr. Nordstrom also worries about the new pay-as-you-go rules, put forth by Democrats in an effort to tighten deficit spending, will make it harder to get the tax break. "So whatever we get, it would have to be taken out of someone else's hide."

While short-line railroads may be seen as a relic of the past, they are increasingly integrated into the distribution of commodities that cross the country. In 1980, there were about 8,000 miles of short-line track in the U.S., generally with fewer than 350 miles of track and earning less than $40 million in annual revenue. Now there are about 43,000 miles of short-line track.

The growth reflects the tendency of big railroad corporations, which operate about 98,000 miles of track, to shed offshoot lines to concentrate on more profitable, long-haul routes. Short lines are a viable business, but maintaining and upgrading track lines is expensive and that led the industry to look to the government for help.

In a 2004 bill, Congress said the taxpayers would pay 50 cents of every $1 spent on track maintenance and upgrading. The tax credit equaled about $3,500 per mile.

Short lines, on their tax returns, were to use the credit on their tax bills. But since many short-line railroads don't earn enough taxable income to take full advantage of the credit, they began assigning the track maintenance work to related third-party businesses. Essentially the short lines would trade the tax credit to those construction companies that could use them.

Selling tax credits to companies that can use them isn't unheard of, but Congress traditionally writes a provision of any law to explicitly permit them. In this case, Congress, apparently unwittingly, left the provision open for interpretation, according to the IRS.

In September, after 22 months, the IRS finally published rules governing the tax credit. To the industry's surprise, the IRS essentially said short-line railroads that couldn't take full advantage of the credit couldn't give the full value of the tax credit to the other companies. The result: The tax credit was worth only 25 cents for every $1 spent on track upgrades and maintenance for the industry as a whole. The IRS also said the rules would apply retroactively.

But short lines already had completed millions of dollars of track work, and were counting on selling the tax credits to pay for it. Watco Cos., a holding company of 16 short lines fanned across the country, had spent $24 million upgrading 30 miles of track for the Kansas & Oklahoma railroad that connects Wichita, Kan., to the railroad's northwestern outpost in Henderson, Kan. Watco was counting on allowing half of that, $12 million, to go as a tax credit to the third parties who actually did the work, paying them with tax credits instead of cash.

"This was scary," said Ed McKechnie, chief commercial officer at Watco. "We did not have another $12 million."

In October, two weeks after the IRS rules were publicized, the short-line association met in Washington to map out strategy. They instructed their members to calculate how much they had spent so far on track upgrades -- nearly $380 million -- and began cold-calling key members of Congress to stop the IRS.

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Big railroad companies pitched in. "We support the tax credit for short lines and we partner with them on their legislative agendas," says Kelly Donley, spokeswoman for the Association of American Railroads, which represents major freight railroads, such as Norfolk Southern Corp. and Burlington Vermont Santa Fe Railway and also Amtrak.

In December, Rep. Jerry Moran (R., Kan.), Rep. Dave Camp (R., Mich.), and Rep. Phil English (R., Pa.) wrote to IRS chief Mark Everson and accused the IRS of overstepping its authority. "The regulations should be withdrawn immediately and retroactively, and no further guidance regarding such arrangements should be issued by the Treasury and the [Internal Revenue] Service until Congress has had an opportunity to address these areas."

The IRS wouldn't comment publicly about the short-line rules it drafted and its interpretation of the 2004 law.

But in the waning days, as Congress hustled to finish before adjourning for the year, Sen. Gordon Smith (R., Ore.) and Sen. Blanche Lincoln, (D., Ark.) led an effort to push the legislation through a change to undo the IRS rule. Short lines now can trade the tax credit -- and get full benefit of the 50% credit -- to any related business that it has an existing business relationship with, often a shipper, to pay for track maintenance or upgrades.

CONGRESS-ADMINISTRATION:

Bush To Visit Democrats' Retreat (NYT)

By Sheryl Gay Stolberg

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Who says bipartisanship is dead? President Bush has accepted an invitation from House Democrats to travel to Williamsburg, Va., in February to speak at their annual issues conference, a move that might have been unthinkable a few short months ago, when Republicans ran Capitol Hill.

Mr. Bush has addressed the Democratic retreat before, in 2001, the first year he was in office. His planned appearance this year, on Feb. 3, was announced by Representative Rahm Emanuel, chairman of the House Democratic caucus, in an e-mail message to colleagues on Friday.

"I'm happy to announce that President Bush has accepted our invitation to address the conference on Saturday morning," Mr. Emanuel wrote, adding that former President Bill Clinton would also be there.

Mr. Bush's appearance is testimony to the changed climate on Capitol Hill, where Democrats have just pushed six major pieces of legislation through the House, on issues including student loans, Medicare prescription drugs and stem cell research, with some Republican support. A White House spokeswoman said Mr. Bush would deliver a speech to the Democrats and take five questions.

In the months since Democrats won the November midterm elections, members of both parties, and the president, have said they want to work together in a bipartisan way. But with Democrats strongly opposed to Mr. Bush's plan to send additional troops to Iraq, relations between the two sides have not exactly been lovey-dovey in recent days.

On Friday, Speaker Nancy Pelosi accused the president of moving quickly to put the troops "in harm's way" because he knew Democrats would not cut off financing once troops were sent into battle. That prompted a sharp response from Dana Perino, a White House spokeswoman, who called Ms. Pelosi's comments "poisonous."

Just hours later, Mr. Emanuel sent out his announcement.

Conservatives Slam Bush Policies (WT)

By Eric Pfeiffer

The Washington Times, January 20, 2007

President Bush's policies, including the Iraq war, have left the country in a "disastrous" state, according to several prominent conservatives.

The leaders, including current and former presidential candidates, outlined their objectives for a revival of conservatism during a panel discussion yesterday hosted by the Free Congress Foundation, a conservative Washington-based advocacy

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group. The leaders' recommendations, covering economic, military and social policy, would be largely different from those implemented by the Bush administration.

"We disagree on a lot of things," Rep. Duncan Hunter, California Republican, said of Mr. Bush. Mr. Hunter is seeking his party's 2008 presidential nomination on a platform of military expertise and a desire to confront China on economic and trade issues.

"We have a competition which is not free trade, it's not fair trade, it's rigged trade," he said of the China's trade tariffs, which many critics argue have hurt American businesses.

"The state of the union is disastrous," said William Lind, president of the foundation's Center for Cultural Conservatism. "We are fighting and losing two wars, in Iraq and Afghanistan."

Using language that at times mirrored that of liberal critics of Mr. Bush's foreign policy, Mr. Lind said an interventionist U.S. foreign policy is creating, "a hostile relationship with the growing world."

Former presidential candidate Gary Bauer was critical of Mr. Bush for what he described as the president's failure to more deeply inspire Americans after September 11.

"The president made a colossal mistake after 9/11 by simply asking people to shop," said Mr. Bauer, president of the conservative group American Values.

Some panelists did have kind words for the current administration.

Ambassador Henry F. Cooper, director of the Strategic Defense Initiative during the first Bush administration, praised Mr. Bush for backing out of the Anti-Ballistic Missile Treaty, which he said stood in the way of an American missile-defense program.

However, Mr. Cooper said he thinks "relatively limited progress has been made," on other issues.

Mr. Hunter also praised what he called Mr. Bush's record on fighting the war on terrorism.

"He was willing and he was aggressive," he said of the White House's response to the September 11 attacks. "He's kept them off balance."

State Of The Union: The 3 Keys To Bush's Speech: Energy, Immigration And Iran (WSJ)

By Gerald F. Seib

The Wall Street Journal, January 20, 2007

President Bush's last few State of the Union addresses have run at about 5,000 words each. He delivers this year's edition Tuesday night, and the White House suggests this one might be a bit shorter. Here's a way to cut through the verbiage even more. Listen especially closely for just three words: energy, immigration and Iran.

This will be the president's seventh State of the Union address, but he has never given one like this before. It will be his first given to a Congress controlled by Democrats. That doesn't change everything, but it changes a lot. Mr. Bush will be trying to lay out an agenda when, in fact, he no longer is in control of Washington's agenda. Democrats in Congress now have as much to say about what gets acted upon, and what is ignored. No longer will the president be able to compel Congress to consider one of his ideas simply by saying so, which was more or less within his power under Republican control.

That argues for more focus on fewer items that have some actual chance of success, and less focus on a wish list of items dear to the president but with little chance of bipartisan support. So you'll hear plenty about balancing the budget, but more interesting is how energy and immigration come into play. White House officials have been signaling that the president plans to aggressively pursue what everyone in Washington euphemistically calls "energy independence." That means reducing America's need for foreign oil.

Until now, Mr. Bush's focus has tended to be increasing domestic energy production, and Democrats' has been decreasing energy use. But both sides increasingly acknowledge that real energy independence requires both, and also requires government action to push alternative fuels. The twin threats of Middle Eastern upheaval and Venezuelan animosity should provide plenty of incentive.

Immigration may be the only issue where the change of power on Capitol Hill has brought Congress closer to the president, not farther away. Mr. Bush's view of immigration reform -- which includes creating a guest-worker program that would allow foreign workers to be temporary and legal, and put some of them on a path toward citizenship -- is a concept embraced more

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easily by Democrats than by Republicans these days. Mr. Bush's own Republicans are much more focused on simply securing the border to prevent foreigners from arriving in the first place, though the party's poor showing among Hispanics in last fall's election also may have many wondering how wise that position is politically. Take it all together, and there may be room for common ground.

Which leaves foreign policy. Iraq can't be ignored, of course, but Mr. Bush said his piece on that in his recent address to the nation. Odds are he wants this time to prompt the Congress -- and the country -- to start thinking beyond Iraq to what he clearly sees as the next big problem. And that lies next door in Iran.

Salazar Sends Early Message To Bush (DENP)

By Anne C. Mulkern

Denver Post, January 20, 2007

The Democratic-controlled Congress in upcoming months will focus on immigration reform, improving access to college, lowering gas and prescription drug prices, and changing direction in Iraq, Colorado's Ken Salazar said today in his preview address to the State of the Union.

Salazar, D-Colo., gave the speech today in both English and Spanish, the first time that has occurred.

Salazar, who grew up in San Luis Valley, referred to his family when he talked about the need to improve educational opportunities.

"I am a testament to the power of a higher education," he said in the speech. "My parents raised eight children in poor and humble circumstances. ...All of their eight children became the first generation of college graduates in our family. It has transformed our lives. Everyone should have that chance."

Former VP Mondale Says Cheney Cooks Ludicrous Advice (AP)

By Daniel Yee

AP, January 19, 2007

ATHENS, Ga. - Vice President Dick Cheney has bullied federal agencies and given absurd advice about the nation's risk and Iraq, Walter Mondale said Friday, adding that never would have been tolerated when Mondale was vice president.

"I think that Cheney has stepped way over the line," Mondale said at the opening of a three-day conference about former President Jimmy Carter at the University of Georgia.

Mondale, who served under Carter, said Cheney and his assistants pressured federal agencies as they prepared information for President Bush.

"I think Cheney's been at the center of cooking up farcical estimates of national risks, weapons of mass destruction and the 9/11 connection to Iraq," he said.

That does not serve the president, because he needs facts, Mondale said.

"If I had done as vice president what this vice president has done, Carter would have thrown me out of there," Mondale said. "I don't think he could have tolerated a vice president over there pressuring and pushing other agencies, ordering up different reports than they wanted to send us. I don't think he would have stood for it."

Lea Anne McBride, a spokeswoman for Cheney, had this response to Mondale's comments: "Twice elected to serve with President Bush, the vice president is committed to protecting Americans from those who wish to do us harm." She also cited a September television interview in which Cheney said he would take issue with "any suggestion we've gone beyond where we should have."

Academics credit Carter with expanding the role of the vice presidency during his administration.

As vice president, Mondale served as the president's senior adviser. He held an office in the West Wing of the White House, had private meetings with the president and spoke on behalf of the president before influential groups.

Mondale: Cheney Not Serving Bush Well (UPI)

UPI, January 19, 2007

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Walter Mondale, the first U.S. vice president with an office in the West Wing of the White House, says that Dick Cheney has made the office too powerful.

Mondale spoke at a three-day conference at the University of Georgia on the presidency of Jimmy Carter, the Atlanta Journal-Constitution reported.

He said that Cheney has created "almost a parallel National Security Council that operated almost on its own."

The vice presidency was once a powerless office with the incumbent given ceremonial functions and denied critical information. In one of the more notorious instances, Harry Truman only learned of the existence of the atomic bomb after he succeeded President Franklin Roosevelt who died.

Richard Moe, Mondale's former chief of staff, said that giving the vice president real responsibility was one of Carter's great accomplishments.

Mondale said that Cheney is too much an independent center of power in the Bush administration.

"I think that Cheney has probably been at the center of cooking up all these farcical estimates of national risk, weapons of mass destruction, 9/11's connection with Iraq...and I don't think that serves the president," he said.

Senate Measure Puts Spotlight On Fund-Raising (NYT)

By David D. Kirkpatrick

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Of all the new rules passed in Congress's recent ethics overhauls, the most sweeping is a barely debated provision in a Senate bill passed Thursday night that could alter one of the most time-honored campaign fund-raising practices in Washington.

Rushing to complete its promised reform bill, the Senate adopted a measure that, for the first time, would require registered lobbyists to disclose not only the limited money they can donate to candidates personally but also the tens or hundreds of thousands of dollars they raise from clients and friends and deliver as sheaves of checks — a tradition known as bundling.

If signed into law, the measure could expose a potent tool that lobbyists use to gain access on Capitol Hill and even at the White House. Although currently invisible in campaign finance disclosures, bundling is a pillar of the modern campaign. The ability to deliver an envelope of checks — each one in compliance with the federal limit — is one of the most valuable favors a lobbyist can provide a lawmaker. Bundling is also a major reason incumbents so easily outraise their challengers and so rarely lose their seats.

There are a host of uncertainties about the measure, including whether the House will agree to it. In addition, it is not clear whether lawmakers will shy from using lobbyists to collect money for their campaigns just because the extent of their reliance on lobbyists — and the special interests they represent — will be made more visible.

Still, the measure is causing ripples as interested parties learn details of what the Senate did.

"It is the most significant provision in the bill," said Marc Elias, a campaign finance lawyer who represents numerous senators. "They have essentially created a new campaign finance regulatory structure."

Since campaign finance laws cap individual contributions at $2,100 per election, or $4,200 for both a primary and a general election, lobbyists who can gather and bundle checks from scores of friends and clients stand out on a campaign team, sometimes earning hero status in a tight race.

"By the nature of what we do, you have to have people helping you to gather contributions," said Senator Mary L. Landrieu, a Louisiana Democrat who voted along with 95 others in favor of the ethics bill. "Otherwise you are raising $10 million or $20 million, $100 at a time."

And lobbyists, who earn their own income selling influence with the White House or Congress, have the most incentive to spend time holding fund-raisers or making calls to gather checks. "It is the capacity for fund-raising that gives lobbyists their power," said Meredith McGeehee, policy director of the Campaign Legal Center. "It is the currency of power in Washington."

As the money spent on presidential campaigns has swollen, candidates have formalized their networks of bundlers like a network marketing business. President Bush's 2004 re-election campaign, for example, rewarded its fund-raisers with names

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like Pioneers, each of whom bundled at least $100,000, or Rangers, who bundled at least $200,000 apiece. Of the campaign's more than 500 bundlers, Public Citizen, the ethics advocacy group, identified more than 60 prominent lobbyists.

Members of Congress, however, usually prefer not to call attention to their connections on K Street, where many lobbyists have offices. Some lawmakers have especially close ties to just a few lobbyists who play a big role in their fund-raising, and calling attention to those relationships could focus new scrutiny on their votes.

Given the reliance of many lawmakers on lobbyists as fund-raisers, the idea of requiring them to disclose their roles usually meets stiff resistance on Capitol Hill — all of it behind the scenes and almost none of it in public. House passage is far from assured, and its adoption by the Senate by a roll-call vote of 96 to 2 followed some backroom resistance among senators in both parties to allowing the idea to come up for a vote at all.

The Republicans who controlled the Senate last year refused to let it come up. And on Jan. 12, before the details of the proposal had been disclosed, Senator Charles E. Schumer, the New York Democrat in charge of his party's fund-raising as head of the senatorial campaign committee, used a run-in on the Senate floor to deliver an angry rebuke to the disclosure idea's lead sponsor, Senator Barack Obama, Democrat of Illinois, several people present or briefed on the confrontation said.

In a subsequent conversation, Mr. Schumer said he worried that the proposal could cramp fund-raising by placing an undue burden on potential bundlers, said aides who were briefed and a lawmaker familiar with their talk, speaking on the condition of anonymity because of the nature of the talks.

"Senator Obama has not been the most popular person in our caucus in the last couple of weeks," said a Democratic aide involved in deliberations over the bill. Mr. Obama also this week started a bid for his party's presidential nomination.

Eric Schultz, a spokesman for Mr. Schumer, said the senator quickly supported the bill when he understood it would apply only to lobbyists. Registered lobbyists, of course, are not the only ones who seek to influence legislation, and the Senate measure would not affect other interested parties.

"As often happens when bills are on the floor, rumors swirl about what amendments contain or don't contain and that's what happened here," Mr. Schultz said. "But as soon as Senator Schumer saw the language and what was included, he supported it and in fact urged the Senate Democratic leadership to accept it."

A spokesman for Mr. Obama said the senator was pleased that the Democratic leaders made the legislation a priority but he would not comment on private discussions within the party.

In the House, Republicans quietly deleted a similar proposal, after it had passed in committee, before it could come to a floor vote. But on Friday, the proposal's previous sponsor, Representative Chris Van Hollen of Maryland, now chairman of the House Democrats' re-election committee, and Representative Martin T. Meehan, Democrat of Massachusetts, sent a letter to colleagues announcing plans to reintroduce it.

"Hopefully, requiring disclosure will begin to break the nexus between lawmaking and the efforts by lobbyists to enhance their influence by channeling money from special interests," Mr. Van Hollen said in an interview.

He said he saw no conflict with his new role as the House Democrats' chief fund-raiser. "It may make some kinds of fund-raising more difficult, but it will play at least as much on the Republican side as the Democratic side," he said. "From a political perspective, it is probably a wash."

The rules for bundling would require the approval of the House and the signature of the president. Many other elements of the Senate ethics overhaul do not require House approval because they change only Senate rules. But none of the Senate rules will take effect until a House and Senate conference harmonizes their respective rule changes.

Some lawmakers, however, acknowledged that anything addressing bundling was likely to face skepticism in both chambers.

"I am sick and tired of fund-raising," said Senator Bob Casey, a newly elected Pennsylvania Democrat who voted for the ethics bill. "When you sit in a room for four hours making calls, it kind of has a deadening effect on you."

He added, wryly, "Anything that reduces the amount of time that you are spending fund-raising is good for the country, and it is definitely good for me."

Senate Supports Transparency In Tariff Breaks (WP)

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By Joe Stephens

The Washington Post, January 20, 2007

The Senate joined the House this week by voting to make it easier for the public to track a stealthy form of trade legislation that has delivered hundreds of millions of dollars in tax savings to favored corporations.

As part of a broad ethics overhaul, the Senate voted 96 to 2 on Thursday to require lawmakers to publicly disclose details about tariff suspensions, which allow individual companies to escape paying import taxes on a range of products brought into the United States. The legislation would brand the tariff measures as a type of congressional earmark and would require the same disclosures now mandated for earmarks.

Under the new Senate rules, legislators would be required to disclose when they add a tariff suspension to a larger bill. Senators would have to justify the tax break in writing and name the company that would benefit. The information would have to be posted in a searchable form on the Internet at least two days before Congress votes on the measure.

Lawmakers would be barred from adding tariff suspensions to bills in exchange for another legislator's vote. Lawmakers also would not be allowed to add suspensions that would benefit them, their families, their staffs or their staff members' families.

"It certainly is going to shine a light into the dark recesses of Capitol Hill, where the tariff suspensions have lived for years," said Steve Ellis of Taxpayers for Common Sense. "It will be a lot harder to game the system."

Ellis predicted that the changes would intensify pressure for more reform, as increased transparency led to additional questioning.

Tariff reform is a recent addition to the slate of proposed ethics changes in Congress. It surfaced as an issue in September, after a Washington Post investigation showed that the number of suspensions was skyrocketing and that those narrow measures primarily benefited large, foreign-based corporations. The Post showed how companies evaded a $500,000 cap on tariff savings by persuading lawmakers to file multiple bills with tax breaks aimed at the companies' imports. Small domestic companies struggled to keep abreast of proposals that foreign competitors could use to drive them out of business.

"I'm so excited," said Anita Dungey, a small-business owner from Upstate New York. "It's certainly keeping the legislature more accountable, and that's very, very important. It's good for U.S. workers and for U.S. companies."

Dungey said a tariff suspension initiated last year by Wal-Mart threatened to sink her family-owned business, Auburn Leathercrafters, which manufactures and sells dog collars and leashes.

In recent years, lobbyists have crafted most tariff suspensions to benefit just one corporation. Few of the measures identified the company that initiated the legislation. Many did not identify the product involved, instead using codes explained in a telephone-book-size tariff schedule.

That lack of transparency obscured the fact that the largest beneficiaries have been domestic subsidiaries of foreign corporations. In a study by The Post, eight of the 10 companies that stood to benefit most were owned by or affiliated with German and Swiss corporations.

Congressional sponsors of such bills said they are trying to lower consumer prices and create jobs by cutting costs for U.S. manufacturers and retailers. The sponsors said they generally dropped legislation if trade officials found a U.S. company that objected.

Under the Senate bill, the new tariff-suspension restrictions would apply to trade measures that would benefit 10 or fewer companies.

Before Thursday's vote, Rep. Jack Kingston (R-Ga.), who was vice chairman of the House Republican Conference for the 109th Congress, derided the suspensions as "just good old-fashioned pork."

Senate Passes Ban On Lobbying By Some Spouses (WP)

By John Solomon

The Washington Post, January 20, 2007

For much of the past week, the prospects for a ban on lobbying by Senate spouses were uncertain.

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Senate Democratic Leader Harry M. Reid (Nev.) wanted an exemption that excluded current spouses who already are registered to lobby. Sens. Ted Stevens (R-Alaska), Kent Conrad (D-N.D.) and Elizabeth Dole (R-N.C.) are among those who have spouses in that category.

But Thursday night, as the Senate enacted its ethics package, Reid dropped his insistence on a grandfather clause and agreed to an amendment sponsored by Sen. David Vitter (R-La.).

Vitter's amendment bans spouses from lobbying the Senate unless they were registered to lobby for at least one year before their husband or wife was elected. It was approved by unanimous consent.

The ban adopted by the Senate is specific to that chamber, but it still needs House approval before it can become law because it was part of a broader legislative package.

Neither chamber's ethics package deals with brothers, sisters or adult children of lawmakers who might lobby. Those issues might be addressed in a conference committee.

Former senator and presidential nominee Robert J. Dole (R-Kan.) would not be affected by the ban because his wife, Elizabeth, was elected after Dole had begun lobbying. But the wives of Conrad and Stevens could be covered by the ban.

New Rules Still Allow Congress Many Perks (WP)

By John Solomon

The Washington Post, January 20, 2007

On the Monday that was supposed to start the new Congress's first five-day workweek, Minority Leader John A. Boehner helped persuade his Democratic colleagues to give House members the day off.

The Ohio Republican had his reasons. He was going to see Ohio State compete in the national championship football game in Arizona. Boehner had tickets for the stadium's nosebleed section. Then, Boehner's office said, Rupert Murdoch's News Corp. offered him a bird's-eye seat in one of the company's skyboxes.

In the skybox, Boehner mingled with lobbyists for the media giant, whose vast interests in Congress include broadcast-decency legislation and possible restrictions on its hugely popular MySpace Web site.

The perk for Boehner and the lobbying access for News Corp. are entirely permissible under the new ethics rules Congress imposed on itself this month -- provided Boehner personally reimburses the cost of the skybox ticket, which Boehner's office said he plans to do once the company sends him the bill. The lawmaker can use campaign funds, instead of personal money, to pay his airfare.

"He was there to support his home-state school," Boehner spokesman Brian Kennedy explained.

Voters in the last election demanded a change in Washington's ethics climate. The new Democratic congressional leadership responded with sweeping new prohibitions on gifts and travel from lobbyists, tough new limits on once-cheap corporate jet flights for lawmakers, and new requirements that lawmakers disclose the pet projects they earmark.

But the new rules, the toughest changes since Watergate, still leave lots of room for special interests to curry favor and lawmakers to raise big dollars.

The rules, which differ between the Senate and House, are aimed at some of the most attention-grabbing practices involving special interests. Experts such as Kenneth A. Gross, a lawyer who specializes in ethics and campaign issues, said they are designed to "significantly turn the volume down in terms of extravagance and in terms of what can be done." At the same time, they preserve, with some modification, some traditional practices.

For instance, lawmakers can still go to widely attended events or campaign events and accept freebies such as meals. Nonprofit organizations and universities can still provide lawmakers free travel in many cases. And lawmakers can still offer creative opportunities for special interests to meet with them -- for a price.

Sen. Max Baucus (D-Mont.), the new chairman of the tax-writing Senate Finance Committee, is offering special interests a chance next month to go skiing and snowmobiling in Big Sky country. All it takes is a $2,000 donation per person or a $5,000 donation from a political action committee, according to a "Save the Date" solicitation his Glacier PAC sent out to lobbyists.

If lobbyists miss the first outing, they can still catch Baucus this summer for fly-fishing or horseback riding at "Camp Baucus," the invitation promises.

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"It makes one pause when members of Congress raise one hand to vote on an ethics proposal to limit special interests and with the other hand outstretched behind their back ask for campaign contributions or perks from special interests," said Kent Cooper, a former federal election regulator who studies ethics and political money.

Rules that have been in force in the House and Senate for years say that members of Congress cannot promise an official act for a gift and must avoid the appearance of conflicts of interest. But when those rules apply can be murky, and the new ethics rules do not make it any clearer.

Around the time Sen. Trent Lott (R-Miss.) was selected in November to be the new GOP whip, he flew with a company lobbyist aboard BellSouth's corporate jet from Washington to Jackson, Miss. The senator and lobbyist got to know each other better, discussed religion and talked generally about BellSouth's merger with AT&T that was pending at the Federal Communications Commission, company spokesman Bill McCloskey said. The next Sunday, Lott accepted the lobbyist's invitation to go to church together, McCloskey said.

A few weeks later, Lott was the highest-ranking lawmaker to sign a Dec. 8 letter in which 14 senators demanded that the FCC approve the BellSouth-AT&T merger before the end of the holidays. Regulators approved the deal on the eve of New Year's weekend.

McCloskey said there was no connection between the flight and the letter, noting Lott was a longtime supporter of BellSouth, had flown nearly a dozen times aboard its jet since 2001 and had written a letter last fall supporting the merger. That letter came six weeks after another flight Lott took courtesy of BellSouth.

"Lott has supported the merger as good for Mississippi for some time," McCloskey said.

Lott's office did not return repeated calls seeking comment.

For Lott's Nov. 13 trip, he had to pay $1,335, the equivalent of a first-class ticket. The money came from his campaign.

Under their new ethics rules, senators can continue to take corporate jets, but the cost to their campaign will be much higher because the new rules require reimbursement at full charter rates. House members, however, are essentially banned from using corporate jets.

Fact-finding trips paid for by special interests are another practice covered by the new rules, and although they will become less extravagant and less frequent, there will still be plenty of permissible opportunities to take them.

Sen. Edward M. Kennedy (D-Mass.) took his wife, Victoria, with him when he gave a speech in Florence at an event sponsored by New York University, and they were driven around Florence in a car paid for by the school. Kennedy reported that the school paid $1,560 for car service and $257 for a hotel.

Half a dozen House Democrats did not travel quite as far as Kennedy but still took a free post-election trip to Panama City courtesy of the CaribNews Foundation.

The listed purpose of the travel was to attend a business conference, and some lawmakers brought relatives, whose expenses were also paid by the foundation. For instance, new House ethics committee chairwoman Stephanie Tubbs Jones (D-Ohio) took her sister along, and Reps. David Scott (D-Ga.) and Bennie Thompson (D-Miss.) took their wives.

The new ethics rules will continue to allow for trips such as these that are paid by universities or nonprofit organizations that do not have registered Washington lobbyists. The length and costs of trips, however, could be trimmed, said Gross, who thinks that such trips can be valuable to members of congress. "The new rules," he said, "strike a balance, although on the edges, there can be some abuse still."

One area that was not addressed in the new rules was the use of campaign funds that can directly or indirectly benefit lawmakers or their families. Those practices were illustrated most recently by Rep. John T. Doolittle (R-Calif.) and Rep. Alan B. Mollohan (D-W.Va.).

Doolittle drew the scrutiny of federal investigators during the Jack Abramoff lobbying scandal when it came out that the congressman's wife was getting paid both by Abramoff and by Doolittle's political action committee for fundraising work around the same time the congressman took actions favorable to Abramoff's clients.

Reports Doolittle filed with the Federal Election Commission through this month show his Superior California Federal Leadership PAC paid his wife's firm nearly $100,000 during the 2006 election cycle, including $4,000 in the weeks after the November election. Doolittle has said he will no longer pay his wife that way.

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Likewise, Mollohan reported that in the last two months of 2006 his campaign spent $140,000 on lawyers he had hired to deal with his legal problems. Mollohan was forced to step down from the House ethics committee last year over a federal probe into taxpayer money he steered to a network of nonprofit foundations connected to himself or other insiders.

Real Ethics Reform (WP)

The Washington Post, January 20, 2007

THIS BEING a season for celebrating Shakespeare in Washington, perhaps the best way to describe the ethics and lobbying bill that passed the Senate on Thursday is to quote the Bard: "All's Well That Ends Well." The final package is the strongest ethics legislation to emerge from Congress yet. Like the rules changes the House adopted this month, it would bar lawmakers from taking free gifts, meals and entertainment. No longer would lobbyists and private interests be allowed to throw lavish parties honoring lawmakers at political conventions. Travel paid for by private interests would be dramatically curtailed. Lawmakers' cut-rate corporate jet flights would be grounded. The revolving door would be slowed, with lawmakers having to wait two years, not the current one year, before lobbying their former colleagues.

The bill would bring far more transparency to money in Washington: how lawmakers choose to spend it and how it is deployed to influence them. On the spending side, the measure calls for disclosure of an array of earmarked pet projects. On the influence side, lobbyists would not only have to report their own campaign contributions, but they also would have to list the fundraisers they held and the "bundled" contributions they arranged or collected for lawmakers, the real source of their power.

We've had our doubts about the commitment of Senate Majority Leader Harry M. Reid (D-Nev.) to a strong ethics bill; we've had our qualms about his conduct. But Mr. Reid, along with Sens. Russell Feingold (D-Wis.) and Barack Obama (D-Ill.), deserves credit for assembling and passing this package. Whether Minority Leader Mitch McConnell (R-Ky.) was trying to sabotage passage of the bill when he temporarily blocked a move to end debate, as reformers contend, or whether he was simply trying to demonstrate to the new majority that Senate Republicans can't be muscled aside, what matters is that the measure passed 96 to 2.

As always, there are provisions we wish had been included. It was disappointing that senators voted to strip from the bill a requirement that lobbyists disclose the costs of grass-roots efforts to influence lawmakers. It was unfortunate that backers of an independent Office of Public Integrity to beef up enforcement of ethics rules insisted on a vote on their measure, which lost even more resoundingly than it did last year. As the House studies how to improve the current, inadequate enforcement system, we hope the Senate vote won't be the chamber's last word on some kind of independent enforcement mechanism.

The focus now moves to the House, which adopted new ethics rules but still needs to move on the lobbying changes. Following that, it's important that the resulting conference be held quickly to meld the two bills, not used as a behind-the-scenes vehicle to make quiet but crippling changes.

Reform, Finally, In The Senate (NYT)

The New York Times, January 20, 2007

The Senate has finally passed credible reforms of its shabby ethics code, reining in lawmakers' more egregious quid pro quo dealings with their fund-raising cohorts in the lobbying industry. The Republican minority had second thoughts about how its transparently obstructionist tactics would look to constituents. And an overwhelming majority then approved the first serious anticorruption strictures since the Watergate era, banning gifts, entertainment, travel and other inducements that lobbyists and their employers use in greasing privileged access to lawmakers and their staffs.

The Senate action is particularly praiseworthy for zeroing in on the money-sweet heart of the matter: lobbyists will have to disclose the way they "bundle" multiple corporate donations as campaign sweeteners for grateful lawmakers. Also, senators must henceforth pay full charter rates for the lobbyist-catered corporate jets they have been flying for token fees. And they will have to own up to the purpose and cost of their last-minute "earmarks" — lucrative contracts for favored pleaders that are stealthily approved without debate.

The Senate also voted to end the lavish parties paid for by fawning fat cats to "honor" key politicians at the presidential conventions. And it voted against a growing scandal closer to home, barring spouses of newly elected members from lobbying

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the Senate. Lawmakers also banned members from secretly negotiating for prized jobs in industries too often under their official purview.

These are strong measures, and Harry Reid, the majority leader, deserves credit for prevailing with a bipartisan approach despite his lobbyist-friendly instincts. Unfortunately, the Senate again failed to create an independent anticorruption monitor to reach beyond the clubby traditions that have masked abusers. Mr. Reid should join House Speaker Nancy Pelosi in pursuing this needed measure.

It was heartening to see that the bill was toughened, not undercut, by amendments from two Democrats and a Republican. Notably absent from the infighting was John McCain of Arizona, a past advocate for reform who may be too busy placating G.O.P. powers for his expected bid for the presidency. The Senate did well enough without him.

Senator's Condition Improves (NYT/AP)

By The Associated Press

The New York Times, January 20, 2007

Senator Tim Johnson is taking part in three hours of physical, occupational and speech therapy every day, and his tracheotomy tube has been removed, doctors at George Washington University Hospital said. Mr. Johnson, a South Dakota Democrat, suffered a brain hemorrhage more than a month ago. He is doing strengthening exercises to gain mobility on his right side, said Dr. Philip Marion, head of rehabilitation at the hospital.

"100-Hour" Agenda Is Completed (WP/AP)

By Associated Press

The Washington Post, January 20, 2007

Democrats completed their six-bill, 100-hour legislative agenda Thursday night, with House Speaker Nancy Pelosi (D-Calif.) proclaiming, "This was only the beginning."

The last of the "Six for '06" bills that Democrats promised voters in the fall passed about 87 hours after the 110th Congress opened Jan. 4.

The Democrats' clock, which counted only the time spent directly on the six bills, showed that 42 hours and 15 minutes had elapsed when the roll call ended on the last bill, energy legislation that would reimpose billions in fees, royalties and taxes on the oil industry.

Republicans complained that the bills were hammered through after Democrats reneged on a campaign promise to let the opposition offer amendments and help shape legislation.

"Many of the flawed 100-hours bills either face an uphill battle in the Senate or are destined for a veto pen," said House Minority Leader John A. Boehner (R-Ohio).

Pelosi dismissed the complaints. "It was about keeping our promise, not about adhering to some process," she said.

House Votes To Reshape Page Board (WP/AP)

By Associated Press

The Washington Post, January 20, 2007

The House yesterday unanimously voted to overhaul the board supervising its teenage pages, responding to a scandal that helped Democrats win control of Congress.

The vote was 416 to 0 to expand the membership of the House Page Board, whose Republican chairman never told two board colleagues that he had been warned that then-Rep. Mark Foley (R-Fla.) was a "ticking time bomb."

Foley became acquainted with the pages, high school students who run errands for lawmakers, while they worked in Congress and kept in touch after they left. He sent e-mails that House officials deemed "over-friendly." Others were sent sexually explicit instant messages.

Foley resigned Sept. 29 in the wake of news reports of his conduct.

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The expanded board now includes a former page and the parent of a current or former page. The eight-member body will include four House members -- two from each party -- as well as the clerk of the House and the sergeant-at-arms, who are permanent members.

The page board also would meet regularly under the legislation.

Rep. Shelley Moore Capito (R-W.Va.), a board member, said the equal party representation "takes it out of the political realm," adding: "There's no way there should be a partisan upper hand when talking about the governance of the page board."

House Approves Reform Of Page Board (HILL)

By Klaus Marre

The Hill, January 19, 2007

Following close scrutiny and criticism of its page program, the House on Friday approved changes to the Page Board to prevent a repeat of the kind of scandal that led to Rep. Mark Foley's (R-Fla.) resignation.

Foley stepped down in September after inappropriate messages he had sent to a former page were brought to light. A House ethics committee investigation of the matter criticized the handling of early indications that Foley acted improperly, but absolved all lawmakers and staff of ethics violations.

The bill, which passed 416-0, changes the composition of the House Page Board, which had consisted of two members of the majority party and one of the minority party. Now, the board will include a second member of the minority, a parent of a current or former page, and a former page. The former page on the board can be neither a member of Congress nor the parent of a page.

The legislation also requires the Page Board meet "regularly," based on a schedule determined by the House Speaker and the minority leader.

House Votes To Expand Board Overseeing Teen Pages (LAT)

By Johanna Neuman

The Los Angeles Times, January 20, 2007

WASHINGTON — Four months after the congressional page scandal rocked Capitol Hill and helped dash Republican hopes for holding their majorities in Congress, the House voted unanimously Friday to expand the board that oversees the teenage interns and require that it meet regularly.

The House voted 416 to 0 to reorganize the House Page Board so that it has two congressional members from each party, the House clerk, the sergeant at arms, one parent of a page and one former page.

The eight-member board will be responsible for oversight of the roughly 70 pages — usually 16-year-olds who spend a year running errands for members of Congress and their staffs while attending school in the nation's capital.

Passage of the measure, aimed at protecting a venerable program more than a century old, was the last item Democrats wanted to check off on a list of priorities for their first weeks in power. Their agenda was aimed at demonstrating their responsiveness to the ire that voters showed in November.

The page scandal began in late September, when it came to light that then-Rep. Mark Foley (R-Fla.) had written sexually explicit instant messages to several former male pages. Foley, who had also served as chairman of the House Caucus on Missing and Exploited Children, quickly resigned, but the revelations snowballed as reporters tracked down former pages and outraged parents.

Before it was over, the scandal embroiled then-House Speaker J. Dennis Hastert (R-Ill.) in questions about his oversight of the program, and whether Foley had been protected by a coterie of high-ranking GOP officials who failed to rein him in.

The House Ethics Committee investigated the Foley case and released its findings in December. It said that as former House clerk, Jeff Trandahl had warned Rep. John Shimkus (R-Ill.), then chairman of the page board, that Foley was a "ticking time bomb" who had been confronted repeatedly about his conduct. Shimkus did not call a meeting of the page board, and according to the committee's report, he told a colleague "he believed he had done the right thing in 2005 based on the information he had" when he told Foley not to contact one of the pages again.

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The ethics panel found "a significant number of instances where members, officers or employees failed to exercise appropriate diligence and oversight."

But the committee said that none had violated any House rules and recommended that no one be disciplined.

Exit polls from the 2006 election showed that 49% of voters cast their ballots out of concern for the war in Iraq, but 25% cited "moral issues."

During Friday's debate, several members expressed anger at Shimkus for not taking a more proactive approach.

"The board must not only be free of partisanship, but must function so all of the members have access" to allegations of misconduct, said House Administration Committee Chairwoman Juanita Millender-McDonald (D-Carson).

Rep. Shelley Moore Capito (R-W.Va.), a page board member who was not told of the concerns about Foley, will remain on the reconstituted board.

"This legislation balances the partisan makeup of the page board," Capito said. "I believe this provision is important symbolically because it demonstrates that nothing the page board does in acting to keep children safe is partisan."

Measure Offers Norton More Voting Power (WP)

By Mary Beth Sheridan

The Washington Post, January 20, 2007

A senior House Democrat announced yesterday the party will introduce a measure next week that would allow D.C. Del. Eleanor Holmes Norton to vote on amendments on the floor of the chamber.

The D.C. delegate is allowed to vote only in House committees. Norton (D) has been fighting for a bill that would grant the District one full voting member in the House, and Mayor Adrian M. Fenty (D) announced yesterday a campaign to support that measure.

Rep. Steny H. Hoyer (D-Md.), the House majority leader, announced yesterday that the chamber will vote Wednesday on a rule change that would grant the voting power to Norton and other non-state delegates. A similar measure was passed by the Democratic-controlled House in 1993, but it was rolled back by Republicans who took control two years later.

Norton said yesterday that she was grateful for Hoyer's move but that it wasn't enough and could even confuse supporters of broader voting powers for the District.

When she was given the vote on amendments in 1993, "it was a great leap forward," she said. "Today, of course, it would be a terrible setback to concentrate" on the more limited voting powers.

Norton spoke hours after Fenty (D) announced a "people's march" on Congress in April to press for full representation for the District. He also said he would call on volunteers to join a Feb. 15 lobbying day on Capitol Hill to push for action on the voting rights bill.

Fenty, who was sworn into office Jan. 2, has called voting rights "the city's Number One priority." The popular mayor has jumped on the issue, lobbying congressional representatives and joining Norton in meeting with House Speaker Nancy Pelosi (D-Calif.) to urge her support.

But Norton clashed openly with Fenty at his news conference yesterday, saying the voting rights bill she reintroduced recently faces a crucial period in the next two months, and a large march shouldn't wait until April.

"Any action of D.C. on behalf of this bill has to happen in February and early March," Norton told the news conference. By April, she said, the House will be tied up with a raft of defense and appropriations bills.

The news conference reflected tensions between two of the city's top elected officials. Norton said she had not been informed of the date for the march -- April 16, Emancipation Day -- until she arrived at yesterday's event. Members of her staff said later that they had been told the exact date but mentioned only the month to Norton.

Most of the D.C. Council appeared with Fenty to express support for the campaign for voting rights. Also present were Hilary O. Shelton, director of the NAACP's Washington bureau, and Rep. Thomas M. Davis III (R-Va.), co-sponsor of the D.C vote bill.

"We want everyone on Emancipation Day to be talking about the fact D.C. has got to have full voting rights," Fenty said, announcing the march down Pennsylvania Avenue.

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Emancipation Day marks the day -- April 16, 1862 -- that President Abraham Lincoln signed an act freeing more than 3,100 slaves in the District of Columbia. The District made the day an official city holiday in 2005.

Norton thanked Fenty for his support but said April is too late to mobilize citizens. And she said the lobbying day in February isn't enough.

"A zillion groups come up to lobby," she said. The bill "will get attention from Congress when they see those citizens" in the streets.

Fenty then indicated he might switch course and turn the lobbying day into a mass event.

"We're going to make that as big as humanly possible," he said.

Mayoral aides and D.C. vote supporters said they were dismayed by Norton's public disagreement with Fenty. The mayor and Norton met after the news conference to iron out their differences and agreed to work together on the events, Norton said.

The bill co-sponsored by Norton and Davis would add two seats to the House -- one for the District, which is overwhelmingly Democratic, and one for heavily Republican Utah.

The measure was approved by one House committee in the last Congress, but it did not reach the floor for a vote.

Supporters say the bipartisan bill offers the city its best hope in years of getting a representative with full voting rights in the House. Opponents have questioned whether it is constitutional. And some people have said it does not go far enough because it would not give the District voting representation in the Senate.

The rule change to be introduced Wednesday would allow Norton and the other delegates to vote in the committee of the whole, which handles most major House votes -- except on the final passage of legislation.

The added voting power would have an important caveat, though: If the delegates cast the deciding votes, other legislators could disregard the decision and request a new vote, without the delegates' participation.

House Likely To Give Norton A Vote (WT)

By Gary Emerling

The Washington Times, January 20, 2007

House Majority Leader Steny H. Hoyer yesterday said the chamber will consider a resolution next week to allow D.C. Delegate Eleanor Holmes Norton to vote on changes to proposed legislation.

"The purpose is our democracy," Mr. Hoyer, Maryland Democrat, said on the House floor yesterday.

Democrats, now in the majority, likely have the votes to pass such a rule change when it comes up Wednesday.

Republican leaders, who for more than a decade have not allowed Mrs. Norton a vote, complained that Mr. Hoyer's speech was the "first notice" they had been given about the upcoming vote, which would require majority approval for passage.

Mrs. Norton said she is pleased with the plan and hopes it will inspire more changes. She said the small step pales in comparison with her priority of achieving full voting rights for the District.

"I think it's a good thing to do," said Mrs. Norton, a Democrat. "I suppose you could say it will hold me over till I get the whole vote."

If the measure is approved, Mrs. Norton would be able to add amendments and vote on legislation, except when it is before the House for final passage. Other members could request a new vote without Mrs. Norton's ballot if she casts a deciding vote.

Mrs. Norton, serving her ninth term in Congress, had similar privileges during the Democratic-controlled 103rd Congress. However, the Republican majority withdrew them in 1995.

The D.C. delegate said she was disappointed that congressional leaders did not just include the vote in the rules package adopted by the House earlier this year.

She also said her more pressing goal is to push for passage of the D.C. voting rights bill, which she hopes will be marked up next month and come to the House floor for a vote in March.

The rules change "was a big step forward in 1993," Mrs. Norton said. "If that was what we were left with this year, it would be a big step backward."

The voting rights bill -- originally introduced in May by Mrs. Norton and Rep. Thomas M. Davis III, Virginia Republican -- would give one vote to the District, which is predominantly Democratic, and another to Utah, a mostly Republican state.

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Mrs. Norton and Mr. Davis reintroduced the measure in the new Democratic-controlled Congress after the previous Republican-controlled Congress adjourned without bringing the bill to a vote.

Both Mr. Hoyer and House Speaker Nancy Pelosi, California Democrat, have expressed support for giving the District a full vote in Congress.

Hoyer spokeswoman Stacey Farnen-Bernards said the change in rules is "not a substitute for the D.C. vote."

Davis spokesman Brian McNicoll said the congressman has supported the committee vote for Mrs. Norton since 2000, but he reiterated that the ultimate goal is for the District to have a full vote in Congress.

"Our focus is the whole enchilada, to get [Mrs. Norton] a vote in Congress," Mr. McNicoll said. "This certainly could get these guys in the habit of voting for this."

The rules change would also allow votes for delegates from the Virgin Islands, Guam, American Samoa and Puerto Rico, and has sparked some debate on the House floor.

Minority Whip Roy Blunt, Missouri Republican, said the move was "controversial" in the 1990s and wondered whether the purpose of the change was simply to add four Democratic votes on the House floor.

"The majority is in the majority. Four of these five delegates are on the majority's side," Mr. Blunt said.

Meanwhile, D.C. Mayor Adrian M. Fenty and other voting rights advocates yesterday announced several initiatives aimed at achieving full congressional voting rights.

Advocates released a copy of a letter sent yesterday to Mrs. Pelosi asking for early congressional action on the Norton-Davis bill. Plans are also in the works for voting rights volunteers to lobby members of Congress on Feb. 15.

Mr. Fenty is also planning a voting rights march from Freedom Plaza to the Capitol on April 16.

In D.C., Perry Builds Bridges With Texas Dems (HC)

By Michelle Mittelstadt

Houston Chronicle, January 20, 2007

WASHINGTON — Republican Gov. Rick Perry and Texas' 13 U.S. House Democrats sought to bury the hatchet Friday after years of chilly relations and mistrust aggravated by the redistricting battle that forced five Democrats from Congress in 2004.

Perry slipped quietly onto Capitol Hill for a breakfast meeting with the Texas Democrats, a first-of-its-kind summit that was not listed on his public schedule or mentioned beforehand by the congressional offices.

The Democrats emerged saying they had a chance to air their gripes with Perry and brief him on legislative priorities that could benefit from teamwork, such as improving the state Children's Health Insurance Program and increasing highway funding and higher-education grants.

"It was the first time for me in over a decade that I've had a reasonable word with the governor," Rep. Gene Green, D-Houston, said after the breakfast in the office of Rep. Solomon Ortiz of Corpus Christi.

"He got an earful," Ortiz, dean of the delegation, said.

Before the meeting, Perry defused one major irritant by terminating the state's controversial contracts with two Republican lobbying firms in Washington.

The Democrats had said hiring outside lobbyists was a waste of taxpayer money considering they are elected to represent the state's interests.

"I'm glad the governor felt the heat or saw the light," Green said.

Still, feelings remained raw about Perry's support of the unusual mid-decade redistricting engineered for the 2004 elections by then-House Majority Leader Tom DeLay, R-Sugar Land.

"Texas will pay a serious price in the years ahead" without the experience of the veteran Democratic lawmakers who lost their election bids, Rep. Chet Edwards, D-Waco, told Perry.

With no redistricting, Edwards said, Texans would now be chairing the Homeland Security, Agriculture and Rules committees.

The governor assured the members that he will not attempt to redraw district lines again before the end of the decade, said Rep. Silvestre Reyes, D-El Paso.

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Perry, who met Friday with Health and Human Services Secretary Michael Leavitt and the Republican Governors Association, was unavailable for comment, spokesman Robert Black said.

Perry "is not looking back," Black said. "Others can — the governor is not going to."

Rep. Nick Lampson, swept out of office after the redistricting only to claim DeLay's old seat this year, welcomed Perry's overture to the Democrats, saying his prior relationship with him was "nonexistent."

Lampson said he told Perry, "You must build relationships and friendships and through that you can begin to look beyond personalities and do the things that are right for Texas."

As for the Democrats' complaint that Perry has frozen them out during his time in office, Black said: "All I can say is if the men and women of the Democratic congressional delegation think that's been lacking, then the governor's effort today, I hope, was an opportunity to restore" closer ties.

The governor will meet today in Dallas with the delegation's Republican members.

Returning gestureOrtiz said the Democrats will do some fence-mending of their own on a trip to Austin in the next few months to meet with state legislators,

Black said that last week the governor's office notified the Federalist Group and Cassidy & Associates, which receive monthly payments from the state of $10,000 and $15,000 respectively, that their contracts were being terminated Feb. 11.

The contracts were doubly irritating to the Democrats because the lobbying firms donated money to GOP candidates challenging Democratic congressional incumbents.

"It was almost like they were just turning money over to our opponents," Green said. "That just leaves a bad taste in my mouth."

During the fall gubernatorial campaign, Perry challenger Carole Keeton Strayhorn criticized the governor for hiring the lobbyists, who had ties to DeLay and to disgraced former lobbyist Jack Abramoff.

Perry's termination of the contracts is acknowledgment of the fact that Democrats have reclaimed power on Capitol Hill, Black said.

"We recognize that things have changed in Washington and we are going to change as well," Black said. The governor is contemplating going in "new directions," he added, and he declined to rule out the possibility that the state might hire lobbying firms with better connections to congressional Democrats.

Stem Cell Policy Hampering Research, NIH Official Says (WP)

By Rick Weiss

The Washington Post, January 20, 2007

The National Institutes of Health official overseeing the implementation of President Bush's embryonic stem cell policy yesterday suggested that the controversial program is delaying cures, an unusually blunt assessment for an executive branch official.

In prepared Senate testimony, Story Landis, director of the NIH's National Institute of Neurological Disorders and Stroke and interim chair of the agency's stem cell task force, closely mirrored previous testimony from other NIH officials, who have for years been careful not to criticize the Bush policy directly, even though that policy has infuriated many scientists because of the limits it places on embryo cell work.

But under questioning, Landis spoke more plainly. When Sen. Edward M. Kennedy (D-Mass.) asked her how the policy was affecting medical research, she said, "We are missing out on possible breakthroughs." The ability to work on newly derived stem cell colonies -- precluded from federal funding under the Bush plan -- "would be incredibly important," she added.

Landis also declared that "science works best when scientists can pursue all avenues of research. If the cure for Parkinson's disease or juvenile diabetes lay behind one of four doors, wouldn't you want the option to open all four doors at once instead of one door?"

Those and related comments left at least some at the hearing wondering whether a Democratic majority in Congress had emboldened the NIH.

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But NIH spokesman John Burklow denied that the agency is getting uppity. Landis's testimony "reflects her scientific opinion," he said.

The House passed a bill this month that would loosen Bush's restrictions, and the Senate is poised to do so in February. Bush has promised to veto the bill.

The Ballad Of Bushie And Flashy (NYT)

By Maureen Dowd

The New York Times, January 20, 2007

George Bush may have lost his swagger, but Harry Flashman hasn't.

Maybe the president presiding over a quicksand empire got a vicarious thrill out of the fictional Victorian brigadier general who roamed from Chillianwalla to Isandlwana to Abyssinia at the height of the British Empire, always making conquests in love and war despite his cowardly, caddish behavior.

In our continuing odyssey of discovery through the president's reading list, we learned that he perused two of George MacDonald Fraser's Flashman books, "Flashman at the Charge" and "Flash for Freedom."

There are those who are skeptical of the president's souped-up reading list, a result of a book-reading contest with Karl Rove.

"I don't think he understands the world," Jay Rockefeller, the new chairman of the Senate Intelligence Committee, told The Times's Mark Mazzetti. "I don't think he's particularly curious about the world. I don't think he reads like he says he does. Every time he's read something he tells you about it."

I just wish W. had read more about the perils of empire before he naïvely dived into one. Mr. Fraser agrees that W. should have read the original "Flashman" before invading Afghanistan. It could have given him invaluable, if politically incorrect, insights that might have helped in the effort to catch Osama at Tora Bora and in the new push to stop the Taliban slouching toward Kandahar.

On a recent visit to Afghanistan, Robert Gates told nervous military commanders that he was open to sending more troops to thwart the Taliban from regrouping. Congressman John McHugh, who just returned from a trip to Afghanistan with Hillary Clinton and Evan Bayh, said that everyone they talked to had warned "that when the snows melt in the mountains, it will bring a new onslaught from Al Qaeda and the Taliban ... one that directly threatens not just the Karzai presidency, but threatens Afghanistan itself, and logically, it follows, threatens our investment in blood and treasure."

"Flashman" is based on a devastating British defeat during one of their wars in Afghanistan. After invading Kabul in 1839 and setting up an unpopular puppet shah, the British trekked through the snowy mountains to Jalalabad. Of more than 16,000 troops and camp followers, only one doctor survived; the rest were picked off in ambushes by Afghan warriors.

The lesson is that Afghanistan is a no man's land that can't be tamed by gringos. The British Empire, on which the sun never set, never succeeded in occupying Afghanistan even as it engaged in the Great Game with the Russians for influence there. It was terra incognita and terra fuggedaboutit.

"You could never forget that in Afghanistan you are walking a knife-edge the whole time," Harry Flashman notes, adding that, like himself, the Afghans could be "cruel and bloodthirsty," turning on you with no warning.

Mr. Fraser echoed those sentiments when I tracked him down at his home on the Isle of Man. "No one has ever succeeded in invading Afghanistan," the octogenarian who fought in Burma in World War II boomed with a trace of Scottish accent.

"The Afghans are extraordinary fighters, tough and resourceful and cruel, and they know their business inside out," he said. "On their own territory, they're unbeatable. They love fighting and dealing with invaders. It's almost a game to them. The country is Death Valley 10 times over. You see them on television in their robes with their weapons and that's all. The American and British troops are loaded with rubbishy equipment.

"Eventually, I suppose, we'll get out of Iraq and pretend it's been a success when it's just a mess. ... "Afghanistan is slightly different. You cannot ever win. When you consider the Russians put in more than 100,000 troops and couldn't do it. There's only one way to deal with the Afghans, and that's to buy them."

Mr. Fraser recites the end of Kipling's "The Ballad of the King's Mercy":

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Abdhur Rahman, the Durani Chief, of him is the story told,
He has opened his mouth to the North and the South,
They have stuffed his mouth
with gold ...
and sweet his favours are ...
from Balkh to Kandahar.
"It wouldn't do Bush any harm to read Kipling," he concluded before signing off.

Sex And The Single-Minded (NYT)

By Stacy Schiff
The New York Times, January 20, 2007

How to get a job in Washington, that balmy, bipartisan town: Direct an organization that opposes contraception on the grounds that it is "demeaning to women." Compare premarital sex to heroin addiction. Advertise a link between breast cancer and abortion — a link that was refuted in 1997. Rant against sex ed. And hatch a loony theory about hormones.

You're a shoo-in, and if your name is Eric Keroack you're in your second month as deputy assistant secretary for population affairs at the Department of Health and Human Services. Dr. Keroack, a 46-year-old Massachusetts ob-gyn, today oversees the $280 million Title X program, the only federal program "designed to provide access to contraceptive supplies and information to all who want and need them, with priority given to low-income persons."

It's not a job that plays to Dr. Keroack's talents, which happen to be prodigious. In the PowerPoint presentation that has cemented his reputation, he makes the case that premarital sex suppresses the hormone oxytocin, thereby impairing one's ability to forge a successful long-term relationship. If forced to mince words you might call this fanciful or speculative. Otherwise you'd call it wacko. "Really, really scary" and "utterly hilarious" were the first two reactions I heard from scientists.

Each of us owes a rather critical debt to oxytocin. It's what moves a new mother to comfort and nurse a squalling baby rather than to toss it from the window, as common sense might dictate. It is — you knew your husband was missing something — the hormone of intimacy. (No, you can't buy supplements across the border. And yes, OxyContin is something different. Rush Limbaugh was not working on his bonding instincts.)

Louann Brizendine, a neuropsychiatrist at the University of California, San Francisco, calls oxytocin the Glinda the Good Witch of her field. It is the drug of trust and partnership and attachment, commonly known by their street name: love. Oxytocin mellows, elates, and throws you into a mental fog. Rats prefer it to cocaine. While the rush at childbirth is particularly dramatic, the hormone swells with physical and emotional bonding of all kinds.

"Surge" has not always been a dirty word.

But no one has had as much good, clean fun with oxytocin as Dr. Keroack, for whom it is "God's superglue." Extrapolating in part from research with prairie voles, which are monogamous, he postulates that oxytocin cannot survive too much sex, at least with multiple partners, at least prior to marriage. By way of demonstration he proposes the duct tape test: you need only an adhesive and a hairy arm. The tape represents the brain. Press it down. Now reapply. See what happens? Less sticky, right? Concludes Keroack: "Basically, you will end up damaging your brain's ability to use the oxytocin system as a chemical mechanism that serves to help you successfully bond in future relationships." Don't ask about his illustrations. They are offensive.

Keroack presents this as gospel truth, though the scientists on whose research he bases his theory balk. One called it a wild leap. "A bungee jump without a cord," suggested another expert. Dr. Brizendine had a less kind word for it. She adds that while premarital sex cannot ruin your oxytocin response, it has been shown — in the absence of options — to ruin your life. Something tells me that Dr. Keroack is not planning a 34th anniversary bash on Monday for Roe v. Wade.

I know what you're thinking: if Dr. Keroack can write stuff this outlandish he's spelling his name wrong. As the other Keroua c said — arguably with a firmer grasp of neurochemistry — "I had nothing to offer anybody but my own confusion." Dr. Keroack may want to borrow the disclaimer that prefaces Michael Crichton's newest best-seller: "This novel is fiction, except for the parts that aren't." It takes an agenda rather than a medical degree to engage in this kind of science. Or an imagination.

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In all fairness, Dr. Keroack has long been a little clumsy as an analogist. In a 2001 letter to the Massachusetts Legislature he explained the logic of performing sonograms on women considering abortion: "Even Midas lets you look at your old muffler before they advise you to change it."

There are many ways to define demeaning.

The Biggest Man On Campus (NYT)

By James F. Hollifield

The New York Times, January 20, 2007

WHEN I was a graduate student at Duke in 1981, the university was faced with a difficult decision: Should it accept the papers of its law school alumnus, Richard M. Nixon, and build a library and museum named for one of the most controversial presidents in American history? Some within the university said that to accept the papers would be to embrace a failed president who resigned in disgrace to avoid impeachment. Others argued that the documents would be a treasure trove for future scholars seeking to understand what happened during the turbulent years of the Nixon presidency.

At the time I had the luxury of watching this drama unfold from the sidelines. Today I do not. As the director of a center for political studies at Southern Methodist University, I was invited to sit on an academic planning committee for the George W. Bush presidential library. By agreeing to serve on this committee, I took a stand in favor of Southern Methodist University's bid for the library, in part because I think Duke made a mistake in not accepting the Nixon library.

George W. Bush — like Harry Truman, Richard Nixon, Lyndon Johnson and Jimmy Carter in their day — is a controversial president for difficult times. But we must put partisanship aside and strive for historical perspective. We must consider the importance of having presidential libraries to help generations of scholars understand the times in which we live, and to inform future policy debates.

Whether one supports or opposes the Bush policies, there is no question that they have been momentous for the country and the world. Precisely because of the controversial nature of this presidency, the question of how George W. Bush made his decisions begs for scholarly research and discourse. The library will be a gold mine for scholars, and its location on a university campus symbolizes the need for study.

At Duke more than 20 years ago and at Southern Methodist today, opponents of such libraries have said that by building a presidential library and creating schools or institutes, a university compromises its values and endorses the policies of the president whose papers it accepts. I do not think this is the case. It is legitimate for anyone to criticize the president and his policies, but it is presumptuous for us as scholars to say that we know in advance and with certainty what the legacy of a sitting president will be.

Campuses are good places to situate presidential libraries because universities are vital to the American marketplace of ideas, and they are bulwarks of our free society. They can serve as repositories of archives from which we will learn and grow as a nation. But the faculty is a university's heart and soul, and faculty members are not disconnected from the politics of the moment.

As bad as the situation may seem today, back in 1971, when the University of Texas dedicated a library and school named for Lyndon Johnson, the country was in even greater turmoil. A storm of controversy raged over the Johnson papers. But I think the University of Texas made the right decision to accept the papers and build the library and school.

Southern Methodist University should do the same. Yes, former presidents are interested in polishing their legacies, and universities must be careful to remain nonpartisan and protect freedom of inquiry. But we must also take the long view, and that means building institutions that will serve generations to come, giving historians the chance to do their work.

Archives Of Spin (NYT)

By Benjamin Hufbauer

The New York Times, January 20, 2007

SINCE Franklin D. Roosevelt dedicated the first federal presidential library — actually an archive and history museum — in 1941, each president has had a hand in developing his own memorial. The National Archives and Records Administration now oversees 11 presidential libraries that draw about two million tourists and thousands of scholars each year.

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The uproar over President Bush's plans to store his papers at Southern Methodist University has drawn new attention to the role of our system of presidential libraries. It is a system facing at least six challenges that need to be addressed by Congress, current and former presidents, host universities and the American public.

First, according to the Office of Presidential Libraries, it will take up to 100 years for the papers and records at the recent presidential libraries to be processed, primarily because of an explosion in the number of records created by the executive branch. The Roosevelt Library has 17 million pages of documents, while the Clinton Library has more than 76 million, but the number of archivists has not kept pace.

A wait of 100 years is unacceptable. To be able to learn from our history, scholars, journalists and the public need access to a majority of records in presidential libraries within 20 years after a president leaves office. To meet this challenge, the newer libraries must add a substantial number of archivists, as well as new processing protocols and systems.

Second, we should insist on historical accuracy, completeness and balance in the museums in presidential libraries. Although the federal government's Office of Presidential Libraries states that the museum exhibits in presidential libraries should be accurate, historical amnesia is common in relation to a president's mistakes and controversial policies. For example, the museum in the Reagan Library does not mention the Iran-contra scandal.

The exhibits in newer presidential libraries often amount to little more than extended campaign commercials in museum form, because the former president and his supporters essentially control the content. If a president wants a museum of political propaganda, let him make that plain by not asking the federal government to administer it, but instead raising the large endowment needed to run it as a private memorial.

Since 99 percent of visitors to presidential libraries are there for the museum exhibits, this is an important issue. The exhibitions in older libraries usually improve after the president dies and the power of his supporters slowly wanes, but it should not take 20 to 50 years to get historically accurate displays in taxpayer-supported museums.

The Office of Presidential Libraries, however, bows to presidents' wishes for whitewashed museums. Congress should pass appropriate legislation on this issue. Each museum should be evaluated in a non-partisan fashion by a group of historians, and then changes should be made to ensure that the public gets the quality of information expected from a branch of the National Archives.

Third, the fund-raising for presidential libraries needs to be made transparent. Starting with Roosevelt, presidents have raised money from private sources and then turned their libraries over to be administered by the federal government. Currently donations are unregulated, and donors — whether individuals, corporations or even foreign governments — can remain anonymous. These donors can potentially wield real influence over a sitting president, without the knowledge of the public. Congress should require the disclosure of the identities of large donors and of the amounts involved.

Fourth, only a few libraries have strong educational programs. The Truman Library, for one, has developed an innovative program for middle and high school students called the White House Decision Center. The Decision Center recreates some areas of the West Wing, where students play the roles of President Truman, his advisers and members of his cabinet while dealing with a variety of historical crises. The Decision Center curriculum meets state and national standards for social studies, sharpening students' skills in cooperative group work, problem solving, and communication, while teaching them history using copies of primary documents from the library's archive. Libraries and Congress should find the private and public funds to develop other educational programs with serious historical content.

Fifth, presidential policy institutes associated with universities should be subject to academic oversight. This oversight should involve the appointment of a significant number of people from a variety of departments from the sponsoring university to the institute's governing board. The administration of the institute should be designed so that the university and the institute both gain from the association.

Finally, President Bush's 2001 executive order limiting access to the records in presidential library archives needs to be overturned. This order allows current and former presidents to block the release of materials from their presidential libraries for any reason, even because they are politically damaging. Records that might compromise national security are already protected from release by other laws and statutes, so this directive is clearly about political expediency.

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President Bush's order is contrary to the spirit and letter of the laws that previously governed presidential libraries. Although so far only a small number of records have been blocked from release, the potential for the abuse of power exists. Congress should overturn this executive order.

Presidents are not required to have presidential libraries. Since Watergate, presidential records are not owned by each president but by the nation; a president could simply hand over his or her records to the National Archives. But if a president chooses to have a library, it is up to Congress, current and former presidents, host universities and the public to ensure that each library operates in the public interest.

At their best, presidential libraries are vital institutions that help us learn from our history. But if we give in to the worst impulses of presidents and their supporters, these libraries risk becoming temples of political propaganda.

OTHER NEWS:

Shares Close Mixed As Earnings Reports Fail To Inspire (NYT/AP)

By The Associated Press

The New York Times, January 20, 2007

Shares closed narrowly mixed yesterday after profit reports and forecasts from companies like I.B.M. and General Electric left investors unimpressed.

Profit concerns have unnerved investors who are already skittish about whether stocks will continue the upward movement from last year.

"I think we're at an extremely pivotal psychological level," said T. J. Marta, economic strategist at RBC Capital Markets.

Earnings and economic figures support the Federal Reserve's notion that any decline in the economy will be soft and gradual, although Mr. Marta contended that a "fly-by" was a possibility.

The Fed is unlikely to lower short-term interest rates if the economy continues at a steady clip or if it begins to accelerate again. The central bank has left interest rates unchanged at its last four meetings after a string of 17 consecutive increases that began in 2004.

Last year, investors propelled stocks sharply higher partly on the widely held view that the Fed would cut rates perhaps as early as the first half of 2007.

The Dow Jones industrial average closed down 2.40 points, at 12,565.53. Broader stock indicators were higher. The Standard & Poor's 500-stock index rose 4.13 points, to 1,430.50, and the Nasdaq was up 8.10 points, at 2,451.31.

For the week, the Dow industrials rose 0.08 percent, while the S.& P. fell 0.02 percent, and the Nasdaq lost 2.1 percent.

Bonds fell as stocks tried to further their gains. The benchmark 10-year Treasury bonds was down 8/32, to 9826/32. The yield, which moves in the opposite direction of the price, rose to 4.78 percent, from 4.74 percent.

Oil settled up $1.51 at $51.99 a barrel. The increase follows sharp declines in recent sessions and could signal that investors are eager to buy oil to cover previous commitments as they head into the weekend.

Though the mood on Wall Street might have soured somewhat in the new year, consumers appear to have remained decidedly upbeat. Consumer sentiment, as tracked by the University of Michigan's survey, showed a preliminary reading of 98.0 for January compared with 91.7 in December. It is the highest showing since January 2004.

Since the start of this year, investors have been looking for reasons for a continuation of last year's sharp gains in stock prices.

The tepid gains this year reflect concerns over interest rates and the Fed's next move as well as whether profit growth will remain strong enough to push stocks upward.

Yesterday, I.B.M. fell $3.28, to $96.17 after the company's better-than-expected fourth-quarter profit met with little enthusiasm from investors. Part of the profit increase was a result of changes in the company's tax rates.

Alcoa helped offset some of the weakness in the Dow industrials. Alcoa, the world's largest aluminum maker, rose $1.10, or 3.6 percent, to $31.40, after it said it would repurchase up to 10 percent of outstanding shares and increased its annual dividend to 68 cents from 60 cents.

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General Electric slid $1.05, or 2.8 percent, to $36.95 after its first-quarter forecast disappointed some investors. G.E. also said it planned to restate financial results from 2001 through 2005 and the first three quarters of 2006 to adjust its accounting for some debt.

Citigroup , the investment bank, rose 11 cents, to $54.50, after posting a 26 percent drop in its fourth-quarter profit.

Fortress Sets Range for I.P.O.

WASHINGTON, Jan. 19 (Dow Jones/AP) — Underwriters on Friday set the terms for the initial public offering of the Fortress Investment Group at 34.29 million Class A common shares with an estimated price range of $16.50 to $18.50 each.

In early November, Fortress Investment filed for an offering of up to $750 million in Class A stock but did not detail the terms.

Fortress said it would be the first global alternative asset manager listed on the New York Stock Exchange. It has about $29.7 billion in assets under management.

All of the shares will be offered by the company, and none of the company's five principals will sell shares in the offering, according to the prospectus filed with the Securities and Exchange Commission.

After the offering, the principals — Wesley Edens, Peter Briger, Robert Kauffman, Randal Nardone and Michael Novograwill — will hold 77.7 percent of the voting power of the stock, according to the S.E.C. filing.

After The Dow's Record Run, Large Stocks May Be Tiring (WSJ)

By Peter A. McKay

The Wall Street Journal, January 20, 2007

After 25 record closes for the Dow Jones Industrial Average since Oct. 3, some Wall Street pros see the Dow's 8% rise since then as evidence that big-name stocks are best-suited to weather slowing U.S. economic growth.

But despite a record in the just-completed week, the increments are getting smaller. Tuesday's record close of 12582.59 was just 0.2% over its previous high-water mark. Friday, the Dow slipped 2.40 points, nearly unchanged in percentage terms, to 12565.53, up 0.1% for the week and up 0.8% this year.

Could that mean the latest bull market is running out of steam?

Garrett See, a trader at TransMarket Group who buys and sells futures contracts tied to the Dow, says the blue-chip average could move higher in the short run.

But he predicts it will be in the red by the end of the second quarter, continuing on to finish below 12000 on the year, which would be a decline of more than 3.5% for the year.

"I think a lot of the recent move up has been people getting in too late," says Mr. See, who is skeptical of Wall Street predictions of steady-but-modest economic growth this year.

A 3.3% drop in shares of International Business Machines, the biggest component in the price-weighted Dow, pushed the average lower Friday. General Electric, off 2.8%, was also among the average's biggest decliners. Both companies announced fourth-quarter earnings that exceeded analysts' expectations, but investors seemed to have bet on the big profits early rather than waiting for the actual announcements.

Stocks were also hurt by a jump in crude-oil prices, spurred by forecasts of colder weather in the Northeast, which will likely increase demand for heating oil and kerosene.

Crude futures for February delivery jumped $1.51, or 3%, to $51.99 a barrel, off 1.9% for the week at the New York Mercantile Exchange.

Other stock-market measures fared better than the Dow. The broad Standard & Poor's 500-stock index edged up 0.3%, or 4.13 points, to 1430.50 Friday and was nearly flat in percentage terms on the week. The technology-focused Nasdaq Composite Index gained 0.3%, or 8.10, to 2451.31, off 2.1% on the week.

One measure of momentum in the broad market is sending mixed signals, says Ed Clissold, an analyst at Ned Davis Research in Venice, Fla. He notes that 207 stocks listed on the New York Stock Exchange were trading at 12-month highs before Friday's market open. That is less than a third of the recent peak of 632 stocks in December 2003.

Higher readings are generally bullish for the market, Mr. Clissold says, because they indicate economic conditions are so favorable that an array of companies are benefiting. Still, he says the current total isn't low enough to be a reason to panic.

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Others are more upbeat. Analysts at research firm Thomson Financial note that only two of the 30 Dow components have gotten more expensive relative to their expected earnings for the coming 12 months since the average was at its past peak in January 2000.

In other words, the market is pretty cheap at the moment, which leaves a lot of room for investors to bid shares higher.

Using similar reasoning, Elizabeth Weymouth, global-investment specialist at J.P. Morgan Private Bank, says her firm expects stocks like those in the Dow and S&P 500 to post modest gains of less than 10% this year. Despite the Dow's three-day pullback in the just-ended week, she said her firm is still advising clients to switch out of small companies and into big-name stocks.

"We do expect a market correction at some point," said Ms. Weymouth. "But overall, the conditions are still pretty favorable."

In major U.S. market action:

Stocks were mixed1; bond prices fell2. The 10-year note fell 6/32, pushing the yield up to 4.773%. The 30-year bond fell 8/32 to yield 4.862%.

The dollar rose.3 The dollar rose to 121.23 yen from 121.21 yen. The euro slipped to $1.2963 from $1.2965.

Chilly Weather Sparks Crude-Oil Rally (WSJ)

By Masood Farivar, Jeanine Prezioso

The Wall Street Journal, January 20, 2007

Energy futures rallied sharply Friday as crude-oil futures posted their biggest one-day gain in nearly three months and natural gas futures reached a one-month high, boosted by forecasts of continued cold weather.

The February crude contract on the New York Mercantile Exchange settled $1.51 a barrel higher at $51.99 after trading as low as $50.12 in overnight trading. The gain was the biggest in both percentage and dollar terms since Oct. 25. February natural gas settled 56.2 cents higher at $6.886 a million British thermal units, the highest closing price since Dec. 19, 2006, when front-month futures settled at $7.083/MMBtu.

Cold weather arrived in the Northeast this week for the first time this winter, with forecasters calling for continued below-normal temperatures through much of the region, which accounts for 80% of the nation's heating-oil consumption.

Unseasonably warm temperatures in December and much of January crimped heating-oil demand in the region and sent prices sharply lower.

"The weather is a big factor because it is going to increase demand for distillate fuels [such as heating oil] at the very moment production is dropping," said Peter Beutel, president of trading-advisory firm Cameron Hanover in New Canaan, Conn.

Traders and analysts said the gas market has been waiting on colder weather to break out of the range it has been trading in all week, between $6.20/MMBtu and $6.80/MMBtu.

Speculative traders who expected prices to drop as winter made a late arrival with a 20% surplus of gas in storage were left covering short positions ahead of a price increase.

"The market rallied partly on the weather, but it was mostly technical covering" by traders with short positions, or bets on falling prices, said Mike Guido, head of commodity research at Société Générale in New York.

Both private and government forecasts predict temperatures will be below average in February, and with Thursday's larger-than-expected storage withdrawal, gas-market participants think demand could be higher than anticipated.

Despite Friday's rally, crude futures finished the week about 2% lower, and analysts said the recent downward trend in prices is far from over.

Dollar Little Changed; Rate Cut Looks Unlikely (WSJ)

By Dan Molinski

The Wall Street Journal, January 20, 2007

The dollar was little changed against the yen and euro Friday after a strong U.S. consumer-confidence survey kept expectations for any rate change from the Federal Reserve low.

In a knee-jerk response to the data, the dollar climbed to 121.49 yen, just a few ticks below a four-year high of 121.60 yen that it reached earlier this past week. The euro briefly fell to as low as $1.2914.

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"The [University of Michigan consumer confidence] report beat expectations pretty convincingly," said Tim Mazanec, senior currency strategist at Investors Bank & Trust. "It's looking less and less like the Fed might cut rates anytime soon."

But the dollar's knee-jerk gains were erased later in the session as investors were again leery of stretching the dollar too far. The euro against the dollar had been stuck between $1.29 and $1.30 for most of the week.

Late Friday, the euro stood at $1.2963 from $1.2965 Thursday. The dollar stood at 121.23 yen from 121.21 yen late Thursday, while the euro was flat at 157.15 yen. The dollar has posted strong gains so far this year after a series of economic reports erased expectations the Fed would cut interest rates near term to spur more growth. Now, the rally appears to have run out of steam.

Interest-rate futures contracts Friday were pricing in a 16% chance of a Fed rate cut to 5.0% from the current 5.25% in the first quarter.

Trade Deficit Stubbornly Defies The Dollar's Slide (NYT)

By Eduardo Porter, Mark Landler

The New York Times, January 20, 2007

Jessica Heyman's breakfast in Paris last month was nothing out of the ordinary: a modest repast of eggs, coffee and a side salad with her husband, Jonathan Podwil, at the popular Café de Flore. But the bill was memorable — 46 euros, or about $60, at the current exchange rate. Five years ago, when the dollar was strong, the same bill would have amounted to $42.

The sticker shock provided a powerful incentive to remain frugal the rest of the vacation. "We ate a lot of bread," Ms. Heyman said.

Shocking tourists into counting every penny, and getting Americans back home to spend less on costly imports, is part of what a weaker dollar is supposed to do to help pare America's outsize trade deficit, according to economic textbooks.

But, so far, the dollar's slide has not helped enough. Although the dollar has lost a lot of ground against many of the world's major currencies — including the euro, the British pound and the Canadian dollar — the nation's trade imbalance with the world has continued to rise, reaching $702 billion in the first 11 months of 2006, on track to easily outstrip the $717 billion of 2005 and set another record.

Officially, the United States government does not welcome the dollar's weakness. "A strong dollar is clearly in our interest," the Treasury secretary, Henry M. Paulson Jr., said last month.

But many economists say that the Bush administration is satisfied with the dollar's fall against the euro and some other currencies, counting on the decline to help improve the competitiveness of American manufacturers in global markets.

For several reasons, however, that may not happen anytime soon — even if the dollar continues to weaken against European currencies. For one thing, the dollar has not fallen much against the currencies of some crucial trading partners, including China and Japan. Critically, the value of China's yuan against the dollar has been carefully managed by Beijing so that it does not increase much more than 5 percent annually against the dollar. That is a reason China alone ran up a $214 billion surplus in its trade of goods with the United States from January to November last year.

Many foreign suppliers, moreover, are willing to absorb the impact of a declining dollar on their profit margins rather than pass it on to consumers as higher prices. That gives Americans less of an incentive to shift away from imports.

In the end, for the United States to begin to balance its trade, American consumers must spend less, while foreign consumers would have to buy a lot more.

"My U.S. colleagues tend to believe that exchange rates can carry out this adjustment painlessly which I, looking from the outside, find hard to believe," said Thomas Mayer, chief European economist at Deutsche Bank in London. "You would need to have unrealistically large changes in exchange rates to overcome that gap."

Free market economists argue that the deficit does not really matter — it is mostly a benign side effect of America's faster economic growth and its appeal as a destination for foreign investment. Trade imbalances are nothing to worry about, these economists say, reflecting private transactions that just happen to occur across borders.

Still, with the deficit now in excess of 5 percent of the nation's gross domestic product, many other economists worry that the foreign debt needed to finance the growing imbalance is accumulating at an unsustainable pace.

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To some extent, a weaker dollar has bolstered American exports to strong-currency nations. America's inflation-adjusted deficit in trading goods and services with the European Union declined by about 1 percent in the first three quarters of last year compared with the 2005 period, to about $84 billion.

And American producers are seeing some benefits. California wineries, for example, have shown double-digit sales growth in Canada every year since 2002, when the dollar started its fall against the Canadian dollar.

"There's a real price threshold of 10 Canadian dollars a bottle," said Joseph Rollo, director of the international department at the Wine Institute, the lobby group for California wineries. "A few years ago it was very difficult for California wineries to make that level. Now it's a lot easier."

The cheap dollar is also allowing some American companies to enter foreign markets for the first time. Phoenix Closures, a manufacturer of bottle caps in Naperville, Ill., exports very few of its caps to Europe. But a few months ago, it unexpectedly picked up a German client. "I assume these guys are getting a fairly large price reduction coming to us," said Bert Miller, president of the company.

The opposite side of Ms. Heyman's expensive breakfast in Paris is that America is now a bargain destination for Europeans.

"It was always too expensive for me to go to the States, but now it's a good time," said Sotirios Polytimis, 29, an architecture student in Berlin. "With the same money, I can do more in New York: buy drinks, see the night life, go shopping."

Some American companies that compete with foreign suppliers domestically have also benefited. "We are gobbling up market share," said Marty Staff, chief executive of JA Apparel, which makes Joseph Abboud suits and sports jackets at a plant in New Bedford, Mass. "Our products are as good as the European products, but for a lot less money."

Still, the shifting currency has moved far too little to alter entrenched habits.

"The intractability of consumer behavior is the key to the mystery," said Cliff Waldman, economist at the Manufacturers Alliance/MAPI, a research group for American producers. "About half of the United States' deficit problem with Europe is the difference between the behavior of the European consumer, which is moribund, and the behavior of the American consumer, who never stops."

These days, a lot of foreign things do look ridiculously expensive to American eyes: the $4.15 Big Mac in Paris; the $16.50 ticket to see a movie at the multiplex in Leicester Square in London; $5.89 for a heavily taxed gallon of gas in Frankfurt.

But Europe remains irresistible. American purchases of travel services from European Union countries totaled $17.7 billion in the first three quarters of last year, almost 1 percent more than in the period in 2005, after inflation, and about 20 percent more than in the period in 2003.

The number of German tourists visiting the United States this winter is down approximately 20 percent compared with last year, according to TUI, the largest European tour operator. Robin Zimmermann, a spokesman for TUI, said Germans were favoring destinations in Southeast Asia, where currencies had also fallen against the euro.

Martin N. Baily, former chief economic adviser to President Bill Clinton, remains optimistic that the decline in the dollar will ultimately turn the United States' current-account deficit around. "I think we are poised for a gradual reduction," Mr. Baily said. "We are at a point where exports are starting to grow faster than imports."

Currency adjustments can take time to feed through into trade patterns. In fact, a slide in the dollar could initially worsen the nation's trade balance, as the price in dollars of imports would increase immediately while it could take time for American consumers to switch to domestic products.

But new factors arising from the increased globalization of production seem to be making the trade adjustment particularly slow. For instance, by moving more production out of Europe, into dollar-pegged regions like China and elsewhere in Asia, European companies have created natural hedges against a strong euro.

"With globalization, we now have a large network of plants all over the world," said Anton Börner, president of BFA, an association of German wholesalers and exporters based in Berlin. "So we are not as affected by changes in a single currency."

Hugo Boss, one of Joseph Abboud's main competitors, is based in the southern German town of Metzingen. But it also stitches garments at a factory in Cleveland and buys raw materials from Asia, where most of its transactions are in dollars or dollar-linked currencies.

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Sales of Boss suits and accessories rose 14 percent in Europe in the third quarter of 2006, but 17 percent in the United States, in volume terms. The company said it had not felt much of an impact from the strong euro.

"If the dollar stays in a reasonable range, say between $1.10 and $1.50, it will not affect us that much," said Bruno E. Sälzer, the chairman of Boss. "If it were to go to $1.60 or $1.70, that would mean there are bigger economic problems than just the exchange rate."

With Asian production now a big part of the equation for manufacturers all over the world, even big increases in the yuan and other Asian currencies would probably do little to shift output without causing major economic disruptions.

The People's Bank of China is holding about $1.01 trillion in reserves, the vast majority in dollars, which it has amassed as part of its strategy to keep the yuan from appreciating against the American currency to ensure Chinese products remain competitive in the United States market.

But even though Asian central banks are diversifying their holdings slightly, any big withdrawal from the Treasury market that slowed the flood of credit that has helped keep American interest rates low could harm the Chinese as well as Americans.

"With China," said Mr. Waldman, the manufacturing economist, "the capacity for trade imbalances to adjust is minimal."

Martinez Takes Over As Leader Of RNC (WP)

By Shailagh Murray

The Washington Post, January 20, 2007

Sen. Mel Martinez of Florida, who arrived in the United States as a teenage Cuban refugee, took his party's helm yesterday as general chairman of the Republican National Committee, vowing to reach out to minority voters and restore "the principles that have made us great."

Martinez was handpicked for the job by President Bush, and his ascendance was not without controversy. A small group of conservative RNC members had announced their opposition to the first-term senator because they viewed him as overly tolerant of illegal immigration.

But to many Republicans, Martinez represented a fresh face for the party, a first-generation American whose background and congenial personality could widen GOP appeal to vast new voter groups. Martinez called for greater tolerance for all groups during his inaugural address yesterday.

"To be the party of the future means that we also have to be a party that opens the door wide open so that all Americans feel welcome," he said.

Martinez said that as a Cuban American, "it was easy for me to understand that the Republican Party, the party of Ronald Reagan, was a party for us," because the two sides shared a strong opposition to the communist rule of Fidel Castro.

"I want to make sure that we take that message to the broader Hispanic community, to the African American community, and to all communities that may never have believed that Republican ideals spoke to them," Martinez said.

Martinez said he was encouraged that the 2008 Democratic field is likely to include a woman, Sen. Hillary Rodham Clinton of New York; an African American, Sen. Barack Obama of Illinois; and a Hispanic, Gov. Bill Richardson of New Mexico.

"I do think that speaks to the evolution of American politics to be more inclusive, and I'm a part of that," said Martinez, who noted the strong showing of Michael S. Steele, the African American GOP candidate in last year's Maryland Senate race. "Both parties have taken a quantum leap," he said.

Outgoing chairman Ken Mehlman said that Martinez would "spread our message far and wide, to those like me who have been Republicans from the beginning and to the newest converts."

Martinez will share the top RNC job with Mike Duncan, a longtime party operative who will serve as chairman , overseeing day-to-day campaign, organizational and fundraising operations. It is an unusual arrangement, engineered in part by Bush, who recruited Martinez for a new general chairman post.

In an interview, Martinez said his immediate concern is lifting the gloomy mood that has gripped the party since it lost control of Congress in November. In recent weeks, the news has grown worse for Republicans, as conditions in Iraq worsen and Bush presses ahead with a controversial plan to increase U.S. troop levels.

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"Its spirits are a little down," Martinez said of the GOP. "That is going to be my first order of business, to try to rekindle a little bit of fire. It's time for renewal."

The best tonic, he said, is for Republicans to turn to some of the core conservative principles that rallied the party during Reagan's day, from making government more efficient to promoting volunteerism.

"People want practical solutions to everyday problems," Martinez said. "That's part of what our party has to get back to being focused on."

Martinez was sent to the United States by his parents in 1962 as part of a Catholic Church effort to relocate 14,000 Cuban children. His parents thought the separation would be temporary. But because of the Cuban Missile Crisis, "they were unable to leave and my return was unthinkable," Martinez explained. He lived with two Florida families for a total of four years, working and attending school while he waited for his parents to escape. When they finally arrived in Florida, he told RNC members, he had saved enough to buy the family a car and had lined up a job for his father, a veterinarian.

After stints as Bush's housing secretary, chairman of Orange County, Fla., and a personal injury lawyer, Martinez was elected to the Senate in 2004. He still speaks English with a slight accent and said he believes that his Florida roots give him an important edge, given the state's ethnic diversity and political mix. "We are a microcosm of the country," he said.

Martinez is sympathetic to his state's bid to move up its presidential primary date so that it follows the New Hampshire primary. The idea is contentious within the party, because it could turn the Sunshine State into a potentially decisive battleground, but Martinez said he would not intervene when the Florida legislature considers the change in March.

RNC Elects Martinez As Head (WT)

By Ralph Z. Hallow

The Washington Times, January 20, 2007

Sen. Mel Martinez was selected yesterday as the general chairman of the Republican National Committee, despite some members' public objections and considerable private grumbling.

The RNC leadership, loyal to President Bush and his choice for general chairman, used parliamentary procedures to end a brief floor skirmish over Mr. Martinez's election -- outmaneuvering members who opposed the creation of the new position and the nomination of the Florida senator to fill it.

Some members said publicly and privately that the senator from Florida would make RNC fundraising more difficult because he supports what critics say is Mr. Bush's desire to grant amnesty to illegal aliens.

"I do not support amnesty for illegal aliens," Mr. Martinez, a naturalized citizen who fled communist Cuba as a boy, insisted in an interview with The Washington Times after his election. "I do support strong border enforcement, and absolutely I support the rule of law [when it comes to] illegal aliens here."

Mr. Martinez was elected in a voice vote, instead of the secret ballot that opponents had sought.

"Senator Martinez will help our party effectively communicate the Republican message of hope and opportunity for all Americans," Mr. Bush said after Mr. Martinez's election.

Several outspoken opponents of Mr. Martinez made some effort at conciliation after the vote.

"While we disagree with Senator Martinez's support of amnesty for people who are in this country illegally, we must still look for the best ways to secure our border, keep our homeland safe and enforce our laws," said Texas Republican Chairman Tina Benkiser, who had voted against the creation of the general chairman's office and the senator's nomination.

"On issues we do agree on such as lowering our taxes, protecting our families, creating a strong economy and reforming our government, we look forward to his leadership," she said.

Senate Minority Leader Mitch McConnell, in a luncheon address to the 168-member RNC, said that after Republicans lost the majority in Congress in November's midterm elections, "Mel Martinez is the one Republican senator left I can refer to as 'Mr. Chairman.' "

Before yesterday's vote, North Dakota RNC member Curly Haugland, one of the opponents of creating a general chairmanship, offered the written opinion of an accredited professional parliamentarian that the move violated RNC rules. The

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rules governing the RNC, adopted at the 2004 Republican National Convention, call only for an elected chairman and co-chairman.

The wheels came off Mr. Haugland's drive to use Roberts Rules of Parliamentary Procedure and the RNC's own rules to have a secret ballot on the creation of a general chairman when Robert M. "Mike" Duncan, the newly elected day-to-day RNC chairman, quickly called for a voice vote.

While the vast majority of members voiced public satisfaction with the outcome, Mr. Haugland told The Times afterward: "They didn't follow the rules or the opinion of the independent certified parliamentarian. The breach of rules continues."

Mr. Duncan said his job as chairman "is not to make policy or headlines but to win elections," while Mr. Martinez "will be the voice of the party."

He said the November elections were a sobering reminder to Republicans that "we can't be arrogant or dismiss the message the voters sent us" on Iraq, domestic spending and scandals within the party's ranks.

The RNC annual meeting at the Grand Hyatt Hotel also issued what some said amounted to a rebuke of Arizona Sen. John McCain, a chief proponent of the McCain-Feingold campaign finance law that Congress passed and Mr. Bush signed before the 2004 elections.

On Thursday, the committee passed a resolution -- authored by Indiana RNC member James Bopp Jr. and others -- condemning the 2002 passage of the McCain-supported bill, which restricts what political parties can do in conjunction with their own candidates for federal office. Its passage spawned the creation of so-called 527 groups often dominated by wealthy donors.

The RNC resolution urges Congress to deregulate campaign financing instead of further complicating it by attempting to solve unintended consequences with new regulations.

"I don't think it's a repudiation of McCain," said Michigan RNC member Chuck Yob, whose son works for Mr. McCain's unofficial presidential nomination campaign organization. "Even McCain feels the 527s need to be brought under the saddle."

State Aims For Feb. 5 Primary To Boost Clout (LAT)

By Jordan Rau

The Los Angeles Times, January 20, 2007

SACRAMENTO — With Gov. Arnold Schwarzenegger's backing, state lawmakers from both parties are moving rapidly to make California a player in choosing the nation's next president by holding the state's primary four months earlier.

A bipartisan group of state senators introduced legislation Friday to change the 2008 presidential primary from June 3 to Feb. 5. Another bill was introduced by an Assembly Republican on Thursday, the day after Schwarzenegger declared that moving up the primary date would make California "relevant" nationally and was "something to shoot for."

The February date — the earliest the state can choose under national party rules — would place California at the beginning of the election season, right after four states that have secured the most privileged spots in January for their Democratic caucuses or primaries: Iowa (Jan. 14), Nevada (Jan. 19), New Hampshire (Jan. 22) and South Carolina (Jan. 29). The Republican calendar has Iowa and New Hampshire first, with the rest of the schedule in flux.

Contenders, who now bypass California except to raise money, would be forced to establish real presences here.

The huge cost of competing in California — estimated by one veteran strategist to be $6 million to $8 million per candidate — would probably require all contenders to accelerate their fundraising and possibly give an edge to those candidates who have already amassed sizable war chests, such as Sens. Hillary Clinton (D-N.Y.) and John McCain (R-Ariz.), according to operatives in both parties.

Republican moderates such as former New York Mayor Rudy Giuliani, who might face opposition in Southern states for their liberal views on social issues, could benefit from the change.

"If California can succeed in moving up its primary, this truly is an earthquake in presidential national politics and the tremors will be felt through all 49 states," said Robert Zimmerman, a Democratic National Committee member from New York and presidential fundraiser.

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Elevating the clout of California's primary could change the dynamics of the race. It could push to the forefront issues such as immigration and global warming that might be more important and emotional here than in other areas of the country. But the daunting cost of competing here might also end up forcing candidates who did not win in the first primaries out of the race even earlier than in the past, strategists said.

Schwarzenegger and legislative leaders agree on the importance of an early primary, which they hope will make the presidential contenders pay attention to California and give it the political influence in Washington that they believe the most populous state deserves.

"I mean, right now, think about it: We are the No. 1 state in the union, we're the No. 1 place in the world, and yet we are kind of an afterthought when it comes to presidential campaigns," Schwarzenegger told the Sacramento Press Club at a luncheon Wednesday.

An earlier primary could heighten the king-making power of the state's most visible politicians, including Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa, with presidential candidates vying for their support. That attention, though, could complicate relationships by pressuring leaders to choose sides and alienate other members of their parties.

The Democratic and GOP leaders of the state Assembly predicted in separate interviews Friday that the move, which leaders have been negotiating privately with Schwarzenegger, would pass with little trouble.

"We're serious about this, so we're doing it right," said Assembly Speaker Fabian Nuñez (D-Los Angeles). "It makes us major players, and it allows us to put California on the federal map and the national agenda."

The Republican Assembly leader, Michael Villines of Clovis, agreed. "I don't think anything stands in our way," he said. "Have you heard of anyone who's against it? I haven't."

Beyond the first four states, most other primary dates are not yet established.

Two other large states, Florida and Michigan, are also talking about moving up their primaries, and the Democratic National Committee is setting rules to award more influence to states that don't try to front-load the primary calendar.

Nuñez and Senate President Don Perata (D-Oakland) sought to try to blunt such efforts by sending a letter Friday to Howard Dean, the chairman of the Democratic National Committee.

"We ask the committee to instead adopt rules ensuring that California's Democrats have a timely and meaningful opportunity to participate in choosing our party's standard-bearer in 2008," they wrote Dean, who was traveling and could not be reached for comment Friday evening.

Matthew Dowd, a GOP consultant who has advised both President Bush and Schwarzenegger, said he doubted there would be much resistance.

"The national parties don't really care except where Iowa and New Hampshire are," he said.

California's flirtation with presidential prominence has been turbulent.

The state moved all its primaries up to March for the 2004 election, but by then Sen. John F. Kerry had already effectively won the nomination. State candidates rebelled at the change, which lengthened the campaign season, and lawmakers pushed it back to June.

But the new plan would advance only the presidential primary, not the state primaries. Schwarzenegger and legislative leaders are also talking about placing on that February ballot propositions to try to remove politics from the way election districts are drawn, and to alter term limits for state lawmakers. That latter change is a priority for Nuñez, who otherwise will be forced out of the Assembly in 2008.

Negotiators said another key element remains undecided: whether the winner of the California primary would receive all the state's delegates or whether they would be meted out in proportion to the number of voters won.

Ken Khachigian, a veteran Republican strategist from California, said a winner-take-all primary "would certainly take any second-tier candidate who hit the California lotto, and would just explode them into the front tier. You can win New Hampshire like McCain … and still get whacked elsewhere."

Conservative Core Seeks A Contender (LAT)

By Mark Z. Barabak

The Los Angeles Times, January 20, 2007

For decades, the conservative movement has been the animating force of the Republican Party, providing the ideas and energy that catapulted candidates to the GOP presidential nomination and, often, the White House.

But as conservatives survey the 2008 field — and, particularly, the early Republican front-runners — many are despairing. Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudolph W. Giuliani have all broken with conservative orthodoxy at one time or another. Many activists have neither forgiven nor forgotten.

"There's absolutely no contender that is a bona fide conservative," said K.B. Forbes, who has worked for a number of conservative candidates and causes since the 1990s. "We have insiders, squishes and moderates running for president."

The candidate closest to the heart of social conservatives, Sen. Sam Brownback of Kansas, plans to formally launch his White House bid today with a speech in Topeka. But even those who admire Brownback, and especially his Senate leadership opposing abortion, same-sex marriage and stem-cell research, question the viability of his candidacy.

"Brownback has to prove he can win," said Richard Land, head of the Ethics and Religious Liberty Commission of the Southern Baptist Convention, the nation's largest Protestant denomination.

Land sees different problems for the three leading GOP hopefuls. "Most social conservatives at present are uncomfortable with McCain," he said. "They're appalled by Giuliani." As for Romney, Land said, "He has to convince social conservatives he's become one of them."

It's a striking state of affairs, given the ascendance of the conservative movement since 1964. Although he was crushed in the general election that year, Arizona's Barry Goldwater wrested the Republican Party from its Midwest and Eastern roots, starting a realignment that eventually turned the GOP into the party of Ronald Reagan, the Sunbelt and the South.

The absence of a purebred conservative candidate this time, at least among the early leaders, is partly happenstance. Favorites such as Vice President Dick Cheney and former Florida Gov. Jeb Bush have chosen not to run. Former Sen. George Allen of Virginia, who was positioning himself as heir to the Reagan mantle, was defeated for reelection in perhaps the biggest upset of 2006, as was ex-Sen. Rick Santorum of Pennsylvania, a hero to many evangelicals.

But some believe more is at work. They blame the failings of the GOP-run Congress, which dimmed several rising stars and sank the presidential ambitions of one conservative favorite, former Senate Majority Leader Bill Frist of Tennessee. Beyond that, some see indications that, after 40-plus years, the conservative movement has reached a turning point. They cite growing tensions between economic and religious conservatives, as well as fallout from the war in Iraq, which a growing number of Republicans consider a mistake.

Craig Shirley, a Reagan biographer who has spent years in the conservative trenches, said the GOP has veered badly off course, running up record deficits, pursuing a Wilsonian foreign policy — "making the world safe for democracy" — and becoming overly intrusive in people's private lives, whether intervening in the Terri Schiavo right-to-die case or seeking to ban gambling on the Internet.

"The conservative movement was never about government virtue," said Shirley, who suggested Republicans may be destined for a time in the wilderness unless the party returns to its core principles of limited government and a more pragmatic foreign policy.

Others disagree.

"Each of these guys is jostling each other, McCain, Giuliani and Romney, to be dead center of where Reagan was. No one is competing to run as the Nixon Republican, or the Rockefeller Republican," said Grover Norquist, president of Americans for Tax Reform, which asks every presidential candidate to sign a pledge vowing never to raise taxes. So far, Brownback and Romney have taken the pledge, the latter after declining to do so while Massachusetts governor.

"Strong national defense, individual freedom and responsibility, traditional moral values — the ideas are still there," said Lee Edwards, a conservative scholar at the Heritage Foundation in Washington. "Still relevant. Still resonant."

But even Edwards conceded that many conservatives "are sort of holding back a little bit" before committing to any of the Republicans running. "We still have to wait and see what positions they do take," Edwards said.

Sensing opportunity, several candidates with strong conservative credentials — if not the name recognition or fundraising potential of a McCain, Giuliani or Romney — are looking to enter the Republican race. Former Arkansas Gov. Mike Huckabee is

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expected to make an announcement by the end of the month. Former Virginia Gov. Jim Gilmore has formed an exploratory committee. Former Wisconsin Gov. Tommy Thompson, who also served as secretary of the Department of Health and Human Services, has as well. So has Rep. Tom Tancredo of Colorado, a crusader against illegal immigration. Former House Speaker Newt Gingrich, who excites friends and foes like few other politicians, has said he might enter the race in the fall.

Meantime, the front-running candidates are ceding nothing in the fight for conservative backing — even if it sometimes requires a sharp right-hand turn.

McCain, whose 2000 rivalry with President Bush lingered long after, has become one of the president's strongest supporters in Iraq and eased his opposition to tax cuts he once deemed excessive. He has signed up conservative activists in Iowa and South Carolina, states he lost in 2000 and, most conspicuously, reached out to religious conservatives — including the Rev. Jerry Falwell — whom he once dubbed "agents of intolerance."

Romney, who said he favored abortion rights when he ran for governor in 2002, now describes himself as "firmly pro-life." After once casting himself as a strong supporter of gay rights, Romney has become an outspoken foe of same-sex marriage.

Giuliani, who has favored legal abortion, gay rights and certain gun controls, is expected to stress leadership over ideology if he decides to run.

But many activists remain to be convinced. McCain's support for a friendlier immigration policy continues to rankle — the National Review dubbed him "Amnesty John" — as does the campaign-finance law he championed. Earlier this week, Christian leader James Dobson said he would not support McCain under any circumstance. The senator, who has a solid anti-abortion record but opposes a federal ban on same-sex marriage, said he would like to talk.

Land, of the Southern Baptist Convention, suggested that conservatives would eventually support the GOP nominee. "Social conservatives understand in their bones, in their genetic structure, that what's at stake in [2008] is probably the Supreme Court for the rest of their lifetimes," Land said. "I don't see social conservatives sitting this one out."

But Forbes is not so sure. "We really learned our lesson with Schwarzenegger," said Forbes, who worked on Bill Simon's 2002 campaign for California governor. "The Republicans wanted to win at any cost. They elected someone who claimed to be a conservative and look what you've got — a governor who's talking about state-controlled healthcare."

3 From The Bush Advertising Team Join McCain's '08 Advisers (NYT)

By The New York Times

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Senator John McCain of Arizona has enlisted strategists from President Bush's advertising team to work on the senator's nascent drive for the Republican presidential nomination, aides with his campaign exploratory committee said Friday.

Mr. McCain's aides said he was hiring those three strategists — Russ Schriefer, Stuart Stevens and Fred Davis — as part of a continuing accumulation of campaign advisers.

Mr. Schriefer and Mr. Stevens, partners at a consulting firm based in Washington, helped produce some of the most hard-charging advertisements of Mr. Bush's 2000 and 2004 campaigns.

Among their commercials in 2004 was one featuring Senator John Kerry of Massachusetts, the Democratic nominee, saying that he did vote for an $87 billion war appropriation "before I voted against it." Another had video of Mr. Kerry wind surfing back and forth, an image reflecting the Bush campaign's accusation that he was a flip-flopper.

Mr. Davis, based in California, has worked on commercials including those in the 2004 campaign in which Mr. Bush and the first lady spoke directly into the camera in the White House residence.

Richardson To Explore Presidential Bid (AP)

By Nedra Pickler

AP, January 19, 2007

WASHINGTON (AP) -- New Mexico Gov. Bill Richardson intends to say Sunday that he is taking the first step toward the Democratic presidential nomination, several officials with knowledge of his plans said Friday.

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The former congressman, U.N. ambassador and Energy Department secretary is hoping his extensive resume will fuel an insurgent campaign to become the nation's first Hispanic president. He plans to announce Sunday that he will soon file the papers to create a presidential exploratory committee, the officials said.

Sen. Dodd Not To Run For Re-Election In 2010, Uses PAC To Buy NH And IA Voter Files (CQPOL)

CQ Politics, January 19, 2007

Sen. Christopher Dodd, through his counsel, has sent a letter to the Federal Election Commission stating he "is no longer a candidate in the 2010 election for the United States Senate in Connecticut."

This letter helps set the stage for his Senate campaign committee, Friends of Chris Dodd, to declare it has excess funds and transfer the funds to his presidential campaign committee, Chris Dodd for President Inc. His Senate campaign committee reported $1,855,961 cash-on-hand as of 9/30. This amount will probably change with financial activity during the fourth quarter of 2006. His year-end report is due by 1/31/07.

In addition to his Senate and presidential campaign committees, Sen. Dodd also has a leadership PAC, Citizens for Hope Responsibility Independence & Service PAC (CHRIS PAC). The PAC reported $167,526 cash-on-hand as of 11/27/06. However, this is after spending $1,198,998 during the 2005-2006 cycle.

The PAC disbursements in 2005-2006 included contributions totaling $134,500 into New Hampshire, Iowa and South Carolina.

Iowa $42,500 - The PAC gave a total of $11,000 to three federal candidates in Iowa. The PAC gave $31,500 to seven state candidate or party accounts.

New Hampshire $60,500 - The PAC gave a total of $10,000 to two federal candidates in New Hampshire. The PAC gave $50,500 to one state party account.

South Carolina $31,500 - The PAC gave a total of $1,000 to two federal candidates in South Carolina. The PAC gave $30,500 to twenty-nine state candidate or party accounts.

In addition, the PAC paid the Iowa Democratic Party $50,000 on 9/13/06 for a "voter file." It also paid the New Hampshire Democratic State Committee $50,000 on 9/7/06 for a "voter file."

Can Voters Picture Good Mormons As Good Leaders? (DMN)

By Jeffrey Weiss

The Dallas Morning News, January 20, 2007

On a national level, the question has never been more politically important: Does being Mormon matter?

When Nevada Democrat Harry Reid took his seat this month as U.S. Senate majority leader, he became the highest-ranking federal elected official ever from the Church of Jesus Christ of Latter-day Saints. And former Massachusetts Gov. Mitt Romney's all-but-official run for the Republican presidential nomination has also raised the profile of his church.

So does it matter to voters that they're Mormons? Maybe, the experts say.

Distinctively Mormon values could have policy implications on issues including abortion, welfare, gay marriage and the role of federal judges. In addition to Mr. Reid, four other senators and 10 U.S. House members identify themselves as Mormons.

Also Online

Evangelicals: Voters may not go for Romney

The Mormon Church is generally against abortion, in favor of traditional families and supportive of patriotism. But the Latter-day Saints get to those positions using a different theology from that of other churches – and those differences could affect the way Mormon politicians govern.

That's not to say that observant Mormons run in political lockstep any more than members of any other faith.

Mr. Reid, left of center, and Mr. Romney, increasingly right of center, both credit their church with setting their values.

"Without the direction of the church, I would have been without a compass," Mr. Reid wrote for a book published in 2001.

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But even among themselves, Mormons can read their compasses differently. For instance, Mormons are taught to avoid coffee and tea. But Mr. Romney has a coffeepot for his staff, a spokesman said. Mr. Reid does not. Both men declined through spokesmen to answer questions from The Dallas Morning News about specific aspects of Mormon theology.

Mr. Reid's spokesman said the senator's church "teaches him values that cross party lines – care for those in need, look out for our fellow man and do what is right."

Mr. Romney's spokesman said the former governor "is a person of strong faith, and his faith helps guide his values."

Church not involved

The LDS church is officially and emphatically not involved in partisan politics. But Mr. Reid and Mr. Romney are well aware of church teachings and how they could apply to public policy, said Ronald Scott, a Boston journalist working on a book about Mr. Romney.

"You have guys who have grown up thinking and talking like theologians," said Mr. Scott, a distant cousin of Mr. Romney's.

The two leaders came to their church by radically different routes.

Mr. Reid has written that he grew up in Searchlight, a rowdy Nevada mining town with no church and "13 bordellos." He converted in college.

Mr. Romney comes from a family that's been Mormon for generations. (He's the son of George Romney, the former Michigan governor and a contender for the 1968 GOP presidential nomination.) He has held several church positions, including stake president – something like a regional bishop.

So how are Mormon values different from, say, Baptist or Catholic values? Differences are rooted in Mormon history.

The Church of Jesus Christ of Latter-day Saints is an American-born faith, started in the 19th century by a New Yorker named Joseph Smith. God, Mr. Smith said, had instructed a small group of Israelites to head west about 2,600 years ago – a boat trip all the way to what is now America. They built a mighty civilization and were visited by Jesus after his resurrection.

The civilization collapsed four centuries after Jesus' visit, but the sacred texts of its prophets were saved on golden plates. In 1823, the church teaches, an angel revealed the plates to Mr. Smith. He is said to have translated the plates and used the text to reconstitute God's only true church, beginning with six members.(Polygamy, accepted in the church's early days, was officially renounced in 1890.)

Mr. Smith's followers consider the Book of Mormon, named after an angel, to be as sacred as the Bible. And they believe that Mr. Smith and his successors – current church president is Gordon B. Hinckley – are "prophets, seers and revelators" through whom God can issue new revelations.

'Continuing revelation'

This notion of "continuing revelation" distinguishes Mormon practice. When the pope, by comparison, speaks "infallibly," he's explaining what he says Catholic teachings have always been. A Mormon president, on the other hand, may claim a prophesy that results in significant doctrinal changes. Such was the case with Spencer W. Kimball's revelation in 1978 that transformed official church policy toward blacks, allowing them full membership in the church.So what if Mr. Hinckley or a successor declared that God said America should outlaw spinach or invade Australia? Would "good Mormon" elected officials feel compelled to obey?

In mid-2005, as talk of a run for presidency started to percolate, a spokesman for then-Gov. Romney addressed the question of obedience to Mormon leadership:

The spokesman told The Boston Globe that Mr. Romney's "obligation is to fulfill his duty of office, and that would take precedence over anything. "

Some Mormon experts say a revelation directed at Mormon politicians is possible but exceedingly unlikely. In the past, revelations haven't directly addressed American public policy. And before a new revelation is official, the president's two closest advisers and a "Quorum of the Twelve Apostles" are expected to confirm it. So it's nigh on impossible for one leader to claim a radical new word from the Almighty. And while individual Mormons are expected to confirm their belief in the new teaching, they are also obligated by their faith to evaluate it for themselves.

"The only way you can know for sure is if you have a personal revelation," said Boyd Petersen, a professor of Mormon studies at Utah Valley State College.

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Where they stand

Continuing revelation is not the only distinctively LDS belief that could have political implications. Some other examples:

• Abortion

Mormon theology calls for exemptions from an absolute ban – when the pregnancy results from rape or incest; a doctor decides that the mother's health is in serious jeopardy; or a doctor determines that the fetus has severe defects that will not allow the baby to survive beyond birth.

Mr. Reid generally opposes abortion but is in favor of the exceptions for rape, incest and the health of the mother. Mr. Romney said last year that he would sign a bill outlawing abortion, even in cases of rape or incest.

• The origin of the government.

Mormons are taught that the essential structure of the U.S. government was divinely inspired. This belief could influence attitudes toward possible constitutional amendments or the selection of federal judges.

• Gay rights.

Mormons are taught that each soul has an intrinsic gender and had it in a life before birth. "Gender is an essential characteristic of individual premortal, mortal, and eternal identity and purpose." And that identity, Mormons are taught, was never gay.The church supports a constitutional amendment defining marriage as being between one man and one woman. Mr. Reid opposes the amendment; Mr. Romney supports it.

• Gender roles.

In an ideal family, the church teaches, men are "to provide the necessities of life and protection for their families. Mothers are primarily responsible for the nurture of their children."

Legislation about gender pay equivalency, day care programs and family leave could be affected by this teaching.

"The bottom line for church leaders is to endorse whatever public policies that they perceive will favor traditional marriage, family and children," said Armand Mauss, former president of the Mormon History Association and a visiting scholar at California's Claremont Graduate School of Religion.

But fear of challenges to the traditional family, more than specific theology, may better explain Mormon political stands on gender roles, he said.

• Welfare.

Church teachings pull in two directions. On the one hand, LDS members are taught to be self-sufficient – to the point of having a year's worth of supplies in storage.

On the other hand, Mormons are taught to help the needy – without even asking why the person is in need.

Mr. Scott, the Boston journalist, said a universal health insurance program that Mr. Romney championed in Massachusetts is "quintessentially Mormon."

Other politicians have said their religion was important without drawing explicit connections to public policy. In a 2000 debate, George W. Bush identified Jesus Christ as his favorite political philosopher. But the president, like Mr. Reid and Mr. Romney, has demurred at explaining exactly how religious beliefs affect his governance.

Perhaps Mormon politicians will take their cue from Brigham Young, who led the church after Mr. Smith was assassinated in 1844.

Mr. Young offered a Mormon motto in one of his famous sermons:

"'To mind your own business,' " he said, "incorporates the whole duty of man."

Pennsylvania Governor Pushes Health Plan (NYT)

By Sean D. Hamill

The New York Times, January 20, 2007

PITTSBURGH, Jan. 19 — Gov. Edward G. Rendell arrived here Friday to rally support for his plan not only to extend health insurance coverage to the state's 760,000 uninsured adults, but also to cut billions of dollars in heath care costs and ban smoking in restaurants, bars and workplaces.

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Mr. Rendell said the plan would require 47 changes to state law and regulations. It follows efforts in several other states to offer some version of universal health coverage.

Though Pennsylvania has one of the lowest uninsured rates in the nation — about 7 percent, compared with 20 percent in California — Mr. Rendell said the proposal was crucial because "the system is near collapse."

At a meeting with business and civic leaders at the private Duquesne Club downtown, Mr. Rendell pointed to a chart indicating that health care costs grew 75 percent in the state over the past seven years, while wages rose 13 percent and inflation increased 17 percent.

"We can't go through another seven years of that," he said.

Mr. Rendell did not provide any cost estimates for the plan, but said that it relied on federal money, some redirected state money and a group of new taxes, including a 10-cent-per-pack increase in the cigarette tax and a fee on businesses that do not offer insurance to their employees. (A law approved last year is intended to extend health insurance to the state's 150,000 uninsured children.)

The governor's proposal also contains measures intended to make health care more efficient. One is an effort to reduce hospital-acquired infections, estimated to cost billions of dollars every year.

Though Mr. Rendell had previously said he would sign a bill authorizing a "single-payer system" whereby the state would be the insurer for the uninsured, nothing like that is in his proposal.

During his other stop Friday, at the University of Pittsburgh Medical Center, he said such a plan would be "inordinately expensive" and ultimately "untenable to the legislature."

Mr. Rendell's proposal differs in significant ways from recent state-sponsored health care packages in California and Massachusetts.

Both those states require individual participation, but, under Mr. Rendell's plan, Pennsylvania would not.

In California, Gov. Arnold Schwarzenegger, a Republican, wants the Legislature to approve health insurance coverage for illegal immigrants. But Mr. Rendell, a Democrat, said he did not try to provide coverage for Pennsylvania's estimated 150,000 illegal immigrants because Republicans in the legislature had said they would not back it.

Lawmakers of both parties have expressed support for some parts of Mr. Rendell's proposal, but passage of the entire plan is likely to be difficult. Among the reasons are that Republicans control the State Senate.

Towns Tame Taxes By Keeping Children Out (WT/BLOOM)

By Bob Ivry

The Washington Times, January 20, 2007

New Jersey towns have figured out a way to sidestep the highest property taxes in the U.S.

Keep children out.

Educating a child in New Jersey costs an average of $12,567 a year, the most in the nation and more than double the property tax parents typically pay. So local governments have hit upon a way to expand the tax base without the expense of higher enrollment: age-restricted housing.

New Jersey developers have responded by building an estimated one-fifth of the country's adults-only housing, making the state the leader in a national trend spurred by baby boomers seeking new homes after their children move out.

In New Jersey, where schools can command two-thirds of a municipal budget and state officials have failed to provide tax relief, building communities that don't allow children has as much to do with reducing taxes as it does with serving older home buyers.

"It's frustration on the part of some communities," said New Jersey Gov. Jon Corzine, a Democrat. "The real problem is we have too much reliance on property taxes in how we finance public education."

Nationwide, 2.8 million households were part of age-restricted communities in 2005, up 29 percent from 2001. The number in New Jersey grew 37 percent in the same period. More than half the housing units started in the state in the past two years have excluded children, according to data compiled by the New Jersey Builders Association.

In one New Jersey town, Monroe Township, population 28,000, half the housing units are limited to senior citizens.

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As many as 95,000 such units will be built in the U.S. in 2007, according to an estimate by the National Association of Home Builders. New Jersey developers will build about 20,000 of them.

Exclusionary zoning is legal in the U.S. A 1998 exemption to the federal Fair Housing Act allows age restrictions if homes in a development are intended solely for residents age 62 and older, or if 80 percent of the units are occupied by one person who is at least 55.

New Jersey towns support their school systems mostly with property tax revenue, pushing the average tab to $5,153 in 2004, the highest in the U.S. New Jersey residents are older than in most states -- 12.5 percent are 65 and older, compared with the 12.1 percent average in the U.S.

Some home builders see age-restriction housing as protection against the wider housing slump. The National Association of Homebuilders estimates that profit from age-restricted housing was $1.2 billion in 2006.

For Pulte Homes Inc., the largest U.S. home builder by market value, 39 percent of its homes sold in 2005 had age restrictions, up from 33 percent in 2004, said spokeswoman Caryn Klebba. In 2001, the Bloomfield Hills, Mich., company was selling homes in 15 age-restricted communities in seven states, Miss Klebba said.

Today, Pulte has 56 such developments in 20 states, with eight more scheduled to open in 2007.

"Age-restricted housing is growing more than the general housing market," said Ara Hovnanian, chief executive officer of Hovnanian Enterprises Inc., New Jersey's largest home builder.

The Red Bank, N.J., company will have 16 adults-only developments on the market this year.

The New Jersey Supreme Court ruled last month that towns could condemn land for open space under eminent domain laws to stop development that might result in "overcrowded schools." That put children on a par with pollution and traffic congestion as valid reasons for seizing property.

"Exclusionary zoning is most prevalent in New Jersey, but it's pervasive in a lot of parts of the country, especially in the Northeast, where there isn't a lot of land to build on," said Robert Puentes, a fellow with the Brookings Institution's Metropolitan Policy Program in the District. "With property tax being such a big issue now, it's much more front and center."

Still, elected officials are reluctant to link age-restricted development to taxes, mindful that voters may view them as being anti-child.

"It's a backroom taboo thing that everybody talks about but nobody talks about," said Douglas Steinhardt, mayor of Lopatcong Township, which limits new housing to two bedrooms.

Lopatcong's zoning restriction is intended as a density-control measure and "not to keep kids out," Mr. Steinhardt said.

Age-restricted housing does help reduce property taxes, according to the state Department of Community Affairs. In Monroe Township, which has 8,878 age-restricted units, the most in the state, the property tax averaged $4,327 in 2004, the latest year statistics are available. That was 16 percent lower than the rest of Middlesex County and 22 percent less than the state average.

In comparison, South Brunswick, Monroe Township's neighbor, has just 731 units of age-restricted housing and an average property tax of $5,782.

"The unbalance that age-restricted housing brings is going to be a disaster for the state in the long run," said Lakewood Township Mayor Ray Coles. "New Jersey seems to be looking for ways to turn families away."

Other mayors, including Scott Rumana of Wayne, reject the idea that exclusionary zoning saves money, because having more senior citizens pushes up emergency response costs.

Developers, which can make more money building unrestricted housing, sometimes find it's more difficult to get those plans approved, said Patrick O'Keefe, chief executive officer of the New Jersey Builders Association.

"It's almost a prerequisite that a project pass the child-exclusion test before a planning board will consider it," Mr. O'Keefe said.

In Peapack-Gladstone, population 2,465, the land-use board twice denied Dennis Townsend permission to build 18 multimillion-dollar homes on 13 acres across a dirt road from his Hamilton Farm Golf Club.

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On a tour of the land, Mr. Townsend, chairman of Townsend Capital LLC of Towson, Md., pointed to the woods behind his proposed lots, where Peapack-Gladstone recently approved 55 duplexes a stone's throw from where he wants to build. The duplexes will be age-restricted.

Targeting Wal-Mart Again (LAT)

The Los Angeles Times, January 20, 2007

WHAT DO Johns Hopkins University, Northrop Grumman Corp., Giant Food Inc. and Wal-Mart have in common?

Answer: They are the four biggest private employers in Maryland. Yet last January, when the Maryland General Assembly passed its Fair Share Health Care Fund Act, requiring companies with more than 10,000 Maryland employees to spend at least 8% of their total payroll on workers' health insurance costs, it did something interesting. Though all four qualified under the law, legislators ensured that only one — Wal-Mart, the super-villain of documentary films, watchdog websites and countless news investigations — would have to obey it.

This week, the U.S. 4th Circuit Court of Appeals upheld an industry group's challenge to the Maryland law, saying that it is preempted by the 1974 ERISA Act, a federal law that sets minimum standards for employee benefits plans. Although the court made a kind reference to Maryland's "noble purpose" (in trying to offload some of its swelling health coverage costs), it made clear that Wal-Mart faced substantial losses.

The Fair Share Act could hardly have been more clear in its intent to punish Wal-Mart specifically, and unfairly. The act was passed — over the veto of then-Gov. Robert L. Ehrlich — in an atmosphere of widespread public revulsion at the retailer's practices of discouraging unions and stinginess with benefits. Similar laws are on the books or under consideration in New York and Minnesota; and the super-retailer has certainly received its share of targeted legislative grief from city councils all over Southern California. But the Maryland law was so blatantly targeted at Wal-Mart as to amount to a "bill of attainder" — a legislative act pronouncing a person guilty of a crime. Such acts are prohibited by the Constitution.

Californians, who are digesting the opening course of Gov. Arnold Schwarzenegger's healthcare overhaul, should take a special interest in the outcome of this case. Schwarzenegger's proposed mandate that employers devote at least 4% of payroll to health coverage is far less onerous than the Maryland law (the typical California employer already pays about 8% of payroll to health coverage). But the fate of the Fair Share Act demonstrates how easy it is for a statewide experiment to run afoul of federal regulations, even if that experiment is about solving a problem rather than aiming public opprobrium at a popular target.

China Shows Assertiveness In Weapons Test (NYT)

By Joseph Kahn

The New York Times, January 20, 2007

BEIJING, Jan. 19 — China's apparent success in destroying one of its own orbiting satellites with a ballistic missile signals that its rising military intends to contest American supremacy in space, a realm many here consider increasingly crucial to national security.

The test of an antisatellite weapon last week, which Beijing declined to confirm or deny Friday despite widespread news coverage and diplomatic inquiries, was perceived by East Asia experts as China's most provocative military action since it testfired missiles off the coast of Taiwan more than a decade ago.

Unlike in the Taiwan exercise, the message this time was directed mainly at the United States, the sole superpower in space.

With lengthy white papers, energetic diplomacy and generous aid policies, Chinese officials have taken pains in recent years to present their country as a new kind of global power that, unlike the United States, has only good will toward other nations.

But some analysts say the test shows that the reality is more complex. China has surging national wealth, legitimate security concerns and an opaque military bureaucracy that may belie the government's promise of a "peaceful rise."

"This is the other face of China, the hard power side that they usually keep well hidden," said Chong-Pin Lin, an expert on China's military in Taiwan. "They talk more about peace and diplomacy, but the push to develop lethal, high-tech capabilities has not slowed down at all."

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Japan, South Korea and Australia are among the countries in the region that pressed China to explain the test, which if real would make it the third power, after the United States and the Soviet Union, to shoot down an object in space.

China's Foreign and Defense Ministries declined to comment on reports of the test, which were based on United States intelligence data. Liu Jianchao, the Foreign Ministry spokesman, would say only that China opposed using weapons in space. "China will not participate in any kind of arms race in outer space," he told [a news organization].

China's silence on the test underscores how much its rapidly modernizing military — perhaps especially the Second Artillery forces, in charge of its ballistic missile program — remains isolated and secretive, answering only to President Hu Jintao, who heads the military as well as the ruling Communist Party.

Having a weapon that can disable or destroy satellites is considered a component of China's unofficial doctrine of asymmetrical warfare. China's army strategists have written that the military intends to use relatively inexpensive but highly disruptive technologies to impede the better-equipped and better-trained American forces in the event of an armed conflict — over Taiwan, for example.

The Pentagon makes extensive use of satellites for military communications, intelligence and missile guidance, and some Chinese experts have argued that damaging its space-based satellite infrastructure could hobble American forces.

Yet while China's research and development of such weapons has been well known, the apparent decision to test-fire an antisatellite weapon came as a surprise to many analysts.

"If this is fully corroborated, it is a very significant event that is likely to recast relations between the United States and China," said Allan Behm, a former official in Australia's Defense Ministry. "This was a very sophisticated thing to do, and the willingness to do it means that we're seeing a different level of threat."

China's military expenditures have been growing at nearly a double-digit pace, even after adjusting for inflation, for 15 years. China has begun to deploy sophisticated submarines, aircraft and antiship missiles that the Pentagon says could have offensive uses.

Yet with a few notable exceptions, Beijing has avoided sharp provocations that could prompt the United States or Japan to focus more on what some officials in each country regard as a potential threat.

Chinese leaders emphasize that they are preoccupied with domestic challenges and intend to focus their energy and resources on economic development, a policy they say depends heavily on cross-border investment, open trade and friendly foreign relations.

The country has denied that it intends to develop space weapons and sharply criticized the United States for experimenting with a space-based missile defense system. It forged a coalition of Asian countries to jointly develop peaceful space-based technologies.

Last month it published and heavily promoted a white paper on military strategy that emphasized its view that space must remain weapon-free. "China is unflinching in taking the road of peaceful development and always maintains that outer space is the common wealth of mankind," the paper said.

Some of such talk amounts to little more than propaganda. But Jonathan Pollack, a China specialist at the Naval War College in Newport, R.I., says the Chinese military does in fact act cautiously when it comes to improving its strategic capabilities, like long-range missiles and nuclear weapons, to avoid causing alarm in the United States.

"They have talked about antisatellite weapons," he said. "But we have always thought that the threat was ambiguous and that China probably wanted it that way. So what was the calculation to go ahead with an actual test?"

Some analysts suggested that one possible motivation was to prod the Bush administration to negotiate a treaty to ban space weapons. Russia and China have advocated such a treaty, but President Bush rejected those calls when he authorized a policy that seeks to preserve "freedom of action" in space.

Chinese officials have warned that an arms race could ensue if Washington did not change course.

At a United Nations conference in Vienna last June on uses of space, a Chinese Foreign Ministry official, Tang Guoqiang, called the policies of "certain nations" disconcerting.

"Outer space is the common heritage of mankind, and weaponization of outer space is bound to trigger off an arms race, thus rendering outer space a new arena for military confrontation," he said, according to an official transcript of his remarks.

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Even so, Mr. Pollack, of the Naval War College, said that if China hoped that demonstrating a new weapon of this kind would prompt a positive response in Washington, they most likely miscalculated.

"Very frankly, many people in Washington will find that this validates the view of a China threat," Mr. Pollack said. "It could well end up backfiring and forcing the U.S. to take new steps to counter China."

Other analysts said the test might have more to do with proving a technology under development for many years than a cold-war-style negotiating tactic.

China maintains a minimal nuclear arsenal that could inflict enough damage on an enemy to guard against any pre-emptive strike, these analysts said. But the increasing sophistication of American missile interceptors, which are linked to satellite surveillance, threatens the viability of China's limited nuclear arsenal, some in Beijing have argued.

That may have prompted the Second Artillery to show that it had the means to protect fixed missile sites and ensure China's retaliatory capacity by showing that it could take out American satellites.

At the annual military fair in Zhuhai, held in November, the Guangdong-based newspaper Information Times and several other state-run media outlets carried a short interview with an unidentified military official boasting that China had "already completely ensured that it has second-strike capability." The analyst said China could protect its retaliatory forces because it could destroy satellites in space.

American officials have also noted the development. This month, Lt. Gen. Michael Mapes of the Army testified before Congress that China and Russia were working on systems to hit American satellites with lasers or missiles. And over the summer, the director of the National Reconnaissance Office, Donald M. Kerr, told reporters that the Chinese had used a ground-based laser to "paint," or illuminate, an American satellite, a possible first step to using lasers to destroy satellites.

"China is becoming more assertive in just about every military field," said Mr. Behm, the Australian expert. "It is not going to concede that the U.S. can be the hegemon in space forever."

U.S. Presses China On Anti-satellite Test (LAT)

By Julian E. Barnes

The Los Angeles Times, January 20, 2007

WASHINGTON — The Bush administration demanded again Friday that China explain why it conducted a test of its growing anti-satellite capability last week, successfully destroying an obsolete orbiter in a move that alarmed many U.S. allies and brought diplomatic protests.

The United States, Canada, Australia and Japan have questioned China's motives in launching a ground-based missile that destroyed one of its aging weather satellites about 500 miles above Earth.

Beijing has declined to confirm the test but has said it supports the peaceful use of space. U.S. officials said no country should conduct tests that advance the potential for wars in space or result in explosions that create large areas of debris hazardous to other satellites.

"We know the Chinese have conducted this test," said Tom Casey, a State Department spokesman. "We certainly want to hear from them in a more detailed way exactly what their intentions are…. We don't want to see a situation where there is any militarization of space."

U.S. officials are seeking talks with their Chinese counterparts. Though some experts are calling for an expanded dialogue, more hawkish observers say the U.S. needs to take a tougher line.

State Department officials met with officials from the Chinese Embassy on Tuesday, and diplomats in Beijing met with Chinese officials Wednesday. Casey said one of the questions the test raised was whether this was a one-time incident or part of a broader initiative.

The U.S. has conducted similar tests to shoot down satellites, but the last was in 1985. America and the Soviet Union abandoned the tests over concerns about the debris they generated.

"Countries throughout the world are dependent on space-based technologies — you know, weather satellites, communication satellites and other devices," Casey said.

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The Chinese missile test was unsurprising given the U.S. position on the militarization of space and this country's military capabilities, said Michael Swaine, a senior associate at the Carnegie Endowment for International Peace in Washington.

"There needs to be a sustained discussion between the U.S., China and other space-faring nations about how space can be used," Swaine said.

Other experts were skeptical about how much a dialogue with China would yield.

"Talking is swell, but don't expect to get anything from it," said James Andrew Lewis, a senior fellow at the Center for Strategic and International Studies.

Other skeptics, such as John J. Tkacik Jr. of the Heritage Foundation's Asian Studies Center, have argued that China has rebuffed U.S. attempts to negotiate over space. The U.S., Tkacik said, should tell China there will be consequences for missile launches. The leverage America has, he said, is bilateral trade.

China's Anti-satellite Missile Test Criticised (FT)

Financial Times, January 20, 2007

China on Friday denied provoking a space arms race following international condemnation of its successful test of an anti-satellite weapon, the first such test by any country in two decades.

The US, Japan, Britain and Australia criticised Beijing for testing an anti-satellite system without warning by destroying a weather satellite in space orbit with a ballistic missile.

Japanese officials were among the first to react to the test. "We are concerned about it firstly from the point of view of peaceful use of space, and secondly from the safety perspective," said Yasuhisa Shiozaki, Japan's chief cabinet secretary.

A Chinese foreign ministry spokesman said on Friday he was not aware of any such test, but that whatever had happened, other countries did not have "any reason" to be concerned about China's space programme.

"The principled position of the Chinese government is that we stand for the peaceful use of space," said spokesman Liu Jianchao. "We are against the introduction of weapons into space."

A Bush administration official said the Chinese had conducted three other tests between September 2004 and February 2006. Another senior administration official said the earlier missile launches were "mostly successful" but were intended to test parts of the anti-satellite system before conducting a final test.

Asked whether the UK was concerned about the ramifications for world peace, a spokesman for Tony Blair, the British prime minister, said: "We believe this [test] does not contravene international law."

The US and former Soviet Union stopped testing kinetic anti-satellite weapons – which destroy targets by the force of impact – in the 1980s, partly out of concern over the effect of space debris on their satellites.

China and Russia in recent years have encouraged the US to enter negotiations about creating an international treaty that would ban the use of weapons in space. But Washington has argued that there was no need for a treaty because there were no weapons in space.

Some analysts said the Chinese move might have been designed to pressure the US to sign an agreement. Others said China might have decided to proceed because of a US policy that it would not allow other countries to restrict its activities in space.

Report by Demetri Sevastopulo in Washington, Mure Dickie in Beijing, Jean Eaglesham in London, Mariko Sanchanta in Tokyo and Neil Buckley in Moscow

China Tries To Reassure The World On Space Missile "Aimed At Peace" (LONT)

By Jane Macartney, Richard Beeston, Tim Reid

Times of London, January 20, 2007

China signalled yesterday that its first missile strike against an orbiting satellite was intended to force the US into talks aimed at abolishing weapons in space.

As it faced an international chorus of protest against its test — the first such launch for 20 years — its officials insisted that they wanted space to be free of weapons.

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"As the Chinese Government, our principle stand is to promote the peaceful use of space," a Foreign Ministry spokesman said. "We oppose the militarisation of space. In the past, in the present and in the future, we are opposed to any arms race in space. Of this everyone can be confident."

The reassurances failed to placate jittery Asian neighbours and Western powers, which fear that the surprise Chinese muscle-flexing is part of a campaign to raise its global military posture while raising the spectre of a space arms race.

China is the first country since 1985 to destroy a satellite in space and only the third — after America and the former Soviet Union — to master so-called Star Wars technology. The clear message is that if China can shoot down its own orbiter it could also attack satellites operated by other nations.

Beijing has increased defence spending by 10 per cent every year since 1990. Last year spending rose nearly 15 per cent to $35.5 billion (£18 billion). Experts believe that the true figure is far higher, in part because the official budget does not include military development costs.

Yesterday Britain and Japan added their voices to the growing criticism, which has included the US, Australia, South Korea and Canada. A Downing Street spokesman said that Britain was concerned about the impact of debris caused by the destruction of the satellite and the secretive manner in which the test had been carried out. A formal protest was made this week to the Chinese by the British Embassy in Beijing.

Alexander Downer, the Australian Foreign Minister, said that China's new-found capacity to shoot down satellites was "not consistent with ... the traditional Chinese position of opposition to the militarisation of outer space".

Washington's response will be crucial in determining what happens next: an arms race in space or an agreement to limit the use of Star Wars technology. American analysts said that the test had exposed the "soft underbelly" of America's national security apparatus, because most of the Pentagon's spy satellites orbit at a similar height to the weather satellite destroyed by the Chinese test.

White House critics said that the Chinese test was a result of President Bush's aggressive unilateralism, this time in his space policy. Last year the US expressly ignored Chinese and Russian calls for a global ban on the development of space weapons. Instead, a new policy preserved America's right to develop military space technology, while "dissuading" others.

Edward Markey, a Democrat congressman, said that President Bush should initiate an international agreement "to ban the development, testing and deployment of space weapons and anti-satellite systems".

But Jeffrey Kueter, president of the George C. Marshall Institute, said that the Chinese move should spur the Bush Administration to develop new space defence systems.

"We now know for certain that China has the direct capability to destroy satellites in space and the indirect capability to deny their use," he said.

Chinese analysts said that they doubted the action would damage China's relations with the US. Shi Yinhong, of the School of International Studies, said: "Every big power, if it wants to maintain its status as a big power, will get into the field of space."

Chinese Space Test Raises US Suspicions (FT)

By Mure Dickie, Stephen Fidler, Demetri Sevastopulo

Financial Times, January 20, 2007

China's test this month of an anti-satellite weapon, which Washington says was used to destroy an ageing Chinese satellite, is likely to carry a cost for Beijing, according to military analysts.

It is sure to raise further US suspicions about Beijing's intentions, heightened by previous launches in the past three years. Between September 2004 and February 2006, a US official said, China launched three rockets capable of destroying a satellite.

A senior US official said the Chinese had developed an anti-satellite system in which they had a "great deal of confidence" and which could "conceivably degrade or cripple key [US] systems". He said the weapon was based on an existing system that could be deployed with little warning.

The development appears to be the latest example of China surprising the US over the extent of its military capabilities.

The Pentagon last year warned that China was "pursuing" anti-satellite systems but concluded that they could only destroy or disable satellites using nuclear-armed missiles, which could carry "many risks".

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The US is sensitive to any potential threat to its space-based systems, as shown by Washington's complaint that the development and testing of such weapons is "in-consistent with the spirit" of Sino-US civil co-operation in space.

In the absence of any Chinese public statement, the motivation for the test remains unclear.

"China is committed to military modernisation and if it wants to modernise its military then it has to develop some limited space capability," said Shi Yinhong, a professor of international politics at Beijing's Renmin University.

Andrew Brookes of the International Institute for Strategic Studies in London, said: "China has a big space launch programme and they're talking about going to the moon. It may simply be a military department competing for its budget share by demonstrating its capability."

The senior US official said Beijing probably wanted to test its capabilities while demonstrating the progress it had made to the US.

Whatever the motivation, the consequences may be significant.

The US military is heavily dependent on satellites for surveillance, intelligence gathering, weapons guidance and communications.

While the Chinese test successfully demonstrated a technology that the US and the Soviet Union mastered more than two decades ago, it is likely to increase pressure from hawks in Washington for the US to spend more on the defence of its space assets.

That might include pressure to base defensive weapons in space – for example so-called space mines. However, A 2004 report from the Federation of American Scientists -concluded that the US could equally well use a number of -alternative defensive approaches that would avoid basing weapons in space.

The test is likely to bring calls from another direction too: that it is time for an international treaty to stop the use of space for military purposes. China and Russia have been pushing the US to agree to a pact banning the deployment or use of weapons in space.

The US responded that a treaty was unnecessary because no country was deploying or using weapons in space. The senior administration official yesterday said the US did not agree with the way China defined space weapons. "They want to define arms in space very broadly to include ballistic missile defence," he said. "That is not the way it is going to go."

Some analysts said the equation had now changed. "We just got our arms race," said Jeffrey Lewis, an arms control expert at Harvard University.

"The US has refused to engage in negotiations and this may be why the Chinese did this," said Theresa Hitchens, an expert on space militarisation at the Center for Defense Information.

The US and Soviet Union stopped testing kinetic anti-satellite weapons in the 1980s, partly because they were concerned about the physical impact of space debris on their own satellites, and partly due to the potential ramifications for the nuclear balance. Both sides feared that the destruction of a satellite by space junk could cause the other to conclude that a nuclear attack was about to occur.

Military analysts say China has been worried by the possible US deployment of space-based weapons such as "rods from God" – hyper-velocity bundles of tungsten bars that would destroy earth-based targets.

But Mr Lewis says China has misread the US political landscape, saying the White House would use the test to argue that China was not serious about preventing an arms race in space.

While the US has not used an anti-satellite weapon for two decades, it has continued to work on them. Congress is funding the kinetic energy anti-satellite programme started during the Reagan years and the air force is thought to be developing weapons using lasers and microwaves that could obliterate satellites with minimal debris.

The US space policy unveiled last year asserts the right to deny access to space to anyone deemed "hostile to US interests".

"Compared with traditional US space policy, the hegemonic flavour of the new version is less disguised and betrays an intense determination to exercise control over space," wrote Teng Jianqun, deputy head of the China Arms -Control and Disarmament Association.

China's first satellite kill, however, will make it harder for it to claim the moral high ground on the demilitarisation of space.

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China's Muscle Flex In Space (NYT)

The New York Times, January 20, 2007

China spread alarm and consternation among space powers when it destroyed one of its own satellites last week with a missile fired from the ground, thus becoming the first nation in more than two decades to successfully test an antisatellite weapon. This aggressive show of force puts a wide range of United States military and intelligence satellites at risk and holds the danger of starting an arms race in space. Too bad the Bush administration's own bellicose attitudes — and adamant refusal to consider an arms control treaty for space — give it scant standing to chastise the Chinese. The administration needs to reverse course promptly and join in talks aimed at banning further tests or use of antisatellite weapons.

The Chinese test, which Beijing has not acknowledged but was tracked by intelligence agencies, destroyed an aging communications satellite some 500 miles above the Earth. The missile smashed the satellite into hundreds of pieces large enough to pose a danger for a decade or more to spacecraft or satellites that pass through the debris.

The Chinese have now demonstrated that — should they ever choose — they could destroy essential American satellites used to conduct military reconnaissance, spot nuclear tests and direct smart weapons. A top intelligence official told reporters last August that China had used a ground-based laser to illuminate an American satellite. That could signal a nascent effort to develop a way to blind satellites or to guide a missile to a target in space.

The Bush administration has been flexing its own muscles in space. A national space policy issued in October declared that "freedom of action in space is as important to the United States as air power and sea power." It asserted a need to deter others from interfering with America's right to operate in space. The policy did not address whether Washington would place weapons in space — as some in the Pentagon have been urging — but the administration continues to oppose any restrictions.

Surely it would make military and diplomatic sense to pursue the opposite course and seek to ban all tests and any use of antisatellite weapons.

The United States and the Soviet Union successfully tested such weapons decades ago and have no overriding need to develop better versions, although the United States is clearly trying. China's success in matching the feat reportedly came after three earlier tests failed, so the Chinese could only benefit from additional testing. The United States, with many more satellites in orbit than any other power and a military that has become increasingly dependent on satellites, has the most to lose from an unbridled space arms race.

Some experts suggest that China's latest test is intended to prod the United States to join serious negotiations. The way to counter China or any other potentially belligerent space power is through an arms control treaty, not a new arms race in space.

China Sets Off A New Round Of Star Wars (FT)

Financial Times, January 20, 2007

A means of modern warfare the world had complacently come to see as at least informally off the table is now very firmly back on it – or, rather, scattered as metallic debris across miles of outer space.

China, in an alarming exhibition of its military muscle, has fired a ground-based ballistic missile into space to destroy one of its own weather satellites, hitting a 4 sq ft box at 530 miles and bringing to a dramatic end a two decades-long moratorium on the testing of weapons in space. Good shooting, yes, but is it good politics?

This experiment has drawn widespread condemnation. The US clearly sees it as part of an effort by China to develop anti-satellite capability that could threaten its extensive space assets. The Chinese test may or may not lead to a new arms race in space. But it will certainly strengthen the hand of hawks in Washington who regard Chinese power as a strategic threat to the US. Yet there is a long history behind this incident – and the leadership in Beijing is not known for foolhardy or precipitate action.

The last extensive use of anti-satellite weapons was by the US and former Soviet Union in the 1980s. The cold war slowly raged, heated up in 1983 by President Ronald Reagan with his Strategic Defence Initiative – the infamous Star Wars speech in which he announced plans to develop the capability to destroy missiles from space.

Those tests nonetheless ceased in 1985, not least because they created an uncontrollable fall-out of debris that threatened the network of satellites ever more densely carpeting the sky.

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Both Moscow and Beijing subsequently made efforts to take space out of the military equation. The US, with a military budget able to outspend almost the rest of the planet put together, was simply not interested.

To the extent that it bothered to explain its position, Washington argued that the demilitarisation of space would be impossible to verify: a self-serving argument similar to the Bush administration's reasoning for opposing the verification protocol of the Biological Weapons Convention.

In the past year, however, two developments may have rattled Beijing. First, the US nuclear co-operation agreement with nuclear-armed India is the clearest indication yet of Washington's wish to build up a counterweight to China in Asia and the Pacific. But second, last summer the Bush administration came out with a new policy asserting that the US regarded space as important a dimension for the nation's security as air or sea power. It may have been no coincidence that, within weeks, China ruffled American feathers by using a ground-based laser to illuminate a US satellite – and highlight its own reach into space.

The US is so dependent on satellites for surveillance, observation of the "battlespace", communications and defence against any incoming missiles (or son of Star Wars) that it has reason to feel alarmed. The National Security Council on Friday called China's test "inconsistent with the spirit of co-operation that both countries aspire to in the civil space area".

Ideally, that remark would translate into a realisation that hyperpower exceptionalism – America's sense of entitlement to rights it concedes to no ally, let alone competitor – comes at a cost. But the risk is that this episode will instead translate into a new surge of defence spending that will delight the arms industry but do nothing to enhance international security.

N Korea Claims Progress In US Talks (FT)

By Anna Fifield

Financial Times, January 20, 2007

Efforts to make progress on the North Korean nuclear stand-off received a rare boost on Friday when Pyongyang said it had reached "certain agreement" during discussions with US diplomats this week.

Christopher Hill, the chief US nuclear negotiator, arrived in Seoul Friday and noted "very useful discussions" had been held but said he did not know to what "agreement" North Korea was referring.

However, the gulf between Washington and Pyongyang remains so wide that the mere fact they talked this week was viewed as a sign of progress.

Mr Hill and Kim Kye-gwan, North Korea's chief nuclear negotiator, held unprecedented bilateral talks in Berlin this week to discuss their considerable differences in opinion over Pyongyang's nuclear ambitions.

The chief US negotiator has reportedly offered Pyongyang a package of energy and economic aid and security guarantees if it agrees to abandon its nuclear weapons programme.

On Monday, bilateral talks on the US financial crackdown on North Korea – between US Treasury officials and North Korean financial authorities – are due to open, and the next round of six-party nuclear talks could resume early next month.

"We paid attention to the direct dialogue held by the [North] and the US in a bid to settle knotty problems in resolving the nuclear issue," the North Korean foreign ministry said in a statement published by the official Korean Central News Agency Friday.

The talks were held "in a positive and sincere atmosphere and a certain agreement was reached there," it said.

"What we now have to do is to see how those [Berlin] discussions can be folded into the six-party process, whether those discussions can help lead to some progress in Beijing," Mr Hill said. He will visit Tokyo and Beijing this weekend to hold further talks.

South Korea's Yonhap News on Friday reported that the next round of nuclear talks could begin on February 5.

The last round, held in Beijing in December after a year's hiatus, were bogged down by the disagreement over Washington's accusation in September 2005 that North Korean companies were counterfeiting US dollar and laundering money.

The crackdown has effectively frozen North Korea's ability to earn hard currency and has led analysts to suggest Washington is more interested in squeezing North Korea than talking to it.

The Bush administration has refused to enter into bilateral negotiations with Kim Jong-il's regime – something Pyongyang has long called for – and insists that this week's one-on-one talks do not constitute a change in that policy.

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"We're not going outside the six-party framework to bilateralise our discussions with the North Koreans," Condoleezza Rice, secretary of state, said in Berlin this week.

N.Korea: Deal Reached In U.S. Nuke Talks (AP)

By Burt Herman, Associated Press Writer

AP, January 20, 2007

North Korea said it reached an agreement with the U.S. during talks this week on its nuclear program, and the top U.S. nuclear envoy expressed optimism Friday that progress could be made when wider arms negotiations reconvene.

North Korea's Foreign Ministry said three days of talks in Berlin between U.S. envoy Christopher Hill and North Korea's main nuclear negotiator Kim Kye Gwan had been held "in a positive and sincere atmosphere and a certain agreement was reached there." No further details were given.

Washington, however, played down talk of an agreement.

"I think it's premature to say there is an agreement — premature to say the least," deputy White House press secretary Dana Perino said Friday.

Hill said the talks laid the foundation for progress when six-nation nuclear negotiations resume and that he had agreed with his North Korean counterpart "on a number of issues." He declined to elaborate.

"I am pretty convinced that we have the basis for a good session of the six-party talks," Hill told reporters in Seoul after meeting South Korean Foreign Minister Song Min-soon and nuclear envoy Chun Yung-woo.

The last round of six-nation talks in Beijing in December — two months after the North conducted its first-ever nuclear test in October — ended without any breakthroughs.

The negotiating countries, which include South Korea, the U.S., Japan, China and Russia, had been seeking to outline how to implement a September 2005 agreement in which the North pledged to disarm in exchange for aid and security guarantees.

But North Korea refused to discuss its arms program and again demanded the U.S. lift its blacklisting of a Macau bank. The U.S. had accused the bank of being complicit in the communist country's alleged counterfeiting and money laundering, leading the bank to freeze North Korean assets worth about $24 million.

The North did not directly mention the financial dispute in its statement Friday, but said progress was made in overcoming obstacles to the six-nation talks.

"We paid attention to the direct dialogue held by the (North) and the U.S. in a bid to settle knotty problems in resolving the nuclear issue," the North's ministry said in the statement, released by the country's official Korean Central News Agency.

A South Korean news report said the six-nation arms talks could resume early next month due to progress made at the Germany meetings. Yonhap news agency, citing an unnamed diplomat in Seoul, said Thursday there is a high possibility the talks would resume in Beijing the week of Feb. 5.

On arriving in Seoul earlier Friday, Hill said he hoped six-nation talks would be held again before the Lunar New Year holiday celebrated across Asia that falls this year on Feb. 18. "It's up to the Chinese (hosts) but I would think we'll have a six-party meeting pretty soon," he said.

The U.S. is holding separate negotiations with North Korea on the financial dispute, but the last session that was held alongside the nuclear talks in December made no progress.

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Associated Press reporters Kwang-tae Kim and Bo-mi Lim contributed to this report.

U.S. Says U.N. Agency Aided N. Korea (AP)

By Edith M. Lederer, Associated Press Writer

AP, January 20, 2007

The United States accused a U.N. agency of funneling millions of dollars in cash aid to North Korean leader Kim Jong Il and questioned if the funds had been used for other activities including nuclear weapons development, U.S. officials said Friday.

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U.S. deputy ambassador Mark Wallace charged that the U.N. Development Program in North Korea operated "in blatant violation of U.N. rules" for years. He demanded an immediate outside audit, focusing on concerns that Pyongyang converted development funds "to its own illicit purposes."

The program, known as UNDP, said the use of cash for its operations in North Korea "in difficult circumstances" was approved by its executive board. Following the U.N. imposition of sanctions against North Korea in October for conducting a nuclear test, UNDP said it was taking measures to prevent "unintended consequences" of the program's activities.

UNDP Associate Administrator Ad Melkert disputed allegations that the agency violated U.N. rules, insisting it followed UNDP financial rules. Nonetheless, he said that by March 1, all hard currency payments to the government, national partners, local staff and suppliers would be replaced by payments in North Korean won.

The North Korean won is not a hard currency that can be easily used to buy luxury goods or weapons parts — but Melkert stressed that the only place to buy the local currency was from the country's central bank.

Neither the U.S. nor UNDP would give a figure of how much money was involved, but Melkert said it wasn't hundreds of millions of dollars. In a Jan. 5 letter to Wallace, he said, from 2001 to 2005, UNDP spent an average of $2.3 million annually on both program and administration, including approximately $100,000 annually on local salaries.

U.N. Secretary-General Ban Ki-moon called for an urgent "external inquiry" into U.N. funds and programs around the globe, U.N. spokeswoman Michele Montas said. Many of the agencies — like UNDP — operate semi-independently and have their own boards.

Montas said the external audits will cover all funds and programs including the U.N. Children's Fund, the U.N. refugee agency, the World Food Program and the World Health Organization.

An exchange of letters between Wallace and senior UNDP officials goes back to November and was first reported by the Wall Street Journal.

U.S. officials said they first received indications there might be some irregularities in UNDP's North Korea program in the second half of 2006, and raised concerns that the cash might be misused, possibly for Pyongyang's nuclear program.

A Jan. 4 letter from Wallace to UNDP Administrator Kemal Dervis raised "U.S. concerns that UNDP has transferred hard currency directly to the regime of Kim Jong Il."

Wallace's harshest letter, dated Jan. 16, said that after examining several of the agency's internal audits, the U.S. concluded that UNDP's local staff is dominated by North Korean government employees who have managed the agency's programs and finances in violation of UNDP rules.

He cited three other violations of U.N. rules — the government's insistence that UNDP pay cash to North Korean government suppliers, and UNDP's failure to oversee projects it funds in the country or to audit its programs.

"The UNDP program has laudable goals of providing assistance to the North Korean peoples," said Wallace, who focuses on U.N. management issues. "Unfortunately, because of the actions of the DPRK (North Korean) government and the complicity of UNDP, at least since 1998, the UNDP DPRK program has been systematically perverted for the benefit of the Kim Jong Il regime — rather than the people of North Korea."

Acting U.S. Ambassador Alejandro Wolff said the United States is still seeking answers and doesn't know the extent of the problem, or how much money was involved.

"It simply boggles the imagination that they simply dole out cash without controls," he said.

UNDP's Melkert said the agency was operating in North Korea in an environment reminiscent of the Cold War when many communist bloc countries selected staff employed by U.N. agencies, which often operated under severe financial and travel restrictions.

"Around 1999, there were many concerns expressed by internal auditors," Melkert told a news conference. "We've seen a gradual tendency of a diminishing number of issues brought to the attention of management by the (internal) auditors, but some very tough issues remain and those are the issues that we have addressed now."

In addition to ending cash payments, he said, UNDP will discontinue government recruitment of national staff "and we will put the right monitoring and audits in place addressing the issue of national execution."

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US Claims N Korea Syphoned Millions From UN Project (FT)

By Mark Turner

Financial Times, January 20, 2007

Lax controls in the United Nations Development Programme may have led to millions of dollars of currency being funnelled to North Korea, according to US officials.

In a letter sent to the UN agency this week Washington said that "at least since 1998 the UNDP [North Korea] programme has been systematically perverted for the benefit of the Kim Jong Il regime – rather than the people of North Korea".

"The programme has for years operated in blatant violation of UN rules...Importantly, UNDP apparently has failed to bring the widespread violation of UNDP rules...to the attention of the UNDP executive board," the letter said.

As of 1999, it said, there were 29 UNDP projects in North Korea with a total budget of $28m.

While US officials say they are not clear on the full extent or nature of the problem, the findings echo the UN's oil-for-food programme scandal, in which the Iraqi regime raised $1.8bn dollars in defiance of international sanctions.

The complaint comes amid allegations by UNDP insiders that procedures are not fully followed in the multi-billion dollar programme. UNDP executive board members are expected to call at a meeting next week for more transparency.

US officials say they have confidence that Ban Ki-moon, the new secretary-general who comes from South Korea, is intent on rooting out UN mismanagement. Mr Ban recently called on the US not to withhold funding from the world body.

But Ileana Ros-Lehtinen, the ranking Republican member of the US House Foreign Affairs Committee, called the findings "yet another example of the abuses made possible by the lack of accountability within the UN system".

"It is clear that the measures that have been taken to date are woefully inadequate. Only through outside pressure can meaningful change be ensured. I and other members are determined to apply that pressure in this Congress."

In a statement issued on Friday, the UNDP said its operations in North Korea (DPRK) were "in full compliance with the decisions of the member states on UNDP Executive Board and with resolutions passed recently by the UN Security Council".

"The Executive Board directly approved financial regulations on the basis of which authority was delegated to the Resident Co-ordinator in DPRK." But it said it would seek guidance at next week's meeting "on conducting a full independent and external audit of the current programme".

According to the US's January 16 letter, sent to Ad Melkert, associate administrator, UNDP's North Korean staff is dominated by government officials, who had "performed financial and programme managerial core functions in violation of UNDP rules".

The UNDP has been led since mid-2005 by Kemal Dervis, but much of the period in question was under the leadership of Mark Malloch Brown, who went on to become the UN's chief-of-staff and, later, its deputy secretary-general.

Embattled U.N. Agency Alters Aid To N. Korea (WT)

By Betsy Pisik

The Washington Times, January 20, 2007

NEW YORK -- The U.N. Development Program (UNDP), which is under fire for sending millions of dollars to North Korea that it is unable to monitor, yesterday announced new operating procedures in an attempt to stave off opposition from the United States.

The UNDP said it will no longer pay North Korean suppliers and employees in hard currency after March 1, and will no longer allow the North Korean government to hire its in-country staff.

It also said it will put into place improved monitoring and auditing of funds.

The changes were prompted after Washington demanded a full audit of UNDP operations in North Korea, which is subject to U.S. economic sanctions for making nuclear weapons, money laundering and purported acts of terrorism.

The UNDP in North Korea "has for years operated in blatant violation of U.N. rules, served as a steady and large source of hard currency and other resources for the [North Korean] government with minimal or no assurance that UNDP funds and resources are utilized for legitimate development activities," wrote Mark Wallace, a management and budget analyst at the U.S. Mission to the United Nations, in a recent letter to UNDP Administrator Kemal Dervis.

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Washington fears some of the estimated tens of millions of dollars in the program that were exchanged through the country's central bank have been siphoned off by the regime to help make atomic bombs.

Ad Melkert, the UNDP associate administrator, told reporters yesterday that he had no assurance that UNDP funds had not been diverted by the regime into it's nuclear program.

But he urged reporters "not to put words in my mouth."

Mr. Melkert was unable to say exactly how much money had been spent in recent years by the UNDP and other U.N. agencies in the hermit country, which allows few foreigners to enter.

In the past two years, however, he said the UNDP had spent between $4 million and $6 million, less than the $22 million that had been budgeted, in large part because of the difficulty of monitoring approved programs.

The disclosure cast new doubts on the ability of the United Nations to function transparently in deeply repressive societies.

Moreover, management lapses in the humanitarian program appear to echo those in the oil-for-food program, which allowed Saddam Hussein and his close associates to pocket as much as $2 billion from companies doing business with the United Nations in Iraq.

U.N. Secretary-General Ban Ki-moon yesterday demanded "an urgent, systemwide and external inquiry into all activities done around the globe by the U.N. funds and programs" after the irregularities were first reported in the Wall Street Journal.

Mr. Wallace, in correspondence to UNDP quoted in the Journal, estimated that the program had spent tens of millions since 1999 on dozens of programs to improve public health, agriculture and human development.

The Journal cited one source saying that up to $100 million had been spent by U.N. programs in North Korea since 1998.

UNDP is the lead U.N. agency in North Korea, coordinating work by UNICEF, the World Food Program, the U.N. Population Fund and other programs.

U.N. officials have long acknowledged difficulties in monitoring programs in repressive countries.

The subject is likely to dominate the annual UNDP Executive Committee meeting, which is convening in New York next week.

On Capitol Hill, Rep. Ileana Ros-Lehtinen of Florida, the ranking Republican on the House Foreign Affairs Committee, urged the UNDP to immediately suspend its North Korean efforts.

"The UNDP's so-called 'nationally executed programs' in North Korea do not meet even minimal standards of transparency," she said.

"[North Korean leader] Kim Jong-il has been very clear about his 'military first' policy of national development. As far as anyone knows, he is using this money to pay for his nuclear weapons program instead of feeding his people."

Mr. Melkert said that it is important for international relief agencies to maintain a presence in North Korea, despite the difficulties of working there, to better respond to emergencies such as famines and floods.

"You can't just come in when you don't have any infrastructure whatsoever," he said.

U.S. Suspicious Of Aid To North Korea (LAT)

By Maggie Farley

The Los Angeles Times, January 20, 2007

UNITED NATIONS — Concerned that North Korea may be siphoning millions of dollars in U.N. money for illicit purposes, the United States is demanding that the U.N. Development Program in North Korea be revamped and submit to external audits.

In response to the U.S. pressure, the UNDP will halt the transfer of hard currency to the government, local staff and vendors by March 1 and will stop reimbursing North Korean government officials' travel to the U.N. after next week.

The UNDP will also insist that Pyongyang stop selecting and controlling the agency's local staff, Ad Melkert, the program's associate administrator, said Friday.

The U.N. Development Program has been in North Korea since 1995, overseeing projects in agriculture and the environment. This United Nations presence has provided food, work and pay for people surviving in near-famine conditions.

Some U.S. officials — chief among them John R. Bolton, former ambassador to the U.N. — have argued that the world should let the North Korean regime collapse, even though that would cause a flood of refugees into China and South Korea.

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However, U.N. agencies, including UNICEF, the World Food Program and the U.N. Population Fund, are active in the isolated country — and all probably face similar problems in doing their work.

Because the North Korean financial system is not set up to handle purchasing orders, checks or credit, the U.N. Development Program pays most of its expenses in bundles of euros, including rent. That practice is contrary to rules, but administrators felt that they could more closely follow money flows by putting payments directly in people's hands, rather than allowing Pyongyang to convert them to local currency and then distribute them, spokesman David Morrison said.

But a series of internal audits by the accounting firm KPMG found lax controls and failure by international staffers to visit UNDP projects, raising questions about whether the U.N. funds were used as intended.

A Jan. 16 letter from Mark Wallace, the U.S. official overseeing U.N. management and reform, lauds the program's goals but says the U.S. is concerned that at least since 1998 the program has been "systematically perverted for the benefit of the Kim Jong Il regime — rather than the people of North Korea."

Wallace's letter to UNDP chief Kemal Dervis also says the program "has for years operated in blatant violation of U.N. rules [and] served as a steady and large source of hard currency and other resources for the North Korean government with minimal or no assurance that UNDP funds and resources are utilized for legitimate development activities."

The issue is expected to dominate the UNDP's executive board meeting next week, where a proposal of a $17.9-million budget for North Korea for the next three years will be on the table. Board members are already aware of the difficulty of executing projects in the country: Of the $22 million budgeted for the last two years, less than $3 million worth of projects was completed, Melkert said.

Top on the list of concerns is that foreign currency enables Pyongyang to bolster its nuclear weapons program. The U.S. has frozen North Korean funds overseas, and banned dealings in dollars with the regime as punishment for its alleged counter feiting of U.S. currency.

Washington also charges that Pyongyang traffics in drugs and provides illicit help for other countries' missile and nuclear weapons programs.

U.S. officials Friday said it was too early to suggest any deal had been made in three days of talks with North Korea in Berlin.

North Korea's official news agency had quoted negotiator Kim Kye Gwan as saying "a certain agreement" had been reached with U.S. envoy Christopher Hill and signaling that talks may have included ways to reconcile differences over U.S. sanctions against foreign banks doing business with North Korea.

North Korea has refused to negotiate the future of its nuclear weapons program until the sanctions are lifted.

U.N. To Audit Its Activities After Reports On North Korea Program (NYT)

By Warren Hoge

The New York Times, January 20, 2007

UNITED NATIONS, Jan. 19 — Ban Ki-moon, the new secretary general, called Friday for outside examination of all United Nations activities after a published report that the United Nations Development Program in North Korea was making unaccountable payments in hard currency to local staff members and the North Korean government.

Mr. Ban sought “an urgent, systemwide and external inquiry into all activities done around the globe by the U.N. funds and programs.”

His prompt action, taken after a morning meeting with the program’s associate administrator, Ad Melkert, appeared to be an effort to head off the kind of problems that his predecessor, Kofi Annan, faced after muddled United Nations responses to reports of scandals.

“We are very pleased with the new team’s reaction,” said Richard A. Grenell, the spokesman for the American Mission. Mr. Ban, the former foreign minister of South Korea, began his five-year term on Jan. 1.

Complaints about the United Nations activities in North Korea were raised over the past month by the United States Mission in a series of letters to directors of the program and were made public on Friday on the op-ed page of The Wall Street Journal.

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In the latest letter, dated Tuesday, Mark D. Wallace, the deputy United States ambassador for management, said that the United Nations Development Program's operation had been "systematically perverted for the benefit of the Kim Jong Il regime rather than the people of North Korea."

Mr. Wallace said that the local staff of the development program was dominated by employees of the repressive government, that the United Nations had failed to conduct proper on-site audits and depended instead on "sham" ones by the North Korean government, and that all payments were made at the government's demand in hard currency — dollars or euros — rather than the won, the national currency.

"Simply put," Mr. Wallace wrote, "in the absence of real audits and site visits, it is impossible for U.N.D.P. to verify whether or not any of the funds paid to the D.P.R.K. for supposed use in U.N.D.P. programs have actually been used for bona fide development purposes or if the D.P.R.K. has converted such funds for its own illicit purposes." North Korea is officially called the Democratic People's Republic of Korea and sometimes referred to by its initials.

Mr. Melkert, the associate administrator, said that the program had spent $2 million to $3 million in North Korea annually in the past two years.

He said it would cease making hard currency payments to the government, local vendors and individuals as of March 1 and would also start hiring local staff members in North Korea the way it does elsewhere, by its own choice and on merit.

Even making payments in the won currency will not stop a flow of hard currency to the government, however, because the United Nations will have to buy the won from the central bank, he noted.

"The question — and it is an entirely legitimate one — comes down to whether you want to operate as the U.N. in a country like North Korea," Mr. Melkert said.

He said that he welcomed the call for external auditing of his agency's activities. Currently they are examined in internal audits, which are then given to the United Nations auditing board, which decides what to transmit to the General Assembly.

Asked about the American charge that funds might have been diverted to illicit ends, he said, "The audits have not given any reason for suspicion about money not being used for the purposes meant. Still, in order to make sure that there are no misperceptions or unintended consequences, we are supportive of an external independent audit."

It was not clear how quickly or effectively Mr. Ban could impose his order across the range of United Nations agencies, many of which have differing auditing procedures and over which he does not have direct budget authority.

"It's worldwide; it's not going to be done overnight," said Michèle Montas, his spokeswoman.

U.N. To Examine Relief Agencies' Pay In N. Korea (WP)

By Colum Lynch, Washington Post Staff Writer

The Washington Post, January 20, 2007

U.S. Charges That Workers' Salaries Go to Rulers

UNITED NATIONS, Jan. 19 -- U.N. Secretary General Ban Ki Moon on Friday ordered a broad inquiry into the financial practices of most of the United Nations' chief relief agencies, after a U.S. charge that the world body was inadvertently channeling foreign currency into the hands of North Korea's rulers.

Mark D. Wallace, the U.S. representative to the United Nations for management and reform, accused the U.N. Development Program in a letter Tuesday of violating rules by hiring North Korean government officials to carry out most of its work and by paying salaries in cash into an account controlled by the Pyongyang leadership. He called for an independent "forensic" audit of its operations in North Korea, citing concern that the U.N. payments could be diverted to unnamed illicit activities.

Development program officials denied they had violated U.N. rules and noted that it is impossible to work in a totalitarian state such as North Korea without pumping foreign currency into the economy. They said all U.N. agencies are required to pay their local staff through a government paymaster.

But the development agency's associate administrator, Ad Melkert, announced on Friday that the agency will halt all cash payments for its North Korean workers by March 1. He also echoed U.S. calls for an outside investigation, saying "a full, independent external audit is in order to make sure that we really understand what it means to work in a country like North Korea."

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Development program officials said they are also ending the practice of allowing the North Korean government to recruit local staff.

The U.N. development agency employs four international workers and 16 North Koreans in a program that costs $2 million to $3 million a year, including $100,000 in local salaries. The workers carry out activities such as delivering food or giving advice on trade activities.

Some U.N. officials said the United States is unfairly targeting the development program, noting that two other U.N. agencies headed by U.S. political appointees -- the U.N. Children's Fund and the World Food Program -- had engaged in similar practices in North Korea. One senior U.N. official, who spoke on the condition of anonymity, said the report was viewed by many at the world body as an effort to discredit Mark Malloch Brown, a former U.N. Development Program administrator. Malloch Brown, who later served as chief of staff to then-Secretary General Kofi Annan, frequently criticized John R. Bolton, then-U.S. ambassador to the United Nations. "This is payback," the official said.

Wallace, a political appointee who served as Bolton's top adviser on U.N. reform, began questioning development program officials about their North Korea efforts in mid-December. He said the program "has been systematically perverted for the benefit of the Kim Jong Il regime -- rather than the people of North Korea." The program, he added, has "for years operated in blatant violation of U.N. rules [and] served as a steady and large source of hard currency" for the government.

He also raised concern about the United Nations' payment of nearly $12,000 to fly a North Korean official in business class to New York to attend a meeting of the development program's board of directors. Melkert later assured Wallace that the agency would no longer "reimburse government officials travel or other costs for attending board meetings."

The contents of his letter were first reported by Fox News and the Wall Street Journal's opinion page.

During the Cold War, the United Nations routinely relied on handpicked Soviet bloc officials to carry out relief work and paid their salaries directly to the government. The United Nations continued that practice in China, Vietnam and Cuba until recently.

"We used people that were provided by the government for all support staff" in North Korea, said Catherine Bertini, a former executive director of the World Food Program. "That was not the only country. It was also done in China."

But the practice is being phased out everywhere but North Korea. "The essential way North Korea operates has not changed," Melkert said.

A Product Of The U.N. System (NYT)

The New York Times, January 20, 2007

Benon Sevan no longer works for the United Nations. But his indictment on federal corruption charges stemming from his long maladministration of the Iraqi oil-for-food program points to a continuing problem in the U.N. appointments system that Secretary General Ban Ki-moon needs to tackle without further delay.

Three successive secretaries general chose Mr. Sevan for a series of important jobs, despite his decidedly mixed performance. He is a typical product of a system in which who you know and where you come from count far more than merit or vision.

Mr. Sevan, a Cypriot, is accused, together with Ephraim Nadler, an Egyptian-born American citizen, of taking kickbacks from an Egyptian oil trader to help him win Iraqi oil contracts. Mr. Nadler happens to be a relative of Boutros Boutros-Ghali, the former secretary general. And Mr. Boutros-Ghali happens to have been one of the key promoters of Mr. Sevan's United Nations career.

The legal question of Mr. Sevan's guilt or innocence cannot be properly resolved unless he returns to this country for trial. He may choose not to, since he faces a possible 50-year jail sentence. Some of the charges in the indictment are backed up by the scathing findings of the earlier Volcker commission investigation of the oil-for-food scandal.

There is plenty of blame to go round. The program actually succeeded in its main aim of helping to shield innocent Iraqis from the pain of prolonged international sanctions against Saddam Hussein's regime. But Security Council members, including the United States, failed to monitor its administration diligently and deliberately winked at Iraqi oil smuggling that benefited American allies.

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But eliminating the dirty little bargains that have always characterized international diplomacy will be a lot harder than reforming the United Nations' dysfunctional personnel system. That system's multiple failings, of which this is only the best-known example, has badly hurt the United Nations' credibility and effectiveness and handed a ready stick to its many enemies.

Mr. Ban has repeatedly talked about reforming this disastrous personnel system. But his early appointments show little sign of actually doing so. Mr. Sevan's indictment should be a reminder of why Mr. Ban needs to do better.

Israel Sends Promised $100 Million To Abbas (WP)

By Scott Wilson

The Washington Post, January 20, 2007

JERUSALEM, Jan. 19 -- Israel released $100 million in tax revenue Friday to Palestinian leader Mahmoud Abbas, fulfilling Prime Minister Ehud Olmert's pledge last month to do so.

Olmert agreed to transfer the money in a meeting with Abbas, a relative moderate, as a way of strengthening his position in a political struggle with the rival Hamas movement. Israel continues to hold more than $400 million in sales and customs revenue that it collects on behalf of the Palestinian Authority under an agreement reached as part of the 1993 Oslo accords.

Israel stopped making the monthly tax transfers after Hamas won parliamentary elections a year ago, giving it day-to-day control of the Palestinian Authority. The radical Islamic movement does not recognize Israel, and the international aid boycott that followed its election has crippled the Palestinian government.

The $100 million is equal to about two months of tax transfers, and falls short of covering one month of the Palestinian Authority's payroll. It is being transferred directly to accounts controlled by Abbas, the Palestinian Authority president and a leader of the Fatah movement, to avoid the Hamas-run Finance Ministry.

Olmert also pledged to eliminate some of the hundreds of checkpoints and obstacles to movement in the West Bank, some of which have been removed in recent days.

Meanwhile, Israel said Friday that it had halted plans to build a new West Bank settlement, the Associated Press reported.

Israel Unfreezes $100M Before Summit (AP)

By Steve Weizman, Associated Press Writer

AP, January 20, 2007

Israel said Friday it had paid $100 million in frozen tax funds to the Palestinians and rescinded a contentious decision for a new West Bank settlement, strengthening the hand of moderate President Mahmoud Abbas ahead of crucial weekend talks in Damascus with his Hamas rivals.

Prime Minister Ehud Olmert's office said the payment, the first such transfer since the militant Islamic Hamas won control of the Palestinian government in March 2006, was made Thursday night.

Defense Minister Amir Peretz, meanwhile, ordered plans for the Maskiot settlement frozen indefinitely "in order to look carefully at the implications," ministry officials said, speaking on condition of anonymity because of the issue's sensitivity.

Israel drew international condemnation with its announcement last month that it had approved the construction of Maskiot to house those settlers removed from the Gaza Strip in Israel's 2005 pullout. It was the first new West Bank settlement officially approved since the early 1990s, when Israel promised to halt such construction as part of interim peace accords.

Israel has been trying to boost Abbas in his struggle with Hamas, which rejects the existence of a Jewish state in an Islamic Middle East. However, such efforts can backfire, as Palestinians of all stripes try to distance themselves from the Israelis.

In a development expected to further fan Arab anger, the 10-year-old daughter of a Palestinian peace activist, critically wounded by Israeli security forces during a demonstration earlier in the week, died of her injuries in a Jerusalem hospital Friday.

Abir Aramin's father, Bassam Aramin, was among the founders of Combatants for Peace, a group of former Israeli and Palestinian fighters who work for a peaceful resolution to the Israeli-Palestinian conflict. He said his daughter's death did not alter his commitment to work for peace.

"I'm going to continue in this role and not give up," he said.

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Abbas is to travel to Syria on Saturday for talks with Hamas chief Khaled Mashaal, aiming at forging a coalition government and ending a punishing international aid boycott. Talks have sputtered for months amid clashes between each side's loyalists, which have killed 35 people, but the fact that the two leaders were meeting hinted that an agreement might be finally at hand.

Abbas said Friday if the latest round of talks fails, he will call early elections, but acknowledged that Hamas could emerge the victor once again.

"We say either there is a (unity) government or elections," he said after a meeting with European Union foreign policy chief Javier Solana in the West Bank town of Ramallah. "Elections don't mean we want to throw Hamas into the sea. It has been elected and can be elected again."

The financial transfer to Abbas was part of tax money Israel collects for the Palestinian Authority by mutual agreement. Israel halted payments when Hamas won parliamentary elections and set up its Cabinet.

Abbas aide Saeb Erekat welcomed the payment, but said it still only represented about 25 percent of Palestinian revenues Israel is holding.

"We need it badly, and we consider this a step in the right direction, hoping that the whole lot of money withheld will be transferred to the Palestinian Authority," he said.

Israel, the United States and the EU define Hamas as a terrorist group because of its suicide bombings against Israelis in the past decade, which have killed hundreds. Since the group took office, the international community has frozen foreign aid that kept the Palestinian Authority afloat since it was created in 1994.

An official in Olmert's office said the funds transferred Thursday were paid directly to Abbas for use in humanitarian efforts and to boost his security force. The official, speaking on condition of anonymity because the decision had not yet been announced, said Israel was satisfied by assurances that the money would not go to the Hamas-controlled Finance Ministry.

The scheduled Abbas-Mashaal meeting would be their first in years. Abbas' Fatah and Hamas are bitter enemies — their efforts to form a unity government must overcome deep ideological and political divides.

Only the hardships caused by the aid cutoff have pushed them together, forcing them to look for formulas both could live with — while satisfying Western demands that the Palestinian government recognize Israel, renounce violence and accept previous peace accords. So far, Hamas has refused.

In Gaza, the Popular Resistance Committees, a small local militant group linked to last year's abduction of an Israeli soldier, said it intended to carry out more kidnappings to pressure Israel for the release of what it said were at least 144 bodies of Palestinians killed by the Israeli army and buried around Israel.

"Kidnapping soldiers will be an effective way," said Abu Mujahed, a spokesman for the group, adding that seizing the bodies of dead soldiers to trade for the Palestinian remains was also an option.

The PRC is one of three militant groups that tunneled into Israel and captured Cpl. Gilad Shalit in a June 25 raid near the Gaza Strip. Shalit has not been seen since then, but he is believed to be alive, and Egypt has been trying to broker his release in exchange for Palestinians held in Israeli prisons.

Israel Releases $100 Million Withheld From Palestinians (NYT)

By Greg Myre

The New York Times, January 20, 2007

JERUSALEM, Jan. 19 — Israel transferred $100 million in Palestinian tax revenues to the office of the Palestinian president, Mahmoud Abbas, as part of a plan to bolster him and keep money out of the hands of the Hamas government, Israeli officials said Friday.

The money is intended to meet needs for food, medicine and other basic expenses but not to pay the overdue salaries of Palestinian government workers, according to Israeli officials.

It was transferred “to a special account to ensure the money does not reach the Hamas government and cannot be used for perpetrating terror against Israel,” according to a statement from the office of Israel’s prime minister, Ehud Olmert.

Israel collects more than $50 million a month in taxes and customs money on behalf of the Palestinians under an arrangement dating from the 1990s, when the two sides were holding peace negotiations.

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However, Israel began withholding the money after Hamas won the Palestinian elections a year ago, gaining control of the cabinet and legislature. Israel has not said precisely how much money it has withheld, but it is believed to be over $500 million.

At a meeting last month, Mr. Olmert agreed to hand over $100 million as part of a package of moves designed to help Mr. Abbas in his power struggle with Hamas. Israel also has removed some West Bank roadblocks, but Palestinians say they still face many obstacles when they seek to travel.

Palestinians say that the money belongs to their government and that it is not up to Israel to dictate how it should be spent. "Israel can say whatever it wants," said Muhammad Dahlan, a Palestinian legislator and a leading member of Mr. Abbas's Fatah movement. "This is our money."

Israel has not said whether it would release more money in the future. Before Israel began withholding the money last year, it was sent to the Palestinian Finance Ministry.

Also on Friday, Defense Minister Amir Peretz of Israel suspended the establishment of a Jewish settlement in the West Bank.

When Mr. Peretz said on Dec. 26 that he had approved the Maskiot settlement in the Jordan Valley, it provoked sharp criticism by the Palestinians, as well as American concern.

Mr. Peretz ordered a "freeze in the plans for Maskiot in order to evaluate them thoroughly," his office said in a statement. The plans called for the construction of about 30 homes for settlers to be built on an old army base.

Israel has more than 100 formal settlements in the West Bank and many informal ones. Israel pledged to stop building new settlements in the 1990s, and the so-called road map, the stalled Mideast peace plan introduced in 2003, calls for Israel to freeze settlement activity.

Still, the population of the Israeli settlements on West Bank is increasing by more than 10,000 a year, and is now more than 250,000. The figure does not include residents of East Jerusalem, which Israel captured in the 1967 war and later annexed.

In another development, Mr. Abbas is traveling to Syria, where he will hold talks with President Bashar al-Assad. He will also be looking for a solution to the deadlock between his Fatah movement and Hamas, the two main Palestinian factions.

The factions have been trying, without success, to form a national unity government for months, while gunmen from the two groups have periodically battled in the streets.

Mr. Abbas's envoys have been holding talks with Hamas leaders in Damascus, the Syrian capital, including Hamas's exiled political chief, Khaled Mashal. Palestinian officials say a meeting between Mr. Abbas and Mr. Mashal is possible, though not certain.

In remarks on Friday, Mr. Abbas said again that the Palestinians should establish a government that would be acceptable to the international community, or hold new elections. "It is very clear how to get a national unity government that can break the siege," he said in the West Bank city of Ramallah after playing host to the European Union foreign policy chief, Javier Solana.

A 10-year-old Palestinian girl, Abir Aramin, died Friday from wounds sustained when she was hit by fire from the Israeli border police on Tuesday in the West Bank town of Anata, near Jerusalem, Palestinian witnesses and relatives said. Abir and her classmates were on recess from school when the Israeli forces fired on stone-throwing Palestinians with rubber bullets and stun grenades, according to the Palestinians.

Abir was hit in the head and collapsed, the Palestinians said. The border police said they were investigating the report.

Israel Releases Palestinian Funds (LAT)

By Ken Ellingwood

The Los Angeles Times, January 20, 2007

JERUSALEM — Israeli officials said Friday that they had transferred $100 million in withheld revenues to Palestinian Authority President Mahmoud Abbas.

Israeli Prime Minister Ehud Olmert agreed to the move during a meeting with Abbas last month. Israel began withholding about $50 million monthly in taxes and customs duties last year after the militant Hamas movement took control of the Palestinian government following elections.

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Israel described the transfer as part of an effort to bolster the weakened Abbas, a relative moderate from Hamas' main rival, Fatah. The $100 million represents less than one-third of the money Israel has collected on behalf of the Palestinian Authority and refuses to relinquish.

Israeli officials said the money was being channeled to Abbas' office rather than to any ministry of the Palestinian Authority in order to maintain an aid embargo against Hamas, which Israel and much of the West consider a terrorist group.

"The money is not to go to the Hamas-controlled government. The money is to support the Palestinian people, and [Abbas] will be distributing it," said Mark Regev, a spokesman for the Israeli Foreign Ministry.

Palestinian officials said the funds would help pay companies that supply hospitals, schools and farms.

The transfer, one of several modest concessions promised by Olmert during the Dec. 23 summit, could help the Palestinian leader in his political standoff with Hamas.

Despite months of negotiations, Fatah and Hamas haven't agreed on terms of a power-sharing arrangement that would break the Western aid embargo.

Abbas is expected to meet today in Damascus, Syria, with Khaled Meshaal, the exiled Hamas political leader, amid fresh efforts to break the months-long impasse.

Abbas previously declared talks at a dead end, saying he would call early elections for the presidency and parliament. But mediators have continued trying to coax the two sides into agreeing on a joint government under terms that could satisfy the West.

Mohammed Dahlan, an Abbas confidant, said Friday that the president might meet with Meshaal but would not engage in negotiations. Abbas said Friday that he would proceed with elections if the latest efforts failed.

Past talks snagged over the distribution of ministerial posts and Hamas' refusal to recognize Israel. Western nations demand that the government accept the Jewish state's right to exist, renounce violence and agree to abide by past Israeli-Palestinian accords.

Meshaal is considered more strident than some of his Hamas counterparts in the Gaza Strip and has torpedoed past proposals. He also holds veto power over a proposed prisoner swap under which Israel would free jailed Palestinians in return for the release of Cpl. Gilad Shalit, who was captured by Hamas militants in June.

In other developments Friday, Israeli officials said Defense Minister Amir Peretz had frozen plans for construction of new housing for Jewish settlers in the West Bank. The plans for up to 100 homes at a former base, called Maskiot, drew wide international criticism and protests from Palestinian officials and Israeli peace advocates.

Critics said the project would violate Israel's vow to freeze settlement activity under the U.S.-backed peace blueprint known as the road map. Israeli officials said Maskiot was approved more than 20 years ago.

The community, near the Jordanian border, would initially house settlers evicted from the Gaza Strip during Israel's unilateral withdrawal in 2005.

Security officials said Peretz ordered the freeze two weeks ago to further study the matter. He is locked in a struggle for control of the Labor Party.

Jimmy Carter's Jewish Problem (WP)

By Deborah Lipstadt

The Washington Post, January 20, 2007

It is hard to criticize an icon. Jimmy Carter's humanitarian work has saved countless lives. Yet his life has also been shaped by the Bible, where the Hebrew prophets taught us to speak truth to power. So I write.

Carter's book "Palestine: Peace Not Apartheid," while exceptionally sensitive to Palestinian suffering, ignores a legacy of mistreatment, expulsion and murder committed against Jews. It trivializes the murder of Israelis. Now, facing a storm of criticism, he has relied on anti-Semitic stereotypes in defense.

One cannot ignore the Holocaust's impact on Jewish identity and the history of the Middle East conflict. When an Ahmadinejad or Hamas threatens to destroy Israel, Jews have historical precedent to believe them. Jimmy Carter either does not understand this or considers it irrelevant.

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His book, which dwells on the Palestinian refugee experience, makes two fleeting references to the Holocaust. The book contains a detailed chronology of major developments necessary for the reader to understand the current situation in the Middle East. Remarkably, there is nothing listed between 1939 and 1947. Nitpickers might say that the Holocaust did not happen in the region. However, this event sealed in the minds of almost all the world's people then the need for the Jewish people to have a Jewish state in their ancestral homeland. Carter never discusses the Jewish refugees who were prevented from entering Palestine before and after the war. One of Israel's first acts upon declaring statehood was to send ships to take those people "home."

A guiding principle of Israel is that never again will persecuted Jews be left with no place to go. Israel's ideal of Jewish refuge is enshrined in laws that grant immediate citizenship to any Jew who requests it. A Jew, for purposes of this law, is anyone who, had that person lived in Nazi Germany, would have been stripped of citizenship by the Nuremberg Laws.

Compare Carter's approach with that of Rashid Khalidi, head of Columbia University's Middle East Institute and a professor of Arab studies there. His recent book "The Iron Cage" contains more than a dozen references to the seminal place the Holocaust and anti-Semitism hold in the Israeli worldview. This from a Palestinian who does not cast himself as an evenhanded negotiator.

In contrast, by almost ignoring the Holocaust, Carter gives inadvertent comfort to those who deny its importance or even its historical reality, in part because it helps them deny Israel's right to exist. This from the president who signed the legislation creating the U.S. Holocaust Memorial Museum.

Carter's minimization of the Holocaust is compounded by his recent behavior. On MSNBC in December, he described conditions for Palestinians as "one of the worst examples of human rights deprivation" in the world. When the interviewer asked "Worse than Rwanda?" Carter said that he did not want to discuss the "ancient history" of Rwanda.

To give Carter the benefit of the doubt, let's say that he meant an ongoing crisis. Is the Palestinians' situation equivalent to Darfur, which our own government has branded genocide?

Carter has repeatedly fallen back -- possibly unconsciously -- on traditional anti-Semitic canards. In the Los Angeles Times last month, he declared it"politically suicide" for a politician to advocate a "balanced position" on the crisis. On Al-Jazeera TV, he dismissed the critique of his book by declaring that "most of the condemnations of my book came from Jewish-American organizations." Jeffrey Goldberg, who lambasted the book in The Post last month, writes for the New Yorker. Ethan Bronner, who in the New York Times called the book "a distortion," is the Times' deputy foreign editor. Slate's Michael Kinsley declared it "moronic." Dennis Ross, who was chief negotiator on the conflict in the administrations of George H.W. Bush and Bill Clinton, described the book as a rewriting and misrepresentation of history. Alan Dershowitz teaches at Harvard and Ken Stein at Emory. Both have criticized the book. Because of the book's inaccuracies and imbalance and Carter's subsequent behavior, 14 members of the Carter Center's Board of Councilors have resigned -- many in anguish because they so respect Carter's other work. All are Jews. Does that invalidate their criticism -- and mine -- or render us representatives of Jewish organizations?

On CNN, Carter bemoaned the "tremendous intimidation in our country that has silenced" the media. Carter has appeared on C-SPAN, "Larry King Live" and "Meet the Press," among many shows. When a caller to C-SPAN accused Carter of anti-Semitism, the host cut him off. Who's being silenced?

Perhaps unused to being criticized, Carter reflexively fell back on this kind of innuendo about Jewish control of the media and government. Even if unconscious, such stereotyping from a man of his stature is noteworthy. When David Duke spouts it, I yawn. When Jimmy Carter does, I shudder.

Others can enumerate the many factual errors in this book. A man who has done much good and who wants to bring peace has not only failed to move the process forward but has given refuge to scoundrels.

The writer teaches at Emory University. Her latest book is "History on Trial: My Day in Court With David Irving."

An Enigmatic Wild Card In Lebanon's High-Stakes Politics (NYT)

By Hassan M. Fattah

The New York Times, January 20, 2007

DOJ_NMG_0119877

IN this land of divisive politics and sectarian tension, few have embraced controversy quite the way the Christian leader Gen. Michel Aoun has.

Currently, General Aoun is one of the leaders of the opposition demonstrations that have overtaken Beirut and have threatened to bring down the government of Prime Minister Fouad Siniora. But this gambit is just the latest in a decades-long series of political surprises and controversies that have made him a political wild card here, breaking all the rules of Lebanese politics while charging the country's political debate.

To his supporters, he is a Lebanese de Gaulle seeking to unite a fractious country and rebuild trust in its institutions. To his critics, he is a divisive megalomaniac willing to stop at nothing to become Lebanon's president.

Some accuse him, a Christian, of splitting Christians in Lebanon into rival camps, further weakening them, while others blame him for abetting Hezbollah, the Iranian-backed Shiite militia. But most of all, many say, General Aoun has embraced a populist agenda for personal gain.

General Aoun, as always, is unfazed by the critics. "You could say I brought Lebanese politics back to life," General Aoun, 71, said in his home atop the hills overlooking Beirut. "Until now, politics here has been moribund."

General Aoun's Free Patriotic Movement, Hezbollah and a handful of smaller groups began their protests on Dec. 1, accusing Mr. Siniora of corruption that has left the country tens of billions in debt, and saying that the current government is not representative of Lebanon's new realities.

The opposition wants Mr. Siniora either to step down or to broaden his cabinet to allow them greater say and even a veto power, but Mr. Siniora has rebuffed the demands, and insists he will not step down. Government officials accuse the opposition of pursuing an Iranian-Syrian agenda.

The irony of General Aoun, who has spent much of his life fighting Syrian domination of Lebanon, joining hands with Hezbollah, with its close ties to Syria, is not lost on his opponents, nor on followers in protests against the government. But such about-faces are nothing new to him.

TWO decades ago General Aoun rose to prominence as the head of the Christian-led Lebanese Army, taking on the Christian militias and the Syrians. He was appointed Lebanon's interim prime minister in a caretaker government and waged a fierce revolt against Syrian forces, before being bombed out of the presidential palace and into exile in France in 1990. Keeping to his word, he did not return to Lebanon until the last Syrian soldier had left the country.

General Aoun defends his ties to Hezbollah, saying the alliance will ward off Syria rather than allow it to return to Lebanon. He adds that he had always pledged that he would seek friendly relations with Syria once it ceased to be an occupier. But many accuse him of trying to ride the wave of Hezbollah's popularity after the war last summer in order to win the presidency when the pro-Syrian President Émile Lahoud's term ends later this year. The 34-day war was widely seen here as a victory for Hezbollah.

General Aoun makes no secret of his hope to become president, a role reserved for Christians in Lebanon's complex sectarian political system. But many doubt whether he would make the best compromise candidate, one who would effectively smooth over tensions once the latest crisis of sit-ins and boycotts ends.

"Of course, I want to be president," he said. "At first I was not that interested, but because there was so much stubbornness against me and because things got difficult, I am now intent on becoming president. I have the backing and popularity to do it." He has drawn his supporter base from the Christian middle class, which sees itself losing ground to Lebanon's other sects.

Unlike many in Lebanon's political stratum, General Aoun comes from humble origins, having been born into a poor Maronite family in Haret Hreik, which became a Hezbollah stronghold in Beirut's southern suburbs in the 1980s. His supporters play up that background, saying that it equips him to tackle issues like corruption, gerrymandering and inclusion in Lebanese politics.

"For us, he represents sovereignty and dignity," said Gebran Bassil, a longtime member of General Aoun's Free Patriotic Movement who is also married to the general's daughter. "The general is not part of the corrupt system here, which is why the politicians are so much against him."

Nayla Mouawad, Lebanon's minister of social affairs, said she was struck by General Aoun's ability to distill politics into slogans when she first met him in the mid-1980s, but long ago caught on to his oversize ambition. "He clearly wanted to be

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president," she said, noting that she once warned her husband, René, who was assassinated in 1989, to be wary of General Aoun's intentions. "I told my husband that when he gets it into his head to be president, be careful."

FEW, however, expected the alliance with Hezbollah, a group that, on the surface, appears diametrically opposed to the Free Patriotic Movement's goals.

Backed by Iran, Hezbollah is the sole remaining armed militia in Lebanon; General Aoun is the champion of a strong state and an opponent of militias. General Aoun rails against foreign interference in Lebanon, but Hezbollah is almost completely financed by Iran.

General Aoun notes that the alliance should not be treated any differently than one between Hezbollah and the governing coalition that helped them garner numerous seats in the 2005 elections.

Still, the alliance surprised General Aoun's supporters as much as his opponents.

"Remember, Hezbollah was the devil a year and a half ago as far as we were concerned," Mr. Bassil said. "We were the only side that had had no dialogue with them."

Last year, General Aoun approached Hezbollah's leader, Sheik Hassan Nasrallah, and said he still intended to strip Hezbollah of its weapons, but only after the group's main complaints with Israel and with the government were answered.

"It's not like I love Hezbollah," General Aoun said in an interview. "I am not trying to defend Hezbollah as much as I am trying to find a solution with them, because a clash with them would ruin us."

That honesty, Hezbollah officials say, engendered trust in General Aoun. "It created a sense of trust between Shiites and Christians," said Ghaleb Abu Zeinab, a member of Hezbollah's politburo. "We don't want to establish an Islamic republic, we want diplomatic and normal relations with Syria, and we want a consensual democracy and so does the Free Patriotic Movement."

Some analysts credit the alliance with helping stabilize conditions in Lebanon after the war, as well as helping to change Hezbollah's focus from regional issues to local ones.

"It helped show Hezbollah's real position and its understanding of Lebanon," Mr. Abu Zeinab said. "It helped the party appear as a more Lebanese party than it used to before."

After years of playing third seat to Sunnis and Christians, Lebanon's Shiites have increasingly demanded a greater say in government, one proportional to their numbers. General Aoun had seized on that change, analysts agree.

Still, even his supporters are often uncomfortable with the alliance, and with the lack of progress of the demonstrations so far.

"If I was in their place I might not feel comfortable with how things are going either," General Aoun said. "But I have infrared — even infragreen. I can see what is ahead of me tomorrow, and I will eventually clarify things for them."

Outspoken Editor Is Slain In Turkey (WP/AP)

By Benjamin Harvey

The Washington Post, January 20, 2007

ISTANBUL, Jan. 19 -- Hrant Dink, the most prominent voice of Turkey's shrinking Armenian community, a man who stood trial for speaking out against the mass killings of Armenians by Turks, was shot and killed in broad daylight Friday at the entrance to his newspaper's offices.

Just hours after a gunman shot the journalist twice in the head, thousands marched down the bustling street where he was slain, carrying posters of Dink and shouting slogans in favor of free expression.

Prime Minister Recep Tayyip Erdogan twice addressed the country to condemn the killing and vowed to capture those responsible. Late Friday, Istanbul's governor announced that three people had been arrested, CNN-Turk TV reported, without giving further details.

Many Turks assumed that the shooting was politically motivated, a reaction to Dink's public statements that the mass killings of Armenians during and after World War I constituted genocide. Nationalists see such statements as insults to the honor of Turks and as threats to national unity.

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In Turkey, people speak freely at their own peril despite generations of Western-looking reformers. The Committee to Protect Journalists said that in the past 15 years, "18 Turkish journalists have been killed for their work, many of them murdered, making it the eighth deadliest country in the world for journalists."

Dink, 52, was one of dozens of journalists, writers and academics who have been tried for expressing themselves, most under Article 301 of the penal code, which criminalizes insults to Turkey, its government or the national character.

In a rare conviction, Dink was found guilty in October 2005 of trying to influence the judiciary after his newspaper ran stories criticizing Article 301. He was given a six-month suspended sentence.

Dink, a Turkish citizen of Armenian descent who edited the bilingual Turkish-Armenian newspaper Agos, apparently sensed his life was in danger.

"My computer's memory is loaded with sentences full of anger and threats," Dink wrote Jan. 10 in his last newspaper column. "I am just like a pigeon. . . . I look around to my left and right, in front and behind me as much as it does. My head is just as active."

Dink, who is survived by his wife, Rakel, and their three children, was charming, soft-spoken and eloquent. He was respected and beloved by many Turks who disagreed with his views but admired his courage in stating them.

He was hated by just as many.

In the past few years, Turks had come to know Dink well, mostly because of the highly publicized legal cases opened against him, in which he faced jail time for talking of genocide.

In late 2005, Turks saw Dink lose his composure, crying on national television as he discussed his latest court case and what it was like to live among people who hated him and what he stood for.

"I'm living together with Turks in this country," he said in an October interview as he contemplated his trial. "I don't think I could live with an identity of having insulted them in this country. . . . If I am unable to come up with a positive result, it will be honorable for me to leave this country."

Turkey's relationship with its Armenian community has long been fraught with tension, controversy and painful memories of a brutal past. Much of Turkey's once-sizable Armenian population was killed or driven out beginning around 1915 in what an increasing number of countries are recognizing as the first genocide of the 20th century.

Turks vehemently deny that their ancestors committed genocide, however, and saying so is deemed tantamount to treason. In the 1970s and '80s, tensions were further inflamed as Armenians seeking revenge killed dozens of Turkish diplomats .

Turkey, which is 99 percent Muslim, and Armenia, which claims to be the first country to have officially adopted Christianity, share a border. But it is closed, and the two countries have no formal diplomatic relations.

The Washington-based Armenian Assembly of America issued a statement Friday calling Dink "one of the most prominent Armenian voices in Turkey."

"Hrant Dink was a man of principle, convictions and courage, and the Armenian community mourns him worldwide as a loss for humanity," the group's executive director, Bryan Ardouny, said in an interview.

Ardouny, who had met Dink in October when he addressed the Armenian-American Bar Association, described the slain journalist as an "outspoken activist who was a living bridge between Armenians and Turks in Turkey, a country where 70,000 Armenians still live and remain vulnerable and unprotected even 92 years after the Armenian genocide."

Journalist Killed By Gunman In Istanbul (FT)

By Vincent Boland

Financial Times, January 20, 2007

A prominent newspaper editor and leading figure in one of Turkey's most painful historical debates - the massacre of Armenians during the collapse of the Ottoman empire - was shot dead on Friday.

Hrant Dink, 53, was shot three times in the head outside the office of his weekly newspaper Agos in Istanbul. He died almost immediately. His murder brought swift condemnation from the prime minister, Recep Tayyip Erdogan, who despatched the interior and justice ministers to the city as an investigation got under way.

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Mr Dink was a Turkish citizen of Armenian descent and had played a leading role in breaking a taboo in Turkey where debate on the fate of the Armenians had for years been an untouchable subject. He was widely credited with trying to bring Turks and Armenians together but had been given a suspended prison sentence in 2005 for allegedly insulting the Turkish state.

Armenians say the deaths of up to 1.5m Armenian citizens of the Ottoman empire were a deliberate genocide by the empire's rulers beginning in 1915. Turkey denies genocide and insists that hundreds of thousands of both Turks and Armenians died as a result of war, famine, ethnic cleansing and disease in that turbulent period.

Mr Dink's murder could have serious repercussions for Turkey in Washington. Both houses of the US Congress are due to debate a motion in the next few weeks that would recognise the Armenian massacre as genocide. Turkey is fighting a rearguard diplomatic action to prevent this and the White House has indicated that it would not approve such a motion. But the atmosphere in which the debate takes place will be clouded by Friday's events.

There was a heavy police presence in Istanbul last night as Mr Dink's friends gathered outside the office of his newspaper. Mr Erdogan said the murder was ''an attack on all of us'' and appealed for calm. Two men were under arrest last night in connection with the murder.

Mr Dink's murder will also have a big impact domestically. It is an election year in Turkey and all political parties are beginning to position themselves to capture the nationalist vote, which represents a sizeable portion of the electorate. Ultranationalists have succeeded many times in shutting off debate on the Armenian issue including academic debates at universities.

Most Turks are not aware of the fate of the Armenians because Turkish school history textbooks make no reference to it. But a debate has emerged in the past two years with Mr Dink as one of its most prominent proponents. Yet it remains the most sensitive issue in Turkey's 20th century history. The republic was created from the ruins of the Ottoman empire in 1923.

Mr Dink was known to have received many death threats in recent years but is understood to have refused police protection.

Journalist Slain In Turkey (LAT)

By Tracy Wilkinson, Yesim Borg

The Los Angeles Times, January 20, 2007

ISTANBUL, TURKEY — An outspoken journalist who repeatedly clashed with Turkish authorities here over recognition of the early 20th century slaughter of Armenians was shot to death Friday afternoon on a busy downtown street.

Hrant Dink, who as editor of a Turkish Armenian newspaper was the leading voice for his ethnic community, was killed a week after he wrote about threats from unknown forces who he said regarded him as "an enemy of the Turks."

Hundreds of people marched Friday evening from Istanbul's central Taksim Square to the offices of Dink's Agos weekly newspaper, near the spot on a sidewalk where he was shot in the head. They held candles and posters with his picture; a somber silence was interrupted periodically with applause and chants for "the brotherhood of peoples."

Istanbul Gov. Muammer Guler said late Friday that three people had been detained in connection with the shooting, but no additional details were released.

The slaying is likely to further darken Turkey's reputation for repressing critics of the government and for tightly controlling how its turbulent past is portrayed.

Dink, 52, was part of an elite group of writers and thinkers, including Nobel literature laureate Orhan Pamuk and novelist Elif Shafak, who have been tried on charges of insulting their country's "Turkishness" under a controversial and ambiguous law promoted by hard-line nationalists.

While most, including Pamuk, were cleared, Dink was convicted in 2005 for writing articles that criticized the law and explored questions of Turkish and Armenian identity. He was sentenced to a six-month term, which was suspended.

Last year, an Istanbul court opened a new case against him after he told a foreign news agency that the slaughter of hundreds of thousands of Armenians by Ottoman Turks before and during World War I was a genocide.

"Of course I say it was genocide," Dink had said. "With these events you see the disappearance of a people who lived on these lands for 4,000 years."

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Turkey maintains that the deaths and expulsions that Armenians say claimed 1.5 million victims at the end of the Ottoman Empire were part of a civil conflict in which both Christian Armenians and Muslim Turks were killed.

Dink helped promote a conference of academics in 2005 who gathered here to examine the era's mass killings. The government attempted to block the conference, and the justice minister accused participants of "stabbing Turkey in the back."

On Friday, however, Turkish Prime Minister Recep Tayyip Erdogan was among the first to condemn Dink's "traitorous" and "disgraceful" slaying.

"Bullets have been fired at free thought and our democratic life," Erdogan said at a news conference. He urged calm.

European governments, Washington and intellectuals across the globe also deplored the killing.

"We are horrified," Larry Siems, an official with the international writers association PEN, said in a statement. "Hrant Dink was one of the heroes of the nonviolent movement for freedom of expression in Turkey, … one of the most significant human rights movements of our time."

U.S. State Department spokesman Tom Casey said, "We certainly are concerned any time someone who has been very outspoken in their views is made to pay a price simply for their ability to speak their mind."

Turkish television Friday showed copies of letters containing death threats that Dink said he had received in the last year. He said his pleas for official protection went unanswered.

"We will silence you in a way that you will never speak again," one of the letters said.

Writing in his weekly column Jan. 10, Dink said his computer was full of "lines containing threats and rage.

"It is clear that those who try to alienate me, weaken me and leave me defenseless have been successful," he wrote. "They managed to form a group, with a serious number of people who see me as someone who 'insults Turkishness' with the dirty and wrong information they have been funneling to society."

His friends and colleagues say Dink cherished his Armenian ethnicity but remained loyal to his Turkish nation. His cause was freedom of expression and an honest confrontation of the past, they say.

Armenian Editor Is Slain In Turkey (NYT)

By Sebnem Arsu

The New York Times, January 20, 2007

ISTANBUL, Jan. 19 —A prominent newspaper editor, columnist and voice for Turkey's ethnic Armenians who was prosecuted for challenging the official Turkish version of the 1915 Armenian genocide, was shot dead as he left his office on a busy street in central Istanbul on Friday.

Television images showed the editor, Hrant Dink, lying on the crowded sidewalk covered with a white sheet outside the office of his bilingual Turkish-Armenian weekly, Agos. Officials said they detained three suspects. Investigators were monitoring surveillance tapes from nearby shops.

Mr. Dink, 53, a Turk of Armenian descent, often provoked widespread anger in Turkey for his comments on the genocide — which Turkey denies, saying the deaths of hundreds of thousands of Armenians resulted from hunger and other suffering in World War I. He also angered some ethnic Armenians for opposing their demand that Turkey recognize the genocide as a condition of entry to the European Union. He viewed entry into the Union as the clearest route to strengthening democracy in Turkey.

In recent articles, Mr. Dink (pronounced deenk) described increasing death threats against him. "I do not know how real these threats are," he wrote, "but what's really unbearable is the psychological torture that I'm living in, like a pigeon, turning my head up and down, left and right, my head quickly rotating."

Reaction to the daylight shooting, both here and abroad, was swift and deep. Prime Minister Recep Tayyip Erdogan condemned the shooting as a direct attack on Turkey's peace and stability. "A bullet was fired at freedom of thought and democratic life in Turkey," he said in a nationally broadcast news conference. "Once again, dark hands have chosen our country and spilled blood in Istanbul to achieve their dark goals."

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In an unusual show of anger and regret, the prime minister's remarks were echoed by the head of the armed forces, the president and other officials. The Armenian patriarch in Istanbul, Archbishop Mesrob Mutafyan, declared 15 days of mourning for the small Armenian, Christian population of Turkey.

Several thousand people marched from Mr. Dink's office to Taksim Square on Friday evening to protest the killing. People held pictures of Mr. Dink, decorated his office door with flowers, waved black flags and chanted, "Shoulder to shoulder against fascism," and, "We are all Hrant; we are all Armenians."

European officials and human rights groups also expressed horror and called on Turkey to do more to protect free expression.

Mr. Dink was one of a number of intellectuals convicted under Article 301 of the Turkish Penal Code, which penalizes remarks against the state or the Turkish identity. It been harshly criticized by the European Union as a violation of freedom of expression, as Turkey moves toward membership.

Turkey has been changing some laws to try to meet the European Union's membership criteria, but faced a setback last month when ministers in Brussels decided to freeze talks on 8 of 35 areas of discussion because of Turkey's refusal to open its airports and seaports to Cyprus, a member of the Union.

Among the crowd that gathered Friday night, the common fear was that this assassination would be added to the list of unsolved murders. "This is an attack against our democracy," said Ayhan Aydin, an international financial consultant, who worked on the same street on which Mr. Dink was shot.

"We're here to show that sensible people wish this assassination to be clarified and want the perpetrators to be brought to justice," Mr. Aydin said, standing in the crowd. "We all fear that this insane attack might be swept under the carpet once it gets too complicated to resolve, like other murders did."

Turkey's ambition to become a European Union member requires further democratization and a better functioning legal system. The group has been particularly critical of Article 301.

Derya Sazak of the Milliyet newspaper said of the law, "This legal system brings forward the culture of hatred and lynching, in which Hrant became an open target. The murderers always go after the moderate voices, which Turkey needs the most."

Mr. Dink, a father of three, founded Agos in 1996. The bilingual community newspaper has a weekly circulation of 5,000.

Haluk Sahin, a columnist for the Radikal newspaper, a strong supporter of Mr. Dink's legal struggles, said Turkey had been hit in the heart.

"Those who wanted to harm Turkey couldn't have chosen a better target," Mr. Sahin said. "As opposed to other killings in the past, Turkish public reaction against this murder will show us where Turkey stands in the world."

Insurgents Attack Palace In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, January 20, 2007

NAIROBI, Kenya, Jan. 19 — Insurgents blasted Somalia's presidential palace with heavy explosives on Friday night, Somali officials said, but it appeared that no one was hurt.

It was the first time since Somalia's transitional government took control of Mogadishu, the capital, three weeks ago that the palace had come under attack.

Abdirizak Adam Hassan, chief of staff for President Abdullahi Yusuf Ahmed, said 5 to 10 insurgents had detonated the explosives, possibly mortars, near the palace walls and then ran away.

"We don't know who they were," Mr. Hassan said. "But I think it is safe to say they were people not satisfied with the government."

The explosions set off an intense gun battle, witnesses said, with government troops spraying machine-gun fire into the dark streets around the palace, which is perched on a hill overlooking much of Mogadishu.

Insurgent attacks on Somalia's government forces seem to be intensifying. Last month, the transitional government, with the help of several thousand Ethiopian troops, routed Islamist forces that had controlled much of Somalia. The Islamists have vowed to regroup, and many members of the larger clans in Mogadishu still support them.

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Somalia's government concedes that it does not have the resources to maintain security in the capital, and Somali officials are urging international peacekeepers to arrive soon.

Ethiopia's prime minister, Meles Zenawi, told the BBC on Friday that he would withdraw the first Ethiopian troops "in the next few days."

African Union diplomats on Friday discussed a plan to send 7,700 African peacekeepers to Somalia for a six-month mission that would eventually be taken over by the United Nations. So far, only Uganda has stepped forward. Lawmakers from Uganda's governing party on Thursday approved the deployment of 1,500 troops and now Uganda's full Parliament must approve the decision.

"As Africans, we feel it is our duty to run to the rescue of any of our brothers in trouble," said Harry Bakowa, a governing party member, according to The Associated Press.

African Union Experts To Discuss Somalia (AP)

By Les Neuhaus, Associated Press Writer

AP, January 20, 2007

More than a decade after the U.S. and U.N. pulled failed peacekeeping missions out of Somalia, African governments are under growing pressure to mount a new intervention in one of the continent's most violent and unstable nations.

The continent's leaders may have a tough time succeeding, however, judging from past peacekeeping missions and the African-led force currently deployed to maintain security in Darfur, which has been beset by numerous problems.

Somalia has had no real peace since 1991, when warlords overthrew longtime dictator Mohamed Siad Barre and turned their guns on each other, plunging the Horn of Africa country into chaos.

A conservative Islamic movement brought some stability after it seized much of southern Somalia last year, but the group's hold on the country was short-lived. Ethiopian and Somali troops routed the movement's fighters in a lightning-quick campaign that began in late December.

Now Ethiopia is anxious to withdraw its troops, and many fear they may leave behind a power vacuum that could spawn yet more bloodshed.

Warlords agreed earlier this month to disarm and join a new army, but the peace is fragile. On Friday night, unidentified gunmen fired mortars at the presidential palace in Mogadishu, sparking a firefight with government forces. A government spokesman said no one inside the presidential compound was injured in the attack.

The U.N., U.S. and European Union have all called for the rapid deployment of African troops to prevent the country from slipping back into anarchy.

In Addis Ababa, Ethiopia, an African Union assessment team on Friday recommended deploying about 8,000 African peacekeepers for a six-month mission that would eventually be taken over by the United Nations. But significant obstacles stand in the way before the force can be deployed.

The African Union force would likely be charged with protecting the government and training Somali militiamen who would make up a new, national army. But Peter Takirambudde, director of New York-based Human Rights Watch's Africa program, said problems could arise due to the lack of time to prepare for a mission and Somalia's long history of brutal clan warfare.

That sentiment is reflected by a general reluctance on the part of African governments to provide troops to what could be a dangerous mission in a country notorious for the botched U.S. and U.N. operations in the early 1990s. No nation has publicly pledged soldiers except Uganda, whose promised 1,500 soldiers could only be dispatched if its parliament approves.

African nations also say they don't have many troops to spare because of their large contributions to U.N. missions elsewhere on the continent and worldwide.

In addition, any Somalia mission will require substantial logistic and financial support. Bearing the financial burden alone may also be prompting reluctance among African countries, although the U.S. and the European Union have already promised $33 million for the mission.

Another obstacle is the African Union's lack of experience in running peacekeeping missions. The group's current 7,000-strong peacekeeping venture in Sudan's war-wracked Darfur has been plagued by logistic troubles and criticized for not doing

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enough to protect civilians. Commanders say they simply don't have enough equipment, vehicles, helicopters and planes to do the job.

Other regional peacekeeping missions have had better results in the past, albeit with the support of the U.N.

A West African peace force called ECOMOG led by Nigerian troops restored Sierra Leone's government to power in the mid-1990s after it had been ousted by a rebel junta. War started again several years later, prompting U.N. intervention backed by British firepower that finally ended the war in 2000.

A South African-led U.N. peacekeeping force in Burundi helped bring an end to a 12-year civil war dating back to 1993, though fighting continued outside the capital throughout their deployment.

In Ivory Coast, French and U.N. peacekeepers managed to prevent the government and rebels from engaging in an all-out war. The 18,000-member U.N. force currently deployed to Congo — the largest peacekeeping mission in the world — has also struggled to contain militiamen, but has kept a lid on wider violence in that country.

Takirambudde said the trend in Africa is toward all-African interventions, in part because the continent is perceived as having little strategic value to the rest of the world.

Senegal's army spokesman, Col. Antoine Wardini, said African governments had the will to carry out such missions. But logistics and funding will pose problems for the foreseeable future.

"They don't have enough means to conduct operations far away from their homeland," Wardini said of African troops. "But we do want to solve the conflicts on our continent. We have to be involved, because it's our business."

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Dakar-based West Africa bureau chief Todd Pitman has covered Africa for more than a decade. Associated Press writers Les Neuhaus in Addis Ababa, Ethiopia, and Mohamed Sheikh Nor in Mogadishu, Somalia, contributed to this report.

Blair Aide Arrested In Honors Probe (WP)

By Mary Jordan

The Washington Post, January 20, 2007

LONDON, Jan. 19 -- Police on Friday arrested an aide to Prime Minister Tony Blair as part of a continuing criminal investigation into whether his Labor Party traded seats in the House of Lords and other government honors for cash.

Ruth Turner, Blair's director of government relations, was arrested at her home in connection with alleged offenses under a 1925 law that prohibits the selling of government honors and titles and "also on suspicion of perverting the course of justice," a police statement said. Turner was interviewed in a London police station and released on bail, police said.

"I absolutely refute any allegations of wrongdoing of any nature whatsoever," she said in a statement.

Turner is the fourth person arrested in the investigation concerning seats in the House of Lords, the upper house of Parliament. So far no one has been charged.

Turner's arrest brings the investigation closer to Blair and suggests police believe there has been an attempt to cover up information. Blair issued a statement saying that Turner had "the highest integrity" and that he "continued to have complete confidence" in her.

Last month, when Scotland Yard detectives spoke with him, Blair became the first sitting prime minister to be questioned in a criminal inquiry. But he was not interviewed "under caution," a British legal term that is applied to people who are viewed as suspects. He was therefore being treated as a witness.

Under British law, political parties must disclose the source of donations, but they do not have to declare the source of loans. The Labor Party has said it received $27 million in loans and therefore did not have to disclose the identities of the lenders. Investigations have found that some of those who gave the party loans were recommended for seats in the House of Lords.

Blair has denied that seats in the legislature and other honors were for sale.

Police have also interviewed members of the opposition Conservative Party, including former leader Michael Howard.

"It's pretty serious," said Tony Travers, a government specialist at the London School of Economics. "All three of the major political parties are desperate for money," he said, and the police are looking at whether rich people were tapped for cash "in the expectation that they would be put into the House of Lords, our equivalent of the Senate."

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Travers said it was notable that Conservative Party leaders are not criticizing Labor in the scandal, or vice versa. This is a sign, he said, that they all may be caught up in it.

"This remains a cross-party investigation," Scotland Yard said in a statement issued Friday.

But because Blair is in office and once promised voters to be "purer than pure" on issues of ethics, he is taking the brunt of the scandal and it has further eroded his standing, which is already suffering from his support of the deeply unpopular war in Iraq. He has said he will step down as prime minister this year.

The others arrested to date are Michael Levy, a friend of Blair's and special envoy to the Middle East; Christopher Evans, an entrepreneur and major party donor; and Des Smith, a government adviser.

Senior Aide To Blair Is Arrested In Graft Inquiry (NYT)

By Alan Cowell

The New York Times, January 20, 2007

LONDON, Jan. 19 — The police arrested and questioned a senior aide to Prime Minister Tony Blair on Friday in what seemed to be a widening inquiry into allegations that political leaders had traded high honors for campaign contributions made as loans.

The aide, Ruth Turner, is the director of government relations in the prime minister's office at 10 Downing Street and, in a statement, denied "wrongdoing of any nature whatsoever."

Mr. Blair said he had "complete confidence" in Ms. Turner, 36, who was appointed as a special adviser in 2005. She is one of the officials who control access to Mr. Blair.

"Ruth is a person of the highest integrity for whom I have great regard," the prime minister said.

However, a police statement said that Ms. Turner had been questioned not just in connection with the honors inquiry, but also "on suspicion of perverting the course of justice." Under British law, that often means that someone has failed to cooperate with or has frustrated an investigation. The police statement seemed to suggest that the inquiry was breaking new ground, and it drew questions from opposition politicians about a possible cover-up. The police said this "new development" would require investigators to extend their inquiries.

Since last year, Mr. Blair has been embroiled in questions about campaign financing before the May 2005 national election. The police are investigating whether people who made loans to the ruling Labor Party did so in return for promises that they would be appointed to the House of Lords. The amount of the loans and other contributions was equivalent to $27 million.

Mr. Blair himself was questioned by investigators last month, adding to the potential stains on his record as he sought to mold a legacy after almost 10 years in office. When he took power in 1997, he promised voters that Labor would enshrine a commitment to corruption-free administration. He has said that he will step down later this year but has not given a date.

In Parliament, Edward Davey of the Liberal Democrats — the smaller of the two main opposition parties — said the "sorry saga" of the police inquiry showed that "the Blair government is in its dog days, increasingly mired in sleaze."

The inquiry was started after a complaint by a Scottish Nationalist member of Parliament, Angus MacNeil, who said Friday: "Water is now lapping around Blair's neck. The investigation is now right inside the door of No. 10," referring to the prime minister's office address.

The police said that Ms. Turner was arrested at her home in London early Friday and was released to allow time for further inquiries without charges being brought against her.

In her statement, issued by Mr. Blair's office, Ms. Turner said: "I have already given the police two lengthy interviews and made it clear to them that I was happy to speak to them at any stage. I have been completely open with the police throughout, and will continue to cooperate with them fully."

A spokeswoman for the prime minister said Ms. Turner remained in her post.

While many people, including Mr. Blair, have been questioned in the inquiry as potential witnesses, only four people have been arrested, including Ms. Turner and Mr. Blair's main fund-raiser, Lord Levy.

Blair Aide Arrested In Honors-for-sale Probe (WT/AP)

The Washington Times, January 20, 2007

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LONDON (AP) -- An aide to Prime Minister Tony Blair was arrested yesterday in the investigation into whether political honors, such as seats in the House of Lords and knighthoods, were traded for cash.

Ruth Turner, Mr. Blair's director of government relations, was questioned on suspicion of being involved in the sale of honors -- illegal under British law -- and perverting the course of justice, police said.

Miss Turner, 36, is the first member of Mr. Blair's Downing Street staff to be arrested and the fourth person to be detained by police in their investigation. All four are on bail while inquiries continue, police said.

"I absolutely refute any allegations of wrongdoing of any nature whatsoever," Miss Turner said in a statement released by Mr. Blair's office.

Mr. Blair was interviewed by detectives last month, becoming the first serving prime minister interviewed in a criminal inquiry. However, he was not interviewed "under caution," meaning it is unlikely he is a suspect.

In a statement, police said Miss Turner, who has worked at Mr. Blair's office since 2004, was arrested at home.

Mr. Blair expressed confidence in the aide, who has not been charged. "Ruth is a person of the highest integrity for whom I have great regard," he said.

A police spokesman declined to confirm whether computers or documents had been seized from Downing Street.

Police are investigating claims that honors were given to people who loaned money to Mr. Blair's Labor Party. Police have also interviewed Conservative Party officials.

Mr. Blair has acknowledged some supporters who offered loans were later nominated for honors, but has insisted that he did nothing wrong.

He told police the backers were nominated for House of Lords seats under criteria allowing party leaders to put forward a small number of candidates in reward for their service to a political party -- rather than the general public, his spokesman said.

Election Could Decide Serbia's Role In Europe (NYT)

By Nicholas Wood

The New York Times, January 20, 2007

BELGRADE, Serbia, Jan. 19 — While six years of democracy in Serbia have given its people ample opportunities to vote — in four presidential elections, two parliamentary elections and a nationwide referendum — many complain that the country has seen little change.

Serbia remains isolated from the European Union while most of its former Eastern bloc neighbors — Hungary to the north and most recently Romania and Bulgaria to the east — have become members.

Western governments are hoping, though, that parliamentary elections to be held Sunday will make a difference by uniting Serbia's notoriously divided democratic bloc and by preventing the ultranationalist Serbian Radical Party from consolidating its position as the largest group in Parliament.

The election's timing is particularly crucial. The parties that form the next government will be faced with the possible loss of Kosovo, the province that has been controlled by the United Nations since 1999 and whose Albanian majority is seeking independence.

Martti Ahtisaari, a former president of Finland who is overseeing talks on the future of Kosovo, is expected to unveil his proposals for a settlement soon after the election.

Since the fall of Slobodan Milosevic in 2000, successive governments have failed to substantially improve Serbia's ties with the West. The stumbling block has remained the surrender of war crimes suspects to the International Criminal Tribunal for the Former Yugoslavia in The Hague.

Last May, talks that were supposed to help forge closer ties with the European Union were suspended after the government of the Serbian prime minister, Vojislav Kostunica, a moderate nationalist, failed to locate Gen. Ratko Mladic — the former commander of the Bosnian Serb Army and one of the most notorious of the fugitives — after repeated deadlines set by the regional organization.

The ultranationalists are widely expected to receive the largest number of votes over all, but the outcome of the election will probably depend on the success of the party led by Boris Tadic, the Serbian president and a supporter of closer ties with Europe.

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In recent polls, Mr. Tadic's Democratic Party narrowly trails the Radical Party. Behind them is Mr. Kostunica's coalition, led by the Serbian Democratic Party.

There has been a substantial amount of diplomatic and political pressure from abroad to encourage the Democratic Party and the Serbian Democratic Party to work together and seriously consider forming a coalition government.

On Thursday, Gerhard Schröder, the former German chancellor, appeared at a Democratic Party rally alongside Mr. Tadic, calling him "the one who can ensure a European future for Serbia."

On Wednesday, the United States Senate passed a resolution expressing its support for Serbia's democratic forces.

"This is really a turning point," said Pierre Mirel, a European Commission envoy who visited Belgrade this week. "The time has come to embark the country on a different relationship with the E.U."

Chavez Says Ailing Castro "Battling For His Life" (WT/AP)

The Washington Times, January 20, 2007

RIO DE JANEIRO (AP) -- Venezuelan President Hugo Chavez said yesterday that Fidel Castro is "battling for his life" and said he spoke with the Cuban leader for nearly half an hour several days ago.

Mr. Chavez compared Mr. Castro's attempt to recover from an unspecified medical condition to efforts in the 1950s, when Mr. Castro was a guerrilla in Cuba's eastern mountains fighting the government he would eventually overthrow.

"Fidel is in the Sierra Maestra again, battling for his life," Mr. Chavez said after attending a summit of South American leaders in Rio.

Mr. Castro, 80, has not been seen in public since shortly before July 31, when he announced he was temporarily stepping aside while he recovered from an operation.

He provisionally ceded power to his brother Raul, the 75-year-old defense minister.

Mr. Castro's medical condition is a state secret, but Cuban authorities deny he suffers from terminal cancer, as U.S. intelligence officials have claimed.

The El Pais newspaper in Spain reported Wednesday that Mr. Castro told surgeons not to perform a colostomy last year, opting instead for a course of surgery that produced a complication that left the Cuban leader in far worse condition.

After removing an inflamed piece of Mr. Castro's large intestine in an operation last year, doctors connected the remainder directly to his rectum, rather than attaching a colostomy bag, El Pais said, quoting two medical sources at Madrid's Gregorio Maranon hospital. The operation failed when a suture burst.

"The Cuban dictator and his advisers are the ones who decided on the surgical technique that has led to the complications," the paper said.

While the newspaper article did not name the sources, one of the journalists who wrote it told the Associated Press that both were doctors at the hospital.

Chavez: Castro "Fighting For His Life," Progressing Slowly (CNN)

CNN.com, January 19, 2007

RIO DE JANEIRO, Brazil (CNN) -- Cuban leader Fidel Castro is "fighting for his life," Venezuelan President Hugo Chavez said in a speech to the state legislature in Rio de Janeiro.

Chavez, who said he spoke to Castro a few days ago by telephone, compared Castro's battle against a serious intestinal illness with the Cuban leader's time in the island's mountains heading the revolution against the Fulgencio Batista government.

"Fidel is again in the Sierra Maestra again," Chavez said Friday. "He's fighting for his life. We don't know; we want him to recover, and he continues progressing, although slowly."

Noting Castro's age, Chavez said that "he said it himself: the machine that they have to fix is 80 years old."

"He is going through a difficult situation," he said.

Castro has not been seen in public since before July 31, when he relinquished power to his brother Raul so that he could undergo intestinal surgery. The Cuban government has maintained secrecy about his condition.

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Earlier this week, the Spanish newspaper El Pais quoted unnamed medical sources saying Castro was in grave condition. But a Spanish surgeon who visited Castro in December -- and works at the same hospital as the sources -- said those reports were based on rumors and that Castro's condition shows "some progressive improvement."

"The only truthful parts of the newspaper's reports are the name of the patient, that he has been operated on, and that he has had complications. The rest is rumors," the surgeon, Dr. Jose Luis Garcia Sabrido, told CNN in an exclusive interview.

He declined to go into specifics on Castro's health, or to discuss El Pais' reports point-by-point, but he said they "are not in line with reality, are not truthful and not real."

El Pais, one of Spain's largest and most reliable papers, reported Tuesday that two sources at the hospital in Madrid, Spain, told its reporters that Castro had suffered complications after three failed surgeries.

El Pais reported that Castro suffered from diverticulitis, an inflammation of sacs on the large intestine that can rupture and cause bleeding. The infection spread to the tissue on the walls of the abdomen, a condition called peritonitis.

The infections, the paper said, have impeded the healing process. On Wednesday, El Pais reported, citing sources, that Castro himself personally made a decision to undergo a type of operation that subsequently went wrong instead of a more routine surgery.

Mercosur Set To Delay Expansion Plans (FT)

By Richard Lapper, Jonathan Wheatley

Financial Times, January 20, 2007

Mercosur was on Friday expected to delay a controversial decision on expansion that would have strengthened the influence of Hugo Chávez, Venezuela's radical president, within the five-member trading bloc.

At a two-day presidential summit in Rio de Janeiro, Brazil had supported moves to give full membership of Mercosur to Bolivia, whose leftwing government is allied with Venezuela.

However, the proposal met with resistance from Argentina, as well as from the two smaller members of Mercosur, Uruguay and Paraguay, and has been put on hold pending the considerations of a working group which will meet over the next six to twelve months.

The development has added to multiple strains within the group. As early as next week, the US expects to sign a trade and investment framework with Uruguay. A full trade agreement would seem to be incompatible with continued Mercosur membership.

Venezuela itself became a full member of Mercosur last year after surprisingly little discussion in the group. On Thursday, Mr Chávez said that he was “decontaminating” the bloc of “neo-liberalism”.

In December Mr Chávez, a firm of opponent of President George W. Bush, began a new six-year term after winning a landslide election victory. Two weeks ago he announced sweeping nationalisation of his country's oil and utility industries. And more recently, members of the Venezuelan legislature - which is monopolised by Mr Chávez's supporters, after opponents boycotted an earlier poll - gave the Venezuelan leader new powers to rule by decree.

Mr Chávez is pushing a number of ambitious schemes to advance integration in the region, including the establishment of a Bank of the South, designed as an alternative source of finance to the International Monetary Fund and other existing multilateral organisations. On Thursday Brazil and Venezuela signed an agreement to co-operate on the building of a giant pipeline that would carry Venezuelan hydrocarbons to markets in the south of the region.

The dispute over full membership status for Bolivia - like four other Andean countries, Bolivia is currently an associate member - is centred on proposed exemptions from the group's common external tariff regime. Since Bolivia's average tariff rates are lower, membership would mean it would have to increase levels of trade protection. Mercosur has previously resisted attempts by both Paraguay and Uruguay for greater flexibility about the application of these arrangements.

Congress And Foreign Policy Don't Mix (LAT)

By George Weigel

The Los Angeles Times, January 20, 2007

DOJ_NMG_0119889

BY AUGUST 1950, Secretary of State Dean Acheson had taken all he could stand from those congressional critics whom he privately dismissed as "the primitives." So when Nebraska Sen. Kenneth Wherry leaned across a hearing table and wagged a finger, Acheson blew up. He leaped to his feet and demanded that Wherry not "shake his dirty finger in my face." Wherry said he'd do as he pleased. "By God, you won't," Acheson hollered — and prepared to land a haymaker until restrained by State Department legal counsel Adrian Fisher, a former college football player.

I couldn't help thinking of that scene from Walter Isaacson and Evan Thomas' multi-biography, "The Wise Men," last week. Secretary of State Condoleezza Rice is, one suspects, far too polite to respond Acheson-style to the indignities she absorbed during her first appearance before the Senate Foreign Relations Committee. But would anyone have blamed her if, in response to Chuck Hagel's ambitions or Barbara Boxer's personal nastiness, she had said something like this:

"Look, senators, there are real consequences to our 'ending the war' in Iraq, as the new speaker of the House has put it — rather glibly, if I may say. Those consequences include a bloodbath, chaos throughout the Mideast and perhaps the emergence of an apocalyptic maniac in Tehran as the regional hegemonist. Do you think that would play well in Omaha? Or Sacramento? I don't. In any event, I've got important things to do, and they don't include sitting here acting like my mother's pin cushion. I'll be back when you're ready to get serious. Impeach me if you like. They pay a lot better at Stanford."

The recent sound bites out of Congress, and the anti-surge resolution introduced in the Senate on Wednesday, may be comforting to Democratic partisans and Republicans who've bailed out on President Bush. And no doubt the administration made serious mistakes in Iraq after the major combat phase of the war ended. Yet one can make the case (though Republicans seem curiously reluctant to) that the November election led to genuine soul-searching in the executive branch. A new secretary of Defense is in office; Army Lt. Gen. David H. Petraeus, a man with a proven record in Iraq, will be the new military commander there; and the president has offered a new strategy for success. Since assembling on Jan. 4, Congress, however, seems stuck on last fall's script.

Modern history suggests that Congress is a particularly blunt — and not terribly effective — instrument for making foreign policy. Congressional skepticism and partisanship drove the United States back into isolationism after World War I, which probably made World War II more likely. The House of Representatives came close to dismantling the Army just four months before Pearl Harbor, passing by only one vote the bill that kept draftees in the service for more than just 12 months.

President Eisenhower had a hard time persuading a Republican Congress to provide funds adequate for waging the Cold War. On the one hand, Congress wrote a blank check for the executive branch with the 1964 Gulf of Tonkin resolution. On the other, it encroached on the executive's sphere of responsibility by embracing the nuclear freeze movement in the 1980s.

Strategic myopia seems institutional. House members on a short electoral leash, and the many senators who imagine themselves president in an era of ever-shortening election cycles, are not well positioned to think in terms of long-term strategies or to fit appropriate tactics to those strategies.

Congress is a necessary and useful check on executive arrogance and a good barometer of the public's mood, to which any thoughtful president must attend. Still, in the midst of a global war against jihadism that's going poorly on one front — Iraq — it's disheartening to see senators grandstanding when genuine inquiry is required. It is also worrisome to watch the ethics committees ramping up, the usual Washington prelude to policy differences being turned into attacks on the integrity of individuals (or worse, criminalized).

Congress can do better than this. This Congress must do better, given the magnitude and complexity of the issues involved in a multi-front contest with global jihadism that has nonmilitary as well as military dimensions.

George Weigel Is A Senior Fellow Of Washington's Ethics And Public Policy Center.

DOJ_NMG_0119890

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PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 20, 2007 7:45 AM EST

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TERRORISM NEWS:

Administration Stays Course In Legal War (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, January 20, 2007

Bush's team sees victory even in retreats in fights over anti-terror tactics.

WASHINGTON — In its legal war on terrorism, the Bush administration has proved itself undeterred by apparent setbacks.

Faced with challenges involving spying, military tribunals and other anti-terrorism efforts it devised after Sept. 11, 2001, the administration has revised its legal rationales and shifted tactics a bit. But to a remarkable degree, it has continued on the same course as before — to the frustration of its many critics.

"From the start, the approach has been to take the most aggressive positions in defense of public safety and to retreat only for tactical reasons," said Washington attorney Brad Berenson, an associate White House counsel during President Bush's first term. "There's been no overall pullback."

The latest example of this strategy of winning-by-avoiding-defeat came this week, when Atty. Gen. Alberto R. Gonzales announced that a special Justice Department court had approved a new round of wiretaps.

Previously, the administration said the president had an "inherent authority" to order — without court approval — wiretapping of terrorism suspects' international calls, despite a 1978 law against such surveillance.

Bush's claim sparked outrage from civil libertarians and sharp criticism on Capitol Hill, particularly from Democrats. This month, those Democratic critics took control of the House and Senate. Even before that, a federal judge in Detroit had declared Bush's policy unconstitutional; that case is now before a U.S. appeals court.

Rather than continue toward a confrontation with the new Congress that could thwart the program, Gonzales told lawmakers Wednesday that Justice Department lawyers now would get court approval for their wiretaps. But while the change of course was seen by many as defeat for the administration, Bush and his attorney general treated it as a victory.

"Nothing has changed in the program, except the court has said, 'We've analyzed it and it's a legitimate way to protect the country,' " the president said in an interview with Tribune Broadcasting.

During a Senate hearing, Gonzales corrected critics who said the announcement meant the administration had "terminated" its efforts to intercept calls into and out of this country. He explained that the administration, to gain court approval, had changed its legal rationale for the wiretapping, rather than change the wiretapping program itself.

But he refused to explain this rationale, prompting anger and frustration among some Democrats.

"The attorney general was being purposely evasive," said Rep. Adam B. Schiff (D-Burbank), who has worked on bills to overhaul and update the wiretapping law. "They are following the unilateralist approach again. They are saying, 'We are going to bring it within [the court system], and we are not going to tell you how we are going to do it.' "

This pattern has been repeated over the last five years. Bold administration claims of authority in the war on terrorism have been followed by slow and grudging retreats. And in nearly every instance, a setback or about-face has not seriously hampered the administration.

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In June, the White House suffered what many saw as a historic rebuke when the Supreme Court struck down Bush's rules for military tribunals. The justices said the proposed system did not meet the standards of fairness set by the Geneva Convention or by the U.S. military code of justice.

Undaunted, the administration got the GOP-controlled Congress to write Bush's proposal into law. And, to prevent further interference from the courts, the new law said judges could not hear pleas from "aliens" held by the U.S. military. By the year's end, the Supreme Court defeat had been converted into a White House victory.

Four years ago, the Supreme Court took up a challenge to the administration's policy of holding men captured in Afghanistan or Pakistan. In a split decision, the court said the government could hold these men as war prisoners, but it must give them some sort of hearing.

Though civil libertarians called that ruling a defeat for the administration, White House lawyers saw a victory. As Berenson said, "The detention power is the most important issue."

Hundreds of men remain held at Guantanamo Bay, and they have been given only cursory hearings before a panel of military officers.

Regardless of how the administration views it, Georgetown University law professor David Cole said he believed this week's announcement on wiretapping showed the era of unchecked executive power had ended. With the Democrats in control of Congress and a challenge working its way through the courts, Bush could no longer claim he had an inherent power to ignore the wiretapping law, he said.

"If you look at it over five years, it's clear they have retreated on many fronts," said Cole, a longtime administration critic.

Still, in many cases it's hard to see how the retreats have substantively changed how the administration wages its war.

In 2002, Bush's lawyers asserted that the president could order the arrest and imprisonment of Americans he deemed "enemy combatants." These people can be held in U.S. military prisons without charges and barred from even speaking to a lawyer, they said.

In a secret memo, Bush's lawyers also said the president could order the use of extreme pain to force captured men to talk, despite laws and treaties that bar the use of torture and cruelty.

Those policies, though widely condemned, still stand, revised but not repealed.

Last year, when the case of alleged enemy combatant Jose Padilla was due to come before the Supreme Court, the administration switched course and moved him from a military brig to a federal prison near Miami. He is being held there awaiting a trial.

A debate over torture and harsh treatment of prisoners had a similarly inconclusive end. Led by Sen. John McCain (R-Ariz.), a prisoner of war during the Vietnam War, Congress adopted a stricter ban on cruel and degrading treatment. Bush agreed to the bill but added a so-called signing statement last January saying he reserved the right to do what was necessary to "protect the American people from further terrorist attacks."

Bush's lawyers had argued that the CIA sometimes needed to use pressure and pain to force suspected terrorists to talk and to reveal plans for attacks.

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Editorial: A Dubious Reversal (ERG)

Eugene (OR) Register-Guard, January 20, 2007

Congress should take a skeptical approach to the Bush administration's announcement that it is reversing course and allowing a secret federal court to oversee a controversial electronic surveillance program.

Such a warning shouldn't be necessary. Since 9/11, Congress has repeatedly been thwarted, marginalized, and circumvented by an administration that is intent on calling every shot in the war on terror - and that is indifferent to the system of checks and balances required by the Constitution.

Five years ago, President Bush secretly ordered the National Security Agency to tap Americans' calls and e-mails without court approval. On Wednesday, the administration announced it will comply with the federal law that requires the agency to first obtain warrants before conducting such surveillance.

There was no explanation why the president has suddenly decided he can comply with a law that he once declared cumbersome, confining and a menace to national security. Bush simply said his Justice Department has sought warrants from the secret federal court established under the 1971 Foreign Intelligence Surveillance Act and got them with the "necessary speed and agility."

In other words: "Nevermind. We've decided to obey the law, after all."

It's tempting to applaud this change as a prudent and long-overdue move by a president who saw the light after last November's election.

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Tempting. But unwise.

One day after announcing the change, Bush clarified that the essential elements of the surveillance program remain intact. "Nothing has changed in the program except the court has said we've analyzed it and it's a legitimate way to protect the country," he said.

Meanwhile, Attorney General Alberto Gonzales disputed reports that the warrantless program run by the NSA had been "terminated." He also said the administration might block any effort by Congress to obtain copies of the court's decision to approve the administration's wiretaps.

As if all that weren't troubling enough, Gonzales also said the administration still believes the Constitution gives the president the authority to order eavesdropping without court approval during a time of war.

So, the administration now wants Congress and the American public to believe that it has changed a surveillance program that it says really hasn't changed at all. By the way, don't ask for details because none will be provided. And don't forget: The president still has the authority to snoop without warrants whenever he wants.

Congress should demand details and answers about the surveillance program - and do whatever is necessary to obtain them. Meanwhile, the question of the wiretap program's constitutionality should continue to make its way through the courts. A federal judge ordered a halt to the program last year, declaring it unconstitutional. The government's appeal is scheduled for argument in two weeks, raising a question of whether the administration's announcement was timed to influence the outcome of the case.

The president should remember that he is a creature of the Constitution and is not immune from its authority. Whether the issue is surveillance, torture or the war in Iraq, Congress must make certain that truth is understood inside the White House.

Editorial: Ship Righted (CCT)

Cape Cod (MA) Times, January 20, 2007

With a simple change of mind, the Bush administration has made a bitter constitutional question moot.

Would they had done it five years ago, when the same tools, time-tested and true, were also available.

On Wednesday, the Justice Department announced it was letting the court established under the Foreign Intelligence Surveillance Act â€“ FISA â€“ monitor the Terrorist Surveillance Program, the program that intercepted phone calls and e-mails between foreign callers and subjects in this country. At the time Attorney General Antonio Gonzalesâ€™ letter to the Senate Judiciary Committee was released Wednesday, the court had already approved one request for tapping a person believed to be linked to al-

Qaida or a similar group.

The spying program was started in 2001, in the aftermath of 9/11. When it was revealed, sticklers for constitutional protections cited the Fourth Amendment: â€œThe right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause. ...â€

Warrants â€“ the lack of them â€“ have been the issue all along. No one objected to the tactic of defending against terrorism by listening for suspicious calls. It was the fact such policing was being done without external review that violated separation of powers and alarmed conservatives as well as liberals. In our system, the judiciary is the third and co-equal branch of government. In August, U.S. District Judge Anna Diggs Taylor in Detroit ruled the program unconstitutional and ordered it stopped. It continued under appeal.

The administrationâ€™s steadfast refusal to consider warrants had all the makings of a â€œslippery slopeâ€ away from the checks and balances of the Constitution. Warrants provide a paper trail. They are the working papers of accountability and transparency of government power.

The exasperating thing about President Bushâ€™s plan was that it served no useful purpose. The FISA court process has been established for 25 years as the mechanism for sensitive surveillance matters. FISA court proceedings â€“ usually only one judge â€“ are not held in public, so no secrets are compromised. As in the much-maligned Patriot Act, there are prudent exceptions for those cases when speed is of the essence â€“ the warrant can catch up with the wiretaps at a later date.

The White House, via spokesman Tony Snow, now embraces the FISA supervision: â€œThe Foreign Intelligence Surveillance Court has put together its guidelines and its rules and those have met administration concerns about speed and agility when it comes to responding to bits of intelligence where we may to be able to save American lives.â€

The important thing is that the Constitution â€“ that American original â€“ once again acted as ballast to right the ship of state.

Editorial: Maintain Oversight Of Spying Program (DMR)

Des Moines Register, January 20, 2007

DOJ_NMG_0119895

Congress must protect citizens' rights.

The Bush administration's back flip on the National Security Agency's warrantless wiretaps is a breathtaking example of chutzpah.

For more than a year, the administration fiercely defended the NSA practice of secretly tapping American citizens' phone calls without court approval or congressional oversight as vital to fighting terrorists. Critics were condemned for putting silly constitutional formalities above national security. Then, Wednesday, before U.S. Attorney General Alberto Gonzales was headed to Capitol Hill for a grilling by the Senate Judiciary Committee, he announced the government had decided to seek approval for wiretaps from a special federal court after all.

One day the party line is that the president, under the authority of an act of Congress following 9/11, has unfettered power to spy on American citizens without oversight by Congress or the federal courts. Then, it is, "Oh, never mind."

Actually, the first example of the administration's chutzpah was when it insisted the president could authorize secret searches of American citizens' private communications without a warrant from a court. As the founders understood based on their experience with the king's agents, no government should have the right to conduct random searches, without court supervision under the authority of Congress. That fundamental separation-of-powers framework, the foundation of our constitutional government, was arrogantly dismissed by the Bush administration in its wiretaps program.

Members of the Senate thought the timing - the day before Gonzales was scheduled to appear before a hostile committee - was curious. Gonzales, however, said the administration had been negotiating with the chief judge of the Foreign Intelligence Surveillance Court for months on details of putting the "Terrorist Surveillance Program" under the jurisdiction of the court.

The administration's timing more likely was related to a Jan. 31 hearing before the 6th Circuit U.S. Court of Appeals in Cincinnati on the legality of the warrantless searches. That court is reviewing a decision by a federal district judge in Detroit who ruled in August that the spying is unconstitutional. This is reminiscent of the case of Jose Padilla, a U.S. citizen held by the government for more than three years as a suspected terrorist, who was suddenly released to Florida authorities on minor charges just as his case was scheduled to be reviewed by the U.S. Supreme Court.

Could it be the administration saw that it was headed for a Supreme Court reversal and decided to pull the plug?

Either way, it is not entirely clear that with this change the administration is truly showing respect for the Fourth Amendment. The Justice Department has refused to release details of the order by the FISA court - even though the court's chief judge said in a letter to the Senate that she had no objections to releasing the order.

Congress should continue to press the administration for details of the FISA court process, and it should insist on having oversight of any NSA spying on American citizens.

The Homeland Security Pageant (WP)

By William Wan

The Washington Post, January 20, 2007

First came duct tape. Then the airport liquid ban. And yesterday, officials unveiled the latest development in the country's war on terror: an American Idol-style contest for homeland security inventors.

Six finalists. One stage. Ten minutes each to win the hearts of the judges and walk away with $50,000. Or perhaps more important, a phone call from one of the defense contractors sitting in the audience.

Among the contestants:

-- A Russian scientist with his biological weapons detector. "All of Western civilization is at war," he proclaimed.

-- A team from Boston with a 300-degree steel furnace capable of killing biological threats.

-- A former Ohio police officer, frustrated with law enforcement's unwieldy Web networks and offering a way to fix them.

-- An inventor from Atlanta with an X-ray device able to detect everything from a vial of cocaine to nuclear waste.

-- And the hometown favorite, the Baltimore creators of a virtual reality helmet with 180-degree peripheral vision, for military and disaster-response training.

For two hours yesterday, they worked the stage at the Loews Annapolis Hotel, talking up their wares and how they might shield the nation from death and destruction.

The idea for the contest was hatched last year by the Chesapeake Innovation Center, a county-owned nonprofit organization charged with bringing homeland security firms to Anne Arundel. As the fifth anniversary of the Sept. 11, 2001, terrorist attacks approached, the center's leaders wanted to contribute somehow -- to create something that would make the sobering, scary world a little bit safer. Business sponsors put up $25,000 toward the cash prize, and the state put up another $25,000.

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But the prize, many said, was almost incidental in an industry where contracts are measured by the million and sometimes billion. The high stakes had to do with the audience at yesterday's presentation: a rich assortment of security experts, military officials and defense contractors, all of them potential clients and investors.

The group received 50 applications for its Defend America Challenge, ranging from three-page outlines to 80-page volumes. Six were invited for the finals -- a 10-minute presentation and a two-minute Q&A.

And as they took to the stage yesterday, evil seemed to lurk everywhere: radioactive cargo containers, anthrax-tainted dollar bills, instant messages with secret instructions for mass destruction.

And yet, despite the doomsday scenarios, the event had all the makings of a beauty pageant -- the fierce rivalry and accompanying camaraderie, the big smiles and slick packaging. Presentation, after all, would count for a quarter of contestants' scores.

Before the contest started, Yuval Boger, the virtual reality guy from Baltimore, was talking up the hometown advantage. "Well, it's only human to check out the competition, to try to see how you'll measure up," he said. "And with all things being equal, maybe the judges will want to invest locally in Maryland rather than somewhere else."

The X-ray man nearby, however, played down any rivalry. "I don't view it so much as direct competition with them," said Dolan Falconer, who had come from Atlanta to talk about an X-ray machine that could detect everything from explosives to radioactive waste. "We're all winners already for being selected as one of the six finalists."

One company, BioDefense, had lugged along a working model of its massive mail decontamination machine. Sitting in the hotel lobby on the back of a Hummer was the 375-pound unit -- a large steel box that looked suspiciously like a washing machine.

"When you're dealing with something like white powder in the mail, you don't know what it is. Best thing is to just kill it all," said company rep Jonathan Morrone. He thrust a few letters into the machine's mouth and pointed out the microwave plates, the 300-degree convection heaters and the ultraviolet light.

Several in the audience hoped to test out the Baltimore virtual reality headgear. "We couldn't bring it," Boger said. The bulky equipment and computers would have taken too long to set up, and coping with long lines of people waiting to geek out on his company's system would have distracted from its main purpose -- winning.

But mindful of the presentation component, Boger had brought another, more low-tech prop -- two cardboard toilet paper tubes -- to illustrate how normal virtual reality helmets can offer only tunnel vision compared with his company's high-resolution models.

"You got to have the steak and the sizzle," he said with a sly smile. "You got to entertain them but tell them something substantial, too."

Alexander Asanov, the Russian scientist, took a more gloom-and-doom approach, speaking of a "war with the extremists," in a sober voice thick with accent. "It is a war of ideas. It cannot be won by bullets; so we need to empower our ideas."

Preferably his idea, he added, as he described technology that detects biomolecular threats like anthrax within minutes.

In the end the winner was announced with a sealed envelope and a dramatic pause: It was Falconer, the X-ray man from Atlanta, who ended up taking home the oversized check.

"I don't want to call it luck, because it took a lot of hard work, but on any given day, any of us could have won," he said graciously.

Another $50,000 prize, for the best invention by a Maryland company, went to Boger's virtual reality helmet.

There were smiles all around, business cards exchanged and all through the hotel ballroom a feeling that the nation was now perhaps a little safer.

HOMELAND RESPONSE:

Man Who Reported False Threat Makes Plea Deal (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, January 20, 2007

An Ontario man who falsely told the FBI that he overheard a co-worker talking about a terrorist attack that would "knock L.A. off the Earth" could face five years in prison.

In a plea deal with prosecutors announced Friday, Dennis Leon Kolupski, 54, admitted that three weeks before Sept. 11, 2005, he called FBI officials to say he had overheard a co-worker talking about the bombings in London and Madrid before stating that "9/11 is nothing like what will happen on 9/12."

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Officials at the U.S. attorney's office in Los Angeles said Kolupski admitted that he never heard the person making threats and hoped his report would bring more scrutiny on the co-worker. Kolupski will appear in court Feb. 26.

FBI Not Amused By Area Man's Terrorist Plot 'tip' (ONTDB)

By Rod Leveque, Staff Writer

Ontario Daily Bulletin, January 20, 2007

If your shifty-eyed co-worker is hunched over his desk, conspiring on his cell phone to blow up the world, it's probably OK to call the FBI and report it.

If, on the other hand, you don't share a cubicle with the next Osama bin Laden, think twice before phoning in any bogus terrorist tips to the feds.

An Ontario man accused of falsely reporting that his colleague was plotting to wipe Los Angeles "off the earth" has discovered just how seriously federal investigators take such bogus reports.

Dennis Leon Kolupski, 54, faces up to five years in federal prison after agreeing to plead guilty to providing false information to the FBI about his co-worker's non-existent terrorist plot.

"The world changed on 9/11 and this type of conduct is not allowable," Assistant U.S. Attorney Richard Lee said. "I would hope the average person wouldn't do something like this."

Prosecutors said Kolupski called the FBI in 2005 - three weeks before the anniversary of the Sept. 11 terrorist attacks - and lodged the false reports.

He told investigators he overheard a co-worker on a cell phone make statements such as "9/11 is nothing like what will happen on 9/12," and that "this will knock L.A. off the earth."

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The FBI dispatched agents to investigate the claim and interview the co-worker, Lee said. They ultimately concluded the report was groundless.

Kolupski later told investigators what he heard was in a language other than English, and that he intended his report to bring scrutiny to the co-worker, according to the U.S. Attorney's Office.

Kolupski is set to make his first court appearance Feb. 26. If he follows through on his promise to plead guilty to the felony charge, he could avoid prison and be placed on probation.

His attorney, Rosa Mosley, declined to comment Friday.

Lee said the government has no tolerance for bogus terrorist reports because they drain the resources of the agencies that are forced to investigate them.

However, the prosecutor said he hopes Kolupski's case doesn't discourage anybody from reporting honest tips.

"If you have a legitimate bit of information, by all means, that should be passed on," he said. "But if you are just wholesale providing false info, that is an unnecessary use of government resources and that's a criminal act. It's my hope this case illustrates this is not the right choice to make."

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Prosecutors Say Man Makes Plea Deal In Phony LA Terror Threat (MHCA)

Monterey (CA) Herald, January 20, 2007

LOS ANGELES - An Ontario man who claimed he overhead plans for a Sept. 11-style terrorist attack will plead guilty to providing false information to the FBI, authorities said Friday.

Dennis Leon Kolupski, 54, could be sentenced to five years in federal prison under a plea agreement filed Friday, according to the U.S. attorney's office.

He was scheduled to appear in court on Feb. 26 but he may enter his plea at a later date, said Assistant U.S. Attorney Richard Y. Lee.

Kolupski called the FBI three weeks before the Sept. 11 anniversary in 2005 and claimed he overheard a cell phone conversation in which a co-worker threatened to knock Los Angeles "off the earth."

Kolupski said he overheard the man say: "9/11 is nothing like what will happen on 9/12."

However, Kolupski later acknowledged that he did not hear any threats to Los Angeles and that the conversation wasn't in English, prosecutors said.

Lee said Kolupski had been under stress for "personal reasons."

"In a moment of stress he called the FBI and relayed this information regarding this non-existing threat," Lee said.

It was a criminal act nonetheless, he said.

"Making these types of false reports is a tremendous drain on law enforcement," he said.

Negroponte Calls Intelligence Restructuring A "Work In Progress" (WP)

By Walter Pincus

The Washington Post, January 20, 2007

The "complex and demanding" process of restructuring the U.S. intelligence community is still "a work in progress" after 22 months of effort, John D. Negroponte said yesterday in a farewell address wrapping up his tenure as the first director of national intelligence.

Negroponte, who is leaving to become deputy secretary of state, spoke in the lobby of the modernistic Defense Intelligence Analysis Center at Bolling Air Force Base before 400 senior intelligence community officials and a portion of the 1,700 employees that make up the Office of the Director of National Intelligence.

He said one success was the way various organizations worked together during the 2006 Lebanon-Israel crisis to determine which agency was best positioned to gather certain types of intelligence and share it with others, reducing duplication of effort. That same "lift and shift" of intelligence is continuing in the ongoing Darfur crisis and with regard to Somalia, he said.

Another innovation he cited: the support an intelligence community science and technology team is giving to the group run by retired U.S. Army Gen. Montgomery C. Meigs that is coming up with new solutions to defeat the improvised explosive devices (IEDs) that are the most deadly killers of American troops in Iraq.

Additional integration of analysts and collectors is among the challenges still facing the community, particularly when it comes to so-called hard targets such as North Korea and Iran, he said.

CIA Director Michael V. Hayden, who was the first principal deputy national intelligence director before taking over the agency, praised the job Negroponte has done and said the former ambassador is returning to "his first calling" as a diplomat.

Hayden also used his time to praise how the restructuring has helped him focus solely on CIA problems without worrying about dividing his time with concerns about the rest of the community, as previous CIA directors had done when they had broader responsibilities. In a change from his prepared text, and in the spirit of collegiality, Haydon dropped a description of the CIA serving "in a leading role" in the intelligence community and just said the agency was serving "in our role" in the community.

U.S. Agency Tries To Fix No-Fly List Mistakes (WP)

By Ellen Nakashima, Alec Klein

The Washington Post, January 20, 2007

Every time Kiernan O'Dwyer arrived at the airport after traveling overseas in recent years, he was flagged as a potential terrorist. But his uniform was a dead giveaway to his true identity: He is a veteran pilot for American Airlines.

U.S. customs agents have stopped him about 80 times since 2003, apparently because his name and birth date nearly match those of an Irish Republican Army leader, one of at least 300,000 names on the U.S. government's watch lists. O'Dwyer falls under an unenviable category of false positives, people who are wrongly detained because some of their personal information matches that of a terrorist or other suspect.

The number of misidentifications is unknown, according to government auditors, but it has caused headaches for a cross-section of travelers, including nuns, infants and members of Congress. The U.S. Customs and Border Protection agency, under the jurisdiction of the Homeland Security Department, said it was trying to remedy the problem with a system to prevent unwarranted detentions on international flights.

An agency official said in an interview that the system, launched in February 2006, has eliminated about 17,500 detentions involving people entering the country at airports, seaports and at land borders. It is part of what the government says is an effort to prevent terrorism while not inconveniencing travelers or violating their privacy and civil liberties, though it is not yet applied to domestic flights.

The challenge is complicated by the vast and growing databases of electronically stored personal information that draw on different agencies' records, which must be continually updated to be accurate. Federal agencies and airlines are using computer-driven algorithms to compare travelers' names against watch lists.

Under the new system, which overrides Customs and Border Protection's main database, people continue to be stopped if their name appears on a watch list. But if the follow-up screening clears them, customs agents make note of that so the next time they travel, those people should not be detained.

"It is certainly not in our interests to continually stop people when we have a system in place that can stop that," said John P. Wagner, the agency's director of passenger automation programs. "It's a waste of their time. A waste of our time."

The agency has another terrorist screening tool, the "automated targeting system" for passengers, that can potentially do the same thing, said Brian C. Goebel, former senior policy adviser to the U.S. Customs and Border Protection commissioner.

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"ATS is designed really to identify the red flags associated with potential risks -- terrorist indicators," he said. But it should also identify passengers who do not merit follow-up screening, Goebel said.

O'Dwyer, 51, of Pittsboro, N.C., is not convinced that the problem has been fixed. "I've been told that everything is fine before," he said. Even after Customs and Border Protection introduced the system to prevent misidentifications, O'Dwyer said he was detained about 30 times.

All his problems began in 2003, after O'Dwyer returned from a trip to Europe. Reaching the customs desk at John F. Kennedy International Airport, he was stunned when officials pulled him aside for further screening. He showed them his passport. He had no criminal record. Ninety minutes later, he was cleared.

But he kept getting detained -- so often that customs agents took to greeting him by his first name.

"They'd look at their screen and know I'd been screened and say, 'Oh boy, you've been through here a bunch,' " he recalled.

O'Dwyer even carried a letter from the Customs and Border Protection Office of Field Operations saying, "(Y)ou are not, nor have you ever been, on record as a criminal suspect."

But, he said, customs officers told him the letter could have been forged. He said he offered to submit to fingerprints, just as foreign flight crews do, but to no avail.

O'Dwyer become so frustrated that he gave up flying internationally in May, a move that he said cost him $10,000 a year in salary and expenses. He said he is still stopped when he reaches the domestic gate, and a supervisor must help him get cleared.

Christopher White, a spokesman for the Transportation Security Administration, which handles domestic passengers, declined to comment on O'Dwyer's case, saying that the agency does not publicly verify names on its watch lists. About 15,000 people per week apply for redress, saying they have been mistakenly placed on the TSA's rolls. About 33,000 have applied to be removed from those lists as of April, the most recent date available. Soon, TSA's no-fly list will be pared of names erroneously included, officials said.

The FBI also declined to discuss specific cases. FBI spokesman Paul Bresson noted that the agencies are "refining" their watch lists, "removing names when they're cleared."

Wagner, the customs official, said that though the system for eliminating false positives applies only to international flights, eventually it will extend to domestic travelers. And the Homeland Security Department, which houses both Customs and Border Protection and the TSA, will soon begin a Traveler Redress Inquiry Program for people who believe they have been wrongfully subjected to additional screening or denied permission to board flights to or from the United States.

O'Dwyer, for one, still does not know why he was detained, gleaning only through "offhand" comments from customs agents that his name nearly matched that of an IRA operative. One IRA leader with whom he could be confused is Ciaran O'Dwyer, according to World-Check, a British firm that maintains a global database of terrorists, high-risk individuals and political figures. The IRA leader, born about 1955, was convicted in June 2005 and sentenced to five years and nine months.

O'Dwyer, the pilot, who also was born in 1955, has not lost all hope. In the spring, he intends to test the customs screening system when he goes on holiday to Italy.

Two Governors Appeal For Antiterror Aid (NYT)

By David Kocieniewski

The New York Times, January 20, 2007

HOBOKEN, N.J., Jan 19 — Warning that it would be a “grave mistake” to further reduce antiterrorism financing to the nation’s busiest urban center, Govs. Eliot Spitzer of New York and Jon S. Corzine of New Jersey pressed the Bush administration on Friday for a substantial increase in federal money to improve security for the region’s highways and mass transit lines.

Appearing at a news conference in Hoboken Terminal that tens of thousands of commuters to Manhattan pass through each day, Mr. Spitzer and Mr. Corzine released a letter to the secretary of homeland security, Michael Chertoff, saying that their efforts to deter another terror attack had been set back by substantial cuts in financing for counterterrorism announced in June.

Since the June announcement, the federal government has changed the guidelines used to determine aid, combining parts of New York and New Jersey, and officials in both states have said they worry that new classification system could foreshadow additional cuts.

Mr. Chertoff said this month that the new classification system would not necessarily mean that the region would receive less money because it would be distributed based on risk.

“To say, for example, the risk for New York is at this level and the risk if you cross the Hudson River is at a much lower level doesn’t make a lot of sense,” Mr. Chertoff said.

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But Mr. Spitzer and Mr. Corzine, both Democrats, said they wanted to speak out now, while the financing levels are being determined in Washington.

"There could be a temptation through combining the risk analysis, to reduce the overall level of funding awards," the letter says. "That would be a grave mistake and would only serve to undermine the public's confidence."

Federal antiterrorism aid to New York City dropped to $127 million from $204 million in the 2006 fiscal year.

New Jersey fared slightly better: aid to its six densely populated northern counties climbed to $34.3 million, up from $19.4 million. For the rest of the state, there was a sharp cut in grants, to $17.7 million, down from $36.3 million last year.

The news conference was the first joint public appearance of the two governors since Mr. Spitzer took office. While Mr. Corzine has had several border disputes with Gov. Edward G. Rendell of Pennsylvania, and previous New York and New Jersey governors have periodically jousted over Port Authority spending and sports franchises, Mr. Spitzer and Mr. Corzine say they have a cordial working relationship.

Neither Mr. Corzine nor Mr. Spitzer would cite a specific dollar amount they sought from Washington, but said that five years after the 9/11 attacks, the region's infrastructure remained vulnerable.

"I feel kind of like a college student calling home and saying, 'Just send money,' " Mr. Spitzer said.

Canadians Brace For Passport Rules (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, January 20, 2007

Starting Tuesday, air passengers into the U.S. will need the document.

TORONTO — Canadians are scrambling to get passports before new U.S. rules go into effect Tuesday requiring all air travelers coming into the United States from Canada, Mexico and the Caribbean to carry one. Tourism officials here worry that the restrictions will deter Americans from coming north.

The rules, designed to keep closer track of the millions of people who cross U.S. borders, were recommended by the Sept. 11 commission and mandated by Congress in 2004. They were supposed to take effect Jan. 1, but U.S. officials postponed their implementation until Jan. 23 to avoid disrupting holiday travel.

Travelers coming into the U.S. by land or sea will not need a passport until January 2008 and can still enter using a birth certificate, driver's license or border crossing card that shows citizenship. But beginning Tuesday, airline passengers coming into the U.S. will have to produce a passport. Exceptions to the rules are those traveling between Canada and the U.S. for work who were issued special cards, merchant mariners with Coast Guard documents and permanent residents with "green cards."

Officials expect some glitches at first. "People will still be showing up with sorry stories and no passports, I guarantee you," said a Canadian customs official at the Toronto airport.

In December, there was a 31% increase in passport applications compared with the previous year, said Francine Charbonneau, a spokeswoman for Passport Canada. The department has added an extra shift at print centers to get passports out quickly.

So far this year, 96% of travelers from Canada have used passports, U.S. Immigration and Customs Enforcement officials say. The majority were traveling on business.

"Anything that gets me through customs faster I'll do," said Brett Nelson, a Canadian engineering and sales manager who travels twice a month to the U.S. He has been using his passport for about a year, since a border official said the U.S. preferred it. But Nelson said he doesn't agree with the restriction.

"It's remnant paranoia from 9/11," he said. "They're still afraid of people hijacking an airplane. But you can still drive across the border with a truck bomb as long as you have a driver's license."

Canadian tourism officials worry that the new rules will give Americans another reason to go somewhere else. The country's $50-billion tourism industry has seen visits by U.S. travelers drop 28% over the last five years, especially as the Canadian dollar has grown stronger.

The staggered implementation of the rules — for air travel this year, for land and sea next year — is also causing uncertainty.

"It's the confusion over the requirements that is creating the biggest problem," said Randy Williams, president and CEO of the Tourism Industry Assn. of Canada.

Only 40% of Americans have passports, according to the U.S. Customs and Border Protection agency.

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Farley, The Times' United Nations Bureau chief, was recently on assignment in Canada.

Housing Aid Extended For '05 Storm Victims (WP)

DOJ_NMG_0119901

By Spencer S. Hsu

The Washington Post, January 20, 2007

The U.S. government will extend housing aid through August for hundreds of thousands of Gulf Coast residents still displaced by hurricanes Katrina and Rita, officials said yesterday, acknowledging that wide swaths of New Orleans and parts of coastal Mississippi remain uninhabitable nearly 17 months after the 2005 storms.

The Federal Emergency Management Agency said it would continue for six more months to pay for 130,000 households' trailers, mobile homes and apartments, aid that under federal law would have expired at the end of next month.

Officials in Louisiana, Mississippi and Texas and advocacy groups had urged FEMA for a decision since December, saying the historic housing crisis triggered by the devastating storms had not subsided. A delay or denial would have crippled rebuilding efforts and disrupted hundreds of thousands of lives, they said, as families living in trailers near their original homes would have had to move away and others in apartments would have been turned out by landlords seeking to rent to non-subsidized tenants.

The new Democratic Congress also stepped up pressure, frustrated at the Bush administration's improvised policies and the slow pace of recovery in New Orleans.

"This is very welcome news for the thousands of Louisianans still struggling with the everyday challenges of recovery and rebuilding," said Sen. Mary L. Landrieu (D-La.), who announced the decision after speaking with FEMA Director R. David Paulison. A formal announcement is set for early next week.

Louisiana Gov. Kathleen Babineaux Blanco (D) and Mississippi Gov. Haley Barbour (R) expressed gratitude but warned that the shortage of permanent housing will continue past August.

"Even though the number of Mississippians relying on this program is reduced each month as housing is rebuilt, it is clear thousands of our citizens will be without permanent housing six months from now," said Barbour, who sought a one-year extension.

Blanco called the recovery effort "beyond the scope of federal rules."

Housing advocates in Washington said they hope FEMA will notify recipients speedily and plan for longer-term housing. Sen. Joseph I. Lieberman (I-Conn.), chairman of the Senate Homeland Security Committee, added, "I will await official word from FEMA before determining if its provisions are adequate."

The order covers about 100,000 households in Louisiana and 30,000 households in Mississippi. A breakdown of housing type or costs was not available, FEMA spokesman James McIntyre said.

In Houston, about 100,000 evacuees, mostly from New Orleans, live in privately owned apartments paid for by FEMA, a spokesman for Mayor Bill White said.

FEMA will pay for the extension through earlier appropriations to its disaster recovery fund, and no new spending by Congress is needed, McIntyre said.

Extension Granted To Hurricane Victims (NYT)

By Leslie Eaton

The New York Times, January 20, 2007

The federal government will allow the 110,000 families still living in trailers because of Hurricanes Katrina and Rita to stay through August, a spokesman for the Federal Emergency Management Agency said. The housing program had been scheduled to expire at the end of February, and some community groups had been expecting FEMA to start issuing eviction notices as early as next week. The six-month extension, announced by Senator Mary L. Landrieu, Democrat of Louisiana, also applies to displaced families living in apartments paid for by FEMA.

WAR NEWS:

Top Dems Slam Bush On War Strategy (SFC)

By Edward Epstein

San Francisco Chronicle, January 20, 2007

Washington -- The two top Democratic leaders of the new Congress blasted President Bush on his decision to send more troops to Iraq and warned him not to take military action against Iran without their approval, but they offered their bipartisan cooperation on domestic issues.

House Speaker Nancy Pelosi of San Francisco and Senate Majority Leader Harry Reid of Nevada also indicated Friday in their annual "pre-buttal" to Bush's State of the Union speech that they want Congress to take strong action on global warming, an issue that until recently the Bush administration has downplayed.

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The Democratic leaders' comments on Iraq, however, left little doubt that the debate over the war will overshadow everything else this year on Capitol Hill.

That impression was reinforced by a sharp exchange of words between the White House and Pelosi.

Pelosi, appearing on ABC's "Good Morning America," reiterated her tough stand against Bush's handling of the war.

The president "has to answer for his war. He has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder," the speaker said.

Pelosi also said that keeping troops in Iraq in the midst of sectarian fighting "is not an obligation of the American people in perpetuity." The president has said he will send 21,500 more troops to Iraq, while many congressional Democrats have called for troop withdrawals.

Pelosi indicated she thought Bush was rushing some of the extra troops to Iraq quickly to pre-empt possible congressional resolutions opposing such new deployments.

"The president knows that because the troops are in harm's way that we won't cut off the resources. That's why he's moving so quickly to put them in harm's way," Pelosi said.

Those comments set off Dana Perino, deputy White House press secretary. She called Pelosi's comments "poisonous," especially for implying that Bush was using troops for political purposes.

"Speaker Pelosi was arguing in essence that the president is putting young men and women in harm's way for tactical political reasons. And she's questioning his motivations rather than questioning his policies," Perino told reporters.

"The one thing you can say about President Bush is that he's not moving forward with this new plan because he thinks it is popular. He is doing it because he thinks it is right," she added.

Opinion polls show fewer than 3 in 10 Americans support the president's announced policy to increase troop levels in Iraq.

In her appearance with Reid at the National Press Club, Pelosi again voiced support for the bipartisan, nonbinding Senate resolution introduced this week that opposes Bush's troop increase. The House will take up the resolution if it gets through the Senate.

Reid said "the president's new plan can be summed up in four words: more of the same. Like our military generals, the American people and a growing bipartisan chorus in Congress, I believe escalation is a serious mistake."

The Senate majority leader also warned Bush about recent speculation that the administration is considering military action against Iran because of its meddling in Iraq and because of its nuclear program.

"I'd like to be clear: The president does not have the authority to launch military action in Iran without first seeking congressional authorization," Reid said.

At the White House, Perino repeated the president's position that no military operations are contemplated against Iran. "There seems to be fanning of flames where there's no fire," she said of Reid's comments.

The atmosphere over cooperation on some domestic issues is brighter going into Tuesday's scheduled State of the Union, given comments by the two Democrats and the White House.

Pelosi listed numerous issues -- such as developing alternative energy sources, immigration policy, reauthorizing the "No Child Left Behind" education program, funding basic scientific research, curbing the federal budget deficit, reforming health care policy, helping the Gulf Coast recover from Hurricane Katrina, and combatting global warming -- on which Democrats will push legislation that she hopes can be bipartisan and get Bush's support.

She said Americans "want to see their leaders focus on American priorities, and they want us to work together for the American people."

Bush plans to address many of those topics in his annual speech -- the first the president will deliver before a Congress controlled by the opposition Democrats.

"Americans should expect a discussion of the commonsense principles that will provide the basis for President Bush's approach to governing with a new Congress," Perino said.

She said the speech will differ from the usual State of the Union in that it won't be the usual "laundry list of proposals."

Since the November election, Bush has shown a more conciliatory approach toward the Democratic Congress. The president replaced Defense Secretary Donald Rumsfeld and United Nations Ambassador John Bolton. This week, he reversed his policy on warrantless wiretaps and has indicated he would sign a minimum wage increase, which was one of Pelosi's top priorities.

But if Bush hopes to move the focus off Iraq, he probably will be disappointed. His speech will be followed immediately on network television by the Democratic response, which this year will be delivered by new Democratic Sen. Jim Webb of Virginia, who defeated Republican Sen. George Allen in November in part on an anti-war platform. Webb campaigned carrying the combat boots worn by his son, a Marine serving in Iraq.

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Pelosi, White House Clash On Iraq (LAT)

By James Gerstenzang

The Los Angeles Times, January 20, 2007

WASHINGTON — With barely a nod to the bipartisan civility they have saluted since the last election, House Speaker Nancy Pelosi and a White House spokeswoman traded sharp language Friday over President Bush's Iraq policy.

"He has to answer for his war. He has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder," said Pelosi, a Democrat from San Francisco.

"The president knows that because the troops are in harm's way, that we won't cut off the resources. That's why he's moving so quickly to put them in harm's way," she said in an interview on ABC's "Good Morning America."

Bush has said he will put additional forces in Iraq, an effort largely aimed at stopping the sectarian violence in Baghdad. Some Democrats have said Congress should block Bush's plan by eliminating funding for the troop increase.

Deputy White House Press Secretary Dana Perino called Pelosi's comments "poisonous" and decried a "sound-bite war" emanating from Capitol Hill.

"Speaker Pelosi was arguing, in essence, that the president is putting young men and women in harm's way for tactical, political reasons. And she's questioning his motivations rather than questioning his policies," Perino said at the daily White House news briefing.

The exchange highlighted the difficulty the new Democratic leadership and the White House have faced in adhering to promises to stop the partisan quarreling that was common before the November election.

Pelosi, when asked whether she was saying that Bush deliberately timed the dispatch of troops so that Congress could not intervene, said, "I would certainly hope he didn't manipulate the timing of sending the troops in."

Democrats Want Accounting On Iraq War Spending (WT)

By Charles Hurt, Joseph Curl

The Washington Times, January 20, 2007

Conservative House Democrats yesterday announced a plan to investigate the awarding of contracts in Iraq, as the White House and Speaker Nancy Pelosi sparred over President Bush's new war strategy.

"It's long past time that we kept track of the money and the weapons that we're giving to the Iraqis and replace the waste, fraud and abuse with proper oversight, responsibility and accountability," said Rep. Patrick J. Murphy, Pennsylvania Democrat.

Mr. Murphy and the coalition Blue Dog Democrats drafted a resolution demanding a detailed accounting of where the $400 billion spent so far on the Iraq war has gone and where future expenditures will go.

It also would require that future requests by the administration for war money go through Congress' normal budget channels as opposed to the special "emergency supplemental" requests that bypass regular congressional appropriations.

"We're spending $8.4 billion a month in Iraq, $12 million an hour in Iraq," Rep. Mike Thompson, California Democrat, said. "We owe it not only to the American taxpayers ... but most important, we owe it to the men and women who are putting their life on the line in Iraq to make sure that money's being spent appropriately."

A number of government oversights -- including an Iraq special inspector general, the Pentagon inspector general and the military service's own financial watchdogs -- are stationed in-country. They have produced scores of reports and audits on U.S. spending.

Meanwhile, Mrs. Pelosi said Mr. Bush is swiftly enacting his plan to move 21,000 troops into Iraq solely to prevent opponents on Capitol Hill from blocking the new war strategy.

"The president knows that because the troops are in harm's way, that we won't cut off the resources; that's why he's moving so quickly to put them in harm's way," she said on ABC's "Good Morning America."

The White House yesterday labeled Mrs. Pelosi's comments "poisonous."

Despite a pledge from the president and top Democrats to seek middle ground and try to work together, majority leaders are now engaging in "a sound-bite war," Deputy Press Secretary Dana Perino said.

"[I]t's certainly not in keeping with the bipartisan spirit and civility that the Democrats pledged and that we looked forward to, and the president will again call for that in his State of the Union address," she said.

Mrs. Pelosi also said that Mr. Bush "has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder," but she refused to say how Democrats would improve the situation.

"[I]t's the president's war, and he's the one without a plan," she said.

The White House struck back fiercely on that comment, too.

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"To say that this is only the president's war makes a mockery of the notion that when we are a nation at war, we should all hang together," Mrs. Perino said.

"The president really hopes that in this time of an epic struggle against radical Islam, that when we are facing an enemy that is determined to hurt us in Iraq and to hurt us here at home, that we can come together and be constructive."

Mr. Murphy, an Iraq war veteran elected to Congress in November, said 20 cents of every dollar that's been spent in Iraq cannot be accounted for. And much of the money that has been accounted for was wasted, he said.

Taxpayers, for instance, spent $75 million to build a police academy in Baghdad.

"You know what they're going to do with it?" Mr. Murphy asked. "They're tearing it down."

Senators To Offer Centrist Proposal On Iraq (NYT)

By Carl Hulse, Jeff Zeleny

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Senator John W. Warner of Virginia is drafting a proposal on Iraq policy with two Senate centrists in an effort to provide an outlet for lawmakers uneasy with President Bush's troop buildup but unwilling to back a toughly worded resolution opposing the new strategy.

Aides said Friday that Mr. Warner, a Republican who just stepped down as chairman of the Armed Services Committee, was working with Senators Susan Collins, Republican of Maine, and Ben Nelson, Democrat of Nebraska, to draw up a Senate resolution they will unveil Monday as an alternative to another bipartisan plan that flatly opposes troop increases in Iraq.

That measure, by Senators Chuck Hagel, Republican of Nebraska, and Joseph R. Biden Jr. of Delaware and Carl Levin of Michigan, both Democrats, is scheduled to be considered by the Foreign Relations Committee on Wednesday. But the emergence of a proposal embraced by Mr. Warner, an influential Republican leader on military issues, and other proposals circulating in the Senate showed there was no consensus yet.

The flurry of Iraq resolutions, coming from the political left, right and middle, raised the prospect of muddling the outcome of what Democratic leaders had hoped to keep a simple yes-or-no vote on Mr. Bush's plan. Now, some lawmakers could vote for multiple resolutions if they reached the Senate floor.

"Either you support an escalation of American forces in Iraq or you don't," Mr. Hagel said Friday. "You can try and dance on the pinhead of technicality and wordsmithing all you want, but it's going to come down to that."

The undercurrent of the 2008 presidential campaign is also pulling on the debate over the symbolic vote on Iraq. Democrats had originally planned to offer a single nonbinding resolution, but now at least four senators with presidential aspirations have put their own names on Iraq proposals.

In short order this week, Senator Christopher J. Dodd of Connecticut introduced a plan to cap troop levels in Iraq; Senator Hillary Rodham Clinton of New York offered a similar proposal; and Senator Barack Obama of Illinois said he would present legislation as early as next week. All stopped shy of a proposal offered by Senator Edward M. Kennedy, Democrat of Massachusetts, that would block spending for any troop increase, an idea favored by the staunchest opponents of the war.

With votes in the House and Senate still to come, Democratic Congressional leaders jousted with the White House on Friday over Mr. Bush's plan to add more than 20,000 troops to try to quiet violence in Iraq.

In an interview on "Good Morning America" on ABC, Speaker Nancy Pelosi accused Mr. Bush of moving quickly to put the added troops in place because he knew Congress would not limit spending for military personnel in the field.

"Democrats will never cut off funding for our troops when they are in harm's way," Ms. Pelosi said, "but we will hold the president accountable. He has to answer for his war. He has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder."

That drew a sharp response from the White House, where Dana Perino, a spokeswoman, called Ms. Pelosi's comments "poisonous" and said Democrats had embarked on "sound bite war."

"Speaker Pelosi was arguing in essence that the president is putting young men and women in harm's way for tactical political reasons," Ms. Perino said. "And she's questioning his motivations, rather than questioning his policies."

Senators Warner, Collins and Nelson, in a move reminiscent of the "Gang of 14" meetings that helped avert a showdown over judicial filibusters in 2005, began meeting this week after they saw the language of the initial bipartisan resolution. Some lawmakers who had expressed resistance to the troop increase said the wording was too partisan and went far beyond the issue of Iraq to discuss the entire Middle East, North Korea and Afghanistan.

Aides to the three senators declined to elaborate on the proposal, but all three have expressed skepticism about the administration's plan to send more troops to Iraq. In an interview last week, Mr. Warner said Congress should move deliberately, but swiftly.

"Each of us are pained by the casualties that we are taking," Mr. Warner said. "We cannot dither around on it."

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Mr. Biden and his allies have some advantages in making their resolution the center of the debate because he is now chairman of the Foreign Relations Committee and can move his resolution quickly through that panel. And the Democratic leadership, which determines the floor schedule, has indicated its support for the concept as well.

"The president's plan will receive an up-or-down vote in both chambers of Congress," Senator Harry Reid of Nevada, the majority leader, said Friday in a speech at the National Press Club. "With that vote, our hope, really our prayer, is that the president will finally listen: listen to the generals, listen to the Iraq Study Group, listen to the American people and listen to a bipartisan Congress."

Casey Urges Patience In Securing Baghdad (WP)

By Josh White

The Washington Post, January 20, 2007

The deployment of 21,500 additional U.S. troops in Iraq probably will last at least until the end of the summer, a top general said yesterday, urging patience with President Bush's strategy while a bipartisan group of U.S. legislators continued pressing for a new plan.

Gen. George W. Casey Jr., the top U.S. military officer in Iraq, said that the primary focus of the additional U.S. forces will be to secure a violent Baghdad and that their mission, if it goes as planned, could last well into 2007. He and other defense officials have said in recent days that the new battle for Baghdad could take some time but that it will be apparent in coming months whether progress is being made.

"That's not going to happen overnight either, and you're going to see some progress gradually over the next 60 to 90 days," Casey told reporters in southern Iraq yesterday, according to a transcript. "But I think it's probably going to be the summer, late summer, before we get to the point where the people in Baghdad feel safe in their neighborhoods. . . . The first troops are just arriving now, so we've got to wait and see the effect they have on the situation here before we even start thinking about when we might send them home."

The president's plan has drawn ire from Democrats who see the November elections as a mandate to change course in Iraq. House Speaker Nancy Pelosi (D-Calif.) lashed out in an ABC News interview aired yesterday, saying that Bush has "dug a hole so deep he can't even see the light on this" and calling the buildup "a stark blunder."

"The president knows that because the troops are in harm's way, that we won't cut off the resources," Pelosi told ABC. "That's why he's moving so quickly to put them in harm's way, but we will hold the president accountable. He has to answer for his war."

White House officials bristled at Pelosi's comments, with spokeswoman Dana Perino calling them "poisonous."

"I think questioning the president's motivations and suggesting that he, for some political reason, is rushing troops into harm's way, is not appropriate, it is not correct, and it is unfortunate because we do have troops in harm's way," Perino said at a news conference.

In a speech at the National Press Club yesterday with Senate Majority Leader Harry M. Reid (D-Nev.), Pelosi said the war has produced tens of thousands of casualties, cost hundreds of billions of dollars and damaged the country's standing internationally. She said it also has strained the U.S. military and thus threatens national security.

"Escalating our military involvement in Iraq will not reverse these negative effects. It will only add to them," Pelosi said.

Reid echoed Pelosi's position: "Unfortunately, the president's new plan can be summed up in four words: 'more of the same.' Like our military generals, the American people, and a growing bipartisan chorus in Congress, I believe escalation is a serious mistake . . . Interjecting more U.S. military forces will not end this civil war."

Yesterday, a bipartisan group from the Senate Armed Services Committee announced it will give a resolution on Monday "addressing the president's plan to augment U.S. military forces in Iraq."

The chief sponsor of the resolution, Sen. John W. Warner (Va.), the ranking Republican of the committee, has expressed reservations about putting U.S. forces in the middle of a sectarian fight in Baghdad and has openly questioned sending more troops. Warner's public comments suggest his plan will fall somewhere between the president's strategy and the Democrats' position.

Casey explained his request for more troops yesterday, indicating that he saw three reasons for a more robust presence: the deteriorating situation in Baghdad; the commitments from the Iraqi government that will allow free U.S. troop movement throughout the city; and the fact that Iraqi forces have not been reliable enough "where we could count on them to do the right thing without additional coalition support."

The increased demand for U.S. troops in Iraq is likely to lead to an early, involuntary call-up late this year or early next year of about four Army National Guard combat brigades with 3,500 to 4,000 troops each, Pentagon officials said.

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The Army had planned to be able to supply 18 or 19 combat brigades for Iraq and other overseas duty continually, but the requirement is now for 23, placing a heavy burden on the active-duty Army, said Lt. Gen. Stephen M. Speakes, Army deputy chief of staff, in a Pentagon briefing yesterday. The mobilization of guard brigades will allow active-duty combat units to spend more time at home.

To further ease the strain, the Army and Marine Corps are starting a push to expand their ranks by 12,000 additional troops each year for the next five years, leading senior Pentagon officials to appeal for greater public support for military service. The increase will require a combination of retaining troops and recruiting.

General Sees Summer Deadline For Troops (NYT)

By David S. Cloud

The New York Times, January 20, 2007

TALLIL AIR BASE, Iraq, Jan. 19 — Gen. George W. Casey Jr., the top commander in Iraq, said Friday that the additional troops being sent to Iraq under President Bush's new plan to stabilize the country could begin to be withdrawn by late summer if security conditions improve.

"I believe the projections are late summer," General Casey said, adding, "I think it's probably going to be the summer — late summer — before you get to the point where people in Baghdad feel safe in their neighborhoods."

The American buildup, which is expected to reach slightly more than 20,000 troops, is just beginning, and all the units may not be in place for several months, but General Casey said there could be signs of improvement in Baghdad in 60 to 90 days. He also said that the Iraqi Prime Minister, Nuri Kamal al-Maliki, appeared to be carrying through on his side of the plan, which requires the Iraqi government to commit more troops and not to interfere with military operations aimed at cracking down on the Shiite militias that have been blamed for much of the sectarian violence in Baghdad.

"So far, so good," General Casey said. "We are seeing them come through on those commitments."

The three Iraqi brigades that Mr. Maliki promised have not yet arrived in Baghdad. But General Casey said that American and Iraqi units have arrested a number of insurgent and death squad members, including five or six death squad leaders in the last three or four weeks. Secretary of Defense Robert M. Gates, who is making his second trip to Iraq in less than a month, came to southern Iraq on Friday for talks with British commanders and General Casey.

Britain has about 7,000 troops in southern Iraq, and officials in London told Mr. Gates earlier this week that they were making plans to withdraw most of them sometime this year.

"As we see the need for less troops, the surplus will go home," said Maj. Chris Ormond-King, a British military spokesman in Basra, where Mr. Gates held the talks with British commanders.

Major Ormond-King said that Britain maintains three bases inside Basra, Iraq's second-largest city, but that plans were moving forward to turn over the city to full Iraqi control, a step that he added was "probably achievable" by this spring.

He said that British commanders had no plans to disarm Shiite militia groups, including the Mahdi Army and the Badr Organization, that have been vying for power in the city, as long as they do not attack British forces. A critical part of the new American strategy for stabilizing Iraq is to persuade Mr. Maliki to disarm Shiite militias as well as Sunni insurgents. In the past, Mr. Maliki has been reluctant to crack down on the Mahdi Army, whose leader, Moktada al-Sadr, has been a pivotal member of his political coalition.

Mr. Gates said this week that Britain was making troop reductions at the same time Washington was building up forces in Iraq because conditions in southern Iraq are different than those in Baghdad and other parts of Iraq, where the United States has most of its troops.

Mr. Gates had lunch in Basra with General Casey and Maj. Gen. Jonathan Shaw, the recently arrived British commander. Later, Mr. Gates and General Casey traveled to this air base in southern Iraq to meet with Australian and Romanian commanders and to receive briefings on reconstruction efforts in the south.

Since taking office, Mr. Gates has pushed to ensure that the new American strategy to send additional troops also includes a renewed focus on reconstruction efforts.

Some "Surge" Troops May Return Soon (WSJ)

By Greg Jaffe

The Wall Street Journal, January 20, 2007

TALIL AIR BASE, Iraq -- Gen. George Casey, who is overseeing the addition of 21,500 troops to Iraq, said the U.S. may consider bringing some of those new forces home as soon as late summer.

"I think it will be late summer before people in Baghdad feel safer in their neighborhoods," he said.

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Gen. Casey met with Defense Secretary Robert Gates here Friday. After Mr. Gates went out of his way not to reveal his opinion on troop levels in his first weeks in office, he seems to have decided that the best way to stem surging violence in Iraq and Afghanistan for now is more U.S. troops.

His statements over the past week -- as he toured the Persian Gulf, Afghanistan and Iraq -- suggest that even if the additional troops don't produce quick results in the coming months, he will exercise patience. Less clear is whether lawmakers on Capitol Hill and voters -- who in polls are skeptical about the force increases -- will be willing to tolerate the Bush administration's troop "surge" without quick results. If the strategy doesn't work, it isn't clear whether the administration has a backup plan.

Mr. Gates, making his second trip to Iraq in less than a month, spent most of his time here learning about southern Iraq, where British troops make up the preponderance of forces. His visit seemed to highlight the differences between the U.S. and British in Iraq.

In contrast to Baghdad -- where the U.S. is adding troops -- British commanders have told U.S. officials they will likely withdraw a number of their 7,000 troops in southern Iraq this year.

In Baghdad, U.S. officials talk frequently about the need to disarm Shiite militias such as the Badr Corps and the Mahdi Army. And American commanders are pushing U.S. troops deeper into Baghdad's densely populated conflict zones.

In the British zone, the opposite is happening. British troops already seem to be taking a less aggressive approach in the south, particularly when it comes to disarming the Shiite militias. They also seem to be pulling back from conflict zones and turning more of the fight over to Iraqi troops.

A British spokesman says United Kingdom forces are going out of their way not to confront the Shiite militias. "We are not taking them on," said Maj. Chris Ormand-King, adding that "the militias are not necessarily a bad thing." He said the militias eventually will be folded into the police and army, but he cautioned the process "could take decades."

The British position is in large part a product of the fact that they have essentially committed to turning over control to the Iraqis in the next few months and to sending troops home or redirecting them to Afghanistan, where violence has also risen. With fewer troops, the British say there are limits to what they can do.

Earlier this fall, for example, the British pulled out of a base in al Amarah, where U.K. forces took frequent fire, and moved to a less populated area along the Iraq-Iran border. Within days of turning the base over to Iraqi army forces, it was looted by impoverished locals. The base hasn't been rebuilt.

"This is an extremely poor area," and what the Iraqis decide to do with the base will "be something the Iraqis will have to sort out for themselves," Maj. Ormand-King said.

Gen. Casey, speaking to reporters, said it is too early to know whether the new U.S.-Iraqi strategy to secure Baghdad will work. Much will depend on whether the Iraqi government provides adequate forces for the fight and doesn't prevent troops from entering key neighborhoods or arresting political figures involved in illegal activity.

Iraq Aiding U.S. Surge, General Says (WT)

By David R. Sands

The Washington Times, January 20, 2007

TALIL AIR BASE, Iraq -- Iraq's government has begun to deliver on commitments it made to complement President Bush's plan for a new infusion of U.S. troops, but the results may not be fully felt in Baghdad for more than six months, the top U.S. commander said yesterday.

"So far, so good," said Gen. George Casey, talking to reporters after briefing visiting Defense Secretary Robert M. Gates on the security situation in Iraq.

Gen. Casey said the results on the ground will not be felt overnight for Baghdad, but that some of the extra U.S. troops could begin to pull out by midyear.

"It may be summer, late summer before the people of Baghdad can feel safe in their neighborhoods," he said.

Gen. Casey's optimism comes amid a crescendo of opposition in Congress to Bush's decision to send more troops, with both the House and Senate planning votes condemn and possibly block the move.

Meanwhile, the U.S. troop surge has started.

In addition, the government of Prime Minister Nouri al-Maliki has begun to transfer three promised Iraqi brigades to Baghdad amid continued insurgent attacks and vicious sectarian killings by warring Shi'ite and Sunni militants.

In Baghdad yesterday, U.S. and Iraqi forces arrested one of militant cleric Muqtada al-Sadr's top aides, according to the Associated Press.

An adviser to Mr. al-Maliki, however, denied the government knew in advance about the raid, in which Sheik Abdul-Hadi al-Darraji was captured.

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"There was no coordination with the Iraqi political leadership and this arrest was not part of the new security plan," the adviser, Sadiq al-Rikabi, told Al-Arabiya television, the AP reported. "Coordination with the Iraqi political leadership is needed before conducting such operations that draw popular reactions."

His comments reflected the differences between the United States and Iraq's Shi'ite-dominated government on U.S. demands for a crackdown on Shi'ite militias that have been blamed for much of the recent violence.

Mr. Gates, on his second visit to Iraq in less than a month, did not meet with Mr. al-Maliki or any other Iraqi officials on this trip, which focused on the relatively peaceful southern part of the country.

As he did in stops at three Arab capitals before coming to Iraq, Mr. Gates said there is a growing regional consensus that Iraq must not be allowed to descend into chaos.

"Given what is at stake here, failure is not an option," he said.

Gen. Casey, who is wrapping up a 21/2-year stint as the top U.S. commander in Iraq. defended the pace of U.S. aid and support for Iraq's army.

Mr. al-Maliki had complained earlier this week that his security forces had not been given the equipment and training they needed to provide security for the country.

Gen. Casey said the job of equipping Iraq's 325,000-member security force was on track to be completed by the end of this year.

Mr. Gates began the day with a briefing at the British-run base near Basra, the country's second-largest city located in the southern Shi'ite heartland.

Britain, with about 6,200 troops in southern Iraq, mostly in Basra, plans to keep forces Iraq through 2007 and perhaps into 2008, a top British general said yesterday.

"Do I see ourselves being here throughout 2007? Yes," Army Lt. Gen. Graeme Lamb, deputy commander of Multi-National Force-Iraq, told reporters at the Pentagon in a teleconference from Iraq.

"Do I see that commitment being carried on to 2008? That will be for discussion among this sovereign government, my government, our part in the coalition and the like," Gen. Lamb said.

Levels of violence in the south have been lower than in Baghdad and central Iraq, although six British soldiers were wounded in a mortar attack in Basra shortly before Mr. Gates and Gen. Casey arrived.

Iraqi troops are in charge of security in two of the four provinces in the British-run sector.

Shi'ite militias remain a potent force in the south, but British military spokesman Maj. Chris Ormond-King said British commanders hope to co-opt the militias into the new national security forces.

"The militias are not a problem for us," he said. "What is a problem are some of the rogue elements in those militias."

A total of 129 British soldiers have been killed since the 2003 U.S.-led invasion.

Mr. Gates' visit to Talil Air Base, located nearly 200 miles southeast of Baghdad and once used by forces of Saddam Hussein, was the final stop in a weeklong tour that included London, Brussels, Afghanistan, Saudi Arabia, Qatar and Bahrain.

With a close-to-the-vest manner and a preference for yellow index cards in delivering his public remarks, Mr. Gates has already proved a sharp contrast to colorful and quotable former Defense Secretary Donald H. Rumsfeld.

Briefing reporters with Gen. Casey, Mr. Gates remarked that he had learned at least one fact on his global fact-finding tour: "I'm getting too old to do seven countries in 51/2 days."

Casey: "Surge" Could Go Home By Summer (CHIT/AP)

By Robert Burns

Chicago Tribune, January 20, 2007

TALLIL AIR BASE, Iraq -- The top U.S. commander in Iraq predicted Friday that some of the extra troops President Bush is sending could make an impact and start returning home by late summer, an optimistic note in contrast to skepticism of the plan back home.

Gen. George Casey said security in the war zone should gradually improve during the next three months as the 21,500 added troops build up in Baghdad and in Anbar province. However, the plan's success depends on the Iraqi government fulfilling its own pledges of adding troops and taking an aggressive approach to sectarian militias and death squads, he said.

Iraqi Prime Minister Nouri al-Maliki has failed to deliver on such promises before.

"I think it's probably going to be the summer, late summer, before we get to the point where the people in Baghdad feel safe in their neighborhoods," Casey told reporters at a news conference with Defense Secretary Robert Gates.

Asked when he thought some of the extra U.S. troops could be pulled back, Casey replied, "I believe the projections are late summer, but the first troops are just arriving," so nothing is sure.

Sounding his optimistic note, he said, "You're going to see some progress gradually over the next 60 to 90 days."

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Gates, making his second trip to Iraq since he took over for Donald H. Rumsfeld on Dec. 18, headed home after a daylong visit that was not announced in advance. Gates and Secretary of State Condoleezza Rice, just back from the Middle East, will meet with Bush Saturday morning at the White House to report on their trips.

His trip came as the Bush administration begins a new phase in the war including a troop buildup that has sparked widespread opposition in Congress and the general public, a reshuffling of Mideast commanders and diplomats and intensified military pressure on Iran. Congress is to take up nonbinding legislation opposing the buildup next week.

"Our goal is an Iraq that can defend itself, sustain itself, and govern itself and live free from the scourge of extremism," Gates said. "There's widespread agreement here that failure would be a calamity for American national interests and those of many other countries as well."

The first extra troops -- a brigade of the 82nd Airborne Division -- have just arrived in Baghdad, and Gates said it was too early to predict how Bush's plan for quelling the sectarian violence in the capital will work.

Four other brigades are to arrive between now and May, assuming the Iraqis follow through on their commitment to bring three additional Iraqi army brigades into Baghdad and to allow raids against all illegal militias.

Administration officials have declined to estimate how long the extra troops will be needed in Iraq, saying it depends on conditions. Gates said earlier this month that the increase seemed likely to last months, but not 18 months or two years.

Casey had expressed reservations about adding U.S. troops in Baghdad before Bush announced the plan on Jan. 10. The general said several factors had changed recently, including commitments by al-Maliki to not prohibit U.S. and Iraqi security forces from arresting leaders of Shiite militias who have political connections in the Maliki government.

Casey also said he was encouraged at the prospect of al-Maliki fulfilling his promise to send an extra three Iraqi army brigades to the capital to help the reinforced U.S. contingent.

Asked how the Iraqi government was doing to meet its commitments, he said, "So far, so good."

Casey will soon leave his post as part of a house-cleaning Bush is conducting on his military and diplomatic teams for the Middle East.

The U.S. troop reinforcements are supposed to secure Baghdad, although 4,000 of the extra troops are for Anbar province in western Iraq, where a Marine-led force is fighting an Sunni Arab insurgency.

Gates stopped earlier in Basra, the country's second-largest city, where he and Casey met with Maj. Gen. Jonathan Shaw, the newly arrived commander of British forces in southern Iraq.

At Tallil Air Base, which is near the ancient city of Ur and had been a main air defense post of the Iraqi military under Saddam Hussein, Gates and Casey met with commanders from several coalition countries, including Australia, Romania, Denmark and Britain, as well as with U.S. trainers of Iraqi forces.

The Bush administration has accused Iran of meddling in Iraqi affairs and contributing technology and bomb-making materials for insurgents to use against U.S. and Iraqi security forces.

A British military spokesman in Basra told reporters that no hard evidence had been obtained of Iranian arms, money or weapons technology entering southern Iraq.

But the spokesman, Maj. Chris Ormond-King, added, "As a gut feeling we know there is Iranian influence" here. The predominantly Shiite Muslim areas of southern Iraq have historic ties to Iran, which is a predominantly Shiite nation.

Britain, which has the largest troop contingent among the U.S. allies with about 7,000 soldiers in the Basra area, is planning to withdraw a large portion of them this year.

Joseph Lieberman Unbowed (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, January 20, 2007

WASHINGTON -- The war in Iraq brings to Joe Lieberman's mind an old Mark Twain story. "When a cat jumps on a hot stove, the cat never jumps on the stove again because the cat always assumes the stove is hot," says the senator from Connecticut. "But we are smarter than that. OK, so Vietnam didn't work out. But there are times when you've got to use force, to protect your security and to protect your principles."

Try telling that to the nuisance of congressional felines now prowling around the Iraq debate, eyeing it like a cooker on high boil. Next week will witness a Senate vote on a resolution condemning President Bush's new plan to quell growing sectarian violence and terrorism in Iraq by increasing the number of troops. While that vote may be largely symbolic, it comes amid far more ominous congressional calls to cut off war funding, to leave the Iraqis to settle their differences, to bring the troops home.

If ever the Iraq political debate was at a crossroads, it's now.

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At the center of this fray is Sen. Lieberman, a sort of Horatio at the congressional bridge -- spiritedly trying to hold back a bipartisan stampede out of Iraq that he believes will result in devastating consequences for that country, the region, and, most importantly, U.S. national security.

"Iraq is the central part of a larger and ultimately longer-term conflict in the Middle East between moderates and extremists, between democrats and dictators, between Iran- and Iraq-sponsored terrorism and the rest of the Middle East . . . Are we going to surrender to them, surrender that country to them, and encourage people like them to be in authority and power all over the Middle East and in a better position to strike us again?" asks Mr. Lieberman. If only Livy had his quill today.

These are blunt words, and quite a few more flow from Mr. Lieberman throughout a lively interview in his office this past week. A born gentleman, he refrains from lobbing any pot shots at opponents. But he made clear that he felt Washington had been ducking an honest debate about the war and the consequences of abandoning it, hiding instead behind "cosmetic" resolutions and rhetoric. Four years into the conflict, Mr. Lieberman thinks there is value in remembering again why it is we're in Iraq.

This is well-trod ground for a man who supported not just the first Gulf War, but sponsored the 1998 Iraq Liberation Act that aimed to topple the regime. In 2003 "we did something that was right and courageous, which was to overthrow Saddam Hussein," says Mr. Lieberman. "He was a genocidal dictator, he tried to assassinate a former American president, he used chemical weapons [on his] . . . own people . . . He was a hater of the United States." Saddam was a danger, not to mention a barrier to creating a democratic Middle East that ceases to be a threat to the U.S.

This is why the senator remains unmoved today by those colleagues who have abandoned the cause, lamenting that they were "deceived" about the existence of WMD or that they have "lost confidence in the leadership of the president." Says Mr. Lieberman: "If you still think, not only that the original purpose of going in was right, but that how it ends will have a significant effect on American security for a generation or more to come, then you don't back away." And that, he says, counts even in the face of faltering public opinion. "I think we are elected to lead. . . . Americans are understandably responding to the carnage they see on TV every night, and what we have to urge them is not to surrender to the people who are causing that carnage."

Mr. Lieberman, who returned from his latest visit to Iraq in December, freely acknowledges what he believes were "the series of mistakes that were made after Saddam Hussein was overthrown," from the disbanding of the Iraqi army to our reluctance to send more troops (something he has advocated since the fall of 2003). Still, "we were getting to a point where we were making some significant progress -- and it is important not to overlook this. There were three elections held. Those were a powerful demonstration of what no one is able to deny, even those who now want to turn away and give up on Iraq. Which is that the majority of the Iraqi people want a better life for themselves and their families. The majority is not involved in sectarian violence and clearly not involved in terrorism."

There are still hopeful signs, he says. His recent trip included a stop in Ramadi in Anbar province -- an area thick with terrorist operatives -- where the senator saw evidence that "we've turned the tribal leaders to our side, against al Qaeda." Mr. Lieberman also felt from his discussions around the country that there were strong signs a "moderate, multiethnic coalition" was coming together among political leaders who would support Prime Minister Nouri al-Maliki in a renewed push to restore order. "This thing is still winnable," says Mr. Lieberman. "And it is critical that we take advantage of this opportunity to win."

Which gets to President Bush's proposal for more troops, a plan Mr. Lieberman enthusiastically endorses. "The people in Congress, and the public, were quite right in saying the president's got to come up with a different approach. And he did. It's better than any other plan I've seen because it holds the hope of success. Most of the other plans are effectively just giving up and walking away."

Are 21,500 additional troops really enough? "I wish it was more, truthfully," he answers, throwing his own wish of 35,000 or even 40,000. "But I believe it is adequate. What I hope is that it is implemented quickly." The troops will be vital to quelling what Mr. Lieberman sees as several very different conflicts currently raging in Iraq. In Baghdad, more U.S. soldiers will bolster more Iraqi forces who aim to hold neighborhoods wracked by violence between local Shiites and Sunnis. In Anbar, they will hunt down al Qaeda. More troops, says Mr. Lieberman, will also provide the opportunity "to change the dynamic" in the wider war on terrorism, by sending a message to Iran and others that the U.S. will not abandon the region's moderates who are struggling to create a new democratic order.

And what of those Americans looking for some guarantee this will succeed? "None of us can be certain [the president's plan] is going to work; all the choices we have in Iraq right now are difficult. But by far, the one that is the worst, and would have disastrous consequences, is to pick up and leave, in small steps or in one large step, for all the reasons we know," he replies, emphatically. He also wants to speak beyond the proposal itself, to its author. "I have admiration for the president, because I believe he gets it. He understands the challenge of our time, which is from Islamic extremism . . . And he knows what he's doing is not popular. But he's doing it because he thinks it is right for the country." * * *

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So what does that say about Mr. Lieberman's Senate brethren, those who now want to turn tail for Rome, abandoning Horatio and his damned bridge to the enemy? What, I ask, accounts for the growing numbers of senators -- including Republicans such as Nebraska's Chuck Hagel, Maine's Olympia Snowe, Oregon's Gordon Smith -- who could well provide the decisive votes to undermine their own president in a time of war?

Mr. Lieberman offers a few half-hearted (dare I say, gentlemanly) explanations for the Senate's frigid feet. Some feel let down because the WMDs were never found; others are "affected in a political context by the loss of public support." But he ends up back at a baser truth, conceding that "some people, I just think have been partisan about this -- and that, to me, is the worst reason."

Mr. Lieberman is also frustrated that those supporting the resolution are dodging the tough questions. "The resolution that is being talked about, in one sense I'd say it is offensive, because it is only cosmetic . . . It won't affect the implementation of a new plan to succeed, to win in Iraq. But at the same time it will send a mixed message to those who are fighting for us in Iraq, and those who are fighting against us in Iraq. It will be a very graphic example . . . that we are divided."

But what can Mr. Lieberman, President Bush and others do to stave off such a capitulation? For starters, he responds, his side needs to make sure the naysayers aren't allowed to just criticize. "Part of the case would be, look, if you are really against the war and you are really against what the president is proposing, have the nerve to do what Congress under the Constitution is authorized to do: Move to cut off the funding and then let's have a real head-to-head debate."

Critics of the president's approach might also be made to put forward an alternative, and justify their proposals -- beyond some vague notion that this must all be solved by the Iraqi parliament, which Mr. Lieberman explains isn't so much a solution as wish-fulfillment. "There is an attempt by some of my colleagues here to say that it is wrong to think a military victory is possible, and in the end this requires a political solution among Iraqis. Well, of course it does. But as President Bush said, and as I believe, you can't have a political solution, you can't have economic growth . . . unless you first have security. That's key. Security's basic."

The other alternative, of course, is to simply admit defeat. Some in Congress are working up the courage to say as much, and to further suggest that abandoning Iraq wouldn't be all that bad. "People say this is just like Vietnam, we could leave, and that would be that. That won't be that. We're in a war which has it origins in this part of the world, in the Middle East, in the conflict within Islam. If we pull out and essentially surrender to the extremists and terrorists, they are naturally going to follow us right back to our shores.

"If we leave the place collapses. And it's more than civil war, it's ethnic cleansing. The Iranians come in and dominate a good chunk of the country. Al Qaeda takes over a good part and uses it as a base. The Kurds [can sustain themselves] but it gets very ominous. . . . And then the same group of people who attacked us on 9/11, they achieve a victory, and they will use that victory to strike at us again."

Speaking of the threat posed by Iran, Mr. Lieberman has been equally unimpressed by the U.S.'s lack of resolve. "I'm troubled by this reflex reaction to talk with Iran. We're a strong enough country, when it seems productive we shouldn't hesitate to talk to anybody. But we ought to talk when it is in our interest, not theirs. And right now it is only in Iran's interest."

He says he's been encouraged by the administration's tougher stance in recent weeks, and in particular President Bush's decision to move another carrier battle group to the Gulf region -- "which sends a message to Iran."

Mr. Lieberman also notes that, "We know that some of our American soldiers are being killed by sophisticated IEDs from Iran. The evidence is just closed, clear, compelling. . . . I can't believe the concern expressed by some of my colleagues here about whether we have a right to take prisoner Iranians who we conclude are either supplying weapons to Iraqis who are using them to kill American troops, or training them to kill American troops." As for the rest of the world community, "they're in denial."

What is remarkable, I think toward the end of our conversation, is how spry and feisty the senator looks. He did, after all, just come off a draining year fighting a bitter battle -- against his own party -- for his political life. Mr. Lieberman is now officially an "independent," yet he takes care to describe himself as an "independent Democrat." Why identify with a party that is so uniformly opposed to him on an issue so dear to his heart? He admits he frets that foreign policy is the "Achilles heel" of his political side, and that "unless the Democratic Party can prove to the people that as a party it is not either pacifist or isolationist, but is willing to stand up and protect the security of the American people, then we're going to have trouble electing a president."

His own Democratic heroes are Truman and Kennedy. "The Kennedy inaugural was the single . . . speech that brought me into public life. Those famous words 'Pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty.' That's what it has meant to me to be a Democrat." Horatio's challenge now is to convince his party -- and more than a few Republicans -- to also remember just who they are.

Key Aide To Sadr Arrested In Baghdad (WP)

By Ernesto Londono

DOJ_NMG_0119912

The Washington Post, January 20, 2007

BAGHDAD, Jan. 19 -- U.S.-backed Iraqi forces arrested a top aide to anti-American Shiite cleric Moqtada al-Sadr in eastern Baghdad on Friday, amid growing signs of stepped-up efforts to quell Sadr and his supporters.

U.S. military officials said in November that Sadr's Mahdi Army militia represents the greatest threat to Iraq's security. U.S. and Iraqi forces are preparing a renewed effort to pacify Baghdad, including the deployment of additional U.S. troops.

Abdul Hadi al-Daraji, Sadr's media director in Baghdad, was arrested at his house in the neighborhood of Baladiyat, near the Mahdi Army stronghold of Sadr City, shortly after midnight, said Sadr spokesman Abdul Razak al-Nadawi.

The spokesman said a guard was killed during the operation. At least two other aides were taken into custody, according to a statement released by the U.S. military.

The statement did not identify Daraji by name, but said the main suspect was involved in the assassination of numerous members of Iraq's security forces and is "affiliated with illegal armed group cells targeting Iraqi civilians for sectarian attacks." The military said the arrest was the result of an "Iraqi-led" operation.

Nadawi said "the occupation forces are provoking Sadr . . . by these daily operations or every-other-day operations." The spokesman added that the cleric's followers "are the only ones demanding and putting a timetable for the occupation withdrawal."

Iraqi Prime Minister Nouri al-Maliki, who has been pressured by the Bush administration to bring the Mahdi Army and other Shiite militias under control, was not forewarned about the arrest, said Ali Dabbagh, a spokesman for Maliki. Dabbagh said the prime minister was not notified about every impending high-profile arrest.

"No one is untouchable for the security forces," Dabbagh said. "At the same time, no one was interested to go into a fight with the Sadr movement." Sadr, whose supporters hold 30 seats in parliament, is a key supporter of Maliki, who is a Shiite, but the cleric is also widely seen as an instigator of the country's sectarian violence.

Neither Dabbagh nor the U.S. military said whether Daraji had been charged with a crime. "Definitely, if he's not charged, he will be released in a respectful way," Dabbagh said.

Sadr said in an interview with an Italian newspaper published Friday that a crackdown had begun and that 400 of his men had been arrested, according to the Associated Press.

Maliki told reporters this week that 430 Mahdi Army members had been arrested in recent days, but Nadawi said Thursday that the arrests stretched back to August 2004.

In the interview, Sadr said his militiamen would not fight back during the Muslim holy month of Muharram, which started Friday for Sunnis and begins Saturday for Shiites, saying it was against the faith to kill at that time.

"Let them kill us. For a true believer there is no better moment than this to die: Heaven is ensured," he was quoted as saying. "After Muharram, we'll see."

Also on Friday, the U.S. military reported the death of an American soldier killed Thursday by an improvised explosive device.

The soldier, who was not identified pending notification of relatives, was traveling in a convoy conducting an escort mission in a neighborhood in northwest Baghdad when the blast occurred. Three other soldiers were injured.

Aide To Militant Shiite Cleric Held After U.S.-Iraqi Raid (NYT)

By Sabrina Tavernise

The New York Times, January 20, 2007

BAGHDAD, Jan. 19 — A senior aide to the Shiite cleric Moktada al-Sadr was detained here in a joint American-Iraqi raid before dawn on Friday, Iraqi and American officials said, in the latest high-profile arrest of a Shiite militia member.

The aide, Abdel Hadi al-Daraji, a powerful cleric whose official position is as a spokesman for Mr. Sadr but who also is accused of running a Mafia-style crime empire in northeast Baghdad, was arrested in a mosque close to his house in the neighborhood of Baladiyad. He was detained with two of his guards. A third was shot dead in the raid.

The American military did not identify Mr. Daraji by name, saying only that it had captured “an illegal armed-group leader,” and that he was suspected of having been involved in “the organized kidnapping, torture and murder of Iraqi civilians.” A spokesman for Mr. Sadr confirmed that Mr. Daraji was the aide who was arrested and denied the charges of criminal activity.

Mr. Daraji, an elfin man who came from poverty into the Shiite religious community after the American invasion, had been in hiding since the fall, when the military began actively pursuing members of Mr. Sadr’s militia, the Mahdi Army, a central driver of sectarian violence here.

The detention will be a test for the government of Prime Minister Nuri Kamal al-Maliki. Mr. Maliki has generally avoided confrontation with Mr. Sadr, whose tremendous political influence helped him win the prime minister post last year. And as

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recently as October, Iraqi government officials persuaded the top American military commander, Gen. George W. Casey Jr., to release a senior aide to Mr. Sadr from American custody.

Mr. Daraji was a central figure in Mr. Sadr's organization during its battles with the American military in 2004, leading his vast army of spokesmen and media advisers. But as the years passed, he staked out territory of his own in his native Sadr City, a sprawling grid of cement-block houses in northeast Baghdad, and local residents said he had been involved in some of the worst militia crimes.

Iraqis who knew him said he had grown rich from his power in the neighborhood. He was known as a middleman, arranging government contracts with local businessmen and taking commissions, and also receiving secret Iranian financing. He had built a fancy new house in Baladiyad, near the mosque where he was arrested Friday morning.

His involvement in crime became well known in the neighborhood and in recent months Mr. Sadr disavowed him, but some still consider him a top aide. He went into hiding, and in October had all but stopped answering his cellphone and responded only to previously arranged agreed-upon patterns of rings.

Many welcomed the news of his arrest.

"It's a good thing," said one Iraqi who knew people around Mr. Daraji and who spoke anonymously out of concern for his family's safety. "He's No. 1 in all this city."

In Sadr City, the arrest stirred some discontent, but not the mass protests that such an arrest would have provoked in past years. Muhammed al-Musawi, a cleric speaking at Friday Prayer, said the government should instead spend its time looking for Sunni militants, like those who engineered a bombing at a university this week.

US Forces Seize Sadr Aide (FT)

By Steve Negus

Financial Times, January 20, 2007

Key figures in Iraq's Sadrist movement said on Friday that US forces had detained one of its top members, the latest in a series of signs that Prime Minister Nouri al-Maliki had authorised a crackdown on the radical Shia movement whose militias are blamed for a large share of the country's sectarian violence.

The arrest coincided with the arrival of US Secretary of Defense Robert Gates in Basra in the south of the country.

The Sadrists identified the detainee as Abd al-Hadi al-Darraji, the movement's media director in Baghdad. The US military said special Iraqi army forces operating with coalition advisers captured a high-level suspect "based on credible intelligence that he [was involved in] the organised kidnapping, torture and murder of Iraqi civilians".

"The suspect allegedly leads various illegal armed group operations and is affiliated with illegal armed group cells targeting Iraqi civilians for sectarian attacks and violence," the statement said.

It said he was affiliated with Abu Diraa, a fugitive militia leader whom US officers say is responsible for the brutal murder of numerous Sunni civilians, but whom many Shia consider a folk hero, claiming he only targets terrorists.

Mr Maliki has been under heavy pressure from the US to crack down on Shia militias ever since he took power last summer and the beginning of this year is widely viewed as his last chance to demonstrate that is serious about imposing the authority of a non-sectarian state, as opposed to helping the Shia to win a sectarian civil war.

The prime minister, whose government has in the past been accused of protecting leaders of the Sadrists' Mahdi Army militia and blocking operations in their support base of Sadr City, has recently suggested that he may have authorised more wide-ranging operations against the radical Shia movement. Two days ago, he said that over 400 Mahdi Army fighters had recently been arrested.

The prime minister may be reluctant to explicitly declare an offensive against the Mahdi Army, which many Baghdad Shia have seen as their first line of defence against Sunni militants who have targeted Shia mosques, religious ceremonies and other civilian targets for the past three years.

The Sadrists for their part say that they are under a crackdown.

One resident of Sadr City said that the movement's rank-and-file had largely disappeared from the streets, and that the leaders believed that they were being hunted and were keeping a low profile.

The Sadrists also say that they have received instructions from Moqtada al-Sadr, the young radical cleric who at least nominally commands the movement, not to resist or provoke the Americans. Officials have also hinted that the group's 30-strong parliamentary bloc may end a boycott of parliament called in November to protest against a meeting between Mr Maliki and US President George W Bush.

In the past, Mr Sadr has built much of his legitimacy from his movement's vocal and militant opposition to the US military presence in Iraq.

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However, his movement has long espoused deepening Sunni-Shia ties, and he has reportedly tried to rein in or replace commanders who are responsible for some of the worst abuses. He has also come under pressure from rival Shia groups to allow his militia to be dismantled, lest the United States cut support for the country's Shia-led government.

Top Sadr Deputy Is Arrested (LAT)

By Louise Roug

The Los Angeles Times, January 20, 2007

BAGHDAD — U.S. and Iraqi troops on Friday arrested a top Shiite leader suspected of torturing and killing civilians. The capture of the man Iraqi officials identified as Sheik Abdul-Hadi Darraji, a chief aide of anti-American cleric Muqtada Sadr, comes on the heels of a promised crackdown on Shiite militias by Prime Minister Nouri Maliki.

A spokesman for Sadr's office in Najaf quickly condemned the joint raid in Baghdad, promising countrywide demonstrations.

"Let the Americans know that in these provocative acts against the Sadr movement they are playing with fire," Sheik Abdel Razaq Nidawi said. "And we will wait for the orders of Sayed Muqtada regarding the arrest."

A recently unveiled Baghdad security plan involving the deployment of additional U.S. troops hinges on whether Iraqi forces can, or will, clamp down on Shiite militias such as Sadr's Al Mahdi army. Gunmen loyal to Sadr have long been suspected of fomenting much of the violence in the capital.

However, the significance of Darraji's arrest remains unclear. In the past, Maliki's government has forced U.S. troops to release suspected militiamen affiliated with Sadr, whom the prime minister relies upon for political support. And there seemed to be confusion Friday about whether Maliki had been informed of the raid that led to Darraji's arrest.

One spokesman told the Al Arabiya TV news channel that the operation took place without the prime minister's knowledge. But another Maliki official said in a telephone interview that the Iraqi government supported the arrest.

The U.S. military did not name Darraji but said in a statement that special Iraqi army forces and their U.S. advisors detained "a high-level, illegal armed-group leader" in an east Baghdad neighborhood. Sadr officials and an Iraqi government spokesman said the man was Darraji.

In addition to leading a group suspected of torturing and murdering Iraqi civilians, Darraji has allegedly been involved in assassinating Iraqi security forces and government officials, the U.S. military said in a statement.

"He is believed to be affiliated with Abu Dura and other Baghdad death squad commanders," it said.

The leader known as Abu Dura is a notorious figure in the mostly Shiite slum of the capital known as Sadr City, reputedly responsible for numerous deaths and the most grisly torture. By several accounts, Abu Dura has split with Sadr and is running a renegade militia cell.

Shiite Muslim clerics used their pulpits during Friday prayers to criticize the arrest.

Sayed Muhannad Musawi told worshipers in Sadr City that the arrest was part of a Bush administration strategy to "cover their failure in Iraq" and he called upon the Iraqi government to release the detainees.

"We say to the government that we are not terrorists," said Musawi, responding to a recent statement by Maliki that the government had arrested 400 militiamen affiliated with Sadr. "We are not killers. Rather, we defend innocent citizens."

Among residents in the vast slum, the arrest was greeted with dismay.

"The arrest in Sadr City proves the brutality of the Americans against the safe cities in Iraq," said Ali Abdullah, a 40-year-old owner of an appliance shop. "As a resident of this city, I demand that the government play its role in stopping the operations against unarmed civilians."

Teacher Mohsin Asaidi, 37, called Darraji a symbol for Sadr's followers and his arrest "proof to the world that terrorism and the invasion [of Iraq] are two faces of the same coin."

Sheik Hassan Zarqani, a Sadr official in Najaf, a city holy to Shiites, demanded the release of all detainees associated with Sadr's group, calling the most recent arrest a "very bad message to the Sadr movement, which is trying very hard to stabilize the situation in Baghdad."

A Sadr official's account of the 2 a.m. raid at a Shiite holy site differed from the U.S. military's, saying that four others, not two, were arrested with Darraji. During a gunfight, one guard was killed and the holy site was damaged, said the official, who requested anonymity.

U.S. troops are not allowed to enter Muslim holy sites, including mosques. The U.S. military said its troops never set foot on the site.

Later Friday morning, mourners gathered for a funeral procession taking the body of Ali Raheem, the guard, to Najaf, witnesses said.

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Also on Friday, U.S. Secretary of Defense Robert M. Gates arrived in Iraq, touching down in the southern city of Basra, where Shiite militias are engaged in a fierce campaign against the approximately 7,000 British forces there.

Britain has consolidated forces in a few bases around the city and plans a significant troop drawdown this year.

Gates met with Army Gen. George W. Casey Jr., the top U.S. commander in Iraq, and Maj. Gen. Jonathan Shaw, commander of British troops here.

In recent days, a palace housing British forces has come under heavy rocket bombardment. Attackers have also planted mines in the Shatt al Arab waterway, targeting river patrols, and buried roadside bombs aimed at convoys driving through the city. A spokeswoman for the British forces in Basra said six British troops were injured and two vehicles destroyed in an attack on their base that included rocket and machine-gun fire.

In a news conference with Gates at Tallil air base, northwest of Basra near the city of Nasiriya, Casey suggested that some of the extra troops President Bush plans to send could start returning home by late summer. But, he said, that depends on the Iraqi government fulfilling its pledges of adding troops and taking an aggressive approach to sectarian militias and death squads, the Associated Press reported. Gates added, "Our goal is an Iraq that can defend itself, sustain itself and govern itself and live free from the scourge of extremism."

Elsewhere in Iraq, violence continued, authorities said.

Police patrols recovered the bodies of 18 people, including a politician from Sunni Arab-dominated Fallouja. Some of the corpses bore signs of torture.

Mortar fire killed three and injured seven in various neighborhoods of Baghdad. Armed men opened fire randomly at shoppers at a market, killing one and injuring two.

A roadside bomb killed a police officer and injured another.

In the northern city of Kirkuk, drive-by gunmen assassinated a cleric Thursday night.

An American soldier was killed and three others were wounded by a roadside bomb Thursday in northwestern Baghdad, the U.S. military said in a statement.

The U.S. military on Friday also confirmed that a suicide car bomber attacked near a compound housing Kurdish peshmerga forces earlier in the week, killing four and injuring 38.

Top Aide Of Muqtada Al-Sadr Arrested (AP)

By Kim Gamel, Associated Press Writer

AP, January 20, 2007

U.S. and Iraqi forces swooped into a mosque complex in east Baghdad on Friday and detained a top aide to radical anti-American cleric Muqtada al-Sadr, the latest in a series of operations aimed at eviscerating the leadership of the Mahdi Army militia.

The raid drew immediate criticism from the Iraqi government, which complained it had not been consulted. An aide to Prime Minister Nouri al-Maliki, who owes his job as Iraqi leader to al-Sadr's backing, said the operation was not part of a coming joint U.S.-Iraq security drive.

Under the plan, to which President Bush has committed an additional 21,500 American troops, U.S. commanders have been promised a freer hand against both Sunni insurgents and Shiite militiamen.

"There was no coordination with the Iraqi political leadership and this arrest was not part of the new security plan," Sadiq al-Rikabi, the al-Maliki adviser, told Al-Arabiya television. "Coordination with the Iraqi political leadership is needed before conducting such operations that draw popular reactions."

Abdul-Hadi al-Darraji was captured in the early morning raid and his bodyguard was killed in what Abdul-Zahra al-Suweiadi, a senior al-Sadr aide, called a "cowardly act." Al-Sadr's office said al-Darraji was media director for the cleric's political movement and demanded his immediate release.

"America is playing with fire and our patience is beginning to fade," said Abdul-Razzaq al-Nidawi, an al-Sadr aide in the Shiite holy city of Najaf. "This savage barbarian act will not pass peacefully."

The U.S. military, in a statement that did not name al-Darraji or mention the Mahdi Army by name, said special Iraqi army forces operating with U.S. advisers had "captured a high-level, illegal armed group leader" in Baghdad's Baladiyat neighborhood, which is adjacent to Sadr City, the Mahdi Army stronghold.

"Iraqi forces detained him based on credible intelligence that he is the leader of an illegal armed group (involved in) ... the organized kidnapping, torture and murder of Iraqi civilians. The suspect is also reportedly involved in the assassination of numerous Iraqi Security Forces members and government officials," the U.S. statement said.

It said two other suspects were detained for questioning.

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Also Friday, the top American commander in Iraq, Gen. George Casey, said he thought some of the extra troops might return home after a few months.

"I think it's probably going to be the summer, late summer, before you get to the point where people in Baghdad feel safe in their neighborhoods," Casey said at a news conference at Tallil Air Base in southern Iraq with visiting Defense Secretary Robert Gates.

Asked how long the additional American forces would remain, Casey replied, "I believe the projections are late summer."

The first group of extra troops — a brigade of the 82nd Airborne Division — has just arrived in Baghdad, and Gates said it was too early to predict how Bush's plan for quelling the sectarian violence in the capital will work.

Four other brigades are to be sent to Iraq between now and May, assuming the Iraqis follow through on their commitment to bring three additional Iraqi army brigades into Baghdad and to allow raids against all illegal militias.

Gates' daylong visit was not announced in advance. The defense chief met with U.S. commanders and their allied counterparts as the Bush troop buildup was encountering widespread opposition in Congress.

House Speaker Nancy Pelosi said Friday that the Iraq war "is not an obligation of the American people in perpetuity." The president, she said, "has dug a hole so deep he can't even see the light on this. It's a tragedy. It's a stark blunder."

Democratic support was building around a resolution that would rebuff Bush's plans for more troops to Iraq, and more Republicans were looking for ways to sign on to the measure.

In an interview with an Italian newspaper, al-Sadr said the U.S.-Iraqi security crackdown already has begun. And he confirmed reports that 400 Mahdi Army men have been arrested.

The La Repubblica interviewer quoted al-Sadr as saying he feared for his life and stayed on the move constantly. His aides have told The Associated Press he seldom sleeps in the same place for two nights in succession.

Al-Sadr said his militias would not fight back immediately because Islam forbids killing during the Muslim holy month of Muharram, which starts Friday for Sunnis and Saturday for Shiites.

"Let them kill us. For a true believer there is no better moment than this to die: Heaven is ensured," he was quoted as saying. "After Muharram, we'll see."

Al-Sadr said he is being targeted.

"For this reason, I have moved my family to a secure location. I even have had a will drawn up, and I move continuously in a way that only few can know where I am," he was quoted as saying by La Repubblica.

Some of al-Sadr's militia commanders have said al-Maliki has stopped protecting the Shiite fighters under pressure from Washington. They have claimed at least five top commanders were captured or killed in recent months.

While al-Maliki has vowed he will not interfere in U.S. attempts to rid the capital of militiamen, his aide al-Rikabi declared that "the new security plan does not target a specific militia, it targets everyone practicing killing and terrorism against civilians, whether Sunnis or Shiites."

At least 27 people were killed or found dead as a result of sectarian violence across Iraq on Friday, including a man working for the Ministry of Tourism and Archaeology Affairs who was shot and killed near his home in a predominantly Sunni neighborhood in western Baghdad. Gunmen also attacked a Shiite mosque in southern Baghdad, killing two guards and setting off explosives to damage the building.

A roadside bomb killed one U.S. soldier and wounded three others in an attack Thursday against a patrol that was escorting a convoy in northwestern Baghdad, the military said Friday.

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AP military writer Robert Burns in Basra and Lolita C. Baldor in Washington contributed to this report.

Iran Complains About U.S. Detentions (AP)

By Edith M. Lederer, Associated Press Writer

AP, January 20, 2007

Iran charged in a letter to U.N. Secretary-General Ban Ki-moon on Friday that the United States illegally attacked its consulate in the northern Iraqi city of Irbil last week and demanded the immediate release of five detained Iranians.

The U.S. military accused the Iranians of links to an Iranian Revolutionary Guard faction that is allegedly supporting insurgents in Iraq. It disputed Iranian claims that the men were diplomats and that the office is a consulate.

In its letter, Iran's deputy ambassador Mehdi Danesh-Yazdi strongly condemned the Jan. 11 raid and accused the U.S. of "another flagrant violation of the basic principles of international law" and diplomatic conventions which bar attacks on diplomatic missions.

The Foreign Ministry said U.S. forces also confiscated documents and other property. It said Iran has had an office in Irbil since 1992, and its status was officially changed to a consulate in the past year.

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Danesh-Yazdi called for the immediate release of the five Iranians, the return of the property seized by U.S. forces and compensation for damages to the consulate.

"The Islamic Republic of Iran holds the U.S. government fully responsible for the consequences of this unlawful act, and for the safety and security of the ... consular officers," Danesh-Yazdi said.

"Indeed, the said attack constitutes a matter of grave concern that requires an urgent and resolute response on the part of the United Nations, and in particular the Security Council," Danesh-Yazdi said.

He did not indicate what specific response Iran was seeking, but asked Ban to circulate his letter as an official document of the General Assembly and the Security Council.

Iran Reportedly Set For Talks With U.S. (AP)

By Bassem Mroue, Associated Press Writer

AP, January 20, 2007

President Jalal Talabani said in remarks published Friday that the Iranians were ready to meet with the U.S. for talks about security issues — part of an apparent effort by Talabani to encourage a dialogue between two nations that are increasingly at odds, and vital to Iraq.

Talabani's comments, in an interview with the respected pan-Arab daily Al Hayat, came amid escalating tensions between Washington and Tehran. In recent weeks, the U.S. has built up naval forces in the Persian Gulf and raided an Iranian liaison office in northern. Iran meanwhile has stepped up military operations along its border, Iranians arriving in Iraq say.

"During my last visit to Tehran, I discussed the matter with Iranian officials who said they are ready to meet the Americans but they said that the Americans should publicly announce their readiness," Talabani said in the interview. He was last in Iran in late November.

Talabani, currently on a visit to Syria, said "the Iranians showed flexibility. I will say it for history that they said they are ready for an understanding with America from Afghanistan to Lebanon. They are ready for discussions in order to reach results that please both sides."

Talabani's office confirmed the accuracy of the quoted comments.

Iranian officials were not immediately available for comment because Friday is the holy day in the Muslim world.

The United States accuses Iran of helping Sunni insurgents and Shiite militias in Iraq, and of trying to build a nuclear weapons program. Washington has also asked Tehran to end support for militant groups, including Hezbollah in Lebanon and the Palestinian group Hamas.

In his interview, Talabani described two failed efforts by U.S. and Iranian officials to hold secret talks last year.

At one point last year, Talabani said, the Iranians proposed a three-way meeting with U.S. and Iraqi officials, and the Americans accepted. The talks were to be held in the town of Dokan, in Iraq's northern Kurdish area.

U.S. Ambassador Zalmay Khalilzad, Talabani told the newspaper, traveled to Dokan a day before the scheduled meeting. But the Iranians boycotted, Talabani said, because they thought the secrecy of the meeting had been compromised.

The Iranians proposed another meeting before Prime Minister Nouri al-Maliki's government took office in May, Talabani said, but the Americans wanted to wait until the Cabinet was formed. The Iranians "considered that procrastination and canceled the meeting," he said.

Earlier this week, Lawrence Wilkerson, former Secretary of State Colin Powell's chief of staff, told the British Broadcasting Corp. that Vice President Dick Cheney in 2003 rejected an Iranian offer to help the United States stabilize Iraq, and for Tehran to end its military support for Hezbollah and Hamas.

State Department deputy spokesman Tom H. Casey on Thursday said he had no knowledge of the offer. But he said the U.S. is open to talks with Tehran.

Meanwhile, Iranian reinforcements were reported along the Iraqi border in the northern Kurdish region in response to what residents said was an intensification of over-flights by U.S. warplanes in recent days.

Travelers arriving in Iraq's northern Sulaimaniyah province said they saw dozens of Revolutionary Guards with vehicles carrying 106 millimeter cannons. They chanted "death to American. Death to Israel."

Mamosta Aziz, a senior official at the Kurdistan Ministry of Peshmerga, or militias, said Iranian forces had remained on their side of the border.

Iran's Foreign Minister Manouchehr Mottaki told state-run television Friday that Iran will file a formal complaint with the U.N. Security Council over the U.S.'s detention of five Iranians in northern Iraq.

The U.S. military stormed an Iranian government office in the Kurdish-controlled city of Irbil on Jan. 11 and arrested the Iranians, whom it accuses of links to an Iranian Revolutionary Guard faction that is allegedly supporting insurgents.

Iran says the arrested men were diplomats and the office a consulate, but the U.S. disputes this.

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Leading Senator Assails President Over Iran Stance (NYT)

By Mark Mazzetti

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — The new chairman of the Senate Intelligence Committee on Friday sharply criticized the Bush administration's increasingly combative stance toward Iran, saying that White House efforts to portray it as a growing threat are uncomfortably reminiscent of rhetoric about Iraq before the American invasion of 2003.

Senator John D. Rockefeller IV, the West Virginia Democrat who took control of the committee this month, said that the administration was building a case against Tehran even as American intelligence agencies still know little about either Iran's internal dynamics or its intentions in the Middle East.

"To be quite honest, I'm a little concerned that it's Iraq again," Senator Rockefeller said during an interview in his office. "This whole concept of moving against Iran is bizarre."

Mr. Rockefeller did not say which aspects of the Bush administration's case against Iran he thought were not supported by solid intelligence. He did say he agreed with the White House that Iranian operatives inside Iraq were supporting Shiite militias and working against American troops.

Mr. Rockefeller said he believed President Bush was getting poor advice from advisers who argue that an uncompromising stance toward the government in Tehran will serve American interests.

"I don't think that policy makers in this administration particularly understand Iran," he said.

The comments of Mr. Rockefeller reflect the mounting concerns being voiced by other influential Democrats, including the Senate majority leader, Harry Reid of Nevada, and Senator Joseph R. Biden Jr. of Delaware, about the Bush administration's approach to Iran. The Democrats have warned that the administration is moving toward a confrontation with Iran when the United States has neither the military resources nor the support among American allies and members of Congress to carry out such a move.

Because Mr. Rockefeller is one of a handful of lawmakers with access to the most classified intelligence about the threat from Iran, his views carry particular weight. He has also historically been more tempered in his criticism of the White House on national security issues than some of his Democratic colleagues.

Mr. Rockefeller was biting in his criticism of how President Bush has dealt with the threat of Islamic radicalism since the Sept. 11 attacks, saying he believed that the campaign against international terrorism was "still a mystery" to the president.

"I don't think he understands the world," Mr. Rockefeller said. "I don't think he's particularly curious about the world. I don't think he reads like he says he does."

He added, "Every time he's read something he tells you about it, I think."

Last week, the Intelligence Committee heard testimony from John D. Negroponte, the director of national intelligence, that an emboldened Iran was casting a shadow across the Middle East and could decide to send Hezbollah operatives on missions to hit American targets.

Mr. Negroponte testified the morning after President Bush had, in a televised address to the nation, said he was determined to confront what he called worrying activities by Iranian operatives in Iraq, and announced that the Pentagon was building up the American naval presence in the Persian Gulf and sending a battery of Patriot missiles to deter Iranian aggression.

Some Democrats have suggested that Mr. Bush's speech was the beginning of a meticulously choreographed campaign to demonize Iran, much the way the administration built its public case against Iraq.

In a speech on Friday, Mr. Reid warned the White House not to take military action against Iran without seeking approval from Congress.

Gordon D. Johndroe, a White House spokesman, said in response to Senator Rockefeller's comments that Iran was taking provocative actions both inside Iraq and elsewhere, and that American allies were united in efforts to end what intelligence officials believe is a covert nuclear weapons program inside the country.

"It has been clear for some time that Iran has been meddling in Iraq, and the Iraqis have made the concerns known to the Iranians," Mr. Johndroe said. He noted that the administration has said it would be willing to begin direct talks with Iran — which have not occurred since 1979 — if Iran agreed to suspend its uranium enrichment and reprocessing activities.

Gen. Michael V. Hayden, director of the Central Intelligence Agency, told lawmakers on Thursday that over the past year and a half he had come to a "much darker interpretation" of Iran's activities inside Iraq.

"I think there's a clear line of evidence that points out the Iranians want to punish the United States, hurt the United States in Iraq, tie down the United States in Iraq, so that our other options in the region, against other activities the Iranians might have, would be limited," he said.

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Mr. Rockefeller's committee is working to complete a long-delayed investigation into the misuse of intelligence about Iraq in the months before the American-led invasion.

He said that the committee was nearing completion on one part of that investigation, concerning whether the White House ignored prewar C.I.A. assessments that Iraq could disintegrate into chaos.

That report, Mr. Rockefeller said, could be released within months and was "not going to make for pleasant reading at the White House."

Mr. Rockefeller said that with Democrats now in charge of the Intelligence Committee, he expected the panel to be much more aggressive, both in investigating the use of intelligence to fashion White House policy and in subjecting secret intelligence programs to new scrutiny. He mentioned the C.I.A's network of secret prisons and the National Security Agency's domestic wiretapping program as likely subjects of investigations.

"We weren't able to drill down on a lot of stuff" during the years in which the Intelligence Committee was under Republican control, Mr. Rockefeller said. "Now, there's a very different attitude."

Draft Law Keeps Central Control Over Oil In Iraq (NYT)

By James Glanz

The New York Times, January 20, 2007

BAGHDAD, Jan. 19 — After months of tense bargaining, a cabinet-level committee has produced a draft law governing Iraq's vast oil fields that would distribute all revenues through the federal government and grant Baghdad wide powers in exploration, development and awarding major international contracts.

The draft, described Friday by several members of the committee, could still change and must be approved by the Iraqi cabinet and Parliament before it becomes law. Negotiations have veered off track in the past, and members of the political and sectarian groups with interest in the law could still object as they read it more closely.

But if approved in anything close to its present form, the law would appear to settle a longstanding debate over whether the oil industry and its revenues should be overseen by the central government or the regions dominated by Kurds in the north and Shiite Arabs in the south, where the richest oil fields are located.

The draft comes down firmly on the side of central oversight, a decision that advocates for Iraq's unity are likely to trumpet as a triumph. Because control of the oil industry touches so directly on the interests of all Iraq's warring sectarian groups, and therefore the future of the country, the proposed law has been described as the most critical piece of pending legislation.

"This will give us the basis of the unity of this country," said Ali Baban, the Iraqi planning minister and a member of the Sunni-dominated Tawafaq party who serves on the negotiating committee. "We pushed for the center in Baghdad, but we didn't neglect the Kurds and other regions," Mr. Baban said.

Negotiators said that the final weeks of wrangling on the draft focused on a federal committee that would be set up to review the oil contracts. Kurdish, and to some extent Shiite, parties wanted to maintain regional control over the contracts, while Sunni Arabs, with few oil resources on territories they dominate, insisted that the federal committee have the power to approve contracts, rather than just reviewing them and offering advice.

The negotiators appear to have finessed that issue by allowing the regions to initiate the process of tendering contracts before sending them to Baghdad for approval. To limit the powers of the committee, they also have drawn up an exacting set of criteria to govern the deliberations of the committee rather than simply relying on its independent discretion. And in a bow to the Kurds, who objected to the use of the word "approve" in describing the committee's duties, the draft law says instead that the committee may review and reject contracts that do not meet the criteria.

The draft law would also radically restructure parts of Iraq's state-controlled oil industry by giving wide independence — possibly leading to eventual privatization — to the government companies that control oil exports, the maintenance of pipelines and the operation of oil platforms in the Persian Gulf.

The law would also revive the Iraqi National Oil Company, a countrywide umbrella organization that was essentially closed by Saddam Hussein.

At the same time, the law would place substantial administrative authorities outside Baghdad by allowing any region that produces at least 150,000 barrels of oil a day to create its own operating company, according to Hussain al-Shahristani, the Iraqi oil minister and member of a powerful coalition of Shiite political parties who also serves on the negotiating committee.

Barham Salih, a deputy prime minister and the chairman of the negotiating committee, said that the precise wording of clauses could still change. He was speaking by telephone from Iraqi Kurdistan, where Mr. Salih, a Kurd, said he was still working to cement support for some provisions in the draft law.

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"This is the most important piece of legislation that Iraq will adopt, and it is not a surprise that it is taking long, tedious rounds of negotiations," Mr. Salih said. "We are close, but we have not yet closed the deal. We are making progress and need to continue."

The developments come with several additional cautions, not the least of which is that in Iraq's chaotic wartime environment, even laws that do get passed can have little impact. In one example of a document arrived at through similar negotiations, Iraq's Constitution, it remains unclear what effect many of the fastidiously negotiated clauses are having in the governance of the country.

And even though Iraq's main political and sectarian groups have been represented in the talks over the oil law, it is still possible that members of those groups could bridle as the draft is scrutinized more widely.

As a case in point, the Kurdistan regional government issued a statement on Friday criticizing an Oil Ministry spokesman for saying that the oil law had been agreed upon unanimously and put in final form.

"Although the process of drafting the oil law is nearing completion, the important annexes to the law are still pending," the statement said.

Some of those annexes will address how to deal with fields that are already producing oil under existing contracts, how to begin taking bids for drilling new wells in known fields and exploring areas where currently unknown oil fields could be located.

The committee achieved a breakthrough of sorts in December, when negotiators took a step toward central control by agreeing that all oil revenues should first go to the central government before being sent back to the regions in amounts proportional to population.

But the talks bogged down on the question of whether the committee, to be called the Federal Oil and Gas Council, would be called upon to approve contracts proposed by the regions or just review those contracts and offer advice. In its current form, the draft law avoids the word "approve" and in effect gives the committee veto power.

Whatever the language, Mr. Shahristani, the oil minister, said, the committee will in fact pass judgment on each contract, even when it originates in a proposed deal between a company and one of the oil-producing regions.

But the committee must make its decision based on specific guidelines, like a directive to maximize profits for Iraq and to keep the contracting process transparent, Mr. Shahristani said. And there are other checks and balances written into the law. For example, while the regions can propose their own deals, they will have to work with companies that have been "pre-qualified" in Baghdad.

Directives like that could still generate objections in Kurdistan, which wants as much freedom as possible to write its own contracts.

The draft law also specifies that technical experts in the Oil Ministry are to be included in the process at all levels. It is the ministry that will be called upon to write a plan for which oil fields will be developed and drilled first, and which ones will follow. The federal council would simply be called upon to endorse that plan or send it back for revisions.

The Oil Ministry would also be closely involved in developing "model contracts" to be used as templates at all levels of Iraq's oil industry.

Having an oil law will in principle make it easier to attract international companies with the resources and expertise that the country so desperately needs. Still, hovering over all the negotiations is the question of whether companies will want to do business in Iraq.

Mr. Shahristani, for one, says that because of the financial stakes, companies are already reaching out.

"The international companies keep contacting me — every week, without exception," Mr. Shahristani said. "They are all very, very keen."

Temporary "Enjoyment Marriages" In Vogue Again With Some Iraqis (WP)

By Nancy Trejos

The Washington Post, January 20, 2007

BAGHDAD -- Fatima Ali was a 24-year-old divorcee with no high school diploma and no job. Shawket al-Rubae was a 34-year-old Shiite sheik with a pregnant wife who, he said, could not have sex with him.

Ali wanted someone to take care of her. Rubae wanted a companion.

They met one afternoon in May at the house he shares with his wife, in the room where he accepts visitors seeking his religious counsel. He had a proposal. Would Ali be his temporary wife? He would pay her 5,000 Iraqi dinars upfront -- about $4 -- in addition to her monthly expenses. About twice a week over the next eight months, he would summon her to a house he would rent.

The negotiations took an hour and ended with an unwritten agreement, the couple recalled. Thus began their "mutaa," or enjoyment marriage, a temporary union believed by Shiite Muslims to be sanctioned by Islamic law.

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The Shiite practice began 1,400 years ago, in what is now Iraq and other parts of the region, as a way to provide for war widows. Banned by President Saddam Hussein's Sunni-led government, it has regained popularity since the 2003 U.S.-led invasion of Iraq brought the majority Shiites to power, said clerics, women's rights activists and mutaa spouses.

"During Saddam's time, there was no religious freedom," said Faris al-Shareef, a sheik who lives in the mainly Shiite city of Hilla.

Opponents of mutaa, most of them Sunni Arabs, say it is less about religious freedom and more about economic exploitation. Thousands of men are dying in the sectarian violence that has followed the invasion, leaving behind widows who must fend for themselves. Many young men are out of work and prefer temporary over permanent wives who require long-term financial commitments. In a mutaa arrangement, the woman is entitled to payment only for the duration of the marriage.

"It's a cover for prostitution," said Um Akram, a women's rights activist in Baghdad. "Some women, because they don't want to be prostitutes, they think that this is legal because it's got some kind of religious cover. But it is wrong, and they're still prostitutes from the society's point of view." Um Akram, like the mutaa spouses interviewed, asked that only parts of her name be published.

Many intellectuals consider ancient traditions such as these an obstacle to Iraq's effort to become a more modern, democratic society. In recent years, extremist religious groups have gained more power in Iraq.

"These steps are taking the whole country backwards and are definitely hurdles to the advancement of the country," said Hamdia Ahmed, a former member of parliament and a women's rights activist in Baghdad. "The only solution is to separate Islam from politics."

Shiite clerics and others who practice mutaa say such marriages are keeping young women from having unwed sex and widowed or divorced women from resorting to prostitution to make money.

They say a mutaa marriage is not much different from a traditional marriage in which the husband pays the wife's family a dowry and provides for her financially.

"It was designed as a humanitarian help for women," said Mahdi al-Shog, a Shiite cleric.

According to Shiite religious law, a mutaa relationship can last for a few minutes or several years. A man can have an unlimited number of mutaa wives and a permanent wife at the same time. A woman can have only one husband at a time, permanent or temporary. No written contract or official ceremony is required in a mutaa. When the time limit ends, the man and woman go their separate ways with none of the messiness of a regular divorce.

Although the temporary arrangements are becoming more common, they are still controversial, and people usually conduct them secretly.

Ali had a normal marriage once. It lasted only three months because the couple did not get along. Her chances for another permanent marriage, she said, were slim. Men often prefer virgins over widows and divorced women, she said.

She welcomed Rubae's proposal because he was a well-known sheik in her neighborhood. Her family was fond of him. "He was a good guy, and he was a religious man," she said.

Rubae had been in 15 mutaa marriages before. A year ago he entered into a permanent marriage with a woman who had been his mutaa wife for a day. When she became pregnant eight months ago, she suggested he take a temporary wife but asked him not to tell her if he did. She does not know about his involvement with Ali.

"As a pregnant woman, she cannot give me my needs," Rubae said. "She treats me real good and she wants me to be happy."

He chose Ali partly because her blond hair, light brown eyes and petite figure had always attracted him. "When she puts makeup on, it destroys her beauty," he said.

He also liked that she was religiously devout, and he said he wanted to keep her from a relationship outside of marriage.

Ali didn't think of him in a romantic way at first. "After we got married, I started loving him," she said.

The money he gave her helped. Her father owns a bakery but money has always been tight, so much so that she had to end her education after elementary school. But money wasn't her only reason for entering the enjoyment marriage. "I have needs just like any other woman," she said.

Both Shiite and Sunni Muslims allow men to have more than one permanent wife, but they disagree over mutaa.

Most Shiites believe that the prophet Muhammad encouraged the practice as a way to give widows an income. Grand Ayatollah Ali Sistani, Iraq's most revered Shiite cleric, has sanctioned it and offers advice on his Web site.

Um Ahmed, a 28-year-old woman from Najaf, lost her husband in 2005 when he was caught in the crossfire of a fight between two Shiite militias.

Soon after his death, she had her first mutaa relationship, with a man who was in a permanent marriage. He paid her 50,000 Iraqi dinars upfront -- or $38 -- and gave her money whenever she needed it during their six-month relationship.

She said she needed it often. She is a tailor and the only one in her family of 10 who works.

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"When a human being needs money, the need will make a person do anything," she said. "It's better than doing the wrong things. This is religiously accepted."

Many Sunnis believe that the practice is outdated and ripe for abuse. They also see it as more evidence of Iranian influence on Iraqi life. Mutaa is widespread in Iran's Shiite theocratic state.

"It is a big insult to women," said Ibtsam Z. Alsha, a Sunni lawyer and the head of the organization Women for the Common Good of Women.

Women's rights activists also bemoan what they say is an increase in mutaa on college campuses. Some female students do it for money. Others do it for love when their parents forbid them to marry a man from another sect.

Amani, a 22-year-old Baghdad University engineering student, said she is a Sunni but agreed to enter into a mutaa relationship with her Shiite boyfriend because her parents disapproved of him. "I hated my family because they did not allow this marriage," she said. "I did this to spite my family."

Still, she has not told them about the relationship. "If they find out, it will be my end," she said.

A woman cannot terminate a temporary marriage before it expires unless the man agrees, said four sheiks interviewed for this article.

Once the marriage is over, she has to wait at least two menstrual cycles before she can have another relationship so that paternity can be easily determined if she becomes pregnant, they said.

Most mutaa contracts stipulate that no children be produced. If a woman were to become pregnant anyway, Islamic law would require the man to support the child, the sheiks said. But the clerics disagreed over how much power they have to impose that rule.

Rubae said the man who refuses his child would be whipped or even killed. "We as the sheiks should be sure this thing will stay legitimate," he said.

Shareef, the sheik from Hilla, said some men take advantage of their rights under religious law but refuse to accept their responsibility when a child is born. In some of those cases, he said, a sharia court, using Islamic law, is not as effective as a secular court in enforcing the rules.

"I am supporting the idea of the government regulating mutaa marriages, just like the permanent marriages, so these man cannot run away," he said. "Otherwise the women are losing their rights."

Um Akram, the women's rights activist in Baghdad, said more women are asking her organization for help in getting national identification cards for children born of mutaa relationships. Parents must present a marriage certificate to obtain the identification cards, which are required by schools and employers.

Um Akram said some single women have given up their children for adoption to married couples who can use their marriage certificates to register them.

"The men just hit and run, and they don't want to have a family," she said. "The children are paying the price."

Ali and Rubae agreed not to have children. They simply wanted to enjoy each other.

On the days he could see her, he gave her flowers, perfume, clothing and a watch. They had meals together. Sometimes he could spend the whole day with her. Other times, just five or six hours.

Ali said she cried when the marriage ended early last week. "It's just like a permanent marriage," she said. "When he leaves, I become sad."

Her sorrow did not last long. Rubae said Jan. 12 that he had decided to marry her again. This time, he said, he would marry her for a year, enough time for his wife to fully recover from childbirth.

The Next Body Armor Design Gets A Show In Natick (BOS)

By Megan Woolhouse, Globe Staff

The Boston Globe, January 20, 2007

New style is lighter and more protective

NATICK -- The Army's Natick research center showed off the next generation in body armor yesterday to Secretary of the Army Francis J. Harvey, but it's not scheduled to get on the battlefield for three years.

The new body armor hangs on a frame 2 inches from a soldier's body, a design that researchers say limits the impact and injury from a roadside bomb or mortar shell.

Sergeant Joshua Devereaux modeled the gear for Harvey, who asked what he thought of it.

"I'd take this system right now," the sergeant said. But Devereaux and other soldiers will have to wait.

The new armor remains under development and has not been funded by Congress. Harvey and General Benjamin S. Griffin, head of Army Materiel Command, held classified meetings on body armor during a one-day tour of the US Army Soldier Systems Center in Natick.

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US Representative Martin T. Meehan, a Lowell Democrat, said that while the military has improved its performance, it still needs to find ways to get the new armor to soldiers and Marines sooner, especially with the additional troops headed to Iraq.

"We're still not giving soldiers the proper body armor to protect themselves," Meehan said. "The higher-ups are always saying we do, but when you talk to people, you find out we're not getting them the best technology. I think it's embarrassing."

Such criticisms are not new. Early in the Iraq war, soldiers and their families were spending hundreds or even thousands of dollars on protective gear they said the military was not providing. In 2005, Pentagon leaders agreed to reimburse soldiers who bought their own body armor, but six months later the Pentagon reversed its stand, banning the practice. Officials said at the time that they had questions about commercial product quality and could not guarantee the equipment's effectiveness.

There have also been calls for side armor for additional protection. Last January, The New York Times reported that a secret Pentagon study found that as many as 80 percent of the Marines who have been killed in Iraq from wounds to the upper body could have survived if they had extra body armor. Such side armor has been available since 2003, the newspaper reported, but has not been routinely available to troops.

Meeting with reporters in Natick yesterday, Harvey defended the time it takes to get equipment to the field. He said the number of armored Humvees, for example, increased from hundreds to tens of thousands between 2003 and 2005.

"I come from private industry," he said. "And I don't think anybody in private industry could have responded that quickly."

The military currently issues Interceptor body armor, a vest that hangs over a soldier's torso and is made out of Kevlar and ceramic plates. When struck by mortar or gunfire, even at close range, it can absorb much of the impact.

But the plates still pack a punch, an impact that can crack a soldier's sternum, break a rib, or cause serious bruising, said Natick engineer Jean-Louis "Dutch" DeGay.

The next generation of body armor, called the Chassis, is also made of Kevlar and ceramic, but the plates are 12 percent larger, 2 to 4 pounds lighter, and hang from a shoulder frame inches from the body. The new body armor also includes two underarm panels about 8 inches long, which hang about an inch from the body and provide more protection.

"That was one of the lessons learned from the Interceptor," DeGay said.

The redesign is part of a broader effort by the Army to create the Future Force Warrior, rethinking everything from the design of helmets to T-shirts. Much of the emphasis is on how to incorporate more technology into standard uniforms, including heart rate monitors, computers, and global positioning systems.

The Natick center develops rations, clothing, and other equipment. Harvey also inspected the latest Meals Ready to Eat (such as chicken pesto with bowtie pasta) and saw a parade of new, wrinkle-free, fade-resistant uniforms. The center employs about 1,100 civilians, 750 contractors, and 150 military personnel.

Missing In Antiwar Action (WP)

By John McMillian

The Washington Post, January 20, 2007

Recently I finished teaching a freshman seminar at Harvard called "From Reform to Revolution: Youth Culture in the 1960s." When I built the syllabus, I asked students to ponder a single, overarching question: "How did the youth rebellion of the 1960s happen?" That is, what caused millions of young people to pierce the bland and platitudinous din that characterized the early Cold War years? Why did so many youths -- many of them affluent and college-educated -- suddenly decide that American society needed to be radically overhauled?

But as the semester progressed, my students frequently turned the question around: Why is there no rising protest movement among young people today? At the very least, they asked, shouldn't we be seeing more antiwar activity? According to a CNN poll this month, 67 percent of Americans oppose the war in Iraq, and more than half would like to see all U.S. troops home by year's end. Given that it was not until August 1968 that a majority of Americans began calling the Vietnam War a "mistake," this is a remarkable statistic. By 1968, of course, antiwar teach-ins, sit-ins and marches were commonplace on many campuses; demonstrators had violently clashed with soldiers on the steps of the Pentagon; and the Democratic National Convention had descended into chaos over the war.

Today, grass-roots antiwar activism has not been entirely absent. But one would be hard-pressed to argue that we're on the cusp of a rising protest movement. Why not?

First, the civil rights movement exerted a forceful influence on left-wing protesters in the 1960s. When African Americans bravely stood up against attack dogs, cattle prods and fire hoses, they dramatically demonstrated the power of collective action to foster social change.

Second, the draft personalized the Vietnam War not just for the hundreds of thousands of young men who were conscripted but also for their loved ones. No matter how strained the U.S. military becomes, our all-volunteer army -- widely regarded as a lethal "third rail" in American politics -- isn't going away anytime soon. As a result, too many of us enjoy the luxury

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of regarding the Iraq war as an abstraction. Among my 12 students, only two personally knew someone serving in Iraq. One is a medic, the other a chaplain.

But my students suggested some other reasons today's youth seem so passive. Although this high-achieving group was hardly representative, many of them spoke plaintively about being pressured from an early age to begin building their credentials for college. "Students are expected to get perfect grades, excel in extracurricular activities, save the world and be home before dinner time," quipped one freshman. These demands seem to be common nationwide. The American Academy of Pediatrics warned this month of the physical and mental health problems that may arise from the competitive and hurried lifestyles of many youths. In such pressure-cooker environments, students are unlikely to become committed organizers.

Nor are many students likely to be socialized into antiwar activism. Every campus has its left-wing organizers, but today the gauzy idealism that circulated among teenagers in the 1960s seems almost freakishly anomalous. According to a recent U.S. Census report, 79 percent of college freshmen in 1970 said that "developing a meaningful philosophy of life" was among their goals, whereas only 36 percent said becoming wealthy was a high priority. By contrast, in 2005, 75 percent of incoming students listed "being very well off financially" among their chief aims.

Some of my students suggested that they might not even be capable of experiencing the kind of indignation and disillusionment that spurred many baby boomers toward activism. In the Vietnam era, the shameful dissembling of American politicians provoked outrage. But living in the shadow of Vietnam and Watergate, and weaned on "The Simpsons" and "The Daily Show," today's youth greet the Bush administration's spin and ever-evolving rationale for war with ironic world-weariness and bemused laughter. "The Iraq war turned out to be a hoax from the beginning? Figures!"

The students who took my seminar were a particularly serious-minded and delightful bunch. Most of them came to admire the pluck and panache of the New Leftists we studied, and they were quick to recognize how frequently the concerns of Vietnam-era protesters dovetailed with their own complaints against the Iraq war. Some even wistfully remarked that they would like to be part of a generational rebellion.

But they doubt that this is likely to happen. "Just like [in] the 1960s, we have an unjust war, a lying president, and dead American soldiers sent home everyday," one student wrote me in an e-mail. "But rather than fight the administration or demand a forum to express our unhappiness, we accept the status quo and focus on our own problems."

The writer is a lecturer in history and literature at Harvard University. He can be reached atmcmill@fas.harvard.edu.

CORPORATE SCANDALS:

Feds Defend Siegelman Jurors, Question E-Mails Used By Defense (AP)

AP, January 20, 2007

Montgomery (AP) - Federal prosecutors defended jurors who convicted former Gov. Don Siegelman and former HealthSouth chief Richard Scrushy, claiming the latest purported e-mails from jurors were concocted and no cause for a new trial.

Acting U-S- Attorney Louis Franklin, in a brief filed late Friday, asked Montgomery Federal Judge Mark Fuller to deny the defense request to reconsider his earlier order denying a new trial.

Siegelman and Scrushy were convicted in June of bribery and conspiracy following a two month government corruption trial in federal court. Siegelman was convicted of a separate obstruction of justice charge. Both are appealing.

Arguing for a new trial, defense attorneys submitted copies of more e-mails that purportedly were sent between two jurors during the trial, alleging that the jurors deliberated improperly outside the presence of the full jury.

The defense lawyers said they received printed copies in December of the messages that were sent anonymously through the mail. The judge earlier had refused to order a new trial because of some earlier e-mail evidence submitted to the court.

Siegelman attorney David McDonald says there are six e-mails -- five between two jurors and a sixth one between one of the same jurors and a third juror. He called on the Justice Department to investigate the e-mails.

Franklin accuses the defense of continuing its --quoting here -- "rolling, anonymous attacks on the jurors" that "fall far short of the well-settled standards for the extraordinarily relief of a new trial, or indeed for any further hearing, investigation, or other action" by the court.

States Study Marketing Of Lilly Pill (NYT)

By Alex Berenson

The New York Times, January 20, 2007

DOJ_NMG_0119925

Stepping up government investigations into Eli Lilly's marketing of its best-selling drug Zyprexa, state prosecutors in Illinois and Vermont have demanded that the company turn over information about the way it promoted the medication.

On Thursday, lawyers from the consumer protection division of the Illinois attorney general's office demanded that Lilly hand over marketing materials, e-mail messages, and other documents with information about promotion of Zyprexa. Vermont investigators issued a similar order yesterday morning.

The orders are the civil equivalents of criminal subpoenas, according to Deborah Hagan, the chief of the Illinois consumer protection division.

Illinois and Vermont are now part of a coordinated five-state civil investigation into the way Lilly promoted Zyprexa, a treatment for schizophrenia and bipolar disorder. The states are investigating whether Lilly tried to hide Zyprexa's risk of causing weight gain and other risks associated with diabetes and whether the company promoted Zyprexa for use in patients who do not have schizophrenia or bipolar disorder.

Federal laws prohibit such so-called "off label" marketing, although doctors may prescribe any drug for any disease that they believe the drug will help.

The orders on Thursday and yesterday are the first formal demands for Lilly documents from state attorneys and they indicate an escalation of the investigation, according to Ms. Hagan and Julie Brill, who is an assistant attorney general in Vermont.

"We can ask for documents; we can ask for answers to questions; and we can ask for people to come in and testify under oath," Ms. Hagan said. Federal prosecutors in Philadelphia have also recently accelerated their own investigation into Lilly's marketing of Zyprexa.

In a statement yesterday, Lilly said it would cooperate with the investigations and had done nothing wrong. "We intend to cooperate with the Illinois attorney general's civil investigative demand relating to Zyprexa," the company said. "We cannot comment further about this or other ongoing investigations."

While the investigation being led by Illinois is civil, other investigations into Lilly's conduct are both civil and criminal. Attorneys general in California and Florida may seek to recover Medicaid payments that the states made for Zyprexa. Medicaid represents a sizable percentage of the drug's overall sales because many people who take the medicine are disabled and do not work.

Any fine or cost recovery could be sizable, because Zyprexa has been a commercial success. The drug is by far Eli Lilly's largest-selling product, with sales of $4.2 billion last year and about $30 billion since its introduction in 1996. More than 20 million people have taken Zyprexa since Lilly began selling the drug.

The investigations could continue for months or possibly years, people involved in the cases say, as investigators sift through tens of thousands of documents from the company and talk to current and former employees.

Zyprexa, whose generic name is olanzapine, is a potent chemical that binds with receptors in the brain to reduce the symptoms of schizophrenia and bipolar disorder. But Zyprexa also causes severe weight gain and changes in blood sugar and cholesterol in many patients who take it.

Internal Lilly documents provided to The New York Times last month by a lawyer in Alaska who represents people with mental illness indicate that Lilly has engaged in a decade-long campaign to play down the seriousness of the side effects of Zyprexa.

Lilly did not disclose to doctors that its own data showed that 16 percent of people taking Zyprexa for a year gained more than 66 pounds, according to the documents.

The documents also indicate that the company told its drug representatives to promote Zyprexa to doctors for the treatment of conditions other than bipolar disorder or schizophrenia.

Lilly has said it did not market Zyprexa off-label and said so again in its statement yesterday.

"Lilly is committed to the highest ethical standards and to promoting our medications only for approved uses," the company said.

But its marketing materials have repeated references to promoting the drug for other uses. And some sales representatives and doctors have also said they believed that the company was marketing off-label.

Still, any criminal prosecution of the company could face a high burden. While settlements of off-label marketing cases have led to large fines, such cases so far have fizzled if they reach juries.

And as long as drug makers comply with federal requirements to provide data about their products to the Food and Drug Administration, companies have a relatively strong defense against criminal prosecution, according to lawyers who are experts in drug marketing.

H.P. Chief Defends Timing Of Stock Sale (BLOOM)

Bloomberg, January 20, 2007

The chief executive of Hewlett-Packard, Mark V. Hurd, told Congressional lawmakers that his sale of company shares on Aug. 25 was "totally unrelated" to the fact that he was questioned the same day about an ill-fated internal investigation.

The sale of 100,000 shares of Hewlett-Packard was made during a scheduled window for trading by executives, Mr. Hurd wrote in a letter dated Dec. 21 that he sent to the chairman of the House Energy and Commerce Committee, John D. Dingell, a Michigan Democrat.

On the same day the trade was completed, Mr. Hurd was interviewed by lawyers from the law firm of Wilson Sonsini Goodrich & Rosati. The lawyers were looking into techniques used by Hewlett-Packard to identify the source of boardroom leaks.

The disclosure of the internal investigation into the source of the leaks eventually lead to resignations of the H.P. chairwoman, C. Patricia Dunn, and four other executives.

Last week, an outside investigator hired by H.P., Bryan Wagner, 29, of Littleton, Colo., pleaded guilty to identification theft and conspiracy because he posed as a reporter and a director of the company to obtain private telephone records.

Mr. Hurd's defense of his stock sale came in response to a Dec. 12 letter from Mr. Dingell and Representative Bart Stupak of Michigan, a Democrat who heads the subcommittee on oversight and investigations. They asked him about the timing of the sale.

The letter from the lawmakers noted that revelations of improperly dated stock option grants at more than 180 companies have raised questions about whether executives are cashing in or dodging bullets "while in possession of potentially damaging material facts that shareholders do not know."

Mr. Hurd, who noted that shares of Hewlett-Packard had risen significantly since the sale, said the trade was not a case of "bullet dodging."

Mr. Dingell and Mr. Stupak forwarded Mr. Hurd's letter to the Security and Exchange Commission and asked for the agency's views on the matter.

Their letter also noted that the S.E.C. was conducting an investigation into Hewlett-Packard's use of false identities to secure private phone records, a practice known as pretexting.

The two lawmakers asked the agency to inform the committee when that investigation was completed and "whether any violations of the federal securities laws have occurred."

An S.E.C. spokesman, John Heine, said the agency did not comment on Congressional correspondence. Mr. Heine said that it was against agency policy to comment on a pending investigations or to even confirm that an investigation was under way.

Shares of Hewlett-Packard fell 34 cents yesterday, to $42.

Two Are Sentenced For Fraud Involving Trading Of Stocks (BLOOM)

Bloomberg, January 20, 2007

Two former traders at the New York Stock Exchange were each sentenced yesterday to six months in prison and fined $250,000 for improper stock trading.

The two traders, Michael J. Hayward and Michael F. Stern, former managers at Van der Moolen Specialists USA, were each convicted of securities fraud at a trial in July, part of a crackdown on illegal trading on the New York Stock Exchange.

Judge Sidney H. Stein of Federal District Court in Manhattan also ordered Mr. Stern, 56, and Mr. Hayward, 53, to perform 320 hours of community service.

The case stems from a two-year investigation of trading specialists, who match buy and sell orders on the exchange floor to maintain an orderly market in specific securities. Specialists buy and sell for their own accounts and their clients'. Prosecutors said some specialists were using incoming orders to trade for their own firms, making millions of dollars at the expense of clients.

"This is intentional criminal conduct," Judge Stein said. "Deterrence is very important."

The case involved trading activity from 1999 to 2003. More than half a dozen former clerks testified that Mr. Hayward and Mr. Stern directed them to trade for Van der Moolen's account for a profit. Prosecutors also accused the defendants of "interpositioning," or buying stock from one customer and selling to another to profit on the price difference, instead of matching the orders.

Of the 15 specialists charged with fraud by federal prosecutors in April 2005, three, including Mr. Stern and Mr. Hayward, were convicted at trial, and two pleaded guilty. Two other specialists were acquitted. Prosecutors dismissed charges against seven others, and one defendant remains a fugitive.

The inquiry led to charges against stock exchange specialist firms. In March 2004, seven firms agreed to pay $247 million to settle claims by the Securities and Exchange Commission and the New York Stock Exchange that they profited on trades at the expense of customers from 1999 to 2003. Among the firms were Van der Moolen, Bear Wagner Specialists, Spear Leeds & Kellogg, and Banc of America Specialist.

DOJ_NMG_0119927

Executives Get Bonuses As Firms Reprice Options (WSJ)

By Charles Forelle

The Wall Street Journal, January 20, 2007

Aim Is to Offset Losses As Backdating Is Fixed; Mr. Deason's Windfall

The stock-options backdating scandal has prompted dozens of companies to fire top executives, take charges totaling billions of dollars against earnings and tell shareholders that they misrepresented how options were awarded.

Now, a number of companies are taking one more step: making special payments to executives or directors who received backdated options. Companies say the payments will compensate executives and directors who weren't involved in options wrongdoing, yet saw their potential profit reduced when their options were adjusted to reflect the actual dates they were issued. Several of the companies describe the payments as bonuses in regulatory filings.

But the practice has given critics more fodder for attacks on ballooning executive pay levels and special perks.

Federal authorities are scrutinizing the options practices of nearly 140 companies, and scores more companies are conducting internal reviews. A stock option typically gives its holder the right to buy a set amount of stock at some future time, at its price at the time the option was granted. The idea is to give recipients an incentive to help boost the company's share price. But a number of companies and executives changed the date on their grants to make them appear they had been granted at a time when the price was even lower, making them worth more to their holders.

Many companies that have acknowledged options-dating troubles are adopting the position that misdated options -- particularly those granted to top executives -- should be fixed without taking more out of shareholders' pockets. For instance, Sehat Sutardja, chief executive officer of microchip maker Marvell Technology Group Ltd., recently reimbursed his employer $5,355,001 for wrongly dated stock options he already had cashed in. He also agreed to forgo another $5.4 million from the value of options he still holds.

But some companies are taking another course. At KLA-Tencor Corp., for instance, Chief Executive Richard Wallace is in line for an options-related "special cash bonus," according to a securities filing.

The semiconductor-equipment maker is adjusting some of Mr. Wallace's options to carry the share prices that correspond to the dates the options were awarded, rather than the wrong ones achieved through backdating. The adjustments shaved $368,618.36 from the value of those grants. According to the filing, Mr. Wallace will have that amount paid to him in cash.

In effect, Mr. Wallace may come out ahead now that backdating has been exposed, since he is swapping unrealized, potential profit -- which could evaporate if KLA-Tencor shares fall -- for cash. By keeping the repriced options, he retains the chance to profit from them if shares rise higher.

In most cases, the companies making the payments say the executives in question aren't the ones responsible for the options troubles. KLA-Tencor has said in filings that Mr. Wallace, a 19-year company veteran who became CEO last year, had "no involvement" in the improper options granting, which it says occurred primarily from July 1997 through June 2002, a period when Mr. Wallace was a lower-level executive.

KLA-Tencor has said it intends to cancel improper options held by former CEO Kenneth Schroeder, and it will reprice -- without compensatory payment -- improper options held by Ken Levy, its former chairman. Mr. Schroeder, a longtime executive who had taken an advisory role, was fired and Mr. Levy left in the wake of KLA-Tencor backdating revelations last year.

A KLA-Tencor spokeswoman, Kyra Whitten, says the bonuses are being paid to Mr. Wallace and two other officials because the company doesn't want employees not involved with the options trouble to be "adversely impacted." She said the company hasn't yet decided how it will treat backdated options held by nonexecutive employees.

With readjusted prices, most of Mr. Wallace's options are still "in the money" -- meaning their price is below the current market price. But a portion aren't -- meaning they wouldn't be profitable if cashed out. KLA-Tencor will pay Mr. Wallace $84,332.69 for that portion, according to the company's securities filings, meaning Mr. Wallace will be making money from so-called underwater options that otherwise wouldn't yield profit for him at all. The payment is due in January 2008.

The bonuses don't sit well with shareholder activists. "To do this in the context of the outrage over the practice [of backdating] is just shocking," says Ann Yerger, the executive director of the Council of Institutional Investors, who said she was stunned when informed of the payments. "It is a sign that something remains rotten in corporate America with regard to executive pay."

Brian Foley, a compensation consultant in White Plains, N.Y., says, "it seems to me that it [reimbursement] would really stick in one's craw if it goes to the CEO, CFO, general counsel, or anyone who was in the know or should have been in the know."

Mr. Foley adds that the cash payments are "awkward," since it means people get paid for options they haven't yet -- and might never -- exercise.

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At Affiliated Computer Services Inc., a Dallas outsourcer that last year ousted two top executives because of extensive backdating, several of those who remain are in line for special bonuses to compensate them for the loss of value on their wrongly dated grants. At the top of the list: Chairman Darwin Deason, who was head of the company's compensation committee and CEO for much of time when backdating occurred. Mr. Deason, who founded ACS and holds more than $400 million of company stock, will get a payment of $650,000, according to an ACS securities filing.

Michael Buckley, a spokesman for ACS, said Mr. Deason isn't being treated differently than any other employee.

Another ACS executive, Thomas Burlin, will get just over $100,000 thanks to the repricing of a misdated option grant that is presently out-of-the-money. Mr. Burlin's options aren't worth anything at ACS's current stock price.

Meanwhile, Fossil Inc. has said seven officers of the clothing-and-accessories maker could be up for a "cash bonus" if their options were repriced. And microchip maker Broadcom Corp. said a top sales executive may be up for a "special" payment of $525,870 next January to compensate him for lost option value.

Top executives of Sonus Networks Inc., a Massachusetts-based telecommunications-equipment maker, also may have a payday coming. The company has said it likely will reprice wrongly dated options, though it hasn't yet done so. Sonus says in a filing that upon repricing, it intends to pay certain executives and directors for any lost value.

Sonus's chairman and CEO, Hassan Ahmed, has some four million options covered by the payout agreement -- including one grant of 640,000 shares that is deeply under water. It now carries a grant date of April 3, 2001, with an exercise price of $13.875.

The stock was near a sharp low on that date, meaning a new price from a date even couple of days later would shrink Mr. Ahmed's potential profit. If the option is repriced to April 5, for example, the exercise price would change to $17.875 -- and Mr. Ahmed would be in line for a special payment of $2.6 million for an option that is otherwise very far from being profitable. (Sonus shares currently trade at $7.20.)

"All this really is is acknowledging a previous commitment" to grant an option at the originally agreed price, said Charlie Gray, Sonus's general counsel. He said Sonus hasn't determined whether the April 2001 grant carried an incorrect price, and he added that the company might seek to renegotiate the payment agreement in cases where the grant is well out of the money. He said Sonus's audit committee examined the granting practices and concluded that no current member of management, including Mr. Ahmed, did anything wrong.

The recent disclosures about the repricings come in large part thanks to a provision of Section 409A of the federal tax code. Section 409A slaps a 20% excise tax, along with other penalties, on certain "discount" stock options whose exercise price is below the level of the stock on the day the option was granted. Options backdated to a day with a low price are a type of discount option. By agreeing to reprice the options, an executive is saved from the big tax bill.

Executives who already have exercised backdated options may have to pay a penalty tax. But at least one company, j2 Global Communications Inc., a Los Angeles seller of telecom services, is relieving that burden. In a filing, the company says it "anticipates resolving the matter directly with the Internal Revenue Service on behalf of all such holders, including making any payments that are required." In addition to paying its executives' taxes, j2 Global also is offering a "compensating payment" to several because of repriced options. The company says in its filing that it had used "incorrect measurement dates" for some options but that "no willful backdating took place."

The bulk of companies that have admitted to options problems aren't being nearly so generous.

Every director and executive officer of chip maker Actel Corp. of Mountain View, Calif., for instance, will have wrongly dated options repriced with no reimbursement. Stephen Hemsley, who replaced William McGuire as CEO of UnitedHealth Group Inc. after Dr. McGuire's options-fueled ouster, is surrendering about $190 million in value, though the Minnetonka, Minn., insurer said it believes Mr. Hemsley did nothing wrong. (Dr. McGuire is forfeiting $200 million.) Boston Communications Group Inc. of Bedford, Mass., said in a filing that 13 current or former executives or directors are surrendering outright a total of more than 410,000 wrongly dated options, without compensation.

Write to Charles Forelle at charles.forelle@wsj.com1

CRIMINAL LAW:

Ney Sentenced To 30 Months In Prison For Abramoff Deals (WP)

By Susan Schmidt, James V. Grimaldi

The Washington Post, January 20, 2007

Former Ohio Republican congressman Robert W. Ney was sentenced to 30 months in prison yesterday, becoming the first elected official headed for jail because of corrupt dealings with now-convicted lobbyist Jack Abramoff.

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U.S. District Judge Ellen S. Huvelle handed down a tougher sentence than the 27 months recommended by prosecutors, telling Ney that, "as a member of Congress, you had the responsibility above all else to set an example and to uphold the law."

Ney became a symbol of the corruption that aroused voters and helped sweep into Congress a new Democratic majority promising ethics reform.

The former chairman of the House Administration Committee admitted that he performed official acts for Abramoff's lobbying clients between 2001 and 2004, receiving in exchange luxury vacation trips, skybox seats at sporting events, campaign contributions and expensive meals. Ney also admitted receiving tens of thousands of dollars in gambling chips from a businessman who sought his help with the State Department.

In the continuing investigation, Ney and seven others have pleaded guilty or have been convicted, and several are cooperating as witnesses. In addition to the government's chief witness, Abramoff, they include Ney's former chief of staff, Neil G. Volz, and two other Capitol Hill staffers who once worked for former congressman Tom DeLay (R-Tex.). All three were part of Abramoff's lobbying team.

More charges are expected. Prosecutors recently notified a former deputy secretary of the interior, J. Steven Griles, that he is a target, sources familiar with the probe said.

Ney said yesterday that he regretted his actions and was sorry for disappointing his family and voters.

"I will continue to take full responsibility for my actions and battle the demons of addiction," he said, referring to the alcohol problem for which he has sought treatment.

In a letter to the judge, Matthew D. Parker, a friend and former aide, said that Ney began to drink more heavily in 2004 when he first came under federal scrutiny. "Bob was a functioning alcoholic who could rarely make it through the day without drinking and would often begin drinking beers as early as 7:30 a.m.," Parker said. But the judge rejected his plea for leniency.

"Whether or not you've served your constituents well, on some level you have seriously betrayed the public's trust and abused your power as a congressman," Huvelle told Ney. "You have a long way to go to make amends for what's happened."

Ney pleaded guilty to one count each of conspiracy and making false statements. Huvelle agreed to a request that he serve his term in a federal prison in Morgantown, W.Va., where he can receive alcohol treatment. She ordered him to pay a $6,000 fine, remain on probation for two years after his release, and participate in community service.

"Today's sentence makes it clear that our government is not for sale," Assistant Attorney General Alice S. Fisher said in a statement. "Former Congressman Ney now faces 30 months in prison for abusing his position of trust as a representative of the American people. The Justice Department will continue to pursue and prosecute public officials who compromise the integrity of elected office for private benefit."

The gifts Ney accepted from Abramoff included a golfing trip to Scotland and other travel that prosecutors valued at more than $170,000. In return, Ney sought to insert four amendments to benefit Abramoff's clients into a 2002 election reform bill. Ney also admitted helping another Abramoff client win a multimillion-dollar contract to provide wireless communication services to the U.S. Capitol.

The congressman twice inserted comments in the Congressional Record aimed at bolstering a bid by Abramoff to take ownership of a Florida casino company.

Along with acknowledging his dealings with Abramoff, Ney admitted accepting free air travel, luxury accommodations and thousands of dollars worth of gambling chips in 2003 from a foreign businessman who has been identified by Ney attorney Mark H. Tuohey as Fouad al-Zayat, a high-rolling London gambler. Zayat has been described in the media as an arms middleman. He sought Ney's help in getting a visa and an exemption to a U.S. law that bars the sale of airplane parts to other countries.

Ney and his staff also offered to aid Abramoff's clients in the summer of 2003 as Ney prepared for a trip to Russia. Abramoff's team got the congressman to intervene with the U.S. Consulate in Moscow to help resolve a passport issue for the daughter of an Abramoff client. Volz, then working for Abramoff, later paid for Ney's stay at a luxury hotel in Lake George, N.Y.

Huvelle is the second judge to show little sympathy for federal officials convicted in the scandal.

Earlier this month, Magistrate Judge Alan Kay issued a stiffer sentence than the one worked out by prosecutors and defense attorneys in the case of Roger G. Stillwell. An Interior Department employee, Stillwell gave Abramoff copies of internal agency documents and accepted football tickets from him. Prosecutors had sought six months of probation, but Kay extended it to two years, saying there is "no such thing as a free lunch, particularly as provided by lobbyists."

In response to what Democrats have dubbed the "culture of corruption," the House and the Senate this month passed ethics packages that would prohibit lawmakers from accepting gifts, meals and travel from lobbyists, and force them to put their names on the "earmarks" that they tuck into bills, often benefiting lobbyists' clients. Also pending is a measure that would take away congressional pensions from members convicted of corruption, but it would not be retroactive. Ney could collect up to $33,000 a year by age 62.

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Ney Is Sentenced To 2½ Years In Abramoff Case (NYT)

By Philip Shenon

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Former Representative Bob Ney, the only member of Congress to admit guilt in the Jack Abramoff lobbying scandal, was sentenced Friday to two and a half years in prison, longer than had been requested by the Justice Department.

Judge Ellen S. Huvelle of the Federal District Court in Washington said she had decided on her somewhat tougher sentence for Mr. Ney, an Ohio Republican, because his crimes involved a "significant and serious abuse of the public trust" over several years. The 30-month term she imposed was three months longer than prosecutors had asked.

"You have a long way to go to make amends," Judge Huvelle told the former lawmaker, citing tens of thousands of dollars' worth of luxury overseas travel and other gifts he accepted from Mr. Abramoff and the corrupt Republican lobbyist's partners in return for official favors.

Mr. Ney, who served six terms in the House before resigning in early November, will be able to keep his Congressional pension. Legislation now in Congress, similar to a bill for which he once voted that never became law, would deny pension payments to lawmakers convicted of crimes like bribery and fraud, but the measure would not apply retroactively.

The precise amount of Mr. Ney's pension cannot be independently known, because of a variety of factors, but it will not be as large as those of many senior members, given his relatively few years in office. Further, since he is only 52, he will not get any payments for at least four years.

In a brief statement to Judge Huvelle, Mr. Ney apologized Friday to his family and his former constituents and suggested that his crimes had resulted in part from alcoholism.

He said he was continuing to "battle with the demons of addiction that are within me," and requested through his lawyers that he serve his sentence at a federal prison in West Virginia that has a rehabilitation program.

The Justice Department had sought a 27-month term, the shortest possible under Judge Huvelle's interpretation of federal sentencing guidelines, because a plea bargain that Mr. Ney struck last year allowed the government to avoid a long trial. The judge could have sentenced him to as much as 33 months.

Judge Huvelle also ordered that Mr. Ney pay $6,000 in fines and that after serving his prison term, he be placed on two years' probation, during which he must abstain from alcohol.

In his plea bargain, Mr. Ney confessed that he had essentially sold his office to Mr. Abramoff's lobbying operation and others. Mr. Abramoff himself pleaded guilty last year to conspiring to corrupt public officials, and the scandal surrounding him, which opinion polls suggest was a factor in the Democratic Congressional victory in last November's elections, has brought a number of officials under scrutiny.

Just last week a lawyer for J. Steven Griles, who formerly served the Bush administration as the No. 2 official at the Interior Department, confirmed that Mr. Griles had been notified that he was likely to be indicted in the Abramoff inquiry.

Ney Will Serve 30 Months In Abramoff Hill Bribery (WT)

By Jerry Seper

The Washington Times, January 20, 2007

Former Republican congressman Bob Ney was sentenced yesterday to 30 months in prison for providing political favors to convicted lobbyist Jack Abramoff in exchange for expensive trips, sports and concert tickets, and casino chips.

The six-term Ohio congressman and former chairman of the House Administration Committee apologized to his family and friends and told U.S. District Judge Ellen Segal Huvelle he would continue "to battle the demons of addiction that are within me."

Judge Huvelle said Ney had betrayed the public's trust and his admitted problems with alcohol did not explain his illegal conduct.

"As a member of Congress, you had a responsibility to set an example," said Judge Huvelle, who recommended that Ney serve his time at a federal prison in Morgantown, W.Va.

Ney, 52, who pleaded guilty in October to charges of conspiracy to defraud the public, was the first member of Congress to admit peddling influence for Abramoff, now serving a five-year, 10-month sentence for fraud in the purchase of a Miami casino cruise line.

The Justice Department's investigation into suspected influence peddling on Capitol Hill is ongoing and other members of Congress are also expected to be named. Sources close to the probe told The Washington Times that Abramoff has given prosecutors incriminating information on "dozens of members of Congress and staff."

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Ney had faced 10 years in prison but agreed to cooperate with the government in the investigation. He resigned from Congress on Nov. 2 after admitting he received expensive trips, sports tickets and casino chips from Abramoff in exchange for trying to win favorable legislative results.

Prosecutors said Ney improperly accepted trips to play golf, gamble or vacation in Scotland, New Orleans and New York between August 2002 and August 2003. The total cost of the trips by Ney and others exceeded $170,000, court papers said.

Ney's former chief of staff, Neil Volz, who left Ney's office in 2002 to join Abramoff's powerful Washington lobbying firm, pleaded guilty in May to being part of a conspiracy to provide Ney with the trip to Scotland and other pricey gifts from Abramoff.

Abramoff has been cooperating with Justice Department prosecutors for several months and was incarcerated in a federal institution in Maryland in the Miami case at the request of prosecutors to allow them to continue to interview him about their ongoing case.

The former Washington power broker also has pleaded guilty to conspiracy, mail fraud and tax evasion in connection with his lobbying activities in the nation's capital. He has yet to be sentenced on those charges, but prosecutors are recommending a prison term of nine years to 11 years and three months to run at the same time as his sentence in the Florida case.

When accusations first surfaced tying Ney to the Abramoff scandal, the Ohio congressman denied any involvement. He said at the time he "did not know, and had no way of knowing, the self-serving and fraudulent nature of Abramoff's activities."

Identified only as "Representative No. 1" in the initial Abramoff indictment, Ney received a "lavish trip to Scotland to play golf on world-famous courses" and other benefits in exchange for support on various issues. The indictment said Abramoff arranged for a $50,000 check to be sent from Texas to pay for the Scotland trip.

Ney remains eligible to receive his congressional pension, said the National Taxpayers Union, which tracks pensions. It said Ney would be eligible for about $29,000 a year if he waits to draw it until 2016, when he turns 62.

Ney Gets 30 Months In Corruption Case (LAT)

By Joel Havemann

The Los Angeles Times, January 20, 2007

WASHINGTON — Former Rep. Bob Ney (R-Ohio) on Friday became the second member of Congress to draw a prison term for his role in influence-peddling scandals that helped doom the GOP majority on Capitol Hill in November's election.

Ney, 52, was sentenced by a federal judge to 30 months in prison followed by two years of supervised release — during which he is to perform 200 hours of community service. He was also fined $6,000.

"You violated a host of laws that you, as a congressman, are sworn to enforce and uphold," U.S. District Judge Ellen Segal Huvelle told Ney as she sentenced him.

Huvelle recommended that Ney enter a prison alcohol-rehabilitation program. Shortly after pleading guilty to the charges against him this fall, Ney acknowledged a drinking problem and checked into a rehabilitation program.

In brief remarks to the judge, Ney apologized to his family and constituents. "I will continue to take full responsibility, accept the consequence and battle the demons of addiction that are within me," he said.

Where Ney will serve and when he will report is to be determined later, but Huvelle recommended he be incarcerated at a minimum security federal prison in Morgantown, W.Va. Ney pleaded guilty in October to conspiracy to commit multiple offenses involving the use of his elected office for corrupt purposes and to making false statements to investigators.

Co-conspirators in Ney's case, all of whom pleaded guilty, included lobbyist Jack Abramoff, Ney's former chief of staff and two aides to former House Majority Leader Tom DeLay (R-Texas).

Ney admitted soliciting and accepting bribes from Abramoff and his lobbying staff in return for legislative actions that benefited Abramoff clients. He performed similar illegal favors for Fouad al Zayat, a Syrian-born businessman.

Among the items Ney accepted were a golfing trip to Scotland and thousands of dollars in casino gambling chips while on overseas junkets.

"Today's sentence makes it clear that our government is not for sale," said Assistant Atty. Gen. Alice S. Fisher, who heads the Justice Department's criminal division.

Ney, who served six two-year House terms, will be eligible to draw a congressional pension of about $29,000 a year if he waits until he is 62 to draw it, the National Taxpayers Union estimated.

A wide-ranging ethics bill passed by the Senate on Thursday and sent to the House would deny pensions to members of Congress convicted of felonies in the future, but even if it becomes law it would not apply to Ney.

Ney is the second former House member sentenced to prison in the last year. Former Rep. Randy "Duke" Cunningham (R-Rancho Santa Fe) is serving an eight-year sentence in a separate case for bribery and tax evasion, stemming from help he provided defense contractors in obtaining lucrative federal contracts.

DeLay, once one of Washington's most powerful Republicans, and Rep. Mark Foley (R-Fla.) resigned from the House last year because of ethics controversies. DeLay is fighting charges in Texas that he violated state campaign finance laws; Foley quit after revelations that over several years he made sexual overtures to congressional pages.

Ney Gets 30-Month Sentence (RC)

RollCall.com, January 19, 2007

Judge Ellen Huvelle sentenced former Ohio Rep. Bob Ney (R) to serve 30 months in prison and recommended that he be assigned to a residential alcohol substance abuse program in Morgantown, W.Va.

The judge's sentence was three months longer than recommended by prosecutors after they reached a plea agreement with Ney on charges of conspiracy and making false statements last October.

In imposing the 30-month sentence, the U.S. district judge cited Ney's four-year "abuse of the public trust" in accepting gifts and campaign contributions connected to the scandal surrounding then-lobbyist Jack Abramoff.

She said Ney would face two years of "supervised release" for each count of which he was convicted and would be required to pay a $6,000 fine during the first two years of his release.

Ney will be subjected to alcohol and drug tests during his parole and must participate in an alcohol treatment program. He must also perform 100 hours of community service during every two years he remains on parole.

A contrite Ney accepted responsibility for his crimes and hugged supporters after his sentencing.

"Moving forward, I will continue to take full responsibility for my actions and to battle the demons of addiction," he told the court. "Although my life and career have changed forever, I hope to continue my work helping and serving my community very soon."

Latest Abramoff Casualty Sentenced To 30 Months In Prison (HILL)

By By Jackie Kucinich

The Hill, January 19, 2007

Ex-Rep. Bob Ney (R-Ohio) was sentenced to 30 months in prison Friday, three months longer than the government recommendation, for his role in the Jack Abramoff lobbying scandal.

U.S. District Judge Ellen Segal Huvelle said the sentence was intended to reflect the gravity of the crimes and violation of the public trust.

"Constituents and the public trusted to you represent them," she said, adding that Ney "seriously abused" his position. Huvelle agreed to allow Ney to continue to seek treatment for alcohol addiction while he is incarcerated in Morgantown, W.Va.

Prior to hearing his sentence Ney, dressed in a gray suit and blue-and-yellow-striped tie, apologized to his constituents and his family for abusing his position as a member of Congress.

"I stand here sorrowful … I will no longer be able to serve the public," Ney said. "I hope and pray that with time our family will recover."

Huvelle also imposed a $6,000 fine on Ney to be paid over his two-year probationary period.

A request by Ney's lawyer, Mark H. Tuohey, to extend the time period due to Ney's precarious financial situation was denied by Huvelle.

Ney pleaded guilty to charges on conspiracy and bribery in October and resigned from Congress in November.

Gifts that Ney received ranged from a trip to Scotland to thousands of dollars in gambling chips.

Sizing Up The Libby CIA-Leak Trial (WSJ)

By Nick Timiraos

The Wall Street Journal, January 20, 2007

Opening arguments in the trial of Lewis "Scooter" Libby, the ex-chief of staff to Vice President Dick Cheney, who is accused of lying to a grand jury in the government's leak investigation, get started next week.

The trial promises to be a high-profile event, with potential witnesses ranging from the vice president to television journalist Tim Russert. But it also represents a bizarre twist in a case that has tested the limits of laws to protect reporters and their sources and could spotlight how key players in the Bush administration defended the case for war in Iraq.

Here's a closer look at some of the issues:

What prompted the CIA-leak investigation? In 2002, the Central Intelligence Agency sent former Ambassador Joseph C. Wilson to investigate claims that Iraq was seeking nuclear-weapons materials from Niger. He found no basis for the claims and said his advice was ignored. Mr. Wilson argued in an op-ed piece in the New York Times that the Bush administration had manipulated intelligence to sell the Iraq war.

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Soon after, syndicated columnist Robert Novak reported that Mr. Wilson's wife, Valerie Plame, was a Central Intelligence Agency agent and that she had arranged for him to get the job. The Justice Department assigned prosecutor Patrick Fitzgerald to investigate whether Ms. Plame's identity as a covert CIA officer was blown by Mr. Novak's sources in retaliation for her husband's criticism.

Is the disclosure of an agent's identity a crime? In certain cases, yes. Under the Intelligence Identities Protection Act, investigators must prove that the agent's name was intentionally revealed by someone who knew that the agent was undercover and that the agent's identity was not previously disclosed. The law has rarely been used to prosecute anyone.

Was Mr. Libby responsible for the leak? It appears he wasn't. Prosecutors claim that Mr. Libby discussed Ms. Plame with at least three reporters. But last September, Richard Armitage, former deputy secretary of state, acknowledged publicly that he was the original source who told Mr. Novak that Mr. Wilson's wife worked at the CIA. Mr. Fitzgerald apparently knew that Mr. Armitage was the original source throughout his two-year investigation. Mr. Armitage was not charged with a crime because he didn't know Ms. Plame was a covert operative.

So why is Mr. Libby being prosecuted? The government claims Mr. Libby lied when he told investigators he learned of Ms. Plame's identity from Mr. Russert, Washington bureau chief of NBC News. The government alleges Mr. Libby learned of Ms. Plame's identity from his boss, the vice president.

The prosecution is expected to call the two reporters with whom Mr. Libby discussed Ms. Plame's role as a CIA agent. But because perjury cases require proof that the defendant lied on purpose, simply proving that he told a falsehood won't be enough for the government. They will try to show that Ms. Plame's role had Mr. Libby's attention with testimony from government officials who discussed the matter with the former aide.

What is Mr. Libby's defense? The defense says there was no orchestrated campaign to retaliate against Mr. Wilson. Instead, lawyers will argue that Mr. Libby got his facts wrong because he was facing weighty national security matters and didn't remember the details of every conversation that he had with every reporter.

If the vice president testifies, he may be asked about the copy of Mr. Wilson's op-ed that he gave to Mr. Libby with handwritten notes that questioned the rationale for Mr. Wilson's trip. Mr. Cheney wrote, "Do we ordinarily send people out pro bono to work for us? Or did his wife send him on a junket?"

What lasting effect could the case have on the media? The case initially alarmed press advocates because reporters were forced to reveal their sources during the investigation, fueling concerns that sources would be less willing to speak candidly with reporters in the future. But the prospect of both the prosecution and defense using reporters as key witnesses during the trial has fueled concerns that the public might see reporters as less independent, further eroding press credibility.

What is the possible penalty? If convicted on all five counts, Mr. Libby faces a maximum fine of $1.25 million and 30 years in jail, though his sentence would likely be less because he has no criminal record. Mr. Libby's supporters, who say he is an honest man subjected to a prosecutorial witch-hunt, might lobby the president for a pardon.

Fight Averted, For Now, Over U.S. Reporter's Notes In CIA Case (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, January 20, 2007

(AP) - WASHINGTON-Defense attorneys are withdrawing, for now, their request to use NBC News reporter Andrea Mitchell's notes during the CIA leak case, heading off a potential fight leading to the trial of former White House aide I. Lewis Libby.

A federal judge said Friday that he probably would release Mitchell's notes to attorneys for Libby and scheduled a hearing on the issue Monday. Within hours, network spokeswoman Barbara Levin said the request for the notes had been withdrawn and the hearing canceled.

Mitchell's notes on her conversation with former vice presidential chief of staff Libby have been under subpoena for nearly a year, but U.S. District Judge Reggie Walton had ruled that because Mitchell was unlikely to testify at trial, her notes would not be released.

Libby is accused of lying to investigators about his conversations with reporters regarding outed CIA operative Valerie Plame. Plame's identity was revealed shortly after her husband, Joseph Wilson, criticized the in a newspaper article the administration's use of false intelligence to ease the march to war in Iraq.

Attorneys for Libby, former chief of staff for Vice President Dick Cheney, said in court Friday they planned to call Mitchell as a defense witness during the perjury and obstruction trial.

Opening arguments are scheduled for Tuesday.

Walton reversed course and ordered attorneys for NBC to be in court Monday to discuss the notes. He said: "I don't see how I can deprive the defense of it."

Though the hearing was canceled, the notes remain under subpoena, and defense attorneys could raise the issue again during the four- to six-week trial.

Libby is accused of lying to investigators about what he told reporters regarding Plame, whose husband, former ambassador Wilson, emerged in 2003 as a vocal critic of the Bush administration's prewar intelligence use.

Libby told authorities that he learned Plame's identity from reporters, but prosecutors say Libby learned it during a series of high-level conversations about how to rebut Wilson's criticisms.

Mitchell's testimony and notes could help Libby's case by describing an atmosphere of tension and finger-pointing within the Bush administration regarding intelligence issues on Iraq. That could bolster Libby's claims about a hectic and tumultuous climate in which he could not accurately remember certain conversations.

The Libby Injustice (WSJ)

The Wall Street Journal, January 20, 2007

Opening arguments begin next week in the trial of I. Lewis "Scooter" Libby, and, regardless of the verdict, it is our firm belief that this is a case that should never have been brought. While a tragedy for Mr. Libby and his family in personal terms, the case is among the most egregious examples we can recall of criminalizing political differences.

In the most important sense, this is a case without a crime. Yes, Mr. Libby is charged with perjury and obstruction of justice, which are serious offenses. But this seasoned, disciplined lawyer is accused of lying to cover up a leak he didn't commit, and which has long been proven not to have been a crime at all. One early bit of drama will be to see what motive prosecutor Patrick Fitzgerald comes up with to explain why Mr. Libby would lie to the FBI and a grand jury when he had essentially nothing to hide.

All the more so because one of the mysteries of this case is Mr. Fitzgerald himself. He made his reputation as a tough prosecutor in Chicago who was nonetheless scrupulous about the law. But in this case, he knew from the very first day of his appointment in December 2003 that neither Mr. Libby nor the Vice President's office had orchestrated the leak of Valerie Plame's name to columnist Robert Novak.

He also knew -- based on earlier FBI interviews -- that the real leaker was Richard Armitage, the No. 2 man at the State Department and if anything a policy rival of Mr. Libby's inside the Bush Administration. The original theory of the case -- that the leak was a political vendetta against Ms. Plame's husband, Joe Wilson -- was thus demonstrably false from the start of his probe. The "crime," in short, had been solved.

Yet Mr. Fitzgerald has persisted for three long years, and only six weeks into his investigation sought and received an expansion of his authority in order to go after a senior administration official -- Mr. Libby -- who had had nothing to do with the leak Mr. Fitzgerald was investigating. And he pursued the case even to the extent of creating a Constitutional showdown over reporters and their sources. Why? * * *

As it happens, Messrs. Fitzgerald and Libby had crossed legal paths before. Before he joined the Bush Administration, Mr. Libby had, for a number of years in the 1980s and 1990s, been a lawyer for Marc Rich. Mr. Rich is the oil trader and financier who fled to Switzerland in 1983, just ahead of his indictment for tax-evasion by the U.S. Attorney for the Southern District of New York. Bill Clinton pardoned Mr. Rich in 2001, and so the feds never did get their man. The pardon so infuriated Justice lawyers who had worked on the case that the Southern District promptly launched an investigation into whether the pardon had been "proper." One former prosecutor we spoke to described the Rich case as "the single most rancorous case in the history of the Southern District."

Two of the prosecutors who worked on the Rich case over the years were none other than Mr. Fitzgerald and James Comey, who while Deputy Attorney General appointed Mr. Fitzgerald to investigate the Plame leak. Mr. Fitzgerald worked in the Southern District for five years starting in 1988, at the same time that Mr. Libby was developing a legal theory of Mr. Rich's innocence in a bid to get the charges dropped. The prosecutors never did accept the argument, but Leonard Garment, who brought Mr. Libby onto the case in 1985, says that he believes Mr. Libby's legal work helped set the stage for Mr. Rich's eventual pardon.

This was all long ago, it's true. But Mr. Libby and Mr. Comey tangled more recently as well. In 2004, as Mr. Fitzgerald was gearing up his investigation, Mr. Libby was the Administration's point man in trying to get Justice to sign off on the NSA wiretapping program. In early 2004, Mr. Comey was acting Attorney General while John Ashcroft recovered from gall bladder surgery, and Mr. Comey reportedly refused to give the NSA program the greenlight, prompting the White House to seek out Mr. Ashcroft in the hospital in a bid to circumvent Mr. Comey.

Motive is a difficult thing to gauge. We don't know whether this long personal history played any role either in Mr. Fitzgerald's single-minded pursuit of Mr. Libby, or in Mr. Comey's decision to grant the prosecutor plenary power even though the central mystery of the case had already been resolved. But connecting the dots linking the three men at the heart of this case seems worth doing given the puzzling nature of this prosecution.

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As for the trial itself, Mr. Fitzgerald will have to prove not only that Mr. Libby knowingly made false statements but that they served some larger purpose of obstructing justice. The evidence so far is thin. At a mega-press conference announcing his indictment, the prosecutor spoke piously about the need to indict officials who throw "sand . . . in the eyes" of the "umpire." But we know Mr. Libby had nothing to cover up, and his plausible defense will be in part that his recollections simply differed from those of the journalists he spoke with about Mr. and Mrs. Wilson.

At the same press event, Mr. Fitzgerald also made comments suggesting he bought into Joe Wilson's conspiratorial theory of the case -- remarks that now look both disingenuous and prejudicial to Mr. Libby. And this week, trial judge Reggie Walton seemed to acknowledge the extensive negative pretrial publicity about Mr. Libby by granting his lawyers their request for considerable leeway in questioning jurors during voir dire. Mr. Fitzgerald's main advantage may be a Washington, D.C., jury pool inclined to dislike anyone associated with the Bush Administration.

This case is really about a political fight over the Iraq War. In talking to reporters, Mr. Libby was doing his job and attempting to defend Administration policy against political attacks. He had no evident reason to lie to the grand jury. Once Mr. Armitage had fessed up as the leaker in October 2003, a wiser prosecutor than Mr. Fitzgerald would have realized he had entered the realm of politics and gone home.

FBI Details Threat From Gangs In Military (CHIST)

By Frank Main, Crime Reporter

Chicago Sun-Times, January 20, 2007

Says members of Illinois biker gangs in Iraq

Members of the Hells Angels, including an Army lieutenant colonel from Illinois, have served the U.S. military in Iraq. Another Iraq war veteran, a Marine who belongs to the Maniac Latin Disciples street gang, is charged with shooting three teens in Aurora.

They are examples of growing gang activity in the military, which "poses a threat to law enforcement officials and national security," according to a new FBI report obtained by the Sun-Times.

"The military enlistment of gang members could ultimately lead to the worldwide expansion of U.S.-based gangs," the report warned.

The report by the FBI's National Gang Intelligence Center said gang members sneak into the military by failing to report criminal convictions or using fake documents. Some have sealed juvenile records unavailable to recruiters. And most of the recruiters are not properly trained to recognize gang affiliation, the report said.

"Military recruiters under pressure to meet recruiting goals have engaged in criminal violations such as overly aggressive recruiting tactics and document falsification," said the report.

While gang members constitute a "fraction" of the military, the extent of the problem is difficult to gauge because the military is not required to provide the FBI with statistics on crime at military posts. Still, the FBI has documented disturbing examples of how gang members get into the military -- and the crimes they commit in the service.

In 2005, for instance, a Latin Kings member was allegedly recruited into the Army at a Brooklyn, N.Y., courthouse while awaiting trial for assaulting a New York police officer with a razor. He was reportedly instructed by the recruiter to conceal his gang affiliation, the report said.

Reportedly steal weaponsMany members of the Illinois-based Outlaw Motorcycle Gang and the Hells Angels have military experience and have been known to recruit soldiers due to their explosives and firearms experience, the report said. One of the most violent gangs -- the MS-13 -- is increasing its presence on or near U.S. military installations, the FBI said.

Some gang members use their military positions to steal weapons and other equipment.

Last year, an Army soldier who is a gang member identified 60 to 70 gang-affiliated military personnel in his unit allegedly involved in the theft and sale of military weapons and supplies, the report said. The soldier said many of them were sergeants in charge of ammunition and grenade distribution and that commanders were aware of their actions.

Training can be deadlyAnd earlier this month, two Illinois National Guard soldiers were charged with selling stolen body armor, night-vision goggles and other military equipment to undercover federal agents. A third, unnamed soldier may have intended to supply Chicago gangs with body armor he stole in Iraq, according to a conversation secretly recorded by the FBI.

Gang members in the military also are applying their battle training to the streets when they return home, the FBI warned. One Iraq veteran in California apparently relied on his Marine training in a shootout that killed a police officer and wounded another.

The Sun-Times began investigating gangs in the military last year after obtaining photos of gang graffiti on military equipment and buildings in Iraq. Some of the graffiti referred to Chicago-based gangs such as the Black Disciples and Latin Kings.

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fmain@suntimes.com

Ex-FBI Agent Guilty Of Assault (PROJO)

By Katie Mulvaney, Journal Staff Writer

The Providence Journal, January 20, 2007

After a three-day trial in Bridgeport, Conn., a federal jury found a retired FBI special agent guilty of assaulting an officer, the U.S. Attorney's office said.

U.S. marshals, working with the Rhode Island Sheriffs Department and Stratford, Conn., police, arrested Gary L. John after a struggle in Stratford, on Dec. 8, 2005, concluding a two-month probe into his whereabouts, according to Charles J. Wyant, of the U.S. Marshals in Rhode Island.

John, formerly of 110 Post Rd., Westerly, was wanted in Rhode Island for allegedly violating protective and no-contact orders barring him from contacting his ex-wife and for failing to appear in court. Superior Court Judge Melanie Thunberg issued a warrant for his arrest after he showed up at his ex-wife's workplace on Sept. 1, 2005, court records show.

The marshals received a tip that John was living with a woman in Stratford and supporting himself through odd jobs, such as splitting wood and driving a limousine, Wyant said.

John, 58, tried to punch a deputy marshal attempting to place him in custody, court records show. He was arrested after a struggle and charged with felony assault on a federal marshal, according to the U.S. Attorney's office.

Jurors in U.S. District Court in Connecticut deliberated three hours before finding John guilty on Thursday. He faces up to eight years in prison and a $250,000 fine at his sentencing before U.S. District Judge Janet C. Hall on April 10, the U.S. Attorney's office said.

John has been held since his arrest after the court found that he posed a flight risk and a danger to his ex-wife and the community, said Thomas Carson, of the U.S. Attorney's office in Connecticut.

An FBI agent for 29 years, John has been in and out of jail since he separated from his wife in 2001. He has faced an array of charges, ranging from domestic disorderly conduct to repeatedly violating no-contact orders by harassing his ex-wife.

John worked as a surveillance specialist in the FBI's Boston field office until 2002.

Retired FBI Agent Convicted In Assault (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, January 20, 2007

BRIDGEPORT — A federal jury convicted a retired FBI agent of assaulting a deputy U.S. marshal during a Dec. 8, 2005, arrest in Stratford.

The jury took only three hours Thursday to deliberate the fate of retired FBI Special Agent Gary John before advising U.S. District Judge Janet C. Hall that they had found him guilty.

John, 58, formerly of Piute Lane in Stratford's Oronoque Village, faces up to eight years in prison when he is sentenced April 10. He has been detained without bond since the arrest.

The verdict ended a two-day trial in which Deputy U.S. Marshal James Masterson accused John of failing to obey his commands and then throwing "roundhouse" punches while being placed under arrest. At the time, Rhode Island federal marshals had a warrant for John's arrest for violating a "no-contact" order obtained by his ex-wife.

Masterson, a former Milford police officer, said John repeatedly refused to show his hands, lie down on the ground and stay back after being confronted in the driveway of the home. Assistant U.S. Attorney Anthony Kaplan played a sometimes frantic 911 call made by Masterson who was requesting backup at the arrest site.

John accused federal marshals of overreacting when one struck him with a metallic object and others piled on, punched him and ground his face into an ice-covered driveway.

He claimed he never punched Masterson but did reach out and grab someone's arms as he was being pushed to the ground.

John is 6 feet tall and 165 pounds, while Masterson, 37, has a muscular 5-foot, 9-inch, 200-pound frame.

John was represented by Robert Mann of Rhode Island. It is expected that he will file a civil suit claiming excessive force.

Former FBI Agent Wanted In Rhode Island Convicted Of Assault (AP)

AP, January 20, 2007

UNDATED (AP) -- A former FBI agent wanted for violating restraining orders in Rhode Island is convicted of assaulting a deputy marshal.

Gary John was arrested in Stratford in 2005. Prosecutors say he tried to punch a U.S. deputy marshal during his arrest.

John formerly lived in Westerly and was wanted in Rhode Island for failing to appear in court and violating restraining orders by appearing at his ex-wife's workplace. He faces up to eight years in prison and a 250,000 dollar fine for the assault charge. A sentencing hearing is set for April tenth.

Solid Data Scarce For Child Abductions (AP)

By David Crary, Ap National Writer

AP, January 20, 2007

NEW YORK -- Few crimes rivet the public as much as the abduction of a child and yet -- unlike murder, rape or even car theft -- there are no authoritative national statistics on the offense.

Kidnapping is not among the crimes covered by the FBI's annual uniform crime reports, and the last major federal study of child abductions used data from 1999, leaving experts to only guess the trends since then even as concern mounts about a possible surge of abductions by sexual predators using the Internet.

The Justice Department says the most recent nationwide data on child abductions is National Incidence Studies of Missing, Abducted, Runaway and Throwaway Children, a report issued in 2002 and based on survey data mostly collected in 1999.

That report estimated that 58,200 children annually are victims of non-family abductions, with the vast majority held briefly for any number of reasons -- a dispute between girlfriend and boyfriend, for instance -- and returned safely, often without the filing of a police report.

The report estimated that there were 115 cases in 1999 of "stereotypical kidnappings" -- in which children were taken by non-family members for long periods, put up for ransom or killed by their abductors. In 40 percent of these cases, the child was killed.

However, the report said the actual number of stereotypical kidnappings could be anywhere from 60 to 170, and there has been no comprehensive federal effort since then to update the statistic.

University of New Hampshire sociologist David Finkelhor, a co-author of the 2002 report, believes the number of stereotypical kidnappings is stable or declining. But he remains dismayed at the lack of firm statistics to corroborate his suppositions and allay the fears of parents.

"You only have to think about a comparable situation in public health," he said. "If there were some disease killing even a few hundred kids a year, and parents were anxious, you know the Centers for Disease Control would have good statistics."

The Justice Department, using partial national statistics, estimated last year that 3,400 kidnappings of juveniles by strangers were reported to police in 2001. These would include many short-lasting abductions that did not rise to the level of the menacing "stereotypical kidnappings."

Police departments also are required to file prompt reports on any missing child, but these reports often do not provide details on whether an abduction might be involved.

Ernie Allen, president of the National Center for Missing and Exploited Children, said his organization is working with the Justice Department to develop a method for compiling annual data on missing and abducted children.

Like Finkelhor, Allen surmises that worst-case "stereotypical kidnappings" have declined in recent years, but he worries about a possible increase as more sexual predators use the Internet to contact youthful targets.

"Why we're pushing the Justice Department to provide annualized estimates is so we have the kind of data to track progress and variations from year to year," he said.

Allen expressed hope that a model of the new data-gathering system could be in place later this year.

CIVIL LAW:

High Court To Revisit Campaign Finance Law (WP)

By Robert Barnes, Matthew Mosk

The Washington Post, January 20, 2007

The Supreme Court agreed yesterday to revisit the landmark 2002 legislation overhauling the nation's campaign finance laws, moving to settle the role of campaign spending by corporations, unions and special interest groups in time for the 2008 presidential primaries.

It would be the first time the court has reviewed the McCain-Feingold law of 2002 since justices ruled 5 to 4 three years ago that the act was constitutional. Since then, Justice Sandra Day O'Connor, who was in the majority, has been replaced by Justice Samuel A. Alito Jr.

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At issue in the case is the question of whether so-called issue advocacy ads paid for by the general funds of special interest groups and broadcast in the period before a federal election may mention specific candidates. A three-judge panel in Washington last month overturned that prohibition, which is one of the key provisions of the law known formally as the Bipartisan Campaign Reform Act.

"The stakes are enormous," said Michael E. Toner, a Federal Election Commission member who served on President Bush's campaign in 2000. "We're watching this case very closely."

The specific rule against naming a candidate -- 30 days before a primary and 60 days before a general election -- is one of the bright lines in the act governing the role special interest groups may play in the election and, to its supporters, one of the act's virtues.

"One of the advantages of McCain-Feingold is that it's clear," said Trevor Potter, an adviser to Sen. John McCain (R-Ariz.), the law's namesake, and president of the Campaign Legal Center.

If the justices uphold the lower-court ruling, Potter predicts additional disputes in the courts and at the FEC about when an independent group's commercial would be considered legitimate issue advocacy, and when it would be considered an attempt to influence the outcome of an election.

"You will have endless challenges to see where the line should be," he said.

But James Bopp Jr., the Indiana attorney and Republican National Committee member who brought the case on behalf of Wisconsin Right to Life, said the current prohibition cracks down on groups that are merely intending to influence lawmakers in the manner encouraged by the First Amendment.

The right to petition the government, Bopp said, should not be limited simply because it makes campaign finance laws too complicated.

"The court is perfectly capable of drawing a sensible and reasonable line between grass-roots lobbying and influencing an election," Bopp said.

The justices moved quickly to take the case, which they will hear in April, in time for a ruling by the end of the court's summer term. It will make for unusual political pairings.

The Republican National Committee has been one of the strongest critics of the law, although McCain is one of his party's leading presidential contenders and a party to the appeal of the lower court's decision. The Bush administration is defending the Federal Election Commission against the Wisconsin antiabortion group, which has been a strong supporter of the president.

And Sen. Russell Feingold (D-Wis.) is not only one of the sponsors of the law but also the subject of the ads in question.

The 2004 radio ads put out by Wisconsin Right to Life said that a group of senators in Washington was keeping Bush's judicial nominees from getting a vote in the Senate and asked listeners to tell Feingold and the state's other senator, Herb Kohl (D), not to participate. "Contact Sens. Feingold and Kohl and tell them to oppose the filibuster," the announcer said.

But because Feingold was up for reelection, the FEC said that the group could not run the ads in the closing weeks of the election.

U.S. District Judge Richard J. Leon, joined by U.S. Court of Appeals Judge David B. Sentelle, said the proper way to evaluate the ads was to look simply at what they said. They found that the ads neither endorsed nor opposed Feingold, did not mention his upcoming election and did not tell listeners whether the senator had been a part of the filibuster. They agreed with the antiabortion group's contention that the ads were "textbook" examples of issue ads.

But dissenting District Judge Richard W. Roberts said courts must view the ads in context. In this case, Wisconsin Right to Life was a longtime opponent of Feingold and had made his defeat one of its priorities. Although the language in the ad was neutral, it referred listeners to a Web site that contained highly critical reviews of the senator.

And Roberts said there could be credence to the defendants' argument that the ads were a "sham" designed to test McCain-Feingold rather than to argue for a point of view. There were no filibusters at the time that the group wanted to run the ads, and the group could have paid for them through a political action committee, upon which the restrictions would not apply.

Richard L. Hasen, an election law expert at Loyola Law School in Los Angeles, said the Supreme Court challenge is "going to be a prime opportunity for opponents of campaign regulations to make some headway in watering down the standards."

He said the decision by the two-member majority of the lower court that context should not be considered in evaluating the ads is "opposite what the majority of the Supreme Court found" when upholding McCain-Feingold three years ago.

What could make the outcome different this time, he said, is "simply the replacement of Justice O'Connor with Justice Alito."

The consolidated case is Federal Election Commission v. Wisconsin Right to Life (06-969) and McCain v. Wisconsin Right to Life (06-970).

Justices Revisit Campaign Finance Issue (NYT)

DOJ_NMG_0119939

By Linda Greenhouse

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — The Supreme Court stepped back into the debate over campaign finance regulation on Friday, announcing an expedited review of a ruling last month that substantially narrowed the application of a major provision of the McCain-Feingold federal campaign law.

At issue is a section of the 2002 statute that imposes a blackout period before elections on television advertisements that meet the law's definition of "electioneering communications" and that are paid for from the general treasuries of corporations or labor unions.

The question is how to reconcile that provision with the free-speech rights of groups that say they are engaged in grass-roots lobbying, the sort of genuine issue advertising the First Amendment protects.

The court heard the same case a year ago, shortly before Justice Samuel A. Alito Jr. took his seat last January. Faced with the prospect of a 4-to-4 deadlock in the absence of Justice Sandra Day O'Connor, who was days away from retirement and would not have been able to participate in a decision, the court then sent the case back to the lower court.

While that move postponed the court's encounter with the Bipartisan Campaign Reform Act, as the McCain-Feingold law is formally known, an eventual encounter was inevitable because Congress, in passing the law, made Supreme Court review mandatory.

The plaintiff is a Wisconsin anti-abortion group that in 2004 sought to run three television commercials criticizing a Senate filibuster against President Bush's judicial nominees and urging viewers to ask the state's two senators to permit the nominations to come to a vote.

One of the senators, Russell D. Feingold, was up for re-election; the other, Herb Kohl, was not. The advertisements said nothing about voting for or against either man. Advised by the Federal Election Commission that the television spots would be barred as electioneering communications during the 60 days before the November election, the group, Wisconsin Right to Life Inc., filed a lawsuit intended to test the provision's constitutionality.

A special three-judge Federal District Court here at first turned back the challenge under the Supreme Court's ruling in 2003, which by a 5-to-4 vote upheld all major provisions of the McCain-Feingold law against a variety of challenges. But in their ruling last January, which was unanimous and unsigned, the justices said the district court had misinterpreted the 2003 decision as a blanket endorsement of the law.

The court said it had not meant to foreclose a finding that the electioneering-communication provision, which imposes a blackout 30 days before a primary and 60 days before a general election, might be found unconstitutional in particular applications.

That was a surprise to the Federal Election Commission and many election lawyers, who had regarded the constitutionality of the provision as settled. In a 2-to-1 decision issued on Dec. 21, the district court ruled that the statute's application to the Wisconsin Right to Life television spots would indeed be unconstitutional.

Both the Federal Election Commission and several Congressional supporters of the law, including Senator John McCain, the Arizona Republican who was one of the chief sponsors, filed expedited appeals from that ruling. The federal agency said the district court's decision was based on a "seriously flawed" analysis that would undermine "a critical component of the campaign-finance reform that Congress enacted" and that the Supreme Court had declared to be constitutional on its face.

The election commission did suggest that the case might now be moot, a finding that the Supreme Court is free to make after it hears the argument in late April. Federal courts can retain jurisdiction over disputes that they deem moot but "capable of repetition," a plausible description of the Wisconsin Right to Life case because the group's lawyer, James Bopp Jr., has brought a number of such cases and is committed to continuing his challenge.

"Politicians should not be able to use campaign finance laws like McCain-Feingold to prohibit citizen groups from engaging in grass-roots lobbying," Mr. Bopp said.

The basic argument in the cases — Federal Election Commission v. Wisconsin Right to Life Inc., No. 06-969; and McCain v. Wisconsin Right to Life Inc., No. 06-970 — is over how the district court analyzed the advertisements in finding that they were genuine issue ads rather than thinly veiled campaign commercials.

The majority said that because judges "should not be in the business of trying to read any speaker's mind," courts should limit their analysis to "language within the four corners" of a commercial. Noting that the ads did not "promote, attack, support or oppose" any candidate, the court said it would accept Wisconsin Right to Life's assertion that the ads were not "intended to influence the voters' decisions" and so were not subject to the blackout period.

The dissenting judge said that the only way to separate a genuine issue ad from a "sham" was to examine the advertisement's "purpose and effect" in its full context.

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Justice Alito may well be in a position to determine the outcome, or perhaps even the course of federal campaign regulation if he departs from Justice O'Connor's across-the-board support of the McCain-Feingold law. Chief Justice John G. Roberts Jr. is not in that position, because his predecessor, Chief Justice William H. Rehnquist, was one of the four dissenters from the court's 2003 decision upholding the law.

Among other cases the court accepted on Friday was a challenge by two governments, those of India and Mongolia, to New York City's effort to collect property taxes on the portions of their United Nations missions that are used to house staff members.

The question in the case — Permanent Mission of India v. New York, No. 06-134 — is whether the city's suit to collect the taxes, some $18 million dating from 1981, should have been barred by sovereign immunity.

High Court To Review Campaign Finance Law (LAT)

By David G. Savage

The Los Angeles Times, January 20, 2007

WASHINGTON — The Supreme Court set the stage Friday for striking down a part of the McCain-Feingold campaign finance law that bars the broadcast of corporate and union-funded ads just prior to an election.

Three years ago, the justices narrowly upheld the McCain-Feingold Act of 2002 and its rule against corporate-funded broadcast ads, which was adopted to prevent powerful interests from using their money to sway elections in the final weeks of a campaign. The now-retired Justice Sandra Day O'Connor cast a deciding vote in favor of the law.

On Friday, the justices announced they would hear a free-speech challenge to the rule in April, this time before a court that is likely to be more skeptical of laws that restrict election-related spending.

Although advocates of campaign funding laws say they are trying to limit the influence of big money in politics, critics say the measures unconstitutionally restrict people and groups from voicing their political views.

The critics include Justices Antonin Scalia, Clarence Thomas and Anthony M. Kennedy. They voted to strike down the McCain-Feingold Act as unconstitutional. If Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. join them, they will have a majority to limit or strike the rule against corporate-funded broadcast ads.

That would open the door to more special interest ads on radio and TV prior to the 2008 primary and general elections.

For decades, corporations and unions have not been allowed to use their money to fund candidates or their campaigns. However, nothing prevents individuals, including corporate and union officers, from giving $2,000 to a candidate for federal office. They also may use their money to join with others to pay for ads for or against a candidate.

The McCain-Feingold Act specifically bans corporate and union-funded ads that mention a candidate for federal office within 30 days of the primary election or within 60 days of the general election. In upholding this rule in principle, the high court agreed with Congress that these ads are intended to influence an election, and therefore, they may be restricted because they amount to use of corporate and union money to sway an election.

But free-speech advocates have been eager to get a new challenge before the high court.

James Bopp Jr., an Indiana lawyer who represents free-speech and anti-abortion causes, brought a test case on behalf of the nonprofit Wisconsin Right to Life Inc. He proposed to run radio ads during the summer of 2004 that criticized Democratic Sens. Russell D. Feingold and Herb Kohl, both of Wisconsin, for refusing to approve all of President Bush's pending judicial nominees. Feingold, a co-sponsor of the campaign funding law, was then seeking reelection.

The Federal Election Commission said these ads would be illegal. Bopp sued, citing the 1st Amendment and arguing these ads amounted to "grassroots lobbying" of a federal office holders, not an election ad. In December, a three-judge panel in Washington agreed with Bopp and said "genuine issue ads" are protected as free speech.

Supporters of the campaign-funding law, including Sen. John McCain (R-Ariz.), fear that if the ruling is upheld, it would open a large loophole. Though Bopp represents a small, nonprofit group, large corporate interests could broadcast ads that fault candidates for their positions on important issues.

Bopp argues that the restrictions on campaign spending allow lawmakers to shield themselves from criticism. "Politicians should not be able to use campaign finance laws, like McCain-Feingold, to prohibit citizen groups from engaging in grass roots lobbying," he said Friday.

The justices voted to hear two appeals raising the same basic issue. They are Federal Elections Commission vs. Wisconsin Right to Life and McCain vs. Wisconsin Right to Life. The cases will be decided by late June.

High Court To Referee Campaign Finance Case (WT/AP)

By Associated Press

The Washington Times, January 20, 2007

DOJ_NMG_0119941

The Supreme Court agreed yesterday to referee a challenge to limits on pre-election ads, a key provision of the landmark campaign finance law that the court upheld in 2003.

The justices will hear an appeal of a lower court decision that relaxed restrictions on mentioning candidates by name in issue ads run by corporations, labor unions and other special interest groups near the climax of a campaign.

The court will hear the case in April and almost certainly decide it by July, well before the first presidential voting takes place in the Iowa caucuses next January.

Issue ads are those that do not purport to influence an election, but rather focus attention on an issue their sponsors find important. A provision of the McCain-Feingold law prohibits mentioning a candidate in issue ads in the 60 days before a general election and 30 days before a primary.

Its purpose was to end the common practice of circumventing limits on contributions in federal elections by airing ads that avoided expressly advocating a vote for or against someone while making clear a preference for, or more often, disapproval of one candidate.

The Supreme Court previously said the provision complies with First Amendment guarantees of free speech. The 2-1 ruling by a special court here in December does not so much challenge the high court holding as carve out exceptions to it.

Yet if the justices were to adopt the lower court's reasoning, they would "really blow a hole" in the provision, said Richard Hasen, an election law specialist at Loyola Law School in Los Angeles.

"The purpose of the provision was to close a loophole that was allowing large amounts of corporate and union money to be spent on ads intended to influence federal elections," Mr. Hasen said. The court could reopen "that loophole for a large number of ads."

The Supreme Court yesterday also said it will review a lower court ruling allowing New York City to sue countries that own property near the United Nations over unpaid taxes.

The city has battled over property taxes for years with countries that house their consulates and diplomatic missions in Manhattan skyscrapers.

Under U.S. treaties, embassies and other diplomatic buildings are generally tax-exempt, but the city claims some countries are refusing to pay taxes on real estate used for non-diplomatic purposes, such as restaurants and apartments.

High Court Takes "Issue Ad" Cases (CNN)

CNN.com, January 19, 2007

WASHINGTON (CNN) -- Jumping into a heated free-speech dispute a year before the presidential primaries, the Supreme Court on Friday accepted a pair of appeals over a sweeping campaign-finance reform law that limits "issue ads."

Oral arguments in the cases will be held in late April, with a ruling expected by late June -- six months before the 2008 election officially kicks off with primaries and caucuses in such states as Iowa, New Hampshire and Nevada.

The question for the high court is whether issue ads aired mainly on television -- and funded by businesses, labor unions, and other groups -- can be banned 60 days before a general election, and 30 days before a primary.

That restriction was a key part of the McCain-Feingold congressional bill setting strict limits on political spending and the message behind it.

The issue ads are widely used to promote particular causes such as environmental protection or tax reform, and they specifically cannot endorse or even mention any particular candidate or political party.

An anti-abortion group, Wisconsin Right to Life, had filed a lawsuit in 2004, demanding the right to air ads that urged viewers to contact their Democratic U.S. senators -- Herb Kohl and Russ Feingold -- and tell them to support President Bush's judicial nominees. Both lawmakers were running for re-election in 2004, and retained their seats.

The Supreme Court, in a series of rulings in recent years, has generally upheld the constitutionality of these campaign finance reform laws from Congress. But a federal court last month allowed the Wisconsin group's lawsuit to go forward. The justices will delve into a complicated legal dispute over the kinds of legal challenges that can be filed and heard by the courts.

The cases are FEC v. Wisconsin Right to Life (06-969) and McCain v. Wisconsin Right to Life (06-970).

In a separate case, the justices will hear oral arguments in an appeal by a staffer to Sen. Mark Dayton, D-Minnesota. At issue was whether the staffer had the legal right to sue his boss over personnel policy. Federal law generally protects federal officeholders from individual lawsuits over their official duties.

The case is Office of Sen. Mark Dayton v. Hanson (06-618).

House Panel Opens Investigation Of GSA Chief's Deal With Friend (WP)

By Robert O'Harrow, Scott Higham

The Washington Post, January 20, 2007

DOJ_NMG_0119942

The chairman of the House Oversight and Government Reform Committee yesterday opened an investigation into a no-bid contract that the chief of the General Services Administration attempted to give to companies operated by her longtime friend.

Rep. Henry A. Waxman (D-Calif.) requested documents from GSA Administrator Lurita Alexis Doan and others after The Washington Post reported yesterday that Doan had signed a $20,000 deal with her friend's companies for a 24-page report about the procurement agency's use of businesses owned by minorities and women.

Sen. Charles E. Grassley (Iowa), the ranking GOP member of the Finance Committee, said it "is infuriating after all the problems in the past at GSA that this administrator would attempt to use tax money to give no-bid contracts to her friends."

The GSA's inspector general's office is conducting its own investigation into the arrangement between Doan and her friend, Edie Fraser, who runs Public Affairs Group Inc. and its divisions, according to sources who said they were not authorized to speak publicly about the investigation. The deal was terminated in August after agency lawyers and officials raised questions about possible procurement violations.

In three two-page letters issued to Doan, Fraser and the GSA's former general counsel, Waxman demanded an array of records, including "emails, calendars, office visitation logs, meeting notes, and other documents."

Waxman asked Doan and Fraser for a copy of the contract and records of their communications. He asked former GSA general counsel Alan R. Swendiman for a briefing. Swendiman advised Doan to terminate the deal; he has since left the agency for a job at the White House.

The GSA issued a brief statement yesterday saying that Doan received the letter and spoke to Waxman. "As always, GSA will fully cooperate with Congress," the statement said.

In an e-mail to her staff, Doan said: "This incident has already been reviewed and no improprieties have been found."

In a statement yesterday, Sen. Joseph I. Lieberman (I-Conn.), chairman of the Homeland Security and Governmental Affairs Committee, said he expects the administrator of the GSA "to follow federal procurement regulations" and "possess better judgment than she has shown."

On July 25, two months after taking office, Doan signed the no-bid contract. Doan said in an interview that she "made a mistake."

Doan has had several clashes with GSA officials since taking over the agency in May. She compared the enforcement efforts of her inspector general's office to "terrorism," proposed cutting the budget of that office by $5 million and sought to curtail agency contract audits.

Doan also intervened in an effort to determine whether contractors accused of fraud should be suspended or debarred from doing business with the government. Contracting experts said in interviews that her intervention created the appearance of impropriety.

In the letters issued yesterday, Waxman demanded that Doan turn over documents related to her proposals to cut the inspector general's budget and curtail the contract audits. The letters also requested records pertaining to the debarment proceedings.

Legal Fight Resumes Over Guard's Back Pay (MR)

By Sean Reilly, Washington Bureau

Mobile Press-Register (AL), January 20, 2007

WASHINGTON -- Following a congressional counterattack, lawyers are resuming a legal fight seeking back pay for National Guard members for time spent taking government-prescribed correspondence courses.

"The courts may have an entirely different view of what Congress can do in this particular situation," said Mobile lawyer Richard Dorman, part of the team representing Baldwin County resident William A. Clark and other Guard members in states ranging from North Carolina to Hawaii.

The federal lawsuit, filed in 2000, alleges that Guard members must take the courses to win promotions or even to keep their current rank.

Nonetheless, the military does not pay them for the time needed to complete the work, according to the lawsuit. Pentagon attorneys countered that Guard members could be paid only if they took correspondence courses while on active duty.

In 2003, the U.S. Court of Appeals for the Federal Circuit in Washington, D.C., effectively sided with Clark, who is now a staff sergeant with almost 20 years of service, court papers indicate.

After added rounds of legal maneuvering, however, Congress -- apparently at the Pentagon's behest -- last year added an amendment to an annual defense bill aimed at overriding the appellate court decision.

In an unusual move, Dorman's firm, now known as Cunningham, Bounds, Crowder, Brown & Breedlove, LLC, hired a prominent Washington, D.C., lobbying shop to oppose the law change, according to a report filed with the Secretary of the Senate.

DOJ_NMG_0119943

In a court filing last month, Clark's lawyers said the new provision would improperly interfere with the court's judgment, adding that the amendment "cannot properly be retroactively applied to limit this right to compensation for numerous reasons," including the U.S. Constitution's doctrine of separation of powers.

Citing the amendment, government lawyers have since asked U.S. Claims Court Judge Nancy Firestone to throw out the case. A response from the plaintiffs is due early next month. It is unclear how soon after that Firestone might rule. Dorman, who is handling the case with lawyers from two Washington, D.C., firms, is asking Firestone to certify the case as a class action. Approximately 400,000 past and present Guard members could be affected, with $550 million in compensation potentially at stake, he said in an interview Friday.

At the National Guard Bureau in northern Virginia, spokesman Manny Pacheco could not confirm those numbers on the case Friday.

"We would not know the ramifications of how many people it would involve until the case is obviously settled," he said, adding that the suit is being handled by the U.S. Justice Department, which customarily represents federal agencies in litigation.

Clark, who Dorman said lives in the Robertsdale area, could not be reached for comment Friday. A 2004 Press-Register article described him as a Guard musician. In 1999, he was demoted from staff sergeant to sergeant after failing to complete all of the "sub courses" required in the Basic Non-Commissioned Officer Course, the lawsuit states.

He later regained his earlier rank after successfully finishing the course "without pay," the suit states. If his side wins, he could receive at least $2,500 in compensation, his attorneys told the Press-Register three years ago.

Plaintiffs' Team Takes Hit On Asbestos (WSJ)

By Paul Davies

The Wall Street Journal, January 20, 2007

In the latest setback for plaintiffs' attorneys involved in large-scale asbestos litigation, an Ohio state court judge barred a California law firm from appearing in his court after finding that its lawyers had lied and obstructed the discovery process in a case involving an asbestos claim.

In a harshly worded opinion issued late Thursday, Judge Harry Hanna listed more than a dozen instances where attorneys from the Novato, Calif., law firm Brayton Purcell LLP either lied to the court, intentionally withheld key discovery materials, or distorted the degree of asbestos exposure alleged.

The ruling is one of a number in the past several years that have gone against asbestos plaintiffs, including several in Mississippi, for years regarded as a plaintiff-friendly state. Other states have erected legislative hurdles, making asbestos claims more difficult to win.

Judge Hanna's ruling stemmed from a lawsuit brought by Brayton Purcell against Lorillard Tobacco Co. on behalf of the estate of the late Harry Kananian. The suit claimed Mr. Kananian died from a type of cancer caused by asbestos contained in Kent brand cigarette filters in the late 1950s.

According to Judge Hanna's ruling, the attorneys for Mr. Kananian, who died in 2000, altered claim forms used in earlier suits, which led to inconsistent assertions as to the cause of his asbestos exposure. Mr. Kananian had previously sued and collected roughly $700,000 from other asbestos defendants.

Judge Hanna didn't dismiss the suit, however, finding that Mr. Kananian's family "did nothing improper." The judge did bar Brayton Purcell from appearing in the Ohio state court in Cuyahoga County, based in Cleveland.

Specifically, Judge Hanna signaled out Christopher Andreas, a junior partner at the firm. The judge questioned Mr. Andreas's "appearance, attitude and veracity" during a deposition in which he wore a T-shirt that read: "Killer smokes -- Kent cigarettes -- 1952-1956 -- made by Lorillard Tobacco."

An attorney for Mr. Andreas and Brayton Purcell said "none of the skirmishes were material to the substance of the case."

Lorillard said it hopes the judge's ruling "will benefit other companies that may be subject to unethical conduct in asbestos personal injury and mass tort litigation." Lorillard is an indirect subsidiary of the Loews Corp.

Lisa Rickard, president of the U.S. Chamber of Commerce's Institute for Legal Reform, said defendants should have a legal right to know when plaintiffs have alleged conflicting sources of exposure in multiple claims. "Defendants should also have a right to know how much money a plaintiff has collected from other sources for the same injury," she said.

A representative for the American Association for Justice, a trial lawyers' organization, couldn't be reached for comment.

Write to Paul Davies at paul.davies@wsj.com1

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CIVIL RIGHTS:

San Francisco Police Are Criticized In Wake Of Fight Involving A Yale Singing Group (NYT)

By Jesse Mckinley

The New York Times, January 20, 2007

SAN FRANCISCO, Jan. 19 — Investigators from the San Francisco Police Department are expected to travel toConnecticut this weekend to interview victims of a New Year's Day street fight here that left several Yale University students injured and the department once again fending off criticism.

The investigation stems from an attack just after midnight on Jan. 1, when several members of the Baker's Dozen, an all-male a cappella group from Yale, were set upon by a group of young men. The latter were apparently envious of the attention the singers had received at a New Year's Eve party, those who gave the party say. Members of the Yale group said they were taunted with anti-gay slurs, and were later jumped and pummeled on a nearby street in the city's usually sedate Richmond neighborhood. Three members of the group were injured, including one whose jaw was broken in two places.

The police have made no arrests after detaining four suspects only briefly after the fight, a course of action that angered and confused families of the students. And that frustration has grown as almost three weeks have passed with no arrests.

"I don't have any idea why this is taking so long," said Laura Aziz, a schoolteacher in Manhattan who is the mother of Sharyar Aziz, the student whose jaw was broken. "It seems to me at this point, and from what we've heard from police, that charges would be filed."

The police have also been accused of being slow to respond because of a personality conflict with the party's hosts, a married couple — Leanna Dawydiak and Reno Rapagnani — who were members of the Police Department. (Mr. Rapagnani is a retired investigator; Ms. Dawydiak is on disability.) Ms. Dawydiak said they were not well liked in the department, in part because of accusations that they had leaked information during a previous police scandal known as Fajitagate, accusations they were cleared of.

"We were despised," said Ms. Dawydiak, who gave the New Year's Eve party for her 19-year-old daughter, Rose. "I hate to say it, but I kind of think that had an effect."

Sgt. Neville Gittens, a police spokesman, dismissed that accusation.

"We don't show up to a scene and gauge our investigation as to who a person is," Sergeant Gittens said. "That's not how we do business."

He also said that it was too early in the investigation to determine whether the attack could be characterized as a hate crime, in light of the anti-gay slurs during the attack.

Sergeant Gittens defended the department's initial response, saying that when officers arrived at the scene, a group of young men pointed out four potential suspects but then left before they themselves could be interviewed.

"People stand around and say 'those are the guys' and then leave," he said. "If people don't stick around, you can't make an arrest."

Sergeant Gittens said the chaotic scene after the fight had also complicated the investigation. There may have also been some underage drinking. Ms. Dawydiak, who was not at the party at the time of the attack, said that she and her husband hid all the alcohol in the house before the party, but that some uninvited guests — those believed to have started the fight — might have brought beer.

Whitney Leigh, a lawyer for two of the victims, said that at least two Yale students identified their assailants the night of the attack. "The police had enough information to arrest multiple individuals at the scene," Mr. Leigh said.

On Tuesday, investigators met with representatives of the San Francisco district attorney, who told the police that more evidence was needed before charges could be filed, a development that the police say is routine.

"Everyone needs to be patient and let us do what we do," Sergeant Gittens said. "Things take time."

Still, reports of the attack — and the pace of the police investigation — have buffeted the department, which has weathered several scandals in recent years, including Fajitagate, a 2002 incident involving three off-duty officers who were accused of accosting two men and using excessive force as they demanded that the men surrender a bag of fajitas.

The fajita scandal led to grand jury indictments, lawsuits and a turnover of the top command, even though the three officers initially accused in the attacks were acquitted of criminal charges.

In 2005, the department also endured accusations of prejudice after homemade videos surfaced featuring uniformed and plainclothes officers in racially and sexually charged skits. The videos, made for a department Christmas party, led to an

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announcement on Nov. 30 by Chief Heather Fong that 35 officers would face disciplinary charges in front of the police commission and the police chief.

In the Yale case, the Aziz family has been particularly vocal, with Ms. Aziz and her son appearing on the Fox News Channel last week with Sean Hannity, the conservative talk show host. Mr. Hannity offered a $10,000 reward for information in the case, calling the Baker's Dozen "the national anthem singers" because the group had sung "The Star-Spangled Banner" at the party before being attacked.

On Friday, Ms. Aziz said the family was encouraged that the police were making the trip to interview her son, who has since returned to Yale, though with his jaw wired shut for the next five weeks. She said her son had not been cowed by the attack. "He's absolutely going back to everything he did before," Ms. Aziz said. "And he's still going to rehearsals with the group."

Testimony To Be Heard On Shooting By The Police (NYT)

By Al Baker

The New York Times, January 20, 2007

A Queens grand jury that will weigh evidence in the fatal police shooting of an unarmed black man on his wedding day in November will begin hearing testimony next week, lawyers involved in the case said yesterday.

Two months after the unarmed man, Sean Bell, was killed and two of his friends were wounded in a fusillade of 50 police bullets, prosecutors are expected to begin presenting evidence and calling witnesses before the panel, the lawyers said.

"My understanding is that they should begin presenting on Monday," said Michael Hardy, a lawyer who represents the woman Mr. Bell was to marry, Nicole Paultre Bell (she took his name after his death), and the two men wounded in the shooting.

The office of the Queens district attorney, Richard A. Brown, declined to comment or answer questions about the grand jury process. "The investigation is continuing," said Meris Campbell, a spokeswoman.

Mr. Hardy, lawyers representing some of the five officers involved in the shooting and others said they expected the grand jury's work would last at least three weeks. The two men wounded in the Nov. 25 shooting, Trent Benefield and Joseph Guzman, intend to testify, said Mr. Hardy, and will most likely do so toward the end of the grand jury process.

"They are crucial witnesses," he said. "And that, obviously, will present a very significant challenge to whatever testimony is given by the officers who did the shooting, if any."

Of the officers who fired at Mr. Bell, two are black, one is black and Hispanic, and two are white.

In recent weeks, four of the five officers have given investigators for the Queens district attorney's office their version of events. The fifth, Detective Michael Oliver, who fired 31 of the shots, has not spoken to prosecutors, according to one lawyer involved in the case.

But it remained unclear yesterday if Detective Oliver planned to testify before the grand jury or speak with prosecutors, and his lawyer did not return phone calls seeking comment.

Paul P. Martin, a lawyer who represents Detective Marc Cooper, said his client would testify before the grand jury. "My client's actions were reasonable under the circumstances and justified," he said.

It is unclear if Detective Paul Headley will testify. A lawyer for another officer, the undercover detective who fired the first of the 50 shots, has said his client intended to testify. Stephen C. Worth, a lawyer for Officer Michael Carey, said he was "reserving judgment" on whether his client would testify.

Officers who face grand juries in Queens can find themselves in one of several rooms that look like college lecture halls, with seats in tiered rows. There are some grand juries that sit for a month at a time, and one that sits for six months, though each can be extended. It is unclear which type will hear the Bell case.

Editorial: A Tragedy Of Errors (WP)

The Washington Post, January 20, 2007

The police report on the killing of an unarmed man by a SWAT officer finds fault -- but raises too many questions.

"OUR GOAL is to be as open and transparent as possible," Fairfax County Police Chief David M. Rohrer said last week as he released a report on the fatal police shooting a year ago of an unarmed, nonthreatening suspect. The report confesses to "gaps in decision-making guidelines" and questionable actions in what should have been a routine arrest of Salvatore J. Culosi, a 37-year-old optometrist suspected of being a sports bookmaker.

But the story still merits more explanation. In the report the police -- for the first time -- officially acknowledge the identity of the shooter: Officer Deval V. Bullock, a SWAT unit member with 17 years' experience. So why was the SWAT unit called in to help round up a man who had been taking bets from the same undercover detective for months -- and who had no criminal record? Exactly how did Officer Bullock's finger wind up on the trigger of his .45-caliber pistol, which fired a single deadly round into Mr. Culosi's chest?

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Chief Rohrer's report does acknowledge what should have been obvious all along: that SWAT team power was unnecessary. Risk assessment policies have been inconsistent and are being revised, the report says. Good, because even Officer Bullock himself "was not comfortable with the original plan and challenged it prior to the briefing," the report notes.

As for the shooting, the report concludes that "based on the preponderance of the evidence," an "involuntary muscle contraction" caused Officer Bullock's finger to slip down to the trigger and fire the shot. The report says Officer Bullock's vehicle door apparently bumped his left side as he was climbing out, causing his right side to flinch involuntarily. Even if you buy this finding -- and medical experts say it can happen -- Mr. Culosi never should have been placed in a situation where this could happen.

The chief's report does not state what discipline was imposed on Officer Bullock. But what is passing for punishment so far is little more than a frown and a wink. As reported by The Post's Tom Jackman, a police internal affairs report shown to this newspaper recommended that Officer Bullock be suspended for 120 hours without pay and transferred out of the SWAT unit. On Jan. 8, sources say, the chief imposed both the suspension and the transfer. How tough is that?

The chief prosecutor in Fairfax, Robert F. Horan Jr. -- who has never prosecuted a police officer for wrongfully shooting a citizen -- remained true to the force, swiftly declining to prosecute Officer Bullock or even to refer the case to a grand jury. The Justice Department's Civil Rights Division has yet to release any results of its inquiry. So the case is not closed, nor should it be. Public confidence in the justice system still hangs in the balance.

ANTITRUST:

Plaintiffs In Microsoft Case Claim Firm Is Violating U.S. Antitrust Deal (AP)

By David Pitt, THE ASSOCIATED PRESS

AP, January 20, 2007

DES MOINES, Iowa — The plaintiffs in Iowa's class-action antitrust lawsuit against Microsoft Corp. claim they have uncovered information that indicates the software company is violating its 2002 agreement with the Justice Department.

The alleged misconduct surrounds Microsoft's duty to share software hooks known as application programming interfaces, or APIs, which let disparate programs work together. The Iowa plaintiffs' attorneys have alleged that Microsoft has not disclosed certain APIs to other software developers who want to make programs compatible with Microsoft software.

Plaintiffs' attorney Roxanne Conlin asked the judge in the Iowa case, Scott Rosenberg, for permission to tell the Justice Department and the Iowa attorney general what her side knows. Rosenberg responded that she could provide the information if a court order or a subpoena is issued for it.

The API issue also has landed Microsoft into trouble with the European Commission, which imposed a fine of 3 million euros ($3.9 million) a day last July for failure to provide proper software documentation. In response, the company provided 8,500 pages of documentation in November.

Microsoft attorney Rich Wallis said he doubted the Iowa case had turned up any information that would surprise the federal government and its independent experts who monitor the 2002 antitrust settlement. Microsoft must appear before a federal judge quarterly on the matter, and at the most recent hearing, in December, the judge said Microsoft was complying.

The Justice Department declined to comment.

Conlin represents thousands of Iowans who purchased Microsoft software between 1994 and 2006. They claim that the company engaged in anticompetitive conduct that caused customers to pay at least $300 million more for software than they would have if there had been competition.

Microsoft denies the allegations, and its attorneys said they'll show Iowa customers received quality products at a fair price.

Microsoft Eyed Apple In '03 (BLOOM)

By Dina Bass And Bob Van Voris, BLOOMBERG NEWS

Bloomberg, January 20, 2007

Software maker considered partnership, or creating player to rival iPod

Microsoft Corp., the world's largest software maker, considered as early as 2003 working with Apple Inc. or creating its own digital music player to rival Apple's dominant iPod.

Microsoft, displeased with hardware partners Creative Technology Ltd. and Dell Inc., which made players using Microsoft's Windows Media software, talked about building its own device, according to an e-mail exchange between Windows chief Jim Allchin and media software executive Amir Majidimehr. The correspondence, which was introduced into evidence in a civil antitrust trial against Microsoft in Des Moines, Iowa, was made public Friday.

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Allchin, who started the exchange in an e-mail titled "sucking on media players," also suggested that he talk to Apple Chief Executive Steve Jobs to get the iPod to work with Microsoft's media software for fear the iPod would "drive people away from Windows Media Player." Microsoft introduced its music player, Zune, in November.

"My goodness it's terrible," Allchin wrote about one of Creative's devices. "What I don't understand is though is I was told the new Creative Labs device would be comparable to Apple. That is so not the case."

Majidimehr replied, "Now you feel our pain." He said Microsoft was providing cash incentives to get the partners to improve devices. If that doesn't work "it is time for us to roll up our sleeves and do our own hardware," he wrote.

Microsoft had been working with partners on music devices for at least a year before Apple introduced the iPod in 2001 and catapulted to a dominant position in the market. Microsoft and its partners failed to come up with compelling hardware and had difficulty getting software to properly connect music collections on computers with their devices.

In July, Microsoft announced that it would change course and sell its own device, software and music service under the brand Zune. A spokesman for Microsoft's digital media group declined to comment.

Microsoft sold "hundreds of thousands" of Zune devices during Christmas, according to Entertainment and Devices Division President Robbie Bach. Apple sold 21.1 million iPods last quarter.

Microsoft is defending itself in a private antitrust class action in Iowa that began in December. In the trial, a statewide class of consumers claims that Microsoft used its monopoly position in computer operating systems and software applications to overcharge for its software, including Windows, Word and Excel. The consumers claim $329 million in damages since 1994. That amount may be tripled under Iowa law.

Earlier this week, the trial judge gave permission for plaintiffs' lawyers to tell the Justice Department that they believe Microsoft violated a 2002 court order in the U.S. government's antitrust suit against the company. The lawyers say Microsoft hasn't disclosed certain application programming interfaces to other software developers who want to make programs compatible with Microsoft software.

The e-mails mark the second set of conversations exhibited in the trial in which Allchin, a 16-year Microsoft veteran, expresses concern about competition with Apple products. In a 2004 e-mail to Chairman Bill Gates and CEO Steve Ballmer, made public during opening statements in December, Allchin criticized Windows and said "I would buy a Mac today if I was not working at Microsoft."

At the time, Allchin was leading development of Longhorn, the code name for Windows Vista, which reaches stores Jan. 30.

Allchin, who is retiring after Vista is released, referred to Longhorn as "a pig" and said "we have lost our way."

This report includes information from The Associated Press.

Esmark To Buy West Virginia Tin-plate Plant (BLOOM)

Bloomberg News

Bloomberg, January 20, 2007

Arcelor Mittal, the world's largest steel company, has agreed to sell its tin-plate plant in Weirton, W.Va., to Chicago Heights-based Esmark Inc. to satisfy U.S. antitrust concerns.

Esmark signed a memorandum of understanding to acquire the plant, Esmark Chief Financial Officer Craig Bouchard said Friday. The agreement is contingent on approval by the Justice Department, he said. Terms weren't disclosed.

Esmark "has entered into a memorandum of understanding with Mittal Steel to purchase the hot-strip mill and tin-finishing operations of Mittal's Weirton plant," Bouchard said. "We are working on finalizing the asset purchase agreement by Feb. 2."

The company's interest in Weirton increased after it acquired the steelworks of nearby Wheeling, W.Va.-based Wheeling-Pittsburgh Corp. through a reverse takeover in November. Excluded from the deal with Arcelor Mittal are a Weirton blast furnace, caster and basic oxygen furnace, Bouchard said.

The steel- and iron-making facilities at Weirton have been idled since June 2005 .

Mark Glyptis, president of the Independent Steelworkers Union at the Weirton plant, says the facility is still "ready and able to make quality steel."

A clause in its labor contract gives the union veto power over a sale of the facility, Glyptis said.

William Steers, a Chicago-based spokesman with Arcelor Mittal, couldn't be reached.

The Justice Department demanded Arcelor Mittal sell some assets to preserve competition in the tin-plate market in the Eastern U.S. Arcelor Mittal is the world's largest maker of tin plate, a type of steel coated with tin that is used mostly in packaging such as cans.

Gina Talamona, a spokeswoman with the Justice Department, said the matter is "still under review" and declined to comment further.

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Should the government approve the sale of the Weirton plant and the company completes arrangements with the union, a definitive agreement with Esmark would be reached no later than Feb. 2, Bouchard said.

Mittal originally had planned to satisfy U.S. antitrust concerns by selling a plant belonging to Dofasco, Canada's biggest steelmaker, which was acquired by Arcelor SA last March for $5.2 billion. Mittal completed its $38.3 billion takeover of Arcelor in November.

But after the original deal fell through, the Justice Department demanded that Mittal Arcelor sell Weirton or the Sparrows Point plant in Maryland.

Steelmaking Neighbors Eye Partial Merger (PPG)

By Len Boselovic, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, January 20, 2007

Required divestiture may put Weirton's rolling mills in Wheeling-Pitt's hands

Combining the Ohio Valley's two steel producers, long a topic of speculation in the small industrial towns along the river, took on renewed urgency yesterday when the Chicago-area steel distributor that wants to merge with Wheeling-Pittsburgh Steel confirmed it expects to acquire portions of the former operations of Weirton Steel.

Esmark said it has a memorandum of understanding with Arcelor Mittal, the world's largest steel producer and owner of the Weirton mill. U.S. antitrust regulators are requiring Arcelor Mittal to divest one of its North American mills as a condition of Mittal's acquisition of Arcelor last year.

Esmark gained control of Wheeling-Pitt in November, when the steel distributor's shareholders elected its slate of directors over the incumbent board, led by former Chairman and Chief Executive Officer James G. Bradley. The successful proxy fight set the stage for a vote by Wheeling-Pitt shareholders on merging with Esmark.

Esmark's shopping list includes the Weirton mills that roll steel slabs into sheet steel and coat it to make food cans and other products, but not the blast furnaces and other equipment used to produce the slabs. The company expects to sign a definitive agreement with Arcelor Mittal by Feb. 2.

That doesn't sit well with the leader of the union representing Weirton's workers. Independent Steelworkers Union President Mark Glyptis wants the steelmaking end of his plant to be included in any sale, saying it would put about 300 more workers on the payroll. He said steel executive Mitch Hecht is interested in acquiring the whole operation.

The ISU's labor agreement with Arcelor Mittal gives it the power to veto any sale of Weirton, Mr. Glyptis said.

Esmark would have to negotiate a contract with his union and so far talks have been mostly limited to brief telephone conversations.

"There have not been any meaningful, sit-down negotiations," Mr. Glyptis said.

Any contract with the ISU would affect the jobs of Wheeling-Pitt workers, who are represented by the United Steelworkers of America and operate the same kind of equipment Esmark hopes to acquire at Weirton. One of the stumbling blocks in past efforts to merge the two companies has been whether both of the unions would survive.

Those previous initiatives, including talks in 1999 when the industry was entering a severe depression that ultimately bankrupted both Weirton and Wheeling-Pitt, drew mixed reviews. Some thought combining two of the industry's weakest players would produce a stronger competitor, while longtime industry analyst Charles Bradford compared it to two garbage trucks colliding.

A Wheeling-Pitt/Weirton merger makes sense to James P. Bouchard, Esmark's chairman and chief executive officer.

"We are excited about the opportunities presented by the potential combination of three businesses," he said.

Wheeling-Pitt emerged from bankruptcy in 2003, the same year Weirton sought bankruptcy protection. Weirton was acquired a year later by International Steel Group, a Cleveland company cobbled together from the carcasses of Bethlehem Steel, LTV Steel and other bankrupt producers. Mittal acquired ISG in 2005 and subsequently shut down Weirton's steelmaking facilities. It continues to process steel sheet at the plant and employs about 1,275, Mr. Glyptis said.

Wheeling-Pitt employs about 3,100 at plants in Ohio, West Virginia and Allenport, Pa.

Any sale would have to be approved by the U.S. Department of Justice. The agency has given Mittal until Jan. 28 to sell Dofasco, its Canadian arm. That would take care of antitrust concerns. However, Arcelor put Dofasco into a trust before it was swallowed by Mittal. The trust prevents Arcelor Mittal from divesting the Canadian producer.

Unless the trust is broken, Mittal must sell either Weirton or its Sparrows Point plant near Baltimore, formerly operated by Bethlehem.

(Len Boselovic can be reached at lboselovic@post-gazette.com or 412-263-1941.)

Case Could Kill Mill (BRADV)

By Gary Perilloux, Advocate business writer

Baton Rouge Advocate, January 20, 2007

Antitrust remedy might make La. steel plant moot

A U.S. Justice Department case could kill a German steelmaker's desire to build a $3 billion mill in Louisiana.

Or it could open the door for St. James Parish to score a 3,000-job coup in Convent. Alabama and Arkansas also are vying for the steel mill.

Louisiana's chances of wooing ThyssenKrupp, amid a consolidating steel industry, may rest heavily with a Washington, D.C., federal court that's a week away from a key antitrust milestone.

After the world's two largest steel companies — Luxembourg-based Arcelor and Mittal Steel of The Netherlands — complete a merger this spring, a concentration of 84 percent of the tin production in the Eastern United States would result.

Here's why that matters to Louisiana: To break up the perceived tin monopoly, the Justice Department wants Arcelor Mittal to sell Canada's largest steelmaker, Dofasco, to ThyssenKrupp for $4.6 billion.

Should that happen, ThyssenKrupp would gain 3.9 million tons of annual steel production as it brings on line a 5-million ton Brazilian slab mill in 2009. The Canadian output is about what the proposed steel mill on the Gulf Coast would produce.

But if ThyssenKrupp doesn't acquire Dofasco, it likely would build the Gulf Coast mill to handle 3 million tons of the annual raw steel product from Brazil, with 2 million tons going to Germany.

ThyssenKrupp's final public comments on the Gulf Coast project came in November. The company didn't return numerous messages left by The Advocate. And Louisiana economic development officials are remaining mum on the deal, citing confidentiality agreements.

Charles Bradford, a New York-based steel industry analyst, said the Gulf Coast mill is far from a sure thing even should the Dofasco deal fall through.

"It's not necessary they do the thing on the coast," he said, citing the high expense of the $3 billion project. "That's really hard to swallow. It wouldn't take much more to buy U.S. Steel."

Such a bid would cost about $12 billion, Bradford said, but could be reduced to $8 billion by selling off central Europe operations and $4 billion to $5 billion by selling off piping and tubing divisions.

The Justice Department isn't commenting on the antitrust case but its last public statement in November listed a strong preference that Arcelor Mittal divest Dofasco rather than two alternatives: selling plants in West Virginia or Maryland.

The explanation is simple, Bradford said: Dofasco is much more likely to thrive as a separate entity than the West Virginia or Maryland mills.

Constance Robinson of the Washington, D.C., law firm Kilpatrick Stockton agrees.

"In general, the Justice Department will strive to get a divestiture that cures the competitive harm they've identified," said Robinson, who worked 27 years as an antitrust attorney for the department until 2003. "They're looking for somebody who will be a long-term player, competitively."

But the most-baffling part of the case is Arcelor Mittal might not be able to accomplish what the Justice Department wants. In early 2006, when Arcelor was still attempting to thwart a Mittal buyout, it placed control of Dofasco's stock in a Dutch foundation controlled by three board members, two of them with strong Arcelor ties.

State Is Reviewing Deal For Hoover (COLDISP)

By James Nash, THE COLUMBUS DISPATCH

Columbus Dispatch, January 20, 2007

Attorney general raises antitrust issues in sale to rival company in Hong Kong

Ohio Attorney General Marc Dann is looking into antitrust concerns that have arisen based on a Hong Kong company's planned purchase of the North Canton-based Hoover vacuum-cleaner company.

Dann, a Democrat who led the antitrust division of the West Virginia attorney general's office earlier in his career, is investigating whether Techtronic Industries Co. Ltd. legally can purchase Hoover, which employs about 1,000 Ohio workers.

Techtronic manufactures the Dirt Devil, Regina, Royal and Vax brands of floor cleaners.

Dann's office had not filed an antitrust claim as of yesterday, said Edgar Simpson, the attorney general's administration and policy chief.

"The idea is to get some information to see if there's an impact on the competitive marketplace," Simpson said. "We have a feeling that we need to look at this pretty quickly. It is an Ohio company, and we feel that we have standing to do this."

The Federal Trade Commission and U.S. Justice Department also have regulatory oversight of the acquisition, but Simpson said Dann thinks that his office also should look at the deal.

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In a Dec. 7 news release announcing the $107 million purchase of Hoover, Techtronic said the deal is scheduled to close by the end of the summer but could be final as early as March.

Hoover is a division of Whirlpool Corp., based in Benton Harbor, Mich.

A Whirlpool spokeswoman did not return a call for comment yesterday.

Techtronic has not announced whether it plans to keep Hoover's manufacturing jobs in Ohio.

The purchase has raised concerns that the company might shift the manufacturing operations to an Asian country with lower labor costs.

Hoover's Ohio roots go back to 1875, when the family settled in North Canton.

The company began manufacturing vacuum cleaners in 1908.

jnash@dispatch.com

Caremark Shareholders Get Their Say (TENN)

By Todd Pack, Staff Writer

Nashville Tennessean, January 20, 2007

CVS merger vote to be next month

CVS Corp. and Caremark Rx Inc. said Friday that the Securities and Exchange Commission has given the go-ahead for them to take their proposed "merger of equals" to a vote of shareholders next month even as a third company pushes its rival bid.

Caremark shareholders will vote on the CVS deal at a special meeting Feb. 20 at 8:30 a.m. at the Hilton Nashville Downtown.

CVS shareholders will vote at a special meeting Feb. 23 at the drugstore chain's headquarters in Woonsocket, R.I.

"We are very pleased that we have received clearance from the SEC to move forward with our shareholder vote next month. We remain on track to close our merger with Caremark by the end of February," Tom Ryan, CVS' chairman, president and CEO, said in a statement.

"We look forward to our respective shareholder meetings and to closing our strategic merger of equals with CVS," said Mac Crawford, Caremark's chairman, president and CEO.

CVS, the United States' secondlargest drugstore chain in sales, announced plans to merge with Caremark, the second-largest pharmacy benefits manager, or PBM, on Nov. 1.

Based on Friday's closing price, CVS' offer was worth almost $24.6 billion, or $57.58 a share including a special $2-per-share cash dividend that the combined firm would pay Caremark shareholders after the deal closes.

Hostile bid from St. Louis

Express Scripts Inc., the nation's third-largest PBM, made a hostile bid to buy Caremark on Dec. 18. Caremark's board of directors rejected it earlier this month, but Express is hoping Caremark's shareholders will overrule their own board.

The Express offer still faces several hurdles, including a federal antitrust review tied to concerns about the market share a combined Express-Caremark would have.

The initial Express offer was much higher than CVS', but that difference has narrowed in recent days with fluctuations in stock prices. Based on Friday's closing prices, its offer was worth $24.6 billion, or $57.69 a share — only 11 cents higher than CVS' bid with the $2 dividend included.

In a statement, Express Scripts said it "has made a superior proposal to acquire Caremark. We urge Caremark stockholders to vote down the CVS acquisition."

Tribune Board Panel To Meet On Auction (WSJ)

The Wall Street Journal, January 20, 2007

A special committee of Tribune Co.'s board overseeing an auction of the company is to meet with its advisers Saturday, three days after receiving three proposals, according to people familiar with the situation. The full board is also expected to meet, possibly to vote on the recommendation of the special committee. A Tribune spokesman declined to comment on the schedule.

None of the proposals offers what Tribune is looking for: a premium for the entire company, which owns newspapers such as the Los Angeles Times and TV stations.

It is unlikely that the special committee will recommend any of the offers in their current form, said a person familiar with the situation. The committee is likely to try to negotiate better terms on each of the offers, or might reject them out of hand. The company may decide to spin off its TV stations or take on added debt to fund a dividend on its own.

Meanwhile, Tribune is negotiating with Gannett Co. to sell two of its papers in Connecticut, the Stamford Advocate and Greenwich Time.

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Patent Trial Near, Bristol-Myers Counts On Resilience (NYT)

By Stephanie Saul

The New York Times, January 20, 2007

LAWRENCEVILLE, N.J., Jan. 19 — Bristol-Myers Squibb staggered, but the drug maker has remained on its feet.

That is the view of the company's interim chief executive, James M. Cornelius, who on Friday compared the company's struggle with a generic competitor to a boxing competition.

"A less resilient, less solid management and employee base would have crumbled under a billion-dollar hit," Mr. Cornelius said during an interview at a company office here. "We took a body blow, but we didn't go down for the count."

Mr. Cornelius said the damage from last summer's market onslaught by a generic copy of Bristol-Myers's blockbuster drug Plavix, a blood thinner, would exceed $1 billion, but the company had "more or less" already made up the money.

The financial details of that comeback, he said, will be revealed next Thursday when the company releases its fourth-quarter results.

The blow was dealt last summer by the Canadian company Apotex, which sold its Plavix imitator for only three weeks in August, before a federal judge ordered a halt. But during that period an estimated six-month supply of generic Plavix flooded the United States market.

The episode followed bungled efforts to settle a patent dispute with Apotex. And it eventually cost the Bristol-Myers chief executive at the time, Peter R. Dolan, his job.

Apotex has hardly gone away, though. Even as Mr. Cornelius expressed optimism yesterday about the company's future, lawyers were making final preparations to begin a trial Monday in federal court in Manhattan. There, Bristol-Myers and its marketing partner, the French company Sanofi-Aventis, will defend the Plavix patent against the Apotex challenge.

The trial's outcome will be critical for Bristol-Myers, which derives nearly a third of its revenue from Plavix. The drug's 2005 sales in this country were $3.8 billion and its use is growing. Worldwide sales of Plavix exceeded $6 billion in 2005, making it the second-largest drug, behind Lipitor from Pfizer.

In a four-week trial where much of the testimony is expected to involve scientific minutiae, Bristol-Myers and Sanofi will be asking Judge Sidney H. Stein to uphold their Plavix patent.

"Starting Monday is an important historic event for this company," Mr. Cornelius said, adding that the company was so optimistic about its chances of winning the case that it is proceeding to break ground on a $750 million biologic drug plant in Devens, Mass.

Bristol-Myers plans to give more details of its 2006 performance, including how it has compensated for the lost Plavix sales, on Thursday. The company has been predicting that earnings for the year will wind up at 97 cents a share.

"I don't think we're going to disappoint anybody," said Mr. Cornelius, who is in some ways Bristol-Myers' accidental chief executive.

Nearly a year ago, after a long career at the drug maker Eli Lilly and then a stint as chairman and interim chief executive of the device maker Guidant, Mr. Cornelius thought he had engineered an early retirement from the pressured environment of big corporations.

After closing the $27 billion sale of Guidant to Boston Scientific, following an exhaustive takeover battle with Johnson & Johnson, Mr. Cornelius had planned to settle into a new life dominated by charity volunteering, long stretches at his second home in Maui and avid support for the Indianapolis Colts.

An Indianapolis resident, he owns Colts season tickets on the 42-yard line.

But Mr. Cornelius, who is 63, said he "parachuted in, a somewhat reluctant volunteer" to take the reins of Bristol-Myers in September after Mr. Dolan's ouster. Mr. Cornelius had served on the Bristol-Myers Squibb board.

Since then, the company's board has continued a search for a permanent replacement for Mr. Dolan — Mr. Cornelius said he was not interested in the job — and also has been exploring a sale or merger of the $52 billion company.

Even as the patent trial begins, the company is the target of a federal investigation focusing on whether it violated federal antitrust laws in its attempt earlier last year to settle the litigation with Apotex.

When those settlement talks unraveled, Apotex flooded the United States market with its generic version of the drug before Judge Stein ordered distribution to stop, ruling that it was likely that the Plavix patent would be upheld.

Despite the judge's ruling, Apotex had already shipped enough of its version of the drug that prescriptions for Plavix plunged 32 percent in the third quarter.

The stock took a hit, too. Bristol-Myers shares, which had traded at nearly $26 in July, fell to just above $20 in August. The stock has since recovered, closing Friday at $26.63 — a level that Mr. Cornelius said was partly a result of the company's strong pipeline of new products.

Mr. Cornelius said yesterday that the market for blood thinners was still working through the remaining inventory of Apotex's drug, clopidogrel bisulfate, but that more than half of prescriptions were now being filled with the Bristol-Myers product, and its share was growing steadily.

The trial also comes at an important time for United States patent law, in which courts lately have generally favored innovator companies. Meanwhile, a Supreme Court ruling is expected this year on a patent case, KSR International v. Teleflex Inc., involving automotive gas pedals.

The key issue in that case — the question of what constitutes an "obvious" and, hence, invalid patent — could have a bearing on the Plavix patent.

Among other arguments, Apotex has claimed that the formula for Plavix would have been obvious to a scientist, based on an older patent that expired in 2003. Judge Stein had rejected that argument during preliminary proceedings.

"If KSR raises the bar for nonobviousness, Judge Stein may need to rethink his conclusion that the Plavix patent is not obvious," said C. Scott Hemphill, an associate professor of law at Columbia University.

Mr. Cornelius said the company had other options if Apotex won the Plavix case. "If we lose we have a backup plan that changes the nature of everything we do, but we don't plan on losing," he said.

Instead, he said, he sees 2007 as the beginning of a new era for the company, which recently signed a $1.35 billion deal with AstraZeneca to jointly develop two diabetes compounds. The company is also entertaining the idea of finding partners for some of its other products in the development pipeline, he said.

"When I first joined Eli Lilly, everybody said, 'I hope Lilly can someday be like Bristol-Myers Squibb,' " Mr. Cornelius said, acknowledging that Bristol-Myers was no longer the industry role model. "I'd like to get it back there. That's the target — '07 is going to be the beginning of that."

Suit By Record Companies Against XM Going To Trial (AP)

By Larry Neumeister, Associated Press

AP, January 20, 2007

NEW YORK, Jan. 19 -- A lawsuit in which record companies allege XM Satellite Radio Holdings is cheating them by letting consumers store songs can proceed toward trial, a judge ruled Friday after finding merit to the companies' claims.

U.S. District Judge Deborah A. Batts made the finding in a case brought by Atlantic Recording, BMG Music, Capitol Records and other music distribution companies against the licensed satellite radio broadcaster.

In a lawsuit last year, the companies said XM directly infringes on their exclusive distribution rights by letting consumers record songs onto special receivers marketed as "XM + MP3" players.

XM has argued it is protected from infringement lawsuits by the Audio Home Recording Act of 1992, which permits individuals to record music off the radio for private use. The judge said she did not believe the company was protected in this instance by the act.

In a statement, XM said it remains confident that the lawsuit is without merit and it would prevail.

"At this stage of the proceeding, the court's ruling is required to be based on the false characterizations set forth in the plaintiffs' complaint. The real facts strongly support our view that the lawsuit is barred by the Audio Home Recording Act. We look forward to making our case in court," XM said.

Messages for comment left with lawyers on both sides were not immediately returned.

In refusing to toss out the lawsuit, the judge noted that the record companies consent to XM's use of their copyrighted material solely for the purposes of providing a digital satellite broadcasting service.

She said XM operates like traditional radio broadcast providers that cannot offer an interactive service, publish programming schedules prior to broadcast and play songs from an artist more often than specified within a three-hour period. But by broadcasting and storing copyrighted music for later recording by the consumer, the judge said, XM is both a broadcaster and a distributor, yet only paying to be a broadcaster.

"The record companies sufficiently allege that serving as a music distributor to XM + MP3 users gives XM added commercial benefit as a satellite radio broadcaster," Batts said.

Although XM argued in court papers that an XM + MP3 player is much like a traditional radio-cassette player, the judge said "it is not."

"It is manifestly apparent that the use of a radio-cassette player to record songs played over free radio does not threaten the market for copyrighted works as does the use of a recorder which stores songs from private radio broadcasts on a subscription fee basis," she said.

XM shares fell 73 cents, or 4.4 percent, to $15.72 on Friday.

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ENVIRONMENT:

Judge Orders Review Of Salamander Status (FINDLAW/AP)

By Terence Chea, Associated Press Writer

AP, January 20, 2007

(AP) - SAN FRANCISCO-A federal judge on Friday ruled that the U.S. Fish and Wildlife Service illegally rejected a petition by environmentalists to give protected status to two salamander species that live in old-growth forests in California and Oregon.

U.S. District Judge William Alsup ordered the agency to consider listing the Siskiyou Mountains and Scott Bar salamanders as threatened or endangered species.

The San Francisco-based judge said the service's decision last year to deny the petition was "arbitrary and capricious." Alsup gave the agency until March 23 to decide whether to conduct a more in-depth analysis of the salamanders' status.

If the two species are granted protected status, the U.S. Forest Service would be required to make sure that logging operations do not harm the salamanders or their habitat.

Both salamanders are about five inches long, colored black with speckles, and have no lungs, instead breathing through their skin. They live on rocky slopes under the canopy of old-growth trees in the Siskiyou Mountains and Klamath River basin in northern California and southern Oregon.

The Fish and Wildlife Service will comply with Judge Alsup's order, said agency spokeswoman Alexandra Pitts.

Environmentalists who filed the original petition in April 2004 were pleased with Friday's decision.

"We're delighted that they're going to be considered for protection," said Noah Greenwald, a biologist with the Center for Biological Diversity, one of five environmental groups that sued the service.

Minerals Chief Defends Response To Lease Problem (BILLGAZ)

By Noelle Straub, Gazette Washington Bureau

Billings Gazette, January 20, 2007

WASHINGTON - Minerals Management Service Director Johnnie Burton defended herself Friday against charges by some lawmakers that she should have acted earlier upon hearing of a mistake in oil and gas drilling leases that could cost the government billions of dollars.

Deep-water leases signed in 1998 and 1999 during the Clinton administration omitted a clause triggering royalty payments if energy prices rose over a certain amount. Officials say they raised the matter with Burton in early 2004, although she does not remember it, a report by the Interior Department's inspector general found.

"I am now being held responsible for not remembering a passing mention of an issue in 2004, and for not doing anything to remedy a mistake made by the Clinton administration when, in fact, I wrote every company in June 2006 asking them if we could agree to an amendment to their leases," Burton wrote in a letter to the editor of the Casper (Wyo.) Star-Tribune.

"Unfortunately, only six of them agreed to an amendment," she added. "I cannot force anyone to change a valid lease signed by a representative of the U.S. government eight years after the fact, or had I acted in 2004, five years after the fact."

The error in the leases has cost the government about $1 billion in revenue and if not fixed could cost $10 billion.

The inspector general found that MMS officials made a conscious decision to omit the language from the leases, but that the choice was simply a mistake and was not malicious. Officials decided to leave out the language in the mistaken belief that another regulation, the Royalty Relief Act, automatically covered it.

Burton testified before a House committee in September that she first learned about the issue in late 2005 or early 2006. But a former associate director said he was sure he had briefed Burton on the issue in early 2004, the inspector general's report said. Burton said that if she was informed then, she "may have simply dismissed the fact as a nonissue since she knew the application of price thresholds was discretionary," the report said. "She said she did not remember putting a great deal of thought into the matter," the report said. "She speculated that she was probably told of the mistake in conjunction with being informed that (the solicitor's office) had opined that nothing could be legally done to remedy the issue."

Sen. Ron Wyden, D-Ore., asked why Burton wasn't moved to another position, given those findings. Rep. Darrell Issa, R-Calif., who sits on the House Oversight and Government Reform Committee, suggested Burton should resign if she learned of the problems earlier than she told Congress. Issa last year chaired the subcommittee that investigated the leases and heard Burton's testimony.

Burton was appointed director in 2002. She noted that the problem was first discovered in 2000, the last year of the Clinton administration, but nothing was done about it at the time.

DOJ_NMG_0119954

In 2000, some energy companies brought the matter to the attention of lower-level MMS employees in the Gulf of Mexico region and asked for clarification. But those employees for some reason did not report the matter to any higher-ups, the inspector general found. In 2004, when oil prices rose steeply, the issue came up again at the agency.

Some "casual discussions" took place then, but centered only on the fact that the solicitor's office had already made a decision on the issue and nothing could be done, Inspector General Earl Devaney said at a Senate Energy and Natural Resources Committee hearing.

A more substantial discussion involving higher-ups or even the Justice Department should have taken place but did not, he said.

Addressing what happened in 2004, Burton said some companies asked the administrator of the offshore program and his staff whether royalties were due on the leases.

"The staff asked the department's attorneys for advice," Burton said. "The advice was clear: the leases did not require payment until the royalty-free volume had been produced, market price notwithstanding. The leases were valid; there was no legal question."

"Apparently the administrator of the program told his staff in an e-mail that he had advised me of this issue in 2004," she added. "There is no e-mail from me or to me on this issue. I absolutely do not remember this being mentioned to me at that time."

After being told about the issue in late 2005 or early 2006, Burton asked the inspector general in March of 2006 to investigate.

"The inspector general concluded there was a bureaucratic mistake omitting the thresholds and in the process told me there were e-mails that implied someone mentioned the issue to me in 2004," Burton said. "I stated I did not remember."

Burton said she is "gratified by the kind comments" of Wyoming members of Congress on her behalf. Sen. Craig Thomas, R-Wyo., strongly defended Burton at the Senate hearing, saying she has done a "great job" and didn't deserve the criticism.

He faulted the inspector general's report for the focus on Burton. Thomas wondered why the report didn't use such harsh language about the Clinton administration officials who made the blunder as it did about current officials.

The report said the mishandling of the leases stemmed from a "jaw-dropping example of bureaucratic bungling" and a "shockingly cavalier management approach." Asked about those phrases by Thomas, Devaney said he was not referring to Burton but rather to actions by MMS officials both in 2000 and 2004.

FBI/DEA/ATF/USMS:

FBI Chief Likes New Facility (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, January 20, 2007

Mueller calls the L.A. area's Joint Regional Intelligence Center, opened last summer to help fight terrorism, a model for federal and local cooperation.

The Los Angeles area's new counter-terrorism center drew high marks Friday from FBI Director Robert S. Mueller III, who toured the high-tech facility in Norwalk and pronounced it a model for federal and local cooperation.

The Joint Regional Intelligence Center opened six months ago as a co-venture of the FBI, Los Angeles Police Department, Los Angeles County Sheriff's Department and other local law enforcement agencies as a hub for information gathering, analysis and sharing.

With 30 similar centers having opened or in the works in other parts of the country, Mueller said the use of cutting-edge technology and intelligence sharing by police officers on the streets of Southern California sets a good example and gives him confidence about efforts to head off terrorism here.

"It's a model for the rest of the country," Mueller said. "With the contribution of first responders and the law enforcement intelligence component, it's the type of fusion you need to prevent terrorist attacks and to follow up on any threats of any terrorist attacks."

Mueller said the center is tangible proof of improved cooperation among agencies in the post-9/11 era. "It enhances our partnership with the Los Angeles Police Department and Los Angeles [County] Sheriff's Department," he said. "They are doing a great job."

Mueller was accompanied on the tour and briefing by L.A. Mayor Antonio Villaraigosa and Police Chief William J. Bratton, who are lobbying federal officials to expand sharing of federal crime databases with agencies in Southern California.

The mayor called the center "the crown jewel of our effort to address counter-terrorism and homeland security here in Los Angeles."

About 30 analysts from federal and local law enforcement agencies work at the center, which has received about 500 tips from the public and other sources since opening in July.

Asked whether the center has foiled any terrorist plots since opening, Bratton said, "I can't speak to the terrorism issue with specificity other than the fact that since it's been up and running, there have been no major or significant incidents of concern."

Bratton said the effort to combat terrorism is part of a larger cooperative venture to have agencies share crime data. Officials from the LAPD and Sheriff's Department met Thursday with representatives of dozens of police departments in the county about pooling data through a computer system called CopLink. The system is already in use by the LAPD and Sheriff's Department.

That system would link all the disparate law enforcement databases to allow analysts at the center and police investigators to call up information from anywhere in the county, including the names of people arrested, cited or interviewed by officers or thought to be involved in crimes.

"It will be helpful to deal with not only terrorism concerns, but also crime concerns," Bratton said. "It will be a cornerstone of the local gang initiative we just announced. We will have the ability for the first time for agencies throughout the county to put information into the same file."

The police chief said he talked to Mueller on Friday about the desire of local law enforcement to connect CopLink to a federal crime database called Links.

"It would give us access to federal intelligence files, criminal and terrorism-related, so we would then have the most comprehensive set of intelligence files in the country," Bratton said.

The chief said he plans a trip to Washington, D.C., to follow up his talks with Mueller on gaining access to the federal database.

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NY Court: FBI May Have Coerced Filmmaker (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, January 20, 2007

(AP) - NEW YORK-An effort by the FBI and federal prosecutors to remove a short fictional film about a military takeover of New York City from the Internet may have violated the First Amendment, a federal appeals court said Friday.

But the 2nd U.S. Circuit Court of Appeals in Manhattan said a lower court was still correct to toss out a lawsuit brought against an FBI agent and a federal prosecutor by a web hosting service operator and Michael Zieper, who wrote, directed and produced the film.

The appeals court said in a written opinion that the FBI agent, Joseph Metzinger, and the assistant U.S. attorney, Lisa Korologos, were immune from the lawsuit because it would not have been clear to a reasonable officer in their position that they were doing anything wrong.

Metzinger and Korologos got involved Nov. 8, 1999, when the New York Police Department faxed information to the FBI's Joint Terrorism Task Force about the film, "Military Takeover of New York City."

The film includes various shots of Times Square as an unseen narrator who purports to be a military officer briefs other members of the military about plans for a military takeover of Times Square on New Year's Eve 1999.

The appeals court said Metzinger and Korologos were free to ask filmmaker Zieper and Web site operator Mark Wieger to take the film down - but Metzinger went too far when he said that FBI agents were heading to Zieper's home and he could not stop them.

"A reasonable juror could conclude that some of the defendants' actions here did cross the sometimes fine line between an attempt to convince and an attempt to coerce," the appeals court wrote.

While Metzinger spoke in a polite and non-threatening tone, and did not refer to criminal statutes or legal consequences, he never made it clear that Zieper's actions were lawful or that he would not face consequences for making the video public, the court said. It cautioned public officials "to make sure that the totality of their actions do not convey a threat even when their words do not."

Metzinger told Wieger he was worried the film could incite a riot. Wieger blocked web access to the film beginning Nov. 15, 1999, but restored it 11 days later.

Yusill Scribner, a spokeswoman for federal prosecutors in New York, said the government had no comment.

Aden Fine, an American Civil Liberties Union lawyer who represented the plaintiffs, said the decision shows that even if "government officials government officials use a polite tone and don't directly issue threats, they can violate an individual's First Amendment rights."

Pelosi Urges Halt To Prosecution Of Chronicle Writers Letter To Attorney General Also Calls For Federal Shield Law (SFC)

By Zachary Coile, Chronicle Washington Bureau

San Francisco Chronicle, January 20, 2007

Washington -- House Speaker Nancy Pelosi added her voice Friday to a growing list of lawmakers urging Attorney General Alberto Gonzales to drop the prosecution of two Chronicle reporters who face 18 months in prison for refusing to name their sources for stories about steroid use in professional sports.

Pelosi, in a three-paragraph letter, called on Gonzales to withdraw the subpoenas of Lance Williams and Mark Fainaru-Wada asking them to identify their confidential sources.

Pelosi was seeking to ratchet up the pressure after two top lawmakers -- new Democratic House Judiciary Committee Chairman John Conyers of Michigan and Rep. Tom Davis of Virginia, the top Republican on the House Oversight and Government Reform Committee -- asked Gonzales in a letter Thursday to rescind the subpoenas.

"I ask that you give favorable consideration to their bipartisan request for relief," Pelosi wrote in her letter to the attorney general. "Freedom of the press is critical for our democracy and for informing our citizens about public policy issues."

The Justice Department did not respond to a request for comment on the letter. But a spokeswoman said Thursday that the agency subpoenas journalists "only when absolutely necessary."

Fainaru-Wada and Williams were ruled in contempt of court in September by U.S. District Judge Jeffrey White for refusing to testify to a grand jury investigating who leaked transcripts in the steroid distribution case involving the Bay Area Laboratory Co-Operative.

White sentenced Fainaru-Wada and Williams to up to 18 months in prison and imposed a $1,000-a-day fine on The Chronicle, but he suspended those penalties pending an appeal.

A panel of the Ninth Circuit U.S. Court of Appeals in San Francisco is scheduled to hear the case in March.

Fainaru-Wada and Williams wrote articles in 2004 that quoted grand jury testimony of athletes describing their use of substances supplied by the lab known as BALCO.

Pelosi met Thursday with Fainaru-Wada and Chronicle Editor Phil Bronstein in her Capitol Hill office, where she "expressed admiration to the reporters for their stories and for the public service they have done, as well as her concern about some of these prosecutions and that reporters are going to jail," her spokesman Brendan Daly said.

Pelosi has pledged to support a federal media shield law, which would protect journalists in most cases from being forced to disclose their confidential sources. The measure stalled last year in the GOP-led Congress and faces major hurdles even in a Democrat-controlled Congress.

Pelosi insisted she sees the bill as vital to protecting the freedom of the press.

"That's why I have expressed support for a federal shield law, so that the policies and actions of the United States Government seek to protect and preserve that freedom," Pelosi told Gonzales in the letter.

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Top Lawmaker Demands Answers From Justice Department (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, January 20, 2007

The ranking member of a House committee is demanding answers from the Justice Department about recent reports in The New York Sun that intelligence agencies failed to cooperate with FBI investigations into leaks of classified material and that the FBI's files on some leak probes have disappeared.

The top Republican on the House Committee on Oversight and Government Reform, Rep. Thomas Davis of Virginia, said he was troubled by the Sun's report last week that FBI documents showed at least three leak investigations appeared to have been closed after case agents repeatedly complained about a lack of cooperation from the "victim agency."

"The FBI holds itself out as the premiere investigative agency for the United States. As such, I find it hard to believe the FBI closes espionage leak investigations simply because another agency refuses to cooperate," Mr. Davis wrote Friday in a letter to Attorney General Gonzales.

At a press conference last month, President Bush again decried leaks of classified information. "It's an ongoing problem," the president said. "At some point in time, it would be helpful if we can find somebody inside our government who is leaking materials, clearly against the law, that they be held to account."

Mr. Davis wrote, "How can we ensure, as the President requested, those who leak classified information 'be held to account,' if the Department of Justice (DOJ) does not insist on pursuing investigative leads?"

The Sun's report about the alleged non-cooperation with leak probes was based on documents obtained under a federal Freedom of Information Act lawsuit brought by this reporter. The released records were heavily redacted to protect classified information, privacy, and investigative methods, the FBI said.

The Sun reported last month that a declaration filed by the FBI in connection with the Freedom of Information Act lawsuit indicated that 22 of 94 files believed to relate to recent leak investigations were missing from the bureau's file room with no indication of who had removed them.

Mr. Davis asked Mr. Gonzales to provide information on how the chief of the Justice Department's Counterespionage Section, John Dion, responded to the FBI's requests to close the leak investigations. The congressman also asked for details on what happened to the missing files.

A Justice Department spokesman told the Sun last week that Mr. Dion believes agencies generally provide good cooperation with leak probes. Prosecutors declined to discuss ther individual cases in which problems were reported.

Mr. Davis's letter Friday questioning the Justice Department's actions on classified leaks came one day after the congressman joined with the Democratic chairman of the House Judiciary Committee, John Conyers Jr. of Michigan, to complain that prosecutors were being too aggressive in pursuing leaks of secret grand jury testimony in an investigation into steroid use in professional sports. Two San Francisco Chronicle reporters are facing possible jail time for refusing to name their sources in that case.

"At most, the violation at issue is a breach of a court-sanctioned protective order," Messrs. Davis and Conyers wrote in a letter also addressed to Mr. Gonzales. "While the sanctity of a protective order is an important interest, this case is significantly different from others involving a breach of national security, terrorism, or serious criminal conduct."

The two congressmen asked Mr. Gonzales to withdraw the subpoenas to the journalists.

Physician Gets 2-year Prison Sentence (CINPOST)

Cincinnati (OH) Post, January 20, 2007

A Cincinnati doctor was sentenced to two years in prison Friday in connection with drug abuse in pain clinics where he worked.

Dr. Gregory L. Ebner, 55, pleaded guilty in June to money laundering and structuring money transactions illegally. He also faces three years supervised release and a $10,000 fine, according to the U.S. Department of Justice.

Starting in January 2001, Ebner worked in pain clinics in the southern Ohio towns of Lucasville, Chillicothe, Hanging Rock and Jackson.

A clinic would open for a short time, then move to another location in a nearby town after law enforcement officers started to investigate, prosecutors said.

Ebner worked in the clinics two or three days a week and saw 60 to 70 patients a day, according to federal court records.

He prescribed pain relievers such as Lorcet and Xanax after cursory exams, never checking the height, weight or blood pressure of patients. He never maintained any diagnostic equipment at the clinics.

Patients paid $175 to $200 per visit, with only cash payments allowed, prosecutors said. Patients who asked for refills were charged the same amount, but didn't have to make an office visit.

All patients received prescriptions called into a pharmacy. Many patients signed an agreement to use only the South Shore Pharmacy in South Shore, Ky., across the Ohio river from the clinics.

Ebner admitted his work at the pain clinics was below standards for medical practices, according to the Justice Department.

Ebner split the patient payments with the owner of the pain clinics, William Jewell Jr. Ebner broke the payments into smaller amounts, typically less than $10,000, and deposited them in his personal bank account to avoid reporting requirements.

Ebner took the illegal proceeds and wrote checks for investments, including a down payment on real estate and payment of his home mortgage.

Jewell and Nico Capurro, another Cincinnati doctor who worked in the clinics, were indicted in September on charges of conspiracy to distribute controlled substances.

Capurro, who resigned as Clermont County coroner in 2002 after 20 years in that post, also faces three counts of money laundering and three counts of structuring money transactions. Jewell also faces one count of money laundering.

They have pleaded not guilty to all charges and are free on bail pending trial.

Ebert is to surrender to the Bureau of Prisons on March 19.

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IMMIGRATION:

Labor Groups, Business Seek Immigration Law Overhaul (WP)

By Krissah Williams

The Washington Post, January 20, 2007

Worried that surprise raids are driving away workers who are their lifeblood, businesses are pooling their money and joining unusually broad alliances that include labor unions and civil rights groups to push Congress to overhaul the nation's immigration laws.

The coalition Alliance for Immigration Reform 2007 announced its formation this week, placing the force of the U.S. Chamber of Commerce, Service Employees International Union and the nation's largest Hispanic civil rights group behind a unified lobbying effort to get a law passed before the politics of the 2008 presidential campaign make a compromise on the contentious issue unworkable.

Pressure has been building on employers and labor as the Immigration and Customs Enforcement agency becomes more active. Last month, its agents raided Swift & Co., a participant in a government pilot program that runs Social Security numbers through a federal database. The raids sent hundreds of undocumented immigrants to detention centers and jolted business groups.

"It proved that the current system doesn't work . . . and is failing everybody," R. Bruce Josten, executive vice president of the chamber, said during a conference call Thursday.

Business groups paint a dire picture of a U.S. economy without the country's estimated 12 million illegal immigrants. The National Restaurant Association says jobs in food service are growing one and a half times as fast as the U.S. labor force. And the construction industry needs 250,000 new workers per year to replace its aging workforce, according to Associated Builders and Contractors.

Proponents of a plan to legalize undocumented workers say this year offers an important window. President Bush and the Democratic-controlled Congress have called immigration reform a priority, and the coalition considers a Senate bill last year that provided a path to citizenship for undocumented workers a blueprint for the policy. That legislation stalled in November when the House and Senate could not hash out a compromise.

The table is now set, said Cecilia MuÃ±oz, vice president of the National Council of La Raza, a Latino civil rights group. "Over the course of the last year the policy ideas have really come into focus."

To hold the marriage of business and labor and right- and left-leaning politics together, the coalition's ideal bill would include both a path to citizenship for illegal immigrants already here and more visas for temporary workers, said Douglas G. Rivlin, spokesman for the National Immigration Forum, which is a member of the alliance.

The coalition splinters on the details. Labor unions advocate a new kind of visa that would not make the immigration status of temporary workers dependent upon their employers. Business groups want the visa program to be as simple as possible.

In opposition are groups such as the Minutemen, which raised nearly $1 million for its political action committee last year, according to the Center for Responsive Politics. The money was used primarily to back candidates who support building physical barriers to illegal immigration and deporting those who are here illegally.

Several of the candidates that the group supported, including Arizona Republican Randy Graf, lost in November, and the Republican Party in general ceded a large share of the Hispanic vote, a signal to some that tough enforcement policies are not politically popular. The Alliance for Immigration Reform said it has a significant budget and will marshal the coalition's resources to push its message.

"We can keep the heat on the back of the neck of the leadership to get this thing done," the chamber's Josten said.

Congress has not yet begun formally negotiating immigration legislation. Alliance members estimate they will need 70 to 80 percent of the Democrats and 30 to 50 percent of the Republicans in both chambers to get a law passed.

"This is not a Democratic slam dunk, and it's not a Bush slam dunk," Rivlin said. "It's going to take a lot of working together to get things done."

Immigration Stagnation (WP)

The Washington Post, January 20, 2007

FOR MOST people living in the United States, the amount of time and money wasted in bureaucratic Washington is a distressing but distant annoyance. For some, however, the inefficiencies cause daily hardship -- and harm U.S. interests in the process.

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Just ask Shmul Kaplan, an 80-year-old amputee and Ukrainian immigrant whom The Post's Darryl Fears wrote about last month. Granted asylum in 1997, Mr. Kaplan has waited -- and waited -- for his naturalization papers to come through. After seven years of patience, he lost his Supplemental Security Income because he did not gain citizenship in time to retain federal benefits. He currently lives on $215 a month for rent and $140 in food stamps. Now lawyers are pursuing a class action lawsuit on behalf of the Shmul Kaplans in this country against a range of federal agencies complicit in delaying their citizenship applications and denying them benefits.

The Post's Spencer S. Hsu reported that U.S. Citizenship and Immigration Services, a successor to the much-maligned Immigration and Naturalization Service, is overwhelmed and has failed to pursue basic administrative and technical reforms. A recent congressional investigation revealed that immigration officers had lost track of 111,000 files. A report released this month by the Department of Homeland Security's inspector general faults Citizenship and Immigration Services as remaining "entrenched in a cycle of continual planning, with limited progress toward achieving its long-term transformation goals."

Despite these difficulties, Homeland Security lists its progress on immigration services as an accomplishment of the past year, pointing out that it has eliminated its backlog of applications, which stood at 3.8 million in 2004. Not so the FBI, which checks the names of those applying for citizenship. If an applicant's name is too similar to that of someone on a federal watch list, the FBI runs a background investigation, a procedure that can take months.

The FBI admits that 100,000 background checks have sat uncompleted for a year or longer. The bureau insists that it is speeding its work and that the immigration agency can tag names for expedited service. There is, it seems, plenty of blame to go around.

America hardly encourages foreigners to enter and live in the country legally when simply processing their naturalization forms can take years. Citizenship and Immigration Services needs to cut its wait times by making a rapid transition to electronic forms and better organizing reform efforts. And the FBI must conduct background checks more efficiently. The roughly 6,000 disabled asylum seekers who, the lawsuit alleges, lost their benefits will be suffering in the meantime.

Bush Comments On Agents Who Shot Suspected Drug Dealer (NYT)

By Rachel L. Swarns

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — President Bush waded this week into the furor surrounding two former border patrol agents who were each convicted and sentenced to more than a decade in prison in the shooting of a suspected Mexican drug dealer in Texas.

The case has become something of a cause among some advocates for tougher border security, who argue that the agents should be pardoned because they were doing their jobs in 2005 when they fired on the man, an assertion that has been contested by the federal prosecutors overseeing the case.

In an interview with KFOX-TV in El Paso, Mr. Bush was asked on Thursday whether he would consider a pardon for the two former agents, Ignacio Ramos and Jose Alonso Compean, who began serving their federal prison sentences of 11 years and 12 years respectively this week.

“There are standards that need to be met in law enforcement, and according to a jury of their peers, these officers violated some standards,” Mr. Bush said. “On this case, people need to take a hard look at the facts, at the evidence that the jury looked at, as well as a judge. And that’s — I will do the same thing.”

“Now, there’s a process for pardons,” he continued. “I mean, it’s got to work its way through a system here in government. But I just want people to take a sober look at the reality. It’s a case, as you said, it’s got a lot of emotions.”

Some interpreted Mr. Bush’s remarks to imply that he would consider a pardon for the two men. But Justice Department officials said on Friday that the two men were ineligible for consideration of a pardon at this time.

Requests for pardons, which are screened by the Justice Department before being considered by the White House, are not considered until at least five years after a petitioner has been convicted or released from jail or prison, according to the department’s guidelines.

A commutation of sentence, which reduces the period of incarceration, is not generally considered for people who are appealing their convictions, the guidelines said.

The two former agents have said they will appeal their convictions.

Johnny Sutton, the United States attorney who oversaw prosecution of the case, , dismissed the idea that the two men were simply doing their jobs or defending themselves. During their trial, the agents said they had scuffled with the suspected drug dealer, who they believed had a gun, before firing at him.

“Nothing could be further from the truth,” Mr. Sutton said in a statement last week, noting that the two men did not report the shooting to their superiors.

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“These agents shot someone who they knew to be unarmed and running away,” Mr. Sutton said. “They destroyed evidence, covered up a crime scene and then filed false reports about what happened. It is shocking that there are people who believe it is O.K. for agents to shoot an unarmed suspect who is running away.”

Hunter Asks Congress To Pardon Border Agents (WT)

By Jerry Seper

The Washington Times, January 20, 2007

A California congressman has introduced legislation calling for a congressional pardon for two U.S. Border Patrol agents sent to prison this week for shooting a suspected drug smuggler in the buttocks as he fled back into Mexico.

Rep. Duncan Hunter also asked that pending any legislative action of the Congressional Pardon for Border Patrol Agents Ramos and Compean Act, that the two agents -- Ignacio Ramos, 37, and Jose Alonso Compean, 28 -- be segregated from the general prison population to ensure their safety.

"The Border Patrol is America's first line of defense against the constant and unrelenting efforts of drug and human smugglers to illegally enter the United States," said the nine-term Republican. "Agents Compean and Ramos fulfilled their responsibilities as Border Patrol agents and rightfully pursued a suspected and fleeing drug smuggler.

"It is irresponsible to punish them with jail time," he said.

The two agents surrendered on Wednesday for shooting drug-smuggling suspect Osbaldo Aldrete-Davila after he refused their orders to halt, abandoned his van along the Rio Grande with 743 pounds of marijuana inside, assaulted Compean, who tried to block his dash into Mexico, and then fled to a waiting van in Mexico.

During the trial, Ramos' attorney, Mary Stillinger, had argued that her client shot in defense of Compean, saying Ramos saw his partner on the ground and that when Aldrete-Davila turned toward the agents Compean believed he was holding a weapon.

She and Maria Ramirez, one of Compean's attorneys, also told the jury that more than half a dozen other Border Patrol agents, including two supervisors, were at the scene of the shooting and did not report anything.

Assistant U.S. Attorney Diane Kanof said during trial that Ramos and Compean violated Aldrete-Davila's civil rights by shooting and that the agents had violated Border Patrol policies by chasing the fleeing suspect.

Aldrete-Davila has said he plans to file a $5 million civil rights lawsuit against the government.

The agents turned themselves over to U.S. marshals at the federal courthouse in El Paso, Texas, to begin 11- and 12-year sentences, respectively. Both were taken to the county jail where they will wait for transportation to their assigned federal prisons. Ramos is expected to serve his time in Mississippi and Compean in Ohio.

"We cannot turn our back on Agents Compean and Ramos or the rest of the men and women proudly serving in the U.S. Border Patrol," Mr. Hunter said. "These two agents deserve our full support and the congressional pardon provided by this legislation."

Ramos, a 10-year Border Patrol veteran and former Agent of the Year nominee, and Compean, a five-year member of the force, were sentenced in October in federal court in El Paso on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

The conviction came after Aldrete-Davila was found in Mexico by Department of Homeland Security investigators and given immunity by U.S. prosecutors against any drug charges in exchange for his testimony against the agents.

The immunity agreement protected Aldrete-Davila from being charged in the United States with drug smuggling.

TAX:

W. Palm Commissioner Resigns (FLSUNSEN)

By Peter Franceschina And Nancy L. Othón, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 20, 2007

West Palm Beach · City Commissioner James Exline resigned his seat Friday and will be charged with a single count of tax evasion in coming weeks, his attorney said.

Attorney Robert Gershman said Exline failed to report approximately $60,000 in income during the 2004 tax year but would not say where his client got that income.

The Palm Beach County State Attorney's Office is running a grand jury investigation into possible corruption and conflicts of interest among city officials. The charge Exline faces, however, is a federal charge, Gershman said.

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Exline, 42, a former city planner who was first appointed to his seat in 1999, has been cooperating with law enforcement officials for several months and will not face further charges, Gershman said.

"He has been cooperating and has been honest and straightforward, and available to local, state and federal authorities for anything at any time," Gershman said. "The money had no bearing on his official actions as a city commissioner."

The tax evasion charge is punishable by up to five years in prison and $100,000 in fines. Exline will be allowed to surrender when the charge is filed, Gershman said.

"We are well aware West Palm Beach City Commissioner Exline is resigning [Friday]. However, our office is not going to be commenting on whether any charges are likely at this time," U.S. Attorney's Office spokeswoman Alicia Valle said.

Exline is the second city commissioner to resign under a cloud in the past year, and his departure is sure to fuel the distrust residents have expressed in recent months.

Former Commissioner Ray Liberti, 60, pleaded guilty in May to federal charges of mail fraud and obstruction of justice in a case that triggered the wider corruption investigation.

Liberti admitted he used his public office to help two real estate investors press the owners of a West Palm Beach massage parlor and a nightclub into selling their businesses at below-market prices. In return for his help, he received $66,000 in cash and an expensive TAG Heuer watch. He was sentenced in October to 18 months in prison.

Exline delivered his resignation letter to City Manager Edward Mitchell about 4 p.m. Friday. He made no mention of why he was resigning.

"I am thankful to have participated in the growth and redevelopment of the city's neighborhoods and downtown," Exline wrote. "I am certain the positive commission work will continue and the city will flourish."

Exline has a planning business, Urban Land Consulting, in downtown. City officials wiped his biography from the city's Web site within an hour of his resignation. He represented central and northern portions of the city.

He could face prison time or lesser sanctions such as house arrest or probation, Gershman said. Exline has already paid the roughly $18,000 in taxes that he owes, Gershman said.

Although Commissioner Kimberly Mitchell said she had heard Exline's resignation was imminent, she was almost at a loss for words Friday.

"I am just, I'm sad for the city. That's how I feel about it," Mitchell said. "I honestly have no idea what this particular issue revolves around, but I just think for the trust that sits out there -- and that is on shaky ground at best -- this serves as another blow to the people. And that part of it really makes me very sad, as a resident and as somebody who gives my heart and soul and brain to public service."

The state grand jury investigation has been focusing primarily on the city's new $154 million city hall-library complex, City Center, now under construction downtown, as well as other city contracts. A number of city officials, including Mayor Lois Frankel and commissioners, have testified before the grand jury.

Within days of Liberti's charges, Frankel announced she had discovered Liberti was on the payroll of a consulting firm involved in the selection of contractors to build City Center. Frankel said she found that Liberti, beginning in 2003, was paid $5,000 a month and later $8,000 a month for consulting work. The city ended its contract with the consulting firm.

Palm Beach County State Attorney Barry Krischer launched the grand jury investigation a few weeks later. Krischer's spokesman, Michael Edmondson, said the grand jury was expected to finish its work in several weeks.

Frankel said she did not know the circumstances surrounding Exline's unreported income or whether it was connected to his actions in office.

"I would not know. My office talked to the U.S. Attorney's Office that the resignation involves a personal tax matter," Frankel said. "That is what Mr. Exline told me, and that was what we were told."

Commissioner Bill Moss said that as far as he knows, the charge has nothing to do with city business.

"If he was resigning because of something to do with corruption, then I would say, `What's going on here?'" Moss said. "I don't see this affecting the city. I hope we can get back to running the government like we were elected to do."

Exline Resigns Post Under Tax Cloud (PALMBEACHP)

By Thomas R. Collins, Susan Spencer-Wendel , Tony Doris, Palm Beach Post Staff Writers

Palm Beach Post (FL), January 20, 2007

WEST PALM BEACH — Jim Exline resigned from his city commission seat Friday and plans to plead guilty to a tax evasion charge that he said will be filed in the next few weeks by federal prosecutors, with whom he has been cooperating since June.

He could face a sentence ranging from five years in prison and a $100,000 fine all the way down to probation, said his attorney, Robert Gershman.

Exline's departure adds more intrigue to a busy election season in which Mayor Lois Frankel faces former City Commissioner Al Zucaro.

Commissioners will appoint a replacement, who will serve less than a month until voters choose a permanent successor in the March 13 election.

Exline is the second city commissioner to resign in response to federal charges in the past eight months, following Ray Liberti's departure in May.

Exline, 42, said he did not report $60,000 in income earned in 2004, avoiding a payment of $18,000 in taxes.

"I was going through my divorce, and I didn't disclose all my income," the former commissioner said. Neither he nor his attorney would say where that money came from, other than to say, in Gershman's words, that it was "ordinary business income."

Exline agreed to a lengthy interview with The Palm Beach Post on Friday afternoon in order to underscore his cooperation with federal authorities, try to salvage his reputation as a public servant in his hometown and attempt to avoid being lumped with recent public corruption cases involving former Palm Beach County Commissioner Tony Masilotti and Liberti, Exline's former colleague who is now serving a federal prison term.

Dressed casually in an untucked white shirt, blue jeans and brown loafers, Exline said in his attorney's office that he is optimistic he will avoid prison.

"I think the chances are very minimal," he said.

His attorney said, "I do not see the reason to punish him beyond the felony conviction he is already going to obtain."

But Gershman acknowledged the sentence ultimately will be up to a federal judge.

In terms of image, there is much for Exline to overcome. His resignation comes after open criticism and public demands for his resignation from city residents. They said they were troubled over his votes to annex property owned by developer and former Palm Beach County Administrator John Sansbury in 2004. The annexation boosted the property's value at a time when Exline was working as a sales agent for Sansbury's realty firm.

Seven months after the annexation votes, Exline received 100 percent of the commission on a land sale as an agent for Sansbury's firm.

On Friday, Exline said he approached federal prosecutors about the unpaid taxes in June. He said he offered to resign on the spot, but the authorities wanted him to stay in his post while he cooperated with them.

"Jim has made himself available to state and federal investigators for any questions they had," Gershman said. "The authorities were asking questions about anything and everything."

He added, "It was not only limited to the recent headlines," referring to the public corruption cases that have engulfed Palm Beach County since May.

Assistant U.S. Attorney John Kastrenakas declined to comment on Exline.

Exline's first meeting with federal investigators came shortly after it was publicly disclosed, in the last week of May, that a federal grand jury was investigating a land deal involving Masilotti.

But Exline said he did not have any legal concerns other than the tax matter when he talked to federal officials.

"My issue has always been my taxes and not anything else," he said.

On the annexation matter, he said, "I didn't think I did anything wrong."

However, he now wishes he had disclosed his ties to Sansbury at the time of the annexation votes.

"If I look back now, to have been safe I would have disclosed it because I know now more than I knew then," he said. "I had never received any financial benefit, and that was my test."

State ethics officials would not issue a formal opinion because one was never formally requested.

Exline has been involved in a variety of business ventures, including his land planning firm, Urban Land Consulting; a tanning salon in Jupiter he has since sold; and a Rotelli Pizza & Pasta restaurant in Boca Raton that he owns along with his brother-in-law and nephew.

A Rotelli location in the Esperante building in downtown West Palm Beach, also partly owned by Exline, is set to open Tuesday or Wednesday, Exline said.

But he has had financial troubles. He was sued by the credit-card company MBNA for failing to pay more than $37,000 in charges. He blamed the troubles on spending by his ex-wife, Cuban-born Yusdaly Brito Gonzalez, 15 years his junior, from whom he was divorced in 2005.

In the divorce filing, Exline reported three unpaid credit-card balances, including the one with MBNA, totaling $97,593. MBNA is the only company that filed suit in Palm Beach County Circuit Court. The lawsuit was settled for an undisclosed amount.

Exline said he was addressing the other debt as well.

He bought Tan Lines of Jupiter in July 2002 for $20,000 and sold it for $85,000 in March 2005, he said. A divorce filing by Exline, filed about two weeks before the sale, estimated the current fair market value at $25,000 and said the business was losing $931 a month.

As a city commissioner, Exline earned $30,000 a year. Plus, Exline - like the other city commissioners, the mayor and other top city employees - has benefited from a premium health-care plan in which he is reimbursed for all of his out-of-pocket medical expenses, including up to $10,000 a year for dental work.

On Friday, Exline did his best to express hope for his future.

He is excited about the Rotelli restaurant's opening in West Palm Beach. His brother-in-law, Jeffery R. Smith, is the nationwide chain's chief operating officer.

Exline said he would probably have to sell his shares in the Rotelli restaurants once convicted on the tax charges because, with a felony record, he would not be able to hold a beer and wine license.

He hopes to participate in the chain's Rotelli Express concept, in which alcohol is not sold.

Nonetheless, he said, he would remain in West Palm Beach, devote more time to his planning firm and possibly branch out into development.

"I'll do other things. I'll be fine," Exline said. "I'm a very smart, very creative person."

He said he would begin with modest development projects.

"I would like to start doing small retail and small office projects and start from there," he said.

He believes he can attract clients to his planning firm.

"My clients who know me and the people who knew me know I am honest and ethical and I do a good job."

Exline emphasized his years of work for the city. He worked in city hall as a planner from 1988 to 1994. In 1991, he made an unsuccessful run for mayor. He also has served as a member of the Treasure Coast Regional Planning Council and the traffic-planning board, the Metropolitan Planning Organization.

Aside from government work, he also has been a member of the board of the Salvation Army Community Center advisory board, giving guidance to a center serving children and teenagers.

But as a commissioner, Exline lately had found himself under siege. Residents, infuriated by what they saw as ethical transgressions, openly questioned why he was still on the dais and occasionally held up signs in the commission chambers demanding that he leave office.

Other residents, including Denise Smith-Barnes, his opponent in last March's election, described him as an ineffective representative for their district. In recent months, as north-end residents stormed city-hall chambers in public meetings to complain of rampant crime, Exline frequently did not have much to say.

Mayor Lois Frankel said Exline's resignation may bring a measure of relief to city affairs.

"I think that all these allegations, they create a cloud, and I, for one, I'm glad that we get this behind us," she said. "I'm not happy it happened, but there's been so much speculation. I don't know the merit of the speculation."

Exline said the group criticizing him was small.

"I would call them more of an opposition group," he said. "That was the only thing they could come up with - that I wasn't at enough city events."

He credits his help as a commissioner in creating "a new neighborhood downtown," peopled with new residents living in condos. He also says he helped clean up his north-end district, acting as the commission's liaison to a code enforcement task force.

Throughout his time as commissioner, Exline said, he sacrificed work in his planning business, lest he work with clients presenting a conflict of interest.

"Over the years, I've walked away from hundreds of thousands of dollars in planning fees," he said. "And I've never argued about it. It was my choice."

The bottom line, he said, was that he has a lot of basics in life to remain happy about.

"I'm very thankful for what I have," he said. "My friends are behind me. My family's behind me. I've got a good attorney. And I'm thankful."

Scandals Keep Growing (PALMBEACHP)

Palm Beach Post (FL), January 20, 2007

The unprecedented level of government scandal in Palm Beach County went higher Friday with the forced resignation of West Palm Beach City Commissioner Jim Exline, who faces a federal tax evasion charge over an alleged $60,000 in unreported income from 2004.

DOJ_NMG_0119964

If convicted, Mr. Exline could be sentenced to as many as five years in prison and fined $100,000. He is the second city commissioner to resign because of criminal charges within the past year. Ray Liberti left office in May and is serving time in federal prison after pleading guilty to fraud and obstruction charges.

Federal investigators, including the FBI, also have forced the resignation of ex-County Commissioner Tony Masilotti, who last week pleaded guilty to a corruption charge stemming from a series of land deals in Martin County. He did those deals with falsified documents that The Palm Beach Post uncovered. Two of Masilotti's business associates also face charges, and the federal investigation is continuing. A state grand jury has been investigating allegations of a "pay-to-play" culture within West Palm Beach government for months, and Commissioner Exline's departure adds new interest to that work.

In August, The Post reported a pattern of conflicted interests with Commissioner Exline that included using his position to advance real estate deals for himself and his own business associates. He used his vote as commissioner in 2004 to approve land annexation that benefited Sansbury Realty, where he was licensed as a sales associate. Six months after the vote, company owner John Sansbury paid him a $36,400 commission on the sale of a building a couple of blocks from City Hall. Mr. Exline also has admitted frequenting a Boynton Beach strip club whose owners were convicted as part of federal prostitution, money laundering and arson investigations.

Commissioner Exline's attorney, Robert Gershman, says his client intends to cooperate with authorities. That cooperation should include disclosing pay-to-play dealings that may have occurred in a city where conflicts of interest appear to be part of the culture of doing business. Clearly, federal investigators have no shortage of leads to follow in Palm Beach County. The longer they go after criminal activity by public officials, the better it will be for the public.

Justice Dept. Sues Local Tax Preparer (KZGAZETTE)

By Jane C. Parikh

Kalamazoo Gazette (MI), January 20, 2007

Portage resident Donald A. Gray is being sued by the U.S. Department of Justice for allegedly filing false income-tax returns on behalf of clients, resulting so far in an estimated $1.5 million in tax losses.

Justice department spokesman Andrew Ames said he did not know how many returns that may involve.

Gray is among four Michigan men being sued by the justice department for allegedly filing false income-tax returns for clients. The lawsuits seek to prevent the four men from filing more income-tax returns.

Gray, who lists himself as a certified public accountant in the telephone book, did not return phone calls Friday from the Kalamazoo Gazette seeking comment. The lawsuit against Gray was filed Jan. 16 in U.S. District Court for the Western District of Michigan in Grand Rapids.

It alleges that, ``Since 2004, Gray has been preparing false federal income-tax returns and related forms for customers to fraudulently under-report their income. On the returns he prepares for customers, Gray falsely states that he is a licensed CPA."

The lawsuit said Gray either ``falsely reports that his customer received no income or Gray substantially under-reports his customer's income, and fraudulently claims a refund of all federal taxes withheld from his customer's wages."

There was no immediate word on what would happen to, or what should be done by, individuals whose tax returns were prepared in such a manner.

According to documents, the other area men identified by the Department of Justice as having committed tax fraud are: Charles Conces, of Battle Creek; Peter Eric Hendrickson, of Commerce Township; and Robert L. Mosher, of Cedar Springs.

Justice department officials charge in the lawsuit that Gray is following a scheme promoted by Hendrickson who operates a Web site called losthorizons.com.

Ames declined to answer questions directly related to the lawsuits. He said Friday that since 2001 the justice department has issued about 215 injunctions against tax preparers who file false income-tax returns for clients.

``It's happening all across the country," Ames said. ``The (Internal Revenue Service) conducts audits and reviews, and if (the offense) is serious enough, it's turned over to us."

He said if criminal complaints are brought forth, the IRS would determine the penalties.

In a press release issued by the justice department about Gray's lawsuit, Eileen O'Connor, assistant attorney general for the justice department's tax division, said, ``People who prepare fraudulent tax returns expose themselves and their customers to the risk of substantial civil penalties and criminal prosecution."

High Court Considers Tax Authority Case (AP)

By Mark Sherman

AP, January 20, 2007

DOJ_NMG_0119965

WASHINGTON - Foreign countries fighting New York City's effort to collect property taxes will get the chance to make their case to the Supreme Court.

The justices said Friday they will review a lower court ruling allowing the city to sue countries that own property near the United Nations over unpaid taxes.

The city has battled over property taxes for years with countries that house their consulates and diplomatic missions in Manhattan skyscrapers.

Under U.S. treaties, embassies and other diplomatic buildings are generally tax-exempt, but the city claims some countries are refusing to pay taxes on real estate used for non-diplomatic purposes, such as restaurants and apartments.

Two countries sued by the city, India and Mongolia, had argued that sovereign immunity meant they couldn't be sued in U.S. courts.

The 2nd U.S. Circuit Court of Appeals ruled last April, affirming a lower-court decision, that federal courts have the power to resolve such disputes.

The city is seeking $16.4 million in unpaid taxes and interest from India and $2.1 million from Mongolia, the Justice Department said in legal papers filed in support of the foreign governments.

New York City has singled out only a few countries with lawsuits. It has failed in attempts to collect taxes from other countries, including Hungary, Libya, Rwanda, Nigeria and Uganda. Turkey settled a lawsuit for $5 million, far less than the city initially said it owed.

A federal law requires the U.S. government to withhold some aid to nations that fail to pay real estate taxes on buildings in New York or Washington, D.C., but only if a U.S. court decides that the debts are valid.

The case is Permanent Mission of India v. New York, 06-134.

IRS May Widen Probe Of Fees On Municipal Investment Contracts (BLOOM)

By Darrell Preston

Bloomberg, January 20, 2007

Jan. 19 (Bloomberg) -- The Internal Revenue Service may widen its examination of municipal bond reinvestment practices amid a U.S. criminal probe of whether financial firms rigged bids on investment contracts bought by local governments, the head of the agency's tax-exempt bond enforcement division said.

The IRS, which has focused its scrutiny on investment contract fees related to housing and non-profit debt, may broaden the scope of its audits to other types of municipal bonds, said Clifford Gannett, director of the IRS's tax-exempt bond enforcement office, in comments yesterday in Washington at a meeting of the Government Finance Officers Association.

IRS investigations have found that improper bidding practices by financial firms for investment contracts with local governments may have deprived the U.S. of money it was owed. The findings prompted the widest antitrust probe of the municipal bond market, where local governments have $2.3 trillion of debt outstanding.

``We're going methodically, there could be more out there," Gannett said.

The Justice Department, in connection with the IRS and Securities and Exchange Commission, is investigating whether bankers and brokers conspired to fix prices on the contracts. U.S. prosecutors in November subpoenaed more than a dozen financial firms and seized documents from three brokers.

Gannett said the 64 employees in his office have been helping with the criminal investigation.

Market Integrity

The IRS allows state and local governments to sell bonds exempt from federal income tax, requiring that municipalities rebate much of the earnings they reap from reinvesting tax- exempt bond proceeds to the Treasury. To ``ensure the integrity of the market," the IRS has a responsibility to seek out those who take advantage of the subsidy, Gannett said.

In 2006, the IRS examined 30 bond financings by charitable groups, mostly for low-income housing, Gannett said. In four, the IRS found no irregularities, he said. The other 26 are in ``various states of development."

Gannett said the IRS has ``seen all kinds of irregularities in bids" on investment contracts and ``mechanisms to pull fees out" and would like to see changes in how firms are awarded the business, such as by increasing the use of electronic bidding. The IRS also plans to look at non-profit corporations that sold tax-exempt bonds and then gave up their non-profit status. Some may still have outstanding tax-exempt bonds, he said.

The IRS isn't limiting its review just to investment contracts and continues to look for other irregularities that may force it to examine the tax-exempt bond status of issues it finds abusive, Gannett said.

Railroads Seek Tax Aid (WSJ)

By Robert Guy Matthews

DOJ_NMG_0119966

The Wall Street Journal, January 20, 2007

WASHINGTON -- The 400 small, often money-losing, railroads that connect isolated farm towns to major rail lines won a minor tax break from Congress in 2004 after strenuous lobbying -- only to see the Internal Revenue Service write rules last September that limited the subsidy so much it was almost worthless.

But the short-line railroad industry, as it's known, is the little industry that could. It quietly got Congress at the end of last year to undo what the IRS had done, a classic example of the lobbying clout a small industry can wield if its pieces are across congressional districts and states from Vermont to Kansas.

Next stop for the short-line railroads: getting Congress to extend the $100 million annual tax break beyond its scheduled expiration at the end of this year.

Some 65 members who endorsed the tax break have retired or were voted out of office. "We have all these new members in Congress who don't know anything about it," says Adam Nordstrom, lobbyist for the American Shortline and Regional Railroad Association, an organization of short-line operators. Mr. Nordstrom also worries about the new pay-as-you-go rules, put forth by Democrats in an effort to tighten deficit spending, will make it harder to get the tax break. "So whatever we get, it would have to be taken out of someone else's hide."

While short-line railroads may be seen as a relic of the past, they are increasingly integrated into the distribution of commodities that cross the country. In 1980, there were about 8,000 miles of short-line track in the U.S., generally with fewer than 350 miles of track and earning less than $40 million in annual revenue. Now there are about 43,000 miles of short-line track.

The growth reflects the tendency of big railroad corporations, which operate about 98,000 miles of track, to shed offshoot lines to concentrate on more profitable, long-haul routes. Short lines are a viable business, but maintaining and upgrading track lines is expensive and that led the industry to look to the government for help.

In a 2004 bill, Congress said the taxpayers would pay 50 cents of every $1 spent on track maintenance and upgrading. The tax credit equaled about $3,500 per mile.

Short lines, on their tax returns, were to use the credit on their tax bills. But since many short-line railroads don't earn enough taxable income to take full advantage of the credit, they began assigning the track maintenance work to related third-party businesses. Essentially the short lines would trade the tax credit to those construction companies that could use them.

Selling tax credits to companies that can use them isn't unheard of, but Congress traditionally writes a provision of any law to explicitly permit them. In this case, Congress, apparently unwittingly, left the provision open for interpretation, according to the IRS.

In September, after 22 months, the IRS finally published rules governing the tax credit. To the industry's surprise, the IRS essentially said short-line railroads that couldn't take full advantage of the credit couldn't give the full value of the tax credit to the other companies. The result: The tax credit was worth only 25 cents for every $1 spent on track upgrades and maintenance for the industry as a whole. The IRS also said the rules would apply retroactively.

But short lines already had completed millions of dollars of track work, and were counting on selling the tax credits to pay for it. Watco Cos., a holding company of 16 short lines fanned across the country, had spent $24 million upgrading 30 miles of track for the Kansas & Oklahoma railroad that connects Wichita, Kan., to the railroad's northwestern outpost in Henderson, Kan. Watco was counting on allowing half of that, $12 million, to go as a tax credit to the third parties who actually did the work, paying them with tax credits instead of cash.

"This was scary," said Ed McKechnie, chief commercial officer at Watco. "We did not have another $12 million."

In October, two weeks after the IRS rules were publicized, the short-line association met in Washington to map out strategy. They instructed their members to calculate how much they had spent so far on track upgrades -- nearly $380 million -- and began cold-calling key members of Congress to stop the IRS.

Big railroad companies pitched in. "We support the tax credit for short lines and we partner with them on their legislative agendas," says Kelly Donley, spokeswoman for the Association of American Railroads, which represents major freight railroads, such as Norfolk Southern Corp. and Burlington Vermont Santa Fe Railway and also Amtrak.

In December, Rep. Jerry Moran (R., Kan.), Rep. Dave Camp (R., Mich.), and Rep. Phil English (R., Pa.) wrote to IRS chief Mark Everson and accused the IRS of overstepping its authority. "The regulations should be withdrawn immediately and retroactively, and no further guidance regarding such arrangements should be issued by the Treasury and the [Internal Revenue] Service until Congress has had an opportunity to address these areas."

The IRS wouldn't comment publicly about the short-line rules it drafted and its interpretation of the 2004 law.

But in the waning days, as Congress hustled to finish before adjourning for the year, Sen. Gordon Smith (R., Ore.) and Sen. Blanche Lincoln, (D., Ark.) led an effort to push the legislation through a change to undo the IRS rule. Short lines now can trade the tax credit -- and get full benefit of the 50% credit -- to any related business that it has an existing business relationship with, often a shipper, to pay for track maintenance or upgrades.

CONGRESS-ADMINISTRATION:

Bush To Visit Democrats' Retreat (NYT)

By Sheryl Gay Stolberg

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Who says bipartisanship is dead? President Bush has accepted an invitation from House Democrats to travel to Williamsburg, Va., in February to speak at their annual issues conference, a move that might have been unthinkable a few short months ago, when Republicans ran Capitol Hill.

Mr. Bush has addressed the Democratic retreat before, in 2001, the first year he was in office. His planned appearance this year, on Feb. 3, was announced by Representative Rahm Emanuel, chairman of the House Democratic caucus, in an e-mail message to colleagues on Friday.

"I'm happy to announce that President Bush has accepted our invitation to address the conference on Saturday morning," Mr. Emanuel wrote, adding that former President Bill Clinton would also be there.

Mr. Bush's appearance is testimony to the changed climate on Capitol Hill, where Democrats have just pushed six major pieces of legislation through the House, on issues including student loans, Medicare prescription drugs and stem cell research, with some Republican support. A White House spokeswoman said Mr. Bush would deliver a speech to the Democrats and take five questions.

In the months since Democrats won the November midterm elections, members of both parties, and the president, have said they want to work together in a bipartisan way. But with Democrats strongly opposed to Mr. Bush's plan to send additional troops to Iraq, relations between the two sides have not exactly been lovey-dovey in recent days.

On Friday, Speaker Nancy Pelosi accused the president of moving quickly to put the troops "in harm's way" because he knew Democrats would not cut off financing once troops were sent into battle. That prompted a sharp response from Dana Perino, a White House spokeswoman, who called Ms. Pelosi's comments "poisonous."

Just hours later, Mr. Emanuel sent out his announcement.

Conservatives Slam Bush Policies (WT)

By Eric Pfeiffer

The Washington Times, January 20, 2007

President Bush's policies, including the Iraq war, have left the country in a "disastrous" state, according to several prominent conservatives.

The leaders, including current and former presidential candidates, outlined their objectives for a revival of conservatism during a panel discussion yesterday hosted by the Free Congress Foundation, a conservative Washington-based advocacy group. The leaders' recommendations, covering economic, military and social policy, would be largely different from those implemented by the Bush administration.

"We disagree on a lot of things," Rep. Duncan Hunter, California Republican, said of Mr. Bush. Mr. Hunter is seeking his party's 2008 presidential nomination on a platform of military expertise and a desire to confront China on economic and trade issues.

"We have a competition which is not free trade, it's not fair trade, it's rigged trade," he said of the China's trade tariffs, which many critics argue have hurt American businesses.

"The state of the union is disastrous," said William Lind, president of the foundation's Center for Cultural Conservatism. "We are fighting and losing two wars, in Iraq and Afghanistan."

Using language that at times mirrored that of liberal critics of Mr. Bush's foreign policy, Mr. Lind said an interventionist U.S. foreign policy is creating, "a hostile relationship with the growing world."

Former presidential candidate Gary Bauer was critical of Mr. Bush for what he described as the president's failure to more deeply inspire Americans after September 11.

"The president made a colossal mistake after 9/11 by simply asking people to shop," said Mr. Bauer, president of the conservative group American Values.

Some panelists did have kind words for the current administration.

Ambassador Henry F. Cooper, director of the Strategic Defense Initiative during the first Bush administration, praised Mr. Bush for backing out of the Anti-Ballistic Missile Treaty, which he said stood in the way of an American missile-defense program.

However, Mr. Cooper said he thinks "relatively limited progress has been made," on other issues.

Mr. Hunter also praised what he called Mr. Bush's record on fighting the war on terrorism.

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"He was willing and he was aggressive," he said of the White House's response to the September 11 attacks. "He's kept them off balance."

State Of The Union: The 3 Keys To Bush's Speech: Energy, Immigration And Iran (WSJ)

By Gerald F. Seib

The Wall Street Journal, January 20, 2007

President Bush's last few State of the Union addresses have run at about 5,000 words each. He delivers this year's edition Tuesday night, and the White House suggests this one might be a bit shorter. Here's a way to cut through the verbiage even more. Listen especially closely for just three words: energy, immigration and Iran.

This will be the president's seventh State of the Union address, but he has never given one like this before. It will be his first given to a Congress controlled by Democrats. That doesn't change everything, but it changes a lot. Mr. Bush will be trying to lay out an agenda when, in fact, he no longer is in control of Washington's agenda. Democrats in Congress now have as much to say about what gets acted upon, and what is ignored. No longer will the president be able to compel Congress to consider one of his ideas simply by saying so, which was more or less within his power under Republican control.

That argues for more focus on fewer items that have some actual chance of success, and less focus on a wish list of items dear to the president but with little chance of bipartisan support. So you'll hear plenty about balancing the budget, but more interesting is how energy and immigration come into play. White House officials have been signaling that the president plans to aggressively pursue what everyone in Washington euphemistically calls "energy independence." That means reducing America's need for foreign oil.

Until now, Mr. Bush's focus has tended to be increasing domestic energy production, and Democrats' has been decreasing energy use. But both sides increasingly acknowledge that real energy independence requires both, and also requires government action to push alternative fuels. The twin threats of Middle Eastern upheaval and Venezuelan animosity should provide plenty of incentive.

Immigration may be the only issue where the change of power on Capitol Hill has brought Congress closer to the president, not farther away. Mr. Bush's view of immigration reform -- which includes creating a guest-worker program that would allow foreign workers to be temporary and legal, and put some of them on a path toward citizenship -- is a concept embraced more easily by Democrats than by Republicans these days. Mr. Bush's own Republicans are much more focused on simply securing the border to prevent foreigners from arriving in the first place, though the party's poor showing among Hispanics in last fall's election also may have many wondering how wise that position is politically. Take it all together, and there may be room for common ground.

Which leaves foreign policy. Iraq can't be ignored, of course, but Mr. Bush said his piece on that in his recent address to the nation. Odds are he wants this time to prompt the Congress -- and the country -- to start thinking beyond Iraq to what he clearly sees as the next big problem. And that lies next door in Iran.

Salazar Sends Early Message To Bush (DENP)

By Anne C. Mulkern

Denver Post, January 20, 2007

The Democratic-controlled Congress in upcoming months will focus on immigration reform, improving access to college, lowering gas and prescription drug prices, and changing direction in Iraq, Colorado's Ken Salazar said today in his preview address to the State of the Union.

Salazar, D-Colo., gave the speech today in both English and Spanish, the first time that has occurred.

Salazar, who grew up in San Luis Valley, referred to his family when he talked about the need to improve educational opportunities.

"I am a testament to the power of a higher education," he said in the speech. "My parents raised eight children in poor and humble circumstances. ...All of their eight children became the first generation of college graduates in our family. It has transformed our lives. Everyone should have that chance."

Former VP Mondale Says Cheney Cooks Ludicrous Advice (AP)

By Daniel Yee

AP, January 19, 2007

ATHENS, Ga. - Vice President Dick Cheney has bullied federal agencies and given absurd advice about the nation's risk and Iraq, Walter Mondale said Friday, adding that never would have been tolerated when Mondale was vice president.

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"I think that Cheney has stepped way over the line," Mondale said at the opening of a three-day conference about former President Jimmy Carter at the University of Georgia.

Mondale, who served under Carter, said Cheney and his assistants pressured federal agencies as they prepared information for President Bush.

"I think Cheney's been at the center of cooking up farcical estimates of national risks, weapons of mass destruction and the 9/11 connection to Iraq," he said.

That does not serve the president, because he needs facts, Mondale said.

"If I had done as vice president what this vice president has done, Carter would have thrown me out of there," Mondale said. "I don't think he could have tolerated a vice president over there pressuring and pushing other agencies, ordering up different reports than they wanted to send us. I don't think he would have stood for it."

Lea Anne McBride, a spokeswoman for Cheney, had this response to Mondale's comments: "Twice elected to serve with President Bush, the vice president is committed to protecting Americans from those who wish to do us harm." She also cited a September television interview in which Cheney said he would take issue with "any suggestion we've gone beyond where we should have."

Academics credit Carter with expanding the role of the vice presidency during his administration.

As vice president, Mondale served as the president's senior adviser. He held an office in the West Wing of the White House, had private meetings with the president and spoke on behalf of the president before influential groups.

Mondale: Cheney Not Serving Bush Well (UPI)

UPI, January 19, 2007

Walter Mondale, the first U.S. vice president with an office in the West Wing of the White House, says that Dick Cheney has made the office too powerful.

Mondale spoke at a three-day conference at the University of Georgia on the presidency of Jimmy Carter, the Atlanta Journal-Constitution reported.

He said that Cheney has created "almost a parallel National Security Council that operated almost on its own."

The vice presidency was once a powerless office with the incumbent given ceremonial functions and denied critical information. In one of the more notorious instances, Harry Truman only learned of the existence of the atomic bomb after he succeeded President Franklin Roosevelt who died.

Richard Moe, Mondale's former chief of staff, said that giving the vice president real responsibility was one of Carter's great accomplishments.

Mondale said that Cheney is too much an independent center of power in the Bush administration.

"I think that Cheney has probably been at the center of cooking up all these farcical estimates of national risk, weapons of mass destruction, 9/11's connection with Iraq...and I don't think that serves the president," he said.

Senate Measure Puts Spotlight On Fund-Raising (NYT)

By David D. Kirkpatrick

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Of all the new rules passed in Congress's recent ethics overhauls, the most sweeping is a barely debated provision in a Senate bill passed Thursday night that could alter one of the most time-honored campaign fund-raising practices in Washington.

Rushing to complete its promised reform bill, the Senate adopted a measure that, for the first time, would require registered lobbyists to disclose not only the limited money they can donate to candidates personally but also the tens or hundreds of thousands of dollars they raise from clients and friends and deliver as sheaves of checks — a tradition known as bundling.

If signed into law, the measure could expose a potent tool that lobbyists use to gain access on Capitol Hill and even at the White House. Although currently invisible in campaign finance disclosures, bundling is a pillar of the modern campaign. The ability to deliver an envelope of checks — each one in compliance with the federal limit — is one of the most valuable favors a lobbyist can provide a lawmaker. Bundling is also a major reason incumbents so easily outraise their challengers and so rarely lose their seats.

There are a host of uncertainties about the measure, including whether the House will agree to it. In addition, it is not clear whether lawmakers will shy from using lobbyists to collect money for their campaigns just because the extent of their reliance on lobbyists — and the special interests they represent — will be made more visible.

Still, the measure is causing ripples as interested parties learn details of what the Senate did.

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"It is the most significant provision in the bill," said Marc Elias, a campaign finance lawyer who represents numerous senators. "They have essentially created a new campaign finance regulatory structure."

Since campaign finance laws cap individual contributions at $2,100 per election, or $4,200 for both a primary and a general election, lobbyists who can gather and bundle checks from scores of friends and clients stand out on a campaign team, sometimes earning hero status in a tight race.

"By the nature of what we do, you have to have people helping you to gather contributions," said Senator Mary L. Landrieu, a Louisiana Democrat who voted along with 95 others in favor of the ethics bill. "Otherwise you are raising $10 million or $20 million, $100 at a time."

And lobbyists, who earn their own income selling influence with the White House or Congress, have the most incentive to spend time holding fund-raisers or making calls to gather checks. "It is the capacity for fund-raising that gives lobbyists their power," said Meredith McGeehee, policy director of the Campaign Legal Center. "It is the currency of power in Washington."

As the money spent on presidential campaigns has swollen, candidates have formalized their networks of bundlers like a network marketing business. President Bush's 2004 re-election campaign, for example, rewarded its fund-raisers with names like Pioneers, each of whom bundled at least $100,000, or Rangers, who bundled at least $200,000 apiece. Of the campaign's more than 500 bundlers, Public Citizen, the ethics advocacy group, identified more than 60 prominent lobbyists.

Members of Congress, however, usually prefer not to call attention to their connections on K Street, where many lobbyists have offices. Some lawmakers have especially close ties to just a few lobbyists who play a big role in their fund-raising, and calling attention to those relationships could focus new scrutiny on their votes.

Given the reliance of many lawmakers on lobbyists as fund-raisers, the idea of requiring them to disclose their roles usually meets stiff resistance on Capitol Hill — all of it behind the scenes and almost none of it in public. House passage is far from assured, and its adoption by the Senate by a roll-call vote of 96 to 2 followed some backroom resistance among senators in both parties to allowing the idea to come up for a vote at all.

The Republicans who controlled the Senate last year refused to let it come up. And on Jan. 12, before the details of the proposal had been disclosed, Senator Charles E. Schumer, the New York Democrat in charge of his party's fund-raising as head of the senatorial campaign committee, used a run-in on the Senate floor to deliver an angry rebuke to the disclosure idea's lead sponsor, Senator Barack Obama, Democrat of Illinois, several people present or briefed on the confrontation said.

In a subsequent conversation, Mr. Schumer said he worried that the proposal could cramp fund-raising by placing an undue burden on potential bundlers, said aides who were briefed and a lawmaker familiar with their talk, speaking on the condition of anonymity because of the nature of the talks.

"Senator Obama has not been the most popular person in our caucus in the last couple of weeks," said a Democratic aide involved in deliberations over the bill. Mr. Obama also this week started a bid for his party's presidential nomination.

Eric Schultz, a spokesman for Mr. Schumer, said the senator quickly supported the bill when he understood it would apply only to lobbyists. Registered lobbyists, of course, are not the only ones who seek to influence legislation, and the Senate measure would not affect other interested parties.

"As often happens when bills are on the floor, rumors swirl about what amendments contain or don't contain and that's what happened here," Mr. Schultz said. "But as soon as Senator Schumer saw the language and what was included, he supported it and in fact urged the Senate Democratic leadership to accept it."

A spokesman for Mr. Obama said the senator was pleased that the Democratic leaders made the legislation a priority but he would not comment on private discussions within the party.

In the House, Republicans quietly deleted a similar proposal, after it had passed in committee, before it could come to a floor vote. But on Friday, the proposal's previous sponsor, Representative Chris Van Hollen of Maryland, now chairman of the House Democrats' re-election committee, and Representative Martin T. Meehan, Democrat of Massachusetts, sent a letter to colleagues announcing plans to reintroduce it.

"Hopefully, requiring disclosure will begin to break the nexus between lawmaking and the efforts by lobbyists to enhance their influence by channeling money from special interests," Mr. Van Hollen said in an interview.

He said he saw no conflict with his new role as the House Democrats' chief fund-raiser. "It may make some kinds of fund-raising more difficult, but it will play at least as much on the Republican side as the Democratic side," he said. "From a political perspective, it is probably a wash."

The rules for bundling would require the approval of the House and the signature of the president. Many other elements of the Senate ethics overhaul do not require House approval because they change only Senate rules. But none of the Senate rules will take effect until a House and Senate conference harmonizes their respective rule changes.

Some lawmakers, however, acknowledged that anything addressing bundling was likely to face skepticism in both chambers.

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"I am sick and tired of fund-raising," said Senator Bob Casey, a newly elected Pennsylvania Democrat who voted for the ethics bill. "When you sit in a room for four hours making calls, it kind of has a deadening effect on you."

He added, wryly, "Anything that reduces the amount of time that you are spending fund-raising is good for the country, and it is definitely good for me."

Senate Supports Transparency In Tariff Breaks (WP)

By Joe Stephens

The Washington Post, January 20, 2007

The Senate joined the House this week by voting to make it easier for the public to track a stealthy form of trade legislation that has delivered hundreds of millions of dollars in tax savings to favored corporations.

As part of a broad ethics overhaul, the Senate voted 96 to 2 on Thursday to require lawmakers to publicly disclose details about tariff suspensions, which allow individual companies to escape paying import taxes on a range of products brought into the United States. The legislation would brand the tariff measures as a type of congressional earmark and would require the same disclosures now mandated for earmarks.

Under the new Senate rules, legislators would be required to disclose when they add a tariff suspension to a larger bill. Senators would have to justify the tax break in writing and name the company that would benefit. The information would have to be posted in a searchable form on the Internet at least two days before Congress votes on the measure.

Lawmakers would be barred from adding tariff suspensions to bills in exchange for another legislator's vote. Lawmakers also would not be allowed to add suspensions that would benefit them, their families, their staffs or their staff members' families.

"It certainly is going to shine a light into the dark recesses of Capitol Hill, where the tariff suspensions have lived for years," said Steve Ellis of Taxpayers for Common Sense. "It will be a lot harder to game the system."

Ellis predicted that the changes would intensify pressure for more reform, as increased transparency led to additional questioning.

Tariff reform is a recent addition to the slate of proposed ethics changes in Congress. It surfaced as an issue in September, after a Washington Post investigation showed that the number of suspensions was skyrocketing and that those narrow measures primarily benefited large, foreign-based corporations. The Post showed how companies evaded a $500,000 cap on tariff savings by persuading lawmakers to file multiple bills with tax breaks aimed at the companies' imports. Small domestic companies struggled to keep abreast of proposals that foreign competitors could use to drive them out of business.

"I'm so excited," said Anita Dungey, a small-business owner from Upstate New York. "It's certainly keeping the legislature more accountable, and that's very, very important. It's good for U.S. workers and for U.S. companies."

Dungey said a tariff suspension initiated last year by Wal-Mart threatened to sink her family-owned business, Auburn Leathercrafters, which manufactures and sells dog collars and leashes.

In recent years, lobbyists have crafted most tariff suspensions to benefit just one corporation. Few of the measures identified the company that initiated the legislation. Many did not identify the product involved, instead using codes explained in a telephone-book-size tariff schedule.

That lack of transparency obscured the fact that the largest beneficiaries have been domestic subsidiaries of foreign corporations. In a study by The Post, eight of the 10 companies that stood to benefit most were owned by or affiliated with German and Swiss corporations.

Congressional sponsors of such bills said they are trying to lower consumer prices and create jobs by cutting costs for U.S. manufacturers and retailers. The sponsors said they generally dropped legislation if trade officials found a U.S. company that objected.

Under the Senate bill, the new tariff-suspension restrictions would apply to trade measures that would benefit 10 or fewer companies.

Before Thursday's vote, Rep. Jack Kingston (R-Ga.), who was vice chairman of the House Republican Conference for the 109th Congress, derided the suspensions as "just good old-fashioned pork."

Senate Passes Ban On Lobbying By Some Spouses (WP)

By John Solomon

The Washington Post, January 20, 2007

For much of the past week, the prospects for a ban on lobbying by Senate spouses were uncertain.

Senate Democratic Leader Harry M. Reid (Nev.) wanted an exemption that excluded current spouses who already are registered to lobby. Sens. Ted Stevens (R-Alaska), Kent Conrad (D-N.D.) and Elizabeth Dole (R-N.C.) are among those who have spouses in that category.

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But Thursday night, as the Senate enacted its ethics package, Reid dropped his insistence on a grandfather clause and agreed to an amendment sponsored by Sen. David Vitter (R-La.).

Vitter's amendment bans spouses from lobbying the Senate unless they were registered to lobby for at least one year before their husband or wife was elected. It was approved by unanimous consent.

The ban adopted by the Senate is specific to that chamber, but it still needs House approval before it can become law because it was part of a broader legislative package.

Neither chamber's ethics package deals with brothers, sisters or adult children of lawmakers who might lobby. Those issues might be addressed in a conference committee.

Former senator and presidential nominee Robert J. Dole (R-Kan.) would not be affected by the ban because his wife, Elizabeth, was elected after Dole had begun lobbying. But the wives of Conrad and Stevens could be covered by the ban.

New Rules Still Allow Congress Many Perks (WP)

By John Solomon

The Washington Post, January 20, 2007

On the Monday that was supposed to start the new Congress's first five-day workweek, Minority Leader John A. Boehner helped persuade his Democratic colleagues to give House members the day off.

The Ohio Republican had his reasons. He was going to see Ohio State compete in the national championship football game in Arizona. Boehner had tickets for the stadium's nosebleed section. Then, Boehner's office said, Rupert Murdoch's News Corp. offered him a bird's-eye seat in one of the company's skyboxes.

In the skybox, Boehner mingled with lobbyists for the media giant, whose vast interests in Congress include broadcast-decency legislation and possible restrictions on its hugely popular MySpace Web site.

The perk for Boehner and the lobbying access for News Corp. are entirely permissible under the new ethics rules Congress imposed on itself this month -- provided Boehner personally reimburses the cost of the skybox ticket, which Boehner's office said he plans to do once the company sends him the bill. The lawmaker can use campaign funds, instead of personal money, to pay his airfare.

"He was there to support his home-state school," Boehner spokesman Brian Kennedy explained.

Voters in the last election demanded a change in Washington's ethics climate. The new Democratic congressional leadership responded with sweeping new prohibitions on gifts and travel from lobbyists, tough new limits on once-cheap corporate jet flights for lawmakers, and new requirements that lawmakers disclose the pet projects they earmark.

But the new rules, the toughest changes since Watergate, still leave lots of room for special interests to curry favor and lawmakers to raise big dollars.

The rules, which differ between the Senate and House, are aimed at some of the most attention-grabbing practices involving special interests. Experts such as Kenneth A. Gross, a lawyer who specializes in ethics and campaign issues, said they are designed to "significantly turn the volume down in terms of extravagance and in terms of what can be done." At the same time, they preserve, with some modification, some traditional practices.

For instance, lawmakers can still go to widely attended events or campaign events and accept freebies such as meals. Nonprofit organizations and universities can still provide lawmakers free travel in many cases. And lawmakers can still offer creative opportunities for special interests to meet with them -- for a price.

Sen. Max Baucus (D-Mont.), the new chairman of the tax-writing Senate Finance Committee, is offering special interests a chance next month to go skiing and snowmobiling in Big Sky country. All it takes is a $2,000 donation per person or a $5,000 donation from a political action committee, according to a "Save the Date" solicitation his Glacier PAC sent out to lobbyists.

If lobbyists miss the first outing, they can still catch Baucus this summer for fly-fishing or horseback riding at "Camp Baucus," the invitation promises.

"It makes one pause when members of Congress raise one hand to vote on an ethics proposal to limit special interests and with the other hand outstretched behind their back ask for campaign contributions or perks from special interests," said Kent Cooper, a former federal election regulator who studies ethics and political money.

Rules that have been in force in the House and Senate for years say that members of Congress cannot promise an official act for a gift and must avoid the appearance of conflicts of interest. But when those rules apply can be murky, and the new ethics rules do not make it any clearer.

Around the time Sen. Trent Lott (R-Miss.) was selected in November to be the new GOP whip, he flew with a company lobbyist aboard BellSouth's corporate jet from Washington to Jackson, Miss. The senator and lobbyist got to know each other better, discussed religion and talked generally about BellSouth's merger with AT&T that was pending at the Federal

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Communications Commission, company spokesman Bill McCloskey said. The next Sunday, Lott accepted the lobbyist's invitation to go to church together, McCloskey said.

A few weeks later, Lott was the highest-ranking lawmaker to sign a Dec. 8 letter in which 14 senators demanded that the FCC approve the BellSouth-AT&T merger before the end of the holidays. Regulators approved the deal on the eve of New Year's weekend.

McCloskey said there was no connection between the flight and the letter, noting Lott was a longtime supporter of BellSouth, had flown nearly a dozen times aboard its jet since 2001 and had written a letter last fall supporting the merger. That letter came six weeks after another flight Lott took courtesy of BellSouth.

"Lott has supported the merger as good for Mississippi for some time," McCloskey said.

Lott's office did not return repeated calls seeking comment.

For Lott's Nov. 13 trip, he had to pay $1,335, the equivalent of a first-class ticket. The money came from his campaign.

Under their new ethics rules, senators can continue to take corporate jets, but the cost to their campaign will be much higher because the new rules require reimbursement at full charter rates. House members, however, are essentially banned from using corporate jets.

Fact-finding trips paid for by special interests are another practice covered by the new rules, and although they will become less extravagant and less frequent, there will still be plenty of permissible opportunities to take them.

Sen. Edward M. Kennedy (D-Mass.) took his wife, Victoria, with him when he gave a speech in Florence at an event sponsored by New York University, and they were driven around Florence in a car paid for by the school. Kennedy reported that the school paid $1,560 for car service and $257 for a hotel.

Half a dozen House Democrats did not travel quite as far as Kennedy but still took a free post-election trip to Panama City courtesy of the CaribNews Foundation.

The listed purpose of the travel was to attend a business conference, and some lawmakers brought relatives, whose expenses were also paid by the foundation. For instance, new House ethics committee chairwoman Stephanie Tubbs Jones (D-Ohio) took her sister along, and Reps. David Scott (D-Ga.) and Bennie Thompson (D-Miss.) took their wives.

The new ethics rules will continue to allow for trips such as these that are paid by universities or nonprofit organizations that do not have registered Washington lobbyists. The length and costs of trips, however, could be trimmed, said Gross, who thinks that such trips can be valuable to members of congress. "The new rules," he said, "strike a balance, although on the edges, there can be some abuse still."

One area that was not addressed in the new rules was the use of campaign funds that can directly or indirectly benefit lawmakers or their families. Those practices were illustrated most recently by Rep. John T. Doolittle (R-Calif.) and Rep. Alan B. Mollohan (D-W.Va.).

Doolittle drew the scrutiny of federal investigators during the Jack Abramoff lobbying scandal when it came out that the congressman's wife was getting paid both by Abramoff and by Doolittle's political action committee for fundraising work around the same time the congressman took actions favorable to Abramoff's clients.

Reports Doolittle filed with the Federal Election Commission through this month show his Superior California Federal Leadership PAC paid his wife's firm nearly $100,000 during the 2006 election cycle, including $4,000 in the weeks after the November election. Doolittle has said he will no longer pay his wife that way.

Likewise, Mollohan reported that in the last two months of 2006 his campaign spent $140,000 on lawyers he had hired to deal with his legal problems. Mollohan was forced to step down from the House ethics committee last year over a federal probe into taxpayer money he steered to a network of nonprofit foundations connected to himself or other insiders.

Real Ethics Reform (WP)

The Washington Post, January 20, 2007

THIS BEING a season for celebrating Shakespeare in Washington, perhaps the best way to describe the ethics and lobbying bill that passed the Senate on Thursday is to quote the Bard: "All's Well That Ends Well." The final package is the strongest ethics legislation to emerge from Congress yet. Like the rules changes the House adopted this month, it would bar lawmakers from taking free gifts, meals and entertainment. No longer would lobbyists and private interests be allowed to throw lavish parties honoring lawmakers at political conventions. Travel paid for by private interests would be dramatically curtailed. Lawmakers' cut-rate corporate jet flights would be grounded. The revolving door would be slowed, with lawmakers having to wait two years, not the current one year, before lobbying their former colleagues.

The bill would bring far more transparency to money in Washington: how lawmakers choose to spend it and how it is deployed to influence them. On the spending side, the measure calls for disclosure of an array of earmarked pet projects. On the

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influence side, lobbyists would not only have to report their own campaign contributions, but they also would have to list the fundraisers they held and the "bundled" contributions they arranged or collected for lawmakers, the real source of their power.

We've had our doubts about the commitment of Senate Majority Leader Harry M. Reid (D-Nev.) to a strong ethics bill; we've had our qualms about his conduct. But Mr. Reid, along with Sens. Russell Feingold (D-Wis.) and Barack Obama (D-Ill.), deserves credit for assembling and passing this package. Whether Minority Leader Mitch McConnell (R-Ky.) was trying to sabotage passage of the bill when he temporarily blocked a move to end debate, as reformers contend, or whether he was simply trying to demonstrate to the new majority that Senate Republicans can't be muscled aside, what matters is that the measure passed 96 to 2.

As always, there are provisions we wish had been included. It was disappointing that senators voted to strip from the bill a requirement that lobbyists disclose the costs of grass-roots efforts to influence lawmakers. It was unfortunate that backers of an independent Office of Public Integrity to beef up enforcement of ethics rules insisted on a vote on their measure, which lost even more resoundingly than it did last year. As the House studies how to improve the current, inadequate enforcement system, we hope the Senate vote won't be the chamber's last word on some kind of independent enforcement mechanism.

The focus now moves to the House, which adopted new ethics rules but still needs to move on the lobbying changes. Following that, it's important that the resulting conference be held quickly to meld the two bills, not used as a behind-the-scenes vehicle to make quiet but crippling changes.

Reform, Finally, In The Senate (NYT)

The New York Times, January 20, 2007

The Senate has finally passed credible reforms of its shabby ethics code, reining in lawmakers' more egregious quid pro quo dealings with their fund-raising cohorts in the lobbying industry. The Republican minority had second thoughts about how its transparently obstructionist tactics would look to constituents. And an overwhelming majority then approved the first serious anticorruption strictures since the Watergate era, banning gifts, entertainment, travel and other inducements that lobbyists and their employers use in greasing privileged access to lawmakers and their staffs.

The Senate action is particularly praiseworthy for zeroing in on the money-sweet heart of the matter: lobbyists will have to disclose the way they "bundle" multiple corporate donations as campaign sweeteners for grateful lawmakers. Also, senators must henceforth pay full charter rates for the lobbyist-catered corporate jets they have been flying for token fees. And they will have to own up to the purpose and cost of their last-minute "earmarks" — lucrative contracts for favored pleaders that are stealthily approved without debate.

The Senate also voted to end the lavish parties paid for by fawning fat cats to "honor" key politicians at the presidential conventions. And it voted against a growing scandal closer to home, barring spouses of newly elected members from lobbying the Senate. Lawmakers also banned members from secretly negotiating for prized jobs in industries too often under their official purview.

These are strong measures, and Harry Reid, the majority leader, deserves credit for prevailing with a bipartisan approach despite his lobbyist-friendly instincts. Unfortunately, the Senate again failed to create an independent anticorruption monitor to reach beyond the clubby traditions that have masked abusers. Mr. Reid should join House Speaker Nancy Pelosi in pursuing this needed measure.

It was heartening to see that the bill was toughened, not undercut, by amendments from two Democrats and a Republican. Notably absent from the infighting was John McCain of Arizona, a past advocate for reform who may be too busy placating G.O.P. powers for his expected bid for the presidency. The Senate did well enough without him.

Senator's Condition Improves (NYT/AP)

By The Associated Press

The New York Times, January 20, 2007

Senator Tim Johnson is taking part in three hours of physical, occupational and speech therapy every day, and his tracheotomy tube has been removed, doctors at George Washington University Hospital said. Mr. Johnson, a South Dakota Democrat, suffered a brain hemorrhage more than a month ago. He is doing strengthening exercises to gain mobility on his right side, said Dr. Philip Marion, head of rehabilitation at the hospital.

"100-Hour" Agenda Is Completed (WP/AP)

By Associated Press

The Washington Post, January 20, 2007

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Democrats completed their six-bill, 100-hour legislative agenda Thursday night, with House Speaker Nancy Pelosi (D-Calif.) proclaiming, "This was only the beginning."

The last of the "Six for '06" bills that Democrats promised voters in the fall passed about 87 hours after the 110th Congress opened Jan. 4.

The Democrats' clock, which counted only the time spent directly on the six bills, showed that 42 hours and 15 minutes had elapsed when the roll call ended on the last bill, energy legislation that would reimpose billions in fees, royalties and taxes on the oil industry.

Republicans complained that the bills were hammered through after Democrats reneged on a campaign promise to let the opposition offer amendments and help shape legislation.

"Many of the flawed 100-hours bills either face an uphill battle in the Senate or are destined for a veto pen," said House Minority Leader John A. Boehner (R-Ohio).

Pelosi dismissed the complaints. "It was about keeping our promise, not about adhering to some process," she said.

House Votes To Reshape Page Board (WP/AP)

By Associated Press

The Washington Post, January 20, 2007

The House yesterday unanimously voted to overhaul the board supervising its teenage pages, responding to a scandal that helped Democrats win control of Congress.

The vote was 416 to 0 to expand the membership of the House Page Board, whose Republican chairman never told two board colleagues that he had been warned that then-Rep. Mark Foley (R-Fla.) was a "ticking time bomb."

Foley became acquainted with the pages, high school students who run errands for lawmakers, while they worked in Congress and kept in touch after they left. He sent e-mails that House officials deemed "over-friendly." Others were sent sexually explicit instant messages.

Foley resigned Sept. 29 in the wake of news reports of his conduct.

The expanded board now includes a former page and the parent of a current or former page. The eight-member body will include four House members -- two from each party -- as well as the clerk of the House and the sergeant-at-arms, who are permanent members.

The page board also would meet regularly under the legislation.

Rep. Shelley Moore Capito (R-W.Va.), a board member, said the equal party representation "takes it out of the political realm," adding: "There's no way there should be a partisan upper hand when talking about the governance of the page board."

House Approves Reform Of Page Board (HILL)

By Klaus Marre

The Hill, January 19, 2007

Following close scrutiny and criticism of its page program, the House on Friday approved changes to the Page Board to prevent a repeat of the kind of scandal that led to Rep. Mark Foley's (R-Fla.) resignation.

Foley stepped down in September after inappropriate messages he had sent to a former page were brought to light. A House ethics committee investigation of the matter criticized the handling of early indications that Foley acted improperly, but absolved all lawmakers and staff of ethics violations.

The bill, which passed 416-0, changes the composition of the House Page Board, which had consisted of two members of the majority party and one of the minority party. Now, the board will include a second member of the minority, a parent of a current or former page, and a former page. The former page on the board can be neither a member of Congress nor the parent of a page.

The legislation also requires the Page Board meet "regularly," based on a schedule determined by the House Speaker and the minority leader.

House Votes To Expand Board Overseeing Teen Pages (LAT)

By Johanna Neuman

The Los Angeles Times, January 20, 2007

WASHINGTON — Four months after the congressional page scandal rocked Capitol Hill and helped dash Republican hopes for holding their majorities in Congress, the House voted unanimously Friday to expand the board that oversees the teenage interns and require that it meet regularly.

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The House voted 416 to 0 to reorganize the House Page Board so that it has two congressional members from each party, the House clerk, the sergeant at arms, one parent of a page and one former page.

The eight-member board will be responsible for oversight of the roughly 70 pages — usually 16-year-olds who spend a year running errands for members of Congress and their staffs while attending school in the nation's capital.

Passage of the measure, aimed at protecting a venerable program more than a century old, was the last item Democrats wanted to check off on a list of priorities for their first weeks in power. Their agenda was aimed at demonstrating their responsiveness to the ire that voters showed in November.

The page scandal began in late September, when it came to light that then-Rep. Mark Foley (R-Fla.) had written sexually explicit instant messages to several former male pages. Foley, who had also served as chairman of the House Caucus on Missing and Exploited Children, quickly resigned, but the revelations snowballed as reporters tracked down former pages and outraged parents.

Before it was over, the scandal embroiled then-House Speaker J. Dennis Hastert (R-Ill.) in questions about his oversight of the program, and whether Foley had been protected by a coterie of high-ranking GOP officials who failed to rein him in.

The House Ethics Committee investigated the Foley case and released its findings in December. It said that as former House clerk, Jeff Trandahl had warned Rep. John Shimkus (R-Ill.), then chairman of the page board, that Foley was a "ticking time bomb" who had been confronted repeatedly about his conduct. Shimkus did not call a meeting of the page board, and according to the committee's report, he told a colleague "he believed he had done the right thing in 2005 based on the information he had" when he told Foley not to contact one of the pages again.

The ethics panel found "a significant number of instances where members, officers or employees failed to exercise appropriate diligence and oversight."

But the committee said that none had violated any House rules and recommended that no one be disciplined.

Exit polls from the 2006 election showed that 49% of voters cast their ballots out of concern for the war in Iraq, but 25% cited "moral issues."

During Friday's debate, several members expressed anger at Shimkus for not taking a more proactive approach.

"The board must not only be free of partisanship, but must function so all of the members have access" to allegations of misconduct, said House Administration Committee Chairwoman Juanita Millender-McDonald (D-Carson).

Rep. Shelley Moore Capito (R-W.Va.), a page board member who was not told of the concerns about Foley, will remain on the reconstituted board.

"This legislation balances the partisan makeup of the page board," Capito said. "I believe this provision is important symbolically because it demonstrates that nothing the page board does in acting to keep children safe is partisan."

Measure Offers Norton More Voting Power (WP)

By Mary Beth Sheridan

The Washington Post, January 20, 2007

A senior House Democrat announced yesterday the party will introduce a measure next week that would allow D.C. Del. Eleanor Holmes Norton to vote on amendments on the floor of the chamber.

The D.C. delegate is allowed to vote only in House committees. Norton (D) has been fighting for a bill that would grant the District one full voting member in the House, and Mayor Adrian M. Fenty (D) announced yesterday a campaign to support that measure.

Rep. Steny H. Hoyer (D-Md.), the House majority leader, announced yesterday that the chamber will vote Wednesday on a rule change that would grant the voting power to Norton and other non-state delegates. A similar measure was passed by the Democratic-controlled House in 1993, but it was rolled back by Republicans who took control two years later.

Norton said yesterday that she was grateful for Hoyer's move but that it wasn't enough and could even confuse supporters of broader voting powers for the District.

When she was given the vote on amendments in 1993, "it was a great leap forward," she said. "Today, of course, it would be a terrible setback to concentrate" on the more limited voting powers.

Norton spoke hours after Fenty (D) announced a "people's march" on Congress in April to press for full representation for the District. He also said he would call on volunteers to join a Feb. 15 lobbying day on Capitol Hill to push for action on the voting rights bill.

Fenty, who was sworn into office Jan. 2, has called voting rights "the city's Number One priority." The popular mayor has jumped on the issue, lobbying congressional representatives and joining Norton in meeting with House Speaker Nancy Pelosi (D-Calif.) to urge her support.

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But Norton clashed openly with Fenty at his news conference yesterday, saying the voting rights bill she reintroduced recently faces a crucial period in the next two months, and a large march shouldn't wait until April.

"Any action of D.C. on behalf of this bill has to happen in February and early March," Norton told the news conference. By April, she said, the House will be tied up with a raft of defense and appropriations bills.

The news conference reflected tensions between two of the city's top elected officials. Norton said she had not been informed of the date for the march -- April 16, Emancipation Day -- until she arrived at yesterday's event. Members of her staff said later that they had been told the exact date but mentioned only the month to Norton.

Most of the D.C. Council appeared with Fenty to express support for the campaign for voting rights. Also present were Hilary O. Shelton, director of the NAACP's Washington bureau, and Rep. Thomas M. Davis III (R-Va.), co-sponsor of the D.C vote bill.

"We want everyone on Emancipation Day to be talking about the fact D.C. has got to have full voting rights," Fenty said, announcing the march down Pennsylvania Avenue.

Emancipation Day marks the day -- April 16, 1862 -- that President Abraham Lincoln signed an act freeing more than 3,100 slaves in the District of Columbia. The District made the day an official city holiday in 2005.

Norton thanked Fenty for his support but said April is too late to mobilize citizens. And she said the lobbying day in February isn't enough.

"A zillion groups come up to lobby," she said. The bill "will get attention from Congress when they see those citizens" in the streets.

Fenty then indicated he might switch course and turn the lobbying day into a mass event.

"We're going to make that as big as humanly possible," he said.

Mayoral aides and D.C. vote supporters said they were dismayed by Norton's public disagreement with Fenty. The mayor and Norton met after the news conference to iron out their differences and agreed to work together on the events, Norton said.

The bill co-sponsored by Norton and Davis would add two seats to the House -- one for the District, which is overwhelmingly Democratic, and one for heavily Republican Utah.

The measure was approved by one House committee in the last Congress, but it did not reach the floor for a vote.

Supporters say the bipartisan bill offers the city its best hope in years of getting a representative with full voting rights in the House. Opponents have questioned whether it is constitutional. And some people have said it does not go far enough because it would not give the District voting representation in the Senate.

The rule change to be introduced Wednesday would allow Norton and the other delegates to vote in the committee of the whole, which handles most major House votes -- except on the final passage of legislation.

The added voting power would have an important caveat, though: If the delegates cast the deciding votes, other legislators could disregard the decision and request a new vote, without the delegates' participation.

House Likely To Give Norton A Vote (WT)

By Gary Emerling

The Washington Times, January 20, 2007

House Majority Leader Steny H. Hoyer yesterday said the chamber will consider a resolution next week to allow D.C. Delegate Eleanor Holmes Norton to vote on changes to proposed legislation.

"The purpose is our democracy," Mr. Hoyer, Maryland Democrat, said on the House floor yesterday.

Democrats, now in the majority, likely have the votes to pass such a rule change when it comes up Wednesday.

Republican leaders, who for more than a decade have not allowed Mrs. Norton a vote, complained that Mr. Hoyer's speech was the "first notice" they had been given about the upcoming vote, which would require majority approval for passage.

Mrs. Norton said she is pleased with the plan and hopes it will inspire more changes. She said the small step pales in comparison with her priority of achieving full voting rights for the District.

"I think it's a good thing to do," said Mrs. Norton, a Democrat. "I suppose you could say it will hold me over till I get the whole vote."

If the measure is approved, Mrs. Norton would be able to add amendments and vote on legislation, except when it is before the House for final passage. Other members could request a new vote without Mrs. Norton's ballot if she casts a deciding vote.

Mrs. Norton, serving her ninth term in Congress, had similar privileges during the Democratic-controlled 103rd Congress. However, the Republican majority withdrew them in 1995.

The D.C. delegate said she was disappointed that congressional leaders did not just include the vote in the rules package adopted by the House earlier this year.

She also said her more pressing goal is to push for passage of the D.C. voting rights bill, which she hopes will be marked up next month and come to the House floor for a vote in March.

The rules change "was a big step forward in 1993," Mrs. Norton said. "If that was what we were left with this year, it would be a big step backward."

The voting rights bill -- originally introduced in May by Mrs. Norton and Rep. Thomas M. Davis III, Virginia Republican -- would give one vote to the District, which is predominantly Democratic, and another to Utah, a mostly Republican state.

Mrs. Norton and Mr. Davis reintroduced the measure in the new Democratic-controlled Congress after the previous Republican-controlled Congress adjourned without bringing the bill to a vote.

Both Mr. Hoyer and House Speaker Nancy Pelosi, California Democrat, have expressed support for giving the District a full vote in Congress.

Hoyer spokeswoman Stacey Farnen-Bernards said the change in rules is "not a substitute for the D.C. vote."

Davis spokesman Brian McNicoll said the congressman has supported the committee vote for Mrs. Norton since 2000, but he reiterated that the ultimate goal is for the District to have a full vote in Congress.

"Our focus is the whole enchilada, to get [Mrs. Norton] a vote in Congress," Mr. McNicoll said. "This certainly could get these guys in the habit of voting for this."

The rules change would also allow votes for delegates from the Virgin Islands, Guam, American Samoa and Puerto Rico, and has sparked some debate on the House floor.

Minority Whip Roy Blunt, Missouri Republican, said the move was "controversial" in the 1990s and wondered whether the purpose of the change was simply to add four Democratic votes on the House floor.

"The majority is in the majority. Four of these five delegates are on the majority's side," Mr. Blunt said.

Meanwhile, D.C. Mayor Adrian M. Fenty and other voting rights advocates yesterday announced several initiatives aimed at achieving full congressional voting rights.

Advocates released a copy of a letter sent yesterday to Mrs. Pelosi asking for early congressional action on the Norton-Davis bill. Plans are also in the works for voting rights volunteers to lobby members of Congress on Feb. 15.

Mr. Fenty is also planning a voting rights march from Freedom Plaza to the Capitol on April 16.

In D.C., Perry Builds Bridges With Texas Dems (HC)

By Michelle Mittelstadt

Houston Chronicle, January 20, 2007

WASHINGTON — Republican Gov. Rick Perry and Texas' 13 U.S. House Democrats sought to bury the hatchet Friday after years of chilly relations and mistrust aggravated by the redistricting battle that forced five Democrats from Congress in 2004.

Perry slipped quietly onto Capitol Hill for a breakfast meeting with the Texas Democrats, a first-of-its-kind summit that was not listed on his public schedule or mentioned beforehand by the congressional offices.

The Democrats emerged saying they had a chance to air their gripes with Perry and brief him on legislative priorities that could benefit from teamwork, such as improving the state Children's Health Insurance Program and increasing highway funding and higher-education grants.

"It was the first time for me in over a decade that I've had a reasonable word with the governor," Rep. Gene Green, D-Houston, said after the breakfast in the office of Rep. Solomon Ortiz of Corpus Christi.

"He got an earful," Ortiz, dean of the delegation, said.

Before the meeting, Perry defused one major irritant by terminating the state's controversial contracts with two Republican lobbying firms in Washington.

The Democrats had said hiring outside lobbyists was a waste of taxpayer money considering they are elected to represent the state's interests.

"I'm glad the governor felt the heat or saw the light," Green said.

Still, feelings remained raw about Perry's support of the unusual mid-decade redistricting engineered for the 2004 elections by then-House Majority Leader Tom DeLay, R-Sugar Land.

"Texas will pay a serious price in the years ahead" without the experience of the veteran Democratic lawmakers who lost their election bids, Rep. Chet Edwards, D-Waco, told Perry.

With no redistricting, Edwards said, Texans would now be chairing the Homeland Security, Agriculture and Rules committees.

The governor assured the members that he will not attempt to redraw district lines again before the end of the decade, said Rep. Silvestre Reyes, D-El Paso.

Perry, who met Friday with Health and Human Services Secretary Michael Leavitt and the Republican Governors Association, was unavailable for comment, spokesman Robert Black said.

Perry "is not looking back," Black said. "Others can — the governor is not going to."

Rep. Nick Lampson, swept out of office after the redistricting only to claim DeLay's old seat this year, welcomed Perry's overture to the Democrats, saying his prior relationship with him was "nonexistent."

Lampson said he told Perry, "You must build relationships and friendships and through that you can begin to look beyond personalities and do the things that are right for Texas."

As for the Democrats' complaint that Perry has frozen them out during his time in office, Black said: "All I can say is if the men and women of the Democratic congressional delegation think that's been lacking, then the governor's effort today, I hope, was an opportunity to restore" closer ties.

The governor will meet today in Dallas with the delegation's Republican members.

Returning gestureOrtiz said the Democrats will do some fence-mending of their own on a trip to Austin in the next few months to meet with state legislators,

Black said that last week the governor's office notified the Federalist Group and Cassidy & Associates, which receive monthly payments from the state of $10,000 and $15,000 respectively, that their contracts were being terminated Feb. 11.

The contracts were doubly irritating to the Democrats because the lobbying firms donated money to GOP candidates challenging Democratic congressional incumbents.

"It was almost like they were just turning money over to our opponents," Green said. "That just leaves a bad taste in my mouth."

During the fall gubernatorial campaign, Perry challenger Carole Keeton Strayhorn criticized the governor for hiring the lobbyists, who had ties to DeLay and to disgraced former lobbyist Jack Abramoff.

Perry's termination of the contracts is acknowledgment of the fact that Democrats have reclaimed power on Capitol Hill, Black said.

"We recognize that things have changed in Washington and we are going to change as well," Black said. The governor is contemplating going in "new directions," he added, and he declined to rule out the possibility that the state might hire lobbying firms with better connections to congressional Democrats.

Stem Cell Policy Hampering Research, NIH Official Says (WP)

By Rick Weiss

The Washington Post, January 20, 2007

The National Institutes of Health official overseeing the implementation of President Bush's embryonic stem cell policy yesterday suggested that the controversial program is delaying cures, an unusually blunt assessment for an executive branch official.

In prepared Senate testimony, Story Landis, director of the NIH's National Institute of Neurological Disorders and Stroke and interim chair of the agency's stem cell task force, closely mirrored previous testimony from other NIH officials, who have for years been careful not to criticize the Bush policy directly, even though that policy has infuriated many scientists because of the limits it places on embryo cell work.

But under questioning, Landis spoke more plainly. When Sen. Edward M. Kennedy (D-Mass.) asked her how the policy was affecting medical research, she said, "We are missing out on possible breakthroughs." The ability to work on newly derived stem cell colonies -- precluded from federal funding under the Bush plan -- "would be incredibly important," she added.

Landis also declared that "science works best when scientists can pursue all avenues of research. If the cure for Parkinson's disease or juvenile diabetes lay behind one of four doors, wouldn't you want the option to open all four doors at once instead of one door?"

Those and related comments left at least some at the hearing wondering whether a Democratic majority in Congress had emboldened the NIH.

But NIH spokesman John Burklow denied that the agency is getting uppity. Landis's testimony "reflects her scientific opinion," he said.

The House passed a bill this month that would loosen Bush's restrictions, and the Senate is poised to do so in February. Bush has promised to veto the bill.

The Ballad Of Bushie And Flashy (NYT)

By Maureen Dowd

The New York Times, January 20, 2007

DOJ_NMG_0119980

George Bush may have lost his swagger, but Harry Flashman hasn't.

Maybe the president presiding over a quicksand empire got a vicarious thrill out of the fictional Victorian brigadier general who roamed from Chillianwalla to Isandlwana to Abyssinia at the height of the British Empire, always making conquests in love and war despite his cowardly, caddish behavior.

In our continuing odyssey of discovery through the president's reading list, we learned that he perused two of George MacDonald Fraser's Flashman books, "Flashman at the Charge" and "Flash for Freedom."

There are those who are skeptical of the president's souped-up reading list, a result of a book-reading contest with Karl Rove.

"I don't think he understands the world," Jay Rockefeller, the new chairman of the Senate Intelligence Committee, told The Times's Mark Mazzetti. "I don't think he's particularly curious about the world. I don't think he reads like he says he does. Every time he's read something he tells you about it."

I just wish W. had read more about the perils of empire before he naïvely dived into one. Mr. Fraser agrees that W. should have read the original "Flashman" before invading Afghanistan. It could have given him invaluable, if politically incorrect, insights that might have helped in the effort to catch Osama at Tora Bora and in the new push to stop the Taliban slouching toward Kandahar.

On a recent visit to Afghanistan, Robert Gates told nervous military commanders that he was open to sending more troops to thwart the Taliban from regrouping. Congressman John McHugh, who just returned from a trip to Afghanistan with Hillary Clinton and Evan Bayh, said that everyone they talked to had warned "that when the snows melt in the mountains, it will bring a new onslaught from Al Qaeda and the Taliban ... one that directly threatens not just the Karzai presidency, but threatens Afghanistan itself, and logically, it follows, threatens our investment in blood and treasure."

"Flashman" is based on a devastating British defeat during one of their wars in Afghanistan. After invading Kabul in 1839 and setting up an unpopular puppet shah, the British trekked through the snowy mountains to Jalalabad. Of more than 16,000 troops and camp followers, only one doctor survived; the rest were picked off in ambushes by Afghan warriors.

The lesson is that Afghanistan is a no man's land that can't be tamed by gringos. The British Empire, on which the sun never set, never succeeded in occupying Afghanistan even as it engaged in the Great Game with the Russians for influence there. It was terra incognita and terra fuggedaboutit.

"You could never forget that in Afghanistan you are walking a knife-edge the whole time," Harry Flashman notes, adding that, like himself, the Afghans could be "cruel and bloodthirsty," turning on you with no warning.

Mr. Fraser echoed those sentiments when I tracked him down at his home on the Isle of Man. "No one has ever succeeded in invading Afghanistan," the octogenarian who fought in Burma in World War II boomed with a trace of Scottish accent.

"The Afghans are extraordinary fighters, tough and resourceful and cruel, and they know their business inside out," he said. "On their own territory, they're unbeatable. They love fighting and dealing with invaders. It's almost a game to them. The country is Death Valley 10 times over. You see them on television in their robes with their weapons and that's all. The American and British troops are loaded with rubbishy equipment.

"Eventually, I suppose, we'll get out of Iraq and pretend it's been a success when it's just a mess. ... "Afghanistan is slightly different. You cannot ever win. When you consider the Russians put in more than 100,000 troops and couldn't do it. There's only one way to deal with the Afghans, and that's to buy them."

Mr. Fraser recites the end of Kipling's "The Ballad of the King's Mercy":

Abdhur Rahman, the Durani Chief, of him is the story told,
He has opened his mouth to the North and the South,
They have stuffed his mouth
with gold ...
and sweet his favours are ...
from Balkh to Kandahar.

"It wouldn't do Bush any harm to read Kipling," he concluded before signing off.

Sex And The Single-Minded (NYT)

By Stacy Schiff

The New York Times, January 20, 2007

How to get a job in Washington, that balmy, bipartisan town: Direct an organization that opposes contraception on the grounds that it is "demeaning to women." Compare premarital sex to heroin addiction. Advertise a link between breast cancer and abortion — a link that was refuted in 1997. Rant against sex ed. And hatch a loony theory about hormones.

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You're a shoo-in, and if your name is Eric Keroack you're in your second month as deputy assistant secretary for population affairs at the Department of Health and Human Services. Dr. Keroack, a 46-year-old Massachusetts ob-gyn, today oversees the $280 million Title X program, the only federal program "designed to provide access to contraceptive supplies and information to all who want and need them, with priority given to low-income persons."

It's not a job that plays to Dr. Keroack's talents, which happen to be prodigious. In the PowerPoint presentation that has cemented his reputation, he makes the case that premarital sex suppresses the hormone oxytocin, thereby impairing one's ability to forge a successful long-term relationship. If forced to mince words you might call this fanciful or speculative. Otherwise you'd call it wacko. "Really, really scary" and "utterly hilarious" were the first two reactions I heard from scientists.

Each of us owes a rather critical debt to oxytocin. It's what moves a new mother to comfort and nurse a squalling baby rather than to toss it from the window, as common sense might dictate. It is — you knew your husband was missing something — the hormone of intimacy. (No, you can't buy supplements across the border. And yes, OxyContin is something different. Rush Limbaugh was not working on his bonding instincts.)

Louann Brizendine, a neuropsychiatrist at the University of California, San Francisco, calls oxytocin the Glinda the Good Witch of her field. It is the drug of trust and partnership and attachment, commonly known by their street name: love. Oxytocin mellows, elates, and throws you into a mental fog. Rats prefer it to cocaine. While the rush at childbirth is particularly dramatic, the hormone swells with physical and emotional bonding of all kinds.

"Surge" has not always been a dirty word.

But no one has had as much good, clean fun with oxytocin as Dr. Keroack, for whom it is "God's superglue." Extrapolating in part from research with prairie voles, which are monogamous, he postulates that oxytocin cannot survive too much sex, at least with multiple partners, at least prior to marriage. By way of demonstration he proposes the duct tape test: you need only an adhesive and a hairy arm. The tape represents the brain. Press it down. Now reapply. See what happens? Less sticky, right? Concludes Keroack: "Basically, you will end up damaging your brain's ability to use the oxytocin system as a chemical mechanism that serves to help you successfully bond in future relationships." Don't ask about his illustrations. They are offensive.

Keroack presents this as gospel truth, though the scientists on whose research he bases his theory balk. One called it a wild leap. "A bungee jump without a cord," suggested another expert. Dr. Brizendine had a less kind word for it. She adds that while premarital sex cannot ruin your oxytocin response, it has been shown — in the absence of options — to ruin your life. Something tells me that Dr. Keroack is not planning a 34th anniversary bash on Monday for Roe v. Wade.

I know what you're thinking: if Dr. Keroack can write stuff this outlandish he's spelling his name wrong. As the other Kerouac said — arguably with a firmer grasp of neurochemistry — "I had nothing to offer anybody but my own confusion." Dr. Keroack may want to borrow the disclaimer that prefaces Michael Crichton's newest best-seller: "This novel is fiction, except for the parts that aren't." It takes an agenda rather than a medical degree to engage in this kind of science. Or an imagination.

In all fairness, Dr. Keroack has long been a little clumsy as an analogist. In a 2001 letter to the Massachusetts Legislature he explained the logic of performing sonograms on women considering abortion: "Even Midas lets you look at your old muffler before they advise you to change it."

There are many ways to define demeaning.

The Biggest Man On Campus (NYT)

By James F. Hollifield

The New York Times, January 20, 2007

WHEN I was a graduate student at Duke in 1981, the university was faced with a difficult decision: Should it accept the papers of its law school alumnus, Richard M. Nixon, and build a library and museum named for one of the most controversial presidents in American history? Some within the university said that to accept the papers would be to embrace a failed president who resigned in disgrace to avoid impeachment. Others argued that the documents would be a treasure trove for future scholars seeking to understand what happened during the turbulent years of the Nixon presidency.

At the time I had the luxury of watching this drama unfold from the sidelines. Today I do not. As the director of a center for political studies at Southern Methodist University, I was invited to sit on an academic planning committee for the George W. Bush presidential library. By agreeing to serve on this committee, I took a stand in favor of Southern Methodist University's bid for the library, in part because I think Duke made a mistake in not accepting the Nixon library.

George W. Bush — like Harry Truman, Richard Nixon, Lyndon Johnson and Jimmy Carter in their day — is a controversial president for difficult times. But we must put partisanship aside and strive for historical perspective. We must consider the importance of having presidential libraries to help generations of scholars understand the times in which we live, and to inform future policy debates.

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Whether one supports or opposes the Bush policies, there is no question that they have been momentous for the country and the world. Precisely because of the controversial nature of this presidency, the question of how George W. Bush made his decisions begs for scholarly research and discourse. The library will be a gold mine for scholars, and its location on a university campus symbolizes the need for study.

At Duke more than 20 years ago and at Southern Methodist today, opponents of such libraries have said that by building a presidential library and creating schools or institutes, a university compromises its values and endorses the policies of the president whose papers it accepts. I do not think this is the case. It is legitimate for anyone to criticize the president and his policies, but it is presumptuous for us as scholars to say that we know in advance and with certainty what the legacy of a sitting president will be.

Campuses are good places to situate presidential libraries because universities are vital to the American marketplace of ideas, and they are bulwarks of our free society. They can serve as repositories of archives from which we will learn and grow as a nation. But the faculty is a university's heart and soul, and faculty members are not disconnected from the politics of the moment.

As bad as the situation may seem today, back in 1971, when the University of Texas dedicated a library and school named for Lyndon Johnson, the country was in even greater turmoil. A storm of controversy raged over the Johnson papers. But I think the University of Texas made the right decision to accept the papers and build the library and school.

Southern Methodist University should do the same. Yes, former presidents are interested in polishing their legacies, and universities must be careful to remain nonpartisan and protect freedom of inquiry. But we must also take the long view, and that means building institutions that will serve generations to come, giving historians the chance to do their work.

Archives Of Spin (NYT)

By Benjamin Hufbauer

The New York Times, January 20, 2007

SINCE Franklin D. Roosevelt dedicated the first federal presidential library — actually an archive and history museum — in 1941, each president has had a hand in developing his own memorial. The National Archives and Records Administration now oversees 11 presidential libraries that draw about two million tourists and thousands of scholars each year.

The uproar over President Bush's plans to store his papers at Southern Methodist University has drawn new attention to the role of our system of presidential libraries. It is a system facing at least six challenges that need to be addressed by Congress, current and former presidents, host universities and the American public.

First, according to the Office of Presidential Libraries, it will take up to 100 years for the papers and records at the recent presidential libraries to be processed, primarily because of an explosion in the number of records created by the executive branch. The Roosevelt Library has 17 million pages of documents, while the Clinton Library has more than 76 million, but the number of archivists has not kept pace.

A wait of 100 years is unacceptable. To be able to learn from our history, scholars, journalists and the public need access to a majority of records in presidential libraries within 20 years after a president leaves office. To meet this challenge, the newer libraries must add a substantial number of archivists, as well as new processing protocols and systems.

Second, we should insist on historical accuracy, completeness and balance in the museums in presidential libraries. Although the federal government's Office of Presidential Libraries states that the museum exhibits in presidential libraries should be accurate, historical amnesia is common in relation to a president's mistakes and controversial policies. For example, the museum in the Reagan Library does not mention the Iran-contra scandal.

The exhibits in newer presidential libraries often amount to little more than extended campaign commercials in museum form, because the former president and his supporters essentially control the content. If a president wants a museum of political propaganda, let him make that plain by not asking the federal government to administer it, but instead raising the large endowment needed to run it as a private memorial.

Since 99 percent of visitors to presidential libraries are there for the museum exhibits, this is an important issue. The exhibitions in older libraries usually improve after the president dies and the power of his supporters slowly wanes, but it should not take 20 to 50 years to get historically accurate displays in taxpayer-supported museums.

The Office of Presidential Libraries, however, bows to presidents' wishes for whitewashed museums. Congress should pass appropriate legislation on this issue. Each museum should be evaluated in a non-partisan fashion by a group of historians, and then changes should be made to ensure that the public gets the quality of information expected from a branch of the National Archives.

Third, the fund-raising for presidential libraries needs to be made transparent. Starting with Roosevelt, presidents have raised money from private sources and then turned their libraries over to be administered by the federal government. Currently

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donations are unregulated, and donors — whether individuals, corporations or even foreign governments — can remain anonymous. These donors can potentially wield real influence over a sitting president, without the knowledge of the public. Congress should require the disclosure of the identities of large donors and of the amounts involved.

Fourth, only a few libraries have strong educational programs. The Truman Library, for one, has developed an innovative program for middle and high school students called the White House Decision Center. The Decision Center recreates some areas of the West Wing, where students play the roles of President Truman, his advisers and members of his cabinet while dealing with a variety of historical crises. The Decision Center curriculum meets state and national standards for social studies, sharpening students' skills in cooperative group work, problem solving, and communication, while teaching them history using copies of primary documents from the library's archive. Libraries and Congress should find the private and public funds to develop other educational programs with serious historical content.

Fifth, presidential policy institutes associated with universities should be subject to academic oversight. This oversight should involve the appointment of a significant number of people from a variety of departments from the sponsoring university to the institute's governing board. The administration of the institute should be designed so that the university and the institute both gain from the association.

Finally, President Bush's 2001 executive order limiting access to the records in presidential library archives needs to be overturned. This order allows current and former presidents to block the release of materials from their presidential libraries for any reason, even because they are politically damaging. Records that might compromise national security are already protected from release by other laws and statutes, so this directive is clearly about political expediency.

President Bush's order is contrary to the spirit and letter of the laws that previously governed presidential libraries. Although so far only a small number of records have been blocked from release, the potential for the abuse of power exists. Congress should overturn this executive order.

Presidents are not required to have presidential libraries. Since Watergate, presidential records are not owned by each president but by the nation; a president could simply hand over his or her records to the National Archives. But if a president chooses to have a library, it is up to Congress, current and former presidents, host universities and the public to ensure that each library operates in the public interest.

At their best, presidential libraries are vital institutions that help us learn from our history. But if we give in to the worst impulses of presidents and their supporters, these libraries risk becoming temples of political propaganda.

OTHER NEWS:

Shares Close Mixed As Earnings Reports Fail To Inspire (NYT/AP)

By The Associated Press

The New York Times, January 20, 2007

Shares closed narrowly mixed yesterday after profit reports and forecasts from companies like I.B.M. and General Electric left investors unimpressed.

Profit concerns have unnerved investors who are already skittish about whether stocks will continue the upward movement from last year.

"I think we're at an extremely pivotal psychological level," said T. J. Marta, economic strategist at RBC Capital Markets.

Earnings and economic figures support the Federal Reserve's notion that any decline in the economy will be soft and gradual, although Mr. Marta contended that a "fly-by" was a possibility.

The Fed is unlikely to lower short-term interest rates if the economy continues at a steady clip or if it begins to accelerate again. The central bank has left interest rates unchanged at its last four meetings after a string of 17 consecutive increases that began in 2004.

Last year, investors propelled stocks sharply higher partly on the widely held view that the Fed would cut rates perhaps as early as the first half of 2007.

The Dow Jones industrial average closed down 2.40 points, at 12,565.53. Broader stock indicators were higher. The Standard & Poor's 500-stock index rose 4.13 points, to 1,430.50, and the Nasdaq was up 8.10 points, at 2,451.31.

For the week, the Dow industrials rose 0.08 percent, while the S.& P. fell 0.02 percent, and the Nasdaq lost 2.1 percent.

Bonds fell as stocks tried to further their gains. The benchmark 10-year Treasury bonds was down 8/32, to 9826/32. The yield, which moves in the opposite direction of the price, rose to 4.78 percent, from 4.74 percent.

Oil settled up $1.51 at $51.99 a barrel. The increase follows sharp declines in recent sessions and could signal that investors are eager to buy oil to cover previous commitments as they head into the weekend.

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Though the mood on Wall Street might have soured somewhat in the new year, consumers appear to have remained decidedly upbeat. Consumer sentiment, as tracked by the University of Michigan's survey, showed a preliminary reading of 98.0 for January compared with 91.7 in December. It is the highest showing since January 2004.

Since the start of this year, investors have been looking for reasons for a continuation of last year's sharp gains in stock prices.

The tepid gains this year reflect concerns over interest rates and the Fed's next move as well as whether profit growth will remain strong enough to push stocks upward.

Yesterday, I.B.M. fell $3.28, to $96.17 after the company's better-than-expected fourth-quarter profit met with little enthusiasm from investors. Part of the profit increase was a result of changes in the company's tax rates.

Alcoa helped offset some of the weakness in the Dow industrials. Alcoa, the world's largest aluminum maker, rose $1.10, or 3.6 percent, to $31.40, after it said it would repurchase up to 10 percent of outstanding shares and increased its annual dividend to 68 cents from 60 cents.

General Electric slid $1.05, or 2.8 percent, to $36.95 after its first-quarter forecast disappointed some investors. G.E. also said it planned to restate financial results from 2001 through 2005 and the first three quarters of 2006 to adjust its accounting for some debt.

Citigroup , the investment bank, rose 11 cents, to $54.50, after posting a 26 percent drop in its fourth-quarter profit.

Fortress Sets Range for I.P.O.

WASHINGTON, Jan. 19 (Dow Jones/AP) — Underwriters on Friday set the terms for the initial public offering of the Fortress Investment Group at 34.29 million Class A common shares with an estimated price range of $16.50 to $18.50 each.

In early November, Fortress Investment filed for an offering of up to $750 million in Class A stock but did not detail the terms.

Fortress said it would be the first global alternative asset manager listed on the New York Stock Exchange. It has about $29.7 billion in assets under management.

All of the shares will be offered by the company, and none of the company's five principals will sell shares in the offering, according to the prospectus filed with the Securities and Exchange Commission.

After the offering, the principals — Wesley Edens, Peter Briger, Robert Kauffman, Randal Nardone and Michael Novograwill — will hold 77.7 percent of the voting power of the stock, according to the S.E.C. filing.

After The Dow's Record Run, Large Stocks May Be Tiring (WSJ)

By Peter A. McKay

The Wall Street Journal, January 20, 2007

After 25 record closes for the Dow Jones Industrial Average since Oct. 3, some Wall Street pros see the Dow's 8% rise since then as evidence that big-name stocks are best-suited to weather slowing U.S. economic growth.

But despite a record in the just-completed week, the increments are getting smaller. Tuesday's record close of 12582.59 was just 0.2% over its previous high-water mark. Friday, the Dow slipped 2.40 points, nearly unchanged in percentage terms, to 12565.53, up 0.1% for the week and up 0.8% this year.

Could that mean the latest bull market is running out of steam?

Garrett See, a trader at TransMarket Group who buys and sells futures contracts tied to the Dow, says the blue-chip average could move higher in the short run.

But he predicts it will be in the red by the end of the second quarter, continuing on to finish below 12000 on the year, which would be a decline of more than 3.5% for the year.

"I think a lot of the recent move up has been people getting in too late," says Mr. See, who is skeptical of Wall Street predictions of steady-but-modest economic growth this year.

A 3.3% drop in shares of International Business Machines, the biggest component in the price-weighted Dow, pushed the average lower Friday. General Electric, off 2.8%, was also among the average's biggest decliners. Both companies announced fourth-quarter earnings that exceeded analysts' expectations, but investors seemed to have bet on the big profits early rather than waiting for the actual announcements.

Stocks were also hurt by a jump in crude-oil prices, spurred by forecasts of colder weather in the Northeast, which will likely increase demand for heating oil and kerosene.

Crude futures for February delivery jumped $1.51, or 3%, to $51.99 a barrel, off 1.9% for the week at the New York Mercantile Exchange.

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Other stock-market measures fared better than the Dow. The broad Standard & Poor's 500-stock index edged up 0.3%, or 4.13 points, to 1430.50 Friday and was nearly flat in percentage terms on the week. The technology-focused Nasdaq Composite Index gained 0.3%, or 8.10, to 2451.31, off 2.1% on the week.

One measure of momentum in the broad market is sending mixed signals, says Ed Clissold, an analyst at Ned Davis Research in Venice, Fla. He notes that 207 stocks listed on the New York Stock Exchange were trading at 12-month highs before Friday's market open. That is less than a third of the recent peak of 632 stocks in December 2003.

Higher readings are generally bullish for the market, Mr. Clissold says, because they indicate economic conditions are so favorable that an array of companies are benefiting. Still, he says the current total isn't low enough to be a reason to panic.

Others are more upbeat. Analysts at research firm Thomson Financial note that only two of the 30 Dow components have gotten more expensive relative to their expected earnings for the coming 12 months since the average was at its past peak in January 2000.

In other words, the market is pretty cheap at the moment, which leaves a lot of room for investors to bid shares higher.

Using similar reasoning, Elizabeth Weymouth, global-investment specialist at J.P. Morgan Private Bank, says her firm expects stocks like those in the Dow and S&P 500 to post modest gains of less than 10% this year. Despite the Dow's three-day pullback in the just-ended week, she said her firm is still advising clients to switch out of small companies and into big-name stocks.

"We do expect a market correction at some point," said Ms. Weymouth. "But overall, the conditions are still pretty favorable."

In major U.S. market action:

Stocks were mixed1; bond prices fell2. The 10-year note fell 6/32, pushing the yield up to 4.773%. The 30-year bond fell 8/32 to yield 4.862%.

The dollar rose.3 The dollar rose to 121.23 yen from 121.21 yen. The euro slipped to $1.2963 from $1.2965.

Chilly Weather Sparks Crude-Oil Rally (WSJ)

By Masood Farivar, Jeanine Prezioso

The Wall Street Journal, January 20, 2007

Energy futures rallied sharply Friday as crude-oil futures posted their biggest one-day gain in nearly three months and natural gas futures reached a one-month high, boosted by forecasts of continued cold weather.

The February crude contract on the New York Mercantile Exchange settled $1.51 a barrel higher at $51.99 after trading as low as $50.12 in overnight trading. The gain was the biggest in both percentage and dollar terms since Oct. 25. February natural gas settled 56.2 cents higher at $6.886 a million British thermal units, the highest closing price since Dec. 19, 2006, when front-month futures settled at $7.083/MMBtu.

Cold weather arrived in the Northeast this week for the first time this winter, with forecasters calling for continued below-normal temperatures through much of the region, which accounts for 80% of the nation's heating-oil consumption.

Unseasonably warm temperatures in December and much of January crimped heating-oil demand in the region and sent prices sharply lower.

"The weather is a big factor because it is going to increase demand for distillate fuels [such as heating oil] at the very moment production is dropping," said Peter Beutel, president of trading-advisory firm Cameron Hanover in New Canaan, Conn.

Traders and analysts said the gas market has been waiting on colder weather to break out of the range it has been trading in all week, between $6.20/MMBtu and $6.80/MMBtu.

Speculative traders who expected prices to drop as winter made a late arrival with a 20% surplus of gas in storage were left covering short positions ahead of a price increase.

"The market rallied partly on the weather, but it was mostly technical covering" by traders with short positions, or bets on falling prices, said Mike Guido, head of commodity research at Société Générale in New York.

Both private and government forecasts predict temperatures will be below average in February, and with Thursday's larger-than-expected storage withdrawal, gas-market participants think demand could be higher than anticipated.

Despite Friday's rally, crude futures finished the week about 2% lower, and analysts said the recent downward trend in prices is far from over.

Dollar Little Changed; Rate Cut Looks Unlikely (WSJ)

By Dan Molinski

The Wall Street Journal, January 20, 2007

DOJ_NMG_0119986

The dollar was little changed against the yen and euro Friday after a strong U.S. consumer-confidence survey kept expectations for any rate change from the Federal Reserve low.

In a knee-jerk response to the data, the dollar climbed to 121.49 yen, just a few ticks below a four-year high of 121.60 yen that it reached earlier this past week. The euro briefly fell to as low as $1.2914.

"The [University of Michigan consumer confidence] report beat expectations pretty convincingly," said Tim Mazanec, senior currency strategist at Investors Bank & Trust. "It's looking less and less like the Fed might cut rates anytime soon."

But the dollar's knee-jerk gains were erased later in the session as investors were again leery of stretching the dollar too far. The euro against the dollar had been stuck between $1.29 and $1.30 for most of the week.

Late Friday, the euro stood at $1.2963 from $1.2965 Thursday. The dollar stood at 121.23 yen from 121.21 yen late Thursday, while the euro was flat at 157.15 yen. The dollar has posted strong gains so far this year after a series of economic reports erased expectations the Fed would cut interest rates near term to spur more growth. Now, the rally appears to have run out of steam.

Interest-rate futures contracts Friday were pricing in a 16% chance of a Fed rate cut to 5.0% from the current 5.25% in the first quarter.

Trade Deficit Stubbornly Defies The Dollar's Slide (NYT)

By Eduardo Porter, Mark Landler

The New York Times, January 20, 2007

Jessica Heyman's breakfast in Paris last month was nothing out of the ordinary: a modest repast of eggs, coffee and a side salad with her husband, Jonathan Podwil, at the popular Café de Flore. But the bill was memorable — 46 euros, or about $60, at the current exchange rate. Five years ago, when the dollar was strong, the same bill would have amounted to $42.

The sticker shock provided a powerful incentive to remain frugal the rest of the vacation. "We ate a lot of bread," Ms. Heyman said.

Shocking tourists into counting every penny, and getting Americans back home to spend less on costly imports, is part of what a weaker dollar is supposed to do to help pare America's outsize trade deficit, according to economic textbooks.

But, so far, the dollar's slide has not helped enough. Although the dollar has lost a lot of ground against many of the world's major currencies — including the euro, the British pound and the Canadian dollar — the nation's trade imbalance with the world has continued to rise, reaching $702 billion in the first 11 months of 2006, on track to easily outstrip the $717 billion of 2005 and set another record.

Officially, the United States government does not welcome the dollar's weakness. "A strong dollar is clearly in our interest," the Treasury secretary, Henry M. Paulson Jr., said last month.

But many economists say that the Bush administration is satisfied with the dollar's fall against the euro and some other currencies, counting on the decline to help improve the competitiveness of American manufacturers in global markets.

For several reasons, however, that may not happen anytime soon — even if the dollar continues to weaken against European currencies. For one thing, the dollar has not fallen much against the currencies of some crucial trading partners, including China and Japan. Critically, the value of China's yuan against the dollar has been carefully managed by Beijing so that it does not increase much more than 5 percent annually against the dollar. That is a reason China alone ran up a $214 billion surplus in its trade of goods with the United States from January to November last year.

Many foreign suppliers, moreover, are willing to absorb the impact of a declining dollar on their profit margins rather than pass it on to consumers as higher prices. That gives Americans less of an incentive to shift away from imports.

In the end, for the United States to begin to balance its trade, American consumers must spend less, while foreign consumers would have to buy a lot more.

"My U.S. colleagues tend to believe that exchange rates can carry out this adjustment painlessly which I, looking from the outside, find hard to believe," said Thomas Mayer, chief European economist at Deutsche Bank in London. "You would need to have unrealistically large changes in exchange rates to overcome that gap."

Free market economists argue that the deficit does not really matter — it is mostly a benign side effect of America's faster economic growth and its appeal as a destination for foreign investment. Trade imbalances are nothing to worry about, these economists say, reflecting private transactions that just happen to occur across borders.

Still, with the deficit now in excess of 5 percent of the nation's gross domestic product, many other economists worry that the foreign debt needed to finance the growing imbalance is accumulating at an unsustainable pace.

To some extent, a weaker dollar has bolstered American exports to strong-currency nations. America's inflation-adjusted deficit in trading goods and services with the European Union declined by about 1 percent in the first three quarters of last year compared with the 2005 period, to about $84 billion.

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And American producers are seeing some benefits. California wineries, for example, have shown double-digit sales growth in Canada every year since 2002, when the dollar started its fall against the Canadian dollar.

"There's a real price threshold of 10 Canadian dollars a bottle," said Joseph Rollo, director of the international department at the Wine Institute, the lobby group for California wineries. "A few years ago it was very difficult for California wineries to make that level. Now it's a lot easier."

The cheap dollar is also allowing some American companies to enter foreign markets for the first time. Phoenix Closures, a manufacturer of bottle caps in Naperville, Ill., exports very few of its caps to Europe. But a few months ago, it unexpectedly picked up a German client. "I assume these guys are getting a fairly large price reduction coming to us," said Bert Miller, president of the company.

The opposite side of Ms. Heyman's expensive breakfast in Paris is that America is now a bargain destination for Europeans.

"It was always too expensive for me to go to the States, but now it's a good time," said Sotirios Polytimis, 29, an architecture student in Berlin. "With the same money, I can do more in New York: buy drinks, see the night life, go shopping."

Some American companies that compete with foreign suppliers domestically have also benefited. "We are gobbling up market share," said Marty Staff, chief executive of JA Apparel, which makes Joseph Abboud suits and sports jackets at a plant in New Bedford, Mass. "Our products are as good as the European products, but for a lot less money."

Still, the shifting currency has moved far too little to alter entrenched habits.

"The intractability of consumer behavior is the key to the mystery," said Cliff Waldman, economist at the Manufacturers Alliance/MAPI, a research group for American producers. "About half of the United States' deficit problem with Europe is the difference between the behavior of the European consumer, which is moribund, and the behavior of the American consumer, who never stops."

These days, a lot of foreign things do look ridiculously expensive to American eyes: the $4.15 Big Mac in Paris; the $16.50 ticket to see a movie at the multiplex in Leicester Square in London; $5.89 for a heavily taxed gallon of gas in Frankfurt.

But Europe remains irresistible. American purchases of travel services from European Union countries totaled $17.7 billion in the first three quarters of last year, almost 1 percent more than in the period in 2005, after inflation, and about 20 percent more than in the period in 2003.

The number of German tourists visiting the United States this winter is down approximately 20 percent compared with last year, according to TUI, the largest European tour operator. Robin Zimmermann, a spokesman for TUI, said Germans were favoring destinations in Southeast Asia, where currencies had also fallen against the euro.

Martin N. Baily, former chief economic adviser to President Bill Clinton, remains optimistic that the decline in the dollar will ultimately turn the United States' current-account deficit around. "I think we are poised for a gradual reduction," Mr. Baily said. "We are at a point where exports are starting to grow faster than imports."

Currency adjustments can take time to feed through into trade patterns. In fact, a slide in the dollar could initially worsen the nation's trade balance, as the price in dollars of imports would increase immediately while it could take time for American consumers to switch to domestic products.

But new factors arising from the increased globalization of production seem to be making the trade adjustment particularly slow. For instance, by moving more production out of Europe, into dollar-pegged regions like China and elsewhere in Asia, European companies have created natural hedges against a strong euro.

"With globalization, we now have a large network of plants all over the world," said Anton Börner, president of BFA, an association of German wholesalers and exporters based in Berlin. "So we are not as affected by changes in a single currency."

Hugo Boss, one of Joseph Abboud's main competitors, is based in the southern German town of Metzingen. But it also stitches garments at a factory in Cleveland and buys raw materials from Asia, where most of its transactions are in dollars or dollar-linked currencies.

Sales of Boss suits and accessories rose 14 percent in Europe in the third quarter of 2006, but 17 percent in the United States, in volume terms. The company said it had not felt much of an impact from the strong euro.

"If the dollar stays in a reasonable range, say between $1.10 and $1.50, it will not affect us that much," said Bruno E. Sälzer, the chairman of Boss. "If it were to go to $1.60 or $1.70, that would mean there are bigger economic problems than just the exchange rate."

With Asian production now a big part of the equation for manufacturers all over the world, even big increases in the yuan and other Asian currencies would probably do little to shift output without causing major economic disruptions.

The People's Bank of China is holding about $1.01 trillion in reserves, the vast majority in dollars, which it has amassed as part of its strategy to keep the yuan from appreciating against the American currency to ensure Chinese products remain competitive in the United States market.

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But even though Asian central banks are diversifying their holdings slightly, any big withdrawal from the Treasury market that slowed the flood of credit that has helped keep American interest rates low could harm the Chinese as well as Americans.

"With China," said Mr. Waldman, the manufacturing economist, "the capacity for trade imbalances to adjust is minimal."

Martinez Takes Over As Leader Of RNC (WP)

By Shailagh Murray

The Washington Post, January 20, 2007

Sen. Mel Martinez of Florida, who arrived in the United States as a teenage Cuban refugee, took his party's helm yesterday as general chairman of the Republican National Committee, vowing to reach out to minority voters and restore "the principles that have made us great."

Martinez was handpicked for the job by President Bush, and his ascendance was not without controversy. A small group of conservative RNC members had announced their opposition to the first-term senator because they viewed him as overly tolerant of illegal immigration.

But to many Republicans, Martinez represented a fresh face for the party, a first-generation American whose background and congenial personality could widen GOP appeal to vast new voter groups. Martinez called for greater tolerance for all groups during his inaugural address yesterday.

"To be the party of the future means that we also have to be a party that opens the door wide open so that all Americans feel welcome," he said.

Martinez said that as a Cuban American, "it was easy for me to understand that the Republican Party, the party of Ronald Reagan, was a party for us," because the two sides shared a strong opposition to the communist rule of Fidel Castro.

"I want to make sure that we take that message to the broader Hispanic community, to the African American community, and to all communities that may never have believed that Republican ideals spoke to them," Martinez said.

Martinez said he was encouraged that the 2008 Democratic field is likely to include a woman, Sen. Hillary Rodham Clinton of New York; an African American, Sen. Barack Obama of Illinois; and a Hispanic, Gov. Bill Richardson of New Mexico.

"I do think that speaks to the evolution of American politics to be more inclusive, and I'm a part of that," said Martinez, who noted the strong showing of Michael S. Steele, the African American GOP candidate in last year's Maryland Senate race. "Both parties have taken a quantum leap," he said.

Outgoing chairman Ken Mehlman said that Martinez would "spread our message far and wide, to those like me who have been Republicans from the beginning and to the newest converts."

Martinez will share the top RNC job with Mike Duncan, a longtime party operative who will serve as chairman, overseeing day-to-day campaign, organizational and fundraising operations. It is an unusual arrangement, engineered in part by Bush, who recruited Martinez for a new general chairman post.

In an interview, Martinez said his immediate concern is lifting the gloomy mood that has gripped the party since it lost control of Congress in November. In recent weeks, the news has grown worse for Republicans, as conditions in Iraq worsen and Bush presses ahead with a controversial plan to increase U.S. troop levels.

"Its spirits are a little down," Martinez said of the GOP. "That is going to be my first order of business, to try to rekindle a little bit of fire. It's time for renewal."

The best tonic, he said, is for Republicans to turn to some of the core conservative principles that rallied the party during Reagan's day, from making government more efficient to promoting volunteerism.

"People want practical solutions to everyday problems," Martinez said. "That's part of what our party has to get back to being focused on."

Martinez was sent to the United States by his parents in 1962 as part of a Catholic Church effort to relocate 14,000 Cuban children. His parents thought the separation would be temporary. But because of the Cuban Missile Crisis, "they were unable to leave and my return was unthinkable," Martinez explained. He lived with two Florida families for a total of four years, working and attending school while he waited for his parents to escape. When they finally arrived in Florida, he told RNC members, he had saved enough to buy the family a car and had lined up a job for his father, a veterinarian.

After stints as Bush's housing secretary, chairman of Orange County, Fla., and a personal injury lawyer, Martinez was elected to the Senate in 2004. He still speaks English with a slight accent and said he believes that his Florida roots give him an important edge, given the state's ethnic diversity and political mix. "We are a microcosm of the country," he said.

Martinez is sympathetic to his state's bid to move up its presidential primary date so that it follows the New Hampshire primary. The idea is contentious within the party, because it could turn the Sunshine State into a potentially decisive battleground, but Martinez said he would not intervene when the Florida legislature considers the change in March.

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RNC Elects Martinez As Head (WT)

By Ralph Z. Hallow

The Washington Times, January 20, 2007

Sen. Mel Martinez was selected yesterday as the general chairman of the Republican National Committee, despite some members' public objections and considerable private grumbling.

The RNC leadership, loyal to President Bush and his choice for general chairman, used parliamentary procedures to end a brief floor skirmish over Mr. Martinez's election -- outmaneuvering members who opposed the creation of the new position and the nomination of the Florida senator to fill it.

Some members said publicly and privately that the senator from Florida would make RNC fundraising more difficult because he supports what critics say is Mr. Bush's desire to grant amnesty to illegal aliens.

"I do not support amnesty for illegal aliens," Mr. Martinez, a naturalized citizen who fled communist Cuba as a boy, insisted in an interview with The Washington Times after his election. "I do support strong border enforcement, and absolutely I support the rule of law [when it comes to] illegal aliens here."

Mr. Martinez was elected in a voice vote, instead of the secret ballot that opponents had sought.

"Senator Martinez will help our party effectively communicate the Republican message of hope and opportunity for all Americans," Mr. Bush said after Mr. Martinez's election.

Several outspoken opponents of Mr. Martinez made some effort at conciliation after the vote.

"While we disagree with Senator Martinez's support of amnesty for people who are in this country illegally, we must still look for the best ways to secure our border, keep our homeland safe and enforce our laws," said Texas Republican Chairman Tina Benkiser, who had voted against the creation of the general chairman's office and the senator's nomination.

"On issues we do agree on such as lowering our taxes, protecting our families, creating a strong economy and reforming our government, we look forward to his leadership," she said.

Senate Minority Leader Mitch McConnell, in a luncheon address to the 168-member RNC, said that after Republicans lost the majority in Congress in November's midterm elections, "Mel Martinez is the one Republican senator left I can refer to as 'Mr. Chairman.' "

Before yesterday's vote, North Dakota RNC member Curly Haugland, one of the opponents of creating a general chairmanship, offered the written opinion of an accredited professional parliamentarian that the move violated RNC rules. The rules governing the RNC, adopted at the 2004 Republican National Convention, call only for an elected chairman and co-chairman.

The wheels came off Mr. Haugland's drive to use Roberts Rules of Parliamentary Procedure and the RNC's own rules to have a secret ballot on the creation of a general chairman when Robert M. "Mike" Duncan, the newly elected day-to-day RNC chairman, quickly called for a voice vote.

While the vast majority of members voiced public satisfaction with the outcome, Mr. Haugland told The Times afterward: "They didn't follow the rules or the opinion of the independent certified parliamentarian. The breach of rules continues."

Mr. Duncan said his job as chairman "is not to make policy or headlines but to win elections," while Mr. Martinez "will be the voice of the party."

He said the November elections were a sobering reminder to Republicans that "we can't be arrogant or dismiss the message the voters sent us" on Iraq, domestic spending and scandals within the party's ranks.

The RNC annual meeting at the Grand Hyatt Hotel also issued what some said amounted to a rebuke of Arizona Sen. John McCain, a chief proponent of the McCain-Feingold campaign finance law that Congress passed and Mr. Bush signed before the 2004 elections.

On Thursday, the committee passed a resolution -- authored by Indiana RNC member James Bopp Jr. and others -- condemning the 2002 passage of the McCain-supported bill, which restricts what political parties can do in conjunction with their own candidates for federal office. Its passage spawned the creation of so-called 527 groups often dominated by wealthy donors.

The RNC resolution urges Congress to deregulate campaign financing instead of further complicating it by attempting to solve unintended consequences with new regulations.

"I don't think it's a repudiation of McCain," said Michigan RNC member Chuck Yob, whose son works for Mr. McCain's unofficial presidential nomination campaign organization. "Even McCain feels the 527s need to be brought under the saddle."

State Aims For Feb. 5 Primary To Boost Clout (LAT)

By Jordan Rau

The Los Angeles Times, January 20, 2007

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SACRAMENTO — With Gov. Arnold Schwarzenegger's backing, state lawmakers from both parties are moving rapidly to make California a player in choosing the nation's next president by holding the state's primary four months earlier.

A bipartisan group of state senators introduced legislation Friday to change the 2008 presidential primary from June 3 to Feb. 5. Another bill was introduced by an Assembly Republican on Thursday, the day after Schwarzenegger declared that moving up the primary date would make California "relevant" nationally and was "something to shoot for."

The February date — the earliest the state can choose under national party rules — would place California at the beginning of the election season, right after four states that have secured the most privileged spots in January for their Democratic caucuses or primaries: Iowa (Jan. 14), Nevada (Jan. 19), New Hampshire (Jan. 22) and South Carolina (Jan. 29). The Republican calendar has Iowa and New Hampshire first, with the rest of the schedule in flux.

Contenders, who now bypass California except to raise money, would be forced to establish real presences here.

The huge cost of competing in California — estimated by one veteran strategist to be $6 million to $8 million per candidate — would probably require all contenders to accelerate their fundraising and possibly give an edge to those candidates who have already amassed sizable war chests, such as Sens. Hillary Clinton (D-N.Y.) and John McCain (R-Ariz.), according to operatives in both parties.

Republican moderates such as former New York Mayor Rudy Giuliani, who might face opposition in Southern states for their liberal views on social issues, could benefit from the change.

"If California can succeed in moving up its primary, this truly is an earthquake in presidential national politics and the tremors will be felt through all 49 states," said Robert Zimmerman, a Democratic National Committee member from New York and presidential fundraiser.

Elevating the clout of California's primary could change the dynamics of the race. It could push to the forefront issues such as immigration and global warming that might be more important and emotional here than in other areas of the country. But the daunting cost of competing here might also end up forcing candidates who did not win in the first primaries out of the race even earlier than in the past, strategists said.

Schwarzenegger and legislative leaders agree on the importance of an early primary, which they hope will make the presidential contenders pay attention to California and give it the political influence in Washington that they believe the most populous state deserves.

"I mean, right now, think about it: We are the No. 1 state in the union, we're the No. 1 place in the world, and yet we are kind of an afterthought when it comes to presidential campaigns," Schwarzenegger told the Sacramento Press Club at a luncheon Wednesday.

An earlier primary could heighten the king-making power of the state's most visible politicians, including Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa, with presidential candidates vying for their support. That attention, though, could complicate relationships by pressuring leaders to choose sides and alienate other members of their parties.

The Democratic and GOP leaders of the state Assembly predicted in separate interviews Friday that the move, which leaders have been negotiating privately with Schwarzenegger, would pass with little trouble.

"We're serious about this, so we're doing it right," said Assembly Speaker Fabian Nuñez (D-Los Angeles). "It makes us major players, and it allows us to put California on the federal map and the national agenda."

The Republican Assembly leader, Michael Villines of Clovis, agreed. "I don't think anything stands in our way," he said. "Have you heard of anyone who's against it? I haven't."

Beyond the first four states, most other primary dates are not yet established.

Two other large states, Florida and Michigan, are also talking about moving up their primaries, and the Democratic National Committee is setting rules to award more influence to states that don't try to front-load the primary calendar.

Nuñez and Senate President Don Perata (D-Oakland) sought to try to blunt such efforts by sending a letter Friday to Howard Dean, the chairman of the Democratic National Committee.

"We ask the committee to instead adopt rules ensuring that California's Democrats have a timely and meaningful opportunity to participate in choosing our party's standard-bearer in 2008," they wrote Dean, who was traveling and could not be reached for comment Friday evening.

Matthew Dowd, a GOP consultant who has advised both President Bush and Schwarzenegger, said he doubted there would be much resistance.

"The national parties don't really care except where Iowa and New Hampshire are," he said.

California's flirtation with presidential prominence has been turbulent.

The state moved all its primaries up to March for the 2004 election, but by then Sen. John F. Kerry had already effectively won the nomination. State candidates rebelled at the change, which lengthened the campaign season, and lawmakers pushed it back to June.

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But the new plan would advance only the presidential primary, not the state primaries. Schwarzenegger and legislative leaders are also talking about placing on that February ballot propositions to try to remove politics from the way election districts are drawn, and to alter term limits for state lawmakers. That latter change is a priority for Nuñez, who otherwise will be forced out of the Assembly in 2008.

Negotiators said another key element remains undecided: whether the winner of the California primary would receive all the state's delegates or whether they would be meted out in proportion to the number of voters won.

Ken Khachigian, a veteran Republican strategist from California, said a winner-take-all primary "would certainly take any second-tier candidate who hit the California lotto, and would just explode them into the front tier. You can win New Hampshire like McCain … and still get whacked elsewhere."

Conservative Core Seeks A Contender (LAT)

By Mark Z. Barabak

The Los Angeles Times, January 20, 2007

For decades, the conservative movement has been the animating force of the Republican Party, providing the ideas and energy that catapulted candidates to the GOP presidential nomination and, often, the White House.

But as conservatives survey the 2008 field — and, particularly, the early Republican front-runners — many are despairing. Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudolph W. Giuliani have all broken with conservative orthodoxy at one time or another. Many activists have neither forgiven nor forgotten.

"There's absolutely no contender that is a bona fide conservative," said K.B. Forbes, who has worked for a number of conservative candidates and causes since the 1990s. "We have insiders, squishes and moderates running for president."

The candidate closest to the heart of social conservatives, Sen. Sam Brownback of Kansas, plans to formally launch his White House bid today with a speech in Topeka. But even those who admire Brownback, and especially his Senate leadership opposing abortion, same-sex marriage and stem-cell research, question the viability of his candidacy.

"Brownback has to prove he can win," said Richard Land, head of the Ethics and Religious Liberty Commission of the Southern Baptist Convention, the nation's largest Protestant denomination.

Land sees different problems for the three leading GOP hopefuls. "Most social conservatives at present are uncomfortable with McCain," he said. "They're appalled by Giuliani." As for Romney, Land said, "He has to convince social conservatives he's become one of them."

It's a striking state of affairs, given the ascendance of the conservative movement since 1964. Although he was crushed in the general election that year, Arizona's Barry Goldwater wrested the Republican Party from its Midwest and Eastern roots, starting a realignment that eventually turned the GOP into the party of Ronald Reagan, the Sunbelt and the South.

The absence of a purebred conservative candidate this time, at least among the early leaders, is partly happenstance. Favorites such as Vice President Dick Cheney and former Florida Gov. Jeb Bush have chosen not to run. Former Sen. George Allen of Virginia, who was positioning himself as heir to the Reagan mantle, was defeated for reelection in perhaps the biggest upset of 2006, as was ex-Sen. Rick Santorum of Pennsylvania, a hero to many evangelicals.

But some believe more is at work. They blame the failings of the GOP-run Congress, which dimmed several rising stars and sank the presidential ambitions of one conservative favorite, former Senate Majority Leader Bill Frist of Tennessee. Beyond that, some see indications that, after 40-plus years, the conservative movement has reached a turning point. They cite growing tensions between economic and religious conservatives, as well as fallout from the war in Iraq, which a growing number of Republicans consider a mistake.

Craig Shirley, a Reagan biographer who has spent years in the conservative trenches, said the GOP has veered badly off course, running up record deficits, pursuing a Wilsonian foreign policy — "making the world safe for democracy" — and becoming overly intrusive in people's private lives, whether intervening in the Terri Schiavo right-to-die case or seeking to ban gambling on the Internet.

"The conservative movement was never about government virtue," said Shirley, who suggested Republicans may be destined for a time in the wilderness unless the party returns to its core principles of limited government and a more pragmatic foreign policy.

Others disagree.

"Each of these guys is jostling each other, McCain, Giuliani and Romney, to be dead center of where Reagan was. No one is competing to run as the Nixon Republican, or the Rockefeller Republican," said Grover Norquist, president of Americans for Tax Reform, which asks every presidential candidate to sign a pledge vowing never to raise taxes. So far, Brownback and Romney have taken the pledge, the latter after declining to do so while Massachusetts governor.

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"Strong national defense, individual freedom and responsibility, traditional moral values — the ideas are still there," said Lee Edwards, a conservative scholar at the Heritage Foundation in Washington. "Still relevant. Still resonant."

But even Edwards conceded that many conservatives "are sort of holding back a little bit" before committing to any of the Republicans running. "We still have to wait and see what positions they do take," Edwards said.

Sensing opportunity, several candidates with strong conservative credentials — if not the name recognition or fundraising potential of a McCain, Giuliani or Romney — are looking to enter the Republican race. Former Arkansas Gov. Mike Huckabee is expected to make an announcement by the end of the month. Former Virginia Gov. Jim Gilmore has formed an exploratory committee. Former Wisconsin Gov. Tommy Thompson, who also served as secretary of the Department of Health and Human Services, has as well. So has Rep. Tom Tancredo of Colorado, a crusader against illegal immigration. Former House Speaker Newt Gingrich, who excites friends and foes like few other politicians, has said he might enter the race in the fall.

Meantime, the front-running candidates are ceding nothing in the fight for conservative backing — even if it sometimes requires a sharp right-hand turn.

McCain, whose 2000 rivalry with President Bush lingered long after, has become one of the president's strongest supporters in Iraq and eased his opposition to tax cuts he once deemed excessive. He has signed up conservative activists in Iowa and South Carolina, states he lost in 2000 and, most conspicuously, reached out to religious conservatives — including the Rev. Jerry Falwell — whom he once dubbed "agents of intolerance."

Romney, who said he favored abortion rights when he ran for governor in 2002, now describes himself as "firmly pro-life." After once casting himself as a strong supporter of gay rights, Romney has become an outspoken foe of same-sex marriage.

Giuliani, who has favored legal abortion, gay rights and certain gun controls, is expected to stress leadership over ideology if he decides to run.

But many activists remain to be convinced. McCain's support for a friendlier immigration policy continues to rankle — the National Review dubbed him "Amnesty John" — as does the campaign-finance law he championed. Earlier this week, Christian leader James Dobson said he would not support McCain under any circumstance. The senator, who has a solid anti-abortion record but opposes a federal ban on same-sex marriage, said he would like to talk.

Land, of the Southern Baptist Convention, suggested that conservatives would eventually support the GOP nominee. "Social conservatives understand in their bones, in their genetic structure, that what's at stake in [2008] is probably the Supreme Court for the rest of their lifetimes," Land said. "I don't see social conservatives sitting this one out."

But Forbes is not so sure. "We really learned our lesson with Schwarzenegger," said Forbes, who worked on Bill Simon's 2002 campaign for California governor. "The Republicans wanted to win at any cost. They elected someone who claimed to be a conservative and look what you've got — a governor who's talking about state-controlled healthcare."

3 From The Bush Advertising Team Join McCain's '08 Advisers (NYT)

By The New York Times

The New York Times, January 20, 2007

WASHINGTON, Jan. 19 — Senator John McCain of Arizona has enlisted strategists from President Bush's advertising team to work on the senator's nascent drive for the Republican presidential nomination, aides with his campaign exploratory committee said Friday.

Mr. McCain's aides said he was hiring those three strategists — Russ Schriefer, Stuart Stevens and Fred Davis — as part of a continuing accumulation of campaign advisers.

Mr. Schriefer and Mr. Stevens, partners at a consulting firm based in Washington, helped produce some of the most hard-charging advertisements of Mr. Bush's 2000 and 2004 campaigns.

Among their commercials in 2004 was one featuring Senator John Kerry of Massachusetts, the Democratic nominee, saying that he did vote for an $87 billion war appropriation "before I voted against it." Another had video of Mr. Kerry windsurfing back and forth, an image reflecting the Bush campaign's accusation that he was a flip-flopper.

Mr. Davis, based in California, has worked on commercials including those in the 2004 campaign in which Mr. Bush and the first lady spoke directly into the camera in the White House residence.

Richardson To Explore Presidential Bid (AP)

By Nedra Pickler

AP, January 19, 2007

WASHINGTON (AP) -- New Mexico Gov. Bill Richardson intends to say Sunday that he is taking the first step toward the Democratic presidential nomination, several officials with knowledge of his plans said Friday.

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The former congressman, U.N. ambassador and Energy Department secretary is hoping his extensive resume will fuel an insurgent campaign to become the nation's first Hispanic president. He plans to announce Sunday that he will soon file the papers to create a presidential exploratory committee, the officials said.

Sen. Dodd Not To Run For Re-Election In 2010, Uses PAC To Buy NH And IA Voter Files (CQPOL)

CQ Politics, January 19, 2007

Sen. Christopher Dodd, through his counsel, has sent a letter to the Federal Election Commission stating he "is no longer a candidate in the 2010 election for the United States Senate in Connecticut."

This letter helps set the stage for his Senate campaign committee, Friends of Chris Dodd, to declare it has excess funds and transfer the funds to his presidential campaign committee, Chris Dodd for President Inc. His Senate campaign committee reported $1,855,961 cash-on-hand as of 9/30. This amount will probably change with financial activity during the fourth quarter of 2006. His year-end report is due by 1/31/07.

In addition to his Senate and presidential campaign committees, Sen. Dodd also has a leadership PAC, Citizens for Hope Responsibility Independence & Service PAC (CHRIS PAC). The PAC reported $167,526 cash-on-hand as of 11/27/06. However, this is after spending $1,198,998 during the 2005-2006 cycle.

The PAC disbursements in 2005-2006 included contributions totaling $134,500 into New Hampshire, Iowa and South Carolina.

Iowa $42,500 - The PAC gave a total of $11,000 to three federal candidates in Iowa. The PAC gave $31,500 to seven state candidate or party accounts.

New Hampshire $60,500 - The PAC gave a total of $10,000 to two federal candidates in New Hampshire. The PAC gave $50,500 to one state party account.

South Carolina $31,500 - The PAC gave a total of $1,000 to two federal candidates in South Carolina. The PAC gave $30,500 to twenty-nine state candidate or party accounts.

In addition, the PAC paid the Iowa Democratic Party $50,000 on 9/13/06 for a "voter file." It also paid the New Hampshire Democratic State Committee $50,000 on 9/7/06 for a "voter file."

Can Voters Picture Good Mormons As Good Leaders? (DMN)

By Jeffrey Weiss

The Dallas Morning News, January 20, 2007

On a national level, the question has never been more politically important: Does being Mormon matter?

When Nevada Democrat Harry Reid took his seat this month as U.S. Senate majority leader, he became the highest-ranking federal elected official ever from the Church of Jesus Christ of Latter-day Saints. And former Massachusetts Gov. Mitt Romney's all-but-official run for the Republican presidential nomination has also raised the profile of his church.

So does it matter to voters that they're Mormons? Maybe, the experts say.

Distinctively Mormon values could have policy implications on issues including abortion, welfare, gay marriage and the role of federal judges. In addition to Mr. Reid, four other senators and 10 U.S. House members identify themselves as Mormons.

Also Online

Evangelicals: Voters may not go for Romney

The Mormon Church is generally against abortion, in favor of traditional families and supportive of patriotism. But the Latter-day Saints get to those positions using a different theology from that of other churches – and those differences could affect the way Mormon politicians govern.

That's not to say that observant Mormons run in political lockstep any more than members of any other faith.

Mr. Reid, left of center, and Mr. Romney, increasingly right of center, both credit their church with setting their values.

"Without the direction of the church, I would have been without a compass," Mr. Reid wrote for a book published in 2001.

But even among themselves, Mormons can read their compasses differently. For instance, Mormons are taught to avoid coffee and tea. But Mr. Romney has a coffeepot for his staff, a spokesman said. Mr. Reid does not. Both men declined through spokesmen to answer questions from The Dallas Morning News about specific aspects of Mormon theology.

Mr. Reid's spokesman said the senator's church "teaches him values that cross party lines – care for those in need, look out for our fellow man and do what is right."

Mr. Romney's spokesman said the former governor "is a person of strong faith, and his faith helps guide his values."

Church not involved

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The LDS church is officially and emphatically not involved in partisan politics. But Mr. Reid and Mr. Romney are well aware of church teachings and how they could apply to public policy, said Ronald Scott, a Boston journalist working on a book about Mr. Romney.

"You have guys who have grown up thinking and talking like theologians," said Mr. Scott, a distant cousin of Mr. Romney's.

The two leaders came to their church by radically different routes.

Mr. Reid has written that he grew up in Searchlight, a rowdy Nevada mining town with no church and "13 bordellos." He converted in college.

Mr. Romney comes from a family that's been Mormon for generations. (He's the son of George Romney, the former Michigan governor and a contender for the 1968 GOP presidential nomination.) He has held several church positions, including stake president – something like a regional bishop.

So how are Mormon values different from, say, Baptist or Catholic values? Differences are rooted in Mormon history.

The Church of Jesus Christ of Latter-day Saints is an American-born faith, started in the 19th century by a New Yorker named Joseph Smith. God, Mr. Smith said, had instructed a small group of Israelites to head west about 2,600 years ago – a boat trip all the way to what is now America. They built a mighty civilization and were visited by Jesus after his resurrection.

The civilization collapsed four centuries after Jesus' visit, but the sacred texts of its prophets were saved on golden plates. In 1823, the church teaches, an angel revealed the plates to Mr. Smith. He is said to have translated the plates and used the text to reconstitute God's only true church, beginning with six members.(Polygamy, accepted in the church's early days, was officially renounced in 1890.)

Mr. Smith's followers consider the Book of Mormon, named after an angel, to be as sacred as the Bible. And they believe that Mr. Smith and his successors – current church president is Gordon B. Hinckley – are "prophets, seers and revelators" through whom God can issue new revelations.

'Continuing revelation'

This notion of "continuing revelation" distinguishes Mormon practice. When the pope, by comparison, speaks "infallibly," he's explaining what he says Catholic teachings have always been. A Mormon president, on the other hand, may claim a prophesy that results in significant doctrinal changes. Such was the case with Spencer W. Kimball's revelation in 1978 that transformed official church policy toward blacks, allowing them full membership in the church.So what if Mr. Hinckley or a successor declared that God said America should outlaw spinach or invade Australia? Would "good Mormon" elected officials feel compelled to obey?

In mid-2005, as talk of a run for presidency started to percolate, a spokesman for then-Gov. Romney addressed the question of obedience to Mormon leadership:

The spokesman told The Boston Globe that Mr. Romney's "obligation is to fulfill his duty of office, and that would take precedence over anything. "

Some Mormon experts say a revelation directed at Mormon politicians is possible but exceedingly unlikely. In the past, revelations haven't directly addressed American public policy. And before a new revelation is official, the president's two closest advisers and a "Quorum of the Twelve Apostles" are expected to confirm it. So it's nigh on impossible for one leader to claim a radical new word from the Almighty. And while individual Mormons are expected to confirm their belief in the new teaching, they are also obligated by their faith to evaluate it for themselves.

"The only way you can know for sure is if you have a personal revelation," said Boyd Petersen, a professor of Mormon studies at Utah Valley State College.

Where they stand

Continuing revelation is not the only distinctively LDS belief that could have political implications. Some other examples:

· Abortion

Mormon theology calls for exemptions from an absolute ban – when the pregnancy results from rape or incest; a doctor decides that the mother's health is in serious jeopardy; or a doctor determines that the fetus has severe defects that will not allow the baby to survive beyond birth.

Mr. Reid generally opposes abortion but is in favor of the exceptions for rape, incest and the health of the mother. Mr. Romney said last year that he would sign a bill outlawing abortion, even in cases of rape or incest.

· The origin of the government.

Mormons are taught that the essential structure of the U.S. government was divinely inspired. This belief could influence attitudes toward possible constitutional amendments or the selection of federal judges.

· Gay rights.

Mormons are taught that each soul has an intrinsic gender and had it in a life before birth. "Gender is an essential characteristic of individual premortal, mortal, and eternal identity and purpose." And that identity, Mormons are taught, was never

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gay.The church supports a constitutional amendment defining marriage as being between one man and one woman. Mr. Reid opposes the amendment; Mr. Romney supports it.

· Gender roles.

In an ideal family, the church teaches, men are "to provide the necessities of life and protection for their families. Mothers are primarily responsible for the nurture of their children."

Legislation about gender pay equivalency, day care programs and family leave could be affected by this teaching.

"The bottom line for church leaders is to endorse whatever public policies that they perceive will favor traditional marriage, family and children," said Armand Mauss, former president of the Mormon History Association and a visiting scholar at California's Claremont Graduate School of Religion.

But fear of challenges to the traditional family, more than specific theology, may better explain Mormon political stands on gender roles, he said.

· Welfare.

Church teachings pull in two directions. On the one hand, LDS members are taught to be self-sufficient – to the point of having a year's worth of supplies in storage.

On the other hand, Mormons are taught to help the needy – without even asking why the person is in need.

Mr. Scott, the Boston journalist, said a universal health insurance program that Mr. Romney championed in Massachusetts is "quintessentially Mormon."

Other politicians have said their religion was important without drawing explicit connections to public policy. In a 2000 debate, George W. Bush identified Jesus Christ as his favorite political philosopher. But the president, like Mr. Reid and Mr. Romney, has demurred at explaining exactly how religious beliefs affect his governance.

Perhaps Mormon politicians will take their cue from Brigham Young, who led the church after Mr. Smith was assassinated in 1844.

Mr. Young offered a Mormon motto in one of his famous sermons:

"'To mind your own business,' " he said, "incorporates the whole duty of man."

Pennsylvania Governor Pushes Health Plan (NYT)

By Sean D. Hamill

The New York Times, January 20, 2007

PITTSBURGH, Jan. 19 — Gov. Edward G. Rendell arrived here Friday to rally support for his plan not only to extend health insurance coverage to the state's 760,000 uninsured adults, but also to cut billions of dollars in heath care costs and ban smoking in restaurants, bars and workplaces.

Mr. Rendell said the plan would require 47 changes to state law and regulations. It follows efforts in several other states to offer some version of universal health coverage.

Though Pennsylvania has one of the lowest uninsured rates in the nation — about 7 percent, compared with 20 percent in California — Mr. Rendell said the proposal was crucial because "the system is near collapse."

At a meeting with business and civic leaders at the private Duquesne Club downtown, Mr. Rendell pointed to a chart indicating that health care costs grew 75 percent in the state over the past seven years, while wages rose 13 percent and inflation increased 17 percent.

"We can't go through another seven years of that," he said.

Mr. Rendell did not provide any cost estimates for the plan, but said that it relied on federal money, some redirected state money and a group of new taxes, including a 10-cent-per-pack increase in the cigarette tax and a fee on businesses that do not offer insurance to their employees. (A law approved last year is intended to extend health insurance to the state's 150,000 uninsured children.)

The governor's proposal also contains measures intended to make health care more efficient. One is an effort to reduce hospital-acquired infections, estimated to cost billions of dollars every year.

Though Mr. Rendell had previously said he would sign a bill authorizing a "single-payer system" whereby the state would be the insurer for the uninsured, nothing like that is in his proposal.

During his other stop Friday, at the University of Pittsburgh Medical Center, he said such a plan would be "inordinately expensive" and ultimately "untenable to the legislature."

Mr. Rendell's proposal differs in significant ways from recent state-sponsored health care packages in California and Massachusetts.

Both those states require individual participation, but, under Mr. Rendell's plan, Pennsylvania would not.

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In California, Gov. Arnold Schwarzenegger, a Republican, wants the Legislature to approve health insurance coverage for illegal immigrants. But Mr. Rendell, a Democrat, said he did not try to provide coverage for Pennsylvania's estimated 150,000 illegal immigrants because Republicans in the legislature had said they would not back it.

Lawmakers of both parties have expressed support for some parts of Mr. Rendell's proposal, but passage of the entire plan is likely to be difficult. Among the reasons are that Republicans control the State Senate.

Towns Tame Taxes By Keeping Children Out (WT/BLOOM)

By Bob Ivry

The Washington Times, January 20, 2007

New Jersey towns have figured out a way to sidestep the highest property taxes in the U.S.

Keep children out.

Educating a child in New Jersey costs an average of $12,567 a year, the most in the nation and more than double the property tax parents typically pay. So local governments have hit upon a way to expand the tax base without the expense of higher enrollment: age-restricted housing.

New Jersey developers have responded by building an estimated one-fifth of the country's adults-only housing, making the state the leader in a national trend spurred by baby boomers seeking new homes after their children move out.

In New Jersey, where schools can command two-thirds of a municipal budget and state officials have failed to provide tax relief, building communities that don't allow children has as much to do with reducing taxes as it does with serving older home buyers.

"It's frustration on the part of some communities," said New Jersey Gov. Jon Corzine, a Democrat. "The real problem is we have too much reliance on property taxes in how we finance public education."

Nationwide, 2.8 million households were part of age-restricted communities in 2005, up 29 percent from 2001. The number in New Jersey grew 37 percent in the same period. More than half the housing units started in the state in the past two years have excluded children, according to data compiled by the New Jersey Builders Association.

In one New Jersey town, Monroe Township, population 28,000, half the housing units are limited to senior citizens.

As many as 95,000 such units will be built in the U.S. in 2007, according to an estimate by the National Association of Home Builders. New Jersey developers will build about 20,000 of them.

Exclusionary zoning is legal in the U.S. A 1998 exemption to the federal Fair Housing Act allows age restrictions if homes in a development are intended solely for residents age 62 and older, or if 80 percent of the units are occupied by one person who is at least 55.

New Jersey towns support their school systems mostly with property tax revenue, pushing the average tab to $5,153 in 2004, the highest in the U.S. New Jersey residents are older than in most states -- 12.5 percent are 65 and older, compared with the 12.1 percent average in the U.S.

Some home builders see age-restriction housing as protection against the wider housing slump. The National Association of Homebuilders estimates that profit from age-restricted housing was $1.2 billion in 2006.

For Pulte Homes Inc., the largest U.S. home builder by market value, 39 percent of its homes sold in 2005 had age restrictions, up from 33 percent in 2004, said spokeswoman Caryn Klebba. In 2001, the Bloomfield Hills, Mich., company was selling homes in 15 age-restricted communities in seven states, Miss Klebba said.

Today, Pulte has 56 such developments in 20 states, with eight more scheduled to open in 2007.

"Age-restricted housing is growing more than the general housing market," said Ara Hovnanian, chief executive officer of Hovnanian Enterprises Inc., New Jersey's largest home builder.

The Red Bank, N.J., company will have 16 adults-only developments on the market this year.

The New Jersey Supreme Court ruled last month that towns could condemn land for open space under eminent domain laws to stop development that might result in "overcrowded schools." That put children on a par with pollution and traffic congestion as valid reasons for seizing property.

"Exclusionary zoning is most prevalent in New Jersey, but it's pervasive in a lot of parts of the country, especially in the Northeast, where there isn't a lot of land to build on," said Robert Puentes, a fellow with the Brookings Institution's Metropolitan Policy Program in the District. "With property tax being such a big issue now, it's much more front and center."

Still, elected officials are reluctant to link age-restricted development to taxes, mindful that voters may view them as being anti-child.

"It's a backroom taboo thing that everybody talks about but nobody talks about," said Douglas Steinhardt, mayor of Lopatcong Township, which limits new housing to two bedrooms.

Lopatcong's zoning restriction is intended as a density-control measure and "not to keep kids out," Mr. Steinhardt said.

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Age-restricted housing does help reduce property taxes, according to the state Department of Community Affairs. In Monroe Township, which has 8,878 age-restricted units, the most in the state, the property tax averaged $4,327 in 2004, the latest year statistics are available. That was 16 percent lower than the rest of Middlesex County and 22 percent less than the state average.

In comparison, South Brunswick, Monroe Township's neighbor, has just 731 units of age-restricted housing and an average property tax of $5,782.

"The unbalance that age-restricted housing brings is going to be a disaster for the state in the long run," said Lakewood Township Mayor Ray Coles. "New Jersey seems to be looking for ways to turn families away."

Other mayors, including Scott Rumana of Wayne, reject the idea that exclusionary zoning saves money, because having more senior citizens pushes up emergency response costs.

Developers, which can make more money building unrestricted housing, sometimes find it's more difficult to get those plans approved, said Patrick O'Keefe, chief executive officer of the New Jersey Builders Association.

"It's almost a prerequisite that a project pass the child-exclusion test before a planning board will consider it," Mr. O'Keefe said.

In Peapack-Gladstone, population 2,465, the land-use board twice denied Dennis Townsend permission to build 18 multimillion-dollar homes on 13 acres across a dirt road from his Hamilton Farm Golf Club.

On a tour of the land, Mr. Townsend, chairman of Townsend Capital LLC of Towson, Md., pointed to the woods behind his proposed lots, where Peapack-Gladstone recently approved 55 duplexes a stone's throw from where he wants to build. The duplexes will be age-restricted.

Targeting Wal-Mart Again (LAT)

The Los Angeles Times, January 20, 2007

WHAT DO Johns Hopkins University, Northrop Grumman Corp., Giant Food Inc. and Wal-Mart have in common?

Answer: They are the four biggest private employers in Maryland. Yet last January, when the Maryland General Assembly passed its Fair Share Health Care Fund Act, requiring companies with more than 10,000 Maryland employees to spend at least 8% of their total payroll on workers' health insurance costs, it did something interesting. Though all four qualified under the law, legislators ensured that only one — Wal-Mart, the super-villain of documentary films, watchdog websites and countless news investigations — would have to obey it.

This week, the U.S. 4th Circuit Court of Appeals upheld an industry group's challenge to the Maryland law, saying that it is preempted by the 1974 ERISA Act, a federal law that sets minimum standards for employee benefits plans. Although the court made a kind reference to Maryland's "noble purpose" (in trying to offload some of its swelling health coverage costs), it made clear that Wal-Mart faced substantial losses.

The Fair Share Act could hardly have been more clear in its intent to punish Wal-Mart specifically, and unfairly. The act was passed — over the veto of then-Gov. Robert L. Ehrlich — in an atmosphere of widespread public revulsion at the retailer's practices of discouraging unions and stinginess with benefits. Similar laws are on the books or under consideration in New York and Minnesota; and the super-retailer has certainly received its share of targeted legislative grief from city councils all over Southern California. But the Maryland law was so blatantly targeted at Wal-Mart as to amount to a "bill of attainder" — a legislative act pronouncing a person guilty of a crime. Such acts are prohibited by the Constitution.

Californians, who are digesting the opening course of Gov. Arnold Schwarzenegger's healthcare overhaul, should take a special interest in the outcome of this case. Schwarzenegger's proposed mandate that employers devote at least 4% of payroll to health coverage is far less onerous than the Maryland law (the typical California employer already pays about 8% of payroll to health coverage). But the fate of the Fair Share Act demonstrates how easy it is for a statewide experiment to run afoul of federal regulations, even if that experiment is about solving a problem rather than aiming public opprobrium at a popular target.

China Shows Assertiveness In Weapons Test (NYT)

By Joseph Kahn

The New York Times, January 20, 2007

BEIJING, Jan. 19 — China's apparent success in destroying one of its own orbiting satellites with a ballistic missile signals that its rising military intends to contest American supremacy in space, a realm many here consider increasingly crucial to national security.

The test of an antisatellite weapon last week, which Beijing declined to confirm or deny Friday despite widespread news coverage and diplomatic inquiries, was perceived by East Asia experts as China's most provocative military action since it testfired missiles off the coast of Taiwan more than a decade ago.

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Unlike in the Taiwan exercise, the message this time was directed mainly at the United States, the sole superpower in space.

With lengthy white papers, energetic diplomacy and generous aid policies, Chinese officials have taken pains in recent years to present their country as a new kind of global power that, unlike the United States, has only good will toward other nations.

But some analysts say the test shows that the reality is more complex. China has surging national wealth, legitimate security concerns and an opaque military bureaucracy that may belie the government's promise of a "peaceful rise."

"This is the other face of China, the hard power side that they usually keep well hidden," said Chong-Pin Lin, an expert on China's military in Taiwan. "They talk more about peace and diplomacy, but the push to develop lethal, high-tech capabilities has not slowed down at all."

Japan, South Korea and Australia are among the countries in the region that pressed China to explain the test, which if real would make it the third power, after the United States and the Soviet Union, to shoot down an object in space.

China's Foreign and Defense Ministries declined to comment on reports of the test, which were based on United States intelligence data. Liu Jianchao, the Foreign Ministry spokesman, would say only that China opposed using weapons in space. "China will not participate in any kind of arms race in outer space," he told [a news organization].

China's silence on the test underscores how much its rapidly modernizing military — perhaps especially the Second Artillery forces, in charge of its ballistic missile program — remains isolated and secretive, answering only to President Hu Jintao, who heads the military as well as the ruling Communist Party.

Having a weapon that can disable or destroy satellites is considered a component of China's unofficial doctrine of asymmetrical warfare. China's army strategists have written that the military intends to use relatively inexpensive but highly disruptive technologies to impede the better-equipped and better-trained American forces in the event of an armed conflict — over Taiwan, for example.

The Pentagon makes extensive use of satellites for military communications, intelligence and missile guidance, and some Chinese experts have argued that damaging its space-based satellite infrastructure could hobble American forces.

Yet while China's research and development of such weapons has been well known, the apparent decision to test-fire an antisatellite weapon came as a surprise to many analysts.

"If this is fully corroborated, it is a very significant event that is likely to recast relations between the United States and China," said Allan Behm, a former official in Australia's Defense Ministry. "This was a very sophisticated thing to do, and the willingness to do it means that we're seeing a different level of threat."

China's military expenditures have been growing at nearly a double-digit pace, even after adjusting for inflation, for 15 years. China has begun to deploy sophisticated submarines, aircraft and antiship missiles that the Pentagon says could have offensive uses.

Yet with a few notable exceptions, Beijing has avoided sharp provocations that could prompt the United States or Japan to focus more on what some officials in each country regard as a potential threat.

Chinese leaders emphasize that they are preoccupied with domestic challenges and intend to focus their energy and resources on economic development, a policy they say depends heavily on cross-border investment, open trade and friendly foreign relations.

The country has denied that it intends to develop space weapons and sharply criticized the United States for experimenting with a space-based missile defense system. It forged a coalition of Asian countries to jointly develop peaceful space-based technologies.

Last month it published and heavily promoted a white paper on military strategy that emphasized its view that space must remain weapon-free. "China is unflinching in taking the road of peaceful development and always maintains that outer space is the common wealth of mankind," the paper said.

Some of such talk amounts to little more than propaganda. But Jonathan Pollack, a China specialist at the Naval War College in Newport, R.I., says the Chinese military does in fact act cautiously when it comes to improving its strategic capabilities, like long-range missiles and nuclear weapons, to avoid causing alarm in the United States.

"They have talked about antisatellite weapons," he said. "But we have always thought that the threat was ambiguous and that China probably wanted it that way. So what was the calculation to go ahead with an actual test?"

Some analysts suggested that one possible motivation was to prod the Bush administration to negotiate a treaty to ban space weapons. Russia and China have advocated such a treaty, but President Bush rejected those calls when he authorized a policy that seeks to preserve "freedom of action" in space.

Chinese officials have warned that an arms race could ensue if Washington did not change course.

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At a United Nations conference in Vienna last June on uses of space, a Chinese Foreign Ministry official, Tang Guoqiang, called the policies of "certain nations" disconcerting.

"Outer space is the common heritage of mankind, and weaponization of outer space is bound to trigger off an arms race, thus rendering outer space a new arena for military confrontation," he said, according to an official transcript of his remarks.

Even so, Mr. Pollack, of the Naval War College, said that if China hoped that demonstrating a new weapon of this kind would prompt a positive response in Washington, they most likely miscalculated.

"Very frankly, many people in Washington will find that this validates the view of a China threat," Mr. Pollack said. "It could well end up backfiring and forcing the U.S. to take new steps to counter China."

Other analysts said the test might have more to do with proving a technology under development for many years than a cold-war-style negotiating tactic.

China maintains a minimal nuclear arsenal that could inflict enough damage on an enemy to guard against any pre-emptive strike, these analysts said. But the increasing sophistication of American missile interceptors, which are linked to satellite surveillance, threatens the viability of China's limited nuclear arsenal, some in Beijing have argued.

That may have prompted the Second Artillery to show that it had the means to protect fixed missile sites and ensure China's retaliatory capacity by showing that it could take out American satellites.

At the annual military fair in Zhuhai, held in November, the Guangdong-based newspaper Information Times and several other state-run media outlets carried a short interview with an unidentified military official boasting that China had "already completely ensured that it has second-strike capability." The analyst said China could protect its retaliatory forces because it could destroy satellites in space.

American officials have also noted the development. This month, Lt. Gen. Michael Mapes of the Army testified before Congress that China and Russia were working on systems to hit American satellites with lasers or missiles. And over the summer, the director of the National Reconnaissance Office, Donald M. Kerr, told reporters that the Chinese had used a ground-based laser to "paint," or illuminate, an American satellite, a possible first step to using lasers to destroy satellites.

"China is becoming more assertive in just about every military field," said Mr. Behm, the Australian expert. "It is not going to concede that the U.S. can be the hegemon in space forever."

U.S. Presses China On Anti-satellite Test (LAT)

By Julian E. Barnes

The Los Angeles Times, January 20, 2007

WASHINGTON — The Bush administration demanded again Friday that China explain why it conducted a test of its growing anti-satellite capability last week, successfully destroying an obsolete orbiter in a move that alarmed many U.S. allies and brought diplomatic protests.

The United States, Canada, Australia and Japan have questioned China's motives in launching a ground-based missile that destroyed one of its aging weather satellites about 500 miles above Earth.

Beijing has declined to confirm the test but has said it supports the peaceful use of space. U.S. officials said no country should conduct tests that advance the potential for wars in space or result in explosions that create large areas of debris hazardous to other satellites.

"We know the Chinese have conducted this test," said Tom Casey, a State Department spokesman. "We certainly want to hear from them in a more detailed way exactly what their intentions are…. We don't want to see a situation where there is any militarization of space."

U.S. officials are seeking talks with their Chinese counterparts. Though some experts are calling for an expanded dialogue, more hawkish observers say the U.S. needs to take a tougher line.

State Department officials met with officials from the Chinese Embassy on Tuesday, and diplomats in Beijing met with Chinese officials Wednesday. Casey said one of the questions the test raised was whether this was a one-time incident or part of a broader initiative.

The U.S. has conducted similar tests to shoot down satellites, but the last was in 1985. America and the Soviet Union abandoned the tests over concerns about the debris they generated.

"Countries throughout the world are dependent on space-based technologies — you know, weather satellites, communication satellites and other devices," Casey said.

The Chinese missile test was unsurprising given the U.S. position on the militarization of space and this country's military capabilities, said Michael Swaine, a senior associate at the Carnegie Endowment for International Peace in Washington.

"There needs to be a sustained discussion between the U.S., China and other space-faring nations about how space can be used," Swaine said.

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Other experts were skeptical about how much a dialogue with China would yield.

"Talking is swell, but don't expect to get anything from it," said James Andrew Lewis, a senior fellow at the Center for Strategic and International Studies.

Other skeptics, such as John J. Tkacik Jr. of the Heritage Foundation's Asian Studies Center, have argued that China has rebuffed U.S. attempts to negotiate over space. The U.S., Tkacik said, should tell China there will be consequences for missile launches. The leverage America has, he said, is bilateral trade.

China's Anti-satellite Missile Test Criticised (FT)

Financial Times, January 20, 2007

China on Friday denied provoking a space arms race following international condemnation of its successful test of an anti-satellite weapon, the first such test by any country in two decades.

The US, Japan, Britain and Australia criticised Beijing for testing an anti-satellite system without warning by destroying a weather satellite in space orbit with a ballistic missile.

Japanese officials were among the first to react to the test. "We are concerned about it firstly from the point of view of peaceful use of space, and secondly from the safety perspective," said Yasuhisa Shiozaki, Japan's chief cabinet secretary.

A Chinese foreign ministry spokesman said on Friday he was not aware of any such test, but that whatever had happened, other countries did not have "any reason" to be concerned about China's space programme.

"The principled position of the Chinese government is that we stand for the peaceful use of space," said spokesman Liu Jianchao. "We are against the introduction of weapons into space."

A Bush administration official said the Chinese had conducted three other tests between September 2004 and February 2006. Another senior administration official said the earlier missile launches were "mostly successful" but were intended to test parts of the anti-satellite system before conducting a final test.

Asked whether the UK was concerned about the ramifications for world peace, a spokesman for Tony Blair, the British prime minister, said: "We believe this [test] does not contravene international law."

The US and former Soviet Union stopped testing kinetic anti-satellite weapons – which destroy targets by the force of impact – in the 1980s, partly out of concern over the effect of space debris on their satellites.

China and Russia in recent years have encouraged the US to enter negotiations about creating an international treaty that would ban the use of weapons in space. But Washington has argued that there was no need for a treaty because there were no weapons in space.

Some analysts said the Chinese move might have been designed to pressure the US to sign an agreement. Others said China might have decided to proceed because of a US policy that it would not allow other countries to restrict its activities in space.

Report by Demetri Sevastopulo in Washington, Mure Dickie in Beijing, Jean Eaglesham in London, Mariko Sanchanta in Tokyo and Neil Buckley in Moscow

China Tries To Reassure The World On Space Missile "Aimed At Peace" (LONT)

By Jane Macartney, Richard Beeston, Tim Reid

Times of London, January 20, 2007

China signalled yesterday that its first missile strike against an orbiting satellite was intended to force the US into talks aimed at abolishing weapons in space.

As it faced an international chorus of protest against its test — the first such launch for 20 years — its officials insisted that they wanted space to be free of weapons.

"As the Chinese Government, our principle stand is to promote the peaceful use of space," a Foreign Ministry spokesman said. "We oppose the militarisation of space. In the past, in the present and in the future, we are opposed to any arms race in space. Of this everyone can be confident."

The reassurances failed to placate jittery Asian neighbours and Western powers, which fear that the surprise Chinese muscle-flexing is part of a campaign to raise its global military posture while raising the spectre of a space arms race.

China is the first country since 1985 to destroy a satellite in space and only the third — after America and the former Soviet Union — to master so-called Star Wars technology. The clear message is that if China can shoot down its own orbiter it could also attack satellites operated by other nations.

Beijing has increased defence spending by 10 per cent every year since 1990. Last year spending rose nearly 15 per cent to $35.5 billion (£18 billion). Experts believe that the true figure is far higher, in part because the official budget does not include military development costs.

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Yesterday Britain and Japan added their voices to the growing criticism, which has included the US, Australia, South Korea and Canada. A Downing Street spokesman said that Britain was concerned about the impact of debris caused by the destruction of the satellite and the secretive manner in which the test had been carried out. A formal protest was made this week to the Chinese by the British Embassy in Beijing.

Alexander Downer, the Australian Foreign Minister, said that China's new-found capacity to shoot down satellites was "not consistent with ... the traditional Chinese position of opposition to the militarisation of outer space".

Washington's response will be crucial in determining what happens next: an arms race in space or an agreement to limit the use of Star Wars technology. American analysts said that the test had exposed the "soft underbelly" of America's national security apparatus, because most of the Pentagon's spy satellites orbit at a similar height to the weather satellite destroyed by the Chinese test.

White House critics said that the Chinese test was a result of President Bush's aggressive unilateralism, this time in his space policy. Last year the US expressly ignored Chinese and Russian calls for a global ban on the development of space weapons. Instead, a new policy preserved America's right to develop military space technology, while "dissuading" others.

Edward Markey, a Democrat congressman, said that President Bush should initiate an international agreement "to ban the development, testing and deployment of space weapons and anti-satellite systems".

But Jeffrey Kueter, president of the George C. Marshall Institute, said that the Chinese move should spur the Bush Administration to develop new space defence systems.

"We now know for certain that China has the direct capability to destroy satellites in space and the indirect capability to deny their use," he said.

Chinese analysts said that they doubted the action would damage China's relations with the US. Shi Yinhong, of the School of International Studies, said: "Every big power, if it wants to maintain its status as a big power, will get into the field of space."

Chinese Space Test Raises US Suspicions (FT)

By Mure Dickie, Stephen Fidler, Demetri Sevastopulo

Financial Times, January 20, 2007

China's test this month of an anti-satellite weapon, which Washington says was used to destroy an ageing Chinese satellite, is likely to carry a cost for Beijing, according to military analysts.

It is sure to raise further US suspicions about Beijing's intentions, heightened by previous launches in the past three years. Between September 2004 and February 2006, a US official said, China launched three rockets capable of destroying a satellite.

A senior US official said the Chinese had developed an anti-satellite system in which they had a "great deal of confidence" and which could "conceivably degrade or cripple key [US] systems". He said the weapon was based on an existing system that could be deployed with little warning.

The development appears to be the latest example of China surprising the US over the extent of its military capabilities.

The Pentagon last year warned that China was "pursuing" anti-satellite systems but concluded that they could only destroy or disable satellites using nuclear-armed missiles, which could carry "many risks".

The US is sensitive to any potential threat to its space-based systems, as shown by Washington's complaint that the development and testing of such weapons is "in-consistent with the spirit" of Sino-US civil co-operation in space.

In the absence of any Chinese public statement, the motivation for the test remains unclear.

"China is committed to military modernisation and if it wants to modernise its military then it has to develop some limited space capability," said Shi Yinhong, a professor of international politics at Beijing's Renmin University.

Andrew Brookes of the International Institute for Strategic Studies in London, said: "China has a big space launch programme and they're talking about going to the moon. It may simply be a military department competing for its budget share by demonstrating its capability."

The senior US official said Beijing probably wanted to test its capabilities while demonstrating the progress it had made to the US.

Whatever the motivation, the consequences may be significant.

The US military is heavily dependent on satellites for surveillance, intelligence gathering, weapons guidance and communications.

While the Chinese test successfully demonstrated a technology that the US and the Soviet Union mastered more than two decades ago, it is likely to increase pressure from hawks in Washington for the US to spend more on the defence of its space assets.

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That might include pressure to base defensive weapons in space – for example so-called space mines. However, A 2004 report from the Federation of American Scientists -concluded that the US could equally well use a number of -alternative defensive approaches that would avoid basing weapons in space.

The test is likely to bring calls from another direction too: that it is time for an international treaty to stop the use of space for military purposes. China and Russia have been pushing the US to agree to a pact banning the deployment or use of weapons in space.

The US responded that a treaty was unnecessary because no country was deploying or using weapons in space. The senior administration official yesterday said the US did not agree with the way China defined space weapons. "They want to define arms in space very broadly to include ballistic missile defence," he said. "That is not the way it is going to go."

Some analysts said the equation had now changed. "We just got our arms race," said Jeffrey Lewis, an arms control expert at Harvard University.

"The US has refused to engage in negotiations and this may be why the Chinese did this," said Theresa Hitchens, an expert on space militarisation at the Center for Defense Information.

The US and Soviet Union stopped testing kinetic anti-satellite weapons in the 1980s, partly because they were concerned about the physical impact of space debris on their own satellites, and partly due to the potential ramifications for the nuclear balance. Both sides feared that the destruction of a satellite by space junk could cause the other to conclude that a nuclear attack was about to occur.

Military analysts say China has been worried by the possible US deployment of space-based weapons such as "rods from God" – hyper-velocity bundles of tungsten bars that would destroy earth-based targets.

But Mr Lewis says China has misread the US political landscape, saying the White House would use the test to argue that China was not serious about preventing an arms race in space.

While the US has not used an anti-satellite weapon for two decades, it has continued to work on them. Congress is funding the kinetic energy anti-satellite programme started during the Reagan years and the air force is thought to be developing weapons using lasers and microwaves that could obliterate satellites with minimal debris.

The US space policy unveiled last year asserts the right to deny access to space to anyone deemed "hostile to US interests".

"Compared with traditional US space policy, the hegemonic flavour of the new version is less disguised and betrays an intense determination to exercise control over space," wrote Teng Jianqun, deputy head of the China Arms -Control and Disarmament Association.

China's first satellite kill, however, will make it harder for it to claim the moral high ground on the demilitarisation of space.

China's Muscle Flex In Space (NYT)

The New York Times, January 20, 2007

China spread alarm and consternation among space powers when it destroyed one of its own satellites last week with a missile fired from the ground, thus becoming the first nation in more than two decades to successfully test an antisatellite weapon. This aggressive show of force puts a wide range of United States military and intelligence satellites at risk and holds the danger of starting an arms race in space. Too bad the Bush administration's own bellicose attitudes — and adamant refusal to consider an arms control treaty for space — give it scant standing to chastise the Chinese. The administration needs to reverse course promptly and join in talks aimed at banning further tests or use of antisatellite weapons.

The Chinese test, which Beijing has not acknowledged but was tracked by intelligence agencies, destroyed an aging communications satellite some 500 miles above the Earth. The missile smashed the satellite into hundreds of pieces large enough to pose a danger for a decade or more to spacecraft or satellites that pass through the debris.

The Chinese have now demonstrated that — should they ever choose — they could destroy essential American satellites used to conduct military reconnaissance, spot nuclear tests and direct smart weapons. A top intelligence official told reporters last August that China had used a ground-based laser to illuminate an American satellite. That could signal a nascent effort to develop a way to blind satellites or to guide a missile to a target in space.

The Bush administration has been flexing its own muscles in space. A national space policy issued in October declared that "freedom of action in space is as important to the United States as air power and sea power." It asserted a need to deter others from interfering with America's right to operate in space. The policy did not address whether Washington would place weapons in space — as some in the Pentagon have been urging — but the administration continues to oppose any restrictions.

Surely it would make military and diplomatic sense to pursue the opposite course and seek to ban all tests and any use of antisatellite weapons.

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The United States and the Soviet Union successfully tested such weapons decades ago and have no overriding need to develop better versions, although the United States is clearly trying. China's success in matching the feat reportedly came after three earlier tests failed, so the Chinese could only benefit from additional testing. The United States, with many more satellites in orbit than any other power and a military that has become increasingly dependent on satellites, has the most to lose from an unbridled space arms race.

Some experts suggest that China's latest test is intended to prod the United States to join serious negotiations. The way to counter China or any other potentially belligerent space power is through an arms control treaty, not a new arms race in space.

China Sets Off A New Round Of Star Wars (FT)

Financial Times, January 20, 2007

A means of modern warfare the world had complacently come to see as at least informally off the table is now very firmly back on it – or, rather, scattered as metallic debris across miles of outer space.

China, in an alarming exhibition of its military muscle, has fired a ground-based ballistic missile into space to destroy one of its own weather satellites, hitting a 4 sq ft box at 530 miles and bringing to a dramatic end a two decades-long moratorium on the testing of weapons in space. Good shooting, yes, but is it good politics?

This experiment has drawn widespread condemnation. The US clearly sees it as part of an effort by China to develop anti-satellite capability that could threaten its extensive space assets. The Chinese test may or may not lead to a new arms race in space. But it will certainly strengthen the hand of hawks in Washington who regard Chinese power as a strategic threat to the US. Yet there is a long history behind this incident – and the leadership in Beijing is not known for foolhardy or precipitate action.

The last extensive use of anti-satellite weapons was by the US and former Soviet Union in the 1980s. The cold war slowly raged, heated up in 1983 by President Ronald Reagan with his Strategic Defence Initiative – the infamous Star Wars speech in which he announced plans to develop the capability to destroy missiles from space.

Those tests nonetheless ceased in 1985, not least because they created an uncontrollable fall-out of debris that threatened the network of satellites ever more densely carpeting the sky.

Both Moscow and Beijing subsequently made efforts to take space out of the military equation. The US, with a military budget able to outspend almost the rest of the planet put together, was simply not interested.

To the extent that it bothered to explain its position, Washington argued that the demilitarisation of space would be impossible to verify: a self-serving argument similar to the Bush administration's reasoning for opposing the verification protocol of the Biological Weapons Convention.

In the past year, however, two developments may have rattled Beijing. First, the US nuclear co-operation agreement with nuclear-armed India is the clearest indication yet of Washington's wish to build up a counterweight to China in Asia and the Pacific. But second, last summer the Bush administration came out with a new policy asserting that the US regarded space as important a dimension for the nation's security as air or sea power. It may have been no coincidence that, within weeks, China ruffled American feathers by using a ground-based laser to illuminate a US satellite – and highlight its own reach into space.

The US is so dependent on satellites for surveillance, observation of the "battlespace", communications and defence against any incoming missiles (or son of Star Wars) that it has reason to feel alarmed. The National Security Council on Friday called China's test "inconsistent with the spirit of co-operation that both countries aspire to in the civil space area".

Ideally, that remark would translate into a realisation that hyperpower exceptionalism – America's sense of entitlement to rights it concedes to no ally, let alone competitor – comes at a cost. But the risk is that this episode will instead translate into a new surge of defence spending that will delight the arms industry but do nothing to enhance international security.

N Korea Claims Progress In US Talks (FT)

By Anna Fifield

Financial Times, January 20, 2007

Efforts to make progress on the North Korean nuclear stand-off received a rare boost on Friday when Pyongyang said it had reached "certain agreement" during discussions with US diplomats this week.

Christopher Hill, the chief US nuclear negotiator, arrived in Seoul Friday and noted "very useful discussions" had been held but said he did not know to what "agreement" North Korea was referring.

However, the gulf between Washington and Pyongyang remains so wide that the mere fact they talked this week was viewed as a sign of progress.

Mr Hill and Kim Kye-gwan, North Korea's chief nuclear negotiator, held unprecedented bilateral talks in Berlin this week to discuss their considerable differences in opinion over Pyongyang's nuclear ambitions.

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The chief US negotiator has reportedly offered Pyongyang a package of energy and economic aid and security guarantees if it agrees to abandon its nuclear weapons programme.

On Monday, bilateral talks on the US financial crackdown on North Korea – between US Treasury officials and North Korean financial authorities – are due to open, and the next round of six-party nuclear talks could resume early next month.

"We paid attention to the direct dialogue held by the [North] and the US in a bid to settle knotty problems in resolving the nuclear issue," the North Korean foreign ministry said in a statement published by the official Korean Central News Agency Friday.

The talks were held "in a positive and sincere atmosphere and a certain agreement was reached there," it said.

"What we now have to do is to see how those [Berlin] discussions can be folded into the six-party process, whether those discussions can help lead to some progress in Beijing," Mr Hill said. He will visit Tokyo and Beijing this weekend to hold further talks.

South Korea's Yonhap News on Friday reported that the next round of nuclear talks could begin on February 5.

The last round, held in Beijing in December after a year's hiatus, were bogged down by the disagreement over Washington's accusation in September 2005 that North Korean companies were counterfeiting US dollar and laundering money.

The crackdown has effectively frozen North Korea's ability to earn hard currency and has led analysts to suggest Washington is more interested in squeezing North Korea than talking to it.

The Bush administration has refused to enter into bilateral negotiations with Kim Jong-il's regime – something Pyongyang has long called for – and insists that this week's one-on-one talks do not constitute a change in that policy.

"We're not going outside the six-party framework to bilateralise our discussions with the North Koreans," Condoleezza Rice, secretary of state, said in Berlin this week.

N.Korea: Deal Reached In U.S. Nuke Talks (AP)

By Burt Herman, Associated Press Writer

AP, January 20, 2007

North Korea said it reached an agreement with the U.S. during talks this week on its nuclear program, and the top U.S. nuclear envoy expressed optimism Friday that progress could be made when wider arms negotiations reconvene.

North Korea's Foreign Ministry said three days of talks in Berlin between U.S. envoy Christopher Hill and North Korea's main nuclear negotiator Kim Kye Gwan had been held "in a positive and sincere atmosphere and a certain agreement was reached there." No further details were given.

Washington, however, played down talk of an agreement.

"I think it's premature to say there is an agreement — premature to say the least," deputy White House press secretary Dana Perino said Friday.

Hill said the talks laid the foundation for progress when six-nation nuclear negotiations resume and that he had agreed with his North Korean counterpart "on a number of issues." He declined to elaborate.

"I am pretty convinced that we have the basis for a good session of the six-party talks," Hill told reporters in Seoul after meeting South Korean Foreign Minister Song Min-soon and nuclear envoy Chun Yung-woo.

The last round of six-nation talks in Beijing in December — two months after the North conducted its first-ever nuclear test in October — ended without any breakthroughs.

The negotiating countries, which include South Korea, the U.S., Japan, China and Russia, had been seeking to outline how to implement a September 2005 agreement in which the North pledged to disarm in exchange for aid and security guarantees.

But North Korea refused to discuss its arms program and again demanded the U.S. lift its blacklisting of a Macau bank. The U.S. had accused the bank of being complicit in the communist country's alleged counterfeiting and money laundering, leading the bank to freeze North Korean assets worth about $24 million.

The North did not directly mention the financial dispute in its statement Friday, but said progress was made in overcoming obstacles to the six-nation talks.

"We paid attention to the direct dialogue held by the (North) and the U.S. in a bid to settle knotty problems in resolving the nuclear issue," the North's ministry said in the statement, released by the country's official Korean Central News Agency.

A South Korean news report said the six-nation arms talks could resume early next month due to progress made at the Germany meetings. Yonhap news agency, citing an unnamed diplomat in Seoul, said Thursday there is a high possibility the talks would resume in Beijing the week of Feb. 5.

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On arriving in Seoul earlier Friday, Hill said he hoped six-nation talks would be held again before the Lunar New Year holiday celebrated across Asia that falls this year on Feb. 18. "It's up to the Chinese (hosts) but I would think we'll have a six-party meeting pretty soon," he said.

The U.S. is holding separate negotiations with North Korea on the financial dispute, but the last session that was held alongside the nuclear talks in December made no progress.

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Associated Press reporters Kwang-tae Kim and Bo-mi Lim contributed to this report.

U.S. Says U.N. Agency Aided N. Korea (AP)

By Edith M. Lederer, Associated Press Writer

AP, January 20, 2007

The United States accused a U.N. agency of funneling millions of dollars in cash aid to North Korean leader Kim Jong Il and questioned if the funds had been used for other activities including nuclear weapons development, U.S. officials said Friday.

U.S. deputy ambassador Mark Wallace charged that the U.N. Development Program in North Korea operated "in blatant violation of U.N. rules" for years. He demanded an immediate outside audit, focusing on concerns that Pyongyang converted development funds "to its own illicit purposes."

The program, known as UNDP, said the use of cash for its operations in North Korea "in difficult circumstances" was approved by its executive board. Following the U.N. imposition of sanctions against North Korea in October for conducting a nuclear test, UNDP said it was taking measures to prevent "unintended consequences" of the program's activities.

UNDP Associate Administrator Ad Melkert disputed allegations that the agency violated U.N. rules, insisting it followed UNDP financial rules. Nonetheless, he said that by March 1, all hard currency payments to the government, national partners, local staff and suppliers would be replaced by payments in North Korean won.

The North Korean won is not a hard currency that can be easily used to buy luxury goods or weapons parts — but Melkert stressed that the only place to buy the local currency was from the country's central bank.

Neither the U.S. nor UNDP would give a figure of how much money was involved, but Melkert said it wasn't hundreds of millions of dollars. In a Jan. 5 letter to Wallace, he said, from 2001 to 2005, UNDP spent an average of $2.3 million annually on both program and administration, including approximately $100,000 annually on local salaries.

U.N. Secretary-General Ban Ki-moon called for an urgent "external inquiry" into U.N. funds and programs around the globe, U.N. spokeswoman Michele Montas said. Many of the agencies — like UNDP — operate semi-independently and have their own boards.

Montas said the external audits will cover all funds and programs including the U.N. Children's Fund, the U.N. refugee agency, the World Food Program and the World Health Organization.

An exchange of letters between Wallace and senior UNDP officials goes back to November and was first reported by the Wall Street Journal.

U.S. officials said they first received indications there might be some irregularities in UNDP's North Korea program in the second half of 2006, and raised concerns that the cash might be misused, possibly for Pyongyang's nuclear program.

A Jan. 4 letter from Wallace to UNDP Administrator Kemal Dervis raised "U.S. concerns that UNDP has transferred hard currency directly to the regime of Kim Jong Il."

Wallace's harshest letter, dated Jan. 16, said that after examining several of the agency's internal audits, the U.S. concluded that UNDP's local staff is dominated by North Korean government employees who have managed the agency's programs and finances in violation of UNDP rules.

He cited three other violations of U.N. rules — the government's insistence that UNDP pay cash to North Korean government suppliers, and UNDP's failure to oversee projects it funds in the country or to audit its programs.

"The UNDP program has laudable goals of providing assistance to the North Korean peoples," said Wallace, who focuses on U.N. management issues. "Unfortunately, because of the actions of the DPRK (North Korean) government and the complicity of UNDP, at least since 1998, the UNDP DPRK program has been systematically perverted for the benefit of the Kim Jong Il regime — rather than the people of North Korea."

Acting U.S. Ambassador Alejandro Wolff said the United States is still seeking answers and doesn't know the extent of the problem, or how much money was involved.

"It simply boggles the imagination that they simply dole out cash without controls," he said.

UNDP's Melkert said the agency was operating in North Korea in an environment reminiscent of the Cold War when many communist bloc countries selected staff employed by U.N. agencies, which often operated under severe financial and travel restrictions.

"Around 1999, there were many concerns expressed by internal auditors," Melkert told a news conference. "We've seen a gradual tendency of a diminishing number of issues brought to the attention of management by the (internal) auditors, but some very tough issues remain and those are the issues that we have addressed now."

In addition to ending cash payments, he said, UNDP will discontinue government recruitment of national staff "and we will put the right monitoring and audits in place addressing the issue of national execution."

US Claims N Korea Syphoned Millions From UN Project (FT)

By Mark Turner

Financial Times, January 20, 2007

Lax controls in the United Nations Development Programme may have led to millions of dollars of currency being funnelled to North Korea, according to US officials.

In a letter sent to the UN agency this week Washington said that "at least since 1998 the UNDP [North Korea] programme has been systematically perverted for the benefit of the Kim Jong Il regime – rather than the people of North Korea".

"The programme has for years operated in blatant violation of UN rules...Importantly, UNDP apparently has failed to bring the widespread violation of UNDP rules...to the attention of the UNDP executive board," the letter said.

As of 1999, it said, there were 29 UNDP projects in North Korea with a total budget of $28m.

While US officials say they are not clear on the full extent or nature of the problem, the findings echo the UN's oil-for-food programme scandal, in which the Iraqi regime raised $1.8bn dollars in defiance of international sanctions.

The complaint comes amid allegations by UNDP insiders that procedures are not fully followed in the multi-billion dollar programme. UNDP executive board members are expected to call at a meeting next week for more transparency.

US officials say they have confidence that Ban Ki-moon, the new secretary-general who comes from South Korea, is intent on rooting out UN mismanagement. Mr Ban recently called on the US not to withhold funding from the world body.

But Ileana Ros-Lehtinen, the ranking Republican member of the US House Foreign Affairs Committee, called the findings "yet another example of the abuses made possible by the lack of accountability within the UN system".

"It is clear that the measures that have been taken to date are woefully inadequate. Only through outside pressure can meaningful change be ensured. I and other members are determined to apply that pressure in this Congress."

In a statement issued on Friday, the UNDP said its operations in North Korea (DPRK) were "in full compliance with the decisions of the member states on UNDP Executive Board and with resolutions passed recently by the UN Security Council".

"The Executive Board directly approved financial regulations on the basis of which authority was delegated to the Resident Co-ordinator in DPRK." But it said it would seek guidance at next week's meeting "on conducting a full independent and external audit of the current programme".

According to the US's January 16 letter, sent to Ad Melkert, associate administrator, UNDP's North Korean staff is dominated by government officials, who had "performed financial and programme managerial core functions in violation of UNDP rules".

The UNDP has been led since mid-2005 by Kemal Dervis, but much of the period in question was under the leadership of Mark Malloch Brown, who went on to become the UN's chief-of-staff and, later, its deputy secretary-general.

Embattled U.N. Agency Alters Aid To N. Korea (WT)

By Betsy Pisik

The Washington Times, January 20, 2007

NEW YORK -- The U.N. Development Program (UNDP), which is under fire for sending millions of dollars to North Korea that it is unable to monitor, yesterday announced new operating procedures in an attempt to stave off opposition from the United States.

The UNDP said it will no longer pay North Korean suppliers and employees in hard currency after March 1, and will no longer allow the North Korean government to hire its in-country staff.

It also said it will put into place improved monitoring and auditing of funds.

The changes were prompted after Washington demanded a full audit of UNDP operations in North Korea, which is subject to U.S. economic sanctions for making nuclear weapons, money laundering and purported acts of terrorism.

The UNDP in North Korea "has for years operated in blatant violation of U.N. rules, served as a steady and large source of hard currency and other resources for the [North Korean] government with minimal or no assurance that UNDP funds and resources are utilized for legitimate development activities," wrote Mark Wallace, a management and budget analyst at the U.S. Mission to the United Nations, in a recent letter to UNDP Administrator Kemal Dervis.

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Washington fears some of the estimated tens of millions of dollars in the program that were exchanged through the country's central bank have been siphoned off by the regime to help make atomic bombs.

Ad Melkert, the UNDP associate administrator, told reporters yesterday that he had no assurance that UNDP funds had not been diverted by the regime into it's nuclear program.

But he urged reporters "not to put words in my mouth."

Mr. Melkert was unable to say exactly how much money had been spent in recent years by the UNDP and other U.N. agencies in the hermit country, which allows few foreigners to enter.

In the past two years, however, he said the UNDP had spent between $4 million and $6 million, less than the $22 million that had been budgeted, in large part because of the difficulty of monitoring approved programs.

The disclosure cast new doubts on the ability of the United Nations to function transparently in deeply repressive societies.

Moreover, management lapses in the humanitarian program appear to echo those in the oil-for-food program, which allowed Saddam Hussein and his close associates to pocket as much as $2 billion from companies doing business with the United Nations in Iraq.

U.N. Secretary-General Ban Ki-moon yesterday demanded "an urgent, systemwide and external inquiry into all activities done around the globe by the U.N. funds and programs" after the irregularities were first reported in the Wall Street Journal.

Mr. Wallace, in correspondence to UNDP quoted in the Journal, estimated that the program had spent tens of millions since 1999 on dozens of programs to improve public health, agriculture and human development.

The Journal cited one source saying that up to $100 million had been spent by U.N. programs in North Korea since 1998.

UNDP is the lead U.N. agency in North Korea, coordinating work by UNICEF, the World Food Program, the U.N. Population Fund and other programs.

U.N. officials have long acknowledged difficulties in monitoring programs in repressive countries.

The subject is likely to dominate the annual UNDP Executive Committee meeting, which is convening in New York next week.

On Capitol Hill, Rep. Ileana Ros-Lehtinen of Florida, the ranking Republican on the House Foreign Affairs Committee, urged the UNDP to immediately suspend its North Korean efforts.

"The UNDP's so-called 'nationally executed programs' in North Korea do not meet even minimal standards of transparency," she said.

"[North Korean leader] Kim Jong-il has been very clear about his 'military first' policy of national development. As far as anyone knows, he is using this money to pay for his nuclear weapons program instead of feeding his people."

Mr. Melkert said that it is important for international relief agencies to maintain a presence in North Korea, despite the difficulties of working there, to better respond to emergencies such as famines and floods.

"You can't just come in when you don't have any infrastructure whatsoever," he said.

U.S. Suspicious Of Aid To North Korea (LAT)

By Maggie Farley

The Los Angeles Times, January 20, 2007

UNITED NATIONS — Concerned that North Korea may be siphoning millions of dollars in U.N. money for illicit purposes, the United States is demanding that the U.N. Development Program in North Korea be revamped and submit to external audits.

In response to the U.S. pressure, the UNDP will halt the transfer of hard currency to the government, local staff and vendors by March 1 and will stop reimbursing North Korean government officials' travel to the U.N. after next week.

The UNDP will also insist that Pyongyang stop selecting and controlling the agency's local staff, Ad Melkert, the program's associate administrator, said Friday.

The U.N. Development Program has been in North Korea since 1995, overseeing projects in agriculture and the environment. This United Nations presence has provided food, work and pay for people surviving in near-famine conditions.

Some U.S. officials — chief among them John R. Bolton, former ambassador to the U.N. — have argued that the world should let the North Korean regime collapse, even though that would cause a flood of refugees into China and South Korea.

However, U.N. agencies, including UNICEF, the World Food Program and the U.N. Population Fund, are active in the isolated country — and all probably face similar problems in doing their work.

Because the North Korean financial system is not set up to handle purchasing orders, checks or credit, the U.N. Development Program pays most of its expenses in bundles of euros, including rent. That practice is contrary to rules, but administrators felt that they could more closely follow money flows by putting payments directly in people's hands, rather than allowing Pyongyang to convert them to local currency and then distribute them, spokesman David Morrison said.

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But a series of internal audits by the accounting firm KPMG found lax controls and failure by international staffers to visit UNDP projects, raising questions about whether the U.N. funds were used as intended.

A Jan. 16 letter from Mark Wallace, the U.S. official overseeing U.N. management and reform, lauds the program's goals but says the U.S. is concerned that at least since 1998 the program has been "systematically perverted for the benefit of the Kim Jong Il regime — rather than the people of North Korea."

Wallace's letter to UNDP chief Kemal Dervis also says the program "has for years operated in blatant violation of U.N. rules [and] served as a steady and large source of hard currency and other resources for the North Korean government with minimal or no assurance that UNDP funds and resources are utilized for legitimate development activities."

The issue is expected to dominate the UNDP's executive board meeting next week, where a proposal of a $17.9-million budget for North Korea for the next three years will be on the table. Board members are already aware of the difficulty of executing projects in the country: Of the $22 million budgeted for the last two years, less than $3 million worth of projects was completed, Melkert said.

Top on the list of concerns is that foreign currency enables Pyongyang to bolster its nuclear weapons program. The U.S. has frozen North Korean funds overseas, and banned dealings in dollars with the regime as punishment for its alleged counter feiting of U.S. currency.

Washington also charges that Pyongyang traffics in drugs and provides illicit help for other countries' missile and nuclear weapons programs.

U.S. officials Friday said it was too early to suggest any deal had been made in three days of talks with North Korea in Berlin.

North Korea's official news agency had quoted negotiator Kim Kye Gwan as saying "a certain agreement" had been reached with U.S. envoy Christopher Hill and signaling that talks may have included ways to reconcile differences over U.S. sanctions against foreign banks doing business with North Korea.

North Korea has refused to negotiate the future of its nuclear weapons program until the sanctions are lifted.

U.N. To Audit Its Activities After Reports On North Korea Program (NYT)

By Warren Hoge

The New York Times, January 20, 2007

UNITED NATIONS, Jan. 19 — Ban Ki-moon, the new secretary general, called Friday for outside examination of all United Nations activities after a published report that the United Nations Development Program in North Korea was making unaccountable payments in hard currency to local staff members and the North Korean government.

Mr. Ban sought “an urgent, systemwide and external inquiry into all activities done around the globe by the U.N. funds and programs.”

His prompt action, taken after a morning meeting with the program’s associate administrator, Ad Melkert, appeared to be an effort to head off the kind of problems that his predecessor, Kofi Annan, faced after muddled United Nations responses to reports of scandals.

“We are very pleased with the new team’s reaction,” said Richard A. Grenell, the spokesman for the American Mission. Mr. Ban, the former foreign minister of South Korea, began his five-year term on Jan. 1.

Complaints about the United Nations activities in North Korea were raised over the past month by the United States Mission in a series of letters to directors of the program and were made public on Friday on the op-ed page of The Wall Street Journal.

In the latest letter, dated Tuesday, Mark D. Wallace, the deputy United States ambassador for management, said that the United Nations Development Program’s operation had been “systematically perverted for the benefit of the Kim Jong Il regime rather than the people of North Korea.”

Mr. Wallace said that the local staff of the development program was dominated by employees of the repressive government, that the United Nations had failed to conduct proper on-site audits and depended instead on “sham” ones by the North Korean government, and that all payments were made at the government’s demand in hard currency — dollars or euros — rather than the won, the national currency.

“Simply put,” Mr. Wallace wrote, “in the absence of real audits and site visits, it is impossible for U.N.D.P. to verify whether or not any of the funds paid to the D.P.R.K. for supposed use in U.N.D.P. programs have actually been used for bona fide development purposes or if the D.P.R.K. has converted such funds for its own illicit purposes.” North Korea is officially called the Democratic People’s Republic of Korea and sometimes referred to by its initials.

Mr. Melkert, the associate administrator, said that the program had spent $2 million to $3 million in North Korea annually in the past two years.

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He said it would cease making hard currency payments to the government, local vendors and individuals as of March 1 and would also start hiring local staff members in North Korea the way it does elsewhere, by its own choice and on merit.

Even making payments in the won currency will not stop a flow of hard currency to the government, however, because the United Nations will have to buy the won from the central bank, he noted.

“The question — and it is an entirely legitimate one — comes down to whether you want to operate as the U.N. in a country like North Korea,” Mr. Melkert said.

He said that he welcomed the call for external auditing of his agency’s activities. Currently they are examined in internal audits, which are then given to the United Nations auditing board, which decides what to transmit to the General Assembly.

Asked about the American charge that funds might have been diverted to illicit ends, he said, “The audits have not given any reason for suspicion about money not being used for the purposes meant. Still, in order to make sure that there are no misperceptions or unintended consequences, we are supportive of an external independent audit.”

It was not clear how quickly or effectively Mr. Ban could impose his order across the range of United Nations agencies, many of which have differing auditing procedures and over which he does not have direct budget authority.

“It’s worldwide; it’s not going to be done overnight,” said Michèle Montas, his spokeswoman.

U.N. To Examine Relief Agencies' Pay In N. Korea (WP)

By Colum Lynch, Washington Post Staff Writer

The Washington Post, January 20, 2007

U.S. Charges That Workers' Salaries Go to Rulers

UNITED NATIONS, Jan. 19 -- U.N. Secretary General Ban Ki Moon on Friday ordered a broad inquiry into the financial practices of most of the United Nations' chief relief agencies, after a U.S. charge that the world body was inadvertently channeling foreign currency into the hands of North Korea's rulers.

Mark D. Wallace, the U.S. representative to the United Nations for management and reform, accused the U.N. Development Program in a letter Tuesday of violating rules by hiring North Korean government officials to carry out most of its work and by paying salaries in cash into an account controlled by the Pyongyang leadership. He called for an independent "forensic" audit of its operations in North Korea, citing concern that the U.N. payments could be diverted to unnamed illicit activities.

Development program officials denied they had violated U.N. rules and noted that it is impossible to work in a totalitarian state such as North Korea without pumping foreign currency into the economy. They said all U.N. agencies are required to pay their local staff through a government paymaster.

But the development agency's associate administrator, Ad Melkert, announced on Friday that the agency will halt all cash payments for its North Korean workers by March 1. He also echoed U.S. calls for an outside investigation, saying "a full, independent external audit is in order to make sure that we really understand what it means to work in a country like North Korea." Development program officials said they are also ending the practice of allowing the North Korean government to recruit local staff.

The U.N. development agency employs four international workers and 16 North Koreans in a program that costs $2 million to $3 million a year, including $100,000 in local salaries. The workers carry out activities such as delivering food or giving advice on trade activities.

Some U.N. officials said the United States is unfairly targeting the development program, noting that two other U.N. agencies headed by U.S. political appointees -- the U.N. Children's Fund and the World Food Program -- had engaged in similar practices in North Korea. One senior U.N. official, who spoke on the condition of anonymity, said the report was viewed by many at the world body as an effort to discredit Mark Malloch Brown, a former U.N. Development Program administrator. Malloch Brown, who later served as chief of staff to then-Secretary General Kofi Annan, frequently criticized John R. Bolton, then-U.S. ambassador to the United Nations. "This is payback," the official said.

Wallace, a political appointee who served as Bolton's top adviser on U.N. reform, began questioning development program officials about their North Korea efforts in mid-December. He said the program "has been systematically perverted for the benefit of the Kim Jong Il regime -- rather than the people of North Korea." The program, he added, has "for years operated in blatant violation of U.N. rules [and] served as a steady and large source of hard currency" for the government.

He also raised concern about the United Nations' payment of nearly $12,000 to fly a North Korean official in business class to New York to attend a meeting of the development program's board of directors. Melkert later assured Wallace that the agency would no longer "reimburse government officials travel or other costs for attending board meetings."

The contents of his letter were first reported by Fox News and the Wall Street Journal's opinion page.

During the Cold War, the United Nations routinely relied on handpicked Soviet bloc officials to carry out relief work and paid their salaries directly to the government. The United Nations continued that practice in China, Vietnam and Cuba until recently.

"We used people that were provided by the government for all support staff" in North Korea, said Catherine Bertini, a former executive director of the World Food Program. "That was not the only country. It was also done in China."

But the practice is being phased out everywhere but North Korea. "The essential way North Korea operates has not changed," Melkert said.

A Product Of The U.N. System (NYT)

The New York Times, January 20, 2007

Benon Sevan no longer works for the United Nations. But his indictment on federal corruption charges stemming from his long maladministration of the Iraqi oil-for-food program points to a continuing problem in the U.N. appointments system that Secretary General Ban Ki-moon needs to tackle without further delay.

Three successive secretaries general chose Mr. Sevan for a series of important jobs, despite his decidedly mixed performance. He is a typical product of a system in which who you know and where you come from count far more than merit or vision.

Mr. Sevan, a Cypriot, is accused, together with Ephraim Nadler, an Egyptian-born American citizen, of taking kickbacks from an Egyptian oil trader to help him win Iraqi oil contracts. Mr. Nadler happens to be a relative of Boutros Boutros-Ghali, the former secretary general. And Mr. Boutros-Ghali happens to have been one of the key promoters of Mr. Sevan's United Nations career.

The legal question of Mr. Sevan's guilt or innocence cannot be properly resolved unless he returns to this country for trial. He may choose not to, since he faces a possible 50-year jail sentence. Some of the charges in the indictment are backed up by the scathing findings of the earlier Volcker commission investigation of the oil-for-food scandal.

There is plenty of blame to go round. The program actually succeeded in its main aim of helping to shield innocent Iraqis from the pain of prolonged international sanctions against Saddam Hussein's regime. But Security Council members, including the United States, failed to monitor its administration diligently and deliberately winked at Iraqi oil smuggling that benefited American allies.

But eliminating the dirty little bargains that have always characterized international diplomacy will be a lot harder than reforming the United Nations' dysfunctional personnel system. That system's multiple failings, of which this is only the best-known example, has badly hurt the United Nations' credibility and effectiveness and handed a ready stick to its many enemies.

Mr. Ban has repeatedly talked about reforming this disastrous personnel system. But his early appointments show little sign of actually doing so. Mr. Sevan's indictment should be a reminder of why Mr. Ban needs to do better.

Israel Sends Promised $100 Million To Abbas (WP)

By Scott Wilson

The Washington Post, January 20, 2007

JERUSALEM, Jan. 19 -- Israel released $100 million in tax revenue Friday to Palestinian leader Mahmoud Abbas, fulfilling Prime Minister Ehud Olmert's pledge last month to do so.

Olmert agreed to transfer the money in a meeting with Abbas, a relative moderate, as a way of strengthening his position in a political struggle with the rival Hamas movement. Israel continues to hold more than $400 million in sales and customs revenue that it collects on behalf of the Palestinian Authority under an agreement reached as part of the 1993 Oslo accords.

Israel stopped making the monthly tax transfers after Hamas won parliamentary elections a year ago, giving it day-to-day control of the Palestinian Authority. The radical Islamic movement does not recognize Israel, and the international aid boycott that followed its election has crippled the Palestinian government.

The $100 million is equal to about two months of tax transfers, and falls short of covering one month of the Palestinian Authority's payroll. It is being transferred directly to accounts controlled by Abbas, the Palestinian Authority president and a leader of the Fatah movement, to avoid the Hamas-run Finance Ministry.

Olmert also pledged to eliminate some of the hundreds of checkpoints and obstacles to movement in the West Bank, some of which have been removed in recent days.

Meanwhile, Israel said Friday that it had halted plans to build a new West Bank settlement, the Associated Press reported.

Israel Unfreezes $100M Before Summit (AP)

By Steve Weizman, Associated Press Writer

AP, January 20, 2007

DOJ_NMG_0120011

Israel said Friday it had paid $100 million in frozen tax funds to the Palestinians and rescinded a contentious decision for a new West Bank settlement, strengthening the hand of moderate President Mahmoud Abbas ahead of crucial weekend talks in Damascus with his Hamas rivals.

Prime Minister Ehud Olmert's office said the payment, the first such transfer since the militant Islamic Hamas won control of the Palestinian government in March 2006, was made Thursday night.

Defense Minister Amir Peretz, meanwhile, ordered plans for the Maskiot settlement frozen indefinitely "in order to look carefully at the implications," ministry officials said, speaking on condition of anonymity because of the issue's sensitivity.

Israel drew international condemnation with its announcement last month that it had approved the construction of Maskiot to house those settlers removed from the Gaza Strip in Israel's 2005 pullout. It was the first new West Bank settlement officially approved since the early 1990s, when Israel promised to halt such construction as part of interim peace accords.

Israel has been trying to boost Abbas in his struggle with Hamas, which rejects the existence of a Jewish state in an Islamic Middle East. However, such efforts can backfire, as Palestinians of all stripes try to distance themselves from the Israelis.

In a development expected to further fan Arab anger, the 10-year-old daughter of a Palestinian peace activist, critically wounded by Israeli security forces during a demonstration earlier in the week, died of her injuries in a Jerusalem hospital Friday.

Abir Aramin's father, Bassam Aramin, was among the founders of Combatants for Peace, a group of former Israeli and Palestinian fighters who work for a peaceful resolution to the Israeli-Palestinian conflict. He said his daughter's death did not alter his commitment to work for peace.

"I'm going to continue in this role and not give up," he said.

Abbas is to travel to Syria on Saturday for talks with Hamas chief Khaled Mashaal, aiming at forging a coalition government and ending a punishing international aid boycott. Talks have sputtered for months amid clashes between each side's loyalists, which have killed 35 people, but the fact that the two leaders were meeting hinted that an agreement might be finally at hand.

Abbas said Friday if the latest round of talks fails, he will call early elections, but acknowledged that Hamas could emerge the victor once again.

"We say either there is a (unity) government or elections," he said after a meeting with European Union foreign policy chief Javier Solana in the West Bank town of Ramallah. "Elections don't mean we want to throw Hamas into the sea. It has been elected and can be elected again."

The financial transfer to Abbas was part of tax money Israel collects for the Palestinian Authority by mutual agreement. Israel halted payments when Hamas won parliamentary elections and set up its Cabinet.

Abbas aide Saeb Erekat welcomed the payment, but said it still only represented about 25 percent of Palestinian revenues Israel is holding.

"We need it badly, and we consider this a step in the right direction, hoping that the whole lot of money withheld will be transferred to the Palestinian Authority," he said.

Israel, the United States and the EU define Hamas as a terrorist group because of its suicide bombings against Israelis in the past decade, which have killed hundreds. Since the group took office, the international community has frozen foreign aid that kept the Palestinian Authority afloat since it was created in 1994.

An official in Olmert's office said the funds transferred Thursday were paid directly to Abbas for use in humanitarian efforts and to boost his security force. The official, speaking on condition of anonymity because the decision had not yet been announced, said Israel was satisfied by assurances that the money would not go to the Hamas-controlled Finance Ministry.

The scheduled Abbas-Mashaal meeting would be their first in years. Abbas' Fatah and Hamas are bitter enemies — their efforts to form a unity government must overcome deep ideological and political divides.

Only the hardships caused by the aid cutoff have pushed them together, forcing them to look for formulas both could live with — while satisfying Western demands that the Palestinian government recognize Israel, renounce violence and accept previous peace accords. So far, Hamas has refused.

In Gaza, the Popular Resistance Committees, a small local militant group linked to last year's abduction of an Israeli soldier, said it intended to carry out more kidnappings to pressure Israel for the release of what it said were at least 144 bodies of Palestinians killed by the Israeli army and buried around Israel.

"Kidnapping soldiers will be an effective way," said Abu Mujahed, a spokesman for the group, adding that seizing the bodies of dead soldiers to trade for the Palestinian remains was also an option.

The PRC is one of three militant groups that tunneled into Israel and captured Cpl. Gilad Shalit in a June 25 raid near the Gaza Strip. Shalit has not been seen since then, but he is believed to be alive, and Egypt has been trying to broker his release in exchange for Palestinians held in Israeli prisons.

Israel Releases $100 Million Withheld From Palestinians (NYT)

DOJ_NMG_0120012

By Greg Myre

The New York Times, January 20, 2007

JERUSALEM, Jan. 19 — Israel transferred $100 million in Palestinian tax revenues to the office of the Palestinian president, Mahmoud Abbas, as part of a plan to bolster him and keep money out of the hands of the Hamas government, Israeli officials said Friday.

The money is intended to meet needs for food, medicine and other basic expenses but not to pay the overdue salaries of Palestinian government workers, according to Israeli officials.

It was transferred "to a special account to ensure the money does not reach the Hamas government and cannot be used for perpetrating terror against Israel," according to a statement from the office of Israel's prime minister, Ehud Olmert.

Israel collects more than $50 million a month in taxes and customs money on behalf of the Palestinians under an arrangement dating from the 1990s, when the two sides were holding peace negotiations.

However, Israel began withholding the money after Hamas won the Palestinian elections a year ago, gaining control of the cabinet and legislature. Israel has not said precisely how much money it has withheld, but it is believed to be over $500 million.

At a meeting last month, Mr. Olmert agreed to hand over $100 million as part of a package of moves designed to help Mr. Abbas in his power struggle with Hamas. Israel also has removed some West Bank roadblocks, but Palestinians say they still face many obstacles when they seek to travel.

Palestinians say that the money belongs to their government and that it is not up to Israel to dictate how it should be spent. "Israel can say whatever it wants," said Muhammad Dahlan, a Palestinian legislator and a leading member of Mr. Abbas's Fatah movement. "This is our money."

Israel has not said whether it would release more money in the future. Before Israel began withholding the money last year, it was sent to the Palestinian Finance Ministry.

Also on Friday, Defense Minister Amir Peretz of Israel suspended the establishment of a Jewish settlement in the West Bank.

When Mr. Peretz said on Dec. 26 that he had approved the Maskiot settlement in the Jordan Valley, it provoked sharp criticism by the Palestinians, as well as American concern.

Mr. Peretz ordered a "freeze in the plans for Maskiot in order to evaluate them thoroughly," his office said in a statement. The plans called for the construction of about 30 homes for settlers to be built on an old army base.

Israel has more than 100 formal settlements in the West Bank and many informal ones. Israel pledged to stop building new settlements in the 1990s, and the so-called road map, the stalled Mideast peace plan introduced in 2003, calls for Israel to freeze settlement activity.

Still, the population of the Israeli settlements on West Bank is increasing by more than 10,000 a year, and is now more than 250,000. The figure does not include residents of East Jerusalem, which Israel captured in the 1967 war and later annexed.

In another development, Mr. Abbas is traveling to Syria, where he will hold talks with President Bashar al-Assad. He will also be looking for a solution to the deadlock between his Fatah movement and Hamas, the two main Palestinian factions.

The factions have been trying, without success, to form a national unity government for months, while gunmen from the two groups have periodically battled in the streets.

Mr. Abbas's envoys have been holding talks with Hamas leaders in Damascus, the Syrian capital, including Hamas's exiled political chief, Khaled Mashal. Palestinian officials say a meeting between Mr. Abbas and Mr. Mashal is possible, though not certain.

In remarks on Friday, Mr. Abbas said again that the Palestinians should establish a government that would be acceptable to the international community, or hold new elections. "It is very clear how to get a national unity government that can break the siege," he said in the West Bank city of Ramallah after playing host to the European Union foreign policy chief, Javier Solana.

A 10-year-old Palestinian girl, Abir Aramin, died Friday from wounds sustained when she was hit by fire from the Israeli border police on Tuesday in the West Bank town of Anata, near Jerusalem, Palestinian witnesses and relatives said. Abir and her classmates were on recess from school when the Israeli forces fired on stone-throwing Palestinians with rubber bullets and stun grenades, according to the Palestinians.

Abir was hit in the head and collapsed, the Palestinians said. The border police said they were investigating the report.

Israel Releases Palestinian Funds (LAT)

By Ken Ellingwood

The Los Angeles Times, January 20, 2007

JERUSALEM — Israeli officials said Friday that they had transferred $100 million in withheld revenues to Palestinian Authority President Mahmoud Abbas.

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Israeli Prime Minister Ehud Olmert agreed to the move during a meeting with Abbas last month. Israel began withholding about $50 million monthly in taxes and customs duties last year after the militant Hamas movement took control of the Palestinian government following elections.

Israel described the transfer as part of an effort to bolster the weakened Abbas, a relative moderate from Hamas' main rival, Fatah. The $100 million represents less than one-third of the money Israel has collected on behalf of the Palestinian Authority and refuses to relinquish.

Israeli officials said the money was being channeled to Abbas' office rather than to any ministry of the Palestinian Authority in order to maintain an aid embargo against Hamas, which Israel and much of the West consider a terrorist group.

"The money is not to go to the Hamas-controlled government. The money is to support the Palestinian people, and [Abbas] will be distributing it," said Mark Regev, a spokesman for the Israeli Foreign Ministry.

Palestinian officials said the funds would help pay companies that supply hospitals, schools and farms.

The transfer, one of several modest concessions promised by Olmert during the Dec. 23 summit, could help the Palestinian leader in his political standoff with Hamas.

Despite months of negotiations, Fatah and Hamas haven't agreed on terms of a power-sharing arrangement that would break the Western aid embargo.

Abbas is expected to meet today in Damascus, Syria, with Khaled Meshaal, the exiled Hamas political leader, amid fresh efforts to break the months-long impasse.

Abbas previously declared talks at a dead end, saying he would call early elections for the presidency and parliament. But mediators have continued trying to coax the two sides into agreeing on a joint government under terms that could satisfy the West.

Mohammed Dahlan, an Abbas confidant, said Friday that the president might meet with Meshaal but would not engage in negotiations. Abbas said Friday that he would proceed with elections if the latest efforts failed.

Past talks snagged over the distribution of ministerial posts and Hamas' refusal to recognize Israel. Western nations demand that the government accept the Jewish state's right to exist, renounce violence and agree to abide by past Israeli-Palestinian accords.

Meshaal is considered more strident than some of his Hamas counterparts in the Gaza Strip and has torpedoed past proposals. He also holds veto power over a proposed prisoner swap under which Israel would free jailed Palestinians in return for the release of Cpl. Gilad Shalit, who was captured by Hamas militants in June.

In other developments Friday, Israeli officials said Defense Minister Amir Peretz had frozen plans for construction of new housing for Jewish settlers in the West Bank. The plans for up to 100 homes at a former base, called Maskiot, drew wide international criticism and protests from Palestinian officials and Israeli peace advocates.

Critics said the project would violate Israel's vow to freeze settlement activity under the U.S.-backed peace blueprint known as the road map. Israeli officials said Maskiot was approved more than 20 years ago.

The community, near the Jordanian border, would initially house settlers evicted from the Gaza Strip during Israel's unilateral withdrawal in 2005.

Security officials said Peretz ordered the freeze two weeks ago to further study the matter. He is locked in a struggle for control of the Labor Party.

Jimmy Carter's Jewish Problem (WP)

By Deborah Lipstadt

The Washington Post, January 20, 2007

It is hard to criticize an icon. Jimmy Carter's humanitarian work has saved countless lives. Yet his life has also been shaped by the Bible, where the Hebrew prophets taught us to speak truth to power. So I write.

Carter's book "Palestine: Peace Not Apartheid," while exceptionally sensitive to Palestinian suffering, ignores a legacy of mistreatment, expulsion and murder committed against Jews. It trivializes the murder of Israelis. Now, facing a storm of criticism, he has relied on anti-Semitic stereotypes in defense.

One cannot ignore the Holocaust's impact on Jewish identity and the history of the Middle East conflict. When an Ahmadinejad or Hamas threatens to destroy Israel, Jews have historical precedent to believe them. Jimmy Carter either does not understand this or considers it irrelevant.

His book, which dwells on the Palestinian refugee experience, makes two fleeting references to the Holocaust. The book contains a detailed chronology of major developments necessary for the reader to understand the current situation in the Middle East. Remarkably, there is nothing listed between 1939 and 1947. Nitpickers might say that the Holocaust did not happen in the region. However, this event sealed in the minds of almost all the world's people then the need for the Jewish people to have a

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Jewish state in their ancestral homeland. Carter never discusses the Jewish refugees who were prevented from entering Palestine before and after the war. One of Israel's first acts upon declaring statehood was to send ships to take those people "home."

A guiding principle of Israel is that never again will persecuted Jews be left with no place to go. Israel's ideal of Jewish refuge is enshrined in laws that grant immediate citizenship to any Jew who requests it. A Jew, for purposes of this law, is anyone who, had that person lived in Nazi Germany, would have been stripped of citizenship by the Nuremberg Laws.

Compare Carter's approach with that of Rashid Khalidi, head of Columbia University's Middle East Institute and a professor of Arab studies there. His recent book "The Iron Cage" contains more than a dozen references to the seminal place the Holocaust and anti-Semitism hold in the Israeli worldview. This from a Palestinian who does not cast himself as an evenhanded negotiator.

In contrast, by almost ignoring the Holocaust, Carter gives inadvertent comfort to those who deny its importance or even its historical reality, in part because it helps them deny Israel's right to exist. This from the president who signed the legislation creating the U.S. Holocaust Memorial Museum.

Carter's minimization of the Holocaust is compounded by his recent behavior. On MSNBC in December, he described conditions for Palestinians as "one of the worst examples of human rights deprivation" in the world. When the interviewer asked "Worse than Rwanda?" Carter said that he did not want to discuss the "ancient history" of Rwanda.

To give Carter the benefit of the doubt, let's say that he meant an ongoing crisis. Is the Palestinians' situation equivalent to Darfur, which our own government has branded genocide?

Carter has repeatedly fallen back -- possibly unconsciously -- on traditional anti-Semitic canards. In the Los Angeles Times last month, he declared it"politically suicide" for a politician to advocate a "balanced position" on the crisis. On Al-Jazeera TV, he dismissed the critique of his book by declaring that "most of the condemnations of my book came from Jewish-American organizations." Jeffrey Goldberg, who lambasted the book in The Post last month, writes for the New Yorker. Ethan Bronner, who in the New York Times called the book "a distortion," is the Times' deputy foreign editor. Slate's Michael Kinsley declared it "moronic." Dennis Ross, who was chief negotiator on the conflict in the administrations of George H.W. Bush and Bill Clinton, described the book as a rewriting and misrepresentation of history. Alan Dershowitz teaches at Harvard and Ken Stein at Emory. Both have criticized the book. Because of the book's inaccuracies and imbalance and Carter's subsequent behavior, 14 members of the Carter Center's Board of Councilors have resigned -- many in anguish because they so respect Carter's other work. All are Jews. Does that invalidate their criticism -- and mine -- or render us representatives of Jewish organizations?

On CNN, Carter bemoaned the "tremendous intimidation in our country that has silenced" the media. Carter has appeared on C-SPAN, "Larry King Live" and "Meet the Press," among many shows. When a caller to C-SPAN accused Carter of anti-Semitism, the host cut him off. Who's being silenced?

Perhaps unused to being criticized, Carter reflexively fell back on this kind of innuendo about Jewish control of the media and government. Even if unconscious, such stereotyping from a man of his stature is noteworthy. When David Duke spouts it, I yawn. When Jimmy Carter does, I shudder.

Others can enumerate the many factual errors in this book. A man who has done much good and who wants to bring peace has not only failed to move the process forward but has given refuge to scoundrels.

The writer teaches at Emory University. Her latest book is "History on Trial: My Day in Court With David Irving."

An Enigmatic Wild Card In Lebanon's High-Stakes Politics (NYT)

By Hassan M. Fattah

The New York Times, January 20, 2007

IN this land of divisive politics and sectarian tension, few have embraced controversy quite the way the Christian leader Gen. Michel Aoun has.

Currently, General Aoun is one of the leaders of the opposition demonstrations that have overtaken Beirut and have threatened to bring down the government of Prime Minister Fouad Siniora. But this gambit is just the latest in a decades-long series of political surprises and controversies that have made him a political wild card here, breaking all the rules of Lebanese politics while charging the country's political debate.

To his supporters, he is a Lebanese de Gaulle seeking to unite a fractious country and rebuild trust in its institutions. To his critics, he is a divisive megalomaniac willing to stop at nothing to become Lebanon's president.

Some accuse him, a Christian, of splitting Christians in Lebanon into rival camps, further weakening them, while others blame him for abetting Hezbollah, the Iranian-backed Shiite militia. But most of all, many say, General Aoun has embraced a populist agenda for personal gain.

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General Aoun, as always, is unfazed by the critics. “You could say I brought Lebanese politics back to life,” General Aoun, 71, said in his home atop the hills overlooking Beirut. “Until now, politics here has been moribund.”

General Aoun’s Free Patriotic Movement, Hezbollah and a handful of smaller groups began their protests on Dec. 1, accusing Mr. Siniora of corruption that has left the country tens of billions in debt, and saying that the current government is not representative of Lebanon’s new realities.

The opposition wants Mr. Siniora either to step down or to broaden his cabinet to allow them greater say and even a veto power, but Mr. Siniora has rebuffed the demands, and insists he will not step down. Government officials accuse the opposition of pursuing an Iranian-Syrian agenda.

The irony of General Aoun, who has spent much of his life fighting Syrian domination of Lebanon, joining hands with Hezbollah, with its close ties to Syria, is not lost on his opponents, nor on followers in protests against the government. But such about-faces are nothing new to him.

TWO decades ago General Aoun rose to prominence as the head of the Christian-led Lebanese Army, taking on the Christian militias and the Syrians. He was appointed Lebanon’s interim prime minister in a caretaker government and waged a fierce revolt against Syrian forces, before being bombed out of the presidential palace and into exile in France in 1990. Keeping to his word, he did not return to Lebanon until the last Syrian soldier had left the country.

General Aoun defends his ties to Hezbollah, saying the alliance will ward off Syria rather than allow it to return to Lebanon. He adds that he had always pledged that he would seek friendly relations with Syria once it ceased to be an occupier. But many accuse him of trying to ride the wave of Hezbollah’s popularity after the war last summer in order to win the presidency when the pro-Syrian President Émile Lahoud’s term ends later this year. The 34-day war was widely seen here as a victory for Hezbollah.

General Aoun makes no secret of his hope to become president, a role reserved for Christians in Lebanon’s complex sectarian political system. But many doubt whether he would make the best compromise candidate, one who would effectively smooth over tensions once the latest crisis of sit-ins and boycotts ends.

“Of course, I want to be president,” he said. “At first I was not that interested, but because there was so much stubbornness against me and because things got difficult, I am now intent on becoming president. I have the backing and popularity to do it.” He has drawn his supporter base from the Christian middle class, which sees itself losing ground to Lebanon’s other sects.

Unlike many in Lebanon’s political stratum, General Aoun comes from humble origins, having been born into a poor Maronite family in Haret Hreik, which became a Hezbollah stronghold in Beirut’s southern suburbs in the 1980s. His supporters play up that background, saying that it equips him to tackle issues like corruption, gerrymandering and inclusion in Lebanese politics.

“For us, he represents sovereignty and dignity,” said Gebran Bassil, a longtime member of General Aoun’s Free Patriotic Movement who is also married to the general’s daughter. “The general is not part of the corrupt system here, which is why the politicians are so much against him.”

Nayla Mouawad, Lebanon’s minister of social affairs, said she was struck by General Aoun’s ability to distill politics into slogans when she first met him in the mid-1980s, but long ago caught on to his oversize ambition. “He clearly wanted to be president,” she said, noting that she once warned her husband, René, who was assassinated in 1989, to be wary of General Aoun’s intentions. “I told my husband that when he gets it into his head to be president, be careful.”

FEW, however, expected the alliance with Hezbollah, a group that, on the surface, appears diametrically opposed to the Free Patriotic Movement’s goals.

Backed by Iran, Hezbollah is the sole remaining armed militia in Lebanon; General Aoun is the champion of a strong state and an opponent of militias. General Aoun rails against foreign interference in Lebanon, but Hezbollah is almost completely financed by Iran.

General Aoun notes that the alliance should not be treated any differently than one between Hezbollah and the governing coalition that helped them garner numerous seats in the 2005 elections.

Still, the alliance surprised General Aoun’s supporters as much as his opponents.

“Remember, Hezbollah was the devil a year and a half ago as far as we were concerned,” Mr. Bassil said. “We were the only side that had had no dialogue with them.”

Last year, General Aoun approached Hezbollah’s leader, Sheik Hassan Nasrallah, and said he still intended to strip Hezbollah of its weapons, but only after the group’s main complaints with Israel and with the government were answered.

“It’s not like I love Hezbollah,” General Aoun said in an interview. “I am not trying to defend Hezbollah as much as I am trying to find a solution with them, because a clash with them would ruin us.”

That honesty, Hezbollah officials say, engendered trust in General Aoun. “It created a sense of trust between Shiites and Christians,” said Ghaleb Abu Zeinab, a member of Hezbollah’s politburo. “We don’t want to establish an Islamic republic, we

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want diplomatic and normal relations with Syria, and we want a consensual democracy and so does the Free Patriotic Movement."

Some analysts credit the alliance with helping stabilize conditions in Lebanon after the war, as well as helping to change Hezbollah's focus from regional issues to local ones.

"It helped show Hezbollah's real position and its understanding of Lebanon," Mr. Abu Zeinab said. "It helped the party appear as a more Lebanese party than it used to before."

After years of playing third seat to Sunnis and Christians, Lebanon's Shiites have increasingly demanded a greater say in government, one proportional to their numbers. General Aoun had seized on that change, analysts agree.

Still, even his supporters are often uncomfortable with the alliance, and with the lack of progress of the demonstrations so far.

"If I was in their place I might not feel comfortable with how things are going either," General Aoun said. "But I have infrared — even infragreen. I can see what is ahead of me tomorrow, and I will eventually clarify things for them."

Outspoken Editor Is Slain In Turkey (WP/AP)

By Benjamin Harvey

The Washington Post, January 20, 2007

ISTANBUL, Jan. 19 -- Hrant Dink, the most prominent voice of Turkey's shrinking Armenian community, a man who stood trial for speaking out against the mass killings of Armenians by Turks, was shot and killed in broad daylight Friday at the entrance to his newspaper's offices.

Just hours after a gunman shot the journalist twice in the head, thousands marched down the bustling street where he was slain, carrying posters of Dink and shouting slogans in favor of free expression.

Prime Minister Recep Tayyip Erdogan twice addressed the country to condemn the killing and vowed to capture those responsible. Late Friday, Istanbul's governor announced that three people had been arrested, CNN-Turk TV reported, without giving further details.

Many Turks assumed that the shooting was politically motivated, a reaction to Dink's public statements that the mass killings of Armenians during and after World War I constituted genocide. Nationalists see such statements as insults to the honor of Turks and as threats to national unity.

In Turkey, people speak freely at their own peril despite generations of Western-looking reformers. The Committee to Protect Journalists said that in the past 15 years, "18 Turkish journalists have been killed for their work, many of them murdered, making it the eighth deadliest country in the world for journalists."

Dink, 52, was one of dozens of journalists, writers and academics who have been tried for expressing themselves, most under Article 301 of the penal code, which criminalizes insults to Turkey, its government or the national character.

In a rare conviction, Dink was found guilty in October 2005 of trying to influence the judiciary after his newspaper ran stories criticizing Article 301. He was given a six-month suspended sentence.

Dink, a Turkish citizen of Armenian descent who edited the bilingual Turkish-Armenian newspaper Agos, apparently sensed his life was in danger.

"My computer's memory is loaded with sentences full of anger and threats," Dink wrote Jan. 10 in his last newspaper column. "I am just like a pigeon. . . . I look around to my left and right, in front and behind me as much as it does. My head is just as active."

Dink, who is survived by his wife, Rakel, and their three children, was charming, soft-spoken and eloquent. He was respected and beloved by many Turks who disagreed with his views but admired his courage in stating them.

He was hated by just as many.

In the past few years, Turks had come to know Dink well, mostly because of the highly publicized legal cases opened against him, in which he faced jail time for talking of genocide.

In late 2005, Turks saw Dink lose his composure, crying on national television as he discussed his latest court case and what it was like to live among people who hated him and what he stood for.

"I'm living together with Turks in this country," he said in an October interview as he contemplated his trial. "I don't think I could live with an identity of having insulted them in this country. . . . If I am unable to come up with a positive result, it will be honorable for me to leave this country."

Turkey's relationship with its Armenian community has long been fraught with tension, controversy and painful memories of a brutal past. Much of Turkey's once-sizable Armenian population was killed or driven out beginning around 1915 in what an increasing number of countries are recognizing as the first genocide of the 20th century.

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Turks vehemently deny that their ancestors committed genocide, however, and saying so is deemed tantamount to treason. In the 1970s and '80s, tensions were further inflamed as Armenians seeking revenge killed dozens of Turkish diplomats .

Turkey, which is 99 percent Muslim, and Armenia, which claims to be the first country to have officially adopted Christianity, share a border. But it is closed, and the two countries have no formal diplomatic relations.

The Washington-based Armenian Assembly of America issued a statement Friday calling Dink "one of the most prominent Armenian voices in Turkey."

"Hrant Dink was a man of principle, convictions and courage, and the Armenian community mourns him worldwide as a loss for humanity," the group's executive director, Bryan Ardouny, said in an interview.

Ardouny, who had met Dink in October when he addressed the Armenian-American Bar Association, described the slain journalist as an "outspoken activist who was a living bridge between Armenians and Turks in Turkey, a country where 70,000 Armenians still live and remain vulnerable and unprotected even 92 years after the Armenian genocide."

Journalist Killed By Gunman In Istanbul (FT)

By Vincent Boland

Financial Times, January 20, 2007

A prominent newspaper editor and leading figure in one of Turkey's most painful historical debates - the massacre of Armenians during the collapse of the Ottoman empire - was shot dead on Friday.

Hrant Dink, 53, was shot three times in the head outside the office of his weekly newspaper Agos in Istanbul. He died almost immediately. His murder brought swift condemnation from the prime minister, Recep Tayyip Erdogan, who despatched the interior and justice ministers to the city as an investigation got under way.

Mr Dink was a Turkish citizen of Armenian descent and had played a leading role in breaking a taboo in Turkey where debate on the fate of the Armenians had for years been an untouchable subject. He was widely credited with trying to bring Turks and Armenians together but had been given a suspended prison sentence in 2005 for allegedly insulting the Turkish state.

Armenians say the deaths of up to 1.5m Armenian citizens of the Ottoman empire were a deliberate genocide by the empire's rulers beginning in 1915. Turkey denies genocide and insists that hundreds of thousands of both Turks and Armenians died as a result of war, famine, ethnic cleansing and disease in that turbulent period.

Mr Dink's murder could have serious repercussions for Turkey in Washington. Both houses of the US Congress are due to debate a motion in the next few weeks that would recognise the Armenian massacre as genocide. Turkey is fighting a rearguard diplomatic action to prevent this and the White House has indicated that it would not approve such a motion. But the atmosphere in which the debate takes place will be clouded by Friday's events.

There was a heavy police presence in Istanbul last night as Mr Dink's friends gathered outside the office of his newspaper. Mr Erdogan said the murder was ''an attack on all of us'' and appealed for calm. Two men were under arrest last night in connection with the murder.

Mr Dink's murder will also have a big impact domestically. It is an election year in Turkey and all political parties are beginning to position themselves to capture the nationalist vote, which represents a sizeable portion of the electorate. Ultranationalists have succeeded many times in shutting off debate on the Armenian issue including academic debates at universities.

Most Turks are not aware of the fate of the Armenians because Turkish school history textbooks make no reference to it. But a debate has emerged in the past two years with Mr Dink as one of its most prominent proponents. Yet it remains the most sensitive issue in Turkey's 20th century history. The republic was created from the ruins of the Ottoman empire in 1923.

Mr Dink was known to have received many death threats in recent years but is understood to have refused police protection.

Journalist Slain In Turkey (LAT)

By Tracy Wilkinson, Yesim Borg

The Los Angeles Times, January 20, 2007

ISTANBUL, TURKEY — An outspoken journalist who repeatedly clashed with Turkish authorities here over recognition of the early 20th century slaughter of Armenians was shot to death Friday afternoon on a busy downtown street.

Hrant Dink, who as editor of a Turkish Armenian newspaper was the leading voice for his ethnic community, was killed a week after he wrote about threats from unknown forces who he said regarded him as "an enemy of the Turks."

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Hundreds of people marched Friday evening from Istanbul's central Taksim Square to the offices of Dink's Agos weekly newspaper, near the spot on a sidewalk where he was shot in the head. They held candles and posters with his picture; a somber silence was interrupted periodically with applause and chants for "the brotherhood of peoples."

Istanbul Gov. Muammer Guler said late Friday that three people had been detained in connection with the shooting, but no additional details were released.

The slaying is likely to further darken Turkey's reputation for repressing critics of the government and for tightly controlling how its turbulent past is portrayed.

Dink, 52, was part of an elite group of writers and thinkers, including Nobel literature laureate Orhan Pamuk and novelist Elif Shafak, who have been tried on charges of insulting their country's "Turkishness" under a controversial and ambiguous law promoted by hard-line nationalists.

While most, including Pamuk, were cleared, Dink was convicted in 2005 for writing articles that criticized the law and explored questions of Turkish and Armenian identity. He was sentenced to a six-month term, which was suspended.

Last year, an Istanbul court opened a new case against him after he told a foreign news agency that the slaughter of hundreds of thousands of Armenians by Ottoman Turks before and during World War I was a genocide.

"Of course I say it was genocide," Dink had said. "With these events you see the disappearance of a people who lived on these lands for 4,000 years."

Turkey maintains that the deaths and expulsions that Armenians say claimed 1.5 million victims at the end of the Ottoman Empire were part of a civil conflict in which both Christian Armenians and Muslim Turks were killed.

Dink helped promote a conference of academics in 2005 who gathered here to examine the era's mass killings. The government attempted to block the conference, and the justice minister accused participants of "stabbing Turkey in the back."

On Friday, however, Turkish Prime Minister Recep Tayyip Erdogan was among the first to condemn Dink's "traitorous" and "disgraceful" slaying.

"Bullets have been fired at free thought and our democratic life," Erdogan said at a news conference. He urged calm.

European governments, Washington and intellectuals across the globe also deplored the killing.

"We are horrified," Larry Siems, an official with the international writers association PEN, said in a statement. "Hrant Dink was one of the heroes of the nonviolent movement for freedom of expression in Turkey, … one of the most significant human rights movements of our time."

U.S. State Department spokesman Tom Casey said, "We certainly are concerned any time someone who has been very outspoken in their views is made to pay a price simply for their ability to speak their mind."

Turkish television Friday showed copies of letters containing death threats that Dink said he had received in the last year. He said his pleas for official protection went unanswered.

"We will silence you in a way that you will never speak again," one of the letters said.

Writing in his weekly column Jan. 10, Dink said his computer was full of "lines containing threats and rage.

"It is clear that those who try to alienate me, weaken me and leave me defenseless have been successful," he wrote. "They managed to form a group, with a serious number of people who see me as someone who 'insults Turkishness' with the dirty and wrong information they have been funneling to society."

His friends and colleagues say Dink cherished his Armenian ethnicity but remained loyal to his Turkish nation. His cause was freedom of expression and an honest confrontation of the past, they say.

Armenian Editor Is Slain In Turkey (NYT)

By Sebnem Arsu

The New York Times, January 20, 2007

ISTANBUL, Jan. 19 —A prominent newspaper editor, columnist and voice for Turkey's ethnic Armenians who was prosecuted for challenging the official Turkish version of the 1915 Armenian genocide, was shot dead as he left his office on a busy street in central Istanbul on Friday.

Television images showed the editor, Hrant Dink, lying on the crowded sidewalk covered with a white sheet outside the office of his bilingual Turkish-Armenian weekly, Agos. Officials said they detained three suspects. Investigators were monitoring surveillance tapes from nearby shops.

Mr. Dink, 53, a Turk of Armenian descent, often provoked widespread anger in Turkey for his comments on the genocide — which Turkey denies, saying the deaths of hundreds of thousands of Armenians resulted from hunger and other suffering in World War I. He also angered some ethnic Armenians for opposing their demand that Turkey recognize the genocide as a condition of entry to the European Union. He viewed entry into the Union as the clearest route to strengthening democracy in Turkey.

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In recent articles, Mr. Dink (pronounced deenk) described increasing death threats against him. "I do not know how real these threats are," he wrote, "but what's really unbearable is the psychological torture that I'm living in, like a pigeon, turning my head up and down, left and right, my head quickly rotating."

Reaction to the daylight shooting, both here and abroad, was swift and deep. Prime Minister Recep Tayyip Erdogan condemned the shooting as a direct attack on Turkey's peace and stability. "A bullet was fired at freedom of thought and democratic life in Turkey," he said in a nationally broadcast news conference. "Once again, dark hands have chosen our country and spilled blood in Istanbul to achieve their dark goals."

In an unusual show of anger and regret, the prime minister's remarks were echoed by the head of the armed forces, the president and other officials. The Armenian patriarch in Istanbul, Archbishop Mesrob Mutafyan, declared 15 days of mourning for the small Armenian, Christian population of Turkey.

Several thousand people marched from Mr. Dink's office to Taksim Square on Friday evening to protest the killing. People held pictures of Mr. Dink, decorated his office door with flowers, waved black flags and chanted, "Shoulder to shoulder against fascism," and, "We are all Hrant; we are all Armenians."

European officials and human rights groups also expressed horror and called on Turkey to do more to protect free expression.

Mr. Dink was one of a number of intellectuals convicted under Article 301 of the Turkish Penal Code, which penalizes remarks against the state or the Turkish identity. It been harshly criticized by the European Union as a violation of freedom of expression, as Turkey moves toward membership.

Turkey has been changing some laws to try to meet the European Union's membership criteria, but faced a setback last month when ministers in Brussels decided to freeze talks on 8 of 35 areas of discussion because of Turkey's refusal to open its airports and seaports to Cyprus, a member of the Union.

Among the crowd that gathered Friday night, the common fear was that this assassination would be added to the list of unsolved murders. "This is an attack against our democracy," said Ayhan Aydin, an international financial consultant, who worked on the same street on which Mr. Dink was shot.

"We're here to show that sensible people wish this assassination to be clarified and want the perpetrators to be brought to justice," Mr. Aydin said, standing in the crowd. "We all fear that this insane attack might be swept under the carpet once it gets too complicated to resolve, like other murders did."

Turkey's ambition to become a European Union member requires further democratization and a better functioning legal system. The group has been particularly critical of Article 301.

Derya Sazak of the Milliyet newspaper said of the law, "This legal system brings forward the culture of hatred and lynching, in which Hrant became an open target. The murderers always go after the moderate voices, which Turkey needs the most."

Mr. Dink, a father of three, founded Agos in 1996. The bilingual community newspaper has a weekly circulation of 5,000.

Haluk Sahin, a columnist for the Radikal newspaper, a strong supporter of Mr. Dink's legal struggles, said Turkey had been hit in the heart.

"Those who wanted to harm Turkey couldn't have chosen a better target," Mr. Sahin said. "As opposed to other killings in the past, Turkish public reaction against this murder will show us where Turkey stands in the world."

Insurgents Attack Palace In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, January 20, 2007

NAIROBI, Kenya, Jan. 19 — Insurgents blasted Somalia's presidential palace with heavy explosives on Friday night, Somali officials said, but it appeared that no one was hurt.

It was the first time since Somalia's transitional government took control of Mogadishu, the capital, three weeks ago that the palace had come under attack.

Abdirizak Adam Hassan, chief of staff for President Abdullahi Yusuf Ahmed, said 5 to 10 insurgents had detonated the explosives, possibly mortars, near the palace walls and then ran away.

"We don't know who they were," Mr. Hassan said. "But I think it is safe to say they were people not satisfied with the government."

The explosions set off an intense gun battle, witnesses said, with government troops spraying machine-gun fire into the dark streets around the palace, which is perched on a hill overlooking much of Mogadishu.

Insurgent attacks on Somalia's government forces seem to be intensifying. Last month, the transitional government, with the help of several thousand Ethiopian troops, routed Islamist forces that had controlled much of Somalia. The Islamists have vowed to regroup, and many members of the larger clans in Mogadishu still support them.

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Somalia's government concedes that it does not have the resources to maintain security in the capital, and Somali officials are urging international peacekeepers to arrive soon.

Ethiopia's prime minister, Meles Zenawi, told the BBC on Friday that he would withdraw the first Ethiopian troops "in the next few days."

African Union diplomats on Friday discussed a plan to send 7,700 African peacekeepers to Somalia for a six-month mission that would eventually be taken over by the United Nations. So far, only Uganda has stepped forward. Lawmakers from Uganda's governing party on Thursday approved the deployment of 1,500 troops and now Uganda's full Parliament must approve the decision.

"As Africans, we feel it is our duty to run to the rescue of any of our brothers in trouble," said Harry Bakowa, a governing party member, according to The Associated Press.

African Union Experts To Discuss Somalia (AP)

By Les Neuhaus, Associated Press Writer

AP, January 20, 2007

More than a decade after the U.S. and U.N. pulled failed peacekeeping missions out of Somalia, African governments are under growing pressure to mount a new intervention in one of the continent's most violent and unstable nations.

The continent's leaders may have a tough time succeeding, however, judging from past peacekeeping missions and the African-led force currently deployed to maintain security in Darfur, which has been beset by numerous problems.

Somalia has had no real peace since 1991, when warlords overthrew longtime dictator Mohamed Siad Barre and turned their guns on each other, plunging the Horn of Africa country into chaos.

A conservative Islamic movement brought some stability after it seized much of southern Somalia last year, but the group's hold on the country was short-lived. Ethiopian and Somali troops routed the movement's fighters in a lightning-quick campaign that began in late December.

Now Ethiopia is anxious to withdraw its troops, and many fear they may leave behind a power vacuum that could spawn yet more bloodshed.

Warlords agreed earlier this month to disarm and join a new army, but the peace is fragile. On Friday night, unidentified gunmen fired mortars at the presidential palace in Mogadishu, sparking a firefight with government forces. A government spokesman said no one inside the presidential compound was injured in the attack.

The U.N., U.S. and European Union have all called for the rapid deployment of African troops to prevent the country from slipping back into anarchy.

In Addis Ababa, Ethiopia, an African Union assessment team on Friday recommended deploying about 8,000 African peacekeepers for a six-month mission that would eventually be taken over by the United Nations. But significant obstacles stand in the way before the force can be deployed.

The African Union force would likely be charged with protecting the government and training Somali militiamen who would make up a new, national army. But Peter Takirambudde, director of New York-based Human Rights Watch's Africa program, said problems could arise due to the lack of time to prepare for a mission and Somalia's long history of brutal clan warfare.

That sentiment is reflected by a general reluctance on the part of African governments to provide troops to what could be a dangerous mission in a country notorious for the botched U.S. and U.N. operations in the early 1990s. No nation has publicly pledged soldiers except Uganda, whose promised 1,500 soldiers could only be dispatched if its parliament approves.

African nations also say they don't have many troops to spare because of their large contributions to U.N. missions elsewhere on the continent and worldwide.

In addition, any Somalia mission will require substantial logistic and financial support. Bearing the financial burden alone may also be prompting reluctance among African countries, although the U.S. and the European Union have already promised $33 million for the mission.

Another obstacle is the African Union's lack of experience in running peacekeeping missions. The group's current 7,000-strong peacekeeping venture in Sudan's war-wracked Darfur has been plagued by logistic troubles and criticized for not doing enough to protect civilians. Commanders say they simply don't have enough equipment, vehicles, helicopters and planes to do the job.

Other regional peacekeeping missions have had better results in the past, albeit with the support of the U.N.

A West African peace force called ECOMOG led by Nigerian troops restored Sierra Leone's government to power in the mid-1990s after it had been ousted by a rebel junta. War started again several years later, prompting U.N. intervention backed by British firepower that finally ended the war in 2000.

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A South African-led U.N. peacekeeping force in Burundi helped bring an end to a 12-year civil war dating back to 1993, though fighting continued outside the capital throughout their deployment.

In Ivory Coast, French and U.N. peacekeepers managed to prevent the government and rebels from engaging in an all-out war. The 18,000-member U.N. force currently deployed to Congo — the largest peacekeeping mission in the world — has also struggled to contain militiamen, but has kept a lid on wider violence in that country.

Takirambudde said the trend in Africa is toward all-African interventions, in part because the continent is perceived as having little strategic value to the rest of the world.

Senegal's army spokesman, Col. Antoine Wardini, said African governments had the will to carry out such missions. But logistics and funding will pose problems for the foreseeable future.

"They don't have enough means to conduct operations far away from their homeland," Wardini said of African troops. "But we do want to solve the conflicts on our continent. We have to be involved, because it's our business."

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Dakar-based West Africa bureau chief Todd Pitman has covered Africa for more than a decade. Associated Press writers Les Neuhaus in Addis Ababa, Ethiopia, and Mohamed Sheikh Nor in Mogadishu, Somalia, contributed to this report.

Blair Aide Arrested In Honors Probe (WP)

By Mary Jordan

The Washington Post, January 20, 2007

LONDON, Jan. 19 -- Police on Friday arrested an aide to Prime Minister Tony Blair as part of a continuing criminal investigation into whether his Labor Party traded seats in the House of Lords and other government honors for cash.

Ruth Turner, Blair's director of government relations, was arrested at her home in connection with alleged offenses under a 1925 law that prohibits the selling of government honors and titles and "also on suspicion of perverting the course of justice," a police statement said. Turner was interviewed in a London police station and released on bail, police said.

"I absolutely refute any allegations of wrongdoing of any nature whatsoever," she said in a statement.

Turner is the fourth person arrested in the investigation concerning seats in the House of Lords, the upper house of Parliament. So far no one has been charged.

Turner's arrest brings the investigation closer to Blair and suggests police believe there has been an attempt to cover up information. Blair issued a statement saying that Turner had "the highest integrity" and that he "continued to have complete confidence" in her.

Last month, when Scotland Yard detectives spoke with him, Blair became the first sitting prime minister to be questioned in a criminal inquiry. But he was not interviewed "under caution," a British legal term that is applied to people who are viewed as suspects. He was therefore being treated as a witness.

Under British law, political parties must disclose the source of donations, but they do not have to declare the source of loans. The Labor Party has said it received $27 million in loans and therefore did not have to disclose the identities of the lenders. Investigations have found that some of those who gave the party loans were recommended for seats in the House of Lords.

Blair has denied that seats in the legislature and other honors were for sale.

Police have also interviewed members of the opposition Conservative Party, including former leader Michael Howard.

"It's pretty serious," said Tony Travers, a government specialist at the London School of Economics. "All three of the major political parties are desperate for money," he said, and the police are looking at whether rich people were tapped for cash "in the expectation that they would be put into the House of Lords, our equivalent of the Senate."

Travers said it was notable that Conservative Party leaders are not criticizing Labor in the scandal, or vice versa. This is a sign, he said, that they all may be caught up in it.

"This remains a cross-party investigation," Scotland Yard said in a statement issued Friday.

But because Blair is in office and once promised voters to be "purer than pure" on issues of ethics, he is taking the brunt of the scandal and it has further eroded his standing, which is already suffering from his support of the deeply unpopular war in Iraq. He has said he will step down as prime minister this year.

The others arrested to date are Michael Levy, a friend of Blair's and special envoy to the Middle East; Christopher Evans, an entrepreneur and major party donor; and Des Smith, a government adviser.

Senior Aide To Blair Is Arrested In Graft Inquiry (NYT)

By Alan Cowell

The New York Times, January 20, 2007

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LONDON, Jan. 19 — The police arrested and questioned a senior aide to Prime Minister Tony Blair on Friday in what seemed to be a widening inquiry into allegations that political leaders had traded high honors for campaign contributions made as loans.

The aide, Ruth Turner, is the director of government relations in the prime minister's office at 10 Downing Street and, in a statement, denied "wrongdoing of any nature whatsoever."

Mr. Blair said he had "complete confidence" in Ms. Turner, 36, who was appointed as a special adviser in 2005. She is one of the officials who control access to Mr. Blair.

"Ruth is a person of the highest integrity for whom I have great regard," the prime minister said.

However, a police statement said that Ms. Turner had been questioned not just in connection with the honors inquiry, but also "on suspicion of perverting the course of justice." Under British law, that often means that someone has failed to cooperate with or has frustrated an investigation. The police statement seemed to suggest that the inquiry was breaking new ground, and it drew questions from opposition politicians about a possible cover-up. The police said this "new development" would require investigators to extend their inquiries.

Since last year, Mr. Blair has been embroiled in questions about campaign financing before the May 2005 national election. The police are investigating whether people who made loans to the ruling Labor Party did so in return for promises that they would be appointed to the House of Lords. The amount of the loans and other contributions was equivalent to $27 million.

Mr. Blair himself was questioned by investigators last month, adding to the potential stains on his record as he sought to mold a legacy after almost 10 years in office. When he took power in 1997, he promised voters that Labor would enshrine a commitment to corruption-free administration. He has said that he will step down later this year but has not given a date.

In Parliament, Edward Davey of the Liberal Democrats — the smaller of the two main opposition parties — said the "sorry saga" of the police inquiry showed that "the Blair government is in its dog days, increasingly mired in sleaze."

The inquiry was started after a complaint by a Scottish Nationalist member of Parliament, Angus MacNeil, who said Friday: "Water is now lapping around Blair's neck. The investigation is now right inside the door of No. 10," referring to the prime minister's office address.

The police said that Ms. Turner was arrested at her home in London early Friday and was released to allow time for further inquiries without charges being brought against her.

In her statement, issued by Mr. Blair's office, Ms. Turner said: "I have already given the police two lengthy interviews and made it clear to them that I was happy to speak to them at any stage. I have been completely open with the police throughout, and will continue to cooperate with them fully."

A spokeswoman for the prime minister said Ms. Turner remained in her post.

While many people, including Mr. Blair, have been questioned in the inquiry as potential witnesses, only four people have been arrested, including Ms. Turner and Mr. Blair's main fund-raiser, Lord Levy.

Blair Aide Arrested In Honors-for-sale Probe (WT/AP)

The Washington Times, January 20, 2007

LONDON (AP) -- An aide to Prime Minister Tony Blair was arrested yesterday in the investigation into whether political honors, such as seats in the House of Lords and knighthoods, were traded for cash.

Ruth Turner, Mr. Blair's director of government relations, was questioned on suspicion of being involved in the sale of honors -- illegal under British law -- and perverting the course of justice, police said.

Miss Turner, 36, is the first member of Mr. Blair's Downing Street staff to be arrested and the fourth person to be detained by police in their investigation. All four are on bail while inquiries continue, police said.

"I absolutely refute any allegations of wrongdoing of any nature whatsoever," Miss Turner said in a statement released by Mr. Blair's office.

Mr. Blair was interviewed by detectives last month, becoming the first serving prime minister interviewed in a criminal inquiry. However, he was not interviewed "under caution," meaning it is unlikely he is a suspect.

In a statement, police said Miss Turner, who has worked at Mr. Blair's office since 2004, was arrested at home.

Mr. Blair expressed confidence in the aide, who has not been charged. "Ruth is a person of the highest integrity for whom I have great regard," he said.

A police spokesman declined to confirm whether computers or documents had been seized from Downing Street.

Police are investigating claims that honors were given to people who loaned money to Mr. Blair's Labor Party. Police have also interviewed Conservative Party officials.

Mr. Blair has acknowledged some supporters who offered loans were later nominated for honors, but has insisted that he did nothing wrong.

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He told police the backers were nominated for House of Lords seats under criteria allowing party leaders to put forward a small number of candidates in reward for their service to a political party -- rather than the general public, his spokesman said.

Election Could Decide Serbia's Role In Europe (NYT)

By Nicholas Wood

The New York Times, January 20, 2007

BELGRADE, Serbia, Jan. 19 — While six years of democracy in Serbia have given its people ample opportunities to vote — in four presidential elections, two parliamentary elections and a nationwide referendum — many complain that the country has seen little change.

Serbia remains isolated from the European Union while most of its former Eastern bloc neighbors — Hungary to the north and most recently Romania and Bulgaria to the east — have become members.

Western governments are hoping, though, that parliamentary elections to be held Sunday will make a difference by uniting Serbia's notoriously divided democratic bloc and by preventing the ultranationalist Serbian Radical Party from consolidating its position as the largest group in Parliament.

The election's timing is particularly crucial. The parties that form the next government will be faced with the possible loss of Kosovo, the province that has been controlled by the United Nations since 1999 and whose Albanian majority is seeking independence.

Martti Ahtisaari, a former president of Finland who is overseeing talks on the future of Kosovo, is expected to unveil his proposals for a settlement soon after the election.

Since the fall of Slobodan Milosevic in 2000, successive governments have failed to substantially improve Serbia's ties with the West. The stumbling block has remained the surrender of war crimes suspects to the International Criminal Tribunal for the Former Yugoslavia in The Hague.

Last May, talks that were supposed to help forge closer ties with the European Union were suspended after the government of the Serbian prime minister, Vojislav Kostunica, a moderate nationalist, failed to locate Gen. Ratko Mladic — the former commander of the Bosnian Serb Army and one of the most notorious of the fugitives — after repeated deadlines set by the regional organization.

The ultranationalists are widely expected to receive the largest number of votes over all, but the outcome of the election will probably depend on the success of the party led by Boris Tadic, the Serbian president and a supporter of closer ties with Europe.

In recent polls, Mr. Tadic's Democratic Party narrowly trails the Radical Party. Behind them is Mr. Kostunica's coalition, led by the Serbian Democratic Party.

There has been a substantial amount of diplomatic and political pressure from abroad to encourage the Democratic Party and the Serbian Democratic Party to work together and seriously consider forming a coalition government.

On Thursday, Gerhard Schröder, the former German chancellor, appeared at a Democratic Party rally alongside Mr. Tadic, calling him "the one who can ensure a European future for Serbia."

On Wednesday, the United States Senate passed a resolution expressing its support for Serbia's democratic forces.

"This is really a turning point," said Pierre Mirel, a European Commission envoy who visited Belgrade this week. "The time has come to embark the country on a different relationship with the E.U."

Chavez Says Ailing Castro "Battling For His Life" (WT/AP)

The Washington Times, January 20, 2007

RIO DE JANEIRO (AP) -- Venezuelan President Hugo Chavez said yesterday that Fidel Castro is "battling for his life" and said he spoke with the Cuban leader for nearly half an hour several days ago.

Mr. Chavez compared Mr. Castro's attempt to recover from an unspecified medical condition to efforts in the 1950s, when Mr. Castro was a guerrilla in Cuba's eastern mountains fighting the government he would eventually overthrow.

"Fidel is in the Sierra Maestra again, battling for his life," Mr. Chavez said after attending a summit of South American leaders in Rio.

Mr. Castro, 80, has not been seen in public since shortly before July 31, when he announced he was temporarily stepping aside while he recovered from an operation.

He provisionally ceded power to his brother Raul, the 75-year-old defense minister.

Mr. Castro's medical condition is a state secret, but Cuban authorities deny he suffers from terminal cancer, as U.S. intelligence officials have claimed.

The El Pais newspaper in Spain reported Wednesday that Mr. Castro told surgeons not to perform a colostomy last year, opting instead for a course of surgery that produced a complication that left the Cuban leader in far worse condition.

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After removing an inflamed piece of Mr. Castro's large intestine in an operation last year, doctors connected the remainder directly to his rectum, rather than attaching a colostomy bag, El Pais said, quoting two medical sources at Madrid's Gregorio Maranon hospital. The operation failed when a suture burst.

"The Cuban dictator and his advisers are the ones who decided on the surgical technique that has led to the complications," the paper said.

While the newspaper article did not name the sources, one of the journalists who wrote it told the Associated Press that both were doctors at the hospital.

Chavez: Castro "Fighting For His Life," Progressing Slowly (CNN)

CNN.com, January 19, 2007

RIO DE JANEIRO, Brazil (CNN) -- Cuban leader Fidel Castro is "fighting for his life," Venezuelan President Hugo Chavez said in a speech to the state legislature in Rio de Janeiro.

Chavez, who said he spoke to Castro a few days ago by telephone, compared Castro's battle against a serious intestinal illness with the Cuban leader's time in the island's mountains heading the revolution against the Fulgencio Batista government.

"Fidel is again in the Sierra Maestra again," Chavez said Friday. "He's fighting for his life. We don't know; we want him to recover, and he continues progressing, although slowly."

Noting Castro's age, Chavez said that "he said it himself: the machine that they have to fix is 80 years old."

"He is going through a difficult situation," he said.

Castro has not been seen in public since before July 31, when he relinquished power to his brother Raul so that he could undergo intestinal surgery. The Cuban government has maintained secrecy about his condition.

Earlier this week, the Spanish newspaper El Pais quoted unnamed medical sources saying Castro was in grave condition. But a Spanish surgeon who visited Castro in December -- and works at the same hospital as the sources -- said those reports were based on rumors and that Castro's condition shows "some progressive improvement."

"The only truthful parts of the newspaper's reports are the name of the patient, that he has been operated on, and that he has had complications. The rest is rumors," the surgeon, Dr. Jose Luis Garcia Sabrido, told CNN in an exclusive interview.

He declined to go into specifics on Castro's health, or to discuss El Pais' reports point-by-point, but he said they "are not in line with reality, are not truthful and not real."

El Pais, one of Spain's largest and most reliable papers, reported Tuesday that two sources at the hospital in Madrid, Spain, told its reporters that Castro had suffered complications after three failed surgeries.

El Pais reported that Castro suffered from diverticulitis, an inflammation of sacs on the large intestine that can rupture and cause bleeding. The infection spread to the tissue on the walls of the abdomen, a condition called peritonitis.

The infections, the paper said, have impeded the healing process. On Wednesday, El Pais reported, citing sources, that Castro himself personally made a decision to undergo a type of operation that subsequently went wrong instead of a more routine surgery.

Mercosur Set To Delay Expansion Plans (FT)

By Richard Lapper, Jonathan Wheatley

Financial Times, January 20, 2007

Mercosur was on Friday expected to delay a controversial decision on expansion that would have strengthened the influence of Hugo Chávez, Venezuela's radical president, within the five-member trading bloc.

At a two-day presidential summit in Rio de Janeiro, Brazil had supported moves to give full membership of Mercosur to Bolivia, whose leftwing government is allied with Venezuela.

However, the proposal met with resistance from Argentina, as well as from the two smaller members of Mercosur, Uruguay and Paraguay, and has been put on hold pending the considerations of a working group which will meet over the next six to twelve months.

The development has added to multiple strains within the group. As early as next week, the US expects to sign a trade and investment framework with Uruguay. A full trade agreement would seem to be incompatible with continued Mercosur membership.

Venezuela itself became a full member of Mercosur last year after surprisingly little discussion in the group. On Thursday, Mr Chávez said that he was “decontaminating” the bloc of “neo-liberalism”.

In December Mr Chávez, a firm of opponent of President George W. Bush, began a new six-year term after winning a landslide election victory. Two weeks ago he announced sweeping nationalisation of his country's oil and utility industries. And

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more recently, members of the Venezuelan legislature - which is monopolised by Mr Chávez's supporters, after opponents boycotted an earlier poll - gave the Venezuelan leader new powers to rule by decree.

Mr Chávez is pushing a number of ambitious schemes to advance integration in the region, including the establishment of a Bank of the South, designed as an alternative source of finance to the International Monetary Fund and other existing multilateral organisations. On Thursday Brazil and Venezuela signed an agreement to co-operate on the building of a giant pipeline that would carry Venezuelan hydrocarbons to markets in the south of the region.

The dispute over full membership status for Bolivia - like four other Andean countries, Bolivia is currently an associate member - is centred on proposed exemptions from the group's common external tariff regime. Since Bolivia's average tariff rates are lower, membership would mean it would have to increase levels of trade protection. Mercosur has previously resisted attempts by both Paraguay and Uruguay for greater flexibility about the application of these arrangements.

Congress And Foreign Policy Don't Mix (LAT)

By George Weigel

The Los Angeles Times, January 20, 2007

BY AUGUST 1950, Secretary of State Dean Acheson had taken all he could stand from those congressional critics whom he privately dismissed as "the primitives." So when Nebraska Sen. Kenneth Wherry leaned across a hearing table and wagged a finger, Acheson blew up. He leaped to his feet and demanded that Wherry not "shake his dirty finger in my face." Wherry said he'd do as he pleased. "By God, you won't," Acheson hollered — and prepared to land a haymaker until restrained by State Department legal counsel Adrian Fisher, a former college football player.

I couldn't help thinking of that scene from Walter Isaacson and Evan Thomas' multi-biography, "The Wise Men," last week. Secretary of State Condoleezza Rice is, one suspects, far too polite to respond Acheson-style to the indignities she absorbed during her first appearance before the Senate Foreign Relations Committee. But would anyone have blamed her if, in response to Chuck Hagel's ambitions or Barbara Boxer's personal nastiness, she had said something like this:

"Look, senators, there are real consequences to our 'ending the war' in Iraq, as the new speaker of the House has put it — rather glibly, if I may say. Those consequences include a bloodbath, chaos throughout the Mideast and perhaps the emergence of an apocalyptic maniac in Tehran as the regional hegemonist. Do you think that would play well in Omaha? Or Sacramento? I don't. In any event, I've got important things to do, and they don't include sitting here acting like my mother's pin cushion. I'll be back when you're ready to get serious. Impeach me if you like. They pay a lot better at Stanford."

The recent sound bites out of Congress, and the anti-surge resolution introduced in the Senate on Wednesday, may be comforting to Democratic partisans and Republicans who've bailed out on President Bush. And no doubt the administration made serious mistakes in Iraq after the major combat phase of the war ended. Yet one can make the case (though Republicans seem curiously reluctant to) that the November election led to genuine soul-searching in the executive branch. A new secretary of Defense is in office; Army Lt. Gen. David H. Petraeus, a man with a proven record in Iraq, will be the new military commander there; and the president has offered a new strategy for success. Since assembling on Jan. 4, Congress, however, seems stuck on last fall's script.

Modern history suggests that Congress is a particularly blunt — and not terribly effective — instrument for making foreign policy. Congressional skepticism and partisanship drove the United States back into isolationism after World War I, which probably made World War II more likely. The House of Representatives came close to dismantling the Army just four months before Pearl Harbor, passing by only one vote the bill that kept draftees in the service for more than just 12 months.

President Eisenhower had a hard time persuading a Republican Congress to provide funds adequate for waging the Cold War. On the one hand, Congress wrote a blank check for the executive branch with the 1964 Gulf of Tonkin resolution. On the other, it encroached on the executive's sphere of responsibility by embracing the nuclear freeze movement in the 1980s.

Strategic myopia seems institutional. House members on a short electoral leash, and the many senators who imagine themselves president in an era of ever-shortening election cycles, are not well positioned to think in terms of long-term strategies or to fit appropriate tactics to those strategies.

Congress is a necessary and useful check on executive arrogance and a good barometer of the public's mood, to which any thoughtful president must attend. Still, in the midst of a global war against jihadism that's going poorly on one front — Iraq — it's disheartening to see senators grandstanding when genuine inquiry is required. It is also worrisome to watch the ethics committees ramping up, the usual Washington prelude to policy differences being turned into attacks on the integrity of individuals (or worse, criminalized).

Congress can do better than this. This Congress must do better, given the magnitude and complexity of the issues involved in a multi-front contest with global jihadism that has nonmilitary as well as military dimensions.

George Weigel Is A Senior Fellow Of Washington's Ethics And Public Policy Center.

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